

Consolidated Financial Results for the First quarter of FY2011 and Full-Year Forecast

August 1, 2011

NTN Corporation

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I . Consolidated Financial Results for the First Quarter of FY 2011

★ **Financial Results for the First quarter of FY2011:**
Key Factors

- 1. Consolidated Statements of Operation (Quarterly Trend)**
- 2. Net Sales by Region (Quarterly Trend)**
- 3. Net Sales and Operating Income by Business Sector
(Quarterly Trend)**
- 4. Results by Business Sector (Quarterly Trend)**
- 5. Analysis of Operating Income**
- 6. Net Sales and Operating Income by Region**
 - (1)Japan, Americas**
 - (2)Europe, Asia & Others**
- 7. Inventories**
- 8. Interest-Bearing Debt**
- 9. Capital Expenditure and Depreciation**
- 10. Cash Flows**

Financial Results for the First quarter of FY2011:

Key Factors

Results of the First Quarter of FY 2011

- ◇ Net Sales **decreased by 1.5%** year-on-year to **130.6 billion yen**
(**increased by 1.7%** if excluding the effects of exchange rates)
 - The automotive market...
decreased by 11% year-on-year due to the effects of the Great East Japan Earthquake
(decreased by 8% if excluding the effects of exchange rates)
 - The industrial machinery market...
increased by 16% year-on-year due to a major recovery in segments such as
construction machinery and machine tools
(increased by 20% if excluding the effects of exchange rates)
 - The aftermarket and distributor market...
increased by 19% year-on-year due to positive sales of automotive parts and
recovery in demand in each region
(increased by 22% if excluding the effects of exchange rates)
- ◇ Operating income **decreased by 2.7%** year-on-year to **5.5 billion yen**
(**increased by 30.2%** if excluding the effects of exchange rates)
 - The operating income margin is also affected by exchange rates, and remained
steady at **4.2%** year-on-year

1. Consolidated Statements of Operations (Quarterly Trend)

(100 million yen)

| | FY2010 | | | | | FY2011 | Year on year | 1H | Full year | |
|---------------------------|------------|------------|------------|------------|-------------------|------------|--------------|----------|-----------|-------|
| | 1Q Results | 2Q Results | 3Q Results | 4Q Results | Full year Results | 1Q Results | | Forecast | Forecast | |
| Net sales | 1,326 | 1,282 | 1,304 | 1,389 | 5,301 | 1,306 | -20 | 2,680 | 5,850 | |
| Operating income | 56 | 48 | 52 | 89 | 246 | 55 | -2 | 115 | 350 | |
| Operating margin | (4.2%) | (3.8%) | (4.0%) | (6.4%) | (4.6%) | (4.2%) | (-0.1%) | (4.3%) | (6.0%) | |
| Ordinary income | 49 | 37 | 41 | 84 | 211 | 47 | -2 | 100 | 315 | |
| Extraordinary income/loss | 15 | 14 | 6 | -17 | 18 | -12 | -27 | -5 | -25 | |
| Net income | 40 | 33 | 30 | 42 | 144 | 20 | -19 | 55 | 175 | |
| Exchange rate | US \$ | 92.0 | 85.9 | 82.7 | 82.3 | 85.7 | 81.7 | -10.3 | 80.9 | 80.4 |
| | EURO | 117.0 | 110.7 | 112.2 | 112.7 | 113.1 | 117.4 | 0.4 | 113.7 | 111.9 |

2. Net Sales by Region (Quarterly Trend)

<Net Sales by Region>

(100 million yen)

| | FY2010 | | | | | FY2011 | | | 1H Forecast | Full year Forecast |
|---------------|---------|---------|---------|---------|-----------|------------|-------------|-------|-------------|--------------------|
| | 1Q | 2Q | 3Q | 4Q | Full year | 1Q Results | Yer on year | | | |
| | Results | Results | Results | Results | Results | | Volume | Forex | | |
| Japan | 459 | 481 | 479 | 446 | 1,866 | 408 | -51 | 0 | 913 | 2,056 |
| Americas | 291 | 287 | 275 | 327 | 1,180 | 288 | 28 | -32 | 599 | 1,304 |
| Europe | 343 | 294 | 318 | 373 | 1,328 | 378 | 34 | 1 | 673 | 1,392 |
| Asia & Others | 232 | 220 | 231 | 244 | 927 | 233 | 11 | -11 | 495 | 1,098 |
| Total | 1,326 | 1,282 | 1,304 | 1,389 | 5,301 | 1,306 | 22 | -42 | 2,680 | 5,850 |

3. Net Sales and Operating income by Business sector (Quarterly Trend)

<Net Sales by Business Sector>

(100 million yen)

| | FY2010 | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|----------------------|
| | 1Q Results | 2Q Results | 3Q Results | 4Q Results | Full year Results |
| Automotive | 887 | 827 | 852 | 879 | 3,444 |
| Industrial machinery | 231 | 247 | 246 | 270 | 995 |
| Aftermarket/ Distributor | 207 | 208 | 206 | 241 | 862 |
| Total | 1,326 | 1,282 | 1,304 | 1,389 | 5,301 |

| FY2011 1Q Results | Year on year | |
|-------------------------|--------------|------------|
| | Amount | Forex |
| 791 | -69 | -28 |
| 269 | 46 | -8 |
| 246 | 45 | -6 |
| 1,306 | 22 | -42 |

| 1H Forecast | Full year Forecast |
|----------------|-----------------------|
| 1,640 | 3,690 |
| 550 | 1,150 |
| 490 | 1,010 |
| 2,680 | 5,850 |

<Operating Income by Business Sector>

(100 million yen)

| | FY2010 | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|----------------------|
| | 1Q Results | 2Q Results | 3Q Results | 4Q Results | Full year Results |
| Automotive | 9 | 4 | 4 | 18 | 35 |
| Industrial machinery | 5 | 3 | 7 | 16 | 31 |
| Aftermarket/ Distributor | 42 | 41 | 41 | 54 | 179 |
| Total | 56 | 48 | 52 | 89 | 246 |

