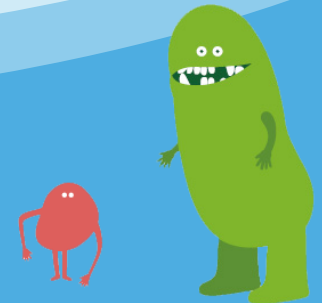
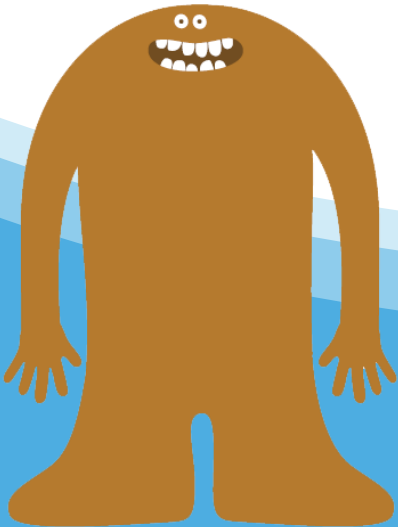


# FY2018/12 Q3 Results Briefing (IFRS)

October 31, 2018

**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. Numerical figures presented herein are rounded down to the nearest whole unit for monetary value and rounded off to one decimal place for percentage.

# Consolidated Results for the FY2018/12 Q3 (IFRS)

(JPY million)	FY2017/12 Q3 Result (A)	FY2018/12 Q3 Result (B)	Variation (B)-(A)	FY 2018/12 Full-year Plan (As of July 31 <sup>st</sup> , 2018)	FY 2018/12 Full-year Plan (As of Oct 31 <sup>st</sup> , 2018)
<b>Sales</b>	202,809	210,843	8,034	307,000	293,900
<b>Core O.P.</b>	21,682	17,277	-4,405	29,800	24,700
<b>O.P.</b>	21,615	12,605	-9,010	25,000	20,000
<b>(OPM)</b>	10.7%	6.0%	-4.7pt	8.1%	6.8%
<b>Finance Income and cost</b>	339	-225	-564	-330	-244
<b>Equity in earnings of affiliates</b>	4,156	7,854	3,698	8,930	8,744
<b>Income before tax</b>	26,110	20,234	-5,876	33,600	28,500
<b>Net profit*</b>	18,809	13,253	-5,556	23,600	19,800
<b>Earnings per share**</b>	152.44	106.92	-45.52	190.41	159.74

\*Net profit attributable to owners of the parent

\*\* Total basic earnings per share

## Notes

FOREX rate 2017/12 Q3(result) : US\$1=¥111.81 RMB1=¥16.44 EUR1=¥125.24 CHF1=¥113.94  
2018/12 Q3(result) : US\$1=¥109.63 RMB1=¥16.78 EUR1=¥130.62 CHF1=¥112.98

FOREX sensitivity in O.P.(This represents the effect to operating profit if the exchange rate fluctuates by one yen)  
2017/12 Q3(result) : (US\$) JPY 52million, (RMB) JPY 182million, (EUR) minimal, (CHF) minimal  
2018/12 Q3(result) : (US\$) JPY minimal, (RMB) JPY 146million, (EUR) minimal, (CHF) minimal

# Consolidated Results for the FY2018/12 Q3 by Business Segment (IFRS)

(JPY million)

