

# Financial Results

## for the year Ended March 31, 2007

May 15, 2007  
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. Results of "Rapid Advance 21"  
and the first year of  
"Growth through Creativity and Achievements 21"

by Yasunobu Suzuki, President

II. Consolidated Financial Results for the Year  
Ended March 31, 2007 (FY2006) and Forecast of  
Consolidated Earnings for the Year Ending March  
31, 2008 (FY2007)

by Tatsuo Kondo,  
Executive Senior Managing Director

III. Q&A Session

# Results of "Rapid Advance 21" and the first year of "Growth through Creativity and Achievements 21"

May 15, 2007  
Yasunobu Suzuki, President  
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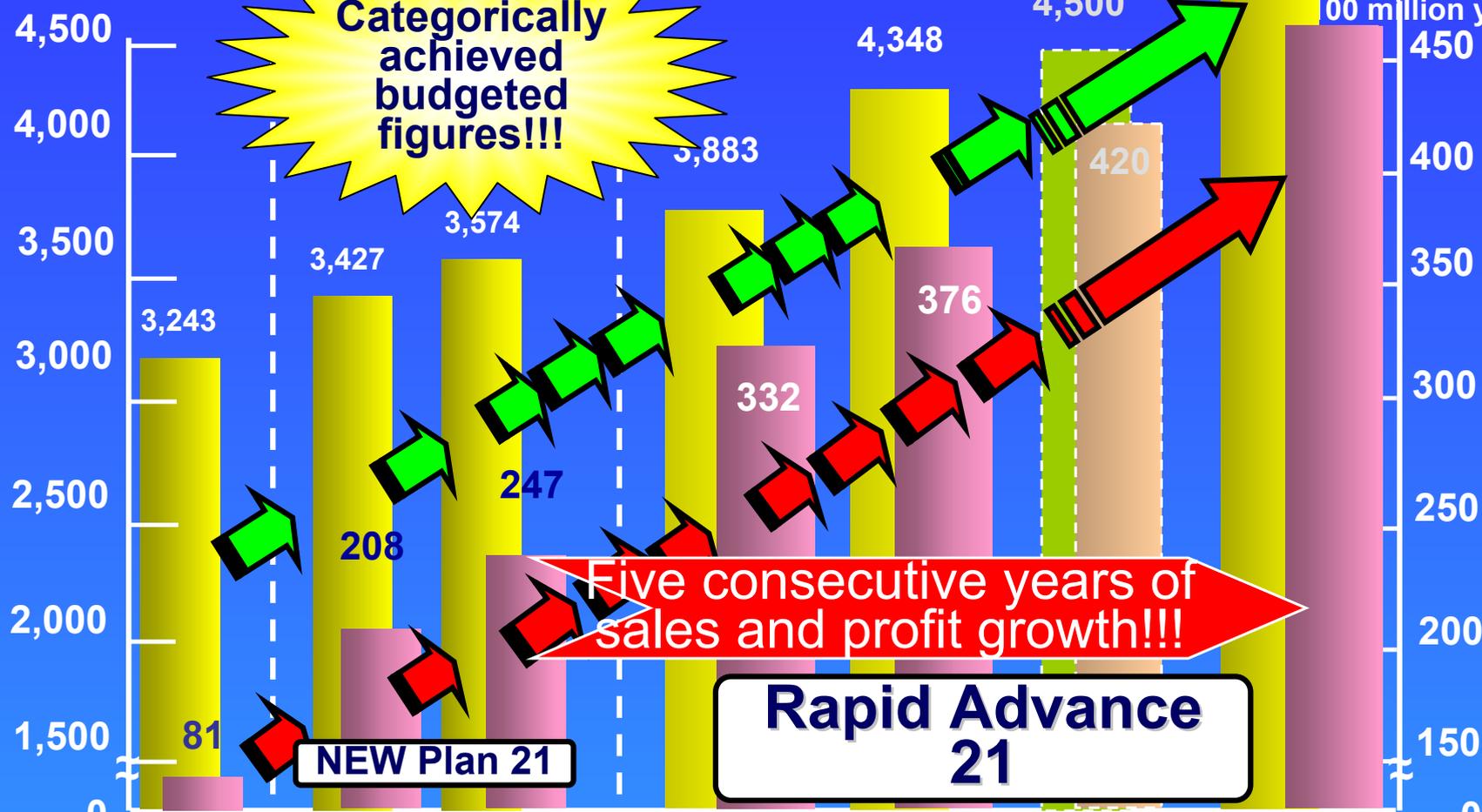
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- **Results and Issues under the Previous Medium-Term Management Plan, "Rapid Advance 21"**
  1. Trends in Net Sales and Operating Income
  2. Efforts, Results and Issues under Rapid Advance 21
- **New Medium-Term Business Plan "Growth through Creativity and Achievements 21"**
  1. Objectives of "Growth through Creativity and Achievements 21"
  2. Trends in Net Sales and Operating Income (Operating Margin)
  3. Synergies with SNR
- **Activities in the First Year of "Growth through Creativity and Achievements 21"**
  1. Global Strategy for Automotive Applications
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  2. Expanding Sales for Industrial Machinery Applications
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    - 2-2. Fluid Dynamic Bearings
  3. Environmental Activities
- **Towards Achieving the Long-Term Vision**

# 1. Trends in Net Sales and Operating Income

Net sales  
(100 million yen)

Operating income  
(100 million yen)

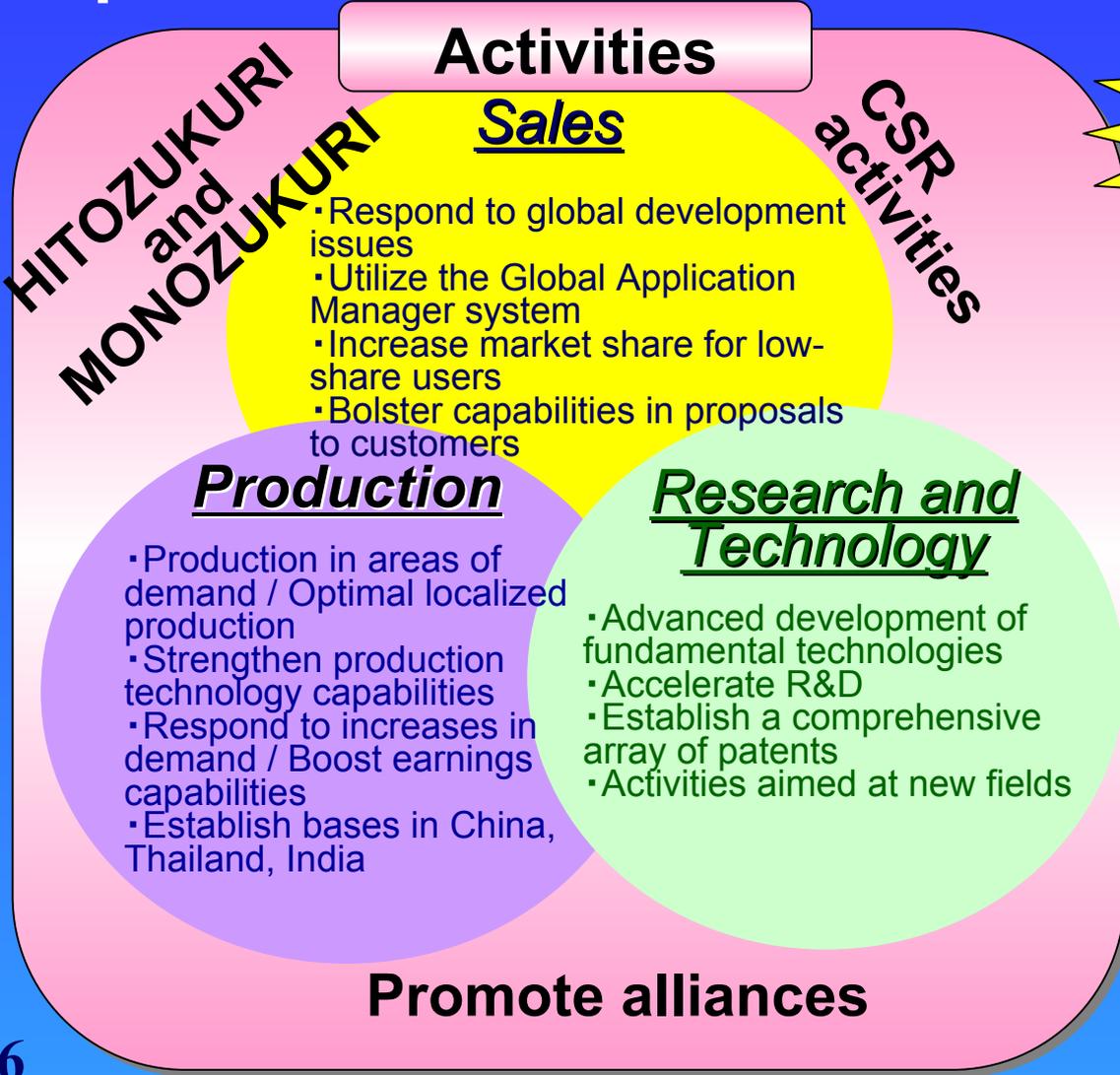


**NEW Plan 21**

**Rapid Advance 21**



# 2. Activities, Results and Issues under Rapid Advance 21



**Results**

- Increased market share in Constant Velocity Joints
- Increased market share in Axle Bearings
- Growth in the Fluid Dynamic Bearings business

**Issues**

- Early recoupment of investments aimed at strengthening capabilities
- Improve asset efficiency
- Early realization of synergistic effects