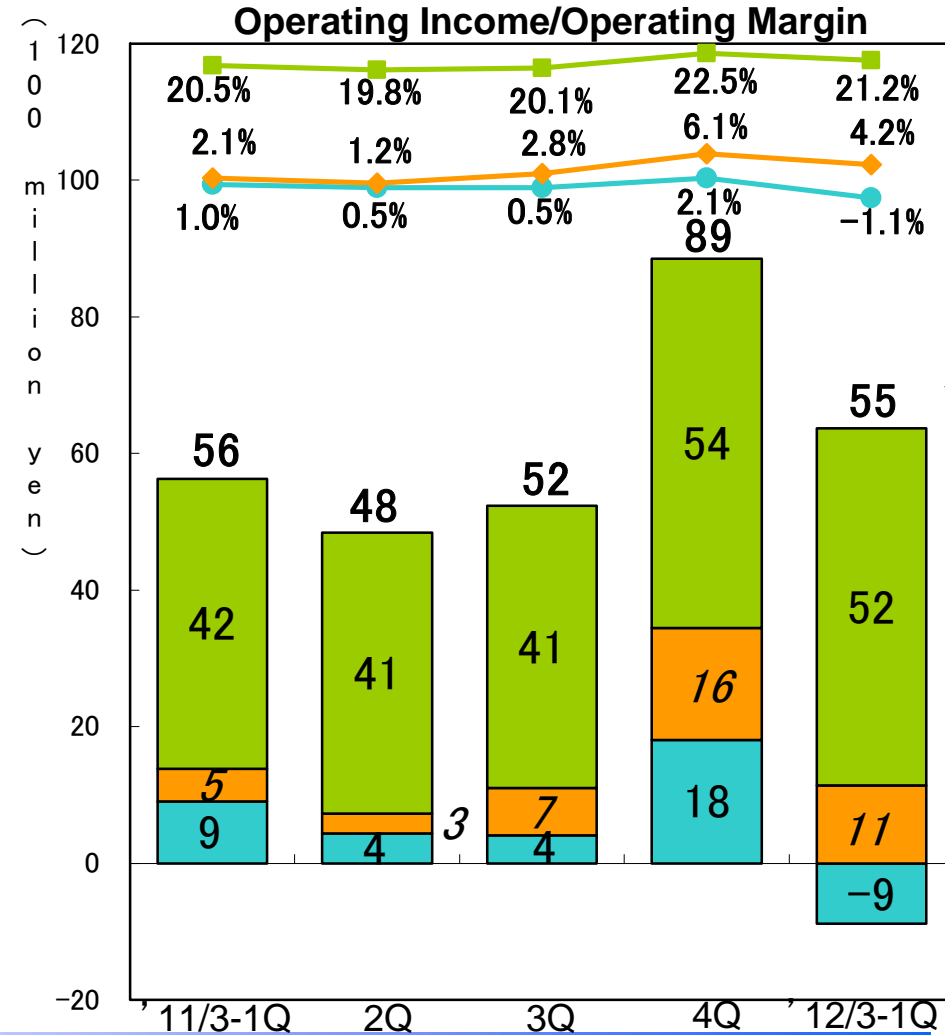
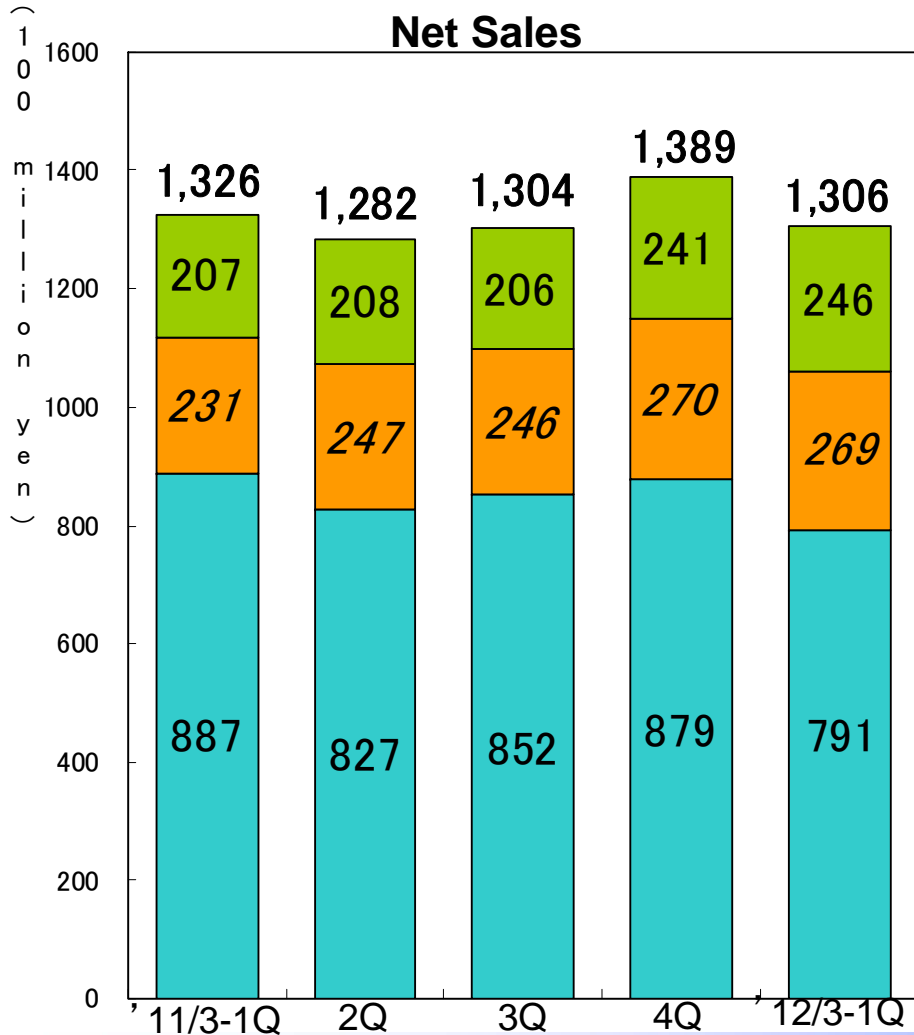
| FY2011 1Q Results | Year on year | |
|-------------------------|--------------|-------|
| | Amount | Forex |
| -9 | -18 | |
| 11 | 7 | |
| 52 | 10 | |
| 55 | -2 | |

| 1H Forecast | Full year Forecast |
|----------------|-----------------------|
| -13 | 58 |
| 24 | 65 |
| 104 | 227 |
| 115 | 350 |

4. Results by business sector (Quarterly Trend)

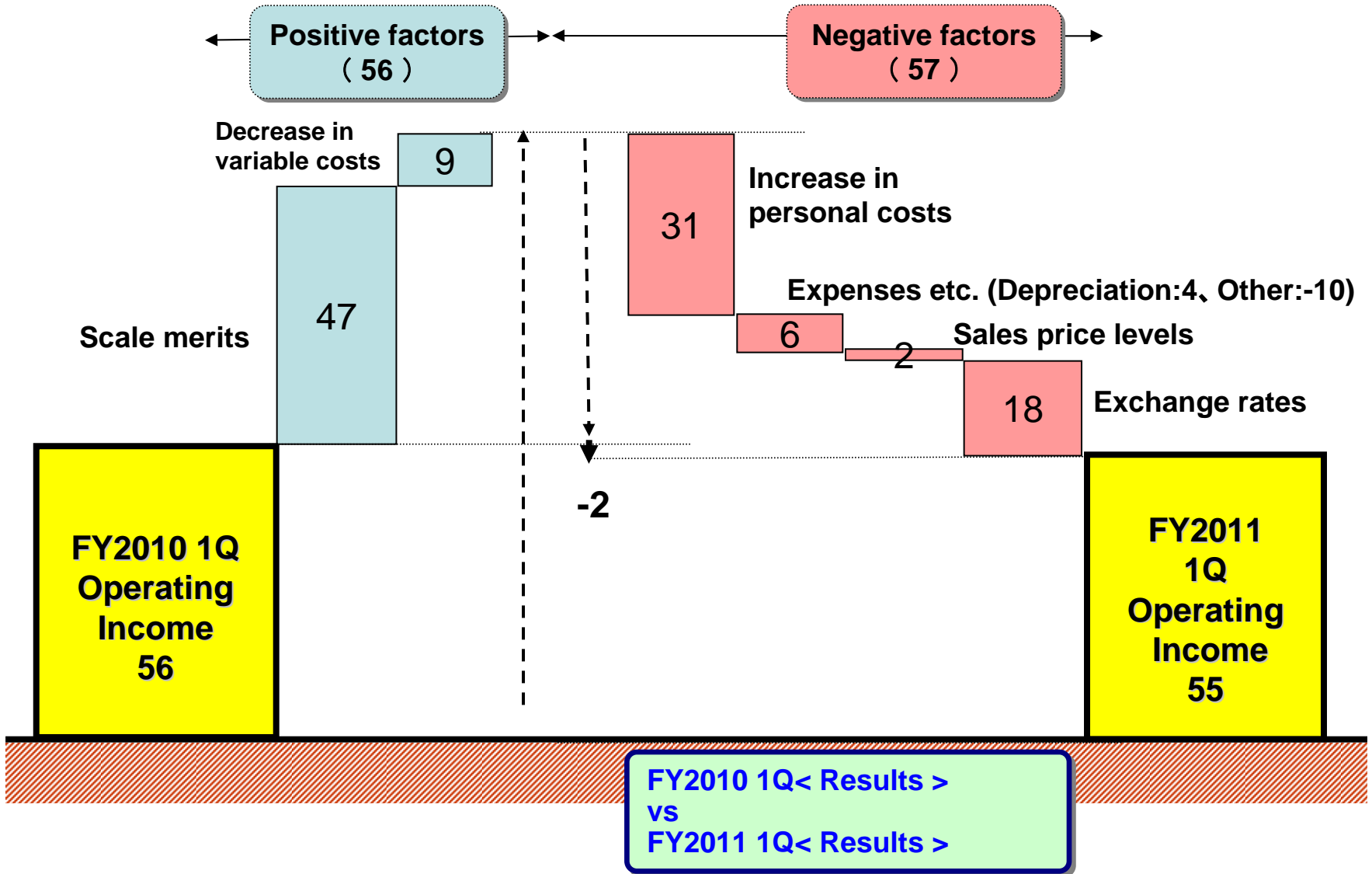
- ◆ The automotive market decreased, chiefly due to the effects of the Great East Japan Earthquake. Aftermarket remains strong.

