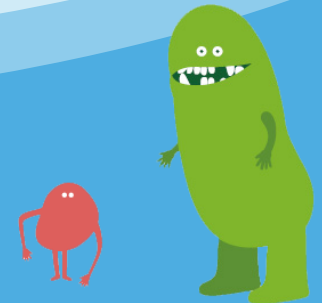
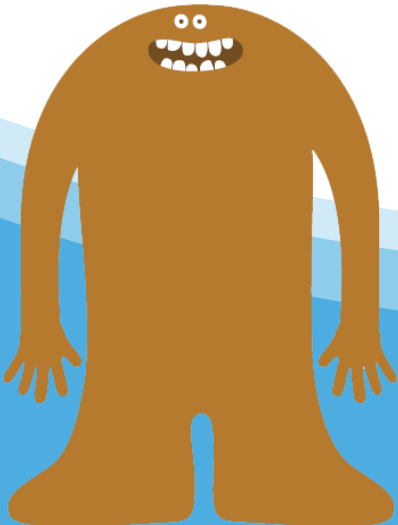


FY2018/12 Q2 Results Briefing (IFRS)

August 7, 2018

Nabtesco Corporation



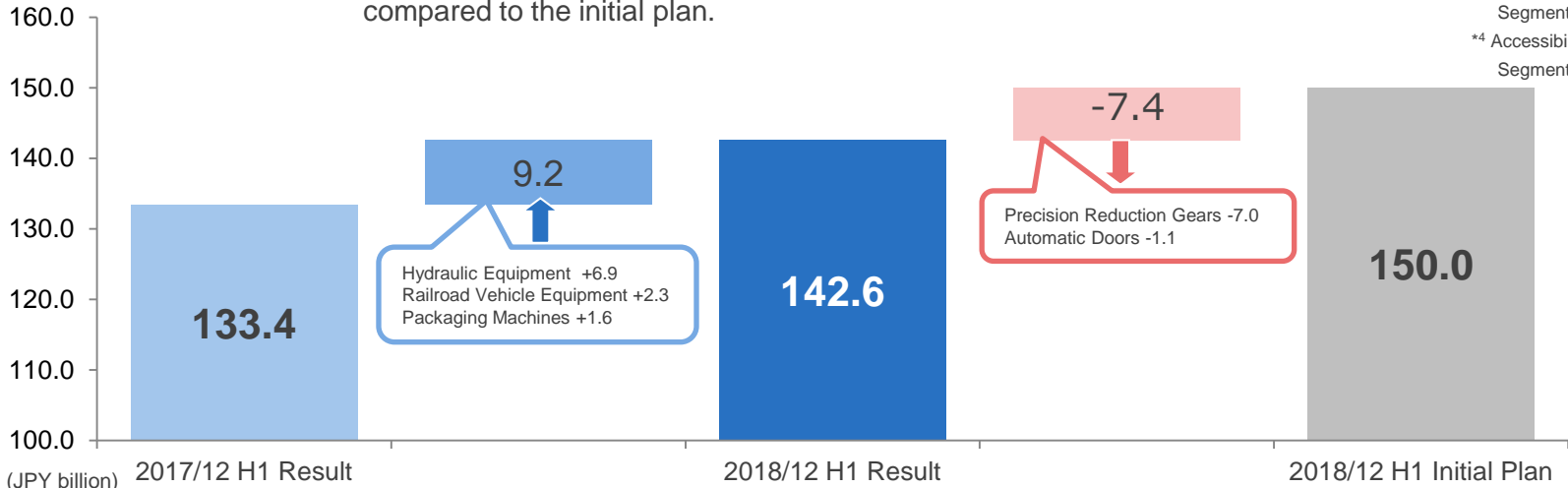
The forecast data presented herein reflects assumed results based on conditions that are subject to change. Nabtesco Corporation does not make representations as to, or warrant, in whole or in part, the attainment or realization of any of the forecasted results presented in this document. Numerical figures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

FY2018/12 Summary of H1 Result

Sales

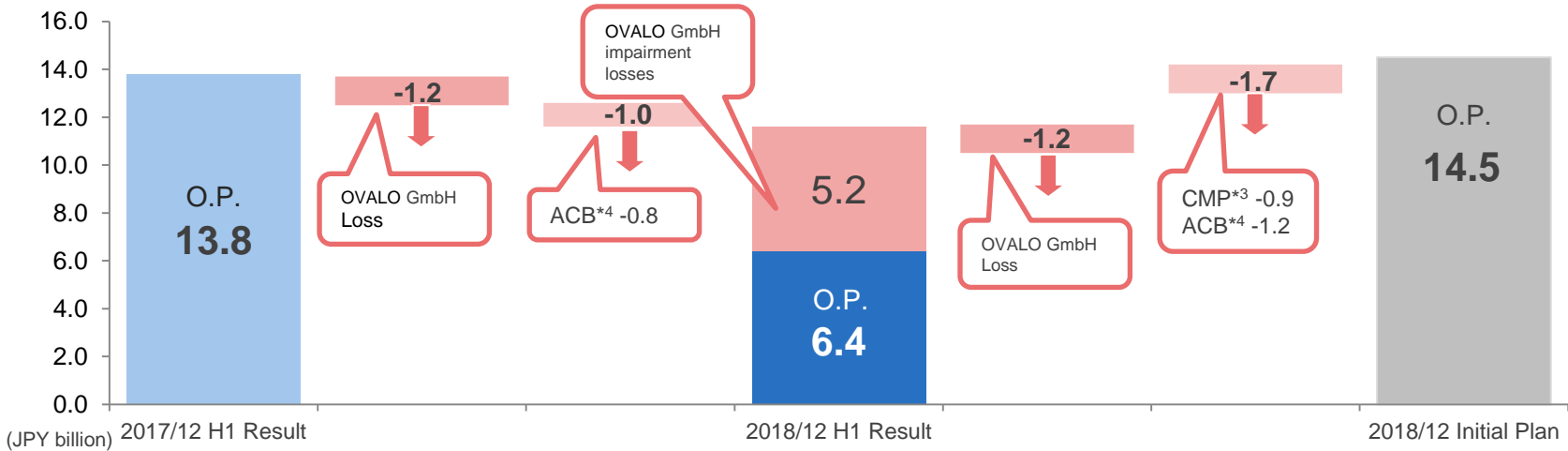
Sales increased of 7% due to the growth in sales of Hydraulic Equipment on YoY *1. Sales decreased of 5% due to weak demand in Precision Reduction Gears compared to the initial plan.

*1 a year-on-year basis
 *2 a subsidiary in Germany
 *3 Component Solutions Segment
 *4 Accessibility Solutions Segment



O.P.

O. P. was greatly affected by the delays in the projects and the impairment losses in OVALO GmbH *2. Although O.P. grew with sales increase, O.P. decreased due to a decline in O.P. of ACB on YoY.

