

FY2007 Semiannual Results Briefing

November 2007

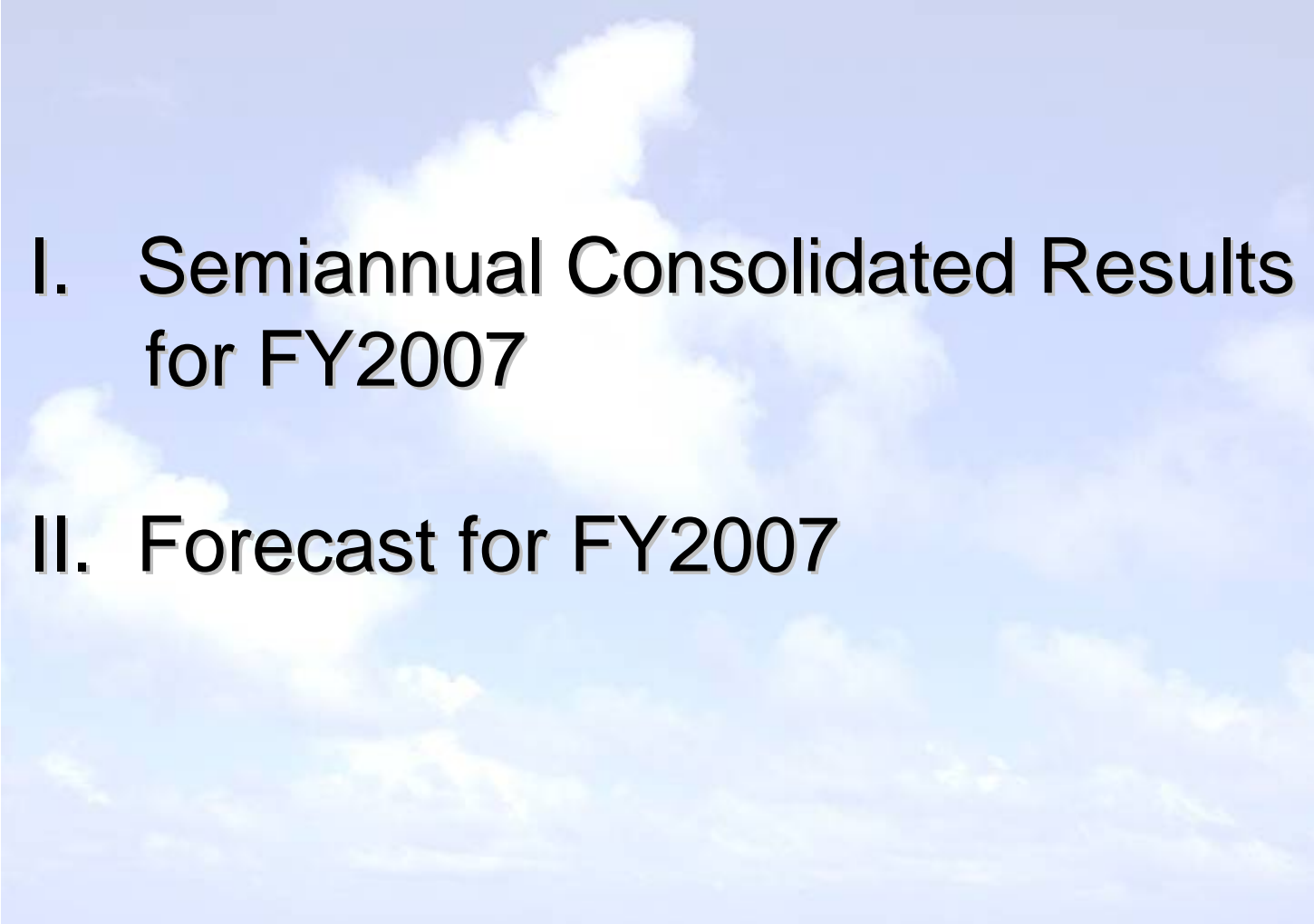
Nabtesco Corporation

This is an English translation from the original Japanese document.

All financial information has been prepared in accordance with accounting principles generally accepted in Japan.

The forecast data presented herein reflects assumed results based on conditions that are subject to change.

Nabtesco Corporation does not make representations as to, or warrant, in whole or in part, the attainment or realization of any of the forecasted results presented in this document.

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- I. Semiannual Consolidated Results for FY2007
 - II. Forecast for FY2007

**I. Semiannual Consolidated Results
for FY2007**

II. Forecast for FY2007

Profit & Loss Summary

(Comparison with the same period of the previous fiscal year)

Nabtesco

(JPY billion)	2006/9	2007/9	Variation	Ratio
Sales	77.9	84.0	6.1	7.9%
Operating profit	8.1	9.6	1.4	18.2%
Non-operating profit and loss	0.2	0.6	0.3	—
Ordinary profit	8.4	10.2	1.8	21.6%
Extraordinary profit and loss	-0.2	-0.5	-0.3	—
Profit before taxes	8.1	9.6	1.5	18.4%
Net profit	4.7	5.8	1.0	22.8%
Net profit per share (Yen)	37.80	46.37	8.57	

Dividend per share (Yen)	7	8	1
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Variation

