

FY2019/12 H1 Results Briefing

August 7th, 2019
CEO Katsuhiko TERAMOTO

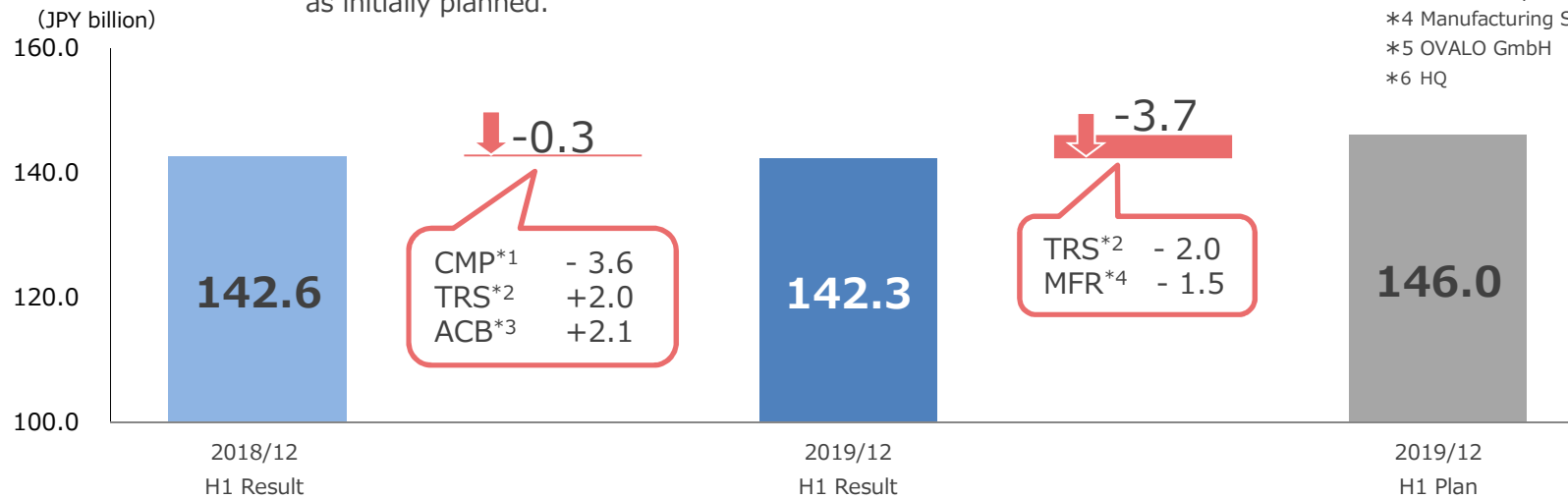
The forecast data presented herein reflects assumed results based on conditions that are subject to change. Nabtesco Corporation does not make representations as to, or warrant, in whole or in part, the attainment or realization of any of the forecasted results presented in this document. Numerical figures presented herein are rounded down to the nearest whole unit for monetary value and rounded off to one decimal place for percentage.

FY2019/12 H1 Result Summary

Sales

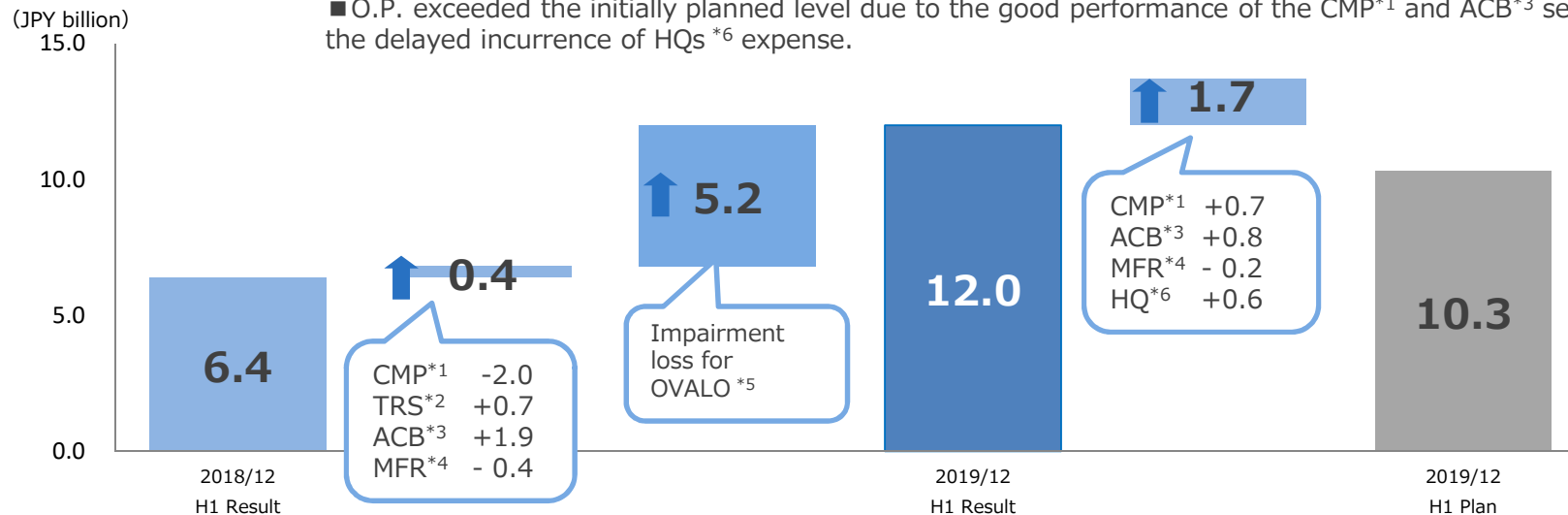
- Sales in 2019/12 H1 remained almost flat year on year.
- Except for sales in the TRS*² and MFR*⁴ segments, targets were achieved almost as initially planned.

- *1 Component Solutions Segment
- *2 Transport Solutions Segment
- *3 Accessibility Solution Segment
- *4 Manufacturing Solutions Segment
- *5 OVALO GmbH
- *6 HQ



O.P.

- Compared with 2018/12 H1, O.P. increased due to good performance in other businesses which covered the decrease in the precision reduction gear business, and the elimination of the OVALO GmbH impairment loss.
- O.P. exceeded the initially planned level due to the good performance of the CMP*¹ and ACB*³ segments, and the delayed incurrence of HQs *⁶ expense.



Consolidated Results for FY2019/12 H1

- Sales, O.P. and Net Profit in 2019/12 H1: Targets were achieved almost as initially planned.

