

Presentation of financial results for the fiscal year ending March 2010

May 17, 2010

JTEKT Corporation

1. Results for the fiscal year ending March 2010

2. Business plan for the fiscal year ending March 2011

3. Global Business strategy

4. Summary

1-1) Financial data ①

JTEKT

(billions of yen)

	FY2008	FY2009	Comparison
Net sales	1,017	769.6	75.7%
Operating income	22.3	0.4	1.9%
Ordinary income	11.1	- 0.2	—
Net income	-11.9	- 19.4	—

Extraordinary losses in FY2009

(billions of yen)

Fixed asset retirement loss	0.8
Impairment loss	1.3
Provision for product warranties	5.8
Business restructuring expenses	9.5
Other	1.7
<hr/>	
Total	19.1

1-2) Financial data ②

JTEKT

(billions of yen)

	FY2008	FY2009	Comparison
Inventory assets	127.7	124.4	97.4%
Interest-bearing debt	216.2	237.3	109.8%
Capital expenditures	51.1	25.2	49.4%
Depreciation	55.8	50	89.6%

1-3) Sales by product type



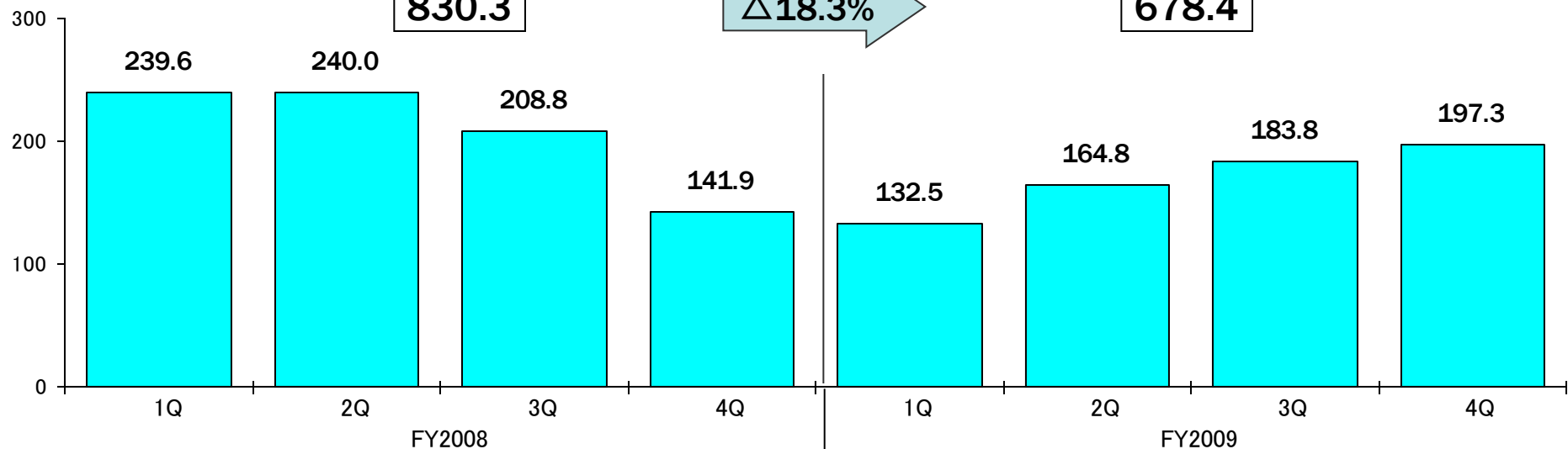
(billions of yen)