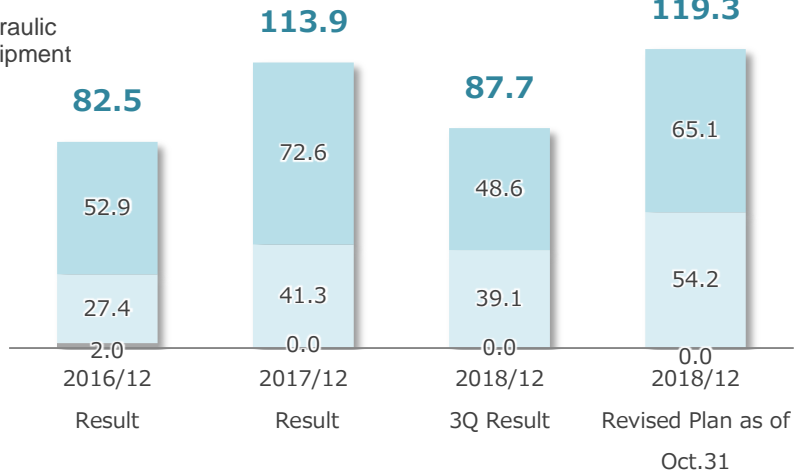
Segment	Term	FY2017/12 Q3 result (A)	FY2018/12 Q3 result (B)	Variation (B)-(A)	FY2018/12 Full-year Plan (As of Jul. 31, 2018)	FY2018/12 Full-year Plan (As of Oct. 31, 2018)
Component Solutions (CMP)	Sales	81,449	87,746	6,297	128,800	119,300
	OP (OPM)	15,011 (18.4%)	15,101 (17.2%)	90 (-1.2pt)	22,800 (17.7%)	19,900 (16.7%)
Transport Solutions (TRS)	Sales	57,728	56,926	-802	84,400	82,800
	OP (OPM)	6,924 (12.0%)	-1,374 (-2.4%)	-8,298 (-14.4pt)	2,800 (3.3%)	1,500 (1.8%)
Accessibility Solutions (ACB)	Sales	52,048	53,803	1,775	75,800	74,200
	OP (OPM)	3,183 (6.1%)	2,734 (5.1%)	-449 (-1.0pt)	5,200 (6.9%)	4,600 (6.2%)
Manufacturing Solutions (MFR)	Sales	11,584	12,369	785	18,000	17,600
	OP (OPM)	1,192 (10.3%)	1,776 (14.4%)	584 (4.1pt)	2,500 (13.9%)	2,300 (13.1%)
Corporate or Elimination		-4,695	-5,632	-937	-8,300	-8,300
Total	Sales	202,809	210,843	8,034	307,000	293,900
	(OPM)	21,615 (10.7%)	12,605 (6.0%)	-9,010 (-4.7pt)	25,000 (8.1%)	20,000 (6.8%)

# Sales by Business units (IFRS)

## CMP

(JPY Bn)

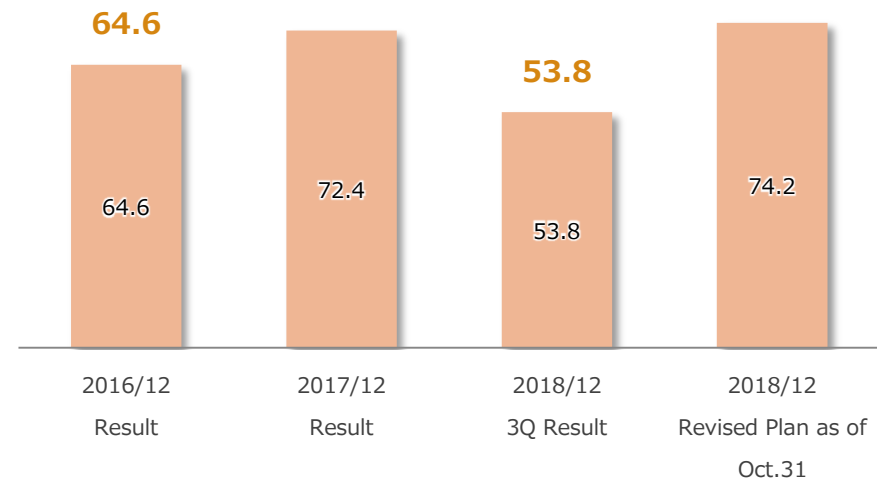
- Precision Reduction Gear
- Hydraulic Equipment



## ACB

(JPY Bn)

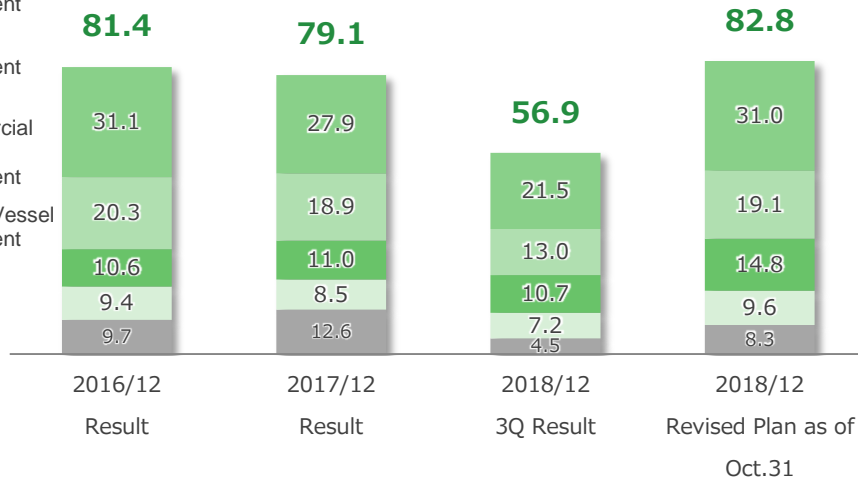
- Automatic Doors



## TRS

(JPY Bn)