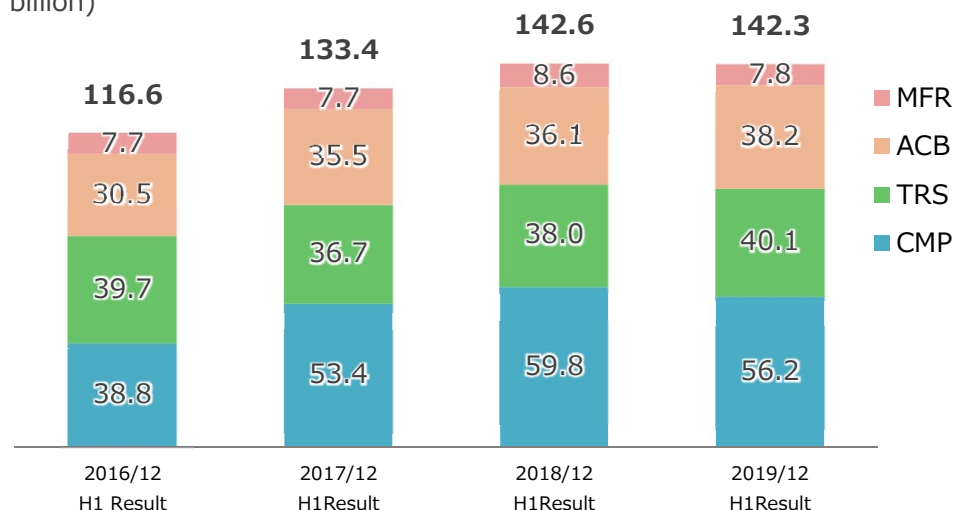
(JPY million)	2018/12 H1 Result (A)	2019/12 H1 Plan (B)	2019/12 H1 Result (C)	Variation (C-A)	Variation (C-B)
Sales	142,555	146,000	142,292	-263	-3,708
O.P.	6,387	10,300	12,011	5,625	1,711
(OPM)	4.5%	7.1%	8.4%	3.9pt	1.3pt
Income before tax	13,038	12,300	13,488	450	1,188
Net profit *1	7,886	7,600	7,706	-180	106
Total basic earnings per share(JPY Yen)	63.62	61.31	62.11	-1.51	0.80
DPS(JPY Yen)	36	36	36	-	-

*1Net profit attributable to owners of the parent

Results of sales and O.P. for each segment in 2019/12 H1

Sales

(JPY billion)



< Year-on-year comparison >

CMP : Although sales of hydraulic equipment increased due to robust demand in China, sales of precision reduction gears decreased due to sluggish demand.

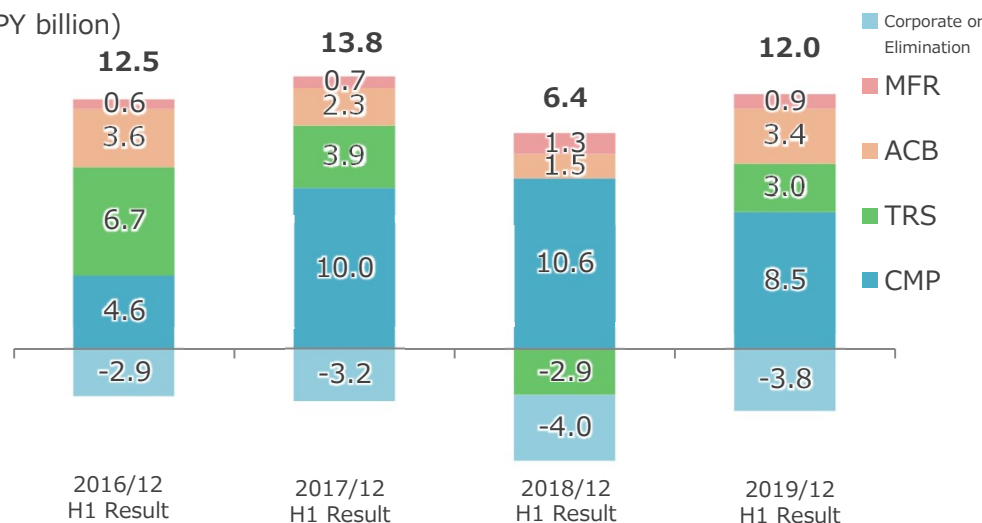
TRS : Sales increased due to steady demand in the marine vessel equipment business and aircraft business. Sales remained at the same level in other businesses.

ACB : Sales increased due to robust demand for automatic doors and platform doors in Japan.

MFR : Sales decreased due to the delayed posting of sales even though demand for mainstream packaging machines remained strong.

O.P.

(JPY billion)



<Year-on-year comparison>

CMP : O.P. decreased because demand for precision reduction gears diminished as we had expected.

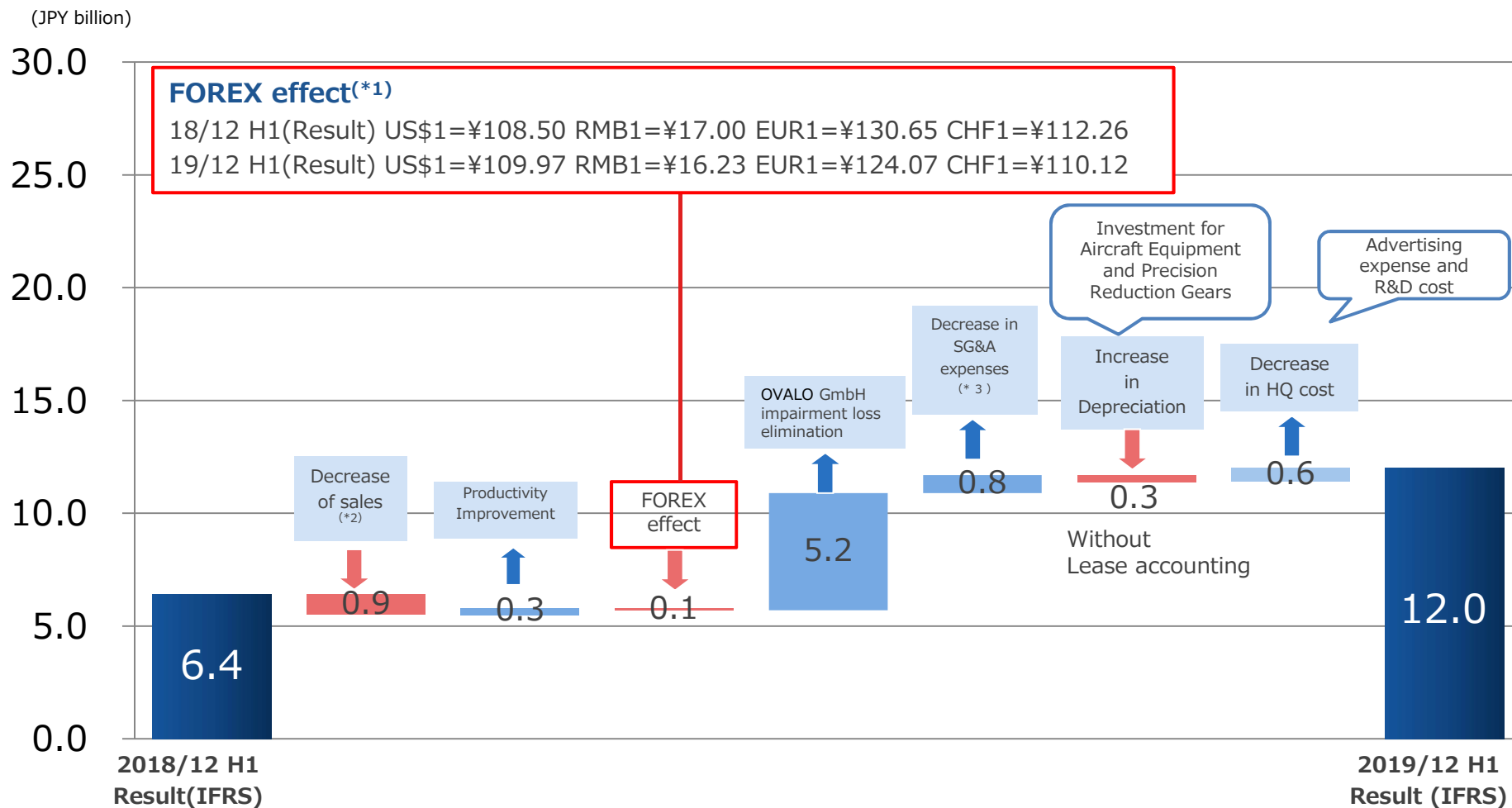
TRS : O.P. increased due to good performance in each business and the elimination of the OVALO GmbH impairment loss.

