

FY2012/3 Second Quarter Results Briefing

November 2011

Nabtesco Corporation

Securities code: 6268

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.

Agenda



- I. Consolidated Results for the First Half of FY2012/3
- II. Forecast for FY2012/3 Consolidated Results
- III. Transition of Annual Consolidated Results and Forecasts by Business Segment
- IV. Consolidated Results by Geographic Segment
- V. CAPEX, R&D and Depreciation
- VI. Balance Sheet Summary
- VII. Consolidated Cash Flow
- VIII. Main Topics in FY2012/3

Consolidated Profit & Loss Summary for the First Half (Comparison with the same period of the previous fiscal year)



(From April to September)

(JPY million)	2011/3 H1 result	2012/3 H1 (previous forecast)	2012/3 H1 result	Variation	Ratio
Sales	79,096	91,800	97,671	18,575	23.5%
Operating profit	9,457	9,700	12,234	2,777	29.4%
Non-operating profit and loss	863	-	967	103	12.0%
Ordinary profit	10,320	10,800	13,201	2,881	27.9%
Extraordinary profit and loss	-297	-	303	600	-
Profit before taxes	10,023	-	13,505	3,481	34.7%
Net profit	5,914	6,800	8,351	2,437	41.2%
Net profit per share	46.79	53.80	66.06	19.27	

Dividend per share	9	17	17	8
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Variation Analysis

■ Sales

Increased due to the expansion of demand for industrial robots and to the expansion of infrastructure investment, which boosted demand for construction machinery in China.

■ Operating Profit

Increase of sales	4.2 billion
Decrease in quality-related cost	1 billion
Increase in goodwill repayment	-0.2 billion*
FOREX effect	-0.4 billion
Increase in D&A	-0.3 billion
Increase in SG&A expenses, etc	-1.5 billion
Total	2.8 billion

*Due to Acquisition of Gilgen Door Systems AG

Remark:

Main factors of non-operating profit and loss

(main factors for increase in profit)

- Decrease in foreign exchange loss

0.3 billion

Forecast for FY2012/3 Consolidated Results



(JPY million)	2011/3			2012/3			
	H1 result	H2 result	Full-year result	H1 result	H2 forecast	Full-year (previous forecast)	Full-year forecast
Sales (year-on-year)	79,096	90,207	169,303	97,671 (+23.5%)	103,228 (+14.4%)	196,000 (+15.8%)	200,900 (+18.7%)
Operating profit (year on year)	9,457	10,755	20,212	12,234 (+29.4%)	10,665 (-0.8%)	22,500 (+11.3%)	22,900 (+13.3%)
Operating profit margin	12.0%	11.9%	11.9%	12.5%	10.3%	11.5%	11.4%
Ordinary profit (year-on-year)	10,320	12,045	22,365	13,201 (+27.9%)	11,698 (-2.9%)	24,700 (+10.4%)	24,900 (+11.3%)
Net profit (year-on-year)	5,914	7,473	13,387	8,351 (+41.2%)	6,748 (-9.7%)	15,000 (+12.0%)	15,100 (+12.8%)

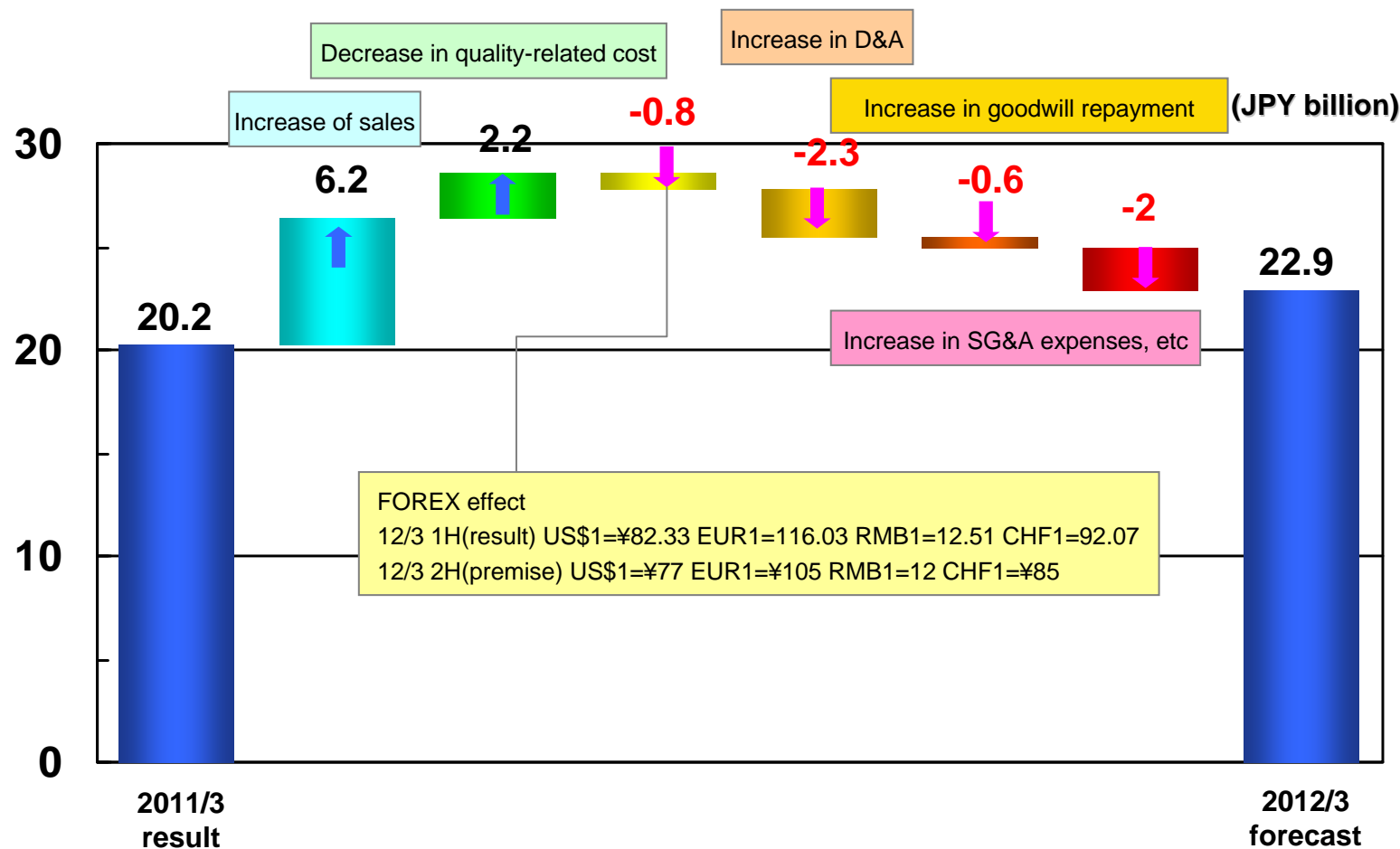
Dividend per share	9	16	25	17	17(forecast)	34(forecast)	34(forecast)
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Notes: Full-year forecast for FY2012/3 Consolidated Figures