Mechanical component

830.3

△18.3%

678.4

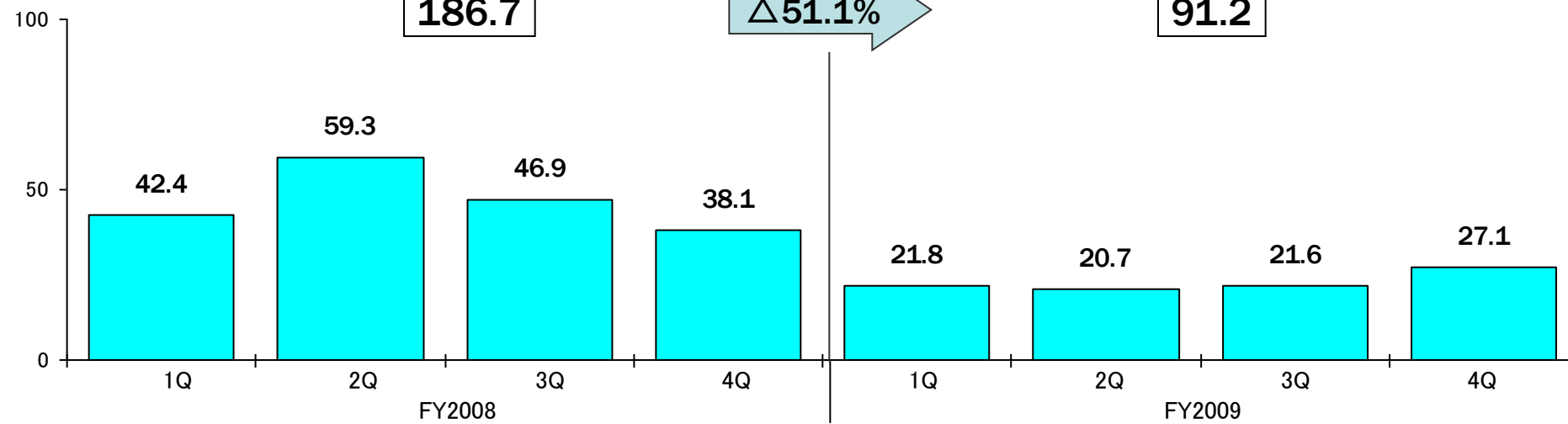


Machine tools, etc

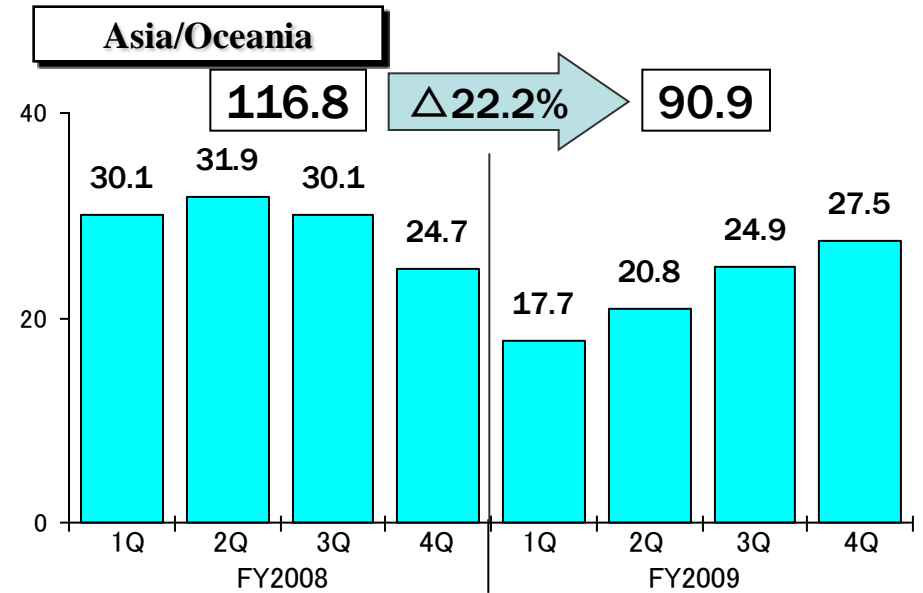
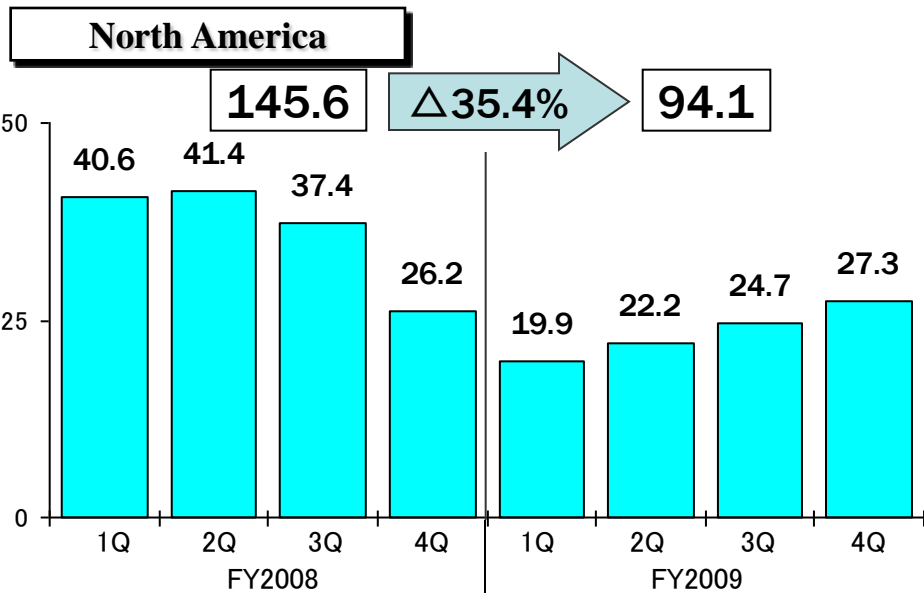
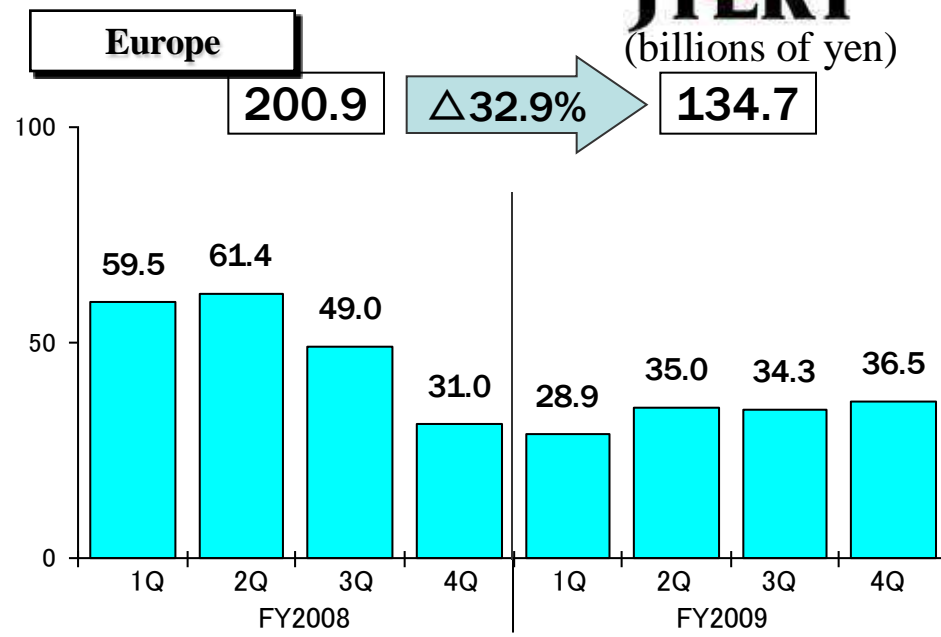
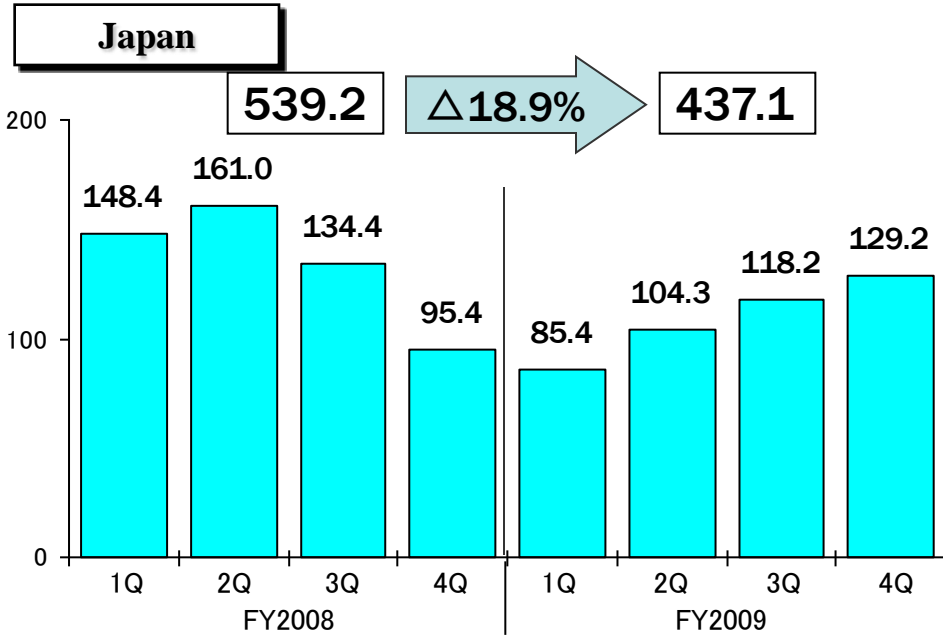
186.7

