

Briefing on Annual Results for 2013/3

May 2013

Nabtesco Corporation

Securities code : 6268

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.

- I. Annual Consolidated Results for 2013/3
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Summary of Results

(Comparison with the same period of the previous fiscal year)

Nabtesco

(JPY million)	2012/3 result	2013/3 result	Variation	Ratio
Sales	198,527	179,543	-18,983	-9.6%
Operating profit	22,858	15,013	-7,844	-34.3%
Operating profit margin	11.5%	8.4%	-3.1pt	-
Non-operating profit and loss	1,798	2,876	1,078	-
Ordinary profit	24,656	17,890	-6,766	-27.4%
Extraordinary profit and loss	190	1,107	916	-
Profit before taxes	24,847	18,997	-5,849	-23.5%
Net profit	14,756	13,269	-1,486	-10.1%
Net profit per share (yen)	116.74	104.57	-12.17	
ROA	7.6%	6.5%	-1.1pt	
ROE	15.6%	12.5%	-3.1pt	

Remark: Sales

- In spite of three months sales increase of Gilgen through M&A, total sales dropped due to decrease of demands for construction machinery in China.

Remark:

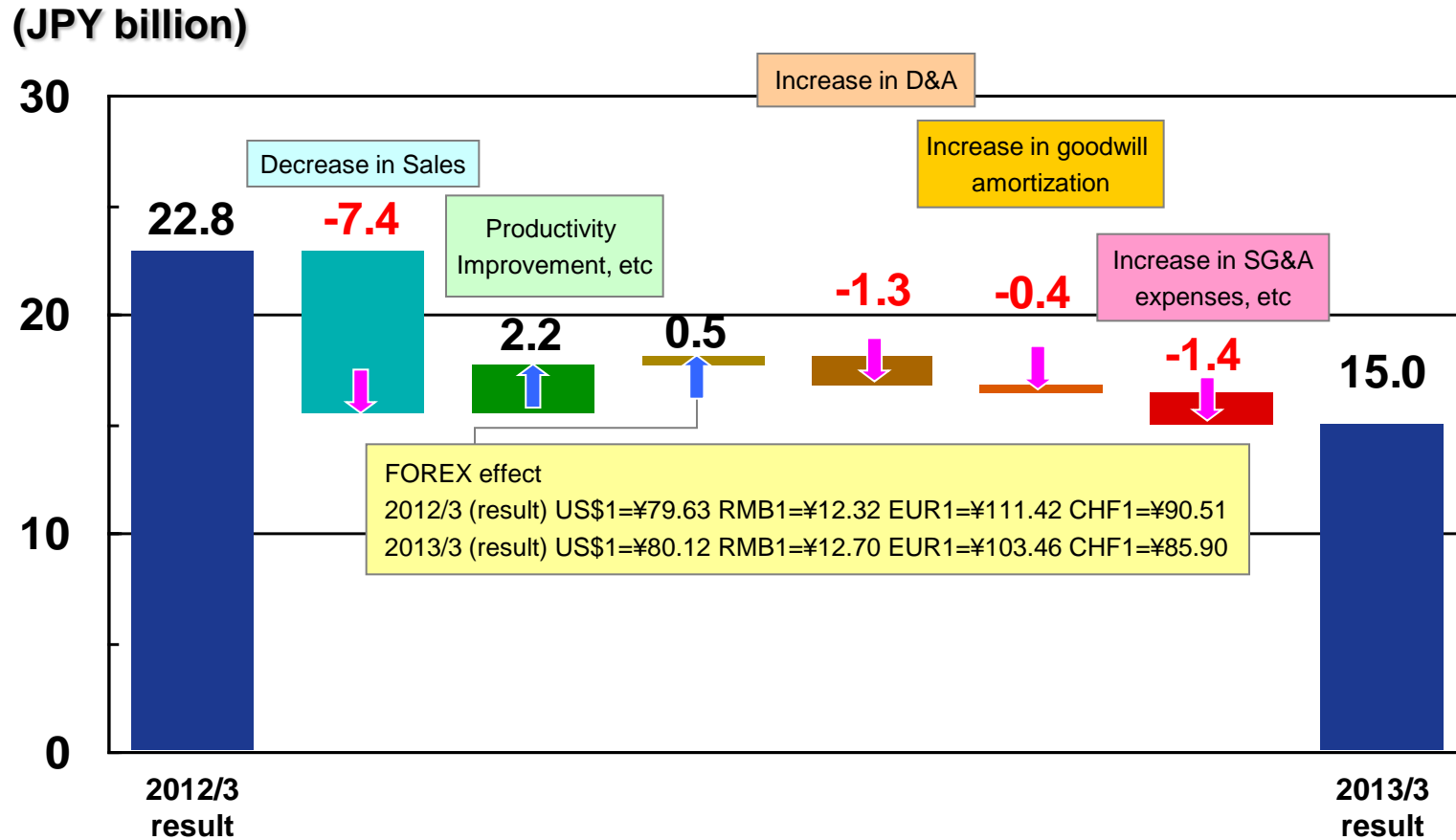
Extraordinary profit (Main item)

- 2013/3
Negative goodwill : 1,026 million yen

- *mainly due to the acquisition of 100 % share of NABCO DOOR Ltd.

Dividend per share	34	34 (forecast)	-
Payout ratio	29.1%	32.5% (forecast)	3.4pt

Profit & Loss results for 2013/3 (Analysis of Changes in Operating Profit)



Forecast for 2014/3



(JPY million)	2013/3			2014/3		
	H1 result	H2 result	Full-year result	H1 forecast	H2 forecast	Full-year forecast
Sales (year-on-year)	90,666 (-7.2%)	88,876 (-11.9%)	179,543 (-9.6%)	94,700 (+4.4%)	106,300 (+19.6%)	201,000 (+12.0%)
Operating profit (year-on-year)	7,595 (-37.9%)	7,418 (-30.2%)	15,013 (-34.3%)	7,400 (-2.6%)	14,600 (+96.8%)	22,000 (+46.5%)
Operating profit margin	8.4%	8.3%	8.4%	7.8%	13.7%	10.9%
Ordinary profit (year-on-year)	8,470 (-35.8%)	9,419 (-17.8%)	17,890 (-27.4%)	8,600 (+1.5%)	16,500 (+75.2%)	25,100 (+40.3%)
Net profit (year-on-year)	6,513 (-22.0%)	6,756 (+5.5%)	13,269 (-10.1%)	4,600 (-29.4%)	11,300 (+67.3)	15,900 (+19.8%)
ROA			6.5%			7.5%
ROE			12.5%			13.4%
Dividend per share	18	16 (forecast)	34 (forecast)	18 (forecast)	20 (forecast)	38 (forecast)
Payout ratio			32.5% (forecast)			30.3% (forecast)

Notes:

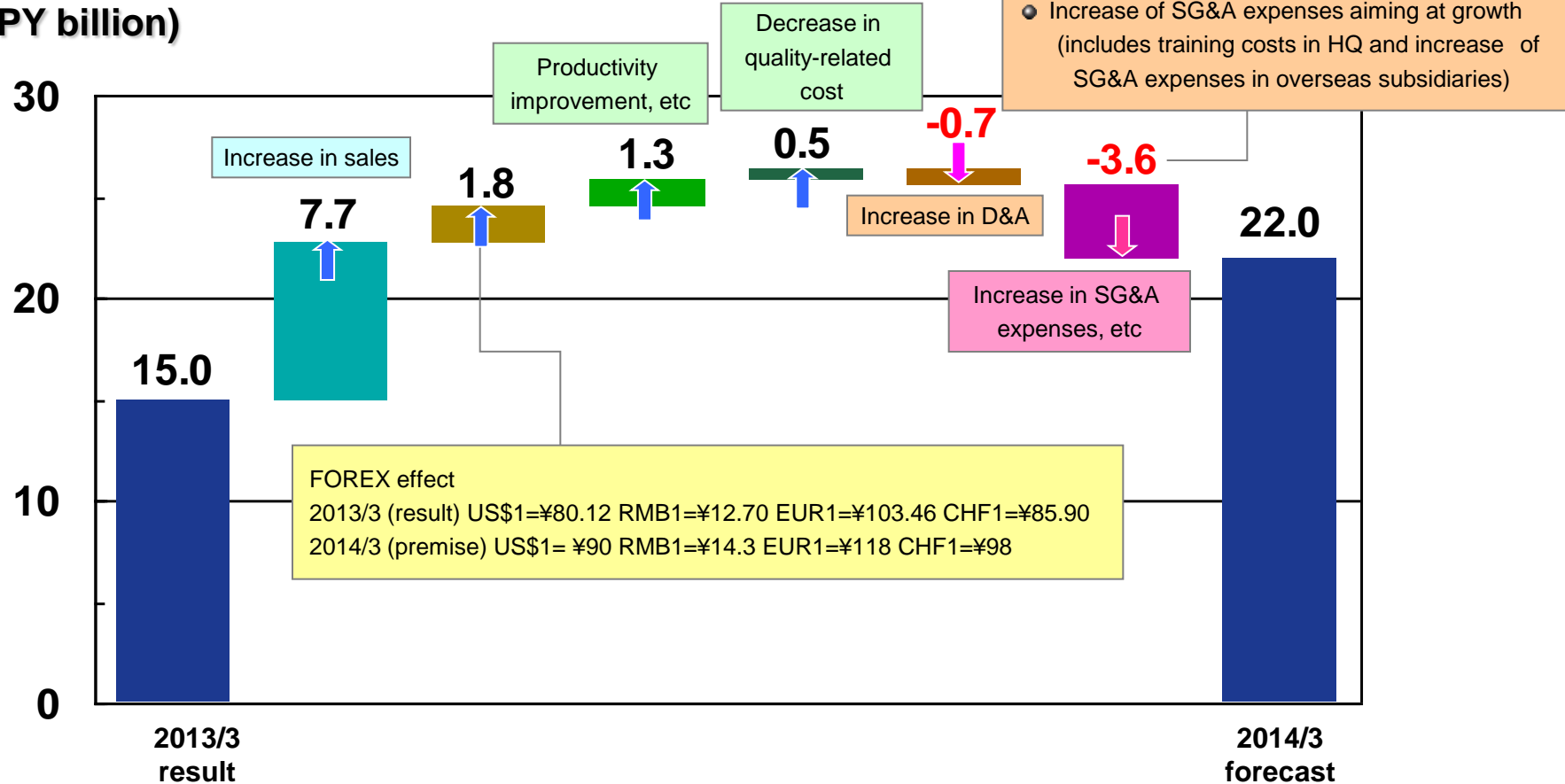
- An increase in sales is expected for 2014/3 due to the recovery of railroad vehicle equipment both in domestic and overseas markets, the recovery of demands in China for hydraulic equipment, sales expansion of automatic doors and effect of yen depreciation.
- Premise: Industrial robots market is expected to recover in 2014/3 H2. Sales for railroad vehicle equipment in China will increase to 6.5 billion yen. Demands for hydraulic equipment in China are expected to recover from October.

*Three-month time lag should be considered for all overseas subsidiaries of Nabtesco. (Their accounting periods are from January to December.)

Profit & Loss forecast for 2014/3 (Analysis of Changes in Operating Profit)



(JPY billion)

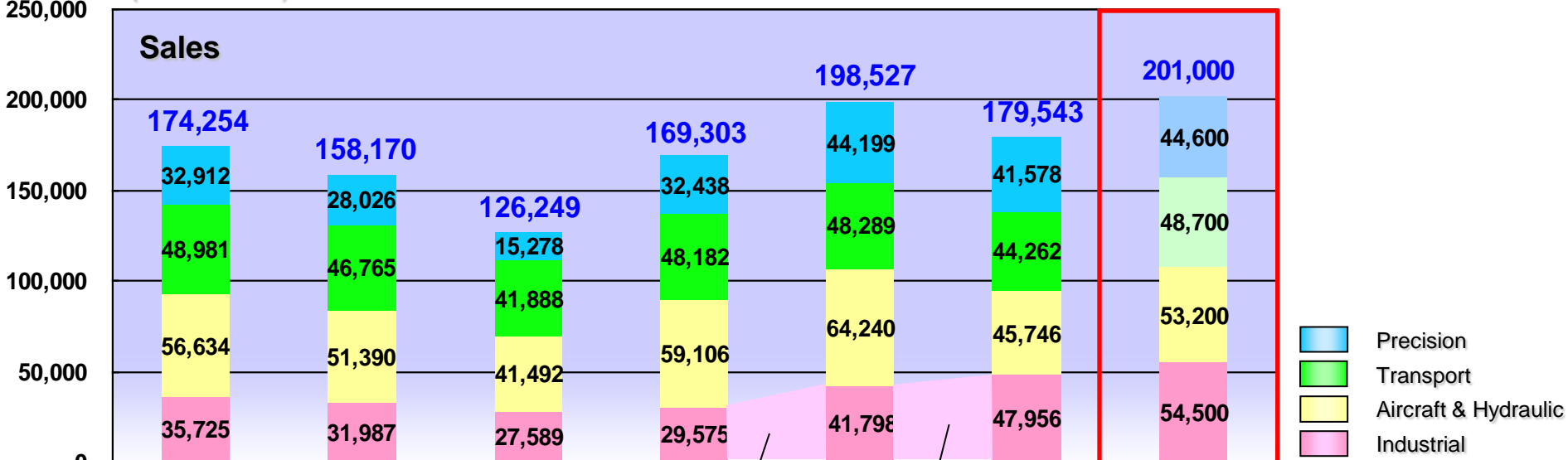


*FOREX sensitivity in O. P. (US\$): JPY 118 million, (RMB): JPY 63 million, (EUR): minor, (CHF): minor
 (This represents the effect to be expected on operating profit if the exchange rate fluctuates by one yen.)