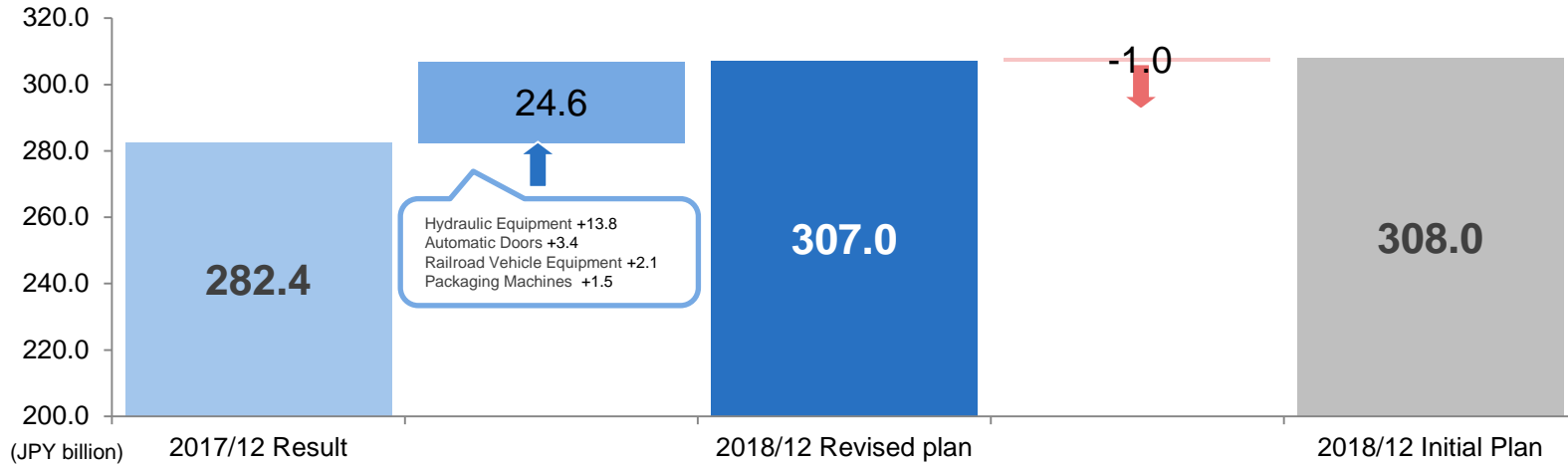


FY2018/12 Summary of Full-year Forecast

Sales

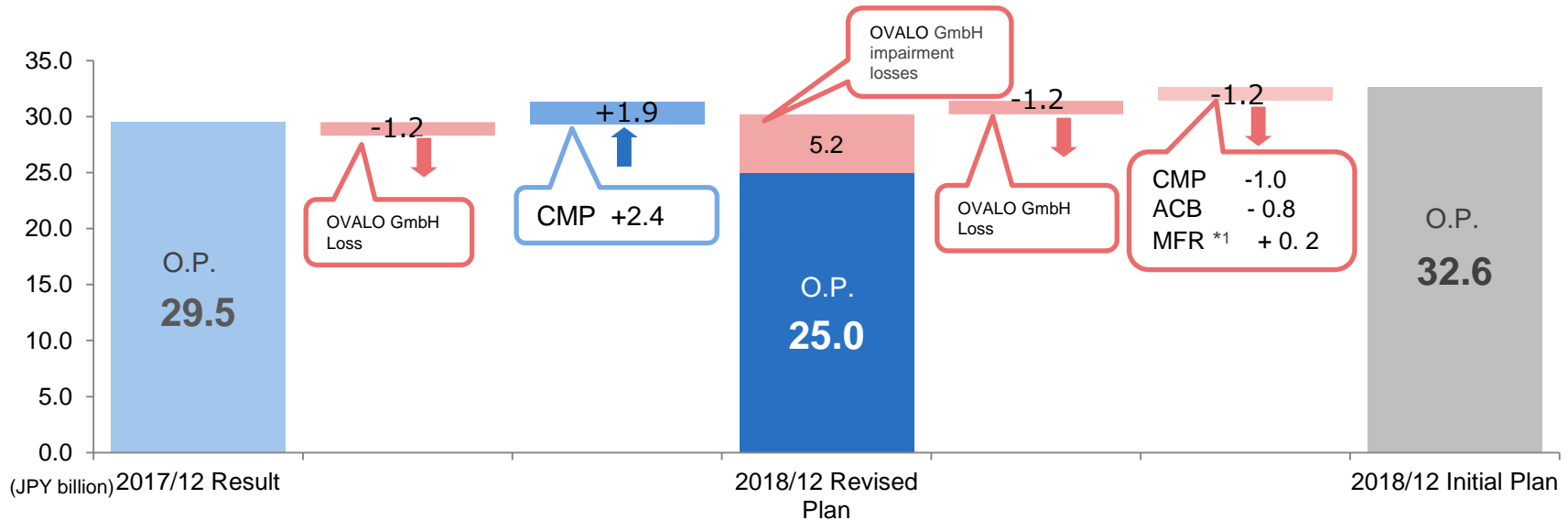
Sales increased of 9% due to the strong performance of Hydraulic Equipment on YoY.

*1Manufacturing Solutions Segment



O.P.

O. P. was greatly affected by the delays in the projects and the impairment losses in OVALO GmbH. Although sales was flat compared to the initial plan, O.P. decreased due to the difference in product mix of CMP and decrease in O.P. of ACB on YoY.



Consolidated Results for the FY2018/12 H1 (IFRS)

■ Although sales increased on YoY, O.P. decreased due to the delays in projects, impairment losses in OVALO GmbH and a decline in Automatic Door.

Income before tax increased due to the increase in equity method investments in H1 by Harmonic Drive Systems (6 billion yen).

(JPY million)	2017/12 H1 Result (A)	2018/12 H1 Plan (As of Feb. 9, 2018) (B)	2018/12 H1 Result (C)	Variation (C-A)	Variation (C-B)
Sales	133,359	150,000	142,555	9,196	-7,445
Core O.P. *1	13,866	14,300	11,092	-2,774	-3,208
O.P.	13,761	14,500	6,387	-7,374	-8,113
(OPM)	10.3%	9.7%	4.5%	-5.8%	-5.2%
Income before tax	16,993	15,700	13,038	-3,955	-2,662
Net profit *2	12,497	10,500	7,886	-4,611	-2,614

Earnings per share (JPY Yen)	101.23	85.12	63.62	37.61	21.50
DPS (JPY Yen)	34	36	36	2	-
Payout ratio	33.6	42.3	56.6	23.0	14.3

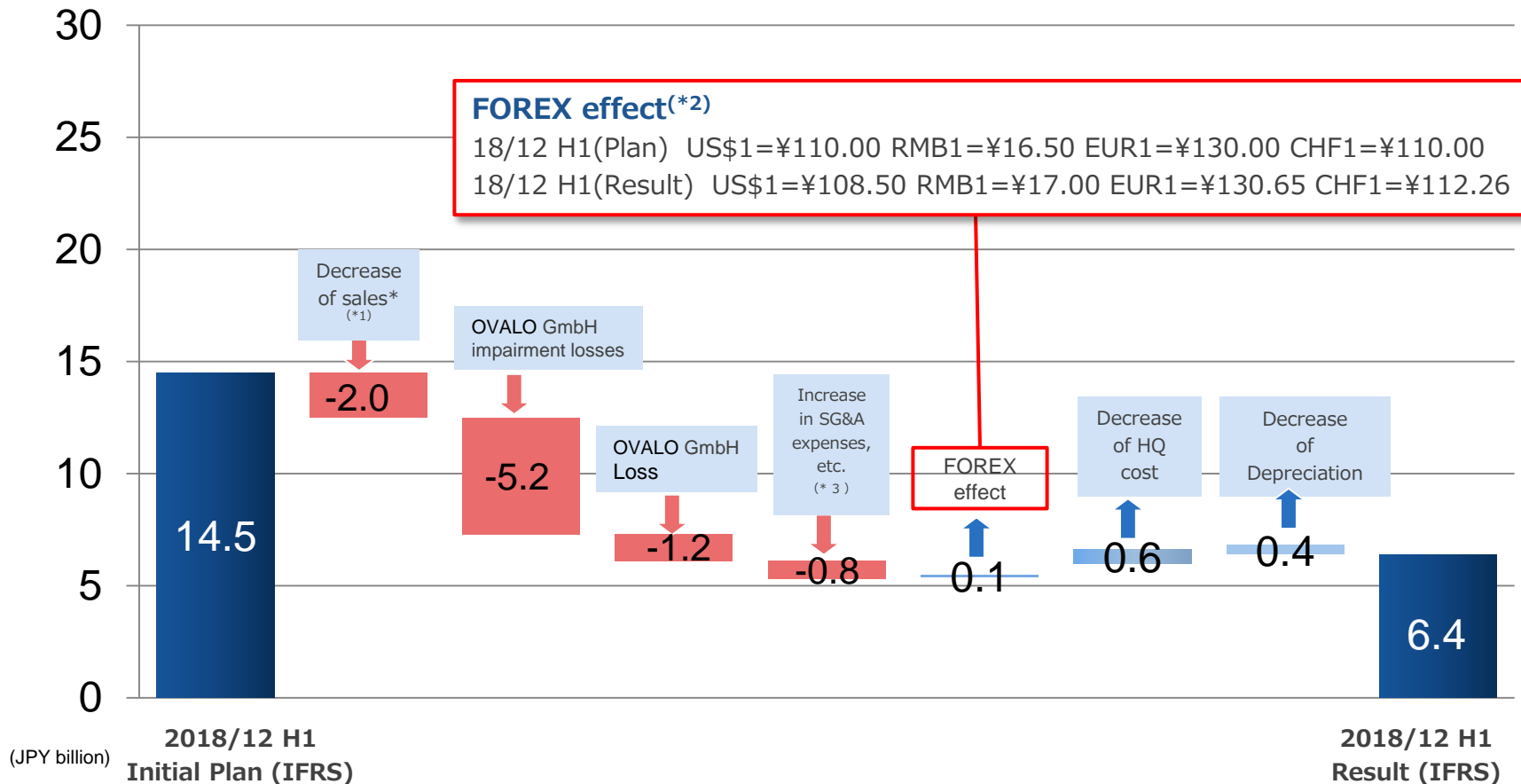
*1Core operating profit is net sales less cost of sales and selling, general and administrative expenses.

*2Net profit attributable to owners of the parent

Analysis of Changes in H1 Operating Profit by Company (FY2018/12 Initial Plan vs. FY2018/12 Result)

■ The growth of O.P. was limited due to the increase of cost.

OVALO GmbH recorded impairment losses of approximately ¥5.2 billion, arising from amortization of goodwill.



*1&3 Fluctuations in operating profit owing to the increase of sales and SG&A expenses are based on the calculation without FOREX effect.

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

(US\$): 12 million yen, (RMB) : 287 million yen, (EUR) : minimal, (CHF) : minimal

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

Forecast for FY2018/12 (IFRS)

- Although the sales and O.P. are expected to increase on YoY, O.P. is forecast to decrease due to the impairment losses in OVALO GmbH.

