

FY2007 Annual Result Briefing and New Mid-Term Management Plan

May 2008

Nabtesco Corporation

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 FY2007**

**II. Review on the previous
Mid-Term Management Plan**

**III. The New Mid-Term
Management Plan**

“Global Challenge 2010”

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“Global Challenge 2010”

Profit & Loss Summary

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



(JPY billion)	2007/3	2008/3	Variation	Ratio
Sales	161.4	174.2	12.8	7.9%
Operating profit	16.4	19.4	3.0	18.3%
(O. P. margin)	(10.2%)	(11.2%)	—	—
Non-operating profit and loss	0.4	0.6	0.1	—
Ordinary Profit	16.8	20.0	3.1	18.9%
Extraordinary profit and loss	-0.1	-1.6	-1.4	—
Profit before taxes	16.6	18.4	1.7	10.4%
Net profit	9.7	11.0	1.2	12.7%
Net profit per share (Yen)	77.10	86.77	9.67	

Dividend per share (Yen)	14	16	2
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Variation

■ Sales

Increase of construction machinery demands in emerging markets

Recovery of automotive industry's CAPEX

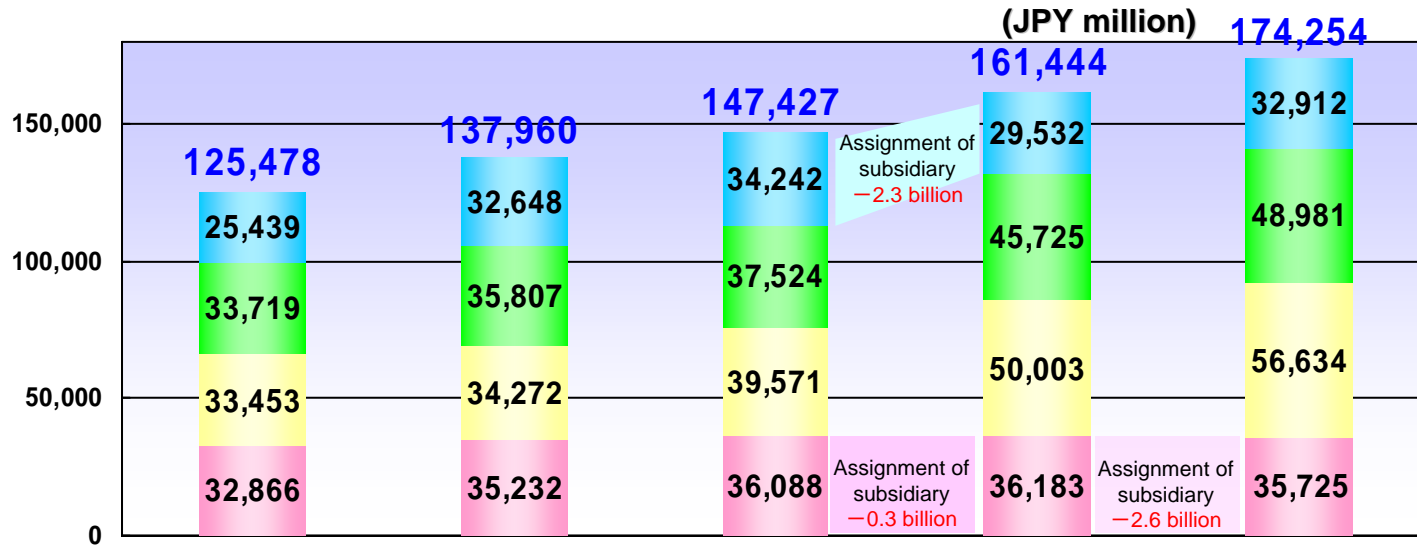
■ Operating Profit

Increase of sales	3.2 billion
Cost reduction & price effect	1.1 billion
Material cost increase	-0.3 billion
Increase of SG&A expenses, etc.	-1.0 billion
Total	3.0 billion

■ Extraordinary profit and loss

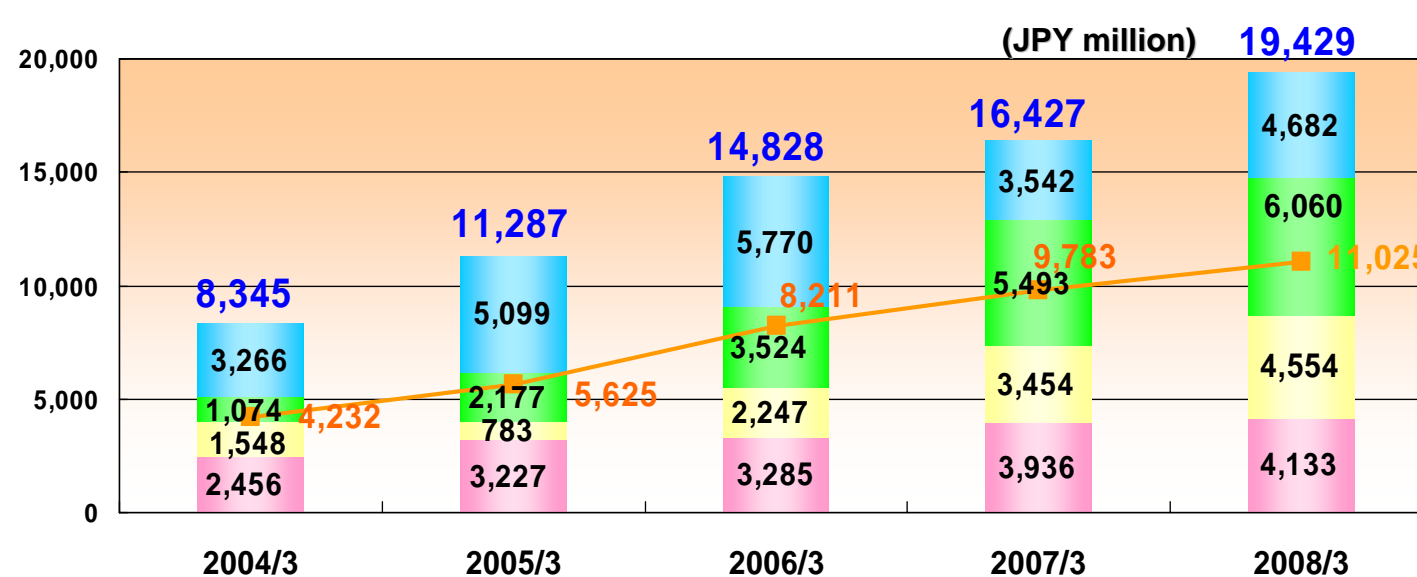
Business withdrawal	-0.5 billion
Temporary loss due to change of retirement plan system	-0.5 billion
Sales of group company, etc.	-0.4 billion
Total	-1.4 billion

