

**Nabtesco**

Securities code: 6268

***Management Policy  
and  
Growth Strategy***

**Nabtesco Corporation**

President & CEO Kazuaki KOTANI

4 December, 2012

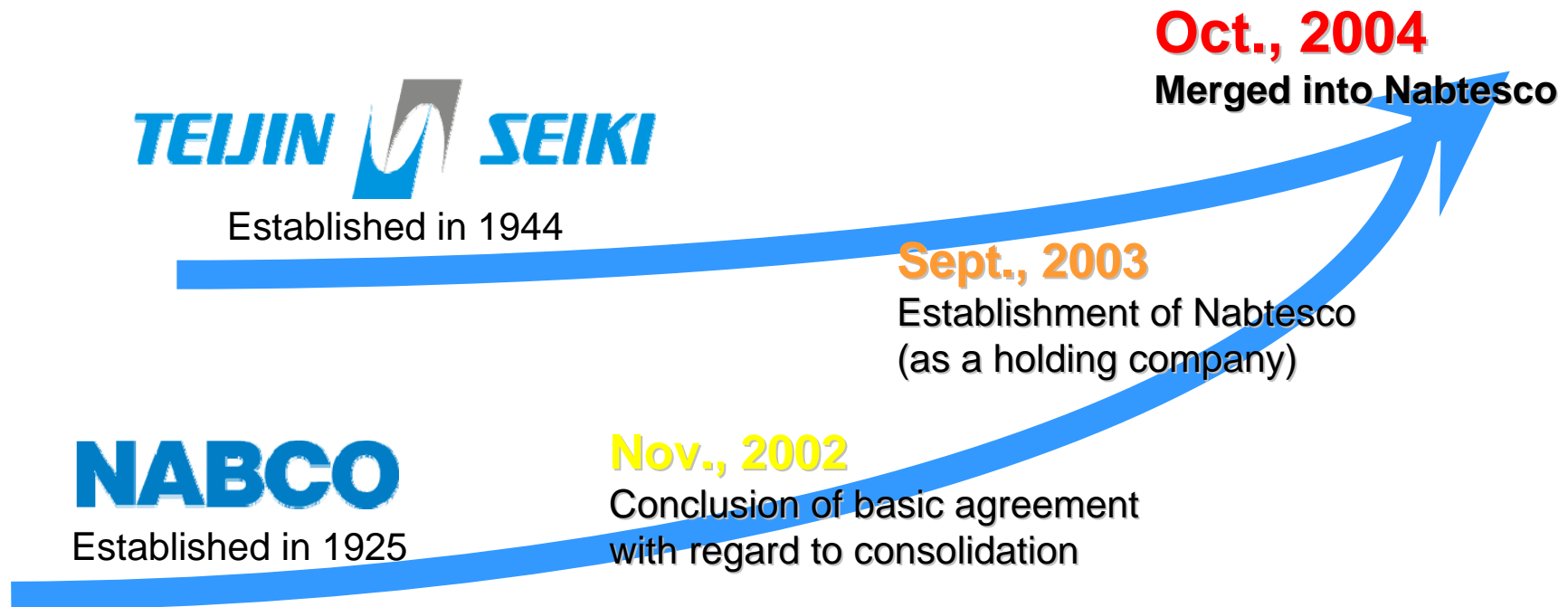
# Agenda



- I. Steps in the Consolidation
- II. Company Overview
- III. Forecast for 2013/3 Consolidated Figures
- IV. Consolidated Annual Results and Targeted Financial Figures
- V. Main Products by Business Segment
- VI. The Long-Term Vision for 2021/3
- VII. Growth & Investment Strategy

# Steps in the Consolidation

# Nabtesco



# Company Overview



*Aiming to be the world's leading manufacturer of Motion Control Systems and related components for Air, Land and Marine applications*

- Company Name Nabtesco Corporation
- Established September 29, 2003
- Address 7-9, Hirakawacho 2-chome, Chiyoda-ku,  
Tokyo 102-0093, Japan
- Capital 10 billion yen
- Representatives President & CEO: Kazuaki KOTANI
- Employees\* Consolidated 5,119
- Consolidated subsidiaries\*
  - Japan: 11 (other 6 equity-method affiliates)
  - International: 31 (other 3 equity-method affiliates)

(\*as of September 2012)

## Forecast for 2013/3 Consolidated figures



(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%)

