

FY2006 Annual Results Briefing

May 2007

Nabtesco Corporation

The figures reflected herein for the period up to FY2006 were obtained by simple summing of the Teijin Seiki and NABCO figures.

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.

- I. Annual Consolidated Results for FY2006**
- II. Forecast for FY2007**
- III. Introduction of "advance notice" defense plan**

**I. Annual Consolidated Results
for FY2006**

II. Forecast for FY2007

**III. Introduction of "advance
notice" defense plan**

Profit & Loss Summary

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



(JPY billion)	2006/3	2007/3	Variation	Ratio
Sales	147.4	161.4	14.0	9.5%
Operating profit	14.8	16.4	1.6	10.8%
Non-operating profit and loss	-0.3	0.4	0.7	—
Ordinary Profit	14.4	16.8	2.4	16.5%
Extraordinary profit and loss	-0.1	-0.1	0	—
Profit before taxes	14.2	16.6	2.4	16.8%
Net profit	8.2	9.7	1.5	19.1%
Net profit per share (Yen)	64.05	77.10	13.05	20.4%

Dividend per share (Yen)	12	14	2
---------------------------------	----	----	---

■ Sales

Increase of railroad vehicle CAPEX, recovery of civil aviation aircraft and high demand for construction machinery contributed to an increase of sales and covers a 2.6 billion decline by assignment of subsidiary.

■ Operating profit

Increase of sales	1.6 billion
Cost reduction & price effect	1.6 billion
Product warranties	-1.1 billion
Material cost increase	-0.5 billion
Total	1.6 billion

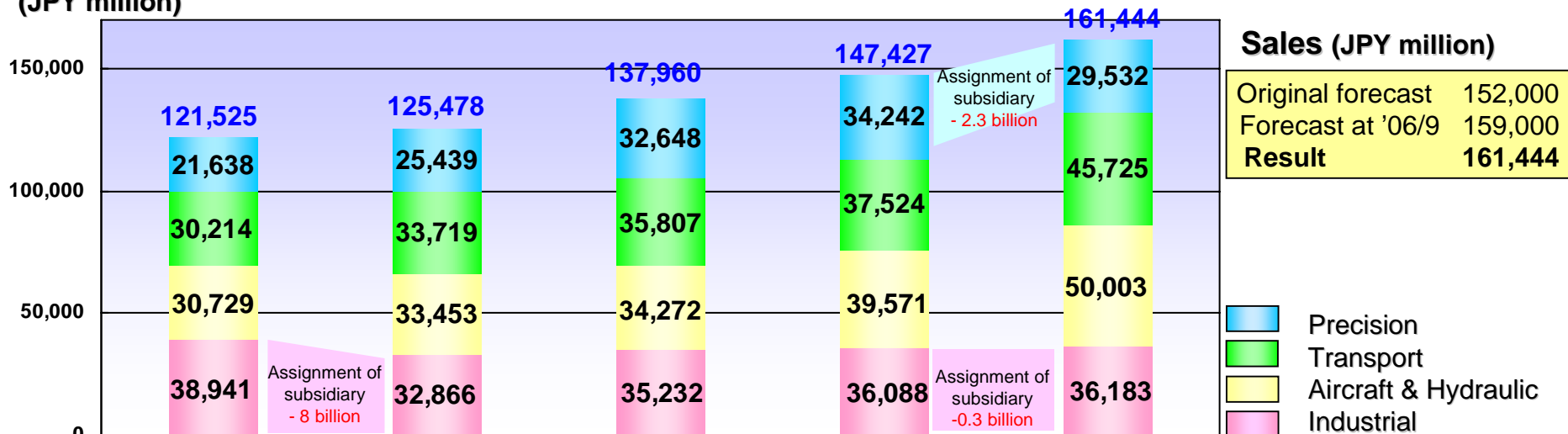
■ Extraordinary profit and loss

Investment profit by equity method	0.5 billion
Improvement of financial account balance	0.2 billion
Total	0.7 billion

