

# **FY2013/3 Second Quarter Results Briefing**

**November 2012**

**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 FY2013/3
- II. Forecast for FY2013/3 Consolidated Results
- III. Targeted Financial Figures
- IV. Transition of Annual Consolidated Results and Forecasts by Business Segment
- V. Consolidated Results by Geographic Segment
- VI. Balance Sheet Summary
- VII. CAPEX, R&D and Depreciation
- VIII. Consolidated Cash Flow

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



(From April to September)

(JPY million)	2012/3 H1 result	2013/3 H1 (previous forecast)	2013/3 H1 result	Variation	Ratio
<b>Sales</b>	<b>97,671</b>	<b>98,000</b>	<b>90,666</b>	<b>-7,005</b>	<b>-7.2%</b>
<b>Operating profit</b>	<b>12,234</b>	<b>9,600</b>	<b>7,595</b>	<b>-4,639</b>	<b>-37.9%</b>
<b>Non-operating profit and loss</b>	<b>967</b>	<b>-</b>	<b>874</b>	<b>-92</b>	<b>-9.5%</b>
<b>Ordinary profit</b>	<b>13,201</b>	<b>10,200</b>	<b>8,470</b>	<b>-4,731</b>	<b>-35.8%</b>
<b>Extraordinary profit and loss</b>	<b>303</b>	<b>-</b>	<b>973</b>	<b>670</b>	<b>221.0%</b>
<b>Profit before taxes</b>	<b>13,505</b>	<b>-</b>	<b>9,444</b>	<b>-4,060</b>	<b>-30.1%</b>
<b>Net profit</b>	<b>8,351</b>	<b>6,300</b>	<b>6,513</b>	<b>-1,838</b>	<b>-22.0%</b>
<b>Net profit per share</b>	<b>66.06</b>	<b>49.84</b>	<b>51.33</b>	<b>-14.73</b>	

<b>Dividend per share (Yen)</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>1</b>
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## Variation Analysis

### ■ Sales

In spite of the M&A effect obtained in Q1, decreased due to the decrease of demand for construction machinery in China.

### ■ Operating Profit (in yen)

Decrease of sales	-2.8 billion
Increase in goodwill amortization *	0.2 billion
FOREX effect	-0.1 billion
Increase in D&A	-1.0 billion
Increase in SG&A expenses, etc	-0.5 billion
<b>Total</b>	<b>-4.6 billion</b>

\* Additional cost for Q1 due to acquisition of Gilgen

### Remark:

Negative goodwill 1.0 billion yen

\*Three-month time lag should be considered for all overseas subsidiaries of Nabtesco.  
(Their accounting period is from January to December.)

## Forecast for FY2013/3 Consolidated Results



(JPY million)	2012/3			2013/3			
	H1 result	H2 result	Full-year result	Full-year (previous forecast)	H1 result	H2 forecast	Full-year forecast
<b>Sales</b> (year-on-year)	97,671 (+23.5%)	100,856 (+11.8%)	198,527 (+17.3%)	210,000 (+5.8%)	90,666 (-7.2%)	94,334 (-6.5%)	185,000 (-6.8%)
<b>Operating profit</b> (year-on-year)	12,234 (+29.4%)	10,624 (-1.2%)	22,858 (+13.1%)	24,200 (+5.9%)	7,595 (-37.9%)	9,405 (-11.5%)	17,000 (-25.6%)
<b>Operating profit margin</b>	12.5%	10.5%	11.5%	11.5%	8.4%	10.0%	9.2%
<b>Ordinary profit</b> (year-on-year)	13,201 (+27.9%)	11,455 (-4.9%)	24,656 (+10.2%)	26,100 (+5.9%)	8,470 (-35.8%)	10,730 (-6.3%)	19,200 (-22.1%)
<b>Net profit</b> (year-on-year)	8,351 (+41.2%)	6,405 (-14.3%)	14,756 (+10.2%)	16,800 (+13.8%)	6,513 (-22.0%)	7,787 (+21.6%)	14,300 (-3.1%)