Transition of Consolidated Annual Results and Forecasts by Business Segment



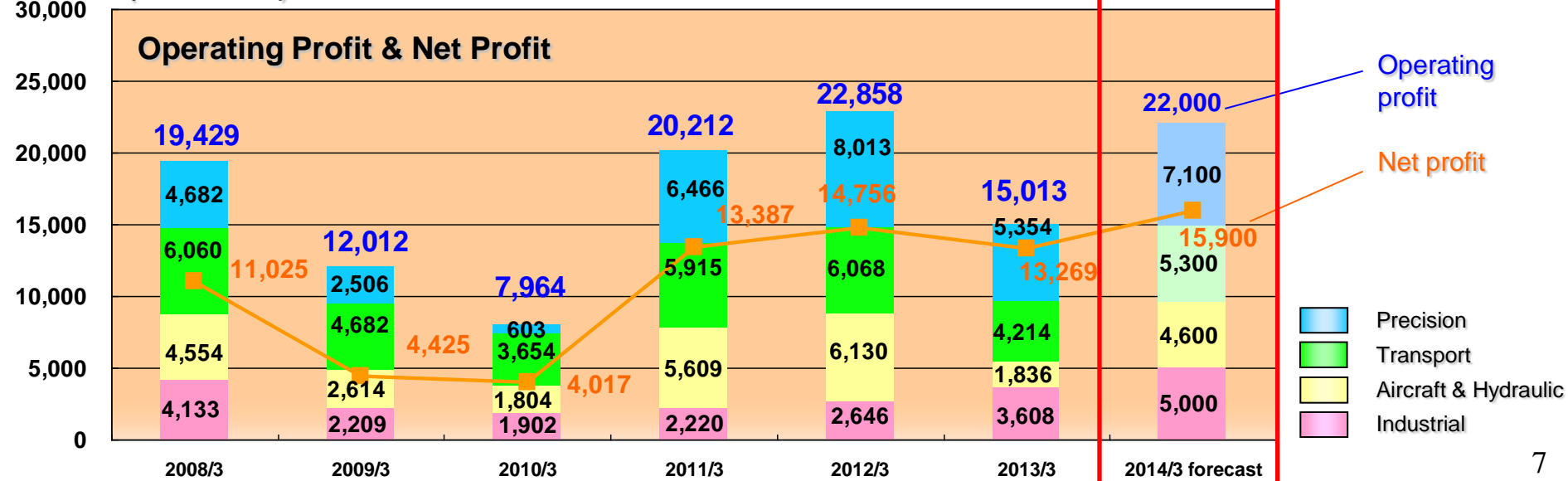
(JPY million)



Nine-month-sales addition by acquisition of Gilgen
 Three-month-sales addition by acquisition of Gilgen

- Precision
- Transport
- Aircraft & Hydraulic
- Industrial

(JPY million)