◆ Our full-year forecast for FY2012/3 has been revised because the result in H1 exceeded our previous forecast though there are some variation factors, such as decrease of construction machinery demand in China due to the government's monetary tightening policy and review of the railroad project following the bullet train accident in July 2011.

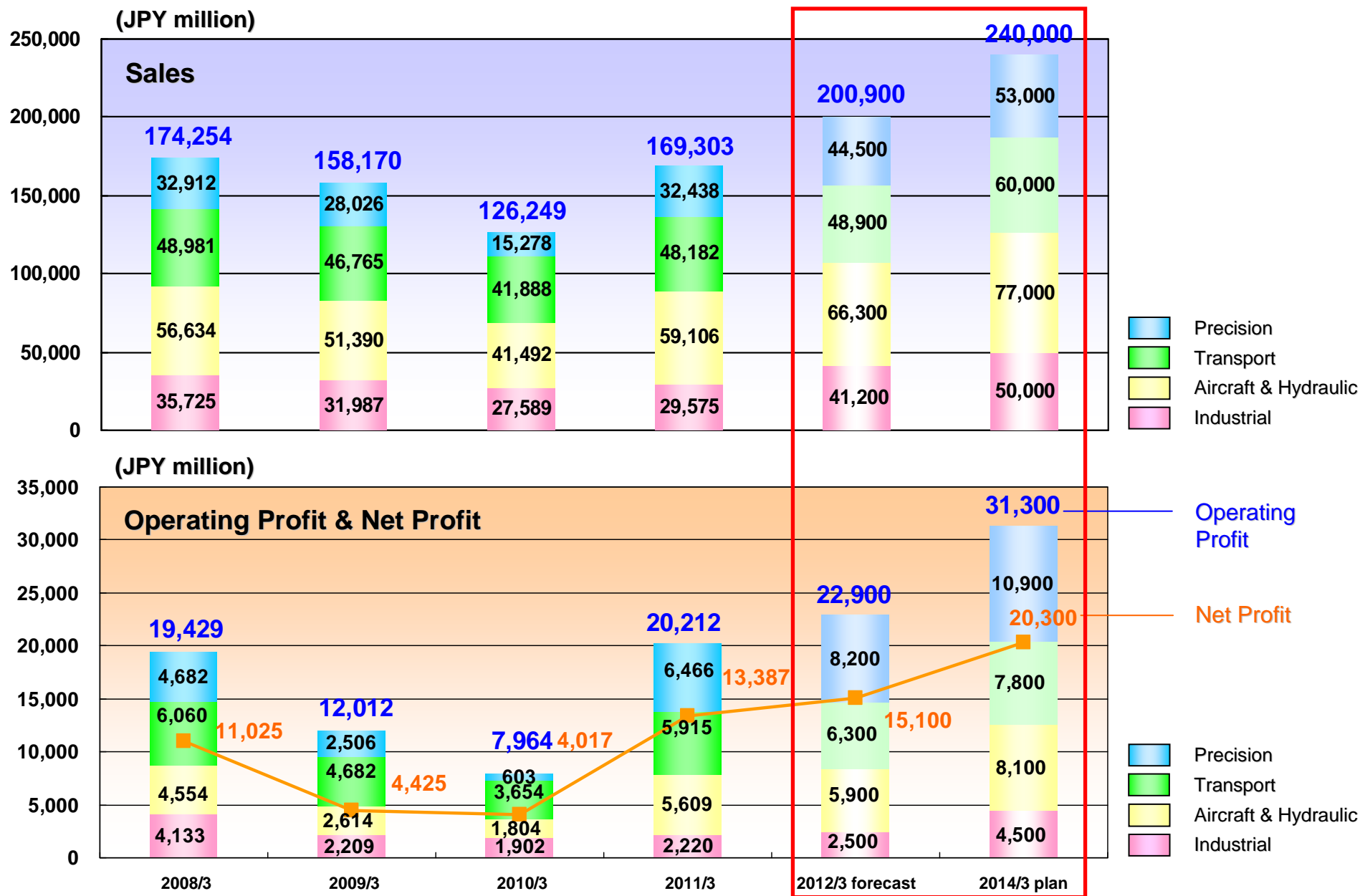
◆ Variation factors in H2: Decrease of construction machinery demand in China, review of the railroad project due to the accident, suspension of production in Thailand for commercial vehicle equipment and hydraulic equipment due to the flood, FOREX, etc.

