

The Nabtesco logo is a blue square with the word "Nabtesco" in white, lowercase letters. It is positioned in the upper left quadrant of the slide, overlapping a background image of an airplane in flight.

Nabtesco

FY2004 Semiannual Results Briefing

English translation from the original Japanese-language document

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

Nabtesco Corporation

*Aiming to be the world's leading manufacturer of Motion Control Systems
and related components for Air, Land and Marine applications*

I. New Framework of Nabtesco

II. The In-house Companies

III. Semiannual Results for FY2004

IV. Forecast for FY2004

I. New Framework of Nabtesco

II. The In-house Companies

III. Semiannual Results for FY2004

IV. Forecast for FY2004

Nabtesco Group aims

***to be the World's Leading Manufacturer
of Motion Control Systems
and Related Components
for Air, Land and Marine Applications***

**by combining the strength of both
former TS Corporation Group's **component technology**
and former NABCO Ltd. Group's **system technology**.**

Nabtesco aims to achieve long term growth of corporate values based on the following principles;



- Form a highly profitable, global group of companies;
- Develop world-leading technology by a team of highly specialized professionals;
- Form a flexible management system to promptly respond to the changes in the business environment;
- Establish a strong financial basis; and
- Maintain a high level of transparency and corporate ethics

Company Overview



Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

(as of October 1, 2004)

- **Company Name** Nabtesco Corporation
- **Established** September 29, 2003
- **Address** 9-18, Kaigan 1-chome, Minato-ku,
Tokyo 105-0022, Japan
- **Capital** 10 billion yen
- **Representatives** Chairman of the Borad: Shigeo Iwatare
President & CEO: Makoto Okitsu
- **Employees** Consolidated 4,071
- **Consolidated subsidiaries**
Japan: 19 (7 equity-method affiliates)
International: 15 (2 equity-method affiliates)

Completion of The Consolidation **Nabtesco**

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

Sept. 29, 2003 – Sept. 30, 2004

Oct. 1, 2004 onward

TS Corporation and NABCO Ltd.
are wholly owned subsidiaries

**3 Divisions
and 7 Companies**

Nabtesco

Nabtesco

TS Corporation

NABCO Ltd.

Office of General Administration
& Human Resources
Office of Technical Development

Precision Equipment Company
Aircraft & Oil Hydraulic
Equipment Company

Planning & Control Dept.
Research & Development Dept.

Control Systems and
Products Division
Railroad Products Division
Automotive Products Division
Building Products Division
Welfare Products Division

Corporate Planning Division
General Administration
& Human Resources Division
Technology and R&D Division
Precision Equipment Company
NABCO Company
Power Control Company
Aerospace Company
Railroad Products Company
Automotive Products Company
Marine Control Systems Company

Affiliates and
Subsidiaries

Affiliates and
Subsidiaries

Affiliates and Subsidiaries

In-house Companies

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

Sept. 29, 2003 – Sept. 30, 2004

 **TS Corporation**

Precision Equipt. Company

Aircraft & Oil Hydraulic Company

Oil Hydraulic business

Aircraft business

NABCO

Building Products Div.

Control Systems and Products Div.

Oil Hydraulic business

Marine Vessel business

Railroad Products Div.

Automotive Products Div.

Oct. 1, 2004 onward

Nabtesco Corporation

Precision Equipment Company

NABCO Company

Power Control Company

Aerospace Company

Railroad Products Company

Automotive Products Company

Marine Control Systems Company

Precision Equipt.

Transport Equipt

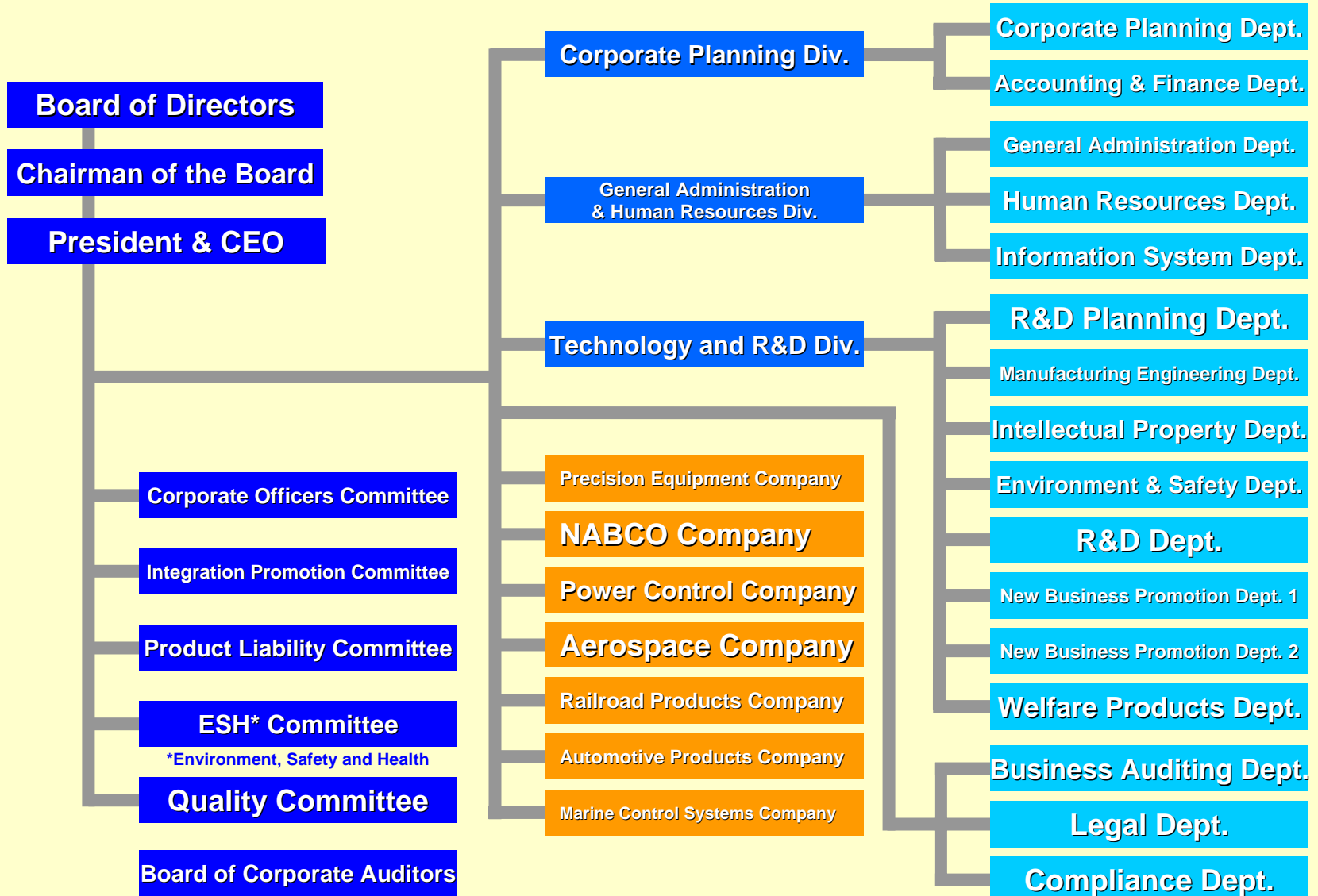
**Aircraft &
Oil Hydraulic Equipt.**

Industrial Equipt.