# New Medium-Term Business Plan "Growth through Creativity and Achievements 21"

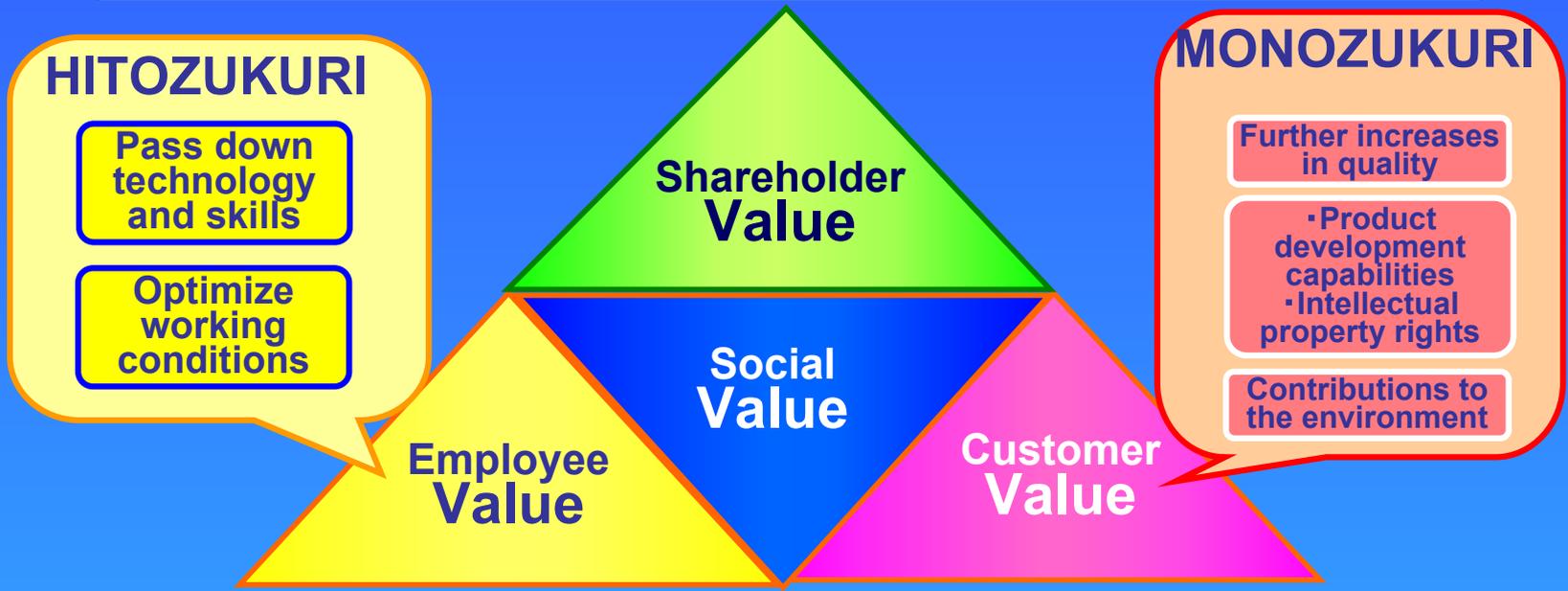
## 1. Objectives of "Growth through Creativity and Achievements 21"

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## Creativity and Achievements Creativity and Growth

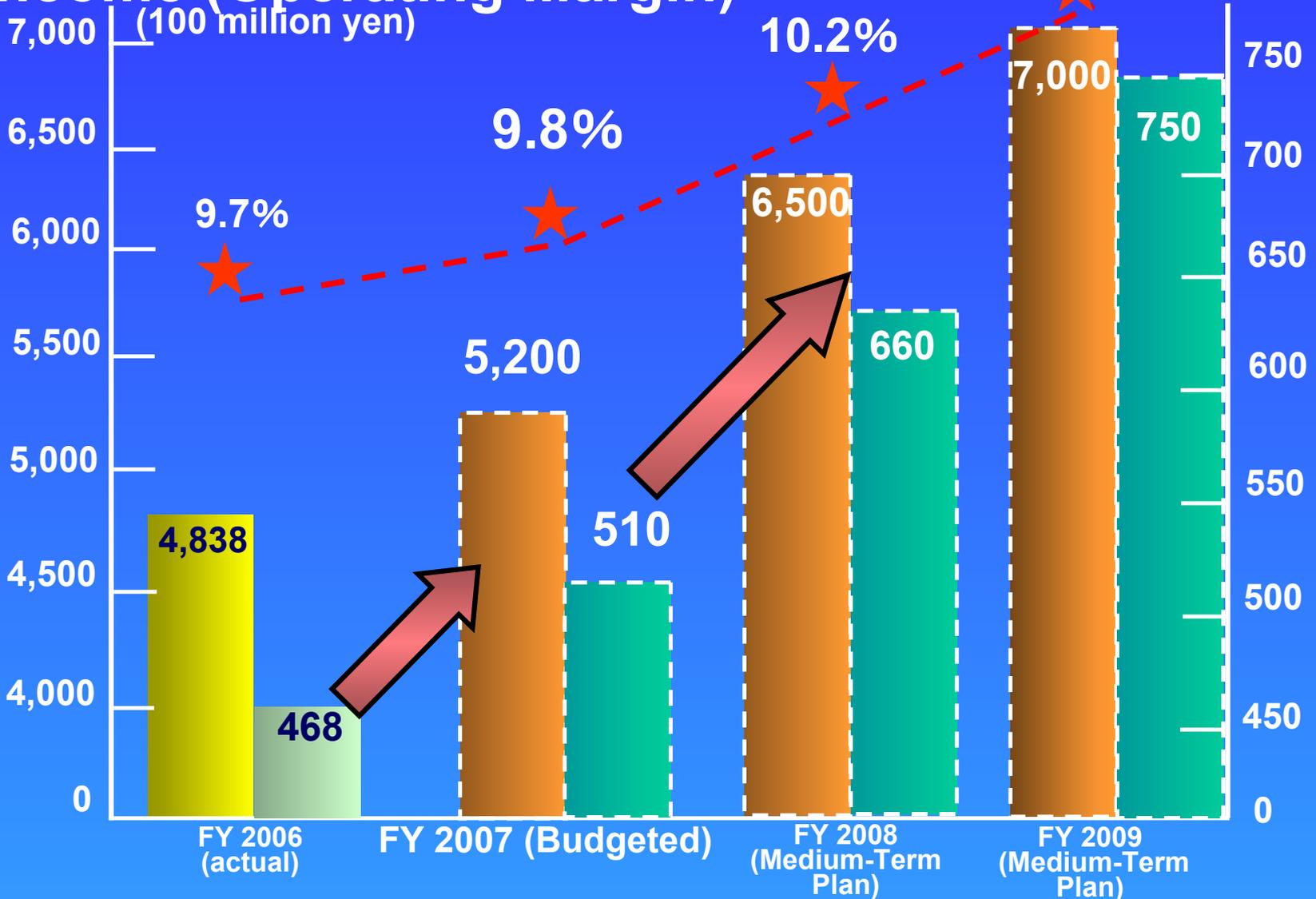
Enhance Corporate Value

Enhance **NTN** Brand Value





# 2. Trends in Net Sales and Operating Income (Operating Margin)

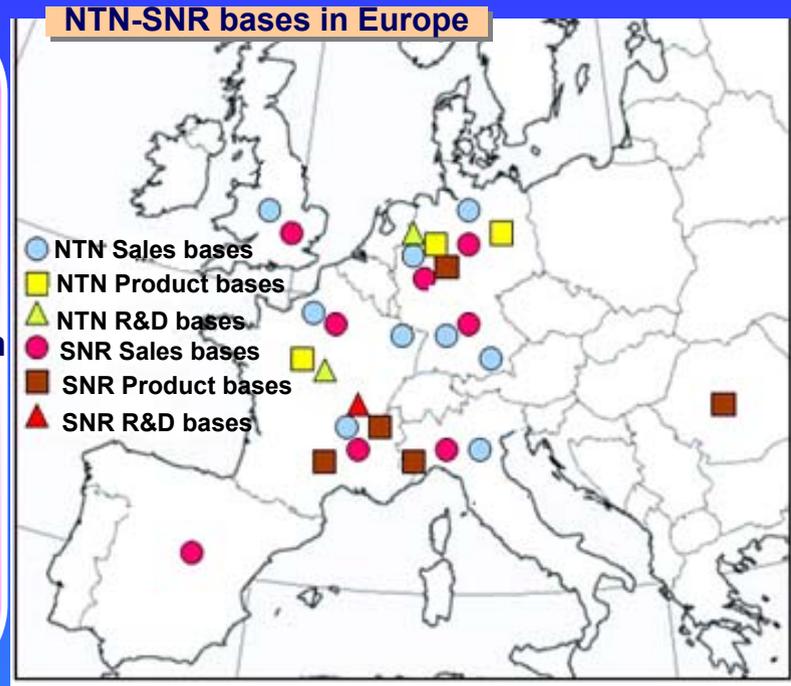


## and Achievements 21"

### 3. Synergies with SNR

#### Synergistic effects

- ★ Expand sales in European markets for products for industrial machinery
  - Expand sales of NTN products using SNR's sales network
  - Needle roller bearing/needle bearings, large bearings, precision bearings, etc.
- ★ Expand sales of NTN products using business bases in East Europe and South America
  - Utilize Romania Plant to increase market share in East Europe and Russia
  - Utilize Brazil Plant for the South American market
- ★ Utilize advanced sensor technology
  - Global standardization of sensor technology
  - Apply to rolling stock, construction machinery other industrial machinery



SNR: Romania Plant



SNR: Brazil Plant



Axle bearings with sensors

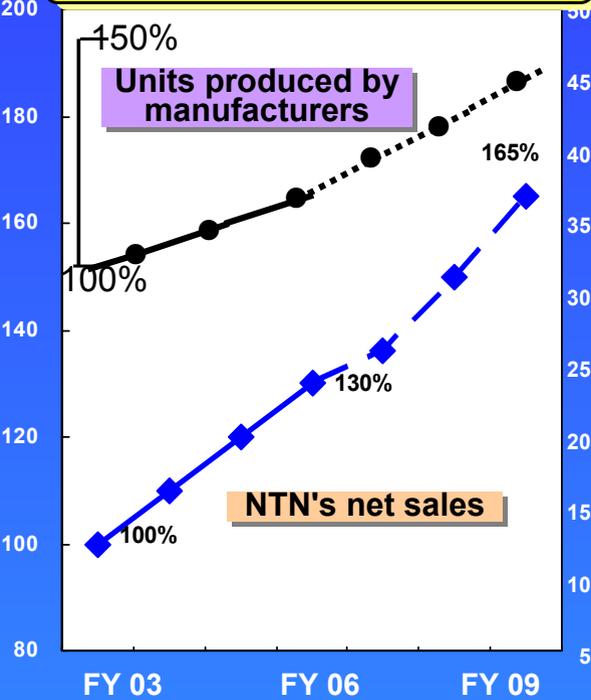




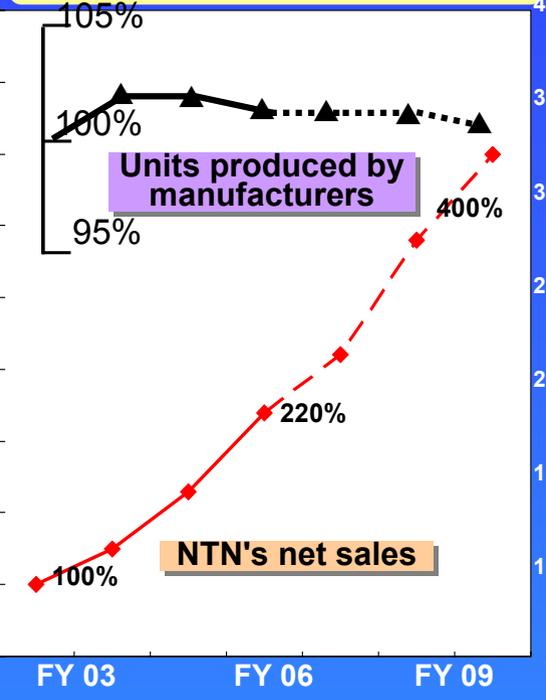
# Activities in the First Year of "Growth through Creativity and Achievements 21"

