

# **Financial Results**

## **For the Second Quarter**

### **of Fiscal Year Ending March 2019**

**November 14, 2018**

**JTEKT Corporation**

**1. Results for Second Quarter of  
Fiscal Year Ending March 2019**

**2. Forecasts for Second Quarter of  
Fiscal Year Ending March 2019**

**3. Progress of Mid-Term Management Plan**

# 1-1) Consolidated Performance

Despite an increase in income due to increased product quantity and M&As, profit decreased due to a drop in selling price levels and large increase in expenses.

(billions of yen)

	FY2017 2Q total	FY2018 2Q total	Increase/ Decrease	Increase/ Decrease (%)
Sales	682.2	742.9	60.6	+8.9%
Operating profit	(5.2%) 35.2	(4.4%) 32.5	(2.6)	(7.5%)
Ordinary profit	(5.6%) 37.9	(4.7%) 34.7	(3.2)	(8.5%)
Profit attributable to owners of parent	(4.2%) 28.6	(2.6%) 19.0	(9.6)	(33.6%)
Foreign exchange (Apr. to Sep.)	¥ 111/USD ¥ 126/EUR	¥ 110/USD ¥ 130/EUR	¥ 1 strong yen ¥ 4 weak yen	

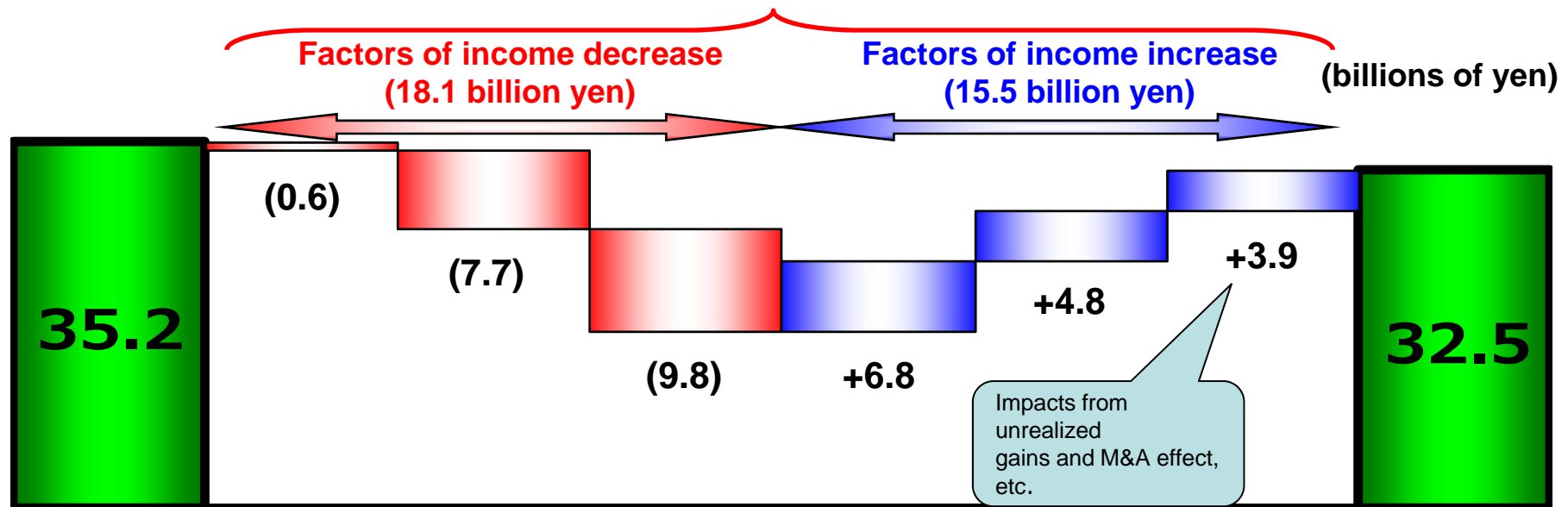
( %): Percentage of profit on sales

		FY2017	FY2018	Increase/ Decrease
Dividend	Interim	21 yen	22 yen	+1 yen
	Term-end	22 yen	22 yen	-

# 1-2) Operating Profit Analysis

The drop in selling price levels and large increase in expenses could not be covered by increased income and improved cost price.

**Operating profit: 2.6 billion yen decreased**



FY2017 2Q total	Exchange impact	Decline in selling price level	Cost increase	Profit by sales increase	Cost improvement	Others	FY2018 2Q total

# 1-3) Results by Business Units

## Mechanical Components

Increased income and M&As have had positive effects however profit has decreased due to a drop in selling price levels and large increase in expenses.

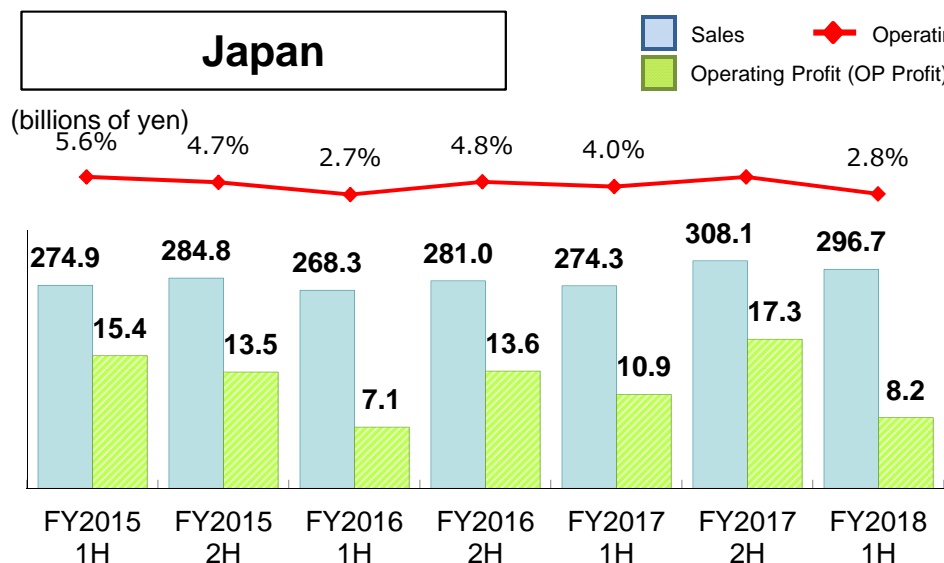
## Machine Tools

Sales have been strong primarily in Japan and North America, resulting in increased income and increased profit.

(billions of yen)

		FY2017 2Q total	FY2018 2Q total	Increase/ Decrease	Increase/ Decrease (%)
Mechanical components	Sales	607.4	<b>658.0</b>	+50.5	+8.3%
	Steering systems	333.1	<b>369.8</b>	+36.7	+11.0%
	Drivelines	69.4	<b>76.9</b>	+7.5	+10.9%
	Bearings	204.9	<b>211.2</b>	+6.2	+3.1%
	Operating profit (Operating profit (%))	30.1 (5.0%)	<b>24.4</b> (3.7%)	(5.6)	(18.8%)
Machine tools	Sales	74.8	<b>84.8</b>	+10.0	+13.5%
	Machine tools	74.0	<b>84.0</b>	+10.0	+13.5%
	Others	0.7	<b>0.8</b>	+0.0	+10.0%
	Operating profit (Operating profit (%))	4.8 (6.5%)	<b>7.7</b> (9.2%)	+2.9	+60.2%

# 1-4) Financial Results by Company Location [1]

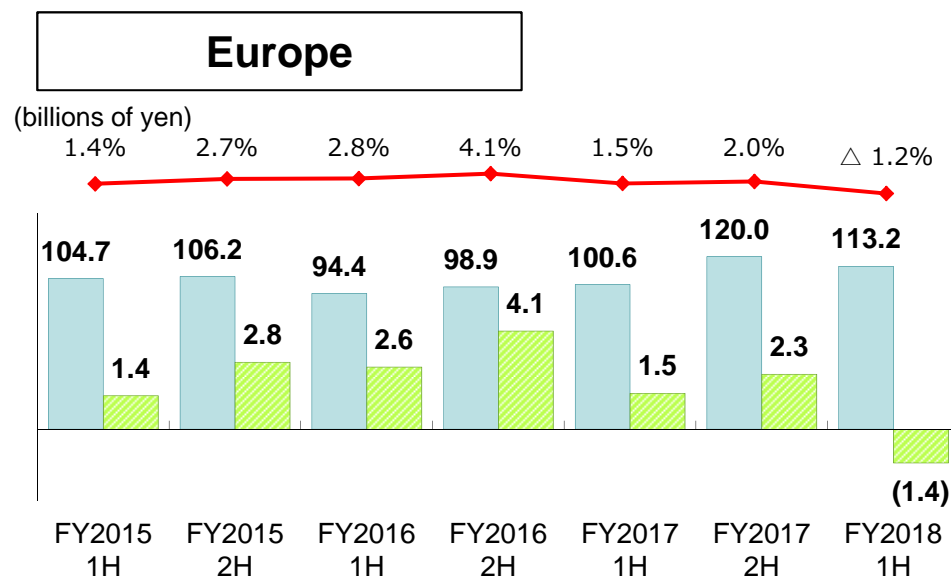


(billions of yen)

	FY2017 2Q total	FY2018 2Q total	Increase/ Decrease
Sales	274.3	296.7	22.3
OP Profit	10.9	8.2	(2.6)
OP Profit (%)	4.0%	2.8%	-

### Increase in income/decrease in profits

○ Despite the positive effects of M&As and increased product quantity, profit has decreased due to increases in labor costs, R&D costs, etc.



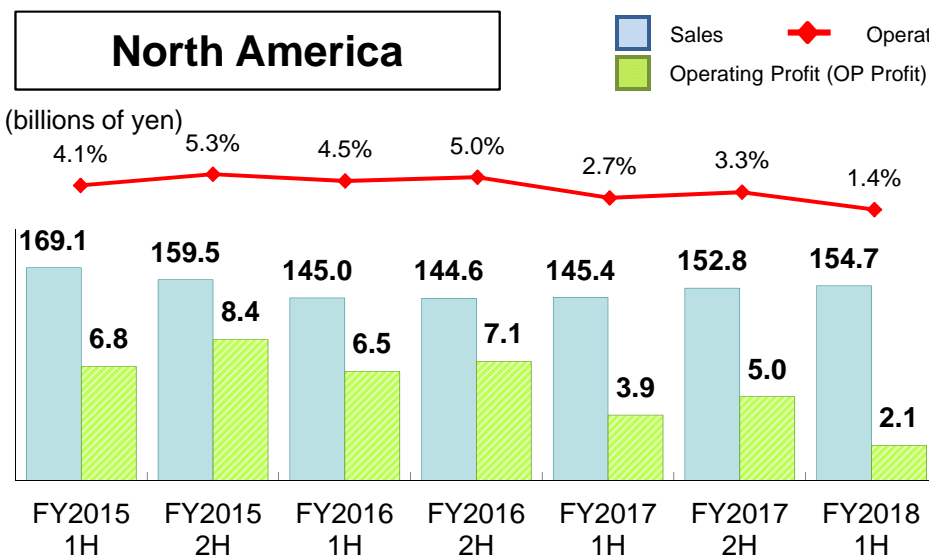
(billions of yen)

	FY2017 2Q total	FY2018 2Q total	Increase/ Decrease
Sales	100.6	113.2	12.5
OP Profit	1.5	(1.4)	(2.9)
OP Profit (%)	1.5%	(1.2%)	-

### Increase in income/decrease in profits

○ Decreased profit as a result of expenses involved in launching a next-generation EPS and the deterioration of bearing production efficiency.

# 1-5) Financial Results by Company Location [2]

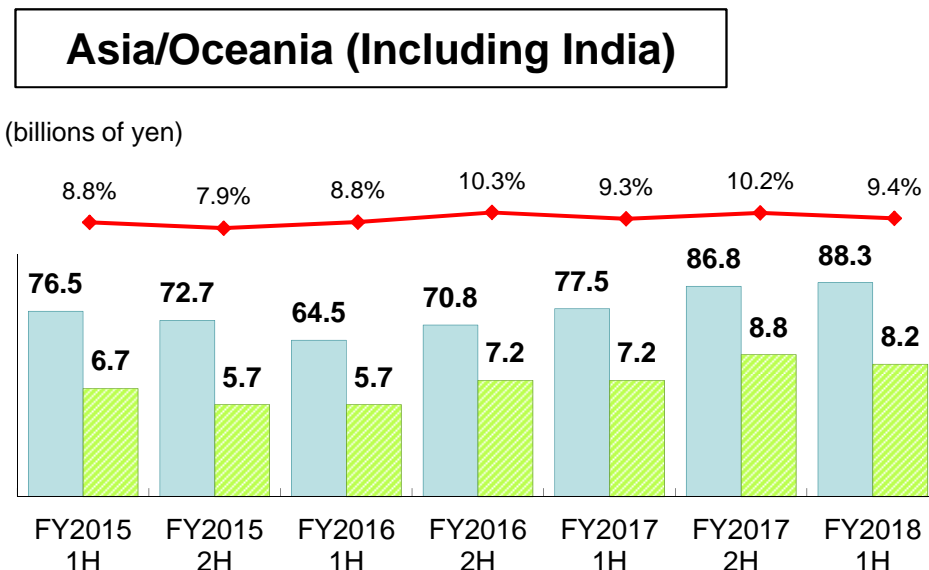


(billions of yen)

	FY2017 2Q total	FY2018 2Q total	Increase/ Decrease
Sales	145.4	154.7	9.2
OP Profit	3.9	2.1	(1.7)
OP Profit (%)	2.7%	1.4%	-

**Increase in income/decrease in profits**

- Decreased profit as a result of expenses involved in SOP of the next-generation EPS and the deterioration of bearing production efficiency.



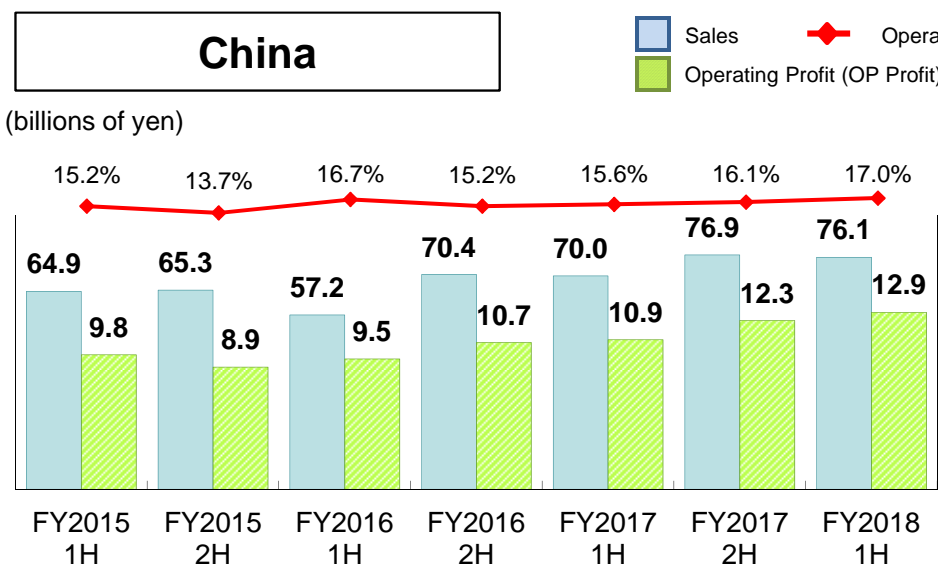
(billions of yen)

	FY2017 2Q total	FY2018 2Q total	Increase/ Decrease
Sales	77.5	88.3	10.7
OP Profit	7.2	8.2	1.0
OP Profit (%)	9.3%	9.4%	-

**Increase in income/profits**

- Increased income/increased profit due to the positive effects of M&As and increased product quantity.

# 1-6) Financial Results by Company Location [3]

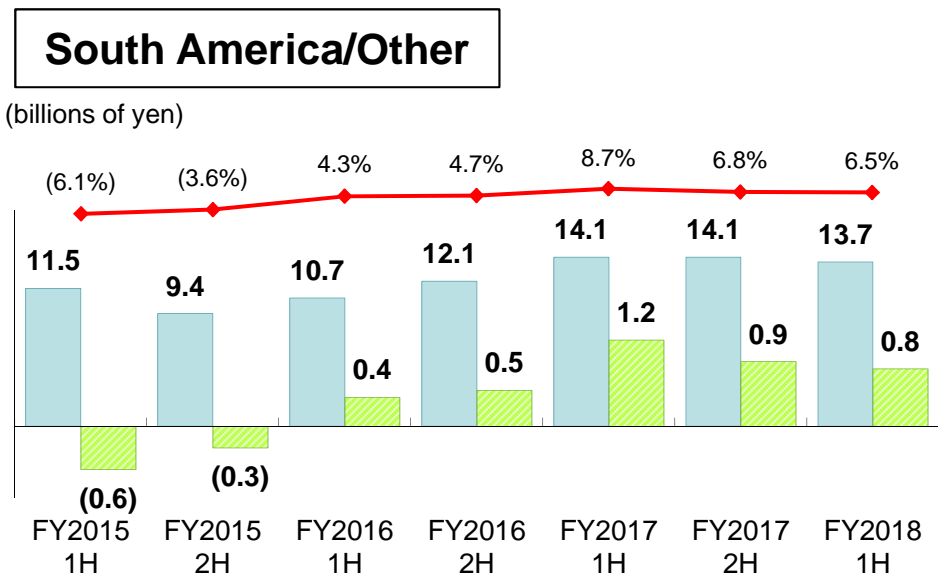


(billions of yen)

	FY2017 2Q total	FY2018 2Q total	Increase/ Decrease
Sales	70.0	76.1	6.0
OP Profit	10.9	12.9	2.0
OP Profit (%)	4.0%	2.8%	-

**Increase in income/profits**

- Increased income/increased profit due to the positive effects of M&As.