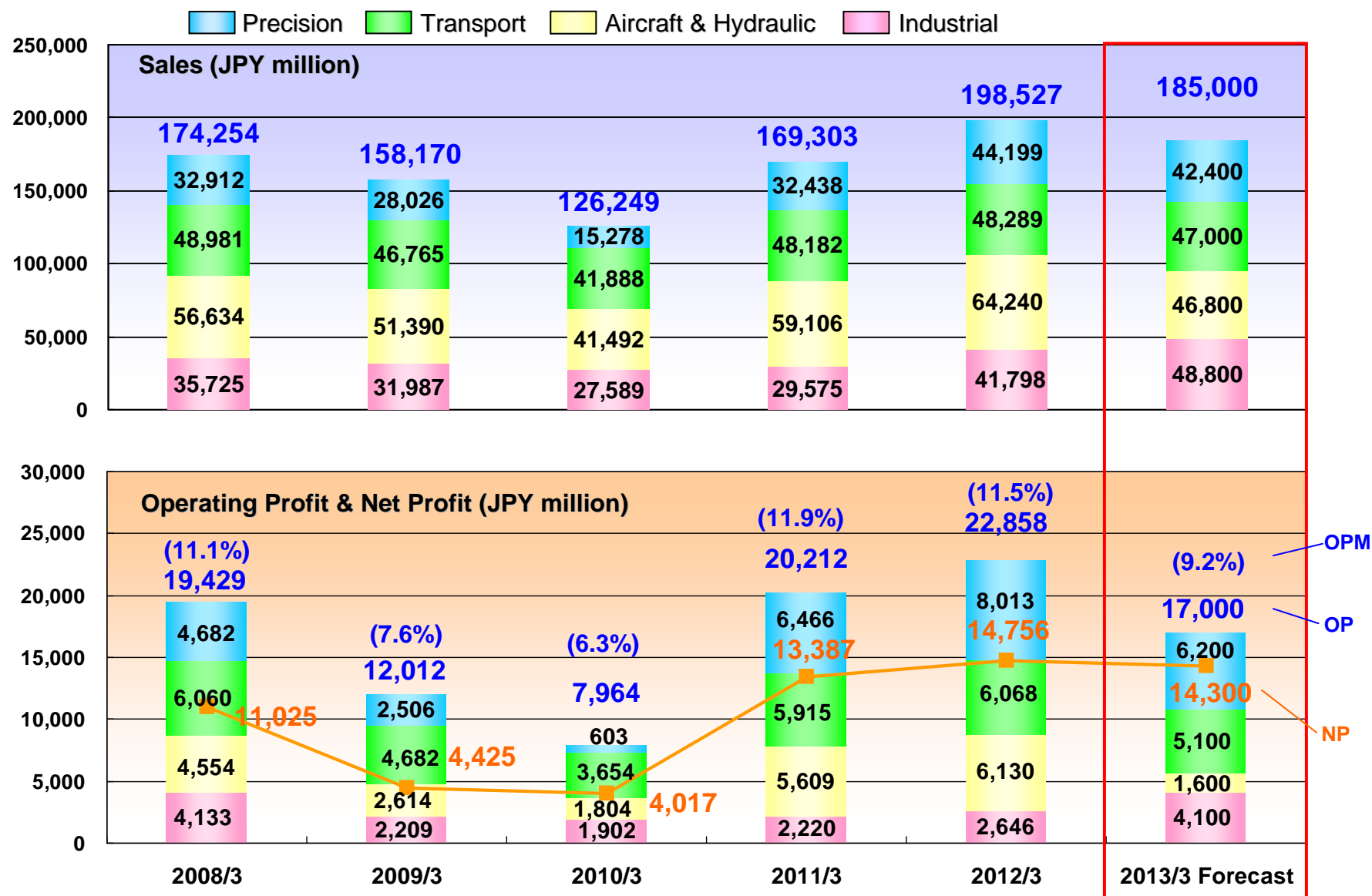
<b>Dividend per share (Yen)</b>	17	17	34	39 (forecast)	18	18 (forecast)	36 (forecast)
---------------------------------	----	----	----	---------------	----	---------------	---------------

### Notes: Full-year forecast for 2013/3 consolidated figures

● The full-year forecast for 2013/3 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.

# Consolidated Annual Sales & Profit by Business Segment

**Nabtesco**



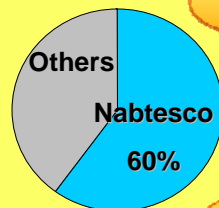
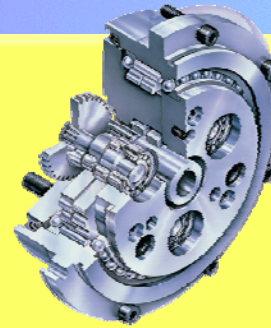
# Main Products: Precision Equipment

