

Presentation of First-Half Results for Fiscal Year Ending March 2013

November 20, 2012

JTEKT Corporation

—— **Value & Technology**

技に夢を求めて 価値ある技術をあなたのもとへ

I. Overview of First-Half Result

1. First-Half Results For Fiscal 2012

2. Forecasts for Fiscal 2012

First-Half Results For Fiscal 2012

(100 million yen)

(%: Compared with FY2011)

Net Sales	5,262 (+13.7%)
Operating Income	153 (Δ1.8%)
Ordinary Income	122 (Δ20.5%)
Net Income	48 (Δ42.2%)

○Sales ↑ Income ↓ from FY2011 First-Half

○By Product

- **Mechanical Components**

Sales ↑ from Automotive sales increase.

Income ↓ from Exchange Rate, Sales Price Down, Prior Investment Expense etc.

- **Machine Tools**

Sales ↑ Income ↓ from Increased Demand in JP and NA.

FY2012 Dividend

Interim Dividend 7yen、Annual Dividend(Expected) 14yen

1-2) Financial Data (i)

(100 million Yen)

	First-Half FY2011	First-Half FY2012	Increase /Decrease	Increase /Decrease(%)
Net Sales	4,627	5,262	+634	+13.7%
Operating Income	(3.4%) 156	(2.9%) 153	△2	△1.8%
Ordinary Income	(3.3%) 153	(2.3%) 122	△31	△20.5%
Net Income	(1.8%) 84	(0.9%) 48	△35	△42.2%
Exchange Rate (Apr.-Sep.)	79yen/USD 112yen/EUR	78yen/USD 99yen/EUR	1yen 13yen	

1-2) Financial Data (ii)

Interest-Bearing Debt : Decreased by Current Loan Payment.
 Capital Expenditure : R&D for Product Competitiveness,
 In-House Investment for Additional Value,
 Production Expansion in Developing Countries.

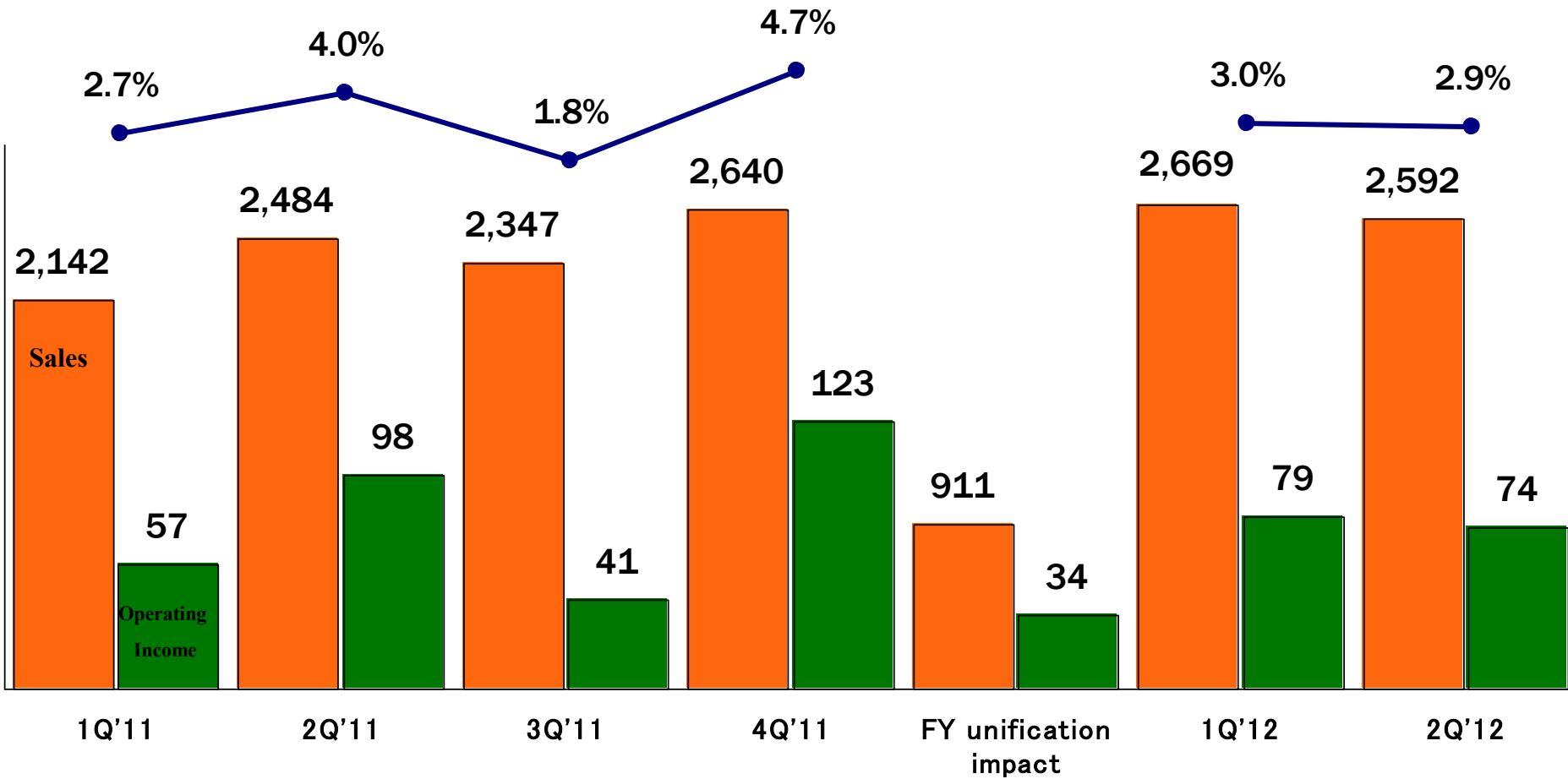
(100 million yen)

	FY2011	First-Half FY2012	Increase /Decrease	Increase /Decrease(%)
Inventories	1,545	1,501	△44	△2.9%
Interest-Bearing Dept	2,551	2,278	△272	△10.7%
	First-Half FY2011	First-Half FY2012	Increase /Decrease	Increase /Decrease(%)
Capital Expenditure	225	399	+174	+77.3%
Depreciation	214	206	△8	△3.8%

1-3) Quarter Trend

(100 million yen)

Operating income rate



1-4) Financial Result by Product

◇Mechanical Components

- Steering Systems, Drive Line Components

- Sales increased in JP, NA, and Asia, decreased in Europe.

- Bearings ▪▪Automotive : Sales increased in JP, NA, and Asia, decreased in Europe.

After Market : Sales decreased in Most of Areas.

◇Machine Tools ▪▪Sales increased by expanded demand in JP and NA.

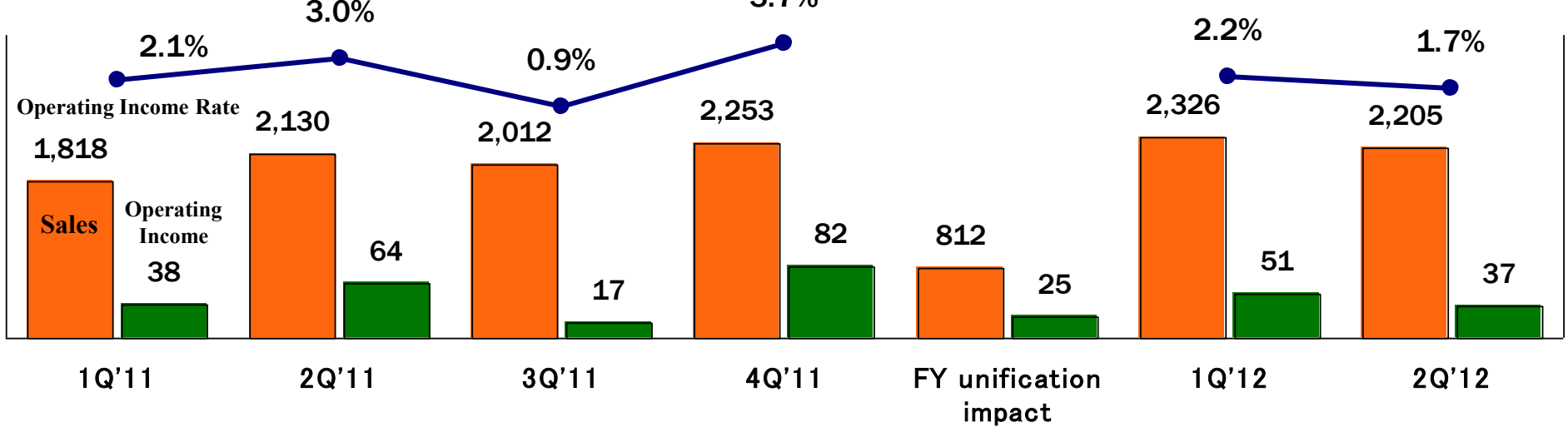
(100 million yen)

		First-Half FY2011	First-Half FY2012	Increase /Decrease	Increase /Decrease(%)	
Mechanical Components	Steering Systems	Net Sales	1,841	2,350	+508	+27.6%
	Bearings	Net Sales	1,566	1,589	+22	+1.5%
	Driveline Components	Net Sales	540	592	+51	+9.6%
	Total	Net Sales	3,948	4,531	+583	+14.8%
		Operating income	103	88	△14	△14.1%
Machine Tools	Net Sales	679	730	+51	+7.5%	
	Operating income	54	64	+10	+18.7%	