## 1. Global Strategy for Automotive Applications (1)

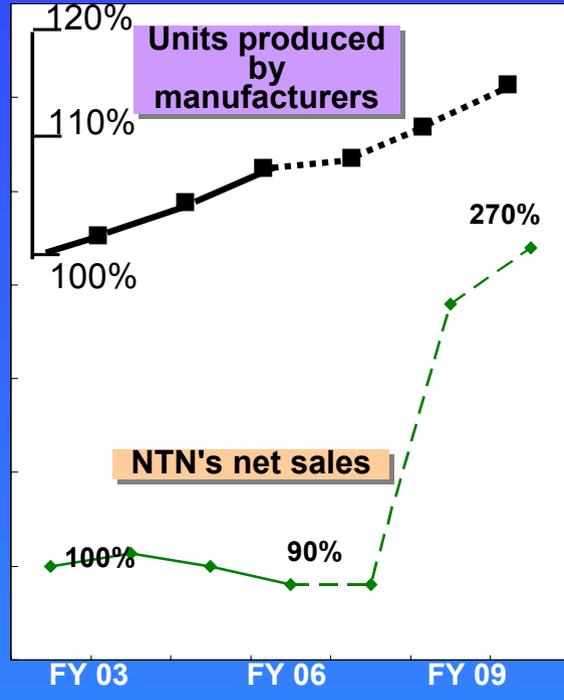
### Efforts aimed at Japanese manufacturers



### Efforts aimed at U.S. manufacturers



### Efforts aimed at European manufacturers



**Respond to global expansions in production**

**Aggressive responses to potential new projects**

**Increase market share for low-share users**

\* Each graph compares figures against net sales for fiscal year 2003 (ended March 2004) as a base (i.e. FY 03 = 100%)

\* "Units produced by manufacturers" indicates NTN's estimates

## 1. Global Strategy for Automotive Applications (2)

**Focused energies on Japanese and U.S. manufacturers under "Rapid Advance 21"**

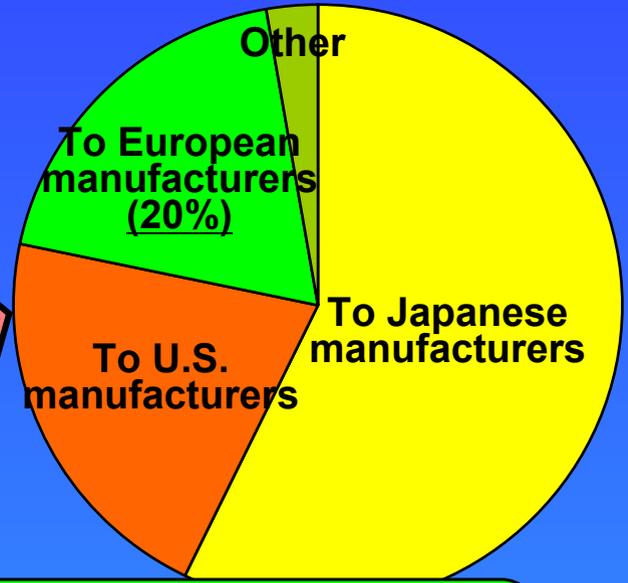
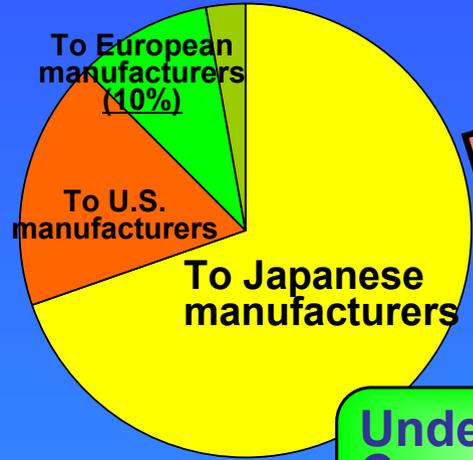
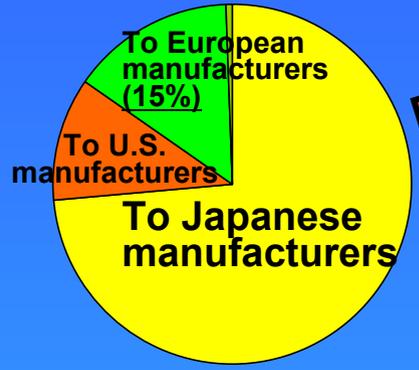
**FY 2009**  
Compared to FY 2003: 220%

**FY 2006**

Compared to FY 2003: 140%

**FY 2003**

As a % of NTN's net sales: 100%



**Under "Growth through Creativity and Achievements 21", focus energies on European manufacturers, including synergies with SNR**

## 1-1. Constant Velocity Joints

**Towards becoming World No. 1**

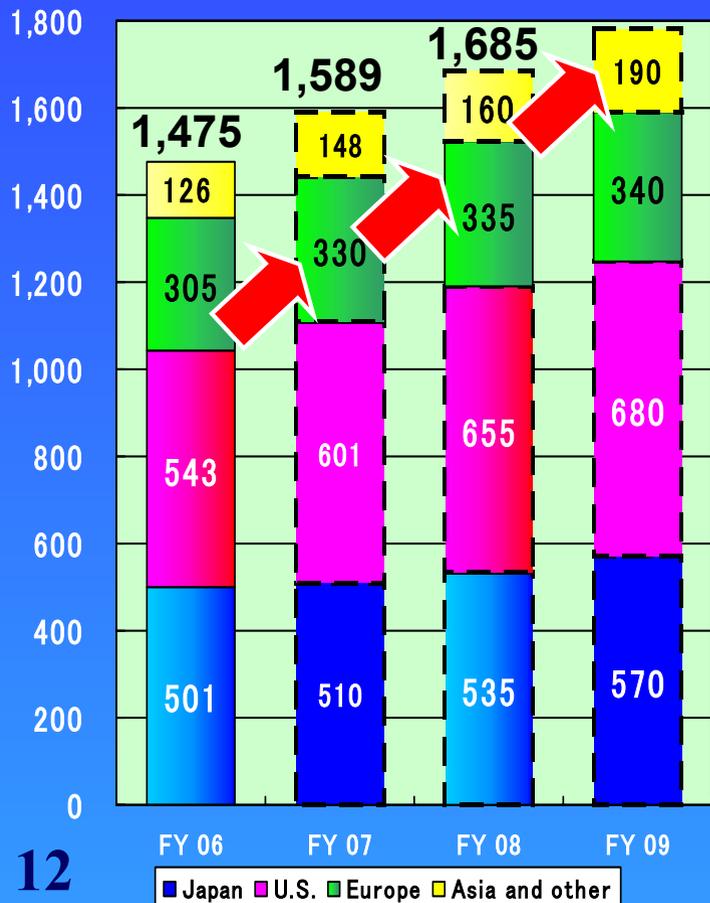
**Target for achieving goals under Growth through Creativity and Achievements 21**

- ☆ Respond to expansion of local production by U.S. manufacturers
- ☆ Increase share for European and Korean manufacturers

**Measures for achieving goals under Growth through Creativity and Achievements 21**

- ☆ Expansion of production in areas of demand (NTN Fukuroi Corporation, NDI, NTE, NMI)
- ☆ Expand production capabilities in China in order to reduce costs

(100 million yen)

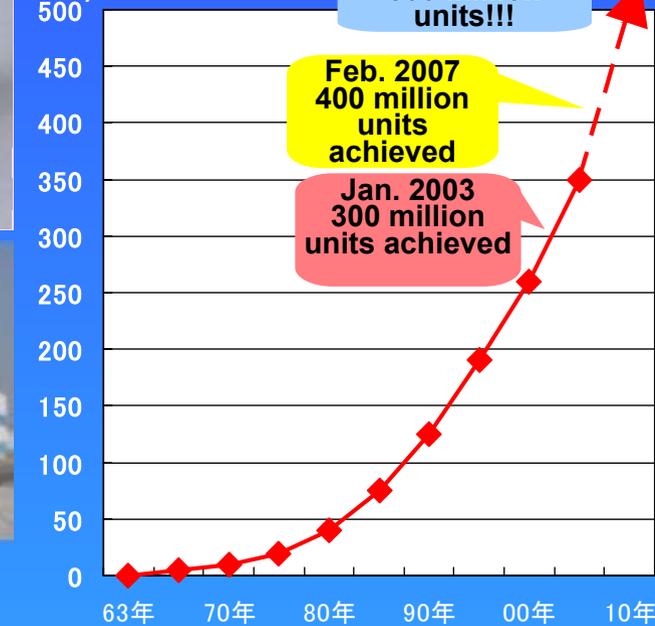


E-series of CVJs



India Plant (at which production has begun)

(Millions of Total units produced)



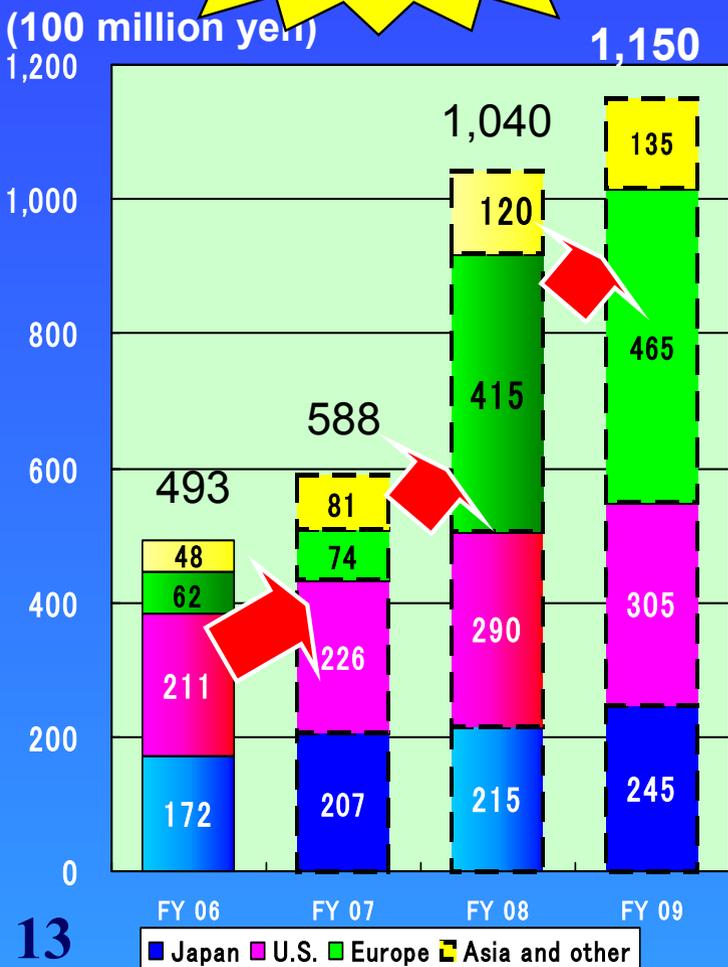
# Activities in the First Year of "Growth through Creativity and Achievements 21"

