

IR Presentation

for the Second Quarter

of Fiscal Year Ending March 2020

November 8, 2019

JTEKT Corporation

1. Results for the Second Quarter
of Fiscal Year Ending March 2020

2. Full-year Forecasts for Fiscal Year Ending March 2020

3. Business Unit Status

1-1) Consolidated Performance

Significant declined in profit despite accumulating cost improvement under the environment of strong yen and lower demand.

Restructuring costs for North American business units further decreased profit attributable to owners of parent.

		Unit : Billions of yen (%) : Ratio to sales		FY2018 2Q total	FY2019 2Q total	Increase/ Decrease	Increase/ Decrease (%)
Net sales				742.9	721.9	△ 20.9	△ 2.8%
Operating income		(4.4%)		32.5	(2.9%) 21.1	△ 11.3	△ 35.0%
Ordinary income		(4.7%)		34.7	(3.1%) 22.4	△ 12.2	△ 35.4%
Profit (loss) attributable to owners of parent		(2.6%)		19.0	(0.7%) 47.0	△ 14.3	△ 75.2%
Foreign exchange (Apr. to Sep.)				¥110.26/USD ¥129.85/EUR	¥108.63/USD ¥121.42/EUR	¥1.63 strong yen ¥8.43 strong yen	
Capital expenditures				32.1	35.5	+ 3.4	+ 10.6%
Depreciation and amortization				31.6	31.9	+ 0.3	+ 0.9%
R&D costs		(4.0%)		29.7	(4.5%) 32.4	+ 2.7	+ 9.2%
Divident	Interim			¥22	¥22	—	
	Term-end			¥22	¥22	—	

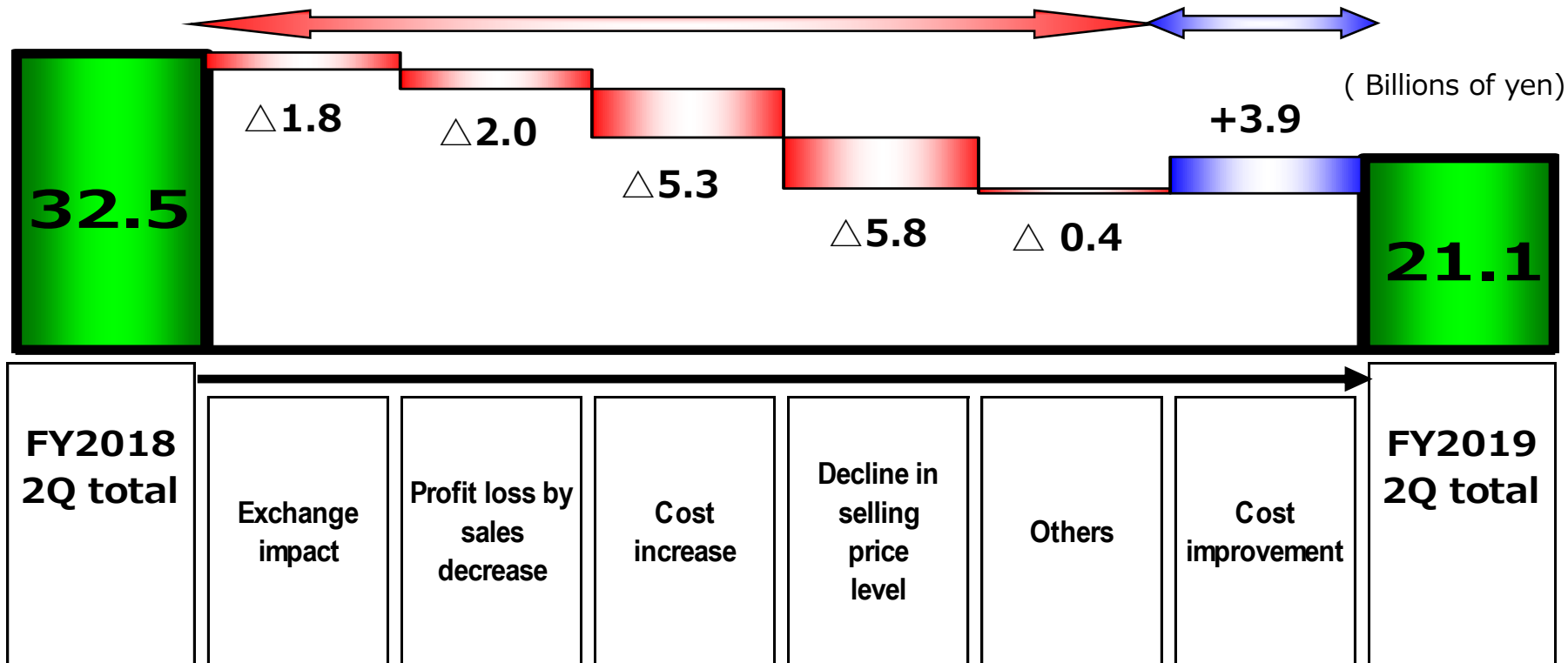
1-2) Operating Profit Analysis

The decline in selling price levels could not be covered by cost improvements. Profits also declined significantly due to a decline in sales and an increase in R & D expenses for CASE.

Operating profit 11.4 billion yen decrease

**Factors of profit decrease
15.3 billion yen**

**Factors of profit increase
3.9 billion yen**



1-3) Results by Business Units

Mechanical Components

Significant declined in profit due to lower demand in China with high profits, decrease in bearings sales in each region, the drop in selling price levels and increased costs.

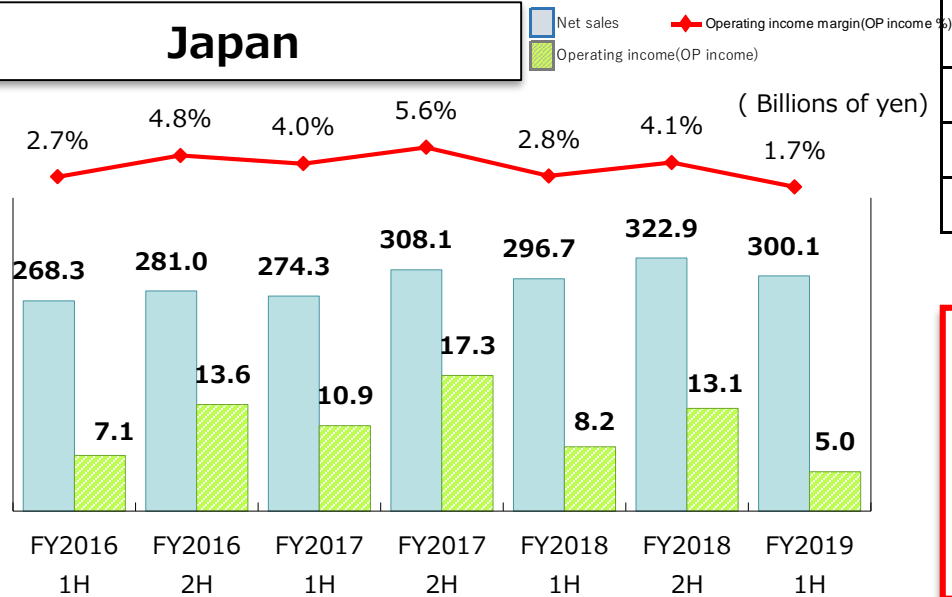
Machine Tools

Despite cost improvement effect, significant declined in profit due to decrease in profits.

		(Billions of yen)	FY2018 2Q total	FY2019 2Q total	Increase/ Decrease	Increase/ Decrease (%)
Mechanical components	Net sales		658.0	640.1	△ 17.8	△ 2.7%
	Steering systems		369.8	369.6	△ 0.2	△ 0.1%
	Drivelines		76.9	76.5	△ 0.4	△ 0.6%
	Bearings		211.2	194.0	△ 17.2	△ 8.1%
	Operating income		24.4	13.9	△ 10.5	△ 43.2%
	(Operating income(%))		(3.7%)	(2.2%)		
Machine tools	Net sales		84.8	81.7	△ 3.0	△ 3.7%
	Machine tools		84.0	80.9	△ 3.0	△ 3.6%
	Others		0.8	0.8	△ 0.0	△ 4.9%
	Operating income		7.7	6.6	△ 1.1	△ 14.7%
	(Operating income(%))		(9.2%)	(8.1%)		

1-4) Results by Company Location ①

Japan

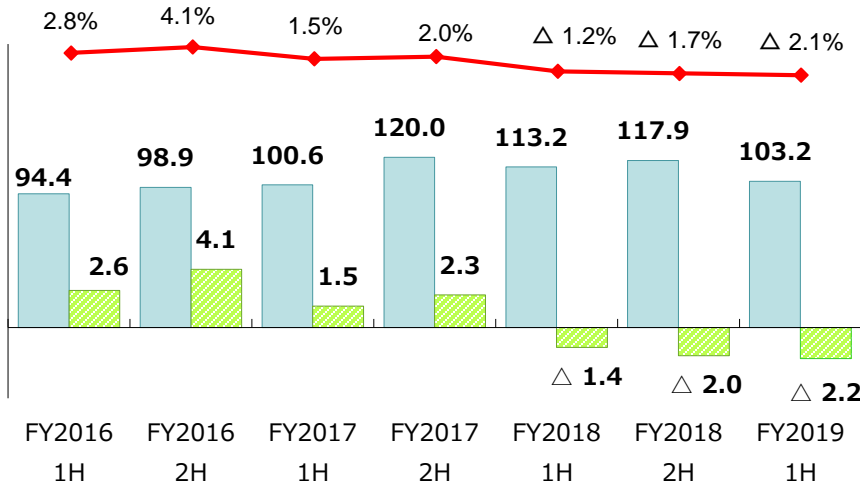


	FY2018 2Qtotal	FY2019 2Qtotal	Increase/ Decrease
Net sales	296.7	300.1	3.4
OP income	8.2	5.0	△ 3.1
OP income(%)	2.8%	1.7%	-

Increase in sales/decrease in profit

- Sales increased in STG.
- Although increased in profit of machine tools, significant declined in profit due to decreased in sales of drivelines (Non-consolidated) and bearings.

Europe



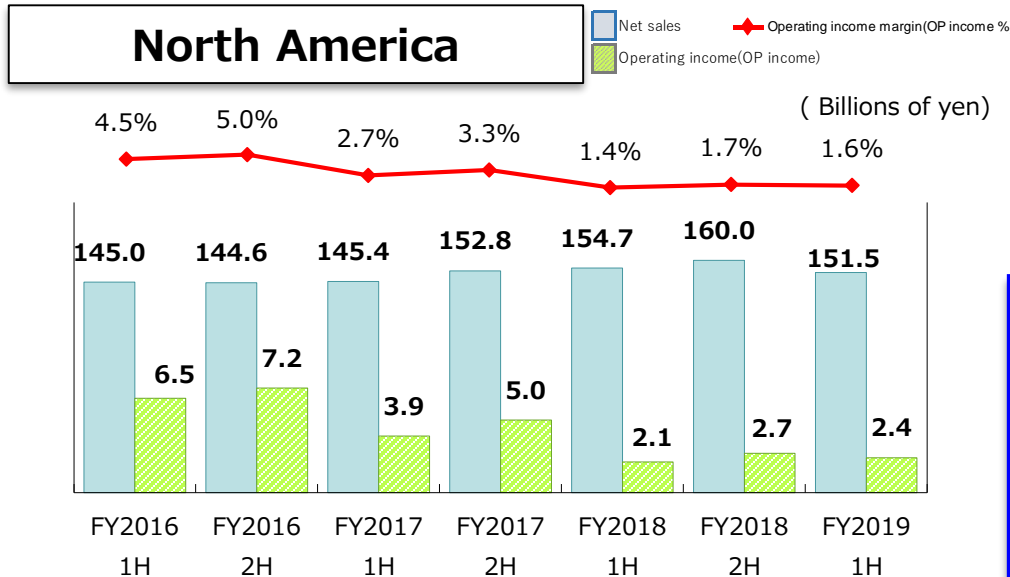
	FY2018 2Qtotal	FY2019 2Qtotal	Increase/ Decrease
Net sales	113.2	103.2	△ 9.9
OP income	△ 1.4	△ 2.2	△ 0.8
OP income(%)	△ 1.2%	△ 2.1%	-

Decrease in sales and profit

- Decreased in sales in each business units, especially in bearings.
- Significant declined in profit due dur to decreased in sales of STG and bearings, continued deficit.

1-5) Results by Company Location ②

(billions of yen)

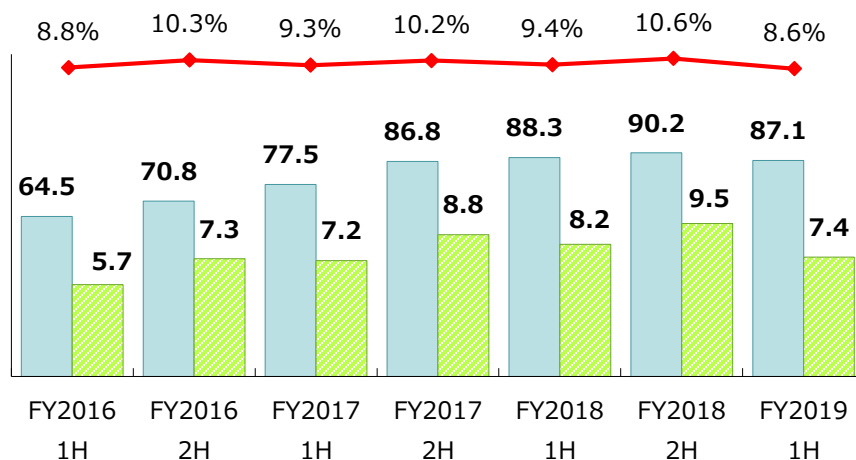


	FY2018 2Qtotal	FY2019 2Qtotal	Increase/ Decrease
Net sales	154.7	151.5	△ 3.1
OP income	2.1	2.4	0.3
OP income(%)	1.4%	1.6%	-

Decrease in sales/increase in profit

- Although Sales in STG and drivelines increased, overall sales decreased due to a decrease in bearings.
- Although profits in bearings declined significantly, overall profits increased due to increased sales in STG and improved profits in drivelines.

Asia/Oceania (including India)



	FY2018 2Qtotal	FY2019 2Qtotal	Increase/ Decrease
Net sales	88.3	87.1	△ 1.2
OP income	8.2	7.4	△ 0.8
OP income(%)	9.4%	8.6%	-

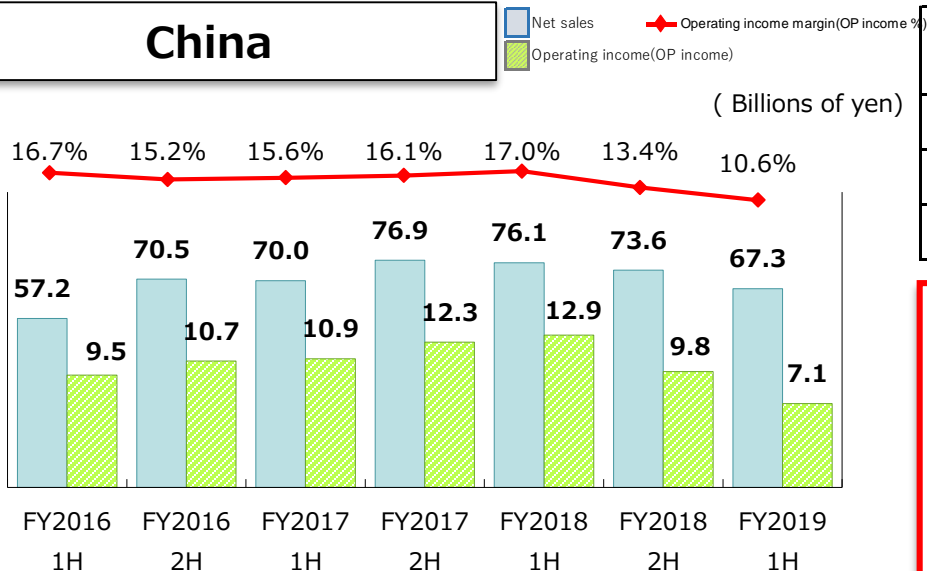
Decrease in sales and profit

- Overall sales decreased due to lower sales in each business excluding STG.
- Decreased in profits of STG and bearings due to sluggish Indian automobile market conditions.

