

# FY2024/12 H1 Results Briefing

**Nabtesco Corporation**  
**August 8, 2024**

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. Numerical figures presented herein are rounded down to the nearest whole unit for monetary value and rounded off to one decimal place for percentage. Unauthorized copying and replication of this material including text and image are prohibited.

FY2024/12  
H1 result  
(Consolidated)

- Net Sales : ¥152.5 billion (YoY -6.4%)
- O.P. : ¥ 6.4 billion ( YoY -26.0%)

FY2024/12  
Full-year forecast  
(Consolidated)

- Net Sales : ¥323.7 billion (Compare to Plan as of April 30: ±0%)
  - O.P. : ¥13.5 billion (Compare to Plan as of April 30: ±0%)
- Revised the forecast by each segment

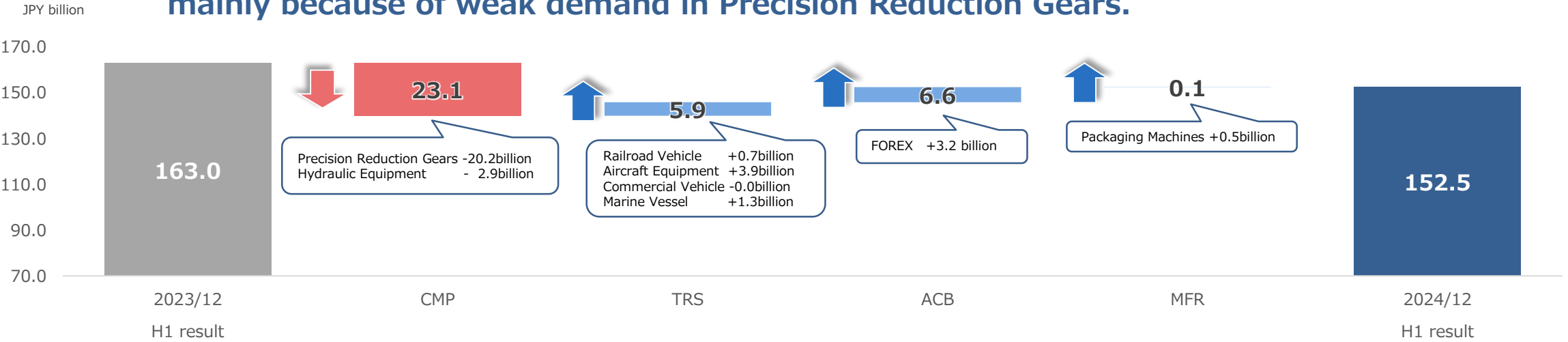
Actions for  
profitable growth

- Progress in Project 10
- Growth area of existing business (TRS)
- New development  
Path to realize “Smart Motion Control” : Promote electrification through inter-business synergies

# FY2024/12 H1 result

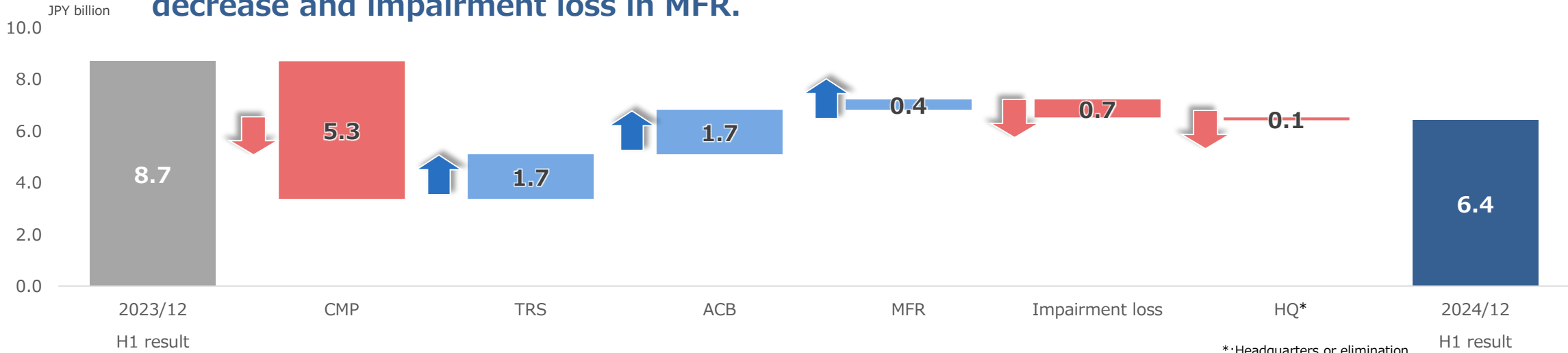
## Sales

■ Although favorable demand increased the sales of TRS and ACB, overall sales decrease mainly because of weak demand in Precision Reduction Gears.



## O.P.

■ Although profit increased in TRS and ACB, overall profit decreases due to CMP sales decrease and impairment loss in MFR.



\*:Headquarters or elimination

- Revenues and profits declined YoY. Relative to plan, profits improved significantly due to cost control and other factors, despite impairment loss in MFR.

(JPY billion)	FY2023/12 H1 result (A)	FY2024/12 H1 Plan (As of April 30) (B)	FY2024/12 H1 result (C)
<b>Sales</b>	163.0	151.5	152.5
<b>O.P.</b>	8.7	5.0	6.4
<b>Operating profit margin</b>	5.3%	3.3%	4.2%
<b>Finance Income and Cost</b>	4.5	0.4	1.0
<b>(Revaluation share of HDS<sup>*1</sup>)</b>	3.5	-	-
<b>Equity in earnings of affiliates</b>	2.3	0.1	0.4
<b>Profit before tax</b>	15.5	5.5	7.8
<b>Net profit<sup>*2</sup></b>	9.5	2.3	4.2
<b>Total basic earnings per share (Yen)</b>	78.74	19.16	35.01
<b>Dividends per share (Yen)</b>	40	40	40

YoY Variation (C-A)	Compare to plan Variation (C-B)
-10.5	1.0
-2.3	1.4
-1.1pt	0.9pt
-3.5	0.6
-	-
-1.9	0.3
-7.6	2.3
-5.2	1.9

























\*1 HDS : Harmonic Drive Systems

\*2 Net income attributable to owners of the parent

■ Asset increased due to preparation of Hamamatsu Plant. Equity increased due to yen depreciation.

(JPY billion)	FY2023/12 As of December 31, 2023	FY2024/12 H1 As of June 30, 2024	Variation	
<b>Assets</b>	422.1	433.3	11.3	
(Cash and cash equivalents)	77.8	78.2	0.3	
(Trade receivable)	82.8	78.9	-3.9	
(Inventories)	51.0	58.4	7.5	
(Non-current assets)	201.2	209.7	8.5	Non-current assets increases due to preparation of Hamamatsu Plant
<b>Liabilities</b>	146.2	147.9	1.8	
(Borrowings)	21.6	31.8	10.2	
<b>Total equities</b>	275.9	285.4	9.5	
(Treasury shares)	-3.9	-3.6	0.3	
(Non-controlling interests)	15.4	17.3	1.9	Non-controlling interests increase due to yen depreciation
<b>Equity attributable to owners of parent</b>	260.5	268.1	7.6	
<b>Ratio of equity attributable to owners of parent :</b>	61.7%	61.9%		

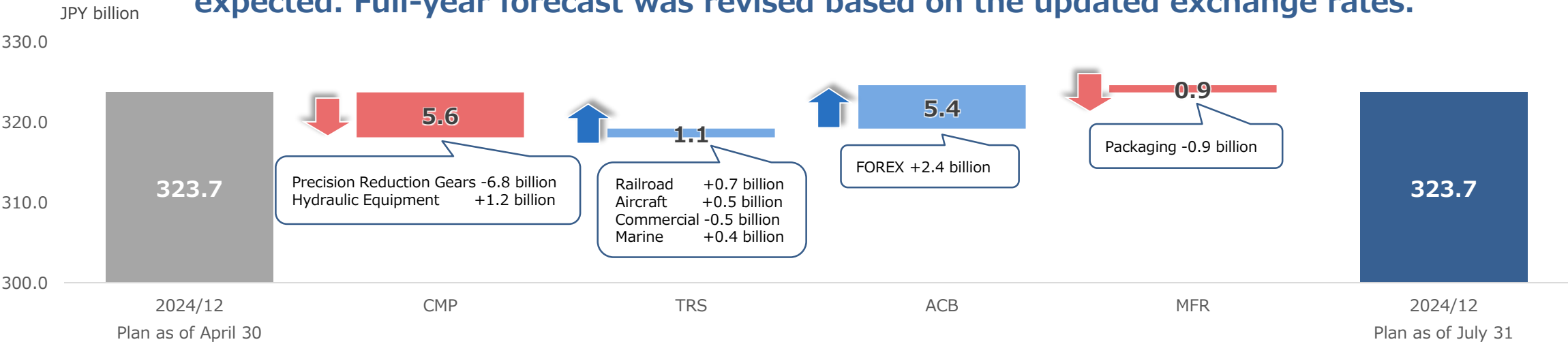
# FY2024/12 Full-year Plan

Business			Market Environment	Trend (Initial plan) ⇒ (H2 forecast)
CMP	Precision Reduction Gears		Demand for industrial robots will be sluggish due to the economic downturn in China and other regions, and inventory adjustments for completed robots will continue. Full-scale recovery of the market is expected to be delayed until 2025.	 ⇒ 
	Hydraulic Equipment		Demand in the Chinese market will remain stagnant. Demand in Europe and North America also will remain sluggish due to the economic slowdown.	 ⇒ 
TRS	Railroad Vehicle Equipment		Japan: Investment for new vehicles has been recovered, and MRO has remained stable. Overseas: Increase in new projects in Indonesia, Asia and Europe.	 ⇒ 
	Aircraft Equipment		Demand for commercial aircraft will increase due to a strong recovery in passenger demand, and both new aircraft and maintenance demand will increase. Demand for defense equipment will increase significantly due to the impact of the expansion of defense budgets.	 ⇒ 
	Commercial Vehicle Equipment		In the domestic market, demand is expected to be stagnant due to factors such as a shortage of drivers in the logistics industry. Decline in demand due to economic stagnation in the Southeast Asian market, etc.	 ⇒ 
	Marine Vessel Equipment		Demand for both new vessels and MRO will increase due to favorable shipbuilding and shipping markets. Increasing market needs for fuel-efficient, autonomous navigation.	 ⇒ 
ACB	Automatic Doors		Building doors: Continuing strong demand in the domestic market due to urban redevelopment and other factors in Japan. New demand is expected to stagnate in the European and U.S. markets due to slowing growth, but renewal demand is expected to be firm. Strong domestic demand for platform doors (PD) will continue due in part to Barrier-free Access Law	 ⇒ 
MFR	Packaging Machines		Despite high demand for automation and labor saving, there will be some revisions of investment projects mainly in food industry.	 ⇒ 



