

# Consolidated Financial Results for Third Quarter of FY2016 and Full Year Forecast

**February 3, 2017**

**NTN Corporation**

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## ★Financial Results for the Third Quarter of FY2016 Key Factors and Full Year Forecast

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# Financial Results for the Third Quarter of FY2016 : Key Factors

## Results of FY2016 Third Quarter (April-December)

- ◇ Net Sales: **¥498.3 billion**, decreased by **7.3%**, year-on-year  
(Excluding exchange rates: increase of **¥15.0 billion**, increased by **2.8%**)
  - Sales in aftermarket applications decreased due to lower demand in industrial machinery aftermarket applications market, although sales increased in automotive aftermarket applications  
(Excluding exchange rates: decreased by **2.0%**)
  - Sales in industrial machinery applications decreased for the nine months, although signs of recovery have been seen for the third quarter (October-December)  
(Excluding exchange rates: decreased by **1.0%**)
  - Sales in automotive applications increased thanks to the last-minute demand in China and strong sales of motorbikes in Asia  
(Excluding exchange rates: increased by **5.0%**)
- ◇ Operating Income: **¥24.8 billion**, decreased by **32.5%**, year-on-year  
(Excluding exchange rates: decrease of **¥4.0 billion**, decreased by **1.2%**)
- ◇ Extraordinary Income or Loss: **¥-2.9 billion**  
(increase of **¥2.1 billion** in reversal of loss associated with the arbitration award, decrease of **¥3.7 billion** in impairment loss, decrease of **¥1.1 billion** in loss related to Anti-Monopoly Act, and others)
- ◇ Net Income Attributable to Shareholder (parent company): **¥9.7 billion**, increased by **1.3%**, year-on-year
- ◇ Free Cash Flow: **¥12.1 billion**, increase of **¥9.1 billion**, year-on-year

## Forecast of FY2016 Full Year

- ◇ No change to figures announced previously  
(Keep an eye on exchange rates, and political and economic trends)

# 1. Consolidated Statements of Operation

(billion yen)

		FY2015			FY2016			Year on year		
		3Q Results	1-3Q Results	Full year Results	3Q Results	1-3Q Results	Full year Forecast	FY2016 1-3Q		
			①			②		②-①		
							Total	Excl.Forex	Forex	
<b>Net sales</b>		176.5	537.3	717.0	171.5	498.3	650.0	- 39.0	15.0	- 54.0
<b>Operating income</b>		11.9	36.8	47.8	9.0	24.8	30.0	- 11.9	- 0.4	- 11.5
<b>Operating margin</b>		(6.8%)	(6.8%)	(6.7%)	(5.2%)	(5.0%)	(4.6%)	(-1.9%)		
<b>Ordinary income</b>		11.7	29.7	38.2	10.0	21.5	22.0	- 8.2	3.2	- 11.4
<b>Extraordinary income/loss</b>		- 13.3	- 13.3	- 11.3	- 2.7	- 2.9	- 9.0	10.4	9.6	0.8
<b>Net income attributable to shareholder (parent company)</b>		- 0.8	9.6	15.0	3.6	9.7	3.0	0.1	7.1	- 6.9
<b>Exchange rates</b>	<b>US \$</b>	121.5	121.7	120.2	109.3	106.6	102.6	- 15.1		
	<b>EURO</b>	133.0	134.4	132.6	117.8	118.0	114.0	- 16.4		

## 2. Net Sales by Region

(billion yen)

	FY2015			FY2016			Year on year		
	3Q	1-3Q	Full year	3Q	1-3Q	Full year	FY2016 1-3Q		
	Results	Results	Results	Results	Results	Forecast	②-①		
		①			②		Total	Excl.Forex	Forex
Japan	47.5	142.2	189.6	49.4	142.1	187.5	- 0.0	- 0.0	-
Americas	51.2	159.4	212.5	47.7	141.1	184.5	- 18.3	2.1	- 20.3
Europe	39.6	124.3	169.0	35.7	110.9	149.0	- 13.4	2.5	- 15.9
Asia & others	38.2	111.5	145.9	38.8	104.2	129.0	- 7.3	10.4	- 17.7
Total	176.5	537.3	717.0	171.5	498.3	650.0	- 39.0	15.0	- 54.0

### 3. Net Sales and Operating Income by Business Sector

#### < Net Sales by Business Sector >

(billion yen)

	FY2015			FY2016		
	3Q Results	1-3Q Results ①	Full year Results	3Q Results	1-3Q Results ②	Full year Forecast
Aftermarket	26.7	85.0	113.6	24.6	75.3	101.0
Industrial machinery	25.0	77.8	104.1	24.6	70.7	91.0
Automotive	124.9	374.5	499.3	122.3	352.3	458.0
<b>Total</b>	<b>176.5</b>	<b>537.3</b>	<b>717.0</b>	<b>171.5</b>	<b>498.3</b>	<b>650.0</b>

Year on year		
FY2016 1-3Q ②-①		
Total	Excl.Forex	Forex
- 9.7	- 1.6	- 8.0
- 7.1	- 0.5	- 6.6
- 22.2	17.1	- 39.3
- 39.0	15.0	- 54.0