△51.1%

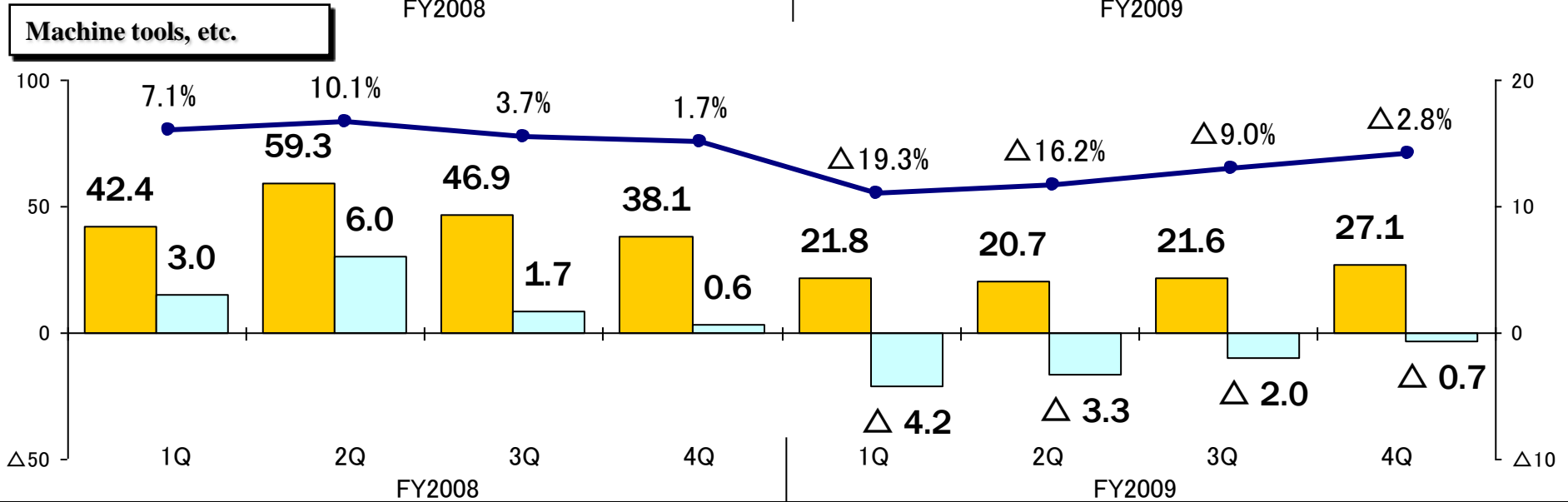
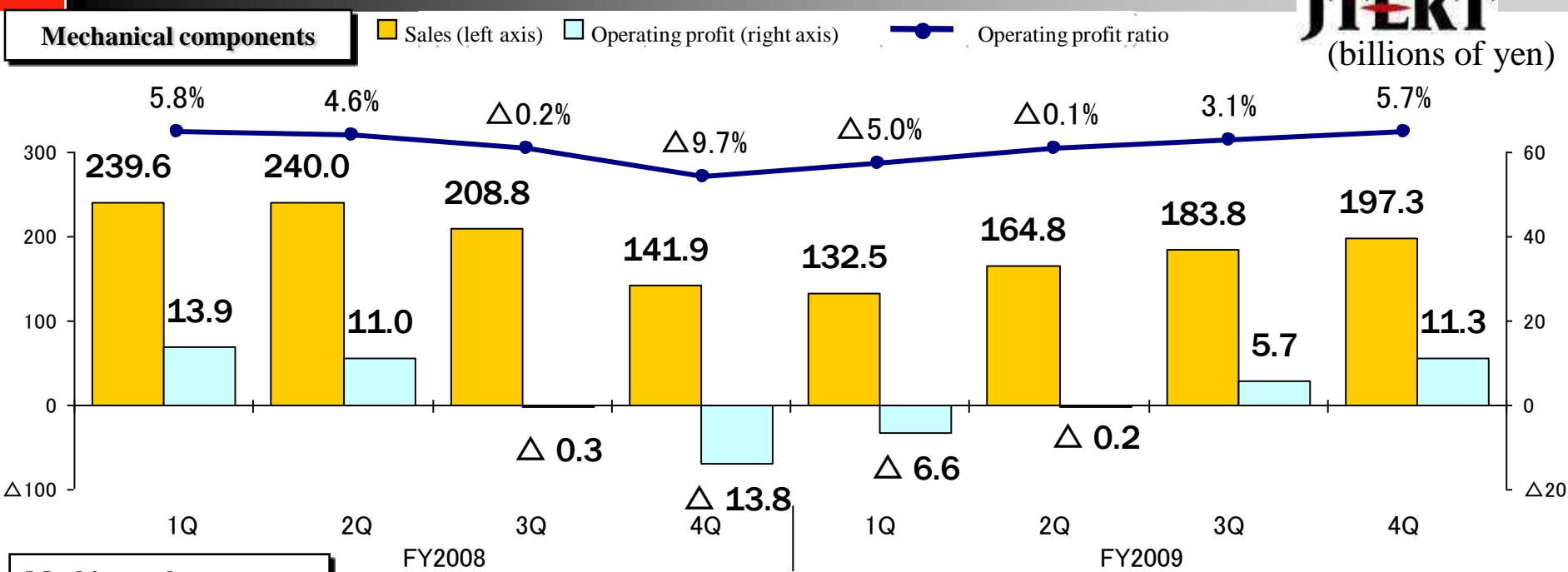
91.2



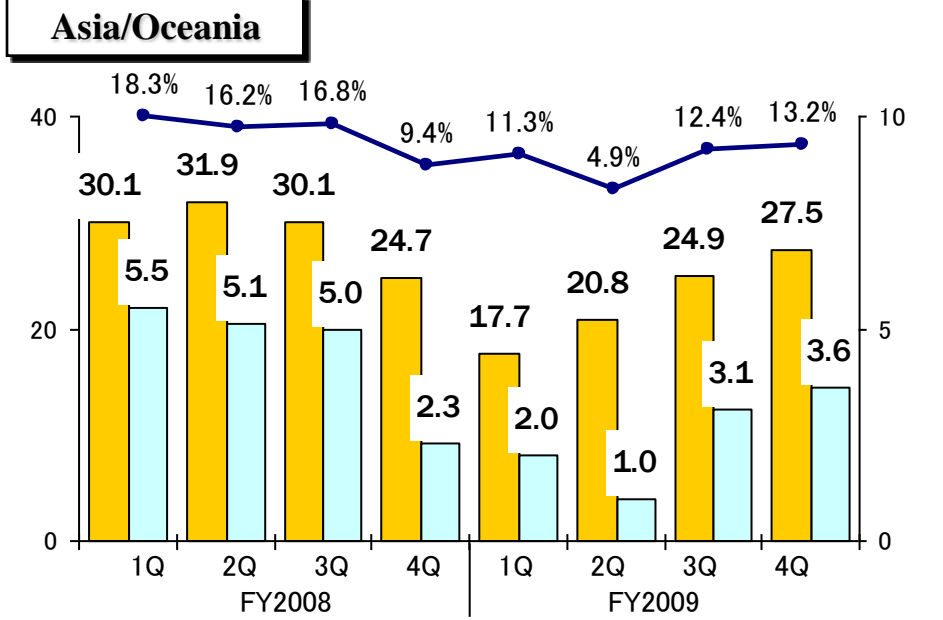
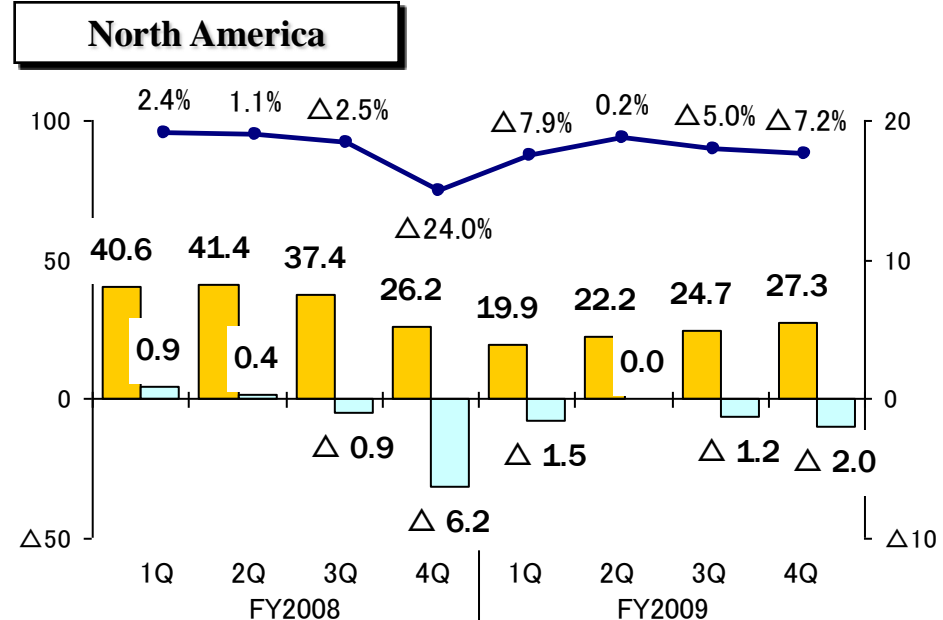
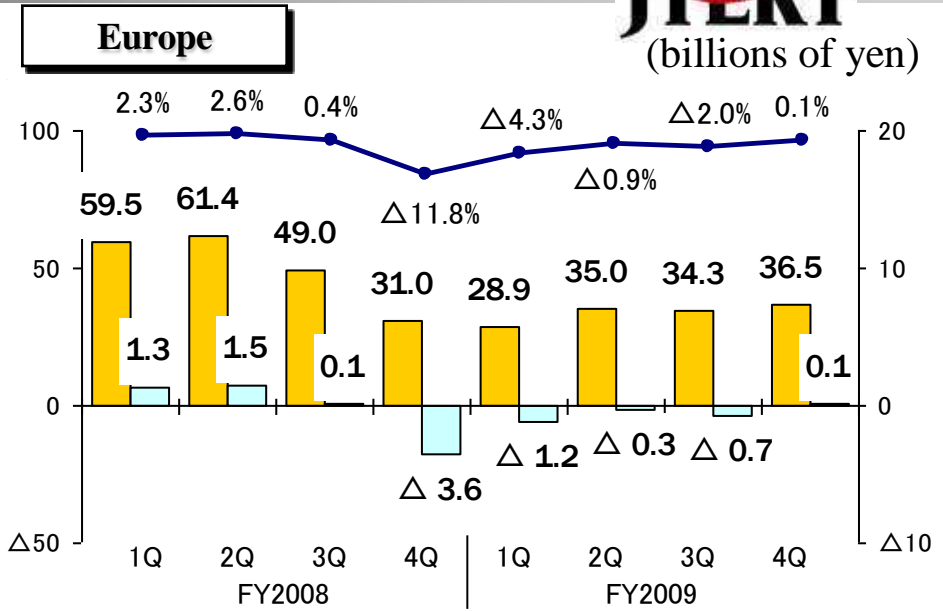
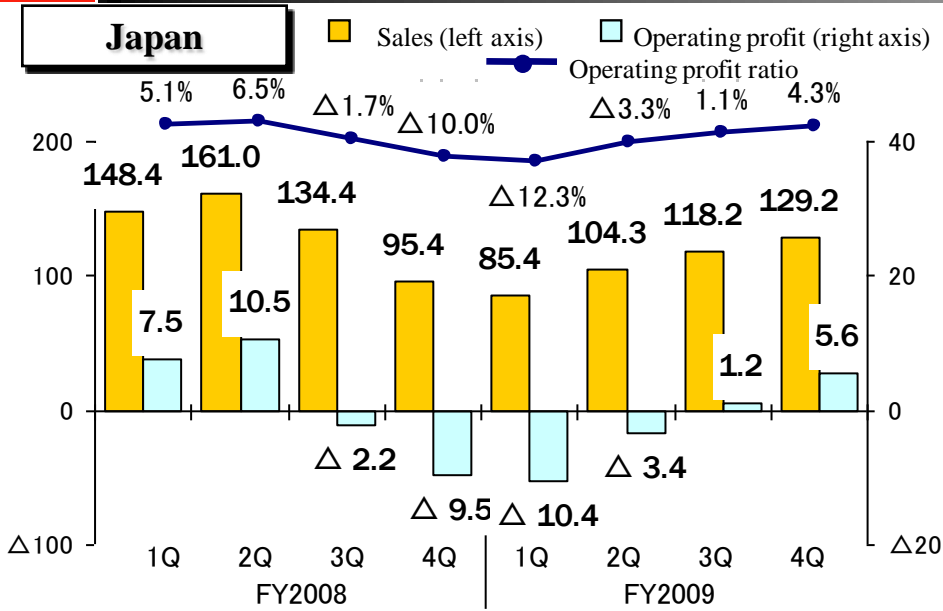
1-4) Sales by region