■ Sales

Increase of construction machinery demands in emerging markets

Recovery of automotive industry's CAPEX

■ Operating profit

Increase of sales 1.7 billion

Cost reduction & price effect 0.4 billion

Material cost increase -0.1 billion

Increase of depreciation burden, etc. -0.6 billion

Total 1.4 billion

■ Non-operating profit and loss

Investment profit by equity method 0.3 billion

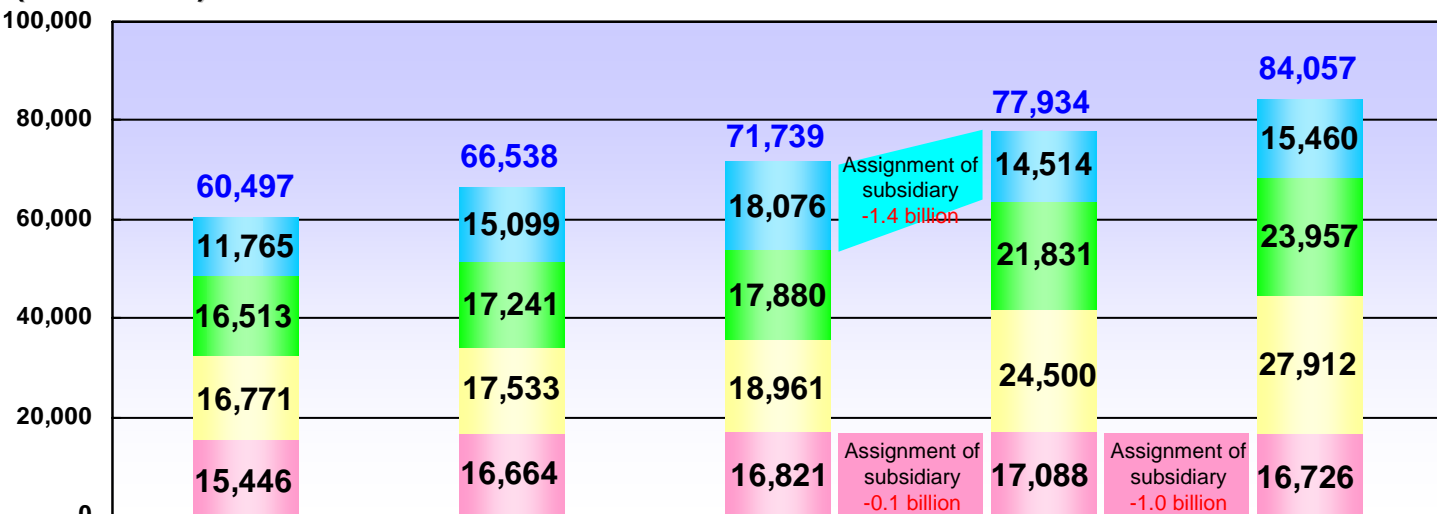
■ Extraordinary profit and loss

Temporary loss due to change of retirement plan system -0.3 billion

Growth of Consolidated Semiannual Sales & Profit by Business Segment



(JPY million)

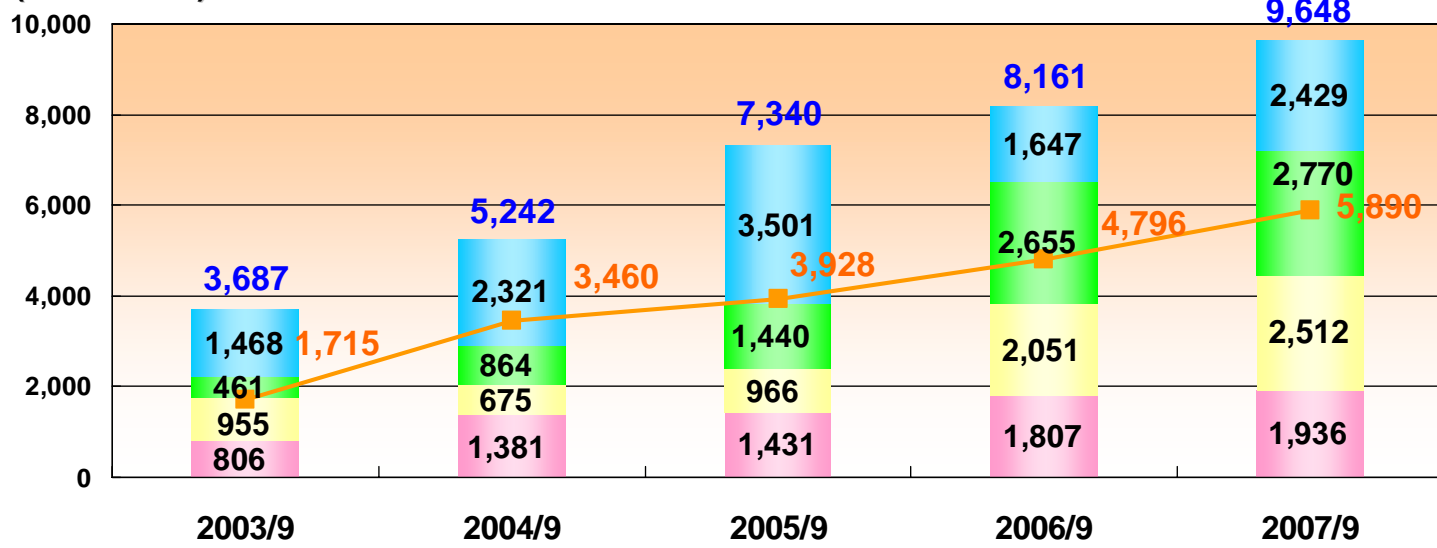


Sales (JPY million)

