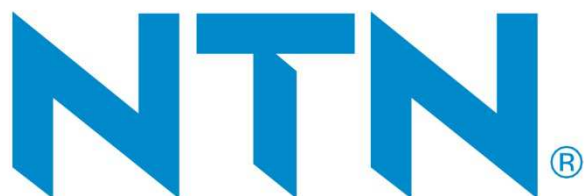


For New Technology Network



**Financial results  
for the year ended  
March 31, 2012**

**May 17, 2012**

**NTN Corporation**

## I . The Progress of “Global Advance 2013”

## II . Financial Results for FY2011 and Forecast for FY2012

This presentation and comments made in this conference or during the following Q&A session include forward-looking statements about management expectations for future performance and future business strategies. 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.

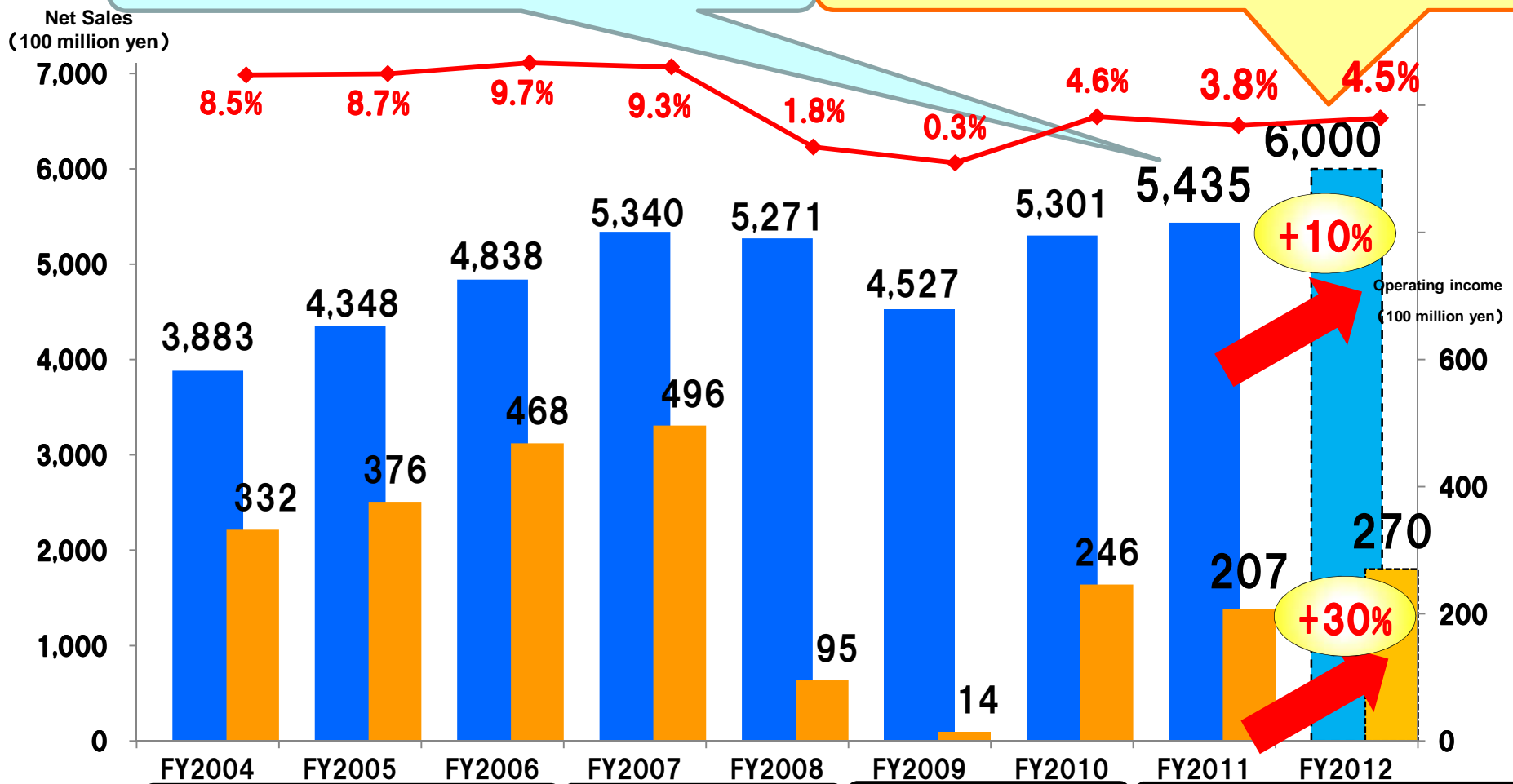
# **I . The Progress of “Global Advance 2013”**

- 1. Financial Results for FY2011 and Forecast for FY2012**
- 2. Results and Forecast for Industrial Machinery Market**
- 3. Results and Forecast for Aftermarket and Distributor Market**
- 4. Results and Forecast for Automotive Market**
- 5. Changes in Earnings Structure**
- 6. Faster Commercialization of Next- Generation EV Systems**
- 7. Towards Achieving “Global Advance 2013”**

# 1. Financial Results for FY2011 and Forecast for FY2012

Impacts of external factors, such as the earthquake, floods in Thailand, the strong yen, European sovereign debt crisis and China's monetary tightening

Aggressive sales expansion in response to recovery of demand  
Acceleration of business growth in expanding markets



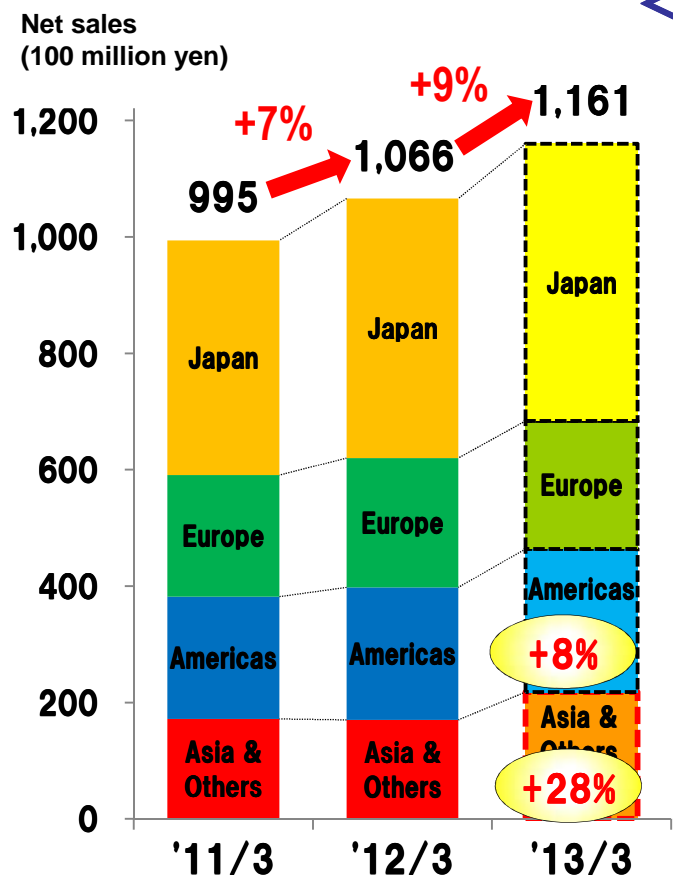
Rapid Advance21 | Growth through Creativity and Achievements 21 | NTN 2010 for The Next Step | Global Advance 2013

## 2. Results and Forecast for Industrial Machinery Market

### <FY2011 Results>

- New markets developed in China and India (wind power generation, machine tools).
- Sales increased in Japan (construction machinery, machine tools, transmission/reducers), and in Americas (construction machinery, agricultural machinery, wind power generation).
- New orders from an European jet engine manufacturer.

