

Consolidated Financial Results for Third Quarter of FY2014 and Full Year Forecast

February 10, 2015

NTN Corporation

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Financial Results for the Third Quarter of FY2014: Key Factors

FY2014 3Q Results

- ◇ Net sales: **513.2 billion yen**, a 49.5 billion yen (+11%) increase in profit year-on-year
 - The aftermarket increased in China, Asia, Japan and the Americas, with +11% increase year-on-year
 - Industrial machinery growth was particularly high in China and the Americas, with +11% increase year-on-year
 - Automotive increased drastically in the Americas, where demand continues to increase, and China, with +11% increase year-on-year
- ◇ Operating income: **29.4 billion yen**, an 8.8 billion (+43%) yen increase in profit year-on-year
 - The operating income margin improved to **5.7%** (**6.3%** from October to December)
- ◇ Extraordinary income or loss: -3.3 billion yen
(extraordinary income +300 million yen, extraordinary losses -3.6 billion yen)
- ◇ Net income: **16 billion yen**, a 35.6 billion yen increase in profit year-on-year
(19.6 billion yen deficit for same period of previous year)

FY2014 Full Year Forecast

- ◇ No change to figures announced previously
Net sales of **673 billion yen**, operating income of **42 billion yen**,
ordinary income of **36 billion yen** and net income of **20 billion yen**

1. Consolidated Statements of Operation

(100 million yen)

	FY2013			FY2014			Year on year		
	3Q Results	1-3Q Results ①	Full year Results ②	3Q Results	1-3Q Results ③	Full year Forecast ④	FY2014 1-3Q ③-①	FY2014 Full year ④-②	
Net sales	1,565	4,636	6,390	1,769	5,132	6,730	495	340	
Operating income	76	206	330	111	294	420	88	90	
Operating margin	(4.8%)	(4.4%)	(5.2%)	(6.3%)	(5.7%)	(6.2%)	(1.3%)	(1.0%)	
Ordinary income	78	181	287	107	273	360	92	73	
Extraordinary income/loss	-271	-287	-311	-9	-33	-40	254	271	
Net income	-230	-196	-146	67	160	200	356	346	
Exchange rate	US \$	100.4	99.4	100.2	114.4	106.7	101.5	7.4	1.3
	EURO	136.6	132.2	134.2	142.9	140.2	134.5	8.0	0.2

2. Net Sales by Region

< Net Sales by Region >

(100 million yen)

	FY2013			FY2014			Year on year			
	3Q	1-3Q	Full year	3Q	1-3Q	Full year	FY2014 1-3Q		FY2014 Full year	
	Results	Results ①	Results ②	Results	Results ③	Forecast ④	③-①		④-②	
							Volume	Forex	Volume	Forex
Japan	452	1,303	1,791	479	1,421	1,915	118	0	124	0
Americas	412	1,266	1,746	515	1,470	1,895	111	93	129	20
Europe	394	1,192	1,663	410	1,250	1,640	-17	75	-29	6
Asia & others	306	875	1,190	365	990	1,280	65	50	86	4
Total	1,565	4,636	6,390	1,769	5,132	6,730	277	218	310	30

3. Net Sales and Operating Income by Business Sector

< Net Sales by Business Sector >

(100 million yen)

	FY2013			FY2014		
	3Q Results	1-3Q Results ①	Full year Results ②	3Q Results	1-3Q Results ③	Full year Forecast ④
Aftermarket	251	746	1,038	281	828	1,115
Industrial machinery	232	715	1,012	269	795	1,025
Automotive	1,082	3,175	4,339	1,220	3,509	4,590
Total	1,565	4,636	6,390	1,769	5,132	6,730

Year on year			
FY2014 1-3Q ③-①		FY2014 Full year ④-②	
Volume	Forex	Volume	Forex
46	36	71	5
50	30	7	6
182	152	231	19
277	218	310	30

< Operating Income by Business Sector >

(100 million yen)

	FY2013			FY2014		
	3Q Results	1-3Q Results ①	Full Year Results ②	3Q Results	1-3Q Results ③	Full year Forecast ④
Aftermarket	42	124	177	50	139	192
Industrial machinery	3	17	33	15	36	43
Automotive	31	66	120	46	118	185
Total	76	206	330	111	294	420

