

Strategy Execution of Midterm Plan - Inventory of FY2014 -

President & CEO Kazuaki KOTANI

Nabtesco Corporation

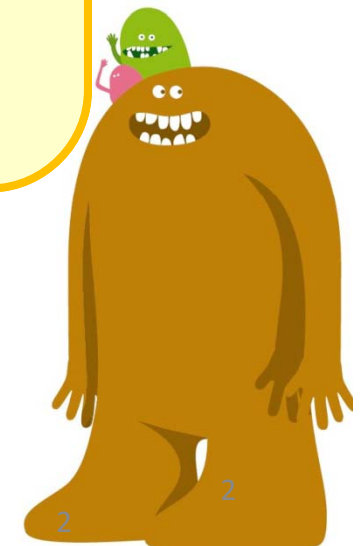
The forecast data presented herein reflects assumed results based on conditions that are subject to change.

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.

Agenda

Nabtesco

- I. Inventory of FY2014 and Recognition of Current Situation for Midterm Plan(FY2014 - FY2016)
- II. Plan by Segment - Market Creation
- III. Technology Innovation
- IV. Financial Strategy
- V. Appendix



Inventory of FY2014 and Recognition of Current Situation for Midterm Plan

Inventory of FY2014



<Positive factor for FY2014>

Precision reduction gears:

Increase in sales on the back of annual growth rate of 10% plus for robot market, from the previous forecast of 6%.



<Negative factor for FY2014>

Hydraulic equipment business:

Decrease in sales due to the weak performance against a background of flagging demand in Chinese construction machinery market.



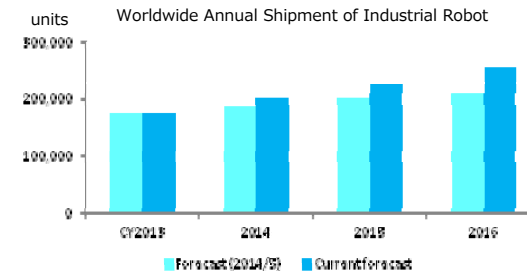
New energy business:

Decrease in sales due to the delay of orders from solar tracking equipment.

FY2016 Forecast

<Positive factor>

- Prolonged period of high growth for precision reduction gears

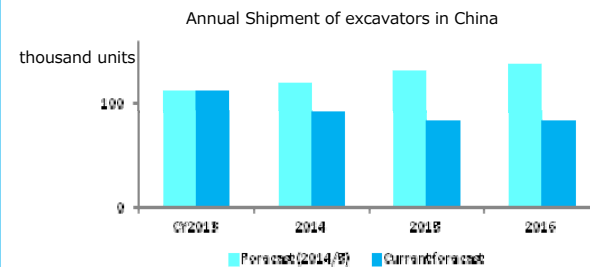


Resource: IFR. The forecast by IFR includes both small and mid to large robots



<Negative factor>

- Demand for hydraulic equipment being forecasted to be weak



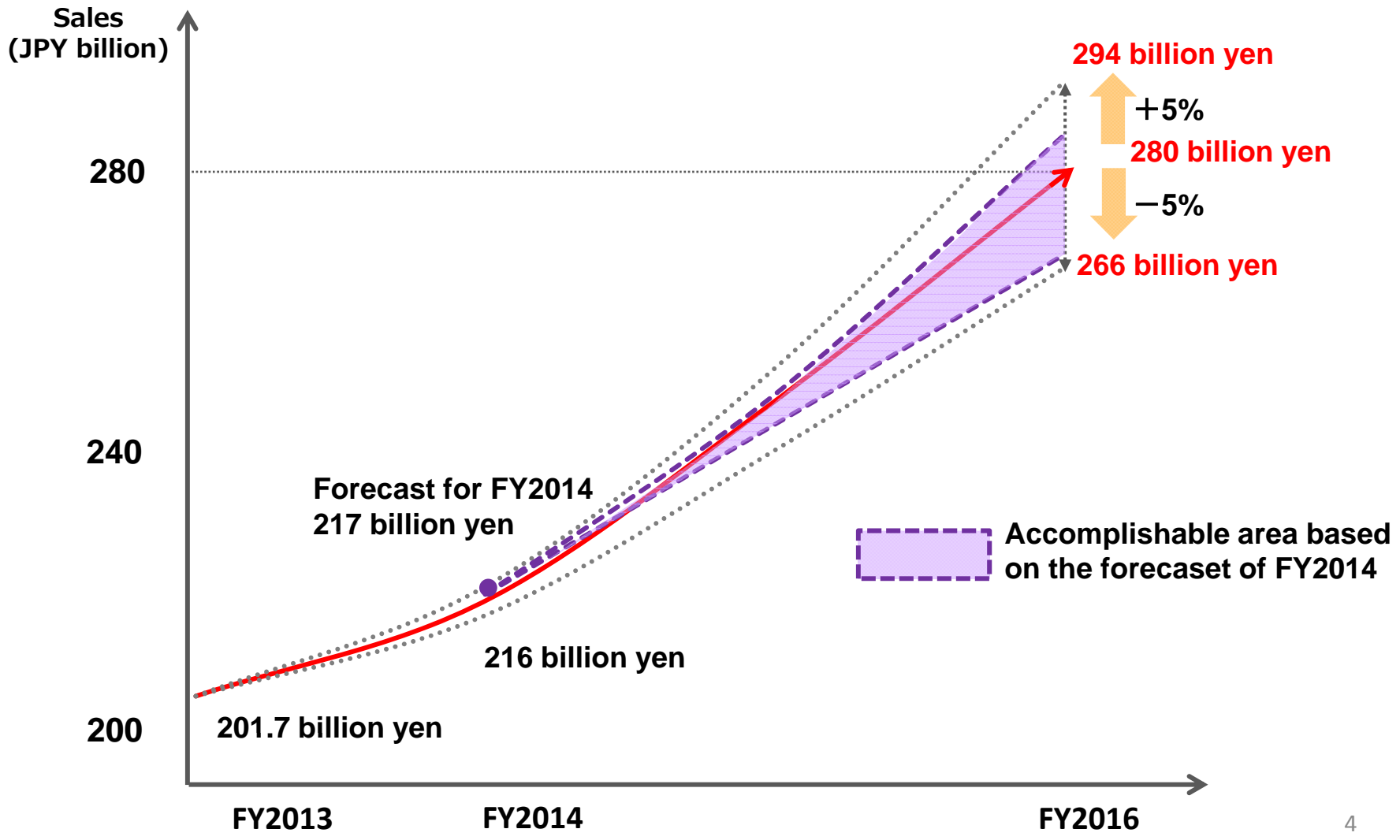
Resource: Nabtesco Estimates

- Solar tracking equipment being tough due to the delay in the start of commercial project

Inventory of FY2014 and Recognition of Current Situation for Midterm Plan



- Achieving target of FY2014, the first year of midterm plan
- No change with the sales target of 280b±5% for FY2016



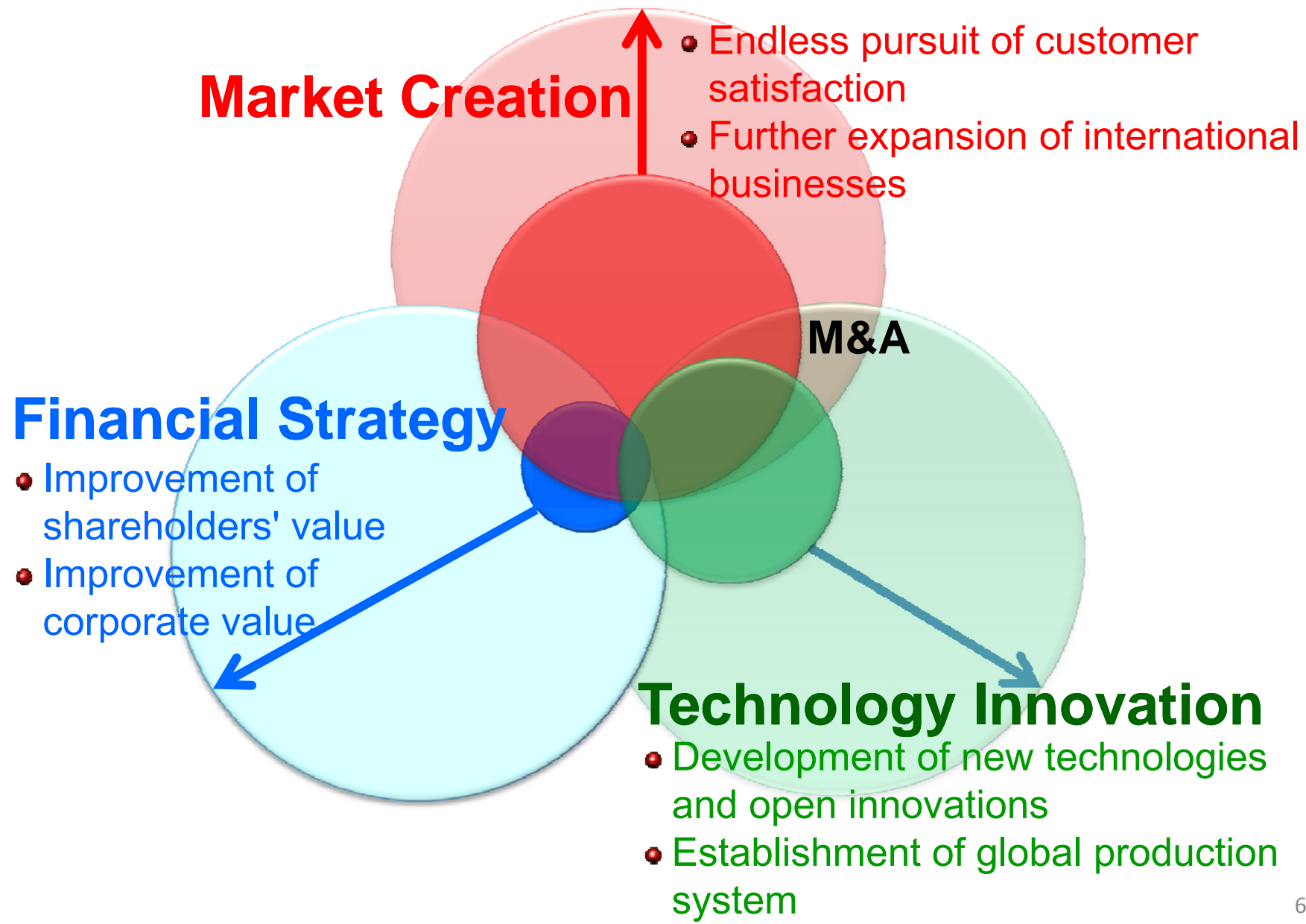
Inventory of FY2014 and Recognition of Current Situation for Midterm Plan

Nabtesco

- Achieving target of FY2014, the first year of midterm plan
- No change with the current financial targets of FY2016

(JPY billion)	2014/3 Result	2015/3 Initial forecast	2015/3 Forecast	2017/3 Plan announced in May 2014
Sales	202.2	216	217	280±5%
O.P.	20	21.6	23	34
O.P. Margin	9.9%	10.0%	10.6%	12.0%
Net Profit	14.9	15.5	17.2	24
EPS	117.95 yen	122.70 yen	135.92 yen	190 yen
ROA	6.9%	6.5%	7.3%	7.5%
ROE	12.2%	11.5%	12.4%	15.0%
Dividend	38 yen	40 yen	-	
Payout ratio	32.2%	32.8%	At least 30%	