# Nabtesco

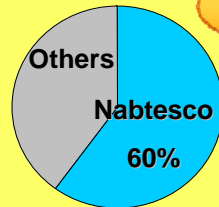
## Precision Reduction Gears

### Features

High positioning accuracy, high rigidity

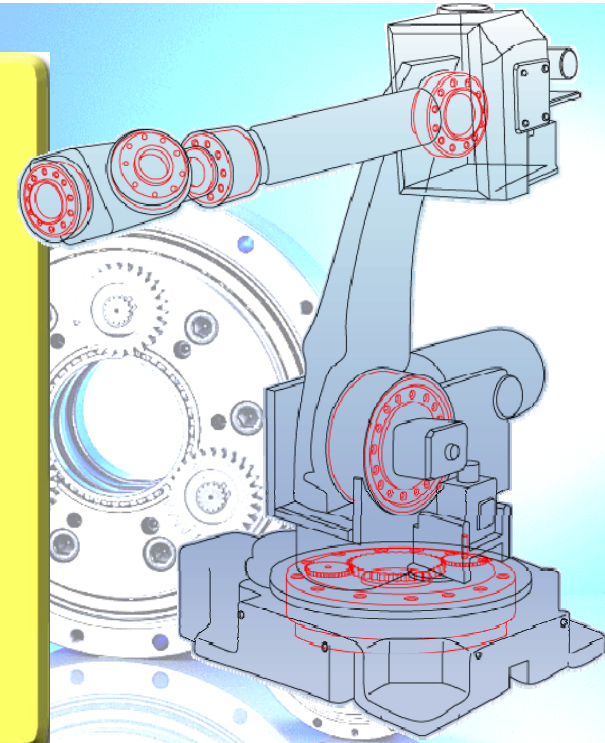


**Approx. 60% of the world market share for joints of industrial robots**



**Approx. 60% of the domestic market share for machine tool ATCs**

(ATC = Automatic Tool Changer)



## Main Customers

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

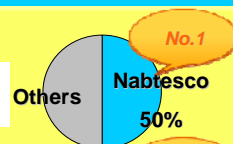
Machine tools: Yamazaki Mazak, Okuma, Mori Seiki

# Main Products: Transport Equipment

# Nabtesco

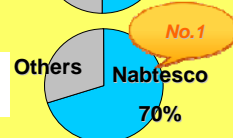
## Railroad Vehicles

### Brake Systems



Approx. 50% of the domestic market share

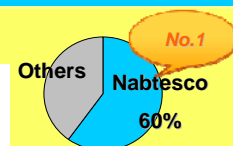
### Door Operating Systems



Approx. 70% of the domestic market share

## Marine Vessels

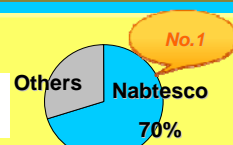
### 2-stroke Main Engine Control Systems



Approx. 60% of the domestic market share  
(Approx. 40% of the world market share)

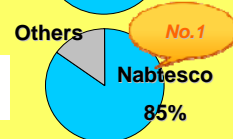
## Commercial Vehicles

### Wedge Chambers



Approx. 70% of the domestic market share

### Air Dryers



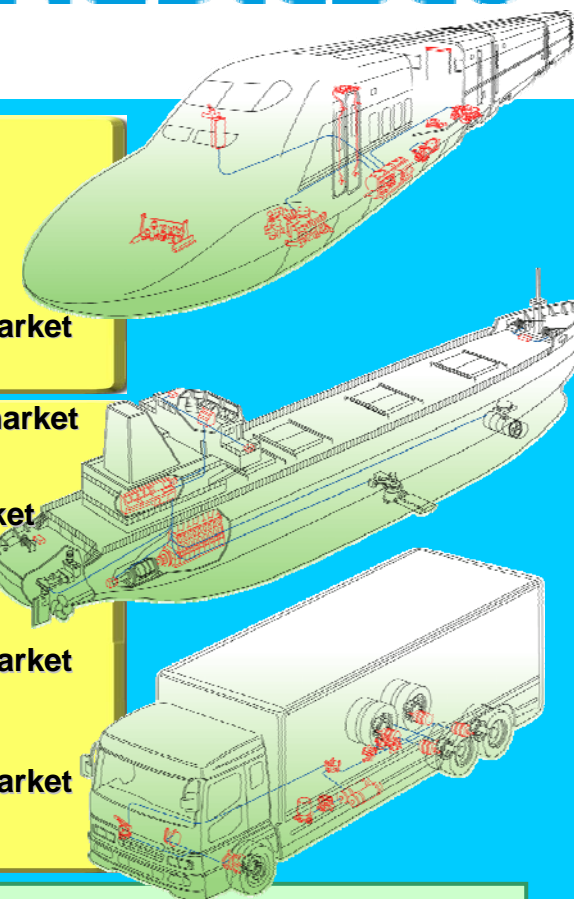
Approx. 85% of the domestic market share

## Main Customers

**Railroad vehicle equipment** JR companies, Private railway companies, KHI, Bullet train and subway projects in China, etc.