Automotive Industrial machinery Aftermarket/Distributor



5. Analysis of Operating Income

* All figures in 100 million yen.

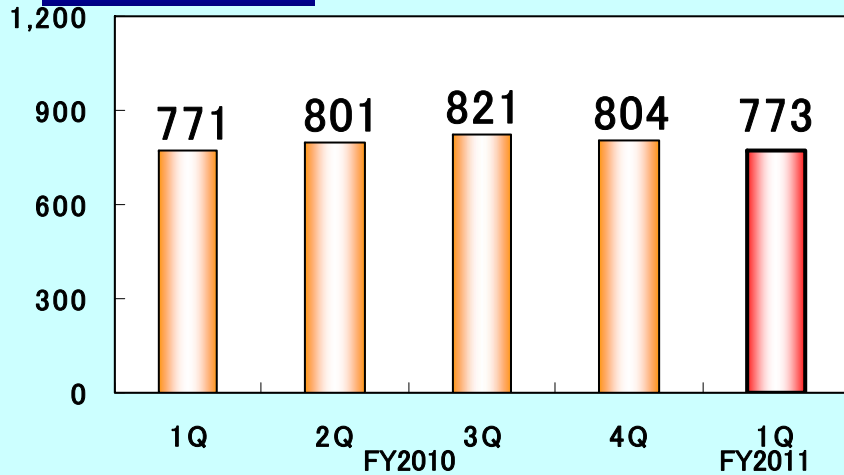


6. Net Sales and Operating Income by Region

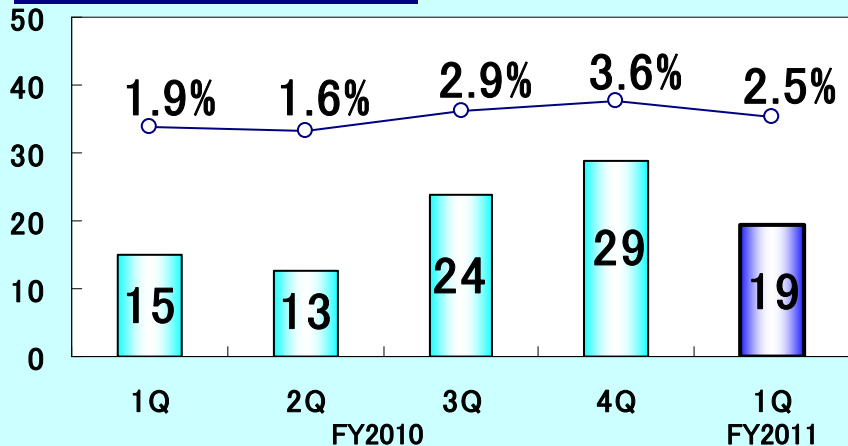
《 Japan 》

Net sales

(100 million yen)



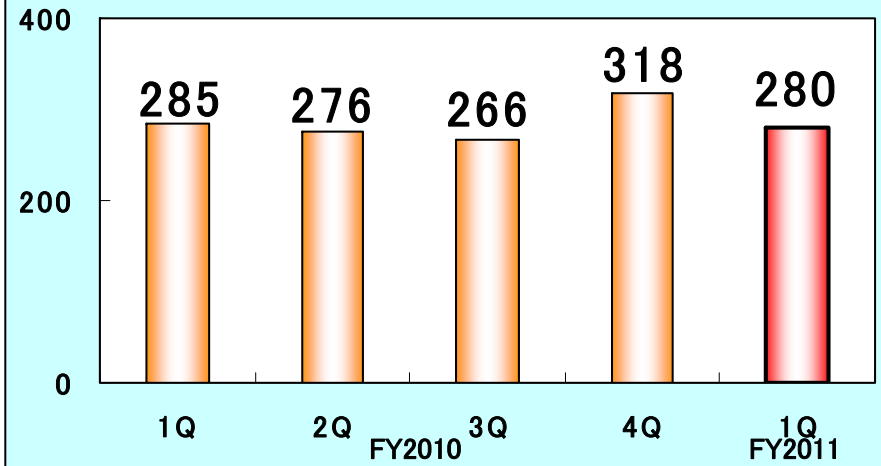
Operating income



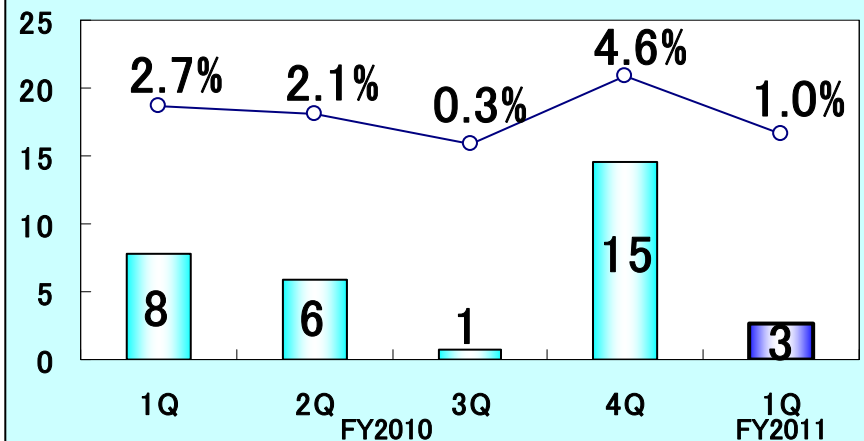
《 Americas 》

Net sales

(100 million yen)