Inventory of FY2014 and Recognition of Current Situation for Midterm Plan



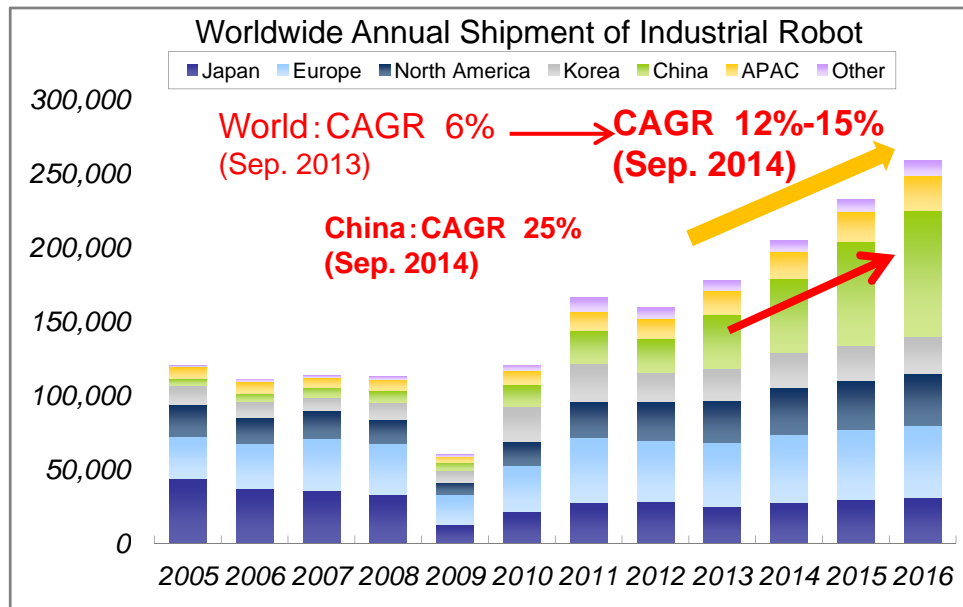
Plan by Segment - Market Creation

(1) Precision Equipment Segment

(JPY million)

Segment	Term	2014/3 Result	2015/3 Initial forecast	2015/3 (Forecast on 30 th Jan)	2017/3 Plan
Precision	Sales	42,853	45,800	50,200	66,000
	O.P.	6,359	6,800	7,800	11,200
	O.P.Margin	14.8%	14.8%	15.5%	17.0%

<Forecast from organic growth>



Source : IFR(International Federation of Robotics)
The forecast by IFR includes small and mid to large robots

<Effort for growth acceleration>

Precision reduction gears

- Start of China production (To be scheduled from Jan 2016)
- Capacity expansion in domestic plant
- Expansion of European subsidiary

Precision Reduction Gears Business

Aiming for stable supply capability

in preparation for growing demand in the mid-to-long term

Nabtesco

- China plant- *Smart & Green Factory*

To achieve 'highly efficient production' and
'reduction of environmental burdens'

- To acquire the certification of 'Green construction'★★★★
Targeting 40% reduction in energy usage (Comparing with Tsu plant)

[New Company] Nabtesco (China) Precision Equipment Co., Ltd.

[Location] Changzhou, Jiangsu Province, People's Republic of China

[Start of Operation] January 2016

[Production Capacity] Precision reduction gears: 200,000 units per year



- Capacity expansion by 10% in Tsu plant

- Current: 600,000 units per year → Plan: 660,000 units per year
- Time: within FY2015

Plan by Segment - Market Creation

(2) Transport Equipment Segment

(JPY million)

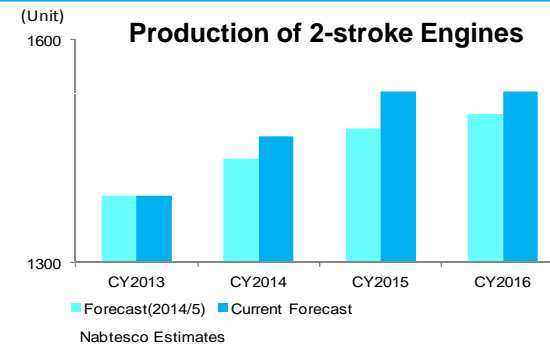
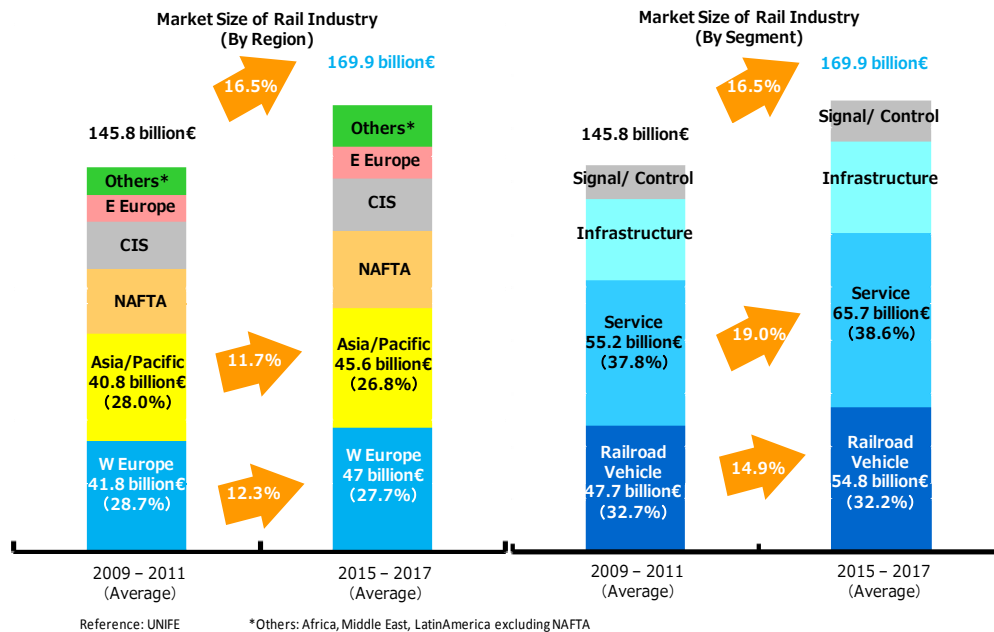
Segment	Term	2014/3 Result	2015/3 Initial forecast	2015/3 (Forecast on 30 th Jan)	2017/3 Plan
Transport	Sales	52,641	58,300	60,300	71,000
	O.P.	6,344	8,000	10,800	10,700
	O.P.Margin	12.1%	13.7%	17.9%	15.1%

Railroad vehicle equipment (growth acceleration)

- Proactive penetration into European market and promotion of MRO*

Marine vessel equipment

- Enjoying the backlog of new shipbuilding
- Robust demand for computerized engines



Commercial vehicle equipment

- Capturing demand in Thai market along with the expansion of local plant
- Strengthening marketing activities and increase of orders in India

* MRO: Maintenance, Repair, Overhaul

Plan by Segment - Market Creation

(3) Aircraft & Hydraulic Equipment Segment

(JPY million)

Segment	Term	2014/3 Result	2015/3 Initial forecast	2015/3 (Forecast on 30 th Jan)	2017/3 Plan
Aircraft & Hydraulic	Sales	52,533	54,000	47,900	66,000
	O.P.	3,862	2,800	1,200	5,900
	O.P.Margin	7.4%	5.2%	2.5%	8.9%

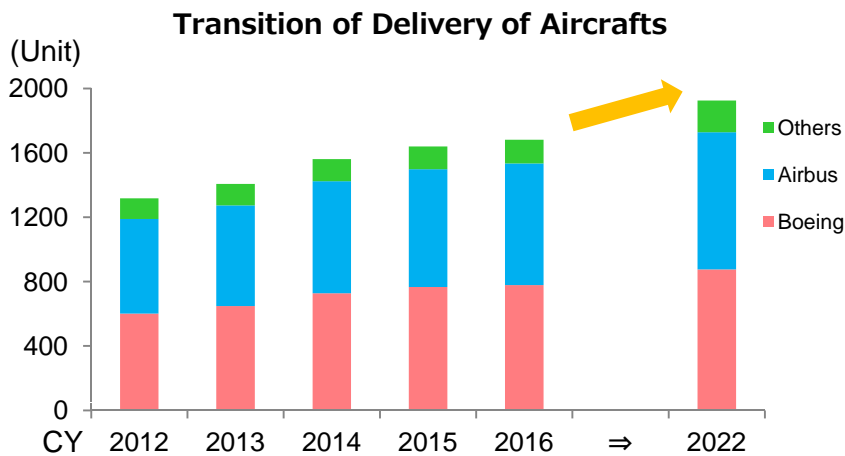
Aircraft equipment

(no revision comparing to initial forecast)

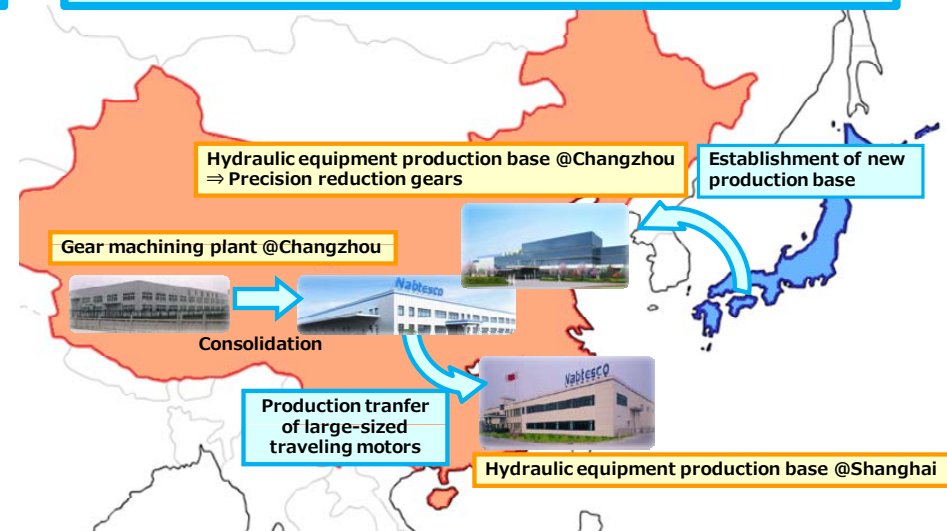
- Preparing for achievement of new orders and expansion of production capacity towards next midterm plan(FY2017~)

Hydraulic equipment

- Reorganization of China production bases aiming at recovery of profitability
- Development of new markets and customers through product lineup expansion



