

Consolidated Financial Results for FY2017

May17, 2018

NTN Corporation

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- These statements represent the best judgment of the management of the Company based on the information currently available. However, there can be no assurance that future results will meet any expectation, estimate or projection conveyed by these statements or comments. Actual results may differ materially from Management projections depending on various factors such as changes in product demand, exchange rates and interest rates, and contingent liabilities.

Results for FY2017 and Forecast for FY2018

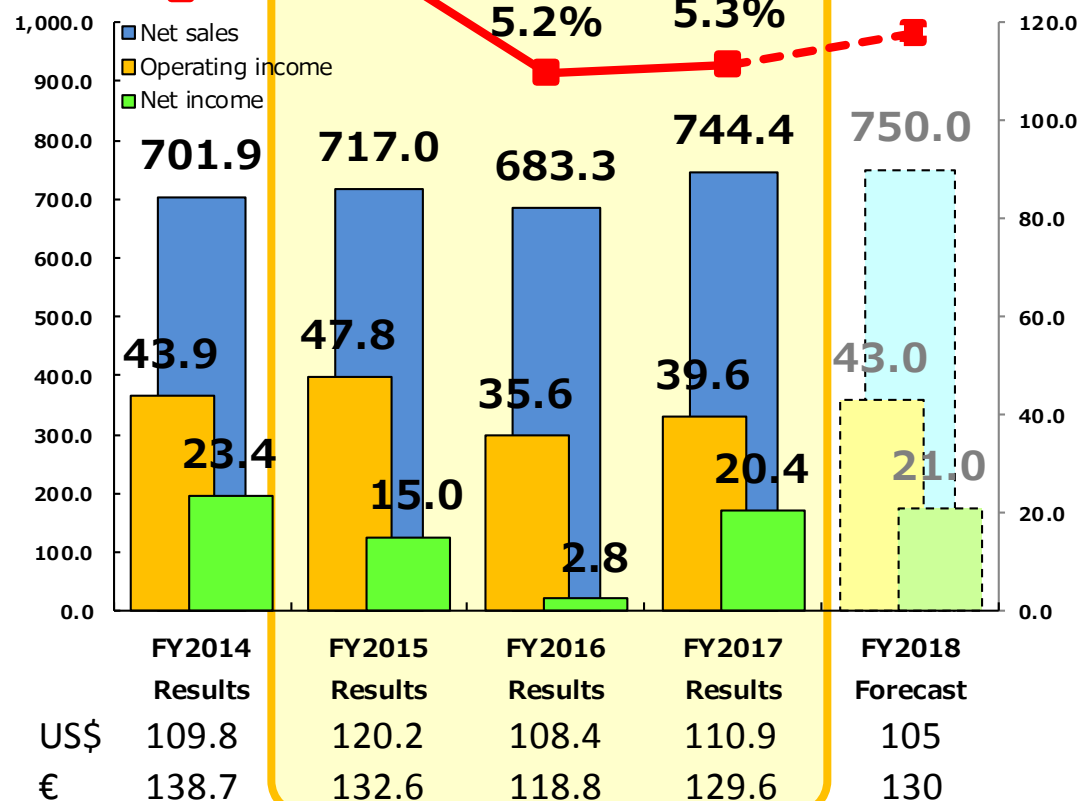
- Although automobile production in Americas was less than previous year, net sales and operating income increased YoY in FY18/3 due to strong sales in Aftermarket and Industry machinery market.
- For FY18/3, we expect an increase in YoY net sales and operating income. Dividends are expected to be 15.0 yen (annual), same as FY2017.

Operating Margin

(Billion yen) **6.2%**

6.7% 「NTN100」

(Billion yen)



FY17/3 Results

Figures in brackets are previous announcement

Net sales : **¥744.4 billion** (¥720.0 billion)
 YoY +8.9%
 Exclude exchange-rates effects, +4.9%
 Operating income : **¥39.6 billion** (¥39.0 billion)
 YoY +11.2%
 Exclude exchange-rates effects, +3.2%
 Net income : **¥20.4 billion** (¥13.0 billion)
 YoY +619.8%
 Year-end dividend : **¥7.5**
 including ¥2.5 commemorating dividends
 *¥15.0 annual

FY18/3 (Forecast)

Net sales : **¥750.0 billion**
 YoY +0.8%
 Exclude exchange-rates effects, +1.9%
 Operating income : **¥43.0 billion**
 YoY +8.6%
 Exclude exchange-rates effects, +14.8%
 Net income : **¥21.0 billion**
 Factored in ¥6.0 billion in extraordinary losses
 Annual dividend : **¥15.0**
 *Interim ¥7.5, year-end ¥7.5

★Financial Results for FY2017 Key Factors

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

Financial Results for FY2017 : Key Factors

FY2017 Results

- ◇ Net sales: **¥744.4 billion**, a **+¥61.0 billion** increase year-on-year
(Excl. forex, increase **+¥33.5 billion**, **+4.9%** increase year-on-year)
- ◇ Operating income: **¥39.6 billion**, a **+¥4.0 billion** increase year-on-year
(Excl. forex, increase **+¥1.1 billion**, **+3.1%**)
- ◇ Extraordinary income/loss: **-¥4.3 billion** (Extraordinary loss **-¥4.3 billion**)
- ◇ Net income: **¥20.4 billion**, **+¥17.5 billion** increase year-on-year
- ◇ Planned fiscal year-end dividend of **7.5 yen** (Annual: **15 yen**)

FY2018 Forecast

- ◇ Net sales: **¥750.0 billion**, a **+¥5.6 billion (+0.8%)** increase year-on-year
- ◇ Operating income: **¥43.0 billion**, a **+¥3.4 billion (+8.6%)** increase year-on-year
- ◇ Extra ordinary income/loss: **-¥6.0 billion**
- ◇ Net income: **¥21.0 billion**, a **+¥0.6 billion** increase year-on-year
- ◇ Dividends: Plan for annual dividend of **15 yen** (Annual)
- ◇ Exchange rates: **1US\$ = 105 yen**, **1EURO = 130 yen**

1. Consolidated Statements of Operation

For New Technology Network



(billion yen)

	FY2016	FY2017	FY2018
	Results	Results	Forecast
	①	②	③
Net sales	683.3	744.4	750.0
Operating income	35.6	39.6	43.0
Operating margin	(5.2%)	(5.3%)	(5.7%)
Ordinary income	29.6	31.3	37.0
Extraordinary income/loss	-14.7	-4.3	-6.0
Net income attributable to shareholders (parent company)	2.8	20.4	21.0

