

Presentation of financial results for the
fiscal year first half through
September 2009

November 10, 2009

JTEKT Corporation

Part I

1. Results for the fiscal year first half through September 2009

1-1) Financial data ①

JTEKT

(billions of yen)

	FY 1 st half thru 9/08	FY 1 st half thru 9/09	Comparison	FY ended 3/09
Net sales	581.4	339.8	58.4%	1,017
Operating income	34.1	- 14.2	—	22.3
Ordinary income	35.2	- 14.5	—	11.1
Net income	20.4	- 16.5	—	- 11.9

1-2) Financial data ②

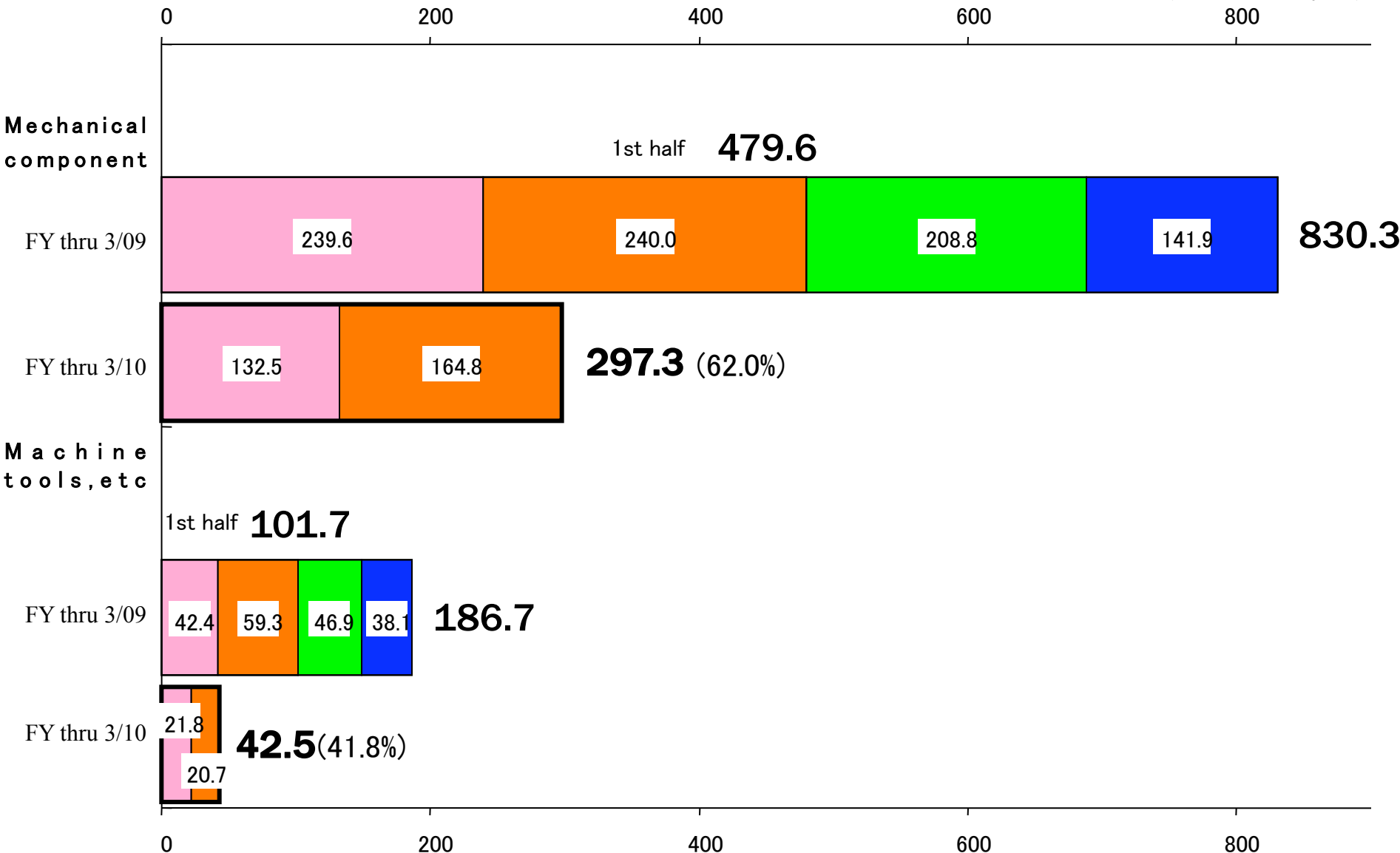
JTEKT
(billions of yen)

	FY 1 st half thru 9/08	FY 1 st half thru 9/09	Comparison	FY ended 3/09
Inventory assets	135.6	119.4	(93.6%)	127.7
Interest-bearing debt	184.9	255.5	(118.2%)	216.2
Capital expenditures	24.3	14.8	(61.2%)	51.1
Depreciation	26.6	24.4	(91.6%)	55.8

1-3) Sales by product type

※Parentheses show comparisons with previous FY

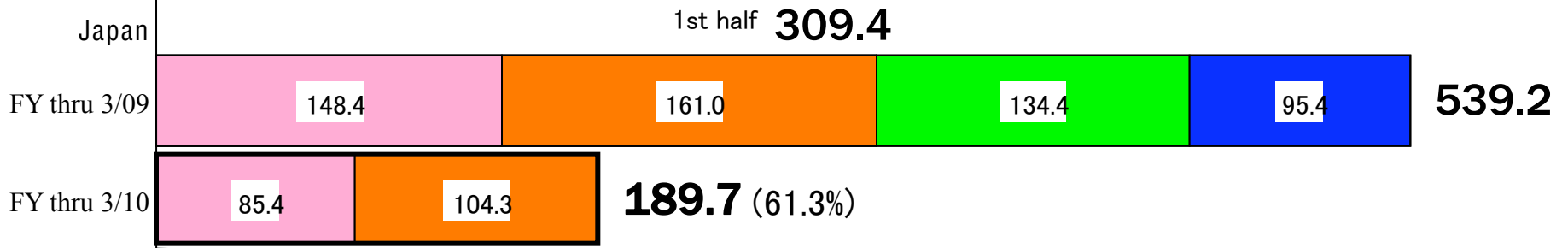
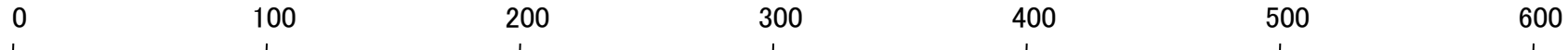
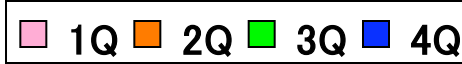
1Q 2Q 3Q 4Q



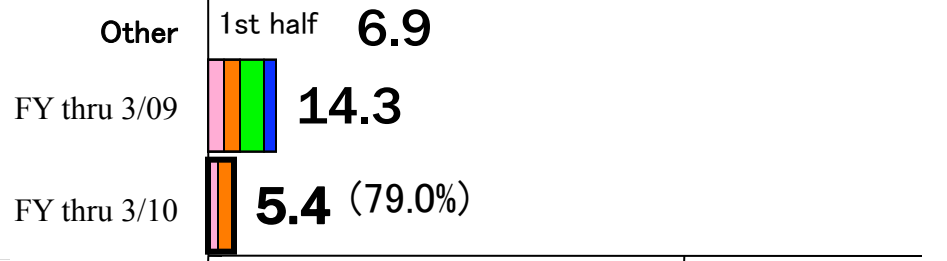
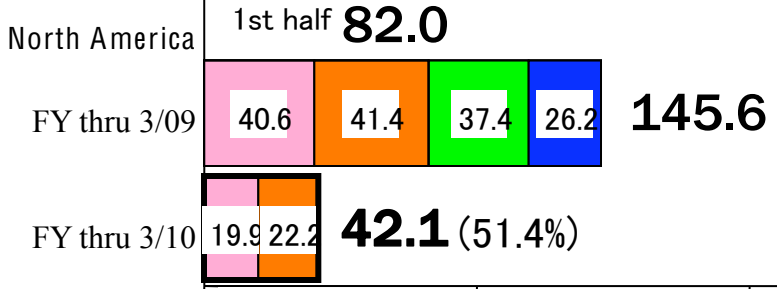
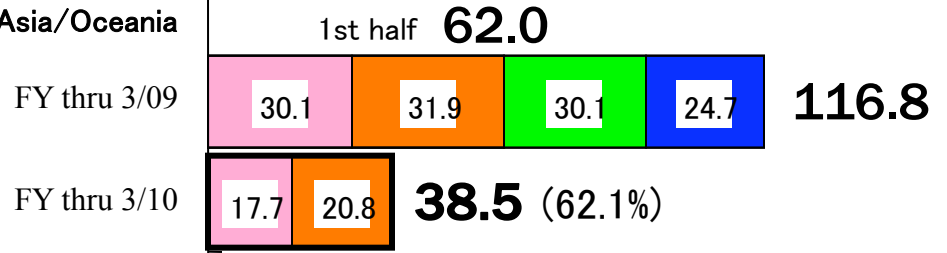
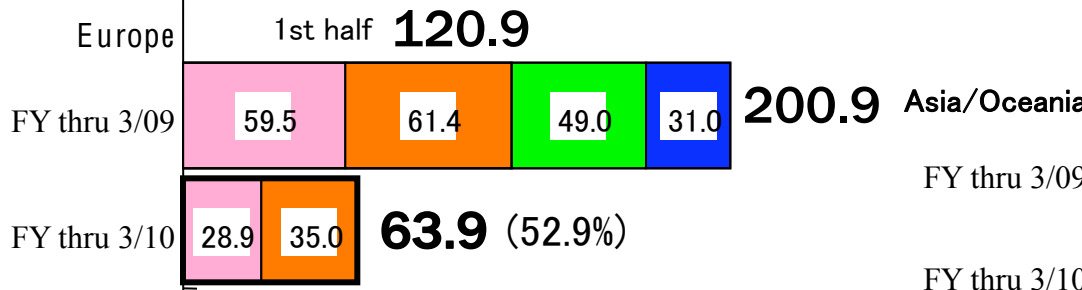
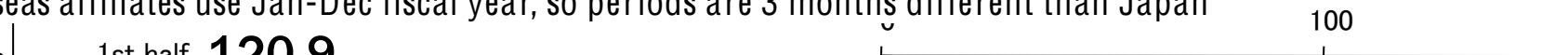
1-4) Sales by region