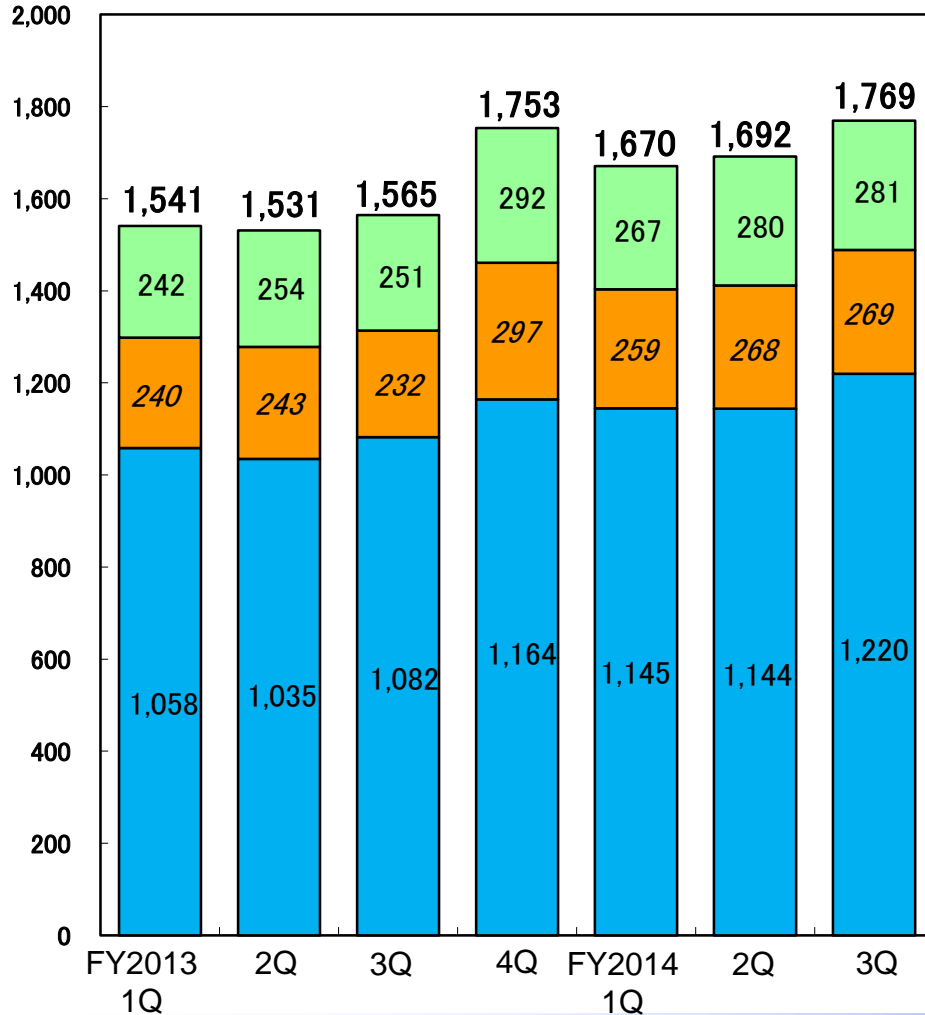
Year on year	
FY2014 1-3Q ③-①	FY2014 Full year ④-②
15	15
20	10
53	65
88	90

4. Results by Business Sector (Quarterly Trend)

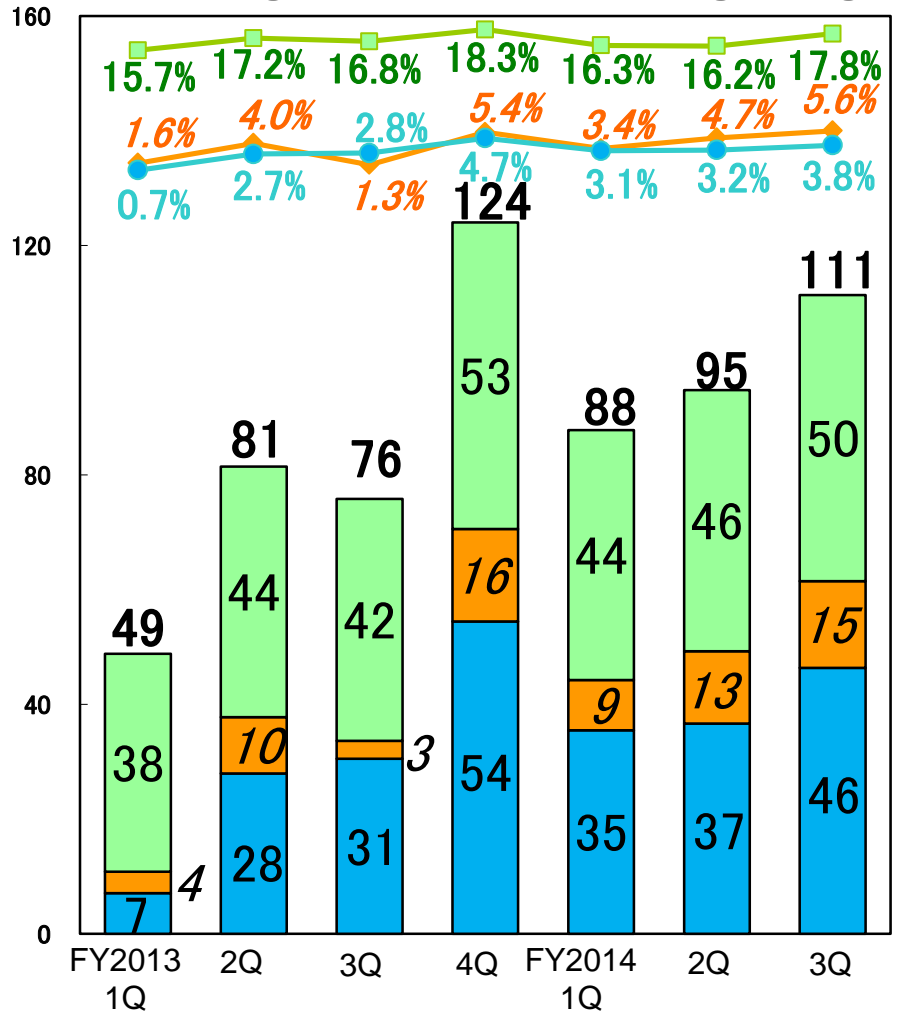
* All figures in 100 million yen.