Year on year					
FY2017 ②-①			FY2018 ③-②		
Total	Volume	Forex	Total	Volume	Forex
61.0	33.5	27.6	5.6	13.9	-8.3
4.0	1.1	2.9	3.4	5.9	-2.5
(0.1%)			(0.4%)		
1.6	-1.1	2.7	5.7	8.1	-2.4
10.4	10.5	-0.1	-1.7	-1.7	0.0
17.5	13.6	3.9	0.6	2.1	-1.5

Exchange rate	US \$	108.4	110.8	105.0
	EURO	118.8	129.6	130.0

2.5		2.5	-5.8		-5.8
10.8		10.8	0.4		0.4

2. Net Sales by Region

(billion yen)

	FY2016	FY2017	FY2018
	Results ①	Results ②	Forecast ③
Japan	191.5	204.3	211.0
Americas	194.8	201.7	190.5
Europe	155.0	175.6	177.0
Asia and others	142.1	162.8	171.5
Total	683.3	744.4	750.0

Year on year					
FY2017 ②-①			FY2018 ③-②		
Total	Volume	Forex	Total	Volume	Forex
12.9	12.9	-	6.7	6.7	-
6.9	1.4	5.5	-11.2	-1.5	-9.6
20.6	6.1	14.5	1.4	0.7	0.7
20.7	13.1	7.6	8.7	8.1	0.7
61.0	33.5	27.6	5.6	13.9	-8.3

3. Net Sales and Operating Income by Business Sector

< Net Sales by Business Sector >

(billion yen)

	FY2016	FY2017	FY2018	Year on year					
	Results	Results	Forecast	FY2017			FY2018		
	①	②	③	②-①			③-②		
				Total	Volume	Forex	Total	Volume	Forex
Aftermarket	104.5	116.7	117.5	12.2	7.3	4.9	0.8	2.1	-1.3
Industrial machinery	98.6	119.1	121.0	20.5	16.6	3.9	1.9	3.1	-1.2
Automotive	480.2	508.6	511.5	28.4	9.6	18.8	2.9	8.7	-5.8
Total	683.3	744.4	750.0	61.0	33.5	27.6	5.6	13.9	-8.3

< Operating Income by Business Sector >

(billion yen)

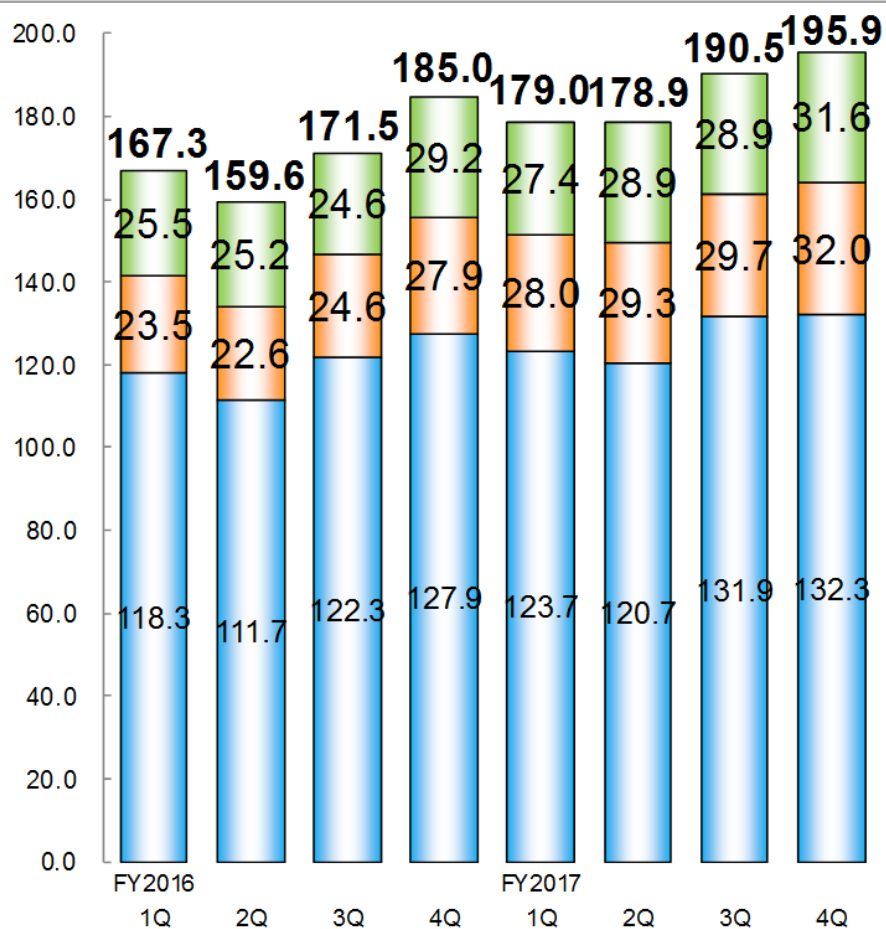
	FY2016	FY2017	FY2018	Year on year	
	Results	Results	Forecast	FY2017	FY2018
	①	②	③	②-①	③-②
Aftermarket	14.0	15.0	15.3	1.0	0.3
Industrial machinery	1.6	2.8	4.7	1.2	1.9
Automotive	20.0	21.8	23.0	1.8	1.2
Total	35.6	39.6	43.0	4.0	3.4

