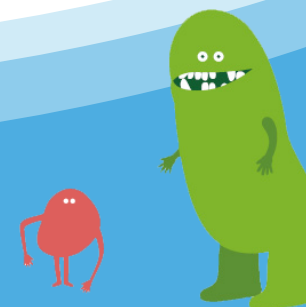
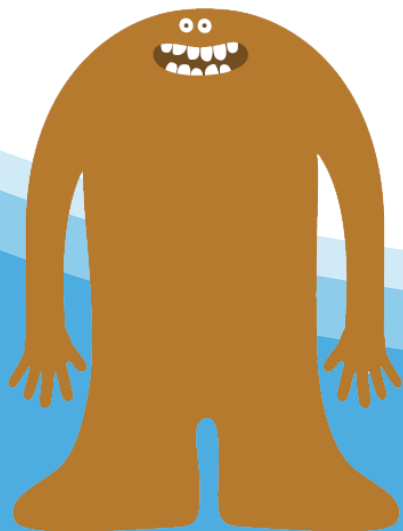


Strategies for Mid- to Long-term Growth

Nabtesco Corporation
President & CEO Kazuaki KOTANI

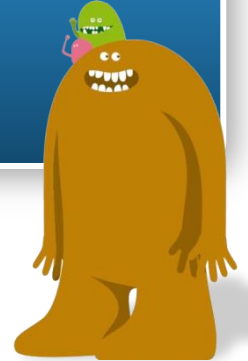


The forecast data presented herein reflects assumed results based on conditions that are subject to change. Nabtesco Corporation does not make representations as to, or warrant, in whole or in part, the attainment or realization of any of the forecasted results presented in this document. Numerical figures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

1. Summary for FY2015/12

2. Execution of Growth Strategies

**3. Correspondence to External Fluctuations
and Growth Acceleration**



1-1 Summary for the FY2015/12 (Change of Accounting Period)

■ Maintain dividend per share of 44 yen, although 2015/12 full-year plan revised down

(JPY million)	2015/12 H1 result Nabtesco and domestic subsidiaries (6M) Overseas subsidiaries (9M)	2015/12 Full-year Plan 'TANSHIN' basis(A) As of May 2015	2015/12 Full-year Plan 'TANSHIN' basis(B) As of October 2015	Variation (B-A)
Sales	128,717	200,000	191,000	-9,000
Operating profit	10,392	17,900	16,200	-1,700
(O.P.Margin)	8.1%	9.0%	8.5%	-
Non-operating profit and loss	705	-	-	-
Ordinary profit	11,097	19,700	17,100	-2,600
Extraordinary profit and loss	1,369	-	-	-
Profit before taxes	12,466	-	-	-
Net profit*	7,947	13,400	11,400	-2,000
Net profit per share (Yen)	63.63	105.88	91.59	-
Dividend per share (YEN)	22	44	44	

*Net profit = Net income attributable to parent company shareholders

FOREX rate 2015/12 Q2(result) : US\$1=¥120.89 RMB1=¥19.50 EUR1=¥134.42 CHF1=¥127.34

2015/12 Full-year(premise) : US\$1=¥115.00 RMB1=¥18.50 EUR1=¥124.00 CHF1=¥118.00

FOREX sensitivity in O.P.(This represents the effect to operating profit if the exchange rate fluctuates by one yen)

2015/12 Q2(result) : (US\$) JPY 48 million, (RMB) JPY -43 million, (EUR) minimal, (CHF) minimal

2015/12 Full-year(premise) : (US\$) JPY 85 million, (RMB) JPY -72 million, (EUR) minimal, (CHF) minimal

1-2 Summary for the FY2015/12 by Business Segment

■ Main reasons for downward revision:

Hydraulic equipment business (shrinkage of Chinese construction machinery demand),
Railroad vehicle equipment (delay of Chinese projects)

■ Precision reduction gears, aircraft equipment and automatic doors businesses in line

(JPY million)

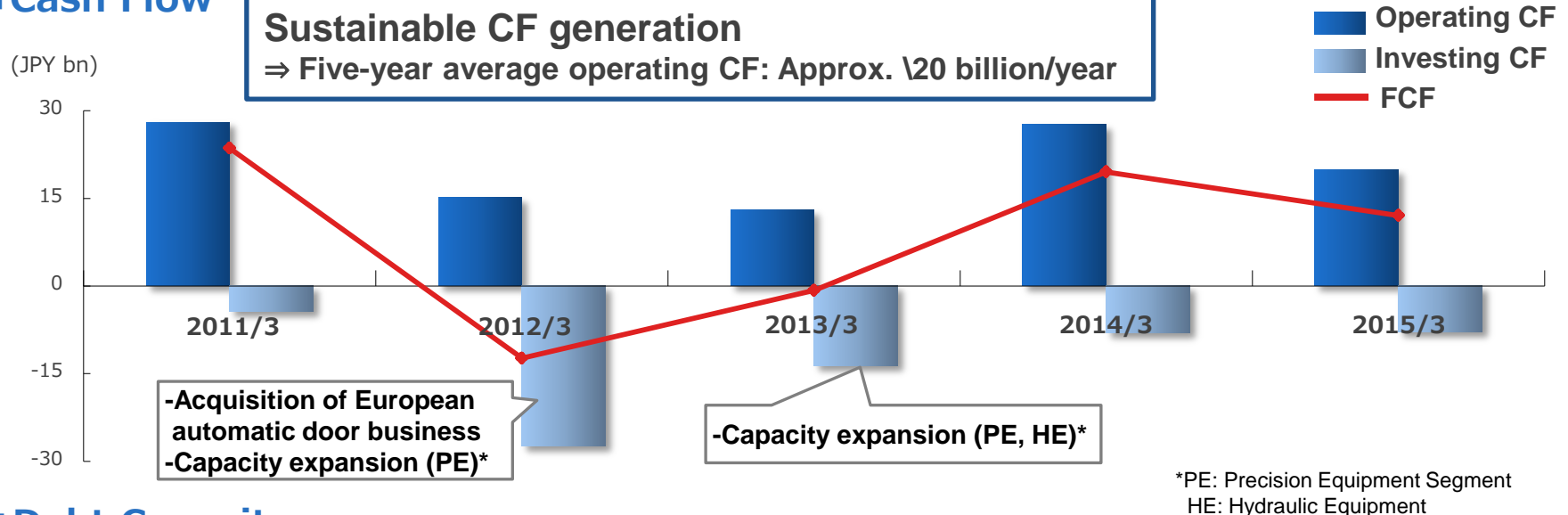
Segment	Term	2015/12 Full-year Plan 'TANSHIN' basis(A) As of May 2015	2015/12 Full-year Plan 'TANSHIN' basis(B) As of October 2015	Variation (B-A)
Precision	Sales	46,300	46,600	300
	OP (OPM)	6,500 (14.0%)	7,100 (15.2%)	600
Transport	Sales	51,700	48,300	-3,400
	OP (OPM)	9,200 (17.8%)	8,600 (17.8%)	-600
Aircraft & Hydraulic	Sales	45,700	40,100	-5,600
	OP (OPM)	0 (0.0%)	-2,300 (-5.7%)	-2,300
Industrial	Sales	56,300	56,000	-300
	OP (OPM)	2,200 (3.9%)	2,800 (5.0%)	600

2-1 Financial Strategy

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

Resources for Improving Corporate and Shareholders' Value

■ Cash Flow



■ Debt Capacity

B/S (as of 15/9)

- Liquidity on hand: approx. ¥38.0 billion
- Shareholders' equity: approx. ¥140.0 billion
- Equity Ratio*: 59.8%

⇒ Maintaining the credit rating "A", Equity Ratio could be reduced to **45% level**
(Debt capacity level: **¥80 billion**)

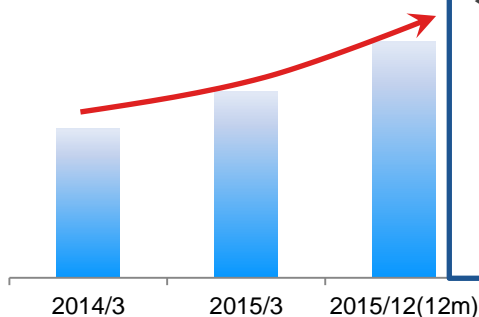
- **Without equity finance in principal**

