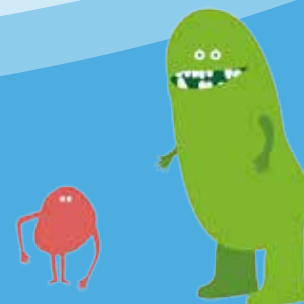


# Meeting Material

June, 2016

**Nabtesco Corporation**

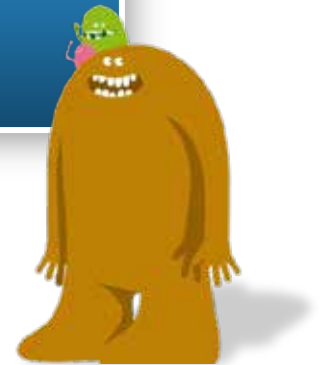


The forecast data presented herein reflects assumed results based on conditions that are subject to change. Nabtesco Corporation does not make representations as to, or warrant, in whole or in part, the attainment or realization of any of the forecasted results presented in this document. Numerical figures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

1. Results for FY2016/12 Q1

2. Forecast for FY2016/12

3. Analysis for Midterm Growth



# 1. Results for FY2016/12 Q1



# Consolidated Results for the FY2016/12 Q1

Compared with FY2015/12 Q1 (reference), total sales were slightly below while O.P. increased.

(JPY million)	2015/12 Q1 result (Reference) * (A)	2016/12 Q1 result (B)	Variation (B-A)	Ratio ((B-A)/A)
Sales	57,488	56,764	-724	-1.3%
Operating profit	5,473	5,634	161	2.9%
(O.P. Margin)	9.5%	9.9%	0.4pt	-
Ordinary profit	5,534	5,683	149	2.7%
Net profit	3,546	3,309	-237	-6.7%

	YoY comparison		Details
	Sales	O.P.	
Precision	↓	↓	Sales and O.P. decreased due to the production adjustment of customers in FY2015/12 3Q.
Transport	↓	↑	Sales decreased due to the deterioration of shipbuilding market while the product mix contribute for O.P. increase.
Aircraft & Hydraulic	↑	↓	O.P. decreased due to the negative exchange fluctuations etc. while Hydraulic equipment business in China have improved.
Industrial	↑	↑	Sales and O.P. increased due to the solid growth both domestic and European market in Automatic door business.

\*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. (Reference number hadn't been audited by auditors)

\*The Company changes the closing date from March 31 to December 31. Accordingly, the year-on-year results are not indicated for the consolidated results for FY2015/12, which is a transitional period.

# Balance Sheet Summary

(JPY million)	2015 / 12 (as of December 31, 2015)	2016 / 12 Q1 (as of March 31, 2016)	Variation
Assets	233,381	234,875	1,494
(Cash and time deposits)	35,068	37,279	2,211
(Accounts receivable)	59,750	58,880	-870
(Inventory)	28,421	29,301	880
(Tangible fixed assets)	55,916	56,078	162
Liabilities	84,456	88,550	4,094
(Interest-bearing debt)	15,333	14,303	-1,029
Net assets	148,924	146,324	-2,600
(Stock acquisition right)	379	323	-55
(Minority interests)	6,476	6,476	0
Equity capital	142,068	139,523	-2,544

*Equity ratio:	60.9%	59.4%	-1.5pt
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## 2. Forecast for FY2016/12



# Change of the Closing Date

Adjusted FY2015/12 results to make YoY comparison with forecast for FY2016/12

FY2015/12

(Reference)	2015											
	Jan.	Feb.	Mar.	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.
Nabtesco and domestic subsidiaries	Q1			Q2			Q3			Q4		
Overseas subsidiaries	Q1			Q2			Q3			Q4		

**Full-year :** 12-month period for both domestic and overseas companies (with addition of the yellow part)

FY2016/12

	2016											
	Jan.	Feb.	Mar.	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.
Nabtesco and domestic subsidiaries	Q1			Q2			Q3			Q4		
Overseas subsidiaries	Q1			Q2			Q3			Q4		

**Full-year :** 12-month period for both domestic and overseas companies

# Forecast for FY2016/12

Target for FY2016/12 : Record high for sales, O.P. and net profit

Increase dividend per share to 50 yen, up 6 yen relative to FY2015/12

(JPY million)	2015/12 Result (Reference <sup>Note2</sup> ) (A)	2016/12 Plan (B)	Variation (B-A)	Ratio ((B-A)/A)	2015/12 Result (‘TANSHIN’ basis)
Sales	228,949	250,000	21,051	9.2%	187,000
O.P.	21,308	25,500	4,192	19.7%	15,294
(O.P. Margin)	9.3%	10.2%	0.9pt	-	8.2%
Ordinary profit	22,388	27,000	4,612	20.6%	16,418
Net Profit *	14,796	18,900	4,104	27.7%	11,059
ROA	6.2%	7.6%	-	-	4.6%
ROE	10.1%	12.5%	-	-	7.6%

Dividend per share (Yen)
Payout Ratio

50 JPY(plan)
32.7%(plan)

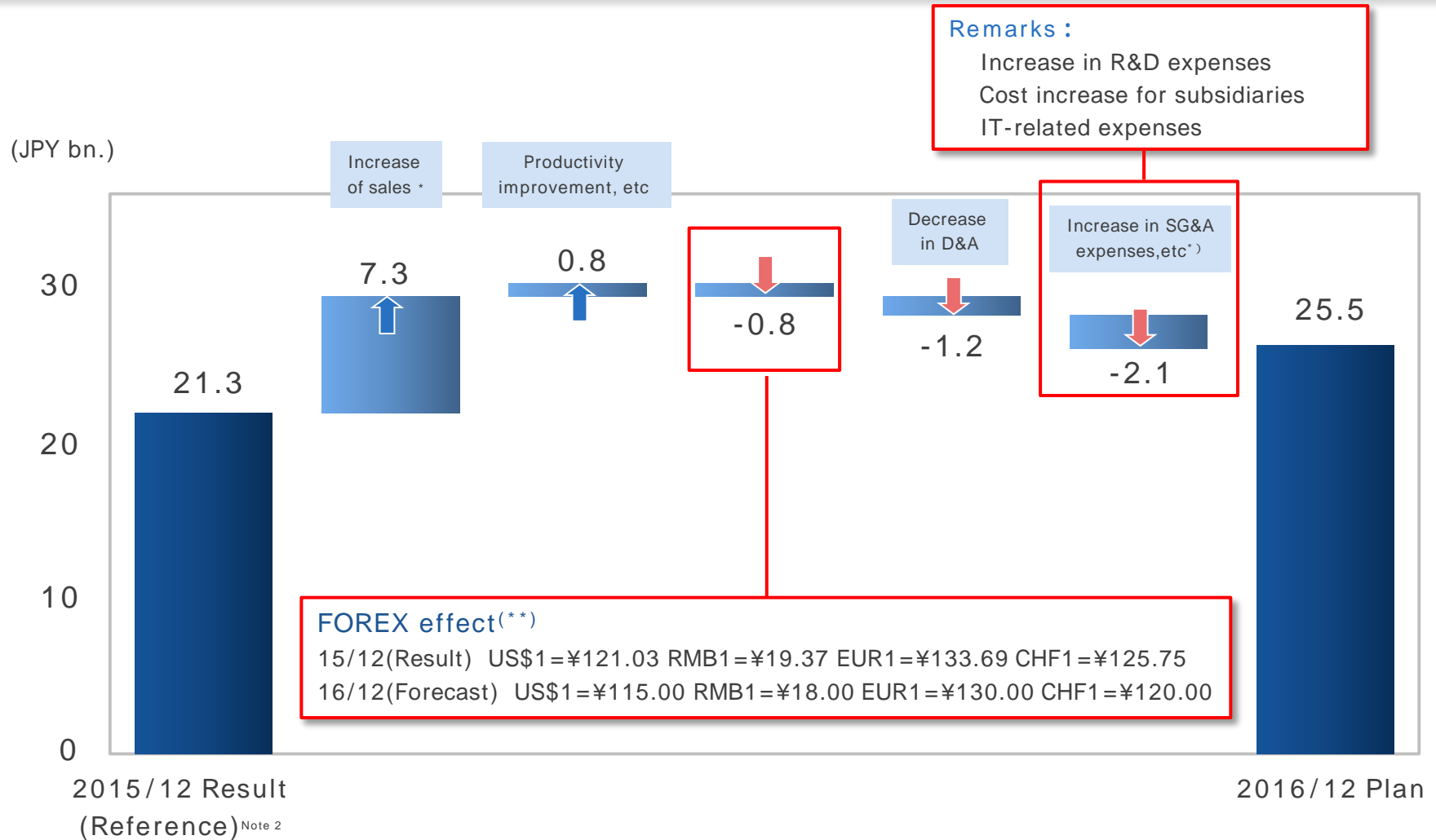
44 JPY(plan)
49.5% <sup>Note3</sup> (plan)

\*Net profit = Net profit attributable to parent company shareholders

Please refer to “Notes” for details related to Note 2 and Note 3.



# Consolidated Profit & Loss Forecast (Analysis of Changes in Operating Profit)

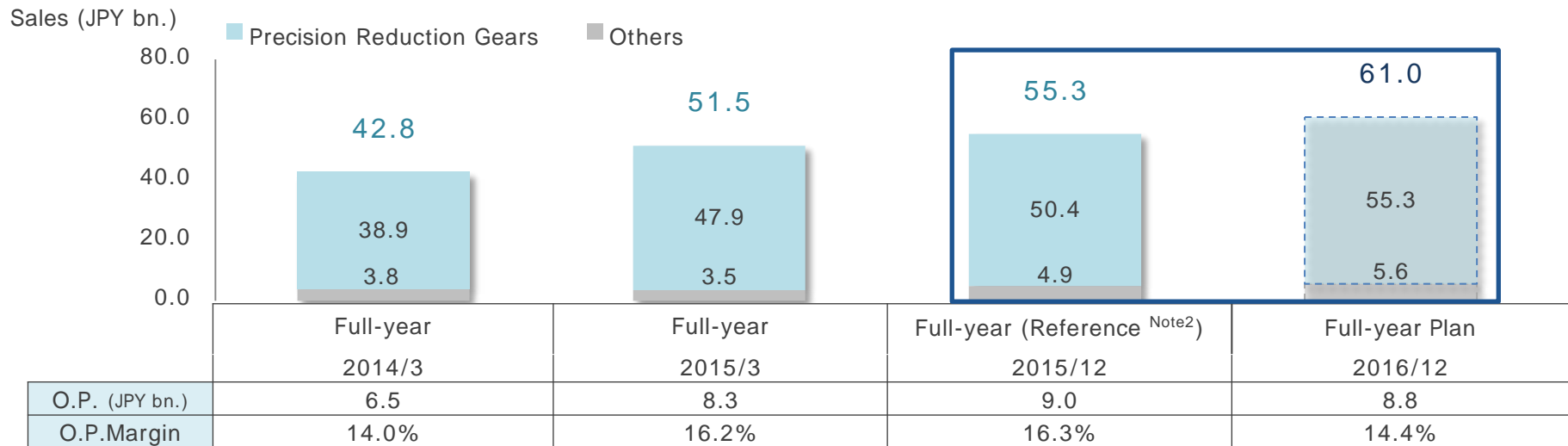


\* Fluctuations in operating profit owing to the increase of sales and SG&A expenses are based on the calculation without FOREX effect.  
 \*\*: FOREX sensitivity in O. P. (This represents the effect to be expected on operating profit if the exchange rate fluctuates by one yen):  
 (US\$): 91 million (RMB) 55 million、 (EUR): minimal, (CHF): minimal  
 Please refer to "Notes" for details related to Note2.

