

FY2008 Annual Results Briefing

May 2009

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 FY2008 & Forecast for FY2009
- II. Consolidated Results and Forecast by Segment
- III. CAPEX, R&D and Depreciation
- IV. Balance Sheet Summary
- V. Target Financial Figures

Consolidated Results Summary

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

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(JPY billion)	2008/3	2009/3 (forecast at Q3)	2009/3	Variation	Ratio
Sales	174.2	(157.0)	158.1	-16.0	-9.2%
Operating profit	19.4	(10.8)	12.0	-7.4	-38.2%
(Operating profit margin)	(11.2%)		(7.6%)	—	—
Non-operating profit and loss	0.6		0.9	0.3	—
Ordinary profit	20.0	(11.7)	12.9	-7.0	-35.2%
Extraordinary profit and loss	-1.6		-5.0	-3.4	—
Profit before taxes	18.4		7.9	-10.5	-57.0%
Net profit	11.0	(2.2)	4.4	-6.6	-59.9%
Net profit per share (Yen)	86.77		34.82	-51.95	

Dividend per share (Yen)	16	(not yet decided)	13 (forecast)	-3
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Remarks: the main extraordinary loss

- 2008/3
Loss for business withdrawal -499 million
Loss for change of retirement benefit scheme -473 million
- 2009/3
Appraisal loss of investment securities -4,589 million

Forecast for Consolidated Results



(JPY billion)	2009/3	2010/3	Variation	Ratio
Sales	158.1	124.0	-34.1	-21.6%
Operating profit	12.0	5.0	-7.0	-58.4%
Ordinary profit	12.9	5.5	-7.4	-57.7%
Net profit	4.4	3.0	-1.4	-32.2%

Dividend per share (Yen)	13 (forecast)	8 (forecast)	-5
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Analysis for the Fluctuation of Operating Profit