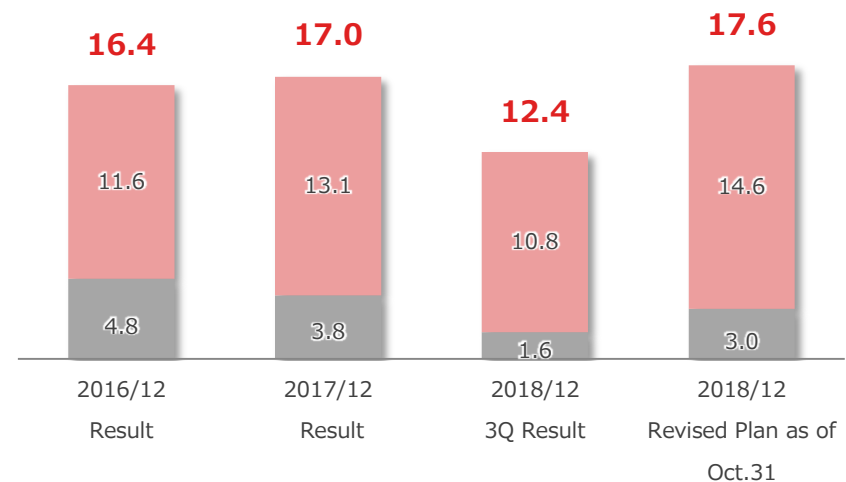
- Railroad Vehicle Equipment
- Aircraft Equipment
- Commercial Vehicle Equipment
- Marine Vessel Equipment
- Others



## MFR

(JPY Bn)

- Packaging Machines
- Others



# Balance Sheet Summary (IFRS)

(JPY million)	2017/12 (as of December 31, 2017)	2018/12 Q3 (as of September 30, 2018)	Variation
<b>Assets</b>	301,557	310,230	8,673
(Cash and cash equivalents)	44,121	37,156	-6,965
(Trade receivable)	76,874	69,448	-7,426
(Inventories)	40,298	49,117	8,819
(Tangible fixed assets)	70,700	79,260	8,560
<b>Liabilities</b>	124,556	127,216	2,660
(Bonds and borrowings)	27,720	30,692	2,972
<b>Total equities</b>	177,002	183,013	6,011
(Non-controlling interests)	9,465	10,140	675
<b>Equity attributable to owners of parent</b>	167,537	172,873	5,336
*Ratio of equity attributable to owners of parent:	55.6%	55.7%	0.1pt

