

Consolidated Financial Results for year ended March 31, 2014

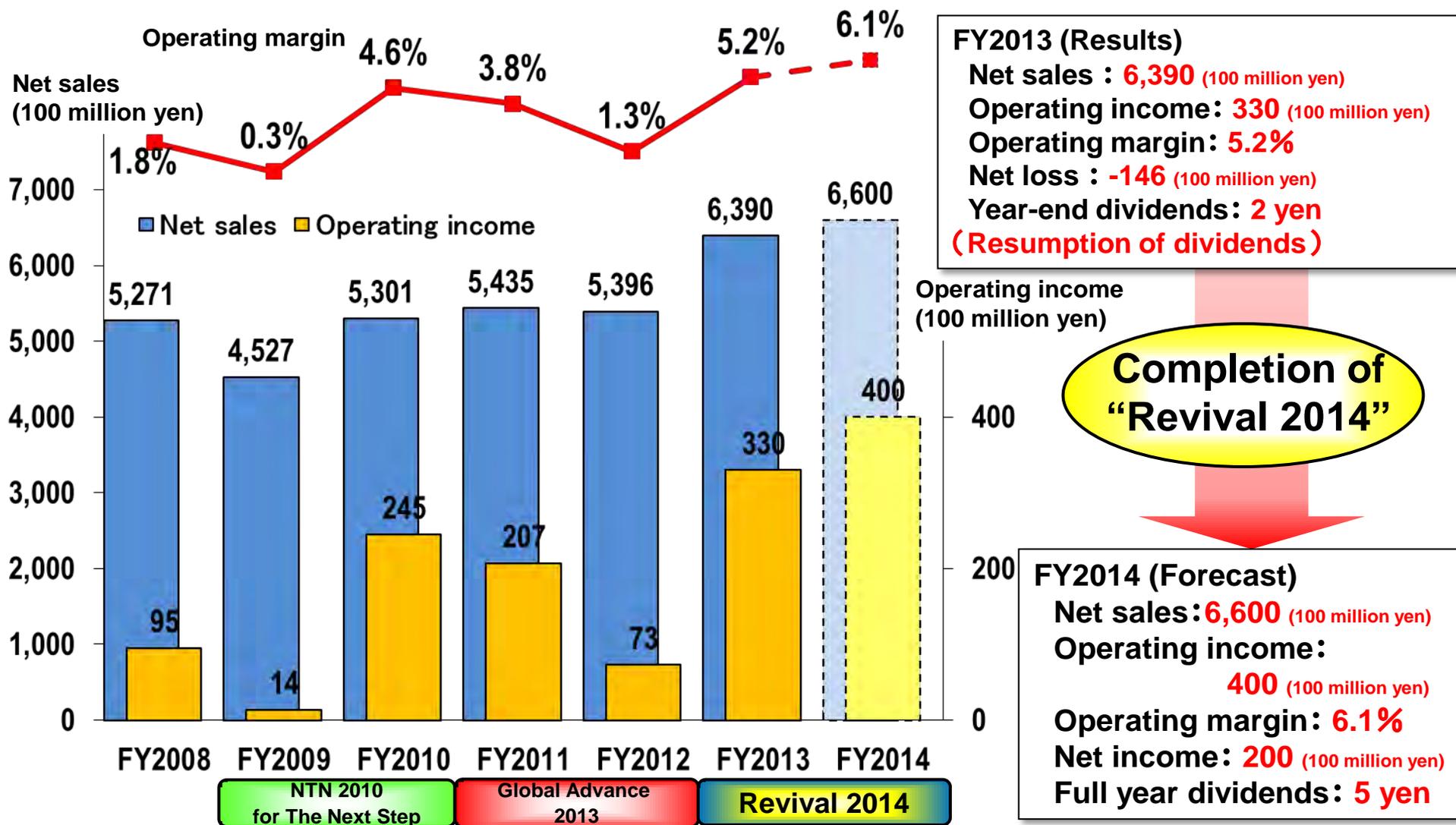
May 19, 2014

NTN Corporation

- I . Progress of mid-term management plan
“Revival 2014”
- II . Financial Results for FY2013 and
Forecast for FY2014

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.

Financial Result for FY2013 and Forecast for FY2014



Completion of “Revival 2014” policies

1. “Emergency Measures”

- Reduce personnel costs and fixed costs
- Limit capital expenditure
- Reduce inventories

2. “Centralization of Management Resources”

- Sales expansion for Aftermarket
- Strengthening Industrial machinery business globally
- Greater profits in Automotive Business

3. “Structural Reform”

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

4. “Expansion of New Products and New Business”

- Strengthen development of module products and system products
- Full operation of the EV system products business
- Development of composite material products and market deployment

Towards the new growth framework

Improve **profitability**

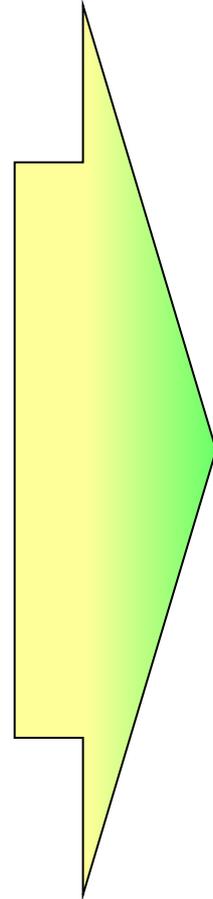
- Sales expansion for Aftermarket
- Expansion for Industrial machinery
- Greater profits in Automotive Business

Improve **asset efficiency**

- Improve capital investment efficiency
- Improve inventory turnover ratio

Better **management framework**

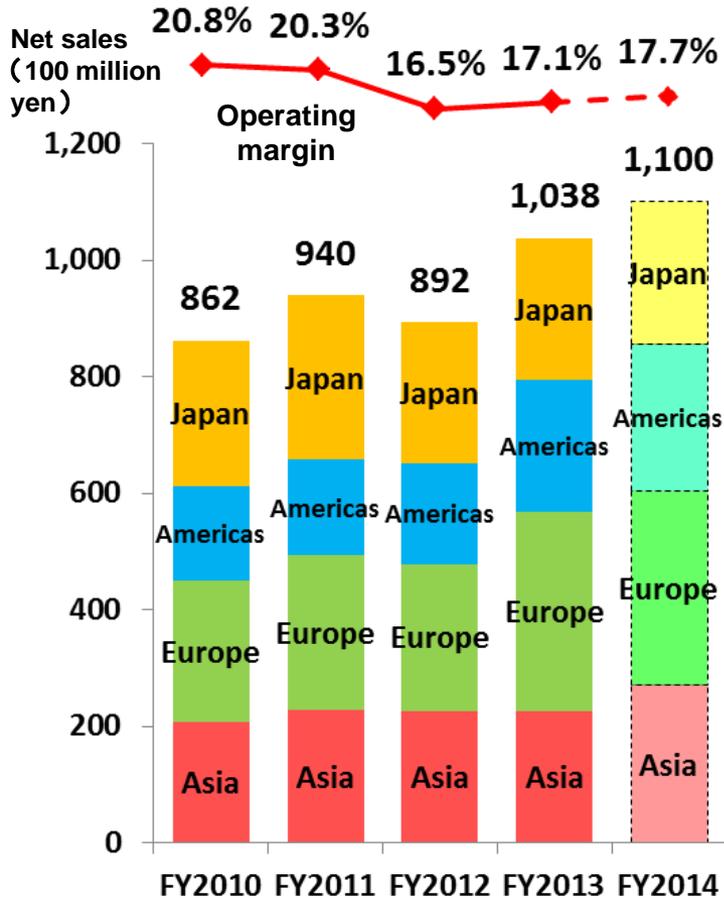
- Strengthen overseas production and local procurement
- Strengthening organizational structure
- Acceleration of new product development



Improve profitability (Sales expansion for Aftermarket)

<FY2013 Results (compared with FY2012) > **Net sales 1,038 (+16%), Operating income 177 (+20%)**

- Automotive parts were positive, despite a slowdown in demand for Industrial machinery (100 million yen)
- Automotive parts were positive in the Americas and Europe



