

# Consolidated Financial Results for the First quarter of FY2011 and Full-Year Forecast

August 1, 2011

**NTN Corporation**

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# **I . Consolidated Financial Results for the First Quarter of FY 2011**

## ★ Financial Results for the First quarter of FY2011:

### Key Factors

1. Consolidated Statements of Operation ( Quarterly Trend )
2. Net Sales by Region ( Quarterly Trend )
3. Net Sales and Operating Income by Business Sector  
( Quarterly Trend )
4. Results by Business Sector ( Quarterly Trend )
5. Analysis of Operating Income
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 the First quarter of FY2011:

## Key Factors

### Results of the First Quarter of FY 2011

- ◇ Net Sales **decreased by 1.5%** year-on-year to **130.6 billion yen**  
(**increased by 1.7%** if excluding the effects of exchange rates )
  - The automotive market...  
decreased by 11% year-on-year due to the effects of the Great East Japan Earthquake  
(decreased by 8% if excluding the effects of exchange rates)
  - The industrial machinery market...  
increased by 16% year-on-year due to a major recovery in segments such as  
construction machinery and machine tools  
(increased by 20% if excluding the effects of exchange rates)
  - The aftermarket and distributor market...  
increased by 19% year-on-year due to positive sales of automotive parts and  
recovery in demand in each region  
(increased by 22% if excluding the effects of exchange rates)
- ◇ Operating income **decreased by 2.7%** year-on-year to **5.5 billion yen**  
(**increased by 30.2%** if excluding the effects of exchange rates)
  - The operating income margin is also affected by exchange rates, and remained  
steady at **4.2%** year-on-year

# 1. Consolidated Statements of Operations (Quarterly Trend)

(100 million yen)

	FY2010					FY2011	Year on year	1H	Full year	
	1Q Results	2Q Results	3Q Results	4Q Results	Full year Results	1Q Results		Forecast	Forecast	
Net sales	1,326	1,282	1,304	1,389	5,301	1,306	-20	2,680	5,850	
Operating income	56	48	52	89	246	55	-2	115	350	
Operating margin	(4.2%)	(3.8%)	(4.0%)	(6.4%)	(4.6%)	(4.2%)	(-0.1%)	(4.3%)	(6.0%)	
Ordinary income	49	37	41	84	211	47	-2	100	315	
Extraordinary income/loss	15	14	6	-17	18	-12	-27	-5	-25	
Net income	40	33	30	42	144	20	-19	55	175	
Exchange rate	US \$	92.0	85.9	82.7	82.3	85.7	81.7	-10.3	80.9	80.4
	EURO	117.0	110.7	112.2	112.7	113.1	117.4	0.4	113.7	111.9

## 2. Net Sales by Region (Quarterly Trend)

<Net Sales by Region>

(100 million yen)

	FY2010					FY2011			1H Forecast	Full year Forecast
	1Q	2Q	3Q	4Q	Full year	1Q Results	Yer on year			
	Results	Results	Results	Results	Results		Volume	Forex		
Japan	459	481	479	446	1,866	408	-51	0	913	2,056
Americas	291	287	275	327	1,180	288	28	-32	599	1,304
Europe	343	294	318	373	1,328	378	34	1	673	1,392
Asia & Others	232	220	231	244	927	233	11	-11	495	1,098
Total	1,326	1,282	1,304	1,389	5,301	1,306	22	-42	2,680	5,850

### 3. Net Sales and Operating income by Business sector ( Quarterly Trend )

#### <Net Sales by Business Sector>

(100 million yen)

	FY2010				
	1Q Results	2Q Results	3Q Results	4Q Results	Full year Results
Automotive	887	827	852	879	3,444
Industrial machinery	231	247	246	270	995
Aftermarket/ Distributor	207	208	206	241	862
<b>Total</b>	<b>1,326</b>	<b>1,282</b>	<b>1,304</b>	<b>1,389</b>	<b>5,301</b>

FY2011 1Q Results	Year on year	
	Amount	Forex
791	-69	-28
269	46	-8
246	45	-6
<b>1,306</b>	<b>22</b>	<b>-42</b>

1H Forecast	Full year Forecast
1,640	3,690
550	1,150
490	1,010
<b>2,680</b>	<b>5,850</b>

#### <Operating Income by Business Sector>

(100 million yen)

	FY2010				
	1Q Results	2Q Results	3Q Results	4Q Results	Full year Results
Automotive	9	4	4	18	35
Industrial machinery	5	3	7	16	31
Aftermarket/ Distributor	42	41	41	54	179
<b>Total</b>	<b>56</b>	<b>48</b>	<b>52</b>	<b>89</b>	<b>246</b>

