

Consolidated Financial Results for FY2020



May 19, 2021
NTN Corporation

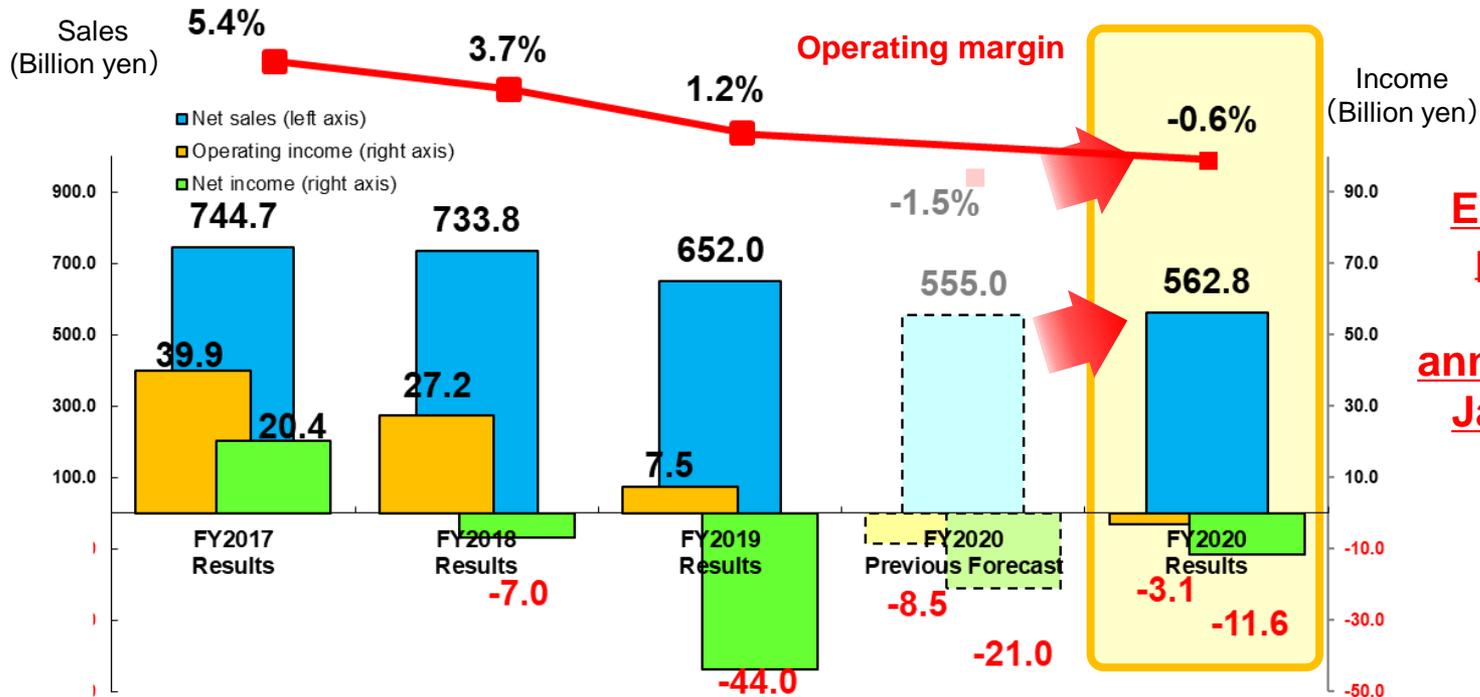
I. Outline

II. Financial Results for FY2020 and Forecast for FY2021

(1) Outline : Consolidated Financial Results

Although net sales decreased ¥89.1bn(-14%) year on year, operating loss decreased by reducing cost and improving sales price.

- **Net sales: ¥562.8bn** -¥89.1bn year on year (-14%) due to immense effects of the coronavirus infections.
- **Operating income: -¥3.1bn** -¥10.7bn year on year due to scale decrease. **Become profitable** in 2H by reducing variable costs and fixed costs.
- **Extraordinary income/loss: ¥4.5bn** (¥11.5bn of income/-¥7.0bn of loss). **Sales of investment securities in 4Q/Impairment loss in North America.**
- **Inventories: ¥176.8bn** -¥6.1bn from the end of the previous fiscal year. (Excl. forex, decrease -¥13.2bn)
- **FCF: ¥18.5bn. Turned into the black, +¥36.6bn year on year** due to reduction in inventories and capital expenditure, and sales of investment securities.



Exceed the previous forecast announced on January 28

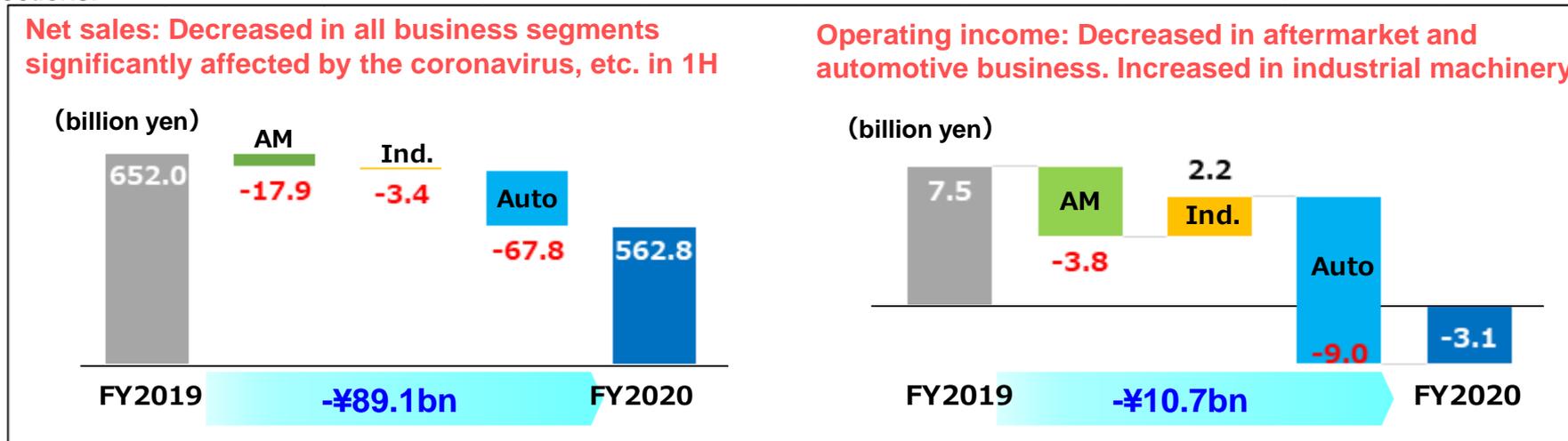
US\$	110.9	110.9	108.7	105.3	106.0
€	129.6	128.4	120.8	123.0	123.7

(1) Outline : Trends in Consolidated Financial Results (Table)

(billion yen)	FY2019 Results	FY2020		Previous forecast at 3Q	Difference
		Results	Year on year		
Net sales	652.0	562.8	-89.1(-14%) Excl. forex -85.6(-13%)	555.0	+7.8(+1%) Excl. forex+5.5(+1%)
Operating income (Operating margin)	7.5 (1.2%)	-3.1 (-0.6%)	-10.7 (-1.8pt)	-8.5 (-1.5%)	+5.4 (+0.9pt)
Ordinary income	-1.7	-5.7	-4.0	-12.5	+6.8
Extraordinary income/loss	-32.3	4.5	+36.7	-3.5	+8.0
Income before income taxes	-33.9	-1.3	+32.7	-16.0	+14.7
Net income attributable to shareholders (parent company)	-44.0	-11.6	+32.4	-21.0	+9.4
Inventories	182.9	176.8	-6.1 (Excl. forex-13.2)	174.0	+2.8
Capital expenditure	57.7	23.8	-33.9	20.0	+3.8
FCF	-18.1	18.5	+36.6	3.0	+15.5
Exchange rates US\$	¥108.7	¥106.0		¥105.3	
€	¥120.8	¥123.7		¥123.0	
Annual dividends (interim)	¥5 (¥5)	¥0 (¥0)			

(2) Outline : Financial Results of Business Segment

- **Aftermarket** : **Decrease in sales and profit** due to market stagnation affected by the new coronavirus and inventory adjustments by distributors.
- **Industrial machinery** : **Decrease in sales and Increase in profit, became profitable** thanks to effects of price increase and withdraw for unprofitable model numbers. Construction machinery, aircraft, rolling stocks, and machine tools decreased, but agricultural machinery, wind turbines, and gearboxes increased, ended to small sales decrease.
- **Automotive** : **Decrease in sales and profit**, as our main customers significantly decreased production affected by the coronavirus infections.



FY 2020 (Billion yen)	Aftermarket			Industrial Machinery			Automotive			Total		
	1H	2H	Total	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net sales	42.9	48.6	91.5	46.9	55.0	101.9	149.5	220.0	369.5	239.2	323.6	562.8
year on year	-13.1	-4.8	-17.9	-7.1	3.7	-3.4	-75.3	7.4	-67.8	-95.5	6.4	-89.1
Operating income	2.3	6.6	8.9	-1.4	1.7	0.4	-13.2	0.8	-12.4	-12.3	9.2	-3.1
year on year	-4.4	0.5	-3.8	-0.3	2.5	2.2	-12.3	3.3	-9.0	-17.0	6.4	-10.7
Operating margin	5.3%	13.6%	9.7%	-2.9%	3.1%	0.3%	-8.9%	0.4%	-3.4%	-5.2%	2.8%	-0.6%

2021/5/19

Increased sales in all business segments in 2H. Generated operating income.

(3) Forecast for FY2021

	FY2021	FY2020
Net sales	¥660.0bn	¥562.8bn
Operating income	¥15.0bn	-¥3.1bn
Operating margin	2.3%	-0.6%
Net income	¥5.0bn	-¥11.6bn
Exchange rates	1US\$ = ¥107 1EURO = ¥128	¥106.0 ¥123.7
Dividend	¥0	¥0

Key Factors

Net sales: ¥660.0bn (+17% year on year)

Despite the continued coronavirus infections and effects of lack of semiconductors, all business segments will assume demand recovery.

