

# FY2023/12 Q1 Results Briefing

**Nabtesco Corporation**  
**April 28, 2023**

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1

## Sales and O.P. increased YoY

Sales: 82.2 billion yen (YoY+17%) O.P.: 5.8 billion yen (YoY+16%)

- FY2023/Q1 sales recorded highest level ever  
FY2023/Q1 sales increased YoY due to strong demand in precision reduction gear business, and due to recovery and growth in demand for marine equipment and aircraft equipment business.
- FY2023/Q1 O.P. increased YoY due to the progress in price pass-through actions as well as sales growth mainly in TRS, ACB and others.

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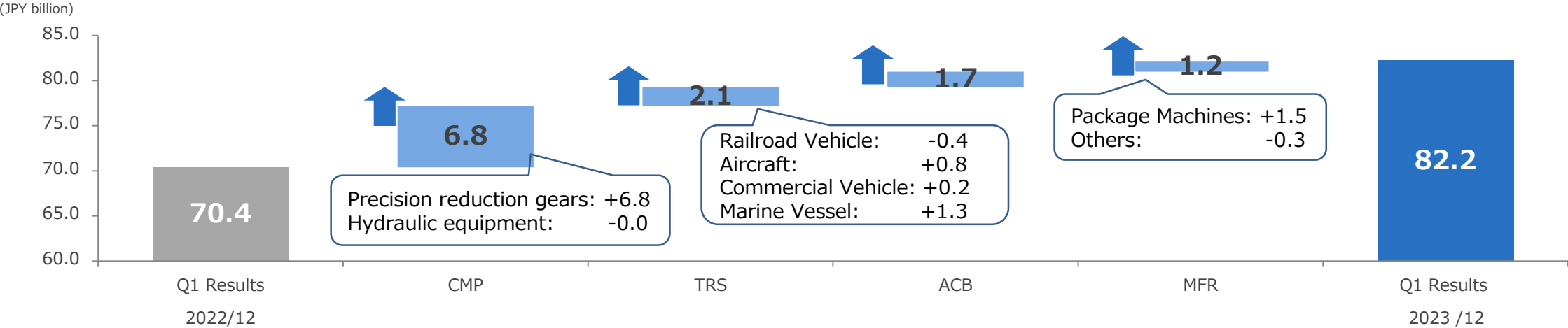
## Sales and O.P. both in-line with H1 plan

(Progress rate in H1 plan) Sales: 51% O.P.: 55%

- Actions to improve profitability (e.g., price pass-through) are in progress as planned.
- FY2023/Q1 Orders of precision reduction gears remained high due to capital investment demand for EVs.  
(FY2023/Q1 orders were lower than expected due to the postponement of large projects.)

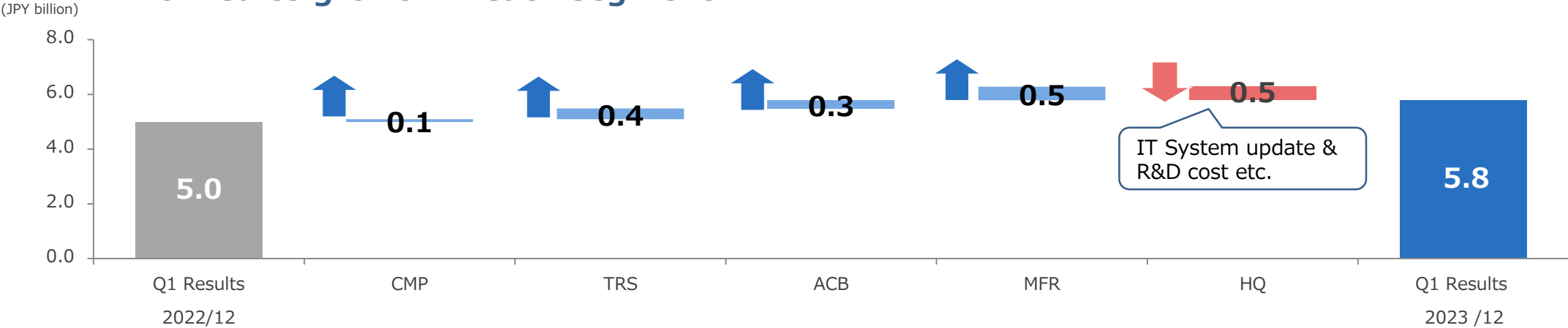
Sales

FY2023/Q1 sales increased YoY due to strong demand in precision reduction gear business, and due to recovery and growth in demand for marine equipment and aircraft equipment business.



O.P.

FY2023/Q1 O.P. increase due to make progress in price pass-through as well as increase in O.P. from sales growth in each segment



CMP: Component Solution Segment    TRS: Transport Solution Segment    ACB: Accessibility Solution Segment    MFR: Manufacturing Solution Segment

# Summary for the FY2023/12 Q1 【P/L】

Income before tax and Net profit fluctuated widely due to valuation loss of HDS shares in FY2022/Q1.

(JPY billion)

	2022 /12 Q1results(A)	2023/12 Q1results(B)	Variation (B-A)
<b>Sales</b>	70.4	82.2	11.8
<b>O.P.</b>	5.0	5.8	0.8
<b>(OPM)</b>	7.1%	7.0%	-0.1pt
<b>Financial Income and cost</b>	-10.9	4.2	15.1
<b>(Revaluation of HDS*<sup>1</sup> shares)</b>	(-11.7)	(4.0)	(15.7)
<b>Equity in earnings of affiliates</b>	0.8	0.9	0.1
<b>Income before tax</b>	-5.1	10.8	15.9
<b>Net profit*<sup>2</sup></b>	-4.4	6.7	11.1
<b>Earnings pre share(JPY yen)</b>	-36.57	55.82	92.39
<b>HDS share price used for the result and plan (JPY yen)</b>	4,220/share	4,395/share	-

(Reference)