(JPY million)	2017/12 Result (A)	2018/12 Initial Plan (As of Feb. 9, 2018) (B)	2018/12 Revised Plan (As of Jul. 31, 2018) (C)	Variation (C-A)	Variation (B-A)
Sales	282,422	308,000	307,000	24,578	-1,000
Core O.P. *1	29,155	32,100	29,800	645	-2,300
O.P.	29,468	32,600	25,000	-4,468	-7,600
(OPM)	10.4%	10.6%	8.1%	-2.3pt	-2.5pt
Income before tax	34,907	35,900	33,600	-1,307	-2,300
Net profit *2	25,146	25,700	23,600	-1,546	-2,100
ROA	9.0%	8.3%	7.7%	-1.3pt	-0.6pt
ROE	15.9%	14.6%	13.5%	-2.4pt	-1.1pt

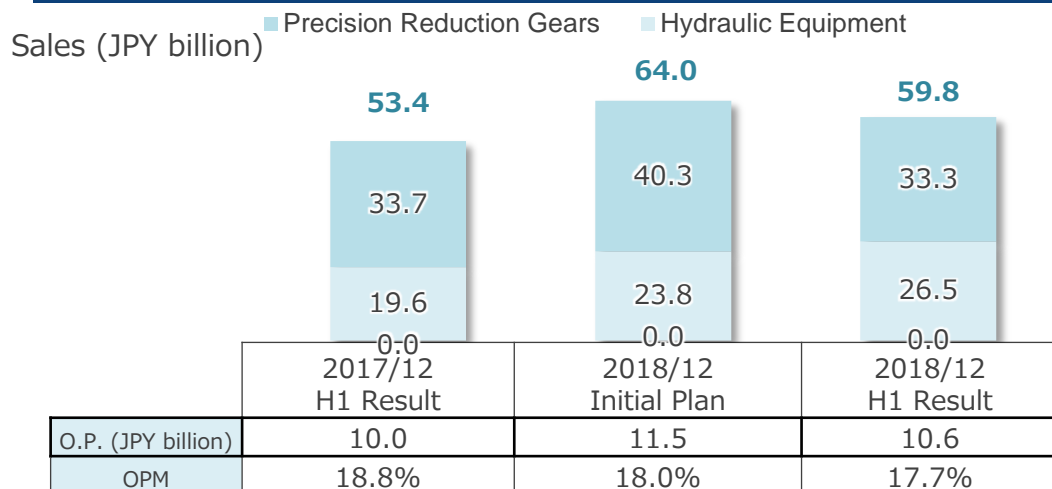
DPS (Yen)	72	73 (Plan)	73(Plan)
Payout ratio	35.3%	35.0%(Plan)	38.3%(Plan)

*1 Core operating profit is net sales less cost of sales and selling, general and administrative expenses.

*2 Net profit attributable to owners of the parent

Component Solutions Segment (CMP) : IFRS

H1 Result



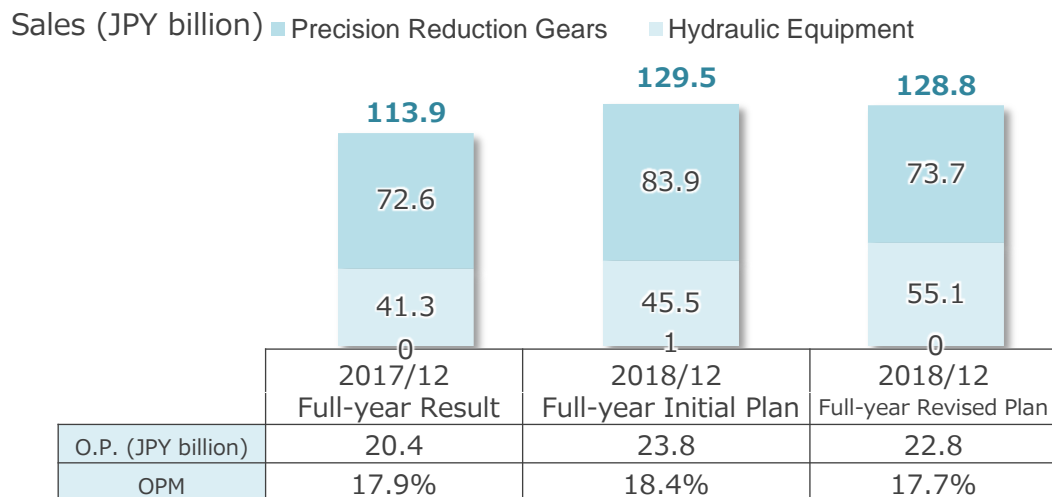
■ Sales

Sales increased due to the growth in sales of Hydraulic Equipment on YoY. Sales decreased due to the weak demand in Precision Reduction Gears, compared to the initial plan.

■ O.P.

O.P. was increased with sales on YoY. O.P. was decreased due to the difference in product mix compared to the initial plan.

Full-year Forecast



■ Sales

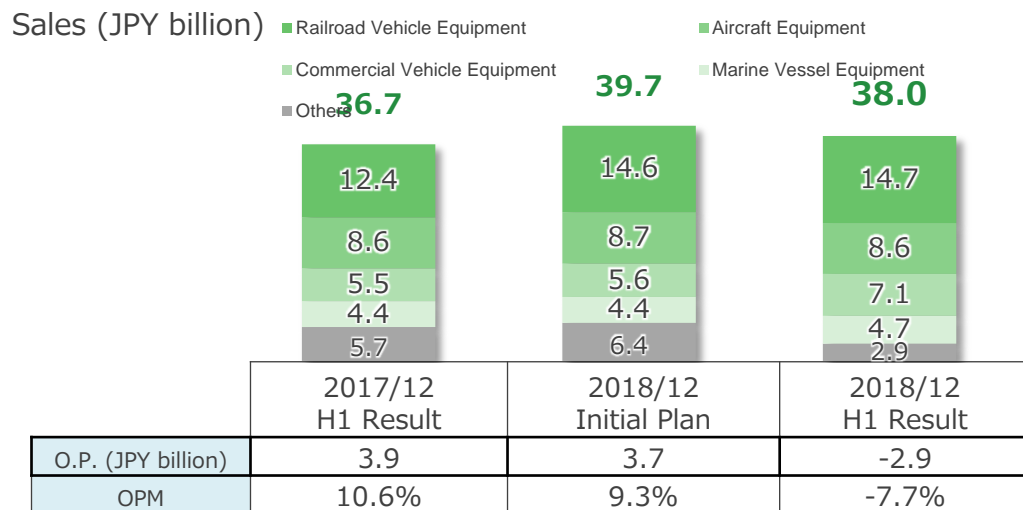
Sales are expected to increase both in Precision Reduction Gear and Hydraulic Equipment on YoY. Sales are expected to grow in line with the initial plan.

■ O.P.

O.P. is anticipated to increase due to the growth in sales of Hydraulic Equipment on YoY. O.P. is expected to decline due to the delays in H1 in Precision Reduction Gear.

Transport Solutions Segment (TRS) : IFRS

H1 Result



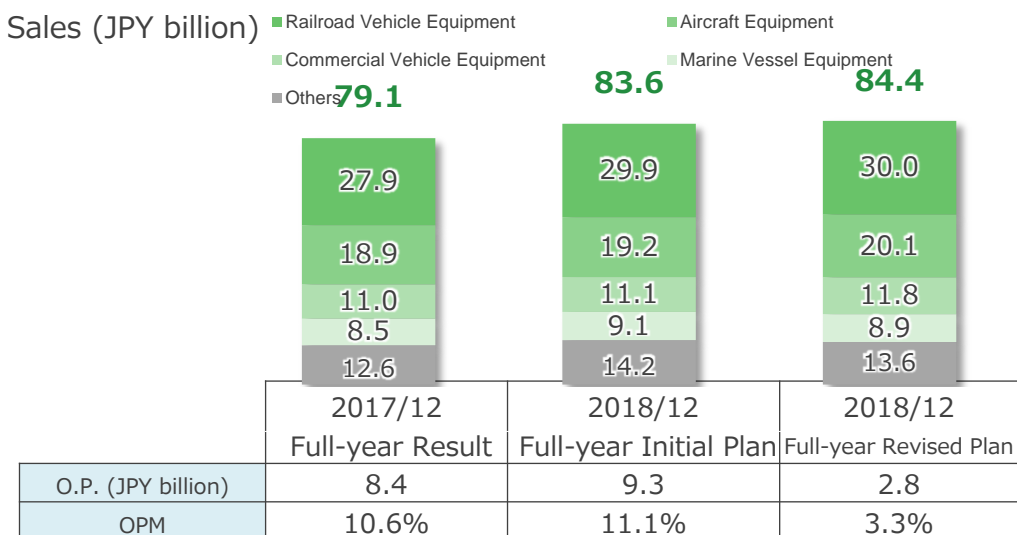
■ Sales

Sales of Railroad Vehicle Equipment increased on YoY despite a decrease in sales for Chinese high-speed railroads, which was offset by sales for Chinese subways.

■ O.P.

The O.P. was decreased due to the delays in projects, impairment losses in OVALO GmbH and decline in sales for Chinese high-speed railroads.

Full-year Forecast



■ Sales

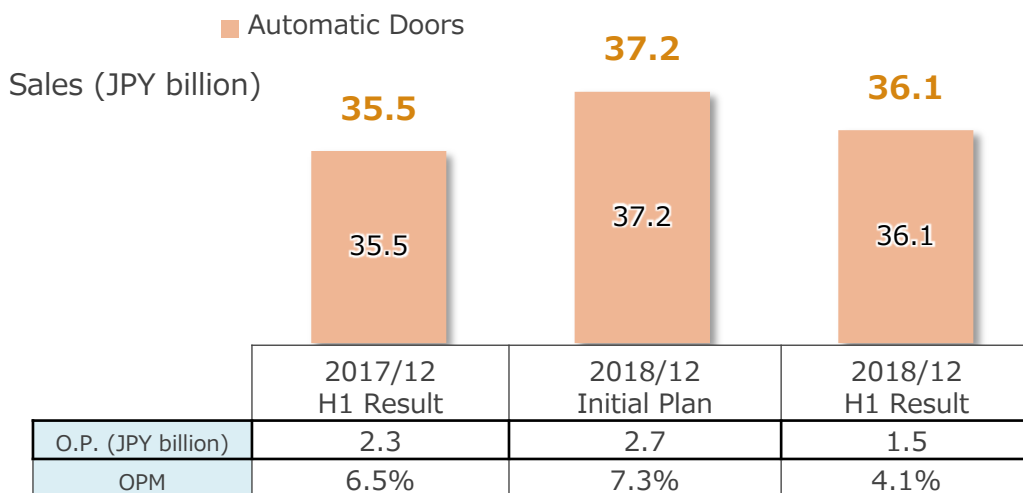
Expected to achieve the plans in each business.