Profit & Loss forecast for FY2012/3 Consolidated Results (Analysis of Changes in Operating Profit)



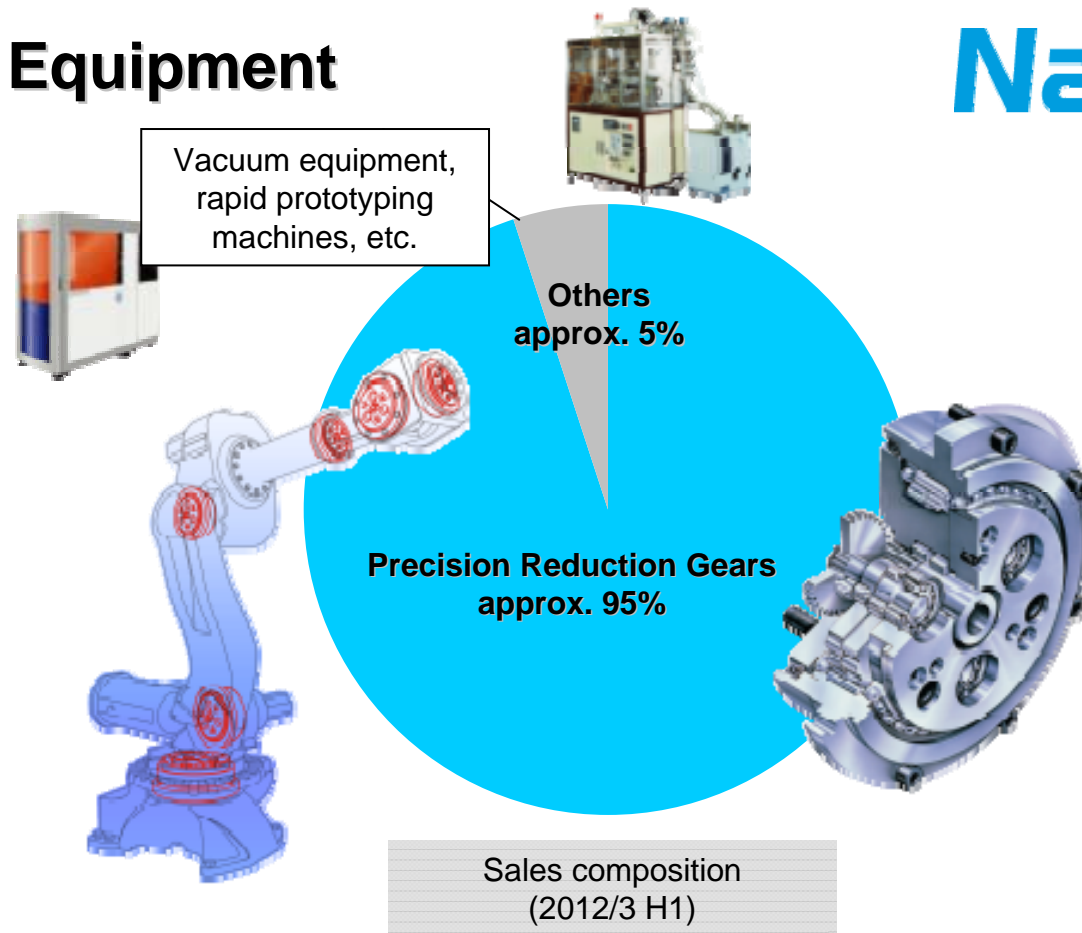
*FOREX sensitivity in O. P. (US\$):JPY 103 million, (EUR): minimal, (RMB): JPY 218 million, (CHF): JPY 11 million
 (This represents the effect to be expected on operating profit if the exchange rate fluctuates by one yen. Only CHF in FY2012/3 is estimated for a period of nine months.)

Transition of Consolidated Annual Results and Forecasts by Business Segment



Precision Equipment

Nabtesco



Main Products and Customers

Precision reduction gears

Industrial Robots: Fanuc, Yaskawa Electric, KUKA Roboter (Germany), ABB Robotics (Sweden)

Machine Tools: Yamazaki Mazak, Okuma, Mori Seiki

Precision Equipment



Results and forecast

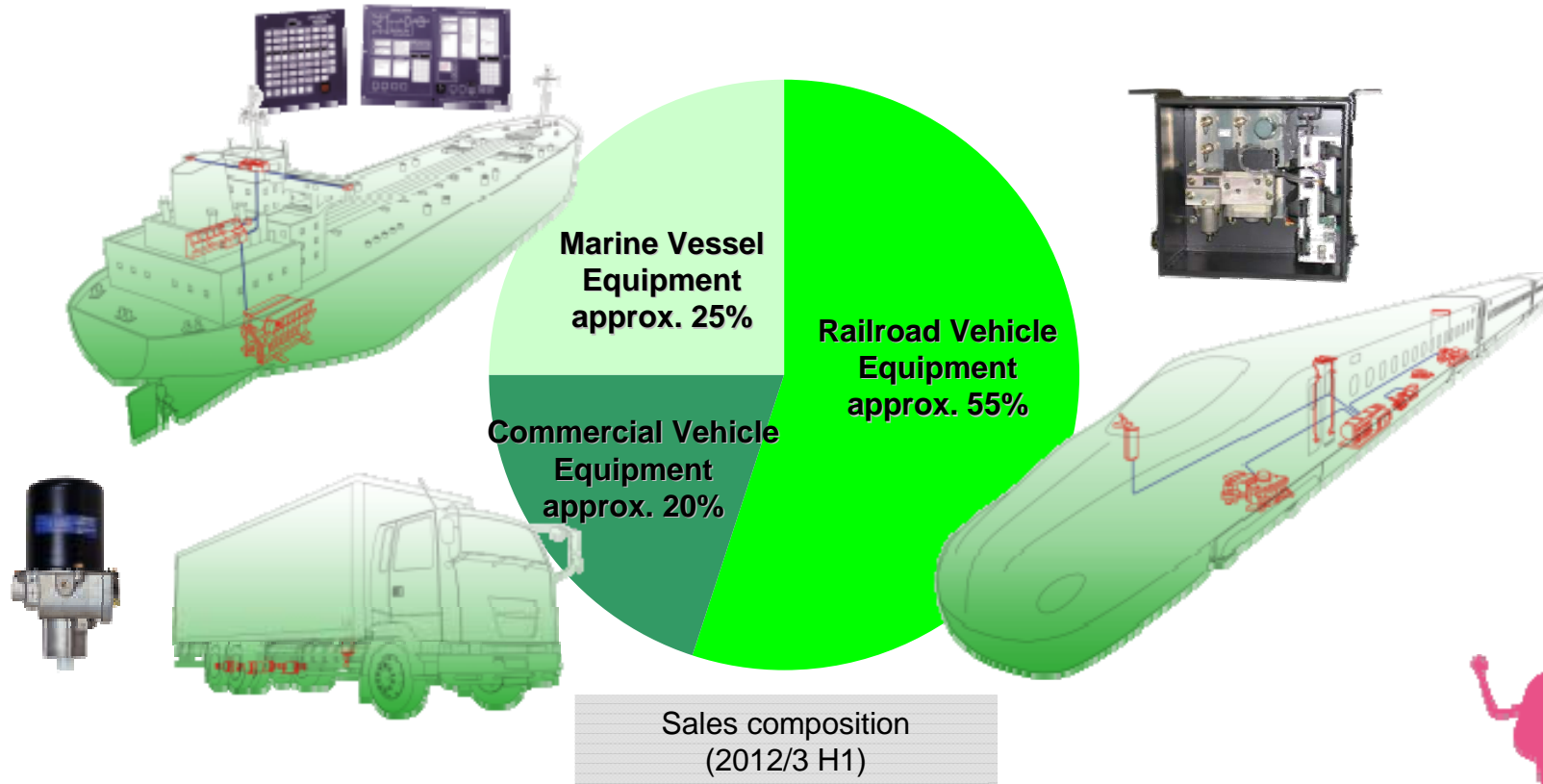
(JPY million)	2011/3			2012/3			
	H1 result	H2 result	Full-year result	H1 result	H2 forecast	Full-year (previous forecast)	Full-year forecast
Sales (year-on-year)	14,507	17,931	32,438	21,293 (+46.8%)	23,207 (+29.4%)	44,400 (+36.9%)	44,500 (+37.2%)
Operating profit (year-on-year)	3,195	3,271	6,466	3,946 (+23.5%)	4,253 (+30.0%)	8,800 (+36.1%)	8,200 (+26.8%)
Operating profit margin	22.0%	18.2%	19.9%	18.5%	18.3%	19.8%	18.4%

