

Financial Results for the Nine Months Ended December 31, 2015
[Japanese Accounting Standards] (Consolidated)
(Unaudited)

January 29, 2016

NTN Corporation
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Listings: Tokyo Stock Exchanges
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Investor meeting: Scheduled

1. Consolidated Financial Results for the Nine Months Ended December 31, 2015
(April 1, 2015 to December 31, 2015)

(Amounts rounded down to the nearest million yen)
(Percentage figures represent quarter-on-quarter changes)

(1) Operating Results

	Net sales		Operating income		Ordinary income		Net income attributable to shareholder (parent company)	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2015	537,316	4.7	36,761	25.1	29,704	8.7	9,591	-40.1
Nine months ended December 31, 2014	513,164	10.7	29,396	42.7	27,319	50.6	16,017	—

Note: comprehensive income: Nine months ended December 31, 2015: 2,719 million yen (-94.2%)
Nine months ended December 31, 2014: 46,508 million yen (571.5%)

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2015	18.04	—
Nine months ended December 31, 2014	30.12	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Nine months ended December 31, 2015	823,190	260,224	29.6
Year ended March 31, 2015	856,277	262,559	28.6

Note: Shareholders' equity Nine months ended December 31, 2015: 243,391 million yen
Year ended March 31, 2015: 245,270 million yen

2. Dividends

(Record date)	Dividends per share				
	at 1st quarter end	at 2nd quarter end	at 3rd quarter end	at fiscal year end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2015	—	2.50	—	3.50	6.00
Year ending March 31, 2016	—	5.00	—		
Year ending March 31, 2016 (forecast)				5.00	10.00

Notes: Adjustment from the previously published forecast of dividends: None

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)
(% represents year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholder (parent company)		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	718,000	2.3	48,000	9.5	38,000	-2.2	15,000	-35.8	28.21

Notes: Adjustment from the previously published forecast of earnings: Adjusted
See the "Notice of Revised Earnings Forecast" published today (January 29, 2016).

* Notes to consolidated financial statements

(1) Significant changes in subsidiaries during the period (Scope of consolidation): None

(2) Adoption of accounting method specific to the preparation of consolidated quarterly financial statements: Adopted

(Note) For further details, refer to "(1) Adoption of Accounting Methods Specific to the Preparation of Quarterly Consolidated Financial Statements" in "2. Information regarding Summary Information (Other Information)" on page 4 of Attached Documents.

(3) Changes in accounting principles and accounting estimates and retrospective restatement

1) Changes in accounting principles due to amendment to accounting standards: Changed

2) Changes other than above: Changed

3) Changes in accounting estimates: Changed

4) Retrospective restatement: None

(Note) For further details, refer to "(2) Changes in Accounting Principles and Accounting Estimates and Retroactive Restatement" in "2. Information regarding Summary Information (Other Information)" on page 4 of Attached Documents.

(4) Number of shares issued and outstanding (Common stock)

1) Number of shares issued and outstanding at end of the period (treasury stock included):

Nine months ended December 31, 2015: 532,463,527 shares

Year ended March 31, 2015: 532,463,527 shares

2) Number of treasury stock at end of the period:

Nine months ended December 31, 2015: 710,039 shares

Year ended March 31, 2015: 670,098 shares

3) Average number of shares outstanding during the quarter:

Nine months ended December 31, 2015: 531,774,203 shares

Nine months ended December 31, 2014: 531,828,538 shares

* Presentations related to implementation of quarterly review process

This financial results report for the three months is exempt from quarterly review under the Financial Instruments and Exchange Act of Japan. As of the date of disclosure, the quarterly review process for the financial statements under the Financial Instruments and Exchange Act has not been completed.

* Notes

All descriptions about the future of the Company contained herein including earnings forecasts are prepared on the basis of data and information currently in our possession as well as certain assumptions that are deemed reasonable, and therefore are not meant to have us committed to their achievement. Various factors may cause actual results to substantially differ from those described herein.

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1. Qualitative Information of Consolidated Financial Statements for the Nine Months ended December 31, 2015

(1) Explanation regarding Consolidated Operating Results

During the nine months of the current fiscal year (April 1 – December 31, 2015), the Japanese economy saw a continued moderate recovery reflecting improvement of employment and income environment, coupled with effects of various government policies, although weakness was confirmed in some areas. Looking at overseas economy, the U.S. economy continued recovering and the European economy also showed a moderate recovery, while economic conditions in China and other emerging countries slowed down.

