

Mid- to Long-term Management Strategy

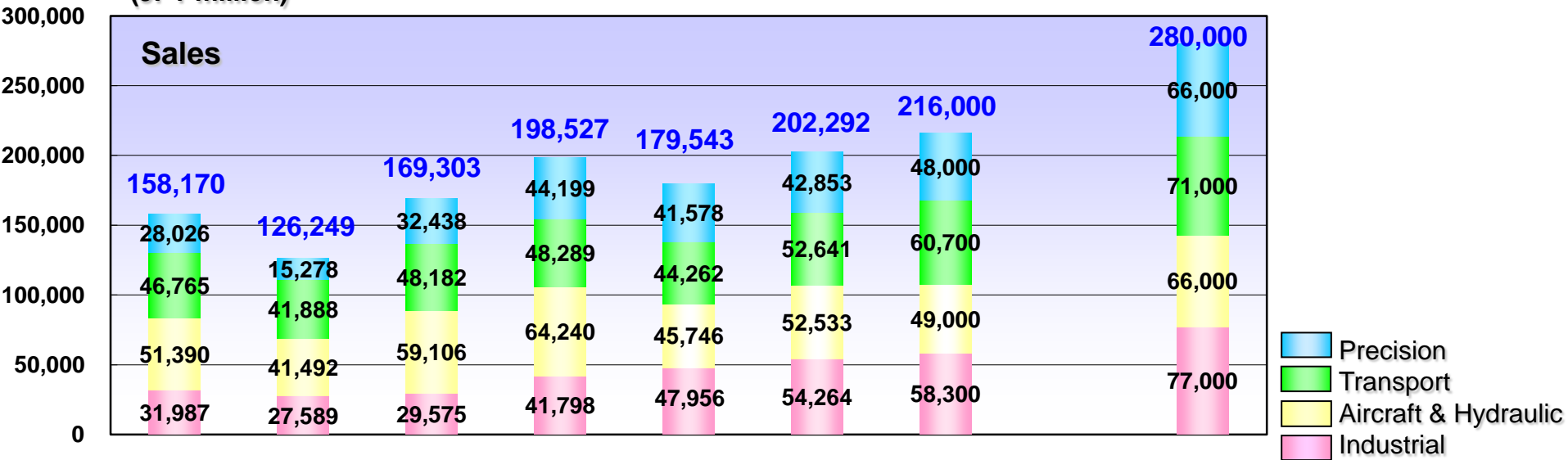
President & CEO Kazuaki KOTANI
Nabtesco Corporation

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.

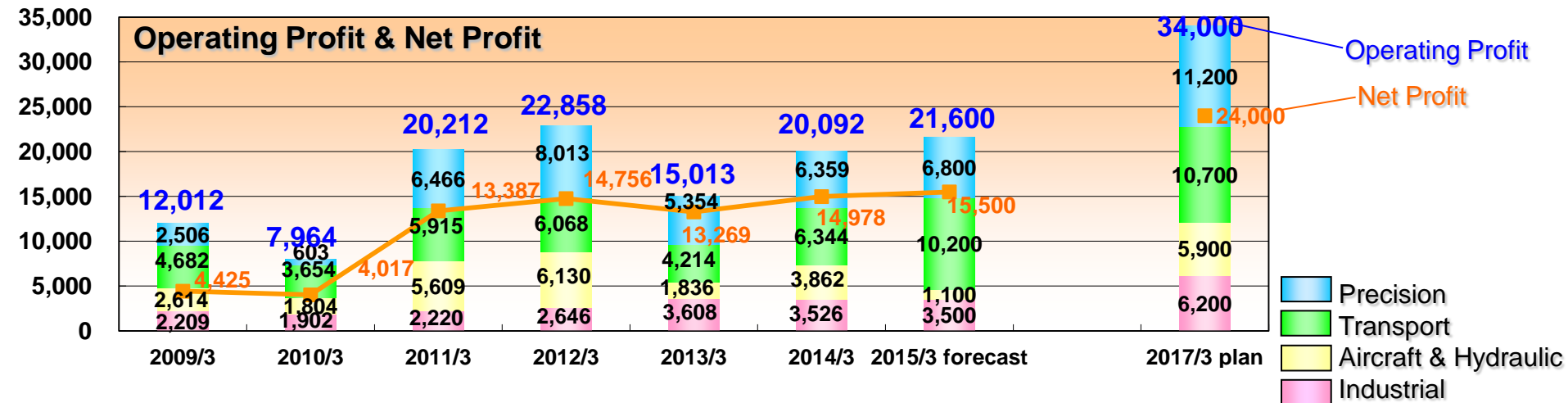
Sales and Operating Profit by Business Segment

Nabtesco

(JPY million)



(JPY million)



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

Nabtesco

(JPY billion)	2014/3 Result	2015/3 Forecast	2017/3 Mid-term plan announced in May 2014	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	-
EPS(Yen)	117.95	122.49	190	-
ROA	6.9%	6.7%	7.5%	11.0%
ROE	12.2%	11.7%	15.0%	18.0%
Payout ratio	32.2%	32.7%	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

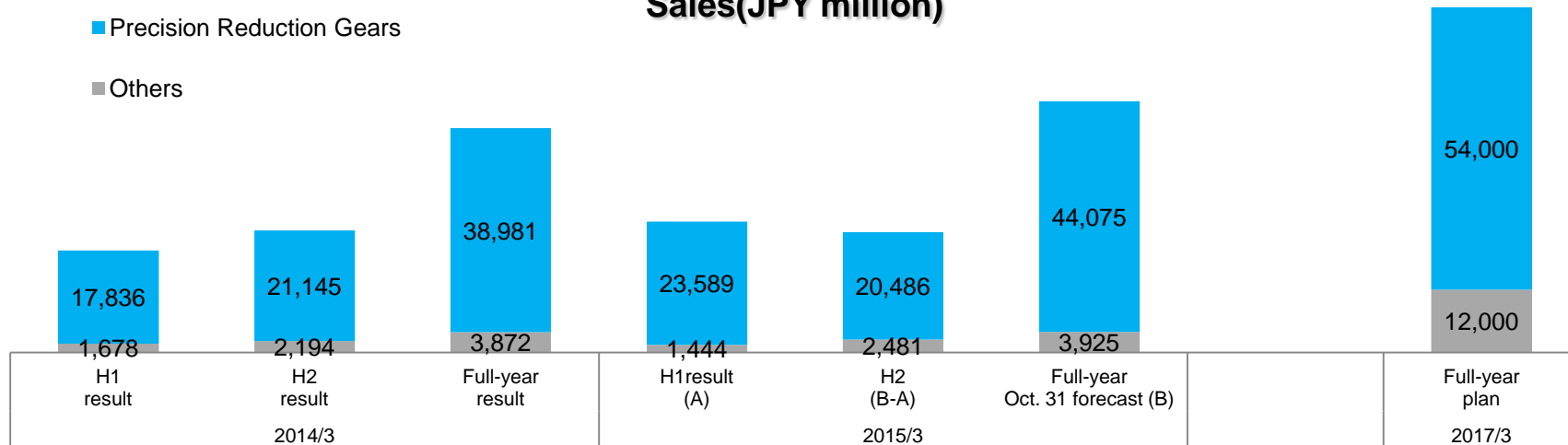
Results and forecast

(JPY million)	2014/3			2015/3					2017/3
	H1 result	H2 result	Full-year result	H1		H2	Full-year		Full-year
				7/31 plan	Result (A)	(B-A)	7/31 plan	10/31 forecast (B)	Plan Announced in May 2014
Sales (year-on-year)	19,513 (-3.9%)	23,339 (+9.8%)	42,853 (+3.1%)	25,000 (+28.1%)	25,033 (+28.3%)	22,966 (-1.6%)	48,000 (+12.0%)	48,000 (+12.0%)	66,000
Operating profit (year-on-year)	2,665 (+24.1%)	3,694 (+15.2%)	6,359 (+18.8%)	3,600 (+35.1%)	3,976 (+49.2%)	2,823 (-23.6%)	7,300 (+14.8%)	6,800 (+6.9%)	11,200
Operating profit margin	13.7%	15.8%	14.8%	14.4%	15.9%	12.3%	15.2%	14.2%	17.0%

Sales(JPY million)

