

Consolidated Financial Results for the First Quarter of FY2023



August 2, 2023

NTN Corporation

FY2023 1Q

- ◆ Net sales: ¥200.8 billion (+¥28.2 billion year on year)
Operating income: ¥1.5 billion (+¥2.3 billion year on year)
 - Aftermarket: net sales ¥35.5 billion, operating income ¥4.8 billion
Sales decreased in Japan, however increased steadily in Europe, China, and Asia, resulting in [increased sales and income year on year](#)
 - Industrial machinery: net sales ¥32.9 billion, operating income ¥0.9 billion
Sales decreased mainly in agricultural machinery, construction machinery, wind turbines, resulting in [decreased sales and income year on year](#)
 - Automotive: net sales ¥132.4 billion, operating loss ¥4.1 billion
[Sales and income increased year on year](#) due to recovery of semiconductor shortage mainly in Americas

FY2023 Full Year Forecast

- ◆ [Revised net sales to ¥825.0 billion \(+¥15.0 billion\)](#) from the forecast at the beginning of the FY2023 by reflecting effects of exchange rate (+¥33.0 billion) and decreased sales (-¥18.0 billion)
- ◆ Operating income [remains unchanged \(¥30.0 billion\)](#)

1. Key Financial Indicators

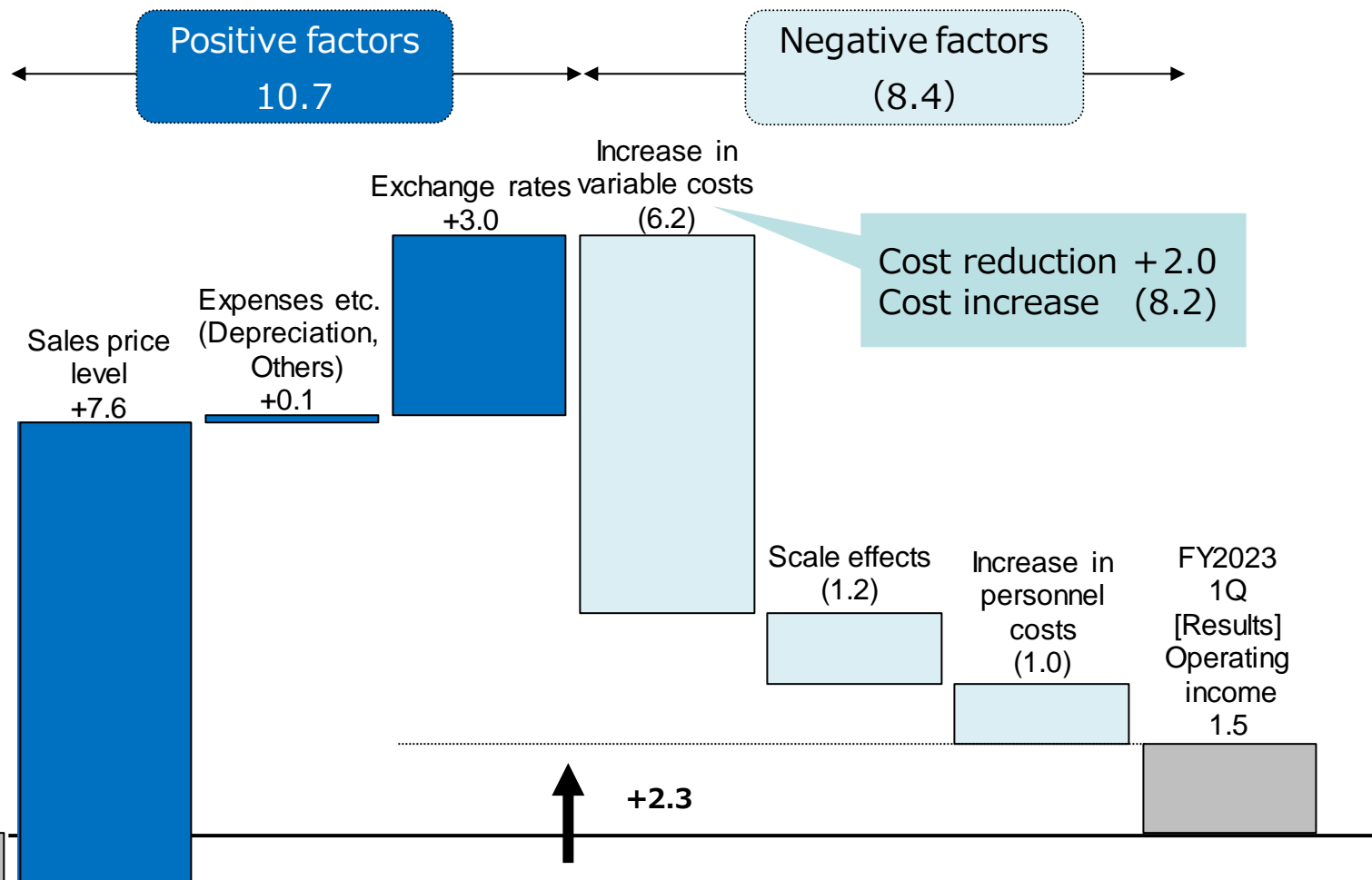
(billion yen)	FY2022		FY2023					Year on Year			(For reference)
	1Q Results	Full Year Results	1Q Results	2Q Forecast	1H Forecast	2H Forecast	Full Year Forecast	②-①			FY2023
	①		②				(Latest)	Total	Volume	Forex	Full Year Forecast (Previous)
Net sales	172.6	774.0	200.8	203.2	404.0	421.0	825.0	28.2	19.9	8.3	810.0
Operating income / loss (-)	(0.8)	17.1	1.5	5.0	6.5	23.5	30.0	2.3	(0.7)	3.0	30.0
Operating margin	(0.5%)	2.2%	0.7%	2.4%	1.6%	5.6%	3.6%	1.2%			3.7%
Ordinary income / loss (-)	0.0	12.0	1.9	2.6	4.5	18.5	23.0	1.9	(1.0)	3.0	23.0
Extraordinary income / loss (-)	-	(1.2)	-	-	-	(4.0)	(4.0)	-	-	-	(4.0)
Profit attributable to owners of parent / loss (-)	(2.5)	10.4	1.6	2.9	4.5	6.5	11.0	4.1	2.1	2.0	11.0
Inventories *	242.1	239.4	255.0				230.0	15.6	1.9	13.7	220.0
FCF	3.3	20.4	12.1				29.0	8.7	-	-	29.0
Exchange rate	1USD	¥129.6	¥135.5	¥137.2	¥135.0	¥136.1	¥135.0	¥135.5	¥7.6		¥130.0
	1EURO	¥138.1	¥140.9	¥149.4	¥150.0	¥149.7	¥150.0	¥149.8	¥11.3		¥140.0