In this environment, under the three-year Medium-term Management Plan “NTN 100” started last April, NTN Group aims to transform and build a foundation toward “Our vision” in a bid to mark the 100th anniversary in March 2018 and achieve sustainable growth for a next century. Through these efforts, we are now promoting various initiatives, with three basic policies of “Manage Growth” where management resources (persons, materials, and cash) are concentrated in priority areas, “Manage Profitability” where we reform business structure from volume to value to generate profit, and “Manage Foundation” where our management and financial foundations are strengthened.

For the nine months ended December 31, 2015, the Group achieved sales of 537,316 million yen (up 4.7% year on year). In terms of income, the Group posted operating income of 36,761 million yen (up 25.1% year on year) and ordinary income of 29,704 million yen (up 8.7% year on year). In terms of extraordinary income, the Group posted 103 million yen in proceeds from the sale of fixed assets. In terms of extraordinary losses, the Group posted 13,376 million yen in loss associated with the arbitration award. As a result, net income attributable to shareholder (parent company) was 9,591 million yen (down 40.1% year on year).

Sales by segment were as follows:

1) Japan

Sales in aftermarket applications decreased in industrial machinery aftermarket applications. Sales in industrial machinery applications decreased primarily in construction machinery and other products. Sales in automotive applications increased reflecting an increase of customer demand and other factors. As a result, net sales were 255,592 million yen, unchanged from the previous corresponding period, but the segment income decreased to 20,695 million yen (down 1.9% year on year).

2) Americas

Sales in aftermarket applications decreased in industrial machinery aftermarket applications. Sales in industrial machinery applications fell mainly in products for use in construction machinery. Sales in automotive applications remained on a level with the same period of the previous fiscal year. Overall, net sales were 156,430 million yen (up 8.4% year on year) thanks partly to the effects of favorable exchange rates. The segment income was 3,563 million yen (against segment gain of 115 million yen booked in the same period in the previous year) due principally to effects of slash in proportional cost.

3) Europe

Sales in aftermarket applications increased reflecting an increase of customer demand and other factors of automotive aftermarket applications. Sales in industrial machinery applications increased in products for wind turbines, aircraft and other applications. And also, sales in automotive applications rose reflecting an increase of customer demand and other factors. However, as a whole, net sales were 135,033 million yen (down 1.4% year on year) due partly to negative exchange rates. The segment income amounted to 1,412 million yen (up 9.0% year on year) backed mainly by effects of increased sales.

4) Asia and other areas

Sales in aftermarket applications grew mainly reflecting expansion of customer demand for industrial machinery aftermarket applications primarily in the ASEAN region. Sales in industrial machinery applications decreased mainly in products for use in construction machinery, but sales in automotive applications rose backed mainly by growing customer demand in China. As a result, net sales were 113,462 million yen (up 17.6% year on year) thanks partly to favorable exchange rates. The segment income amounted to 9,897 million yen (up 47.9% year on year) supported by effects of increased sales and slash in proportional cost.

Operating results by business application are as follows:

1) Aftermarket applications

Net sales were 85,005 million yen (up 2.7% year on year) backed by effects of the capture of new demand, an increase of customer demand and favorable exchange rates, but operating income decreased to 13,779 million yen (down 0.9% year on year).

2) Industrial machinery applications

Net sales were 77,794 million yen (down 2.1% year on year) due to a decrease mainly in products for use in construction machinery, despite expanded customer demand for wind turbines. Operating income was 4,759 million yen (up 30.5% year on year) thanks to effects of favorable exchange rates and other factors.

3) Automotive applications

Net sales were 374,516 million yen (up 6.7% year on year) primarily reflecting expanded customer demand in Europe and China and effects of favorable exchange rates. Operating income was 18,222 million yen (up 53.8% year on year) mainly reflecting effects of increased sales, slash in proportional cost, and favorable exchange rates.

(2) Explanation regarding Consolidated Financial Position

(Assets, Liabilities, and Net assets)

Total current assets decreased 24,886 million yen (down 5.4%) from the previous consolidated fiscal year end to 436,093 million yen. This was due to a decrease of 16,577 million yen in notes and accounts receivable, a decrease of 10,016 million yen in short term loans receivable, a decrease of 10,000 million yen in securities, an increase of 9,063 million yen in finished goods and purchased goods, and an increase of 6,161 million yen in work in process. Total fixed assets decreased 8,201 million yen (down 2.1%) from the previous consolidated fiscal year end to 387,096 million yen. Major factor was a decrease of 7,441 million yen in property, plant and equipment. As a result, total assets decreased 33,087 (down 3.9%) from the previous consolidated fiscal year end to 823,190 million yen.

Total current liabilities decreased 16,825 million yen (down 5.6%) from the previous consolidated fiscal year end to 284,704 million yen, due principally to a decrease of 10,612 million yen in short-term loans payable and a decrease of 3,985 million yen in notes and accounts payable. Total fixed liabilities decreased 13,927 million yen (down 4.8%) from the previous consolidated fiscal year end to 278,261 million yen. This was due mainly to a decrease of 13,633 million yen in long-term loans payable. As a result, total liabilities decreased 30,752 (down 5.2%) from the previous consolidated fiscal year end to 562,965 million yen.