Automotive Industrial machinery Aftermarket

Net Sales

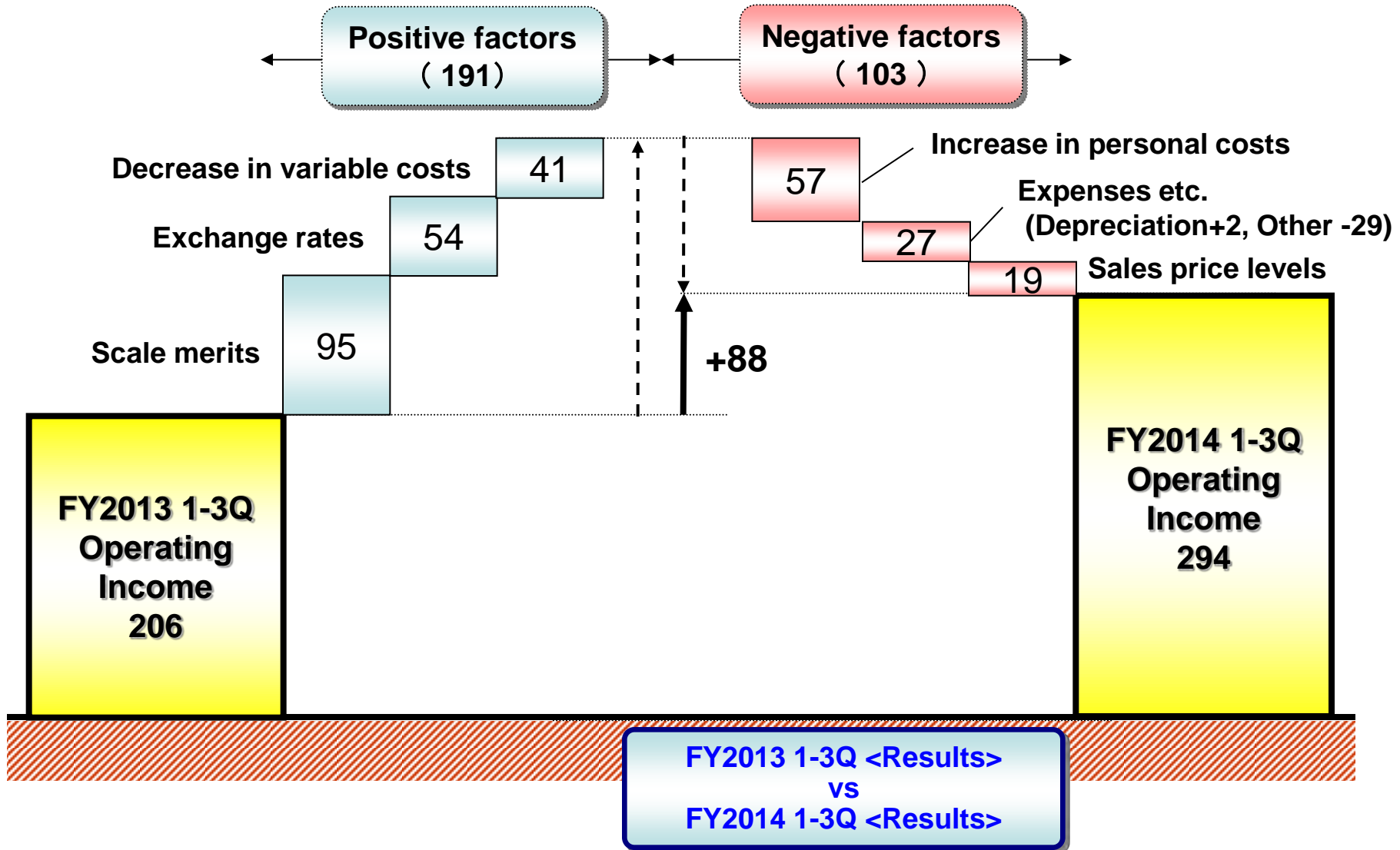


Operating Income / Operating Margin



5. Analysis of Operating Income (FY2014 3Q)

* All figures in 100 million yen.