#### < Operating Income by Business Sector >

(billion yen)

	FY2015			FY2016		
	3Q Results	1-3Q Results ①	Full year Results	3Q Results	1-3Q Results ②	Full year Forecast
Aftermarket	4.3	13.8	17.7	3.1	9.8	14.0
Industrial machinery	1.2	4.8	5.6	0.2	0.5	0.5
Automotive	6.5	18.2	24.4	5.7	14.5	15.5
<b>Total</b>	<b>11.9</b>	<b>36.8</b>	<b>47.8</b>	<b>9.0</b>	<b>24.8</b>	<b>30.0</b>

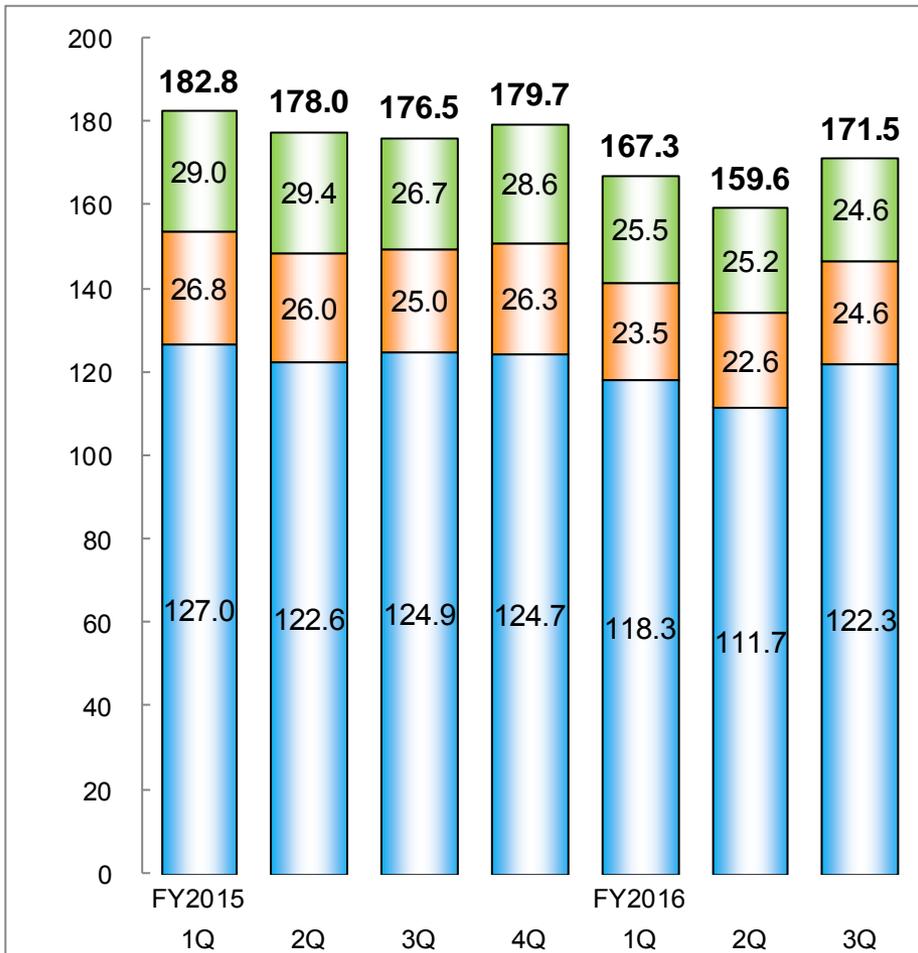
Year on year	
FY2016 1-3Q ②-①	
- 3.9	
- 4.2	
- 3.8	
- 11.9	