4. Results by Business Sector (Quarterly Trend)

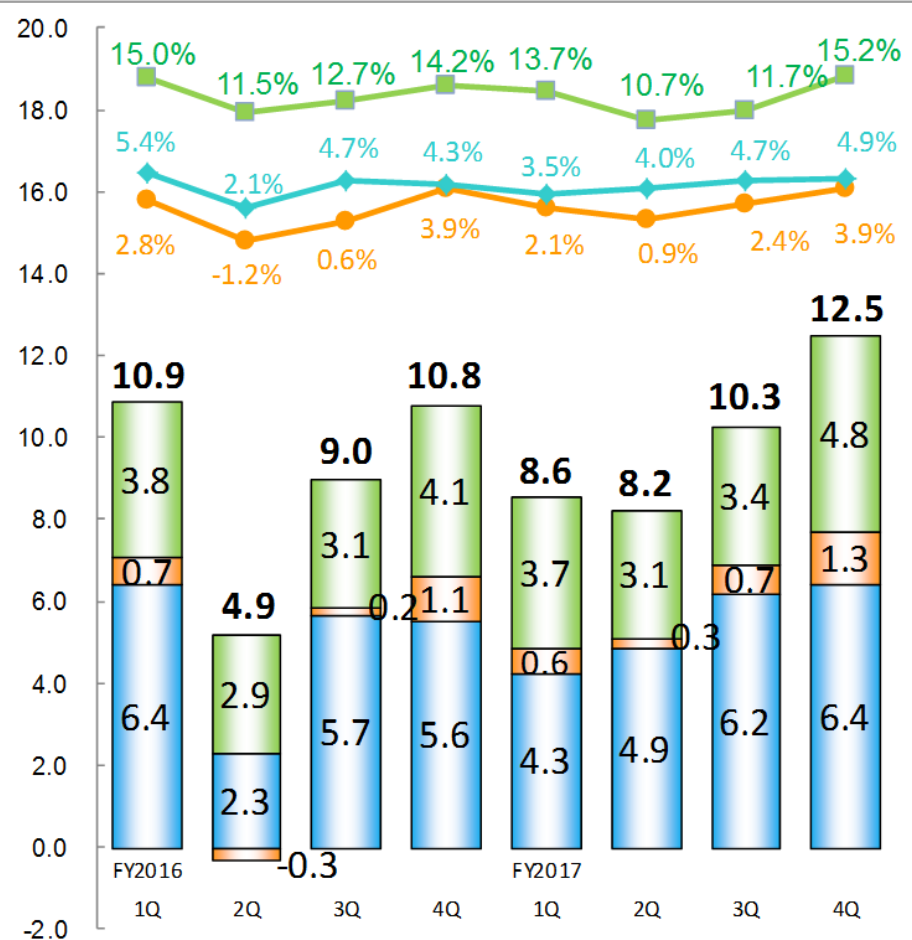
* All figures in billion yen.

Automotive Industrial machinery Aftermarket

Net Sales



Operating Income/ Operating Margin



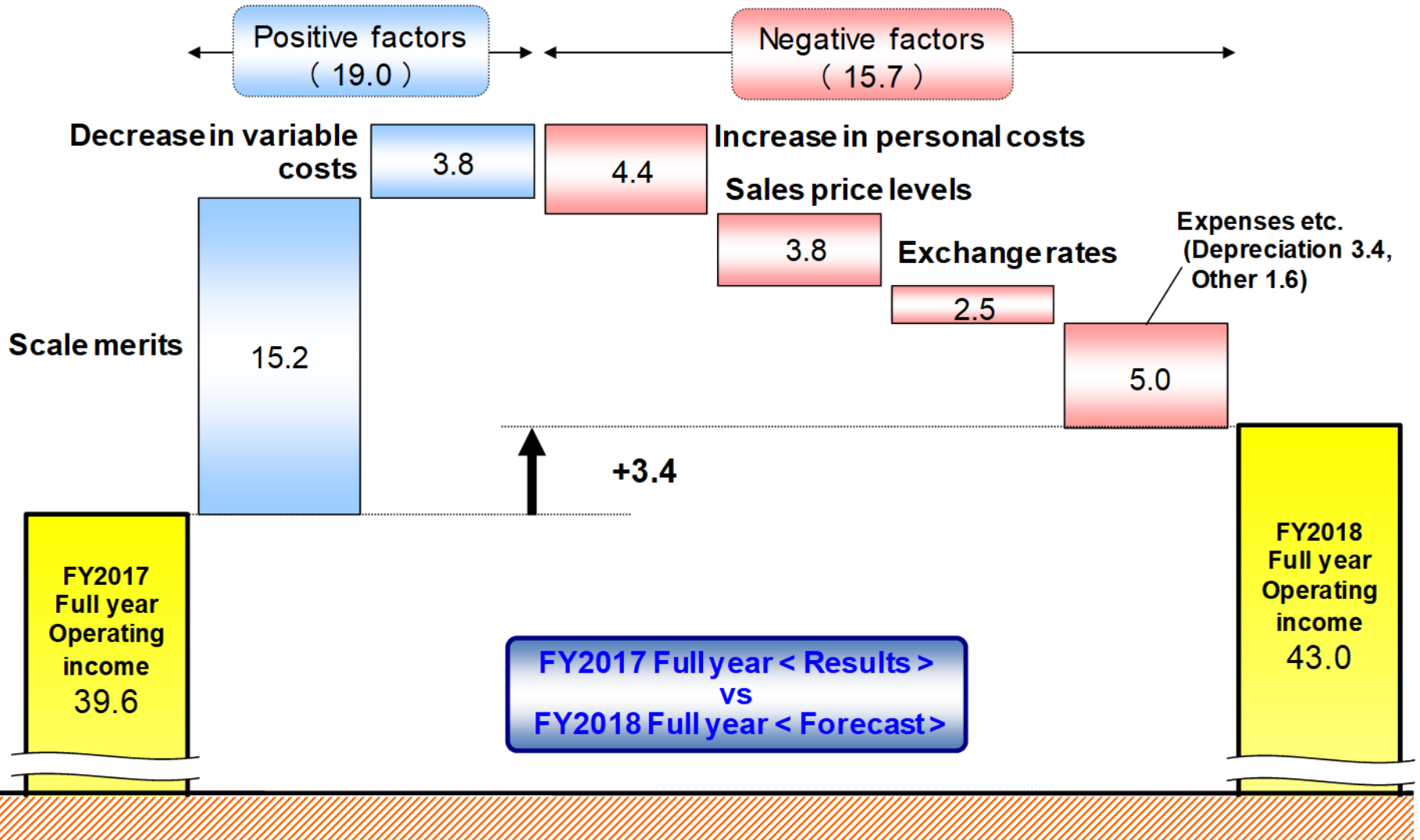
5-1. Analysis of Operating Income (FY2017)

* All figures in billion yen.