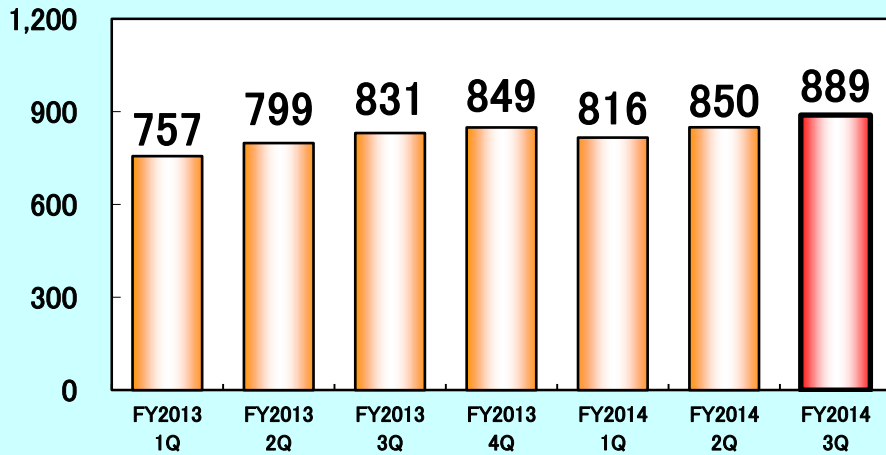


6. Net Sales and Operating Income by Region

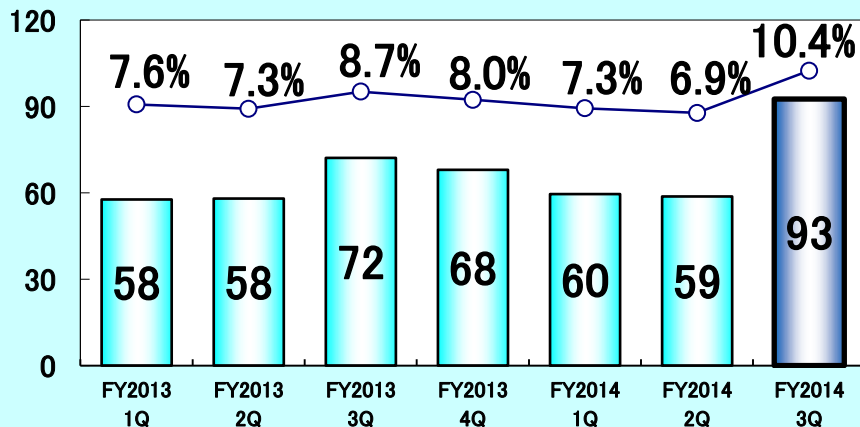
《 Japan 》

Net Sales

(100 million yen)



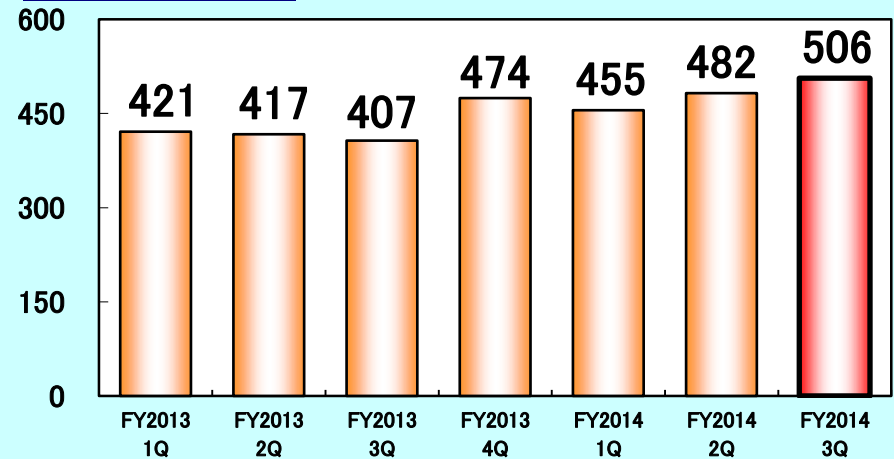
Operating Income



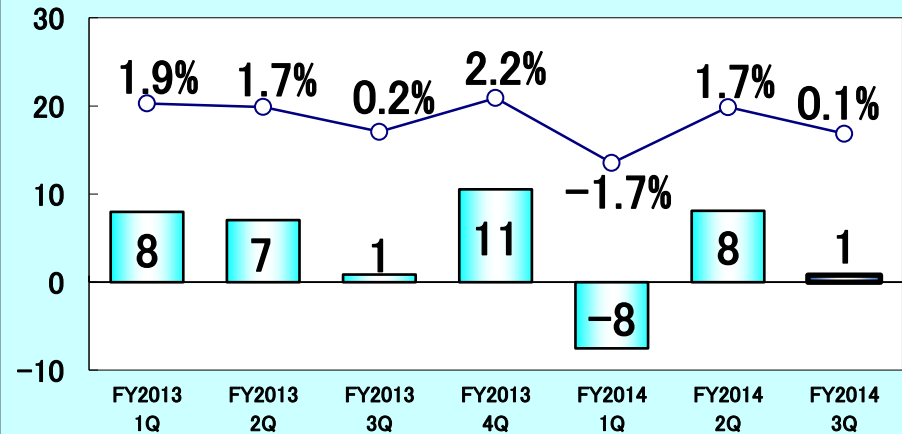
《 Americas 》

Net Sales

(100 million yen)