1-6) Results by Company Location ③

(Billions of yen)

China

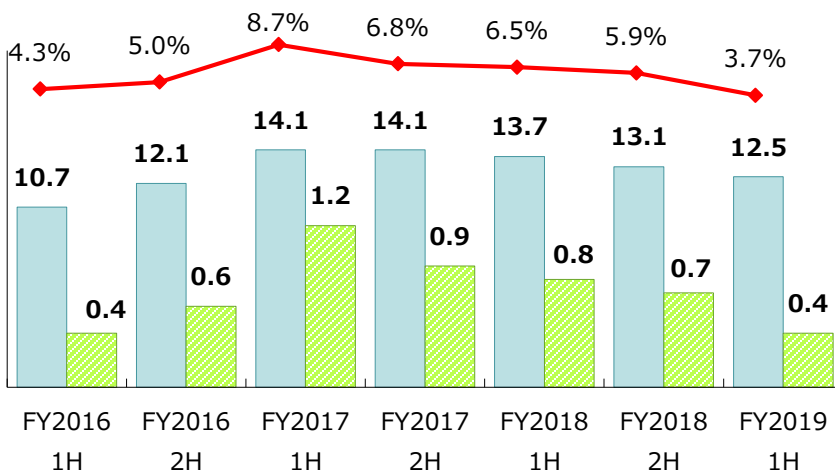


	FY2018 2Qtotal	FY2019 2Qtotal	Increase/Decrease
Net sales	76.1	67.3	△ 8.7
OP income	12.9	7.1	△ 5.8
OP income(%)	17.0%	10.6%	-

Decrease in sales and profit

- Significant declined in sales in mechanical components due to lower demand due to economic slowdown.
- Profits declined significantly due to significant deterioration in profits in STG.

South America/Other



	FY2018 2Qtotal	FY2019 2Qtotal	Increase/Decrease
Net sales	13.7	12.5	△ 1.2
OP income	0.8	0.4	△ 0.4
OP income(%)	6.5%	3.7%	-

Decrease in sales and profit

- Overall sales decreased due to a decrease in sales in STG and bearings.
- Profits declined significantly due to lower profits in STG.

1. Results for the Second Quarter of
Fiscal Year Ending March 2020

2. Full-year Forecasts for Fiscal Year Ending March 2020

3. Business Unit Status

World economy

- Due to the intensification of the trade friction between the United States and China, future demand is still unclear.
- Affected by the uncertainty about leaving EU of UK and the economic downturn in Europe, the manufacturing industry is decelerating.

Japan

- Exports weakened as global economy slowed.
- Concerns about declining consumption due to consumption tax hike.

2-2) Forecasts for Fiscal Year Ending March 2020

Revised plan to decline sales and profits due to both the strong yen and decrease in sales due to a decline in demand.

Unit : Billions of yen
(%) : Ratio to sales

	FY2018 Full year (Result)	FY2019 (Revised Forecast)			Increase/ Decrease	Increase/ Decrease (%)	FY2019 Initial Forecast
		1H	2H	Full year			
Net sales	1,520.8	721.9	718.0	1,440.0	△ 80.8	△ 5.3%	1,530.0
Operating income	(4.4%) 66.6	(2.9%) 21.1	(3.3%) 23.8	(3.1%) 45.0	△ 21.6	△ 32.4%	70.0
Ordinary income(loss)	(4.6%) 69.6	(3.1%) 22.4	(3.4%) 24.5	(3.3%) 47.0	△ 22.6	△ 32.5%	72.0
Profit (loss) attributable to owners of parent	(1.6%) 24.6	(0.7%) 4.7	(1.9%) 13.2	(1.3%) 18.0	△ 6.6	△ 27.0%	40.0
Exchange rate (Apr. to next Mar.)	¥110.91/USD ¥128.41/EUR	¥108.63/USD ¥121.42/EUR	¥105.0/USD ¥115.0/EUR	¥107.0/USD ¥118.0/EUR	¥3.91 strong yen ¥10.41 strong yen		¥110.00/USD ¥120.00/EUR
Capital expenditures	75.2	35.5	48.4	84.0	+ 8.8	+ 11.7%	89.0
Depreciation and amortization	66.9	31.9	33.0	65.0	△ 1.9	△ 2.8%	67.0
R&D costs	(4.2%) 63.6	(4.5%) 32.4	(4.7%) 33.5	(4.6%) 66.0	+ 2.3	+ 3.7%	68.0
Dividend	¥ 44	¥ 22	¥ 22	¥ 44	—		44円

2-3) Operating Profit Analysis

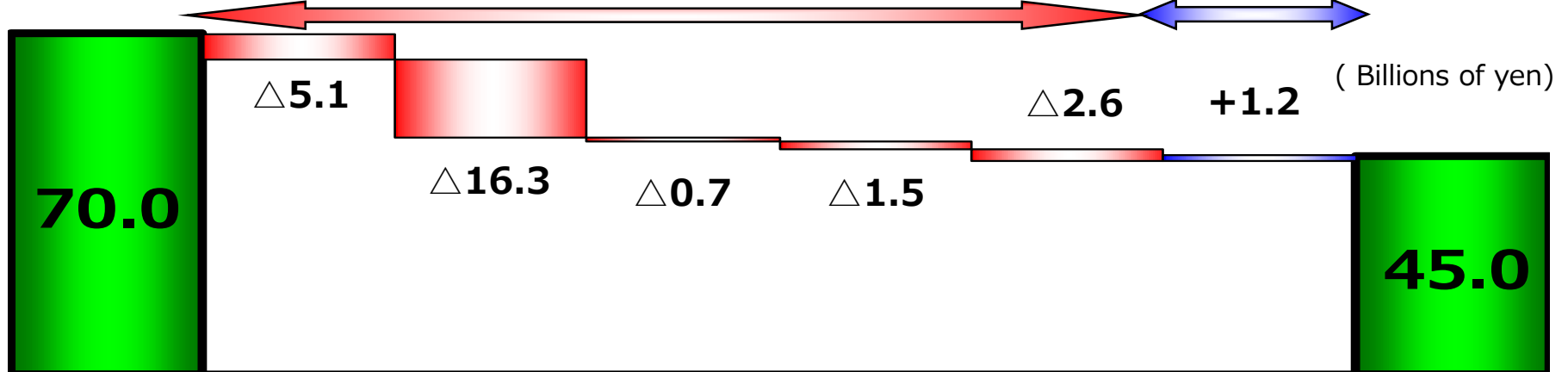
(Initial forecast vs Revised forecast)

Despite efforts to increase sales prices, downward revision to operating profit 45.0 billion yen due to strong yen and significant shift to lower demand.

Operating profit 25.0 billion yen decrease

**Factors of profit decrease
26.2 billion yen**

**Factors of profit increase
1.2 billion yen**



**FY2019
Initial
forecast**

Exchange
impact

Profit loss by
sales
decrease

Cost
increase

Cost
improvement

Others

Increase in
selling
price
level

**FY2019
Revised
forecast**

2-4) Operating Profit Analysis

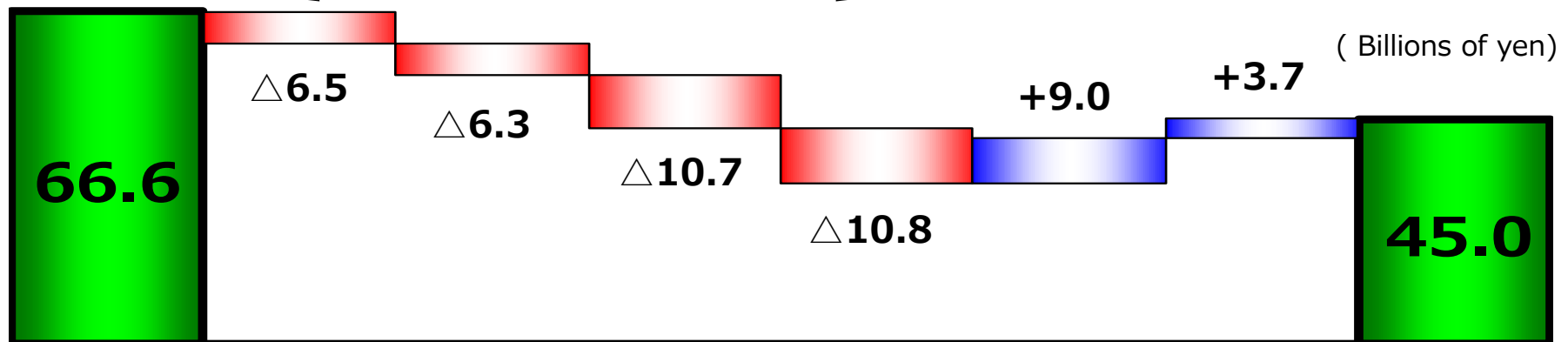
(Previous result vs Revised forecast)

Significant declined in profit due to that a drop in selling price levels and increase expenses could not be covered by cost improvement, in addition to sales decline due to strong yen and lower demand.

Operating profit 21.6 billion yen decrease

**Factors of profit decrease
34.3 billion yen**

**Factors of profit increase
12.7 billion yen**



FY2018 Result	Exchange impact	Profit loss by sales decrease	Cost increase	Decline in selling price level	Cost improvement	Others	FY2019 Revised forecast
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1. Results for the Second Quarter of
Fiscal Year Ending March 2020

2. Full-year Forecasts for Fiscal Year Ending March 2020

3. Business Unit Status

1) Steering Business Units

[Explanation of Abbreviations]

SBW (Steer By Wire)

RP-EPS (Rack Parallel-EPS: Rack parallel type electric power steering)

DP-EPS (Dual Pinion-EPS: Dual Pinion type electric power steering)

3-1-1) Operating Profit Analysis (Initial Forecast vs Revised Forecast)

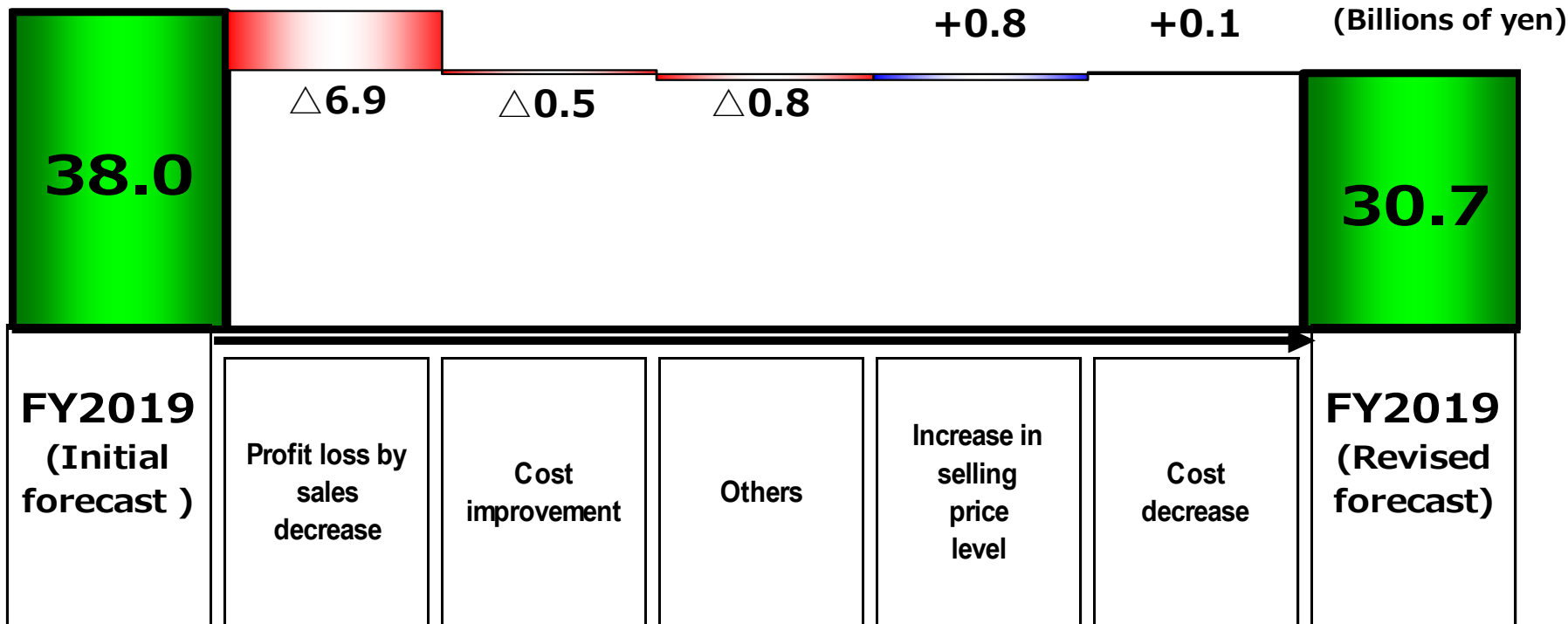
Revised forecast due to sales decline due to stagnation in automobile market such as India and China, and failure to achieve cost targets for launching rack-assisted EPS which is takings

