

For New Technology Network



Consolidated Financial Results for year ended March 31, 2013

May 20, 2013

NTN Corporation

I . Start of New Medium-term Management Plan “Revival 2014”

II . Financial Results for FY2012 and Forecast for FY2013

This presentation and comments made in this conference or during the following Q&A session include forward-looking statements about management expectations for future performance and future business strategies. These statements represent the best judgment of the management of the company based on the information currently available. However, 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 management projections depending on various factors such as changes in product demand, exchange rates and interest rates and contingent liabilities.

From “Revival” to “Growth”

Towards 100th Anniversary Since Foundation

For further “Growth”

- Strategies for low share regions, business type, and customers
- Release high value-added products to market



“Revival” from crisis

Emergency Measures

- Reduction personnel costs and expenses
- Reduction inventories
- Utilization of existing equipment

- Cartels problem
- Surcharge

Structural Reform

- Reform to personnel costs
- Acceleration of overseas production
- Selection of business

Centralization of Management Resources

- Sales expansion for the Aftermarket/Distributor
- Strengthening Industrial Machinery Business Globally
- Greater profits in the Automotive Business

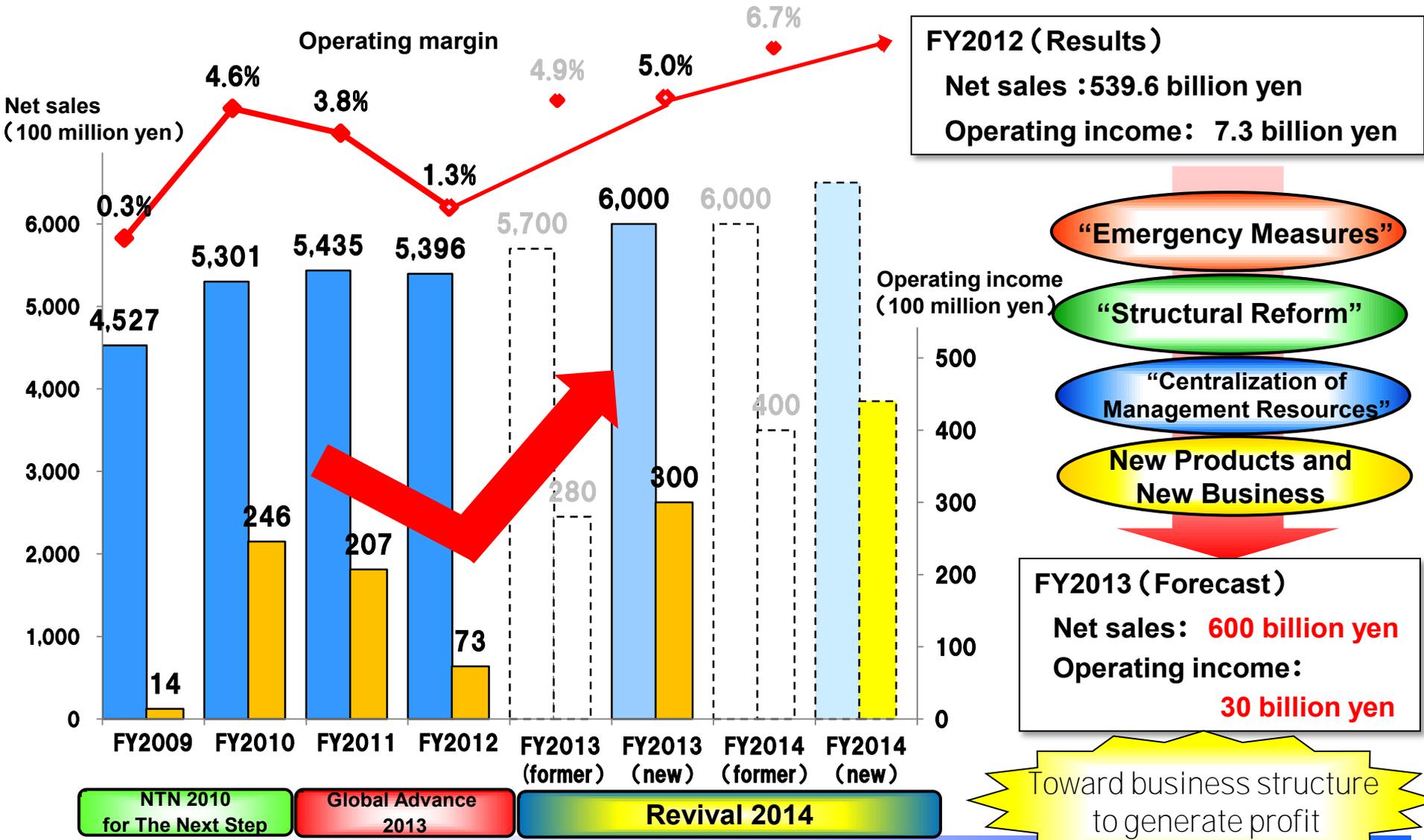
Expansion of New Products

Emphasis on profit

I . Start of New Medium-term Management Plan “Revival 2014”

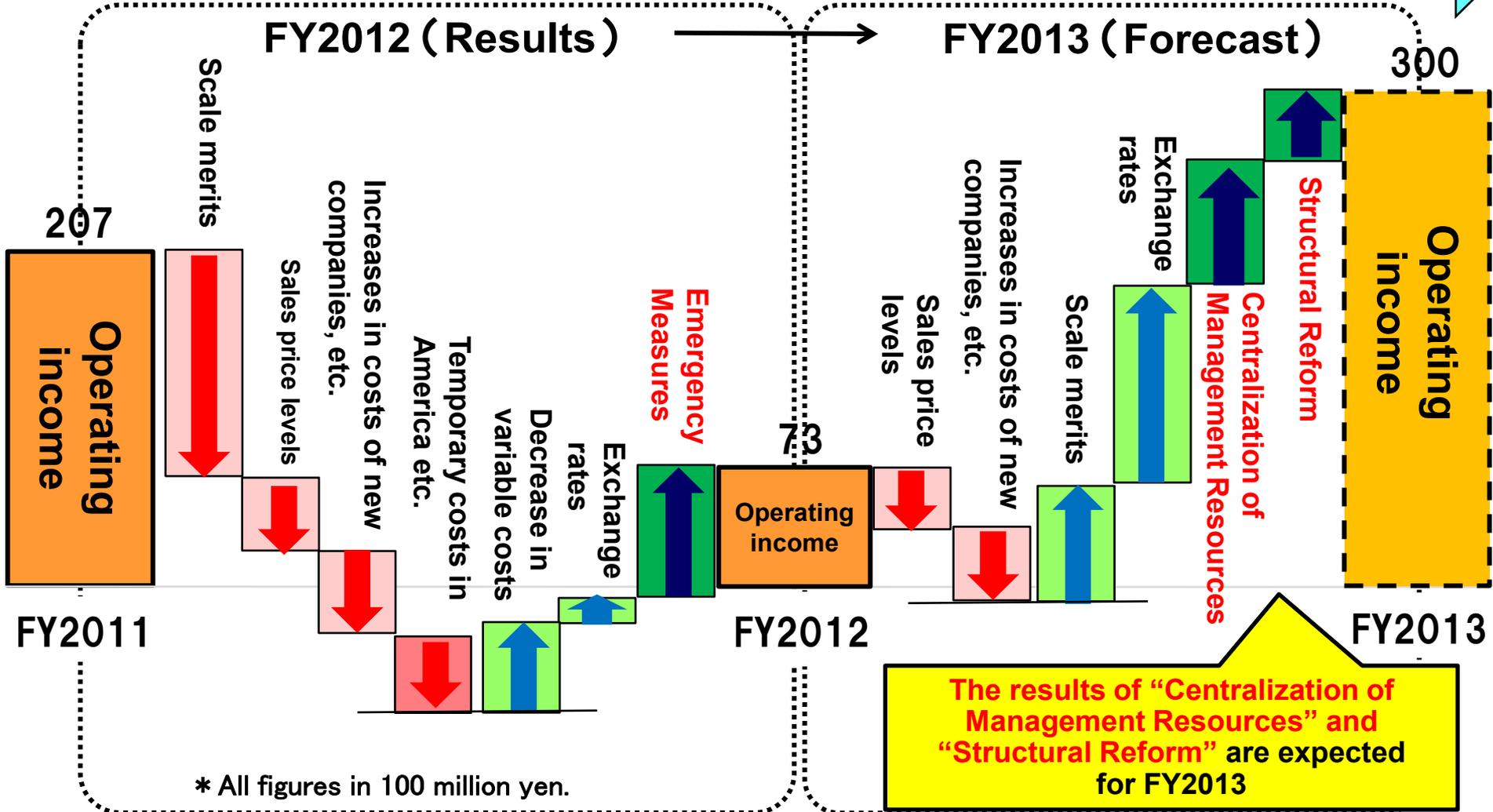
- 1. Financial Results for FY2012 and Forecast for FY2013**
- 2. Reform Business Structure to Generate Profit**
- 3. Results and Forecast for Aftermarket and Distributor Market**
- 4. Results and Forecast for Industrial Machinery Market**
- 5. Results and Forecast for Automotive Market**

