

Consolidated Financial Results for the First Half of FY2011 and Full-Year Forecast (consolidated)

November 8, 2011

NTN Corporation

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Financial Results for the First Half of FY2011 : Key Factors

FY2011 1H Results

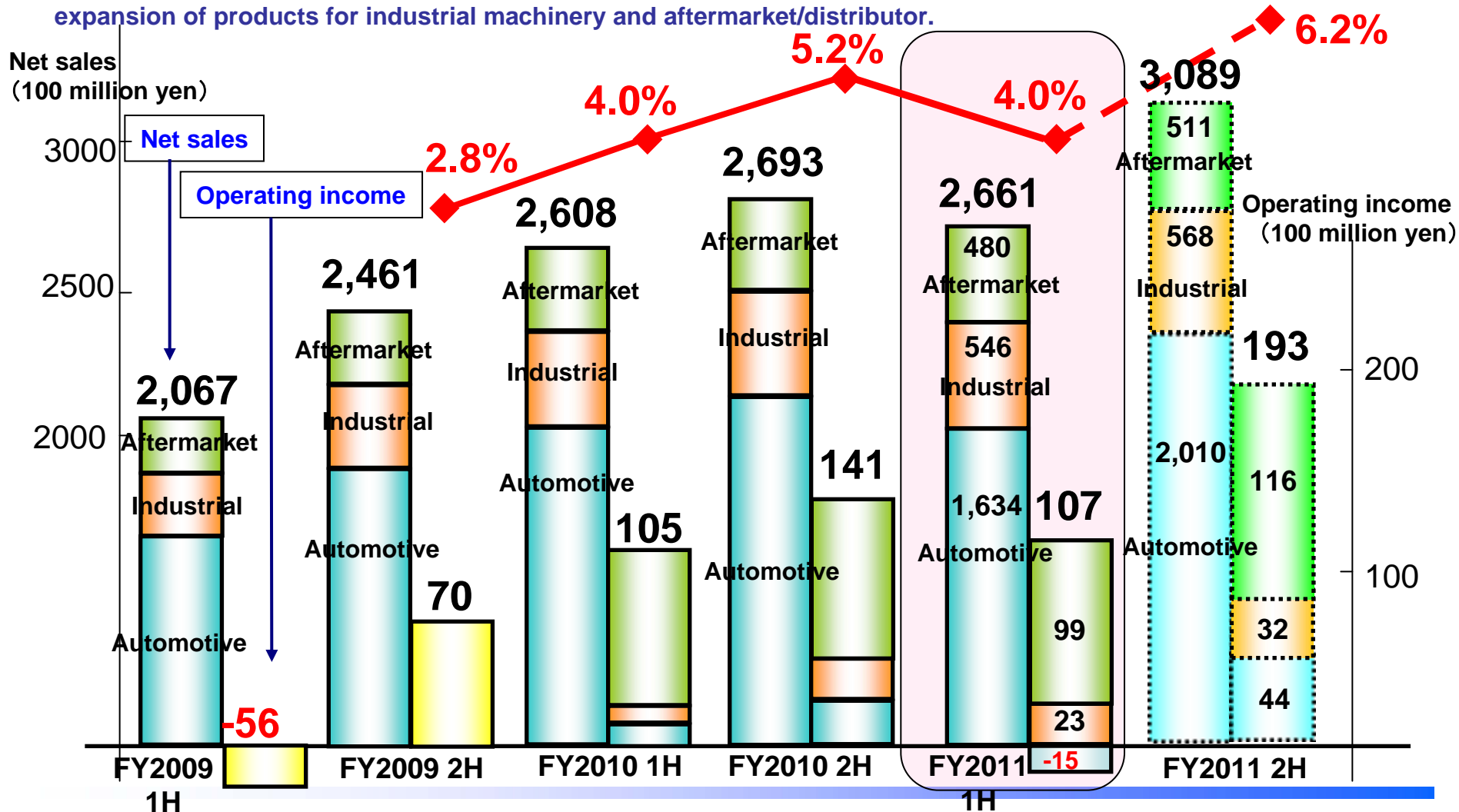
- ◇ Net Sales **increased by 2.0%** year-on-year to **266.1 billion yen**
 (**increased by 5.1%** if excluding the effects of exchange rates)
 - The automotive market decreased by 4.7% year-on-year due to the effects of the Great East Japan Earthquake
 (decreased by 1.5% if excluding the effects of exchange rates)
 - The industrial machinery market increased by 14.2% year-on-year
 (increased by 17.4% if excluding the effects of exchange rates)
 - The aftermarket and distributor market increased by 15.6% year-on-year
 (increased by 18.5% if excluding the effects of exchange rates)
- ◇ Operating income **increased by 2.3%** year-on-year to **10.7 billion yen** (**increased by 32.9%** if excluding the effects of exchange rates)
- ◇ Net income decreased by **48.7%** year-on-year to **3.7 billion yen** because extraordinary loss was recorded.

FY2011 Full Year Forecast

- ◇ Exchange rates of 2H are now changed: 1US\$ = **¥75** (previous ¥80)、1EURO = **¥105** (previous ¥110)
- ◇ As a result,
 Net sales were revised downward from previously announced **585 billion yen** to **575 billion yen**.
 Operating income was revised downward from previously announced **35 billion yen** to **30 billion yen**.

Global Sales Trend and 2H Forecast

- For 1H, products for industrial machinery and aftermarket/distributor increased significantly, but products for automotive market decreased due to the effects of the earthquake.
- For 2H, Net sales are expected to increase on the back of recovery of products for automotive market and sales expansion of products for industrial machinery and aftermarket/distributor.



