

FY2014/3 Results Briefing and the New Mid-Term Management Plan

May 12, 2014

Nabtesco Corporation

Securities code: 6268

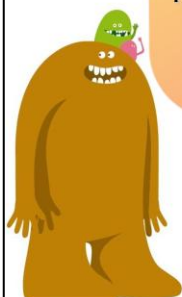
The forecast data presented herein reflects assumed results based on conditions that are subject to change.

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 2014/3

II. Review of the Previous
Mid-Term Management Plan (2012/3~2014/3)

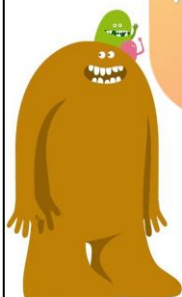
III. The New Mid-Term Management Plan
(2015/3~2017/3)



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(2015/3~2017/3)



Summary of Results

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

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Sales and profits increased compared to the previous fiscal year and the revised forecast for 2014/3.

(JPY million)	2013/3 Result	2014/3 Revised Forecast	2014/3 Result	Variation (YoY)	Ratio (YoY)
Sales	179,543	198,900	202,292	22,748	12.7%
Operating profit	15,013	18,500	20,092	5,079	33.8%
(Operating profit margin)	8.4%	9.3%	9.9%	1.5pt	-
Non-operating profit and loss	2,876	-	4,134	1,258	-
Ordinary profit	17,890	22,100	24,227	6,337	35.4%
Extraordinary profit and loss	1,107	-	-705	-1,812	-
Profit before taxes	18,997	-	23,522	4,524	23.8%
Net profit	13,269	13,900	14,978	1,708	12.9%
Net profit per share (Yen)	104.57	109.03	117.95	13.38	
Dividend per share (yen)	34	38	38 (forecast)	4	
Dividend payout ratio	32.5%	34.9%	32.2%	-0.3pt	

Remarks: Sales

• Sales increased in 2014/3 due to the growing demand from the high speed railway project in China and currency effect on the automatic door, hydraulic equipment and aircraft equipment business.

Remarks: Extraordinary profit and loss (Main losses)

• 2014/3
Loss due to the revision of the retirement benefit plan: 837 million
• 2013/3
Negative goodwill: 1,026 million
*Mainly due to the acquisition of 100 % shares of NABCO DOOR Ltd.

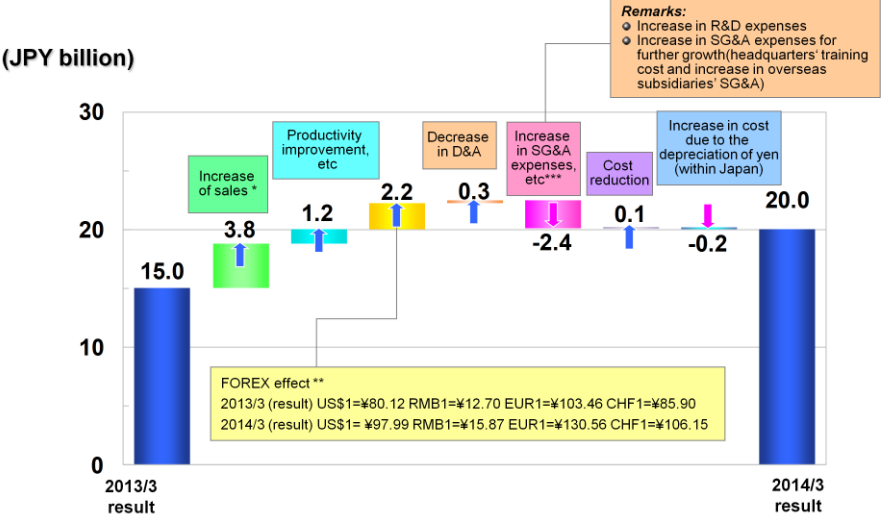
*Three-month time lag should be considered for all overseas subsidiaries of Nabtesco.
(Their accounting period is from January to December.)

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- Consolidated sales of 2014/3 over 200 billion JPY for the first time since the establishment

- Net profit being historical high in 2014/3

Profit & Loss Result for FY2014/3 (Analysis of Changes in Operating Profit)



*Fluctuations in operating profit owing to the increase or decrease of sales are based on the calculation without FOREX effect.

** FOREX sensitivity in O. P. (US\$):JPY 99 million, (RMB): JPY 60 million, (EUR): minimal, (CHF): minimal
 (This represents the effect to be expected on operating profit if the exchange rate fluctuates by one yen.)

*** Fluctuations in operating profit owing to the increase or decrease in SG&A expenses are based on the calculation without FOREX effect.

Precision Equipment

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Results for 2014/3

(JPY million)	2013/3 Result	2014/3 Revised Forecast	2014/3 Result	Variation (YoY)	Ratio (YoY)
Sales	41,578	43,300	42,853	1,275	3.1%
Operating profit	5,354	6,300	6,359	1,004	18.8%
Operating profit margin	12.9%	14.6%	14.8%		

Main Products and Customers

• Precision reduction gears

Industrial Robots: Fanuc, Yaskawa Electric, KUKA Roboter (Germany), ABB Robotics (Sweden)
Machine Tools: Yamazaki Mazak, Okuma, DMG Mori Seiki

• New energy business

Drive Units for Wind Turbines: MHI, etc.



Precision reduction gears



Drive units for wind turbines



Solar tracking equipment

Rapid prototyping machines



Vacuum equipment

Notes:

- Precision reduction gears: Sales of precision reduction gears decreased only slightly in 2014/3 due to the recovery of demand for industrial robots, despite zero sales of solar tracking equipment, which had been posted in 2013/3.
- New energy business: Sales of drive units for wind turbines increased largely year-on-year. No sales for solar tracking equipment for 2014/3.
- O.P. of the segment: Increased in 2014/3 due to enhancement of productivity and reduction of indirect cost.

Transport Equipment

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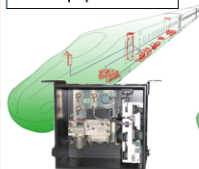
Results for 2014/3

(JPY million)	2013/3 Result	2014/3 Revised Forecast	2014/3 Result	Variation (YoY)	Ratio (YoY)
Sales	44,262	49,800	52,641	8,378	18.9%
Operating profit	4,214	5,200	6,344	2,129	50.5%
Operating profit margin	9.5%	10.4%	12.1%		

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.
- **Commercial vehicle equipment** (air brake peripheral equipment)
Hino, Mitsubishi Fuso Truck & Bus, Hino, Isuzu, UD Trucks
- **Marine vessels equipment** (remote control systems for marine diesel engines)
KHI, Mitsui Engineering & Shipbuilding, Hitachi Zosen, MHI, Diesel United, Hyundai Heavy Industries (Korea), MAN Diesel (Denmark)

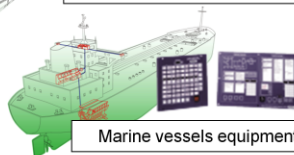
Railroad vehicle
equipment



Commercial vehicle equipment



Marine vessels equipment



Notes:

- Railroad vehicle equipment: Sales increased in 2014/3 due to the growth of sales for high speed trains in China and increasing demand for repair parts in Japan.
- Commercial vehicle equipment: Sales increased in 2014/3 due to strong demand for trucks in Japan.
- Marine vessels equipment: Sales increased in 2014/3 thanks to the recovery of new ship-building orders.
- O.P. of the segment: Increased in 2014/3 as a result of growth of sales in each of the businesses.