2022/12 Full year Results (C)	2023/12 Full year plan(D)	Variation (D-C)
308.7	339.0	30.3
18.1	26.2	8.1
5.9%	7.7%	1.8pt
-5.1	0.9	6.0
(-5.6)	(0.9)	(6.5)
2.8	2.1	-0.7
15.8	29.2	13.4
9.5	19.5	10.0
78.9	162.5	83.6
3,715/share	3,715/share	-

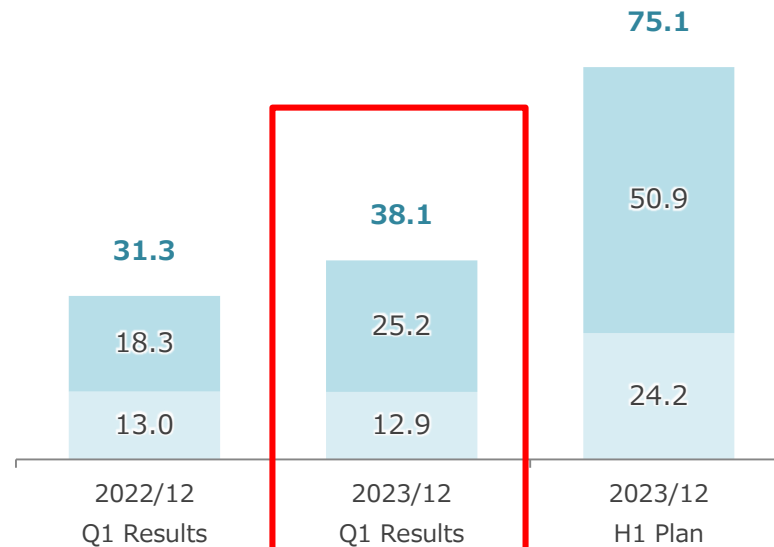
\*1 HDS: Harmonic Drive Systems Inc.

\*2 Net profit attributable to owners of the parent

## Component Solution Segment (CMP)

Sales (JPY billion)

■ Precision Reduction Gears ■ Hydraulic Equipment



	2022/12 Q1 Results	2023/12 Q1 Results	2023/12 H1 Plan
O.P.(JPY billion)	3.8	4.0	9.0
(OPM)	12.3%	10.4%	12.0%

## Business Environment

Business Unit	Market Situation	Trends
Precision reduction gears	Industrial robots: Strong demand of large size gears is expected to continue due to strong capital investments for EVs	
	FA: Sluggish demand for semiconductors and machine tools	
Hydraulic equipment business	China Market: Sluggish demand 2023 Q1 Number of construction machinery units sold in China: YoY-25%	
	Outside of China Market: Steady demand 2023 Jan.-Feb. amount of sales of construction machinery in Japan *2 (domestic & export) YoY + 24%	

## Segment Profitability

FY2023/Q1 : O.P. declined YoY

**Precision reduction gears:** Deterioration in product mix  
(price pass-through is progressing)

**Hydraulic equipment:** lower demand and more intense competition in China

**Segments:** Soaring raw material costs, labor costs and energy costs & increasing depreciation costs

Q2 and after:

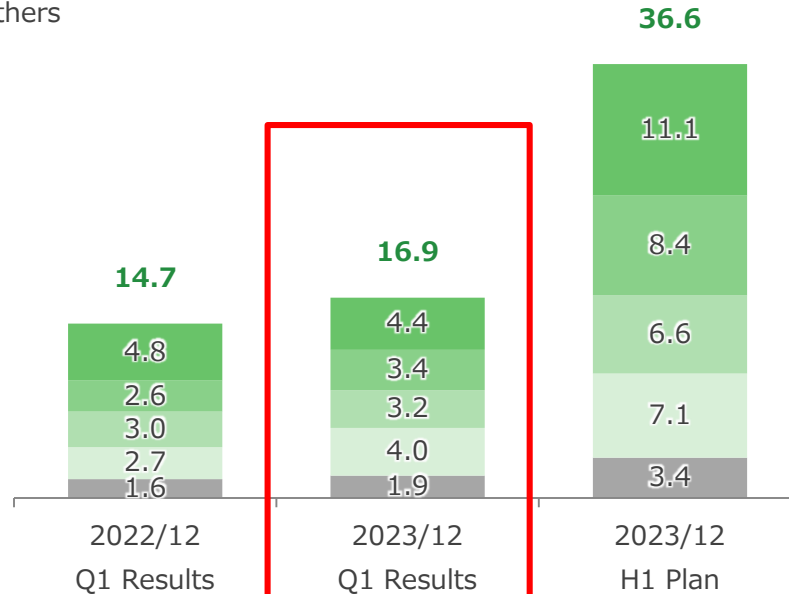
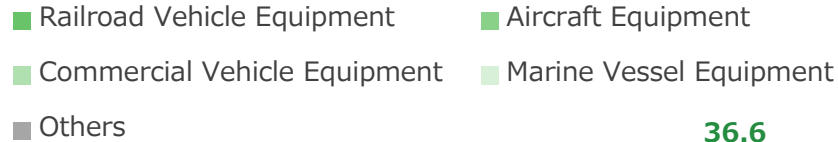
**Precision reduction gears:** Expect to increase in O.P. due to sales increase and making progress in price pass-through & cost reduction activities.