Original forecast	83,000
Forecast at 1Q	83,000
Result	84,057

- Precision
- Transport
- Aircraft & Hydraulic
- Industrial

(JPY million)



Operating profit (JPY million)

Original forecast	8,450
Forecast at 1Q	9,200
Result	9,648

Net profit (JPY million)

Original forecast	4,700
Forecast at 1Q	5,100
Result	5,890

Precision Equipment

Main Products and Customers

Precision reduction gears

Robots: Fanuc, Yaskawa Electric, KUKA (Germany), ABB (Sweden)

Machine tools: Okuma, Yamazaki Mazak, Mori Seiki

SPE: Tokyo Electron

(JPY million)	2006/9	2007/9	Variation	Ratio
Sales	14,514	15,460	946	6.5%
Operating profit	1,647	2,429	782	47.5%
Operating profit ratio	11.4%	15.7%		

- Precision reduction gears for industrial robots recovered due to automotive industry's CAPEX through conditioning period.
- Demand for gears for machine tools remained strong.
- Increased profit due to productivity improvement by starting new plant.

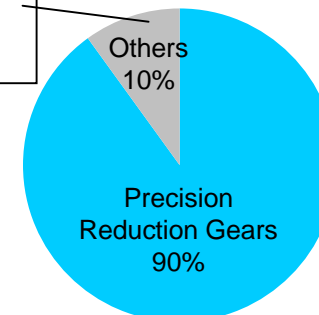
Sales

Original forecast	15,000
Forecast at 1Q	15,000

Operating Profit

Original forecast	1,950
Forecast at 1Q	2,400

Vacuum Equipment,
Stereo Lithography
Machines, etc.



Sales Structure

Transport Equipment



Main Products and Customers

Railroad vehicle equipment (brake systems, door operating units)

JR companies, Private railway companies, KHI, Nippon Sharyo, Beijing Subway, etc.

Commercial vehicle equipment (air brake peripherals)

Mitsubishi Fuso Truck & Bus, Hino, Isuzu, Nissan Diesel Motor

Marine vessel equipment (remote control system for marine diesel engines)

KHI, Mitsui Engineering & Shipbuilding, MHI, MAN Diesel (Denmark)

(JPY million)	2006/9	2007/9	Variation	Ratio
Sales	21,831	23,957	2,126	9.7%
Operating profit	2,655	2,770	115	4.3%
Operating profit ratio	12.2%	11.6%		

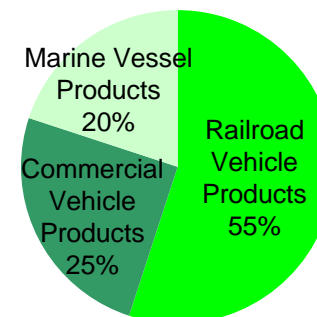
Sales

Original forecast	24,000
Forecast at 1Q	24,000

Operating Profit

Original forecast	3,000
Forecast at 1Q	3,000

- Railroad vehicle products increased due to renewal of domestic rolling stock, though sales to large projects in China decreased.
- Commercial vehicle products remained at the same level due to decrease of temporary domestic demand covered by increase of truck exports.
- Marine vessel products increased due to high global demand for shipbuilding.
- Improvement of profitability in marine vessel products mainly contributed to increase of profit.



Sales Structure

Aircraft & Hydraulic Equipment



Main Products and Customers

Hydraulic products

Traveling units: Komatsu, Kobelco Construction Machinery, Sumitomo Construction Machinery Manufacturing, Shin Caterpillar Mitsubishi, Yanmar Construction Equipment

Drive units for wind turbine generators: MHI, other

Aircraft products (flight control actuation systems)

Boeing, KHI, IHI, MHI, Ministry of Defense

(JPY million)	2006/9	2007/9	Variation	Ratio
Sales	24,500	27,912	3,412	13.9%
Operating profit	2,051	2,512	461	22.5%
Operating profit ratio	8.4%	9.0%		

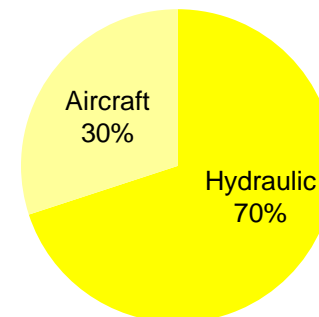
Sales

Original forecast	27,000
Forecast at 1Q	27,000

Operating Profit

Original forecast	1,800
Forecast at 1Q	2,100

- Hydraulic equipment increased due to world-wide expansion of construction machinery.
- Drive units for wind turbine generators also increased.
- Aircraft equipment increased due to buoyant civil aviation market, though defense related sales decreased.
- Profit increased due to sales increase of each business.



Sales Structure

Industrial Equipment

Main Products and Customers

Automatic Doors

Automatic doors for buildings: Major general contractors, Tostem, etc.