■ O.P.

The O.P. is anticipated to decrease due to the delays in projects and impairment losses in OVALO GmbH. Other 4 businesses are expected to achieve the initial plans.

Accessibility Solutions Segment (ACB) : IFRS

H1 Result



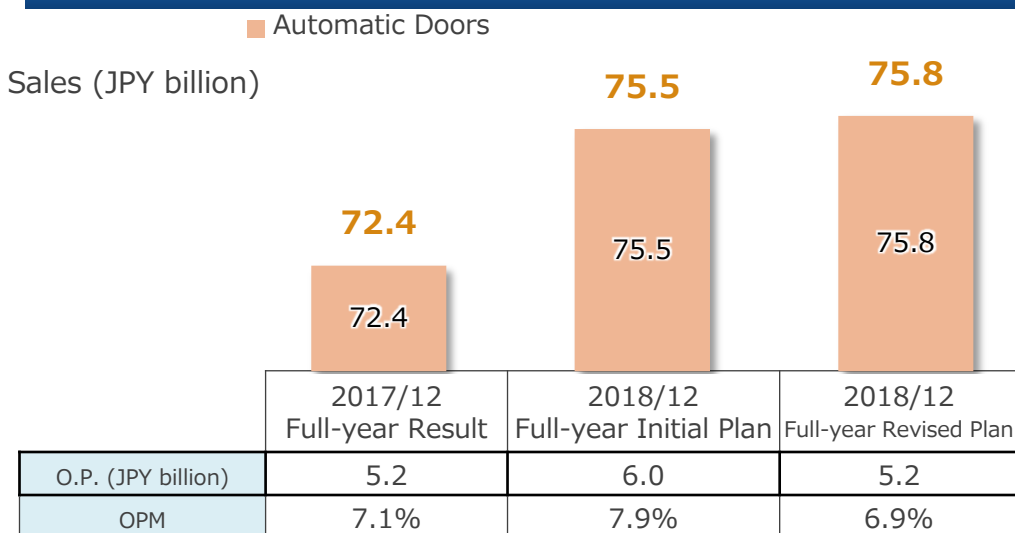
■ Sales

Sales recorded on YoY growth as sales in platform doors offset the decrease in sales due to the delays of construction periods for automatic doors for buildings.

■ O.P.

O.P. decreased due to the investments for human resources for Olympic, the difference in product mix and the increase of cost in the oversea projects of platform doors.

Full-year Forecast



■ Sales

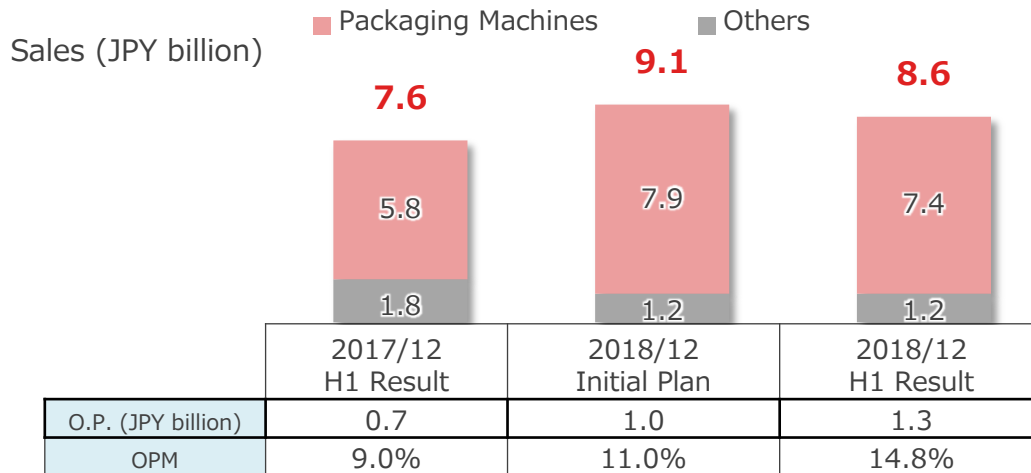
The sales are expected to increase due to the growth in platform doors and making up for the delays in automatic doors for building.

■ O.P.

O.P. can not be caught up with the delay in H1, remaining at 5.2 billion yen.

Manufacturing Solutions Segment (MFR) : IFRS

H1 Result



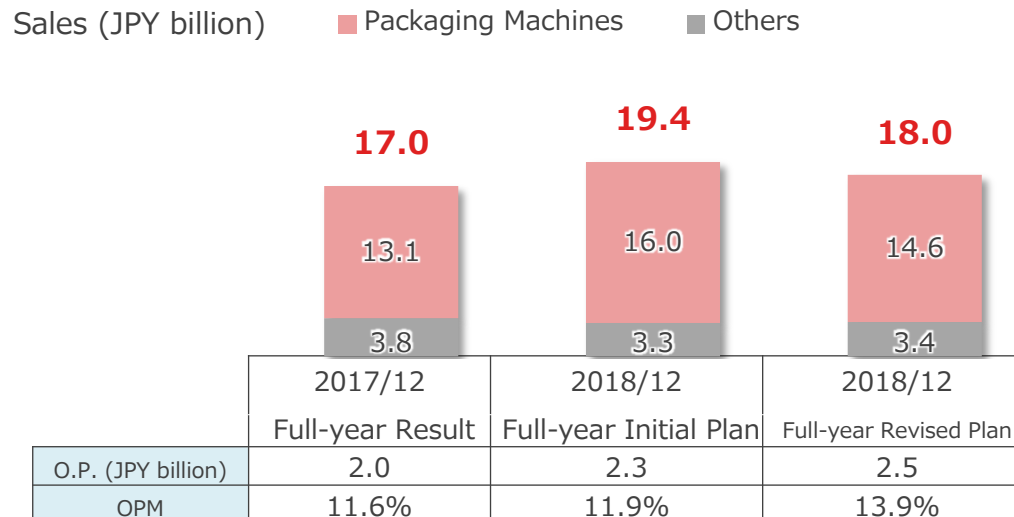
■ Sales

Sales recorded on YoY increase due to growth of food packaging machine business.

■ O.P.

Operating profit exceeded the plan due to the improvement of profitability by the enlargement of machinery.

Full-year Forecast



■ Sales

Sales are expected to increase, reflecting the development of packaging machines for the domestic food industry and overseas markets.

■ O.P.

Profitability is expected to improve, remaining good performance of H1.

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.

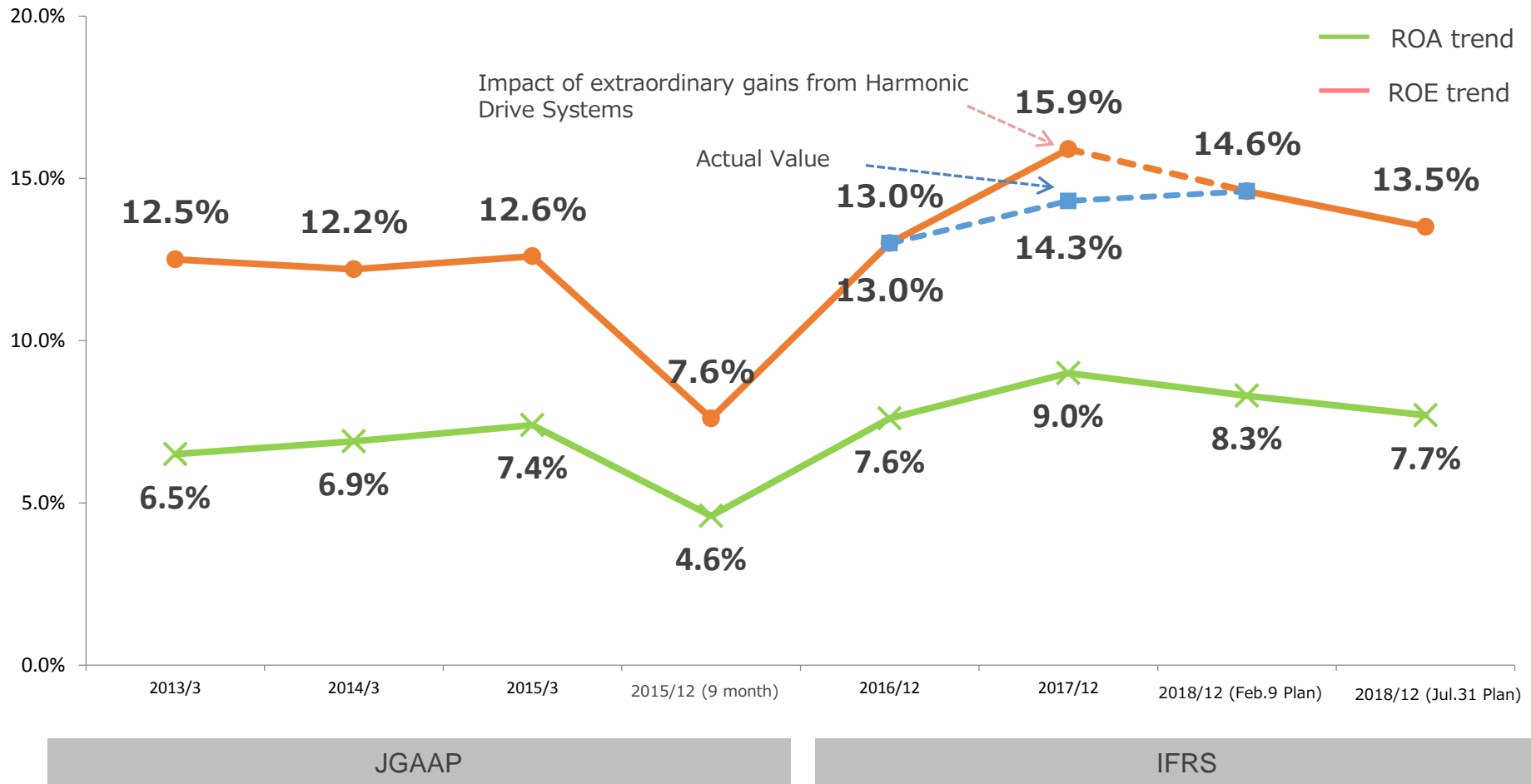
Aircraft equipment : Capacity expansion systems built for new programs.