■ Precision Reduction Gears

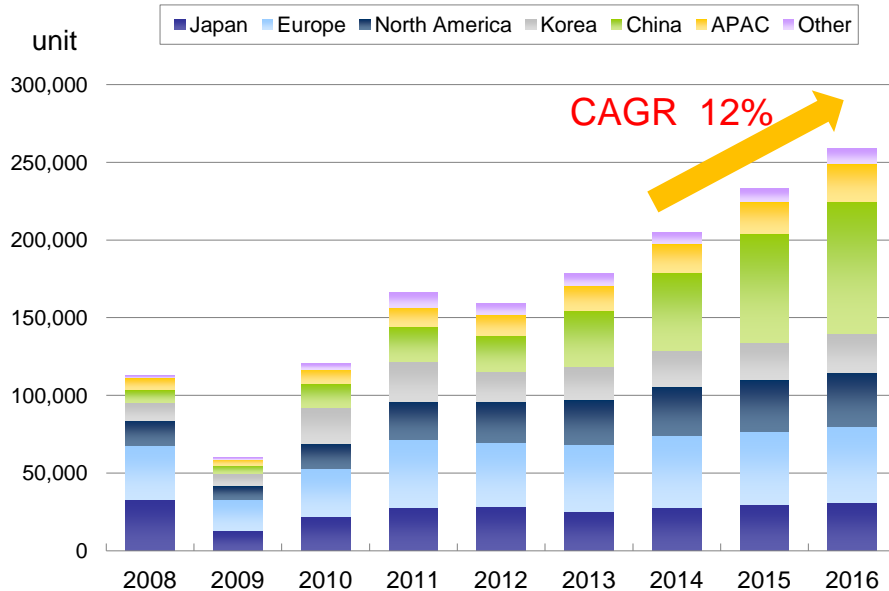
■ Others



Precision Equipment: Mid-Term Strategies for Precision Reduction Gears

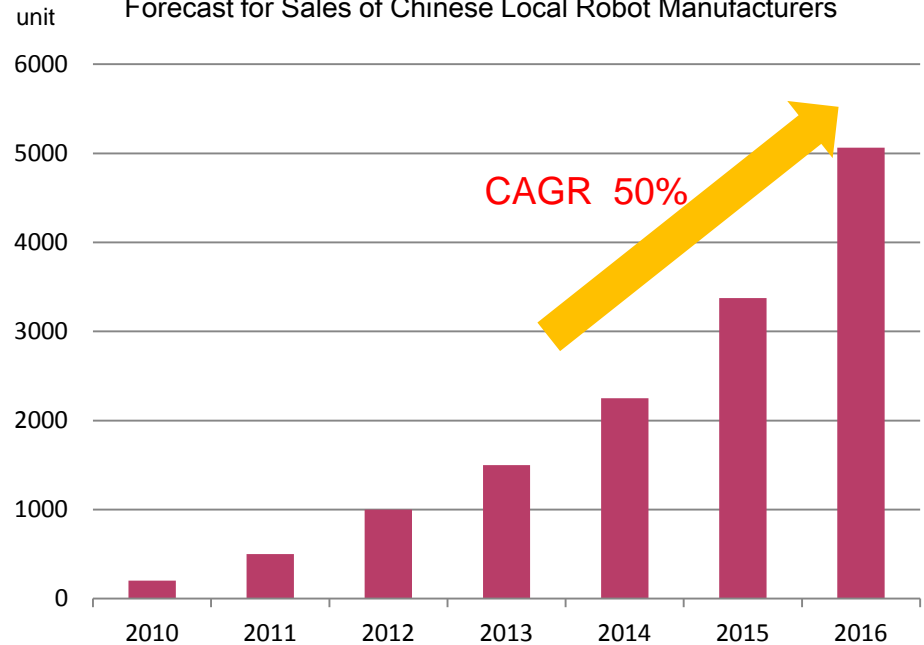
Nabtesco

Worldwide Annual Shipment of Industrial Robots



Source: IFR

Forecast for Sales of Chinese Local Robot Manufacturers



Source: CRIA

Main Strategies

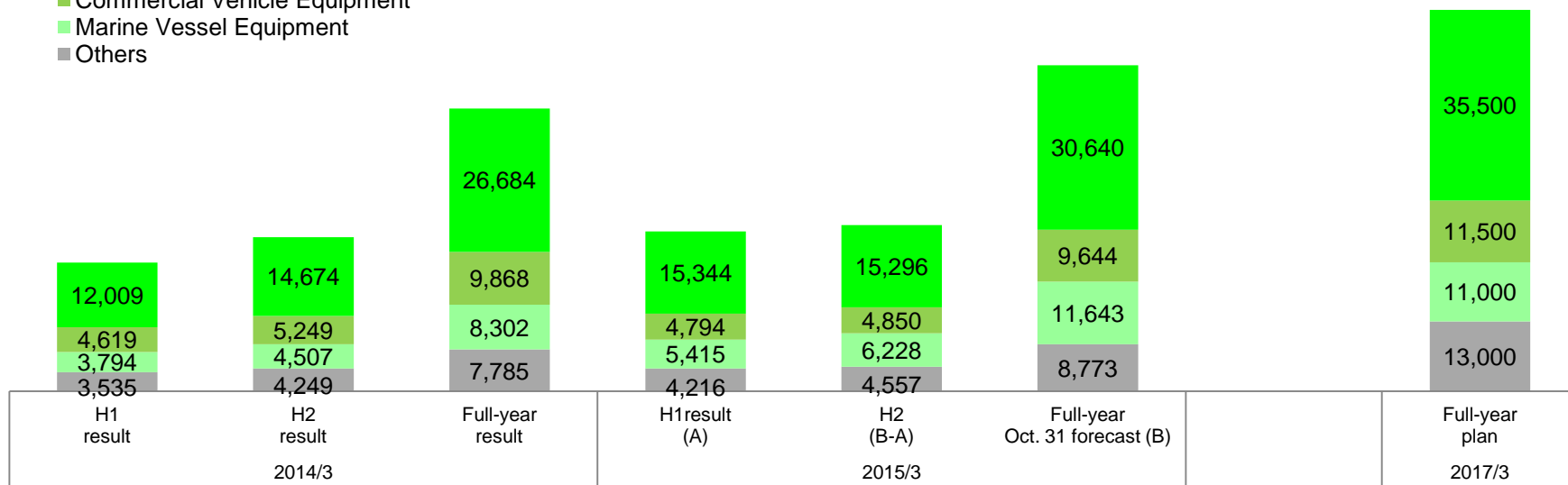
- ◆ Assured penetration into the Chinese local robot manufacturers through cooperation with the local joint venture
- ◆ Amplification of product lineup in general industries
- ◆ Maintain the market share of the joints of industrial robots with absolute confidence from customers

Results and forecast

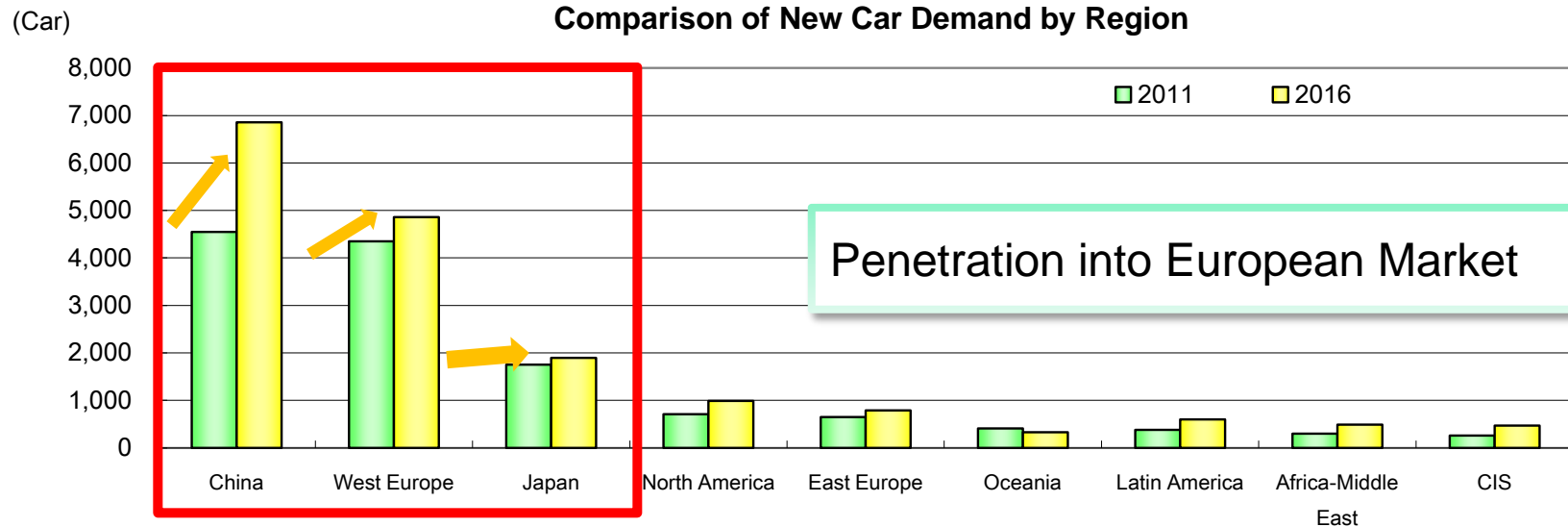
(JPY million)	2014/3			2015/3					2017/3
	H1 result	H2 result	Full-year result	H1		H2 (B-A)	Full-year		Full-year Plan Announced in May 2014
				7/31 plan	Result (A)		7/31 plan	10/31 forecast (B)	
Sales (year-on-year)	23,960 (+6.2%)	28,681 (+32.2%)	52,641 (+18.9%)	30,000 (+25.2%)	29,769 (+24.2%)	30,930 (+7.8%)	59,200 (+12.5%)	60,700 (+15.3%)	71,000
Operating Profit (year-on-year)	2,581 (+5.3%)	3,762 (+113.6%)	6,344 (+50.5%)	4,700 (+82.1%)	5,875 (+127.6%)	4,324 (+14.9%)	8,800 (+38.7%)	10,200 (+60.8%)	10,700
Operating profit margin	10.8%	13.1%	12.1%	15.7%	19.7%	14.0%	14.9%	16.8%	15.1%

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

Sales (JPY million)



Transport Equipment: Mid-Term Strategies for Railroad Vehicle Equipment



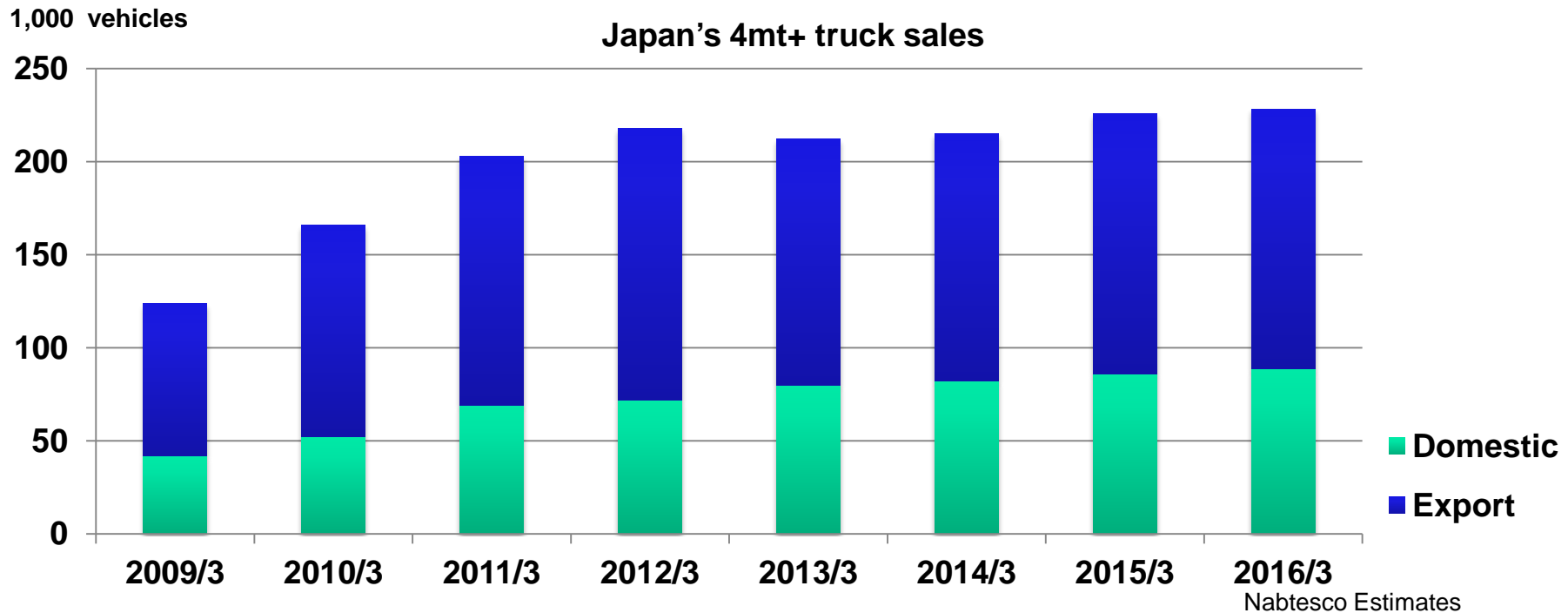
Nabtesco Estimates

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)

