

Consolidated Financial Results of FY2023



May 17, 2024

NTN Corporation

- I. Key Points of FY2023 Financial Results
- II. FY2023 Financial Results and
FY2024 Forecast

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1. Key Points of FY2023 Financial Results

Sales and income increased YoY and compared to announced forecast

- ◆ **Sales increased** by positive effect of exchange rate despite decreased demand in industrial machinery applications
- ◆ **Operating income increased** by price pass-on measures, cost reduction and positive effect of exchange rate despite decrease in volume and price hike in material cost. **Turned profitable** from FY2023 Q2 and **for the first time in five years for full year** in Automotive Business

(billion yen)	FY2022	FY2023		FY2023		4Q Results
	Results	Results	Year on year	Previous forecast at 3Q	Difference	
Net sales	774.0	836.3	+62.3(+8%) Excl. forex +17.6(+2.3%)	830.0	6.3(+1%) Excl. forex (4.1)(0.5%)	215.7
Operating income	17.1	28.1	+11.0	25.0	+3.1	12.8
Operating margin	2.2%	3.4%	+1.2pt	3.0%	+0.4pt	5.9%
Ordinary income	12.0	20.0	+8.0	17.5	+2.5	10.2
Extraordinary income (loss)	(1.2)	(3.4)	(2.2)	(2.1)	(1.3)	(4.7)
Profit attributable to owners of parent	10.4	10.6	+0.2	9.0	+1.6	2.9
Inventories	239.4	264.8	+25.4	243.0	+21.8	
Capital expenditure	22.3	26.6	+4.3	25.0	+1.6	
FCF	20.4	40.1	+19.8	29.0	+11.1	
Exchange rates US\$	¥135.5	¥144.5	+¥9.0	¥142.4	+¥2.1	
€	¥140.9	¥156.7	+¥15.8	¥155.2	+¥1.5	

2. FY2023 Financial Results: Comparison with Target of Medium-term Management Plan

- ◆ FCF (72.0 billion yen/3 years) and improvement of financial structure achieved the target.
- ◆ Need to strengthen earning power (operating income and inventory turnover ratio)
- ◆ **Aim to achieve operating margin 6% and ROE 8% in the third year of New Medium-term Management Plan**

(billion yen)	FY2020 Results	DRIVE NTN100 Phase 2 ①	FY2023 Results ②	Diff. ② - ①
Net sales	562.8	700.0 or more	836.3	+136.3
Operating income	(3.1)	42.0 or more	28.1	(13.9)
Operating margin	(0.6%)	6% or more	3.4%	(2.6pt)
FCF	18.5	27.0 or more	40.1	+13.1
Inventory turnover ratio	3.2	4.1	3.2	(0.9)
Equity to capital ratio	20.4%	20% or more	29.0%	+9.0pt
Net D/E ratio	1.6	1.5 or less	0.9	(0.6)
ROIC	(0.4%)	5% or more	3.2%	(1.8pt)
ROE	(7.1%)	8% or more	4.4%	(3.6pt)

3. FY2024 Forecast

Sales will increase slightly in volume

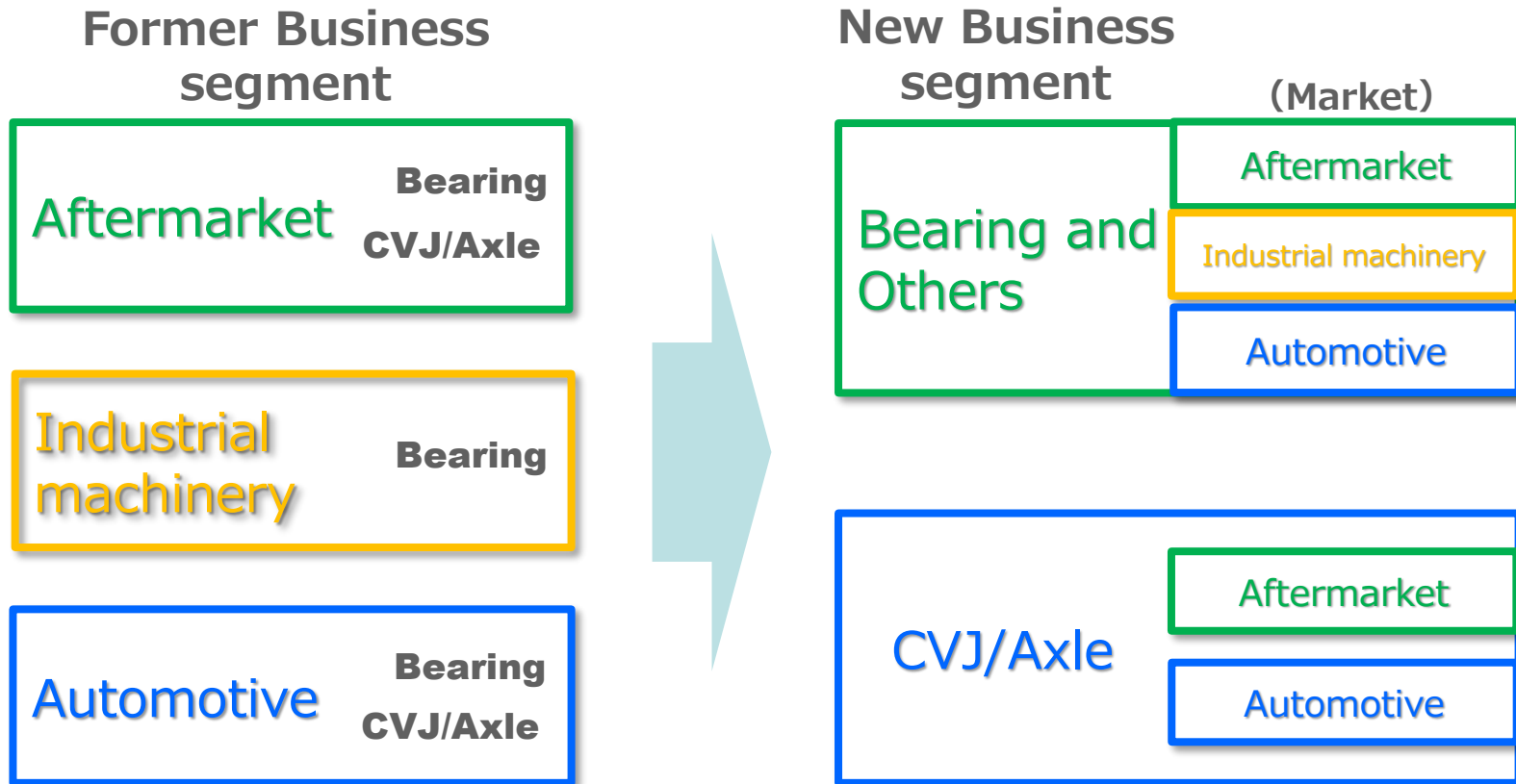
Promote profit improvement by improving selling price and cost reduction

- ◆ Automotive production will be the same level as previous year and demand recovery in industrial machinery market is expected from 2H of FY2024
- ◆ Continue to promote improving selling price for unprofitable business and inflation cost
- ◆ Increase capital expenditure within the scope of depreciation compared to previous fiscal year or before

(billion yen)	FY2023			FY2024		
	1H Results	2H Results	Full year Results ^①	Forecast ^②	YoY ^① vs ^②	
Net sales	409.6	426.6	836.3	860.0	+237(+2.8%) Excl. forex+23.7(+2.8%)	
Operating income	6.8	21.4	28.1	32.0	+3.9	
Operating margin	1.7%	5.0%	3.4%	3.7%	+0.3pt	
Ordinary income	4.9	15.1	20.0	22.0	+2.0	
Extraordinary income (loss)	(0.4)	(3.1)	(3.4)	(8.0)	(4.6)	
Profit (loss) attributable to owners of parent	4.1	6.5	10.6	5.0	(5.6)	
Exchange rate	1USD	¥140.8	¥148.1	¥144.5	¥145.0	+¥0.5
	1EURO	¥153.3	¥160.1	¥156.7	¥160.0	+¥3.3
Inventories	256.1	264.8	264.8	242.0	(22.8)	
Capital expenditure	10.5	16.1	26.6	37.0	+10.4	
FCF	24.2	16.0	40.1	24.0	(16.1)	

4. Structural Reforms : Business Segment Change

- ◆ Consolidating Bearing Business to strengthen our supply capabilities and propose optimal solutions for sales expansion in Aftermarket Business
- ◆ Increasing profit and responding new needs such as electrification in CVJ/Axle Business



