

Consolidated Financial Results for Third Quarter of FY2015 and Full Year Forecast

February 2, 2016

NTN Corporation

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Financial Results for the Third Quarter of FY2015

Key Factors of FY2015 3Q (April–December) Results

- ◇ Net sales: **537.3 billion yen**, a 24.2 billion yen (+4.7%) increase year-on-year
 - Aftermarket increased by approximately **2.7%** year-on-year due to increase sales chiefly in Japan and Asia
 - Industrial machinery decreased by **2.1%** year-on-year due to factors such as decreased demand for construction machinery and agricultural machinery
 - Automotive increased by approximately **6.7%** year-on-year chiefly in Japan, North America and China
- ◇ Operating income: **36.8 billion yen**, a 7.4 billion yen (+25.1%) increase year-on-year
- ◇ Ordinary income: **29.7 billion yen**, a 2.4 billion yen (+8.7%) increase year-on-year
 - Foreign exchange losses of subsidiaries in emerging countries due to weakness of their currencies
- ◇ Extraordinary income or loss: **-13.3 billion yen**
(extraordinary income +100 million yen, extraordinary loss -13.4 billion yen)
 - Losses were recorded following loss associated with arbitration award
- ◇ Net income attributed to shareholder (parent company) : **9.6 billion yen**, a 6.4 billion yen (-40.1%) decrease year-on-year

FY2015 Full Year Forecast

Revisions to Full Year Forecast for FY2015

- ◇ Net sales: **718 billion yen**,
 - a 7 billion yen (-1.0%) decrease from the 725 billion yen announced previously
 - Market conditions in Central and South America and ASEAN declined more than expected
 - Demand in China increased year-on-year, however was still less than planned
- ◇ Operating income: **48 billion yen**,
 - a 2 billion yen (-4.0%) decrease from the 50 billion yen announced previously
- ◇ Ordinary income: **38 billion yen**,
 - a 7 billion yen (-15.6%) decrease from the 45 billion yen announced previously
- ◇ Extraordinary income or loss: **-11 billion yen**,
 - a 12 billion yen decrease from the 1 billion yen announced previously
- ◇ Net income attributed to shareholder (parent company) : **15 billion yen**,
 - a 16 billion yen (-51.6%) decrease from the 31 billion yen announced previously
- ◇ Free cash flow: secured **15 billion yen** despite the effects of arbitration award
 - Inventories: work in process and overseas stock are being reduced as planned for the end of March
 - Capital expenditure: **40 billion yen**,
 - a 10 billion yen decrease from the 50 billion yen announced previously
- ◇ 4Q exchange rates: kept at 1US\$ = 115 yen and 1EURO = 130 yen

1. Consolidated Statements of Operation

(100 million yen)

	FY2014			FY2015				
	3Q Results	1-3Q Results ①	Full year Results ②	3Q Results	1-3Q Results ③	Full year Forecast ④	FY2015 1-3Q ③-①	FY2015 Full year ④-②
Net sales	1,769	5,132	7,019	1,765	5,373	7,180	242	161
Operating income	111	294	439	119	368	480	74	41
Operating margin	(6.3%)	(5.7%)	(6.2%)	(6.8%)	(6.8%)	(6.7%)	(1.1%)	(0.4%)
Ordinary income	107	273	389	117	297	380	24	-9
Extraordinary income/loss	-9	-33	-18	-133	-133	-110	-100	-92
Net income*	67	160	234	-8	96	150	-64	-84

Exchange rates	US \$	114.4	106.7	109.8	121.5	121.7	120.1	15.0	10.3
	EURO	142.9	140.2	138.7	133.0	134.4	133.3	-5.8	-5.4

* FY2015 net income indicates the net income attributed to shareholder (parent company).

2. Net Sales by Region

< Net Sales by Region >

(100 million yen)

	FY2014			FY2015			Year on year			
	3Q	1-3Q	Full year	3Q	1-3Q	Full year	FY2015 1-3Q		FY2015 Full year	
	Results	Results	Results	Results	Results	Forecast	③-①		④-②	
		①	②		③	④	Volume	Forex	Volume	Forex
Japan	479	1,421	1,915	475	1,422	1,890	1	0	-25	0
Americas	515	1,470	2,026	512	1,594	2,140	-43	167	-37	152
Europe	410	1,250	1,712	396	1,243	1,685	42	-49	38	-65
Asia & others	365	990	1,367	382	1,115	1,465	46	79	42	57
Total	1,769	5,132	7,019	1,765	5,373	7,180	45	196	18	143

3. Net Sales and Operating Income by Business Sector

<Net Sales by Business Sector>

(100 million yen)