※Parentheses show comparisons with previous FY



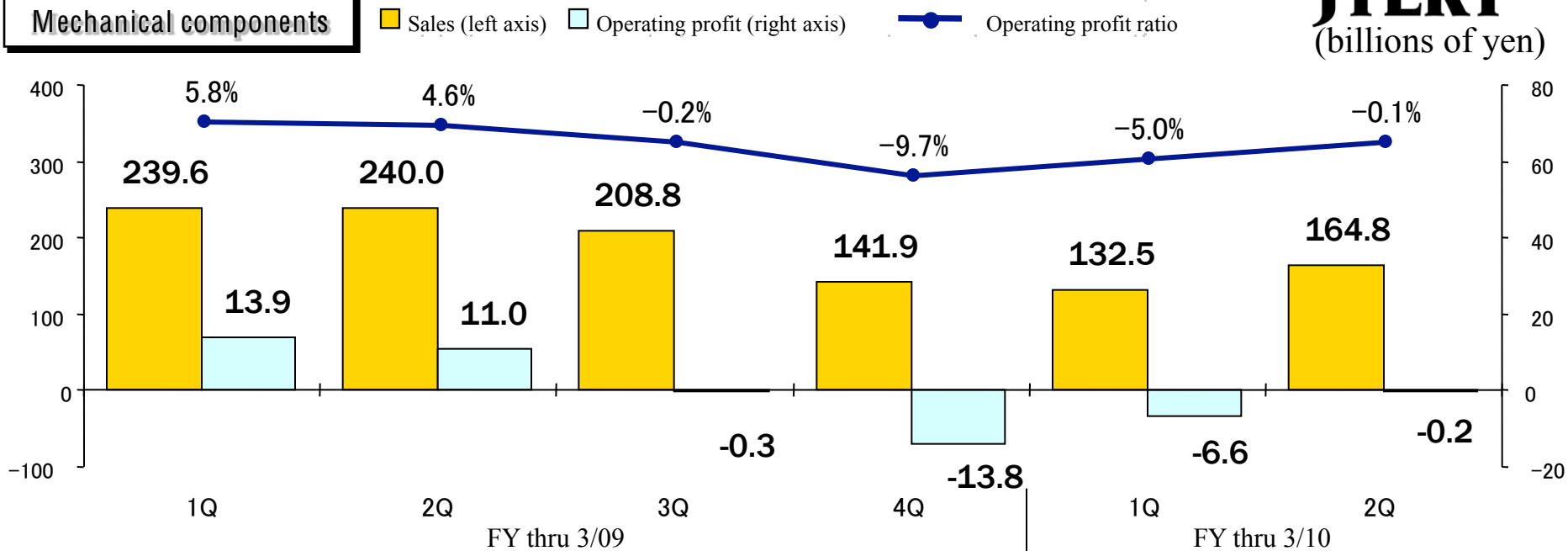
※ Overseas affiliates use Jan-Dec fiscal year, so periods are 3 months different than Japan



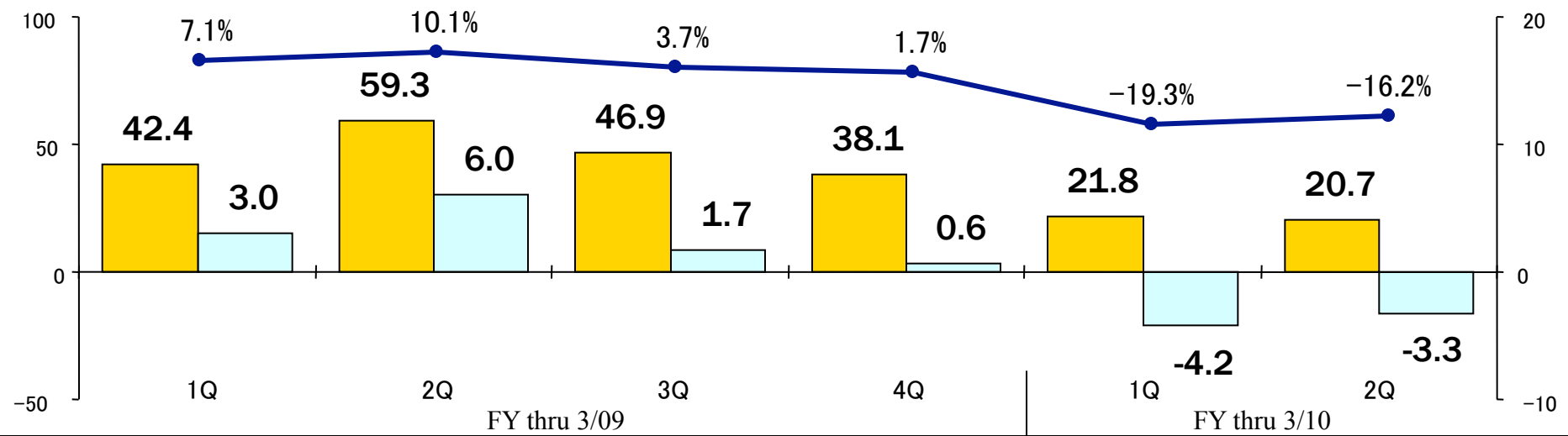
1-5) Operating income by product group



Mechanical components



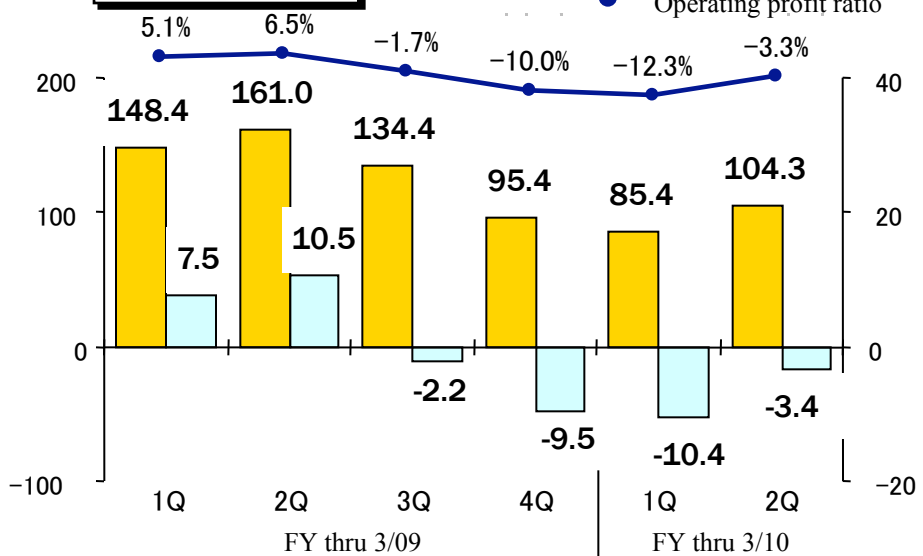
Machine tools, etc.



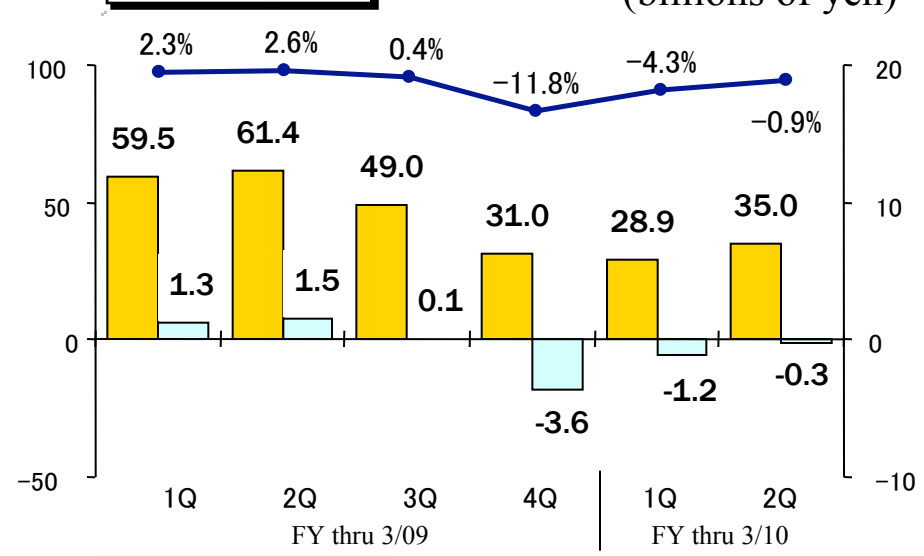
1-6) Operating income by region



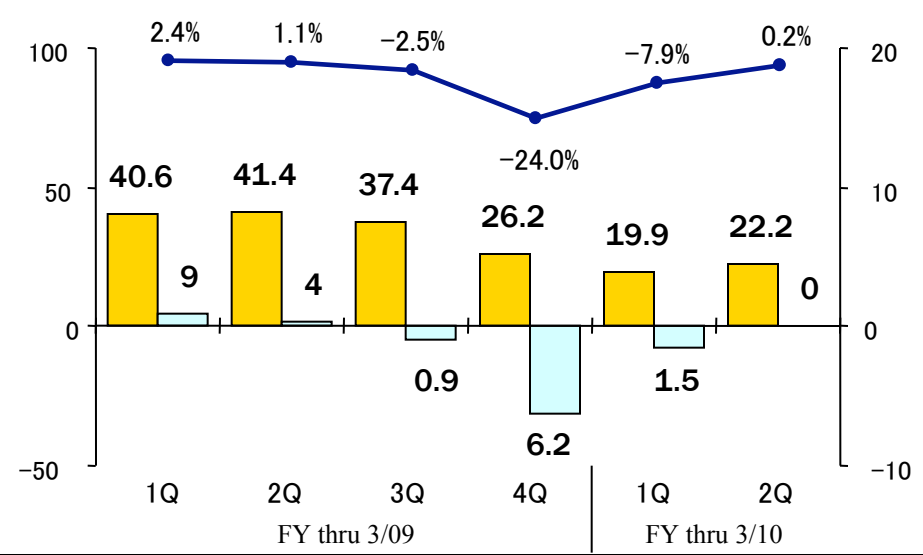
Japan Sales (left axis) Operating profit (right axis) Operating profit ratio