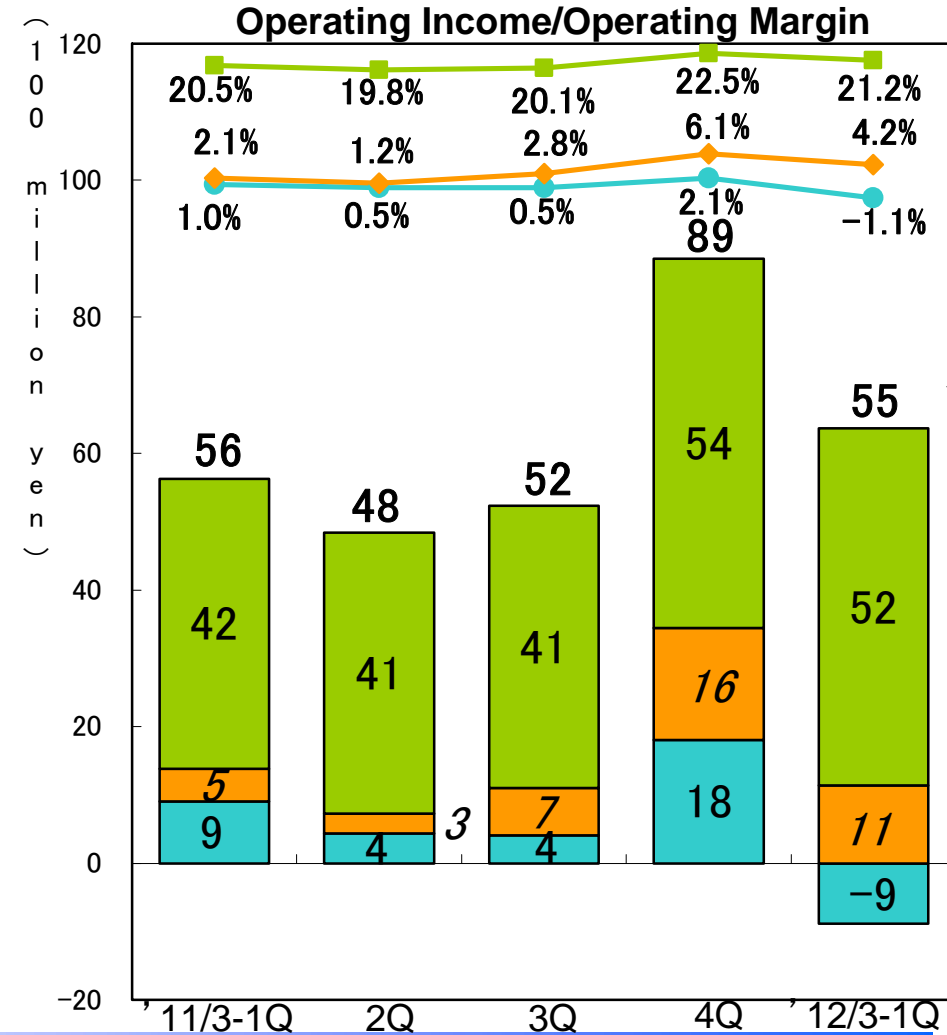
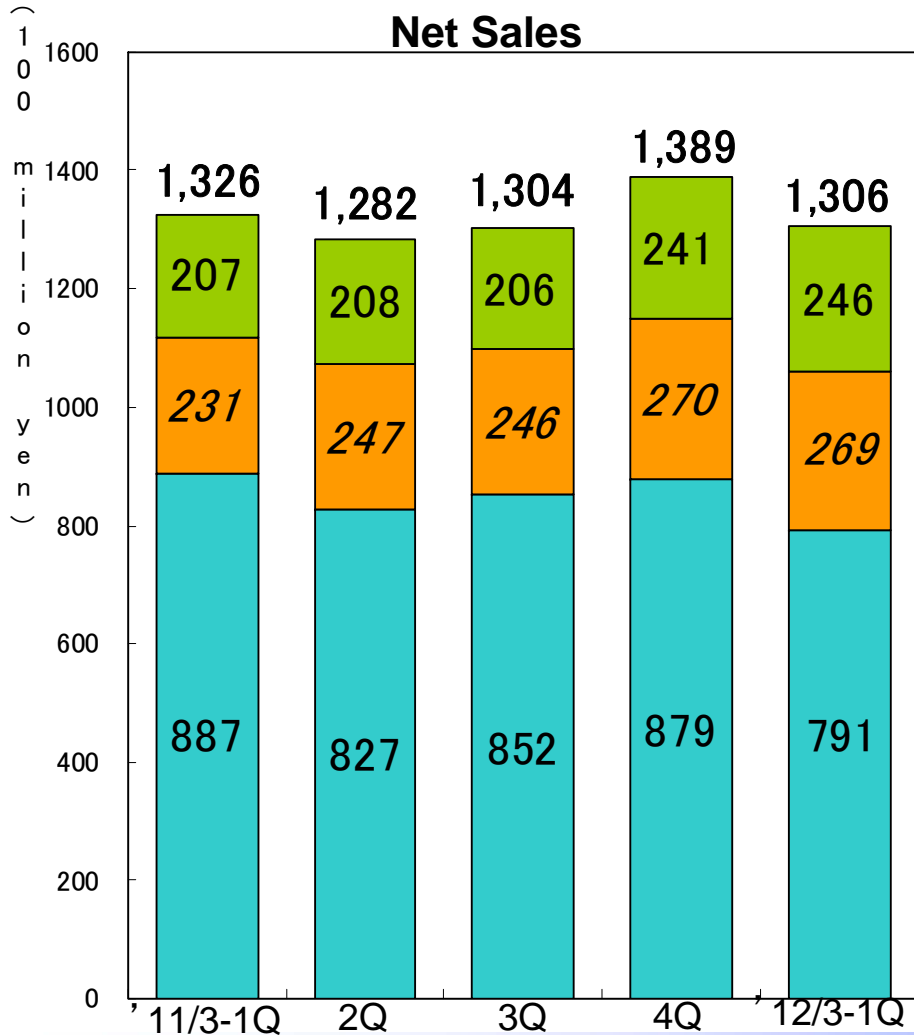
FY2011 1Q Results	Year on year	
	Amount	Forex
-9	-18	
11	7	
52	10	
<b>55</b>	<b>-2</b>	

1H Forecast	Full year Forecast
-13	58
24	65
104	227
<b>115</b>	<b>350</b>

# 4. Results by business sector (Quarterly Trend)

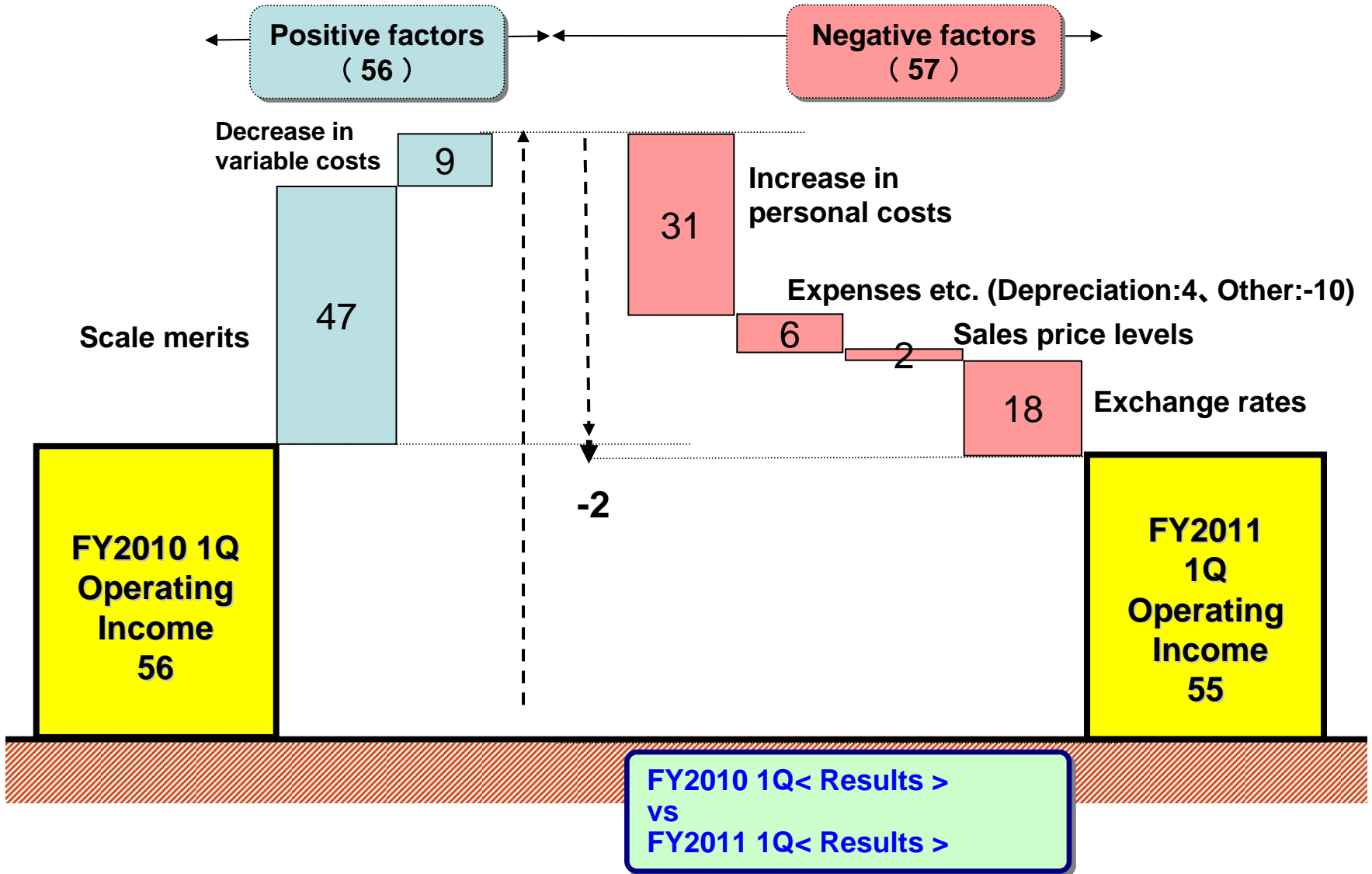
- ◆ The automotive market decreased, chiefly due to the effects of the Great East Japan Earthquake. Aftermarket remains strong.