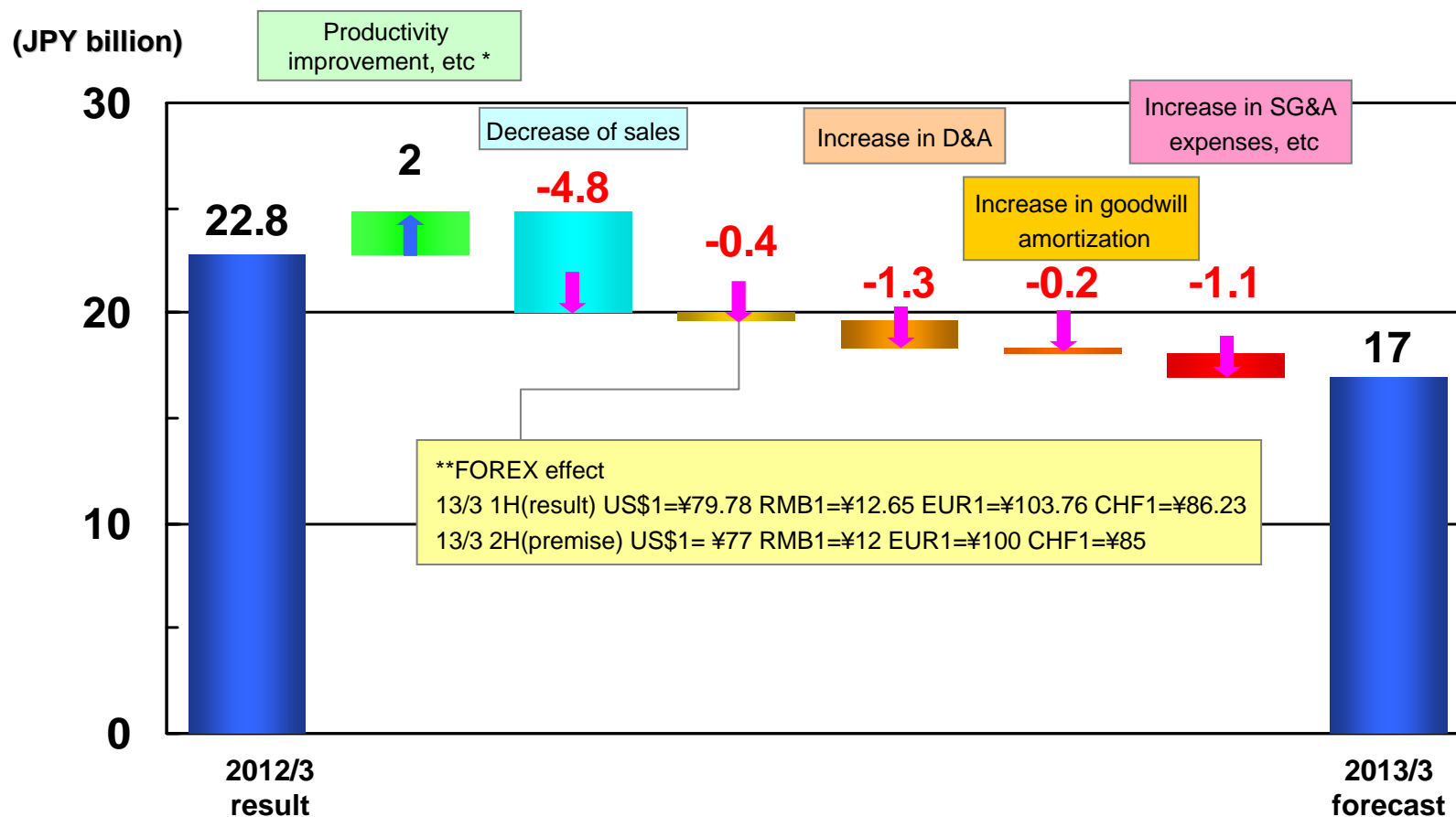
<b>Dividend per share (Yen)</b>	17	17	34	39 (forecast)	18	18 (forecast)	36 (forecast)
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### Notes: Full-year forecast for FY2013/3 consolidated figures

● The full-year forecast for FY2013/3 has been revised downward in consideration of the H1 result and some variation factors, such as slower than expected recovery of demand for construction machinery in China. Dividend per share will also be revised downward from 39 yen to 36 yen, which, however, is a 2 yen increase from the previous fiscal year's level.

● Variation factors in H2: Each industry's postponing investment due to world economic slowdown, constraint on trading with China due to political tension between Japan and China, etc.

# Profit & Loss forecast for FY2013/3 Consolidated Results (Analysis of Changes in Operating Profit)



\*Including decrease in quality-related cost +0.4billion yen

\*\*FOREX sensitivity in O. P. (US\$):JPY 134 million, (RMB): JPY 56 million, (EUR): minimal, (CHF): minimal

(This represents the effect to be expected on operating profit if the exchange rate fluctuates by one yen.)