5-2. Analysis of Operating Income (FY2018)

* All figures in billion yen

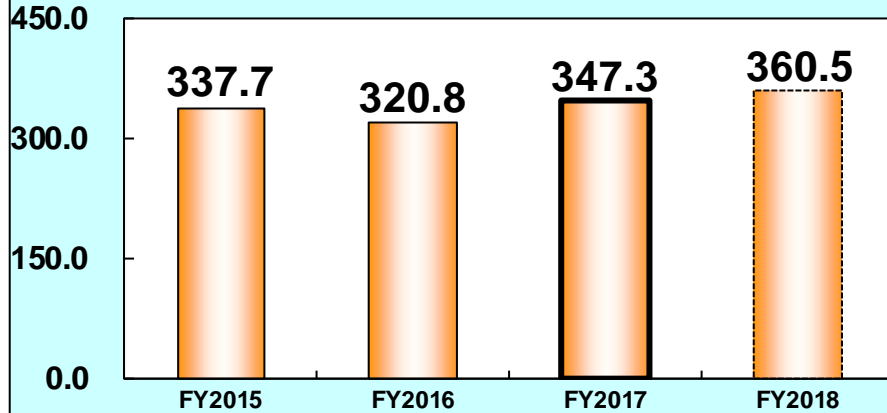


6. Net Sales and Operating Income by Company Location

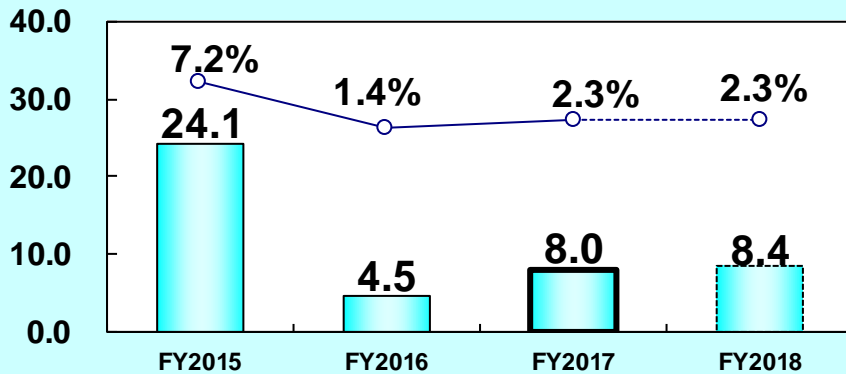
* All figures in billion yen

《 Japan 》

Net Sales

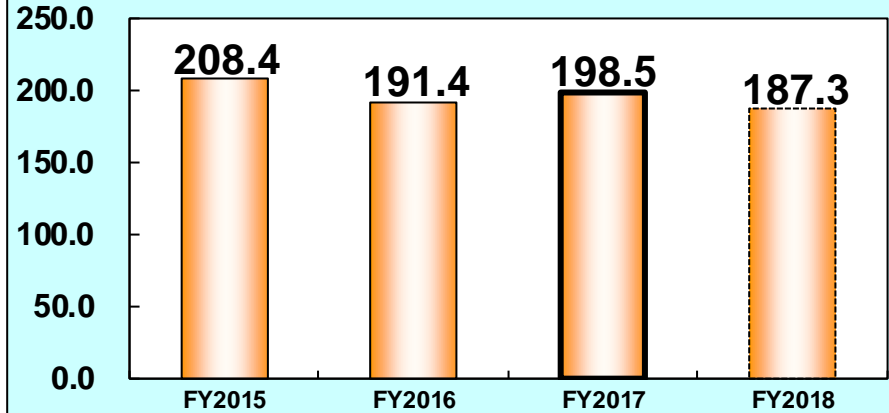


Operating Income

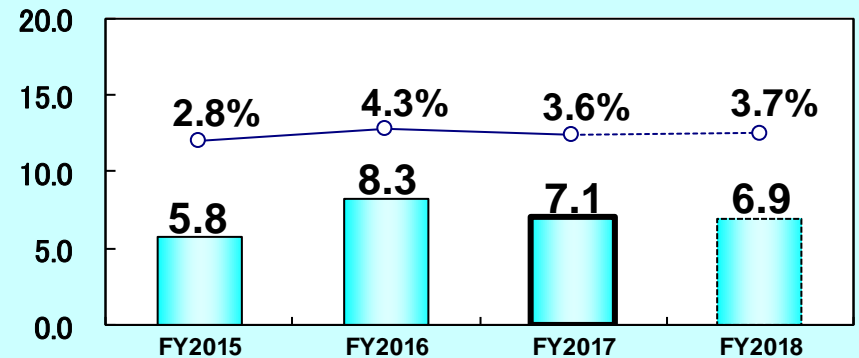


《 Americas 》

Net Sales



Operating Income

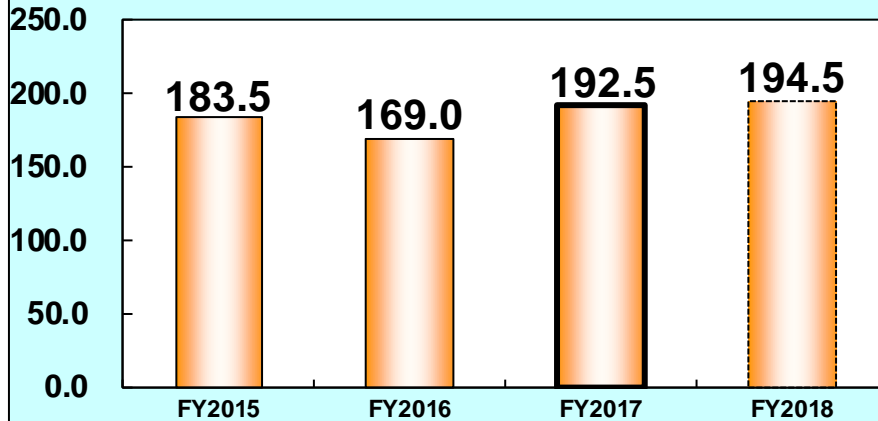


6. Net Sales and Operating Income by Company Location