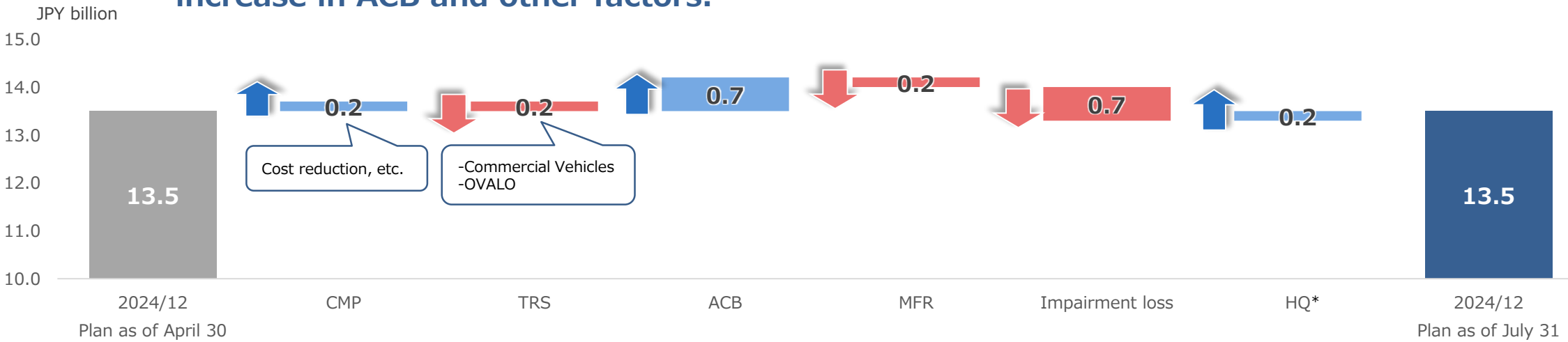
## Sales

■ Demand recovery for precision reduction gears is expected to be slower than initially expected. Full-year forecast was revised based on the updated exchange rates.



## O.P.

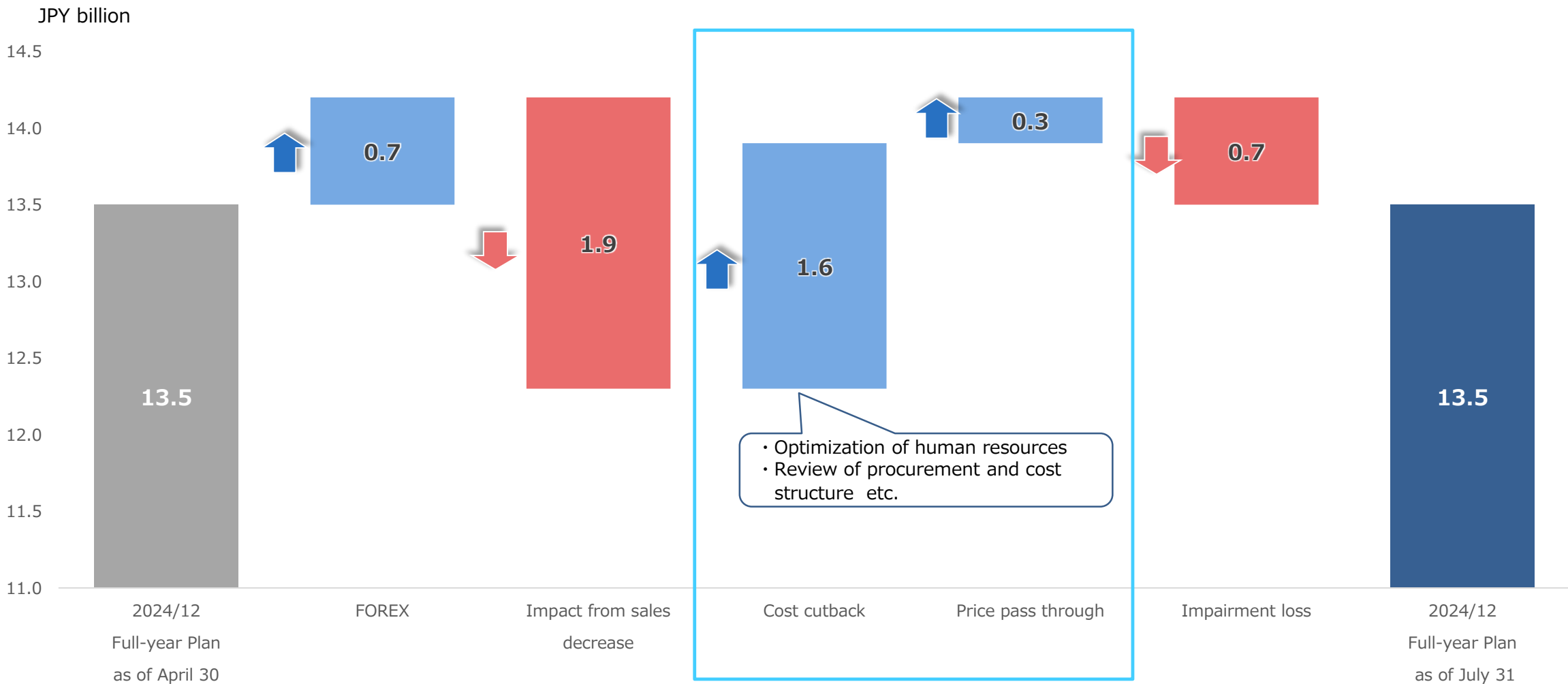
■ Despite the impairment loss in MFR, the overall profit remained unchanged due to the increase in ACB and other factors.



\*:Headquarters or elimination

# Analysis of Factors Caused Changes in Operating Profit (Comparison of April 30 plan and July 31 plan)

■ Curbing costs and price pass through offset the impact of lower sales and maintained profit plan.



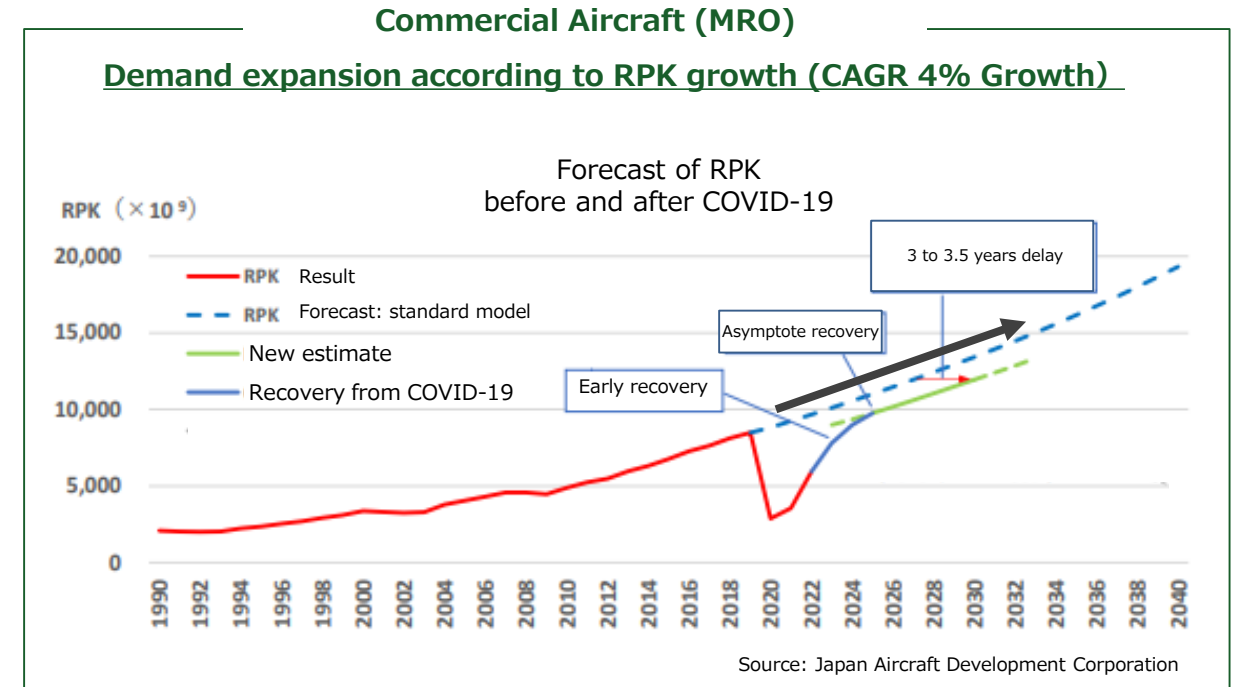
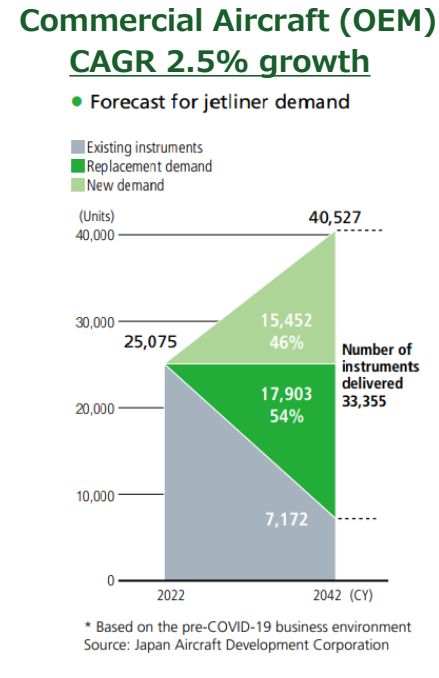
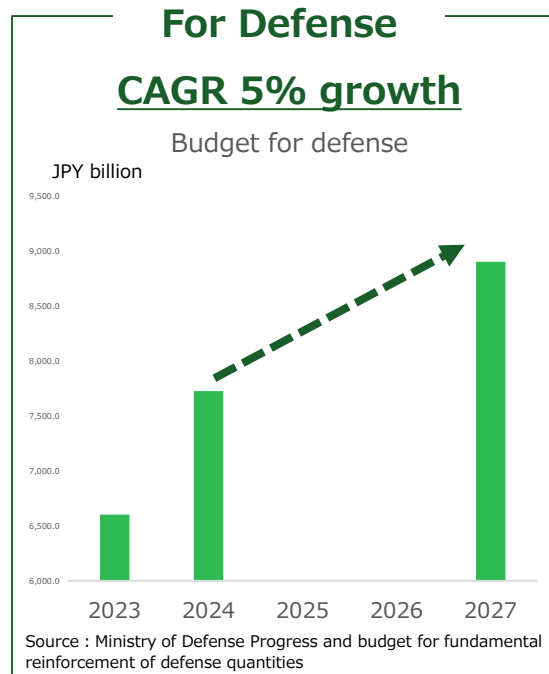
# Actions for profitable growth