	FY2014			FY2015			Year on year			
	3Q Results	1-3Q Results ①	Full year Results ②	3Q Results	1-3Q Results ③	Full year Forecast ④	FY2015 1-3Q ③-①		FY2015 Full year ④-②	
							Volume	Forex	Volume	Forex
Aftermarket	281	828	1,124	267	850	1,145	4	18	11	10
Industrial machinery	269	795	1,090	250	778	1,035	-41	24	-71	16
Automotive	1,220	3,509	4,805	1,249	3,745	5,000	82	154	77	118
Total	1,769	5,132	7,019	1,765	5,373	7,180	45	196	18	143

<Operating Income by Business Sector>

(100 million yen)

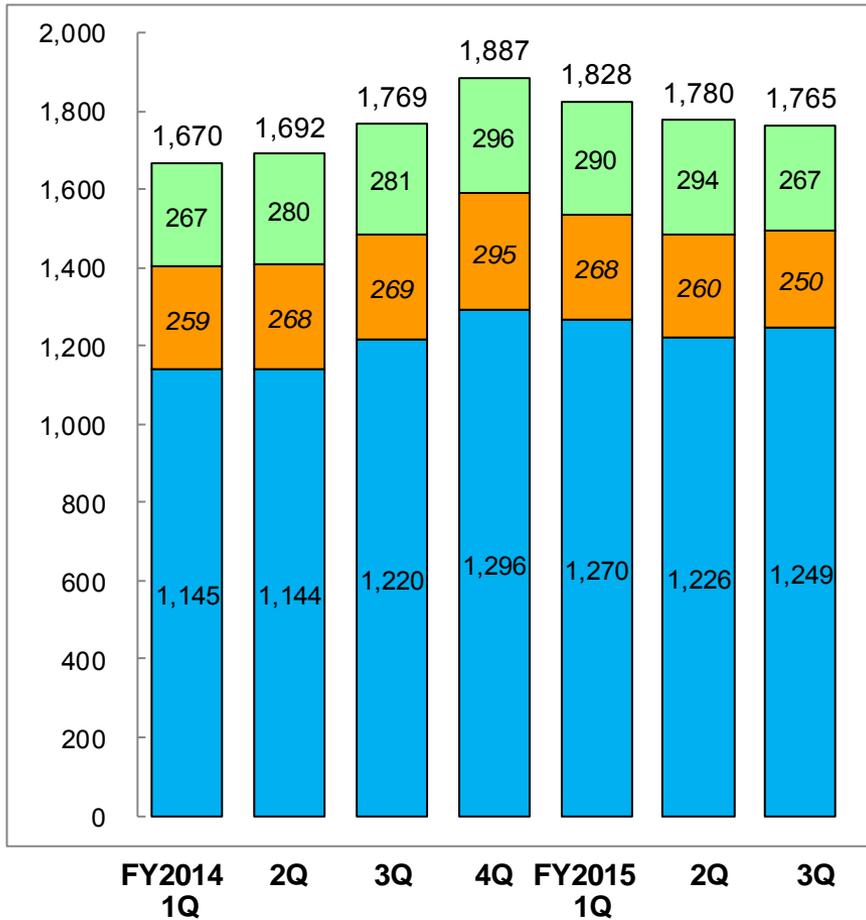
	FY2014			FY2015			Year on year			
	3Q Results	1-3Q Results ①	Full year Results ②	3Q Results	1-3Q Results ③	Full year Forecast ④	FY2015 1-3Q ③-①		FY2015 Full year ④-②	
Aftermarket	50	139	192	43	138	187		-1		-5
Industrial machinery	15	36	63	12	48	63		11		0
Automotive	46	118	184	65	182	230		64		46
Total	111	294	439	119	368	480		74		41