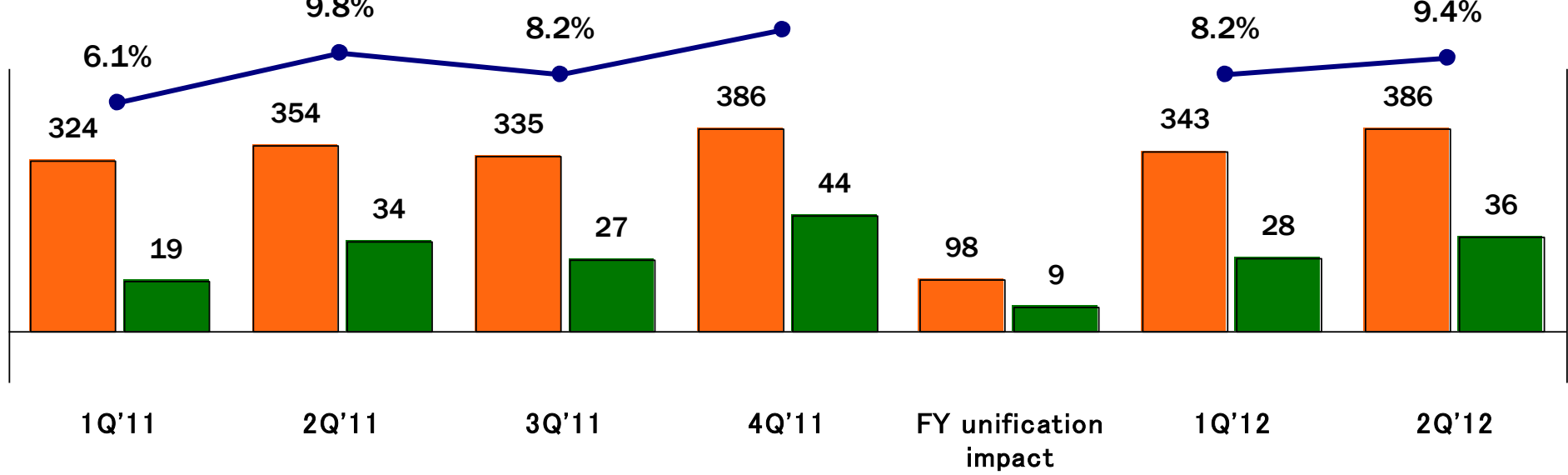
1-5) Financial Result by Product – Quarter Trend

(100 million Yen)

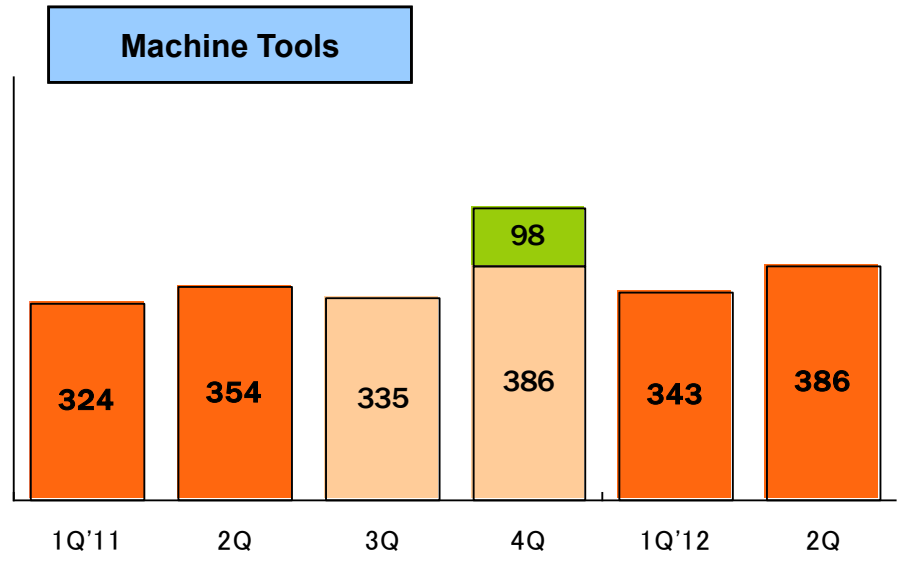
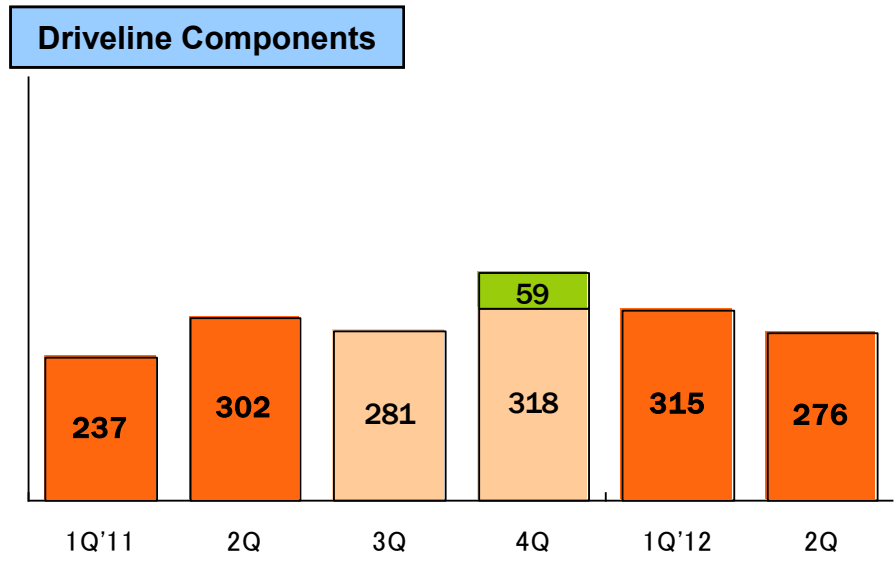
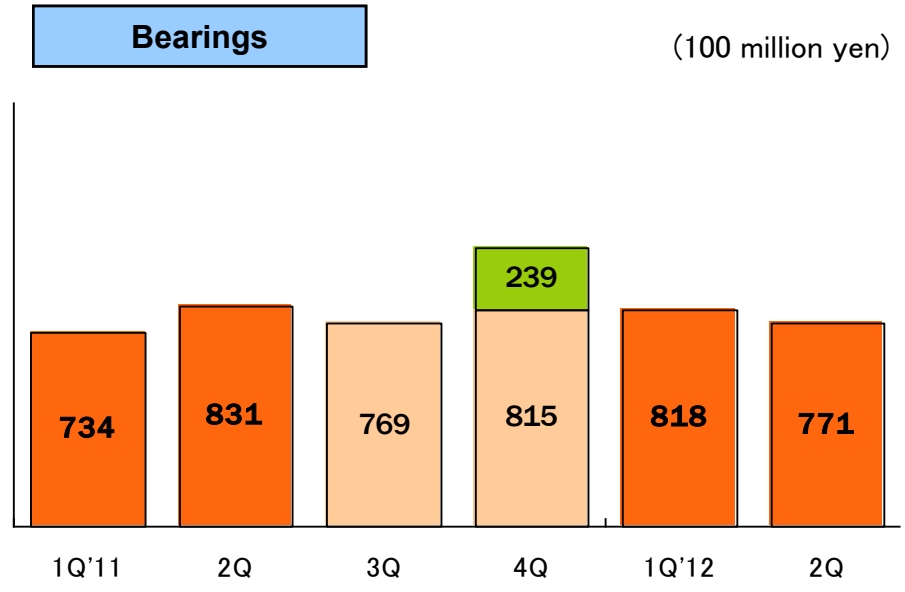
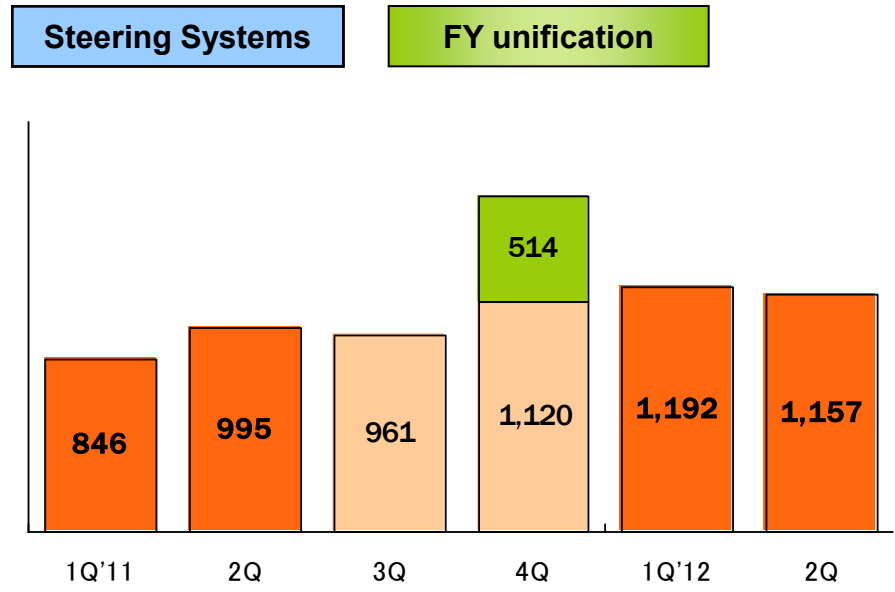
Mechanical Components



Machine Tools



1-6) Net Sales by Product – Quarter Trend



1-7) Financial Result by Region (i)

(100 million yen)

		First-Half FY2011	First-Half FY2012	Increase /Decrease	Increase /Decrease(%)
Japan	Net Sales	2,362	2,764	+402	+17.0%
	Operating income	63	86	+23	+36.8%
Europe	Net Sales	760	624	△135	△17.8%
	Operating income	△16	△30	△13	—
North America	Net Sales	696	861	+164	+23.7%
	Operating income	3	1	△2	△73.1%

1-7) Financial Result by Region (ii)