ACB : O.P. increased due to sales increase and elimination of Post Merger Integration cost.

MFR : O.P. decreased due to sales decrease in the packaging machine business.

Analysis of Changes in H1 Operating Profit by Factor (FY2018/12 H1 Result vs. FY2019/12 H1 Result)

- O.P. increased due to favorable sales in businesses other than the precision reduction gear business, elimination of the OVALO GmbH impairment loss and delayed incurrence of SG&A.



*1 FOREX sensitivity in O. P. (This represents the effect to be expected on operating profit if the exchange rate fluctuates by one yen):

(US\$): 36 million yen, (RMB) : 331 million yen, (EUR) : minimal, (CHF) : minimal

*2&*3 Fluctuations in operating profit owing to the increase of sales and SG&A expenses are based on the calculation without FOREX effect.

*3 Increase of raw materials and in SG&A expenses by businesses.

FY2019/12 H1 Balance Sheet (Compared with Dec.31,2018)

- Although Assets and Liabilities increased due to the adoption of lease accounting standard (IFRS 16), maintained healthy Balance Sheet.

(JPY million)	2018/12 4Q (As of December 31, 2018)	2019/12 H1 (As of June 30, 2019)	Variation
Assets	328,568	337,603	9,035
(Cash and cash equivalents)	54,039	54,956	917
(Trade receivables)	76,602	72,059	-4,543
(Inventories)	43,592	46,022	2,431
(Tangible fixed assets)	80,573	83,801	3,228
Liabilities	139,313	145,973	6,661
(Bonds and borrowings)	45,310	44,229	-1,081
Total equities	189,255	191,630	2,375
(Non-controlling interests)	10,553	10,703	150
Equity attributable to owners of parent	178,702	180,927	2,225
*Ratio of equity attributable to owners of parent:	54.4%	53.6%	-

CAPEX, R&D and Depreciation

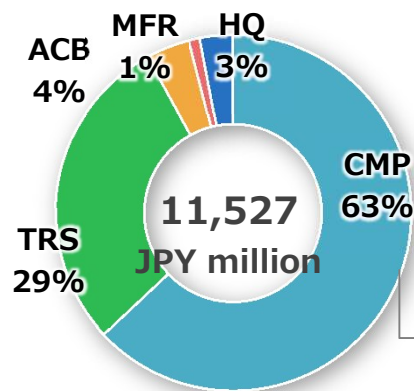
- Flexible investment for capacity expansion in the precision reduction gear business, as initially planned

(JPY billion)	2018/12 H1 Result (A)	2019/12 H1 Result (B)	2019/12 Full year Plan (C)	Variation (B-A)	Rate of progress (B/C)	2018/12 Full year Result
CAPEX	11.5	7.6	30.6	-3.9	25%	20.3
R&D	5.2	4.8	10.6	-0.5	45%	10.2
Depreciation	4.9	6.4	13.4	---	---	10.0

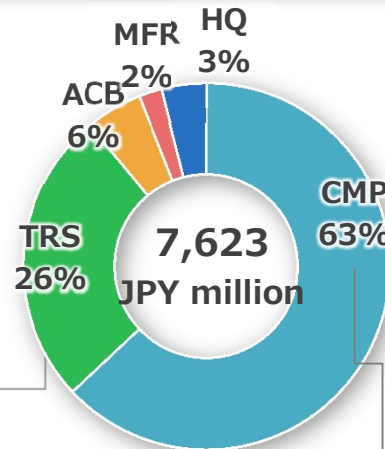
None Lease accounting in FY2018

Breakdown of CAPEX

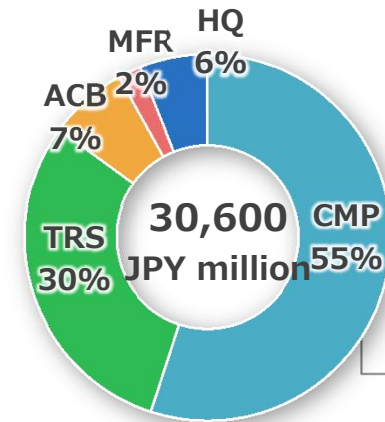
By Segment



- Precision reduction gears: Increased production capacity in Japan
- Aircraft equipment: - Capacity expansion at Gifu Plant

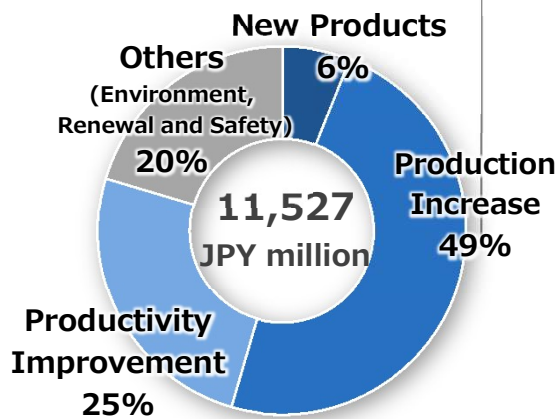


- Precision reduction gears: Increased capacity in Japan (Building)
- Aircraft equipment: Capacity expansion at Gifu Plant

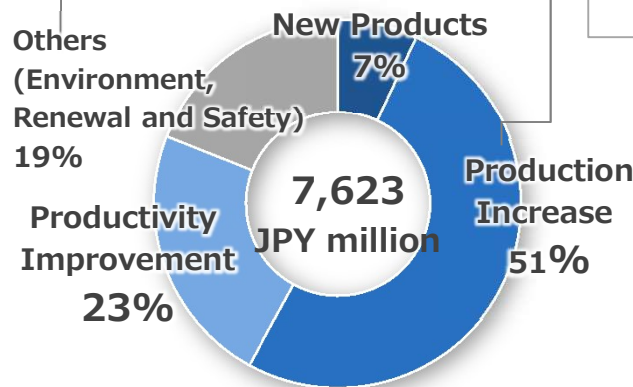


- Precision reduction gears: Increase production capacity in Japan
- OVALO GmbH: Mass production for new products

