



FY2005 Annual Results Briefing

Nabtesco Corporation

May, 2006

I. Annual Consolidated Results
for FY2005

II. Topics

III. Forecast for FY2006

I. Annual Consolidated Results for FY2005

II. Topics

III. Forecast for FY2006

- The figures here in after shown up to, FY2002 were obtained by a **simple summing-up** of the two figures of Teijin Seiki (TS Corporation) group and NABCO group.
- Any and all contents herein published are based on various conditions, and Nabtesco Corporation does not represent and/or warrant, in whole or in part, the attainment or realization of any planned figures and/or plans published by this document.

Profit & Loss summary

Increase in both sales and profit

(JPY billion)

	'05/3	'06/3	Variation	
				Ratio
Net sales	137.9	147.4	9.4	6.9%
Operating profit	11.2	14.8	3.5	31.4%
Non-operating profit and loss	0	-3.0	-3.0	—
Ordinary profit	11.3	14.4	3.1	28.1%
Extraordinary profit and loss	-2.0	-1.0	1.8	—
Profit before taxes	9.2	14.2	5.0	54.9%
Net profit	5.6	8.2	2.5	46.0%

■ Increased in sales in all business segments

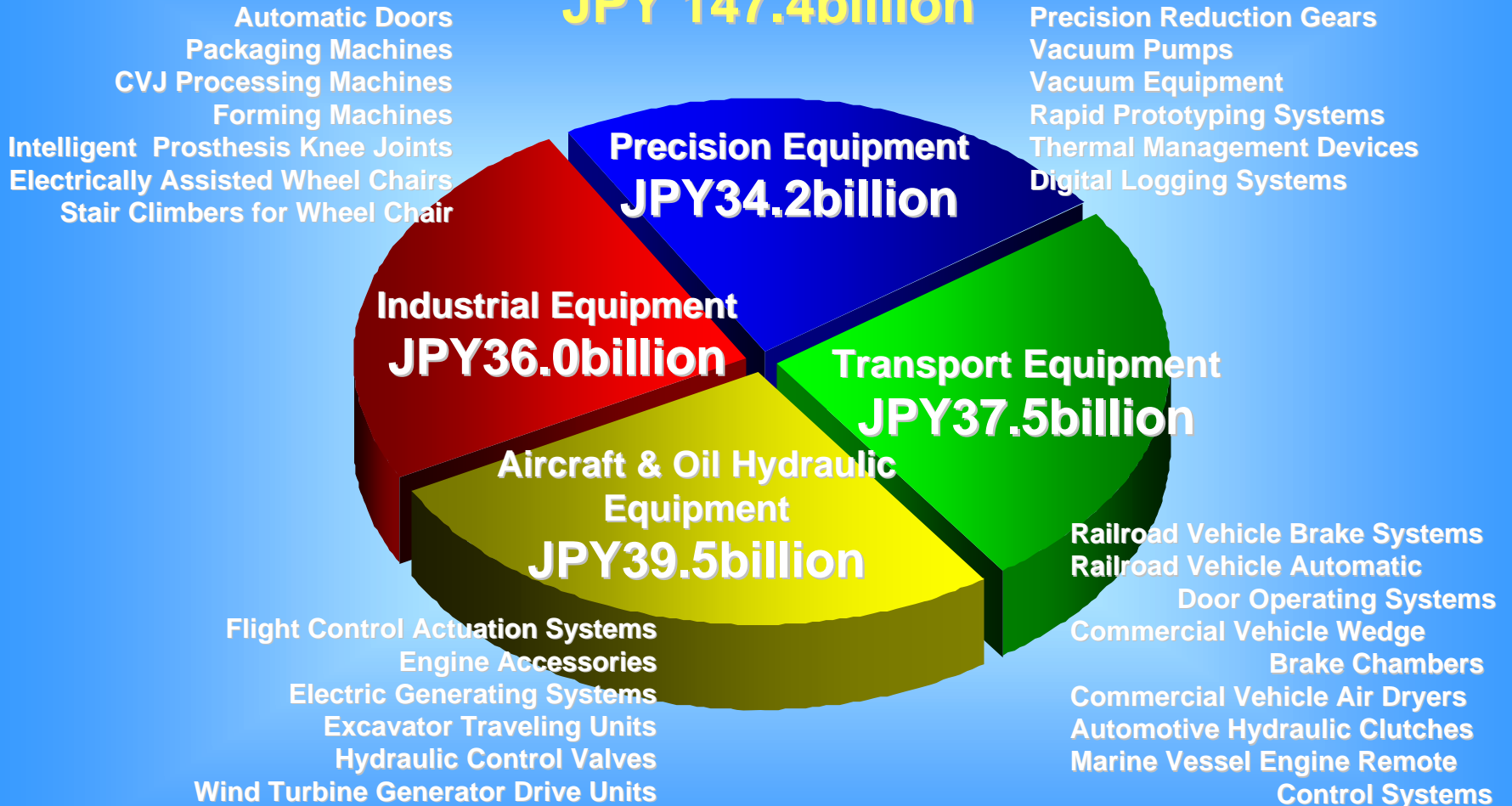
■ Increase of Sales	2.4billion
■ Increase of material cost	-0.6billion
■ Cost reduction & selling price effect	1.3billion
■ Decrease of SGA expenses	0.4billion
Total	3.5billion