Growth of Consolidated Annual Sales & Profit by Business Segment



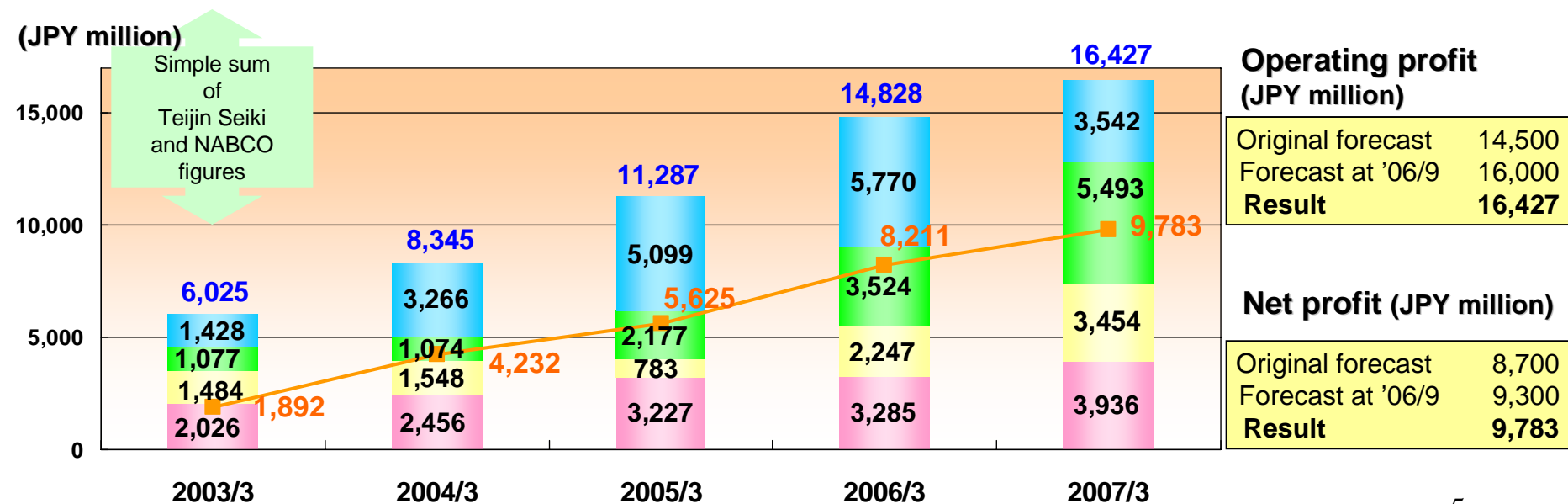
(JPY million)



Sales (JPY million)	
Original forecast	152,000
Forecast at '06/9	159,000
Result	161,444

- Precision
- Transport
- Aircraft & Hydraulic
- Industrial

(JPY million)



Operating profit (JPY million)	
Original forecast	14,500
Forecast at '06/9	16,000
Result	16,427

Net profit (JPY million)	
Original forecast	8,700
Forecast at '06/9	9,300
Result	9,783

Main Products and Customers

Precision reduction gears

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

Machine tools: Okuma, Yamazaki Mazak, Mori Seiki

SPE: Tokyo Electron

(JPY million)	2006/3	2007/3	Variation	Ratio
Sales	34,242	29,532	-4,710	-13.8%
Operating profit	5,770	3,542	-2,228	-38.6%
Operating profit ratio	16.9%	12.0%		

Sales (JPY million)

Original forecast	30,400
Forecast at '06/9	29,200

Operating profit (JPY million)

Original forecast	4,900
Forecast at '06/9	3,800

- Precision reduction gears for industrial robots in downturn due to automotive industry's CAPEX conditioning period.
- Gears for machine tools remained in good demand.
- Sales decreased by 2.3 billion due to assignment of subsidiary.
- Decreased profit due to declining sales of precision reduction gears, new plant startup, increasing R&D, etc.

Main Products and Customers

Railroad vehicle equipment (brake systems, door operating units)

JR East, JR Central, JR West, KHI, Nippon Sharyo

Commercial vehicle equipment (air brake peripherals)

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

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

KHI, Mitsui Engineering & Shipbuilding, MHI, MAN B&W (Denmark)

(JPY million)	2006/3	2007/3	Variation	Ratio
Sales	37,524	45,725	8,201	21.9%
Operating profit	3,524	5,493	1,969	55.9%
Operating profit ratio	9.4%	12.0%		

Sales (JPY million)

Original forecast	40,200
Forecast at '06/9	44,600

Operating profit (JPY million)

Original forecast	3,400
Forecast at '06/9	5,200

- Railroad vehicle products increased sales due to demand from domestic rolling stock renewal besides a large China project in full-scale delivery.
- Commercial vehicle products are at the same sales level as in the previous year. Decrease of domestic demand covered by truck exports.
- Marine vessel products increased due to high world demand for shipbuilding.
- Increase of sales and maintenance & repair parts in railroad vehicle products contributed to the increase in profit.

Main Products and Customers

Aircraft products (flight control actuation systems)

Boeing, KHI, IHI, MHI, Ministry of Defence

Hydraulic products

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

Drive units for wind turbine generators: MHI, other

(JPY million)	2006/3	2007/3	Variation	Ratio
Sales	39,571	50,003	10,432	26.4%
Operating profit	2,247	3,454	1,207	53.7%
Operating profit ratio	5.7%	6.9%		

Sales (JPY million)

Original forecast	45,300
Forecast at '06/9	49,100

Operating profit (JPY million)

Original forecast	2,500
Forecast at '06/9	3,400

- Sales of aircraft equipment increased. Demand in civil aviation recovered.
- Hydraulic equipment increased due to strong demand from both domestic market and abroad. Mainland China market significantly recovered.
- Big leap in drive units for wind turbine generators.
- Profit increase mainly led by business related to construction machinery in China.