*Equity Ratio: Shareholders' Equity/Total Asset

2-1 Financial Strategy

Aggressive Investment for Future Growth

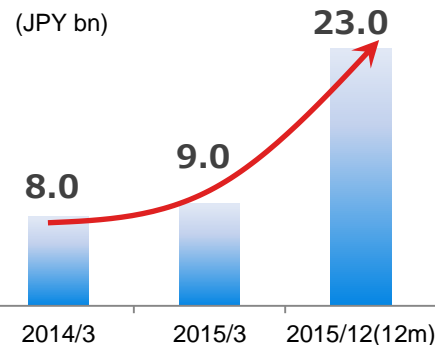
SG&A



<Upfront Investment>

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

Strategic investment



<CAPEX>

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

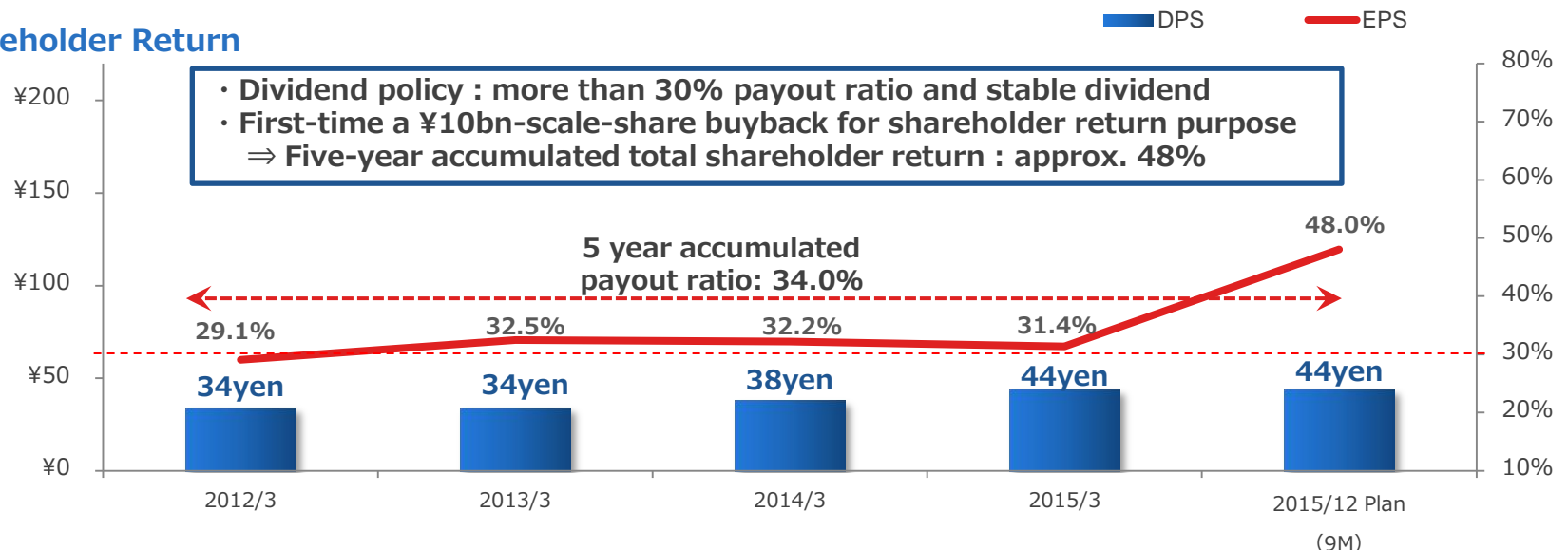
<M&A etc.>

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

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

Continuous and Stable Shareholder Return

Shareholder Return



2-2 Technology Innovation & Market Creation

Technology Innovation

■ Open innovation for new business creation

- Nabtesco Digital Engineering Center at the Kyoto Research Park
- Joint Research with Oversea Universities
 - Technical University of Denmark, University of Washington and Edigenossische Technische Hochschule Zurich

■ Modernization of production bases : Environmental efficiency and productivity improvement

- Reduce over 40% of CO2 emission (New factory for precision reduction gears in China)
- Double productivity and half CO2 emission (aircraft equipment)
- Energy saving, labor saving, automation and shorter lead time through the installment of new facilities

(To be achieved in FY2020)
The Group's long-term targets
Reduce per-unit CO2 emissions by 20%
(from the 2012 level)

Market Creation

■ Acceleration of overseas expansion

- Enhancement of European sales base (will be utilized for the entire Nabtesco Group)
- Establishment of the India Liaison Office

■ M&A

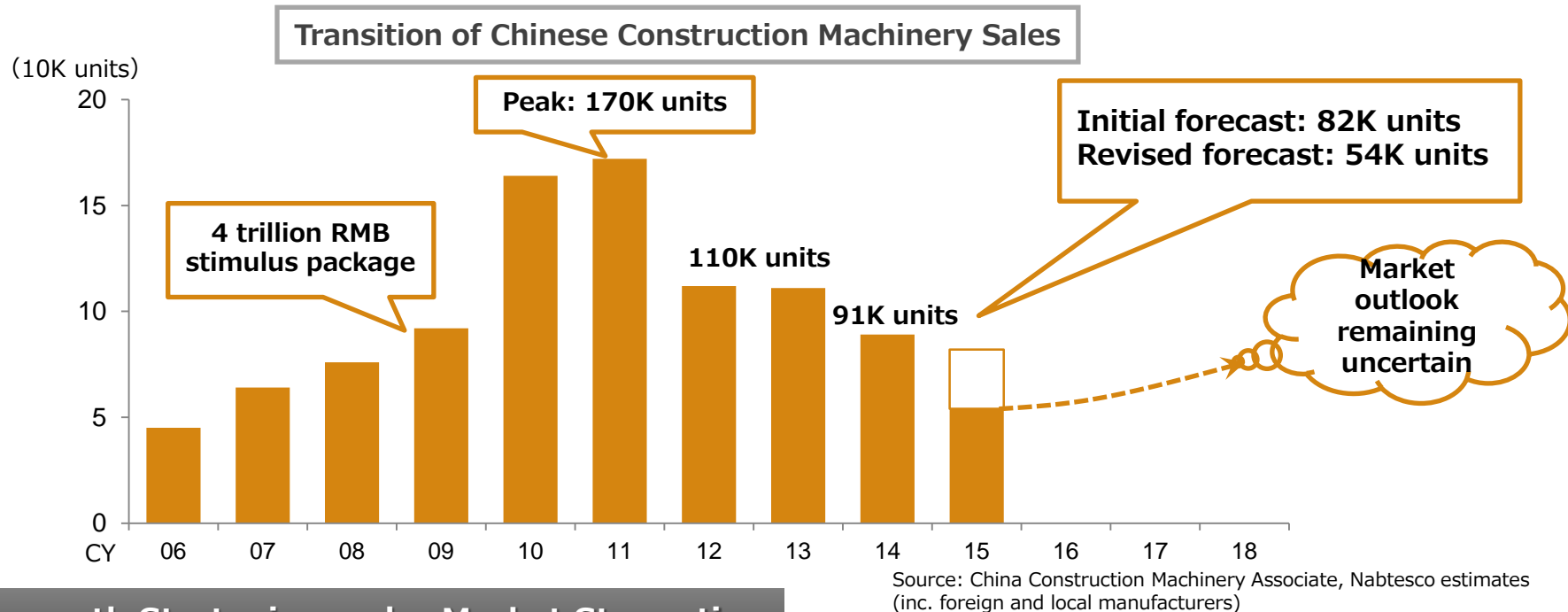
- Obtaining the sales and production base in Europe (railroad equipment)
- Acquisition of distribution channels in North America (automatic doors)
- Expanding the product lineup (hydraulic equipment)

3-1 Correspondence to External Fluctuations: Hydraulic Equipment

Reaction to Sluggish Construction Machinery Demand in China

■ **Action accomplished as planned in order to generate profits in next fiscal year corresponding to initial forecast of Chinese construction machinery sales 82K units**

- Reorganization of two plants in China into one
- 30% excess capacity reduction in China (will be utilized in other business)



Regrowth Strategies under Market Stagnation

- **Necessities for regrowth: product lineup expansion**
- **Acquisition of Hyst Corporation:**

Component sales → strengthening of hydraulic system proposals

Prompt realization of cost synergy (consolidation will be completed by Mar. 2016)

3-2-1 Growth Acceleration: Railroad Vehicle Equipment

Demand Outlook by Region and Strategies

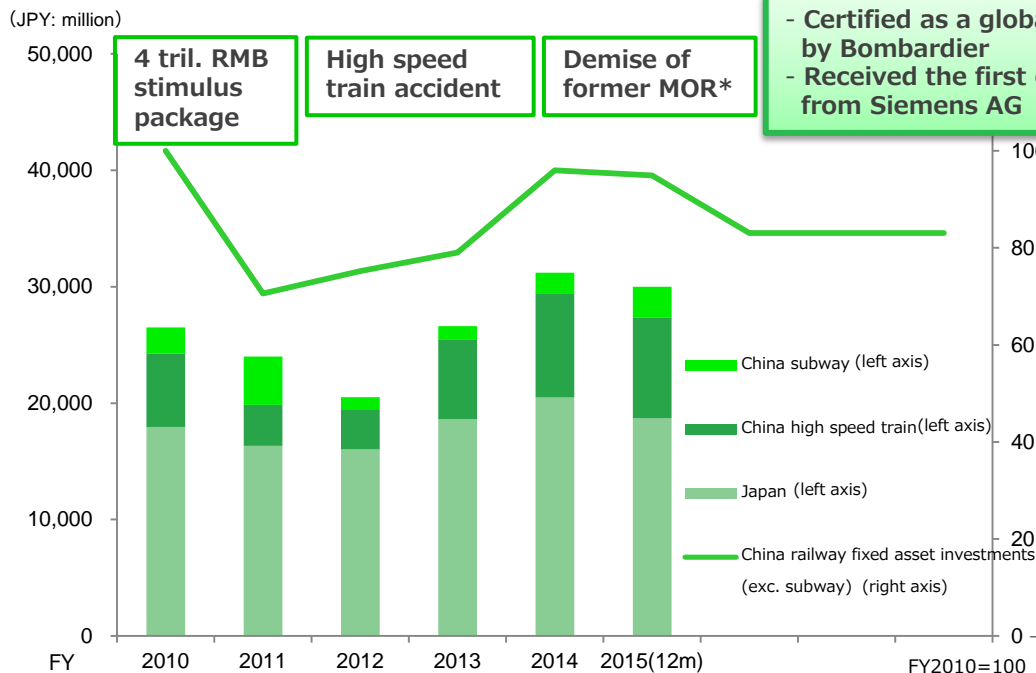
Outlook

- **Japan:** stable demand
- **China:** railway demand being steady
- **Europe:** market growing solidly

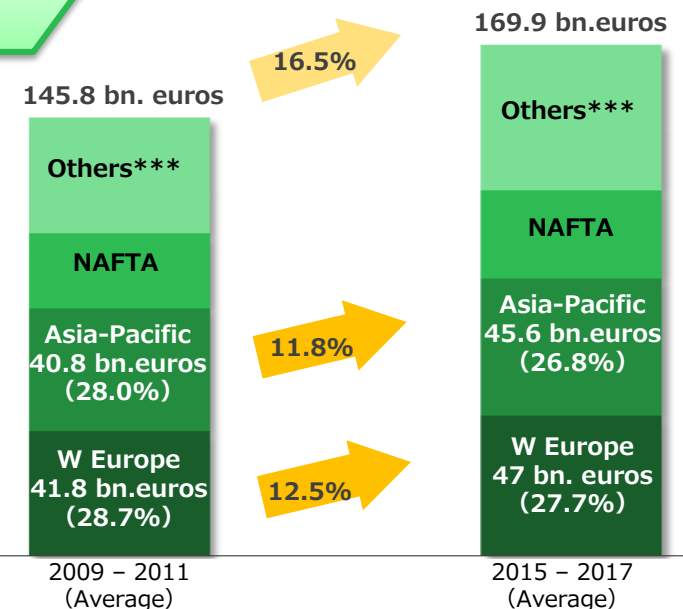
Strategies

- **Chinese high speed trains:** maintaining market share of 40%
- **Chinese subway:** increasing market share
- **Business expansion with European Big three rolling stock manufacturers:**
→ under cultivation through European subsidiary
- **Further promotion of the MRO** business**