FY2023 Annual Dividend **¥10.0**
(Interim ¥5.0 / Year-end ¥5.0)

* Increase/decrease from the end of Mar. 2023

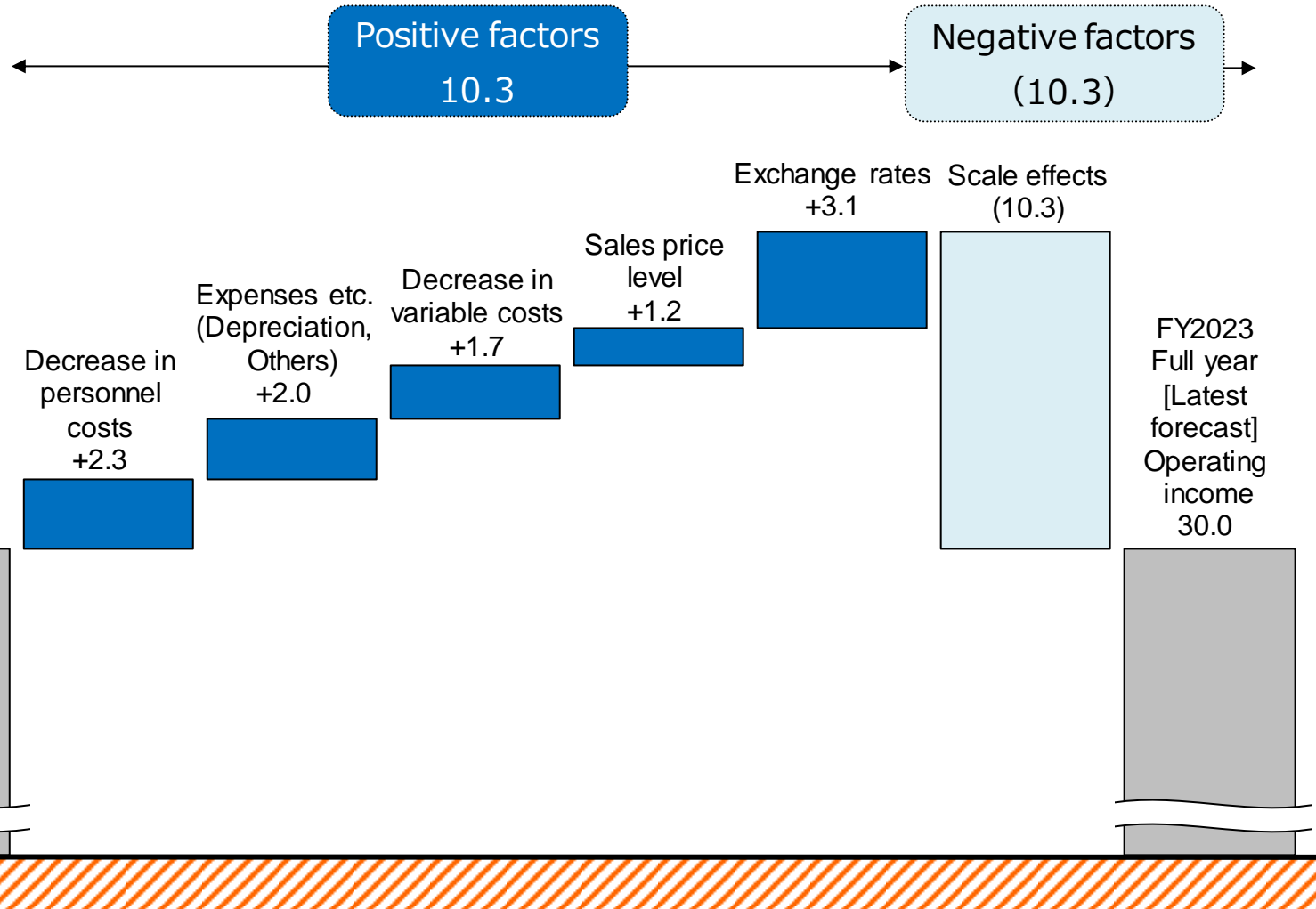
2-1. Analysis of Operating Income (FY2022 1Q Results vs FY2023 1Q Results)

* All figures in billion yen



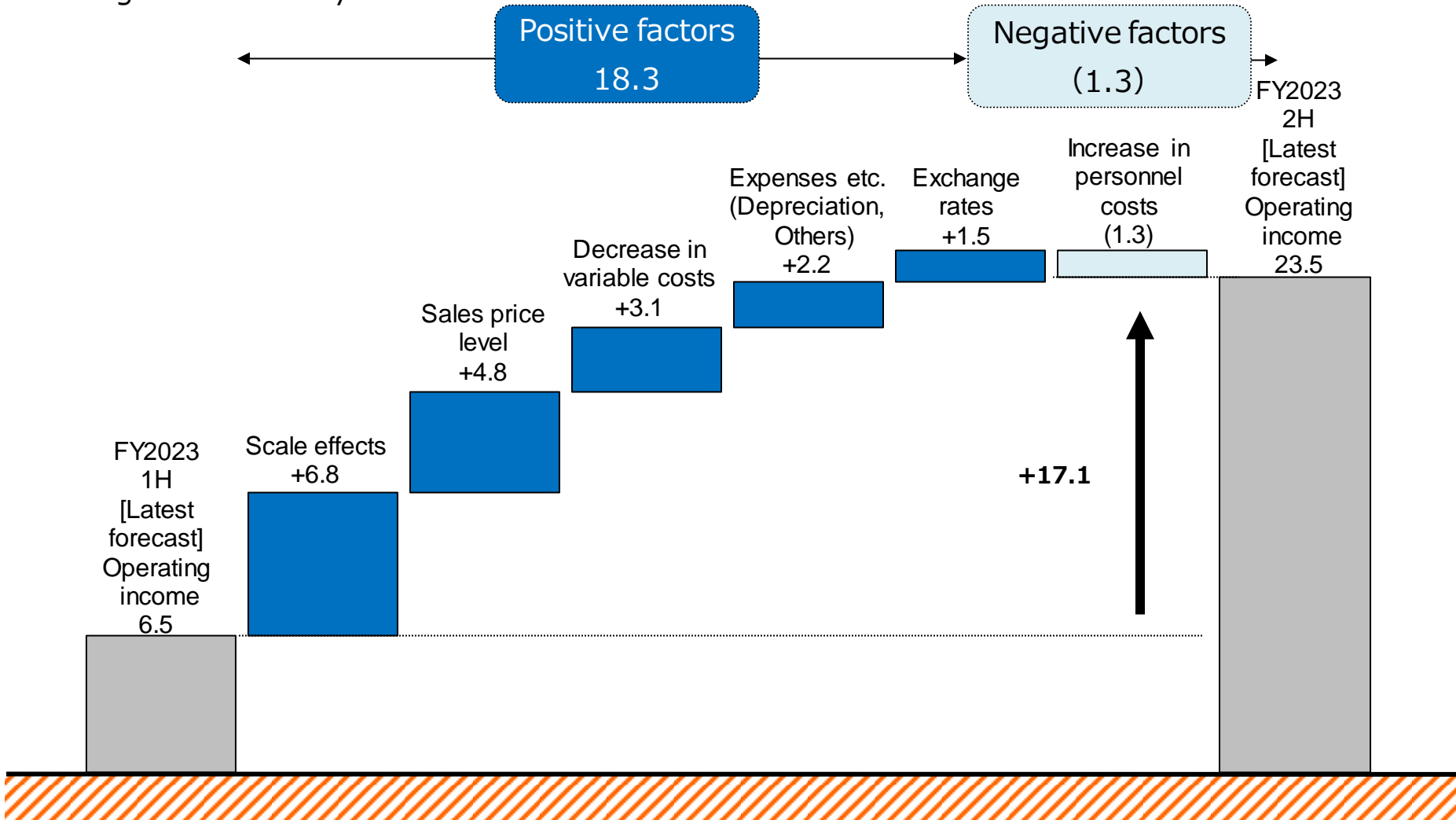
2-2. Analysis of Operating Income (FY2023 Full Year Forecast (previous) vs FY2023 Full Year Forecast (lates))