Aftermarket : Demand recovery from coronavirus infections in all regions (+10%)

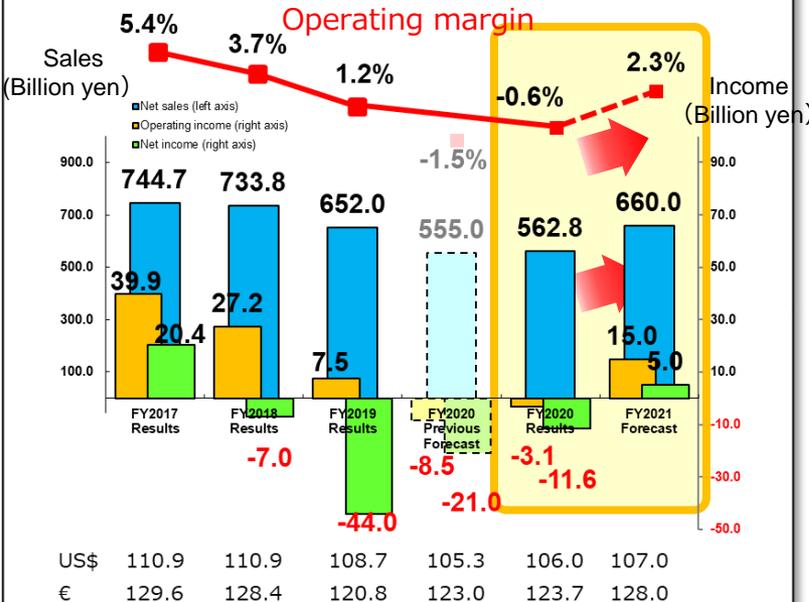
Industrial machinery : Increase mainly in construction machinery, agricultural machinery, wind turbines, and gearboxes (+3%)

Automotive : Production recovery despite effects of lack of semiconductors (+23%)

Operating income: ¥15.0bn (+¥18.1bn year on year)

Including cost increases assuming rapid demand recovery

In addition to current rapid price rise in steel and logistics, we assume increases in personnel costs etc., with rapid demand recovery



Break-even point will temporarily rise in FY2021 affected by price rise in steel etc. and increased fixed costs

[4] Initiatives by Business Sector

: Aftermarket Business

FY2020 Result/FY2021 Forecast

FY2020 Result ():previous FY

Net Sales : **¥91.5bn** (109.4bn)

Operating Income : **¥8.9bn** (12.8bn)

Operating Margin : **9.7%** (11.7%)

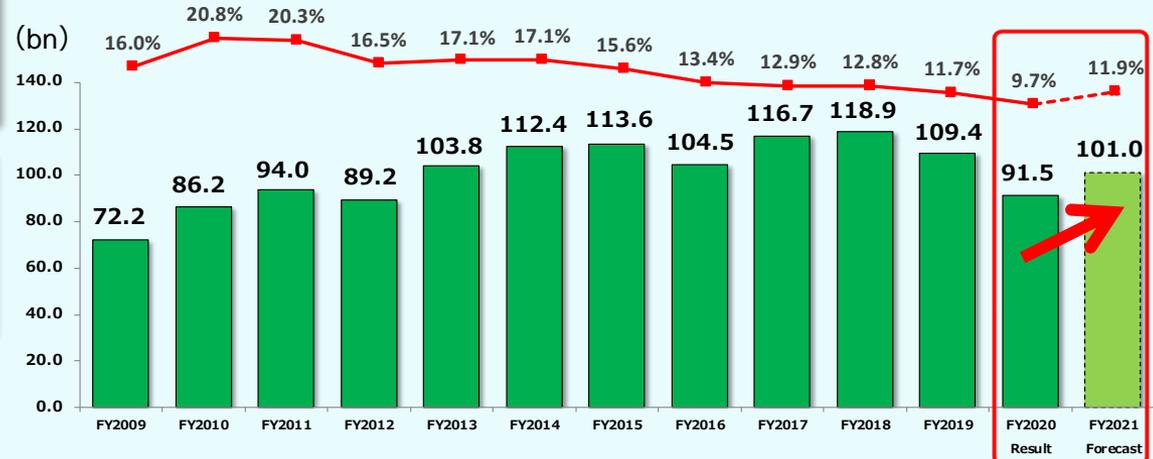
FY2021 Forecast ():previous FY

Net Sales : **¥101.0bn**(91.5bn)

Operating Income : **¥12.0bn** (8.9bn)

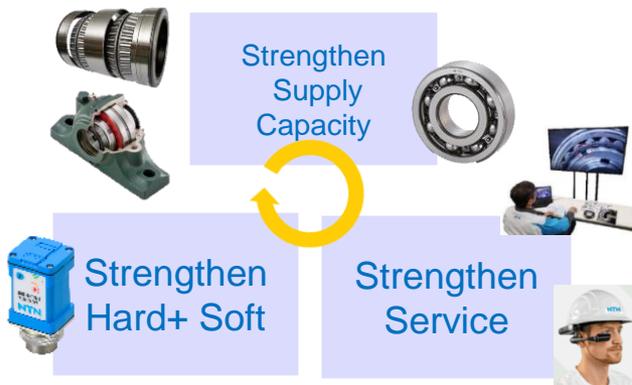
Operating Margin : **11.9%** (9.7%)

Net sales and operating margin of aftermarket business



Initiatives of FY2021

Keywords to increase sales



(1) Strengthen Supply Capacity

- Utilize the standard product inventory expanded in the previous fiscal year and the general-purpose product instant delivery system "FIRST" and respond to global repair demand
- Strengthen supply capacity by expanding the use of overseas production and overseas parts

(2) Strengthen Technical Service

- Hold online technical seminars and expand remote technical support services during the Pandemic

(3) Strengthen Hard+ Soft

- Develop new businesses using monitoring devices such as "NTN Portable Vibroscope"

[4] Initiatives by Business Sector : Industrial Machinery Business

FY2020 Result/FY2021 Forecast

FY2020 Result ():previous FY

Net Sales : **¥101.9bn** (105.2bn)

Operating Income : **¥ 0.4bn** (-1.9bn)

Operating Margin : **0.3%** (-1.8%)

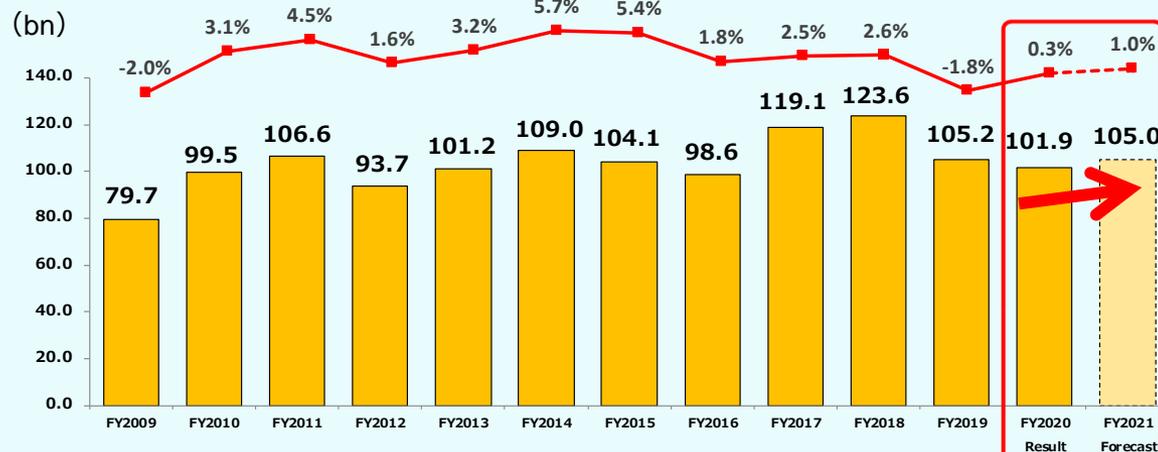
FY2021 Forecast ():previous FY

Net Sales : **¥ 105.0bn** (101.9bn)

Operating Income : **¥ 1.0bn** (0.4bn)

Operating Margin : **1.0%** (0.3%)

Net sales and operating margin of industrial machinery business



Categorize Main Sector

Create
New area



Robots
"i-WRIST™"



CMS
"Wind Doctor™"

Growth
Expand
business



Gearbox Wind T. Machine Tool Rolling stock

Harvest
Secure
profit



Construct. Agri. Aero space

Initiatives of FY2021

(1) Promote new business, focus on business expansion of the growth sector

- With the establishment of a Solution Business Center and the reorganization within the business headquarters, promote new businesses such as robot-related businesses and CMS businesses
- Gearboxes : Expand market share of RV gearbox, promote to acquire demand for harmonic gearboxes
- Wind turbine : Capture demand in China by increasing production capacity and participate in domestic offshore wind power

(2) Promote of cost reduction

- Promote cost reduction and reaping by utilizing overseas materials through task force activities

[4] Initiatives by Business Sector

: Automotive Business

FY2020 Result/FY2021 Forecast

FY2020 Result ():previous FY

Net Sales : **¥369.5bn** (437.3bn)

Operating Income : **-¥12.4bn** (-3.4bn)

Operating Margin : **-3.4%** (-0.8%)

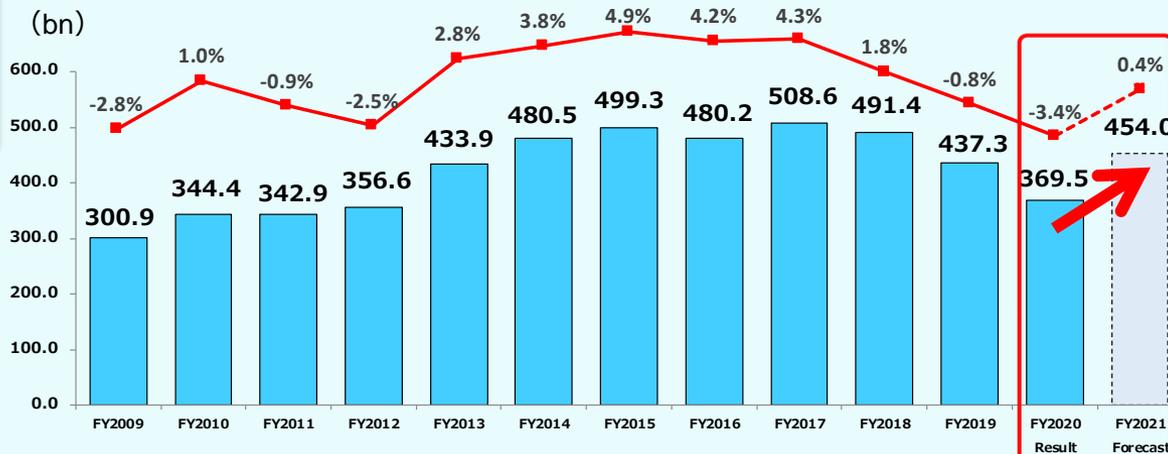
FY2021 Forecast ():previous FY

Net Sales : **¥454.0bn** (369.5bn)

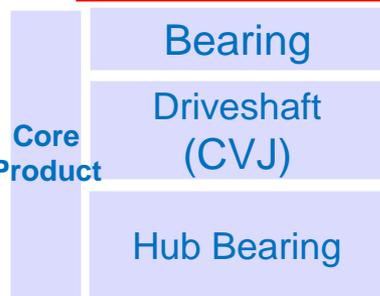
Operating Income : **¥2.0bn** (-12.4bn)

Operating Margin : **0.4%** (3.4%)

Net sales and operating margin of automotive Business



Initiatives strengthened by product type



(Medium / long term)

Optimize portfolio that supports sustainable growth

(Short / Medium term) Strengthen profit structure

- Improve operating margin of mass-production by lowering proportional cost in variable cost reform
- Profitable and reliable launch of new projects including EV
- Reduce of labor costs by utilizing RPA and using common services

- Environmentally friendly / EV / electrification
- Strengthen orders and investment for EVs and SUVs (High efficiency CVJ, ultra low torque hub, etc.)
- Reduce of fixed costs by improving productivity

New Area
Product for Electrification



Accelerate product development for electrification and expand sales



(5) Promotion of ESG Management

Please refer to the Integrated Report "NTN Report" for the latest ESG initiatives and ESG Meeting
<https://www.ntnglobal.com/en/investors/annual.html>
<https://www.ntnglobal.com/en/investors/pdf/findata/2021esgbriefinge.pdf>

Provide values to society through practicing the corporate philosophy and aim to realize a "NAMERAKA Society"
 Identify materiality to achieve targets (SDGs, etc.) and establish KPIs to promote ESG management in FY2021

Materiality : 13 items

Environment

<Strengthen positive impacts>

- 1: Reduce energy loss
- 2: Realize a sustainable society using natural energy



High efficiency
Ultra-low friction



Energy creation /
stable operation



Bearing refurbish
business

<Minimize negative impact >

- 1: Respond to climate change
- 2: Resource recycling and pollution prevention

Social

<Strengthen positive impacts>

- 1: Provide safety and comfort



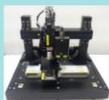
Module products
related to robots



Electric module
products



Drug
Discovery
and
Diagnosis



NTN Microscopic
Coating Applicator



Develop 3D
cell chip



Develop
test kit

<Minimize negative impact>

- 1: Improve the reliability of products and services
- 2: Procurement activities with an emphasis on environment and society
- 3: Respect for human rights
- 4: Promote safety and health
- 5: Human resource development
- 6: Promote diversity

Governance

<Minimize negative impact>

- 1: Thorough compliance
- 2: Strengthen governance

- ✓ Assess after the transition to a Company with Nominating Committee, etc. and promote continuous improvement activities
- ✓ Strengthen risk management
- ✓ Strengthen internal audit system

Disclosure of ESG information

Active disclosure of ESG information
 Continued adoption / expansion in indexes

Selected in
ESG indexes
adopted
by GPIF



FTSE Blossom
Japan



2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX



FTSE4Good



2020
Europe Sustainability Index

[6] Realization of a "NAMERAKA Society", Efforts to Achieve Carbon Neutral

Reduction of CO₂ emissions

Contribution to expansion of green energy (products / services)

1. Wind Turbine

Contribute to stable operation of ultra-large wind power including offshore



"Asymmetrical Spherical Roller Bearings" for Main Shafts
(2.5 times operating life / Reduce 30% in PV Value)

CMS
"Wind Doctor"™

2. Hydrogen energy

Strengthen technological development to prepare for advent of a hydrogenated society

Applications: Hydrogen production equipment / accumulator equipment (hydrogen tank / Sta.) / FCV, etc.