# 4. Results by Business Sector (Quarterly Trend)

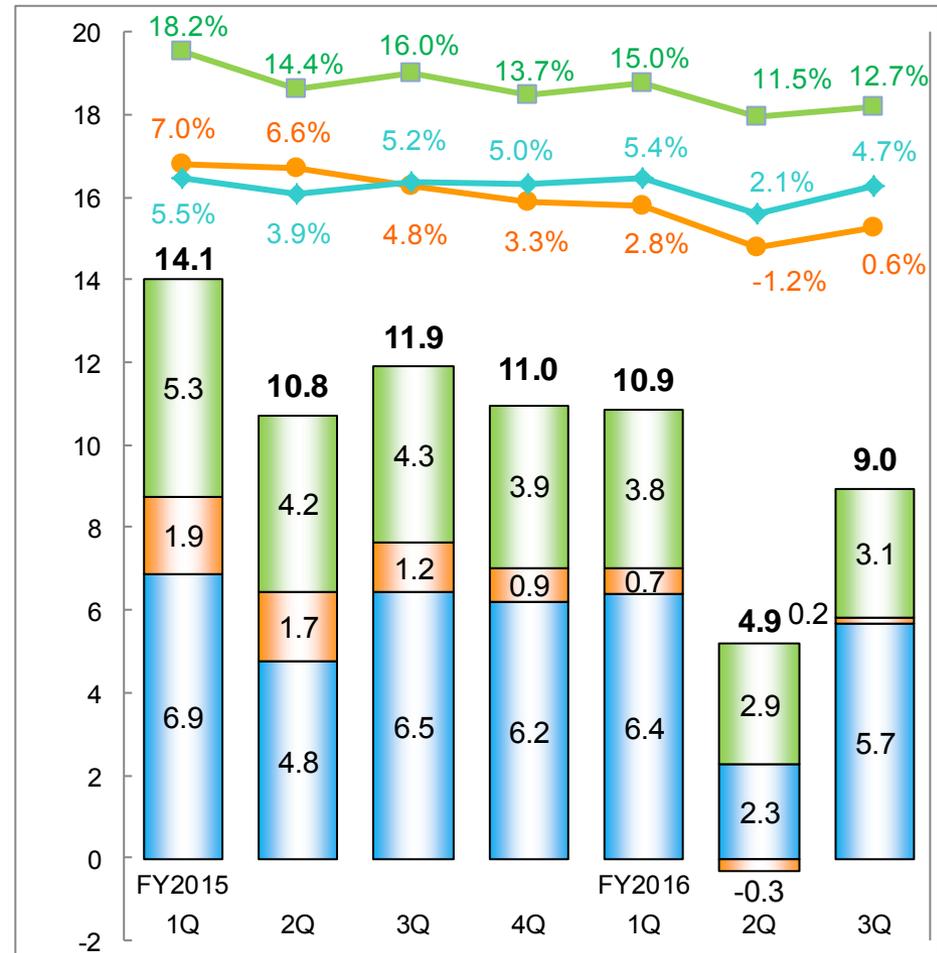
\* All figures in billion yen

Automotive Industrial machinery Aftermarket

Net Sales

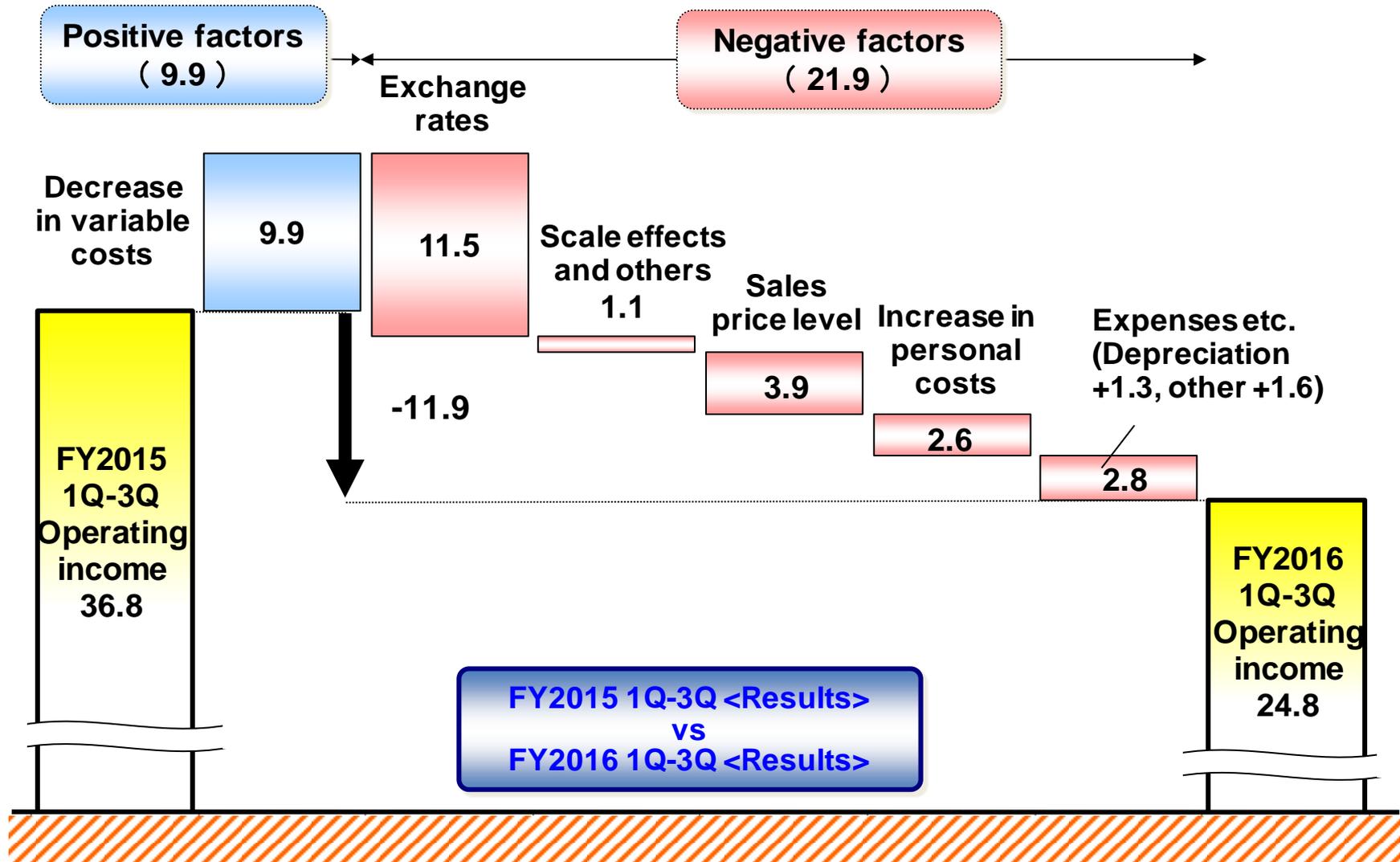


Operating Income/Operating Margin