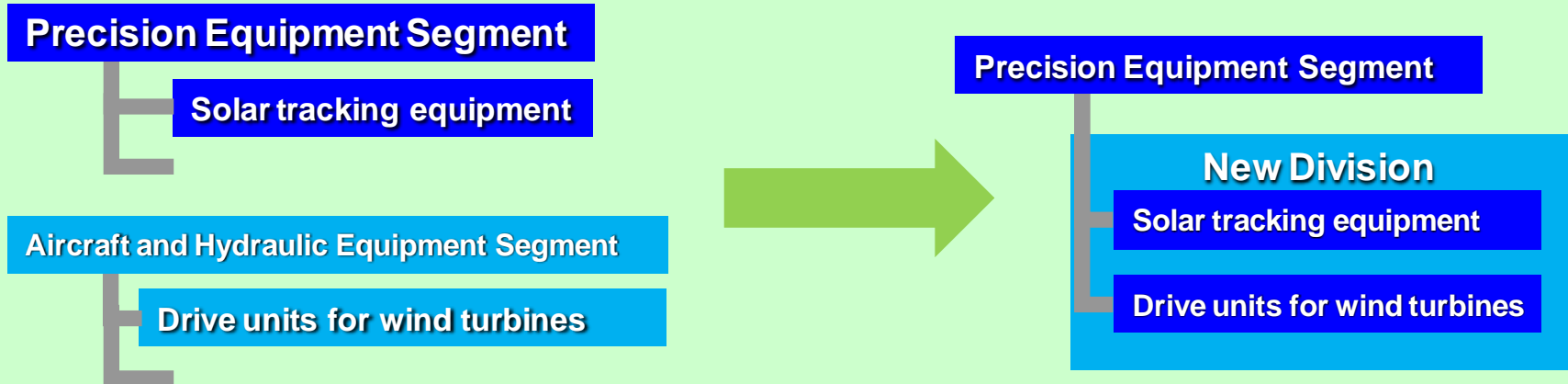


Operating profit

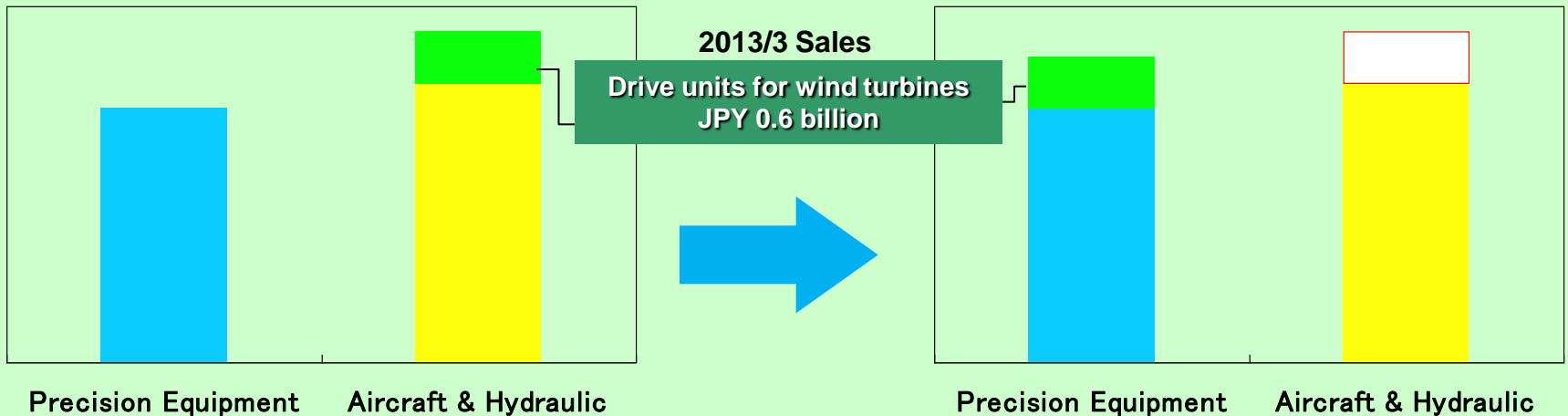
Net profit

- Precision
- Transport
- Aircraft & Hydraulic
- Industrial

Establishment of the New Energy Business Development Division

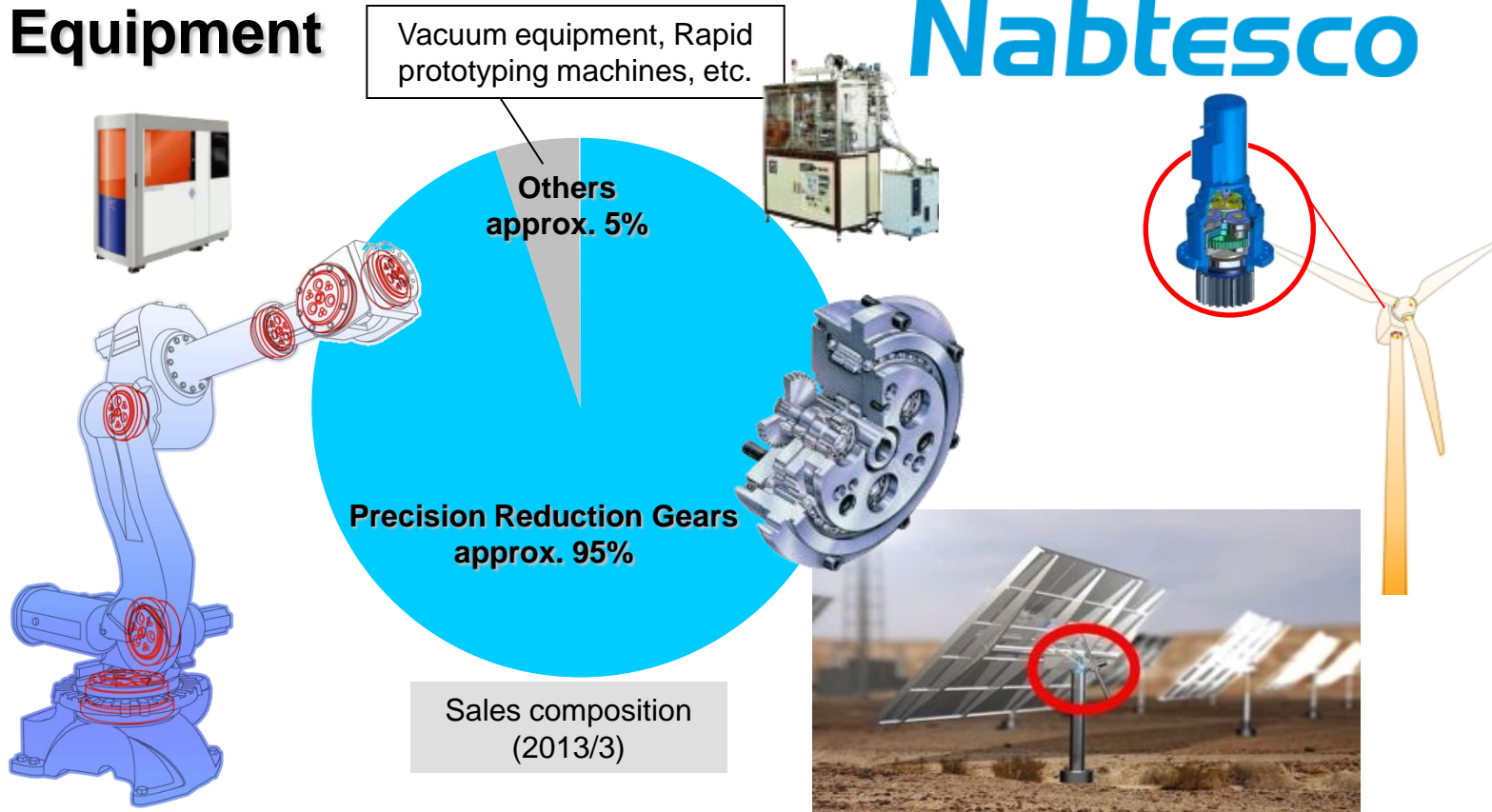


***Drive units for wind turbines has shifted to Precision Equipment Segment.**



Precision Equipment

Nabtesco



Main Products and Customers

Precision reduction gears

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

Machine Tools: Yamazaki Mazak, Okuma, Mori Seiki

Solar Thermal Power Tower Plant: Cobra Thermosolar Plant (Spain)

Results and forecast

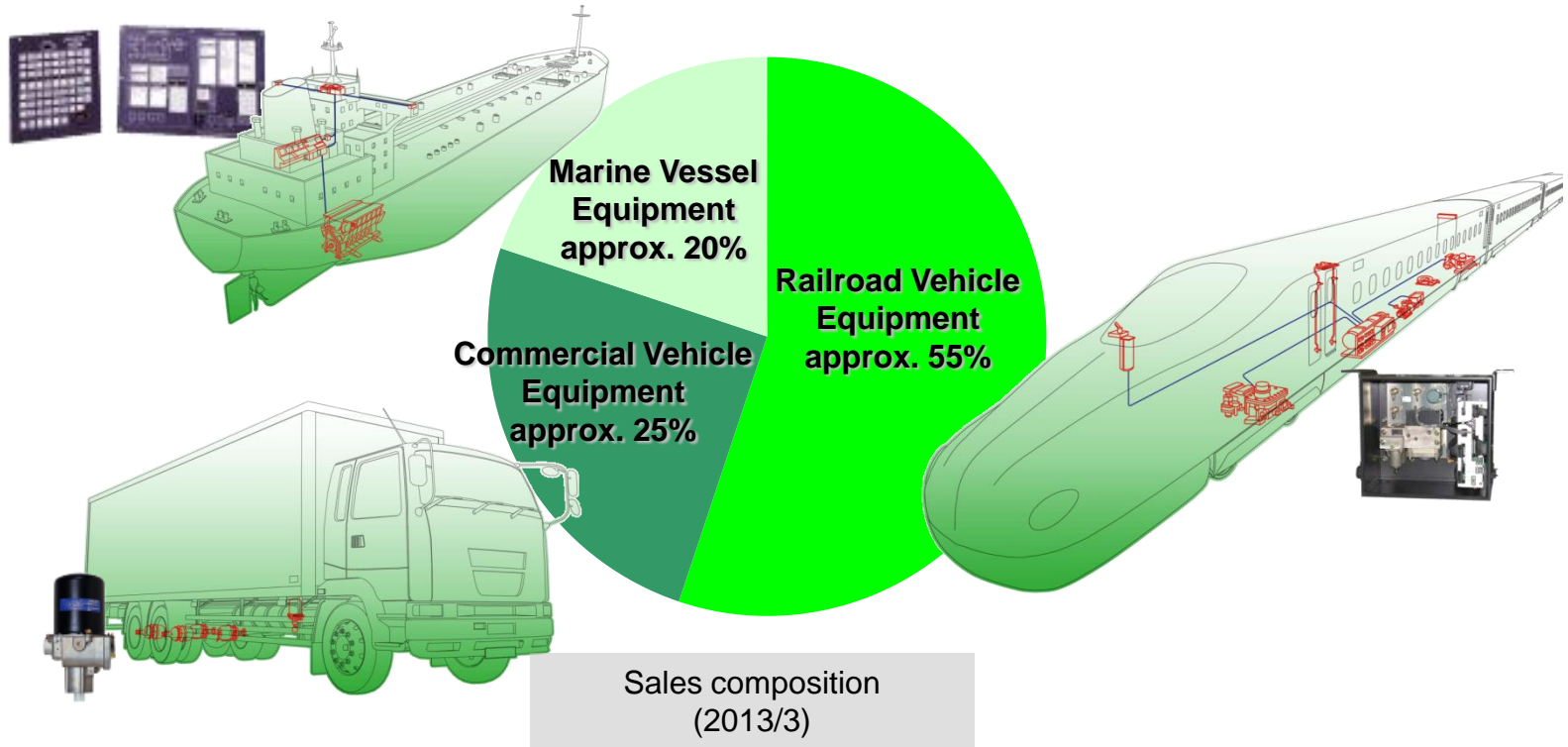
(JPY million)	2013/3			2014/3		
	H1 result	H2 result	Full-year result	H1 forecast	H2 forecast	Full-year forecast
Sales (year-on-year)	20,314 (-4.6%)	21,263 (-7.2%)	41,578 (-5.9%)	20,100 (-1.1%)	24,500 (+15.2%)	44,600 (+7.3%)
Operating profit (year-on-year)	2,146 (-45.6%)	3,208 (-21.1%)	5,354 (-33.2%)	2,400 (+11.8%)	4,700 (+46.5%)	7,100 (+32.6%)
Operating profit margin	10.6%	15.1%	12.9%	11.9%	19.2%	15.9%