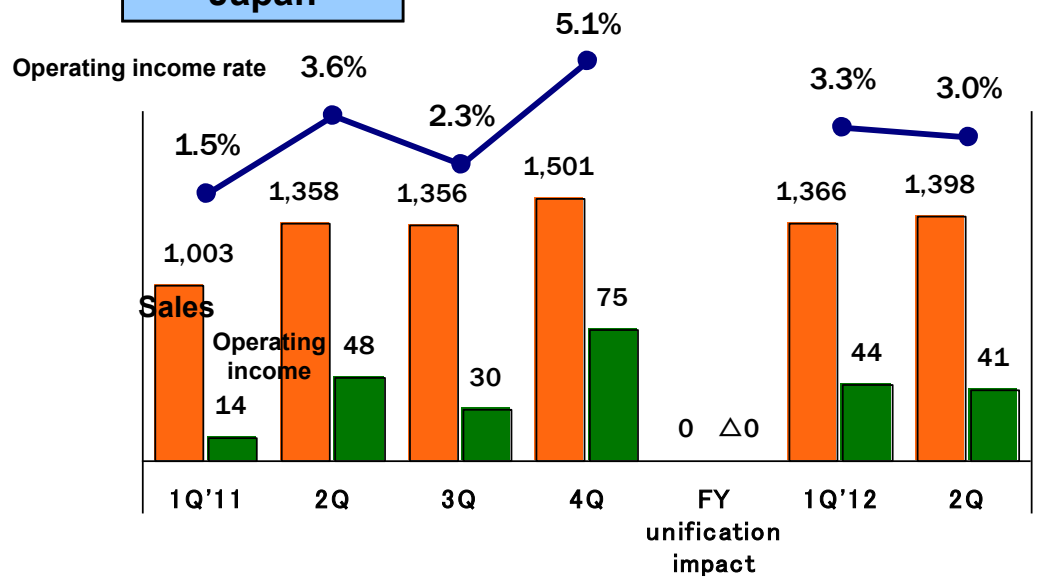
(100 million yen)

		First-Half FY2011	First-Half FY2012	Increase /Decrease	Increase /Decrease(%)
Asia ▪ Oceania	Net Sales	515	622	+107	+20.8%
	Operating income	60	65	+4	+8.2%
China	Net Sales	207	301	+94	+45.3%
	Operating income	32	34	+1	+3.9%
Other (South&Central America)	Net Sales	85	86	+1	+1.5%
	Operating income	7	2	△4	△63.8%

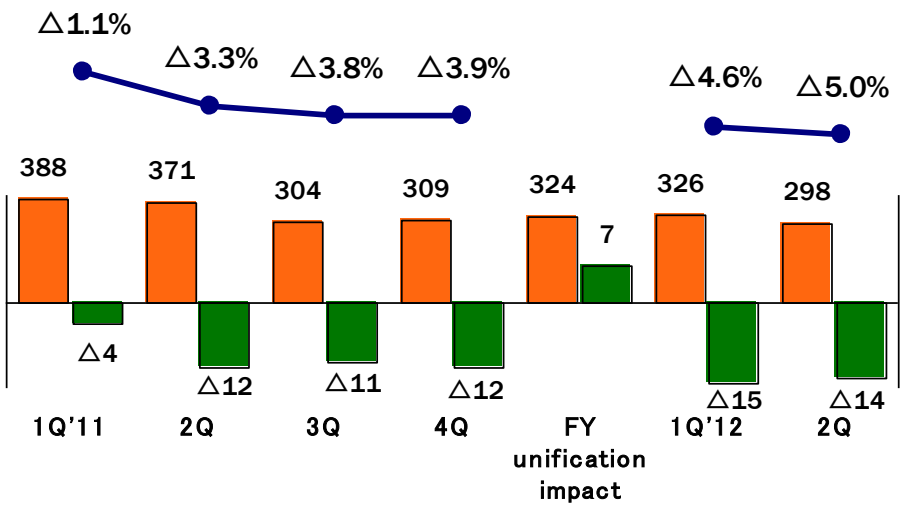
1-8) Financial Result by Region- Quarter Trend (i)

Japan

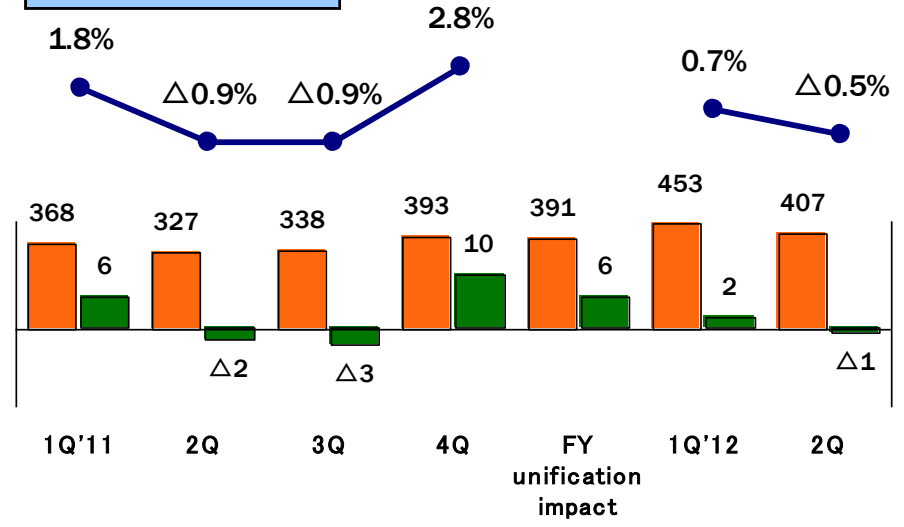
(100 million yen)



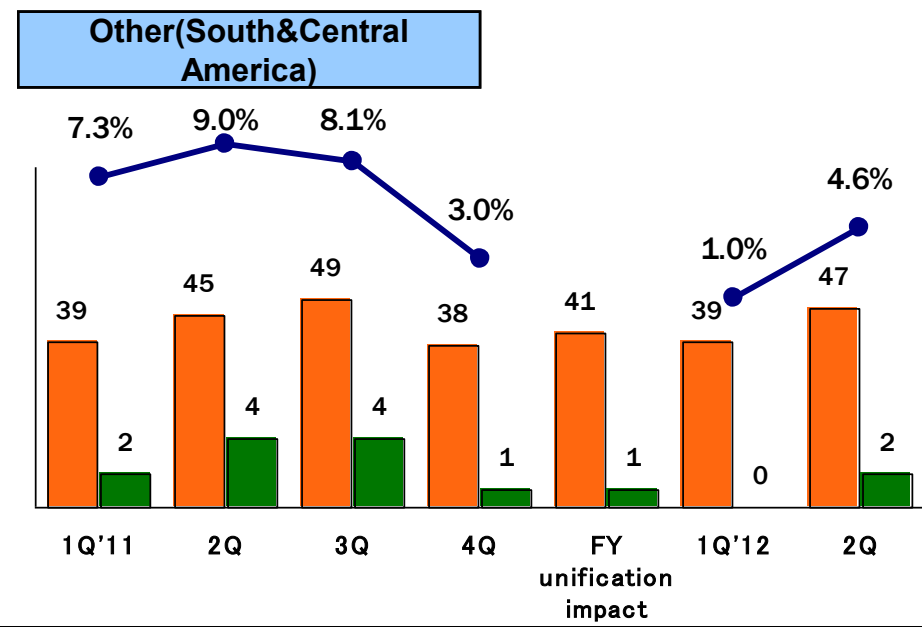
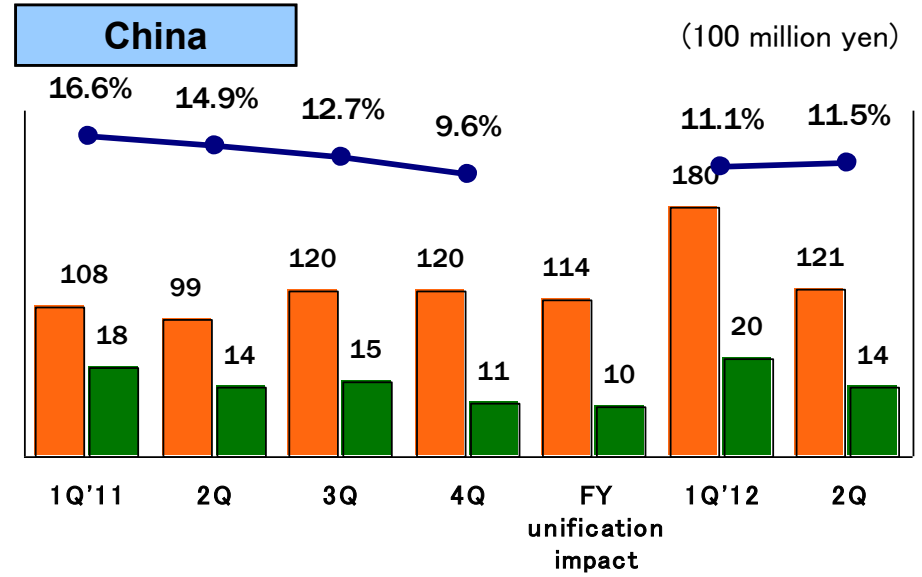
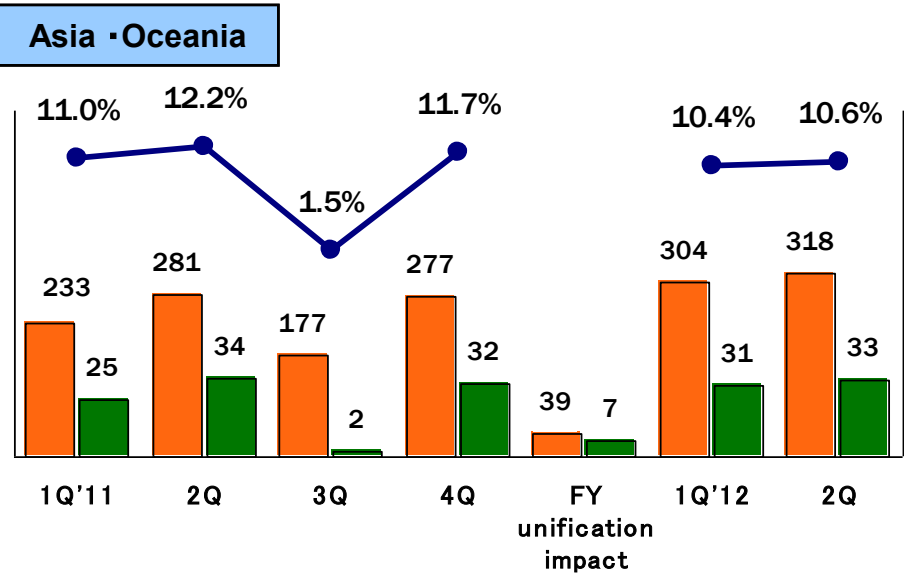
Europe