Notes:

- Precision reduction gears: Sales increased in H1 due to the expansion of demand for industrial robots driven by capital expenditure by the Japanese and overseas automotive industries as well as by other industries. Although sales for machine tools are still below peak sales, the demand is recovering. An increase in sales is expected for the whole financial year.
- O.P. of the segment: Despite the continuing accrual of the cost of keeping delivery time, profit increased due to increase in sales. Though D&A increased because of front-loaded capex, an increase in profit is expected for the whole year due to increase in sales.

Transport Equipment

Nabtesco



Main Products and Customers

Railroad vehicle equipment (brake systems, door operating units)

JR companies, Private railway companies, KHI, Bullet train and subway projects in China, etc.

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

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

Commercial Vehicle equipment

Hino, Mitsubishi Fuso Truck & Bus, Isuzu, UD Trucks



Transport Equipment



Results and forecast

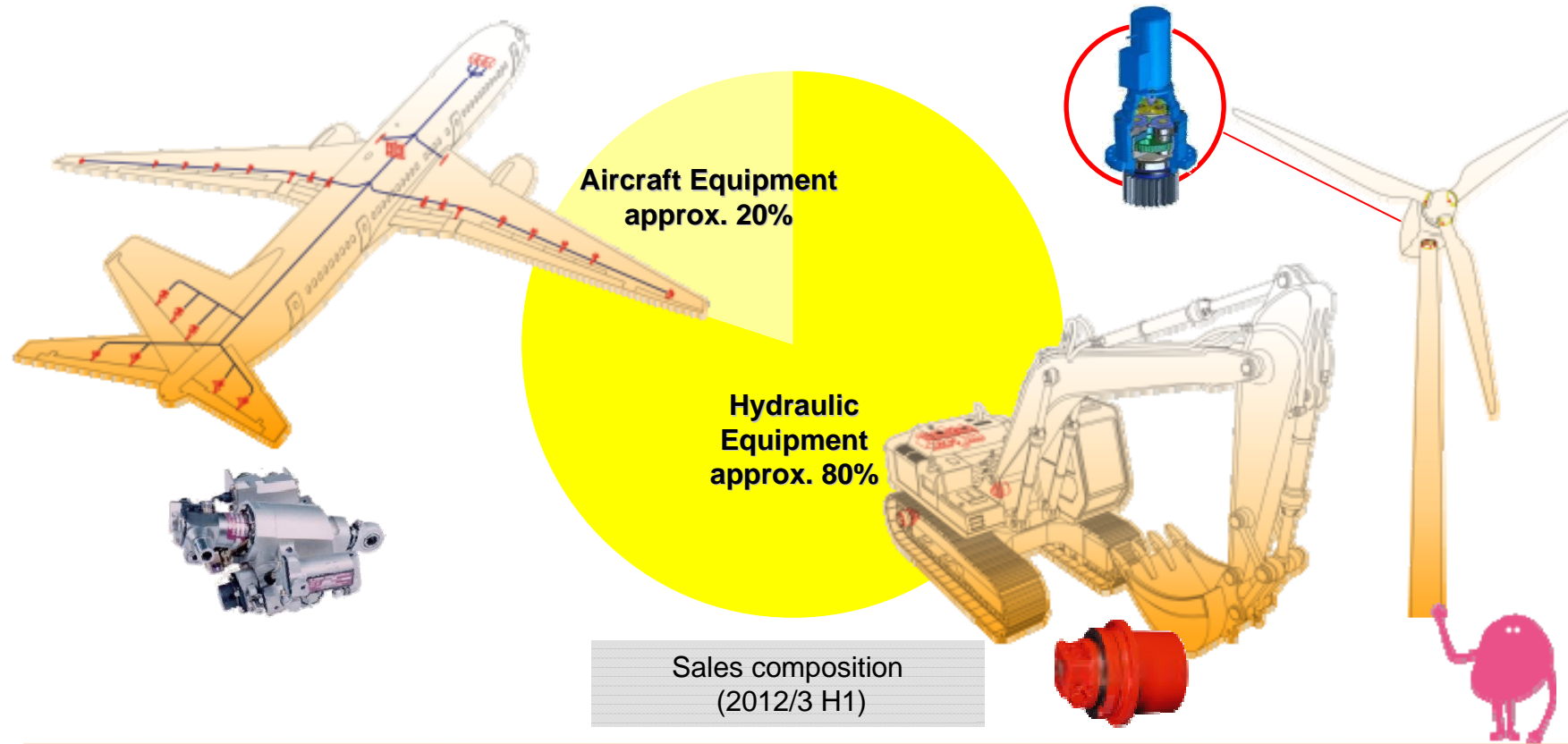
(JPY million)	2011/3			2012/3			
	H1 result	H2 result	Full-year result	H1 result	H2 forecast	Full-year (previous forecast)	Full-year forecast
Sales (year-on-year)	22,606	25,576	48,182	23,489 (+3.9%)	25,410 (-0.6%)	48,200 (+0.0%)	48,900 (+1.5%)
Operating profit (year-on-year)	2,681	3,234	5,915	3,136 (+17.0%)	3,163 (-2.2%)	5,400 (-8.7%)	6,300 (+6.5%)
Operating profit margin	11.9%	12.6%	12.3%	13.4%	12.4%	11.2%	12.9%