Notes:

- Precision reduction gears: Despite the sales for solar thermal power tower plant were newly added, sales dropped in 2013/3 due to the inventory adjustment of the gear by the industrial robots industry both in domestic and overseas markets. Sales for machine tools also decreased. Full year sales will rise in 2014/3 as the industrial robots markets are expected to recover from H2 supported by the stronger US economy and growing demands for automation in emerging countries though sales for solar thermal power tower plant will decrease.
- O.P. of the segment: Profit decreased in 2013/3 due to the lower sales and increased D&A. An increase in profit is expected in 2014/3 due to increase in sales and productivity improvement.

Transport Equipment

Nabtesco



Main Products and Customers

Railroad vehicle equipment (brake systems, door operating units)

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

Marine vessel equipment (remote control systems for marine diesel engines)

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

Commercial vehicle equipment (Air brake products)

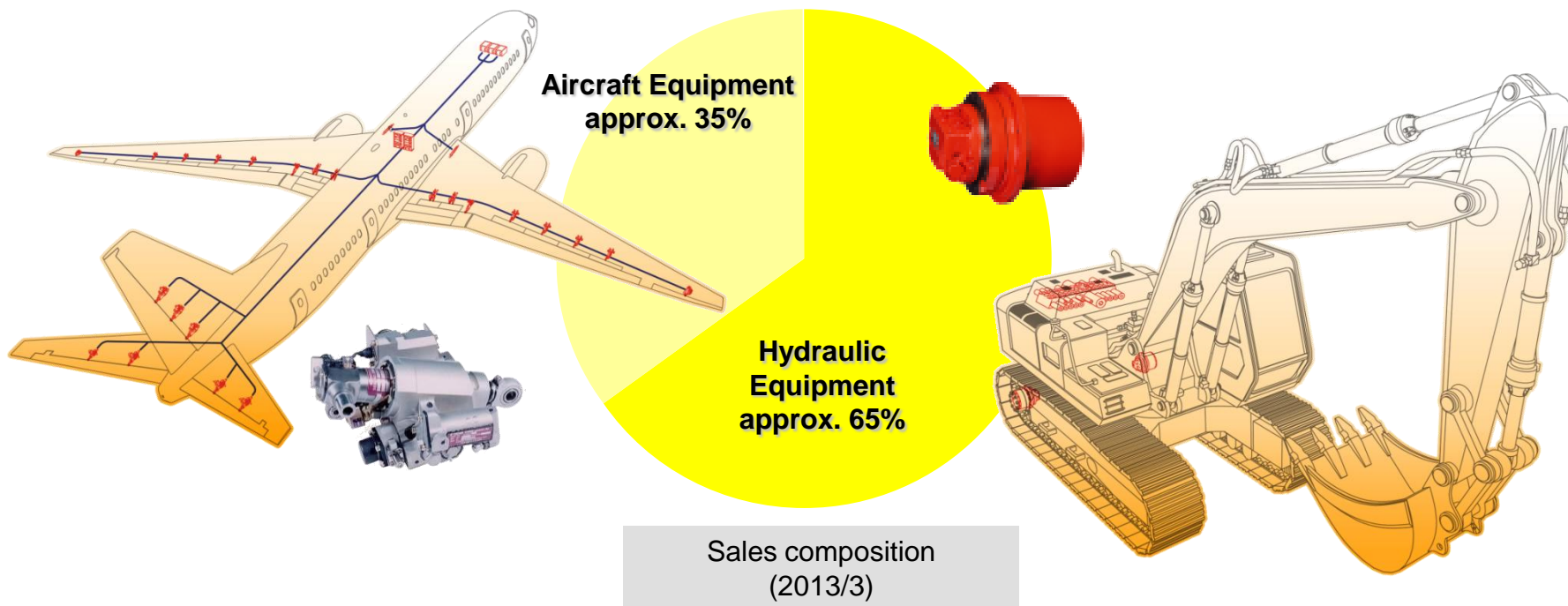
Hino, Mitsubishi Fuso Truck & Bus, Isuzu, UD Trucks

Results and forecast

(JPY million)	2013/3			2014/3		
	H1 result	H2 result	Full-year result	H1 forecast	H2 forecast	Full-year forecast
Sales (year-on-year)	22,565 (-3.9%)	21,697 (-12.5%)	44,262 (-8.3%)	22,900 (+1.5%)	25,800 (+18.9%)	48,700 (+10.0%)
Operating profit (year-on-year)	2,452 (-21.8%)	1,762 (-39.9%)	4,214 (-30.6%)	1,900 (-22.5%)	3,400 (+93.0%)	5,300 (+25.8%)
Operating profit margin	10.9%	8.1%	9.5%	8.3%	13.2%	10.9%

Notes:

- Railroad vehicle equipment: Both the sales for domestic and overseas markets decreased in 2013/3. Sales for 2014/3 are expected to increase due to the recovery of Chinese railroad market and the recovery by new vehicle launching in Japan.
- Marine vessel equipment : Sales for 2013/3 declined due to weak demands in China amid the stagnancy in the marine vessel market. Sales will continue to decrease in 2014/3.
- Commercial vehicle equipment: Sales increased in 2013/3 due to the expansion of demand for commercial vehicles in emerging countries. Strong demands for commercial vehicles in Southeast Asia will continue to push up sales for 2014/3.
- O.P. of the segment: Profit declined in 2013/3 because of the sales decrease in railroad vehicle equipment in China and the decrease in marine vessel. An increase in profit is expected in 2014/3 due to sales expansion of railroad vehicle equipment in both domestic and overseas markets.



