

Business Results

For the Six Months Ended September 30, 2004

November 9, 2004
NTN Corporation

This presentation and comments made in this conference or during the Q&A session include forward-looking statements about our expectations for our future performance and our future business strategies. They represent the best judgment of the management of the company based on the information currently available. There can be no assurance that future results will meet any expectation, estimate or projection conveyed by these statements or comments. Actual results may differ materially from our projections depending on various factors such as changes in product demand, exchange rates and interest rates.

Today's Agenda



I. Progress of “Rapid Advance 21” and future strategies

by Yasunobu Suzuki, President

II. Business results for the six months ended September 30, 2004 and forecast for FY2004 ending March 2005(Consolidated)

by Tatsuo Kondo, Director

. Q&A Session

Progress of “Rapid Advance 21” and Future Strategies

November 9, 2004

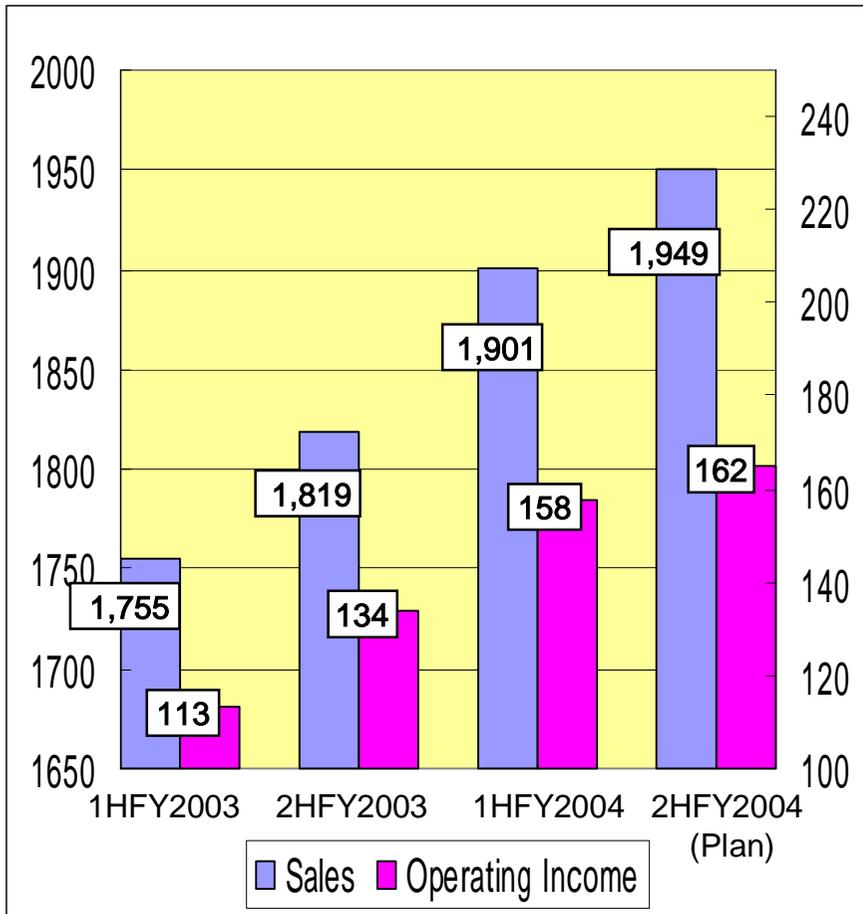
NTN Corporation

Yasunobu Suzuki, President

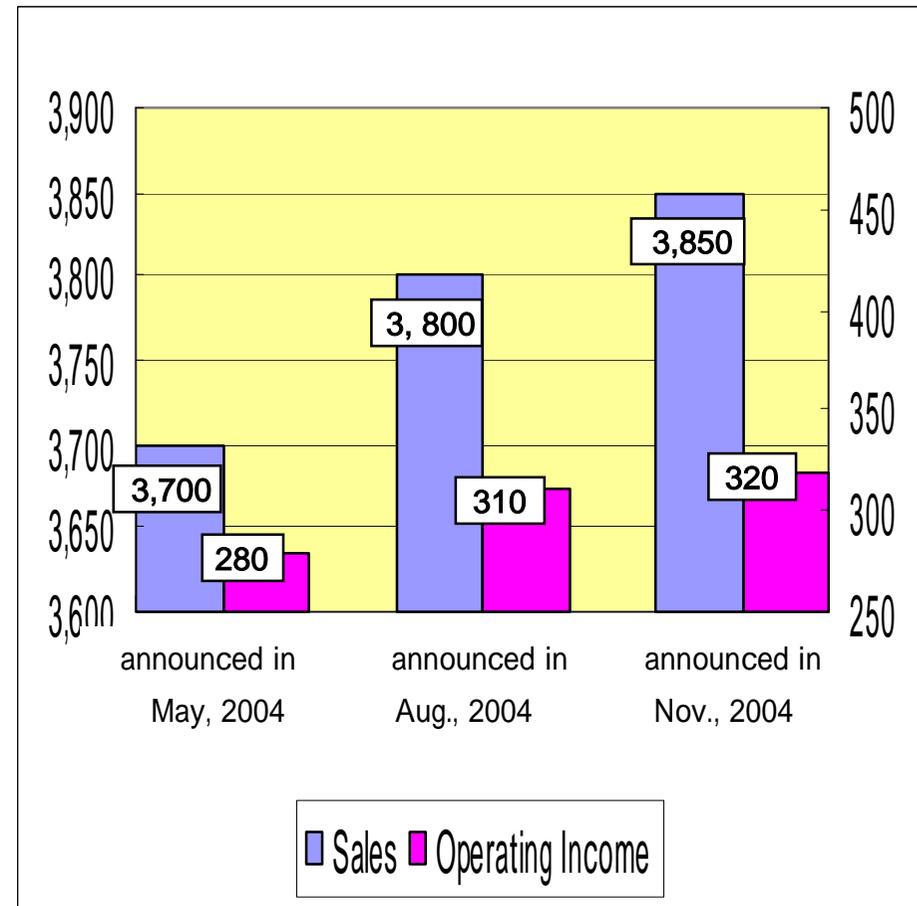
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1. Trend in Consolidated Interim Results and Forecast for FY2004

Trend in Interim Sales and Operating Income
 (100 million yen)



Forecast of Net Sales and Operating Income for FY2004
 (100 million yen)

