

**Results Briefing for the First Six-  
month of the Fiscal Year Ending  
December 31, 2021  
(FY2021/12 H1)**

**August 10, 2021**

***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. Unauthorized copying and replication of this material including text and image are prohibited.

**1. Summary**

**2. Results for FY2021/12 H1**

**3. Forecasts for FY2021/12 Full Year**

**4. Topics of FY2021/12 H1**

## 1. Summary

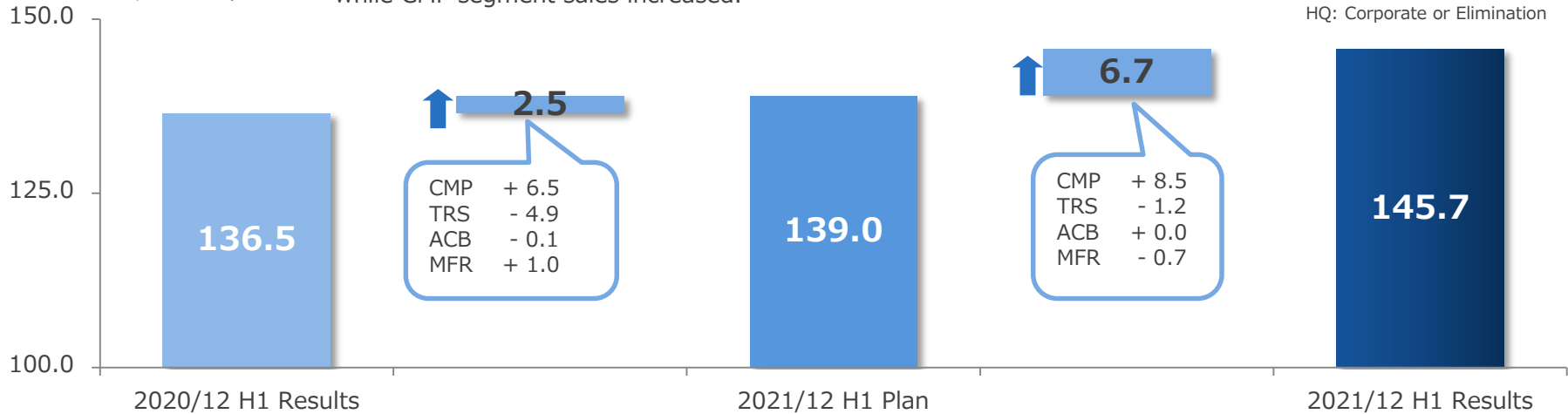
# 1.1 Summary of FY2021/12 H1 Results

## Sales

(JPY billion)

■ Sales increased from the previous year as well as the H1 plan.  
TRs segment sales decreased due to the negative impact of COVID-19 while CMP segment sales increased.

CMP: Component Solutions Segment  
TRs: Transport Solutions Segment  
ACB: Accessibility Solutions Segment  
MFR: Manufacturing Solutions Segment  
HQ: Corporate or Elimination

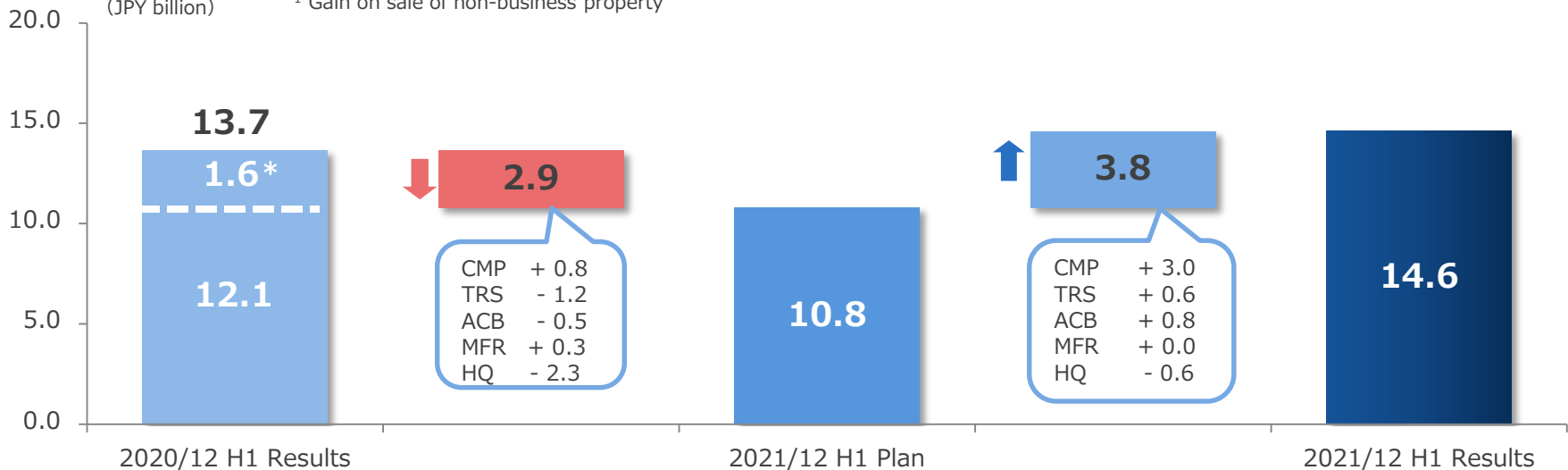


## O.P.

(JPY billion)

■ O.P. increased from the previous year as well as the H1 plan due to CMP segment sales increase.

\*1 Gain on sale of non-business property

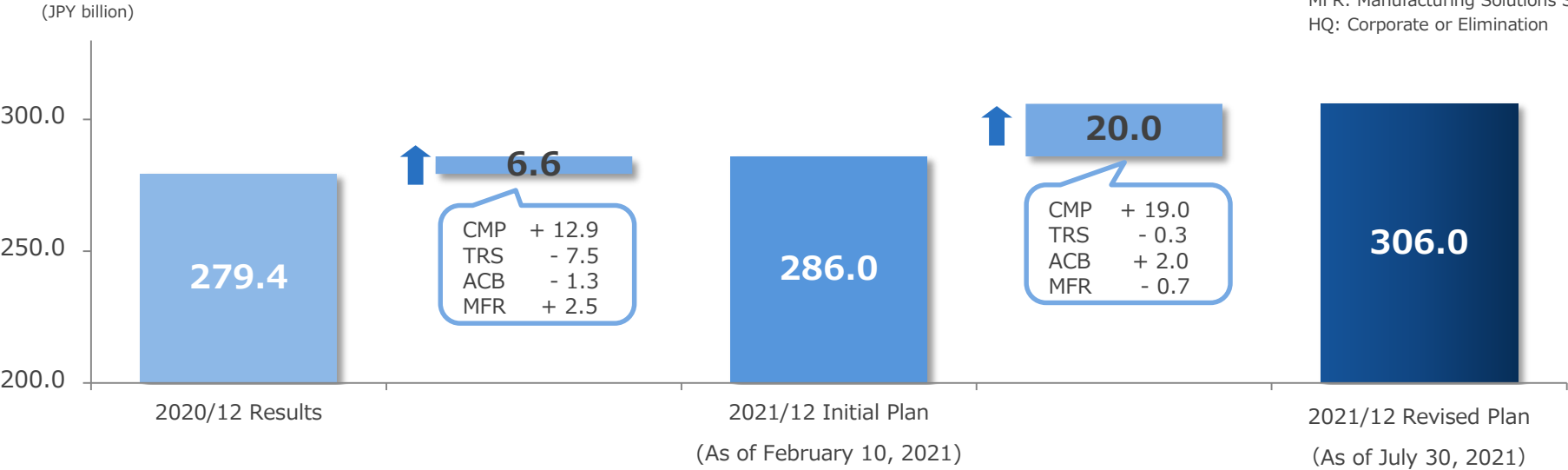


# 1.2 Summary of FY2021/12 Full Year Forecasts (Revised Plan) *Innovation In Action* Vision 2030

CMP: Component Solutions Segment  
 TRS: Transport Solutions Segment  
 ACB: Accessibility Solutions Segment  
 MFR: Manufacturing Solutions Segment  
 HQ: Corporate or Elimination

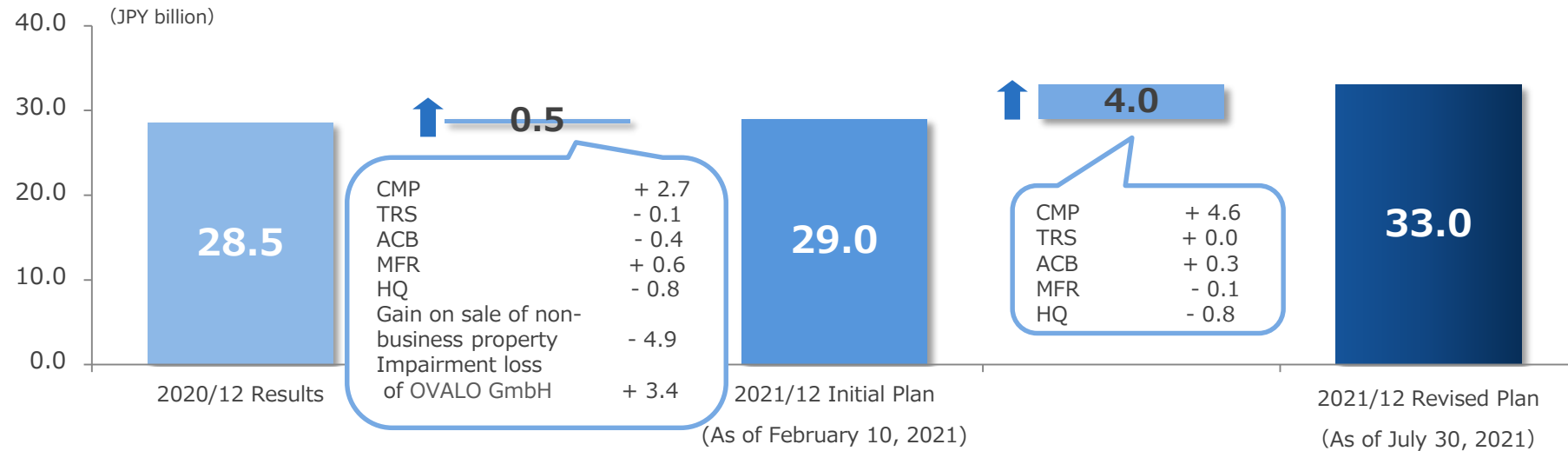
## Sales

■ Revised plan targets the historically highest sales at over 300 billion yen.