Total net assets decreased 2,335 million yen (down 0.9%) from the previous consolidated fiscal year end to 260,224 million yen. This was primarily due to a decrease of 6,040 million yen in translation adjustments, a decrease of 1,639 million yen in net unrealized holding gain on other securities and an increase of 5,071 million yen in retained earnings.

(Cash Flows)

Net cash from operating activities was 28,777 million yen (year-on-year increase of 11,453 million yen or up 66.1%). Major items included proceeds of 28,764 million yen from depreciation and amortization and proceeds from an increase of 16,431 million yen in quarterly net income before adjustments for income taxes, compared to an increase of 15,467 million yen in inventory.

Net cash from investing activities was 25,807 million yen (year-on-year increase of 1,590 million yen or up 6.6%). This was due mainly to expenditure for purchase of property, plant and equipment of 25,639 million yen.

Net cash from financing activities was 29,223 million yen (year-on-year increase of 14,038 million yen or up 92.4%). This was due mainly to expenditure of 44,494 million yen in repayments of long-term loans, a net decrease of 12,214 million yen in short-term loans payable and payment of dividends of 4,520 million yen, compared to proceeds of 32,759 million yen from long-term loans.

After adding an increase of 1,458 million yen in translation adjustments to these increases or decreases, cash and cash equivalents as of the end of the current nine months of the year were 62,983 million yen, a decrease of 24,794 million yen (down 28.2%) from the previous consolidated fiscal year end.

2. Information regarding Summary Information (Other Information)

(1) Adoption of Accounting Method Specific to the Preparation of Quarterly Consolidated Financial Statements

(Calculation of tax expenses)

Tax expenses are calculated by multiplying quarterly income before income taxes by an effective tax rate reasonably estimated based on income before income taxes for the full fiscal year, including the nine months ended December 31, 2015, after the application of tax effect accounting.

However, in cases where calculating tax expenses using a reasonably estimated effective tax rate yields a result that is notably lacking rationality, then, tax expenses are calculated using the statutory effective tax rate. Moreover, income taxes adjustments are shown in income and other taxes.

(2) Changes in Accounting Policies and Accounting Estimates and Retrospective Restatement

Changes in Accounting policies

(Application of Accounting Standards for Business Combination)

Accounting Standards for Business Combination (Corporate Accounting Standards No. 21, September 13, 2013, hereinafter referred to as "Business Combination Accounting Standards"), Accounting Standards for Consolidated Financial Statements (Corporate Accounting Standards No. 22, September 13, 2013, hereinafter referred to as "Consolidated Accounting Standards"), and Accounting Standards for Business Splits (Corporate Accounting Standards No. 7, September 13, 2013, hereinafter referred to as "Business Splits Accounting Standards") are applied from the first quarter of this consolidated accounting period, and the accounting method is changed where differences caused by changes in the Company's equity for subsidiaries in case of continued control are reported as capital surplus, and acquisition related costs are reported as expenses for a consolidated accounting period in which those expenses accrued. In addition, regarding a business combination carried out after the beginning of the first quarter of this consolidated accounting period, the accounting method is changed where a review of the allotment amount of acquisition costs resulting from provisional determination of accounting standards is reflected in quarterly consolidated financial statements for a quarterly consolidated accounting period containing the date of business combination. Furthermore, changes are made in the presentation method of quarterly net income, etc. and the presentation method from the minority shareholders' equity to non-controlling shareholders' equity. To reflect such changes, as for the nine months of the previous consolidated accounting period and the previous consolidated accounting period, certain reclassifications were made to quarterly consolidated financial statements and consolidated financial statements.

Regarding cash flows related to acquisition or sale of shares of subsidiaries not resulting in changes in scope of consolidation in the consolidated Statements of Cash Flows in and after the third quarter of this consolidated accounting period are stated in the Net cash provided by financing activities, and cash flows related to expenses for acquisition of shares of subsidiaries resulting in changes in scope of consolidation or expenses accrued related to acquisition or sale of shares of subsidiaries not resulting in changes in scope of consolidation will be stated in Net cash provided by operating activities.

Application of Business Combination Accounting Standards follows the transitional treatment set forth in 58-paragraph 2 (4) of Business Combination Accounting Standards, 44-paragraph 5 (4) of Consolidated Accounting Standards and 57-paragraph 4 (4) of Business Splits Accounting Standards, which are applied from the beginning of the first quarter of this consolidated accounting period to the future. The effects this change will have on operating income, ordinary income, quarterly net income before adjustments of income taxes, and capital surplus at the end of the third of this consolidated accounting period are minor.