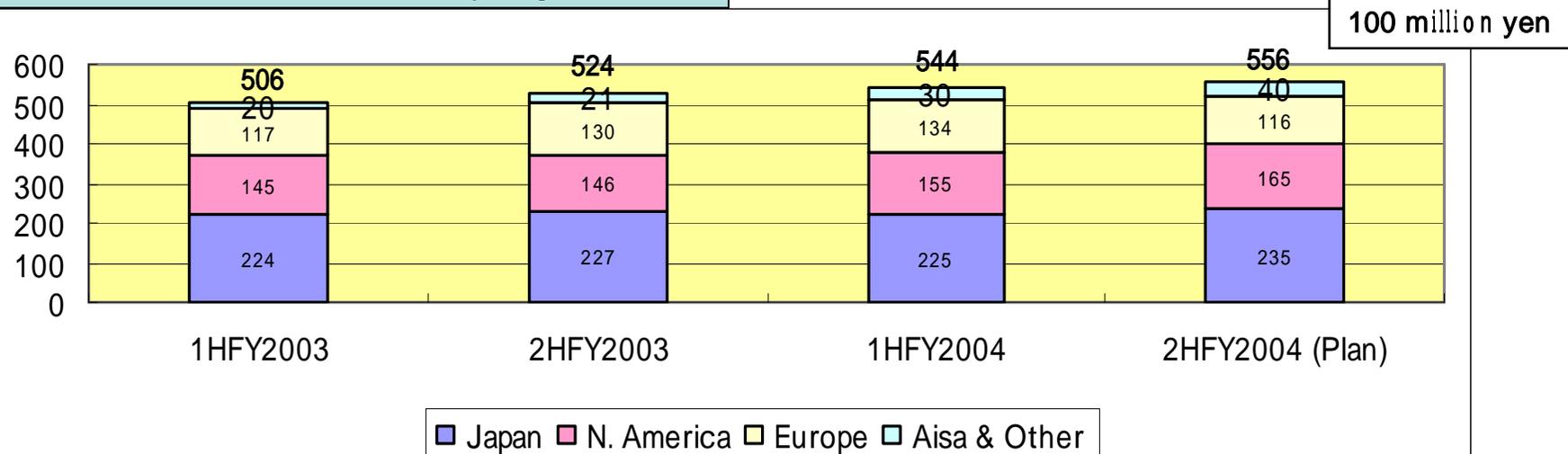


2 . Sales Expansion of Strategic Products (C V J s)