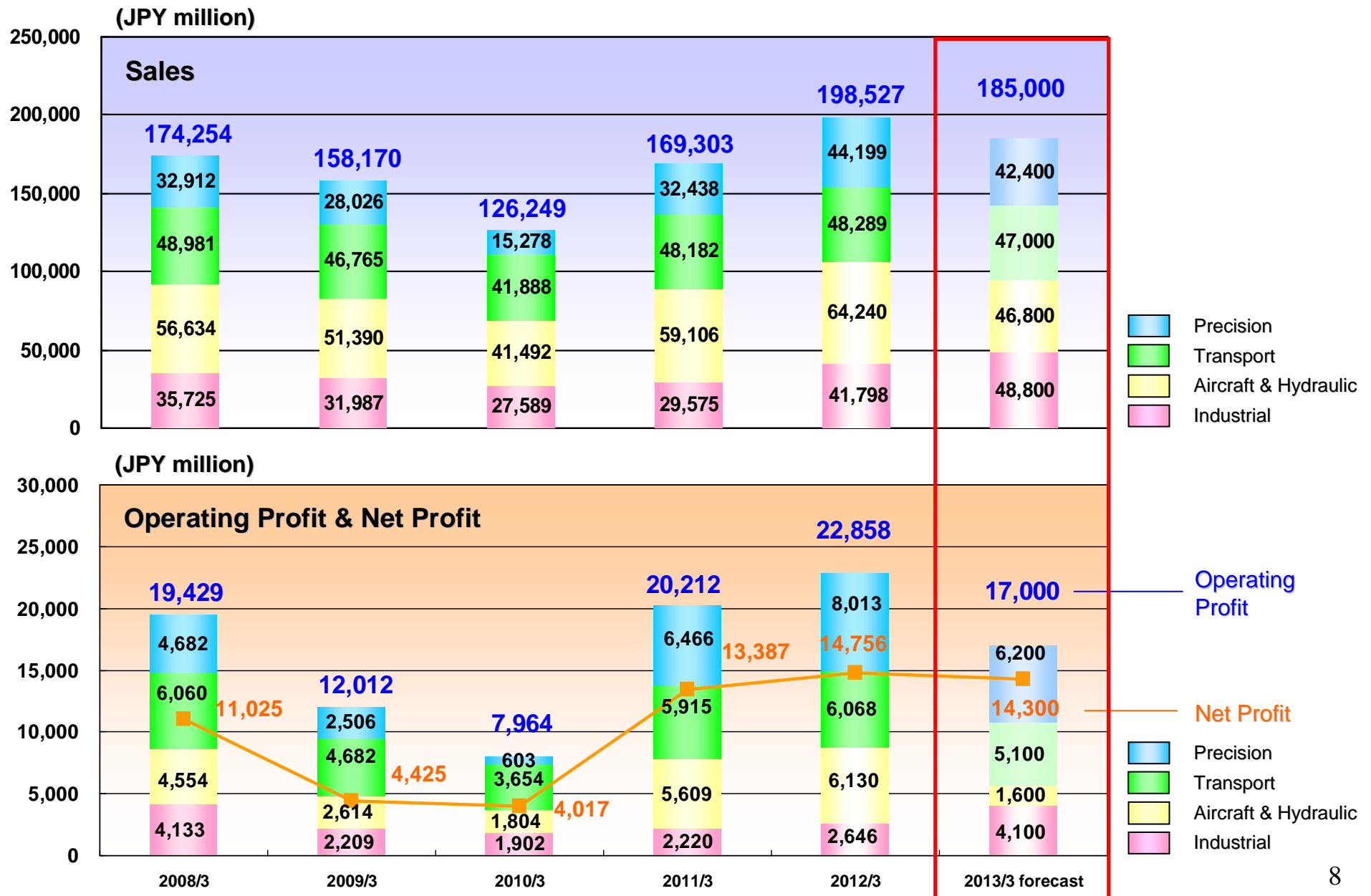
## Targeted Financial Figures



(JPY billion)	2011/3 <result>	2012/3 <result>	2013/3 <forecast>
Sales	169.3	198.5	185
Operating profit	20.2	22.8	17
O.P. margin	11.9%	11.5%	9.2%
Net profit	13.3	14.7	14.3
Payout ratio	23.6%	29.1%	31.9%
ROA	8.1%	7.6%	7.0%
ROE	15.8%	15.6%	13.6%

# Transition of Consolidated Annual Results and Forecasts by Business Segment

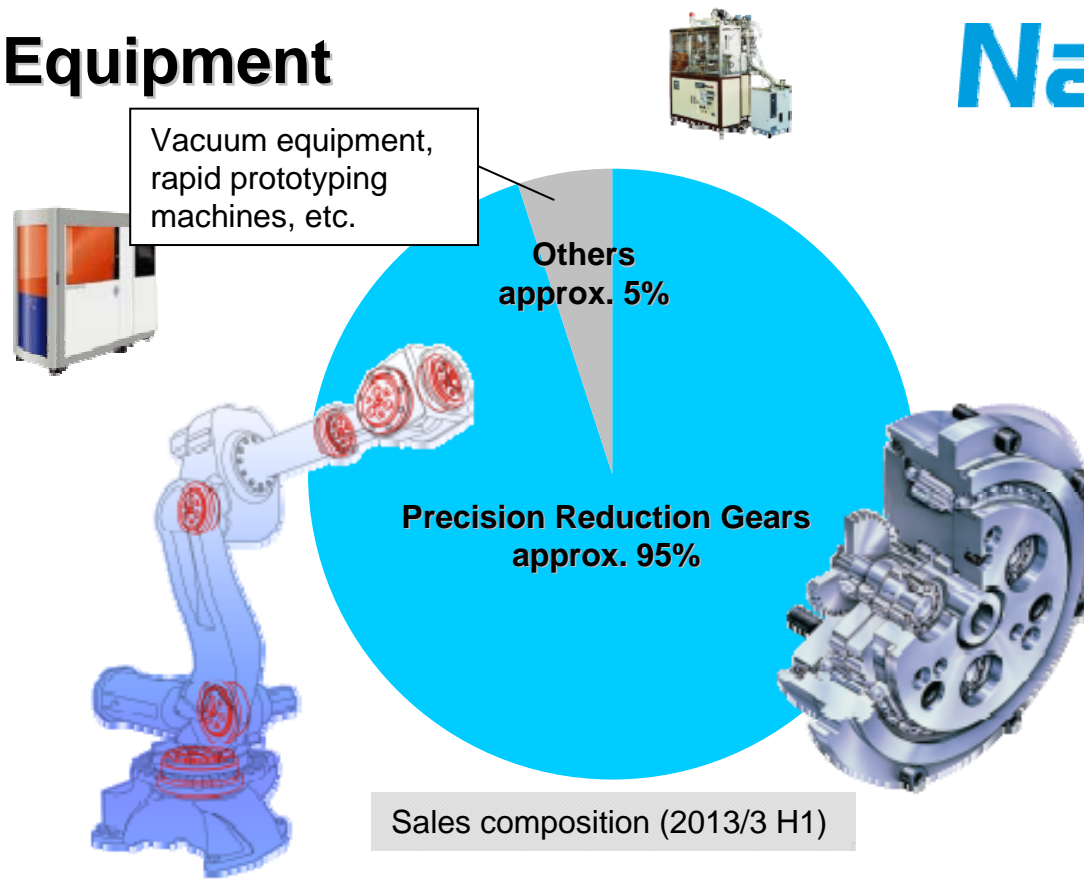
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# Precision Equipment