Changes in accounting policy which is difficult to distinguish from changes in accounting estimates
(Changes in depreciation method)

The Company and domestic consolidated subsidiaries adopt the straight-line method for a depreciation method for property, plant and equipment excluding buildings (excluding facilities attached to buildings) from the first quarter of this consolidated accounting period, instead of the declining-balance method previously used.

Taking the opportunity to draw up the Medium-term Management Plan “NTN 100” that started last year, our Group examined anew the actual condition of use and operational status of property, plant and equipment of the Company and domestic consolidated subsidiaries.

As a result, on the back of the expansion of overseas business, we are proceeding with creation of a structure that enables us to ensure stable supply on a global basis and constant production of high-value added products in Japan e.g. by strengthening production structure in growth markets where demand is expected to increase. As a result, domestic manufacturing facilities etc. are expected to operate stably for a long term in the future. Thus, the Company has determined that the adoption of the straight-line method as depreciation method for property, plant and equipment would reflect the actual business status more appropriately.

Through this change, operating income, ordinary income and net income before adjustments of income taxes for the third quarter of this consolidated accounting period increased by 2,012 million yen, respectively, compared with the previous method.

3. Consolidated Financial Statements for the Nine Months

(1) Balance Sheets

(In million yen)

	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and bank deposits	69,094	64,323
Notes and accounts receivable-trade	144,537	127,960
Electronically-recorded monetary claims	1,786	2,461
Securities	10,000	—
Finished goods & purchased goods	103,306	112,369
Work in process	46,512	52,673
Raw materials & supplies	34,309	32,443
Deferred tax assets	11,062	10,963
Short-term loans receivable	10,020	4
Other	31,288	33,691
Allowance for doubtful accounts	-939	-797
Total current assets	460,979	436,093
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	88,924	88,368
Machinery, equipment and vehicles, net	163,953	161,257
Other, net	63,174	58,985
Total property, plant and equipment	316,052	308,611
Intangible fixed assets		
Goodwill	193	156
Other	9,711	10,862
Total intangible fixed assets	9,904	11,018
Investments and other assets		
Investment securities	56,984	52,800
Deferred tax assets	9,377	11,406
Other	3,175	3,461
Allowance for doubtful accounts	-197	-201
Total investments and other assets	69,340	67,466
Total fixed assets	395,297	387,096
Total assets	856,277	823,190

(In million yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	61,091	57,106
Electronically-recorded monetary claims	57,778	58,001
Short-term loans	120,657	110,045
Accrued income taxes	7,918	4,491
Accrued bonuses for directors and statutory auditors	123	113
Reserve for loss on support to affiliated companies	1,562	1,567
Other	52,398	53,377
Total current liabilities	301,529	284,704
Long-term liabilities		
Long-term loans	238,448	224,815
Reserve for product defect compensation	940	919
Liabilities for retirement benefits	45,077	45,061
Other	7,722	7,464
Total long-term liabilities	292,188	278,261
Total liabilities	593,717	562,965
Net assets		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,369	67,350
Retained earnings	106,127	111,198
Treasury stock	-558	-584
Total shareholders' equity	227,284	232,310
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	14,562	12,923
Translation adjustments	14,901	8,861
Accrued retirement benefits adjustments	-11,477	-10,704
Total accumulated other comprehensive income	17,986	11,081
Non-controlling shareholders' equity	17,288	16,833
Total net assets	262,559	260,224
Total liabilities and net assets	856,277	823,190

(2) Consolidated Statement of Operation and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Operation)

(In million yen)

	Nine months ended December 31, 2014 (April 1, 2014– December 31, 2014)	Nine months ended December 31, 2015 (April 1, 2015– December 31, 2015)
Net sales	513,164	537,316
Cost of sales	418,649	430,804
Gross profit	94,514	106,511
Selling, general and administrative expenses	65,118	69,750
Operating income	29,396	36,761
Non-operating income		
Interest income	437	461
Dividend income	569	820
Equity in earnings of unconsolidated subsidiaries	710	706
Other	1,695	2,073
Total non-operating income	3,412	4,062
Non-operating expenses		
Interest expenses	3,571	3,565
Foreign exchange loss	—	5,090
Other	1,917	2,462
Total non-operating expenses	5,489	11,119
Ordinary income	27,319	29,704
Extraordinary income		
Gains on sale of fixed assets	307	103
Total extraordinary income	307	103
Extraordinary losses		
Loss associated with arbitration award	—	*1 13,376
Loss related to Anti-Monopoly Act	*2 2,057	—
Payment of customs duties for past fiscal years	1,263	—
Loss on liquidation of affiliates	240	—
Total extraordinary losses	3,561	13,376
Income before income taxes and equity in earnings of affiliated companies	24,065	16,431
Income and other taxes	7,347	5,993
Net income	16,718	10,438
Net income attributable to shareholder (non-controlling shareholder)	700	847
Net income attributable to shareholder (parent company)	16,017	9,591