1. Financial Results for FY2012 and Forecast for FY2013



2. Reform Business Structure to Generate Profit

<Trend of operating income>



FY2012 : Results of “Emergency Measures”

Theme	Plan (100 million yen)	Main policies of FY2012	Results (100 million yen)
Reduce Personnel Costs	20	Reduction in salaries, bonuses <ul style="list-style-type: none"> •Reduction chiefly within NTN Calling for applicants for early retirement <ul style="list-style-type: none"> •407 employees applied for calls for approximately 600 employees •Another approximately 200 employees will be called for applications this fiscal year 	30
Reduce Fixed Costs	35	Reduction in expenses across all departments <ul style="list-style-type: none"> •Reduction in various expenses across all departments, chiefly within NTN 	45
Reduce Inventories	1,570	Reduction due to companywide project activities and practical use of IT system <ul style="list-style-type: none"> •Reduce Inventories in Japan and Overseas •Achieved plans for quantities when excluding the effects of exchange rates 	1,633 (1,541) excluding exchange rates
Limit Capital Expenditure	480	Limited due to utilization of existing equipment, local procurement of equipment <ul style="list-style-type: none"> •Shift to investment amount within depreciation costs for the second half •Increased amount only due to the effects of exchange rates 	490
Abolish, sell assets	25 75 0	Abolish unnecessary equipment and buildings Early retirement system and withdrawal a part of product in the precision equipment Expenses related to land improvement in the former site of Takarazuka Plant	27 64 30

FY2013 : Start of “Revival 2014”

Amount of effects of main policies on the operating income (Forecast)

(100 million yen)

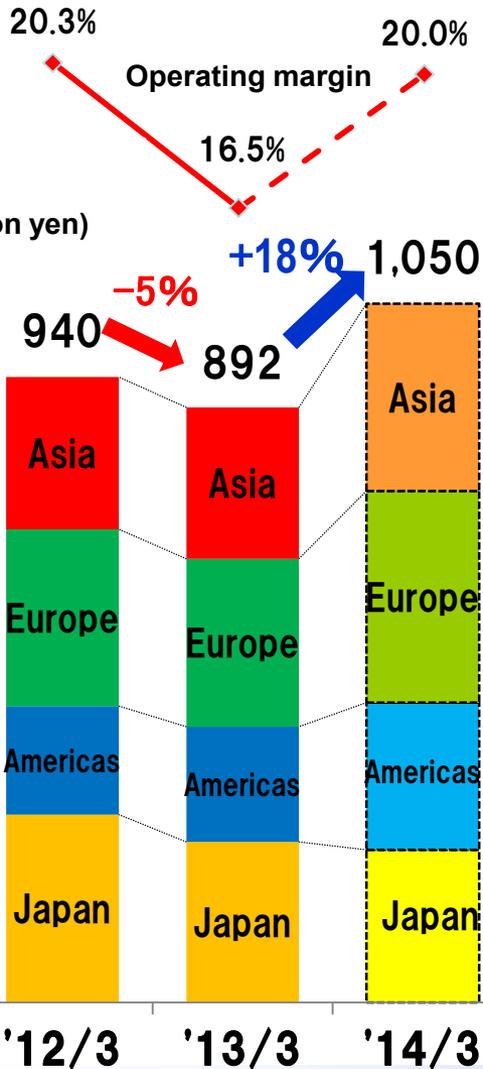
Theme	Main policies of FY2013	Automotive	Industrial machinery and Aftermarket/ Distributor	Total
Centralization of Management Resources (variable cost)	<ul style="list-style-type: none"> •Revise of price with the use of common parts and reviews of design and manufacturing and so on, VA/VE, Change to internal production •Decrease variable costs of global site by expansion of local procurement and local production of pre processes 	50	14	64
Structural Reform	Early retirement	35	8	43
	Reform of logistics business	2	1	3
	Subtotal	37	9	46
Emergency Measures	Reduce fixed costs (personnel costs, expenses etc.)	31	14	45
Total		118	37	155

3. Results and Forecast for Aftermarket and Distributor Market

<Results for FY2012>

- Movement of products slowed down due to lower demand, and business sales and small-lot sales decreased
- Increased demand for automotive parts in North America and MRO business in Europe

<Forecast for FY2013>



Asia	Expand sales channel and cultivate core distributors Develop MRO business	+25%
Europe	Increase sales to major OEM customers with MRO business Expand sales channel in East Europe and Russia	+26%
Americas	Strengthen collaboration system with major distributors Expand sales for parts kit for trucks	+28%
Japan	Accelerate to develop new customers	-5%

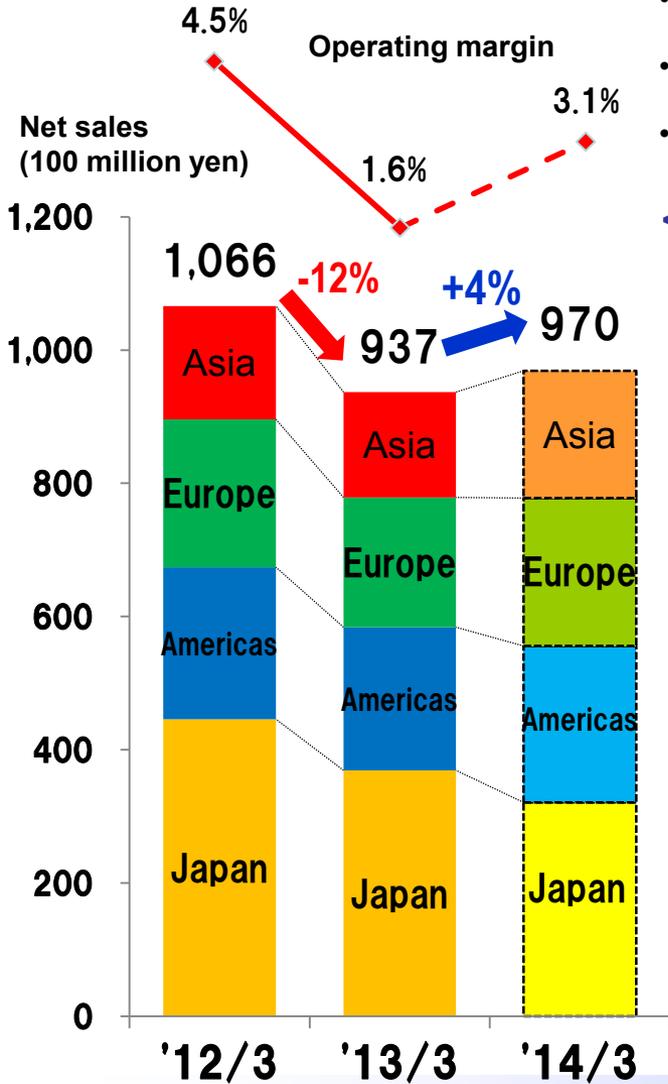
Key products for sales expansion
 : Spherical roller bearing, Large bearing, BU
 Key policy : Increase sales by improving supply systems for general purpose products

4. Results and Forecast for Industrial Machinery Market

<Results for FY2012>

- Aircraft and agricultural machinery increased in Japan, however construction machinery decreased immensely
- Agricultural machinery and aircraft increased in North America, however construction machinery decreased
- Decreased in Europe due to the impact of the economic effects. In Asia, shipments to China decreased

<Forecast for FY2013>



Asia	Increase sales for wind turbine and rolling stock in China Demand for construction machinery and machine tools recover in Korea	+21%
Europe	Expand sales for rolling stock and agricultural machinery Expand with new orders for aircraft	+14%
Americas	For construction machinery, there is a major decrease in demand for mining Agricultural machinery remains steady due to economy recovery	+9%
Japan	Expand sales for aircraft, rolling stock and wind turbine Major decrease in demand for construction machinery, and gears and reducers	-13%