<FY2014 Forecast>

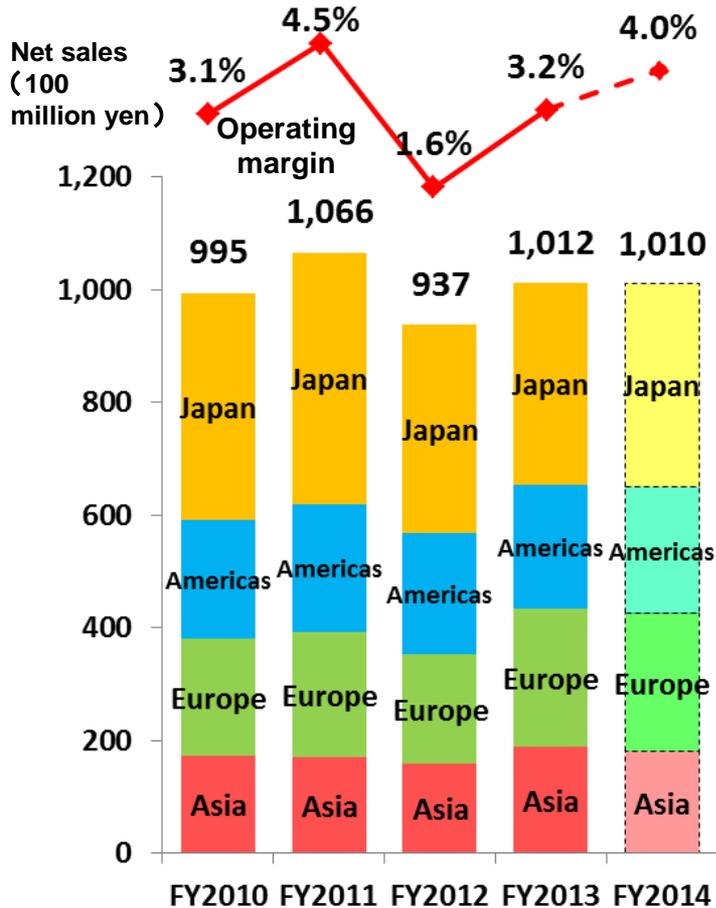
Net sales 1,100 (+6%), Operating income 195 (+10%)
(100 million yen)

Japan	Strengthen sales system and increase in employees Cooperate with distributors and provide technical guidance to customers
Americas	Expand sales with collaborative system between three North American companies Increase in automotive parts and products
Europe	Shift from western Europe to central Europe and Russia Increase in new distributors for automotive parts
Asia	Increase in MRO projects with mobile technical service Increase in new distributors for automotive parts

Improve profitability (Expansion for Industrial machinery)

<FY2013 Results (compared with FY2012) > **Net sales 1012 (+8%), Operating income 33 (+120%)**
 (100 million yen)

- Construction machinery recovered in China, while wind turbine and rolling stock also increased
- Rolling stock and aircraft were positive in Japan and Europe, while wind turbine and other segments positive in the Americas



<FY2014 Forecast>

Net sales 1,010 (±0%), Operating income 40 (+21%)
 (100 million yen)

Japan	Increase in aircraft, machine tools, robots Reduction in rush demand for construction machinery
Americas	Recovery in demand for construction machinery New orders for agricultural machinery will also play a role
Europe	Increase in aircraft and wind turbine Slight reduction in general machinery such as gearboxes and reducers
Asia	Increase in wind turbine and construction machinery in China Decrease in construction machinery and machine tools throughout Asia

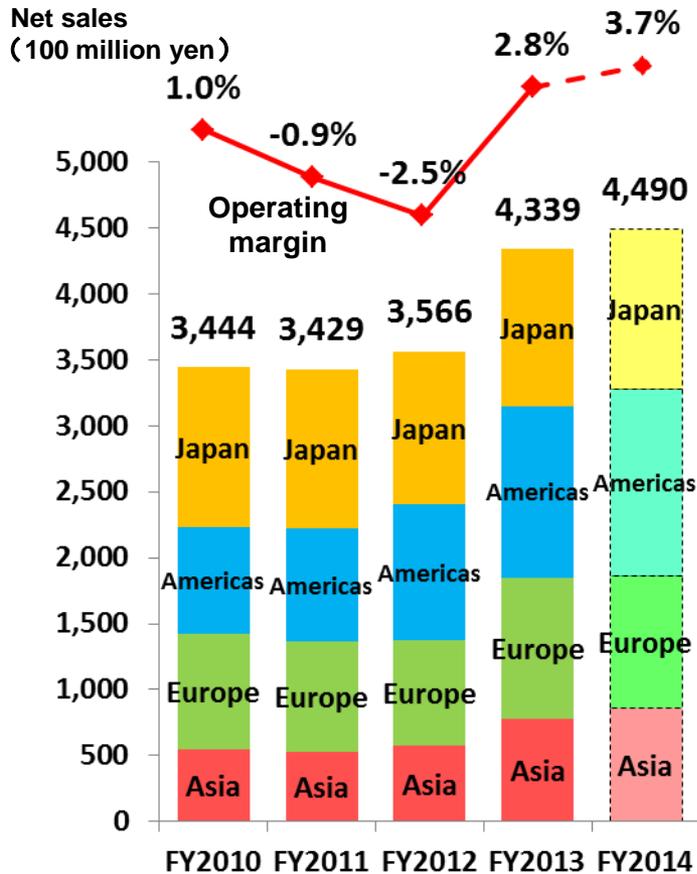
Improve profitability (Greater profits in Automotive Business)

<FY2013 Results (compared with FY2012) > **Net sales 4339 (+22%), Operating income 120 (become profitable)**
 (100 million yen)

- In addition to ongoing growth of car production in the Americas, there was a recovery in car production in Europe
- Drastic increase in China due to rebound in demand for Japanese manufacturers, and Japanese car sales were also positive

<FY2014 Forecast>

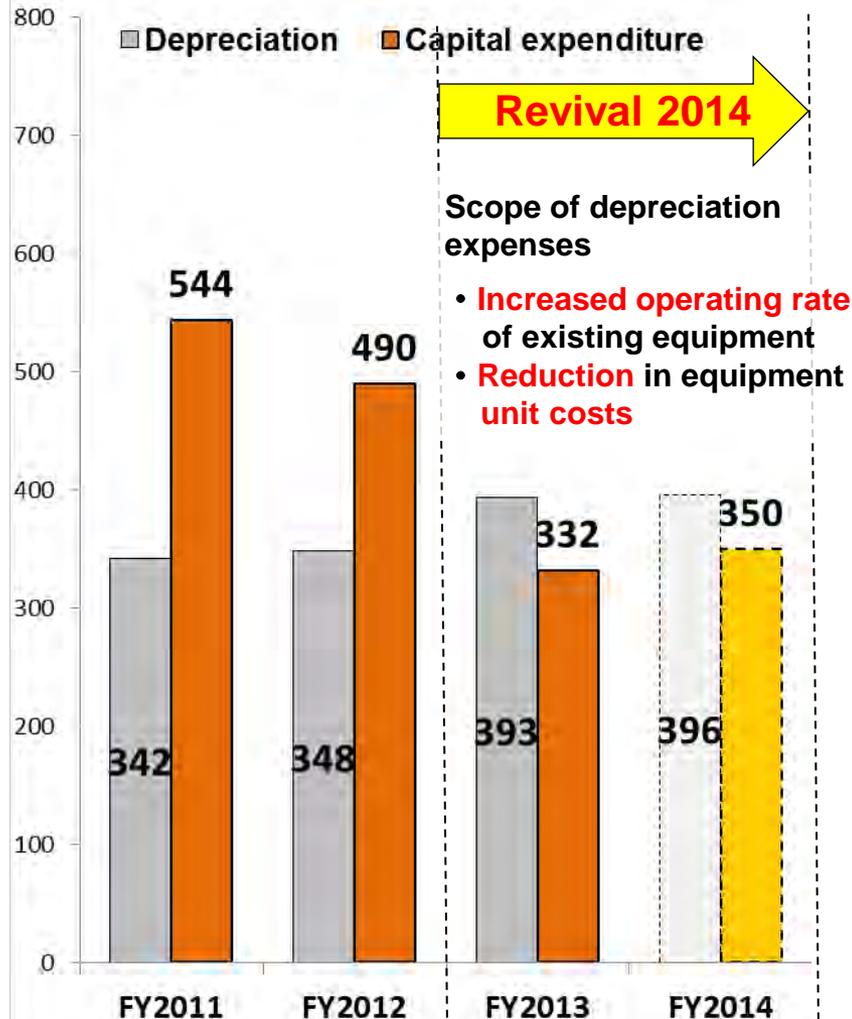
Net sales 4,490 (+3%), Operating income 165 (+38%)
 (100 million yen)