■ Automotive 
 ■ Industrial machinery 
 ■ Aftermarket/Distributor



# 5. Analysis of Operating Income

\* All figures in 100 million yen.

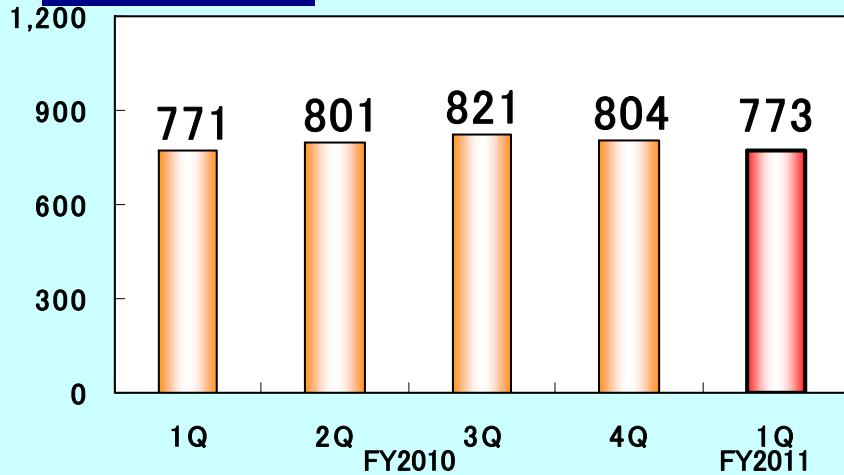


# 6. Net Sales and Operating Income by Region

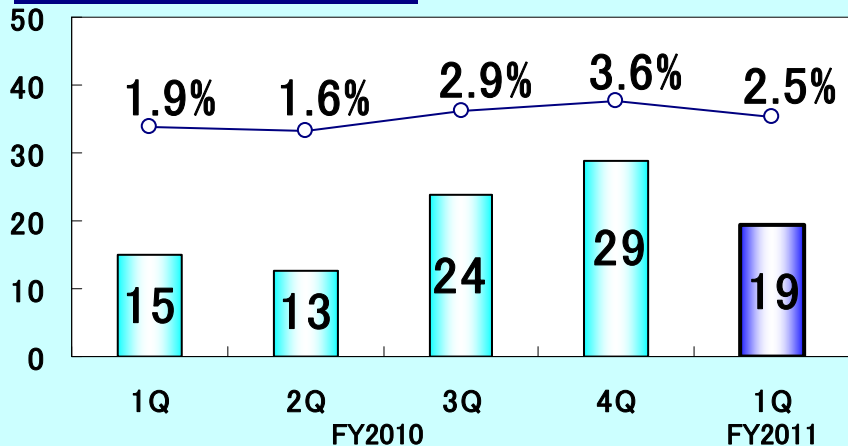
## 《 Japan 》

### Net sales

(100 million yen)



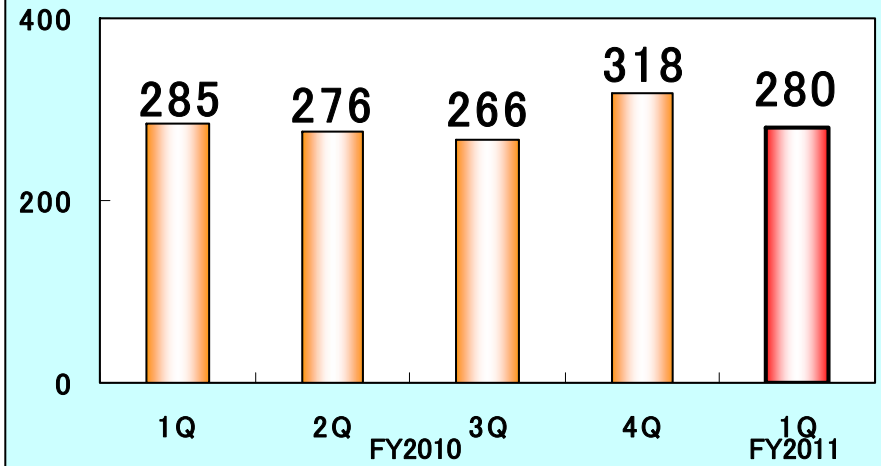
### Operating income



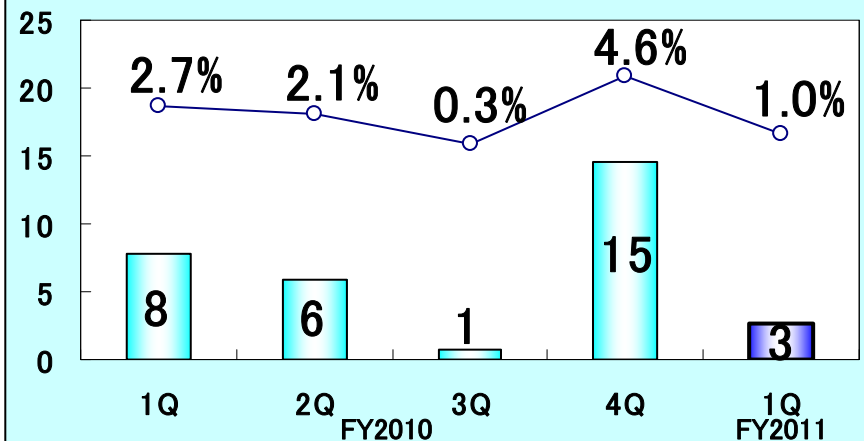
## 《 Americas 》

### Net sales

(100 million yen)