■ FY2024/12 operating profit forecast improves +0.4pt compared to initial plan. Profit improvement measures are expected to contribute positively.

Profitability improvement plan by 2026 (compare to FY2024 initial plan)	Actions in 2024	Effects of Major Measures		Improvement expected in FY2024 (Compare to FY2024 initial plan)
		Short-term	Mid-term	
<b>①Margin improvement on existing business +5.0pt</b>  <b>● Focus on improving CMP margins 2.8% → 11.0%</b>  -Price pass through -Cost reduction -Maximize profit under higher utilization ratio  <b>● Improve profitability in other businesses</b>  -Reviews cost structure -Sales increase due to business growth	<ul style="list-style-type: none"> <li>Price pass through negotiations led by top management</li> <li>Productivity improvement by reviewing the work process</li> <li>Utilize highly automated production lines by Hamamatsu plant operation</li> <li>Enhance sales structure for FA sales expansion in India and Thailand</li> <li>Reviewing production capability in China in Hydraulic Equipment</li> <li>Reviewing cost structure and cost screening in each business</li> </ul>			<b>+0.3pt</b>
<b>②Optimization of fixed costs +0.7pt</b>  <b>Promote investment in innovation continuously while reduce fixed costs by digital transformation, improving operational efficiency and selective investment.</b>	<ul style="list-style-type: none"> <li>Controlling headquarters cost</li> <li>Selected R&amp;D investment items through 2026</li> <li>Productivity improvement by enhancing digital transformation</li> </ul>			<b>+0.1pt</b>
<b>③Contribution from the new businesses +0.3pt</b>  <b>Accelerate development of highly profitable businesses such as systematized products</b>	<ul style="list-style-type: none"> <li>Execution of OVALO sales expansion plan for collaboration robots</li> <li>Structural change to intangible things through Deep Sea and CMFS businesses</li> </ul>			

- In addition to market growth expected for both defense and commercial aviation sectors, aim for further growth through measures to expand sales and productivity improvement

## [Market]

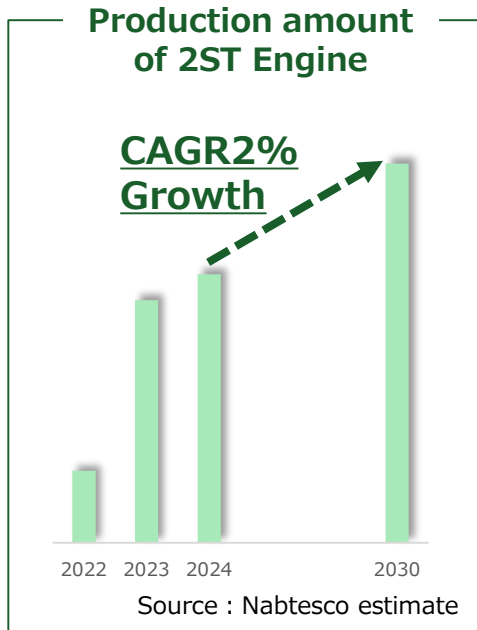


## [Actions]

- Maximizing growth opportunities by increasing applied models and supply items
- Establishment of a highly efficient production system to meet demand increase
- Entry into next-generation mobility through flight control actuation systems

■ Increase in demand for new vessels and others to respond to tighter environment regulations. Aiming to continue expansion of automated operational support systems sales.

## [ Market ]



- Renew IMO GHG Emission Strategy**
- **Target**

**Zero GHG Emission by 2050**  
(Previously 50% of GHG Emission by 2050)
  - **Reduction guideline to achieve target**
    - 20 to 30% reduction of GHG emission by 2030 (Baseline year 2008)
    - 70 to 80% reduction of GHG emission by 2040 (Baseline year)

## Market for automated operational systems

Operational system market (incl. Auto pilot and others)

Existing type vs automated operational systems market in 2030



⇒ In 2030, the operating system market grew to a scale of 1.4 trillion yen. 600 billion yen is expected to be accounted for the automatic operational system

Source: Ministry of Land, Infrastructure and Transport  
Development Demonstration and Standards Strategy for the Commercialization of Automated Vessels

## [ Actions ]

- Further growth in existing businesses by promoting the development of products that can respond to tighter environmental regulations



Electronically controlled hydraulic valves



Gas valve for main engine Adopted to hydrogen

- Promote sales by acquiring certification for automatic operational system



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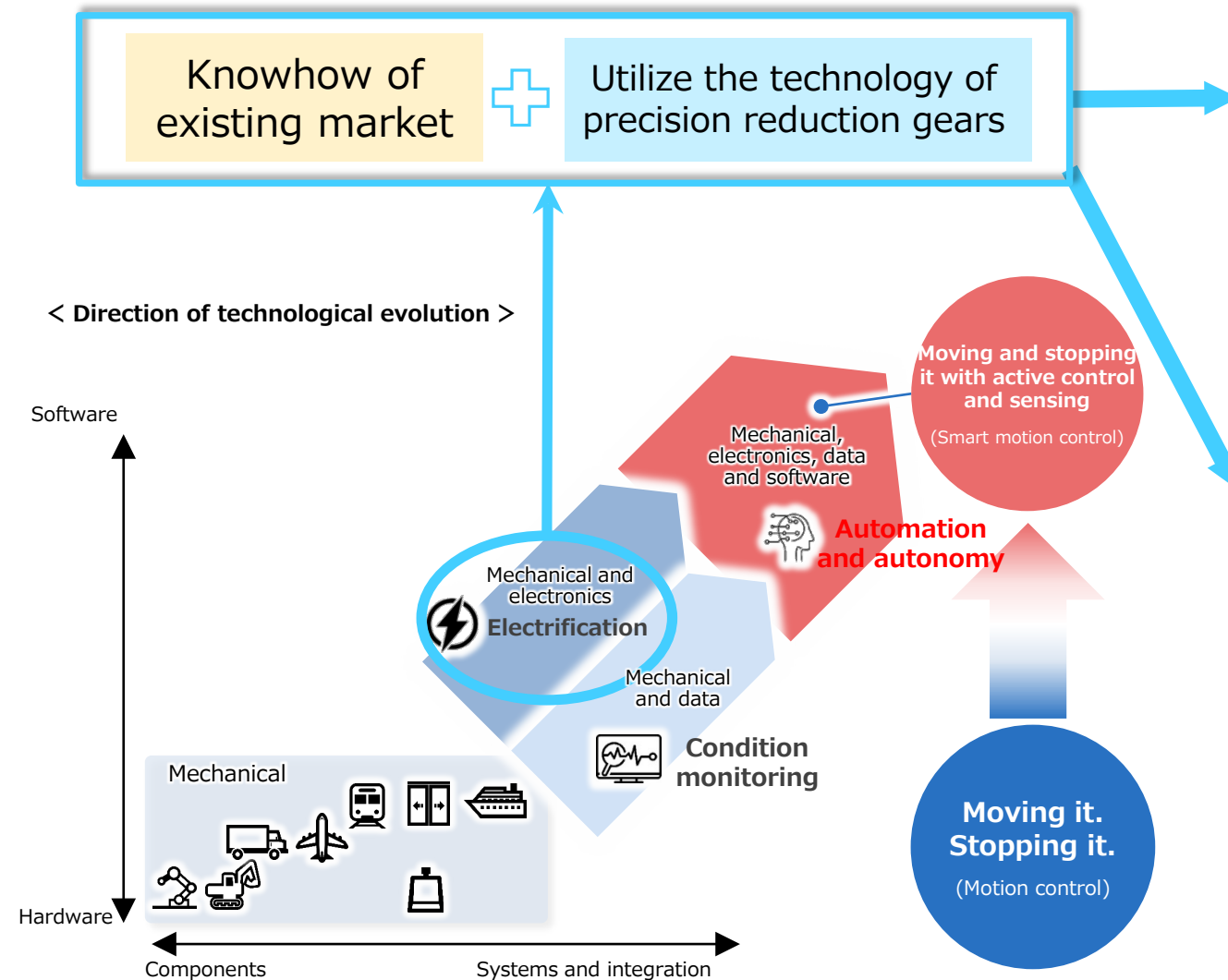
Operation of marine vessels  
-plan for the speed  
-plan for the route

Pythia

Vessels  
-Maintenance  
Main Engines  
-working conditions

Cassandra

## ■ Promoting electrification, one of our efforts to realize smart motion control, through the use of Precision Reduction Gears technologies



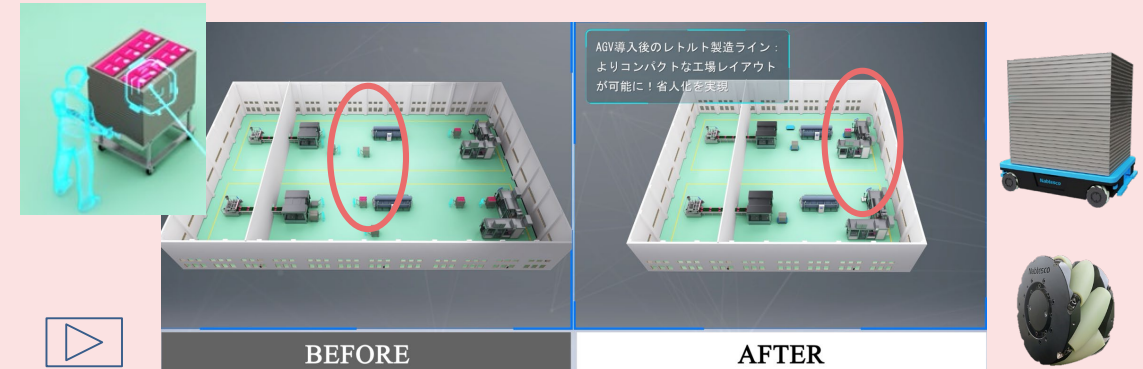
### Case1 Hydraulic Equipment : For Electrification of Excavators

Developed actuators for mini electrified excavators. Scheduled to exhibit the product at Tokyo Big Sight in IFPEX 2024 during September 18 to 20.



