

FY2019/12 Q1 Results Briefing

April 26, 2019

Nabtesco Corporation

The forecast data presented herein reflects assumed results based on conditions that are subject to change. Nabtesco Corporation does not make representations as to, or warrant, in whole or in part, the attainment or realization of any of the forecasted results presented in this document. Numerical figures presented herein are rounded down.

Consolidated Results for the FY2019/12 Q1 (IFRS)

(JPY million)	FY2018/12 Q1 Result (A)	FY2019/12 Q1 Result (B)	Variation (B)-(A)	FY 2019/12 Full-year Plan <small>(As of Feb 8, 2019)</small>
Sales	71,954	70,272	-1,682	313,000
O.P.	6,713	6,155	-557	30,000
(OPM)	9.3%	8.8%	(-0.5pt)	9.6%
Finance Income and cost	-561	103	664	-
Equity in earnings of affiliates	6,187* ¹	1,128	- 5,059	-
Income before tax	12,338	7,387	- 4,951	33,600
Net profit*²	9,520	4,084	-5,436	22,900
Earnings per share*³	76.82	32.93	-43.89	184.74

*1Extraordinary gains+5.7bn due to capital increase of Harmonic Drive Systems.

*2Net profit attributable to owners of the parent.

*3Total basic earnings per share.

Notes

FOREX rate 2018/12 Q1(result) : US\$1=¥107.47 RMB1=¥17.03 EUR1=¥132.29 CHF1=¥114.02
2019/12 Q1(result) : US\$1=¥ 110.27 RMB1=¥16.43 EUR1=¥125.27 CHF1=¥110.68

FOREX sensitivity in O.P.(This represents the effect to operating profit if the exchange rate fluctuates by one yen)
2018/12 Q1(result) : (US\$) JPY 5million, (RMB) JPY 124million, (EUR) minimal, (CHF) minimal
2019/12 Q1(result) : (US\$) JPY 12million, (RMB) JPY 217million, (EUR) minimal, (CHF) minimal

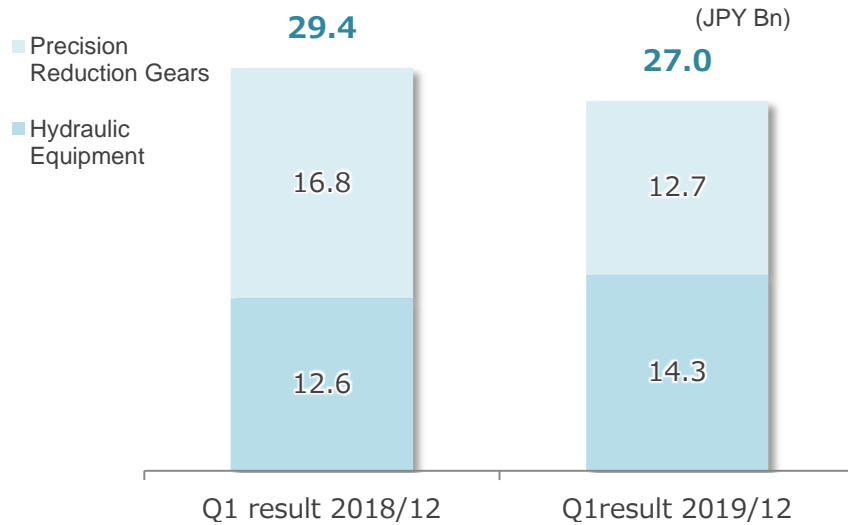
Consolidated Results for the FY2019/12 Q1 by Business Segment (IFRS)

(JPY million)