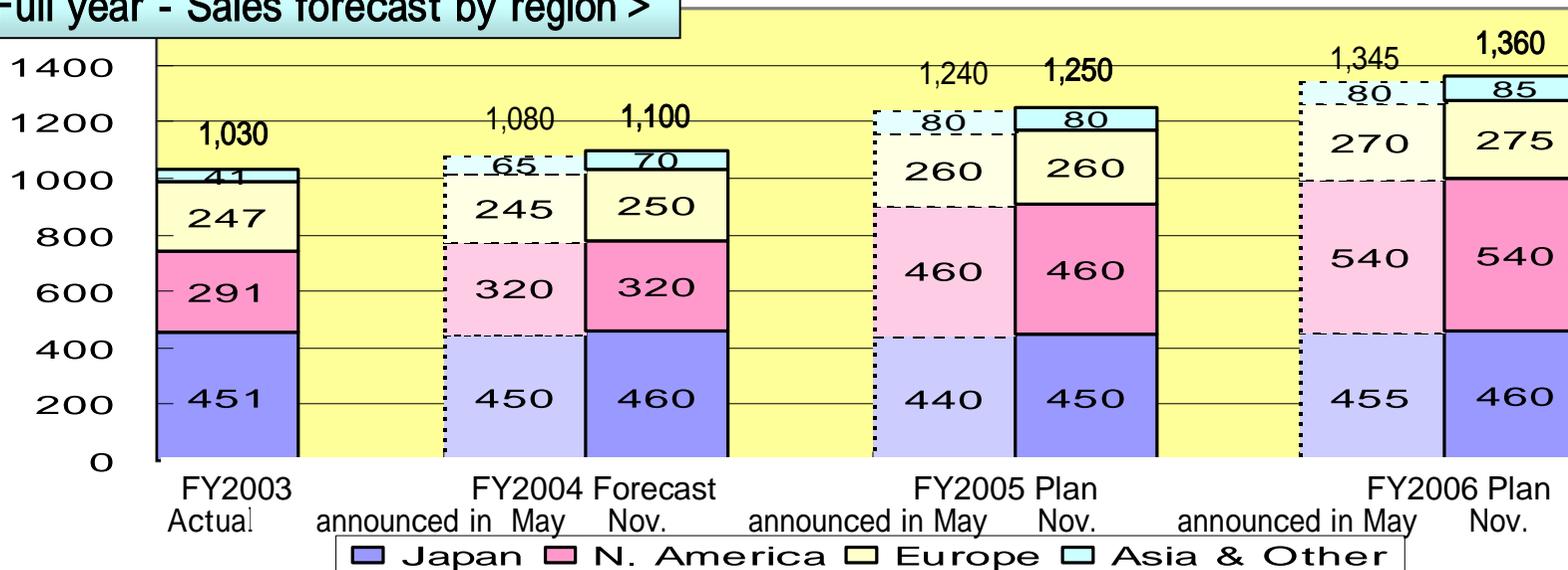
For New Technology Network



< Interim - Trend in sales by region >



< Full year - Sales forecast by region >

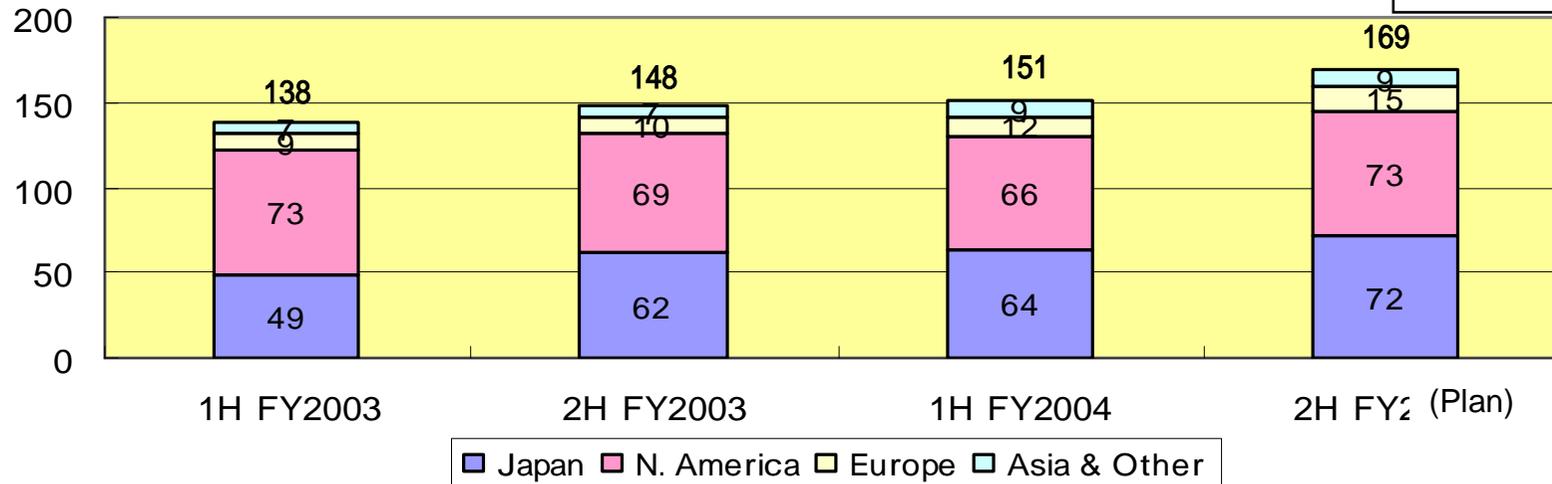


(Exchange Rates) FY2003(Actual): US\$=Yen113, EURO=Yen133

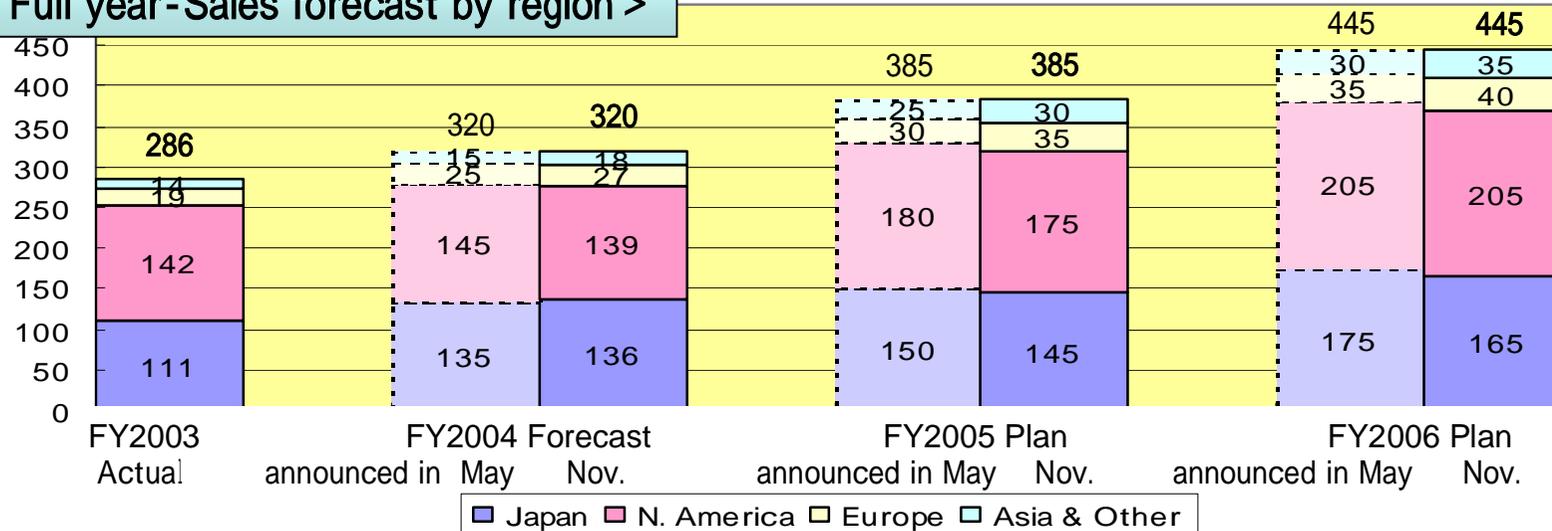
1H FY2004(Actual): US\$=Yen110, EURO=Yen133 2H FY2004 (Plan): US\$=Yen105, EURO=Yen130

2 . Sales Expansion of Strategic Products(Axle units)