Organization



Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications



I. New Framework of Nabtesco

II. The In-house Companies

III. Semiannual Results for FY2004

IV. Forecast for FY2004

Precision Equipment Company **Nabtesco**

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

Key Centers

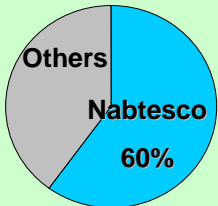
Production: Tsu Plant, Boston
Overseas (sales): Düsseldorf, Detroit

Main Products

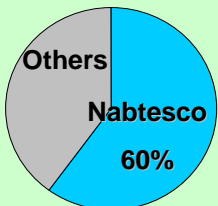
precision reduction gears, servo actuators

Features

**high positioning accuracy, highly rigid,
lightweight, compact-size**

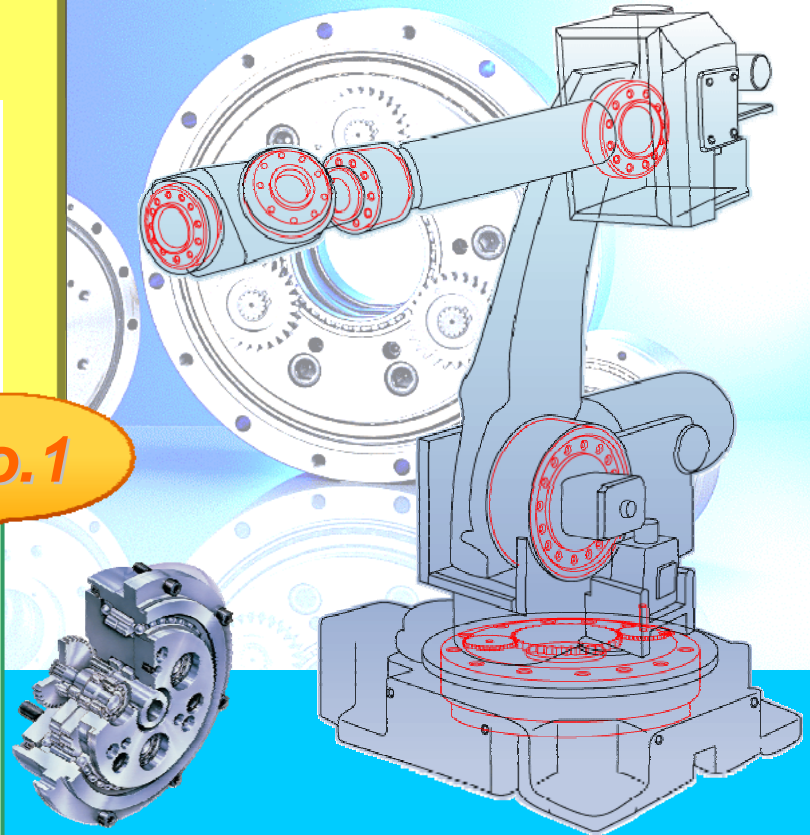


Approx. 60% world market share for joints of industrial robots



Approx. 60% domestic market share for machine tool ATCs

No.1



Key Centers

Production: Kohnan Plant, Beijing, Milwaukee

Main Products

Automatic doors, Platform screen doors

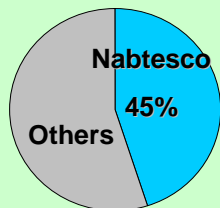
Features

- 110 domestic sales depots for building automatic doors
- Stimulating demand for crime-prevention and barrier-free usage

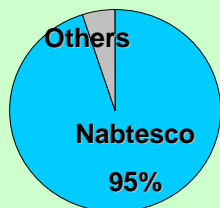
自  動



No.1



Approx. 45% domestic market share for building automatic doors (top share in the world)



Approx. 95% domestic market share for platform screen doors



Key Centers

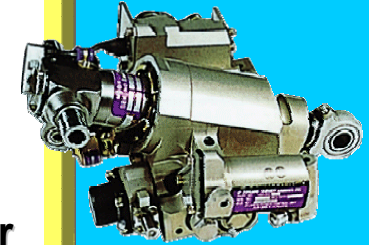
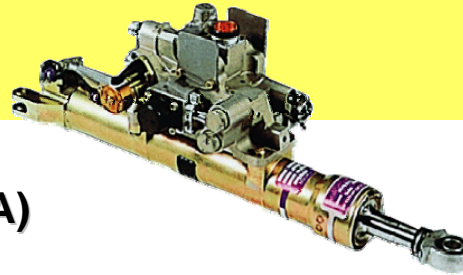
Production: Gifu Plant, Seattle

Main Products

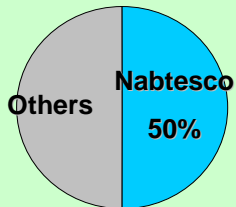
Flight control actuation systems (FCA)

Features

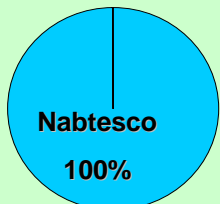
- ❑ One of the six major players of FCA manufacturing (major FCA supplier to Boeing Company)
- ❑ Expanding business into engine accessories and electric power generation



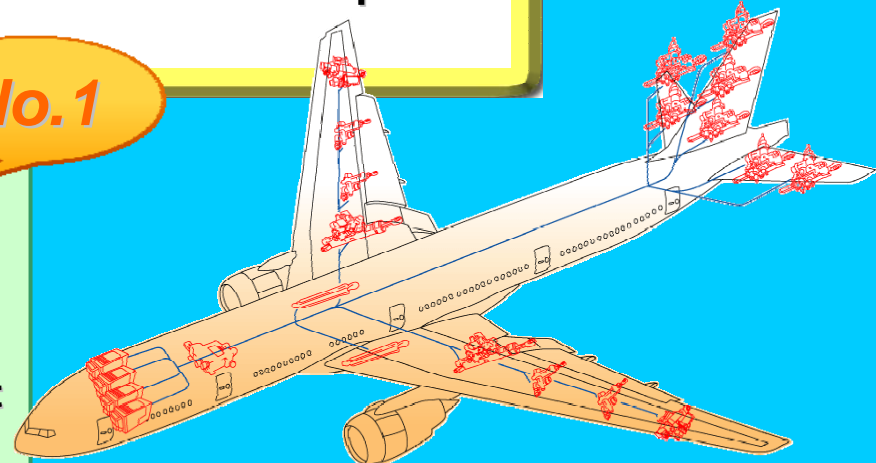
No.1



Approx. 50% domestic market share for FCA



Approx. 100% domestic market share for constant speed drive (for electric power generation)



Power Control Company

Nabtesco

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Agricultural and Marine applications

Key Centers

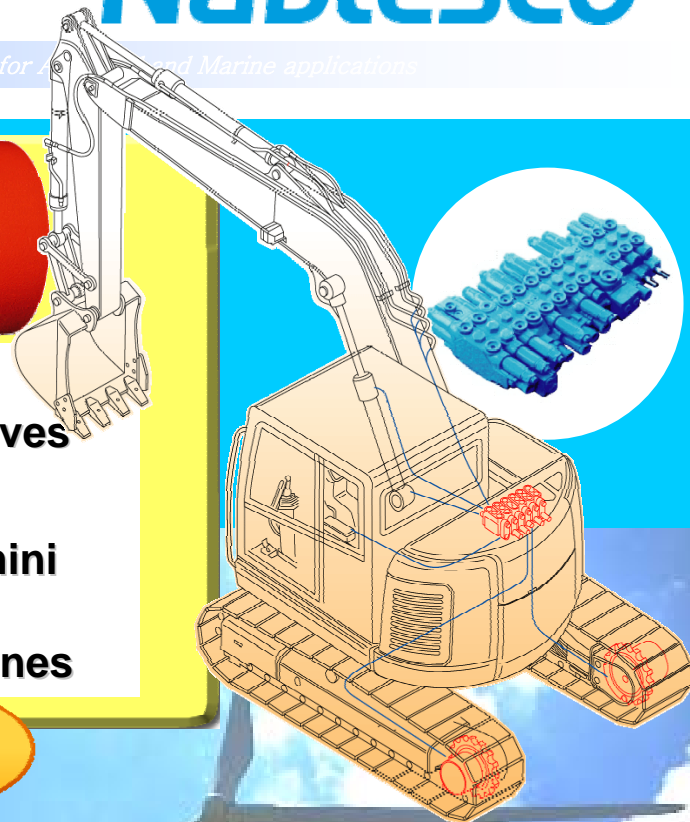
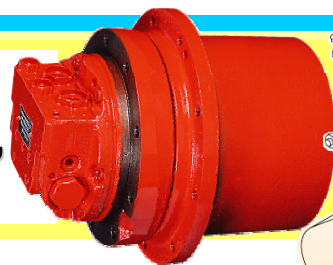
Production: Tarui Plant, Seishin Plant, Shanghai