# Precision Equipment Segment

Sales will increase driven by robust demand for automation equipment including industrial robots  
Smooth launch of the new Chinese plant for precision reduction gears

## Results and Plan



Note 2: 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.

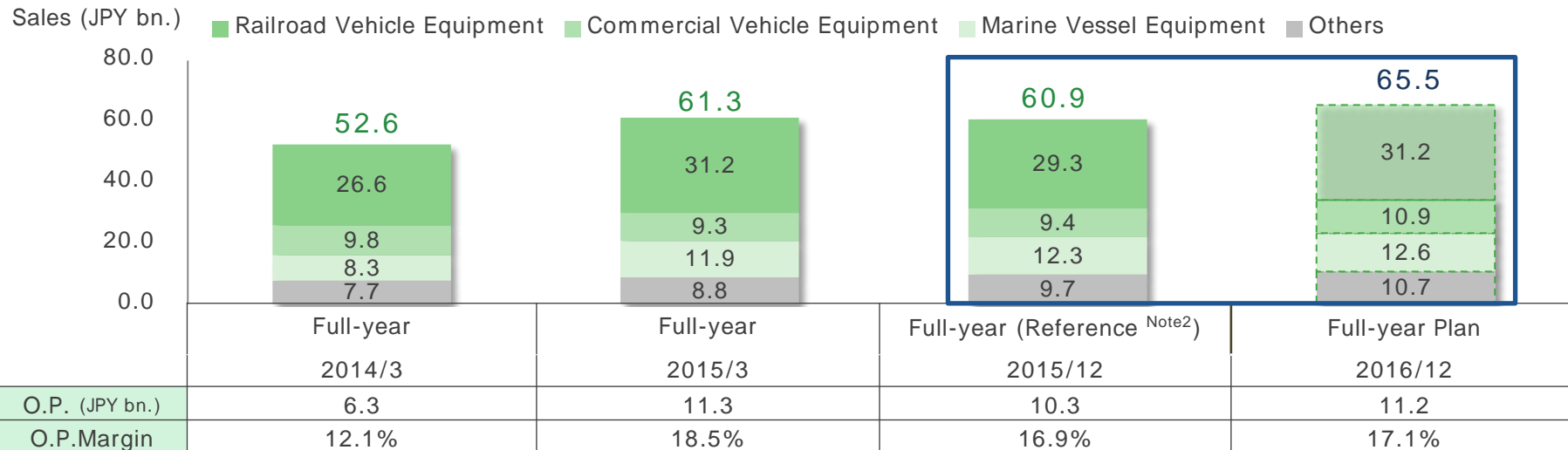
## Main Change Contributors (16/12 vs 15/12(Reference <sup>Note2</sup>))

- Precision reduction gears:** Sales will grow, being supported by the high growth rate (6%) of the industrial robot market, which is due to robust automobile production and progress in automation as well as by the expansion of other FA-related businesses.
- New energy equipment:** Sales of drive units for wind turbines will decrease.
- Operating profit (segment):** O.P. will be temporarily compressed due to depreciation increase from capex and costs related to the new Chinese plant, despite sales increase in the precision reduction gear business.

# Transport Equipment Segment

Healthy profitability is maintained due to robust demand and expansion of MRO\* business although the environment differs by business

## Results and Plan



Note 2: 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.

## Main Change Contributors (16/12 vs 15/12(Reference <sup>Note2</sup>))

- Railroad vehicle equipment:** Sales will grow because of increase in overseas railroad vehicle demand including China and continuous expansion of MRO business.
- Marine vessel equipment:** Sales will increase given growth in demand for control equipment for computerized engines and ongoing expansion of the MRO business.
- Commercial vehicle equipment:** Sales will increase due to strong domestic truck demand while demand in ASEAN countries will remain weak.
- Operating profit (segment):** O.P. will grow due to sales increase in each business and expansion of MRO business.

\*MRO: Maintenance, Repair, Overhaul

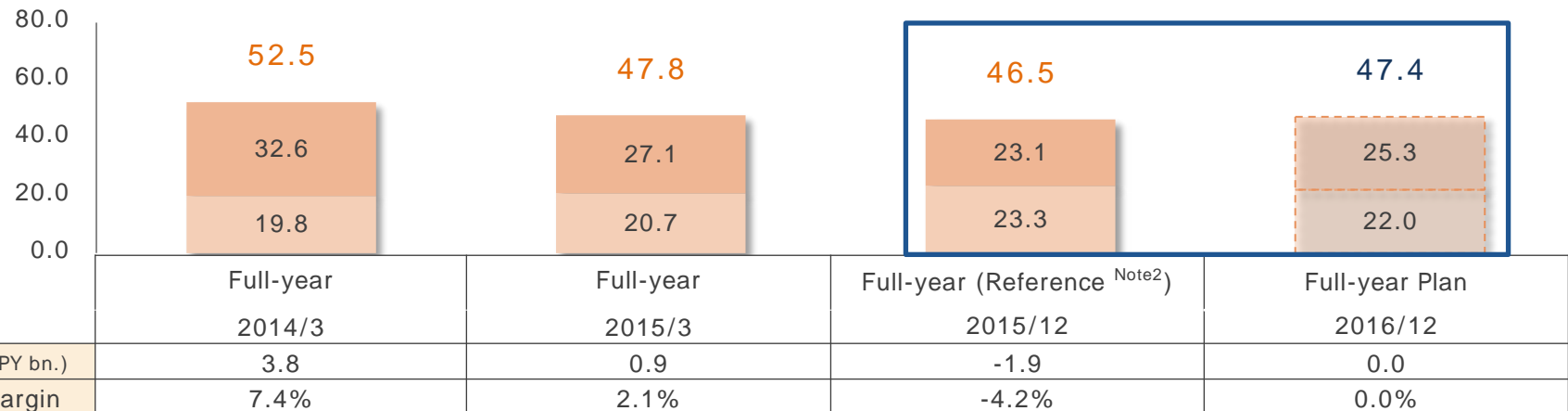
# Aircraft and Hydraulic Equipment Segment

Profitability will be improved through structural reform of hydraulic equipment business

## Results and Plan

Sales (JPY bn.)

Hydraulic Equipment Aircraft Equipment



Note 2: 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.

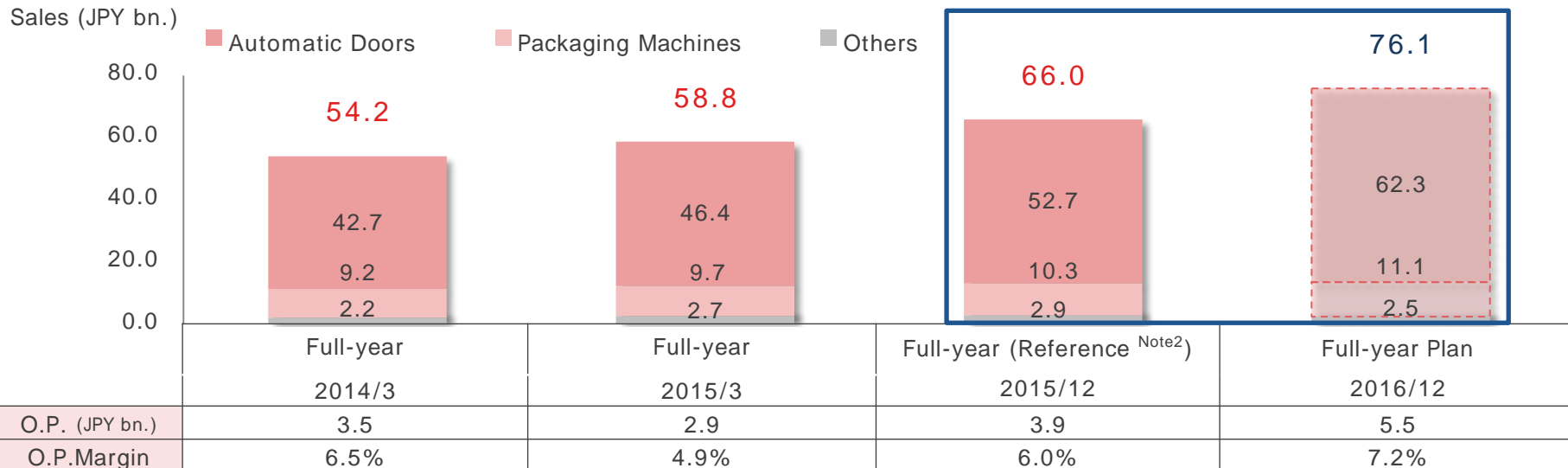
## Main Change Contributors (16/12 vs 15/12(Reference <sup>Note2</sup>))

- Aircraft equipment:** Sales will decrease due to off-crop season, which will last until mass production starts under new programmes in the private sector and also because of stronger yen.
- Hydraulic equipment:** Sales will increase due to the recovery of actual production demand for construction machines in China and full-year effect of the acquisition of Hiest Corporation.
- Operating profit (segment):** Aims to attain break-even level by sales increase in the hydraulic equipment business and through its structural reform effects.