(JPY billion)	2017/12 H1 Result (A)	2018/12 H1 Result (B)	2018/12 Plan (C)	Ratio of Variation (B/A)	Rate of progress (B/C)	2017/12 Result
CAPEX	5.8	11.5	30.4	198%	38%	15.5
R&D	4.1	5.2	10.2	127%	51%	8.7
Depreciation	3.9	4.9	11.2	126%	44%	9.0

Progress in Mid-Term Management Plan ~ROE15%~

■ ROE15%

■ Although there was a decline in ROE due to the impairment of OVALO, we aim to achieve ROE 15% in 2020.

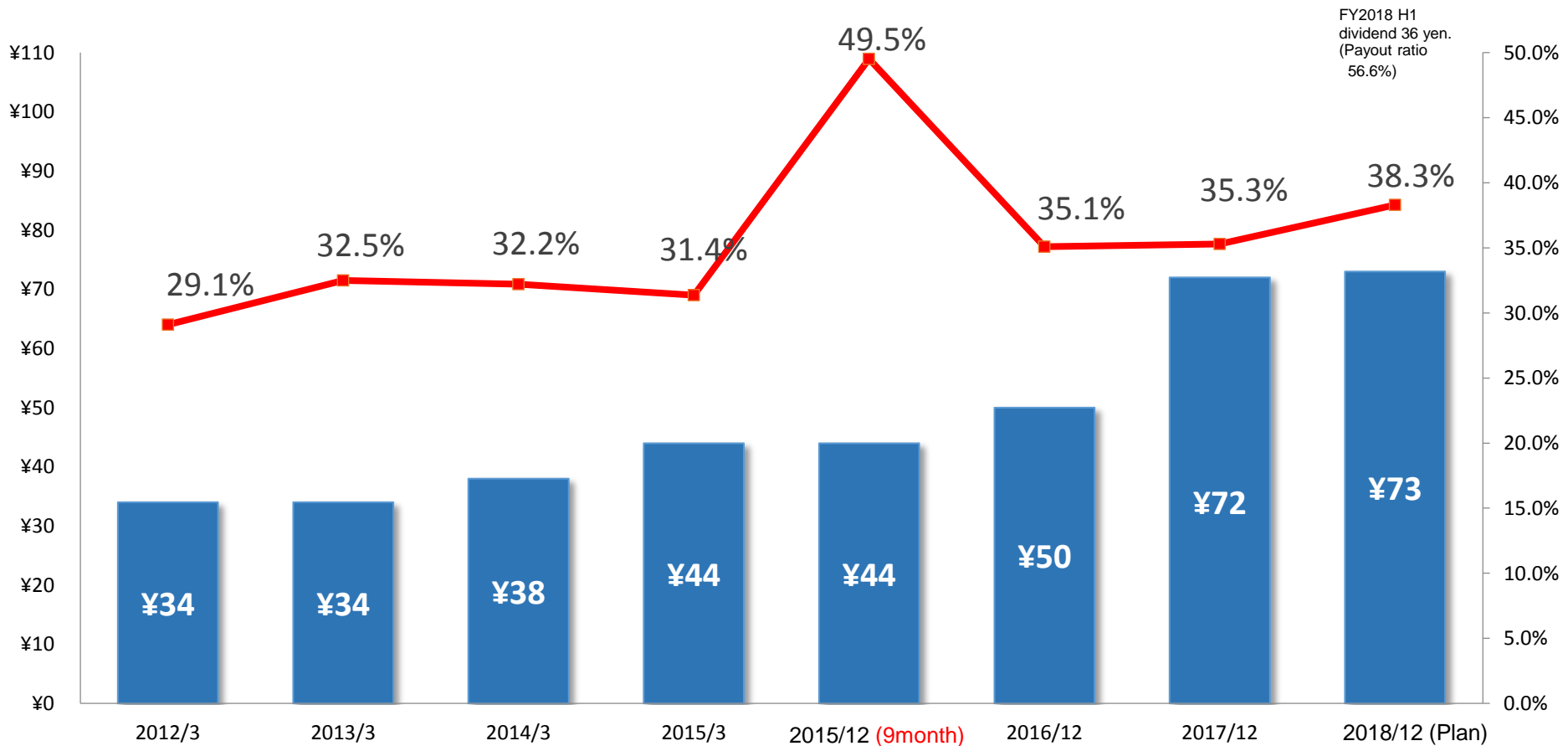


Progress in Mid-Term Management Plan

~Consolidated payout ratio 35% or higher~

■ Consolidated payout ratio 35% or higher

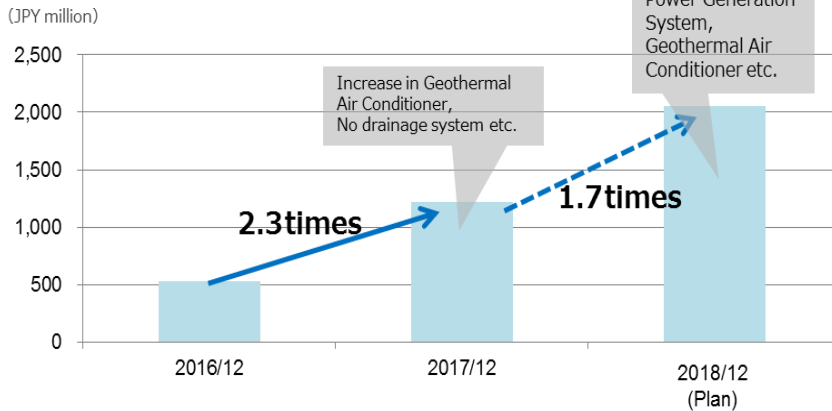
■ Although net profit of FY2018 will be decreased against the initial plan, the dividend will remain unchanged.



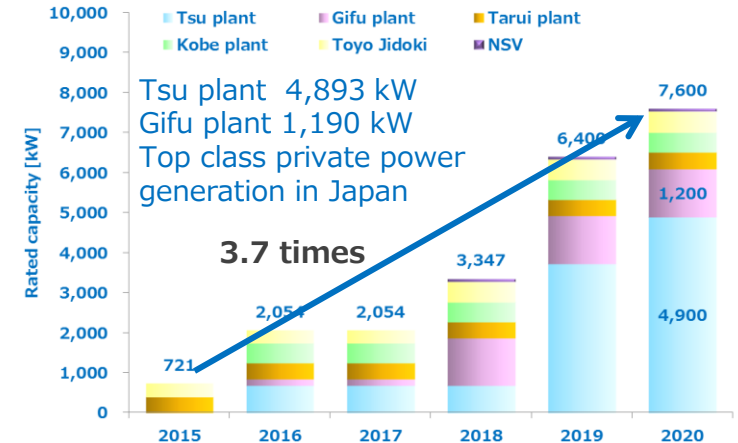
ESG Progress (Investment for Environment)