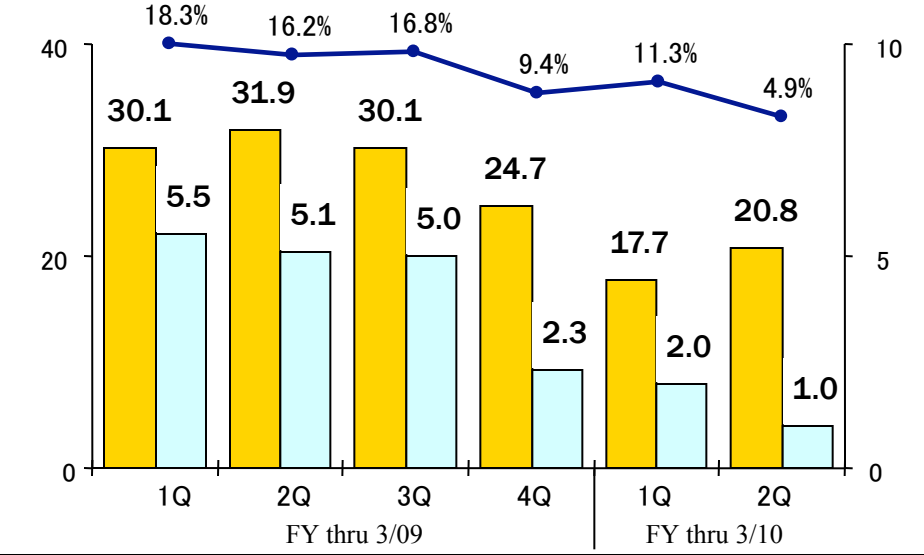
Europe



North America



Asia/Oceania



2. Business plan for the FY through March 2010

2-1) Financial data

JTEKT
(billions of yen)

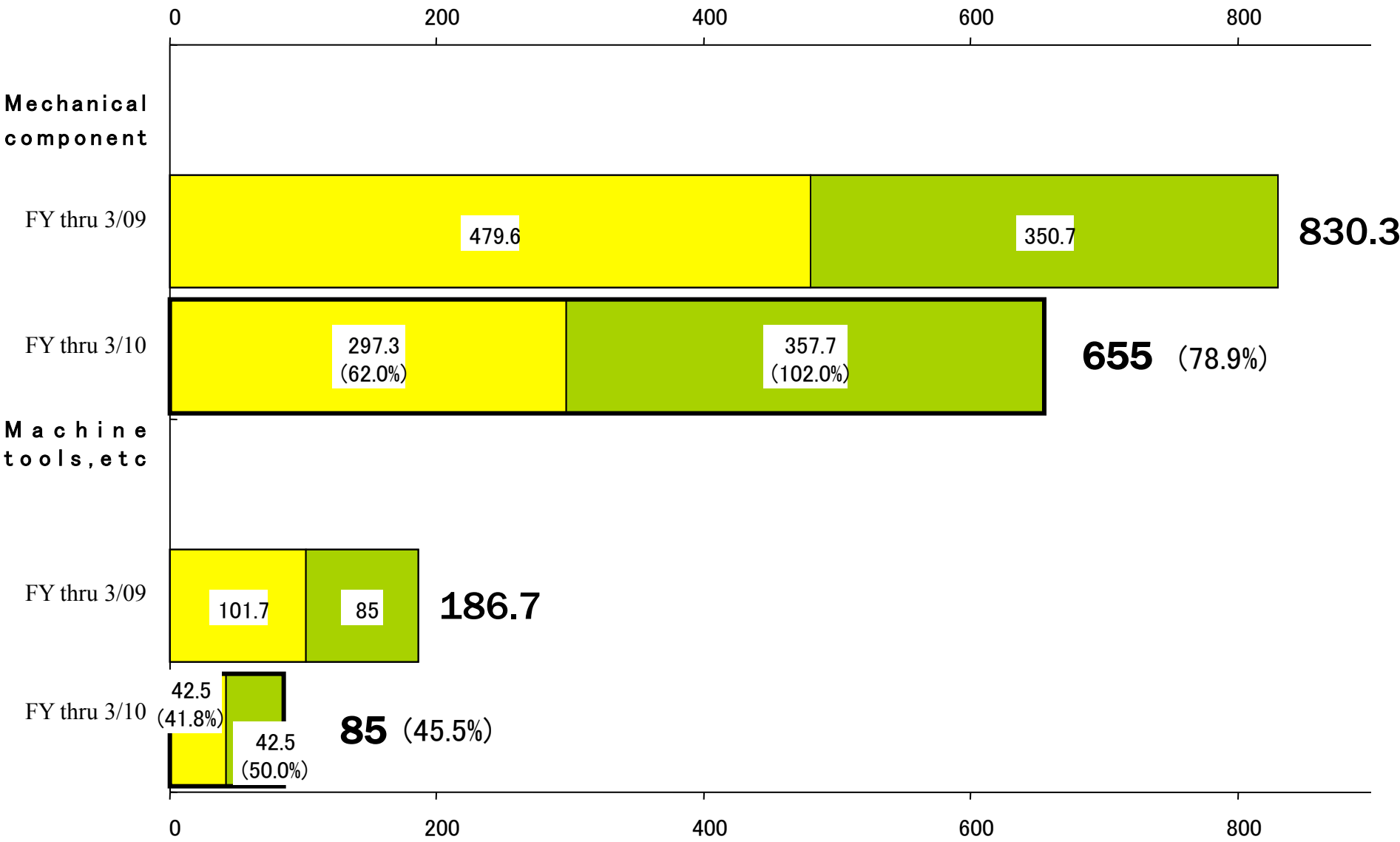
Exchange assumptions (2 nd half)	
US\$	90.00
EURO	125.00

	FY thru 3/09	FY thru 3/10	Comparison
Net sales	1,017	740	72.8%
Operating income	22.3	- 4	—
Ordinary income	11.1	- 5	—
Net income	- 11.9	-11	—
Capital expenditures	51.1	32	62.6%
Depreciation	55.8	50	89.6%

2-2) Sales by product type

※Parentheses show comparisons with previous FY

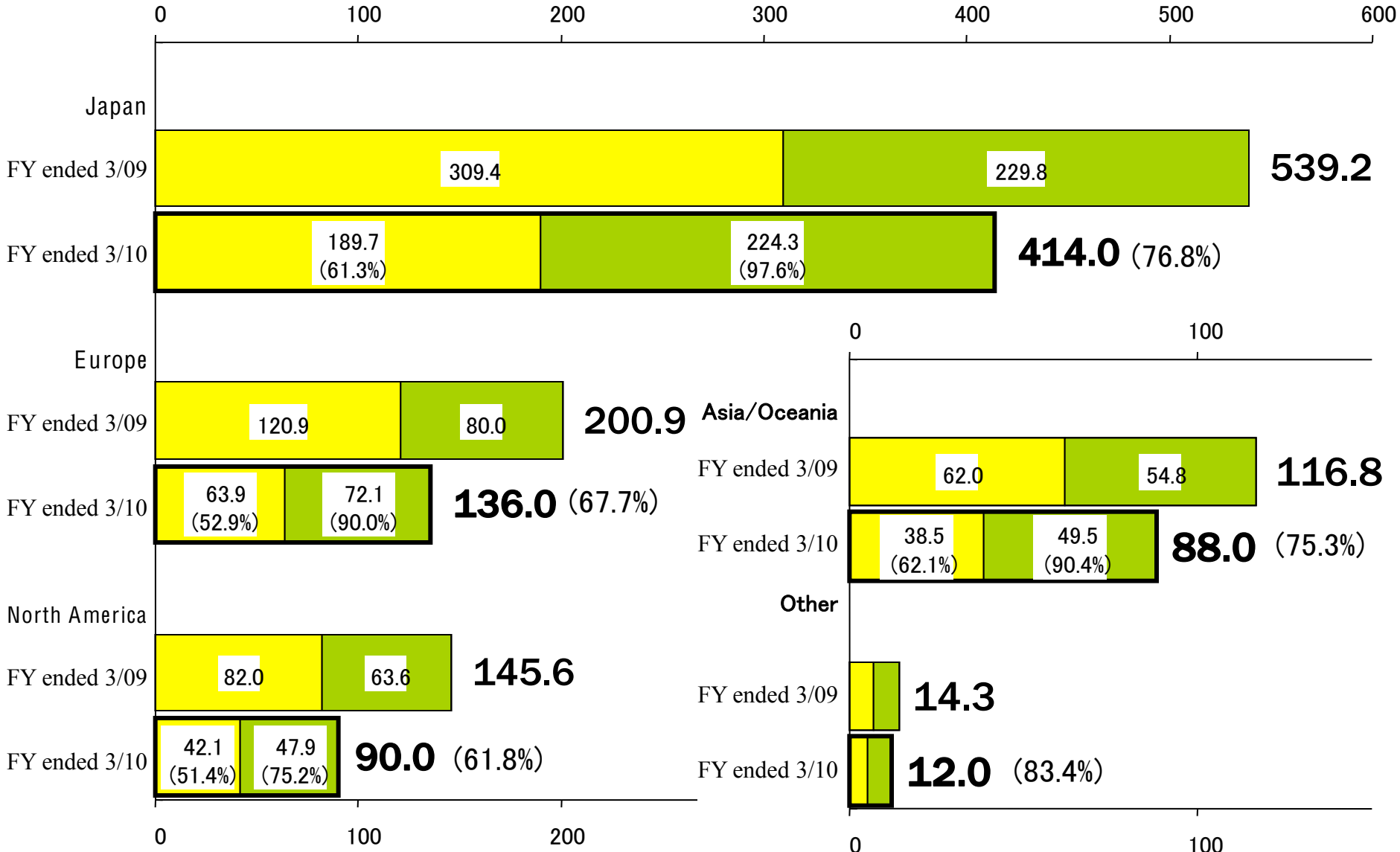
1st half 2nd half



2-3) Sales by region

※Parentheses show comparisons with previous FY

1st half 2nd half



Part II

1. Rebuilding of profitable business structure

2. Business strategy for future growth

3. Strengthening of bearing business

4. Summary

Activity focuses

- ◇ Reduce fixed costs to match production scale
- ◇ Make variable costs completely variable

