Consolidated Financial Results for the First Half of FY2024

DRIVE NTN100 Final

Digitalization Resources Innovation Variable cost reformation Efficiency improvement



Make the world NAMERAKA

November 6, 2024

NTN Corporation

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II. Financial Results of First Half of FY2024 and Forecast of FY2024

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1. Key Points of FY2024 H1 Financial Results

Sales and operating income increased YoY ,
decreased compared to announced forecast due to the significant impact of declined scale

- Sales decreased compared to announced forecast due to sluggish automobile production and demand in industrial machinery market.
- Operating income decreased compared to announced forecast due to impact of declined scale despite the improvement of selling prices and cost reductions.
- Loss was recorded due to impact of tax effects, etc. Profits decreased YoY and compared to announced forecast.
- Inventories reduced compared to the end of the previous fiscal year, despite a decline in demand.

(billion yen)	FY2023 H1 Results ①	FY2023 Full Year Results	FY2024 H1 Results ②	FY2024 YoY ①vs②	FY2024 Previous (Forecast) at Q1③	FY2024 Diff. ②vs③
Net sales	409.6	836.3	**413.9**	+4.3(+1.0%) Excl. forex (4.2%)	**430.0**	(16.1)(3.7%) Excl. forex (4.9%)
Operating income	6.8	28.1	**9.9**	+3.2	**11.0**	(1.1)
Operating margin	**1.7%**	**3.4%**	**2.4%**	+0.7pt	**2.6%**	(0.2pt)
Ordinary income	4.9	20.0	**3.5**	(1.4)	**6.0**	(2.5)
Profit (loss) attributable to owners of parent	4.1	10.6	**(2.1)**	(6.2)	**2.0**	(4.1)
Exchange rate 1USD	¥140.8	¥144.5	**¥152.5**	+¥11.6	¥150.4	+¥2.1
Exchange rate 1EURO	¥153.3	¥156.7	**¥165.8**	+¥12.5	¥163.8	+¥1.9
Inventories	256.1	264.8	**255.3**	* (9.5)	* vs FY2023 Full year results	
Capital expenditure	10.5	26.6	**11.4**	+1.0		
FCF	24.2	40.1	**2.8**	(21.4)		

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2. Key Points of FY2024 H2 and FY2024 Forecast

Full-year forecasts were revised downward reflecting lower sales and acceleration of structural reforms

- Recovery of demand in the automotive and industrial machinery markets will be delayed in the H2, and sales are expected to decline in the Americas, Europe, China, and other regions.
- Reduce variable costs price pass-on measures, procurement reform, etc., and thoroughly control fixed costs
- 7.0 billion yen of expenses will be added in H2 to accelerate structural reform for accomplishment of revitalization of NTN.

(billion yen)	FY2023 Full Year Results	FY2024 H1 Results	FY2024 H2 Forecast	FY2024 Full Year Forecast ①	FY2024 Previous (Forecast) at Q1②	FY2024 YoY ①vs②
Net sales	836.3	413.9	**401.1**	**815.0**	**860.0**	(45.0)
Operating income	28.1	9.9	**12.1**	**22.0**	**32.0**	(10.0)
Operating margin	**3.4%**	**2.4%**	**3.0%**	**2.7%**	**3.7%**	(1.0pt)
Ordinary income	20.0	3.5	**5.5**	**9.0**	**22.0**	(13.0)
Extraordinary income (loss)	(3.4)	(0.6)	**(14.4)**	**(15.0)**	**(8.0)**	(7.0)
Profit (loss) attributable to owners of parent	10.6	(2.1)	**(13.9)**	**(16.0)**	**5.0**	(21.0)
Exchange rate 1USD	¥144.5	¥152.5	**¥145.0**	**¥148.7**	¥147.7	+¥1.1
Exchange rate 1EURO	¥156.7	¥165.8	**¥160.0**	**¥162.9**	¥161.9	+¥1.0
Inventories	264.8	255.3	**242.0**	**242.0**	**242.0**	**0.0**
Capital expenditure	26.6	11.4	**25.6**	**37.0**	**37.0**	**0.0**
FCF	40.1	2.8	**12.2**	**15.0**	**24.0**	**(9.0)**

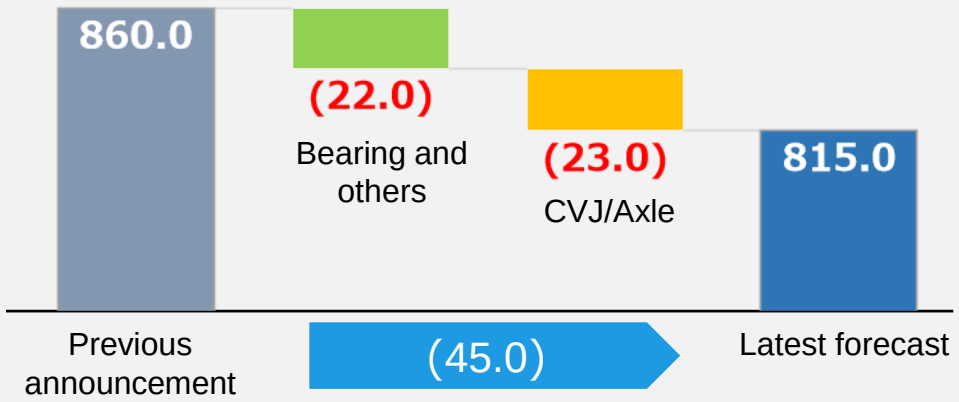
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3. FY2024 Forecast by Business Segment

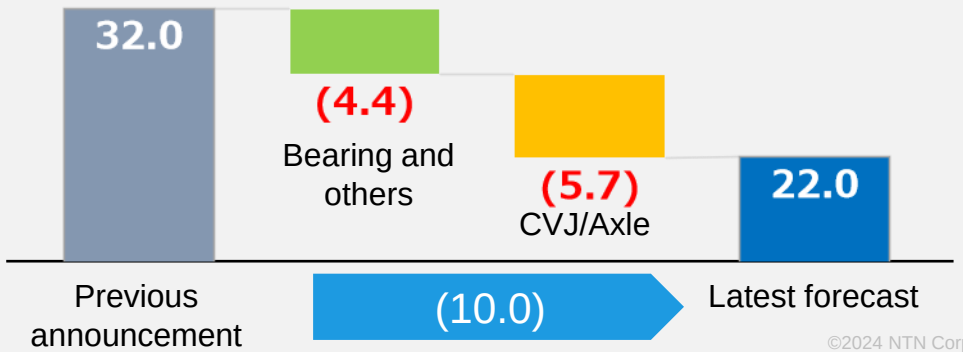
Full-year forecasts were revised downward reflect lower sales

		FY2024									
		Latest						Previous announcement			
	(billion yen)	1H Results		2H Forecast		Full Year Forecast		1H		2H		Full Year	
Net sales	Bearing and others	168.1	40.6%	166.9	41.6%	335.0	41.1%	176.3	41.0%	180.7	42.0%	357.0	41.5%
Composition ratio	CVJ/Axle	245.8	59.4%	234.2	58.4%	480.0	58.9%	253.7	59.0%	249.3	58.0%	503.0	58.5%
	Total	413.9	100.0%	401.1	100.0%	815.0	100.0%	430.0	100.0%	430.0	100.0%	860.0	100.0%
Operating income	Bearing and others	6.6	3.9%	7.7	4.6%	14.3	4.3%	6.1	3.5%	12.5	6.9%	18.7	5.2%
Operating margin	CVJ/Axle	3.3	1.3%	4.3	1.8%	7.6	1.6%	4.8	1.9%	8.5	3.4%	13.3	2.6%
	Total	9.9	2.4%	12.1	3.0%	22.0	2.7%	11.0	2.6%	21.0	4.9%	32.0	3.7%

Net Sales（billion yen）



Operating income（billion yen）



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4. Promotion of Structural Reform

Policy of “DRIVE NTN100” Final structural reform

- Japan : Transfer small-sized ball bearings to overseas suppliers and reduce production scale of unprofitable businesses, etc.
- Americas : Consolidate and eliminate pre-process divisions through promotion of procurement reform and reduce production scale of unprofitable businesses, etc.
- Europe：Consolidate and eliminate production sites in line with local demand
- China : Consolidate and eliminate production sites and expand export to Europe, etc.

Extraordinary loss
35.0 billion yen/3 years

Extraordinary income
4.5 billion yen /3 years

Extraordinary income/loss
30.5 billion yen /3 years

Structural reform initiatives and effects in FY2024

- Japan : Reduce fixed assets of unprofitable businesses
- Americas : Reduce fixed cost and assets of unprofitable businesses

7.0 billion yen（Ahead of schedule）

- Europe : Consolidate and eliminate production sites in Western Europe and transfer production capacity partially to Eastern Europe
- China : Promote consolidation and downsizing of production sites

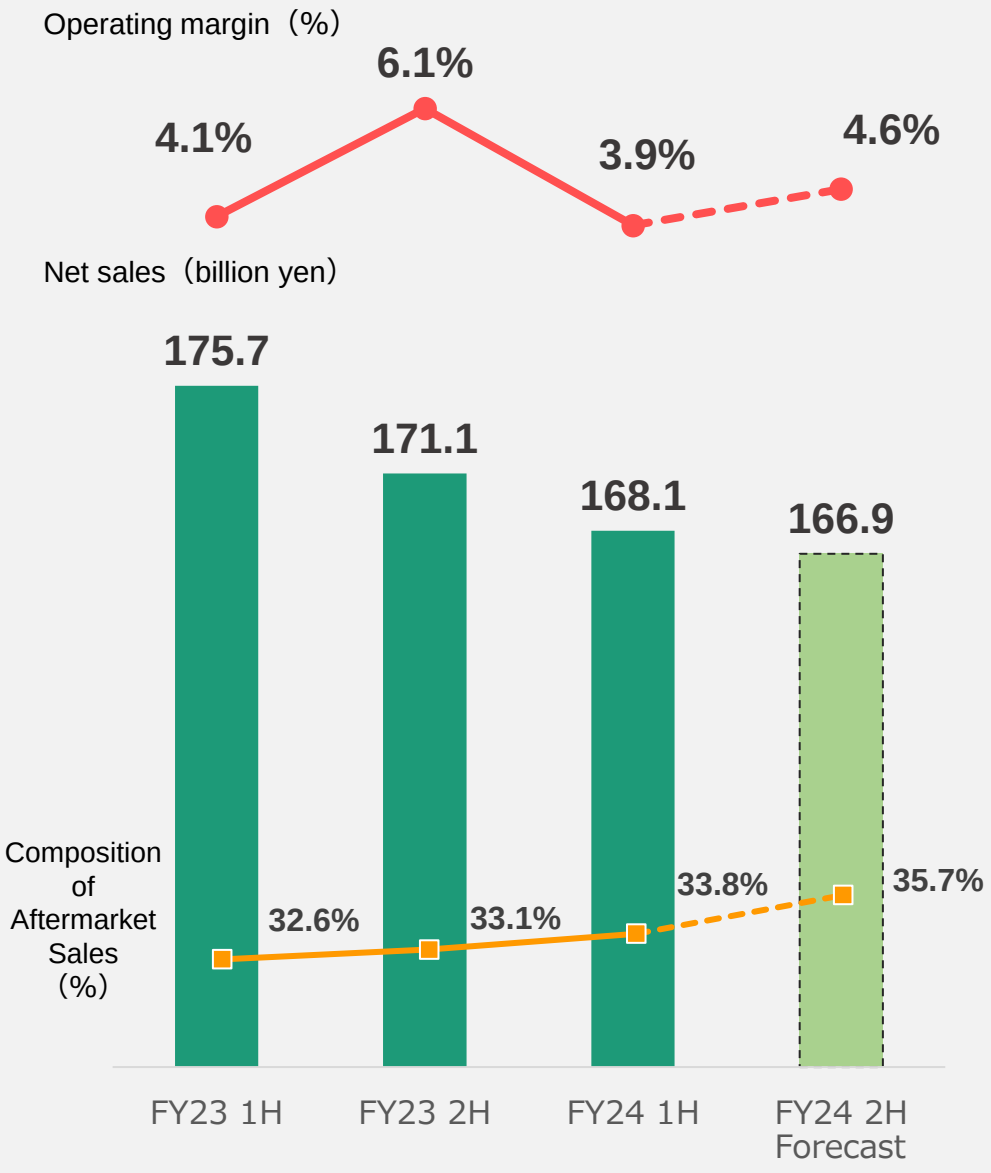
8.0 billion yen（In line with initial plan ）