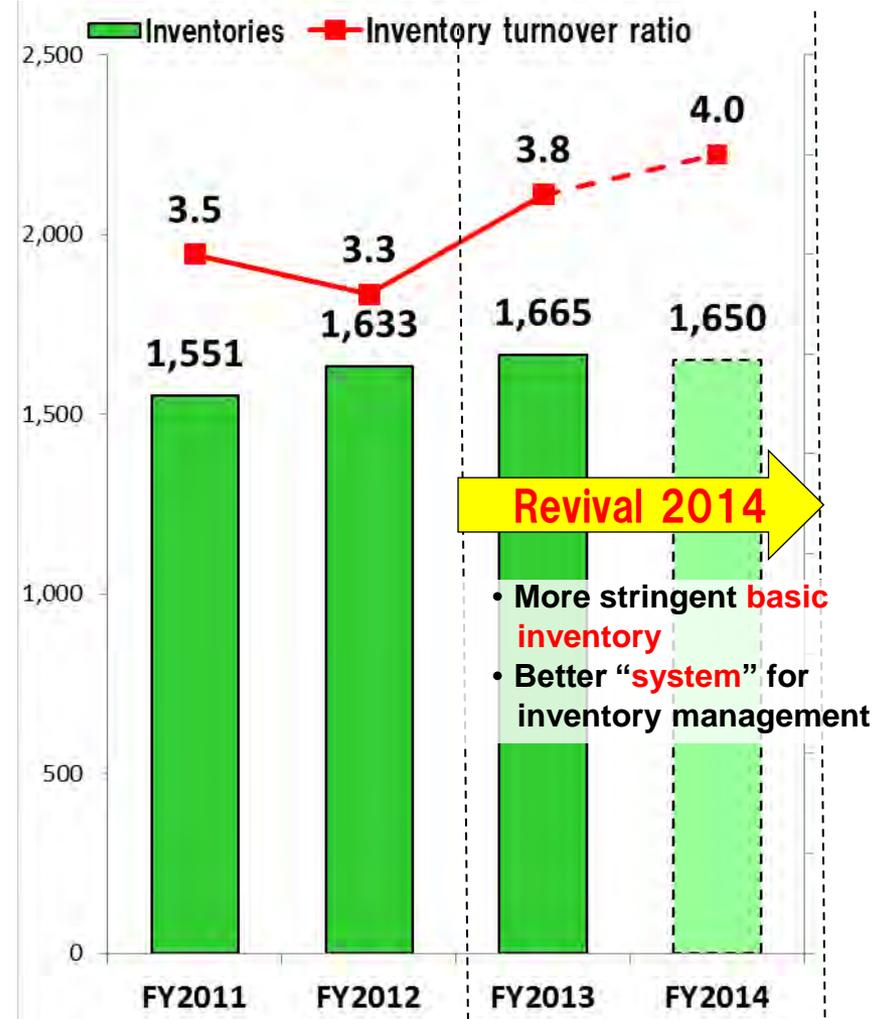
Japan	Reduction in rush demand before the increase in consumption tax Demand increase due to increase in exports to customers
Americas	Major increases towards Japanese and American manufactures with market growth of car production
Europe	Slight reduction due to the impact of reduced demand from certain manufacturers
Asia	Start of mass-production of new orders Increase in demand due to local Chinese manufactures

Improve asset efficiency

Depreciation and Capital expenditure



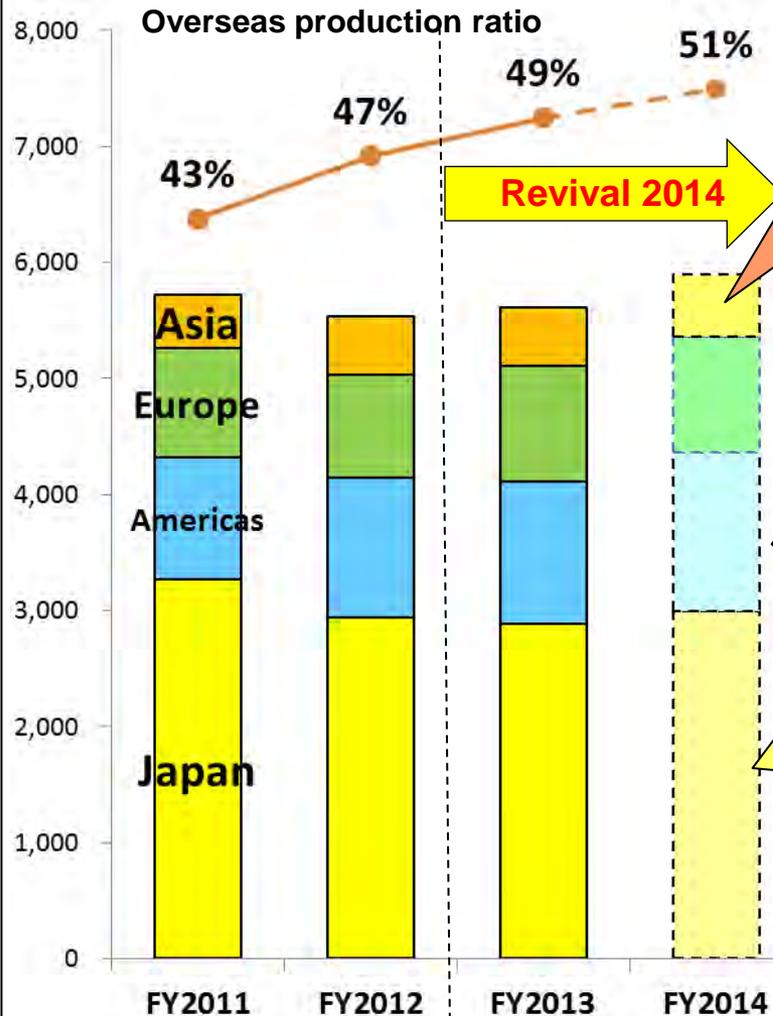
Inventory turnover ratio



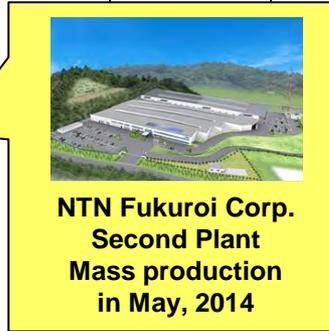
Better management framework

(on local site with local materials by local personnel)

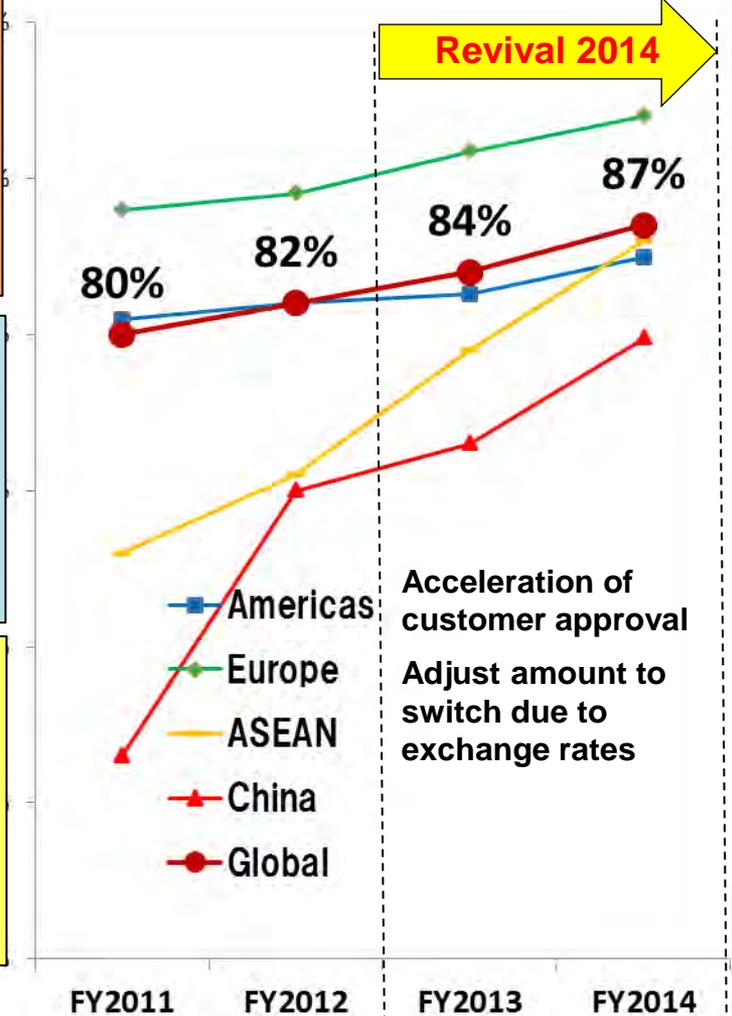
Overseas production ratio



Revival 2014



Local procurement ratio



Revival 2014

Acceleration of customer approval

Adjust amount to switch due to exchange rates

- Americas
- ◆ Europe
- ▲ ASEAN
- ▲ China
- Global

Establish CSR Headquarters

Strengthen system for implementing corporate social responsibility on a global scale