Platform doors: Yurikamome, Tokyo Metro

Packaging Machines (automatic filler/sealer for foods)

Ajinomoto, Nippon Meat Packers, Otsuka Foods, House Foods, Morinaga Milk Industry, Lotte, Nestle (Switzerland)

(JPY million)	2006/9	2007/9	Variation	Ratio
Sales	17,088	16,726	-362	-2.1%
Operating profit	1,807	1,936	129	7.1%
Operating profit ratio	10.6%	11.6%		

- Automatic doors sales increased due to growth of platform doors overseas.
- Export of packaging machines buoyant for pet food industry.
- CVJ processing machines increased due to recovery of automotive industry's CAPEX.
- 1 billion yen sales decrease by assignment of overseas subsidiary.
- Profit increase mainly led by improved profitability of automatic doors and packaging machines.

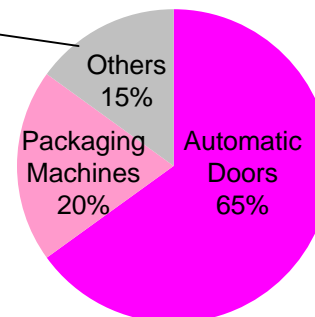
Special-purpose Machine Tools, Welfare Products, etc.

Sales

Original forecast	17,000
Forecast at 1Q	17,000

Operating Profit

Original forecast	1,700
Forecast at 1Q	1,700



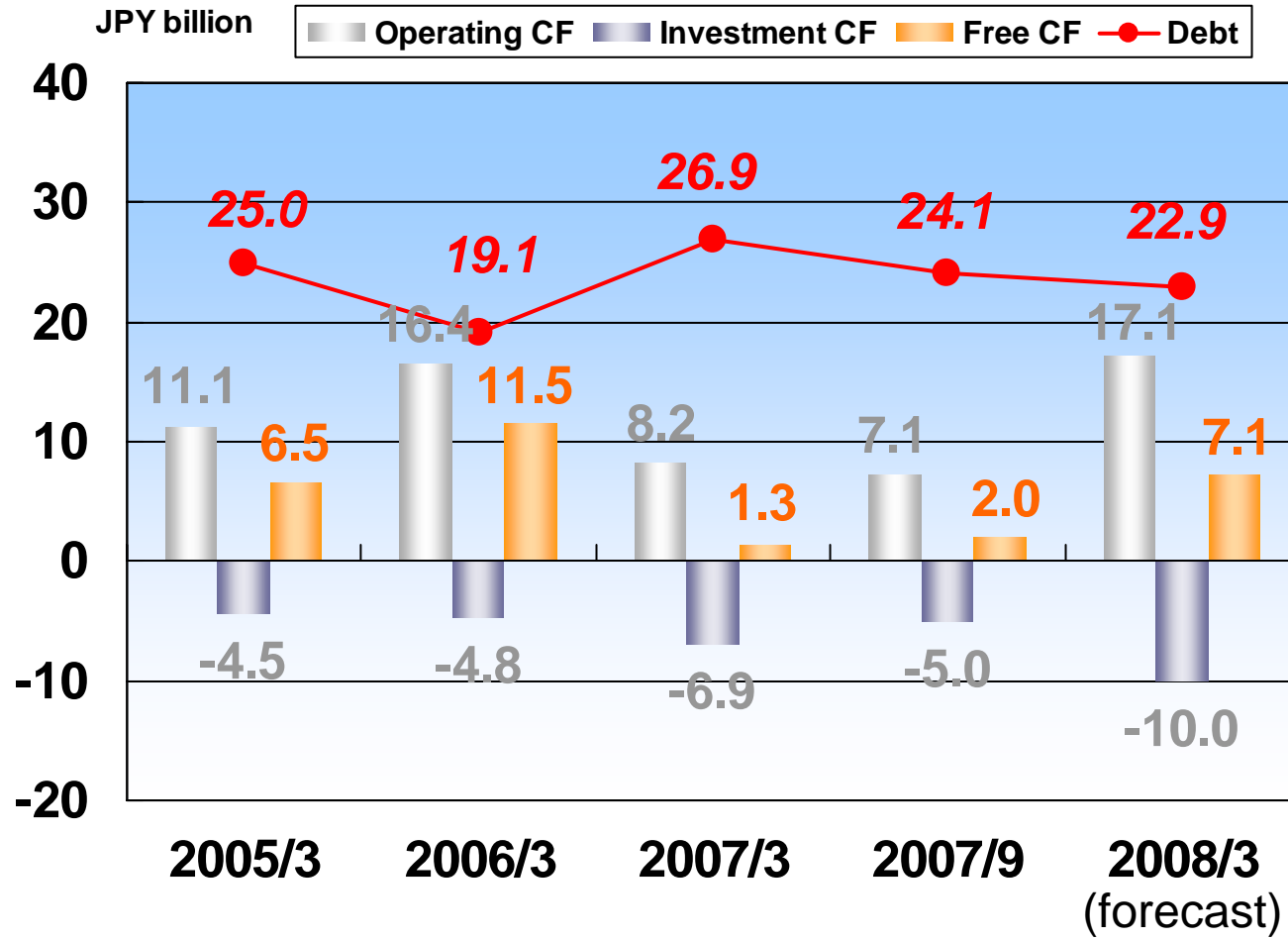
Sales Structure

Balance Sheet Summary



(JPY billion)	2006/9	2007/9	Variation	Comments
Assets	150.2	164.6	14.3	
(Cash and time deposits)	15.1	24.5	9.4	
(Accounts receivable)	46.9	48.8	1.8	Increase of sales
Receivable turnover period	106	104	-2	