North America



1-8) Financial Result by Region- Quarter Trend (ii)



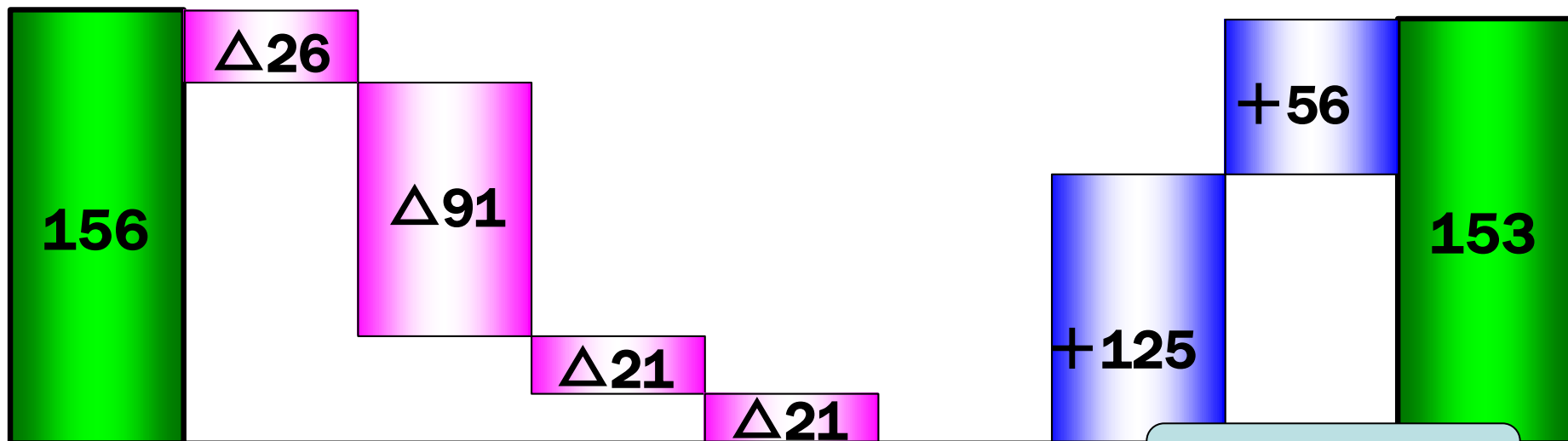
1-9) Operating Income Change Analysis

Operating Income $\Delta 2$

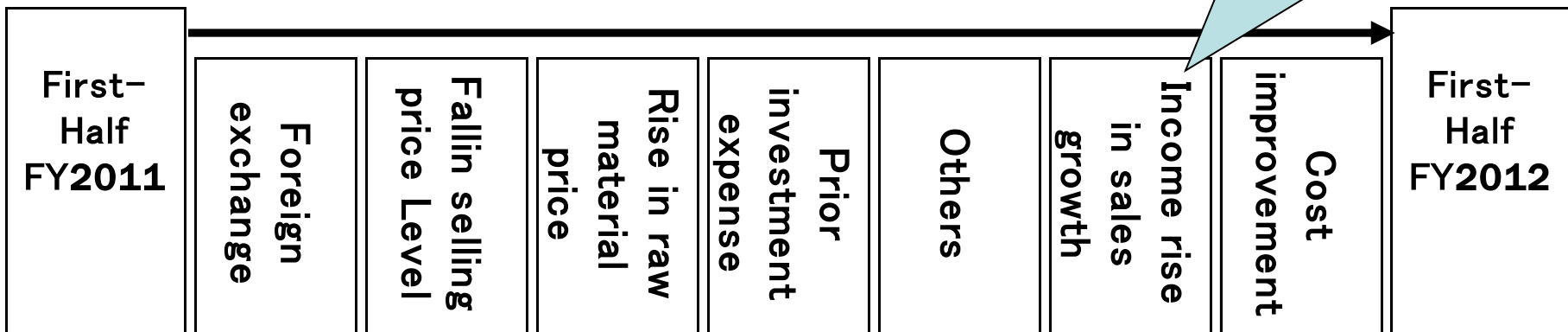
(100 million yen)

Negative impact $\Delta 183$

Positive impact +181



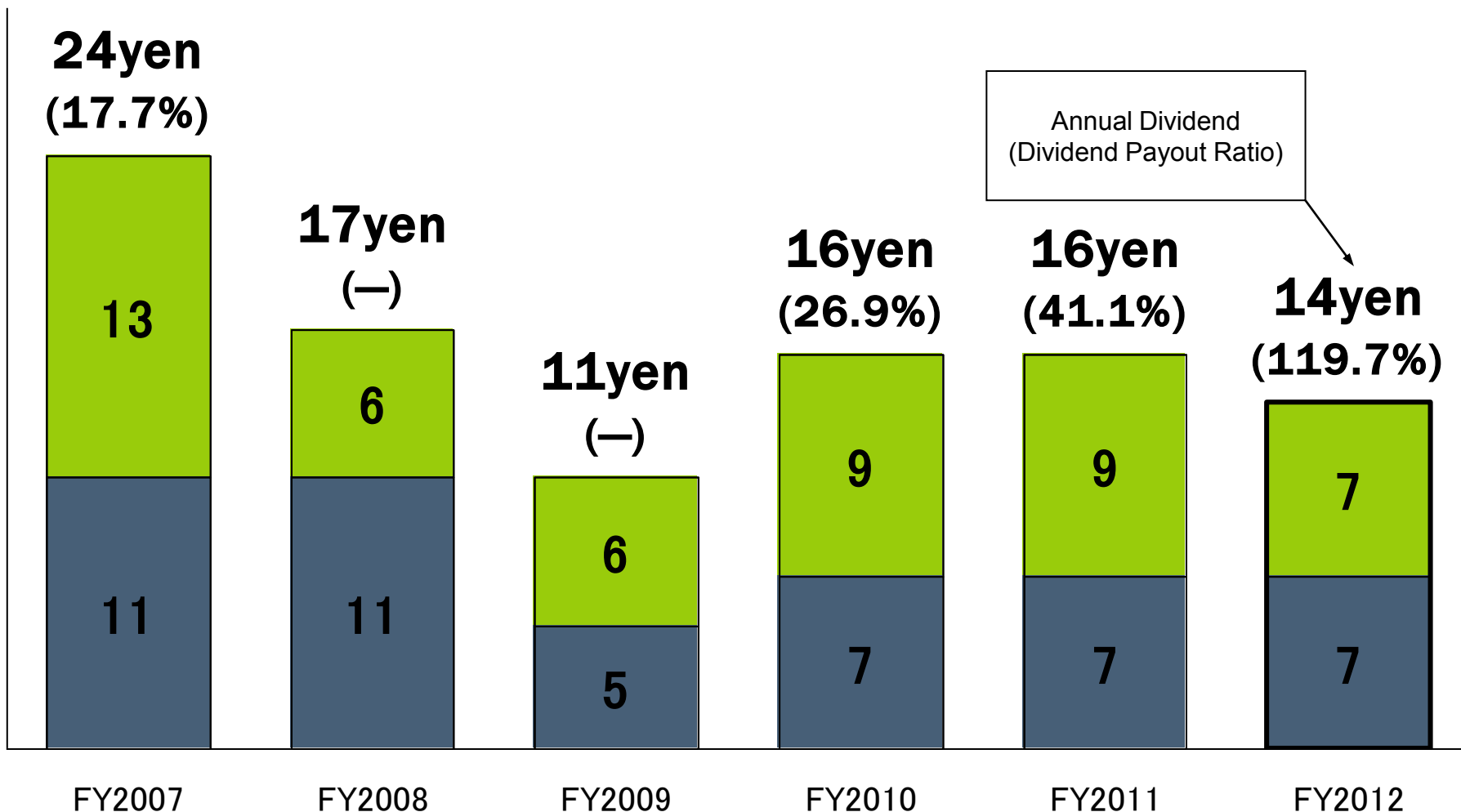
Excludes Exchange Rate Impact



1-10) Dividends

(yen per share)

Interim Dividend: 7yen Annual Dividend(Expected): 14yen



1. First-Half Results For Fiscal 2012

2. Forecasts for Fiscal 2012

- Long Lasting Sovereign-Debt crisis in Europe.
- Economy slow down and Japanese Auto Sale Decrease in China
- Continuous Strong Yen

2-2) Full Year Forecast revision

- Sales is revised downward due to Long Lasting Low Demand in Europe, Economy Slow Down and Japanese Auto Sales decrease in China.
- Income is revised downward due to sales decrease, Strategical Prior Investment, Continuous Strong Yen.

(100 million yen)

	1Q Disclosure timing(July)	2Q Disclosure Timing(Oct.)	Increase /Decrease
Net Sales	11,000	10,500	△500
Operating Income	(4.1%) 450	(2.6%) 270	△180
Ordinary Income	(3.9%) 430	(2.0%) 210	△220
Net Income	(2.3%) 250	(0.4%) 40	△210

2-3) Full Year Forecast

Sales...Increase from FY2011 without FY Unification Impact.
Income...Decrease due to Exchange Rate, Sales Price Level Down,
Prior Investment.