Operating income

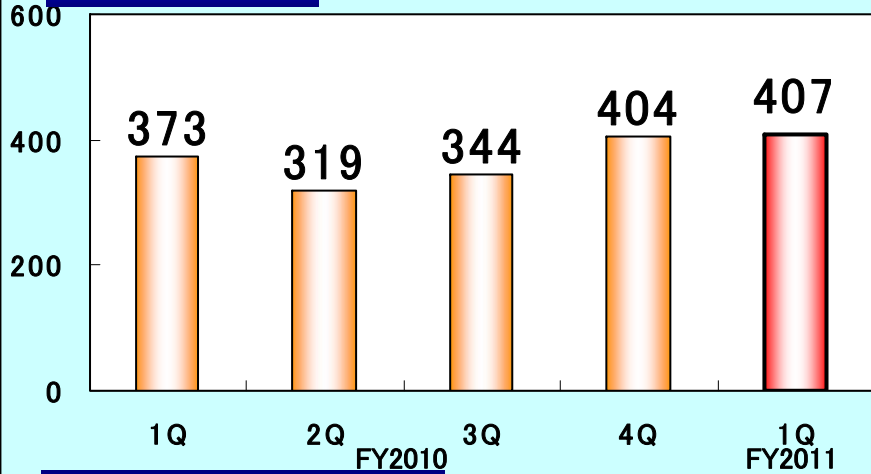


6. Net Sales and Operating Income by Region

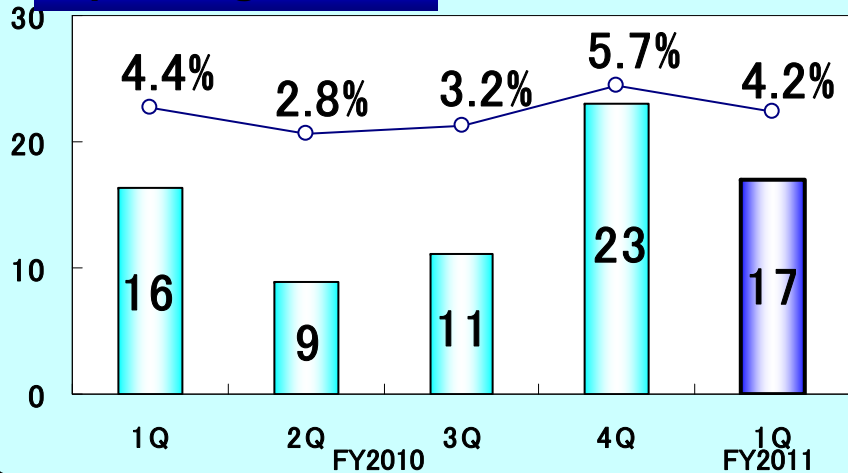
《 Europe 》

Net sales

(100 million yen)



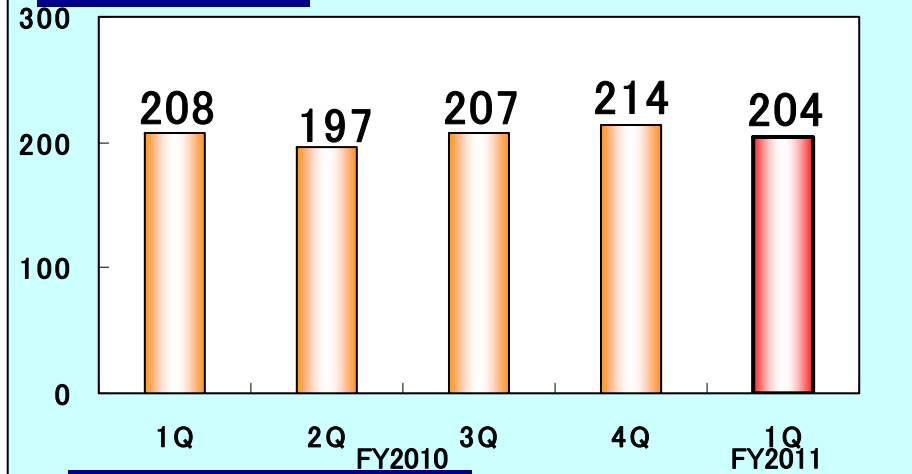
Operating income



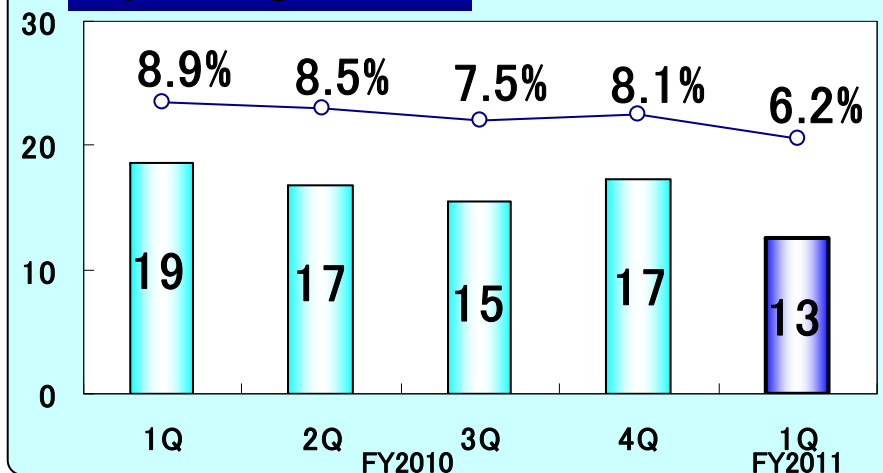
《 Asia & Others 》

Net sales

(100 million yen)

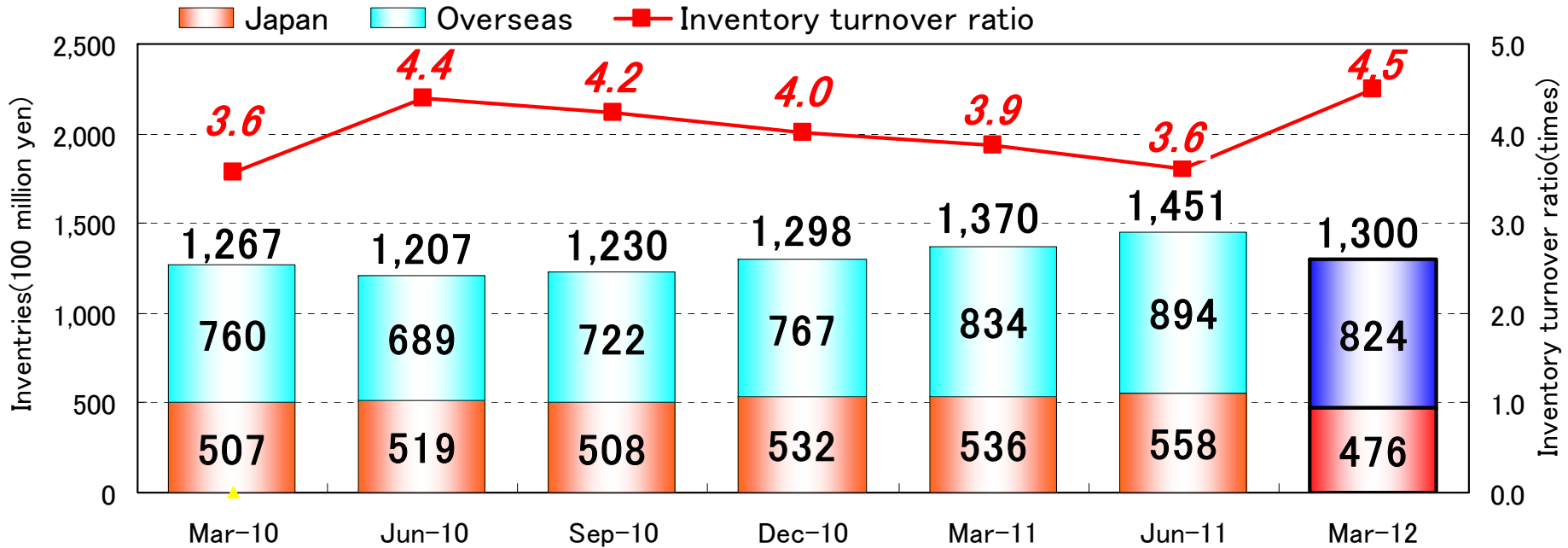


Operating income



7. Inventories

◆ Temporarily increased due to the effects of the Great East Japan Earthquake and stock expansion for aftermarket.