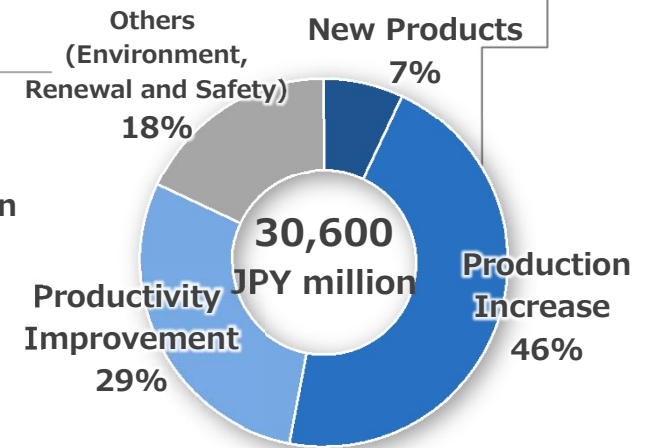
By Usage



2018/12 H1 Result



2019/12 H1 Result



2019/12 Plan

- Environment-related and R&D investments

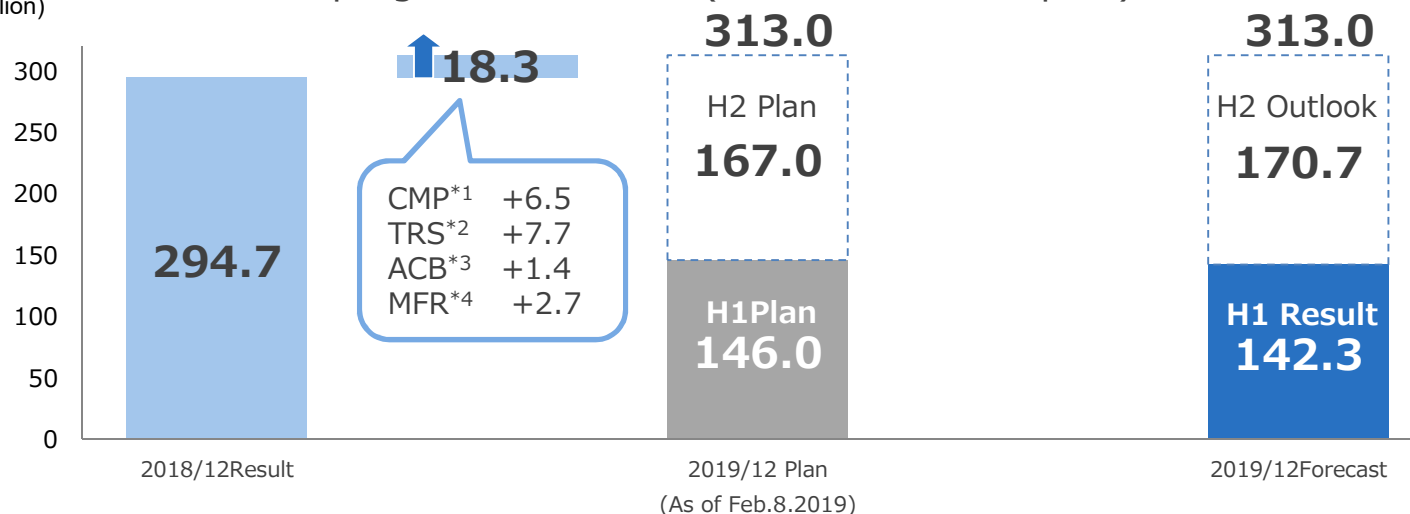
FY2019/12 Full-Year Summary

Sales

- As initially planned (As of Feb.8.2019)
- Actual progress rate: 45% (47% in the initial plan)

- *1 Component Solutions Segment
- *2 Transport Solutions Segment
- *3 Accessibility Solution Segment
- *4 Manufacturing Solutions Segment
- *5 OVALO GmbH
- *6 HQ

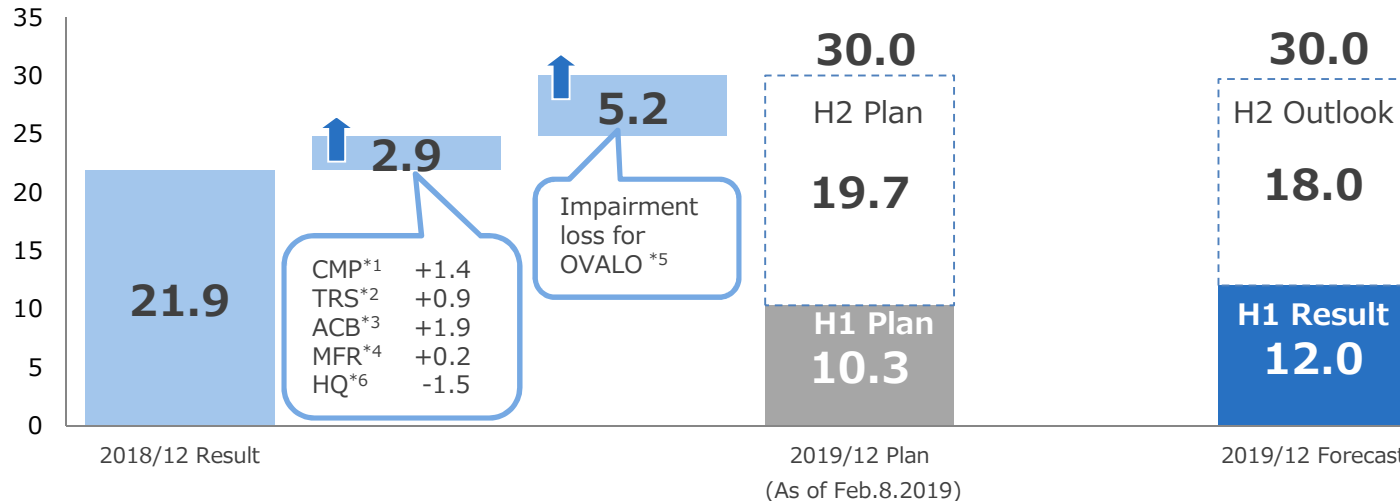
(JPY Billion)



O.P.

- Maintain the FY2019/12 plan (As of Feb.8.2019)
- Actual progress rate 40% (34% in the initial plan)

(JPY Billion)



Consolidated Forecast for FY2019/12

■ As initially planned (As of Feb.8.2019)

(JPY million)	2018/12 Full year Result (A)	2019/12 Full year Plan (B)	Variation (B-A)
Sales	294,626	313,000	18,374
O.P.	21,889	30,000	8,111
(OPM)	7.4%	9.6%	+2.2pt
Income before tax	29,962	33,600	3,638
Net profit *	21,029	22,900	+1,871
ROA	6.7%	6.6%	-0.1pt
ROE	12.1%	12.3%	+0.2pt
DPS (JPY Yen)	73	73(plan)	
Payout ratio	43.0%	39.5%(plan)	

* Net profit attributable to owners of the parent

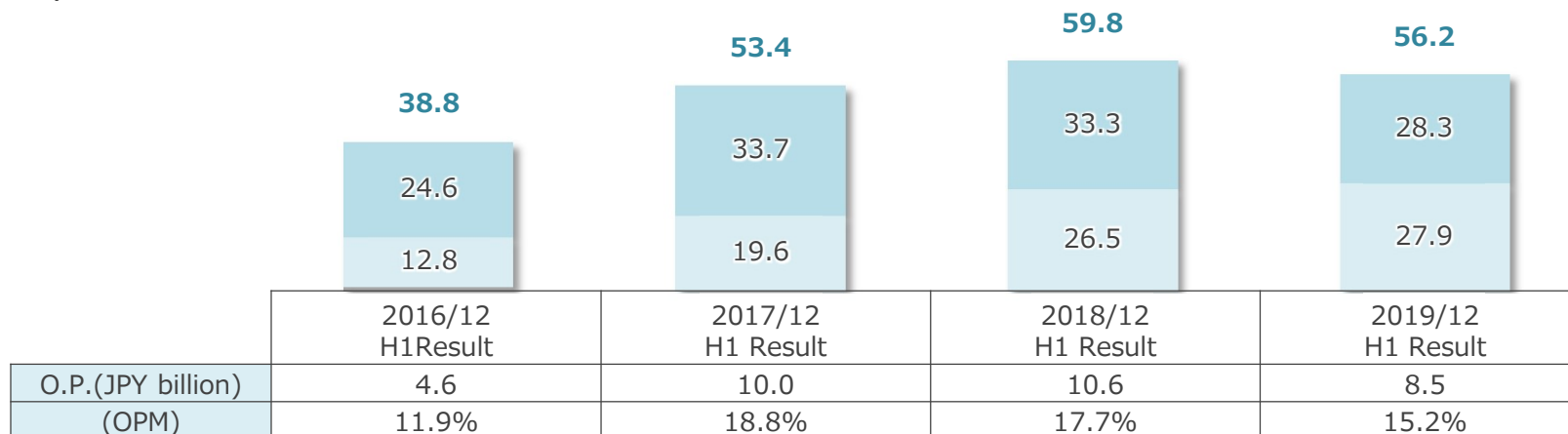
Appendix

Component Solutions Segment (CMP)