Transport Equipment: Mid-Term Strategies for Commercial Vehicle Equipment

Nabtesco

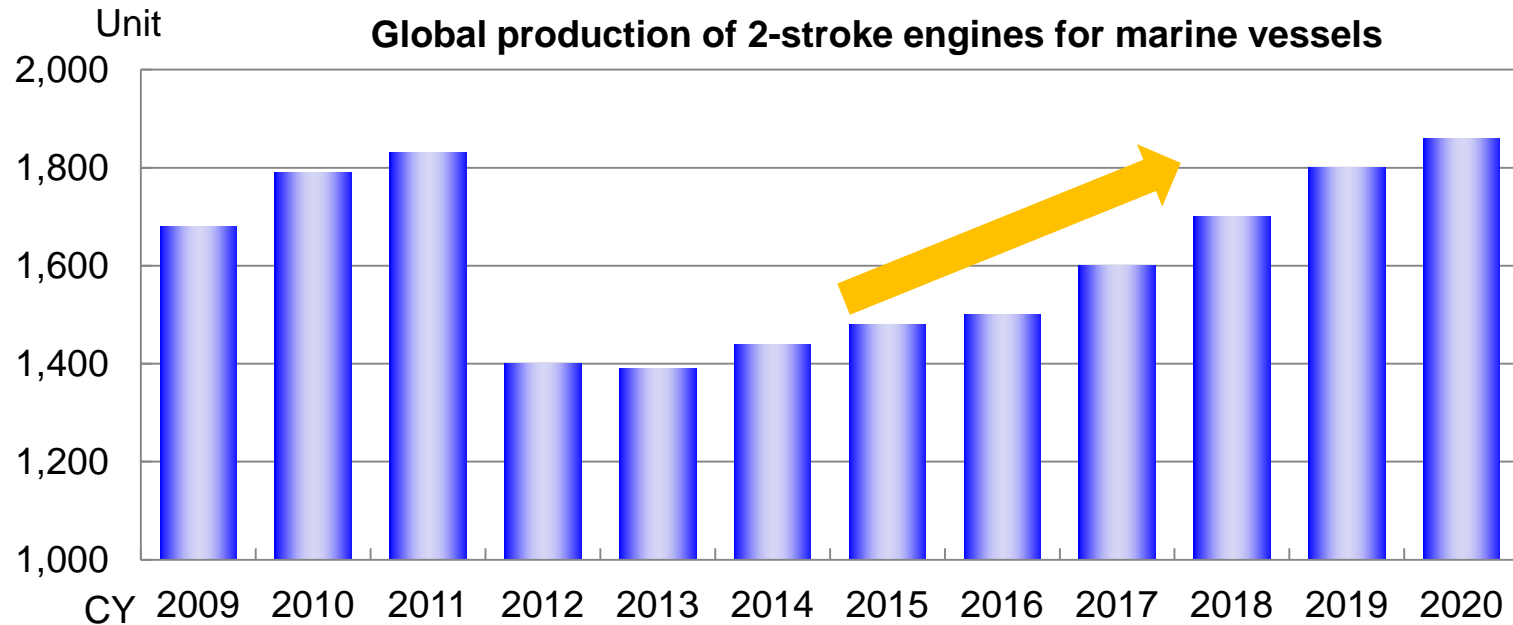


Main Strategies

- 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 Vessel Equipment

Nabtesco



Nabtesco Estimates as of January 2014

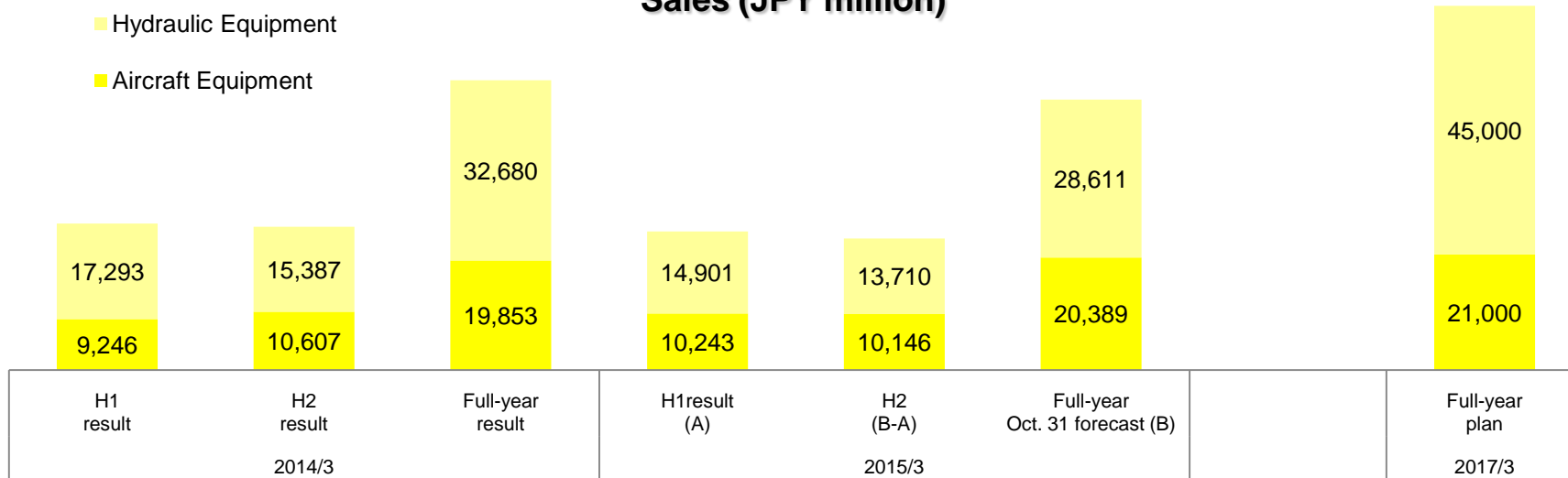
Main Strategies

- ◆ 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

Results and forecast

(JPY million)	2014/3			2015/3					2017/3
	H1 result	H2 result	Full-year result	H1		H2	Full-year		Full-year
				7/31 plan	Result (A)	(B-A)	7/31 plan	10/31 forecast (B)	Plan Announced in May 2014
Sales (year-on-year)	26,538 (+3.2%)	25,994 (+29.8%)	52,533 (+14.8%)	26,100 (-1.7%)	25,144 (-5.3%)	23,855 (-8.2%)	50,500 (-3.9%)	49,000 (-6.7%)	66,000
Operating Profit (year-on-year)	1,840 (+9.0%)	2,022 (+1276.0%)	3,862 (+110.4%)	1,000 (-45.7%)	1,115 (-39.4%)	-15 (-100.8%)	1,700 (-56.0%)	1,100 (-71.5%)	5,900
Operating profit margin	6.9%	7.8%	7.4%	3.8%	4.4%	-0.1%	3.4%	2.2%	8.9%

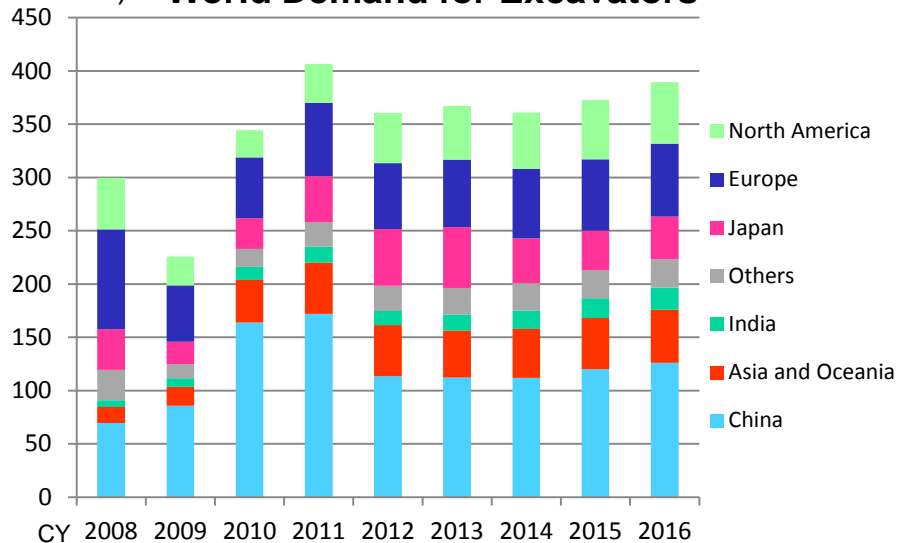
Sales (JPY million)



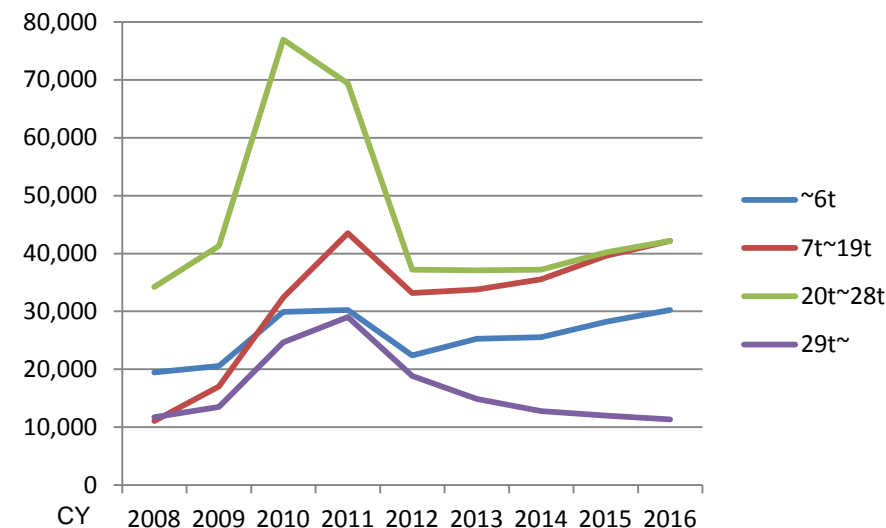
Aircraft & Hydraulic Equipment: Mid-Term Strategies for Hydraulic Equipment

Nabtesco

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

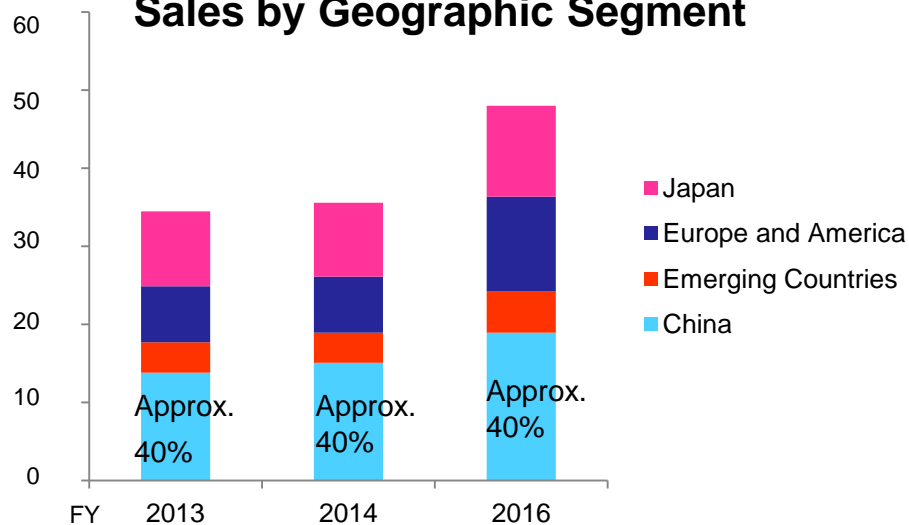


(units) **China's Demand for Excavators**



Sales (JPY billion)