# Industrial Equipment Segment

Growth is expected mainly driven by the expansion of automatic doors business

## Results and Plan



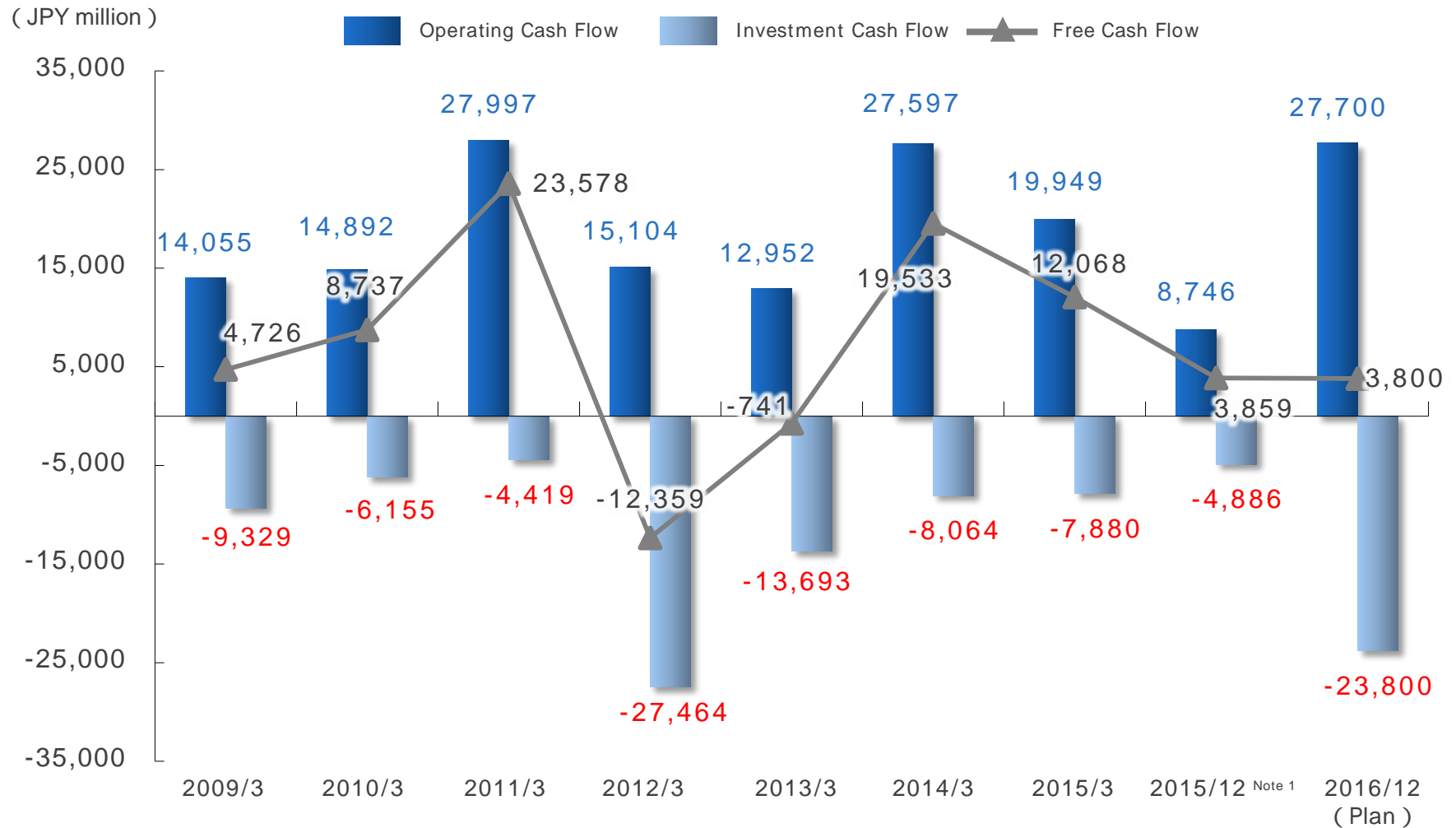
Note 2: Please note that the estimates for FY2015/12 (Reference) were calculated for the period of 12 months to make comparisons with the plan for FY2016/12 under the same conditions.

## Main Change Contributors (16/12 vs 15/12(Reference <sup>Note2</sup>))

- Automatic doors: Sales will increase because of robust demand in domestic and overseas markets, together with further strengthening of value chain management and M&A effects.
- Packaging machines: Sales will increase due to overseas sales growth.
- Operating profit (segment): O.P. will increase due to sales growth of each business.

# Consolidated Cash Flow

FCF will remain positive due to continuous generation of operating cash flow although large-scale capex projects are planned to be implemented.

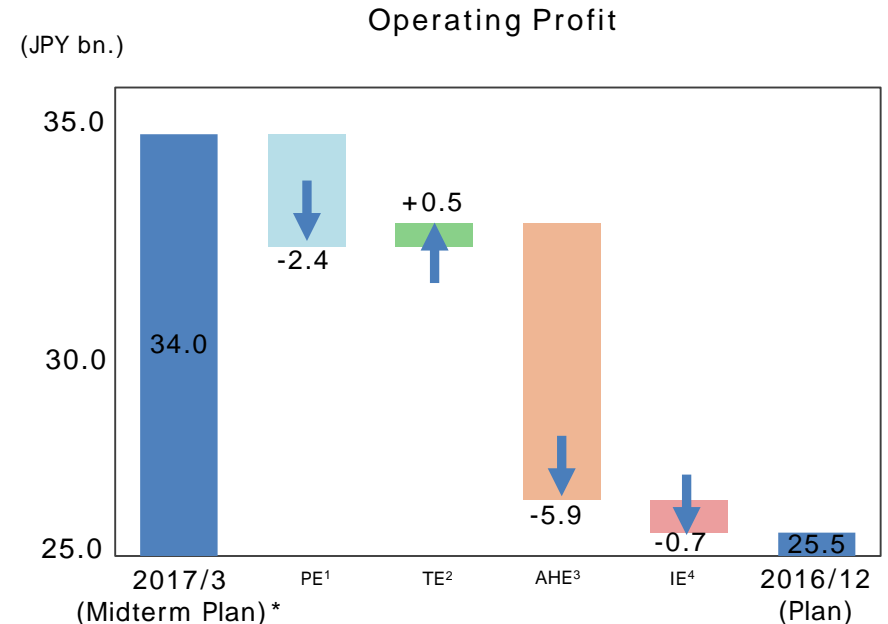
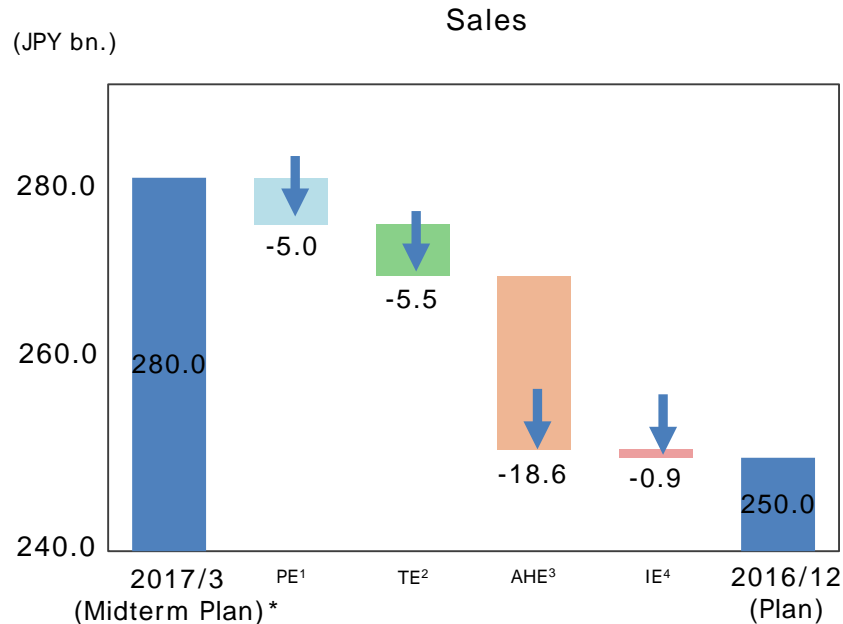


### 3. Analysis for Midterm Growth



# Final Year of Midterm Management Plan (2017/3) vs. 2016/12 (Plan)

Businesses mainly fostered in developed countries are expected to grow as initially planned, while the growth of the businesses which are more focusing on developing countries tends to slow down



Businesses which will grow as planned (2017/3 midterm plan) driven by growth in developed countries

Precision reduction gears<sup>1</sup>, marine vessel equipment<sup>2</sup>, aircraft equipment<sup>3</sup>, automatic doors<sup>4</sup>

Businesses the growth of which may decelerate due to economic fluctuations in China and Southeastern countries

Railroad vehicle equipment<sup>2</sup>, commercial vehicle equipment<sup>2</sup>, hydraulic equipment<sup>3</sup>, packaging machines<sup>4</sup>

Business which is worse than expected due to the delayed launch of the solar thermal power generation market, the potential new market to explore

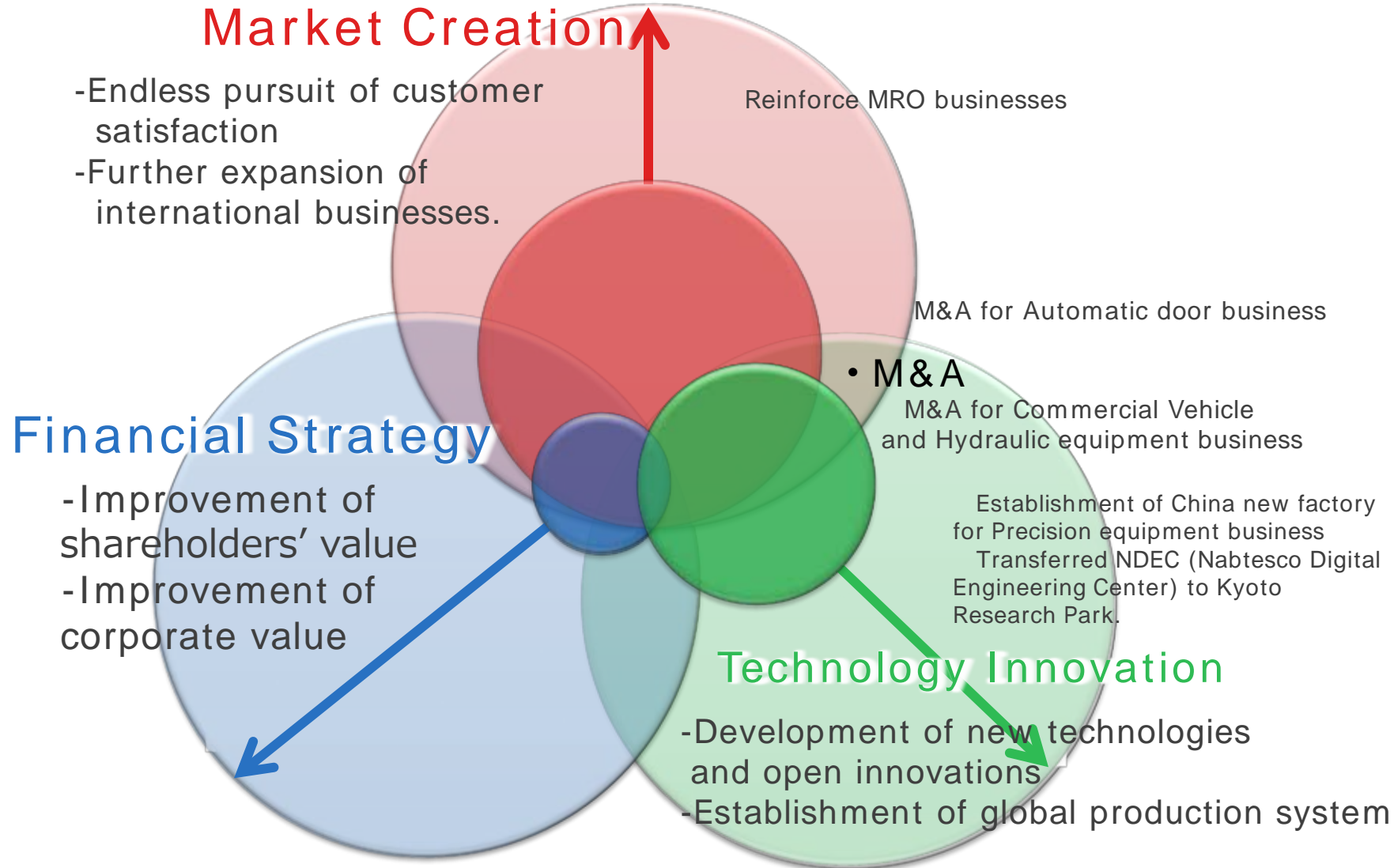
New energy equipment<sup>1</sup>

\*2017/3 Mitdterm Management Plan was announced in May, 2014.