Sales by Region and Transition of China Railway Fixed Asset Investments



Market Size of the Rail Industry



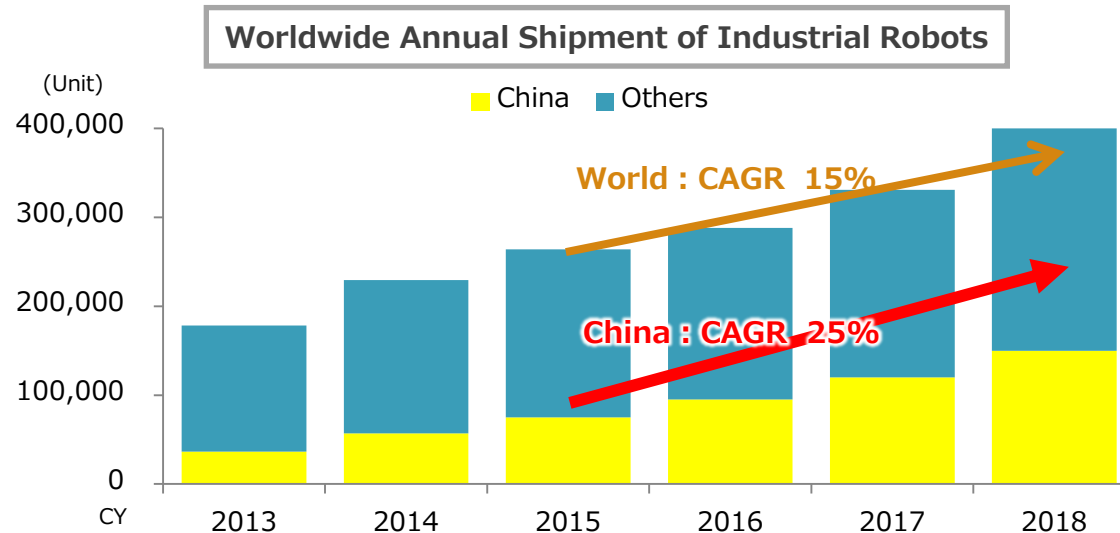
Source: National Railway Administration of People's Republic of China
*MOR: Ministry of Railway **MRO: maintenance, repair and overhaul

Source: UNIFE
***Others: E Europe, CIS, Africa, Middle East, Latin America except NAFTA

3-2-2 Growth Acceleration: Precision Reduction Gears

Outlook of Global Robot Market

- Precision reduction gears business: 10% annual growth rate for medium- to large-sized robot market in the midterm



Capacity Expansion

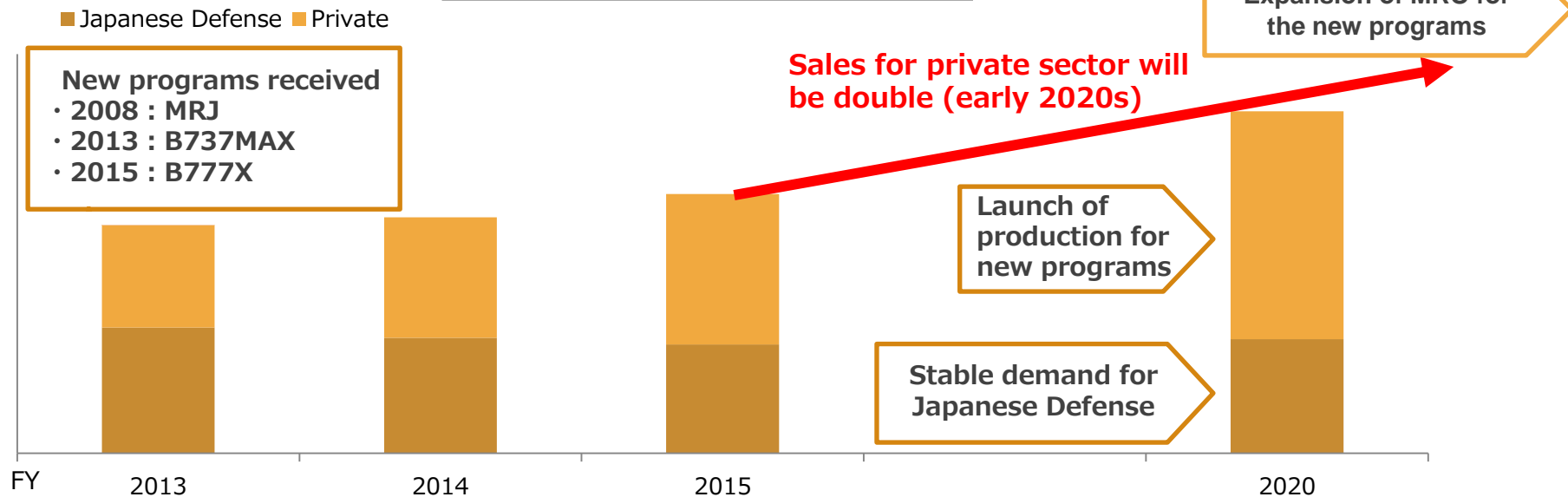
- Establishment of a stable supply system to meet increasing demand in the midterm
 - Establishment of new plant in China
 - Operations will start from Jan. 2016, as initially planned
 - Production capacity will become 100,000 units/year by Dec. 2016, final capacity will be 200,000 units/year
 - Capacity expansion in Tsu Plant (in Japan)
 - From 600,000 units to 660,000 units by Dec. 2015, as initially planned

3-2-3 Growth Acceleration: Aircraft Equipment

Growth of Commercial Aviation Business Demand in the Mid- to Long-term

- Commercial aviation market:
 - units of aircrafts under operation will be double over next 20 years
- New orders received in private sector will contribute to sales in and after 2017
 - Sales for private sector will be double in early 2020s

Sales of Aircraft Equipment Business



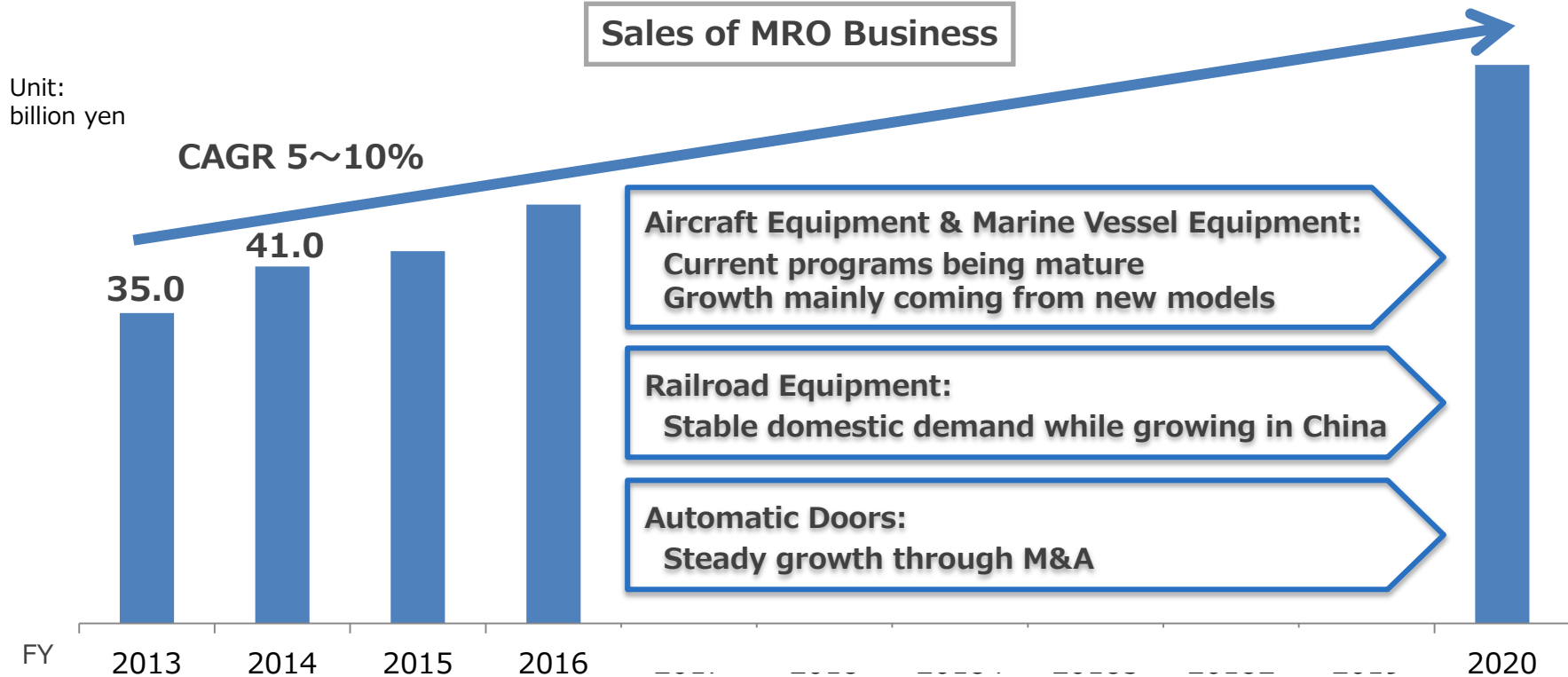
Production Capacity

- CAPEX of JPY 10bn in total
 - Establishment of new facilities within Gifu plant (Facilities for surface treatment and EHSV*)
 - Strengthening competitiveness through productivity improvement and environmental performance upgrade

*EHSV: Electro Hydraulic Servovalve

3-2-4 Growth Acceleration: Expansion of MRO Business

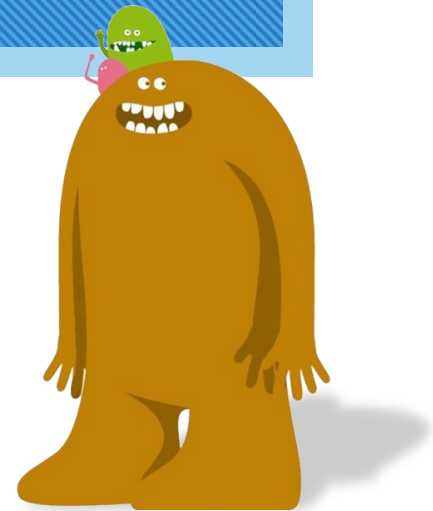
Growth of MRO Business



Approaches to Further Growth

- Enhancement of efficiency in mature markets
 - Improvement of coverage ratio by increasing accuracy of data analysis
- Establishment of sales network and proactive approaches in new markets
 - Capture of demand through active proposals