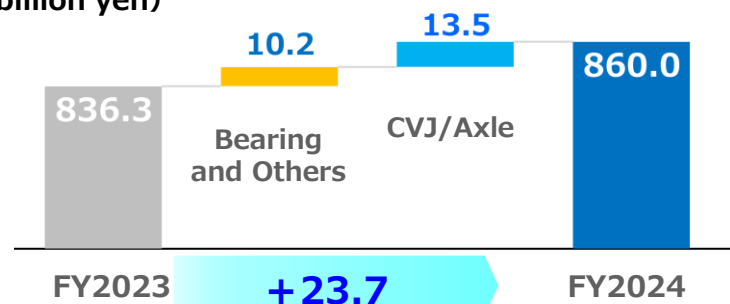
5. FY2024 Forecast : By Business Segment

Sales will increase in both Bearing and Others and CVJ/Axle
 Operating income is expected to decrease in Bearing and Others

(billion yen)		FY2023 Results		FY2024		
				Forecast		YoY
Net sales	Bearing and Others	346.8	41.5%	357.0	41.5%	+10.2
	CVJ / Axle	489.5	58.5%	503.0	58.5%	+13.5
Total		836.3	100.0%	860.0	100.0%	+23.7
Operating income	Bearing and Others	17.7	5.1%	16.4	4.6%	(1.3)
	CVJ / Axle	10.4	2.1%	15.6	3.1%	+5.2
Total		28.1	3.4%	32.0	3.7%	+3.9

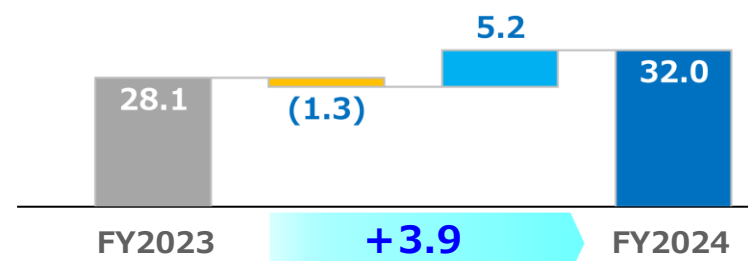
Net Sales

(billion yen)



Operating income

(billion yen)

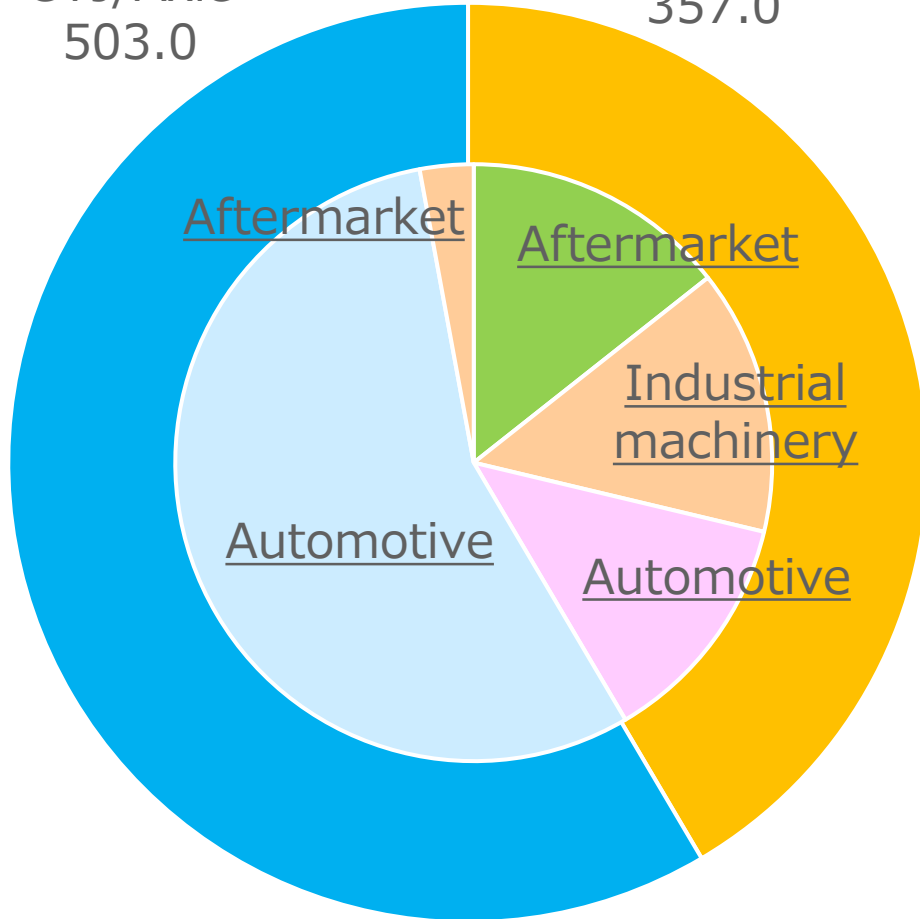


6. FY2024 Composition by Business Segment

*All figures in billion yen

CVJ/Axle
503.0

Bearing and
Others
357.0



- ◆ Assume increasing demand in aftermarket applications
- ◆ Expect demand recovery in industrial machinery market from 2H of FY2024

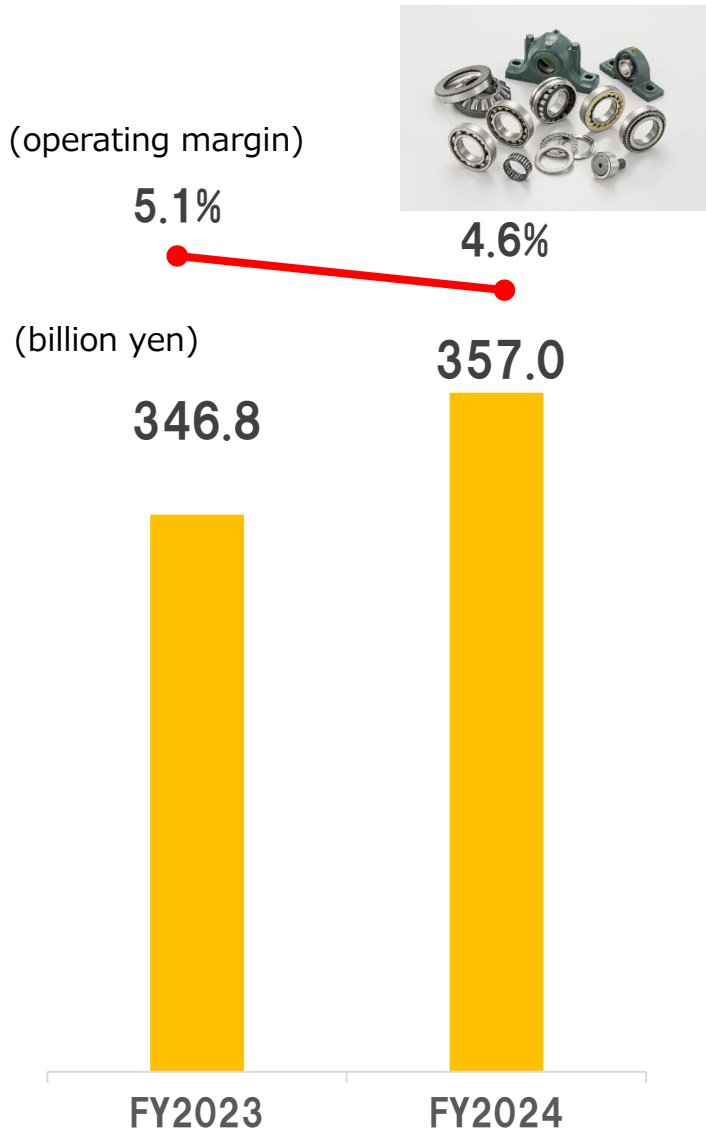
Sales Overview by Industry		FY2024 VS FY2023
Construction machinery		↗
Agricultural machinery		↘
Gear box		→
Aerospace		↗
Rolling stocks		→
Wind turbine		↘
Machine tool		↘

- ◆ Expect automotive production will be the same level as previous year

Automotive		→
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7. Initiatives in Bearing and Others Business