### Operating income

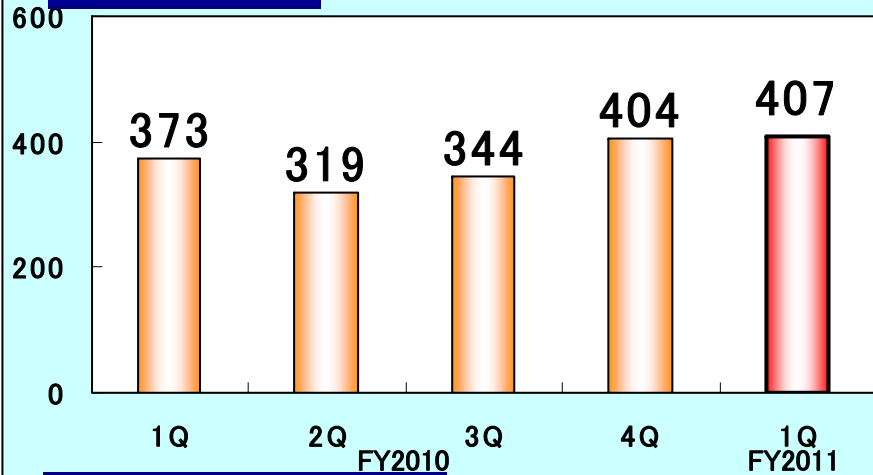


# 6. Net Sales and Operating Income by Region

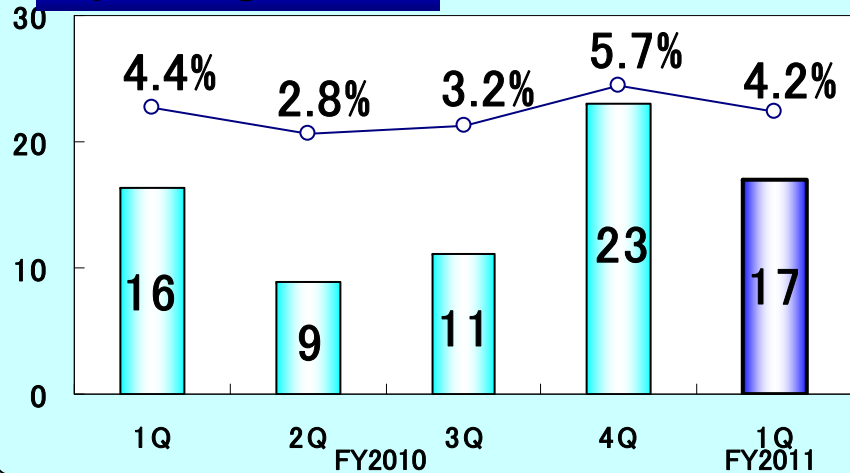
## 《 Europe 》

### Net sales

(100 million yen)



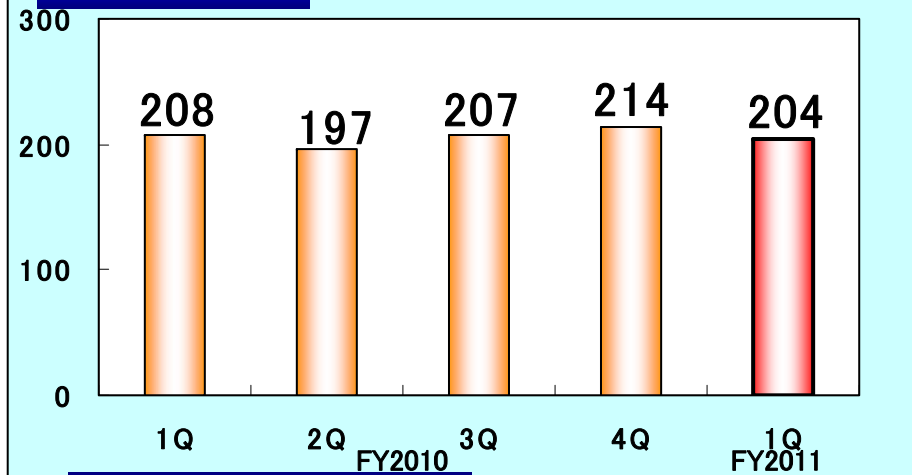
### Operating income



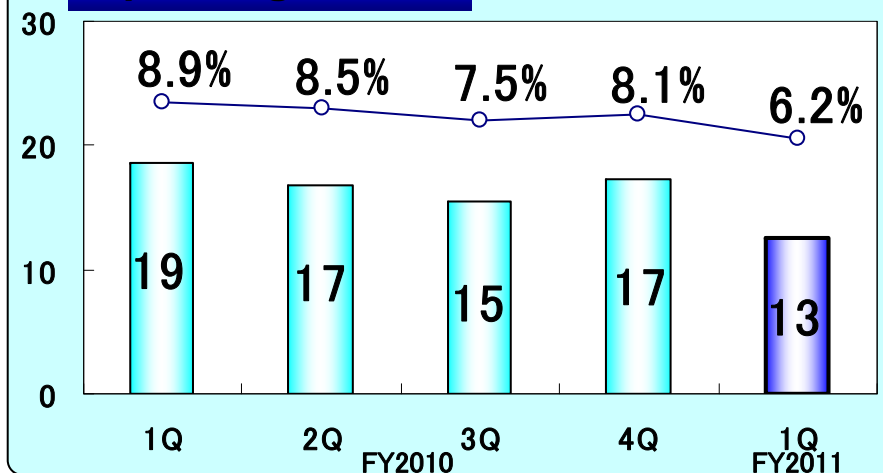
## 《 Asia & Others 》

### Net sales

(100 million yen)

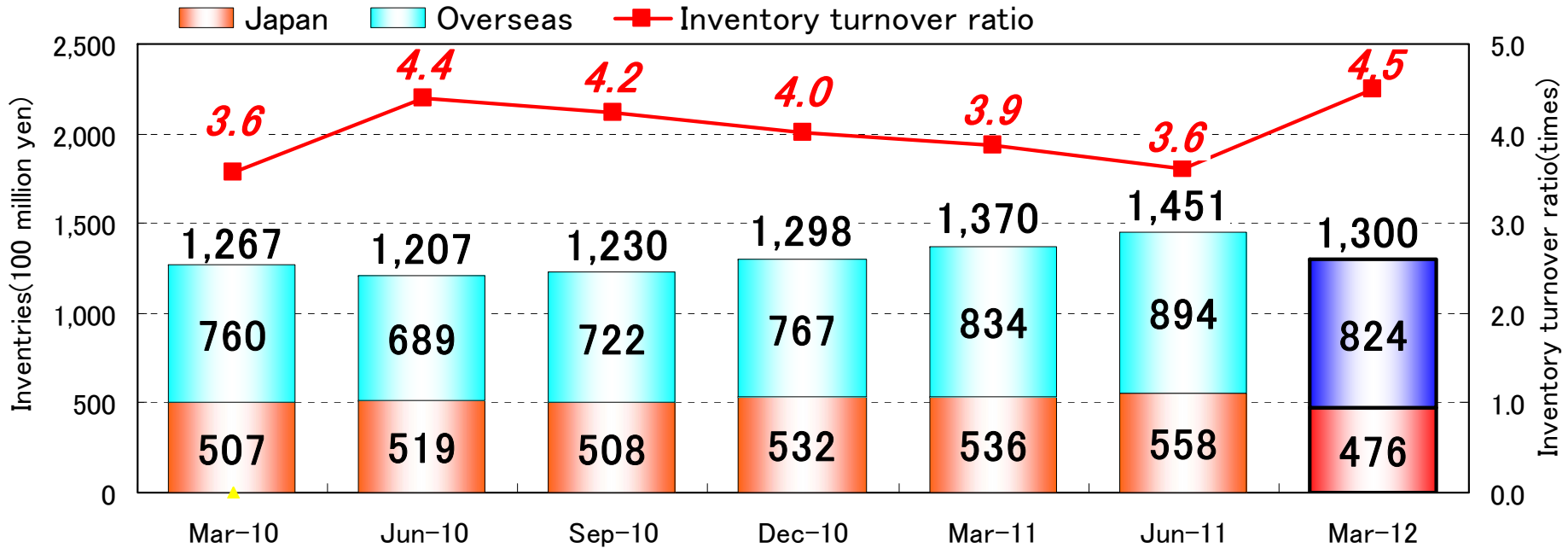


### Operating income



# 7. Inventories

◆ Temporarily increased due to the effects of the Great East Japan Earthquake and stock expansion for aftermarket.