4. Results by Business Sector (Quarterly Trend)

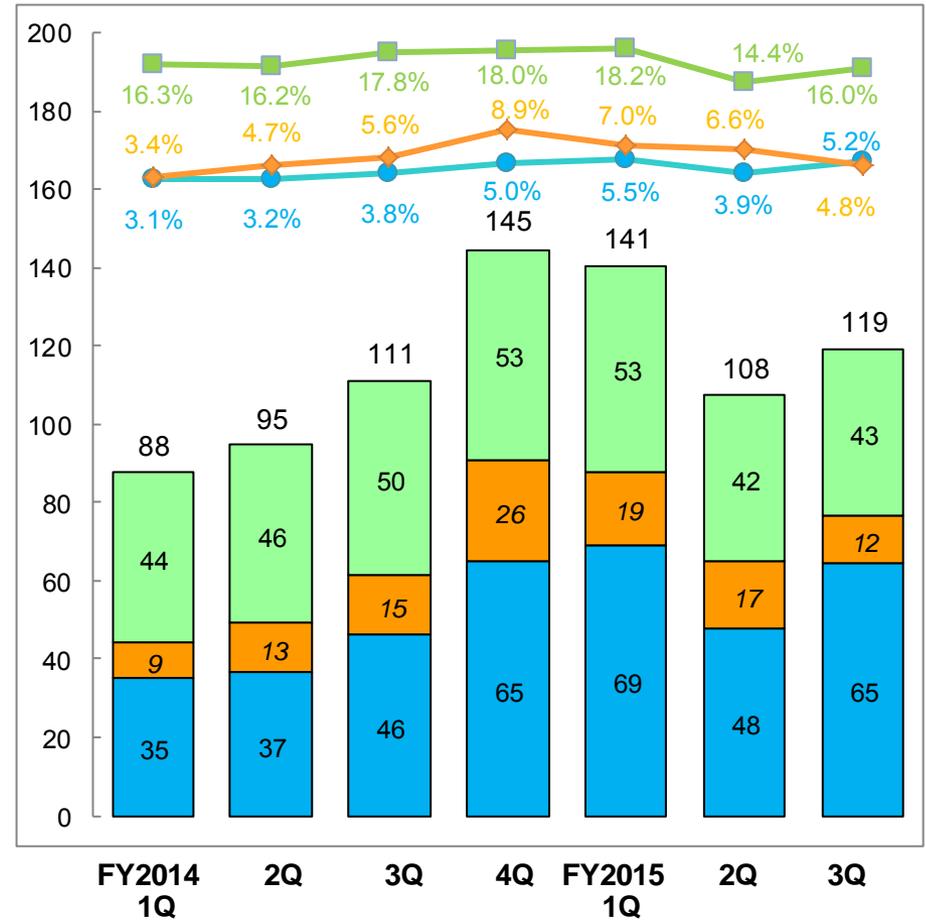
* All figures in 100 million yen

Automotive Industrial machinery Aftermarket

Net Sales