Resource: Nabtesco Estimates

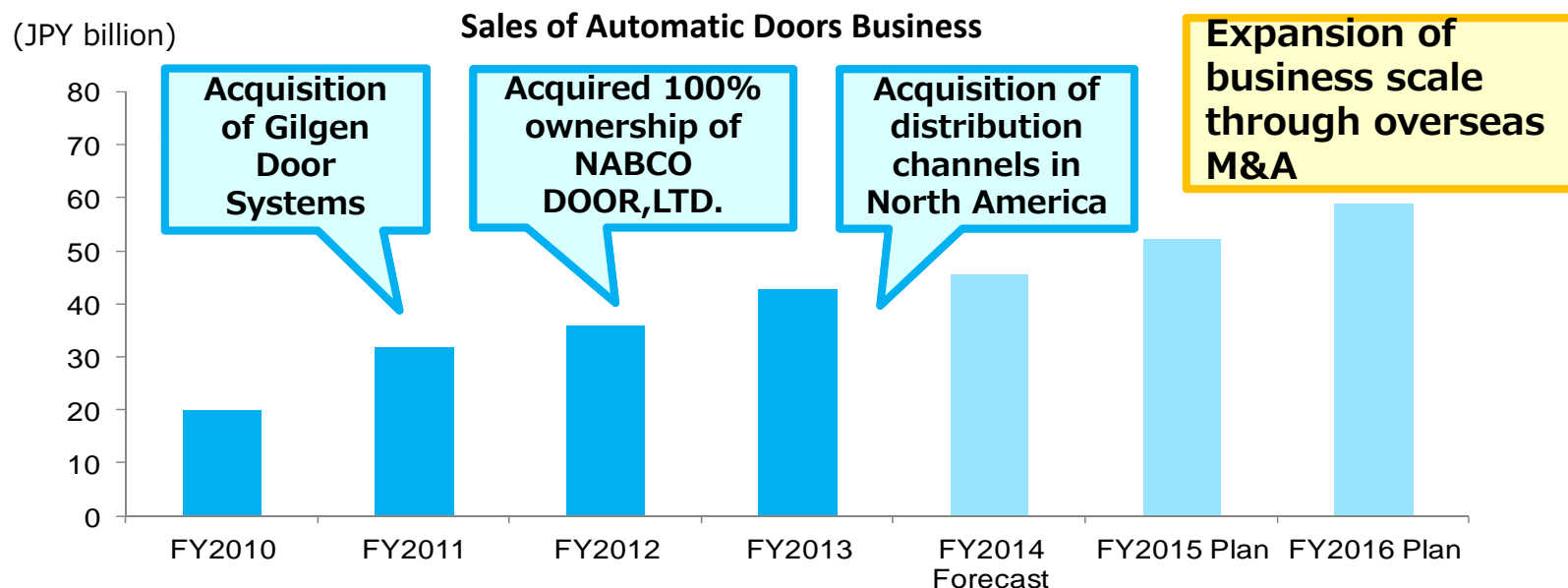


Plan by Segment - Market Creation

(4) Industrial Equipment Segment

(JPY million)

Segment	Term	2014/3 Result	2015/3 Initial forecast	2015/3 (Forecast on 30 th Jan)	2017/3 Plan
Industrial	Sales	54,264	57,900	58,600	77,000
	O.P.	3,526	4,000	3,200	6,200
	O.P.Margin	6.5%	6.9%	5.5%	8.1%



Automatic doors: 46 billion JPY (FY2014) ⇒ 60 billion JPY (FY2016)

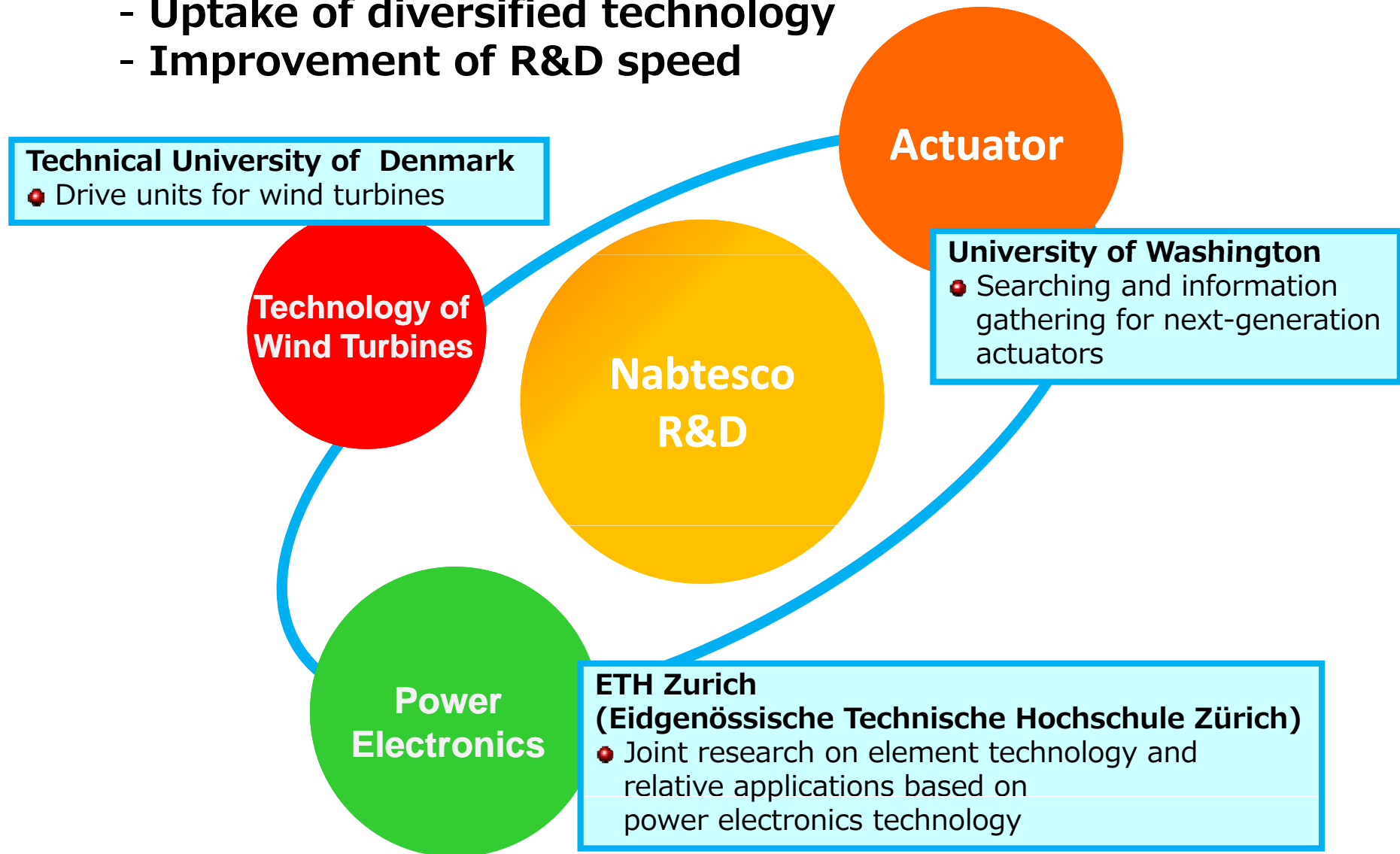
Packaging machines: Progress in accordance with midterm plan

Technology Innovation

(1) Implementation of 'Satellite Type' R&D

- Uptake of diversified technology
- Improvement of R&D speed

Nabtesco



Technology Innovation

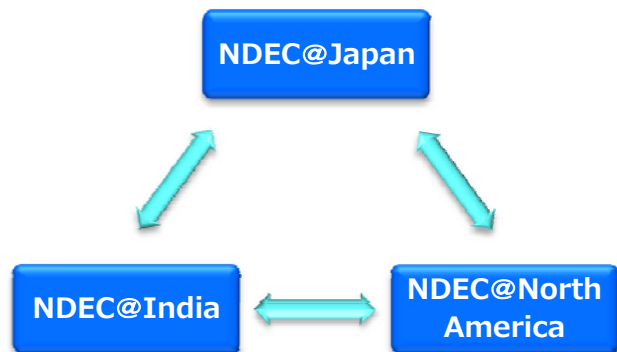


(2) Innovation of Product Development Process

By combining stereo lithography(3D printing) technology, metal pattern molding technology and CAE analysis technology, the strength of Nabtesco Digital Engineering Centre(NDEC), further improvement of product quality could be realized along with enhancement of product development efficiency.



< Global Triple-pole Structure >



- Seamless development process being possible through CAE for structural and intensity analysis



Stereo Lithography Technology
(Group Company's Product)

- Quality improvement through visualization of product shape
- Trial manufacture period being shortened to 1/3



Introduction of Metal Pattern Molding Technology

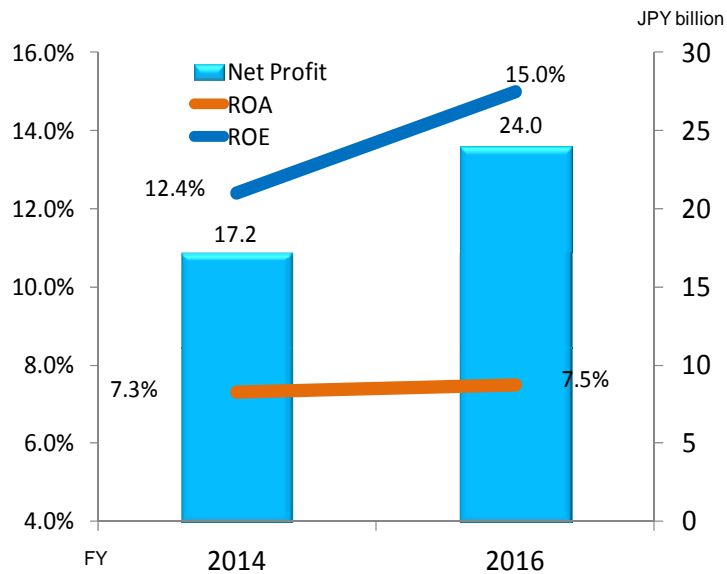
- Direct modeling of products with complicated shapes being possible
- Immediate confirmation of product function after modeling

Financial Strategy



Pursuit of asset efficiency

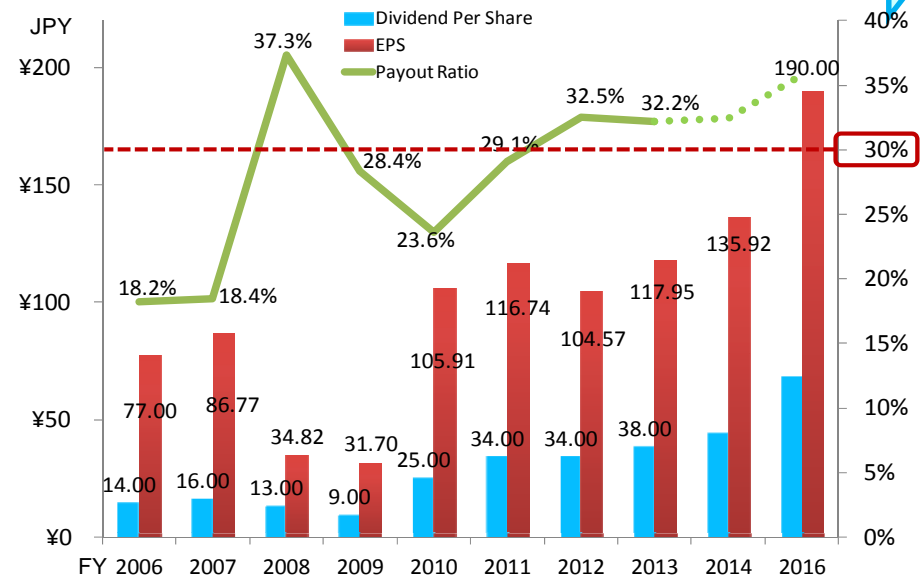
Creation of consistent cash with conscious of capital efficiency