Main Products and Customers

Automatic doors

Automatic doors for buildings: Kajima, Taisei, Shimizu, Takenaka, Obayashi, Tostem

Platform doors: Yurikamome, Tokyo Metro

Packaging Machines (automatic filler/sealer for foods)

Ajinomoto, Nippon Ham, Otsuka Foods, House Foods, Morinaga Milk, Lotte, Nestle (Switzerland)

(JPY million)	2006/3	2007/3	Variation	Ratio
Sales	36,088	36,183	95	0.3%
Operating profit	3,285	3,936	651	19.8%
Operating profit ratio	9.1%	10.9%		

Sales (JPY million)

Original forecast	36,100
Forecast at '06/9	36,100

Operating profit (JPY million)

Original forecast	3,700
Forecast at '06/9	3,600

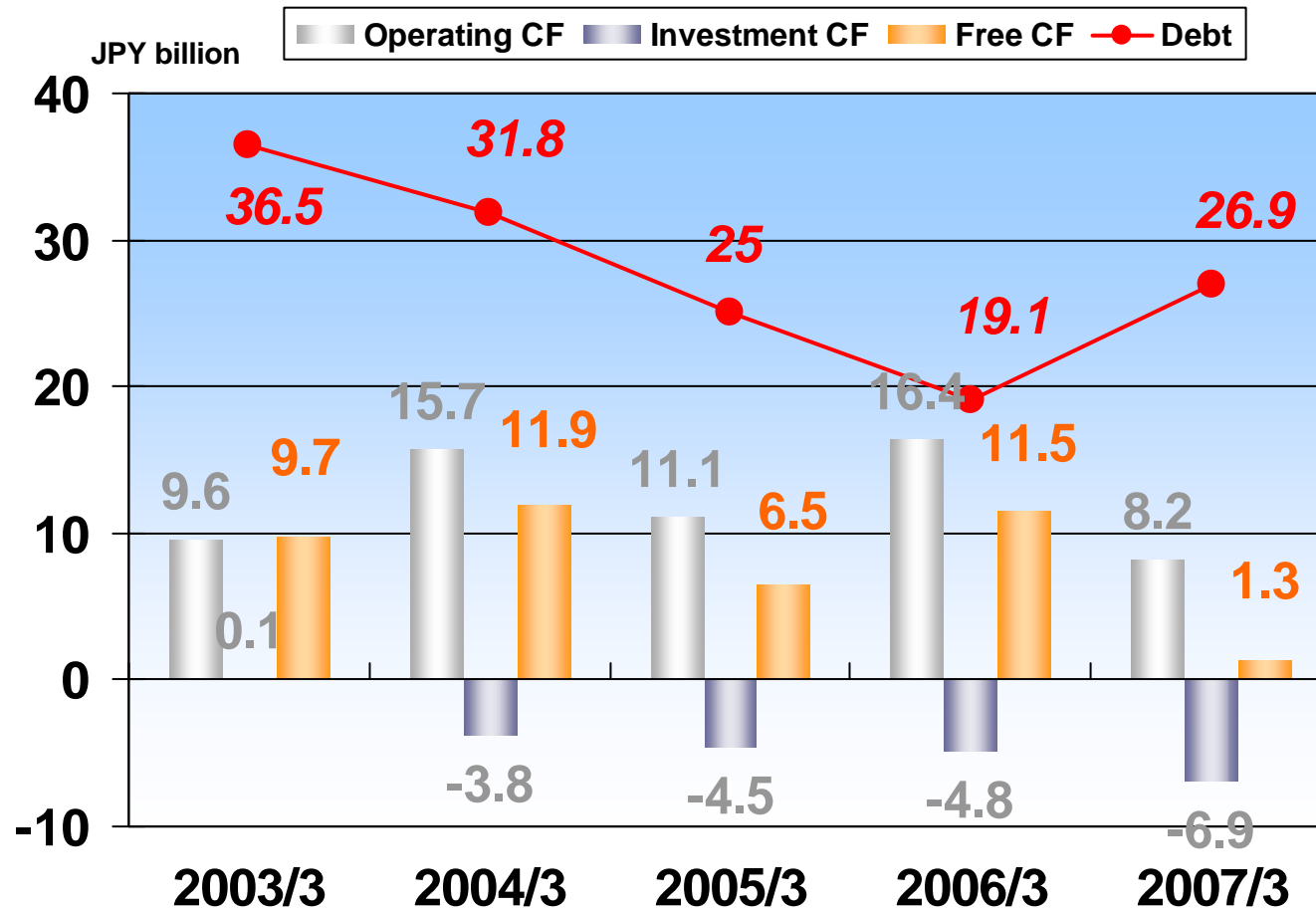
- General utility doors increased sales and expanded share in both Japan and overseas markets.
- Packaging machine exports covered decrease of domestic demand in food industry and increased sales.
- CVJ processing machine affected by conditioning period in automotive industry CAPEX and decreased sales
- Profitability improved by contribution of general utility automatic door increment and selective orders.

Balance Sheet Summary



(JPY billion)	2006/3	2007/3	Variation	Comments
Assets	146.8	163.2	16.3	
(Cash and time deposits)	(18.8)	(26.5)	(7.6)	
(Accounts receivable)	(43.3)	(47.2)	(3.9)	Increase of sales
Receivable turnover period	107	102	-5	(reference)
(Inventory)	(16.3)	(18.0)	(1.7)	Correspondent to sales increase
Inventory turnover period	37	39	2	(reference)
(Fixed assets)	(41.9)	(43.6)	(1.6)	Expansion of Tsu plant, etc.
Liabilities	78.9	86.1	7.1	
(Interest-bearing debt)	(19.1)	(26.9)	(7.7)	Issue of CB
Net Assets	67.9	77.1	9.1	
(Minority Interests)	(3.7)	(4.0)	(0.2)	
Equity Ratio	43.7%	44.8%		