■ Increase of inventory disposal loss	-0.2billion
■ Investment profit on equity method	-0.3billion
■ Financial account balance, etc.	0.2billion
Total	-0.3billion

■ Decrease of loss on disposition of fixed assets	1.1billion
■ Decrease of loss provision for soil melioration	1.1billion
■ Profit on sales and loss on disposition of group companies	0.1billion
■ Others	-0.5billion
Total	1.8billion

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





FY2005 Consolidated Annual Sales: JPY 147.4billion



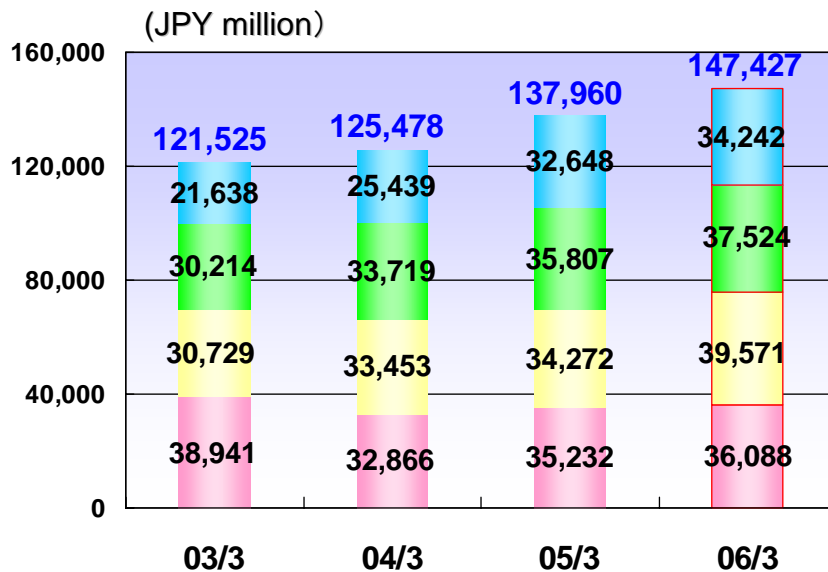
Growth of Consolidated Semiannual Sales & Profit by Business Segments



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

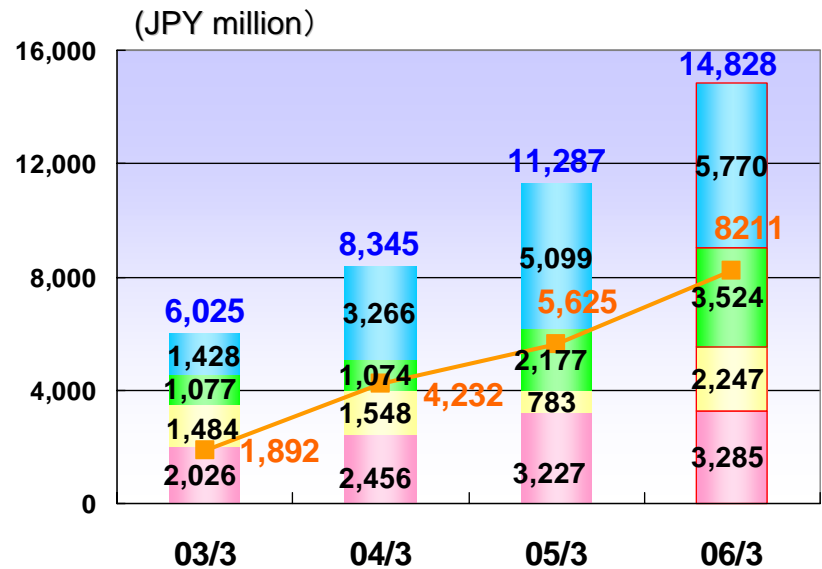
<Business Segment>		<Comparison with the last Fiscal Year >	
	Precision Equipment	—————	Increase in both sales and profit
	Transport Equipment	—————	Increase in both sales and profit
	Aircraft & Oil Hydraulic Equipment	—————	Increase in both sales and profit
	Industrial Equipment	—————	Increase in both sales and profit

Net Sales



(Industrial Equipment 03/3 including 8billion yen of synthetic fiber machinery sales)

Operating Profit



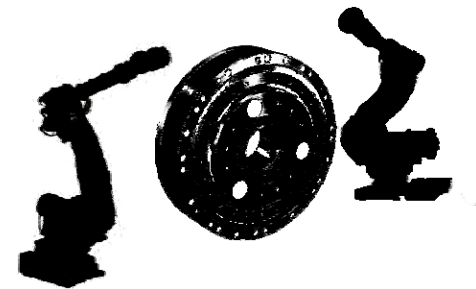
 Net Profit After Tax

Increase in both sales and profit

(JPY million)

	'05/3	'06/3	Variation	
				Ratio
Net sales	32,648	34,242	1,594	4.9%
Operating profit	5,099	5,770	671	13.2%
Operating profit ratio	15.6%	16.9%		

- Increased sales of the precision reduction gears for industrial robots due to successively active CAPEX in automotive industry.
- The reduction gears for machine tools also increased.
- Sales in both LCD and SPE remains flat.