# CAPEX, R&D and Depreciation

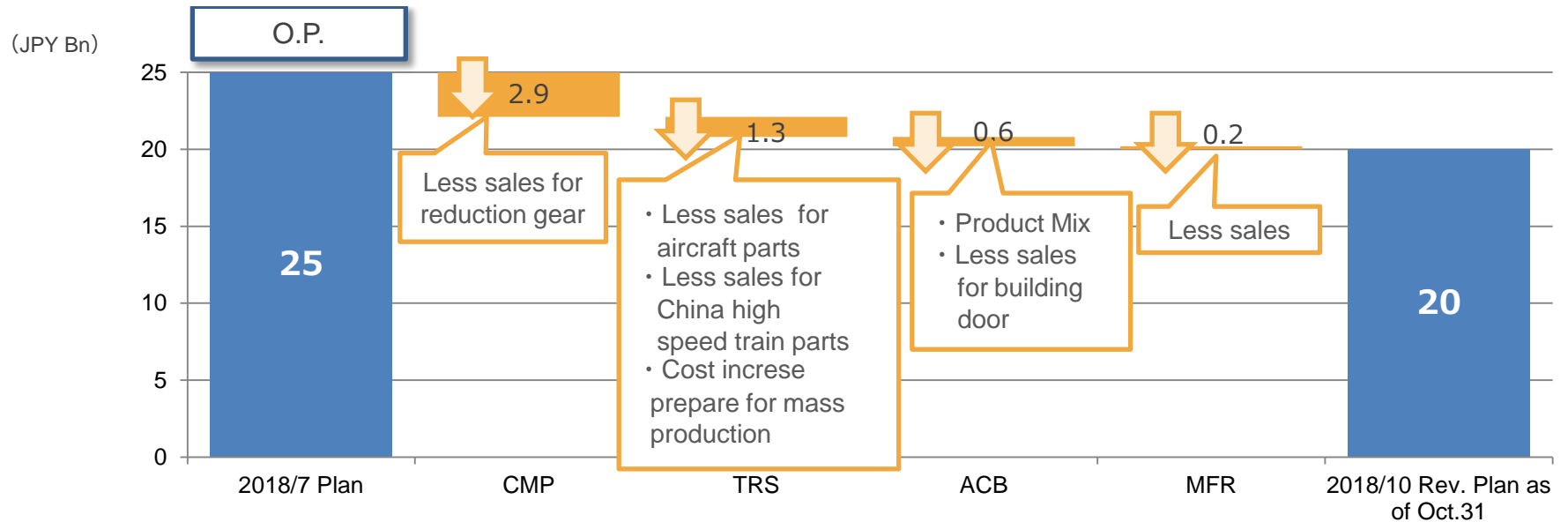
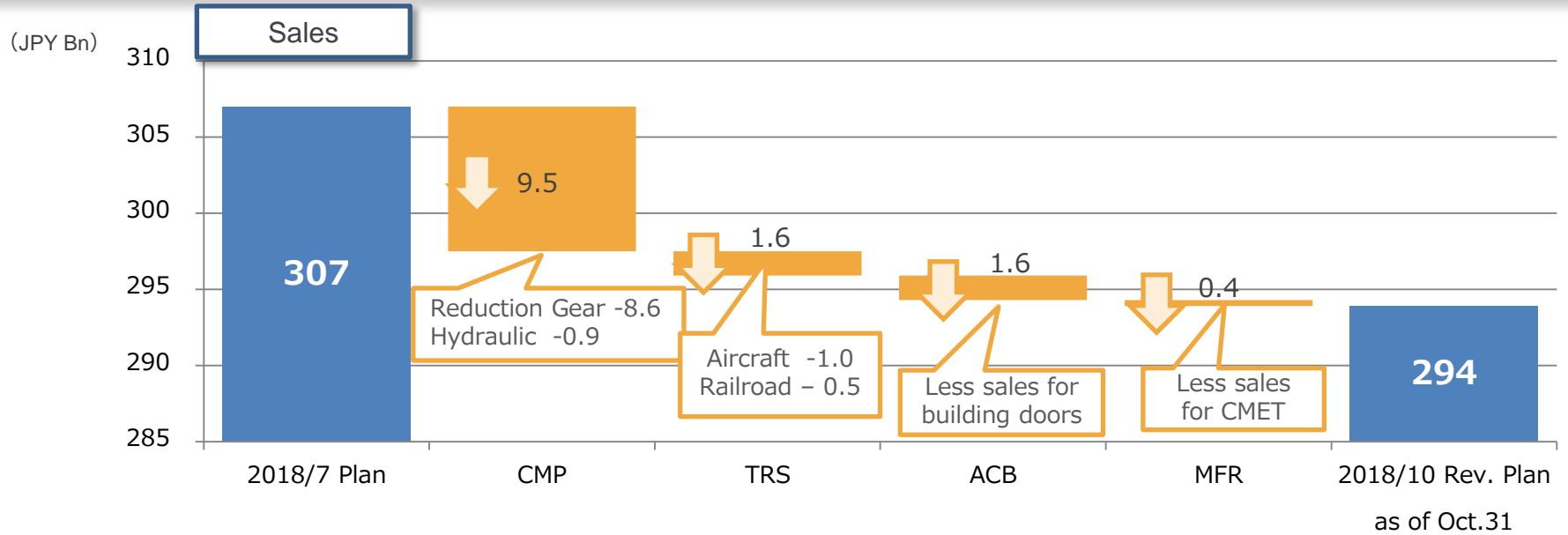
- Capital expenditure was implemented centering on precision reduction gears and aircraft equipment for future growth.

Precision reduction gears : Enhancing the production capacity of plants in Japan and China.

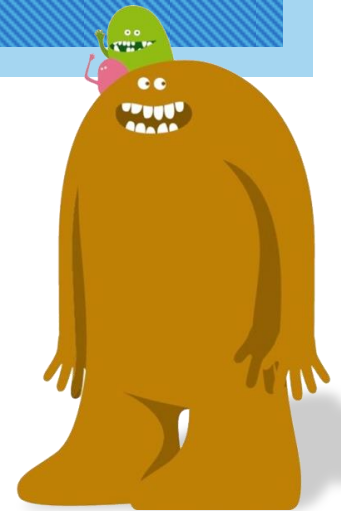
Aircraft equipment : Capacity expansion built for new programs.