Restructuring expenses of FY2024 15.0 billion yen

Approx. 10.0 billion yen fixed cost reductions in FY2026 (vs FY2023)

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5-1. Initiatives of FY2024 in Bearing and others



Sales overview by industry

	FY21 vs FY22	FY22 vs FY23	FY23 vs FY24 (Forecast)
Construction machinery	↑	↓↓	→ Same level as FY2023
Agricultural machinery	→	↓↓	↓↓ Continue to decline
Aerospace	↑↑↑	→	→ Maintain strong performance
Gear box	↑	↓↓	↓↓ Continue to decline
Rolling stock	↓	↑↑	↑ Continue to increase
Machine tool	↑↑	↓↓↓	→ Same level as FY2023
Wind turbine	→	↓↓↓	↓↓↓ Continue to decline
Automobile	→	→	↓ Decrease from FY2023
Aftermarket	↑↑	↓	→ Same level as FY2023

Profit improvement

- Control of fixed costs in response to declining scale
- Improve in sales price of unprofitable business for automotive bearings etc.
- Promote collaborative activities with some industrial machinery manufacturers

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5-2. Progress of “DRIVE NTN100” Final in Bearing and others

Expand aftermarket business

Strengthen supply capability



- Complete transfer of small-sized ball bearings to overseas suppliers by the end of this fiscal year
- Reorganize domestic production, including Wakayama Works and strength supply capability
- Expand inventories for popular products for the aftermarket
  （from end of previous fiscal year +35%）

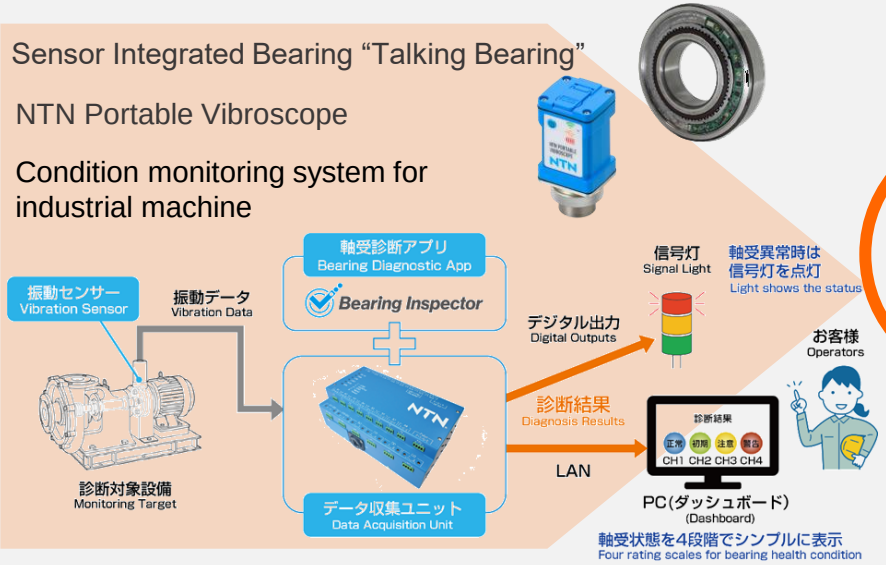
Strengthen engineering services

- Conduct training for customer engineers in North America, South America, Europe, ASEAN, India, etc., and gradually expanding the number of participants.
- Expand service businesses such as bearing diagnostic and refurbishment, etc.

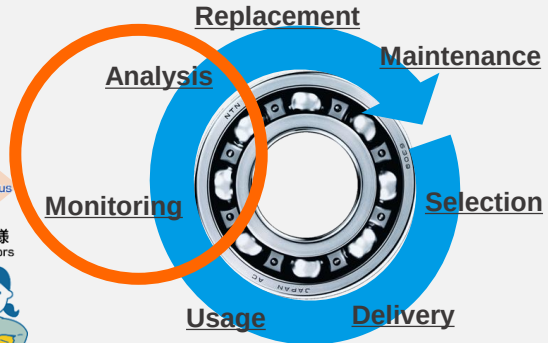
Sensor Integrated Bearing “Talking Bearing”

NTN Portable Vibroscope

Condition monitoring system for industrial machine



[Bearing life cycle management]



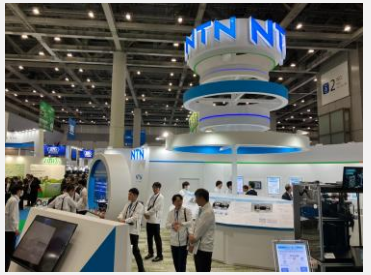
Expand global sales network

- Expand an introduction of for “FIRST,” a system for immediate delivery of general-purpose product inventory, to our global sales companies
- Strength distributor network with a focus on Latin America, ASEAN, Africa, etc. Combine and complement new distributor openings or e-commerce utilization
- Complete relocation of automotive aftermarket headquarters to Europe

Improve profit in OEM business

Develop new product that meet market needs

- Large Diameter Deep Groove Ball Bearings for Coaxial e-Axles
- “High Speed and Long Operating Life Grease” for Grease Lubricated Bearings for Machine Tool Spindles
- “Lubricating Unit for Grease Lubricated Bearings for Machine Tool Spindles”



Exhibited at JIMTOF2024

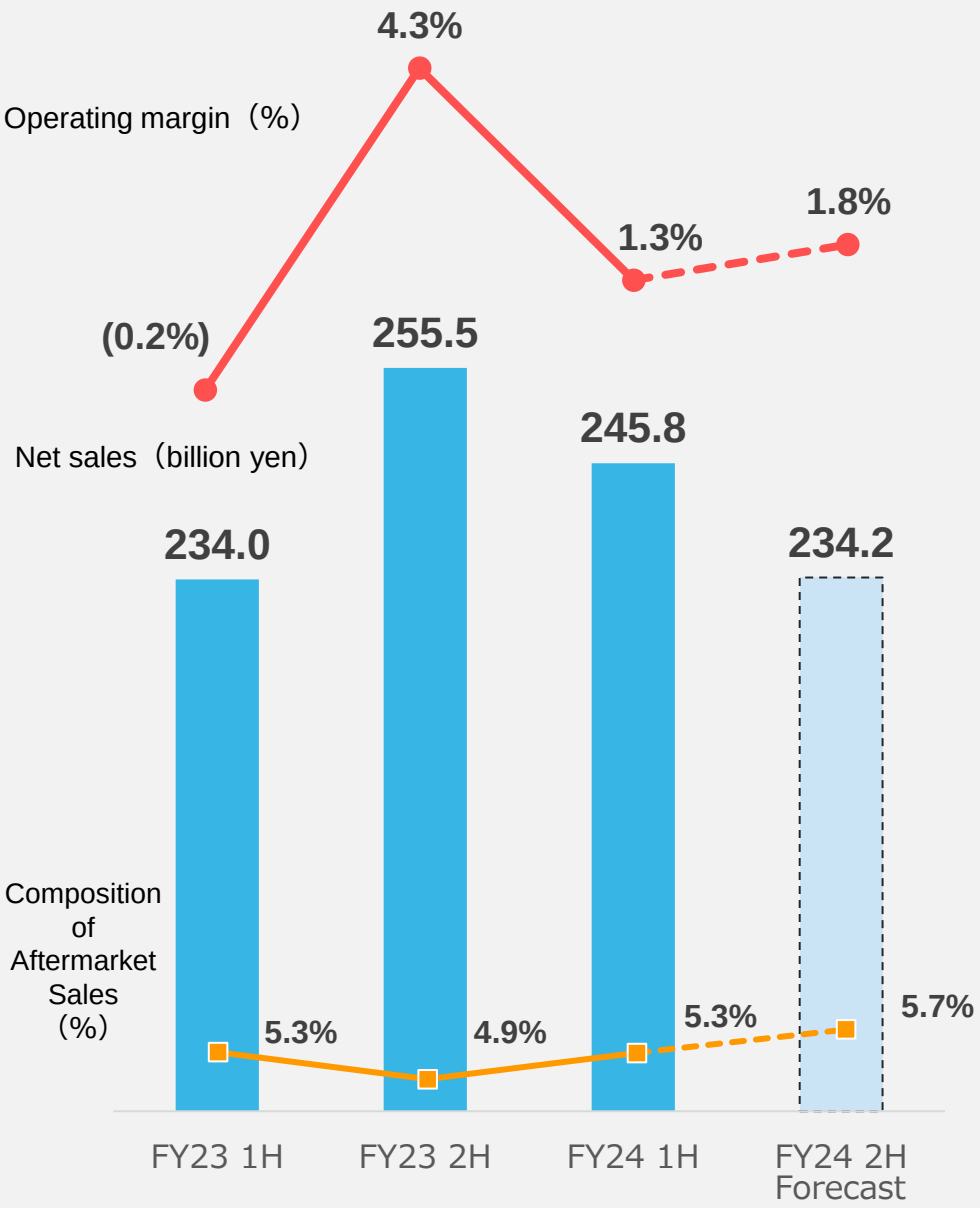






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6-1. Initiatives of FY2024 in CVJ and Axle bearings