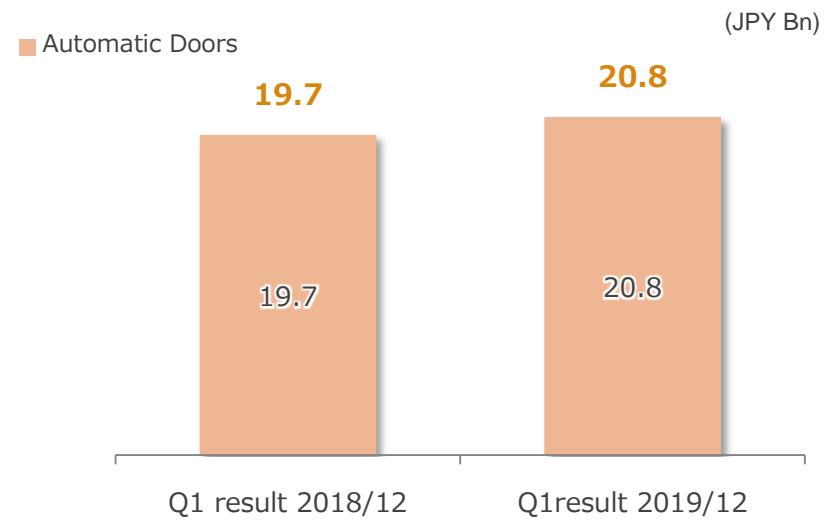
Segment	Term	FY2018/12 Q1 result (A)	FY2019/12 Q1 result (B)	Variation (B)-(A)	FY2019/12 Full-year Plan <small>(As of Feb 8, 2019)</small>
Component Solutions (CMP)	Sales	29,388	27,043	-2,345	125,800
	O.P. (OPM)	5,254 (17.9%)	4,038 (14.9%)	-1,216 (-3.0pt)	21,600 (17.2%)
Transport Solutions (TRS)	Sales	18,513	18,729	216	89,600
	O.P. (OPM)	1,562 (8.4%)	1,298 (6.9%)	-264 (-1.5pt)	8,100 (9.0%)
Accessibility Solutions (ACB)	Sales	19,680	20,788	1,108	77,400
	O.P. (OPM)	1,370 (7.0%)	2,185 (10.5%)	815 (3.5pt)	6,500 (8.4%)
Manufacturing Solutions (MFR)	Sales	4,373	3,713	-660	20,200
	O.P. (OPM)	660 (15.1%)	513 (13.8%)	-147 (-1.3pt)	2,700 (13.4%)
Corporate or Elimination		-2,133	-1,880	253	-8,900
Total	Sales	71,954	70,272	-1,682	313,000
	(OPM)	6,713 (9.3%)	6,155 (8.8%)	-557 (-0.5pt)	30,000 (9.6%)

Q1 Sales by Business units (IFRS)