### <FY2012 Forecast>



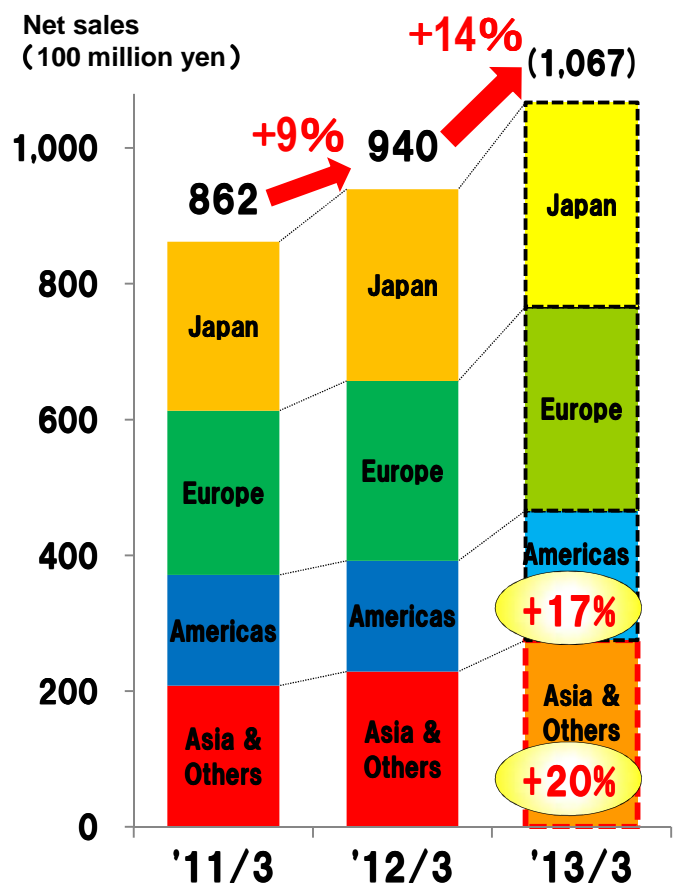
<b>Japan</b>	Increase in construction machinery, transmissions/reducers, agricultural machinery, and machine tools Increase in the production capacity of precision bearings and general-purpose products (NTN Noto)
<b>Europe</b>	New orders for wind power generation and machine tools Growth in demand for airplane jet engines
<b>Americas</b>	Strong performance continues with construction machinery and agricultural machinery Increase in the production capacity of a local plant (NTN-BOWER)
<b>Asia &amp; Others</b>	Response to construction manufactures' local production in China Significant sales increase backed by new orders for wind power generation in China

### 3. Results and Forecast for Aftermarket and Distributor Market

#### <FY2011 Results>

- Sales increased despite the impact of China’s monetary tightening and European sovereign debt crisis.
- Strong sales of auto parts in Europe and Americas.
- Focused on global equipment aftermarket projects.

#### <FY2012 Forecast>



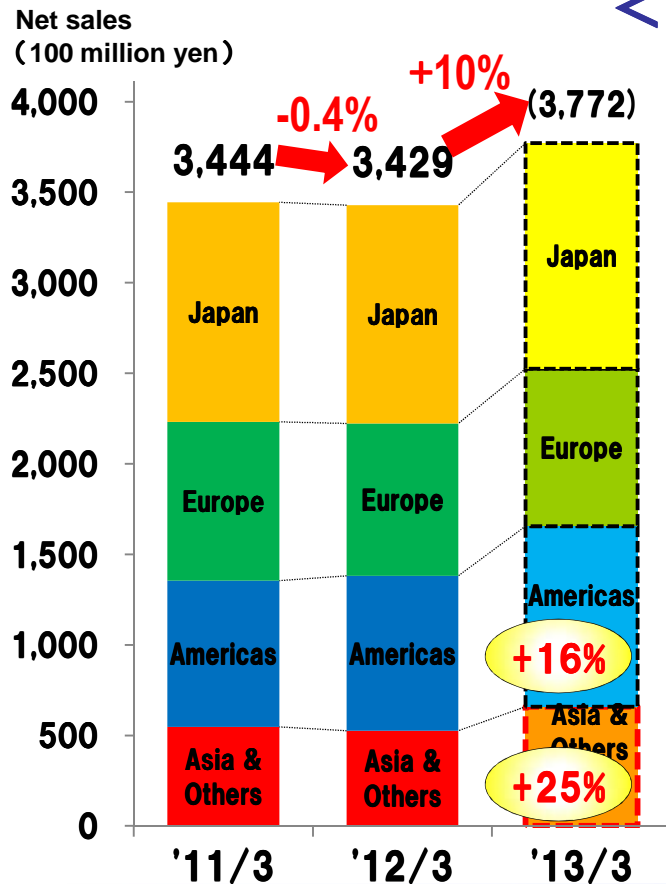
<b>Japan</b>	Aggressive expansion of sales in response to demand recovery Strengthening support to distributors and expanding the range of general-purpose products
<b>Europe</b>	Expansion of sales channels in Russia and Eastern Europe Increase of sales to major equipment aftermarket customers
<b>Americas</b>	Expansion of sales to major North American distributors Increase of sales in resources-related aftermarkets for mining, agriculture, fisheries, etc. in South America
<b>Asia &amp; Others</b>	Expansion of sales channels in China, India, and Indonesia Further exploring global equipment aftermarket projects primarily for steel, mines, etc.

# 4. Results and Forecast for Automotive Market

## <FY2011 Results>

- In the first half of the year, sales remained unchanged due to the impact of the Great East Japan Earthquake. Sales were also unchanged throughout the second half of the year due to the floods in Thailand and the effects of exchange rates.
- Automotive production by both the big three automakers and Japanese manufacturers in Americas for the second half of the year was positive
- Demand decreased in South Europe following the sluggish European economy, and demand in Asian /Chinese markets also slowed down.

## <FY2012 Forecast>



**Japan**  
 Weakening exports due to continuing strong yen  
 Contribution of new projects to sales despite a decrease in the number of production units

**Europe**  
 Contribution of new projects to sales despite a decrease in the number of production units  
 Increase of sales to German manufacturers

**Americas**  
 Strong production by **U.S. and Japanese manufactures**  
 Contribution of initiation of new projects to sales

**Asia & Others**  
**New orders** in the growth market of ASEAN/India  
 Increase of sales to **Chinese manufacturers, including NTN-LYC**

# 5. Changes in Earnings Structure

## ① Rise in commercialization ratio for **Industrial machinery**

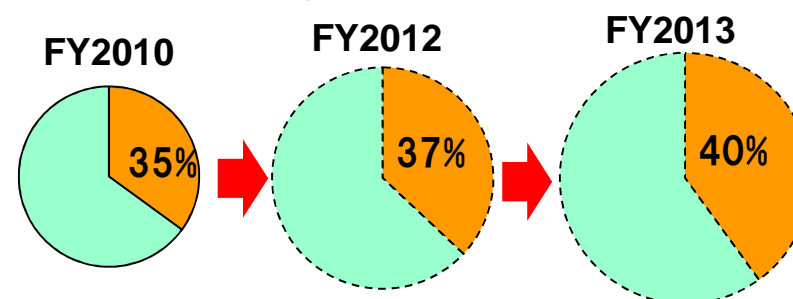
## ② Business expansion in **growth market**

- Acceleration of sales expansion in China
- Increase of sales and production in the Asian region
- Sales expansion and improvement in earnings through reorganized production in Japan, the U.S. and Europe

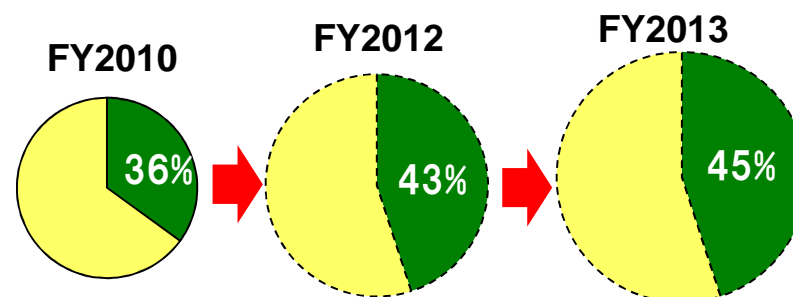
## ③ Improvement of **operating income margin**

- Acceleration of local production and procurement
- Reduction in costs for automotive products and development of high-value added products

Trends in sales ratio, excluding automotive products



Trends in local production ratio

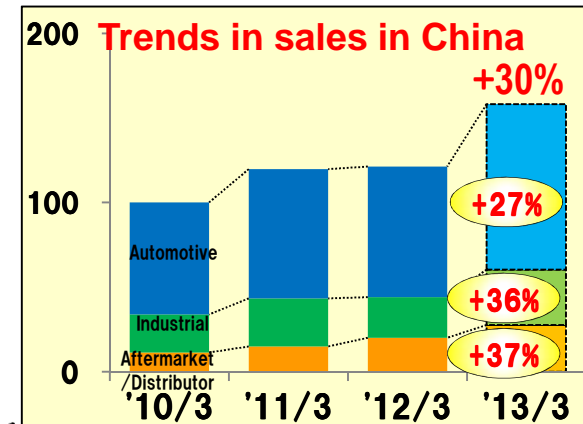




# 5-② Business Expansion in Growth Market

## Acceleration of sales expansion in China

- Expansion of sales bases and increase of distributors
- Expansion of sales to manufacturers of wind power generators, machine tools, and construction machines
- Strengthening production capacity (Nanjing NTN, NTN-LYC, Shanghai NTN)
- Facilitating development by using the China Technical Center
- Strengthening support from Japan through the establishment of the China Business Headquarters



\*Figure shows trends in sales against 100 for the base year of FY2009

### Nanjing NTN Corporation

From October 2012  
(industrial machinery)



From June 2012 (automotive)

### NTN-LYC (Luoyang) Bearing Corporation

Nanjing Puzhen NTN Railway Bearing Co., Ltd.

NTN-RAB (Changzhou) Corp.

Guangzhou NTN-Yulon Drivetrain Co., Ltd.

