

FY2016/12 Results Briefing and the New Mid-Term Management Plan

February 17, 2017

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.

Agenda

1. Annual Consolidated Results for 2016/12

2. Review of the Previous Mid-Term Management Plan (2015/3~2017/3*)

3. The New Mid-Term Management Plan (2017/12~2020/12)



* Since the Company changed the account closing date in June 2015, the figures for the Medium-term Management Plan which were originally set as targets for the FY2017/3 are now applied as target figures for the FY2016/12.

Result for FY2016/12 (JGAAP)

- Both sales and profits increased comparing with the reference values for the previous fiscal year due to robust demand for industrial robots.
- Dividends will be also raised from the previous fiscal year.

(JPY million)	2016/12 Result	2016/12 Plan (As of Oct. 31 st 2016)	2015/12 Result (Reference) ^{Note1}
Sales	244,618	245,000	228,949
Operating Profit	23,471	22,300	21,308
(OPM)	9.6%	9.1%	9.3%
Non-operating profit and loss	1,259	-	-
Ordinary profit	24,731	21,900	22,387
Extraordinary profit and loss	1,391	-	-
Net profit*	17,584	16,000	14,796
Net profit per share (Yen)	142.37	129.54	-
DPS (Yen)	50 (Plan)	50 (Plan)	44
Payout ratio	35.1% (Plan)	38.6% (Plan)	

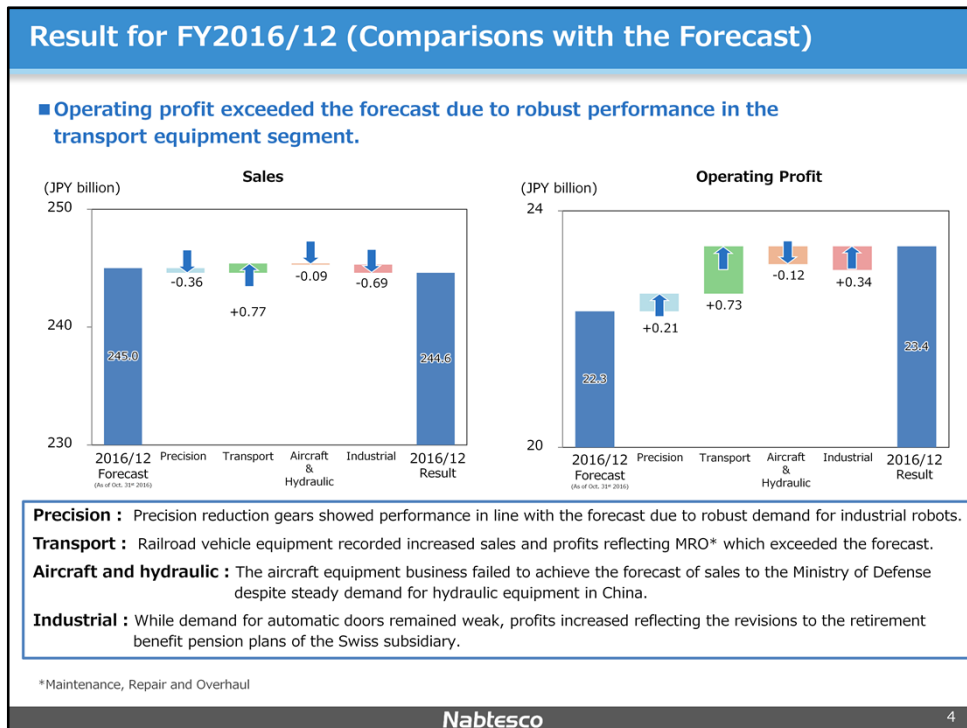
Note1 : Reference values for the FY2015/12 should be read solely as reference since the numbers were calculated based on various assumptions for the purpose of comparison with the actual results for the FY2016/12, and are not subject to audit.

**Net income refers to "Net income attributable to owners of the parent."

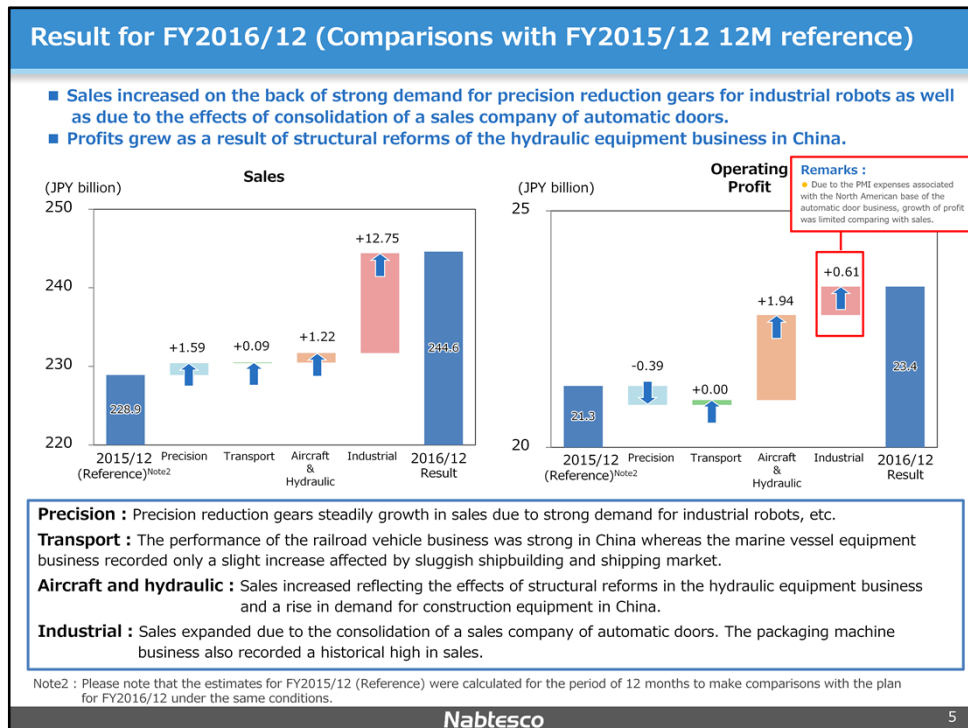
Nabtesco

3

Sales increased mainly due to consolidation of a sales company of automatic doors.

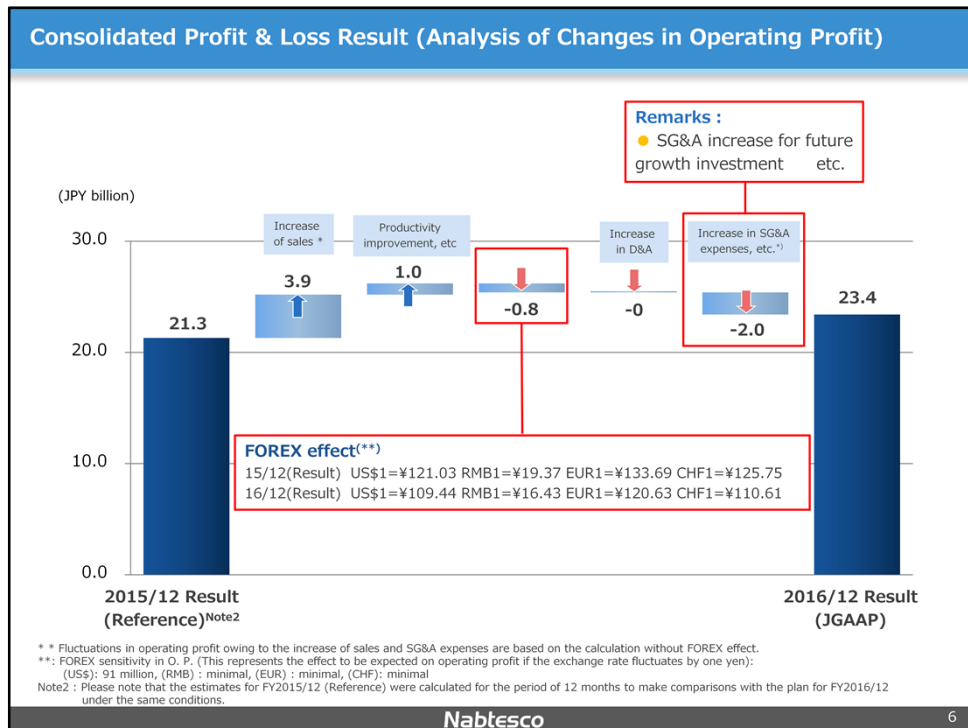


In Transport equipment segment, sales and profits increased due to unexpected MRO in Railroad vehicle equipment and less-expression of SG&A expenses in each business.



Commercial vehicle equipment recorded highest ever turnover due to M&A. Precision equipment segment decreased in profit due to a loss of New energy equipment while Precision reduction gears kept its profitability as the same level as FY2015.

In Transport equipment segment, decrease in Marine vessel equipment was covered by the increased profits of the others businesses.



OP was increased though depreciation cost increased due to CAPEX for both Precision reduction gears and Aircraft equipment.

The increase in SG&A expenses was mainly caused by the consolidation of a sales company of automatic doors.

BS

■ Asset increased as a result of making a company into a consolidated subsidiary in the automatic door business.