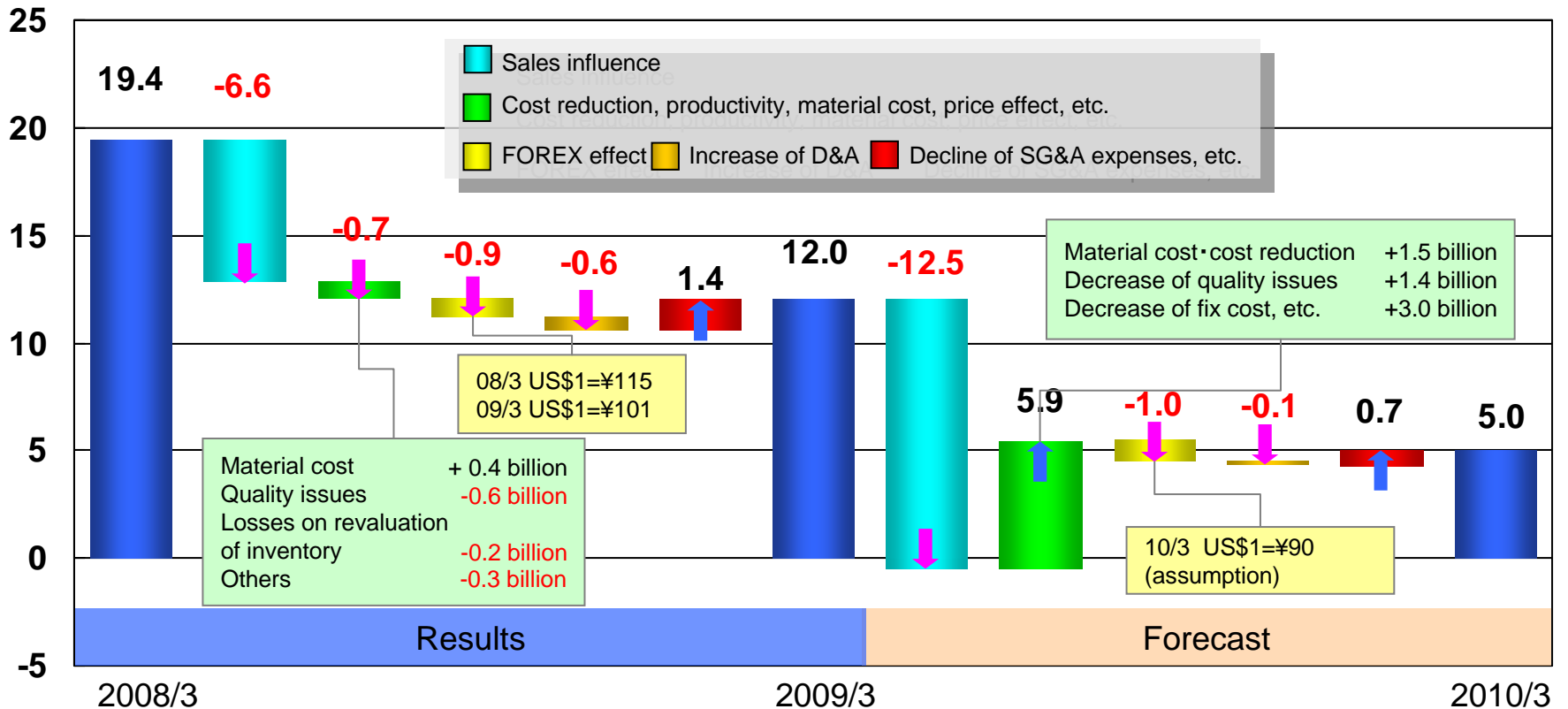


Sales

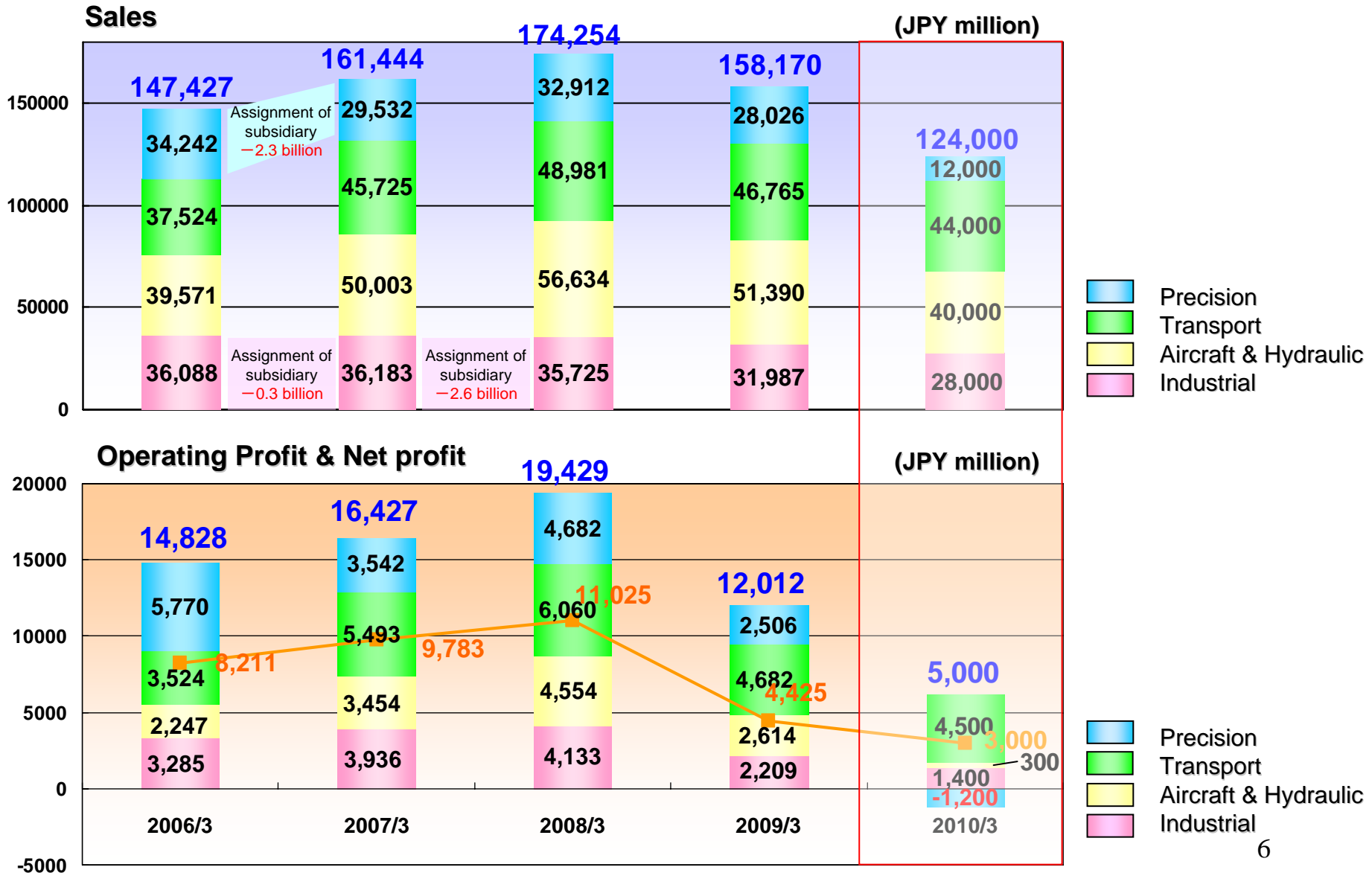
Because of the sharp decline of demand mainly on precision reduction gears (Precision equipment) and hydraulic products (Aircraft & Hydraulic equipment) from the second half of FY2009/3, significant decrease in sales is expected in FY2010/3.

Operating profit

(JPY billion)

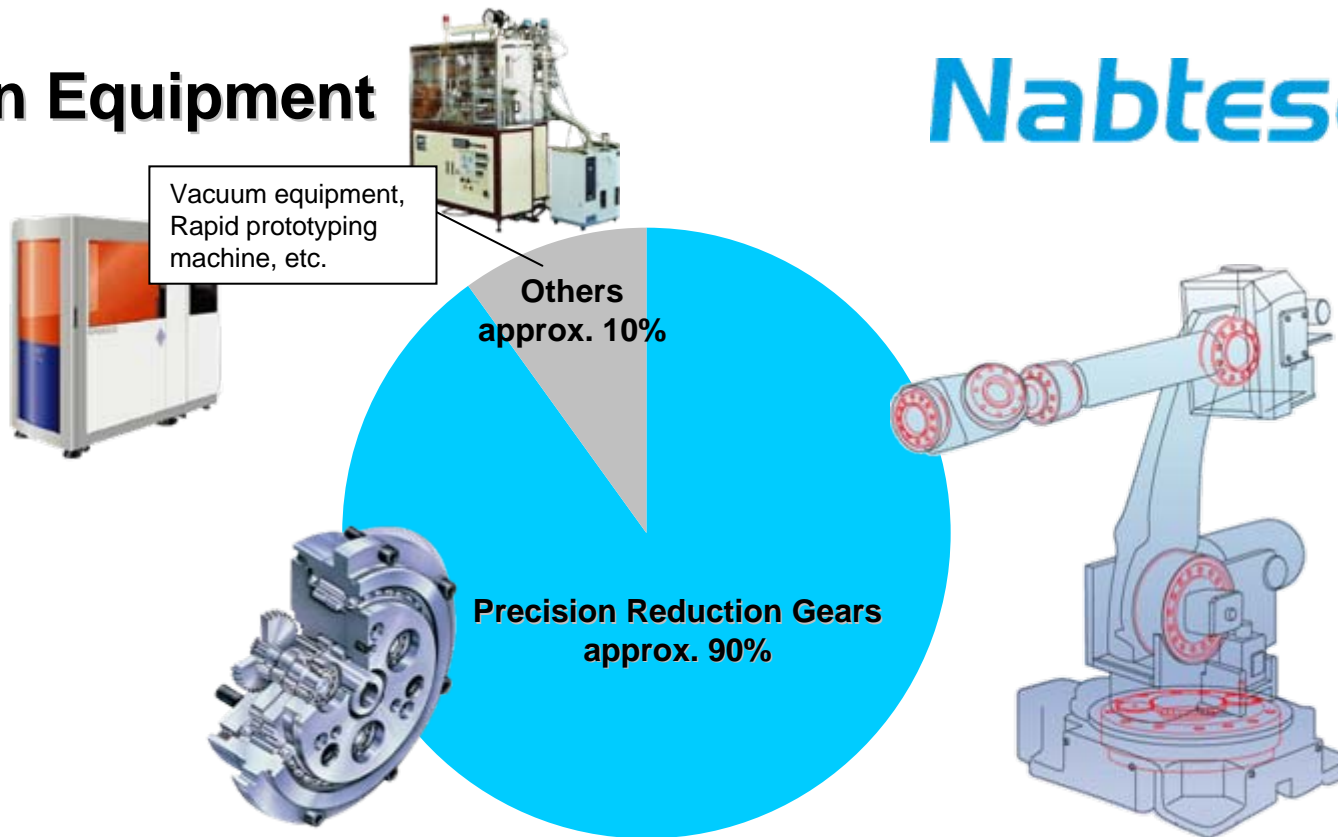


Growth of Consolidated Annual Sales & Profit by Business Segment



Precision Equipment

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Composition Ratio of Sales (2009/3)