Improvement of shareholder return

Maintaining dividend payout ratio at least 30%

Stable Dividend Policy



Utilization of financial leverage

Implementing the strategy based on debt financing
(bank loans+ straight bond)

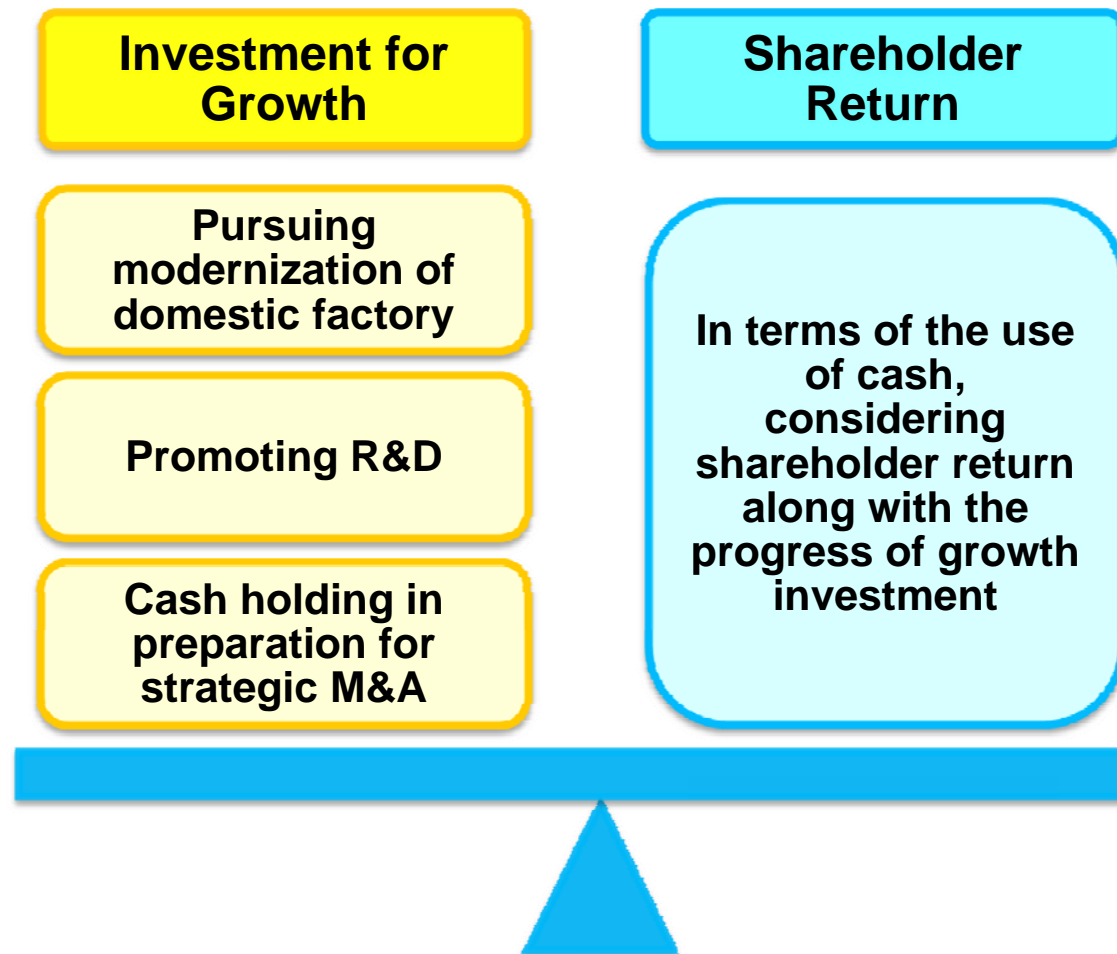
- Sustaining credit rating A (rating by R&I·JCR)

Financial Strategy



Capital Allocation

- Investment for growth as an axis, considering shareholder return based on financial condition



Nabtesco

Nabtesco

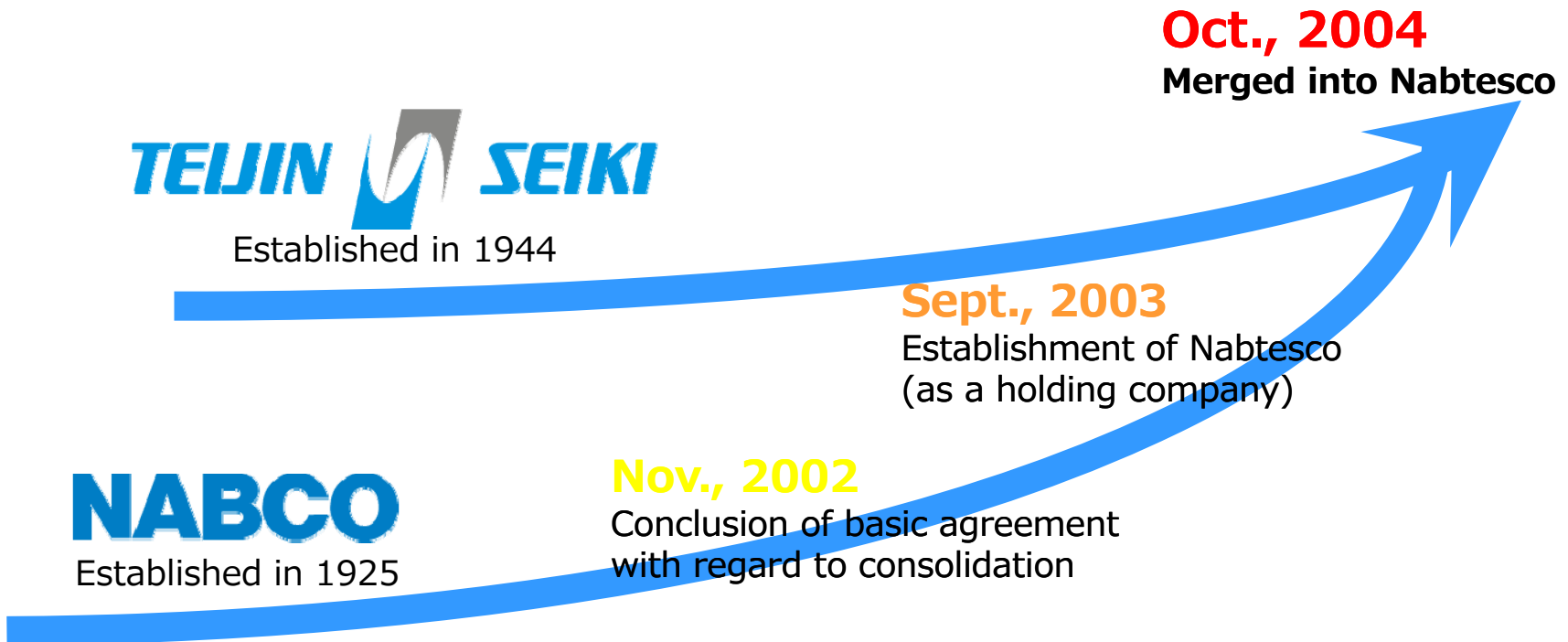
moving it. stopping it.



Appendix

Step in the Consolidation

Nabtesco



Company Overview



- Company Name Nabtesco Corporation
- Established September 29, 2003
- Address 7-9, Hirakawacho 2-chome, Chiyoda-ku,
Tokyo 102-0093, Japan
- Capital 10 billion yen
- Representatives President & CEO: Kazuaki KOTANI
- Employees* Non-consolidated 2,127 Consolidated 5,423
- Consolidated subsidiaries*
Japan: 10 (other 6 equity-method affiliates)
International: 38 (other 4 equity-method affiliates)

(*as of September 2014)

Main Products: Precision Equipment



Precision Reduction Gears

Joints of Industrial Robots



Machine Tool ATCs

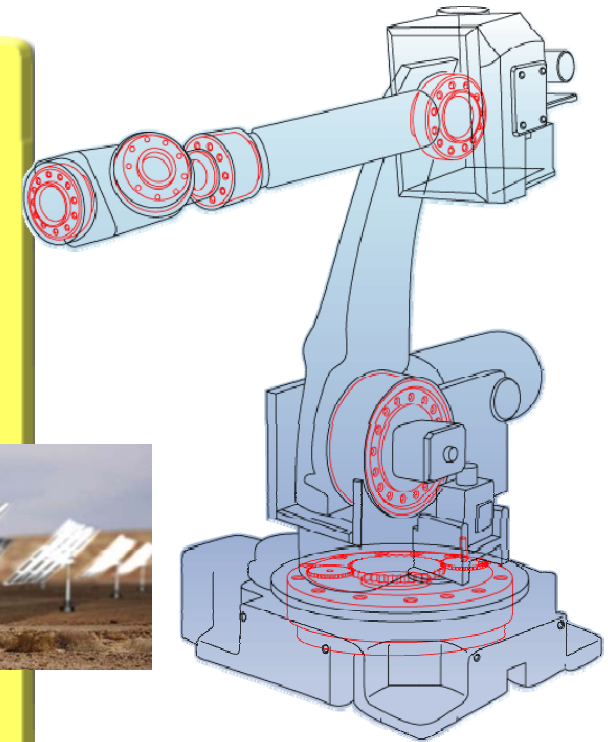
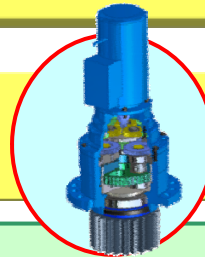
(ATC = Automatic Tool Changer)



Solar Tracking Equipment



Drive Units for Wind Turbines



Main Customers

Precision Reduction Gears

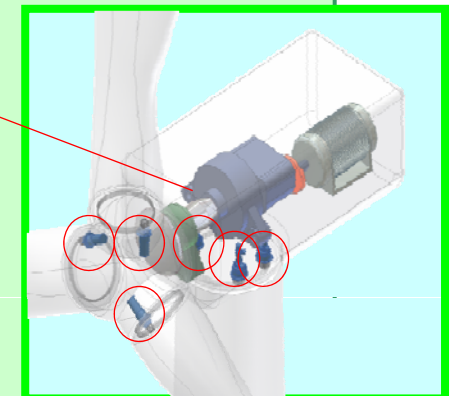
Industrial Robots: Fanuc, Yaskawa Electric,
KUKA Roboter (Germany), ABB Robotics (Sweden)

Machine Tools: Yamazaki Mazak, Okuma, DMG Mori Seiki

New Energy Business

Solar Tracking Equipment: Cobra Thermosolar Plant (Spain)