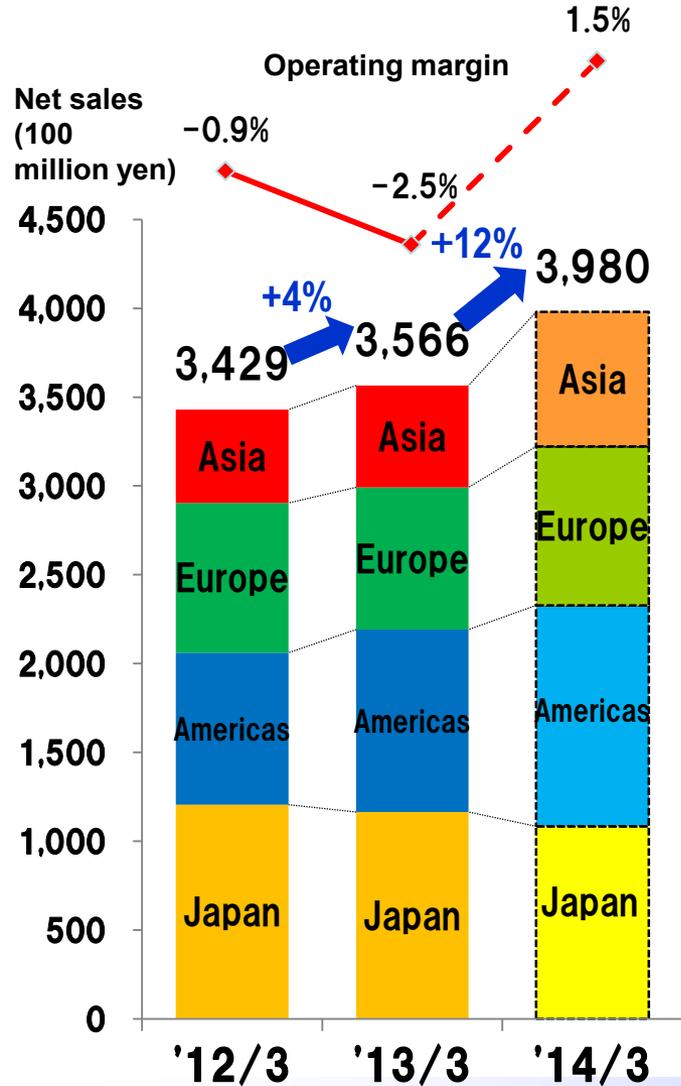
5. Results and Forecast for Automotive Market

<Results for FY2012>

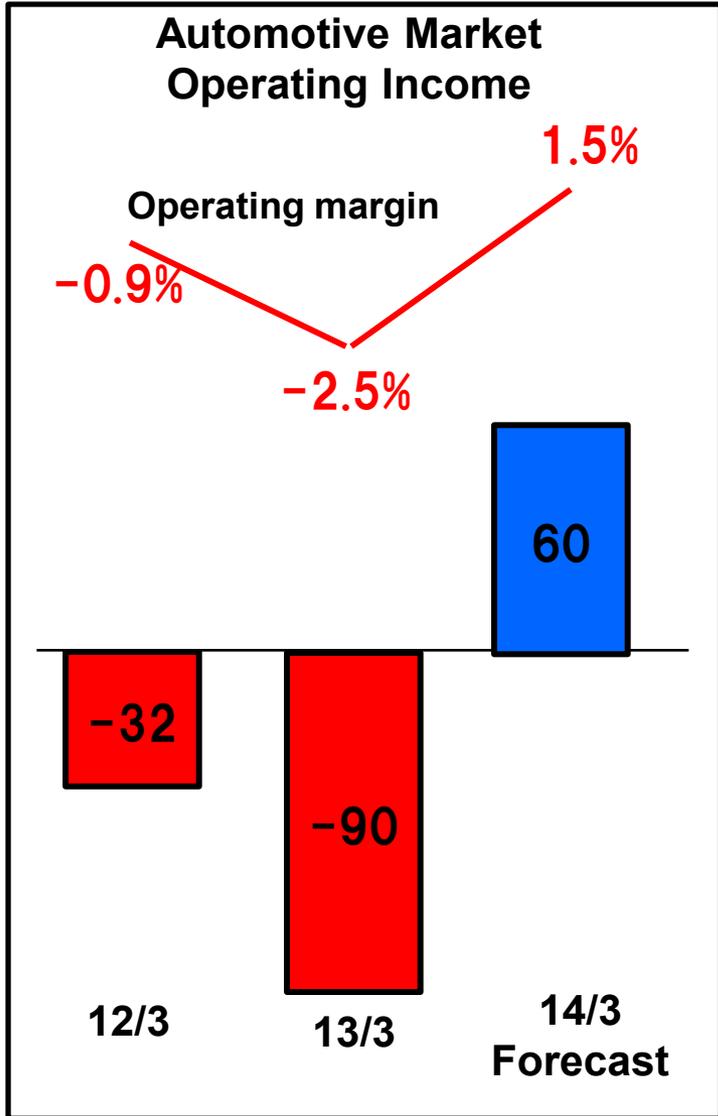
- In North America, both Japanese and American manufacturers were favorable
- Sales decreased in Europe due to a drop in new car sales figures
- Decrease in sales for Japanese manufacturers due to boycott movement in China

<Forecast for FY2013>

Asia	Increase sales in ASEAN due to firm internal demand Further market growth in China and recovery for Japanese manufacturers	+32%
Europe	Production figures remain unchanged due to economic uncertainty New contracts resulted in increase sales	+12%
Americas	Positive production of automobile due to replacement demand Start of new projects add to sales	+21%
Japan	Reduction in sales due to the end of the eco-car subsidy Reduction in sales due to transfer of production overseas of car maker	-7%



Improvement to Automotive Market Operating Income



FY2012: -9 billion yen

- Decrease in sales and production scale, drop in sales price level
- Increase in temporary costs due to shipping issues at plants in America
- Limits to discounts
- Shift to surplus for 4Q

+15 billion yen

FY2013: 6 billion yen

- Reviews of design and manufacturing, use of common parts
- Expand local procurement, local production of pre processes
- Price increase of low-profitability models, etc.
- Reduction of personnel costs in Japan with early retirement
- Eliminated causes of temporary costs for the previous term
- Increase sales and production scale, effects of exchange rates, etc.

Centralization of Management Resources
Structural Reform

Ⅱ . Financial Results for FY2012 and Forecast for FY2013

★Financial Results for FY2012 : Key Factors

- 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**
 - (1) FY2012**
 - (2) FY2013**
- 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**

FY2012 Results

- ◇ Net Sales **decreased by 0.7%** year-on-year to **539.6 billion yen**
(**decreased by 1.8%** if excluding the effects of exchange rates)
 - The automotive market increased by 4.0% year-on-year
(increased by 2.7% if excluding the effects of exchange rates)
 - The industrial machinery market decreased by 12.1% year-on-year
(decreased by 13.0% if excluding the effects of exchange rates)
 - The aftermarket and distributor market decreased by 5.0% year-on-year
(decreased by 5.8% if excluding the effects of exchange rates)
- ◇ Operating income **decreased by 64.9%** year-on-year to **7.3 billion yen**
(**decreased by 73.3%** if excluding the effects of exchange rates)
- ◇ Net income was a loss of **14.2 billion yen**
(Net income was 6 billion yen for the same period last year)

FY2013 Forecast

- ◇ Net Sales increased by 60.4 billion yen (**+11.2%**) year-on-year to **600 billion yen**
- ◇ Operating income increased by 22.7 billion yen(**4.1 times**) year-on-year to **30 billion yen**
- ◇ Net income increased by 24.2 billion yen year-on-year to **10 billion yen**
- ◇ Dividends of interim is has yet to be decided as well as year-end
- ◇ Exchange rate of FY2012 : **1US \$ =¥95, 1EURO=¥120**

1. Consolidated Statements of Operation

For New Technology Network



(100 million yen)

	FY2011 Results ①	FY2012 Results ②	FY2013 Forecast ③	Year on year		
				FY2012 ②-①	FY2013 ③-②	
Net sales	5,435	5,396	6,000	- 39	604	
Operating income	207	73	300	- 134	227	
Operating margin	(3.8%)	(1.3%)	(5.0%)	(-2.5%)	(3.7%)	
Ordinary income	187	25	230	- 162	205	
Extraordinary income/loss	- 23	- 164	- 40	- 141	124	
Net income	60	- 142	100	- 202	242	
Exchange rate	US \$	79.1	82.9	95.0	3.8	12.1
	EURO	109.0	106.8	120.0	- 2.2	13.2