### Case2 Packaging Machines: Factory Automation Solutions in Food industry

Utilizing Precision Reduction Gears technologies, AGV with mechanum wheels, we propose solutions for factory automation, labor-saving and space-saving

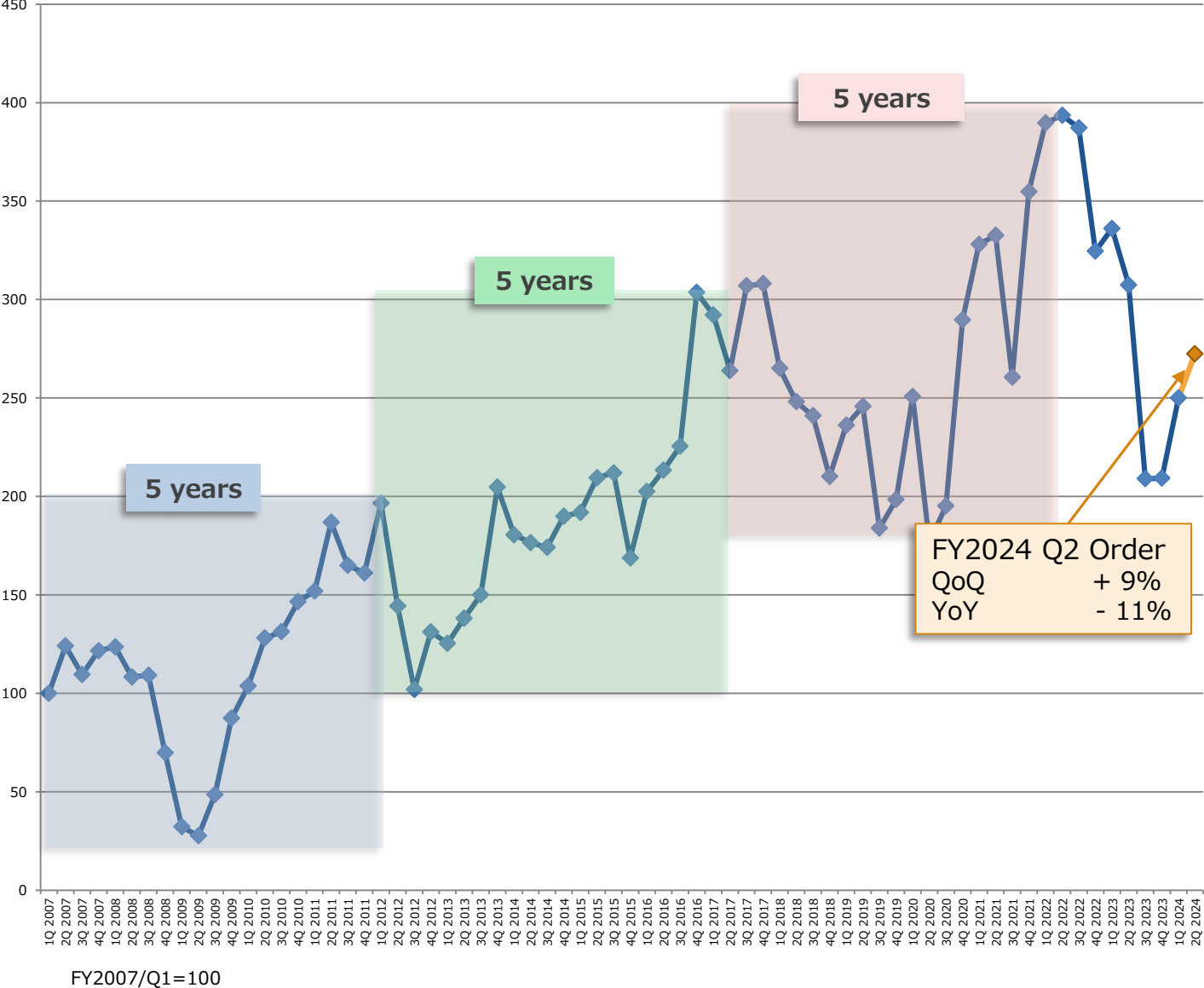




# Appendix



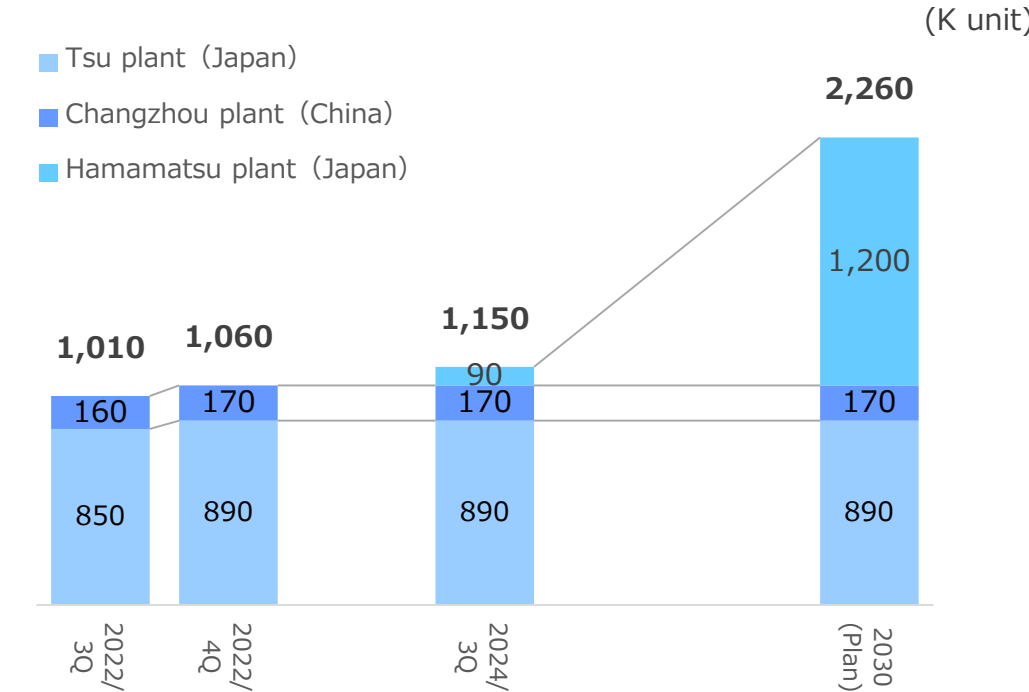
《Order Trend in Precision Reduction Gears》



《Production capacity in precision reduction gears》

Globally: 1.06million units per year  
[Utilization ratio]  
■ Japan (Tsu) Plant: 60% (@890K units/year)  
■ China Plant : 85% (@170K units/year)

Hamamatsu plant start its operation from August 2024 at the aim of profitability improvement

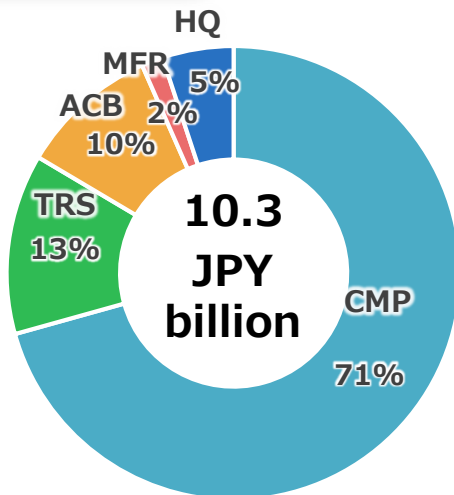


■ No change for initial CAPEX plan

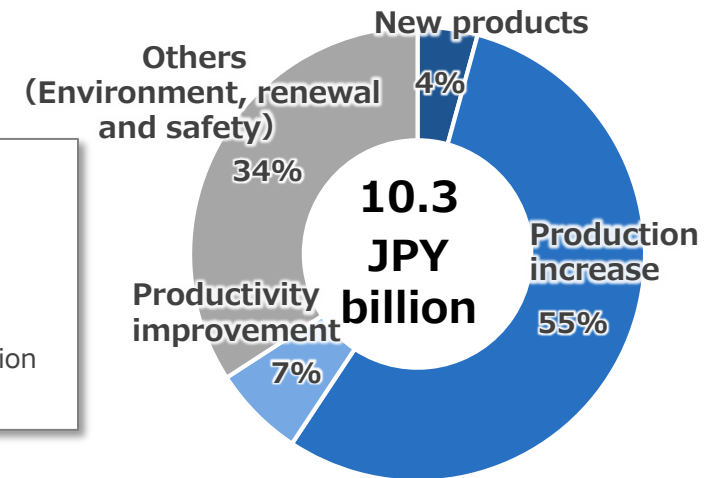
(JPY billion)	FY2023/12 H1 result (A)	FY2024/12 H1 result (B)	YoY Variation (B-A)
CAPEX	11.0	10.3	-0.7
R&D	5.4	5.6	0.2
Depreciation	7.4	7.8	0.4