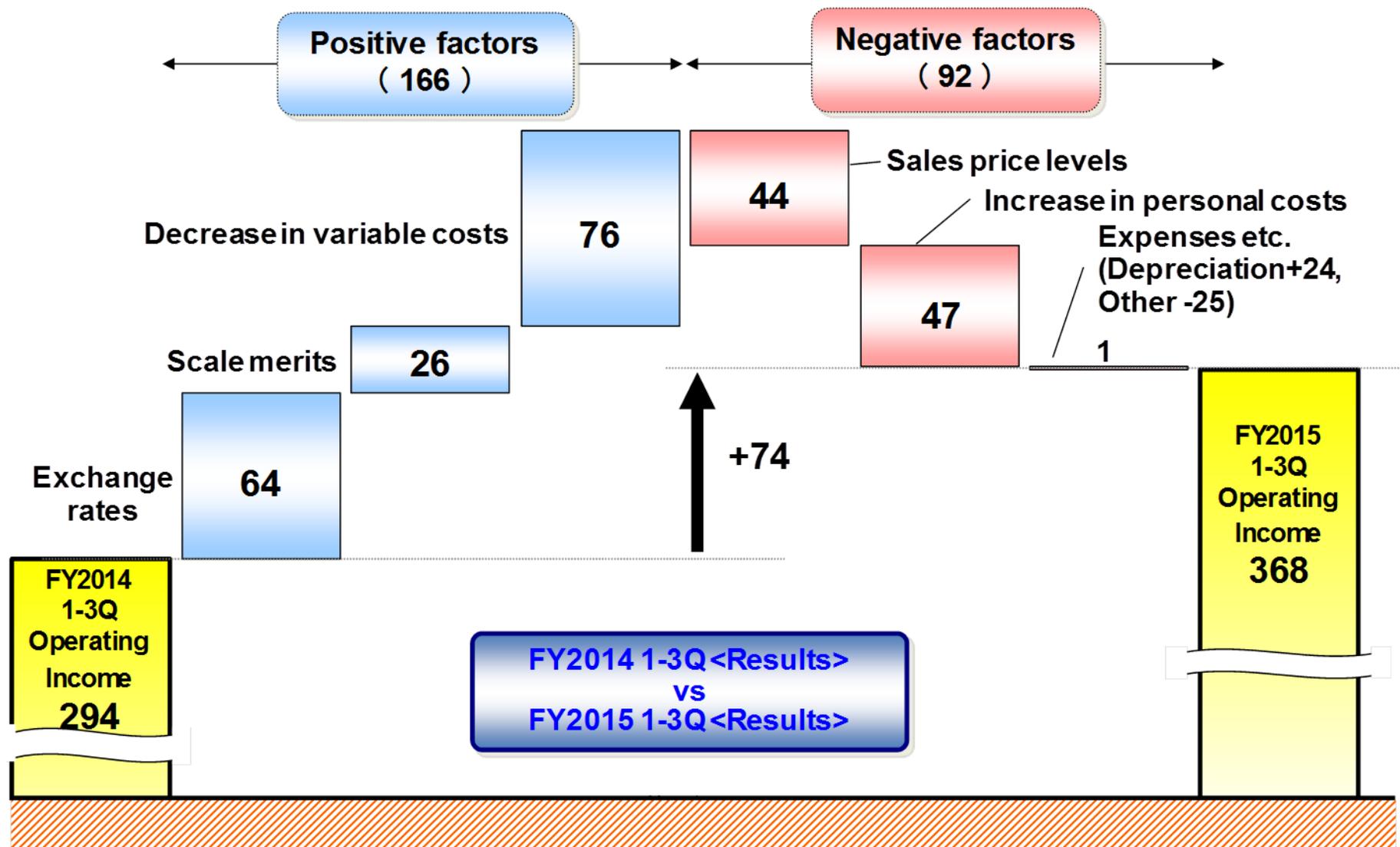


Operating Income / Operating Margin



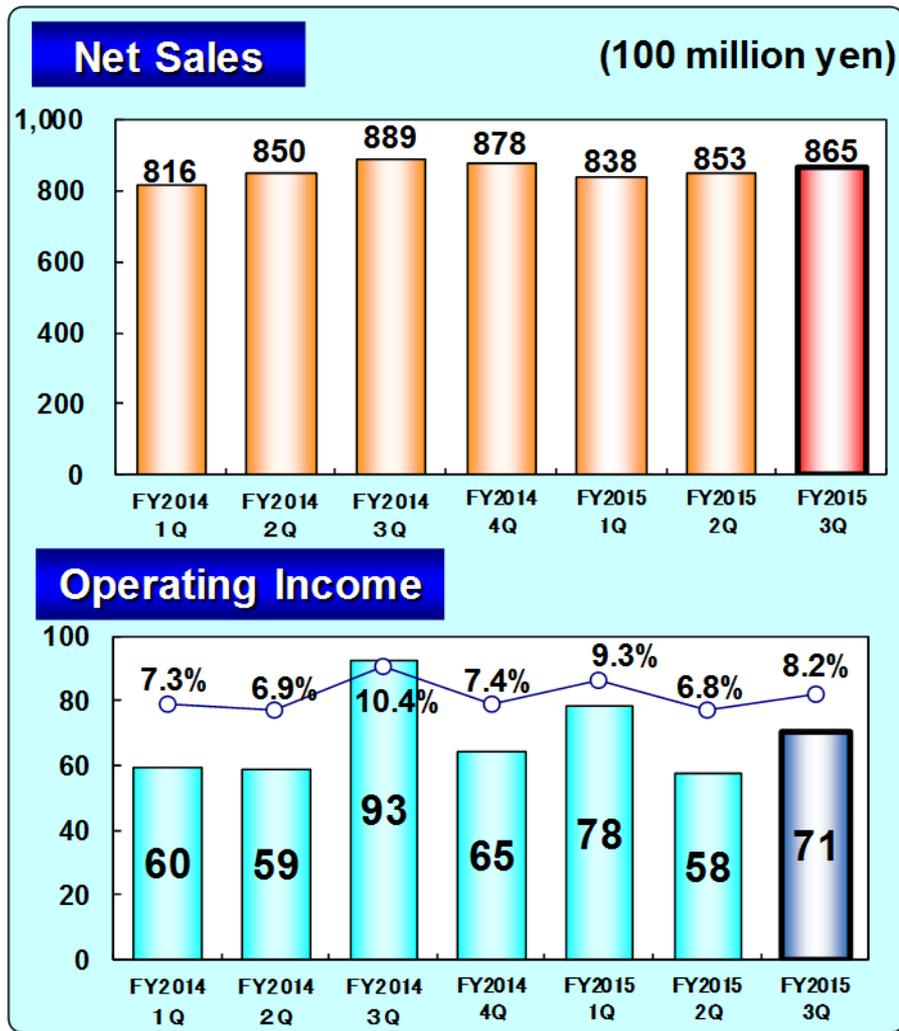
5. Analysis of Operating Income (FY2015 3Q)

* All figures in 100 million yen.