(billions of yen)

	FY2017 2Q total	FY2018 2Q total	Increase/ Decrease
Sales	14.1	13.7	(0.4)
OP Profit	1.2	0.8	(0.3)
OP Profit (%)	8.7%	6.5%	-

**Decrease in income/profits**

- Despite the increase in product quantity, income decreased due to foreign exchange rates.



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## 2-1) Forecasts for Business Environment

### World economy

- Maintain gradual economic growth due to easy monetary policy and the U.S.'s tax abatement policy
- Unpredictability due to the U.S.'s strengthened import tariffs and protectionist policies
- Concern regarding the slowing Chinese economy due to trade friction
- Concern regarding BREXIT (Britain exiting the EU) without consensus

### Japan

- Carefully watch the management environment changes and unpredictable future in line with intensified trade friction

## 2-2) Forecasts for Fiscal Year 2018

Despite negative effects relating to foreign exchange, plan increased income and increased profits due to the positive effects of M&A, increased product quantity, and improved cost price.

(billions of yen)

	FY2017 Full year (Result)	FY2018 (Forecast)			Increase/ Decrease	Increase/ Decrease (%)
		1H (Result)	2H (Forecast)	Full year (Forecast)		
Sales	1441.1	742.9	757.0	1500.0	+58.8	+4.1%
Operating profit	(5.6%) 81.3	(4.4%) 32.5	(7.2%) 54.4	(5.8%) 87.0	+5.6	+6.9%
Ordinary profit	(5.7%) 82.5	(4.7%) 34.7	(6.8%) 51.2	(5.7%) 86.0	+3.4	+4.2%
Profit attributable to owners of parent	(3.4%) 49.6	(2.6%) 19.0	(4.8%) 35.9	(3.7%) 55.0	+5.3	+10.7%
Foreign exchange rate (Apr. to Mar.)	¥ 111/USD ¥ 130/EUR	¥ 110/USD ¥ 130/EUR	¥ 105/USD ¥ 130/EUR	¥ 108/USD ¥ 130/EUR	¥ 3 strong yen -	
Capital expenditure	66.6	32.1	39.8	72.0	+5.3	+8.0%
Depreciation	60.4	31.6	32.3	64.0	+3.5	+5.9%
Dividend	43 yen	22 yen	22 yen	44 yen	+1 yen	

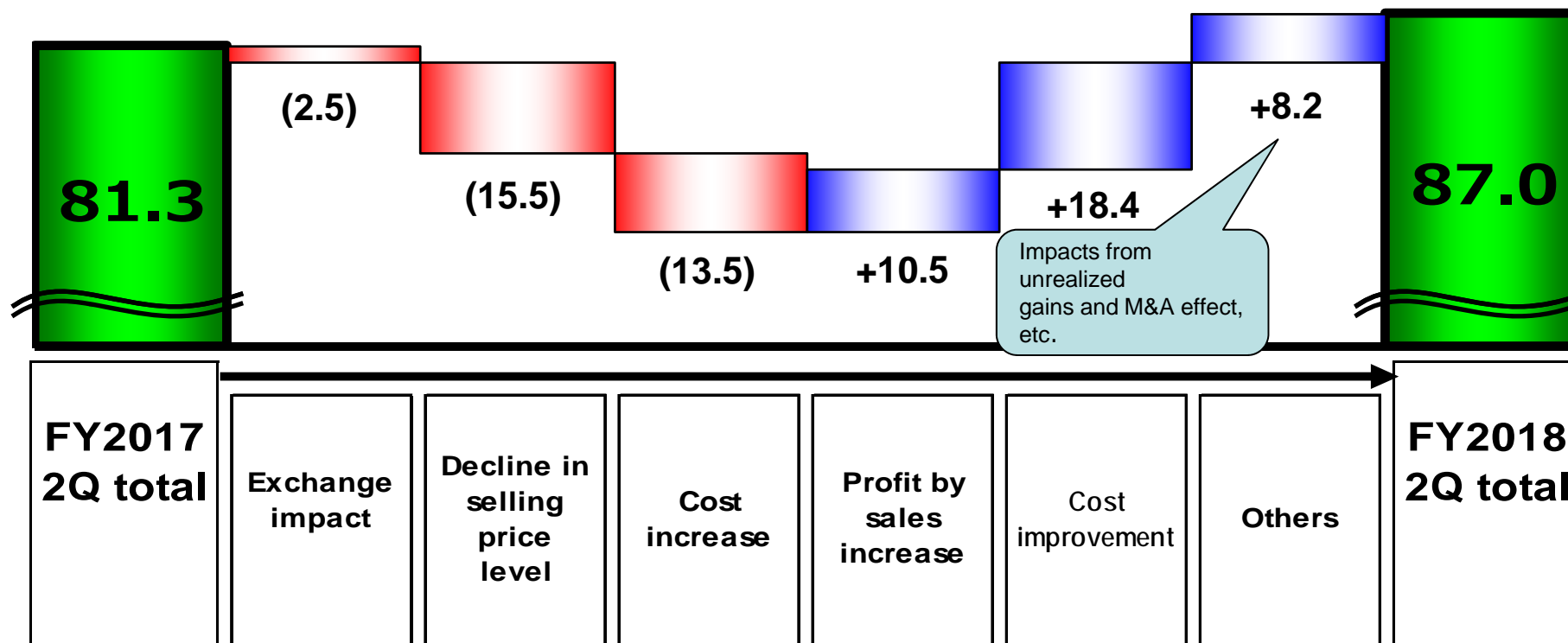
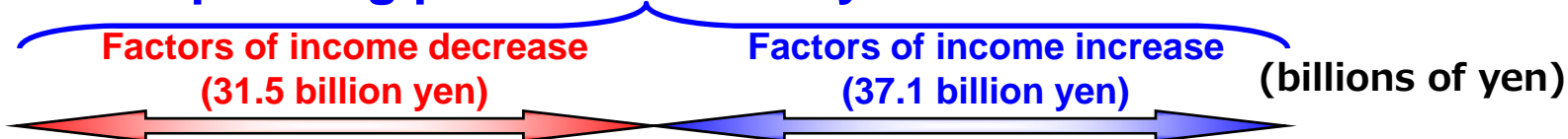
( %): Percentage of profit on sales

## 2-3) Operating Profit Analysis

(Result of last period vs. forecast of this period)

Decline in selling price level and increased expenses will be covered by increased income and improved cost price. Plan increased profits due to the positive effects of M&As.

### Operating profit: 5.6 billion yen increase



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# CONTENTS

## 1. Strategies of Business Units

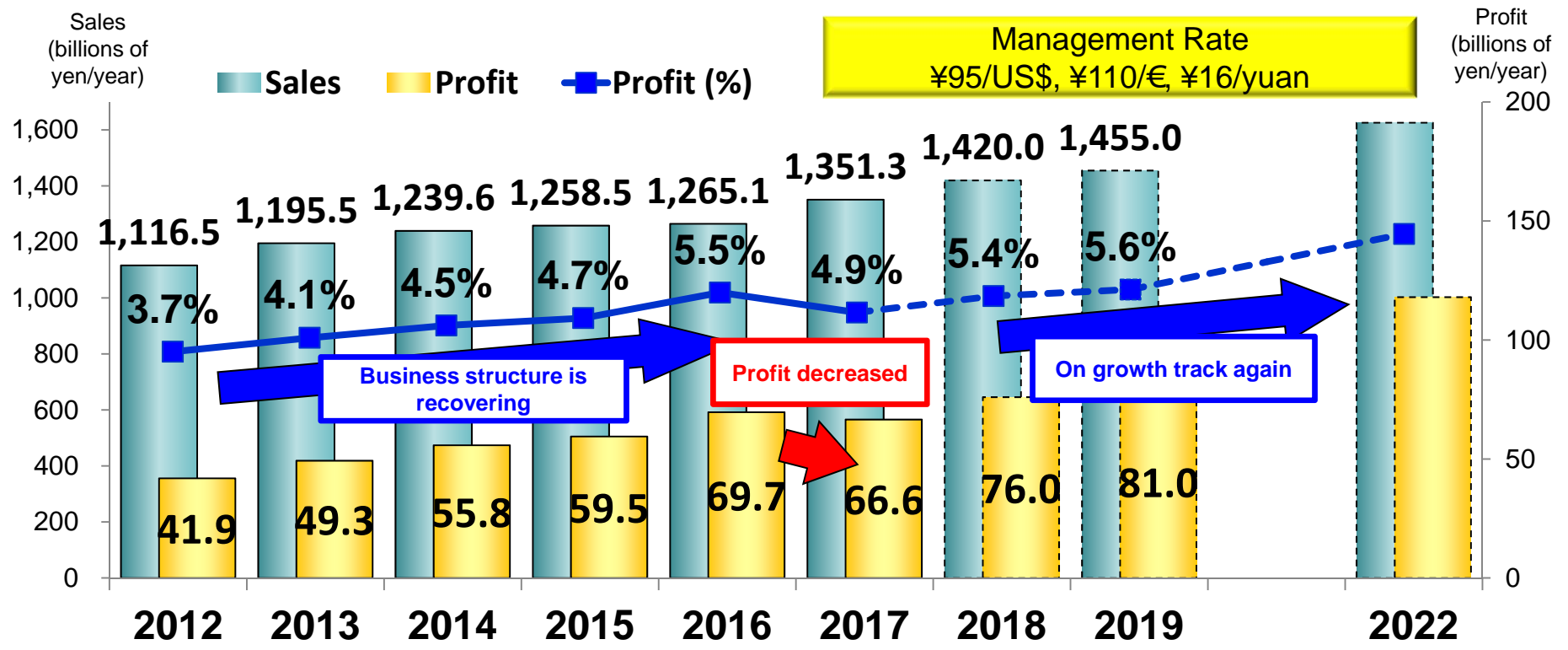
- 1) Summary
- 2) Steering Systems
- 3) Drivelines
- 4) Bearings
- 5) Machine Tools & Mechatronics
- 6) Actions for New Business

## 2. Actions for developing corporate value

# 1) Summary

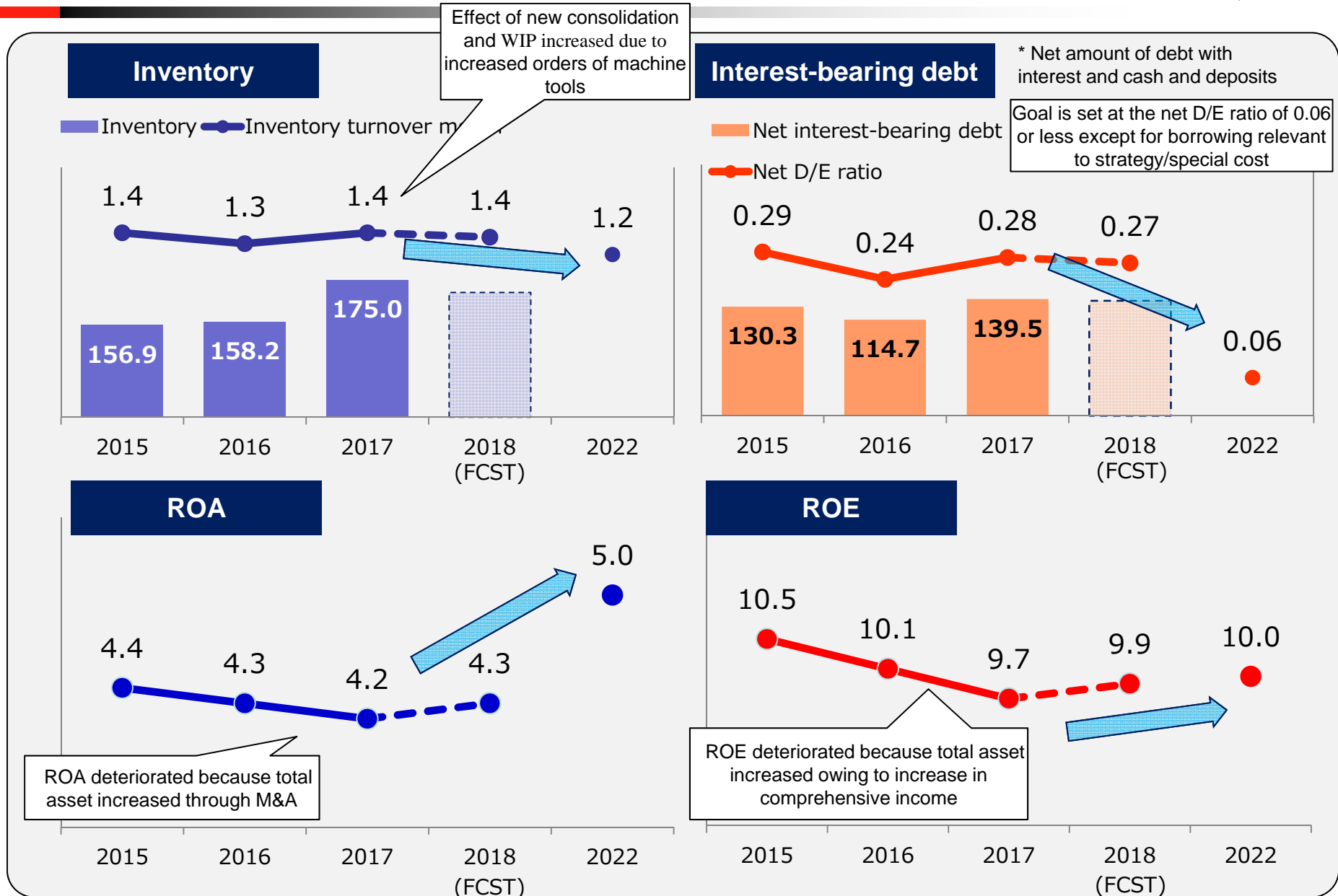
# 3-1-1) Profit & Loss Trend (Management rate)

Business structure was improving until FY2016 except for the foreign exchange rate, but FY2017 profit is expected to decrease because of **front investment for the future such as ADAS/loE**  
 -> Returning to the level of FY2016 in FY2018 as a result of improvement in the productivity of each business and profitability of next-generation EPS





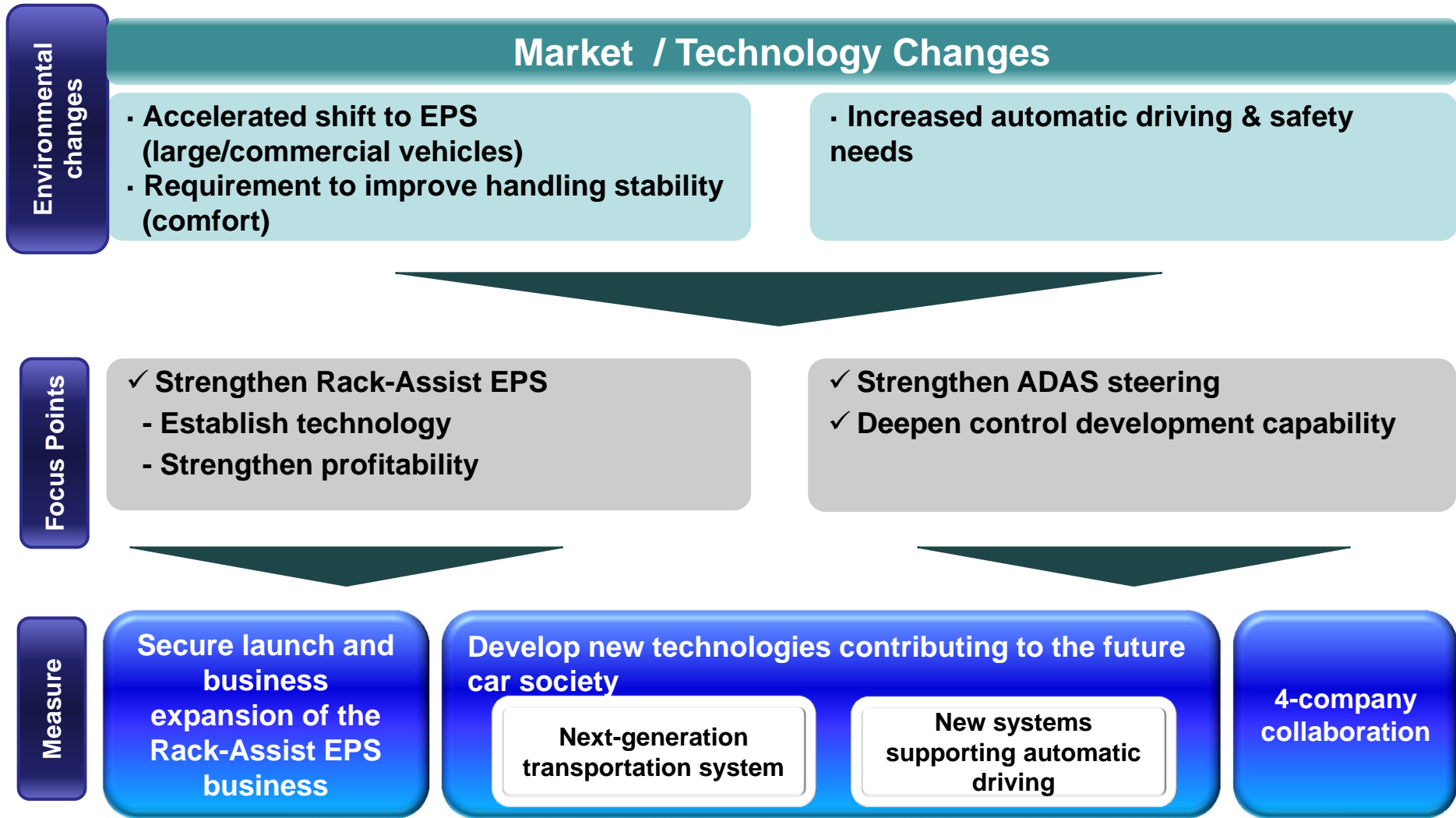
# 3-1-1) Management Index (Consolidated)