(Inventory)	17.6	20.5	2.8	Corresponding to increase of sales
Inventory turnover period	52	56	4	
(Fixed assets)	43.9	43.2	-0.6	
Liabilities	78.3	83.7	5.4	
(Interest-bearing debt)	18.1	24.1	5.9	Issuance of CB
Net Assets	71.8	80.8	8.9	
(Minority interests)	3.9	4.3	0.4	
Equity Ratio	45.2%	46.5%		

Cash flow & interest-bearing debt

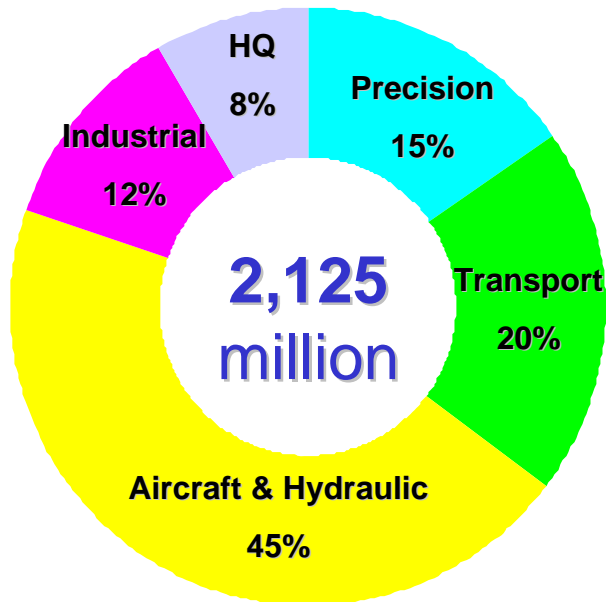


CAPEX, R&D and Depreciation

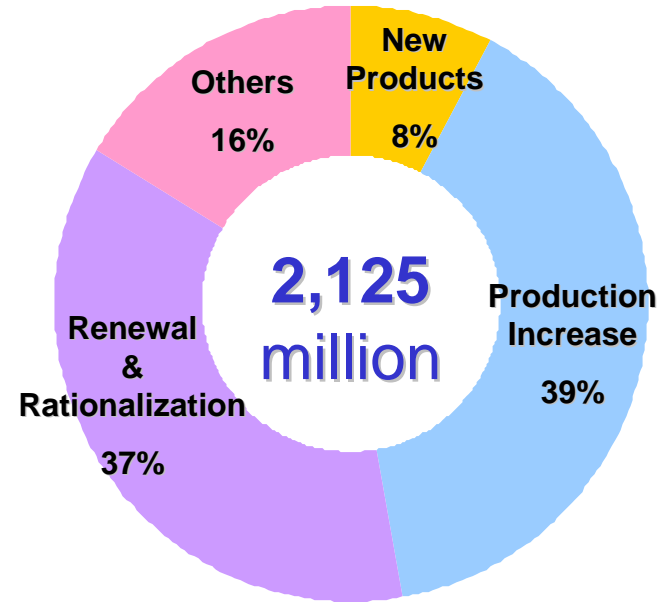


(JPY million)	2006/9	2007/9	2008/3 (forecast)
CAPEX	4,357	2,125	7,500
R&D expenses	1,968	1,990	4,100
Depreciation and amortization	2,214	2,422	5,600

CAPEX by Segment



CAPEX by Usage





I. Semiannual Consolidated Results
for FY2007

II. Forecast for FY2007

Profit & Loss Forecast



(JPY billion)	2007/3	2008/3	Variation	Ratio
Sales	161.4	168.0	6.5	4.1%
Operating profit	16.4	18.8	2.3	14.4%
Ordinary profit	16.8	19.5	2.6	15.6%
Net profit	9.7	11.0	1.2	12.4%

Dividend per share (Yen)	14	16 (forecast)	2
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■ Sales

Will increase due to buoyant construction machinery, recovery of CAPEX in automotive industry, increment of shipbuilding demand, etc. The projections cover a 2.6 billion sales decrease by assignment of subsidiary.

