

Financial Results for the Six Months Ended September 30, 2018
[Japanese Accounting Standards] (Consolidated)
(Unaudited)

October 31, 2018

NTN Corporation
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 Listings: Tokyo Stock Exchanges
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 Scheduled submission date of quarterly financial statements: November 2, 2018
 Scheduled commencement date of dividend payment: December 3, 2018
 Supplementary material of the financial results: Prepared
 Investor meeting: Scheduled

1. Consolidated Financial Results for the Six months ended September 30, 2018
 (April 1, 2018 to September 30, 2018)

(Amounts rounded down to the nearest million yen)

(1) Operating Results

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders (parent company)	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended June 30, 2018	370,187	3.4	15,376	-8.6	12,550	-8.0	8,140	-2.9
Six months ended June 30, 2017	357,935	9.5	16,828	6.2	13,641	18.3	8,381	36.8

Note: comprehensive income: Six months ended June 30, 2018 : 13,609 million yen (-39.8 %)
 Six months ended June 30, 2017 : 22,611 million yen (-%)

	Net income per share	Diluted net income per share
	yen	Yen
Six months ended September 30, 2018	15.33	—
Six months ended September 30, 2017	15.78	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Six months ended September 30, 2018	859,179	279,351	30.5
Year ended March 31, 2018	839,427	269,759	30.2

Note: Shareholders' equity Six months ended September 30, 2018 : 262,313 million yen
 Year ended March 31, 2018 : 253,403 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, 2018	—	7.50	—	7.50	15.00
Year ending March 31, 2019	—	7.50			
Year ending March 31, 2019 (forecast)			—	7.50	15.00

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

At 2nd quarter end, year ended March 31, 2018:
 Ordinary dividend of 5.00 yen, Commemorative dividend of 2.50 yen
 At fiscal year end, year ended March 31, 2018:
 Ordinary dividend of 5.00 yen, Commemorative dividend of 2.50 yen

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(Percentage figures represent 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	750,000	0.8	35,000	-11.6	29,000	-7.2	15,000	-26.4	28.24

Notes: Adjustment from the previously published forecast of earnings: Yes
See the "Notes of Revised Earnings Forecast" published today (October 31, 2018).

* 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 "(4) Notes to Consolidated Financial Statements" (Adoption of Accounting Method Specific to the Preparation of Quarterly Consolidated Financial Statements) in "2. Consolidated Financial Statements for the Six Months" on page 9 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: | None |
| 2) Changes other than above: | None |
| 3) Changes in accounting estimates: | None |
| 4) Retrospective restatement: | None |

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

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

Six months ended September 30, 2018:	532,463,527 shares
Year ended March 31, 2018:	532,463,527 shares

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

Six months ended September 30, 2018:	1,362,450 shares
Year ended March 31, 2018:	1,405,959 shares

3) Average number of shares outstanding during the quarter:

Six months ended September 30, 2018:	531,082,445 shares
Six months ended September 30, 2017:	531,067,502 shares

* This financial results report for the first quarter is exempt from quarterly review.

* 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 Six Months ended September 30, 2018

(1) Explanation regarding Consolidated Operating Results

During the first half of fiscal year under review (April 1 – September 30, 2018), the Japanese economy saw a continued moderate recovery reflecting improvement of employment and income environment although there was an impact on the economy due to a series of natural disasters. Looking at overseas economy, the U.S. economy continued showing the recovery and the European economy also saw a moderate recovery although there is a concern and uncertainty due to the trade issues. In China, there is a concern for growth of Chinese economy due to the trade friction between the U.S. and China however economic conditions in other emerging countries showed signs of recovery.

In this environment, under the three-year Medium-term Management Plan “DRIVE NTN100” started in April 2018, the NTN Group will work on “Developing innovative technologies, products, and services,” “Variable cost reformation” and “Achieving the world’s highest productivity and quality and improved efficiency in asset management” by integrating latest digital technologies into the management resources that NTN has cultivated. Promoting the various initiatives to realize them, NTN will accelerate the transformation of business structure.

For six months ended September 30, 2018, net sales were 370,187 million yen (a year-on-year increase of 3.4 %). In terms of income, operating income was 15,376 million yen (a year-on-year decrease of 8.6 %) and ordinary income was 12,550 million yen (a year-on-year decrease of 8.0 %). As a result, net quarterly income attributable to shareholder (parent company) was 8,140 million yen (a year-on-year decrease of 2.9 %).