Beijing NTN-Seohan Driveshaft Co., Ltd.

NTN (China) Investment Corporation

NTN China Technical Center

Shanghai NTN Corp.

Shanghai Tung Pei Enterprise Co., Ltd.

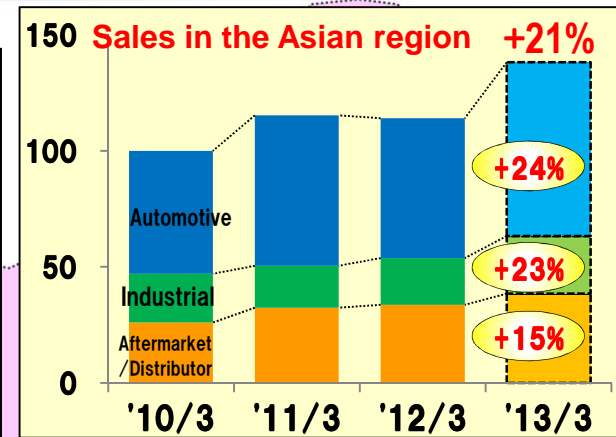
Shanghai Laien Machine Tool Parts Corp.

Sales bases  
(■ Established in FY2012)

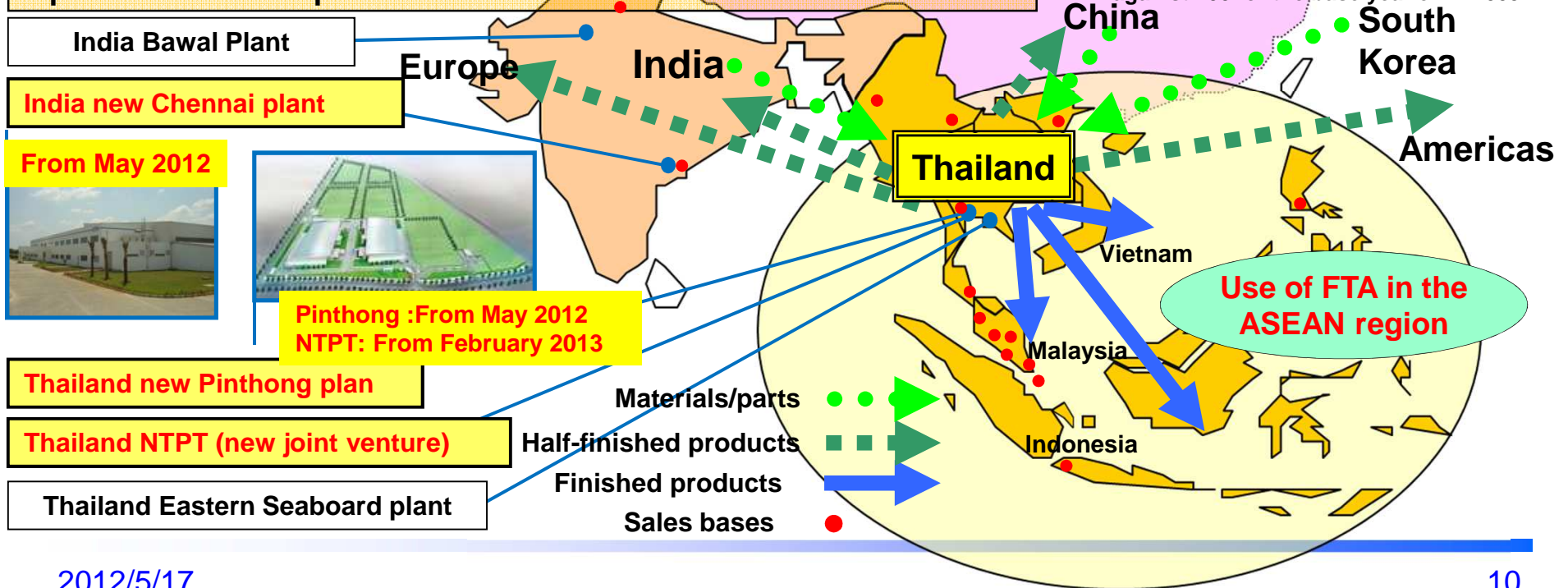
# 5-② Business Expansion in Growth Market

## Increase of sales and production in the Asian region

- Increase of distributors' network and strengthening of sales companies (India, Indonesia)
- Sales expansion for plant aftermarket projects for steel, mining, etc. and wind power generators
- Strengthening production capacity
  - India: new Chennai plant
  - Thailand: new Pinthong plant, NTPT (new joint venture), and Eastern Seaboard plant
- Procurement of materials and supply of half-finished products/finished products with Thailand as hub



\*Figure shows trends in sales against 100 for the base year of FY2009



# 5-② Business Expansion in Growth Market

Sales expansion and improvement in earnings through **reorganized production** in Japan, the U.S. and Europe

## Europe

For automotive products: Shift from France to **East Europe**

For industrial machinery: Reinforcement of **NTN-SNR** capacity

Reinforcement of NTN-SNR capacity (June 2011, Argonay)  
 Large bearings for airplanes, wind power generation, etc.

Consolidation of IFA-AT (March 2012, Germany)  
 CVJ



## Americas

For automotive products: Establishment of **a local integrated production system**

Shift from North America to **Latin America**

For industrial machinery: Reinforcement of **NTN-BOWER** capacity

Start of NTA production (June 2011, North America)  
 Pre-process for hub bearings

Start of NDB production (December 2011, Brazil)  
 CVJ



## Japan

For automotive products: Providing guidance around the world as **a mother plant**, and production of sophisticated function products

For industrial machinery: Reinforcement of production of **high-value added products (precision/large bearings)** and diversification of risk



Start of production at NTN NOTO Corp. (March 2012)



Nippon Kagaku Yakin Co., Ltd. turned into a subsidiary of NTN (September 2011)

Start of mass production at NTN AKAIWA Corp. (July 2012)





# 5-③ Improvement of Operating Income Margin

< **Cost reduction** of automotive products and development of **high-value added products** >

< **Cost reduction of automotive products** (CVJ, hub bearing) >

- Changes of materials, improvement of yield rates, and changes of processing method
- Reduction in points of parts, integration of types of products, etc.

< Development of **module/unit products** >

Major reduction in weight



Press Cut Spline Hub Joint

Increase of added value by sophisticated functions



Auto tensioner for automotive auxiliary machinery

< Sales expansion of **high-value added products** >



IC Tag Integrated Bearing

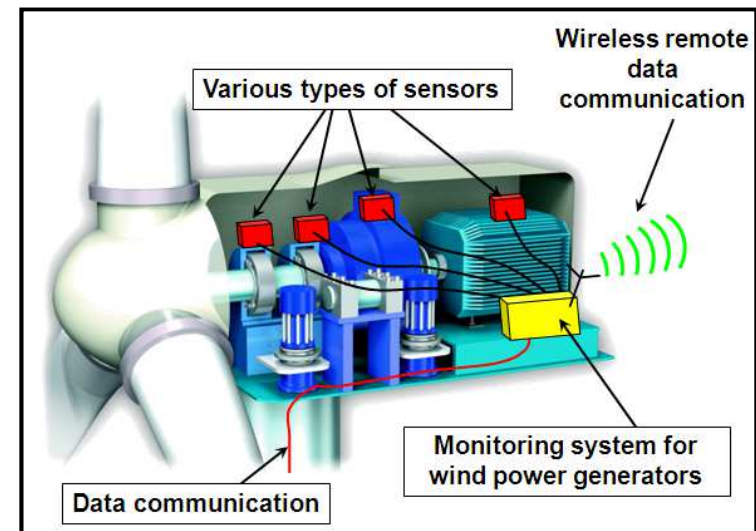


Integrated Rotation Sensor Large Size Bearing



Filter Seal Integrated Large Size Bearing

Monitoring system for wind power generation



# 6. Faster Commercialization for Next- Generation EV Systems

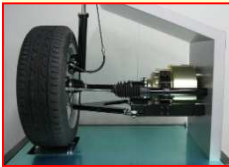
Establishment of “EV System Division” as an in-house venture (April 2011)

From October 2011

Start of **social demonstration test** using a **converted EV** (Iwata City, Shizuoka Prefecture)



Iwata city official vehicle equipped with in-wheel motor system



Iwata city official vehicle equipped with on-board drive system

From December 2011

Displaying **demonstration vehicles** (Tokyo and Beijing Motor Shows)



Demonstration vehicle Q' mo with four-wheel independent steering system



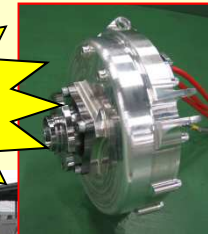
Tokyo Motor Show 2011

Presentation of the potential of in-wheel motor through test drives for “Lateral move” and “Pivot turn”

From April 2012

Start of **social demonstration test** using a **two-seater compact EV** (Shizuoka Prefecture)