Management rate:
95 yen / \$ 110 yen / €

Operating profit 7.3 billion yen decrease

Factors of profit decrease 8.2 billion yen

Factors of profit increase 0.9 billion yen



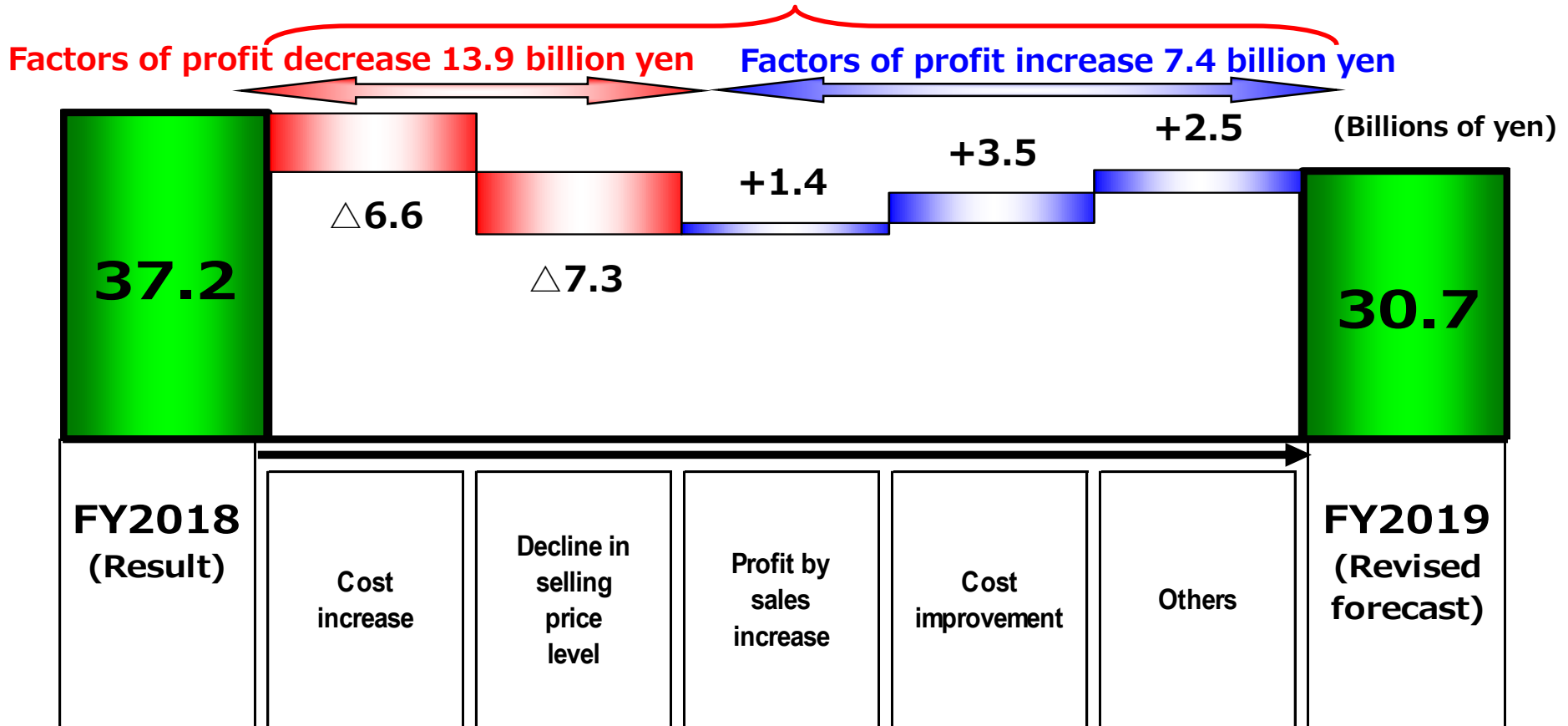
3-1-2) Operating Profit Analysis (Previous Result vs Revised Forecast)

Decreased profits due to increase in depreciation costs due to switching to rack assist EPS, and increased R&D costs for advanced system development

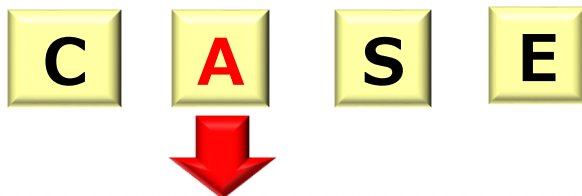
On the other hand, cost improvement of rack assist EPS is steadily promoted

Operating profit 6.5 billion yen decrease

Management rate:
95 yen / \$ 110 yen / €



Advanced development investment to continue to lead the era of autonomous driving as a top runner of advanced steering system technology



Technology and product development to realize autonomous driving



Wheelchair boarding
 (± 40 to 20 mm width, stop)



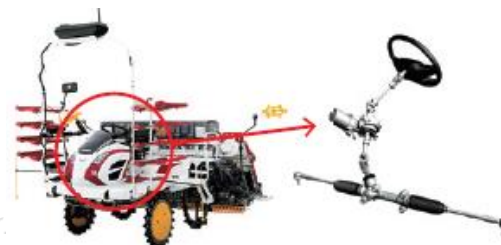
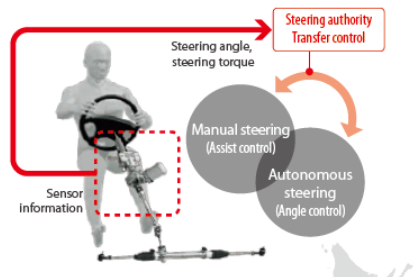
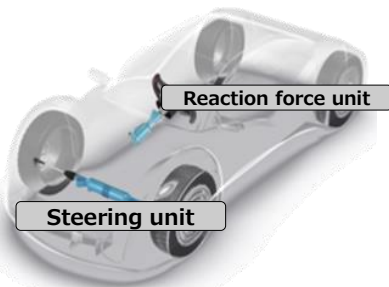
Truck platooning image

<Strengthening development resources>



Keep position of No.1 & Only One in the steering market

<Next-generation public transportation and logistics system>



<Link-less SBW> < Steering authority transfer control > <Intermediate assist-type EPS>

The cost improvement of rack assist EPS has progressed and the planned value has almost been achieved.

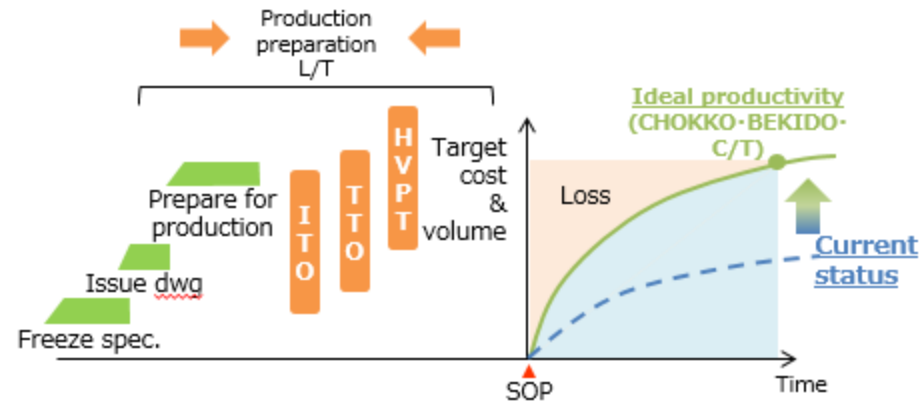
Factor Cost target for rack assist EPS startup not achieved

Even though we received an order for rack assist EPS for a premium vehicle, the required performance level of the vehicle was higher than expected and design changes occurred simultaneously with production preparation, making it difficult to start mass production

Countermeasures

[Development and production preparation advancement]

- Achieving required performance by improving basic technology
- Simultaneous parallel development of products and production processes
- Reduction of production lead time and SE activities



Result

- First half of 19: Achievement of planned value within 2 weeks of SOP: 94%

3-1-4) Factors and Countermeasures (Rack assist EPS availability)

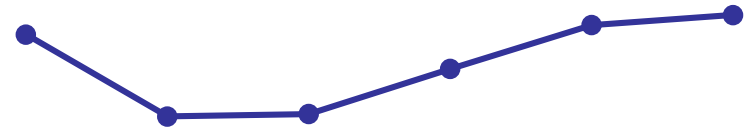
Proceed with further productivity improvements to improve profitability and smoothly launch future projects

◆ Japan (Hanazono Plant)



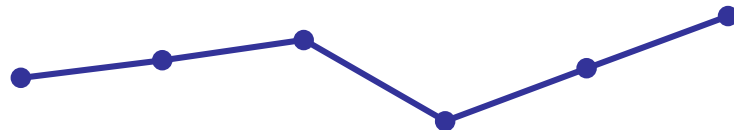
'18/1Q '18/2Q '18/3Q '18/4Q '19/1Q '19/2Q

◆ North America (Vonore Plant)



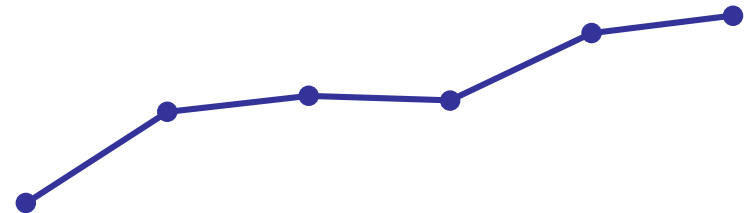
'18/1Q '18/2Q '18/3Q '18/4Q '19/1Q '19/2Q

◆ Europe (France Plant)



'18/1Q '18/2Q '18/3Q '18/4Q '19/1Q '19/2Q

◆ China (Xiamen Plant)



'18/1Q '18/2Q '18/3Q '18/4Q '19/1Q '19/2Q

2) Drivelines Business Units

[Explanation of abbreviations]
AWD (All Wheel Drive: four-wheel drivelines)
CVJ (Constant Velocity Joints)
EOP (Electric Oil Pump)
ITCC (Intelligent Torque Controlled Coupling)
MOP (Mechanical Oil Pump)
Torsen (Torque Sensing Limited Slip Differential)

3-2-1) Operating Profit Analysis (Initial Forecast vs Revised Forecast)

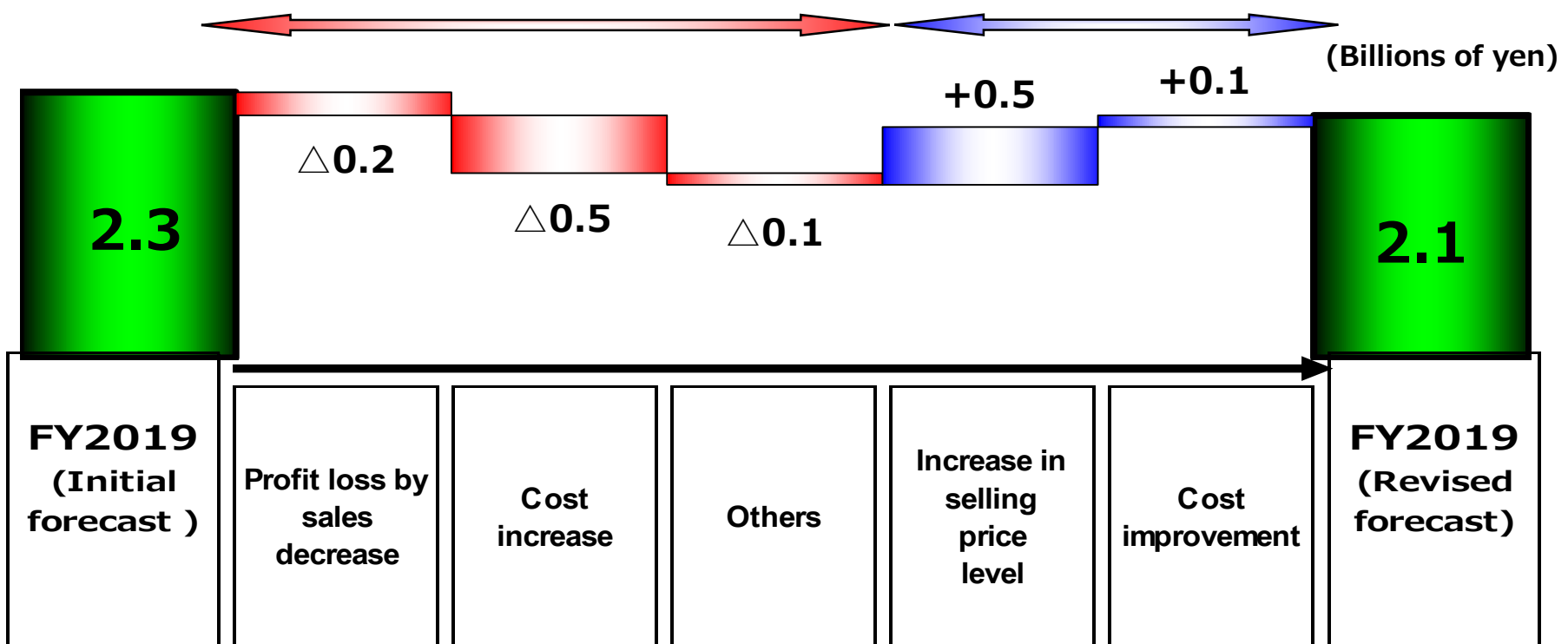
Although technical research expenses was increased, operating profit is almost as planned due to cost improvement.

Management rate:
95 yen / \$ 110 yen / €

Operating profit 0.2 billion yen decrease

Factors of profit decrease 0.8 billion yen

Factors of profit increase 0.6 billion yen



3-2-2) Operating Profit Analysis (Previous Result vs Revised Forecast)

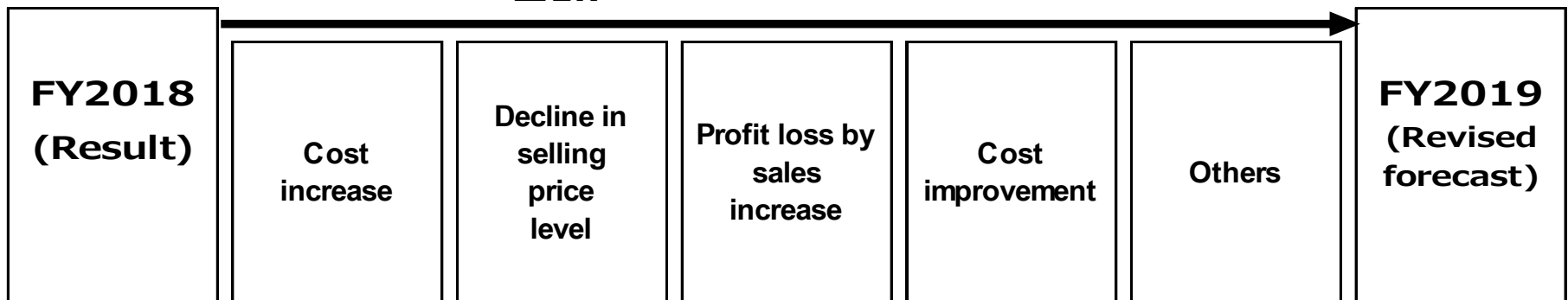
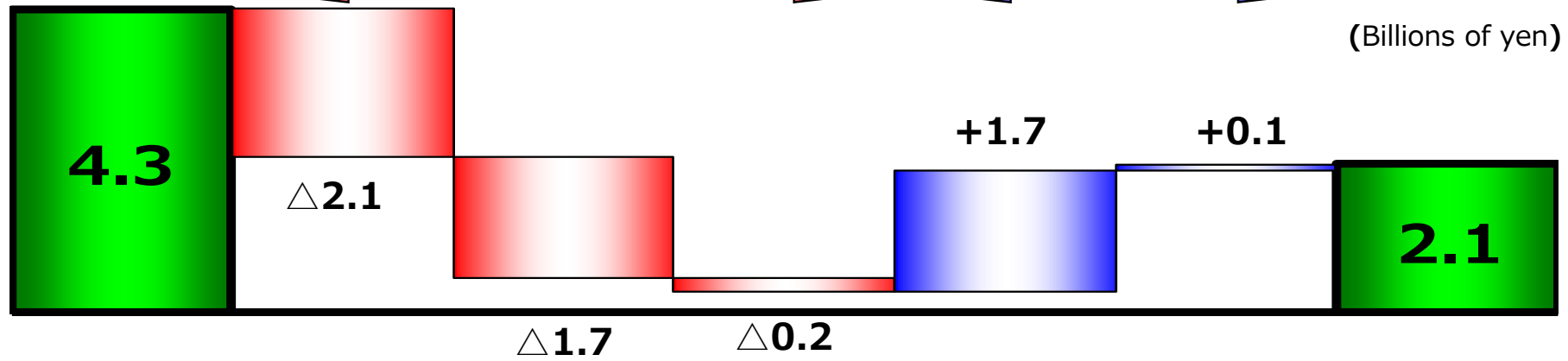
Operating profit decreased by increasing costs for the future and selling price reduction. Profits secured by cost improvement.