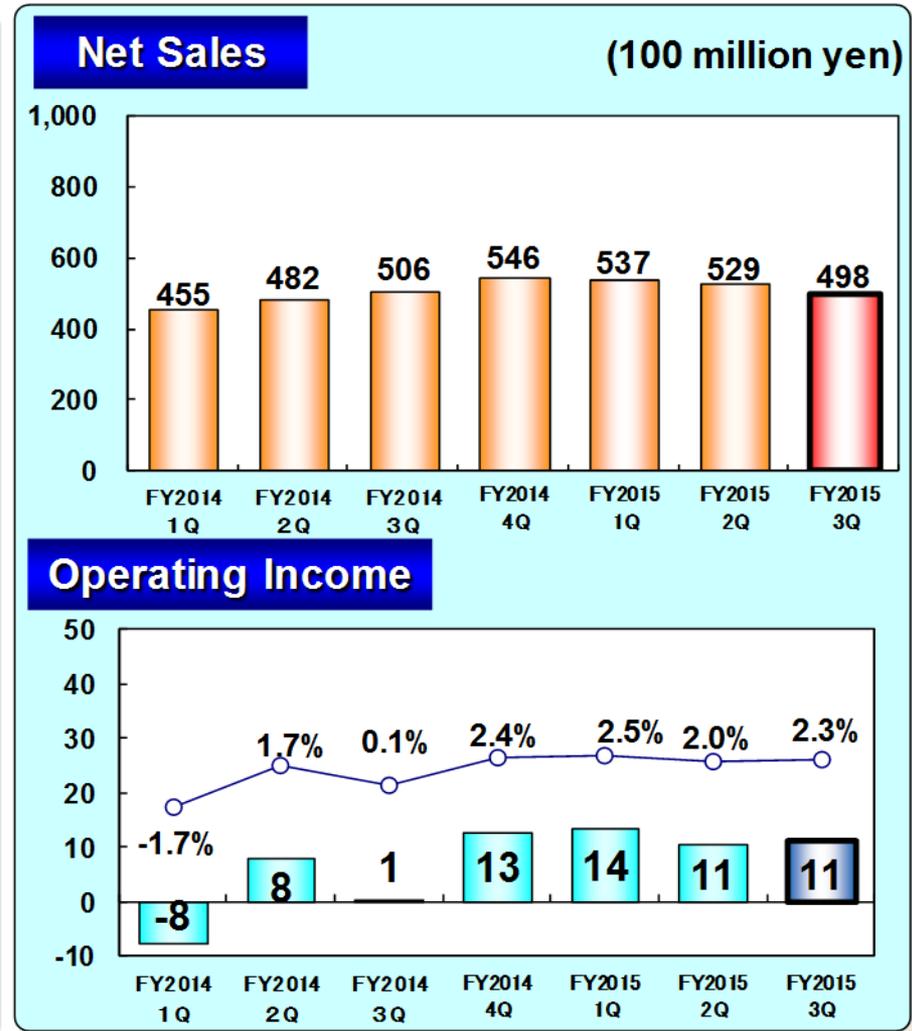


6. Net Sales and Operating Income by Region

《 Japan 》



《 Americas 》



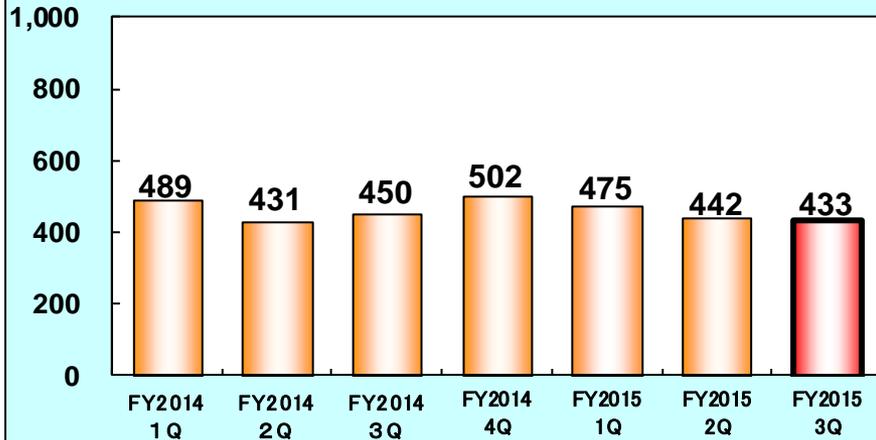
6. Net Sales and Operating Income by Region

《 Europe 》

《 Asia & Others 》

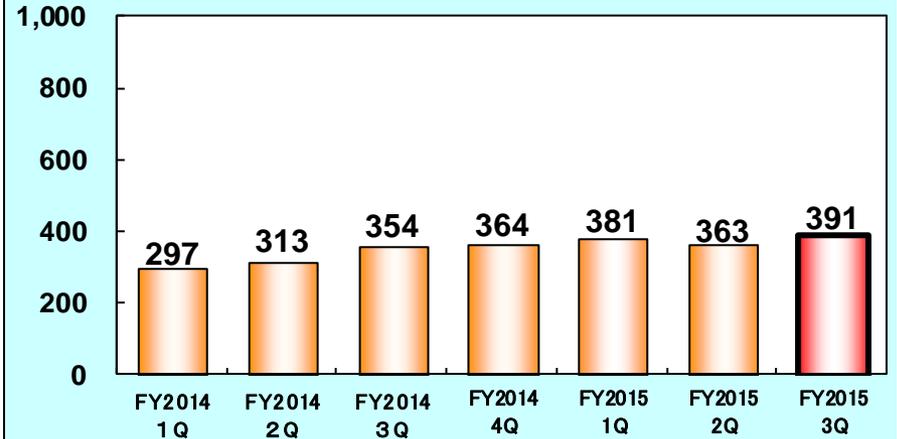
Net Sales

(100 million yen)