2024/12 Full year plan As of July 31 (no change)	2023/12 Full year result
27.5	29.7
14.0	11.0
15.6	15.5

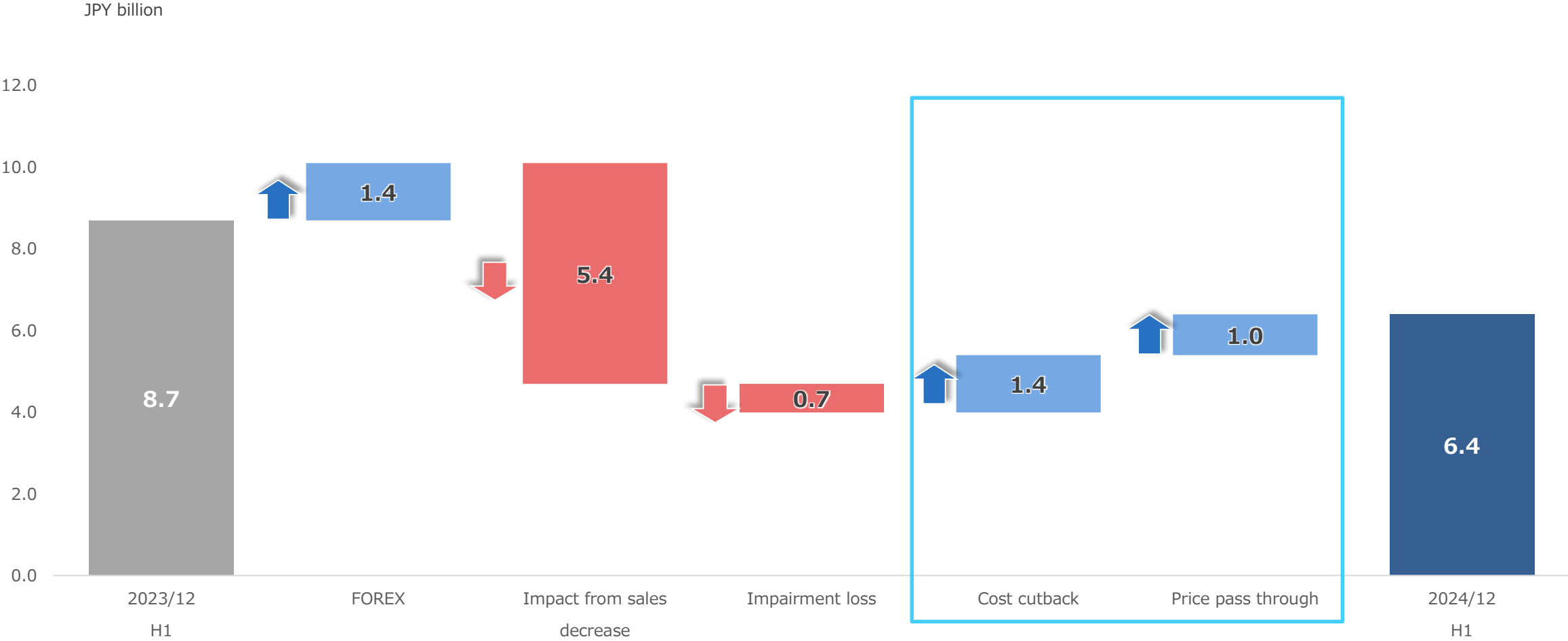
## 2024/12 H1



- Precision reduction gears
  - Investment in Hamamatsu plant
  - Renew facilities
- Hydraulic Equipment
  - Rebuilding of Japan Plant
  - Install environmental friendly production facility

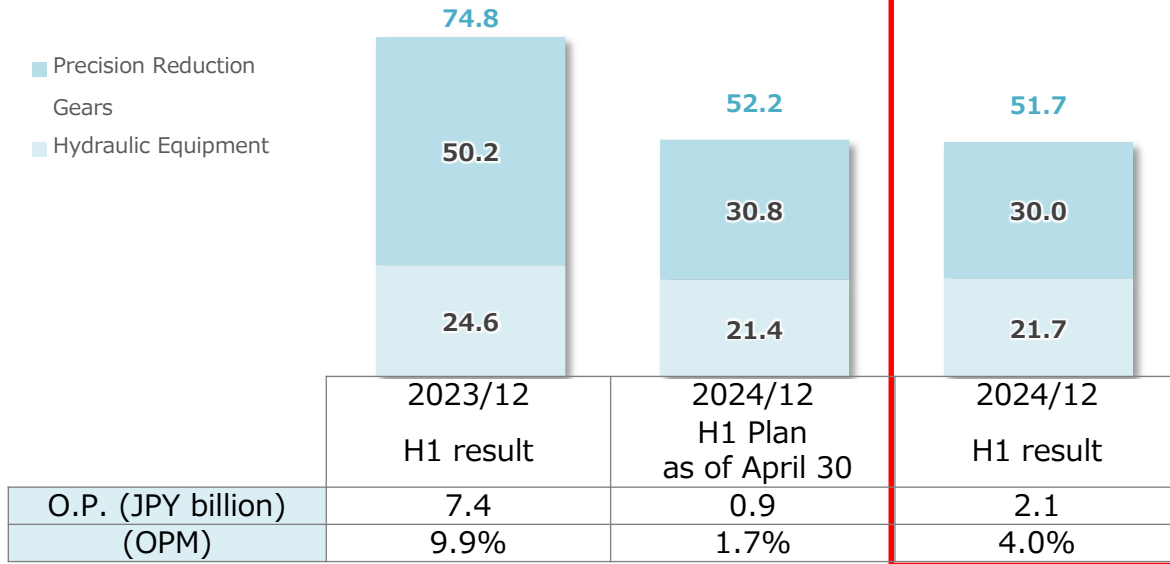


■ Profit decreased due to sales decrease in precision reduction gears despite the effort of cost cutback and price pass through.



## Component Solution Segment (CMP)

Sales (JPY billion)



### 【Sales】

#### • Precision Reduction Gears :

Sales short the plan because the end demand weakness and inventory adjustment of finished robots has been continued.

#### • Hydraulic Equipment :

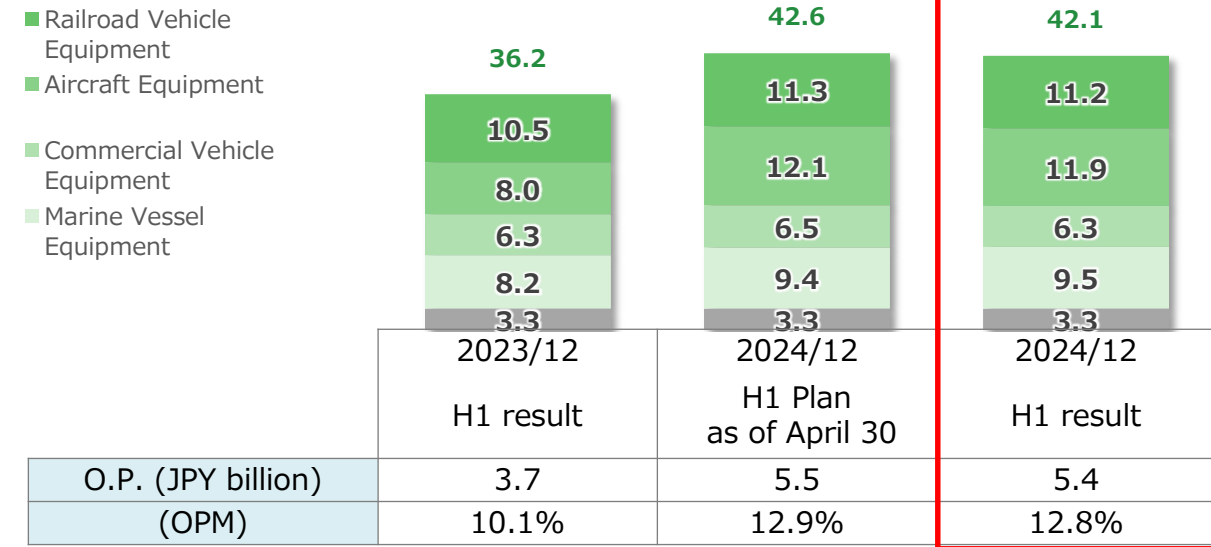
Sales increased compared to plan due to FOREX.

### 【Operating profit】

O.P. increased compared to plan due to cost control and cost recognition delay.