Management rate:
95 yen / \$ 110 yen / €

Operating profit 2.2 billion yen decrease

Factors of profit decrease 4.0 billion yen

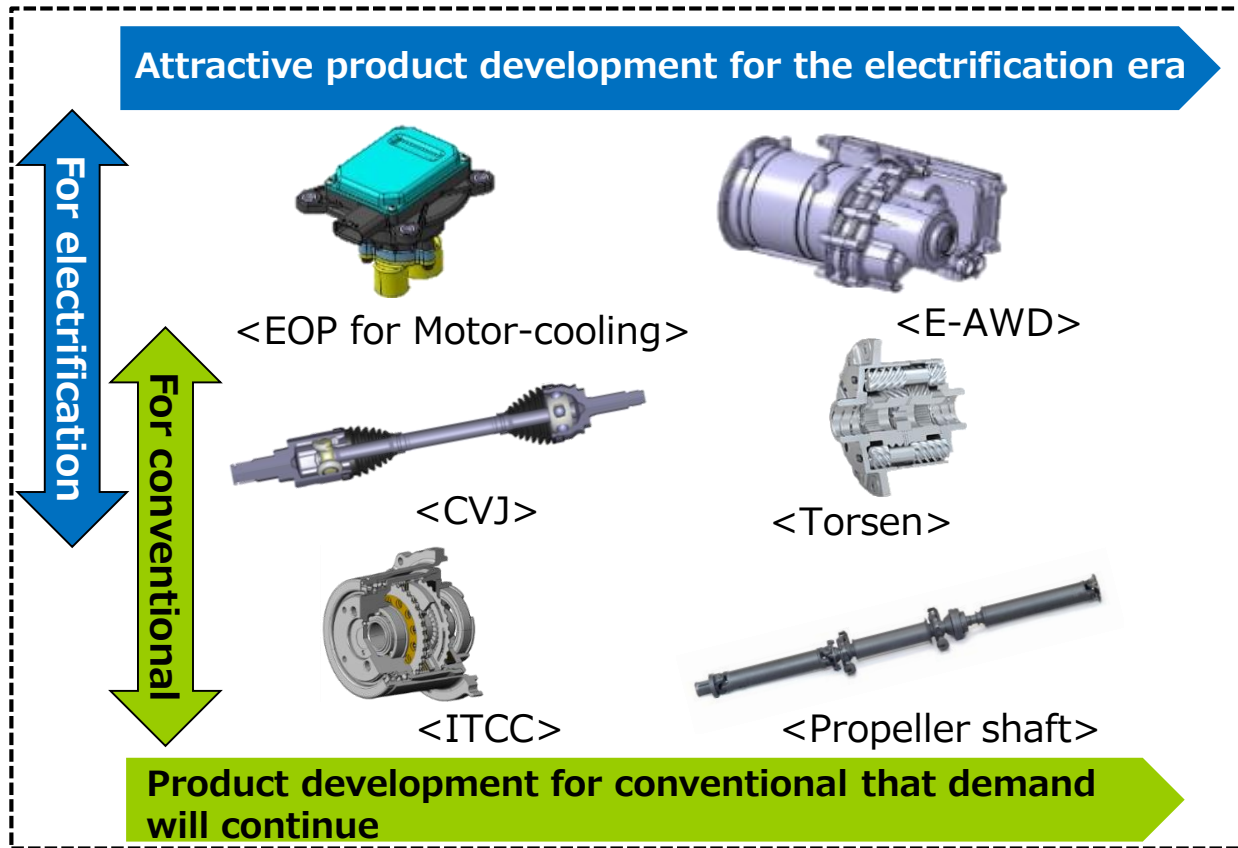
Factors of profit increase 1.8 billion yen



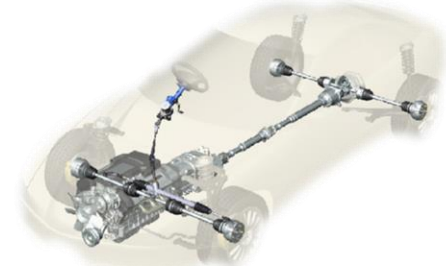
3-2-3) Factors and Countermeasures (R&D expenses)

Strengthen investment in advanced development to survive the electrification era. Aiming to be a top runner in both electrification and conventional fields.

C A S E



**Toward
No.1 & Only One
in drivelines
business units**



3-2-4) Factors and Countermeasures (Obeya Activities)

Aim to achieve profit targets through cost improvement activities by related department

Cost reduction activities by related department (Obeya Activity)

Large room activity

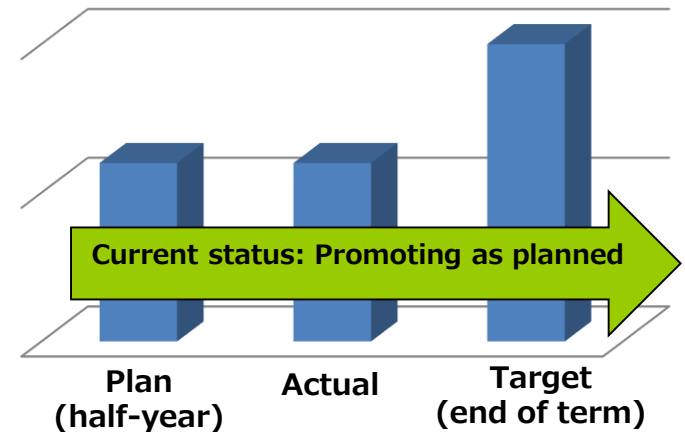
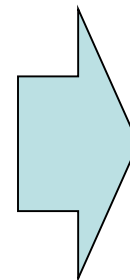
Development

Purchasing

Production

Cooperation

Secure profits by cost reduction
 Reduction rate (%)



[Main products]



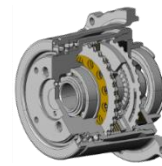
<Drive shaft>



<Propeller shaft>



<Torsen>



<ITCC>



<MOP>



<EOP>

3) Bearing Business Units

(List of abbreviations)
TRB (Tapered Roller Bearing)
HUB (hub unit)

3-3-1) Operating Profit Analysis (Initial forecast vs Revised forecast)

Revised forecasts because cost improvement could not cover sales decline due to lower demand in domestic and overseas customers

Operating profit 10.6 billion yen decrease

Management rate:
95 yen / \$ 110 yen / €

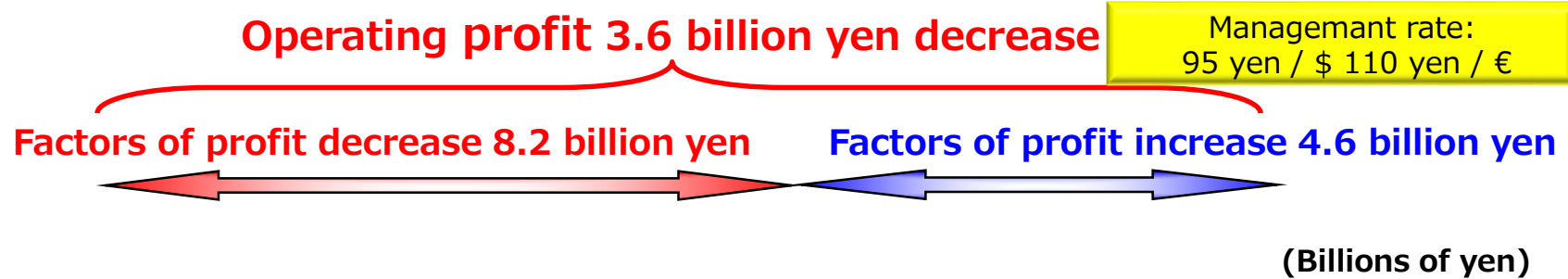
Factors of profit decrease 10.9 billion yen

Factors of profit increase 0.3 billion yen



3-3-2) Operating Profit Analysis (Previous result vs Revised forecast)

Profit decreased due to cost improvement being unable to cover the impact of decrease in income. Continue to improve constitution in Japan and overseas



FY2018 (Result)	Profit loss by sales decrease	Cost decrease	Decline in selling price level	Cost improvement	Others	FY2019 (Revised forecast)

3-3-3) Factors and Measures (Productivity)

Improve productivity by improving *bekido* rate and expanding unmanned operation

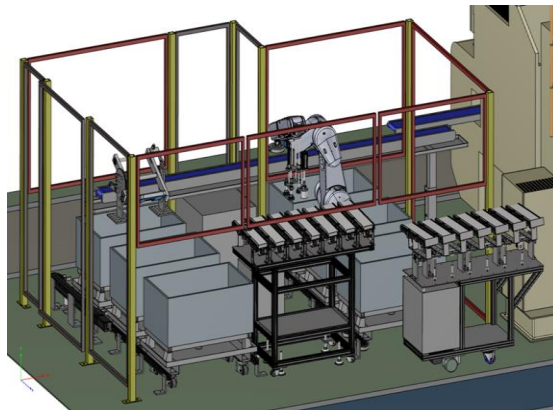
Main factors	Factor analysis	Future efforts
① Production improvement not achieved	<ul style="list-style-type: none"> Maintenance of equipment, updating aged equipment did not progress, and the <i>bekido</i> rate decreased Measures for short stoppages for unmanned operation were insufficient 	<ul style="list-style-type: none"> Improvement of <i>bekido</i> rate by strengthening the maintenance system and implementing measures for aged equipment Countermeasures for short stoppages and preventive maintenance using IoE monitoring system Improve equipment productivity by expanding unmanned operation

[Unmanned operation expansion]

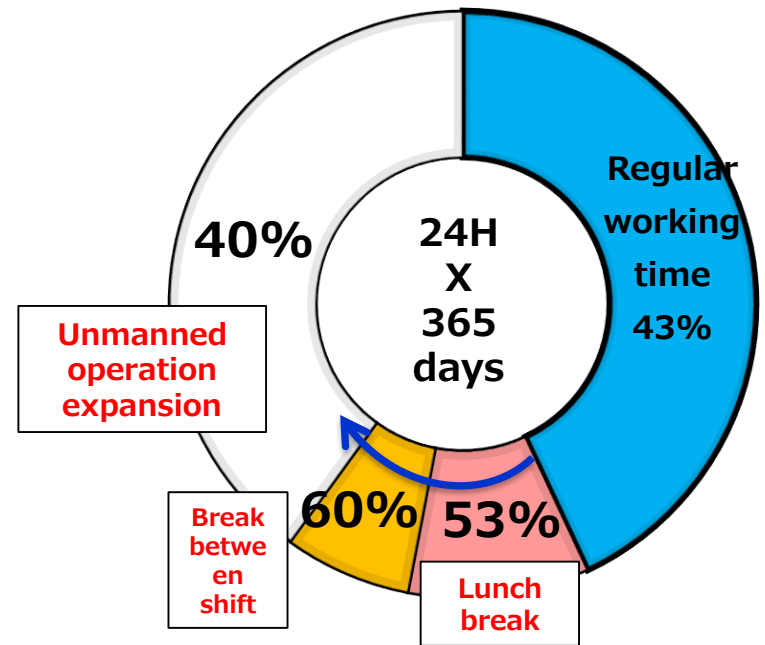
Kameyama Plant (HUB line)



Automatic transportation



Automatic supply of inner and outer rings



3-3-4) Factors and Measures (Material yield)

Strengthen competitiveness by improving material costs by improving material yield

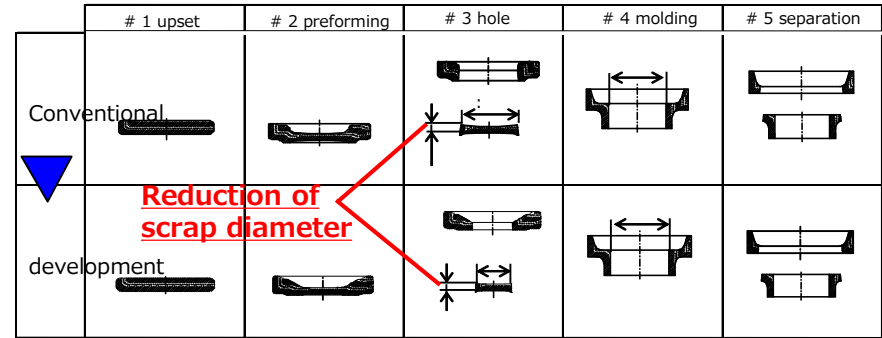
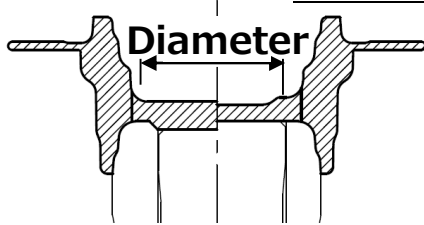
Main factors	Factor analysis	Future efforts
(2) Delay in improving direct material costs (measures for steel price increase)	<ul style="list-style-type: none"> Yield improvement is not progressing → Review from construction method is required Expansion of utilization of local / global low cost materials 	<ul style="list-style-type: none"> Material yield improvement (change in the way of stock removal) Improve volume by innovative construction method Enhance evaluation system including overseas technical center.