1-1. Consolidated Statements of Operation (Half Trend)

For New Technology Network



(100 million yen)

	FY2010			FY2011			Year on year		
	1H ①	2H	Full year ②	1H ③	2H	Full year ④	FY2011 1H ③-①	FY2011 Full year ④-②	
Net sales	2,608	2,693	5,301	2,661	3,089	5,750	53	449	
Operating income	105	141	246	107	193	300	2	54	
Operating margin	(4.0%)	(5.2%)	(4.6%)	(4.0%)	(6.2%)	(5.2%)	(0.0%)	(0.6%)	
Ordinary income	86	125	211	87	173	260	0	49	
Extraordinary income/loss	29	- 11	18	- 22	- 9	- 31	- 50	- 48	
Net income	73	71	144	37	103	140	- 35	- 4	
Exchange rate	US \$	88.9	82.5	85.7	79.8	75.0	77.4	- 9.2	- 8.4
	EURO	113.8	112.4	113.1	113.7	105.0	109.4	- 0.1	- 3.8

1-2. Consolidated Statements of Operation (Quarterly Trend)

(100 million yen)

	FY2011				Year on year					
	1Q	2Q	3Q	4Q	②-①		③-②		④-③	
	①	②	③	④	Volume	Forex	Volume	Forex	Volume	
Net sales	1,306	1,355	1,452	1,638	93	- 44	136	- 38	186	
Operating income	55	52	80	113	12	- 14	41	- 13	33	
Operating margin	(4.2%)	(3.9%)	(5.5%)	(6.9%)	(0.6%)	(-0.9%)	(2.4%)	(-0.8%)	(1.4%)	
Ordinary income	47	39	72	101	6	- 14	46	- 13	29	
Extraordinary income/loss	- 12	- 9	11	- 20	3	-	20	-	- 31	
Net income	20	17	51	52	5	- 8	42	- 8	1	
Exchange rate	US \$	81.7	77.9	75.0	75.0	-	- 3.8	-	- 2.9	-
	EURO	117.4	110.2	105.0	105.0	-	- 7.2	-	- 5.2	-

2. Net Sales by Region

<Net Sales by Region>

(100 million yen)

	FY2010			FY2011		
	1H	2H	Full year	1H	2H	Full year
	Results	Results	Results	Results	Forecast	Forecast
Japan	940	926	1,866	915	1,162	2,078
Americas	578	602	1,180	582	671	1,252
Europe	637	691	1,328	691	701	1,392
Asia & Others	452	474	927	473	555	1,028
Total	2,608	2,693	5,301	2,661	3,089	5,750

Year on year			
FY2011 1H		FY2011 Full year	
Volume	Forex	Volume	Forex
- 25	0	212	0
62	- 58	194	- 122
56	- 2	116	- 53
41	- 20	159	- 58
134	- 80	682	- 232

3. Net Sales and Operating Income by Business Sector

<Net Sales by Business Sector>

(100 million yen)

	FY2010			FY2011		
	1H Results	2H Results	Full year Results	1H Results	2H Forecast	Full year Forecast
Automotive	1,714	1,730	3,444	1,634	2,010	3,644
Industrial machinery	478	516	995	546	568	1,114
Aftermarket/ Distributor	416	446	862	480	511	991
Total	2,608	2,693	5,301	2,661	3,089	5,750

Year on year			
FY2011 1H		FY2011 Full year	
Volume	Forex	Volume	Forex
- 26	- 54	352	- 152
83	- 15	161	- 41
77	- 12	168	- 39
134	- 80	682	- 232

<Operating Income by Business Sector>

(100 million yen)

	FY2010			FY2011		
	1H Results	2H Results	Full year Results	1H Results	2H Forecast	Full year Forecast
Automotive	13	22	35	- 15	44	29
Industrial machinery	8	23	31	23	32	56
Aftermarket/ Distributor	84	95	179	99	116	215
Total	105	141	246	107	193	300

Year on year	
FY2011 1H	FY2011 Full year
- 28	- 6
16	25
15	36
2	54

4. Sales Trend by Business Sector and 2H Forecast

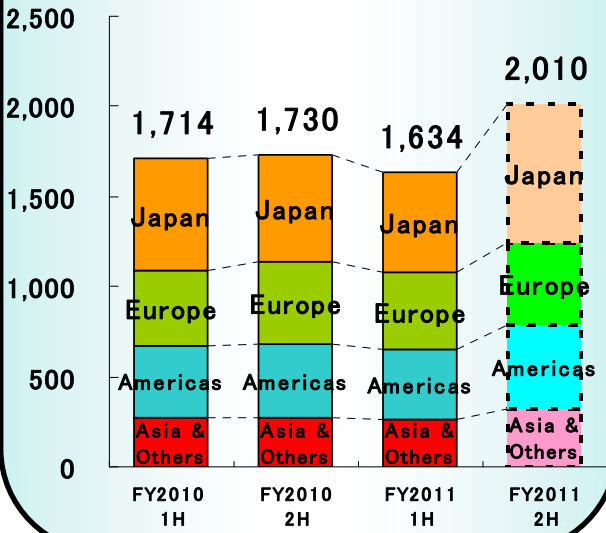
Automotive

Japan: Production increase at each company reflecting the post-earthquake recovery

Europe: Contributions from new projects for European makers

Americas: Recovery of Japanese makers and contributions from new projects

Asia & Others: Production increase of Japanese makers backed by recovery after the earthquake



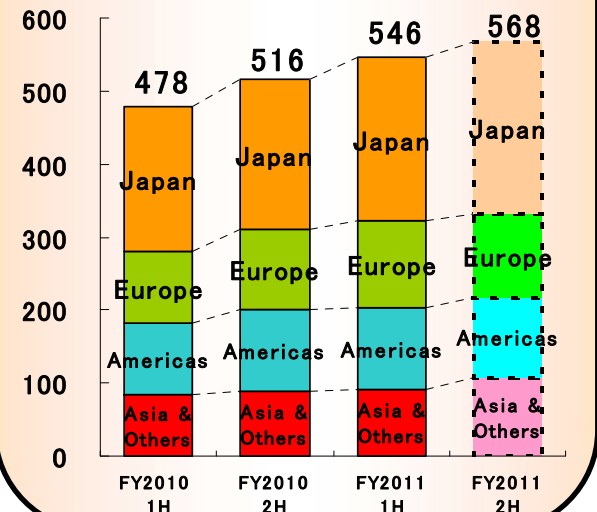
Industrial machinery

Japan: Continued brisk sales of construction machinery and machine tools

Europe: Strong sales of general machinery products

Americas: Construction machinery and agricultural machinery performing well

Asia & Others: Increasing sales of construction machinery and general machinery, and contribution from new projects for wind power generation in China