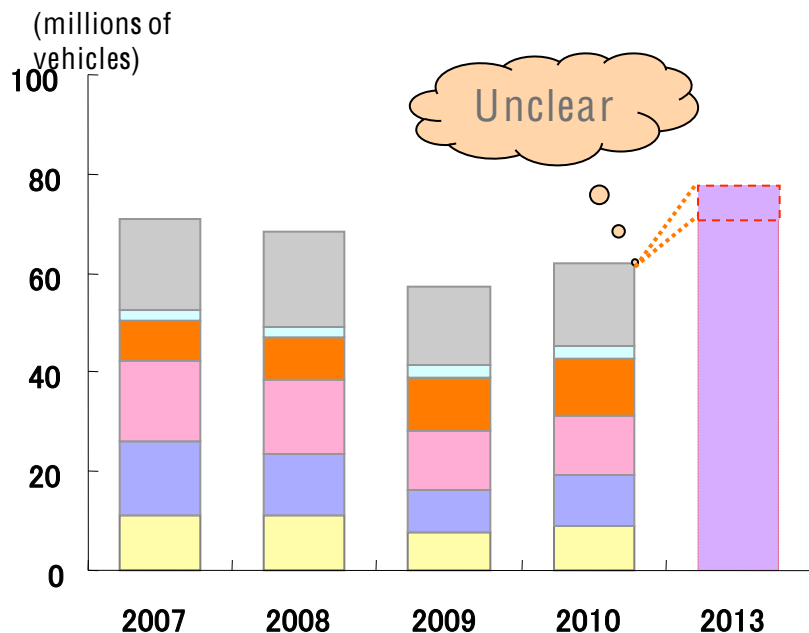


**Lower
breakeven
point**

Items explained last time

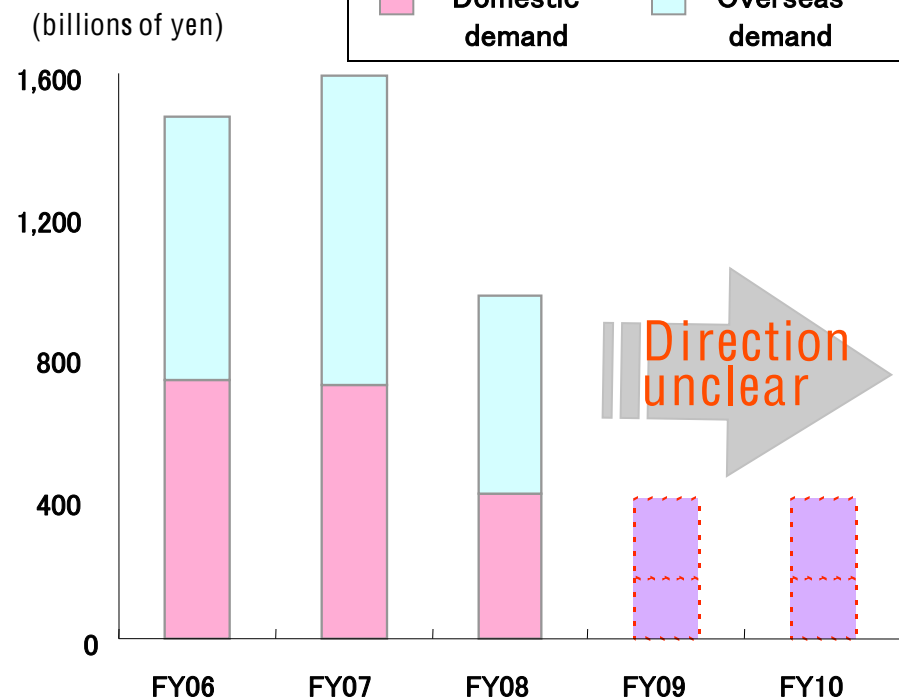
1. Market trends
2. Workforce adjustments to match demand
3. Reorganization of global mfg structure
 - ① Domestic mfg structure
 - ② Overseas mfg structure
 - ③ North American steering mfg structure
4. Reorganization of domestic logistics structure
- (5. Expansion of in-Group manufacture of equipment)
5. Rebuilding of profitable business structure: Summary

Worldwide automobile production



Source: GI Sept 09 edition

Machine tool orders received in Japan



Source: Japan Machine Tool Builders' Association

The worst is over, but how 2010 will proceed is unclear

It is clear demand will not recover in the near term

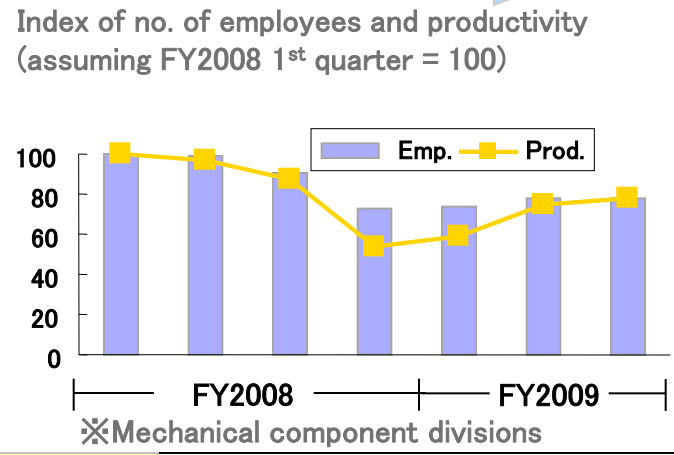
1-2) Workforce adjustments to match demand



Measures in Japan

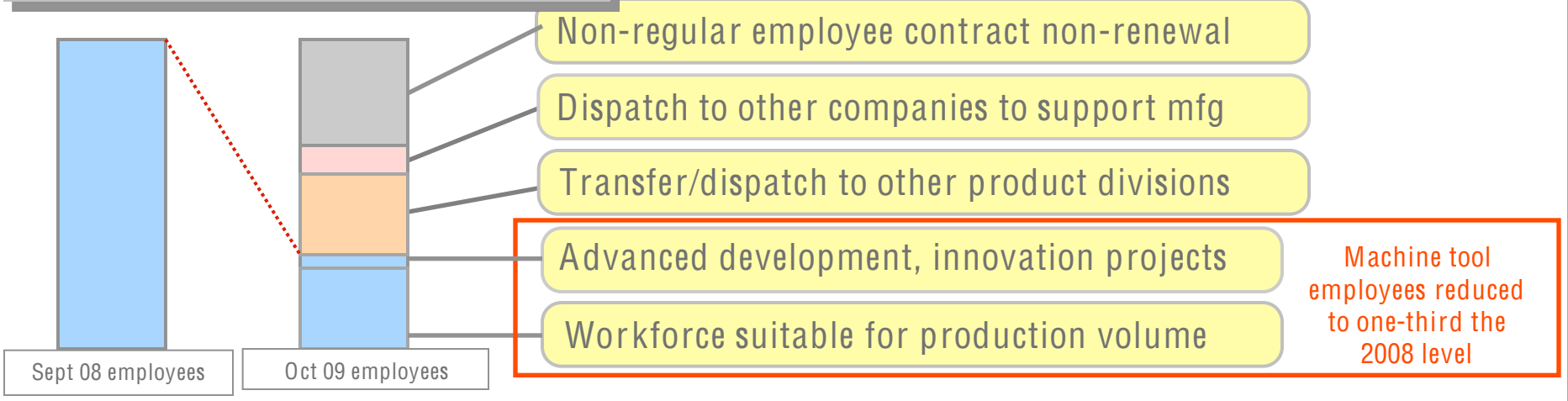
- < Measures until now >
- ◇ Non-regular employee contract nonrenewal
 - ◇ Zero overtime policy
 - ◇ Director/manager salary cuts, etc.

Flexible workforce adjustments



- Additional measures —
- ◇ Admin (indirect) personnel temporary transfer to internal lines
 - ◇ Give/receive mfg support to/from outside companies
- ↑
- ◇ Do new employee process building
 - ◇ Improve skill-transfer training
 - ◇ Improve multi-skill training

Machine tool div. workforce adjustments



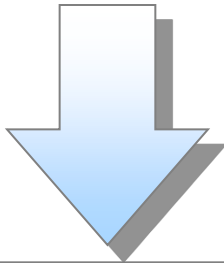
1-3) Reorganization of global mfg structure