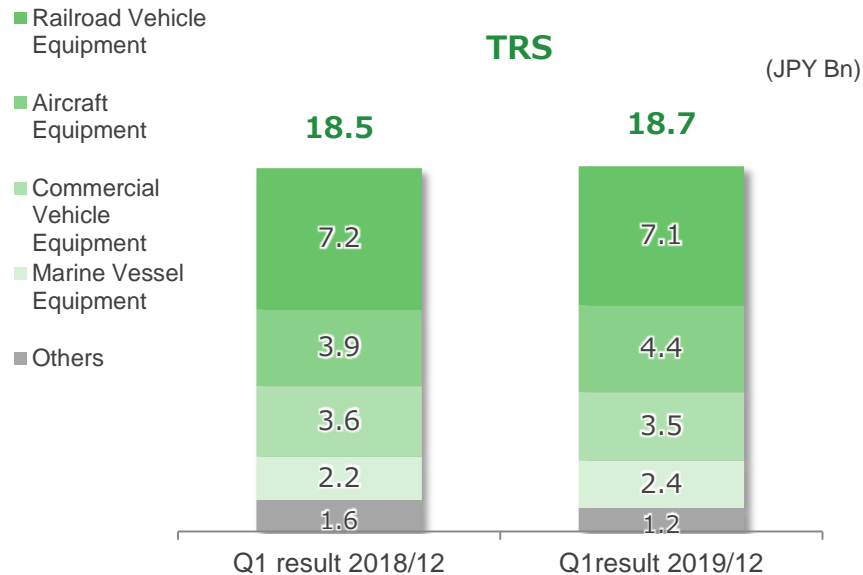
CMP



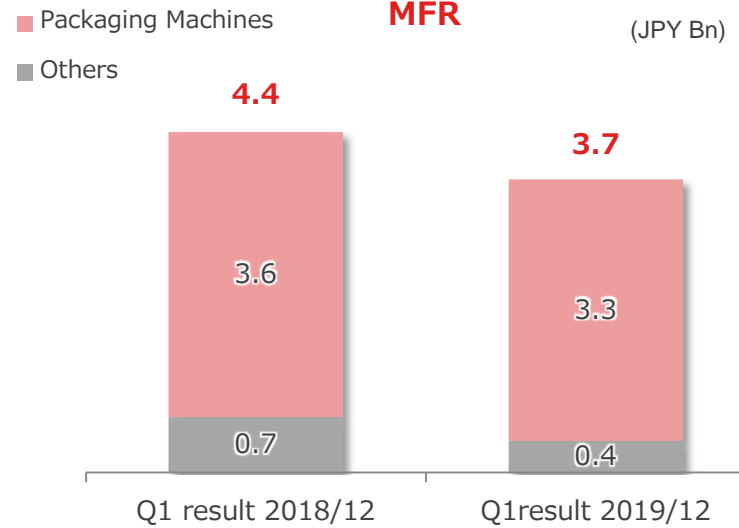
ACB



TRS



MFR



Balance Sheet Summary (IFRS)

(JPY million)	2018/12 (as of December 31, 2018)	2019/12 Q1 (As of April 26, 2019)	Variation
Assets	328,568	337,278	8,710
(Cash and cash equivalents)	54,039	51,603	-2,436
(Trade receivable)	74,952	71,655	-3,297
(Inventories)	43,592	46,542	2,950
(Tangible fixed assets)	80,573	84,689	4,116
Liabilities	139,313	147,824	8,511
(Bonds and borrowings)	45,310	41,722	-3,588
Total equities	189,255	189,453	199
(Non-controlling interests)	10,553	10,692	139
Equity attributable to owners of parent	178,702	178,762	60

*Ratio of equity attributable to owners of parent:

54.4%

53.0%

CAPEX, R&D and Depreciation

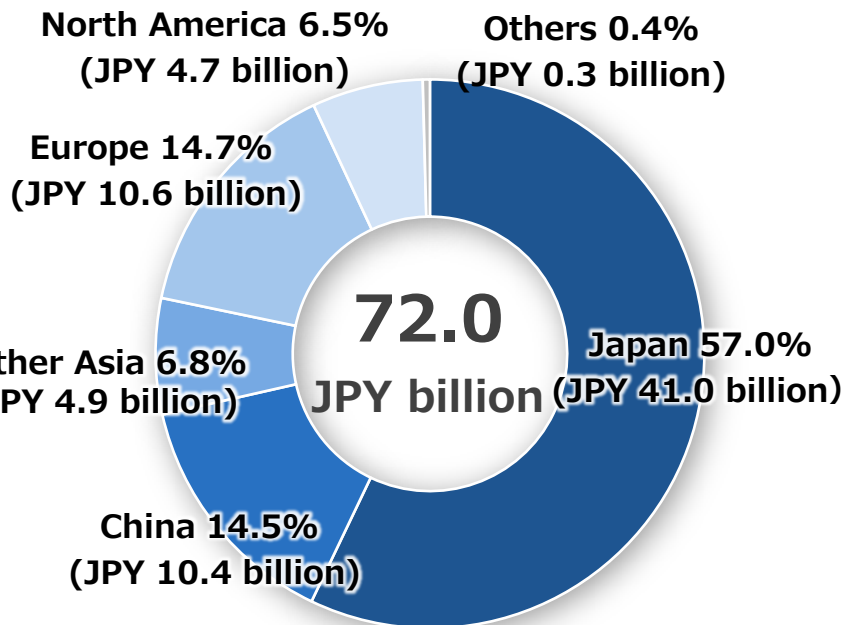
Increased in depreciation due to new lease accounting standard of IFRS 16.