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- Sales of transportation segment in 2014/3 rose further than the revised forecast after Q2 due to the growing demand from the high speed railway project in China

Aircraft & Hydraulic Equipment

Nabtesco

Results for 2014/3

(JPY million)	2013/3 Result	2014/3 Revised Forecast	2014/3 Result	Variation (YoY)	Ratio (YoY)
Sales	45,746	52,400	52,533	6,786	14.8%
Operating profit	1,836	3,100	3,862	2,026	110.3%
Operating profit margin	4.0%	5.9%	7.4%		

Main Products and Customers

Hydraulic equipment

Traveling motors:

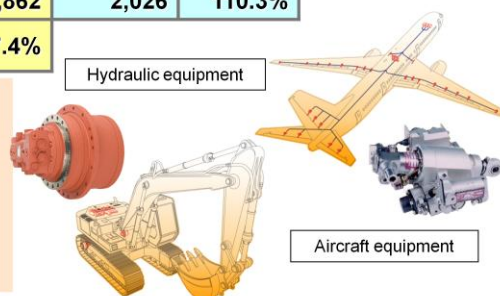
Japan: Komatsu, Kobelco Construction Machinery, Kubota, Sumitomo Construction Machinery Manufacturing

China: Sany, Xugong Excavator, Liu Gong, Zoomlion

Aircraft equipment

Flight control actuation systems:

Boeing, KHI, MHI, IHI, Japanese Ministry of Defense, Airlines



Notes:

- Hydraulic equipment: Sales increased in 2014/3 due to the last-minute demand associated with the emission gas regulations within Japan, moderate recovery of demand due to a decrease in the inventory of construction machines in China and currency effect.
- Aircraft equipment: Sales increased in 2014/3 due to expansion of demand in the private sector and currency effect.
- O.P. of the segment: Increased in 2014/3 mainly due to growth of sales for hydraulic equipment.

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- Operating profit of hydraulic equipment business increased due to the enhancement of capacity utilization accompanied by the increase of sales

- Operating profit of aircraft equipment business stayed flat due to the stagnant demand for MRO* from European airlines

* MRO: maintenance, repair, overhaul= after-the-sale service

Industrial Equipment

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Results for 2014/3

(JPY million)	2013/3 Result	2014/3 Revised Forecast	2014/3 Result	Variation (YoY)	Ratio (YoY)
Sales	47,956	53,400	54,264	6,308	13.2%
Operating profit	3,608	3,900	3,526	-82	-2.3%
Operating profit margin	7.5%	7.3%	6.5%		

Main Products and Customers

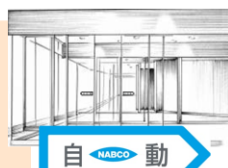
• Automatic doors

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

Platform doors: Subway projects in France, China etc

• Packaging machines (Toyo Jidoki Co., Ltd.)

Ajinomoto, NIPPON MEAT PACKERS, ARIAKE JAPAN, KENKO Mayonnaise, P&G, Kao, Lion, Mars (France), American Beverage Corporation (USA), food companies in China



Automatic Doors

Packaging machines



Special purpose machine tools



Notes:

- Automatic doors: Sales increased in 2014/3 due to steady increase in domestic and overseas automatic door markets as well as currency effect.
- Packaging machines: Sales decreased in 2014/3 due to the disappearance of the special demand from the sugar industry seen in 2013/3 and a decrease in sales in the overseas market.
- O.P. of the segment : Although automatic door sales in domestic and overseas markets stayed firm, profit decreased in 2014/3 due to the posting of retirement benefit cost in response to accounting principles change in overseas, increase of goodwill affected by FOREX and sales decrease for packaging machines.

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-Concerning automatic door business, the impact of the posting of retirement benefit cost in response to accounting principles change overseas was approximately 0.4 billion JPY

Balance Sheet Summary

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(JPY million)	2013/3 Result	2014/3 Result	Variation
Assets	203,056	233,984	30,928
(Cash and time deposits)	40,903	53,725	12,822
(Accounts receivable)	45,131	52,840	7,708
Receivable turnover period (in days)	94	88	6
(Inventory)	20,529	22,233	1,704
Inventory turnover period (in days)	55	53	2
(Fixed assets)	54,475	55,225	749
Liabilities	82,198	94,513	12,314
(Interest-bearing debt)	26,389	26,204	-184
Net assets	120,857	139,471	18,613
(Stock acquisition right)	304	306	1
(Minority interests)	6,514	8,121	1,606
Equity capital	114,038	131,043	17,004

※ **Equity ratio :** **56.2%** **56.0%**

Remark:

- Trade notes and accounts payable
+7.2 billion yen
- Income taxes payable
+2.6 billion yen

Remark:

- Earned surplus
+10.6 billion yen
- Translation adjustments
+ 8.4 billion yen
- Treasury stock
- 2.2 billion yen

CAPEX, R&D , Depreciation, FCF

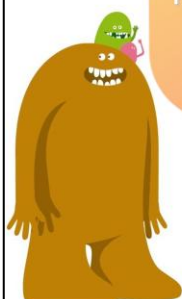


(JPY million)	2013/3 result	2014/3 result
CAPEX	10,190	6,760
R&D	5,535	6,401
Depreciation	7,923	7,600
FCF	-741	19,533

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(2015/3~2017/3)



Attainment of Targeted Financial Figures

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(JPY billion)	2011/3 Result	2014/3 Previous mid-term plan	2014/3 Result
Sales	169.3	240	202.2
Operating profit	20.2	31.3	20
O. P. margin	11.9%	13%	9.9%
Net Profit	13.3	20.3	14.9
ROA	8.1%	9.5%	6.9%
ROE	15.8%	17.0%	12.2%
Payout ratio	23.6%	30%	32.2%

Attainment in 2014/3 (Previous mid-term plan)
by Business Segment
(JPY million)