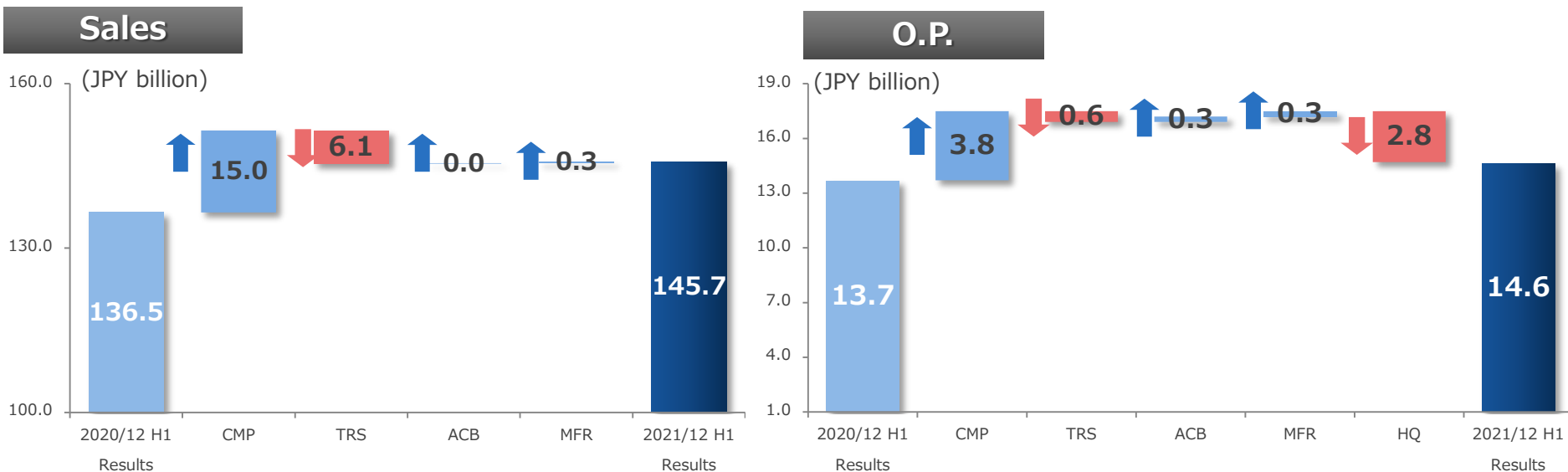
## O.P.

■ With the sales increase, the revised plan targets the historically highest O.P. at 33 billion yen.



## 2. Results for FY2021/12 H1

### ■ Both sales and operating profit increased due to CMP demand increase.



#### <YoY comparison of H1>

**CMP: Precision Reduction Gears:** Industrial robot demand has been strong due to the CAPEX increase in automobile industry globally. Moreover, general industry demand is increasing.

**Hydraulic Equipment:** Chinese market demand in Q1 was strong, in addition, the demand in Europe, US and the Southeast Asian markets recovered.

**TRS: Railroad Vehicle Equipment:** Because of the impact of COVID-19, overseas projects were delayed in bidding, and domestic new vehicle demand as well as MRO\*1 demand stagnated.

**Aircraft Equipment:** Demand stagnated due to the significant decrease of production in private aircraft sector and decrease due to the off-season period procurement plans in defense sector.

**Commercial Vehicle Equipment:** Demand recovered in the domestic market.

**Marine Vessel Equipment:** Robust MRO demand in overseas and domestic market.

**ACB: Automatic Doors:** Although platform door investment plans in domestic railway companies were postponed, automatic doors for building demand was robust in overseas and domestic markets.

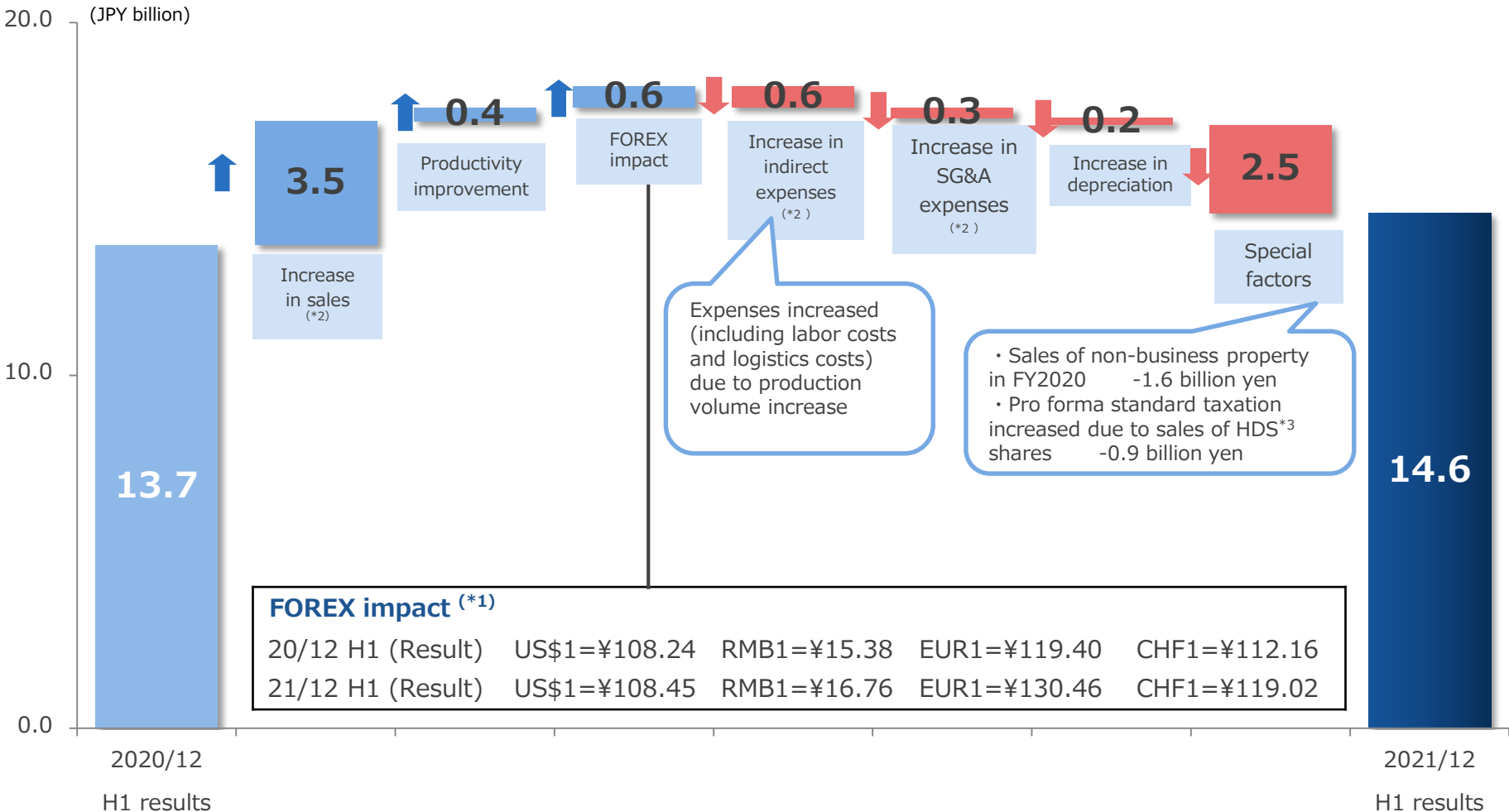
**MFR: Packaging Machines:** Food service industry demand in Japan was sluggish while demand in China increased.

**HQ:** Gain on sales of non-business property (1.6 billion yen) counted in FY2020 and Pro forma standard taxation increased in FY2021 (0.9 billion yen)

\*1 MRO: Maintenance, repair and overhaul

## 2.2 Analysis of Factors Causing Changes in Operating Profit (FY2020/12 H1 Result vs. FY2021/12 H1 Results)

■ O.P. increased year-on-year because special factors were covered by the sales increase and productivity improvement.



