

For New Technology Network



Financial Results for the First Half of FY2012

November 8, 2012

NTN Corporation

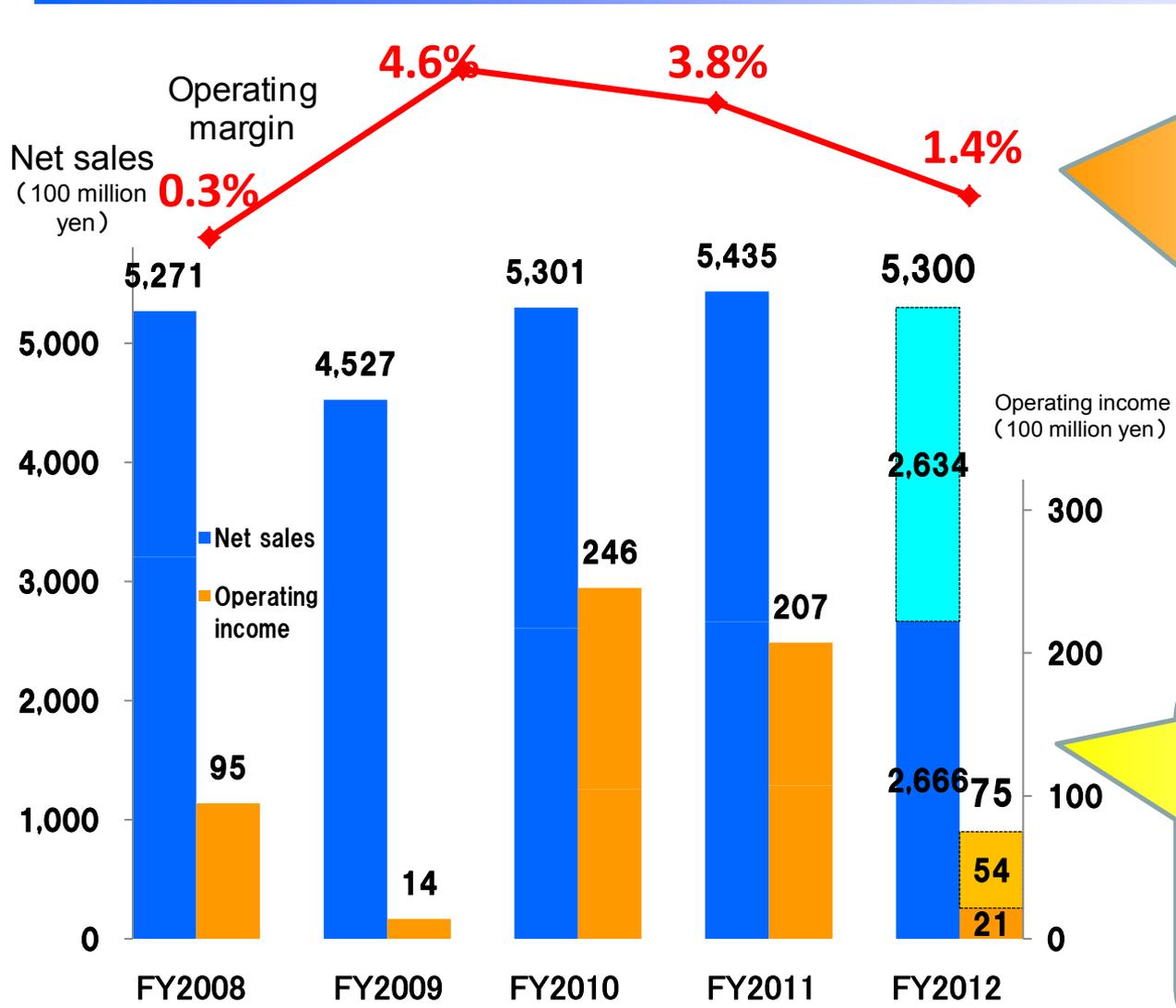
I . Overview of FY2012

II . [Emergency Measures] and [Structural Reform]

III . Financial Results for the 1H of FY2012 and full year forecast

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I . The overview of FY2012



(100 million yen)

Full year forecast	
Net sales	6,000 ↓ 5,300
Operating income	270 ↓ 75
Dividends	Interim: 0 Total: 0

- Implementing "Emergency Measures"

(100 million yen)

1H Results	
Net sales	2,666
Operating income	21

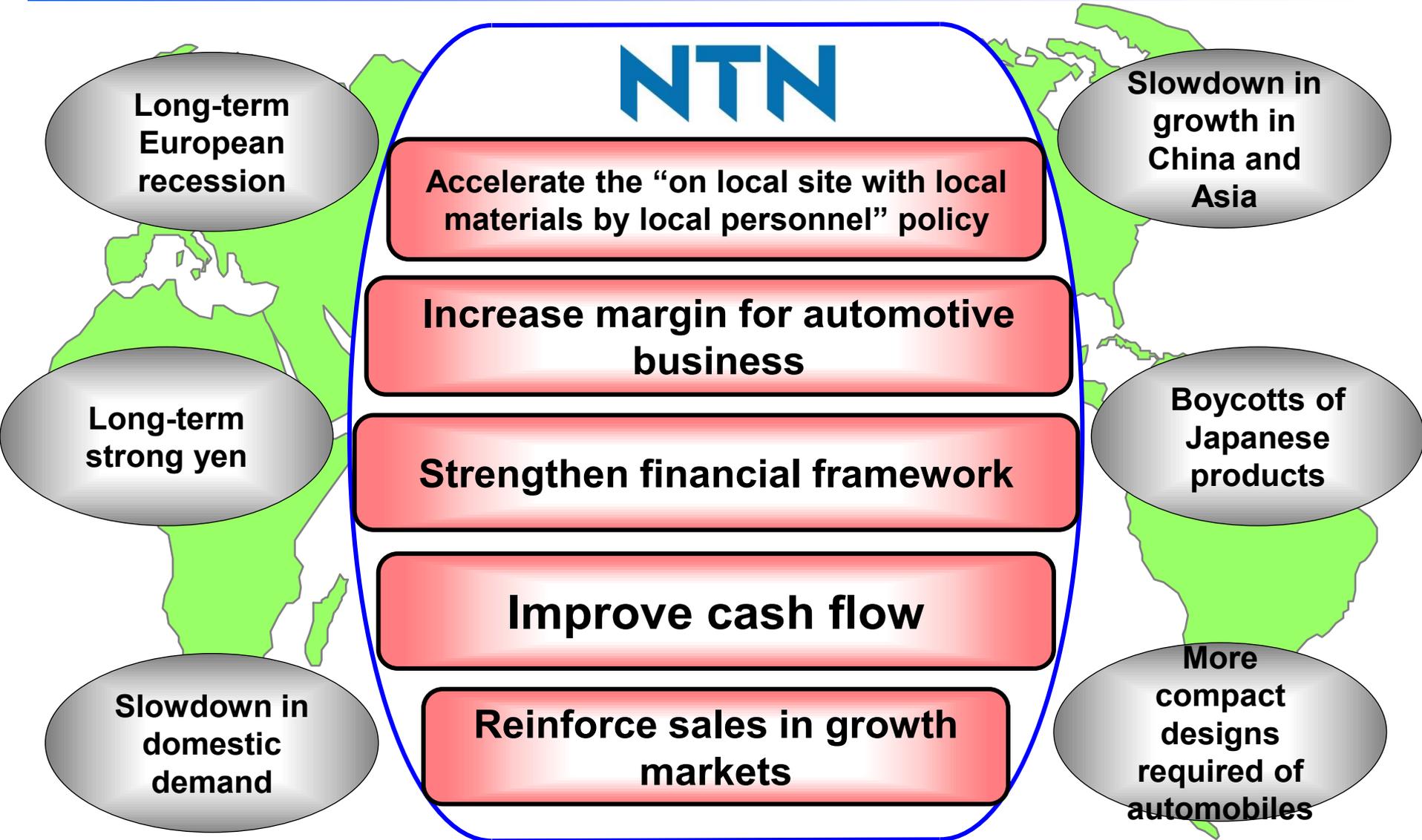
- Reduced demand around the world
- Temporary costs incurred in America

II . [Emergency Measures] and [Structural Reform]

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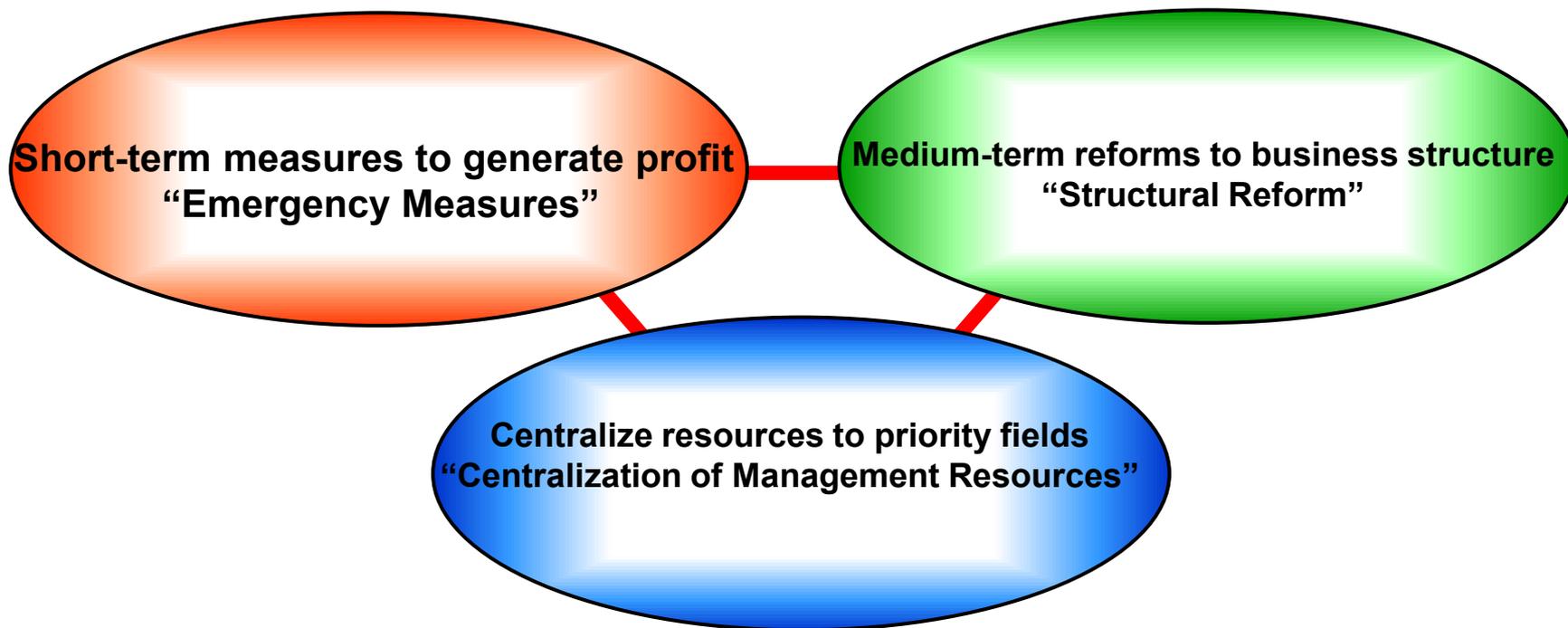
Changes to External Environments and Management Issues