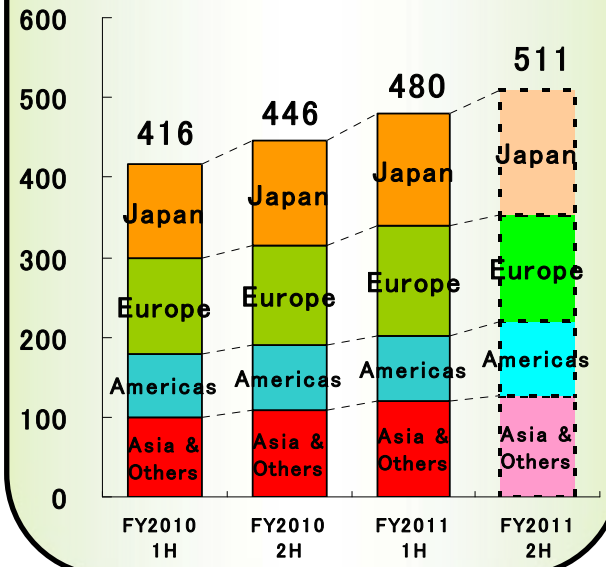
Aftermarket/ Distributor

Japan: Increase in demand for machine tools-related products

Europe: Growing sales to distributors

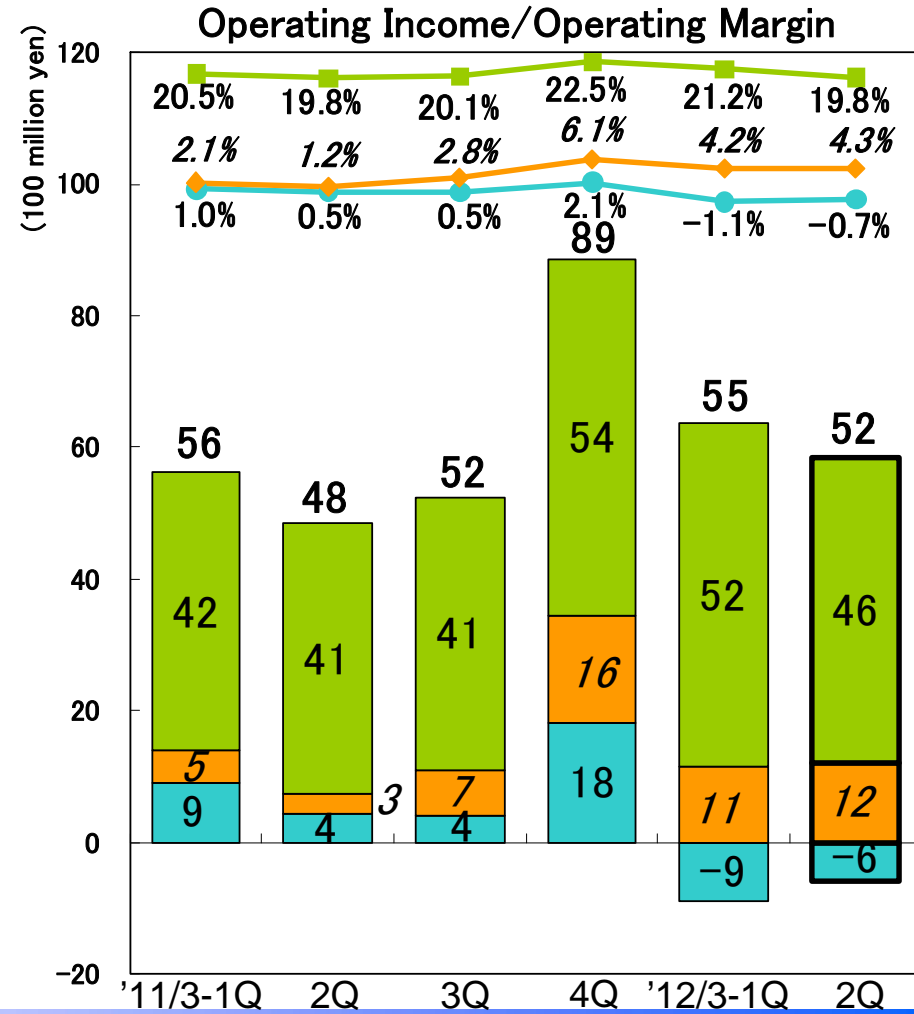
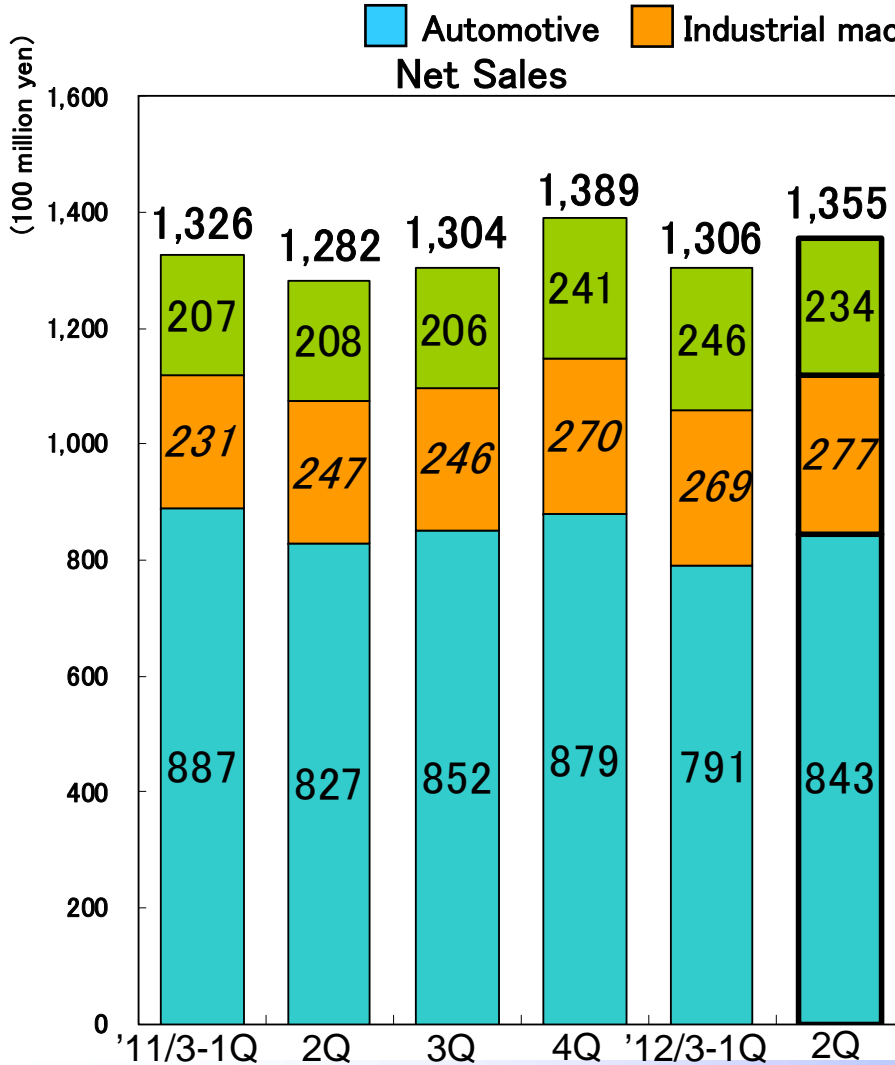
Americas: Steady sales of automotive parts
Expanding sales to major distributors