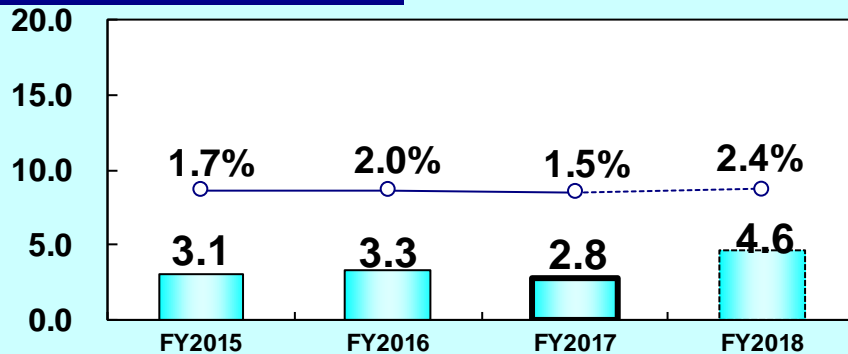
* All figures in billion yen

《 Europe 》

Net Sales

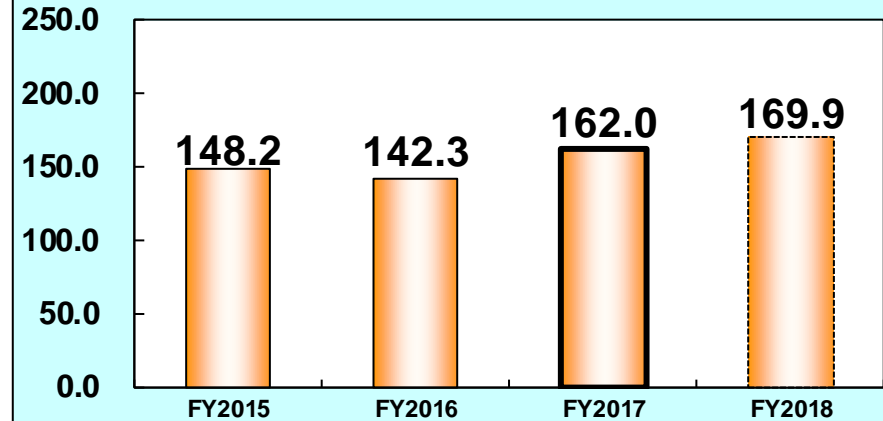


Operating Income

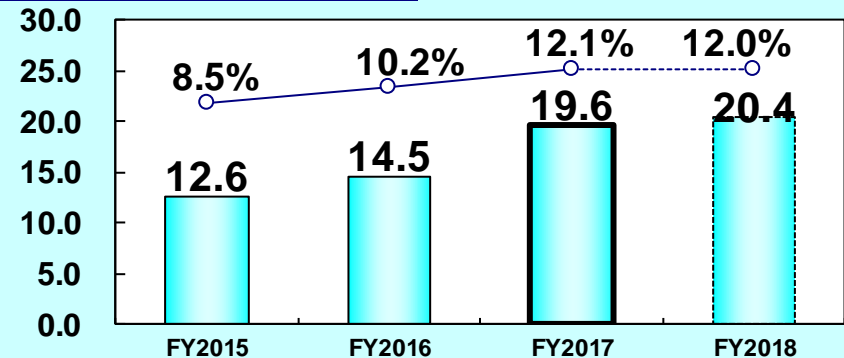


《 Asia and others 》

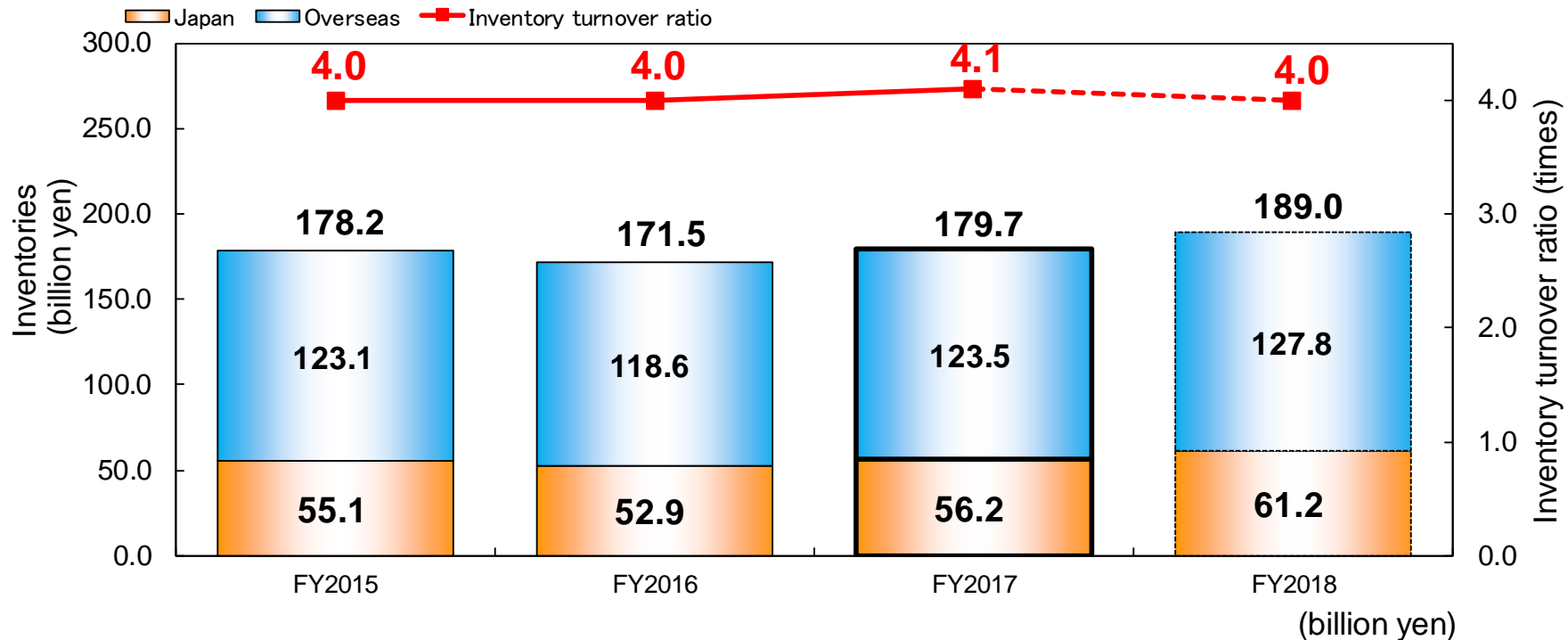
Net Sales



Operating Income

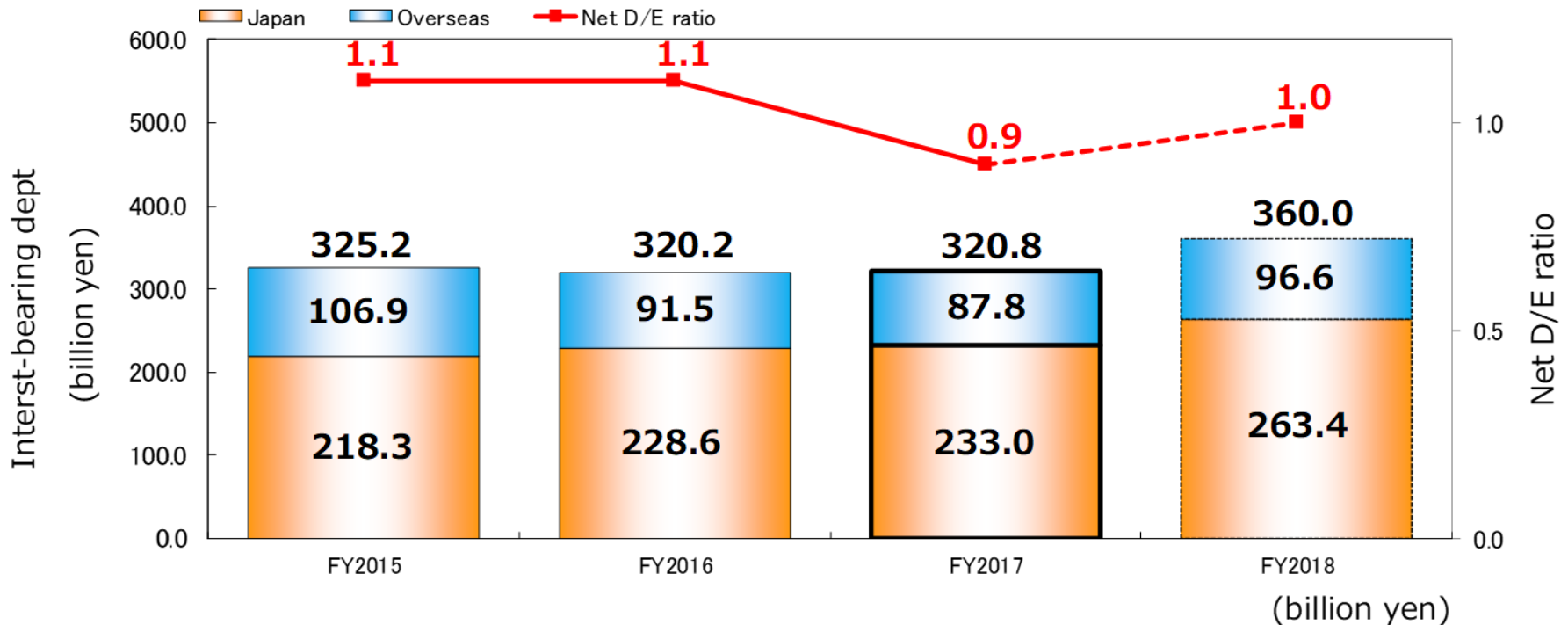


7. Inventories



	FY2015 Results	FY2016 Results	FY2017 Results	FY2018 Forecast
Inventories	178.2	171.5	179.7	189.0
(Overseas)	(123.1)	(118.6)	(123.5)	(127.8)
(Japan)	(55.1)	(52.9)	(56.2)	(61.2)