Cash flows & Interest-bearing debt

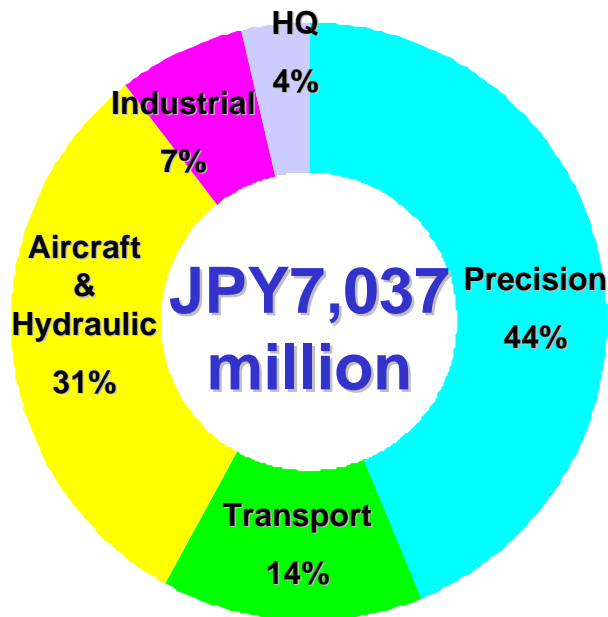


CAPEX, R&D and Depreciation

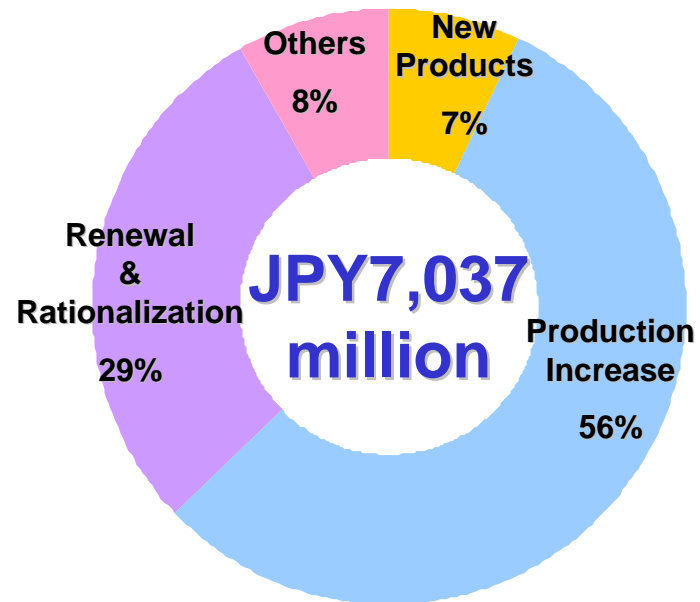


(JPY million)	2006/3	2007/3	2008/3 (Forecast)
CAPEX	4,457	7,037	8,100
R&D expenses	3,635	4,023	4,300
Depreciation and amortization	4,575	4,896	5,300

CAPEX by Segment



CAPEX by Usage



**I. Annual Consolidated Results
for FY2006**

II. Forecast for FY2007

**III. Introduction of "advance
notice" defense plan**

Profit & Loss Forecast



(JPY billion)	2007/3	2008/3	Variation	Ratio
Sales	161.4	165.0	3.5	2.2%
Operating profit	16.4	17.5	1.0	6.5%
Ordinary profit	16.8	18.0	1.1	6.7%
Net profit	9.7	10.0	0.2	2.2%

Dividend per share (Yen)	14	16 (Forecast)	2
---------------------------------	-----------	-------------------------	----------