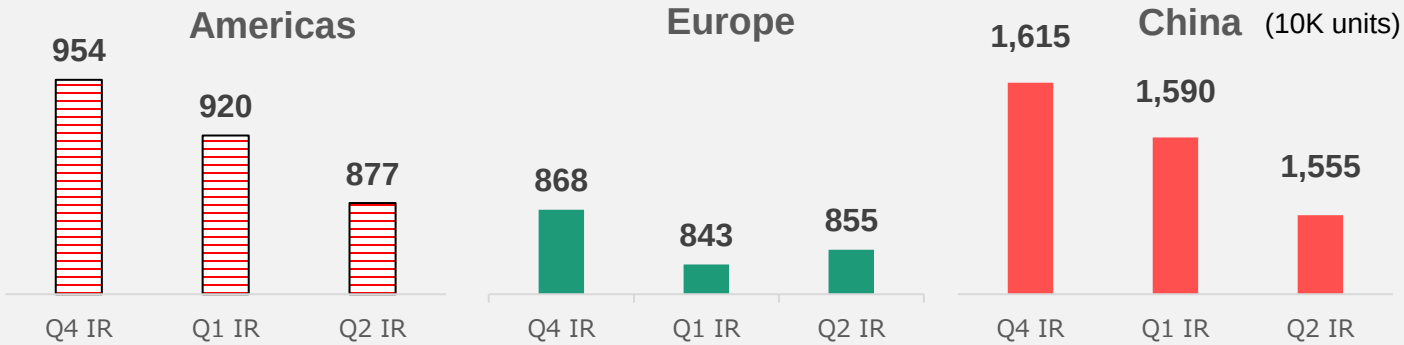


Sales overview

- In the 1H, sales in the Americas, Europe, and China fell far short of the forecast at the beginning of the fiscal year, and sales declined from the previous announcement.
- Sales in Asia were as expected due to the impact of increased sales in India
- Impact of weak demand will continue in the 2H, particularly in the Americas, Europe, and China.



[S&P FY24 2H Global Vehicle Production Forecast Changes（Americas, Europe and China)]



Profit improvement

- Price increase exceeded the plan due to the improvement of selling prices to compensate for the increase in labor costs.
- Promote price increase including compensation for reduced demand in the 2H
- Control fixed costs in response to declining scale
- Promote cost reduction through design and procurement reforms

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6-2. Progress of “DRIVE NTN100” Final in CVJ and Axle bearings

Regional Strategy

- **Accelerate structural reforms and reorganization of production** in the Americas, in addition to Europe and China, to realize early effects and improve asset efficiency

Japan	**Reinforce**	Strengthen partnerships with customers who recognize the value we provide Improve efficiency of investment in labor saving, modernization, etc. Perform as an export bases to each region
Americas	**Selection & Concentration**	**Reorganize production ahead of schedule,** promote cost reduction through expanded procurement reforms
Europe	**Selection & Concentration**	**Promote reorganization of production,** reduce cost by utilizing imported products from the China region
China	**Selection & Concentration**	**Reduce cost by promoting reorganization of production**, expand exports to Europe
Asia	**Reinforce**	Expand business in emerging countries where market growth is expected
India	**Reinforce**	Strengthen partnerships with customers who recognize the value we provide Enhance R&D functions

Promotional activities with new products

- Promote new products such as High Efficiency Fixed Type CVJ “CFJ” , Low Friction Hub Bearing, etc. and contribute to profit improvement



High Efficiency Fixed Type CVJ “CFJ”





Shudderless Sliding Type CVJ “PTJ”



Low Friction Hub Bearing

Fixed Type CVJ

Sliding Type CVJ

Value chain reform

- Realize cost reduction by expanding procurement of parts from China, Korea, India, etc.
- Review designs and materials not constrained by conventional design concepts
- Reduce inventories by shortening production and parts synchronization

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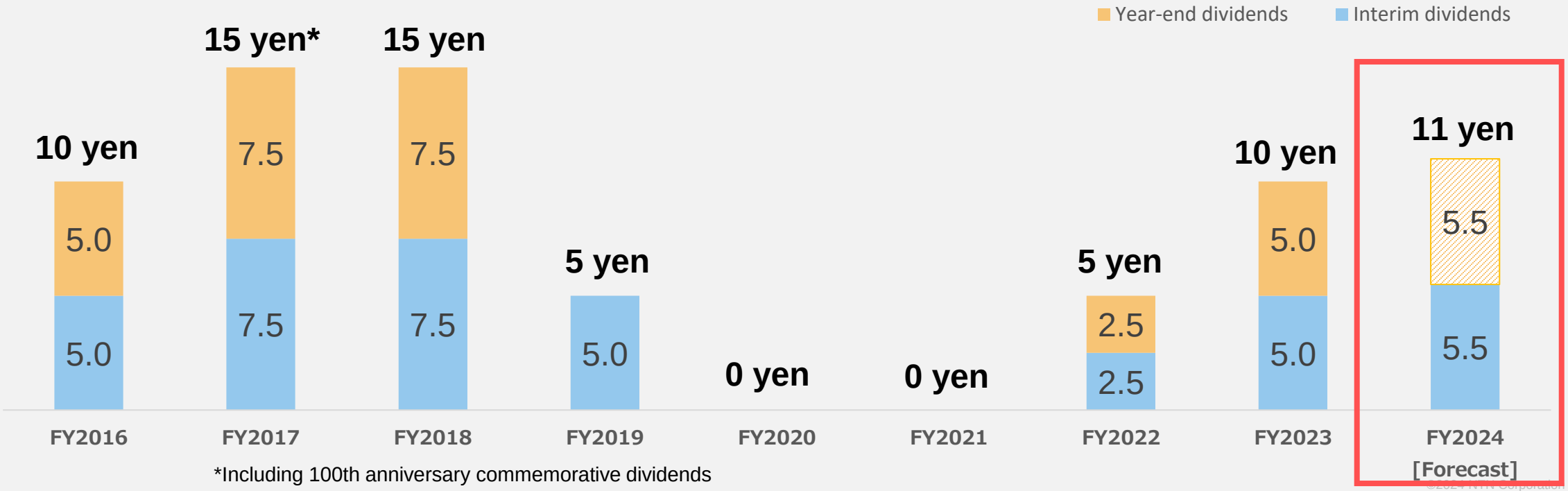
7. FY2024 Forecast : Return to Shareholders

Dividends Policy

- Continue to implement dividends according to business results in a stable and continuous manner from a medium -to long-term viewpoint
- DOE2.5% is the lower limit and we aim to DOE4% after accomplishing the target of “DRIVE NTN100” Final

Dividends in FY2024

- Dividends for FY2024 are expected to be 11 yen per share, unchanged from the forecast at the beginning of the year



*Including 100th anniversary commemorative dividends

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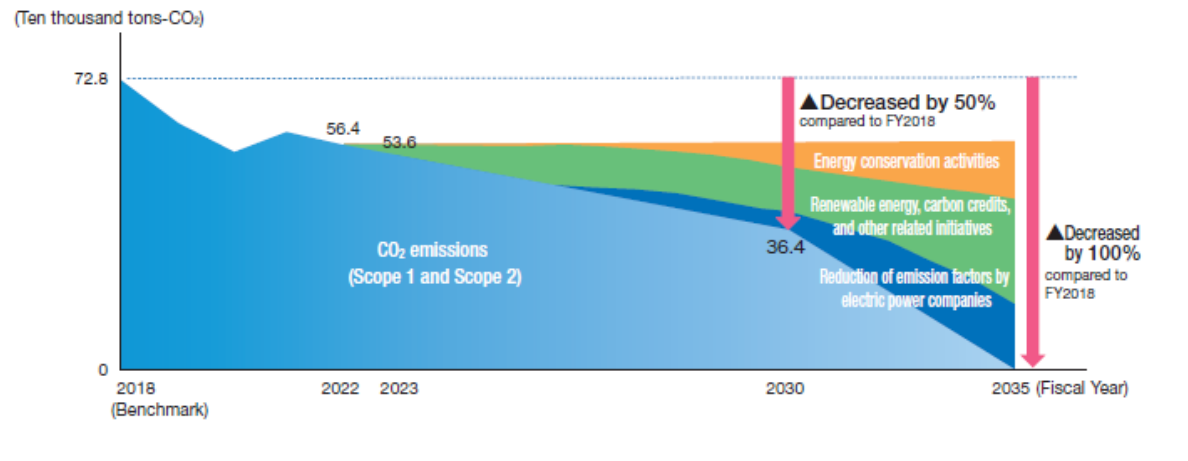
8. ESG Management Initiatives

For more information on ESG initiatives, please refer to the Integrated Report “NTN Report”
https://www.ntnglobal.com/en/csr/ntnreport.html

NTN Report 2024 to be published in October (in Japanese) ; ESG meeting scheduled for December 20

E:Environment

- Publish a carbon neutrality roadmap
- Progressing as planned : visualization of electricity at production sites, energy-saving measures, and utilization of renewable energy

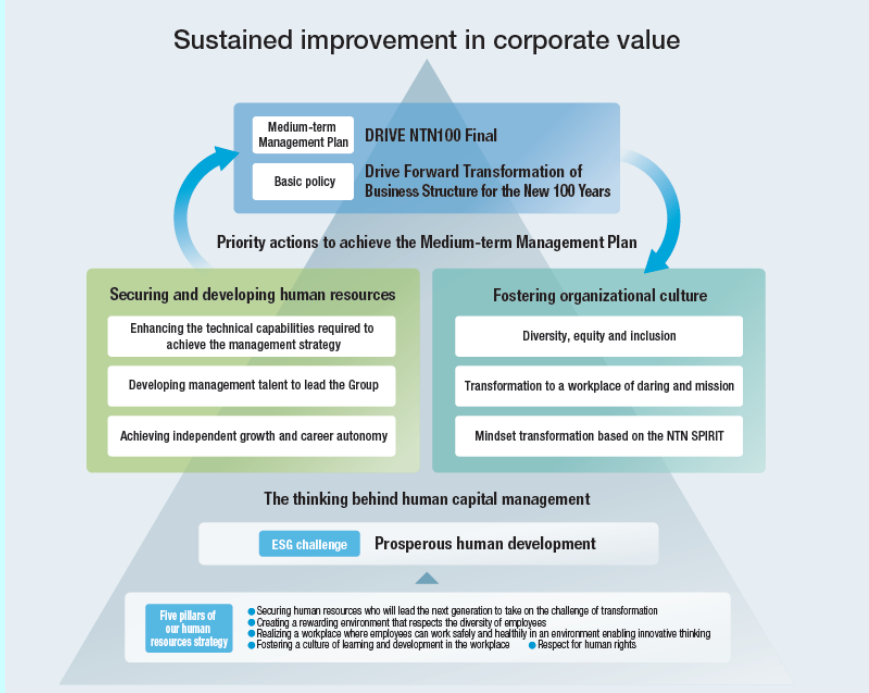


G:Governance

- Strengthen the Audit Committee’s on-site audits
- Monitor workplace conditions using staff engagement survey