Growth of Consolidated Annual Sales & Profit by Business Segment



Sales (JPY million)

Original forecast	165,000
Forecast at Q1	165,000
Forecast at '07/9	168,000
Forecast at Q3	170,000



Operating Profit (JPY million)

Original forecast	17,500
Forecast at Q1	18,300
Forecast at '07/9	18,800
Forecast at Q3	19,200

Net profit (JPY million)

Original forecast	10,000
Forecast at Q1	10,400
Forecast at '07/9	11,000
Forecast at Q3	11,000

Precision Equipment

Main products and Customers

Precision reduction gears

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

Machine tools: Yamazaki Mazak, Okuma, Mori Seiki

SPE: Tokyo Electron

(JPY million)	2007/3	2008/3	Variation	Ratio
Sales	29,532	32,912	3,380	11.4%
Operating profit	3,542	4,682	1,140	32.2%
O. P. margin	12.0%	14.2%		

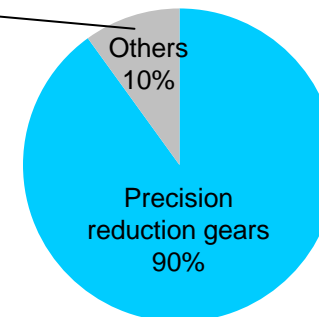
Sales

Original forecast	31,000
Forecast at Q1	31,000
Forecast at '07/9	31,400
Forecast at Q3	31,800

Operating profit

Original forecast	4,300
Forecast at Q1	4,800
Forecast at '07/9	4,800
Forecast at Q3	4,500

Vacuum Equipment,
Stereo Lithography
Machines, etc.



- 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.
- Profit depressed due to complaints in the 4th quarter .

Transport Equipment

Main Products and Customers

Railroad vehicle equipment (brake system, door operating units)

JR companies, Private railway companies, HKI, Nippon Sharyo, Beijing subway

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)

- 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.

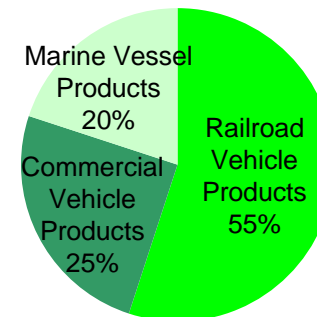
(JPY million)	2007/3	2008/3	Variation	Ratio
Sales	45,725	48,981	3,255	7.1%
Operating profit	5,493	6,060	567	10.3%
O. P. margin	12.0	12.4		

Sales

Original forecast	46,000
Forecast at Q1	46,000
Forecast at '07/9	46,700
Forecast at Q3	47,700

Operating profit

Original forecast	5,600
Forecast at Q1	5,600
Forecast at '07/9	5,400
Forecast at Q3	5,900



Sales Structure

Aircraft & Hydraulic Equipment

Main Products and Customers

Hydraulic products

Traveling motors: Komatsu, Kobelco Construction Machinery, Sumitomo Construction Machinery Manufacturing, 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)	2007/3	2008/3	Variation	Ratio
Sales	50,003	56,634	6,631	13.3%
Operating profit	3,454	4,554	1,100	31.8%
O. P. margin	6.9%	8.0%		

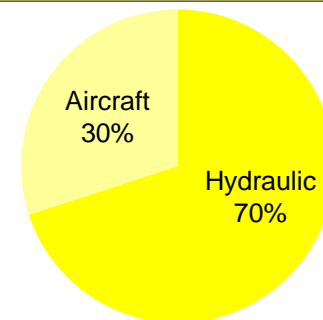
Sales

Original forecast	53,000
Forecast at Q1	53,000
Forecast at '07/9	55,300
Forecast at Q3	55,800

Operating profit

Original forecast	3,700
Forecast at Q1	4,000
Forecast at '07/9	4,500
Forecast at Q3	4,700

- Hydraulic equipment increased due to 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.
- Productivity improvement cost in Aircraft equipment and complaints depressed profit in the 4th quarter.