(JPY million)	2015/12 As of Dec. 31, 2015	2016/12 As of Dec. 31, 2016	Variation
Assets	233,381	258,946	25,565
(Cash and time deposits)	35,068	41,945	6,877
(Accounts receivable)	59,750	65,712	5,961
(Inventory)	28,421	32,618	4,197
(Tangible fixed assets)	55,916	67,822	11,906
Liabilities	84,456	100,425	15,968
(Interest-bearing debt)	15,333	16,995	1,661
Net assets	148,924	158,521	9,596
(Stock acquisition right)	379	466	86
(Minority interests)	6,476	7,933	1,456
Equity capital	142,068	150,121	8,053
※ Equity ratio :	60.9%	58.0%	

Agenda

1. Annual Consolidated Results for 2016/12

**2. Review of the Previous Mid-Term
Management Plan (2015/3~2017/3*)**

3. The New Mid-Term Management Plan
(2017/12~2020/12)



* Since the Company changed the account closing date in June 2015, the figures for the Medium-term Management Plan which were originally set as targets for the FY2017/3 are now applied as target figures for the FY2016/12.

Review of the Previous Mid-Term Management Plan

- Our business has grown steadily in developed countries, whereas businesses in emerging countries have been sluggish reflecting the economic deceleration in China and Southeast Asian countries. Profitability shrank in contrast to expanded sales.
- The payout ratio is maintained at 30% and over in line with the Plan.

(JPY million)	2014/3 Result	2017/3 Mid-term Management Plan ^{Note3}	2016/12 Result
Sales	202.2	280.0 ±5%	244.6
Operating Profit	20.0	34.0	23.4
OPM	9.9%	12.0%	9.6%
Net profit*	14.9	24.0	17.5
EPS (Yen)	117.95	190	142.37
ROA	6.9%	7.5%	7.1%
ROE	12.2%	15.0%	12.0%
Payout ratio	32.2%	30% or over	35.1% (Plan)

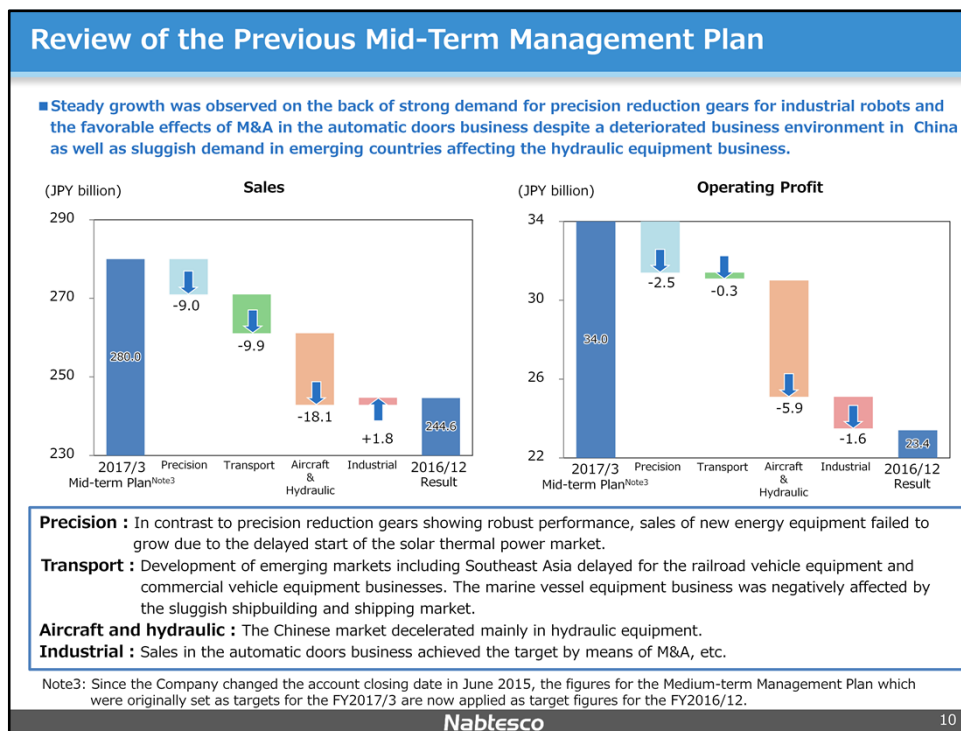
Note3: Since the Company changed the account closing date in June 2015, the figures for the Medium-term Management Plan which were originally set as targets for the FY2017/3 are now applied as target figures for the FY2016/12.

*Net income refers to "Net income attributable to owners of the parent."

Nabtesco

9

Precision reduction gears, Aircraft equipment, Automatic doors and Packaging machine achieved the targeted growth in the previous Mid-Term Management Plan (FY2014-FY2016).



As for Transport equipment segment, the targeted growth in the previous Mid-Term Management Plan was not achieved because of the retention of the China high speed train in Railroad vehicle equipment and lower growth in Southeast Asian market for Commercial vehicle. Although Marine equipment achieved its third year's targeted growth at the first year of the Mid-Term Plan, but declined in the later period due to the shipbuilding and shipping market stagnation.

However, the decrease in profit was minimized by implementing production reforms and expanding the MRO business.

The retention in Chinese market was the largest barrier to achieve the target in Aircraft and Hydraulic equipment segment.

We implemented structural reform in Chinese plants of Hydraulic equipment in FY2015 and succeeded in turning its profit into surplus in FY2016.

Aircraft equipment grew just as the plan with the expansion of product lineups for Boeing aircrafts which are going to be increased its delivery from 2018.

In automatic doors, targeted OP was unachieved because of the expenses for Post Manager Integration in North American base.

Packaging machine recorded highest ever turnover and profit with the strong demand for food industries.

Agenda

1. Annual Consolidated Results for 2016/12

2. Review of the Previous Mid-Term Management Plan(2015/3~2017/3*)

**3. The New Mid-Term Management Plan
(2017/12~2020/12)**



* Since the Company changed the account closing date in June 2015, the figures for the Medium-term Management Plan which were originally set as targets for the FY2017/3 are now applied as target figures for the FY2016/12.

Our commitments in the New Medium-term Management Plan

ROE : 15%

**Consolidated payout ratio:
35% or over**

**Focus on solving
ESG issues**

Nabtesco

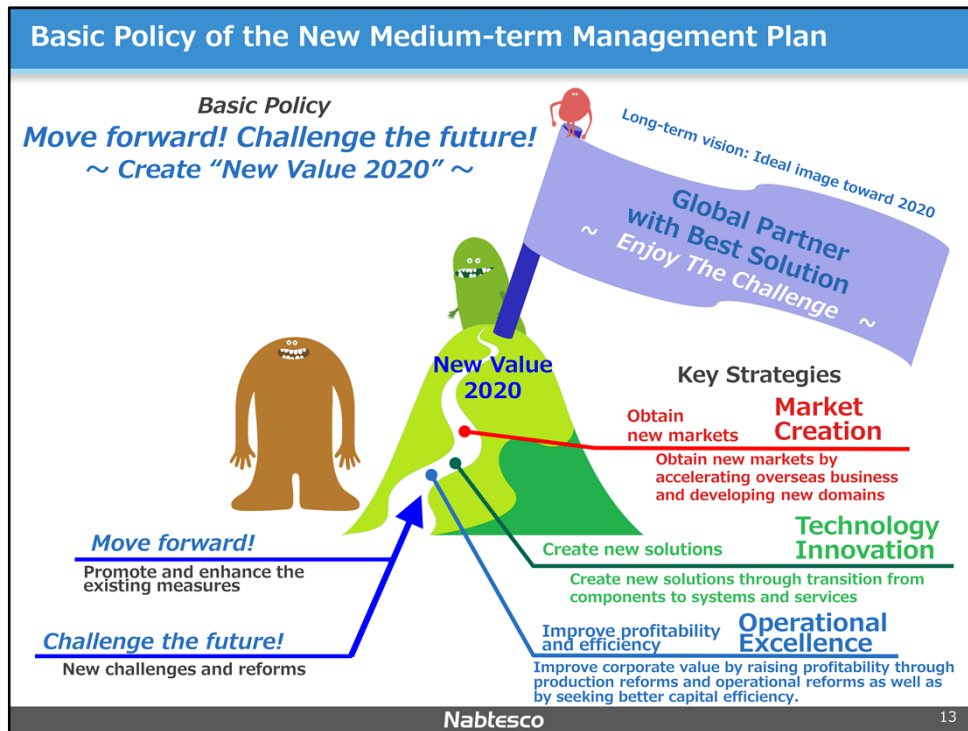
12

The management commit these 3 issues in this new Mid-Term Management Plan.

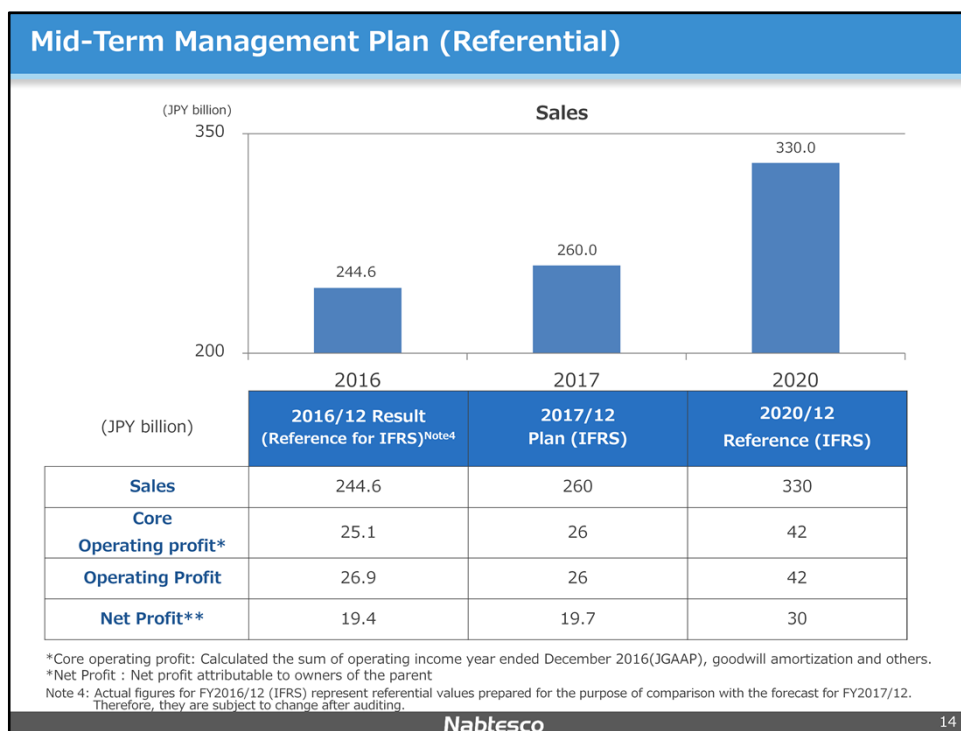
Achieving and keeping ROE 15% as soon as possible.