**Hydraulic equipment:** Expect recovery of the Chinese market in H2.

\*1Source : China Construction Machinery Association \*2Source : Japan Construction Equipment Manufacturers Association

## Transport Solution Segment (TRS)

Sales (JPY billion)



	2022/12 Q1 Results	2023/12 Q1 Results	2023/12 H1 Plan
O.P.(JPY billion)	1.1	1.5	2.6
(OPM)	7.2%	8.6%	7.1%

## Business Environment

Business Unit	Market Situation	Trends
Railroad Vehicle Equipment	Capital investments in 2023 in new railroad vehicles are expected to be restrained / Expect to recover the investments by railroad operators in 2024	
Aircraft Equipment	Commercial aircraft: Increasing demand due to recovery in aircraft traffic Worldwide RPK* increased 55% YoY in Feb 2023.	
	Defense: Growing demand due to expansion of defense budget	
Commercial Vehicle Equipment	Increasing in production of commercial vehicles due to partial resolution of semiconductor shortage	
Marine Vessel Equipment	Shipbuilding: Global shipyards have ample order backlog	
	MRO: Demand for components to meet environmental Regulations	

## Segment Profitability

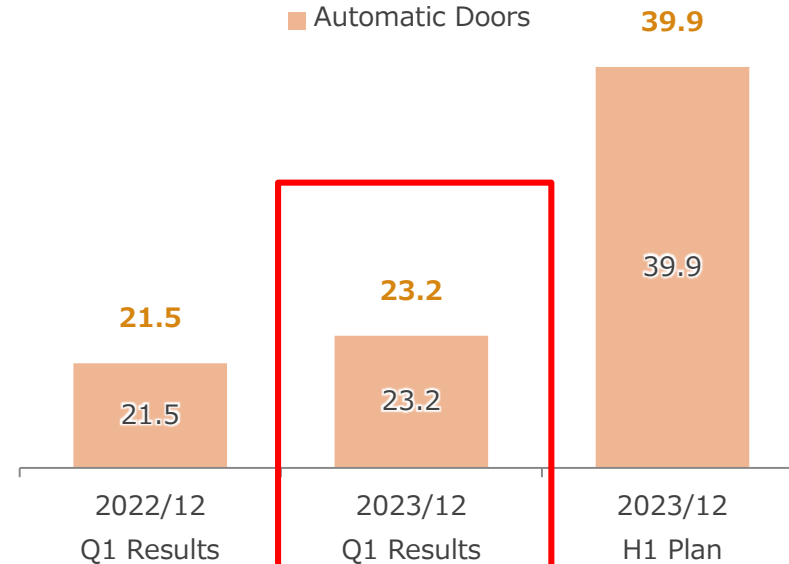
FY2023/Q1: O.P. improved YoY due to the progress in price pass-through and cost reduction actions as well as increase O.P. from sales growth

Q2 and after: Expect to increase O.P. due to sales growth in H2 as demand (production demand) recovery continues.

\*RPK: Revenue Passenger Kilometers    Source: IATA

## Accessibility Solution Segment (ACB)

Sales (JPY billion)



	2022/12 Q1 Results	2023/12 Q1 Results	2023/12 H1 Plan
O.P.(JPY billion)	2.3	2.5	3.0
(OPM)	10.6%	11.0%	7.5%

## Business Environment

Business Unit	Market Situation	Trends
Automatic Doors	Japan: Strong demand for doors for new buildings	
	Europe & U.S.: Demand is currently strong, but there are concerns about stagnation of projects due to economic instability, etc.	
Platform doors	Japan: Orders for projects after 2024 are becoming more active due to government support programs (railroad station barrier-free fee system)	
	Europe & U.S.: Demand is strong in 2023, however there is a trend of postponement of projects in 2024 and after.	

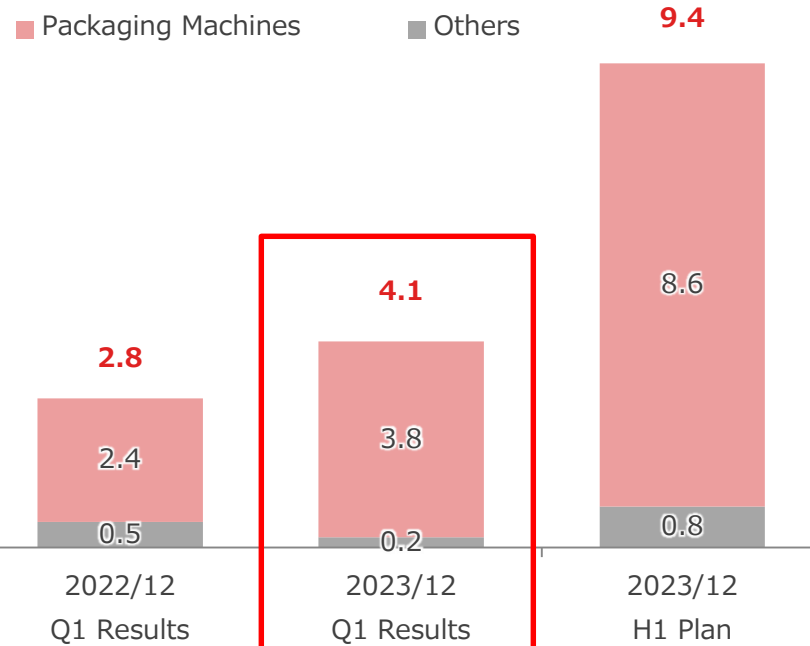
## Segment Profitability

FY2023/Q1: O.P. improved YoY due to the progress in price pass-through as well as increase sales of automatic doors for new buildings by partial resolution of electrical components shortage.

Q2 and after: Expect O.P. to be in line with the full year plan.

## Manufacturing Solution Segment (MFR)

Sales (JPY billion)



	2022/12 Q1 Results	2023/12 Q1 Results	2023/12 H1 Plan
O.P.(JPY billion)	-0.1	0.4	0.9
(OPM)	-2.6%	10.0%	9.6%

## Business Environment

Business Unit	Market Situation	Trends
Packaging Machines	<p>Sales for food industries increased due to ease Covid-19 impact.</p> <p>However, capital investment sentiment from Q2 onward is cautious due to inflationary effects and uncertainty about the economic outlook.</p>	

## Segment Profitability

FY2023/Q1: Both products and MRO increased YoY due to the elimination of shortage of electronic components.

O.P. improved YoY due to sales growth, progress in price pass-through and increase in MRO.

Q2 and after: Expect to increase O.P. due to sales growth.