- Incorporate the “Corporate Social Responsibility Department”, “Legal Department” and “Fair Trade Promoting Department”
- Establish a new “Internal Control Section” in each Office of the General manager overseas

Strengthen Aftermarket Business Headquarters

Increase employees, strengthen a direct visit to customers and technical service system

- Establish a new “East Japan Sales Office”, “West Japan Sales Office” and “Central Japan Sales Office”
- Establish a new “Sales Engineering Planning Department” and “Production Planning Department”

Establish a new Global Human Resource Development Department

- Systematic training of global human resources capable of being active across countries and regions
- Training of human resources capable of passing on technology and skills to manufacturing plants around the world
- Promotion of diversity

Better management framework (Acceleration of new product development)

Strengthen development of **composite material products**

Commercialization of **module products and system products**



Seal rings



Plastic Sliding nut and screw



Amorphous



High-strength Sintered Gear



Bearing Unit

For Industrial machinery



Hub bearing

For Automobile

Individual products



Bearings with sensor



Motorized Linear Module



Products with sensor



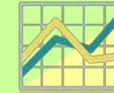
Ball Screw Drive Module



Mechanical Clutch Unit(MCU)



Condition Monitoring System (CMS)



Steering System for Steer-by-Wire

In-wheel Motor System



System

Module

Unit



Compact EV commuters



Converted EV

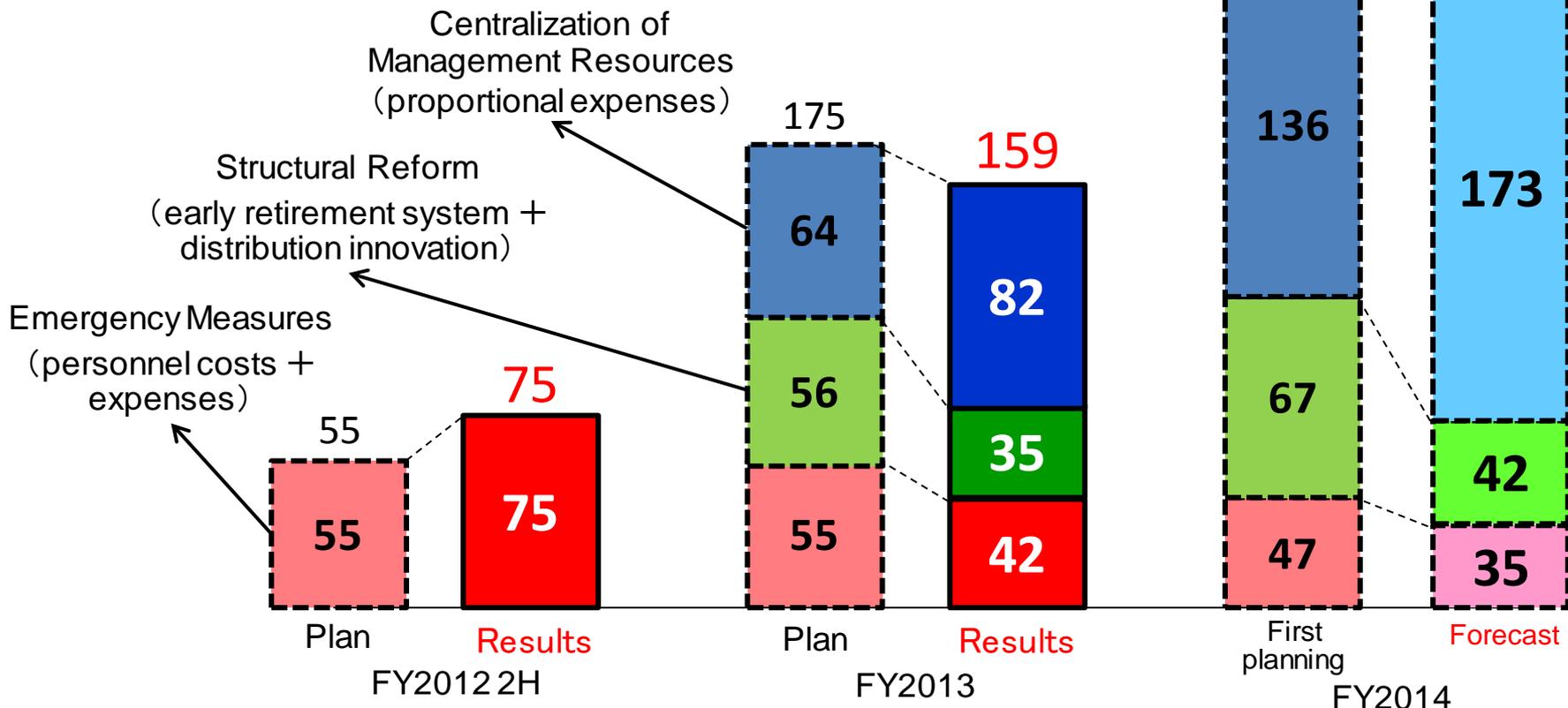


Acceleration of **EV system products** demonstration project

Completion of Mid-term management plan

“Revival 2014”

Amount of effects on operating income of major policies (100 million yen)



Plans were brought forward for emergency measures to achieve reductions.

420 employees completed their early retirement procedures out of 600 planned. The rest to be applied to Aftermarket Business. Proportional expenses reduced much further than planned.

Financial Results for FY2013 and Forecast for FY2014

★Financial Results for FY2013 : 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) FY2013**
 - (2) FY2014**
- 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**

FY2013 Results

- ◇ Net sales increased by 99.4 billion yen (+18.4%) year-on-year to 639 billion yen.
- ◇ Operating income increased by 25.7 billion yen (4.5-times) year-on-year to 33 billion yen.
- ◇ Net loss following extraordinary losses for the year was 14.6 billion yen (the last year was 14.2 billion yen)
- ◇ Sales CF was 69.1 billion yen (+48.6 billion yen year-on-year), Free CF was 34.9 billion yen (+71 billion yen), both the highest ever recorded.
- ◇ Dividends planned for 2 yen at year end.

FY2014 Forecast

- ◇ Net sales forecast to increase by 21 billion yen (+3.3%) year-on-year to 660 billion yen.
- ◇ Operating income forecast to increase by 7 billion yen (+21.2%) year-on-year to 40 billion yen.
- ◇ Net income forecast to increase by 34.6 billion yen year-on-year to 20 billion yen.
- ◇ Dividends planned for 5 yen for the year (2.5 yen for both interim and year-end).
- ◇ Exchange rate of 1US\$ = 100 yen, 1EURO = 130 yen.