Operating Income

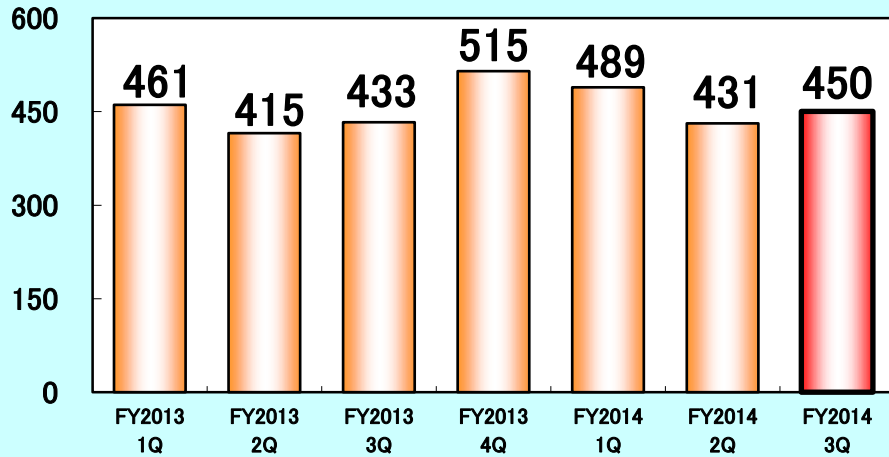


6. Net Sales and Operating Income by Region

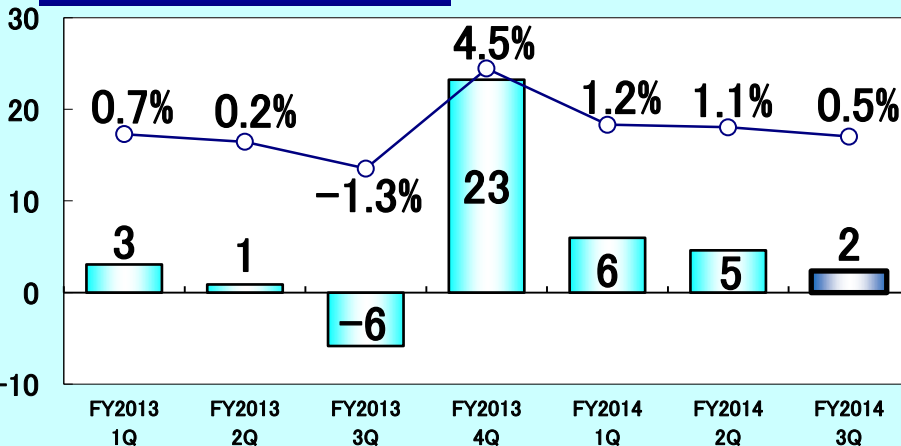
《 Europe 》

Net Sales

(100 million yen)