Nabtesco

Segment	Term	The previous mid-term plan	Result	Attainment	Comment
Precision	Sales	53,000	42,853	81%	◆ Precision reduction gears: Affected by no growth for industrial robots and delayed solar power project
	O. P.	10,900	6,359	58%	
Transport	Sales	60,000	52,641	88%	◆ Railroad vehicle equipment: Sluggish due to order suppression by accident and difficulty in winning orders from the China subway project
	O. P.	7,800	6,344	81%	
Aircraft & Hydraulic	Sales	77,000	52,533	68%	◆ Hydraulic equipment: Affected by the decrease in demand from Chinese construction machinery manufacturers
	O. P.	8,100	3,862	48%	◆ Aircraft equipment: Exceeded the plan due to the currency effect
Industrial	Sales	50,000	54,264	109%	◆ Automatic doors: Currency effect, but was also affected by overseas accounting system change resulting in temporary loss, restructuring cost of overseas bases and increase in goodwill after conversion into yen.
	O. P.	4,500	3,526	78%	

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-Precision reduction gears: industrial robotics market remained zero growth during CY2011- 2013 even though CAGR of industrial robotics market had been forecasted as 8%

-Railroad vehicle equipment: sluggish condition continued for 2 years due to order suppression by accident. Previous mid-term plan is not achieved although orders has recovered from the H2, 2013

-Hydraulic equipment: the peak of demand for excavators in Chinese construction machine market were 170,000 units, in CY2011. However, the demand remained 112,000 units in CY2013. Decrease in demand from Chinese construction machinery market is considered as the main factor causing the unachievement of the previous mid-term plan

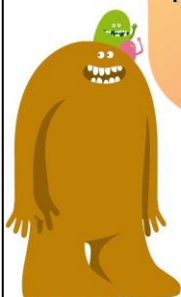
-Aircraft equipment: result was as planned

-Automatic doors: sales target was achieved thanks to the currency effect

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Road to the Second Decade

Nabtesco

Toward 2020 Vision

Challenge & Creation!

Sustainable growth of current business
& creation of new business



Nabtesco

2014 10th Anniversary

2004 Merged
NABCO

TEIJIN  SEIKI

5 + 4 Business Units

Changes & Harmonization!

Integration of companies / culture
& response to market changes

Targeted Financial Figures

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Targeted EPS: ¥190 by 2017/3

(JPY billion)	2014/3 Actual	2015/3 Plan	2017/3 Plan	2021/3 Long-term vision announced in May 2012
Sales	202.2	216	280±5%	400
Operating profit	20	21.6	34	60
O.P. margin	9.9%	10.0%	12.0%	15.0%
Net profit	14.9	15.5	24	-
ROA	6.9%	6.5%	7.5%	11.0%
ROE	12.2%	11.5%	15.0%	18.0%
Payout ratio	32.2%	32.8%	30% being maintained	

Basic policy of the new mid-term management plan from 2015/3 to 2017/3

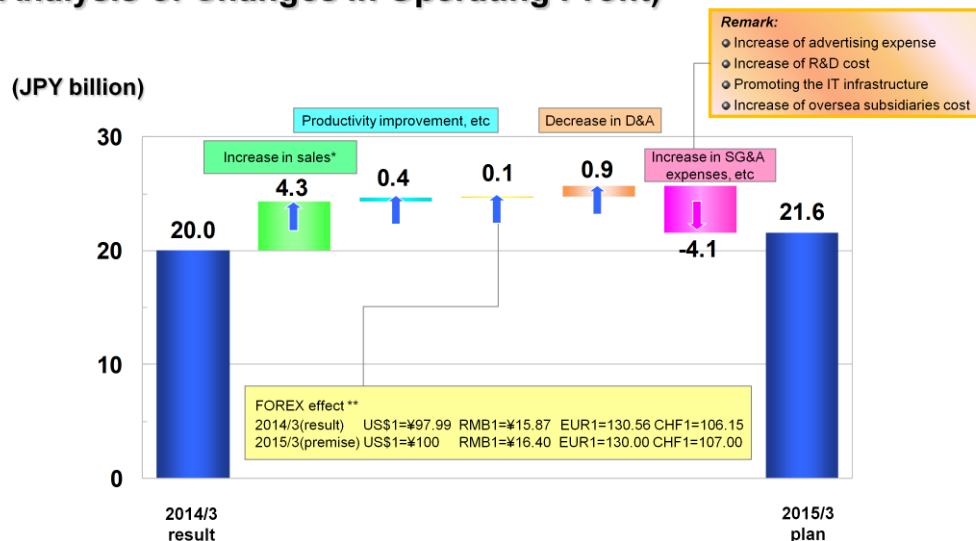
1. Further expansion of the business scale and pursuance of profitability
2. Promoting management with the conscious of asset and capital efficiency
3. Distribution of business earnings with the conscious of corporate growth

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- During the new mid-term plan(2015/3- 2017/3), operating profit margin will be improved step by step

- Payout ratio of 32.8%, dividend per share of 40 JPY in 2015/3 are targeted. Basically, we will strive to increase the dividends to shareholders

Profit & Loss Forecast for 2015/3 (Analysis of Changes in Operating Profit) **Nabtesco**



* Fluctuations in operating profit owing to the increase or decrease of sales are based on the calculation without FOREX effect.

** FOREX sensitivity in O. P. (US\$):JPY 107 million, (RMB): JPY 69 million, (EUR): minimal, (CHF): minimal
(This represents the effect to be expected on operating profit if the exchange rate fluctuates by one yen.)

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- Declining-balance method was adopted for parent company and part of consolidated subsidiaries until 2014/3 as the depreciation method for tangible fixed asset. Decrease of 0.9 billion JPY is expected since it will be changed to straight-line method from 2015/3

Basic Policy of the New Mid-Term Management Plan

Nabtesco

Think Global! Act Local! For the Second Decade

~ Challenge & Creation ~



Endless pursuit of customer satisfaction



Further expansion of international businesses



Development of new technologies and open innovations



Establishment of global production system



Improvement of shareholders' value and corporate value

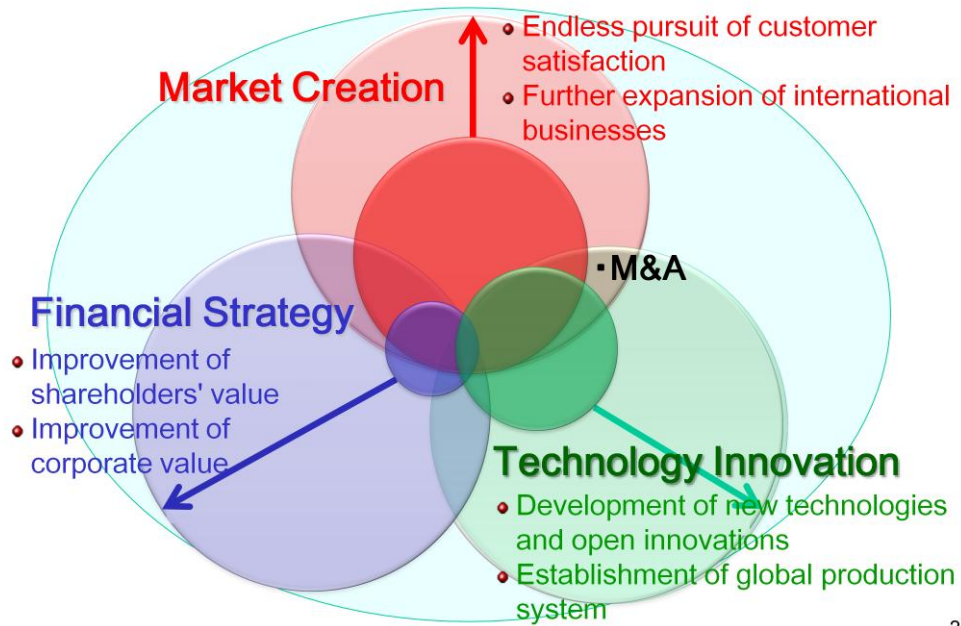
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- Businesses focusing on international expansion: precision reduction gears business, aircraft equipment business, marine vessels business