2. Net Sales by Region

(100 million yen)

	FY2011	FY2012	FY2013	Year on year		Year on year	
	Results	Results	Forecast	FY2012		FY2013	
	①	②	③	②-①		③-②	
				Volume	Forex	Volume	Forex
Japan	1,934	1,775	1,636	- 160	0	- 139	0
Americas	1,246	1,416	1,698	113	56	71	212
Europe	1,330	1,248	1,436	- 57	- 25	30	158
Asia & Others	924	958	1,230	4	30	132	140
Total	5,435	5,396	6,000	- 100	61	94	510

3. Net Sales and Operating Income by Business Sector

<Net Sales by Business Sector>

(100 million yen)

	FY2011 Results ①	FY2012 Results ②	FY2013 Forecast ③
Automotive	3,429	3,566	3,980
Industrial machinery	1,066	937	970
Aftermarket/ Distributor	940	892	1,050
Total	5,435	5,396	6,000

Year on year			
FY2012 ②-①		FY2013 ③-②	
Volume	Forex	Volume	Forex
93	44	65	348
- 139	10	- 39	72
- 54	7	68	90
- 100	61	94	510

<Operating Income by Business Sector>

(100 million yen)

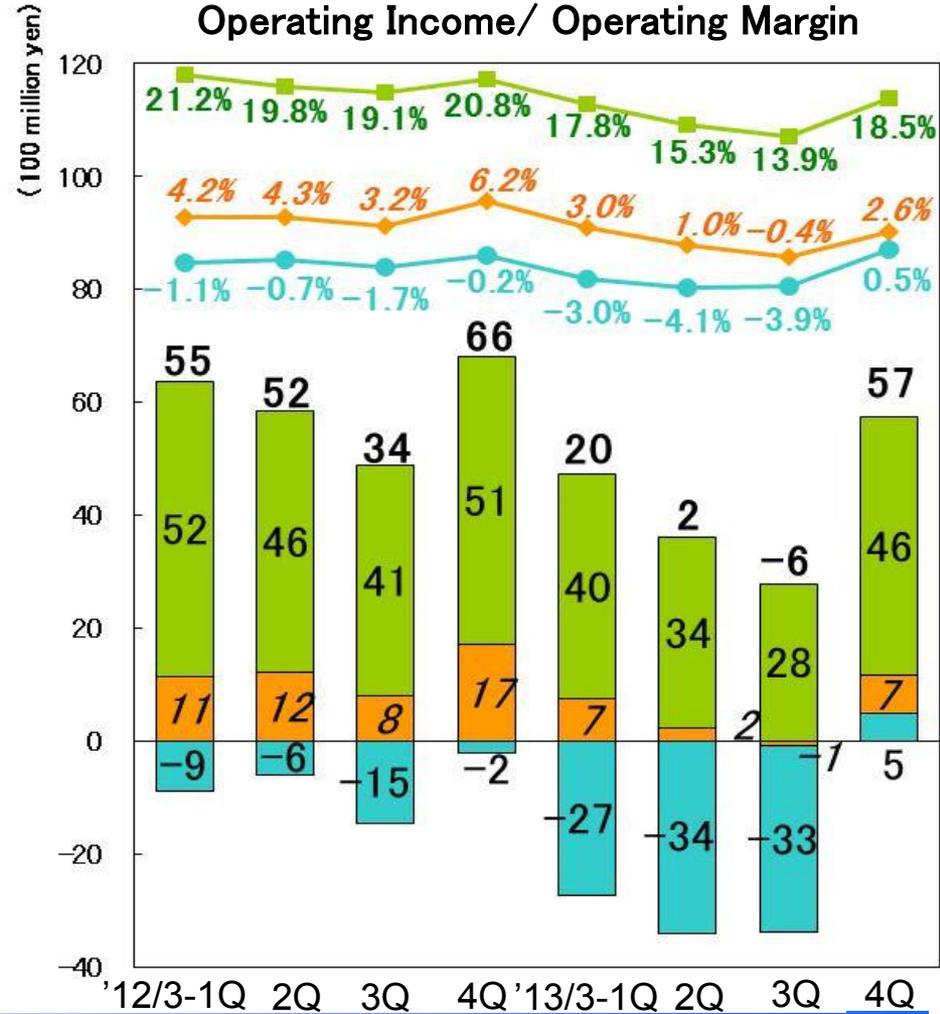
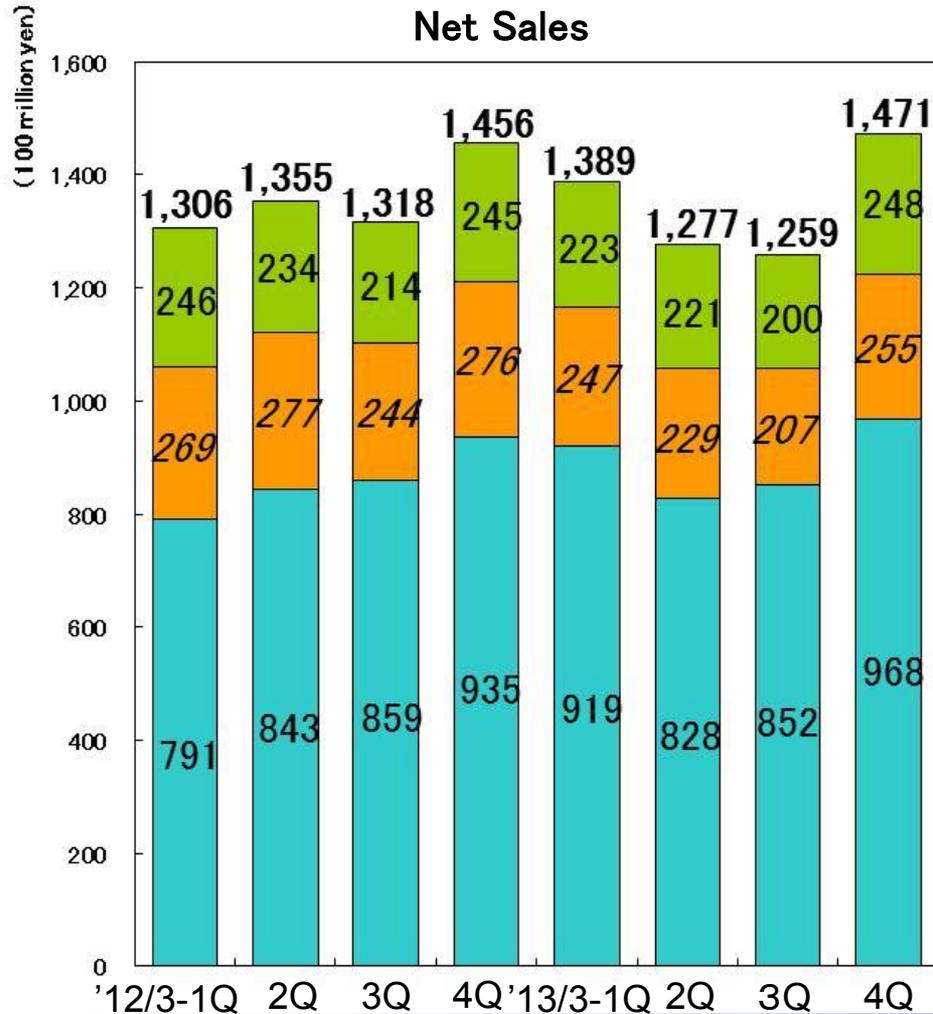
	FY2011 Results ①	FY2012 Results ②	FY2013 Forecast ③
Automotive	- 32	- 90	60
Industrial machinery	48	15	30
Aftermarket/ Distributor	191	147	210
Total	207	73	300

