

A vertical image on the left side of the slide shows two hands, one from a lighter-skinned person at the top and one from a darker-skinned person at the bottom, holding a glowing, golden-yellow tube. The tube is illuminated from within, creating a bright light and a soft glow around it. The background is a solid, vibrant blue.

For New Technology Network

NTN®

Consolidated Financial Results for FY2016

May 16, 2017

NTN Corporation

I . Progress of Medium-term Management Plan “NTN 100”

II . Financial Results for FY2016 and Forecast for FY2017

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I . Progress of Medium-term Management Plan “NTN 100”

II . Financial Results for FY2016 and Forecast for FY2017

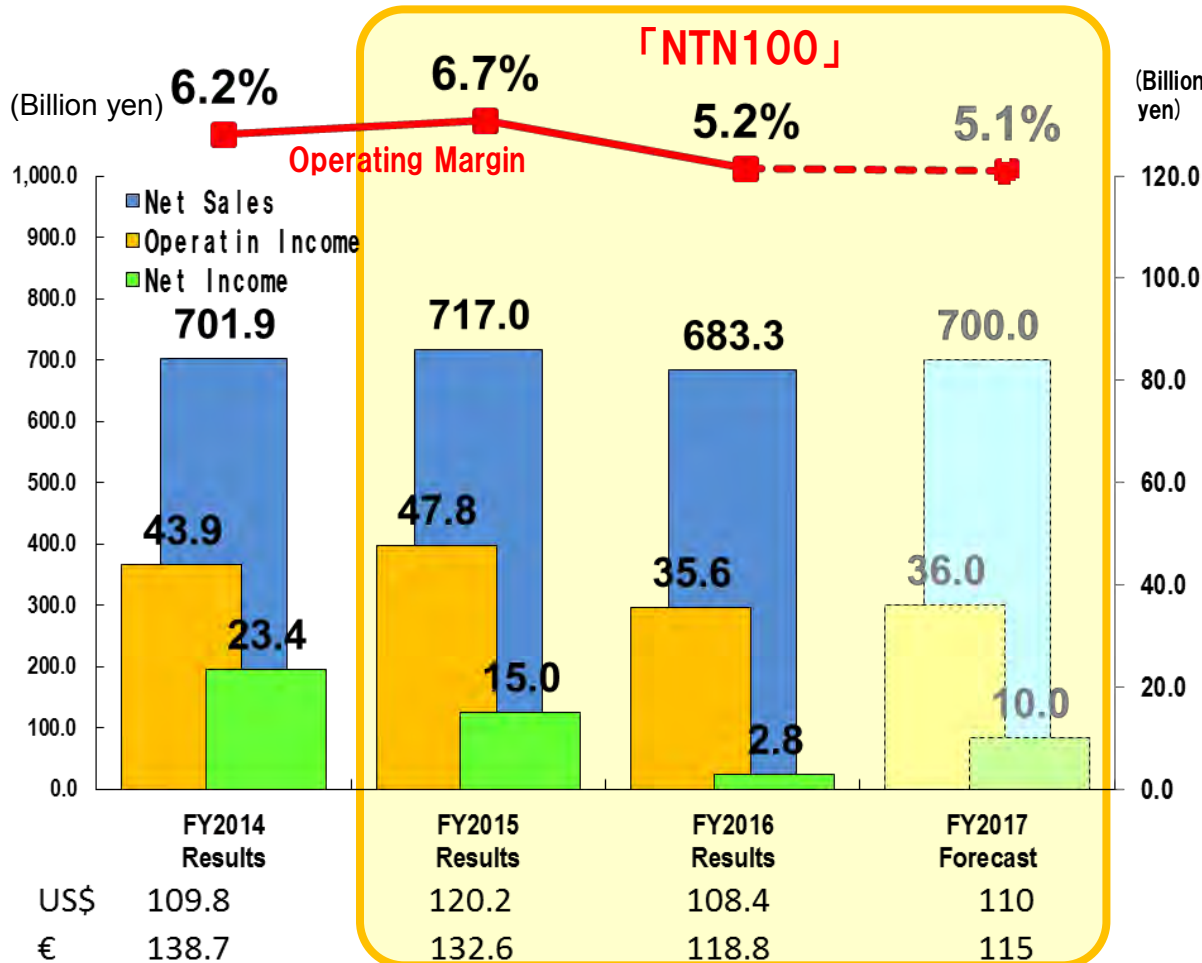
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Trends in consolidated financial results

Affected by strong yen, net sales and Operating Income decreased YoY in FY17/3 (higher sales and income excluding the effect of exchange rates)

For FY18/3, we expect an increase in YoY net sales and Operating Income.

However, Operating Margin will decline by 0.1 point due to an increase in expenses etc.



FY17/3 Results
 Figures in brackets are previous announcement
 Net sales: **¥683.3 billion** (¥650.0 billion)
 YoY -4.7%
 Exclude exchange-rates effects, +3.6%
 Operating income: **¥35.6 billion** (¥30.0 billion)
 YoY -25.4%
 Exclude exchange-rates effects, +1.9%
 Net income: **¥28.0 billion** (¥3.0 billion)
 Recorded extraordinary losses related to the Anti-Monopoly Act, etc.
 Year-end dividend: **¥5 *¥10 per annual**

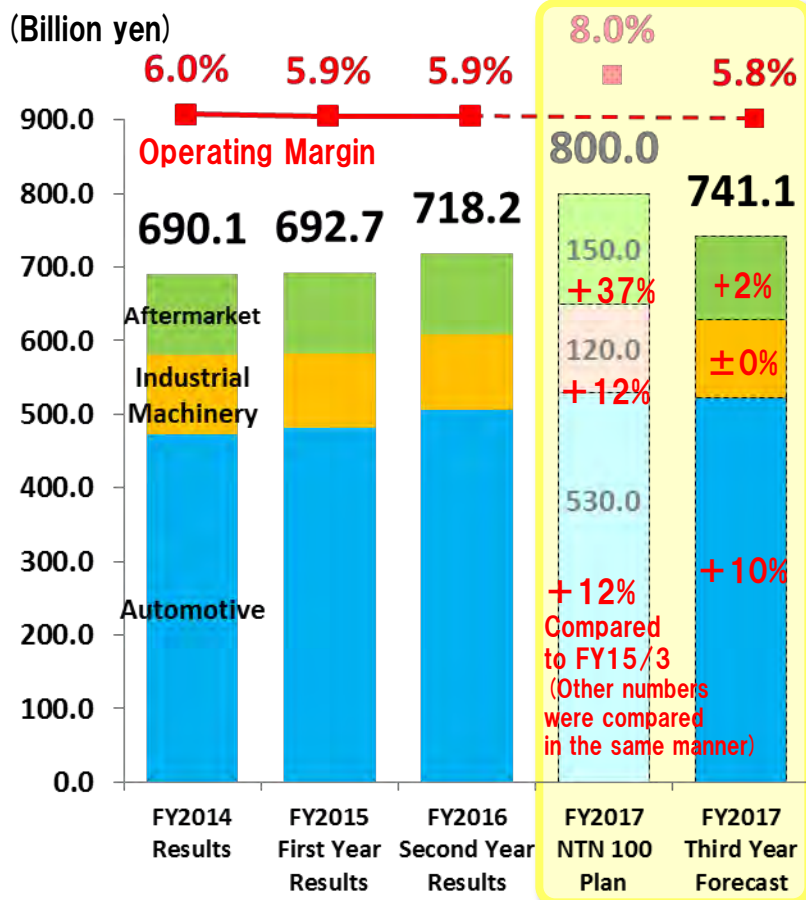
FY18/3 (Forecast)
 Net sales: **¥700.0 billion**
 YoY +2.4%
 Exclude exchange-rates effects, +3.0%
 Operating income: **¥36.0 billion**
 YoY +1.1%
 Exclude exchange-rates effects, +9.8%
 Net income: **¥10.0 billion**
 Factored in ¥10.0 billion in extraordinary losses
 Annual dividend: **¥15**
***Interim ¥7.5, year-end ¥7.5**
 Includes 5 yen dividend for commemorating the Company's 100th anniversary

Progress of NTN 100:

Sales and Operating Income by Business Sector

For the volume of goods sold after excluding the effect of exchange-rates, initial targets were not achieved for the Aftermarket Business and the Industrial Machinery Business. For the Automotive Business, progress toward initial targets was made almost as expected

Transition in physical quantity as converted to the exchange rates for NTN100*



Aftermarket (comments on NTN100 sales targets)

Although sales steadily increased in the automotive aftermarket, demand for industrial machinery AM did not grow due to a sluggish economic environment mainly in emerging economies. Over all, the targets were not achieved

Industrial machinery (comments on NTN100 sales targets)

Although sales were relatively steady in the fields of wind turbines, Gearbox, aircrafts, etc., demand for construction machinery and agricultural machinery fell short of our expectations, and the targets were not achieved

Automotive (comments on NTN100 sales targets)

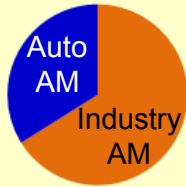
Sales increased due to stead demand in North America, new projects for EVs and other factors, progress was made basically as expected

For operating income after excluding the effect of exchange rates, profits from drive-shafts of automobiles were improved however sales decreased in terms of the industrial machinery aftermarket and industrial machinery OEM and the improvement in operating income of the Group as a whole is expected to be limited

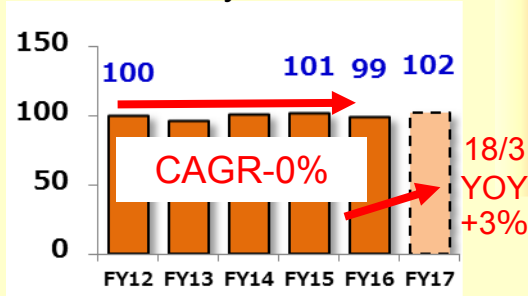
Progress of NTN 100: Aftermarket Business