【Net sales and Operating margin of Bearing and Others】



For Aftermarket

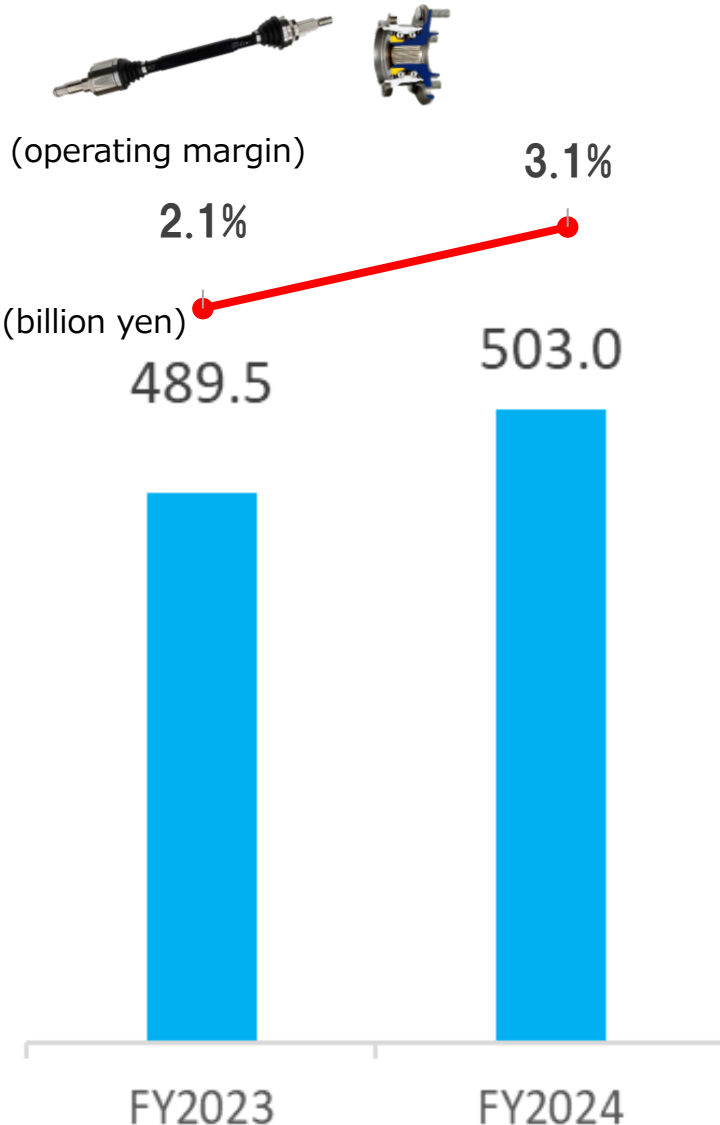
- ◆ Continue price pass-on measures accompanied by the price hike in raw materials etc. such as revising price list and individual negotiations
- ◆ Expand inventories of hot selling items, and expand coverage of general-purpose product inventory management system “FIRST”
- ◆ Outsource production to overseas suppliers etc., and strengthen supply capacity by expansion of external purchases

For Industrial Machinery/Automotive

- ◆ Promote price pass-on measures accompanied by the price hike in raw materials etc. and selling price improvements for unprofitable business
- ◆ Issue is to improve profit of bearings for automotive manufactures
- ◆ Promote collaborative activities with some industrial machinery manufacturers
- ◆ Develop new products for e-Axle with excellent high-speed and resistant to electrical pitting

8. Initiatives in CVJ/Axle Business

【Net sales and Operating margin of CVJ/Axle】



For Automotive

- ◆ Promote price pass-on measures accompanied by the price hike in raw materials etc. and selling price improvements for unprofitable business
- ◆ Expand procurements from competitive suppliers in China, Korea, India, etc. for Europe and the U.S.
- ◆ Optimize fixed costs through reorganization of production bases in the Americas, Europe, and China
- ◆ Accelerate development of new products for EV

For Aftermarket

- ◆ Promote a plan to relocate automotive aftermarket headquarters functions to Europe
- ◆ Enhance lineup of automotive aftermarket products by expansion of external purchases

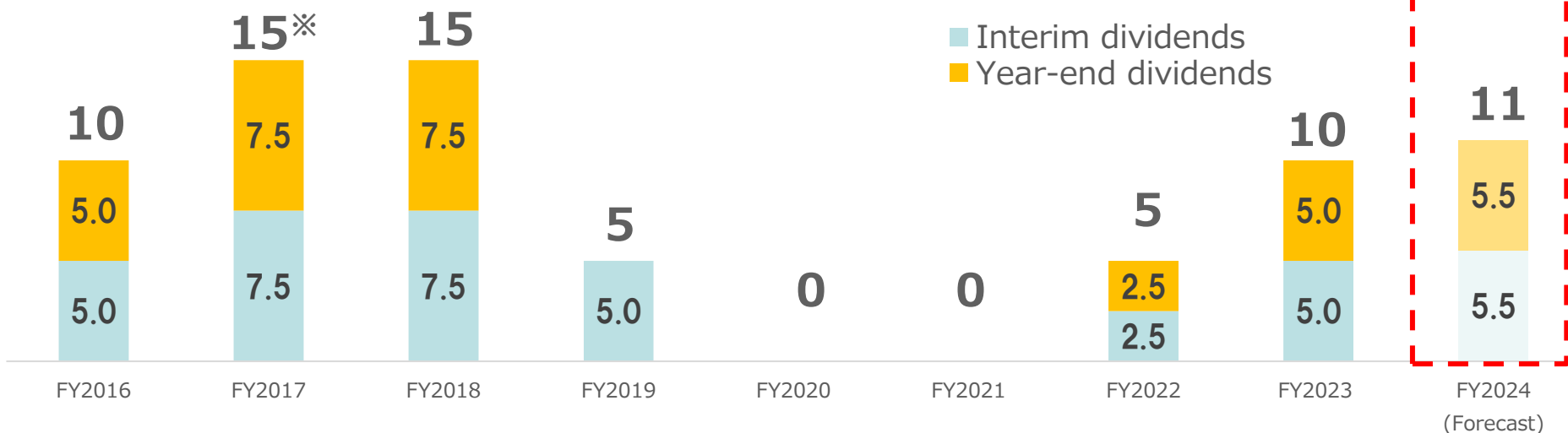
9. FY2024 Forecast: Return to Shareholders

◆ Continue to implement dividends according to business results in a stable and continuous manner from a medium -to long-term viewpoint.

Dividends Forecast in FY2024

◆ Annual dividend per share is expected to be 11 yen (YoY +1 yen)

* All figures in yen



*Including 100th anniversary commemorative dividends

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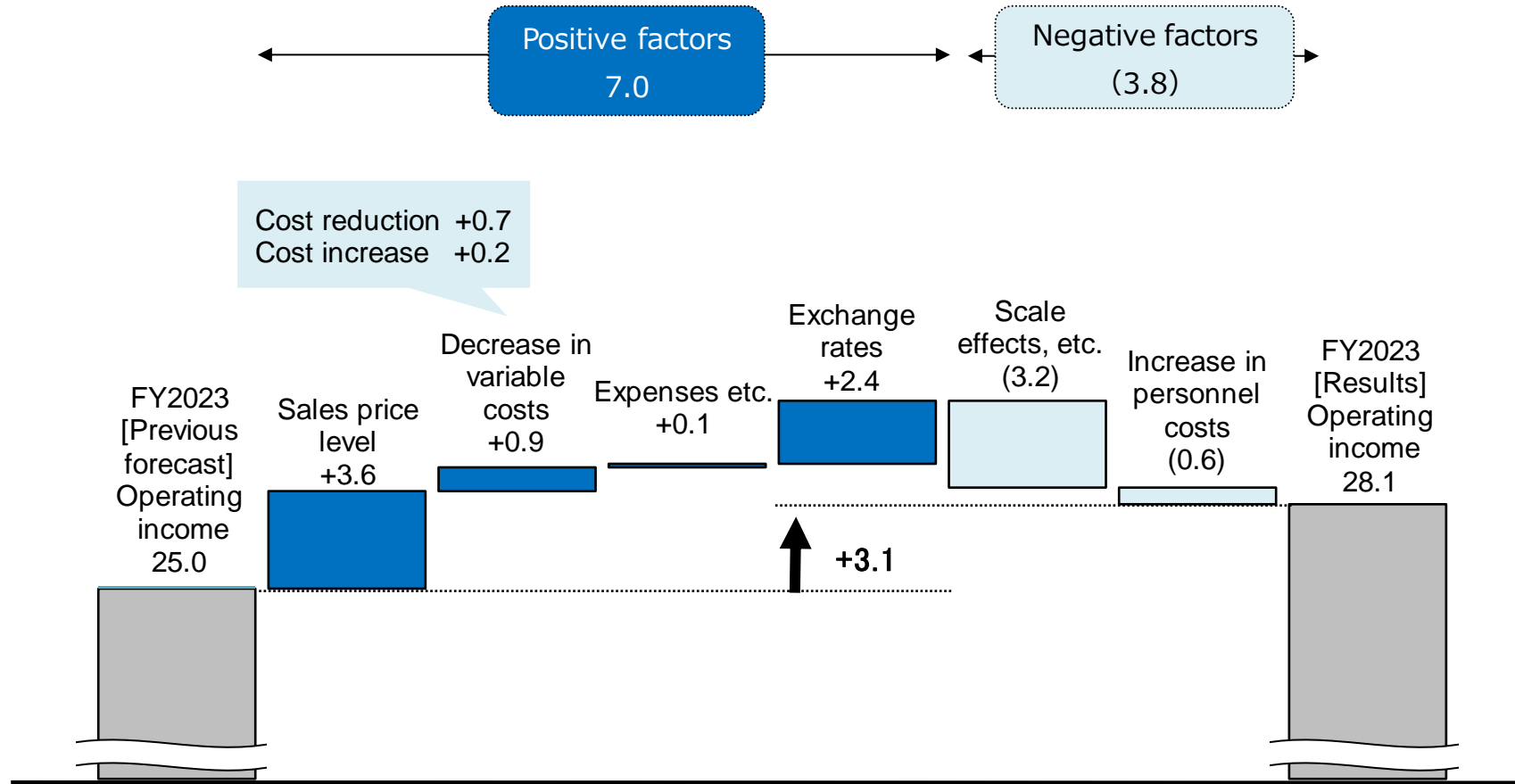
1-1. Key Financial Indicators (vs Previous Announcement)