1-5) Operating income by product group



1-6) Operating income by region



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2-1) Reflecting on FY 2009 Activities

FY 2009 Revenue Base Restructuring Activities

◆ Reduction of fixed costs in response to production scale

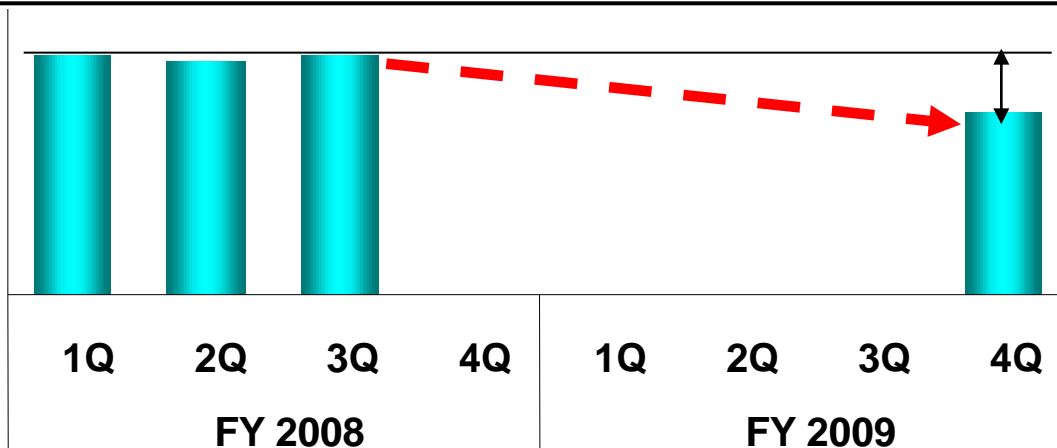
- Reorganization of global production
- CAPEX reduction, in-house equipment manufacture increase
- Overall examination of expenses

◆ Made variable costs completely variable

- Labor adjustment responding to demand
- Logistics improvements

- Line mergers, reorganization of bases (Closure of steering plants in NA and Europe)
- 15% reduction of global workforce
- 10% reduction of fixed assets
- Depreciation Approx. 6 bill yen reduction
- In-house equipment 4 point increase
- Implementation of production support (indirect depts, group companies, customers)

※Figures compared to 08/3



Breakeven point improved by approx. 25%

2-2) FY 2010 Priority Measures



FY 2010 Slogan

Evolution for a secure growth path! ~ Achievement of a V-shaped recovery~

Priority issues

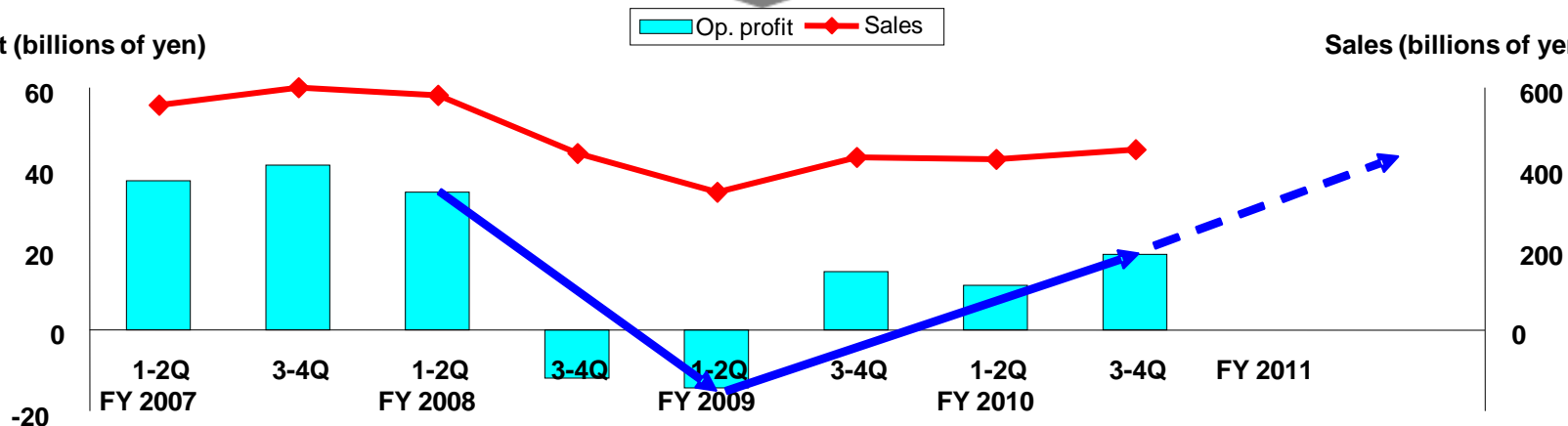
- ① Revenue base built on an exchange standard assuming appreciation of the yen
- ② Revenue base built on 70% quantity in peak times
- ③ Strengthening of product power responding to the diversifying needs of regions and customers

Priority measures

- ① Expansion of local procurement, promotion of adopting local materials
- ② Continuation of reorganizing global production
- ③ Lower-costs, more compact/lightweight technology, strengthening of product development

Op. profit (billions of yen)

Sales (billions of yen)



2-3) Financial data



(billions of yen)