1. Consolidated Statements of Operation

For New Technology Network



(100 million yen)

	FY2012	FY2013	FY2014	Year on year		
	Results	Results	Forecast	FY2013	FY2014	
	①	②	③	②-①	③-②	
Net sales	5,396	6,390	6,600	994	210	
Operating income	73	330	400	257	70	
Operating margin	(1.3%)	(5.2%)	(6.1%)	(3.8%)	(0.9%)	
Ordinary income	25	287	330	262	43	
Extraordinary income/loss	- 164	- 311	0	- 147	311	
Net income/loss	- 142	- 146	200	- 5	346	
Exchange rate	US \$	82.9	100.2	100.0	17.3	- 0.2
	EURO	106.8	134.2	130.0	27.4	- 4.2

2. Net Sales by Region

<Net Sales by Region>

(100 million yen)

	FY2012	FY2013	FY2014	Year on year			Year on year		
	Results	Results	Forecast	FY2013			FY2014		
	①	②	③	Total	Volume	Forex	Total	Volume	Forex
Japan	1,775	1,791	1,810	16	16	0	19	19	0
Americas	1,416	1,746	1,890	330	36	294	144	153	- 8
Europe	1,248	1,663	1,585	415	76	339	- 78	- 31	- 47
Asia & Others	958	1,190	1,315	232	44	188	125	141	- 16
Total	5,396	6,390	6,600	994	172	821	210	281	- 71

3. Net Sales and Operating Income by Business Sector

<Net Sales by Business Sector>

(100 million yen)

	FY2012		FY2013		FY2014	
	Results		Results		Forecast	
	①		②		③	
Aftermarket	892		1,038		1,100	
Industrial machinery	937		1,012		1,010	
Automotive	3,566		4,339		4,490	
Total	5,396		6,390		6,600	

Year on year					
FY2013			FY2014		
②-①			③-②		
Total	Volume	Forex	Total	Volume	Forex
146	6	140	62	74	-13
74	-41	115	-2	6	-8
773	207	566	151	201	-50
994	172	821	210	281	-71

<Operating Income by Business Sector>

(100 million yen)

	FY2012		FY2013		FY2014	
	Results		Results		Forecast	
	①		②		③	
Aftermarket	147	16.5%	177	17.1%	195	17.7%
Industrial machinery	15	1.6%	33	3.2%	40	4.0%
Automotive	-90	-2.5%	120	2.8%	165	3.7%
Total	73	1.3%	330	5.2%	400	6.1%

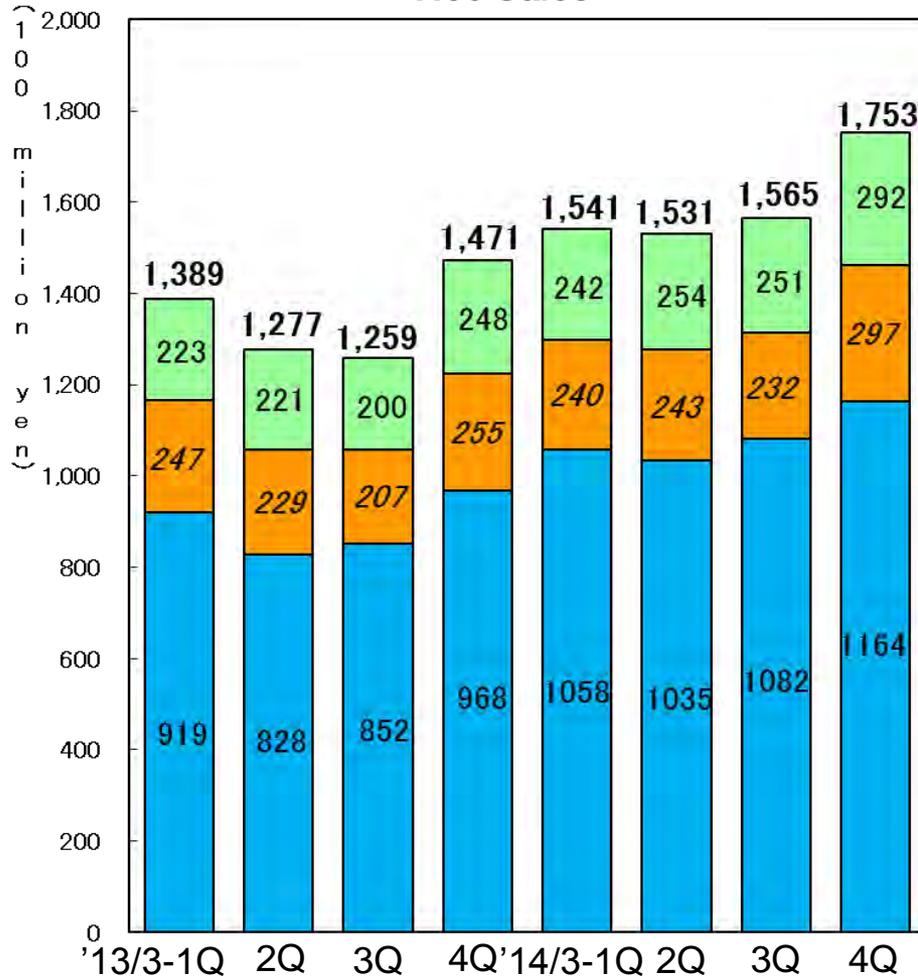
Year on year			
FY2013		FY2014	
②-①		③-②	
30	0.6	18	0.6
17	1.6	7	0.8
210	5.3	45	0.9
257	3.8	70	0.9

4. Results by Business Sector (Quarterly Trend)

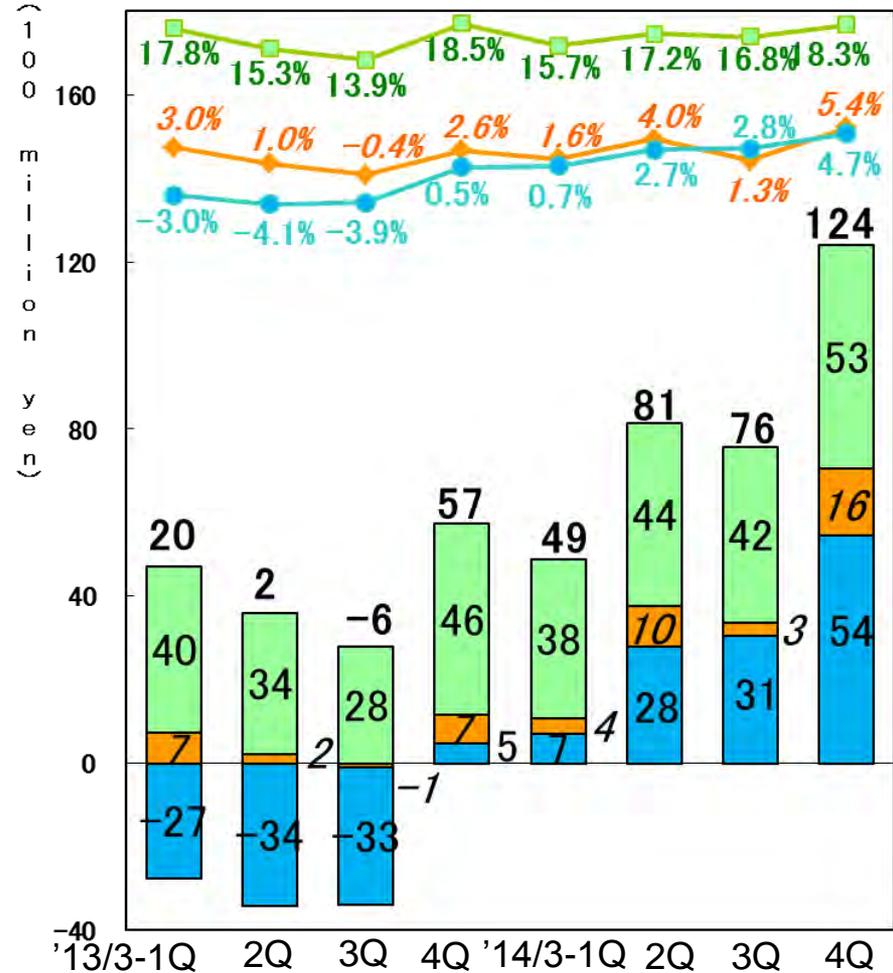
◆ Major improvements to profit ratio across all business types in 4Q with the effects of exchange rates