Asia & Other: Expanding sales to Chinese major distributors



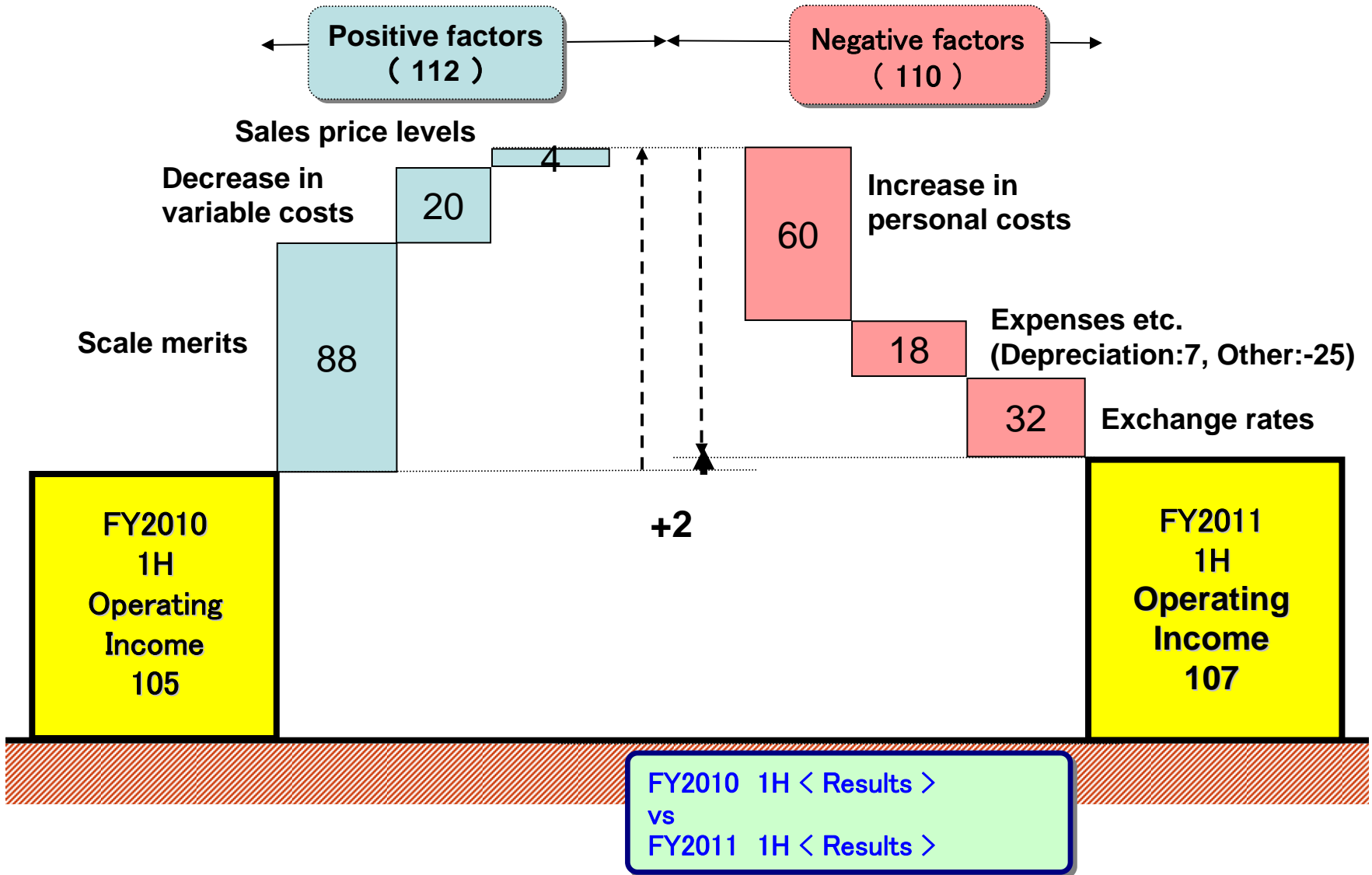
5. Results by Business Sector (Quarterly Trend)

◆ Automotive is recovering from the effects of the earthquake. Industrial machinery is steady. Aftermarket/Distributor decreases in Europe



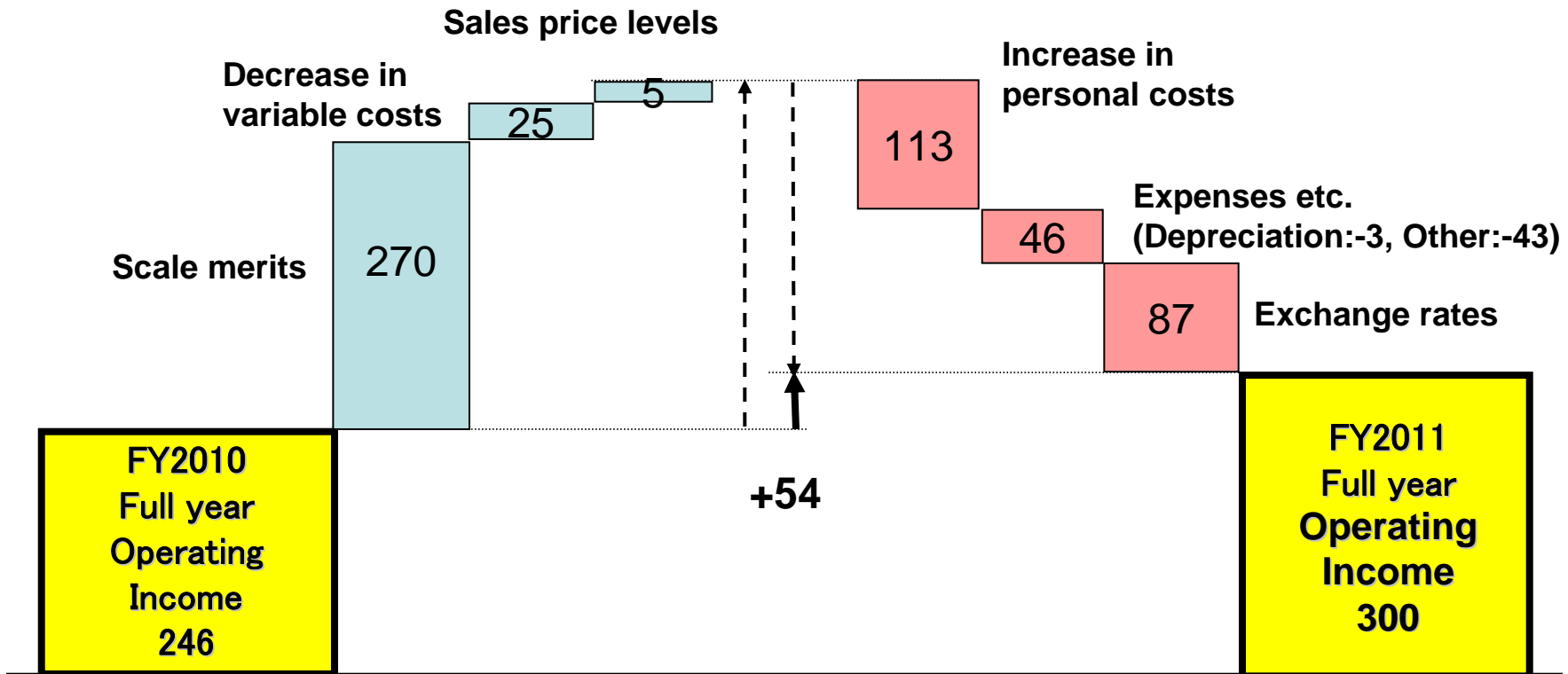
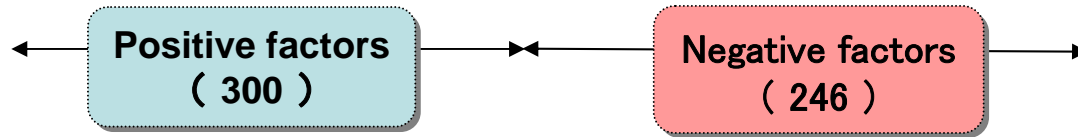
6. Analysis of Operating Income (FY2011 1H)