Operating results by reporting segment (company location) were as follows:

(1) Japan

Sales in aftermarket applications increased in industrial machinery aftermarket applications. Sales in industrial machinery applications increased in machine tool, construction machinery and others. Sales in automotive applications also increased reflecting an increase of customer demand and other factors. As a result, net sales were 174,755 million yen (a year-on-year increase of 3.5 %). Although there is the effect of increased sales and other factors, the segment income was 394 million yen (a year-on-year decrease of 87.6 %) due to the increase in price of steel material, fixed cost and other factors.

(2) Americas

Sales in aftermarket applications increased in industrial aftermarket applications and automotive aftermarket applications. Sales in industrial machinery applications also increased in wind turbines. Sales in automotive applications also increased due principally to an increase of customer demand. Overall, net sales were 98,941 million yen (a year-on-year increase of 1.6 %). The segment income was 2,626 million yen (a year-on-year decrease of 29.1 %) due principally to the increase in price of steel material and tariff rate and the effects of increased fixed cost.

(3) Europe

Sales in aftermarket applications increased in both industrial aftermarket applications. Sales in industrial machinery applications increased in aircraft, wind turbine and others. Sales in automotive applications decreased reflecting a decrease of customer demand and other factors. As a result, net sales were 93,788 million yen (a year-on-year increase of 3.3 %). The segment income was 464 million yen (a year-on-year decrease of 60.7 %) due principally to increased fixed cost.

(4) Asia and other areas

Sales in aftermarket applications increased in industrial aftermarket applications and automotive aftermarket applications. Sales in industrial machinery applications increased in construction machinery and others. Sales in automotive applications increased reflecting an increase of customer demand and other factors. As a result, net sales were 80,870 million yen (a year-on-year increase of 4.5 %). The segment was 9,805 million yen (a year-on-year increase of 7.7 %) supported mainly by effects of increased sales and other factors.

Operating results by business sector were as follows.

(1) Aftermarket applications

Due mainly to the increased sales in industrial machinery, sales were 61,075 million yen (a year-on-year increase of 8.6 %). Operating income was 7,846 million yen (a year-on-year increase of 14.6 %) due to the effect of increased sales and other factors.

(2) Industrial machinery applications

Sales were 61,960 million yen (a year-on-year increase of 8.1 %) due principally to the expansion of customer demand in construction machinery and wind turbine. Operating income was 1,643 million yen (a year-on-year increase of 98.4%) due to the effect of increased sales and other factors.

(3) Automotive applications

Sales were 247,151 million yen (a year-on-year increase of 1.1 %) due to the expansion of customer demand, exchange-rates and other factors. Operating income was 5,886 million yen (a year-on-year decrease of 35.7 %) due principally to the increase in price of steel material, tariff rate in the U.S. and the effects of increased fixed cost.

(2) Explanation regarding Consolidated Financial Position

(Assets, Liabilities, and Net assets)

Total current assets increased 8,787 million yen (up 1.9 %) from the previous consolidated fiscal year end to 460,512 million yen. This was due principally to an increase of 7,584 million yen of finished goods and purchased goods, 5,851 million yen work in process, 4,193 million yen in electronically-recorded monetary claims and decrease of 8,986 million yen of notes and accounts receivable-trade. Total fixed assets increased 10,965 million yen (up 2.8 %) from the previous consolidated fiscal year end to 398,666 million yen. The major factors were an increase of 4,943 million yen in tangible fixed assets and 4,126 million yen in intangible fixed asset. As a result, total assets increased 19,752 million yen (up 2.4 %) from the previous consolidated fiscal year end to 859,179 million yen.

Total current liabilities decreased 14,632 million yen (down 4.6 %) from the previous consolidated fiscal year end to 301,793 million yen. This was due principally to decrease of 7,122 million yen in notes and accounts payable-trade and 4,862 million yen of short-term loan payable. Fixed liabilities increased 24,793 million yen (up 9.8 %) from the previous consolidated fiscal year end to 278,034 million yen, due principally to an increase of 24,417 million yen in long-term loans. As a result, total liabilities increased 10,160 million yen (up 1.8 %) from the previous consolidated fiscal year end to 579,827 million yen.