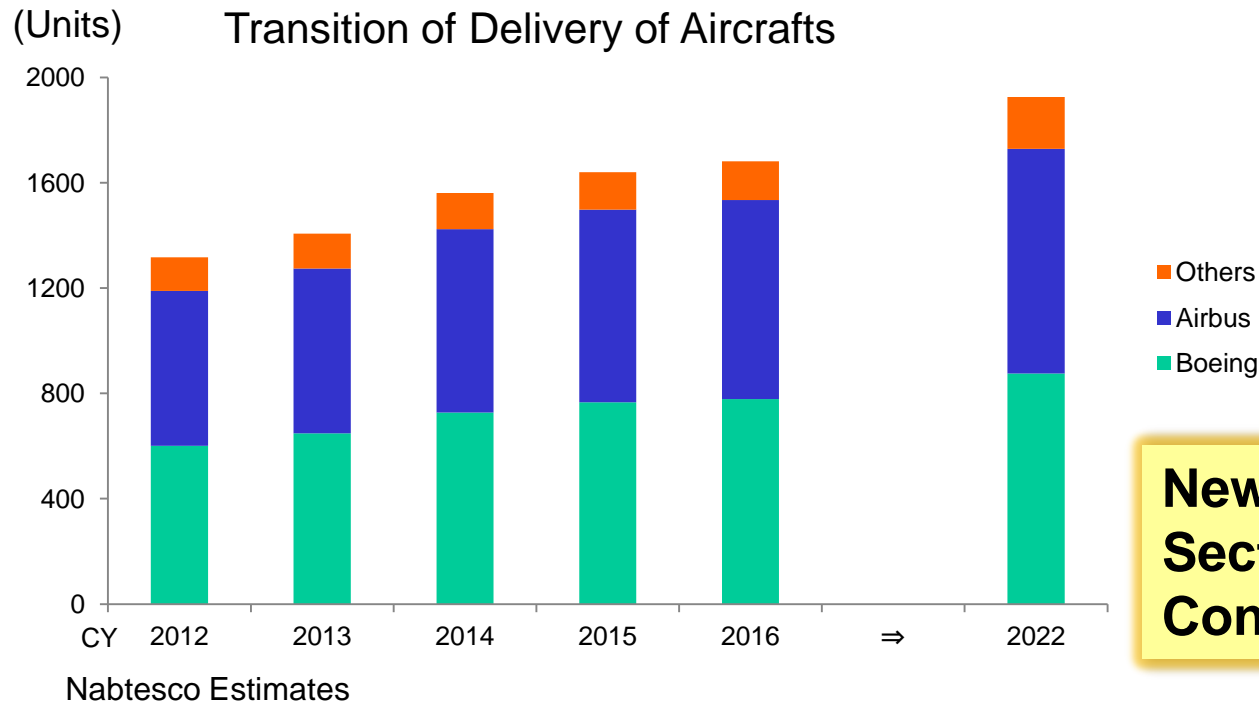
Sales by Geographic Segment



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

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



New Programs for Private Sector Starting to Contribute from FY2017

Main Strategies

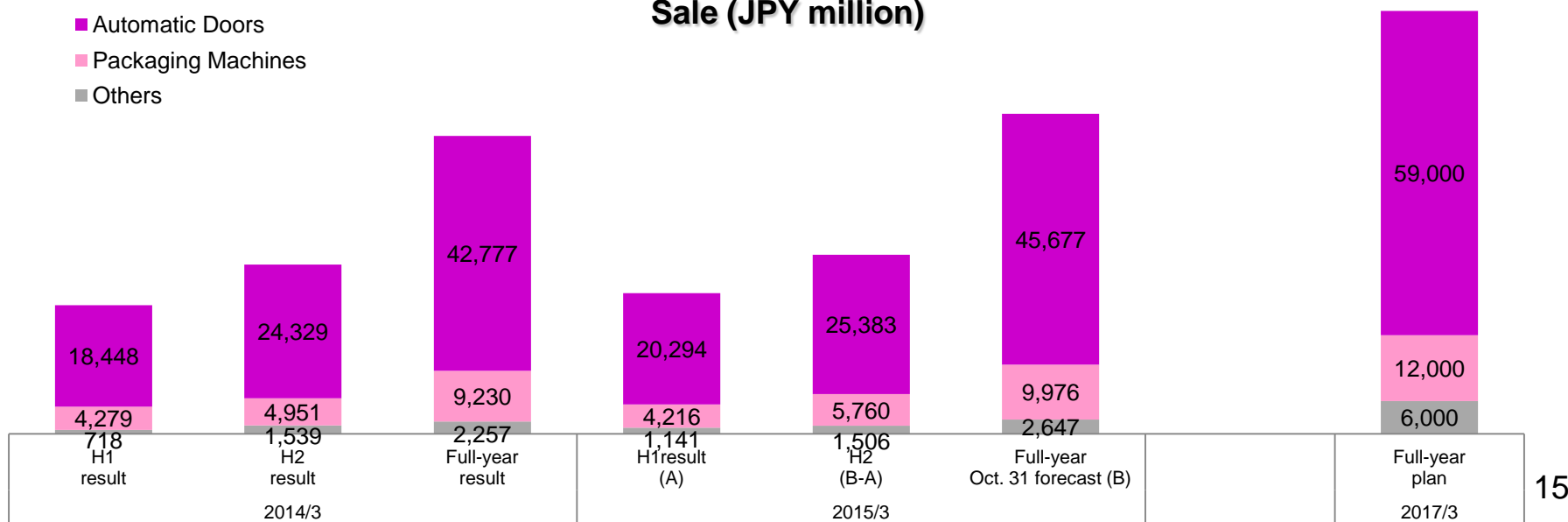
- ◆ Product proposals for new projects in private sector while maintaining the business with the Ministry of Defense
- ◆ Establishment and enhancement of MRO system through customer-oriented approach in order to improve profitability
- ◆ Production innovation and pursuit of differentiation through high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

Results and forecast

(JPY million)	2014/3			2015/3					2017/3
	H1 result	H2 result	Full-year result	H1		H2	Full-year		Full-year
				7/31 plan	Result (A)	(B-A)	7/31 plan	10/31 forecast (B)	Plan Announced in May 2014
Sales (year-on-year)	23,445 (+6.2%)	30,819 (+19.1%)	54,264 (+13.2%)	25,900 (+10.5%)	25,651 (+9.4%)	32,648 (+5.9%)	58,300 (+7.4%)	58,300 (+7.4%)	77,000
Operating profit (year-on-year)	851 (-34.8%)	2,675 (+16.2%)	3,526 (-2.3%)	500 (-41.3%)	644 (-24.3%)	2,855 (+6.7%)	3,800 (+7.7%)	3,500 (-0.8%)	6,200
Operating profit margin	3.6%	8.7%	6.5%	1.9%	2.5%	8.7%	6.5%	6.0%	8.1%

Sale (JPY million)

- Automatic Doors
- Packaging Machines
- Others



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

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	0.0	0.0	1.0	0.8	1.0
Austria	1.4	-3.8	1.8	2.8	0.0	0.0	1.0	0.8	1.0
Canada	1.2	-2.7	3.4	2.5	0.0	0.0	1.0	0.8	1.0
Russia	5.2	-7.8	4.5	4.3	0.0	0.0	1.0	0.8	1.0

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

Source: IMF World Economic Outlook

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

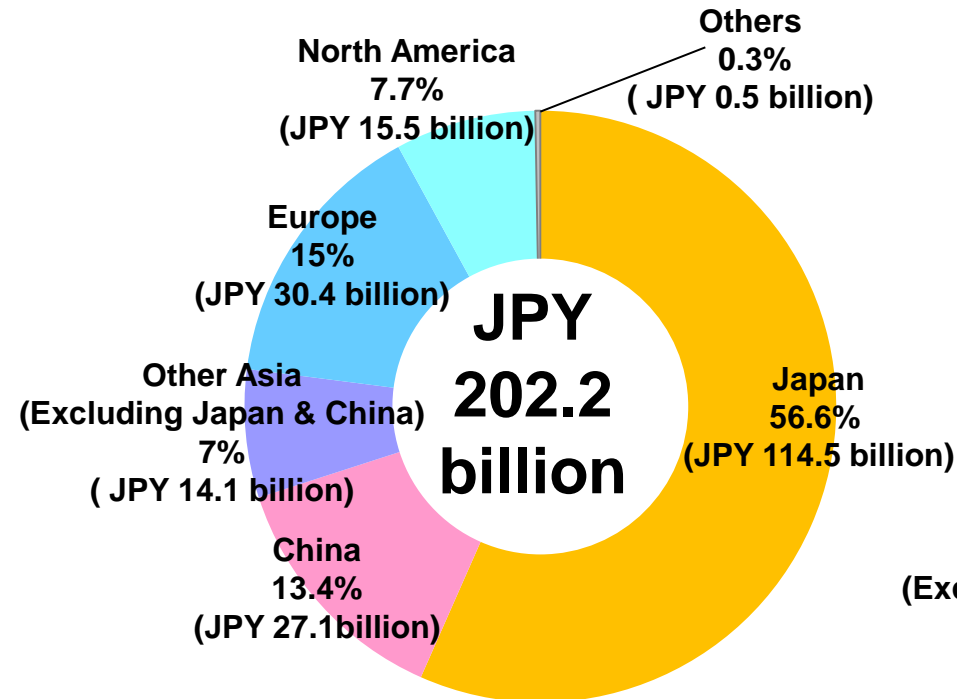
Packaging Machines:

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

Consolidated Results and Plan by Geographic Segment

Nabtesco

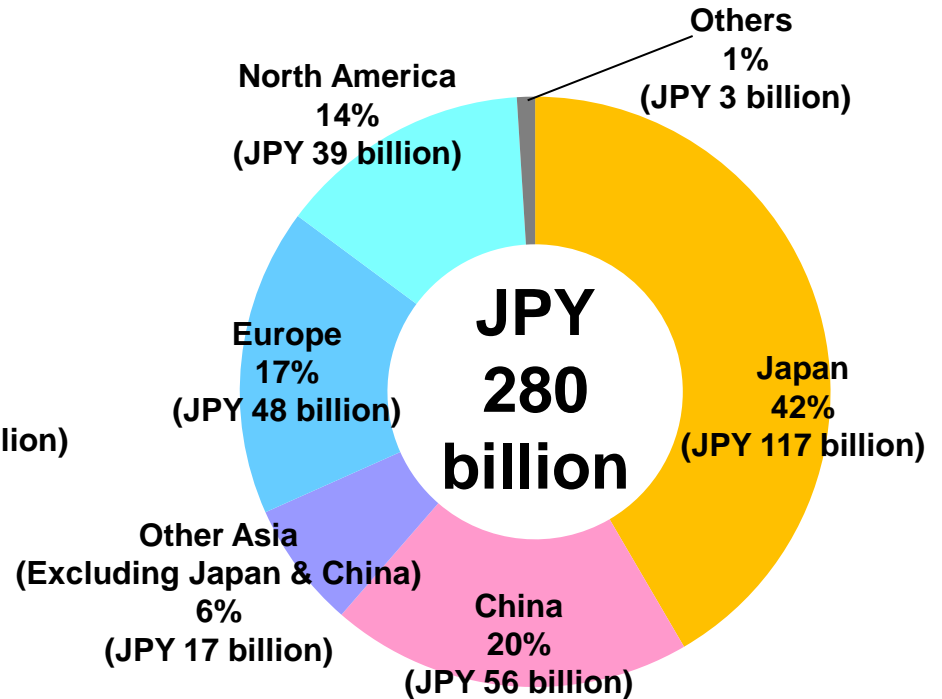
2014/3 Result



Overseas Sales Ratio

43.4%

2017/3 Plan



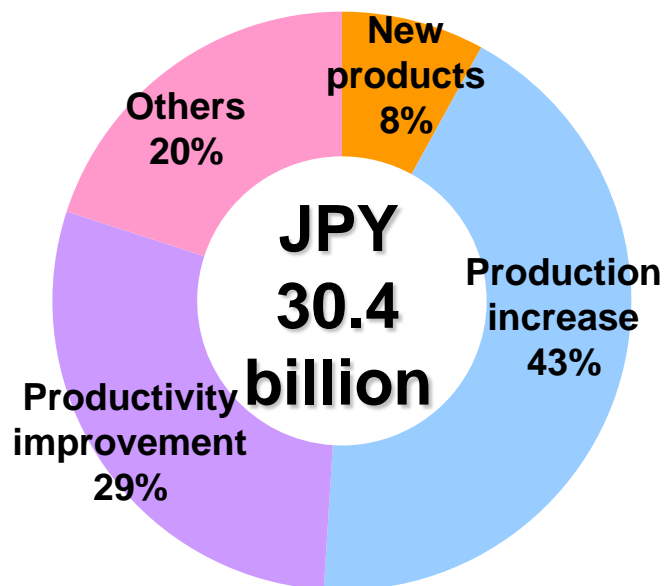
Overseas Sales Ratio

58%

CAPEX, R&D and Depreciation

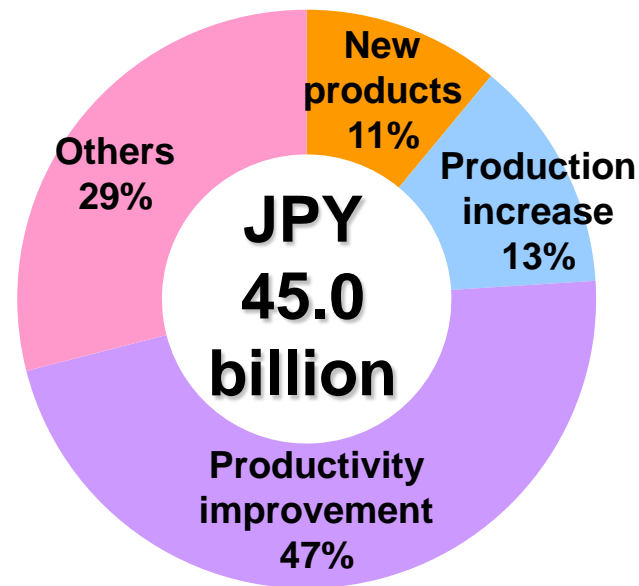
(JPY billion)	Three Year Total (2012/3- 2014/3 result)	Three Year Total (2015/3- 2017/3 plan)
CAPEX	30.4	45.0
R&D	17.1	23.0
Depreciation	22.1	23.0

CAPEX by Usage



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

CAPEX by Usage



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

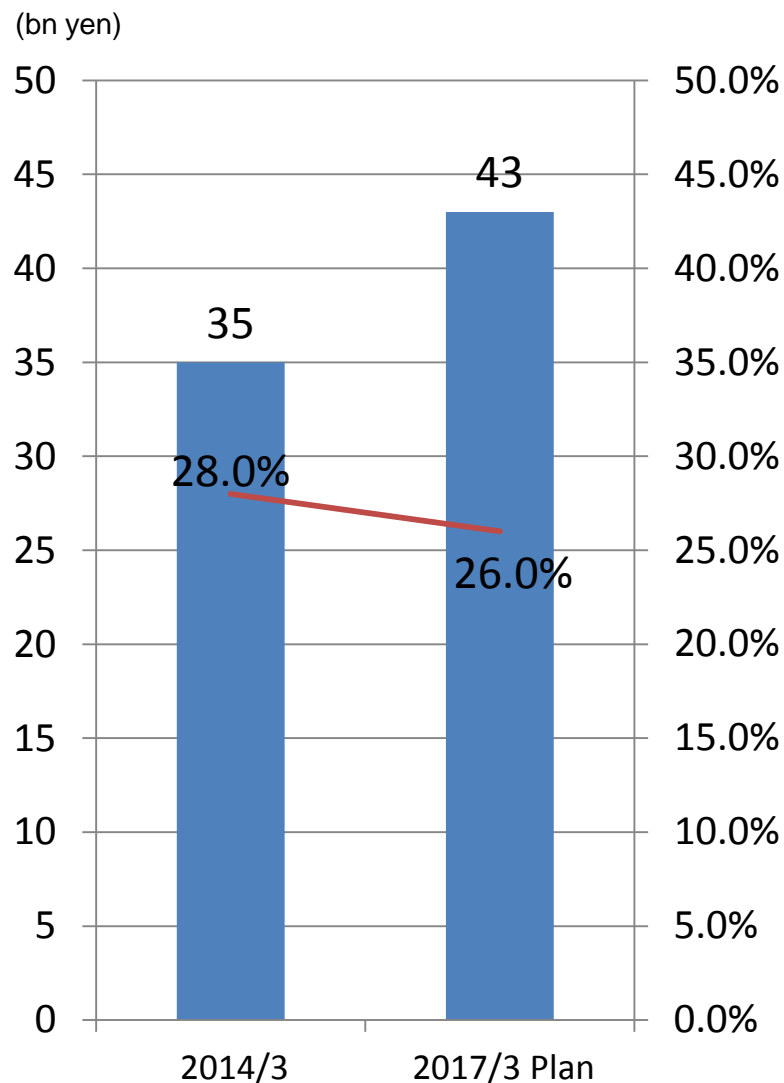
MRO Business

Nabtesco

Business segment
which enhance MRO*



No MRO businesses



* MRO :Maintenance, Repair and Overhaul

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

■ MRO sales — MRO sales/Total sales

Appendix

Step in the Consolidation

Nabtesco



Established in 1944

NABCO

Established in 1925

Nov., 2002

Conclusion of basic agreement
with regard to consolidation

Sept., 2003

Establishment of Nabtesco
(as a holding company)

Oct., 2004

Merged into Nabtesco

- 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

Nabtesco

Precision Reduction Gears

Joints of Industrial Robots



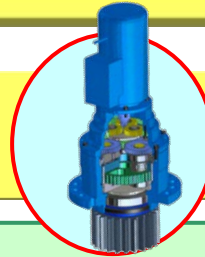
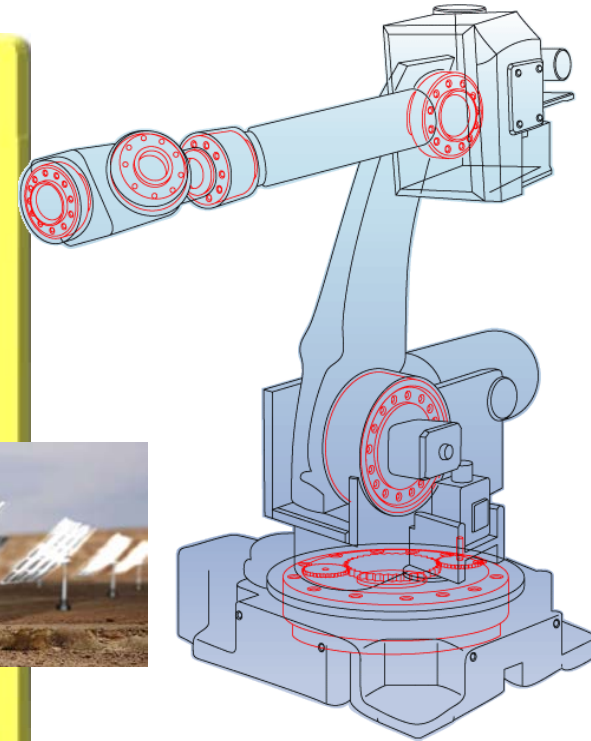
Machine Tool ATCs

(ATC = Automatic Tool Changer)



Solar Tracking Equipment

Drive Units for Wind Turbines



Main Customers

Precision Reduction Gears

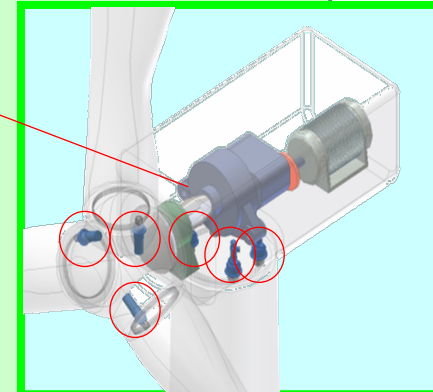
Industrial Robots: Fanuc, Yaskawa Electric,
KUKA Roboter (Germany), ABB Robotics (Sweden)

Machine Tools: Yamazaki Mazak, Okuma, DMG Mori Seiki

New Energy Business

Solar Tracking Equipment: Cobra Thermosolar Plant (Spain)

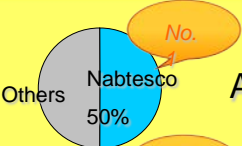
Drive Units for Wind Turbines: MHI, Hitachi, Ltd Others