Transport Equipment

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Increase in both sales and profit

(JPY million)

	'05/3	'06/3	Variation	
				Ratio
Net sales	35,807	37,524	1,717	4.8%
Operating profit	2,177	3,524	1,347	61.9%
Operating profit ratio	6.1%	9.4%		

- Railroad vehicle products:**
 - Domestic: Newly built conventional railcars and maintenance parts increased.
 - Overseas: Delivery started for China inter-city railroad network project. Sales to Asian countries increased.

Improvement of productivity and profitability contributed to increase profit.
- Automotive products:**

Sales remain flat due to decreasing sensors to Korea, though domestic demand for brake products increased.
- Marine vessel engine control systems:**

Marine transport industry's investment for new vessels remained ongoing. Increase of after-sale services also contributed to increase profit.



Aircraft & Oil Hydraulic Equipment **Nabtesco**

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Increase in both sales and profit

(JPY million)

	'05/3	'06/3	Variation	
				Ratio
Net sales	34,272	39,571	5,299	15.5%
Operating profit	783	2,247	1,464	186.8%
Operating profit ratio	2.3%	5.7%		

- Aircraft equipment
Sales for civil aircraft in modest increase but the increase of aircraft manufacturer's orders received showing the industry on recovery trend
- Oil hydraulic equipment
Sales for excavators increased due to active domestic manufacturer's demand and rapidly recovered China market. Products for wind turbine steadily grown.



Increase in both sales and profit

(JPY million)

	'05/3	'06/3	Variation	
				Ratio
Net sales	35,232	36,088	856	2.4%
Operating profit	3,227	3,285	58	1.8%
Operating profit ratio	9.2%	9.1%		

- Automatic door
Sales and profit increased due to expanding market share with general purpose products and exporting platform screen doors.
- Packaging machines decreased due to sluggish Asian demands though domestic sales for food industry increased.
- CVJ processing machines for automotive industry continuously in good demand.



Balance Sheet Summary



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

(JPY billion)

	'05/3E	'06/3E	Variation	Comment
Assets	133.6	146.8	13.2	
(Cash and time deposits)	(14.3)	(18.8)	(4.4)	Increase of liquidity in hand
(Accounts receivable)	(43.0)	(43.3)	(0.3)	Increase of sales
Receivable turnover period	108	107	- 1	(reference)
(Inventories)	(14.1)	(16.3)	(2.2)	Correspondent to sales increase
Inventory turnover period	36	37	1	(reference)
(Fixed assets)	(41.9)	(41.9)	(0)	
Liabilities	77.7	78.9	1.1	
(Interest-bearing debt)	(25.0)	(19.1)	(- 5.8)	Redemption of loans
Minority Interest	3.3	3.7	0.3	
Shareholder's Equity	52.4	64.1	11.7	
Equity Ratio	39.3%	43.7%		

Cash Flow Summary

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(JPY billion)

	'05/3	'06/3	Variation
Income before taxes	9.2	14.2	5.0
Depreciation and amortization	4.4	4.5	0.1
Income taxes paid	- 2.3	- 2.6	- 0.3
Others	- 0.2	0.3	0.5
Cash flow from operating activities	11.1	16.4	5.3
Cash flow from investing activities	- 4.5	- 4.8	- 0.3
Free Cash Flow	6.5	11.5	4.9
Cash flow from financing activities	- 7.8	- 7.2	0.5
Foreign currency translation adjustment and effect from newly consolidated subsidiaries	0.7	0.1	- 0.6
Changes in cash and cash equivalents	- 1.2	4.4	5.6

Cash flow break down for '06/3

■ Cash flow from operating activities

Income before taxes	14.2billion
Depreciation and amortization	4.5billion
Income taxes paid	- 2.6billion
Others	0.3billion
Total	16.4billion

■ Cash flow from investing activities




CAPEX	- 5.3billion
Sales of securities of affiliates	0.7billion
Other investing activities, etc.	- 0.2billion
Total	- 4.8billion

■ Cash flow from financing activities

Redemption of loans	- 5.9billion
Dividend payment and others	- 1.3billion
Total	- 7.2billion