[Reducing scrap weight]

TRB: [Reduced scrap section diameter](#) [Change of warm forging method]

HUB: [Thinner scrap](#)

Current status After reduction



Main construction methods	Impr. %	SOP
Mold change (Outer ring scrap weight, stock, trim reduction)	10%	'20 /2
No extra outer ring material by closed die set	11%	'21

Main construction methods	Impr. %	SOP
Warm forging method changed (Inner ring stock , scrap weight reduction)	10%	'20 /6
Reduction of punch diameter by bending forging	11%	'21

4) Machine tools and Mechatronics Business Units

3-4-1) Operating Profit Analysis (Initial forecast vs Revised forecast)

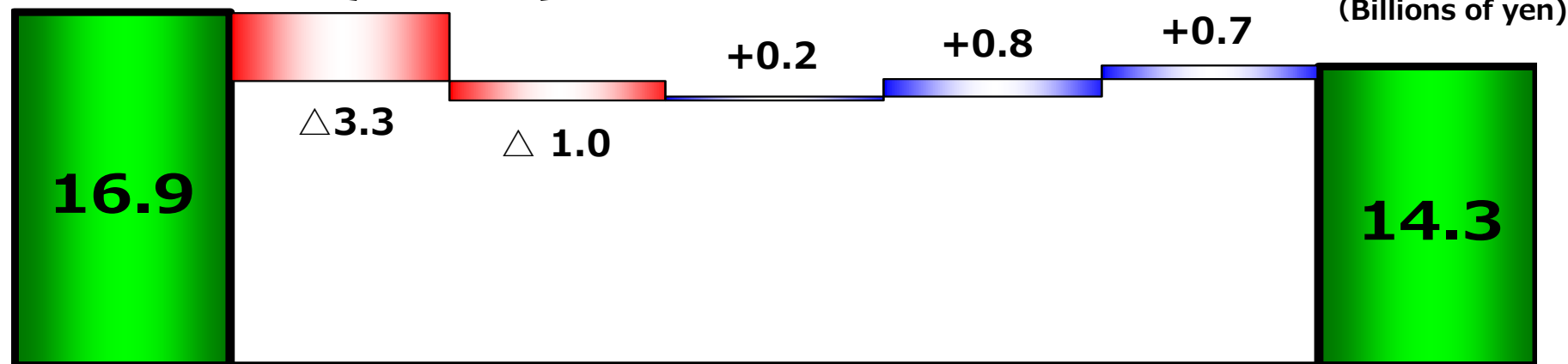
Although effect of selling price / cost improvement and expense reduction, the forecast is revised due to the deterioration of the market conditions in machine tools

Operating profit 2.6 billion yen decrease

management rate:
95 yen / \$ 110 yen / €

Factors of profit decrease 4.3 billion yen

Factors of profit increase 1.7 billion yen



FY2019 (Initial forecast)	→					FY2019 (Revised forecast)
	Profit loss by sales decrease	Others	Increase in selling price level	Cost improvement	Cost decrease	

3-4-2) Operating Profit Analysis (Actual result vs Revised forecast)

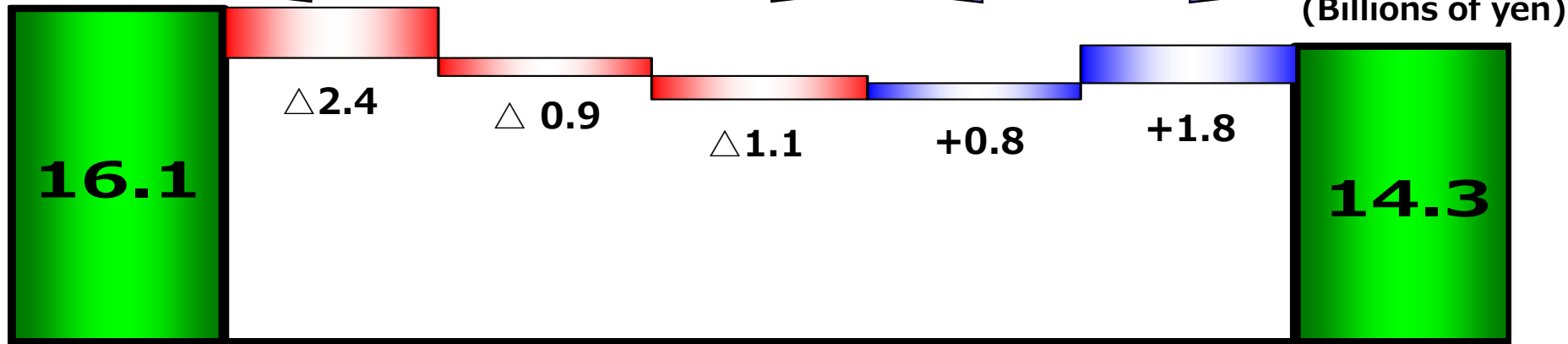
Decrease in profit due to deterioration of market conditions in machine tools , impact of US / China tariffs, decrease in demand for semiconductors, etc.

operating profit 1.8 billion yen decrease

management rate:
95 yen / \$ 110 yen / €

factors of profit decrease 4.4 billion yen

factors of profit increase 2.6 billion yen



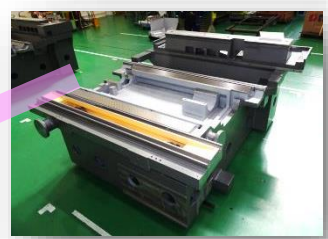
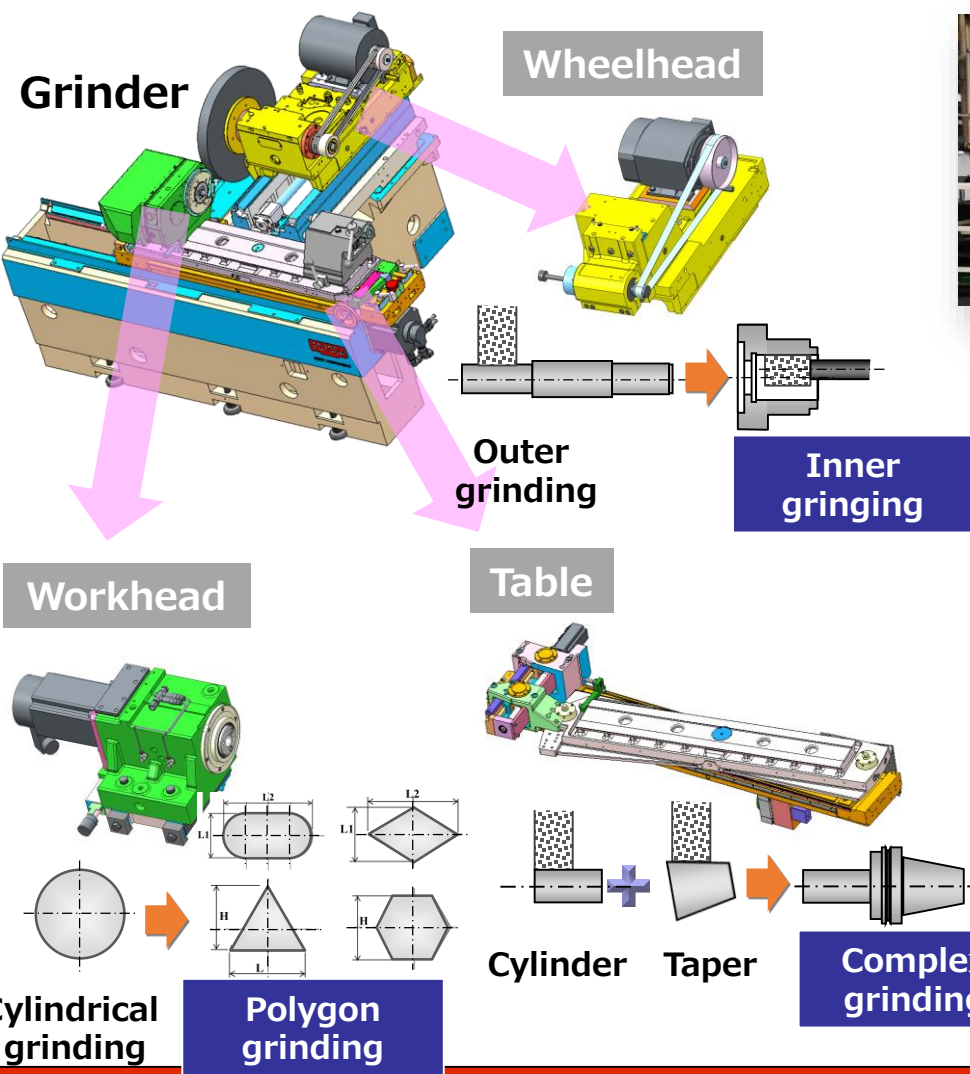
FY2018 (Result)	→					FY2019 (Revised forecast)
	Profit loss by sales decrease	Cost increase	Others	Increase in selling price level	Cost improvement	

3-4-3) Factors and Measures (Structural reform)



Timely market introduction through module development

Manufacturing innovation focused on production lead time



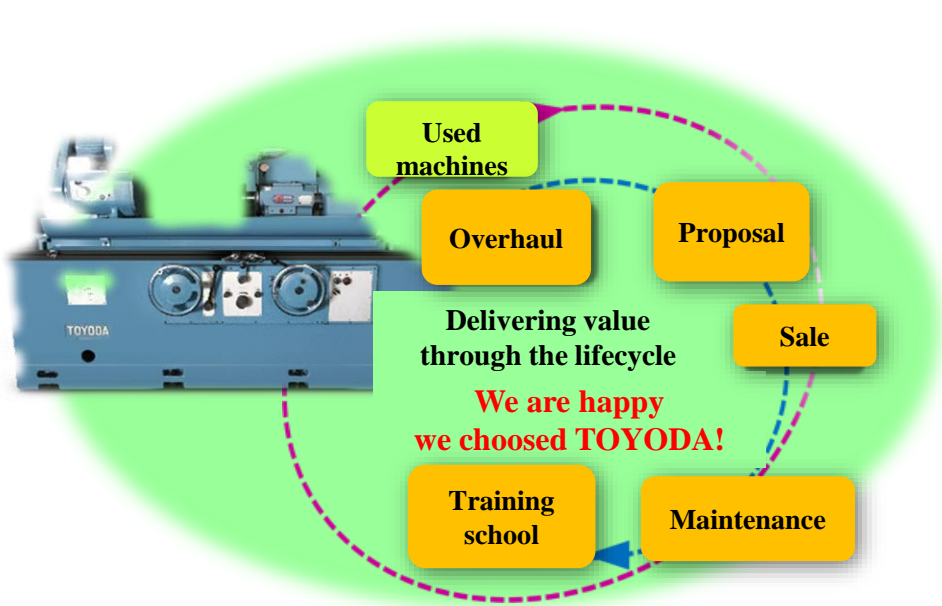
Rectifying the flow of things

Just-in-time supply

3-4-4) Factors and Countermeasures (Building a structure that is not affected by the economy)

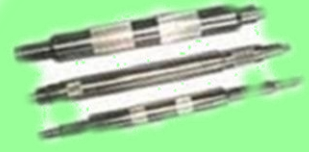
Strengthen profit foundation by strengthening lifecycle support

Accelerate shifts to growing markets and fields



Strengthen lineup corresponding EV
Motor shafts

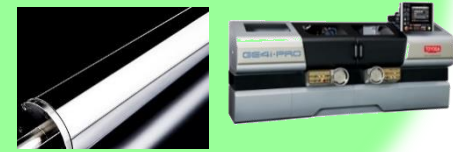
Reduction gear



Skiving

High precision roll grinder

Reduction gear eccentric shafts

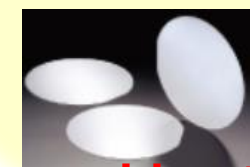


Grinders



5G / semiconductor

Power semiconductor wafer



Grinding and heat treatment

Line builder by providing production system

Productivity improvement proposal

JTEKT IoT Solution



High rigidity high speed spindle Advanced operation panel

5) Topics

5-1) Lithium-Ion capacitor

Sample supply through mass production line started

• Sample order status (as of the end of September 19)

Industry	Number of customers	Orders received and delivered (cell)	Implied number (cell)
Industrial machinery	19	280	3,100
Automobile	7	150	210
total	26	430	3,310

Inquiries-Evaluation of samples (for customer evaluation) and full-scale activities leading to formal orders
(Applications) High output, backup, power supply replacement, etc.

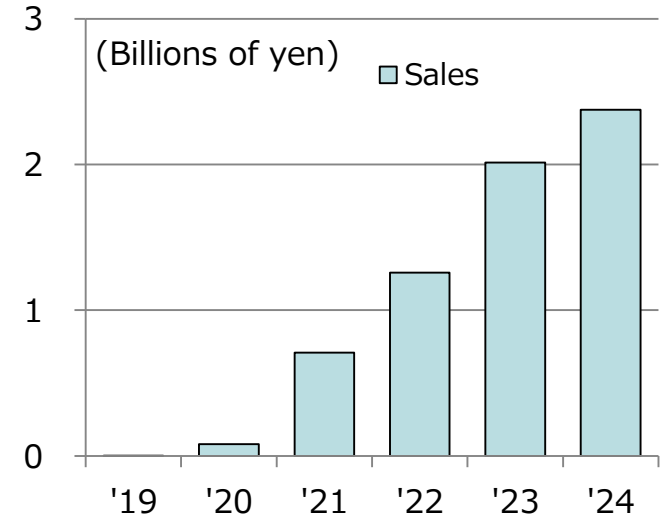
• Production status

Improve product quality of catalog standard products through sample production, lead industrial machinery applications, and support mass production for automobiles
(Product capacity series) 500F / 1000F / 1500F / 2000F



An example of a capacitor (500F cell single-part product)

• Results prediction (cell only)



Capacitor Plant @ Hanazono Plant '19 / 10 ~ Start of production

5-2) Acquisition of YUTAKA SEIMITSU KOGYO.LTD shares

Create synergies and aim to strengthen the foundation of drivelines business units



Differential and gear technology



Differential assembly / gear Gear



Torque control device

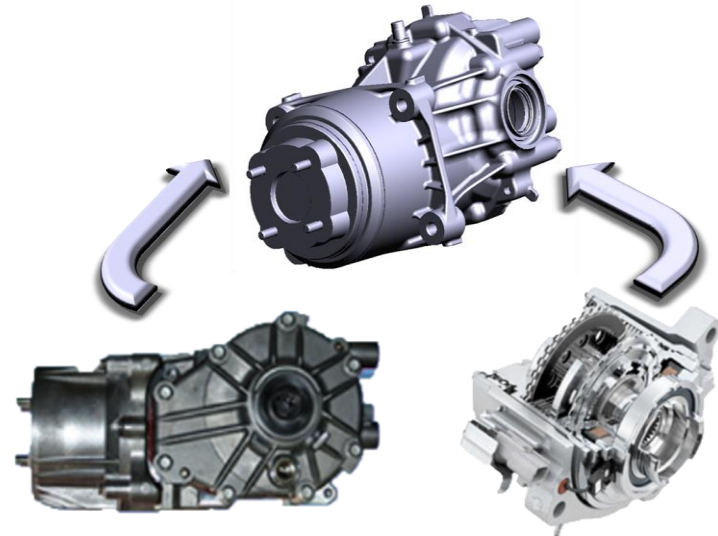
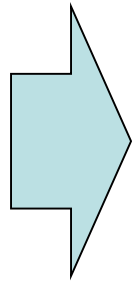