Appendix



Change of the Closing Date and Estimates for FY2015/12

- Changing accounting period due to the resolution of the three-month time lag between domestic and overseas and the preparation of the future IFRS installment

FY2015/12 (‘TANSHIN’ *Basis)

(9 months for Nabtesco and domestic subsidiaries /12 months for overseas subsidiaries)

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



Earnings period in ‘TANSHIN’

Q1

Q2

Q3

*‘TANSHIN’ : Summary of Financial Statements in Japanese

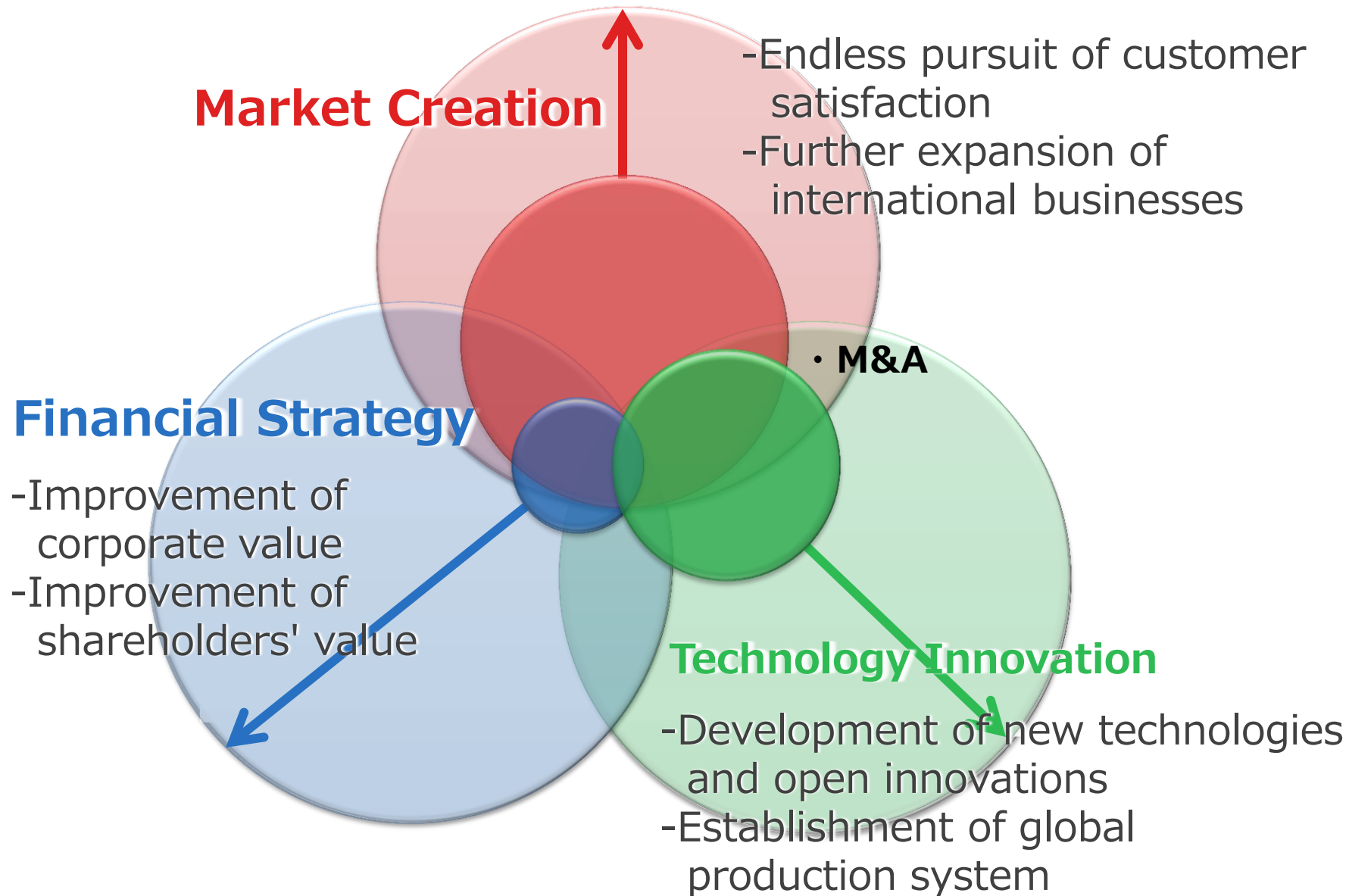
FY2015/12 (Reference)

(12 months)

	2015												2016		
	Jan.	Feb.	Mar.	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Nabtesco and domestic subsidiaries				Q1			Q2			Q3			Q4		
Overseas subsidiaries				Q2			Q3			Q4					

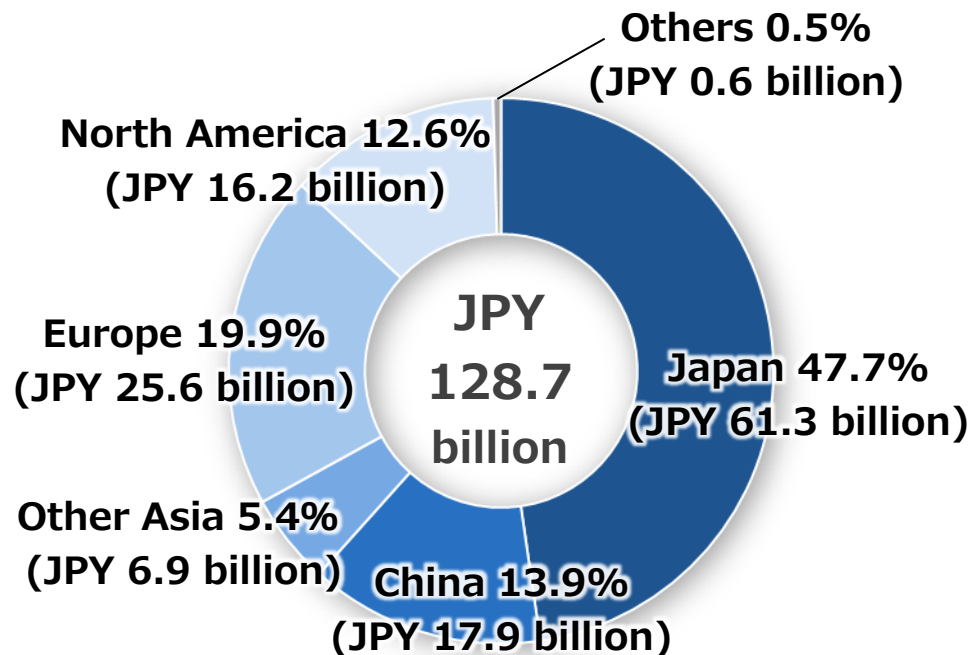
Please note that the estimates for FY2015/12 (Reference) were calculated for the period of 12 months to make comparisons with the results for FY2015/3 under the same conditions.

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



Sales by Geographic Segment

2015/12 H1 Result*



Overseas Sales	67.3 JPY billion
Ratio	52.3%

*With respect to the H1 of the consolidated FY2015/12, the consolidated forecast covers a six-month period (April 1, 2015 to September 30, 2015) for Nabtesco and domestic subsidiaries, and a nine-month period (January 1, 2015 to September 30, 2015) for overseas subsidiaries.

CAPEX, R&D and Depreciation

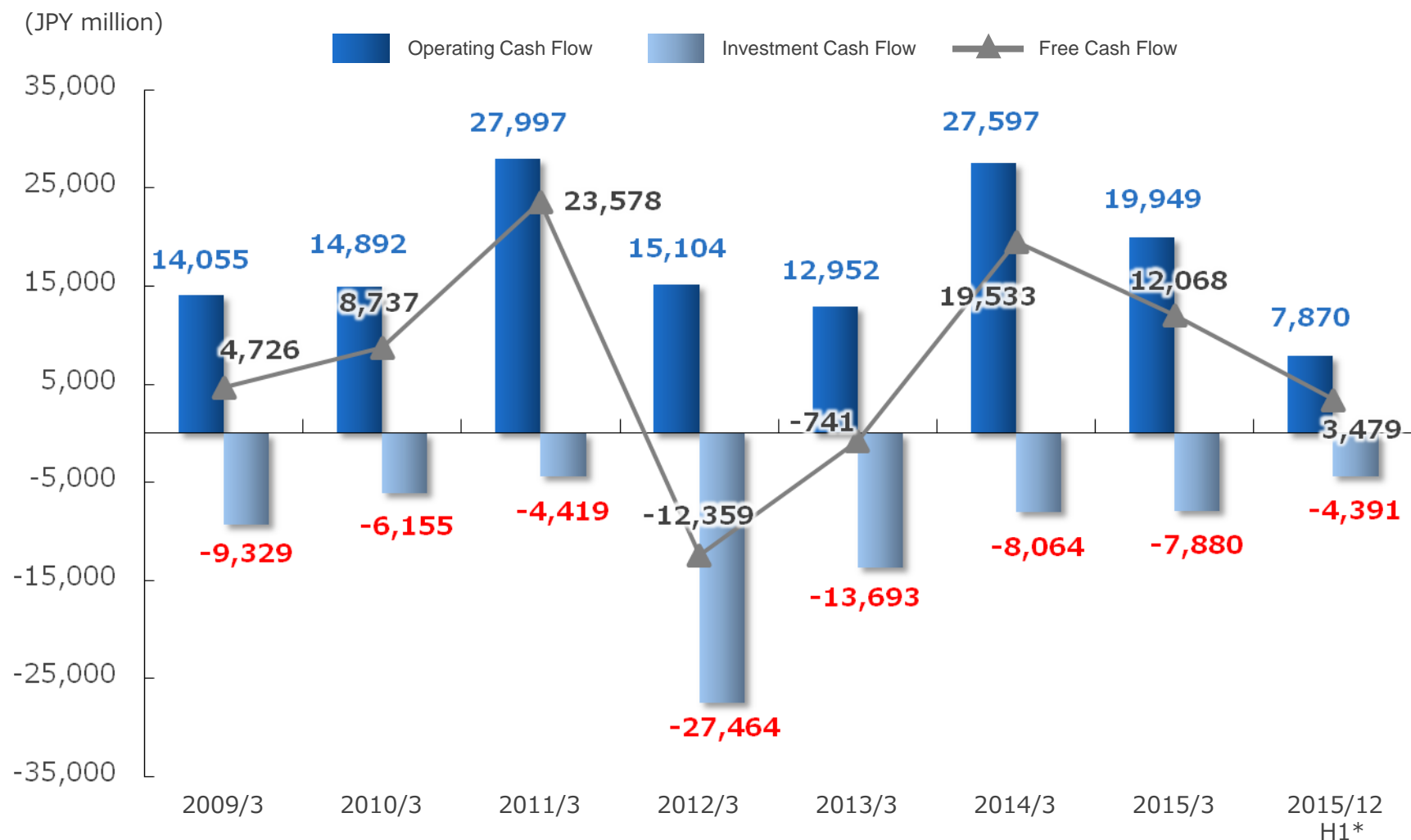
(JPY Million)	2014/3 Result	2015/3 Result	2015/12 H1 Result Nabtesco and domestic subsidiaries (6M) Overseas subsidiaries (9M)	2015/12 Full-year Plan 'TANSHIN' basis	2015/12 Full-year Plan (Reference)
CAPEX	6,760	6,918	5,033	14,000	18,000
R&D	6,401	6,876	3,905	6,500	8,000
Depreciation	7,600	6,258	4,351	6,700	8,200

Please note that the estimates for FY2015/12 (Reference) were calculated for the period of 12 months to make comparisons with the results for FY2015/3 under the same conditions.