Abolishing the ceiling of 40% payout ratio imposed in the previous Mid-Term Plan.

Solving ESG issues for Nabtesco through the CSR committee which established in FY2016, and necessary investment will also be done.



Improving profitability with concrete targeted KPI by introduction of the internally defined ROIC.



Due to changes in the economic environment, the FY2020 targeted KPIs in the Long-Term Vision, announced in 2012, are to be replaced by the new commitments; achieving ROE 15%, consolidated payout ratio 35% or over and solving ESG issues. Among annual average growth rate of 8%, expected organic growth is 3%. The balance 5% growth is planned to achieve by new products rollout and development of new markets or areas.

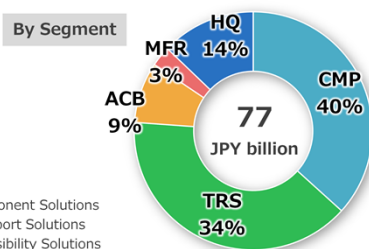
The currency exchange rate of the dollar in 2017 is assumed to be 1 dollar = 110 yen, and the currency exchange rate of the dollar in 2020 is calculated as 1 dollar = 100 yen.

Investment for the further growth

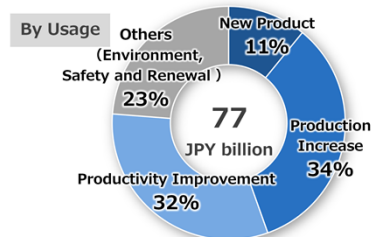
■ Invest for further organic growth and other strategies for growth

(JPY billion)	Previous mid-term plan period accumulated 15/3,15/12(9M),16/12	New mid-term plan period accumulated 17/12~20/12
CAPEX	31	77
R&D	20	40
M&A etc.	10	30

New mid-term plan (4 years accumulation)



CMP: Component Solutions
 TRS: Transport Solutions
 ACB: Accessibility Solutions
 MFR: Manufacturing Solutions



Nabtesco

15

Efforts in Non-financial Aspects: Reinforcing Managerial Base to Support Basic Strategies

■ **Realizing highly efficient production, highly environmental functions and a comfortable working environment by introducing smart factory systems.**

Reduce burden on the environment.

- Reduce CO2 emissions
- Promote zero emission efforts
- Reduce the use of toxic substances

■ **Establishing overwhelming competitive superiority based on “Manufacturing Innovation.”**

Manufacturing Innovation

- Realize sophisticated automatization and promote smart production management by effective use of IoT and AI technologies
- Develop proprietary production technologies
- Optimize the “Make & Buy” balance, and promote reforms in procurement and logistics

Nabtesco

16

Regarding the reduction of CO2 emissions, we aim not to reduce the absolute value, but to keep the CO2 emissions flat, even though the production volumes increasing. As for the promotion of zero emissions efforts, we set the landfill disposal amount to zero.

Regarding the reduction of the use of toxic substances, we continue to promote what we have done in the Previous Mid-Term Plan.

For your information, CDP selected Nabtesco in their "Climate A List 2016" and "Supplier Climate A List 2016".

Regarding Manufacturing Innovation, we established "Production Innovation Division" in order to improve safety and productivity of each plant.

Inter-plant synergies such as production improvement have been generated and we will extend synergies to inter-business wide, not only productivity but also other experiences of success.

Growth Strategy by Business Segment

Achieve growth based on individual business-oriented strategy on top of organic growth.

Growth with market growth

Technology superiority strategy

Precision reduction gears Aircraft equipment

- Strategies to maintain competitive superiority

Reinforcement of business bases

Company-wide basis:

- Reinforce business bases through operational and organizational reforms.
- Enhance financial strategy (by introducing ROIC as an administrative index).



Growth based on each market-oriented strategy

(1) Expansion of regional market share

Automatic doors

- Expand market shares by region-centered strategies
- Improve profitability through value chain model

(2) Penetration into new markets

Railroad vehicle equipment Packaging machines

- Develop markets in Europe, China and Southeast Asia

(3) Expansion of product line-up

Hydraulic equipment Commercial vehicle equipment Marine vessel equipment

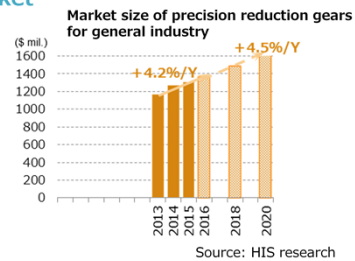
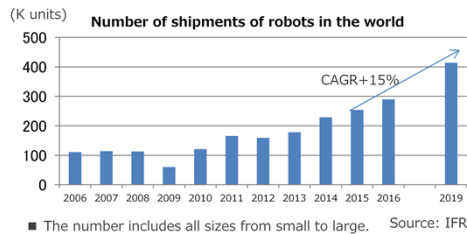
- Expand product line-up.
- Respond to systematization and modularization.

Nabtesco

17

Component Solutions (CMP): Precision Reduction Gears

- Maintain competitive superiority in precision reduction gears for industrial robots as our business base
- Expand sales in the general industry market



Technology Innovation

Maintain competitive superiority based on overwhelming technologies and a wide range of products

Operational Excellence

Pursue automatization and labor saving to build highly efficient factories and expand productivity

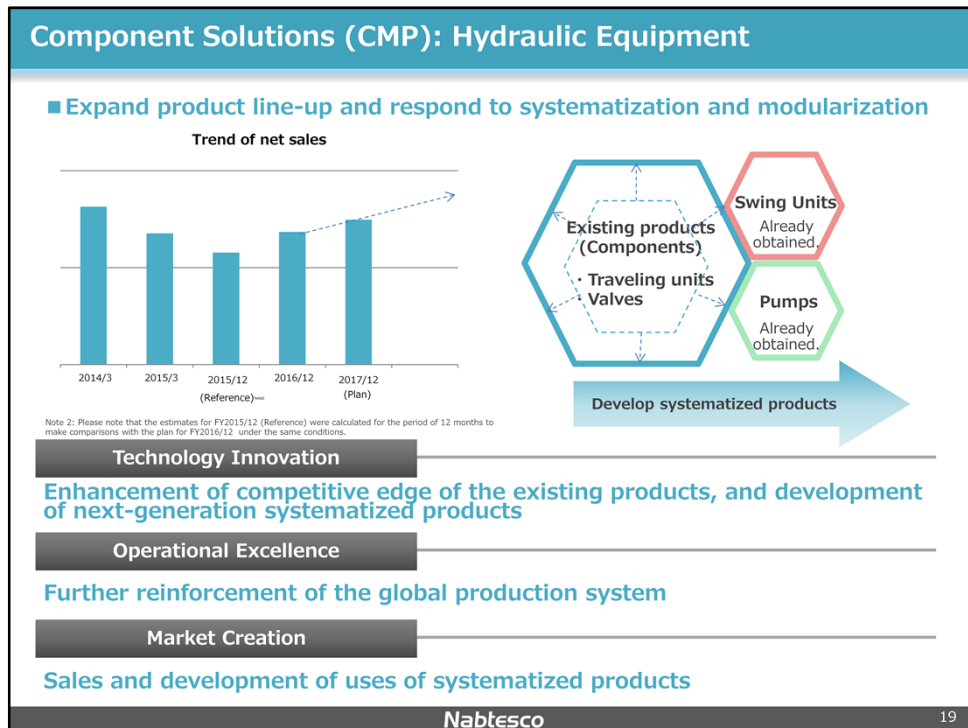
Market Creation

Develop high value-added products targeted at the expansion of sales to non-robotics industries.

