

FY2015/3 Second Quarter Results Briefing

November 2014

Nabtesco Corporation

Securities code: 6268

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

Nabtesco Corporation does not make representations as to, or warrant, in whole or in part, the attainment or realization of any of the forecasted results presented in this document.

**Session 1 : Consolidated Results for
the First Half of FY2015/3**

**Session 2 : Briefing for Automatic Doors
Business**

Agenda



- I. Consolidated Results for the First Half of FY2015/3
- II. Forecast for FY2015/3 Consolidated Results
- III. Consolidated Annual Results and Forecasts by Business Segment
- IV. Sales by Geographic Segment
- V. Balance Sheet Summary
- VI. CAPEX, R&D and Depreciation
- VII. Consolidated Cash Flow
- VIII. Topics

Consolidated Results for the First Half of FY2015/3 (Comparison with the same period of the previous fiscal year)



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

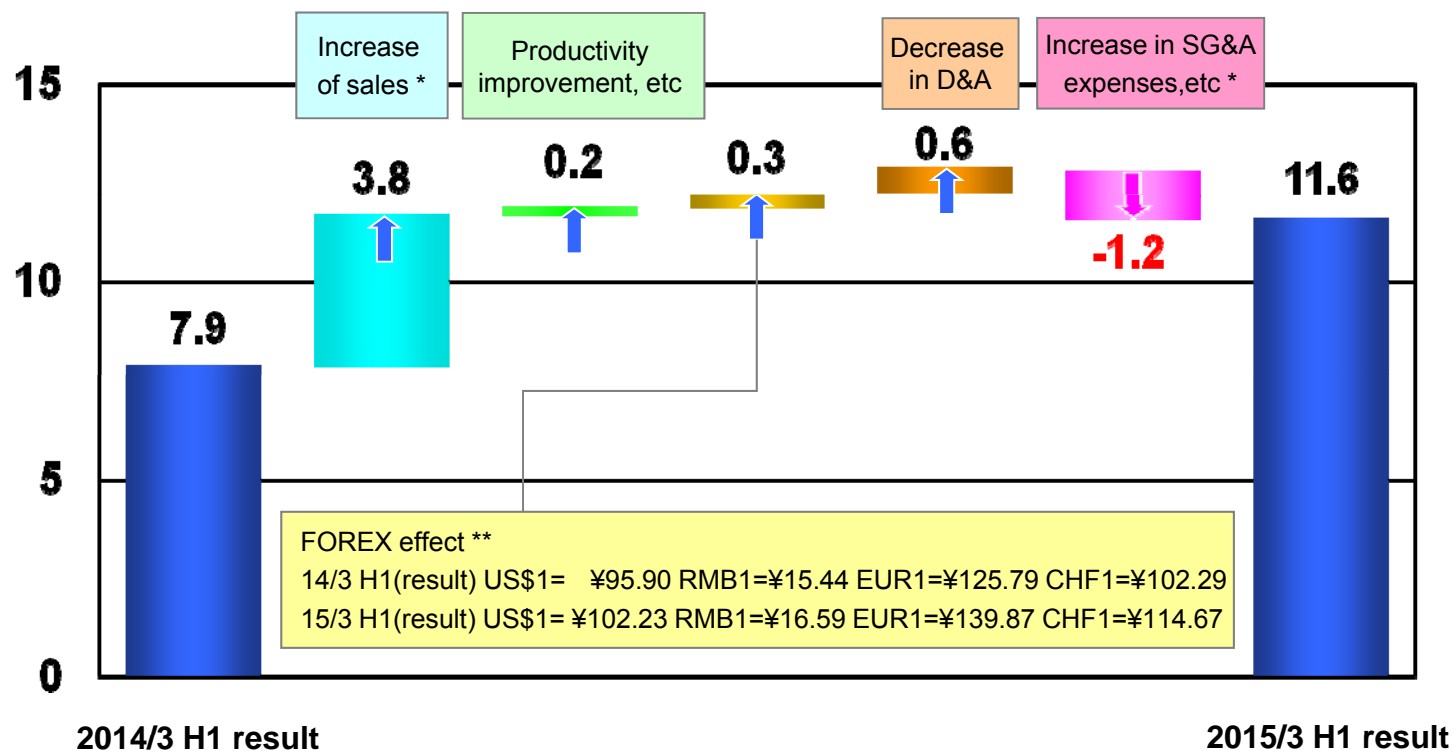
Dividend per share(Yen)	18	20	20	2
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*Three-month time lag should be considered for all overseas subsidiaries of Nabtesco.
(Their accounting period is from January to December.)