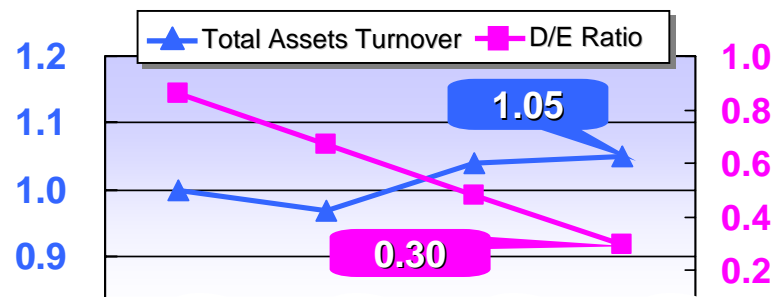
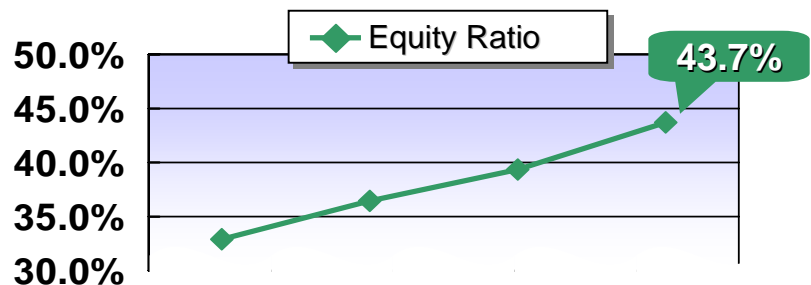
Improvement of Financial Constitution **Nabtesco**

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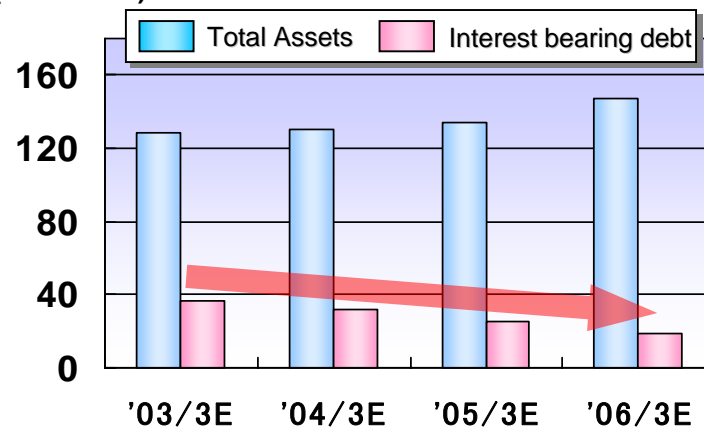
- Increase of Equity Ratio 
- Reduction of interest bearing loans resulting in D/E Ratio improvement 
- Leveled off Total Assets Turnover 

(*JPY billion **times)

	'03/3E	'04/3E	'05/3E	'06/3E
Total assets*	128.7	130.6	133.6	146.8
Interest bearing debt*	36.5	31.8	25.0	19.1
Equity Ratio (%)	32.9	36.5	39.3	43.7
D/E Ratio	0.86	0.67	0.48	0.30
Total Assets Turnover**	1.00	0.97	1.04	1.05



(JPY billion)



Agenda - II

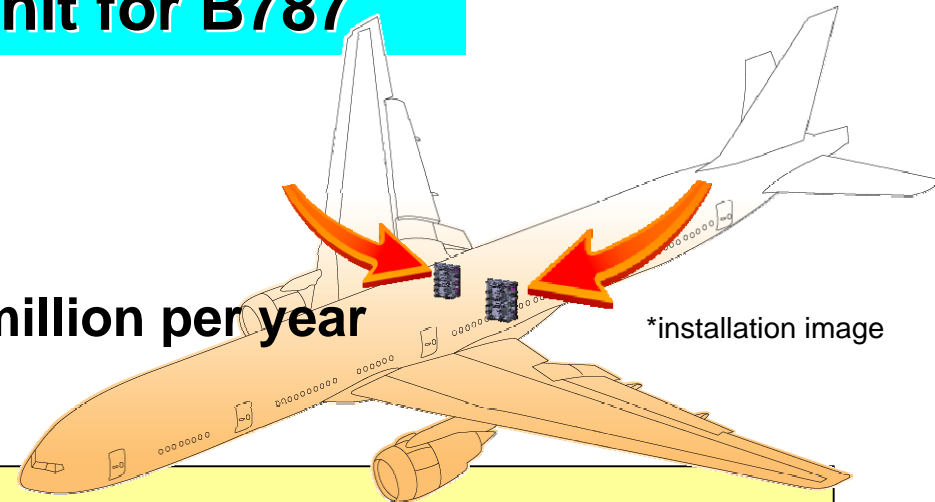
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High voltage electric power unit for B787

- **Delivery from: 2007**
(the aircraft in service from 2008)
- **Estimated sales: approx. US\$20million per year**
(10 years average to 2017)



- The first equipment adopted in aircraft which distributes in and out-put electric power between the devices placed, such as transformer rectifier unit, high-capacity motor controller, etc.

Advantage:

- Supports 4 times larger power consumption than B777 and aggregating power distribution function in compact shape
- Contributes lightening of the aircraft
- Co-development with Hamilton Sundstrand, U.S.A.
- Planning to commence business operation to other the next-generation aircrafts.