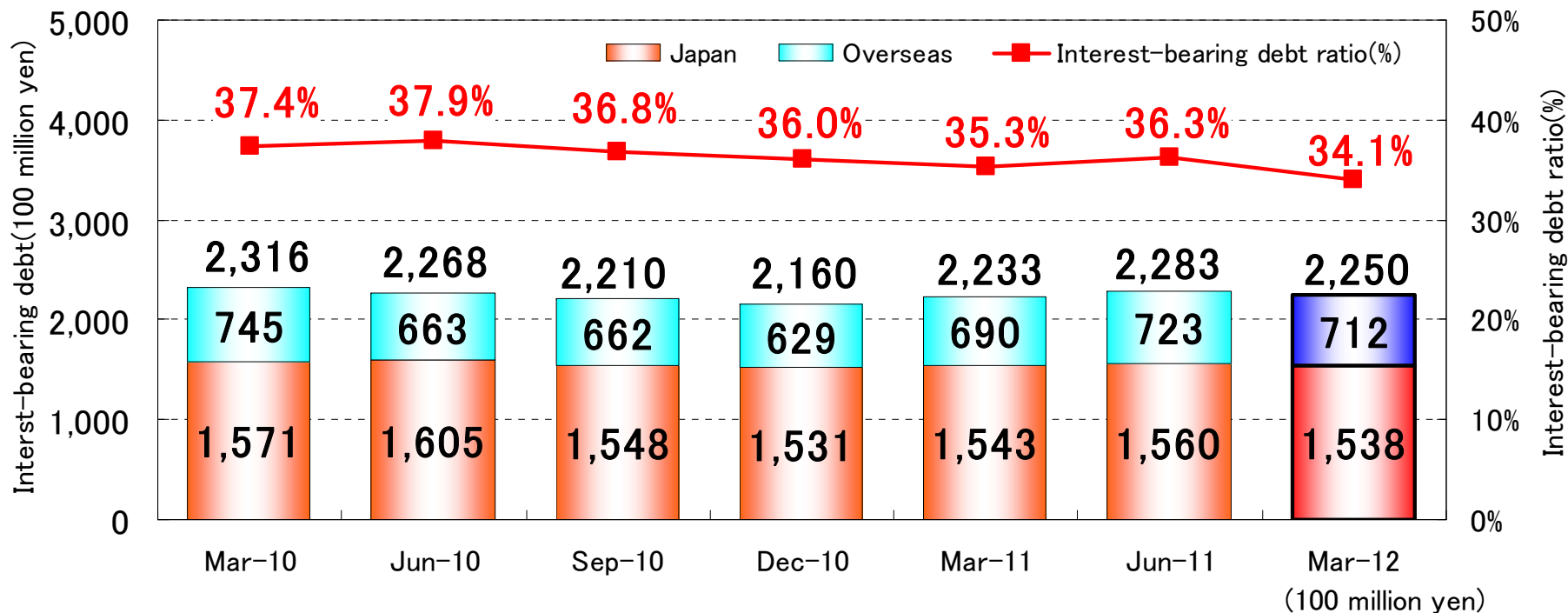


(100 million yen)

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Mar-12
	Results	Results	Results	Results	Results	Results	Forecast
<b>Inventories</b>	1,267	1,207	1,230	1,298	1,370	1,451	1,300
Overseas	(760)	(689)	(722)	(767)	(834)	(894)	(824)
Japan	(507)	(519)	(508)	(532)	(536)	(558)	(476)
<b>Inventory turnover ratio (times)</b>	3.6	4.4	4.2	4.0	3.9	3.6	4.5

# 8. Interest-Bearing Debt

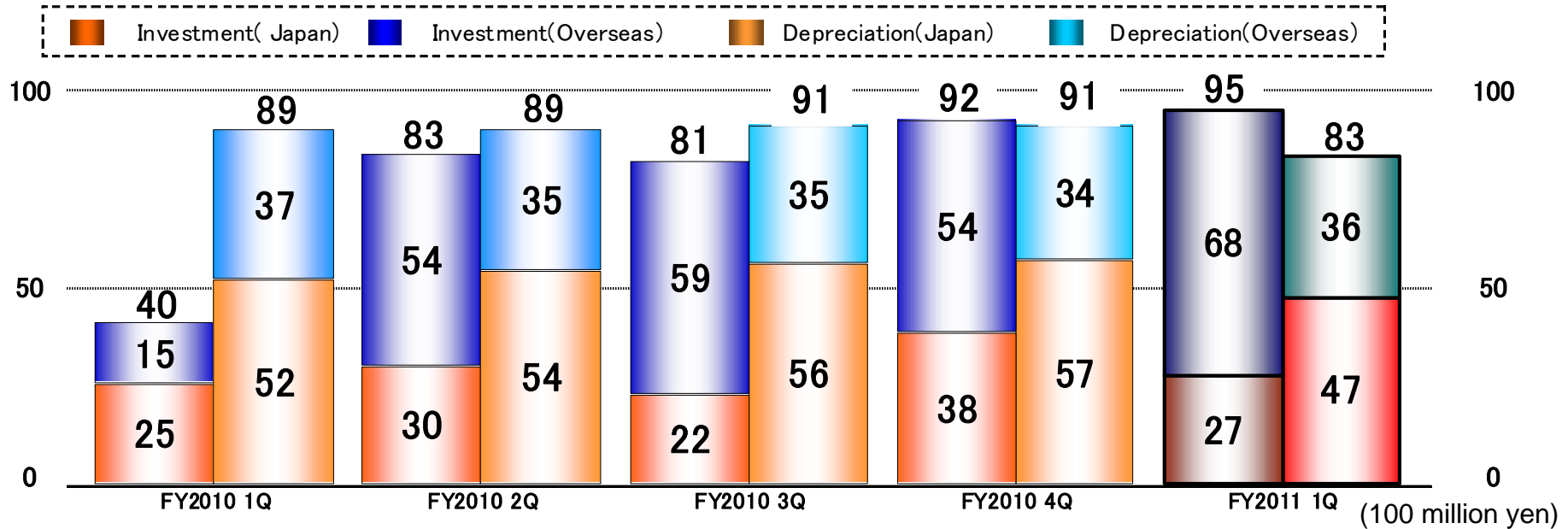
◆ Increased due to factors such as equipment investment funds and increase in stock.



	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Mar-12
	Results	Results	Results	Results	Results	Results	Forecast
Interest-bearing debt	2,316	2,268	2,210	2,160	2,233	2,283	2,250
Overseas	(745)	(663)	(662)	(629)	(690)	(723)	(712)
Japan	(1,571)	(1,605)	(1,548)	(1,531)	(1,543)	(1,560)	(1,538)
Interest-bearing debt ratio(%)	37.4%	37.9%	36.8%	36.0%	35.3%	36.3%	34.1%

# 9. Capital Expenditure and Depreciation

◆ Increased production capacity overseas, chiefly in growth markets such as China and other Asian countries.