(JPY billion)	2018/12 Q1 Result (A)	2019/12 Q1 Result (B)	2019/12 Full-year Plan (C)	Ratio of Variation (B-A)	Rate of progress (B/C)	2018/12 Result
CAPEX	5.6	5.3	30.6	-0.3	17.5%	20.3
R&D	2.4	2.5	10.6	0	23.2%	10.2
Depreciation	2.4	3.2	13.4	0.8	23.9%	10.0

Appendix

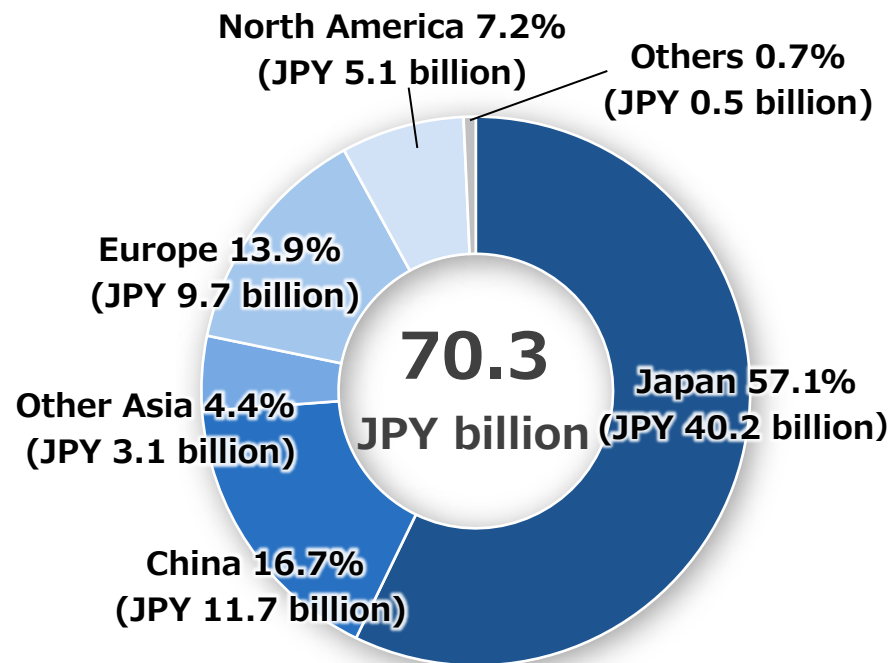
Sales by Geographic Segment

2018/12 Q1 Result



Overseas Sales	JPY 30.9billion
Ratio	43.0%

2019/12 Q1 Result

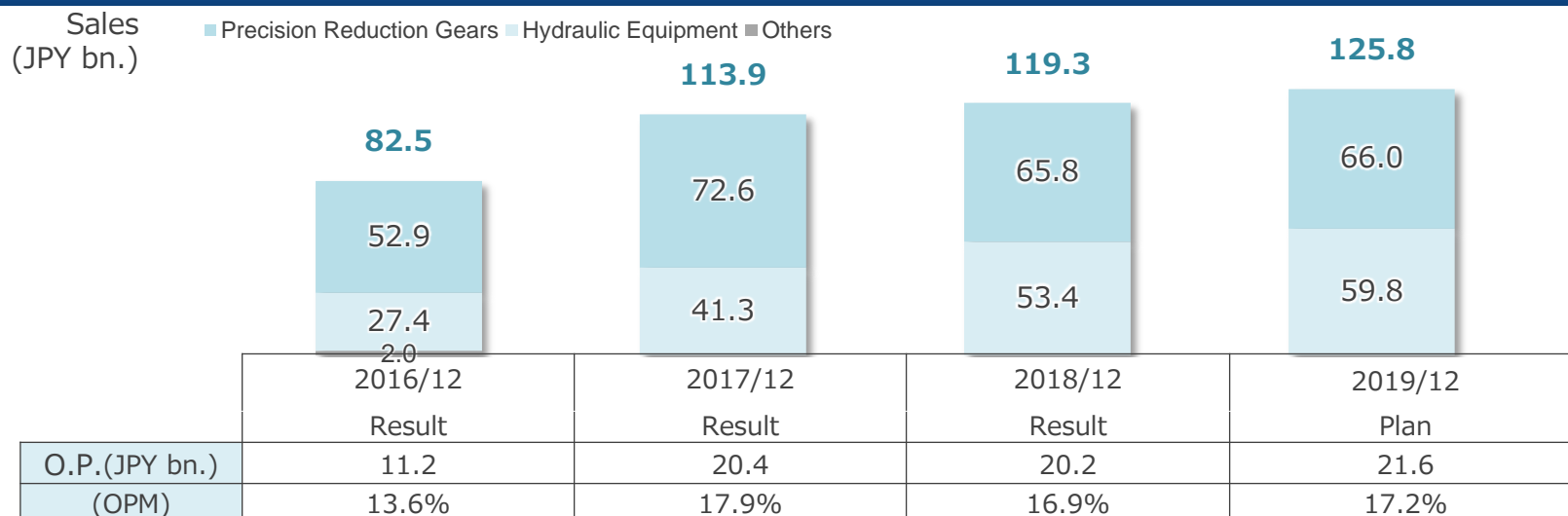


Overseas Sales	JPY 30.1 billion
Ratio	42.9%

Component Solutions Segment (CMP)