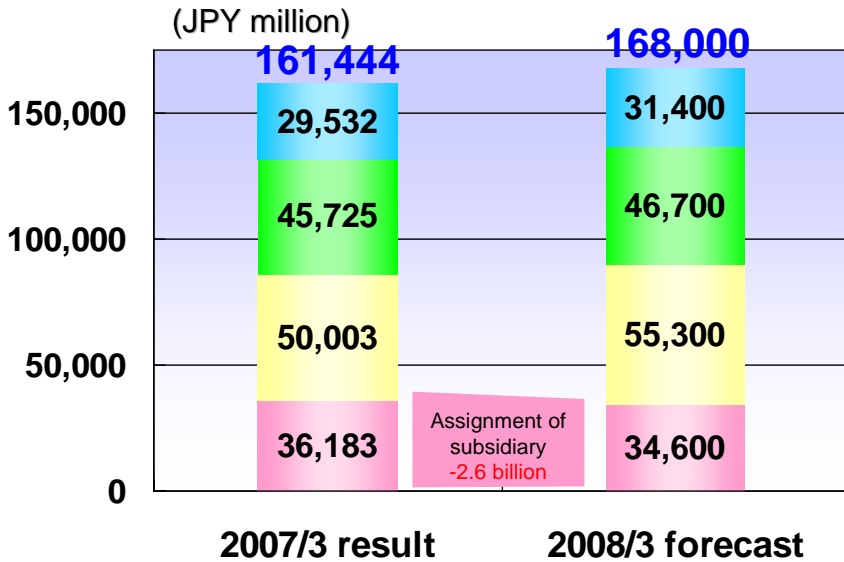
■ Operating profit

Increase of sales	2.6 billion
Cost reduction & price effect	1.2 billion
Material cost increase	-0.4 billion
Increase of depreciation burden, etc.	-1.1 billion
Total	2.3 billion

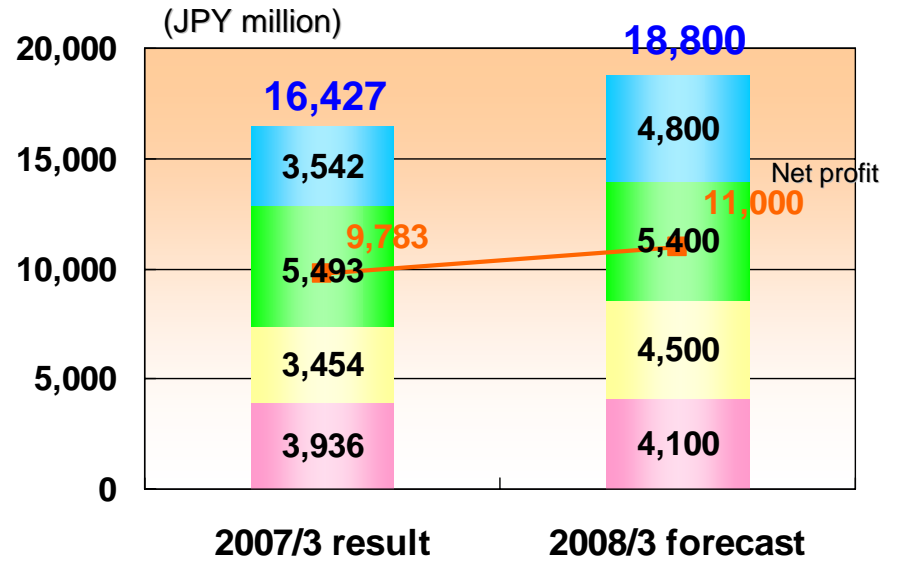
Sales & Profit Forecast by Business Segment