[Basic Policy]

Reform business structure to generate profit despite the tough management environment

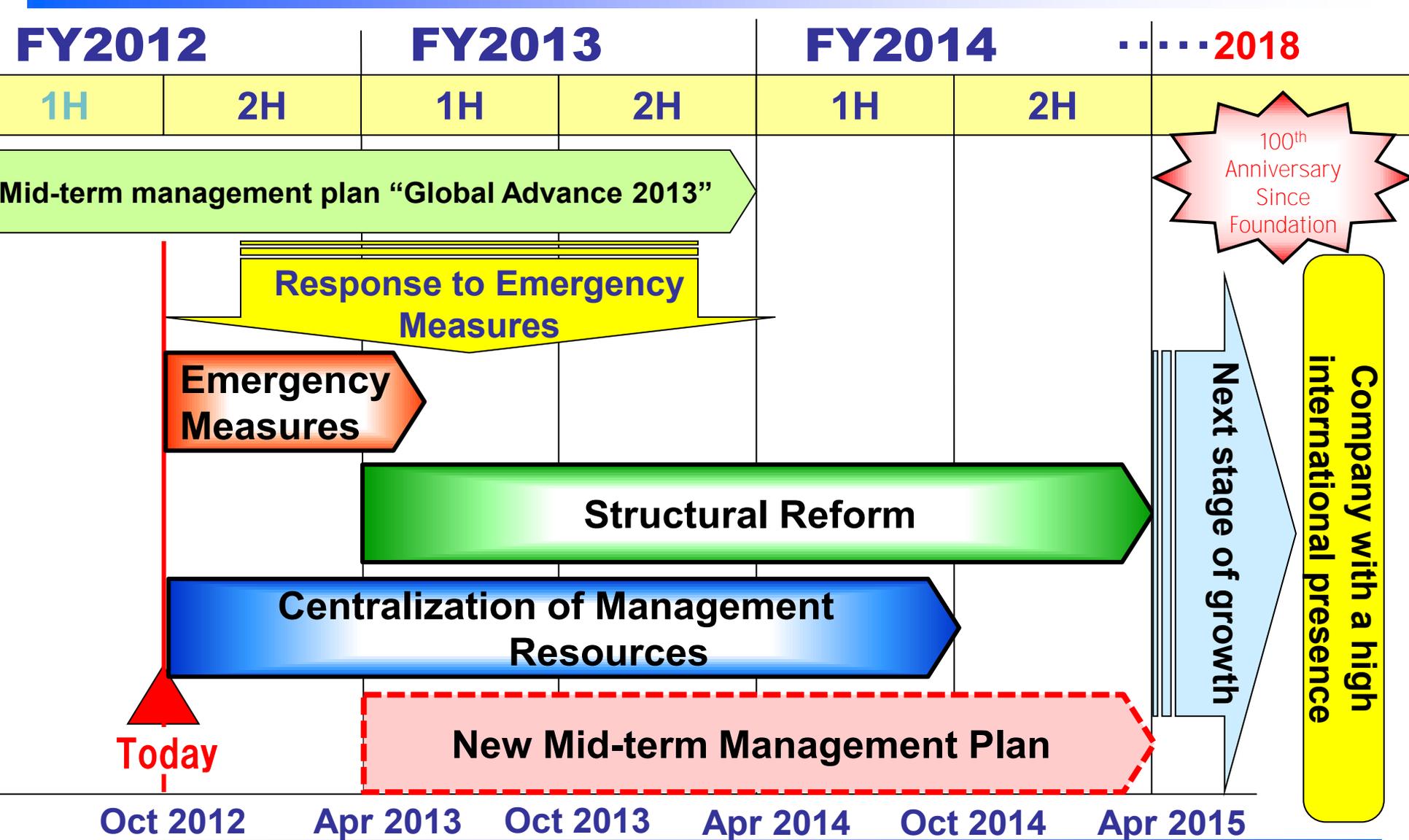
[Main Policies]



[Period] Two and a half years from FY2012 to FY 2014

Emergency Measures	Structural Reform
<ul style="list-style-type: none">(1) Limit equipment investment(2) Reduce Inventories(3) Abolish, sell assets(4) Reduce personnel costs(5) Reduce fixed costs	<ul style="list-style-type: none">(1) Reorganization of production system(2) Reforms to personnel costs(3) Organizational reform(4) Withdrawal from some businesses(5) Reform the logistics business
Centralization of Management Resources	
<ul style="list-style-type: none">(1) Greater sales ratio for industrial machinery, aftermarket(2) Increase margin for automotive	<ul style="list-style-type: none">(3) Move away from the concept of self-sufficiency(4) Increase local(optimal site) procurement

Review of Mid-term management plan “Global Advance 2013”



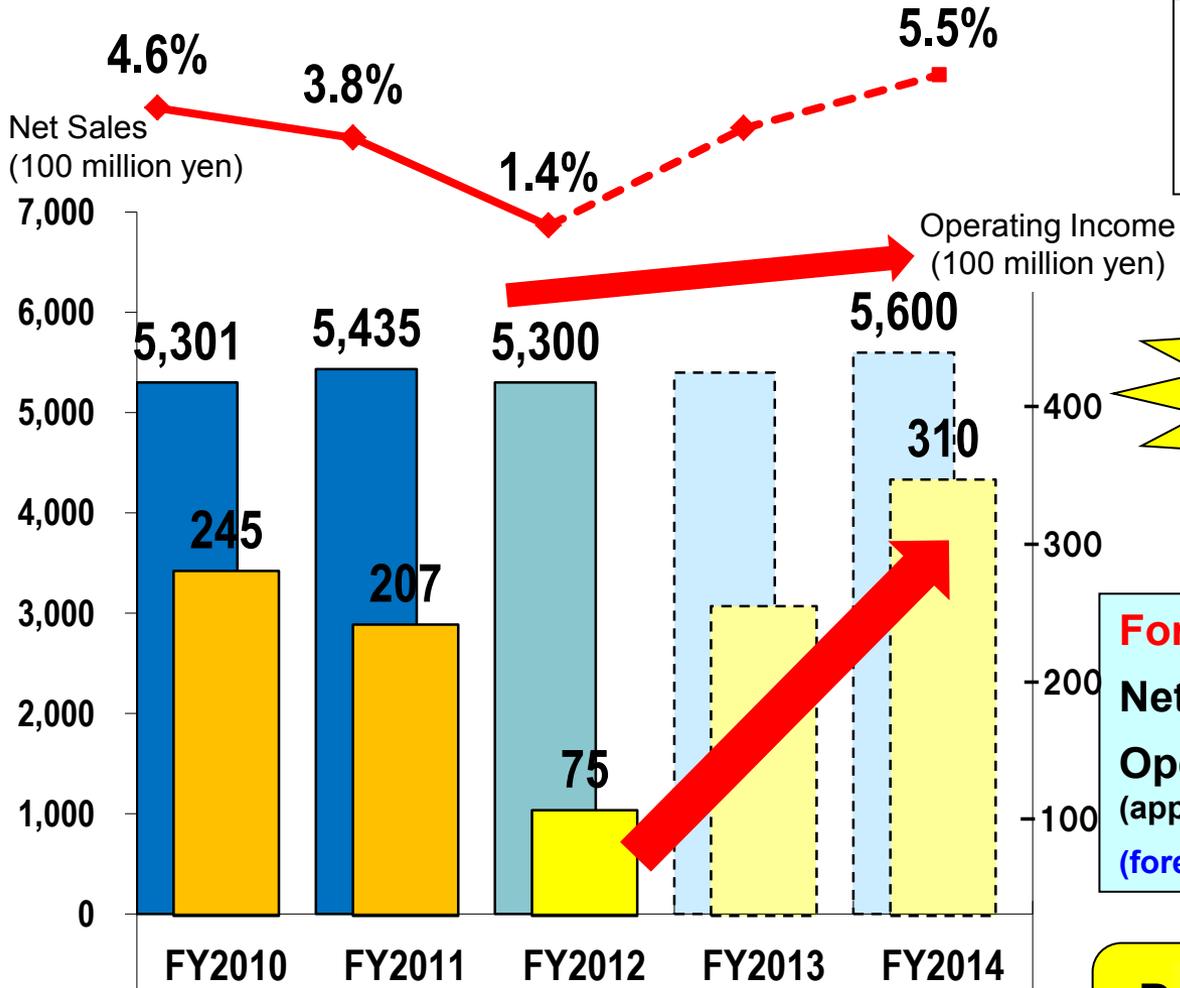
Effects of Each Policy on Profits

(100 million yen)

