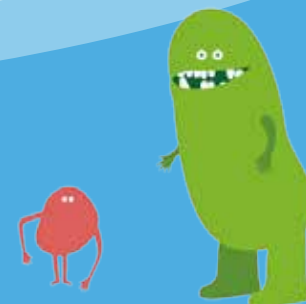


Briefing on Q2 Results for FY2016/12

August 8, 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.

Presentation as Reference Data due to the Fiscal Year End Change

FY2015/12

FY2015/12 (Reference*)	CY2015											
	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		

H1 result (Reference) : 6-month period for both domestic and overseas companies (adjusted by adding "Q1")
 Full-year result (Reference) : 12-month period for both domestic and overseas (– ditto –)

FY2016/12

FY2016/12	CY2016											
	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		

H1 result (Reference) : 6-month period for both domestic and overseas companies
 Full-year plan (Reference) : 12-month period for both domestic and overseas companies

*Please note that the H1 results and full-year results for FY2015/12 were calculated based on various assumptions to make comparisons with the H1 results for FY2016/12. They hadn't been audited and are for reference only.

FY2016/12 H1 Consolidated Result

The marine vessel business environment got worse but sales increased as a result of making a company into a consolidated subsidiary in the automatic door business.

O.P. Margin was improved by structural reform in the hydraulic equipment business though O.P. itself was lowered due to cost increase caused by factors such as the establishment of a precision reduction gear plant in China.

(JPY million)	2015/12 H1 Result (Reference ^{Note2}) (A)	2016/12 H1 Result (B)	Variation (B-A)
Sales	112,578	116,270	3,692
O.P.	11,319	10,731	-588
(O.P. Margin)	10.1%	9.2%	-
Non-operating profit and loss	-294	-679	-385
Ordinary profit	11,613	10,052	-1,561
Extraordinary profit and loss	916	1,124	208
Net profit*	7,240	7,211	-29

O. P. Margin
Business mixture etc.

Non-operating profit
and loss
-Profit decline in an equity
method company
-Foreign exchange loss

Extraordinary profit
and loss
-Extraordinary profit gained
by making a consolidated
subsidiary in the automatic
door business

Interim dividend
2 yen increase

Net profit per share	57.94 yen	58.38 yen	-
Dividend per share	22 yen	24 yen	2

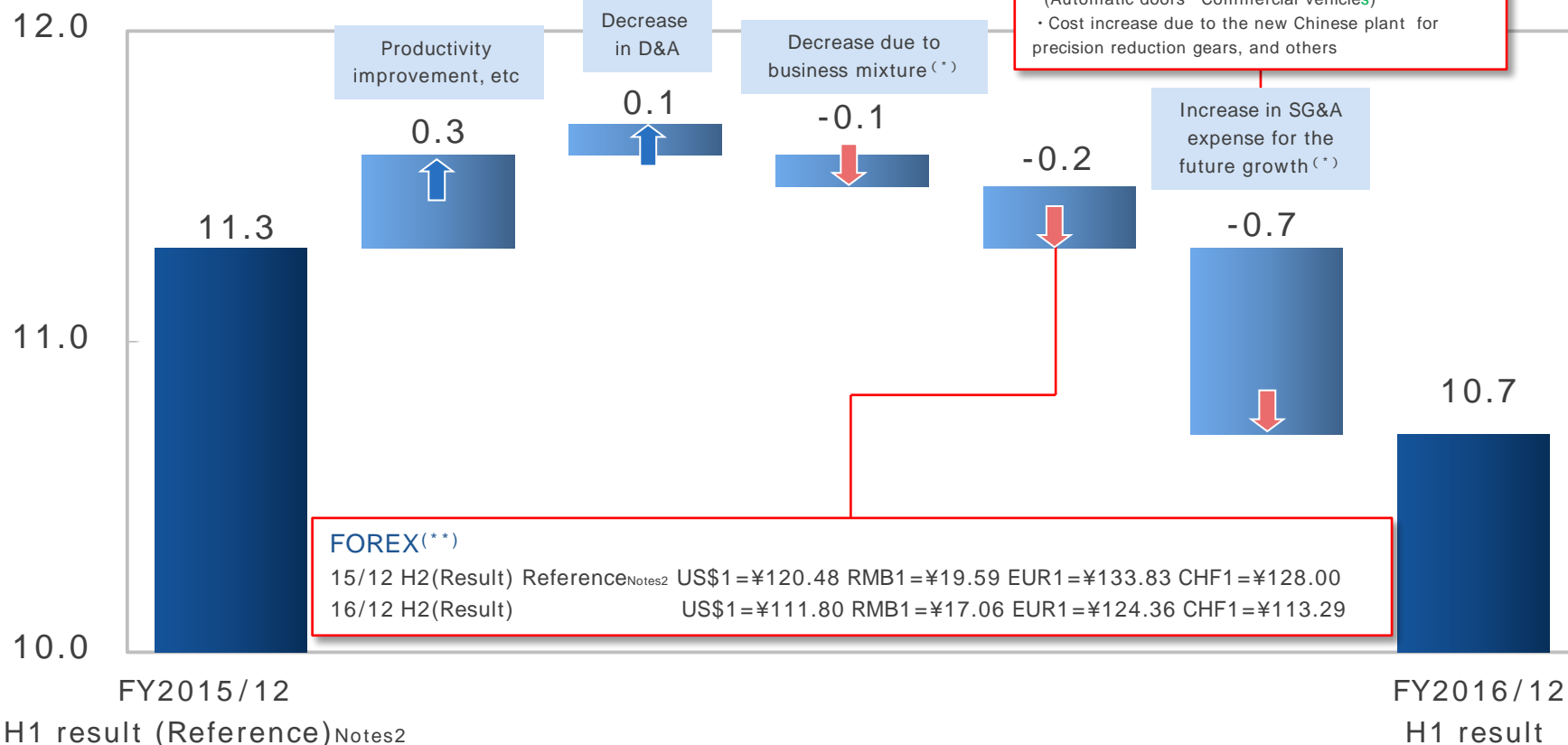
*Net profit = Net profit attributable to owners of the parent
Note2. Please refer to "Notes" page for details.

Consolidated Profit (Analysis of Changes in Operating Profit)

Made an affiliate a consolidated subsidiary in the automatic door business, but this was not enough to cover the decline of profit in the marine vessel and other business.

Increased investment for future growth, including establishing a new precision reduction gear plant in China.

(JPY billion)



* Fluctuations in operating profit owing to the increase of sales and SG&A expenses are calculated without considering 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\$): 19 million yen (RMB) minimal (EUR) minimal (CHF) Minimal

Note2. Please refer to "Notes" page for details

BS reflects the result of making an automatic door affiliate a consolidated subsidiary. The strong Balance Sheet has been maintained though the net asset was decreased due to a decrease in the assets of overseas subsidiaries caused by FOREX effect.

(JPY million)	2015/12 As of Dec. 31, 2015	2016/12 As of July 30, 2016	Variation
Assets	233,381	241,772	8,390
(Cash and time deposits)	35,068	38,274	3,206
(Accounts receivable)	59,750	58,784	-966
(Inventory)	28,421	31,572	3,150
(Tangible fixed assets)	55,916	63,692	7,776
Liabilities	84,456	95,113	10,656
(Interest-bearing debt)	15,333	16,808	1,474
Net assets	148,924	146,658	-2,265
(Stock acquisition right)	379	460	81
(Minority interests)	6,476	7,174	697
Equity capital	142,068	139,024	-3,044

Equity ratio : 60.9% 57.5% -

Forecast for FY2016/12

No change in FY2016/12 plan which announced on Feb. 12, 2016

(JPY million)	2015/12 Result (Reference ^{Note2}) (A)	2016/12 Plan (B)	Variation (B-A)	Ratio ((B-A)/A)
Sales	228,949	250,000	21,051	9.2%
O.P.	21,308	25,500	4,192	19.7%
(O.P. Margin)	9.3%	10.2%	0.9pt	-
Ordinary profit	22,388	27,000	4,612	20.6%
Net Profit *	14,796	18,900	4,104	27.7%
ROA	6.2%	7.6%	-	-
ROE	10.1%	12.5%	-	-

Dividend per share (Yen)
Payout Ratio

50 JPY(plan)
32.7%(plan)

*Net profit
=Net profit attributable to owners of the parent
Note2. Please refer to "Notes" page for details