(Consolidated Statement of Comprehensive Income)

(In million yen)

	Nine months ended December 31, 2014 (April 1, 2014– December 31, 2014)	Nine months ended December 31, 2015 (April 1, 2015– December 31, 2015)
Net income	16,718	10,438
Other comprehensive income		
Net unrealized holding gain on securities	5,233	-1,638
Translation adjustments	23,943	-6,029
Accrued retirement benefits adjustments	267	763
Equity in equity-method affiliates	345	-814
Total other comprehensive income	29,789	-7,718
Comprehensive income	46,508	2,719
(Breakdown)		
Comprehensive income attributable to owners of parent company	43,607	2,686
Comprehensive income related to non-controlling shareholders	2,900	33

(3) Statements of Cash Flows

(In million yen)

	Nine months ended December 31, 2014 (April 1, 2014– December 31, 2014)	Nine months ended December 31, 2015 (April 1, 2015– December 31, 2015)
Net cash provided by operating activities		
Income before income taxes and equity in earnings of affiliated companies	24,065	16,431
Depreciation and amortization	29,817	28,764
Goodwill depreciation	41	39
Increase/decrease(-) in reserve for loss related to Anti-Monopoly Act	-35	—
Increase/decrease(-) in allowance for doubtful accounts	77	-131
Increase/decrease(-) in accrued retirement benefits for directors and statutory auditors	84	-9
Increase/decrease(-) in reserve for product defect compensation	4	-20
Increase/decrease(-) in liabilities in retirement benefits	-3,833	720
Increase/decrease(-) in accrued liabilities related to a loss pertaining to Anti-Monopoly Act	-28,231	—
Surcharge payments under the Anti-Monopoly Act	30,327	—
Payment of loss associated with arbitration award	—	11,810
Interest and dividend income	-1,006	-1,282
Interest expenses	3,571	3,565
Foreign currency translation adjustments/ Foreign exchange losses/gains(-)	1,922	-624
Equity in earnings(-) /losses of non-consolidated subsidiaries	-710	-706
Gains(-) or losses on the sale of fixed assets	-307	-103
Decrease(-)/increase in trade receivables	8,246	15,008
Decrease/increase(-) in inventories	-16,875	-15,467
Increase/decrease(-) in trade payables	9,076	-3,367
Other	80	1,260
Subtotal	56,315	55,887
Interest and dividend income received	1,662	2,249
Interest paid	-3,606	-3,628
Surcharge payments under the Anti-Monopoly Act	-30,327	—
Payment of loss associated with arbitration award	—	-11,810
Income taxes paid	-6,719	-13,920
Net cash provided by operating activities	17,324	28,777
Net cash used in investing activities		
Increase in time deposits	-1,419	-688
Decrease in time deposits	1,142	655
Purchase of property, plant and equipment	-21,173	-25,639
Proceeds from the sale of property, plant and equipment	1,421	1,083
Purchase of intangible fixed assets	-3,931	-2,096
Redemption of investment securities	—	1,000
Decrease/increase(-) in short-term loans receivable, net	9	13
Other	-265	-135
Net cash used in investing activities	-24,217	-25,807

(In million yen)

	Nine months ended December 31, 2014 (April 1, 2014– December 31, 2014)	Nine months ended December 31, 2015 (April 1, 2015– December 31, 2015)
Net cash provided by financing activities		
Increase/decrease(-) in short-term loans, net	-7,297	-12,214
Proceeds from long-term loans	13,807	32,759
Repayment of long-term loans	-19,627	-44,494
Proceeds from issuance of shares to non-controlling shareholders	979	—
Dividend payment	-2,393	-4,520
Repayment of lease payable	-211	-220
Other	-442	-533
Net cash provided by financing activities	-15,185	-29,223
Effect of exchange rate changes on cash and cash equivalents	-539	1,458
Increase/decrease(-) in cash and cash equivalents	-22,618	-24,794
Cash and cash equivalents, at beginning of the year	129,670	87,777
Cash and cash equivalents, at end of the quarter	107,051	62,983

(4) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Statement of income)

*1 NTN-SNR ROULEMENTS (hereinafter referred to as NTN-SNR), the consolidated subsidiary of NTN, had a claim brought against it by Volvo Powertrain AB of Europe that the bearings supplied by NTN-SNR did not comply with the relevant specifications and caused damages, and a request for arbitration by Volvo Powertrain AB of Europe claiming payment of compensation for damages was filed against NTN-SNR in November 2012. In November 2015, we received the final award from the Arbitration Institute of the Stockholm Chamber of Commerce (Sweden) that orders NTN-SNR to compensate for the damages. In the nine months ended December 31, 2015, we included in extraordinary loss as loss associated with the arbitration award the amount of 13,376 million yen obtained by deducting proceeds from the casualty insurance for the said event.