Policy		FY2012 2H	FY2013 to FY2014	Total for 2.5 years
Emergency Measures	Personnel cost policies	20	40	60
	Fixed asset policies	35	75	110
Structural Reform		-	110	110
Centralization of Management Resources		-	200	200
Total		55	425	480

(Note) Does not include specific policies that have not yet been decided on, including reorganization of production and withdrawal from certain businesses

Mid-term Targets (Next 2.5 Years)



Forecast for FY2012

Net Sales: 530 billion yen

Operating income: 7.5 billion yen

Increased margins
Stronger financial
framework

Forecast for FY2014 (compared to FY2012)

Net Sales: 560 billion yen (+5.6%)

Operating income: 31 billion yen

(approximately 4x)

(forecast as of October 2012)

**Despite small growth in sales,
improve the margin drastically**

“Emergency Measures”

“Structural Reform”

“Centralization of Management Resources”

(1) Limit equipment investment

- Within the scope of depreciation costs of new investments
- Effective use of existing plants and equipment
- Increase utilization of low cost local equipment

(2) Reduce Inventories

- Leveling of increased stock due to North American policies and a rapid reduction in sales
- Better timed coordination between fluctuating demand and production plans
- Review of ordering methods for parts and work in progress

(3) Abolish, sell assets

- Abolish, impairment unused buildings and equipment
 - Securities, land and other possessions
- (the effects of reorganization of production and withdrawing from business are currently being investigated)

(4) Reduce personnel costs

- **Salary reductions and no bonuses for executives(implemented)**
- **Reduction in bonuses for managers(implemented)**
- **Salary reduction of managers and general staff**
- **Reviews to other allowances, etc**

(5) Reduce fixed costs

- **Technology and research division costs**
- **Head office, sales division costs**
- **Manufacturing fixed costs**
- **Management sales costs, etc**

(1) Reorganization of production system

(1) Japan:

Reform “NTN’s actual plants” by encouraging use of “subsidiary plants”

- Establish a system with “separate companies”, “modernization” and “risk diversification” by using “subsidiary plants”
- Streamlining of “NTN’s actual plants”

(2) Globally:

Move to “production at optimal sites” that maximize cost benefits, including parts manufacturing

- Shift manufacturing of products shipped from Japan to overseas plants (to avoid exchange rate risks and reduce costs)
- Increase the number of imports to Japan from overseas plants, such as those in China
- Close some production bases as a result of reorganization

(specific reorganization plans are currently being investigated)

(2) Reforms to personnel costs

(1) Japan:

Reduce personnel costs in Japan, where further market growth is not expected

- Reduce the number of fulltime staff(early retirement)
- Cease employing non-fulltime staff
- Do not replace retiring staff, etc

(2) Globally:

Shift to **a personnel structure that backs up the “on local site with local materials by local personnel” policy**

- Training of global staff and local staff
- Increase new employment of local managers
- Implement revisions for easier working conditions for younger staff

(3) Organizational reform

Strengthen functionality of business headquarters, such as centralization of profits and investment management

- Shift head office functions to business divisions to implement policies faster

(4) Withdrawal from some businesses

Reorganization of business by determining **withdrawal of unprofitable products**

- Withdraw some precision equipment and products

(specific withdrawal plans are currently being investigated)

(5) Reform the logistics business

- Reduction in logistics costs in Japan by establishing subsidiaries to cover logistics

(1) Greater sales ratio for industrial machinery, aftermarket

(1) Industrial machinery:

Centralize **sales expansion in the Asian region**, where further growth is expected

- Strengthen organizational system
- Strengthen sales to local manufacturers in areas such as the ASEAN region, India and China
- Increase orders of products for aircraft and rolling stock around the world

(2) Aftermarket & Distributor:

Centralize **equipment aftermarket orders** and **automotive aftermarket parts** (auto parts)

- Establish dedicated plants and dedicated production lines
- Strengthen the global supply chain
- Expand the auto parts business that has a high share in Europe to other regions

(2) Increase margin for automotive

Centralize **increasing operating income** in the automotive business

- Improve cost structure, and accelerate local production and local procurement
- Increase development systems for high value-added “module parts and system products”

(3) Move away from the concept of self-sufficiency

Move pre-processes away from the “**concept of self-sufficiency**” to “**external procurement**”

- Local procurement of pre-process parts through partnerships with suppliers
- Increase utilization of local machining manufacturers

(4) Increase local (optimal site) procurement

Centralize the **utilization of low cost, high-quality local steel materials**

- Procurement of steel materials from other regions by utilizing FTA
- Increase utilization of imported steel materials in Japan

Main target management index

For New Technology Network



(100 million yen)

	FY2011 (Results)	FY2012 (Forecast)	FY2014 (current plans)
Net sales	5,435	5,300	5,600
Operating income	207	75	310
Operating margin	3.8%	1.4%	5.5%
Ordinary income	187	5	260
Inventories	1,551	1,480	1,350
Inventory turnover ratio	3.5	3.6	4.1
Capital expenditure	544	400	200

(Note) The figures above are from the forecast as of the end of October 2012

III. Financial Results for the 1H of FY2012 and full year forecast

November 8,2012

NTN Corporation

★Financial Results for FY2012 1H : Key Factors

★FY2012 2H Emergency Measures, Structural Reform Costs

- 1. Consolidated Statements of Operation**
- 2. Net Sales by Region**
- 3. Net Sales and Operating Income by Business Sector**
- 4. Results by Business Sector (Quarterly Trend)**
- 5. Analysis of Operating Income**
- 6. Net Sales and Operating Income by Region**
 - (1)Japan, Americas**
 - (2)Europe, Asia & Others**
- 7. Inventories**
- 8. Interest-Bearing Debt**
- 9. Capital Expenditure and Depreciation**
- 10. Cash Flows**

Financial Results for FY2012 1H : Key Factors

FY2012 1H Results

- ◇ Net Sales **increased by 0.2%** year-on-year to **266.6 billion yen** (**increased by 3.8%** if excluding the effects of exchange rates)
 - The automotive market increased by 6.9% year on year (increased by 10.6% if excluding the effects of exchange rates)
 - The industrial machinery market decreased by 12.9% year-on-year (decreased by 10.3% if excluding the effects of exchange rates)
 - The aftermarket and distributor market decreased by 7.7% year-on-year (decreased by 3.2% if excluding the effects of exchange rates)
- ◇ Operating income **decreased by 80.0%** year-on-year to **2.1 billion yen** due to temporary costs in America (**decreased by 58.0%** if excluding the effects of exchange rates)
- ◇ Net income was a loss of **1.7 billion yen** due to extraordinary losses

FY2012 Full year Forecast

- ◇ The exchange rate for 2H was changed to 1US\$ = **78 yen** (previously 80 yen),
1EURO = **102 yen** (previous 105 yen)
- ◇ Net sales were revised from the previously announced **600 billion yen** to **530 billion yen**
Operating income was revised from the previously announced **27 billion yen** to **7.5 billion yen**

FY2012 2H Emergency Measures, Structural Reform Costs

FY2012 2H Emergency Measures

- ◇ Emergency measures have been undertaken due to the long-term economic instability in Europe and the slowing down of the Chinese economy
 - Decreased equipment investments 10 billion yen (reduction or delays in greater investment)
 - Decreased fixed costs 3.5 billion yen (fixed manufacturing costs, head office costs etc)
 - Personnel measures 2 billion yen (salary/bonus reductions etc)

FY2012 2H Structural Reform Costs

- ◇ Structural reform costs have been incorporated 10 billion yen due to a reduction in the scale of domestic production
 - Loss for abolishing and impairment unnecessary equipment
 - Temporary costs for early retirement

1. Consolidated Statements of Operation

For New Technology Network



(100 million yen)

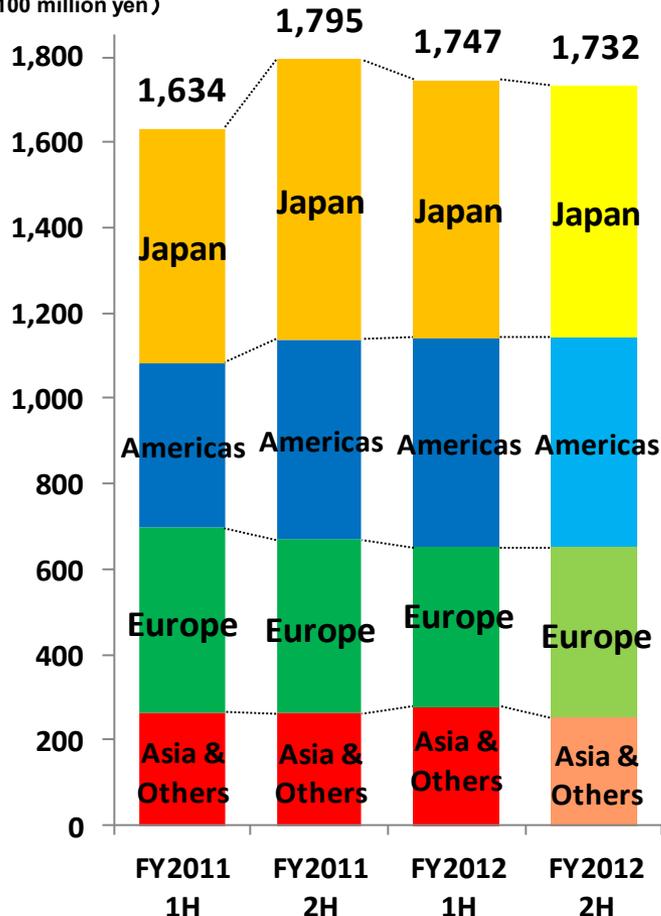
	FY2011			FY2012			Year on year		
	1H ①	2H	Full year ②	1H ③	2H	Full year ④	FY2012 1H ③-①	FY2012 Full year ④-②	
Net sales	2,661	2,774	5,435	2,666	2,634	5,300	5	- 135	
Operating income	107	100	207	21	54	75	- 86	- 132	
Operating margin	(4.0%)	(3.6%)	(3.8%)	(0.8%)	(2.0%)	(1.4%)	(-3.2%)	(-2.4%)	
Ordinary income	87	100	187	- 15	20	5	- 102	- 182	
Extraordinary income/loss	- 22	- 2	- 23	- 7	- 100	- 107	15	- 84	
Net income	37	23	60	- 17	- 53	- 70	- 55	- 130	
Exchange rate	US\$	79.8	78.4	79.1	79.4	78.0	78.7	- 0.3	- 0.4
	EURO	113.7	104.2	109.0	100.5	102.0	101.3	- 13.2	- 7.8