Sales

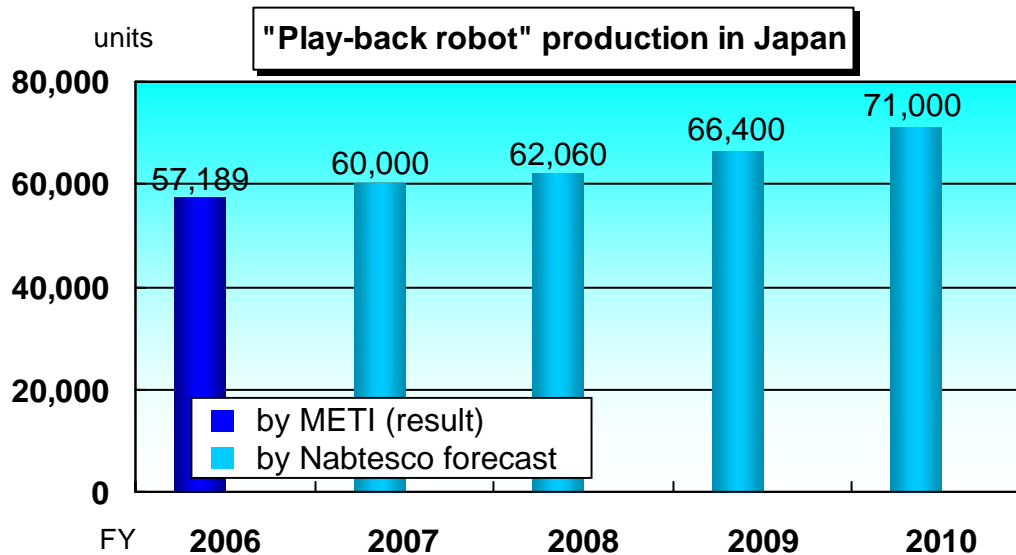


Operating profit & net profit



- Precision
- Transport
- Aircraft & Hydraulic
- Industrial

Forecast: Precision Equipment

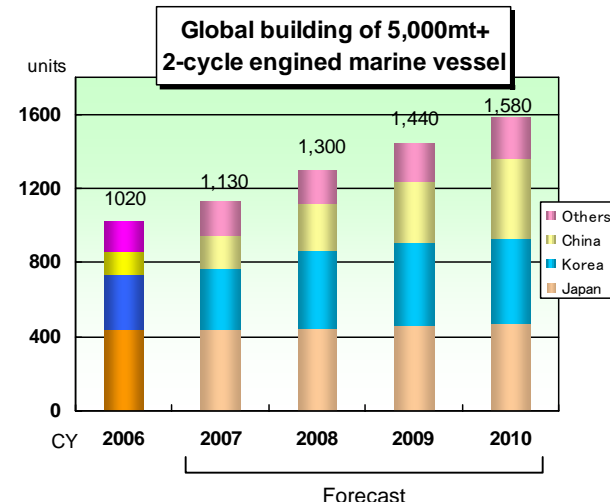
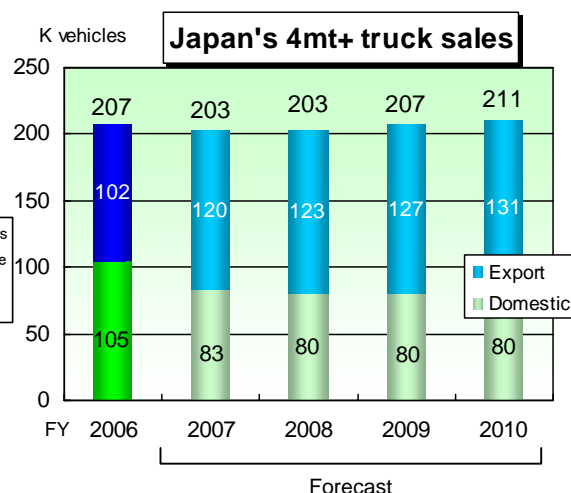
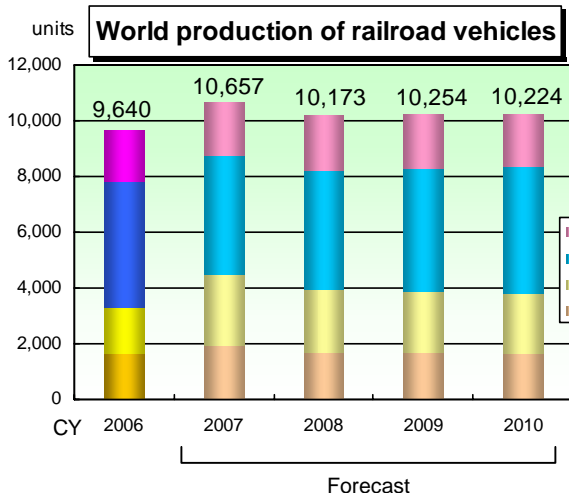


(JPY million)	2007/3 result	2008/3 forecast	Variation	Ratio	
Sales	29,532	31,400	1, 867	6.3%	<ul style="list-style-type: none"> ● Precision reduction gears for industrial robots will recover, led by activation of automotive industry's CAPEX. Gears for machine tools will keep growing. ● New plant productivity will contribute to growth.
O.P.	3,542	4,800	1,258	35.5%	
O.P. ratio	12.0%	15.3%			

Forecast: Transport Equipment



Charts: Nabtesco study



(JPY million)	2007/3 result	2008/3 forecast	Variation	Ratio
Sales	45,725	46,700	975	2.1%
O.P.	5,493	5,400	-93	-1.7%
O.P. ratio	12.0%	11.6%		

● **Railroad vehicle products:**
Domestic demand for rolling stock renewal will cover the decrease of large China projects, so sales will remain similar to the previous year. Profit will decrease due to change of product mix.

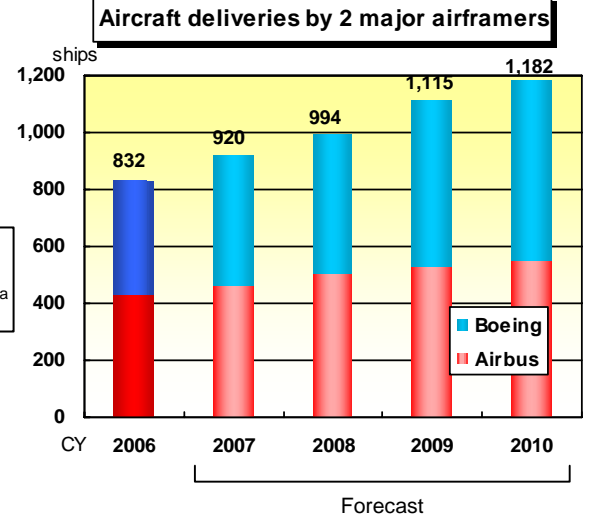
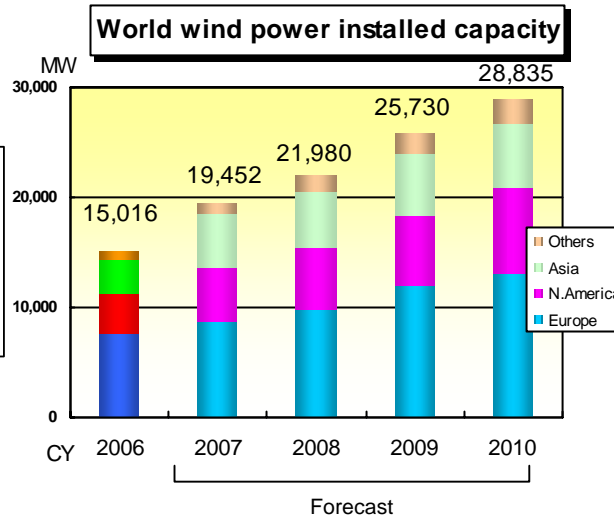
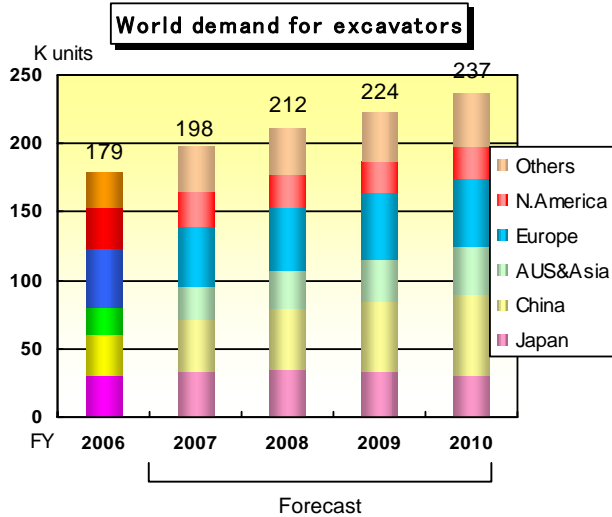
● **Commercial vehicle products:**
Sales will decrease due to decrease in replacement demand.