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

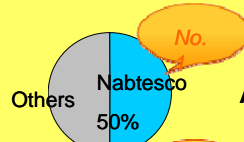


Main Products: Transport Equipment



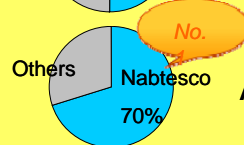
Railroad vehicles

Brake Systems

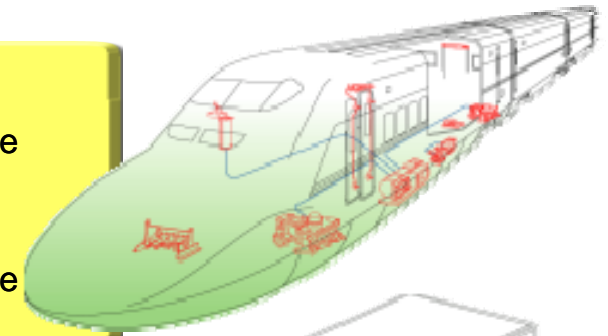


Approx. 50% domestic market share

Door Operating Systems

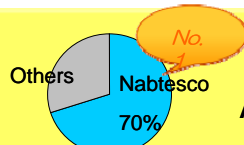


Approx. 70% domestic market share



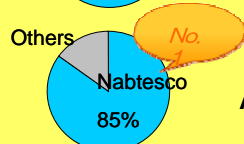
Commercial vehicles

Wedge Chambers

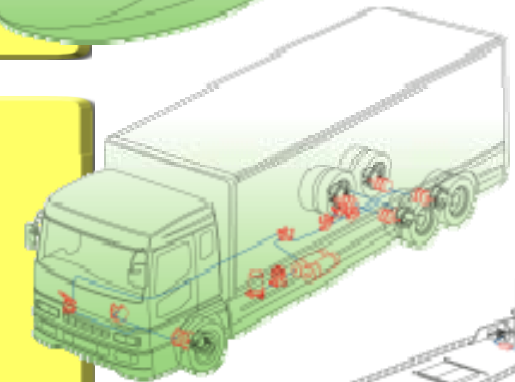


Approx. 70% domestic market share

Air Dryers

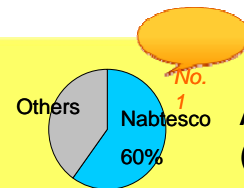


Approx. 85% domestic market share

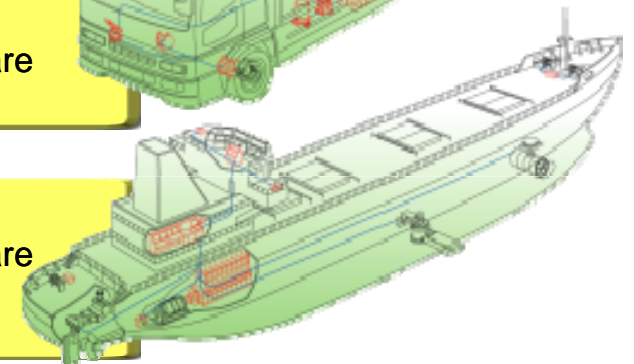


Marine vessels

2-stroke Main Engine Control Systems



Approx. 60% domestic market share
(Approx. 40% world market share)



Main Customers

Railroad Vehicle Equipment : JR companies, Private railway companies, KHI, Bullet train and subway projects in China, etc

Commercial Vehicle Equipment: Hino, Mitsubishi Fuso Truck & Bus, Isuzu, UD Trucks

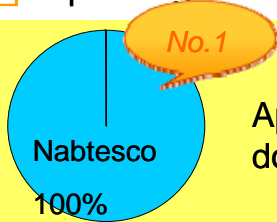
Marine Vessels Equipment : KHI, Mitsui Engineering & Shipbuilding, Hitachi Zosen, MHI, Diesel United, Hyundai Heavy Industries (Korea), MAN Diesel (Denmark)

Main Products: Aircraft & Hydraulic Equipment

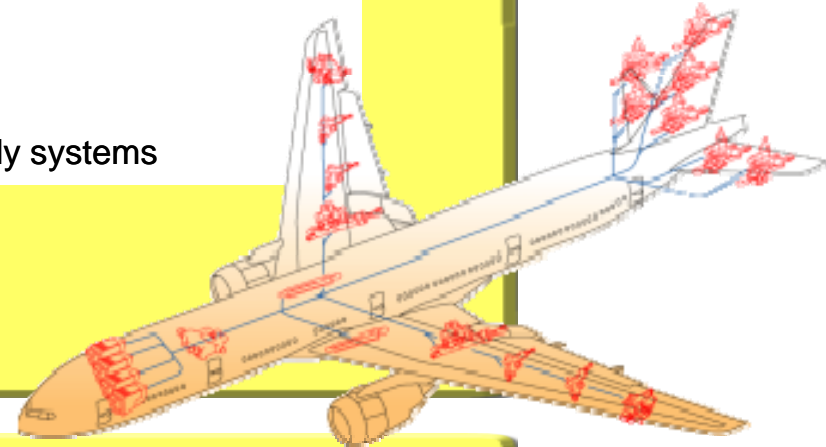


Flight Control Actuation Systems (FCA)

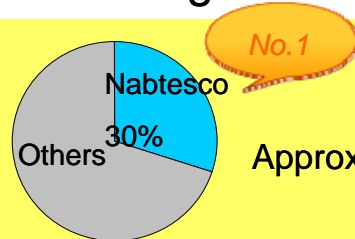
- One of the four major world players of FCA manufacturing (major FCA supplier to Boeing Company)
- Expanding business into engine accessories and power supply systems



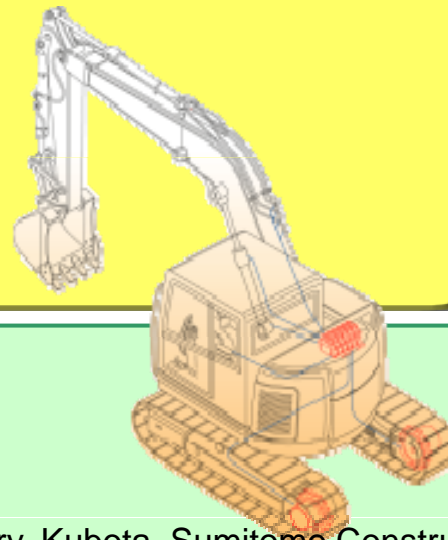
Approx. 100% market share for domestically-produced aircrafts



Traveling Motors for hydraulic excavators



Approx. 30% world market share



Main Customers

Aircraft Equipment

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

Hydraulic Equipment

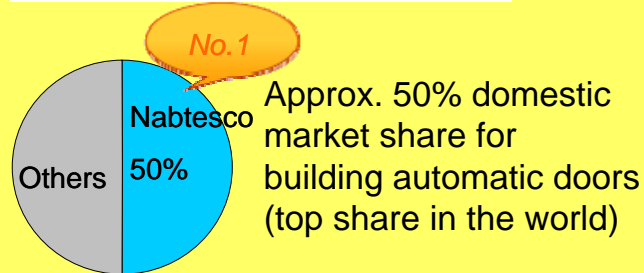
Traveling Motors: (Japan) Komatsu, Kobelco Construction Machinery, Kubota, Sumitomo Construction Machinery Manufacturing

(China) Sany, Xugong Excavator, Liu Gong, Zoomlion

Main Products: Industrial Equipment

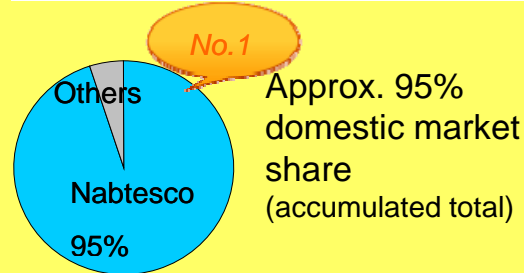


Automatic doors



Approx. 50% domestic market share for building automatic doors (top share in the world)

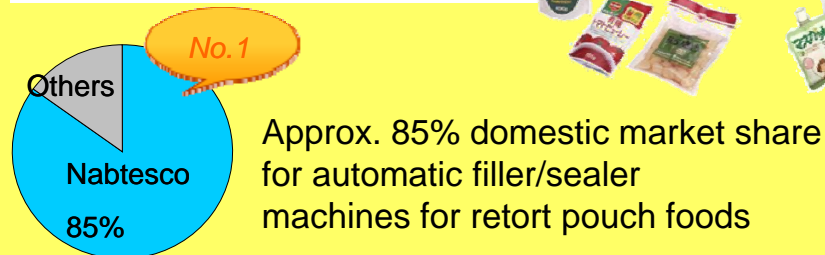
Platform Screen Doors



Approx. 95% domestic market share (accumulated total)



Packaging Machines



Approx. 85% domestic market share for automatic filler/sealer machines for retort pouch foods



Main Customers

Automatic Doors

Automatic Doors for Buildings: Major general contractors, sash manufactures, hospitals, banks, public institutions, etc.

Platform Doors: Subway projects in France, subway projects in China

Packaging Machines

Ajinomoto, Marudai Food Co., Ltd., ARIAKE JAPAN, KENKO Mayonnaise, P&G, Kao, Lion, American Beverage Corporation (USA), food companies in China

Consolidated Results for the First Nine Months (Apr.-Dec.) (Comparison with the same period of the previous fiscal year) **Nabtesco**

(JPY million)	2014/3 Apr.-Dec. result	2015/3 Apr.-Dec. result	Variation (YoY)	Ratio (YoY)
Sales	141,806	158,880	17,073	12.0%
Operating profit	12,794	17,329	4,534	35.4%
(Operating profit margin)	9.0%	10.9%	1.9pt	-
Non-operating profit and loss	3,303	3,288	-14	-0.5%
Ordinary profit	16,098	20,617	4,519	28.1%
Extraordinary profit and loss	-697	-79	617	-
Profit before taxes	15,401	20,538	5,137	33.4%
Net profit	9,860	13,701	3,840	39.0%
Net profit per share (Yen)	77.66	108.28	30.62	

FOREX rate	US\$1=¥96.62 RMB1=¥15.60 EUR1=¥127.43 CHF1=¥103.67	US\$1=¥103.27 RMB1=¥16.75 EUR1= ¥139.18 CHF1=¥114.42
FOREX sensitivity in O.P.	(US\$) JPY 71 million (RMB) JPY 35 million (EUR) minimal (CHF) minimal	(US\$) JPY 65million (RMB) JPY 13million (EUR) minimal (CHF) minimal

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

**Consolidated Results for the First Nine Months
by Business Segment (Apr.-Dec)
(Comparison with the same period of the previous fiscal year)**



(JPY million)

Segment	Term	2014/3 (Apr.-Dec.) result	2015/3 (Apr.-Dec.) result	Variation (YOY)	Ratio (YOY)
Precision	Sales	29,966	37,619	7,652	25.5%
	O.P.	4,208	6,214	2,005	47.7%
	OPM	14.0%	16.5%	-	-
Transport	Sales	36,938	45,191	8,253	22.3%
	O.P.	4,326	8,713	4,387	101.4%
	OPM	11.7%	19.3%	-	-
Aircraft & Hydraulic	Sales	38,047	36,550	-1,497	-4.0%
	O.P.	2,385	1,131	-1,254	-52.6%
	OPM	6.3%	3.1%	-	-
Industrial	Sales	36,853	39,519	2,666	7.2%
	O.P.	1,873	1,268	-604	-32.3%
	OPM	5.1%	3.2%	-	-