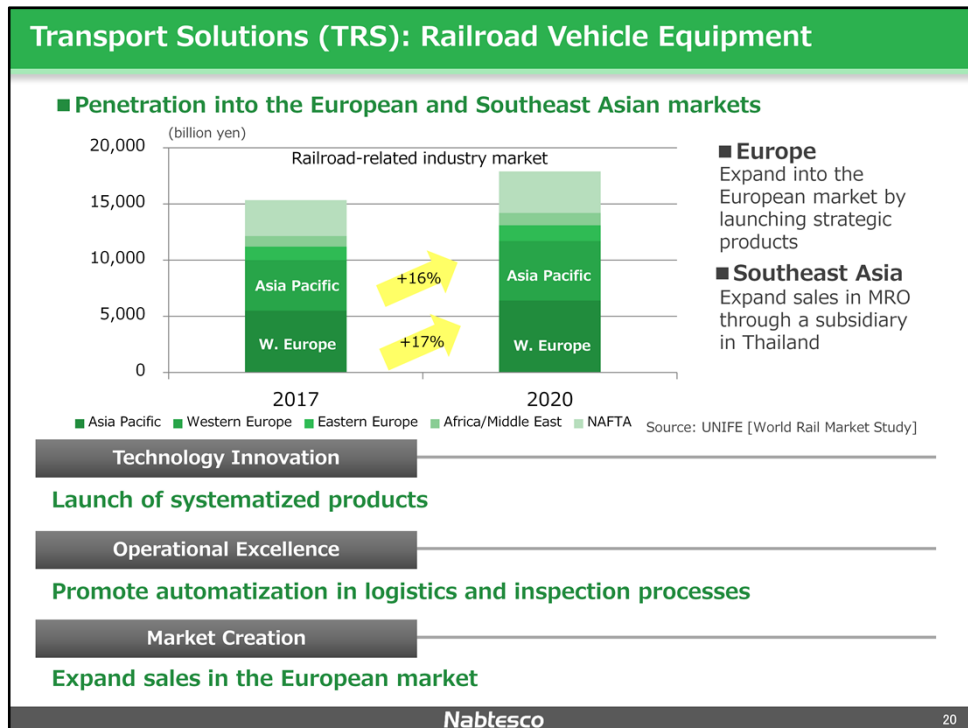
Nabtesco

18

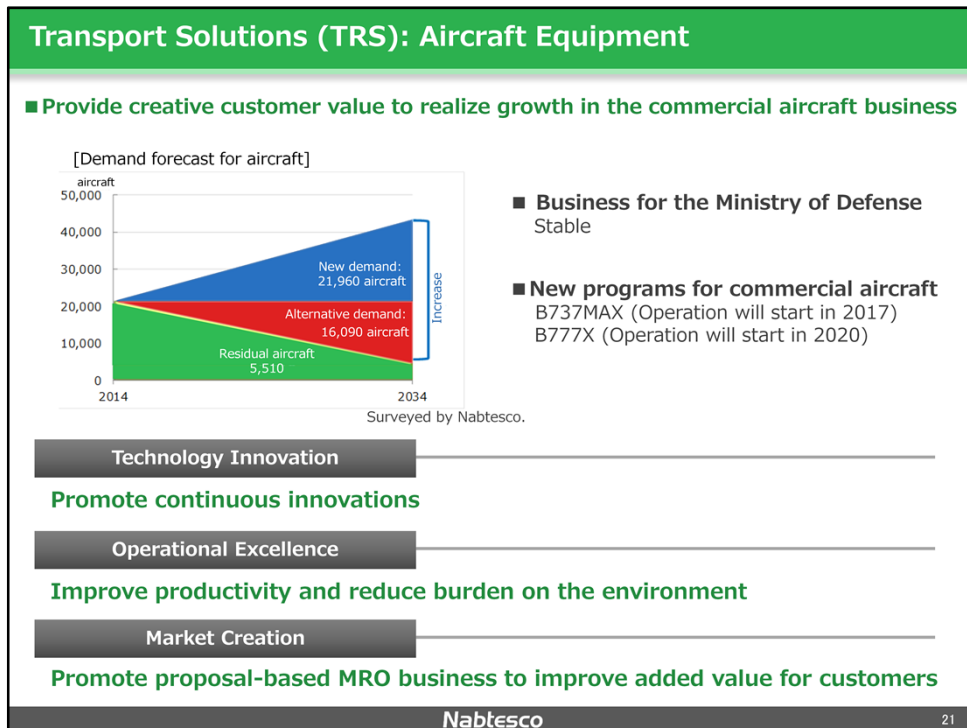
CAPEX for capacity expansion and other proactive investments will be done., in order to increase both sales and profit.



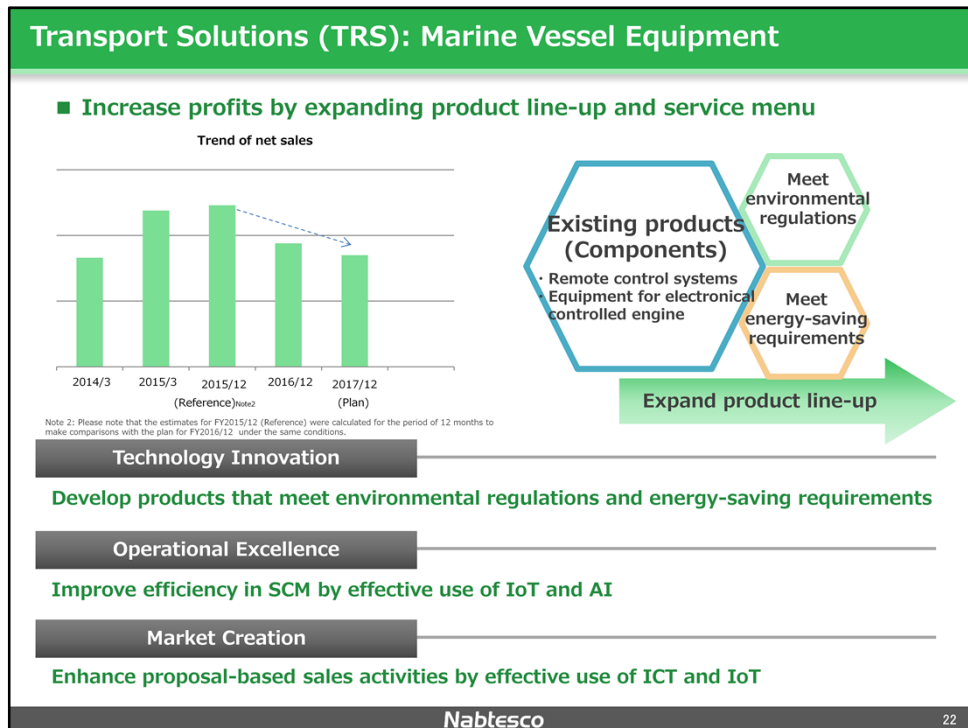
The downturned market trend has started to turn around in China. Profitability of China business has been improving due to the measures taken in 2015; consolidation of two plants into one, capacity reduction and impairment loss effect. The product lineup has also been expanded through the acquisition of HYEST Corporation. R&D for corresponding to ICT and/or computerization of construction machinery will be promoted.



Although China high speed train business for 350 km/h type will be decreased due to development of China's own proprietary models starting in 2017, growth is expected through expansion of MRO, increase in sales for China subway and South East Asian market besides China 250km/h type high speed train business will be continued remain. As for penetration into European market, local production for brakes will also be considered while it might take some time that our plant in Europe is to be certified.



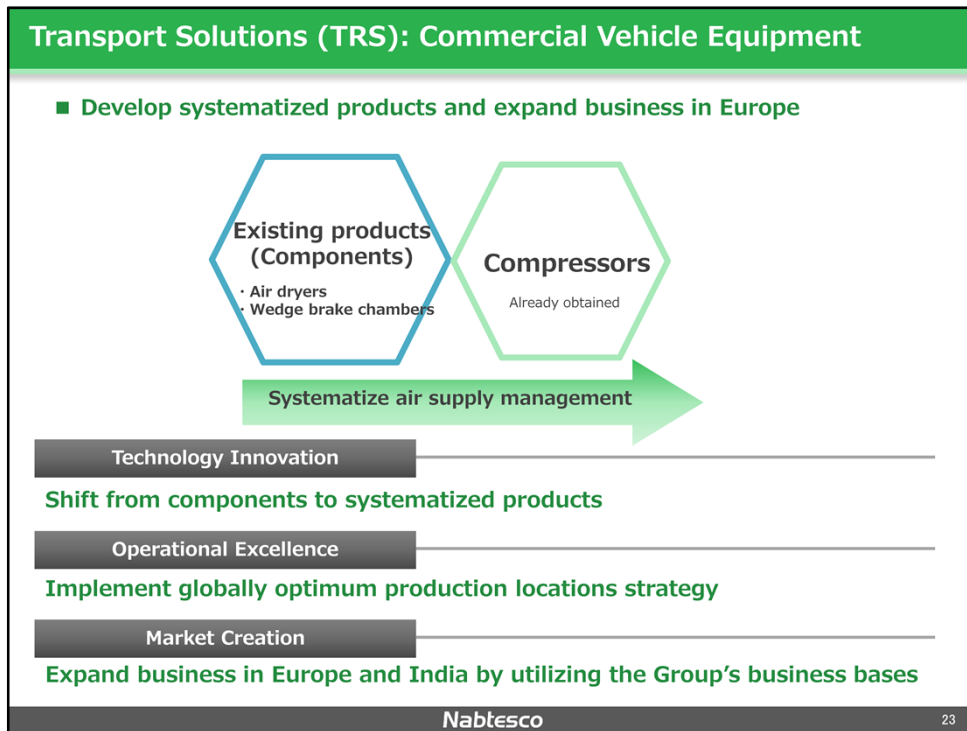
Aircraft equipment is the business requires a long-term perspective for 10 to 20 years. In 2017, some sluggishness will be shown because it is a transitional period of B777 to the next generation model, B777X. Sales will be increased according to expansion of operational civil aviation aircrafts which are forecasted to be doubled in 2020s. We are starting to build the actuator plant to expand production capacity while construction of the surface treatment plant and the EHSV (Electro Hydraulic Servo Valve) plant have been completed.



We do not expect growth in Marine vessel equipment business in the first half of this Mid-Term Management Plan (2017-2018) .

The market is such tough. The Baltic index in 2014 was high as 2330, but it fell to 297 in 2016, for example.