3. Natural energy product

Generate energy by Green Power Station and N³



4. EV / electrification

Supports electrification shift from internal combustion engine (→P12)

Reduction of non-green energy consumption (manufacturing process)

1. CO₂ reduction in heat treatment process (Scope 1)

Expansion of introduction of electric furnace, utilization of ammonia and hydrogen in the future



2. Install solar / wind power generator (Scope 2)

Utilize natural energy generated at domestic and overseas sites



Mie Pref.(JPN)



Shanghai
(China)



Ishikawa
Pref.(JPN)

Solar Generator : 14
Wind Turbine : 5

CO₂ reduction by
generation of energy
Approximately 10,000
tons / year

[6] Realization of a "NAMERAKA Society", Efforts to Achieve Carbon Neutral

Topics(1) : Respond to electrification shift

Launch "electrification project" across departments in Automotive/Industrial Machinery
Promote the rapid capture of customer needs and the development of new and improved products that combine our technologies

High Speed Deep Groove Ball Bearing for EV/HEV

"Sensor Integrated Bearing Unit" for Machine Tool Spindles

ULTAGE Series

Flying Car (METI)

Rapid Electrification

Product for Electrification

Ultra low friction HUB
Small and light weight high efficiency CVJ

Electric Module Product

eHUB

sHUB

i-WRIST

With the demand for improvement of electric efficiency
Demand for ball bearings grows



Strengthen Technology

Speed up
Electrostatic corrosion resistance
Noise-reduction

Production restructuring
In-house
↔ Outsourced



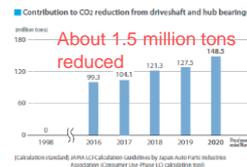
Wakayama



Taiwan

Topics(2) : Expand Environment-contributing product (Scope3)

Rank products according to environmental efficiency
Expand environmentally friendly products
Disclose amount of CO₂ reduction compared to the case of continuing to use the products at the time of 1998 *



Topics(3) : Promote Health Management



Declare support for TCFD
(Scheduled at the end of May)

Reference: Business Operating Policy of "DRIVE NTN100" Phase2

For more details : <https://www.ntn.co.jp/en/investors/mtermplan.html>

DRIVE NTN100

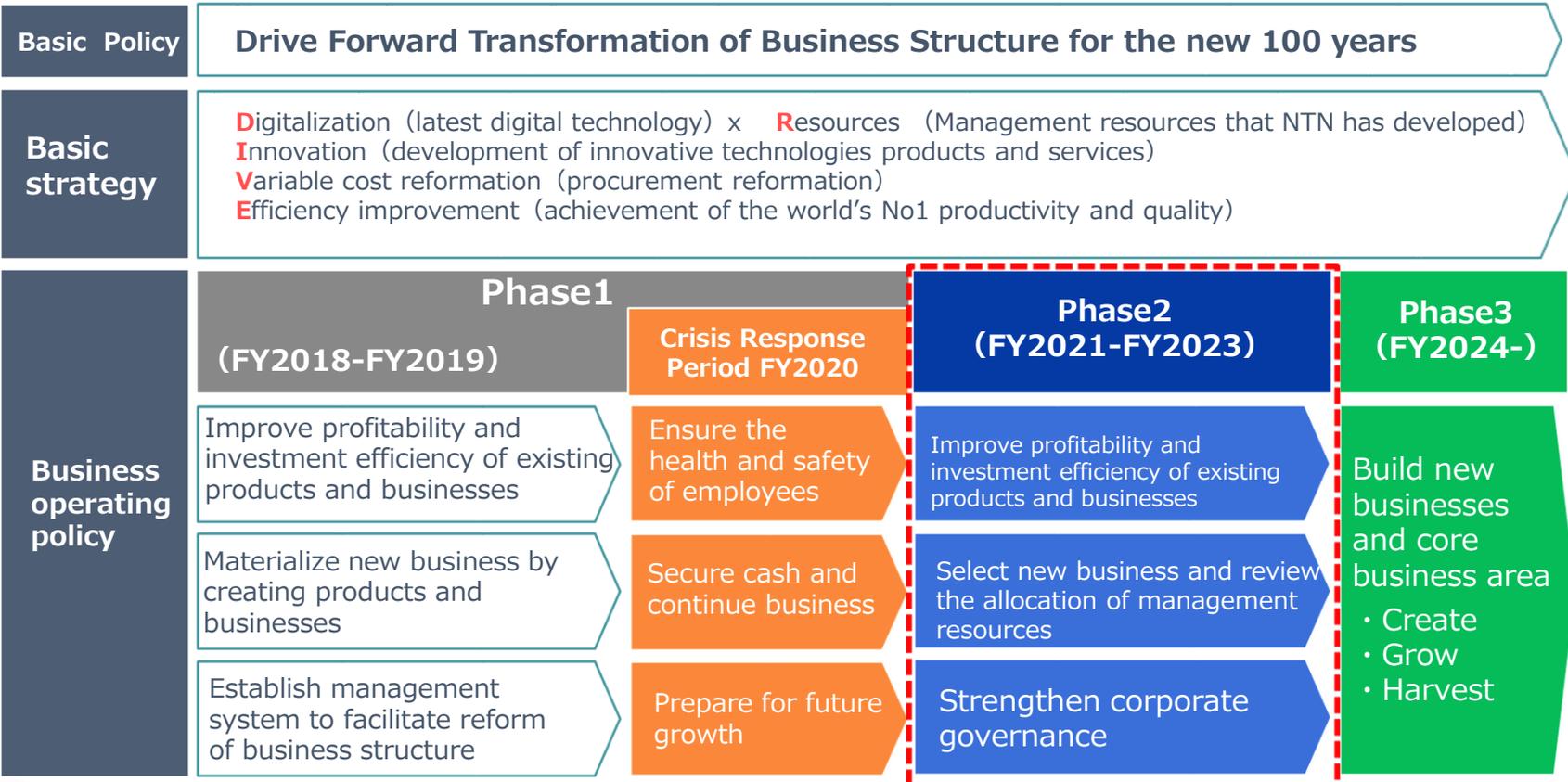
**NTN in
FY2027**

Net sales growth
GDP growth rate in each region + something extra

Operating margin
10% or more

Total asset turnover
1.0 or more

Foreign exchange sensitivity
50% reduction



Phase1
Sharp deterioration of financial structure

External Environment
EV, electrification, and re-acceleration of DX
COVID-19 (uncertainty)
Emphasize on safety
Changes in work styles

Phase2
1. Focus on NTN Revitalization in the next 3 years (rebuild BS and improve CF)
2. Seeding for future growth

- I. Outline
- II. Financial Results for FY2020 and Forecast for FY2021

★Financial Results for FY2020 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
6. Fixed Cost Reduction (Personnel Cost, Expenses etc.)
7. Net Sales and Operating Income by Company Location
8. Inventories
9. Capital Expenditure and Depreciation
10. Interest-Bearing Debt
11. Cash Flows
12. Lower Break-even Point
(MUST Achieve Revitalization Scenario)

Financial Results for FY2020 : Key Factors

FY2020 Results

- ◇ Net sales: **¥562.8bn**, **-¥89.1bn** decrease year-on-year
(Excl. forex, decrease **-¥85.6bn**)
- ◇ Operating income: **-¥3.1bn**, **-¥10.7bn** decrease year-on-year
(Excl. forex, decrease **-¥7.7bn**)
- ◇ Extraordinary income/loss: **¥4.5bn**
- ◇ Net income: **-¥11.6bn**, **¥32.4bn** increase year-on-year
- ◇ Planned fiscal year-end dividend of **¥0** (Annual: **¥0**)

FY2021 Forecast

- ◇ Net sales: **¥660.0bn**, **¥97.2bn** increase year-on-year
- ◇ Operating income: **¥15.0bn**, **¥18.1bn** increase year-on-year
- ◇ Extraordinary income/loss: **¥0.0bn**
- ◇ Net income: **¥5.0bn**, **¥16.6bn** increase year-on-year
- ◇ Planned annual dividend of **¥0**
- ◇ Exchange rates: 1US\$ = **¥107**, 1EURO = **¥128**

1. Consolidated Statements of Operation

(billion yen)

	FY2019	FY2020	FY2021	Year on Year					
	Results	Results	Forecast	FY2020 ②-①			FY2021 ③-②		
	①	②	③	Total	Volume	Forex	Total	Volume	Forex
Net sales	652.0	562.8	660.0	-89.1	-85.6	-3.5	97.2	86.8	10.3
Operating income	7.5	-3.1	15.0	-10.7	-7.7	-2.9	18.1	17.0	1.1
Operating margin	(1.2%)	(-0.6%)	(2.3%)	(-1.7%)			(2.8%)		
Ordinary income	-1.7	-5.7	10.0	-4.0	-1.0	-3.0	15.7	14.6	1.1
Extraordinary income/loss	-32.3	4.5	0.0	36.7	36.7	0.1	-4.5	-4.5	0.0
Net income attributable to shareholders (parent company)	-44.0	-11.6	5.0	32.4	34.4	-2.0	16.6	15.5	1.1
Exchange rate	US \$	108.7	106.0	107.0	-2.7		1.0		
	EURO	120.8	123.7	128.0	2.8		4.3		

2. Net Sales by Region

(billion yen)

	FY2019	FY2020	FY2021	Year on Year					
	Results	Results	Forecast	FY2020 ②-①			FY2021 ③-②		
	①	②	③	Total	Volume	Forex	Total	Volume	Forex
Japan	198.1	162.8	187.0	-35.3	-35.3	-	24.2	24.2	-
Americas	174.3	144.4	178.5	-29.9	-25.3	-4.6	34.1	31.9	2.1
Europe	140.8	117.2	140.5	-23.6	-26.2	2.6	23.3	18.6	4.7
Asia and others	138.7	138.4	154.0	-0.3	1.2	-1.5	15.6	12.1	3.5
Total	652.0	562.8	660.0	-89.1	-85.6	-3.5	97.2	86.8	10.3

3. Net Sales and Operating Income by Business Sector

< Net Sales by Business Sector >

(billion yen)