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

**Commercial vehicle equipment** Mitsubishi Fuso, Truck & Bus, Hino, Isuzu, UD Trucks



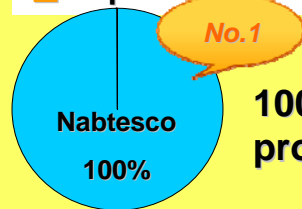


# Main Products: Aircraft & Hydraulic Equipment

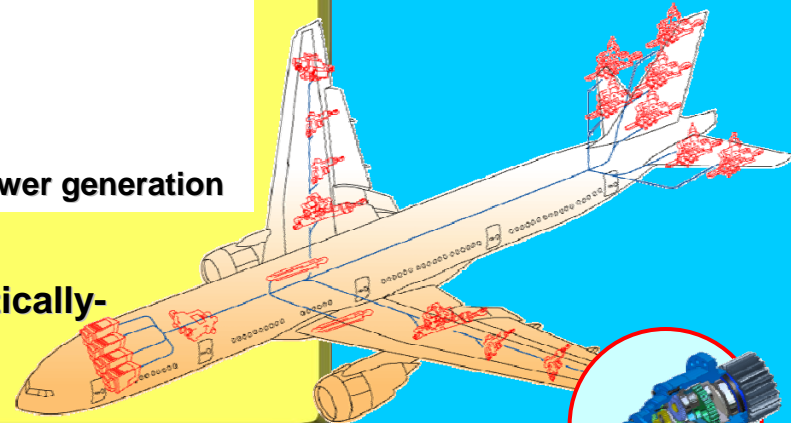
# Nabtesco

## Flight Control Actuation Systems (FCA)

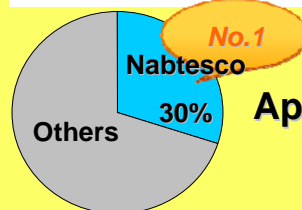
- One of the four major world players in FCA manufacturing (major FCA supplier to Boeing Company)
- Expanding business into engine accessories and electric power generation



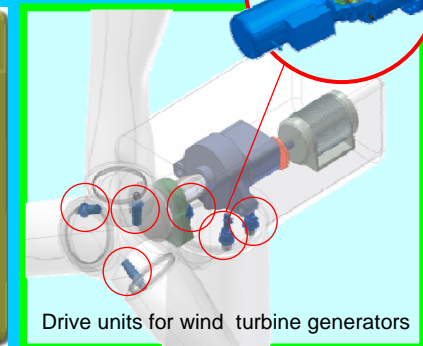
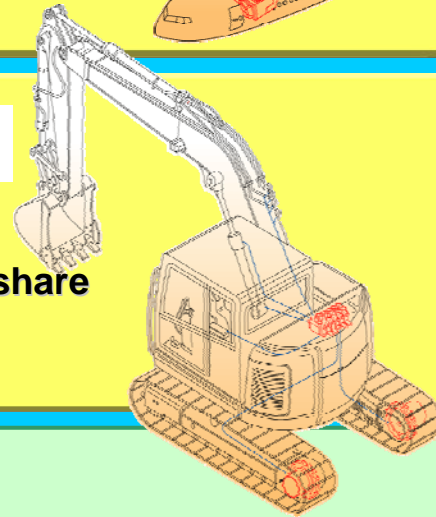
**100% share of the FCA market for domestically-produced aircrafts**



## Traveling Motors for hydraulic excavators



**Approx. 30% of the world market share**



Drive units for wind turbine generators

## Main 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

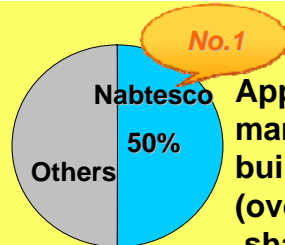
Aircraft equipment

Boeing, MHI, KHI, IHI, Japanese Ministry of Defense, ANA, Singapore Airlines

# Main Products: Industrial Equipment

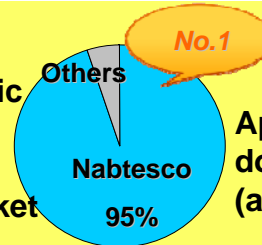
# Nabtesco

## Automatic Doors



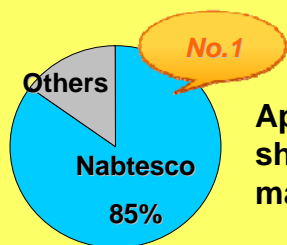
Approx. 50% of the domestic market share for building automatic doors (over 20% of the world market share)

## Platform Screen Doors



Approx. 95% of the domestic market share (accumulated total)

## Packaging Machines



Approx. 85% of the domestic market share for automatic fillers/sealer machines for retort pouch foods



自 NABCO 動



## Main 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

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

# Targeted Financial Figures for 2021/3 **Nabtesco**

(JPY billion)	2012/3 <Result>	2013/3 <Forecast>	2021/3 <Long-Term Vision>
Sales	198.5	185	400
Operating profit	22.8	17	60
O.P. margin	11.5%	9.2%	15.0%
ROA	7.6%	7.0%	11.0%
ROE	15.6%	13.6%	18.0%