## 2) Steering Systems

# 3-1-2) Steering Business Growth Strategy

**Continue to maintain the top share for steering, and to be the No. 1 & Only One as the top runner with advanced steering technology such as ADAS**

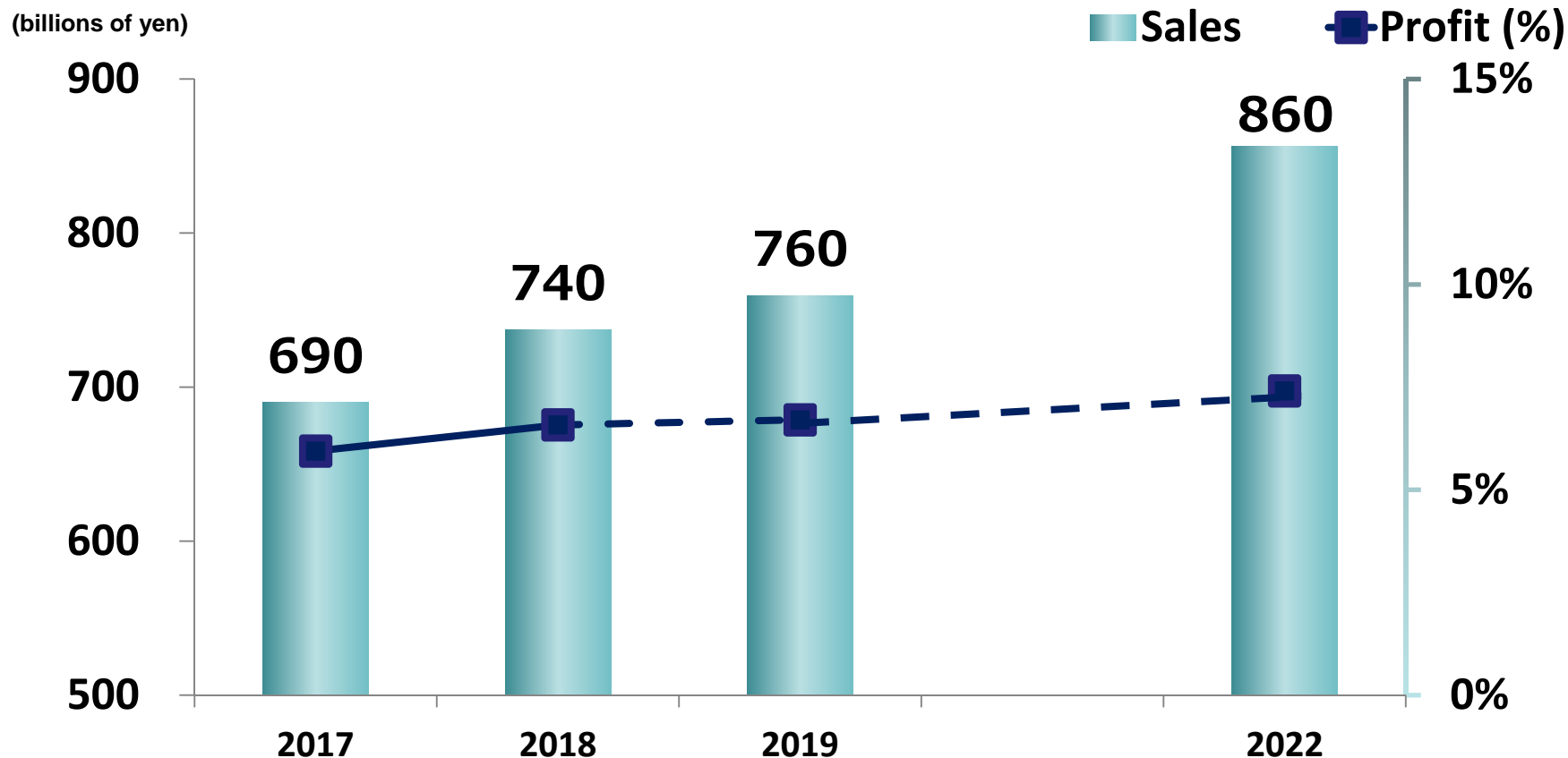


### 3-1-2) Forecast for Mid-term Business Plan for Steering Systems

#### FY2018 Sales and Profit Forecast

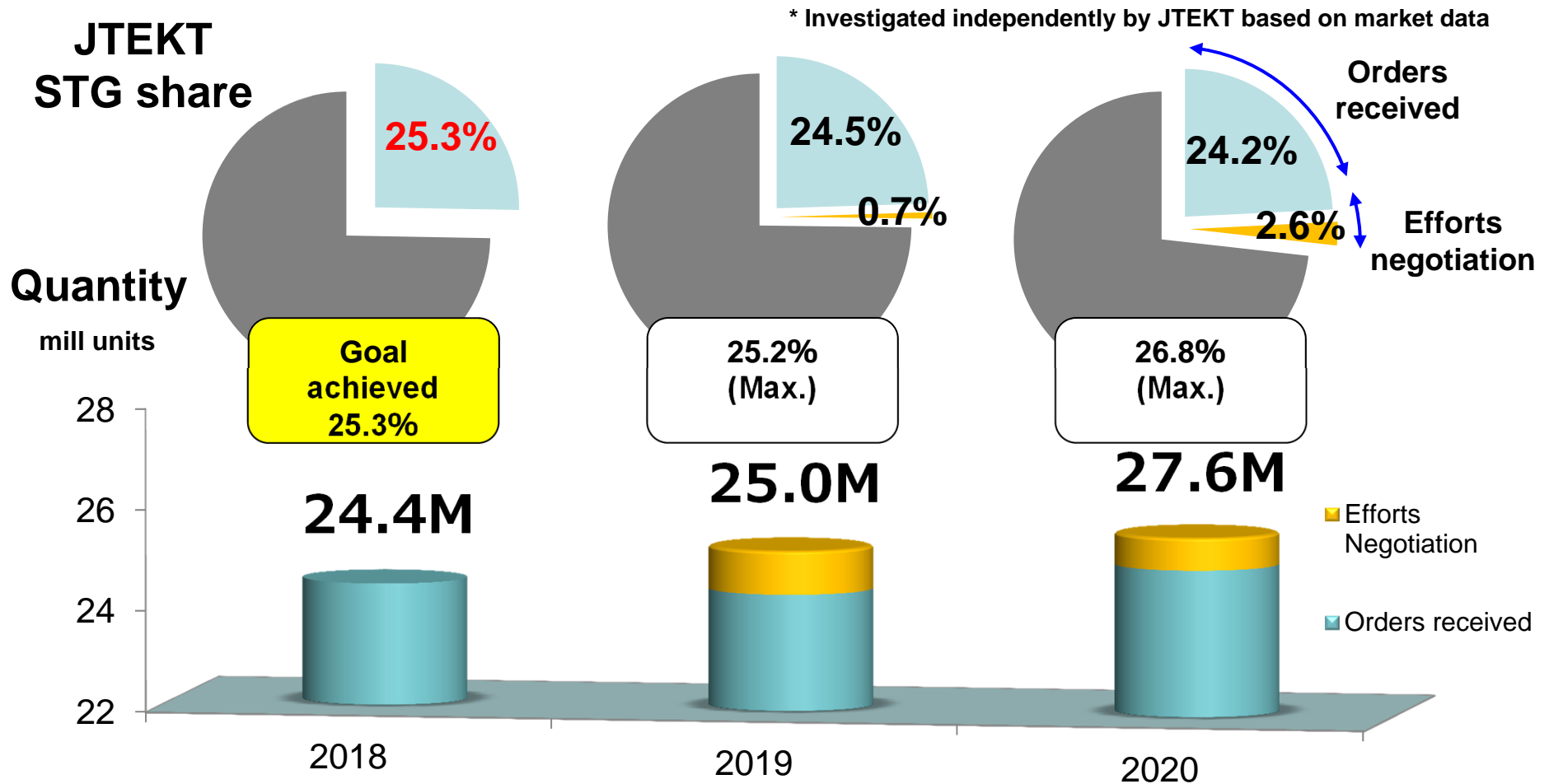
¥95/US\$, ¥110/€, ¥16/yuan

1<sup>st</sup> half: Profit plan has not achieved due to difficulty in launching Rack-Assist EPS.  
2<sup>nd</sup> half: Profits will be recovered by increasing in number with good prospect for solving problems.



# 3-1-2) JTEKT's Share Status

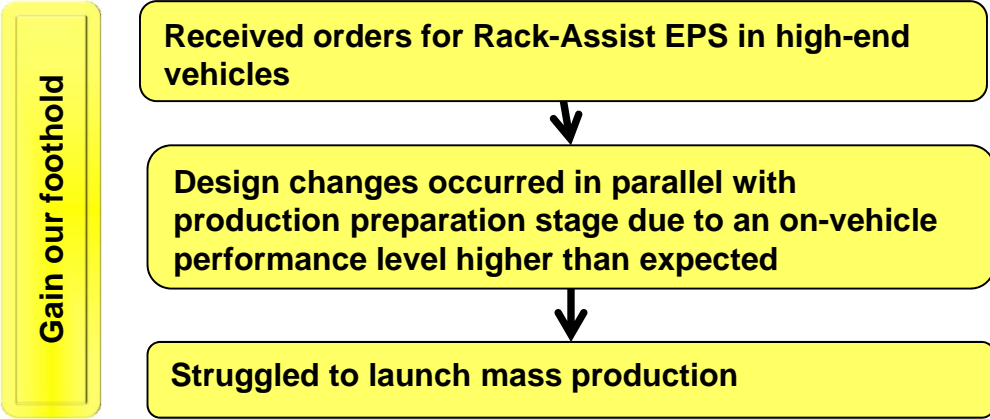
Accomplished mid-term plan target of "25% share" in FY2018



Supplier will be determined in FY2018 regarding lots of efforts negotiation. Currently promoting marketing activities to accomplish our share target from FY2019 onwards.

# 3-1-2) Strengthen Rack-Assist EPS

Securely achieve profit increase through increasing Rack-Assist EPS orders



- Finalize design Completed in Sep. 2018
- Trial production Achieved planned target Confirmed in Oct. 2018

Product	Region	- 2017	2018	2019	2020	2021	2022
DP-EPS	Japan				#1 line	#2 line	
	NA		#2 line		#3 line		
	Europe		#3 line	#4 line			
	China		#2 line		#3 line	#4 line	
RP-EPS	Japan					#3 line	
	NA					#3 line	#4 line
	China			#1 line			#2 line

**2018 -> 2022  
Production volume approx. 2 times**



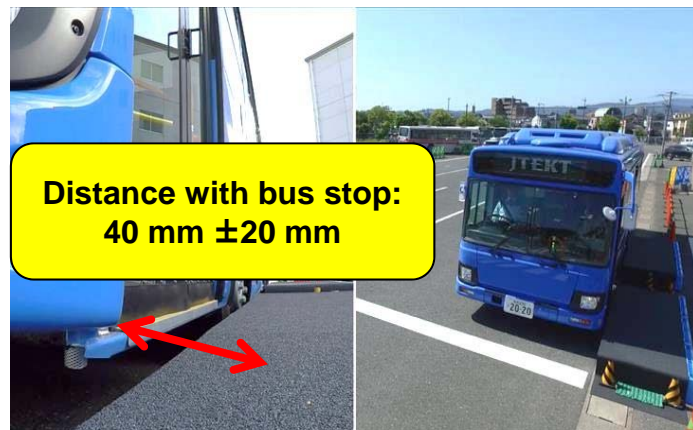
# 3-1-2) Next-generation Transportation Systems

Contribute to create the urban transportation society for the next generation that is people-friendly and easy-to-use through automatic driving control and precise docking control.

At the 16th ITS Asia-Pacific Forum held in FUKUOKA from May 8 to 10 in 2018, JTEKT demonstrated a "circling approach" with automatic driving and precise docking at a bus stop.



Photo showing circling approach with automatic driving



Precise docking at the bus station



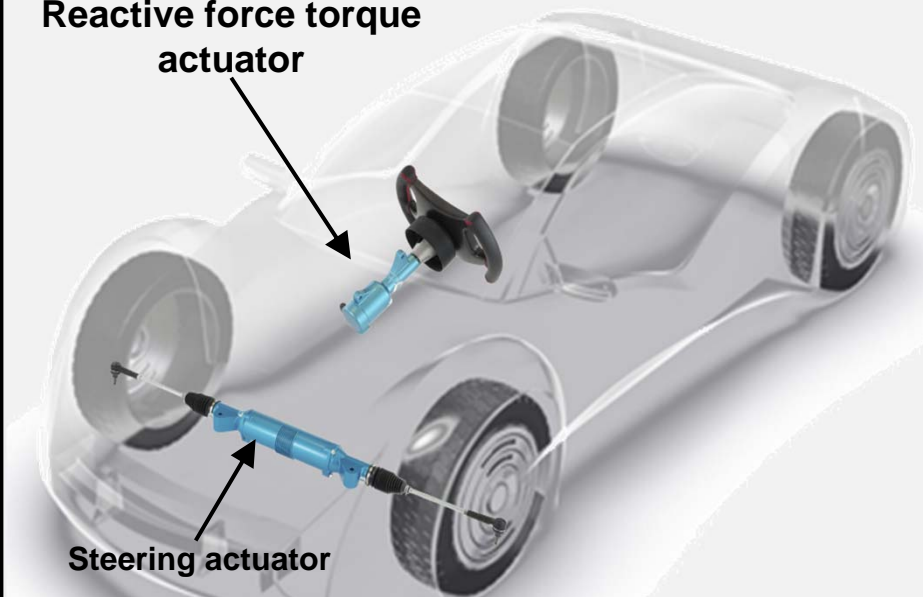
Elderly people, wheelchairs and strollers can get on and off smoothly without assistance.

\* This technology is being developed by JTEKT under consignment from the New Energy and Industrial Technology Development Organization (NEDO) as a part of the Strategic Innovation Program (SIP) Automatic Driving Systems/Large-Scale Demonstration Tests Project spearheaded by the Japanese Government's Cabinet Office.

# Contributing to a ZERO traffic accident society

## Link-less Steer By Wire

Reactive force torque actuator



Steering actuator

*Supports ADAS Level 3 and higher*

**In development for practical application in 2023**

- Offering safety and security through automatic driving and ADAS

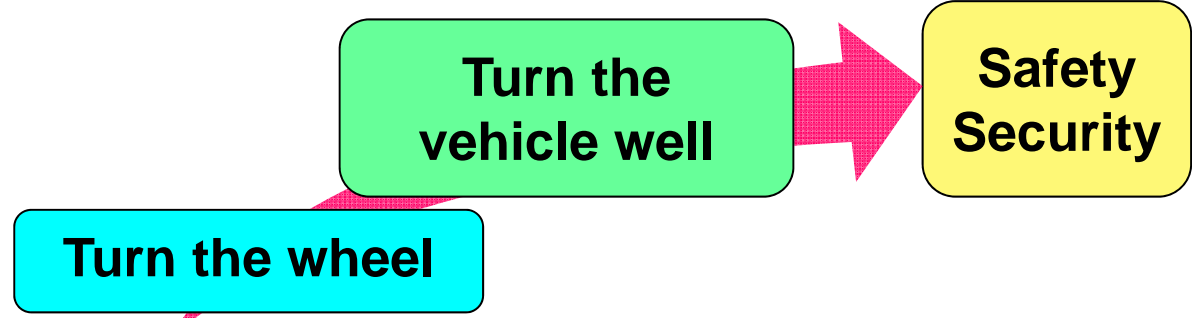
- Realizing comfortable driving  
Improved degree-of-freedom of vehicle response and road surface information feedback

- Contributing to expand living space of the car through layout freedom

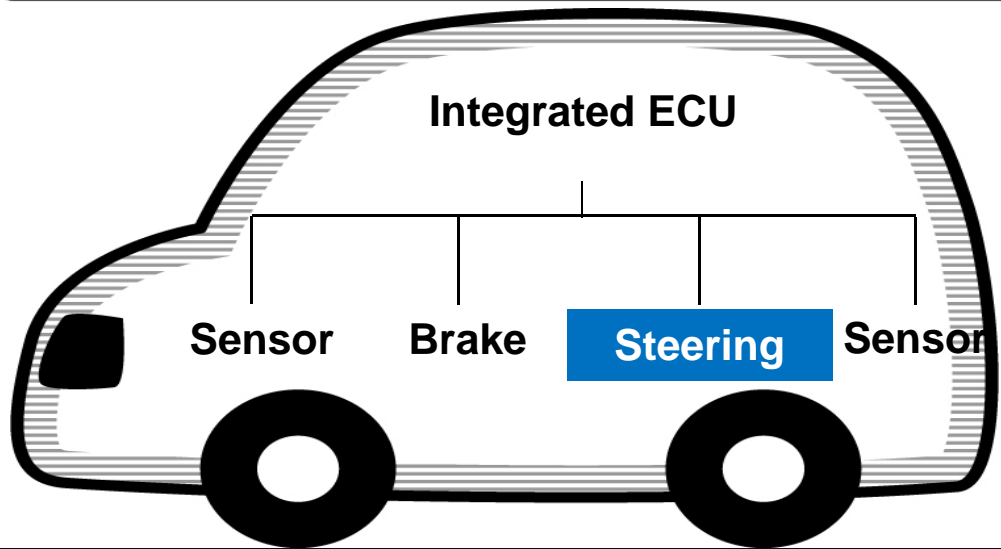


# 3-1-2) Four-company Collaboration

Contributing to the realization of automatic driving to achieve safe and secure mobility for all



Combine the wisdom of all four companies and achieve even more sophisticated automatic driving