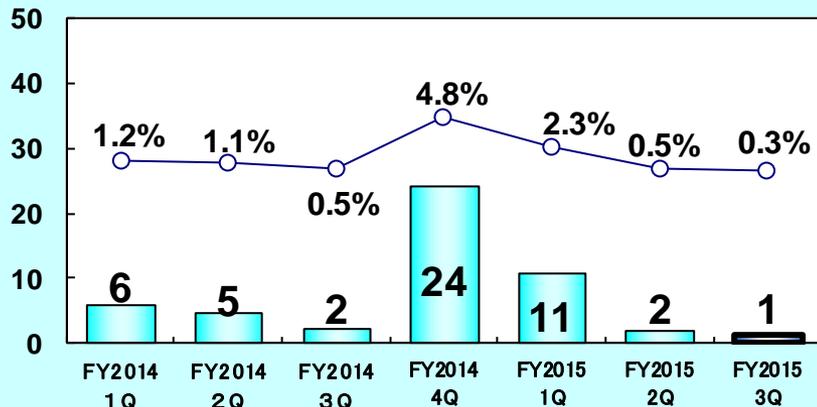


Net Sales

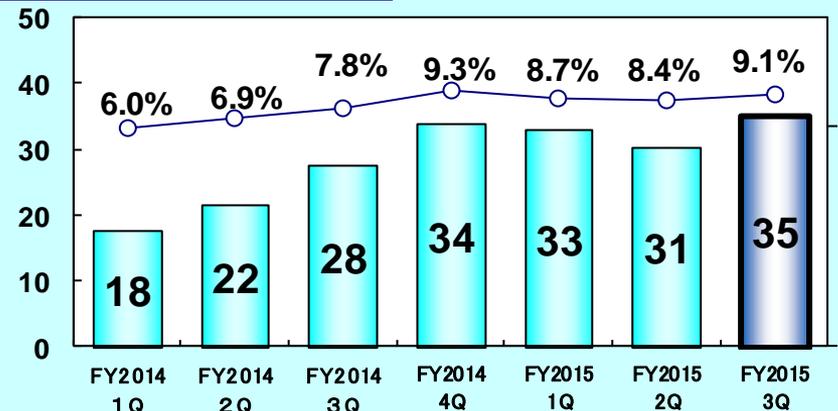
(100 million yen)