Notes

- CAPEX : 2015/12 plan includes investment for the modernization of domestic plants and capacity expansion in the precision reduction gears and aircraft equipment businesses.
- R&D expenses: Investment will be made for the enhancement of fundamental technologies and new product development.

Consolidated Cash Flow



*With respect to the H1 of the consolidated FY2015/12, the consolidated forecast covers a six-month period (April 1, 2015 to September 30, 2015) for Nabtesco and domestic subsidiaries, and a nine-month period (January 1, 2015 to September 30, 2015) for overseas subsidiaries.

Balance Sheet Summary

(JPY million)	2015/3 (As of March 31, 2015)	2015/12 Q2 (As of September 30, 2015)	Variation
Assets	245,992	238,009	-7,982
(Cash and time deposits)	51,157	37,641	-13,514
(Accounts receivable)	57,115	57,733	618
(Inventory)	25,165	29,788	4,623
(Tangible fixed assets)	56,877	57,411	534
Liabilities	87,327	87,596	269
(Interest-bearing debt)	16,659	15,391	-1,265
Net assets	158,664	150,412	-8,251
(Stock acquisition right)	391	377	-13
(Minority interests)	8,410	7,631	-779
Equity capital	149,862	142,404	-7,458

※ Equity ratio :

60.9%

59.8%

Progress of the Mid-term Management Plan

(JPY billion)	2015/3 Result	2015/12 Full-year plan 'TANSHIN' basis* (As of October 2015)	2017/3 Final Year of the Current Mid-term Plan
Sales	219.6	191.0	280.0±5%
Operating Profit	23.6	16.2	34.0
O.P. Margin	10.8%	8.5%	12.0%
Net Profit*	17.7	11.4	24.0
EPS	140.24JPY	91.59 JPY	190 JPY
ROA	7.4%	-	7.5%
ROE	12.6%	-	15.0%
Dividend	44 JPY	44 JPY	-
Payout Ratio	31.4%	-	30% or higher

*Net profit = Net income attributable to parent company shareholders

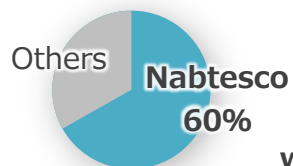
Main Products: Precision Equipment Segment

Precision Reduction Gears

■ Joints of Industrial Robots

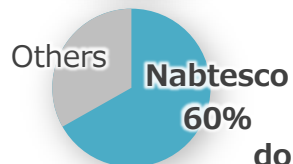
■ Machine Tool ATCs

(ATC = Automatic Tool Changer)



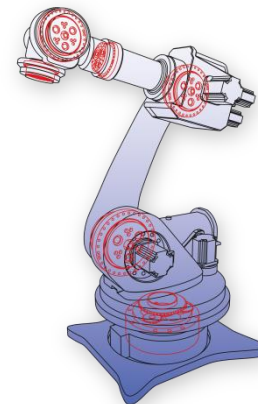
No.1

Approx. **60%**
world market share



No.1

Approx. **60%**
domestic market share

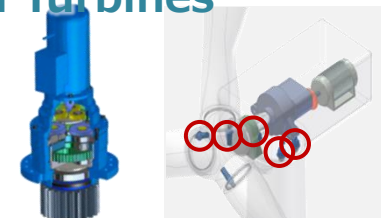


New Energy Equipment

■ Solar Tracking Equipment



■ Drive Units for Wind Turbines



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

■ 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

■ Brake Systems



■ Door Operating Systems



Commercial Vehicle Equipment

■ Wedge Chambers

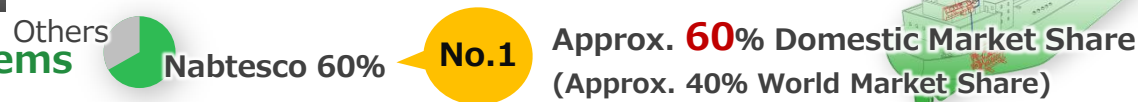


■ Air Dryers



Marine Vessel Equipment

■ 2ST Main Engine Control Systems



Main Customers

■ Railroad Vehicle Equipment

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

■ Commercial Vehicle Equipment

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

■ Marine Vessel Equipment

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

Main Products: Aircraft & Hydraulic Segment

Aircraft Equipment

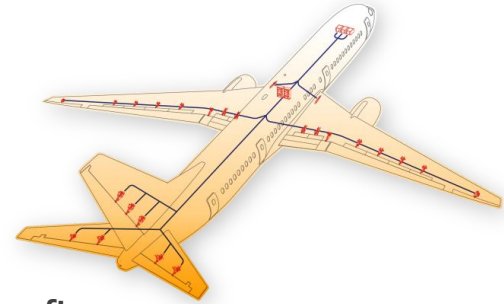
■ Flight Control Actuation Systems (FCA)

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



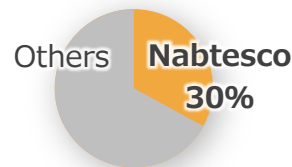
No.1

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



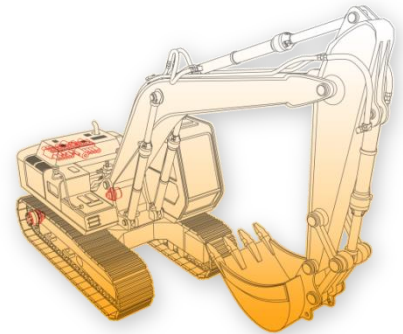
Hydraulic Equipment

■ 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

■ Hydraulic Equipment

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

China: Sany, Zoomlion, Xugong Excavator, Liu Gong

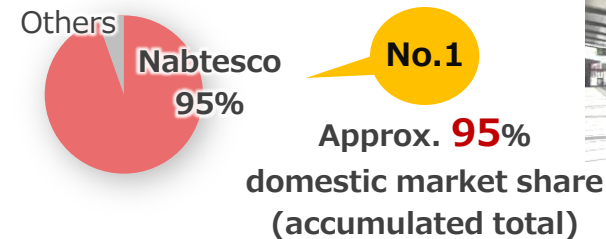
Main Products: Industrial Equipment Segment

Automatic Doors

■ Automatic Doors

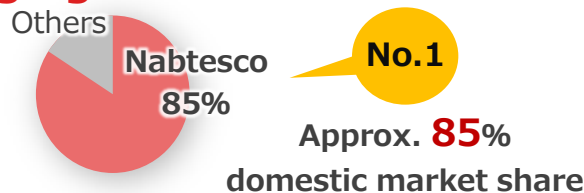


■ Platform Screen Doors



Packaging Machines

■ Packaging Machines for Retort Pouch Foods



Main Customers

■ Automatic Doors

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

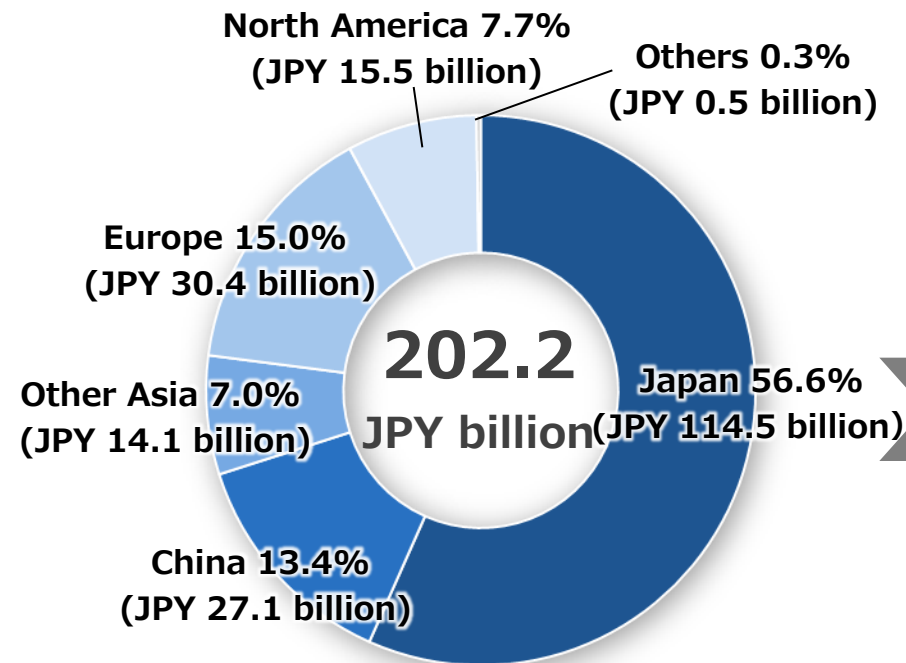
Platform Doors : Subway projects in France and China, others