Sales Structure

Main Products and Customers

Automatic Doors

Automatic doors for buildings: Major general contractors, Tostem, Michaels (USA)

Platform doors: Yurikamome, Tokyo Metro, Tianjin Metro (China), Seoul Metro (Korea)

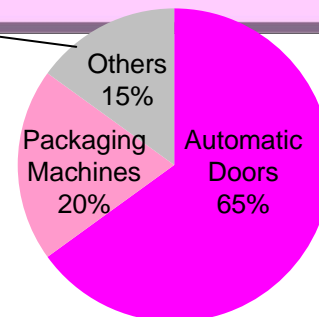
Packaging Machines (automatic filler/sealer for foods)

Ajinomoto, Nippon Meat Packers, Otsuka Foods, House Foods, Lotte, Mars (USA), Dole (USA), Unilever (USA)

(JPY million)	2007/3	2008/3	Variation	Ratio
Sales	36,183	35,725	-457	-1.3%
Operating profit	3,936	4,133	197	5.0%
O. P. margin	10.9%	11.6%		

- Automatic door 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.
- 2.6 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	35,000
Forecast at Q1	35,000
Forecast at '07/9	34,600
Forecast at Q3	34,700

Operating profit

Original forecast	3,900
Forecast at Q1	3,900
Forecast at '07/9	4,100
Forecast at Q3	4,100

Balance Sheet Summary



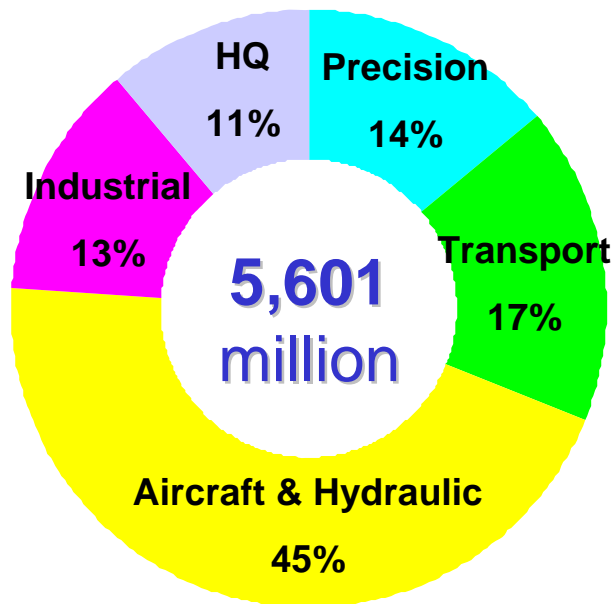
(JPY billion)	2007/3	2008/3	Variation	Comments
Assets	1,63.2	1,63.3	0	
(Cash and time deposits)	26.5	30.1	3.5	
(Accounts receivable)	47.2	46.6	-0.6	
Receivable turnover period	108	98	-10	
(Inventory)	18.0	18.4	0.3	
Inventory turnover period	51	50	-1	
(Fixed assets)	43.6	43.3	-0.2	
(Investment securities)	21.0	16.6	-4.4	Declining of current stock prices
Liabilities	86.1	80.8	-5.2	Decrease of interest-bearing debt, etc.
(Interest-bearing debt)	26.9	23.1	-3.8	
Net Assets	77.1	82.4	5.3	
(Minority interests)	4.0	5.0	1.0	

Equity Ratio **44.8%** **47.4%**

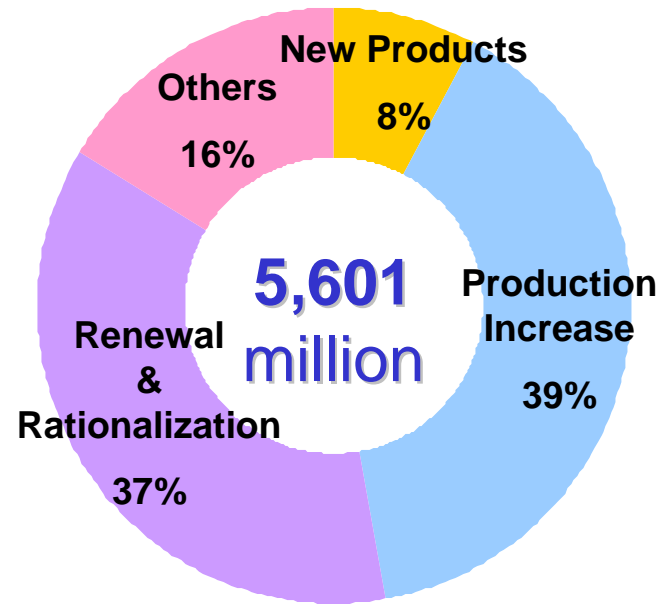
CAPEX, R&D and Depreciation

(JPY million)	2007/3	2008/3	Variation
CAPEX	7,037	5,601	-1,436
R&D expenses	4,023	4,080	57
Depreciation	4,896	5,215	319

CAPEX by Segment



CAPEX by Usage



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Attainment of Targeted Financial Figures



(JPY billion)	2005/3 <Result>	2008/3 <Previous mid-tem plan>	2008/3 <Result>
Sales	137.9	155.0	174.2
Operating profit	11.2	17.0	19.4
O. P. margin	8.2%	11.0%	11.2%
Net Profit	5.6	9.5	11.0
ROA	4%	8%	6.8%
ROE	11%	15%	14.7%
FCF (3-year accumulation)		25.0	22.1

Attainment at 2008/3 by Business Segment

Nabtesco

(JPY million)

Segment	Term	The previous mid-term plan	Result	Attainment	Comment
Precision	Sales	37,000	32,912	89%	<ul style="list-style-type: none"> ■ Temporary decrease of robot demand in '07/3 ■ Assignment of subsidiary (-2.3 billion in sales)
	O. P.	6,800	4,682	69%	
Transport	Sales	40,000	48,982	122%	<ul style="list-style-type: none"> ■ Increase of rolling stock demand ■ Steady demand in commercial vehicle ■ Rapid increase of world shipbuilding
	O. P.	2,900	6,060	210%	
Aircraft & Hydraulic	Sales	41,000	56,634	138%	<ul style="list-style-type: none"> ■ Expansion of construction machinery demand ■ Recovery of civil aviation
	O. P.	2,700	4,554	169%	
Industrial	Sales	37,000	35,726	97%	<ul style="list-style-type: none"> ■ Assignment of subsidiaries (-2.9 billion in sales)
	O. P.	4,600	4,133	90%	
Consolidated	Sales	155,000	174,254	112%	
	O. P.	17,000	19,429	114%	

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Global Challenge 2010

– In pursuit of further growth in the global market –

Commitment to continuing increase in our corporate value through well-prepared business expansion in the growing global market, and stakeholder-oriented management.