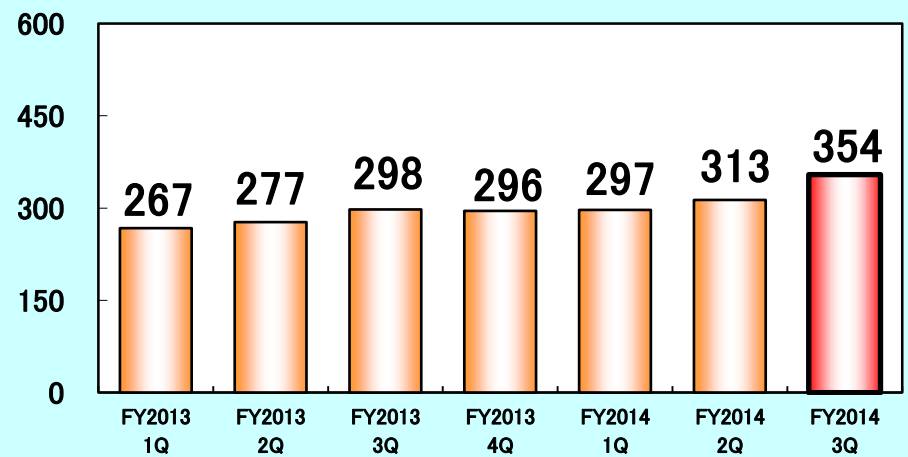
Operating Income



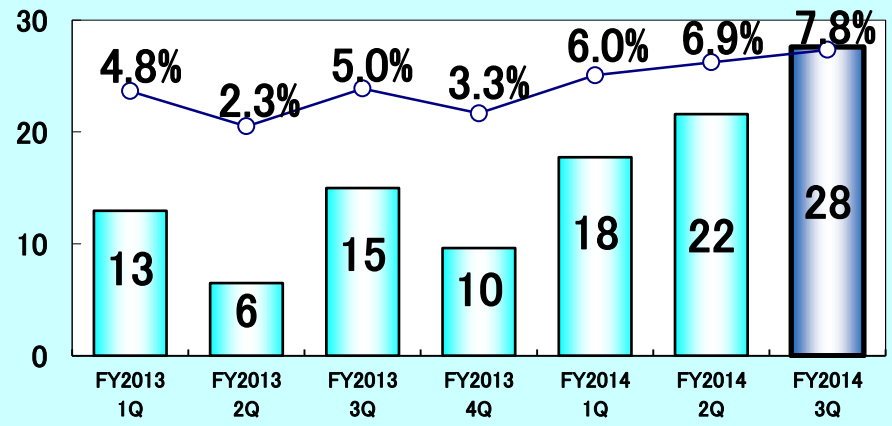
《 Asia & Others 》

Net Sales

(100 million yen)