Main Products: Transport Equipment **Nabtesco**

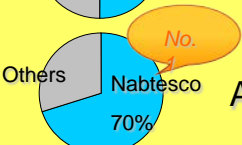
Railroad vehicles

Brake Systems

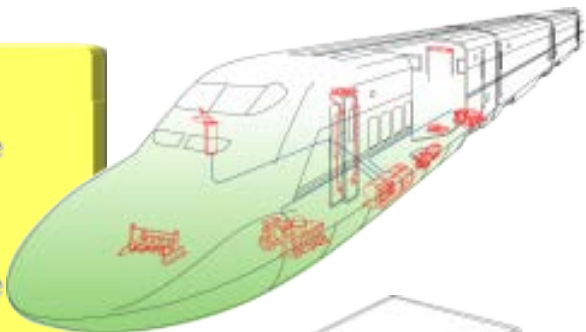


Approx. 50% domestic market share

Door Operating Systems

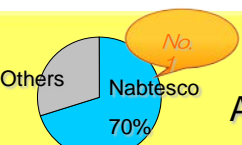


Approx. 70% domestic market share



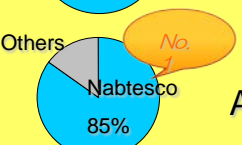
Commercial vehicles

Wedge Chambers

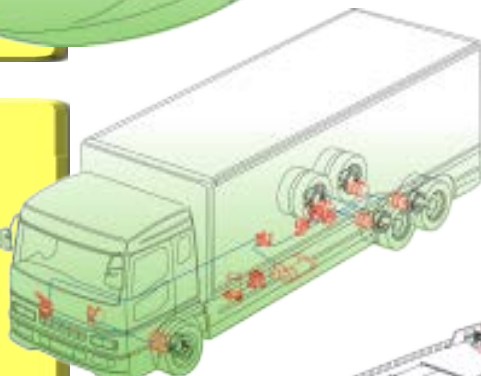


Approx. 70% domestic market share

Air Dryers

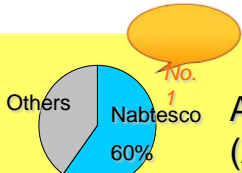


Approx. 85% domestic market share

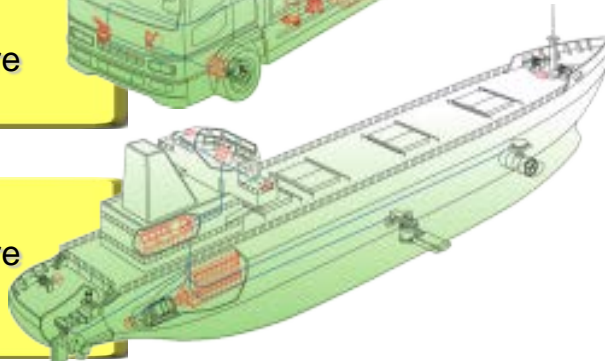


Marine vessels

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

Nabtesco

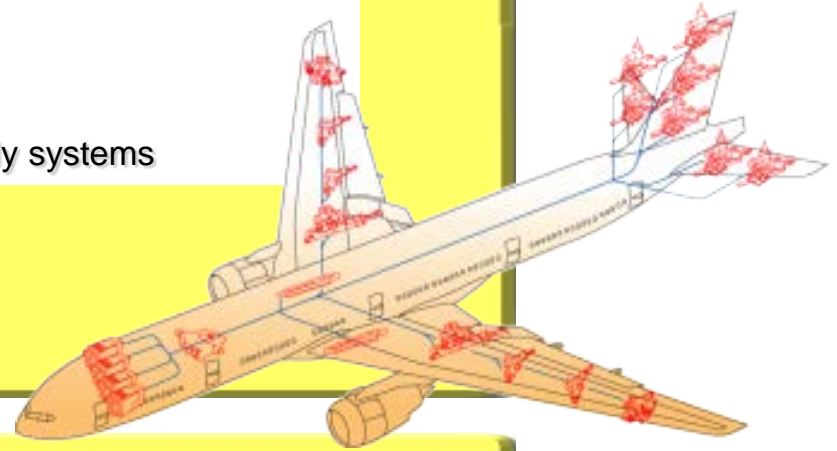
Flight Control Actuation Systems (FCA)

- 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

No.1

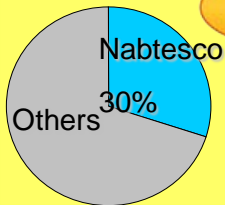
Nabtesco
100%

Approx. 100% market share for
domestically-produced aircrafts

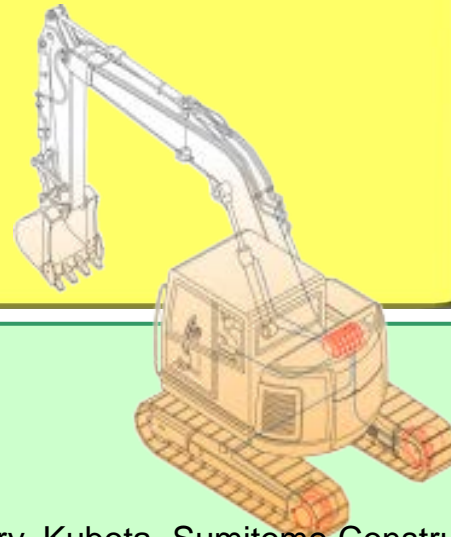


Traveling Motors for hydraulic excavators

No.1



Approx. 30% world market share



Main Customers

Aircraft Equipment

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

Hydraulic Equipment

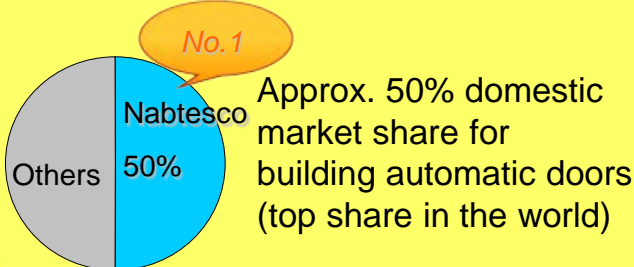
Traveling Motors: (Japan) Komatsu, Kobelco Construction Machinery, Kubota, Sumitomo Construction Machinery Manufacturing

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

Main Products: Industrial Equipment

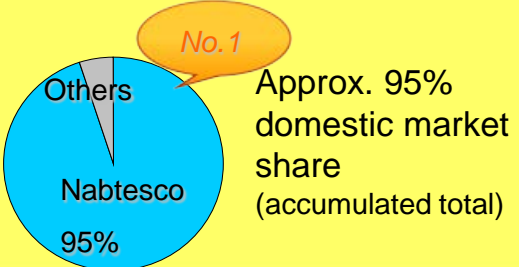


Automatic doors



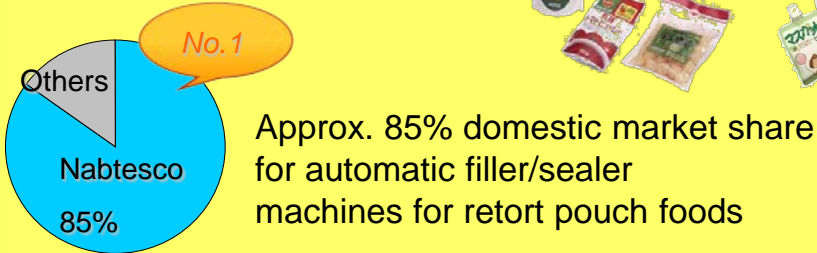
Approx. 50% domestic market share for building automatic doors (top share in the world)

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 Half of FY2015/3 (Comparison with the same period of the previous fiscal year)

Nabtesco

Both sales and operating profit increased in H1 YoY.

H1 operating profit of each segment exceeded 7/31 plan while sales were unachieved.

(From April to September)

(JPY million)	2014/3 H1 result	2015/3 H1 (7/31 plan)	2015/3 H1 result	Variation (YoY)	Ratio (YoY)
Sales	93,458	107,000	105,598	12,140	13.0%
Operating profit	7,938	9,800	11,612	3,673	46.3%
Non-operating profit and loss	1,734	-	2,230	495	28.6%
Ordinary profit	9,673	11,600	13,842	4,169	43.1%
Extraordinary profit and loss	-896	-	-28	867	-
Profit before taxes	8,776	-	13,814	5,037	57.4%
Net profit	5,037	6,400	8,951	3,913	77.7%
Net profit per share(Yen)	39.52	50.58	70.74	31.22	

Remark: Sales

(main factors for an increase in sales)

- ◆ robust demand for industrial robots
- ◆ growth in demand for high-speed rail in China
- ◆ recovery in new shipbuilding market

(main factor for a decrease in sales)

- ◆ stagnant demand for construction machinery in China

Remark: Extraordinary profit and loss

(main reason for decrease in loss)

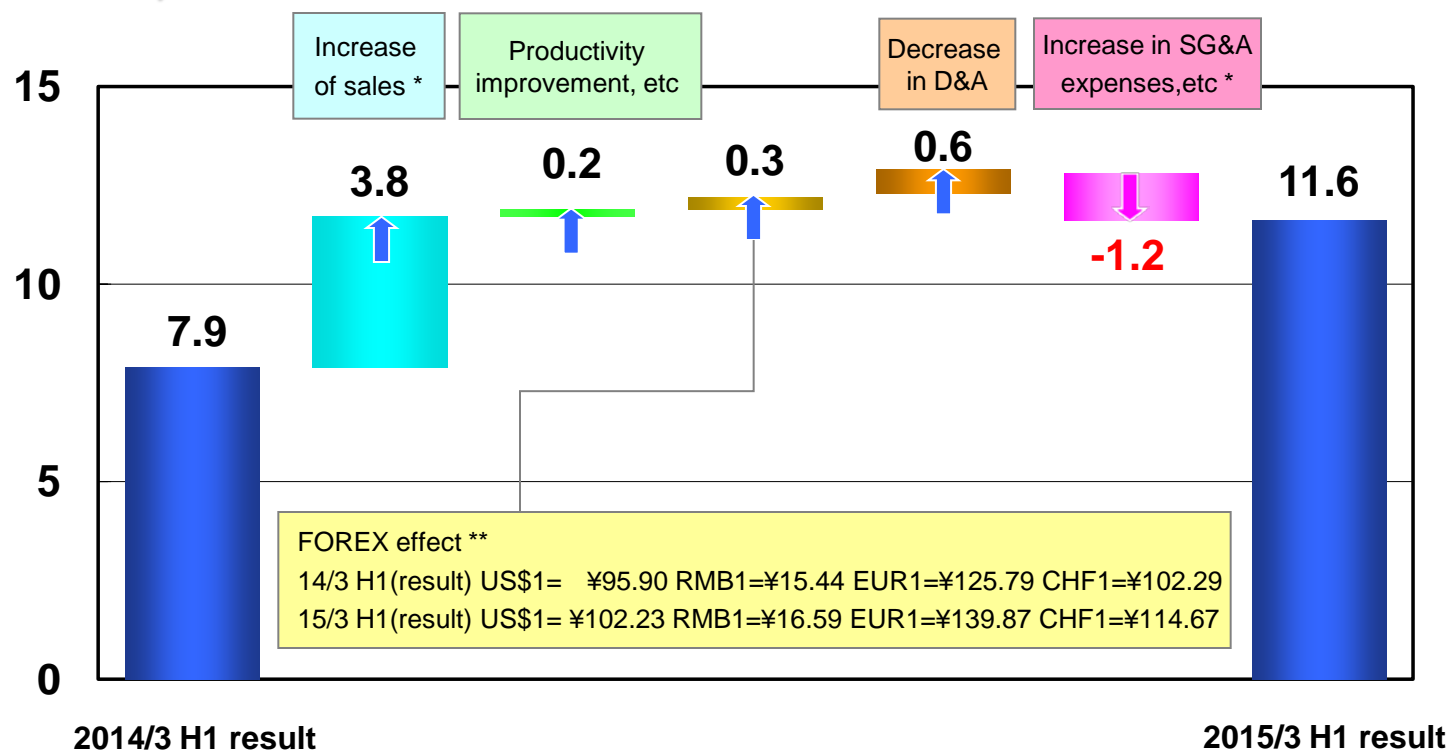
- ◆ disappearance of loss on revisions to the retirement benefit plan -0.8 billion yen

Dividend per share(Yen)	18	20	20	2
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*Three-month time lag should be considered for all overseas subsidiaries of Nabtesco.
(Their accounting period is from January to December.)

Consolidated Profit & Loss for 2015/3 H1 (Analysis of Changes in Operating Profit)

(JPY billion)



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

**FOREX sensitivity in O. P. (US\$):JPY 45 million, (RMB): JPY 29 million, (EUR): minimal, (CHF): minimal

(This represents the effect to be expected on operating profit if the exchange rate fluctuates by one yen.)

Forecast for FY2015/3 Consolidated Results



Full-year plan for 2015/3 is being implemented as planned while attainment level of 7/31 plan(comparing (B-A) with H2 7/31 plan) for 2015/3 H2 varies between segments.