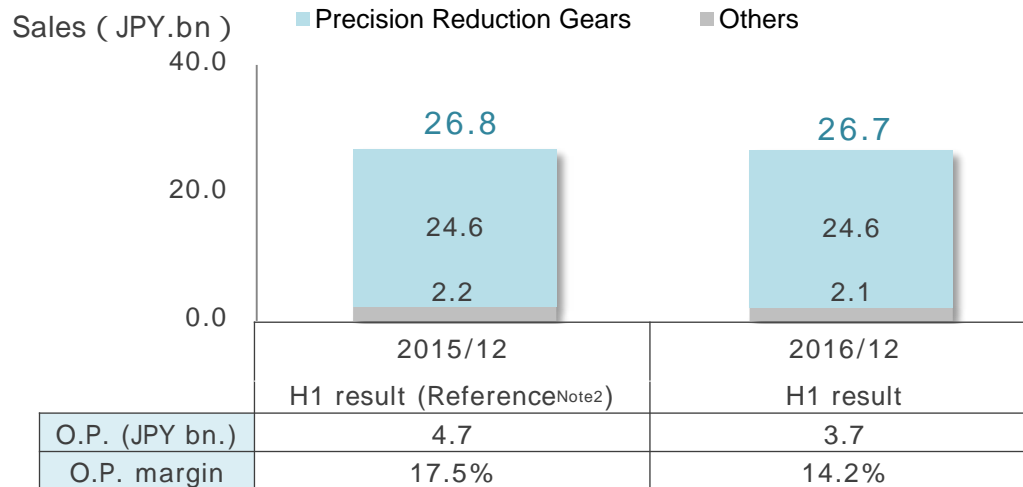
FOREX 16/12 Full-year (plan) US\$1=¥115.00 RMB1=¥18.00 EUR1=¥130.00 CHF1=¥120.00

FOREX sensitivity in O. P. (This represents the effect to be expected on operating profit if the exchange rate fluctuates by one yen)
(US\$) 330 million yen (RMB) 944 million yen (EUR) Minimal (CHF) Minimal

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 yen (RMB) 55 million yen (EUR) Minimal (CHF) Minimal

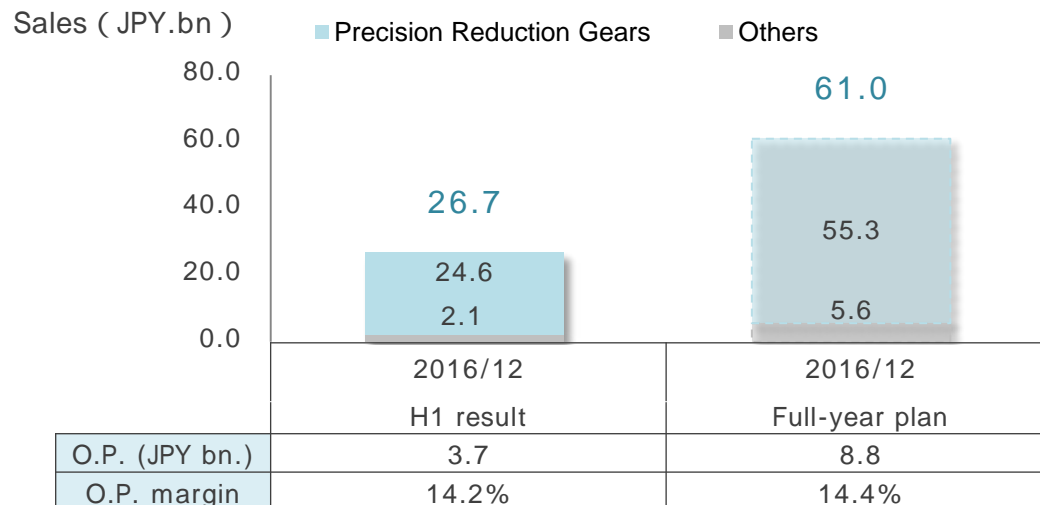
Precision Equipment Segment

YoY comparison of H1 Result



H1 result
(Precision Reduction Gears)
 Sales remained on the same level as the last year because of weak demand in FY2015 Q3 (Oct. – Dec.).
(New Energy)
 Almost unchanged in spite of FOREX effect.
(Operating Profit)
 Declined due to the establishment of a new precision reduction gear plant in China and lower utilization ratio in plants in Japan.

H1 result and full-year plan

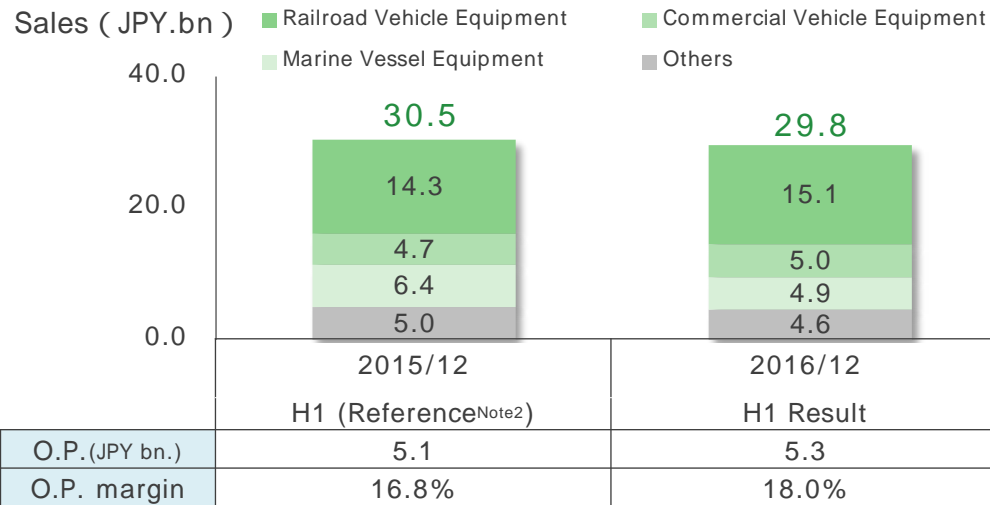


Full-year plan
(Precision Reduction Gears)
 Robust demand from industrial robot manufacturers as planned, though some delay seen in Q1.
 Failure to achieve the sales expansion target for new products should be noted as a risk.
(New Energy)
 Changes in customer competitiveness due to FOREX effect should be noted as a risk.

Note2. Please refer to "Notes" page for details

Transport Equipment Business

YoY comparison of H1 Result



H1 result

(Railroad vehicle equipment)

Sales increased due to increased sales in China and in the MRO* business.

(Commercial vehicle equipment)

M&A contributed to sales increase.

(Marine vessel equipment)

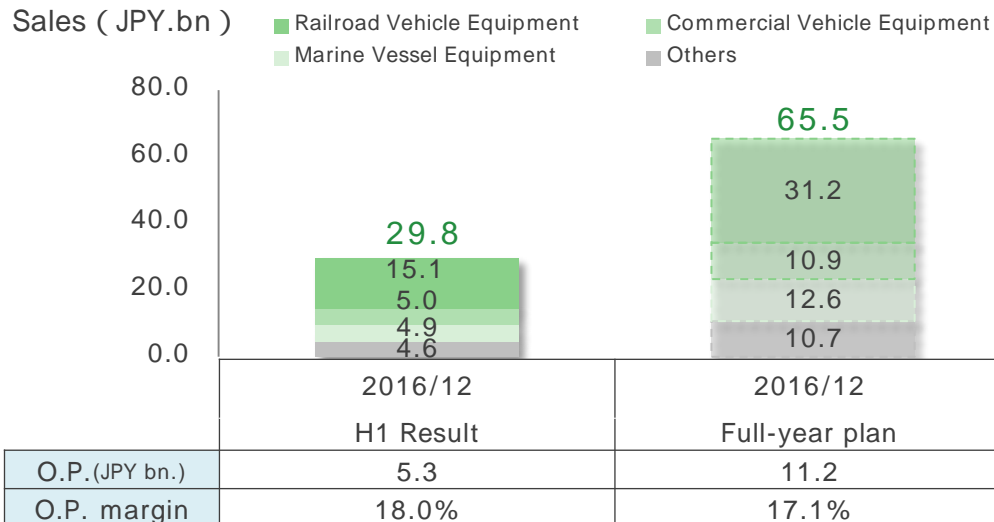
Sales decreased due to slowdown in the shipping and shipbuilding market.

(Operating Profit)

The MRO business for railroad vehicles mainly helped increase O.P.

*MRO (Maintenance, Repair and Overhaul)

H1 result and full-year plan



Full-year plan

Expected to be complementary to each other within the segment.

(Railroad vehicle equipment)

Delay in the railroad project in China may affect the full year plan.