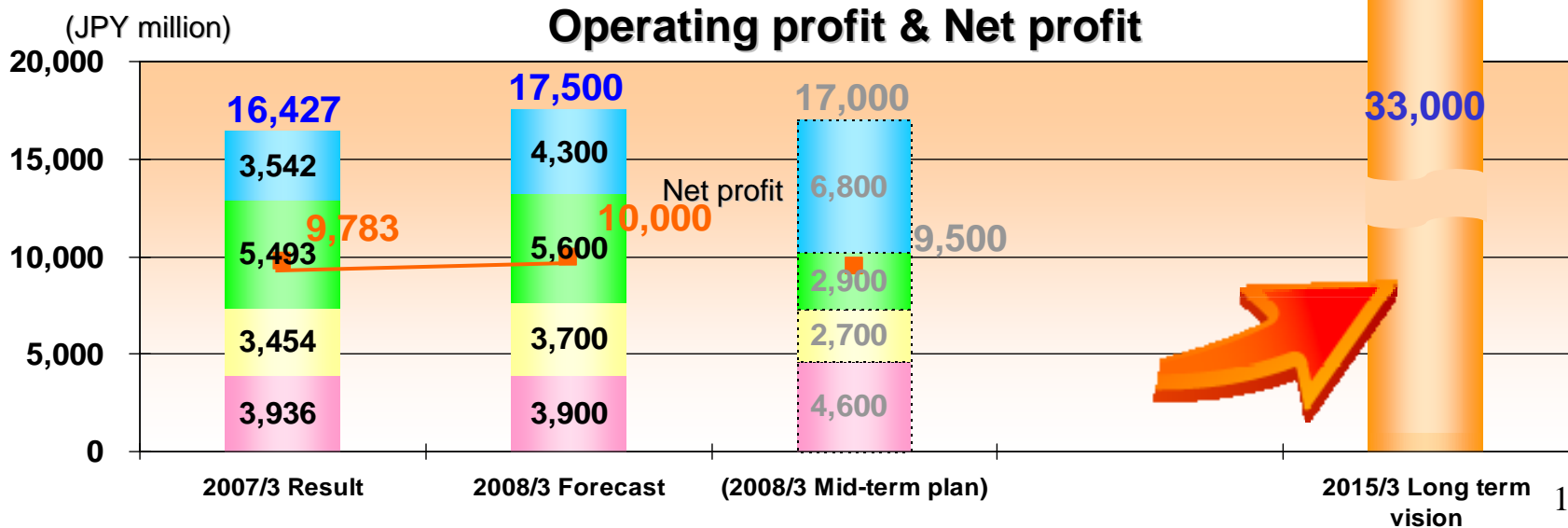
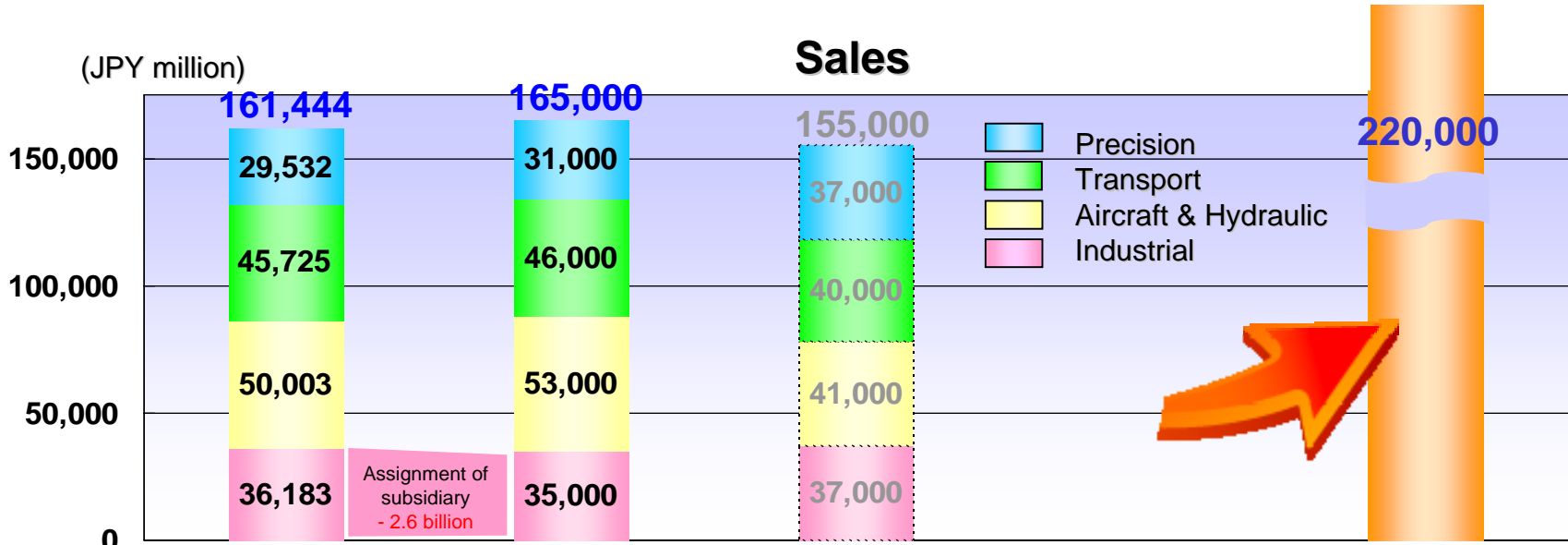
■ Sales

To increase due to recovery of automotive industry CAPEX, steady demand for railroad vehicle renewal, construction machinery boom, etc. The circumstances cover a 2.6 billion sales decrease by assignment of subsidiary.