## Transport Solution Segment (TRS)

Sales (JPY billion)



### 【Sales】

#### • Railroad Vehicle Equipment :

Inline with plan

#### • Aircraft Equipment :

Sales short the plan due to production rate change in commercial aircraft

#### • Commercial Vehicle Equipment :

Sales short the plan due to smaller production amount in Japan and Southeast Asia

#### • Marine Vessel Equipment :

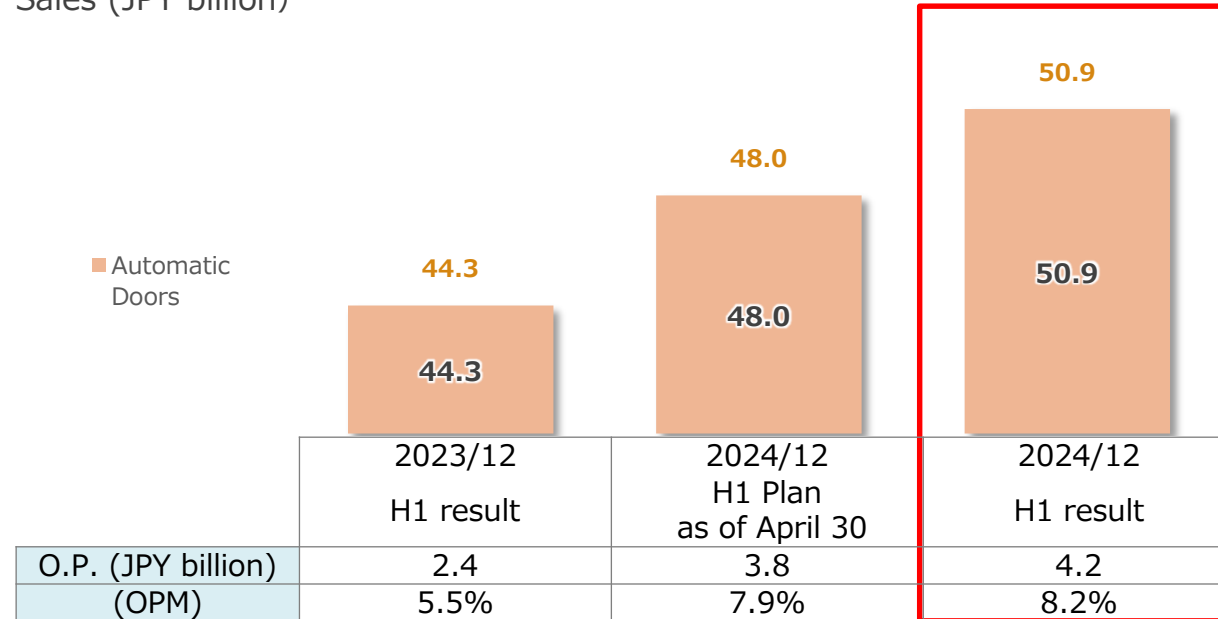
Sales increased compared to plan due to FOREX.

### 【Operating profit】

Operating profit short the plan due to sales decrease.

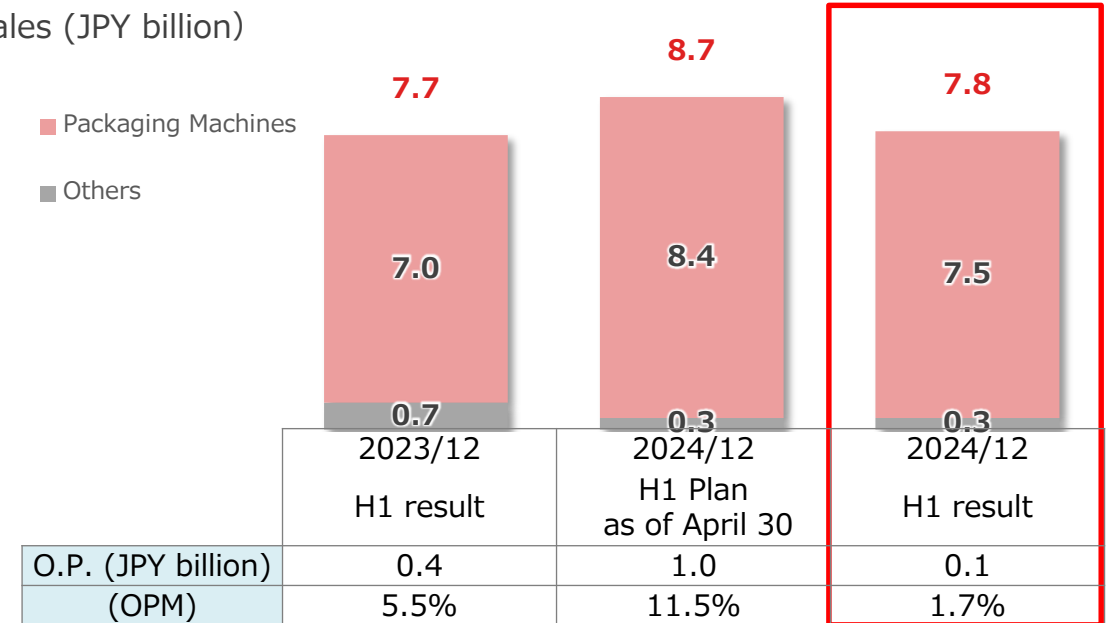
## Accessibility Solution Segment (ACB)

Sales (JPY billion)



## Manufacturing Solution Segment (MFR)

Sales (JPY billion)



### 【Sales】

#### • Automatic Doors :

In addition to foreign exchange effects, demand for doors for domestic buildings was firm, mainly for redevelopment projects. Moreover, sales increased compared to the forecast due to sales expansion in the European market. Therefore sales increased compare to plan

### 【Operating profit】

O.P. increase compare to plan due to sales increase.

### 【Sales】

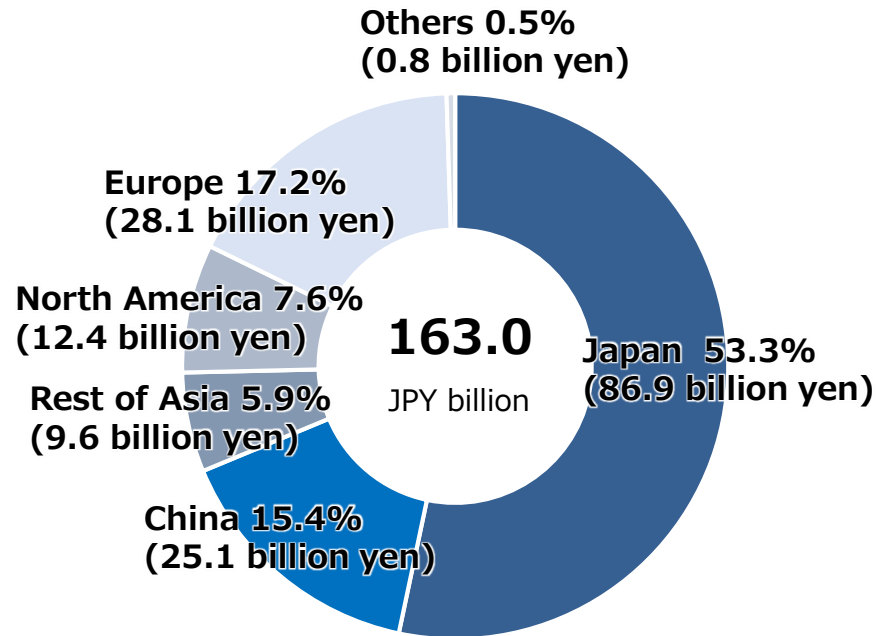
#### • Packaging Machines :

Sales short the plan due to postponed capital investment mainly for food industry, that is caused by concerning a decline in consumption because of inflation.

### 【Operating profit】

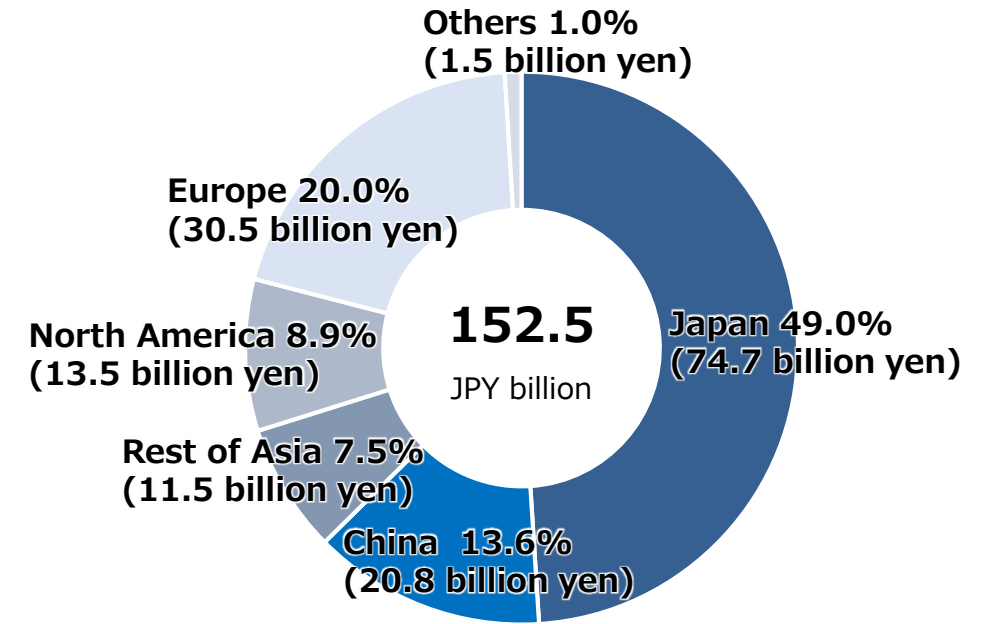
O.P. short due to Impairment of goodwill at consolidated subsidiary in Europe (approx. 660 million yen)

## FY2023/12 H1 result



Overseas sales	76.1 JPY billion
Ratio	46.7%

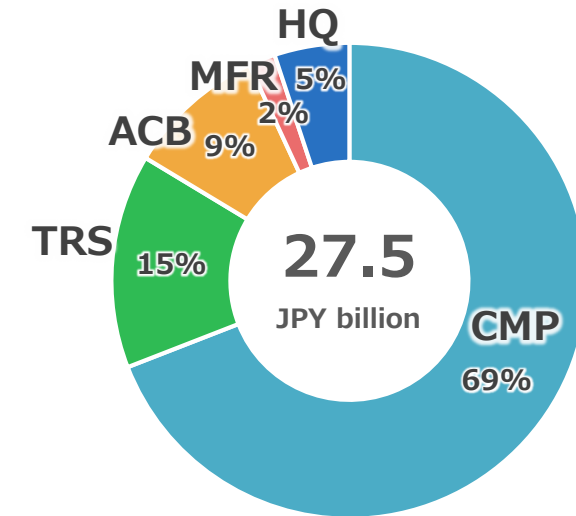
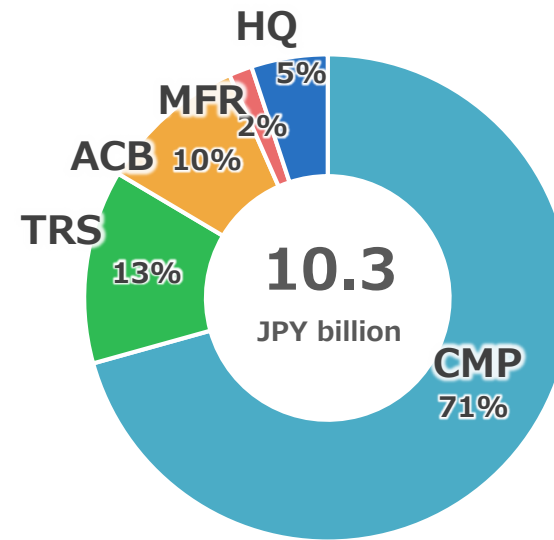
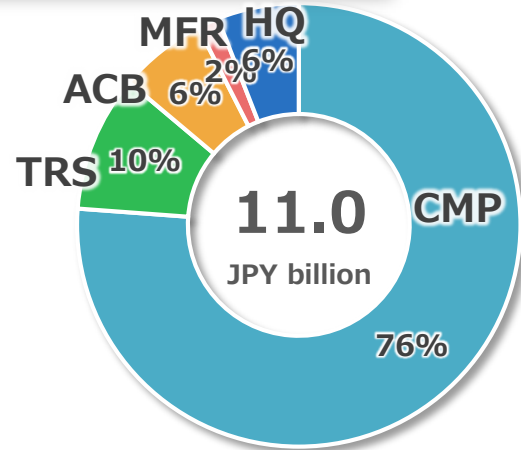
## FY2024/12 H1 result