* All figures in billion yen



2-3. Analysis of Operating Income (FY2023 1H Forecast (latest) vs FY2023 2H Forecast (latest))

* All figures in billion yen



3. Net Sales by Region

	FY2022		FY2023					(For reference)			
	1Q Results	Full Year Results	1Q Results	2Q Forecast	1H Forecast	2H Forecast	Full Year Forecast ^② (Latest)	FY2023 Full Year Forecast ^① (Previous)	②-①		
(billion yen)									Total	Volume	Forex
Japan	44.3	201.6	50.8	54.7	105.5	111.5	217.0	223.5	(6.5)	(6.5)	0.1
Americas	55.4	246.2	64.9	65.1	130.0	133.0	263.0	251.5	11.5	0.6	10.9
Europe	36.1	155.2	43.0	42.0	85.0	88.0	173.0	160.0	13.0	(4.1)	17.1
Asia and others	36.8	170.9	42.0	41.5	83.5	88.5	172.0	175.0	(3.0)	(8.0)	5.0
Total	172.6	774.0	200.8	203.2	404.0	421.0	825.0	810.0	15.0	(18.1)	33.1

4. Net Sales and Operating Income by Business Segment



<Net Sales by Business Segment>

	FY2022		FY2023					Year on Year			(For reference)
	1Q Results	Full Year Results	1Q Results	2Q Forecast	1H Forecast	2H Forecast	Full Year Forecast	②-①			FY2023 Full Year Forecast ① (Previous)
(billion yen)	①		②				(Latest)	Total	Volume	Forex	
Aftermarket	32.3	134.0	35.5	34.0	69.5	69.0	138.5	3.1	1.5	1.7	133.0
Industrial machinery	34.1	139.5	32.9	31.6	64.5	66.0	130.5	(1.2)	(2.4)	1.2	133.0
Automotive	106.2	500.4	132.4	137.6	270.0	286.0	556.0	26.3	20.8	5.4	544.0
Total	172.6	774.0	200.8	203.2	404.0	421.0	825.0	28.2	19.9	8.3	810.0

<Operating Income by Business Segment>

	FY2022		FY2023					Year on Year	(For reference)
	1Q Results	Full Year Results	1Q Results	2Q Forecast	1H Forecast	2H Forecast	Full Year Forecast		FY2023 Full Year Forecast ① (Previous)
(billion yen)	①		②				(Latest)	②-①	
Aftermarket	4.6	22.3	4.8	5.7	10.5	13.0	23.5	0.2	22.5
Industrial machinery	1.2	7.3	0.9	1.1	2.0	3.5	5.5	(0.4)	7.5
Automotive	(6.6)	(12.4)	(4.1)	(1.9)	(6.0)	7.0	1.0	2.5	0.0
Total	(0.8)	17.1	1.5	5.0	6.5	23.5	30.0	2.3	30.0

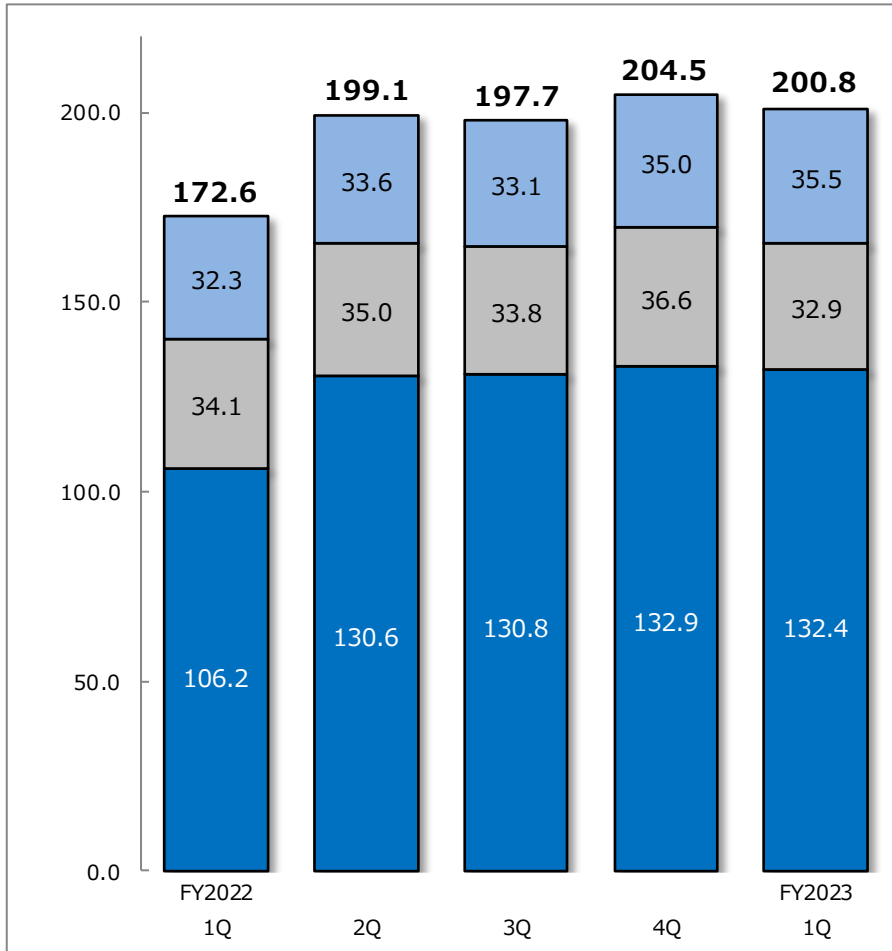
5. Financial Results by Business Segment (Quarterly Trend)