*2 In August 2014, the Company's consolidated subsidiary in China and the Company, as parent company, received an order from the National Development and Reform Commission to pay fines of 119,160 thousand RMB for alleged violations of the Anti-Monopoly Law of China in relation to bearings transactions in China. During the previous consolidated first half, the Company recorded 2,057 million yen under extraordinary losses as a loss pertaining to Anti-monopoly act.

(Notes Related to Significant Changes in Shareholder's Equity)

None

(Segment Information)

I. Nine months ended December 31, 2014 (April 1, 2014 – December 31, 2014)

1. Information related to sales, income or losses, assets, liabilities and other items for individual reporting segments

(In million yen)

	Reporting segment					Adjustments (Note) 1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	152,297	140,285	132,566	88,014	513,164	—	513,164
Inter-segment sales or transfers	103,260	4,028	4,427	8,473	120,190	(120,190)	—
Total	255,557	144,314	136,994	96,488	633,354	(120,190)	513,164
Segment income (Operating income)	21,097	115	1,296	6,693	29,203	192	29,396

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions.

2. Major countries or regions in each segment:

Americas: U.S.A., Canada, South and Central America

Europe: Germany, France, United Kingdom, and others

Asia and other areas: China, Thailand, India, and others

II. Nine months ended December 31, 2015 (April 1, 2015 – December 31, 2015)

1. Information related to sales, income or losses, assets, liabilities and other items for individual reporting segments

(In million yen)

	Reporting segment					Adjustments (Note) 1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	150,304	152,800	131,843	102,367	537,316	—	537,316
Inter-segment sales or transfers	105,287	3,629	3,189	11,095	123,201	(123,201)	—
Total	255,592	156,430	135,033	113,462	660,518	(123,201)	537,316
Segment income (Operating income)	20,695	3,563	1,412	9,897	35,567	1,193	36,761

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions.

2. Major countries or regions in each segment:

Americas: U.S.A., Canada, South and Central America

Europe: Germany, France, United Kingdom, and others

Asia and other areas: China, Thailand, India, and others

(Significant Subsequent Events)

None

4. Supplemental Information

(1) Lawsuits, etc.

- 1) In June 2012, the Company and former executives received an indictment filed by the Tokyo District Prosecutors Office (“TDPO”) on suspicion of having violated the Anti-monopoly Act in relation to domestic sale of bearings. In March 2013, the Company received a cease and desist order and surcharge payment order (for 7,231 million yen) from the Japan Fair Trade Commission (“JFTC”). Because the assertions by the JFTC are greatly different from the Company’s view of the facts, in April 2013, the Company appealed the JFTC orders. As a result, hearing proceedings for the JFTC orders were commenced in September 2013. The Company paid provisionally the surcharge in full before the deadline of payment to avoid a risk of overdue charges. In addition, a criminal trial was commenced in December 2013, and on February 4, 2015, NTN was sentenced to a penalty of 400 million yen by Tokyo District Court for violation of the Anti-monopoly Act of Japan with respect to the domestic sales of bearings. In addition, two former executives of NTN were sentenced to 18 months and 12 months in prison, respectively, with a stay of execution for 3 years. In response, the Company has appealed against such judgment and the criminal case is still pending at the Tokyo High Court.
There are ongoing investigations by the authorities into our consolidated subsidiaries in South Korea and elsewhere.
- 2) The Company and its subsidiaries in the U.S. and Canada are defendants in a number of class action suits.
- 3) In November 2015, NTN-SNR ROULEMENTS, our consolidated subsidiary, received a final award from the Arbitration Institute of the Stockholm Chamber of Commerce (Sweden) in relation to the arbitration proceedings regarding the problem with the bearings between NTN-SNR and Volvo Powertrain AB of Europe that orders NTN-SNR to provide compensation for damages. We thoroughly examined the award and decided that there was a flaw in such arbitration proceedings. Therefore, we plan to challenge the award in the Stockholm District Court in February 2016.