# 5-1. Analysis of Operating Income (FY2016 3Q)

\* All figures in billion yen

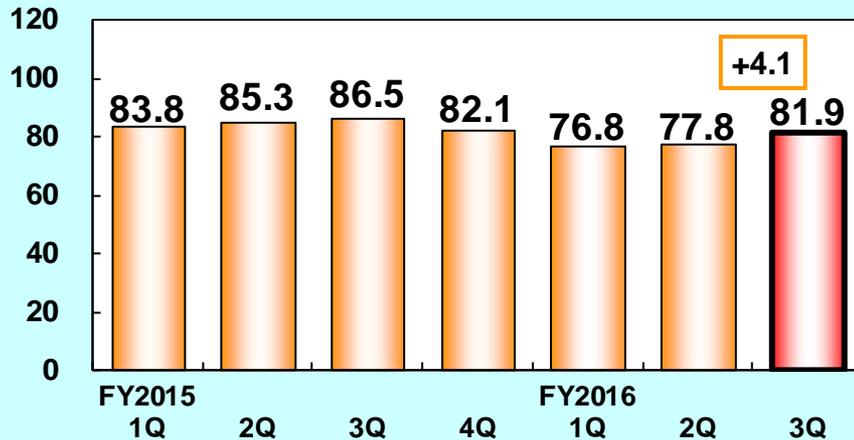


# 6. Net Sales and Operating Income by Region

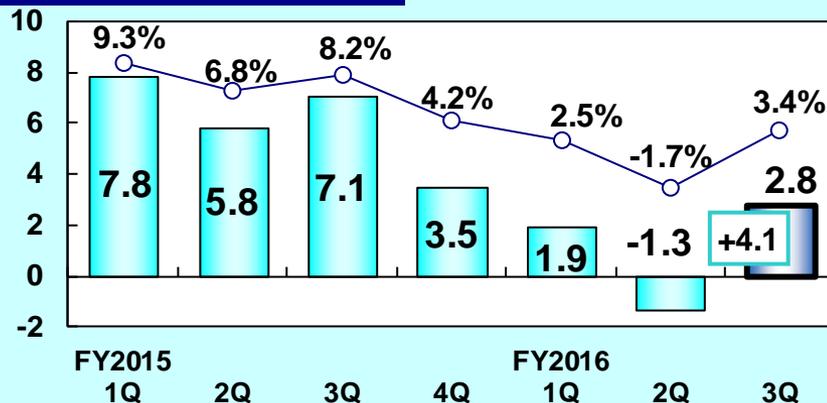
\* All figures in billion yen