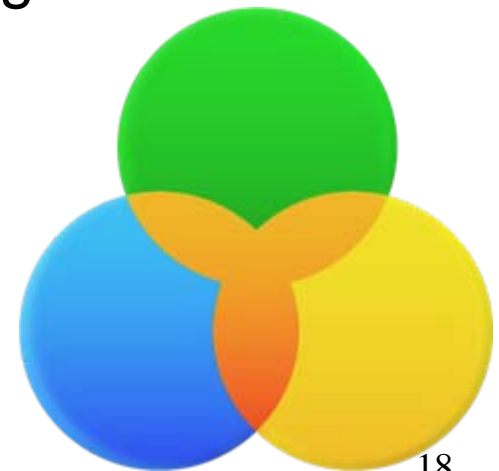
1. Pursue further growth and profitability

- ▶ Increase of overseas sales and reinforcement of overseas business expansion, particularly in Asia
- ▶ Reinforcement and establishment of technological edge and pursuit of innovative next generation technologies
- ▶ Promotion of business partnering and M&A to realize business expansion and synergy effects
- ▶ Enhancement of domestic productivity and promotion of overseas production, reflecting the emergence of an aging society with a decreasing number of children
- ▶ Enrichment of human resources in both quality and quantity



2. Promote ROA/ROE conscious management

- ▶ Promotion of business strategy managing both efficient use of resources and profitable growth (higher ROA)
- ▶ Appropriate distribution of corporate profit considering well-balanced schemes of profit-oriented investment, retaining sound financing, and profit sharing for stockholders (higher ROE)



3. Innovate corporate culture

- ▶ Invigoration of corporate environment and culture that encourages having true pride, dreams, and high standards of ethics, developing motivation and CSR, achieving top productivity and quality, and pursuing further growth
- ▶ Promotion of product development and business management that contribute to energy saving and environmental preservation



Targeted Financial Figures

(JPY billion)	2008/3 <Result>	2009/3 <Plan>	2011/3 <Plan>
Sales	174.2	178.0	210.0
Operating profit	19.4	18.4	26.0
O. P. Margin	11.2%	10.3%	12.4%
Net Profit	11.0	11.3	15.5
ROA	6.8%	6.7%	7.8%
ROE	14.7%	13.9%	15.2%

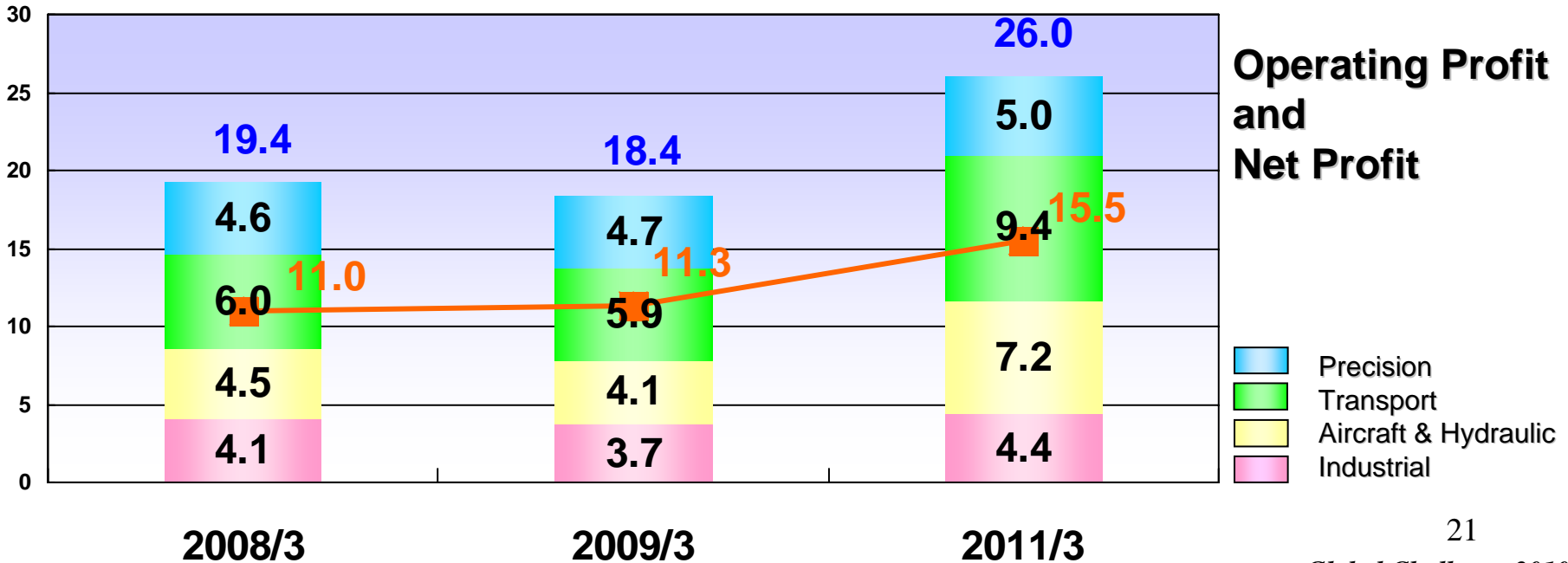
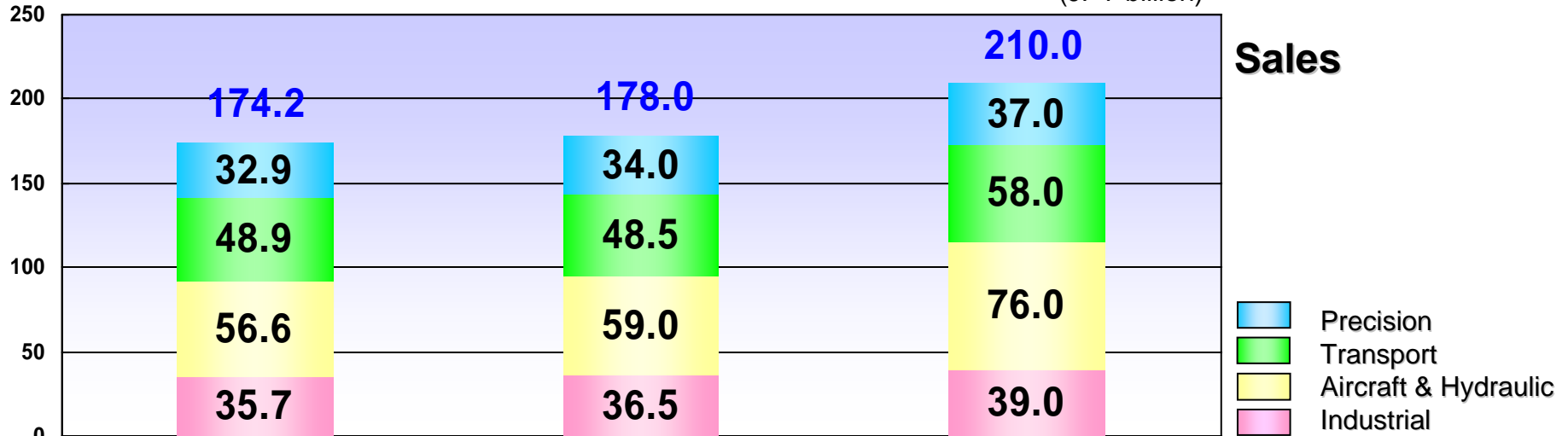
Revising the Long Term Vision target at 2015/3 upward