- Regional businesses: railroad vehicle equipment business, commercial vehicle business, hydraulic equipment business, automatic door business

**Strategy on a Company-Wide Basis:
Pursuing Business Expansion with Profit**

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Market Creation

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Launch of new value-added products

Expansion of new value-added products as a partner with the best solution for safety, comfort and a sense of security in daily life

Acceleration of overseas expansion

Further implementation of overseas expansion

Enhancement of MRO

Establishment and enhancement of MRO* business in promising markets

*MRO: Maintenance, Repair, Overhaul

Branding buildup

Penetration of "Nabtesco"

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- Aiming at supplying new value-added products toward 2017/3 as a component manufacturer

-Planning to establish bases in India within 2015/3 and in Middle East in the future

- In order to realize the stablization of business fundamental, we are working on taking aggressive approaches for MRO business rather than passive ones(excluding precision reduction gears business)

- Advertisement expenses will be increased in order to enhance corporate brand and secure human resources

Implementation of technological development

Promoting internal R&D and collaboration in order to speedily offer products which meet the diversified needs

Acceleration of global production system

Evolution of 'local production for local consumption' through establishment of the global production system

Transform domestic production bases into mother factories

Modernization of domestic production bases

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- Collaboration with Swiss Federal Institute of Technology in Zurich (ETHZ: Eidgenössische Technische Hochschule Zürich) has started to develop power electronics technology

- Will not establish overseas plant only for the purpose of cost reduction. Instead, we are stick to 'local production for local consumption' to be closer to our customers and to hedge foreign exchange risk through local currency trading

- Key components are still exported from plants in Japan despite promoting 'local production for local consumption'. Implementation of modernization and enhancement of competitive advantage are important for plants in Japan where running cost is high such as electricity cost

Financial Strategy

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Pursuit of assets efficiency

Promoting management with conscious of the assets and capital efficiency (ROA, ROE)
Creation of consistent cash

Utilization of financial leverage

Debt financing (bank loans + straight bond)
Sustaining credit rating A *

*Rating by JCRA

Improvement of shareholder return

Maintaining dividend payout ratio at 30%, stable dividend policy
No dividend cut as long as the payout ratio does not exceed 40%

Precision Equipment

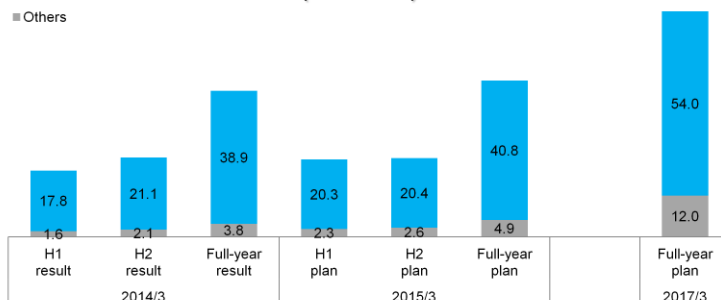
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Results for 2014/3 and plan

(JPY million)	2014/3			2015/3			2017/3
	H1 result	H2 result	Full-year result	H1 plan	H2 plan	Full-year plan	Full-year plan
Sales (year-on-year)	19,513 (-3.9%)	23,339 (+9.8%)	42,853 (+3.1%)	22,700 (+16.3%)	23,100 (-1.0%)	45,800 (+6.9%)	66,000
Operating profit (year-on-year)	2,665 (+24.2%)	3,694 (+15.1%)	6,359 (+18.8%)	3,100 (+16.3%)	3,700 (+0.2%)	6,800 (+6.9%)	11,200
Operating profit margin	13.7%	15.8%	14.8%	13.7%	16.0%	14.8%	17.0%

■ Precision Reduction Gears
■ Others

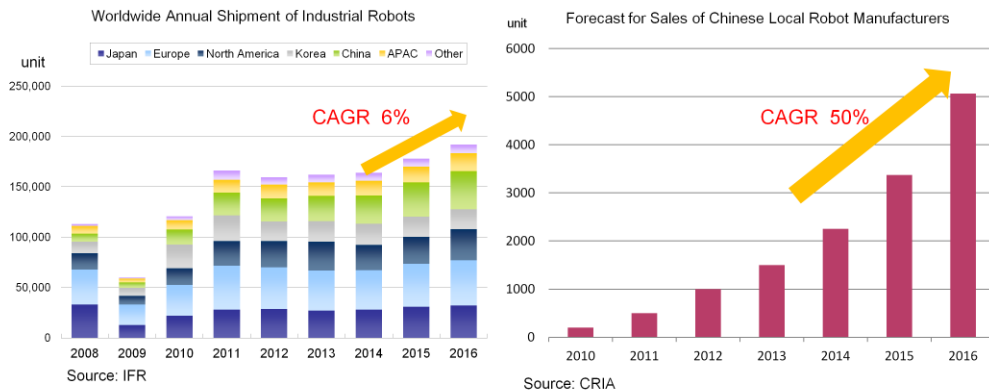
Sales(JPY billion)



* Due to the establishment of the New Energy Business Development Division in April 2013, the sales of drive units for wind turbine generators were transferred from the Aircraft & Hydraulic Segment to the Precision Equipment Segment from 2014/3.