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)

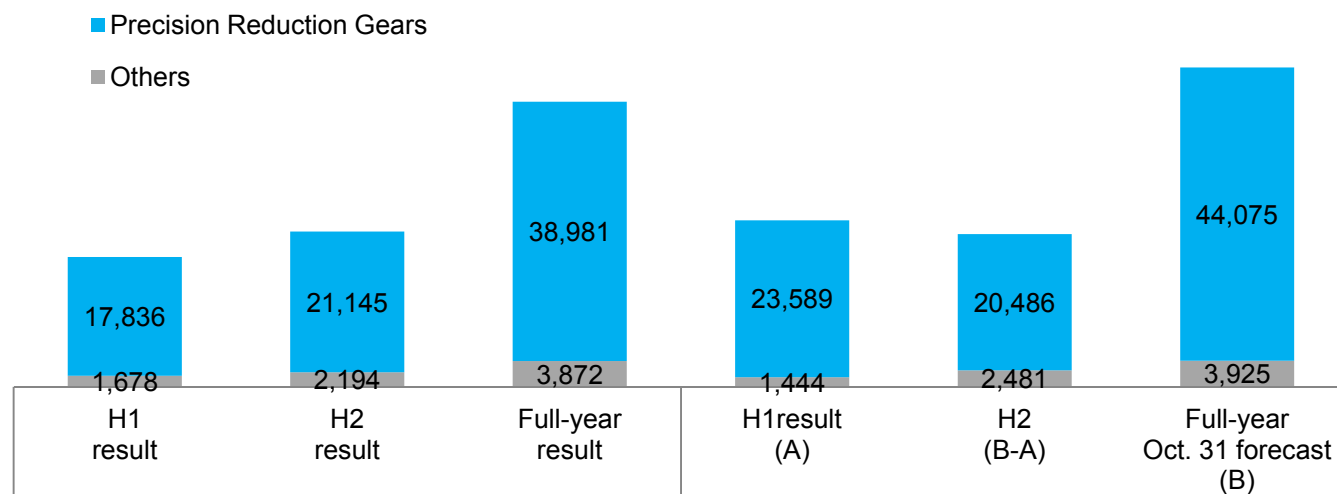
Precision Equipment



Results and forecast

(JPY million)	2014/3			2015/3				
	H1 result	H2 result	Full-year result	H1		H2	Full-year	
				7/31 plan	Result (A)	(B-A)	7/31 plan	10/31 forecast(B)
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%)
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%)
Operating profit margin	13.7%	15.8%	14.8%	14.4%	15.9%	12.3%	15.2%	14.2%

Sales(JPY million)



Precision Equipment

Nabtesco

Notes:

- Precision reduction gears:
 - Sales increase in H1(YoY): robust demand from industrial robot manufacturers
 - Sales decrease in H2 (compared with H1): completion of the large-scale capex projects of automobile manufacturers.
 - Increase in full-year sales (YoY): plan being set according to the revision of IFR's ^(*)forecast for shipments of industrial robots(CAGR6%→12%)
- New energy business:
 - Decrease in full-year sales (YoY): influence from defects in procured components of drive units for wind turbines
- O.P. of the segment:
 - Increase in H1(YoY): mainly due to the increased sales of precision reduction gears
 - Decrease in H2 (compared with H1): due to decrease in sales of precision reduction gears, increase in the cost of investment for future growth, influence from defects in procured components of new energy equipment, etc.
 - Full-year increase (YoY) : being resulted from sound performance of H1 in spite of decrease in O.P. in H2 compared with H1

*IFR=International Federation of Robotics

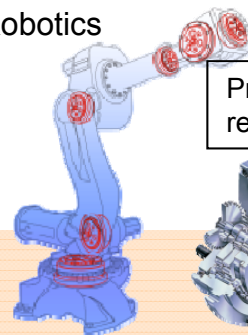
Main Products and Customers

•Precision reduction gears

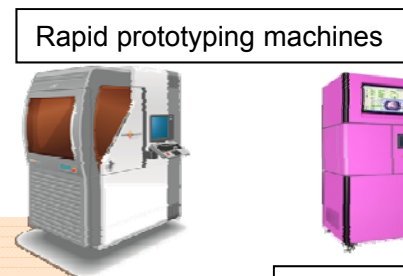
Industrial Robots: FANUC, Yaskawa Electric, KUKA Roboter (Germany), ABB Robotics (Sweden)
Machine Tools: Yamazaki Mazak, Okuma, DMG Mori Seiki

•New energy business

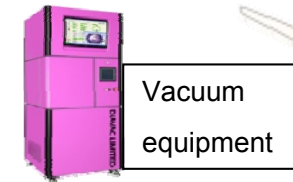
Solar Thermal Power Tower Plant: Cobra Thermosolar Plant (Spain)
Wind Power Generation: Mitsubishi Heavy Industries, Hitachi, Ltd., etc.