Year on year	
FY2012 ②-①	FY2013 ③-②
- 58	150
- 33	15
- 43	63
- 134	227

4. Results by Business Sector (Quarterly Trend)

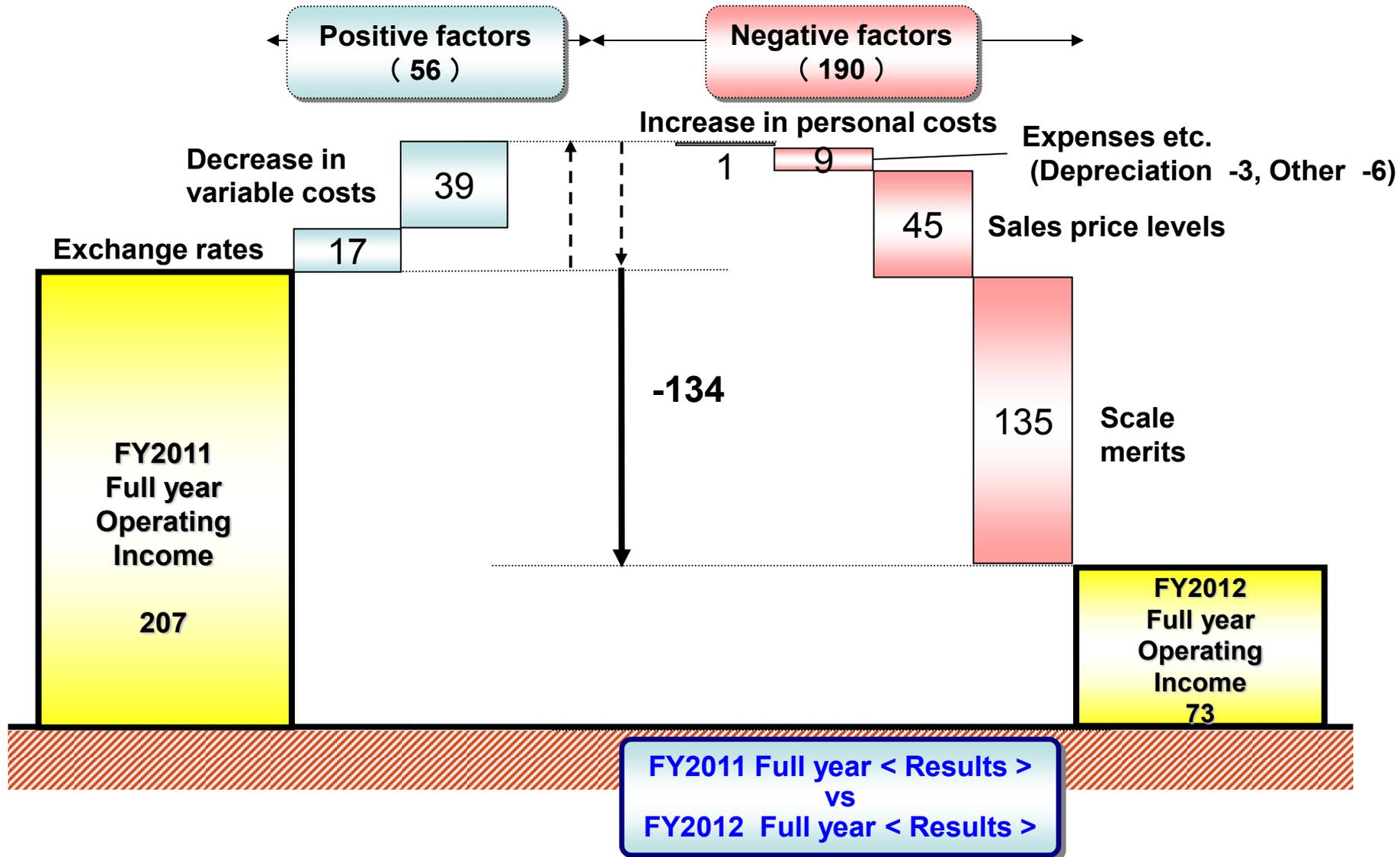
◆ 4Q improved operating margin drastically in all business sector due to the effects of exchange rates.

■ Automotive
 ■ Industrial machinery
 ■ Aftermarket/Distributor



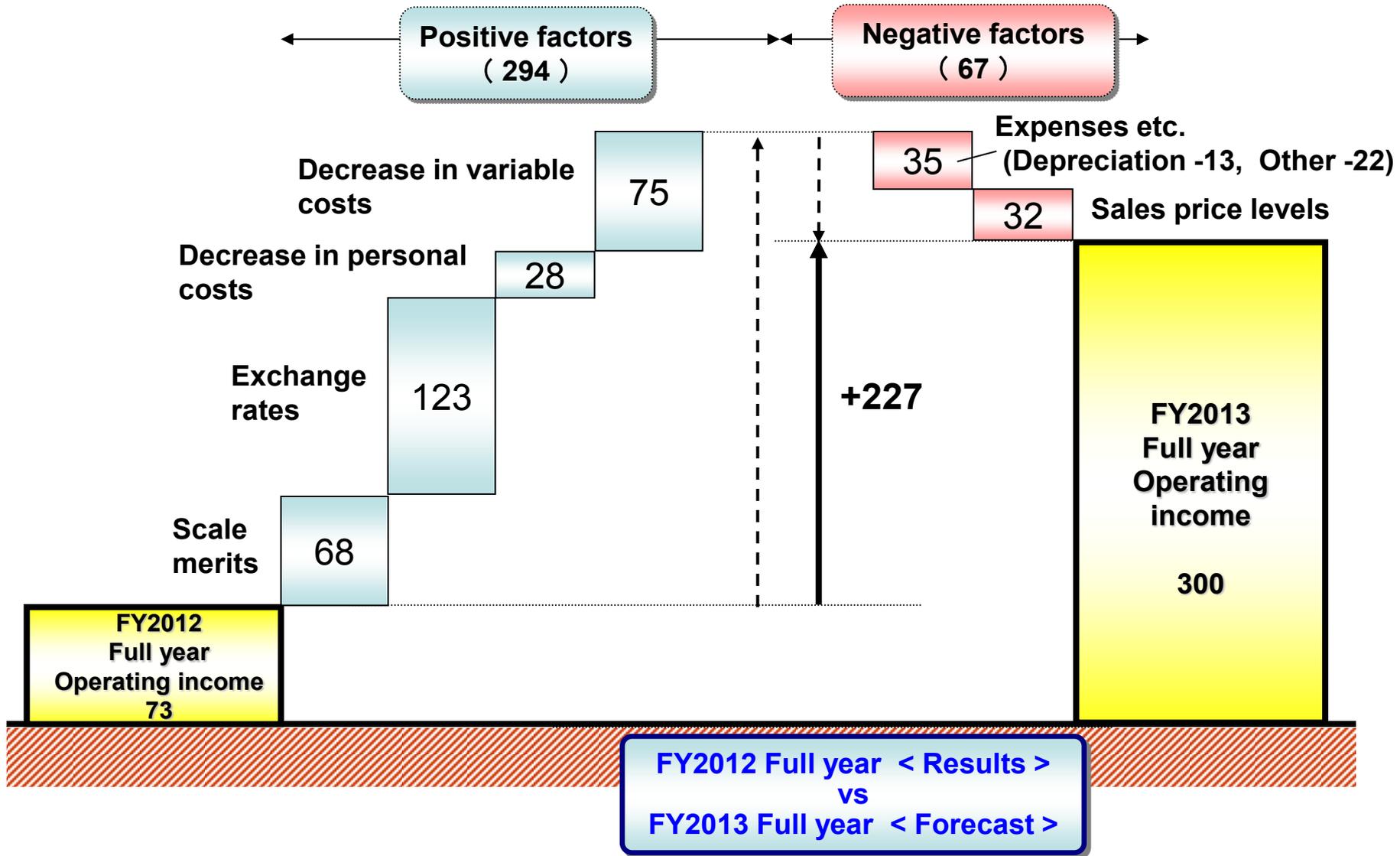
5-1. Analysis of Operating Income (FY2012)

* All figures in 100 million yen.



5-2. Analysis of Operating Income (FY2013)

* All figures in 100 million yen.