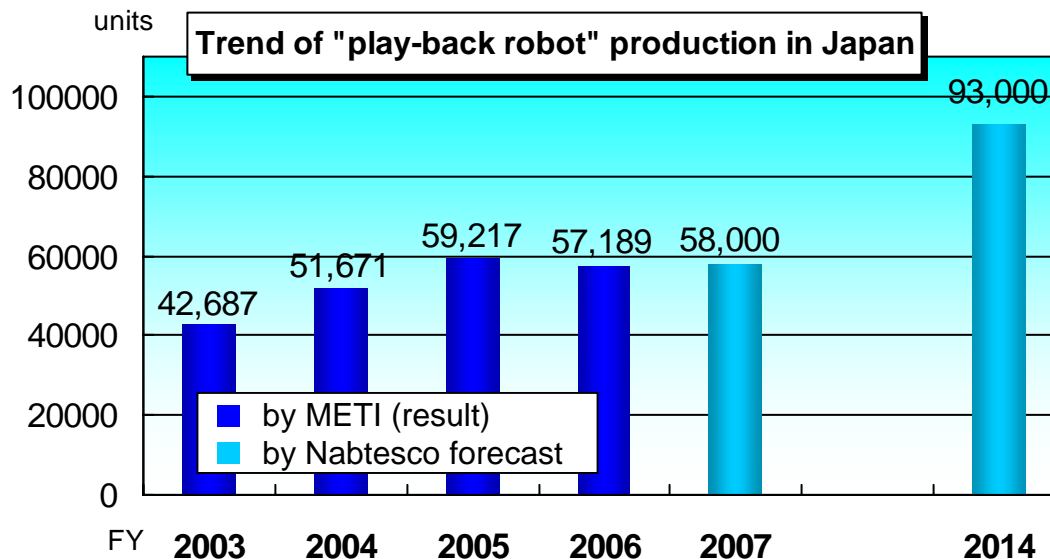
■ Operating profit

Increase of sales	1.6 billion
Cost reduction & price effect	0.9 billion
Increase of SGA expenses	-1.5 billion
Total	1.0 billion

Sales & Profit Forecast by Business Segment



Forecast: Precision Equipment



(JPY million)	2007/3 Result	2008/3 Forecast	Variation	Ratio
Sales	29,532	31,000	1,468	5.0%
O.P.	3,542	4,300	758	21.4%
O.P. ratio	12.0%	13.9%		

- Precision reduction gears for industrial robots to recover, led by activation of automotive industry CAPEX. Gears for machine tools to keep on growing.
- Expansion of Tsu plant in progress.

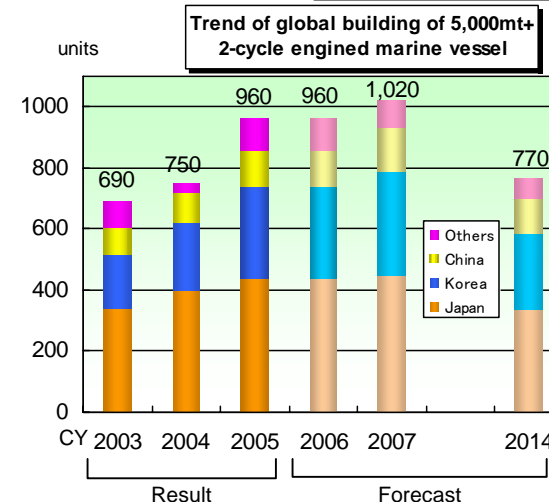
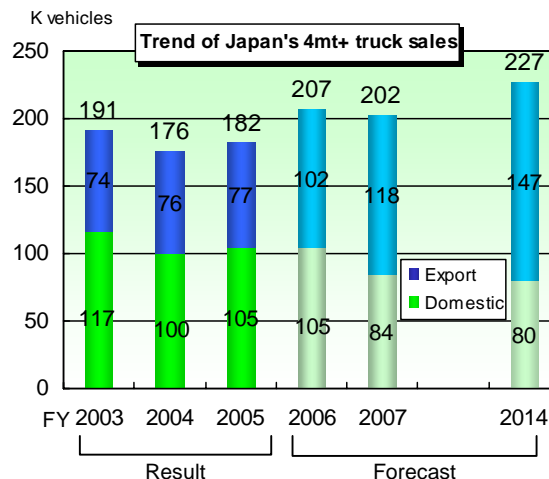
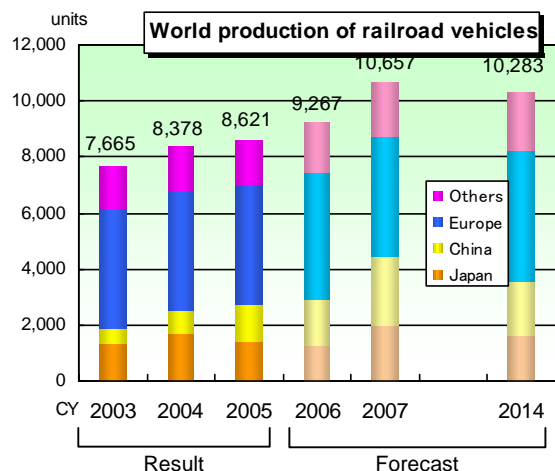
Measures to achieve the long term vision (2015/3):

- # Growth in overseas markets
- # Development and release of promising products
- # Sales expansion with new applications and systemized products
- # Improving productivity and shortening of production lead time

Forecast: Transport Equipment



Charts: Nabtesco study



(JPY million)	2007/3 Result	2008/3 Forecast	Variation	Ratio
Sales	45,725	46,000	275	0.6%
O.P.	5,493	5,600	107	1.9%
O.P. ratio	12.0%	12.2%		

Measures to achieve the long-term vision (2015/3):