	FY2019	FY2020	FY2021	Year on Year					
	Results	Results	Forecast	FY2020			FY2021		
	①	②	③	Total	Volume	Forex	Total	Volume	Forex
Aftermarket	109.4	91.5	101.0	-17.9	-17.6	-0.3	9.5	8.3	1.2
Industrial machinery	105.2	101.9	105.0	-3.4	-3.1	-0.2	3.1	1.6	1.5
Automotive	437.3	369.5	454.0	-67.8	-64.9	-2.9	84.5	76.9	7.6
Total	652.0	562.8	660.0	-89.1	-85.6	-3.5	97.2	86.8	10.3

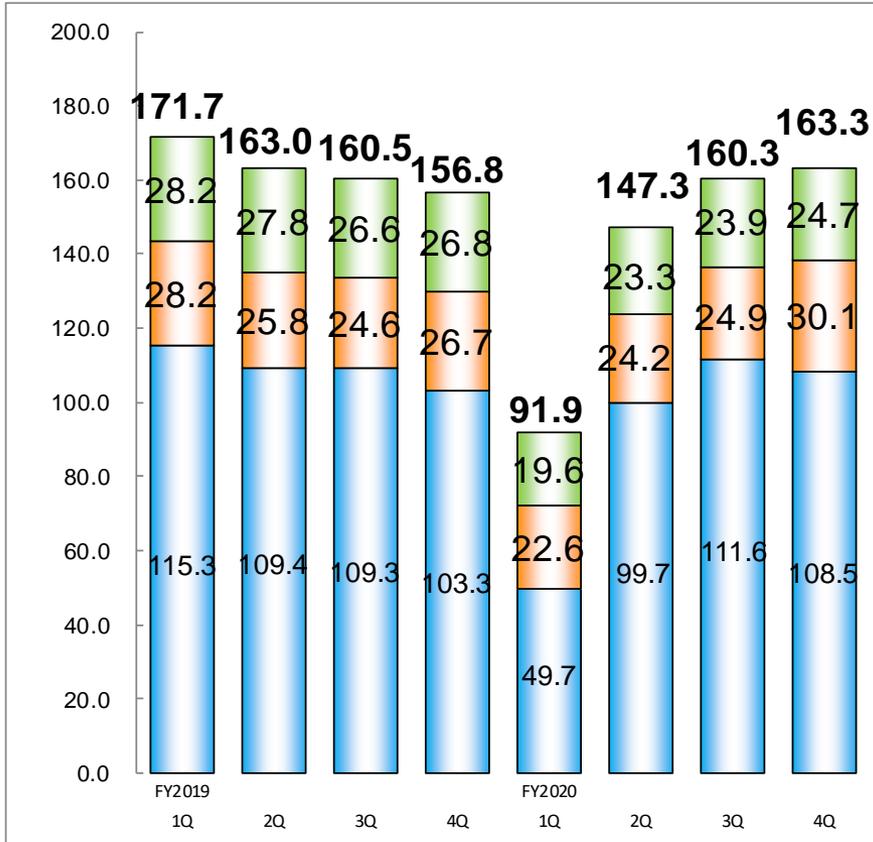
< Operating Income by Business Sector >

	FY2019	FY2020	FY2021	Year on Year	Year on Year
	Results	Results	Forecast	FY2020	FY2021
	①	②	③	②-①	③-②
Aftermarket	12.8	8.9	12.0	-3.8	3.1
Industrial machinery	-1.9	0.4	1.0	2.2	0.6
Automotive	-3.4	-12.4	2.0	-9.0	14.4
Total	7.5	-3.1	15.0	-10.7	18.1

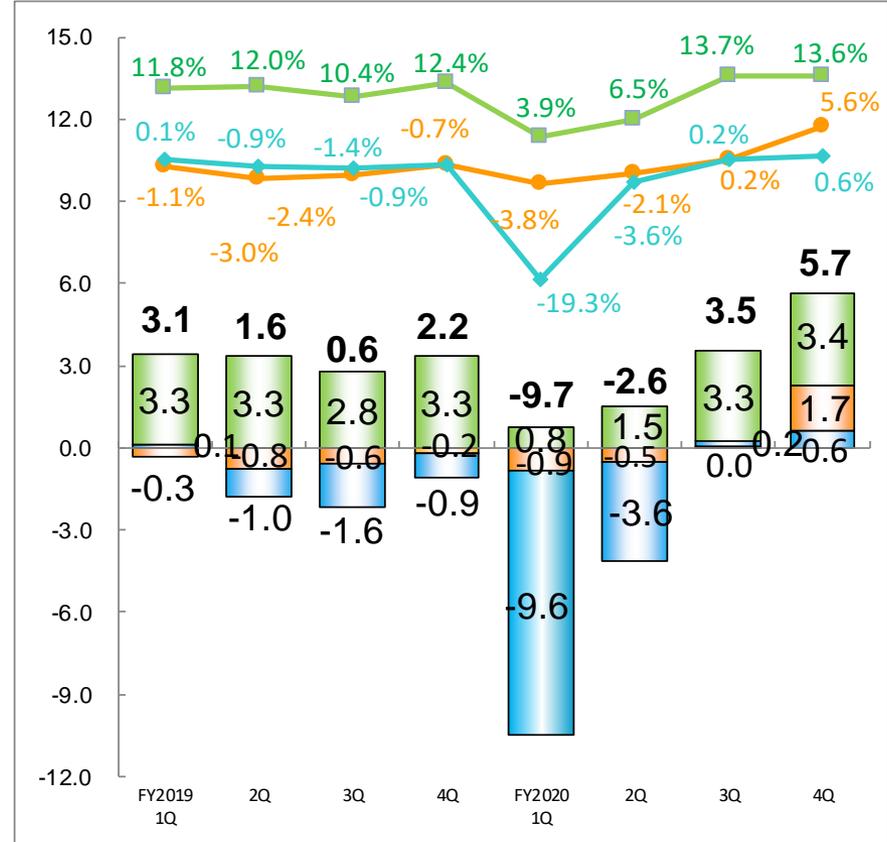
4. Results by Business Sector (Quarterly Trend)