**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

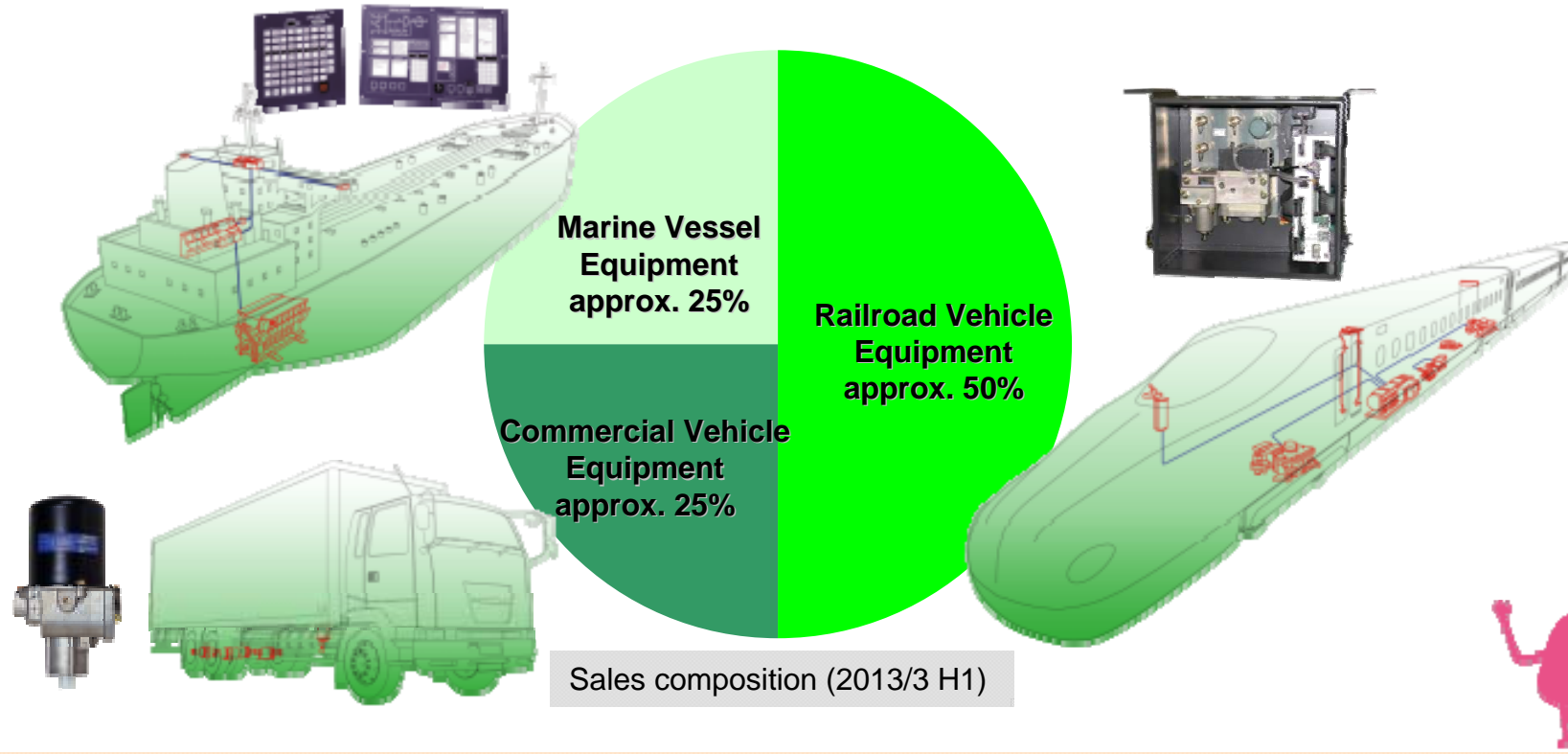
(JPY million)	2012/3			2013/3			
	H1 result	H2 result	Full-year result	Full-year (previous forecast)	H1 result	H2 forecast	Full-year forecast
Sales (year-on-year)	21,293 (+46.8%)	22,906 (+27.7%)	44,199 (+36.3%)	50,800 (+14.9%)	20,314 (-4.6%)	22,085 (-3.6%)	42,400 (-4.1%)
Operating profit (year-on-year)	3,946 (+23.5%)	4,067 (+24.3%)	8,013 (+23.9%)	9,300 (+16.1%)	2,146 (-45.6%)	4,054 (-0.3%)	6,200 (-22.6%)
Operating profit margin	18.5%	17.8%	18.1%	18.3%	10.6%	18.4%	14.6%

### Notes:

- Precision reduction gears : Sales decreased in H1 due to inventory adjustment of the gear in the industrial robots industry. Sales of machine tools also decreased in H1. Full-year sales will be decreased in the face of downturn in economy though sales of solar tracking equipment will be added in H2.
- O.P. of the segment : Profit in H1 decreased due to an increase in D&A. The whole year profit will be decreased in spite of CAPAX reduction and productivity improvement in H2.

# 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, MHI, Hitachi Zosen, Diesel United, Hyundai Heavy Industries (Korea), MAN Diesel (Denmark)