\*1 FOREX sensitivity in O.P. (This represents the effect to be expected on operating profit if the exchange rate fluctuates by one yen):  
(US\$): minimal, (RMB) : 511 million yen, (EUR) : minimal, (CHF) : minimal

\*2 Fluctuations in operating profit owing to the increase of sales and SG&A expenses are based on the calculation without FOREX effect.

\*3 HDS: Harmonic Drive Systems Inc.



## 2.3 Balance Sheet for FY2021/12 H1 (compared to December 31, 2020)

- Assets increased due to revaluation of HDS\*<sup>1</sup> shares.
- Buyback (20 billion yen) have been executed by using the gain on sales of HDS\*<sup>1</sup> shares.

(JPY billion)

	2020/12 Q4	2021/12 H1	Variation
	(As of December 31,2020)	(As of June 30,2021)	
<b>Assets</b>	351.7	498.6	146.9
(Cash and cash equivalents) * <sup>2</sup>	64.7	114.8	50.2
(Trade receivable)	75.9	65.5	-10.4
(Investments accounted for using the equity method)	34.9	14.7	-20.2
(Other non-current financial assets)* <sup>3</sup>	12.6	132.9	120.3
<b>Liabilities</b>	140.1	241.3	101.2
(Bonds and borrowings)	39.9	26.0	-13.9
(Other non-current financial liabilities)* <sup>2</sup>	0.1	77.9	77.8
(Income taxes payable and Deferred tax liabilities)* <sup>3</sup>	11.6	41.7	30.0
<b>Total equities</b>	211.6	257.3	45.7
(Treasury shares)	-2.5	-23.2	-20.7
(Non-controlling interests)	13.6	13.3	-0.3
<b>Equity attributable to owners of the parent*<sup>3</sup></b>	198.0	244.0	46.0

Ratio of equity attributable to owners of the parent 56.3% 48.9%

Ratio of equity attributable to owners of the parent exclude the impact of HDS \*<sup>1</sup> exclusion from equity-method - 56.5%

\*<sup>1</sup> HDS: Harmonic Drive Systems Inc.

\*<sup>2</sup> Increase due to partial sales of HDS shares

\*<sup>3</sup> Increase due to valuation gain of HDS shares and so on.

\*<sup>4</sup> Treasury shares (4,069,700 shares) were acquired for buyback. Cancellation of these treasury shares were completed on 15<sup>th</sup> July.

## 3. Forecasts for FY2021/12 Full Year

### 3.1 Consolidated Forecasts for FY2021/12 Full Year

■ Revised up sales and O.P. full-year plan due to the steady demand in CMP segment.

(JPY billion)	2020/12 Full year result	2021/12 Initial Plan (As of February 10,2021) Including valuation gain for HDS*2	2021/12 Revised Plan (As of July 30,2021)	
			Excluding valuation gain for HDS*2	Including valuation gain for HDS*2
<b>Sales</b>	279.4	286.0	306.0	
<b>O.P.</b>	28.5	29.0	33.9	33.0
<b>(OPM)</b>	10.2%	10.1%	11.1%	10.8%
<b>Financial income and cost</b>	1.7	132.9	1.6	134.6
<b>(Revaluation gain for of HDS*2 shares)</b>	-	135.5	-	135.5
<b>Equity in earnings of affiliates</b>	3.5	1.1	1.4	1.4
<b>Income before tax</b>	33.7	163.0	36.9	169.0
<b>Net profit*1</b>	20.5	112.2	24.0	110.8
<b>ROE</b>	10.6%	46.9%	12.3%	46.5%
<b>DPS (JPY Yen)</b>	75.0	77 (Plan)	77 (Plan)	77 (Plan)
<b>Payout ratio</b>	45.4%	8.2% (Plan)	38.9% (Plan)	8.4% (Plan)
<b>Buyback</b>	-	20.0 (Done)	-	20.0 (Done)
<b>Total return ratio</b>	45.4%	26.2% (Plan)	-	26.4% (Plan)
<b>HDS*2 share price used for the plan (JPY yen)</b>	-	8,400/share	-	8,400/share

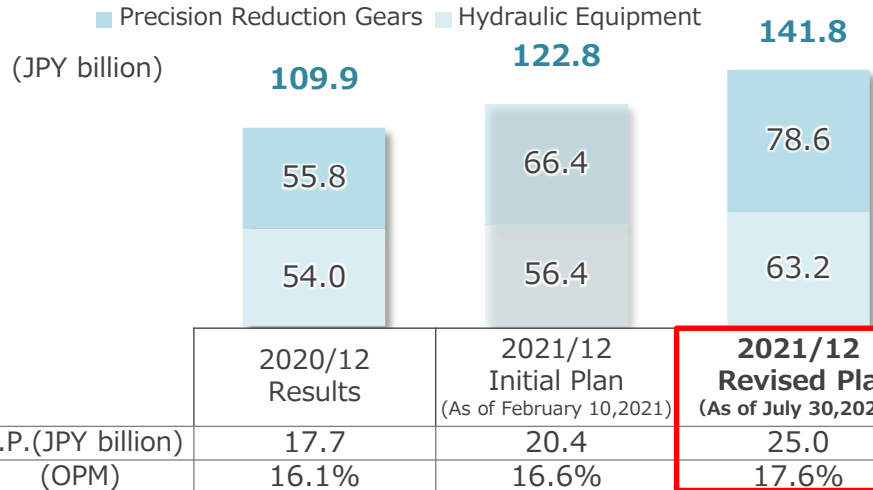
\*1 Net profit attributable to owners of the parent

\*2 HDS: Harmonic Drive Systems Inc.

\*3 The Company does not change the valuation gain of HDS shares because share price forecast as of December 31, 2021 is currently unforeseen

## 3.2 2021/12 Full Year Forecasts by Segment

### Component Solutions Segment (CMP)



#### "CMP Segment": Upward revision of the initial plan

##### [Sales]

##### -Precision Reduction Gears Business:

For precision reduction gears used in industrial robots, sales expected to increase from the initial plan with a further rise in automation needs in the automobile and other industries. In addition, demand for precision reduction gears used in machine tools and other applications is steady.

##### -Hydraulic Equipment Business:

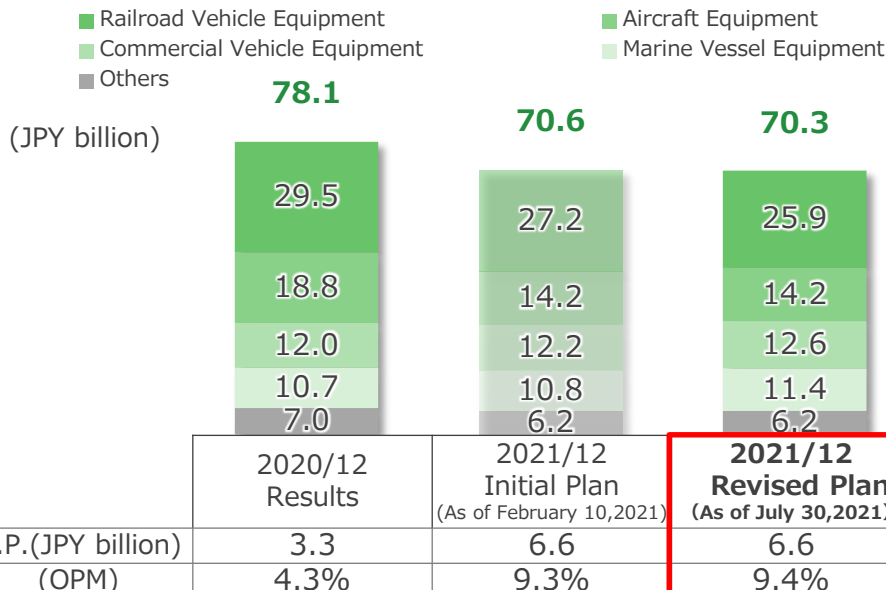
Sales expected to increase compared to the initial plan due to strong demand in the Chinese market in H1 and demand recovery in Europe, US and Southeast Asian markets.

##### [O.P.]

Operating profit expected to increase compared to the initial plan due to sales increase.

#### "TRS Segment": As initially planned

### Transport Solutions Segment (TRS)



##### [Sales]

##### -Railroad Vehicle Equipment:

Sales expected to decrease compared to the initial plan due to the delay in bidding for overseas projects, and the decline of MRO demand in the domestic market.

##### -Commercial Vehicle Equipment and Marine Vessel Equipment Business:

Sales expected to increase compared to the initial plan due to solid demand.

##### -Aircraft Equipment Business and Other Business :

As initially planned

##### [O.P.]

As initially planned

## Accessibility Solutions Segment (ACB)

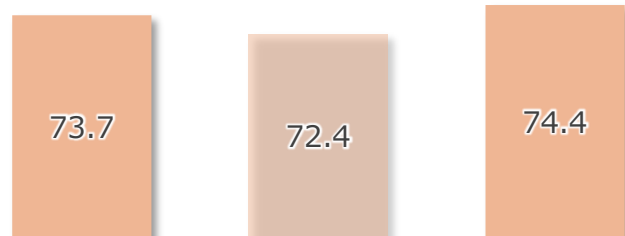
Automatic Doors

73.7

72.4

74.4

(JPY billion)



2020/12 Results

2021/12 Initial Plan  
(As of February 10, 2021)

2021/12 Revised Plan  
(As of July 30, 2021)

O.P.(JPY billion)

7.7

7.3

7.6

(OPM)

10.5%

10.1%

10.2%

**“ACB Segment”:** Upward revision of the initial plan

[Sales]

**-Automatic Doors:**

Sales expected to increase compared to the initial plan due to FOREX impact in overseas subsidiaries and steady MRO demand in domestic and overseas markets.