Aggressive penetration into overseas markets

1. Railroad Products Company established a subsidiary in Beijing

- Name: Nabtesco Railroad Products (Beijing) Co., Ltd.
- Capital: Approx. JPY 250million ■ Established: November, 2005
- Overview: Sales and manufacturing railroad vehicle equipment
- Increasing business with traffic bureau of local governments and railroad vehicle manufacturers in demand expanding China

2. Marine Control Systems Company established a subsidiary in Shanghai

- Name: Nabtesco Marine Control Systems (Shanghai) Co.,Ltd
- Capital: Approx. JPY 55million ■ Established: January, 2006
- Direct business operation and after-sale services in China

3. Power Control Company established a subsidiary in Europe

- **Name: Nabtesco Power Control Europe b.v.**
- **Location: Rotterdam**
- **Capital: EUR150K** ■ **Established: April, 2006**
- **Overview: Sales and service of wind turbine driving units**
- **Community-based business operation and after-sale service in Europe where the biggest market of wind power**



Task progress at Tsu plant expansion



- **Completion of the new building: March, 2006**
- **Partly starting operation: May, 2006**
- **Estimated Completion of the expansion: March, 2008**
- **Investment: Approx. JPY6 billion in 3 years**
- **Capacity increase: Approx. 160%**

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Profit & Loss forecast

Increase in sales, Decrease in profit

(JPY billion)

	2006/3 Result	2007/3 Forecast	Variation	
				Ratio
Net Sales	147.4	152.0	4.5	3.1%
Operating profit	14.8	14.5	- 0.3	- 2.2%
Ordinary profit	14.4	15.0	0.5	3.6%
Net profit	8.2	8.7	0.4	6.0%

■ Net Sales:

■ Increase of railroad vehicle equipment, oil hydraulic equipment and aircraft equipment covers 2.6billion decrease in sales by assignment of subsidiary

■ Operating profit:

Increase of sales	1.0billion
Material cost increase	-0.4billion
Cost reduction & price effect	0.2billion
Increase of SGA expenses	-1.1billion
Total	-0.3billion





■ Ordinary profit:

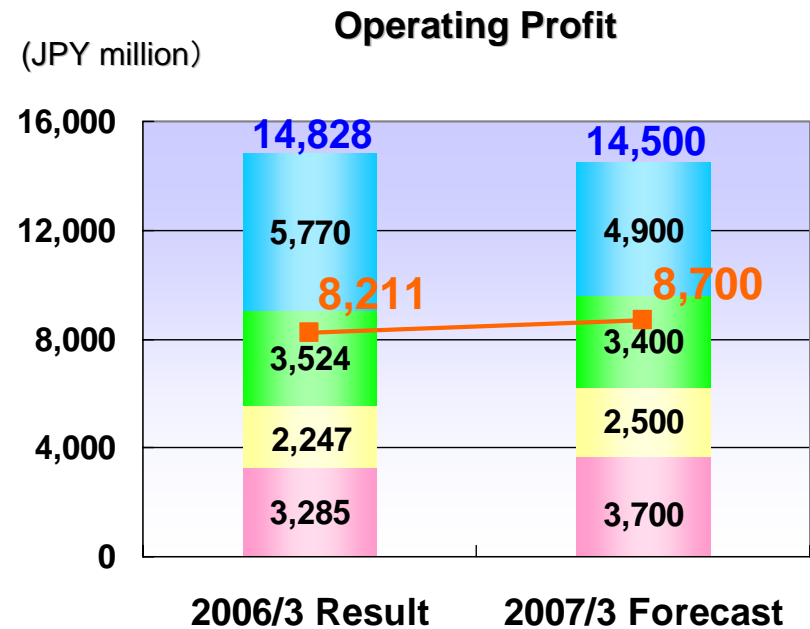
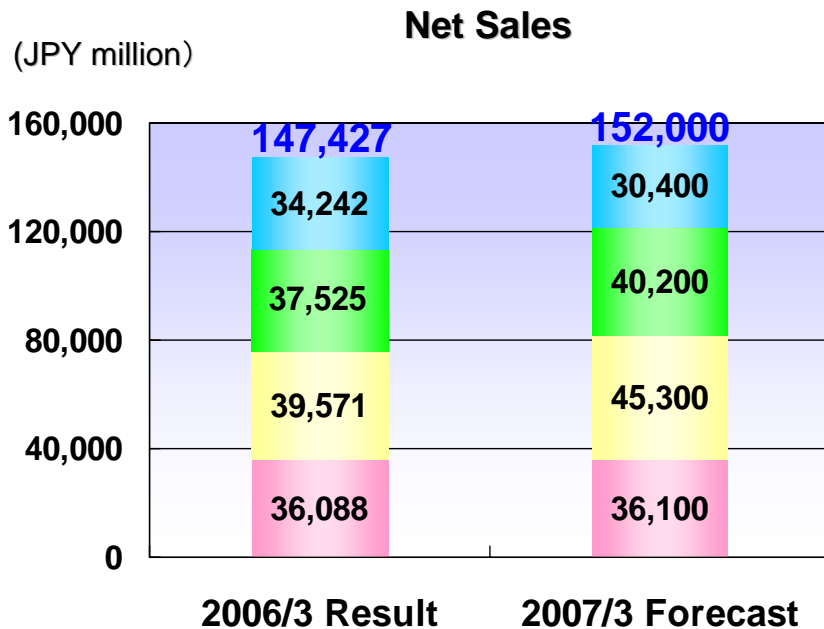
Decrease of operating profit	-0.3billion
Investment profit	
on equity method	0.4billion
Financial account balance	0.1billion
Others	0.2billion
Total	0.5billion