Proactive investment for Environment-related investments

■ Trend of Environment-related investments

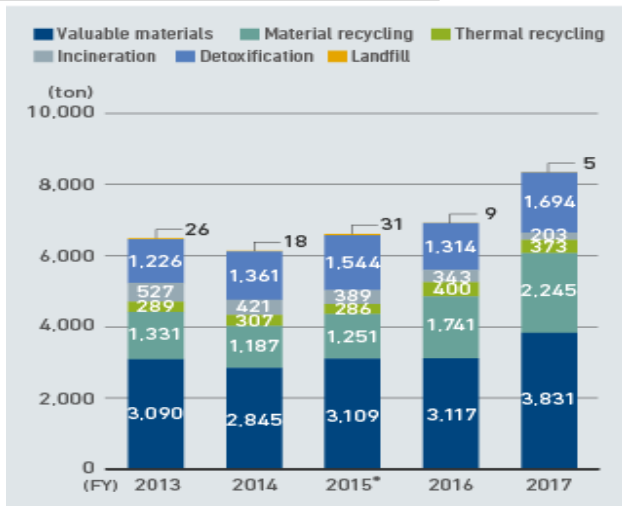


Solar Power Generation System

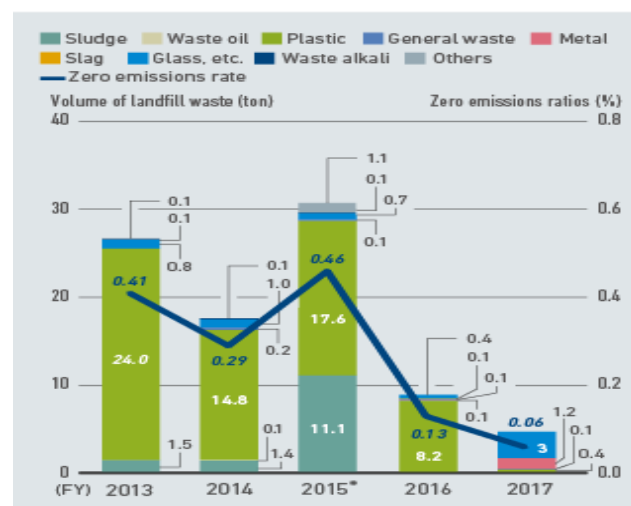


Activities to Reduce Landfill Waste

Volume of Waste Generated



Volume of Landfill Waste and Zero Emissions Ratios

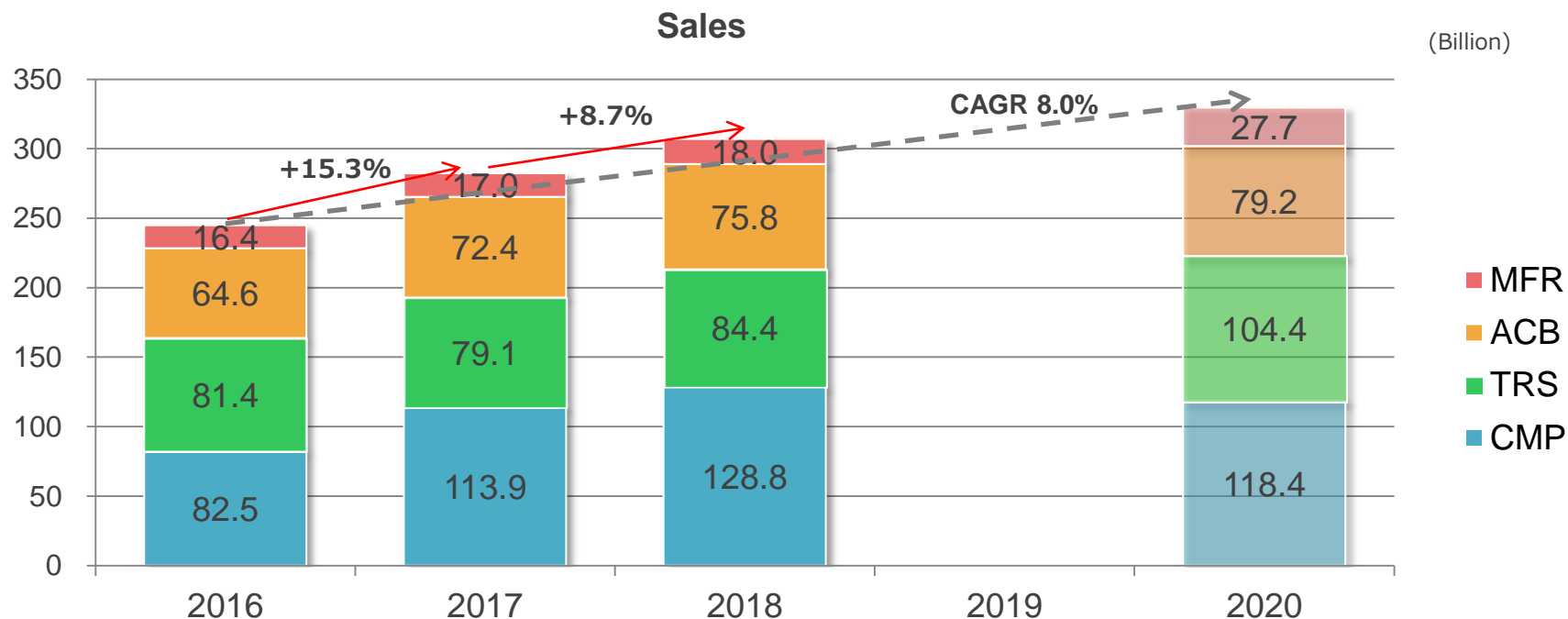


Zero emissions rate
FY2017 Plan 0.1%
Result 0.06%
(Achieved)

FY2020 Target 0.0%

Progress in Mid-Term Management Plan and FY2020 sales forecast

- Sales will increase steadily towards 2020 with the markets growth.



(JPY billion)

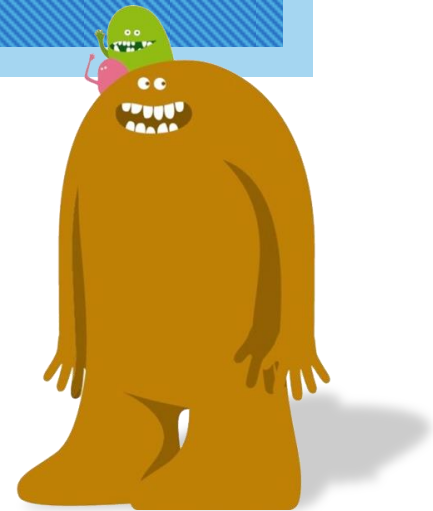
	2016/12 Result (IFRS)	2017/12 Result (IFRS)	2018/12 Revised Plan (As of Jul. 31, 2018)
Sales	245.0	282.4	307.0
Core O.P. *1	25.2	29.2	29.8
O.P.	26.0	29.5	25.0
(OPM)	10.6%	10.4%	8.1%
Net profit*2	18.6	25.1*2	23.6

2020/12 Mid-term Ref. *3(IFRS)
330.0
42.0
30.0

*1 Net profit attributable to owners of the parent · *2 28 billion yen gained by equity in earnings of affiliates is included in 2017/12 result

*3 Forecast FY2020 at Mid-Term plan in 2017 for reference

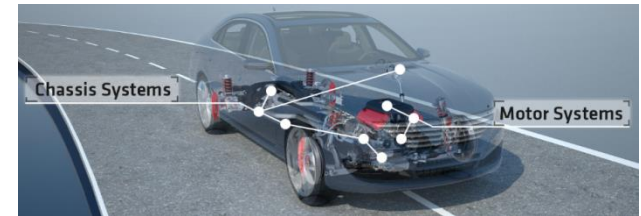
FY2018 H1 Topics



Start a joint project with Audi AG

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
Consolidated net sales (Result for FY2017/12)	Approx. 3 billion yen	
Acquisition value	Approx. 10 billion yen	



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.



Corporate Venture Capital was established.

Nabtesco

Nabtesco Technology Ventures AG

- June 13th, 2018

Nabtesco Technology Ventures AG was established.

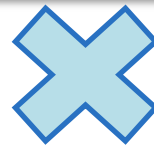
(Switzerland, Zurich, CEO Mr. Hiroshi Nerima)

- Fund set-up €75 million (approx. 10 billion yen)
- Investment in the startup of motion control technology

emerald 


Technologiefonds

Nabtesco



- June 20th, 2018

A strategic partnership was jointly established with Emerald Technology Ventures.



◆ Capacity Expansion ◆

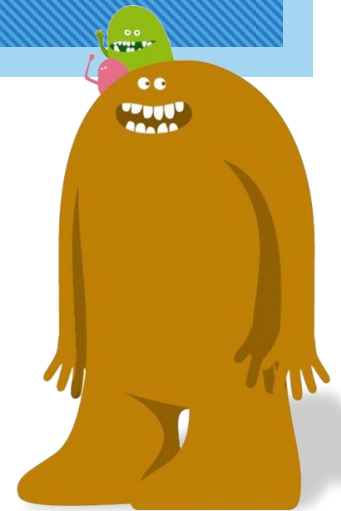
As part of our efforts to increase capacity, the Company is now constructing the Hokusei Plant which will be completed in 2019 within the current location of Tsu Plant.

In 2020, the production capacity will almost double from the end of 2016, to 1.2 million units (a total of regular capacity in Japan and China plants).

◆ The most updated model of RV “RV-Z Series” ◆

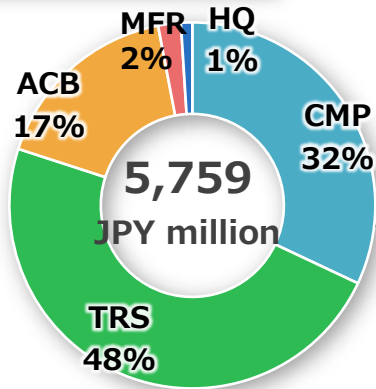
We will launch a new “RV-Z Series,” the most updated model of RV, the reduction gears which have a track record of sales of more than eight million units. The new product series is characterized by significantly improved torsional rigidity, moment rigidity and torque density (torque/weight) compared with the conventional products. This was achieved by new designs that apply the latest research results into our high precision and high rigidity RV precision reduction gears. The launch of the new product series will satisfy our customers’ needs for more precise and lighter and more compact industrial robots than conventional ones, and contribute to the further evolution of industrial robots. The target sales of the new product series will be ¥17.0 billion in 2020.