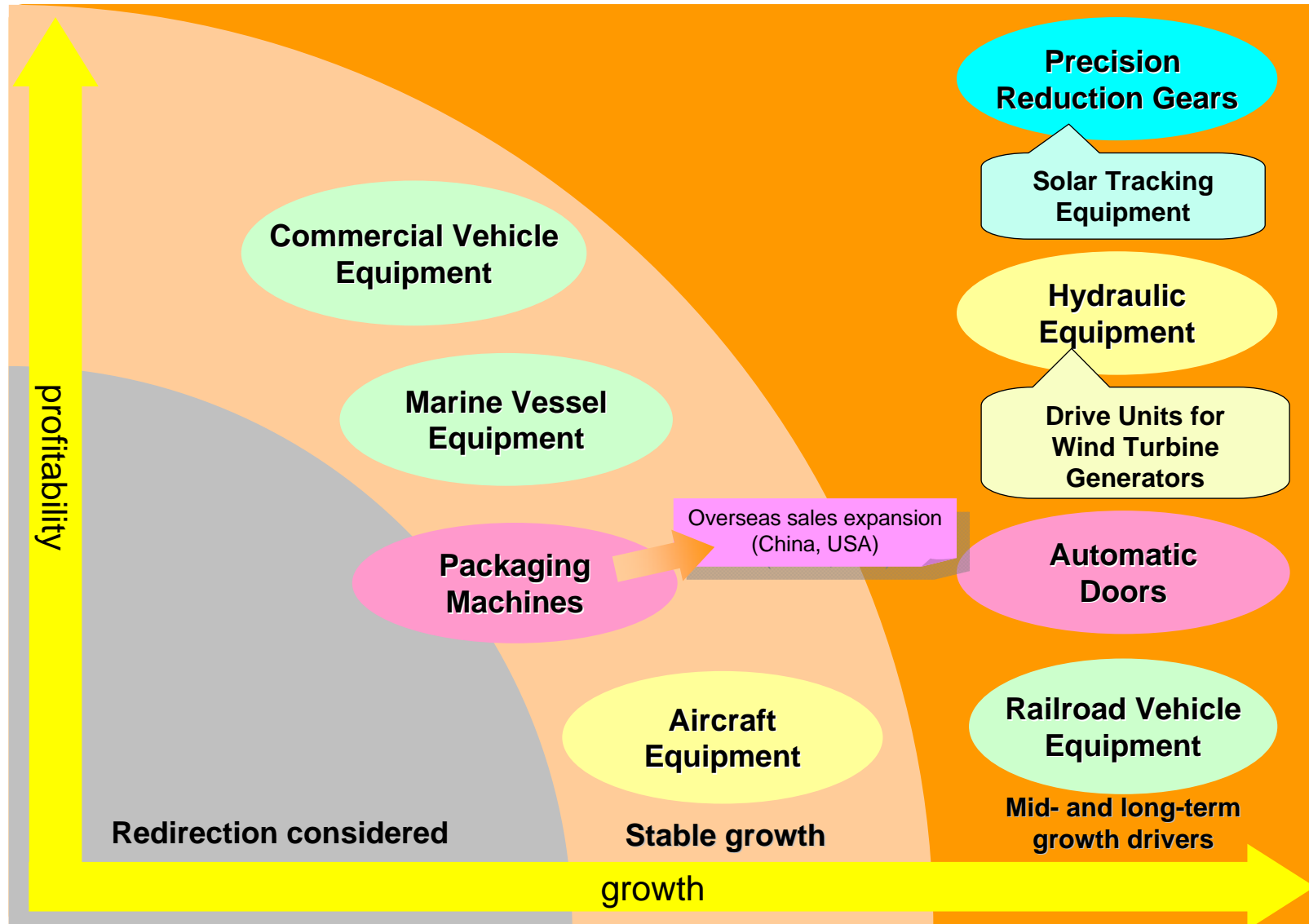
## Notes:

- The “Long-Term Vision” for fiscal 2020 released in May 2012
- Risk factors :  
Change in competitive climate with the appearance of third-party suppliers in emerging countries

# Positioning of Main Businesses

**Nabtesco**

● Precision   
 ● Transport   
 ● Aircraft & Hydraulic   
 ● Industrial   
 □ Green energy related



# Future Prospects



## Precision Reduction Gears

- Growth with market expansion of robots
- Development in new fields (solar thermal power generation, etc.)