Forecast for FY2015/3 Consolidated Results



(JPY million)	2014/3			2015/3			
	H1 result	H2 result	Full-year result	H1 result (A)	(B-A)	Previous Full-year forecast	Full-year forecast (B)
Sales (year-on-year)	93,458 (+3.1%)	108,834 (+22.5%)	202,292 (+12.7%)	105,598 (+13.0%)	111,402 (2.4%)	216,000 (+6.8%)	217,000 (+7.3%)
Operating profit (year-on-year)	7,938 (+4.5%)	12,154 (+63.8%)	20,092 (+33.8%)	11,612 (+46.3%)	11,388 (-6.3%)	21,600 (+7.5%)	23,000 (+14.5%)
Operating profit margin	8.5%	11.2%	9.9%	11.0%	10.2%	10.0%	10.6%
Ordinary profit (year-on-year)	9,673 (+14.2%)	14,554 (+54.5%)	24,227 (+35.4%)	13,842 (+43.1%)	12,259 (-15.8%)	24,400 (+0.7%)	26,100 (+7.7%)
Net profit (year-on-year)	5,037 (-22.7%)	9,940 (+47.1%)	14,978 (+12.9%)	8,951 (+77.7%)	8,249 (-17.0%)	15,500 (+3.5%)	17,200 (+14.8%)
ROA			6.9%			6.7%	7.3%
ROE			12.2%			11.7%	12.4%

Dividend per share(yen)	18	20	38	20	20(forecast)	40(forecast)	-
Dividend payout ratio			32.2%			32.7% (forecast)	30% being maintained

FOREX rate 15/3 Q4 (premise)
 US\$ 1=¥115.0 RMB1=¥18.5 EUR1=¥130.0 CHF1=¥134.5

Results for FY2014/3 and Forecast for FY2015/3 by Business Segment



Precision Equipment

(JPY million)	2014/3			2015/3			
	H1 result	H2 result	Full-year result	H1	H2	Full-year	
				Result (A)	(B-A)	10/31 forecast	1/30 forecast (B)
Sales (year-on-year)	19,513 (-3.9%)	23,339 (+9.8%)	42,853 (+3.1%)	25,033 (+28.3%)	25,167 (+7.8%)	48,000 (+12.0%)	50,200 (+17.1%)
Operating profit (year-on-year)	2,665 (+24.1%)	3,694 (+15.2%)	6,359 (+18.8%)	3,976 (+49.2%)	3,824 (+3.5%)	6,800 (+6.9%)	7,800 (+22.7%)
Operating profit margin	13.7%	15.8%	14.8%	15.9%	15.2%	14.2%	15.5%

Transportation Equipment

(JPY million)	2014/3			2015/3			
	H1 result	H2 result	Full-year result	H1	H2	Full-year	
				Result (A)	(B-A)	10/31 forecast	1/30 forecast (B)
Sales (year-on-year)	23,960 (+6.2%)	28,681 (+32.2%)	52,641 (+18.9%)	29,769 (+24.2%)	30,531 (+6.5%)	60,700 (+15.3%)	60,300 (+14.5%)
Operating Profit (year-on-year)	2,581 (+5.3%)	3,762 (+113.6%)	6,344 (+50.5%)	5,875 (+127.6%)	4,925 (+30.9%)	10,200 (+60.8%)	10,800 (+70.2%)
Operating profit margin	10.8%	13.1%	12.1%	19.7%	16.1%	16.8%	17.9%

Results for FY2014/3 and Forecast for FY2015/3 by Business Segment



Aircraft & Hydraulic Equipment

(JPY million)	2014/3			2015/3			
	H1 result	H2 result	Full-year result	H1	H2	Full-year	
				Result (A)	(B-A)	10/31 forecast	1/30 forecast (B)
Sales (year-on-year)	26,538 (+3.2%)	25,994 (+29.8%)	52,533 (+14.8%)	25,144 (-5.3%)	22,756 (-12.5%)	49,000 (-6.7%)	47,900 (-8.8%)
Operating Profit (year-on-year)	1,840 (+9.0%)	2,022 (+1276.0%)	3,862 (+110.4%)	1,115 (-39.4%)	85 (-95.8%)	1,100 (-71.5%)	1,200 (-68.9%)
Operating profit margin	6.9%	7.8%	7.4%	4.4%	0.4%	2.2%	2.5%

Industrial Equipment

(JPY million)	2014/3			2015/3			
	H1 result	H2 result	Full-year result	H1	H2	Full-year	
				Result (A)	(B-A)	10/31 forecast	1/30 forecast (B)
Sales (year-on-year)	23,445 (+6.2%)	30,819 (+19.1%)	54,264 (+13.2%)	25,651 (+9.4%)	32,949 (+6.9%)	58,300 (+7.4%)	58,600 (+8.0%)
Operating Profit (year-on-year)	851 (-34.8%)	2,675 (+16.2%)	3,526 (-2.3%)	644 (-24.3%)	2,556 (-4.5%)	3,500 (-0.8%)	3,200 (-9.3%)
Operating profit margin	3.6%	8.7%	6.5%	2.5%	7.8%	6.0%	5.5%

Balance Sheet Summary



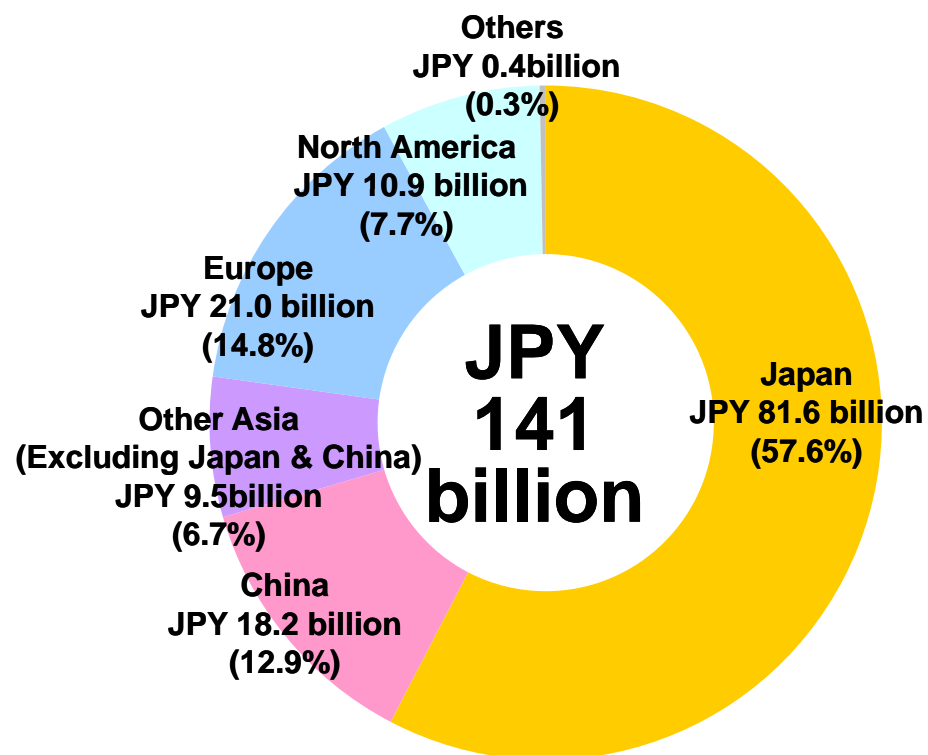
(JPY million)	2014/3 As of Mar. 31, 2014	2015/3 Q3 As of Dec. 31, 2014	Variation
Assets	233,984	231,684	-2,300
(Cash and time deposits)	53,725	37,819	-15,906
(Accounts receivable)	52,840	57,151	4,311
Receivable turnover period (in days)	88	95	7
(Inventory)	22,233	26,874	4,640
Inventory turnover period (in days)	53	59	6
(Fixed assets)	55,225	55,551	325
Liabilities	94,513	81,679	-12,833
(Interest-bearing debt)	26,204	15,809	-10,395
Net assets	139,471	150,004	10,533
(Stock acquisition right)	306	357	50
(Minority interests)	8,121	7,830	-290
Equity capital	131,043	141,816	10,773

※ Equity ratio : **56.0%** **61.2%**

Consolidated Results for the First Nine Months by Geographic Segment (Apr.-Dec)