① Domestic mfg structure



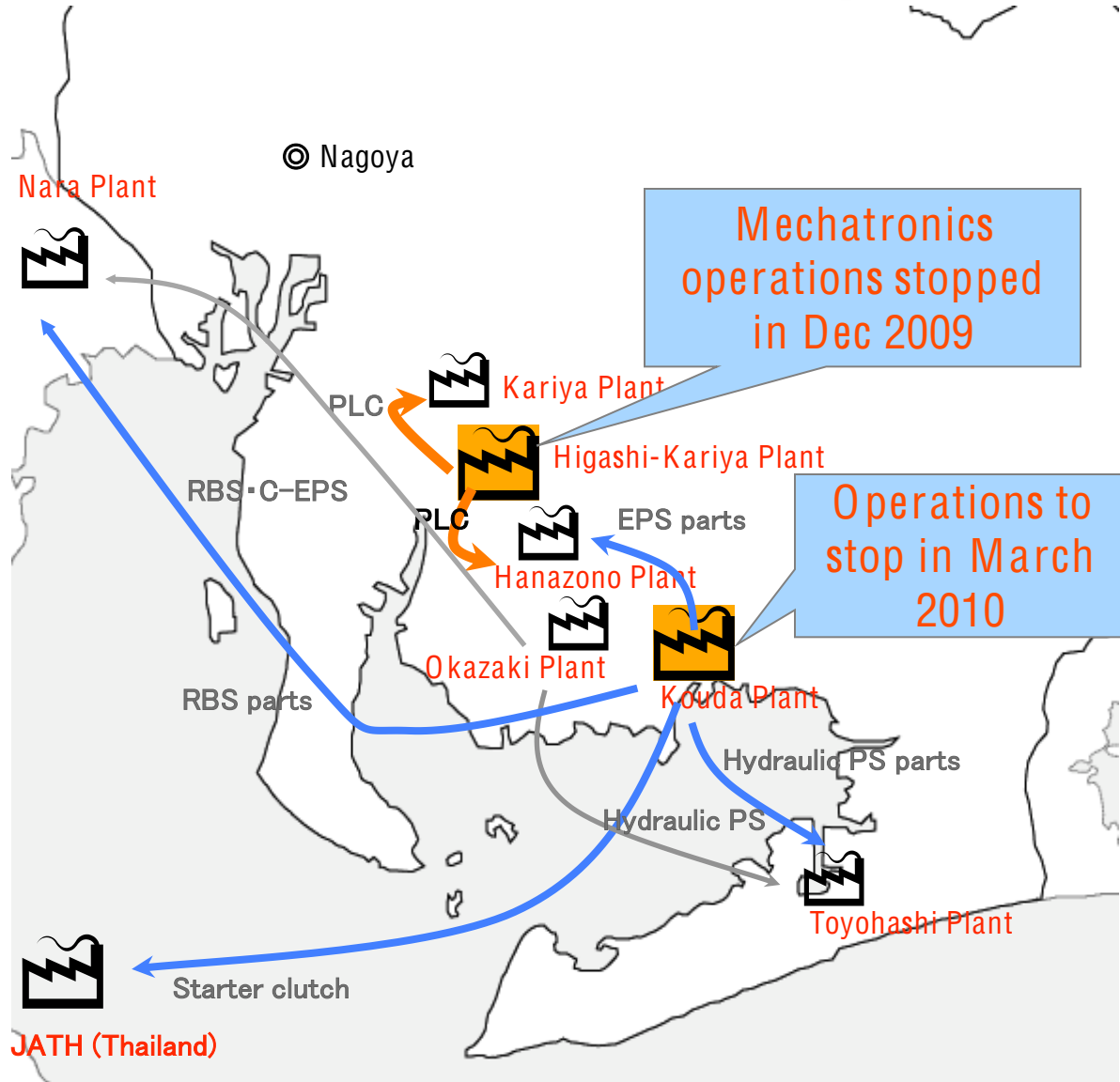
Reorganization aims

- ◇ Eliminate product mfg overlap created by merger
- ◇ Appropriately adjust to decreased hydraulic PS volumes resulting from shift to EPS
- ◇ Eliminate waste in parts transport between plants



Improve productivity by merging lines between plants

Reorganization of domestic mfg structure nearly complete



1-3) Reorganization of global mfg structure

② Overseas mfg structure



Reorganization steps

Step 1

Raise production capacity without adding new lines



Step 2

Carry out line mergers within plants



Step 3

Carry out line mergers between plants

Step 4

Study reorganization of bases

Introduce, fully implement three JPS pillars (bekido rate, chokko rate, yarijimai)

Concentrate mfg by product type, improve logistics, expand in-house mfg

Europe

<Steering>

◇ Reorganize French mfg bases

Americas

<Bearings/driveline>

◇ Reorganize NA mfg bases

Closure of JAVA (NA steering plant) in March 2010

1-3) Reorganization of global mfg structure

③ North American steering mfg structure



NA steering: Change from four- to three-plant structure

March 2010 closure

→ : Line transfers accompanying JAVA closure

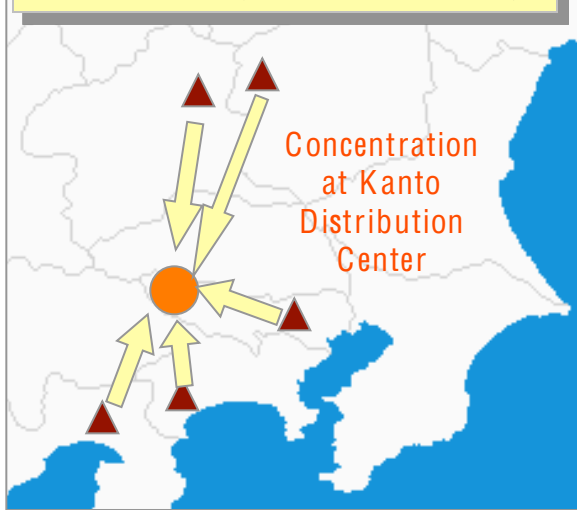


1-4) Reorganization of domestic logistics structure

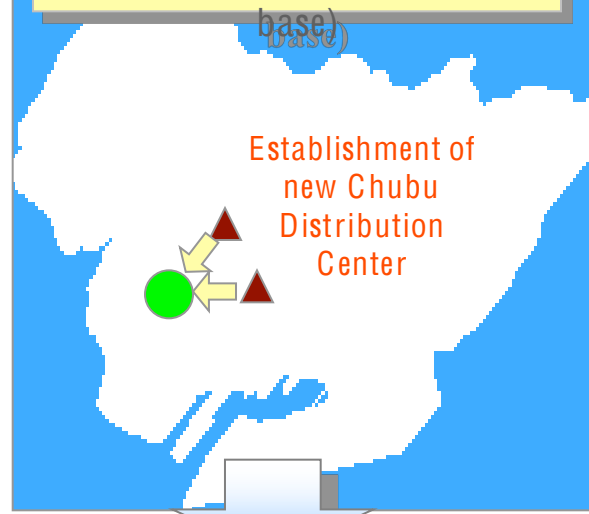
Merge logistics into three centers

● Concentration at existing base ● Concentration at new base ▲ Merged bases

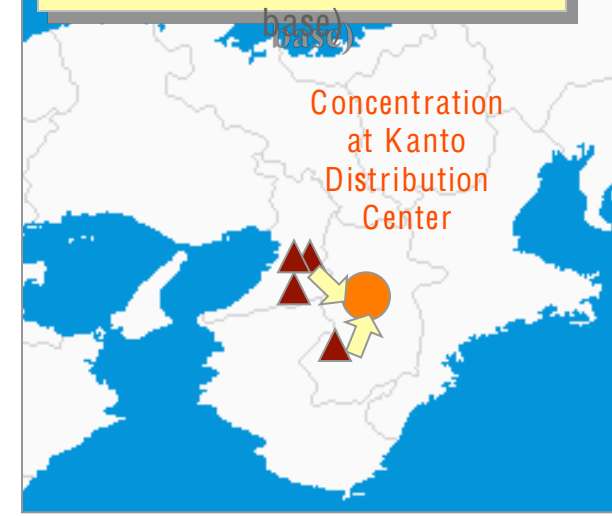
Kanto area (6 bases → 1 base)



Chubu area (2 bases → 1 base)



Kansai area (5 bases → 1 base)



Reduced overall logistics cost

Reduced CO₂ output

Reduced inventory, shorter storage period

- Fewer shipments because of concentration
- Reduced warehouse expense

➔ **Annual cost reduction: About ¥600 million**

Shift from inventory control by customer and part no. to inventory control by part no.

1-5) Rebuilding of profitable business structure: Summary

Lowering of breakeven point

- ◇ Reduce fixed costs to match production scale
- ◇ Make variable costs completely variable

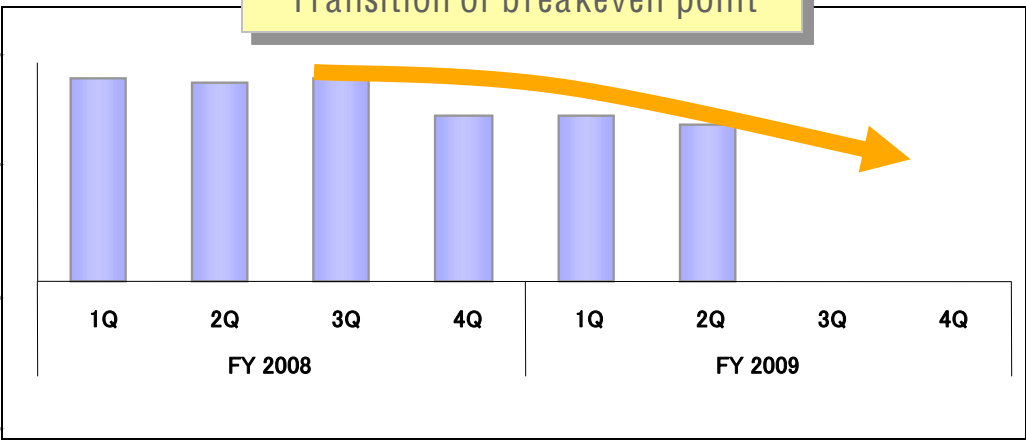
Adjust workforce to match demand

Reorganize production bases

Reduce capital expenditures, expand in-house mfg

Reduce expenses, etc.