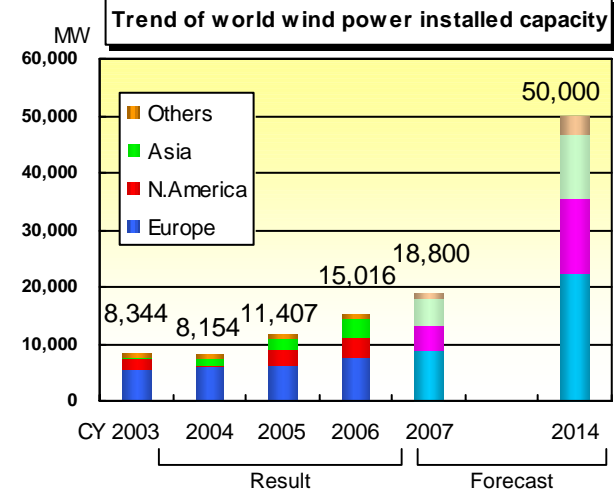
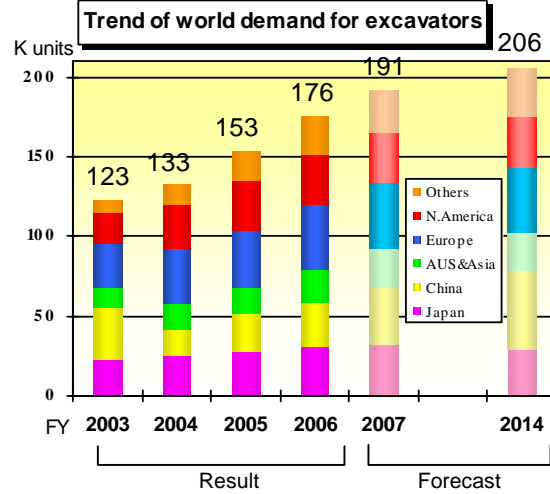
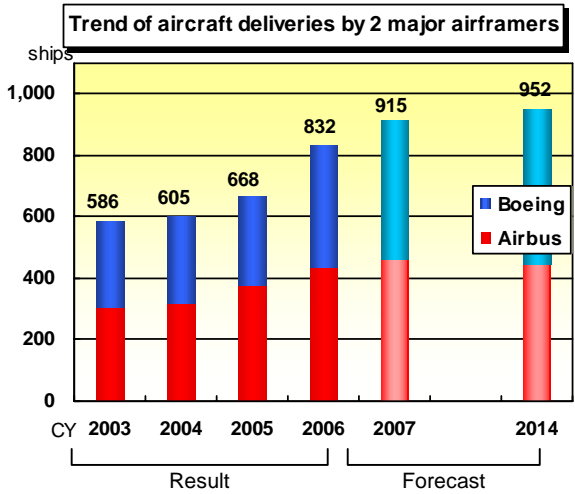
- # Growth in overseas markets
- # Introduction of new products for overseas markets
- # Improvement of productivity and reduction of direct cost
- # Promotion of adding value

- **Railroad vehicle products:** Domestic demand for rolling stock renewal to cover decrease of large China project, sales remain at the same level as in the previous year.
- **Commercial vehicle products:** Sales decrease due to decrease in replacement and shrinkage of domestic demand.
- **Marine vessel products:** Expanding world shipbuilding demand and increase in sales.

Forecast: Aircraft & Hydraulic Equipment



Charts: Nabtesco study



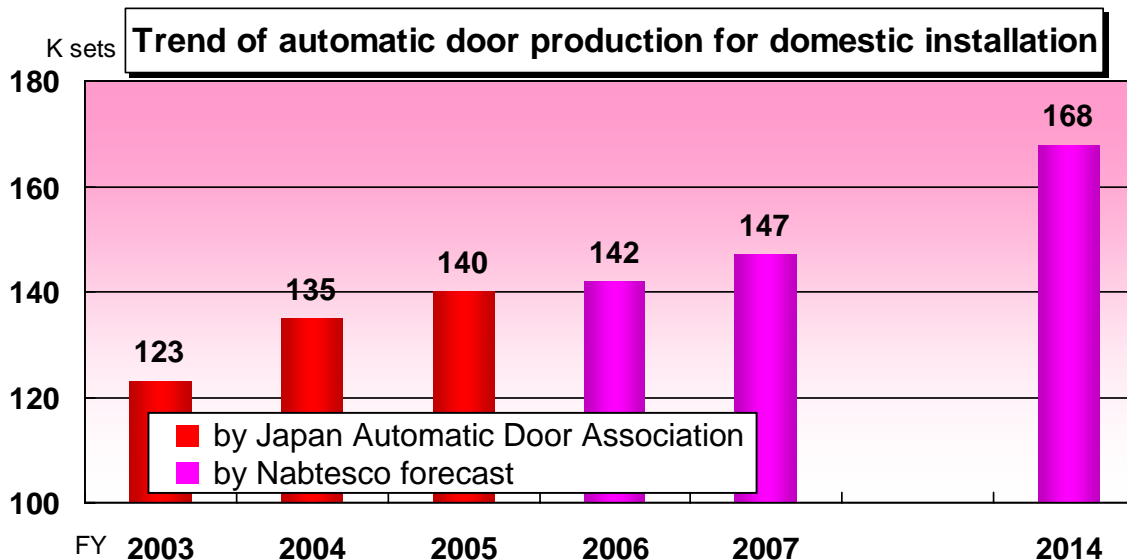
(JPY million)	2007/3 Result	2008/3 Forecast	Variation	Ratio
Sales	50,003	53,000	2,997	6.0%
O.P.	3,454	3,700	246	7.1%
O.P. ratio	6.9%	7.0%		

Measures to achieve the long term vision (2015/3):

- # Starting commercial production of products for newly developed aircraft from both Japan and abroad and participation in coming new programs.
- # Strengthening of aftermarket business, improvement of productivity and reduction of direct cost.
- # Aggressive evolution to overseas markets.
- # Expansion of drive units for wind turbine generators.