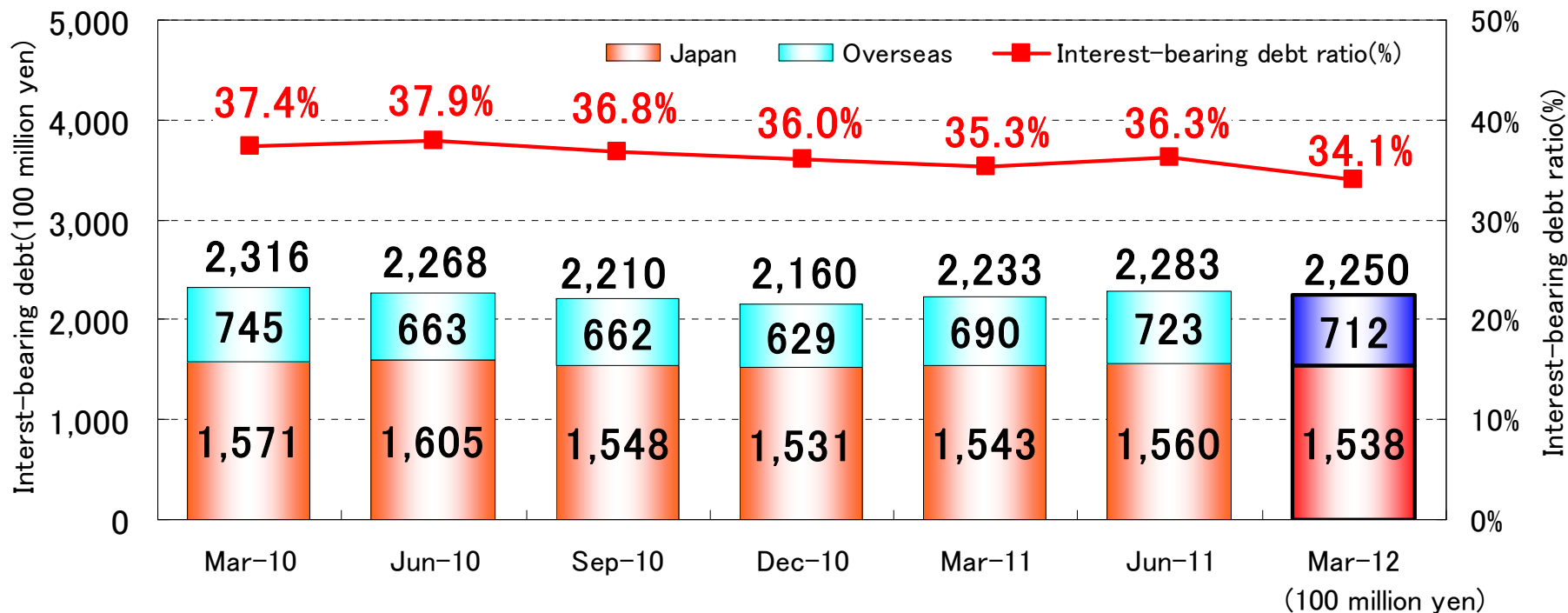


(100 million yen)

| | Mar-10 Results | Jun-10 Results | Sep-10 Results | Dec-10 Results | Mar-11 Results | Jun-11 Results | Mar-12 Forecast |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Inventories | 1,267 | 1,207 | 1,230 | 1,298 | 1,370 | 1,451 | 1,300 |
| Overseas | (760) | (689) | (722) | (767) | (834) | (894) | (824) |
| Japan | (507) | (519) | (508) | (532) | (536) | (558) | (476) |
| Inventory turnover ratio (times) | 3.6 | 4.4 | 4.2 | 4.0 | 3.9 | 3.6 | 4.5 |

8. Interest-Bearing Debt

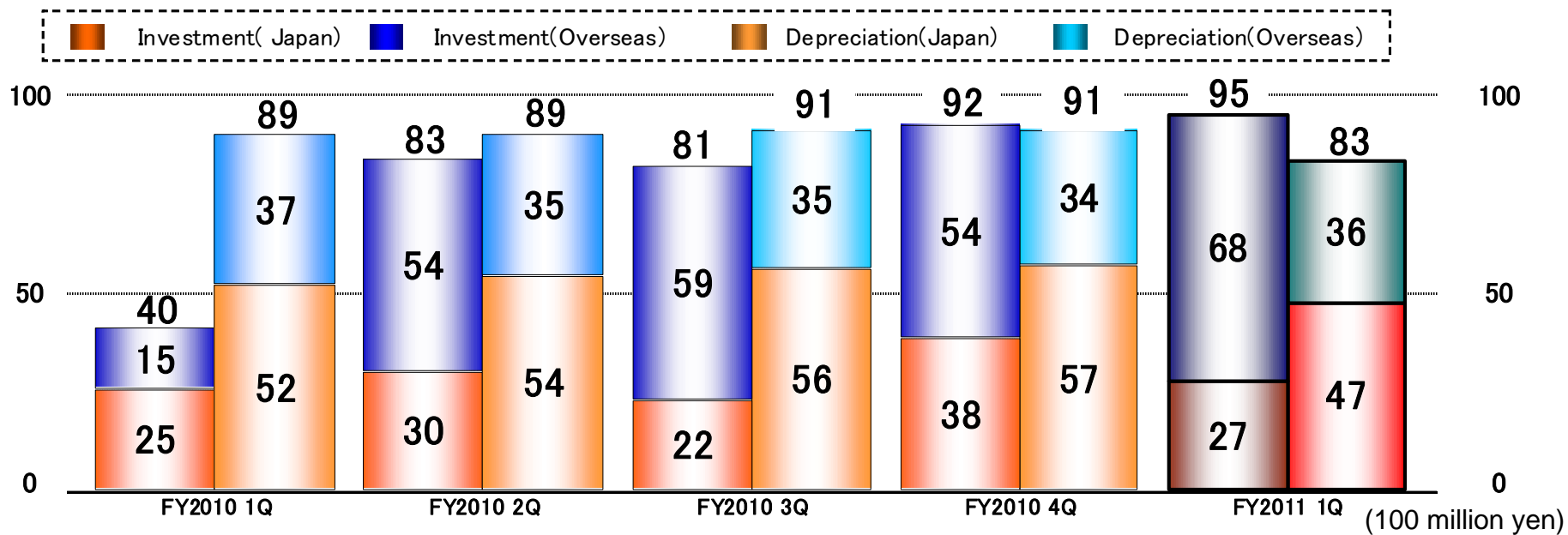
◆ Increased due to factors such as equipment investment funds and increase in stock.



| | Mar-10 | Jun-10 | Sep-10 | Dec-10 | Mar-11 | Jun-11 | Mar-12 |
|--------------------------------|---------|---------|---------|---------|---------|---------|----------|
| | Results | Results | Results | Results | Results | Results | Forecast |
| Interest-bearing debt | 2,316 | 2,268 | 2,210 | 2,160 | 2,233 | 2,283 | 2,250 |
| Overseas | (745) | (663) | (662) | (629) | (690) | (723) | (712) |
| Japan | (1,571) | (1,605) | (1,548) | (1,531) | (1,543) | (1,560) | (1,538) |
| Interest-bearing debt ratio(%) | 37.4% | 37.9% | 36.8% | 36.0% | 35.3% | 36.3% | 34.1% |

9. Capital Expenditure and Depreciation

◆ Increased production capacity overseas, chiefly in growth markets such as China and other Asian countries.