Transition of breakeven point



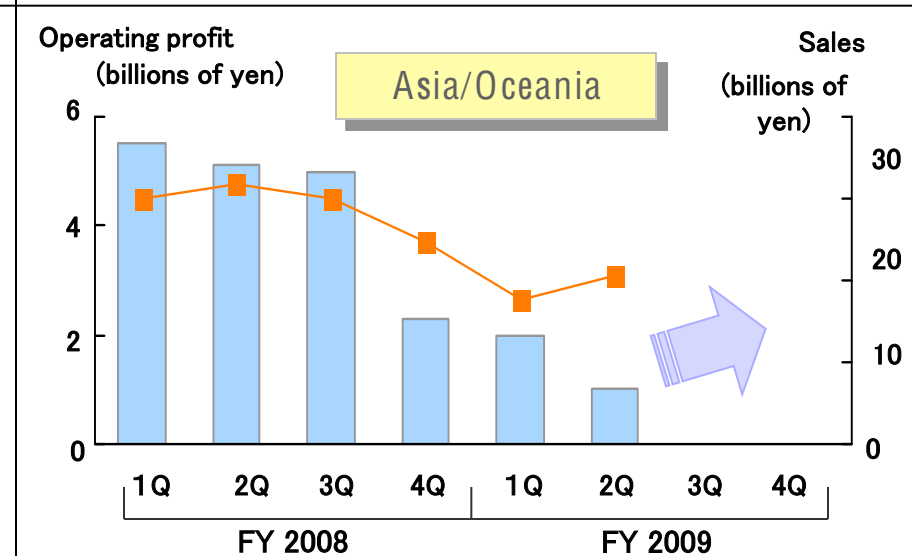
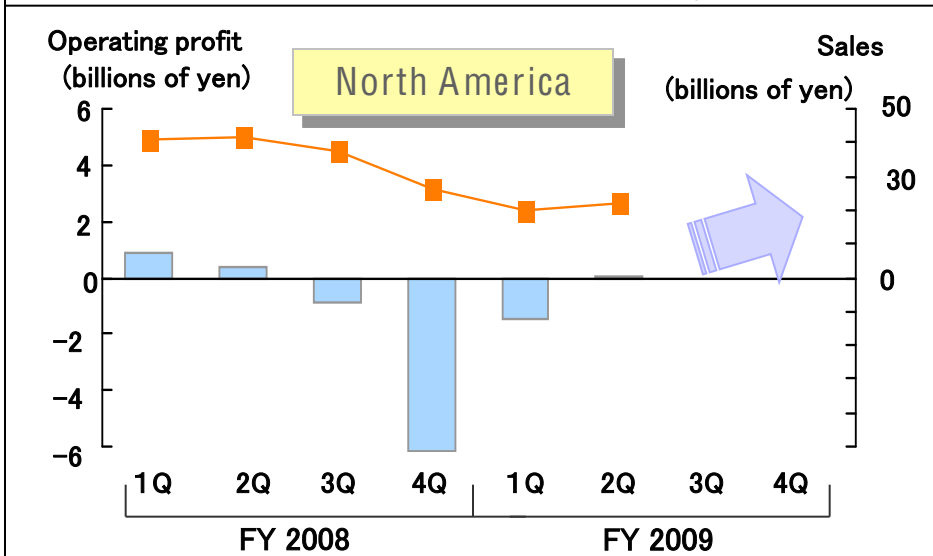
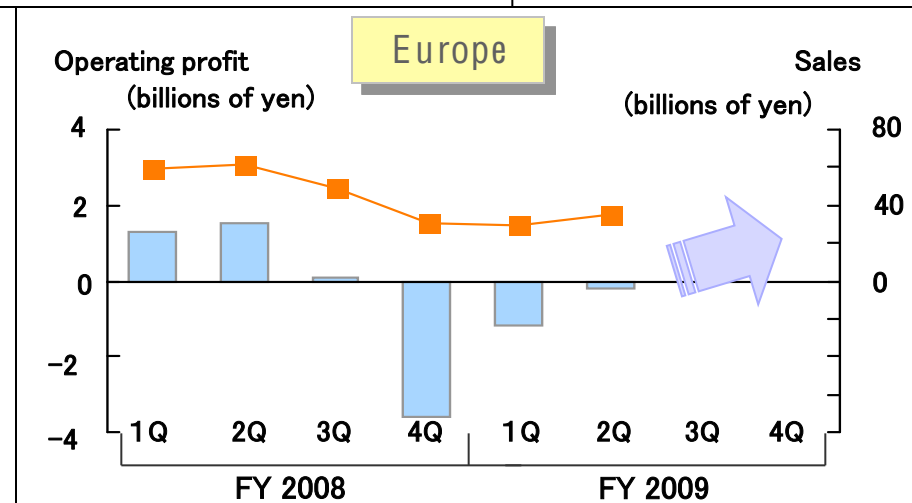
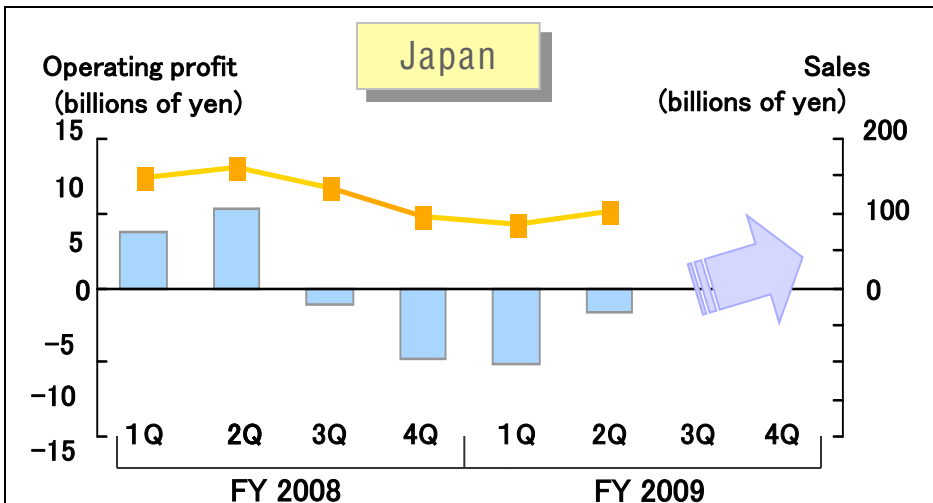
Further lowering of breakeven point

1-5) Rebuilding of profitable business structure: Summary



Achieve profitability from the 3rd quarter





Op. profit Sales



1. Strengthen operations in emerging markets
 - ① Construct steering supply structure
2. Strengthen operations in industrial machinery markets
 - ① Devise business strategy
 - ② Strengthen regional sales networks
 - ③ Strengthen machine-related business
 - ④ Introduction of JTF
3. Strengthen ability to develop technology/products matching demand trends
 - ① Steering strategies by region, product
 - ② In-house mfg of core components

2-1) Strengthen operations in emerging markets

① Construct steering supply structure

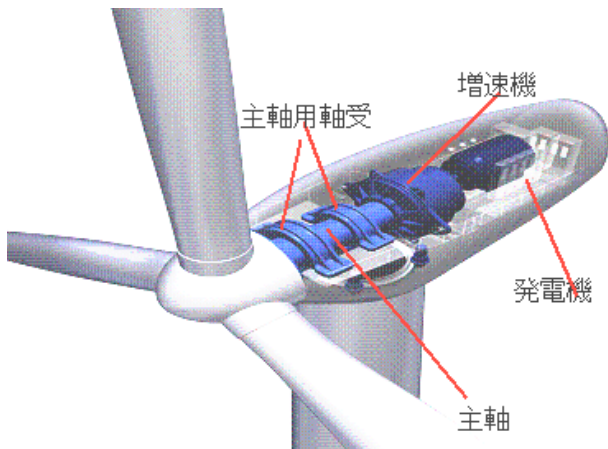
Overseas affiliates, regions		Products	Aims
<p>JSAI Haryana, India</p>	 <p>Completion: Feb 2008 SOP: Feb 2010 (planned)</p>	<p>C-EPS</p>	<ul style="list-style-type: none"> ▪ Meet increasing EPS demand ⇒ EPS for small cars expanding ▪ Supply high-quality EPS
<p>JABR Parana, Brazil</p>	 <p>Completion: May 2009 SOP: Sept 2009</p>	<p>Hydraulic PS, hydraulic PS parts</p>	<ul style="list-style-type: none"> ▪ Handle increasing HPS demand ⇒ Add HPS line, expand in-house machining Increase mfg capacity 1.5-fold by new bldg ▪ Prepare for future EPS local mfg
<p>5 plants in China (Changchun, Tianjin, Amoi, Xinxiang, Guangzhou)</p>	 <p>Establishment: Operations from June 1996 (Photo: Amoi JSSX)</p>	<p>Hydraulic PS, C-EPS</p>	<ul style="list-style-type: none"> ▪ Meet increasing EPS demand in China ▪ Expand sales to local brands
<p>JID Bekasi, Indonesia</p>	 <p>Reconstruction: Mar 2010 SOP: Oct 2010 (planned)</p>	<p>C-EPS, MS gears</p>	<ul style="list-style-type: none"> ▪ Construct supply structure utilizing ASEAN bases ▪ Prepare for growing Indonesian market

① Bearing business strategy



Windmill power generators

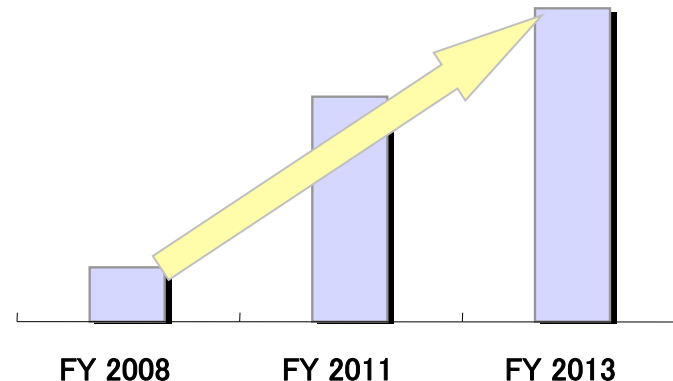
Targets: Chinese, Indian, Korean makers



Areas of focus:
Generators, speed increasing gears

High-performance products (ceramic ball bearings)

Windmill power generator bearing sales targets (sales growth using 2008 results as 100)