(Commercial vehicle equipment)

Limited growth for OEM, but favorable as a whole due to M&A effect.

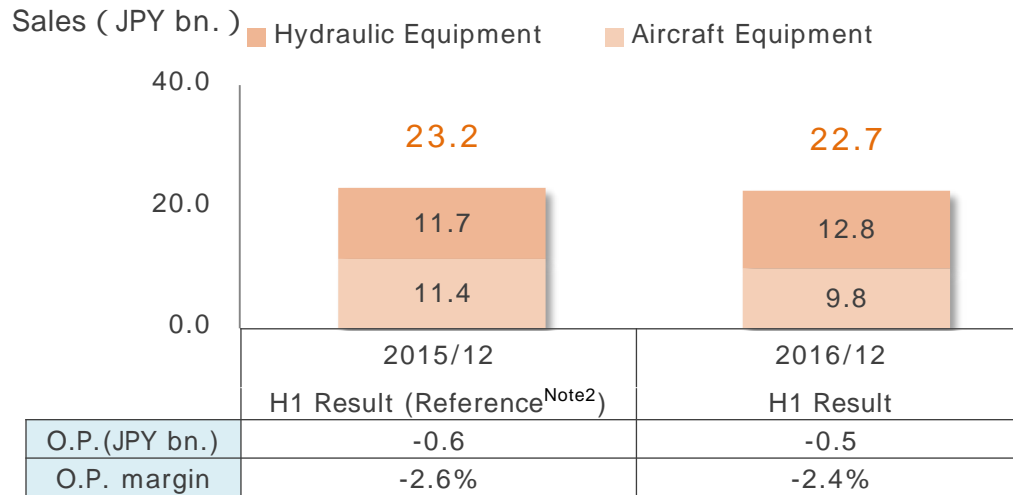
(Marine vessel equipment)

Difficult to achieve the plan due to the deterioration of the shipping and shipbuilding market.

Note2. Please refer to "Notes" page for details

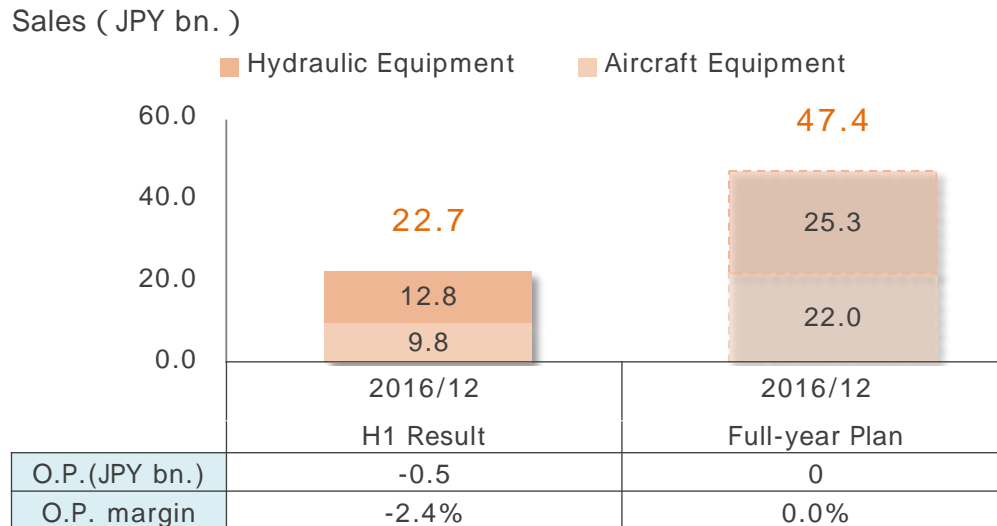
Aircraft & Hydraulic Segment

YoY comparison of H1 Result



H1 Result
 (Hydraulic Equipment)
 Sales increased due to the acquisition.
 (Aircraft Equipment)
 Sales decreased due to FOREX fluctuation.
 (Operating Profit)
 O.P. increased through structural reform in the Hydraulic Equipment business, though affected by FOREX fluctuation.

H1 result and full-year plan

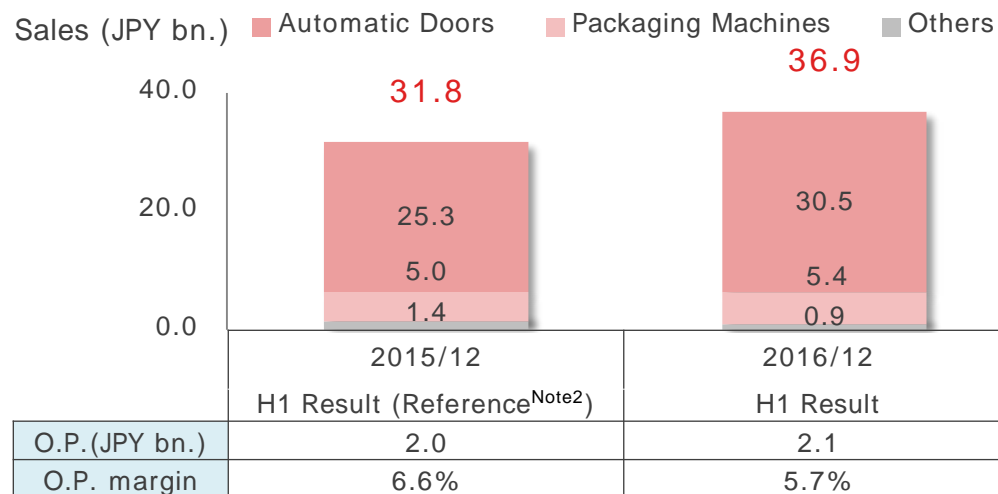


Full-year plan
 (Hydraulic Equipment)
 Proceeding as planned according to H1 result.
 (Aircraft Equipment)
 Risk of FOREX fluctuation.

Note2. Please refer to "Notes" page for details

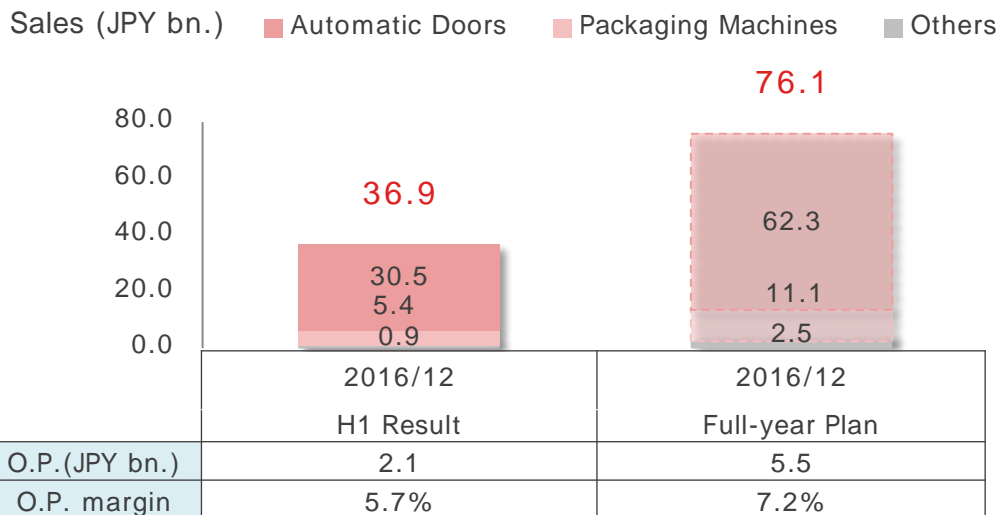
Industrial Equipment Segment

YoY comparison of H1 Result



H1 Result
(Automatic Doors)
 Sales increased as a result of making an affiliate company a consolidated subsidiary.
(Packaging Machines)
 Sales increased due to solid growth of the domestic market.
(Operating Profit of this Segment)
 O.P. increased due to the acquisition.