Automotive Industrial machinery Aftermarket

Net Sales

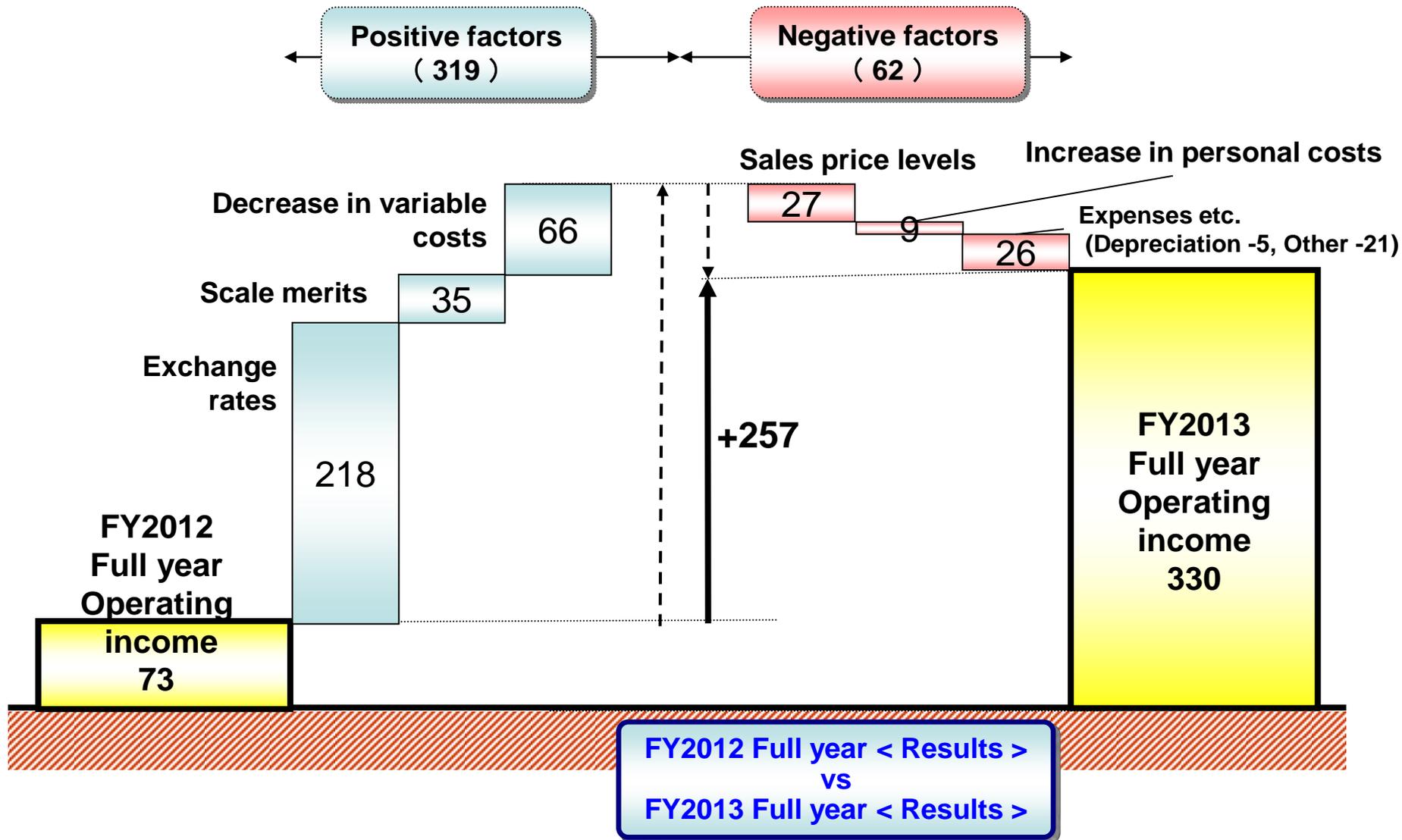


Operating Income/ Operating Margin



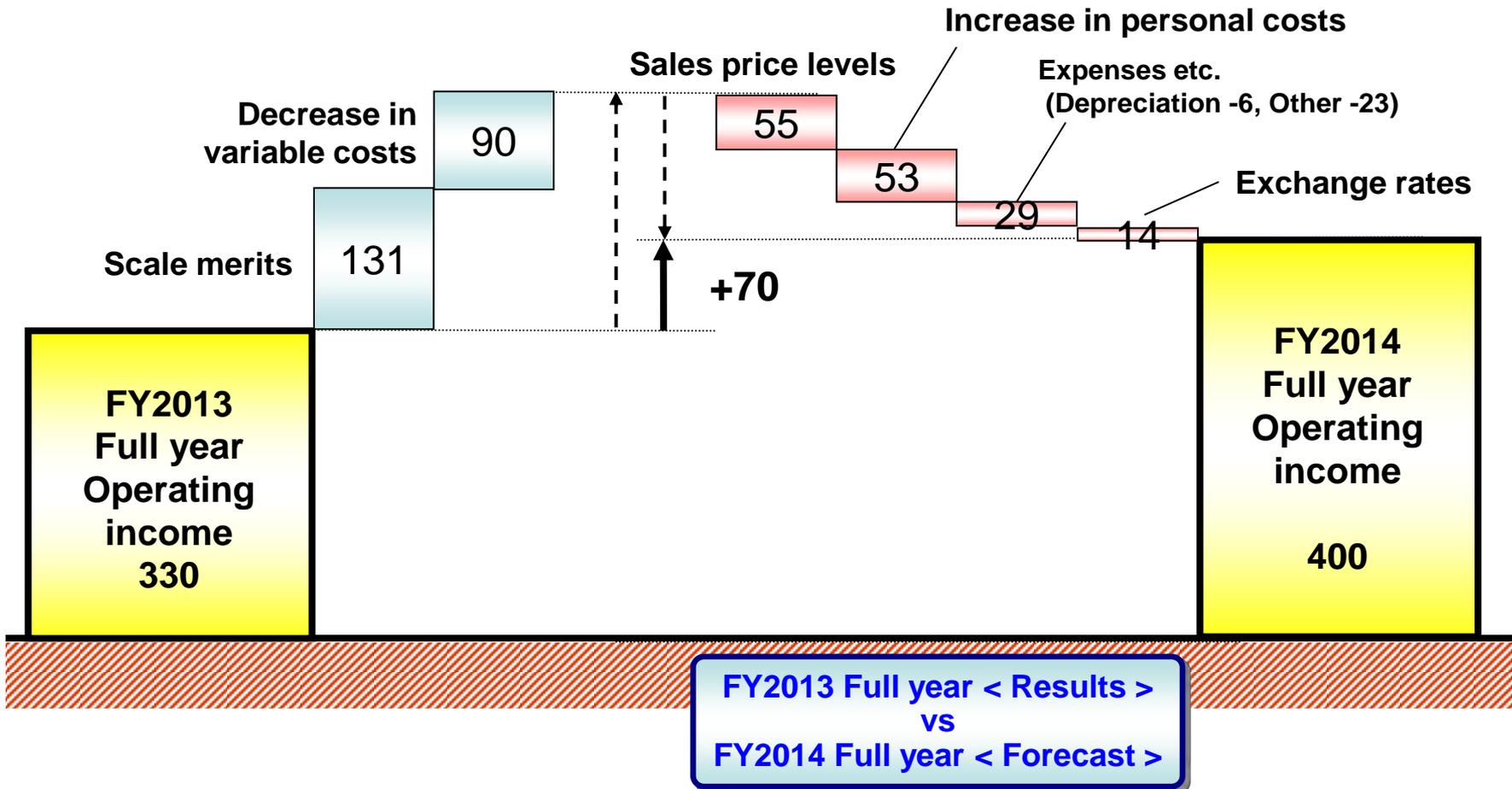
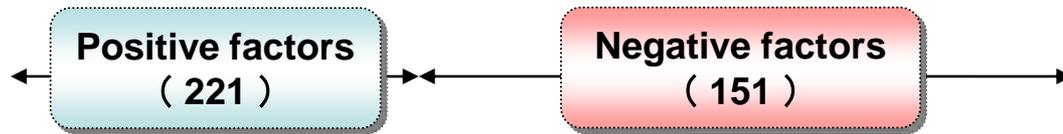
5-1. Analysis of Operating Income (FY2013)

* All figures in 100 million yen.



5-2. Analysis of Operating Income (FY2014)

* All figures in 100 million yen.