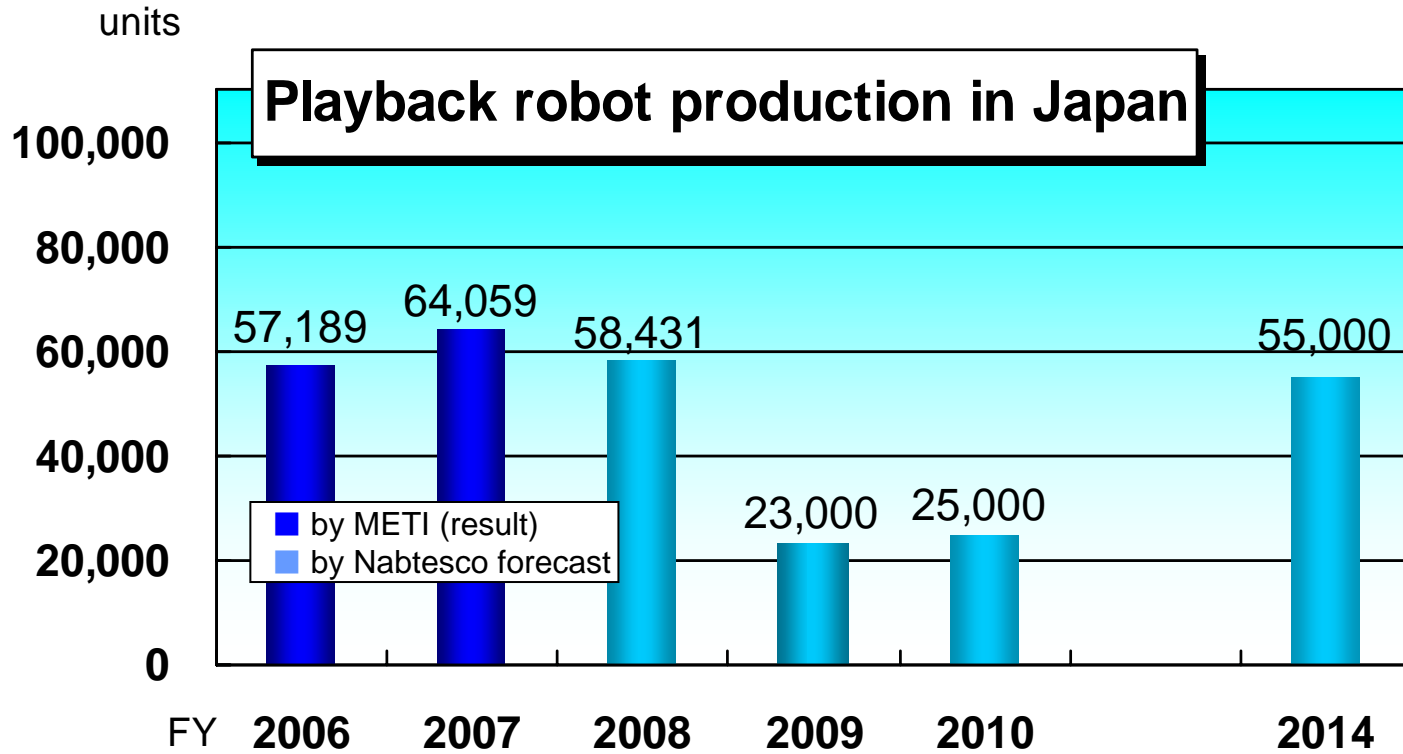
Main Products and Customers

Precision reduction gears

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

Machine tools: Yamazaki Mazak, Okuma, Mori Seiki

SPE: Tokyo Electron



Precision Equipment: changes in results



Consolidated Results for FY2008

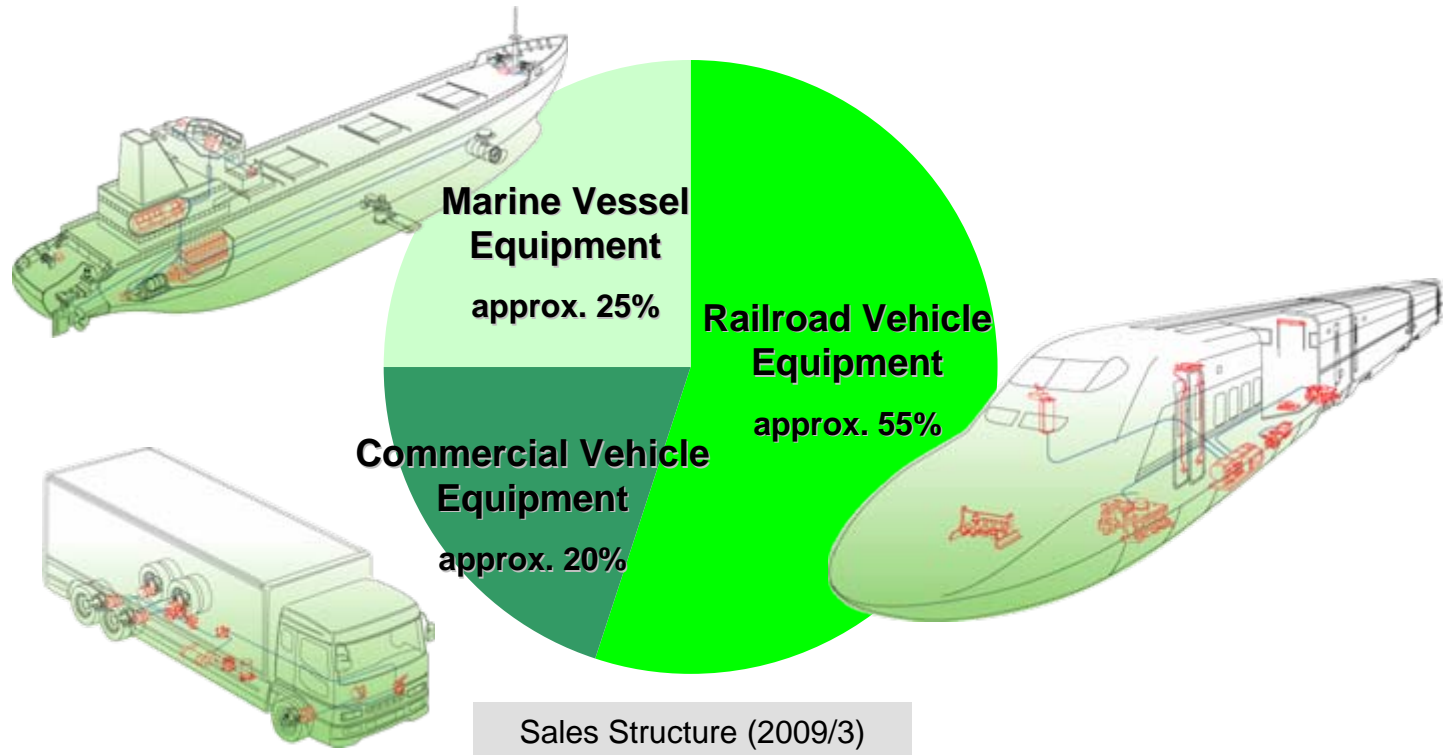
(JPY million)	2008/3	2009/3 (forecast at Q3)	2009/3	Variation	Ratio
Sales	32,912	(27,800)	28,026	-4,885	-14.8%
Operating profit	4,682	(2,050)	2,506	-2,175	-46.5%
O. P. margin	14.2%	(7.4%)	8.9%		