**The world's first integrated in-wheel motor system for compact EVs**



Two-seater compact EV Test vehicle for the Fujinokuni EV/PHV Town initiative



In-wheel Motor System

2012/5/17



In-wheel Motor System for Compact EVs



One-motor Type EV Drive System



Onboard Drive System



Electromechanical Brake System



Steering System for Steer-by-Wire



Four-wheel Independent Steering System

# 7. Towards Achieving “Global Advance 2013”

**FY2013:**

Net sales: 700 billion yen, Operating income margin: 10%

**FY2012:** Net sales: 600 billion yen, Operating income margin 4.5%

**“Decision” “Speed” “Accomplishment”**

**Business expansion  
in growth market**

**Improvement of  
operating income margin**

- Expand business in Europe and Americas
- Expansion for Aftermarket & Distributor
- Reinforcement of production capacity in local

- Acceleration of business expansion in Asia
- Faster Commercialization for EV System products
- Reinforcement of local management

- Share up for Industrial machinery
- Reduce costs for Automotive
- Expand local procurement

**“On local site with local materials by local personnel”**

**FY2011:** Net sales: 543.5 billion yen, Operating income margin 3.8%

**FY2010:** Net sales: 530.1 billion yen, Operating income margin 4.6%

## **Ⅱ . Financial Results for FY2011 and Forecast for FY2012**

## ★Financial Results for FY2011: 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
  - 5-1 FY2011
  - 5-2 FY2012
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 FY2011 : Key Factors

## FY2011 Results

- ◇ Net Sales **increased by 2.5%** year-on-year to **543.5 billion yen** (**increased by 6.1%** if excluding the effects of exchange rates)
  - The automotive market **decreased by 0.4%** year on year due to the effects of the earthquake and flooding in Thailand (**increased by 3.2%** if excluding the effects of exchange rates )
  - The industrial machinery market **increased by 7.2%** year-on-year due to a recovery in demand (**increased by 10.5%** if excluding the effects of exchange rates)
  - The aftermarket and distributor market **increased by 9.0%** year-on-year due to a recovery in demand (**increased by 12.6%** if excluding the effects of exchange rates)
- ◇ Operating income **decreased by 15.6%** year-on-year to **20.7 billion yen** (**increased by 10.0%** if excluding the effects of exchange rates)
- ◇ Net income **decreased by 58.4%** year-on-year to **6 billion yen** due to the effects of extraordinary loss and revised corporate tax

## FY2012 Full Year Forecast

- ◇ Net Sales of **600 billion yen**, an increase of 56.5 billion yen (**increased by 10.4%**) year-on-year
- ◇ Operating income of **27 billion yen**, an increase of 6.3 billion yen (**increased by 30.3%**) year-on-year
- ◇ Net income of **11 billion yen**, an increase of 5 billion yen (**increased by 83.5%**) year-on-year
- ◇ Scheduled full-year dividend of **10 yen** per share (interim dividend of 5 yen and year-end dividend of 5 yen)
- ◇ Exchange rate of FY2012: **1US\$=¥80, 1EURO=¥105**

# 1. Consolidated Statements of Operation

For New Technology Network



(100 million yen)

	FY2010 Results ①	FY2011 Results ②	FY2012 Forecast ③	Year on year		
				FY2011 ②-①	FY2012 ③-②	
Net sales	5,301	5,435	6,000	134	565	
Operating income	246	207	270	- 38	63	
Operating margin	(4.6%)	(3.8%)	(4.5%)	(-0.8%)	(0.7%)	
Ordinary income	211	187	220	- 24	33	
Extraordinary income/loss	18	- 23	- 25	- 41	- 2	
Net income	144	60	110	- 84	50	
Exchange rate	US \$	85.7	79.1	80.0	- 6.7	0.9
	EURO	113.1	109.0	105.0	- 4.1	- 4.0

## 2. Net Sales by Region

(100 million yen)

	FY2010	FY2011	FY2012	Year on year		Year on year	
	Results	Results	Forecast	FY2011		FY2012	
	①	②	③	②-①		③-②	
				Volume	Forex	Volume	Forex
Japan	1,866	1,934	2,024	69	0	90	0
Americas	1,180	1,246	1,434	163	- 96	175	12
Europe	1,328	1,330	1,390	53	- 51	112	- 51
Asia & Others	927	924	1,152	38	- 40	226	2
Total	5,301	5,435	6,000	322	- 188	602	- 37

### 3. Net Sales and Operating Income by Business Sector

#### <Net Sales by Business Sector>

(100 million yen)

	FY2010	FY2011	FY2012
	Results	Results	Forecast
	①	②	③
Automotive	3,444	3,429	3,772
Industrial machinery	995	1,066	1,161
Aftermarket/ Distributor	862	940	1,067
Total	5,301	5,435	6,000

Year on year			
FY2011		FY2012	
②-①		③-②	
Volume	Forex	Volume	Forex
109	- 124	363	- 20
104	- 32	100	- 6
109	- 31	139	- 11
322	- 188	602	- 37

#### <Operating Income by Business Sector>

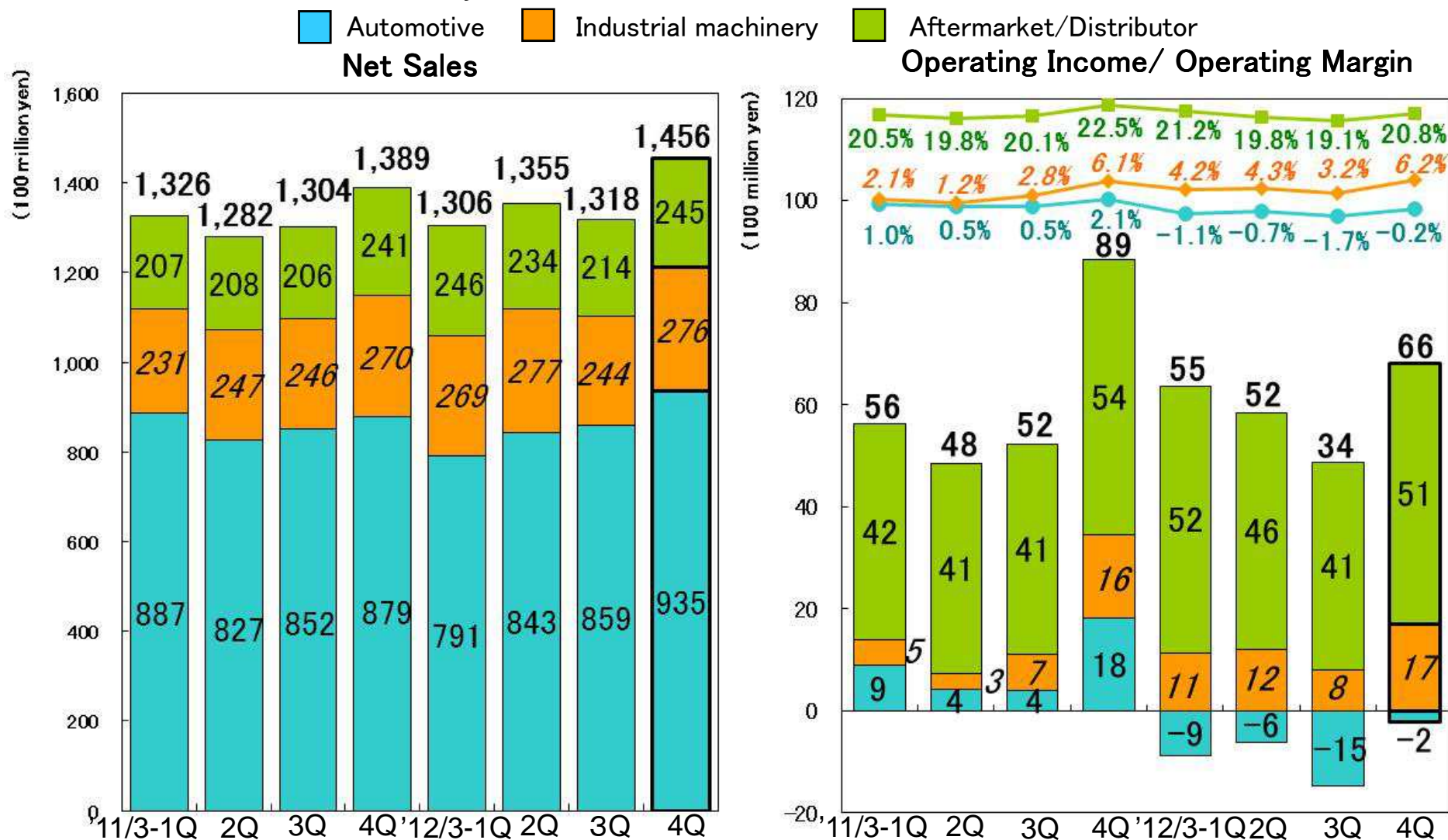
(100 million yen)

	FY2010	FY2011	FY2012
	Results	Results	Forecast
	①	②	③
Automotive	35	- 32	2
Industrial machinery	31	48	52
Aftermarket/ Distributor	179	191	216
Total	246	207	270