Agreed on establishment of a software development company for automatic driving

\* Planned for establishment in Mar. 2019

**Control software**

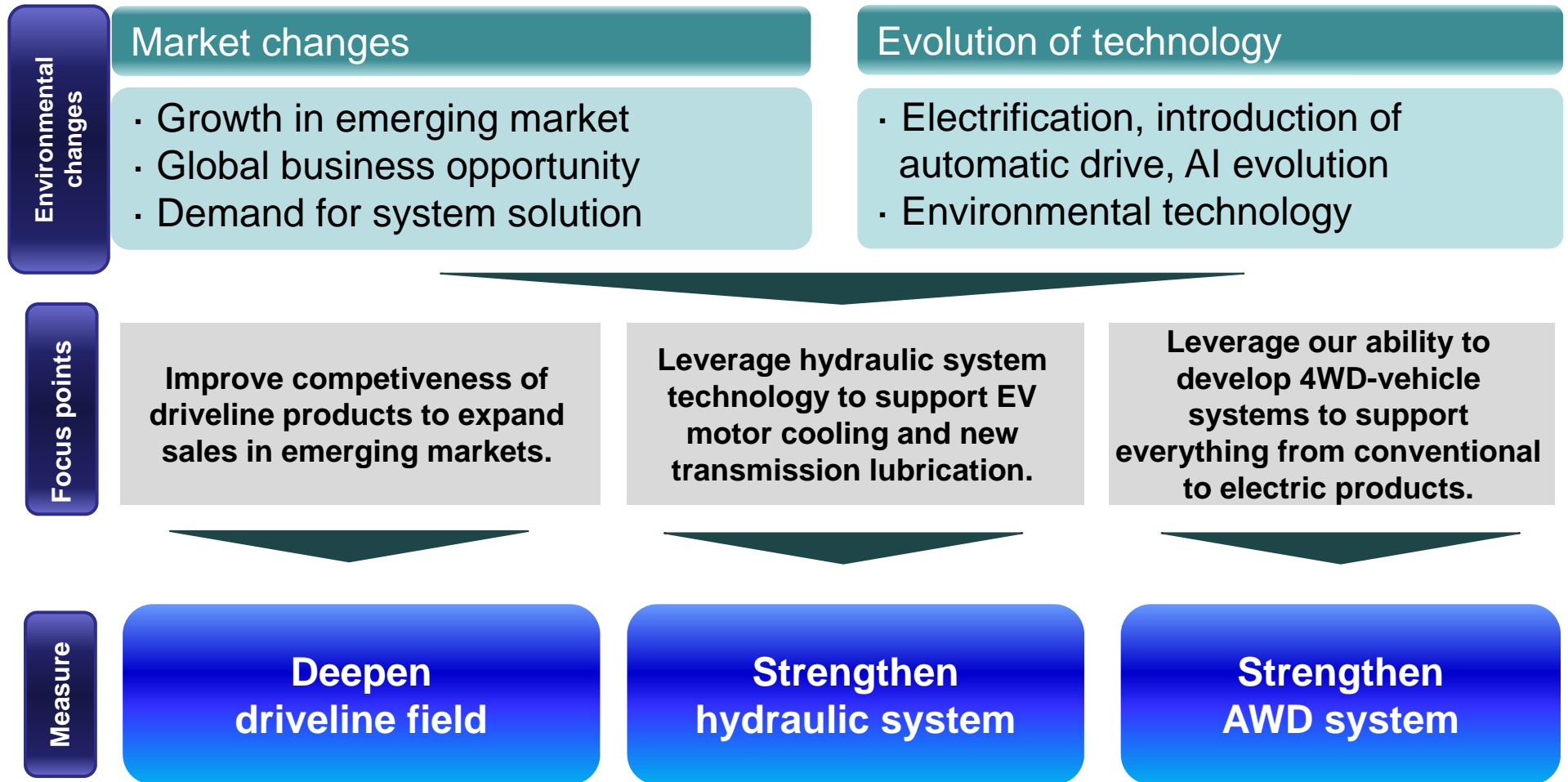
Investment ratio

DENSO	65%
AISIN	25%
ADVICS	5%
<b>JTEKT</b>	5%

## 3) Drivelines

# 3-1-3) Driveline Business Growth Strategy

As a distinctive system supplier that takes advantage of strengths such as AWD and hydraulics, aim to become the No. 1 & Only One for the driveline business.



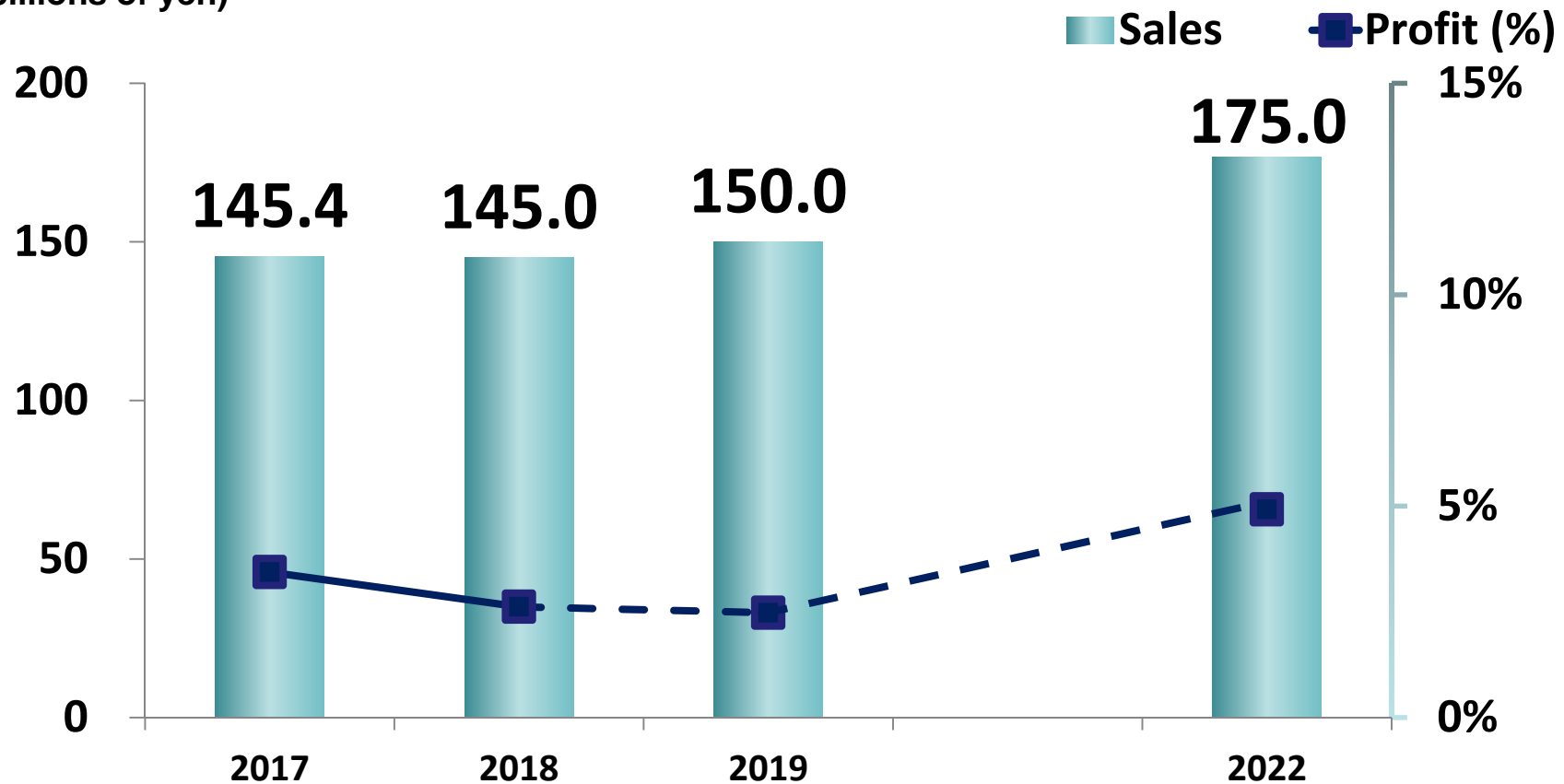
### 3-1-3) Forecast for FY2018 Mid-term Business Plan for Drivelines

FY2018 Sales and Profit Forecast

¥95/US\$, ¥110/€, ¥16/yuan

1<sup>st</sup> half: Sales plan achieved due to good sales  
2<sup>nd</sup> half: Aim to raise performance further

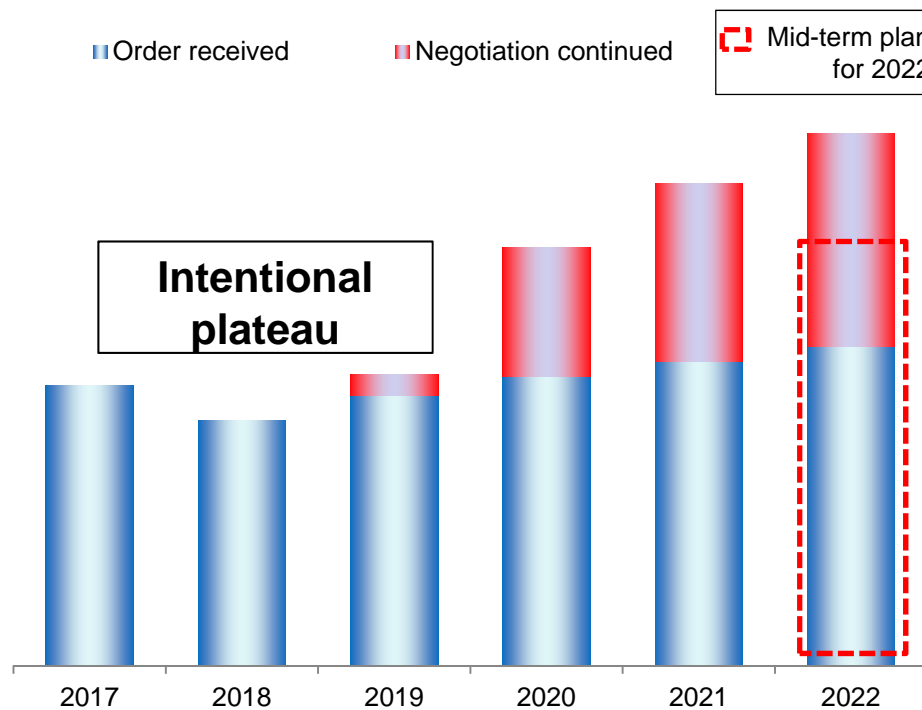
(billions of yen)



# 3-1-3) Deepen Driveline Field

After an intentional plateau, rapid climb in orders.  
 Set for further growth taking in demand for electric products.

Drive shaft order status

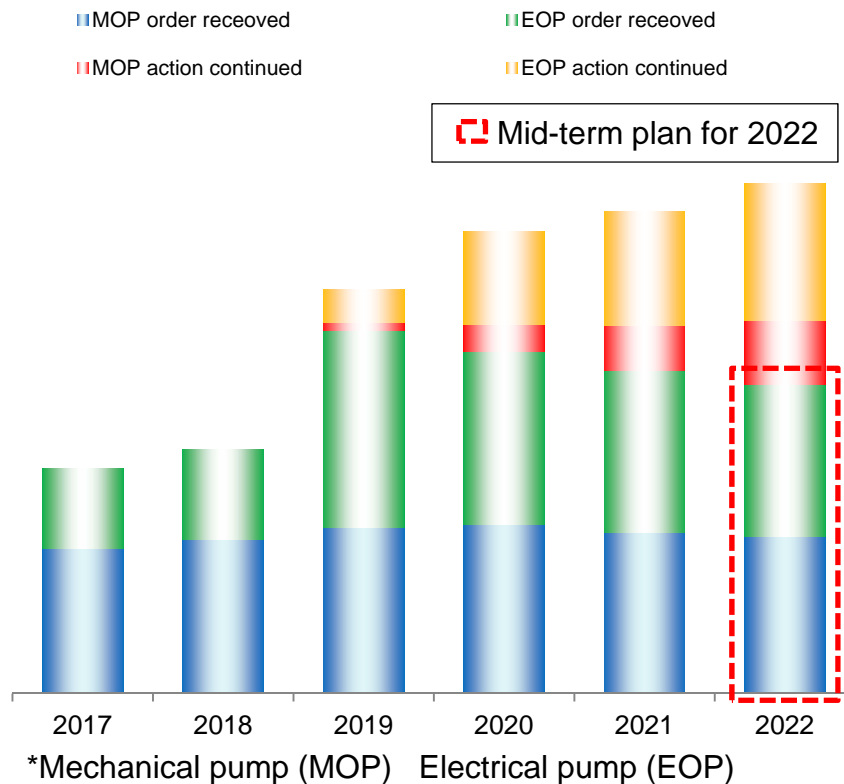


- Win more orders than our mid-term plan target
- Strengthen our foundation in preparation for further growth
  - Enrich lineup
  - Support electric motors (optimized rigidity, low vibration)
- Enrichment of an optimal global production system primarily focused on regions of high demand

# 3-1-3) Strengthen Hydraulic System

Aim to expand applications in electrification and energy-saving by leveraging strengths.  
Plan on winning new orders of electric pumps for EVs handled with local (in-country) production.

## Order status of mechanical and electric pumps



- Win more orders than our mid-term plan target
- Leverage our hydraulic-related knowledge to evolve both the actuator and lubrication areas -> Expand electrification/energy-saving applications

Win the first order for EOPs adopted in EV motor cooling  
\* Begin European production in Nov. 2020

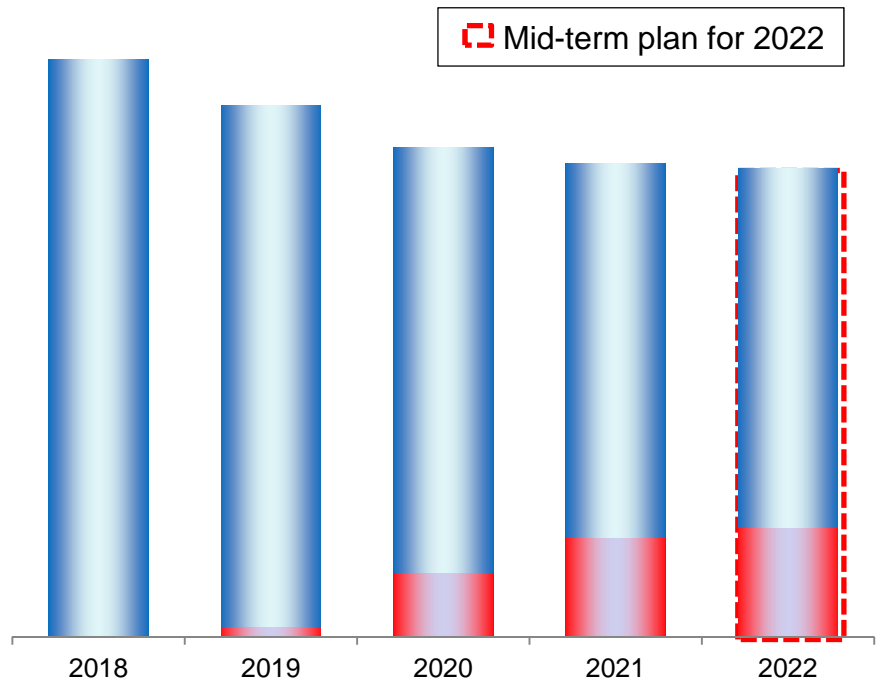
- Promote global production support

# 3-1-3) Strengthen AWD System

Set a goal for practical application of E-AWD systems considering electrification.  
Also support both aspects through modification of conventional systems for which ongoing demand exists.

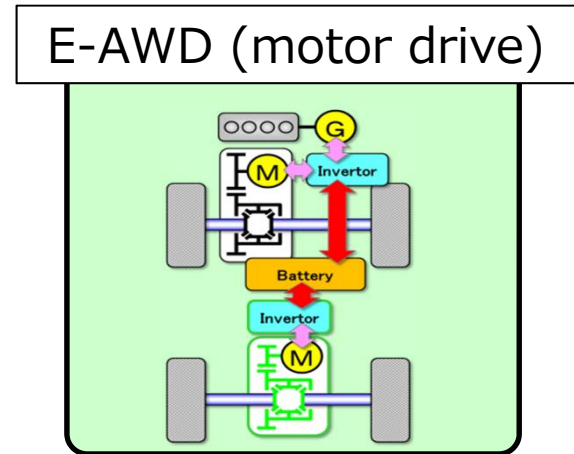
## Order status for ITCC and TORSEN

■ ITCC/Torsen order received ■ ITCC/Torsen action continued



▭ Mid-term plan for 2022

- There is a downward trend compared to mid-term plan due to decline in North America however continue to win orders in Japan primarily.
- In preparation for 2023 and onwards, engage in the technological development of motor drives in addition to expansion of conveyor sales.