Precision reduction gears

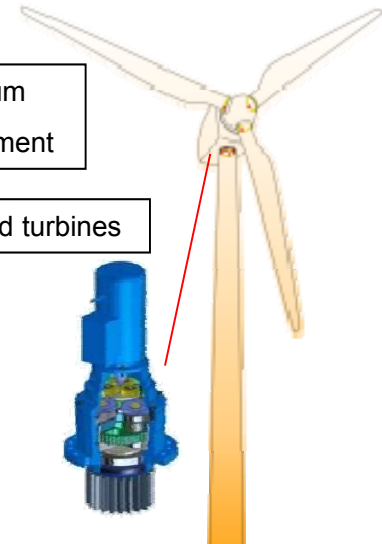


Rapid prototyping machines



Vacuum equipment

Drive units for wind turbines



Solar tracking equipment

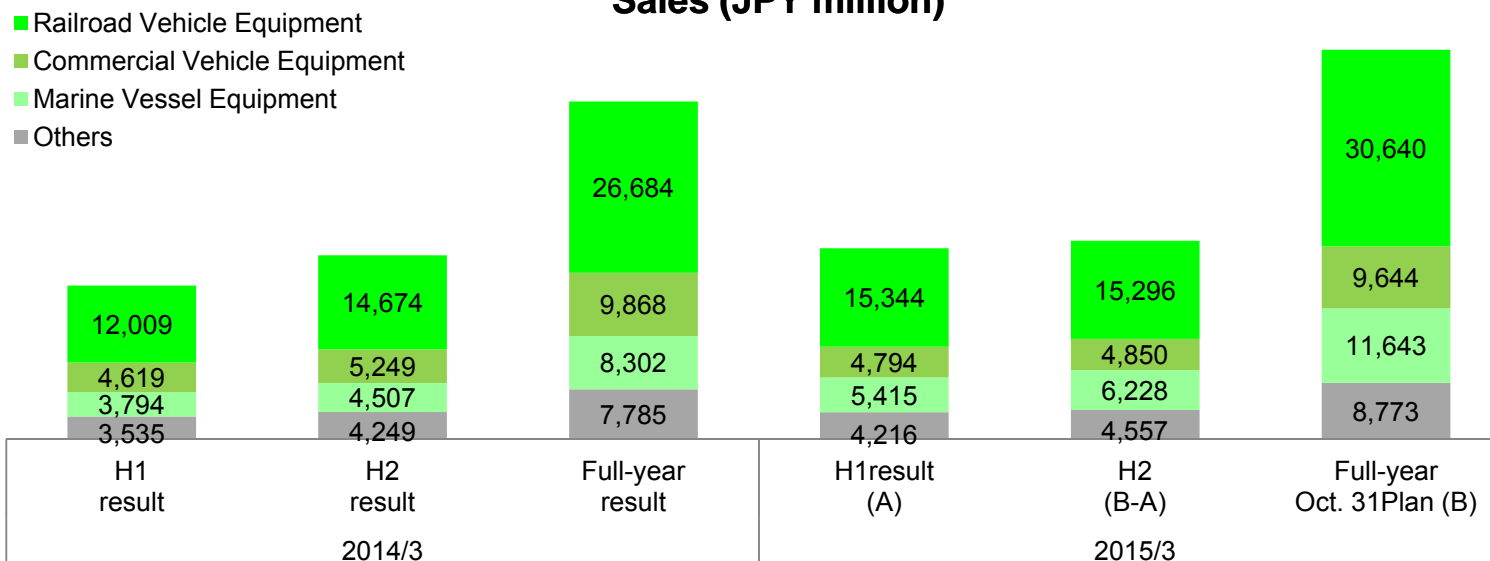
Transport Equipment



Results and forecast

(JPY million)	2014/3			2015/3				
	H1 result	H2 result	Full-year result	H1		H2	Full-year	
				7/31 plan	Result (A)	(B-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%)
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%)
Operating profit margin	10.8%	13.1%	12.1%	15.7%	19.7%	14.0%	14.9%	16.8%

Sales (JPY million)



Transport Equipment



Notes:

- Railroad vehicle equipment:
 - Sales increase in H1/Full-year (YoY): due to the growth of sales for high speed trains in China and MRO (Maintenance, Repair and Overhaul)
 - Flat sales in H2 (compared with H1): due to the sales decrease for MRO and increasing demand for new railroad vehicles in Japan
- Commercial vehicle equipment:
 - Sales increase in H1 (YoY): sluggish truck demand in overseas was covered by the strong demand in Japan
 - Flat sales in H2 (compared with H1) /Full-year (YoY): due to sluggish demands in overseas market
- Marine vessel equipment:
 - Increase in full-year sales: due to the recovery of new shipbuilding market
- O.P. of the segment:
 - Increase in H1/Full year (YoY): due to the growth of sales in each of the businesses
 - Decrease in H2 (compared with H1): due to increase in the cost of investment for future growth for railroad vehicle equipment and marine vessel equipment

Main Products and Customers

•Railroad vehicle equipment (brake systems, door operating units)

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

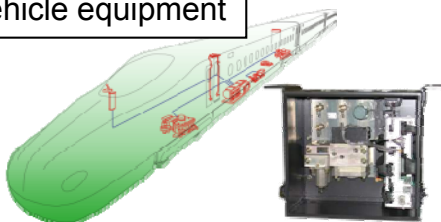
•Commercial vehicle equipment (air brake peripheral equipment)

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

•Marine vessel equipment (remote control systems for marine diesel engines)