■ Automotive
 ■ Industrial machinery
 ■ Aftermarket

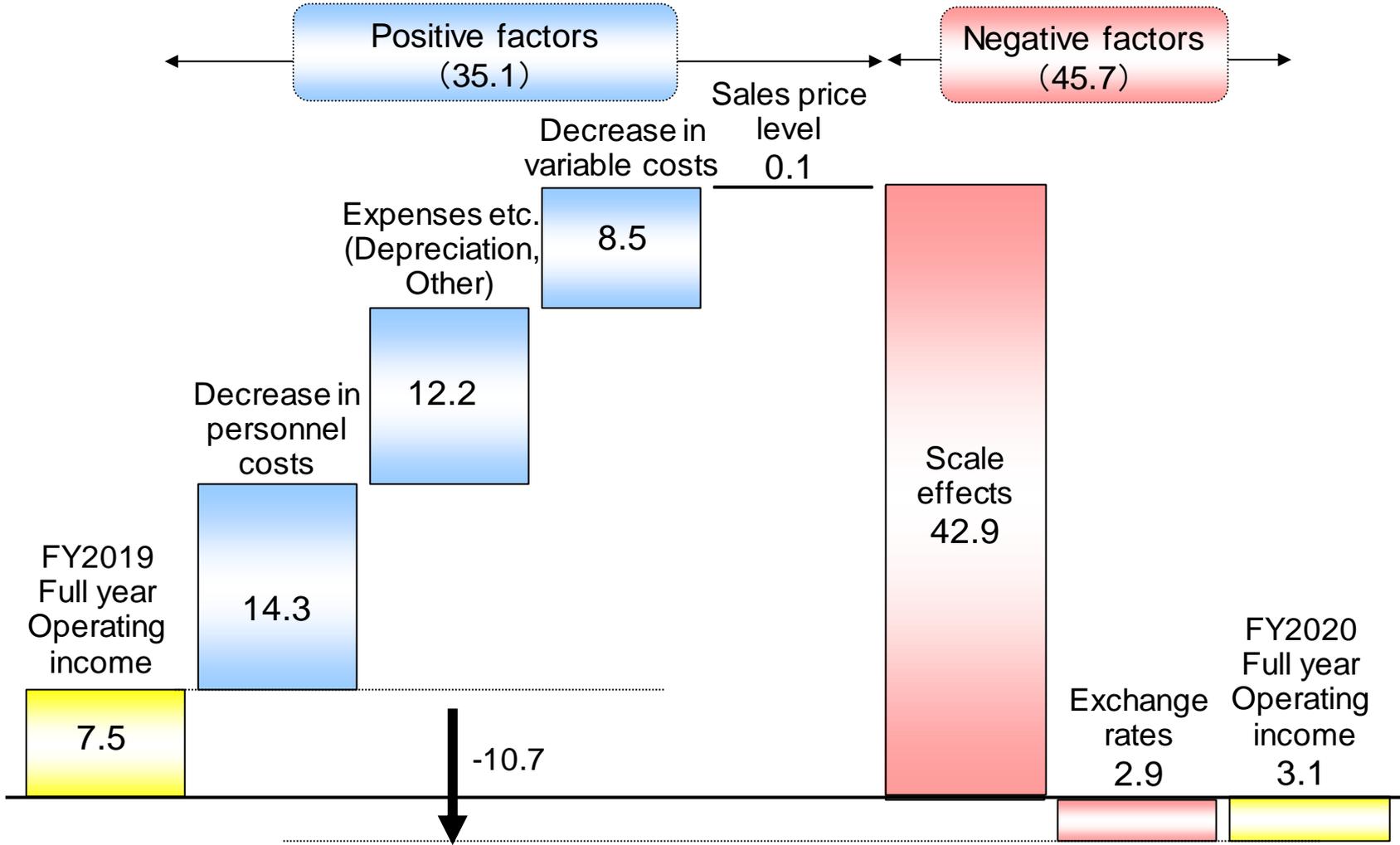
Net Sales



Operating Income/ Operating Margin

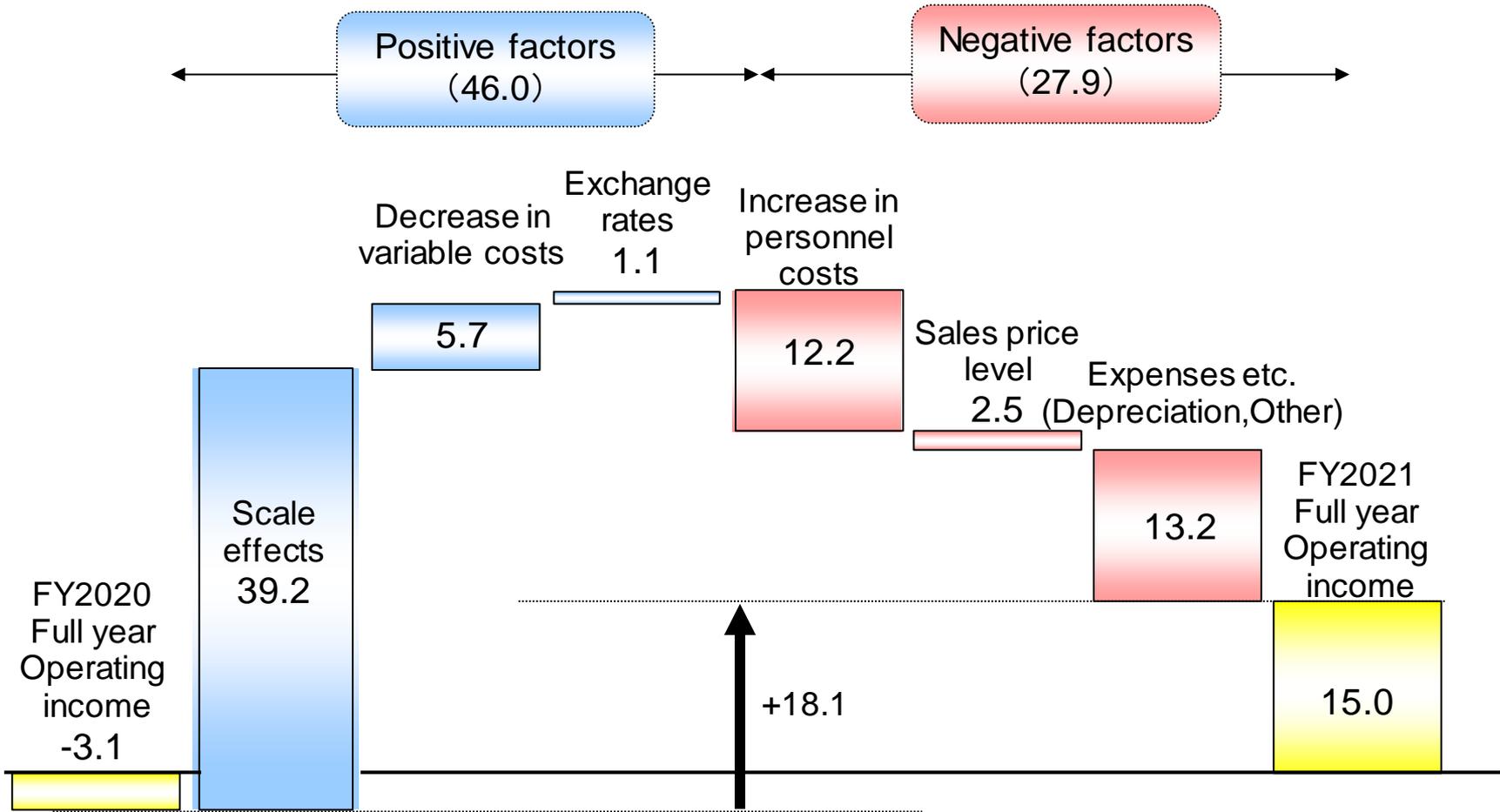


5-1. Analysis of Operating Income (FY2019 vs FY2020)



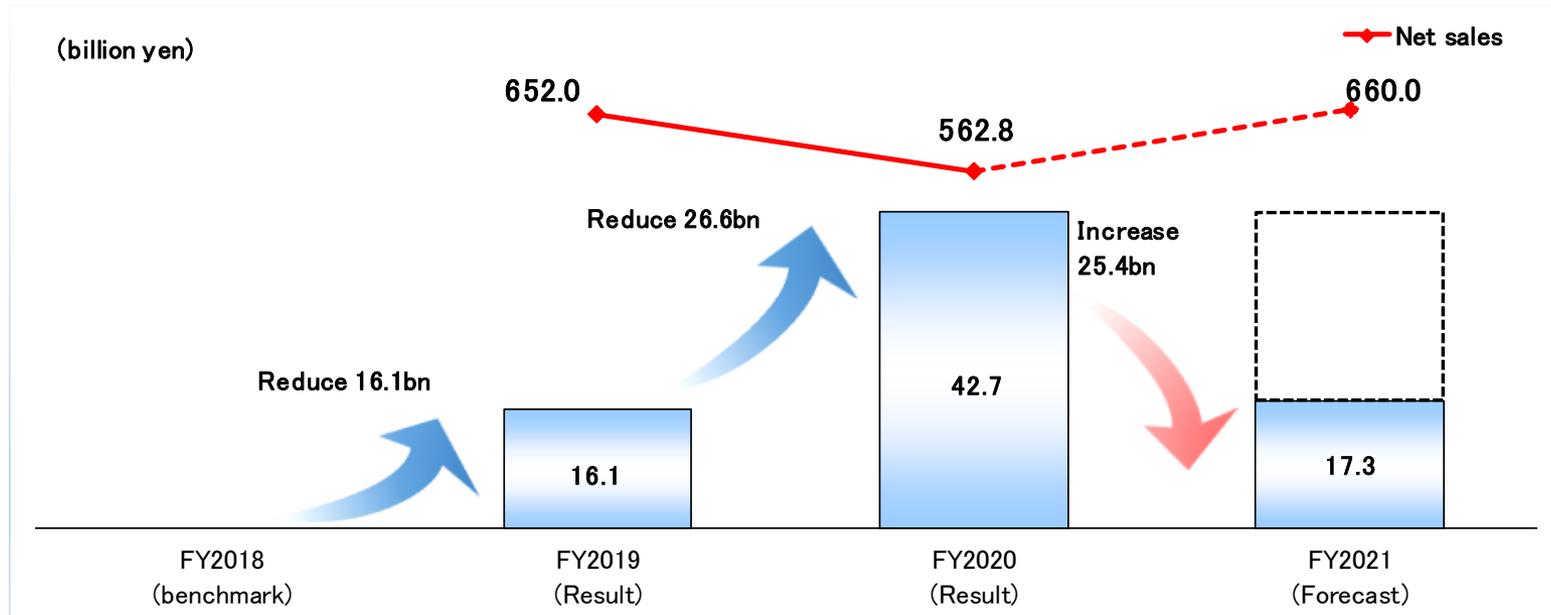
5-2. Analysis of Operating Income (FY2020 vs FY2021)

* All figures in billion yen



6. Fixed Cost Reduction (Personnel Cost, Expenses etc.) **NTN**

* All figures in billion yen



Main factors of increased fixed costs in FY2021

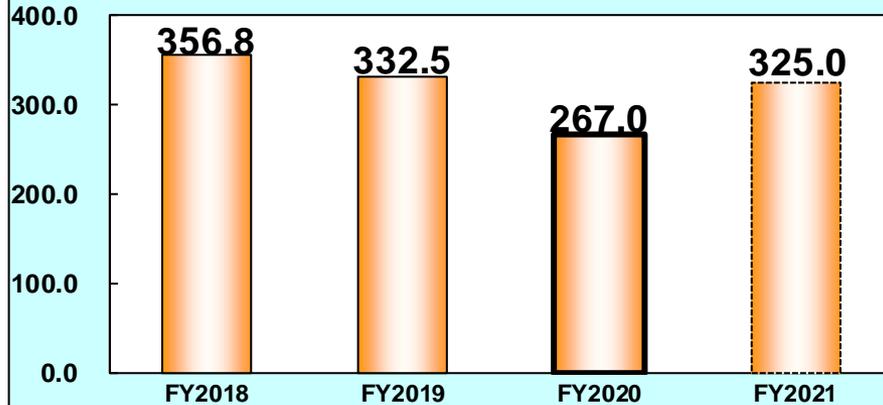
- Proportional increase with scale recovery (¥15.0bn=sales increase × 15%)
- Including recent cost increase in logistics (¥4.0bn)
- Normalization of salary increase, bonus and others (¥2.5bn)
- Increased depreciation for core IT system and New Plant inWakayama (¥2.0bn)
- Increased personnel costs and others for rapid demand recovery