# Balance Sheet for FY2023/12 Q1

(JPY billion)

	2022/12 Q4 (As of December 31, 2022)	2023/12 Q1 (As of March 31, 2023)	Variation
<b>Assets</b>	459.3	434.6	-24.7
(Cash and cash equivalents)	124.4	① 99.4	-25.0
(Trade receivable)	79.4	75.7	-3.7
(Inventories)	49.2	54.8	5.6
(Assets held for sale)	34.0	20.1	-13.9
(Non-current assets)	163.8	② 175.0	11.2
<b>Liabilities</b>	196.1	168.0	-28.1
(Bonds and borrowings)	20.3	18.1	-2.2
(Other non-current financial liabilities)	47.3	③ 23.6	-23.6
(Income taxes payable and Deferred tax liabilities)	15.8	7.6	-8.2
<b>Total equities</b>	263.2	266.5	3.3
(Retained earnings)	-4.6	-4.5	0.1
(Non-controlling interests)	14.5	14.7	0.1
<b>Equity attributable to owners of parent</b>	248.7	251.8	3.1
Ratio of equity attributable to owners of parent:	54.1%	④ 58.0%	3.9pt

**① Decrease mainly due to**

- Related to sales of HDS shares (Payment of corporate tax + Settlement)
- Acquisition of subsidiary in automatic doors business

**② Increase mainly due to**

- Increase in fixed assets of precision reduction gears business
- Increase in goodwill of subsidiary in automatic doors business

**③ Decrease mainly due to**

- Related to sales of HDS shares (Decrease in deposit)

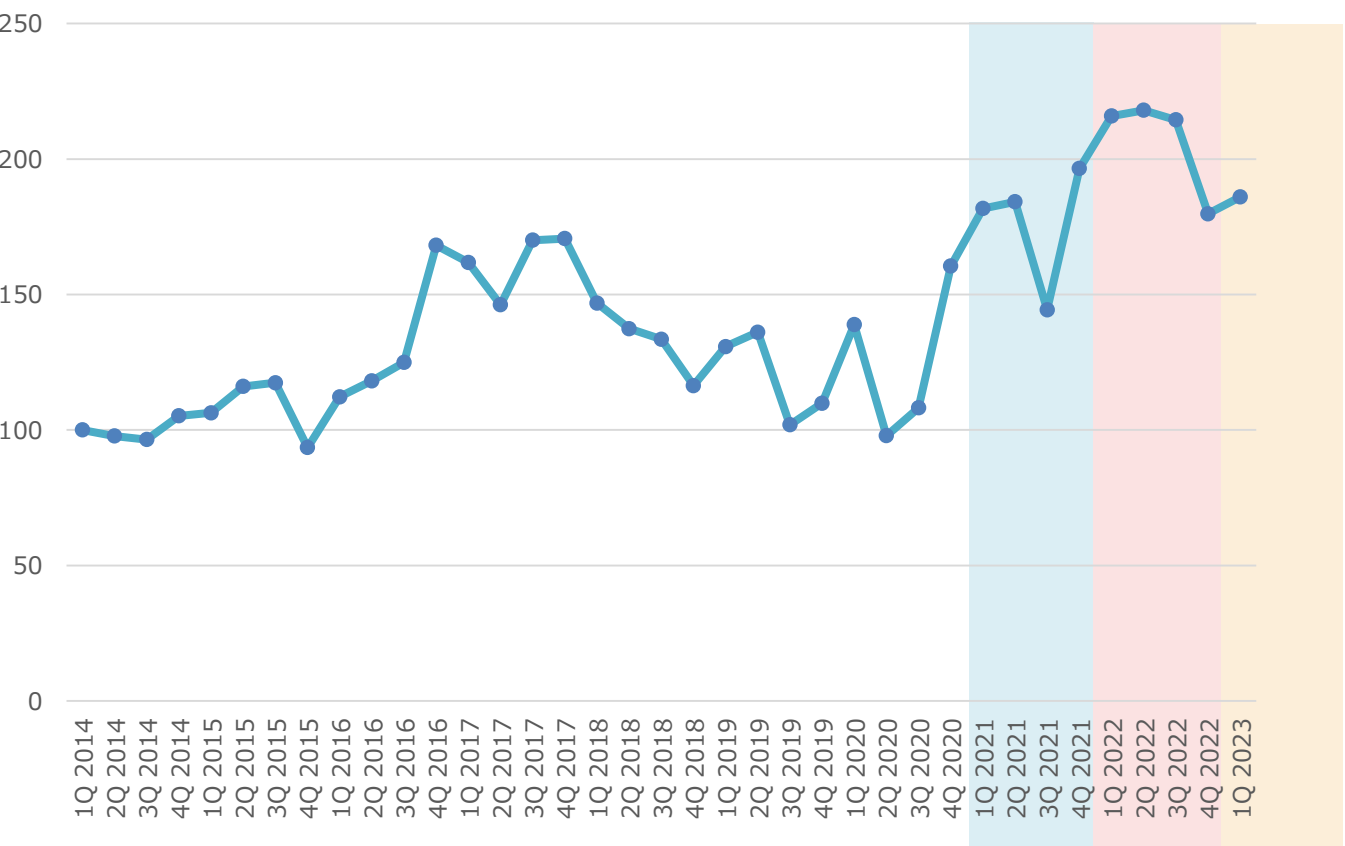
**④ Increase mainly due to**

- Decrease in Cash
- Decrease in HDS shares

FY2023 Q1 Consolidated orders

FY2023 Q1 orders: **QoQ+4%, YoY-14%**

FY2023 Q1 orders were lower than expected due to the postponement of large projects. Annual order plan remains unchanged.