# Mid-Long Term Management Strategy (For Next Mid-term Plan)

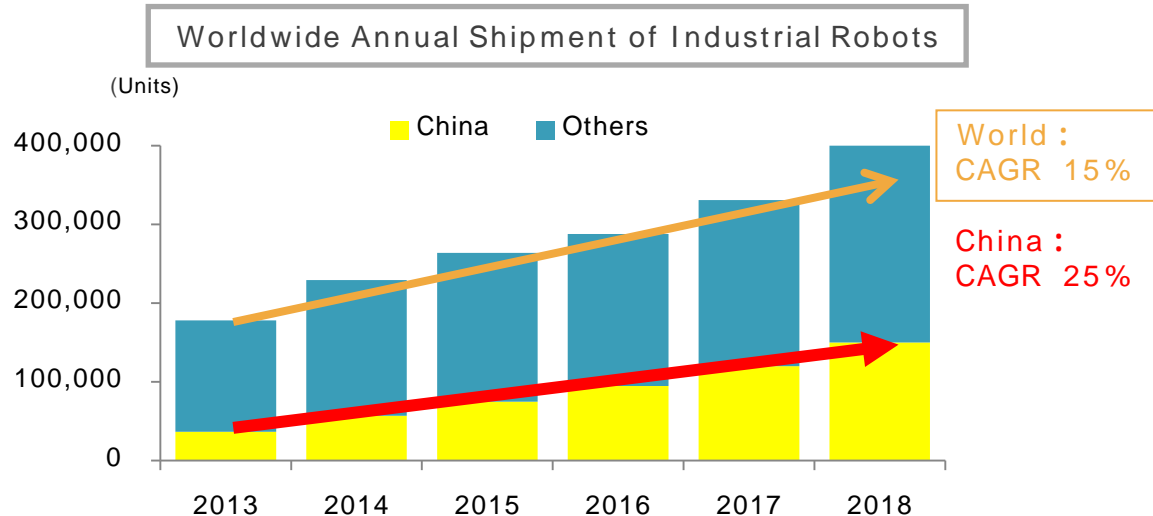
We are planning to announce the new mid-term management plan which consists of 4 years towards the long-term vision FY2020 , without radical change of corporate strategy.



# Actions for Mid-long Term Growth (Technology Innovation)

Started the production of Precision reduction gears in China, the biggest consumption market of industrial robots, based on the policy of “local production for local consumption”.

## Precision Reduction Gears



Source : IFR(International Federation of Robotics), as of 2015/9

January 2016, China Plant have started operation

-Plan to enhance capacity by the end of 2016

Production Capacity

(based on Machine ability)

40,000pcs/y → 100,000pcs/y

-Our action for intellectual property protection

Supply Key parts from Japan Plant etc...

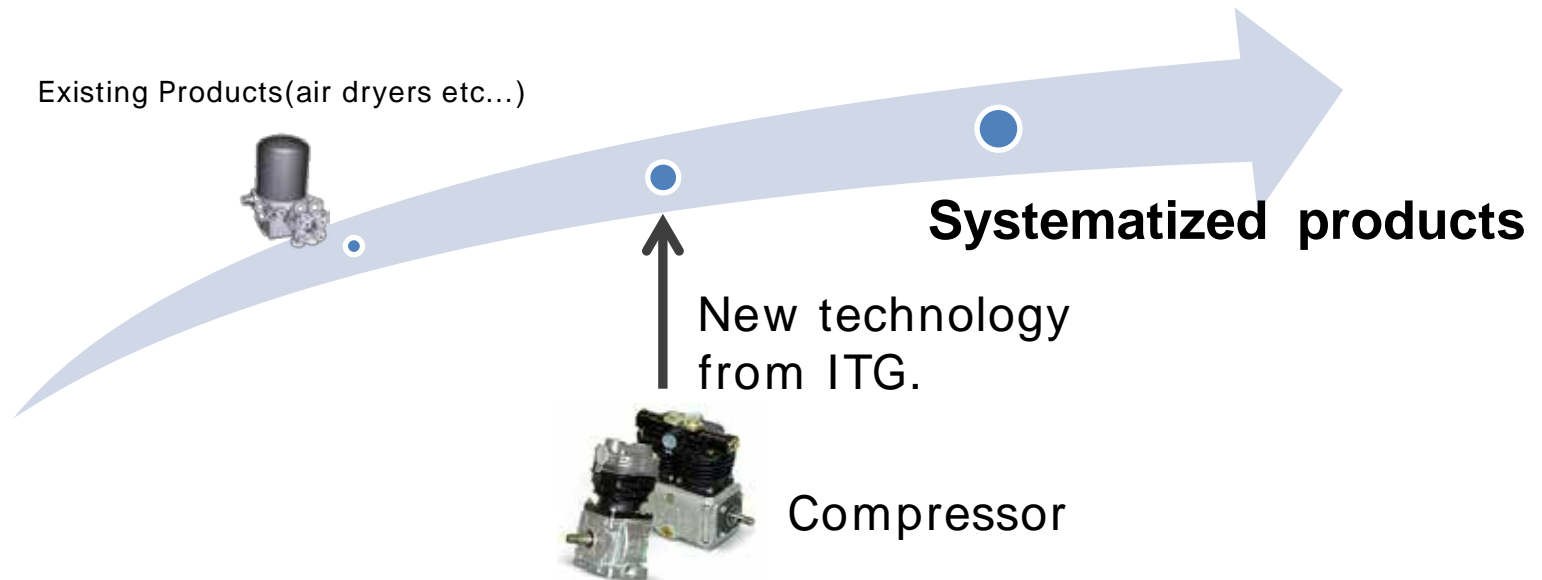


# Actions for Mid-long Term Growth (Technology Innovation)

Acquisition of compressor manufacture in Germany, ITG, in May 2016

Commercial Vehicle Equipment

Develop and productize air supply management systems



Create the Synergy in sales

Reinforce the relationship with European Customers

# Actions for Mid-long Term Growth (Market Creation)

Acquisition of distributor in East Japan, Nabco System, in April 2016

Automatic Door


Development

Manufacturing


Sales

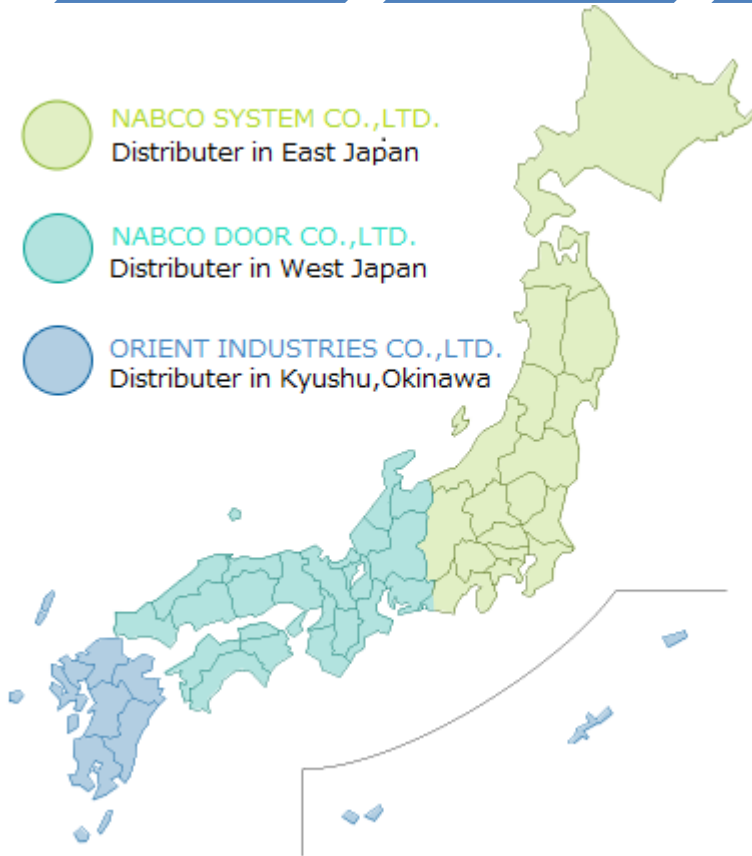
Construction

After sales  
Service

 NABCO SYSTEM CO.,LTD.  
Distributor in East Japan

 NABCO DOOR CO.,LTD.  
Distributor in West Japan

 ORIENT INDUSTRIES CO.,LTD.  
Distributor in Kyushu,Okinawa



## Unification of Value Chain

- 2012 Transformed Nabco Door into a whole-owned subsidiary
- 2016 Transformed Nabco System into a consolidated subsidiary

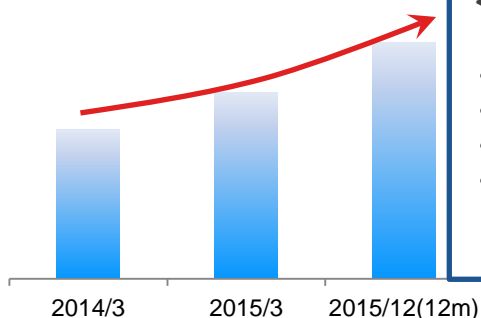
Establish a system for quick decision-making and improve business execution capability



# Financial Strategy

## Aggressive Investment for Future Growth

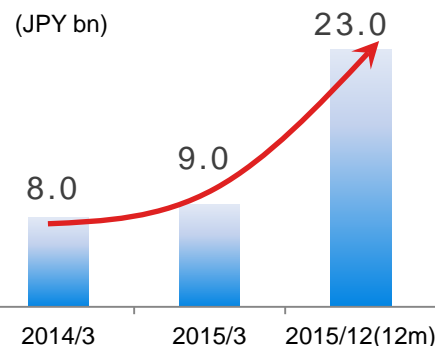
### SG&A



#### <Upfront Investment>

- R&D
- Advertisement
- IT related expenses
- Maintenance expense at overseas

### Strategic investment



#### <CAPEX>

- Capacity expansion (PE・AH)
- Productivity improvement and upgrade environmental efficiency  
(Modernization investment of factory)