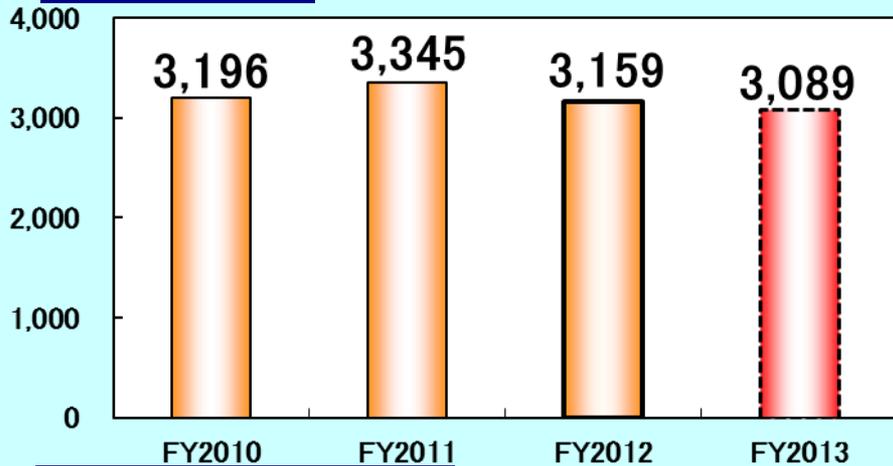
6. Net Sales and Operating Income by Region

《 Japan 》

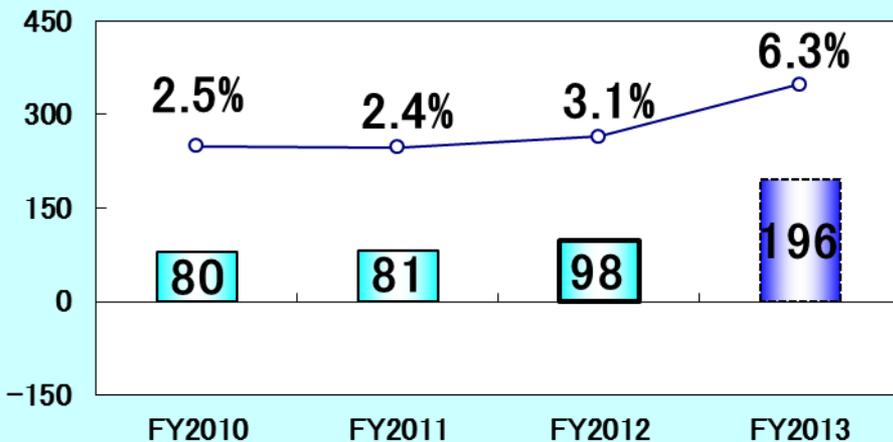
《 Americas 》

Net Sales

(100 million yen)

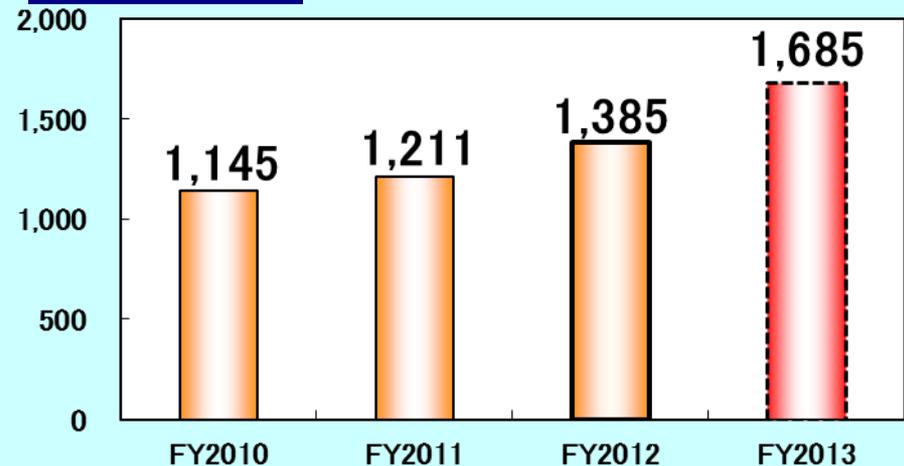


Operating Income

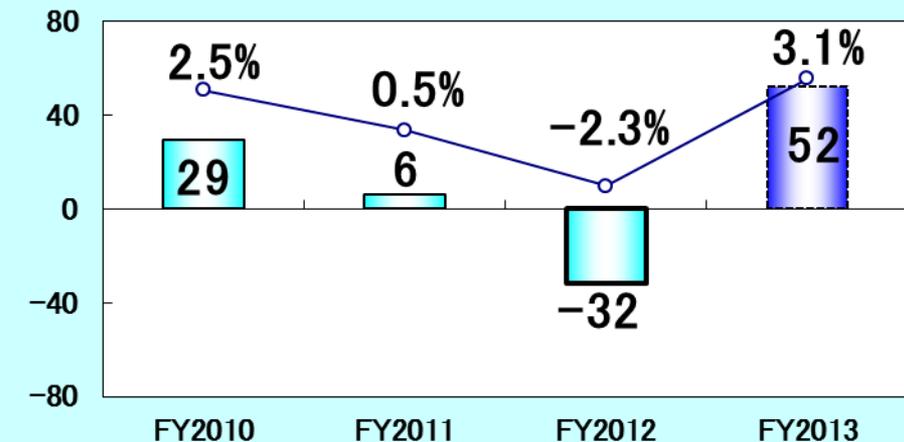


Net Sales

(100 million yen)



Operating Income

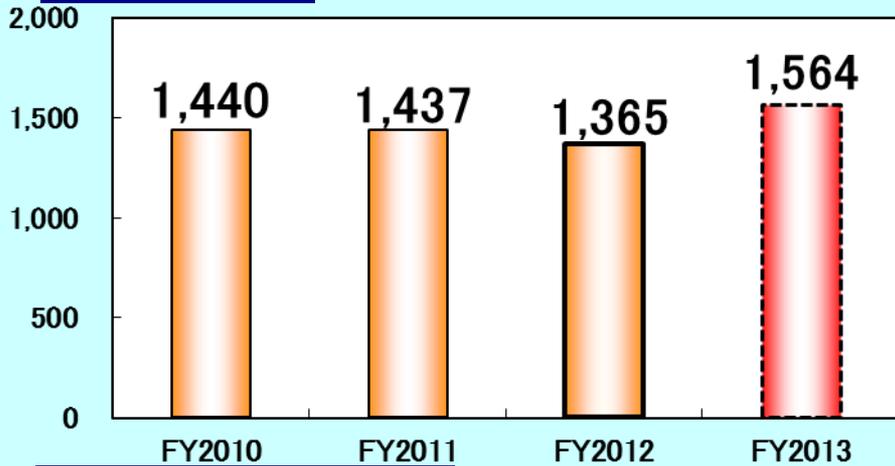


6. Net Sales and Operating Income by Region

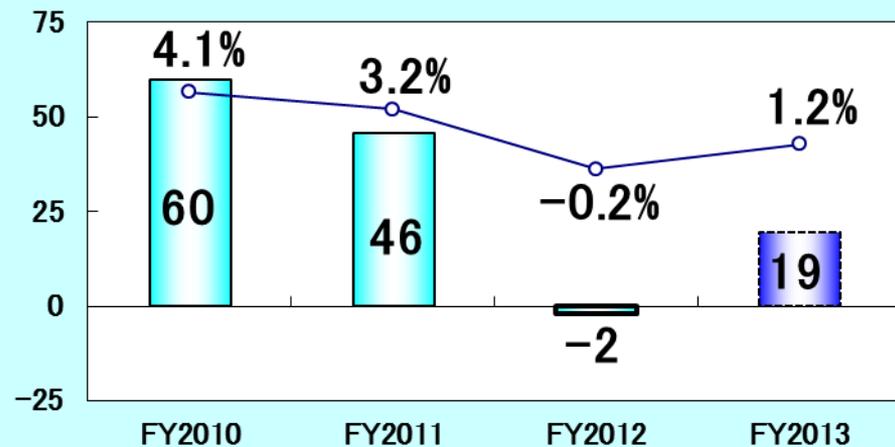
《 Europe 》

Net Sales

(100 million yen)