## 1-2. Axle Bearings

**Achieve the No. 1 Spot Worldwide!!!**

**Target for achieving goals under Growth through Creativity and Achievements 21**

- ☆ Towards becoming the top global supplier
- ☆ Increase share for European manufacturers

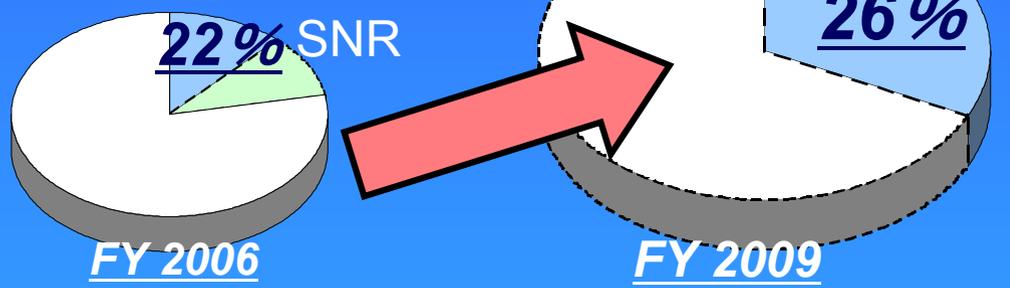


**Measures for achieving goals under Growth through Creativity and Achievements 21**

- ☆ Responses to increases in demand: Strengthen capacity at Okayama Works, ANBM
- ☆ Bolster pre-processing (forging): NTN Kinan Corporation



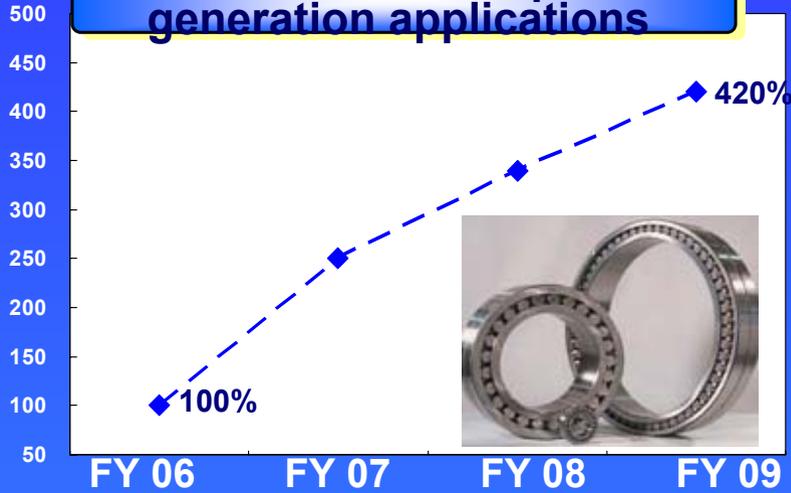
Share in the market for axle bearings (NTN)



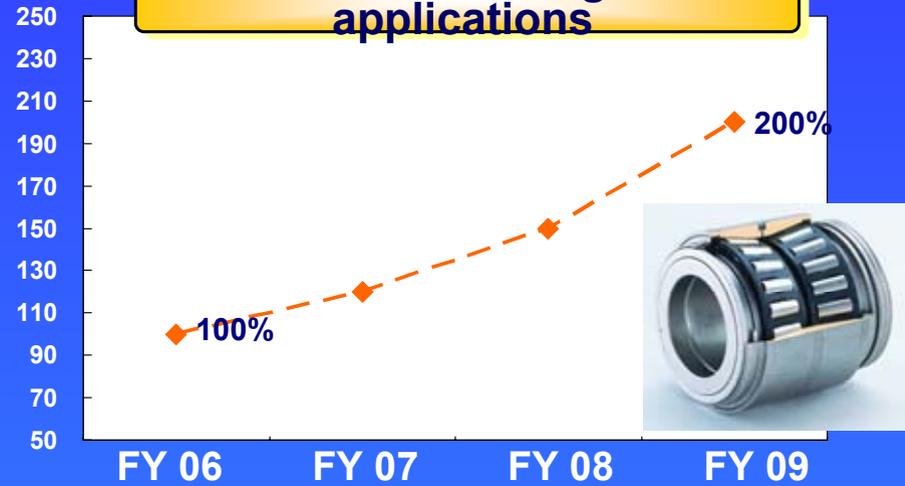
# 2. Expanding Sales for Industrial Machinery Applications (1)

\* Each graph compares figures against net sales for fiscal year 2006 (ended March 2007) as a base (i.e. FY 06 = 100%)

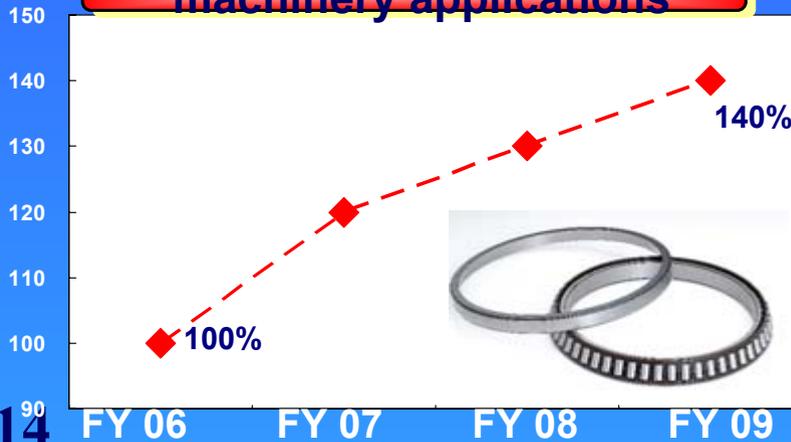
**Net sales for wind power generation applications**



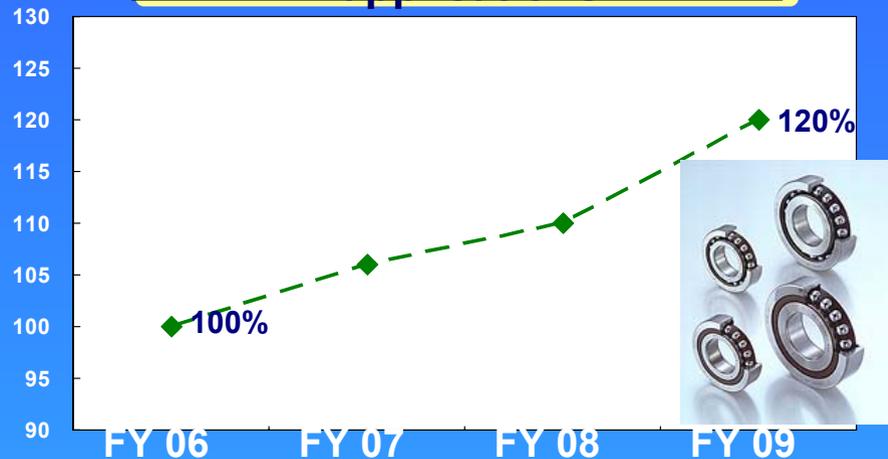
**Net sales for rolling stock applications**



**Net sales for construction machinery applications**



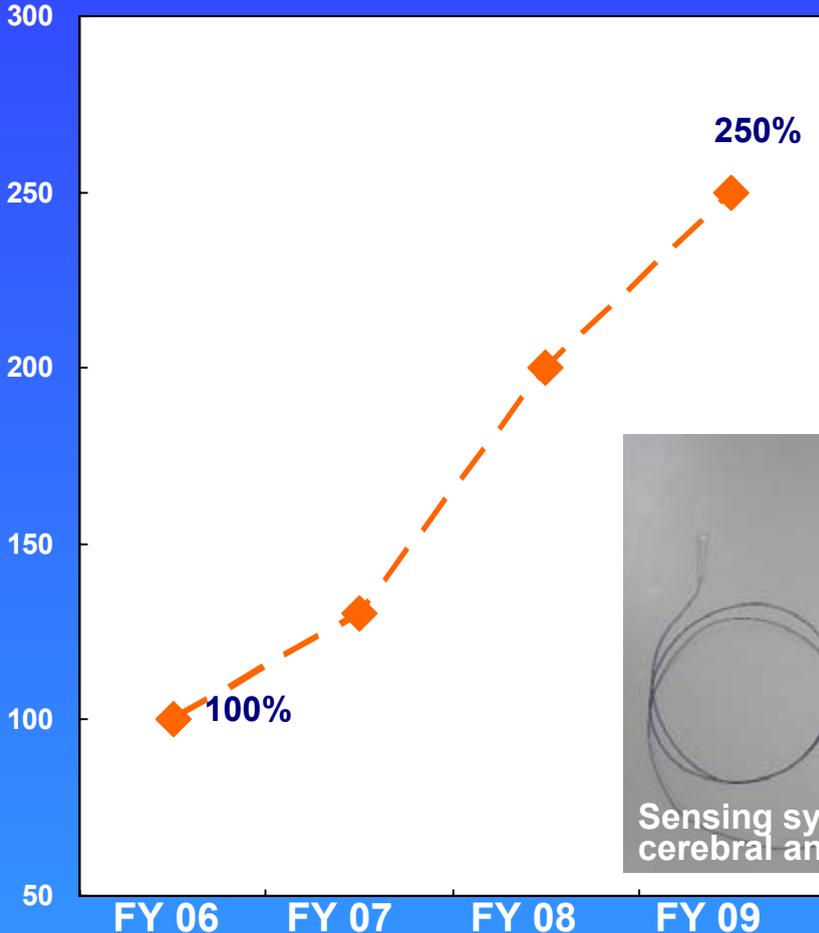
**Net sales for machine tools applications**