Precision Equipment: Mid-Term Strategies for Precision Reduction Gears

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Main Strategies

- Assured penetration into the Chinese local robot manufacturers through cooperation with the local joint venture
- Amplification of product lineup in general industries
- Maintain the market share of the joints of industrial robots with absolute confidence from customers

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- JV in China which was established in 2013 will response to the needs of Chinese local robot manufacturers while current customers are taken care of by Japanese side as usual

- New-type actuator will be put into European, Chinese and Japanese market

Transport Equipment

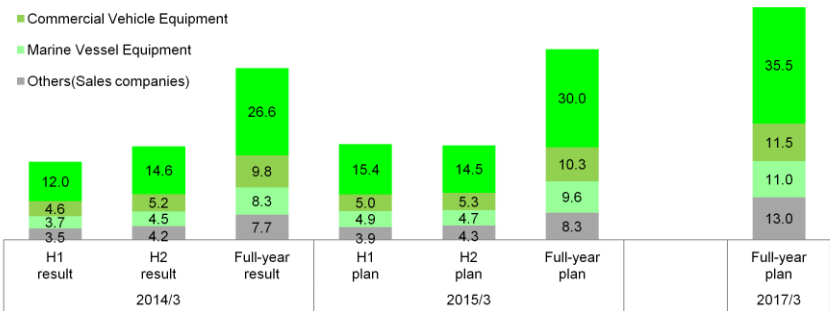


Results for 2014/3 and plan

(JPY million)	2014/3			2015/3			2017/3
	H1 result	H2 result	Full-year result	H1 plan	H2 plan	Full-year plan	Full-year plan
Sales (year-on-year)	23,960 (+6.2%)	28,681 (+32.2%)	52,641 (+18.9%)	29,400 (+22.7%)	28,900 (+0.8%)	58,300 (+10.8%)	71,000
Operating profit (year-on-year)	2,581 (+5.3%)	3,762 (+113.6%)	6,344 (+50.6%)	4,200 (+62.7%)	3,800 (+1.0%)	8,000 (+26.1%)	10,700
Operating profit margin	10.8%	13.1%	12.1%	14.3%	13.1%	13.7%	15.1%

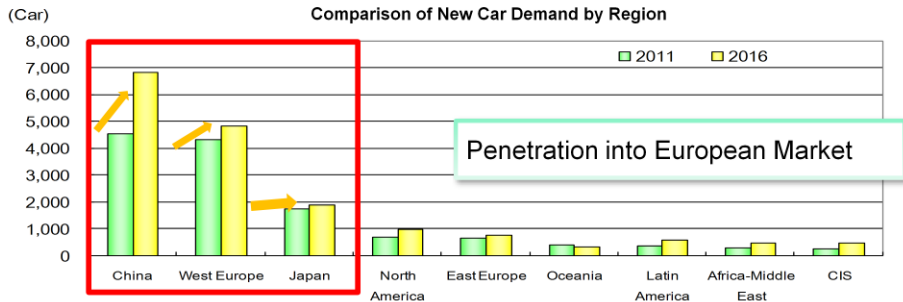
- Railroad Vehicle Equipment
- Commercial Vehicle Equipment
- Marine Vessel Equipment
- Others(Sales companies)

Sales(JPY billion)



Transport Equipment: Mid-Term Strategies for Railroad Vehicle Equipment

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Main Strategies

- Expansion of sales and release of new products in Chinese and European markets
- Appropriate development, procurement and production in Japan, China and Europe
- Enhancement of MRO business (installation of the full-time sales people)

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- Growth of railroad vehicle equipment business in China:

Sales of Chinese high speed trains increases until 2015

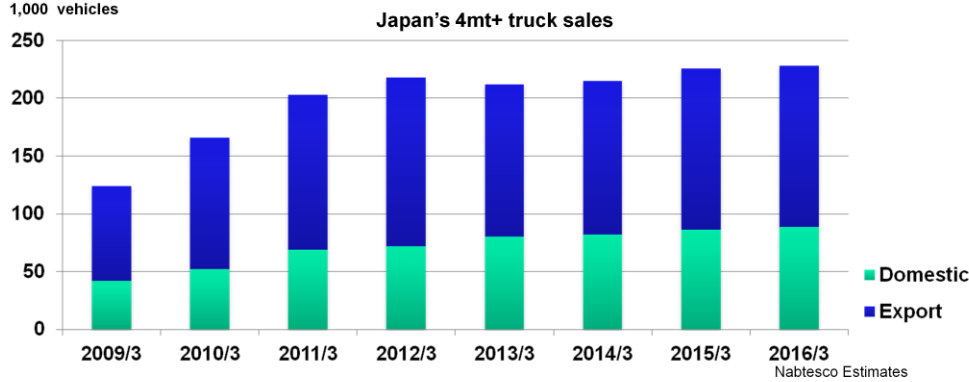
Subway market in China will grow while competition is becoming intense considering the existence of competitors

We are aiming to improve QCD and targeting at the market share of 20% in Chinese subway market

- Will make full use of Oclap, an Italian door operating system company which was acquired in 2013, in order to entry European market by realizing the business with European Big 3 railroad vehicle manufacturers(Alstom, Bombardier, Siemens)

- Apart from current demand for MRO within Japan, we are also working on the MRO demand in Southeast Asia where an amount of second-hand railroad vehicles from Japan are used

Transport Equipment: Mid-Term Strategies for Commercial Vehicle Equipment

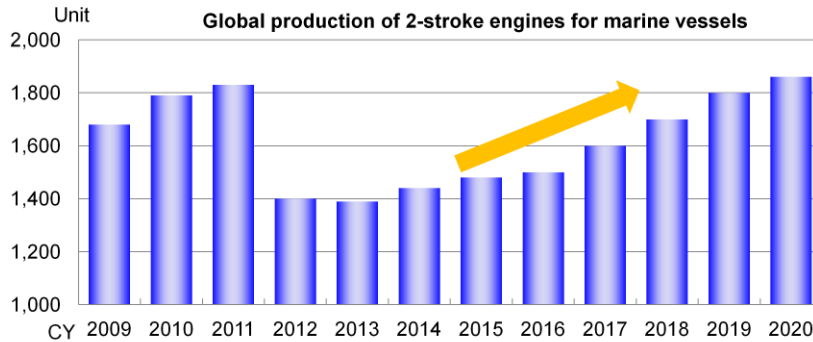


Main Strategies

- Expansion of overseas sales with the ability to make product proposals and utilization of Thai and Indian bases
- Cost reduction through productivity improvement and overseas procurement

Transport Equipment: Mid-Term Strategies for Marine Vehicle Equipment

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Main Strategies

- Maintain the Japan-China-Korea trilateral production framework
- Capture key players in each market
- Enhancement of MRO business through preventive maintenance proposals and the expansion of service networks

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- Orders have increased since the H2, 2013, thanks to the recovery of new ship-building orders and currency effect

- Will increase MRO business and improve profitability of marine vessels business through Japanese, Chinese and Korean bases as a result of the new establishment of Chinese plant in 2013