Appendix

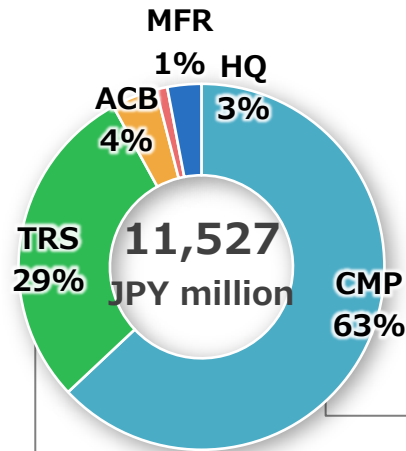


Breakdown in CAPEX

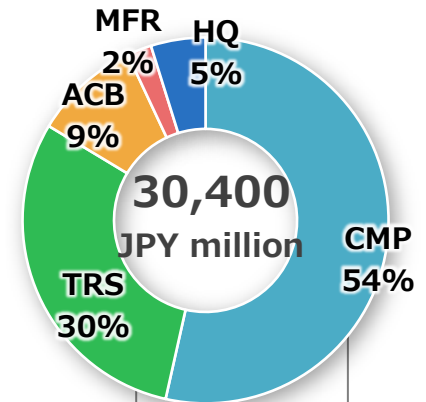
By Segment



- Precision reduction gears:
 - Installation of new facilities in Japan and China plant

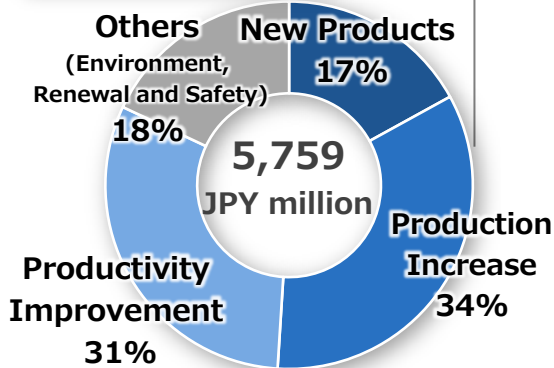


- Environment-related investments
- R&D-related investments

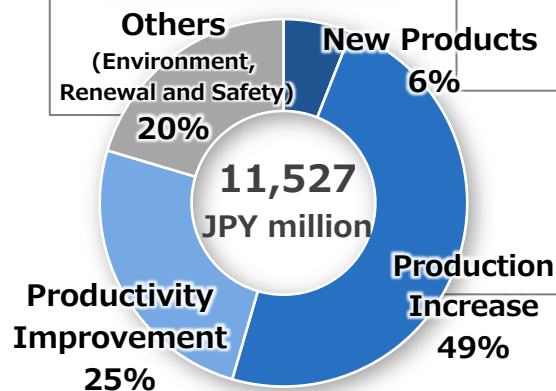


- Precision reduction gears:
 - Increase production capacity in Japan and China
- Aircraft equipment:
 - Capacity expansion at Gifu Plant

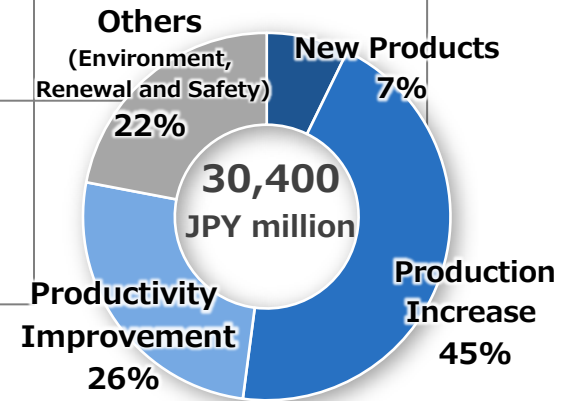
By Usage



2017/12 H1 Result



2018/12 H1 Result



2018/12 Plan (Full-year)

(JPY million)	2017/12 (as of December 31, 2017)	2018/12 Q2 (As of June 30, 2018)	Variation
Assets	301,557	306,872	5,315
(Cash and cash equivalents)	44,121	42,859	-1,262
(Trade receivable)	76,874	70,474	-6,400
(Inventories)	40,298	44,181	3,883
(Tangible fixed assets)	70,700	76,591	5,891
Liabilities	124,556	126,531	1,975
(Bonds and borrowings)	27,720	28,924	1,204
Total equities	177,002	180,340	3,338
(Non-controlling interests)	9,465	9,751	286
Equity attributable to owners of parent	167,537	170,590	3,053

*Ratio of equity attributable to owners of parent:

55.6%

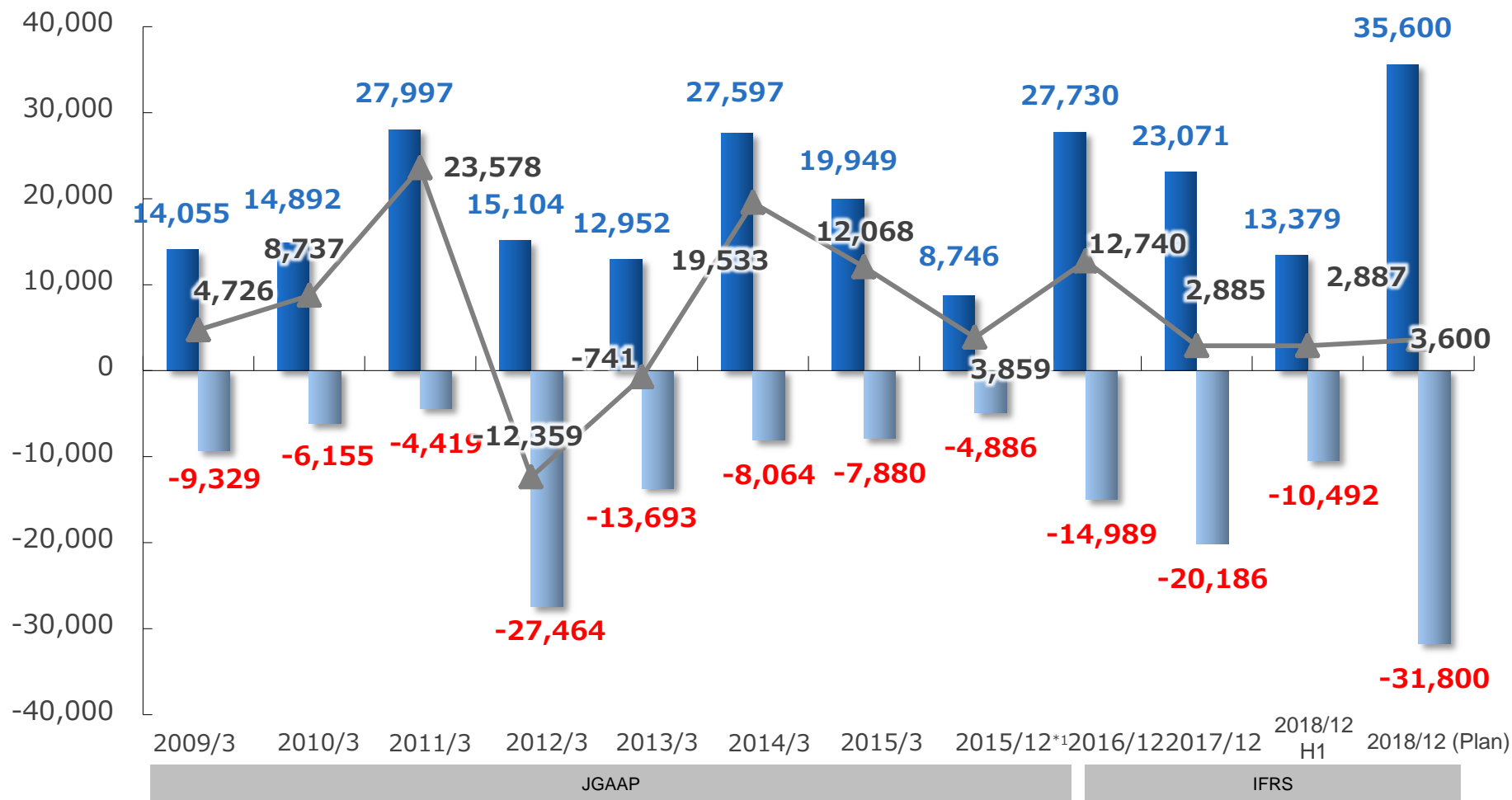
55.6%

-

Consolidated Cash Flow

(JPY million)