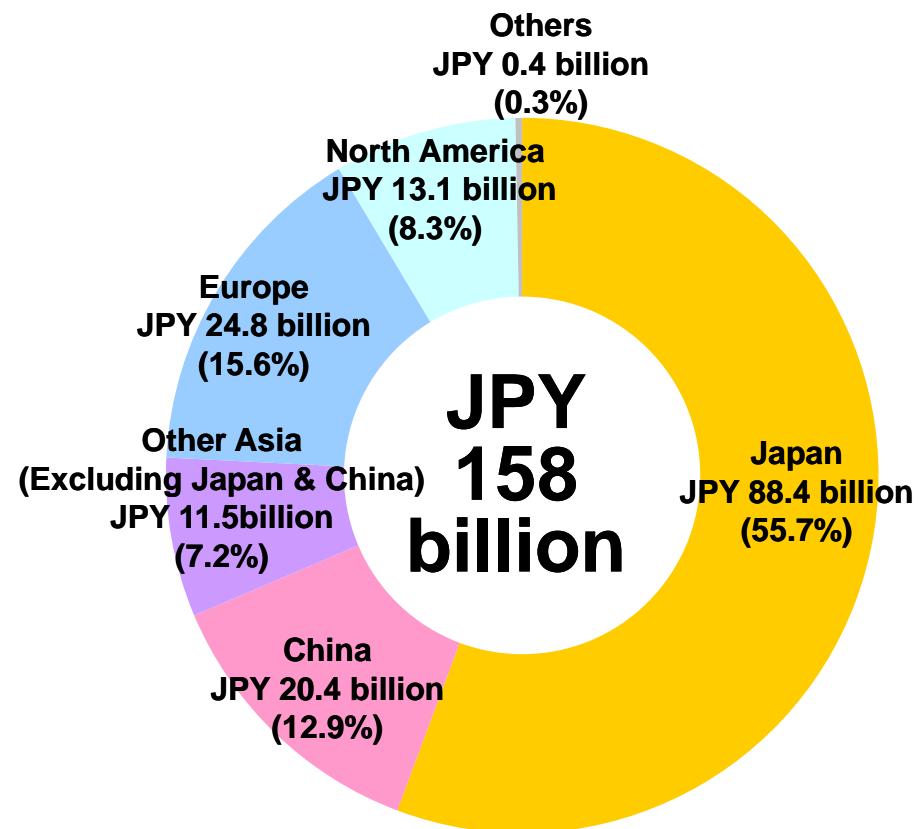


2014/3 Apr.-Dec. result



Overseas Sales Ratio
42.4%

2015/3 Apr.-Dec. result



Overseas Sales Ratio
44.3%

CAPEX, R&D, Depreciation



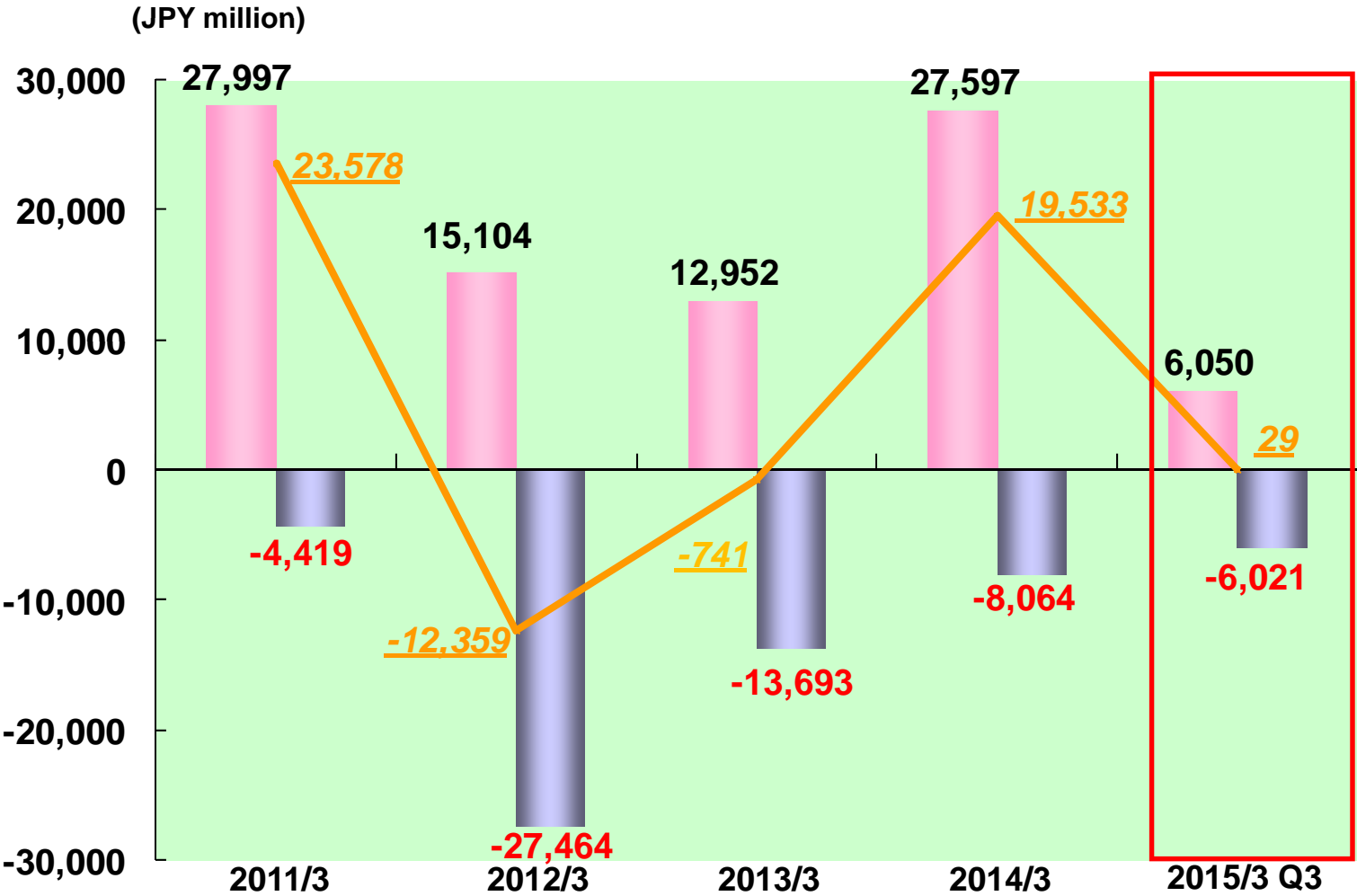
	First nine months result	
(JPY million)	2014/3 Apr.-Dec. result	2015/3 Apr.-Dec. result
CAPEX	5,296	4,824
R&D	4,675	4,995
Depreciation	5,559	4,499

Full-year result and forecast	
2014/3 result	2015/3 forecast
6,760	9,000
6,401	7,600
7,600	6,700

Consolidated Cash Flow



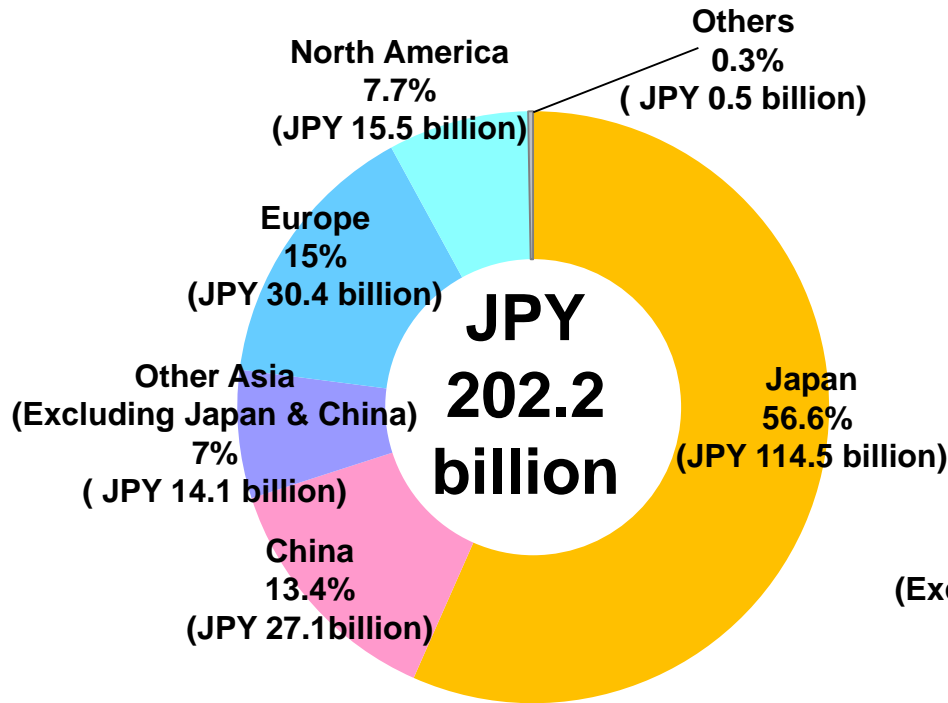
■ Operating Cash Flow
 ■ Investment Cash Flow
 —■— Free Cash Flow



Consolidated Results and Plan by Geographic Segment



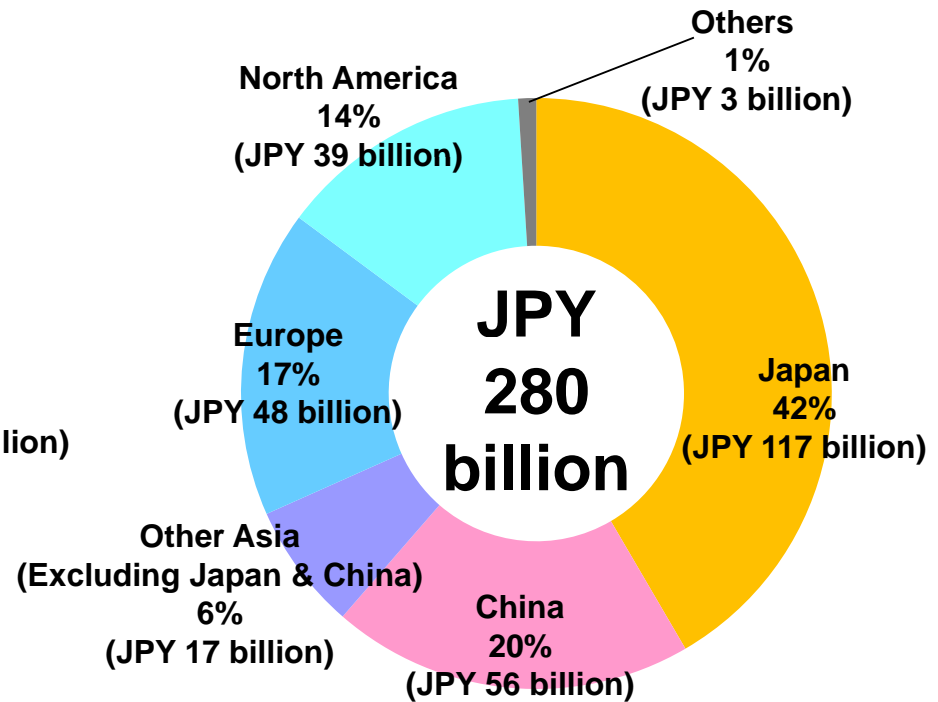
2014/3 Result



Overseas Sales Ratio

43.4%

2017/3 Plan



Overseas Sales Ratio

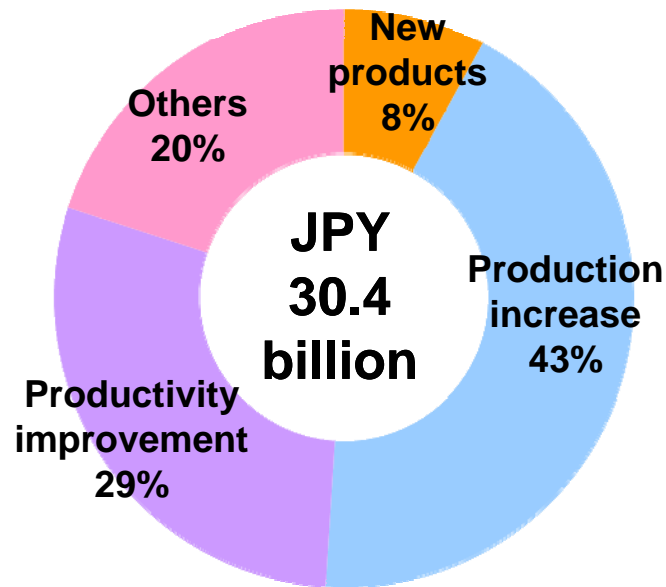
58%

CAPEX, R&D and Depreciation



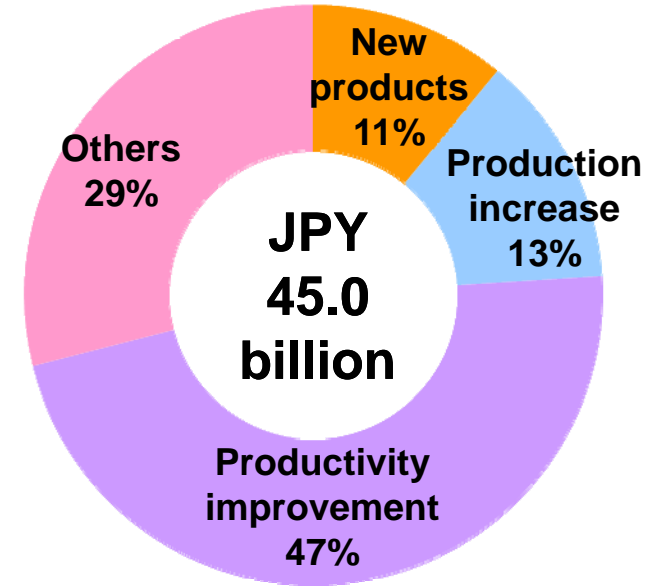
(JPY billion)	Three Year Total (2012/3- 2014/3 result)	Three Year Total (2015/3- 2017/3 plan)
CAPEX	30.4	45.0
R&D	17.1	23.0
Depreciation	22.1	23.0