Year on year	
FY2011	FY2012
②-①	③-②
- 67	34
17	3
12	26
- 38	63

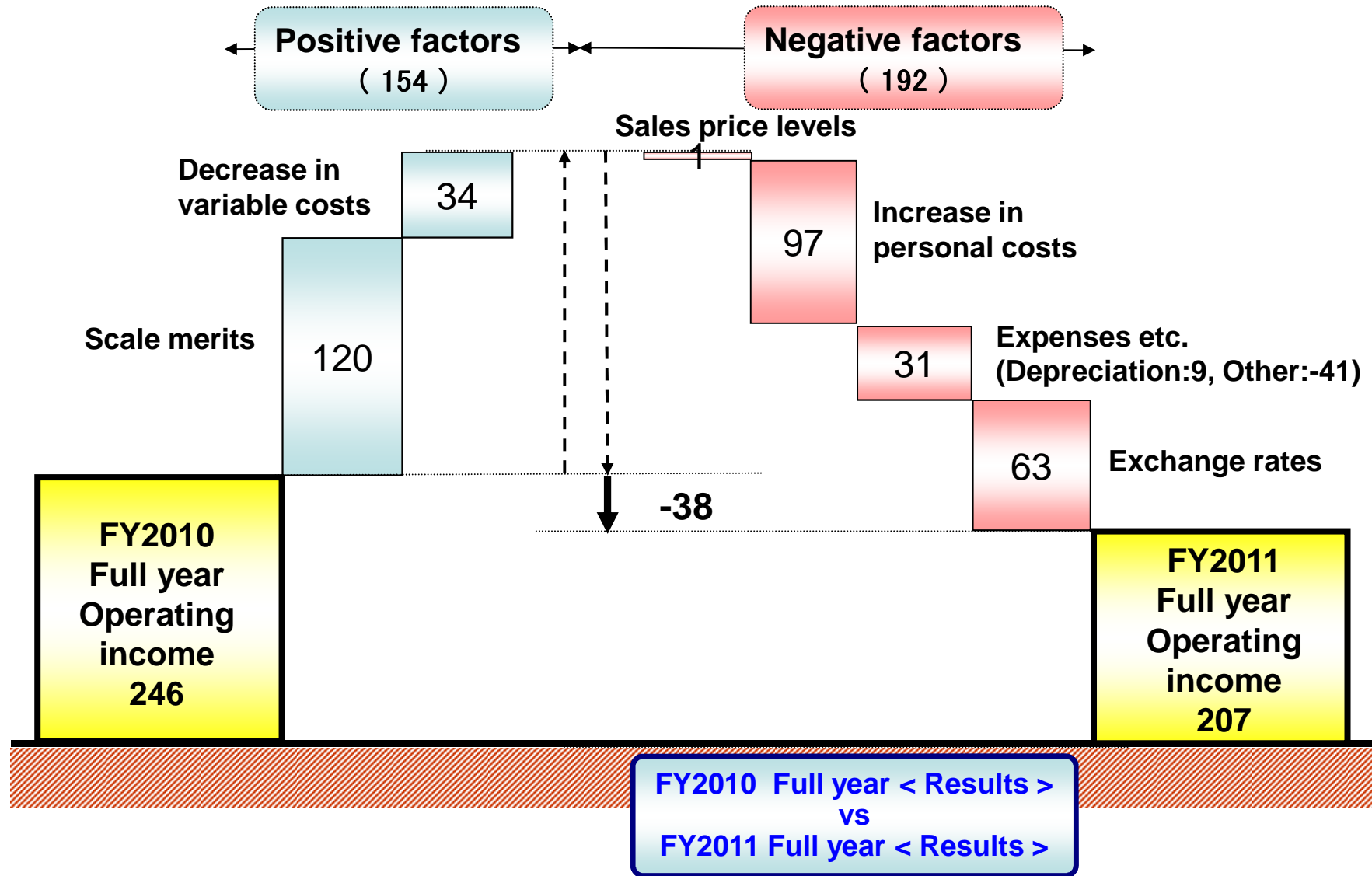
# 4. Results by Business Sector (Quarterly Trend)

◆ The automotive market saw a significant increase due to recovery of production from the floods in Thailand. In 4Q, demand for industrial machinery and aftermarket/distributors also increased.



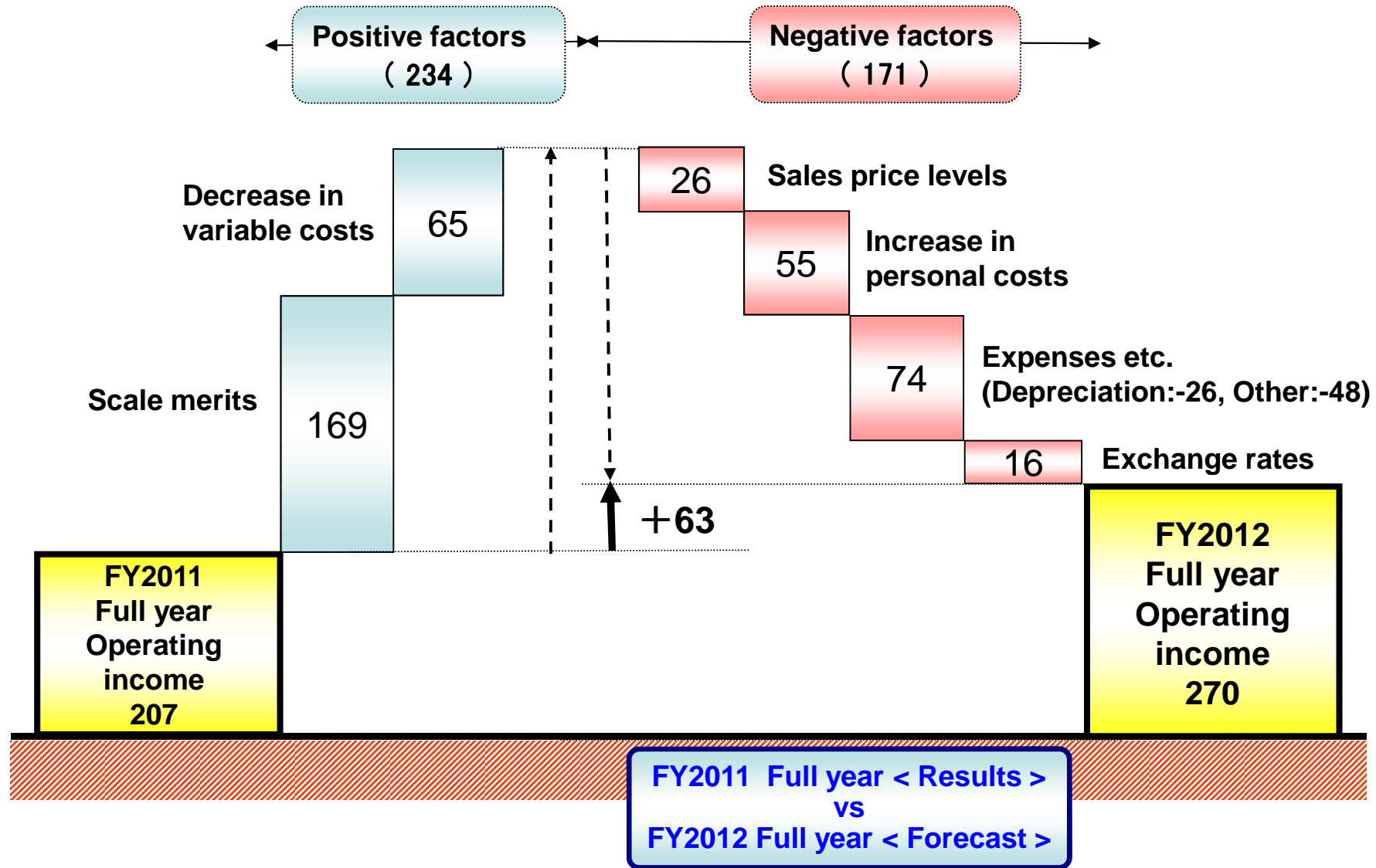
# 5-1. Analysis of Operating Income (FY2011)

\* All figures in 100 million yen.