Inventory turnover ratio (times)	4.0	4.0	4.1	4.0

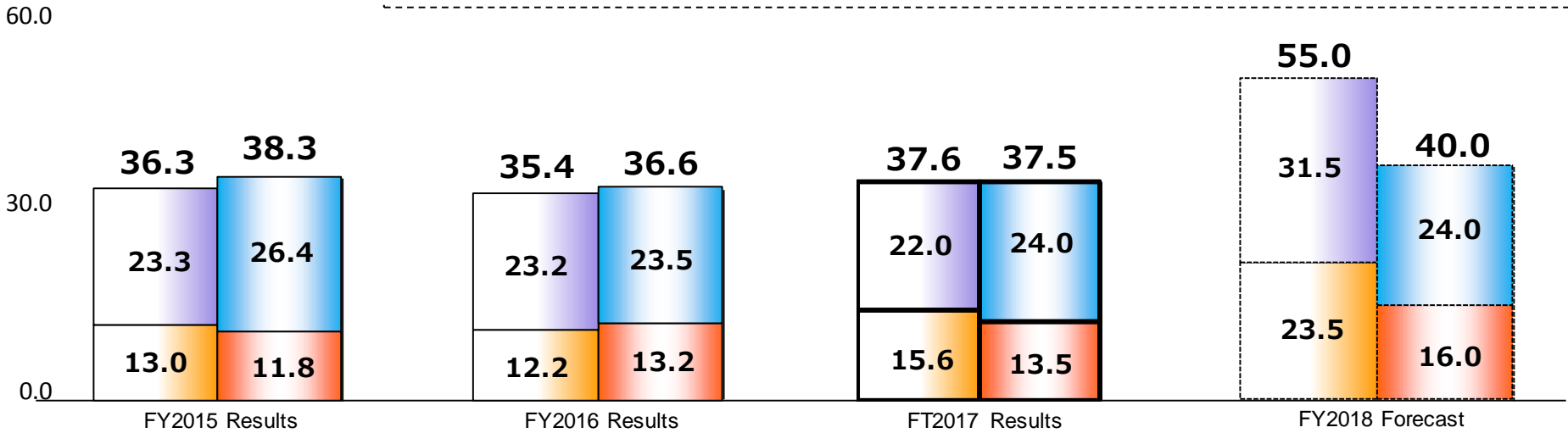
8. Interest-Bearing Debt



	FY2015 Results	FY2016 Results	FY2017 Results	FY2018 Forecast
Interest-bearing	325.2	320.2	320.8	360.0
(Overseas)	(106.9)	(91.5)	(87.8)	(96.6)
(Japan)	(218.3)	(228.6)	(233.0)	(263.4)
Net Interest-bearing debt	257.9	240.9	234.7	264.0

9. Capital Expenditure and Depreciation

(billion yen) Investment (Japan) Investment (Overseas) Depreciation (Japan) Depreciation (Overseas)