● **Marine vessel products:**
Sales will increase due to growth in world shipbuilding demand.

Forecast: Aircraft & Hydraulic Equipment



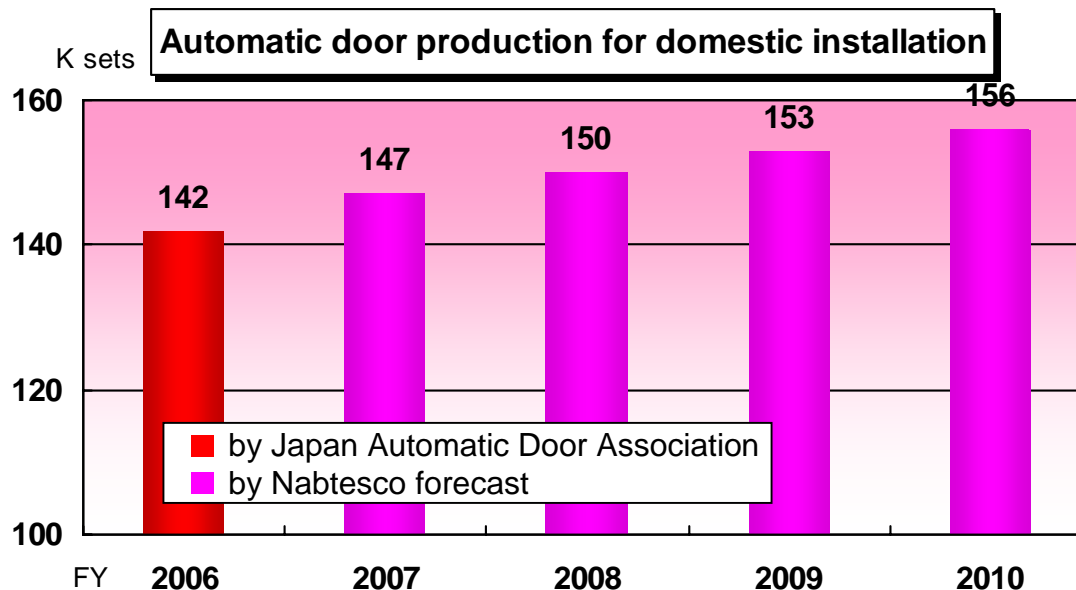
Charts: Nabtesco study



(JPY million)	2007/3 result	2008/3 forecast	Variation	Ratio
Sales	50,003	55,300	5,297	10.6%
O.P.	3,454	4,500	1,046	30.3%
O.P. ratio	6.9%	8.1%		

- Hydraulic equipment: Will increase supported by world-wide booming demand for construction machinery.
- Drive units for wind turbine generators will also expand.
- Aircraft equipment: Repair & replacement in civil aviation will recover and sales will increase.

Forecast: Industrial Equipment



(JPY million)	2007/3 result	2008/3 forecast	Variation	Ratio
Sales	36,183	34,600	-1,583	-4.3%
O.P.	3,936	4,100	164	4.2%
O.P. ratio	10.9%	11.8%		

- Will maintain market share for automatic doors.
- Platform doors will increase in both Japan and overseas.
- Packaging machines will increase due to rises in domestic and international demand.
- Sales will fall by 2.6 billion yen due to assignment of overseas subsidiary.

Target Financial Figures



(JPY billion)	2008/3 forecast	2008/3 The last FY of the mid-term plan
Sales	168.0	155.0
Net Profit	11.0	9.5
ROE	14.3%	15%
ROA	6.7%	8%
Free Cash Flow	20.0 (3-year accumulation)	25.0 (3-year accumulation)
D/E Ratio	0.28	0.05

(Announced in May 2005)

The next mid-term plan (three-year) starting from FY 2009/3 to be announced in May 2008

Nabtesco