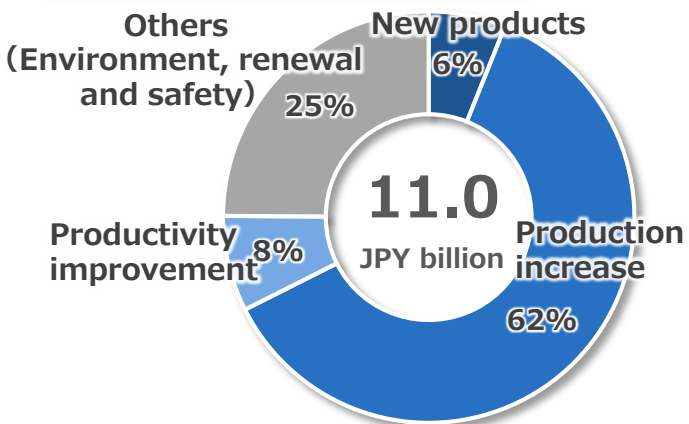
Overseas sales	77.8 JPY billion
Ratio	51.0%

# Breakdown in CAPEX

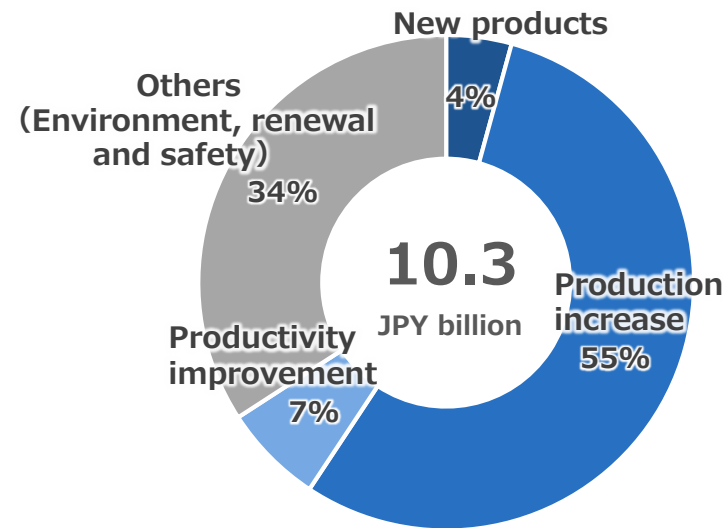
## By Segment



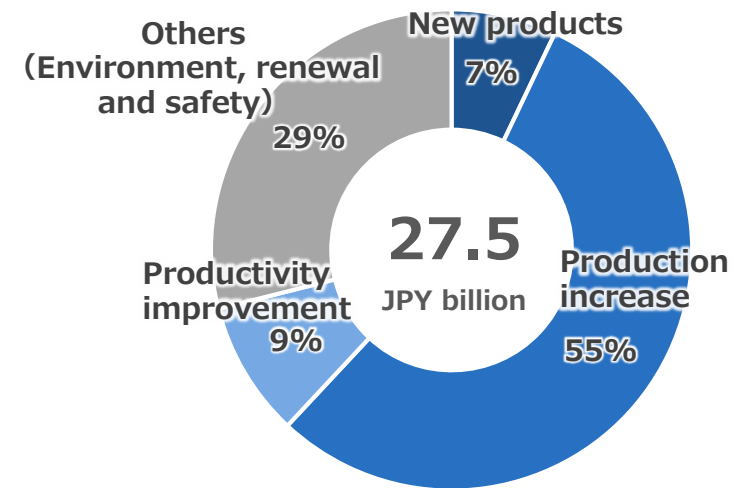
## By Usage



FY2023/12 H1



FY2024/12 H1



FY2024/12 Plan

## ■ Exchange rate

(yen)	FY2023/12 H1 Actual	FY2024/12 H1 Actual	FY2024/12 Initial Plan	FY2024/12 H1 Act +H2 Plan as of July 31	2024/12 H2 plan
<b>USD</b>	136.54	154.06	135.00	149.53	145.00
<b>RMB</b>	19.54	21.52	18.50	20.76	20.00
<b>EUR</b>	147.93	166.12	150.00	160.56	155.00
<b>CHF</b>	149.75	172.57	155.00	166.28	160.00

## ■ FOREX sensitivity (This represents the effect to be expected on operating profit if the exchange rate fluctuates by one yen.)

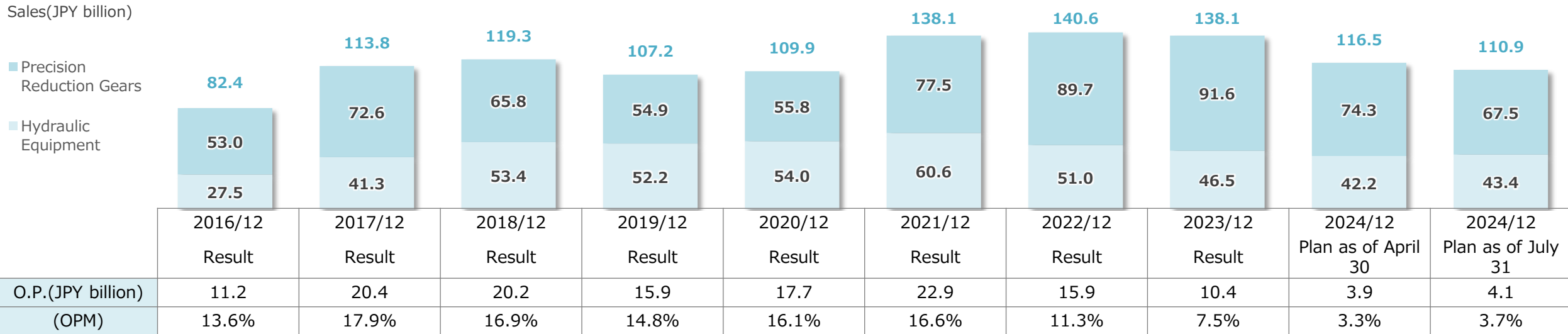
(JPY million)	FY2024/12 H1	
	Sales	O.P.
<b>USD</b>	77	33
<b>RMB</b>	787	32
<b>EUR</b>	34	minimal
<b>CHF</b>	123	minimal