Although sales was stagnant in the industrial machinery aftermarket due to deteriorated market conditions, we have worked to improve brand strength.
In the automotive aftermarket, sales steadily increased mainly in North America and Europe

Composition



Sales trends in industrial machinery aftermarket



Improving Brand Strength

Expansion of the ULTAGE series
Introduction of labels as a measure against counterfeit (April)



World-highest bearing function

Holograms and micro characters used to defend against counterfeit

Visit by "technical service units"

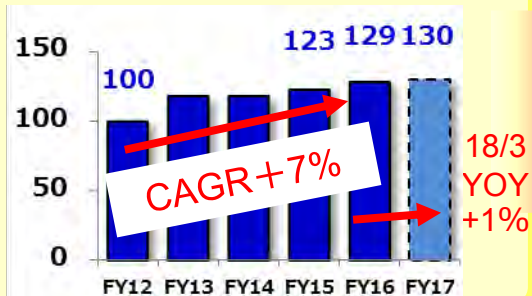


Approx. 900 companies are visited annually to hold technical workshops

Sales of "handy type failure detection devices"

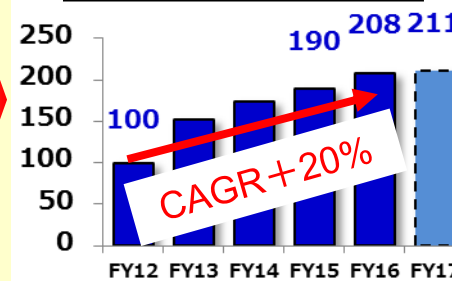


Sales trends in automotive aftermarket

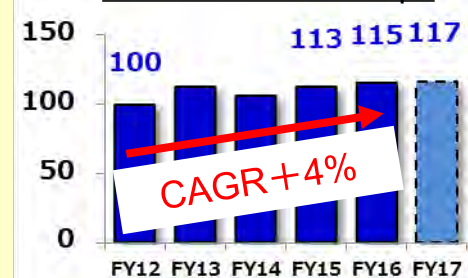


Expanding the line-up of products for automobiles in Americas and Europe

Sales Trends in Americas



Sales Trends in Europe



Our two-year efforts resulted in achievement of a 2-digit share in the global market

(approx. 50% share in the domestic market) *Estimated by our company

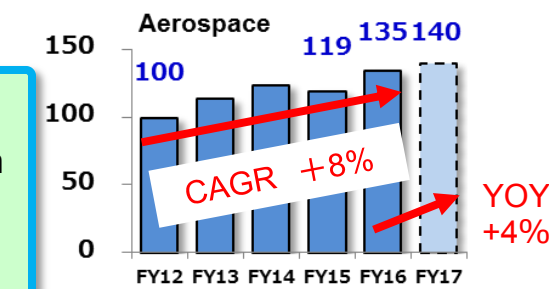
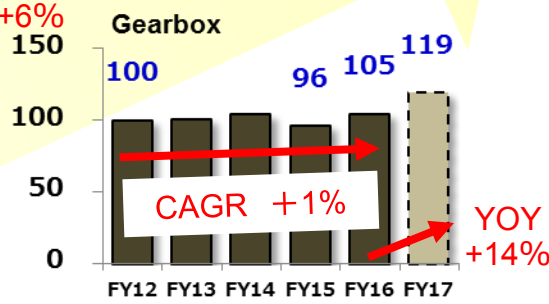
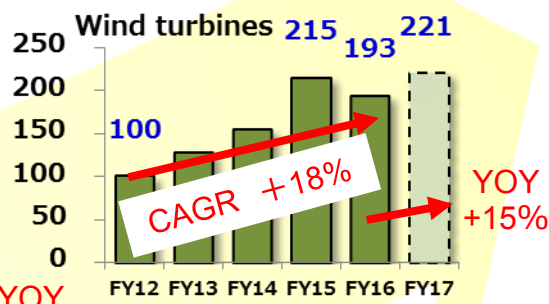
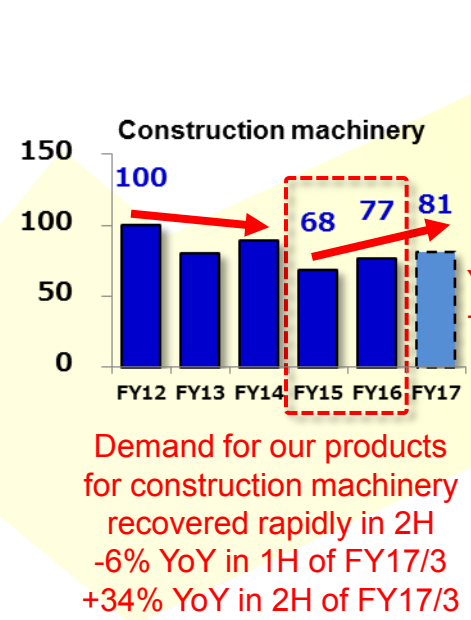
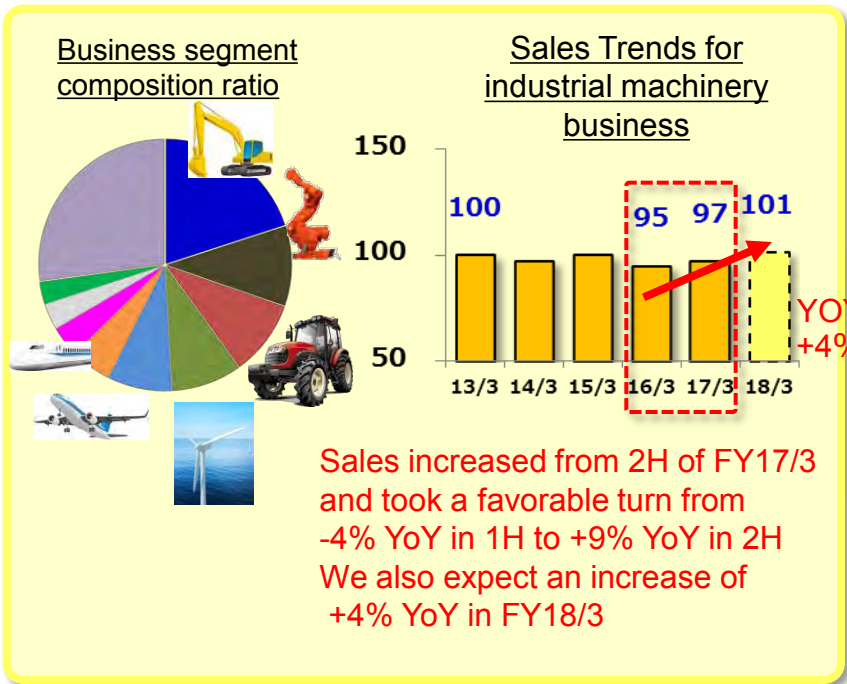
We will continue to promote various measures to strengthen customer services by shortening production and logistics lead times

We will focus on sales expansion for MRO projects and work on strengthening NTN brand and expanding sales.

Progress of NTN 100: Industrial Machinery Business

For sales of our main products for construction machinery, demand recovered from the second half of FY17/3 and continued to recover steadily in the first half of FY18/3

Business segments we focus on, such as wind turbines, Gearboxes (robots) and aircrafts, showed strong sales

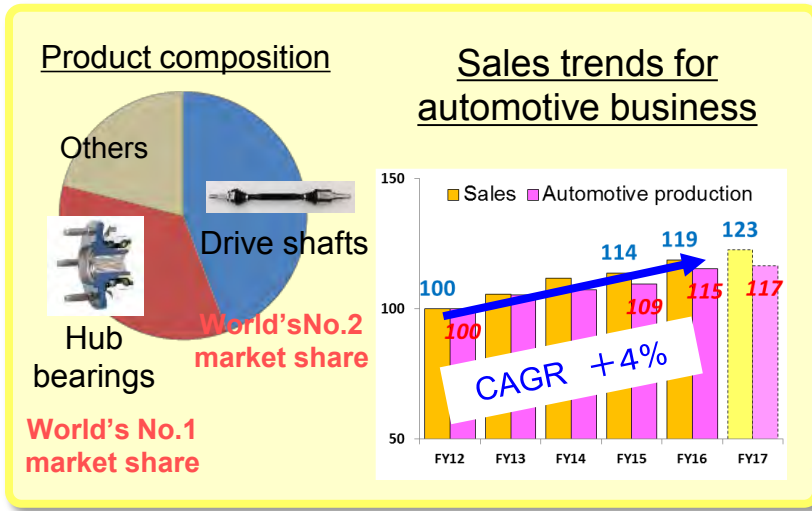


Construction machinery: Market launch of highly valued added products
 Wind turbines: Development of large bearings for power generators on the ocean
 Gearboxes: Development of bearings for next-generation reducers for robots
 Aircrafts: Expansion of production capacity for aircraft bearings in Europe

Note: The pie chart shows business segment composition ratios for FY17/3, and bar graphs show an index of transition of physical quantity. CAGR is an annual average growth rate for five years from FY13/3 to FY17/3. YOY indicates comparison of physical quantities between FY17/3 and FY18/3 unless otherwise stated.