Targeted Financial Figures by Segment

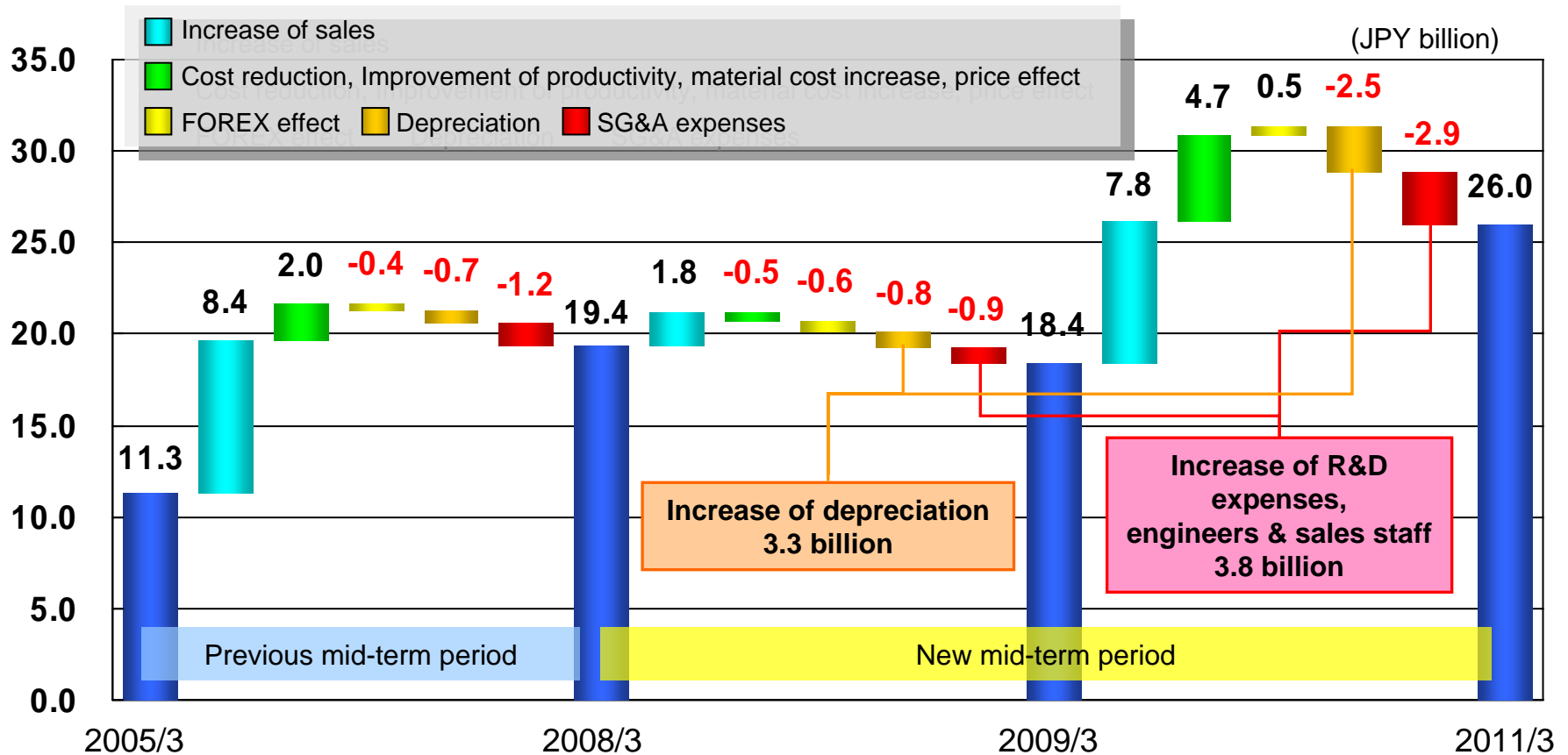


(JPY billion)