Main Products

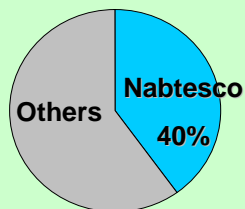
Traveling units for hydraulic excavators, Control valves

Features

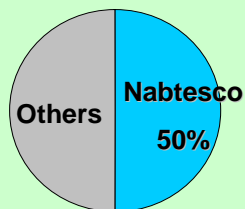
- Wide range product line up of traveling unit for mini to large size excavators
- Expanding business into drive unit for wind turbines



No.1



Approx. 40% domestic market share for excavator traveling units



Approx. 50% domestic market share for mini-excavator control valves

Railroad Products Company **Nabtesco**

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Industrial and Marine applications

Key Centers

Production: Kobe Plant

Overseas: Beijing liaison office

Main Products

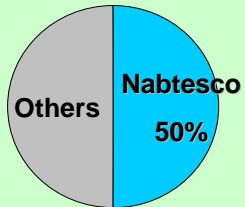
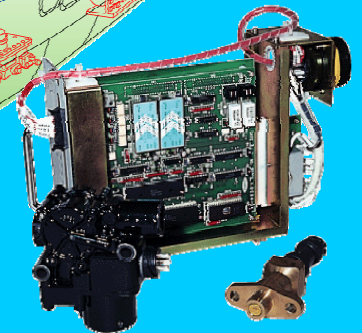
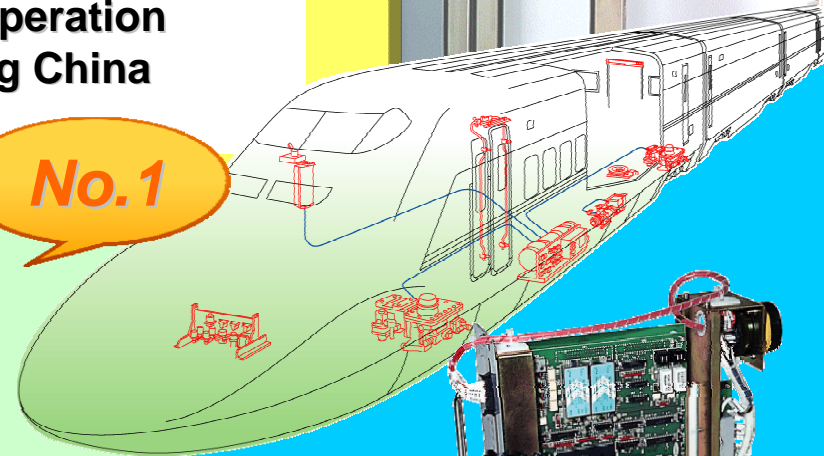
Railroad vehicle brake systems, door operating equipment

Features

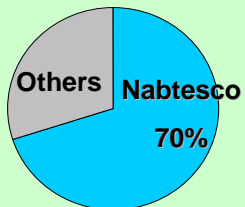
- Supporting digitalization and systematic operation
- Promoting overseas business in expanding China market and other regions



No.1



Approx. 50% domestic market share for brake systems



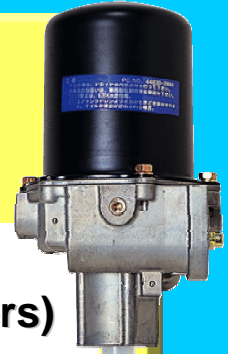
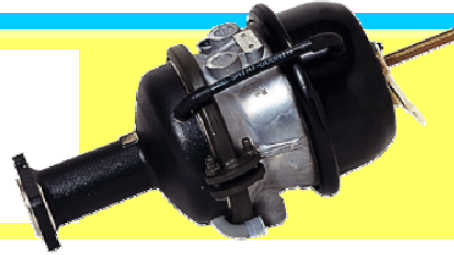
Approx. 70% domestic market share for door operating equipment (approx. 95% for Shinkansen bullet train)

Automotive Products Company **Nabtesco**

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

Key Centers

Production: Yamagata Plant, Thailand
Overseas (sales): Detroit

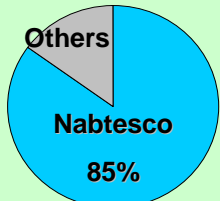


Main Products

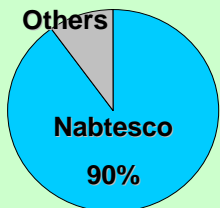
Brake peripherals for commercial vehicle (wedge chambers, air dryers)
Clutches for passenger car

Features

- Nationwide service network for commercial vehicle
- Established manufacturing plant in Thailand (Feb. 2004)

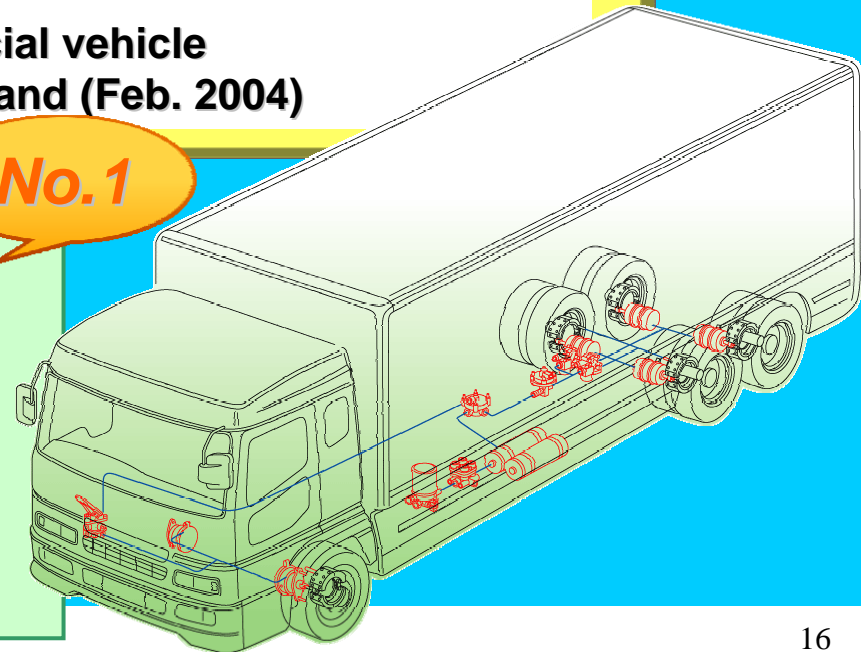


Approx. 85% domestic market share for wedge chambers



Approx. 90% domestic market share for air dryers

No.1

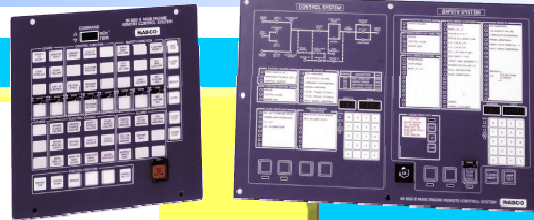


Marine Control Systems Company **Nabtesco**

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

Key Centers

Production: Seishin Plant, Busan
Overseas (services): Rotterdam, Singapore



Main Products

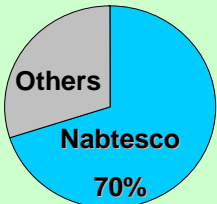
**Engine control systems, Engine digital governors,
Engine control simulator**