6. Net Sales and Operating Income by Region

《 Japan 》

Net Sales

(100 million yen)



Operating Income



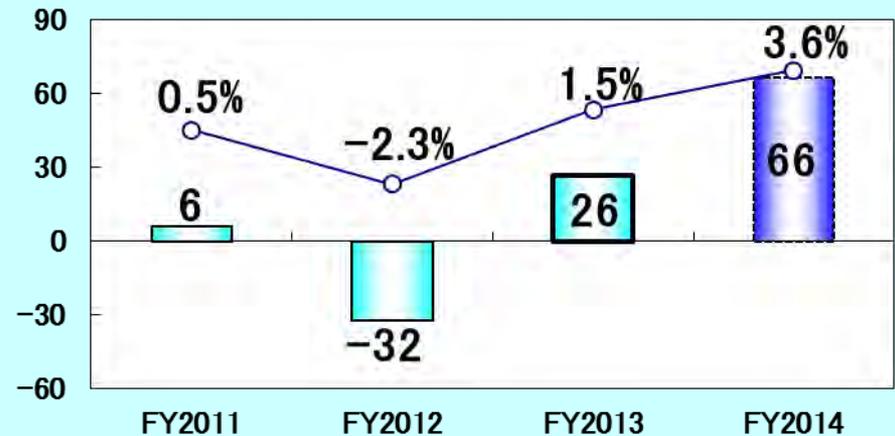
《 Americas 》

Net Sales

(100 million yen)



Operating Income



6. Net Sales and Operating Income by Region

《 Europe 》

Net Sales

(100 million yen)



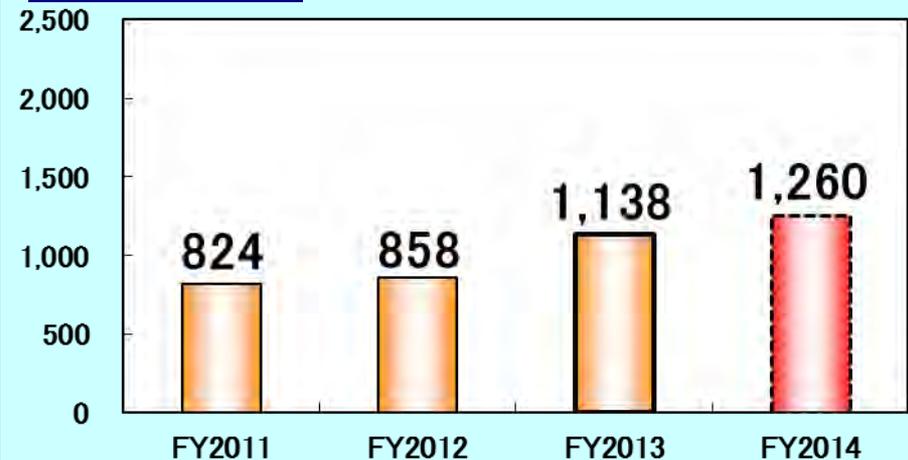
Operating Income



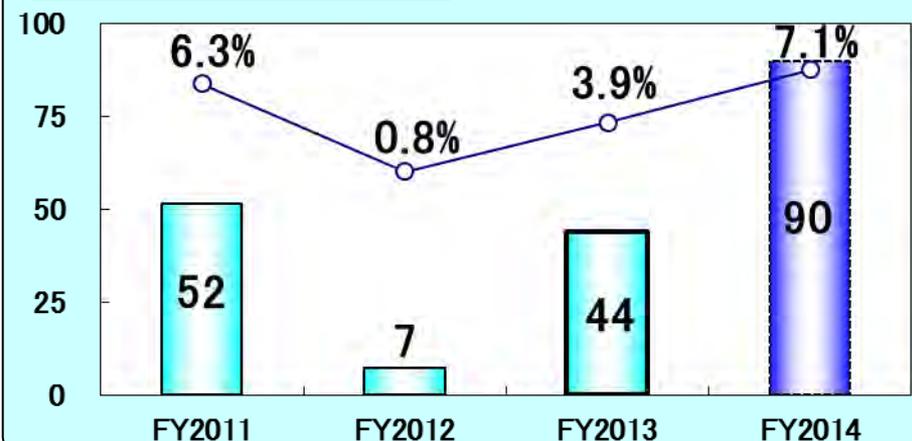
《 Asia & Others 》

Net Sales

(100 million yen)

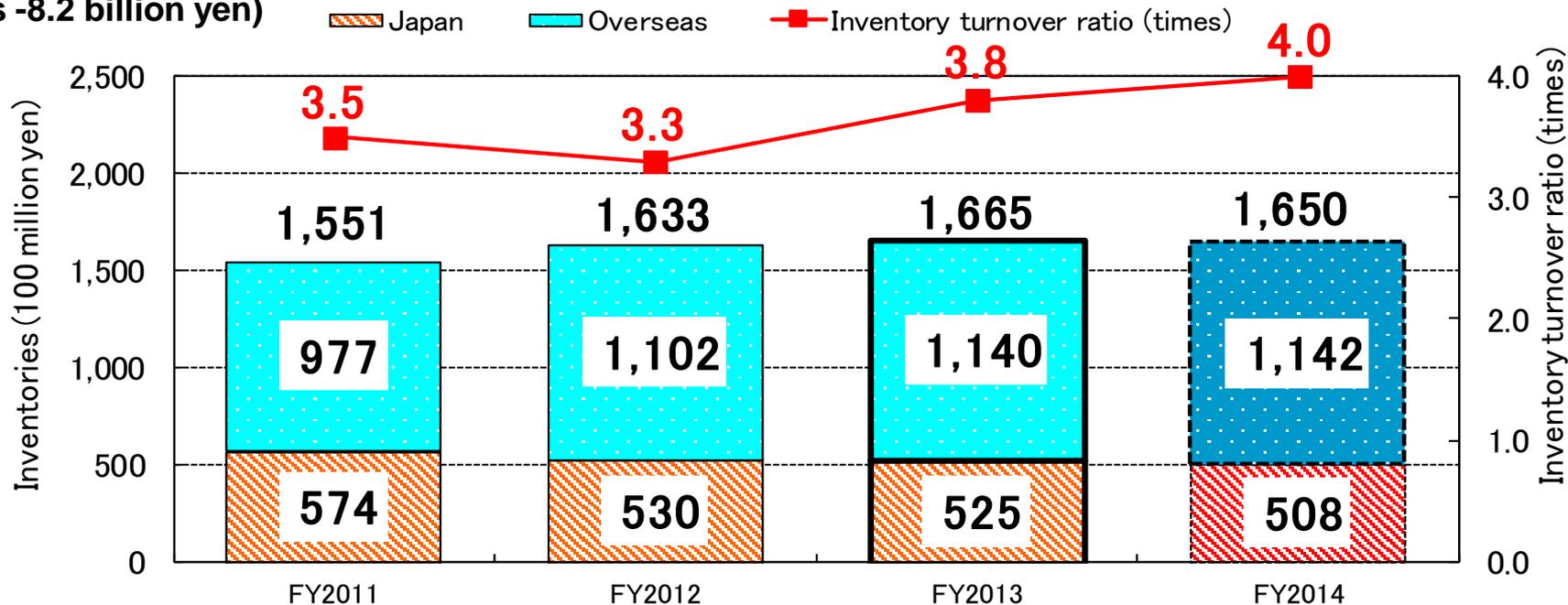


Operating Income



7. Inventories

◆ The year ended March, 2014 was +3.2 billion yen year-on-year (of which physical quantity was -8.2 billion yen)

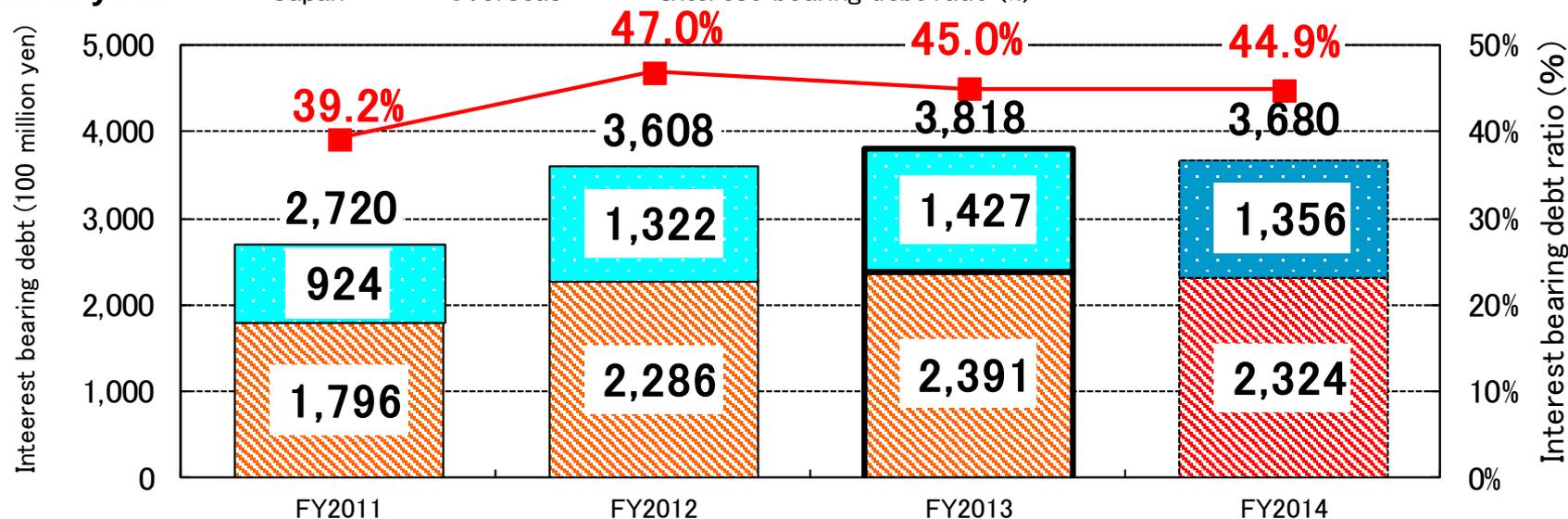


(100 million yen)