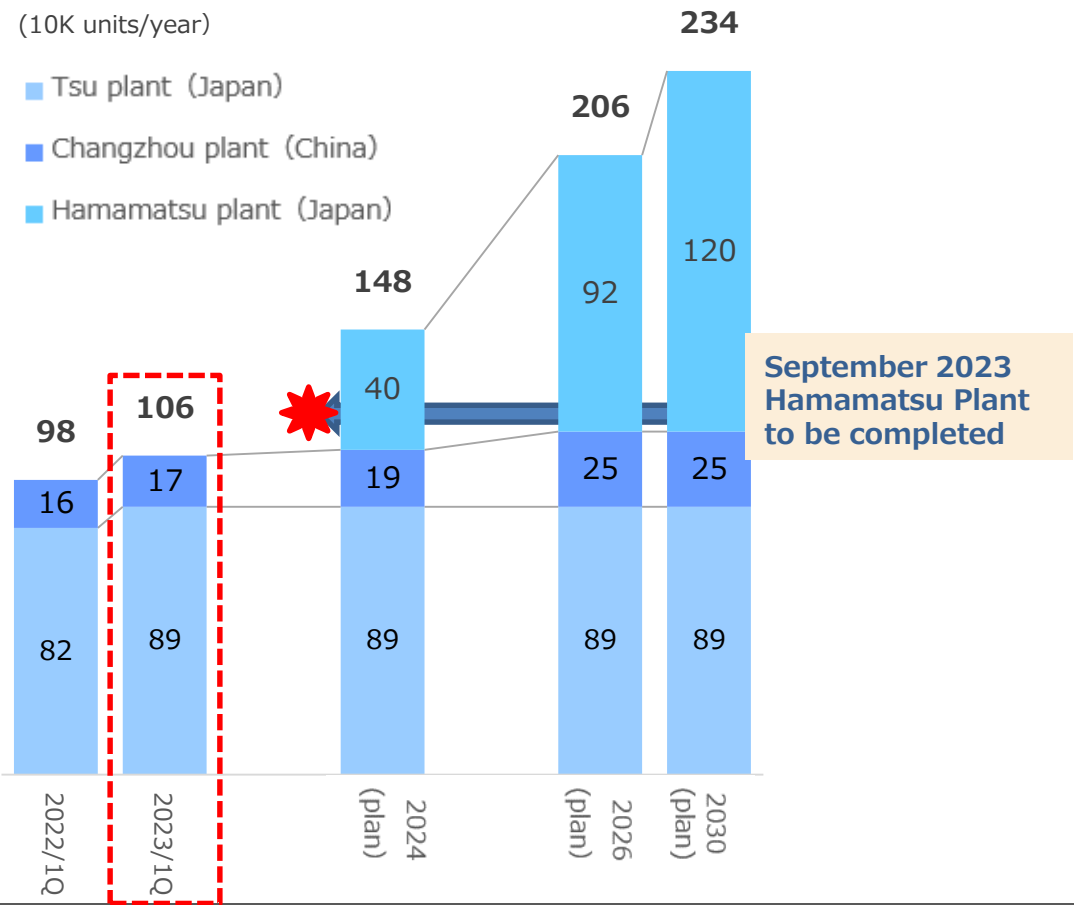
FY2014/1Q= 100

FY2023 Q1 Production capacity  
Annual production capacity in global: 1.06 million Units.

FY2023 Q1 Utilization ratio

Japan Plant: 110% @890K units/year

China Plant: 115% @170k units/year



## Automatic Doors

The **World's first** full-screen platform door, which can accommodate any railroad vehicle door position, was adopted at Osaka Station (Umekita new platform).

A platform door jointly developed with the JR West Group was installed at the Osaka Station (Umekita new platform), which opened in March 2023.

This platform door can freely adjust its opening to the boarding gate of any railroad vehicle entering the Station.



## Marine vessel equipment

Acquiring the **World's First** ABS CyberSafety® product design assessment (PDA) certification for marine vessel engine remote control systems

Marine vessel engine  
remote control systems  
(M-800-V)



Nabtesco became the first recipient of ABS CyberSafety® PDA certification for marine vessel equipment. Nabtesco will ensure the cyber security of marine vessels and contribute to the improvement of navigational safety and the development of autonomous navigation technology.

## CVC

Certification

Adaptation to **Electrification** for decarbonization  
Acquisition of battery and related solution technologies

2023 Feb. Invested in and started partnership with NanoGraf Corporation, an advanced lithium-ion battery maker.

2023 Mar. Invested in and started partnership with Colibri Energy, a maker of batteries for industrial vehicles.

# Appendix

## ■ FOREX rate

	2022/12 1Q Results	2023/12 1Q Results	2023/12 Full year plan
<b>USD</b>	¥117.79	¥133.44	¥125.00
<b>RMB</b>	¥18.54	¥19.41	¥18.50
<b>EUR</b>	¥131.57	¥143.96	¥130.00
<b>CHF</b>	¥127.13	¥144.30	¥135.00

## ■ FOREX sensitivity (This represents the effect to be expected on operating profit if the exchange rate fluctuates by one yen.)

	2022/12 1Q Results		2023/12 1Q Results		2023/12 Full year plan	
	Sales	O.P.	Sales	O.P.	Sales	O.P.
<b>USD</b>	31	8	44	10	191	58
<b>RMB</b>	401	126	429	114	1,387	274
<b>EUR</b>	16	Minimal	21	Minimal	77	Minimal
<b>CHF</b>	51	Minimal	57	Minimal	230	Minimal

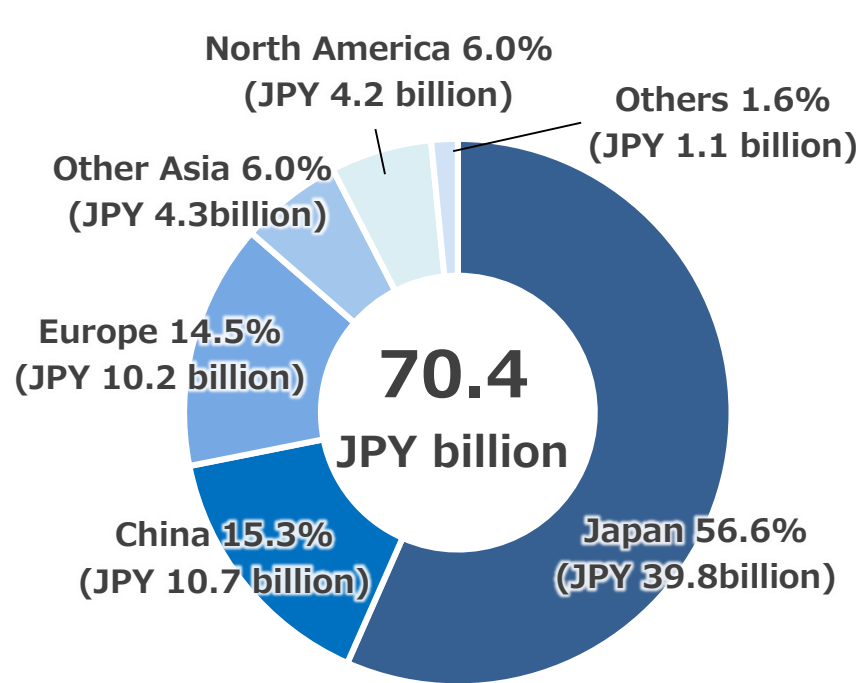
(JPY million)