< Interim-Trend in sales by region >



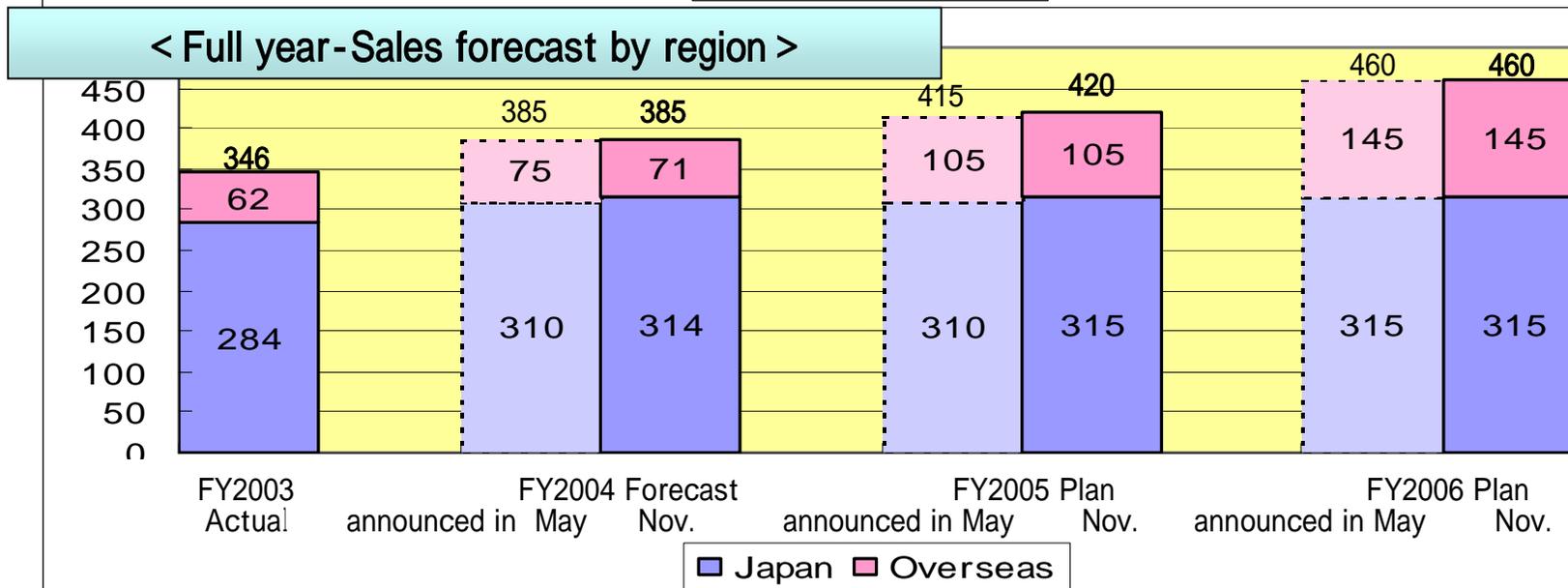
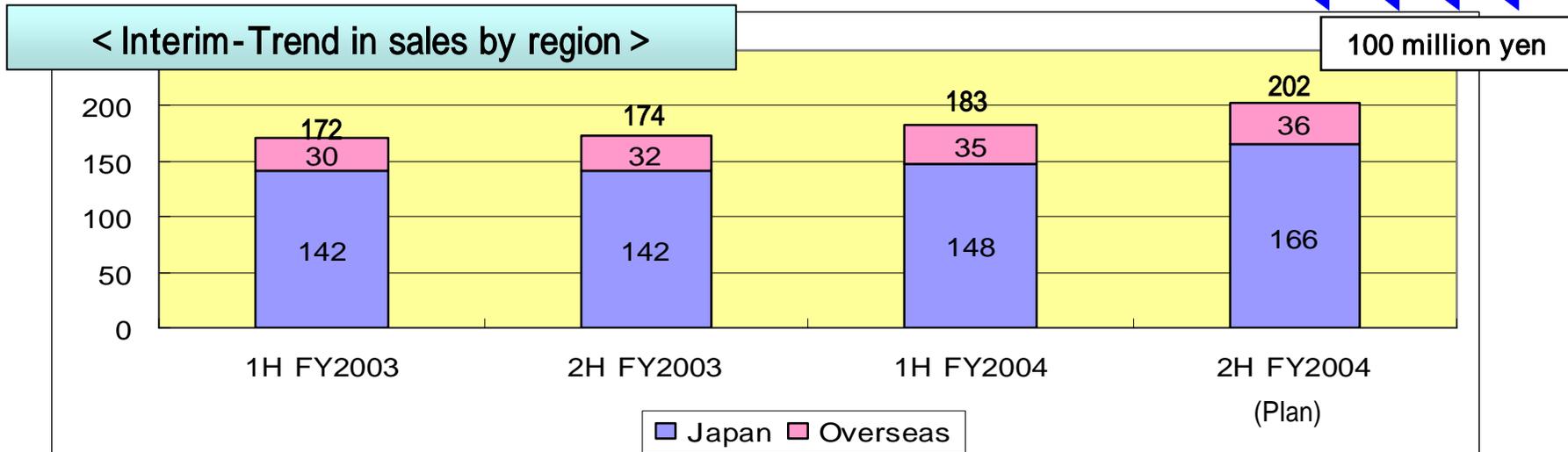
< Full year-Sales forecast by region >



(Exchange Rates) FY2003(Actual): US\$=Yen113, EURO=Yen133

1H FY2004(Actual): US\$=Yen110,EURO=Yen133 2H FY2004 (Plan): US\$=Yen105, EURO=Yen130

2 . Sales Expansion of Strategic Products (Needle roller bearing/needle bearings)



(Exchange Rates) FY2003(Actual): US\$=Yen113, EURO=Yen133

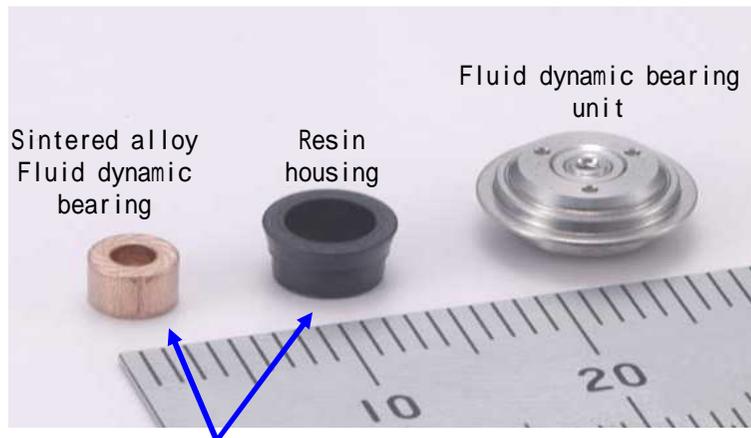
1H FY2004(Actual): US\$=Yen110,EURO=Yen133 2H FY2004 (Plan): US\$=Yen105, EURO=Yen130

3. Expansion of Fluid Dynamic Bearing Business

Factory for Fluid Dynamic Bearing Production Built in Thailand



NTN MANUFACTURING (THAILAND) CO., LTD.
Exterior view of fluid dynamic bearing production plant



Parts for 1-inch HDD motors produced by NTN at its Thai plant

Establish mass production facility to cope with increased demand

Gain global standard status for our fluid dynamic bearing unit for small HDD

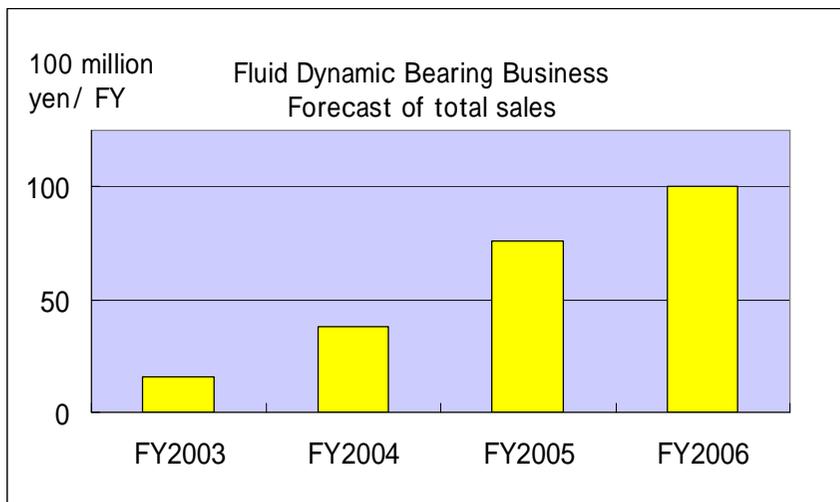
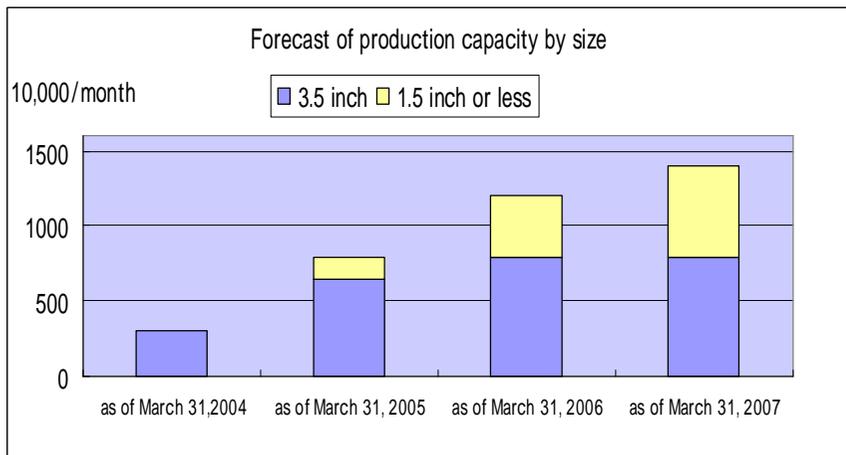
Expanded application to HDDs smaller than 1 inch