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

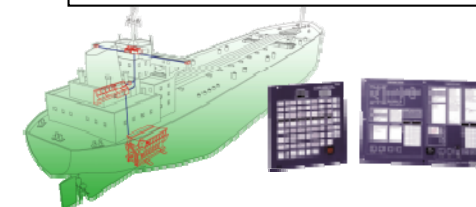
Railroad vehicle equipment



Commercial vehicle equipment



Marine vessels equipment

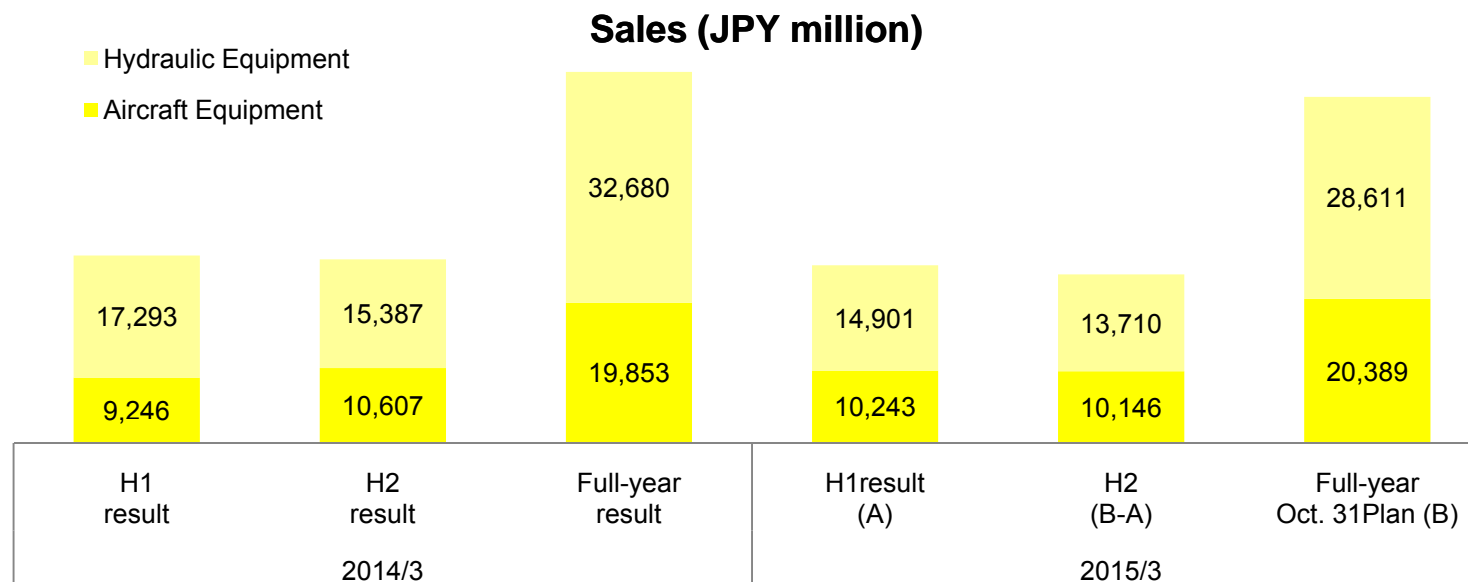


Aircraft & Hydraulic Equipment



Results and forecast

(JPY million)	2014/3			2015/3				
	H1 result	H2 result	Full-year result	H1		H2	Full-year	
				7/31 plan	Result (A)	(B-A)	7/31 plan	10/31 forecast(B)
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%)
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%)
Operating profit margin	6.9%	7.8%	7.4%	3.8%	4.4%	-0.1%	3.4%	2.2%



Aircraft & Hydraulic Equipment



Notes:

- Hydraulic equipment: - Sales decrease in full-year sales (YoY): due to weak demand for construction machinery in China
- Aircraft equipment:
 - Sales increase in H1/Full year (YoY): expansion of demand in the private sector and currency effect
 - Flat sales in H2 (compared with H1): due to the flat sales for private sector and Japanese Ministry of Defense
- O.P. of the segment: -Decrease in full-year O.P. (YoY): due to sales decrease in hydraulic equipment business

Main Products and Customers

•Hydraulic equipment

Traveling motors:

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

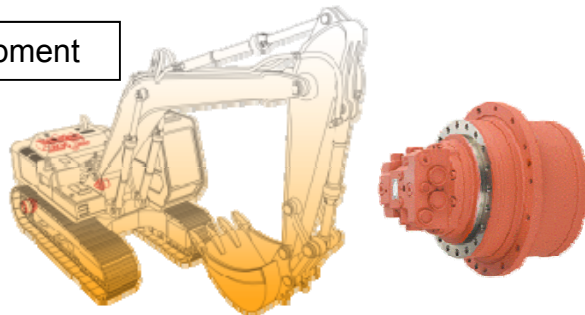
China: Sany, Xugong Excavator, Liu Gong, Zoomlion

•Aircraft equipment

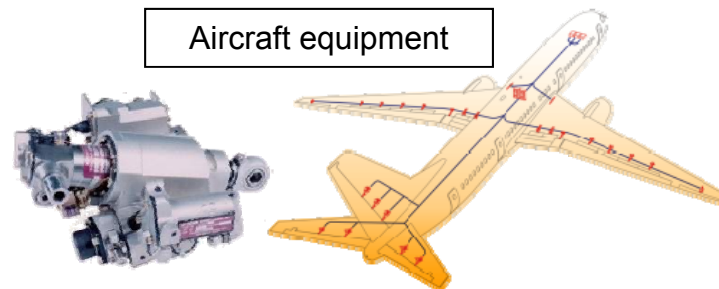
Flight control actuation systems:

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

Hydraulic equipment



Aircraft equipment



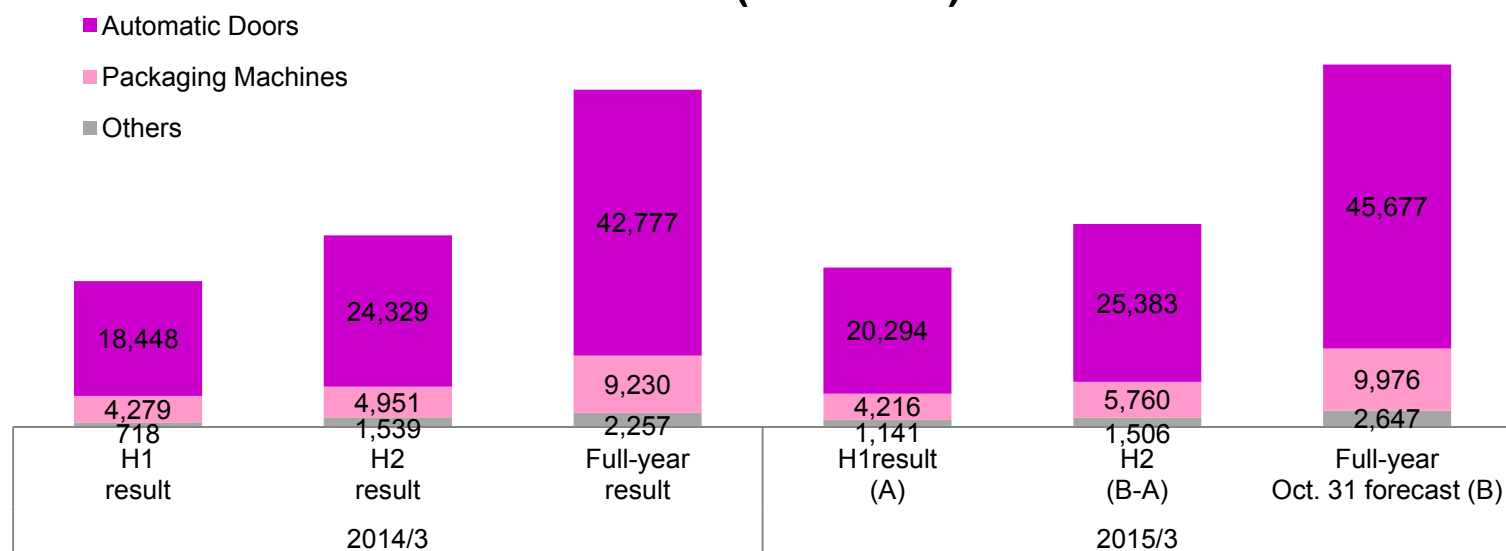
Industrial Equipment



Results and forecast

(JPY million)	2014/3			2015/3				
	H1 result	H2 result	Full-year result	H1		H2	Full-year	
				7/31 plan	Result (A)	(B-A)	7/31 plan	10/31 forecast(B)
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%)
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%)
Operating profit margin	3.6%	8.7%	6.5%	1.9%	2.5%	8.7%	6.5%	6.0%

Sale (JPY million)



Industrial Equipment



Notes:

- Automatic Doors:
 - Increase in full-year sales (YoY): mainly due to currency effect
 - Sales increase in H2 (compared with H1): due to the seasonality
- Packaging Machines:
 - Flat sales in H1(YoY): slight decrease in domestic sales but slight increase in overseas sales
 - Sales increase in H2 (compared with H1), increase in full-year sales (YoY): increase in domestic demand
- O.P. of the segment:
 - Decrease in H1(YoY): temporary cost increase due to IT investment
 - Increase in H2(compared with H1): sales increase due to seasonality in automatic door market
 - Flat full-year O.P. (YoY): increase in the cost of investment for future growth

Main Products and Customers

● Automatic doors

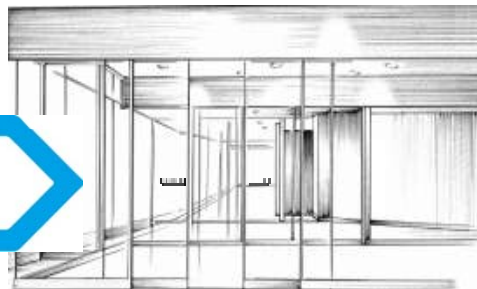
Automatic doors for buildings: Major general contractors, sash manufacturers, hospitals, banks, public institutions, etc.

Platform doors: Subway projects in France, China etc

● Packaging machines (Toyo Jidoki Co., Ltd)