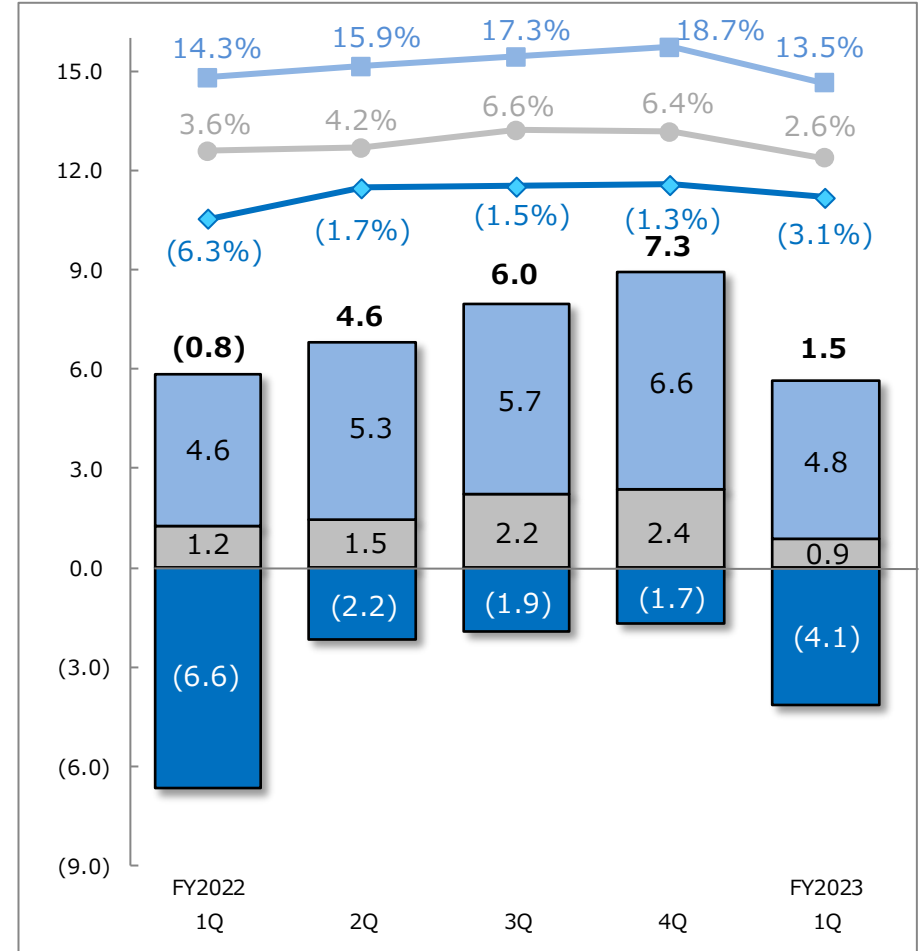
* All figures in billion yen

■ Automotive
 ■ Industrial machinery
 ■ Aftermarket

Net Sales



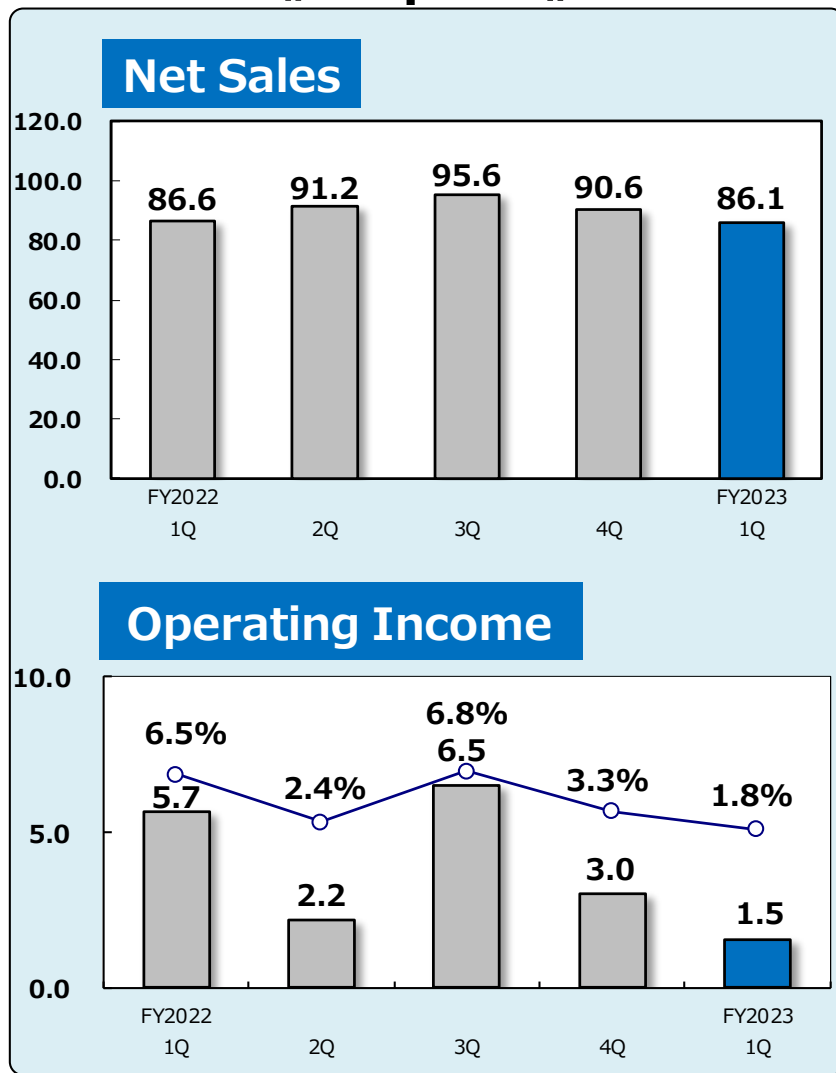
Operating Income/Operating Margin



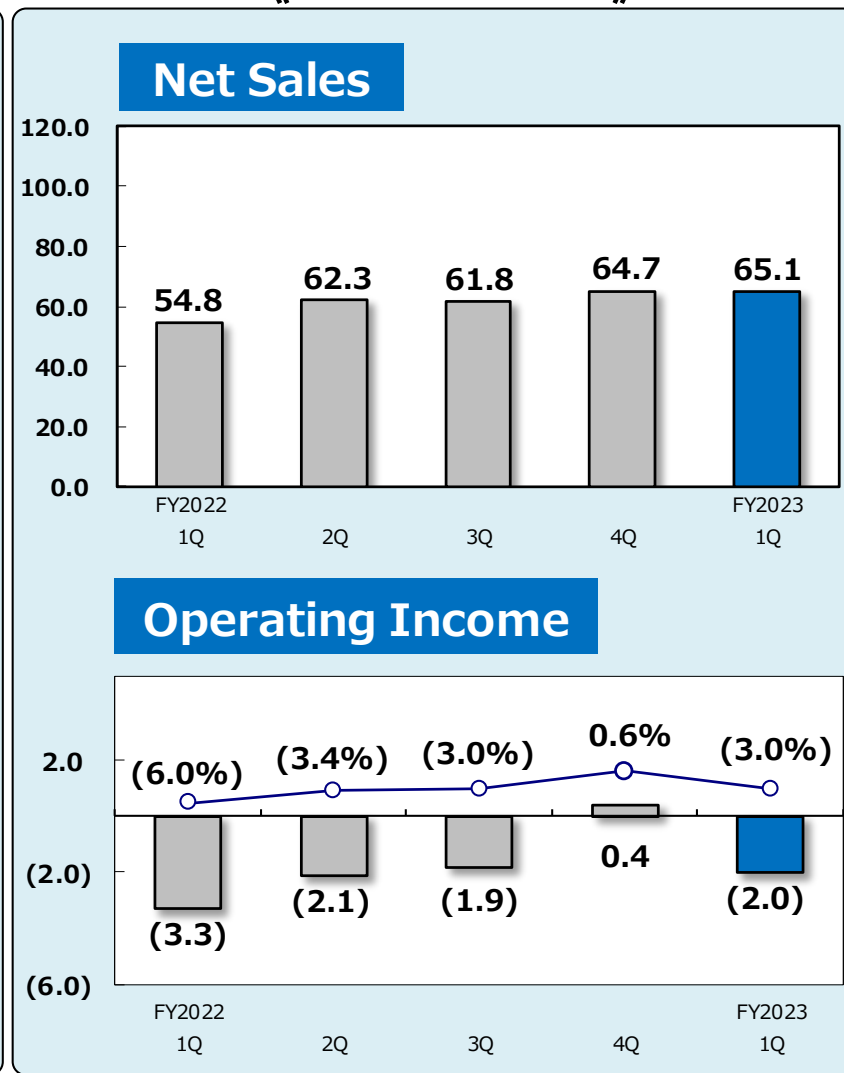
6-1. Net Sales and Operating Income by Company Location