Features

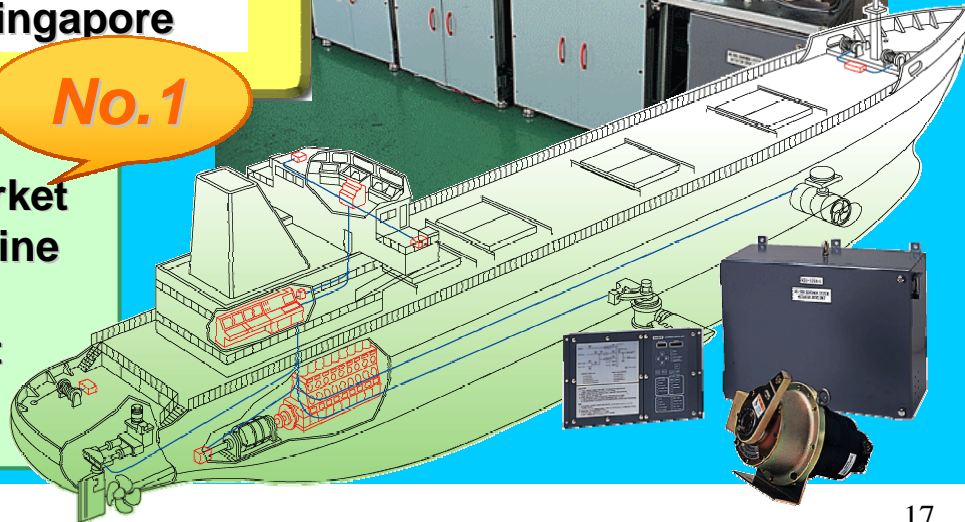
- **Worldwide service network based on 3 major centers in Japan, Netherlands and Singapore**



No.1



Approx. 70% domestic market share for 2-cycle main engine control systems (approx. 40% world market share)



New businesses in R&D Division



Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

New Business Promotion Department 1

Precision Equipment

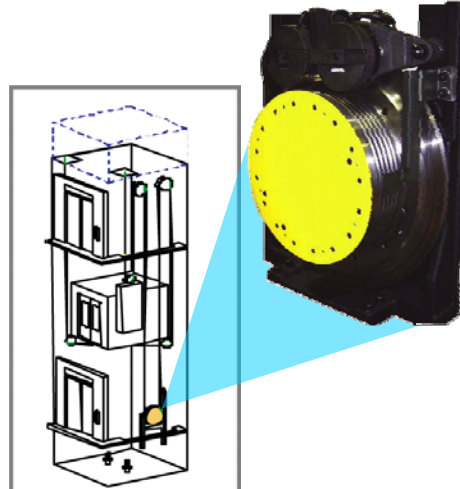


Dry Vacuum Pump

- The world's first 2-stage screw design dry vacuum pump for semiconductor manufacturing process
- Energy saving
The low power consumption
Low consumption of cooling water and nitrogen
- Longer operating life
High durability against byproducts
Long Time Maintenance Free

New Business Promotion Department 2

Precision Equipment



Operating Room-less Lift Machine

- Thin-shaped, World's lightest weight
- No machine room required
- Easy fitting to any existing elevators

Welfare Products Department

Industrial Equipment

Intelligent Prosthesis Knee Joint



Stair Climber for Wheel Chair

Intelligent Prosthesis Knee Joint

- World's first micro-computer controlled prosthesis
- Realizing slow to fast natural walk

Stair Climber for Wheel Chair

- Helps assistant when going up and down stairs
- Applicable at steep stairs and a narrow landing

I. New Framework of Nabtesco

II. The In-house Companies

III. Semiannual Results for FY2004

IV. Forecast for FY2004

**The figures up to FY2002 hereafter
are obtained by the **simple summation**
of the figures of**

TS Corporation group and NABCO Ltd. group



Profit & Loss Summary

(Comparison with the same period of last fiscal year)

Nabtesco

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

Increase in sales, Significant increase in profit

	'03/9	'04/9	(JPY billion)		
			Variation	Ratio	
Net sales	60.4	66.5	6.0	10.0%	<ul style="list-style-type: none"> ■ Increase in all business segments ■ Significant increase in Precision Equipment and Industrial Equipment Business
Operating profit	3.6	5.2	1.5	42.2%	<ul style="list-style-type: none"> ■ Increase of sales 1.5billion ■ Consolidation effect 0.3billion ■ Cost reduction & price effect 0.3billion ■ Increase of SGA expenses -0.6billion Total: 1.5billion
Non-operating profit and loss	0.1	0.4	0.3		<ul style="list-style-type: none"> ■ Exchange gain and loss 0.2billion ■ Others (interest-rate reduction, etc.) 0.1billion Total: 0.3billion
Ordinary profit	3.8	5.7	1.8	48.3%	
Extraordinary profit and loss	- 1.1	- 0.2	0.9		<ul style="list-style-type: none"> ■ Increase of special contribution to a pension fund 1.1billion ■ Decrease of gain on sales of fixed assets 0.1billion ■ Decrease of gain on sales of securities -0.1billion ■ Others -0.2billion Total: 0.9billion
Profit before taxes	2.7	5.4	2.7	102.4%	
Net profit	1.7	3.4	1.7	101.8%	

Business Segments and Group Companies **Nabtesco**

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

as of October 1, 2004

43 Subsidiaries and Affiliates

Precision Equipt.

Precision Equipment Company

- Nabtesco
Precision Europe GmbH
- Diavac Limited
- CMET Inc.
- LogIT Corporation
- Harmonic Drive
Technologies Nabtesco Inc.
- TS Heatronics Co., Ltd.
- Nabtesco Precision USA Inc.
- Vacuum-tech Service Co., Ltd.

Transport Equipt.

Railroad Products Company

Automotive Products Company

Marine Control Systems Company

- Nabtesco Service Co., Ltd.
- NABTEC Co., Ltd.
- Nabtesco Marine Service Co., Ltd.
- Nabtesco Marinotec Co., Ltd.
- NABCO USA Inc.
- NABMIC B.V.
- Shikoku Marine Service Co., Ltd.
- Nabtesco Marine Service
Singapore Pte Ltd
- Nabtesco Automotive
Products (Thailand)
Co., Ltd.
- NABCO Auto Tech Co., Ltd. *
- Koutou Denshi *
- Dairiki Tekko *
- N.Uemura Co., Ltd. *

Aircraft & Oil hydraulic Equipt.

Power Control Company

Aerospace Company

- Shanghai Nabtesco
Hydraulic Co., Ltd.
- Nabtesco Aerospace Inc.
- Suikoh Co., Ltd.
- Nabtesco USA Inc.
- STS Corporation *

Industrial Equipt.