Progress of NTN 100: Automotive Business and EV(-related) Business

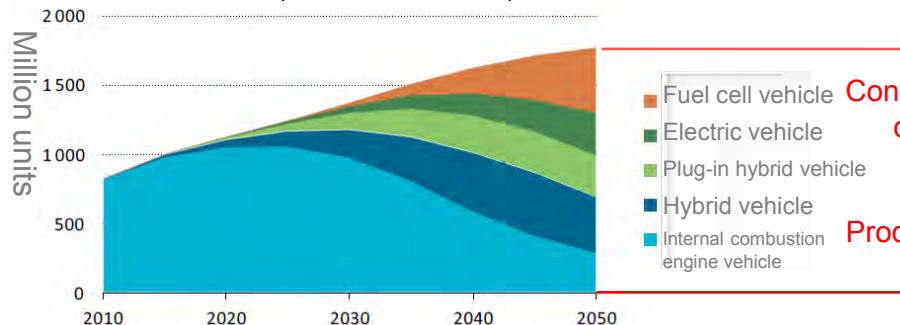
Progress was achieved satisfactory due to robust demand and promotion of structural reforms of the driveshaft business, standardization based on new technologies, etc.
We promoted market launch of products such as “electric motors and actuators” in line with automotive electrification, automatic driving, etc.



Expand the strong core product business and strengthen profits generation through new products and technologies and by increasing production capacity

Growth in the number of units produced

(Source: IEA2014)



Continuous adoption of drive shafts and hub bearings + Products responding to electrification



Responding to automobile electrification and automatic driving. In addition to core products, expand the EV(-related) business, a new business areas mentioned in NTN100

Progress of NTN 100: Natural Energy Business

For New Technology Network



Promote commercialization of natural energy products by utilizing of innovative “wing” technology

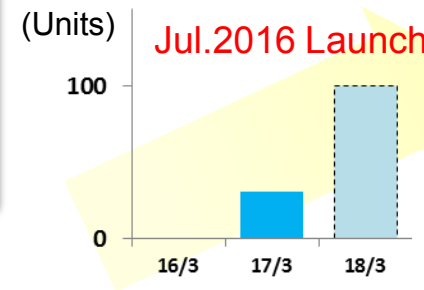
1. Launch of “Hybrid Street Lights” (July 2016)

Hybrid Street Lights generate electric energy by utilizing wind and solar power and automatically activate LED lights during the nighttime

- Providing secure and safe lights with quiet and independent power supply
- Able to be used for receiving and transmitting emergency evacuation information when a disaster occurs
- Contributing to improvement of crime prevention by adding a monitoring function



- [1] Provide lights, communication functions (Wi-Fi), etc. in areas with no electric cables in Japan and abroad
- [2] Strengthen cooperation with local governments across the nation, and other parties
- [3] Donate those lights for use in facilitating reconstruction of disaster-stricken areas and preventing disasters, as a part of the Company’s 100th anniversary project



2. Sequential launch of “NTN Micro Hydro Turbines” and “Compact Wind Turbines (10kW)”

“NTN Micro Hydro Turbines”

(scheduled for release in June 2017*)



- Generate electric energy simply by placing them in an irrigation channel, etc.
- Generate electric energy stably and Highly efficiently
- Easily generate and supply electric energy in areas with no electric cables

“Compact Wind Turbines (10kW)”

(scheduled for release in December 2017*)



Iwata City, Shizuoka Prefecture
Started a demonstration test in Iwata Eco-Park

- Generate electric energy extremely quietly and highly efficiently
- Started a demonstration test in Japan
- Promote acquisition of NK certification


NTN 100 Progress of NTN 100: Robot-related Business Service Solution Business

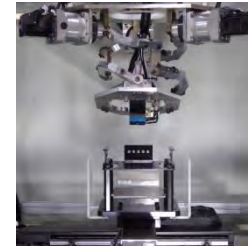
Promote commercialization in a new business areas under the theme of
“Working and Living with People” and “Utilizing of Bid Data”

1. Promotion of development of applications for “Parallel Link Type High Speed Angle Control Equipment”

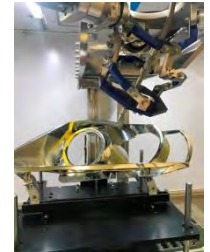
Special parallel link mechanism taking advantage of drive shaft technology

- Achieved a wider range of moving angles with compact equipment
- Positioning at high speed and with high accuracy is possible

- 
- [1] Propose introduction in automatic production equipment
 - [2] Propose use of the equipment as a substitute for experienced skills required in welding and other processes
 - [3] Promote collaboration with customers and other companies



“Parallel link type high speed angle control equipment”




Collaboration with high precision cleaning system
(Photo: courtesy of Air Water Inc.)

2. Advancement of “Condition Monitoring System (CMS) for Wind Turbines” and roll-out to other fields

Monitor the operating condition consistently by utilizing bearing diagnostic and sensing technologies accumulated through many years of our experience

- Cover a wide range of areas including the ocean
- Remote measurement and diagnosis are possible
- Detect abnormalities quickly through learning function and automatic diagnosis

- 
- [1] Promote further advancement of analysis technologies
 - [2] Roll-out to other fields such as rolling stocks



Condition monitoring system
“Wind DoctorTM”



Roll-out to other fields
Contribute to safety and security

Progress of NTN 100: Strengthening the Manage Foundation

Strengthening of global control and risk management (progress)

1. Promote supply chain CSR

Responding to social issues such as human rights, labor practices, the environment and anti-corruption

- * Supporting the UN Global Compact's ten principles

Requesting suppliers to take actions through briefing (twice a year), questionnaire surveys (approx. 350 companies), etc.

- * Under the basic procurement policy, take actions based on the CSR Procurement Guidelines and the NTN Green Procurement Standards
- * Make efforts to conduct survey on, and promote non-use of, conflict minerals

2. Ensure compliance

Holding “Compliance Committee,” a “Fair Trade Monitoring Committee,” and a “CSR Global Meeting”

- * Establishment of Anti-Bribery Rules, awareness-raising activities such as e-learning
- * Provide compliance and management education to employees transferred overseas and executive managers of subsidiaries
- * Strengthen internal control globally in cooperation with Internal Control Sections of oversea districts



CSR Global Mtg.

3. Strengthen of the “risk management”

Constructing a database to globally prevent occurrence of risks and alleviate risks through the “Risk Control Committee”

Building a “Business Continuity Management (BCM)” system at the head office and Iwata business place (model district), and then rolling out to other business places

4. Invest to strengthen the manage foundation

Investment in intangible fixed assets to re-build IT core systems

FY17/3: 5.9 billion yen, FY18/3: approx. 8.5 billion yen * Sequential introduction of financial and personnel systems

Progress of “NTN 100” :

Key Management Indicators

Creation of FCF for 2 years exceeded expected with the effects of improving profitability and inventory reduction. However, related indicators decreased, because net income decreased due to loss related to Anti-monopoly Act and lawsuits and others.

1. Strengthen asset efficiency	3-year period				NTN 100 target
	FY2015 Result	FY2016 Result	FY2017 Full year forecast	Total amount Average rate	
Reduction of interest-bearing debt (excluding foreign exchange impact)	¥ 26.2 billion reduction	¥ 1.8 billion reduction	¥ 2.2 billion increase	¥ 25.7 billion reduction	¥ 60.0 billion reduction / 3 years
Inventory reduction (inventory turnover ratio)	4.0 times / year	4.0 times / year	4.1 times / year	4.1 times / year	4.5 times / year
Capital expenditure	¥ 36.3 billion / year	¥ 35.4 billion / year	¥ 44.0 billion / year	¥ 115.7 billion / 3 years	¥ 135.0 billion / 3 years
FCF	¥ 12.5 billion	¥ 21.2 billion	¥ 0 billion	¥ 33.7 billion / 3 years	¥ 67.0 billion / 3 years
Equity to capital ratio	29.2%	28.7%	29.1%	29.1%	30.0% or more
Net D/E ratio	1.1	1.1	1.1	1.1	1.0 or less
ROE	6.3%	1.2%	4.3%	3.9%	Over 14%

2. Improvement of the profit margin on sales	3-year period				NTN 100 target
	FY2015 Result	FY2016 Result	FY2017 Full year forecast	Average	
Operating margin	6.7%	5.2%	5.1%	5.7%	8.8%

3. Shareholder return	3-year period				NTN 100 target
	FY2015 Result	FY2016 Result	FY2017 Full year forecast	Average	
Dividends	Annual ¥ 10 Dividend payout ratio of 35%	Annual ¥ 10 Dividend payout ratio of 188%	Annual ¥ 15 Dividend payout ratio of 80%	- Dividend payout ratio of 67%	- Dividend payout ratio of 30% is basic idea

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★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**
 - (1) Japan, Americas**
 - (2) Europe, Asia and others**
- 7. Inventories**
- 8. Interest-Bearing Debt**
- 9. Capital Expenditure and Depreciation**
- 10. Cash Flows**

Financial Results for FY2016 : Key Factors

FY2016 Results

- ◇ Net sales: **¥683.3 billion**, a **-¥33.7 billion decrease** year-on-year
(Excl. forex increase +¥25.6billion, **+3.6%** increase year-on-year)
- ◇ Operating income: **¥35.6 billion**, a **-¥12.1 billion decrease** year-on-year
(Excl. forex, increase **+¥0.8 billion**, **+1.6%**)
- ◇ Extraordinary income/loss: **-¥14.7 billion**
(Extraordinary income **+¥2.1 billion**, Extraordinary losses **-¥16.9 billion**)
- ◇ Net income: **¥2.8 billion**, **-¥12.2 billion decrease** year-on-year
- ◇ Planned fiscal year-end dividend of **5.0 yen** (Annual: **10 yen**, same as last Fiscal year)

FY2017 Forecast

- ◇ Net sales: **¥700.0 billion**, a **+¥16.7 billion (+2.4%)** increase year-on-year
- ◇ Operating income: **¥36.0 billion**, a **+¥0.4 billion (+1.1%)** increase year-on-year
- ◇ Extra ordinary loss: **-¥10.0 billion**
- ◇ Net income: **¥10.0 billion**, a **+¥7.2 billion** increase year-on-year
- ◇ Dividends: Plan for annual dividend of **15 yen**
(**¥5.0** and **¥2.5** commemorating dividends both interim and fiscal year-end)
- ◇ Exchange rates: 1US\$ = **110 yen**, 1EURO = **115 yen**