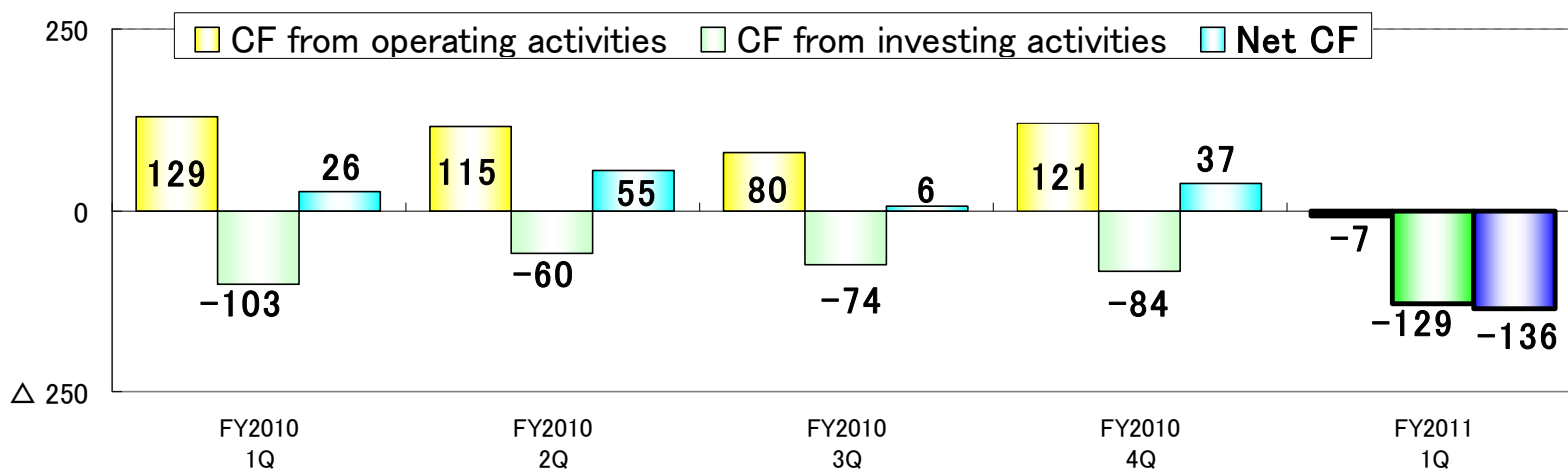


| | FY2010 1Q Results ① | FY2010 2Q Results | FY2010 3Q Results | FY2010 4Q Results | FY2011 1Q Results ② | ②-① | FY2011 Forecast |
|----------------------------|------------------------|----------------------|----------------------|----------------------|------------------------|------|--------------------|
| Capital expenditure | 40 | 83 | 81 | 92 | 95 | 55 | 600 |
| Overseas | (15) | (54) | (59) | (54) | (68) | (53) | (394) |
| Japan | (25) | (30) | (22) | (38) | (27) | (2) | (206) |
| Depreciation | 89 | 89 | 91 | 91 | 83 | -6 | 361 |
| Overseas | (37) | (35) | (35) | (34) | (36) | (-2) | (148) |
| Japan | (52) | (54) | (56) | (57) | (47) | (-4) | (213) |

10. Cash Flows

◆ Negative operating cash flow due to a temporary increase in operating funds.

| (100 million yen) | FY2010 1Q Results ① | FY2010 2Q Results | FY2010 3Q Results | FY2010 4Q Results | FY2011 1Q Results ② | ②-① | FY2011 Full year Forecast |
|--|------------------------|----------------------|----------------------|----------------------|------------------------|------|---------------------------------|
| I. Cash flow from operating activities | 129 | 115 | 80 | 121 | -7 | -136 | 484 |
| II. Cash flow from investing activities | -103 | -60 | -74 | -84 | -129 | -26 | -563 |
| III. Cash flow from financing activities | -15 | -43 | -56 | 47 | 38 | 53 | 9 |
| IV. Effect of exchanging rate translation on cash and cash equivalents | 21 | -4 | 13 | -12 | 10 | -11 | -5 |
| V. Net increase in cash and cash equivalents | 31 | 7 | -37 | 72 | -88 | -119 | -74 |



II. FY2011 Full-Year Forecast

- 1. Consolidated Statements of Operations**
- 2. Net Sales by Region and Business Sector**
- 3. Analysis of Operating Income**
- 4. Net Sales and Operating Income by Region**
 - (1) Japan, Americas**
 - (2) Europe, Asia & Others**
- 5. Inventories/Interest-Bearing debt/Capital expenditure etc**

1. Consolidated Statements of Operations

For New Technology Network



(100 million yen)

| | FY2010 | | | FY2011 | | | Year on year | |
|---------------------------|------------|------------|----------------|-------------|-------------|-------------------------|-------------------------|------|
| | 1H Results | 2H Results | Full year ① | 1H Forecast | 2H Forecast | Full year Forecast ② | Fy2011 Full year ②-① | |
| Net sales | 2,608 | 2,693 | 5,301 | 2,680 | 3,170 | 5,850 | 549 | |
| Operating income | 105 | 141 | 246 | 115 | 235 | 350 | 104 | |
| Operating margin | (4.0%) | (5.2%) | (4.6%) | (4.3%) | (7.4%) | (6.0%) | (1.3%) | |
| Ordinary income | 86 | 125 | 211 | 100 | 215 | 315 | 104 | |
| Extraordinary income/loss | 29 | -11 | 18 | -5 | -20 | -25 | -43 | |
| Net income | 73 | 71 | 144 | 55 | 120 | 175 | 31 | |
| Exchange rate | US \$ | 88.9 | 82.5 | 85.7 | 80.9 | 80.0 | 80.4 | -5.3 |
| | EURO | 113.8 | 112.4 | 113.1 | 113.7 | 110.0 | 111.9 | -1.3 |

2. Net Sales by Region and Business Sector

<Net Sales by Region>

(100 million yen)

| | FY2010 | | | FY2011 | | | Year on year | |
|---------------|--------------|--------------|--------------------|--------------|--------------|---------------------|-----------------------|-------------|
| | 1H Results | 2H Results | Full year Results① | 1H Forecast | 2H Forecast | Full year Forecast② | FY2011 Full year(②-①) | |
| | | | | | | | Volume | Forex |
| Japan | 940 | 926 | 1,866 | 913 | 1,143 | 2,056 | 190 | 0 |
| Americas | 578 | 602 | 1,180 | 599 | 705 | 1,304 | 203 | -79 |
| Europe | 637 | 691 | 1,328 | 673 | 719 | 1,392 | 82 | -18 |
| Asia & Others | 452 | 474 | 927 | 495 | 603 | 1,098 | 226 | -54 |
| Total | 2,608 | 2,693 | 5,301 | 2,680 | 3,170 | 5,850 | 700 | -151 |