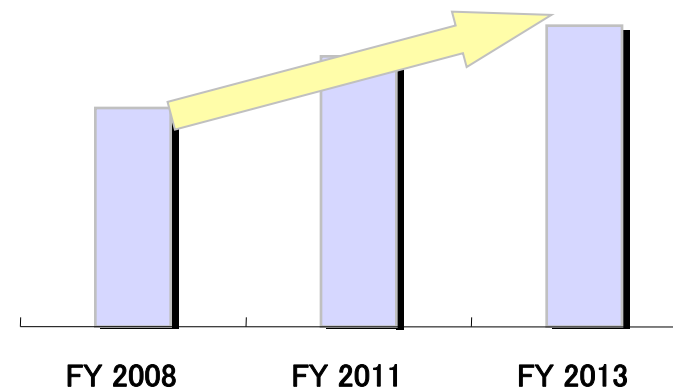


Steel mills

Targets:
◇ Steel makers in China, Korea, Taiwan, Brazil
◇ Plant makers in Europe, China

Achieve long life by new materials, heat treatment technology

Steel mill bearing sales targets (sales growth using 2008 results as 100)



2-2) Strengthen operations in industrial machinery markets

② Strengthen regional sales networks



China

India

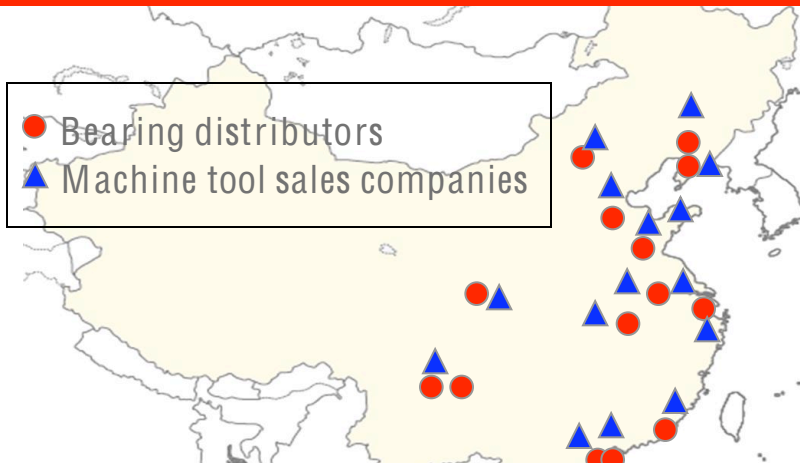
Strengthening of sales networks

- ◇ Large trading company network
- ◇ Distributor network
- ◇ Related company sales network

Strengthen →

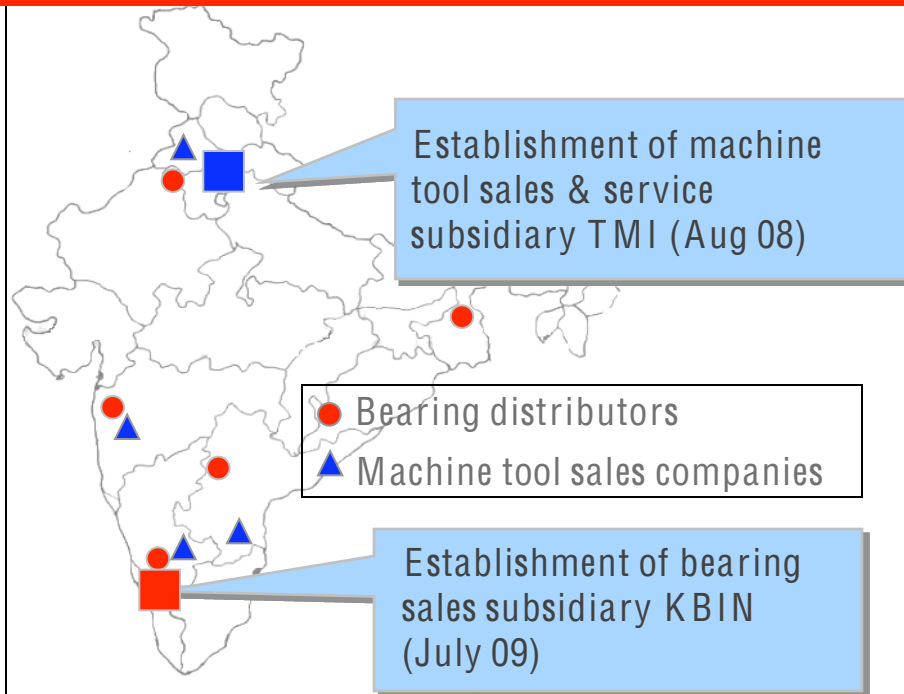
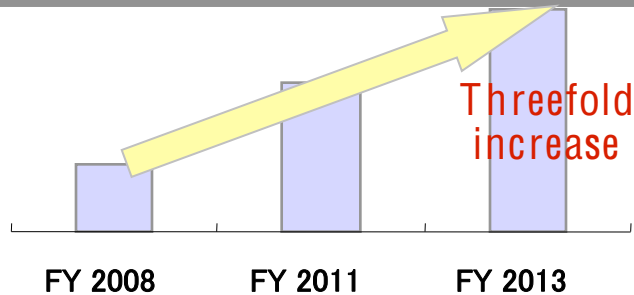
Targets:

- ◇ Expansion of sales to local makers
- ◇ Energy, steel, agriculture, construction and other important fields



● Bearing distributors
▲ Machine tool sales companies

Chinese market industrial OEM/aftermarket sales targets (sales growth using 2008 results as 100)



Establishment of machine tool sales & service subsidiary TMI (Aug 08)

● Bearing distributors
▲ Machine tool sales companies

Establishment of bearing sales subsidiary KBIN (July 09)

TMI: Toyoda Micromatic Machinery India Ltd.
KBIN: Koyo Bearing India Private Limited

③ Strengthen machine-related business

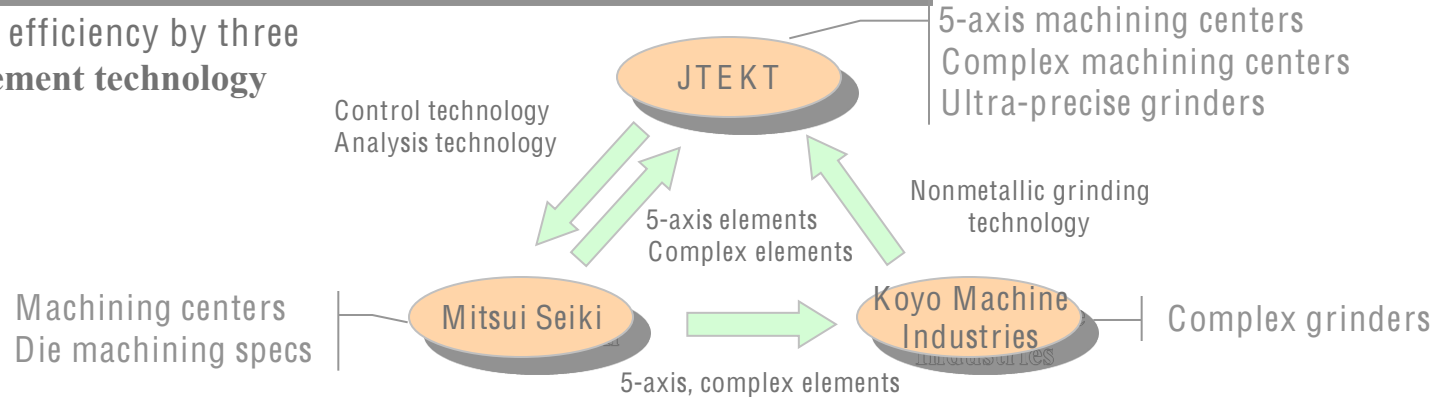


Cooperation among Group companies in machine-related business

◇ Improve development efficiency by three companies' sharing of element technology



Enhance product lineup in industrial machinery fields



Enhancement of product lineup for industrial machinery, aerospace, and energy fields

◇ Thirteen new machine types introduced to the market

Expansion of complex machining, 5-axis machining, large-workpiece machining machine series



SB3016

gate-type machining center



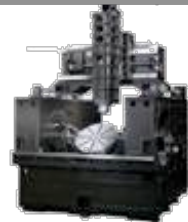
FV2090S

vertical machining center



PV640J

APC vertical machining center



UX570

5-axis vertical machining center



TG4

grinding center grinding wheel stand automatic rotation



Select - G7
large universal grinder



FH1250SW

horizontal machining center quill main spindle (W-axis) spec

Industrial machinery, dies

Aerospace

Energy

④ Introduction of JTF



◇ JTEKT Technical Fair 2009

Dates: November 4~5

Place: JTEKT Customer Center (Kariya, Aichi Prefecture)

Concept: **“Seeing the Future of Monozukuri”**

Display mainly of new machine tool and mechatronics products of JTEKT Group companies

~ First display of 13 new machines ~



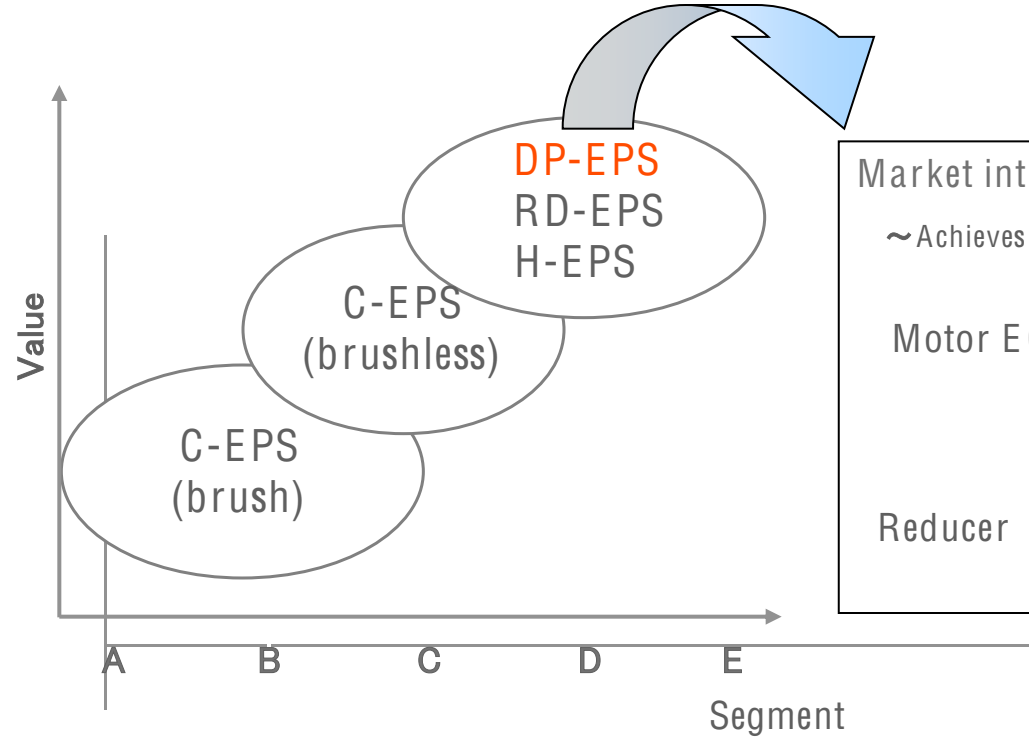
2-3) Strengthen ability to develop technology/products matching demand trends