(100 million yen)

	FY2011	FY2012 (Expected)	Increase /Decrease	FY Unification	Real Increase /Decrease
Net Sales	10,526	10,500	△26	△911	+884
Operating Income	(3.4%) 356	(2.6%) 270	△86	△34	△51
Ordinary Income	(3.7%) 386	(2.0%) 210	△176	△36	△140
Net Income	(1.3%) 133	(0.4%) 40	△93	△30	△62
Exchange Rate (Apr.-Mar.)	78yen/USD 107yen/EUR	78yen/USD 100yen/EUR	Unchanged 7yen		
Capital Expenditure	658	850	+191		
Depreciation	467	450	△17		

2-4) Net Sales by Product

(100 million yen)

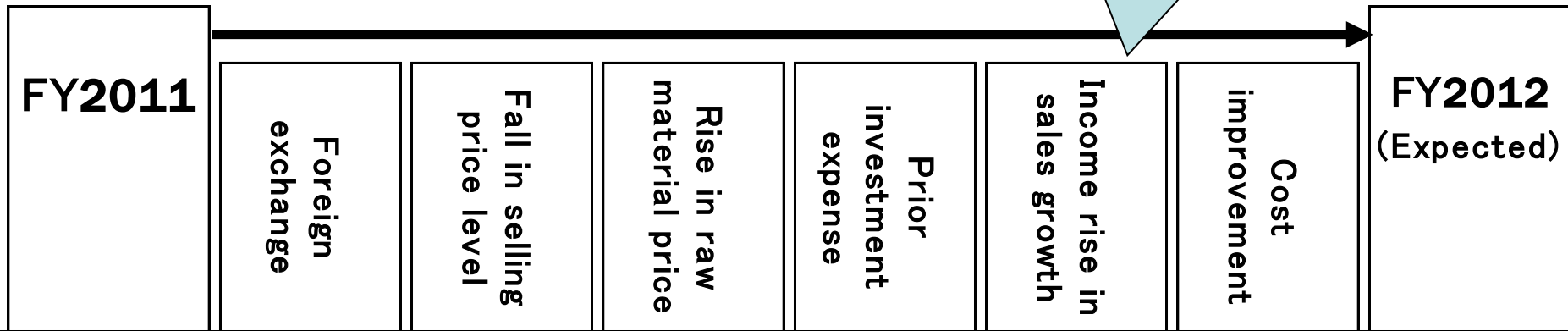
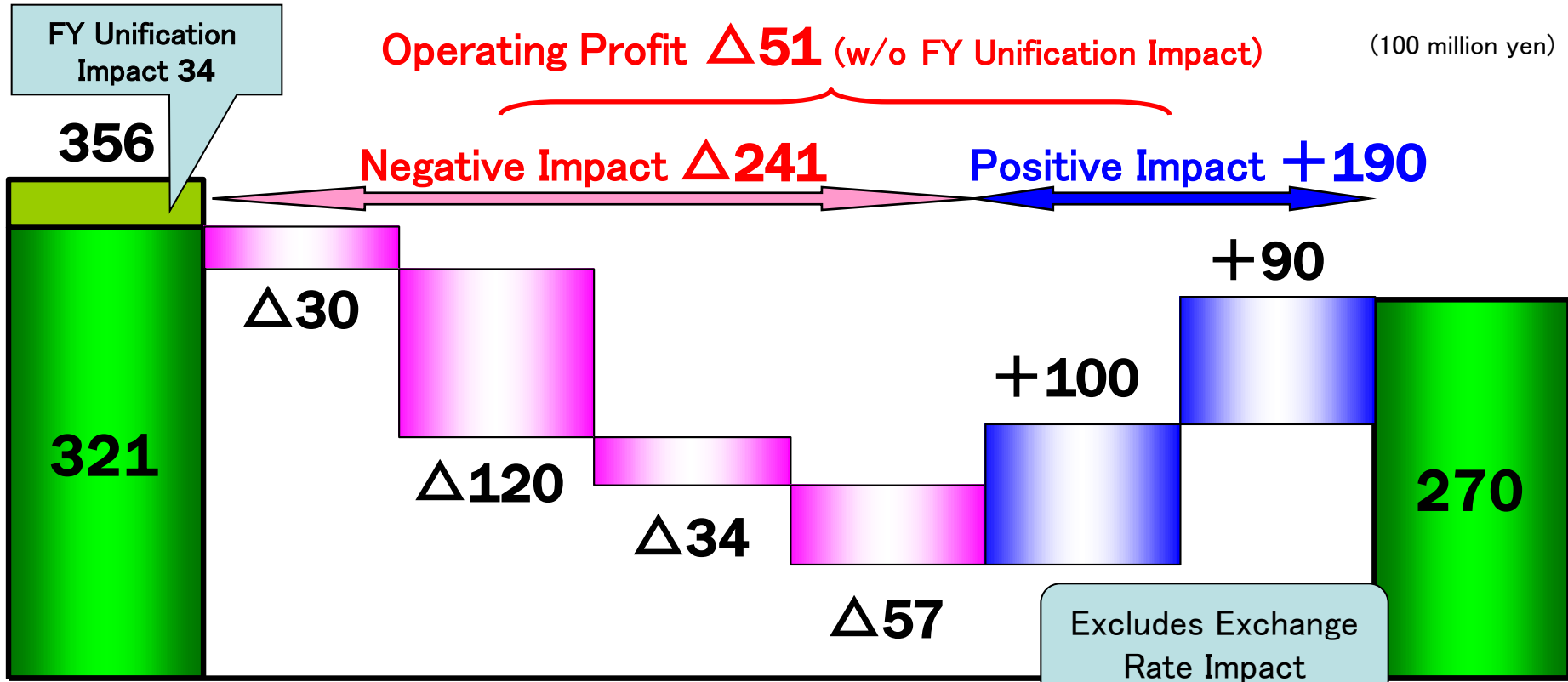
		FY2011	FY2012 (Expected)	Increase /Decrease	FY Unification	Real Increase /Decrease
Mechanical Components	Steering Systems	4,437	4,680	+242	△514	+756
	Bearings	3,391	3,180	△211	△239	+27
	Driveline Components	1,199	1,180	△19	△59	+40
	Total	9,027	9,040	+12	△812	+824
Machine Tools & Others		1,498	1,460	△38	△98	+59
【Sales Total】		10,526	10,500	△26	△911	+884

2-5) Net Sales by Region

(100 million yen)

	FY2011	FY2012 (Expected)	Increase /Decrease	FY Unification	Real Increase /Decrease
Japan	5,220	5,525	+304	—	+304
Europe	1,698	1,230	△468	△324	△144
North America	1,820	1,760	△60	△391	+331
Asia・Oceania	1,009	1,325	+315	△39	+354
China	562	485	△77	△114	+36
Other	214	175	△39	△41	+2
【Sales Total】	10,526	10,500	△26	△911	+884

2-6) Operating Income Change Analysis



II. Corporate Strategy

Towards a company that sees market changes as business chances and keeps on growing

JTEKT VISION 2015 – Important Points to Implement

Changes in product trends

◆ Strengthen product competitiveness

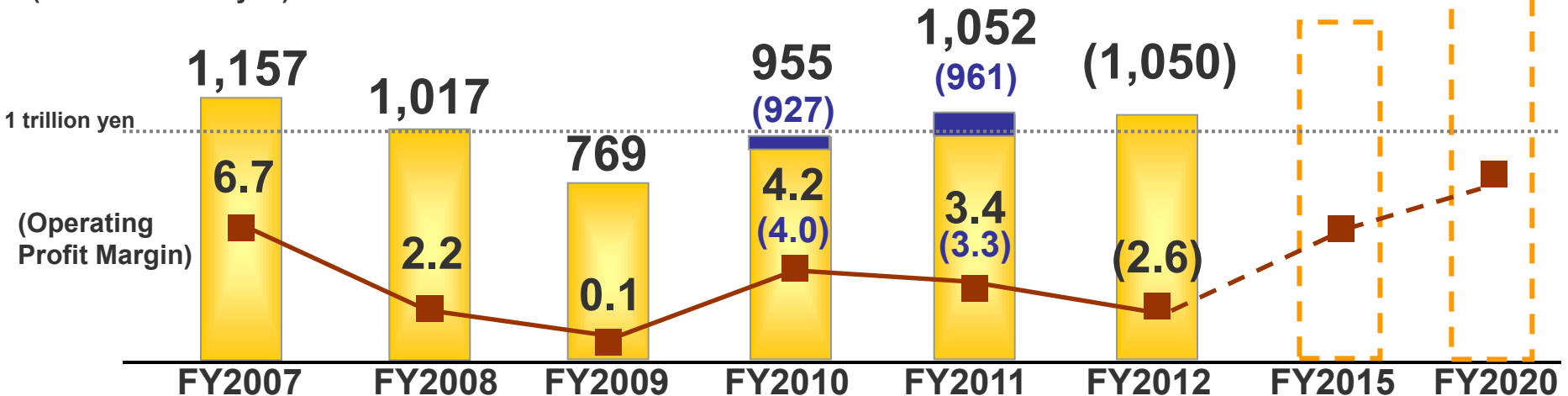
Changes in regions of demand

◆ Strengthen handling of emerging markets

Changes in industrial structure

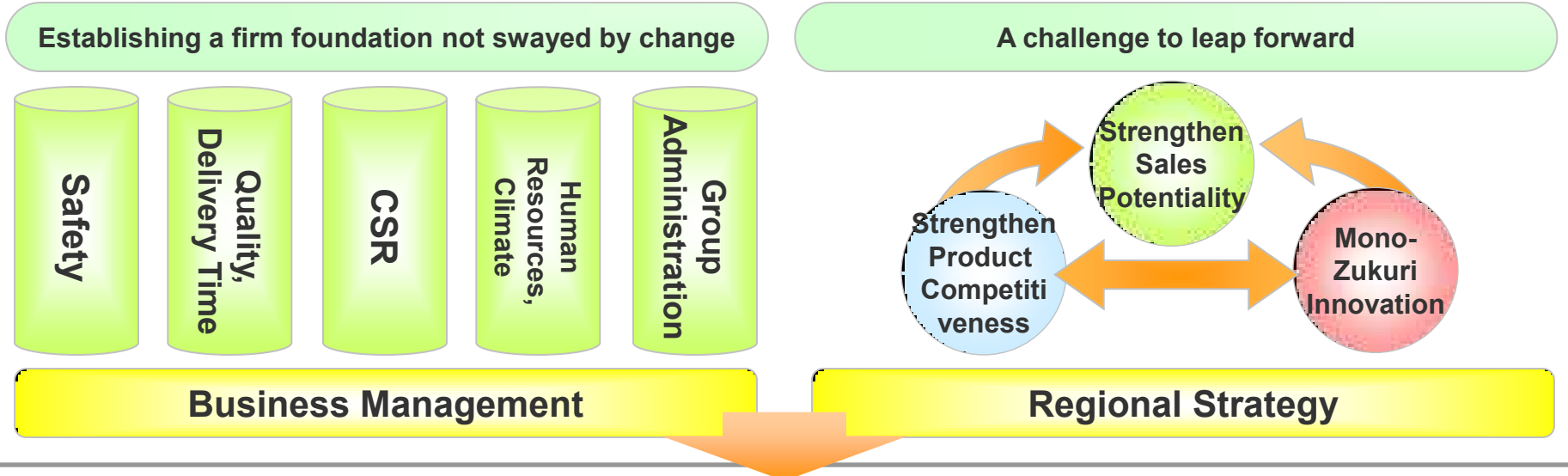
◆ Intensify expansion of business area (industrial machinery)