NABCO Company

- NABCO Door Ltd.
- Toyo Jidoki Co., Ltd.
- TS Precision Co., Ltd.
- PT Pamindo Tiga T
- T.S. Mechatech Co., Ltd.
- TSTM Co., Ltd.
- NABCO Entrances Inc.
- Shanghai TM Co., Ltd.
- NABCO TOTO Ltd.
- Aishin Kikoo Co., Ltd.
- NABCO Sangyo Co., Ltd.
- Marifu Engineering Co., Ltd.
- NABCO Engineering Ltd.
- TMT Machinery, Inc. *
- CSCEC-NABCO
Auto Door Co., Ltd. *
- NABCO Systems Co., Ltd. *
- Kyokko Electric Co., Ltd. *

* Equity Method Affiliates

Group Sales by Business Segments



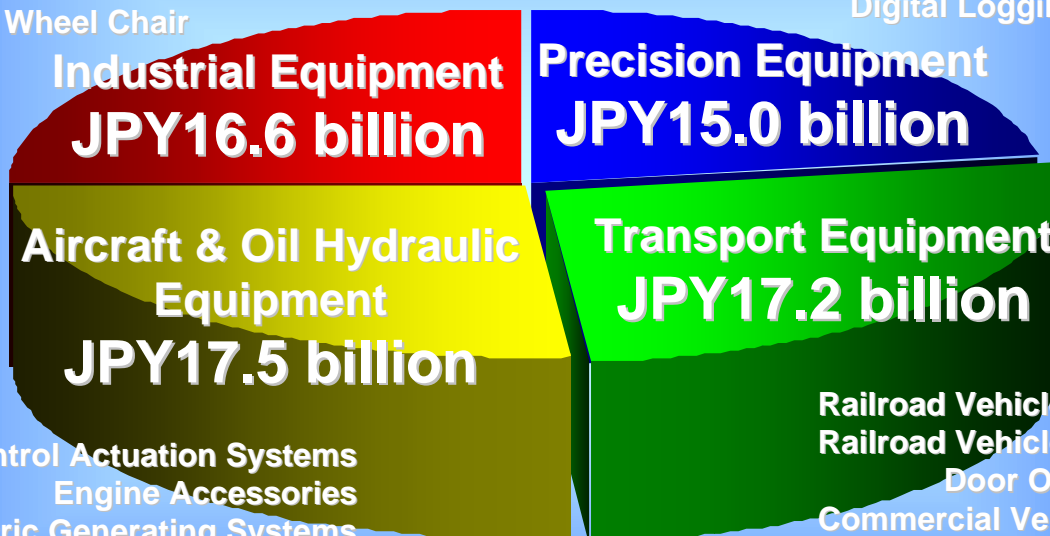
Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

FY2004 Consolidated Semiannual Sales:

JPY 66.5 billion

- Automatic Doors
- Packaging Machines
- CVJ Processing Machines
- Forming Machines
- Intelligent Prosthesis Knee Joints
- Electrically Assisted Wheel Chairs
- Stair Climbers for Wheel Chair

- Precision Reduction Gears
- Operating Room-less Lift Machines
- Vacuum Pumps
- Vacuum Valves
- Rapid Prototyping Systems
- Thermal Management Devices
- Digital Logging Systems



- Flight Control Actuation Systems
- Engine Accessories
- Electric Generating Systems
- Excavator Traveling Units
- Hydraulic Control Valves
- Wind Turbine Generator Drive Units

- Railroad Vehicle Brake Systems
- Railroad Vehicle Automatic
- Door Operating Systems
- Commercial Vehicle Wedge
- Brake Chambers
- Commercial Vehicle Air Dryers
- Automotive Hydraulic Clutches
- Marine Vessel Engine Remote Control Systems





Consolidated Semiannual Financial Results



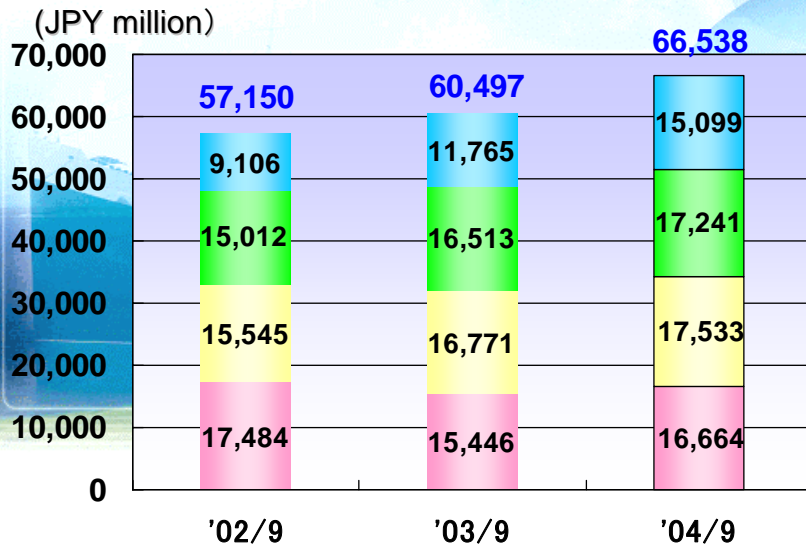
Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

<Business Segment>

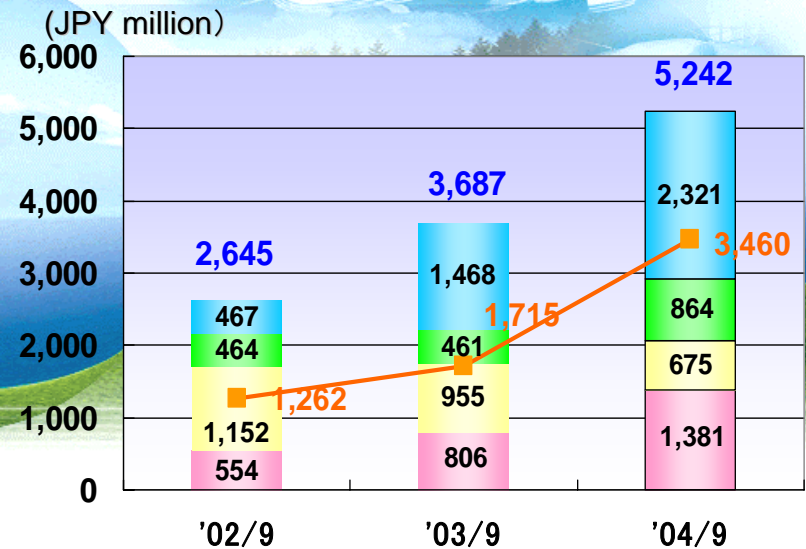
<Comparison with the same period of last fiscal year >

	Precision Equipment	Increase in sales, Significant increase in profit
	Transport Equipment	Increase in sales, Significant increase in profit
	Aircraft & Oil Hydraulic Equipment	Increase in sales, Fall in profit
	Industrial Equipment	Increase in sales, Significant increase in profit

Net Sales



Operating Profit



 Net Profit After Tax

Precision Equipment

(Comparison with the same period of last fiscal year)

Nabtesco

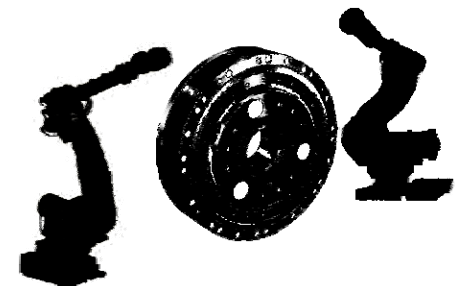
Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

Increase in sales, Significant increase in profit

(JPY million)

	'03/9	'04/9	Variation	
				Ratio
Net sales	11,765	15,099	3,334	28.3%
Operating profit	1,468	2,321	853	58.1%
Operating profit ratio	12.5%	15.4%		

- Increased sales of precision reduction gears for industrial robots due to facility investment in automotive industry and LCD manufacturers remained active worldwide
- Increase of the reduction gears for machine tools and semiconductor production equipment
- Good demand of vacuum equipment for PDF & LCD manufacturing



Transport Equipment

(Comparison with the same period of last fiscal year.)

Nabtesco

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

Increase in sales, Significant increase in profit

(JPY million)

	'03/9	'04/9	Variation	
				Ratio
Net sales	16,513	17,241	728	4.4%
Operating profit	461	864	403	87.4%
Operating profit ratio	2.8%	5.0%		

- Brake system for Railroad vehicle:
Export to Mainland China and Taiwan covered stagnation of domestic demand
- Brake products for commercial vehicle:
Slightly decreased due to demand for corresponding environmental regulation nearly ended in spite of substitute demand for new vehicles increased in Nagoya and Osaka district
- Marine vessel engine control systems:
Significantly increased due to high level quantity of shipbuilding



Aircraft & Oil hydraulic Equipment **Nabtesco**

(Comparison with the same period of last fiscal year.)