## 4) Bearings



# 3-1-4) Bearing Business Growth Strategy

**Continue creating value, impress customers,  
and praised by customers  
— Lift the "Koyo" to be the leader brand in the world —**

Environmental  
changes

**Intense market  
competition**

**Technology Evolution**

**Change of market  
competitiveness**

Focus point

**Strengthen fundamental matters and preparation for new products**

**Improve production  
capability/productivity**

**Improve shop-floor  
"GEMBA" capability**

**New product  
development**

Measure

**Kaizen the level of operation  
Automation**

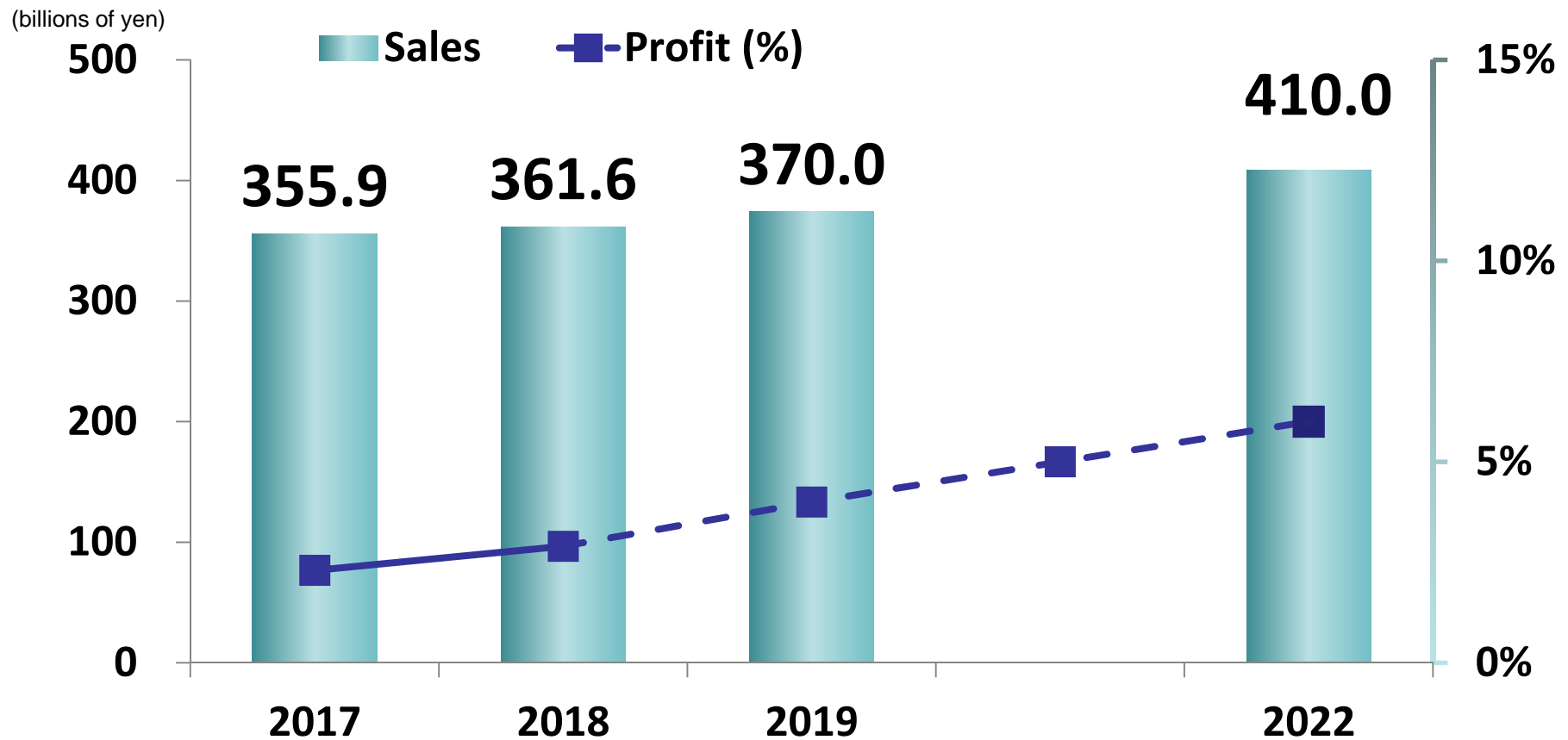
**New product development**

### 3-1-4) Forecast for FY2018 Mid-term Business Plan for Bearing

**FY2018 Sales and Profit Forecast**

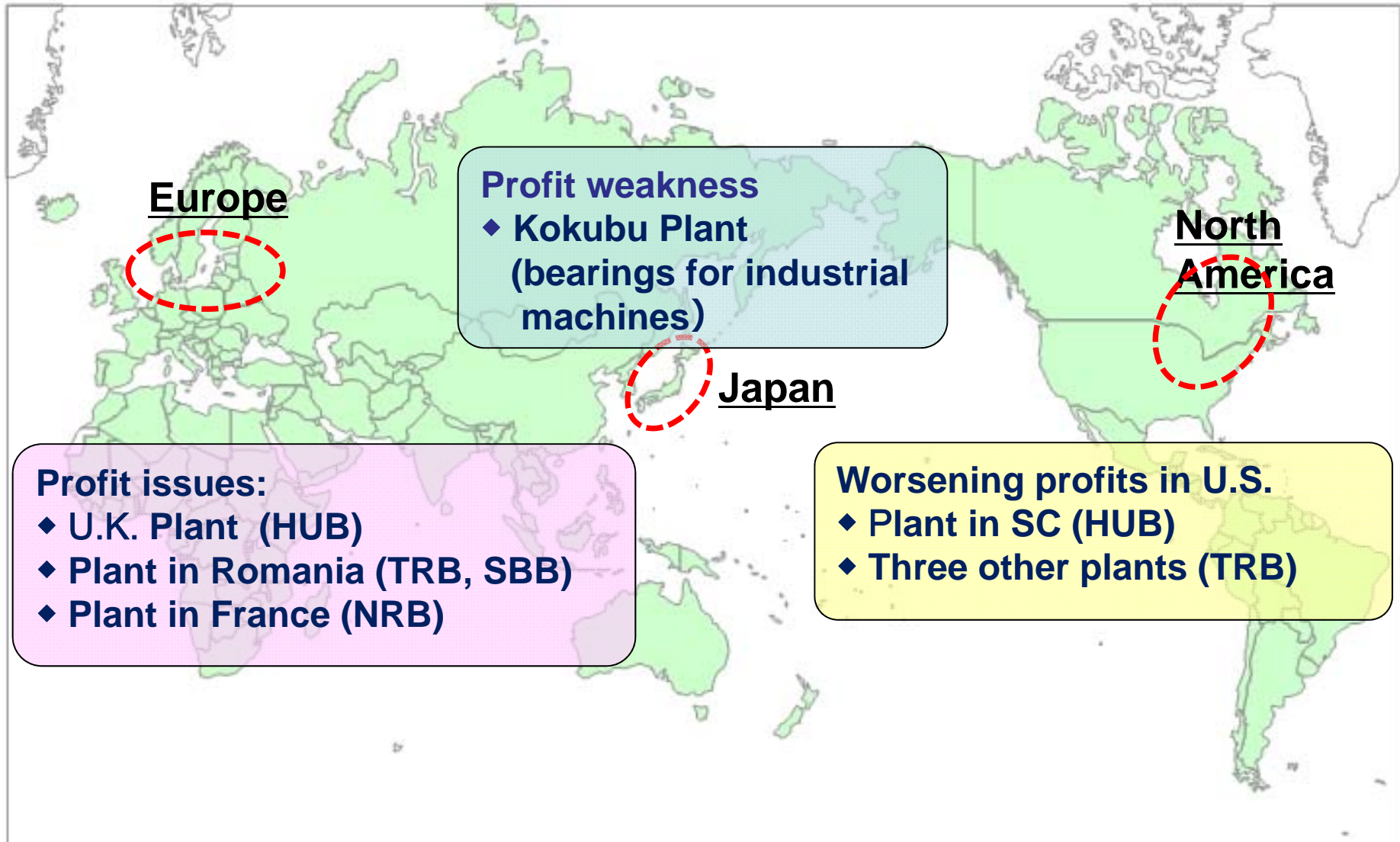
**¥95/US\$, ¥110/€, ¥16/yuan**

1<sup>st</sup> half: Not achieved plan by: worth of productivity, increase of direct material and plant reorganization cost  
 2<sup>nd</sup> half: Should catch up with the reviewed profit plan: improving manufacturing and reorganize production systems



# 3-1-4) Issues by region

## Profit issues in Japan/U.S./Europe



Europe

**Profit weakness**

- ◆ Kokubu Plant (bearings for industrial machines)

North America

Japan

**Profit issues:**

- ◆ U.K. Plant (HUB)
- ◆ Plant in Romania (TRB, SBB)
- ◆ Plant in France (NRB)

**Worsening profits in U.S.**

- ◆ Plant in SC (HUB)
- ◆ Three other plants (TRB)

# 3-1-4) Issues by region

## Subject to solve / countermeasures for issues in Japan/U.S./Europe

Region	Major issues	Response to issues
Japan	<p>◆ <u>Promotion of measures to increase earnings</u>                      Kokubu Plant (industrial machine bearings)                      Deteriorated earnings, deteriorated productivity, increased running costs</p>	<ul style="list-style-type: none"> <li>• Aim to turn over a profit by Mar. 2020 through improved manufacturing and production systems</li> </ul>
North America	<p>◆ <u>Promotion of structural reform</u>                      Richland, SC Plant (HUB)                      Productivity improvement, steel tariffs                      3 U.S. TRB plants                      Securing quantity, reducing cost, steel tariffs</p>	<ul style="list-style-type: none"> <li>• Level-up floor management</li> <li>• Review make or buy for direct materials, revision of production plan by each location</li> </ul>
Europe	<p>◆ <u>Promotion of structural reform</u>                      U.K. plant (HUB)                      Deteriorating productivity                      Romanian plant (TRB, SBB)                      Higher employee turnover rate and labor costs                      France plant (NRB)                      After reorganization, productivity deteriorated</p>	<ul style="list-style-type: none"> <li>• Level-up floor management</li> <li>• Reduction of direct material cost</li> <li>• Review welfare plan and develop successors</li> <li>• Strengthen shop floor ability, utilize/train professionals within European regions</li> </ul>

# 3-1-4) Strengthen production capacity

**Kaizen activities for improve production and profit through all locations**

Fundamental matters	Item	Kaizen activities	Model	Region					
				Japan	NA	Europe	India	China	ASEAN
Improve shop floor	◇ Floor management (re-train TQM, Total Quality Management)	—	○	○	○	○	○	○	
	◇ Update old equipment	—	○	○	○	○	○	○	
Improve productivity/production	◇ Improve capability • Support high-speed line/small production lot	TRB SBB	○ ○	○ ○	○ ○	— —	— —	— —	
	◇ Strengthen capability	TRB HUB	— —	— —	○ —	○ ○	○ ○	○ ○	
	◇ Utilize collaboration/secondary sources	TRB SBB HUB	— — —	— — —	— — —	— — —	○ ○ ○	— — —	
	◇ Build integrated process (From machining to assembly)	HUB	○	—	—	—	—	—	
Automation	◇ Roll out the 1-hour automated model line • Automated external inspection machine, material, packaging works	SBB TRB HUB	○ ○ ○	— ○ —	— — —	— — —	— — —	— — —	

# 3-1-4) New product development (1)

Development of new product for Industrial machine bearings:  
>>> responding to diversification of environments

Preparation for new business

◆ Sales for industrial machine applications



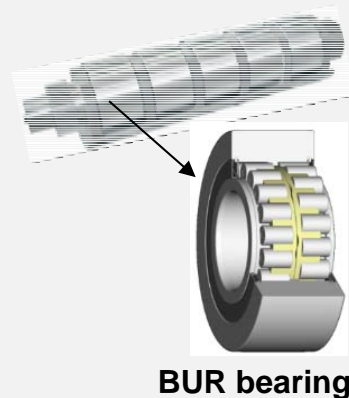
Approx. 25% growth

### ◆ Steel

- High sealing performance, high durability

[Application]

- Backup roll for multi-step rolling machine (BUR)



### ◆ Special environments

- High durability in corrosive environments

[Application]

- Semi-conductor manufacturing equipment
- FPD manufacturing equipment



### ◆ Fluid devices

- Improved lubrication performance

[Application]

- Hydraulic devices
- Compressors



### ◆ Ultra high performance

- Ultra-precise and quiet

[Application]

- Machine tools
- Space equipment



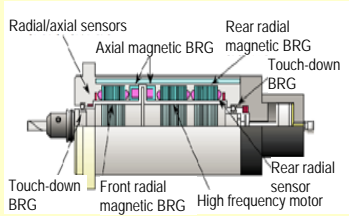
# 3-1-4) New product development (2)

**New business cases: aim to 10% sales in year 2030**

**Preparation for new business**

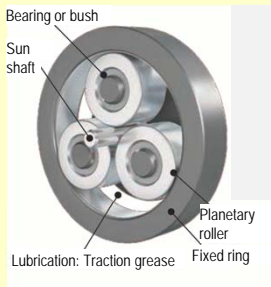
◆ **Magnetic bearing units**  
 Product: Support for cooling devices of rotating portions for subterranean resources/water purification equipment, etc., maintenance-free

Initiative: Plan to launch on market from FY2019



◆ **Traction drives**  
 Product: Precision reduction gear unit such as printer unit and robots

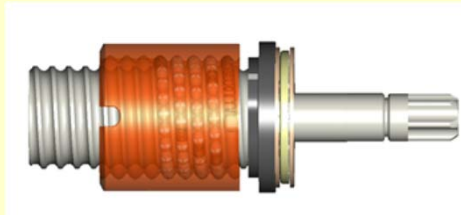
Initiative: Expanding to other applications



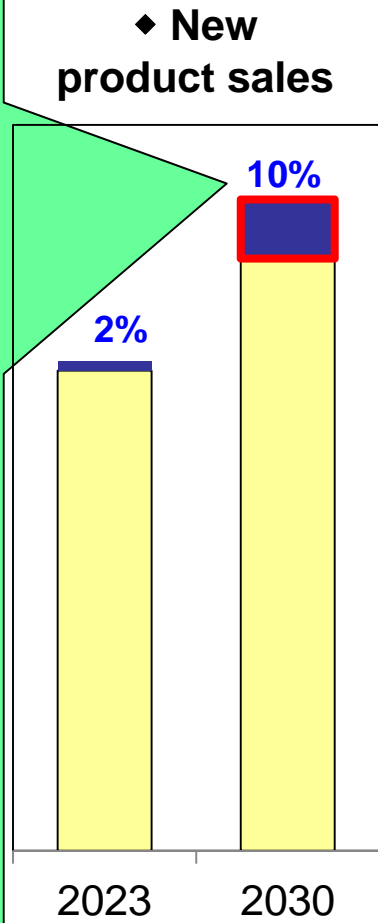
◆ **Actuator for electric brakes**  
 Product: Brake actuator for HEV/PHEV/EV