Notes: Precision reduction gears

- Industrial robots: Demand, mainly from the auto industry, fell rapidly from the second half of FY2009/3. Severe circumstances are expected in FY2010/3, though it is to bottom in Q1 of FY2010/3.
- Machine tools: Sales are relatively steady in FY2009/3 due to order backlogs of machine tool manufacturers. However, they are to decrease because of the big drop in customer orders in FY2010/3.
- SPE: Sales in FY2010/3 remain bottomed and no sign of recovery is found, but the impact for the segment is limited due to the small absolute sales amount.
- The decrease in sales in FY2010/3 is to be carried over from FY2009/3. Decrease in profit is expected in spite of significant cost reduction.

Forecast for FY2009

(JPY million)	2009/3	2010/3	Variation	Ratio
Sales	28,026	12,000	-16,026	-57.2%
Operating profit	2,506	-1,200	-3,706	-147.9%
O.P. margin	8.9%	-10.0%		



Main Products and Customers

Railroad vehicle equipment (brake system, door operating units)

JR companies, Private railway companies, KHI, Nippon Sharyo, Bullet train project in China, etc.

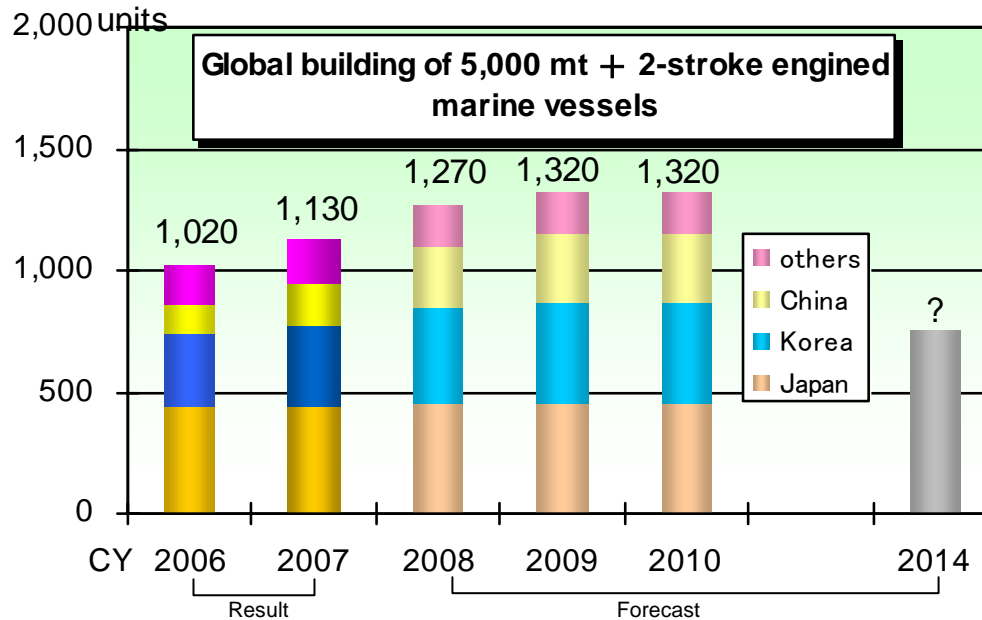
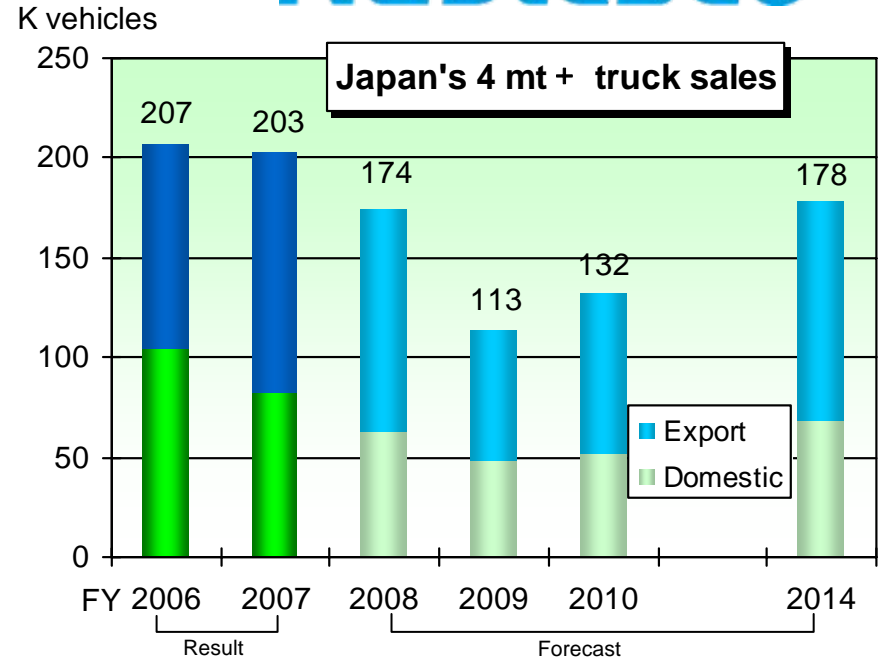
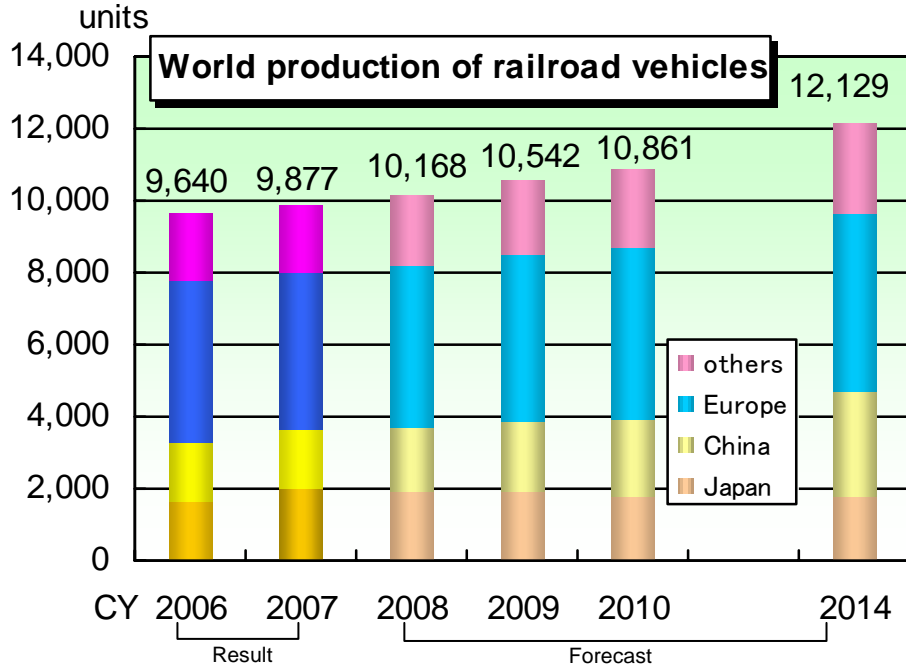
Commercial vehicle equipment (air brake peripherals)