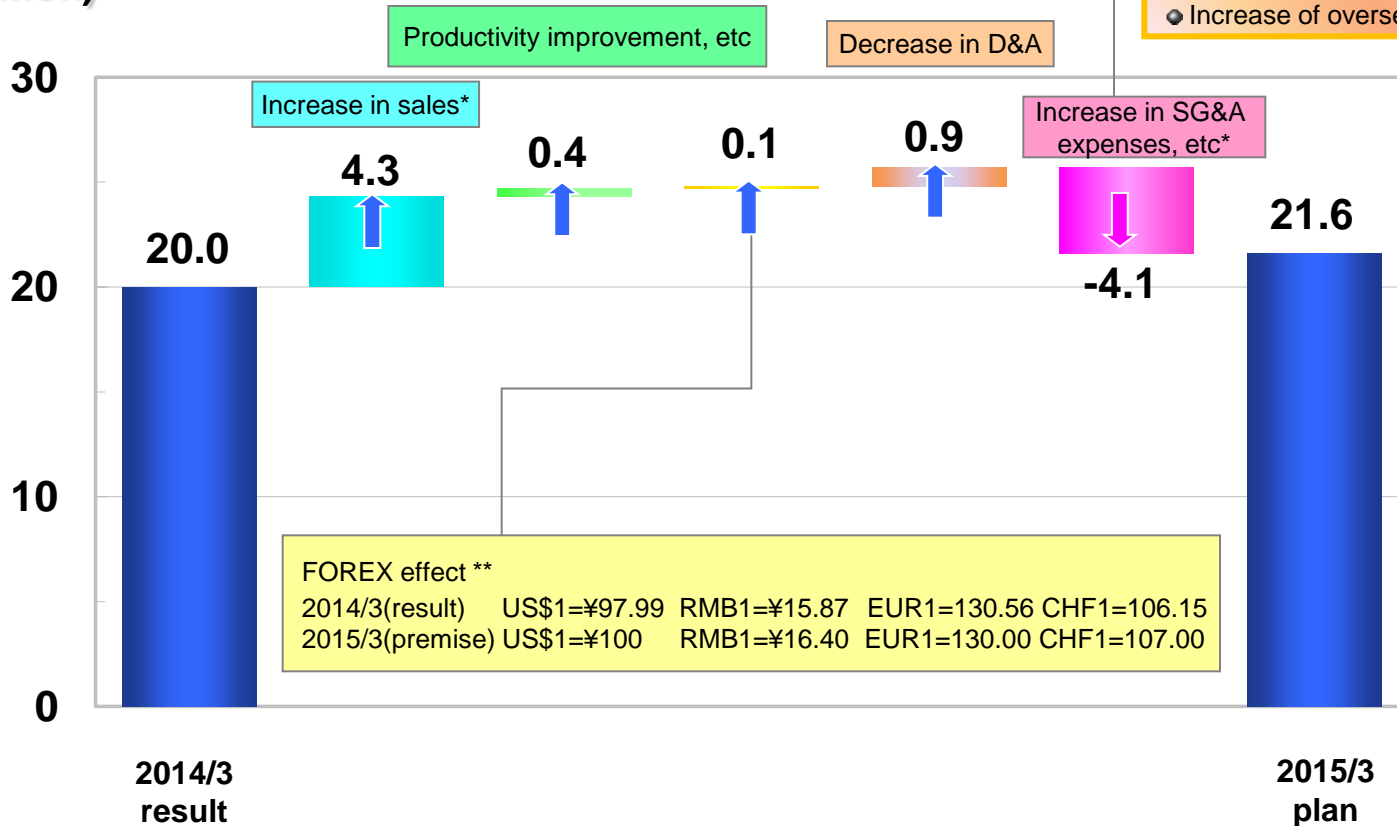
(JPY million)	2014/3			2015/3				
	H1 result	H2 result	Full-year result	H1 7/31 plan	H1 result(A)	H2 7/31 plan	(B-A)	Full-year forecast(B)
Sales (year-on-year)	93,458 (+3.1%)	108,834 (+22.5%)	202,292 (+12.7%)	107,000 (+14.5%)	105,598 (+13.0%)	109,000 (+0.2%)	110,401 (+1.4%)	216,000 (+6.8%)
Operating profit (year-on-year)	7,938 (+4.5%)	12,154 (+63.8%)	20,092 (+33.8%)	9,800 (+23.4%)	11,612 (+46.3%)	11,800 (-2.9%)	9,987 (-17.8%)	21,600 (+7.5%)
Operating profit margin	8.5%	11.2%	9.9%	9.2%	11.0%	10.8%	9.0%	10.0%
Ordinary profit (year-on-year)	9,673 (+14.2%)	14,554 (+54.5%)	24,227 (+35.4%)	11,600 (+19.9%)	13,842 (+43.1%)	12,800 (-12.1%)	10,557 (-27.5%)	24,400 (+0.7%)
Net profit (year-on-year)	5,037 (-22.7%)	9,940 (+47.1%)	14,978 (+12.9%)	6,400 (+27.0%)	8,951 (+77.7%)	9,100 (-8.5%)	6,548 (-34.1%)	15,500 (+3.5%)
ROA			6.9%	FOREX effect 15/3 H2 (premise) US\$ 1=¥100 RMB1=¥16.40 EUR1=¥130.00 CHF1=¥107.00				6.7%
ROE			12.2%					11.7%

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

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

Nabtesco

(JPY billion)



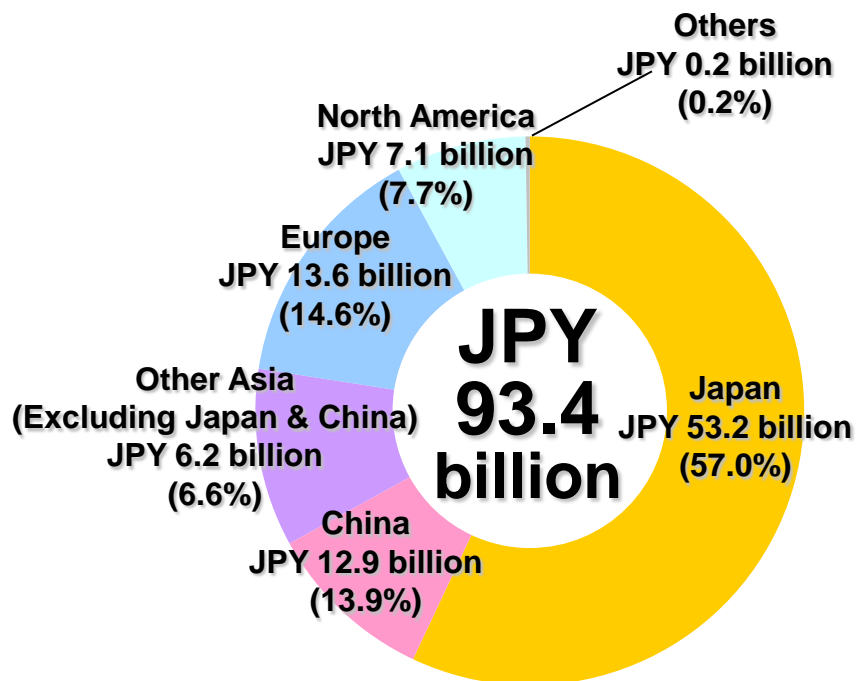
* Fluctuations in operating profit owing to the increase or decrease of sales and SG&A expenses, etc are based on the calculation without FOREX effect.

** 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.)

Sales by Geographic Segment

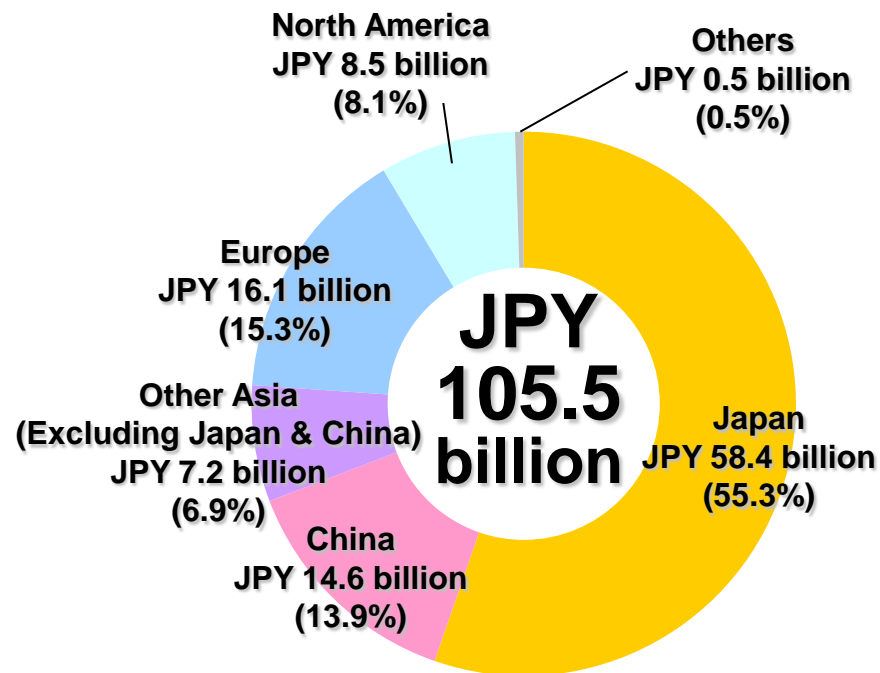
Nabtesco

2014/3 H1 result



Overseas sales ratio
43.0%

2015/3 H1 result



Overseas sales ratio
44.7%

Notes:

- Overseas sales increased to JPY 47.1 billion due to increase in sales to China for railroad vehicle equipment, sales to Europe for precision reduction gears and sales to North America for aircraft equipment.