Initiative: Plan to launch on market from FY2022

**Ball screw Thrust NRB**



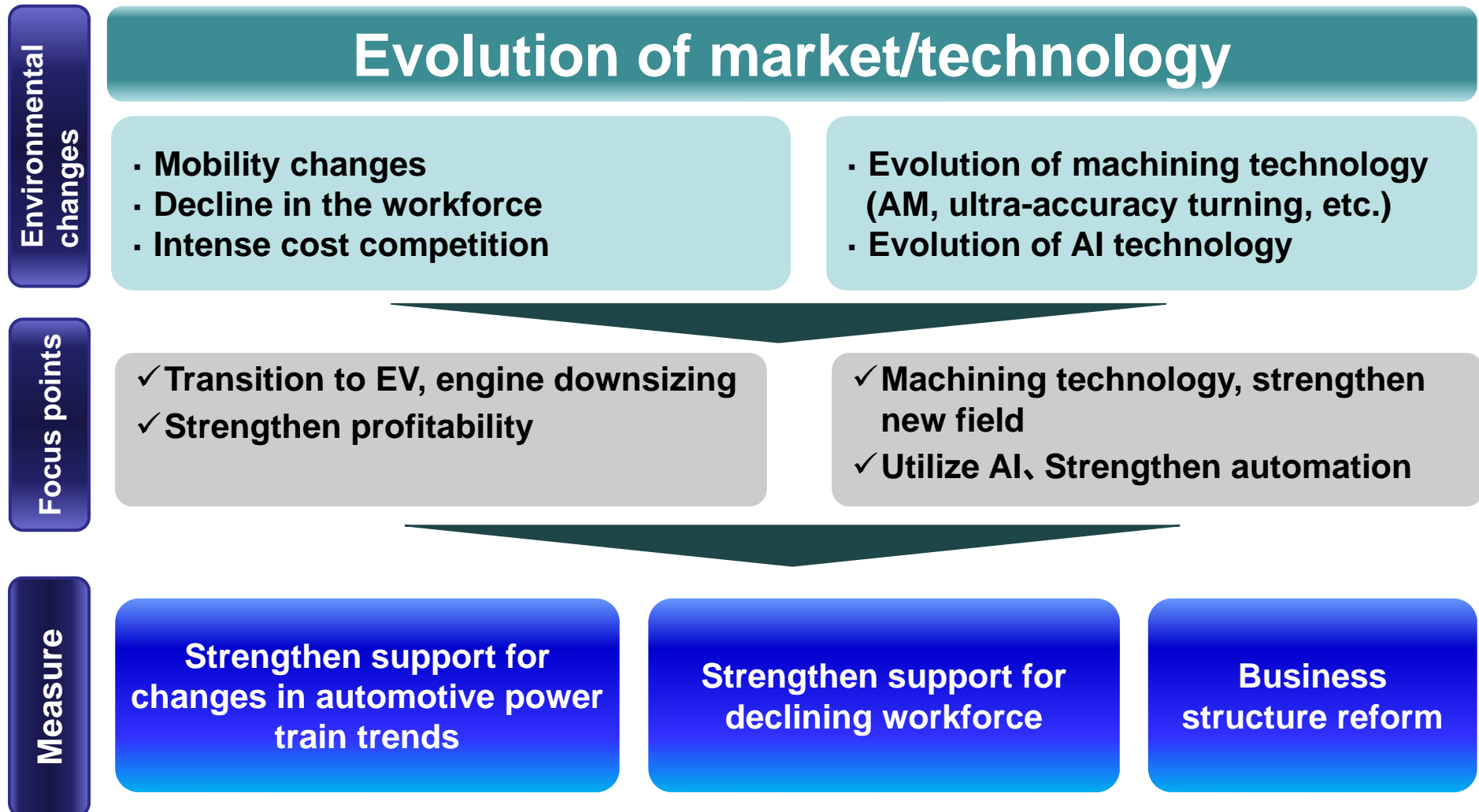
<Ball screw assembly structure>



# 5) Machine Tools & Mechatronics



## Offering value in all monozukuri phases



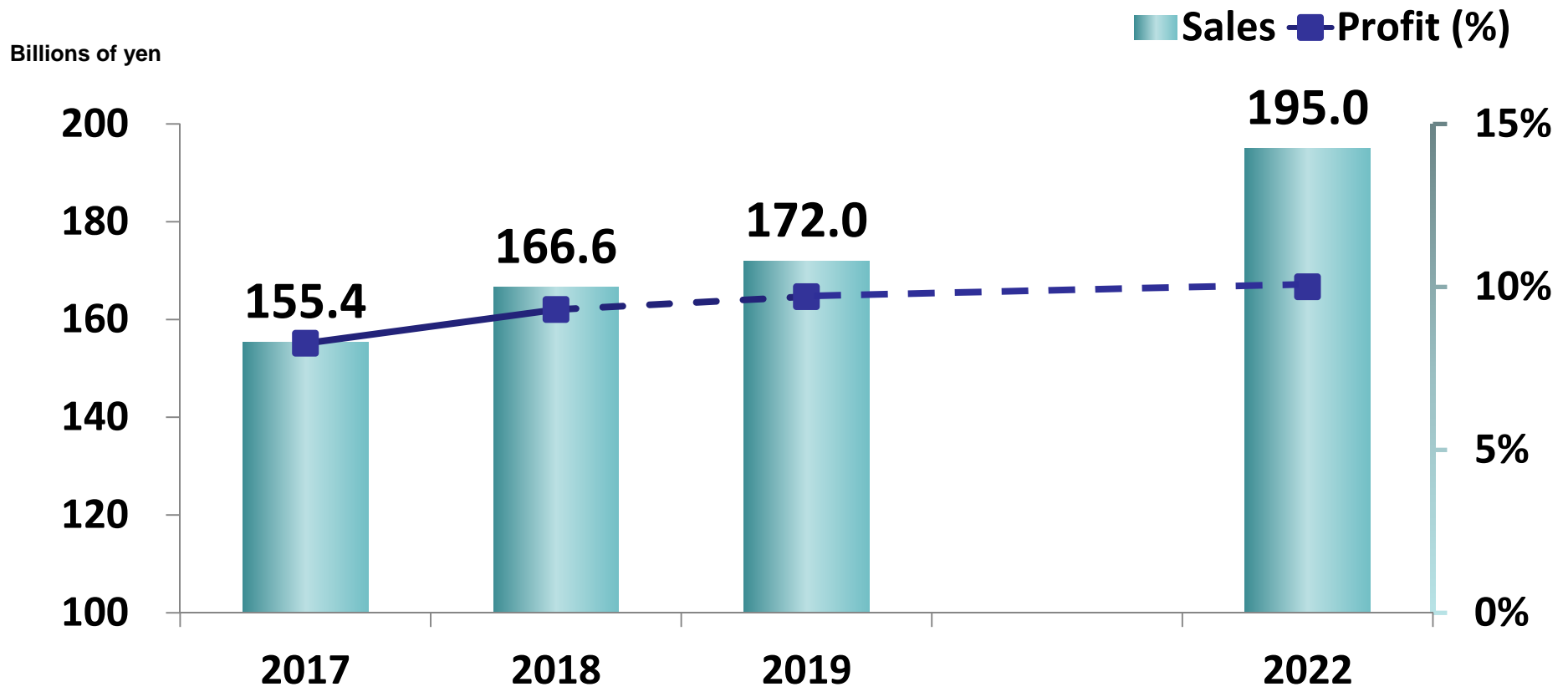
### 3-1-5) Forecast for FY2018 Mid-term Business Plan for Machine Tools & Mechatronics

#### FY2018 Sales and Profit Forecast

¥95/US\$, ¥110/€, ¥16/yuan

1<sup>st</sup> half: Sales and profit increased due to growth in grinders and semiconductor processing devices

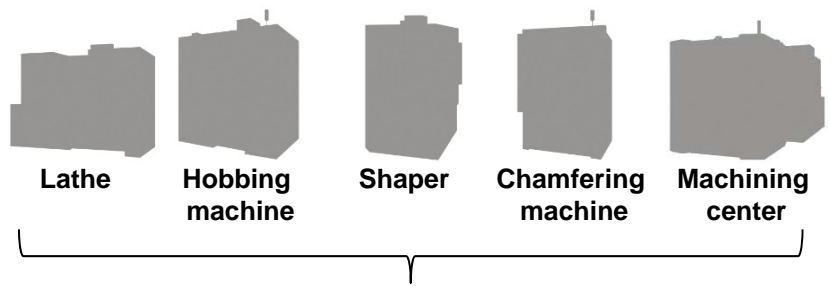
2<sup>nd</sup> half: Although trade conflict is a concern, increase in sales and profit is expected to continue



### 3-1-5) Strengthen support for changes in automotive power train trends

Support downsizing and high-mix production of gears

Supports downsized engines



Generalization of production processes

**JIMTOF2018**  
The 29th JAPAN INTERNATIONAL MACHINE TOOL FAIR

**GF16S**

**GC20M**

Downsizing

**JIMTOF2018**  
The 29th JAPAN INTERNATIONAL MACHINE TOOL FAIR

**GS200H**

Minimization

**JIMTOF2018**  
The 29th JAPAN INTERNATIONAL MACHINE TOOL FAIR

**GE4i**

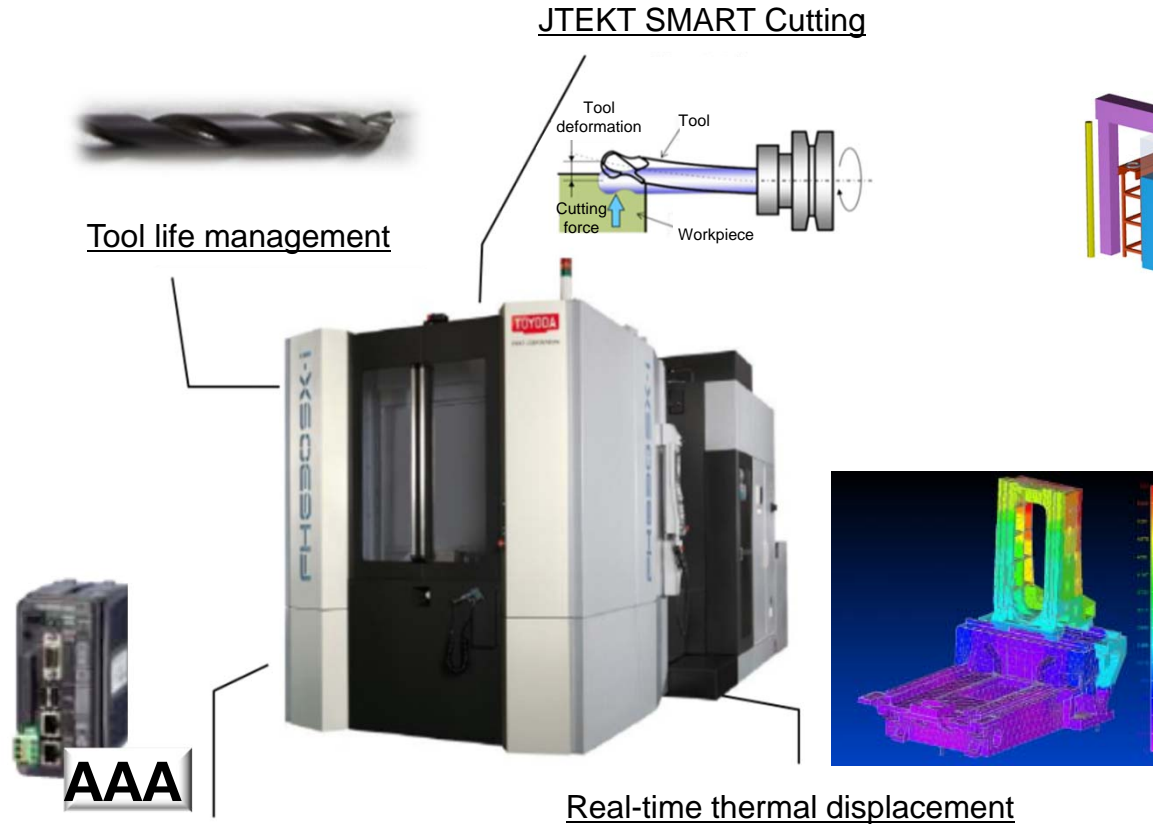
High-accuracy support of battery rolls

Unification    Grinding

Auto-correct of warping

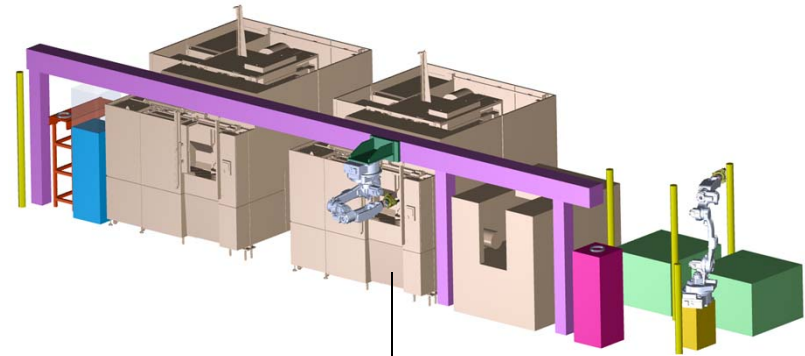
# Smartification of machines

# Smart Factory Partners



Data collection/accumulation

Automation of craftsmanship taking over the role of experienced workers



70 M	A	B	81 M
75	71	70	5211
4020	0	0	1010
1	0	0	1
80 M	A	B	01
5011	0	833	186
44100	0	0	1010
0	0	0	0
81 M	A	B	01
1	451	0	70
4410	0	0	1010
1	0	0	1
71 A	A	B	01
1	785	70	0
44100	0	0	1010
4	0	0	0

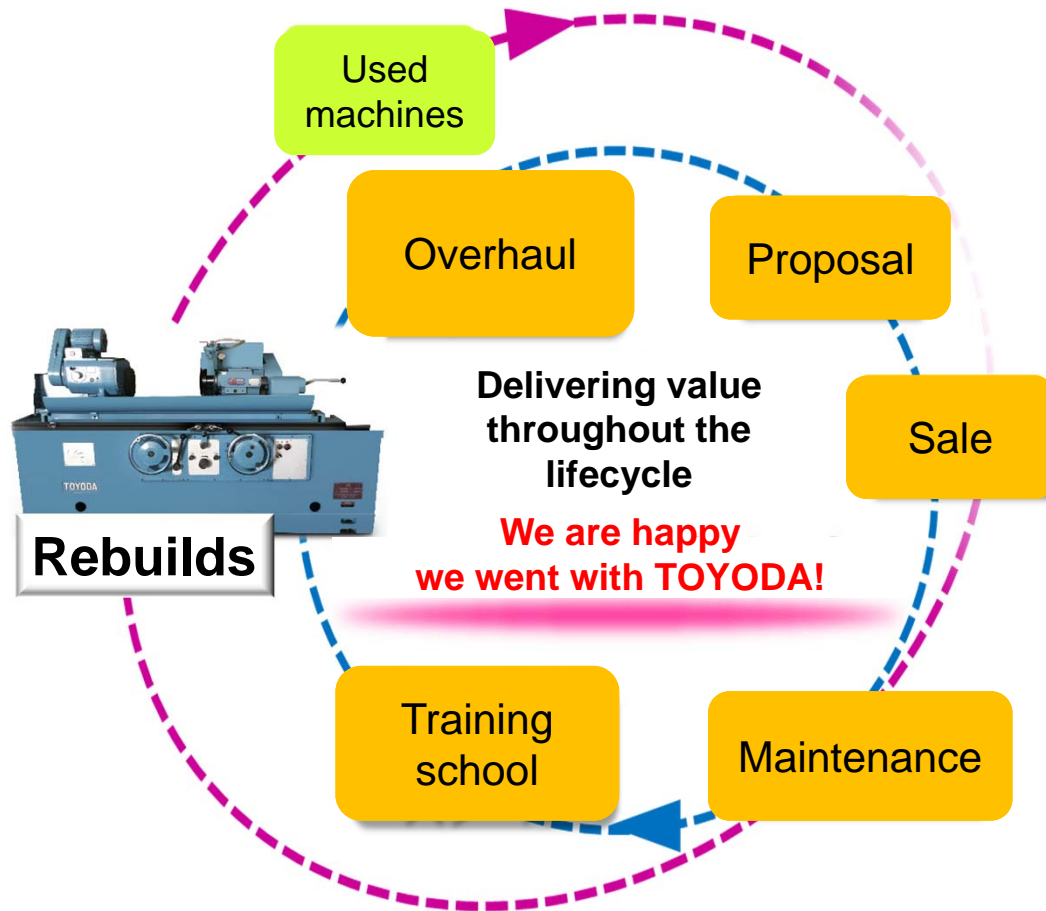
Hawkeye

Accumulate use cases within JTEKT  
-> Offer customers success stories

# 3-1-5) Promote business structure reform

Build a foundation through after-sales service

Develop new fields by anticipating needs



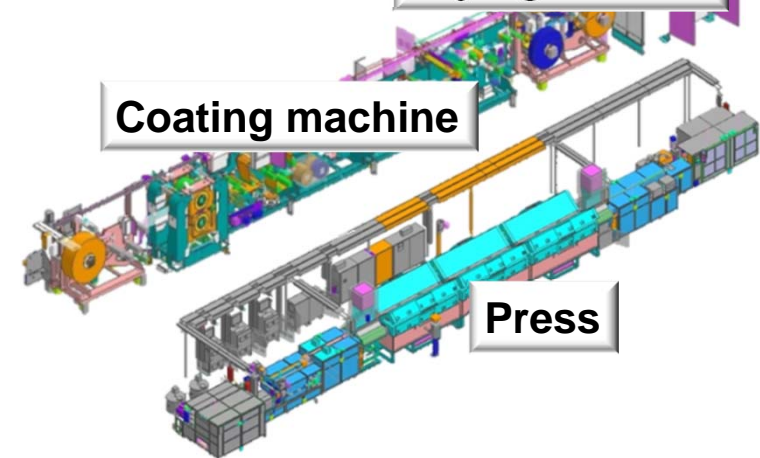
5-axis machining center



Aircraft components

Drying furnace

Coating machine



Press

Equipment for lithium batteries

## 6) Initiatives for New Business

# 3-1-6) New Business Initiatives (Capacitor, J-PAS)

## Production preparation for lithium-ion capacitors

2019/4 to 8  
Higashi Kariya Office : 2,000 cells/month

↓ Relocate and add equipment

2019/10 and later  
Hanazono Plant : 40,000 cells/month



**Concept Picture of completed lithium-ion capacitor production building**  
(Completion scheduled for end July, 2019)

## Power-assist suit ISO13482 certified

Safety standards for service robots and lifestyle-support robots  
Prove that internationally-recognized safety requirements are met

↓

Improve customers' peace of mind towards products and product reliability



Develop new types as series : Accelerate development of smaller, more lightweight, and medium-output type



# Actions for Developing Corporate Value

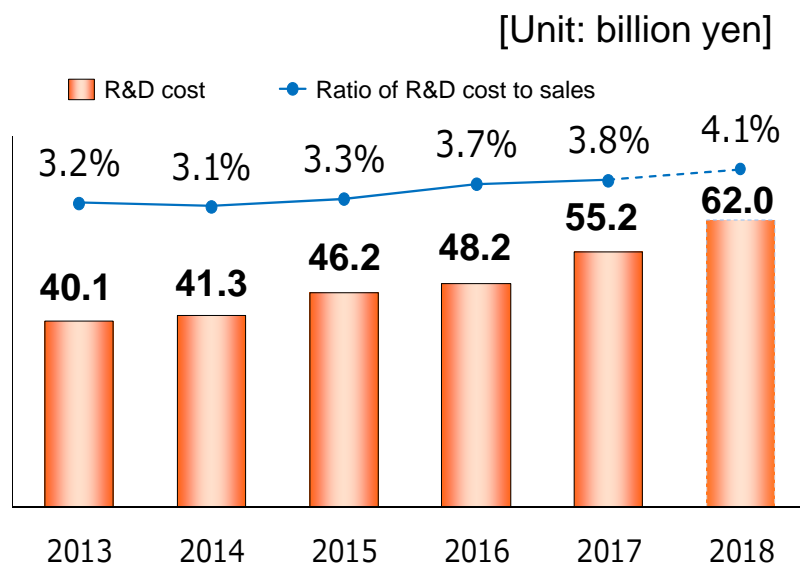
- Enhancement of Fundamental Basis



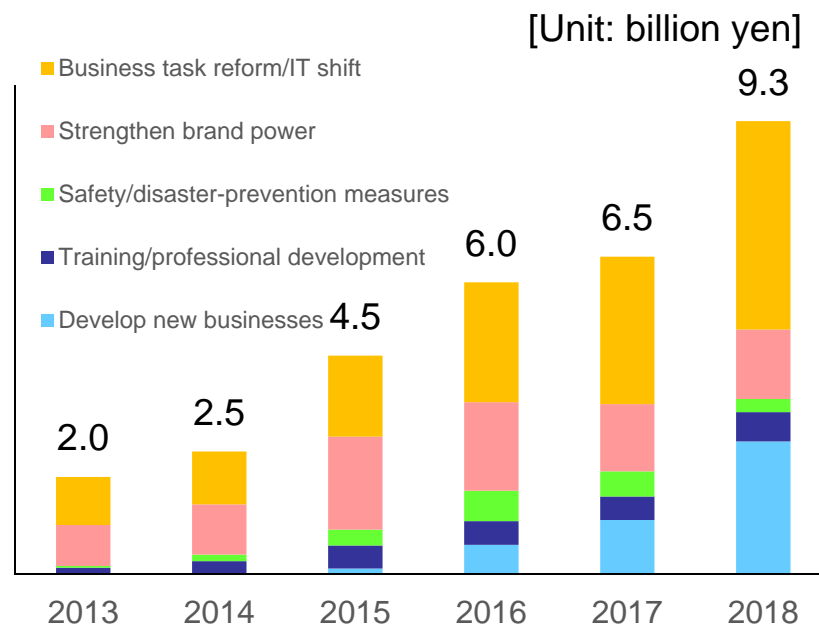
## 3-2) Initiatives for enhancing business infrastructures