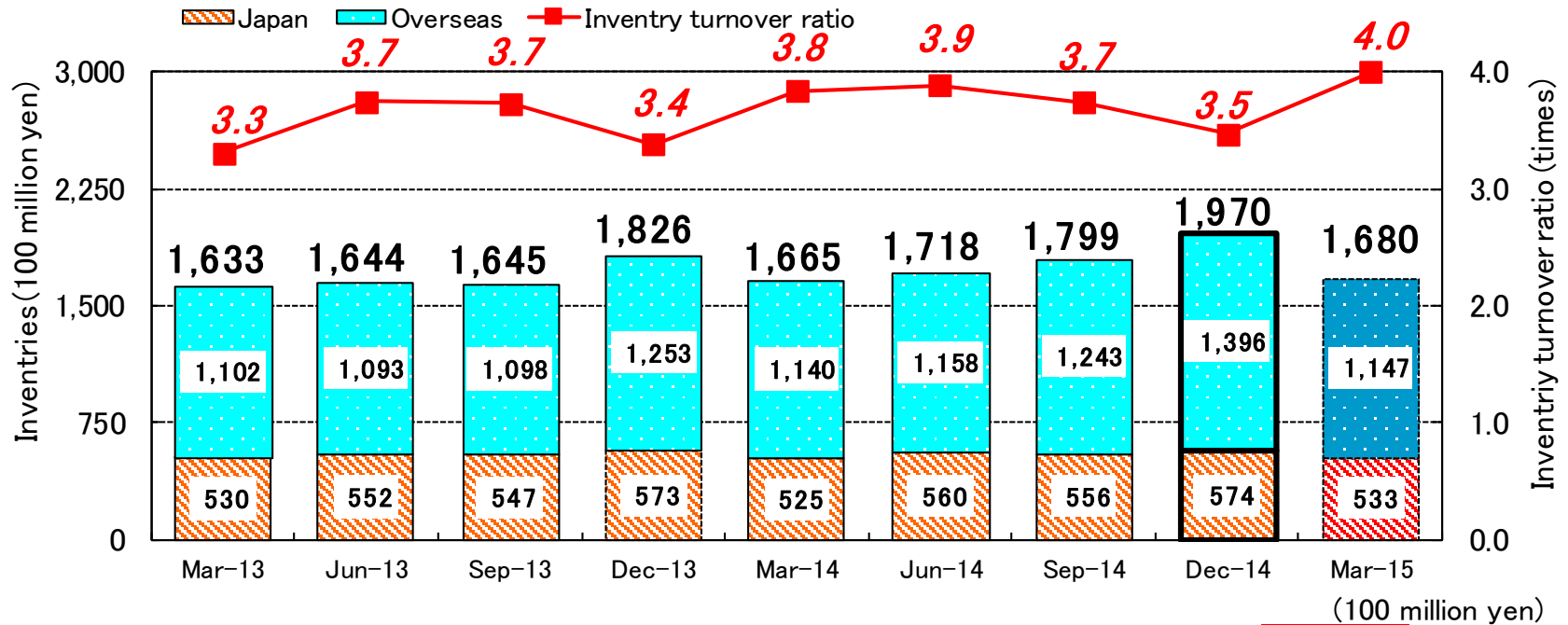


Operating Income



7. Inventories

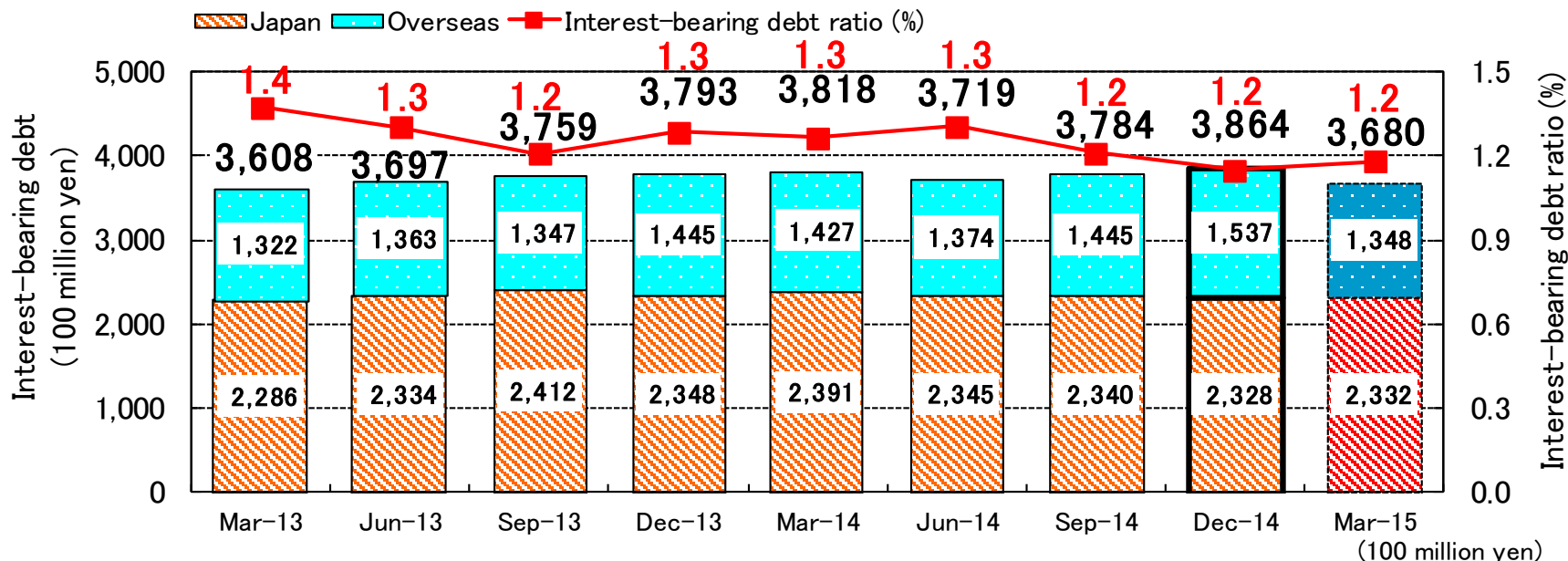
◆ Inventories at the end of December 2014 increased by +17.1 billion yen compared to the end of September (+7.1 billion yen if excluding exchange rates).



	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
	Results	Results	Results	Results	Results	Results	Results	Results	Forecast
Inventories	1,633	1,644	1,645	1,826	1,665	1,718	1,799	1,970	1,680
Overseas	(1,102)	(1,093)	(1,098)	(1,253)	(1,140)	(1,158)	(1,243)	(1,396)	(1,147)
Japan	(530)	(552)	(547)	(573)	(525)	(560)	(556)	(574)	(533)
Inventory turnover ratio (times)	3.3	3.7	3.7	3.4	3.8	3.9	3.7	3.5	4.0

8. Interest-Bearing Debt

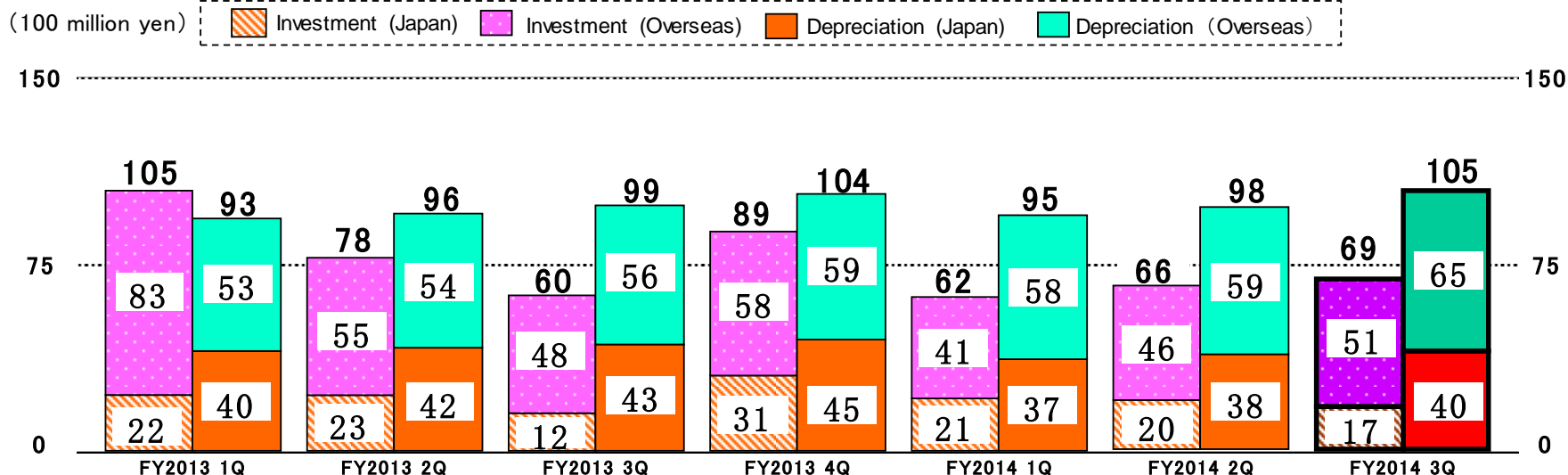
- ◆ Interest-bearing debt at the end of December 2014 increased by +8.0 billion yen compared to the end of September (decrease of 4.2 billion yen if excluding exchange rates).