1. Consolidated Statements of Operation

(billion yen)

	FY2015 Results	FY2016 Results	FY2017 Forecast	Year on year						
				FY2016 ②-①			FY2017 ③-②			
				Total	Volume	Forex	Total	Volume	Forex	
	①	②	③							
Net sales	717.0	683.3	700.0	-33.7	25.6	-59.2	16.7	20.9	-4.2	
Operating income	47.8	35.6	36.0	-12.1	0.8	-12.9	0.4	0.9	-0.6	
Operating margin	(6.7%)	(5.2%)	(5.1%)	(-1.4%)			(-0.1%)			
Ordinary income	38.2	29.6	28.0	-8.6	4.0	-12.6	-1.6	-1.1	-0.5	
Extraordinary income/loss	-11.3	-14.7	-10.0	-3.4	-4.6	1.1	4.7	4.7	0.0	
Net income attributable to shareholders (parent company)	15.0	2.8	10.0	-12.2	-3.6	-8.6	7.2	7.5	-0.4	
Exchange rate	US \$	120.2	108.4	110.0	-11.8		-11.8	1.6		1.6
	EURO	132.6	118.8	115.0	-13.8		-13.8	-3.8		-3.8

2. Net Sales by Region

(billion yen)

	FY2015	FY2016	FY2017	Year on year					
	Results	Results	Forecast	FY2016			FY2017		
	①	②	③	②-①			③-②		
				Total	Volume	Forex	Total	Volume	Forex
Japan	189.6	191.5	193.0	1.9	1.9	-	1.5	1.5	-
Americas	212.5	194.8	202.5	-17.8	3.6	-21.4	7.7	5.8	2.0
Europe	169.0	155.0	156.5	-14.0	4.7	-18.7	1.5	6.7	-5.2
Asia and others	145.9	142.1	148.0	-3.7	15.4	-19.1	5.9	6.8	-0.9
Total	717.0	683.3	700.0	-33.7	25.6	-59.2	16.7	20.9	-4.2

3. Net Sales and Operating Income by Business Sector

<Net Sales by Business Sector>

(billion yen)

	FY2015 Results ①	FY2016 Results ②	FY2017 Forecast ③
Aftermarket	113.6	104.5	105.5
Industrial machinery	104.1	98.6	102.0
Automotive	499.3	480.2	492.5
Total	717.0	683.3	700.0

Year on year					
FY2016 ②-①			FY2017 ③-②		
Total	Volume	Forex	Total	Volume	Forex
-9.1	-0.2	-8.9	1.0	2.1	-1.1
-5.5	1.9	-7.4	3.4	4.0	-0.6
-19.0	23.9	-42.9	12.3	14.8	-2.6
-33.7	25.6	-59.2	16.7	20.9	-4.2

<Operating Income by Business Sector>

(billion yen)

	FY2015 Results ①	FY2016 Results ②	FY2017 Forecast ③
Aftermarket	17.7	14.0	15.0
Industrial machinery	5.6	1.6	2.1
Automotive	24.4	20.0	18.9
Total	47.8	35.6	36.0

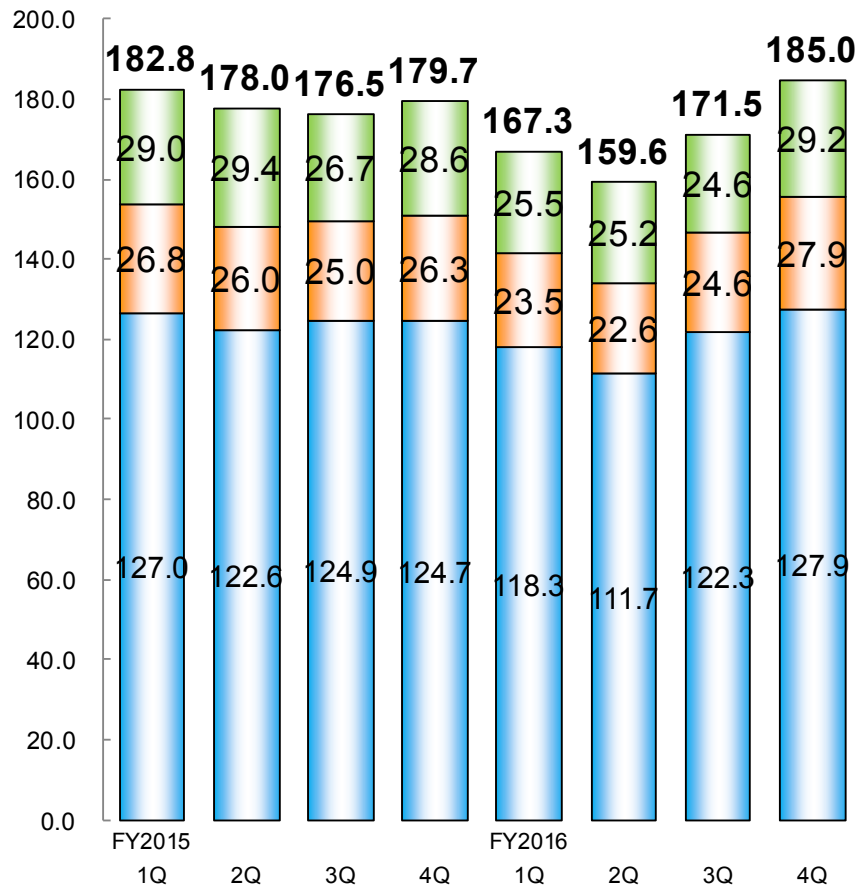
Year on year					
FY2016 ②-①			FY2017 ③-②		
Total	Volume	Forex	Total	Volume	Forex
-3.7			1.0		
-4.0			0.5		
-4.4			-1.1		
-12.1			0.4		