■ 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

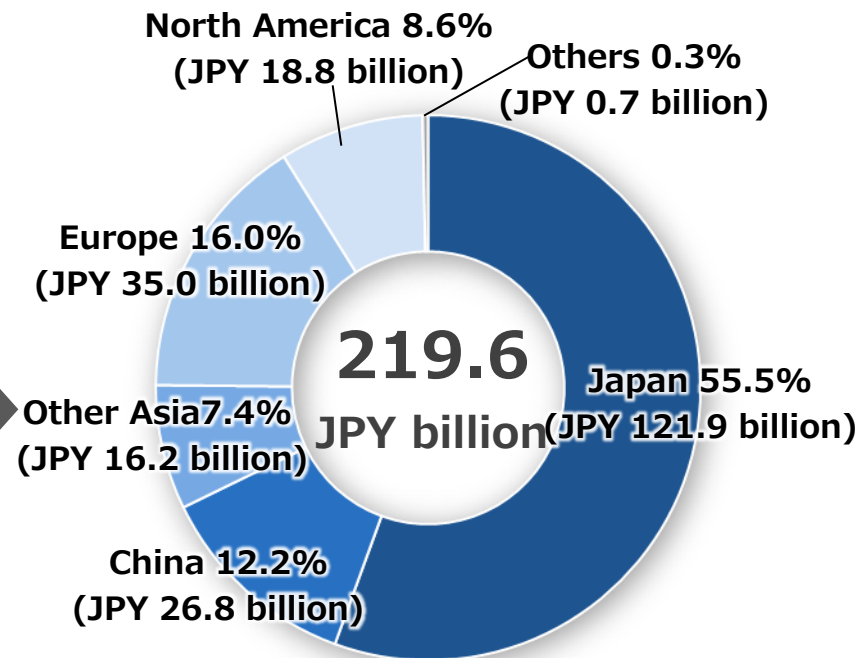
Sales by Geographic Segment

2014/3 Result



Overseas Sales	JPY 87.7 billion
Ratio	43.4%

2015/3 Result



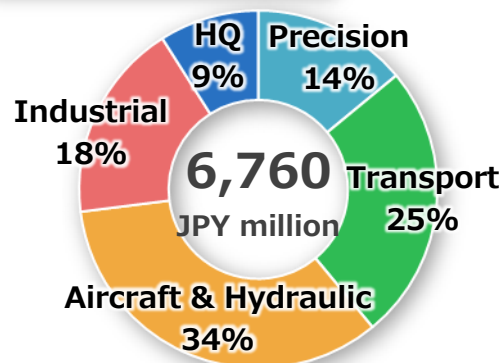
Overseas Sales	JPY 97.7 billion
Ratio	44.5%

Notes

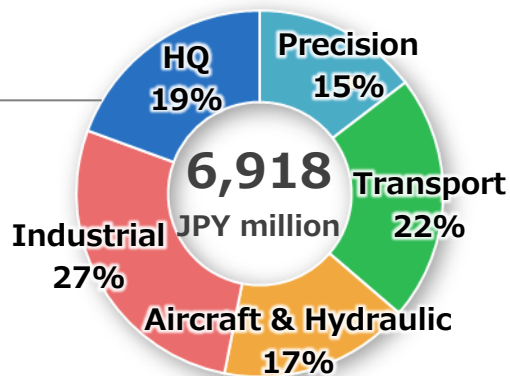
- Overseas sales ratio increased to 44.5% due to increase in sales to North America for precision reduction gears, automatic doors and aircraft equipment. Sales of precision reduction gears and automatic doors also increased in Europe, while sales to China decreased for hydraulic equipment.

Breakdown in CAPEX

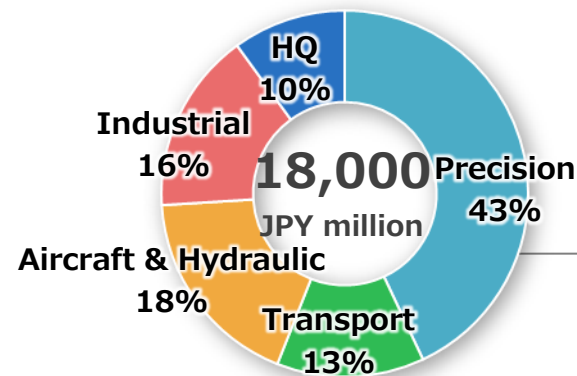
By Segment



- Renewal of company houses
- Implementation of IT infrastructure



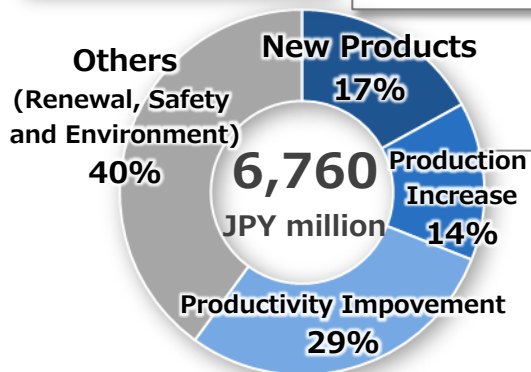
- Modernization of plants incl. facility replacement in Japan and abroad



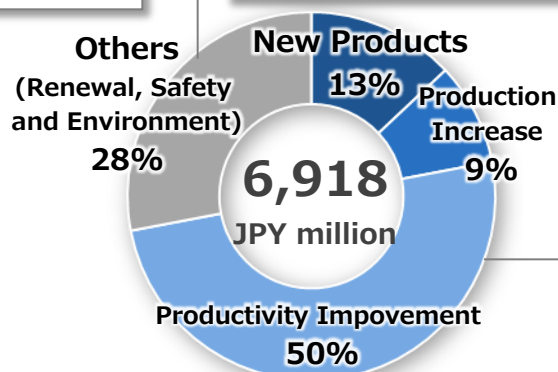
- Precision reduction gears:
 - New plant construction in China
 - Capacity expansion at the Tsu Plant
- Aircraft: Capacity expansion at the Gifu Plant

By Usage

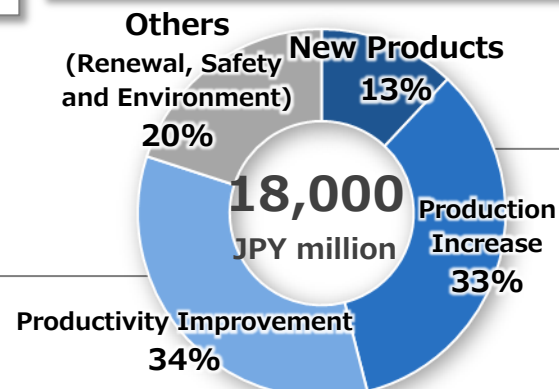
- Modernization of plants incl. facility replacement in Japan and abroad



2014/3 Result



2015/3 Result

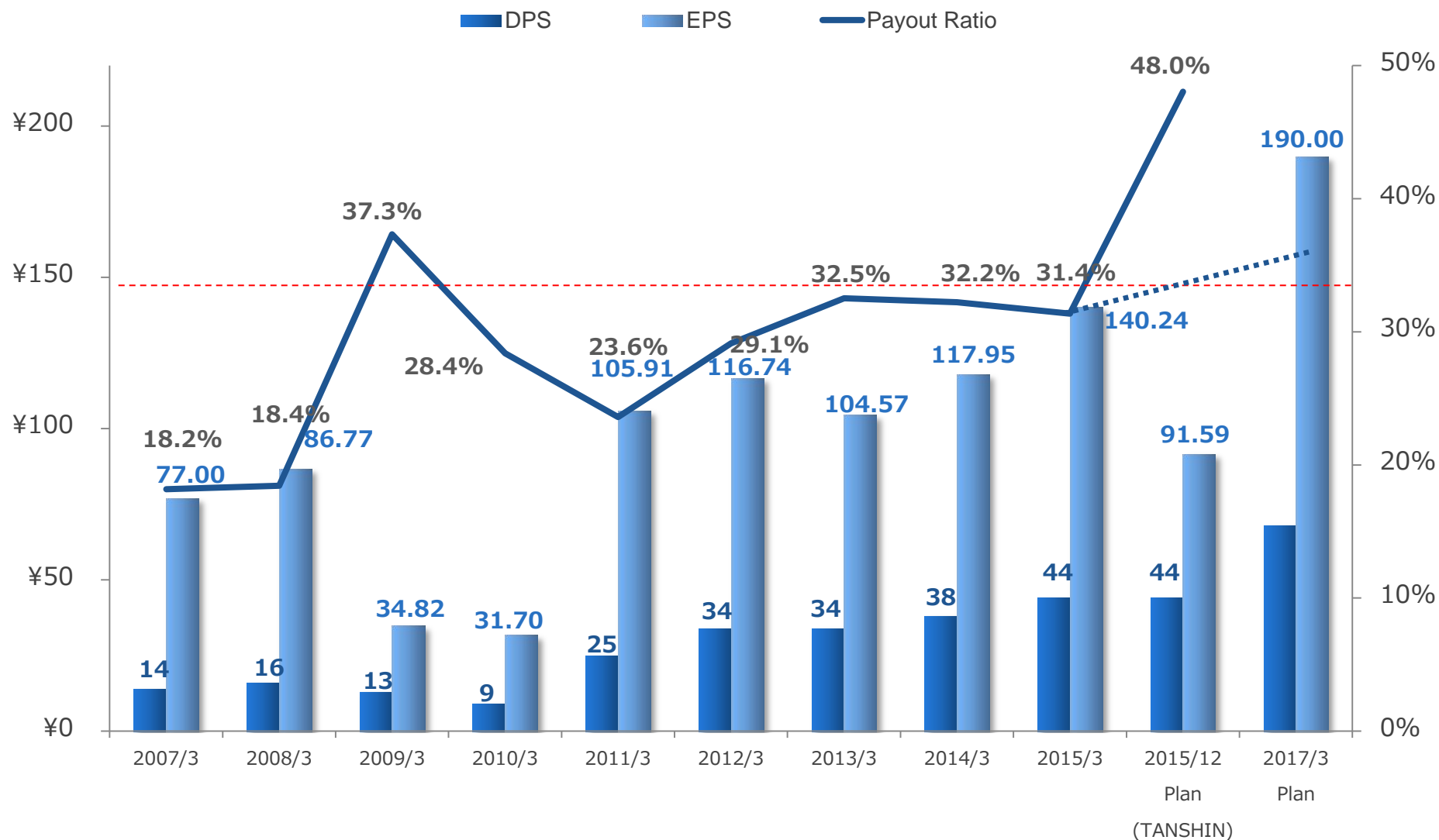


2015/12 Plan (Reference)