## 《 Japan 》

### Net Sales

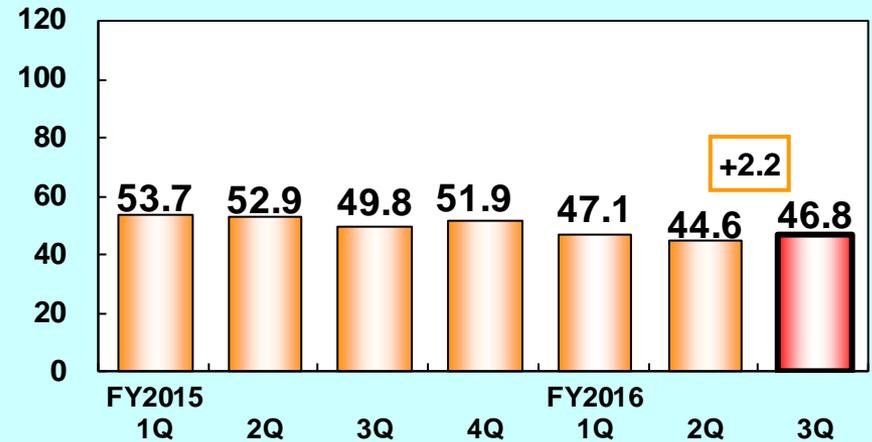


### Operating Income

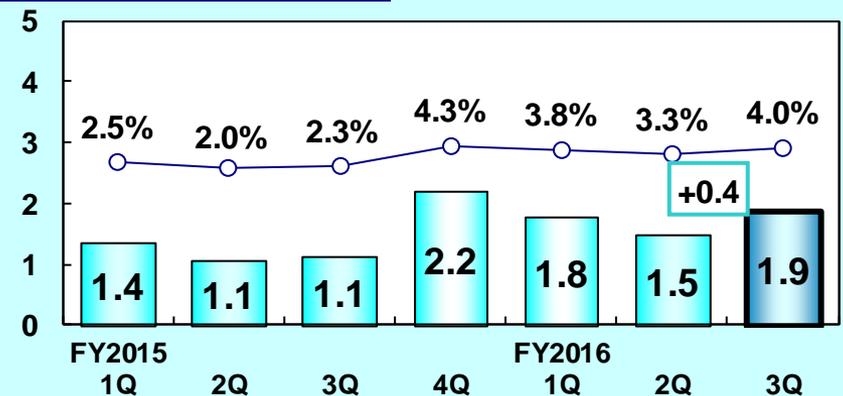


## 《 Americas 》

### Net Sales



### Operating Income



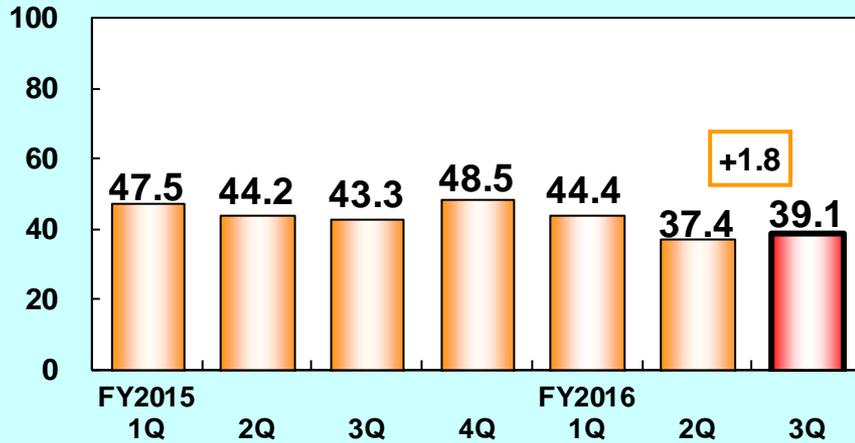
# 6. Net Sales and Operating Income by Region