### Commercial vehicle equipment

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

# Transport Equipment



## Results and forecast

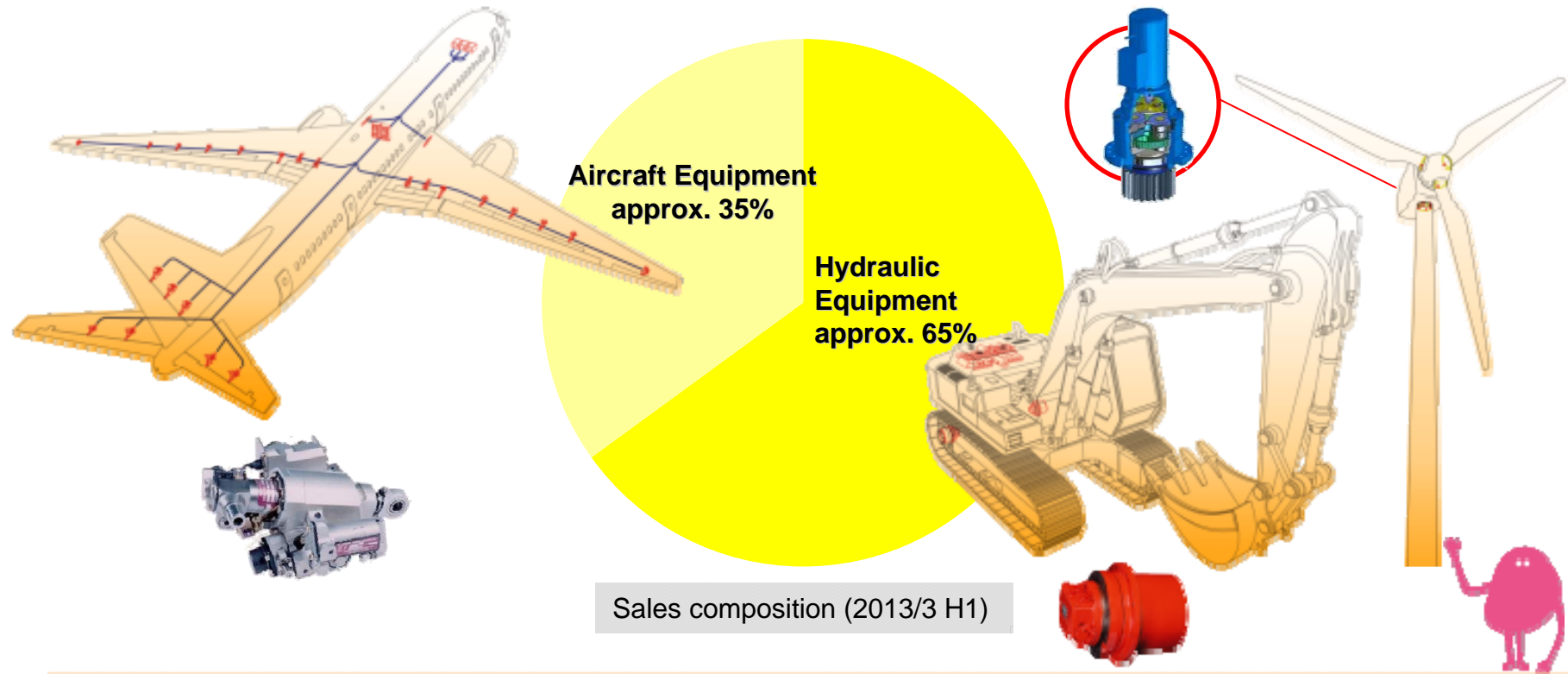
(JPY million)	2012/3			2013/3			
	H1 result	H2 result	Full-year result	Full-year (previous forecast)	H1 result	H2 forecast	Full-year forecast
Sales (year-on-year)	23,489 (+3.9%)	24,800 (-3.0%)	48,289 (+0.2%)	46,600 (-3.5%)	22,565 (-3.9%)	24,434 (-1.5%)	47,000 (-2.7%)
Operating profit (year-on-year)	3,136 (+17.0%)	2,932 (-9.3%)	6,068 (+2.6%)	5,000 (-17.6%)	2,452 (-21.8%)	2,647 (-9.7%)	5,100 (-16.0%)
Operating profit margin	13.4%	11.8%	12.6%	10.7%	10.9%	10.8%	10.9%

### Notes:

- Railroad vehicle equipment : Due to a decrease in sales to China, total sales decreased in H1. A decrease in sales is expected for the whole financial year.
- Marine vessel equipment : Due to stagnancy in the market, sales decreased in H1. A decrease in sales is expected for the whole financial year.
- Commercial vehicle equipment : Sales increased in H1 due to increases in demand for commercial vehicles in emerging countries. An increase in sales is expected for the whole financial year.
- O.P. of the segment : Profit decreased due to a decrease in sales of railroad vehicle equipment and marine vessel equipment. A decrease in profit is expected also for the whole financial year due to a decrease in sales of marine vessel equipment.

# Aircraft & Hydraulic Equipment

# Nabtesco



## Main Products and Customers

### Hydraulic equipment

#### Traveling motors:

Japan: Komatsu, Kobelco Construction Machinery, Sumitomo Construction Machinery Manufacturing

China: Sany, Xugong Excavator, Zoomlion, Liu Gong      Korea: Doosan

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)	2012/3			2013/3			
	H1 result	H2 result	Full-year result	Full-year (previous forecast)	H1 result	H2 forecast	Full-year forecast
Sales (year-on-year)	34,838 (+21.8%)	29,402 (-3.6%)	64,240 (+8.7%)	62,400 (-2.9%)	25,713 (-26.2%)	21,086 (-28.3%)	46,800 (-27.1%)
Operating profit (year-on-year)	3,903 (+38.3%)	2,227 (-20.1%)	6,130 (+9.3%)	5,900 (-3.8%)	1,689 (-56.7%)	-89 ( - )	1,600 (-73.9%)
Operating profit margin	11.2%	7.6%	9.5%	9.5%	6.6%	-	3.4%