* All figures in 100 million yen.



6. Analysis of Operating Income (FY2011 Full year)

* All figures in 100 million yen.



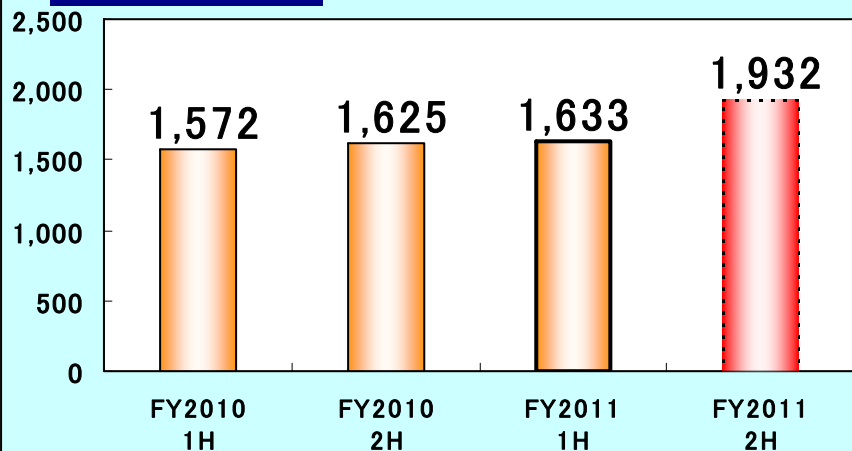
FY2010 Full year < Results >
vs
FY2011 Full year < Forecast >

7. Net Sales and Operating Income by Region

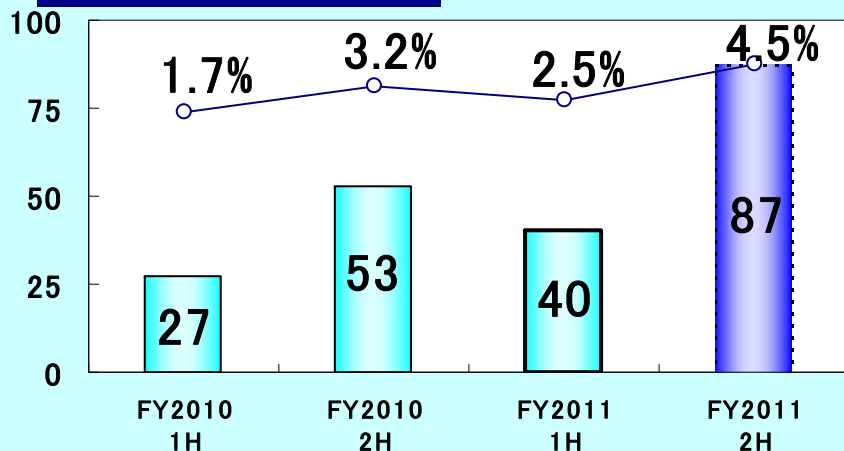
《 Japan 》

Net sales

(100 million yen)



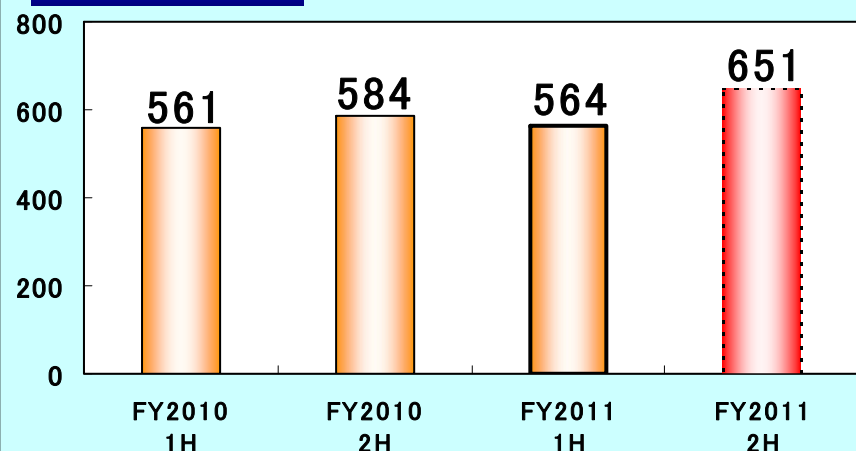
Operating income



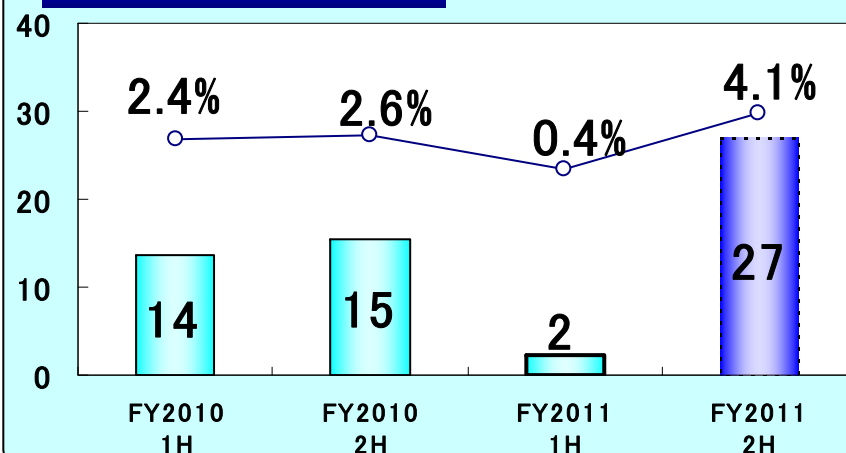
《 Americas 》

Net sales

(100 million yen)