Results and Forecast for Automotive Market

<1H Results (vs FY2011 2H) >

- Despite the eco-car subsidy in Japan, the increased demand following the Great East Japan Earthquake slowed down, resulting in a decrease
- Economic problems in Europe continue over the long-term and have become even more serious, resulting in a decrease in sales following a reduction in production by automobile manufacturers

Net sales
(100 million yen)



<2H Forecast >

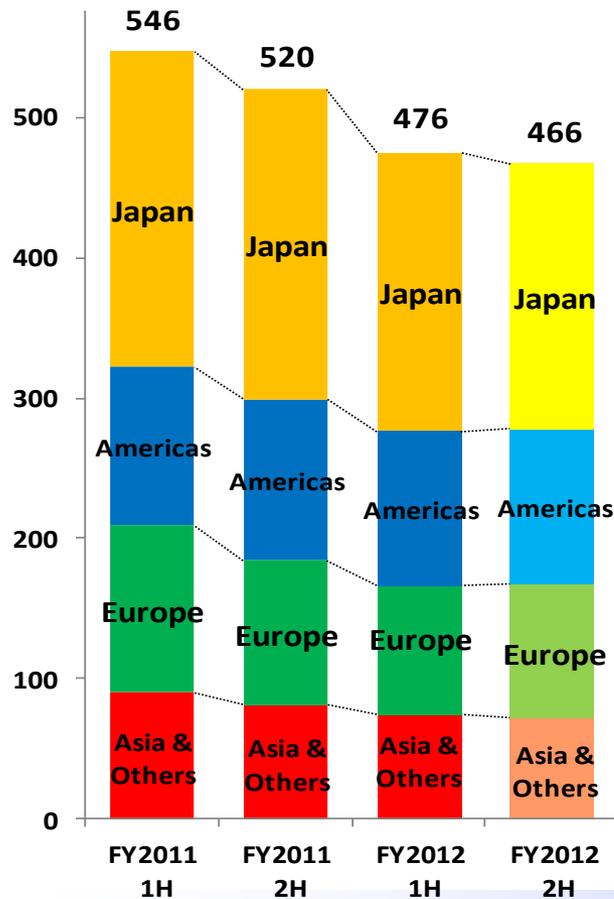
Japan	Decreased demand following the end of the eco-car subsidy Decreased exports by automobile manufacturers following the continually strong yen
Americas	Sales of new cars remains firm due to bottoming out of domestic demand Sales of cars from the BIG3 and Japanese manufacturers remain strong
Europe	The effects of the recession in Europe continue to trickle down, however increased due to new sales in Eastern Europe
Asia	Increased production by Japanese manufacturers in India and Thailand have led to an increase, however there are concerns over the relationship between Japan and China

Results and Forecast for Industrial Machinery Market

<1H Results (vs FY2011 2H) >

- Japan has decreased due to a decrease in demand for construction machinery and machine tools following a slowdown in the Chinese economy
- Decreased demand for all general machinery following the long-term recession in Europe

Net sales
 (100 million yen)



<2H Forecast >

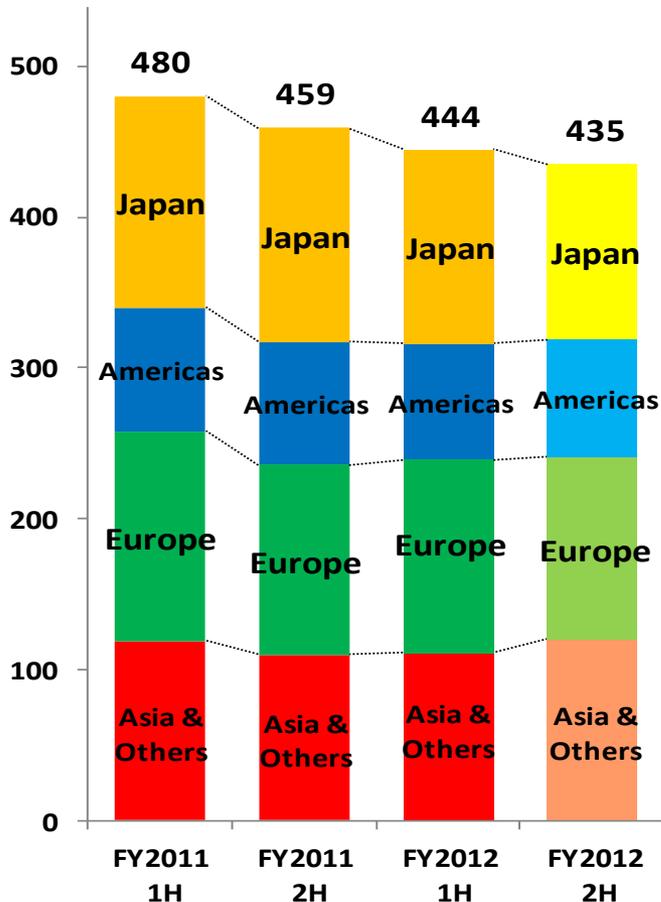
Japan	Further decreases in demand for construction machinery for the Chinese market, and mining machinery in the ASEAN region
Americas	Decreased demand for construction machinery, and decreased demand for wind power generators following the end to tax incentives, however increased demand for agricultural machinery
Europe	Decreased demand for wind power generators and gearboxes, however a recovery in demand for agricultural machinery, construction machinery and aircraft
Asia	Slight recovery in demand for construction machinery and wind power generators, however a major reduction in demand for rolling stock in China

Results and Forecast for Aftermarket and Distributor Market

<1H Results (vs FY2011 2H) >

- Japan has decreased due to distributors adjusting stock levels following the slowdown in economies such as Europe and China
- Despite the long-term recession in Europe, the automotive aftermarket (auto parts) remains strong

Net sales
(100 million yen)



<2H Forecast >

<h3>Japan</h3> <p>Decreased distributors adjusting stock levels over the long-term in spite of the start of deliveries to new customers contributed</p>
<h3>Americas</h3> <p>Increased sales due to positive expansion in the strong oil and gas industries Increased sales for trucks in auto parts</p>
<h3>Europe</h3> <p>The start of deliveries to major new equipment aftermarket customers contributed Decreased auto parts due to the ongoing recession</p>
<h3>Asia</h3> <p>New sales companies started operations in Indonesia and India Increased equipment aftermarket customers in the southeastern Asian region</p>

2. Net Sales by Region

<Net sales by Region>

(100 million yen)

	FY2011			FY2012			Year on year			
	1H	2H	Full year	1H	2H	Full year	FY2012 1H		FY2012 Full year	
	Results	Results	Results	Results	Forecast	Forecast	Volume	Forex	Volume	Forex
Japan	915	1,019	1,934	933	894	1,827	17	0	- 108	0
Americas	582	665	1,246	678	680	1,358	105	- 9	124	- 12
Europe	691	639	1,330	593	615	1,207	- 24	- 74	- 35	- 87
Asia & Others	473	451	924	463	445	908	3	- 13	- 4	- 12
Total	2,661	2,774	5,435	2,666	2,634	5,300	102	- 96	- 24	- 111

3. Net Sales and Operating Income by Business Sector

<Net Sales by Business Sector>

(100 million yen)

	FY2011			FY2012		
	1H	2H	Full year	1H	2H	Full year
	Results	Results	Results	Results	Forecast	Forecast
Automotive	1,634	1,795	3,429	1,747	1,732	3,479
Industrial machinery	546	520	1,066	476	466	942
Aftermarket/ Distributor	480	459	940	444	435	879
Total	2,661	2,774	5,435	2,666	2,634	5,300

Year on year			
FY2012 1H		FY2012 Full year	
Volume	Forex	Volume	Forex
174	- 61	122	- 71
- 56	- 14	- 108	- 16
- 16	- 21	- 37	- 23
102	- 96	- 24	- 111

<Operating Income by Business Sector>

(100 million yen)