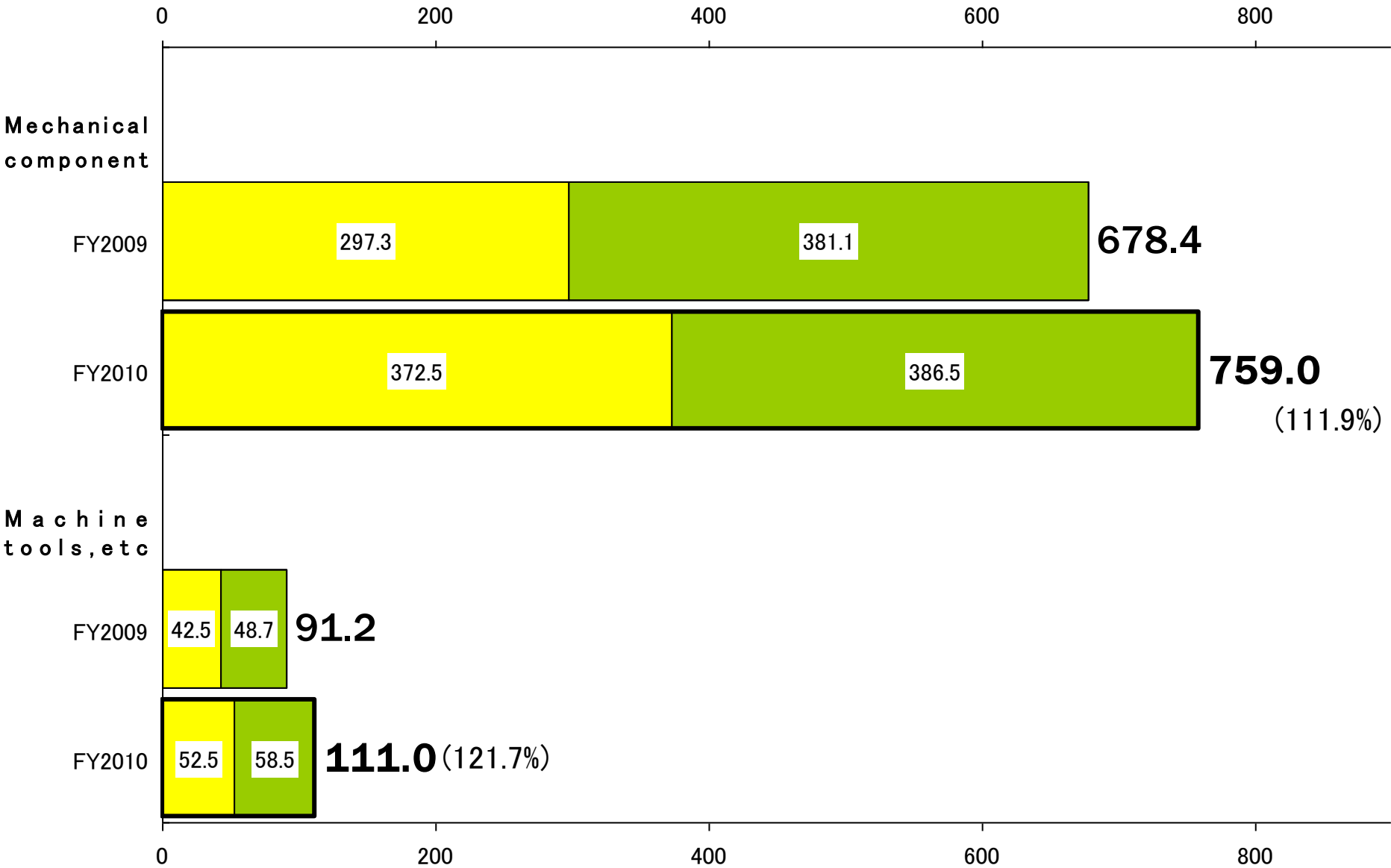
	FY2009	Exchange assumptions		Comparison
		US\$	90.00	
		Euro	125.00	
		FY2010		
Net sales	769.6	870		113.0%
Operating income	0.4	30		—
Ordinary income	- 0.2	29		—
Net income	- 19.4	12		—
Capital expenditures	25.2	28		110.9%
Depreciation	50	45		90.0%