	FY2022 Results ① (billion yen)	FY2023		Diff.					
		Forecast ②	Results ③	③-②			③-①		
				Total	Volume	Forex	Total	Volume	Forex
Net sales	774.0	830.0	836.3	6.3	(4.1)	10.4	62.3	17.6	44.7
Operating income	17.1	25.0	28.1	3.1	0.8	2.4	11.0	0.4	10.6
Operating margin	2.2%	3.0%	3.4%	0.4%			1.2%		
Ordinary income	12.0	17.5	20.0	2.5	(0.1)	2.6	8.0	(2.9)	10.8
Extraordinary income (loss)	(1.2)	(2.1)	(3.4)	(1.3)	(1.3)	(0.1)	(2.2)	(1.2)	(1.1)
Profit (loss) attributable to owners of parent	10.4	9.0	10.6	1.6	(0.2)	1.8	0.2	(6.1)	6.3
Inventories	239.4	243.0	264.8	21.8	7.4	14.4	25.4	4.0	21.4
FCF	20.4	29.0	40.1	11.1	-	-	19.8	-	-
Exchange rate	1USD	¥135.5	¥142.4	¥2.1			¥9.0		
	1EURO	¥140.9	¥155.2	¥1.5			¥15.8		

1-2. Analysis of Operating Income (FY2023 Forecast (previous) vs FY2023 Results)

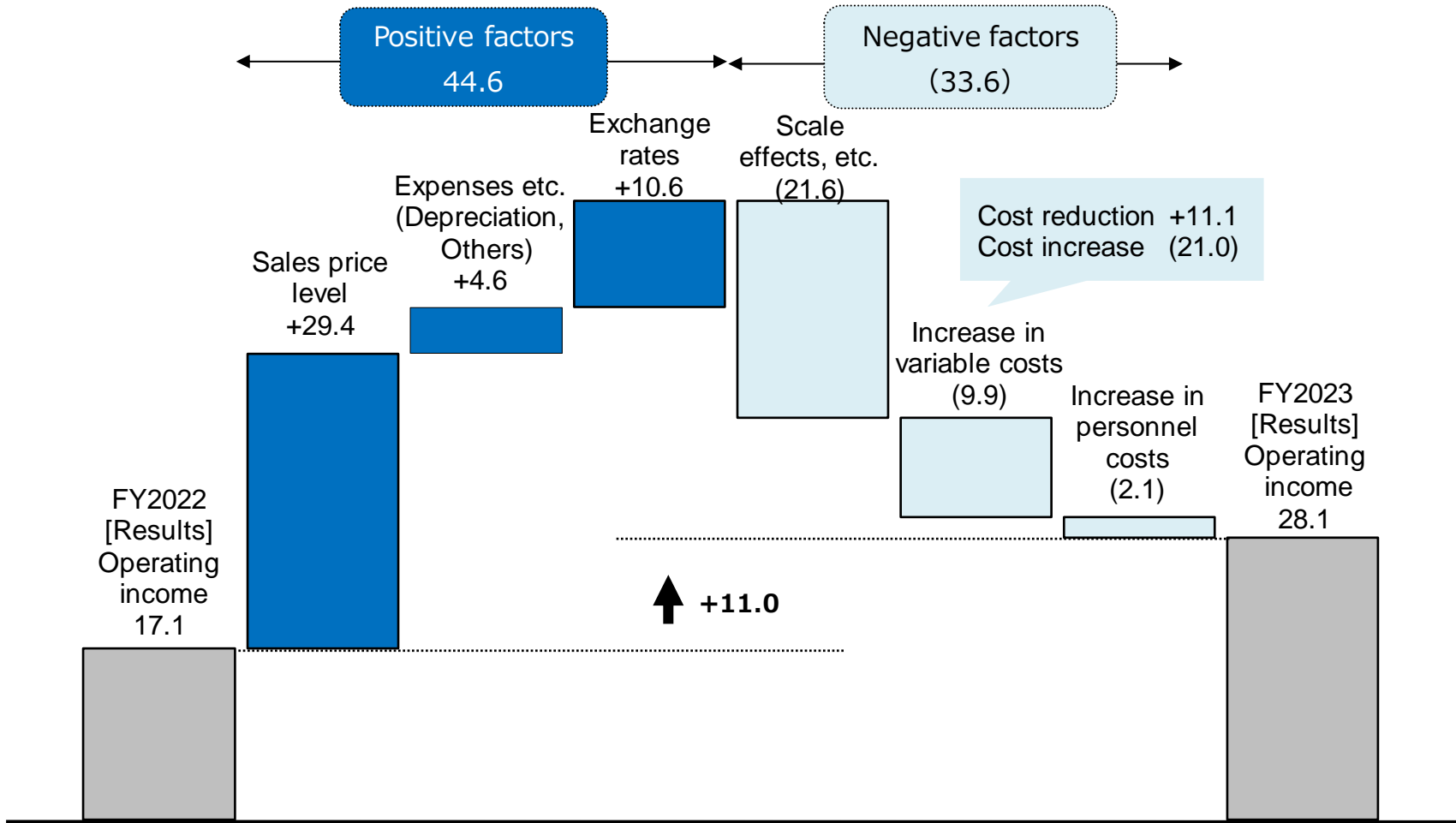
* All figures in billion yen



	FY2023 Forecast (Previous)	FY2023 Results	Diff.	Breakdown of Diff.		
				Forex	Sales price	Volume
Net Sales	830.0	836.3	+6.3	+10.4	+3.6	(7.7)