FY2019/12 H1 Result

Sales
(JPY billion)

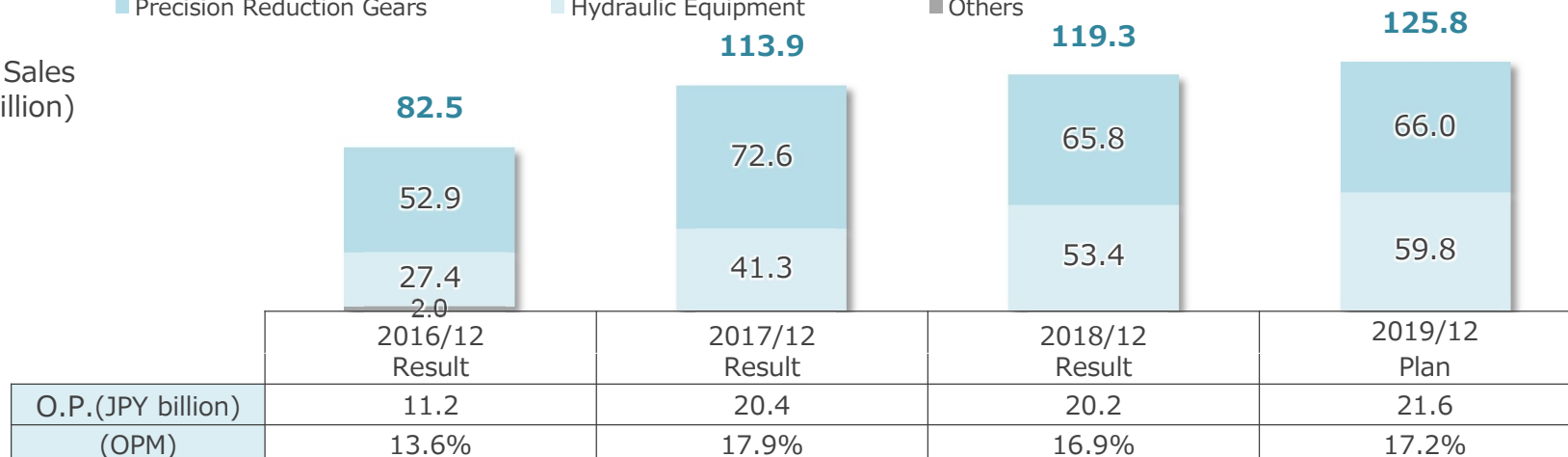
■ Precision Reduction Gears ■ Hydraulic Equipment ■ Others



FY2019/12 Plan (As of Feb.8,2019)

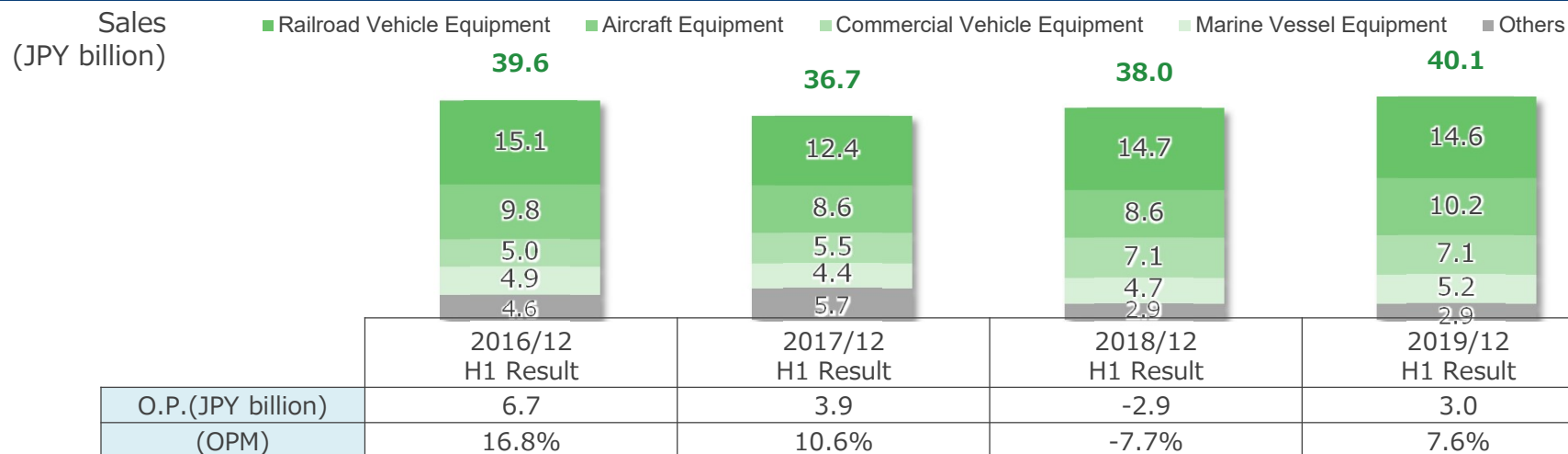
Sales
(JPY billion)

■ Precision Reduction Gears ■ Hydraulic Equipment ■ Others

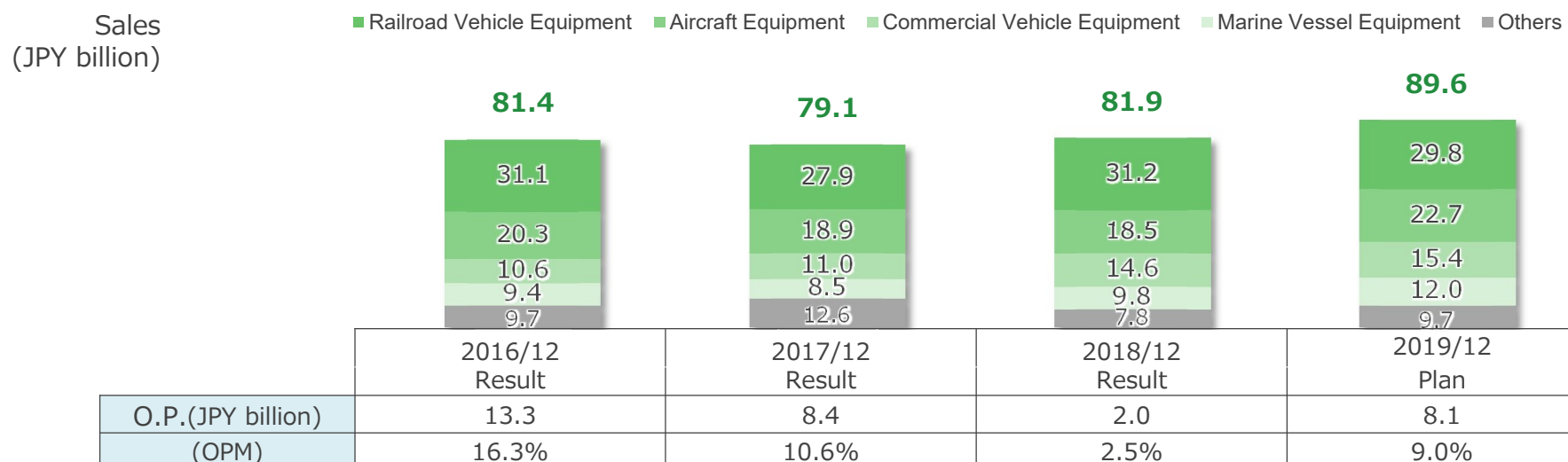


Transport Solutions Segment (TRS)