- PDA (Personal Digital Assistant)
- Music Player
- Digital camera
- Mobile phone

3. Expansion of Fluid Dynamic Bearing Business



NTN's Fluid Dynamic Bearing Business and its Future Prospect



Future prospect

Production capacity
 Total NTN Group production capacity including all sizes to be expanded to 14 million units per month by the end of 2006

Sales
 1H FY2004 Actual : 1.4 billion yen
 FY2004 Forecast : 3.8 billion yen

¥10 billion sales targeted for the year ending March 2007

40% share of global market targeted for fluid dynamic bearing units

4. Expansion of China Business (Establishment of Changzhou NTN: Sales expansion of bearings used in automobiles)

Established CHANGZHOU NTN-GUANGYANG Corporation
(Changzhou-NTN) (August, 2004)

Sales in FY2006 5 billion yen
Establish Development Engineering
Center in 2006



4. Expansion of China Business

(Sales expansion of bearings used in Industrial machinery, etc.)

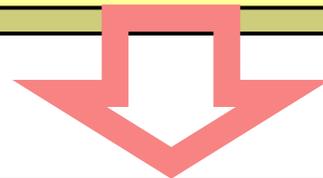
Joint business with Luoyang Bearing

Objectives of the joint venture with Luoyang Bearing

Sales expansion of bearings used in Industrial machinery, etc.

Enhance competitiveness in global market (quality, price, delivery)

Strengthen production and sales in China market/supply bearings to the global market



Basic framework of joint venture operations
to be completed by March 2005

5 . "Monozukuri"* Revolution

Production started at NTN Mie Corporation

*Model factory
embodying Monozukuri*



Operations started in
October 2004



*"MONOZUKURI" is a comprehensive concept of value creation activities at NTN as a manufacturing company.

Business Results for the Six Months Ended September 30, 2004 and Forecast for FY2004 ending March 2005 (Consolidated)

November 9, 2004

NTN Corporation

Tatsuo Kondo, Director

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. Business Results for the Six Months
Ended September 30,2004(Consolidated)
and Forecast for FY2004 ending March 2005(Consolidated)

1. Business Results and Challenges
 - (1) Major Achievements and Challenges
 - (2) Consolidated Statements of Operations
2. Sales
 - (1) Sales by Business Segment
 - (2) Sales by Region
3. Analysis of Operating Income
 - (1) First Half of FY2004
 - (2) Full Year for FY2004
4. Sales and Operating Income (Margin) by Geographic Segment
5. Inventory and Interest Bearing Debt
6. Capital Expenditure and Depreciation
7. Cash Flows

1. Business Results and Challenges

(1) Major achievements and Challenges

Highlights for 1H of FY2004

- Achieved "Rapid Advance 21" Targets
 - Improvement in Consolidated Operating Margin
Enhanced Profitability
8.3% operating margin achieved (YoY 6.4%)
 - Improvement in ROA and ROE
Improved Efficiency in Asset Utilization
ROA 3.7% (2.7% for 1H FY2003)
ROE 11.8% (9.3% for 1H FY2003)

Challenges for FY2004

- Implementation of Measures to Increase Corporate Value
Three consecutive years of increased revenue and earnings

1. Business Results and Challenges

(2) Consolidated Statements of Operations



	FY2003		Full Year (March 2004)	FY2004		Full Year (March 2005)	YoY Increase/Decrease	
	1H	2H		1H	2H		1H of FY2004	Full Year of FY2004
Sales	1,755	1,819	3,574	1,901	1,949	3,850	146	276
Operating Income	113	134	247	158	162	320	46	73
Operating Margin	6.4%	7.4%	6.9%	8.3%	8.3%	8.3%	1.9%	1.4%
Ordinary Income	99	108	208	143	132	275	44	67
Extraordinary Income/loss	-	26	26	-	-	-	-	26
Net Income	64	47	110	87	83	170	23	60
Exchange Rates								
US \$	118.1	108.3	113.2	109.8	105.0	107.4	8.3	5.8
EURO	133.5	131.8	132.7	133.3	130.0	131.6	0.2	1.0
ROA	2.7%	2.0%	2.4%	3.7%	3.4%	3.5%	1.0%	1.1%
ROE	9.3%	6.6%	8.0%	11.8%	10.9%	11.4%	2.5%	3.4%
Inventory Turnover Ratio (Times)	3.9	4.4	4.3	4.4	4.7	4.7	0.5	0.4



2. Sales

(1) Sales by Business Segment

1H FY2004

Bearings : Although down in North America due to weak dollar,
up in Japan, Europe and Asia

CVJs : Up in North America, Europe and Asia (Start of mass production operations at China)

Precision Equipment : Up in Japan due to growing market for digital appliances and devices

FY2004

Bearings : Increased sales projected in all regions despite weaker dollar

CVJs : Up in Japan, North America and China

Precision Equipment : Digital home appliance sales expected to expand

	FY2003		Full Year	FY2004		Full Year	YoY Increase/Decrease			
	1H FY2003	2H FY2003	('04/3)	1H FY2004	2H FY2004	('05/3)	1H FY2004(-)		FY2004(-)	
							Volume	Exchange Rate	Volume	Exchange Rate
Bearings	1,121	1,165	2,286	1,217	1,263	2,480	124	28	237	43
CVJs	506	524	1,030	544	556	1,100	51	13	91	21
Precision Equipment	128	130	258	140	130	270	13	1	13	1
Total	1,755	1,819	3,574	1,901	1,949	3,850	188	42	341	65

(100 million yen)



2. Sales

(2) Sales by Region

1H of FY2004	Japan	Increase in bearings for automobiles and precision equipment
	North America	Increase in CVJs for automobiles and bearings for general machine despite weaker dollar
	Europe	Increase in CVJs for automobiles
	Asia and Other	Mass production of fluid dynamic bearings and CVJs in China, increased sales to auto makers in Asean region
FY2004	Japan	Increase in bearings and CVJs for automobiles
	North America	Increase in CVJs for automobiles and bearings for general machine despite weaker dollar
	Europe	Increase in bearings for automobiles
	Asia and other	Increase in bearings and CVJs