H1 result and full-year plan

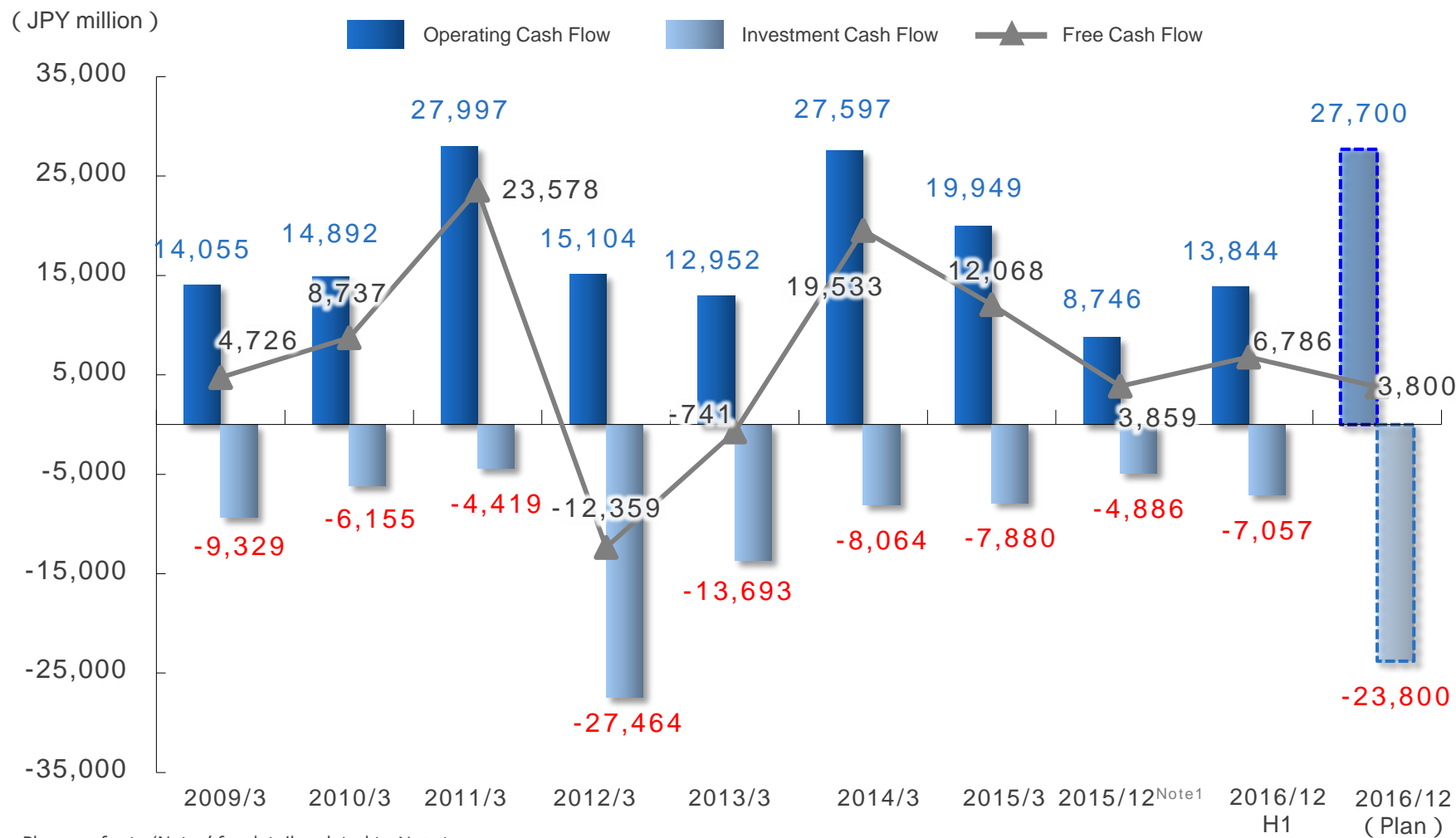


Full-year plan
(Automatic Doors)
 • Going on steadily as a result that the sales company became a consolidated subsidiary earlier than expected.
 • The progress of PMI may cause a delay in profit generation.
(Packaging Machines)
 Proceeding steadily as planned for the achievement of record-high sales, thanks to H1 steady demand.

Note2. Please refer to "Notes" page for details

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.



CAPEX, R&D and Depreciation

Making large-scale capital investments mainly for Precision Reduction Gears & Aircraft Equipment for future growth

Precision Reduction Gears : Enhance production capacity of the new plant in China

Aircraft Equipment : Capacity expansion for new programs

(JPY million)	2016/12 H1 Result(A)	2016/12 Full-year Plan(B)	Progress (B/A)	2015/12 Full-year Result (Reference ^{Note2})
CAPEX	7,813	20,000	39%	10,291
R&D	3,709	8,200	45%	7,265
Depreciation	3,338	8,600	38%	7,399

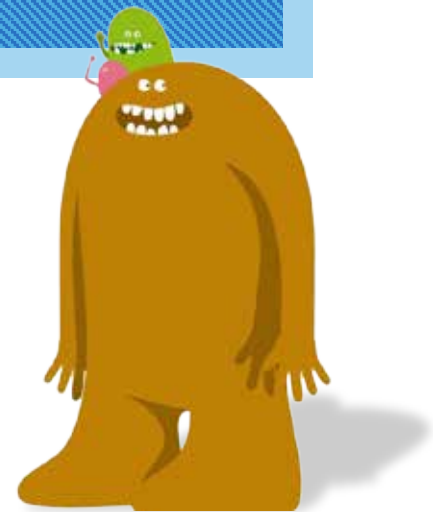
Note2. Please refer to "Notes" page for details

Notes

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.

Appendix



Progress of the Mid-term Management Plan

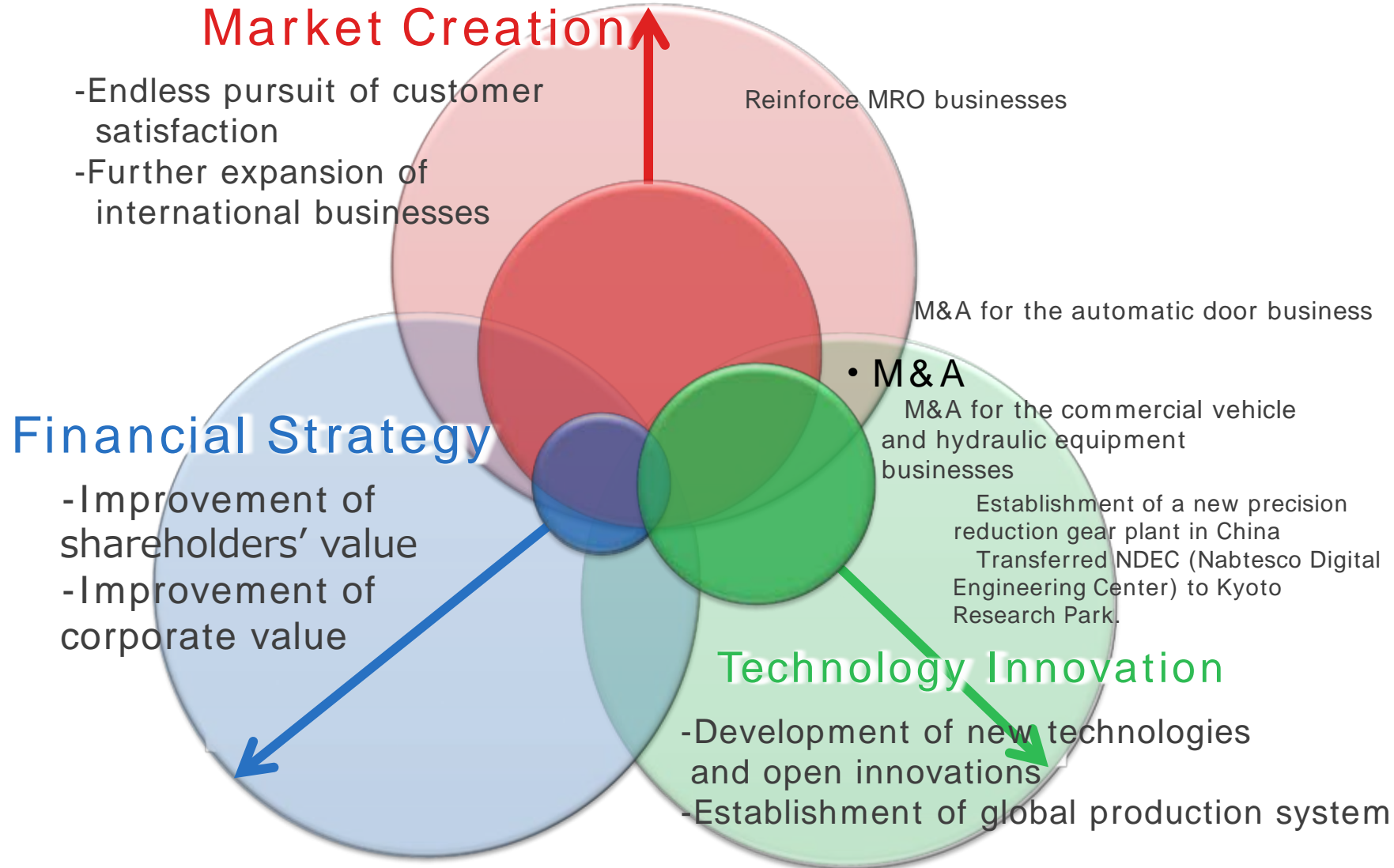
(JPY bn.)	2015/12 Full-year Result (Reference ^{Note2})	2016/12 Full-year Plan	2017/3 Final Year of the Current Mid-term Plan
Sales	228.9	250.0	280.0±5%
Operating Profit	21.3	25.5	34.0
O.P. Margin	9.3%	10.2%	12.0%
Net Profit *	14.7	18.9	24.0
EPS	118.87 JPY	153.04 JPY	190 JPY
ROA	6.2%	7.6%	7.5%
ROE	10.1%	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