FY2019/12 H1 Result



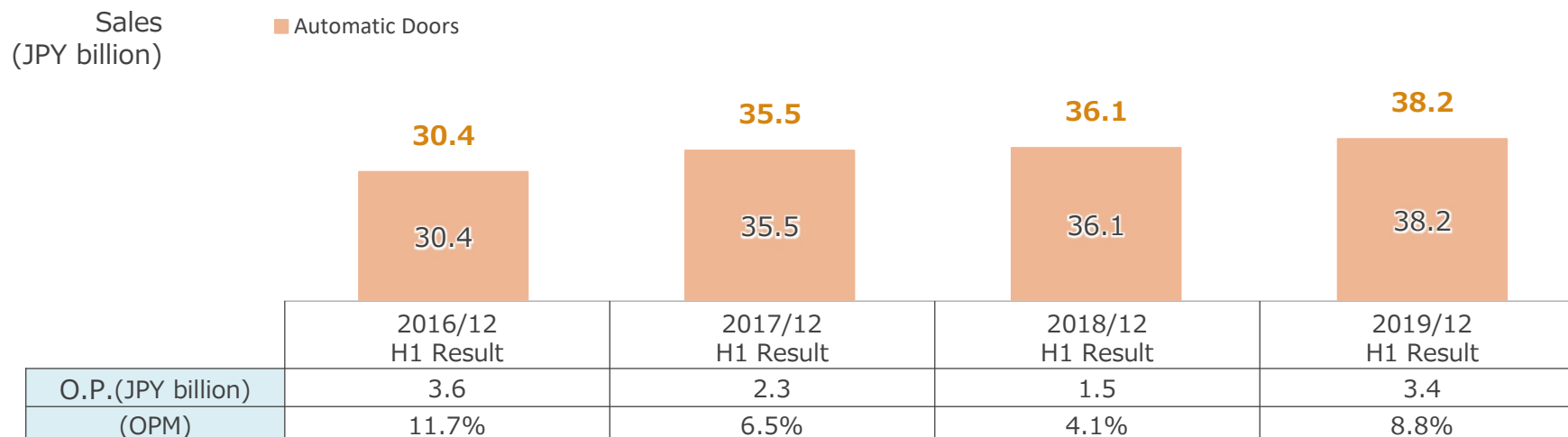
FY2019/12 Plan (As of Feb.8,2019)



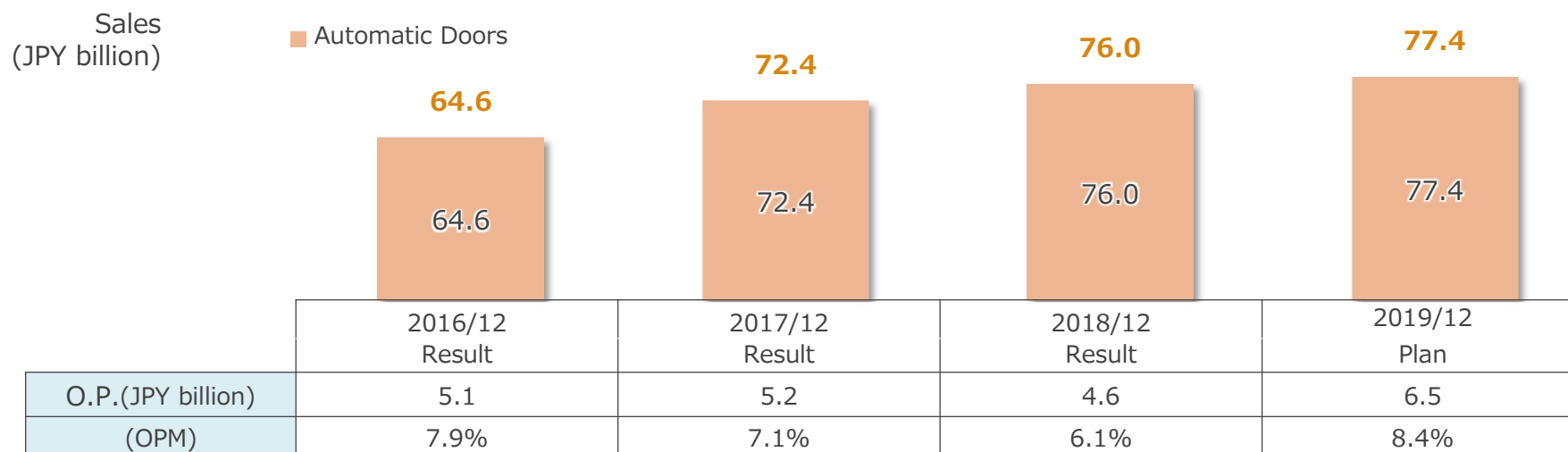
*Sales recorded by Nabtesco Service: Included in "others" in and before 2017/12.

Accessibility Solution Segment (ACB)

FY2019/12 H1 Result



FY2019/12 Plan (As of Feb.8,2019)

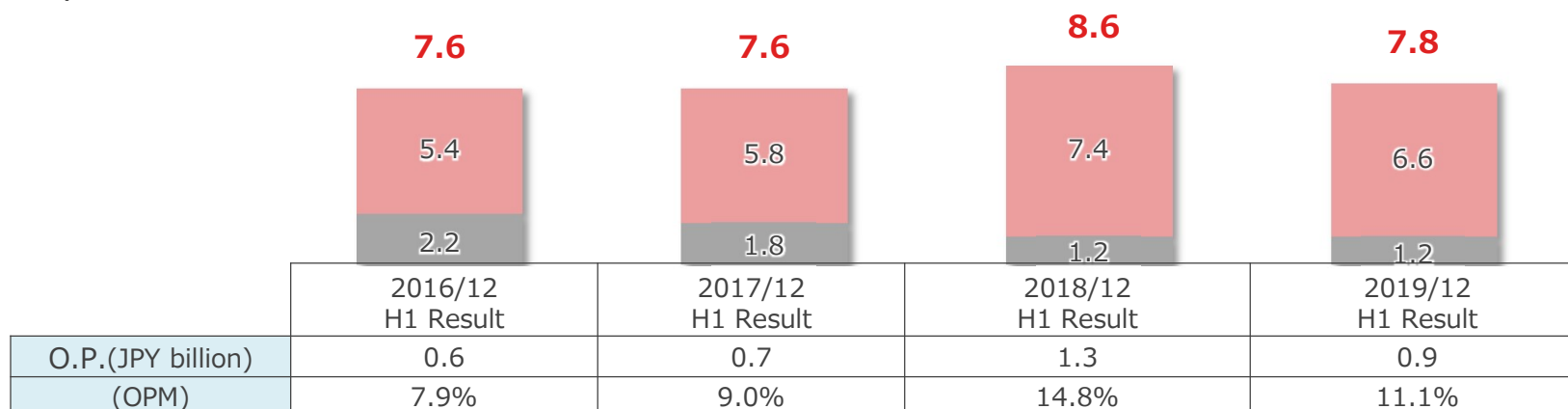


Manufacturing Solutions Segment (MFR)