- Aircraft equipment Increase due to contribution of civil aviation demand.
- Hydraulic equipment Increase supported by world-wide booming demand for construction machinery.
- Drive units for wind turbine generators also to expand.

Forecast: Industrial Equipment



(JPY million)	2007/3 Result	2008/3 Forecast	Variation	Ratio
Sales	36,183	35,000	-1,183	-3.3%
O.P.	3,936	3,900	-36	-0.9%
O.P. ratio	10.9%	11.1%		

- 2.6 billion sales decrease by assignment of overseas subsidiary.
- Keeping market share for automatic doors.
- Platform doors to increase mainly in overseas markets.
- Increase of packaging machine exports.

Measures to achieve the long term vision (2015/3):

- # Expansion of domestic market share, increase of sales in USA & China and strengthening of service function.
- # Expansion of platform door sales in both Japan and overseas markets.
- # Evolution of packaging machine in the world market.

Targeted Financial Figures



(JPY billion)	2008/3 Forecast	2008/3 Last FY of the mid-term plan
Sales	165.0	155.0
Net Profit	10.0	9.5
ROE	13.0%	15%
ROA	6.2%	8%
Free Cash Flow	22.3 (3-year accumulation)	25.0 (3-year accumulation)
D/E Ratio	0.29	0.05

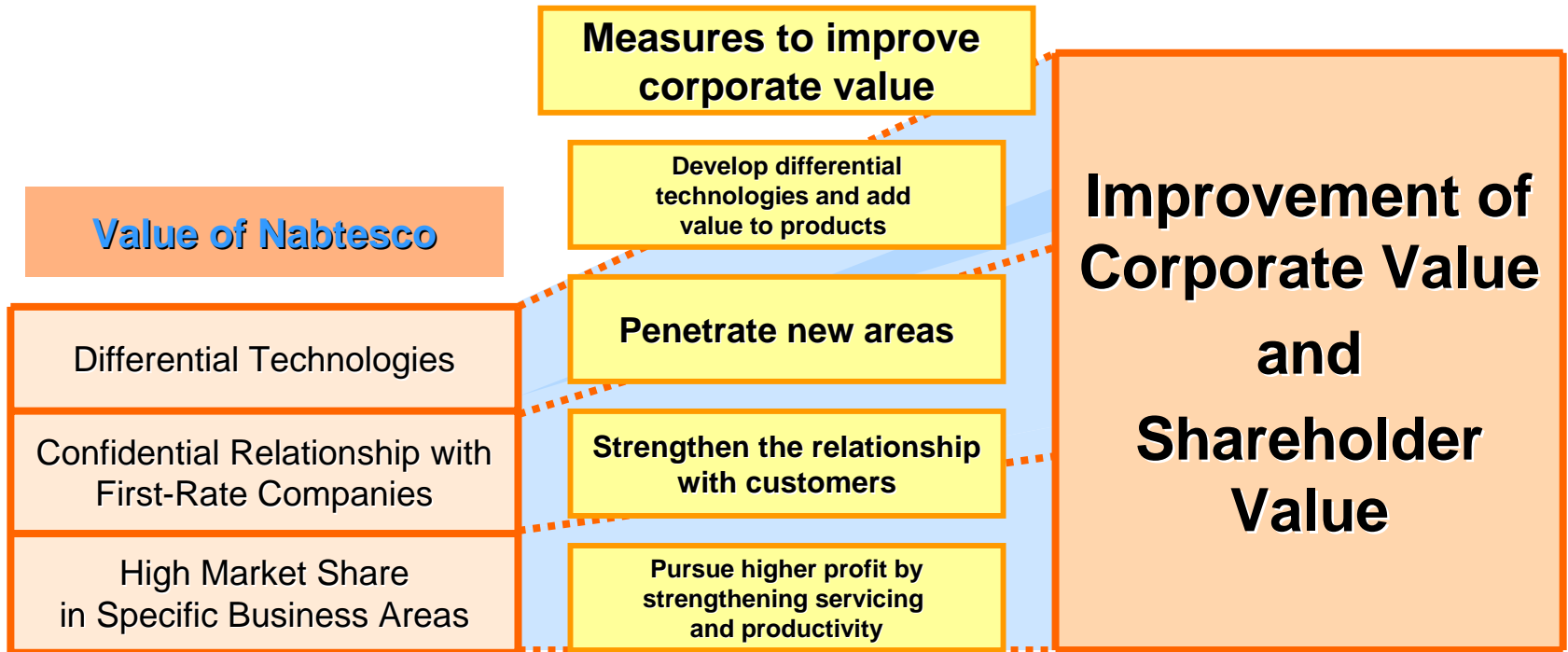
(Announced in May of 2005)

**I. Annual Consolidated Results
for FY2006**

II. Forecast for FY2007

**III. Introduction of "advance
notice" defense plan**

Introduction of "advance notice" defense plan



Aim of plan introduction = Elimination of a devaluing takeover

1. Secure a sufficient period of time to make a thorough study of the corporate value improvement plan in the takeover offer. (60 business days for evaluation by the board of directors)
2. Shareholders weigh the aim of the takeover offer against Nabtesco's corporate value improvement plan
3. Minimize impact on customers and partners

Nabtesco