\* All figures in billion yen

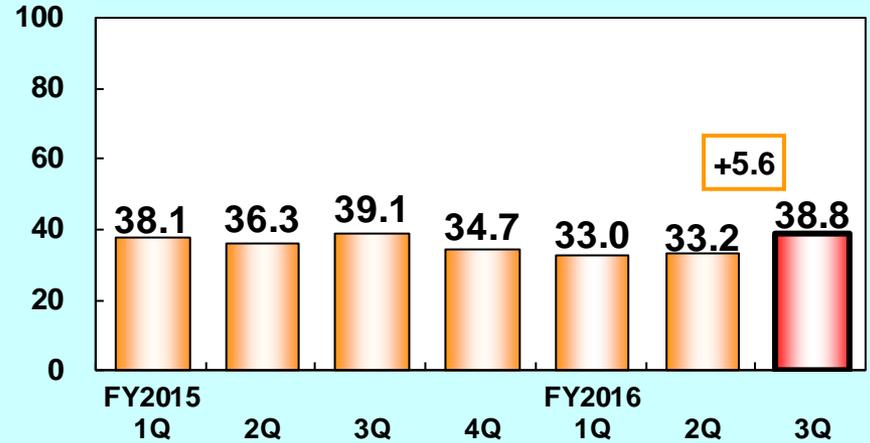
## 《 Europe 》

## 《 Asia and others 》

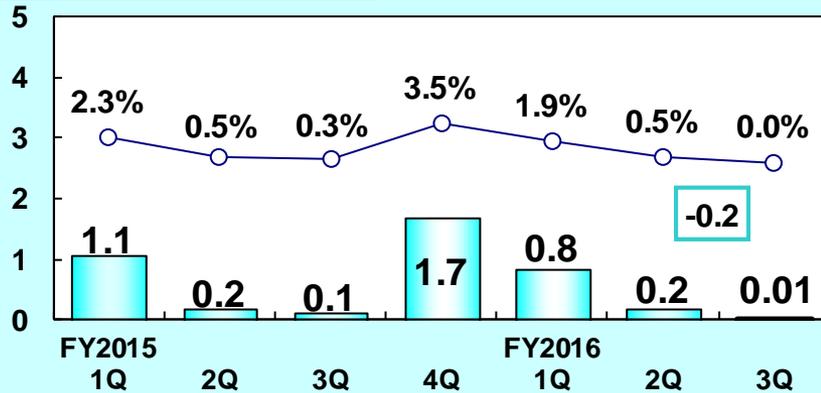
### Net Sales



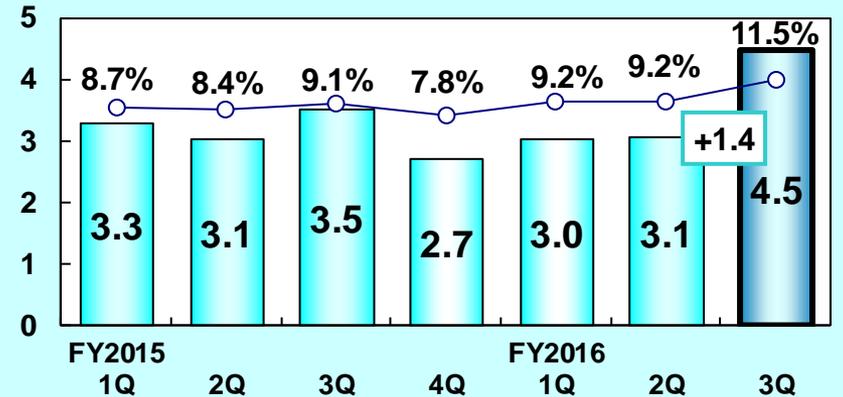
### Net Sales



### Operating Income

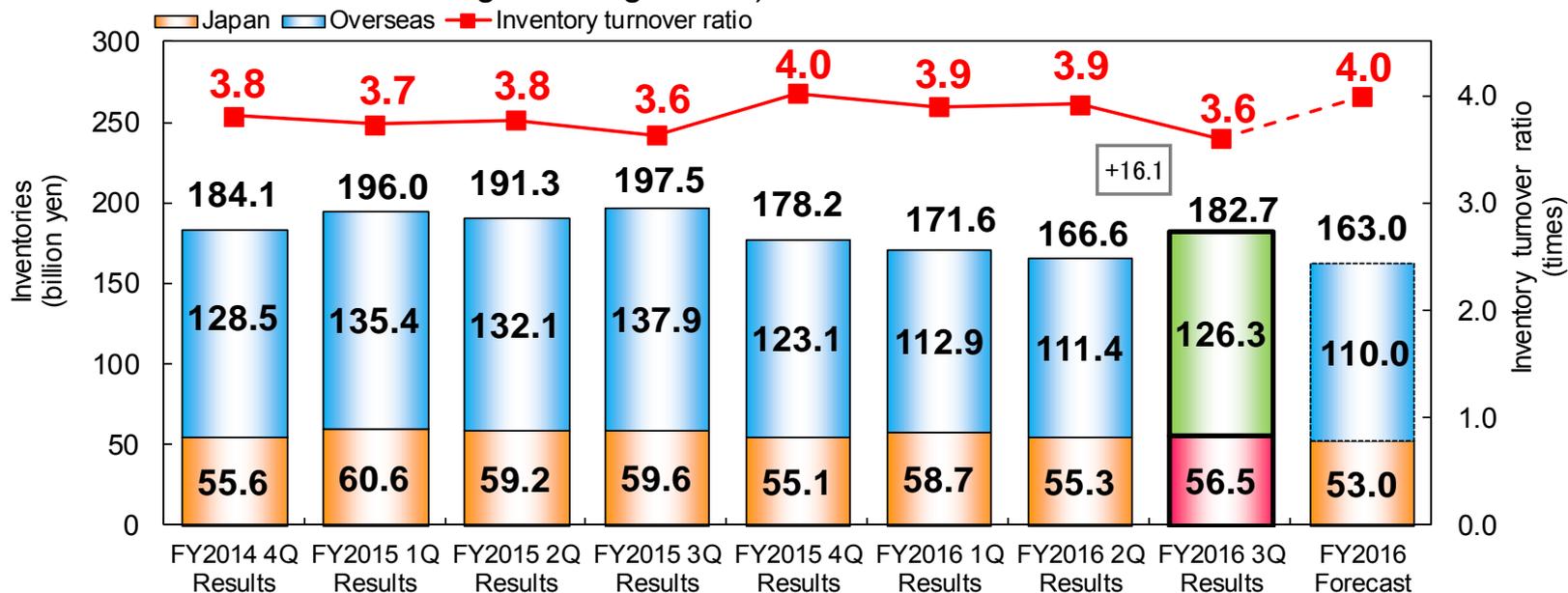


### Operating Income



# 7. Inventories

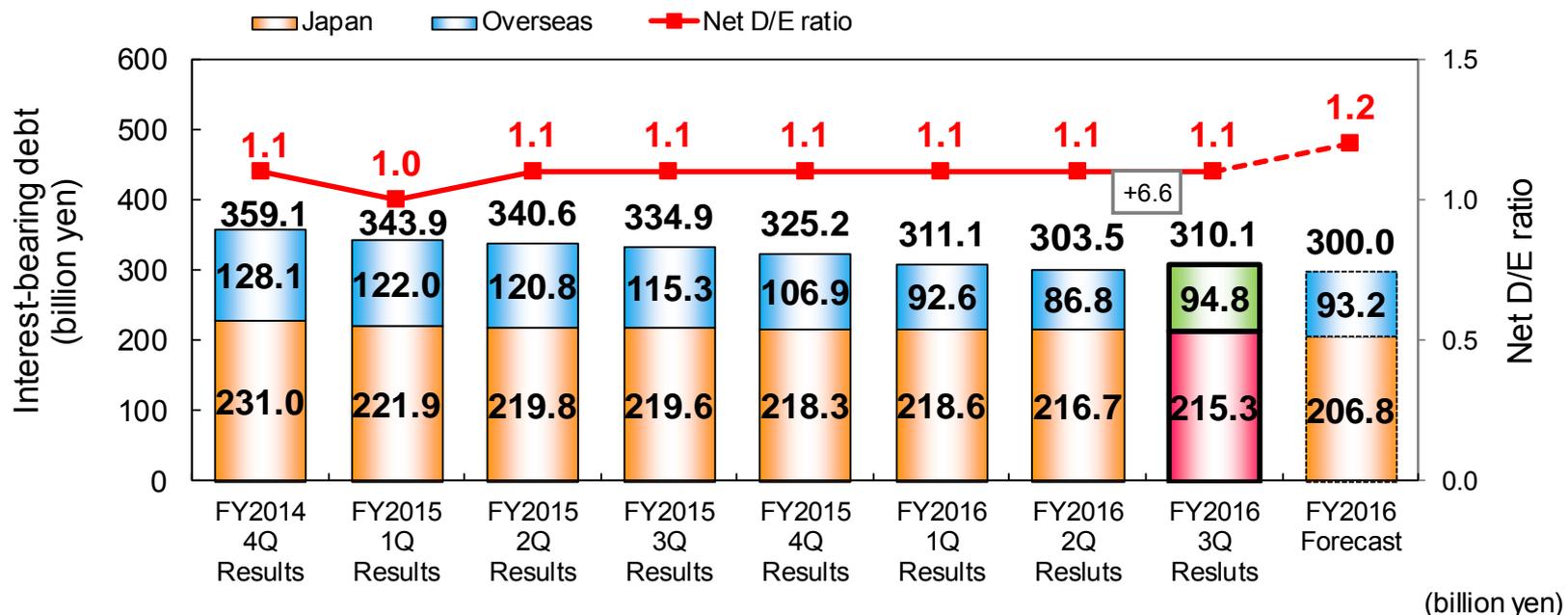
· Inventories at end of December 2016 increased by ¥16.1 billion compared to end of September (increase of ¥3.3 billion if excluding exchange rates).



	FY2014 4Q Results	FY2015 1Q Results	FY2015 2Q Results	FY2015 3Q Results	FY2015 4Q Results	FY2016 1Q Results	FY2016 2Q Results	FY2016 3Q Results	FY2016 Forecast