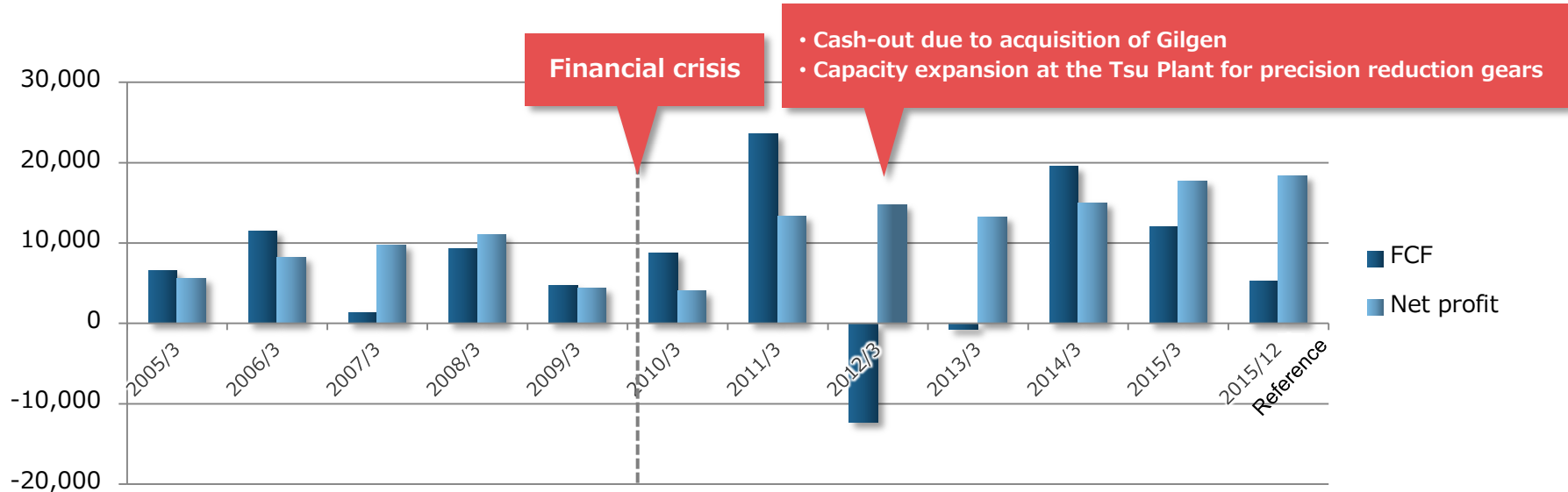
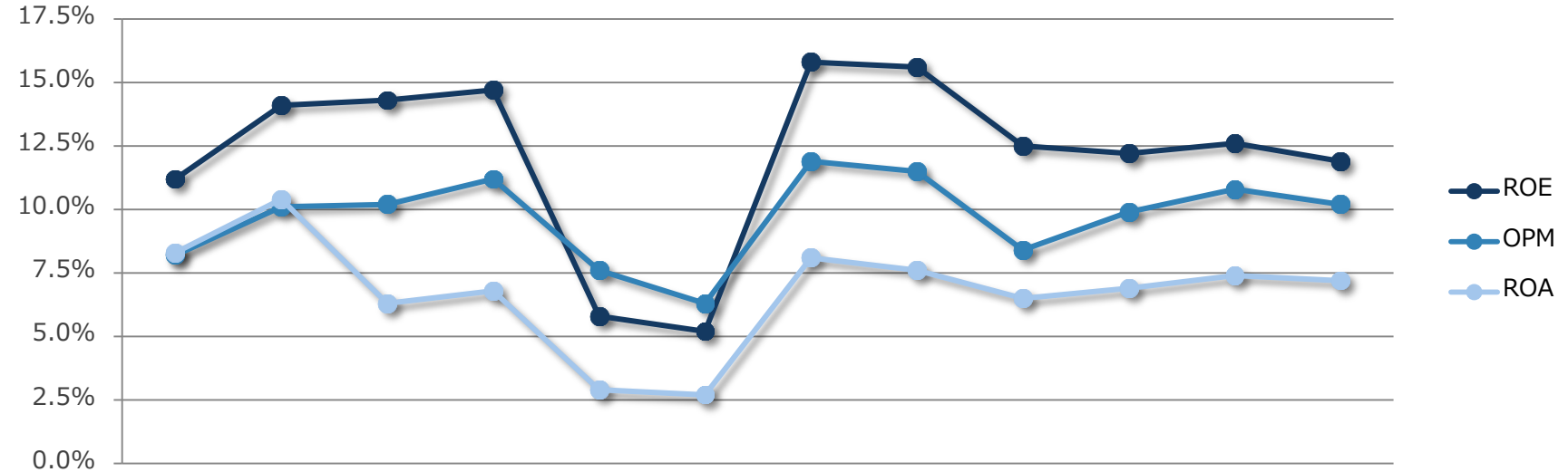
Please note that the estimates for FY2015/12 (Reference) were calculated for the period of 12 months to make comparisons with the results for FY2015/3 under the same conditions.

Result and Forecast for Dividends

■ Maintaining more than 30% payout ratio while ensuring stable payments



Result and Forecast for ROA/ROE, 2015/12 Plan as of May 2015

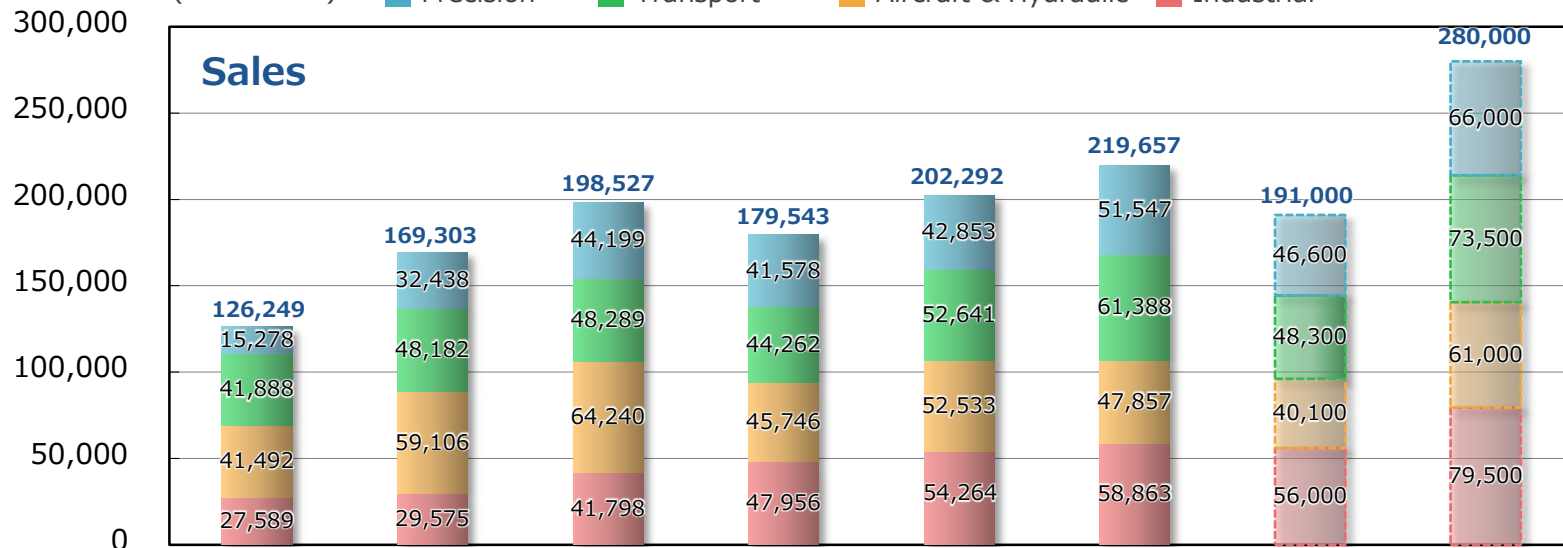


Please note that the estimates for FY2015/12 (Reference) were calculated for the period of 12 months to make comparisons with the results for FY2015/3 under the same conditions.

Result and Forecast for Sales and Operating Profit by Business Segment

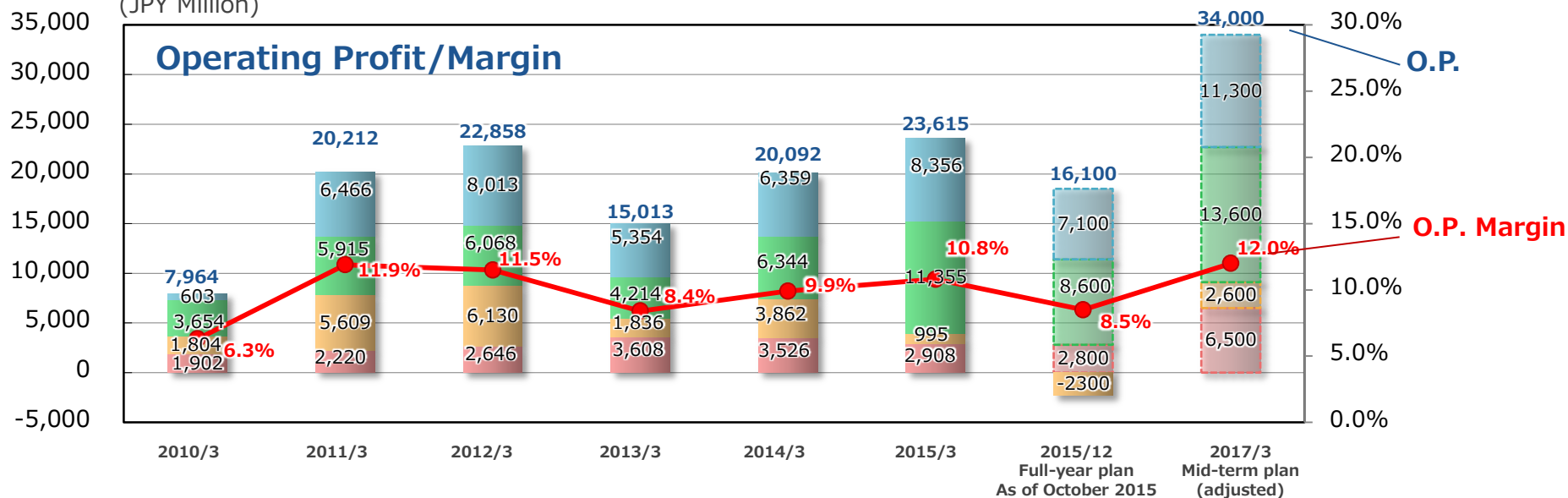
(JPY Million) Precision Transport Aircraft & Hydraulic Industrial