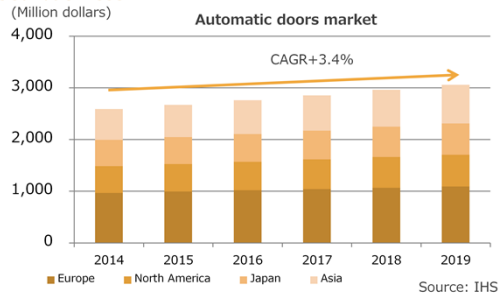
We will expand product lineup and expect the recovery of new shipbuilding demand for complying environmental regulations for Sox and so on that will be newly enforced in 2020.



It is expected to be steadily grown due to demand for renewal of trucks sold in 2006 - 2008.

Accessibility Solutions (ACB): Automatic Doors

■ Enhance the value chain business bases, and expand market shares by means of region-focused business.



■ Target of CAGR: 5% or higher

- Enhance value-chain models (including the use of M&A)
- Enhance the capability of solutions.

Technology Innovation

Develop and provide high value-added maintenance services.

Operational Excellence

Improve profitability by means of reforms of SCM.

Market Creation

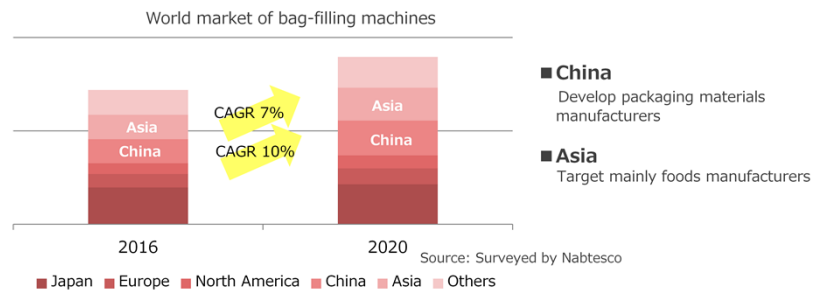
Further promote the regional value chain model.

Nabtesco

24

Manufacturing Solutions (MFR): Packaging Machines

■ Penetrate into emerging markets including China and Southeast Asia, etc.



Technology Innovation

Expand product domains

Operational Excellence

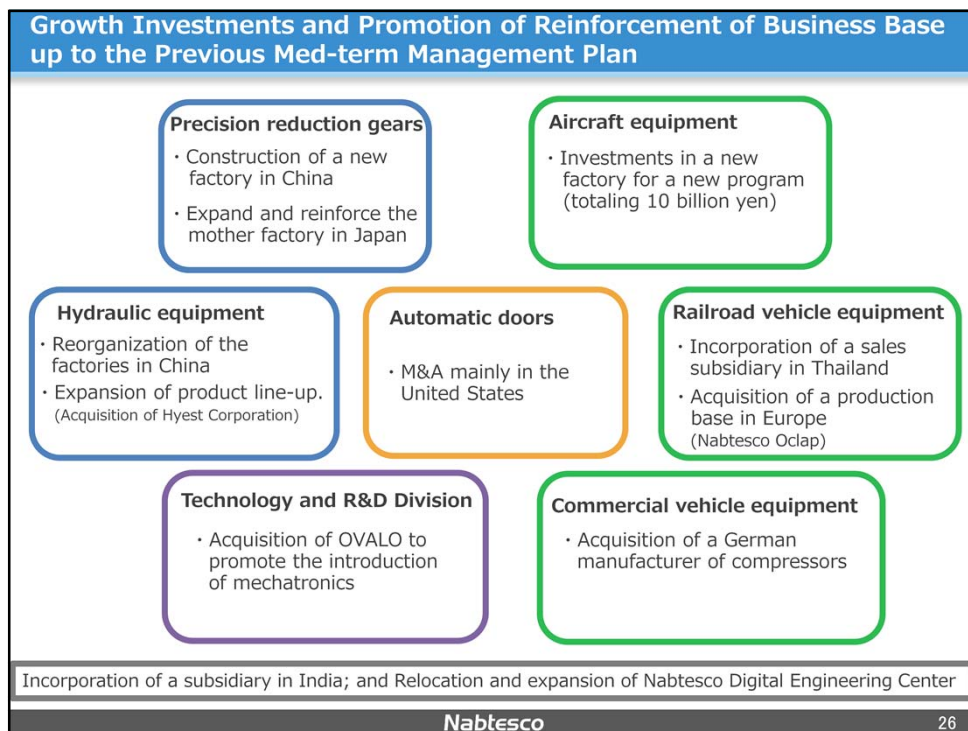
Shorten the production lead time by introducing common platforms

Market Creation

Enhance sales expansion in Europe, the United States and Asia

Nabtesco

25



Forecast for FY2017/12 (IFRS)			
(JPY million)	2016/12 Result (Reference for IFRS) ^{Note4}	2017/12 Plan (IFRS)	Variation
Sales	244,618	260,000	15,382
Core Operating Profit*	25,175	26,000	825
O.P.	26,938	26,000	-938
Net Profit*	19,445	19,700	255
Net profit per share	157.43	159.49	2.06
ROA	7.9%	7.3%	-0.6pt
ROE	13.5%	12.7%	-0.8pt

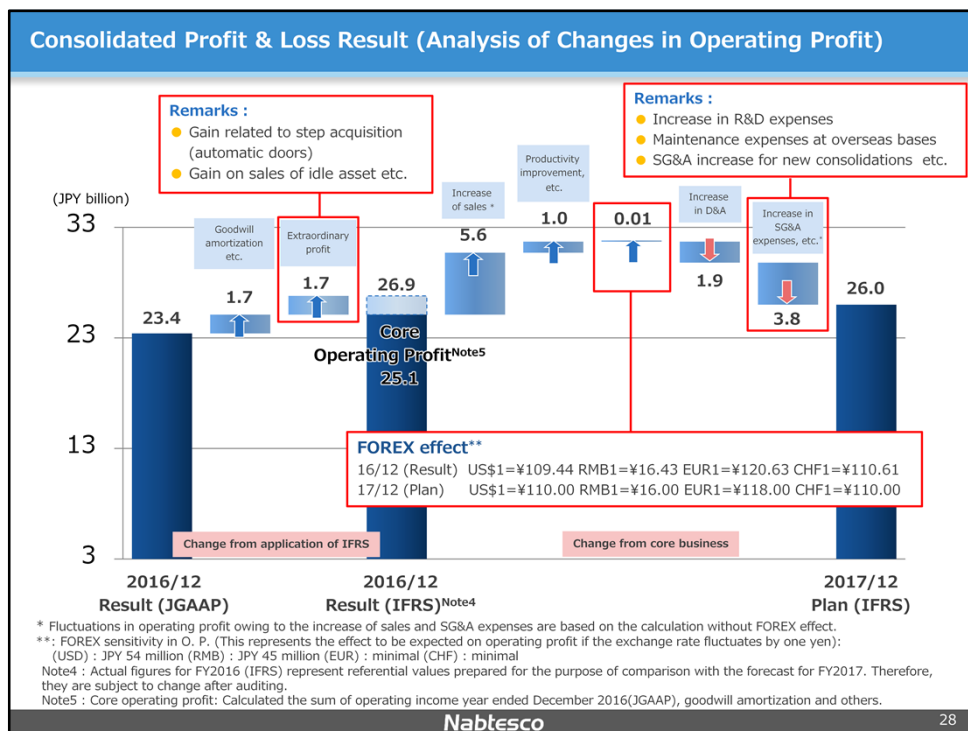
Dividend per share (Yen)	50(Plan)	56(Plan)	6
Payout Ratio	31.8%(Plan)	35.1%(Plan)	3.3pt

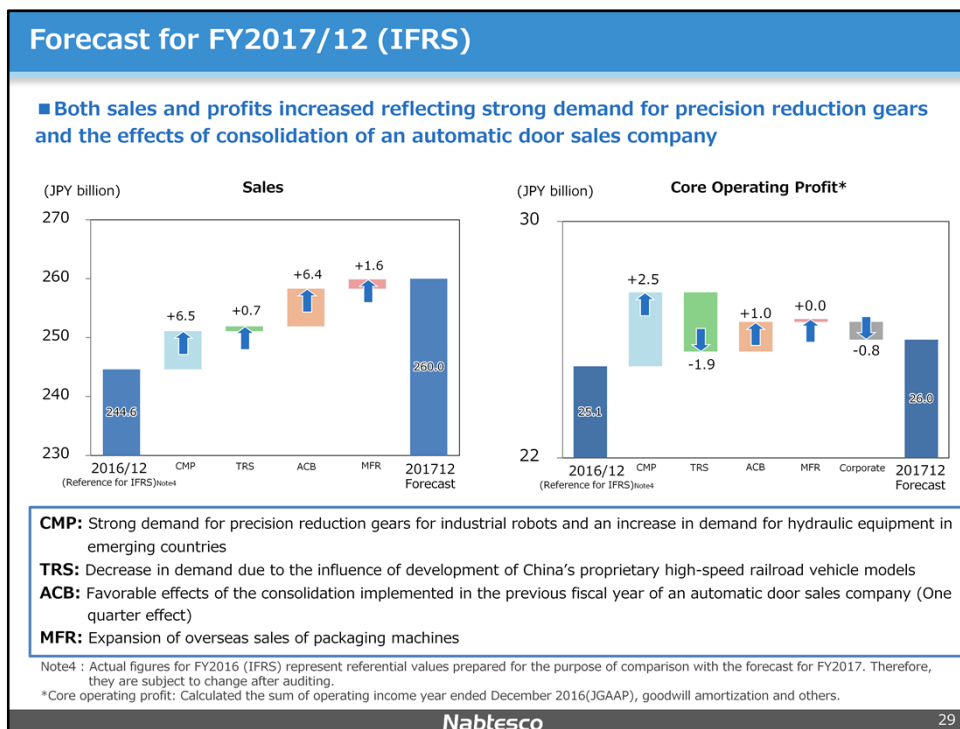
Note4 : Actual figures for FY2016 (IFRS) represent referential values prepared for the purpose of comparison with the forecast for FY2017. Therefore, they are subject to change after auditing.
*Core operating profit: Calculated the sum of operating income year ended December 2016(JGAAP), goodwill amortization and others.
*Net Profit : Net profit attributable to owners of the parent

Remarks :

- Steady demand from Precision reduction gears for Industrial robots.
- Consolidation of automatic door business subsidiary (3M)

Although the operating profit will decline due to the introduction of IFRS, the core operating profit will increase.