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

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

KHI, Mitsui Engineering & Shipbuilding, Hitachi Zosen Diesel & Engineering, Hyundai Heavy Industries (Korea), MAN Diesel (Denmark)

Transport Equipment: market forecast



Charts: Nabtesco study

Transport Equipment: changes in results



Consolidated Results for FY2008

(JPY million)	2008/3	2009/3 (forecast at Q3)	2009/3	Variation	Ratio
Sales	48,981	(46,100)	46,765	-2,215	-4.5%
Operating profit	6,060	(4,550)	4,682	-1,378	-22.7%
O.P. margin	12.4%	(9.9%)	10.0%		

Forecast for FY2009

(JPY million)	2009/3	2010/3	Variation	Ratio
Sales	46,765	44,000	-2,765	-5.9%
Operating profit	4,682	4,500	-182	-3.9%
O.P. margin	10.0%	10.2%		

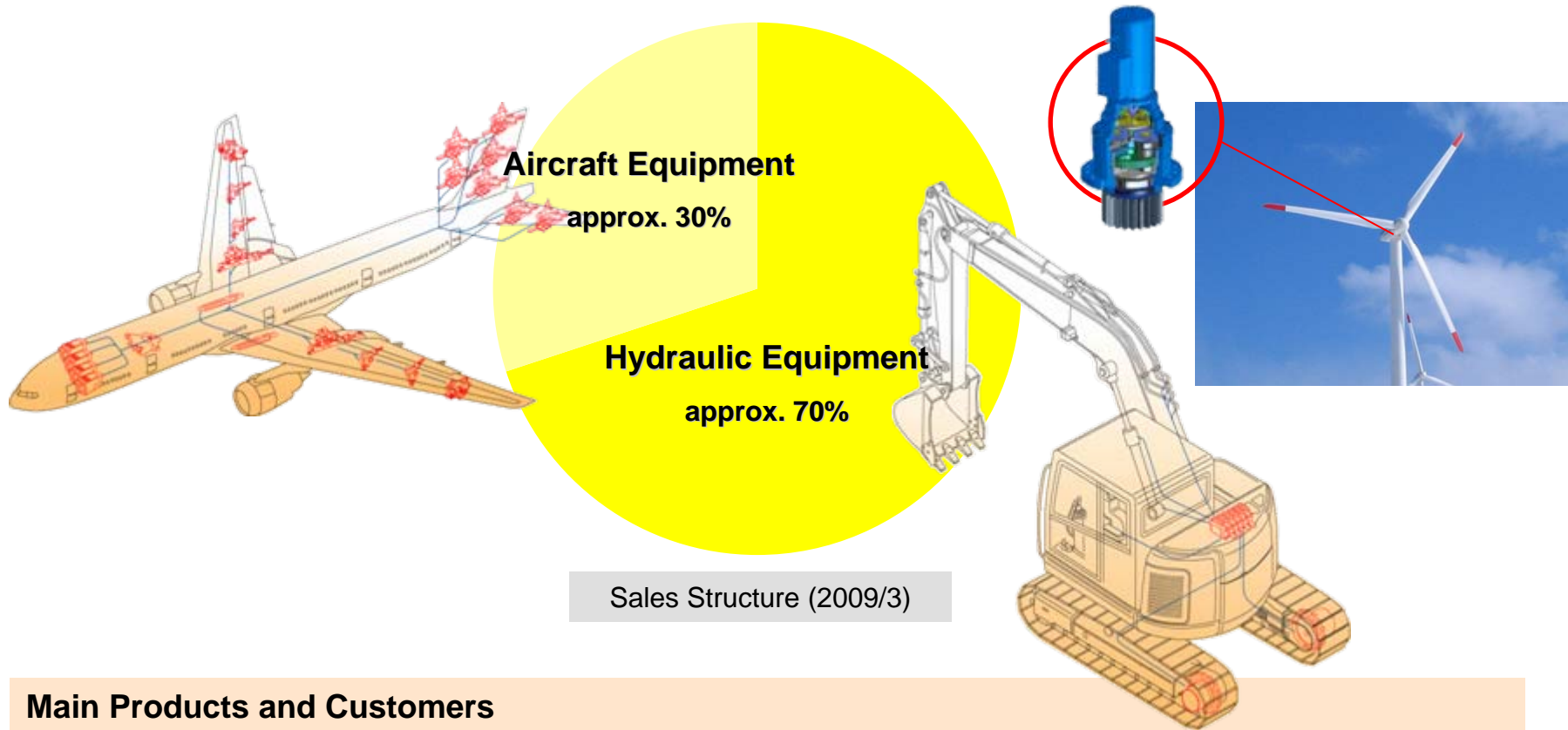
Notes:

- Railroad vehicle: FY2009/3 sales decreased due to off-season for domestic deliveries. Increase in sales in FY2010/3 due to expansion of China business though domestic sales to be leveling off.
- Commercial vehicle: Decrease in sales despite good commercial vehicle manufacturers' exports in early FY2009/3. Recovery in FY2010/3 is scarcely expected.
- Marine vessel: Increased sales in FY2009/3 due to high global demand for shipbuilding. Our deliveries will begin to drop in FY2010/3, decreasing sales, although global shipbuilding is at a peak for the year. Ending demand for some products is also expected to affect sales.
- Decrease in profit due to increase of quality issues in railroad vehicle and decreased sales in commercial vehicle. Despite the increase in profit of railroad vehicle in FY2010/3, there was a decrease in profit due to the decrease in sales of commercial vehicle and marine vessel.

Remarks:

Quality issues in Railroad Vehicle

- Amount: 0.8 billion increased in FY2009/3 Year-on-Year. Decreasing in FY2010/3.
- Reason: Multiple defects, mostly in compressors, but no human suffering.
- Action: Replacing all the potential failure parts with newly designed ones, while the itemized method has only been taken after the fact previously.



Main Products and Customers

Hydraulic products

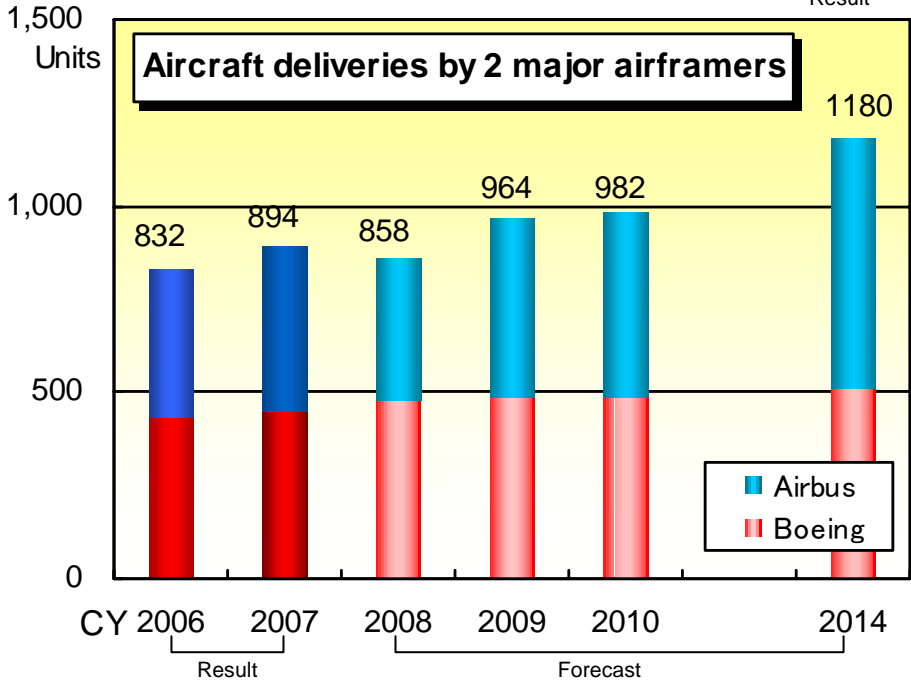
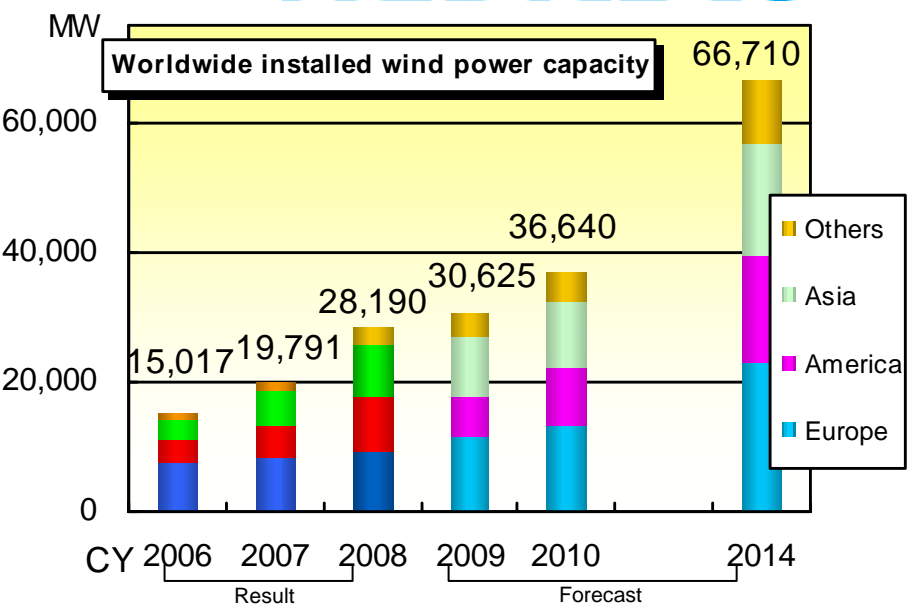
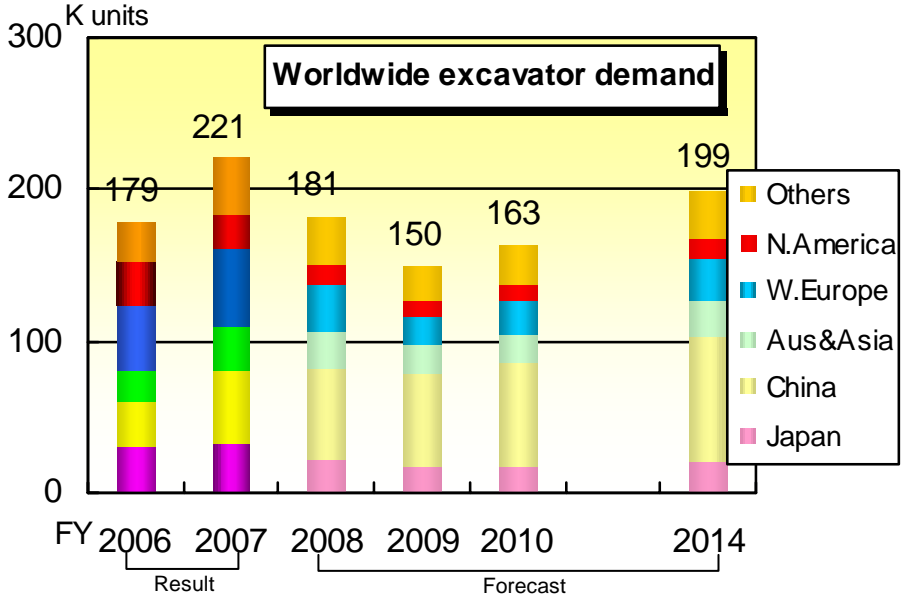
Traveling motors: Komatsu, Kobelco Construction Machinery, Sumitomo Construction Machinery Manufacturing, TADANO LTD., Doosan (Korea), Liu Gong (China)