Notes:

- Railroad vehicle equipment: Despite increases in sales to China, total sales remained flat in H1 because of delivery delay due to the Great East Japan Earthquake. A decrease in sales is expected for the whole financial year because of business uncertainties, including possible changes to the high-speed train project due to the accident.
- Marine vessel equipment: Despite stagnancy in the market, sales increased in H1 due to spot projects in China. An increase in sales is expected for the whole financial year.
- Commercial vehicle equipment: Sales increased in H1 due to increases in demand in the process of recovery from the Great East Japan Earthquake. Despite the possible influence of the flood in Thailand, an increase in sales is expected for the whole financial year.
- O.P. of the segment: Profit increased due to a significant drop in quality costs for railroad vehicle equipment. An increase in profit is expected also for the whole financial year.

Aircraft & Hydraulic Equipment

Nabtesco



Main Products and Customers

Hydraulic equipment

Traveling motors: Komatsu, Kobelco Construction Machinery, Sumitomo Construction Machinery Manufacturing, Sany Heavy Machine (China), Liu Gong (China), Guangxi Yuchai Heavy Industry Company (China), Doosan (Korea)

Drive units for wind turbine generators: MHI, Others

Aircraft equipment

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

Aircraft & Hydraulic Equipment



Results and forecast

(JPY million)	2011/3			2012/3			
	H1 result	H2 result	Full-year result	H1 result	H2 forecast	Full-year (previous forecast)	Full-year forecast
Sales (year-on-year)	28,610	30,496	59,106	34,838 (+21.8%)	31,461 (+3.2%)	63,100 (+6.8%)	66,300 (+12.2%)
Operating profit (year-on-year)	2,822	2,787	5,609	3,903 (+38.3%)	1,997 (-28.3%)	6,000 (+7.0%)	5,900 (+5.2%)
Operating profit margin	9.9%	9.1%	9.5%	11.2%	6.3%	9.5%	8.9%

Notes:

- Hydraulic equipment: Sales increased in H1 due to the expansion of demand for construction machinery in China. Although a decrease in sales is expected for H2 because of a sharp drop in demand for construction machinery, an increase in sales is expected for the whole financial year.

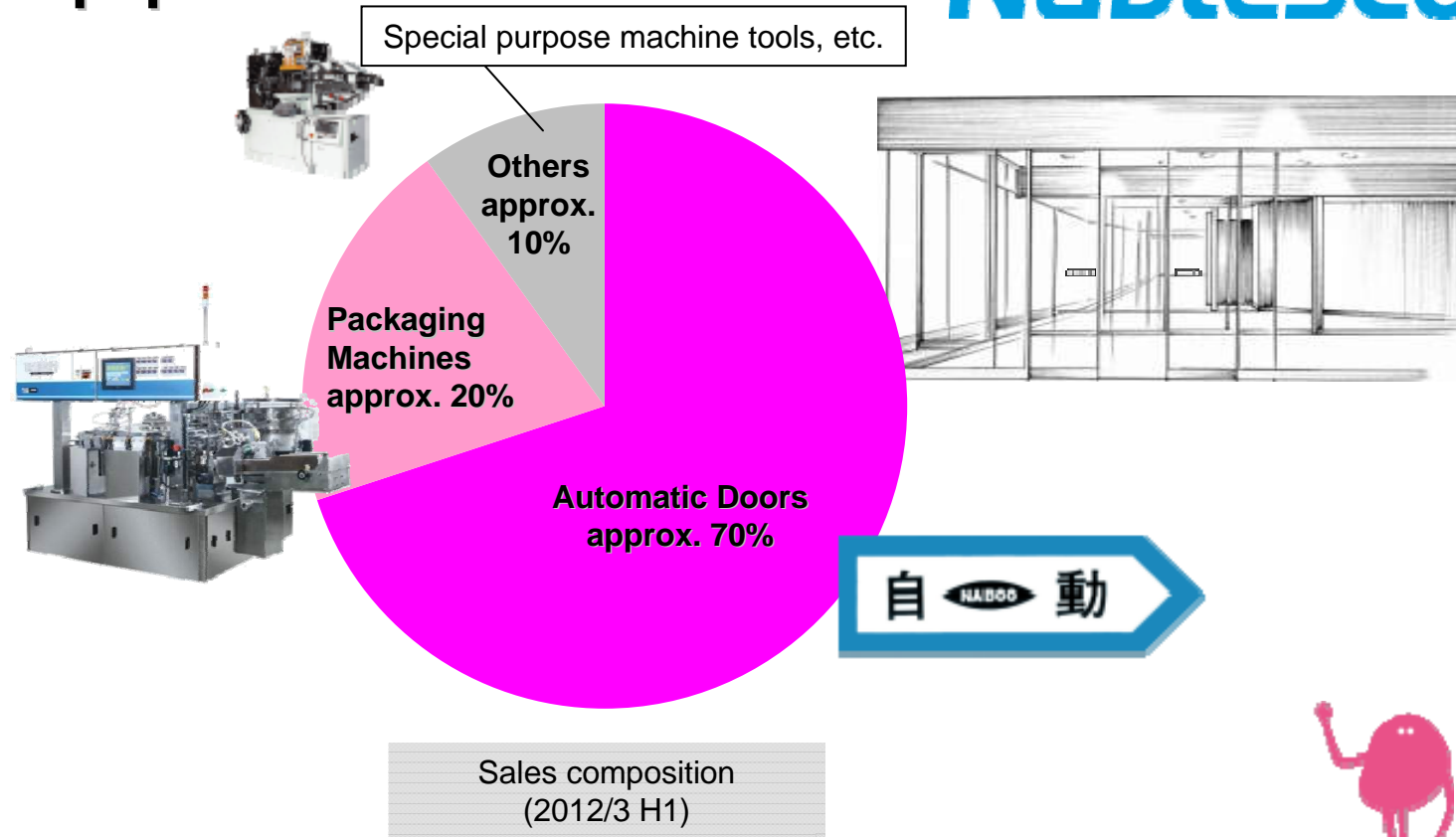
(Wind turbine generators): Sales are expected to remain flat for the whole financial year due to weak demand in the US market.