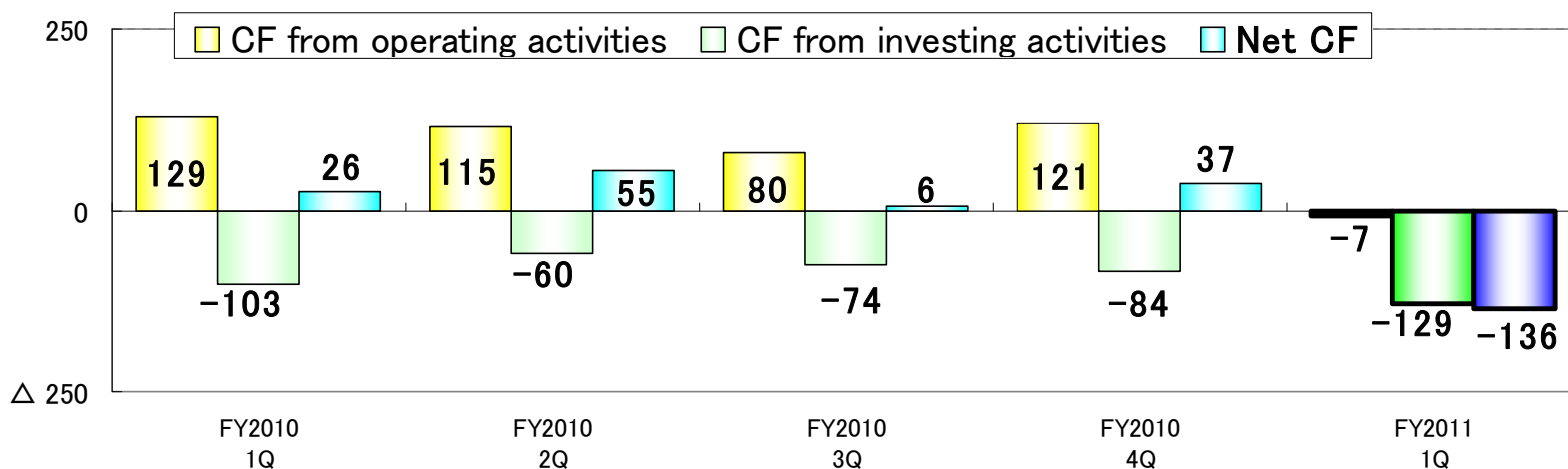


	FY2010 1Q Results ①	FY2010 2Q Results	FY2010 3Q Results	FY2010 4Q Results	FY2011 1Q Results ②	②-①	FY2011 Forecast
<b>Capital expenditure</b>	40	83	81	92	95	55	600
Overseas	(15)	(54)	(59)	(54)	(68)	(53)	(394)
Japan	(25)	(30)	(22)	(38)	(27)	(2)	(206)
<b>Depreciation</b>	89	89	91	91	83	-6	361
Overseas	(37)	(35)	(35)	(34)	(36)	(-2)	(148)
Japan	(52)	(54)	(56)	(57)	(47)	(-4)	(213)

# 10. Cash Flows

◆ Negative operating cash flow due to a temporary increase in operating funds.

(100 million yen)	FY2010 1Q Results ①	FY2010 2Q Results	FY2010 3Q Results	FY2010 4Q Results	FY2011 1Q Results ②	②-①	FY2011 Full year Forecast
I. Cash flow from operating activities	129	115	80	121	-7	-136	484
II. Cash flow from investing activities	-103	-60	-74	-84	-129	-26	-563
III. Cash flow from financing activities	-15	-43	-56	47	38	53	9
IV. Effect of exchanging rate translation on cash and cash equivalents	21	-4	13	-12	10	-11	-5
V. Net increase in cash and cash equivalents	31	7	-37	72	-88	-119	-74



## **II. FY2011 Full-Year Forecast**

- 1. Consolidated Statements of Operations**
- 2. Net Sales by Region and Business Sector**
- 3. Analysis of Operating Income**
- 4. Net Sales and Operating Income by Region**
  - (1) Japan, Americas**
  - (2) Europe, Asia & Others**
- 5. Inventories/Interest-Bearing debt/Capital expenditure etc**

# 1. Consolidated Statements of Operations

For New Technology Network



(100 million yen)

	FY2010			FY2011			Year on year	
	1H Results	2H Results	Full year ①	1H Forecast	2H Forecast	Full year Forecast ②	Fy2011 Full year ②-①	
Net sales	2,608	2,693	5,301	2,680	3,170	5,850	549	
Operating income	105	141	246	115	235	350	104	
Operating margin	(4.0%)	(5.2%)	(4.6%)	(4.3%)	(7.4%)	(6.0%)	(1.3%)	
Ordinary income	86	125	211	100	215	315	104	
Extraordinary income/loss	29	-11	18	-5	-20	-25	-43	
Net income	73	71	144	55	120	175	31	
Exchange rate	US \$	88.9	82.5	85.7	80.9	80.0	80.4	-5.3
	EURO	113.8	112.4	113.1	113.7	110.0	111.9	-1.3

# 2. Net Sales by Region and Business Sector

## <Net Sales by Region>

(100 million yen)

	FY2010			FY2011			Year on year	
	1H Results	2H Results	Full year Results①	1H Forecast	2H Forecast	Full year Forecast②	FY2011 Full year(②-①)	
							Volume	Forex
Japan	940	926	1,866	913	1,143	2,056	190	0
Americas	578	602	1,180	599	705	1,304	203	-79
Europe	637	691	1,328	673	719	1,392	82	-18
Asia & Others	452	474	927	495	603	1,098	226	-54
<b>Total</b>	<b>2,608</b>	<b>2,693</b>	<b>5,301</b>	<b>2,680</b>	<b>3,170</b>	<b>5,850</b>	<b>700</b>	<b>-151</b>