7. Net Sales and Operating Income by Company Location

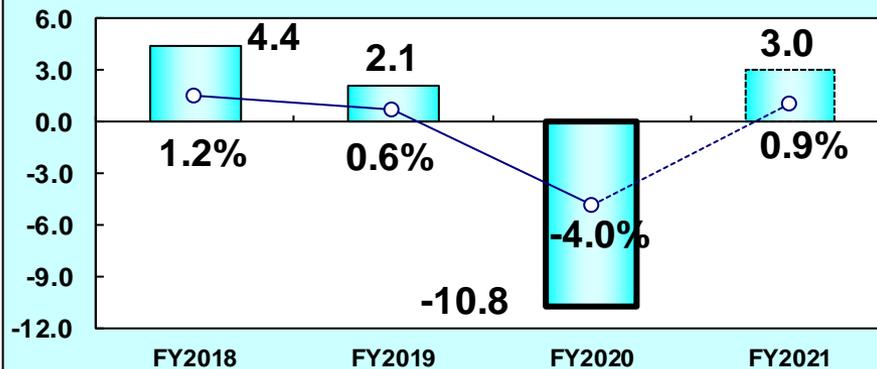
* All figures in billion yen

《 Japan 》

Net Sales

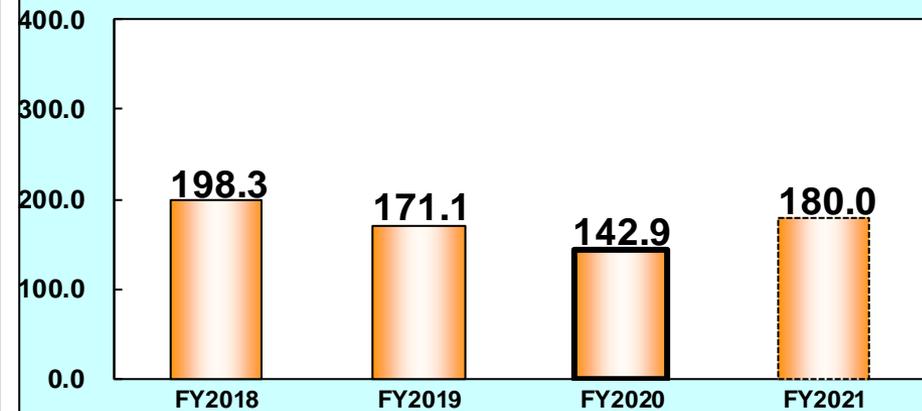


Operating Income

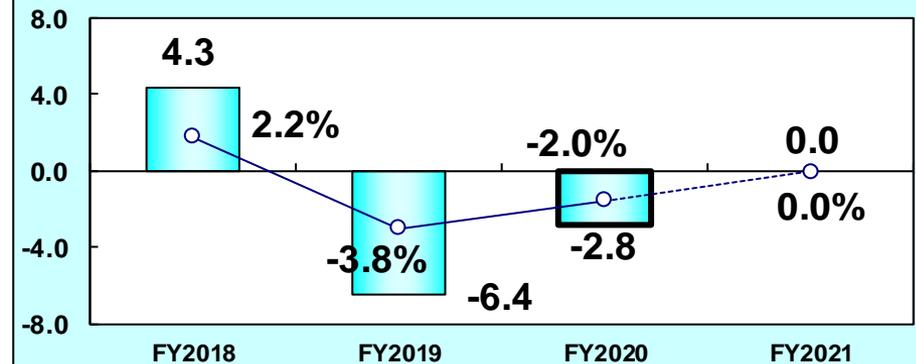


《 Americas 》

Net Sales



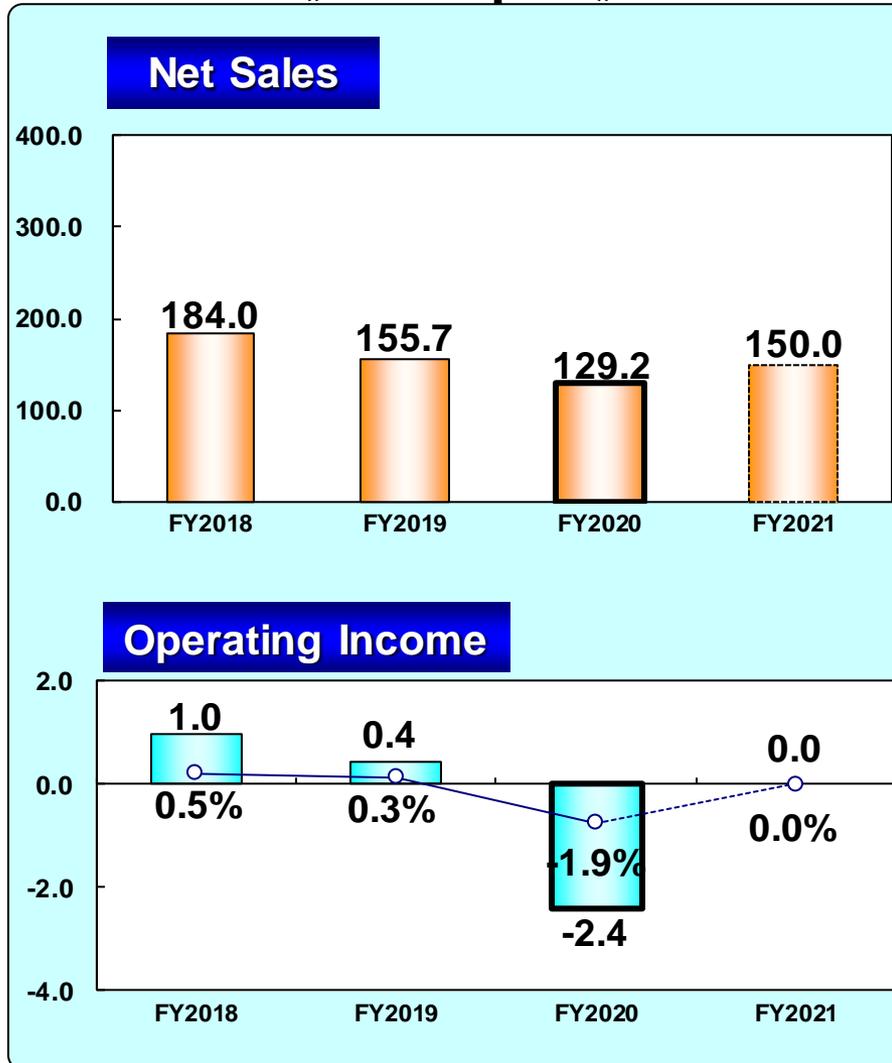
Operating Income



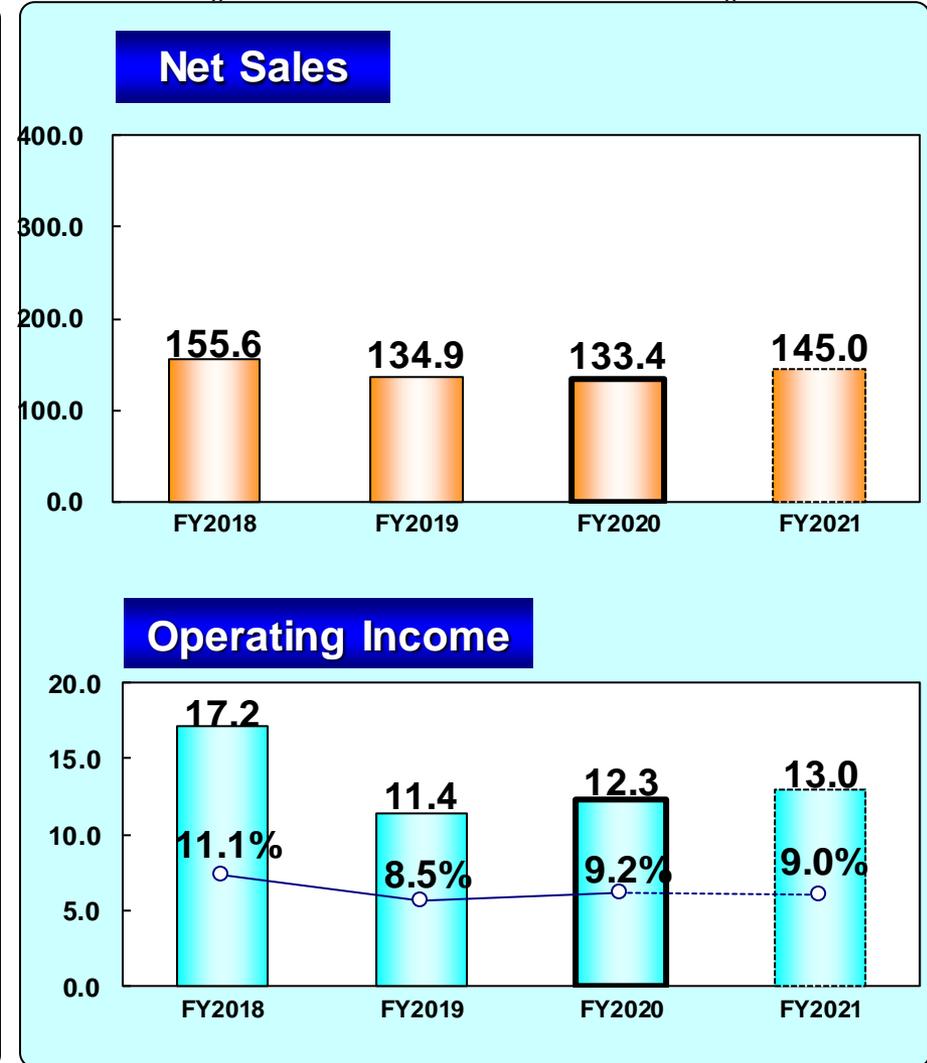
7. Net Sales and Operating Income by Company Location

* All figures in billion yen

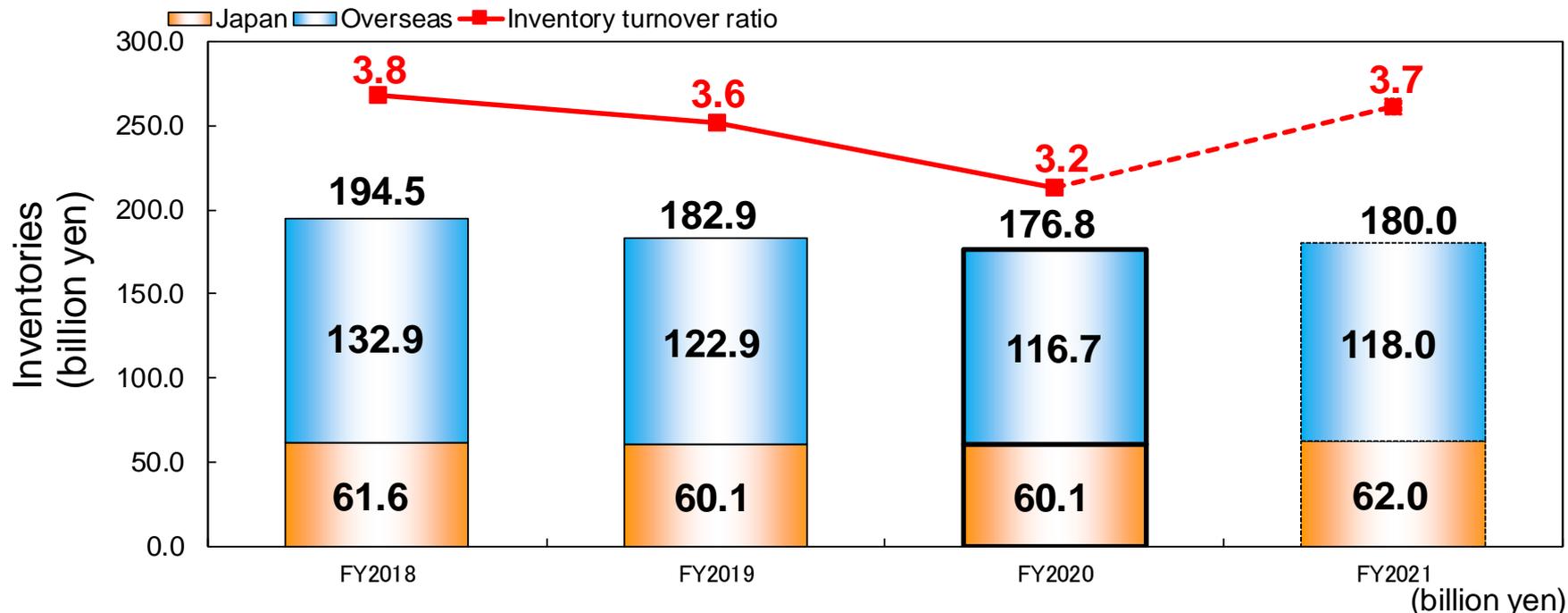
《 Europe 》



《 Asia and others 》

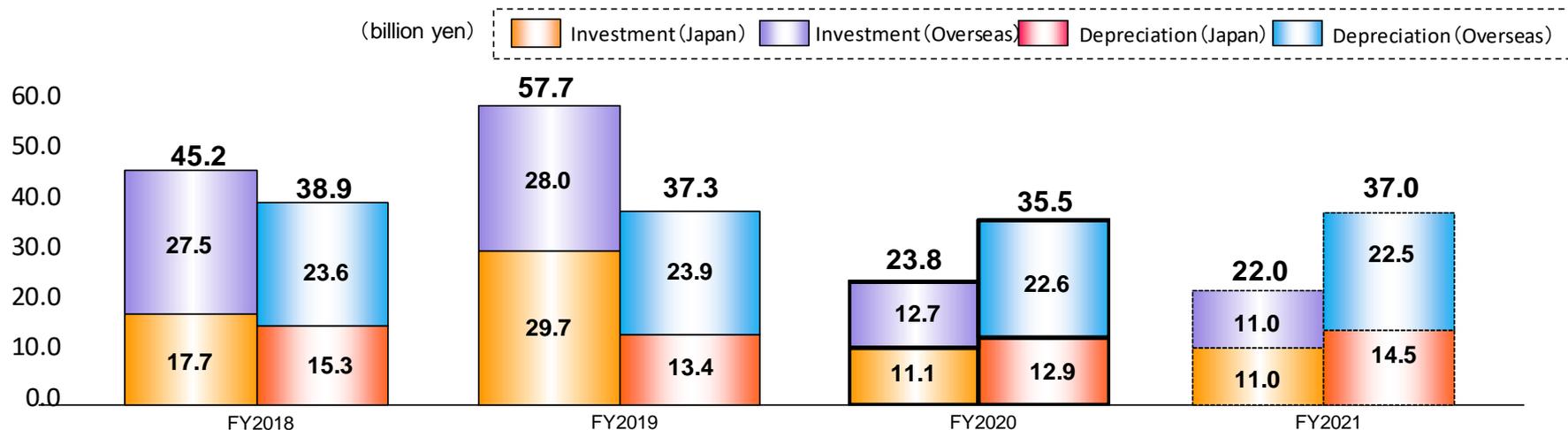


8. Inventories



	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Forecast
Inventories	194.5	182.9	176.8	180.0
(Overseas)	(132.9)	(122.9)	(116.7)	(118.0)
(Japan)	(61.6)	(60.1)	(60.1)	(62.0)
Inventory	3.8	3.6	3.2	3.7