■ As for the CMP segment, sales growth is anticipated due to increase in global strong demand for construction machinery. Sales for precision reduction gears are anticipated to remain the same level as in 2018 and demand for industrial robots is anticipated to recover in the second half, while demand will slow down in the first half.

Result and Plan



FY2018/12 Result vs. FY2019/12 Plan

Precision Reduction Gears : Sales will remain the same level as in 2018.

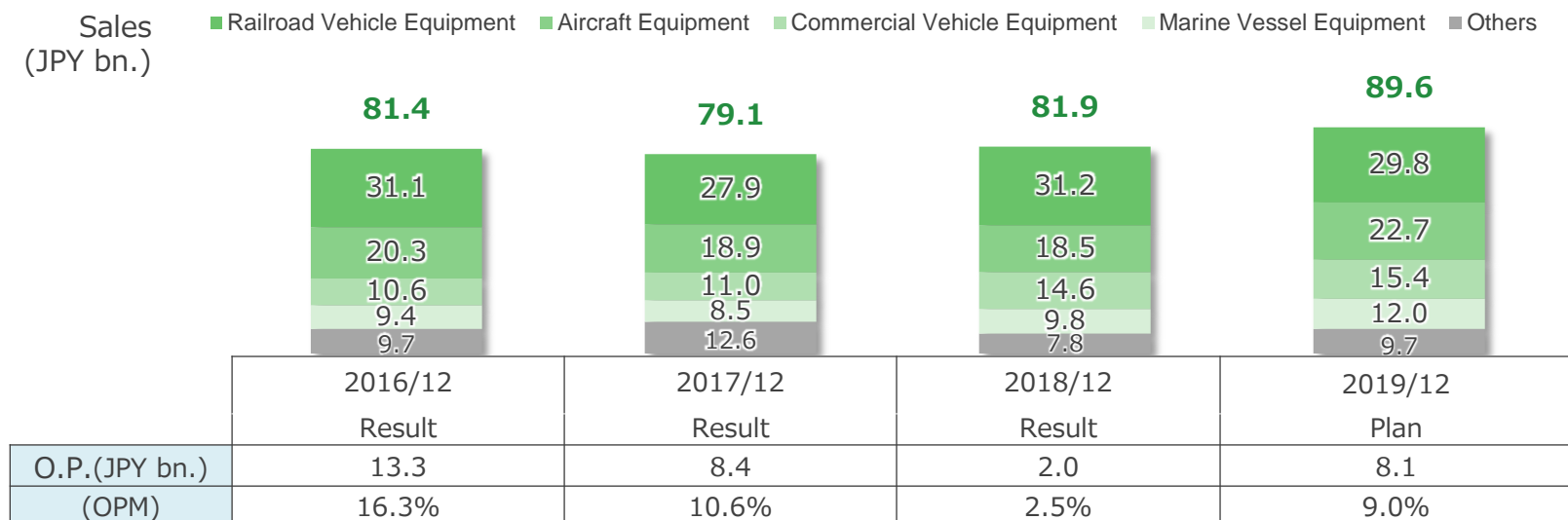
Hydraulic Equipment : Demand in China is stable due to infrastructure investment. Sales are anticipated to increase due to a robust demand in South-east Asia and North America.