* All figures in billion yen

《 Japan 》



《 Americas 》

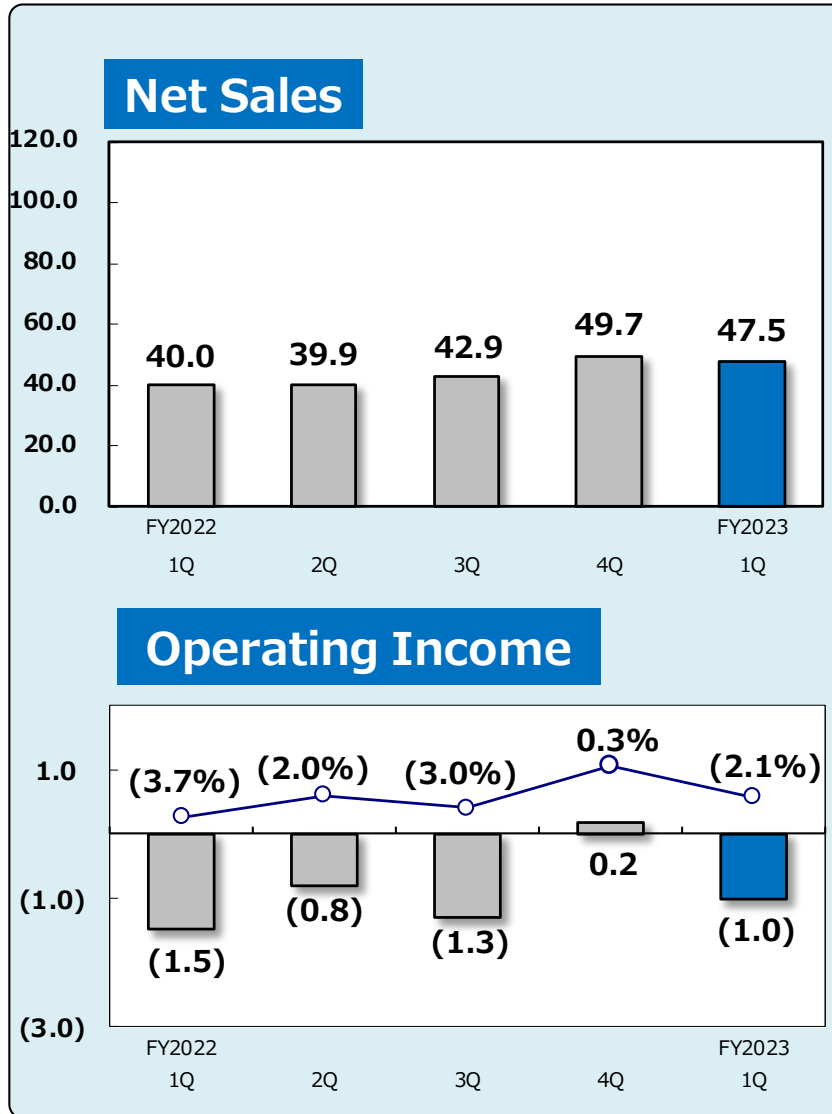


6-2. Net Sales and Operating Income by Company Location

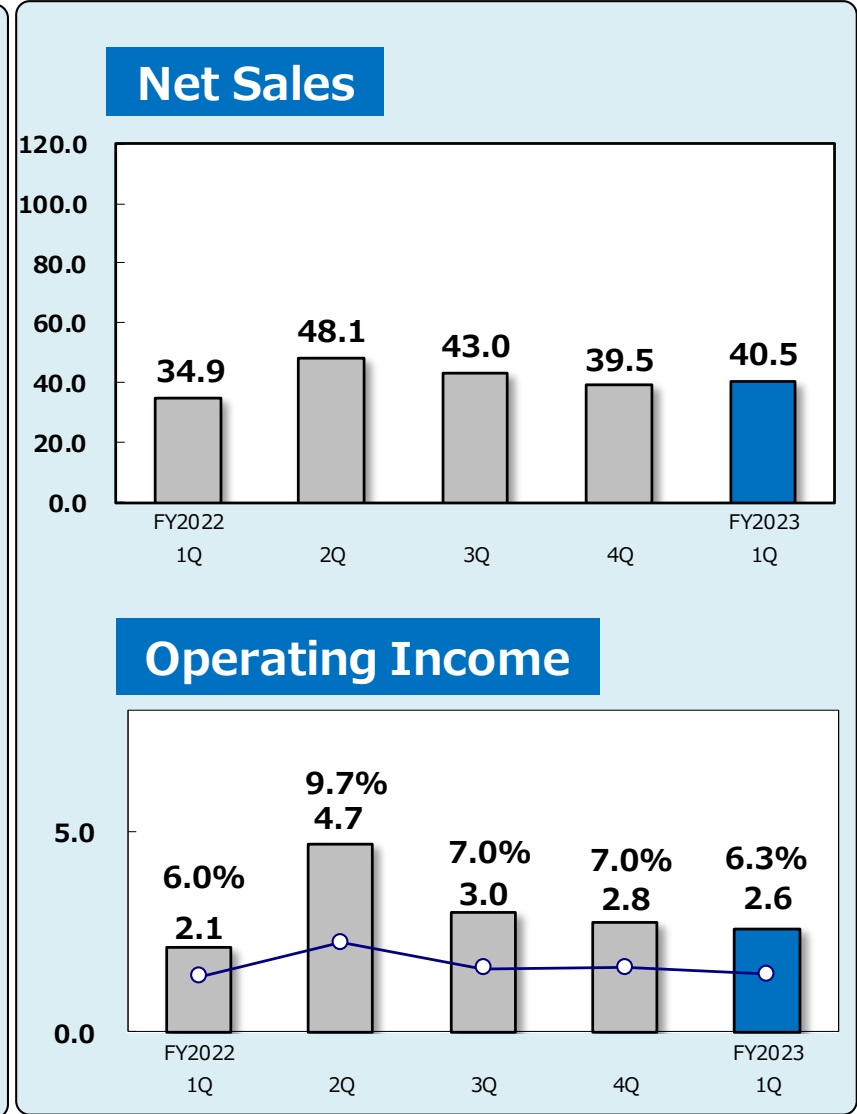


* All figures in billion yen

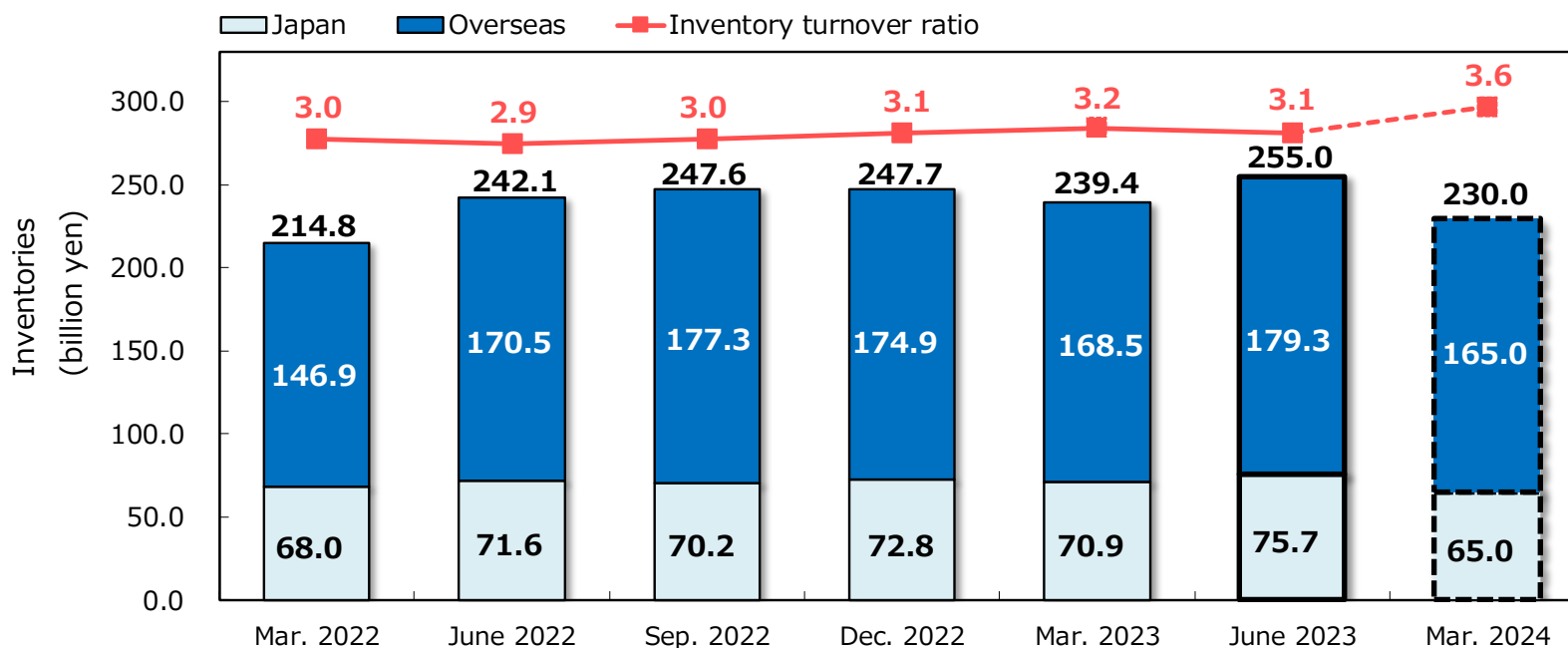
《 Europe 》



《 Asia and others 》

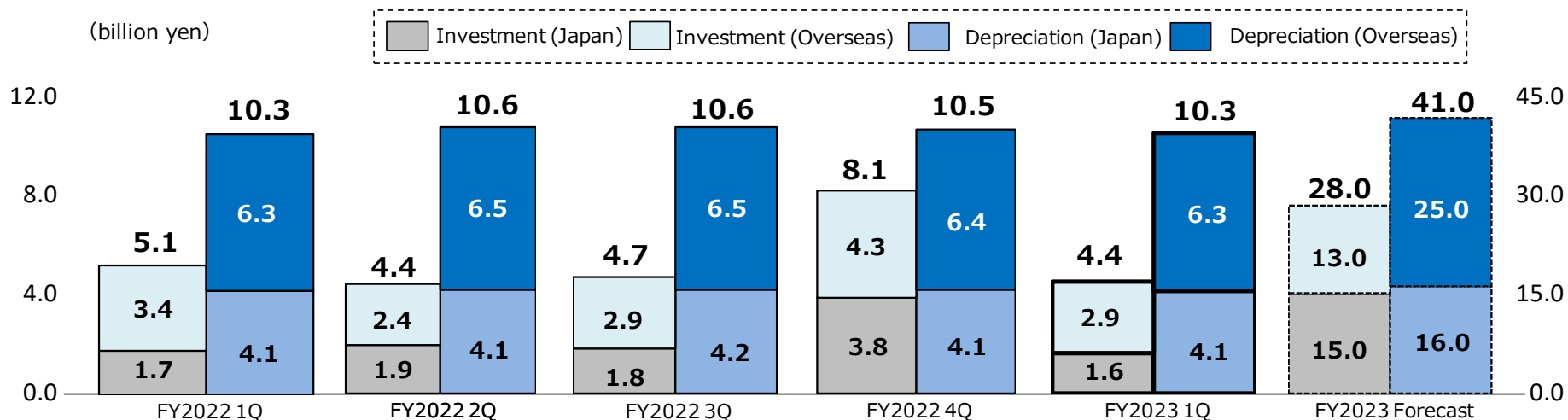


7. Inventories



	Mar. 2022	June 2022	Sep. 2022	Dec. 2022	Mar. 2023	June 2023	Mar. 2024