ITCC

Torsen

- ITCC integrated differential unit

Small size, light weight,
cost reduction

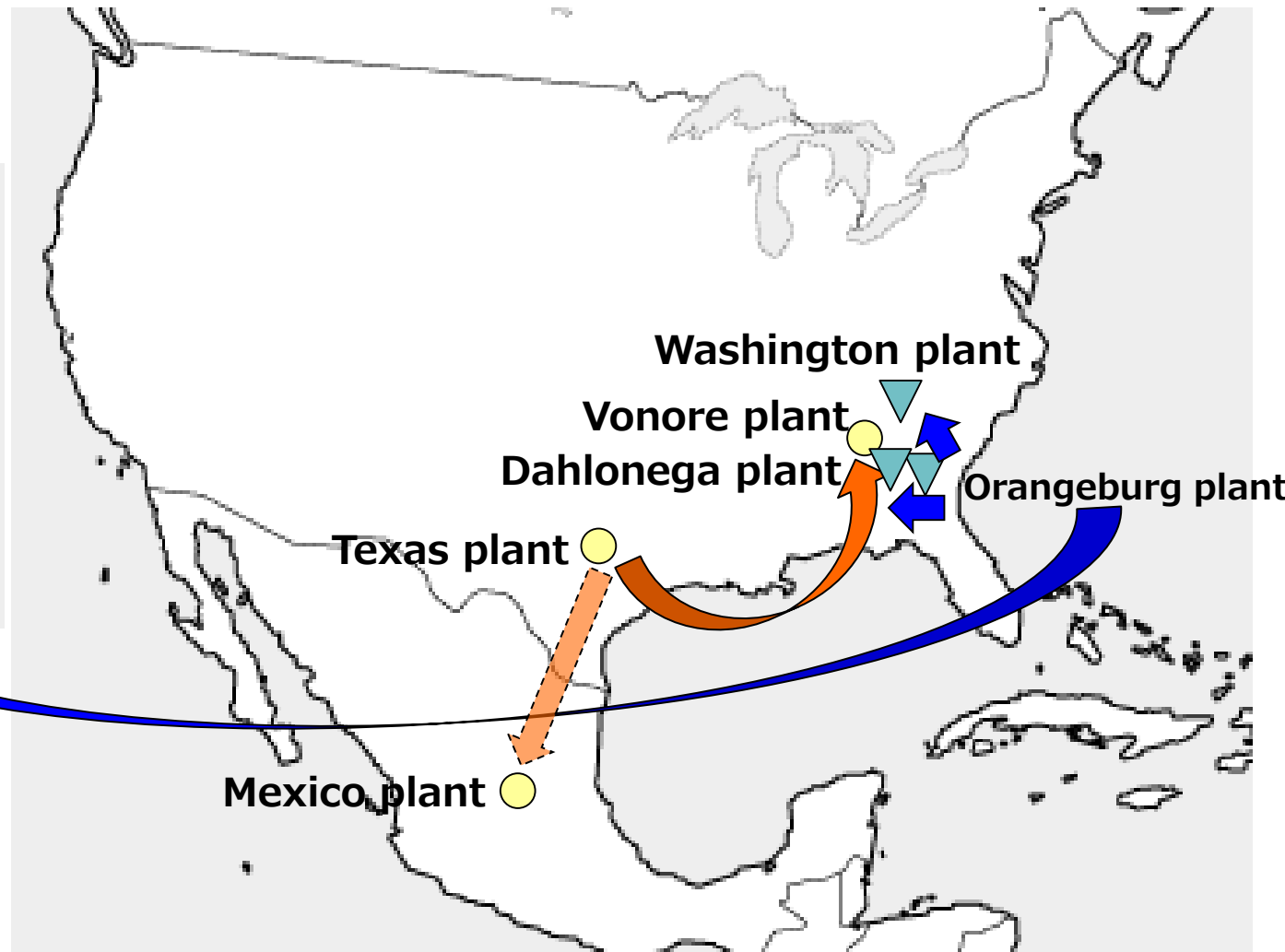


- Production optimization

5-3) Reorganization of North American business

Establishing an optimal supply system globally through reorganization of production bases

- Steering plant
- ▼ Bearing plant



Establishing an optimal supply structure in North America by reorganizing bases

Current status

Plant	Hydraulic	Electric (Rack assist)
Bonoa	○	○
Mexico	-	○
Texas	○	○

Production of the same product

Mounting type change

After reorganization

Plant	Hydraulic	Electric (Rack assist)
Bonoa	○	○
Mexico	-	○
Texas	Close	

- ### Tasks
- Production of the same product at multiple plants
 - Decrease of volume due to customer's change of steering type (hydraulic → electric)
- Continuation of the Texas plant is difficult due to a decrease in the volume of hydraulic products

- ### Measures
- Organize production items and plants
 - Hydraulic products transferred to Tennessee plant
 - Electric products produced at Tennessee and Mexico plants
- Texas plant closed

Established global optimum supply system for tapered roller bearings

Current status

Plant	TRB	TRB roller
Kagawa	○	
Washington	○	
Orangeburg	○	○
Dahlonega	-	○

After reorganization

Plant	TRB	TRB roller
Kagawa	○	
Washington	○	
Orangeburg	Used in warehouses	
Dahlonega	-	○

Issues

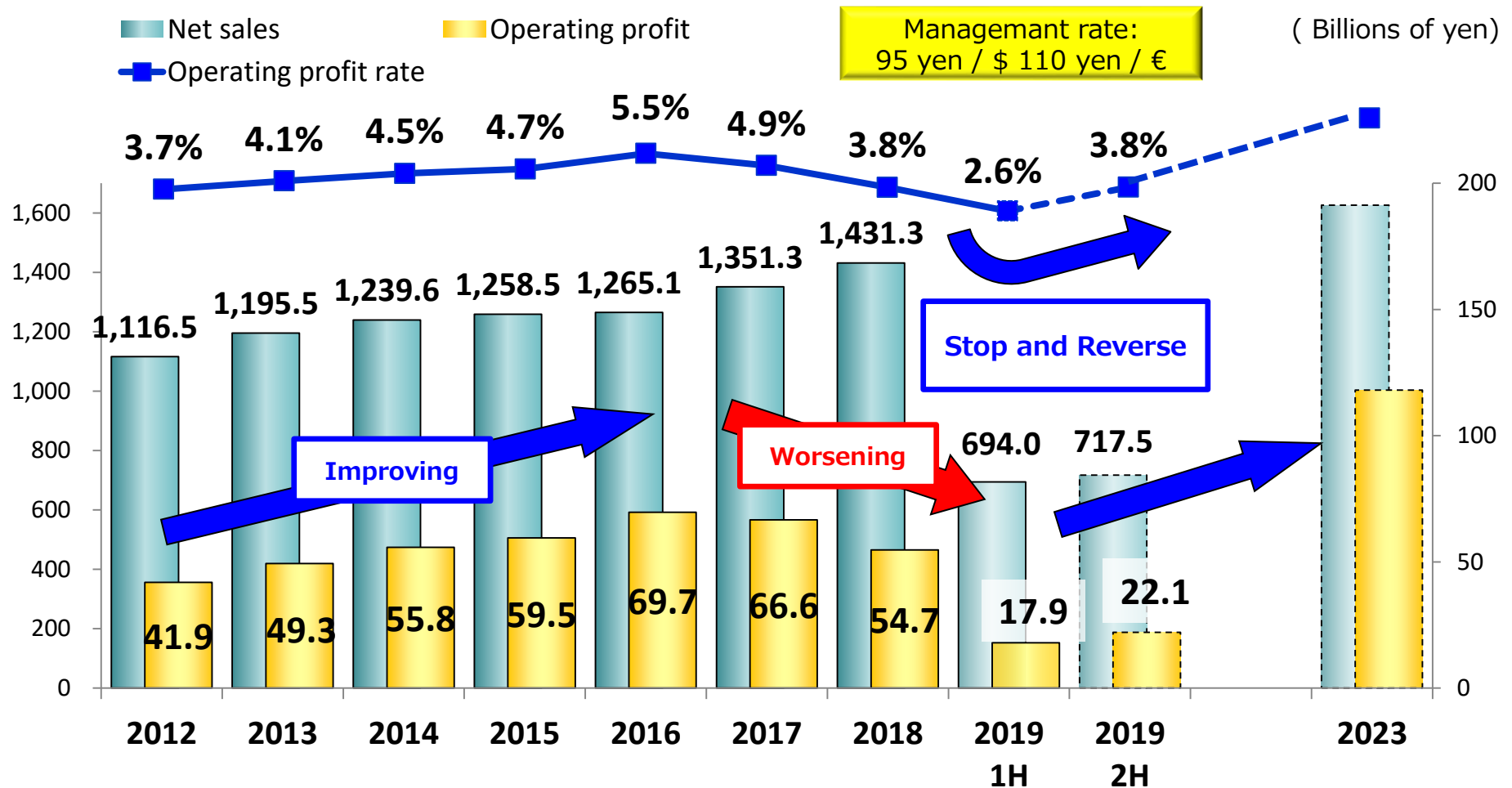
- Deterioration of profitability at Orangeburg plant because of volume reduction due to intensifying competition
 - Increased costs due to aging equipment at Orangeburg plant
- Difficult to continue TRB production at Orangeburg plant

Measures

- Transfer TRB to Washington and Kagawa plants
 - Improve productivity at the Washington Plant by introducing automated lines and optimizing personnel allocation
- Discontinuation of TRB production at Orangeburg plant

5-4) Trends in Profit and Loss (Management rate)

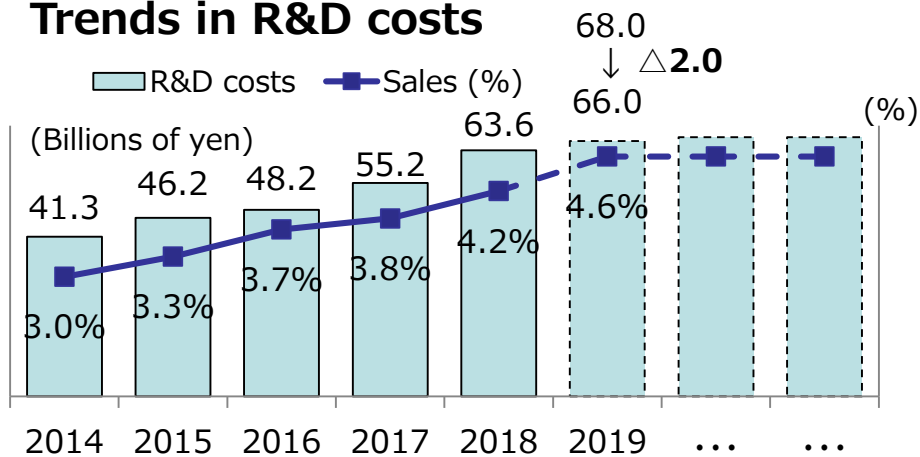
Profits continue to decline due to increased fixed costs and lower profitability. Suppress earnings deterioration in the first half and reverse from the second half.



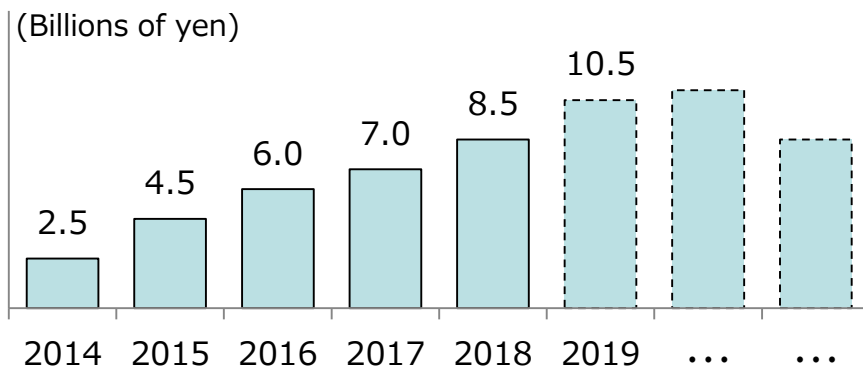
5-5) Status of fixed costs

Continued investment in R & D expenses and business units base for sustainable growth, but restrained in view of recent results

Trends in R&D costs

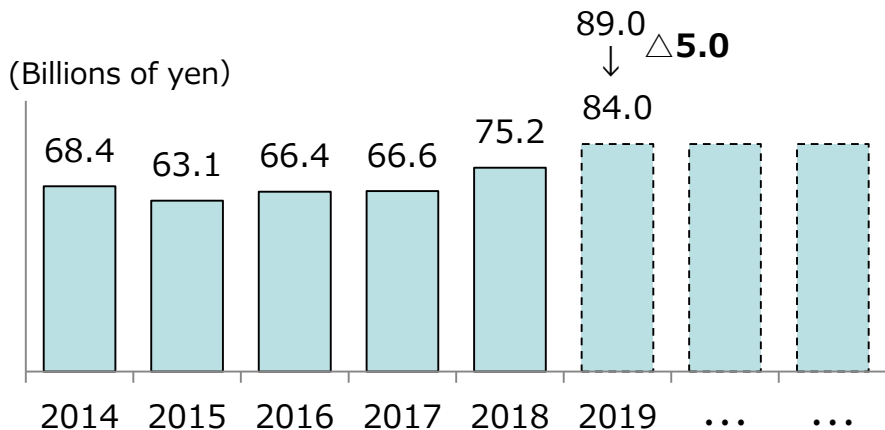


Business infrastructure-related expenses*



* Industry and IT, brand improvement, safety / disaster countermeasures, education, new business units development, etc.

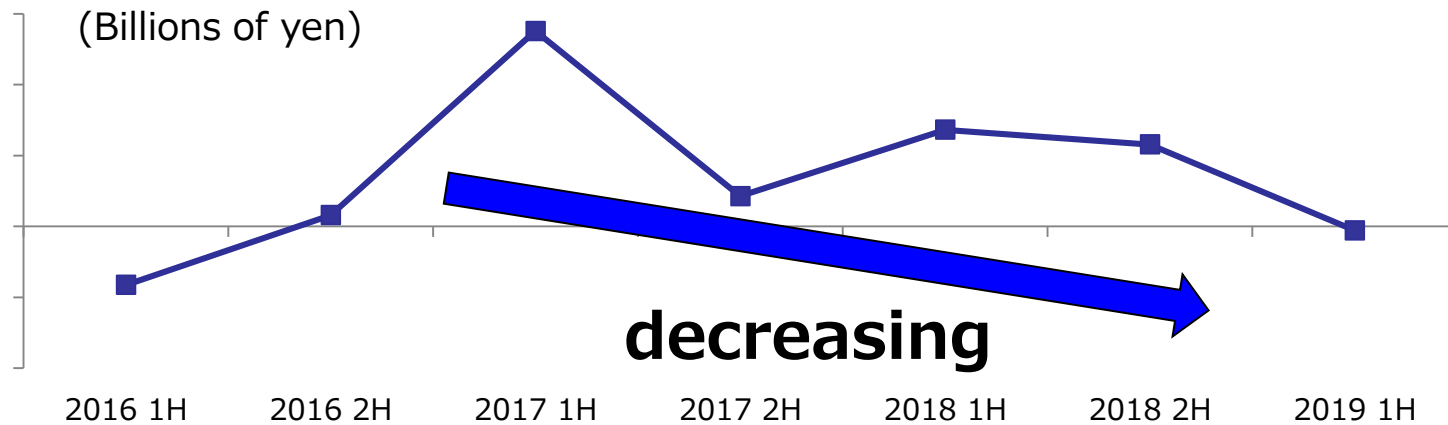
Changes in capital investment



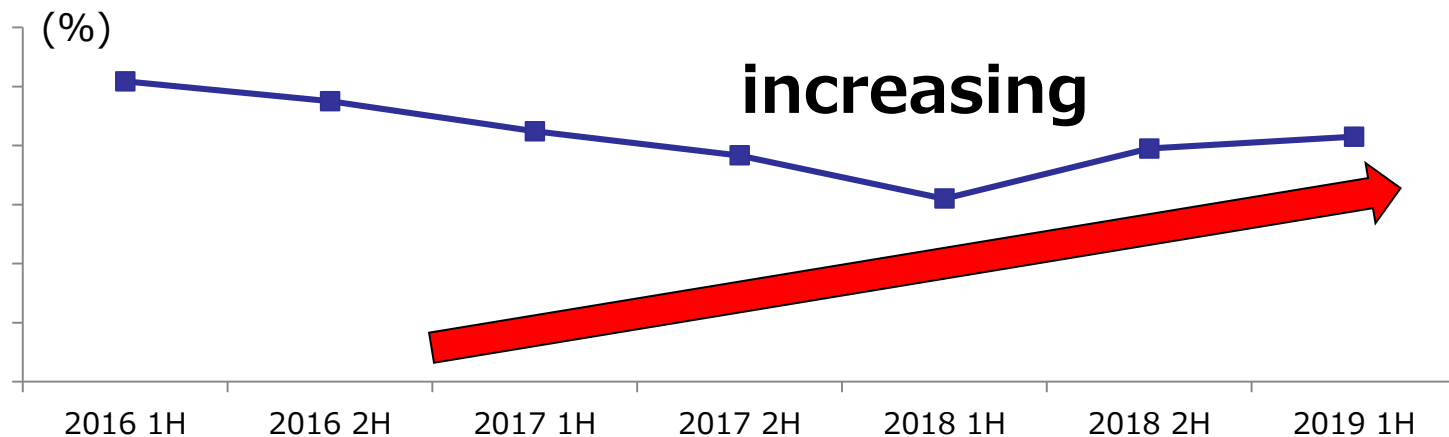
- We have been actively investing in building business units infrastructure, but because of the prospects.
- Strengthen investment in developing new business.