**-Platform Doors:**

As initially planned

[O.P.]

Operating profit expected to increase compared to the initial plan due to sales increase.

## Manufacturing Solutions Segment (MFR)

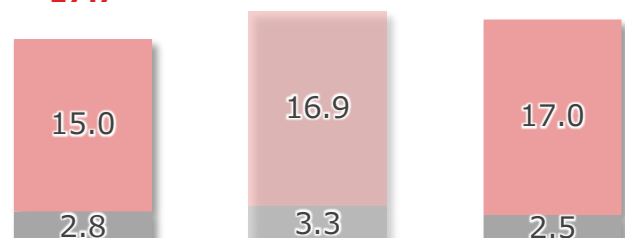
Packaging Machines ■ Others

17.7

20.2

19.5

(JPY billion)



2020/12 Results

2021/12 Initial Plan  
(As of February 10, 2021)

2021/12 Revised Plan  
(As of July 30, 2021)

O.P.(JPY billion)

2.3

2.9

2.8

(OPM)

13.1%

14.4%

14.4%

**“MFR Segment”:** O.P. as initially planned

[Sales]

**-Packaging machines:**

Sales expected to be as initially planned due to solid demand in overseas markets despite sluggish demand in the domestic food service industry.

**-Others:**

Sales expected to decrease compared to the initial plan due to the postponement of projects in overseas and domestic markets.

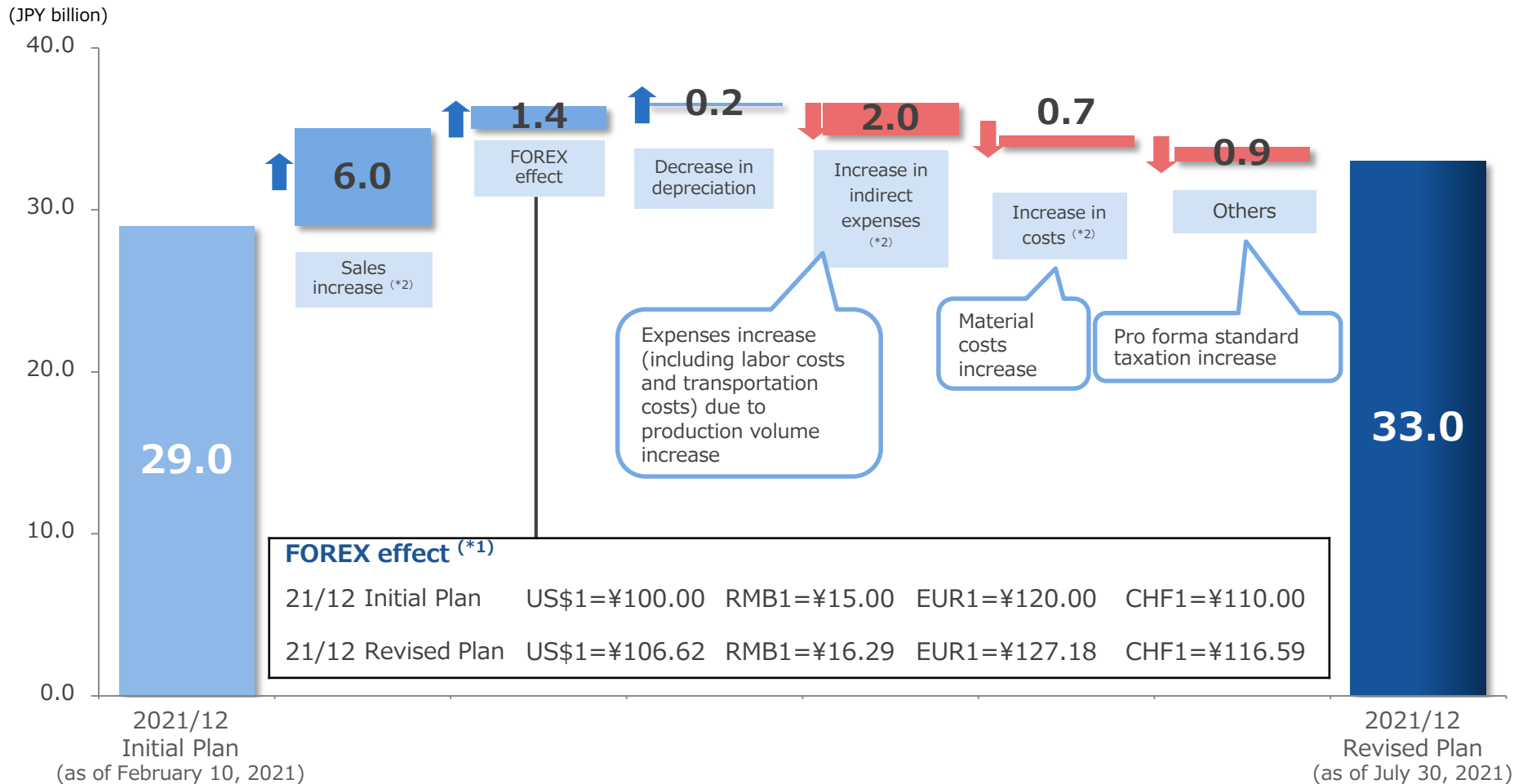
[O.P.]

As initially planned

### 3.4 Analysis of Factors Causing Changes in Operating Profit

(FY2021/12 Initial Plan vs. FY2021/12 Revised Plan)

■ Operating profit will increase although material cost and logistics cost increase.



\*1 FOREX sensitivity in O.P. (This represents expected effects on operating profit if the exchange rate fluctuates by one yen):  
(US\$) minimal, (RMB) 893 million yen, (EUR) minimal, (CHF) minimal

\*2 Fluctuations in operating profit owing to the increase of sales and SG&A expenses are based on the calculation without FOREX effect.

## ■ CAPEX, R&D and Depreciation

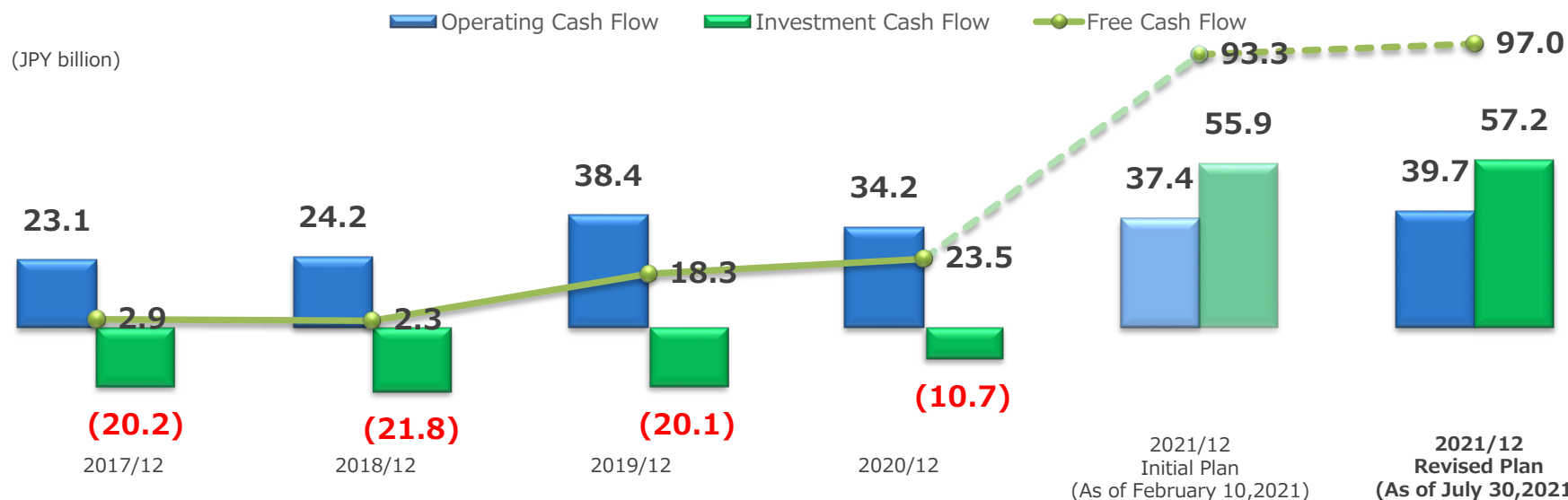
CAPEX will increase due to capacity expansion in precision reduction gears because demand increase will continue.