Sales

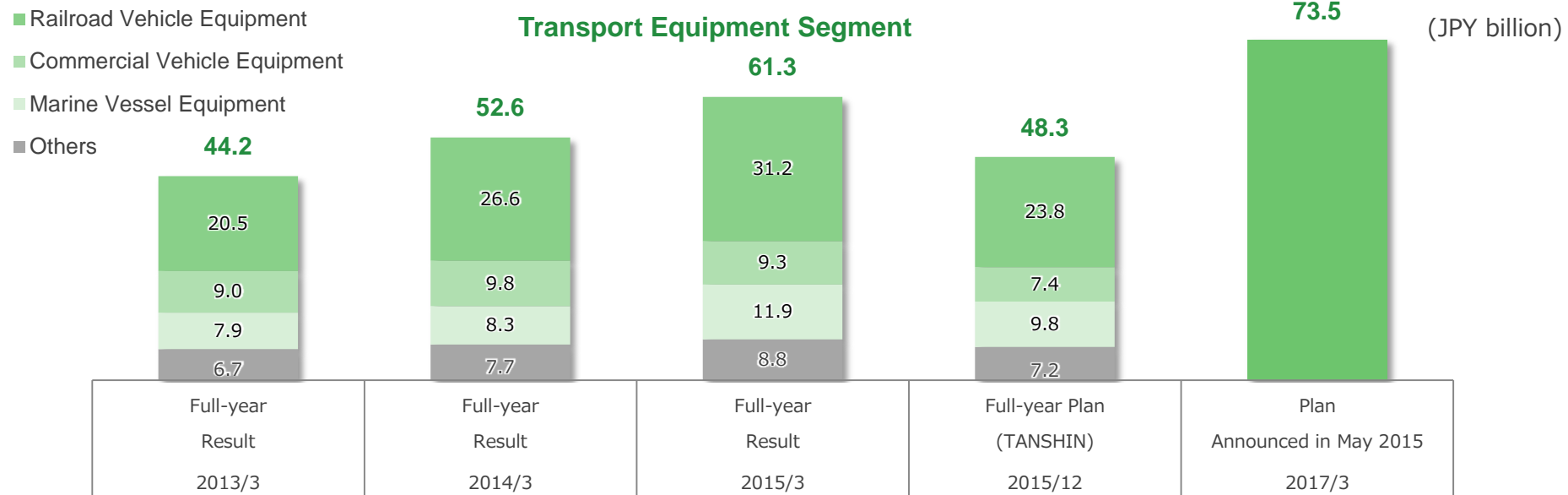
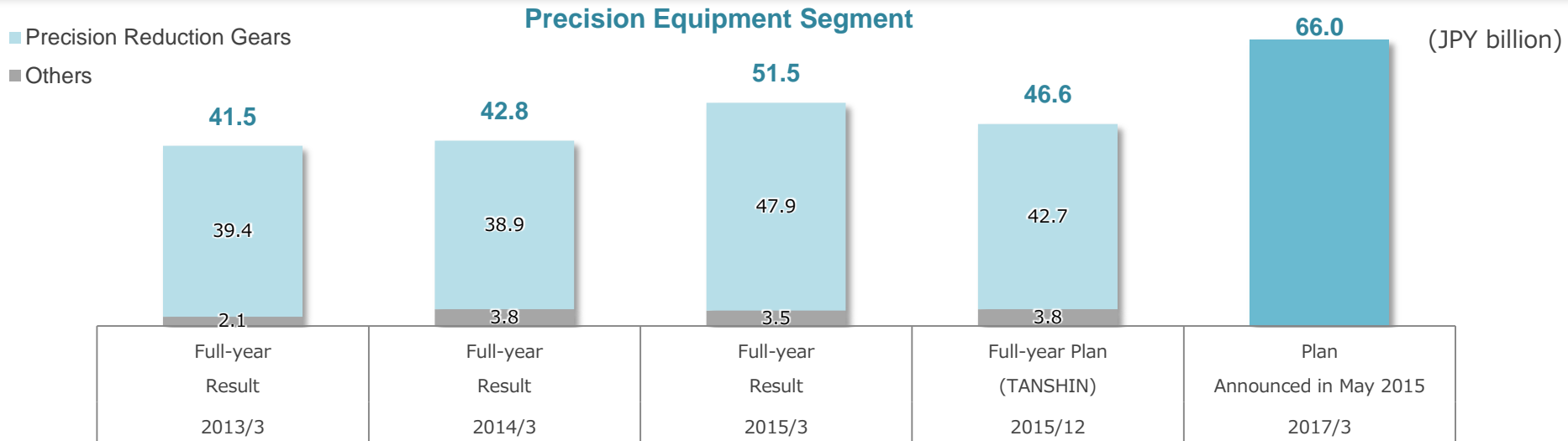


(JPY Million)

Operating Profit/Margin



Sales by Business Segment

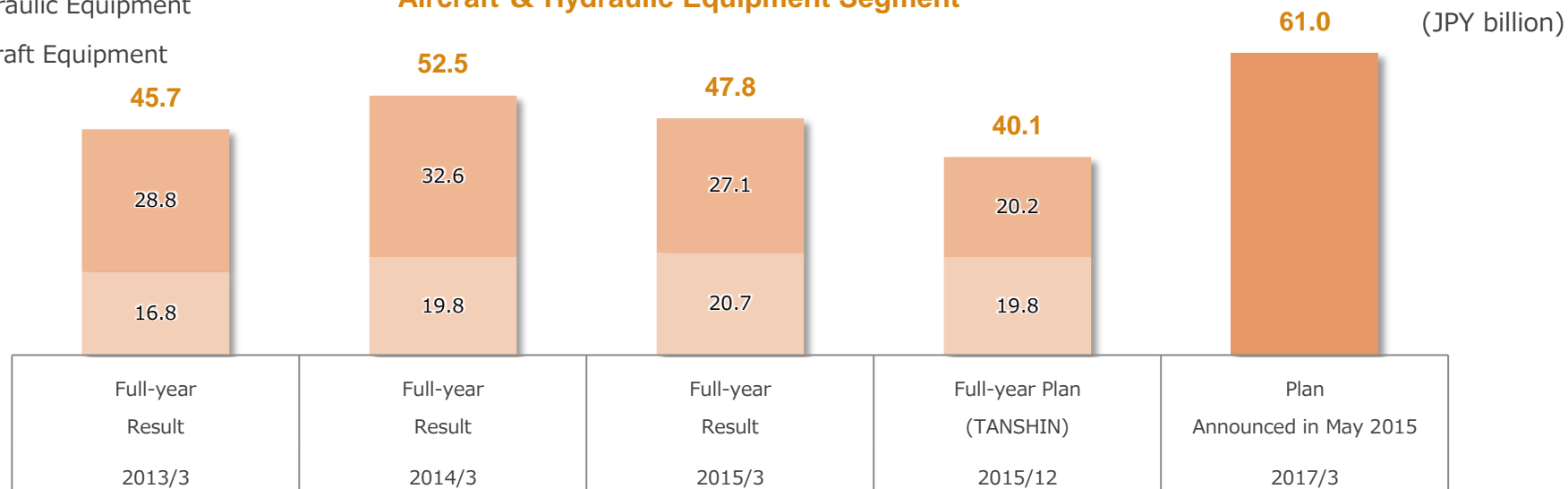


Sales by Business Segment

Hydraulic Equipment

Aircraft Equipment

Aircraft & Hydraulic Equipment Segment

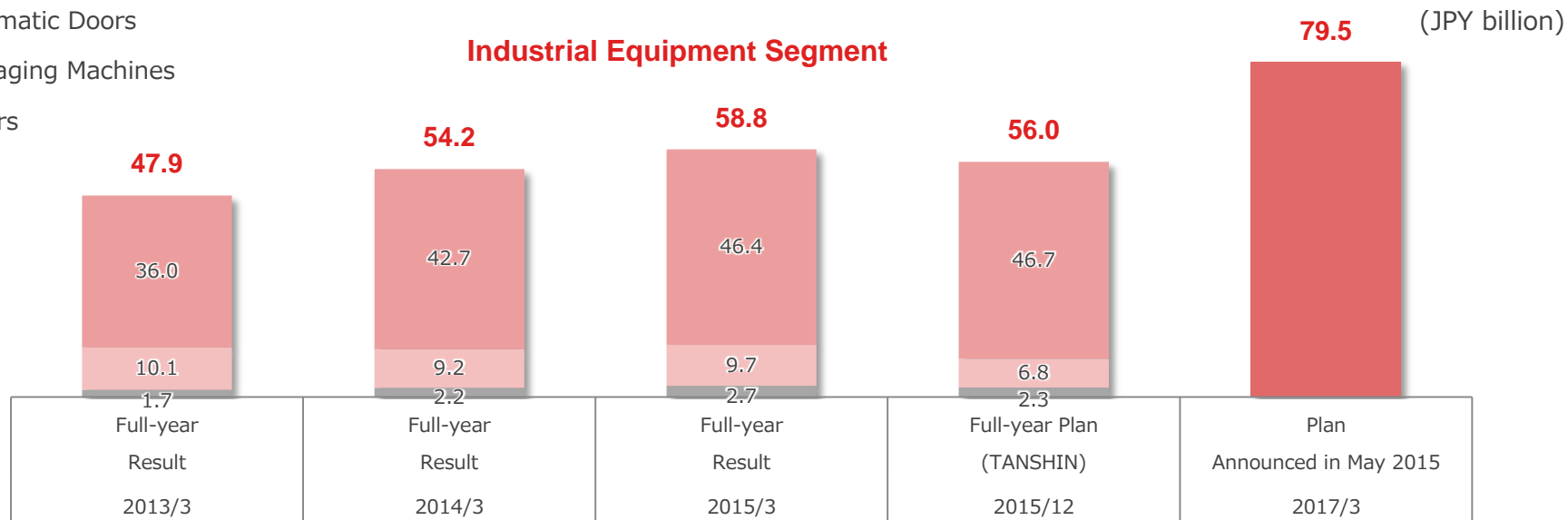


Automatic Doors

Packaging Machines

Others

Industrial Equipment Segment



Nabtesco

moving it. stopping it.