Operating income

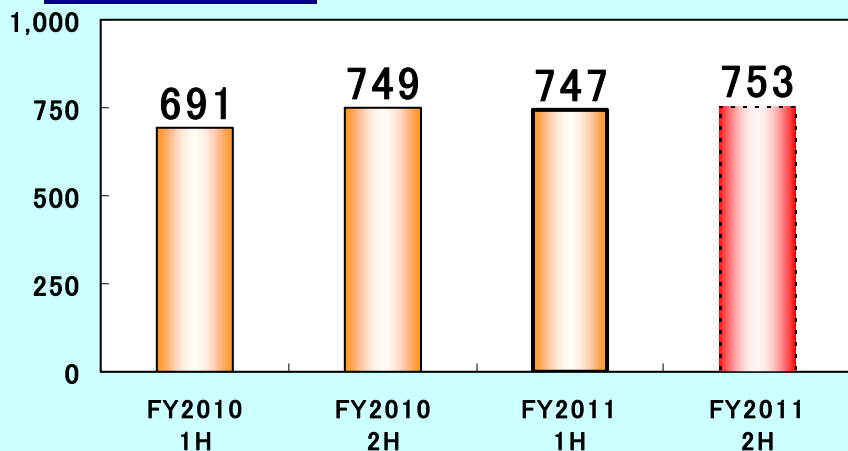


7. Net Sales and Operating Income by Region

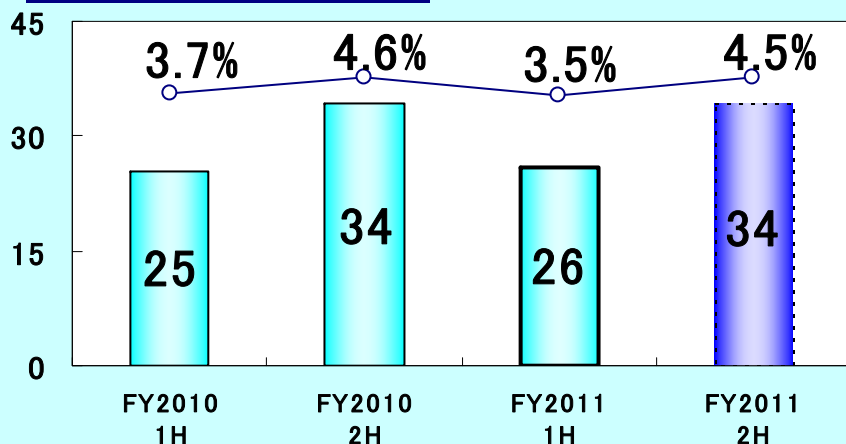
《 Europe 》

Net sales

(100 million yen)



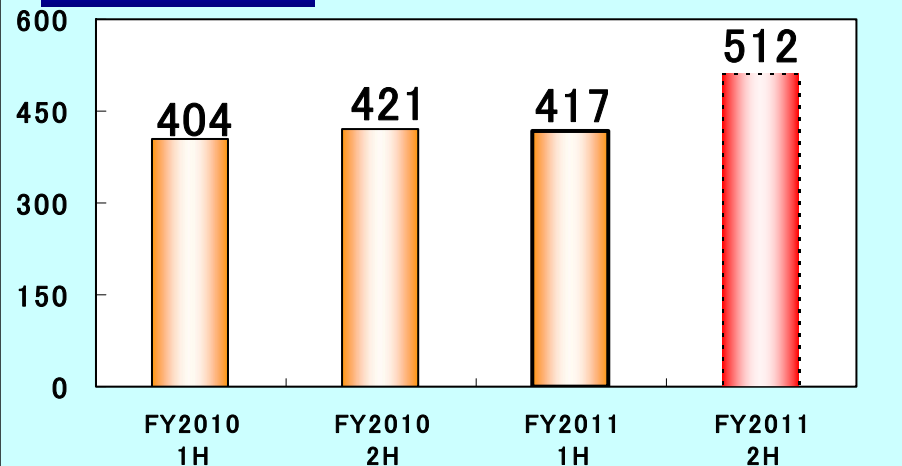
Operating income



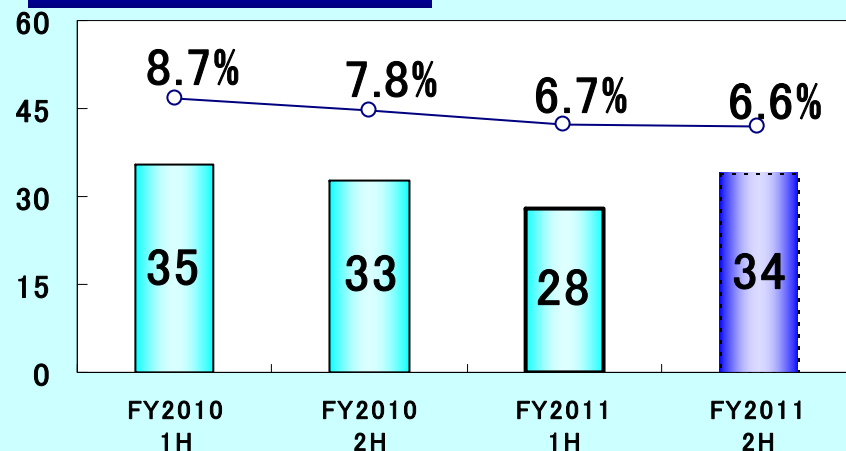
《 Asia & Others 》

Net sales

(100 million yen)