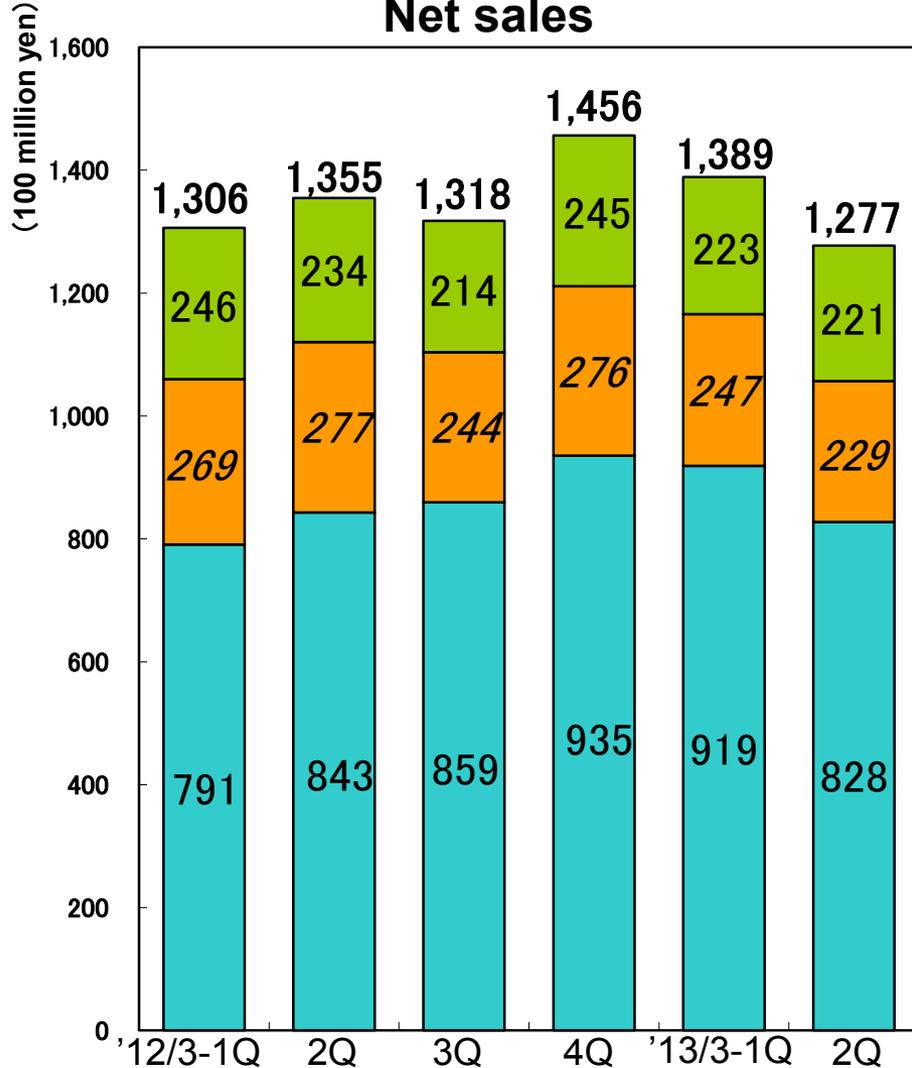
	FY2011			FY2012		
	1H	2H	Full year	1H	2H	Full year
	Results	Results	Results	Results	Forecast	Forecast
Automotive	- 15	- 17	- 32	- 62	- 33	- 95
Industrial machinery	23	25	48	10	20	30
Aftermarket/ Distributor	99	92	191	73	67	140
Total	107	100	207	21	54	75

Year on year	
FY2012 1H	FY2012 Full year
- 47	- 63
- 14	- 18
- 25	- 51
- 86	- 132

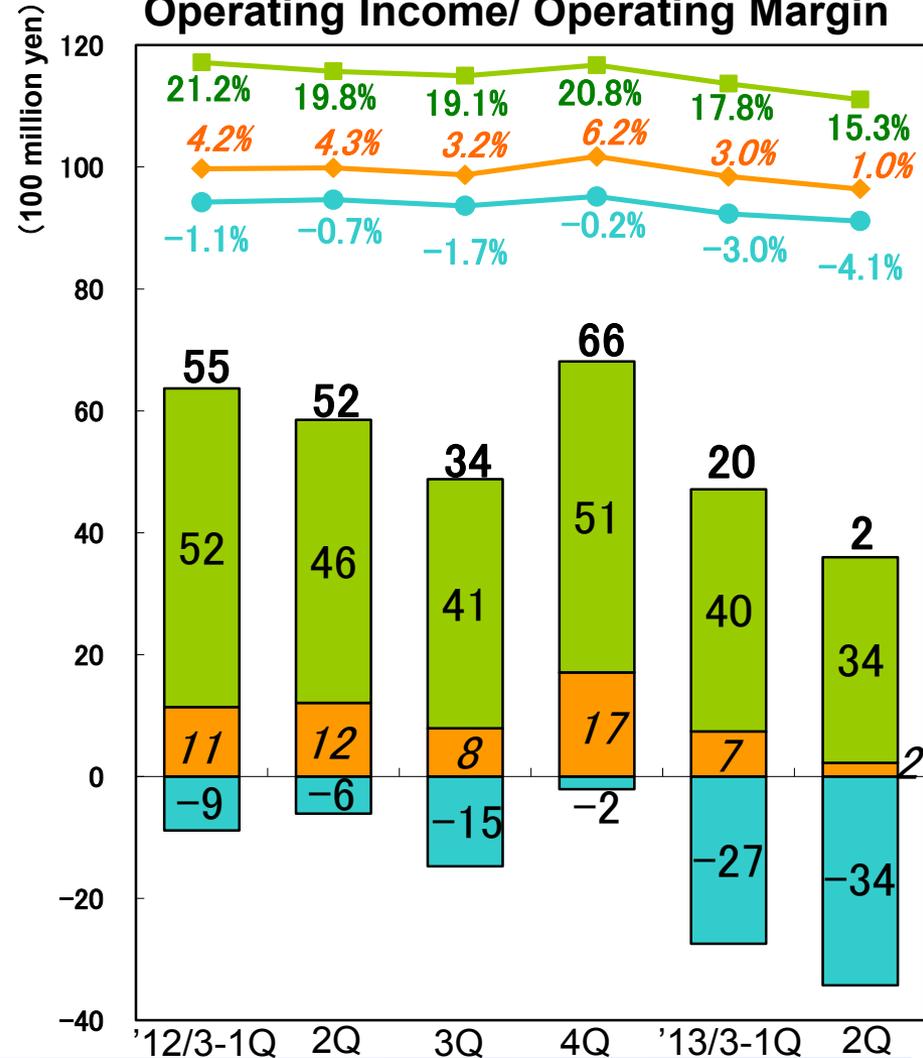
4. Results by Business Sector (Quarterly Trend)