CAPEX, R&D and Depreciation



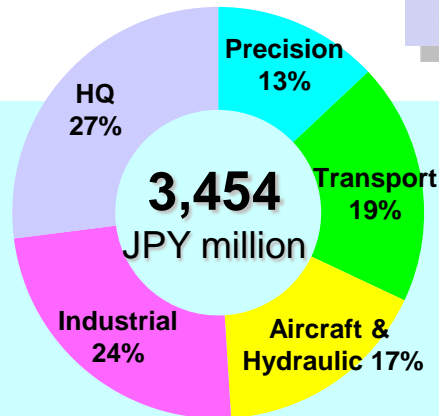
	H1 result	
(JPY million)	2014/3 H1 result	2015/3 H1 result
CAPEX	3,557	3,454
R&D	3,111	3,392
Depreciation	3,640	2,941

Full-year result & forecast		
2014/3 Full-year result	2015/3 Full-year (previous forecast)	2015/3 Full-year forecast
6,760	12,000	9,000
6,401	7,000	7,600
7,600	6,700	6,400

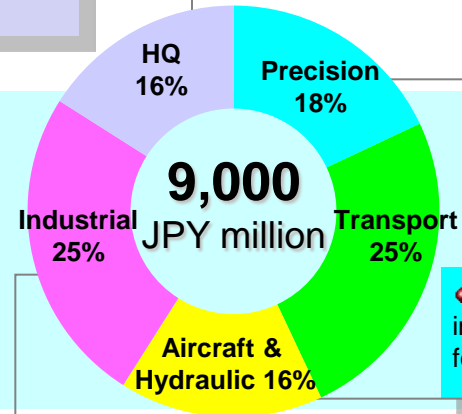
Breakdown in CAPEX

Nabtesco

by segment



IT Investment
Renewal of the bachelors' dormitory

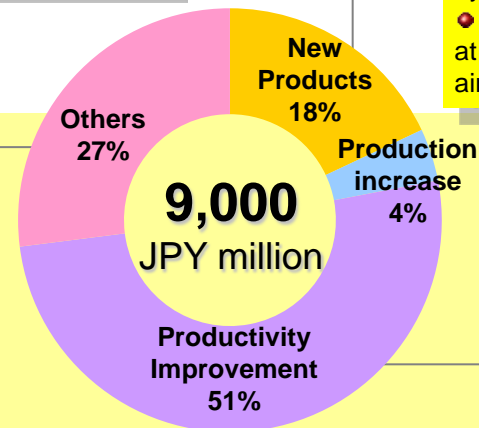
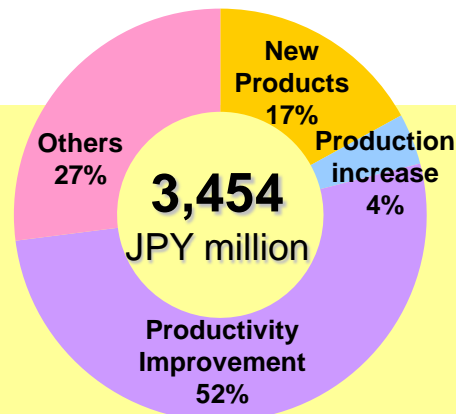


Productivity improvement investment in the Tsu plant for precision reduction gears

Response to new products for automatic doors

Renewal of machinery at the Tarui plant for hydraulic equipment
Renewal of machinery at the Gifu plant for aircraft equipment

by usage



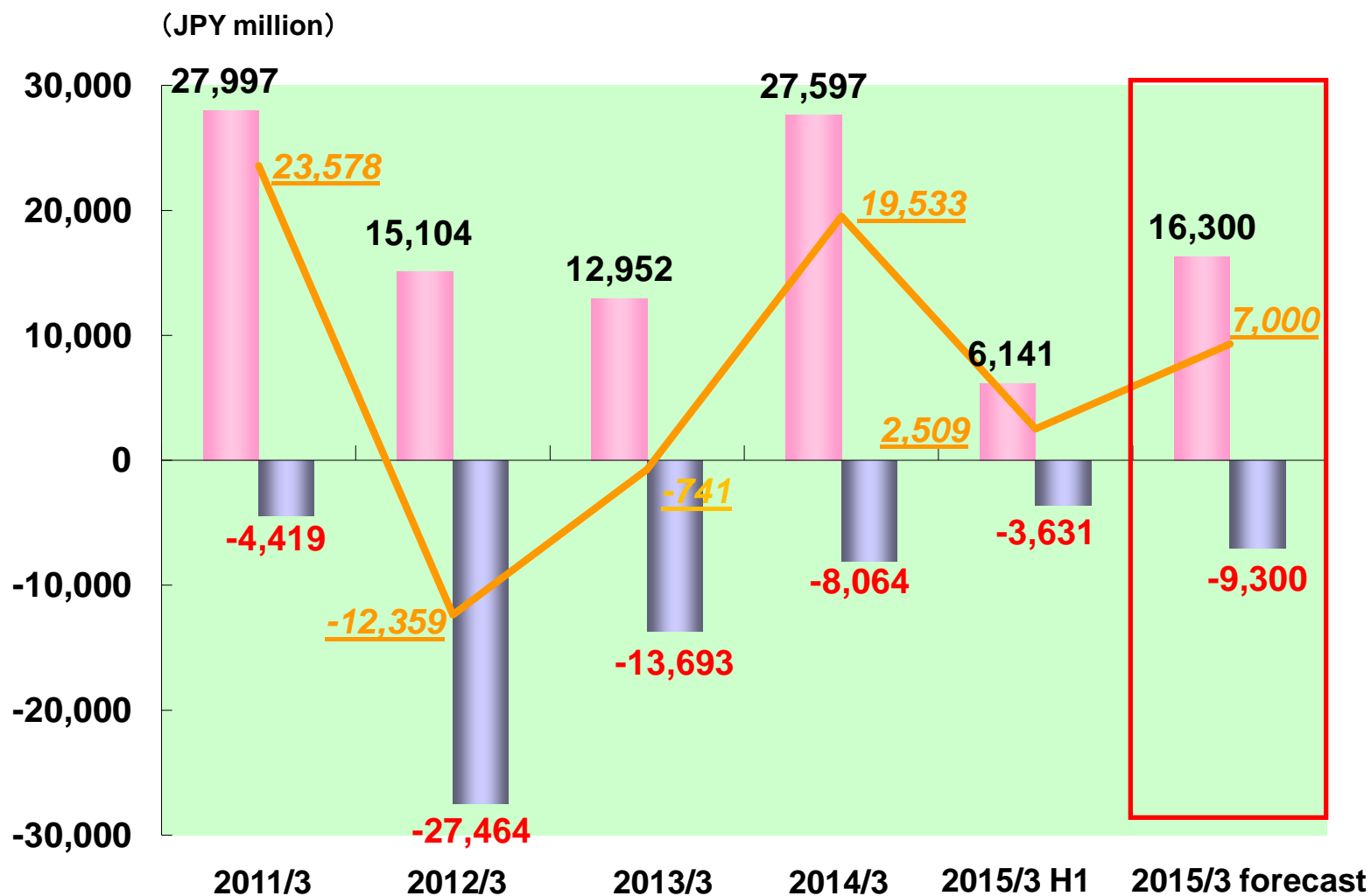
2015/3 H1 result

2015/3 forecast

Consolidated Cash Flow

Nabtesco

Operating Cash Flow Investment Cash Flow Free Cash Flow



Balance Sheet Summary



(JPY million)	2014/3/31	2014/9/30	Variation
Assets	233,984	228,104	-5,879
(Cash and time deposits)	53,725	42,251	-11,474
(Accounts receivable)	52,840	53,083	243
Receivable turnover period (in days)	88	92	4
(Inventory)	22,233	25,673	3,439
Inventory turnover period (in days)	53	58	5
(Fixed assets)	55,225	54,708	-517
Liabilities	94,513	83,252	-11,260
(Interest-bearing debt)	26,204	15,544	-10,660
Net assets	139,471	144,852	5,380
(Stock acquisition right)	306	323	16
(Minority interests)	8,121	7,310	-811
Equity capital	131,043	137,218	6,175

Remark:

- ◆ Compression of marketable securities - JPY 10.9 billion

Remark:

- ◆ Goods and products + JPY 0.1 billion
- ◆ Products in progress + JPY 2.2 billion
- ◆ Raw materials and stored goods + JPY 0.9 billion

Remark:

- ◆ Refund of syndicated loan -JPY 10.0 billion

Remark:

- ◆ Increase of earned surplus + JPY 7.0 billion

***Equity ratio:** **56.0%** **60.2%**

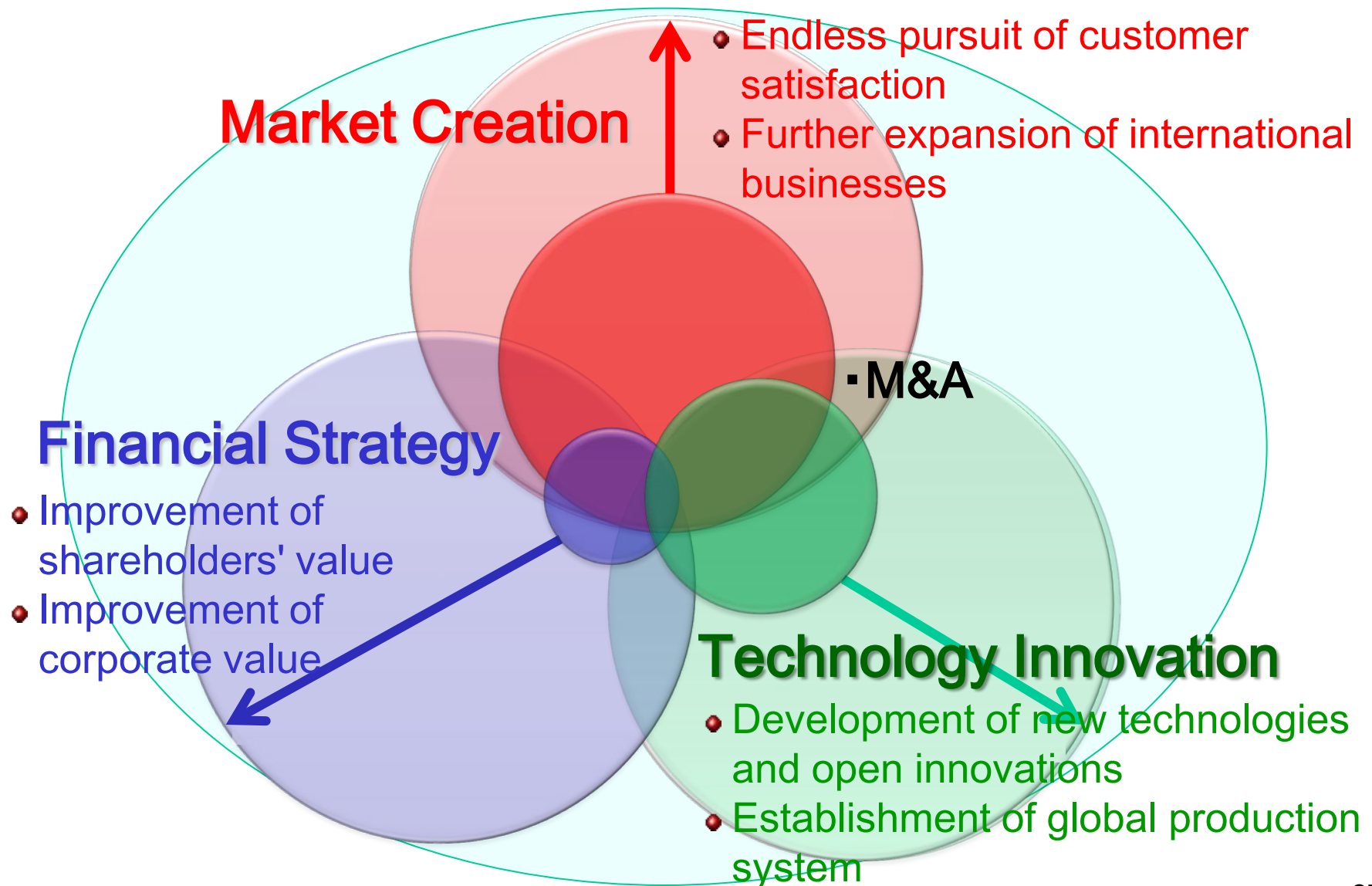
Think Global! Act Local! For the Second Decade

~ 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**

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

Nabtesco



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”

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

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%