Operating Income

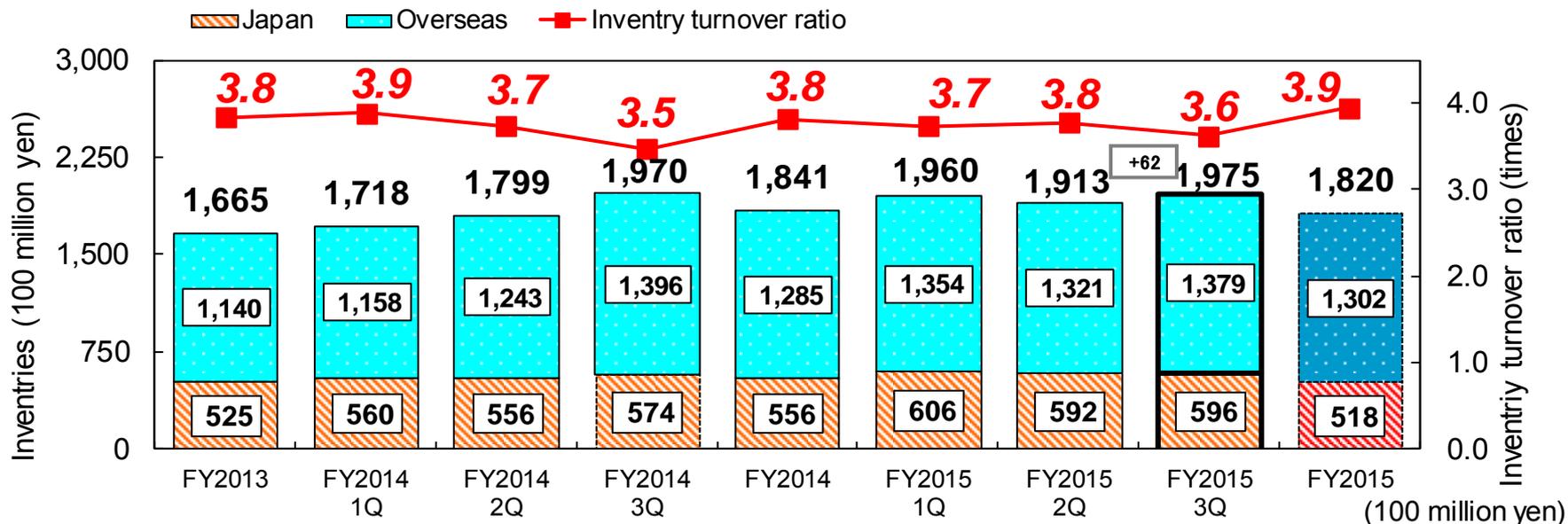


Operating Income



7. Inventories

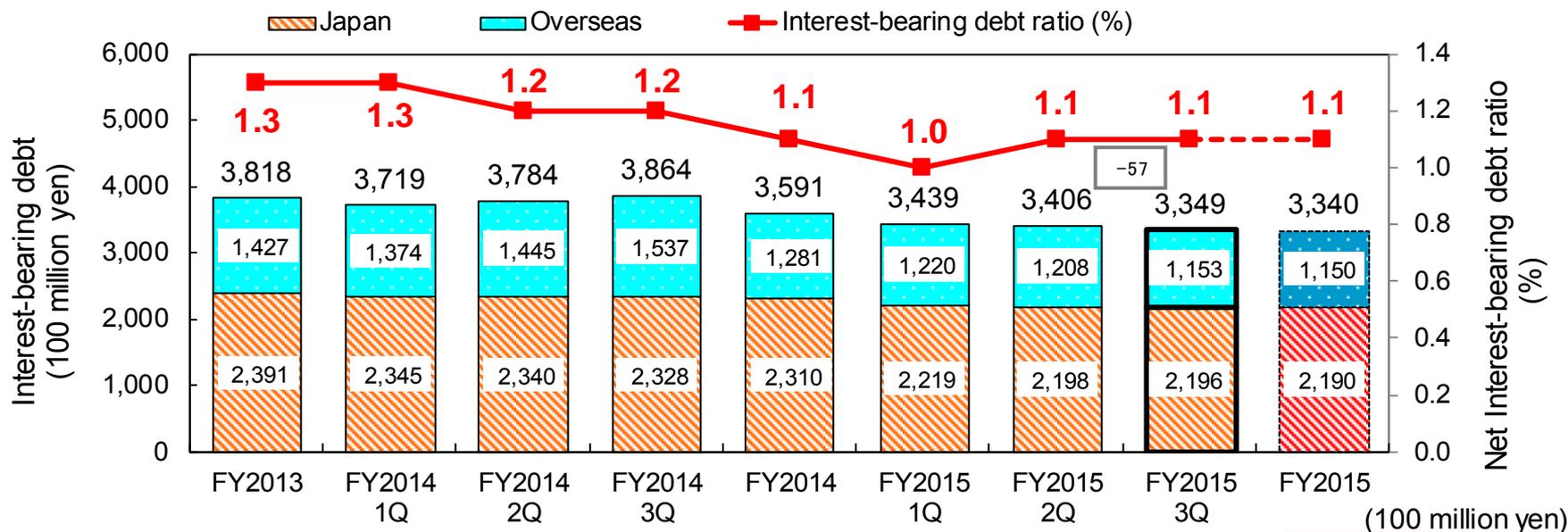
- ◆ Inventories at the end of December 2015 increased by 6.2 billion yen compared to the end of September.



	FY2013	FY2014 1Q	FY2014 2Q	FY2014 3Q	FY2014	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015
	Results	Results	Results	Results	Results	Results	Results	Results	Forecast
Inventories	1,665	1,718	1,799	1,970	1,841	1,960	1,913	1,975	1,820
Overseas	(1,140)	(1,158)	(1,243)	(1,396)	(1,285)	(1,354)	(1,321)	(1,379)	(1,302)
Japan	(525)	(560)	(556)	(574)	(556)	(606)	(592)	(596)	(518)
Inventy turnover ratio (times)	3.8	3.9	3.7	3.5	3.8	3.7	3.8	3.6	3.9

8. Interest-Bearing Debt

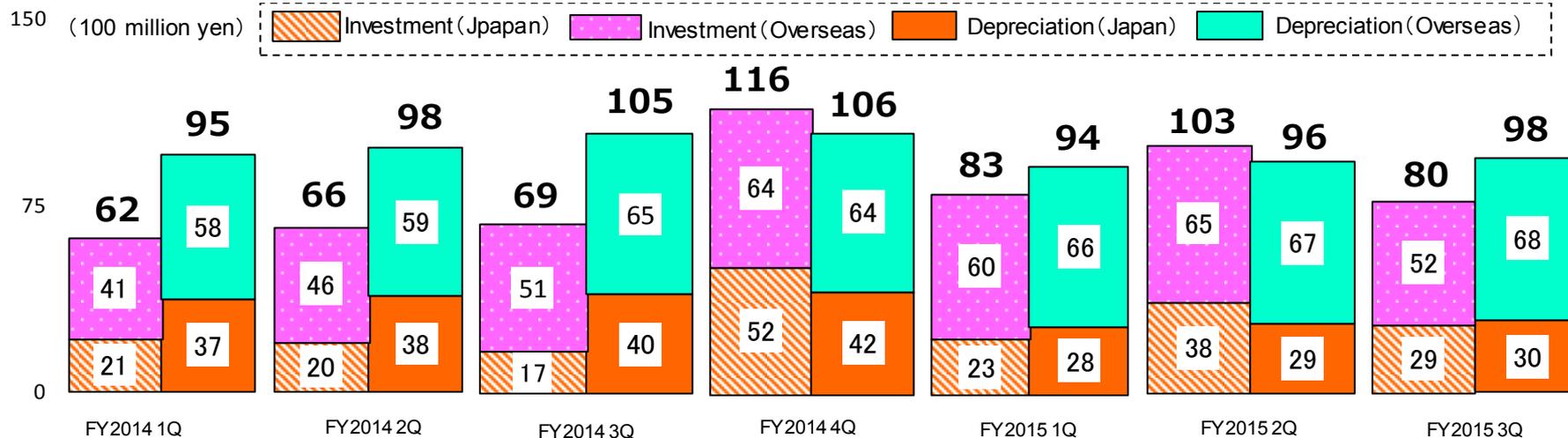
◆ Interest-bearing debt at the end of December 2015 decreased by 5.7 billion yen compared to the end of September.