9. Capital Expenditure and Depreciation



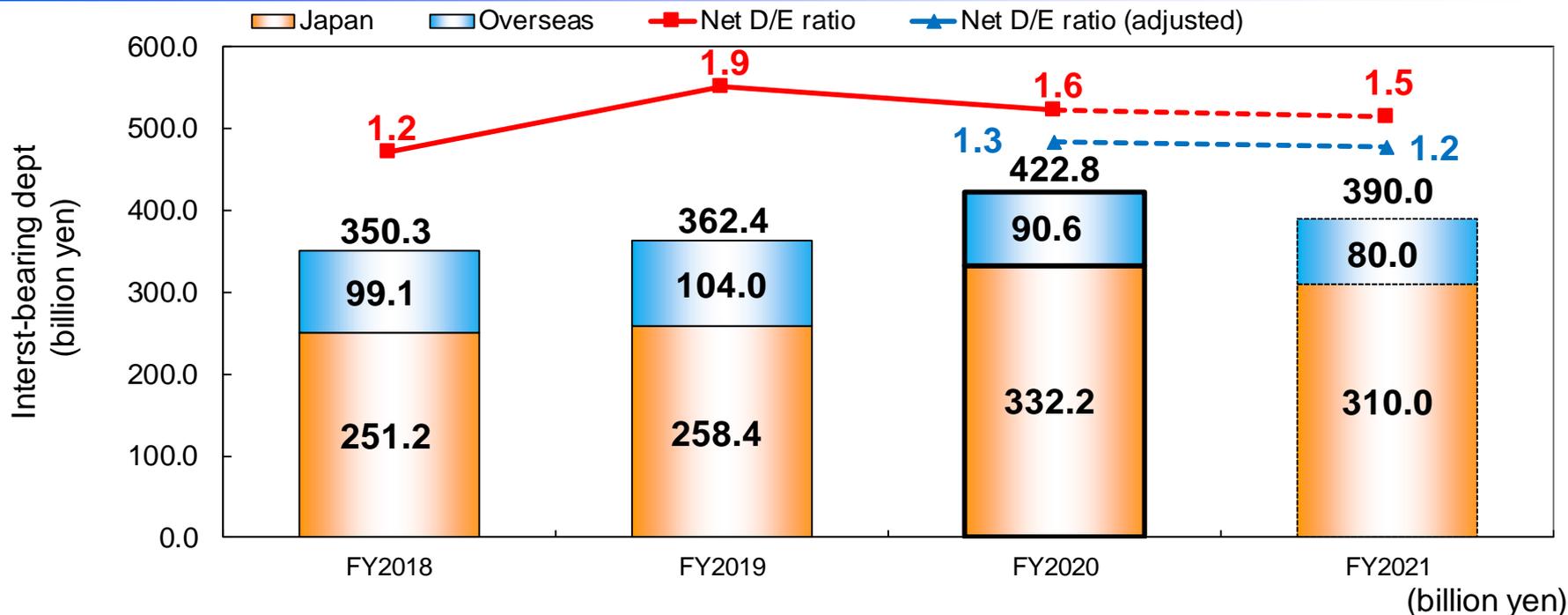
(billion yen)

	FY2018 Results	FY2019 Results①	FY2020 Results②	②-①	FY2021 Forecast
Capital expenditure	45.2	57.7	* 23.8	-33.9	* 22.0
(Overseas)	(27.5)	(28.0)	(12.7)	(-15.2)	(11.0)
(Japan)	(17.7)	(29.7)	(11.1)	(-18.6)	(11.0)

*In addition, capital expenditure for intangible fixed assets (FY2019 full year results : ¥7.6 billion, FY2021 full year forecast : ¥7.0 billion)

	FY2018 Results	FY2019 Results①	FY2020 Results②	②-①	FY2021 Forecast
Depreciation	38.9	37.3	35.5	-1.8	37.0
(Overseas)	(23.6)	(23.9)	(22.6)	(-1.3)	(22.5)
(Japan)	(15.3)	(13.4)	(12.9)	(-0.5)	(14.5)

10. Interest-Bearing Debt

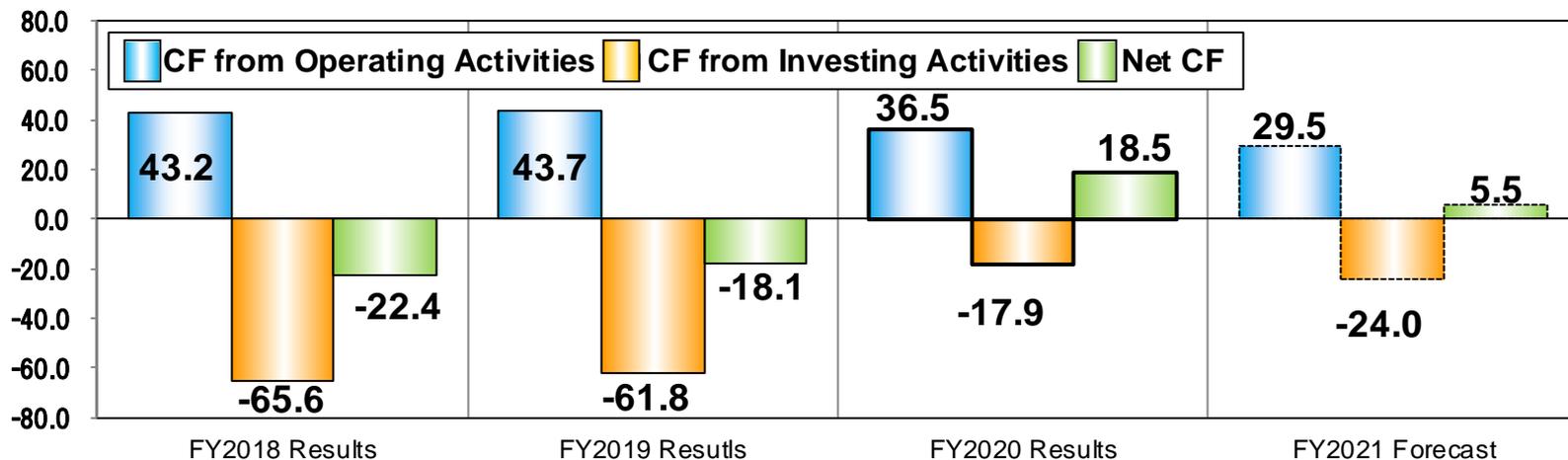


	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Forecast
Interest-bearing debt	350.3	362.4	422.8	390.0
(Overseas)	(99.1)	(104.0)	(90.6)	(80.0)
(Japan)	(251.2)	(258.4)	(332.2)	(310.0)
Net Interest-bearing debt	266.9	291.3	275.6	270.0

※ Taking into account a part of the subordinated bonds through public offering that is recognized as equity (50%)

11. Cash Flows

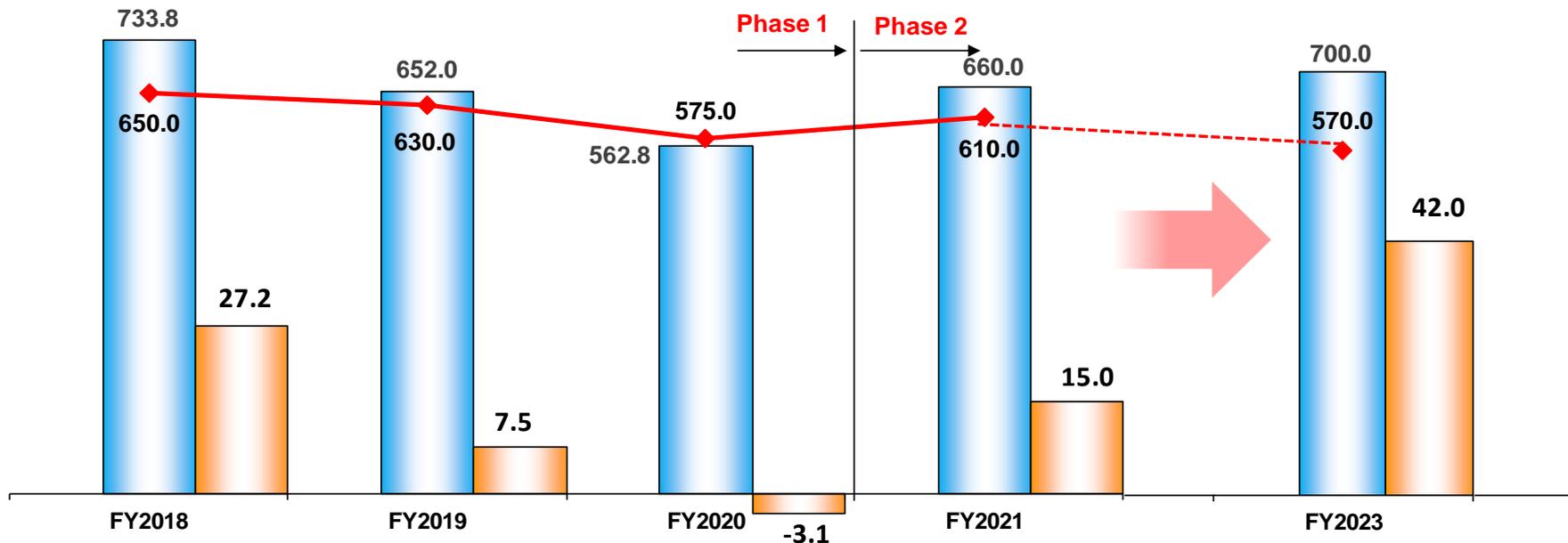
(billion yen)	FY2018 Results	FY2019 ①Results	FY2020 ②Results	②-①	FY2021 Forecast
I . Cash flow from operating activities	43.2	43.7	36.5	-7.3	29.5
II . Cash flow from investing activities	-65.6	-61.8	-17.9	43.9	-24.0
I + II . Net cash flow	-22.4	-18.1	18.5	36.6	5.5
III . Cash flow from financing activities	20.7	7.4	54.7	47.3	-32.5
IV . Effect of exchanging rate translation on cash and cash equivalents	-1.0	-1.7	2.9	4.5	0.0
V . Net increase in cash and cash equivalents	-2.6	-12.3	76.1	88.4	-27.0



12-1. Lower Break-even Point

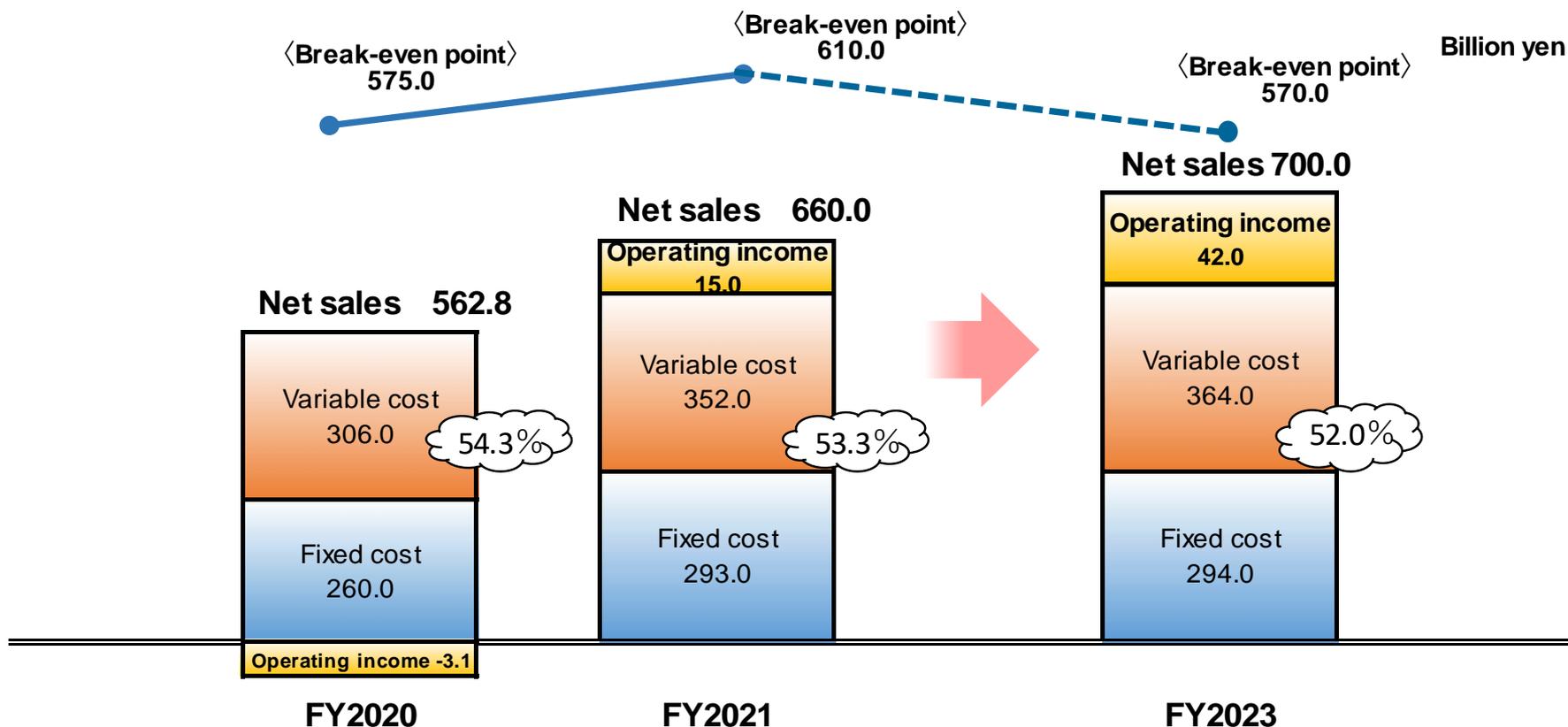
Net sales Operating income Break-even point net sales

Billion yen



- Significant fixed cost reduction was implemented in FY2020 to minimize deficit.
- Although it is expected to be profitable this term, in addition to the rise in steel prices and costs, the break-even point is expected to get worse due to the increase in fixed costs more than expected to respond to the rapid increase in sales.
- In the new medium-term management plan, we aim to further lower the break-even point with the main focus on reducing variable costs.