<b>Inventories</b> (Overseas)	184.1 (128.5)	196.0 (135.4)	191.3 (132.1)	197.5 (137.9)	178.2 (123.1)	171.6 (112.9)	166.6 (111.4)	182.7 (126.3)	163.0 (110.0)
(Japan)	(55.6)	(60.6)	(59.2)	(59.6)	(55.1)	(58.7)	(55.3)	(56.5)	(53.0)
<b>Inventory turnover ratio (times)</b>	3.8	3.7	3.8	3.6	4.0	3.9	3.9	3.6	4.0

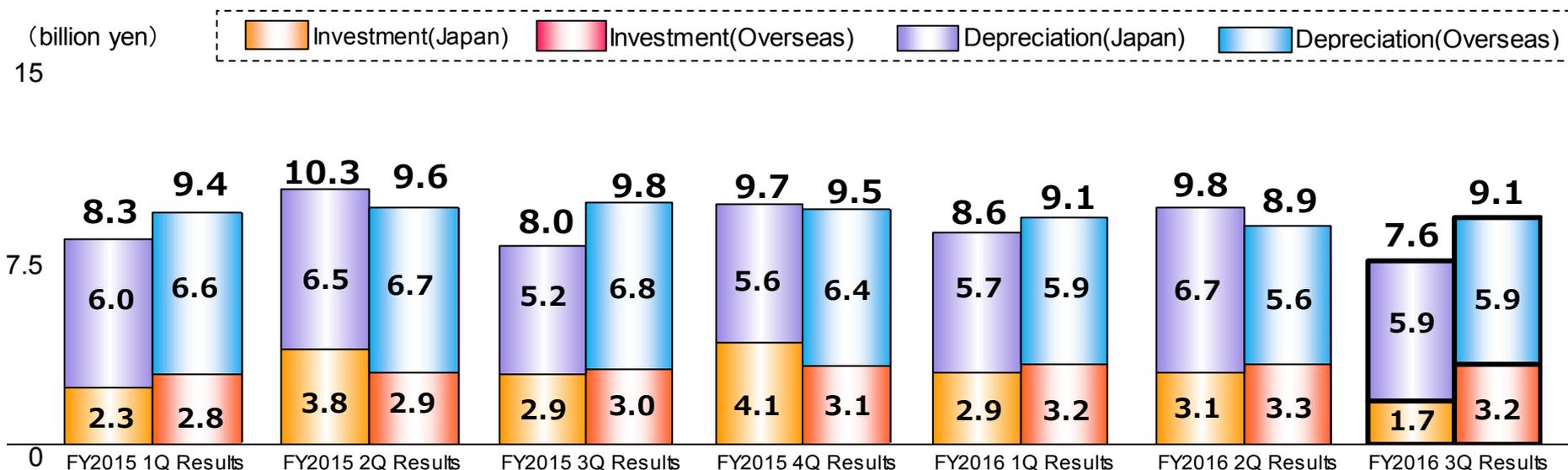
# 8. Interest-Bearing Debt

Interest-bearing debt at end of December 2016 increased by ¥6.6 billion compared to end of September (decrease of ¥4.0 billion if excluding exchange rates).