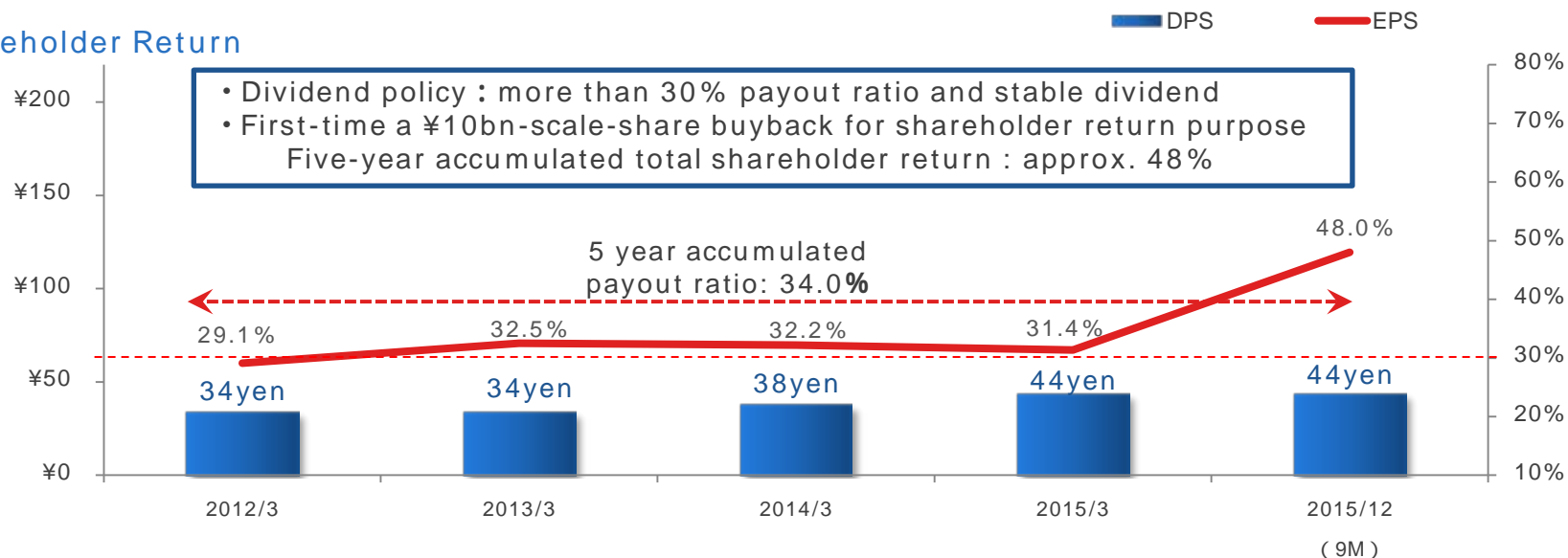
#### <M&A etc.>

- European base for railroad vehicle equipment
- Subsidiary for hydraulic equipment
- Distribution channel for automatic doors

PE: Precision Equipment Segment  
AH: Aircraft & Hydraulic Equipment Segment

## Continuous and Stable Shareholder Return

### Shareholder Return

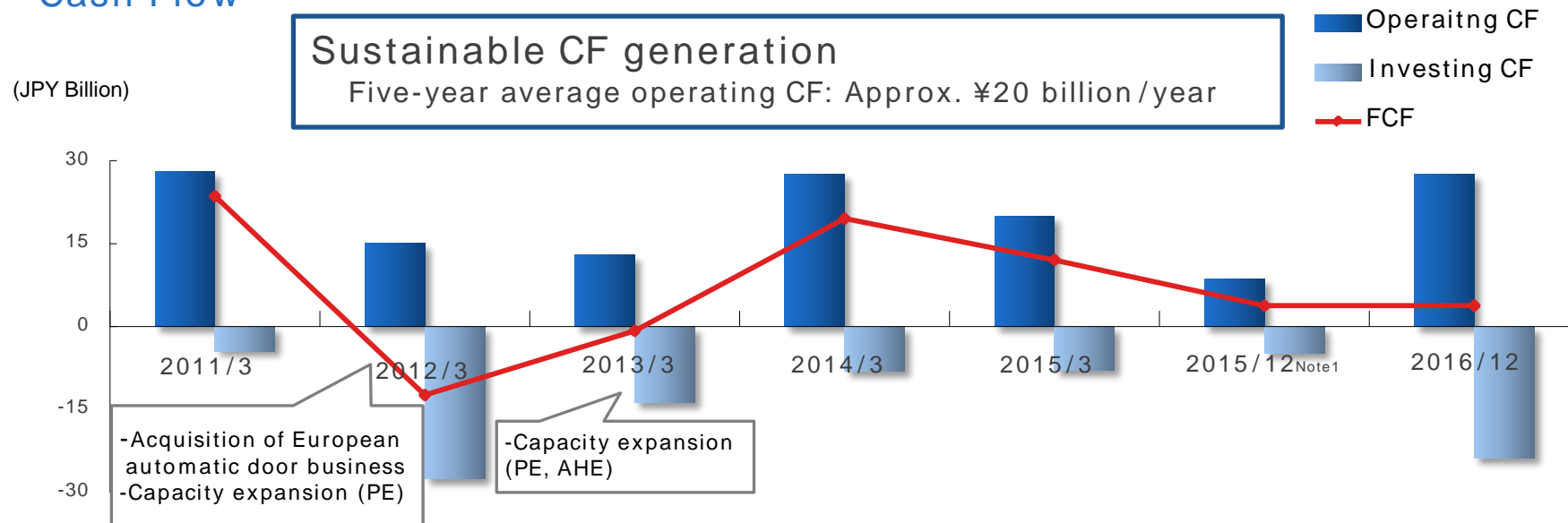


# Financial Strategy

Pursuing both growth investment and shareholder return through sustainable CF generation and sound balance sheet

## Resources for Improving Corporate and Shareholders' Value

### Cash Flow



Note 1: 9 months for Nabtesco and domestic subsidiaries and 12 months for overseas subsidiaries

### Debt Capacity

B/S (as of 15/12)

- Liquidity on hand: approx. ¥35.0 billion
- Shareholders' equity: approx. ¥140.0 billion**
- Equity Ratio\*: 60.9%

While maintaining the credit rating "A", equity ratio could be reduced to **45% level**  
(Debt capacity level: **¥80 billion**)

- **Without equity finance in principle**

\*Equity Ratio: Shareholders' Equity/Total Asset

Note 1: 9 months for Nabtesco and domestic subsidiaries and 12 months for overseas subsidiaries

Note 2: 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.

Note 3: The Company has changed the closing date from March 31 to December 31 effective from the fiscal year 2015/12. Accordingly, the consolidated fiscal year ended December 2015 is a transitional period, in which the consolidated operating results cover nine months (April 1, 2015 to December 31, 2015) for companies that close their accounts in March, in contrast to 12 months (January 1, 2015 to December 31, 2015) for companies that close their accounts in December.  
Payout ratio on a consolidated basis is higher than the payout ratio set in the current dividend policy (30%-40%).

## Abbreviations

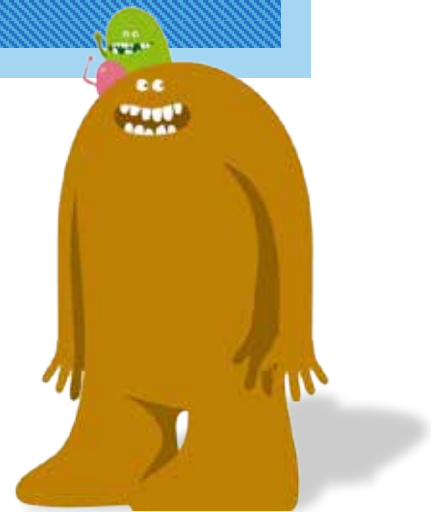
PE: Precision Equipment Segment

TE: Transport Equipment Segment

AHE: Aircraft & Hydraulic Equipment Segment

IE: Industrial Equipment Segment

# Appendix





Feb 2015

- Announced the establishment of production facilities for precision reduction gears in China and the reorganization of the hydraulic equipment business in the country

Mar 2015

- Announced the transformation of the gear machining company in China into a wholly-owned subsidiary, which would serve as a production base for precision reduction gears

- Announced the acquisition of HUEST Corporation.

- Awarded a contract for Boeing 777X flight control actuation systems

Apr 2015

- Included in the FTSE4Good Index Series (global index for socially responsible investment) 12 times in a row

- Received an order for passenger doors from Siemens AG for the Rennes line B in France **under the Siemens AG's Neoval Project**

Jul 2015

- Transferred NDEC (Nabtesco Digital Engineering Center) to Kyoto Research Park, to further innovate product development process through utilization of metal 3D printer

Sep 2015

- Started to enhance production capacity for aircraft equipment business (start of production in FY2016)
- Selected for the third time for inclusion in the Dow Jones Sustainability Asia Pacific Index (global benchmark for socially responsible investment)

Oct 2015

- Set the Corporate Governance Basic Policy

Dec 2015

- Conducted acquisition and retirement of treasury stock at the aim of shareholder return for the first time

Jan 2016

- Selected for the first time as a member in RobecoSAM AG's **"Sustainability Yearbook 2016"**



FTSE4Good

# Progress of the Mid-term Management Plan

(JPY billion)	2015/12 Result (Reference <sup>Note2</sup> )	2016/12 Plan	2017/3 Final Year of the Current Mid-term Plan (As of May 2014)
Sales	228.9	250.0	280.0±5%
Operating Profit	21.3	25.5	34.0
O.P. Margin	9.3%	10.2%	12.0%
Net Profit *	14.7	18.9	24.0
EPS	118.87 JPY	153.04 JPY	190 JPY
ROA	6.2%	7.6%	7.5%
ROE	10.1%	12.5%	15.0%
Dividend	44 JPY	50 JPY(Plan)	-
Payout Ratio	-	32.7%(Plan)	30% or higher

\*Net profit = Net income attributable to parent company shareholders

Note 2: Please see the Notes page

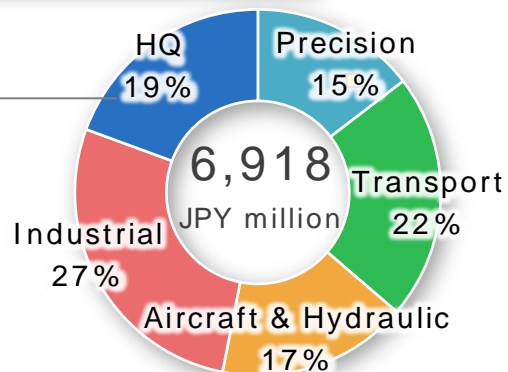
# CAPEX, R&D and Depreciation

(JPY million)	2015/12 Q1 result Nabtesco and domestic subsidiaries (3M) Overseas subsidiaries (6M)	2016/12 Q1 result
CAPEX	2,692	3,179
R&D	2,113	1,799
Depreciation	2,418	1,699