12-1. Lower Break-even Point (MUST Achieve Revitalization Scenario)



*Changes in each item include the effects of exchange rate fluctuations.

DRIVE
NTN100



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Make the world **NAMERAKA**

Digitalization, **R**esources, **I**nnovation, **V**ariable cost reformation, **E**fficiency improvement
NTN Transformation for **N**ew **100**years

[Reference] Key Management Indicators

	"DRIVE NTN100" Phase 1			"DRIVE NTN100" Phase 2		
	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Forecast	FY2023 Plan	
Net sales	¥733.8bn	¥652.0bn	¥562.8bn	¥660.0bn	¥700.0bn or more	
Operating income	¥27.2bn	¥7.5bn	¥-3.1bn	¥15.0bn	¥42.0bn or more	
Net income	-¥7.0bn	-¥44.0bn	-¥11.6bn	¥5.0bn	-	
Capital expenditure	¥45.2bn	¥57.7bn	¥23.8bn	¥22.0bn	¥60.0bn or less (three years)	
FCF	-¥22.4bn	-¥18.1bn	¥18.5bn	¥5.5bn	¥27.0bn or more	
Inventory turnover rate	3.8	3.6	3.2	3.7	4.1	
Equity to capital ratio	27.4%	20.6%	20.4% (23.4%)	21.7% (24.7%)	20% or more (23% or more)	
Net D/E ratio	1.2	1.9	1.6 (1.3)	1.5 (1.2)	1.5 or less (1.2 or less)	
ROIC	3.3%	1.0%	-0.4%	1.8%	5% or more	
Exchange rates	USD	¥110.9	¥108.7	¥106.0	¥107.0	¥103.0
	Euro	¥128.4	¥120.8	¥123.7	¥128.0	¥125.0

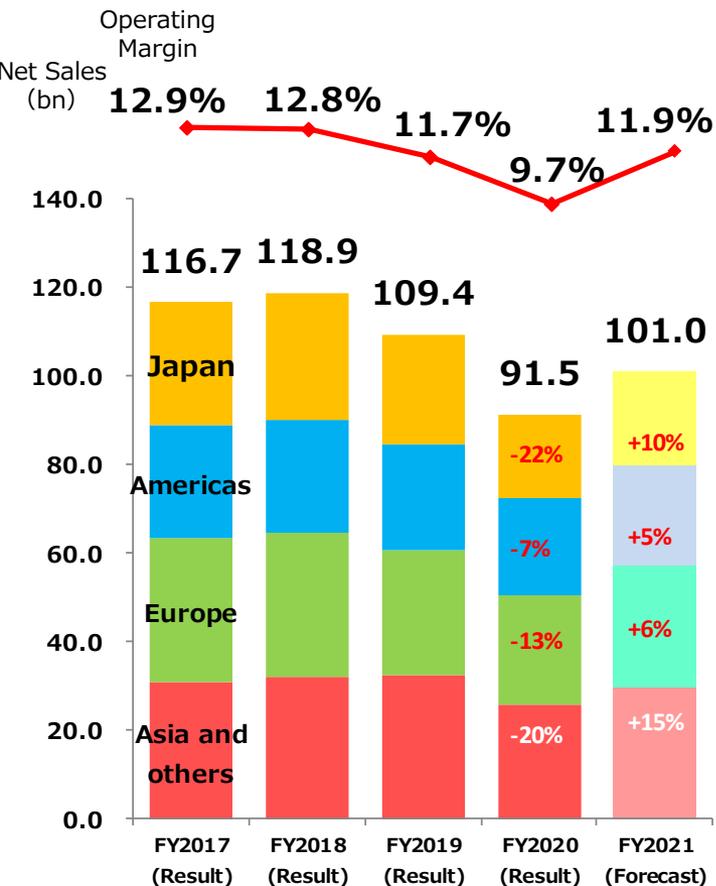
Dividend: Aim to return the dividend from the interim dividend in the second year (FY2022).

Figures in () of equity to capital ratio and net D/E ratio take into account a part of the subordinated bonds through public offering that is recognized as equity (50%).

Reference Aftermarket Business: Actual Results for FY2020 and Forecast for FY2021

<Result (compared with FY2019)> **Net Sales:¥91.5bn(-16.4%), Operating Income:¥8.9bn**

- Sales of industrial machinery aftermarket decreased due to inventory adjustment of distributors and market stagnation
- Automotive AM increased year-on-year in North America, but sales declined in other regions



<Forecast for FY2021 : comment for sales increase/decrease compared to FY2020>

Japan Increased demand for users, mainly machine tools. Expected to increase sales to distributor and reseller

Americas Increased demand for network of auto parts distributors for OES and general distributors in automotive aftermarket

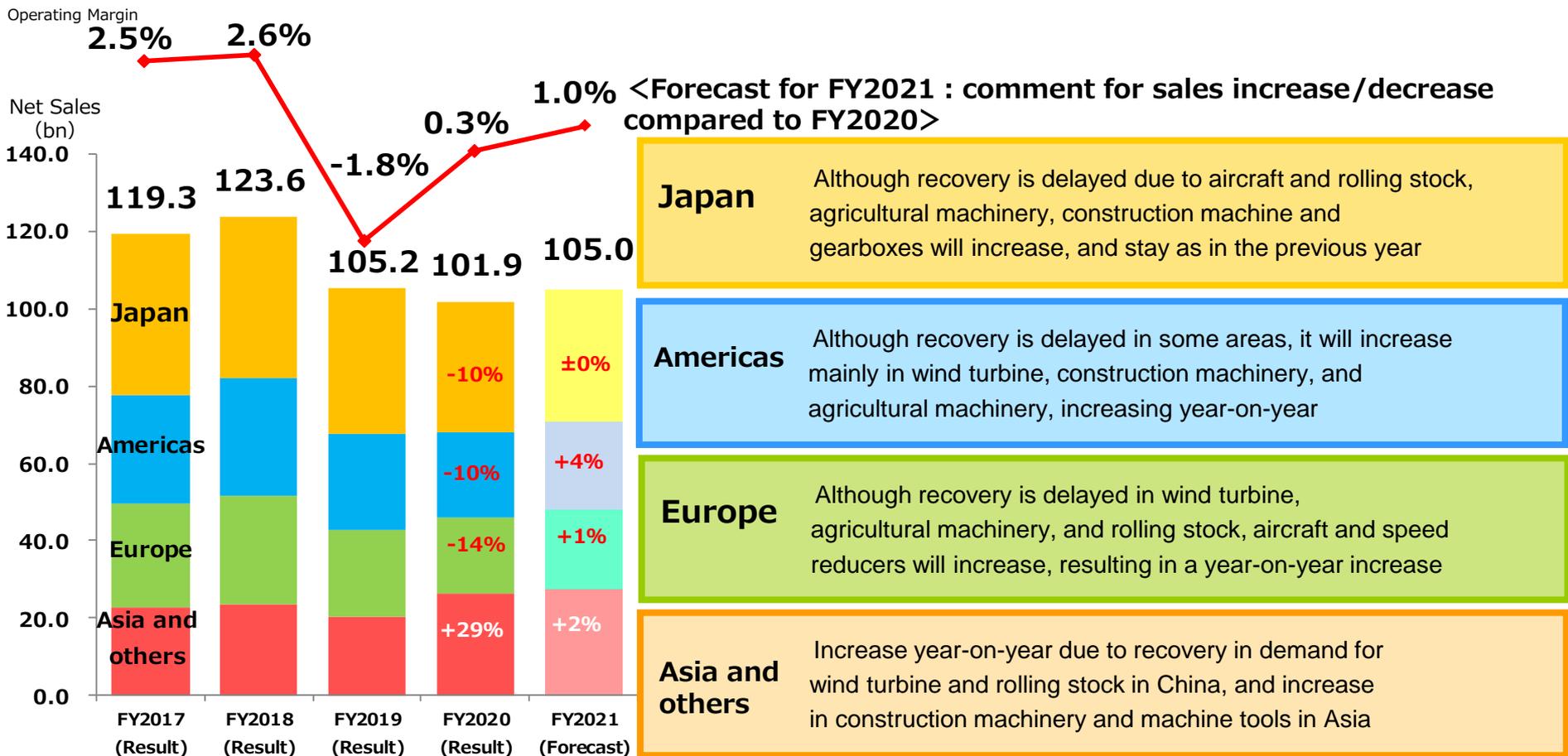
Europe In addition to recovery of demand due to the normalization of economic activities, inventory adjustments by distributors are progressing and sales will increase

Asia and others Assuming normalization of economic activities and economic recovery, sales of both industrial machinery and automotive aftermarket are expected to increase

[Reference] Industrial Machinery Business : Actual Results for FY2020 and Forecast for FY2021

<Result(Compared with FY2019)> **Net Sales:¥101.9bn(-3.2%), Operating Income:¥0.4bn**

- Sales for construction machinery decreased significantly, and sales of aircraft and gearboxes also decreased due to decreased demand.
- Sales for wind power generation in China increased significantly, and sales for agricultural machinery also increased in Americas and Europe.



Japan

Although recovery is delayed due to aircraft and rolling stock, agricultural machinery, construction machine and gearboxes will increase, and stay as in the previous year

Americas

Although recovery is delayed in some areas, it will increase mainly in wind turbine, construction machinery, and agricultural machinery, increasing year-on-year

Europe

Although recovery is delayed in wind turbine, agricultural machinery, and rolling stock, aircraft and speed reducers will increase, resulting in a year-on-year increase

Asia and others

Increase year-on-year due to recovery in demand for wind turbine and rolling stock in China, and increase in construction machinery and machine tools in Asia

Reference Automotive Business : Actual Results for FY2020 and Forecast for FY2021

<Result (compared with FY2019)> **Net Sales:¥369.5bn(-15.5%),Operating Income:¥12.4bn**

- Sales significantly decreased from the previous year in Japan, Americas and Europe
 - In China, the new coronavirus has quickly converged and it has recovered rapidly due to the government subsidy policy.
- There is concern that the impact of the new coronavirus will become more serious in Asia as a whole.