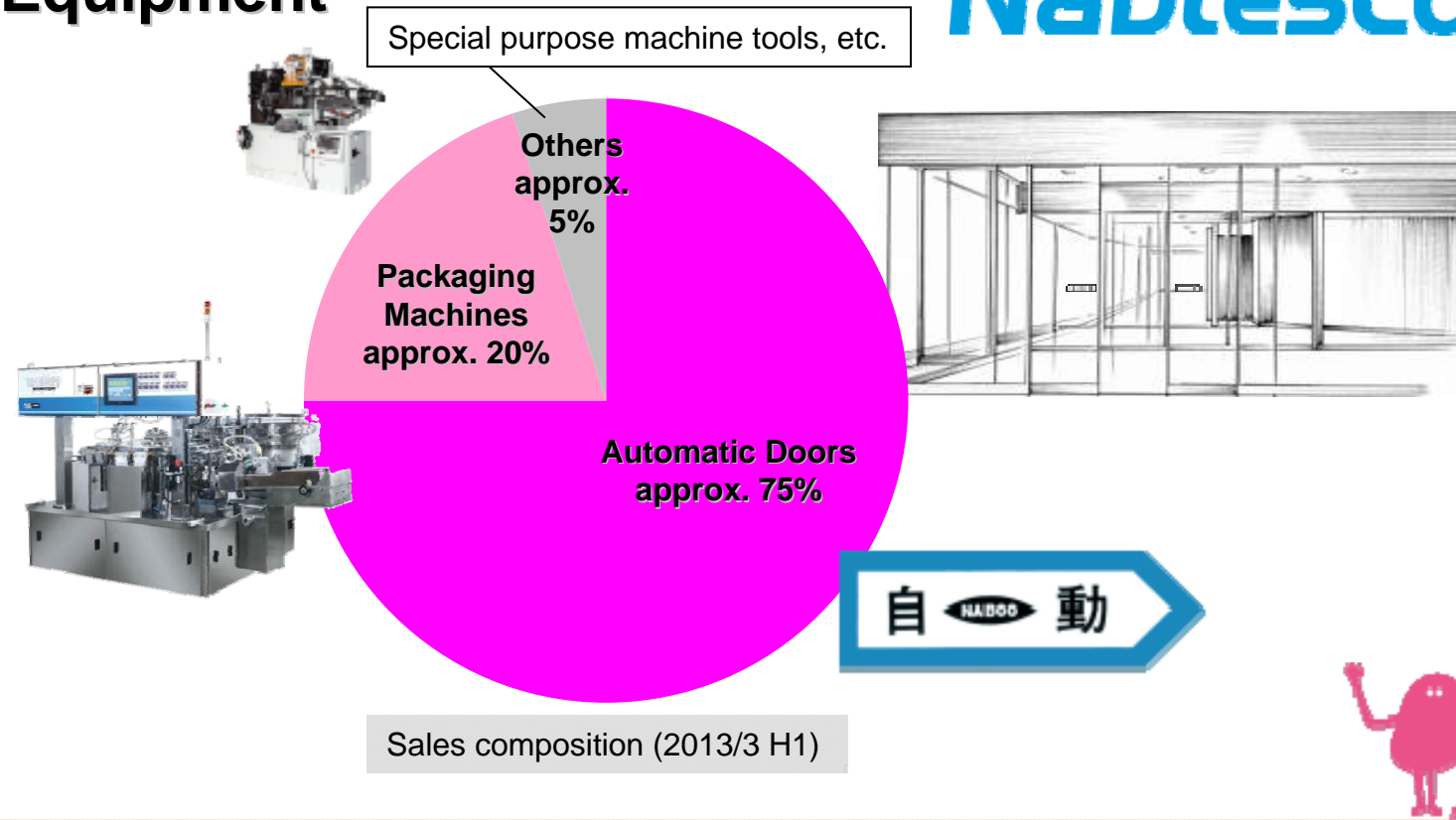
### Notes:

- Hydraulic equipment: Sales decreased in H1 due to the sharp drop in demand for construction machinery in China. Given the prospect for slower than expected market recovery, a decrease in sales is expected for the whole financial year.
- Aircraft equipment: Sales increased in H1 due to sales expansion to the private sector. A continuous increase in sales is expected for the whole financial year.
- O.P. of the segment: Profit decreased in H1 due to a decrease in sales of hydraulic equipment. Despite favorable sales of aircraft equipment in H2, a decrease in profit is expected for the whole financial year because of a significant decline in sales of hydraulic equipment.



# Industrial Equipment

# Nabtesco



## Main Products and Customers

### Automatic doors

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

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

### Packaging machines (Toyo Jidoki Co., Ltd.)

Ajinomoto, Marudai Food, Mitsui Sugar, P&G, Kao, Lion, Mars(France), beverage companies in US, food companies in China

# Industrial Equipment



## Results and forecast

(JPY million)	2012/3			2013/3			
	H1 result	H2 result	Full-year result	Full-year (previous forecast)	H1 result	H2 forecast	Full-year forecast
Sales (year-on-year)	18,050 (+35.0%)	23,748 (+46.6%)	41,798 (+41.3%)	50,200 (+20.1%)	22,073 (+22.3%)	26,726 (+12.5%)	48,800 (+16.8%)
Operating profit (year-on-year)	1,248 (+64.7%)	1,398 <b>(-4.4%)</b>	2,646 (+19.2%)	4,000 (+51.2%)	1,306 (+4.7%)	2,793 (+99.8%)	4,100 (+55.0%)
Operating profit margin	6.9%	5.9%	6.3%	8.0%	5.9%	10.5%	8.4%

### Notes:

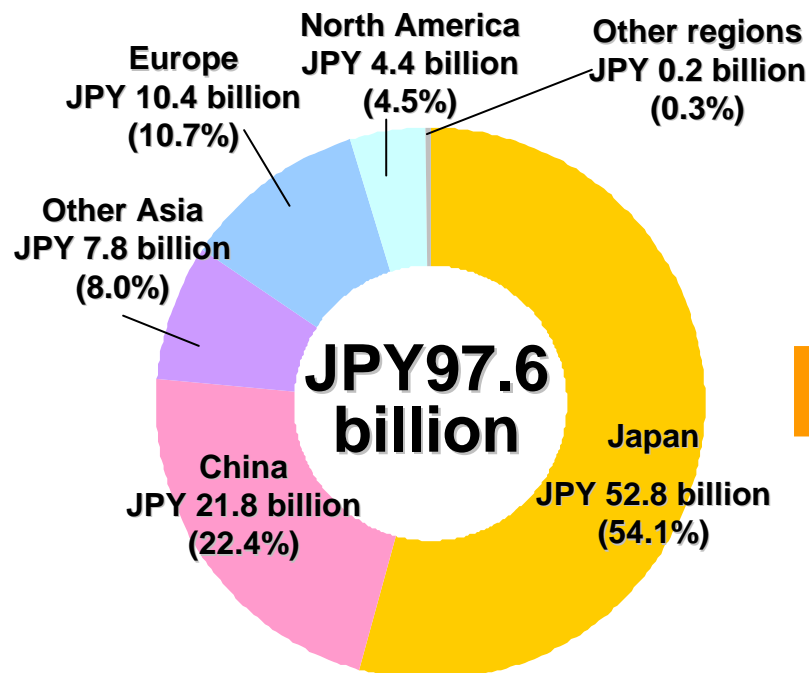
- Automatic doors: Sales increased in H1 due to the recovering domestic demand and sales from the acquired company "Gilgen" over the three months in Q1. An increase in sales is expected for the whole financial year.
- Packaging machines: Sales increased in H1 mainly due to sales expansion to overseas. An increase in sales is expected for the whole financial year.
- O.P. of the segment: Profit increased in H1 because of the increase in sales of packaging machines. An increase in profit is expected for the whole financial year due to sales expansion of automatic doors in H2.