Targeted Financial Figures

[Analysis of Operating Profit Variation]

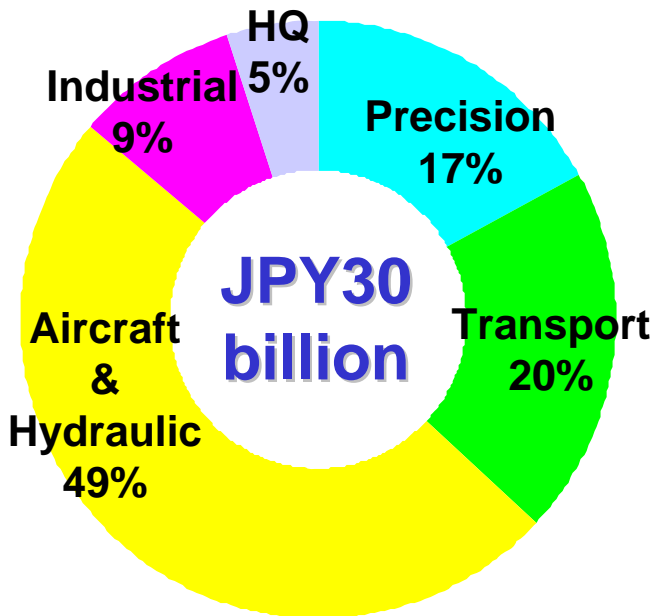


Aiming at Long Term Vision Target - 3.3 billion O. P. with Growth Investment

CAPEX, R&D and Depreciation

	3-year accumulation
CAPEX	30 billion yen
R&D expenses	14 billion yen
Depreciation	22 billion yen

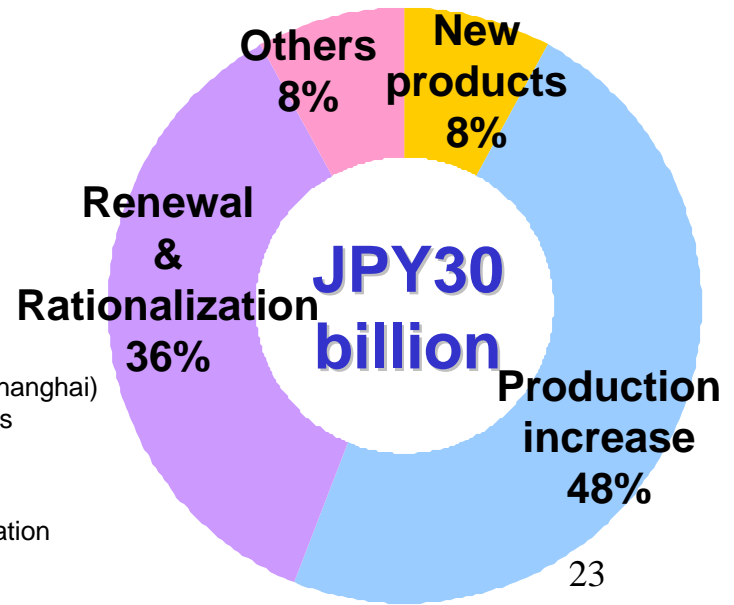
CAPEX by Segment



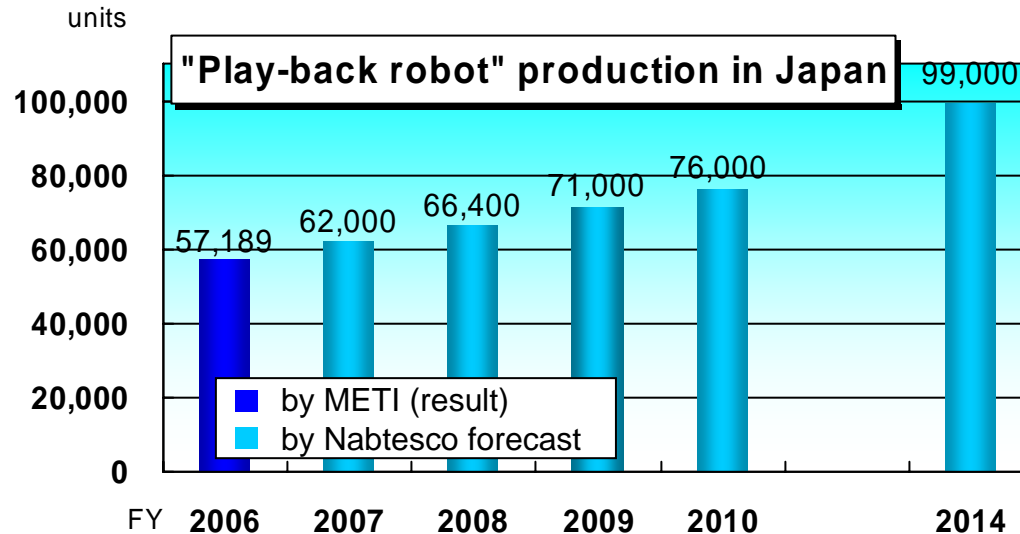
Major Projects

- Precision Reduction Gears**
Production increase, Automation
- Railway Vehicle Products**
New products, Automation
- Commercial Vehicle Products**
Automation, New products
- Marine Vessel Products**
Plant extension, New products
- Hydraulic Products**
New plant (Thailand), Plant extension (Shanghai)
New plant for wind power products
Production increase, Automation
- Aircraft Products**
Exclusive production line for civil aviation
- Automatic Doors**
New product

CAPEX by Usage



Major Strategies by Business Segment [Precision Equipment]