4. Results by Business Sector (Quarterly Trend)

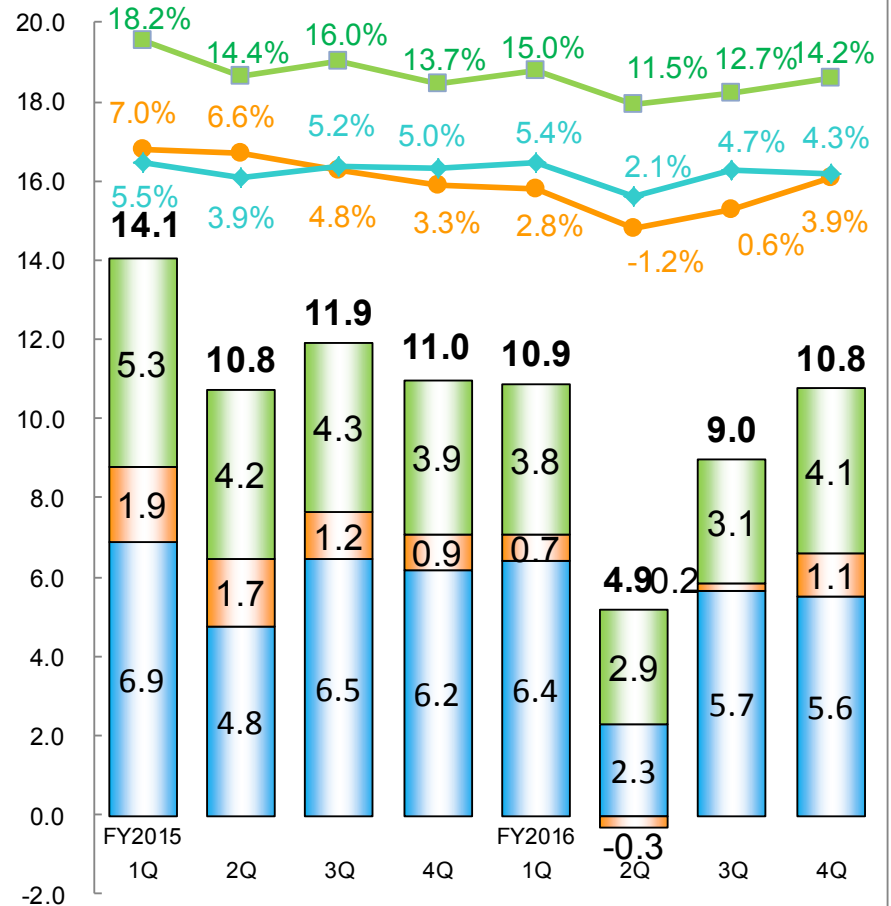
* All figures in billion yen

Automotive Industrial machinery Aftermarket

Net Sales

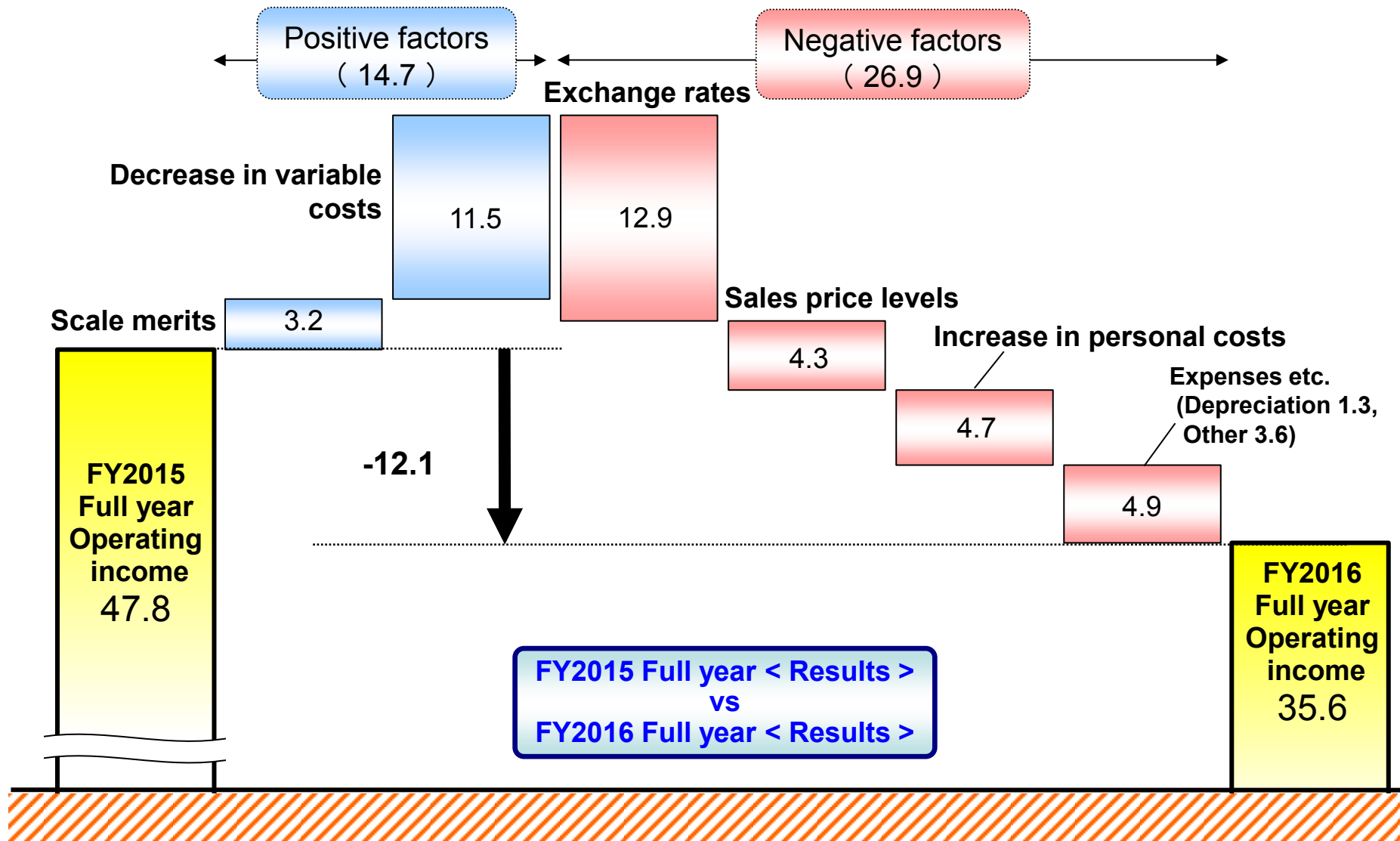


Operating Income/ Operating Margin



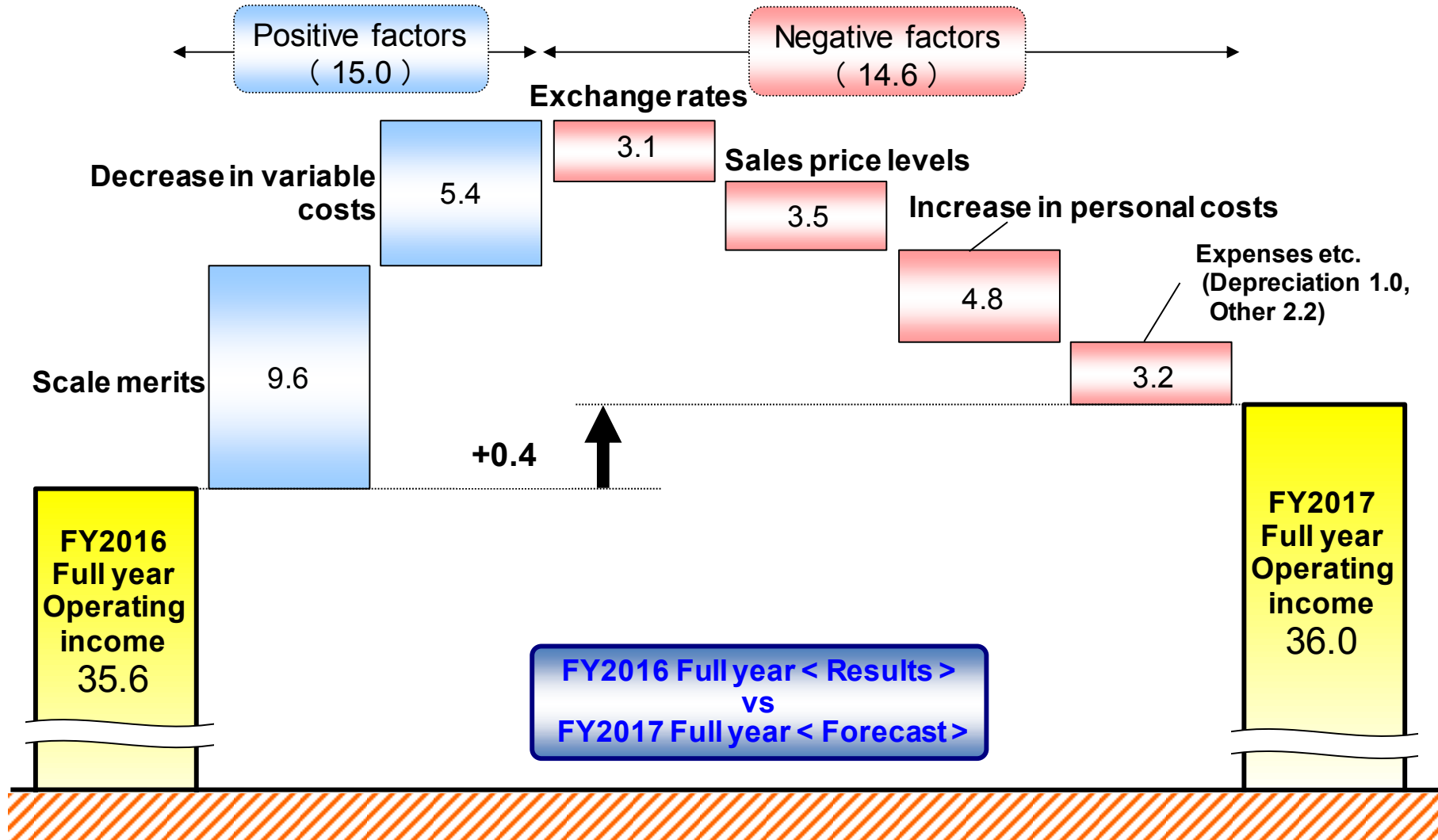
5-1. Analysis of Operating Income (FY2016)

* All figures in billion yen



5-2. Analysis of Operating Income (FY2017)

* All figures in billion yen



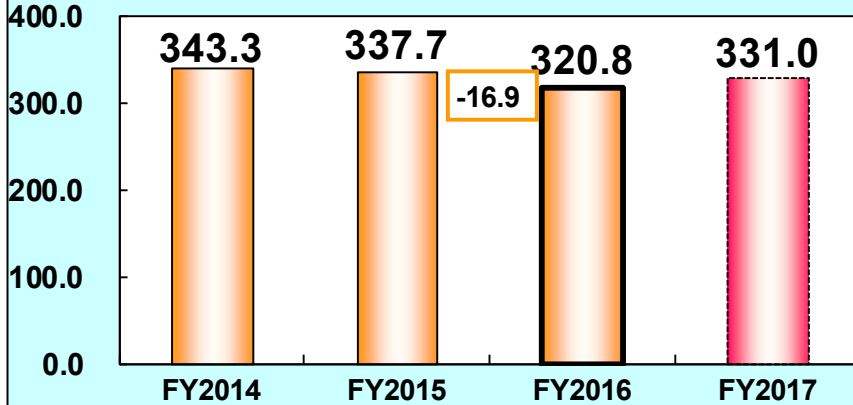
6. Net Sales and Operating Income by Company Location