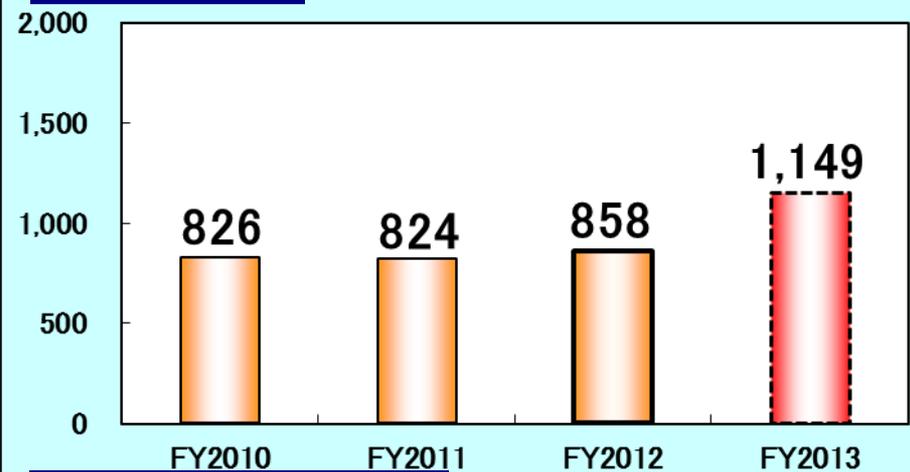
Operating Income



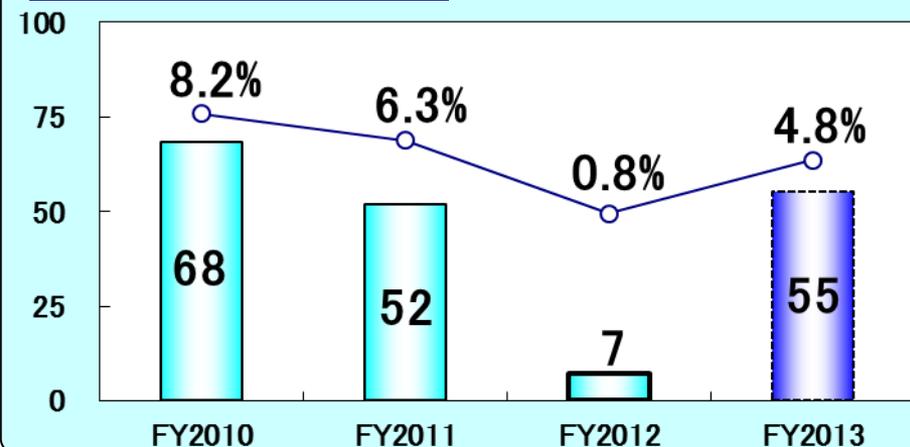
《 Asia & Others 》

Net Sales

(100 million yen)

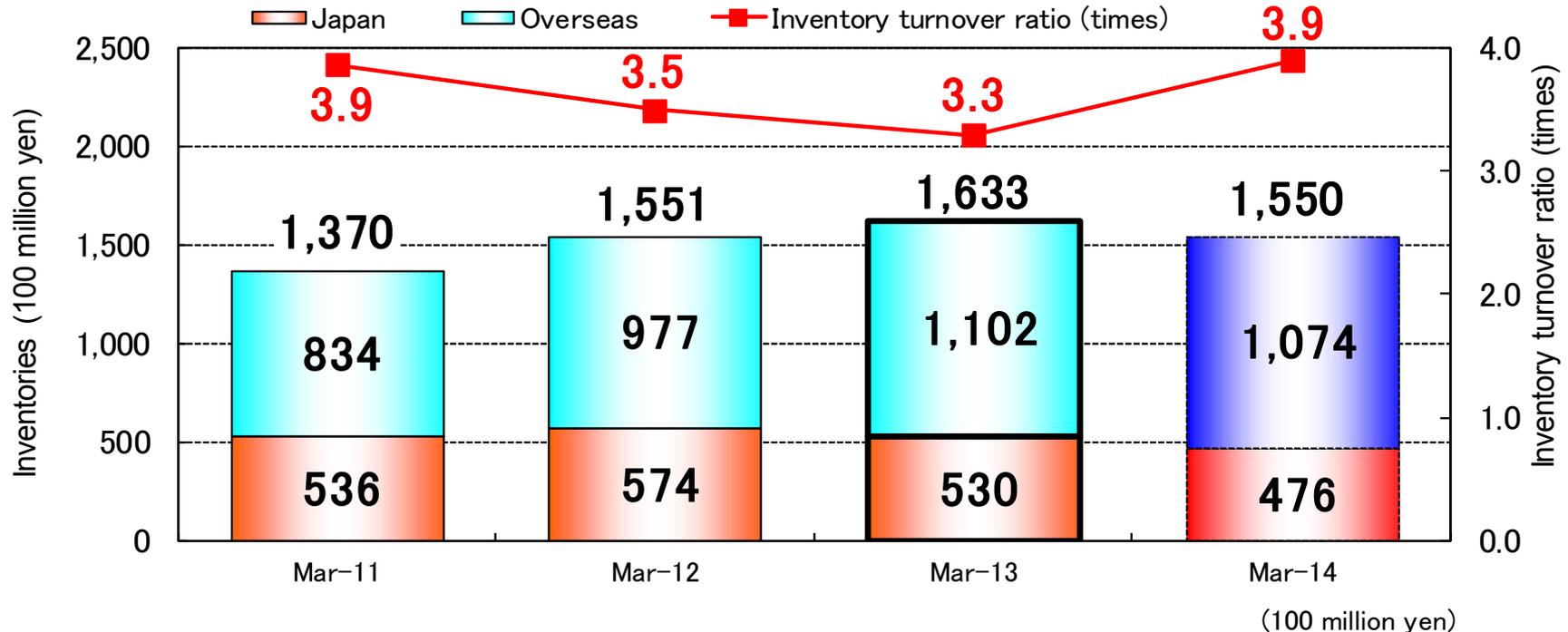


Operating Income



7. Inventories

◆ FY2012 increased due to the effects of exchange rates (quantity decreased year-on-year).

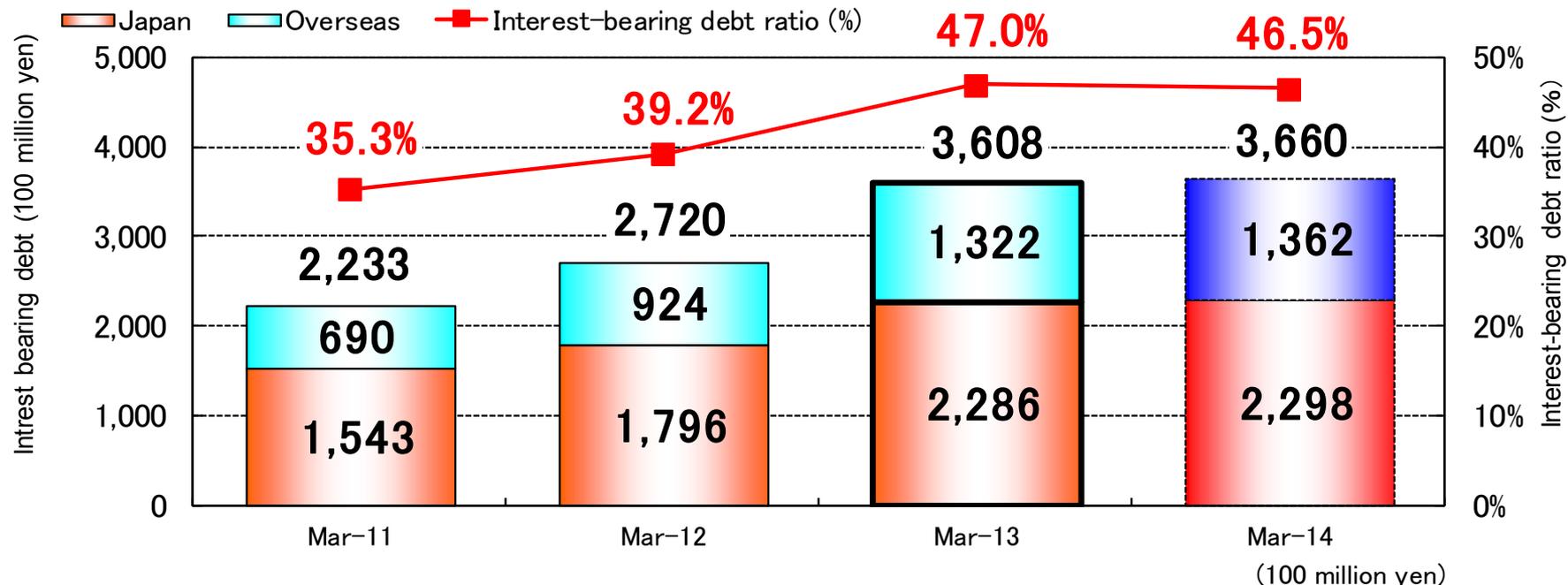


(100 million yen)

	Mar-11 Results	Mar-12 Results	Mar-13 Results	Mar-14 Forecast
Inventories	1,370	1,551	1,633	1,550
Overseas	(834)	(977)	(1,102)	(1,074)
Japan	(536)	(574)	(530)	(476)
Inventory turnover ratio	3.9	3.5	3.3	3.9