2-4) Sales by product type



※Parentheses show comparisons with previous FY

1st half 2nd half

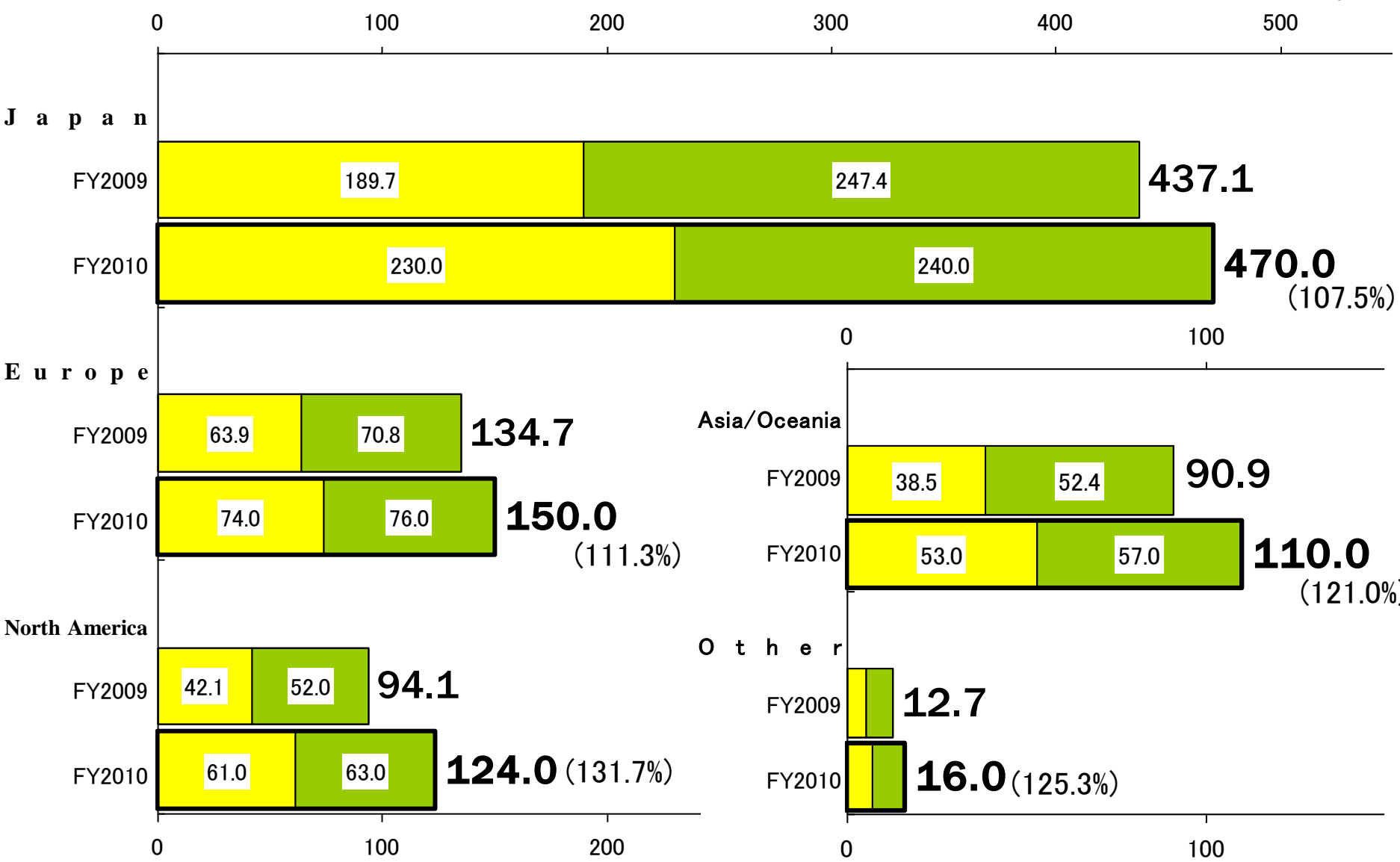


2-5) Sales by region



※Parentheses show comparisons with previous FY

■ 1st half ■ 2nd half



1. Results for the fiscal year ending March 2010

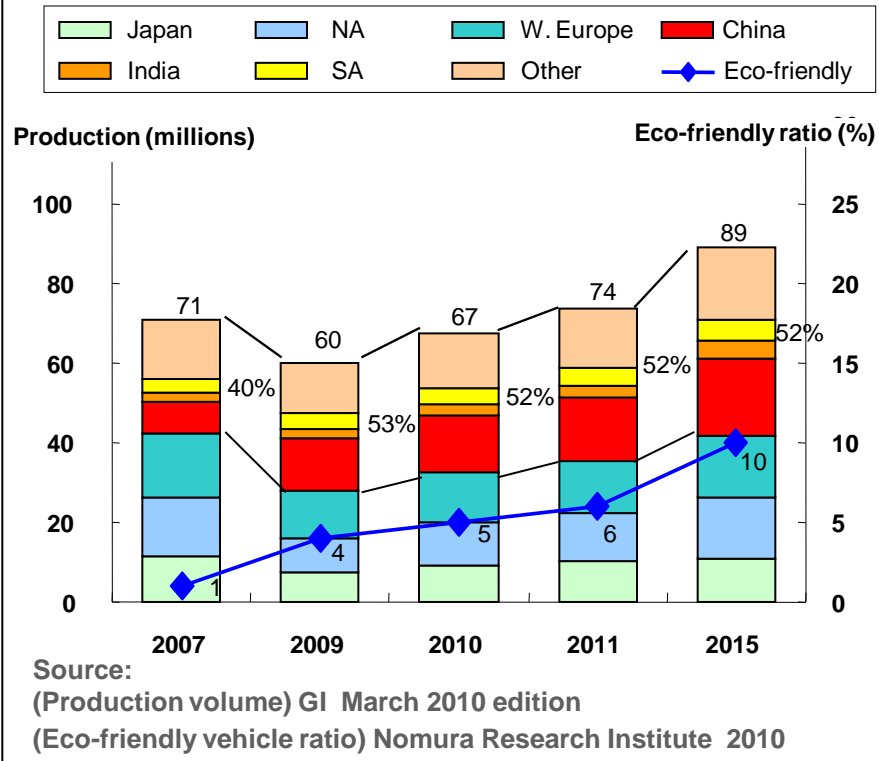
2. Business plan for the fiscal year ending March 2011

3. *Global Business strategy*

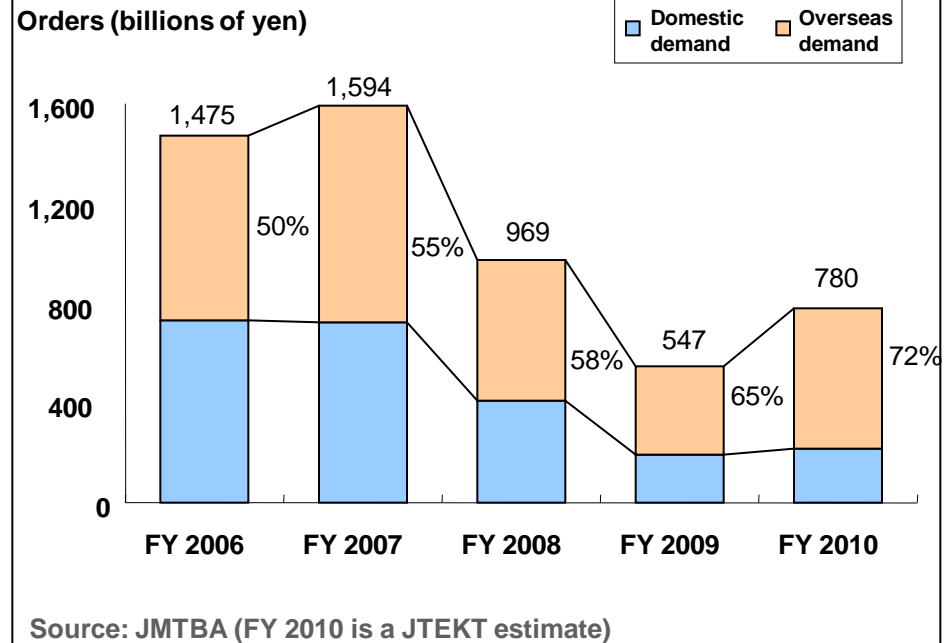
4. Summary



Worldwide vehicle output



Machine tool orders



Emerging market demand will drive growth
Growth of eco-friendly vehicles

Increase of overseas demand centered on China
Rise of emerging market manufacturers

Further growth in environmental and infrastructure fields like energy, railway, etc.

External environment

- ◇ Increased demand in environment/infrastructure fields
- ◇ Emerging markets to drive economic growth
- ◇ Diversification of regional and customer needs

Global business strategies

- 1. Strengthen business in the industrial machinery and commercial fields**
- 2. Strengthen business in emerging markets**
- 3. Strengthen product development to rapidly respond to demand trends**

- ◇ Acquisition of the needle bearing business from Timken

- 4. Effects of needle bearing business synergism**

3-3) Strengthen Business in the [Industrial Machinery and Commercial Fields] ① Bearings 19

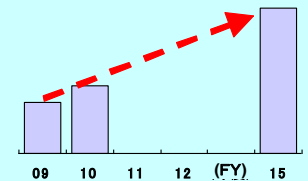


Strengthen Sales of Bearings for Industrial Machinery and Commercial Fields

<Target>

- ◆ Fields: **Steel**, **Wind energy**, Machine tools, **Railway carriages**, Commercial
- ◆ Regions: China, India, South America

Industrial machinery and commercial fields sales target



Wind energy/Steel

Expand sales to **local manufacturers** focused on emerging markets

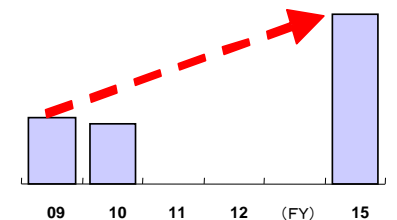
<Wind energy>

Spindles ⇒ Expand share by capitalizing on strengths
Generators ⇒ Expand share with ceramic bearings
Step-up gears ⇒ **New entry**

<Steel>

Extended life with new material, heat treatment technology

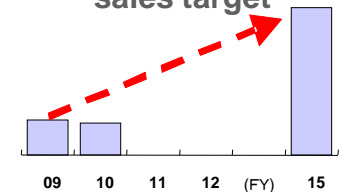
Wind power + steel sales target



Railway carriages

- ① Expand domestic share
- ② Capitalize on technology and know-how cultivated on the domestic market, **enter overseas markets**

Railway carriage sales target



3-3) Strengthen Business in the [Industrial Machinery and Commercial Field] ② Machine Tools 20



Strengthen technological development

Priority areas

Aircraft

Construction/agriculture

Energy

Dies

Complex machining
 High accuracy machining
 Machining/set-up time reduction
 Large part machining

Strengthen core technology
 Reallocate resources

Product development to suit growing areas

- Expand complex machining/large part machining series
- Feature a NEW machine controller on machining centers
 - Automation of highly-skilled workers' know-how
 - ⇒ Reduce machining/set-up time and no. of reject parts

Energy

Aircraft

Dies



Horizontal machining center

Product development to suit the region

- Optimal low-cost product for manufacturing in emerging markets
 - ⇒ Thoroughly refine specifications/functions