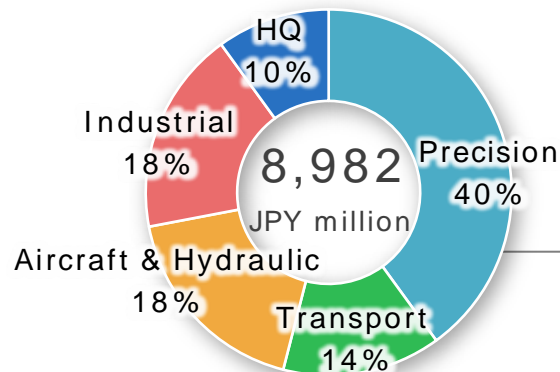
2015/12 Full-year result	2016/12 Full-year Plan
8,982	20,000
5,800	8,200
6,363	8,600

# Breakdown in CAPEX

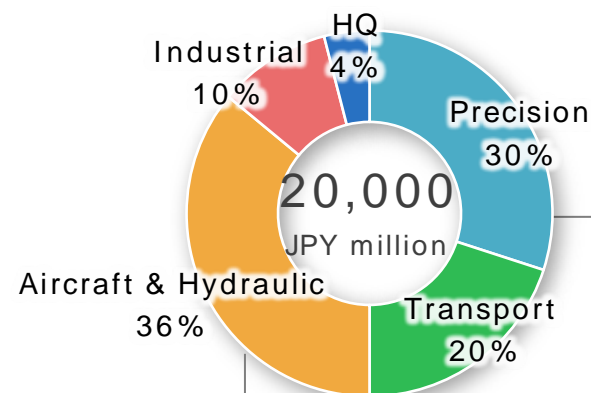
## By Segment



- Renewal of company houses
- Improvement of IT infrastructure

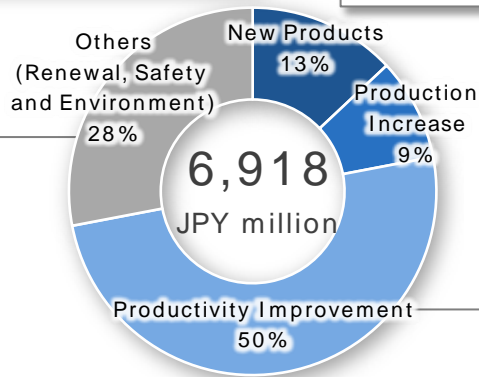


- Precision reduction gears:
  - New plant construction in China
  - Capacity expansion at Tsu Plant



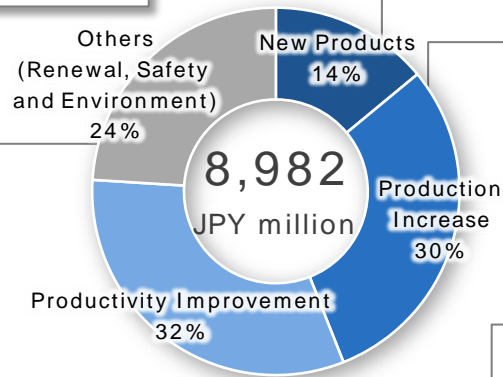
- Precision reduction gears:
  - Installation of new facilities in the new China plant
- Aircraft equipment:
  - Capacity expansion at Gifu Plant

## By Usage



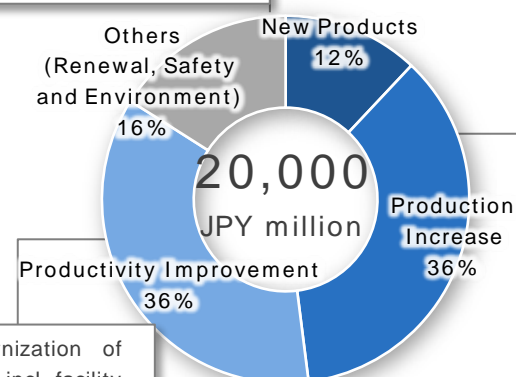
2015/3 Result

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



2015/12 Result Note1

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



2016/12 Plan

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

Note 1: 9 months for Nabtesco and domestic subsidiaries and 12 months for overseas subsidiaries

# Main Products: Precision Equipment Segment

## Precision Reduction Gears

### n Joints of Industrial Robots

### n Machine Tool ATCs

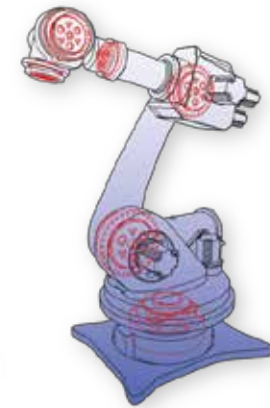
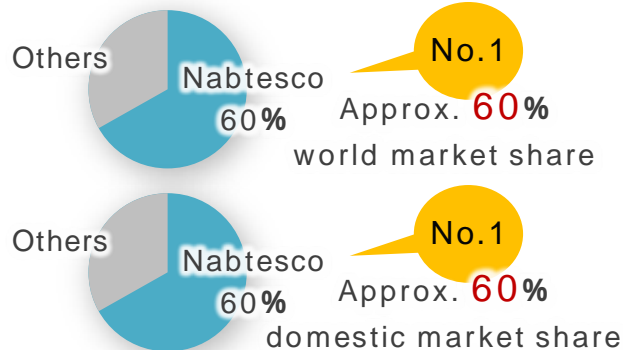
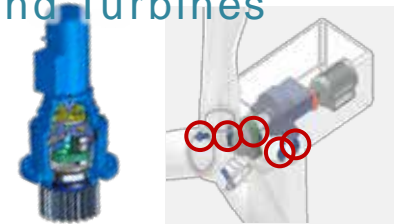
(ATC = Automatic Tool Changer)

## New Energy Equipment

### n Solar Tracking Equipment



### ■ Drive Units for Wind Turbines



## Main Customers

### n Precision Reduction Gears

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

Machine Tools: Yamazaki Mazak, Okuma, DMG Mori Seiki

### n New Energy Equipment

Solar Tracking Equipment: Cobra Thermosolar Plant (Spain)

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

# Main Products: Transport Equipment Segment

## Railroad Vehicle Equipment

### n Brake Systems



### n Door Operating Systems



## Commercial Vehicle Equipment

### n Wedge Chambers



### n Air Dryers



## Marine Vessel Equipment

### n 2ST Main Engine Control Systems



## Main Customers

### n Railroad Vehicle Equipment

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

### n Commercial Vehicle Equipment

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

### n Marine Vessel Equipment

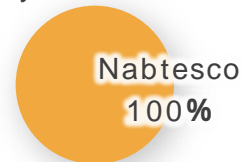
KHI, Mitsui Engineering & Shipbuilding, MHI, Hitachi Zosen, Makita, Hyundai Heavy Industries (Korea), Doosan Engine (Korea), Hudong Heavy Machinery (China), MAN Diesel (Denmark)

# Main Products: Aircraft & Hydraulic Segment

## Aircraft Equipment

### n Flight Control Actuation Systems (FCA)

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



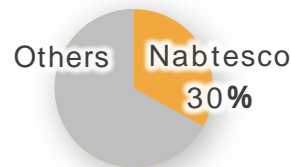
No.1

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



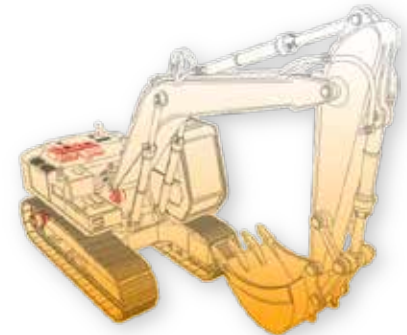
## Hydraulic Equipment

### n 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

### n Hydraulic Equipment

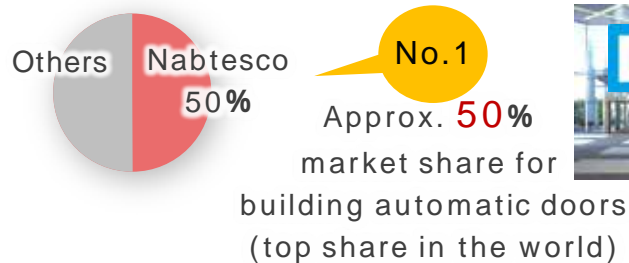
Komatsu, Kobelco Construction Machinery, Kubota, Sumitomo Construction Machinery, Hitachi Construction Machinery, Sany, Zoomlion, XCMG, LiuGong



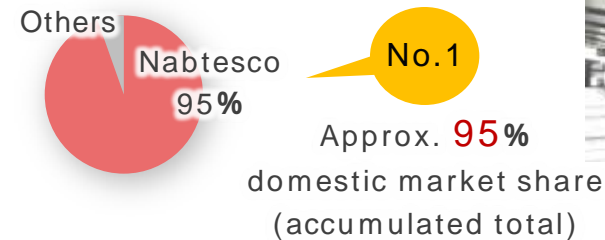
# Main Products: Industrial Equipment Segment

## Automatic Doors

### n Automatic Doors

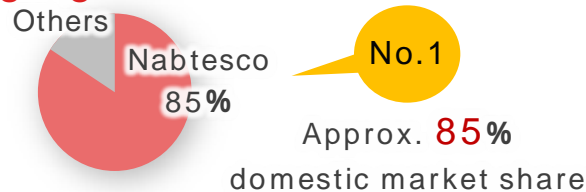


### n Platform Screen Doors



## Packaging Machines

### n Packaging Machines for Retort Pouch Foods



## Main Customers

### n 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

### n Packaging Machines

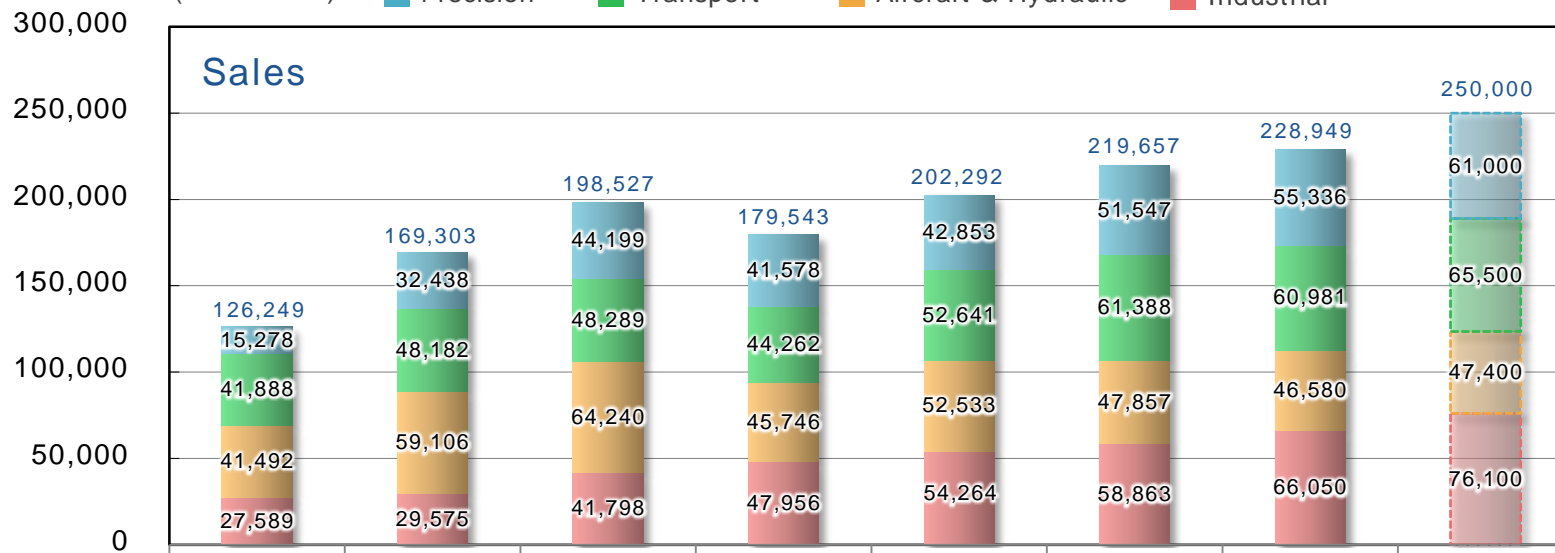
Mitsui Sugar, Ajinomoto, Marudai Food Co., Ltd., ARIAKE Japan, KENKO Mayonnaise, P&G, Kao, Lion, beverage companies in North America, food companies in China