In Transport solutions segment, the revenue will decline because of the influences from China's proprietarily developed high-speed train, market slump in marine vessel equipment and an increase of depreciation for new plants in aircraft equipment.

Appendix



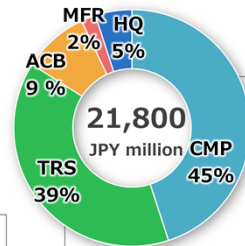
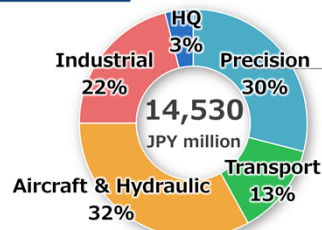
CAPEX, R&D and Depreciation

(JPY million)	2016/12 Result	2017/12 Plan	2015/12 Result (Reference)*
CAPEX	14,530	21,800	10,291
R&D	7,362	8,700	7,265
Depreciation	7,406	9,300	7,399

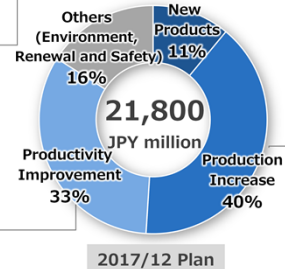
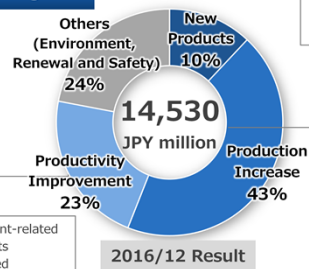
* Please note that the estimates for FY2015/12 (Reference) were calculated for the period of 12 months to make comparisons with the plan for FY2016/12 under the same conditions.

Breakdown in CAPEX

By Segment



By Usage



- Precision reduction gears:
 - Installation of new facilities in the new China plant
- Aircraft equipment:
 - Capacity expansion at Gifu Plant

- Modernization of plants incl. facility replacement in Japan and abroad

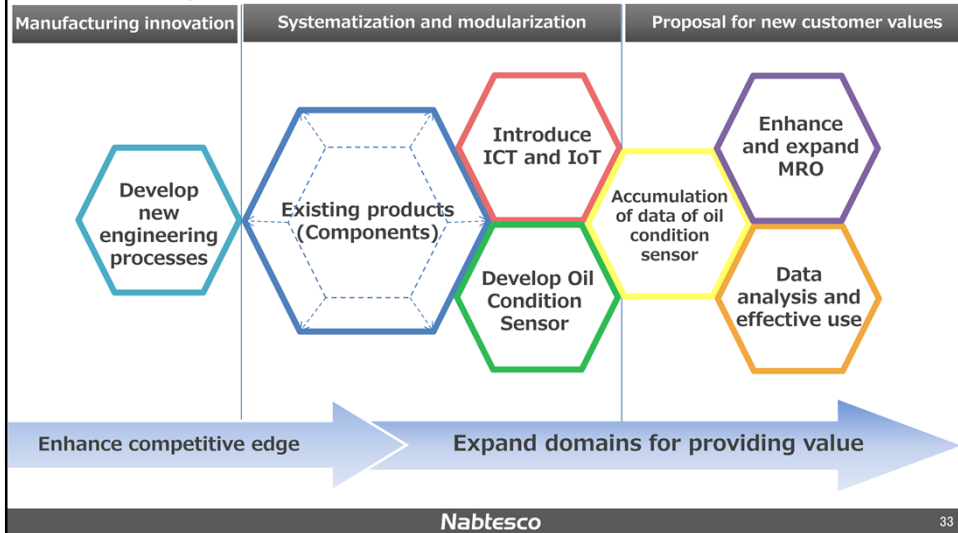
- Environment-related investments
- R&D-related investments

Nabtesco

32

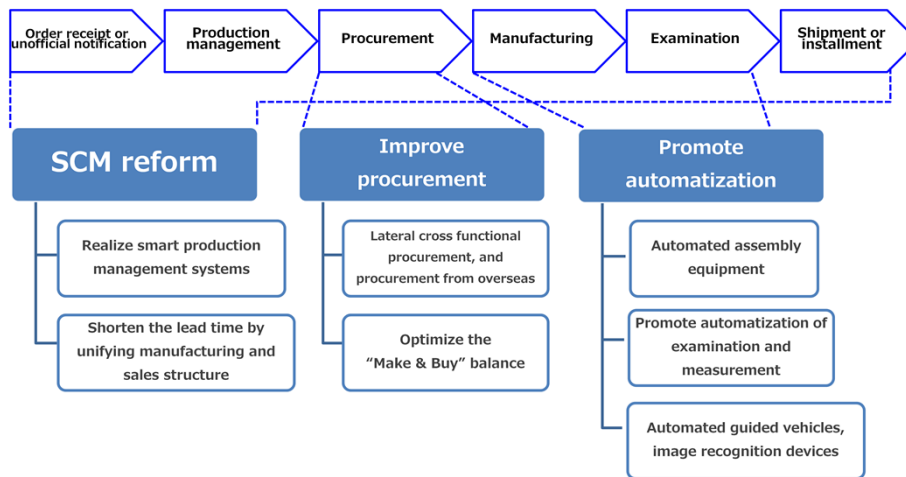
Market Creation/Technology Innovation

- Enhance competitive edge of existing products by means of “Development of new engineering processes”
- Expand business domains for providing value through shifting to becoming a solution provider



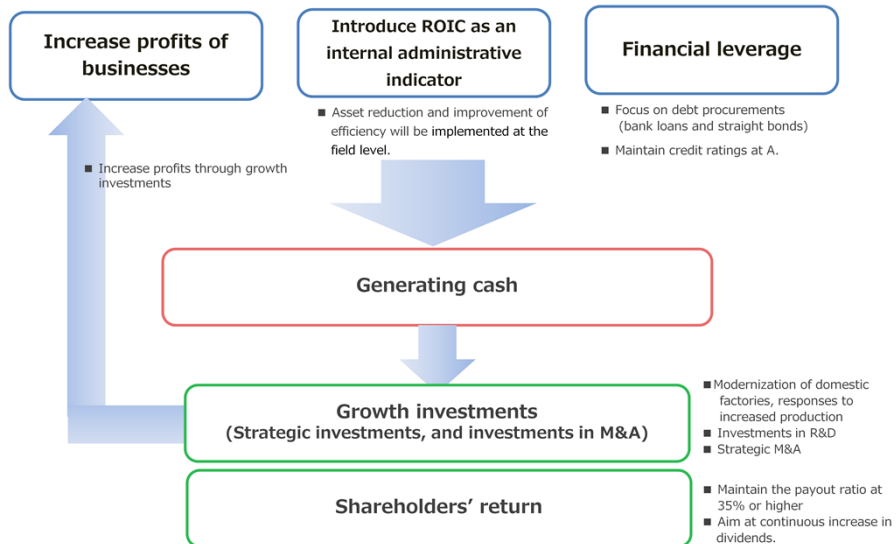
Operational Excellence

■ Improve profitability through production reforms (improving efficiency in manufacturing)



Operational Excellence

- Increase profitability by means of production reforms and operational reforms, and improve corporate value by further boosting capital efficiency.



Nabtesco

35

Non-financial Efforts: Provision of Value to Stakeholders

■ Implement sustainable management with the aim of solving the ESG issues

Shareholders

- Improve governance.
- Enhance risk management.
- Enhance the transmission of ESG information.

Customers

- Pursue customer satisfaction.
- Secure high quality and safety.

Employees

- Working-style reform.
- Promote human resources development and diversity.
- Secure safe workplaces.

Business partners

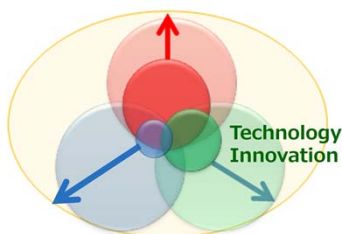
- Responsible procurement activities

The environment and society

- Response to climate change issue
- Environmentally conscious manufacturing
- Development of local communities.

Non-financial Efforts: Reinforcement of Management Base to Support the Basic Strategy

Market Creation



Operational Excellence

- Reinforce the operational base by means of structural and operational reforms.

- Improve corporate governance
 - Accelerate decision-making procedures by delegation of power.
 - Enhance regional control functions and monitoring systems.
- Activate organizations and sophisticate the use of human resources.
 - Promote working-style reform.
 - Implement further measures for employees' health.
 - Promote diversity.

- Reinforce the management base toward the acceleration of overseas business development

- Cultivate human resources capable of engaging globally, and hire personnel specializing in electronics and electric fields.
- Establish internal control, compliance and risk management structures on a global basis.
 - The Compliance Committee and Risk Management Committee were established. (December 2016)
 - Code of Ethics of the Nabtesco Group was established. (Respect for human rights; prevention of bribery, etc.)