Total net assets increased 9,592 million yen (up 3.6 %) from the previous consolidated fiscal year end to 279,351 million yen. This was mainly due to an increase of 4,153 million yen in retained earnings, increase of 2,619 million yen in foreign currency translation adjustments and an increase of 2,440 million yen in net unrealized holding gain on other securities.

(Cash flows)

Net cash provided by operating activities was 17,116 million yen (year-on-year decrease of 15,120 million yen, or down 46.9 %). Major items included proceeds from depreciation and amortization of 19,187 million yen, income before income taxes and equity in earnings of affiliated companies of 12,550 million yen and expenditure for increase in inventories of 14,639 million yen.

Net cash provided by investing activities was 26,395 million yen (year-on-year increase of 6,408 million yen, or up 32.1 %). This was mainly due to expenditure for purchase of property, plant and equipment of 20,892 million yen and purchase of intangible fixed assets of 6,028 million yen.

Net cash provided by financing activities was 11,821 million yen (year-on-year expenditure of 5,330 million yen). This was mainly due to 29,501 million yen in proceeds from long-term loans and 16,565 million yen of net increase in short-term loan payable, an expenditure of 30,069 million yen in repayment of long-term loans and the payment of 3,987 million yen in dividends.

After adding an decrease of 933 million yen in translation adjustments, cash and cash equivalents as of the end of the 2nd quarter of the consolidated accounting period under review came to 87,696 million yen, an increase of 1,608 million yen (up 1.9 %) from the previous consolidated fiscal year end.

2. Consolidated Financial Statements for the Six Months

(1) Balance Sheets

(million yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and bank deposits	88,683	89,727
Notes and accounts receivable-trade	143,692	134,706
Electronically-recorded monetary claims	5,744	9,937
Finished goods & purchased goods	96,468	104,052
Work in process	49,478	55,329
Raw materials & supplies	33,791	37,965
Short-term loans receivable	76	72
Other	34,798	29,719
Allowance for doubtful accounts	-1,008	-998
Total current assets	451,725	460,512
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	82,981	85,156
Machinery, equipment and vehicles, net	143,246	143,541
Other, net	61,831	64,303
Total property, plant and equipment	288,059	293,002
Intangible fixed assets	25,044	29,170
Investments and other assets		
Investment securities	59,233	61,520
Deferred tax assets	11,881	11,491
Other	3,719	3,717
Allowance for doubtful accounts	-236	-235
Total investments and other assets	74,598	76,493
Total fixed assets	387,701	398,666
Total assets	839,427	859,179

(million yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	69,716	62,594
Electronically-recorded monetary claims	64,112	63,651
Short-term loans	118,932	114,070
Accrued income taxes	3,887	3,210
Accrued bonuses for directors and statutory auditors	176	88
Other	59,600	58,176
Total current liabilities	316,425	301,793
Long-term liabilities		
Bonds	30,000	30,000
Long-term loans	171,900	196,317
Reserve for product defect compensation	1,491	1,561
Liabilities for retirement benefits	40,393	40,811
Other	9,456	9,344
Total long-term liabilities	253,241	278,034
Total liabilities	569,667	579,827
Net assets		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,970	67,970
Retained earnings	127,886	132,039
Treasury stock	-816	-802
Total shareholders' equity	249,387	253,554
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	16,380	18,820
Translation adjustments	-4,681	-2,062
Accrued retirement benefits adjustments	-7,683	-7,999
Total accumulated other comprehensive income	4,015	8,758
Non-controlling shareholders' equity	16,356	17,038
Total net assets	269,759	279,351
Total liabilities and net assets	839,427	859,179

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

(million yen)

	Six months ended September 30, 2017(April 1, 2017- September 30, 2017)	Six months ended September 30, 2018(April 1, 2018- September 30, 2018)
Net sales	357,935	370,187
Cost of sales	292,636	302,464
Gross profit	65,298	67,722
Selling, general and administrative expenses	48,470	52,346
Operating income	16,828	15,376
Non-operating income		
Interest income	303	378
Dividend income	623	655
Equity in earnings of unconsolidated subsidiaries	206	215
Foreign exchange gains	1,103	—
Other	969	1,213
Total non-operating income	3,204	2,463
Non-operating expenses		
Interest expenses	1,969	1,898
Loss on derivative transactions	1,472	1,107
Other	2,949	2,283
Total non-operating expenses	6,391	5,289
Ordinary income	13,641	12,550
Income before income taxes and equity in earnings of affiliated companies	13,641	12,550
Income and other taxes	4,325	3,476
Net income	9,315	9,074
Net income attributable to shareholder (non-controlling shareholder)	934	933
Net income attributable to shareholder (parent company)	8,381	8,140