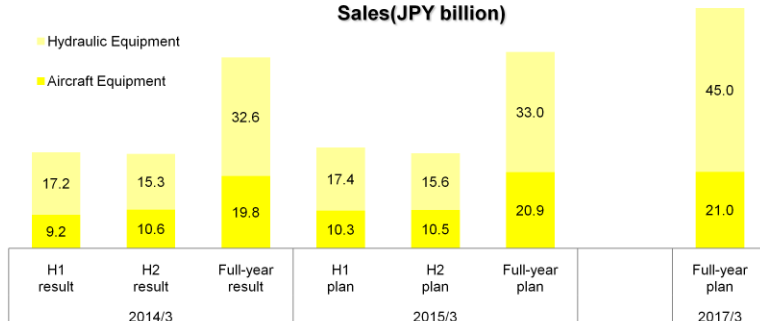
Aircraft& Hydraulic Equipment

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Results for 2014/3 and plan

(JPY million)	2014/3			2015/3			2017/3
	H1 result	H2 result	Full-year result	H1 plan	H2 plan	Full-year plan	Full-year plan
Sales (year-on-year)	26,538 (+3.2%)	25,994 (+29.8%)	52,533 (+14.8%)	27,800 (+4.8%)	26,200 (+0.8%)	54,000 (+2.8%)	66,000
Operating profit (year-on-year)	1,840 (+8.9%)	2,022 (+1275.5%)	3,862 (+110.3%)	1,200 (-34.8%)	1,600 (-20.9%)	2,800 (-27.5%)	5,900
Operating profit margin	6.9%	7.8%	7.4%	4.3%	6.1%	5.2%	8.9%

Sales(JPY billion)



※Due to the establishment of the New Energy Business Development Division in April 2013, the sales of drive units for wind turbine generators were transferred from the Aircraft & Hydraulic Segment to the Precision Equipment Segment from 2014/3.

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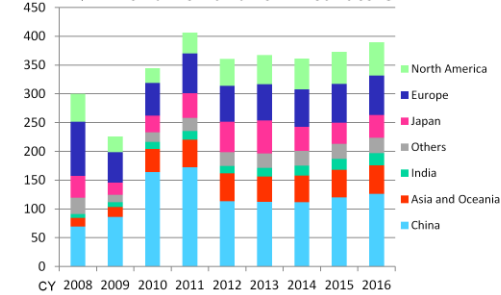
- Sales of 2015/3 is considered to increase while operating profit will decrease year-on-year

- Comparing to 2014/3, SG&A expenses of the whole company are forecasted to increase in 2015/3. SG&A expenses of the whole company are distributed to each segment according to the number of employees. Since there are relatively more employees in Aircraft&Hydraulic Equipment Segment, the great impact of increasing SG&A expenses to this segment is the reason which drops the segment operating profit margin

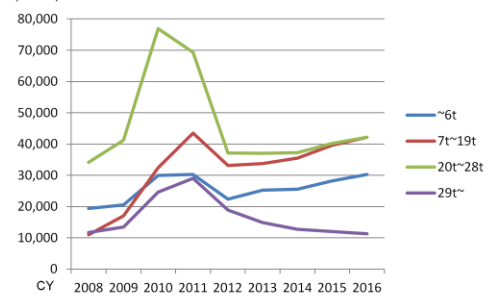
Aircraft & Hydraulic Equipment: Mid-Term Strategies for Hydraulic Equipment

Nabtesco

(1,000 units) **World Demand for Excavators**

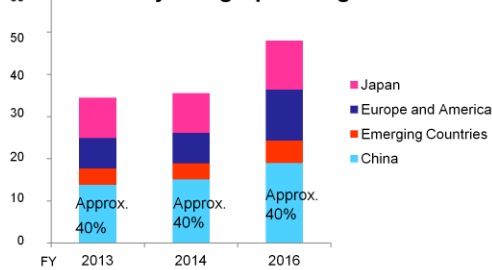


(units) **China's Demand for Excavators**



Sales (JPY billion)

Sales by Geographic Segment



Nabtesco Estimates

Main Strategies

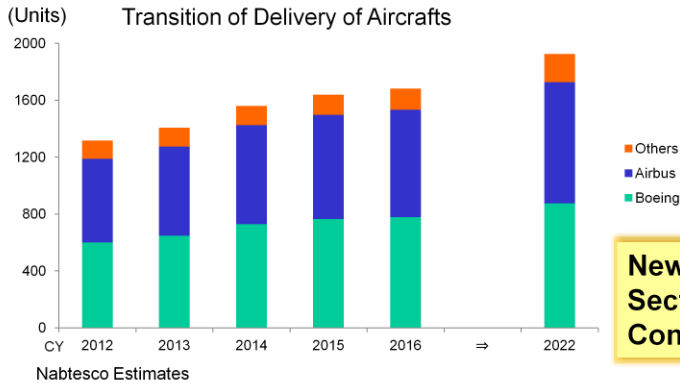
- Expansion of businesses to Europe and USA while maintaining the business in China
- Improvement of profitability through the promotion of local procurement
- Improvement of response capabilities to production fluctuation by shortening production lead-time and promoting automation

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- Aiming at price up of products contributed by subsystemization

Aircraft & Hydraulic Equipment: Mid-term Strategies for Aircraft Equipment

Nabtesco



New Programs for Private Sector Starting to Contribute from FY2017

Main Strategies

- Product proposals for new projects in private sector while maintaining the business with the Ministry of Defense
- Establishment and enhancement of MRO system through customer-oriented approach in order to improve profitability
- Production innovation and pursuit of differentiation through high skills and new technology

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- During the period of new mid-term plan, sales to Ministry of Defense will increase slightly

Sales to Boeing is forecasted as a minor growth based on current foreign exchange rate

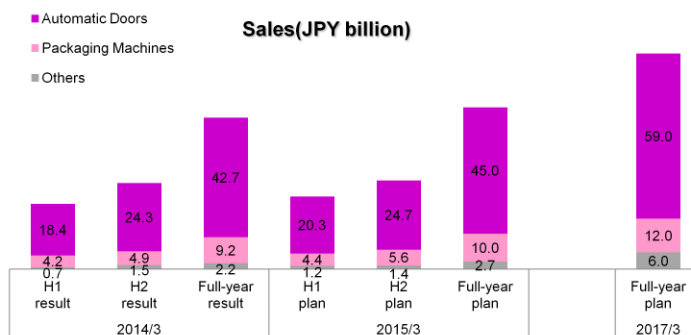
- Orders for MRJ of Mitsubishi Heavy Industry and 737MAX of Boeing are determined already. CAPEX is planned for the purpose of production increase toward the beginning of new programs

Industrial Equipment

Nabtesco

Results for 2014/3 and plan

(JPY million)	2014/3			2015/3			2017/3
	H1 result	H2 result	Full-year result	H1 plan	H2 plan	Full-year plan	Full-year plan
Sales (year-on-year)	23,445 (+6.2%)	30,819 (+19.1%)	54,264 (+13.2%)	26,100 (+11.3%)	31,800 (+3.2%)	57,900 (+6.7%)	77,000
Operating profit (year-on-year)	851 (-34.0%)	2,675 (+15.1%)	3,526 (-2.3%)	600 (-29.8%)	3,400 (+26.7%)	4,000 (+13.4%)	6,200
Operating profit margin	3.6%	8.7%	6.5%	2.3%	10.7%	6.9%	8.1%



Industrial Equipment: Mid-term Strategies of Automatic Doors and Packaging Machines