(JPY billion)	2017/12 Full year results	2018/12 Full year results	2019/12 Full year results	2020/12 Full year results	2021/12 Initial plan (As of February 10,2021)	2021/12 Revised plan (As of July 30,2021)	2020/12 H1 results	2021/12 H1 results
<b>CAPEX</b>	18.8	20.3	16.4	15.1 <sup>*1</sup>	12.7	13.3 <sup>*3</sup>	10.3 <sup>*1</sup>	4.7
<b>R&amp;D</b>	8.7	10.2	9.9	9.0	10.9	10.9	4.4	4.8
<b>Depreciation</b>	9.0	10.0	13.1 <sup>*2</sup>	13.7 <sup>*2</sup>	13.6 <sup>*2</sup>	13.4 <sup>*2</sup>	6.7	6.6

<sup>\*1</sup> Includes the investment (JPY 5.7 billion) made to acquire land for the Hamamatsu Plant, which will be constructed to meet the future demand for precision reduction gears. <sup>\*2</sup> Increased due to the adoption of the lease accounting standard (IFRS 16). <sup>\*3</sup> TRS segment will decrease but CMP segment will increase in CAPEX.

## ■ Cash Flow

In FY2021, investment cash flow will increase temporary as a result of selling half of HDS\* shares.



\*1 HDS: Harmonic Drive Systems Inc.

## 4. Topics of FY2021/12 H1

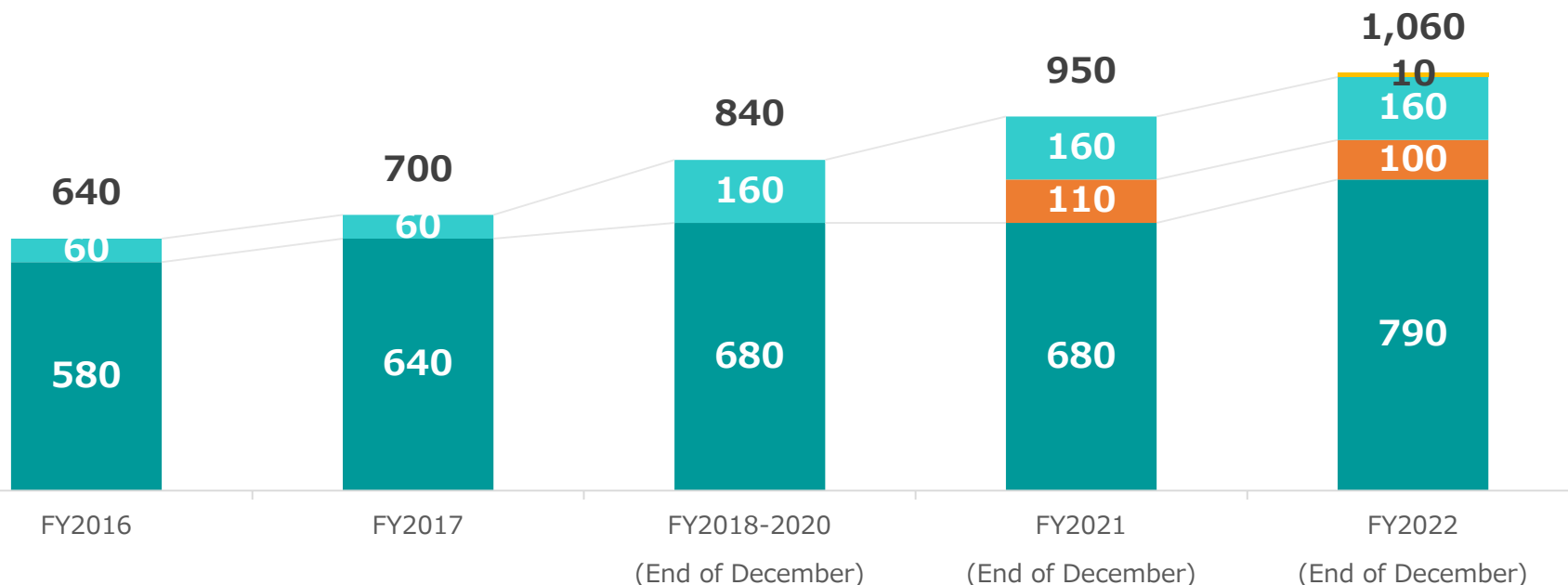


## Precision reduction gears: capacity expansion plan (ordinary capacity\*1)

- Resume capacity expansion because Japanese plant (Tsu City, Mie Prefecture) ran over 120% of utilization ratio in Q2 FY2021. Targeting capacity by the end of FY2021 will be 790,000 units/year.
- Demand increase will continue in and after FY2022, so an additional capacity expansion has been planned (100,000 units/year). The second plant in Japan (Hamamatsu City, Shizuoka Prefecture) will start operation after the completion of 1,060,000 units in overall capacity.

(Annual capacity: K units)

■ Japanese plant    
 ■ Additional capacity in Japanese plant    
 ■ Chinese plant    
 ■ Additional capacity in Chinese plant



\*1 Ordinary capacity: calculated based on 3 shifts, 20 days/month for 12 months

**Counter-measures for climate change**

**Formulated new long-term targets for carbon-free operation**

Long-term targets	2030	2050
Prevention of global warming: Reduce CO <sub>2</sub> emissions volume (relative to 2015) Reduce emissions per unit of sales and total emissions globally	<b>63%</b>	<b>100%</b>

**Plan to replace ICE cars with EVs at domestic sales companies in the Automatic Doors business**

In order to achieve the CO2 emission reduction goals, NABCO SYSTEM CO., LTD. and NABCO DOOR Ltd. plan to gradually replace ICE cars used for sales activities with EVs. **(About 120 cars will be replaced with BEVs\*1/PHEVs\*2 by 2026.)**

**New business creation**

**Establishment of CVC\*3 Promotion Division**

- In order to strengthen and accelerate the new business creation, CVC\*3 Promotion Division was newly established on July 1, 2021.
- The division reports directly to the CEO to realize the new long-term vision “Leaders in Innovation for the Future” and to promote faster decision-making.

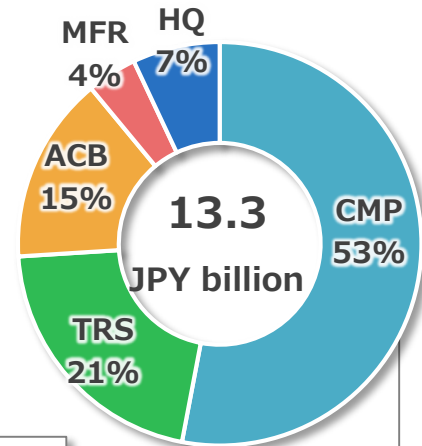
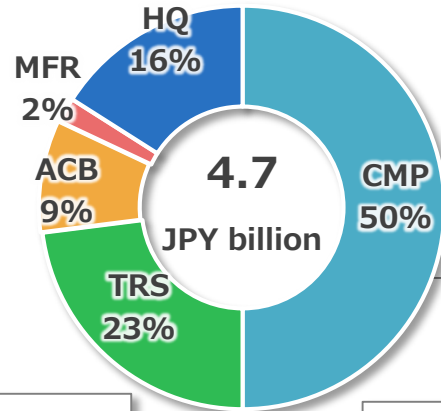
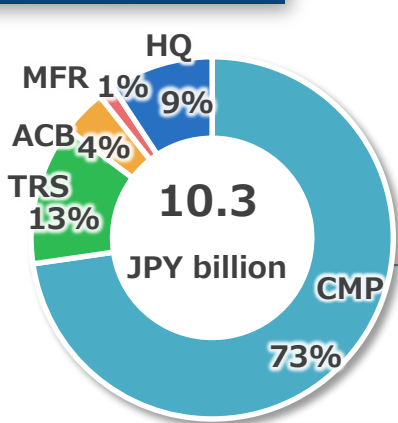
\*1 BEV: Battery Electric Vehicle

\*2 PHEV: Plug-in Hybrid Electric Vehicle

\*3 CVC: Corporate Venture Capital

# Appendix

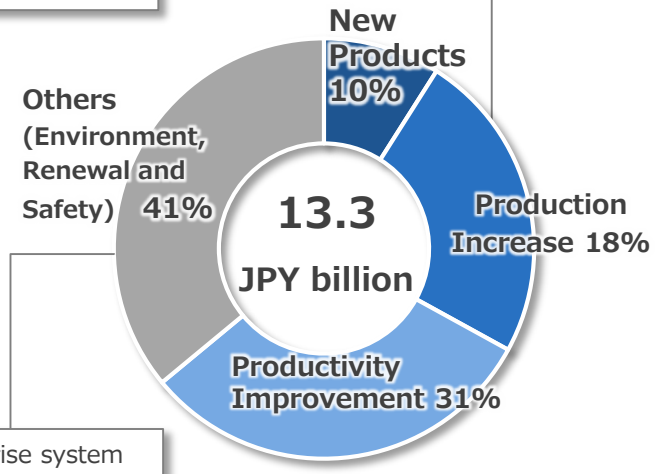
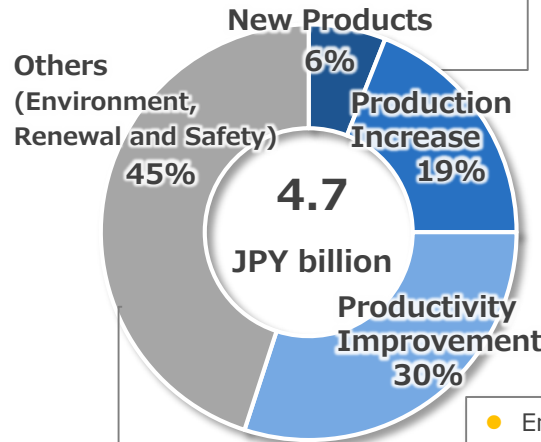
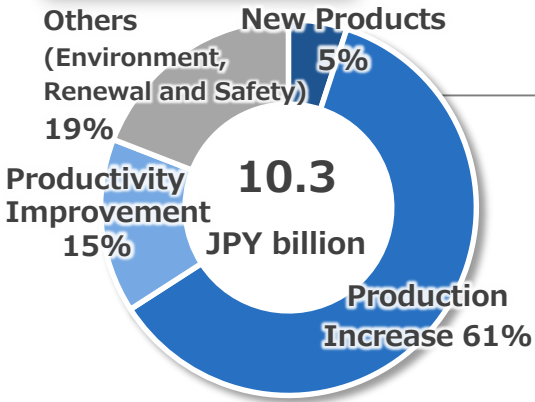
## By segment