① Steering strategies by region, product

Pioneer new customers by implementing region- and product-specific strategies

Product strategies	A/B/C-segment vehicles	Improve C-EPS product strength
	D/E/F-segment vehicles	Promote products by region, customer (DP-EPS, RD-EPS, H-EPS)



Market introduction of new-product DP-EPS
~ Achieves both high output and packaging flexibility ~

Motor ECU

Reducer

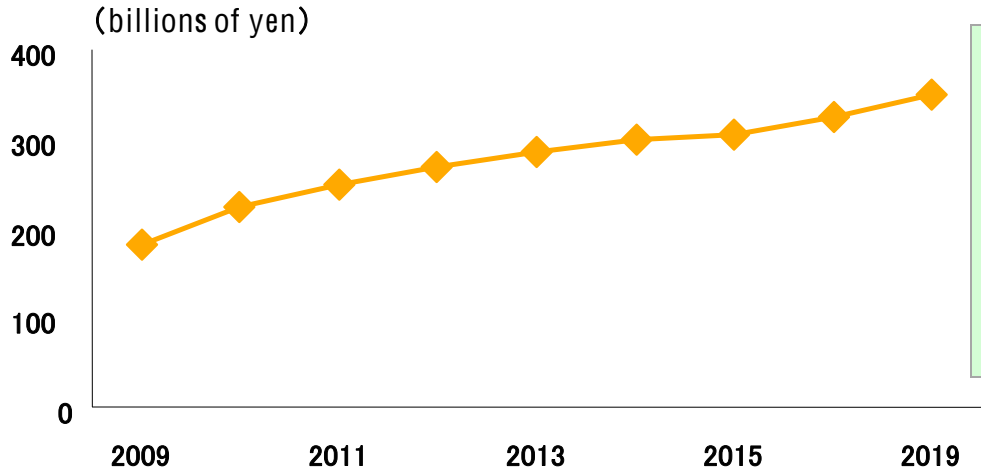
Steering shaft

Outline of needle roller bearing
business acquisition

3-1) Outline of NRB business acquisition ①



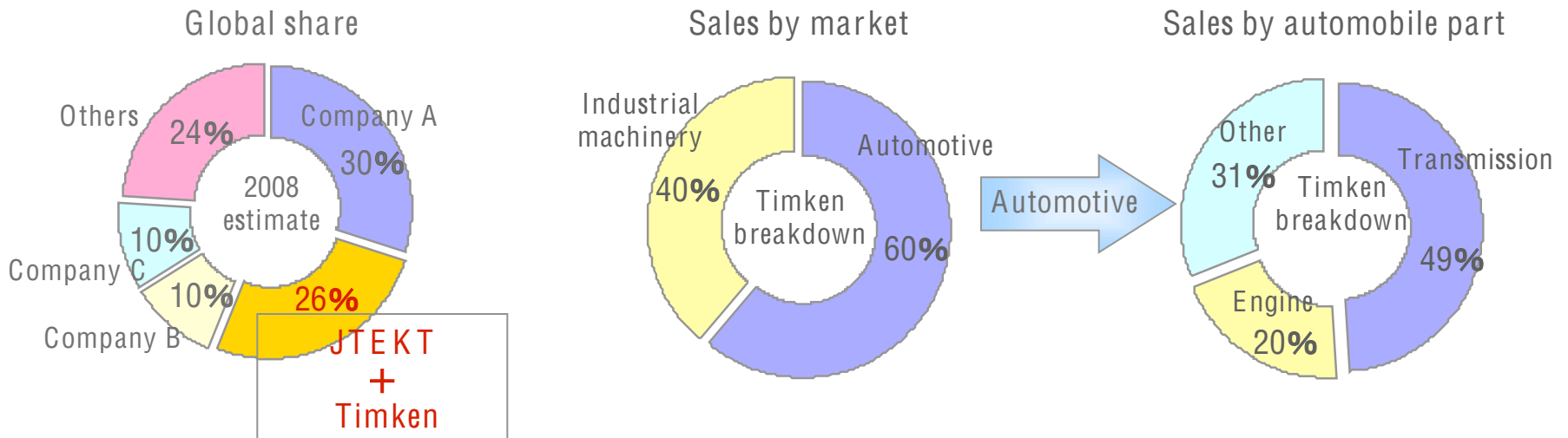
Trend of global demand for automotive needle roller bearings



NRB demand

- ◇ Evolution of automotive transmissions
AT → Multistage AT
MT → Dual clutch transmission
- ◇ Increased demand for fuel-efficient, low-emission vehicles

Timken's NRB positions



3-1) Outline of NRB business acquisition ②

Aims of NRB business acquisition

- ◇ Enhance global development/mfg network
- ◇ Expand customer base
- ◇ Obtain superior mfg technology capability
- ◇ Strengthen drivetrain area



**Secure world's no.1
position in
automotive bearings**

Outline of Timken's NRB business

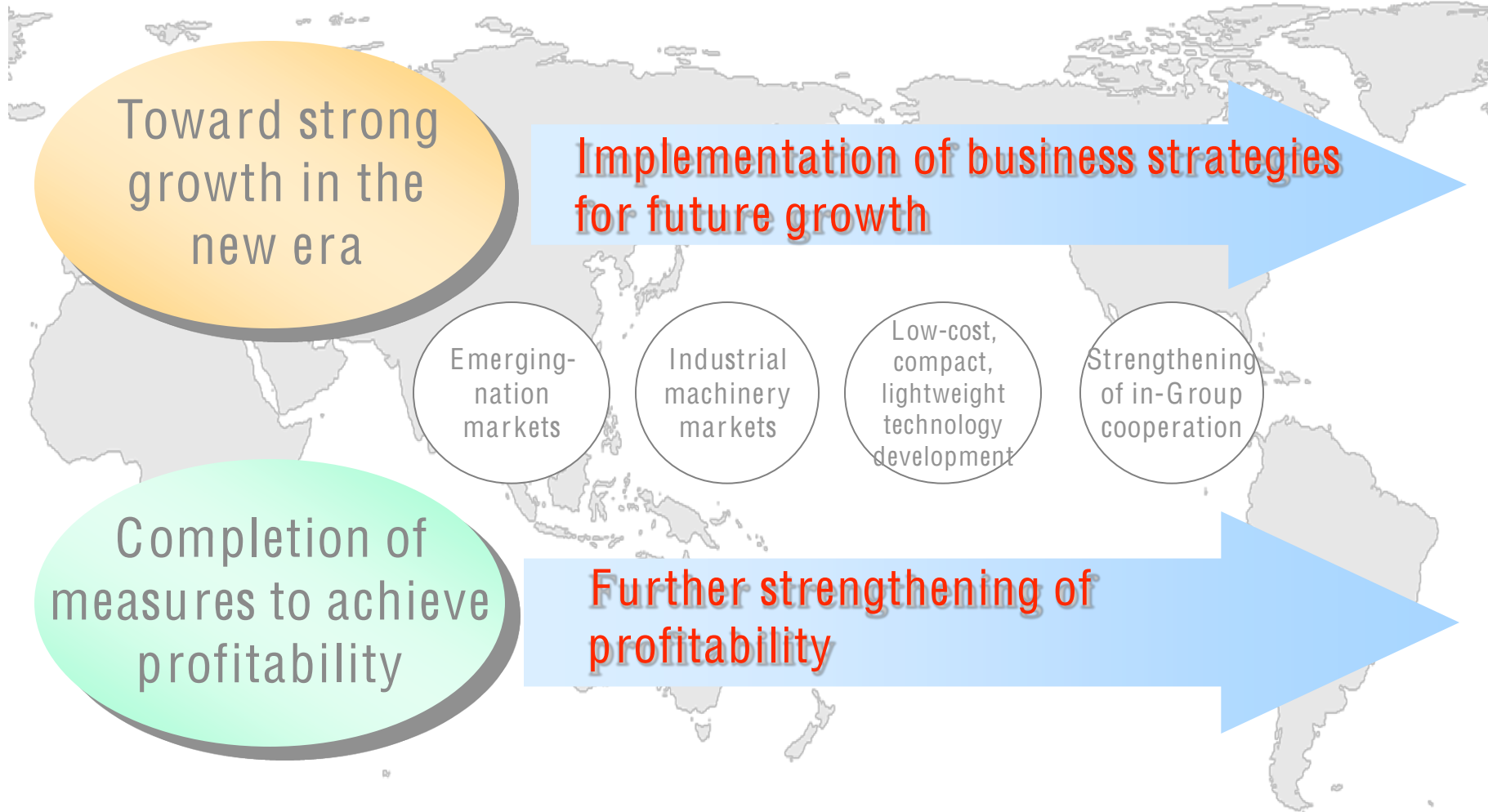
Production bases: 12 (USA 4, Europe 6, China 1)

R&D bases: 3 (USA 1, Europe 2)

Sales: US\$621 million (2008)

Future plan

- ◇ Planned start of business operations: January 1, 2010
- ◇ Establishment of new NRB Business Office
 - Preparation of two-company joint action plan following the three steps separation, independence, and merger



Thank you for your
kind attention

JTEKT Corporation