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

Increase in sales, Fall in profit

(JPY million)

	'03/9	'04/9	Variation	
				Ratio
Net sales	16,771	17,533	762	4.5%
Operating profit	955	675	- 280	- 29.3%
Operating profit ratio	5.7%	3.8%		

- No recovery trend showed up aircraft market since 9-11 Terroristic Attack
- Sales in construction machinery increased by active markets of Asia, Europe, the U.S. and Japan but profitability weakened due to material cost hike and productivity decrease caused by sudden increase of production



Industrial Equipment

(Comparison with the same period of last fiscal year)

Nabtesco

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

Increase in sales, Significant increase in profit

(JPY million)

	'03/9	'04/9	Variation	
				Ratio
Net sales	15,446	16,664	1,218	7.9%
Operating profit	806	1,381	575	71.3%
Operating profit ratio	5.2%	8.3%		

- Record highest installation of automatic doors in any past first half financial year
- Packaging machine business remained favourable driven by worldwide facility investment in food industry
- Continuously good demand in Machine Tools for automotive industry



Balance sheet Summary

(Comparison with the same period of last fiscal year)



Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

(JPY billion)

	'03/9E	'04/9E	Variation	Comments
Assets	129.7	132.8	3.1	
(Cash and time deposits)	(12.8)	(16.3)	(3.5)	Increase of liquidity in hand
(Accounts receivable)	(37.7)	(38.9)	(1.1)	Increase of sales
(Inventories)	(14.1)	(15.5)	(1.3)	Correspondence for production increase
(Property, plant and equipment)	(43.9)	(42.7)	(- 1.2)	
Liabilities	81.7	79.2	- 2.4	
(Interest-bearing debt)	(34.3)	(29.5)	(- 4.8)	Redemption of borrowings
Minority Interest	3.2	3.3	0	
Shareholder's Equity	44.7	50.3	5.5	

Equity Ratio **34.5%** **37.9%**

Balance sheet Summary

(Comparison with the end of March 2004.)



Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

(JPY billion)

	'04/3E	'04/9E	Variation	Comments
Assets	130.6	132.8	2.2	
(Cash and time deposits)	(14.8)	(16.3)	(1.5)	Increase of liquidity in hand
(Accounts receivable)	(38.5)	(38.9)	(0.3)	Increase of sales
(Inventories)	(13.2)	(15.5)	(2.3)	Correspondence for production increase
(Property, plant and equipment)	(42.8)	(42.7)	(- 0.1)	
Liabilities	79.7	79.2	- 0.4	
(Interest-bearing debt)	(31.8)	(29.5)	(- 2.3)	Redemption of borrowings
Minority Interest	3.2	3.3	0	
Shareholder's Equity	47.7	50.3	2.5	

Equity Ratio **36.5%** **37.9%**

Cash Flow Summary

(JPY billion)

		'04/9
	Income before taxes	5.4
	Depreciation and amortization	2.1
	Others	- 3.0
Net cash provided by operating activities		4.5
Net cash provided by investing activities		- 0.9
Free cash flow		3.5
Net cash provided by financing activities		- 2.8
Increase in cash and cash equivalents		0.6

➤ Net cash provided by operating activities

Income before taxes	5.4 billion
Depreciation and amortization	2.1 billion
Others	- 3.0 billion

Total JPY 4.5 billion

➤ Net cash provided by investing activities

Facility investment	- 1.9 billion
Sales of unutilized assets	1.3 billion
Acquisition of securities and others	- 0.3 billion

Total JPY - 0.9 billion




➤ Net cash provided by investing activities

Redemption of interest bearing debt	- 2.3 billion
Dividend payment and others	- 0.5 billion

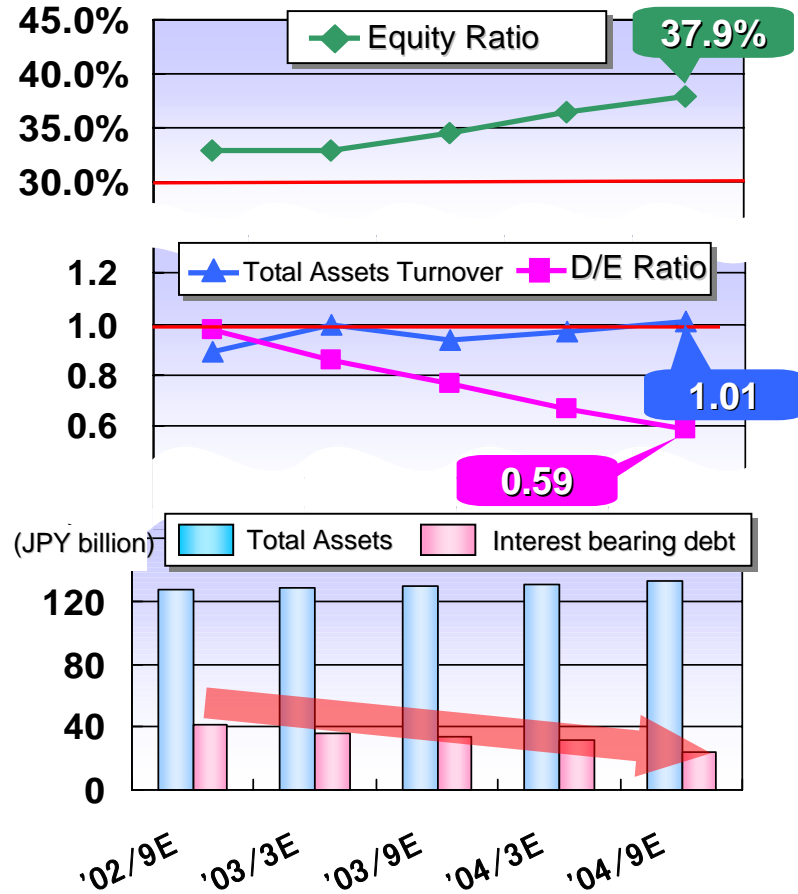
Total JPY - 2.8 billion

Improvement of Financial Standing **Nabtesco**

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

- Increase of Equity Ratio 
- Reduction of interest bearing loans resulting in D/E Ratio improvement 
- Leveled off Total Assets Turnover 

	'02	'03	'03	'04	'04
	9/E	3/E	9/E	3/E	9/E
Total assets (JPN billion)	127.9	128.7	129.7	130.6	132.8
Interest bearing debt (JPN billion)	41.1	36.5	34.3	31.8	29.5
Equity Ratio	32.9	32.9	34.5	36.5	37.9
D/E Ratio	0.97	0.86	0.77	0.67	0.59
Total Assets Turnover (time)	0.89	1.00	0.94	0.97	1.01



I. New Framework of Nabtesco

II. The In-house Companies

III. Semiannual Results for FY2004

IV. Forecast for FY2004

Profit & Loss forecast

(Comparison with the end of March 2004.)