- Aircraft equipment: Despite steady sales to the private sector, sales decreased in H1 because of the FOREX impact and delivery delay in the defense-related business. An increase in sales is expected for the whole financial year due to sales expansion to the private sector. There are, however, risks related to the high appreciation of yen.

- O.P. of the segment: Profit increased in H1 due to an increase in sales and the effect of integrating two domestic hydraulic equipment plants into one. Despite a decrease in profit in H2 because of a decline in sales of hydraulic equipment, an increase in profit is expected for the whole financial year.

Industrial Equipment

Nabtesco



Main Products and Customers

Automatic doors

Automatic doors for buildings: Major general contractors, sash manufactures, hospitals, banks, public institutions, etc.

Platform doors: subway projects in France, subway projects in China

Packaging machines (Toyo Jidoki Co., Ltd.)

Fujicco, Marudai Food, P&G, Kao, Lion, Mars (France), American Beverage Corporation (USA)



Industrial Equipment



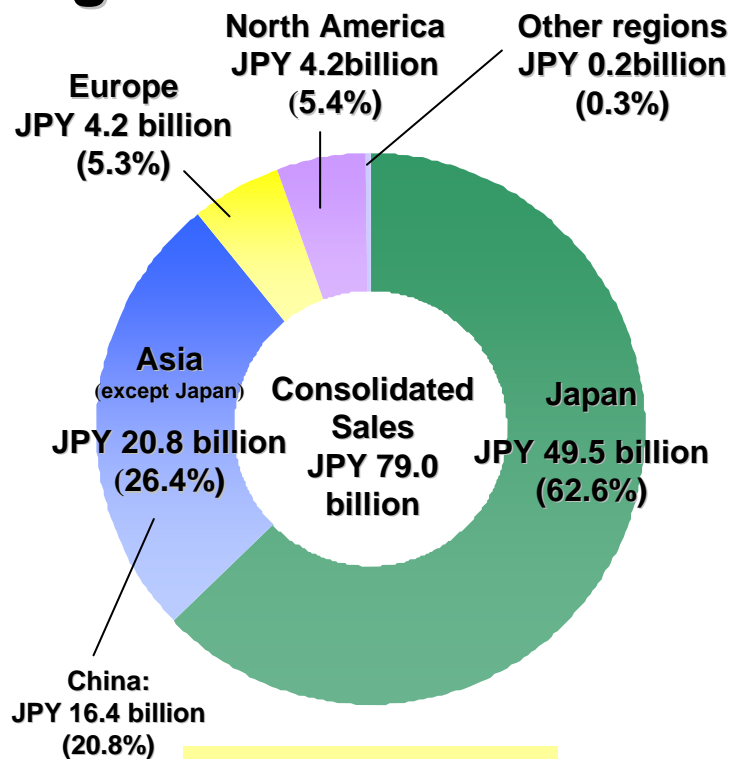
Results and forecast

(JPY million)	2011/3			2012/3			
	1H result	2H result	Full result	1H result	2H forecast	Full (previous forecast)	Full forecast
Sales (year-on-year)	13,372	16,203	29,575	18,050 (+35.0%)	23,150 (+42.9%)	40,300 (+36.3%)	41,200 (+39.3%)
Operating profit (year-on-year)	757	1,463	2,220	1,248 (+64.7%)	1,252 (-14.4%)	2,300 (+3.6%)	2,500 (+12.6%)
Operating profit margin	5.7%	9.0%	7.5%	6.9%	5.4%	5.7%	6.1%