# Result and Forecast for Sales and Operating Profit by Business Segment

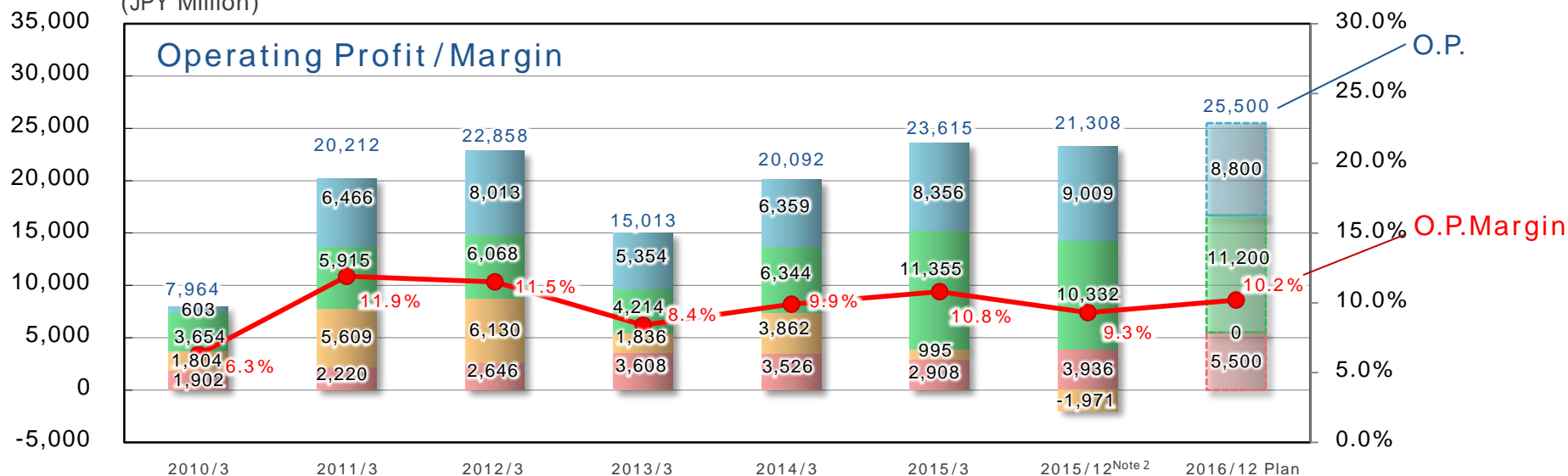
(JPY Million) Precision Transport Aircraft & Hydraulic Industrial

## Sales



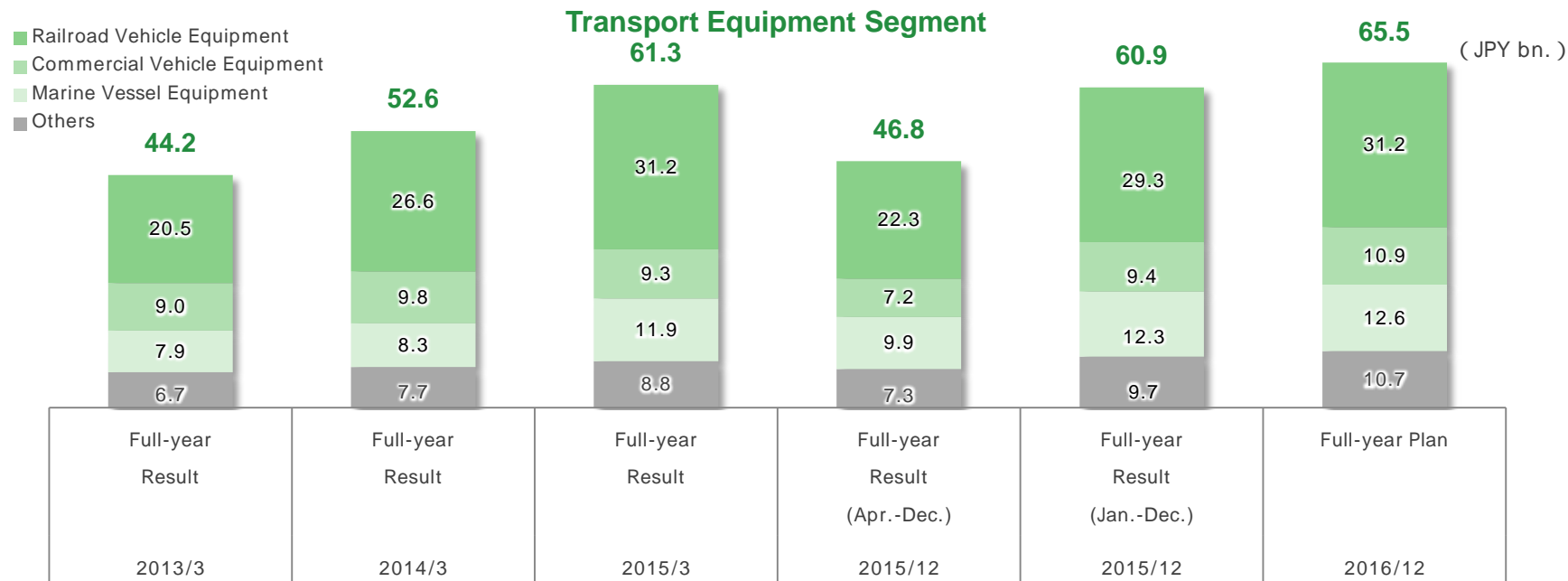
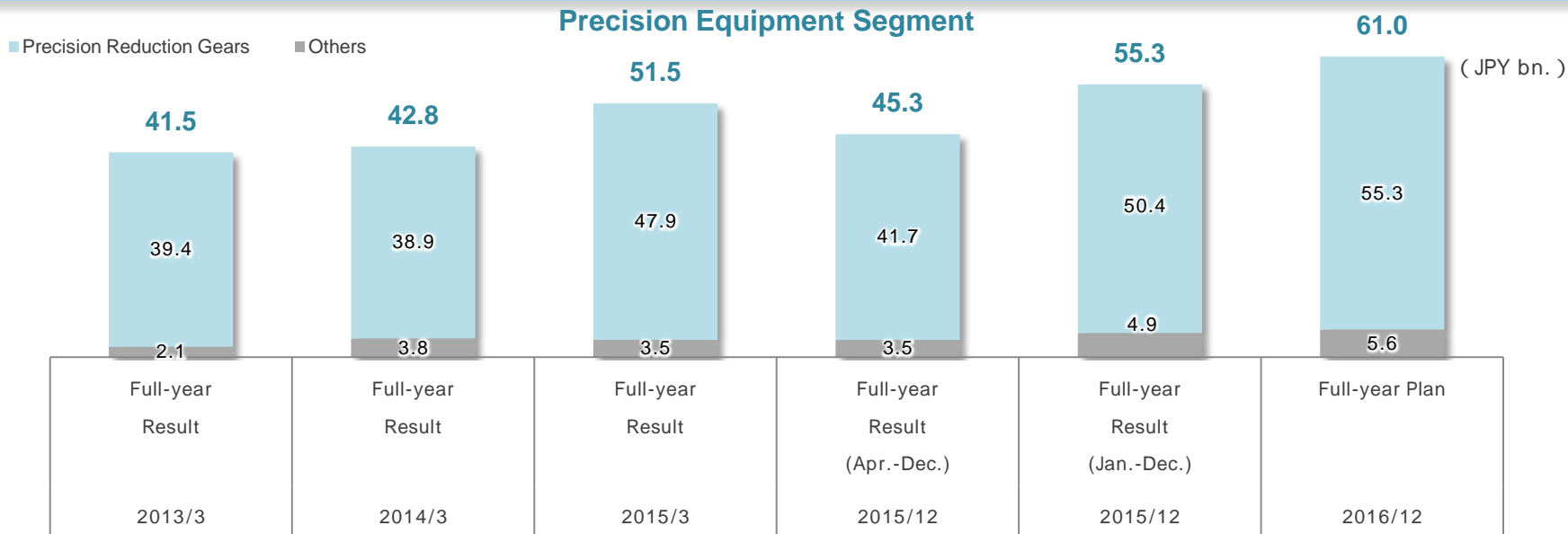
(JPY Million)

## Operating Profit / Margin



Please refer to 'Notes' for details related to Note2.