Improvement trend in 1ST half FY2019

<Changes in material prices (year-on-year)>

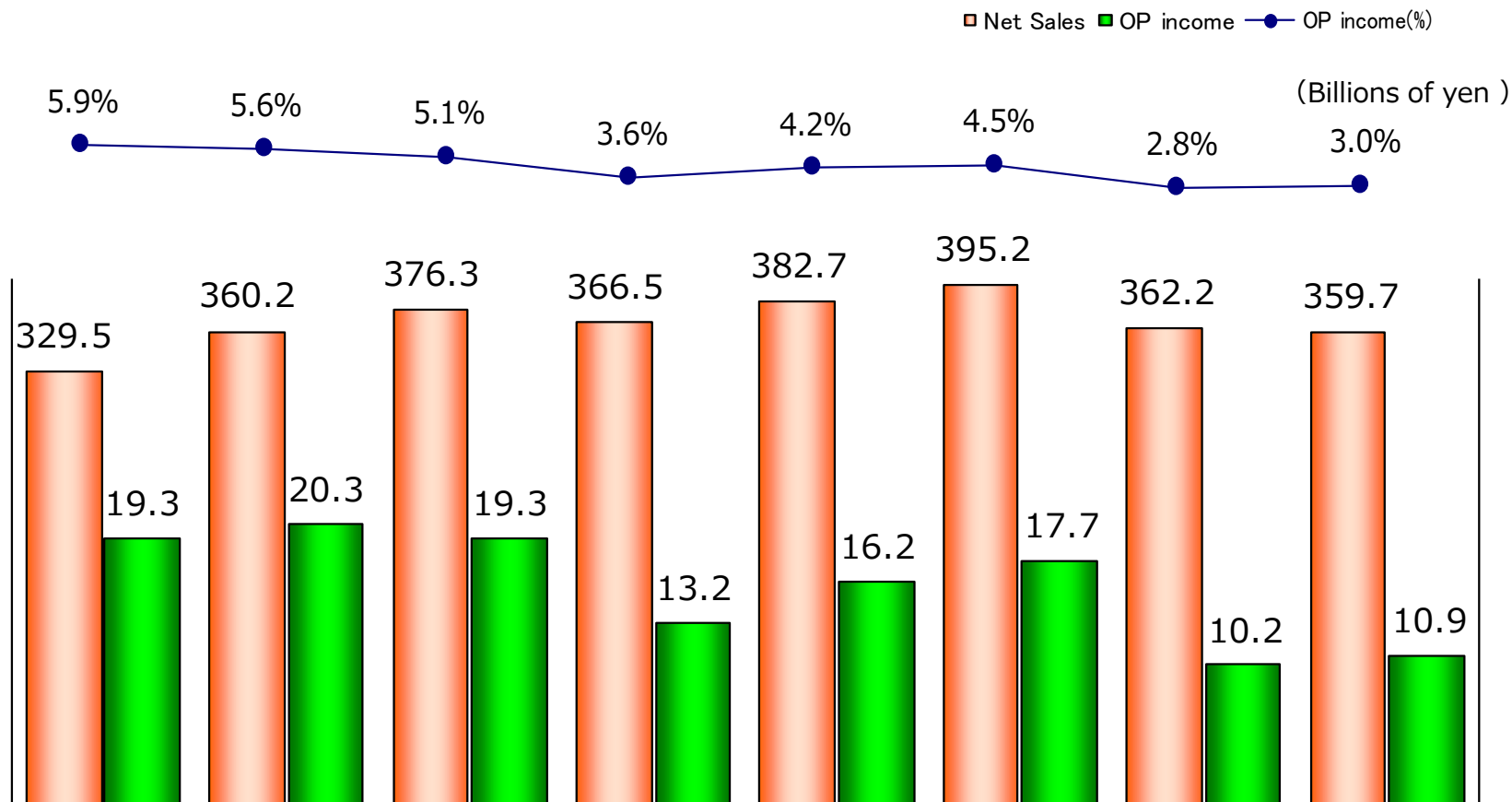


<Trend of purchasing price improvement ratio (year-on-year)>



Thank you for your attention

(Reference) Quarterly Result Trend



FY2016※ FY2017※ FY2018 1Q 2Q 3Q 4Q FY2019 1Q 2Q

USD	¥108	¥111	¥109	¥111	¥113	¥110	¥110	¥107
EUR	¥119	¥130	¥130	¥130	¥129	¥125	¥123	¥119

※ The FY2016 and FY2017 show the quarterly average. The same applies to the following slides.

(Reference) Sales Forecast by Business

(Billions of yen)

		FY2018 Full year (Actual)	FY2019 (Forecast)			Increase/ Decrease	Increase/ Decrease (%)
			1H (Actual)	2H (Forecast)	Full year (Forecast)		
Mechanical components	Steering systems	770.7	369.6	370.3	740.0	△ 30.7	△ 4.0%
	Drivelines	157.2	76.5	78.4	155.0	△ 2.2	△ 1.4%
	Bearings	417.8	194.0	183.9	378.0	△ 39.8	△ 9.5%
	[Total]	1,345.8	640.1	632.8	1,273.0	△ 72.8	△ 5.4%
Machine tools and others	Machine tools	173.1	80.9	84.0	165.0	△ 8.1	△ 4.7%
	Others	1.9	0.8	1.1	2.0	+ 0.0	+ 4.9%
	[Total]	175.0	81.7	85.2	167.0	△ 8.0	△ 4.6%
[Total Sales]		1,520.8	721.9	718.0	1,440.0	△ 80.8	△ 5.3%

(Reference) Sales Forecast by Region

(Billions of yen)

	FY2018 Full year (Actual)	FY2019 (Forecast)			Increase/ Decrease	Increase/ Decrease (%)
		1H (Actual)	2H (Forecast)	Full year (Forecast)		
Japan	619.6	300.1	295.8	596.0	△ 23.6	△ 3.8%
Europe	231.2	103.2	101.5	204.8	△ 26.4	△ 11.4%
North America	314.7	151.5	139.9	291.5	△ 23.2	△ 7.4%
Asia/Oceania (including India)	178.6	87.1	88.8	176.0	△ 2.6	△ 1.5%
China	149.7	67.3	80.1	147.5	△ 2.2	△ 1.5%
South America & others	26.8	12.5	11.6	24.2	△ 2.6	△ 10.0%
[Total Sales]	1,520.8	721.9	718.0	1,440.0	△ 80.8	△ 5.3%

(Reference) Financial Results by Business (Mechanical Components)

(Billions of yen)

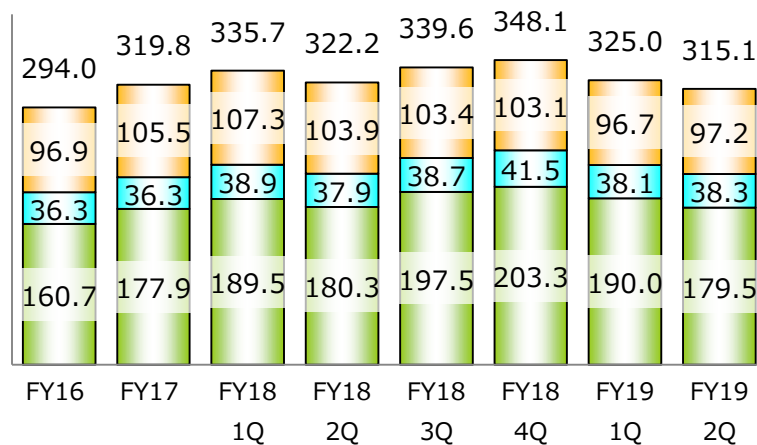
Mechanical components		FY2018 2Q total	FY2019 2Q total	Increase/ Decrease	Increase/ Decrease (%)
Steering systems	Net sales	369.8	369.6	△ 0.2	△ 0.1%
Drivelines	Net sales	76.9	76.5	△ 0.4	△ 0.6%
Bearings	Net sales	211.2	194.0	△ 17.2	△ 8.1%
[Total]	Net sales	658.0	640.1	△ 17.8	△ 2.7%
	OP income	24.4	13.9	△ 10.5	△ 43.2%
	OP income (%)	3.7%	2.2%		

* Intercompany deletion is omitted.

Sales Quarterly Trend

□ STG □ DL □ BRG

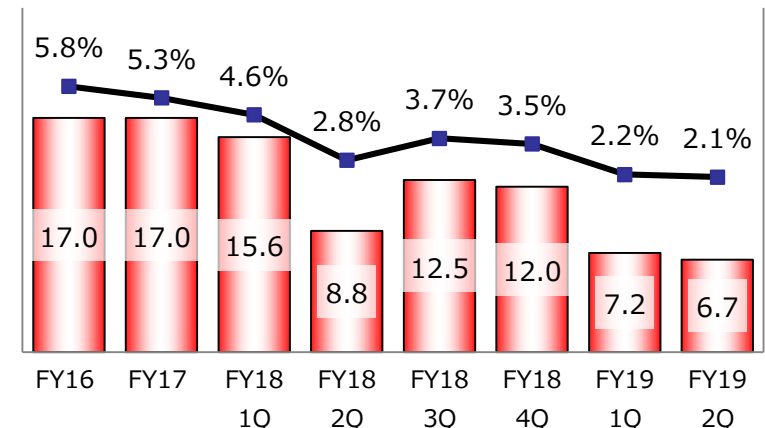
(Billions of yen)



OP Profit Quarterly Trend

■ OP income
■ OP income(%)

(Billions of yen)



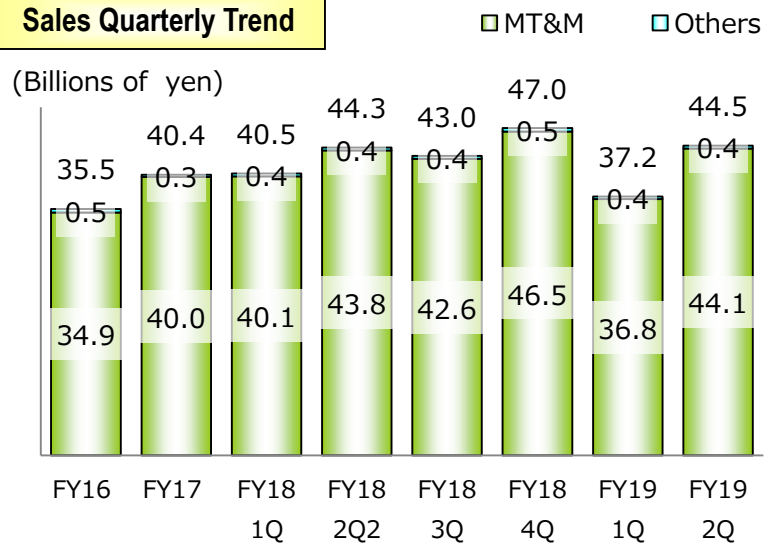
(Reference) Financial Results by Business (Machine Tools & Others)

(Billions of yen)

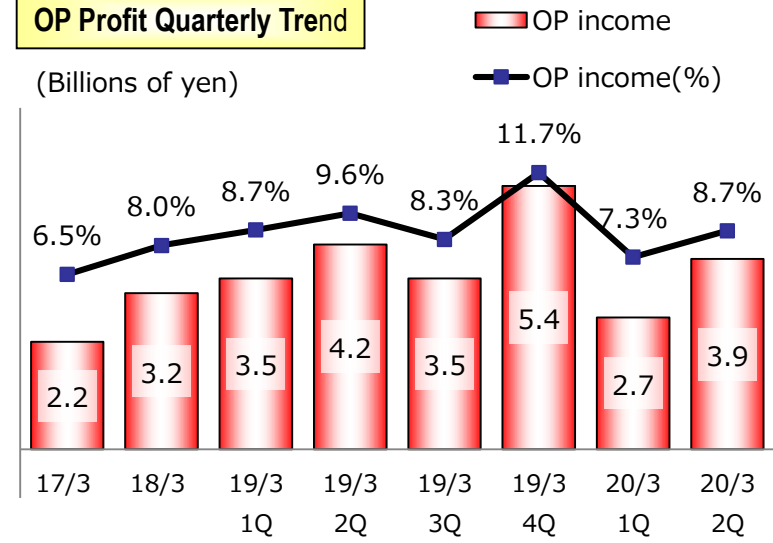
Machine tools and others		FY2018 2Q total	FY2019 2Q total	Increase/ Decrease	Increase/ Decrease (%)
Machine tools	Net sales	84.0	80.9	△ 3.0	△ 3.6%
Others	Net sales	0.8	0.8	△ 0.0	△ 4.9%
[Total]	Net sales	84.8	81.7	△ 3.0	△ 3.7%
	OP income	7.7	6.6	△ 1.1	△ 14.7%
	OP income (%)	9.2%	8.1%		

* Intercompany elimination is omitted.