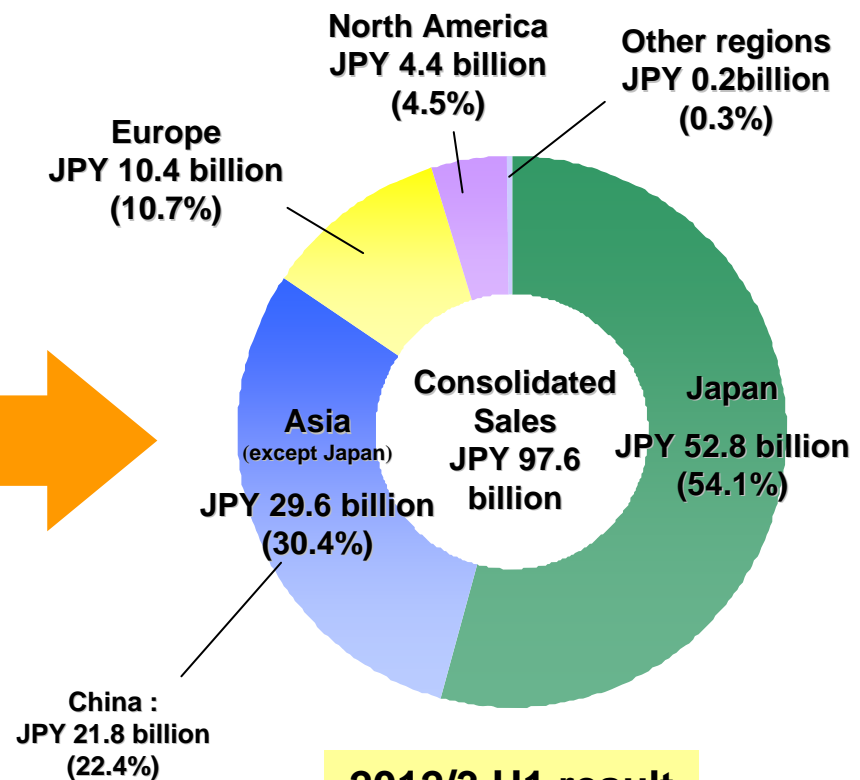
Notes:

- Automatic doors: Despite the stagnant demand for domestic automatic doors for buildings, sales increased due to the acquisition of Gilgen Door Systems AG, sales of which began to be included in total sales from Q2. An increase in sales is expected for the whole financial year.
- Packaging machines: Sales increased in H1 due to investment demand from the sugar and chemical industries in Japan and from overseas. An increase in sales is expected for the whole financial year.
- O.P. of the segment: Despite the goodwill amortization of Gilgen Door Systems, an increase in profit is expected for the whole financial year due to an increase in sales achieved through the acquisition and an increase in sales of packaging machines.

Consolidated Results by Geographic Segment



2011/3 H1 result
Overseas Sales Ratio
37.4%



2012/3 H1 result
Overseas Sales Ratio
45.9%

Notes:

- Sales increased in the Asian market due to the expansion of demand for hydraulic equipment (construction machinery) and railroad vehicle equipment in China.
- The proportion of the overseas sales increased to 45.9% in this H1 due to sales expansion in the Asian market and acquisition impact of Gilgen Door Systems AG in Europe.

CAPEX, R&D and Depreciation



(JPY million)	2011/3 H1 result	2012/3 H1 result
CAPEX	1,734	4,851
R&D	1,954	2,424
Depreciation	2,563	2,853

Goodwill amortization by acquisition of Gilgen Door Systems AG	—	207
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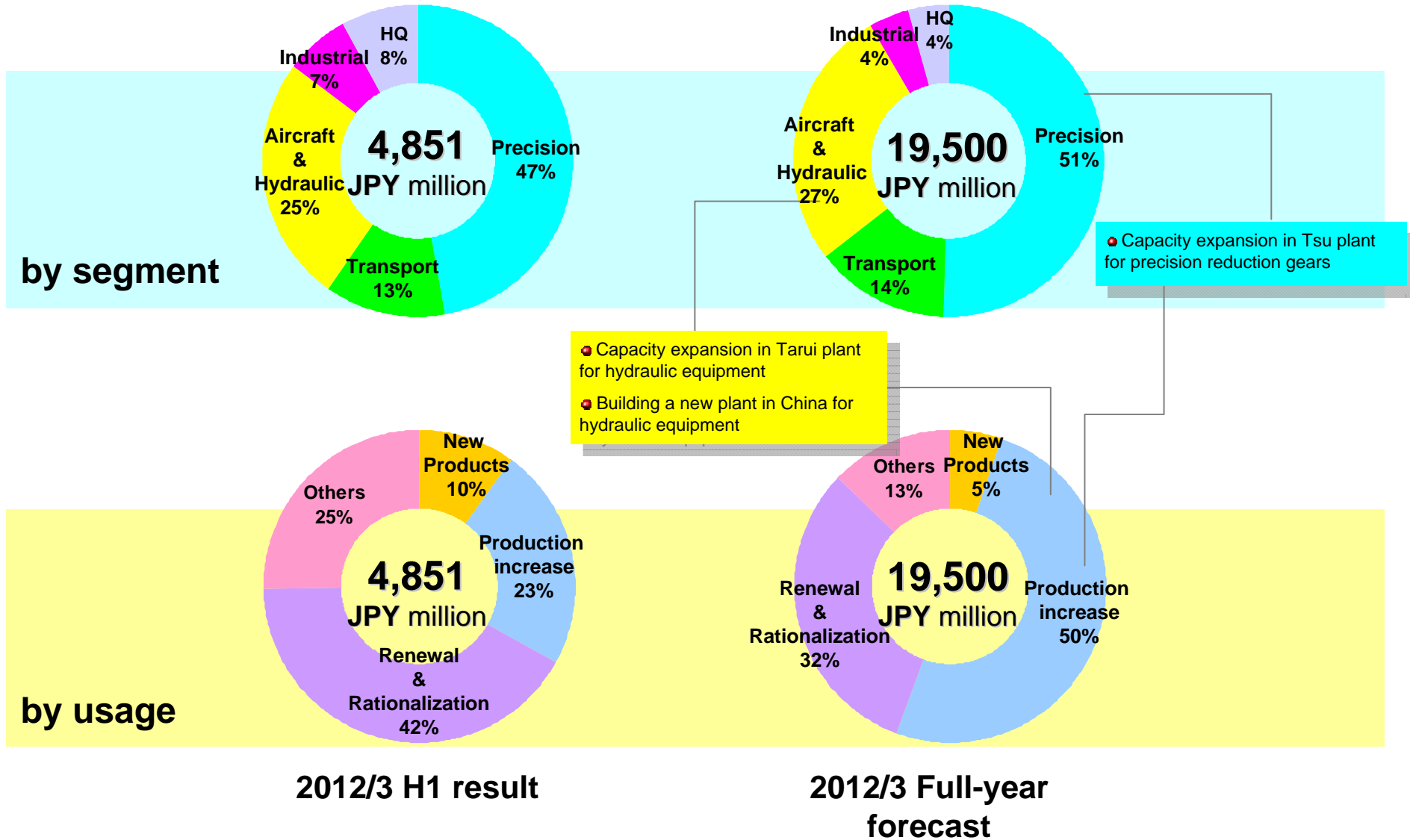
2011/3 Full-year result	2012/3 Full-year (previous forecast)	2012/3 Full-year forecast
6,337	17,500	19,500
3,911	4,500	4,500
5,391	7,900	7,600