## 2. Expanding Sales for Industrial Machinery Applications (2)

Bearings for CT scanners

Net sales for medical equipment applications



Sensing system using in cerebral aneurysm treatment



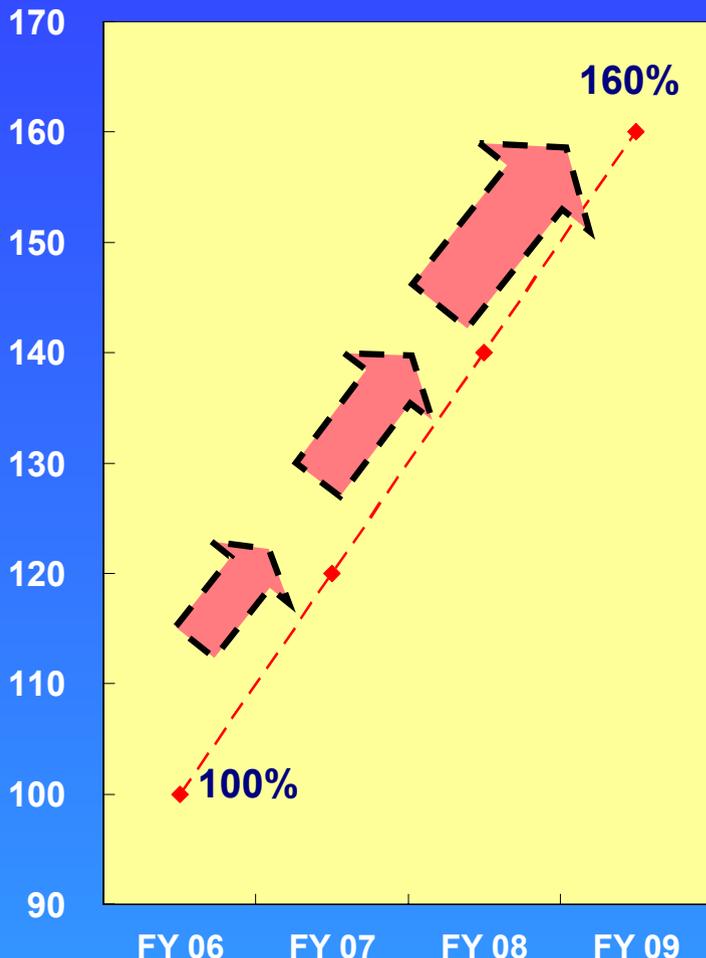
Electromagnetically suspended centrifugal pump for artificial heart

\* The graph compares figures against net sales for fiscal year 2006 (ended March 2007) as a base (i.e. FY 06 = 100%)

# Activities in the First Year of "Growth through Creativity and Achievements 21"

## 2-1. Large Bearings and Precision Bearings

Net sales of large bearings



### Target for achieving goals under Growth through Creativity and Achievements 21

- ☆ Construction machinery, wind power generation, rolling stock, medical equipment
- ☆ Machine tools, aircraft products

### Measures for achieving goals under Growth through Creativity and Achievements 21

- ☆ Restructuring of production at the Kuwana site
- ☆ Strengthen pre-processing (lathe turning, heat treatment)  
(Establishment of NTN Hakui Corporation)

**Aim to become one of the top global players!!!**

## Activities in the First Year of "Growth through Creativity and Achievements 21"

### 2-1. Large Bearings and Precision Bearings (restructuring of production at the Kuwana site)



#### ★ Focus on Bearings for Industrial Machinery Applications

- Expand capacity with new large-scale and ultra large-scale plants
- Establish new roller bearings plant, new heat treatment plant

**NTN Mie Corporation: New roller bearings plant (under construction)**



**Kuwana Works: New ultra large-scale plant (under construction)**

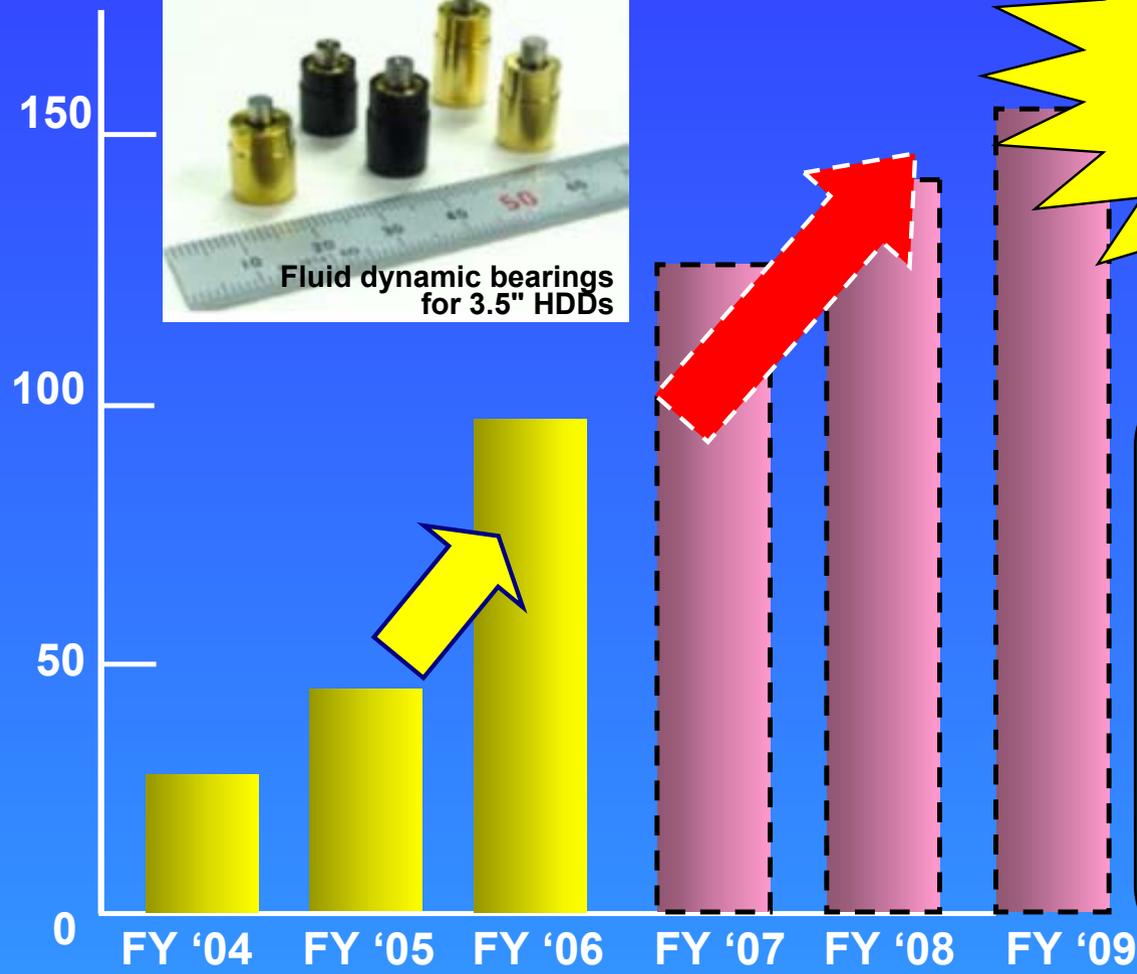


*Production and engineering system that creates new value*

## Activities in the First Year of "Growth through Creativity and Achievements 21"

### 2-2. Fluid Dynamic Bearings

100 million yen / year



Utilize one-of-a-kind technology to expand market share!!!

Measures for achieving goals under Growth through Creativity and Achievements 21

☆ One-of-a-kind technology, stable quality. Further sales expansions; achieve the No. 1 share.

☆ Strengthen production capacity in China and Thailand.

# Activities in the First Year of "Growth through Creativity and Achievements 21"

## 3. Environmental Activities

**Fundamental technologies**

**Materials**

**Surface formation**

**Lubricants**

**Constant Velocity Joints**  
(light-weight, compact, high-efficiency)

*Research and Development*

**Bearings for machine tools**  
(high speed, high precision, environment-responsive lubrication)

**New products**



**In-wheel motors**  
(automotive use)



**FPD repair equipment**  
(Reduce defects and rejected units)

**Small amounts of lubricants**

**MONOZUKURI revolution**

- New processing technologies
- Clean factory that does not use oil
- : NTN Fukuroi Corporation
- Introduction of next-generation equipment
- Energy saving
- Space saving

**Degradable plastic**

**3Rs—Reduce, Reuse, Recycle**

- Grinding sludge solidification equipment
- Iron and steel dust solidification equipment

**Bearings produced with solar and wind power**

**Implementation of environmental management**

- Wind power generation
- Solar power generation
- Support introduction to and acquisition of EcoStage by partnership companies
- Use heat output from cogenerators

# Towards achieving long-term vision



# Consolidated Financial Results for the Year Ended March 31, 2007 (FY2006) and Forecast of Consolidated Earnings for the Year Ending March 31, 2008 (FY2007)

May 15, 2007

NTN Corporation

by Tatsuo Kondo,

Executive Senior Managing Director

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## **II. Consolidated Financial Results for the Year Ended March 31, 2007 (FY2006) and Forecast of Consolidated Earnings for the Year Ending March 31, 2008 (FY2007)**

- 1. Summary Results**
- 2. Consolidated Statements of Operations**
- 3. Net Sales - By Geographic and Business Segment**
- 4. Analysis of Operating Income**
  - (1) Year Ended March 2007 (FY2006)**
  - (2) Year Ending March 2008 (FY2007)**
- 5. Net Sales and Operating Income - Margin by Region**
- 6. Inventories**
- 7. Interest Bearing Debt**
- 8. Capital Expenditure and Depreciation**
- 9. Cash Flows**

# 1. Summary Results

## ☆FY2005

- Consolidated operating margin improved to 9.7% from 8.7% in FY2005
- ROA increased to 4.6% from 3.6% in FY2005
- ROE increased to 13.8% from 11.5% in FY2005
- Annual cash dividend increased by five yen per share to 16.0 yen

## ☆Results of “Rapid Advance 21”

100 million yen

	FY2004 Actual	FY2005 Actual	FY2006 Actual	Rapid Advance 21 Initial Forecast
Net Sales	3,883	4,348	4,838	4,500
Operating income (Operating margin)	332 (8.5%)	376 (8.7%)	468 (9.7%)	420 (9.3%)
Ordinary income	284	328	422	370
Net income	167	196	270	220
Capital expenditure	497	493	593	1,380
Depreciation	249	286	327	315
Inventories	932	1,070	1,071	800
Inventory turnover	4.2times	4.1times	4.5times	5.6times
Interest Bearing Debt	1,762	1,832	1,979	1,690
ROE	11.1%	11.5%	13.8%	12.0%
ROA	3.4%	3.6%	4.6%	4.2%