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

Automatic Doors



Packaging machines



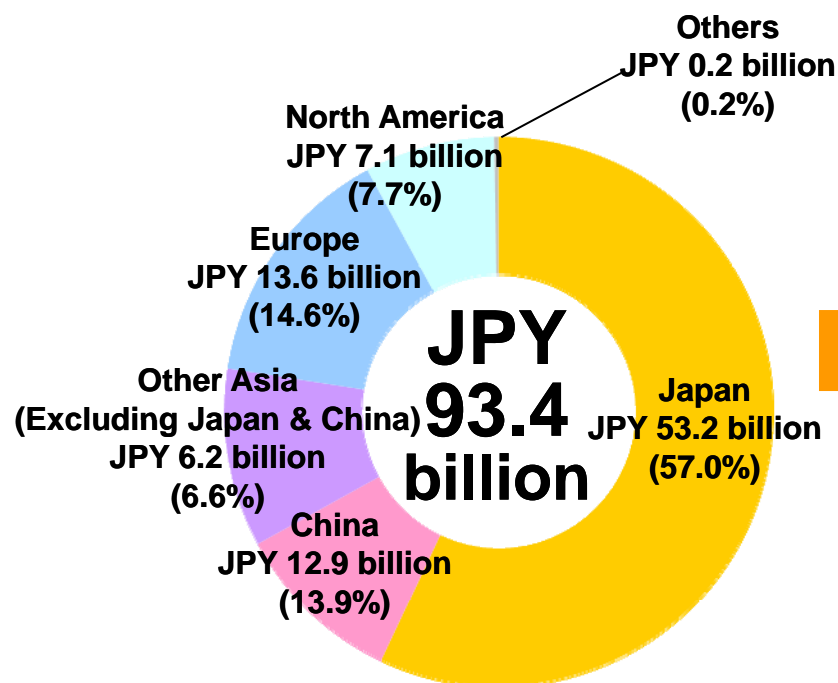
Special-purpose machine tools



Sales by Geographic Segment

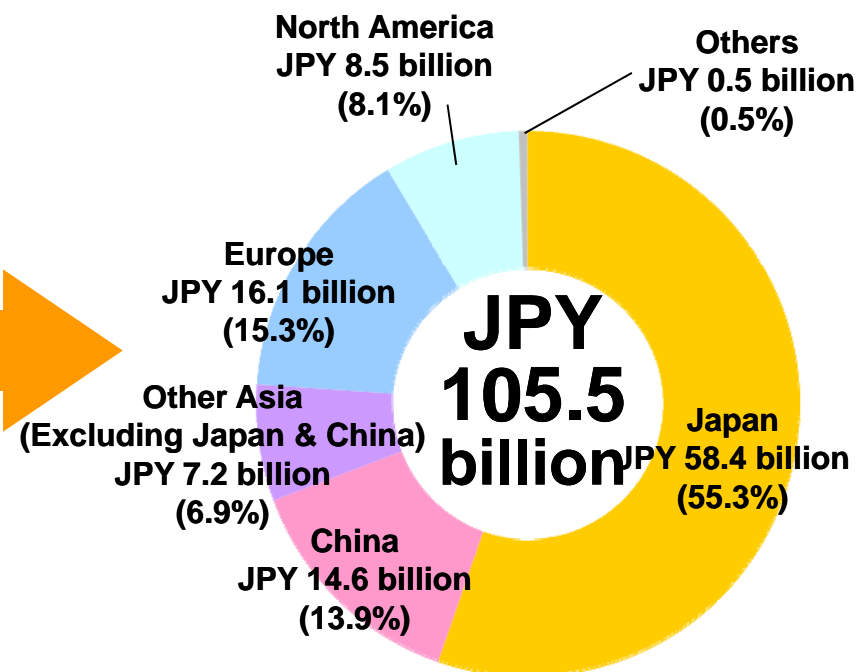


2014/3 H1 result



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.