(Sales: 1 billion yen)

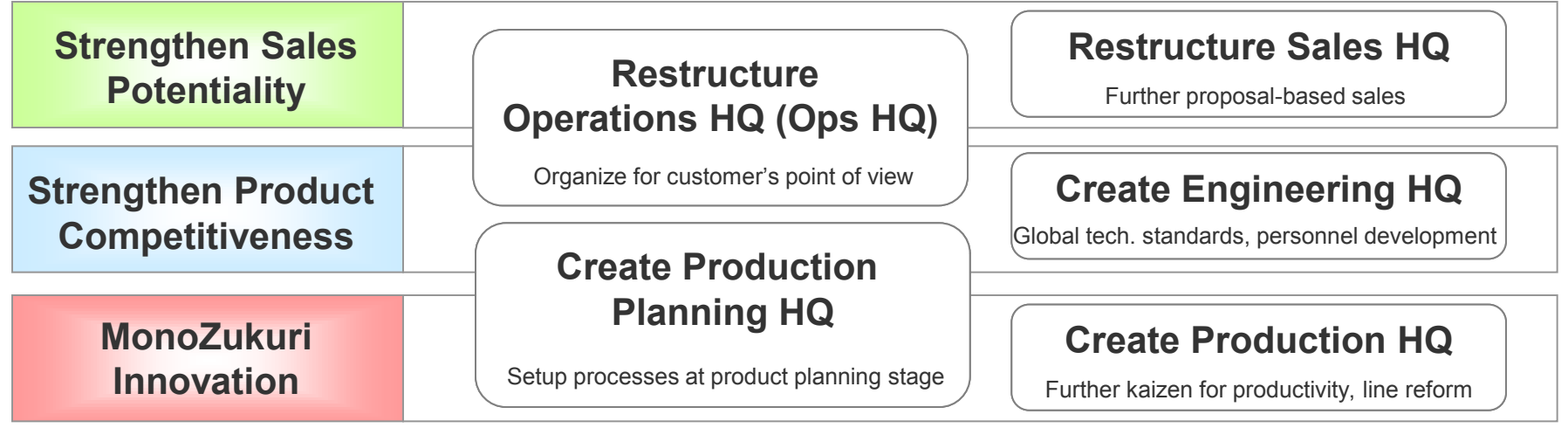


*Due to a change in the fiscal term for subsidiary companies, the values for 2010 and 2011 are 15-month values. The value in () is the 12-month base.

Mid-term Global Corporate Policy



June 2012 – Large Scale Organizational Revision to Bring About Reform



A Challenge to Leap Forward

Furthering Reform of the Sales / Products / Monozukuri Trinity

Strengthen Sales Potentiality

Sense market trends;
towards making proposals as a system supplier

- Proposals for product value, standard products, and solutions based on in-house evaluation and analysis

→ Sales HQ, Ops HQ

Strengthen Product Competitiveness

Offer in a timely manner products
in which the market sees value

- Move forward with standardization, modularization, enrichment of product series; move from custom design to shared design (easy order)

→ Research, Engineering, Ops, Production Planning

Mono-zukur Innovation

Produce great products inexpensively,
even in small volumes;
construct, deploy global standard lines

- Decide processes, in-house/outsource at product planning, development stage
- Production tech all in-house, *monozukuri* recipe

→ P.Planning, P.Engineering, Purchasing, Production

Convert to universal lines, priority investment in growth areas

Strengthen Sales Potentiality- Concept

Custom Design

Order-Made Products



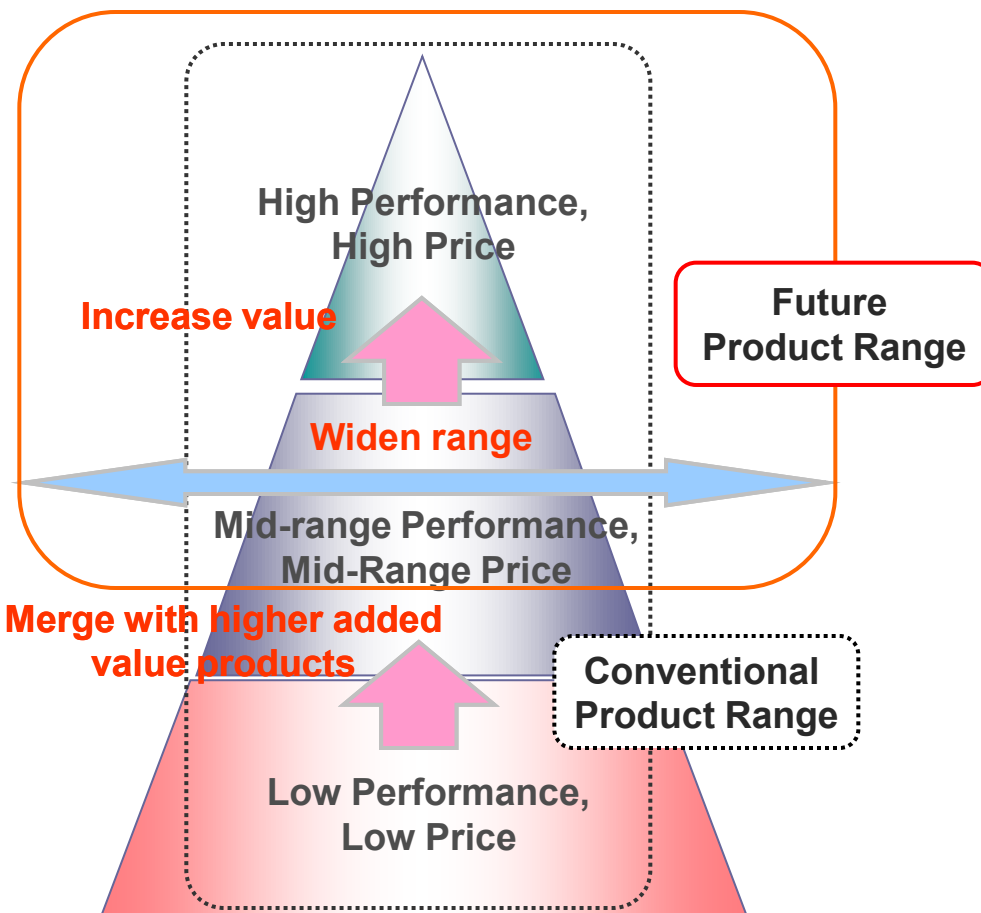
Shared Design

Standardization

Product Series

Modularization

Towards original, "easy-order" products



◆ Advance shift to high added value products;
Merge volume zone products

-Product Types Reduction Goals (e.g.)-

- Ball Bearing 72,000 → 5,400 types
- Hub Unit 33 → 14 types
- Spindle Bearing for Machine Tools 324 → 56 types



- Increase production efficiency, earning power through universalization of lines
- Streamlining through simplification of the supply chain

Strengthen Sales Potentiality—Automotive Parts (Steering - 1)

A product strategy that fully utilizes the strength of our lineup

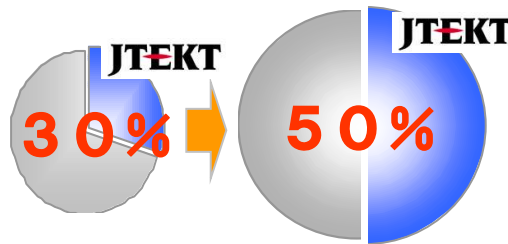
<Product Lineup Comparison>

	JTEKT	A Co.	B Co.	C Co.	D Co.	E Co.
C-EPS (column type)	○	○	○	○	○	×
H-EPS (electric pump type)	○	×	○	×	×	×
Hydraulic	○	×	○	○	○	○
P-EPS (pinion type)	○	×	×	×	○	×
R-EPS (rack type)	○	×	○	○	○	○

Market	Direction
Compact, Full-size Cars + Emerging Markets Brazil, China, India, Indonesia	<ul style="list-style-type: none"> ➢ Change to standard series ➢ Increase added value <ul style="list-style-type: none"> → Integrate motor, ECU, reducer ➢ Expand supply capacity to respond to switch away from HPS
Full-size, Luxury Cars + Europe, America	<ul style="list-style-type: none"> ➢ Increase added value <ul style="list-style-type: none"> → Functional safety support → Small, lightweight; high feeling ➢ Expand sales of EPS to full-size market through development of high output EPS

<Target Position and Earnings>

■ Power Steering Market Share



Future Developments in Electric Power Steering

C-EPS



A, B, C Segment Cars
(Axial force 9kN or less)

Reduce cost by
producing in-house,
standardizing

DP-EPS



C, D Segment Cars
(Axial force 9kN-12kN)

Ensure market
competitiveness by
reducing size, weight
and by supporting
functional safety

RP-EPS



E, F Segment Cars
(Axial force 12kN or more)

Achieve by far the best
in class operability that
can support high output

Functional Safety Support : Dual-drive motors, etc.