CAPEX by Usage



**Three Year Total
(2012/3- 2014/3 result)**

CAPEX by Usage

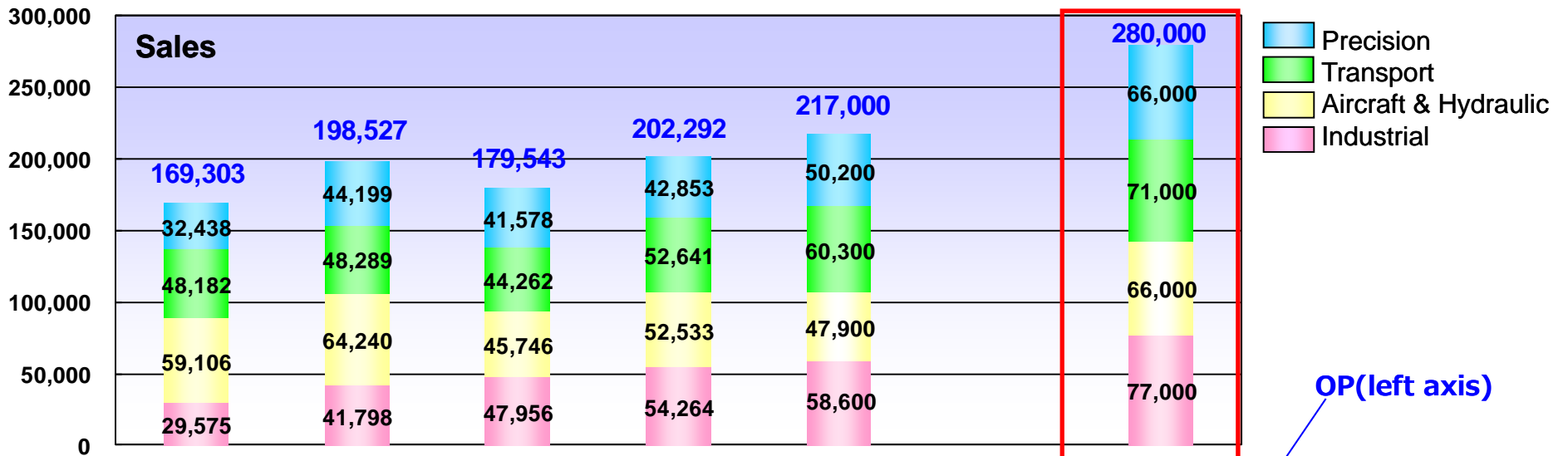


**Three Year Total
(2015/3- 2017/3 plan)**

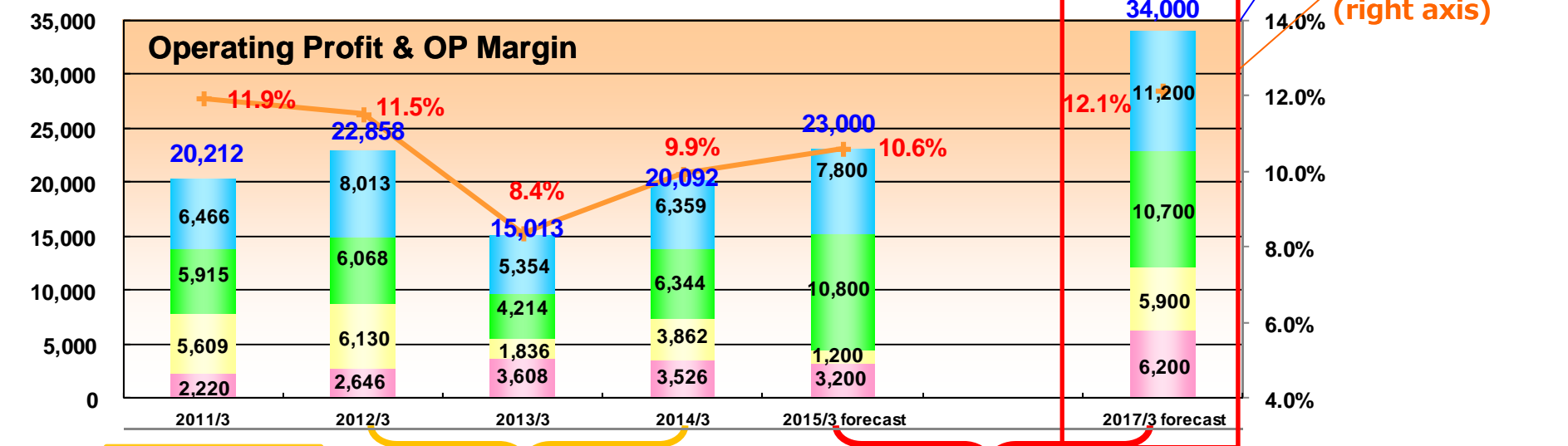
Sales and Operating Profit by Business Segment



(JPY million)



(JPY million)



Midterm Plan end of 2011/3

Previous Midterm Plan

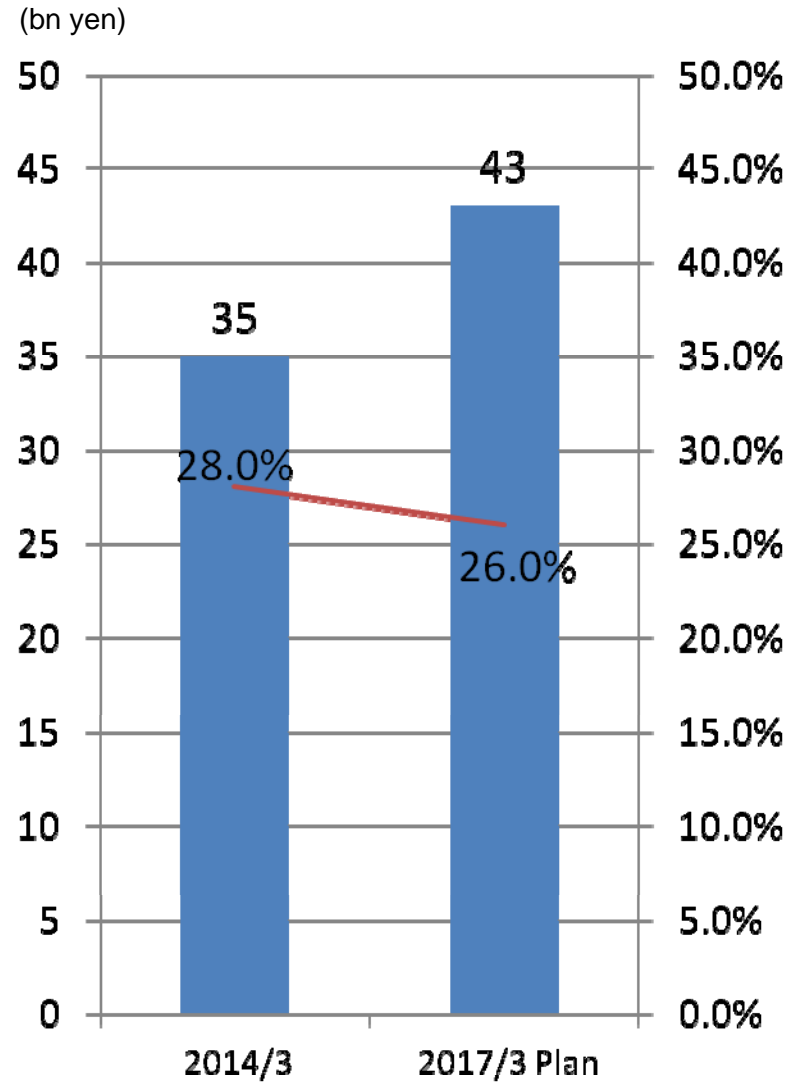
Current Midterm Plan

MRO Business



Business segment which enhance MRO*

No MRO businesses

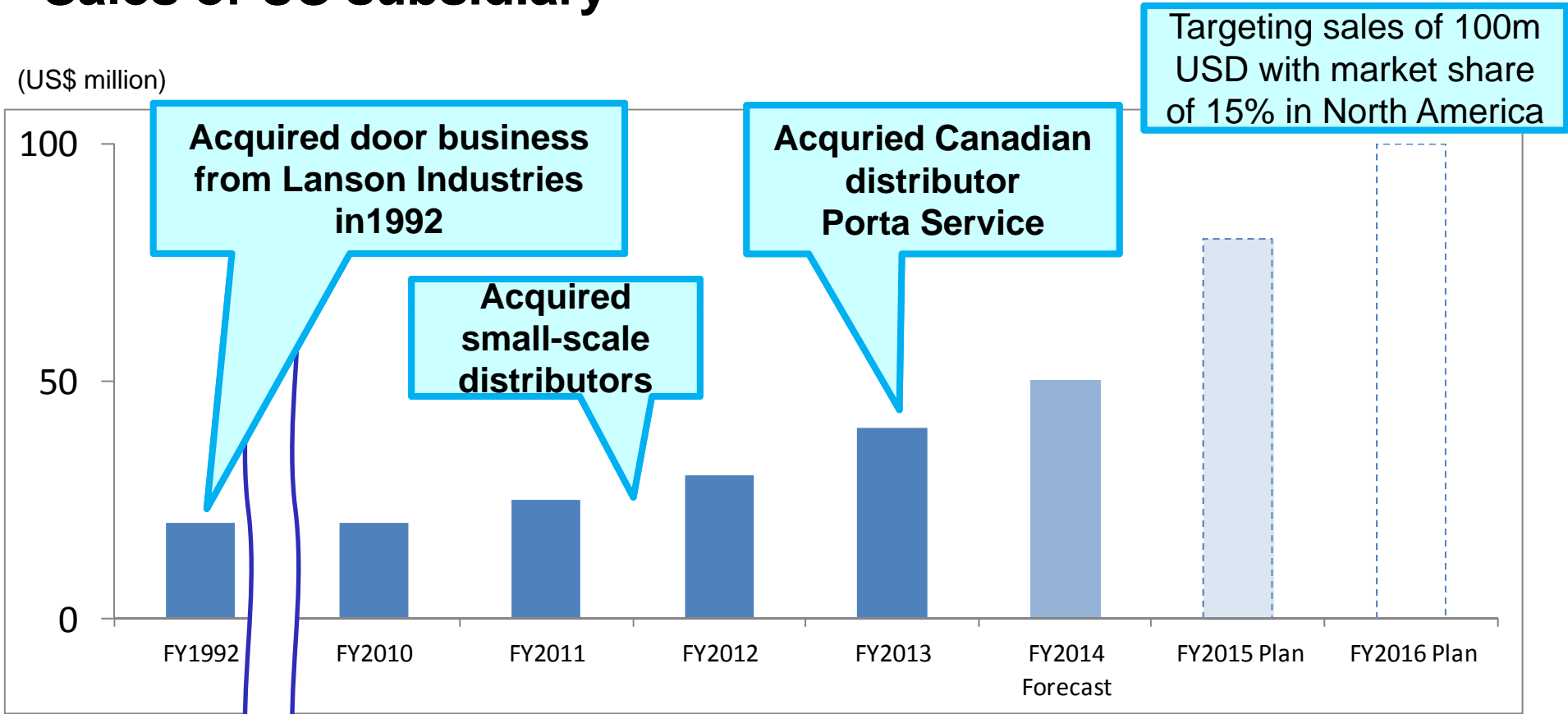


■ MRO sales — MRO sales/Total sales

* MRO :Maintenance, Repair and Overhaul

Total sales = Sales of Transportation segment, Aircraft equipment, Automatic doors and Packaging machines

Growth Story for Automatic Doors - Sales of US subsidiary



Sales of 20m USD in FY2010, targeting 50m in FY2014 and 100m in FY2016 with market share of 15% in North America

Change of the Accounting Period (Plan) (Closing Date of Fiscal Year)