Sales Quarterly Trend



OP Profit Quarterly Trend



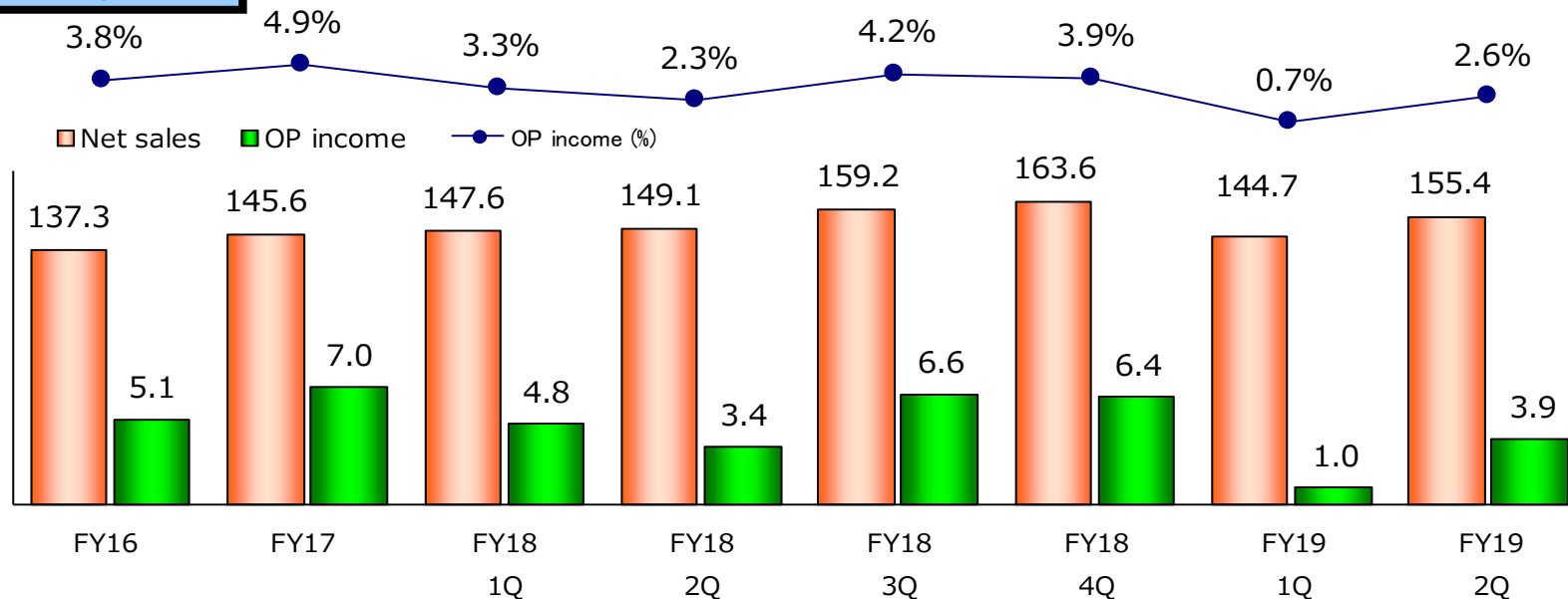
(Reference) Financial Results by Region (Japan)

(Billions of yen)

Japan	FY2018 2Q total	FY2019 2Q total	Increase/ Decrease	Increase/ Decrease (%)
Net sales	296.7	300.1	3.4	+ 1.2%
OP income	8.2	5.0	△ 3.1	△ 38.7%
OP income (%)	2.8%	1.7%		

Quarterly Trend

(Billions of yen)



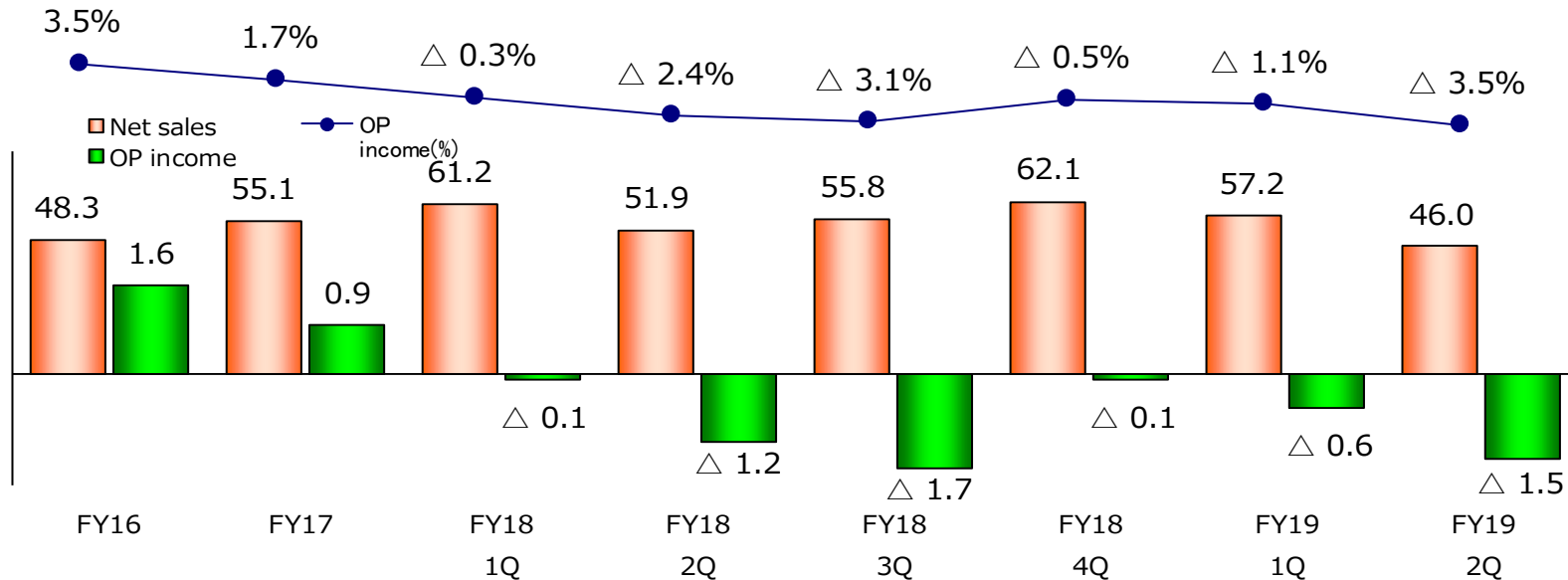
(Reference) Financial Results by Region (Europe)

(Billions of yen)

Europe	FY2018 2Q total	FY2019 2Q total	Increase/ Decrease	Increase/ Decrease (%)
Net sales	113.2	103.2	△ 9.9	△ 8.8%
OP income	△ 1.4	△ 2.2	△ 0.8	-
OP income (%)	△ 1.2%	△ 2.1%		

Quarterly Trend

(Billions of yen)



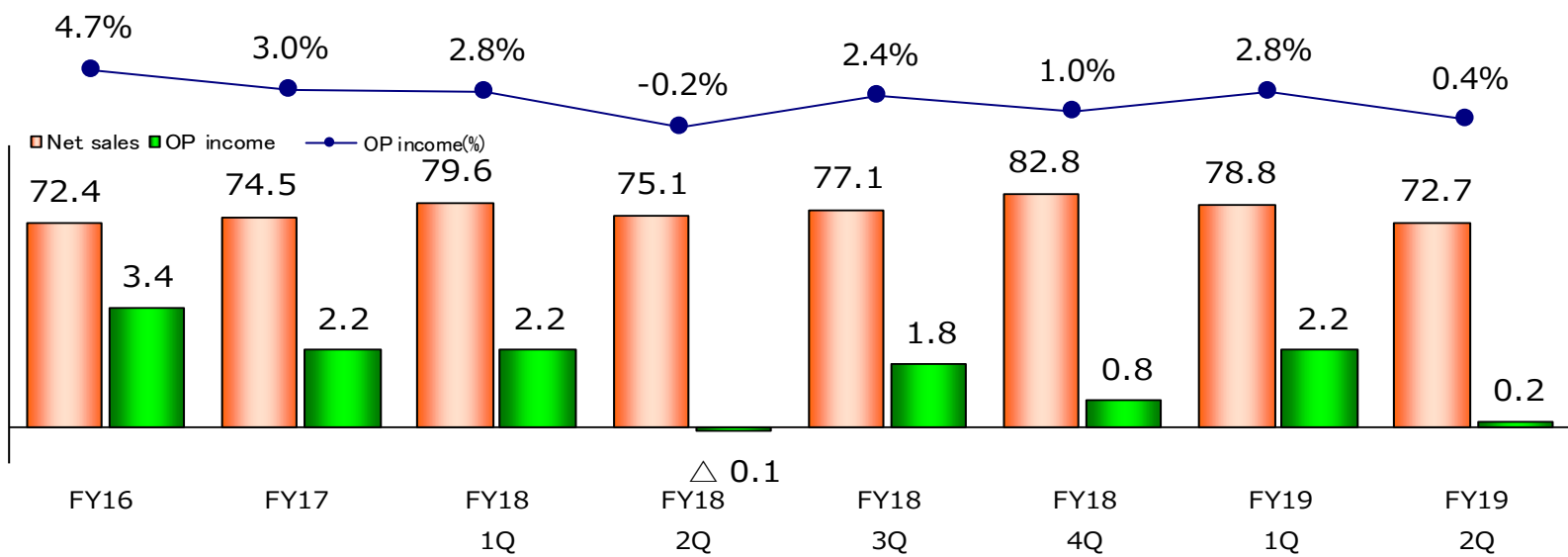
(Reference) Financial Results by Region (North America)

(Billions of yen)

North America	FY2018 2Q total	FY2019 2Q total	Increase/Decrease	Increase/Decrease (%)
Net sales	154.7	151.5	△ 3.1	△ 2.1%
OP income	2.1	2.4	0.3	+ 16.8%
OP income (%)	1.4%	1.6%		

Quarterly Trend

(Billions of yen)



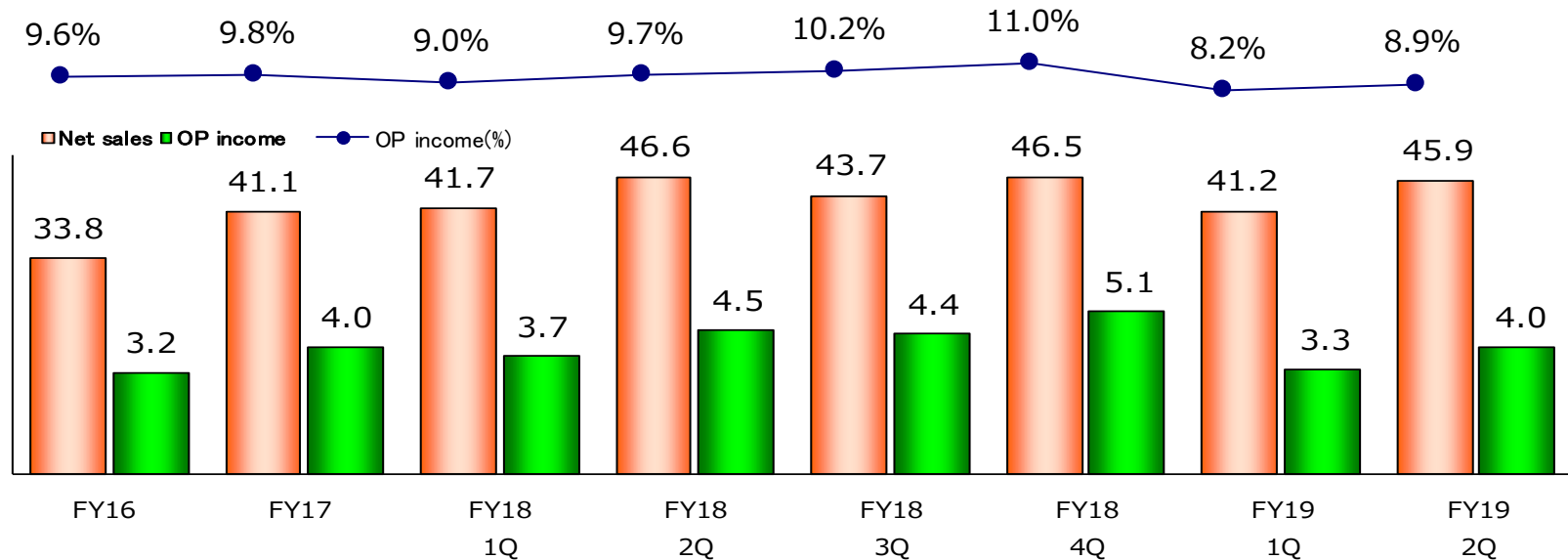
(Reference) Financial Results by Region [Asia/Oceania (Including India)]

(Billions of yen)

Asia/Oceania (including India)	FY2018 2Q total	FY2019 2Q total	Increase/ Decrease	Increase/ Decrease (%)
Net sales	88.3	87.1	△ 1.2	△ 1.4%
OP income	8.2	7.4	△ 0.8	△ 10.1%
OP income (%)	9.4%	8.6%		

Quarterly Trend

(Billions of yen)

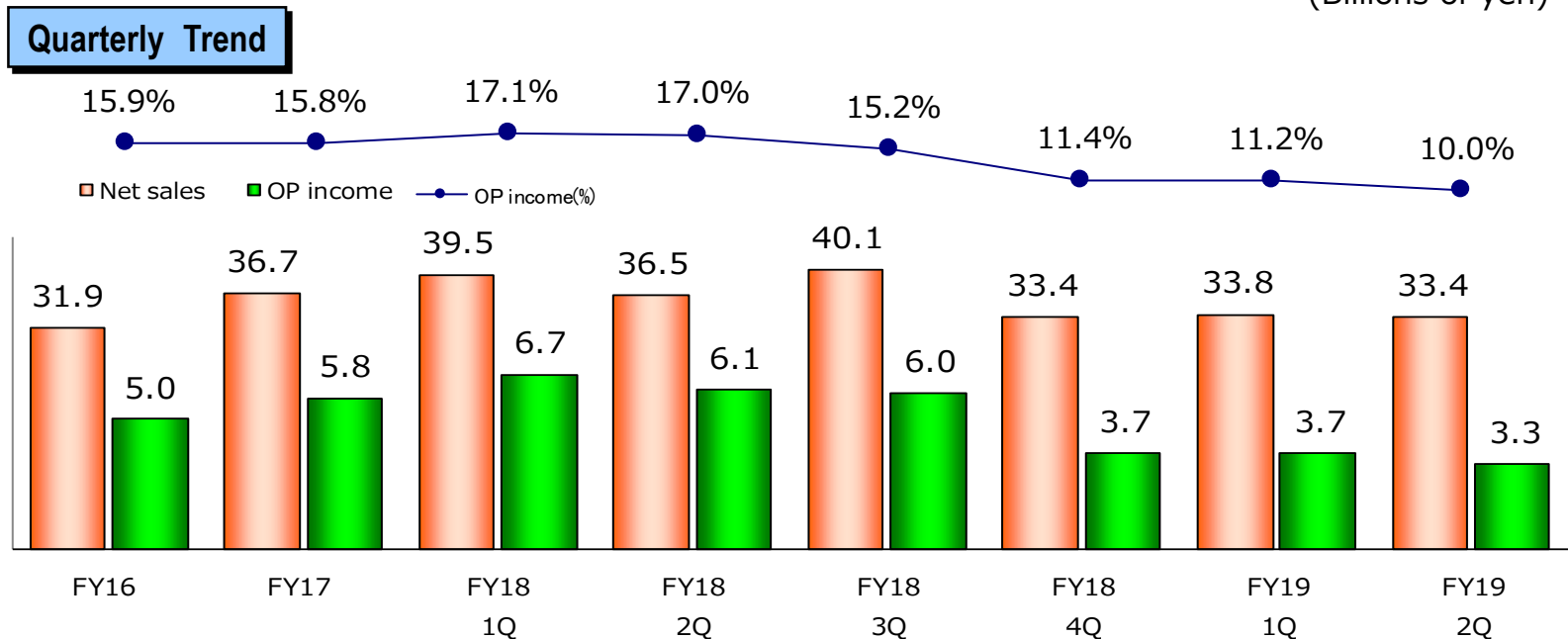


(Reference) Financial Results by Region (China)

(Billions of yen)

China	FY2018 2Q total	FY2019 2Q total	Increase/ Decrease	Increase/ Decrease (%)
Net sales	76.1	67.3	△ 8.7	△ 11.5%
OP income	12.9	7.1	△ 5.8	△ 45.0%
OP income (%)	17.0%	10.6%		

(Billions of yen)



(Reference) Financial Results by Region

[South America and Others]

(Billions of yen)

South America & Others	FY2018 2Q total	FY2019 2Q total	Increase/Decrease	Increase/Decrease (%)
Net sales	13.7	12.5	△ 1.2	△ 8.8%
OP income	0.8	0.4	△ 0.4	△ 48.2%
OP income (%)	6.5%	3.7%		

Quarterly Trend

(Billions of yen)