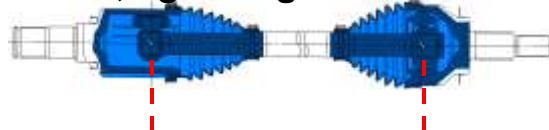
Change to standard series, shared design

Sample Proposal for Standard, Series, Module Products

Drive Shaft Module



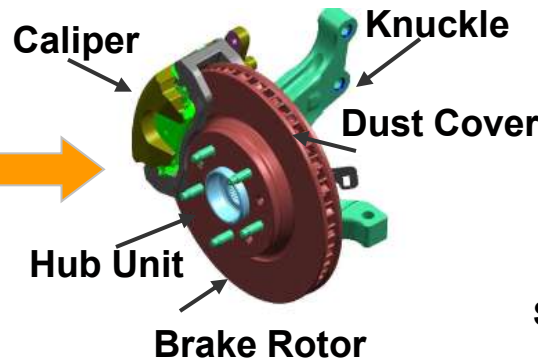
Small, lightweight CVJ series



Standard spec. of shared design

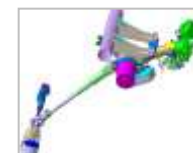
Obtained both rigidity and reduced size, weight

Hub Unit Module



Modularization and reduced weight thanks to CAE analysis that includes peripheral parts

Kei-Car Package



Small, lightweight column EPS



Ultra-low torque TRB for pinions (LFT-III)



Small, lightweight CVJ



Low-torque bearings (Engine, Transmission, Differential etc.)



Low torque, lightweight hub unit

Proposals for product series, modules that go beyond type and manufacturer

Why We Opened the Iga Proving Grounds (Test Course)

Use our cumulative evaluation and analysis skills as a specialized manufacturer to offer standardized products



Contribute to our customers' product development

- Shorten development time
- Reduce development costs

Dynamics Pad



Straight Track



Winding Track



Flooded Track



Noise Evaluation Track



Evaluations

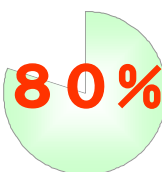
Advanced Development

Product Development

Quality, Reliability

Current

After Phase 2 Construction



Strengthen Sales Potentiality – Machine Tools

Sample Proposal for a Machine Tools System

Crankshaft Grinding Machine Flexible Cell

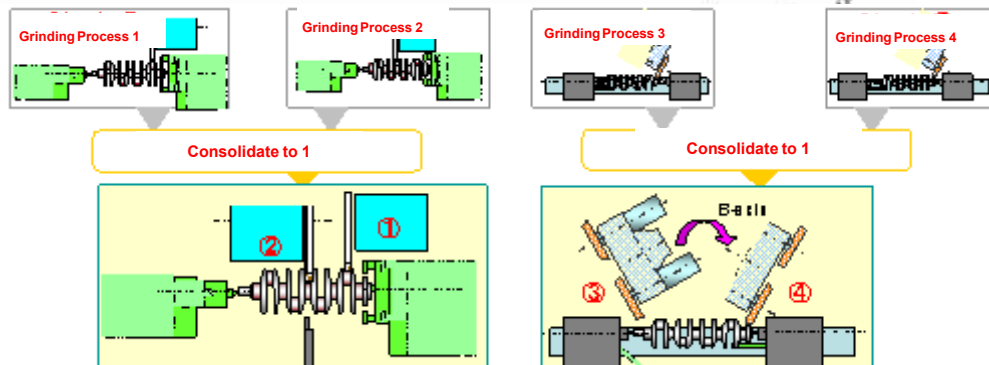


GF50M-70-T

TG4

Reduced machines needed to 2 down from 4 thanks to process consolidation

Reduced change over time to zero

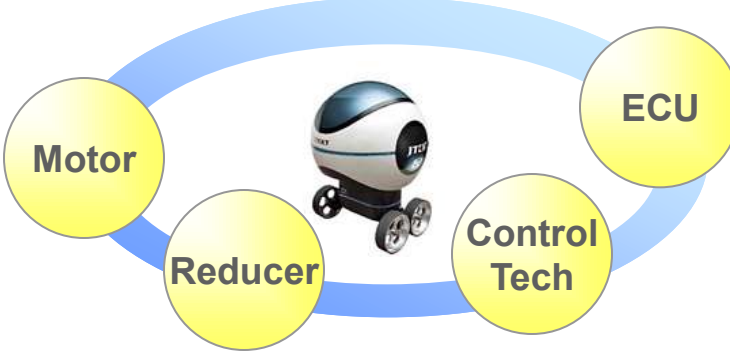


Contributes to production efficiency due to net rate improvement

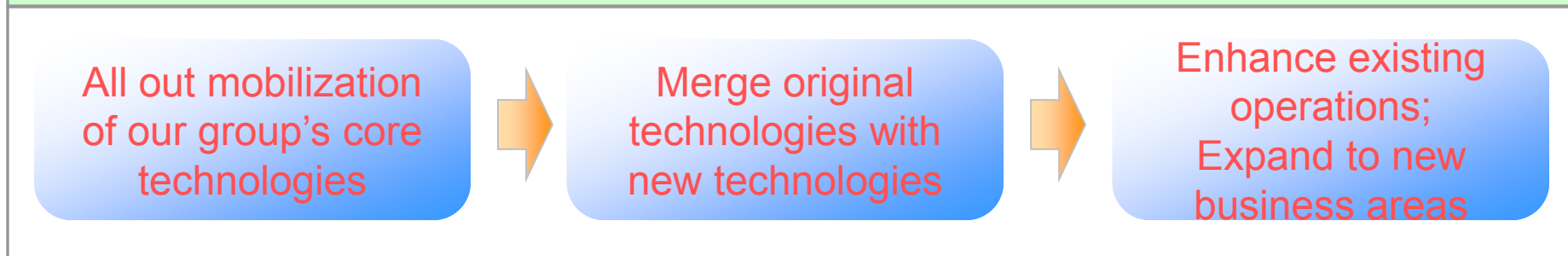
*Net rate = processing time / total cycle time

Strengthen Sales Potentiality – For Technological Innovation

Enhanced Product Power from Technological Innovation

<p>New technology born from technological innovation</p>	<p>Sample of how new tech might be used: Stair-climbing robot</p>
<ul style="list-style-type: none"> ➤ Integrated motor, ECU, reducer Small-size, high rigidity, high torque actuator 	 <p>The diagram shows a small, white, spherical robot with four wheels, positioned in the center. It is surrounded by four yellow circles, each containing a component name: 'Motor' (top-left), 'ECU' (top-right), 'Reducer' (bottom-left), and 'Control Tech' (bottom-right). A blue curved line connects these four circles in a clockwise cycle, indicating their integration into the robot's system.</p>
<ul style="list-style-type: none"> ➤ Independent control technology (center of gravity shift, handstand, horizontal attitude preservation) 	

Intensify business area expansion through innovation with technical prowess



Monozukuri Innovation - Concept

A line for each customer

From single-purpose mass production line

Universal Line

Variable Type/
Volume Production

All In-House,
Monozukuri Recipe

To GSL (Global Standard Line)

Enhance Product Power

- Standardized, serialized high added value products
- Reduced product types thanks to model changes

 Existing Products

Reinvent Monozukuri

Construct universalized globally standard lines for variable type/volume production

- Standardize, unify processing criteria
- Reduce number of processes, machines for simpler lines
- Standardize equipment



Make use of all in-house tech to decide in-house/outsource from planning stage

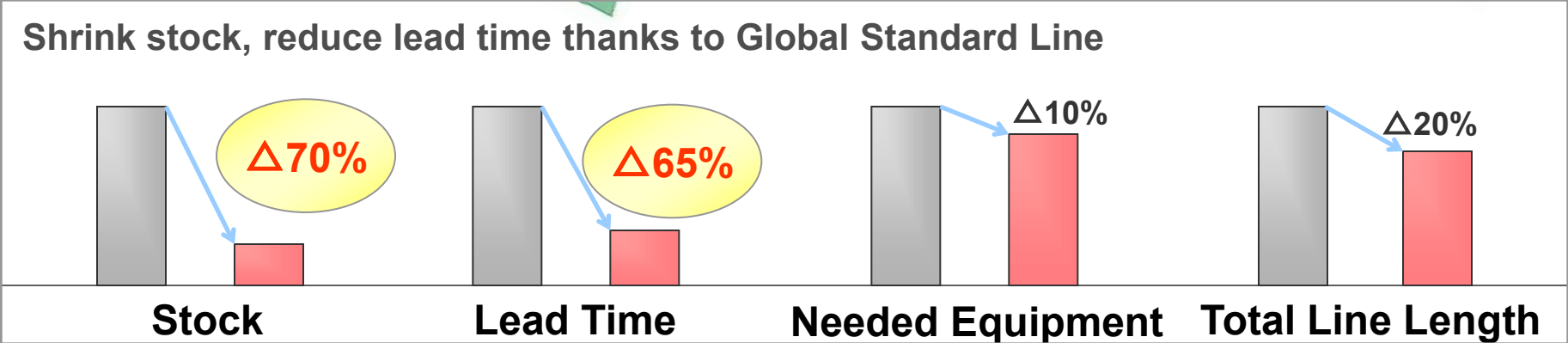
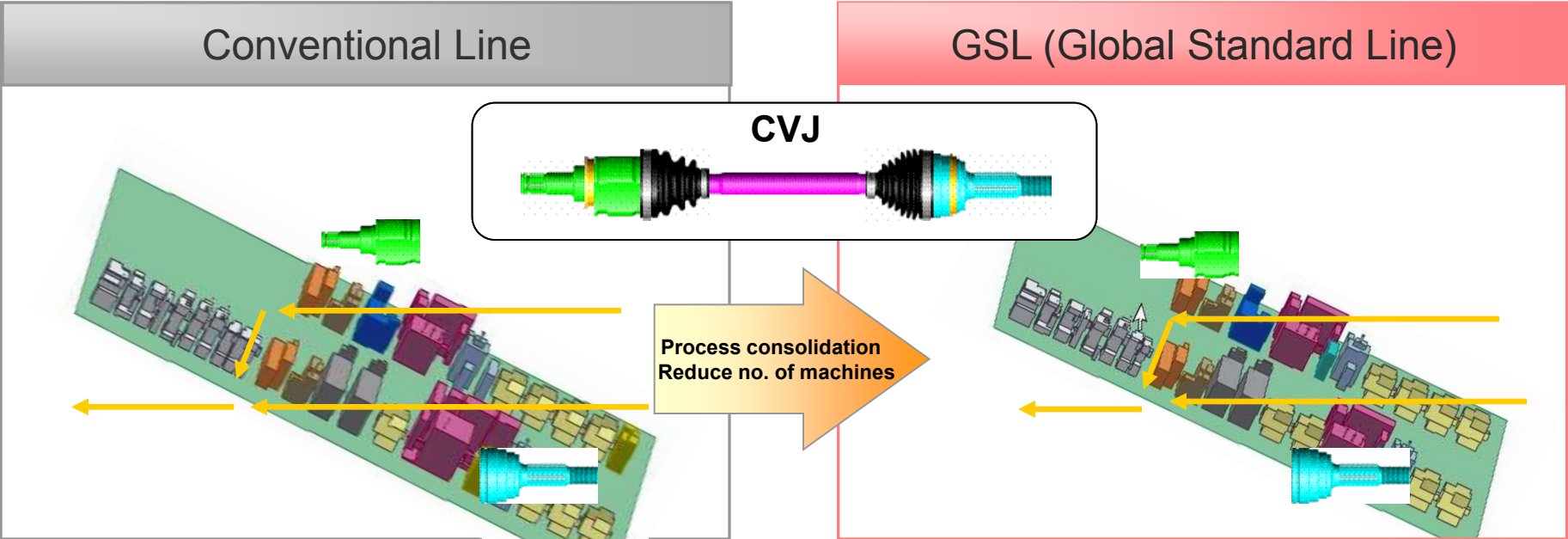
Decide production process at prototype production stage; construct GSL in Japan