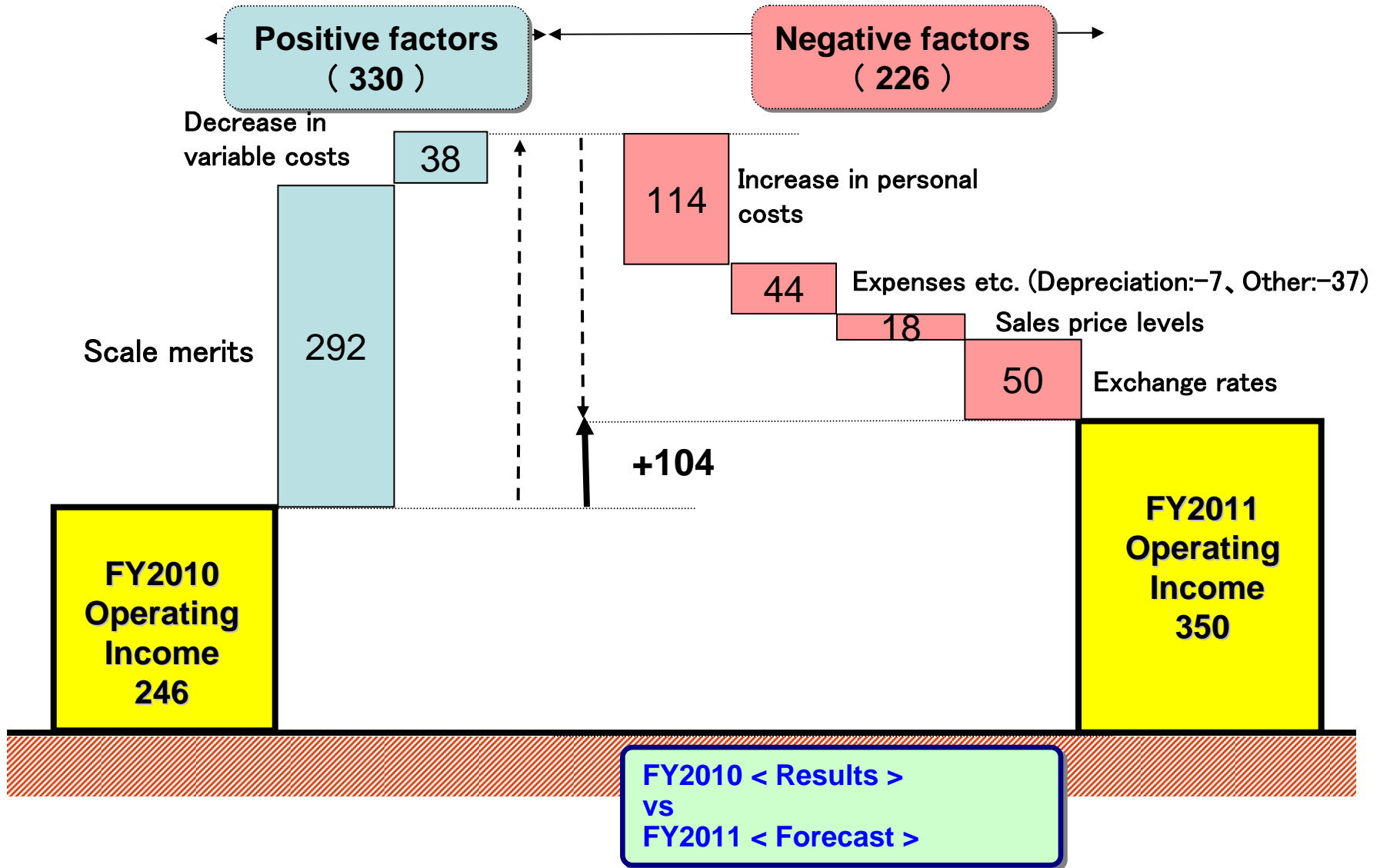
## <Net Sales by Business Sector>

(100 million yen)

	FY2010			FY2011			Year on year	
	1H Results	2H Results	Full year Results①	1H Forecast	2H Forecast	Full year Forecast②	FY2011 Full year(②-①)	
							Volume	Forex
Automotive	1,714	1,730	3,444	1,640	2,050	3,690	345	-99
Industrial machinery	478	516	995	550	600	1,150	182	-26
Aftermarket/Distributor	416	446	862	490	520	1,010	173	-25
<b>Total</b>	<b>2,608</b>	<b>2,693</b>	<b>5,301</b>	<b>2,680</b>	<b>3,170</b>	<b>5,850</b>	<b>700</b>	<b>-151</b>

# 3. Analysis of Operating Income

\* All figures in 100 million yen.

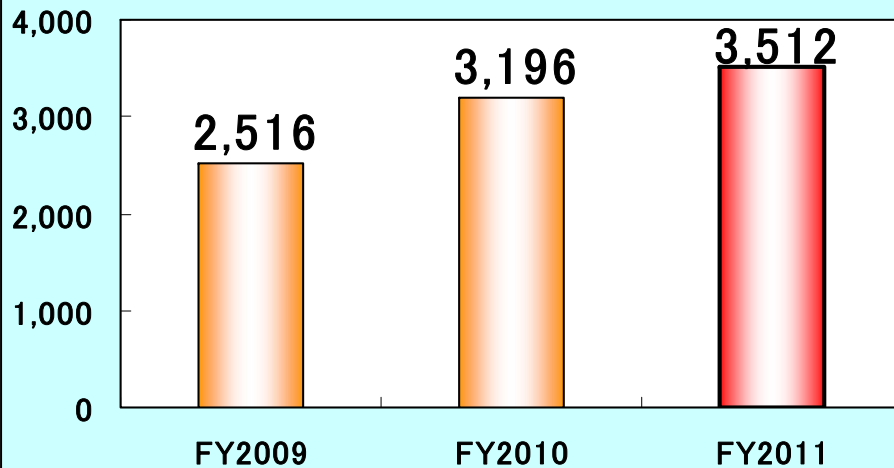


# 4. Net Sales and Operating Income by Region

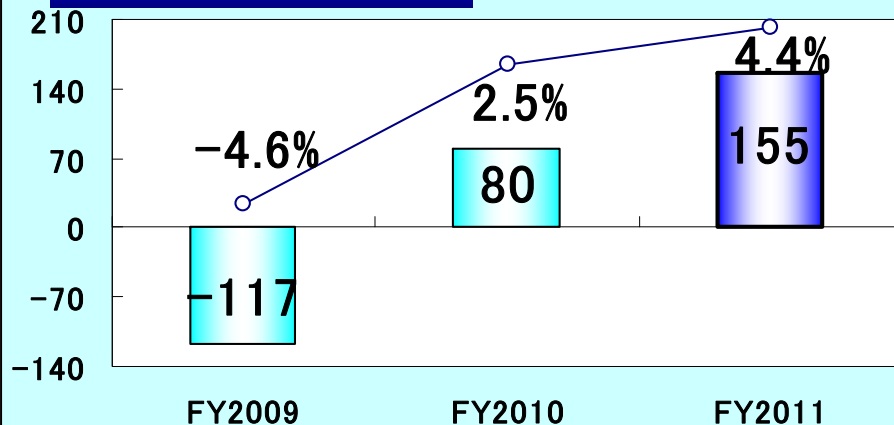
## 《 Japan 》

### Net sales

(100 million yen)