	FY2014 4Q Results	FY2015 1Q Results	FY2015 2Q Results	FY2015 3Q Results	FY2015 4Q Results	FY2016 1Q Results	FY2016 2Q Results	FY2016 3Q Results	FY2016 Forecast
<b>Interest-bearing debt</b>	359.1	343.9	340.6	334.9	325.2	311.1	303.5	310.1	300.0
(Overseas)	(128.1)	(122.0)	(120.8)	(115.3)	(106.9)	(92.6)	(86.8)	(94.8)	(93.2)
(Japan)	(231.0)	(221.9)	(219.8)	(219.6)	(218.3)	(218.6)	(216.7)	(215.3)	(206.8)
<b>Net Interest-bearing debt</b>	271.3	266.3	261.3	271.9	257.9	243.2	238.0	252.6	244.0

# 9. Capital Expenditure and Depreciation



(billion yen)

	FY2015 ①1-3Q	FY2015 Full year	FY2016 ②1-3Q	Year on year ②-①
<b>Capital expenditure</b>	26.6	36.3	26.0	-0.6
(Overseas)	(17.7)	(23.3)	(18.3)	(0.6)
(Japan)	(8.9)	(13.0)	(7.7)	(-1.2)

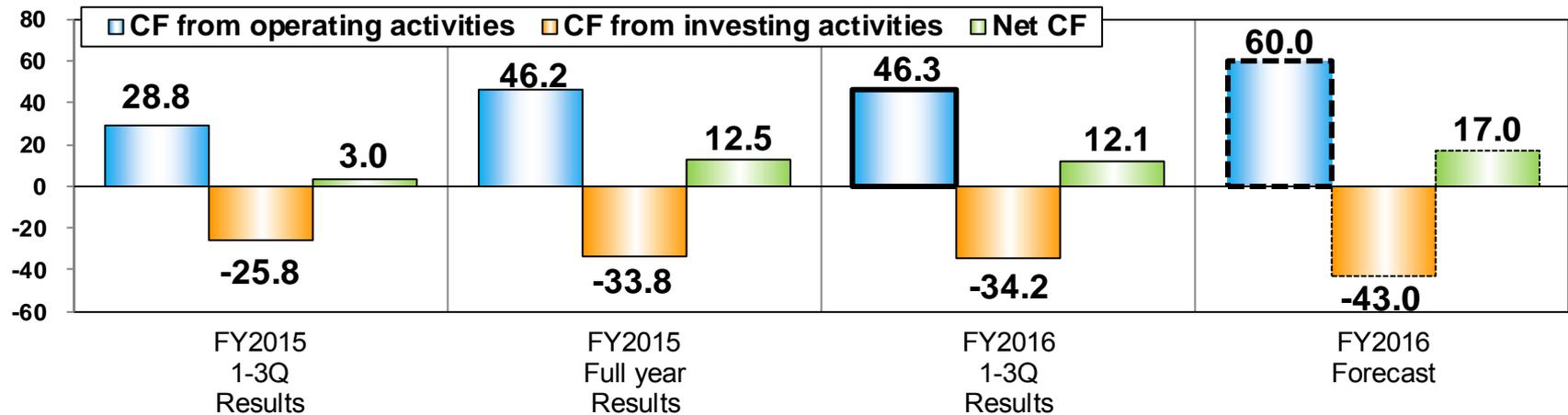
FY2016 Forecast
40.0
(24.2)
(15.8)

	FY2015 ①1-3Q	FY2015 Full year	FY2016 ②1-3Q	Year on year ②-①
<b>Depreciation</b>	28.8	38.3	27.2	-1.5
(Overseas)	(20.1)	(26.4)	(17.5)	(-2.6)
(Japan)	(8.7)	(11.8)	(9.7)	(1.0)

FY2016 Forecast
36.6
(22.8)
(13.8)

# 10. Cash Flows

(billion yen)	FY2015		FY2016		②-①
	①1-3Q	Full year	①1-3Q	Forecast	
I . Cash flow from operating activities	28.8	46.2	46.3	60.0	17.5
II . Cash flow from investing activities	-25.8	-33.8	-34.2	-43.0	-8.3
I + II . Net cash flow	3.0	12.5	12.1	17.0	9.1
III . Cash flow from financing activities	-29.2	-28.0	-21.2	-24.8	8.0
IV . Effect of exchanging rate translation on cash and cash equivalents	1.5	-5.0	-0.7	-3.5	-2.1
V . Net increase in cash and cash equivalents	-24.8	-20.5	-9.8	-11.3	15.0



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