Note2. Please refer to "Notes" page for details

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

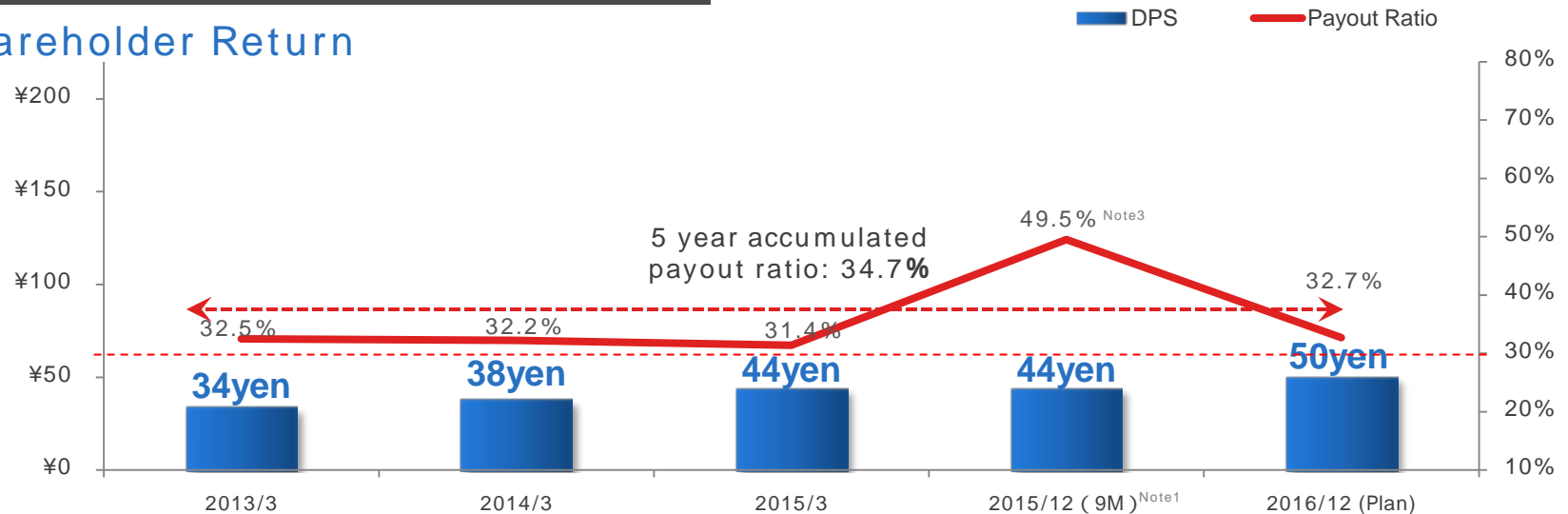
We are planning to announce the new mid-term (4-year) management plan towards the long-term vision for FY2020 , with no radical changes in the management strategy.



Shareholder Return Policy/Financial Strategy

Continuous and Stable Shareholder Return

Shareholder Return



- Dividend policy : more than 30% payout ratio and stable dividend
 - First-time ¥10bn-scale-share buyback for shareholder return purpose
- Five-year accumulated total shareholder return : approx. 48 %

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%
- **Without equity finance in principle**

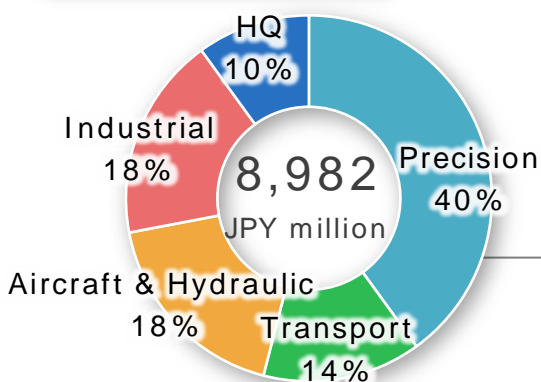
Please refer to 'Notes' for details related to Note1

Note 3: The Company has changed the closing date from March 31 to December 31 effective from the fiscal year 2015/12.

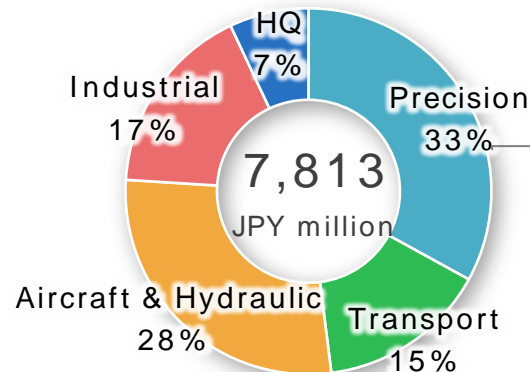
Accordingly, the consolidated fiscal year ended December 2015 is a transitional period, in which the consolidated operating results cover nine months (April 1, 2015 to December 31, 2015) for companies that close their accounts in March, in contrast to 12 months (January 1, 2015 to December 31, 2015) 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%).

Breakdown in CAPEX

By Segment

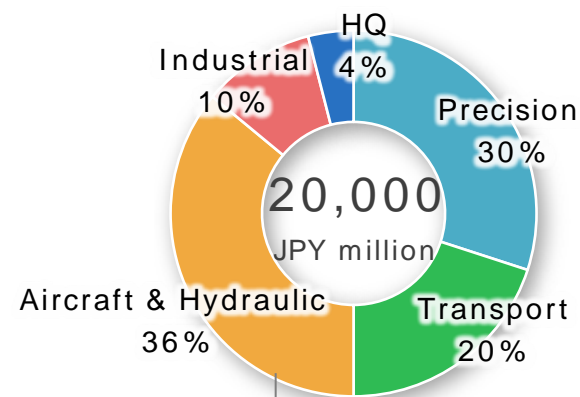


Precision reduction gears:
 - New plant construction in China
 - Capacity expansion at Tsu Plant



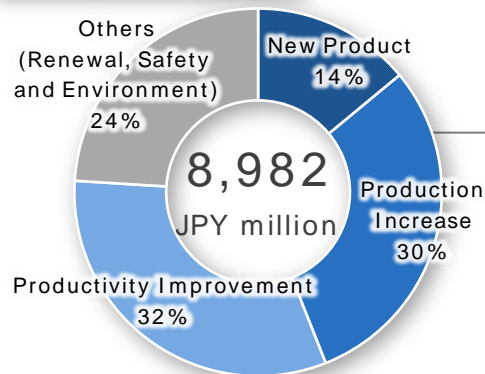
Precision reduction gears:
 - Installation of new facilities in the new China plant

Environment-related investments
 R&D-related investments

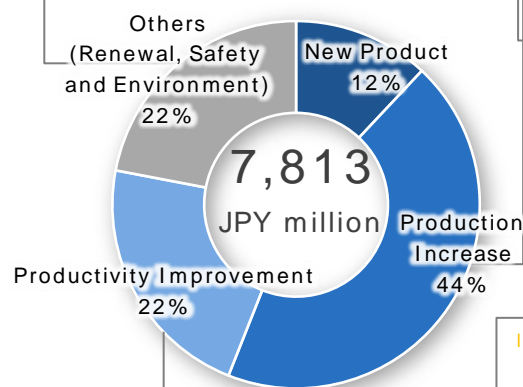


Precision reduction gears:
 - Installation of new facilities in the new China plant
 Aircraft equipment:
 - Capacity expansion at Gifu Plant

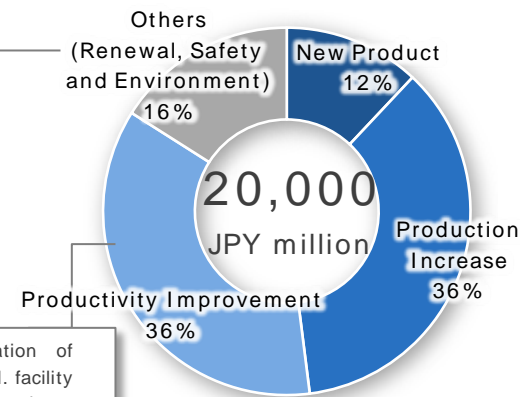
By Usage



2015/12 Result Note1



2016/12 H1 Result



2016/12 Plan

Modernization of plants incl. facility replacement in Japan and abroad

Please refer to "Notes" for Note1.