## Hydraulic Equipment

- Long-term demand for construction machinery in emerging countries led by infrastructure investment

## Automatic Doors

- Expansion of sales networks in four regions of the world through M&A
- Expansion of MRO business both within and outside Japan

## Railroad Vehicle Equipment

- Growth in the Chinese market (high-speed railway, intercity transport, and urban transport)
- Entry into the US and European markets

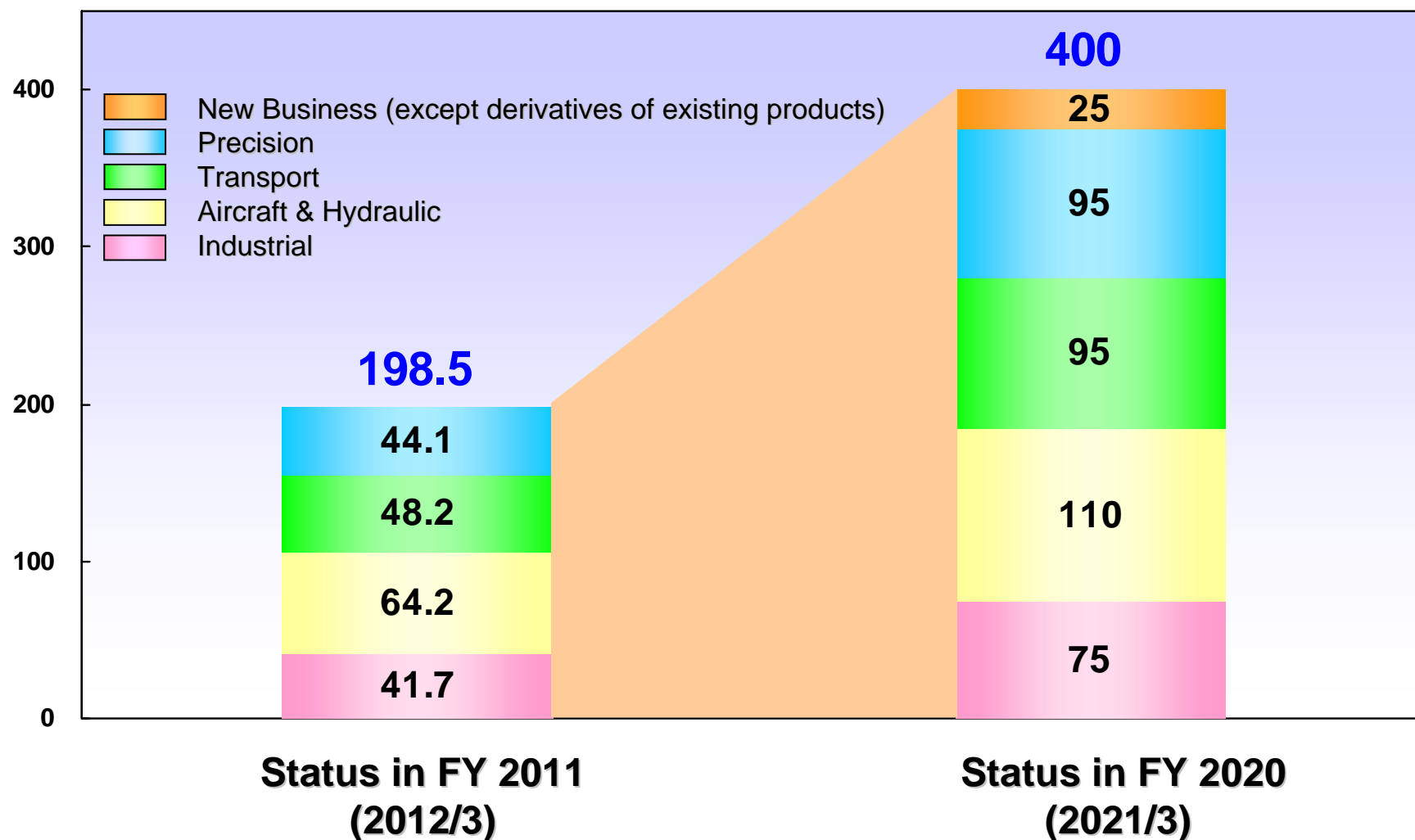
### Expansion of MRO business

- Expanding: Aircraft equipment, Marine vessel equipment, Automatic doors (Europe, USA)
  - To be expanded: Railroad vehicle equipment (outside Japan), Automatic doors (Japan)
- (MRO = Maintenance, Repair and Overhaul)

# Consolidated Sales by Business Segment for 2021/3

**Nabtesco**

(JPY billion)