	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
	Results	Results	Results	Results	Results	Results	Results	Results	Forecast
Interest-bearing debt	3,608	3,697	3,759	3,793	3,818	3,719	3,784	3,864	3,680
Overseas	(1,322)	(1,363)	(1,347)	(1,445)	(1,427)	(1,374)	(1,445)	(1,537)	(1,348)
Japan	(2,286)	(2,334)	(2,412)	(2,348)	(2,391)	(2,345)	(2,340)	(2,328)	(2,332)
Net Interest-bearing debt	2,747	2,749	2,600	2,633	2,521	2,688	2,673	2,794	2,530

9. Capital Expenditure and Depreciation

◆ The details and timing of expenditure for FY2014 was revised due to demand in Japan and abroad, and exchange rate trends.

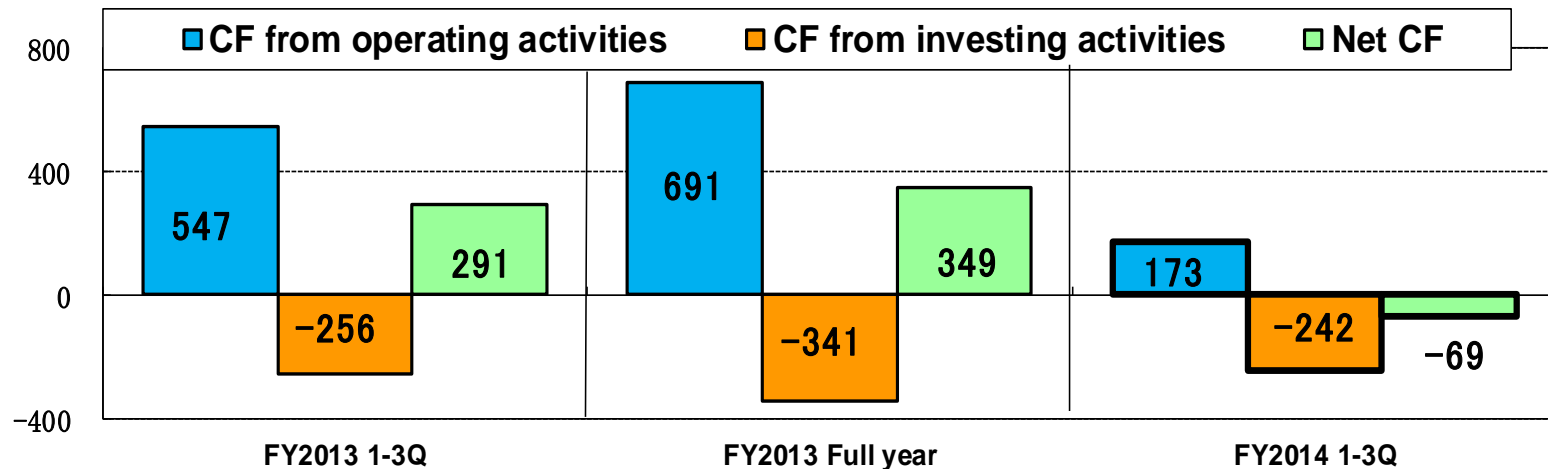


(100 million yen)

	FY2013 ① 1-3Q	FY2013 Full year	FY2014 ② 1-3Q	Year on year ②-①	FY2014 Full year forecast
Capital expenditure	243	332	197	-45	350
Overseas	(186)	(244)	(139)	(-47)	(256)
Japan	(57)	(88)	(59)	(2)	(94)
Depreciation	289	393	298	9	396
Overseas	(164)	(223)	(183)	(19)	(234)
Japan	(125)	(170)	(115)	(-9)	(162)

10. Cash Flows

(100 million yen)	FY2013		FY2014	
	①1-3Q	Full year	②1-3Q	②-①
I. Cash flow from operating activities	547	691	173	-373
II. Cash flow from investing activities	-256	-341	-242	13
III. Cash flow from financing activities	-1	66	-152	-151
IV. Effect of exchanging rate translation on cash and cash equivalents	9	20	-5	-14
V. Net increase in cash and cash equivalents	299	436	-226	-526



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