Business environment

- Growth of robot industry continues, but price pressure to be tougher.
- Machine tool demand to be slightly decreased, though demand itself still high.
- Silicon and LDP production equipment to be growing with cyclical trend
- Business opportunity to be expanded in clean energy application

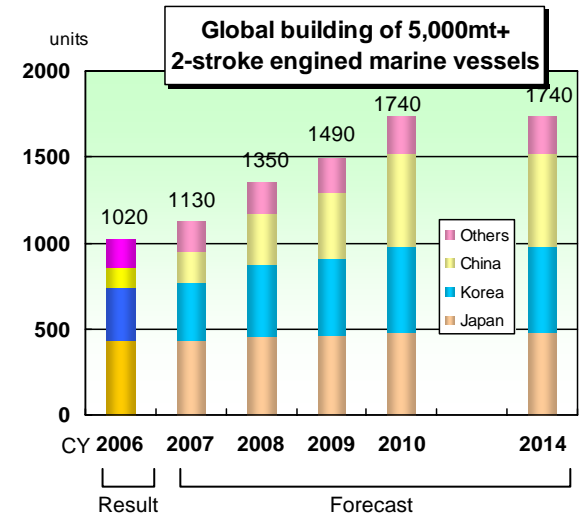
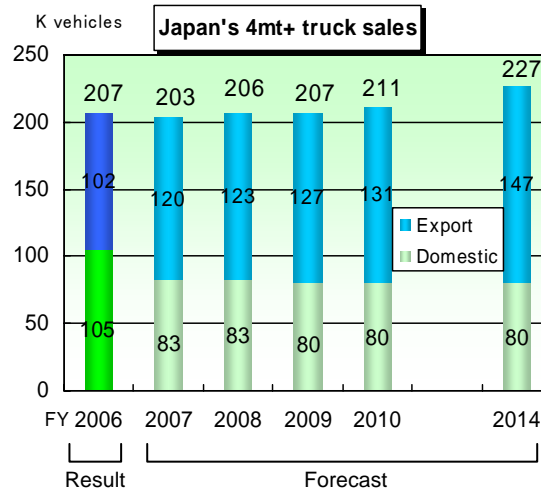
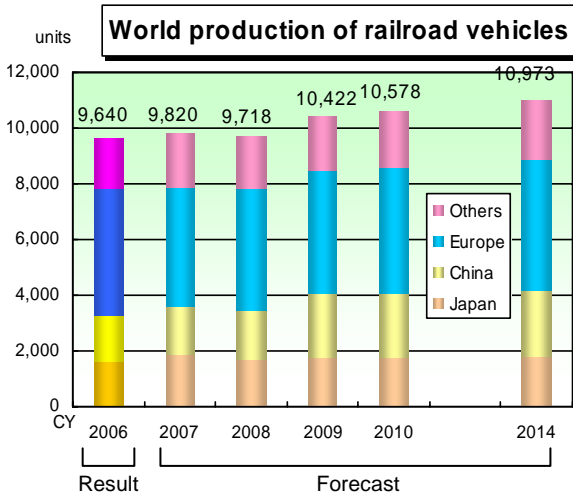
Strategies

- Keeping and Improving quality/performance superiority to competitors.
- Launching new products based on core technology of Precision Reduction Gears. (Reduction Gear for Solar Tracking System and CNC Rotary Table)

Major Strategies by Business Segment [Transport Equipment]



Charts: Nabtesco study



Business environment

■ Railroad vehicle products

World demand expected from newly established railways in emerging countries and CAPEX increase in advanced countries due to raising of environmental consciousness. Domestic demand, however, mainly from renewal of vehicles.

■ Commercial vehicle products

Export and knockdown export of commercial vehicles to be expanded, though domestic market matured.

■ Marine vessel products

Ship transportation demand to be expanded by emerging countries. Full-capacity operation to be continued at shipbuilders of the world.

Strategies

■ Railroad vehicle products

Strengthen world operation

- Increase market share in China by strengthening local production.
- Strengthen export business by development of full-system brake and door products.

■ Commercial vehicle products

Sales expansion in ASEAN countries by utilizing Thailand subsidiary. Development and launch of computerized and electrified products.