(2) Explanatory Materials

Consolidated Financial Results

(Millions of yen)

		FY 2014						FY 2015				
		1Q	2Q	3Q	Nine months total	4Q	Full year	1Q	2Q	3Q	Nine months total	
Consolidated operating results (Lower: Net sales ratio)	Net sales	167,049	169,194	176,920	513,164	188,735	701,900	182,788	177,982	176,545	537,316	
		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	Operating income	8,780	9,478	11,137	29,396	14,454	43,850	14,064	10,754	11,941	36,761	
		5.3%	5.6%	6.3%	5.7%	7.7%	6.2%	7.7%	6.0%	6.8%	6.8%	
	Ordinary income	8,027	8,633	10,659	27,319	11,548	38,868	14,580	3,421	11,702	29,704	
	4.8%	5.1%	6.0%	5.3%	6.1%	5.5%	8.0%	1.9%	6.6%	5.5%		
	Extraordinary loss	—	-2,402	-851	-3,254	1,448	-1,805	—	—	-13,273	-13,273	
		—	-1.4%	-0.5%	-0.6%	0.8%	-0.3%	—	—	-7.5%	-2.5%	
	Net income attributable to shareholder (parent company)	5,525	3,745	6,746	16,017	7,335	23,352	9,785	605	-800	9,591	
		3.3%	2.2%	3.8%	3.1%	3.9%	3.3%	5.4%	0.3%	-0.5%	1.8%	
Net sales by region (Lower: Net sales ratio)	Japan	45,830	48,383	47,881	142,094	49,365	191,460	47,116	47,526	47,533	142,176	
		27.4%	28.6%	27.1%	27.7%	26.2%	27.3%	25.8%	26.7%	26.9%	26.5%	
	Americas	45,991	49,505	51,531	147,028	55,532	202,561	54,391	53,783	51,192	159,367	
		27.5%	29.3%	29.1%	28.7%	29.4%	28.9%	29.8%	30.2%	29.0%	29.7%	
	Europe	44,612	39,403	40,980	124,997	46,220	171,217	43,969	40,700	39,603	124,273	
		26.7%	23.3%	23.2%	24.4%	24.5%	24.4%	24.1%	22.9%	22.4%	23.1%	
Asia and other areas	30,614	31,902	36,527	99,044	37,616	136,661	37,310	35,972	38,215	111,498		
	18.3%	18.9%	20.6%	19.3%	19.9%	19.5%	20.4%	20.2%	21.6%	20.8%		
	Total	167,049	169,194	176,920	513,164	188,735	701,900	182,788	177,982	176,545	537,316	
		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Operating income by location Net sales /	Japan	Net sales	81,649	84,981	88,926	255,557	87,757	343,315	83,791	85,253	86,547	255,592
		Operating income	5,959	5,876	9,262	21,097	6,459	27,557	7,829	5,788	7,076	20,695
		Operating margin	7.3%	6.9%	10.4%	8.3%	7.4%	8.0%	9.3%	6.8%	8.2%	8.1%
	Americas	Net sales	45,498	48,216	50,598	144,314	54,598	198,912	53,673	52,912	49,843	156,430
		Operating income	-750	810	55	115	1,294	1,410	1,360	1,066	1,136	3,563
		Operating margin	-1.7%	1.7%	0.1%	0.1%	2.4%	0.7%	2.5%	2.0%	2.3%	2.3%
	Europe	Net sales	48,879	43,097	45,017	136,994	50,211	187,206	47,535	44,181	43,316	135,033
		Operating income	598	461	236	1,296	2,403	3,700	1,073	203	135	1,412
		Operating margin	1.2%	1.1%	0.5%	0.9%	4.8%	2.0%	2.3%	0.5%	0.3%	1.0%
	Asia and other	Net sales	29,709	31,330	35,447	96,488	36,436	132,925	38,107	36,284	39,069	113,462
		Operating income	1,773	2,159	2,759	6,693	3,388	10,081	3,306	3,055	3,536	9,897
		Operating margin	6.0%	6.9%	7.8%	6.9%	9.3%	7.6%	8.7%	8.4%	9.1%	8.7%
	Deletion	Net sales	-38,687	-38,432	-43,069	-120,190	-40,268	-160,458	-40,319	-40,648	-42,233	-123,201
		Operating income	1,200	170	-1,177	192	907	1,100	494	641	57	1,193
	Total	Net sales	167,049	169,194	176,920	513,164	188,735	701,900	182,788	177,982	176,545	537,316
Operating income		8,780	9,478	11,137	29,396	14,454	43,850	14,064	10,754	11,941	36,761	
Operating margin		5.3%	5.6%	6.3%	5.7%	7.7%	6.2%	7.7%	6.0%	6.8%	6.8%	

(Millions of yen)