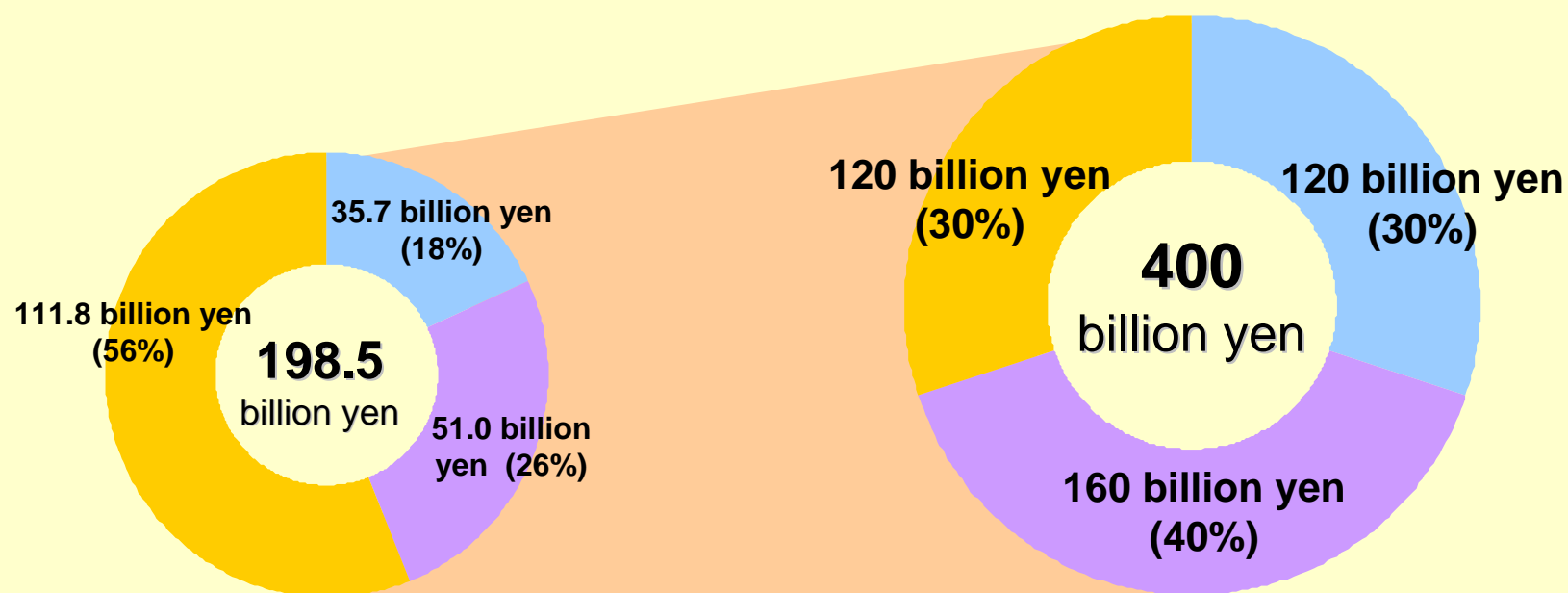


# Consolidated Sales by Geographic Segment for 2021/3

**Nabtesco**

Status in FY 2011 (2012/3)

Status in FY 2020 (2021/3)



Japan

Europe &  
N. America

Asia & emerging countries

**Overseas employees ratio : 60%**

## Fostering the Development of World-Class Human Resources and Speeding up Business

1. Promoting feeling of unity among employees through “The Nabtesco Way”
2. Reforming the personnel system by measures such as introducing an incentive system
3. Rebuilding of in-house companies and separation of management from execution in order to speed up business
4. Establishment of a cross-organizational department for higher business efficiency (Production Division, New Business Development Office, Technological Development Satellite)

## Creation of New Business

1. Renewable energy business (solar tracking equipment & drive units for wind turbine generators) : 15 billion yen per year
2. New business : 25 billion yen per year
3. R&D
  - Conduct research into component technologies on a global scale
  - Search for and study state-of-the-art technologies relevant to new products (industry-government-academia)
  - Secure high-level and world-class engineers