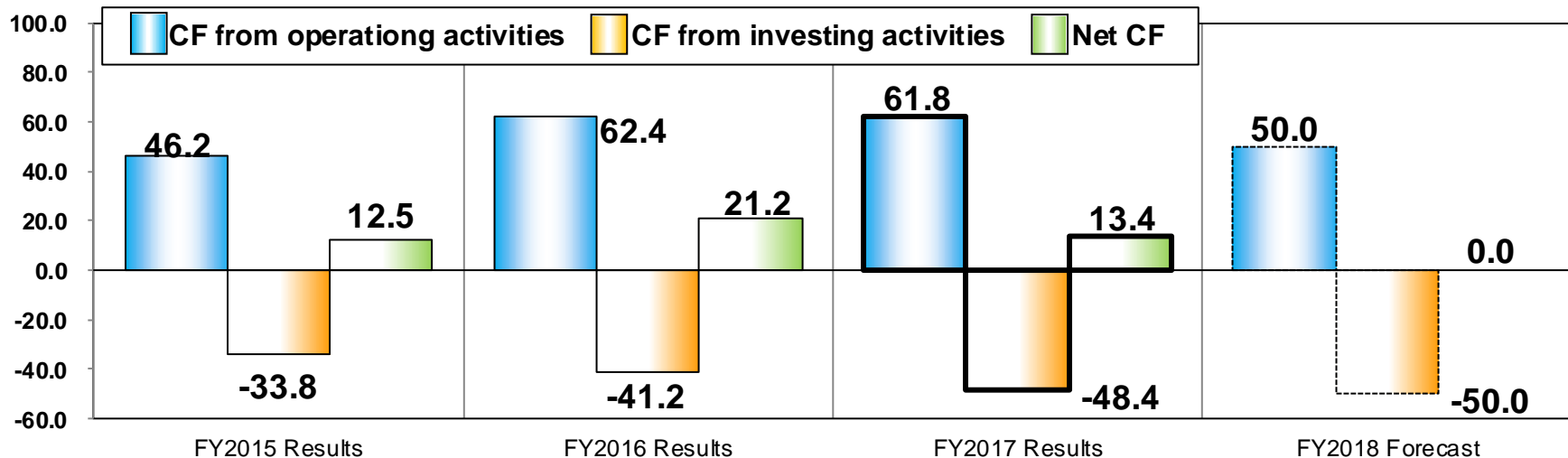


(billion yen)

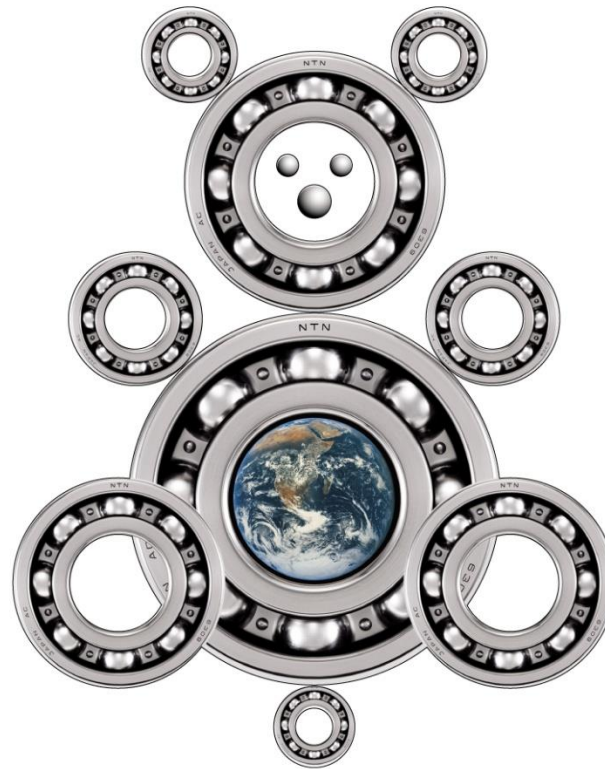
	FY2015 Results	FY2016 ①Results	FY2017 ②Results	FY2018 ③Forecast	②-①	③-②
Capital expenditure	36.3	35.4	37.6	55.0	2.2	17.4
(Overseas)	(23.3)	(23.2)	(22.0)	(31.5)	(-1.2)	(9.5)
(Japan)	(13.0)	(12.2)	(15.6)	(23.5)	(3.4)	(7.9)
Depreciation	38.3	36.6	37.5	40.0	0.9	2.5
(Overseas)	(26.4)	(23.5)	(24.0)	(24.0)	(0.6)	(-0.0)
(Japan)	(11.8)	(13.2)	(13.5)	(16.0)	(0.3)	(2.5)

10. Cash Flows

(billion yen)	FY2015 Results	FY2016 ①Results	FY2017 ②Results	FY2018 ③Forecast	② - ①	③ - ②
I . Cash flow from operating activities	46.2	62.4	61.8	50.0	-0.6	-11.8
II . Cash flow from investing activities	-33.8	-41.2	-48.4	-50.0	-7.1	-1.6
I + II . Net cash flow	12.5	21.2	13.4	0.0	-7.7	-13.4
III . Cash flow from financing activities	-28.0	-8.2	-7.5	11.0	0.7	18.5
IV . Effect of exchanging rate translation on cash and cash equivalents	-5.0	-1.0	0.9	-1.0	1.9	-1.9
V . Net increase in cash and cash equivalents	-20.5	12.0	6.8	10.0	-5.2	3.2



We make
Bearings.



For New Technology Network

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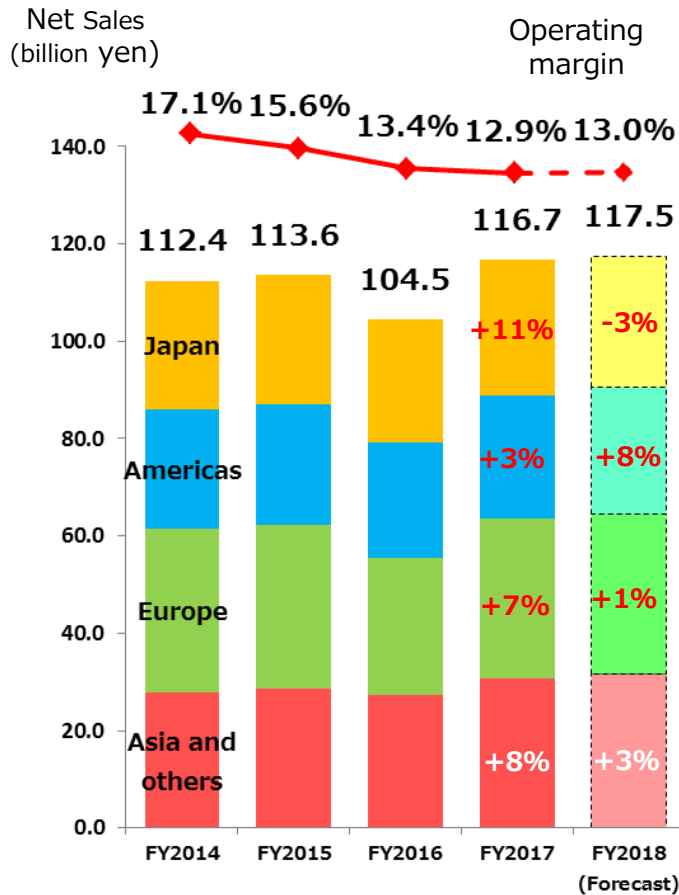
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Reference Aftermarket Business: Actual Results for FY17/3 and Forecast for FY18/3

<Results for FY17/3 (compared with FY16/3)>

Net sales: 116.7 billion yen(+11.7%), Operating income: 15.0 billion yen(+7.3%)

- Sales for industrial aftermarket increased in all region due to the favorable market environment
- Sales for automotive aftermarket remained stable in Europe and ASEAN although sales decreased in Americas and China.