(100 million yen)

	FY2003		Full Year ('04/3)	FY2004		Full Year ('05/3)
	1H FY2003	2H		1H	2H	
Japan	855	907	1,762	933	952	1,885
North America	439	422	861	450	460	910
Europe	283	300	582	306	294	600
Asia & Other	178	191	369	212	244	455
(Total)	1,755	1,819	3,574	1,901	1,949	3,850

YoY Increase/Decrease			
1H FY2004 -		2H FY2004 -	
Volume	Exchange Rate	Volume	Exchange Rate
77		123	
43	32	93	44
24	0	23	5
44	10	101	15
188	42	341	65



3. Analysis of Operating Income (1) 1H of FY2004

(100 million yen)

Volume	57
Exchange Rates	14
Sale Prices	25
Productivity	33
Variable Costs	9
Operating Cost	10
Consolidation Adjustment	4
Total	46

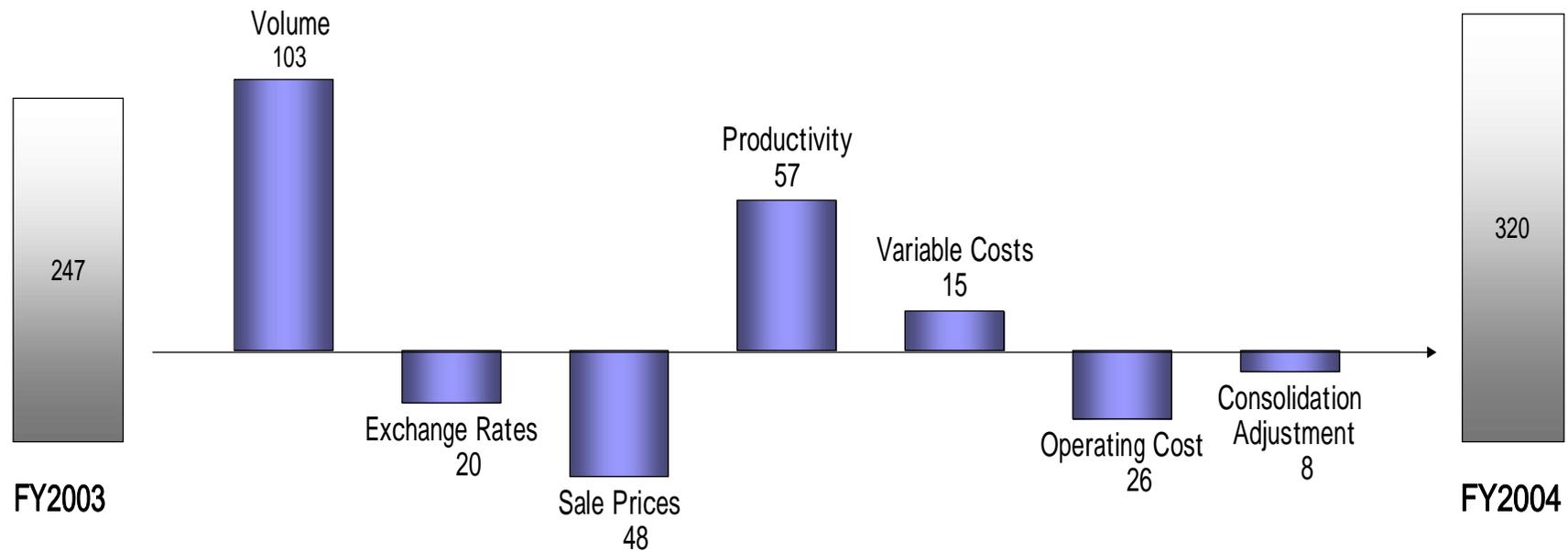




3. Analysis of Operating Income (2) Full Year of FY2004

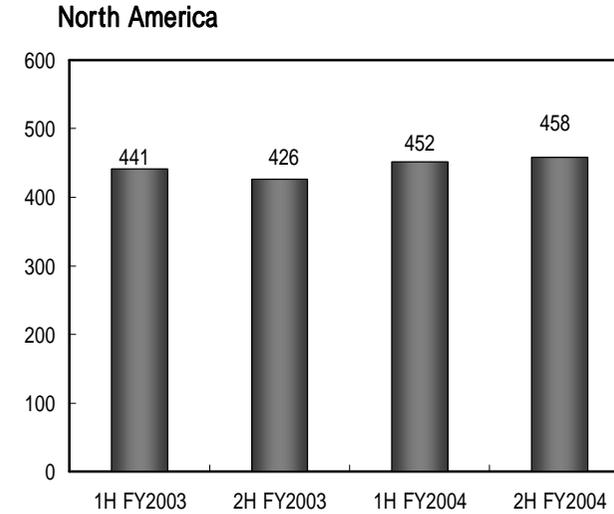
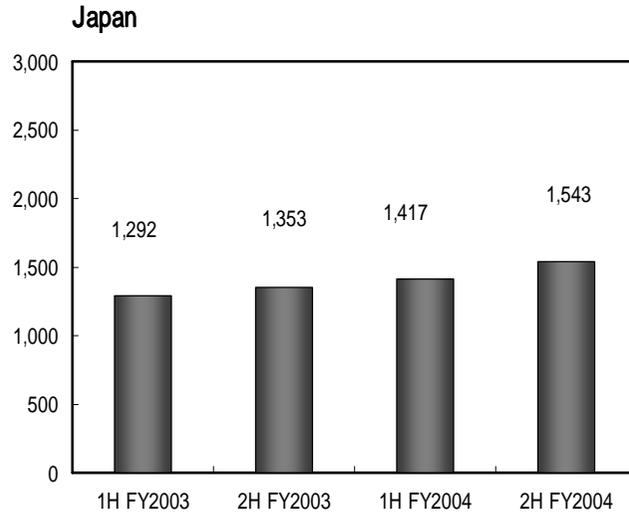
(100 million yen)

Volume	103
Exchange Rates	20
Sale Prices	48
Productivity	57
Variable Costs	15
Operating Cost	26
Consolidation Adjustment	8
Total	73