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

* All figures in billion yen



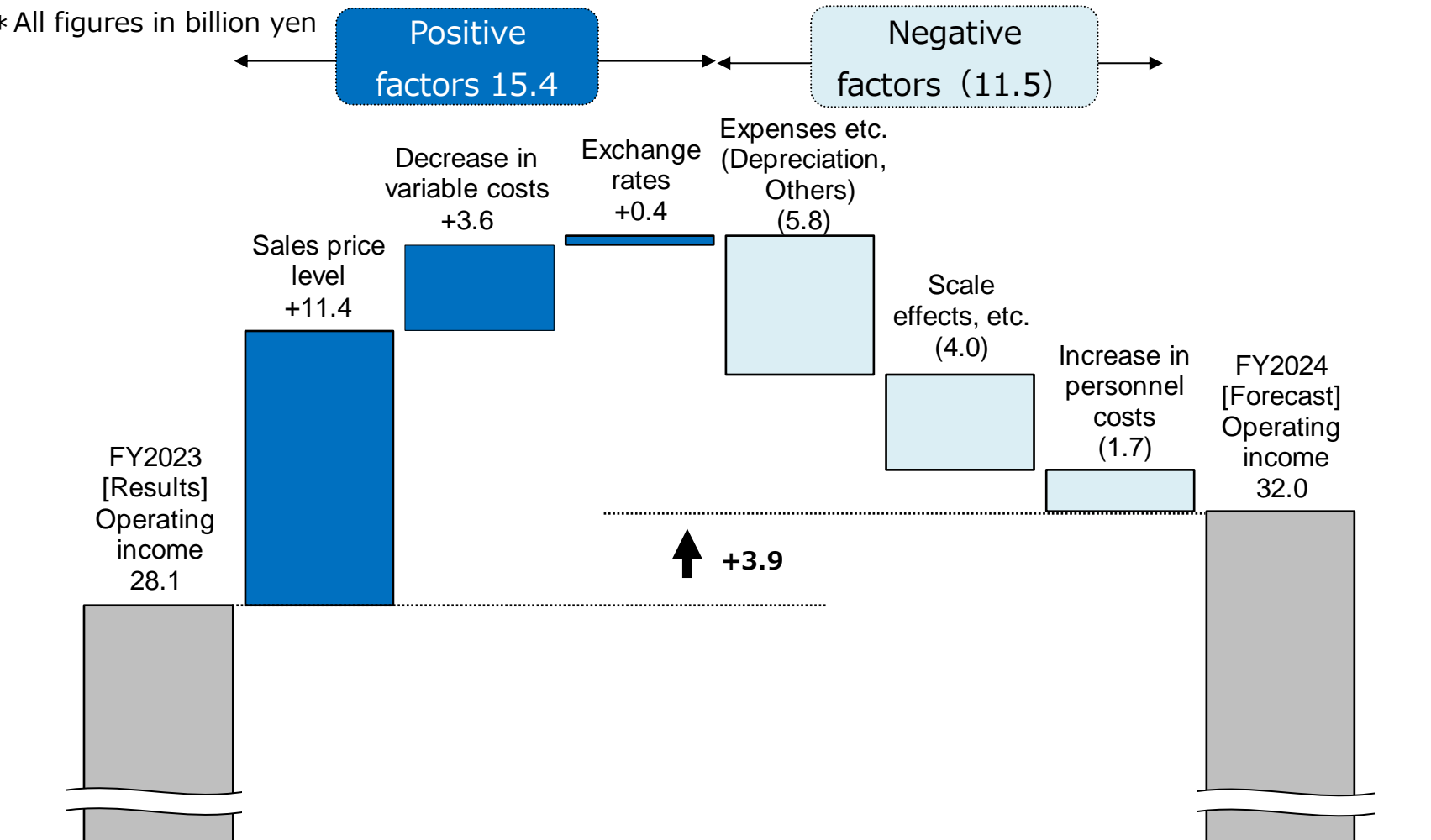
	FY2022 Results	FY2023 Results	Diff.	Breakdown of Diff.		
				Forex	Sales price	Volume
Net Sales	774.0	836.3	+62.3	+44.7	+29.4	(11.7)

2-1. FY2024 Key Financial Indicators (vs Previous Fiscal Year)

	FY2022 Results	FY2023	FY2024	Diff.		
		Results	Forecast	②-①		
		①	②	Total	Volume	Forex
(billion yen)						
Net sales	774.0	836.3	860.0	23.7	23.7	0.0
Operating income	17.1	28.1	32.0	3.9	3.5	0.4
Operating margin	2.2%	3.4%	3.7%	0.4%		
Ordinary income	12.0	20.0	22.0	2.0	1.8	0.2
Extraordinary income (loss)	(1.2)	(3.4)	(8.0)	(4.6)	(4.4)	(0.2)
Profit (loss) attributable to owners of parent	10.4	10.6	5.0	(5.6)	(5.9)	0.3
Inventories	239.4	264.8	242.0	(22.8)	(13.4)	(9.4)
FCF	20.4	40.1	24.0	(16.1)	-	-
Exchange rate	1USD	¥135.5	¥144.5	¥0.5		
	1EURO	¥140.9	¥156.7	¥3.3		

2-2. Analysis of Operating Income (FY2023 Results vs FY2024 Forecast)

* All figures in billion yen



	FY2023 Results	FY2024 Forecast	Diff.			
				Forex	Sales price	Volume
Net Sales	836.3	860.0	+23.7	+0.0	+11.4	+12.2

3. Net Sales by Region

(billion yen)	FY2022	FY2023	FY2024	Diff.					
	Results	Results	Forecast	②-①			③-②		
	①	②	③	Total	Volume	Forex	Total	Volume	Forex
Japan	201.6	210.0	222.5	8.4	8.4	0.0	12.5	12.5	(0.0)
Americas	246.2	274.7	273.0	28.5	9.3	19.2	(1.7)	(1.2)	(0.5)
Europe	155.2	171.5	183.5	16.3	(1.0)	17.3	12.0	8.2	3.9
Asia and others	170.9	180.1	181.0	9.1	0.9	8.3	0.9	4.2	(3.3)
Total	774.0	836.3	860.0	62.3	17.6	44.7	23.7	23.7	0.0

4. Net Sales and Operating Income by Business Segment

<Net Sales by Business Segment>

	FY2022	FY2023	Diff.			FY2023
	Results	Results	②-①			Forecast
	①	②	Total	Volume	Forex	(Latest)
(billion yen)						
Aftermarket	134.0	138.9	4.9	(3.7)	8.6	138.0
Industrial machinery	139.5	126.5	(13.0)	(19.1)	6.2	126.5
Automotive	500.4	570.8	70.4	40.5	29.9	565.5
Total	774.0	836.3	62.3	17.6	44.7	830.0

<Operating Income by Business Segment>

	FY2022	FY2023	Diff.	FY2023
	Results	Results	②-①	Forecast
	①	②		(Latest)
(billion yen)				
Aftermarket	22.3	20.1	(2.2)	18.5
Industrial machinery	7.3	4.6	(2.7)	4.0
Automotive	(12.4)	3.4	15.8	2.5
Total	17.1	28.1	11.0	25.0

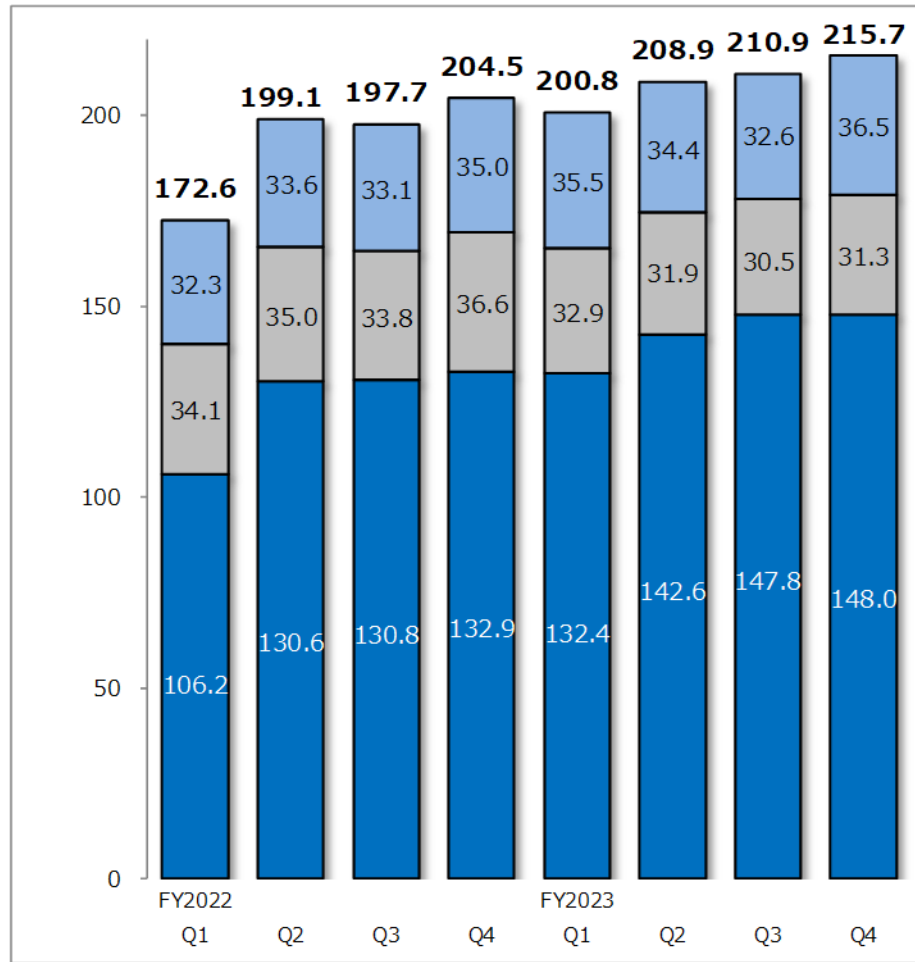
5. Financial Results by Business Segment (Quarterly Trend)