* All figures in billion yen

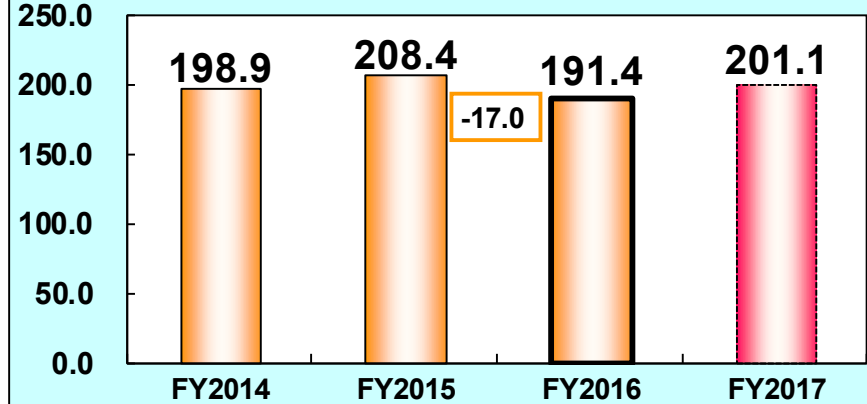
《 Japan 》

《 Americas 》

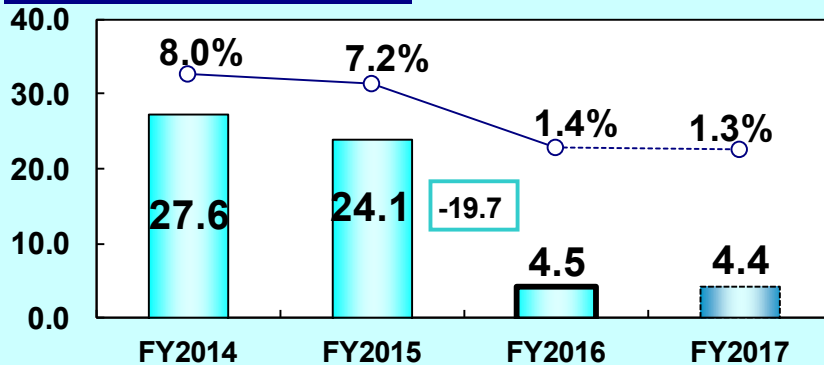
Net Sales



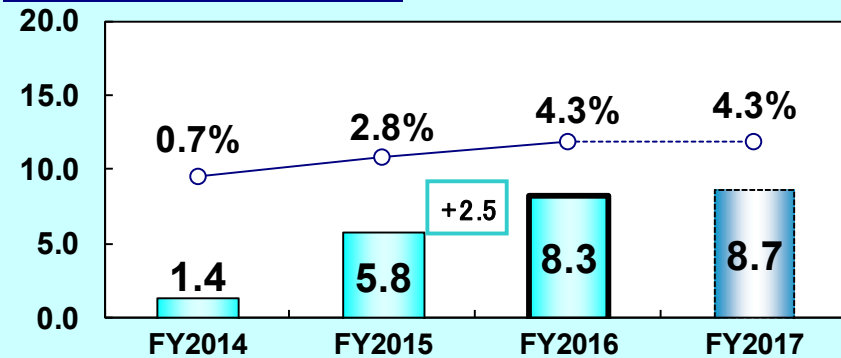
Net Sales



Operating Income



Operating Income

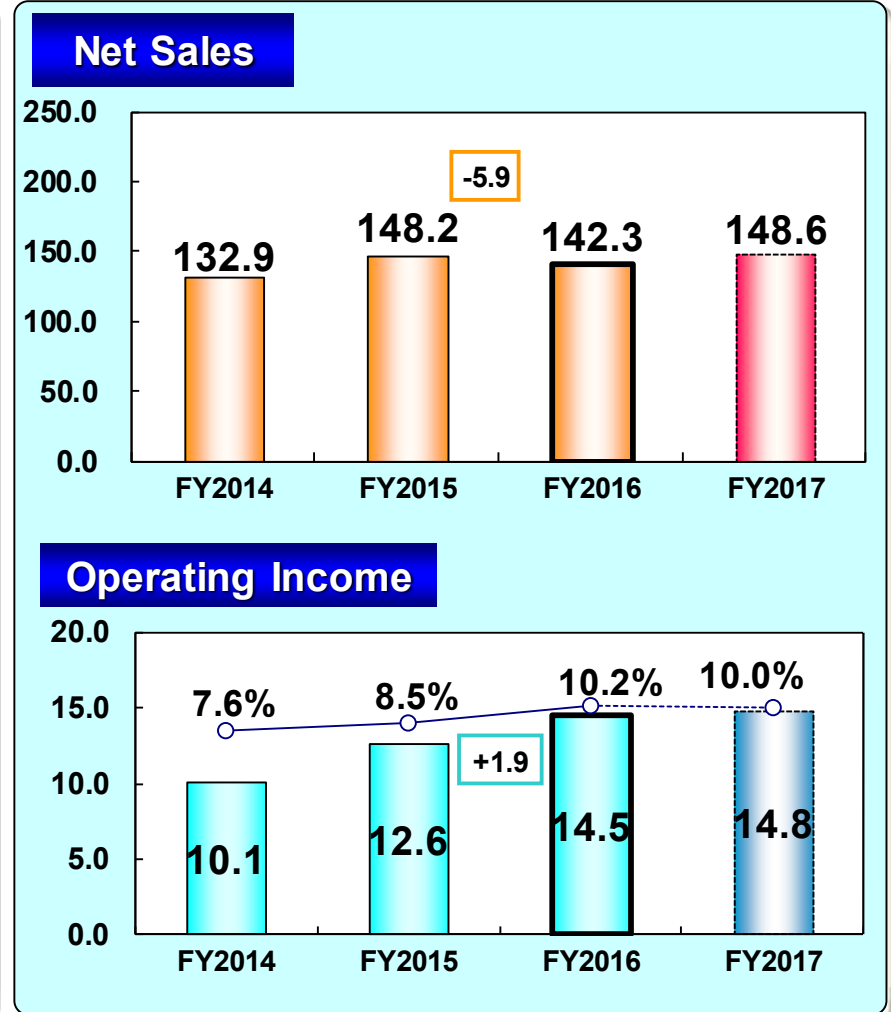
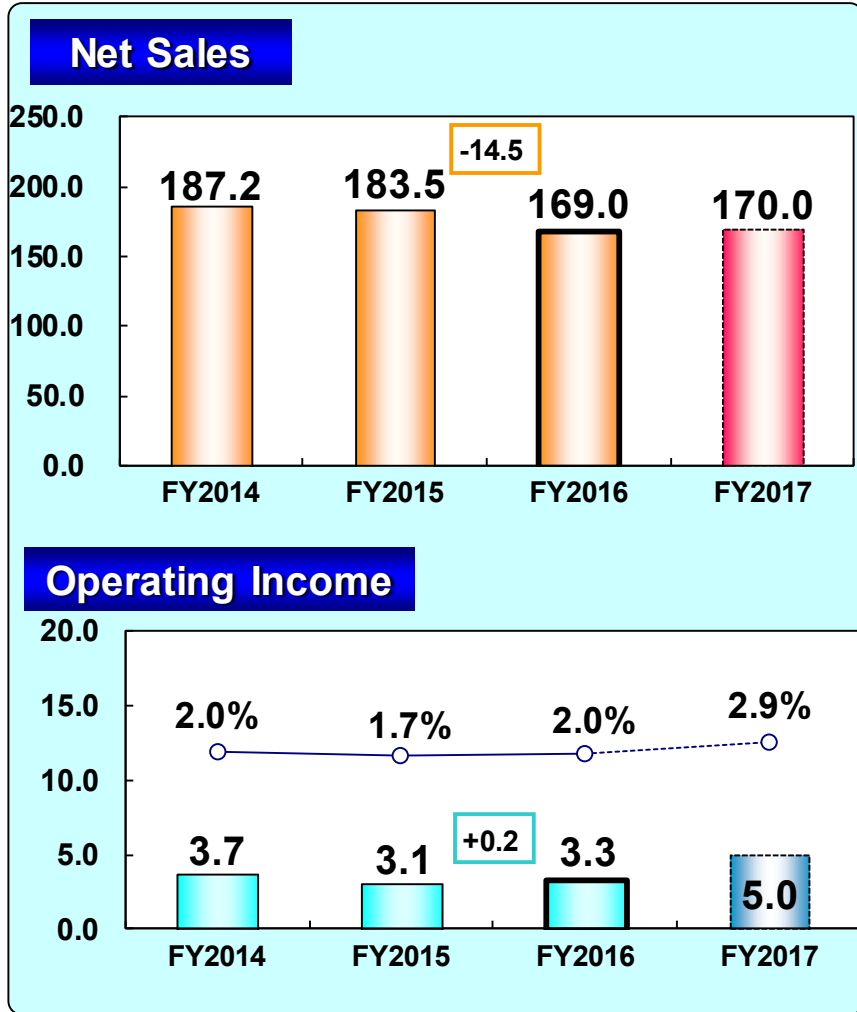