- Realize highly efficient production and high environment functions and a comfortable working environment by introducing smart factory systems.

- Establish overwhelming competitive superiority based on Manufacturing Innovation.

- Reduction of burdens on the environment:
 - Long-term targets:

(compared with FY 2015)	2030	2050
Reduction of CO ₂ emissions	-30%	-80%

Medium-term targets:

(compared with FY 2015)	2020
Reduction of CO ₂ emissions: <ul style="list-style-type: none"> • Reduce global sales cost unit. • Reduce total domestic emissions. 	<ul style="list-style-type: none"> • -9% or lower • Maintain the FY2015 level
Promote zero-emissions initiatives.	Zero landfill disposal
Reduce the use of toxic substances.	Maintain the sales cost unit recorded in FY 2016

- Manufacturing Innovation:

- Realize sophisticated automatization and promote smart production management by effective use of IoT and AI technologies.
- Develop proprietary production technologies.
- Optimize the "Make & Buy" balance, and promote reforms in procurement and logistics.

Nabtesco

37













Non-financial Efforts: Enhance CSR toward Responsible Corporate Behavior

■ Promote systematization of CSR activities

- The CSR Committee was established. (August 2016)
- The basic policy on CSR was established:

By practicing The Nabtesco Way, the Nabtesco Group strives to ensure management transparency, provide safety, comfort and a sense of security, and fulfill its corporate social responsibilities, thereby contributing to solving environmental and social issues and seeking to enhance corporate value on a sustainable basis."

■ Re-examination of materiality (material CSR Issues)

General Category	ESG Category	Materiality (Material CSR Issues)	Major SDGs of Relevance
Ensure management transparency	Governance (G)	●Strengthen corporate governance	 
		●Promote risks management and compliance behavior	
		●Ensure proactive dialogue with stakeholders	
Provide safety, comfort and a sense of security	Society (S)	●Enhance customer satisfaction Ensure quality and safety	     
		●Develop human capital and promote workplace diversity	
		●Provide safe and comfortable workplaces	
		●Respect human rights Prevent corruption	
		●Fair, proper and transparent procurement activities	
		●Local community development	
	Environment (E)	●Countermeasures for climate change	   
		●Environmentally friendly manufacturing	
		●Environmentally friendly manufacturing	
		●Reduction of environmental impact	

Non-financial Efforts: External Recognition of Achievements

■ Promoting dialogues with stakeholders through active transmissions of ESG information.

■ Integrated Report

- Selected as "Excellent" by "Nikkei Annual Report Awards 2016"



(https://www.nabtesco.com/library/annual_report/oir2015_12/eng/index.html)

■ Inclusion in major external assessment and ESG-related indices for FY 2016

- DJSI World Index
- FTSE4Good Index Series
- MSCI Global Sustainability Index
- STOXX Global ESG LEADERS INDICES
- JPX-NIKKEI 400
- CDP's Climate A List
- CDP's Supplier Climate A List

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



FTSE4Good

MSCI

2016 Constituent
MSCI Global Sustainability Indexes

Member 2016/2017
STOXX
ESG LEADERS INDICES

 **JPX-NIKKEI 400**



Nabtesco

39

Topic: Acquisition for Promoting Mechatronics

OVALO GmbH/adcos GmbH

	OVALO GmbH	adcos GmbH
Location	Limburg an der Lahn (Germany)	Köln (Germany)
Line of merchandise	Chassis system, and engine system products	ECU* for development, and software
Non-consolidated net sales (Forecast for FY2016/12)	Approx. 20 million euros	Approx. 2 million euros
Acquisition value	Approx. 82 million euros (including the acquisition price of claimable assets)	



OVALO

adcos

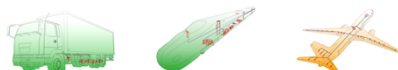


*ECU (Electric Control Unit) for development; Computers dedicated to development used in RCP (Rapid Control Prototyping) before designing and manufacturing computers loaded on actual equipment.
 *RCP: A development technique for checking and improving software, etc. reproduced in the model-based design by downloading to a computer dedicated to development, and by actually operating it.

Expected synergies

Technology Innovation

Utilizing capability of development of unified motor and control units, we will systematize and introduce mechatronics to various products



Market Creation



To be used as the new development and production base in Europe

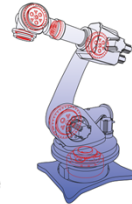
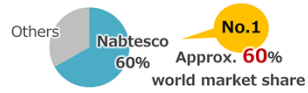
Nabtesco

40

Main Products: Precision Equipment Segment

Precision Reduction Gears

■ Joints of Industrial Robots



■ Machine Tool ATCs

(ATC = Automatic Tool Changer)



New Energy Equipment

■ Solar Tracking Equipment



■ Drive Units for Wind Turbines



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

■ New Energy Equipment

Solar Tracking Equipment: Cobra Thermosolar Plant (Spain)

Drive Units for Wind Turbines: MHI, Hitachi, Ltd., Others

Nabtesco

41

Main Products: Transport Equipment Segment

Railroad Vehicle Equipment

■ Brake Systems



■ Door Operating Systems



Commercial Vehicle Equipment

■ Wedge Chambers



■ Air Dryers



Marine Vessel Equipment

■ 2ST Main Engine Control Systems



Main Customers

■ Railroad Vehicle Equipment

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

■ Commercial Vehicle Equipment

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

■ Marine Vessel Equipment

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

Nabtesco

42

Main Products: Aircraft & Hydraulic Segment

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



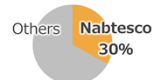
No.1

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



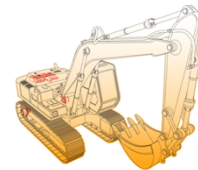
Hydraulic Equipment

■ Traveling Units for Hydraulic Excavators



No.1

Approx. **30%** world market share



Main Customers

■ Aircraft Equipment

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

■ Hydraulic Equipment

Komatsu, Kobelco Construction Machinery, Kubota, Sumitomo Construction Machinery, Hitachi Construction Machinery, Sany, Zoomlion, XCMG, LiuGong

Nabtesco

43

Main Products: Industrial Equipment Segment

Automatic Doors

■ Automatic Doors



■ Platform Screen Doors



Packaging Machines

■ Packaging Machines for Retort Pouch Foods



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

■ 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

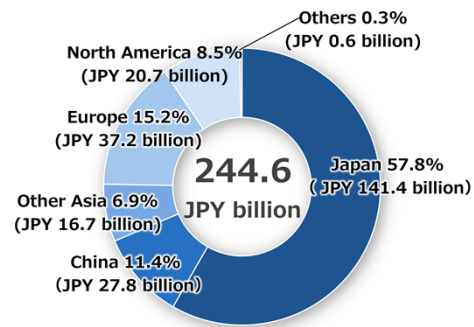
Nabtesco

44

Sales by Geographic Segment

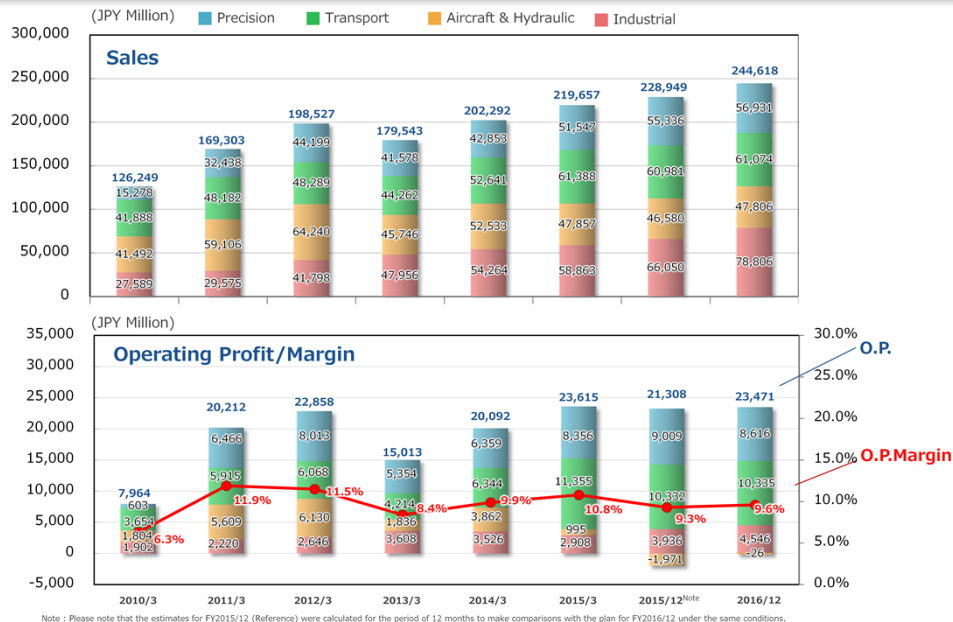
2016/12 result

(12-month period for both domestic and overseas companies)



Overseas sales	JPY 103.2 billion
Ratio	42.2%

Result for Sales and Operating Profit by Business Segment



Nabtesco

46

Segment Sales and O.P. (Previous Segmentation : JGAAP)

(JPY million)

Segment	Term	2016/12 Result	2016/12 plan (As of 31 st Oct.)	2015/12 Result (Reference) ^{Note2}
Precision	Sales	56,931	57,300	55,336
	O.P. (OPM)	8,616 (15.1%)	8,400 (14.7%)	9,009 (16.3%)
Transport	Sales	61,074	60,300	60,981
	O.P. (OPM)	10,335 (16.9%)	9,600 (15.9%)	10,332 (16.9%)
Aircraft & Hydraulic	Sales	47,806	47,900	46,580
	O.P. (OPM)	-26 (-0.1%)	100 (0.2%)	-1,971 (-4.2%)
Industrial	Sales	78,806	79,500	66,050
	O.P. (OPM)	4,546 (5.8%)	4,200 (5.3%)	3,936 (6.0%)

Note2 : Please note that the estimates for FY2015/12 (Reference) were calculated for the period of 12 months to make comparisons with the plan for FY2016/12 under the same conditions.