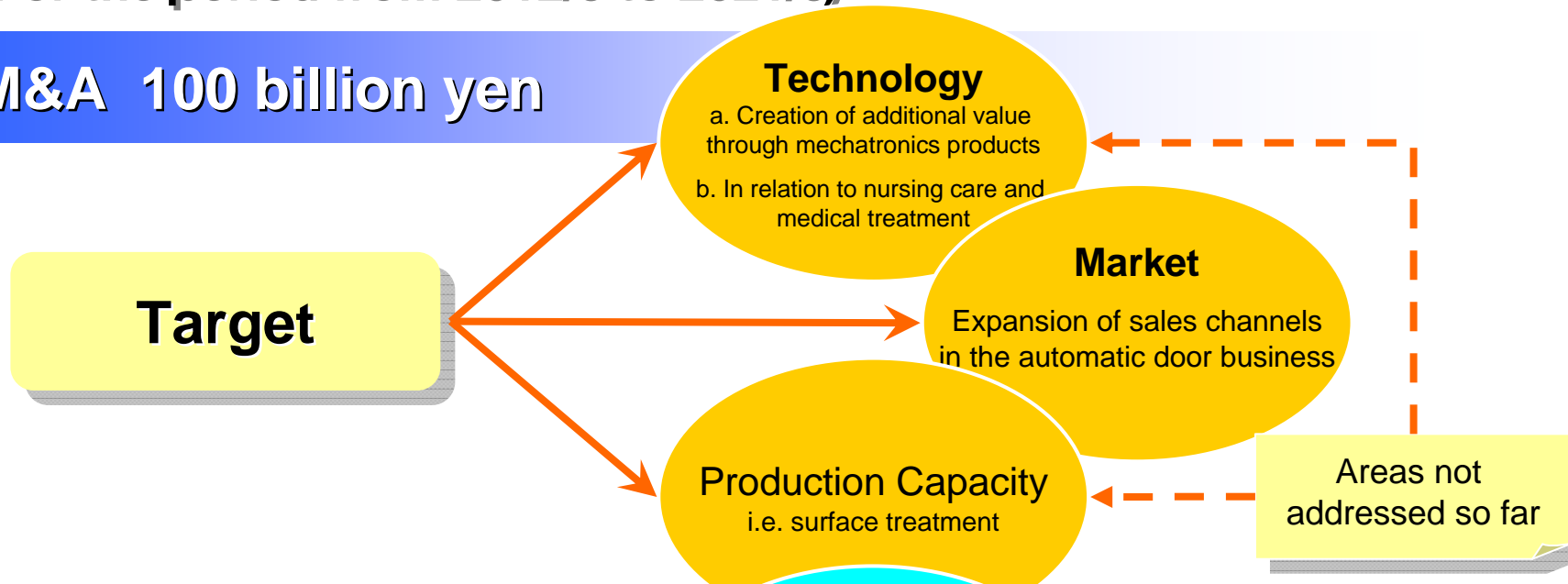


# Investment Strategy

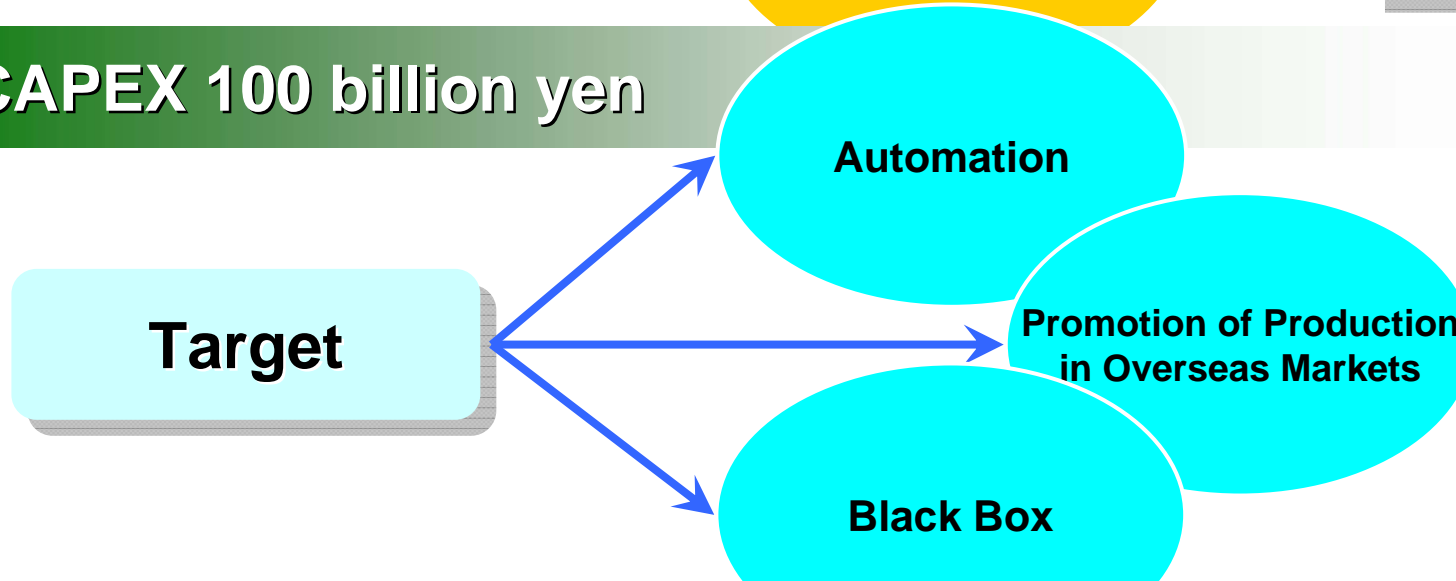
(For the period from 2012/3 to 2021/3)

# Nabtesco

**M&A 100 billion yen**



**CAPEX 100 billion yen**



**Nabtesco**  
*moving it. stopping it.*