S:Social

- Publish NTN’s human resources strategy for enhancement of corporate value
- Contribute to enhancement of corporate value from the perspectives of both ”securing human resources” and “ fostering organizational culture”



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Contents

I. Key Points of Financial Results and Progress of “DRIVE NTN100” Final

II. Financial Results of First Half of FY2024 and Forecast of FY2024

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1. Key Financial Indicators of FY2024

(billion yen)		FY2023 H1 Results ①	FY2023 H2 Results	FY2023 Full Year Results	FY2024 H1 Results ②	FY2024 Full Year Forecast (Latest)	Diff. ②-① Total	Diff. ②-① Volume	Diff. ②-① Forex	(For reference) FY2024 H1 Forecast (Previous Announcement)	(For reference) FY2024 Full Year Forecast (Previous Announcement)
Net sales		409.6	426.6	836.3	**413.9**	**815.0**	**4.3**	**(17.4)**	**21.7**	**430.0**	**860.0**
Operating income		6.8	21.4	28.1	**9.9**	**22.0**	**3.2**	**(1.8)**	**5.0**	**11.0**	**32.0**
Operating margin		1.7%	5.0%	3.4%	**2.4%**	**2.7%**	**0.8%**			**2.6%**	**3.7%**
Ordinary income		4.9	15.1	20.0	**3.5**	**9.0**	**(1.4)**	**(6.4)**	**5.0**	**6.0**	**22.0**
Extraordinary income (loss)		(0.4)	(3.0)	(3.4)	**(0.6)**	**(15.0)**	**(0.2)**	**(0.2)**	**-**	**-**	**(8.0)**
Profit (loss) attributable to owners of parent		4.1	6.4	10.6	**(2.1)**	**(16.0)**	**(6.2)**	**(9.5)**	**3.2**	**2.0**	**5.0**
Inventories		256.1	264.8	264.8	**255.3**	**242.0**	* **(9.5)**	**(1.8)**	**(7.8)**	**-**	**242.0**
FCF		24.2	16.0	40.1	**2.8**	**15.0**	**(21.4)**	**-**	**-**	**-**	**24.0**
Exchange rate	1USD	¥140.8	¥148.1	¥144.5	**¥152.5**	**¥148.7**	**¥11.6**			**¥150.4**	**¥147.7**
	1EURO	¥153.3	¥160.1	¥156.7	**¥165.8**	**¥162.9**	**¥12.5**			**¥163.8**	**¥161.9**

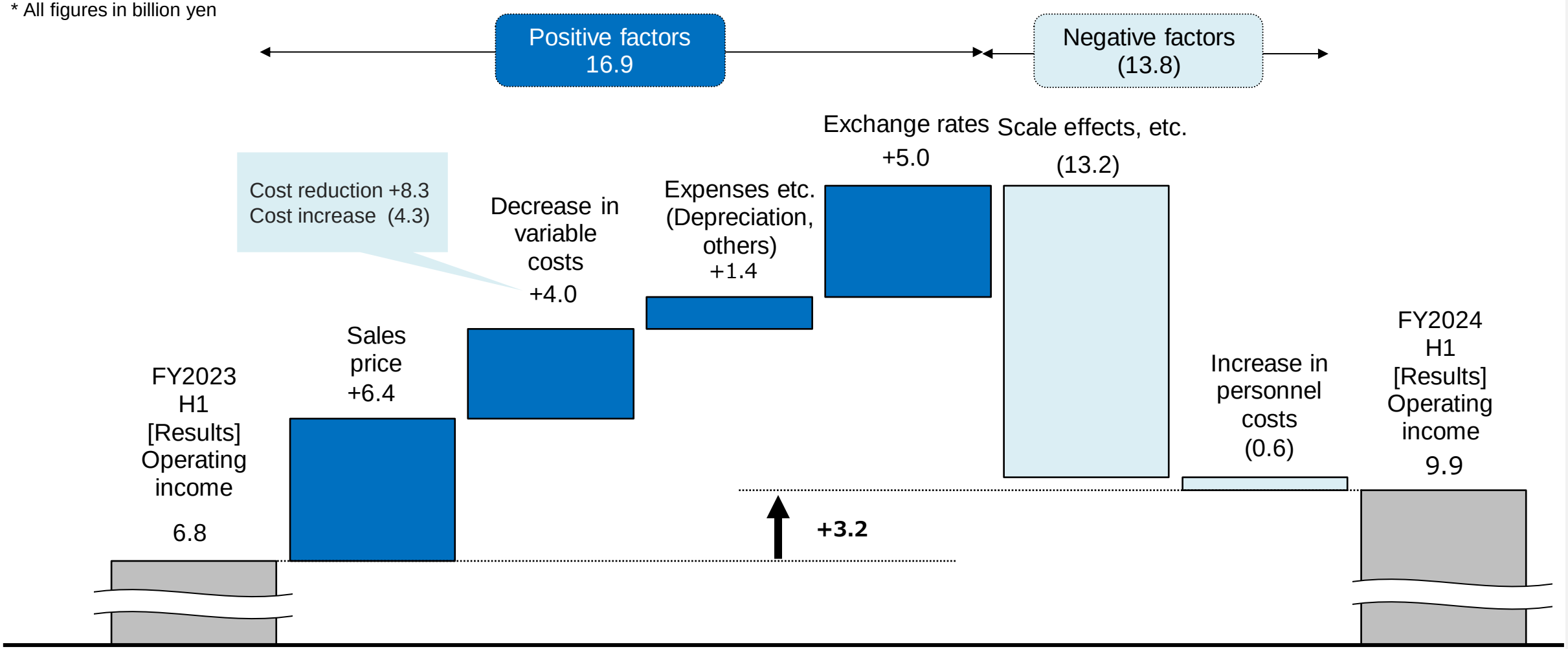
FY2024 Annual Dividend	**¥11.0 (Interim ¥5.5 / Year-end ¥5.5)**

* Increase/decrease from the end of Mar.2024

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2-1. Analysis of Operating Income [FY2023 H1 Results vs FY2024 H1 Results]

* All figures in billion yen

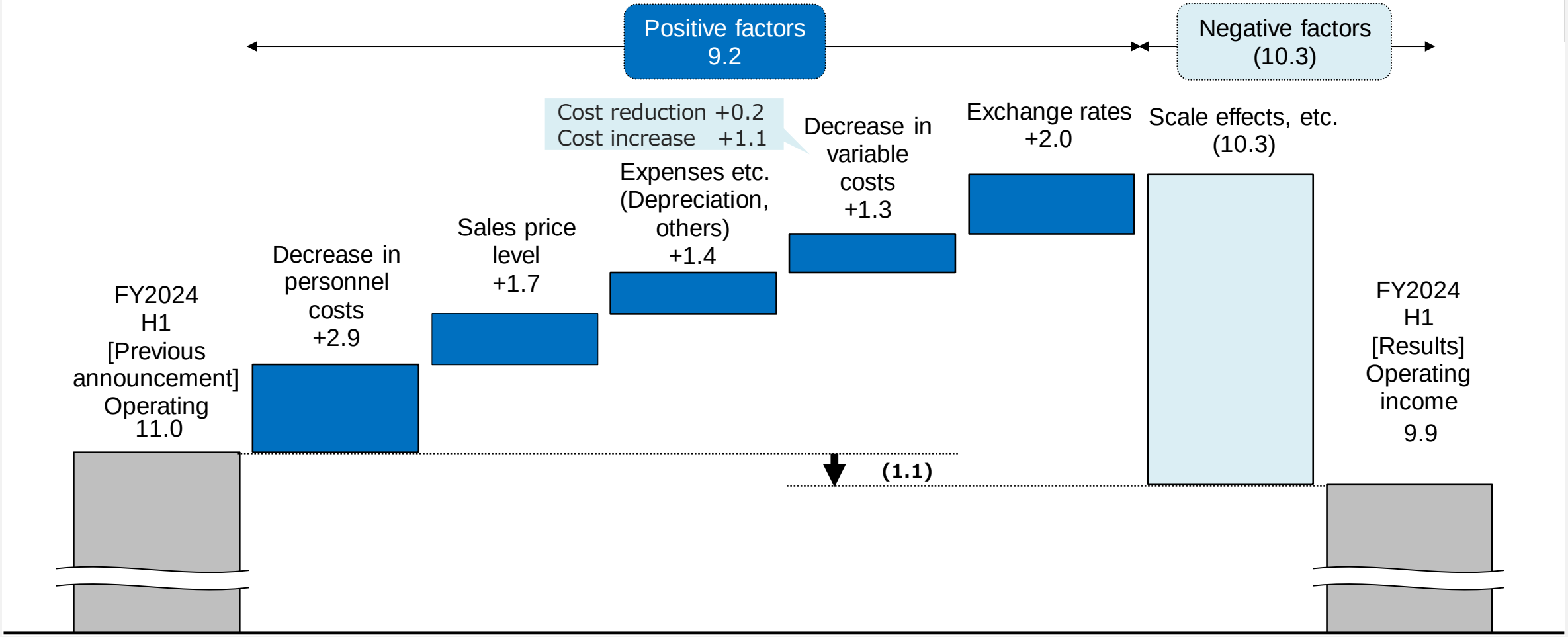


	FY2023 H1 Results	FY2024 H1 Results	Diff.	Forex	Sales price	Volume
Net Sales	409.6	413.9	**4.3**	21.7	6.4	(23.8)

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2-2. Analysis of Operating Income [FY2024 H1 Forecast [previous] vs FY2024 H1 Results]