## 2. Consolidated Statements of Operations

	FY2005 Actual ①	FY2006 Actual ②	FY2007 Forecast ③	100 million yen	
				Year - on - Year	
				FY2006 ②-①	FY2007 ③-②
Net sales	4,348	4,838	5,200	490	362
Operating income (Operating margin)	376 (8.7%)	468 (9.7%)	510 (9.8%)	92 (1.0P)	42 (0.1P)
Ordinary income	328	422	450	94	28
Extraordinary income/loss	-24	30	-9	54	-39
Net income	196	270	270	75	0
Exchange rate					
US\$	113.3	117.0	115.0	3.7	-2
EURO	137.8	150.0	150.0	12.2	0
ROE	11.5%	13.8%	12.4%	2.3P	-1.4P
ROA	3.6%	4.6%	4.4%	1.0P	-0.2P
Return on Investment	7.7%	8.6%	8.9%	0.9P	0.3P

### 3. Net Sales - By Geographic and Business Segment

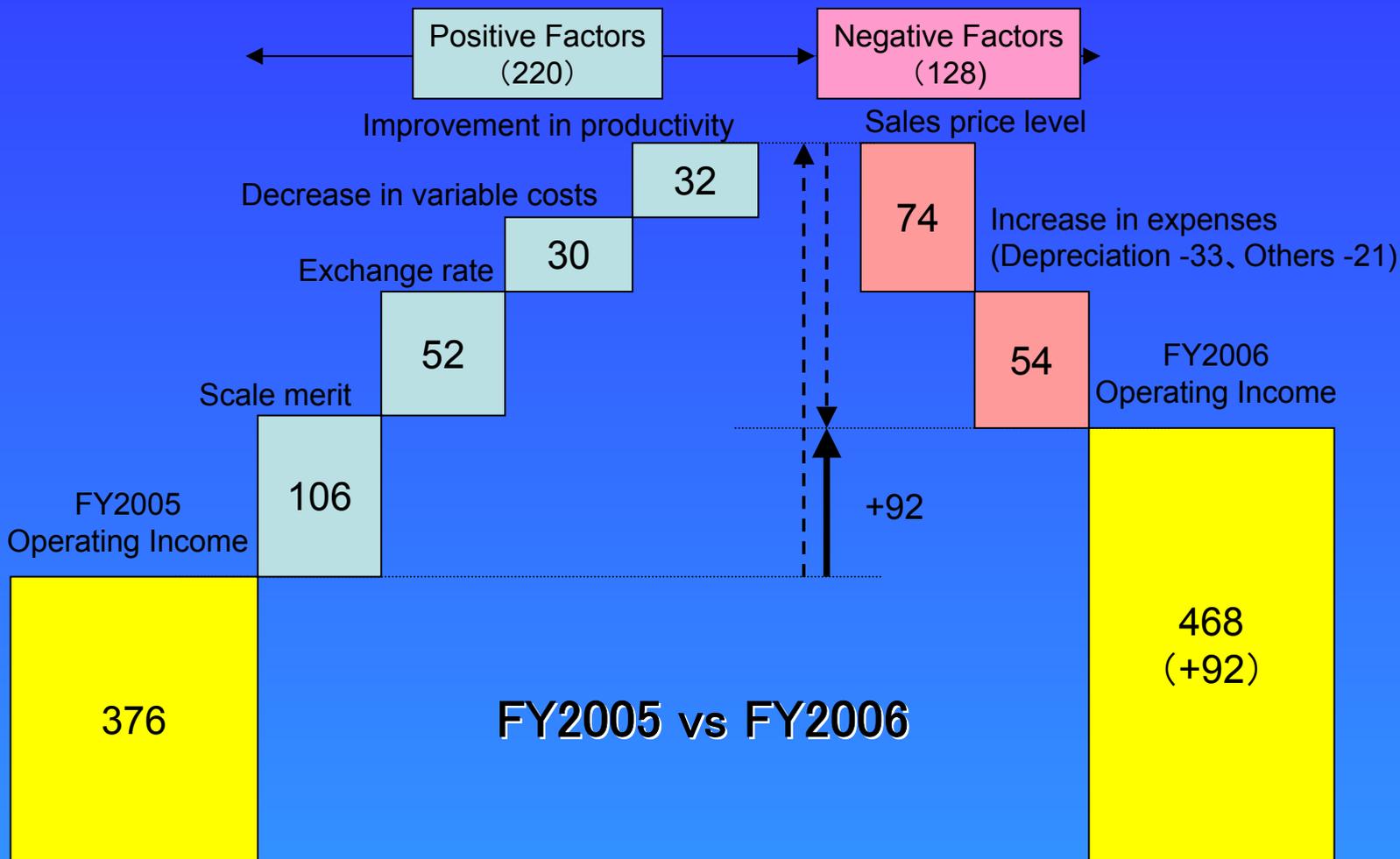
		FY2005 Actual	FY2006 Actual	FY2007 Forecast	100 million yen				
		①	②	③	Year on Year FY2006 ②-①		FY2007 ③-②		
					Amount	Exchange rate	Amount	Exchange rate	
*	Japan	Bearings	1,278	1,331	1,416	53	0	85	0
		CVJs	469	502	510	33	0	8	0
		Precision Equipments	230	237	239	7	0	2	0
		Total	1,977	2,069	2,165	93	0	96	0
	Americas	Bearings	645	701	770	31	25	84	-14
		CVJs	467	543	601	59	17	69	-11
		Precision Equipments	8	10	14	2	0	4	0
		Total	1,120	1,254	1,385	92	42	156	-25
	Europe	Bearings	368	442	485	38	36	43	0
		CVJs	283	305	330	-3	25	25	0
		Precision Equipments	18	26	25	6	2	-1	0
		Total	669	772	840	41	63	67	0
	Asia & other	Bearings	476	598	642	85	37	45	-1
		CVJs	94	125	148	22	9	23	0
		Precision Equipments	12	18	20	5	1	2	0
		Total	582	742	810	112	47	70	-1
Total	Bearings	2,767	3,072	3,313	207	98	256	-15	
	CVJs	1,313	1,475	1,589	111	51	125	-11	
	Precision Equipments	268	291	298	20	3	7	0	
	Total	4,348	4,838	5,200	338	152	388	-26	

\* FY2007 sales Forecast for Americas include figures for Central, South and North America.

# 4. Analysis of Operating Income

(1) Year Ended March 2007 (FY2006)

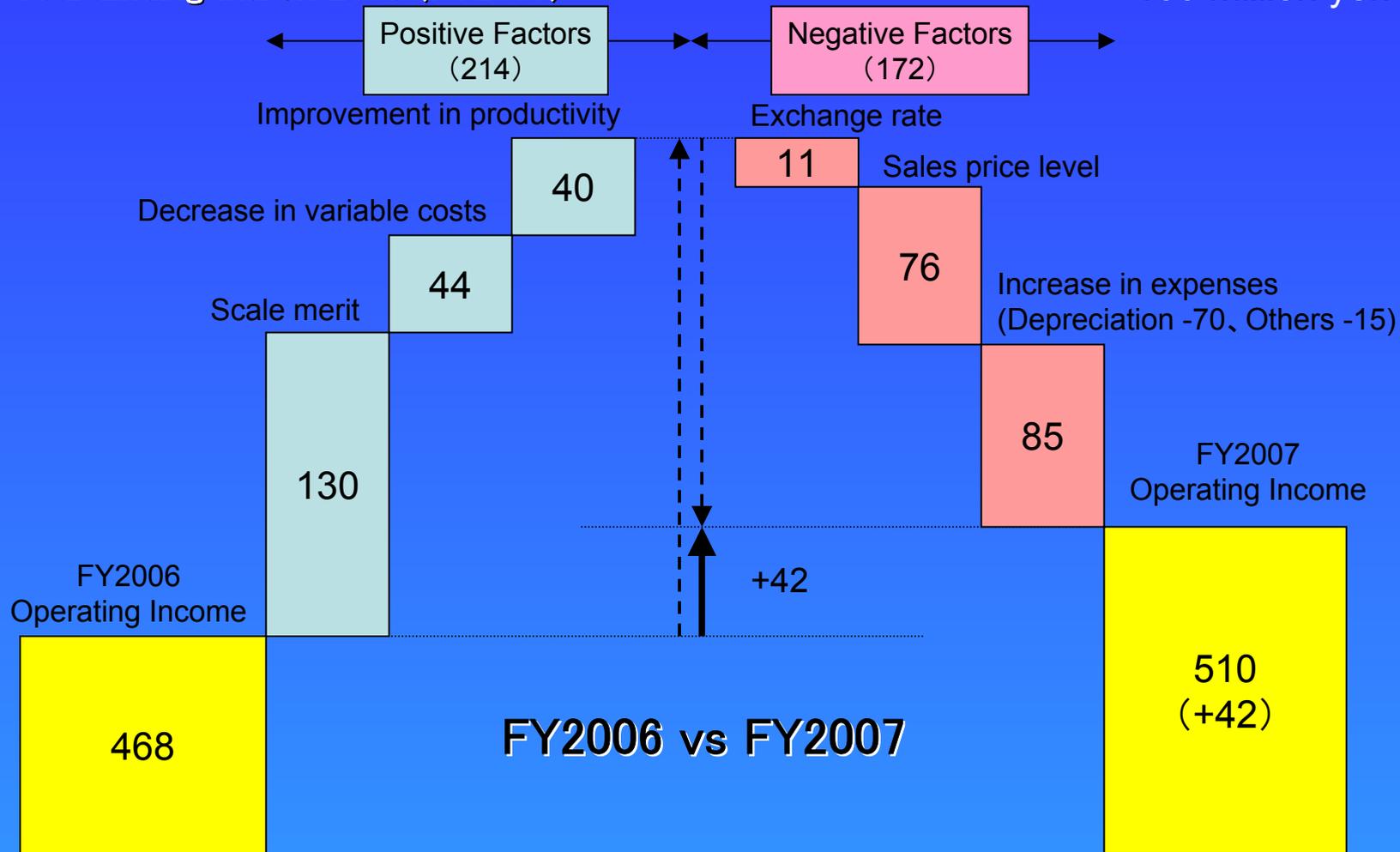
100 million yen



## 4. Analysis of Operating Income

(2) Year Ending March 2008 (FY2007)