- Precision reduction gears: purchased land in Hamamatsu

- Precision reduction gears: increase capacity in Japan plant (Tsu)

## By usage



- Enterprise system update
- PLM\* system construction

2020/12  
H1 results

2021/12  
H1 results

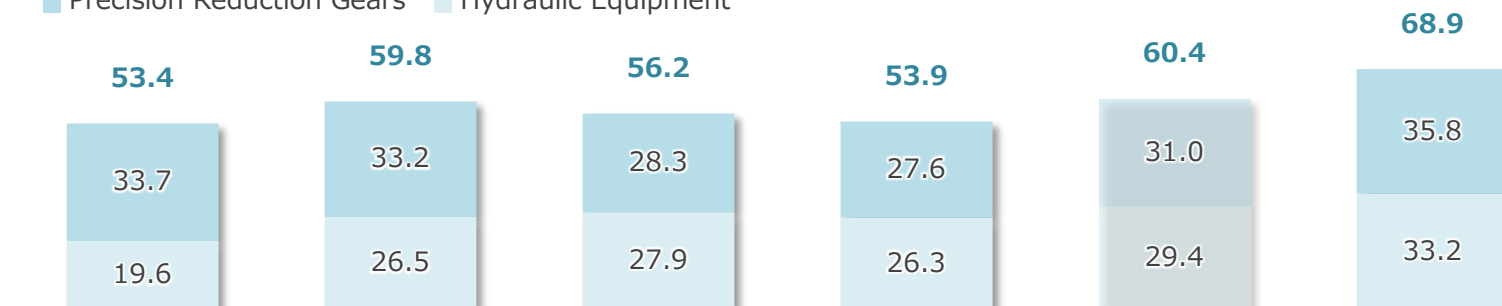
2021/12  
Revised plan  
(As of July 30, 2021)

\*PLM: Product Lifecycle Management

## FY2021/12 H1 Results

Sales  
(JPY billion)

■ Precision Reduction Gears ■ Hydraulic Equipment

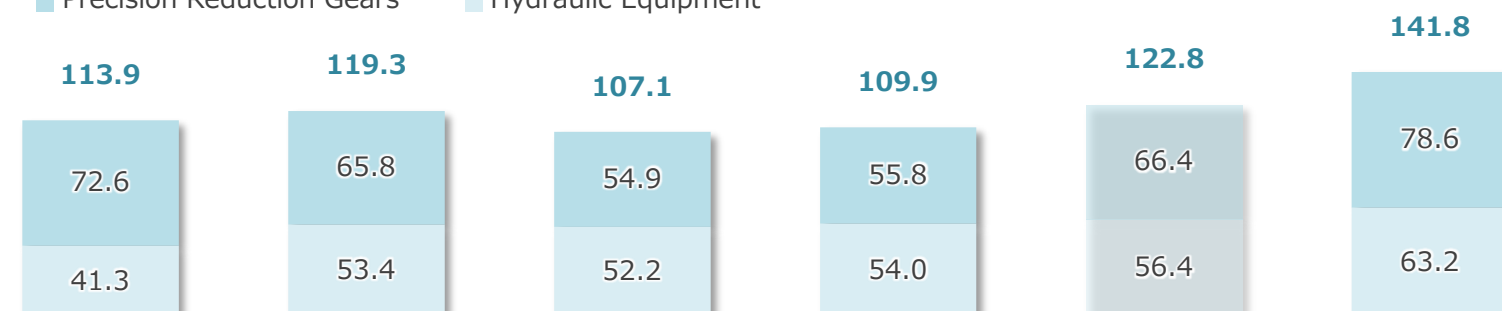


	2017/12 H1 Result	2018/12 H1 Result	2019/12 H1 Result	2020/12 H1 Result	2021/12 H1 Plan	2021/12 H1 Result
O.P.(JPY billion)	10.0	10.6	8.5	8.3	9.1	12.1
(OPM)	18.8%	17.7%	15.2%	15.4%	15.1%	17.5%

## FY2021/12 Full Year Revised Plan (As of July 30, 2021)

Sales  
(JPY billion)

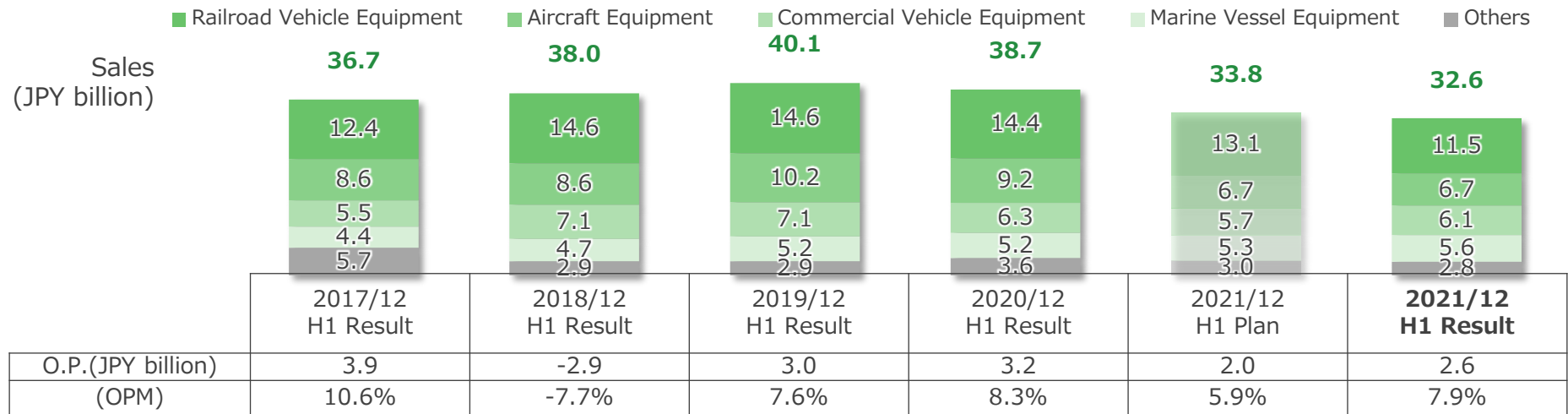
■ Precision Reduction Gears ■ Hydraulic Equipment



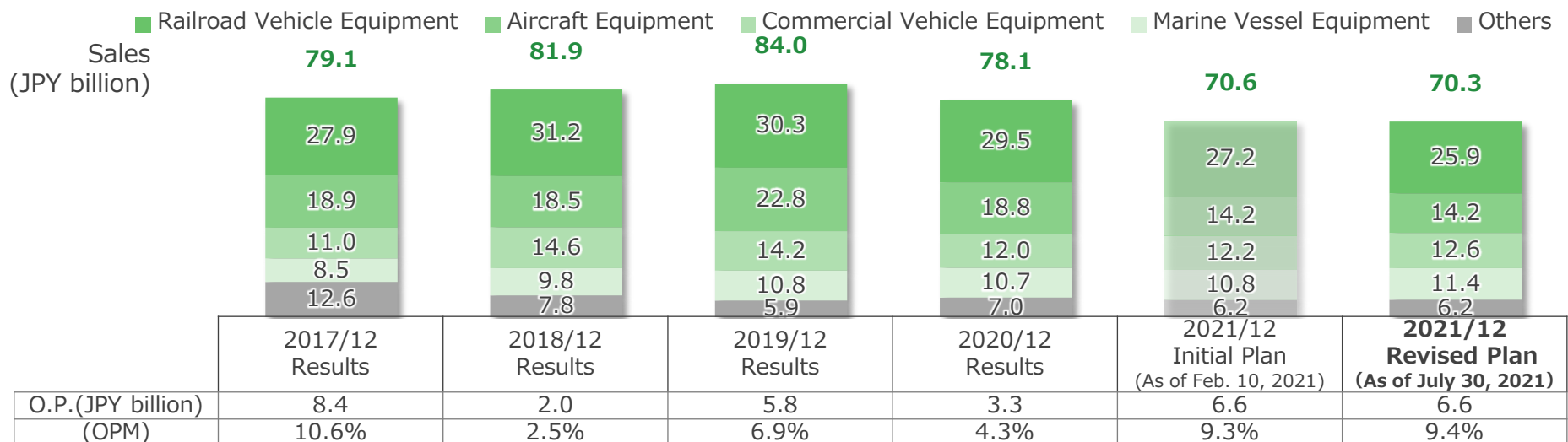
	2017/12 Results	2018/12 Results	2019/12 Results	2020/12 Results	2021/12 Initial Plan (As of Feb. 10, 2021)	2021/12 Revised Plan (As of July 30, 2021)
O.P.(JPY billion)	20.4	20.2	15.9	17.7	20.4	25.0
(OPM)	17.9%	16.9%	14.8%	16.1%	16.6%	17.6%