# Consolidated results for FY2023/12 Q1 by Business Segment

Segment	Term	2022/12 Q1 results (A)	2023/12 Q1 results (B)	Variation (B-A)
Component Solutions (CMP)	Sales	31.3	38.1	6.8
	O.P.	3.8	4.0	0.1
	(OPM)	12.3%	10.4%	-1.9pt
Transport Solutions (TRS)	Sales	14.7	16.9	2.1
	O.P.	1.1	1.5	0.4
	(OPM)	7.2%	8.6%	1.4pt
Accessibility Solutions (ACB)	Sales	21.5	23.2	1.7
	O.P.	2.3	2.5	0.3
	(OPM)	10.6%	11.0%	0.4pt
Manufacturing Solutions (MFR)	Sales	2.8	4.1	1.2
	O.P.	-0.1	0.4	0.5
	(OPM)	-2.6%	10.0%	12.6pt
Corporate or elimination		-2.1	-2.6	-0.5
Total	Sales	70.4	82.2	11.8
	O.P.	5.0	5.8	0.8
	(OPM)	7.1%	7.0%	-0.1pt

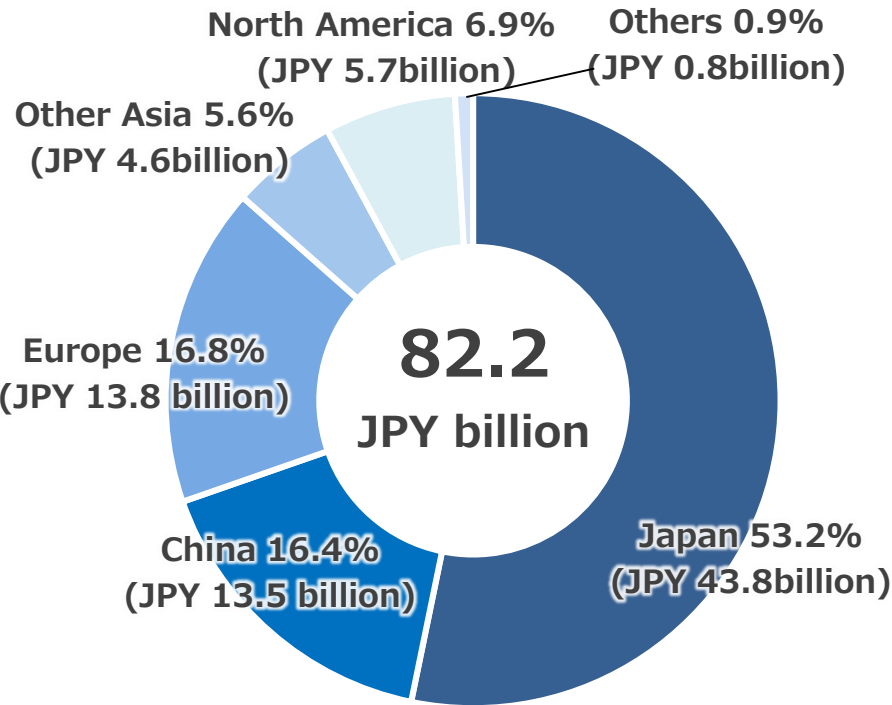
H1 Plan 2023/12 (C)	Progress rate (B/C)	Plan 2023/12
75.1	50.7%	154.8
9.0	44.1%	19.6
12.0%	-	12.7%
36.6	46.0%	77.8
2.6	55.8%	7.6
7.1%	-	9.8%
39.9	58.2%	85.3
3.0	84.8%	7.5
7.5%	-	8.8%
9.4	43.1%	21.1
0.9	45.0%	2.4
9.6%	-	11.4%
-5.0	51.8%	-10.9
161.0	51.0%	339.0
10.5	55.0%	26.2
6.5%	-	7.7%

2022/12 Q1 Results



Overseas Sales	JPY 30.5 billion
Ratio	43.4%

2023/12 Q1 Results



Overseas Sales	JPY 38.4 billion
Ratio	46.8%

- Increase in CAPEX was mainly due to the investment to production capacity expansion of precision reduction gears.