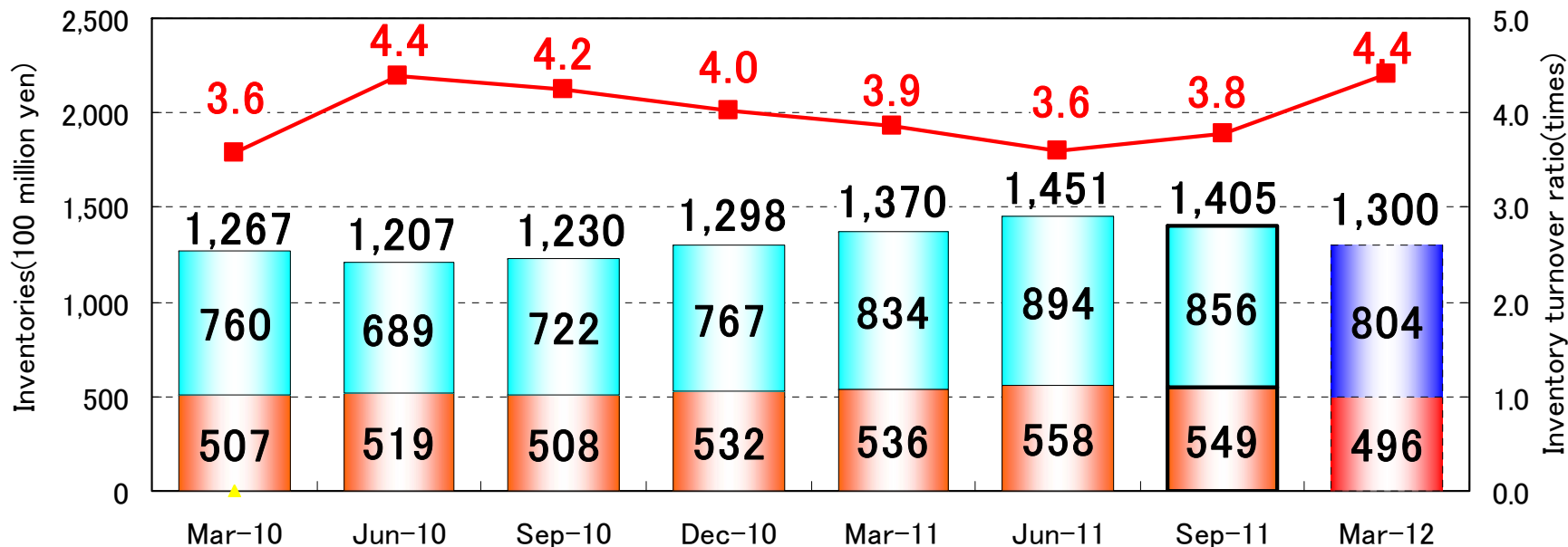
Operating income



8. Inventories

◆ Inventories grow driven by overseas expansion of aftermarket inventories and increasing production for the second half.

■ Japan ■ Overseas ■ Inventory turnover ratio

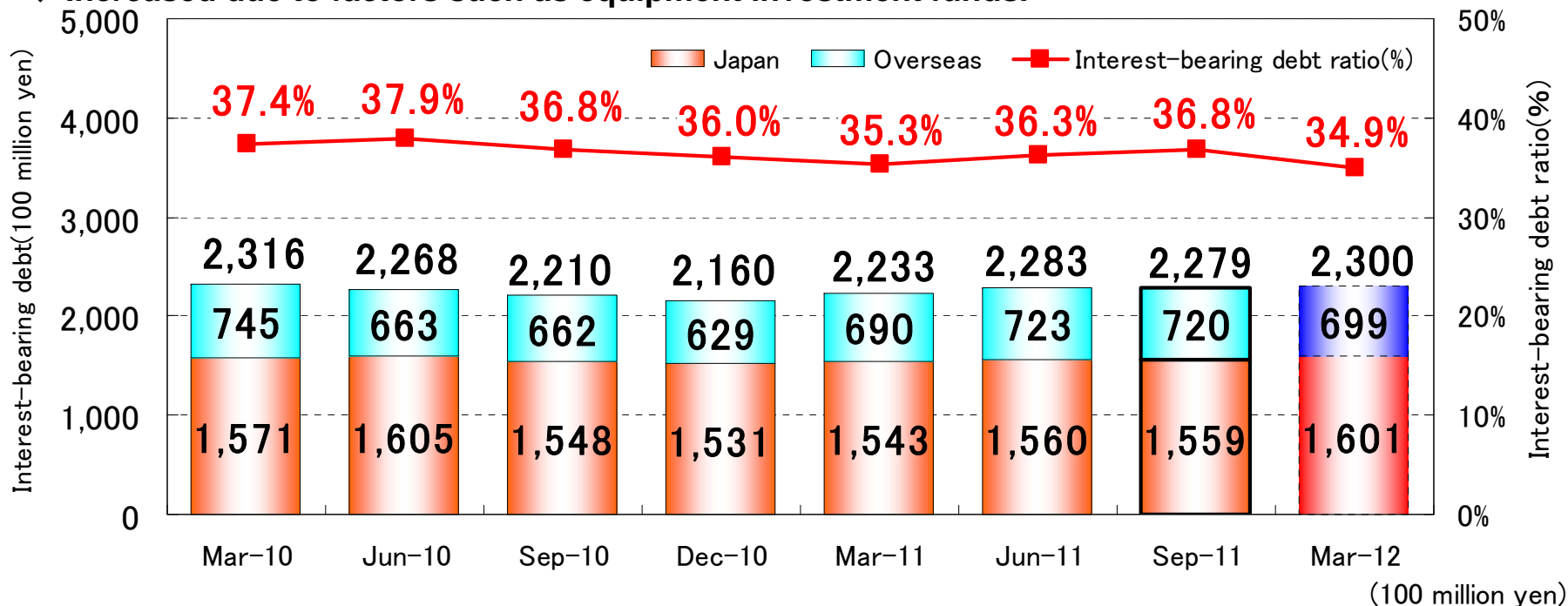


(100 million yen)

	Mar-10 Results	Jun-10 Results	Sep-10 Results	Dec-10 Results	Mar-11 Results	Jun-11 Results	Sep-11 Results	Mar-12 Forecast
Inventories	1,267	1,207	1,230	1,298	1,370	1,451	1,405	1,300
Overseas	(760)	(689)	(722)	(767)	(834)	(894)	(856)	(804)
Japan	(507)	(519)	(508)	(532)	(536)	(558)	(549)	(496)
Inventory turnover ratio (times)	3.6	4.4	4.2	4.0	3.9	3.6	3.8	4.4