Main Products: Precision Equipment Segment

Precision Reduction Gears

n Joints of Industrial Robots

n Machine Tool ATCs

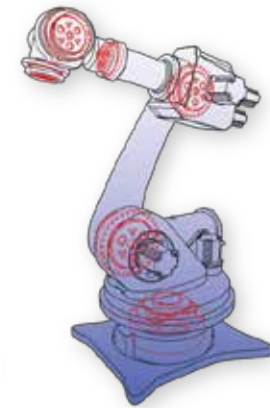
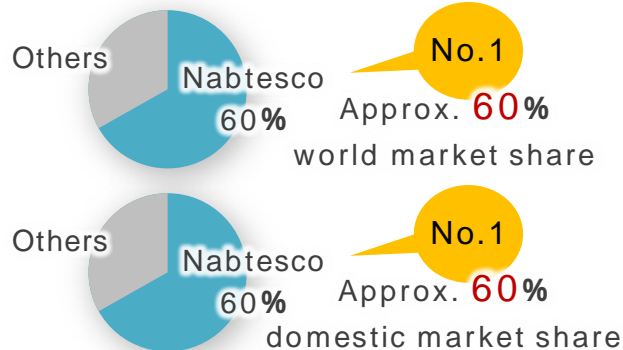
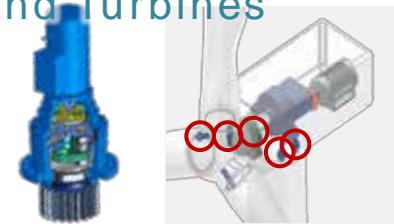
(ATC = Automatic Tool Changer)

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

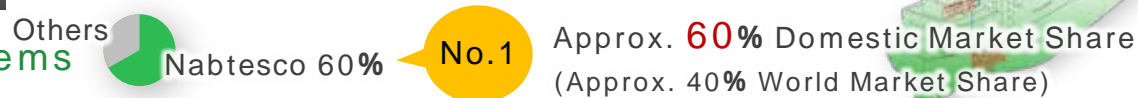


n Air Dryers



Marine Vessel Equipment

n 2ST Main Engine Control Systems



Main Customers

n Railroad Vehicle Equipment

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

n Commercial Vehicle Equipment

Hino, Mitsubishi Fuso Truck & Bus, Isuzu, UD Trucks, Nissan Motor, FHI

n Marine Vessel Equipment

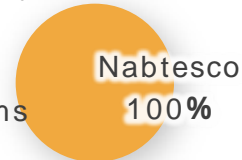
KHI, Mitsui Engineering & Shipbuilding, Hitachi Zosen, MHI, Hyundai Heavy Industries (Korea), Hudong Heavy Machinery (China), Samsung Heavy Industries (Korea), Doosan Engine (Korea), MAN Diesel (Denmark)

Main Products: Aircraft & Hydraulic Segment

Aircraft Equipment

n Flight Control Actuation Systems (FCA)

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



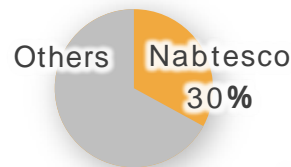
No.1

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



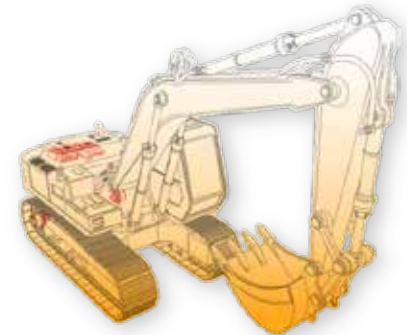
Hydraulic Equipment

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

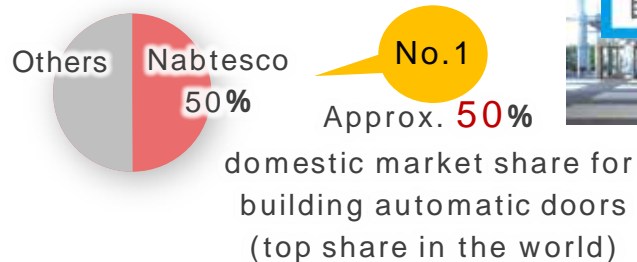
n Hydraulic Equipment

Komatsu, Sumitomo Construction Machinery, Kobelco Construction Machinery, Kubota, Hitachi Construction Machinery, Sany, Zoomlion, XCMG, Liu Gong

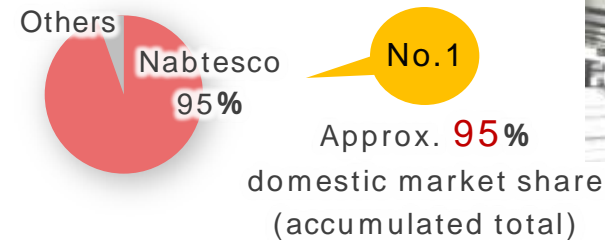
Main Products: Industrial Equipment Segment

Automatic Doors

n Automatic Doors

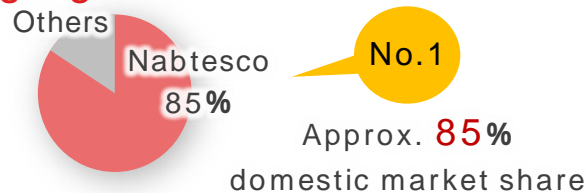


n Platform Screen Doors



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

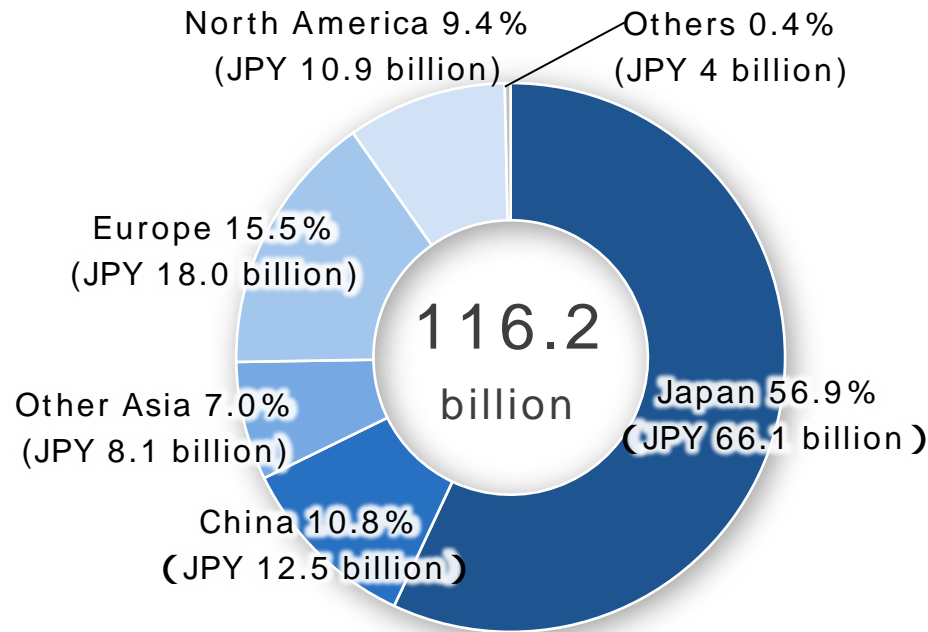
n Packaging Machines

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

Sales by Geographic Segment

2016/12 H1 Result

(6-month period for both domestic and overseas companies)