China

India

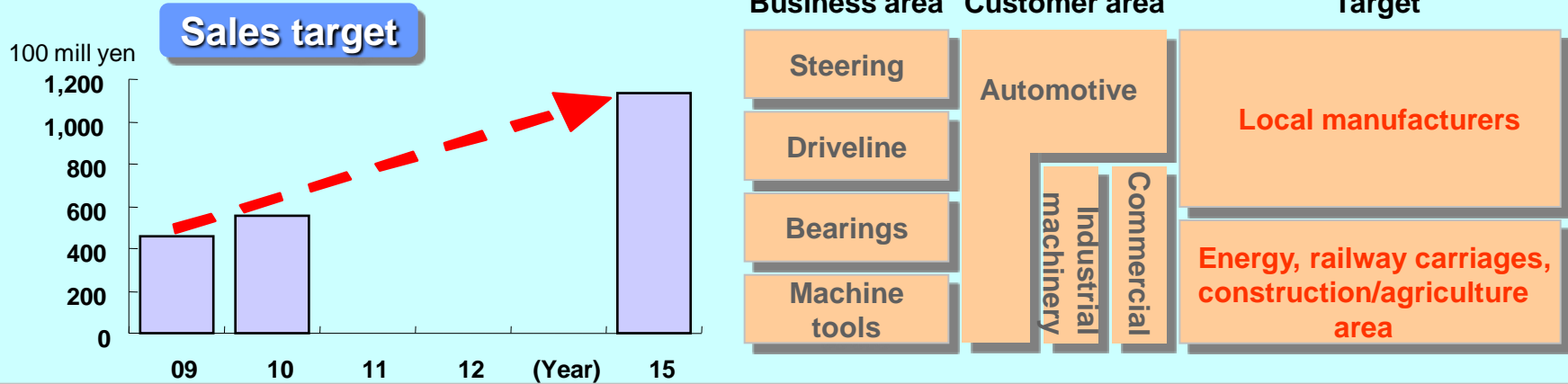


Vertical machining center

① Business Strategies for China



Aim to acquire top share in each business



Strengthen sales structure

- Increase personnel in sales/engineering service bases**
⇒ Necessary sales/engineering personnel, increase local staff
- Enhance the distribution network**
⇒ Use distributors, major trading firm and related companies sales networks

Strengthen engineering/production structure

- Establish product specifications to match regions**
- Lower costs through localization and local procurement**

Enrich Chinese Technical Centers

① Business Strategies for China



Enrich Chinese Technical Centers

- ◇ Swift development of low-cost products suiting customer needs
- ◇ Enrich prototypes, evaluation and design, rapidly respond to customers
- ◇ Promote JTEKT engineering capability ⇒ Strongly promote new business developments

捷太格特科技研发中心(Wuxi)有限公司

< Wuxi Technical Center >

- Establish in 2010
- Install a test course
- Build a network

< Amoi Technical Center >

- Implement steering evaluation/ quality response at JSSX (Amoi)
- Strengthen prototype, design functions



Items for strengthening

Strengthen marketing
~ Refine necessary functions

Establish local specifications
(Material, development/design suitable for the region)

Find, train, collaborate with local suppliers

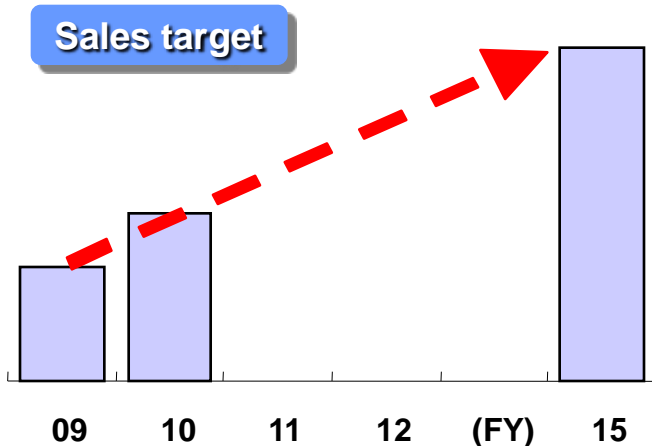


Build a business base in the Chinese market

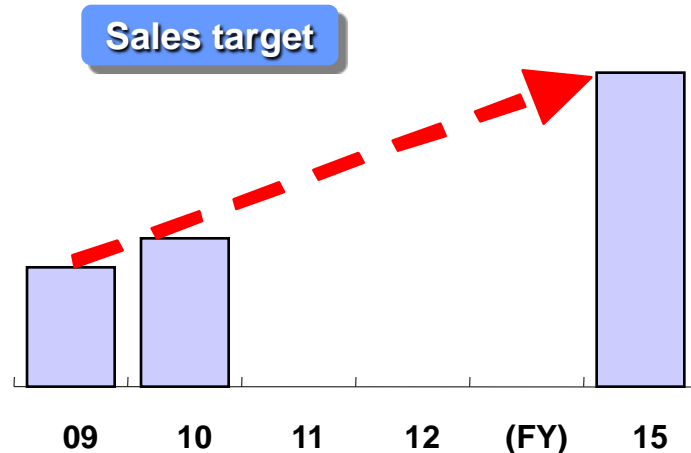
② India. South America



India



S. America



Strengthen sales structure (bearings, machine tools)

Expand and enrich sales bases, distribution network

- Expand and enrich local distribution network
- Use steering, needle bearing sales channels

Strengthen engineering/production capabilities

Reduce costs through furthering localization and local procurement of steering production

- JSAI (new EPS plant) operation
- Expand bases to the North and South

- Transfer/begin operating JABR (new steering plant) as a strategic move for EPS local production
- Enhance evaluation equipment/local analysis capability

3-5) Strengthen [Product Development] to rapidly respond to demand trends ①

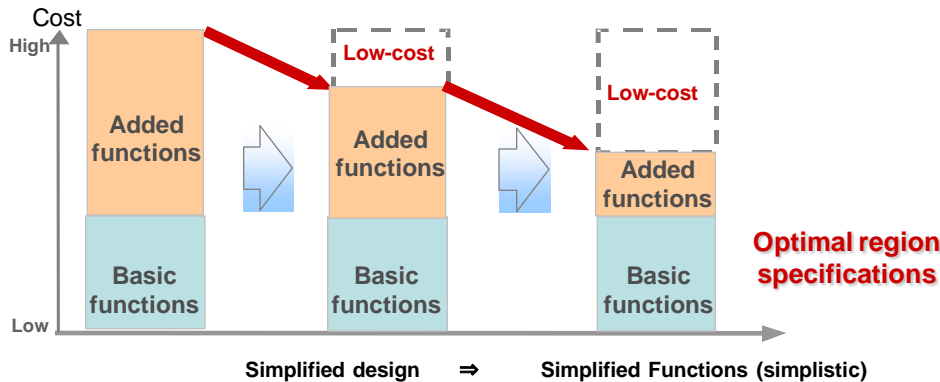
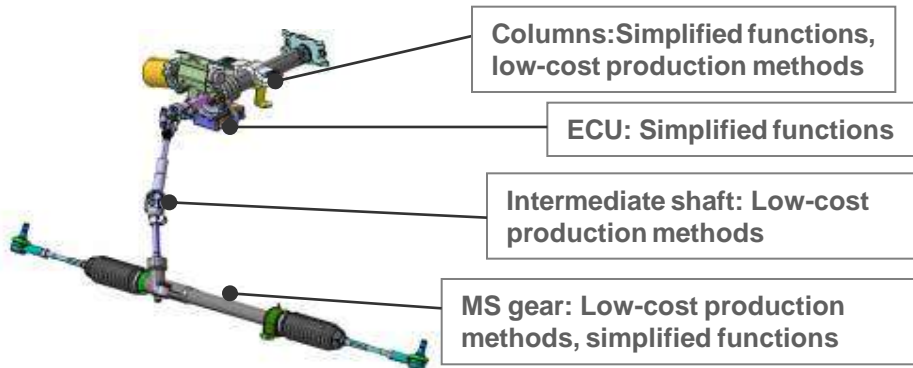


① Example of a low-cost part activity responding to regional needs

Under a concept of “Meticulous Design” and “Simplistic Design”, we have established optimal specifications