Automotive Industrial machinery Aftermarket/Distributor

Net sales

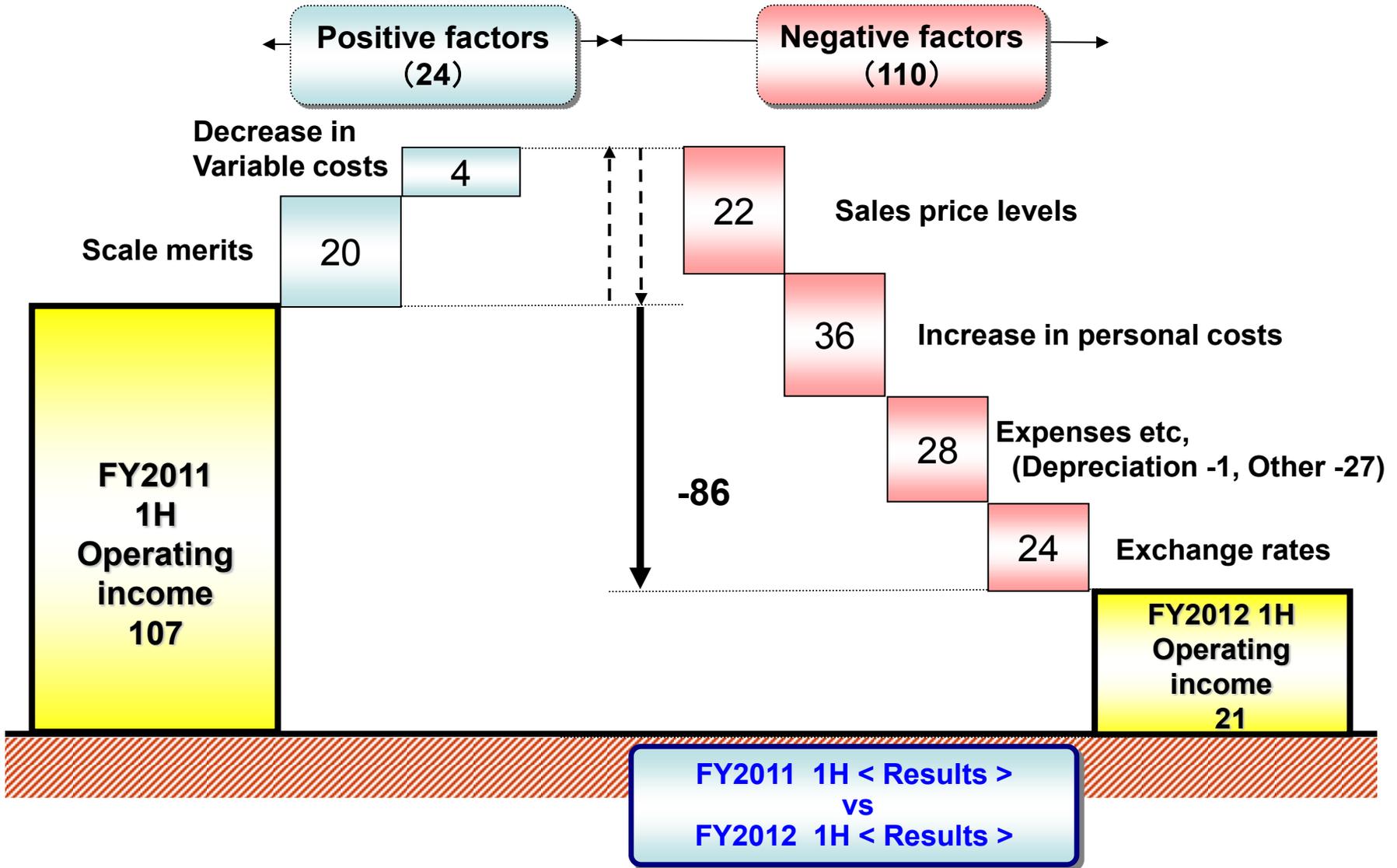


Operating Income/ Operating Margin



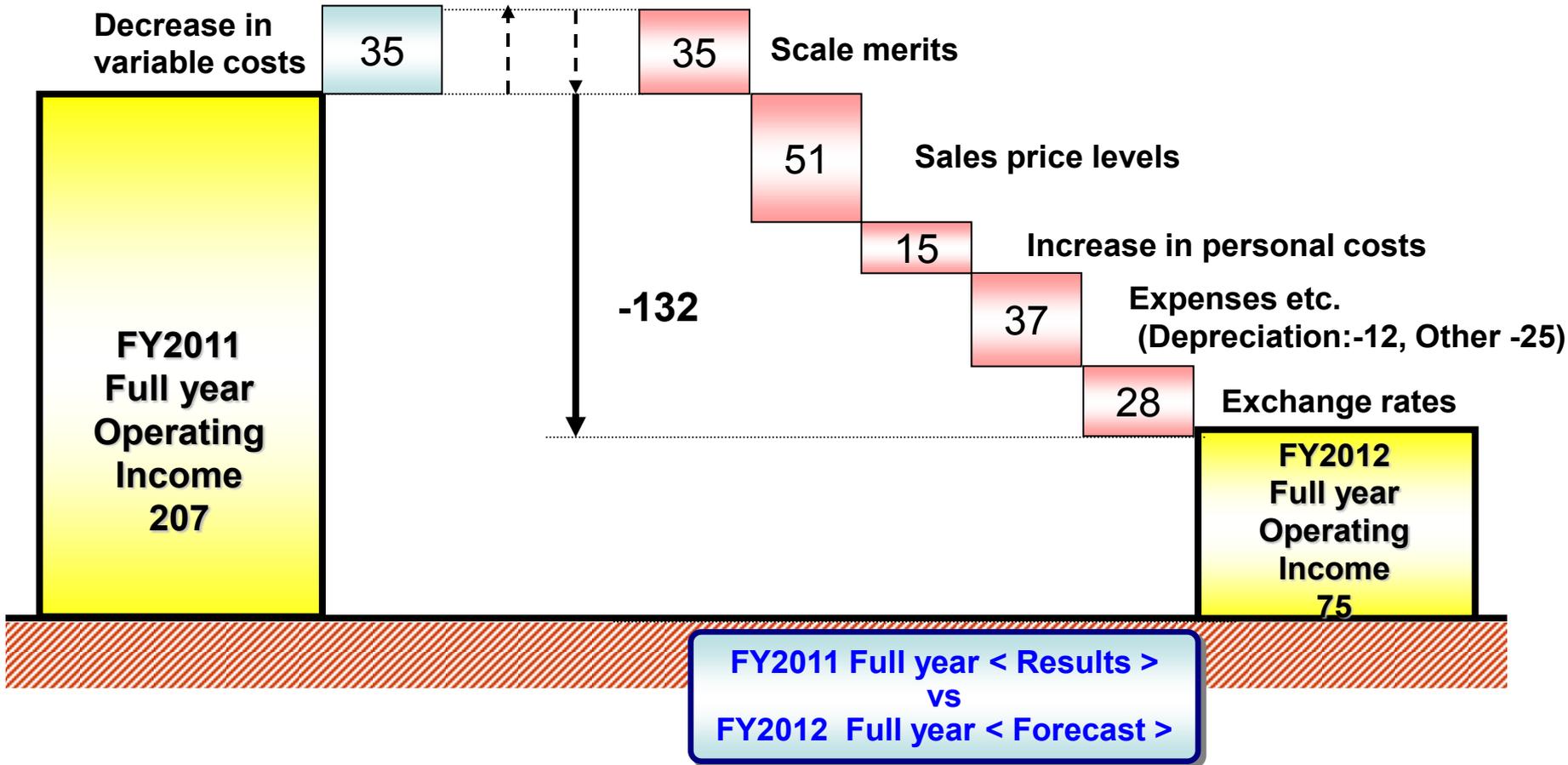
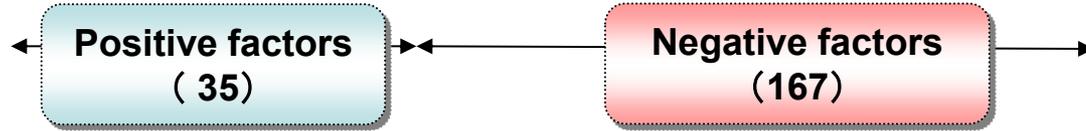
5. Analysis of Operating Income (FY2012 1H)

* All figures in 100 million yen.



5. Analysis of Operating Income (FY2012 Full year)

* All figures in 100 million yen.

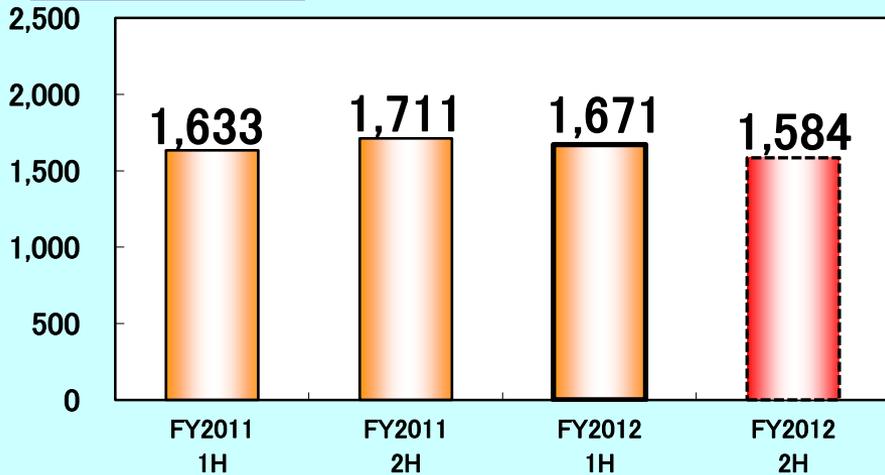


6. Net Sales and Operating Income by Region

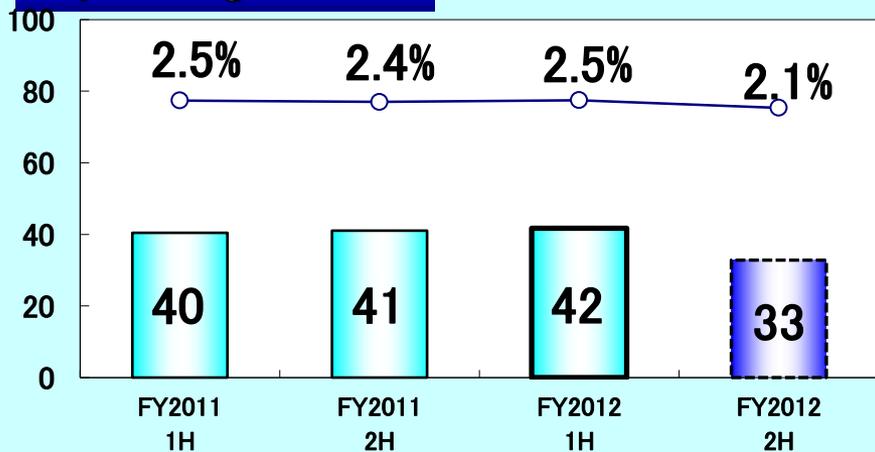
《 Japan 》

Net sales

(100 million yen)



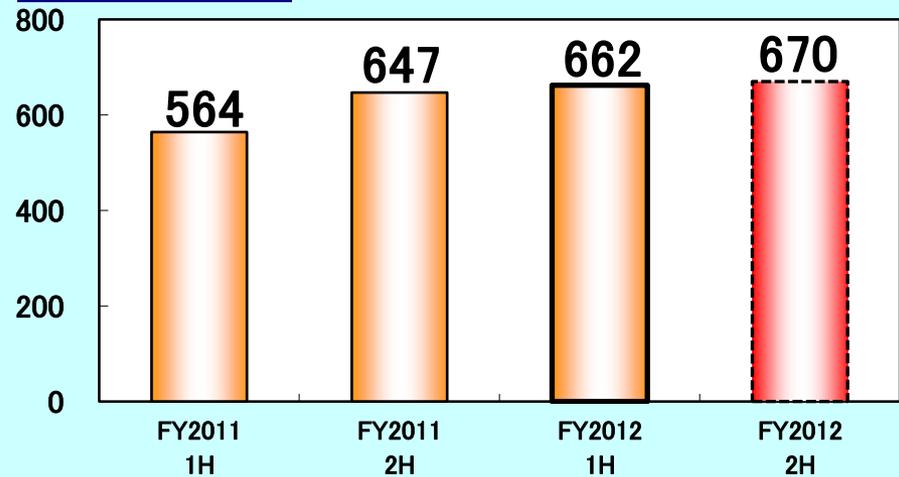
Operating income



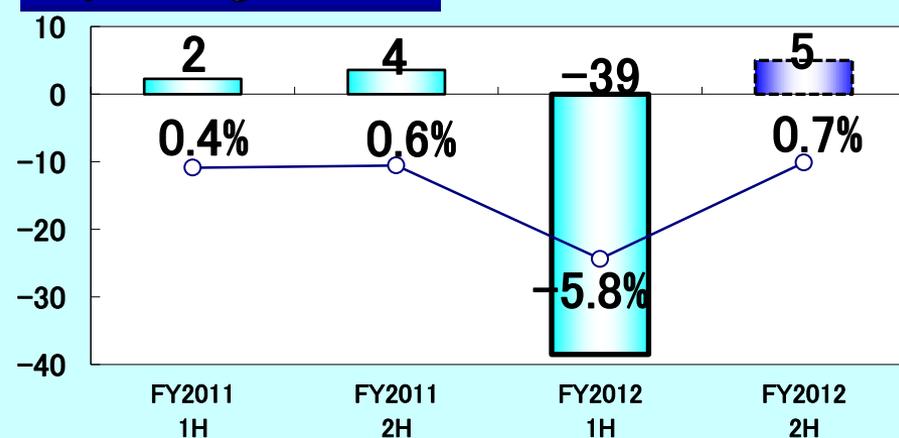
《 Americas 》

Net sales

(100 million yen)