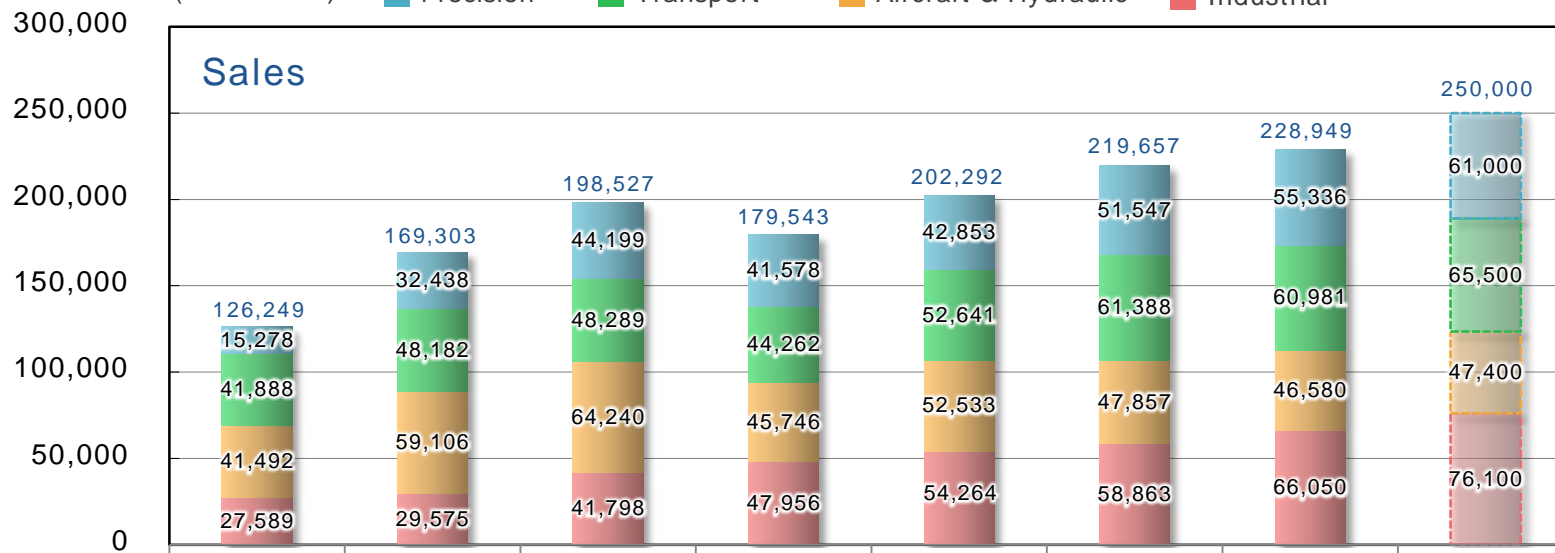


Overseas Sales	JPY 50.1 billion
Ratio	43.1%

Result and Forecast for Sales and Operating Profit by Business Segment

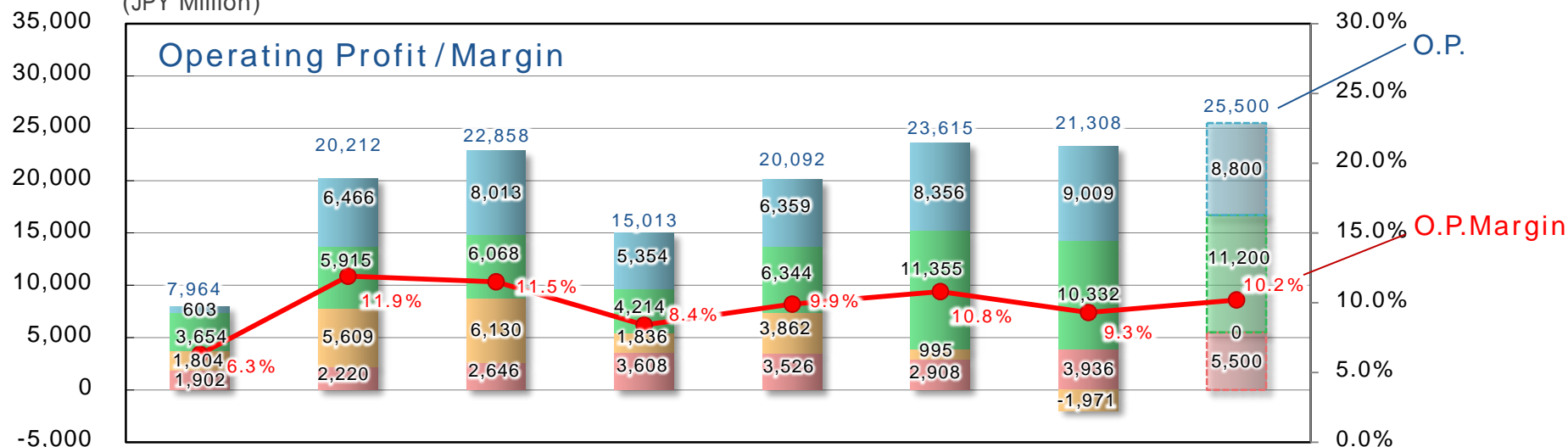
(JPY Million) Precision Transport Aircraft & Hydraulic Industrial

Sales



(JPY Million)