(billion yen)	Results	Results	Results	Results	Results	Results	Forecast
Inventories	214.8	242.1	247.6	247.7	239.4	255.0	230.0
[Overseas]	146.9	170.5	177.3	174.9	168.5	179.3	165.0
[Japan]	68.0	71.6	70.2	72.8	70.9	75.7	65.0
Inventories turnover ratio (times)	3.0	2.9	3.0	3.1	3.2	3.1	3.6

8. Capital Expenditures and Depreciation

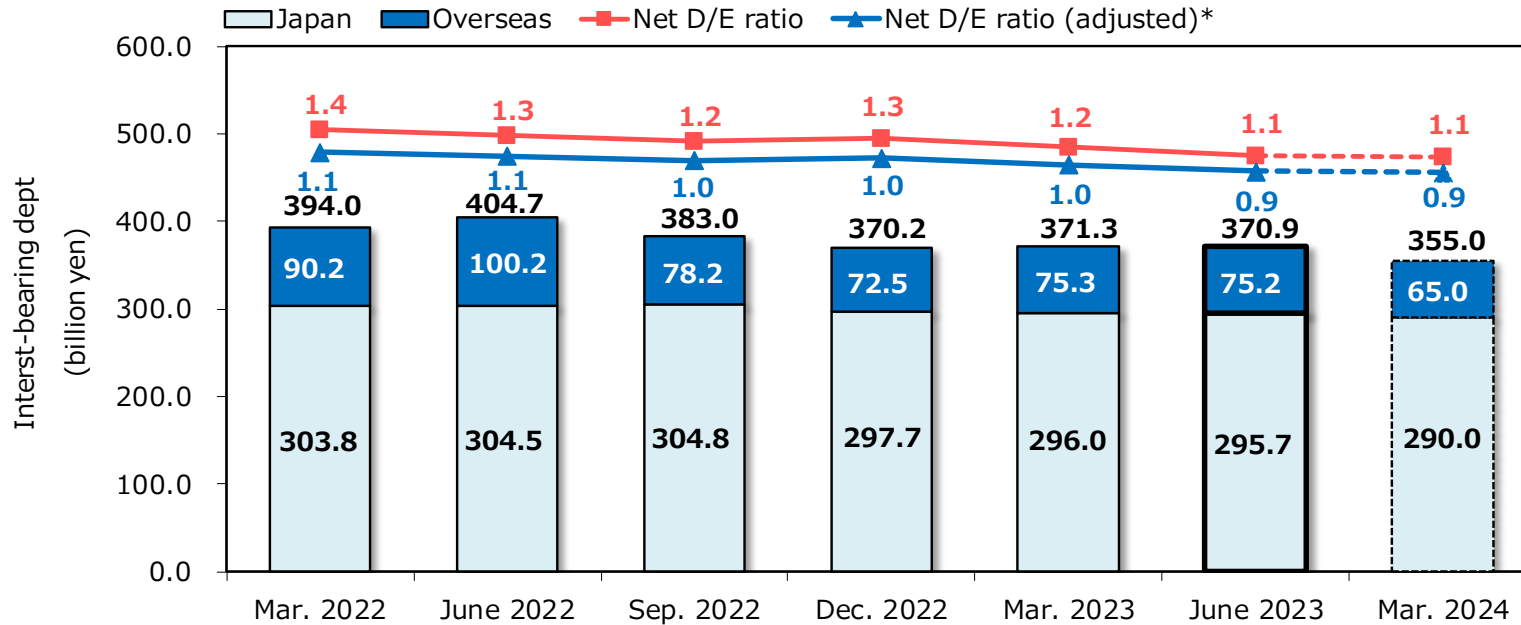


(billion yen)	FY2022					FY2023	Year on Year	FY2023
	1Q Results①	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results②	②-①	Forecast
Capital expenditure	5.1	4.4	4.7	8.1	22.3	* 4.4	(0.7)	28.0
[Overseas]	3.4	2.4	2.9	4.3	13.0	2.9	(0.5)	13.0
[Japan]	1.7	1.9	1.8	3.8	9.2	1.6	(0.1)	15.0

*In addition, capital expenditure for intangible fixed assets (FY2023 1Q Results : ¥0.7 billion, FY2023 Full Year Forecast : ¥5.0 billion)