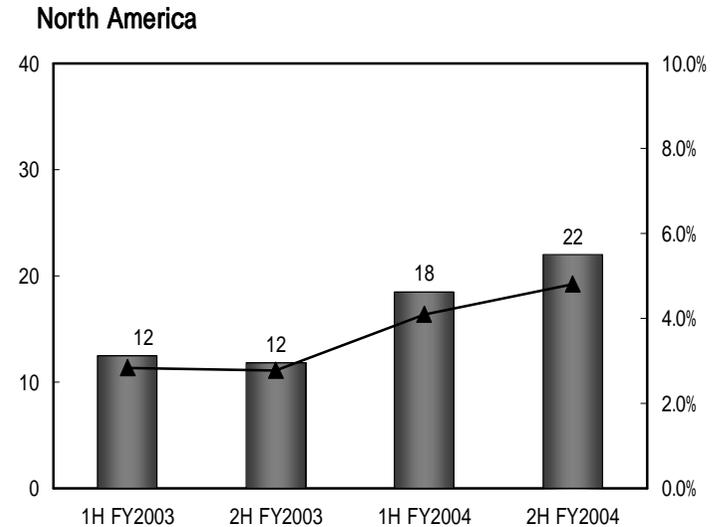
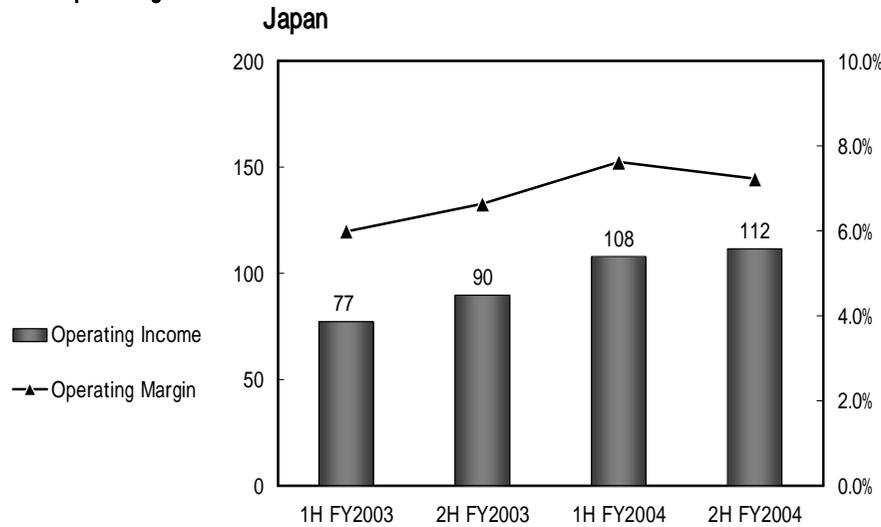