Low-cost C-EPS

Cost reduction through **simplification of functions and local procurement**

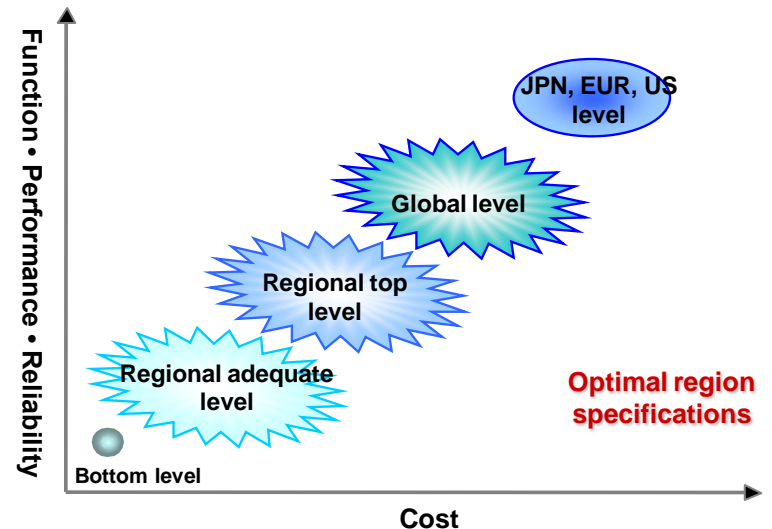


Bearings – Hub units

Stratified into **optimal region specifications**



Material/design specification combinations for each application



3-5) Strengthen [Product Development] to rapidly respond to demand trends ②



② Activities for popularizing eco-friendly vehicles (HV/PHV/EV)

Direction of engineering and product development for eco-friendly vehicles

Strengthen component part products

- ◆ Innovation, intensification of compact, lightweight, low-torque technology

Strengthen development of electric unit products

- ◆ Use mechanical element technology/electronic technology cultivated in bearings/driveline, steering, machine tools

Pioneer new business areas

① Business overview

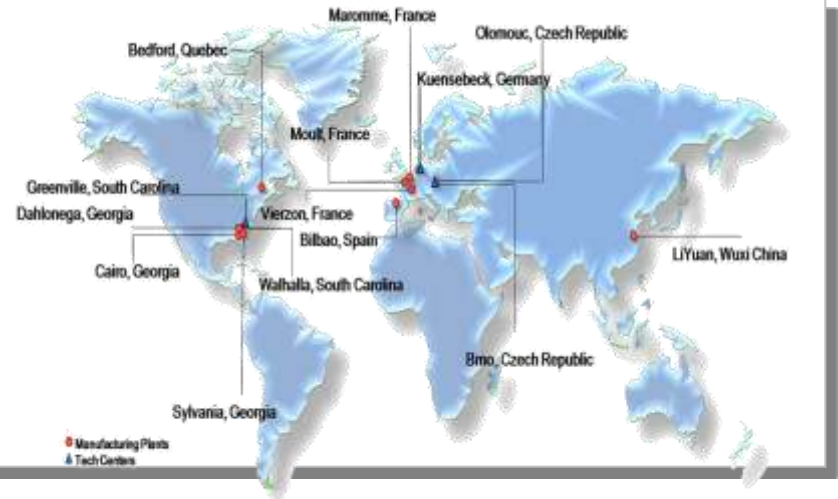


Outline of the needle bearing business

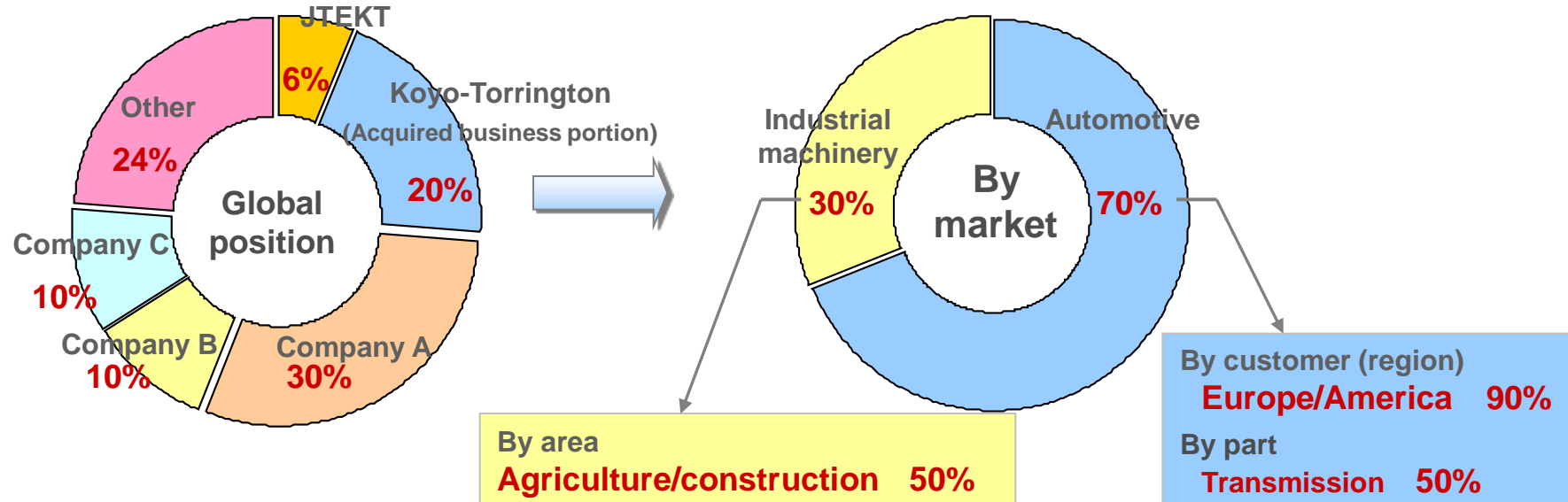
Overseas bases : 12 production bases
 (NA 5/ Europe 6/ China 1)
 3 development bases
 (USA 1/Europe 2)

Employees : 3,242 (end of 2009)

Sales : 4.08 million USD (2009)



Needle bearing sales structure

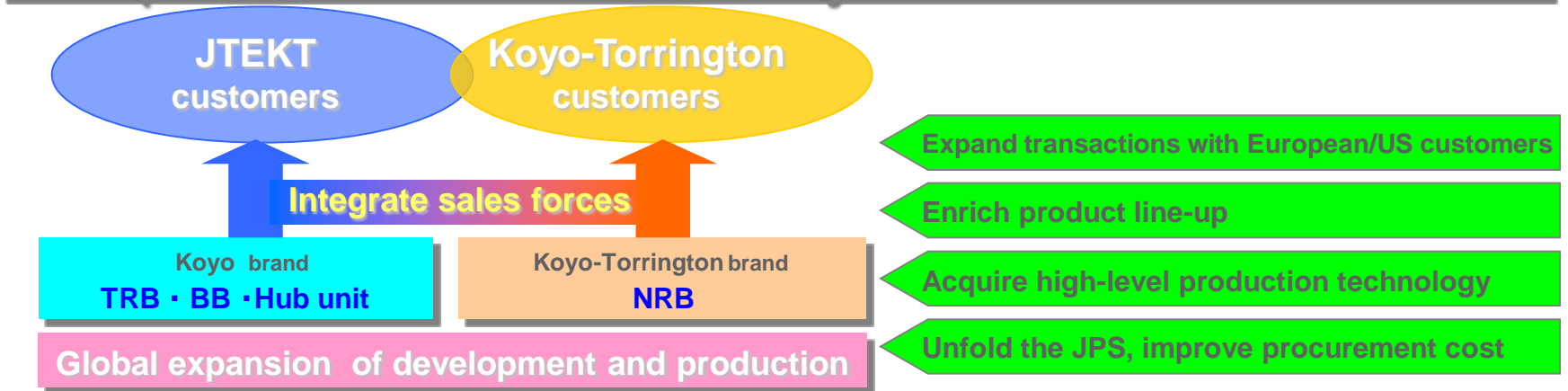


② Synergy



Synergism effects

- ✓ **Secure the world No. 1 position for automotive bearings**
 - Expand sales to European/American customers (bearings + steering/driveline units/machine tools)
 - Expand sales to Japanese customers (strengthen the drive train)
- ✓ **Expand sales to industrial machinery/commercial customers**



Business plan (acquired business only)