# 5-2. Analysis of Operating Income (FY2012)

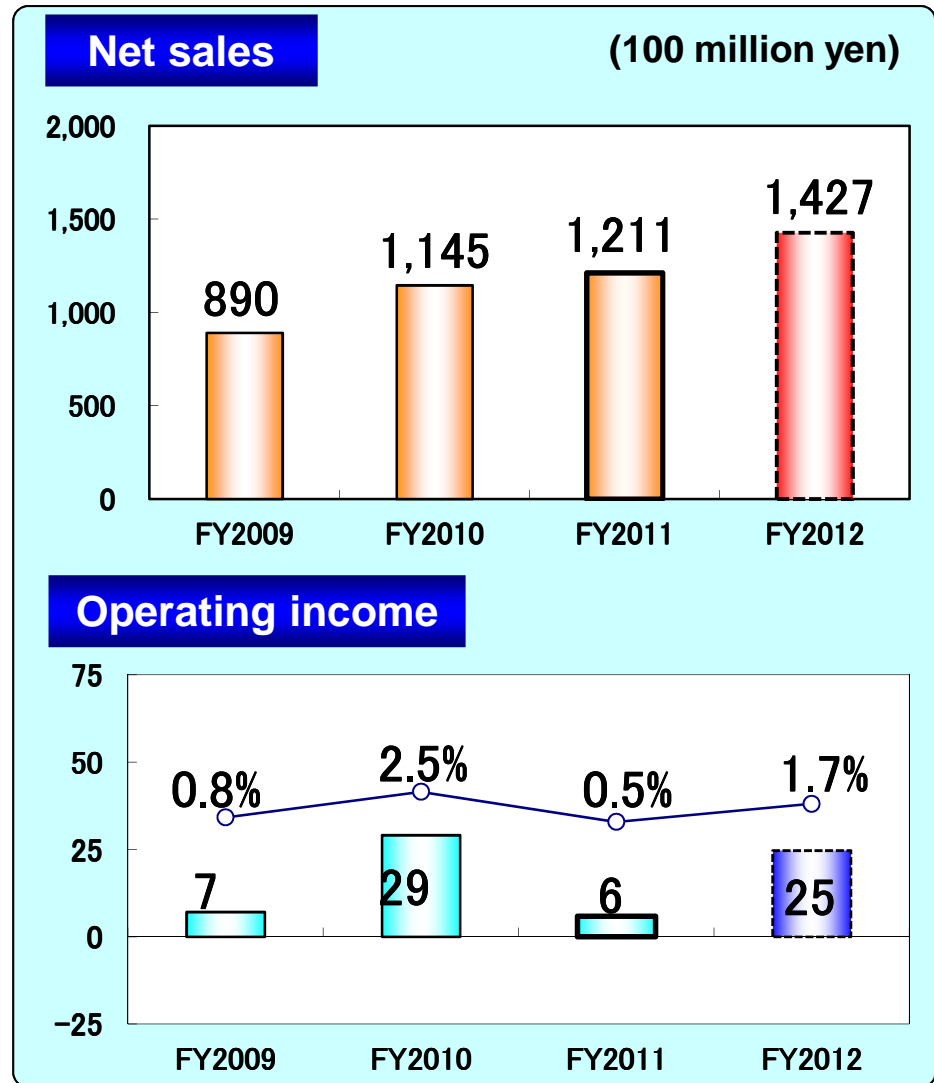
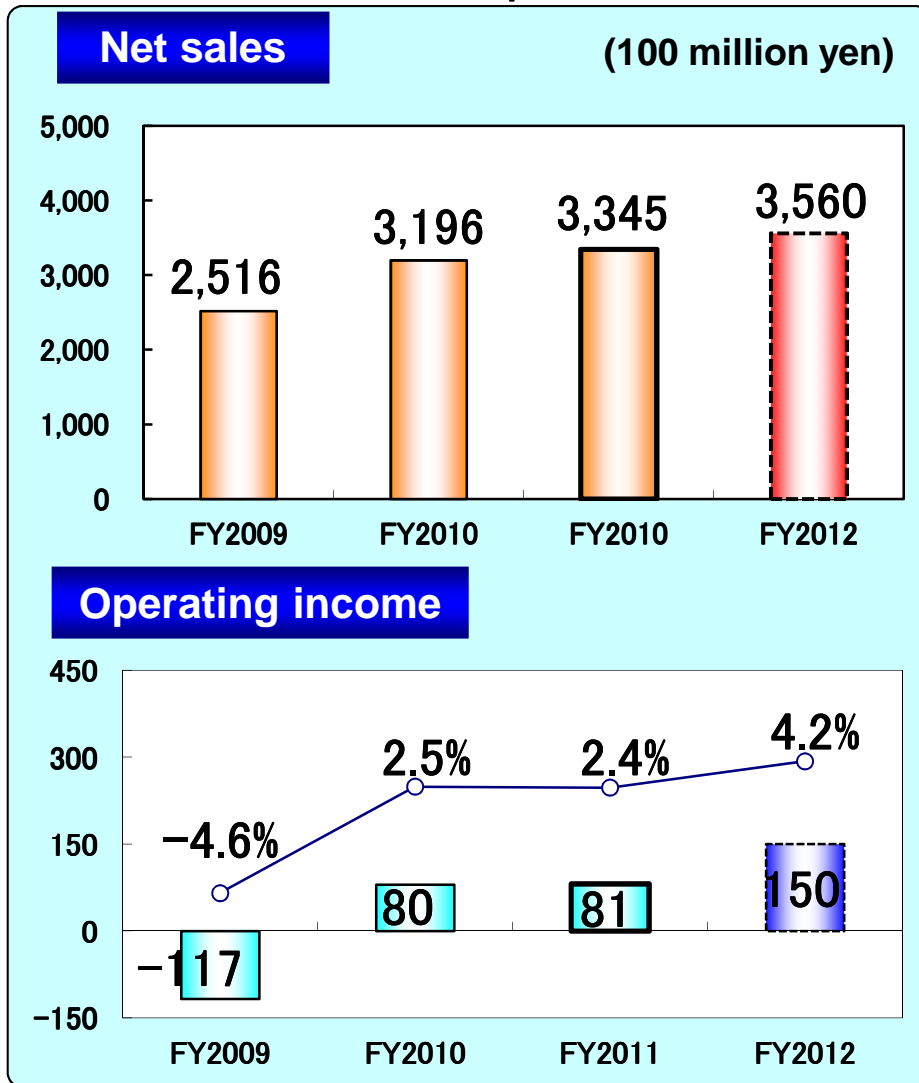
\* All figures in 100 million yen.



# 6. Net Sales and Operating Income by Region

## 《 Japan 》

## 《 Americas 》





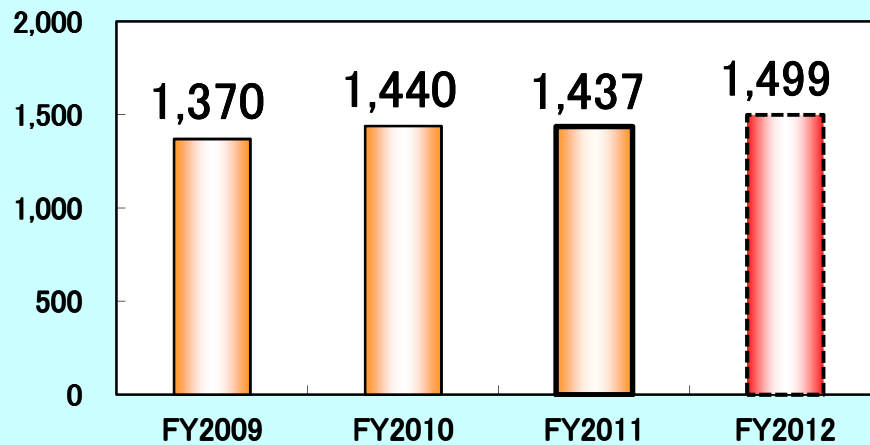
# 6. Net Sales and Operating Income by Region

## 《 Europe 》

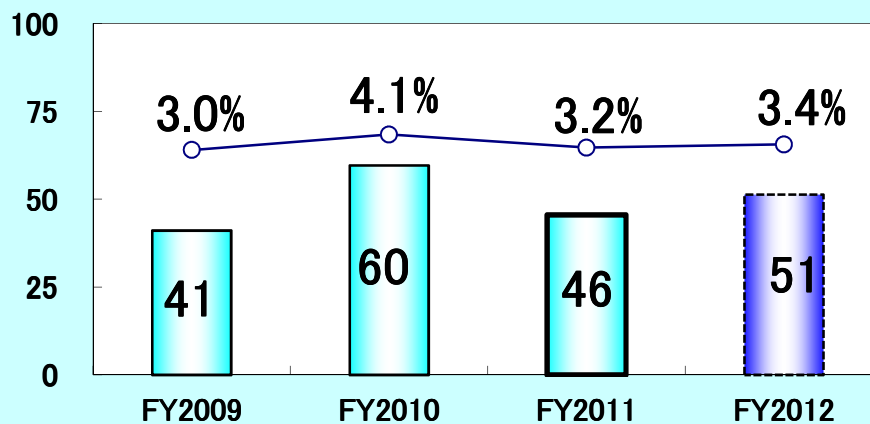
## 《 Asia & Others 》

### Net sales

(100 million yen)