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Increase in sales and profit

(JPY billion)

	2004/3 Result	2005/3 Forecast	Variation	
				Ratio
Net Sales	125.4	135.0	9.5	7.6%
Operating profit	8.3	10.0	1.6	19.8%
Ordinary profit	8.4	10.3	1.8	21.5%
Net profit	4.2	5.4	1.1	27.6%

➤ Sales:

- Increase in all segments
- Significant increase in Precision Equipment and Industrial Equipment

➤ Operating profit:

■ Increase of sales	2.1 billion
■ Consolidation effect	0.6 billion
■ Cost reduction & price effect	0.1 billion
■ Increase of SGA expenses	- 1.2 billion
Total	1.6 billion

➤ Ordinary profit:

Decrease of non-operating expenses JPY 0.2 billion





Sales & Profit Forecast by Business Segments

Nabtesco

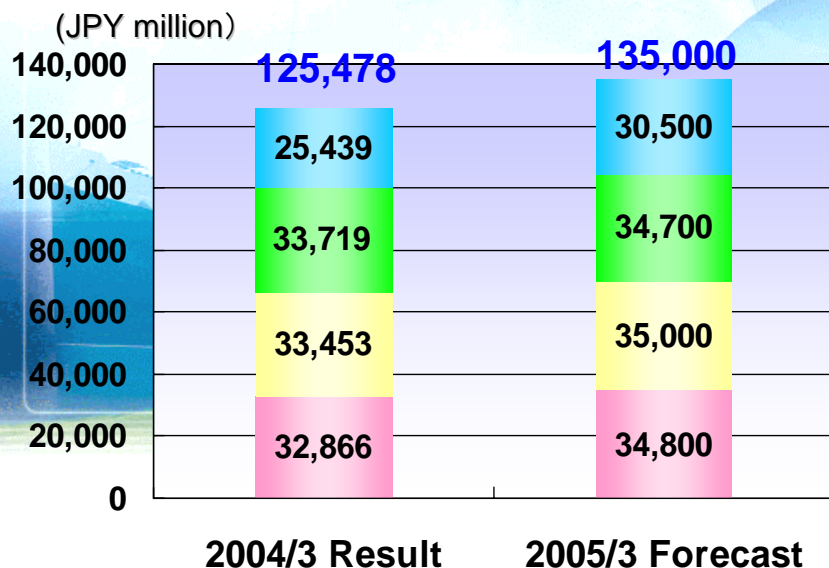
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<Business Segment>

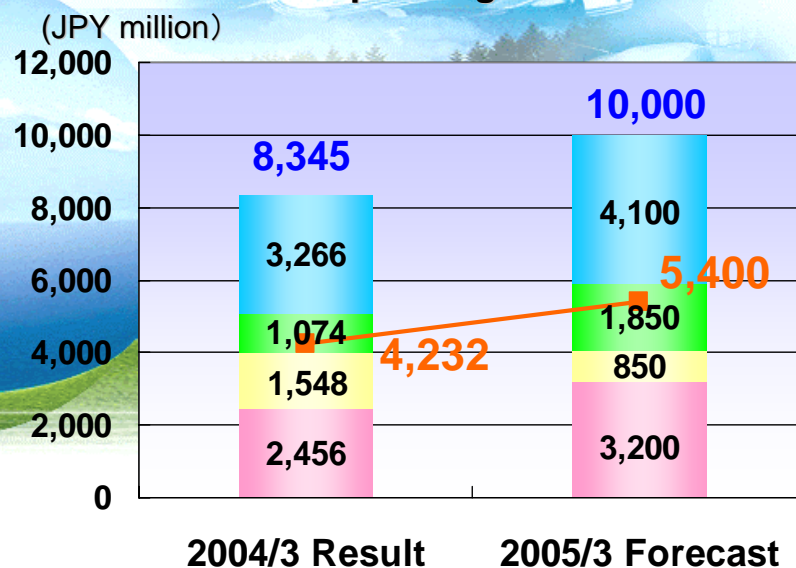
<Comparison with the end of March, 2004 >

	Precision Equipment	Increase in sales and profit
	Transport Equipment	Increase in sales, Significant increase in profit
	Aircraft & Oil Hydraulic Equipment	Increase in sales, Fall in profit
	Industrial Equipment	Increase in sales, Significant increase in profit

Net Sales



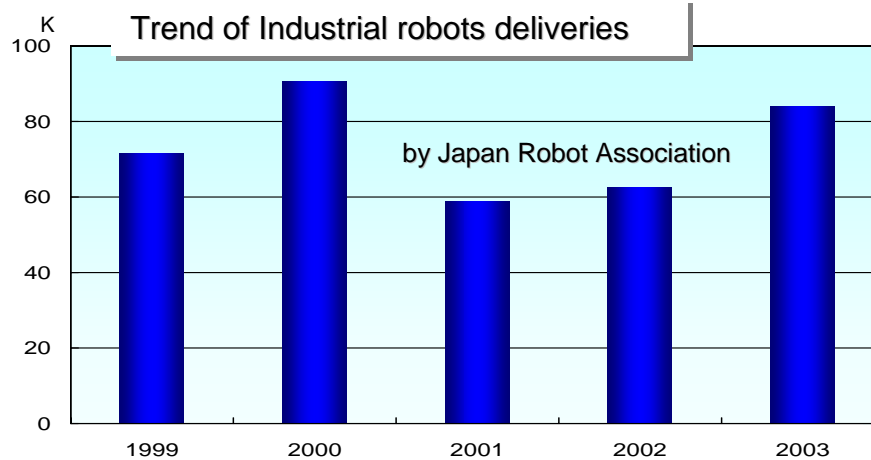
Operating Profit



 Net Profit After Tax

Forecast: Precision Equipment **Nabtesco**

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Major robot manufacturers
plans to continue
production increase in FY2004

(JPY million)

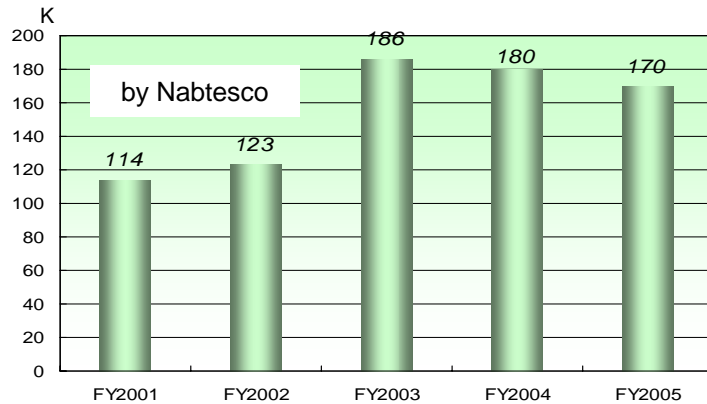
	2003/3 Result	2004/3 Forecast	Variation		Comment
				Ratio	
Net sales	25,439	30,500	5,061	19.9%	<u>“Increase in sales and profit”</u>
Operating profit	3,266	4,100	834	25.5%	
Operating profit ratio	12.8%	13.4%			

- ◆ Demands in industrial robots, machine tools and semiconductor manufacturing equipment are expected to be larger than those of the last year
- ◆ Hike of material cost to be absorbed by improvement of productivity and cost reduction efforts

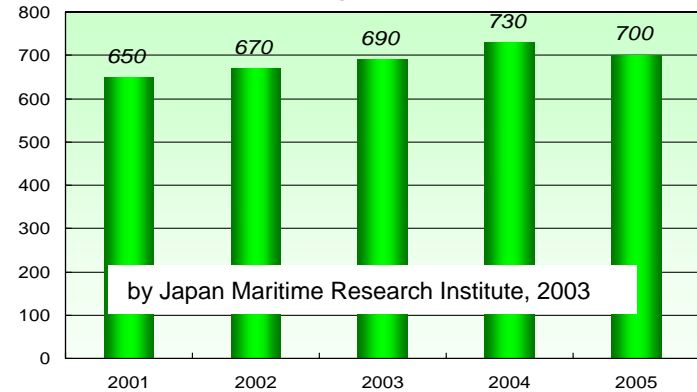
Forecast: Transport Equipment **Nabtesco**

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Trend of domestic production of 4mt and over trucks



Trend of world construction of 5,000mt and over 2 cycle marine vessels



(JPY million)