Drive units for wind turbine generators: MHI, others

Aircraft products

Flight control actuation systems: Boeing, KHI, IHI, MHI, Ministry of Defense, Singapore Airlines

Aircraft & Hydraulic Equipment: market forecast **Nabtesco**



Charts: Nabtesco study

Consolidated Results for FY2008

(JPY million)	2008/3	2009/3 (forecast at Q3)	2009/3	Variation	Ratio
Sales	56,634	(51,300)	51,390	-5,243	-9.3%
Operating profit	4,554	(2,400)	2,614	-1,940	-42.6%
O.P. margin	8.0%	(4.7%)	5.1%		

Forecast for FY2009

(JPY million)	2009/3	2010/3	Variation	Ratio
Sales	51,390	40,000	-11,390	-22.2%
Operating profit	2,614	300	-2,314	-88.5%
O.P. margin	5.1%	0.8%		

Notes:

● Hydraulic equipment :
Construction machinery: FY2009/3 sales and profit decreased due to slowing of booming demand in H2 which continued up to H1. FY2010/3 sales and profit also to be decreased because no recovery in world demand is expected, although the Chinese market is picking up.

Drive units for wind turbine generators: Steadily grew in FY2009/3. Despite the sluggish market, sales in FY2010/3 will be flattened by expanding market share.

● Aircraft equipment : Decrease in FY2009/3 sales due to weak defense demand and strike at Boeing causing decreased civil aviation demand, but increase in profit due to the withdrawal from underperforming operations and decrease in quality issues. Sales flattened in FY2010/3 due to increasing defense demand and FOREX effect on civil aviation, but decrease in profit because of product mix.

● Decrease in profit due to sales decrease of hydraulic equipment and FOREX effect in spite of significant reduction of the fixed costs.

Industrial Equipment



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Special purpose machine tools, etc



Packaging Machines
approx. 25%

Automatic Doors
approx. 65%

Sales Structure (2009/3)



Main Products and Customers

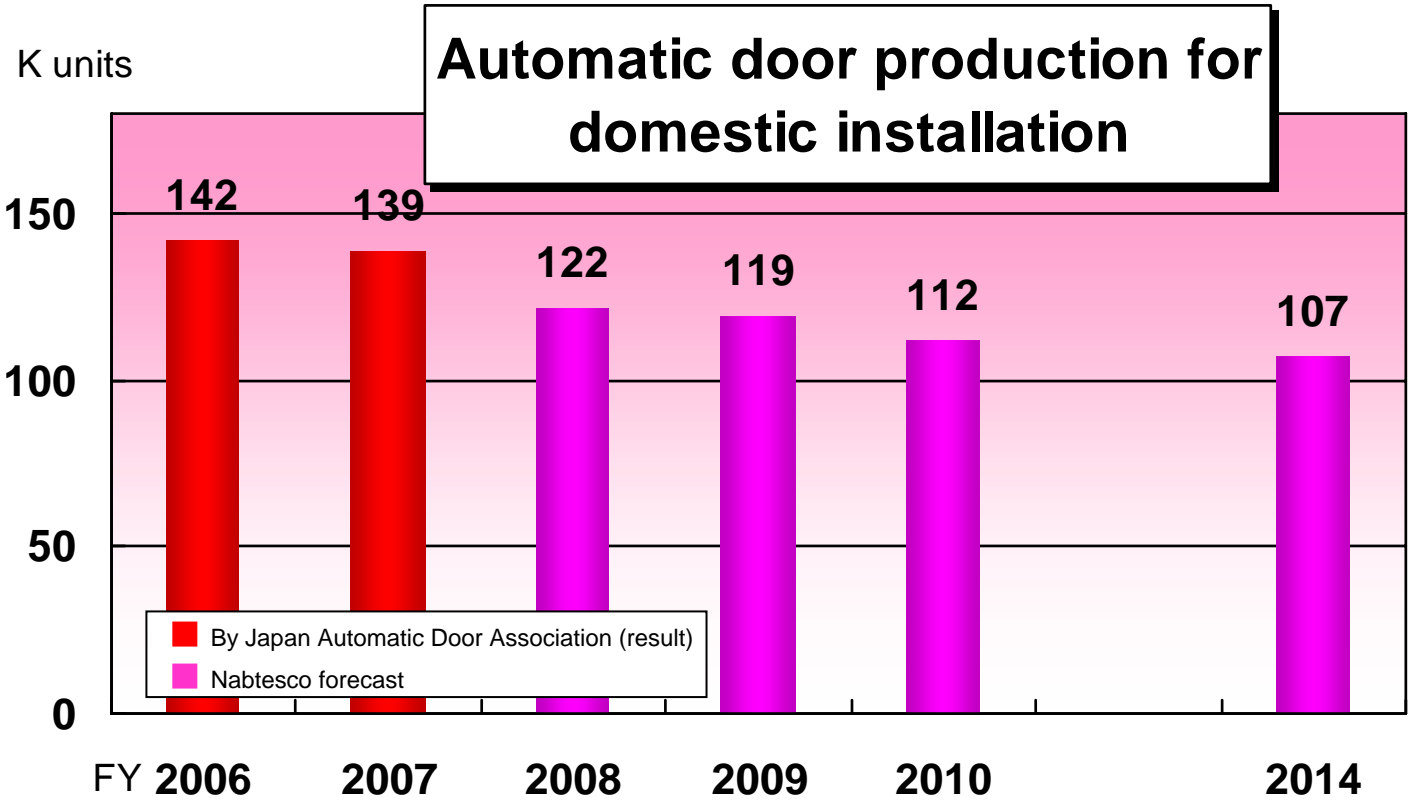
Automatic doors

Automatic doors for buildings: Major general contractors, Tostem, etc.