Nabtesco

GDP Growth Rate

	2008	2009	2010	2011	2012	2013	2014	2015	2018
Japan	-1.0	-5.5	4.7	-0.6	1.4	1.7	1.7	1.0	1.1
Switzerland	2.2	-1.9	3.0	1.8	1.0	1.7	1.8	1.9	1.9
USA	-0.3	-2.8	2.5	1.8	2.8	1.9	2.8	3.0	3.1
Euro Area	0.4	-4.4	2.0	1.5	-0.7	-0.4	1.0	1.4	1.6
UK	-0.8	-5.2	1.7	1.1	0.3	1.7	1.7	1.0	2.3
Germany	0.8	-5.1	3.9	3.4	0.9	0.5	1.6	1.4	1.2
France	-0.1	-3.1	1.7	2.0	0.9	0.9	1.5	0.8	1.0
Austria	1.4	-3.8	1.8	2.8	0.9	0.9	1.5	0.8	1.0
Canada	1.2	-2.7	3.4	2.5	0.9	0.9	1.5	0.8	1.0
Russia	5.2	-7.8	4.5	4.3	0.9	0.9	1.5	0.8	1.0

Source: IMF World Economic Outlook

Expansion of Market through M&A in Developed Countries Being Vital for Future Growth

Main Strategies

Automatic Doors:

- Strengthening operating base through value chain management
- Expansion of business scale through M&A
- Amplification of product lineup according to characteristics of markets and regions
- Enhancement of profitability through the evolution of MRO business

Main Strategies

Packaging Machines:

- Expansion of businesses in China and North America by strengthening sales network
- Further improvement of profitability through community-based MRO service framework

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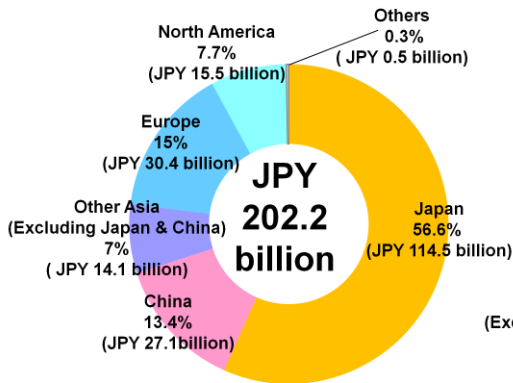
- Concerning automatic door business, increase of sales will be injected from 2016/3 due to M&A in North America and Europe

- Improvement of profitability through MRO business is the goal for both automatic door business and packaging machine business

Consolidated Results and Plan by Geographic Segment

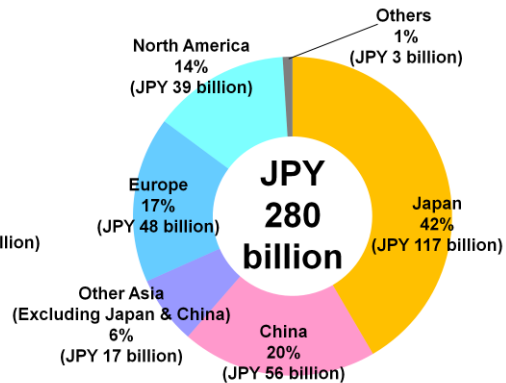
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2014/3 Result



Overseas Sales Ratio
43.4%

2017/3 Plan



Overseas Sales Ratio
58%

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- Drivers of growth in each region:

China: railroad vehicle business, precision reduction gear business, hydraulic equipment business(increase of sales through subsystemization)

North America: automatic door business, new energy business

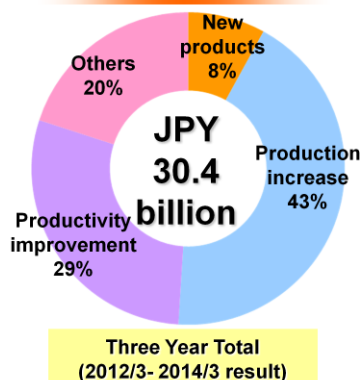
Europe: automatic door business, precision reduction gear business(for industrial robots and expansion of sales for new applications)

CAPEX, R&D and Depreciation

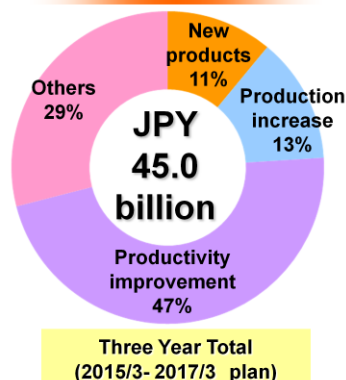
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(JPY billion)	Three Year Total (2012/3- 2014/3 result)	Three Year Total (2015/3- 2017/3 plan)
CAPEX	30.4	45.0
R&D	17.1	23.0
Depreciation	22.1	23.0

CAPEX by Usage



CAPEX by Usage



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- CAPEX for production increase was conducted a lot during the previous mid-term period while during the new mid-term plan period, modernization of domestic production bases will be focused on for future growth
- R&D is about 3% of sales during the new mid-term plan period
- Declining-balance method was adopted for parent company and part of consolidated subsidiaries until 2014/3 as the depreciation method for tangible fixed asset and it will be changed to straight-line method from 2015/3

Topics:

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✚ September 2013: included in the global indices for socially responsible investment (SRI)

-Dow Jones Sustainability Asia Pacific Index (First time)

-FTSE4Good Index Series (Ten times in a row) (April)



✚ November 2013: selected as a component of 'JPX-Nikkei Index 400'

✚ January 2014: A group company, CMET's 3D Printer "RapidMeister ATOMm4000" won the "Nikkei Business Daily Awards for Excellence" at "2013 Nikkei Superior Products and Services Awards".

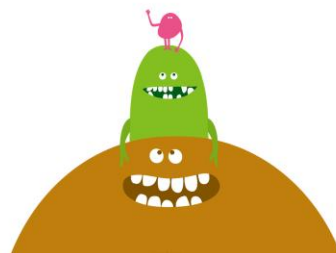
Topics:

Nabtesco

- ✚ March 2014: started collaboration with Swiss Federal Institute of Technology in Zurich (ETHZ: Eidgenössische Technische Hochschule Zürich) to develop power electronics technology
- ✚ April 2014: participated in the United Nations Global Compact and will further foster CSR-oriented management style
- ✚ April 2014: won 'Supplier of the Year' award FY2013 from Boeing