6. Net Sales and Operating Income by Company Location

* All figures in billion yen

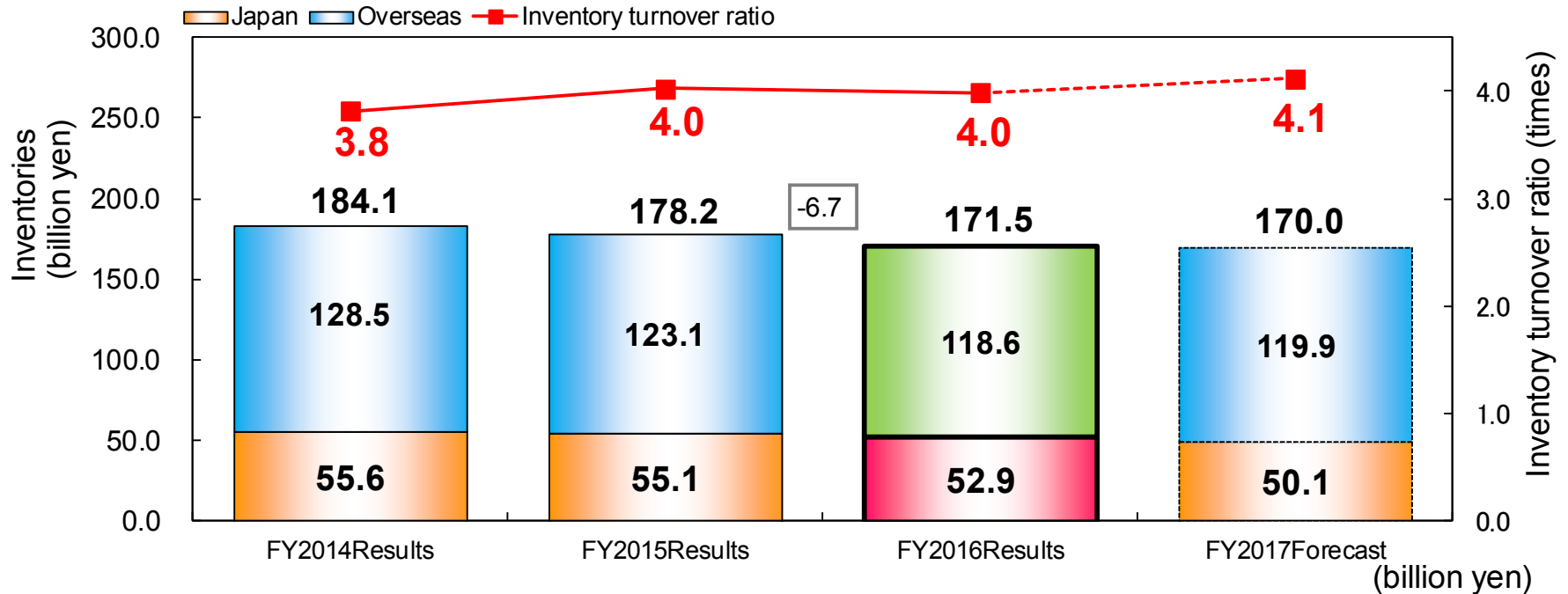
《 Europe 》

《 Asia and others 》



7. Inventories

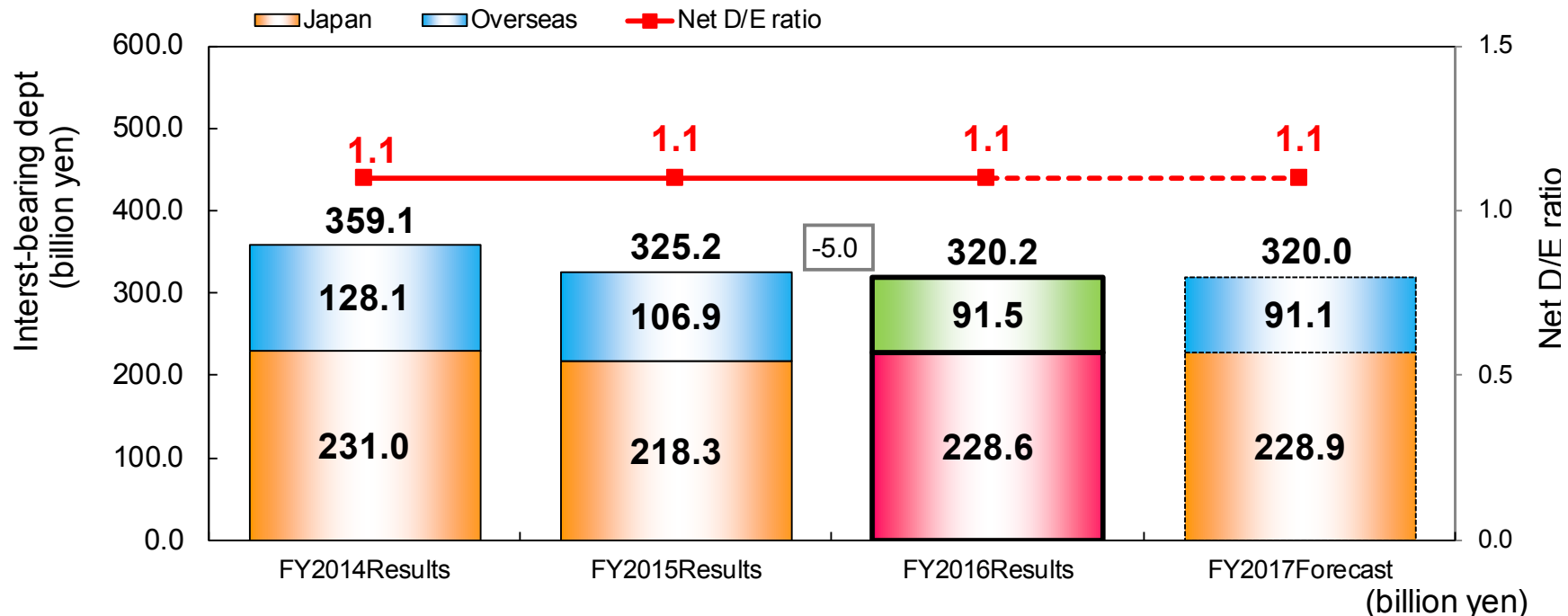
◆ Inventories at end of March 2017 decreased by ¥6.7 billion compared to end of previous fiscal year



	FY2014 Results	FY2015 Results	FY2016 Results	FY2017 Forecast
Inventories	184.1	178.2	171.5	170.0
Overseas	(128.5)	(123.1)	(118.6)	(119.9)
Japan	(55.6)	(55.1)	(52.9)	(50.1)
Inventory turnover ratio (times)	3.8	4.0	4.0	4.1

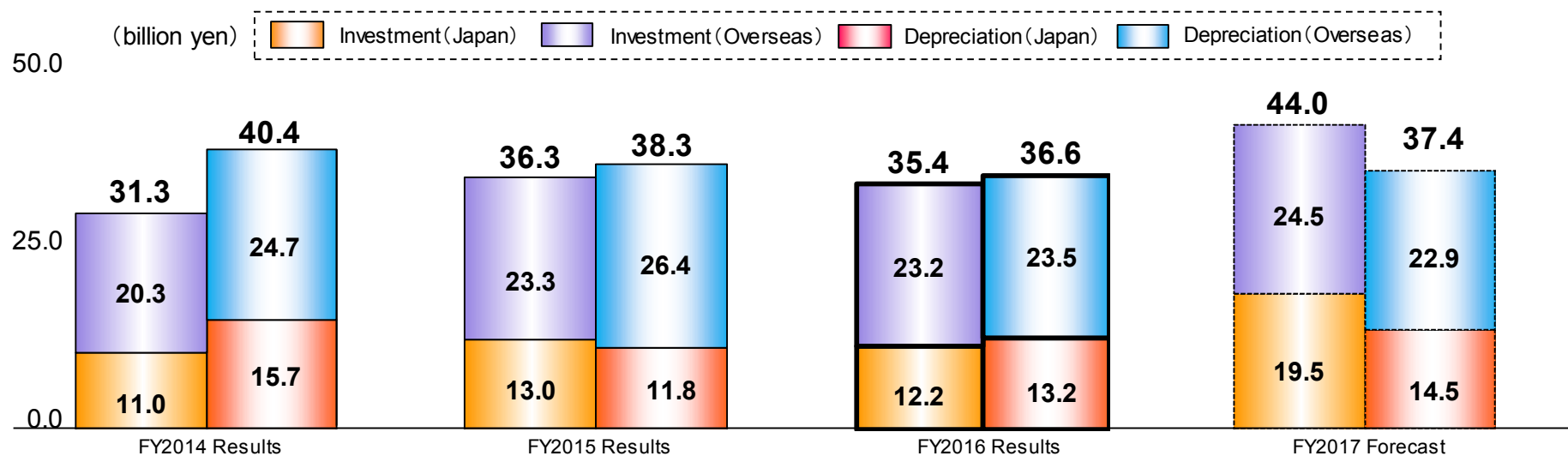
8. Interest-Bearing Debt

◆ Net Interest-bearing debt at end of March 2017 decreased by ¥17.0 billion compared to end of previous fiscal year



	FY2014 Results	FY2015 Results	FY2016 Results	FY2017 Forecast
Interest-bearing debt	359.1	325.2	320.2	320.0
(Overseas)	(128.1)	(106.9)	(91.5)	(91.1)
(Japan)	(231.0)	(218.3)	(228.6)	(228.9)
Net Interest-bearing debt	271.3	257.9	240.9	245.7

9. Capital Expenditure and Depreciation

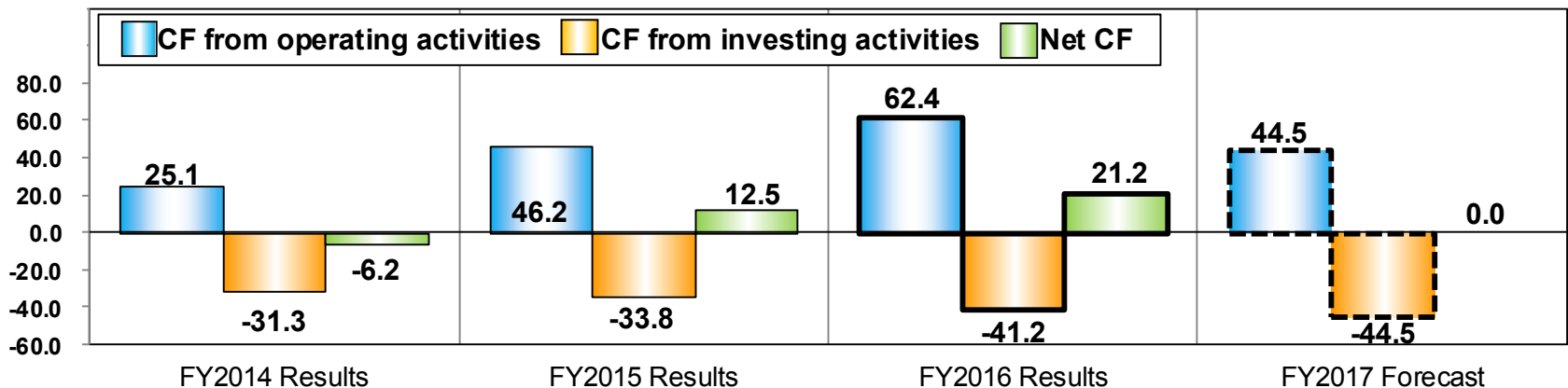


	FY2014 Results	FY2015 ①Results	FY2016 ②Results	FY2017 ③Forecast	②-①	③-②
Capital expenditure	31.3	36.3	35.4	44.0	-0.9	8.6
(Overseas)	(20.3)	(23.3)	(23.2)	(24.5)	(-0.1)	(1.3)
(Japan)	(11.0)	(13.0)	(12.2)	(19.5)	(-0.8)	(7.3)
Depreciation	40.4	38.3	36.6	37.4	-1.6	0.8
(Overseas)	(24.7)	(26.4)	(23.5)	(22.9)	(-3.0)	(-0.6)
(Japan)	(15.7)	(11.8)	(13.2)	(14.5)	(1.3)	(1.3)