Operating income

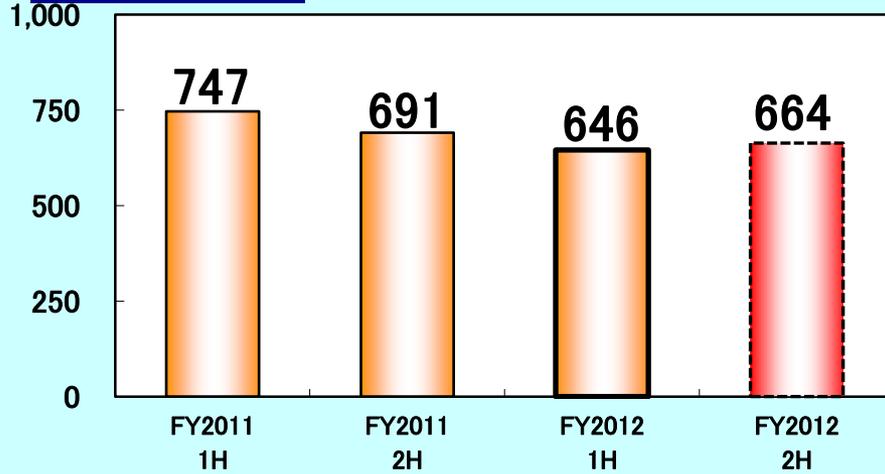


6. Net Sales and Operating Income by Region

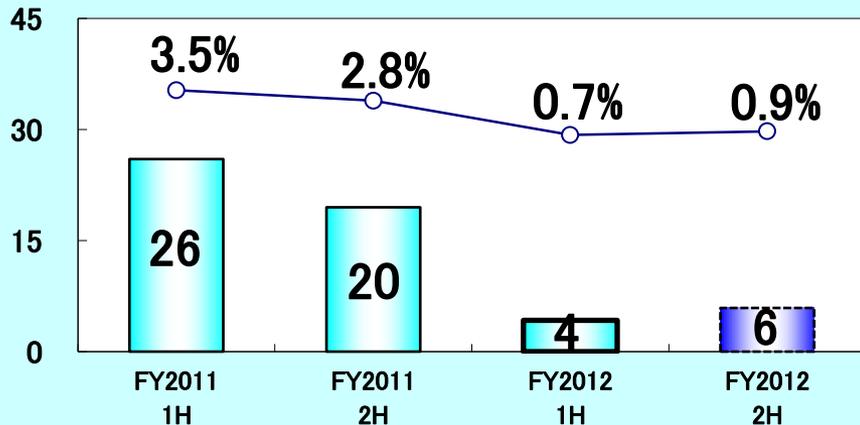
《 Europe 》

Net sales

(100 million yen)



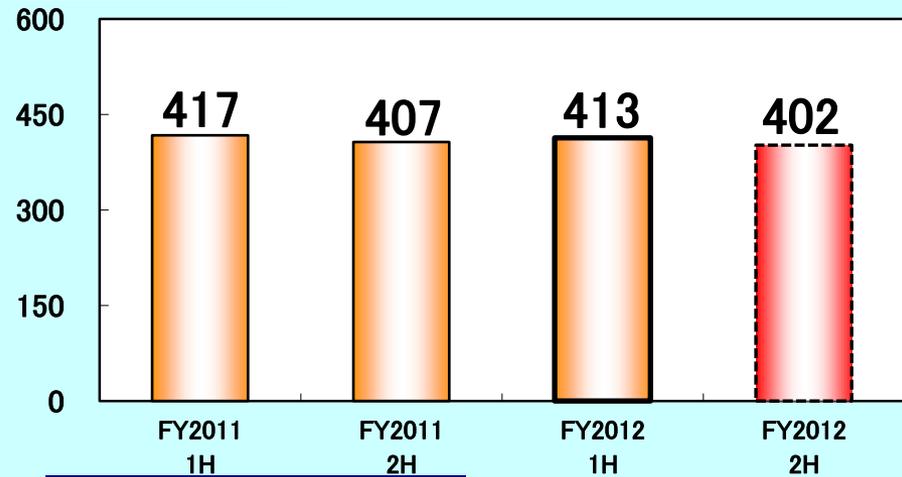
Operating income



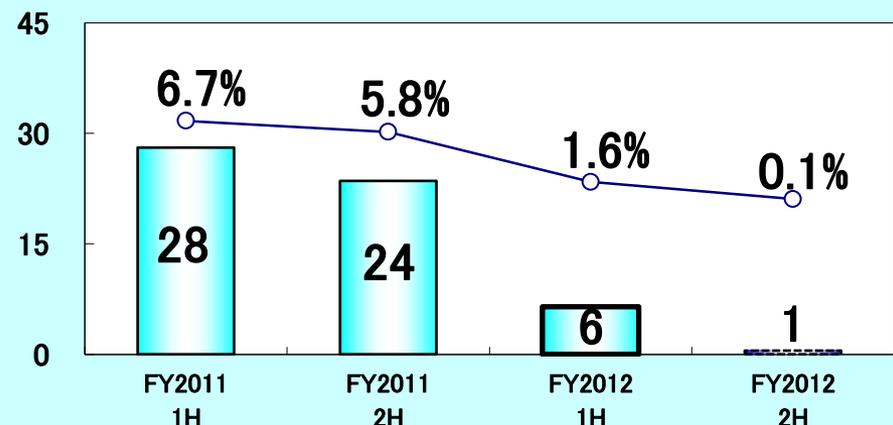
《 Asia & Others 》

Net sales

(100 million yen)

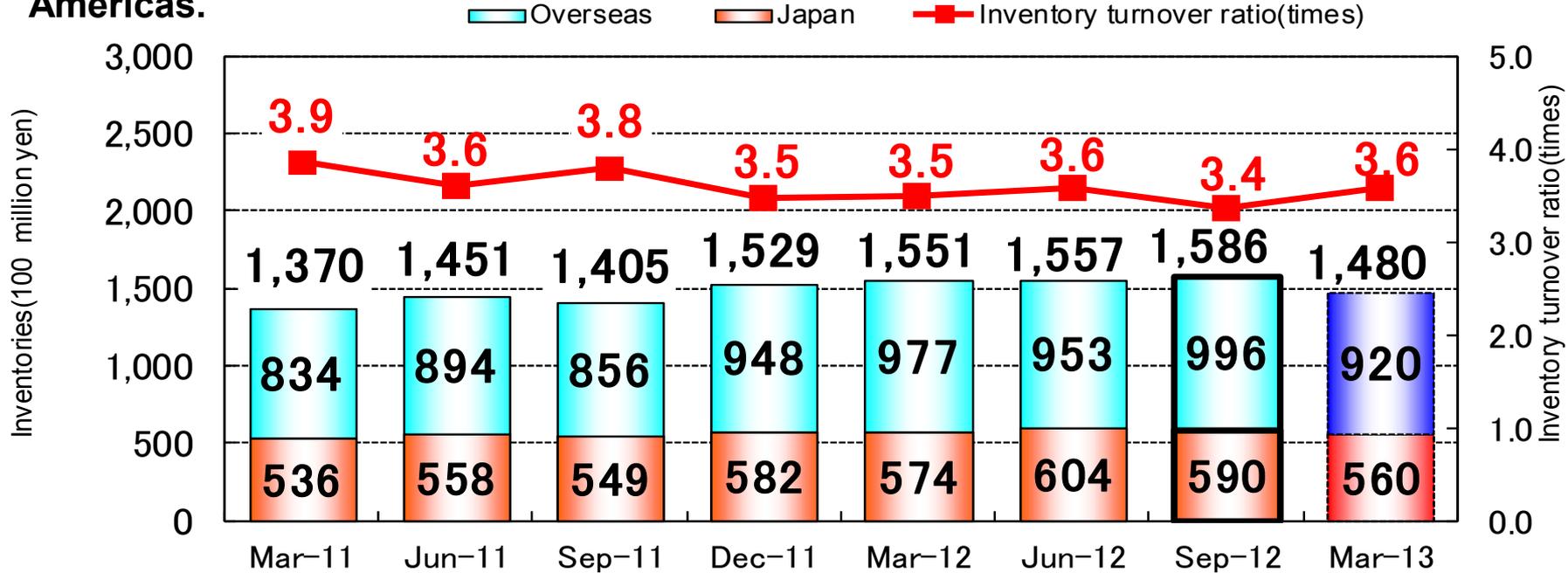


Operating income



7. Inventories

◆ Increased stock overseas due to decreased sales and production problems in the Americas.