**Proactive investment to strengthen business infrastructures and ultimately achieve sustainable growth**

**R&D costs**



**Expenses relating to business infrastructures**

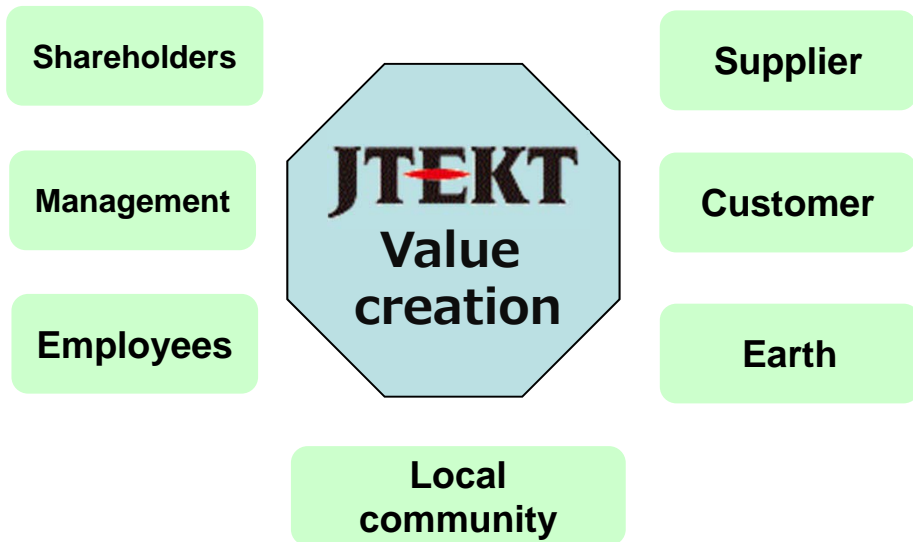


**Maintain the increasing trend of R&D investment for the creation of new products and services that will be our future profit sources, and proactively invest in the field of new business development**

# 3-2) Management concepts to achieve sustainable growth

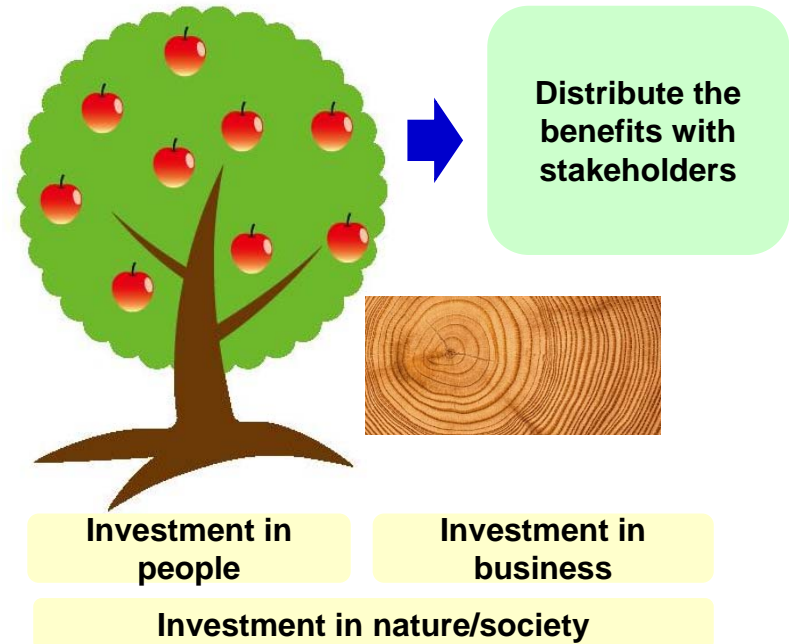
## Public interest capitalism

The values created through JTEKT's business activities are distributed with consideration to the benefit of all stakeholders including our planet's environment.



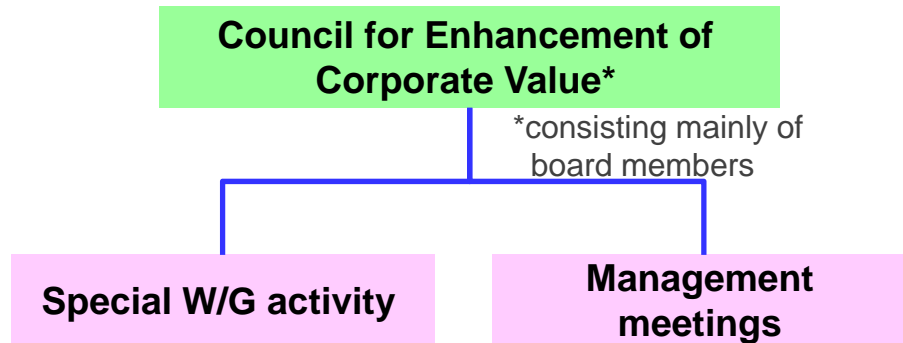
## Tree-ring management

JTEKT converts various investments into nutrition to contribute to the ongoing growth and to be a "good company."



# 3-2) Initiatives to promote ESG activities

## Promote ESG activities and concrete outputs



Promotion/ progress monitoring  
(Allocate resources to ESG activities on top-down approach)

## Output as results

Integrated Report  
(in Japanese and English)



Sustainability website (in Japanese and English)

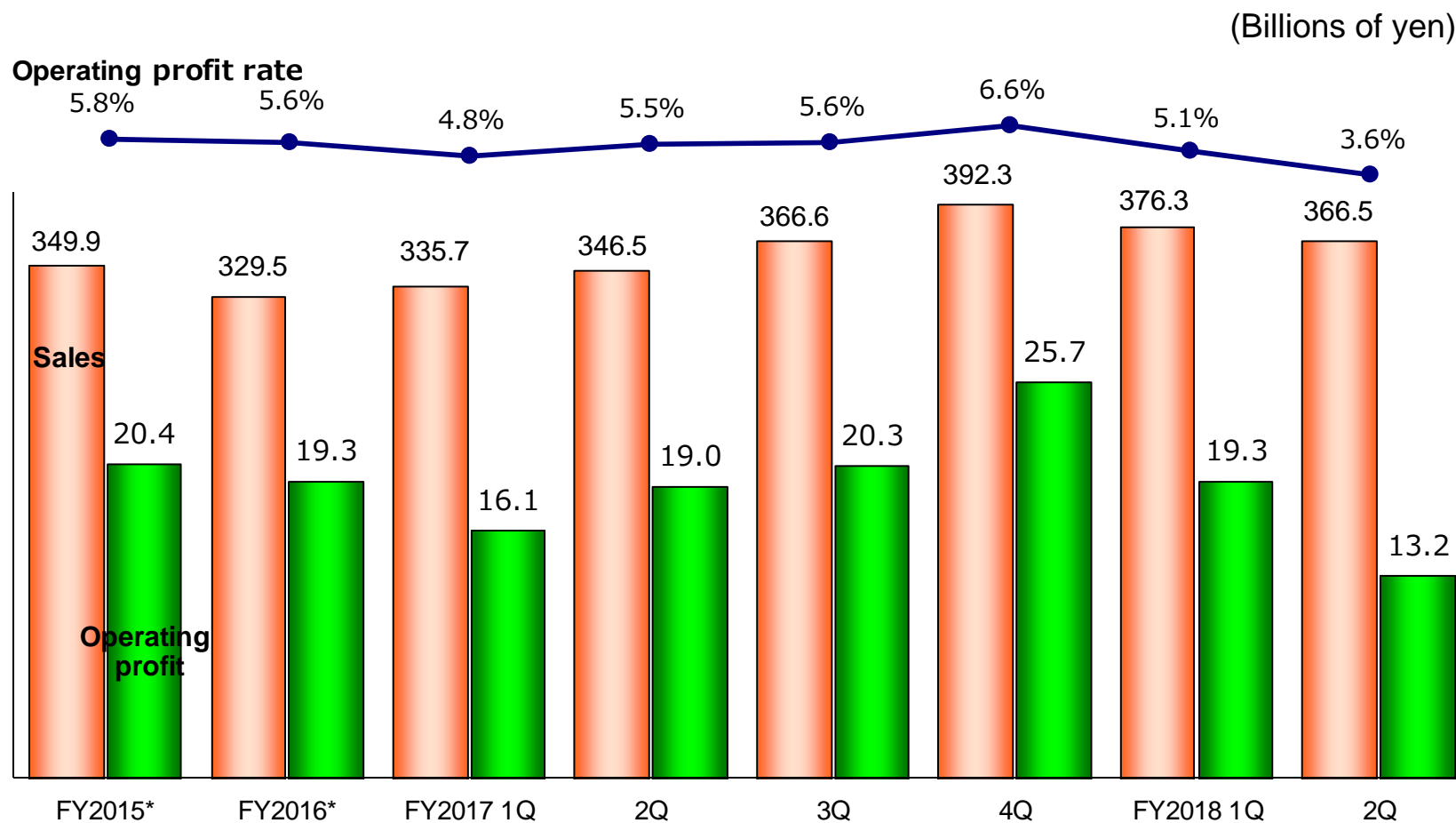


## Tasks being promoted

Prepare to acquire ESG ratings by external rating agencies

Thank you!

# (Reference) Quarterly Result Trend



USD	JPY120	JPY108	JPY111	JPY111	JPY113	JPY108	JPY109	JPY111
EUR	JPY133	JPY119	JPY122	JPY130	JPY133	JPY133	JPY130	JPY130

\*: The FY2015 and FY2016 show the quarterly average. The same applies to the following slides.

# (Reference) Sales Forecast by Business Units

(billions of yen)

		FY2017 Full year (Actual)	FY2018 (Forecast)			Increase/ Decrease	Increase/ Decrease (%)
			1H (Actual)	2H (Forecast)	Full year (Forecast)		
Mechanical components	Steering systems	711.8	369.8	385.6	755.5	+ 43.6	+ 6.1%
	Driveline	145.4	76.9	77.0	154.0	+ 8.5	+ 5.9%
	Bearings	422.3	211.2	207.7	419.0	(3.3)	(0.8%)
	<b>[Total]</b>	<b>1279.5</b>	<b>658.0</b>	<b>670.4</b>	<b>1328.5</b>	<b>+ 48.9</b>	<b>+ 3.8%</b>
Machine tools and	Machine tools	160.0	84.0	85.9	170.0	+ 9.9	+ 6.2%
	Others	1.5	0.8	0.6	1.5	+ 0.0	(1.5%)
	<b>[Total]</b>	<b>161.5</b>	<b>84.8</b>	<b>86.6</b>	<b>171.5</b>	<b>+ 9.9</b>	<b>+ 6.1%</b>
<b>[Total Sales]</b>		<b>1441.1</b>	<b>742.9</b>	<b>757.0</b>	<b>1500.0</b>	<b>+ 58.8</b>	<b>+ 4.1%</b>

# (Reference) Sales Forecast by Company Locations

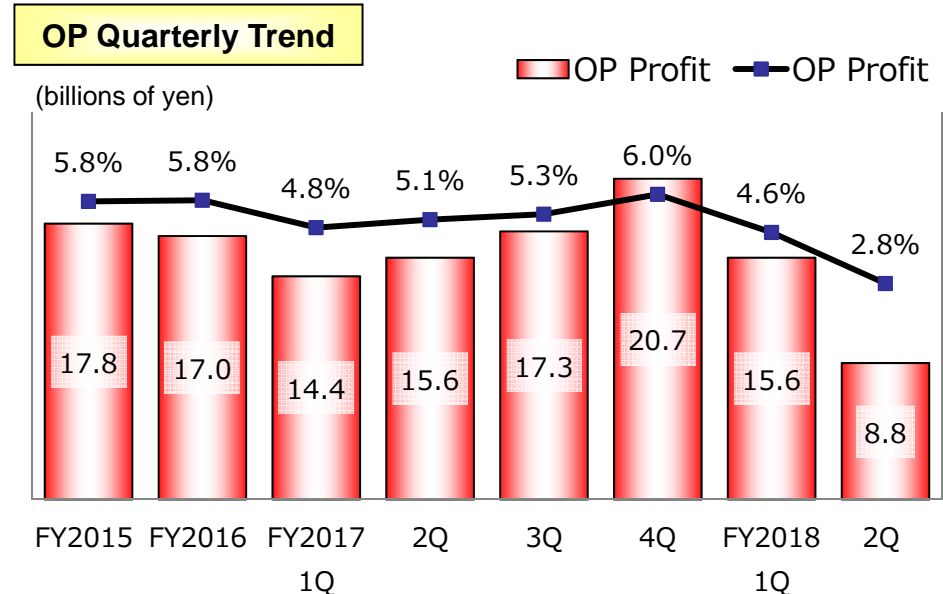
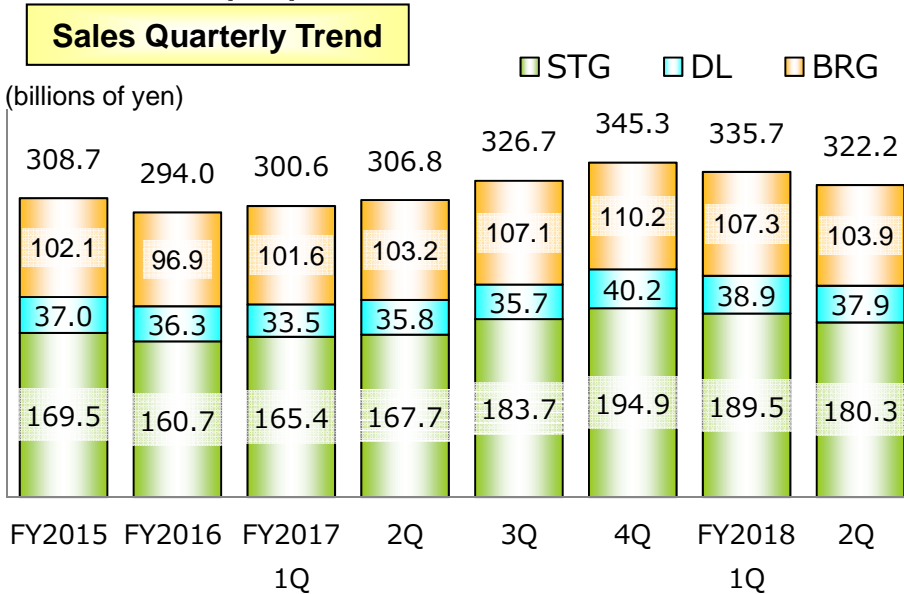
(billions of yen)

	FY2017 Full year (Actual)	FY2018 (Forecast)			Increase/ Decrease	Increase/ Decrease (%)
		1H (Actual)	2H (Forecast)	Full year (forecast)		
Japan	582.4	296.7	301.7	598.5	+ 16.0	+ 2.8%
Europe	220.7	113.2	118.7	232.0	+ 11.2	+ 5.1%
North America	298.2	154.7	149.7	304.5	+ 6.2	+ 2.1%
Asia/Oceania (including India)	164.4	88.3	88.6	177.0	+ 12.5	+ 7.7%
China	146.9	76.1	84.8	161.0	+ 14.0	+ 9.5%
South America & Others	28.3	12.6	14.3	27.0	(1 .3)	(4.7%)
<b>[Total Sales]</b>	<b>1441.1</b>	<b>741.8</b>	<b>758.1</b>	<b>1500.0</b>	<b>+ 58.8</b>	<b>+ 4.1%</b>

# (Reference) Financial Results by Business (Mechanical Components)

Mechanical components		FY2017 2Q total	FY2018 2Q total	Increase/ Decrease	Increase/ Decrease
Steering	Sales	333.1	369.8	+ 36.7	+ 11.0%
Drivelines	Sales	69.4	76.9	+ 7.5	+ 10.9%
Bearings	Sales	204.9	211.2	+ 6.2	+ 3.1%
[Total]	Sales	607.4	658.0	+ 50.5	+ 8.3%
	OP Profit	30.1	24.4	(56.0)	(18.8%)
	OP Profit (%)	5.0%	3.7%		

\* Intercompany elimination is omitted.