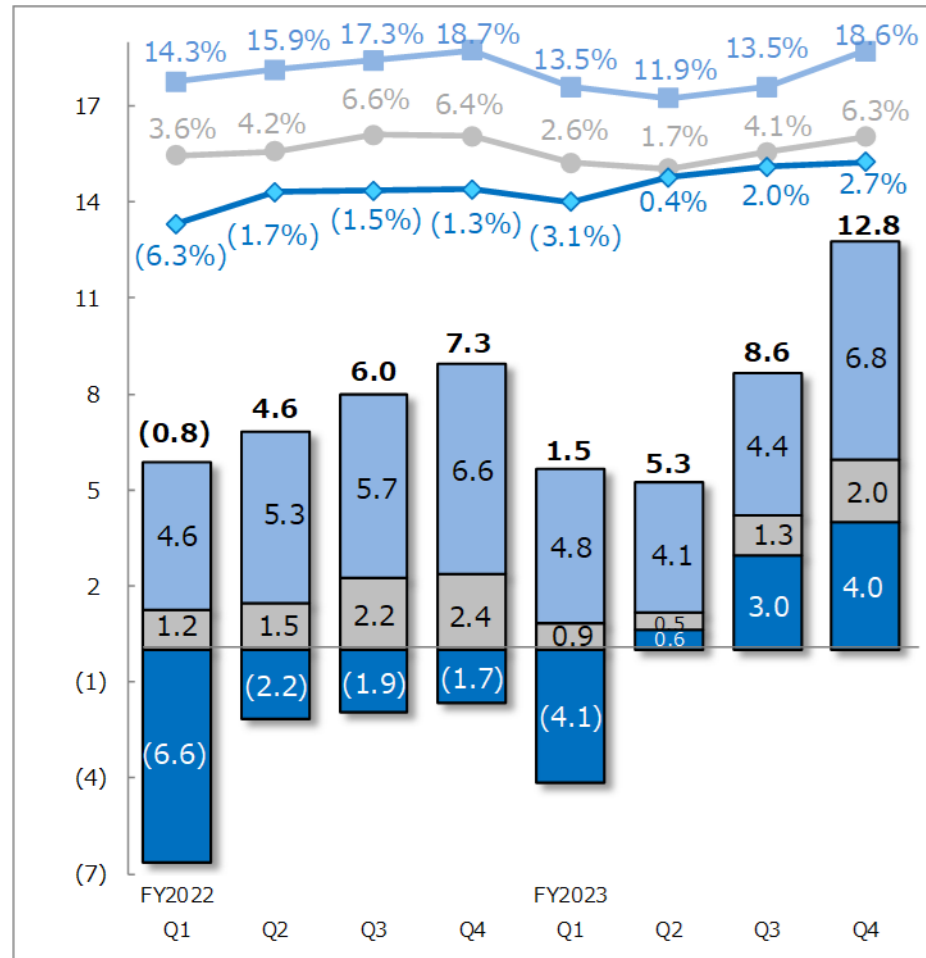
* All figures in billion yen

■ Automotive ■ Industrial machinery ■ Aftermarket

Net Sales



Operating Income / Operating Margin

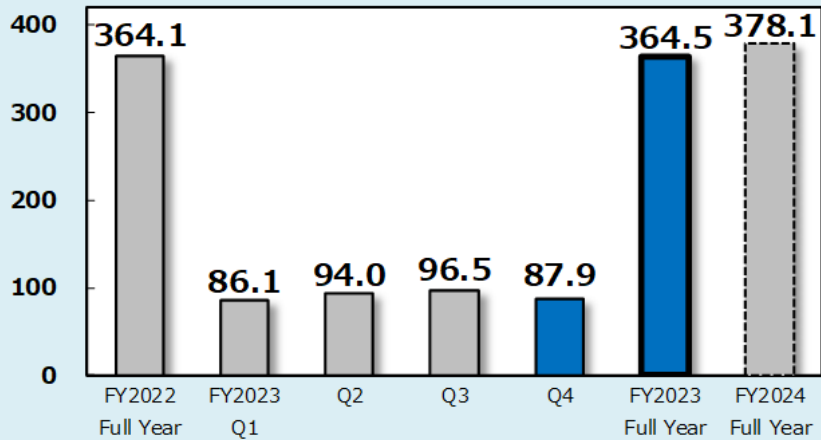


6-1. Net Sales and Operating Income by Company Location

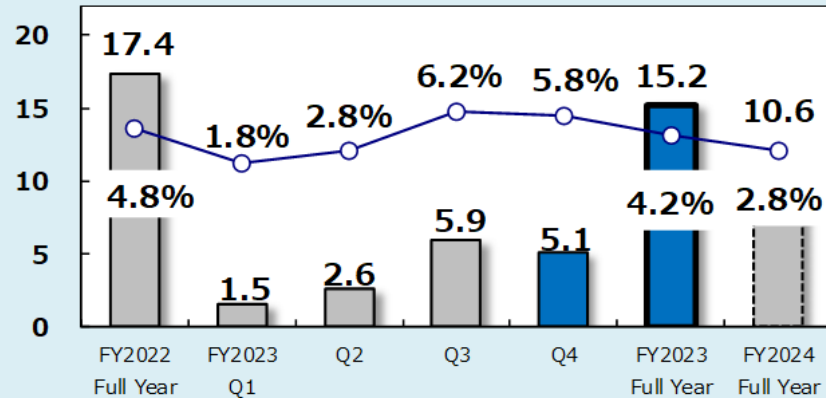
《 Japan 》

Net Sales

(billion yen)



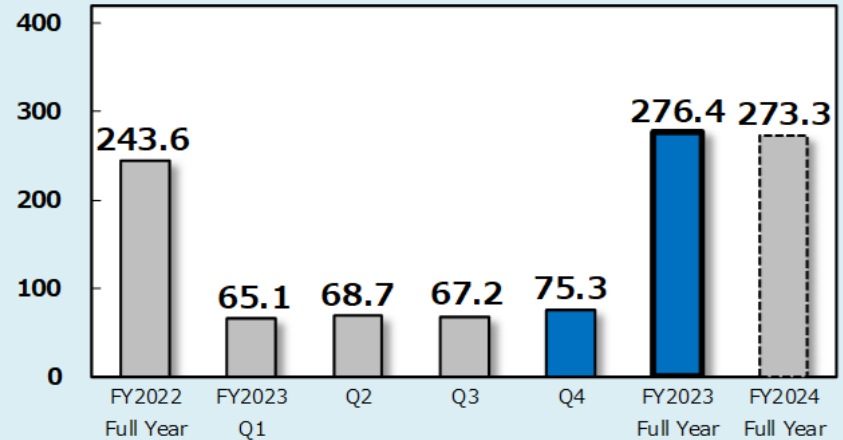
Operating Income



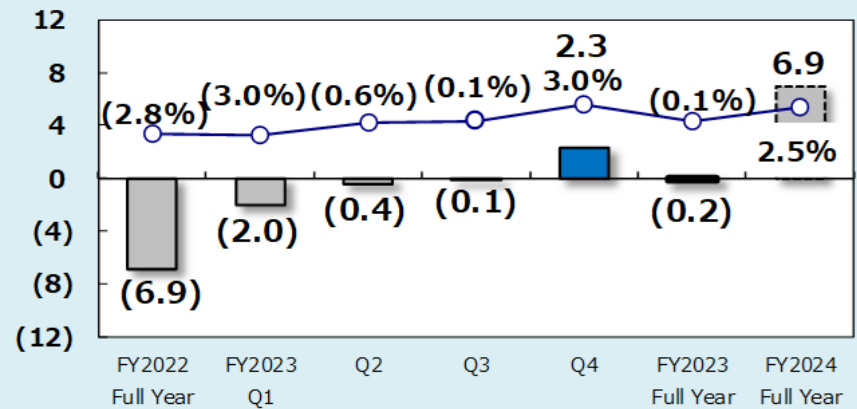
《 Americas 》

Net Sales

(billion yen)



Operating Income



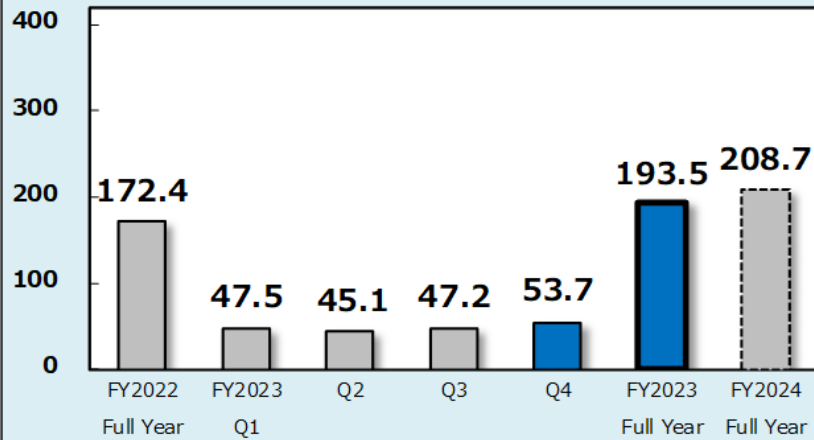
6-2. Net Sales and Operating Income by Company Location