■ Operating Cash Flow
 ■ Investment Cash Flow
 ▲ Free Cash Flow

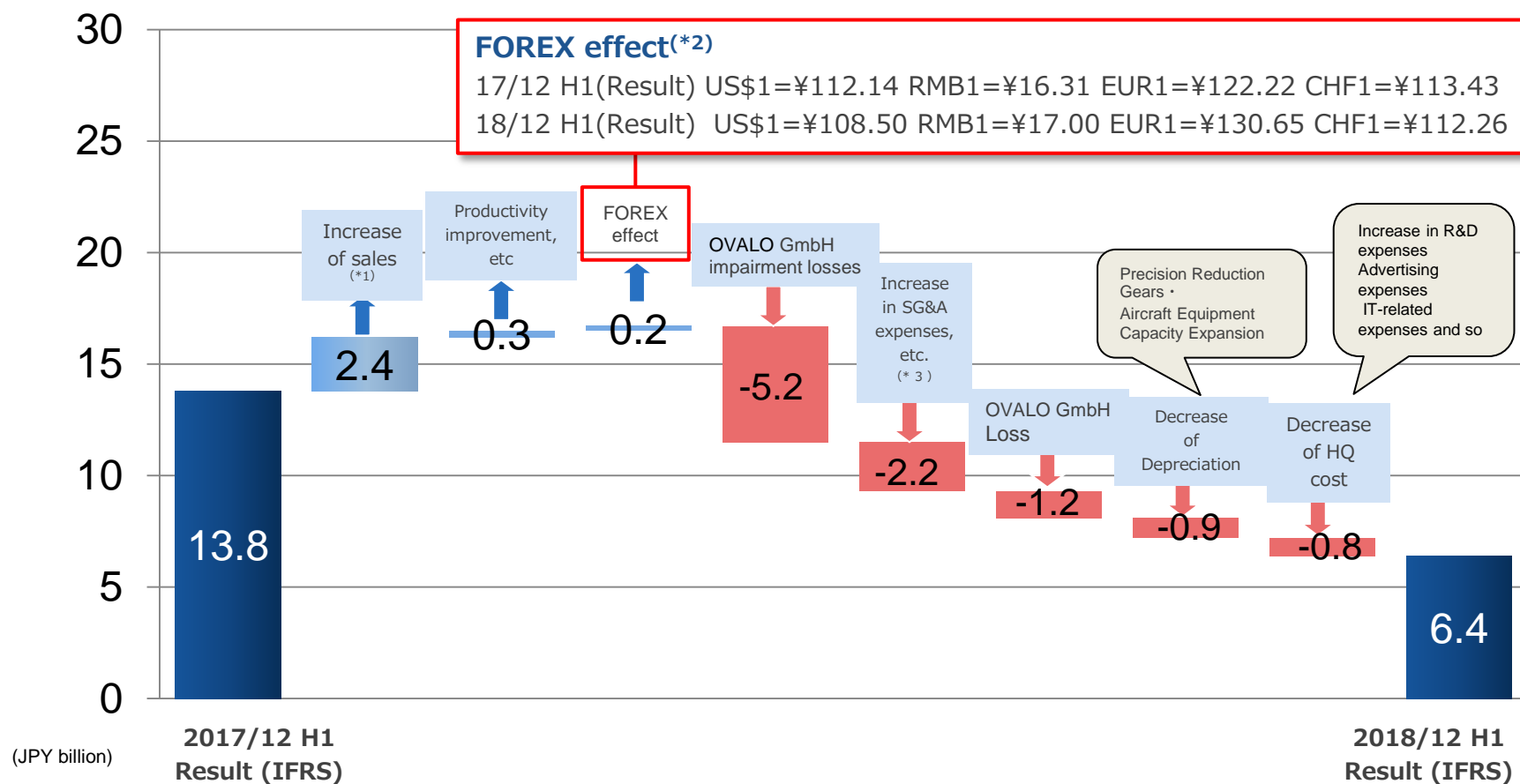


*1 Please note that the estimates for FY2015/12 (Reference) were calculated for the period of 12 months to make comparisons with the result for FY2016/12 under the same conditions.

*2 This figure are based on the plan as of February 9, 2018.

Analysis of Changes in H1 Operating Profit by Company (FY2017/12 Result vs. FY2018/12 Result)

- O.P. decreased due to the increase in SG&A expenses as growth investment, depreciation and impairment losses in in OVALO GmbH.



*1&3 Fluctuations in operating profit owing to the increase of sales and SG&A expenses are based on the calculation without FOREX effect.

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

(US\$): 12 million yen, (RMB) : 287 million yen, (EUR) : minimal, (CHF) : minimal

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

H1 Segment Sales and O.P.

(JPY million) Segment	Term	2017/12 H1 Result	2018/12 H1 Result	2018/12 Full-year Plan (As of Jul. 31, 2018)
Component Solutions (CMP)	Sales	53,412	59,814	128,800
	O.P. (OPM)	10,030 (18.8%)	10,587 (17.7%)	22,800 (17.7%)
Transport Solutions (TRS)	Sales	36,722	38,045	84,400
	O.P. (OPM)	3,900 (10.6%)	-2,938 (-7.7%)	2,800 (3.3%)
Accessibility Solutions (ACB)	Sales	35,540	36,076	75,800
	O.P. (OPM)	2,304 (6.5%)	1,463 (4.1%)	5,200 (6.9%)
Manufacturing Solutions (MFR)	Sales	7,684	8,620	18,000
	O.P. (OPM)	695 (9.0%)	1,278 (14.8%)	2,500 (13.9%)
Other Profit or Loss		-3,168	-4,003	-8,300
Total	Sales	133,359	142,555	307,000
	O.P. (OPM)	13,761 (10.3%)	6,387 (4.5%)	25,000 (8.1%)

Full-year Segment Sales and O.P.

(JPY million) Segment	Term	2017/12 Result	2018/12 Initial Plan	2018/12 Revised Plan	2020/12 Mid-term reference
Component Solutions (CMP)	Sales	113,885	129,500	128,800	118,400
	O.P. (OPM)	20,432 (17.9%)	23,800 (18.4%)	22,800 (17.7%)	22,200 (18.8%)
Transport Solutions (TRS)	Sales	79,134	83,600	84,400	104,400
	O.P. (OPM)	8,383 (10.6%)	9,300 (11.1%)	2,800 (3.3%)	17,200 (16.5%)
Accessibility Solutions (ACB)	Sales	72,374	75,500	75,800	79,200
	O.P. (OPM)	5,168 (7.1%)	6,000 (7.9%)	5,200 (6.9%)	7,900 (10.0%)
Manufacturing Solutions (MFR)	Sales	17,029	19,400	18,000	27,700
	O.P. (OPM)	1,983 (11.6%)	2,300 (11.9%)	2,500 (13.9%)	3,200 (11.6%)
Other Profit or Loss		-6,498	-8,800	-8,300	-8,500
Total	Sales	282,422	308,000	307,000	330,000
	O.P. (OPM)	29,468 (10.4%)	32,600 (10.6%)	25,000 (8.1%)	42,000

ROE : 15%

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

**Focus on solving
ESG issues**

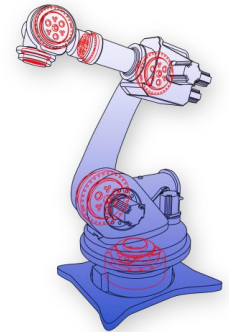
Main Products: Component Solutions Segment (CMP)

Precision Reduction Gears

■ Joints of Industrial Robots



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

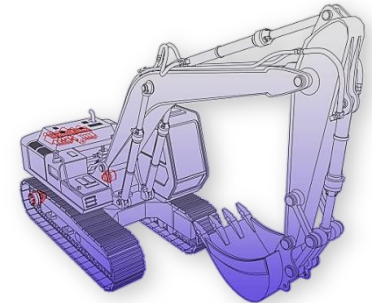


Hydraulic Equipment

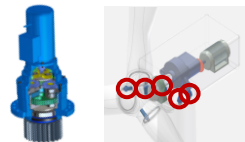
■ Traveling Unit for Hydraulic Excavators



Approx. **25%**
world market share



■ 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

■ Hydraulic Equipment

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

China: Sany, Zoomlion, XCMG, Liu Gong

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

Main Products: Transport Solutions Segment (TRS)

Railroad Vehicle Equipment

■ Brake Systems



No.1

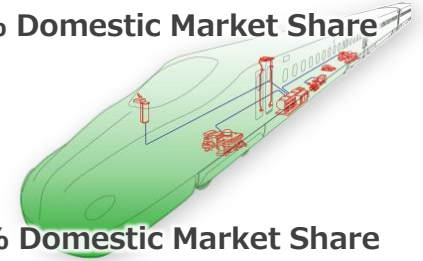
Approx. **50%** Domestic Market Share

■ Door Operating Systems



No.1

Approx. **70%** Domestic Market Share



Aircraft Equipment

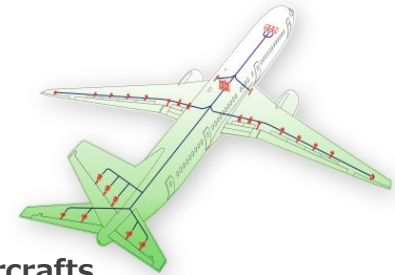
■ Flight Control Actuation Systems (FCA)

- 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 aircrafts



Main Customers

■ Railroad Vehicle Equipment

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

■ Aircraft Equipment

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

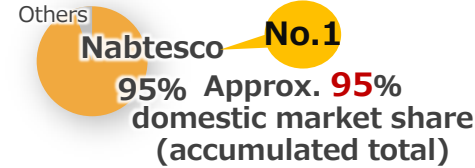
Main Products: Accessibility Solution Segment (ACB)

Automatic Doors

Automatic Doors



Platform Screen Doors



Main Customers

Automatic Doors

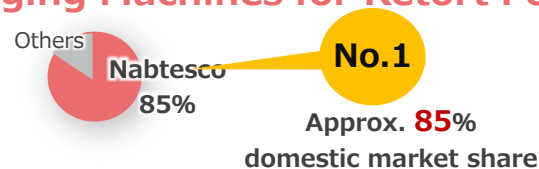
Automatic Doors for buildings: Major general contractors, sash manufacturers, hospitals, banks, public institutions, etc.

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.