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

***Equity ratio:**

56.0%

60.2%

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

CAPEX, R&D and Depreciation

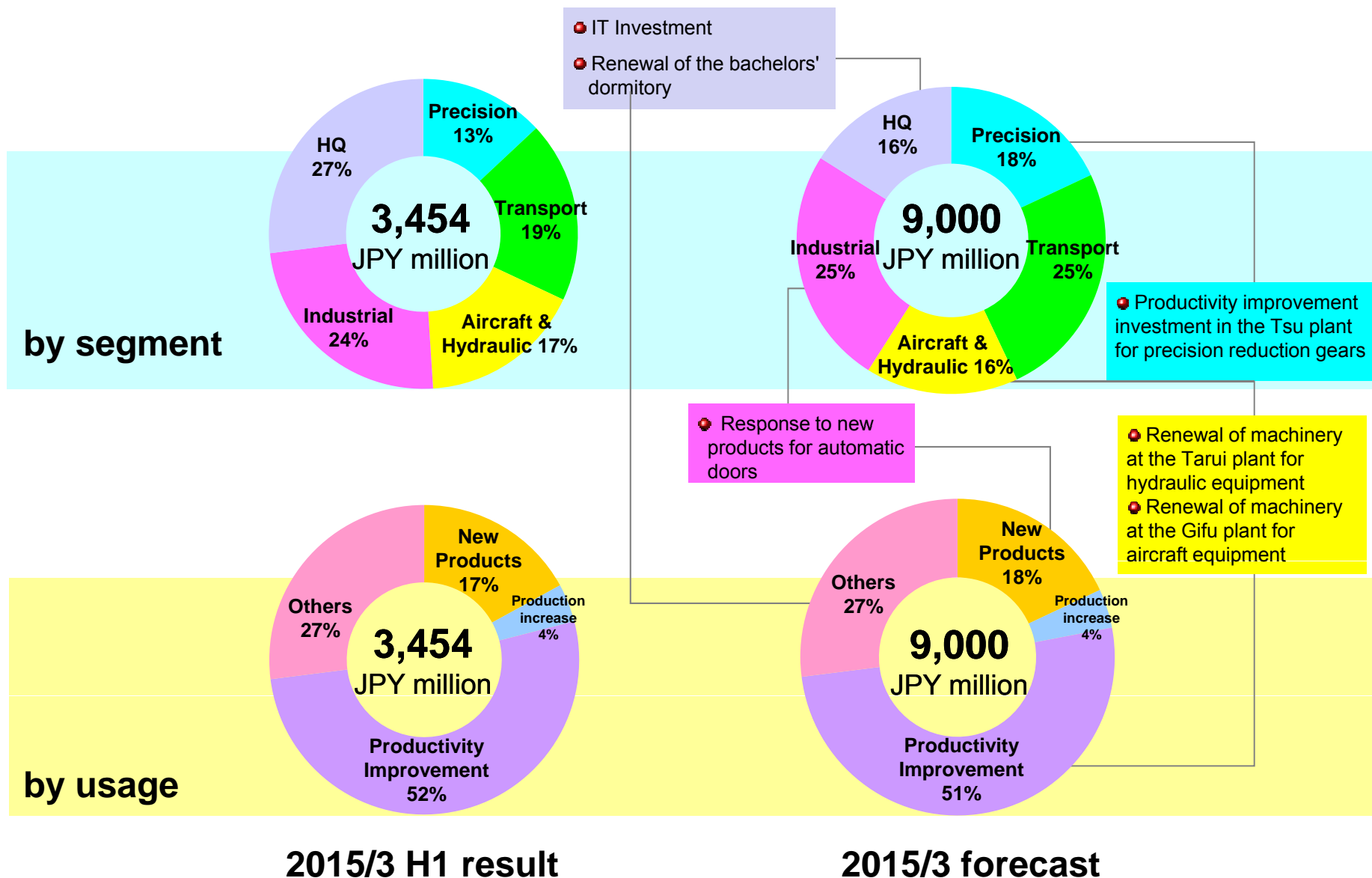


	H1 result	
(JPY million)	2014/3 H1 result	2015/3 H1 result
CAPEX	3,557	3,454
R&D	3,111	3,392
Depreciation	3,640	2,941

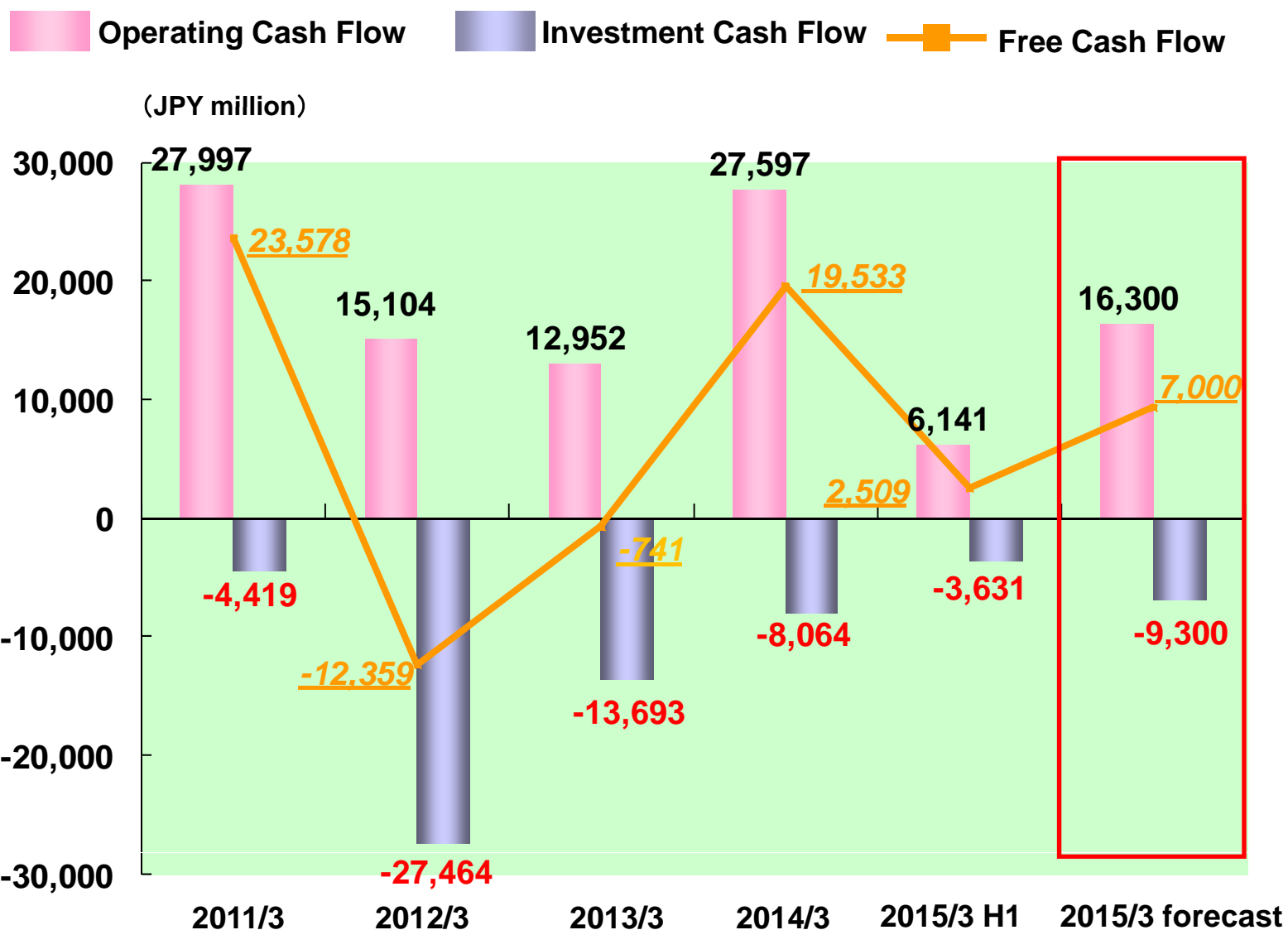
Full-year result & forecast		
2014/3 Full-year result	2015/3 Full-year (previous forecast)	2015/3 Full-year forecast
6,760	12,000	9,000
6,401	7,000	7,600
7,600	6,700	6,400