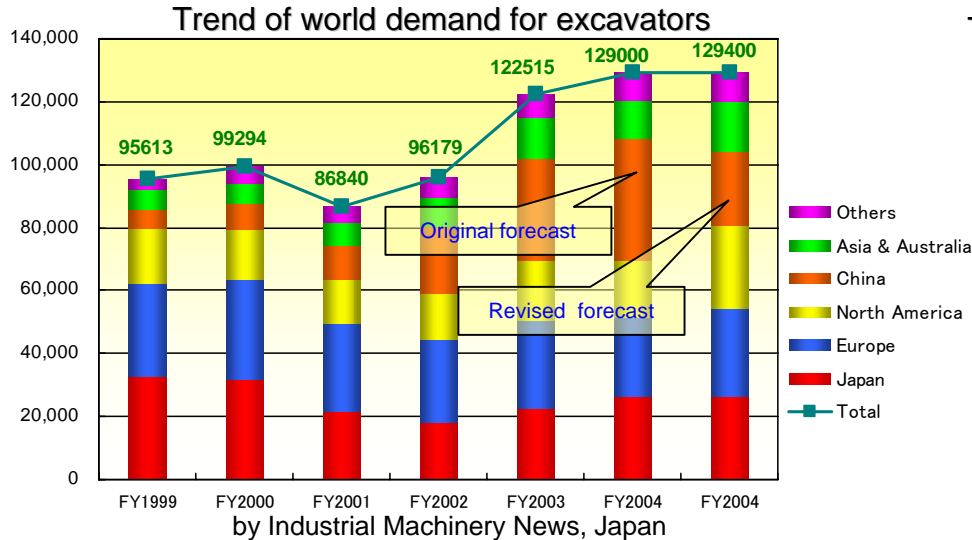
	2003/3 Result	2004/3 Forecast	Variation		Comments
				Ratio	
Net sales	33,719	34,700	981	2.9%	<u>“Increase in sales, Significant increase in profit”</u>
Operating profit	1,074	1,850	776	72.3%	
Operating profit ratio	3.2%	5.3%			

- Railroad vehicle products: Sales increase by export, maintenance and repair business
- Commercial vehicle products:
 - Fall in sales due to decreased demand for diesel car caused by environmental regulations
- Marine vessel products: Sales increase by worldwide growth of shipbuilding industry
- Increase in profit due to improvement of profitability in orders received

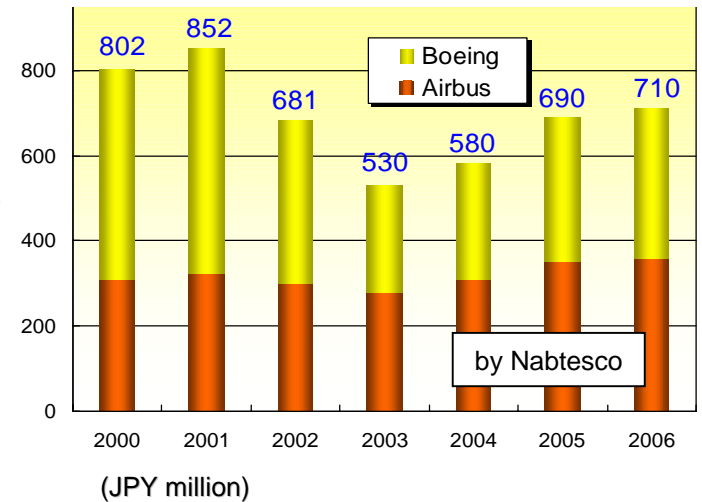
Forecast: Aircraft & Oil Hydraulic Equipment



Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications



Trend of aircraft deliveries by 2 major manufacturers

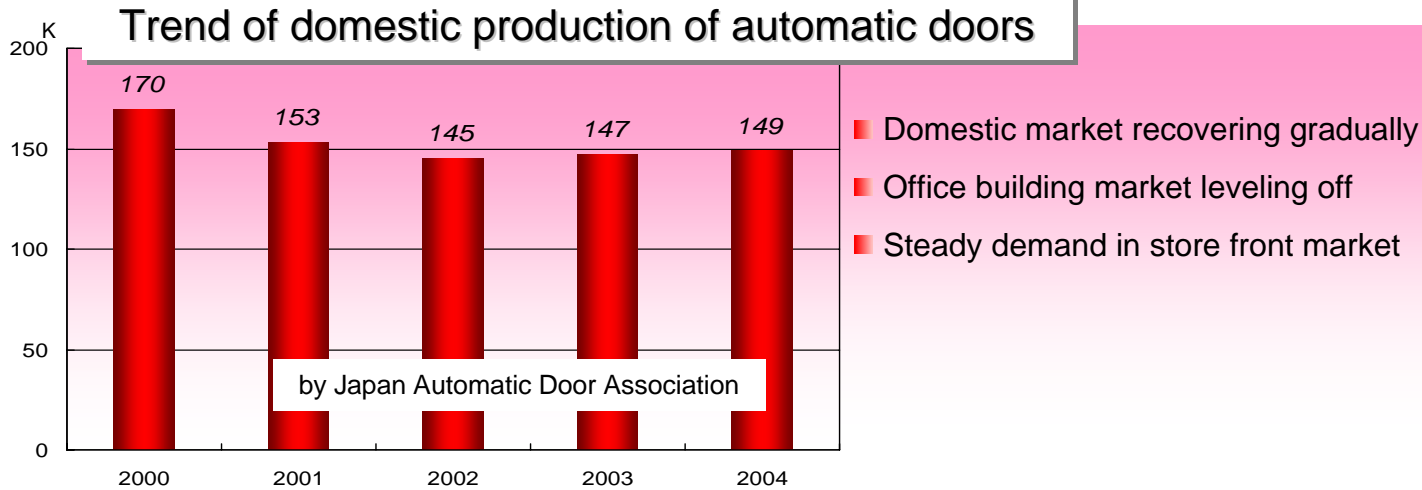


	2003/3 Result	2004/3 Forecast	Variation		Comments
				Ratio	
Net sales	33,453	35,000	1,547	4.6%	<u>“Increase in sales, Fall in profit”</u>
Operating profit	1,548	850	- 698	- 45.1%	
Operating profit ratio	4.6%	2.4%			

- No recovery foreseen in demand for commercial aircraft industry
- Increase in sales lead by active growth of Japan, Europe and the U.S. markets
China market expected to get shrunk due to credit squeeze policy
- Fall in profit expected due to material cost hike, productivity decrease caused by sudden increase of production

Forecast: Industrial Equipment **Nabtesco**

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(JPY million)

	2003/3 Result	2004/3 Forecast	Variation		Comments
				Ratio	
Net sales	32,866	34,800	1,934	5.9%	<u>“Increase in sales, Significant increase in profit”</u>
Operating profit	2,456	3,200	744	30.3%	
Operating profit ratio	7.5%	9.2%			

- Automatic doors: Increase in sales by active growth of door market for building use
- Platform screen doors: Increased in sales expected
- Packaging machines:
Increase in sales expected due to domestic spout bag market and world pouch bag market growth expected

Major Targeted Financial Figures under The 2003 Mid-Term Plan

Nabtesco

Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications

	March 2006 <Mid-Term Plan>	March 2004 <Result>	March 2005 <Forecast>
Net Sales (JPY billion)	135.0	125.4	135.0
Net Profit (JPY billion)	4.0	4.2	5.4
ROE	9%	9.4%	10.8%
ROA	3%	3.2%	4.1%
Free CF (JPY billion)	20.0 (3 years accumulation)	11.9	17.3 (2 years accumulation)
D/E Ratio	0.4	0.67	0.48

Planned in May, 2003

Forecasted figures for March 2005 exceeds the Mid-Term Plan.
Nabtesco will draw the new mid-term plan for FY2005 – 2007 based on the latest performances.

The figures, plans, projects for FY2004 and future on this document are based on various assumptions.

Nabtesco Corporation has no responsibility for realizing and committing those forecasts.