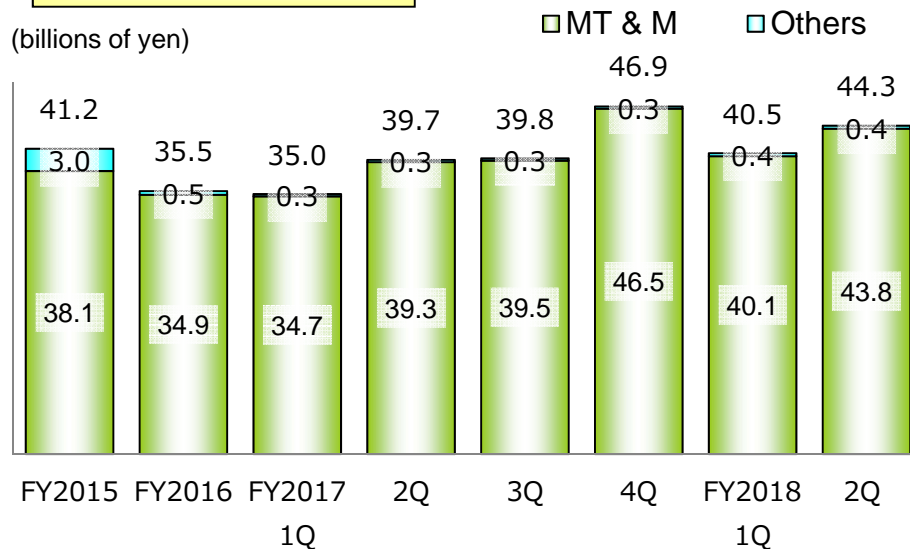
**(Reference) Financial Results by Business (Machine Tools & Others)**

(billions of yen)

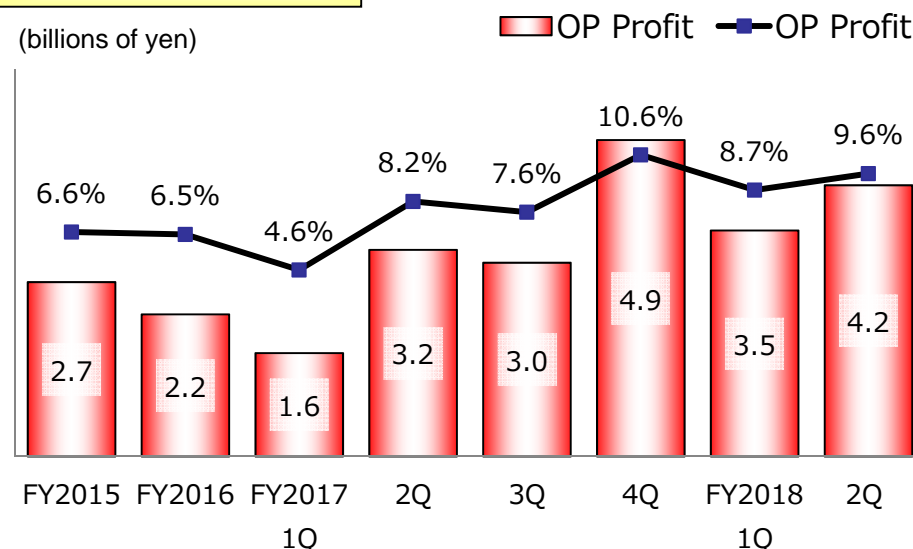
Machine tools and others		FY2017 2Q total	FY2018 2Q total	Increase/ Decrease	Increase/ Decrease
Machine tools	Sales	74.0	84.0	+ 10.0	+ 13.5%
Others	Sales	0.7	0.8	+ 0.0	+ 10.0%
[Total]	Sales	74.8	84.8	+ 100.0	+ 13.5%
	OP Profit	4.8	7.7	+ 2.9	+ 60.2%
	OP Profit (%)	6.5%	9.2%		

\* Intercompany elimination is omitted.

**Sales Quarterly Trend**



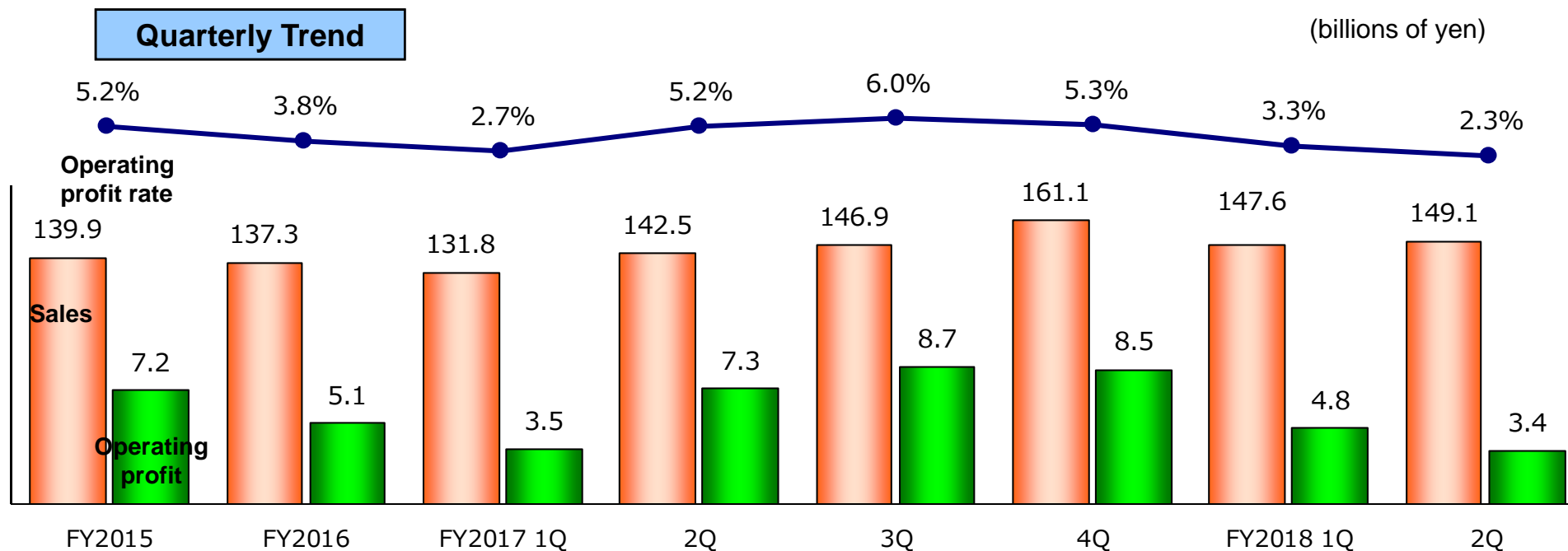
**OP Quarterly Trend**



**(Reference) Financial Results by Region (Japan)**

Japan	FY2017 2Q total	FY2018 2Q total	Increase/ Decrease	Increase/ Decrease
Sales	274.3	296.7	+ 22.3	+ 8.2%
OP Profit	10.9	8.2	(26.0)	(24.4%)
OP Profit (%)	4.0%	2.8%		

(billions of yen)

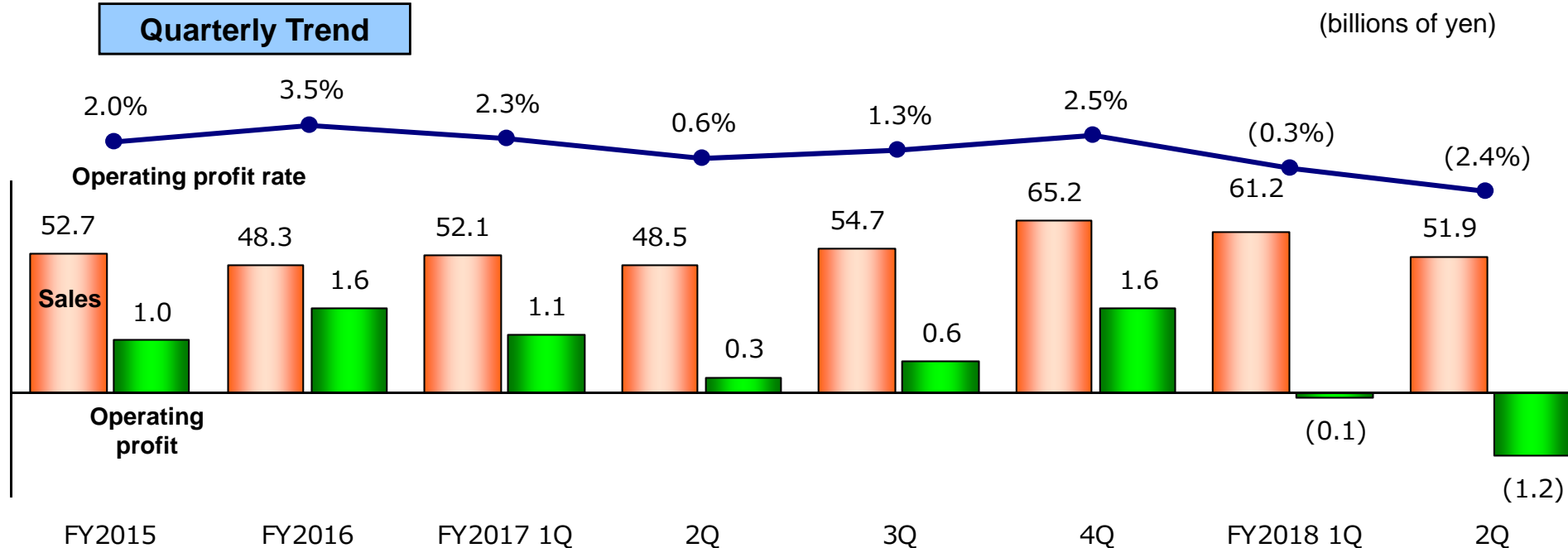


(Reference) Financial Results by Region (Europe)

Europe	FY2017 2Q total	FY2018 2Q total	Increase/ Decrease	Increase/ Decrease
Sales	100.6	113.2	+ 12.5	+ 12.5%
OP Profit	1.5	(1.4)	(2.9)	(193.7%)
OP Profit (%)	1.5%	(1.2%)		

(billions of yen)

Quarterly Trend

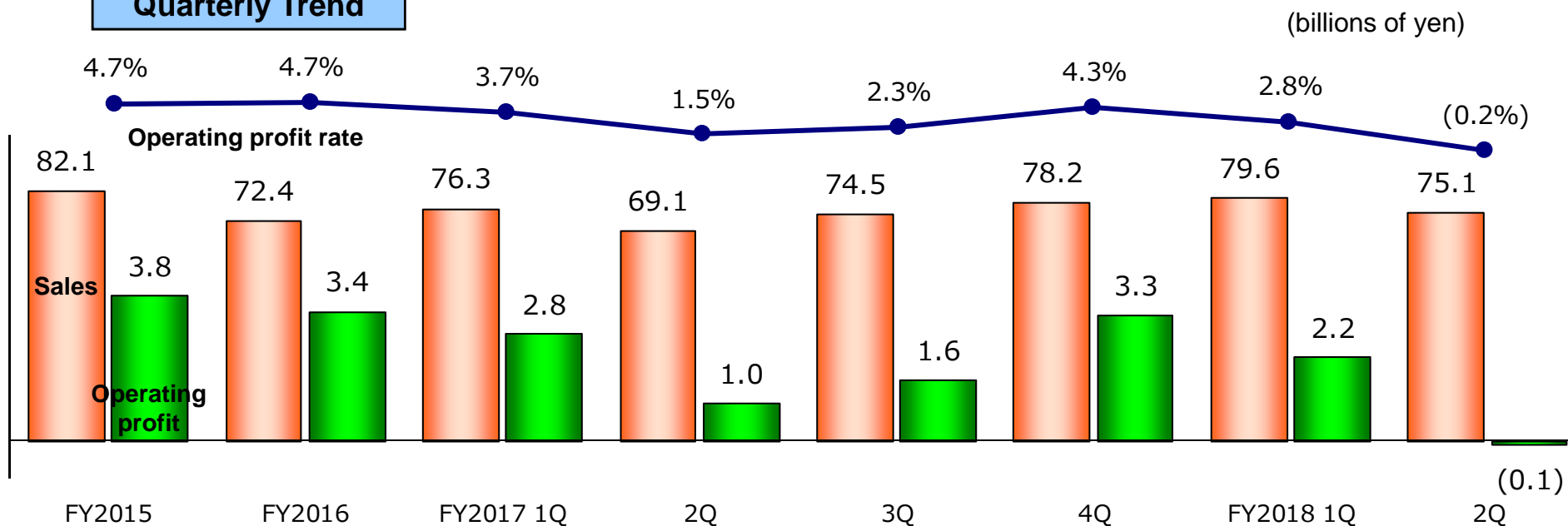


(Reference) Financial Results by Region (North America)

North America	FY2017 2Q total	FY2018 2Q total	Increase/Decrease	Increase/Decrease
Sales	145.4	154.7	+ 9.2	+ 6.4%
OP Profit	3.9	2.1	(1.7)	(45.8%)
OP Profit (%)	2.7%	1.4%		

(billions of yen)

Quarterly Trend

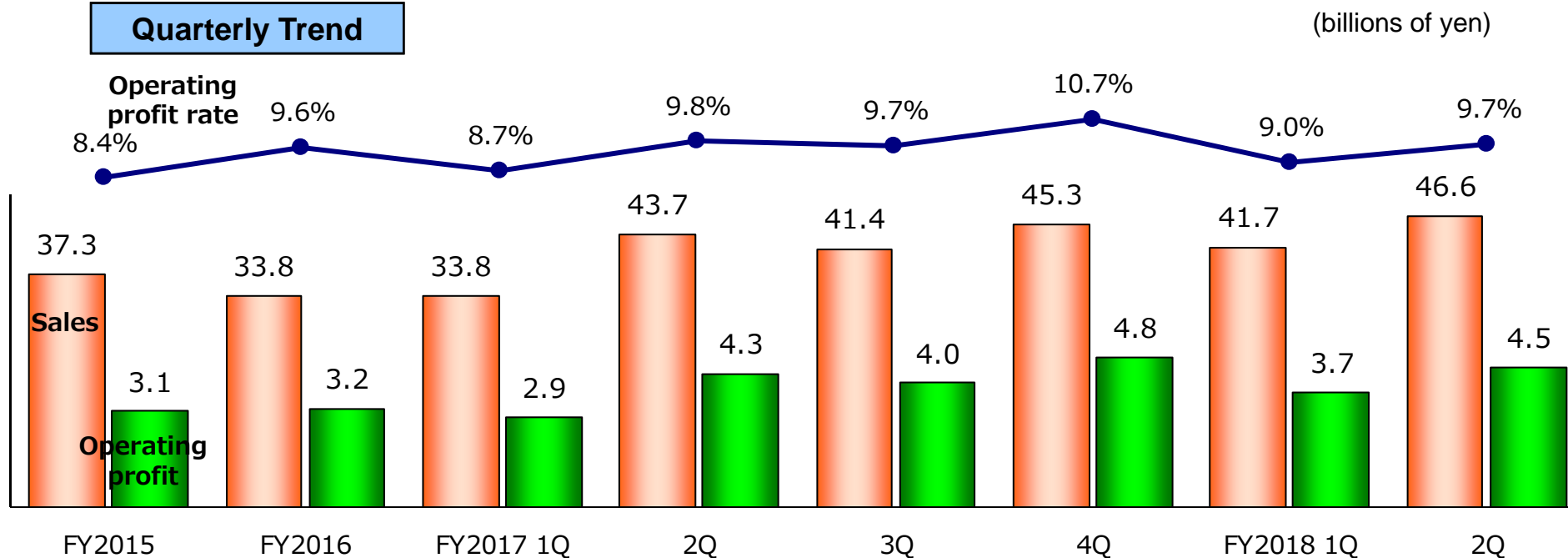


# (Reference) Financial Results by Region [Asia/Oceania (Including India)]

Asia/Oceania (Including India)	FY2017 2Q total	FY2018 2Q total	Increase/ Decrease	Increase/ Decrease
<b>Sales</b>	77.5	88.3	+ 10.7	+ 13.9%
<b>OP Profit</b>	7.2	8.2	+ 1.0	+ 14.6%
<b>OP Profit (%)</b>	9.3%	9.4%		

(billions of yen)

## Quarterly Trend

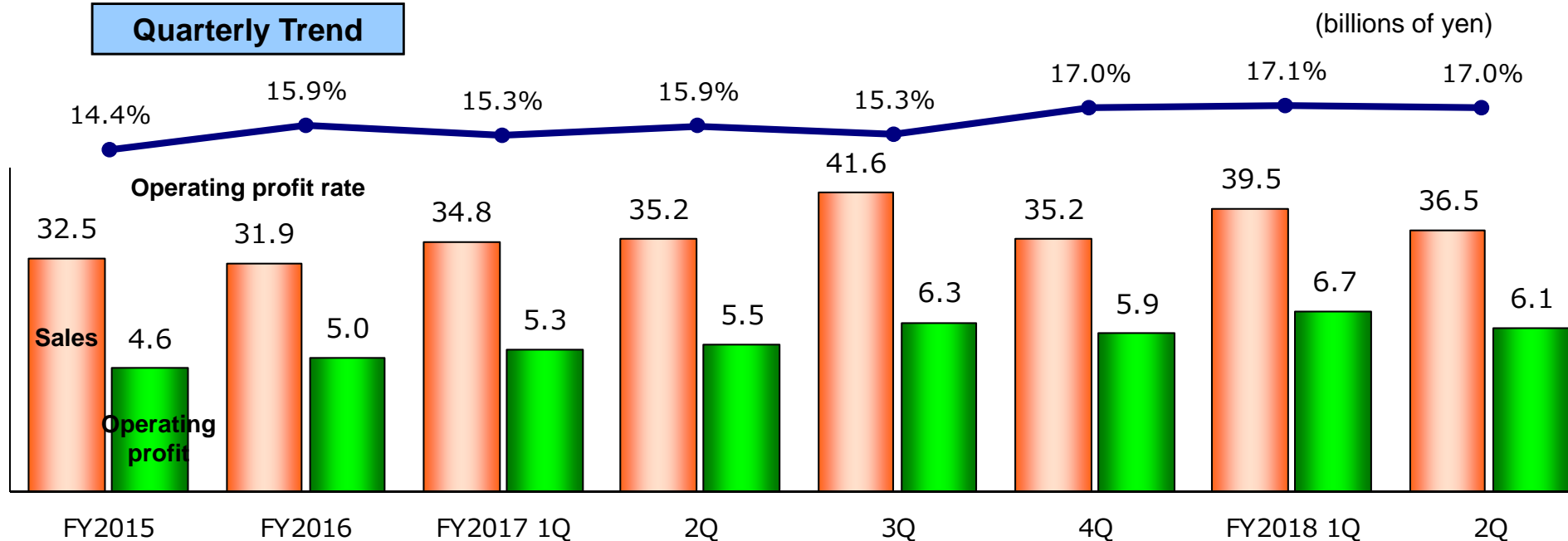


# (Reference) Financial Results by Region (China)

China	FY2017 2Q total	FY2018 2Q total	Increase/ Decrease	Increase/ Decrease
Sales	70.0	76.1	+ 6.0	+ 8.6%
OP Profit	10.9	12.9	+ 2.0	+ 18.8%
OP Profit (%)	15.6%	17.0%		

(billions of yen)

Quarterly Trend



(Reference) Financial Results by Region [South America and Others]

South America &	FY2017 2Q total	FY2018 2Q total	Increase/Decrease	Increase/Decrease
Sales	14.1	13.7	(0.4)	(3.0%)
OP Profit	1.2	0.8	(0.3)	(28.2%)
OP Profit (%)	8.7%	6.5%		

(billions of yen)

Quarterly Trend