Operating Profit / Margin

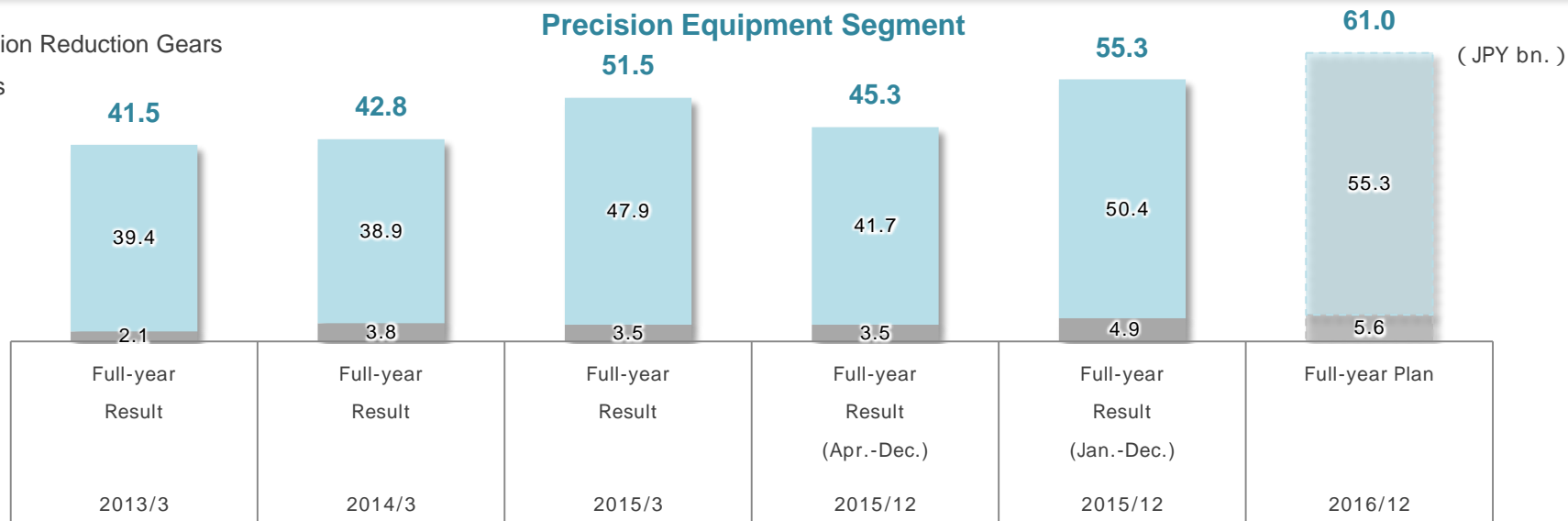


Note2. Please refer to "Notes" page for details

Result and Forecast for Sales by Business

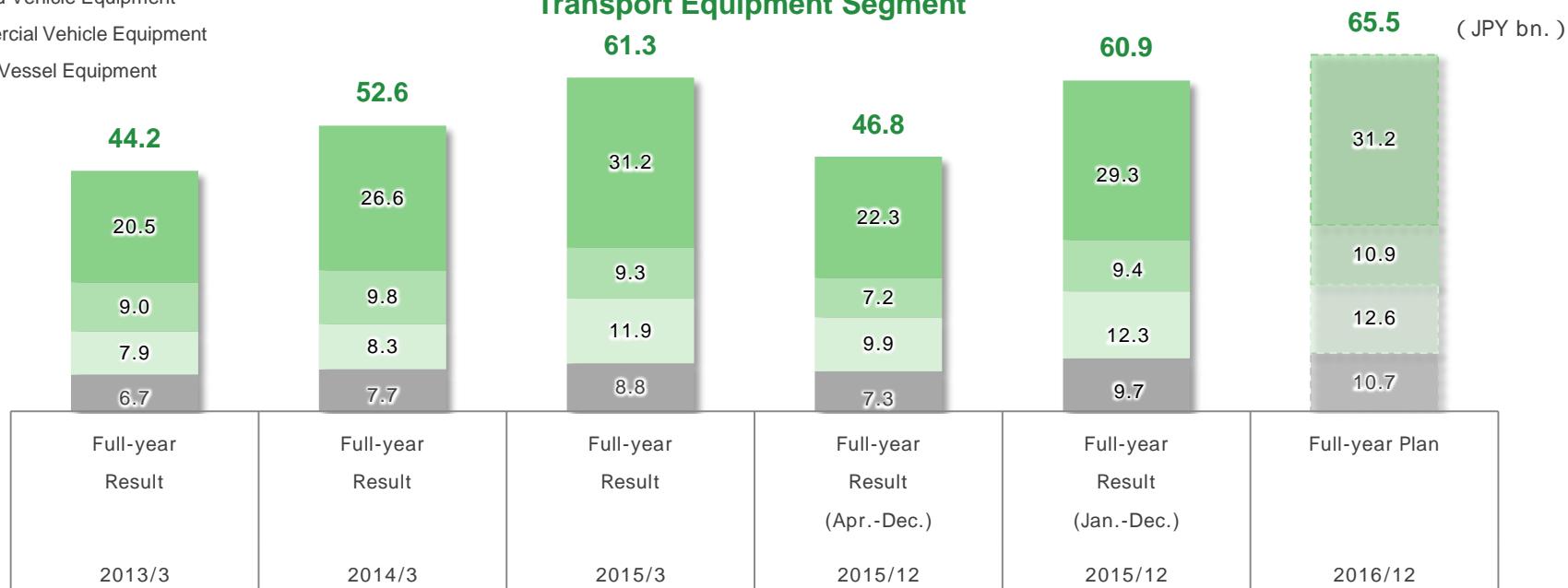
- Precision Reduction Gears
- Others

Precision Equipment Segment



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

Transport Equipment Segment



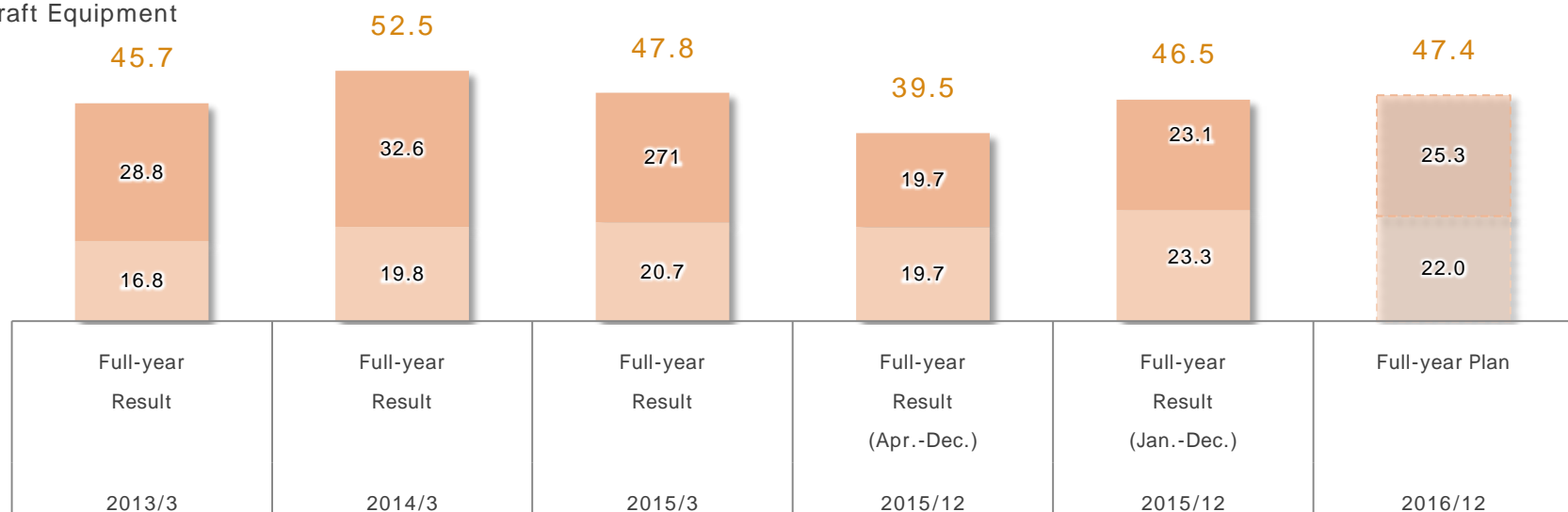
Result and Forecast for Sales by Business

Hydraulic Equipment

Aircraft Equipment

Aircraft and Hydraulic Equipment Segment

(JPY bn.)



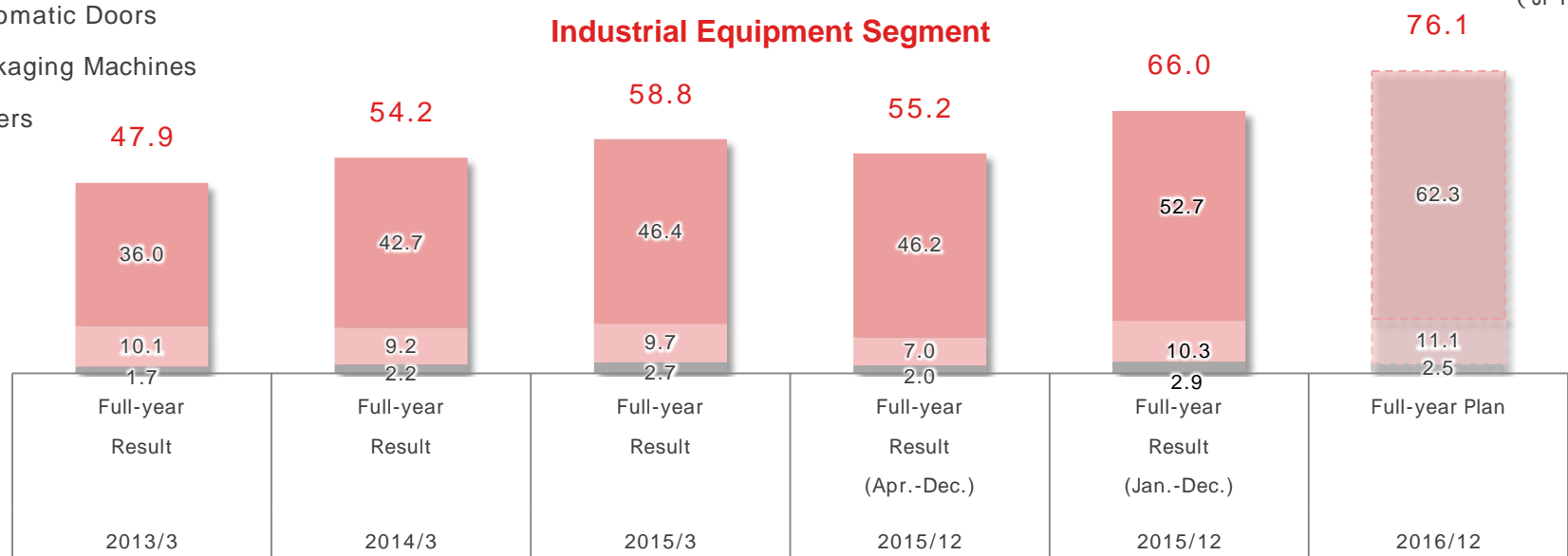
Automatic Doors

Packaging Machines

Others

Industrial Equipment Segment

(JPY bn.)



Result and Forecast for Sales and Operating Profit by Business Segment

(JPY Million)

Segment	Item	2016/12 H1 Plan	2016/12 H1 Result (A)	2016/12 Full-year Plan Tansin-Base(B)	Progress (A/B)
Precision	Sales	29,800	26,763	61,000	43.9%
	O.P. (O.P. margin)	4,000 (13.4%)	3,796 (14.2%)	8,800 (14.4%)	43.1%
Transport	Sales	31,500	29,816	65,500	45.5%
	O.P. (O.P. margin)	4,900 (15.6%)	5,376 (18.0%)	11,200 (17.1%)	48.0%
Aircraft & Hydraulic	Sales	22,600	22,722	47,400	47.9%
	O.P. (O.P. margin)	-700 (-3.1%)	-544 (-2.4%)	0 (0.0%)	-
Industrial	Sales	34,100	36,967	76,100	48.6%
	O.P. (O.P. margin)	1,800 (5.3%)	2,102 (5.7%)	5,500 (7.2%)	38.2%

Nabtesco

moving it. stopping it.