(Consolidated Statement of Comprehensive Income)

(million yen)

	Six months ended September 30, 2017(April 1, 2017- September 30, 2017)	Six months ended September 30, 2018(April 1, 2018- September 30, 2018)
Net income	9,315	9,074
Other comprehensive income		
Net unrealized holding gain on other securities	3,848	2,440
Translation adjustments	8,895	3,287
Accrued retirement benefits adjustments	414	-350
Equity in equity-method affiliates	138	-841
Total other comprehensive income	13,296	4,535
Comprehensive income	22,611	13,609
(Breakdown)		
Comprehensive income attributable to owners of parent company	21,147	12,883
Comprehensive income related to non-controlling shareholders	1,464	726

(3) Statements of Cash Flows

	(million yen)	
	Six months ended September 30, 2017(April 1, 2017- September 30, 2017)	Six months ended September 30, 2018(April 1, 2018- September 30, 2018)
Cash flow from operating activities		
Income before income taxes and equity in earnings of affiliated companies	13,641	12,550
Depreciation and amortization	18,454	19,187
Increase / decrease (-) in reserves for loss on supporting affiliated companies	59	—
Increase/decrease (-) in allowance for doubtful accounts	12	-23
Increase/decrease (-) in accrued retirement benefits for directors and statutory auditors	-61	-88
Increase/decrease (-) in reserve for product defect compensation	35	41
Increase/decrease (-) in liabilities in retirement benefits	457	127
Interest and dividend income	-926	-1,033
Interest expenses	1,969	1,898
Foreign currency translation adjustments / Foreign exchange losses/gains (-)	-1,808	36
Loss/gain (-) on derivative transactions	1,472	1,107
Equity in earnings (-) /losses of non-consolidated subsidiaries	-206	-215
Decrease/increase (-) in trade receivables	5,085	6,756
Decrease/increase (-) in inventories	-5,247	-14,639
Increase/decrease (-) in trade payables	2,400	-8,044
Other	6,738	7,888
Subtotal	42,078	25,549
Interest and dividend income received	1,325	1,571
Interest paid	-1,917	-1,843
Loss related to Anti-Monopoly Act	-8,359	-3,557
Income taxes paid	-890	-4,604
Cash flow from operating activities	32,236	17,116
Cash flow from investing activities		
Increase in time deposits	-14	-1,411
Decrease in time deposits	0	1,938
Purchase of property, plant and equipment	-15,192	-20,892
Purchase of intangible fixed assets	-4,814	-6,028
Decrease / increase (-) in short-term loans receivable, net	0	8
Other	34	-9
Cash flow from investing activities	-19,987	-26,395
Cash flow from financing activities		
Increase/decrease (-) in short-term loans, net	-2,174	16,565
Proceeds from long-term loans	36,597	29,501
Repayment of long-term loans	-36,887	-30,069
Dividend payment	-2,658	-3,987
Repayment of lease payable	-170	-158
Other	-37	-30
Cash flow from financing activities	-5,330	11,821
Effect of exchange rate changes on cash and cash equivalents	716	-933
Increase/decrease (-) in cash and cash equivalents	7,634	1,608
Cash and cash equivalents, at beginning of the year	79,284	86,087
Cash and cash equivalents, at end of the quarter	86,918	87,696

(4) Notes to Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Notes to Balance Sheet)

1. Contingency liabilities

(Lawsuits, etc.)

- (1) There are ongoing investigations by the competition authorities into our consolidated subsidiaries in Brazil and elsewhere in relation to overseas sale of bearings, etc.
- (2) The Company and its subsidiaries in the U.S. and Canada, etc. are defendants in a number of class action suits for suspected price-fixing of bearing sales with other businesses.
- (3) The NTN Group may be subject to claims for compensation for damages in connection with the violation of competition laws and continue to address these claims. However, it is currently difficult to make reasonable estimates of the future possible effects on the results of operations and financial position of the NTN Group.

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

None

(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 six months ended September 30, 2018, 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.