Sales & Profit Forecast by business segment



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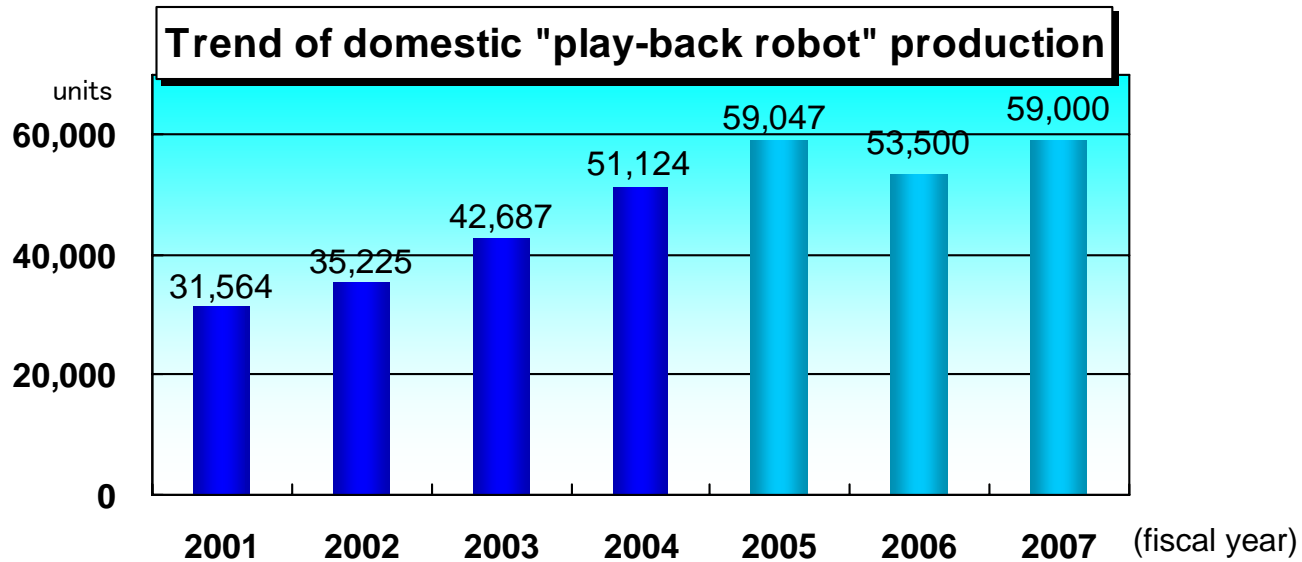
<Business Segment>		<Comparison with the previous year>	
	Precision Equipment	—————	Decrease in both sales and profit
	Transport Equipment	—————	Increase in sales, Decrease in profit
	Aircraft & Oil Hydraulic Equipment	—————	Increase in both sales and profit
	Industrial Equipment	—————	Sales leveling off, Increase in profit



 Net profit after tax

Forecast: Precision Equipment

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“Decrease in both sales & profit”

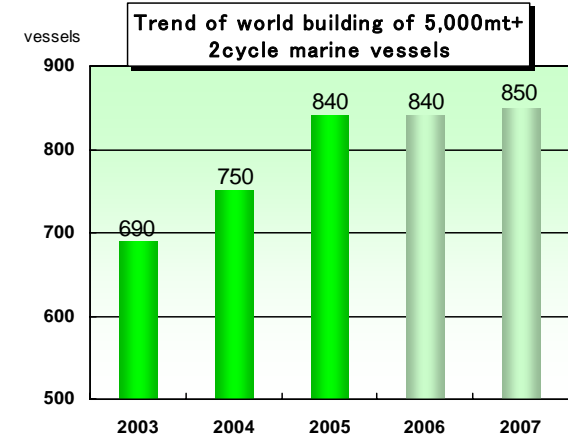
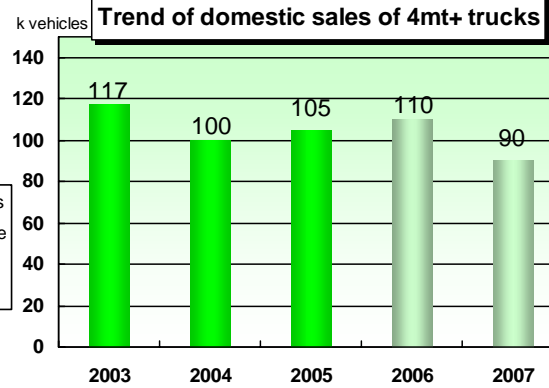
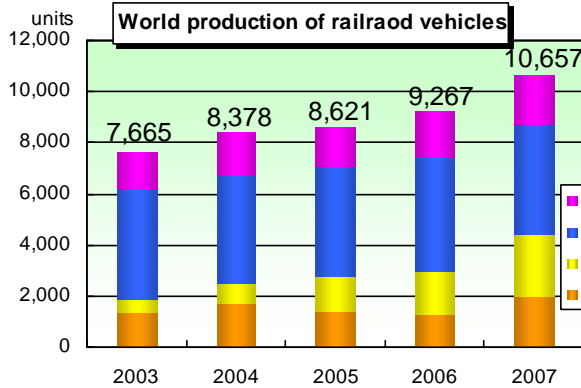
(JPY million)	2006/3 Result	2007/3 Forecast	Variation	Ratio
Net sales	34,242	30,400	- 3,842	- 11.2%
O.P.	5,770	4,900	- 870	- 15.1%
O.P. ratio	16.9%	16.1%		