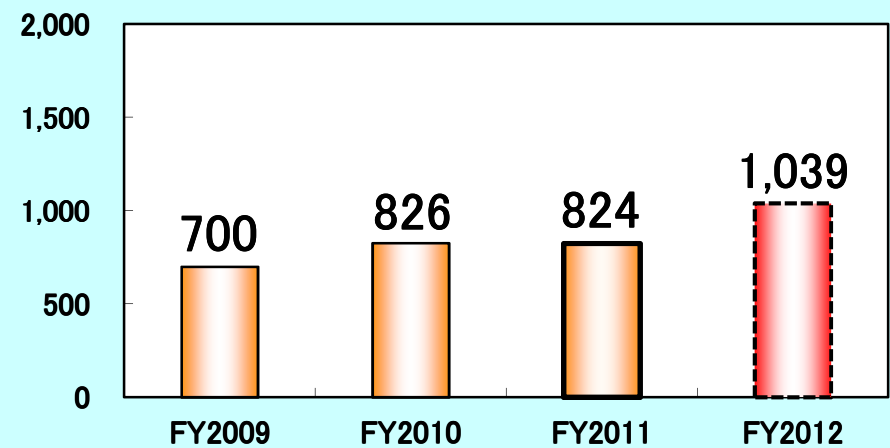


### Operating income

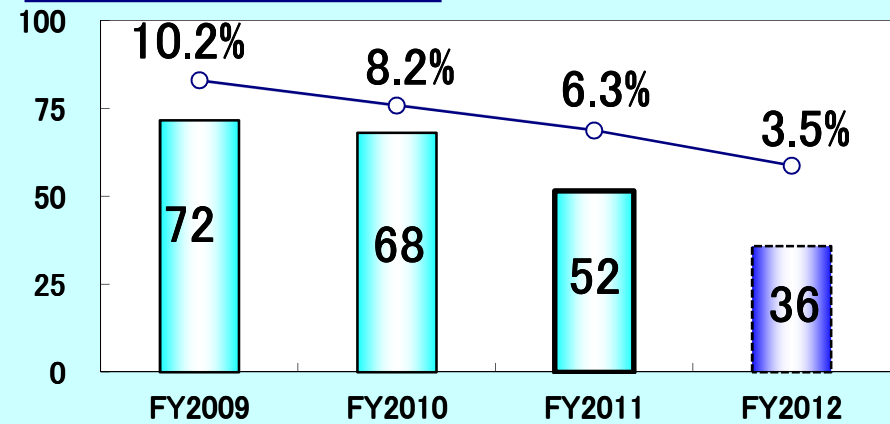


### Net sales

(100 million yen)

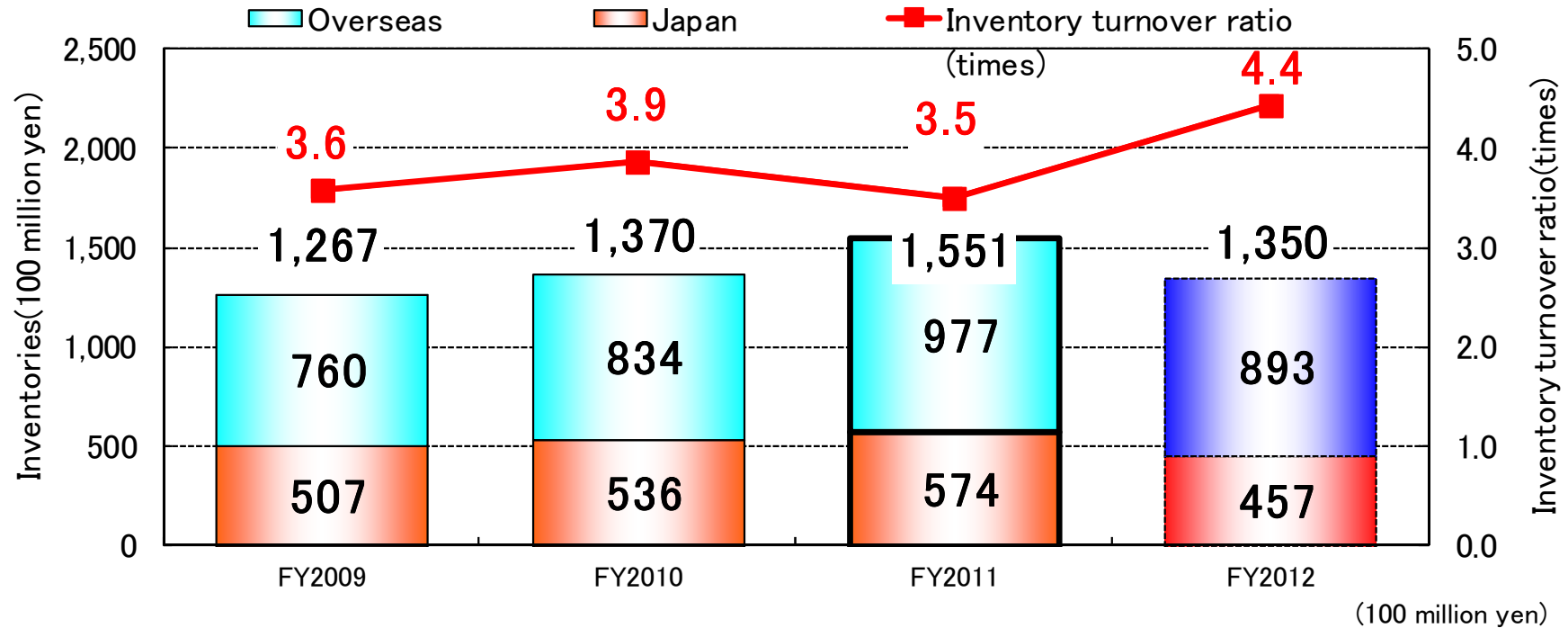


### Operating income



# 7. Inventories

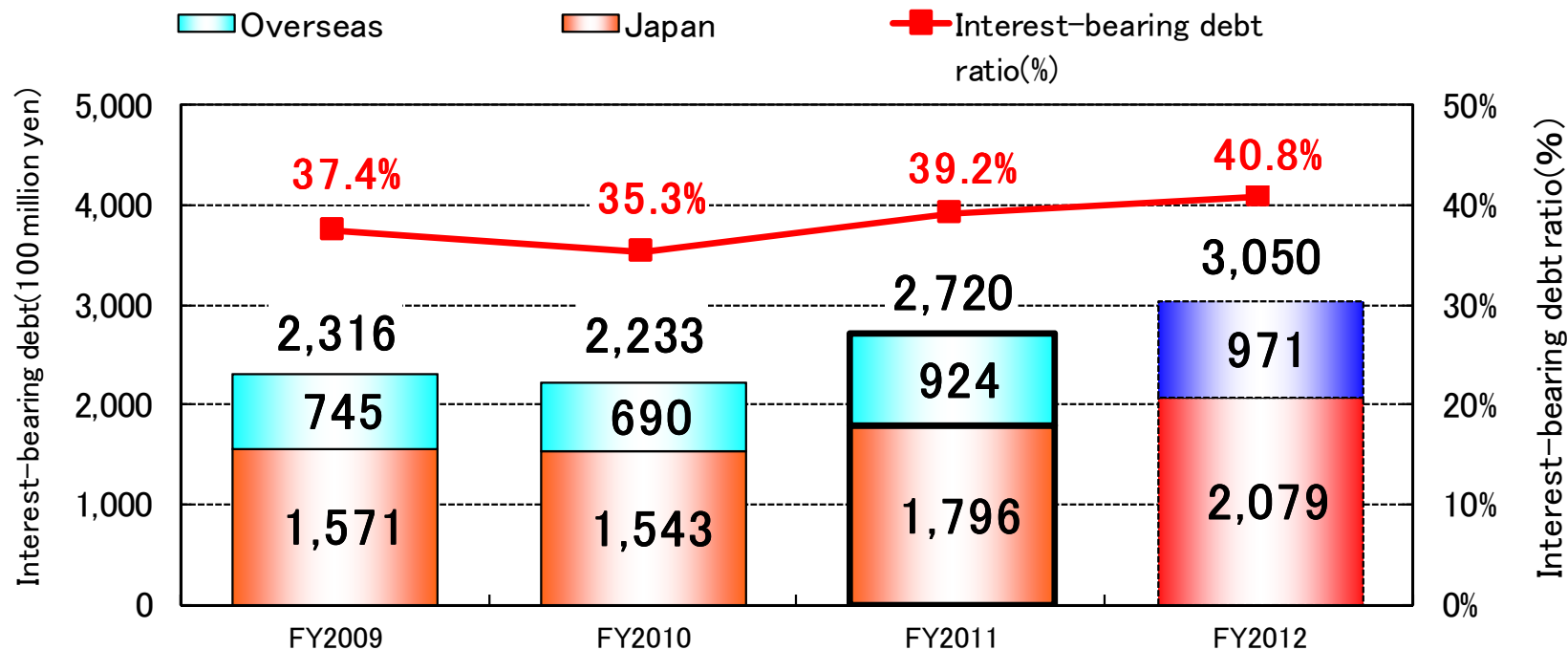
◆ Increased in March 2012 due to decreased demand in Europe and preparation for sales increases in the following fiscal year.