(Additional Information)

(Adoption of partial revision of accounting standard pertaining to tax effect accounting)

Partial revision of accounting standard pertaining to tax effect accounting is adopted from the beginning of the 1st quarter of this consolidated accounting period. Deferred tax asset is indicated in "Total investment and other assets" and deferred tax liability is indicated in "Fixed liabilities."

(Segment Information)

I. Six months ended September 30, 2017 (April 1, 2017 – September 30, 2017)

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	104,266	95,160	88,685	69,823	357,935	—	357,935
Inter-segment sales or transfers	64,600	2,246	2,103	7,573	76,523	(76,523)	—
Total	168,866	97,406	90,789	77,396	434,459	(76,523)	357,935
Segment income (Operating income)	3,172	3,706	1,180	9,104	17,163	(334)	16,828

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. Six months ended September 30, 2018 (April 1, 2018 – September 30, 2018)

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	106,870	97,068	91,695	74,552	370,187	—	370,187
Inter-segment sales or transfers	67,885	1,872	2,092	6,318	78,169	(78,169)	—
Total	174,755	98,941	93,788	80,870	448,356	(78,169)	370,187
Segment income (Operating income)	394	2,626	464	9,805	13,289	2,086	15,376

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)

Business combination due to acquisition

1. Outline of business combination

(1) Name and main line of business of acquired company

Name of acquired company: Hakui Maruzen Co., Ltd.

Line of Business: Manufacturing and sales of forged ring

(2) Main reason for business combination

In order to strengthen integrated bearing production system in Noto region as well as enhancing competitiveness of bearings for industrial machineries and promote expanding the business by continuing and enhancing business of the connectors of casing pipe in oil-drilling and parts of construction machinery utilizing forging technology of Hakui Maruzen.

(3) Date of business combination

October 1, 2018 (Acquisition of shares)

October 1, 2019 (Additional acquisition (planned))

(4) Legal form of the business combination

Acquisition of shares in exchange for cash

(5) Name of company after the business combination

No change

(6) Percentage of acquired voting rights

Acquired on October 1, 2018 90%

Acquired on October 1, 2019 10%

(7) Main reason for deciding on acquired company

As a result of acquisition of more than one half of the voting rights of the acquired company by acquiring the shares in exchange for cash.

2. Cost of acquisition of the acquired company and breakdown of the type consideration

Consideration of acquisition	Cash	10,200 million yen
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3. Amount of goodwill incurred, cause of occurrence, and method and period of amortization

Undetermined

4. Amounts allocated as intangible assets other than goodwill, breakdown by main type, and overall and main type of weighted average amortization period

Undetermined

3. Supplementary Information

(1) Explanatory Materials

Consolidated Financial Results

(in million yen)

		FY2016		FY2017		FY2018	
		1st Half	Full year	1st Half	Full year	1st Half	
Consolidated operating results (Lower: Net sales ratio)	Net Sales	326,824 100.0%	683,328 100.0%	357,935 100.0%	744,372 100.0%	370,187 100.0%	
	Operating income	15,841 4.8%	35,622 5.2%	16,828 4.7%	39,608 5.3%	15,376 4.2%	
	Ordinary income	11,531 3.5%	29,604 4.3%	13,641 3.8%	31,250 4.2%	12,550 3.4%	
	Extraordinary loss	-135 -0.0%	-14,714 -2.2%	— —	-4,345 -0.6%	— —	
	Net income attributable to shareholder (parent company)	6,126 1.9%	2,830 0.4%	8,381 2.3%	20,373 2.7%	8,140 2.2%	
Net sales by region (Lower: Net sales ratio)	Japan	92,755 28.4%	191,466 28.0%	99,487 27.8%	204,324 27.4%	102,280 27.6%	
	Americas	93,397 28.6%	194,765 28.5%	98,782 27.6%	201,676 27.1%	100,398 27.1%	
	Europe	75,212 23.0%	154,989 22.7%	82,486 23.0%	175,598 23.6%	85,505 23.1%	
	Asia and other areas	65,458 20.0%	142,107 20.8%	77,179 21.6%	162,772 21.9%	82,002 22.2%	
	Total	326,824 100.0%	683,328 100.0%	357,935 100.0%	744,372 100.0%	370,187 100.0%	
Net sales / Operating income by location	Japan	Net sales	154,585	320,834	168,866	347,322	174,755
		Operating income	619	4,461	3,172	8,015	394
		Operating margin	0.4%	1.4%	1.9%	2.3%	0.2%
	Americas	Net sales	91,704	191,393	97,406	198,546	98,941
		Operating income	3,276	8,286	3,706	7,091	2,626
		Operating margin	3.6%	4.3%	3.8%	3.6%	2.7%
	Europe	Net sales	81,735	169,016	90,789	192,516	93,788
		Operating income	1,033	3,310	1,180	2,800	464
		Operating margin	1.3%	2.0%	1.3%	1.5%	0.5%
	Asia and other areas	Net sales	66,175	142,302	77,396	161,952	80,870
		Operating income	6,103	14,522	9,104	19,600	9,805
		Operating margin	9.2%	10.2%	11.8%	12.1%	12.1%
	Deletion	Net sales	-67,376	-140,218	-76,523	-155,965	-78,169
		Operating income	4,809	5,041	-334	2,100	2,086
	Total	Net sales	326,824	683,328	357,935	744,372	370,187
Operating income		15,841	35,622	16,828	39,608	15,376	
Operating margin		4.8%	5.2%	4.7%	5.3%	4.2%	