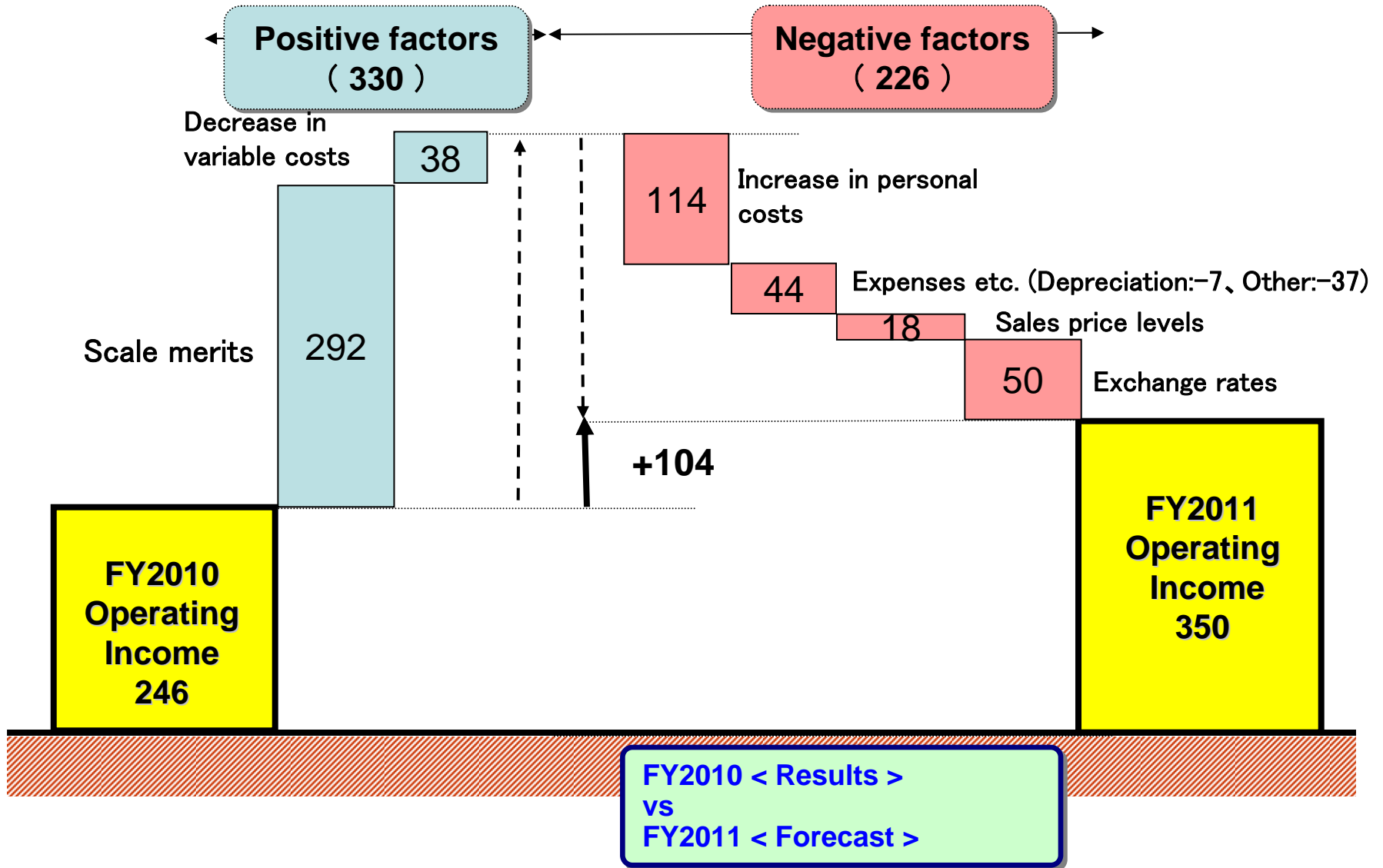
<Net Sales by Business Sector>

(100 million yen)

| | FY2010 | | | FY2011 | | | Year on year | |
|-------------------------|--------------|--------------|--------------------|--------------|--------------|---------------------|-----------------------|-------------|
| | 1H Results | 2H Results | Full year Results① | 1H Forecast | 2H Forecast | Full year Forecast② | FY2011 Full year(②-①) | |
| | | | | | | | Volume | Forex |
| Automotive | 1,714 | 1,730 | 3,444 | 1,640 | 2,050 | 3,690 | 345 | -99 |
| Industrial machinery | 478 | 516 | 995 | 550 | 600 | 1,150 | 182 | -26 |
| Aftermarket/Distributor | 416 | 446 | 862 | 490 | 520 | 1,010 | 173 | -25 |
| Total | 2,608 | 2,693 | 5,301 | 2,680 | 3,170 | 5,850 | 700 | -151 |

3. Analysis of Operating Income

* All figures in 100 million yen.

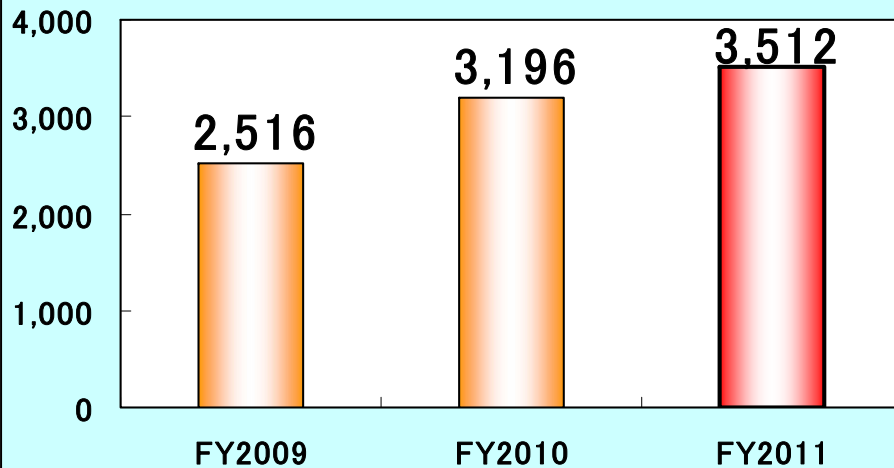


4. Net Sales and Operating Income by Region

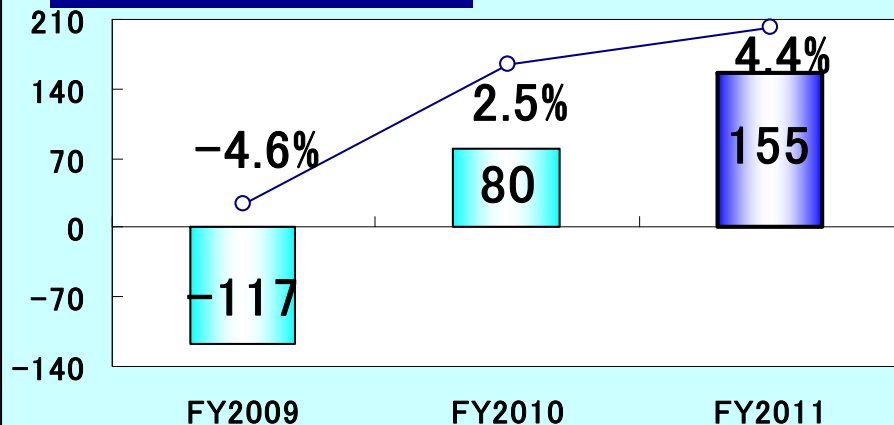
《 Japan 》

Net sales

(100 million yen)