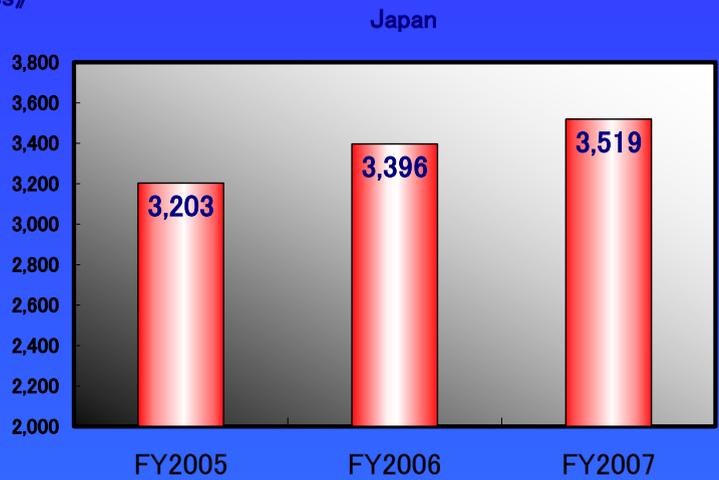
100 million yen



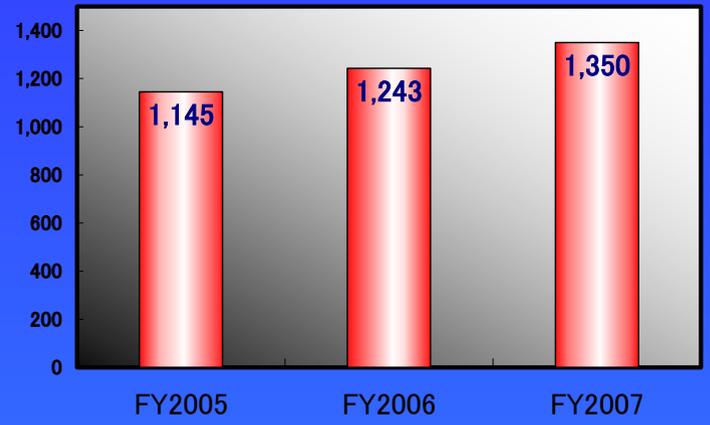


# 5. Net Sales and Operating Income – Margin by Region (Japan, North America\*)

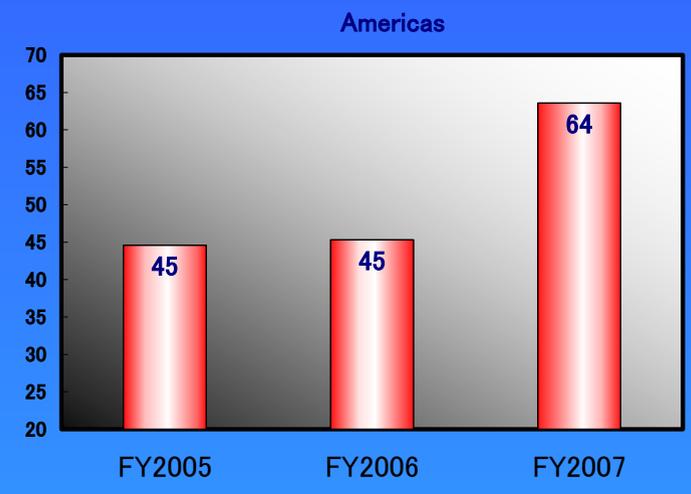
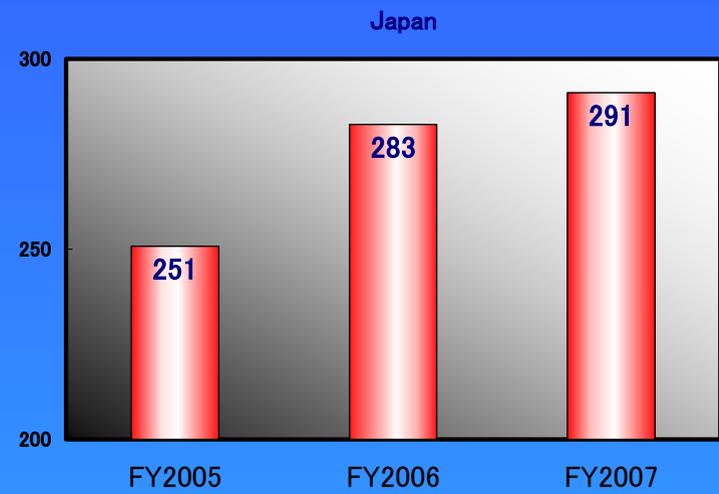
《Sales》



Americas 100 million yen



《Operating income》



\* FY2007 Forecast figures for Americas include figures for Central, South and North America.



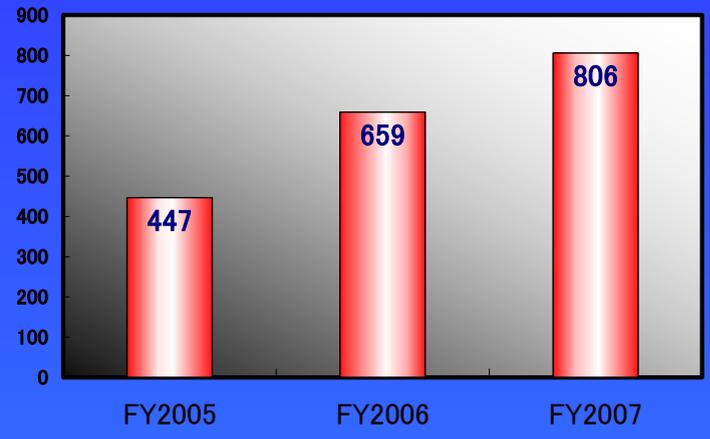
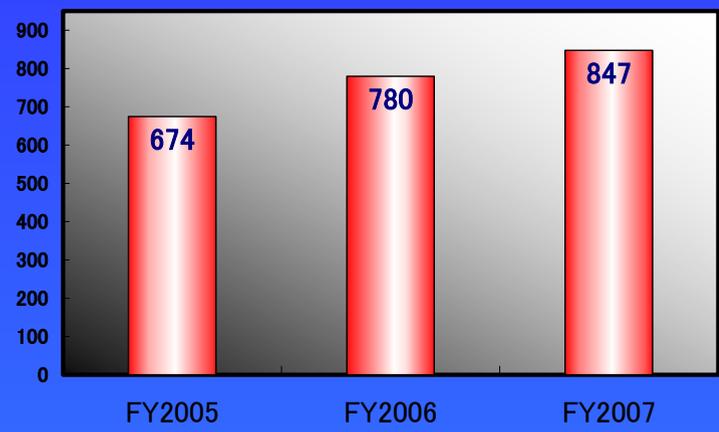
# 5. Net Sales and Operating Income – Margin by Region (Europe, Asia & others)

《Sales》

100 million yen

Europe

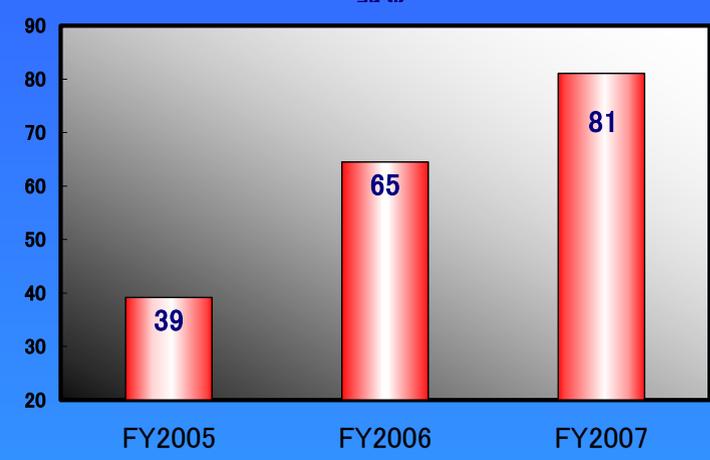
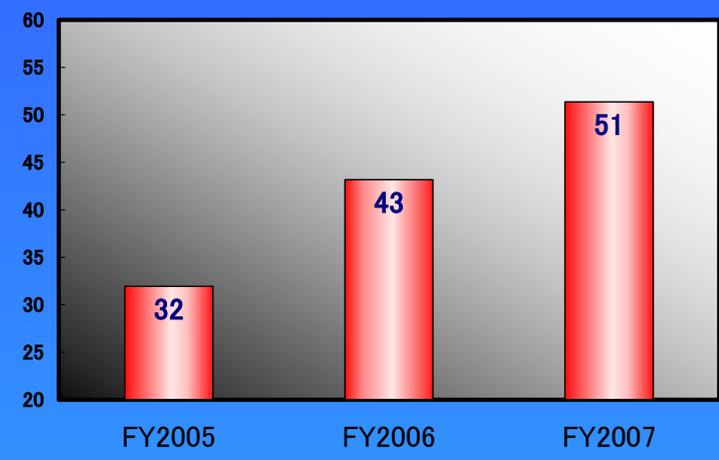
Asia & others