10. Cash Flows

◆ Net CF (FY2017 forecast) is 0 billion yen due to payment related to extraordinary loss

(billion yen)	FY2014 Results	FY2015 ①Results	FY2016 ②Results	FY2017 ③Forecast	②-①	③-②
I . Cash flow from operating activities	25.1	46.2	62.4	44.5	16.1	-17.9
II . Cash flow from investing activities	-31.3	-33.8	-41.2	-44.5	-7.4	-3.3
I + II . Net cash flow	-6.2	12.5	21.2	0.0	8.7	-21.2
III . Cash flow from financing activities	-37.5	-28.0	-8.2	-4.5	19.7	3.7
IV . Effect of exchanging rate translation on cash and cash equivalents	1.8	-5.0	-1.0	-0.5	4.0	0.5
V . Net increase in cash and cash equivalents	-41.9	-20.5	12.0	-5.0	32.4	-17.0



(Reference)

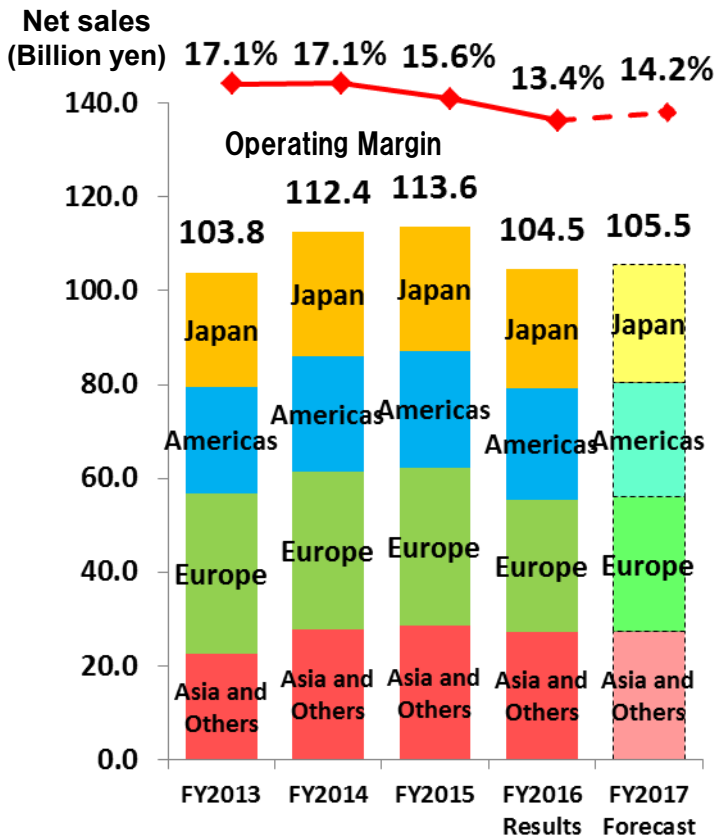
Main factor comments by region regarding to
Result for FY2016 and forecast for FY2017
by Business Sector

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

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

Net sales: ¥104.5 billion (-8.0%), Operating income: ¥14.0 billion (-20.9%)

- Even if the effect of strong yen is excluded, sales and income were decreased (Sales: -0.2%, operating income: -4.0%)
- Automotive aftermarket continued to be robust but sales decreased in the industrial machinery aftermarket, affected by sluggish economic conditions



<FY18/3 forecast:

comments on sales increase and decrease compared with FY17/3>

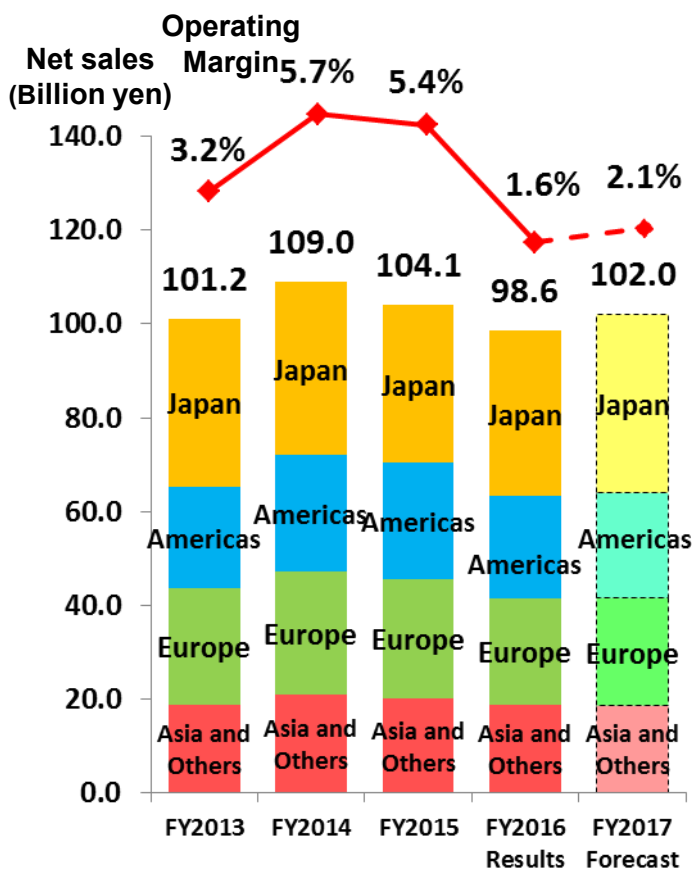
Japan	A decrease in the market size is expected Strengthen measures to increase a market share and discover business chances
Americas	Promote sales to target industries Strengthen distributor networks for auto parts
Europe	Promote sales to major distributors For auto parts, also promote sales to distributors
Asia and others	Although an increase in sales is expected in ASEAN, sales in China are expected to be sluggish due to economic uncertainties

(Reference) Industrial Machinery Business: Actual Results of FY17/3 and Forecast for FY18/3

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

Net sales: ¥98.6 billion (-5.3%), Operating income: ¥1.6 billion (-71.1%)

- If excluding the effect of strong yen, sales increased and income decreased (Net sales: +1.8%, operating income: -26.8%)
- For sales of our main products for construction machinery, demand recovered from the second half of the fiscal year and sales of reducers for robots were also strong.



<FY18/3 forecast:

comments on sales increase and decrease compared with FY17/3>

Japan

Demand for construction machinery, expect to increase due to demand from emerging economies
Increase demand for speed reduction gears for robots

Americas

For construction machinery, slight recovery of sales for new vehicles is expected
A decrease in sales for wind turbine related products is expected as a reaction from the previous term

Europe

Increase demand for wind turbine related products
Sales are expected to increase due to the effect of new aircraft engines

Asia and others

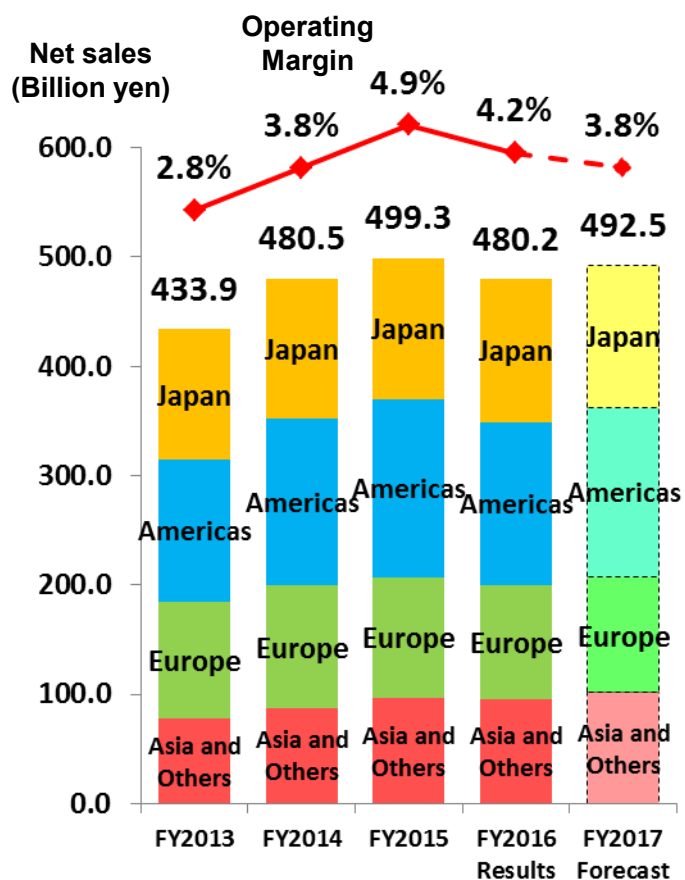
Wind turbines are expected to increase in China
Construction machinery and machine tools are expected to decrease in Asia

(Reference) Automotive Business: Actual Results of FY17/3 and Forecast for FY18/3

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

Net sales: ¥480.2 billion (-3.8%), Operating income: ¥20.0 billion (-18.2%)

- If the effect of strong yen is exclude, sales and income increased (Net sales: +4.8%, operating income: +11.9%)
- Favorable effects from robust markets in Asia and other regions and start of mass production at a new plant in China



<FY18/3 forecast:

comments on sales increase and decrease compared with FY17/3>

Japan	Although the launch of a new model will make some contribution, sales is expected to remain almost unchanged due to transfer of management of our production to North America
Americas	Although there is some effect of review of a new vehicle production plan, sales are expected to increase due to the launch of the new project of production in Mexico
Europe	Although the number of units produced will remain unchanged, sales are expected to increase due to strong demand from major customers
Asia and others	Sales are expected to increase due to continuous growth in the Chinese market and strong demand from Japanese motorbike manufacturers in ASEAN

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