* All figures in billion yen

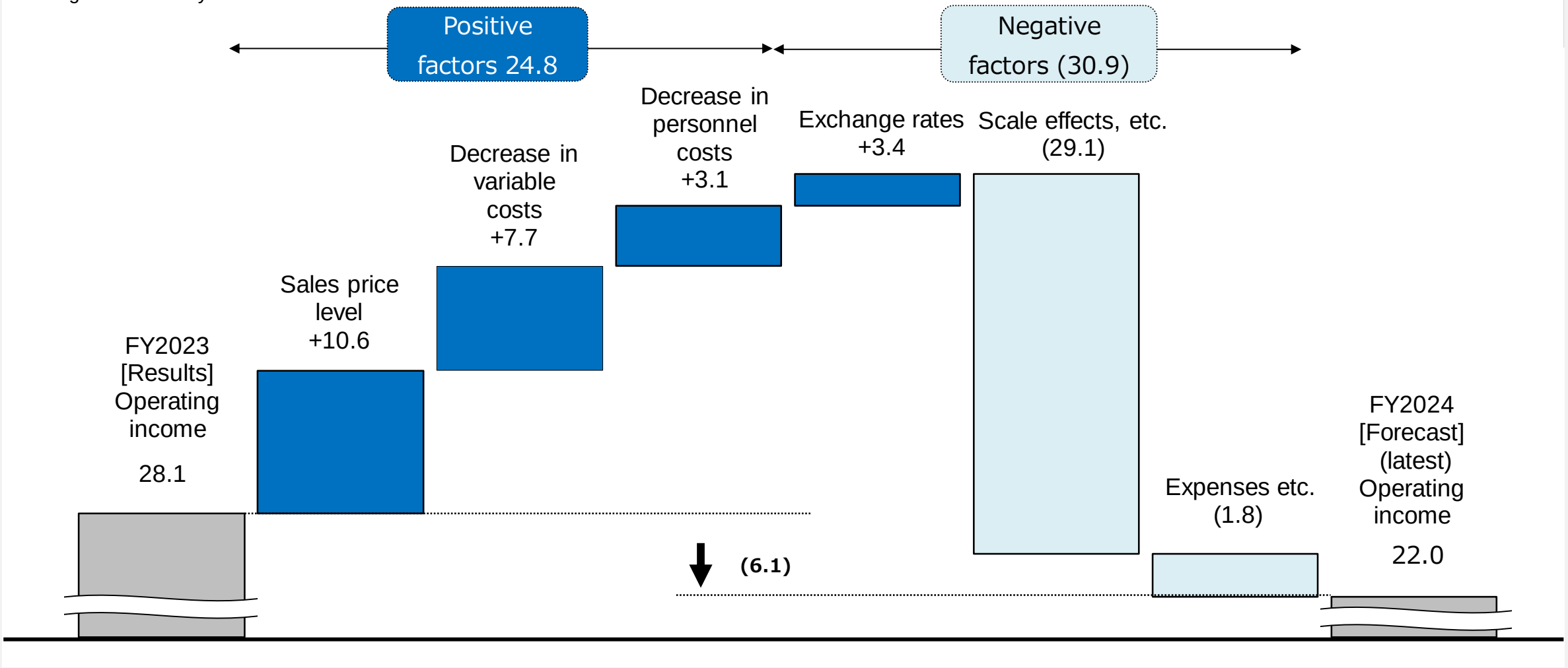


	FY2024 H1 Forecast [previous]	FY2024 H1 Results	Diff.	Forex	Sales price	Volume
Net Sales	430.0	413.9	**(16.1)**	5.0	1.7	(22.8)

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2-3. Analysis of Operating Income [FY2023 Results vs FY2024 Forecast [latest]]

* All figures in billion yen



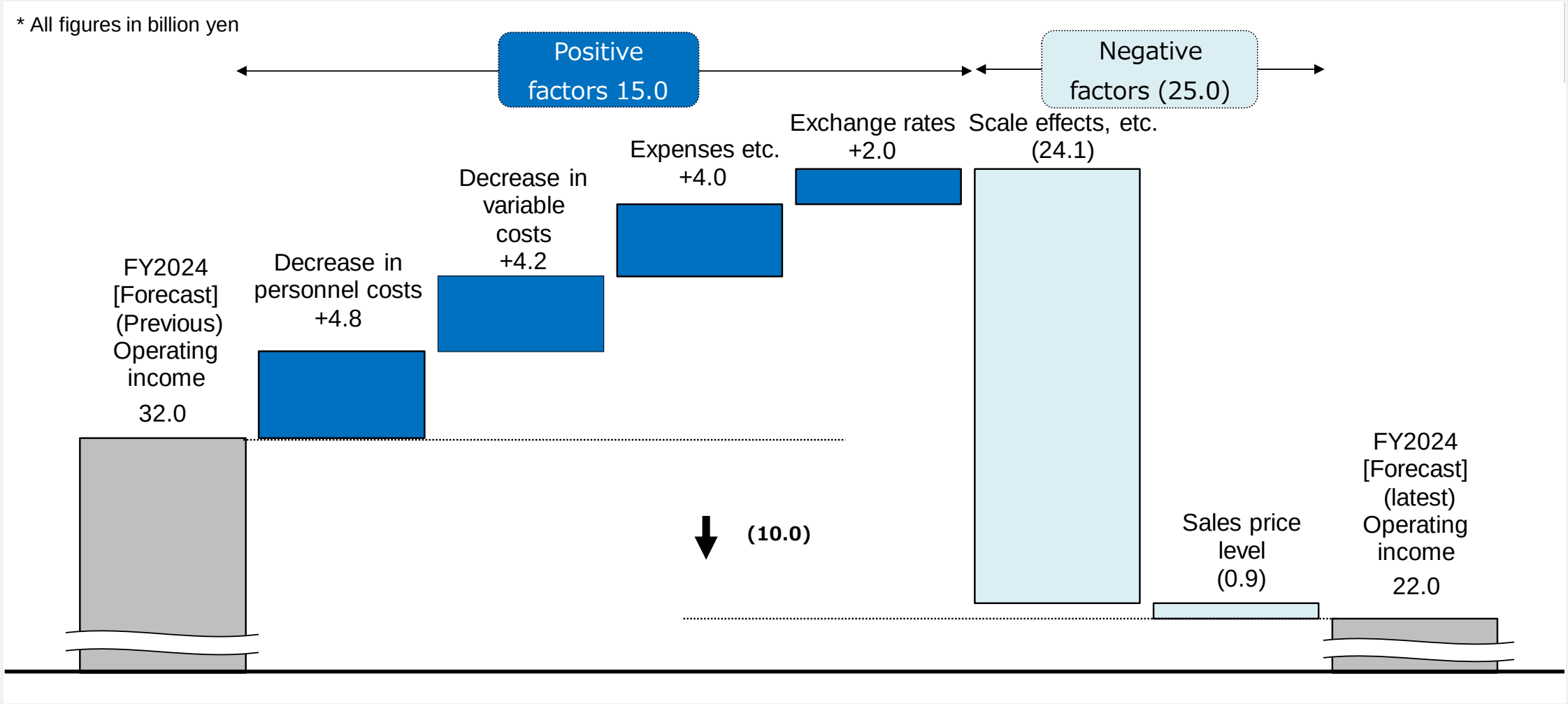
	FY2023 Results	FY2024 Forecast [latest]	Diff.	Forex	Sales price	Volume
Net Sales	836.3	815.0	**(21.3)**	15.1	10.6	(46.9)

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2-4. Analysis of Operating Income

[FY2024 Forecast [previous] vs FY2024 Forecast [latest]

* All figures in billion yen



	FY2024 Forecast [previous]	FY2024 Forecast [latest]	**Diff.**	Forex	Sales price	Volume
Net Sales	860.0	815.0	**(45.0)**	5.0	(0.9)	(49.1)

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3. Net Sales by Company Location (Excluding intragroup sales)

(billion yen)	FY2023 H1 Results ①	FY2023 H2 Results	FY2023 Full Year Results	FY2024 H1 Results ②	FY2024 Full Year Forecast (Previous Announcement)	Diff. ②-① Total	Diff. ②-① Volume	Diff. ②-① Forex
Japan	108.0	108.1	216.1	104.5	**211.5**	**(3.5)**	**(3.5)**	**0.0**
Americas	132.0	140.2	272.3	139.8	**268.0**	**7.8**	**(1.9)**	**9.7**
Europe	89.9	98.0	188.0	92.4	**185.5**	**2.5**	**(5.0)**	**7.5**
Asia and others	79.7	80.3	160.0	77.2	**150.0**	**(2.5)**	**(7.0)**	**4.5**
Total	409.6	426.6	836.3	413.9	**815.0**	**4.3**	**(17.4)**	**21.7**

*From this time, sales by region have been changed to sales by company location.

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4. Net Sales and Operating Income by Business Segment

＜Net Sales by Business Segment＞

(billion yen)	FY2023 H1 Results ①	FY2023 H2 Results	FY2023 Full Year Results	FY2024 H1 Results ②	FY2024 Full Year Forecast (Latest)	Diff. ②-① Total	Diff. ②-① Volume	Diff. ②-① Forex	FY2024 Full Year Forecast (Previous Announcement)
Bearing and others	175.7	171.1	346.8	168.1	335.0	(7.5)	(15.4)	7.9	357.0
CVJ/Axle	234.0	255.5	489.5	245.8	480.0	11.8	(1.9)	13.8	503.0
Total	409.6	426.6	836.3	413.9	815.0	4.3	(17.4)	21.7	860.0