《 Europe 》

《 Asia and others 》

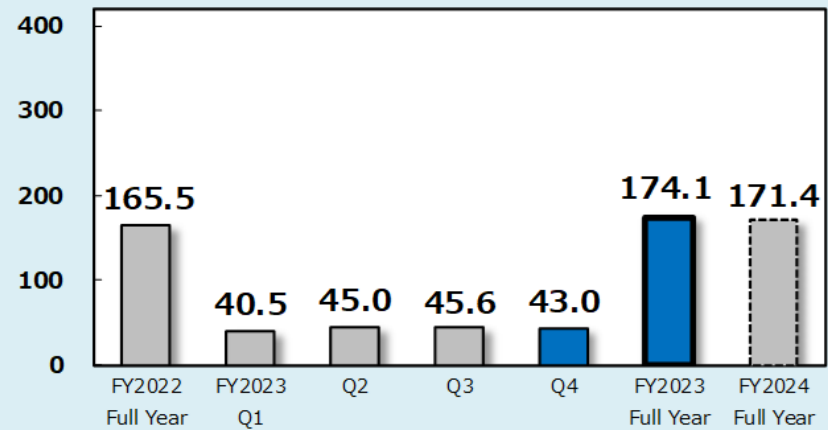
Net Sales

(billion yen)

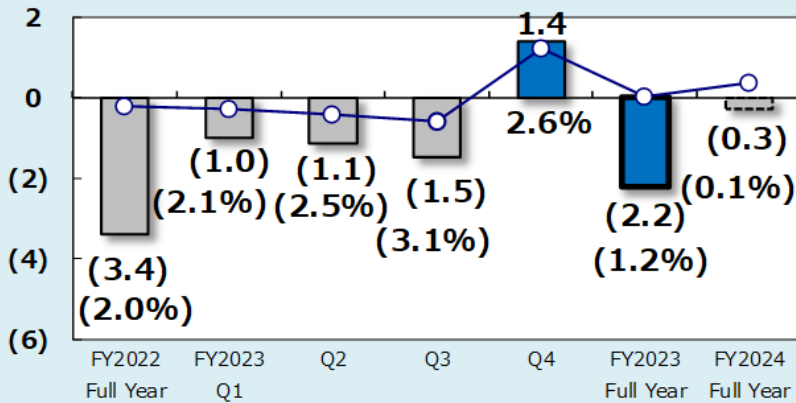


Net Sales

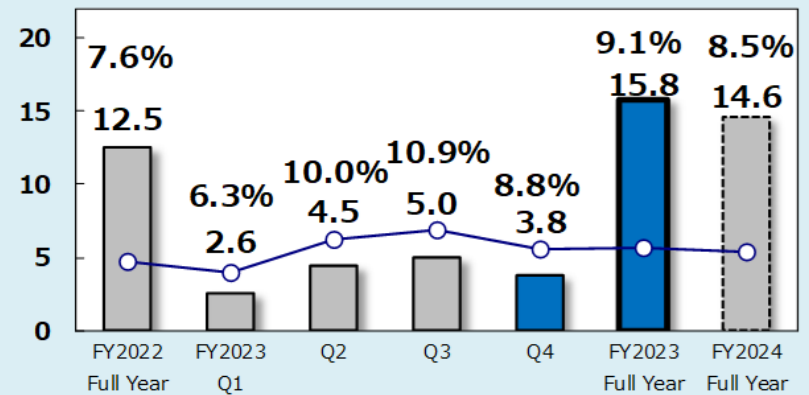
(billion yen)



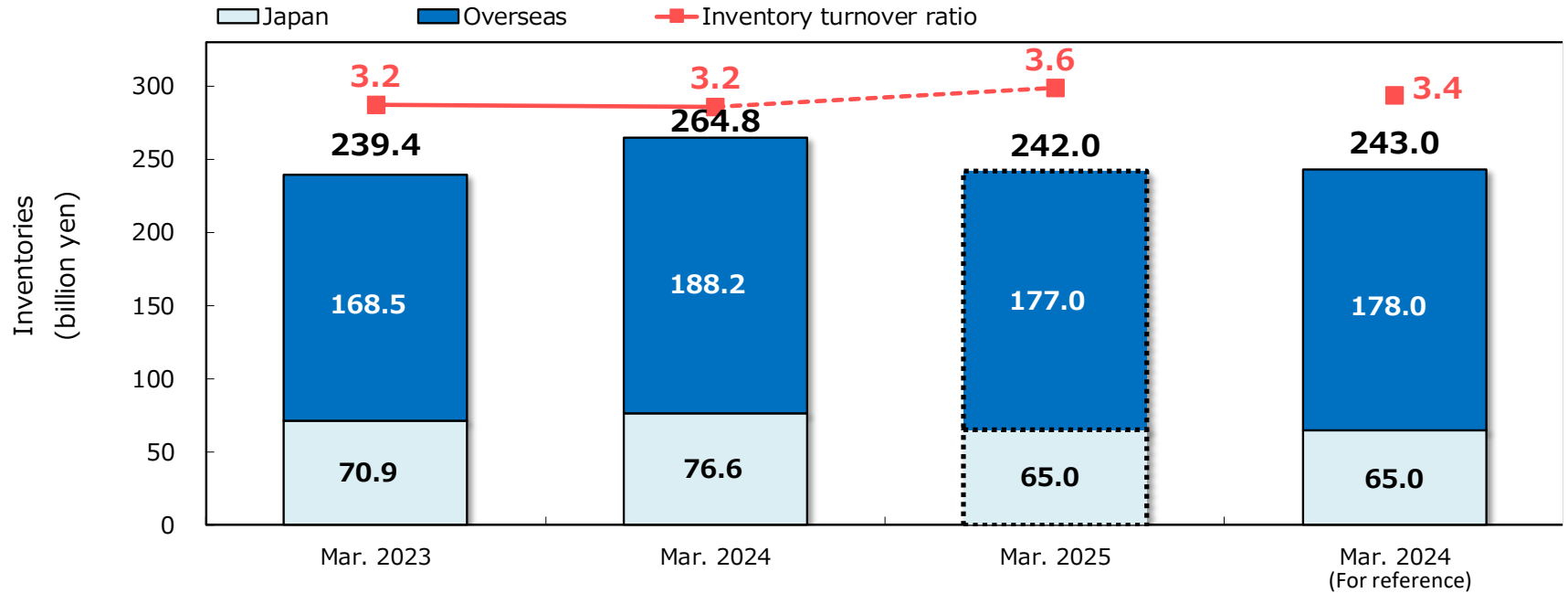
Operating Income



Operating Income



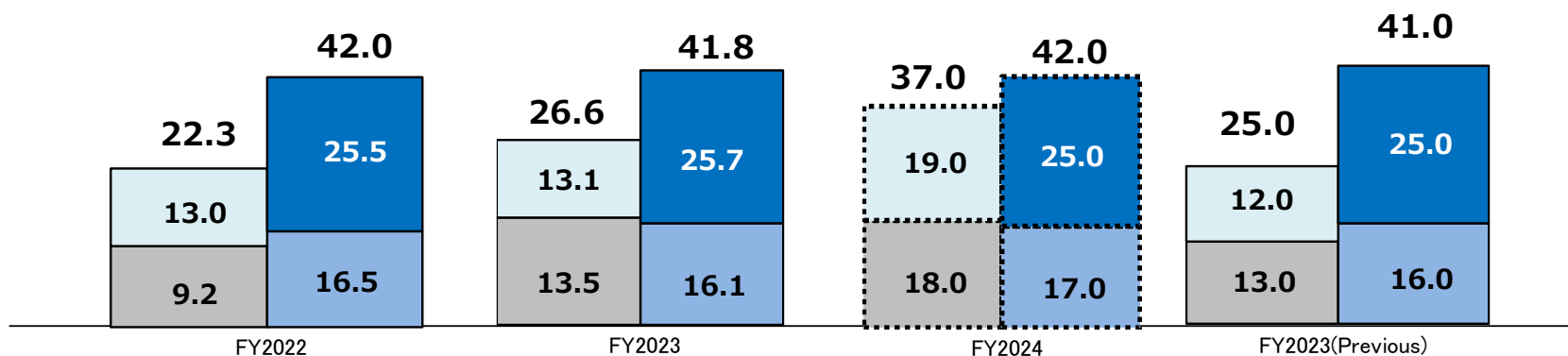
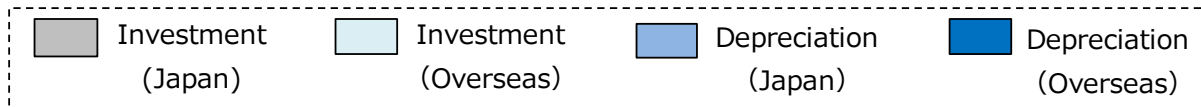
7. Inventories