	FY2009 Results	FY2010 Results	FY2011 Results	FY2012 Forecast
<b>Inventories</b>	1,267	1,370	1,551	1,350
Overseas	(760)	(834)	(977)	(893)
Japan	(507)	(536)	(574)	(457)
<b>Inventory turnover ratio (times)</b>	3.6	3.9	3.5	4.4

# 8. Interest-Bearing Debt

◆ Forecast to increase due to equipment investments and other factors

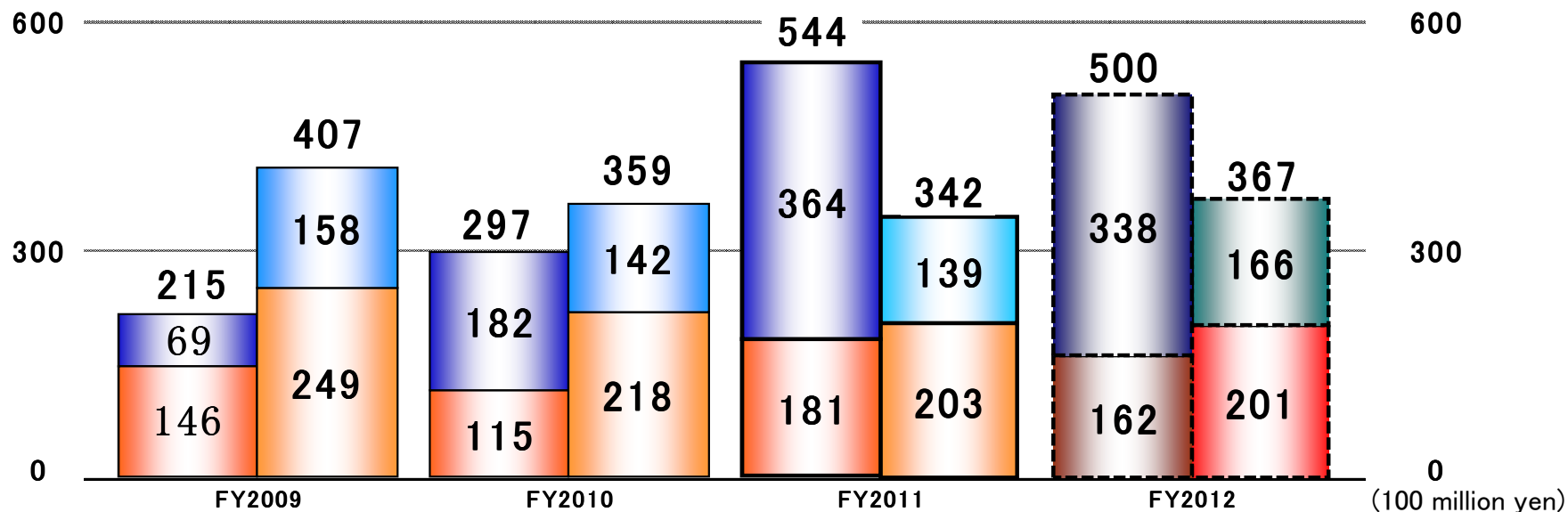
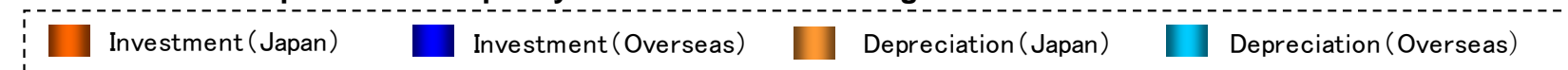


(100 million yen)

	FY2009 Results	FY2010 Results	FY2011 Results	FY2012 Forecast
<b>Interest-bearing</b>	2,316	2,233	2,720	3,050
Overseas	(745)	(690)	(924)	(971)
Japan	(1,571)	(1,543)	(1,796)	(2,079)
<b>Interest-bearing debt</b>	37.4%	35.3%	39.2%	40.8%

# 9. Capital Expenditure and Depreciation

◆ Increased overseas production capacity due to investments in growth market.

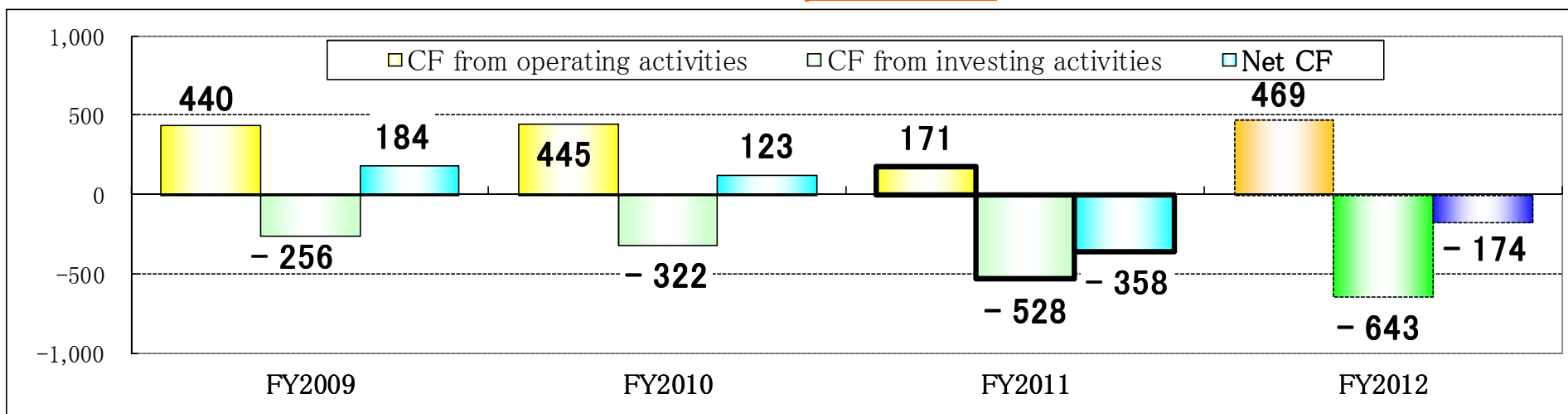


	FY2009 Results	FY2010 Results①	FY2011 Results②	FY2012 Forecast③	②-①	③-②
<b>Capital expenditure</b>	215	297	544	500	247	-44
Overseas	(69)	(182)	(364)	(338)	(182)	(-25)
Japan	(146)	(115)	(181)	(162)	(65)	(-19)
<b>Depreciation</b>	407	359	342	367	-18	26
Overseas	(158)	(142)	(139)	(166)	(-3)	(27)
Japan	(249)	(218)	(203)	(201)	(-15)	(-1)

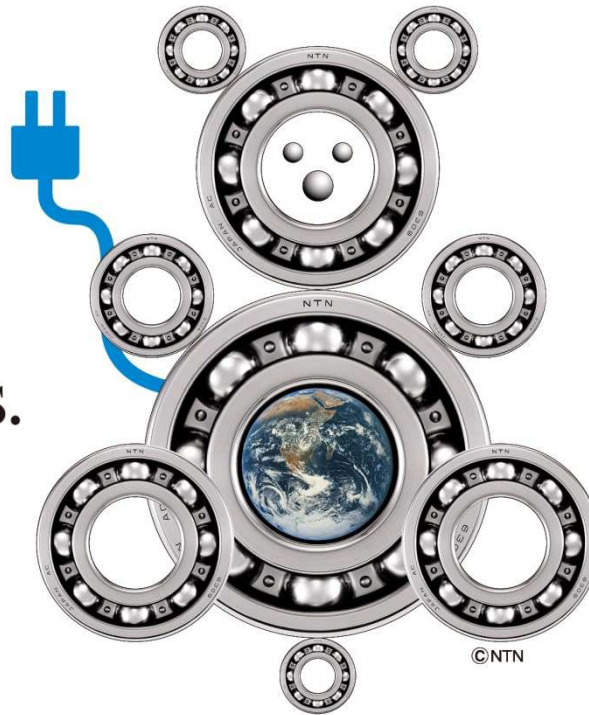
# 10. Cash Flows

◆Free cash flow is forecast to decrease by 17.4 billion yen due to an increase in cash flow from investing activities.

(100 million yen)	FY2009 Results	FY2010 Results ①	FY2011 Results ②	FY2012 Forecast③	②-①	③-②
I. Cash flow from operating activities	440	445	171	469	-275	299
II. Cash flow from investing activities	-256	-322	-528	-643	-207	-115
III. Cash flow from financing activities	-186	-67	472	307	539	-166
IV. Effect of exchanging rate translation on cash and cash equivalents	19	17	11	-6	-6	-17
V. Net increase in cash and cash equivalents	18	73	125	127	52	1



We make  
EV Systems.



For New Technology Network

**NTN**<sup>®</sup>

NTN株式会社  
[www.ntn.co.jp](http://www.ntn.co.jp)