Main Products and Customers

Hydraulic equipment

Traveling motors:

Japan: Komatsu, Kobelco Construction Machinery, Sumitomo Construction Machinery Manufacturing

China: Xugong Excavator, Sany, Zoomlion, Liu Gong Korea: Doosan

Drive units for wind turbine generators: MHI, Others

Aircraft equipment

Flight control actuation systems: Boeing, MHI, KHI, IHI, Japanese Ministry of Defense, ANA, Singapore Airlines

Results and forecast

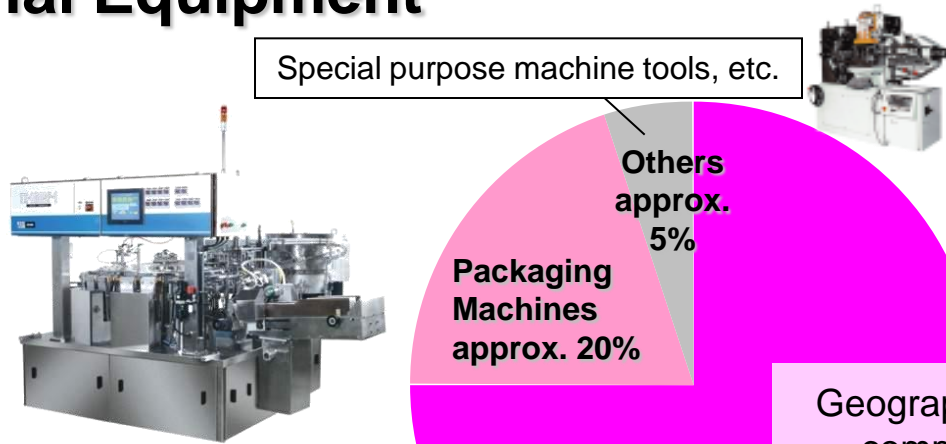
(JPY million)	2013/3			2014/3		
	H1 result	H2 result	Full-year result	H1 forecast	H2 forecast	Full-year forecast
Sales (year-on-year)	25,713 (-26.2%)	20,033 (-31.9%)	45,746 (-28.8%)	26,800 (+4.2%)	26,400 (+31.8%)	53,200 (+16.3%)
Operating profit (year-on-year)	1,689 (-56.7%)	146 (-93.4%)	1,836 (-70.1%)	1,800 (+6.6%)	2,800 (x 19.1)	4,600 (x 2.5)
Operating profit margin	6.6%	0.7%	4.0%	6.7%	10.6%	8.6%

Notes:

- Hydraulic equipment: Sales sharply declined due to the affect of shrinking demand for construction machinery in China. Full year sales in 2014/3 will rise as the recovery of the Chinese market and the reduction of excess inventory is expected from October.
- Drive units for wind turbine generators: Sales in 2013/3 decreased due to weak demand in the US market. An increase in sales is expected for 2014/3. (Drive units for wind turbine generators have shifted to Precision Equipment Segment from 2014/3.)
- Aircraft equipment: Sales increased in 2013/3 due to sales expansion in the private sector. FOREX effect is expected to boost the continuous sales growth in 2014/3.
- O.P. of the segment: Profit sharply dropped in 2012/3 due to a decrease of hydraulic equipment sales in China. Profit in 2014/3 will soar due to sales recovery in hydraulic equipment.

Industrial Equipment

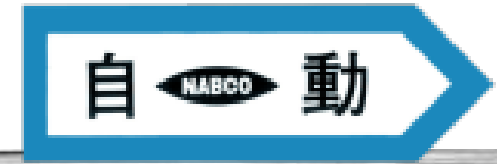
Nabtesco



Geographic sales composition

Japan	50%
Europe	40%
US	7%
China etc	3%

Sales composition
(2013/3)



Main Products and Customers

Automatic doors

Automatic doors for buildings: Major general contractors, sash manufactures, hospitals, banks, public institutions, etc.

Platform doors: Subway projects in France, China and Russia, etc

Packaging Machines (Toyo Jidoki Co., Ltd.)

Mitsui Sugar, Ajinomoto, Marudai Food, P&G, Kao, Lion, food companies in China, Mars (France), American Beverage Corporation (USA)

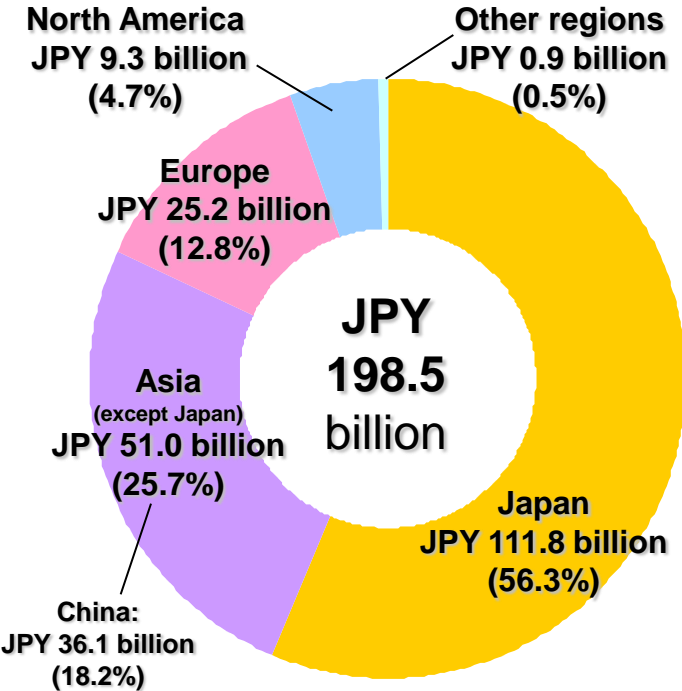
Results and forecast

(JPY million)	2013/3			2014/3		
	H1 result	H2 result	Full-year result	H1 forecast	H2 forecast	Full-year forecast
Sales (year-on-year)	22,073 (+22.3%)	25,883 (+9.0%)	47,956 (+14.7%)	24,900 (+12.8%)	29,600 (+14.4%)	54,500 (+13.6%)
Operating profit (year-on-year)	1,306 (+4.7%)	2,301 (+64.6%)	3,608 (+36.3%)	1,300 (-0.5%)	3,700 (+60.8%)	5,000 (+38.6%)
Operating profit margin	5.9%	8.9%	7.5%	5.2%	12.5%	9.2%

Notes:

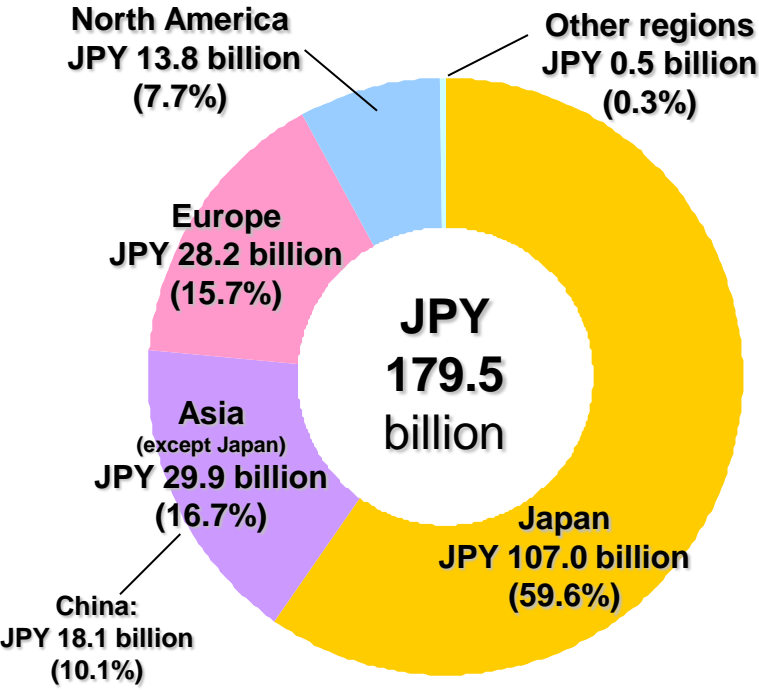
- Automatic doors: Sales increased in 2013/3 due to sales from the acquired company “Gilgen Door Systems AG” over the three months. An increase in sales is also expected in 2014/3 because of the domestic and overseas sales expansion and FOREX effect.
- Packaging machines: Sales increased in 2013/3 due to investment demands from the sugar industry in Japan and sales expansion in overseas. Sales are expected to decline in 2014/3 due to the lack of special procurement demand from the sugar industry.
- O.P. of the segment: Profit increased due to sales expansion of automatic doors and packaging machines in 2013/3. An increase in profit will continue in 2014/3 because of sales expansion of automatic doors.

2012/3 result



Overseas Sales Ratio
43.7%

2013/3 result



Overseas Sales Ratio
40.4%

Notes:

- Sales to China in 2013/3 dropped by JPY18.0 billion due to the decline in demands for hydraulic equipment and sales decrease in railroad vehicles.
- Sales to North America in 2013/3 increased due to the sales of precision reduction gears for solar thermal power tower plants.

Balance Sheet Summary



(JPY million)	2012/3 result	2013/3 result	Variation
Assets	208,092	203,056	-5,035
(Cash and time deposits)	50,503	40,903	-9,600
(Accounts receivable)	47,539	45,131	-2,407
Receivable turnover period (in days)	81	94	7
(Inventory)	20,110	20,529	418
Inventory turnover period (in days)	46	55	9
(Fixed assets)	51,509	54,475	2,966
Liabilities	100,625	82,198	-18,427
(Interest-bearing debt)	31,694	26,389	-5,305
Net assets	107,466	120,857	13,391
(Stock acquisition right)	208	304	95
(Minority interests)	8,165	6,514	-1,650
Equity capital	99,092	114,038	14,945

Remark:

- Short-term loans payable: -4.4 billion yen

Remark:

- Due to the acquisition of 100 % share of NABCO DOOR Ltd.

Remark:

- Translation adjustments: +4.2 billion yen

※ Equity ratio : 47.6% 56.2%

CAPEX, R&D and Depreciation

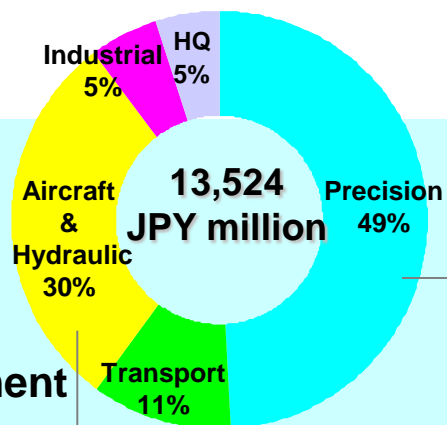


(JPY million)	2012/3 result	2013/3 result	2014/3 forecast	12/3-14/3 3yrs in total (forecast)	12/3-14/3 3yrs in total (Mid-Term Plan)
CAPEX	13,524	10,190	10,000	33,714	38,000
R&D	5,200	5,535	6,300	17,036	15,000
Depreciation	6,673	7,923	8,600	23,197	29,000

Notes:

- Although JPY 38.0 billion of CAPEX was estimated for three years through Mid-Term Plan, investments of approximately JPY 5.0 billion were put off due to the drastic change in the global business environment from 2012/3 2H such as Euro Crisis and the slowdown of Chinese economy, which was important market to Nabtesco.

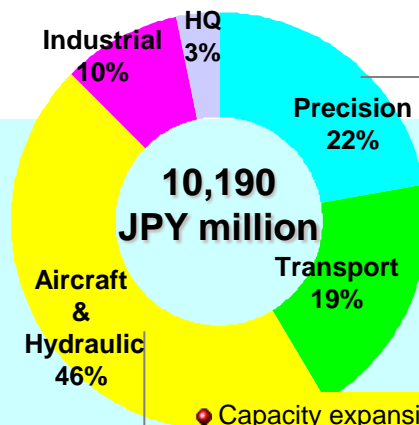
Breakdown in CAPEX



by segment

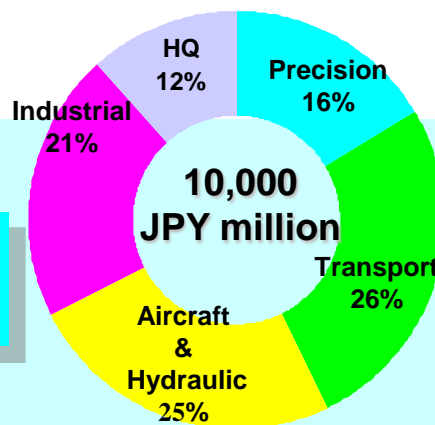
- Capacity expansion in Tarui plant for hydraulic equipment
- Establishing a new plant in China for hydraulic equipment