4. Sales and Operating Income by Geographic Segment

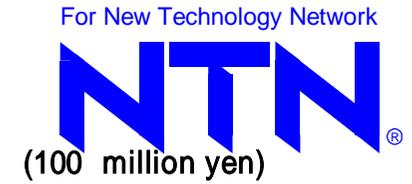
• Sales



• Operating Income

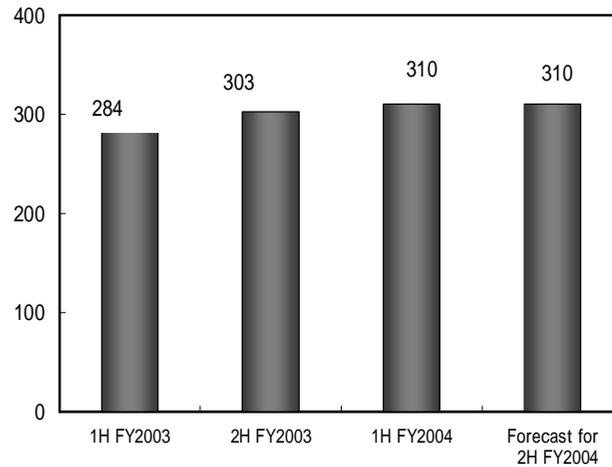


4. Sales and Operating Income by Geographic Segment

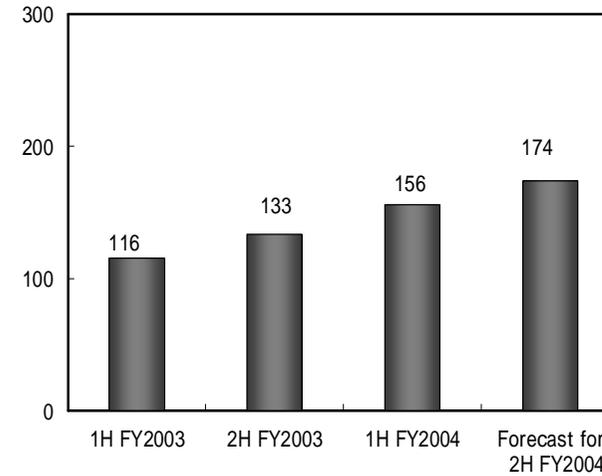


• Sales

Europe

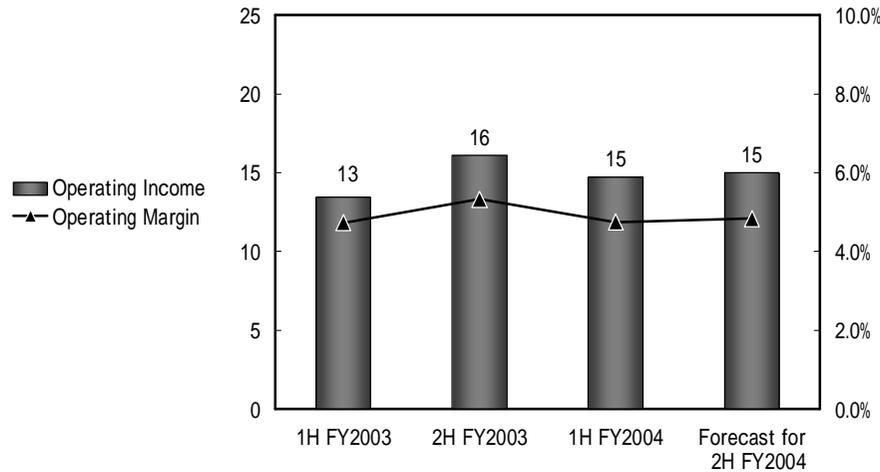


Asia&Other

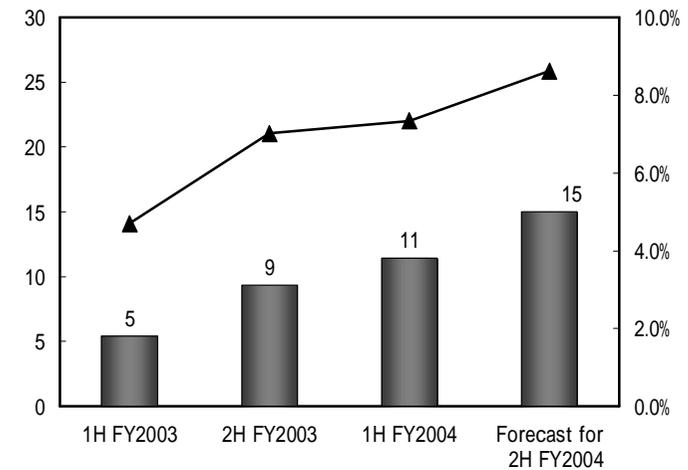


• Operating Income

Europe



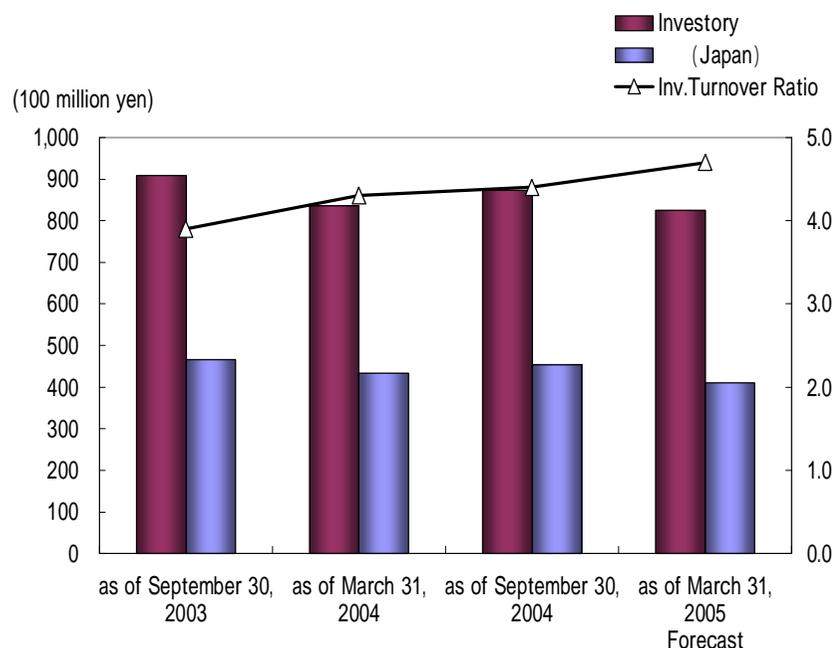
Asia & Other





5. Inventory and Interest-bearing Debt

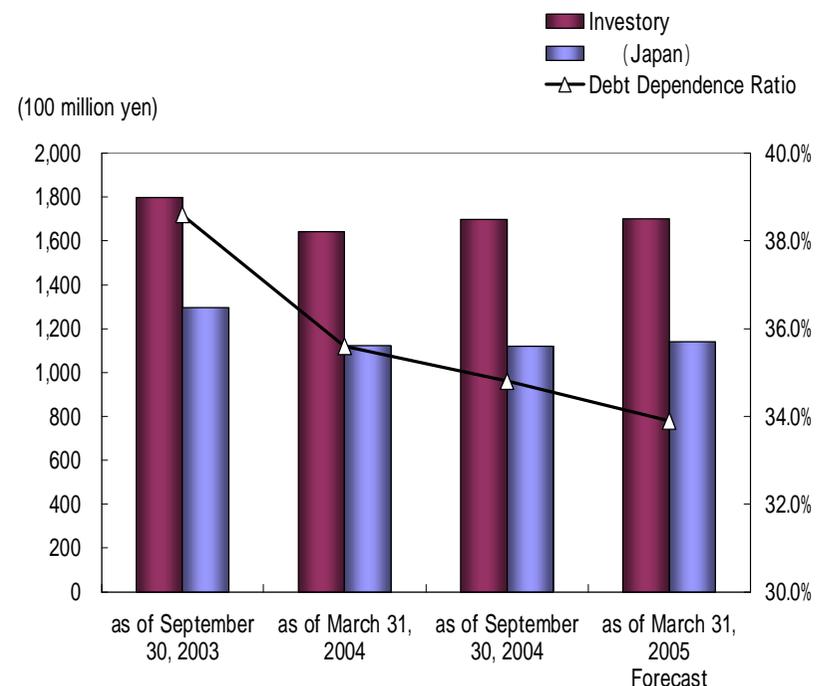
• Inventory



100 million yen

	as of September 30, 2003	as of March 31, 2004	as of September 30, 2004	as of March 31, 2005 Forecast
Inventory	908	836	874	825
(Japan)	(466)	(434)	(454)	(410)
(Overseas)	(442)	(402)	(419)	(415)
Inv. Turnover Ratio	3.9times	4.3times	4.4times	4.7times

• Interest-bearing Debt



100 million yen

	as of September 30, 2003	as of March 31, 2004	as of September 30, 2004	as of March 31, 2005 Forecast
Interest-bearing Debt	1,798	1,641	1,698	1,700
(Japan)	(1,295)	(1,123)	(1,120)	(1,140)
(Overseas)	(503)	(518)	(577)	(560)
Debt Dependence Ratio	38.6%	35.6%	34.8%	33.9%

6.Capital Expenditure and Depreciation

For New Technology Network



(100 million yen)

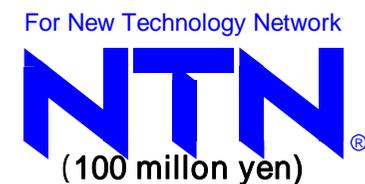
	1H of FY2003	Full Year of FY2003	1H of FY2004	Full Year of FY2004 Forecast
Capital Expenditure	179	381	258	530
(Japan)	(95)	(176)	(139)	(280)
(Overseas)	(84)	(205)	(119)	(250)

YoY Increase/Decrease	
1H of FY2004	Full Year of FY2004
-	-
79	149
(44)	(104)
(35)	(45)

	1H of FY2003	Full Year of FY2003	1H of FY2004	Full Year of FY2004 Forecast
Depreciation	116	240	116	255
(Japan)	(69)	(148)	(71)	(160)
(Overseas)	(47)	(92)	(45)	(95)

YoY Increase/Decrease	
1H of FY2004	Full Year of FY2004
-	-
0	15
(2)	(12)
(2)	(3)

7. Cash Flows



	1H	FY2003 2H	Full Year	FY2004 1H
I. Cash Flows from Operating Activities	42	253	211	270
Amount Paid Through Early Retirement Program	204	0	204	0
Excluding the impact of the above	162	253	415	270
II. Cash Flows from Investing Activities	147	203	350	221
III. Cash Flows from Financing Activities	205	145	60	9
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	5	2	3	5
V. Increase in Cash and Cash Equivalents	11	92	81	63