Breakdown in CAPEX

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Consolidated Cash Flow



Topics



- April: Cumulative production of the RV™ series precision reduction gears reached 5 million units
- June: Established a representative office in India to collect information and search for suppliers
- July: Joined the network of Maritime Innovation Japan Corporation to foster R&D in the field of marine vessels equipment
- September: Included again in Dow Jones Sustainability Asia Pacific Index
First included in September 2013, continued to be selected this time
- September: Cumulative production of the electric digital governor systems for marine vessels reached 7,000 units
Will expand the lineup of products for digital control engines for marine vessels
- October: Awarded the eighth KIDS DESIGN AWARD in the automatic door division for the fourth year in a row
- October: Obtained the credit rating of A from Rating and Investment Information, Inc. (R&I)



Moving it. Stopping it.

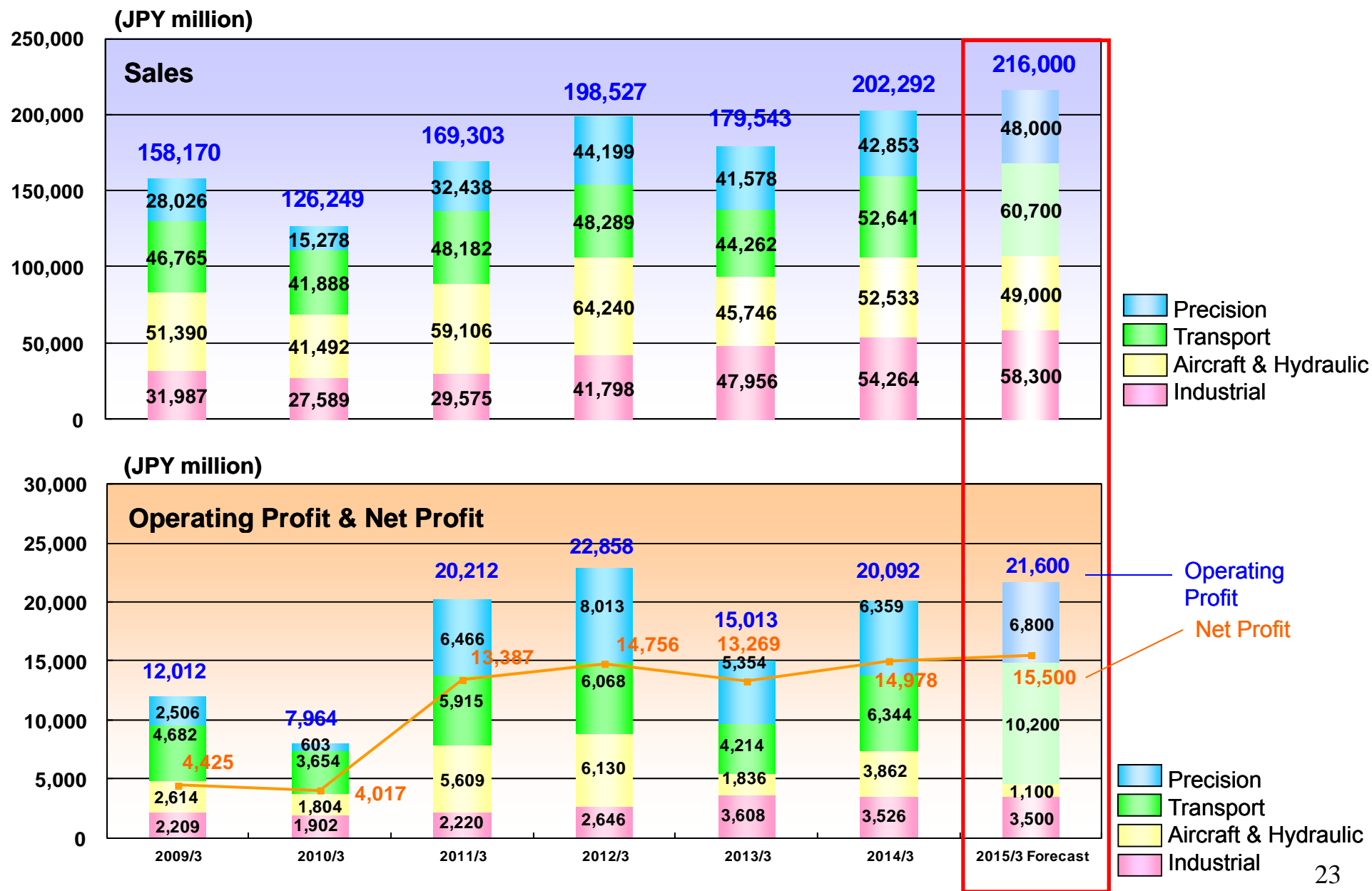
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Appendix

Consolidated Annual Results and Forecasts by Business Segment

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Targeted Financial Figures



Targeted EPS: ¥190 by 2017/3

(JPY billion)	2014/3 Actual	2015/3 Plan	2017/3 Plan	2021/3 Long-term vision announced in May 2012
Sales	202.2	216	280±5%	400
Operating profit	20	21.6	34	60
O.P. margin	9.9%	10.0%	12.0%	15.0%
Net profit	14.9	15.5	24	-
ROA	6.9%	6.7%	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