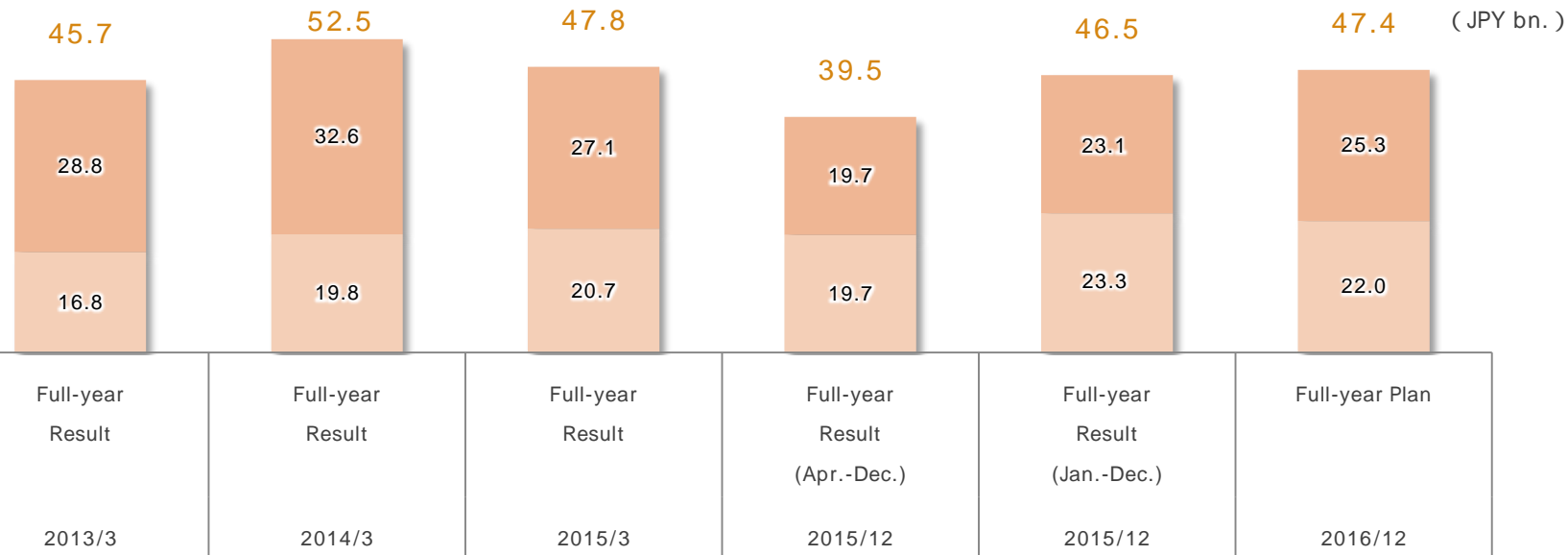
# Results and Forecast for Sales by Business



# Results and Forecast for Sales by Business

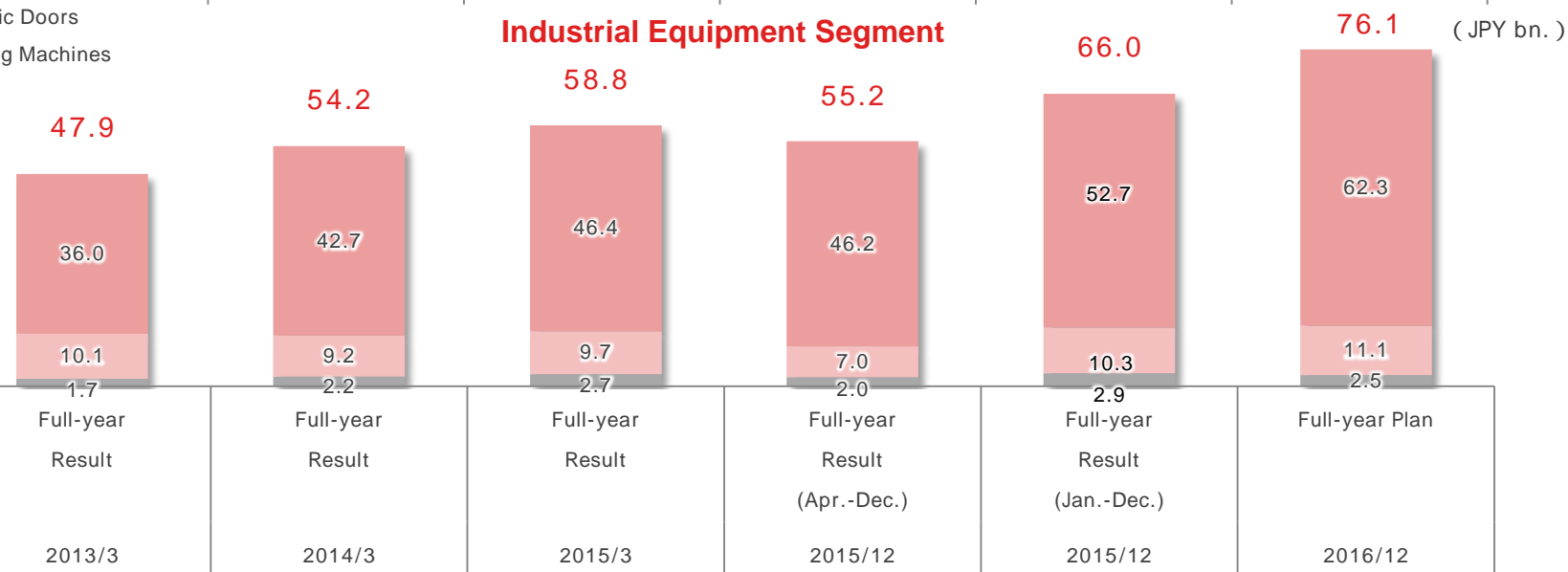
Hydraulic Equipment Aircraft Equipment

## Aircraft and Hydraulic Equipment Segment



Automatic Doors  
Packaging Machines  
Others

## Industrial Equipment Segment



# Data Book

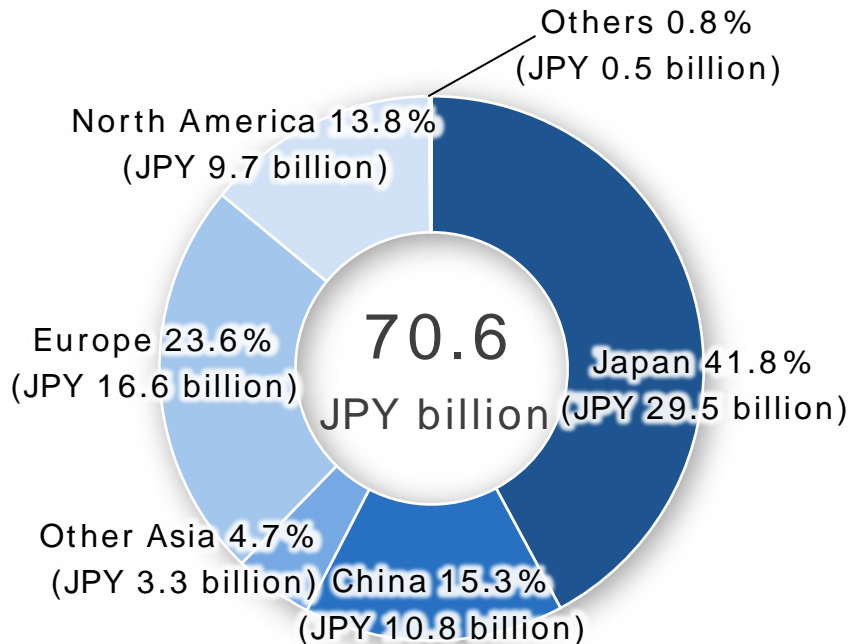


Item	Currency	2016/12 Q1 result	2015/12 Q1 result	2016/12 Plan	2015/12 Result Nabtesco and domestic subsidiaries (9M) Overseas subsidiaries (12M)	2015/3 Result
Currency	USD	115.72	120.48	115.00	121.03	106.46
	RMB	17.61	19.60	18.00	19.37	17.30
	EUR	127.99	133.83	130.00	133.69	140.35
	CHF	116.64	128.00	120.00	125.75	115.70
FOREX sensitivity in O.P.* (JPY million)	USD	4	23	91	57	91
	RMB	-3	-22	55	-32	Minimal
	EUR	Minimal	Minimal	Minimal	Minimal	Minimal
	CHF	Minimal	Minimal	Minimal	Minimal	Minimal

\*This represents the effect to be given to operating profit if the exchange rate fluctuates by one yen

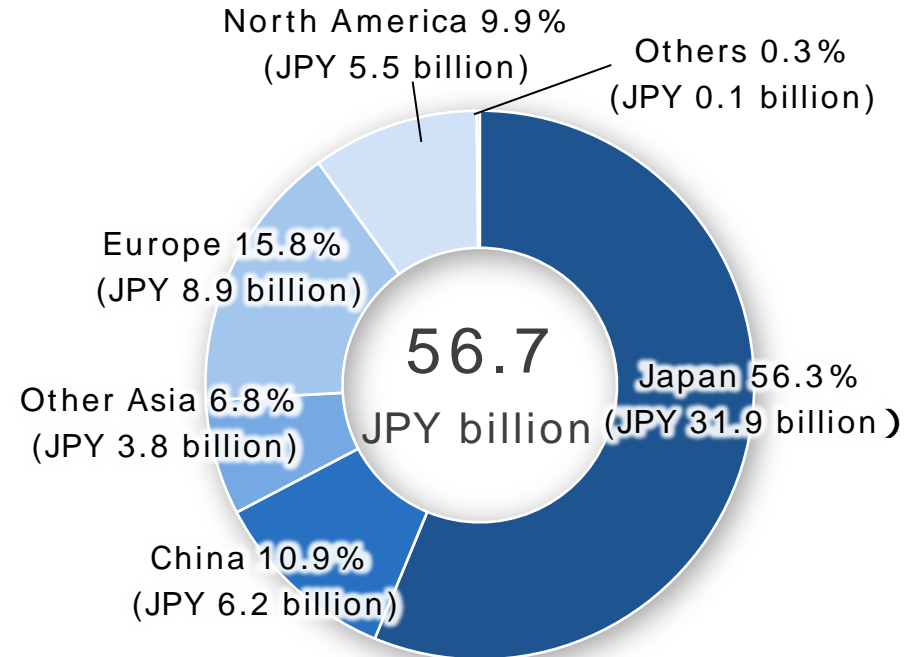
# Sales by Geographic Segment

## 2015/12 Q1 Result\*



Overseas Sales	JPY 41.0 billion
Ratio	58.2%

## 2016/12 Q1 Result



Overseas Sales	JPY 24.8 billion
Ratio	43.7%

\*With respect to the Q1 of the consolidated FY2015/12, the consolidated result covers a three-month period (April 1, 2015 to June 30, 2015) for Nabtesco and domestic subsidiaries, and a six-month period (January 1, 2015 to June 30, 2015) for overseas subsidiaries.

# Consolidated Results for the FY2016/12 Q1 by Business Segment

(JPY million)

Segment	Term	FY2015/12 Q1 result Nabtesco and domestic subsidiaries (3M) Overseas subsidiaries (6M)	FY2016/12 Q1 result (A)	2016/12 Full- year Plan(B)	Progress (A/B)
Precision	Sales	16,865	12,729	61,000	20.9%
	OP (OPM)	2,516 (14.9%)	1,752 (13.8%)	8,800 (14.4%)	19.9%
Transport	Sales	16,444	14,991	65,500	22.9%
	OP (OPM)	2,681 (16.3%)	2,870 (19.1%)	11,200 (17.1%)	25.6%
Aircraft & Hydraulic	Sales	16,212	11,453	47,400	24.2%
	OP (OPM)	-658 (-4.1%)	-362 (-3.2%)	0 (0.0%)	-
Industrial	Sales	21,106	17,589	76,100	23.1%
	OP (OPM)	770 (3.7%)	1,373 (7.8%)	5,500 (7.2%)	25.0%

The Company had changed the closing date from March 31 to December 31. Accordingly, the consolidated FY2015/12 was a transitional period, the year-on-year results will not be indicated.

# Nabtesco

*moving it. stopping it.*