＜Operating Income by Business Segment＞

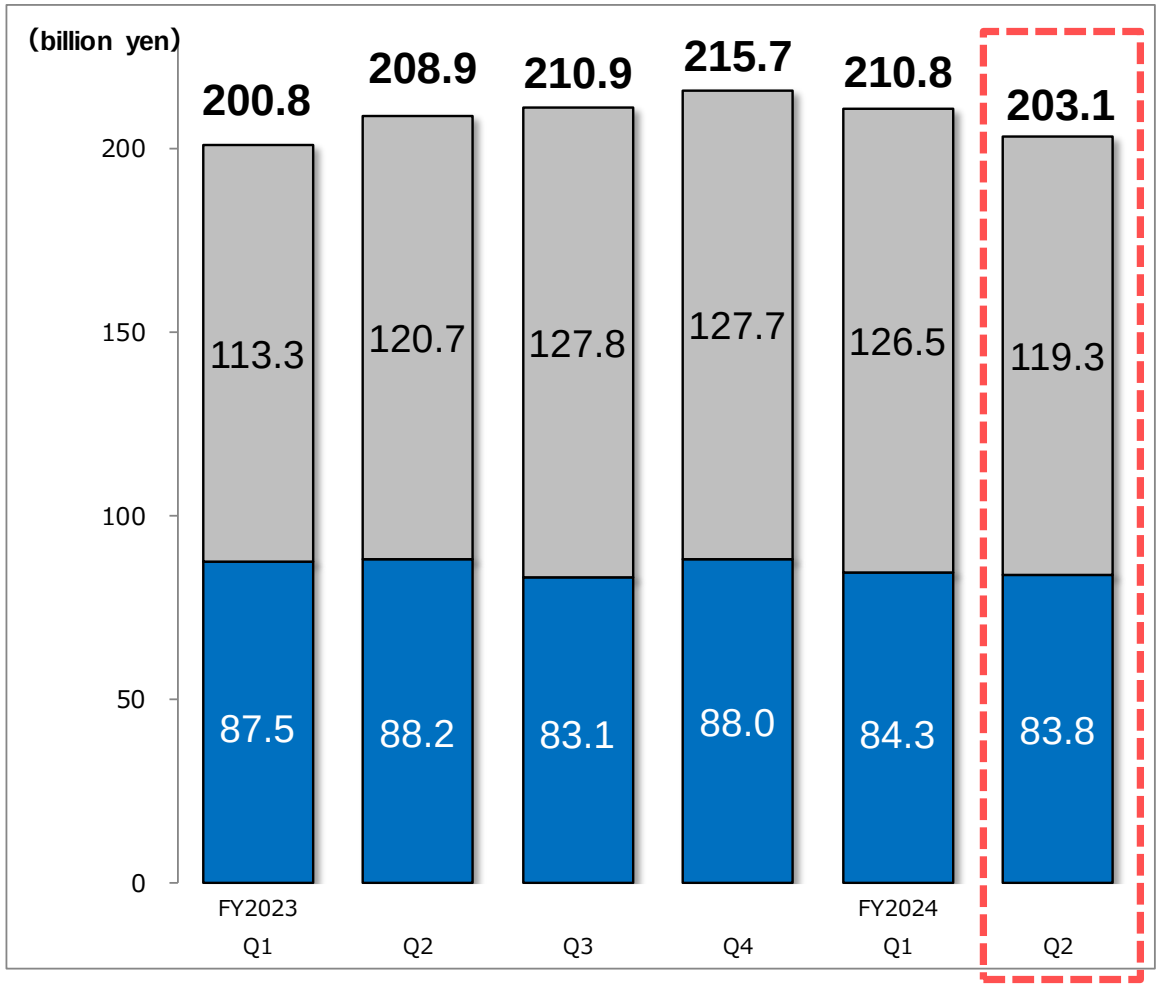
(billion yen)	FY2023 H1 Results ①	FY2023 H2 Results	FY2023 Full Year Results	FY2024 H1 Results ②	FY2024 Full Year Forecast (Latest)	Diff. ②-①	FY2024 Full Year Forecast (Previous Announcement)
Bearing and others	7.2	10.5	17.7	6.6	14.3	(0.5)	18.7
CVJ/Axle	(0.4)	10.9	10.4	3.3	7.6	3.7	13.3
Total	6.8	21.4	28.1	9.9	22.0	3.2	32.0

[Notes] After disclosing the results for the fiscal year ended March 31, 2024, at the financial results briefing on May 17, 2024,
we have refined our common cost allocation criteria for several overseas subsidiaries.
As a result, common expenses allocated to Bearings and others decreased, while common expenses allocated to CVJ/Axles increased
（Impact on operating income)
- FY2024 H1 results Bearings and others **+¥1.1 billion** CVJ/Axle **(¥1.1) billion**
- FY2024 Full year forecast Bearings and others **+¥2.3 billion** CVJ/Axle **(¥2.3) billion**

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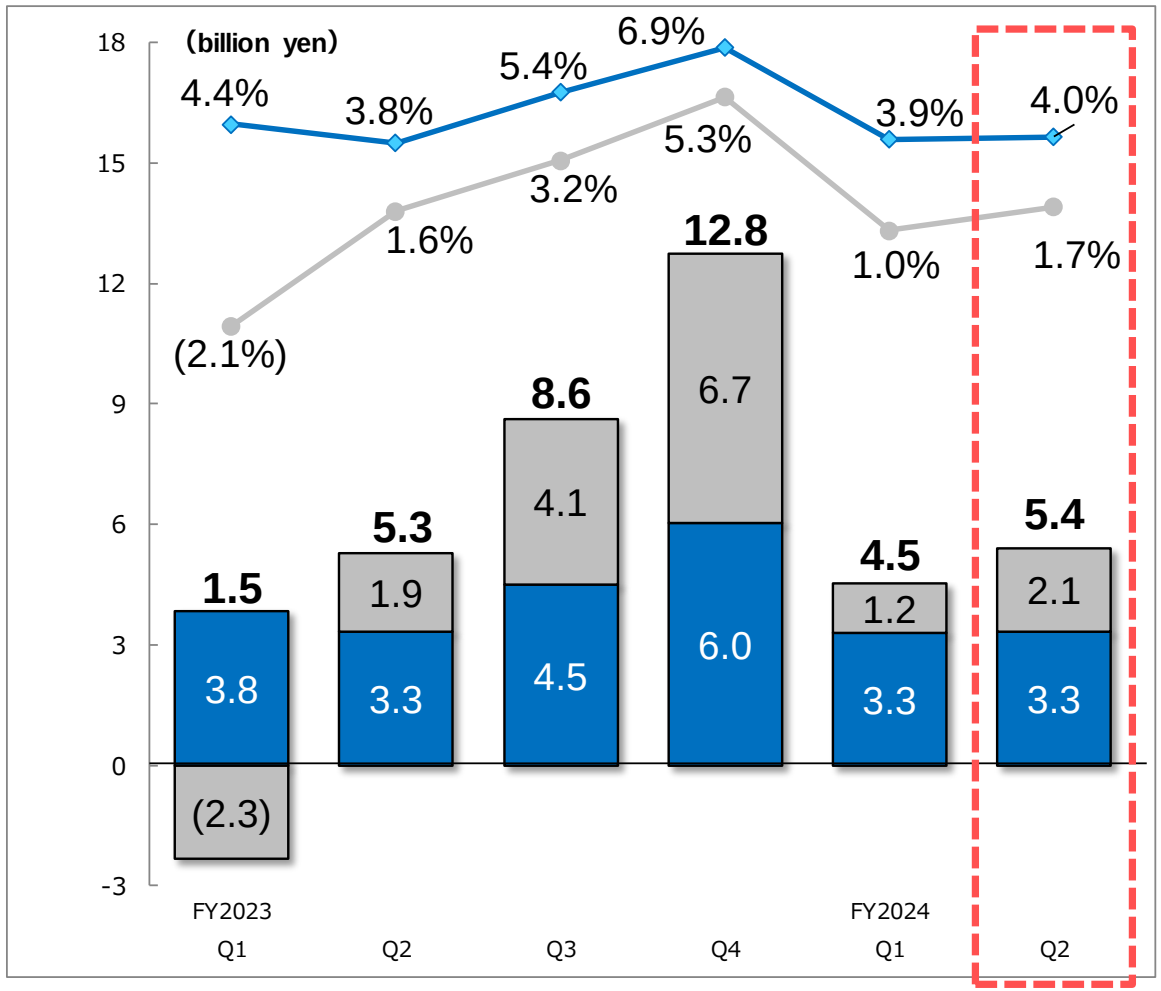
5. Financial Results by Business Segment (Quarterly Trend)

Net Sales



Incl. for Aftermarket	FY2023 Q1	Q2	Q3	Q4	FY2024 Q1	Q2
	35.5	34.4	32.6	36.5	35.4	34.5

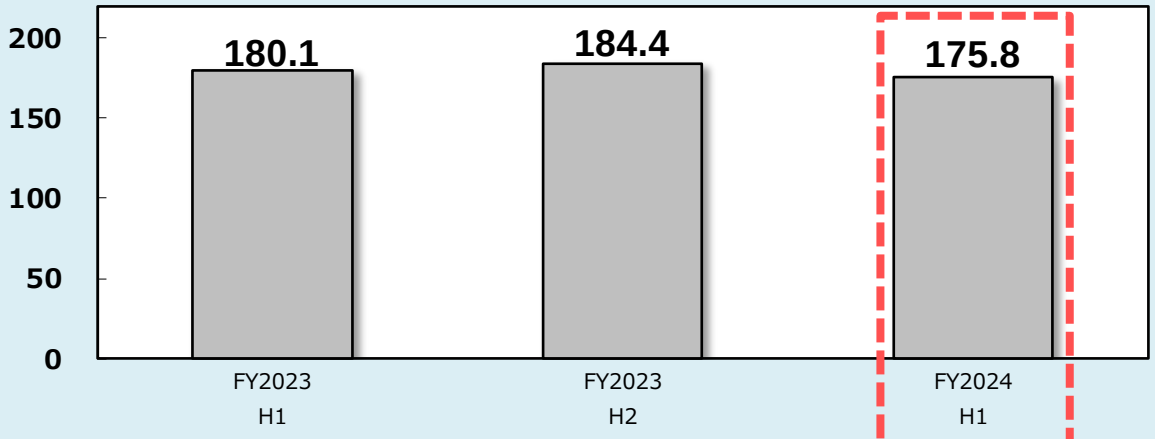
Operating Income/ Operating Margin



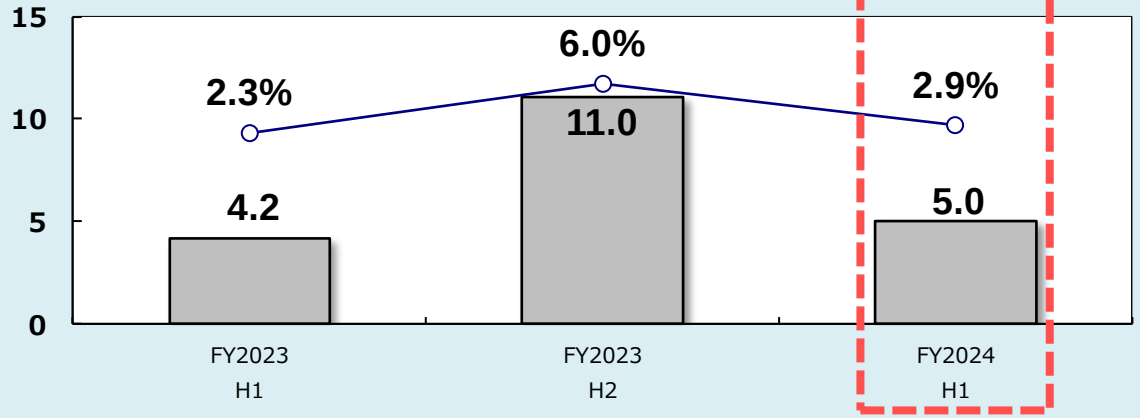
6-1. Net Sales and Operating Income by Company Location