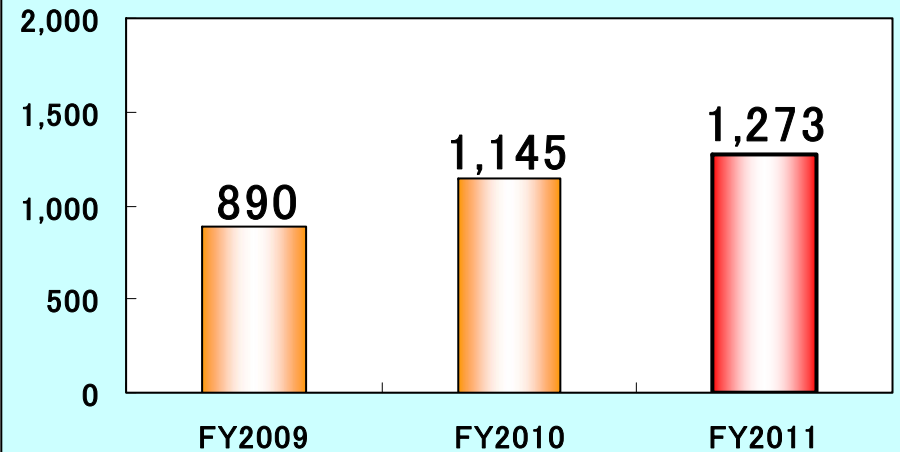
### Operating income



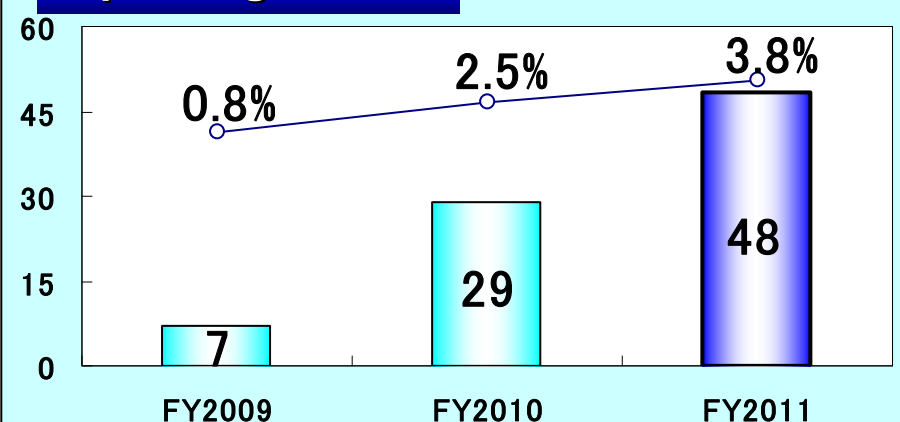
## 《 Americas 》

### Net sales

(100 million yen)



### Operating income



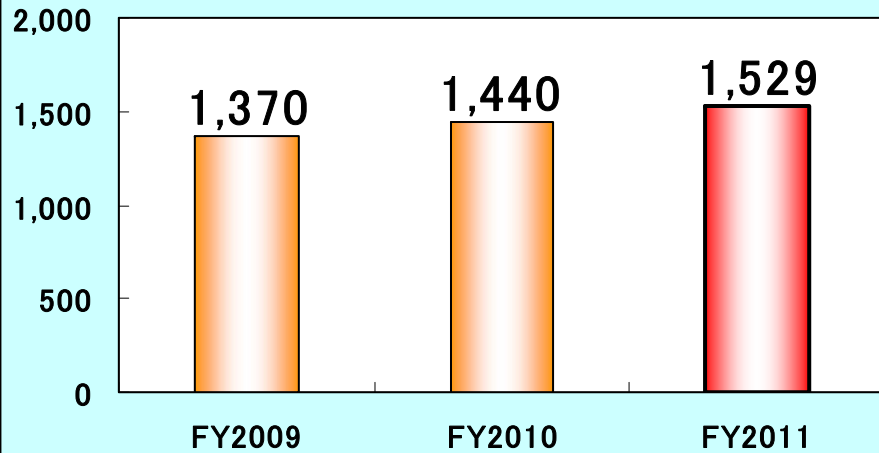
# 4. Net Sales and Operating Income by Region

## 《 Europe 》

## 《 Asia & Others 》

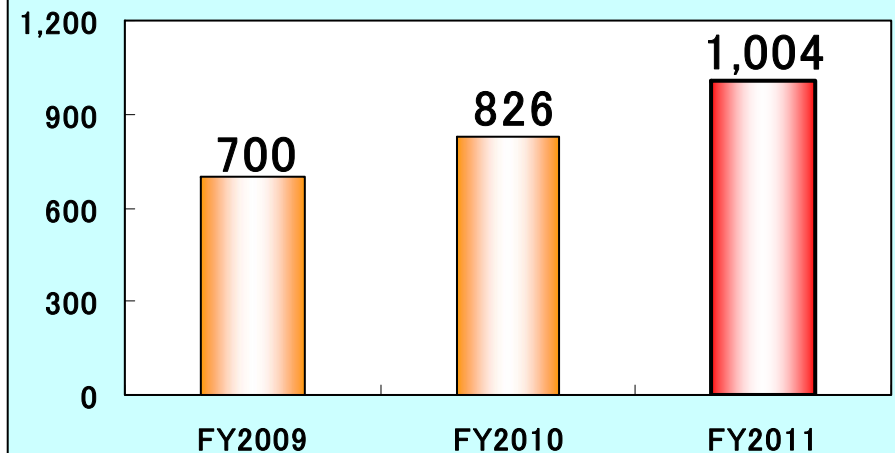
### Net sales

(100 million yen)

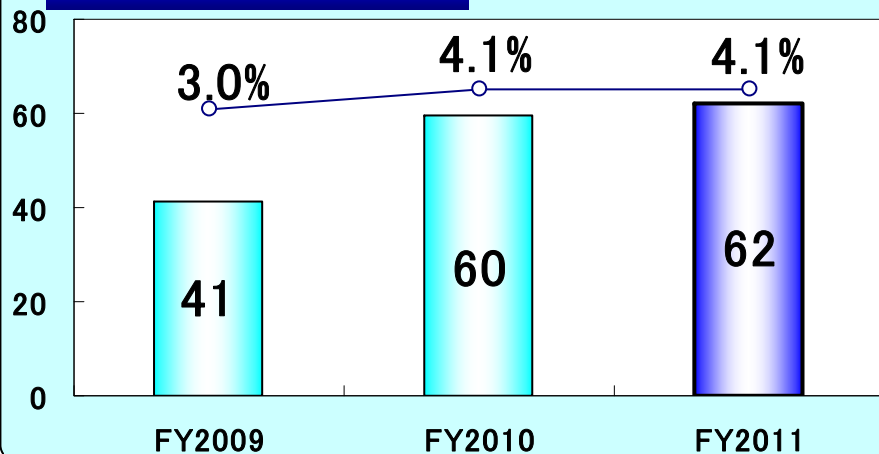


### Net sales

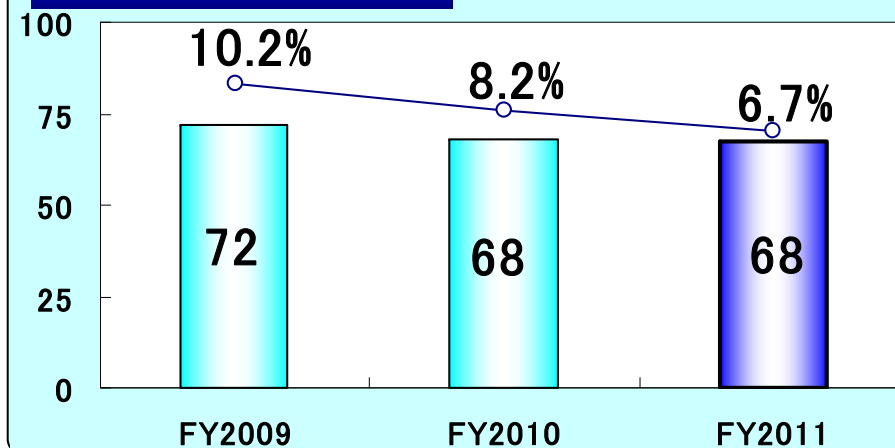
(100 million yen)



### Operating income



### Operating income



## 5. Inventories/Interest-Bearing debt/Capital expenditure, etc

(100 million yen)

	FY2009	FY2010	FY2011	Year on year
	Results (reference)	Results ①	Forecast ②	FY2011 ②－①
Inventories	1,267	1,370	1,300	- 70
times	3.6	3.9	4.5	0.6
Interest-bearing debt	2,316	2,233	2,250	17
Capital expenditure	215	297	600	303
Overseas	69	182	394	212
Japan	146	115	206	91
Depreciation	407	359	361	2
Free Cash Flows	184	123	- 79	- 202

We make  
Bearings.



For New Technology Network

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