FY2024/12 Plan as of July 31	
Sales	O.P.
194	61
1,675	53
84	minimal
259	minimal

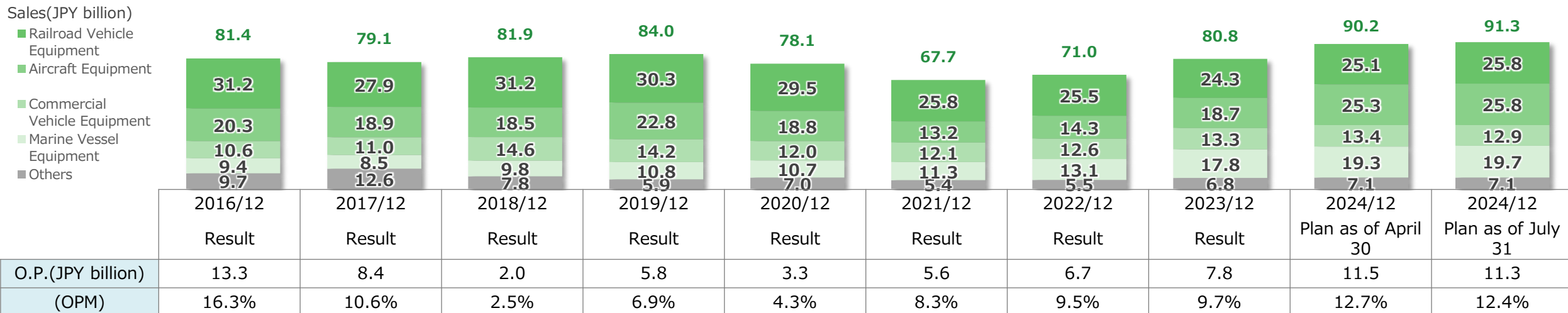


# Component Solutions Segment (CMP)

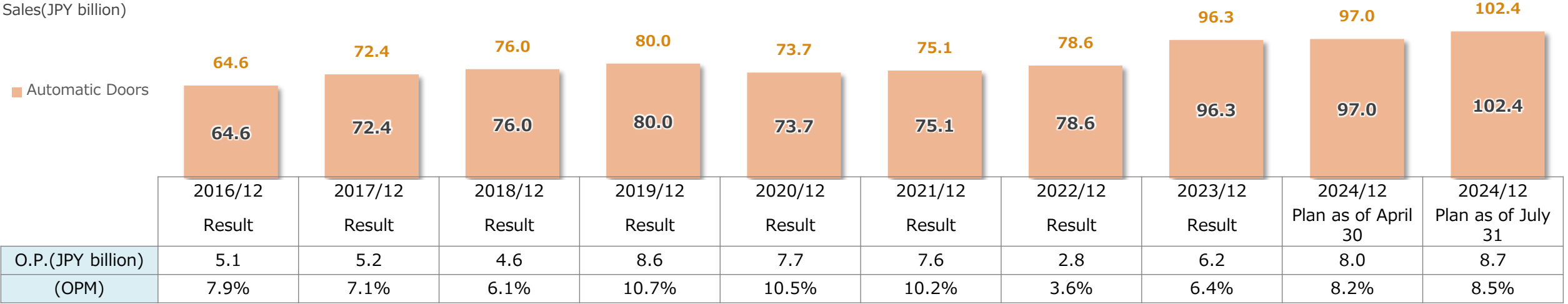
*Innovation In Action*  
Vision 2030



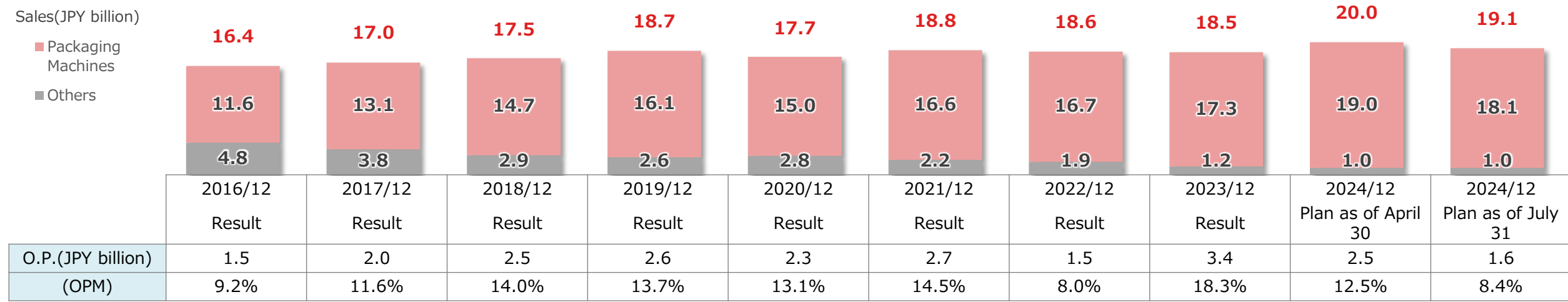
# Transport Solutions Segment (TRS)



# Accessibility Solutions Segment (ACB)



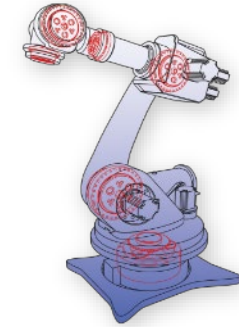
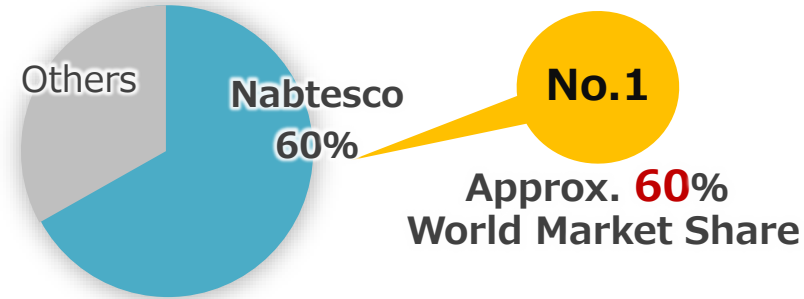
# Manufacturing Solutions Segment (MFR)



The market share is estimated by Nabtesco

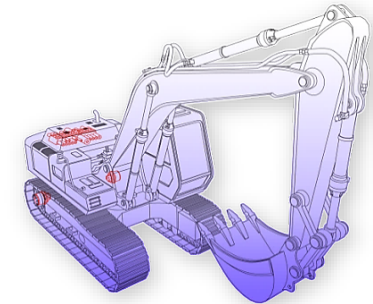
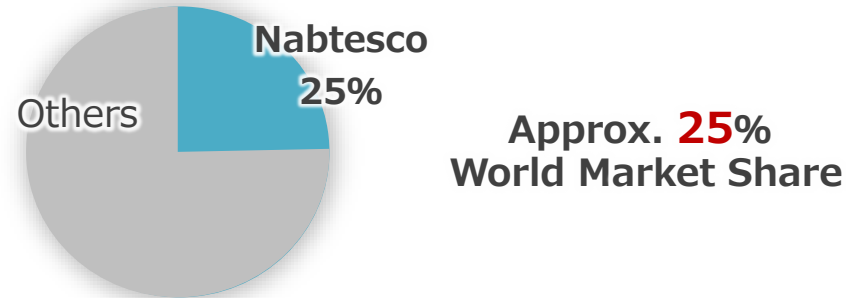
## Precision Reduction Gears

- Joints of Medium and Large Size Industrial Robots



## Hydraulic Equipment

- Traveling Units for Hydraulic Excavators



## Main Customers

### ■ Precision Reduction Gears

**Industrial Robots:** Fanuc, Yaskawa Electric, KHI, KUKA Roboter (Germany), ABB Robotics (Sweden)

**Machine Tools:** Yamazaki Mazak, Okuma, DMG Mori Seiki

### ■ Hydraulic Equipment

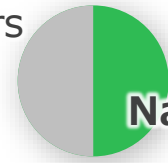
**Traveling Units:** Komatsu, Sumitomo Construction Machinery, Kobelco Construction Machinery, Sany (China), XCMG (China), Liu Gong (China)

## Railroad Vehicle Equipment

The market share is estimated by Nabtesco

### ■ Brake Systems

Others



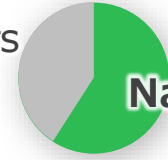
Nabtesco 50%

**No.1**

Approx. **50%** Domestic Market Share

### ■ Door Operating Systems

Others



Nabtesco 60%

**No.1**

Approx. **60%** Domestic Market Share



## Aircraft Equipment

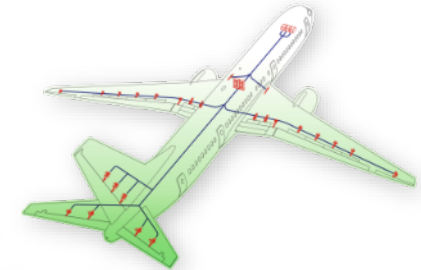
### ■ Flight Control Actuation Systems (FCA)



Nabtesco  
100%

**No.1**

Approx. **100%**  
Market Share for  
Domestically-produced Aircrafts



## Main Customers

### ■ Railroad Vehicle Equipment

JR Companies, Private railway companies, Hitachi, KHI, Bullet train and subway projects in China

### ■ Aircraft Equipment

Boeing, KHI, MHI, IHI, Japanese Ministry of Defense, Airline operators

The market share is estimated by Nabtesco

## Commercial Vehicle Equipment

### ■ Wedge Chambers

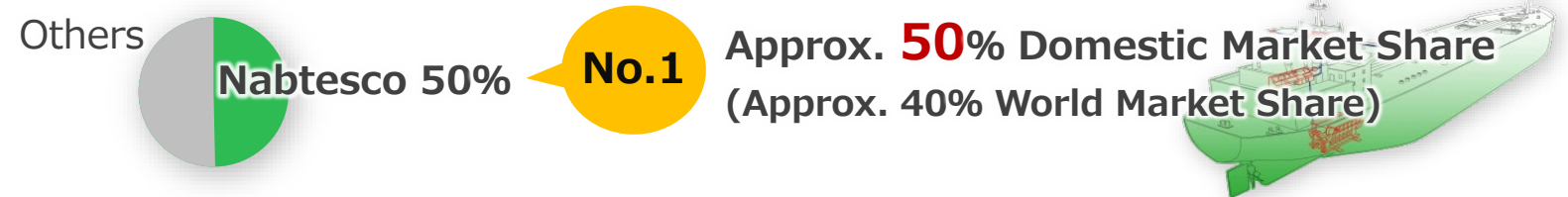


### ■ Air Dryers



## Marine Vessel Equipment

### ■ 2ST Main Engine Control Systems



## Main Customers

### ■ Commercial Vehicle Equipment

Isuzu, Hino, Mitsubishi Fuso Truck & Bus, UD Trucks

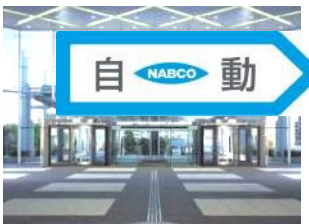
### ■ Marine Vessel Equipment

Japan Engine Corporation, KHI, Makita Corporation, Hitachi Zosen Marine Engine Co., Ltd., Mitsui Engineering & Shipbuilding, Hyundai Heavy Industries (Korea), Hudong Heavy Machinery (China), HSD Engine Co., Ltd. (Korea)

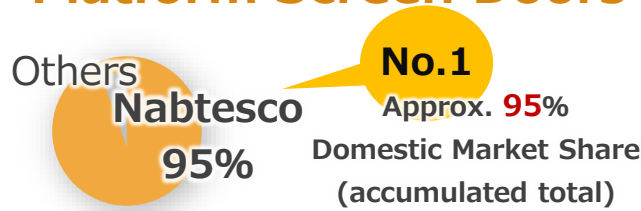
Automatic Doors

The market share is estimated by Nabtesco

■ Automatic Doors



■ Platform Screen Doors



Main Customers

**Automatic Doors for buildings:** Major general contractors, sash manufacturers, hospitals, banks, public institutions, etc.  
**Platform Doors :** JR Companies, Private railway companies, Subway projects in various countries

Main Products: Manufacturing Solutions Segment (MFR)

Packaging Machines

■ Packaging Machines for Retort Pouch Foods



Main Customers

■ Packaging Machines

Mitsui DM Sugar, Ajinomoto, Marudai Food Co., Ltd., ARIAKE Japan, KENKO Mayonnaise, P&G, Kao, Lion, beverage companies in North America, food companies in China