FY2019/12 H1 Result

Sales
(JPY billion)

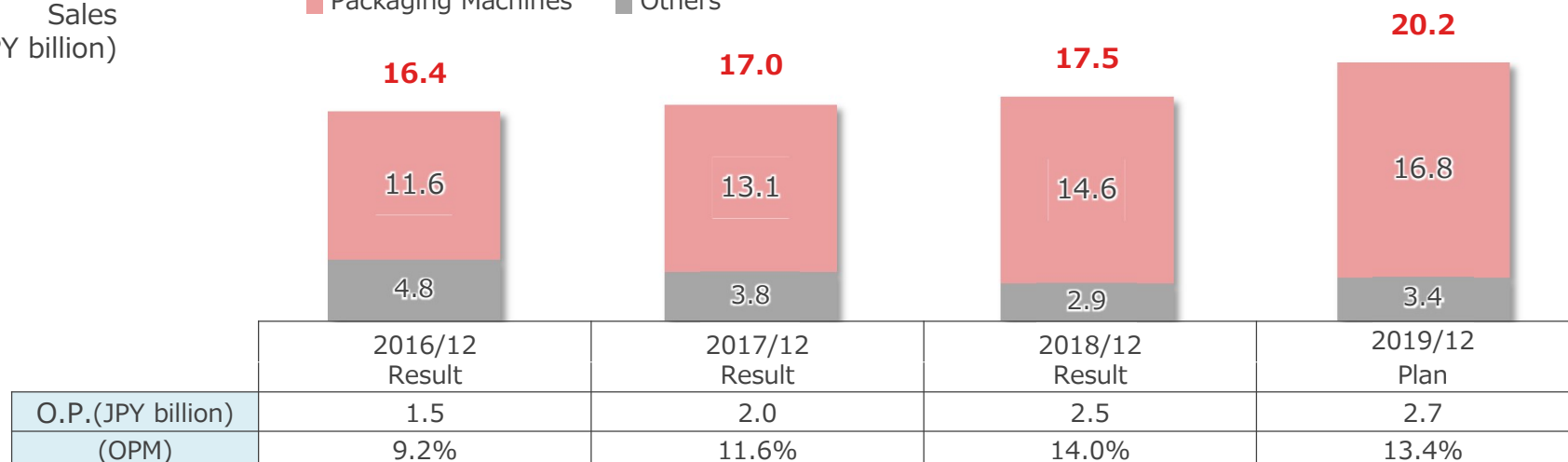
■ Packaging Machines ■ Others



FY2019/12 Plan (As of Feb.8,2019)

Sales
(JPY billion)

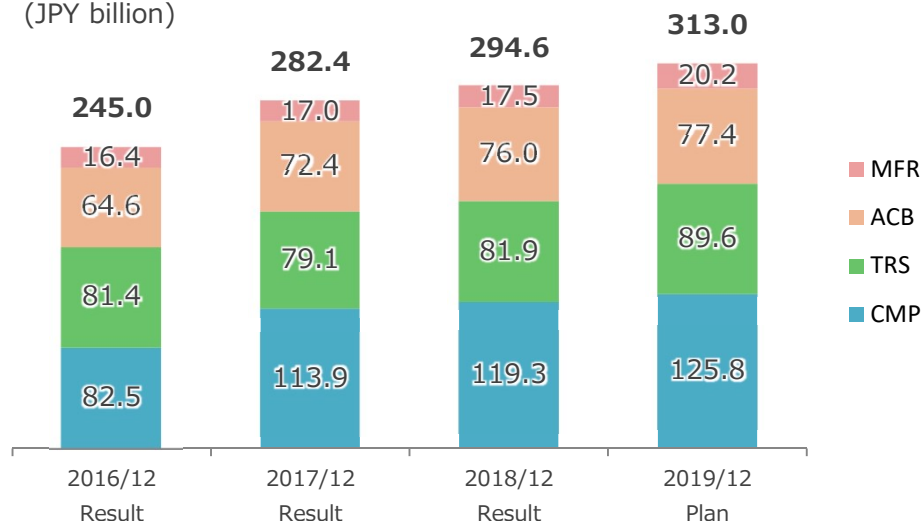
■ Packaging Machines ■ Others



2019/12 Full-year forecast by segment

Sales

(JPY billion)



As initially planned

< Forecast for FY2019 >

CMP : Although current demand for precision reduction gears is weak, demand will recover in the second half of 2019. Sales of hydraulic equipment will be as planned with the recovery of sales in the Southeast Asian market in the second half.

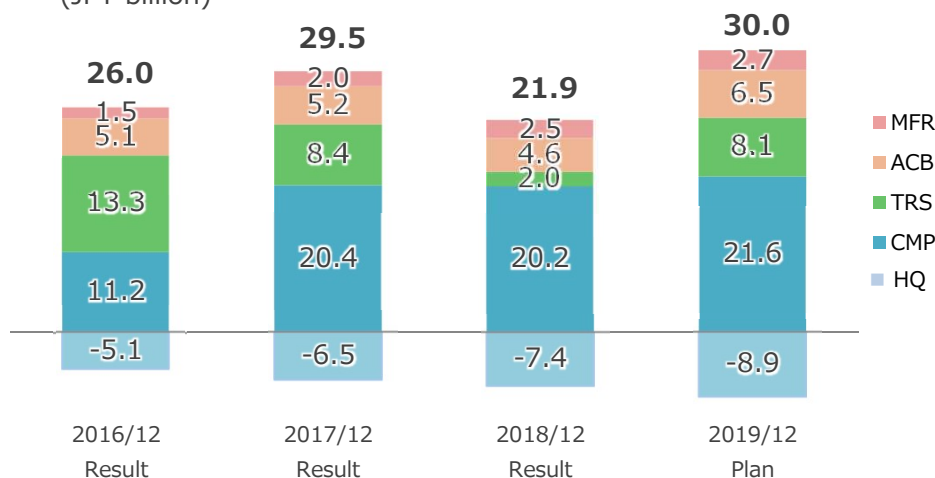
TRS : Sales will be as planned with the recovery of sales in the second half. OVALO GmbH will start mass production as planned.

ACB : Sales will be as planned, driven by robust demand in the automatic door and platform door business.

MFR : Sales will be as planned, with recovery of sales in the packaging machine business in the second half.

O.P.

(JPY billion)