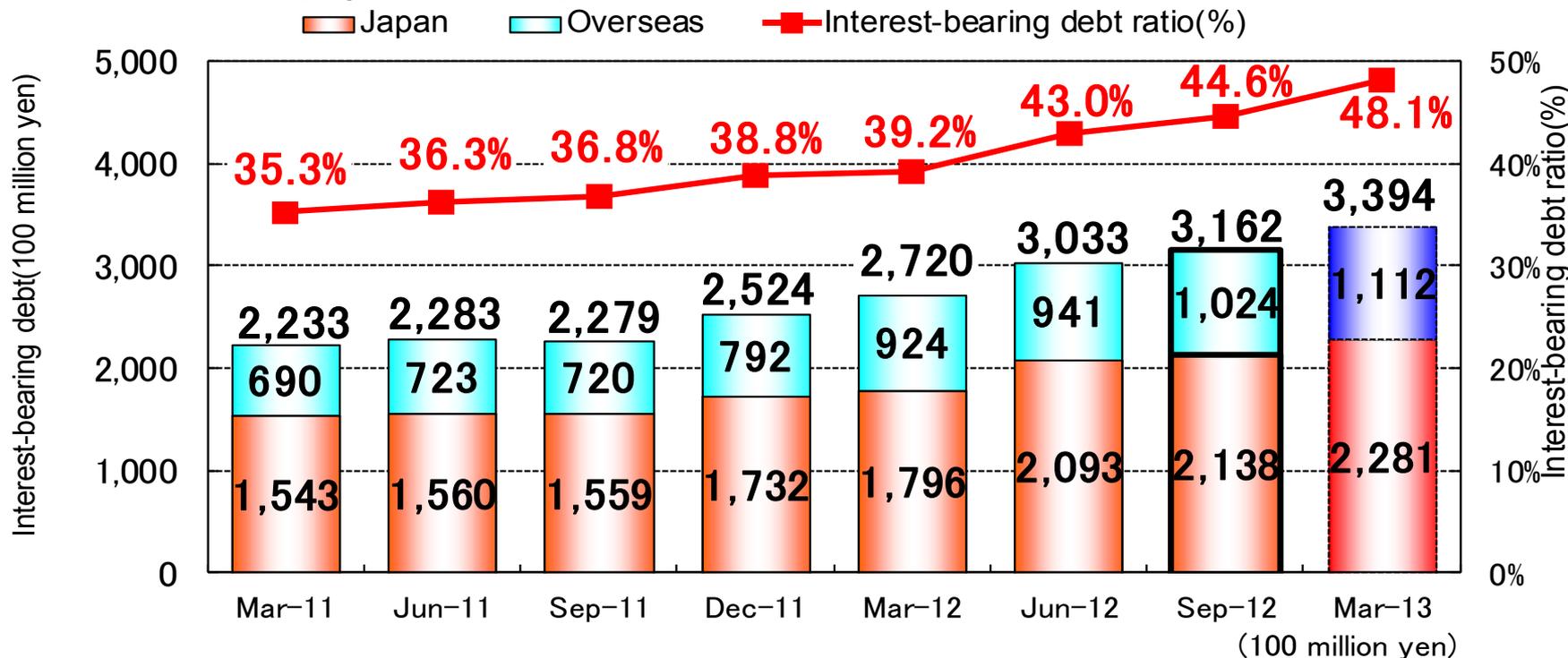


(100 million yen)

	Mar-11 Results	Jun-11 Results	Sep-11 Results	Dec-11 Results	Mar-12 Results	Jun-12 Results	Sep-12 Results	Mar-13 Forecast
Inventories	1,370	1,451	1,405	1,529	1,551	1,557	1,586	1,480
Overseas	(834)	(894)	(856)	(948)	(977)	(953)	(996)	(920)
Japan	(536)	(558)	(549)	(582)	(574)	(604)	(590)	(560)
Inventory turnover ratio (times)	3.9	3.6	3.8	3.5	3.5	3.6	3.4	3.6

8. Interest-Bearing Debt

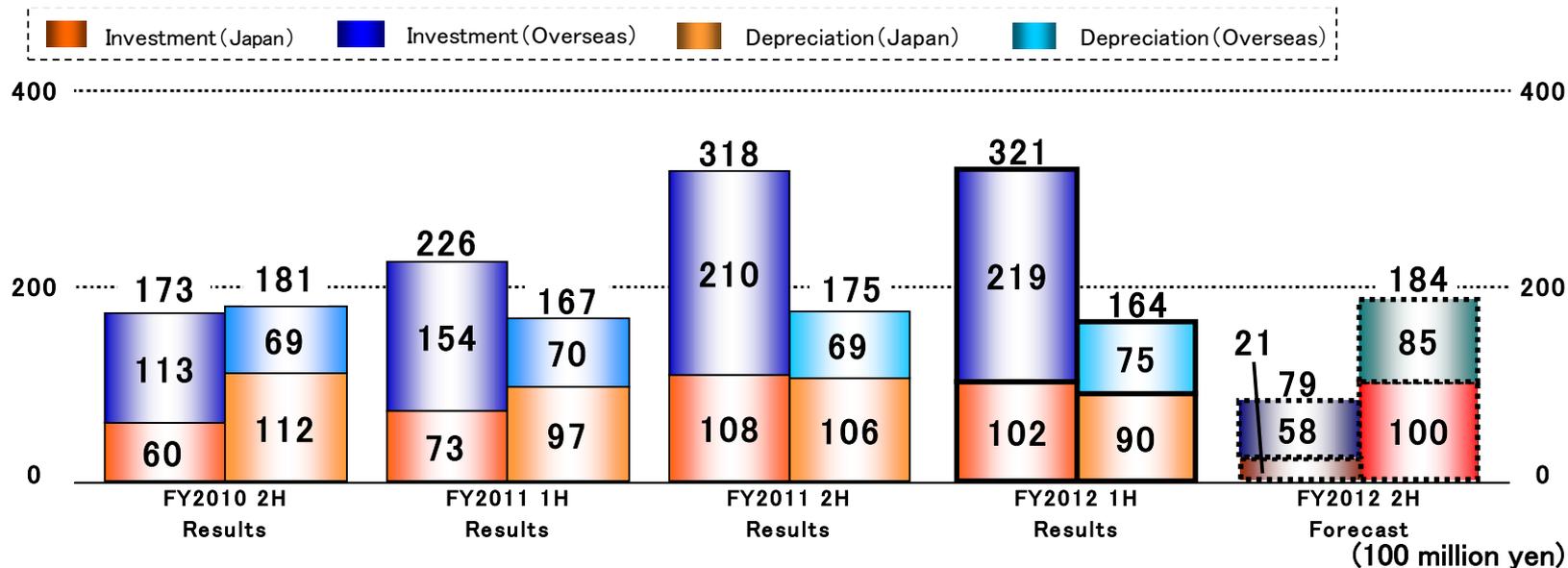
◆ Increased due to payment of capital investment costs.



	Mar-11 Results	Jun-11 Results	Sep-11 Results	Dec-11 Results	Mar-12 Results	Jun-12 Results	Sep-12 Results	Mar-13 Forecast
Interest-bearing debt	2,233	2,283	2,279	2,524	2,720	3,033	3,162	3,394
Overseas	(690)	(723)	(720)	(792)	(924)	(941)	(1,024)	(1,112)
Japan	(1,543)	(1,560)	(1,559)	(1,732)	(1,796)	(2,093)	(2,138)	(2,281)
Interest-bearing debt ratio(%)	35.3%	36.3%	36.8%	38.8%	39.2%	43.0%	44.6%	48.1%

9. Capital Expenditure and Depreciation

- ◆ Capital investment of 40 billion yen for the full year based on limited investment in the second half



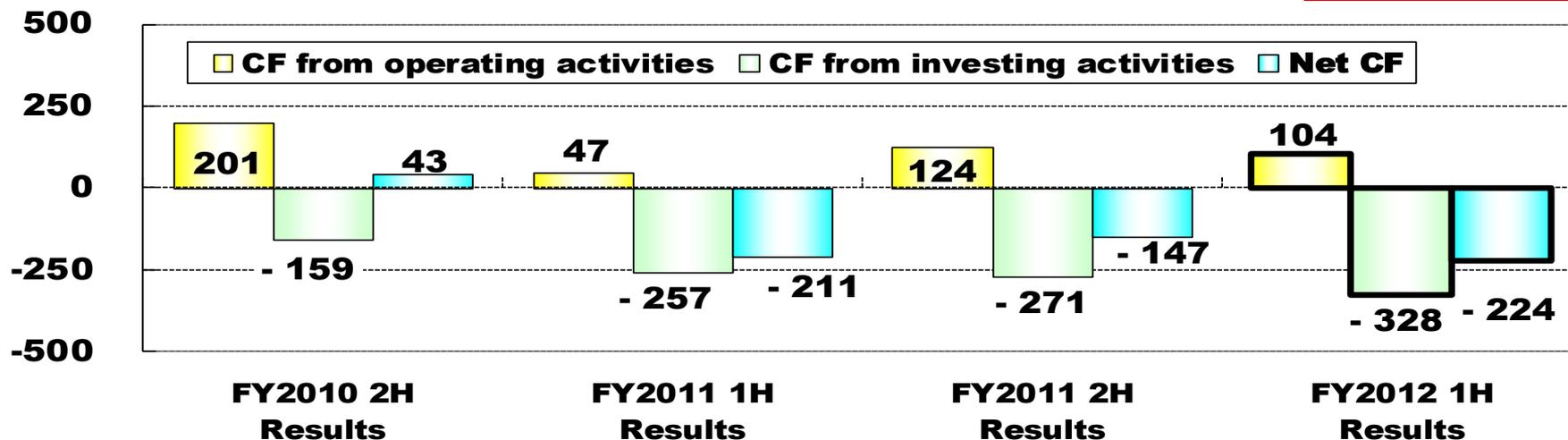
	FY2010 2H Results	FY2011 1H Results	FY2011 2H Results	FY2012 1H Results	FY2012 2H Forecast
Capital expenditure	173	226	318	321	79
Overseas	(113)	(154)	(210)	(219)	(58)
Japan	(60)	(73)	(108)	(102)	(21)

	FY2010 2H Results	FY2011 1H Results	FY2011 2H Results	FY2012 1H Results	FY2012 2H Forecast
Depreciation	181	167	175	164	184
Overseas	(69)	(70)	(69)	(75)	(85)
Japan	(112)	(97)	(106)	(90)	(100)

10. Cash Flows

◆ Increased investment CF resulting in free CF -22.4 billion yen

(100 million yen)	FY2010 2H Results	FY2011 1H Results	FY2011 2H Results	FY2012 1H Results
I . Cash flow from operating activities	201	47	124	104
II . Cash flow from investing activities	-159	-257	-271	-328
III . Cash flow from financing activities	-9	104	368	470
IV . Effect of exchanging rate translation on cash and cash equivalents	0	21	-11	17
V . Net increase in cash and cash equivalents	34	-85	211	263



We make
Bearings.



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