	FY2011 Results	FY2012 Results	FY2013 Results	FY2014 Forecast
Inventories	1,551	1,633	1,665	1,650
Overseas	(977)	(1,102)	(1,140)	(1,142)
Japan	(574)	(530)	(525)	(508)
Inventory turnover ratio	3.5	3.3	3.8	4.0

8. Interest-Bearing Debt

◆ Net interest-bearing debt for the year ended March, 2014 reduced by 22.6 billion yen compared to previous year. ▨ Japan ▨ Overseas ■ Interest-bearing debt ratio (%)

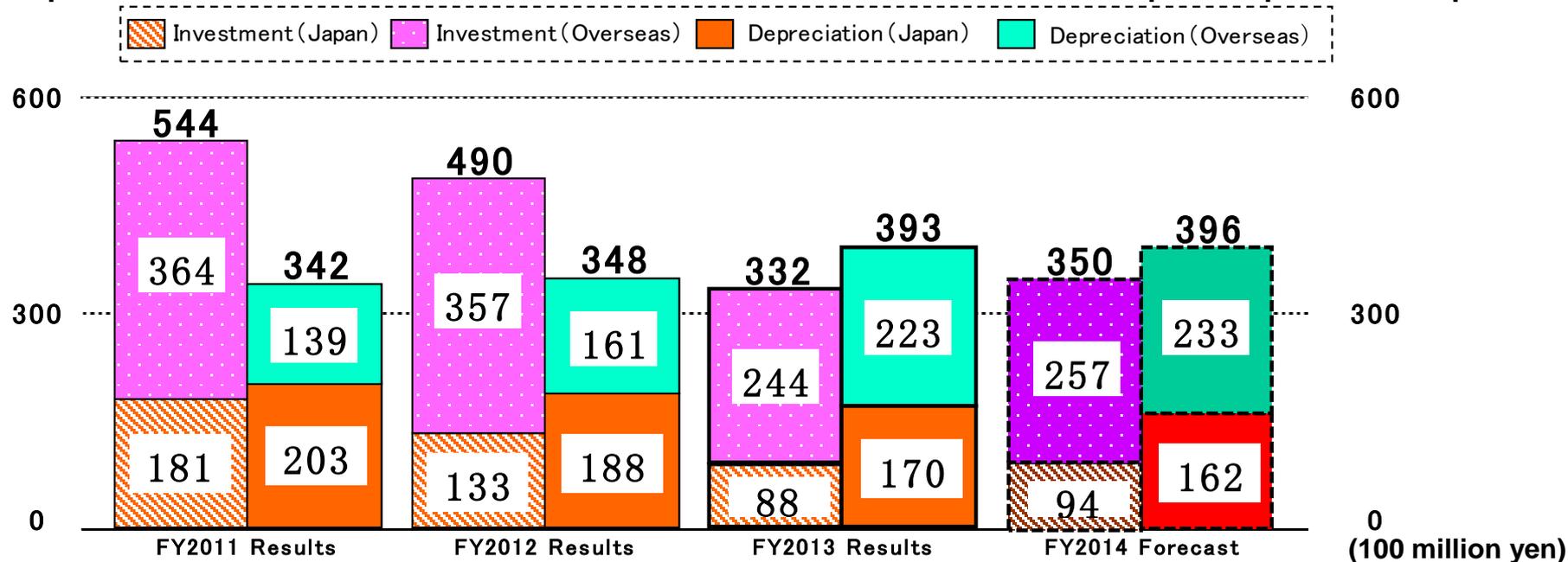


(100 million yen)

	FY2011 Results	FY2012 Results	FY2013 Results	FY2014 Forecast
Interest-bearing debt	2,720	3,608	3,818	3,680
Overseas	(924)	(1,322)	(1,427)	(1,356)
Japan	(1,796)	(2,286)	(2,391)	(2,324)
Net Interest-bearing debt	2,194	2,747	2,521	2,520
Interest-bearing debt ratio (%)	39.2%	47.0%	45.0%	44.9%

9. Capital Expenditure and Depreciation

◆ Capital investment for FY2013 and forecasts for FY2014 are both within the scope of depreciation expenses.



	FY2011 Results	FY2012 Results ^①	FY2013 Results ^②	FY2014 Forecast ^③
Capital expenditure	544	490	332	350
Overseas	(364)	(357)	(244)	(256)
Japan	(181)	(133)	(88)	(94)

	②-①	③-②
Capital expenditure	-158	18
Overseas	(-113)	(12)
Japan	(-46)	(6)

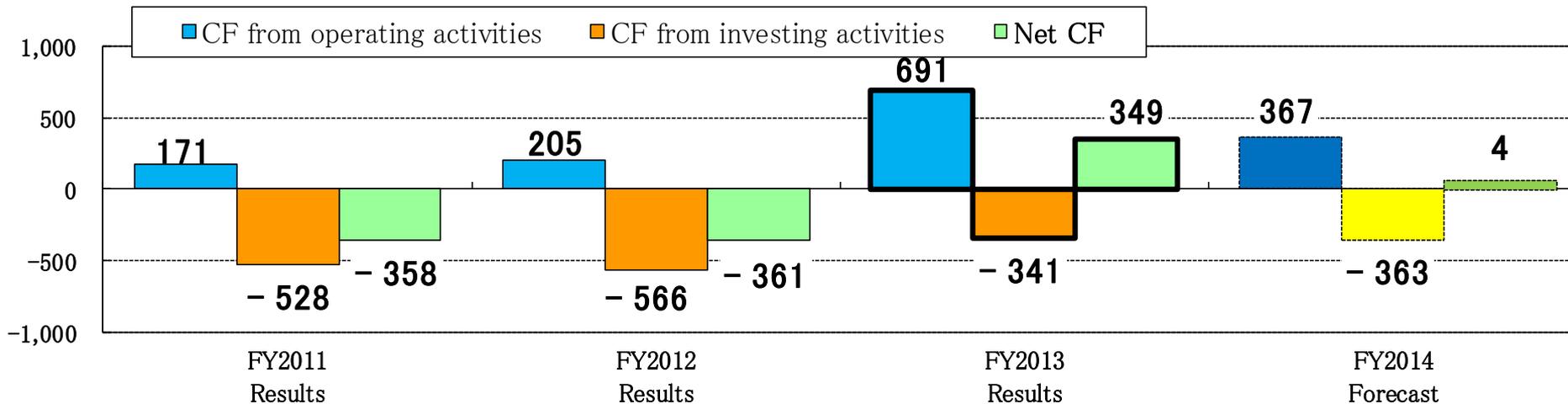
	FY2011 Results	FY2012 Results ^①	FY2013 Results ^②	FY2014 Forecast ^③
Depreciation	342	348	393	396
Overseas	(139)	(161)	(223)	(233)
Japan	(203)	(188)	(170)	(162)

	②-①	③-②
Depreciation	45	3
Overseas	(63)	(10)
Japan	(-18)	(-8)

10. Cash Flows

◆ Sales cash flow and Free cash flow both the highest ever.

(100 million yen)	FY2011 Results	FY2012 Results ①	FY2013 Results ②	FY2014 Forecast③	②-①	③-②
I. Cash flow from operating activities	171	205	691	367	486	-324
II. Cash flow from investing activities	-528	-566	-341	-363	225	-22
III. Cash flow from financing activities	472	696	66	-121	-630	-187
IV. Effect of exchanging rate translation on cash and cash equivalents	11	0	20	-20	20	-40
V. Net increase in cash and cash equivalents	125	335	436	-137	101	-573



We make
Bearings.



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