# Consolidated Results by Geographic Segment

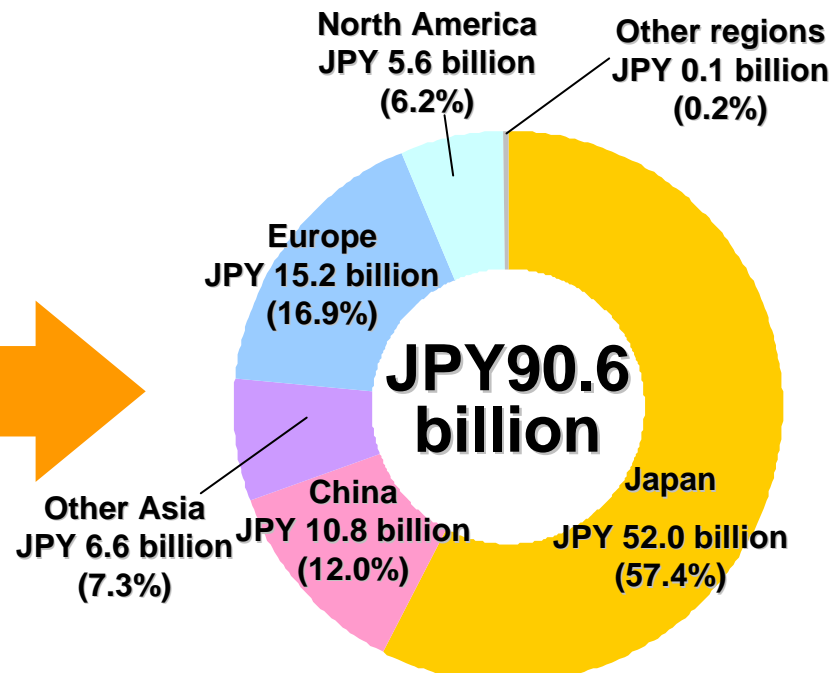
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2012/3 H1 result



**Overseas Sales Ratio**  
45.9%

2013/3 H1 result



**Overseas Sales Ratio**  
42.6%

## Notes:

- Sales to China decreased in 2013/3 H1 due to the decline in sales of hydraulic equipment and railroad vehicles.
- Although sales to Europe increased because of the acquisition effect of Gilgen, overseas sales ratio decreased to 42.6% due to the drop in sales to China.

# Balance Sheet Summary



(JPY million)	2012/3 Full-year result	2013/3 H1 result	Variation
<b>Assets</b>	<b>208,092</b>	<b>197,575</b>	<b>-10,517</b>
(Cash and time deposits)	50,503	39,756	-10,747
(Accounts receivable)	47,539	44,605	-2,933
Receivable turnover period (in days)	81	93	12
(Inventory)	20,110	21,863	1,752
Inventory turnover period (in days)	46	56	10
(Fixed assets)	51,509	53,551	2,042
<b>Liabilities</b>	<b>100,625</b>	<b>87,128</b>	<b>-13,497</b>
(Interest-bearing debt)	31,694	26,238	-5,456
<b>Net assets</b>	<b>107,466</b>	<b>110,446</b>	<b>2,980</b>
(Stock acquisition right)	208	245	36
(Minority interests)	8,165	5,767	-2,398
<b>Equity capital</b>	<b>99,092</b>	<b>104,434</b>	<b>5,341</b>