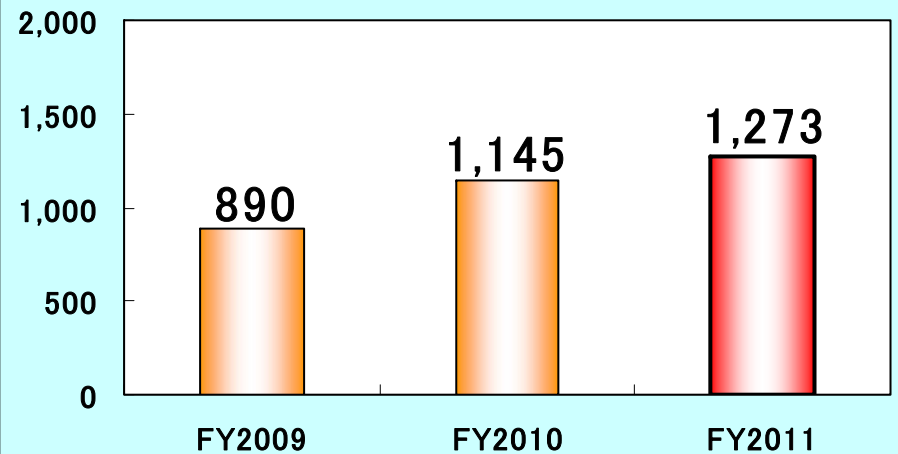
Operating income



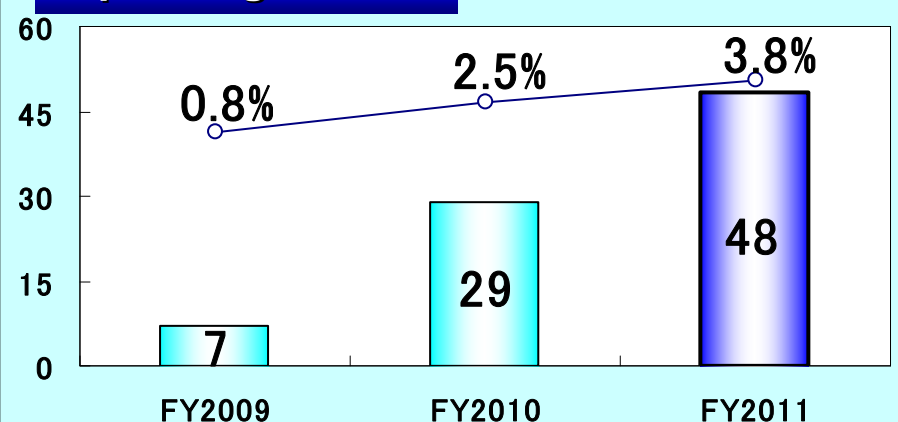
《 Americas 》

Net sales

(100 million yen)



Operating income



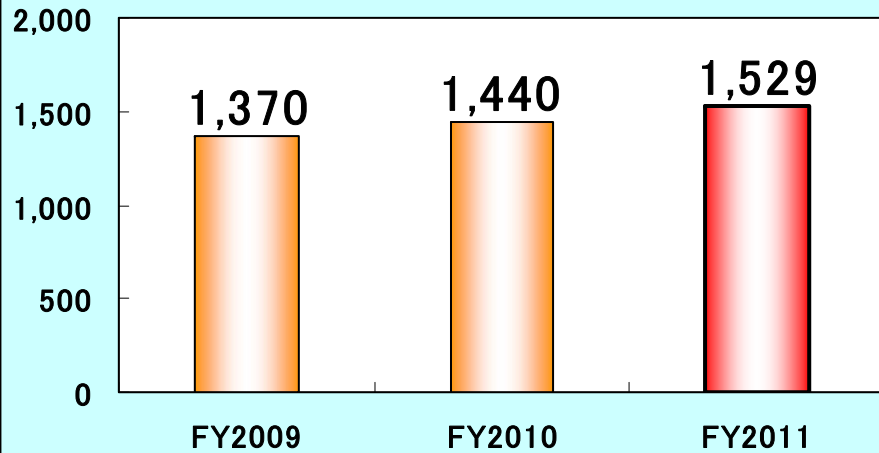
4. Net Sales and Operating Income by Region

《 Europe 》

《 Asia & Others 》

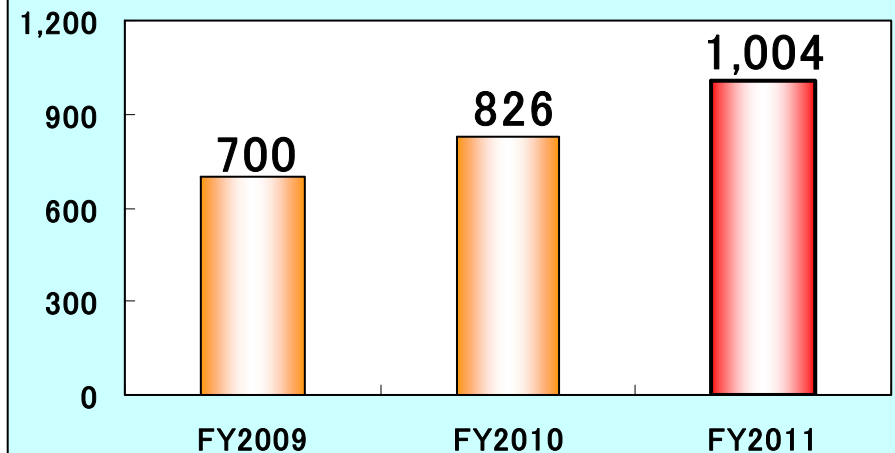
Net sales

(100 million yen)

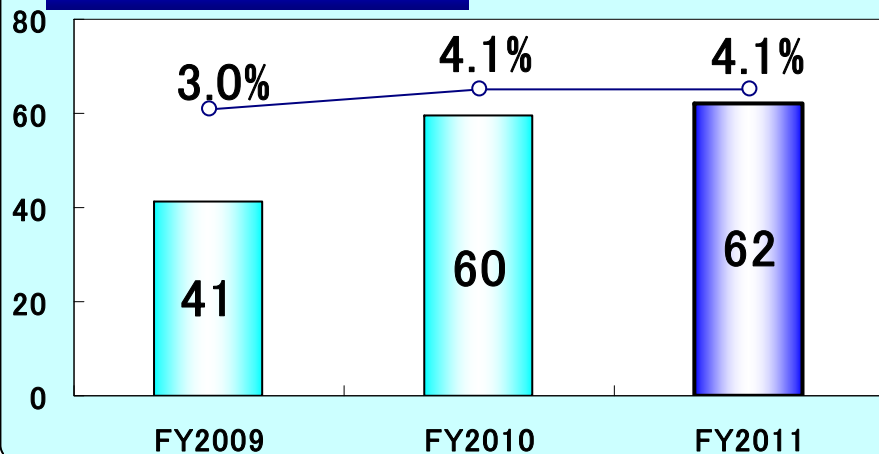


Net sales

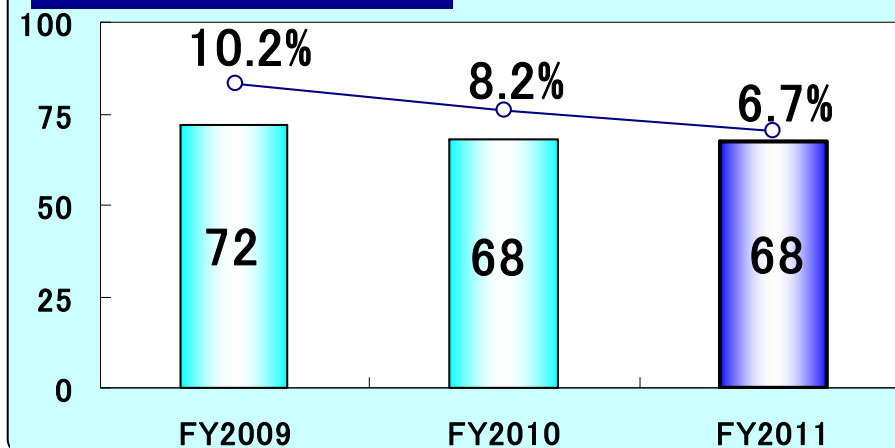
(100 million yen)



Operating income



Operating income



5. Inventories/Interest-Bearing debt/Capital expenditure, etc

(100 million yen)

| | FY2009 | FY2010 | FY2011 | Year on year |
|-----------------------|------------------------|--------------|---------------|---------------|
| | Results (reference) | Results ① | Forecast ② | FY2011 ②－① |
| Inventories | 1,267 | 1,370 | 1,300 | - 70 |
| times | 3.6 | 3.9 | 4.5 | 0.6 |
| Interest-bearing debt | 2,316 | 2,233 | 2,250 | 17 |
| Capital expenditure | 215 | 297 | 600 | 303 |
| Overseas | 69 | 182 | 394 | 212 |
| Japan | 146 | 115 | 206 | 91 |
| Depreciation | 407 | 359 | 361 | 2 |
| Free Cash Flows | 184 | 123 | - 79 | - 202 |

We make
Bearings.



For New Technology Network

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