Platform doors: MTR (Hong Kong), CTCI (Taiwan), Hyundai Elevator (Korea)

Packaging machines

Otsuka Foods, Marudai Foods, Ezaki Glico, Latinpack (France), Mars Food (USA), Lion, Nissan Soap (detergent refill)



Industrial Equipment: changes in results



Consolidated Results for FY2008

(JPY million)	2008/3	2009/3 (forecast at Q3)	2009/3	Variation	Ratio
Sales	35,725	(31,800)	31,987	-3,738	-10.5%
Operating profit	4,133	(1,800)	2,209	-1,923	-46.6%
O.P. margin	11.6%	(5.7%)	6.9%		

Notes:

- Automatic doors: Decrease in profit due to downturn of construction demand both in FY2009/3 and FY2010/3.
- Packaging machines: Sales were flat in FY2009/3. Decrease in sales due to drop of overseas demand in FY2010/3.
- Special purpose machine tools: Decrease in sales due to falling CAPEX in automotive industry in both FY2009/3 and FY2010/3.
- Decrease in profit due to decrease in sales of automatic doors and increased SG&A of packaging machines in FY2009/3. Decrease in profit in FY2010/3 mainly because of sales decrease in each business.

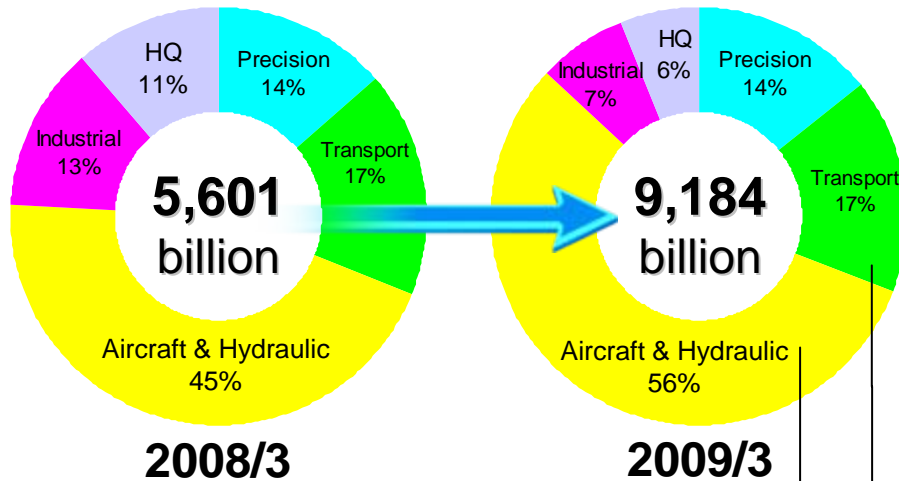
Forecast for FY2009

(JPY million)	2009/3	2010/3	Variation	Ratio
Sales	31,987	28,000	-3,987	-12.5%
Operating profit	2,209	1,400	-809	-36.6%
O.P. margin	6.9%	5.0%		

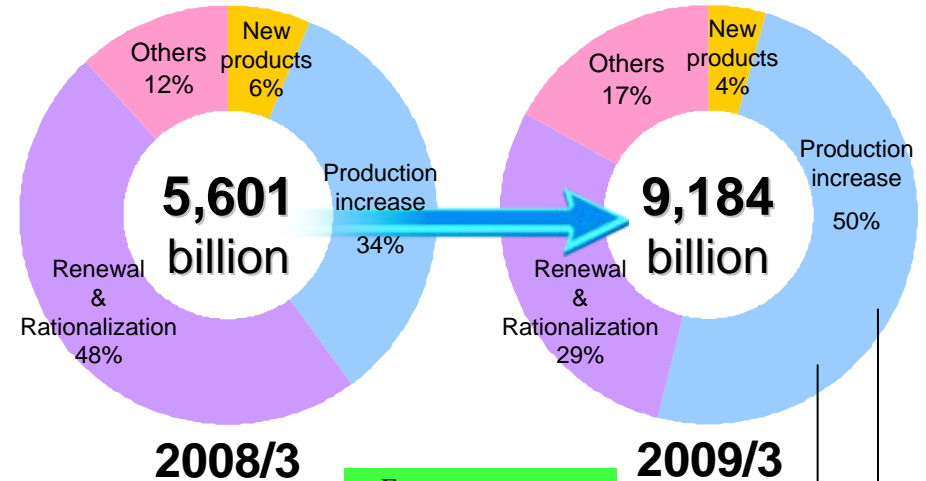
CAPEX, R&D and Depreciation

(JPY million)	2008/3 Result	2009/3 (forecast at Q2)	2009/3 Result	2010/3 Forecast	2010/3 (order base)
CAPEX	5,601	(12,600)	9,184	6,200	3,000
R&D expenses	4,080	(4,200)	4,107	4,000	
Depreciation	5,212	(6,300)	5,867	6,000	

CAPEX by Segment



CAPEX by Usage



- Expansion for marine vessel equipment plant
- Establishing a dedicated plant for wind turbine generator drive units
- Establishing a new plant for hydraulic equipment in Thailand
- Expansion of Shanghai plant for hydraulic equipment

Balance Sheet Summary



(JPY billion)	2008/3	2009/3	Variation
Asset	163.3	144.6	-18.6
(Cash and time deposits)	30.1	27.4	-2.7
(Accounts receivable)	46.6	35.1	-11.4
Receivable turnover period	98	94	-4
(Inventory)	18.4	16.4	-1.9
Inventory turnover period	50	51	+1
(Fixed assets)	43.3	45.2	1.8
Liabilities	80.8	62.9	-17.8
(Interest-bearing debt)	23.1	19.1	-3.9
Net Assets	82.4	81.7	-0.7
(Minority interests)	5.0	5.2	0.1
※ Equity Ratio :	47.4%	52.9%	

Targeted Financial Figures

(JPY billion)	2009/3 Result	2010/3 Forecast
Sales	158.1	124.0
Net profit	4.4	3.0
ROA	2.9%	2.1%
ROE	5.8%	3.9%
FCF	4.7	4.1

Present issues to be addressed

- Secure profitability and FCF (Quickly reducing resources)
- Careful selection in investment as strategic move for the future

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moving it. stopping it.