—	686 (estimated in a year)	622 (estimated in 9 months)
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Notes: Goodwill of Gilgen Door Systems AG

- (previous estimation) 13.7 billion yen
- (result) 15.7 billion yen

Breakdown in CAPEX



Balance Sheet Summary



(JPY million)	2011/3 Full-year result	2012/3 H1 result	Variation
Assets	180,729	206,411	25,681
(Cash and time deposits)	56,705	50,094	-6,611
(Accounts receivable)	40,894	46,730	5,836
Receivable turnover period (in days)	83	82	1
(Inventory)	17,017	21,973	4,956
Inventory turnover period (in days)	46	49	-3
(Fixed assets)	44,442	47,702	3,260
Liabilities	84,197	101,524	17,326
(Interest-bearing debt)	20,157	32,628	12,471
Net assets	96,531	104,886	8,355
(Stock acquisition right)	159	150	-9
(Minority interests)	6,130	6,858	727
Equity capital	90,241	97,878	7,637

Remark:
 ● Increased due to 10 billion yen syndicated loan (long-term debts)

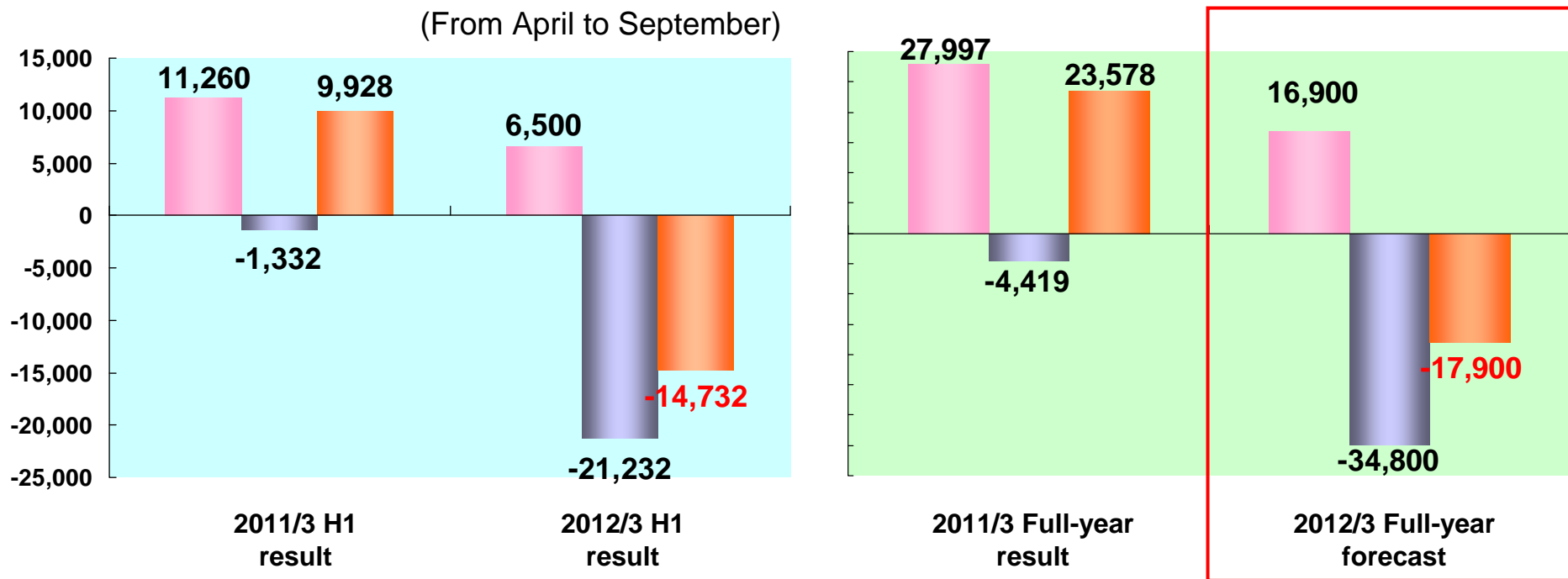
✂ **Equity ratio:** **49.9%** **47.4%**

Consolidated Cash Flow



■ Operating Cash Flow
 ■ Investment Cash Flow
 ■ Free Cash Flow

(JPY million)



- **April: Acquired Gilgen Door Systems AG (Industrial Equipment)**

Acquired the leading automatic doors company Gilgen Door Systems AG in Switzerland, and promoting the enhancement of sales channels.

- **May: Announced the new Mid-Term Management Plan**

Global Challenge: Advance to the Next Stage (2012/3-2014/3)

- **June: Started the collaborative research with The University of Washington**

Started the collaborative future research on actuators with The University of Washington.

- **June: Replacement of President**

Kazuaki KOTANI became the new president. The former president Kazuyuki MATSUMOTO became Chairman.

- **July: financing arrangements by borrowing**

Borrowed 10 billion yen under long-term syndicated loan.

Main Topics in FY2012/3



- **August: Moved the headquarters**

The new office address: JA Kyosai Bldg., 7-9, Hirakawacho 2-chome, Chiyoda-ku, Tokyo

- **September: Established Shanghai Nabtesco Business Management Co., Ltd.**

Started the operation with the aim of business support in China for the whole Nabtesco group

- **October: Established Jiangsu Nabtesco Hydraulic Co., Ltd. (Changzhou, China)**

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Nabtesco