(billion yen)	FY2022					FY2023	Year on Year	FY2023
	1Q Results①	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results②	②-①	Forecast
Depreciation	10.3	10.6	10.6	10.5	42.0	10.3	(0.0)	41.0
[Overseas]	6.3	6.5	6.5	6.4	25.5	6.3	0.0	25.0
[Japan]	4.1	4.1	4.2	4.1	16.5	4.1	(0.0)	16.0

9. Interest-Bearing Debt

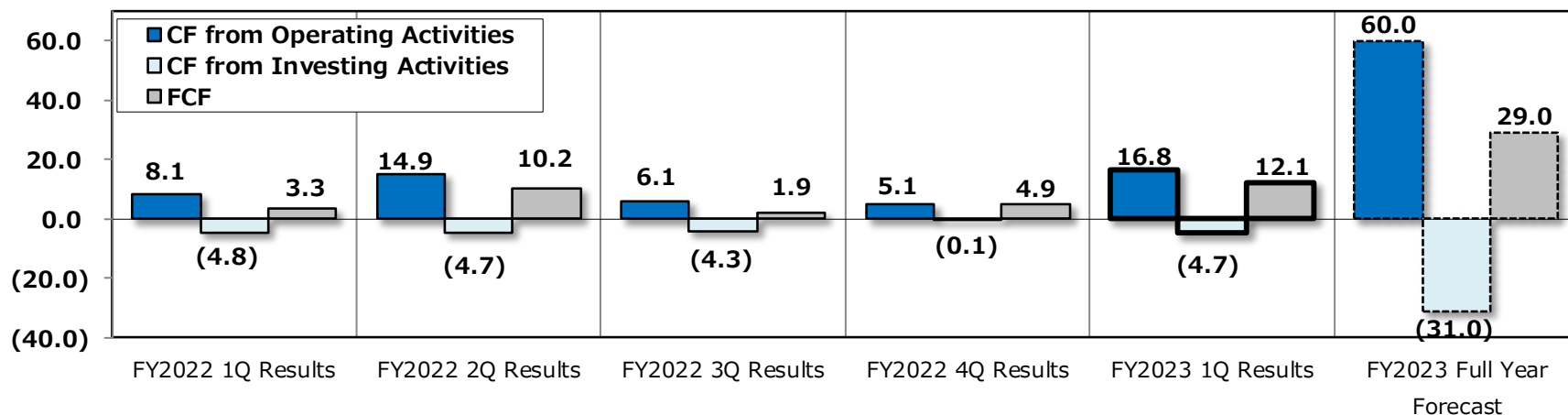


	Mar. 2022	June 2022	Sep. 2022	Dec. 2022	Mar. 2023	June 2023	Mar. 2024
(billion yen)	Results	Results	Results	Results	Results	Results	Forecast
Interest-bearing debt	394.0	404.7	383.0	370.2	371.3	370.9	355.0
[Overseas]	90.2	100.2	78.2	72.5	75.3	75.2	65.0
[Japan]	303.8	304.5	304.8	297.7	296.0	295.7	290.0
Net Interest-bearing debt	272.6	278.6	268.8	265.0	260.6	253.7	243.0

*Taking into account a part of the subordinated bonds through public offering that is recognized as equity (50%).

10. Cash Flows

(billion yen)	FY2022					FY2023	②-①	FY2023
	1Q Results①	2Q Results	3Q Results	4Q Results	Full Year Results	1Q Results②		Forecast
I. Cash flow from operating activities	8.1	14.9	6.1	5.1	34.2	16.8	8.7	60.0
II. Cash flow from investing activities	(4.8)	(4.7)	(4.3)	(0.1)	(13.9)	(4.7)	0.1	(31.0)
I + II. Free cash flow	3.3	10.2	1.9	4.9	20.4	12.1	8.7	29.0
III. Cash flow from financing activities	(0.1)	(24.9)	(8.1)	(0.1)	(33.3)	(9.7)	(9.6)	(27.0)
IV. Effect of exchanging rate translation on cash and cash equivalents	1.4	2.8	1.5	0.6	2.1	4.0	2.6	(2.7)
V. Net increase in cash and cash equivalents	4.6	(11.9)	(16.2)	5.4	(10.8)	6.3	1.7	(0.7)



11. Forecast of Net Sales and Operating Income of Automotive Business in FY2023

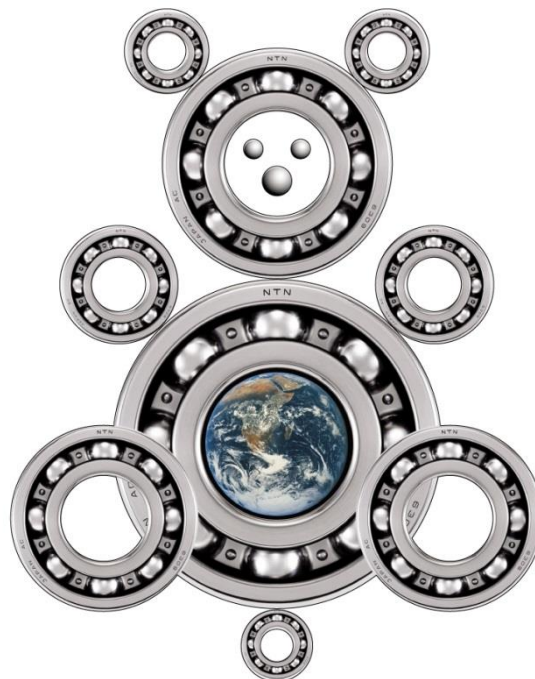
- ◆ Strengthen price revision activity
 - Price increase/withdrawal from unprofitable businesses
 - Escalation of negotiation at the early stage
- ◆ Execute procurement reform (optimal procurement)
 - Switch to overseas procurement (Korea + India) in U.S.
- ◆ Improve sales mix (shift to profitable businesses)
 - Start mass-production of large-sized products for large SUVs and commercial vehicles
 - Start mass-production of low friction hub bearings for EVs
 - Launch full-scale partnership businesses

(billion yen)	FY2022 Results			FY2023 Forecast			Difference
	1H	2H	①	1H	2H	②	②-①
Net sales	236.7	263.7	500.4	270.0	286.0	556.0	+55.6
Operating income	(8.8)	(3.6)	(12.4)	(6.0)	7.0	1.0	+13.4
Operating margin [%]	(3.7%)	(1.4%)	(2.5%)	(2.2%)	2.4%	0.2%	+2.7pt

DRIVE

Digitalization Resources Innovation Variable cost reformation Efficiency improvement

NTN 100 Phase 2



NTN

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Digitalization, **R**esources, **I**nnovation, **V**ariable cost reformation, **E**fficiency improvement
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