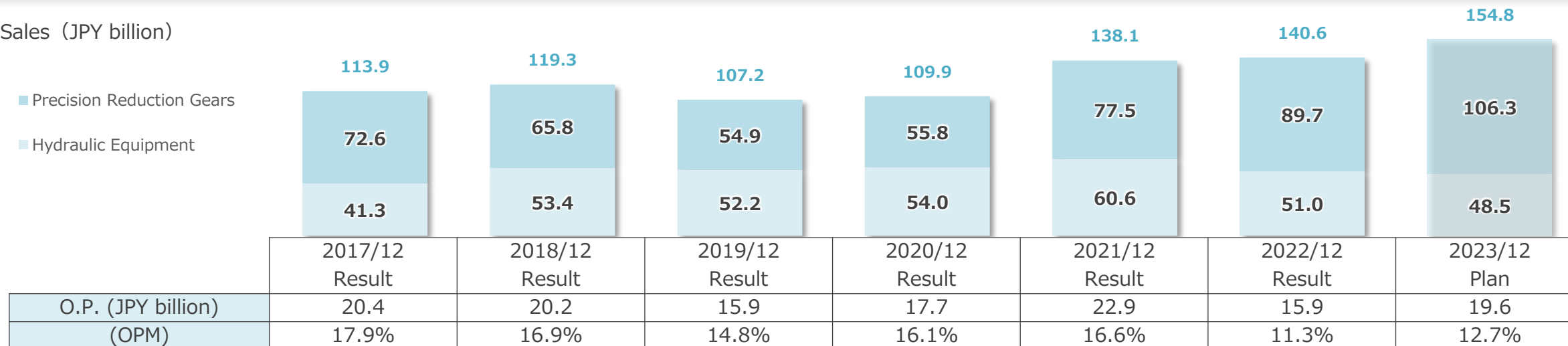
(JPY billion)	2022/12 Q1 results (A)	2023/12 Q1 results (B)	2023/12 Plan (C)	Variation (B-A)	Rate of progress (B/C)	2022/12 Full year results
CAPEX	4.5	7.5	39.4	3.0	19%	18.8
R&D	2.6	2.7	13.9	0.1	20%	10.9
Depreciation	3.5	3.7	15.8	0.2	23%	14.5



# Component Solutions Segment (CMP)

Sales (JPY billion)

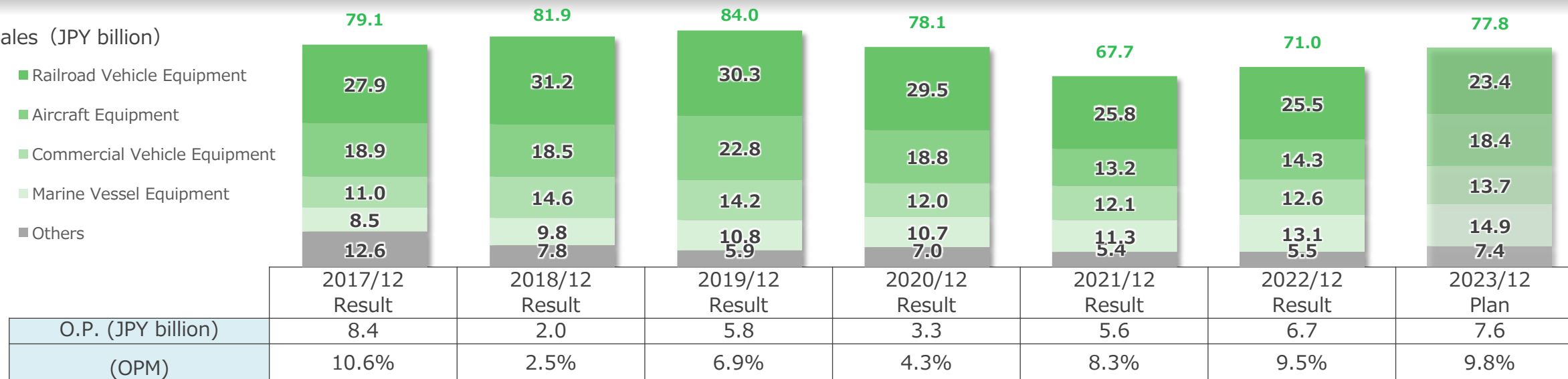
- Precision Reduction Gears
- Hydraulic Equipment



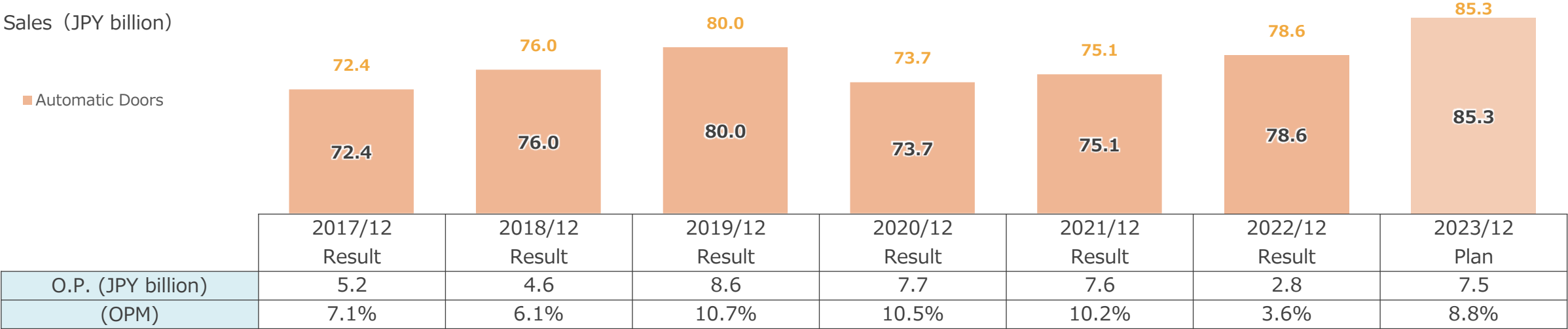
# Transport Solutions Segment (TRS)

Sales (JPY billion)