(JPY billion)	2017/12 Q3 Result (A)	2018/12 Q3 Result (B)	2018/12 Full-year Plan	Increase rate (B/A)	Progress (B/C)	2017/12 Q3 Full- year Result
CAPEX	11.1	16.3	30.4	146%	54%	15.5
R&D	6.1	7.8	10.2	129%	77%	8.7
Depreciation	6.3	7.5	11.2	119%	67%	9.0

# Change From Revised Plan as of Jul.31 to Revised Plan as of Oct. 31



# Appendix





# Acquisition of Land for the Construction of a New Precision Reduction Gear Plant

Nabtesco Corporation (Headquarters: Chiyoda-ku, Tokyo, President & CEO: Katsuhiko Teramoto), hereby announces that on October 1 it signed a statement with Hamamatsu City on its intention to acquire land located within the City's third Miyakoda district.

With Hamamatsu City, Nabtesco will conclude a provisional agreement on the purchase of the land by around September 2019 to enter into a formal agreement after the City's council makes the necessary resolution. The procedures for the acquisition of the land will be completed by around March 2020.

The Nabtesco Group has about a 60% share in the world market of precision reduction gears to be used in the joints of medium- to large-sized industrial robots. Presently, the company manufactures precision reduction gears in Tsu City, Mie Prefecture in Japan and in Changzhou, Jiangsu Province in China. The needs to foster automation and save labor have been expanding, boosting the demand for Nabtesco's precision reduction gears, which boast both high precision and high rigidity. As a result, the operation rates of the two manufacturing bases have remained high. As the precision reduction gear market will continue to grow, Nabtesco is accordingly working to enhance the regular production capacity of the two bases in Tsu and Changzhou to a total of 1.2 million units per year by 2020.

The robot market is expected to expand on a long-term basis<sup>\*1</sup>, and demand for Nabtesco's precision reduction gears will continue to be high. In order to meet such demand, the company has decided to purchase land to build a new plant and increase its production capacity while also enhancing its BCP measures, thereby establishing a stable supply system for customers and keeping a high market share in the precision reduction gear business.

Hamamatsu City is located in between Tokyo and Osaka and therefore provides an advantage in terms of road access. Moreover, the land to be acquired is located inland in the third Miyakoda district, which has firm ground. The district is home to a range of companies and is suitable for the establishment of a supply chain. Nabtesco will work to provide even better services to its customers by taking advantage of this location.

Regarding the construction of the new plant and introduction of equipment to it, Nabtesco will make and implement plans in line with the future demand trends in the market.

[Outline of the land to be acquired]

1. Location: Third Miyakoda district for manufacturing facilities (first and 11th lots) Miyakoda-cho, Kita-ku, Hamamatsu City, Shizuoka Prefecture
2. Land area: 181,700 m<sup>2</sup> (1.5 times that of the Tsu Plant)

<sup>\*1</sup> The world's robot market will expand to the size of 3,314 billion yen in 2025, an increase of 3.1 times the 2017 level, according to the forecast made by Fuji Keizai Co., Ltd. in its publication released in 2018 on the present situation and future outlook of the global robot-related markets, in particular the promising FA robot market.

# New Manufacturing Facility Completed for the Aircraft Equipment Business

Nabtesco Corporation held a ceremony to celebrate the completion of a new building to be used for the production of actuators at the Gifu on October 23. The Plant, where precision component and surface treatment facilities were completed in 2016, manufactures aircraft equipment.

At the Gifu Plant, Nabtesco manufactures a range of aircraft equipment items with a focus on flight control actuation systems (FCASs). At the newly completed building for actuators and the existing precision component and surface treatment facilities, the company will build an integrated production system encompassing all stages from the procurement of materials through to the completion of FCASs. It will also further improve the Plant's production quality and productivity by using highly automated production lines and IoT technologies, thereby meeting the expanding demand for its products designed to be mounted mainly on civil aircraft, including the Boeing 737 MAX, the Boeing 777X, and Mitsubishi Regional Jet (MRJ). In addition, Nabtesco will reduce its CO<sub>2</sub> emissions by introducing advanced environmental technologies to the Plant.

Nabtesco has been striving to contribute to the growth of the aircraft industry in cooperation with its customers and suppliers and with the support of local communities. The company will continue to foster innovations proactively as a leading company for FCASs to be mounted on aircraft flying across the globe.



Gifu Plant



Building for actuators  
(Total floor area: 8,263 m<sup>2</sup>)

# Nabtesco

*moving it. stopping it.*