《 Japan 》

Net Sales

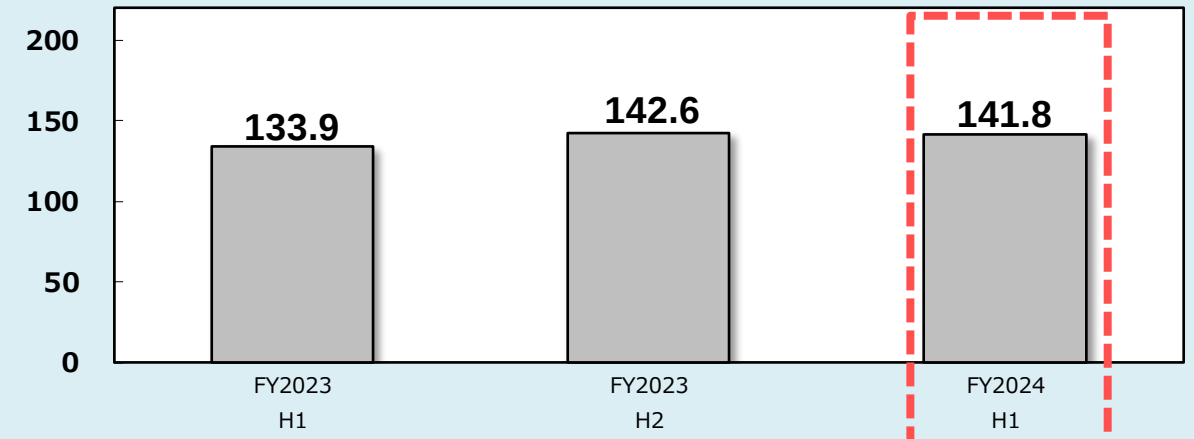


Operating Income

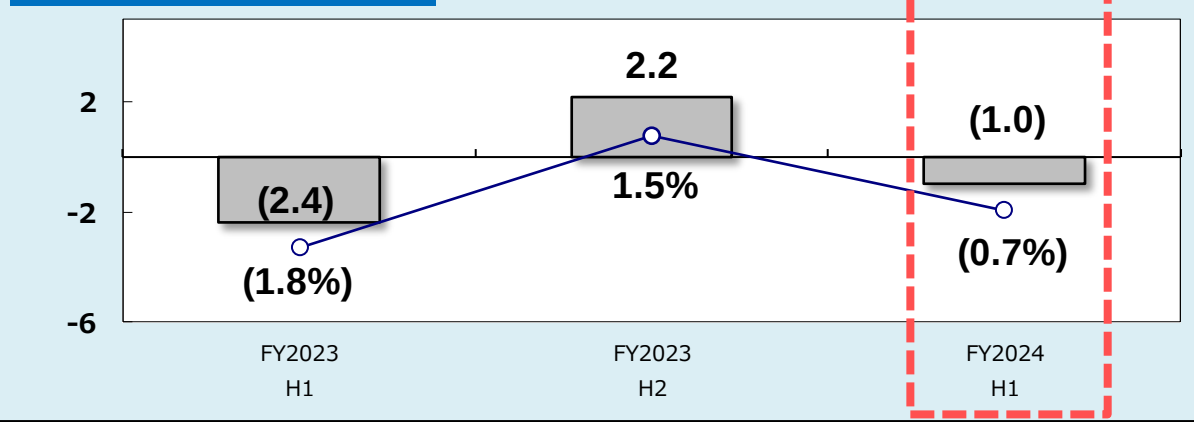


《 Americas 》

Net Sales



Operating Income

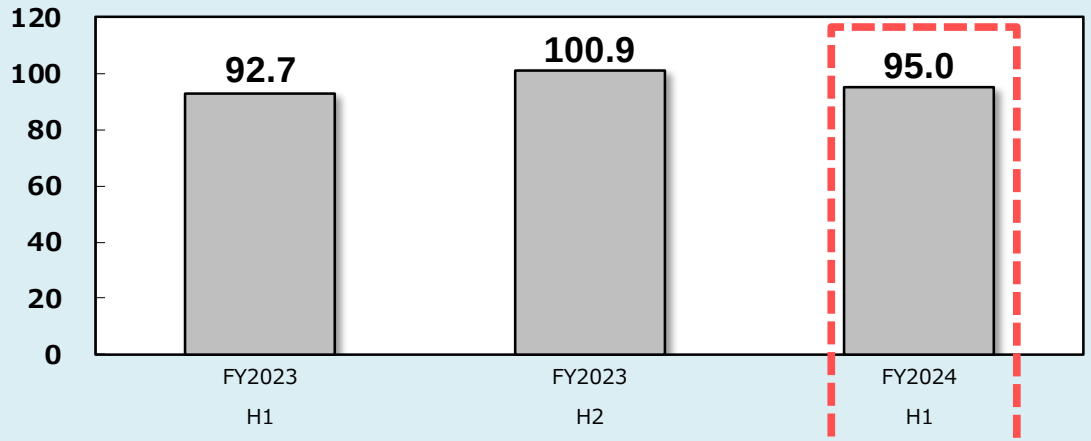


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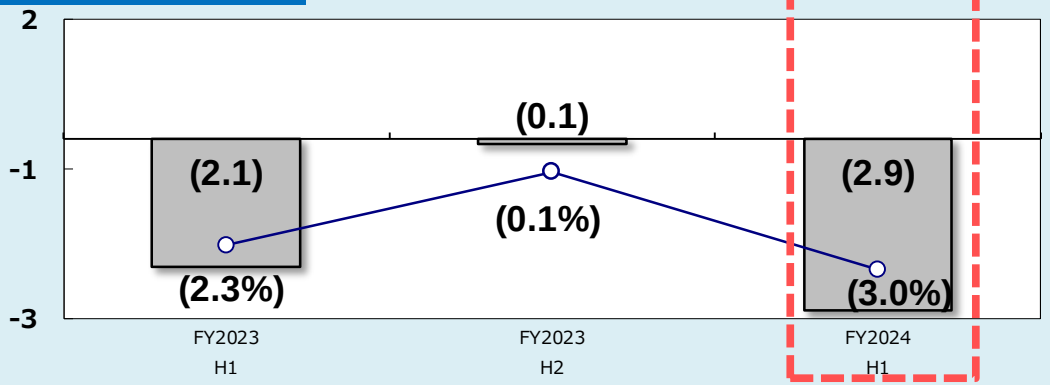
6-2. Net Sales and Operating Income by Company Location