■ Marine vessel products

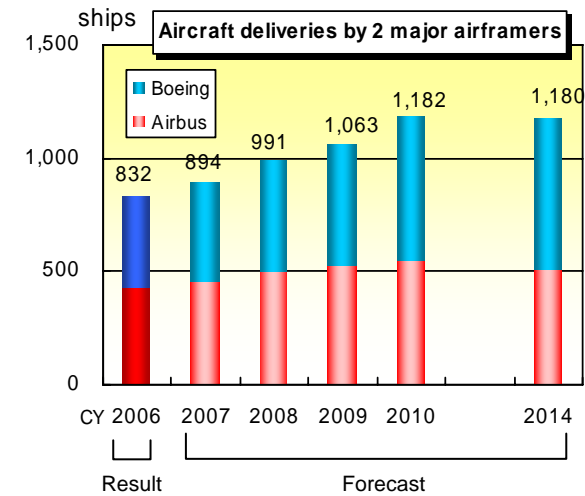
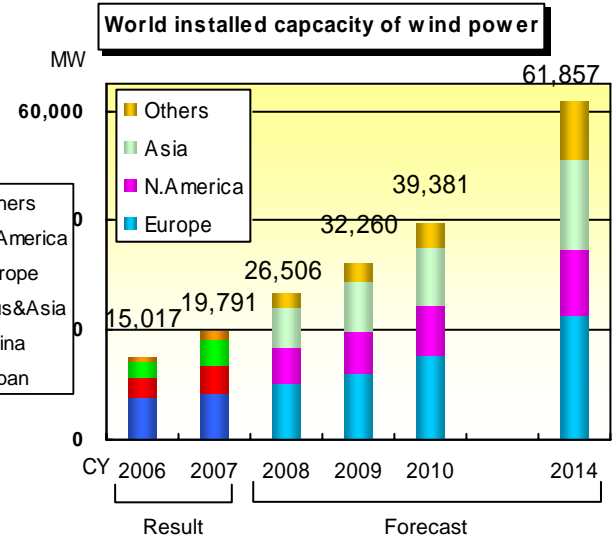
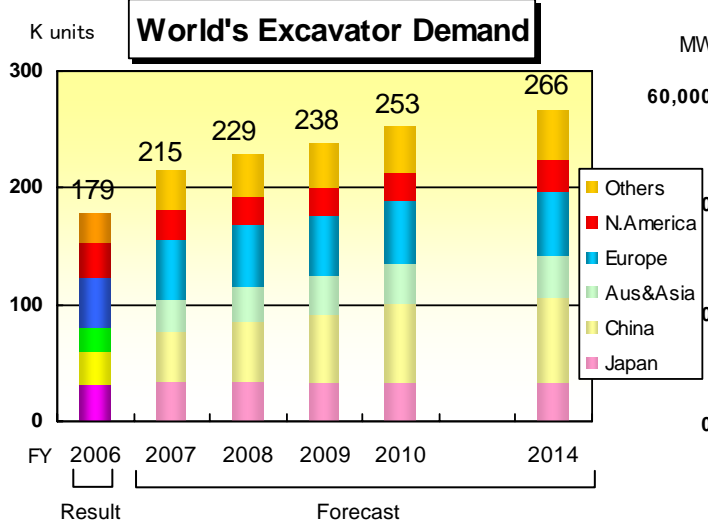
Sales expansion of newly built vessels in East Asia and strengthen after-sale services.

Launching computerized and electrified products.

Major Strategies by Business Segment [Aircraft & Hydraulic Equipment]



Charts: Nabtesco study



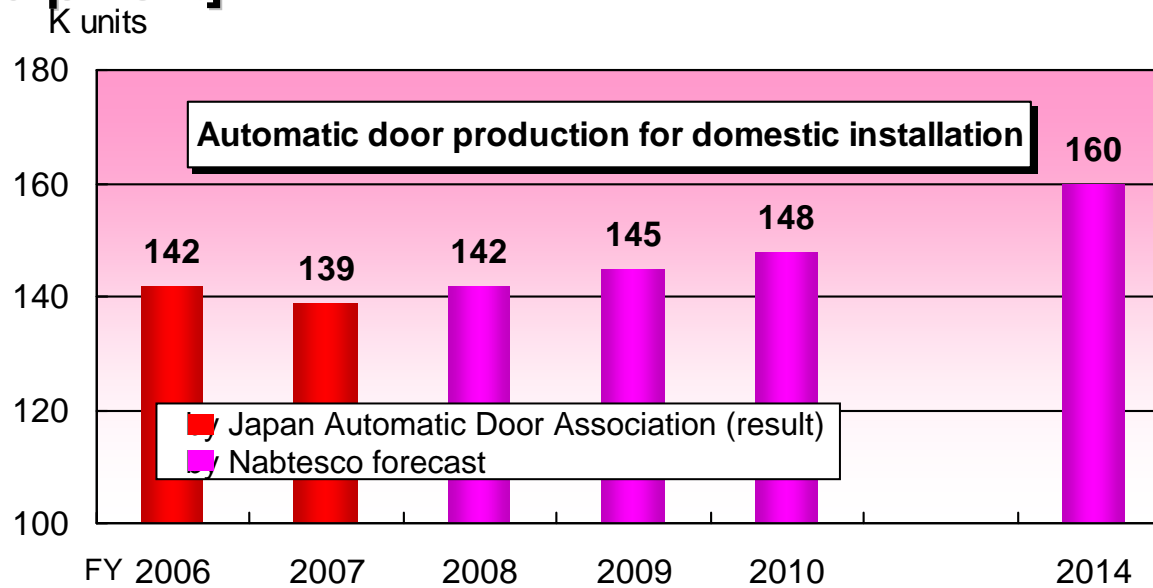
Business environment

- Hydraulic products
 - Construction machinery: Demands in emerging countries continuously strong
 - Wind power: High growth continues. Market expands from Europe to North America and China .
- Aircraft products
 - Defense budget decreasing. Demand for energy saving type aircraft increase. Maintenance & repair market expand.

Strategies

- Hydraulic products
 - Strengthen production capacity for construction machinery products.
 - Establishment (Thai) and expansion (Shanghai) of overseas production bases in accordance to growth of emerging markets.
 - Improvement of productivity of domestic plants by expanding production capacity and capital investment.
 - Expansion of wind power related products.
- Aircraft products
 - Expansion of aftermarket business in civil aviation. Accomplishing development project and transition to commercial production (High-Voltage DC Distribution Rack & Panel for the B787, Flight control system for MRJ)

Major Strategies by Business Segment [Industrial Equipment]



Business environment

■ Automatic doors

Domestic: Modest growth for building application, though effect by revision of the building code to be concluded.
Full-scale demand for platform doors for existing train stations expected from 2011.

Overseas: Demand in North America to recover in medium term. China market to continuously grow. Platform door demand to expand.

■ Packaging machine

Mainly replacement demand in domestic market. Demand for pet food packaging in Europe and food packaging in Asia to increase.

Strategies

■ Automatic doors

Strengthen our own systems to expand market share for platform doors.

Strengthen agency networks and service systems in North America and China.

■ Packaging machine

Cultivation of applications and increasing product lineup. Strengthen overseas sales.

Targeted Dividend rate for the final fiscal year of the mid-term management plan is 30%

Based on adequate allocation of corporate earnings for strategic growth investment, financial soundness and return to shareholders.