8. Interest-Bearing Debt

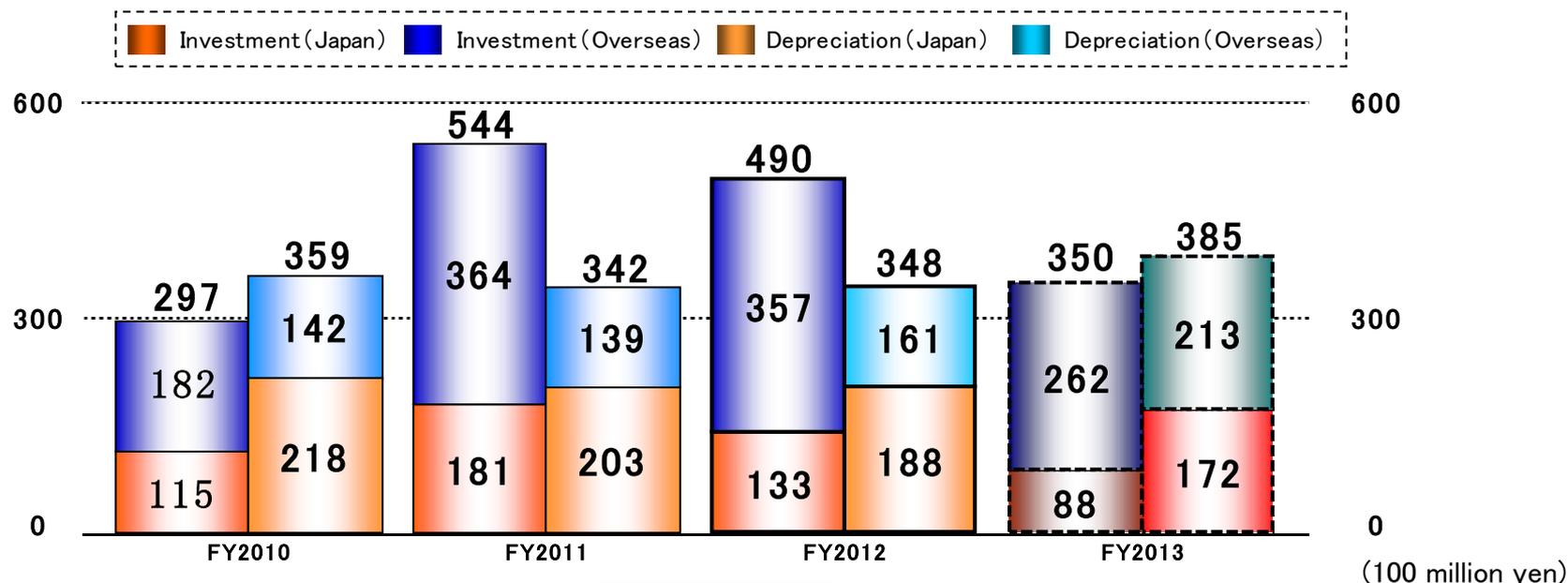
◆ FY2013 expected to increase slightly due to an increase in cash reserves and the effects of exchange rates.



	Mar-11 Results	Mar -12 Results	Mar-13 Results	Mar-14 Forecast
Interest-bearing debt	2,233	2,720	3,608	3,660
Overseas	(690)	(924)	(1,322)	(1,362)
Japan	(1,543)	(1,796)	(2,286)	(2,298)
Interest-bearing debt ratio(%)	35.3%	39.2%	47.0%	46.5%

9. Capital Expenditure and Depreciation

◆ FY2013 expected to increase production capacity overseas within the scope of depreciation .



	FY2010 Results	FY2011 Results①	FY2012 Results②	FY2013 Forecast③
Capital expenditure	297	544	490	350
Overseas	(182)	(364)	(357)	(262)
Japan	(115)	(181)	(133)	(88)

	②-①	③-②
Capital expenditure	-55	-140
Overseas	(-7)	(-95)
Japan	(-47)	(-45)

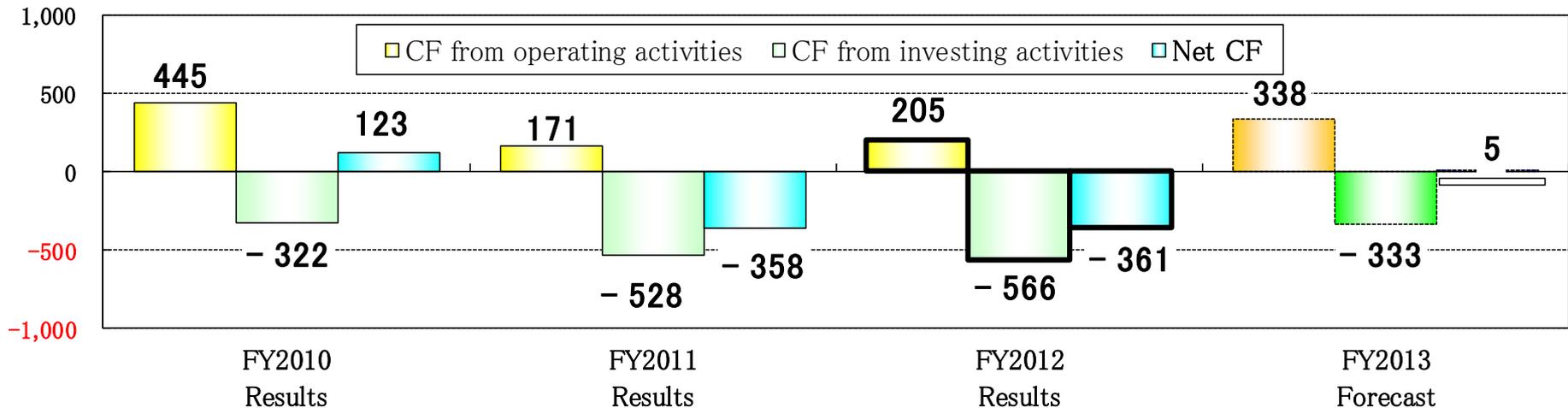
	FY2010 Results	FY2011 Results①	FY2012 Results②	FY2013 Forecast③
Depreciation	359	342	348	385
Overseas	(142)	(139)	(161)	(213)
Japan	(218)	(203)	(188)	(172)

	②-①	③-②
Depreciation	7	37
Overseas	(22)	(53)
Japan	(-15)	(-16)

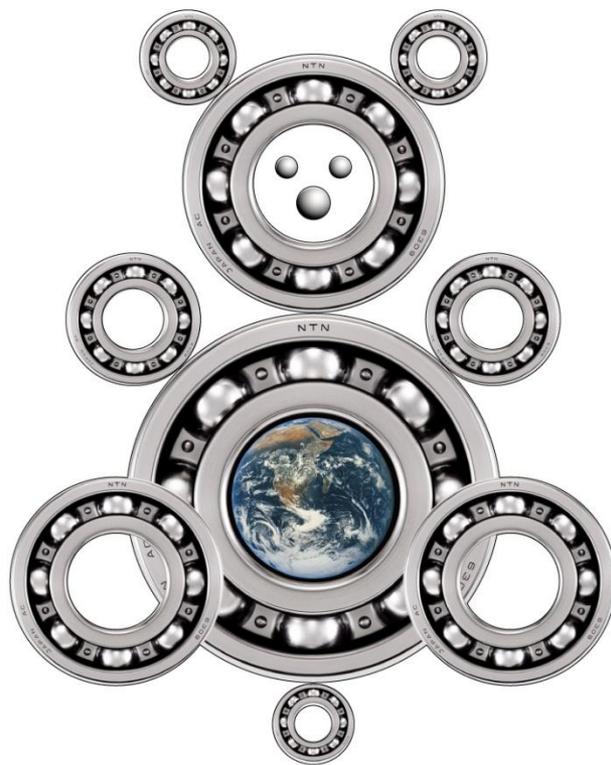
10. Cash Flows

◆ Free cash flow for FY2013 will move a surplus due to an increase in sales CF and limited capital expenditure

(100 million yen)	FY2010 Results	FY2011 Results ^①	FY2012 Results ^②	FY2013 Forecast ^③	②-①	③-②
I. Cash flow from operating activities	445	171	205	338	35	133
II. Cash flow from investing activities	-322	-528	-566	-333	-38	233
III. Cash flow from financing activities	-67	472	696	47	223	-649
IV. Effect of exchanging rate translation on cash and cash equivalents	17	11	0	-5	-11	-5
V. Net increase in cash and cash equivalents	73	125	335	47	210	-288



We make
Bearings.



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