Create a *monozukuri* recipe (equipment, layout, training, maintenance...); deploy worldwide

Towards a line on which anyone, anywhere, even at low volumes can inexpensively produce high quality products

Monozukuri Innovation– CVJ Manufacturing and Assembly Line

Reduce Manufacturing and Assembly Line Lead Time



Monozukuri Innovation – Reduce Machining Tools Lead Time

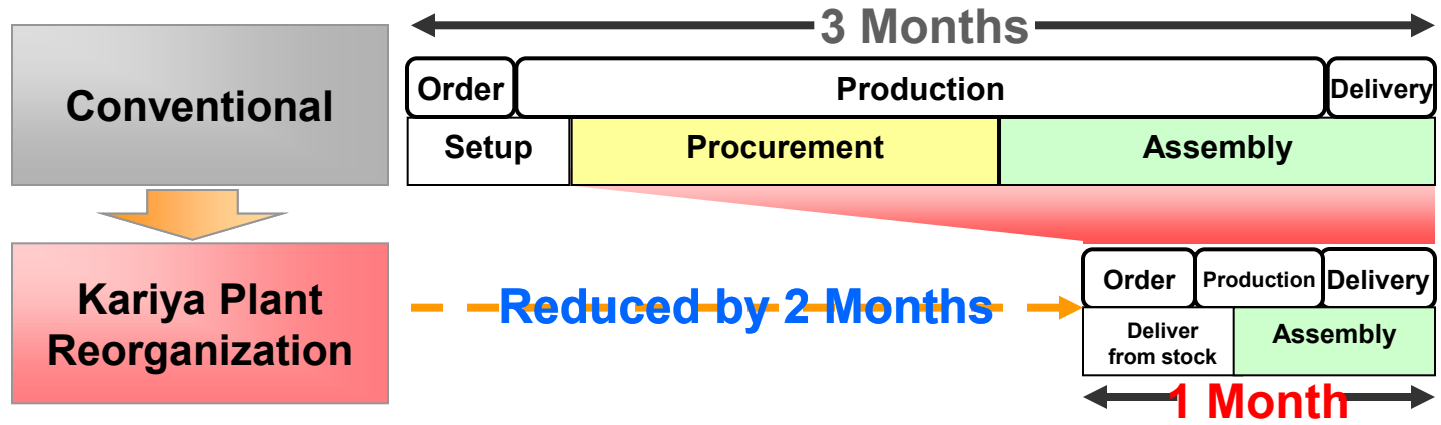
Reduce Lead Time for Machining Tools

Constructing a standard machine production line

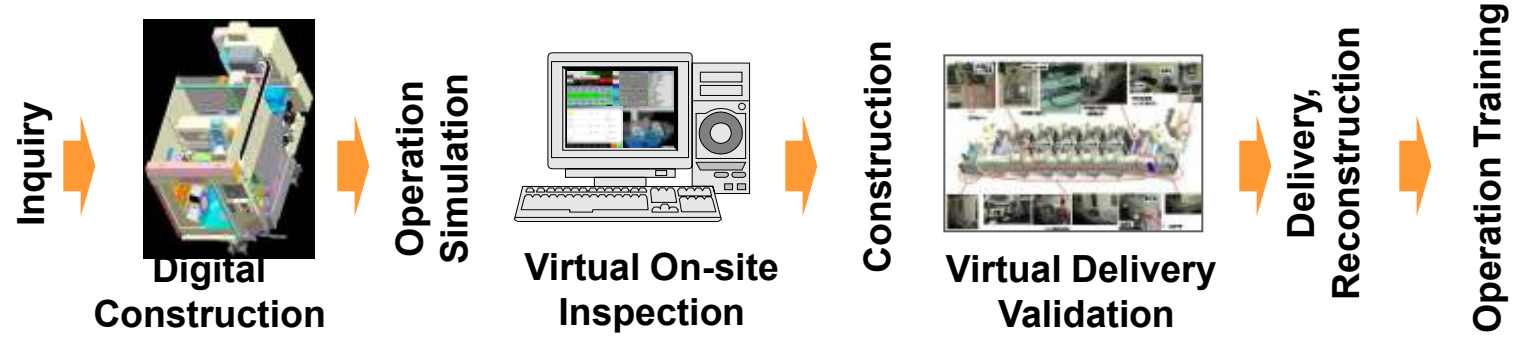
- Equipment assembly – streamlining, sub-assembly
- Convert to fill-up production system



Lead time reduced by 60%

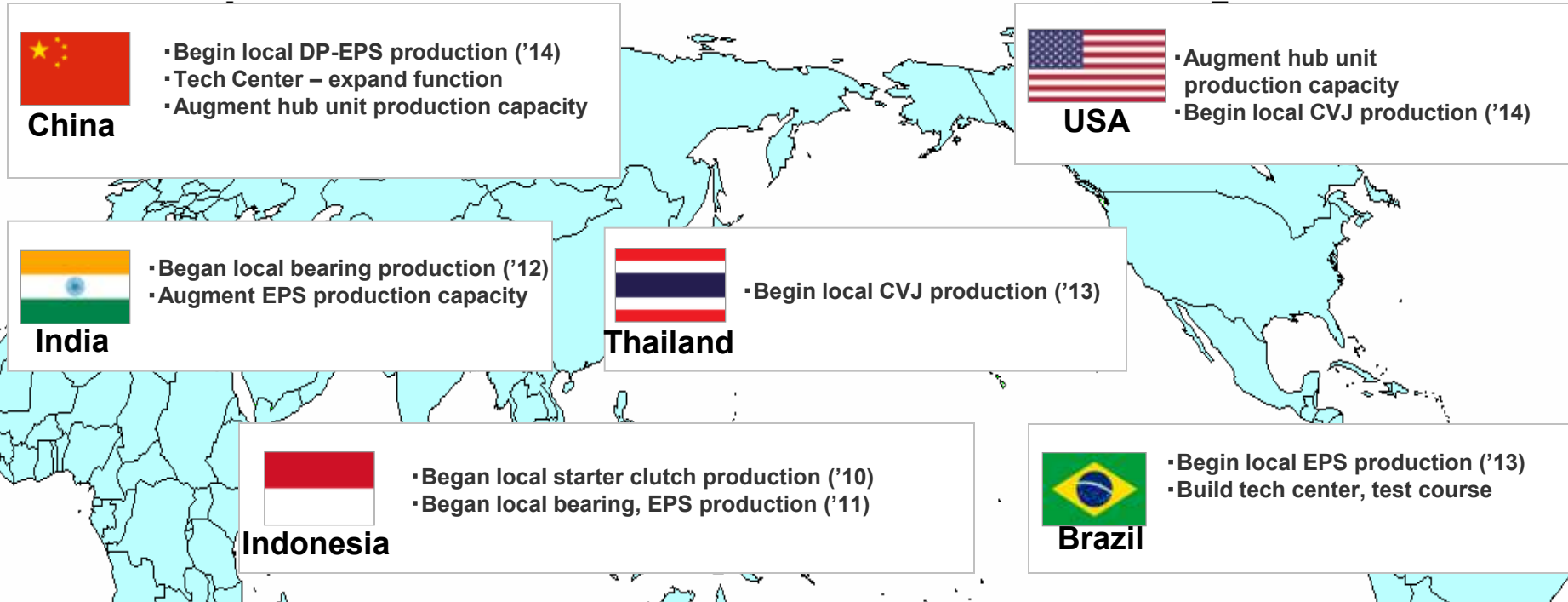


Improve operational efficiency with Digital Engineering



Preparation for Future Growth - Regional Strategy

Priority Investment in Growth Areas, Markets



Reforming European/USA Operations Structure

- Increase added value through local procurement and in-house production
 - Procure motor, ECU locally; produce aluminum die cast in-house
- Improve production efficiency
 - Universalized lines, streamlining, *yosedome* (integration)
- Reduce underperforming models



**Become an
always “in the black”
company**

Preparation for Future Growth – Equipment Investment Plan

Priority Investment for Trinity Reform and Growth Markets

Invest in development to increase product power, line reform

Increase added value, invest in in-house production

Enhance capability in emerging markets