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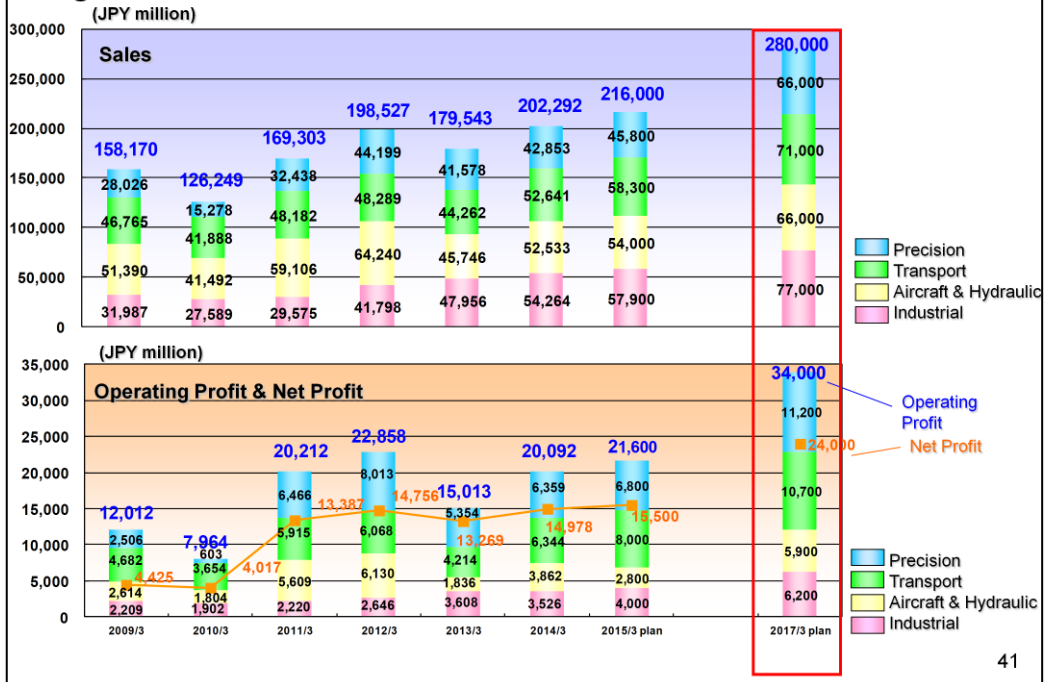
moving it. stopping it.



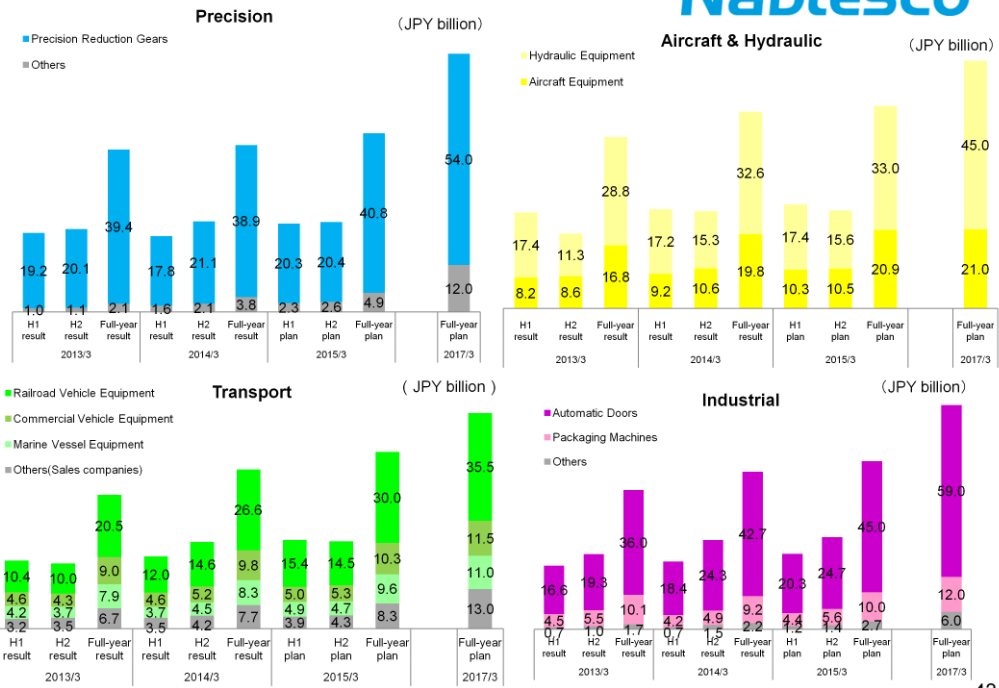
Appendix

Sales and Operating Profit by Business Segment

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Sales by Businesses



CAPEX, R&D , Depreciation

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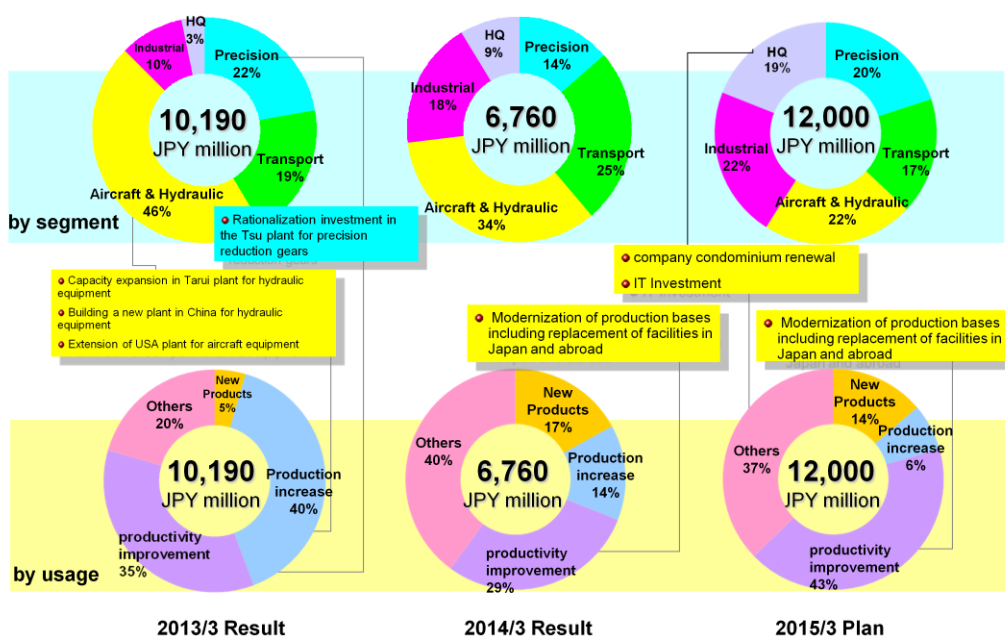
(JPY million)	2013/3 Result	2014/3 Result	2015/3 Plan
CAPEX	10,190	6,760	12,000
R&D	5,535	6,401	7,000
Depreciation	7,923	7,600	6,700

Notes:

- Increase in CAPEX in 2015/3 in light of postponement in 2014/3 and the modernization of domestic production bases.
- Declining-balance method was adopted for parent company and part of consolidated subsidiaries in 2014/3 as the depreciation method for tangible fixed asset. Decrease of 0.9 billion is expected since it will be changed to straight-line method.

Breakdown in CAPEX

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Consolidated Cash Flow