			FY 2014						FY 2015			
			1Q	2Q	3Q	Nine months total	4Q	Full year	1Q	2Q	3Q	Nine months total
Operating income by business applications	Aftermarket	Net sales	26,715	28,036	28,052	82,804	29,628	112,433	28,954	29,384	26,666	85,005
		Operating income	4,359	4,550	4,990	13,900	5,336	19,237	5,263	4,243	4,272	13,779
		Operating margin	16.3%	16.2%	17.8%	16.8%	18.0%	17.1%	18.2%	14.4%	16.0%	16.2%
	Industrial machinery	Net sales	25,870	26,760	26,864	79,495	29,498	108,993	26,803	26,020	24,970	77,794
		Operating income	874	1,263	1,508	3,646	2,615	6,261	1,866	1,706	1,186	4,759
		Operating margin	3.4%	4.7%	5.6%	4.6%	8.9%	5.7%	7.0%	6.6%	4.8%	6.1%
	Automotive	Net sales	114,464	114,396	122,003	350,864	129,609	480,473	127,029	122,577	124,909	374,516
		Operating income	3,547	3,664	4,637	11,849	6,501	18,351	6,934	4,804	6,483	18,222
		Operating margin	3.1%	3.2%	3.8%	3.4%	5.0%	3.8%	5.5%	3.9%	5.2%	4.9%
	Total	Net sales	167,049	169,194	176,920	513,164	188,735	701,900	182,788	177,982	176,545	537,316
		Operating income	8,780	9,478	11,137	29,396	14,454	43,850	14,064	10,754	11,941	36,761
		Operating margin	5.3%	5.6%	6.3%	5.7%	7.7%	6.2%	7.7%	6.0%	6.8%	6.8%
Capital expenditures / Depreciation and amortization	Capital expenditures		6,191	6,632	6,886	19,710	11,556	31,266	8,295	10,307	8,006	26,608
	Depreciation and amortization	Domestic	3,698	3,849	4,001	11,549	4,159	15,708	2,790	2,899	3,014	8,705
		Overseas	5,823	5,937	6,507	18,268	6,414	24,683	6,606	6,690	6,762	20,058
	Total		9,522	9,786	10,508	29,817	10,574	40,391	9,396	9,590	9,777	28,764
R&D expenditures			4,441	4,358	4,360	13,160	4,928	18,088	4,381	4,832	4,482	13,695
Ratio of R&D expenditures to net sales			2.7%	2.6%	2.5%	2.6%	2.6%	2.6%	2.4%	2.7%	2.5%	2.5%
Inventories			171,758	179,876	196,996	196,996	184,128	184,128	195,965	191,280	197,485	197,485
Inventory turnover ratio (times)			3.9	3.8	3.6	3.5	4.1	3.8	3.7	3.7	3.6	3.6
Interest-bearing debts	Loans		371,921	378,447	386,446	386,446	359,105	359,105	343,894	340,572	334,861	334,861
	Bonds		—	—	—	—	—	—	—	—	—	—
	Total		371,921	378,447	386,446	386,446	359,105	359,105	343,894	340,572	334,861	334,861
Major management indicators	Ordinary income ratio to total assets		3.9%	4.2%	4.9%	4.2%	5.3%	4.6%	6.8%	1.6%	5.6%	4.7%
	Return on assets (ROA)		2.7%	1.8%	3.1%	2.5%	3.4%	2.7%	4.6%	0.3%	-0.4%	1.5%
	Return on equity (ROE)		10.9%	7.0%	11.6%	9.7%	12.0%	10.5%	15.5%	1.0%	-1.3%	5.2%
	Shareholder's equity ratio		25.2%	26.1%	27.4%	27.4%	28.6%	28.6%	30.3%	29.6%	29.6%	29.6%
	Net assets per share (yen)		386.54	414.76	456.52	456.52	461.21	461.21	489.26	467.26	457.72	457.72
Net income per share (yen)		10.39	7.04	12.69	30.12	13.79	43.91	18.40	1.14	-1.50	18.04	
Employees	Domestic (persons)		8,052	8,025	8,046	8,046	8,003	8,003	8,173	8,140	8,149	8,149
	Overseas (persons)		14,652	14,986	15,447	15,447	15,357	15,357	15,707	15,890	16,020	16,020
	Total (persons)		22,704	23,011	23,493	23,493	23,360	23,360	23,880	24,030	24,169	24,169
Exchange rates	Average	Dollar (yen)	102.17	103.84	114.35	106.73	119.16	109.76	121.43	122.31	121.46	121.74
		Euro (yen)	140.07	137.75	142.88	140.21	134.00	138.69	134.21	136.00	132.99	134.41
	At quarter end	Dollar (yen)	101.36	109.45	120.55	120.55	120.17	120.17	122.45	119.96	120.61	120.61
		Euro (yen)	138.31	138.87	146.54	146.54	130.32	130.32	137.23	134.97	131.77	131.77