- Capacity expansion in Tsu plant for precision reduction gears

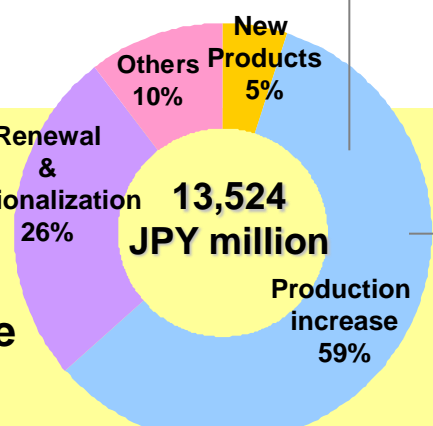


- Rationalization investment in Tsu plant for precision reduction gears

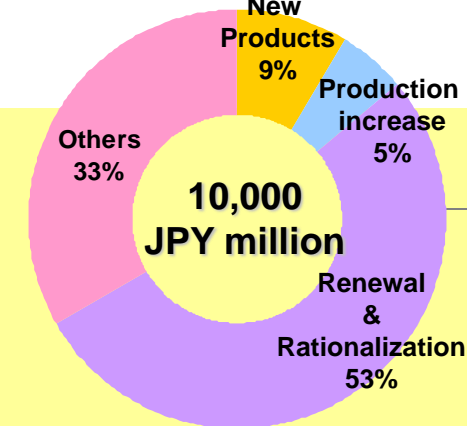
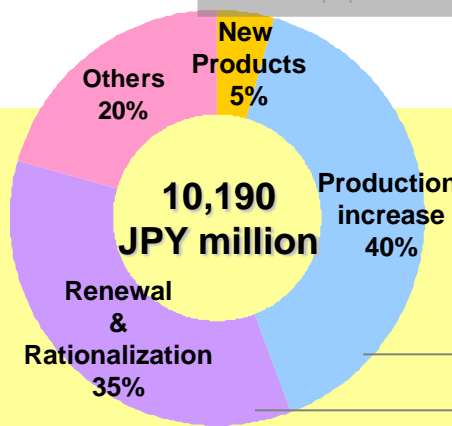
- Capacity expansion in Tarui plant for hydraulic equipment
- Building a new plant in China for hydraulic equipment
- Extension of USA plant for aircraft equipment



- Renewal and rationalization for plants in overseas and Japan



by usage



2012/3 result

2013/3 result

2014/3 forecast

Notes:

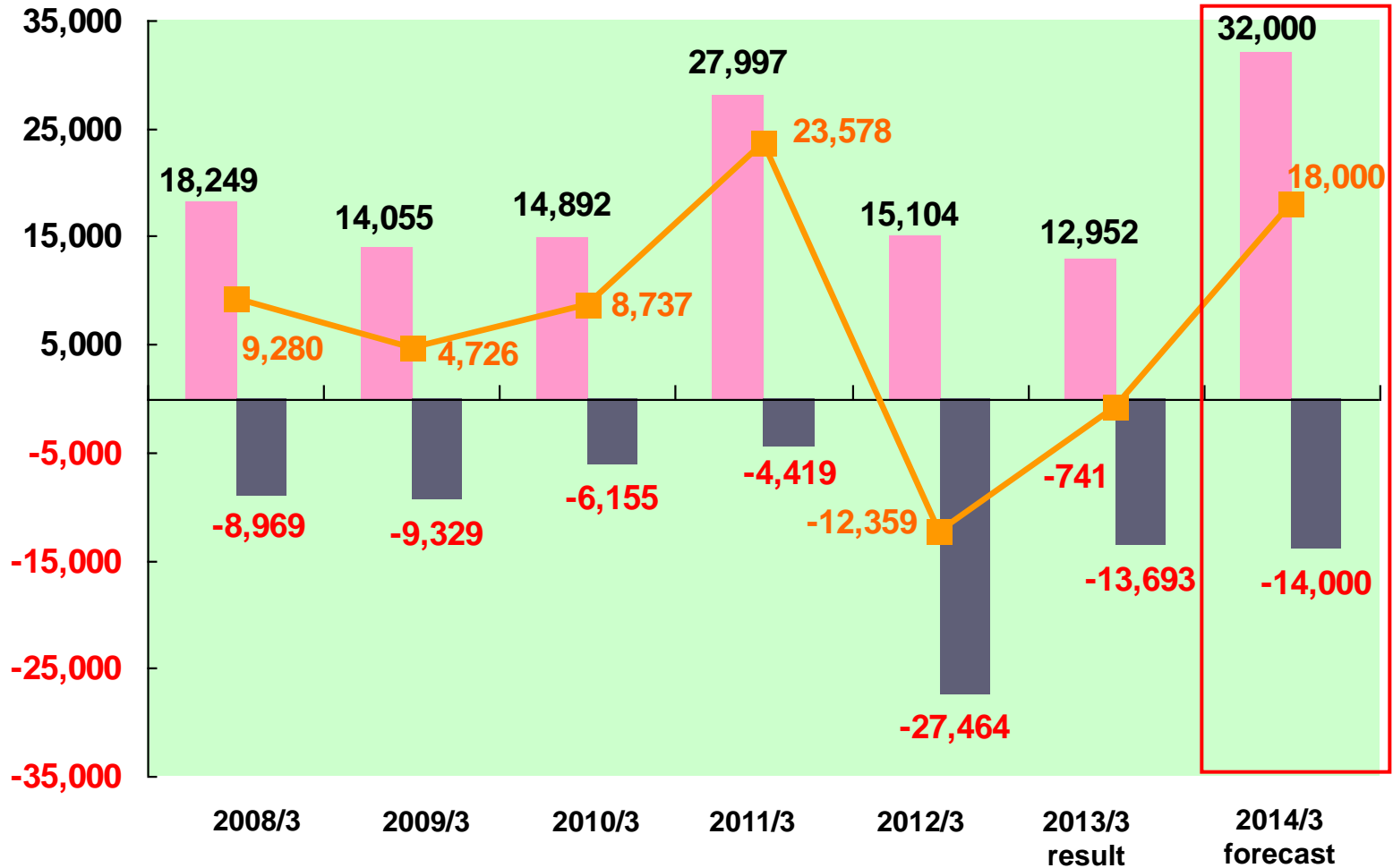
- The figure of production increase in 2013/3 includes delayed amount which was ordered in 2012/3. Renewal and rationalization investments are mainly expected in 2014/3 and later.

Consolidated Cash Flow



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

(JPY million)



Targeted Financial Figures



(JPY billion)	2013/3 <result>	2014/3 <forecast>	2021/3 <Long-Term Vision>
Sales	179.5	201.0	400.0
Operating profit	15.0	22.0	60.0
O.P. margin	8.4%	10.9%	15.0%
Net profit	13.2	15.9	-
Payout ratio	32.5%	30.3%	-
ROA	6.5%	7.5%	11.0%
ROE	12.5%	13.4%	18.0%

- **December: Established the JV in India with MINDA**

Reinforce the commercial vehicle business marketing in India

- **March: Acquired OCLAP S.R.L (Italy)**

Expand sales in Europe driven by “new electric-driven door operating system” etc.

- **April: Established service operation base for private aircraft in Singapore**

Enhance after sales services for private aircrafts mainly for airliners in Southeast Asia

- **April: Established “New Energy Business Development Division”**

Reinforce new energy business which has great potential for growth

- **April: Established production base for marine vessel equipment in China**

Boost sales in Chinese market

- **April: Determined to turn wholly owned marketing company in China for precision reduction gears to JV**

Provide fine-tuned services and products to FA market and industrial robots industry in China

- **May: Gained orders for Boeing 737 MAX Fly-by-Wire Spoiler Actuators**

Lead to the sustainable business including aftermarket

Nabtesco

Moving it. Stopping it.

Nabtesco