**Remark:**

● Decrease in short-term loans  
-5.4 billion yen

※ Equity ratio: 47.6% 52.9%

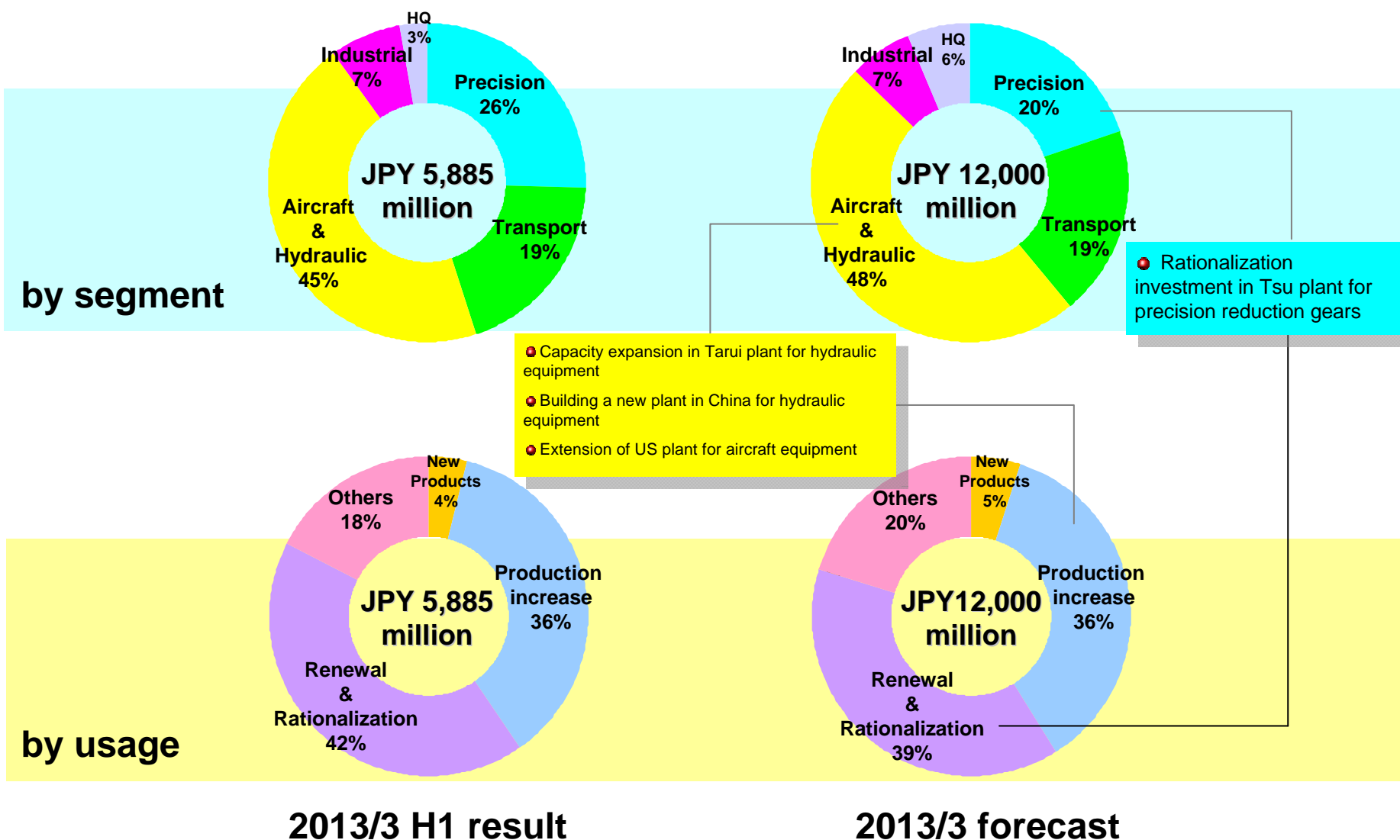
# CAPEX, R&D and Depreciation



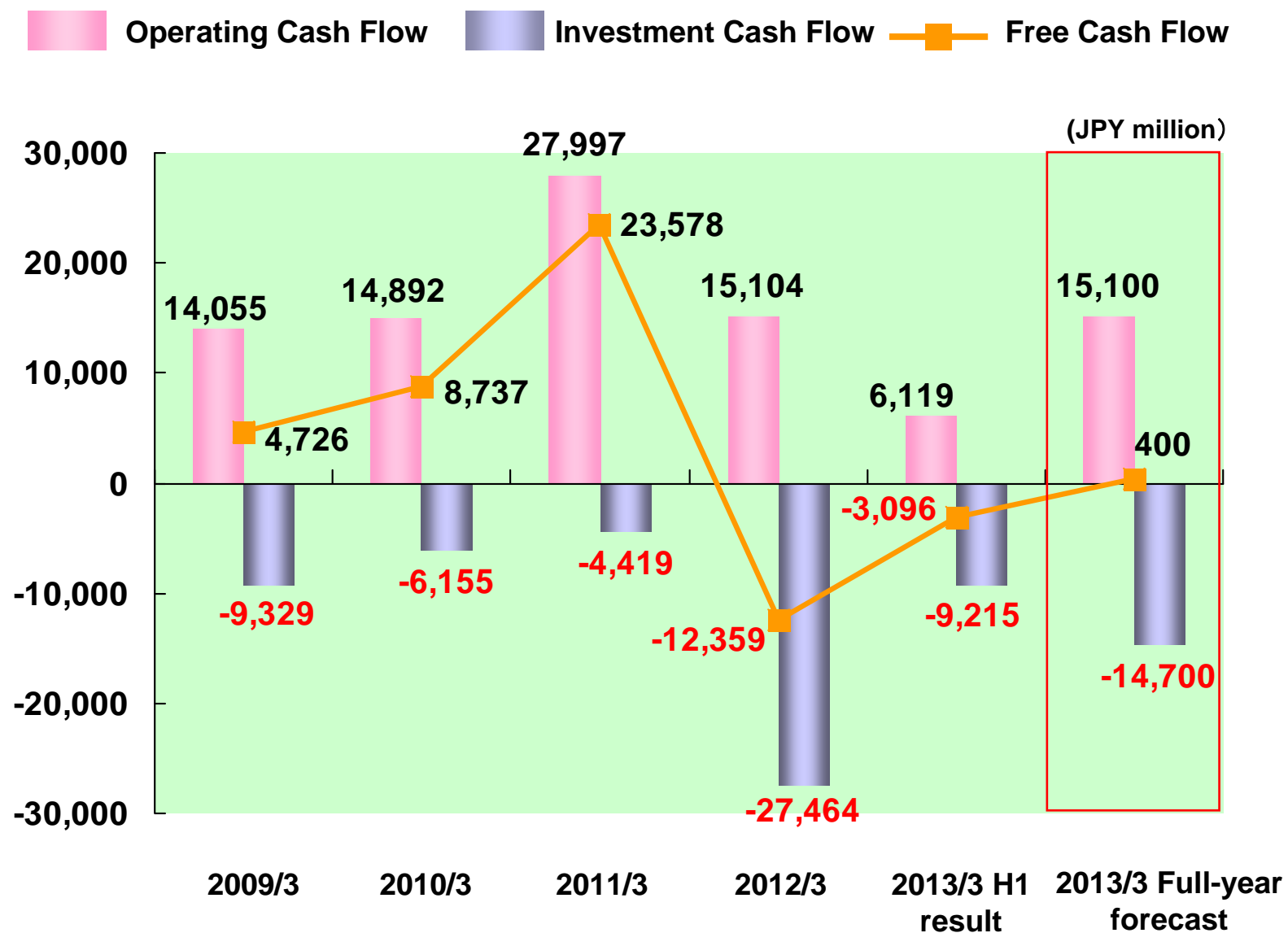
	H1 result		Full-year result & forecast		
(JPY million)	2012/3 H1 result	2013/3 H1 result	2012/3 Full-year result	2013/3 Full-year (previous forecast)	2013/3 Full-year forecast
CAPEX	4,851	5,885	13,524	16,000	12,000
R&D	2,424	2,754	5,200	5,000	5,200
Depreciation	2,853	3,833	6,673	9,000	8,000

# Breakdown in CAPEX

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# Consolidated Cash Flow



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*Moving it. Stopping it.*

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