# Transport Solutions Segment (TRS)

## FY2021/12 H1 Results



## FY2021/12 Full Year Revised Plan (As of July 30, 2021)

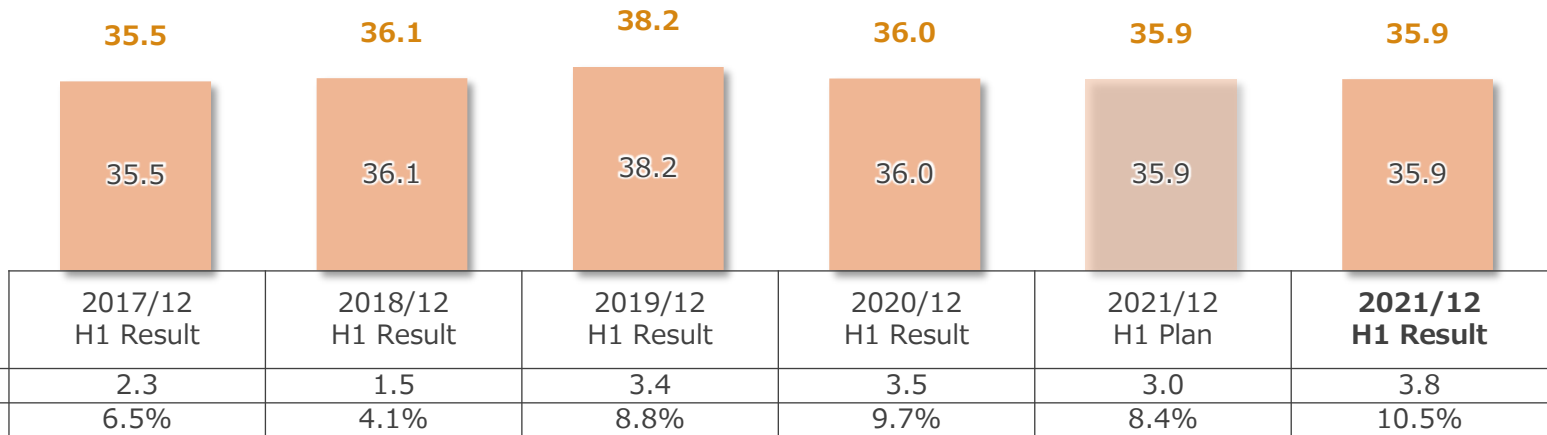


\*For Nabtesco Service, sales in and before 2017/12 are not comparable due to the method of calculation differences.

## FY2021/12 H1 Results

Sales  
(JPY billion)

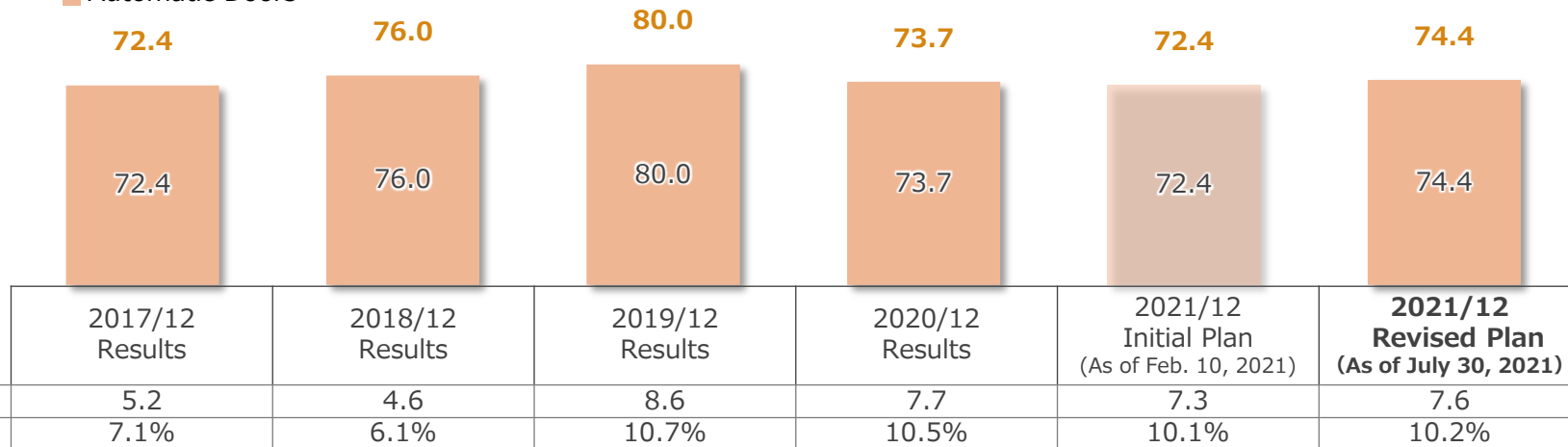
■ Automatic Doors



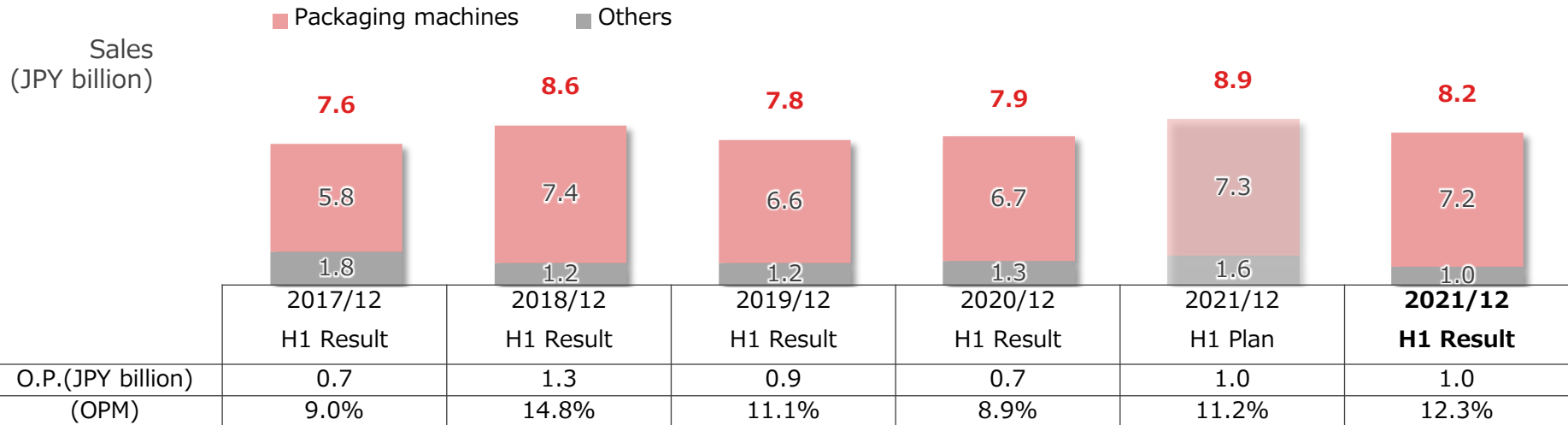
## FY2021/12 Full Year Revised Plan (As of July 30, 2021)

Sales  
(JPY billion)