	Mar. 2023 Results	Mar. 2024 Results	Mar. 2025 Forecast	Mar. 2024 Forecast (Previous)
Inventories (billion yen)	239.4	264.8	242.0	243.0
[Overseas]	168.5	188.2	177.0	178.0
[Japan]	70.9	76.6	65.0	65.0
Inventory turnover ratio [times]	3.0	3.2	3.6	3.4

8. Capital Expenditures and Depreciation

(billion yen)

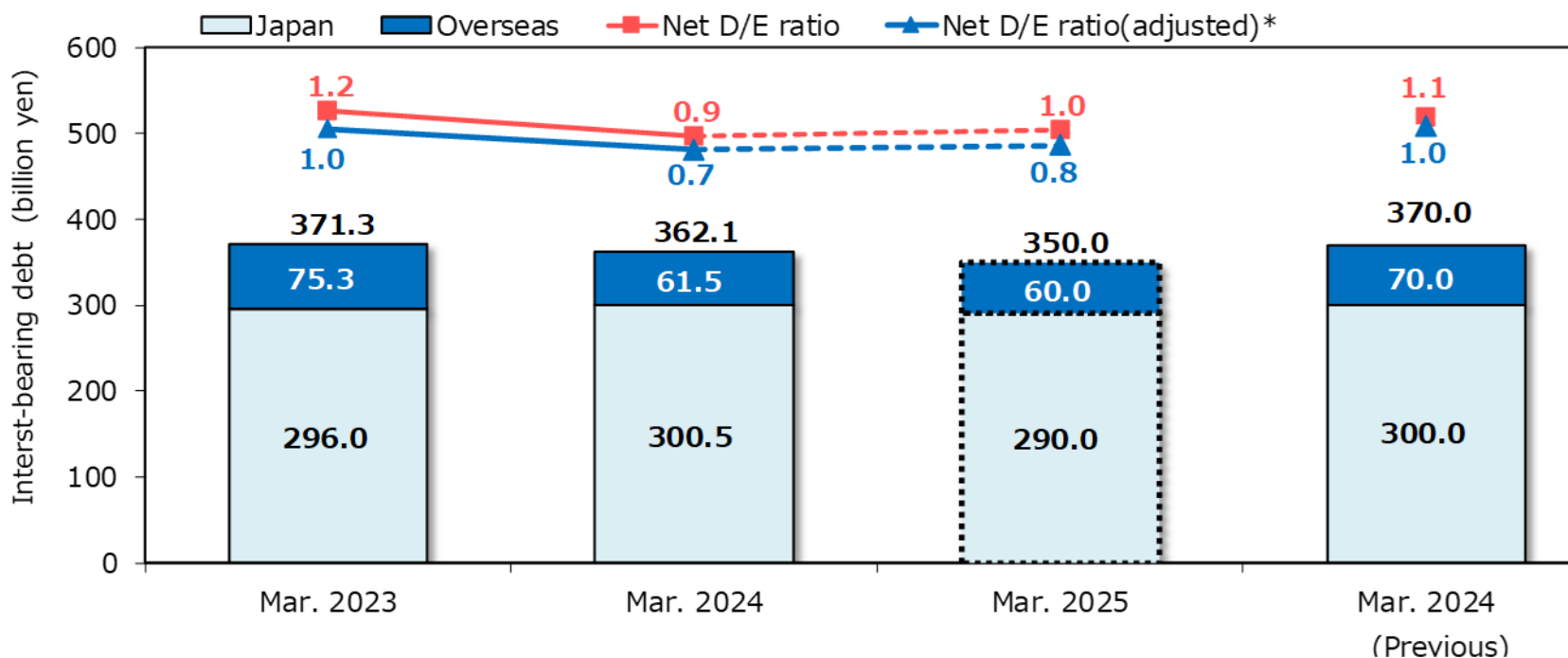


(billion yen)	FY2022 Results ①	FY2023 Results ②	②-①	FY2024 Forecast	FY2023 Forecast (Previous) (For reference)
Capital expenditure	22.3	* 26.6	4.3	37.0	25.0
[Overseas]	13.0	13.1	0.1	19.0	12.0
[Japan]	9.2	13.5	4.3	18.0	13.0

*In addition, capital expenditure for intangible fixed assets (FY2023 Results : ¥2.4 billion, FY2024 Full Year Forecast : ¥5.0 billion)

(billion yen)	FY2022 Results ①	FY2023 Results ②	②-①	FY2024 Forecast	FY2023 Forecast (Previous)
Depreciation	42.0	41.8	(0.2)	42.0	41.0
[Overseas]	25.5	25.7	0.2	25.0	25.0
[Japan]	16.5	16.1	(0.4)	17.0	16.0

9. Interest-Bearing Debt

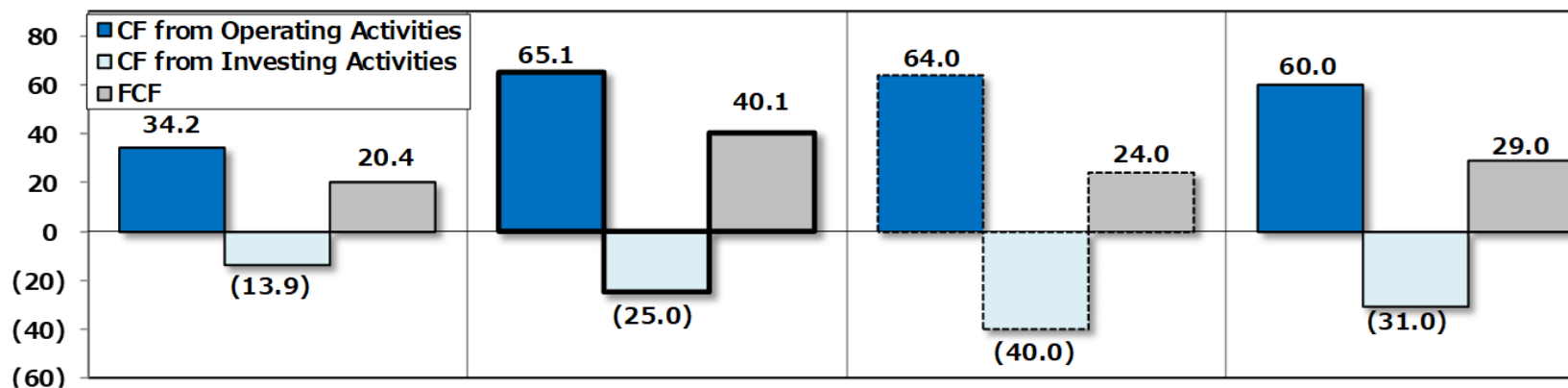


	Mar. 2023	Mar. 2024	Mar. 2025	Mar. 2024
(billion yen)	Results	Results	Forecast	Forecast (Previous)
Interest-bearing debt	371.3	362.1	350.0	370.0
[Overseas]	75.3	61.5	60.0	70.0
[Japan]	296.0	300.5	290.0	300.0
Net Interest-bearing debt	260.6	234.8	228.0	245.0

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

10. Cash Flows

(billion yen)	FY2022 Results ①	FY2023 Results ②	②-①	FY2024 Forecast	(For reference) FY2023 Forecast (Previous)
I. Cash flow from operating activities	34.2	65.1	30.9	64.0	60.0
II. Cash flow from investing activities	(13.9)	(25.0)	(11.1)	(40.0)	(31.0)
I + II. Free cash flow	20.4	40.1	19.8	24.0	29.0
III. Cash flow from financing activities	(33.3)	(30.2)	3.0	(29.0)	(17.0)
IV. Effect of exchanging rate translation on cash and cash equivalents	2.1	6.7	4.6	(0.3)	2.3
V. Net increase in cash and cash equivalents	(10.8)	16.6	27.4	(5.3)	14.3





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