9. Interest-Bearing Debt

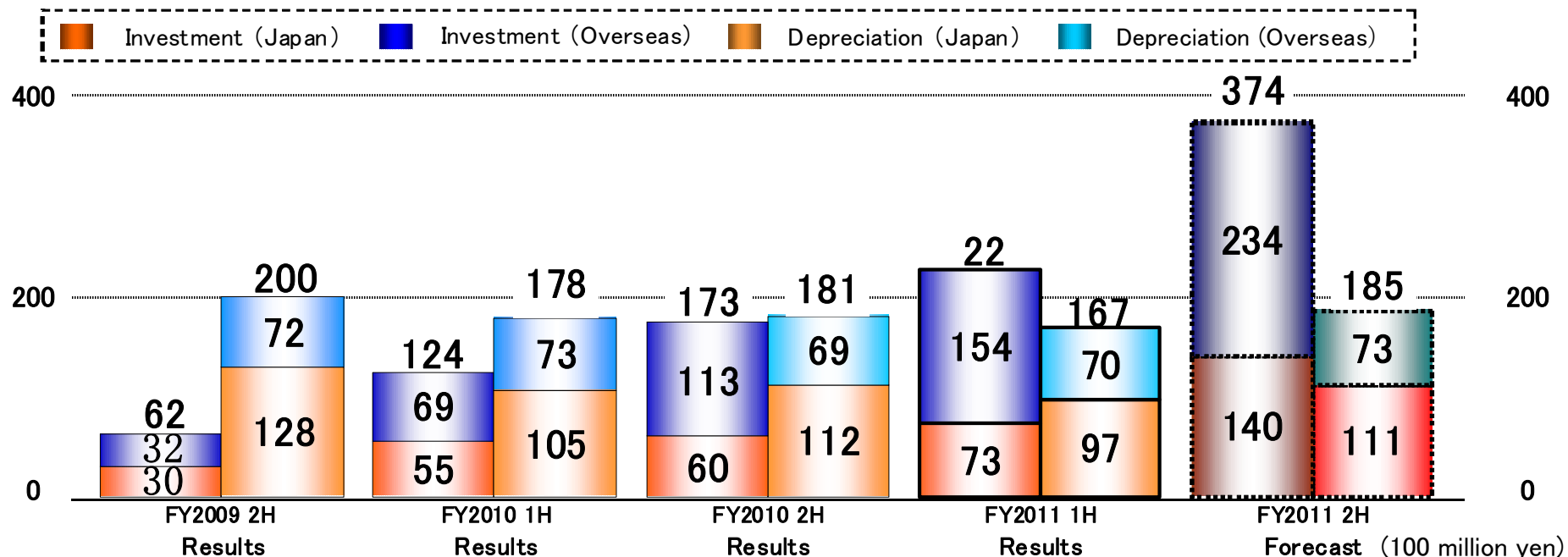
◆ Increased due to factors such as equipment investment funds.



	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Mar-12
	Results	Results	Results	Results	Results	Results	Results	Forecast
Interest-bearing debt	2,316	2,268	2,210	2,160	2,233	2,283	2,279	2,300
Overseas	(745)	(663)	(662)	(629)	(690)	(723)	(720)	(699)
Japan	(1,571)	(1,605)	(1,548)	(1,531)	(1,543)	(1,560)	(1,559)	(1,601)
Interest-bearing debt ratio(%)	37.4%	37.9%	36.8%	36.0%	35.3%	36.3%	36.8%	34.9%

10. Capital Expenditure and Depreciation

◆ Increased production capacity overseas, chiefly in China and Europe and the United States.

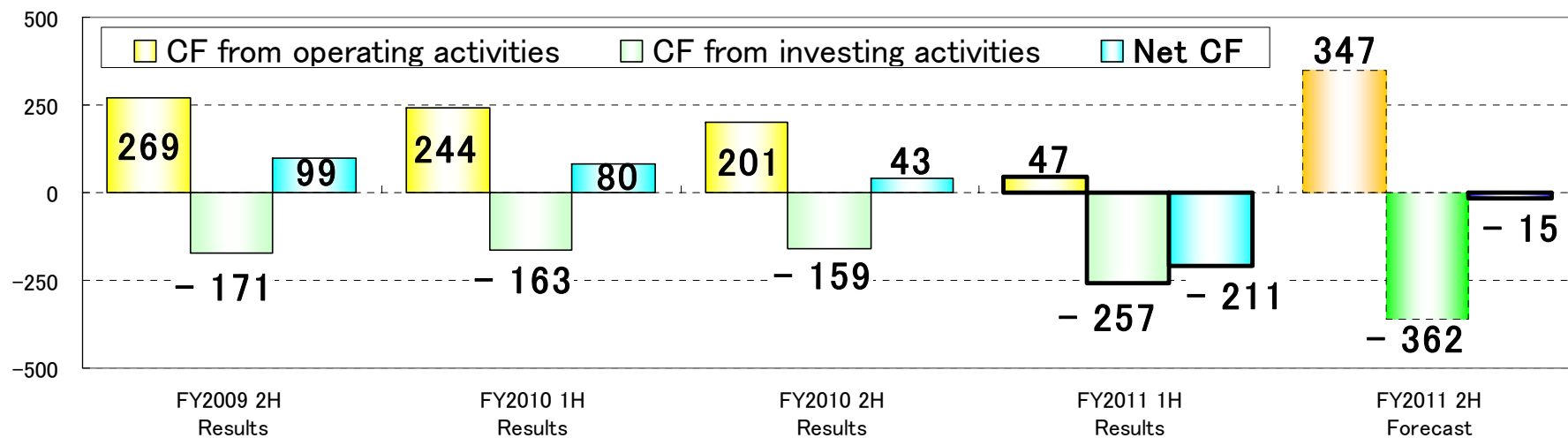


	FY2009 2H Results	FY2010 1H Results	FY2010 2H Results	FY2011 1H Results	FY2011 2H Forecast
Capital expenditure	62	124	173	226	374
Overseas	(32)	(69)	(113)	(154)	(234)
Japan	(30)	(55)	(60)	(73)	(140)
Depreciation	200	178	181	167	185
Overseas	(72)	(73)	(69)	(70)	(73)
Japan	(128)	(105)	(112)	(97)	(111)

11. Cash Flows

◆ Negative operating cash flow due to a temporary increase in operating funds.

(100 million yen)	FY2009 2H Results	FY2010 1H Results	FY2010 2H Results	FY2011 1H Results	FY2011 2H Forecast
I. Cash flow from operating activities	269	244	201	47	347
II. Cash flow from investing activities	-171	-163	-159	-257	-362
III. Cash flow from financing activities	-324	-58	-9	104	0
IV. Effect of exchanging rate translation on cash and cash equivalents	2	17	0	21	-1
V. Net increase in cash and cash equivalents	-223	39	34	-85	-15



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