(in million yen)

			FY2016		FY2017		FY2018	
			1st Half	Full year	1st Half	Full year	1st Half	
Net sales / Operating income by business applications	Aftermarket	Net sales	50,706	104,500	56,245	116,695	61,075	
		Operating income	6,719	13,994	6,845	15,009	7,846	
		Operating margin	13.3%	13.4%	12.2%	12.9%	12.8%	
	Industrial machinery	Net sales	46,109	98,611	57,329	119,085	61,960	
		Operating income	371	1,622	828	2,796	1,643	
		Operating margin	0.8%	1.6%	1.4%	2.3%	2.7%	
	Automotive	Net sales	230,009	480,216	244,360	508,592	247,151	
		Operating income	8,750	20,005	9,154	21,803	5,886	
		Operating margin	3.8%	4.2%	3.7%	4.3%	2.4%	
	Total	Net sales	326,824	683,328	357,935	744,372	370,187	
		Operating income	15,841	35,622	16,828	39,608	15,376	
		Operating margin	4.8%	5.2%	4.7%	5.3%	4.2%	
Capital expenditures /Depreciation and amortization	Capital expenditures		18,378	35,398	15,536	37,589	19,461	
	Depreciation and amortization	Domestic	6,518	13,167	6,598	13,481	7,408	
		Overseas	11,569	23,461	11,856	24,023	11,779	
	Total		18,088	36,629	18,454	37,505	19,187	
R&D expenditures			9,109	19,196	9,408	21,007	10,723	
Ratio of R&D expenditures to net sales			2.8%	2.8%	2.6%	2.8%	2.9%	
Inventories			166,633	171,481	182,482	179,738	197,347	
Inventory turnover ratio (times)			3.9	4.0	3.9	4.1	3.8	
Interest- bearing debts	Loans		303,538	300,169	301,675	290,833	310,388	
	Bonds		—	20,000	20,000	30,000	30,000	
	Total		303,538	320,169	321,675	320,833	340,388	
Major management indicators	Ordinary income ratio to total assets		3.0%	3.7%	3.4%	3.8%	3.0%	
	Return on assets (ROA)		1.6%	0.4%	2.1%	2.5%	1.9%	
	Return on equity (ROE)		5.5%	1.2%	7.0%	8.4%	6.3%	
	Shareholder's equity ratio		28.7%	28.8%	30.1%	30.2%	30.5%	
	Net assets per share (yen)		400.23	431.66	466.42	477.17	493.90	
	Net income per share (yen)		11.52	5.33	15.78	38.36	15.33	
Employees	Domestic	(persons)	8,437	8,420	8,574	8,546	8,685	
	Overseas	(persons)	16,012	16,245	16,461	16,947	16,830	
	Total	(persons)	24,449	24,665	25,035	25,493	25,515	
Exchange rates At term end	Average	Dollar	(yen)	105.20	108.39	111.04	110.85	110.26
		Euro	(yen)	118.04	118.80	126.22	129.64	129.88
	At term end	Dollar	(yen)	101.12	111.85	112.31	106.49	113.41
		Euro	(yen)	113.36	119.48	132.35	131.00	131.99