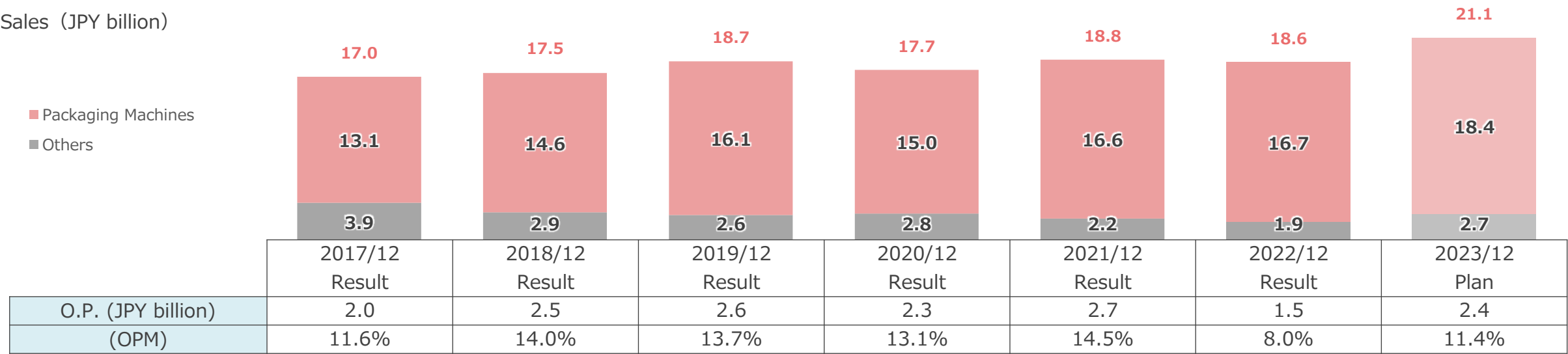
- Railroad Vehicle Equipment
- Aircraft Equipment
- Commercial Vehicle Equipment
- Marine Vessel Equipment
- Others



# Accessibility Solutions Segment (ACB)

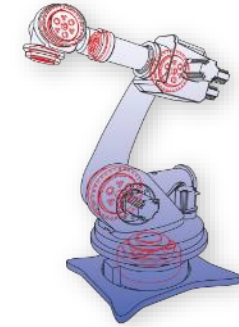
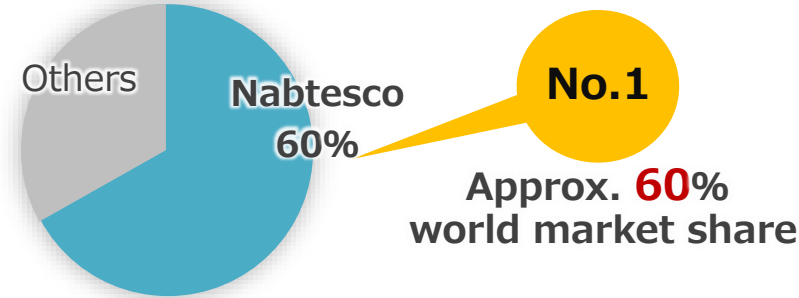


# Manufacturing Solutions Segment (MFR)



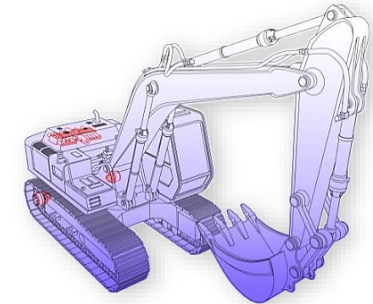
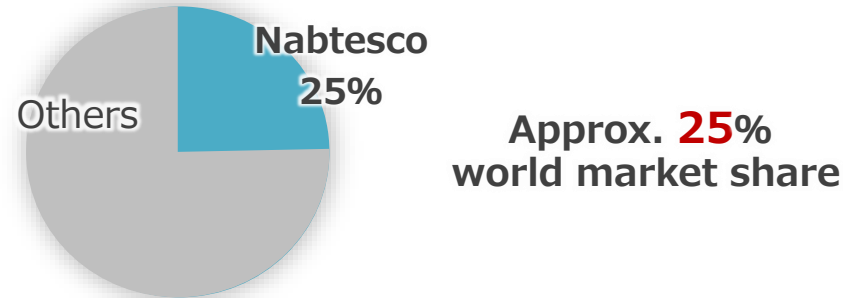
## Precision Reduction Gears

- Joints of Medium and Large Size Industrial Robots



## Hydraulic Equipment

- Traveling Units for Hydraulic Excavators



## 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

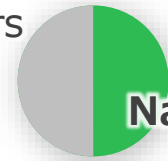
### ■ Hydraulic Equipment

**Traveling Units:** Komatsu, Sumitomo Construction Machinery, Kobelco Construction Machinery, Sany (China), XCMG (China), Liu Gong (China)

## Railroad Vehicle Equipment

### ■ Brake Systems

Others



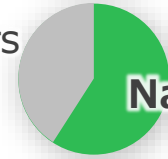
Nabtesco 50%

**No.1**

Approx. **50%** Domestic Market Share

### ■ Door Operating Systems

Others



Nabtesco 60%

**No.1**

Approx. **60%** Domestic Market Share



## Aircraft Equipment

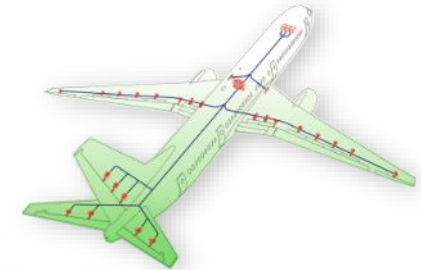
### ■ Flight Control Actuation Systems (FCA)



Nabtesco  
100%

**No.1**

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



## Main Customers

### ■ Railroad Vehicle Equipment

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

### ■ Aircraft Equipment

Boeing, KHI, MHI, IHI, Japanese Ministry of Defense, Airline operators

## Commercial Vehicle Equipment

### ■ Wedge Chambers



### ■ Air Dryers



## Marine Vessel Equipment

### ■ 2ST Main Engine Control Systems



## Main Customers

### ■ Commercial Vehicle Equipment

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

### ■ Marine Vessel Equipment

KHI, Japan Engine Corporation, Makita Corporation, Hitachi Zosen, Mitsui Engineering & Shipbuilding, Hyundai Heavy Industries (Korea), Hudong Heavy Machinery (China), HSD Engine Co., Ltd. (Korea), MAN Diesel (Denmark)

Automatic Doors

■ Automatic Doors



■ Platform Screen Doors



Main Customers

**Automatic Doors for buildings:** Major general contractors, sash manufacturers, hospitals, banks, public institutions, etc.  
**Platform Doors :** JR Companies, Private railway companies, Subway projects in various countries

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.*