● Precision reduction gears for industrial robots will be decreased in consequence of trough period of auto industry's CAPEX and be recovered in second half of the fiscal year. The gears for machine tools continue ride high, increasing demand in semiconductor and LCD industry.

● 2.3billion sales decrease by assignment of subsidiaries.

Forecast: Transport Equipment

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fiscal year, by Nabtesco study, forecasted for FY2006 – FY2007, estimation adopted in railroad vehicle production of other countries and regions than Japan

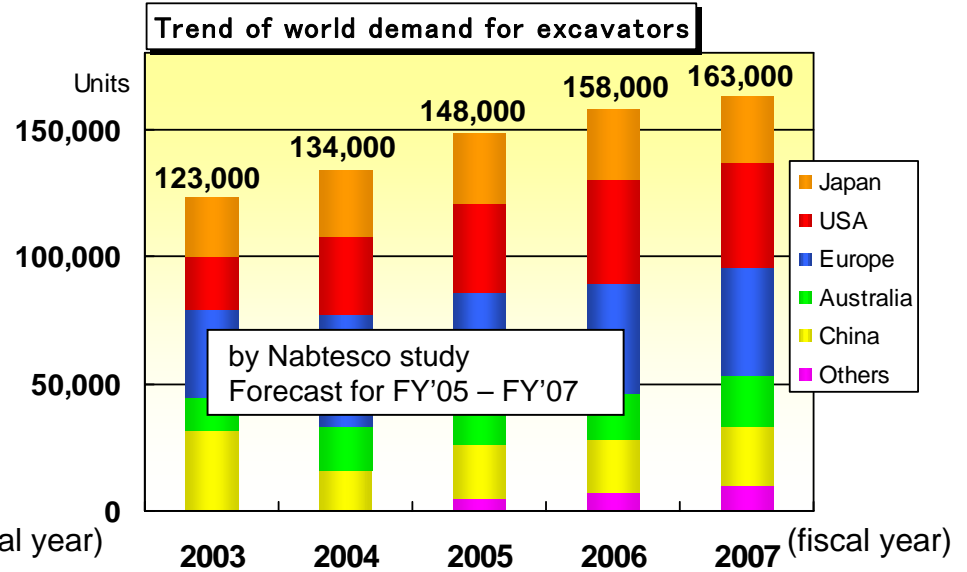
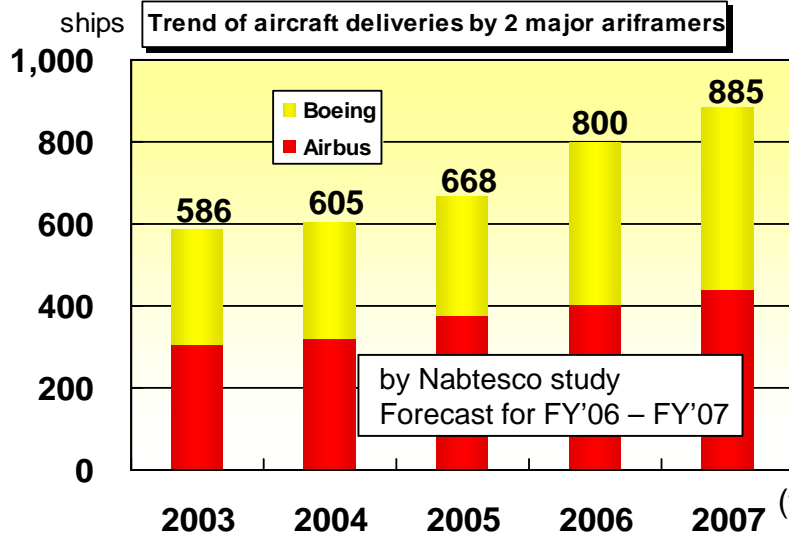
“Increase in sales, Decrease in profit”

(JPY million)	2006/3 Result	2007/3 Forecast	Variation	Ratio
Net sales	37,524	40,200	2,676	7.1%
O.P.	3,524	3,400	- 124	- 3.5%
O.P. ratio	9.4%	8.5%		

- Railroad vehicle products: Sales increase due to steady domestic replace demand and full-scale delivery of China inter-city railroad network project.
- Commercial vehicle products: Decrease in profit due to downturn in replace & repair though overall sales remaining flat.
- Marine vessel products: Decrease in profit by spending development cost for the next generation system in spite of sales continuously in high plateau.