As initially planned

< Forecast for FY2019 >

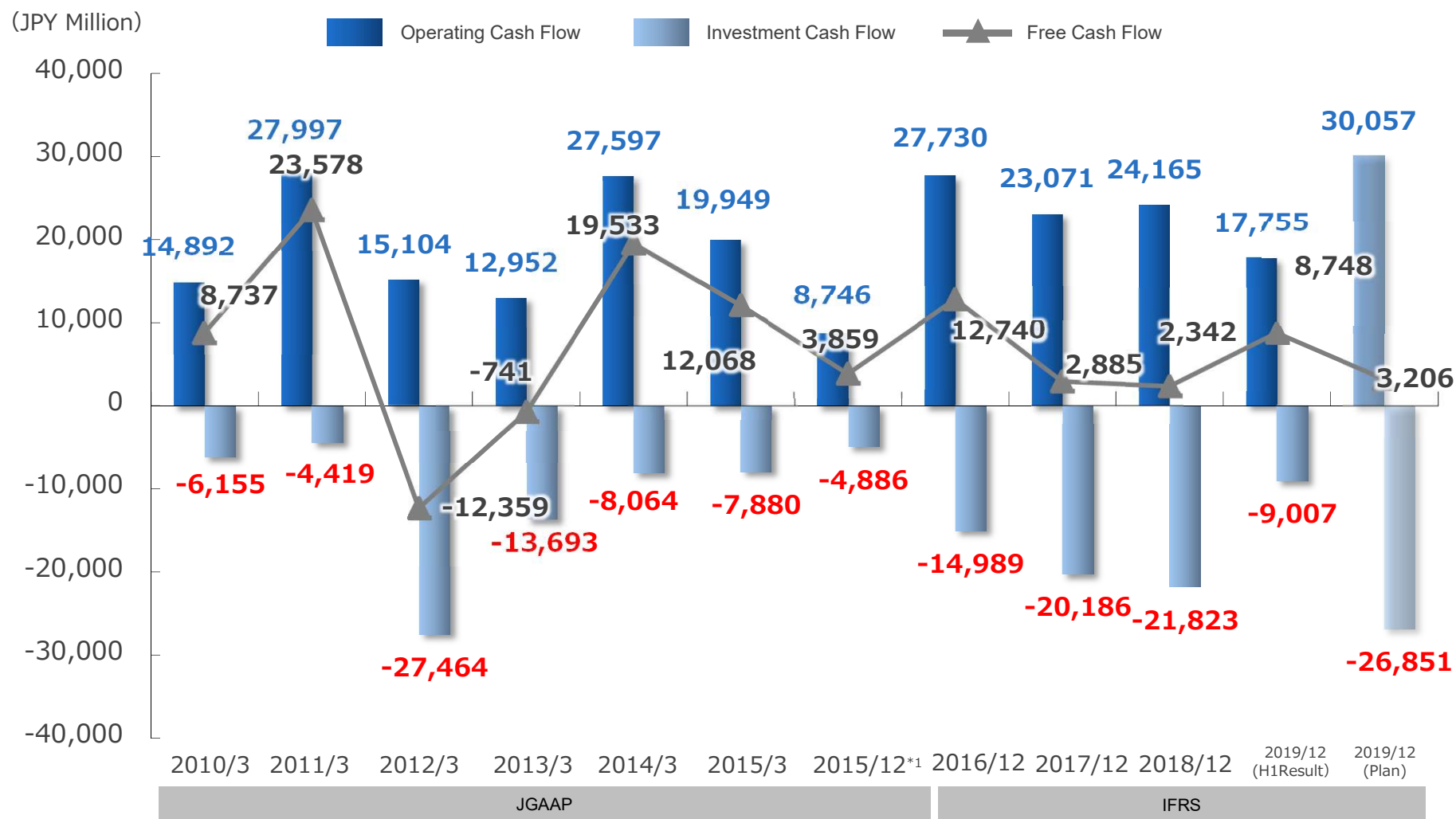
CMP : O.P. will be as planned, driven by increased sales of precision reduction gears and hydraulic equipment.

TRS : In each business the initial targets will be attained as planned.

ACB : O.P. will be as planned, driven by steady demand.

MFR : O.P. will be as planned, with recovery of sales in the packaging machine business in the second half.

Consolidated Cash Flow



*1 Please note that the estimates for FY2015/12 (Reference) were calculated for the period of 12 months to make comparisons with the result for FY2016/12 under the same conditions.

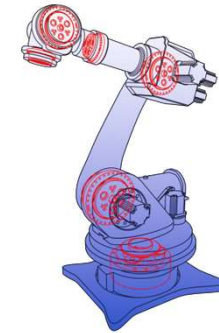
Main Products: Component Solutions Segment (CMP)

Precision Reduction Gears

■ Joints of Industrial Robots



No.1
Approx. **60%**
world market share

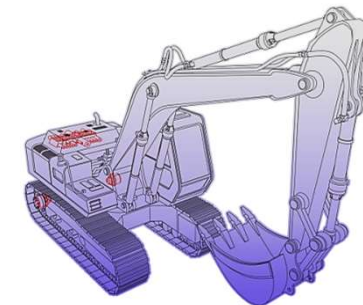


Hydraulic Equipment

■ Traveling Unit for Hydraulic Excavators



Approx. **25%**
world market share



Main Customers

■ Precision Reduction Gears

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

Machine Tools: Yamazaki Mazak, Okuma, DMG Mori Seiki

■ Hydraulic Equipment

Traveling Units: Japan: Komatsu, Kobelco Construction Machinery, Sumitomo Construction Machinery, Kubota

China: Sany, XCMG, Liu Gong

Main Products: Transport Solutions Segment (TRS)

Railroad Vehicle Equipment

■ Brake Systems



No.1

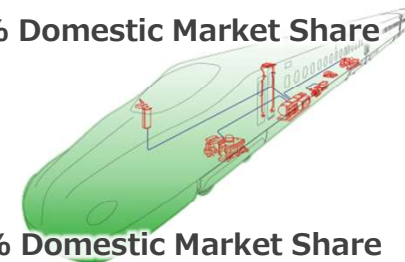
Approx. **50%** Domestic Market Share

■ Door Operating Systems



No.1

Approx. **70%** Domestic Market Share



Aircraft Equipment

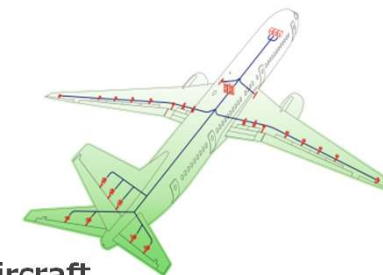
■ Flight Control Actuation Systems (FCA)

- One of the four major world players for FCA systems (major FCA supplier to Boeing Company)
- Expanding business into engine accessories and power supply systems



No.1

Approx. **100%** market share for domestically-produced aircraft



Main Customers

■ Railroad Vehicle Equipment

JR Companies, private railway companies, KHI, and bullet train and subway projects in China

■ Aircraft Equipment

Boeing, KHI, MHI, IHI, Japan Ministry of Defense, airlines

Main Products: Transport Solutions Segment (TRS)

Commercial Vehicle Equipment

■ Wedge Chambers



Approx. **70%** Domestic Market Share



■ Air Dryers



Approx. **75%** Domestic Market Share

Marine Vessel Equipment

■ 2ST Main Engine Control Systems



Approx. **50%** Domestic Market Share
(Approx. 40% World Market Share)



Main Customers

■ Commercial Vehicle Equipment

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

■ Marine Vessel Equipment

KHI, Makita, Mitsui Engineering & Shipbuilding, Hitachi Zosen, MHI, Hyundai Heavy Industries (Korea), Doosan Engine (Korea), Hudong Heavy Machinery (China), MAN Diesel (Denmark)

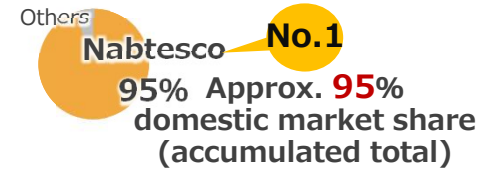
Main Products: Accessibility Solution Segment (ACB)

Automatic Doors

Automatic Doors



Platform Screen Doors



Main Customers

Automatic Doors

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

Platform Doors : Subway projects in France and China, others

Main Products: Manufacturing Solutions Segment (MFR)

Packaging Machines

Packaging Machines for Retort Pouch Foods



Main Customers

Packaging Machines

Mitsui Sugar, Ajinomoto, Marudai Food Co., Ltd., ARIAKE Japan, KENKO Mayonnaise, P&G, Kao, Lion, beverage companies in North America, food companies in China

Nabtesco
moving it. stopping it.