<FY18/3 forecast(compared with FY17/3)>

Japan

Sales are expected to slightly decrease due to change of commercial channels by Sales system reform

Americas

MRO business will progress steady and sales are expected to increase for network of auto parts distributor.

Europe

Sales for major distributor are expected to increase and sales of auto parts are expected to increase network of auto parts.

Asia and others

Sales are expected to increase due to the recovery of Chinese economy and MRO business in ASEAN region.

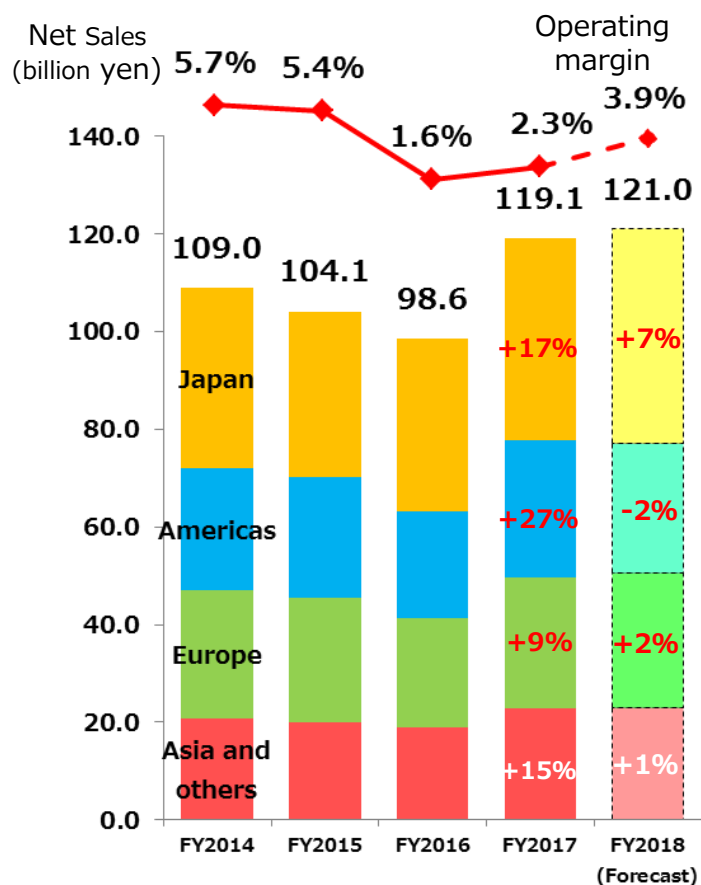
[Reference] Industrial Machinery Business: Actual Results for FY17/3 and Forecast for FY18/3

<Results for FY17/3 (compared with FY16/3)>

Net sales :119.1 billion yen (+20.8%), Operating Margin:2.8 billion yen(+72.3%)

- In all region, sales increased due to the active demand for construction machinery and gearboxes for agricultural machinery
- Increased sales for wind turbines in Europe and for machine tools in Asia and other countries.

<FY18/3 forecast(compared with FY17/3)>



Japan Sales of robot relate parts, construction machinery, agricultural machinery and gear boxes are expected to increase.

Americas Sales for agricultural machinery and gear boxes are expected to increase. Sales are expected to slightly decrease because the appropriation of repair parts stock from construction machinery manufacturer completed.

Europe Sales are expected to increase for new aircraft engine. Sales are expected to increase for agricultural machinery and gearboxes.

Asia and others Sales are expected to increase for wind turbines in China and for compressor of air conditioner.

[Reference] Automotive Business:

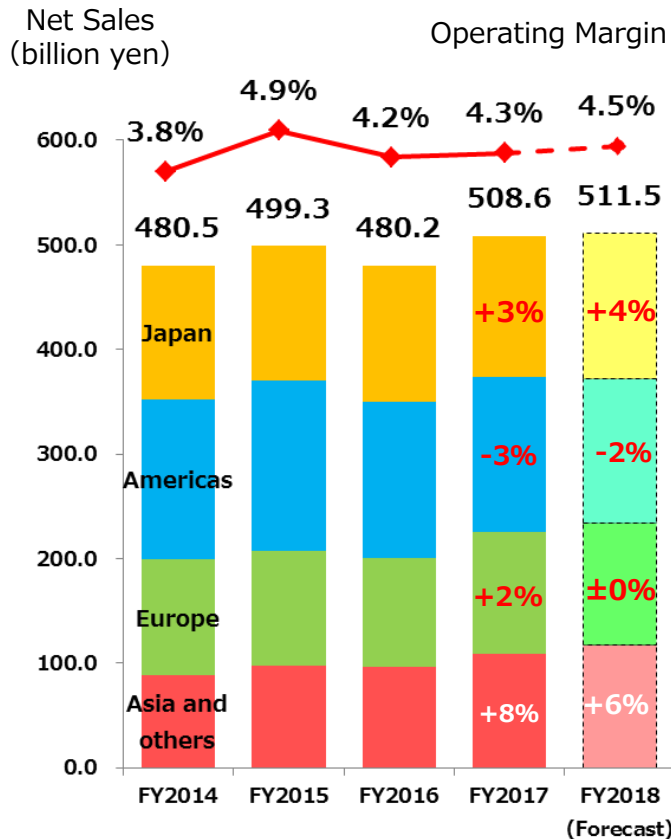
Actual Results for FY17/3 and Forecast for FY18/3

<Results for FY17/3 (compared with FY16/3)>

Net Sales:508.6 billion yen (+5.9%),Operating Income:21.8 billion yen (+9.0%)

- In Americas, the sales decreased due to the sluggish demand for sedans in U.S and Europe although the sale sin Central and South Americas were good.
- Sales increased in China due to increased sales for Japanese manufacturer although the sales for Europe manufacturer decreased.

<FY18/3 forecast(compared with FY17/3)>



Japan

Sales are expected to increase because the production of new models start

Americas

Sales are expected to decrease due to the end of production of major models although the new models starts in NTN Mexico.

Europe

Sales are expected to remain at the same level of the previous year due to the continued demand of European manufacturer although there is a decrease for some models

Asia and others

Sales are expected to increase because the Japanese manufacturer sales well in China and the demand of Chinese manufacturer increases. The production of new models of Japanese and American manufacturers start in Asia.