Segment Sales and O.P. (New Segmentation : IFRS)

(JPY million)

Segment	Term	2016/12 Result ^{note4} (IFRS)	2017/12 Plan (IFRS)	2020/12 Mid-term plan Reference
Component Solutions (CMP)	Sales	82,473	89,000	118,400
	Core O.P. (Core OPM)	11,200 (13.6%)	13,700 (15.4%)	22,200 (18.8%)
Transport Solutions (TRS)	Sales	81,425	82,200	104,400
	Core O.P. (Core OPM)	13,409 (16.5%)	11,500 (14.0%)	17,200 (16.5%)
Accessibility Solutions (ACB)	Sales	64,634	71,100	79,200
	Core O.P. (Core OPM)	4,726 (7.3%)	5,800 (8.2%)	7,900 (10.0%)
Manufacturing Solutions (MFR)	Sales	16,086	17,700	27,700
	Core O.P. (Core OPM)	1,591 (9.9%)	1,600 (9.0%)	3,200 (11.6%)
Corporate	Sales	0	0	300
	Corporate or Elimination	- 5,751	-6,600	-8,500
Other Profit or Loss		1,763	0	0

Note4 : Actual figures for FY2016 (IFRS) represent referential values prepared for the purpose of comparison with the forecast for FY2017. Therefore, they are subject to change after auditing.

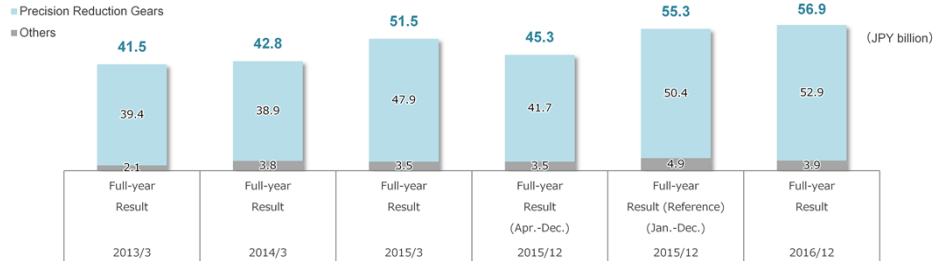
*Core operating profit: Calculated the sum of operating income year ended December 2016(JGAAP), goodwill amortization and others.

Nabtesco

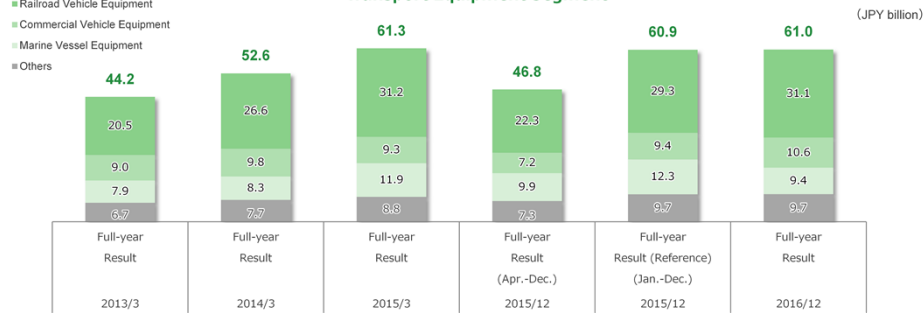
48

Result for Sales by Business (JGAAP)

Precision Equipment Segment



Transport Equipment Segment



Nabtesco

49

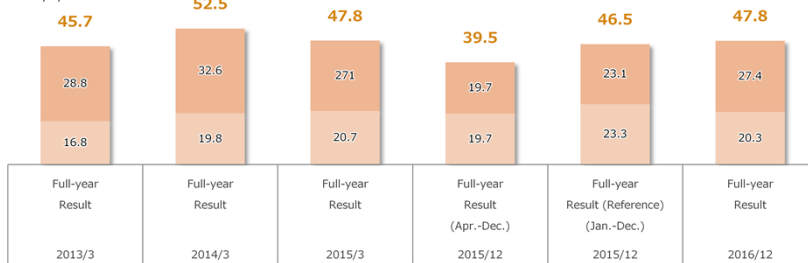
Result for Sales by Business (JGAAP)

Hydraulic Equipment

Aircraft Equipment

Aircraft and Hydraulic Equipment Segment

(JPY billion)



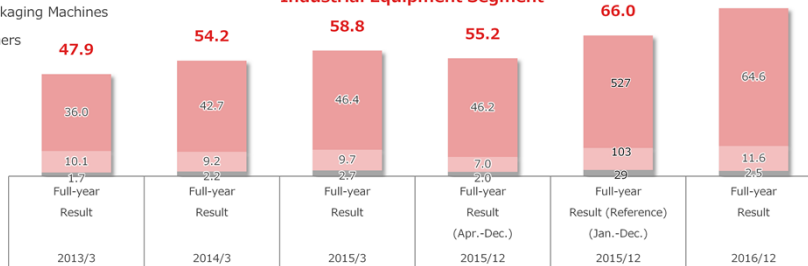
Automatic Doors

Packaging Machines

Others

Industrial Equipment Segment

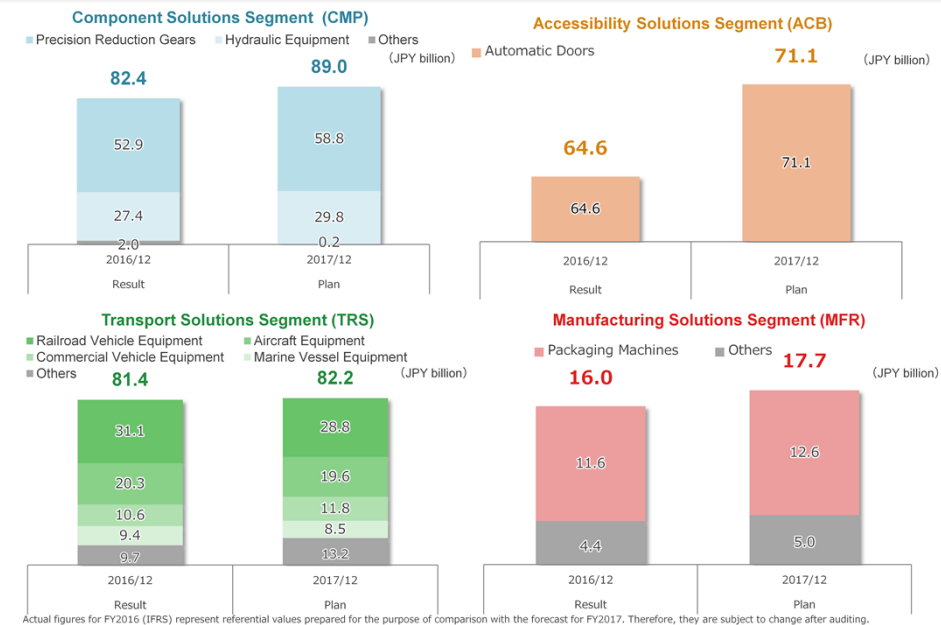
(JPY billion)



Nabtesco

50

Result and Forecast for Sales by Business (IFRS)



Nabtesco

51

Segmentation Change

■ Segmentation change from FY2017/12

Technology similarity to Business model similarity

[Current Segmentation]

Segment	Main business
Precision Equipment	Precision Reduction Gears
	New Energy Equipment
Transport Equipment	Railroad Vehicle Equipment
	Commercial Vehicle Equipment
	Marine Vessel Equipment
Aircraft & Hydraulic Equipment	Aircraft Equipment
	Hydraulic Equipment
Industrial Equipment	Automatic Doors
	Packaging Machines

[New Segmentation]

Segment	Main business
Component Solutions	Precision Reduction Gears
	New Energy Equipment
	Hydraulic Equipment
Transport Solutions	Railroad Vehicle Equipment
	Commercial Vehicle Equipment
	Marine Vessel Equipment
	Aircraft Equipment
Accessibility Solutions	Automatic Doors
Manufacturing Solutions (Others)	Packaging Machines

Nabtesco

52

Segmentation Change : Other Subsidiaries

Segment	Main Other Subsidiaries
Component Solutions	<p>Changzhou Nabtesco Precision Machinery (Manufacturing and sales of gear wheels for reduction gear)</p> <p>T.S. Mechatech (Machining and sales of machinery and appliances)</p>
Transport Solutions	<p>Nabtesco Service (Sales, installation, and maintenance of hydraulic and railroad vehicle equipment)</p> <p>Taiwan Nabtesco Service (Sales and after-sales service for Nabtesco Corporation's Railroad vehicle equipment)</p> <p>NABTEC (Subcontractor for design of products and production equipment for various machinery)</p>
Accessibility Solutions	
Manufacturing Solutions (Others)	<p>TS Precision (Sales and Manufacturing constant velocity joint groove processing machines and others)</p> <p>CMET (Sales and Manufacturing rapid prototyping systems)</p> <p>DIAVAC (Sales and Manufacturing vacuum machinery and others)</p>

Nabtesco
moving it. stopping it.