《 Europe 》

Net Sales

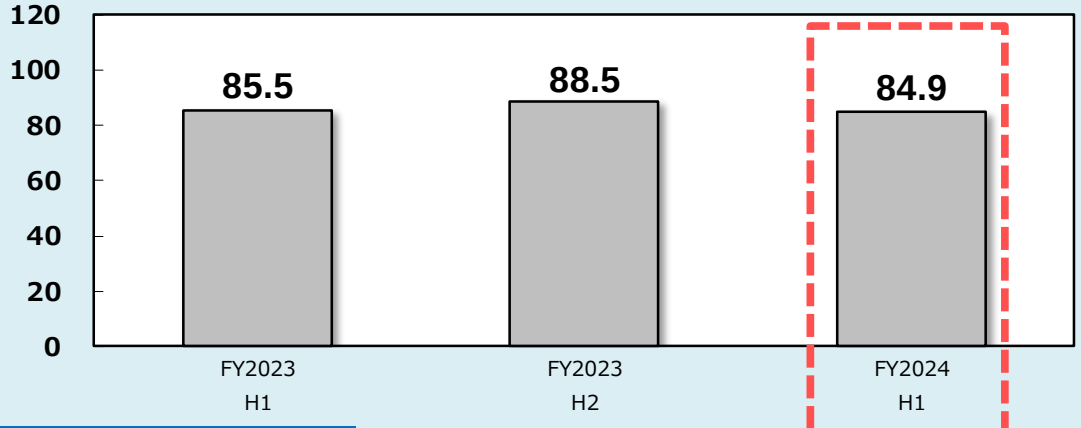


Operating Income

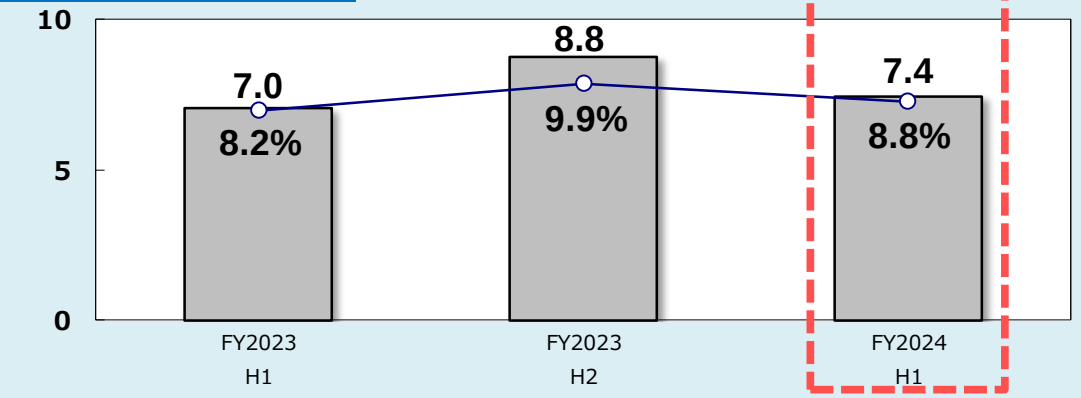


《 Asia and others 》

Net Sales

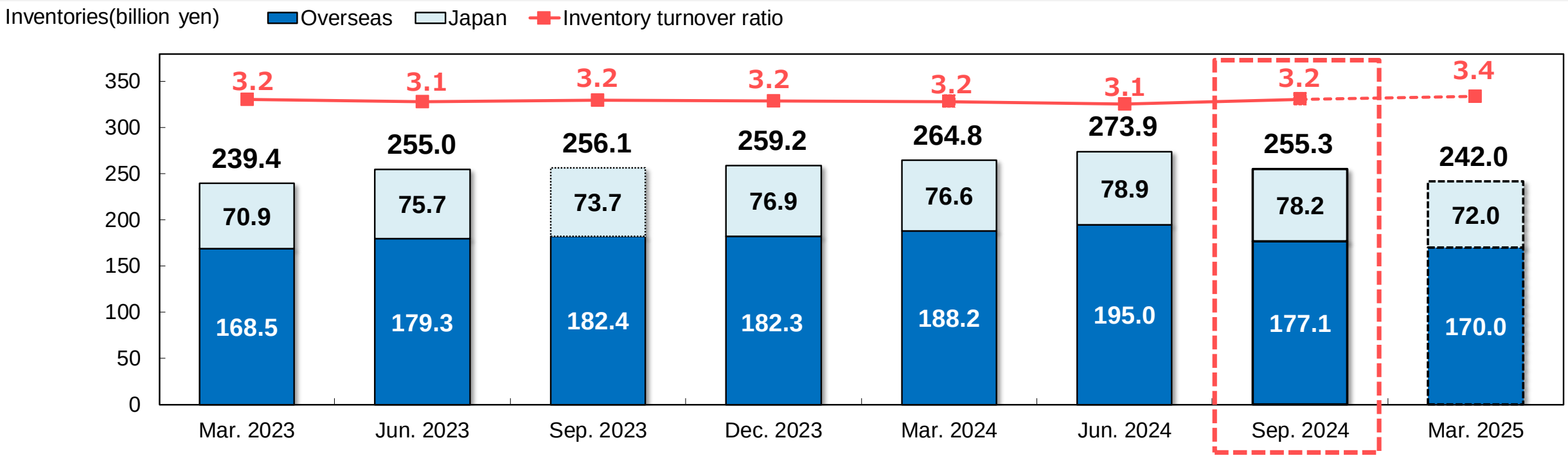


Operating Income



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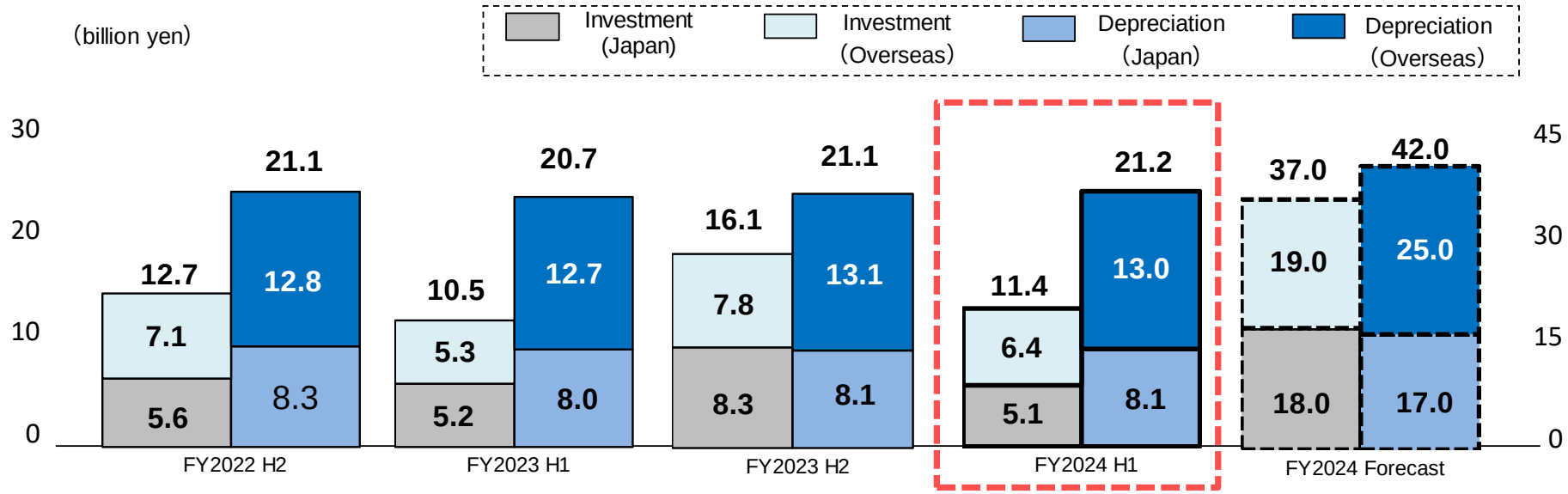
7. Inventories



(billion yen)	Mar. 2023 Results	Jun. 2023 Results	Sep. 2023 Results	Dec. 2023 Results	Mar. 2024 Results	**Jun. 2024 Results**	**Sep. 2024 Results**	**Mar. 2025 Forecast(Latest)**
Inventories	239.4	255.0	256.1	259.2	264.8	**273.9**	**255.3**	**242.0**
[Japan]	70.9	75.7	73.7	76.9	76.6	**78.9**	**78.2**	**72.0**
[Overseas]	168.5	179.3	182.4	182.3	188.2	**195.0**	**177.1**	**170.0**
Inventory turnover ratio [times]	3.2	3.1	3.2	3.2	3.2	**3.1**	**3.2**	**3.4**

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8. Capital Expenditures and Depreciation



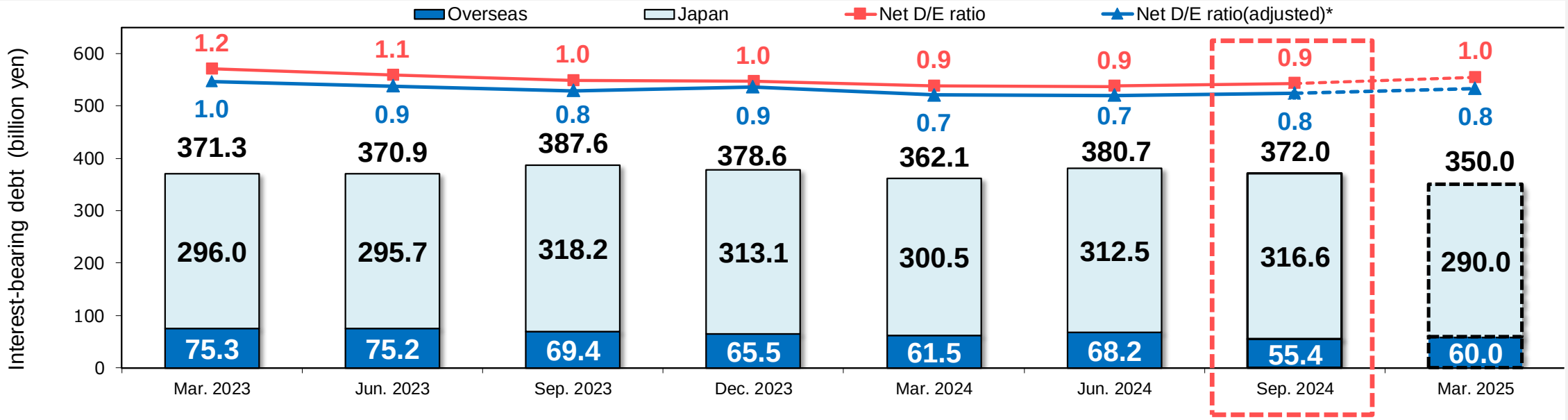
(billion yen)	FY2022 H2 Results	FY2023 H1 Results①	FY2023 H2 Results	FY2024 H1 Results②	Diff. ②-①	FY2024 Full Year Forecast
Capital expenditure	12.7	10.5	16.1	* 11.4	**1.0**	**37.0**
[Japan]	5.6	5.2	8.3	5.1	**(0.1)**	**18.0**
[Overseas]	7.1	5.3	7.8	6.4	**1.1**	**19.0**

*In addition, capital expenditure for intangible fixed assets (FY2024 H1 Results : ¥1.3 billion, FY2024 Full Year Forecast : ¥5.0 billion)

(billion yen)	FY2022 H2 Results	FY2023 H1 Results①	FY2023 H2 Results	FY2024 H1 Results②	Diff. ②-①	FY2024 Full Year Forecast
Depreciation	21.1	20.7	21.1	21.2	**0.5**	**42.0**
[Japan]	8.3	8.0	8.1	8.1	**0.1**	**17.0**
[Overseas]	12.8	12.7	13.1	13.0	**0.4**	**25.0**

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9. Interest - Bearing Debt



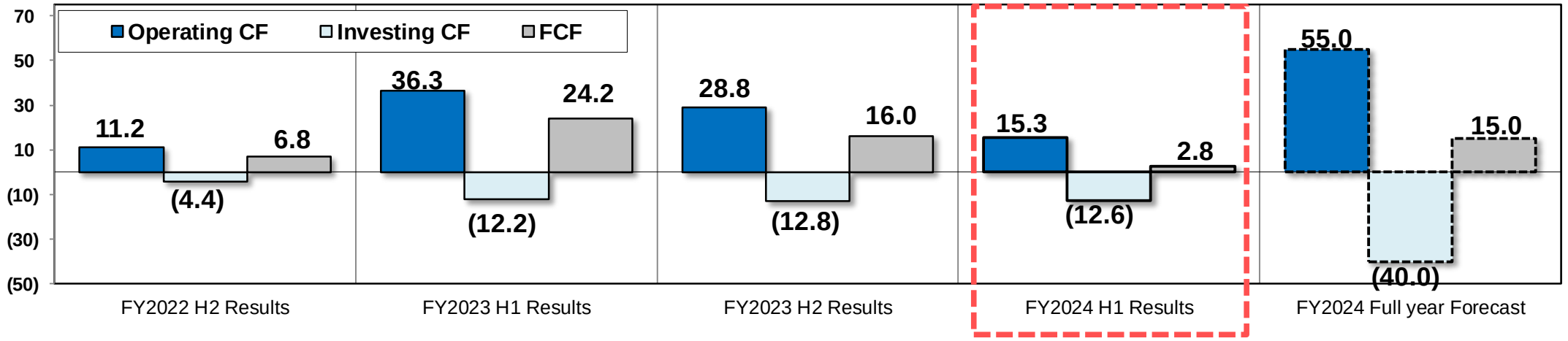
(billion yen)	Mar. 2023 Results	Jun. 2023 Results	Sep. 2023 Results	Dec. 2023 Results	Mar. 2024 Results	**Jun. 2024 Results**	**Sep. 2024 Results**	**Mar. 2025 Forecast**
Interest-bearing debt	371.3	370.9	387.6	378.6	362.1	**380.7**	**372.0**	**350.0**
[Japan]	296.0	295.7	318.2	313.1	300.5	**312.5**	**316.6**	**290.0**
[Overseas]	75.3	75.2	69.4	65.5	61.5	**68.2**	**55.4**	**60.0**
Net Interest-bearing debt	260.6	253.7	243.4	232.7	234.8	**243.2**	**234.7**	**237.0**

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

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10. Cash Flows

(billion yen)	FY2022 H2 Results	FY2023 H1 Results①	FY2023 H2 Results	FY2023 Full Year Results	FY2024 H1 Results②	②-①	FY2024 Full Year Forecast
Ⅰ. **Cash flow from** operating activities	11.2	36.3	28.8	65.1	**15.3**	**(21.0)**	**55.0**
Ⅱ. **Cash flow from** investing activities	(4.4)	(12.2)	(12.8)	(25.0)	**(12.6)**	**(0.4)**	**(40.0)**
Ⅰ+Ⅱ. Free cash flow	6.8	24.2	16.0	40.1	**2.8**	**(21.4)**	**15.0**
Ⅲ. Cash flow from financing activities	(8.3)	4.2	(34.4)	(30.2)	**8.6**	**4.4**	**(29.0)**
Ⅳ. Effect of exchanging rate translation on cash and cash equivalents	(2.0)	5.0	1.7	6.7	**(1.3)**	**(6.3)**	**(0.3)**
Ⅴ. Net increase in cash and cash equivalents	(3.5)	33.3	(16.8)	16.6	**10.1**	**(23.2)**	**(14.3)**



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- 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, and contingent liabilities.