Forecast: Aircraft & Oil hydraulic Equipment **Nabtesco**

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“Increase in both sales and profit”

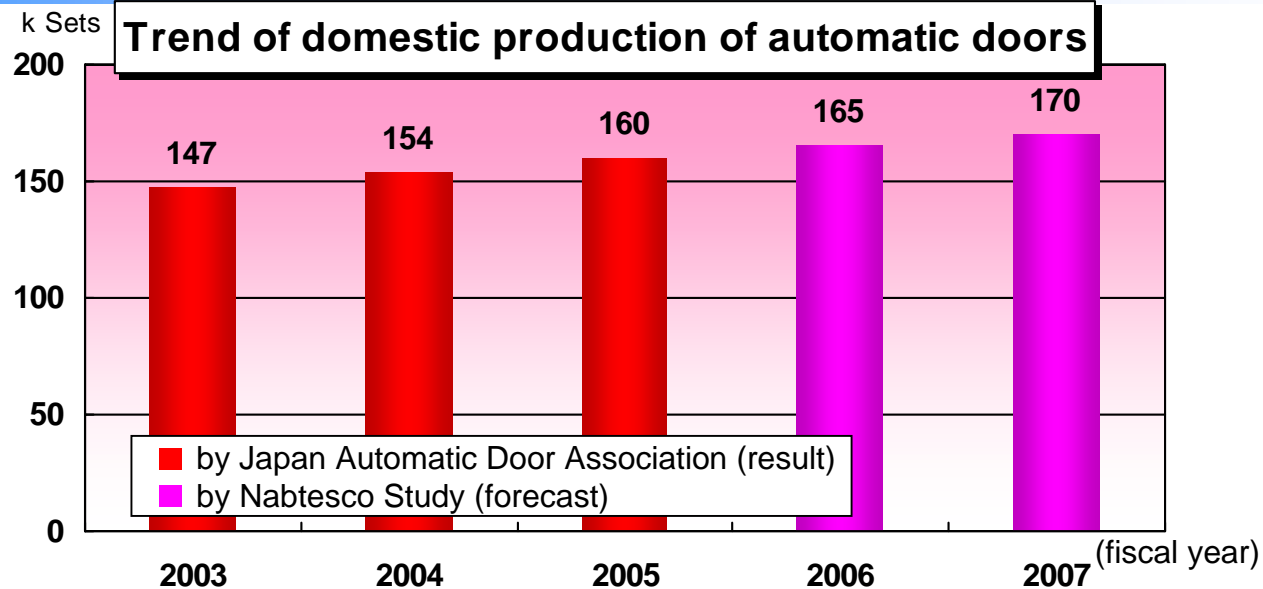
(JPY million)	2006/3 Result	2007/3 Forecast	Variation	Ratio
Net sales	39,571	45,300	5,729	14.5%
O.P.	2,247	2,500	253	11.3%
O.P. ratio	5.7%	5.5%		

- Increasing sales of aircraft equipment due to recovery of commercial aircraft industry. Development cost for new model aircraft increasing.
- Sales of oil hydraulic will increase due to world-wide booming of construction machinery. Further growth expected for driving units for wind turbine generators.

Forecast: Industrial Equipment



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



“Sales leveling off, Increase in profit”

(JPY million)	2006/3 Result	2007/3 Forecast	Variation	Ratio
Net sales	36,088	36,100	12	0.0%
O.P.	3,285	3,700	415	12.6%
O.P. ratio	9.1%	10.2%		

- Automatic door's sales will keep flat by expanding domestic market share of general purpose products and growth of the subsidiary in the states, in spite of decrease of platform doors to Asian countries.
- Packaging machines will increase sales and profit by expanding domestic sales of spouted pouch fill/capper and dry product packaging machine, and developing overseas market
- CVJ processing machine will be decreased due to adjustment phase of auto industry's CAPEX
- JPY300million of sales decreasing due to assignment of a subsidiary.

Targeted Financial Figures under the FY2005 Mid-Term Plan

Nabtesco

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(JPY billion)	2006/3 Mid term plan	2006/3 Result	2007/3 Forecast	2008/3 Mid term plan
Net Sales	141.0	147.4	152.0	155.0
Operating Profit	11.6	14.8	14.5	17.0
Net Profit	6.0	8.2	8.7	9.5
Gross Asset	131.7	146.8	144.6	133.8
Interest-bearing Debt	18.2	19.1	17.0	3.8
Equity	57.4	64.1	70.9	72.0
ROE	11%	14.1%	12.9%	15%
ROA	5%	5.9%	6.0%	8%
D/E Ratio	0.32	0.30	0.25	0.05
Free Cash Flow		11.5		25.0

(3 years accumulation)