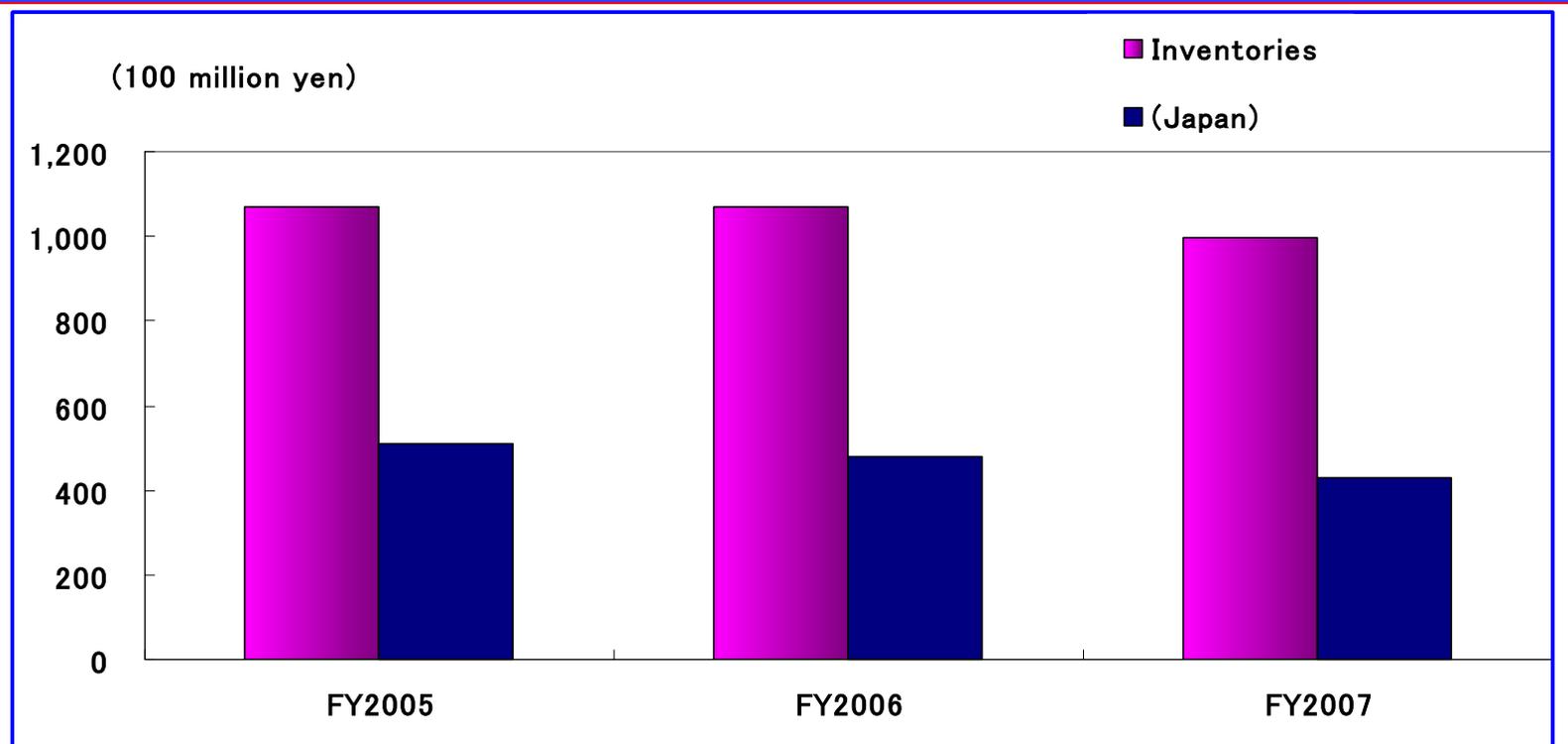
《Operating income》

Europe

Asia & others

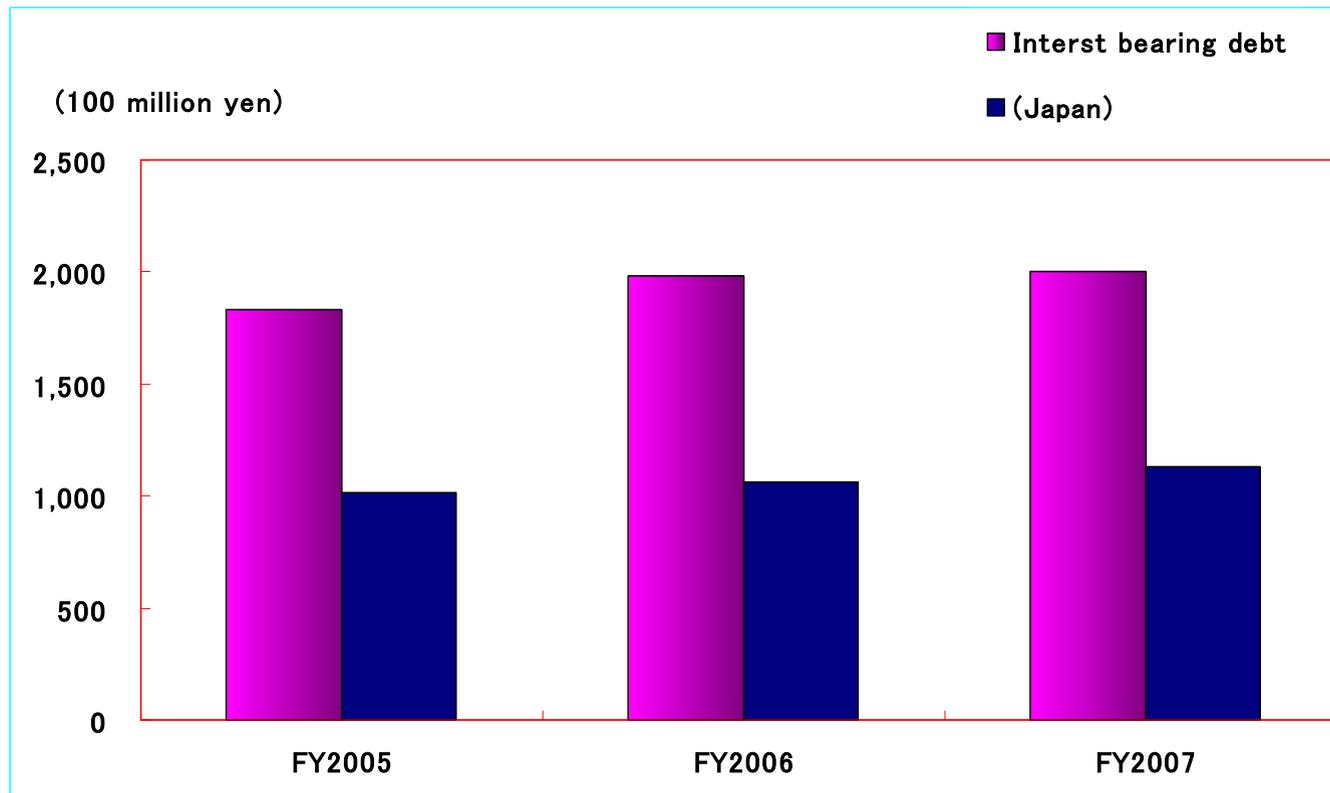


## 6. Inventories



	100 million yen		
	FY2005 Actual	FY2006 Actual	FY2007 Forecast
Inventories	1,070	1,071	995
(Japan)	(509)	(481)	(430)
(Overseas)	(561)	(590)	(565)
Inventory turnover	4.1times	4.5times	5.2times

## 7. Interest Bearing Debt



	100 million yen		
	FY2005 Actual	FY2006 Actual	FY2007 Forecast
Interest bearing debt	1,832	1,979	2,000
(Japan)	(1,014)	(1,060)	(1,130)
(Overseas)	(818)	(919)	(870)
Interest bearing debt ratio	32.6%	32.3%	31.9%

## 8. Capital Expenditure and Depreciation

100 million yen

	FY2005 Actual ①	FY2006 Actual ②	FY2007 Forecast ③
Capital expenditure	<b>493</b>	<b>593</b>	<b>550</b>
(Japan)	<b>(259)</b>	<b>(334)</b>	<b>(380)</b>
(Overseas)	<b>(234)</b>	<b>(259)</b>	<b>(170)</b>

Year on Year	
②-①	③-②
<b>100</b>	<b>△ 43</b>
<b>(75)</b>	<b>(46)</b>
<b>(25)</b>	<b>(△ 89)</b>

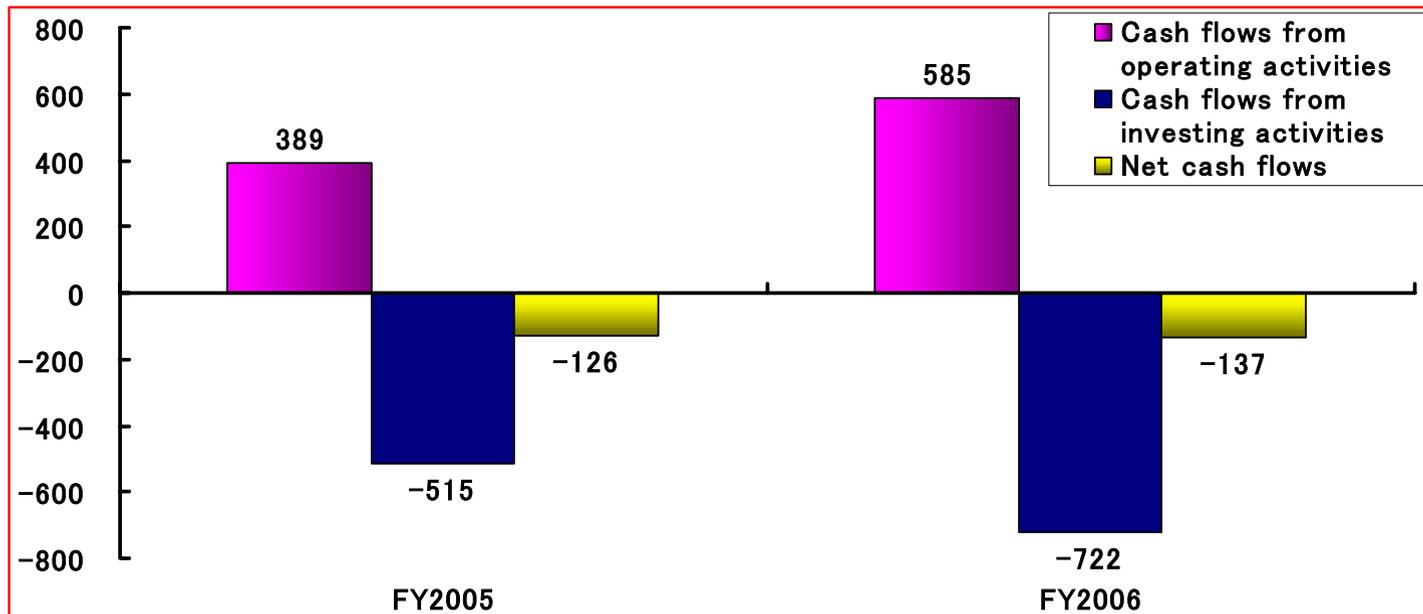
	FY2005 Actual ①	FY2006 Actual ②	FY2007 Forecast ③
Depreciation and amortization	<b>286</b>	<b>327</b>	<b>396</b>
(Japan)	<b>(170)</b>	<b>(187)</b>	<b>(244)</b>
(Overseas)	<b>(116)</b>	<b>(140)</b>	<b>(152)</b>

Year on Year	
②-①	③-②
<b>41</b>	<b>69</b>
<b>(17)</b>	<b>(57)</b>
<b>(24)</b>	<b>(12)</b>

# 9. Cash Flows

100 million yen

	FY2005 Actual	FY2006 Actual
<b>I. Cash flows from operating activities</b>	389	585
<b>II. Cash flow from investing activities</b>	-515	-722
<b>III. Cash flow from financing activities</b>	-33	109
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	5	-10
<b>V. Increase in cash and cash equivalents</b>	-154	-38



# Sales Results of Strategic Products

(100 million yen)

Products	Region	FY2006 (Actual) < I >	FY2007 (Plan) < II >	Increase /Decrease (<II> - <I>)
CVJs	Japan	501	510	+9
	Americas	543	601	+58
	Europe	305	330	+25
	Asia & Others	126	148	+22
	Total	1,475	1,589	+114
Axle Bearings	Japan	172	207	+35
	Americas	211	226	+14
	Europe	62	74	+12
	Asia & Others	48	81	+34
	Total	493	588	+95
Needle Bearings	Japan	323	340	+17
	Overseas	153	158	+5
	Total	476	498	+22