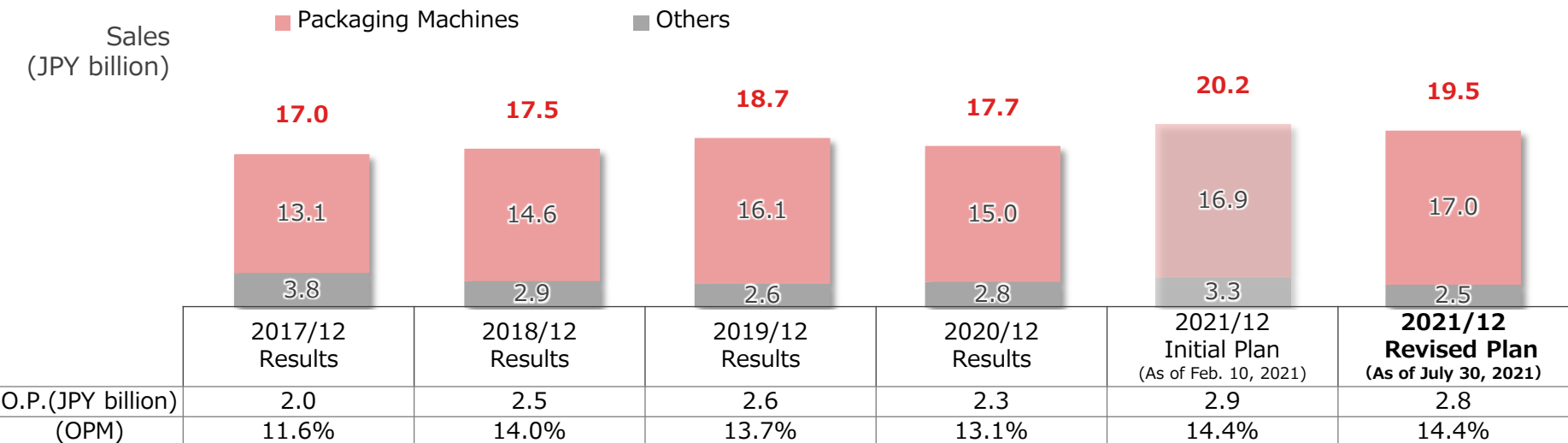
■ Automatic Doors



## FY2021/12 H1 Results

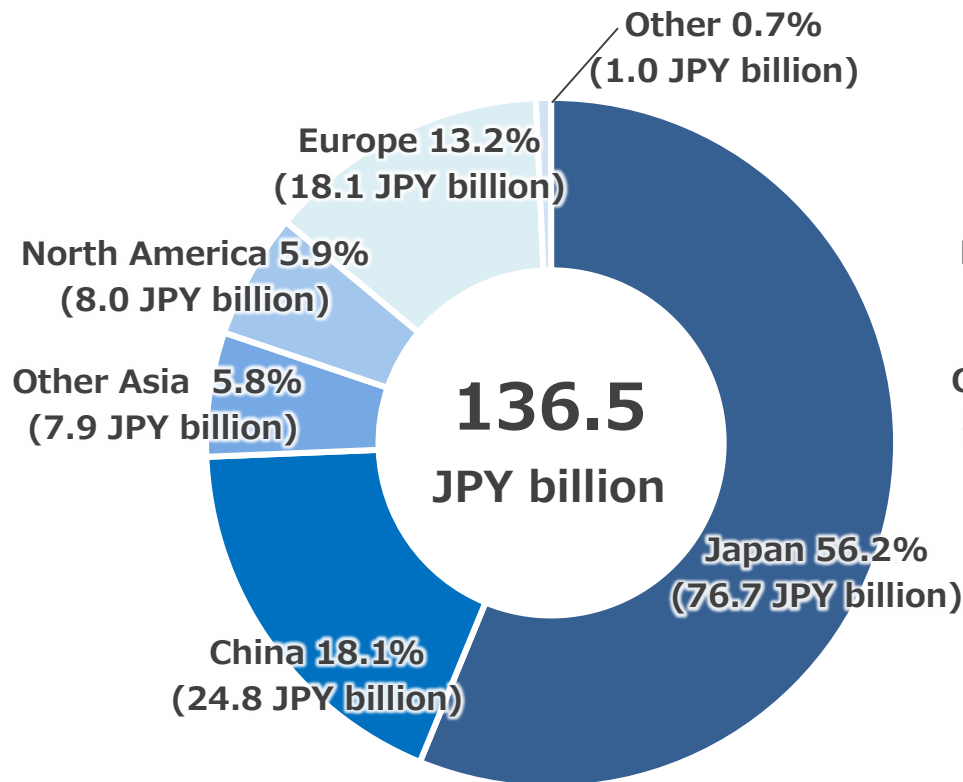


## FY2021/12 Full Year Revised Plan (As of July 30, 2021)



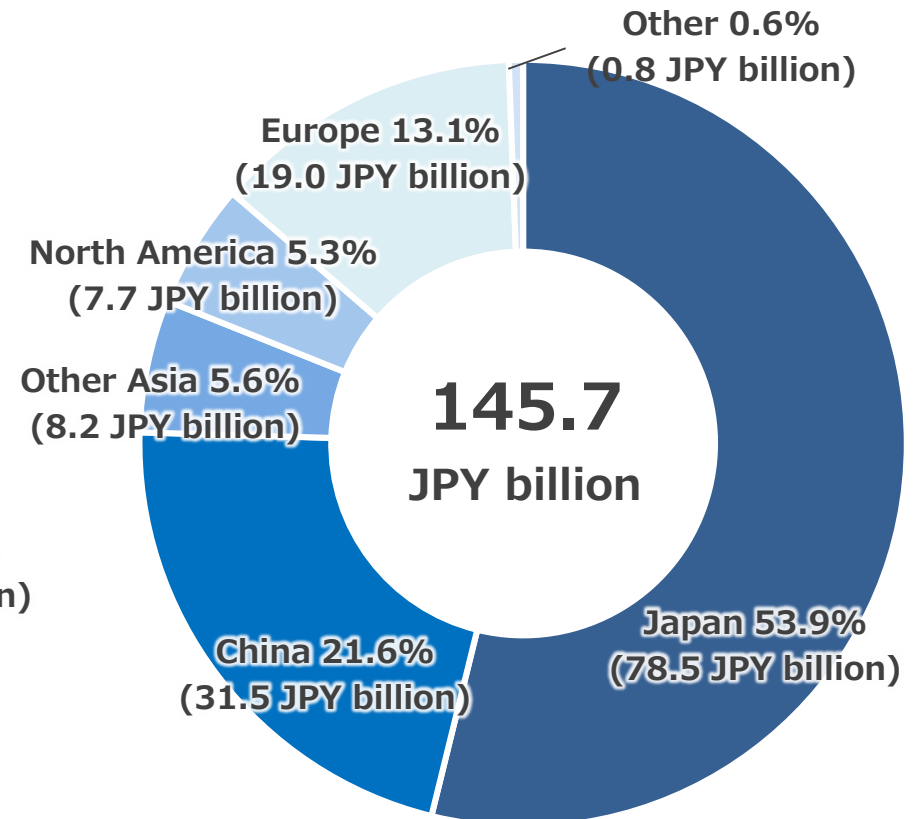


## 2020/12 H1 Result



Overseas sales	59.8 JPY billion
Overseas sales ratio	43.8%

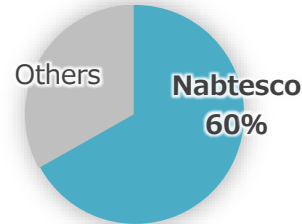
## 2021/12 H1 Result



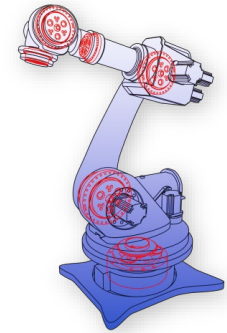
Overseas sales	67.2 JPY billion
Overseas sales ratio	46.1%

## Precision Reduction Gears

### ■ Joints of Medium and Large Size Industrial Robots

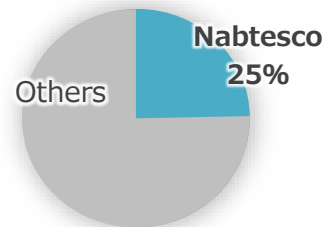


**No.1**  
Approx. **60%**  
world market share

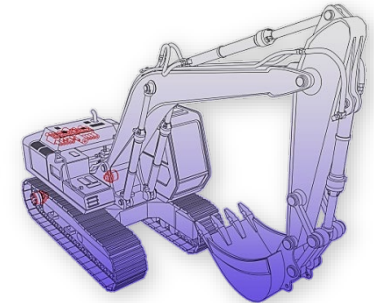


## Hydraulic Equipment

### ■ Traveling Units for Hydraulic Excavators



Approx. **25%**  
world market share



## 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, Kobelco Construction Machinery, Sumitomo Construction Machinery, Sany (China), XCMG (China), Liu Gong (China)

## Railroad Vehicle Equipment

### ■ Brake Systems

Others



No.1

Approx. **50%** Domestic Market Share

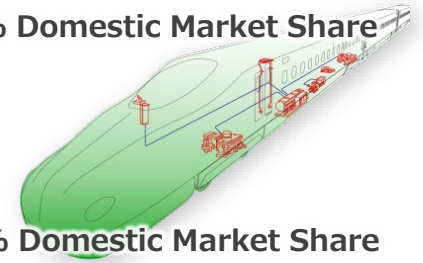
### ■ Door Operating Systems

Others



No.1

Approx. **60%** Domestic Market Share



## Aircraft Equipment

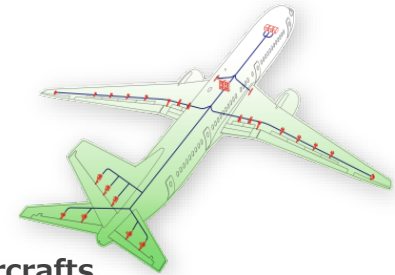
### ■ Flight Control Actuation Systems (FCA)

- One of the four major world players for FCA systems (major FCA supplier to Boeing Company)
- Expanding businesses including engine accessories and power supply systems in the product lineup



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, Airline operators

## Commercial Vehicle Equipment

### ■ Wedge Chambers



Approx. **75%** Domestic Market Share



### ■ Air Dryers



Approx. **70%** 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

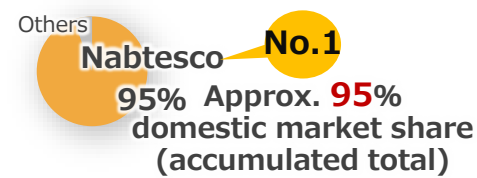
KHI, Hitachi Zosen, Japan Engine Corporation, Makita Corporation, Mitsui Engineering & Shipbuilding, Hyundai Heavy Industries (Korea), HSD Engine Co., Ltd. (Korea), Hudong Heavy Machinery (China), MAN Diesel (Denmark)

## 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, China and 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.*