	FY2013	FY2014 1Q	FY2014 2Q	FY2014 3Q	FY2014	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015
	Results	Results	Results	Results	Results	Results	Results	Results	Forecast
Interest-bearing debt	3,818	3,719	3,784	3,864	3,591	3,439	3,406	3,349	3,340
Overseas	(1,427)	(1,374)	(1,445)	(1,537)	(1,281)	(1,220)	(1,208)	(1,153)	(1,150)
Japan	(2,391)	(2,345)	(2,340)	(2,328)	(2,310)	(2,219)	(2,198)	(2,196)	(2,190)
Net Interest-bearing debt	2,521	2,688	2,673	2,794	2,713	2,663	2,613	2,719	2,620

9. Capital Expenditure and Depreciation

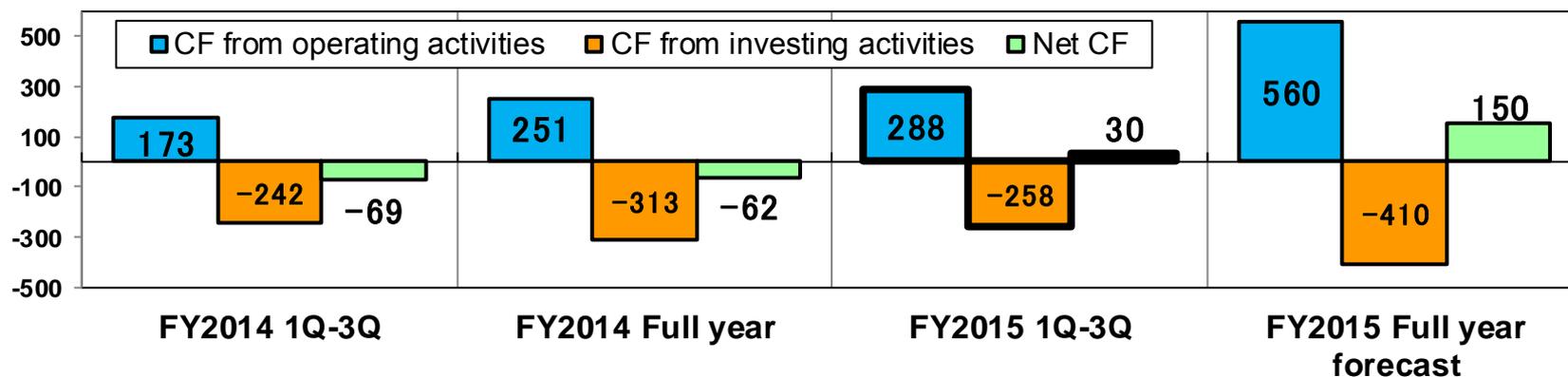
- ◆ Capital expenditure in the 3Q FY2015 results was within the scope of depreciation expenses. The full year forecast has been revised from 50 billion yen to 40 billion yen.



	FY2014 ① 1-3Q	FY2014 Full year	FY2015 ② 1-3Q	Year on year ②-①	FY2015 Full year forecast
Capital expenditure	197	313	266	69	400
Overseas	(139)	(203)	(177)	(38)	(263)
Japan	(59)	(110)	(89)	(31)	(136)
Depreciation	298	404	288	-11	387
Overseas	(183)	(247)	(201)	(18)	(262)
Japan	(115)	(157)	(87)	(-28)	(126)

10. Cash Flows

(100 million yen)	FY2014		FY2015		②-①
	①1-3Q	Full year	①1-3Q	Full year forecast	
I . Cash flow from operating activities	173	251	288	560	115
II . Cash flow from investing activities	-242	-313	-258	-410	-16
III . Cash flow from financing activities	-152	-375	-292	-294	-140
IV . Effect of exchanging rate translation on cash and cash equivalents	-5	18	15	-14	20
V . Net increase in cash and cash equivalents	-226	-419	-248	-158	-22



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