O.P. : Expansion of profits by increasing sales.

Transport Solutions Segment (TRS)

- Sales are anticipated to grow in TRS driven by the growth of aircraft sales in the private aviation sector.
- Profits are anticipated to increase for the elimination of the OVALO GmbH impairment loss.

Result and Plan



*For Nabtesco Service, sales in and before 2017/12 are not included in the results shown above.

FY2018/12 Result vs. FY2019/12 Plan

Railroad Vehicle Equipment : Sales will decrease in the off-season period for vehicle production in Japan.

Aircraft Equipment : Sales will increase due to ramp up for production rate for B737MAX and the start of mass production for B777X.

Commercial Vehicle Equipment : Anticipate to increase due to stable demand in Japan and strong demand in Southeast Asia.

Marine Vessel Equipment : Sales growth is anticipated due to slow recovery of the marine transport market and new building for marine vessel market

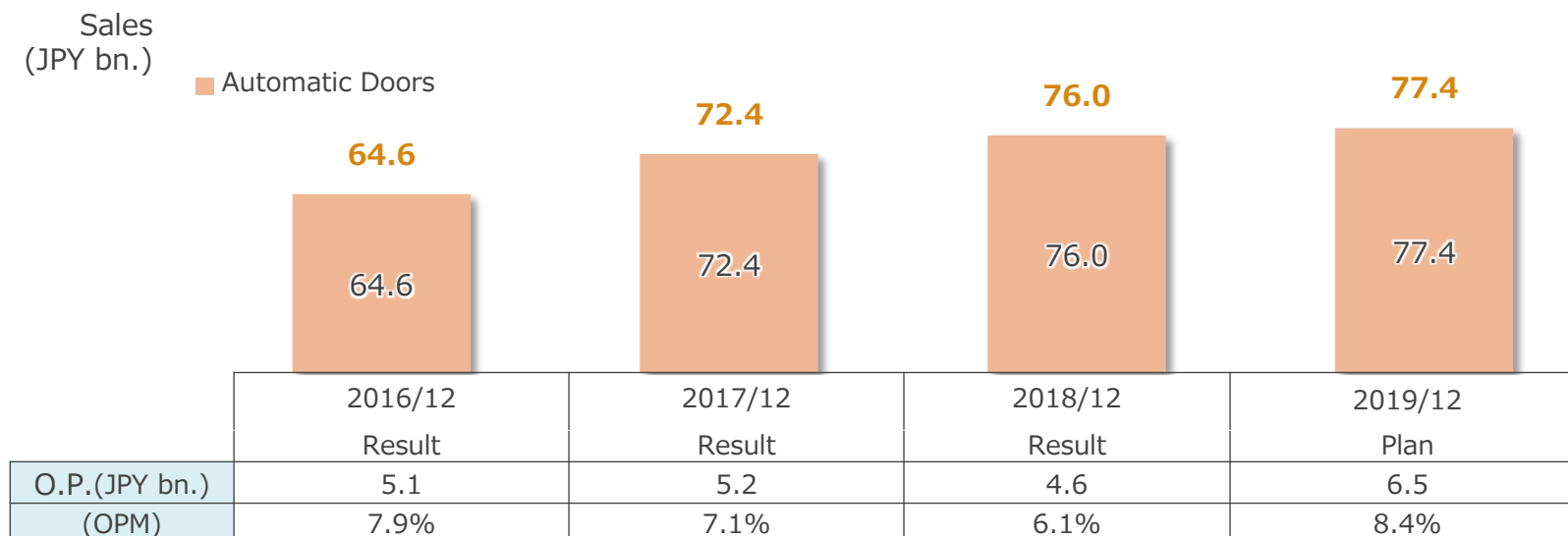
Others: Sales will increase due to the start of mass production in OVALO GmbH.

O.P. :The O.P. is anticipated to increase due to the elimination of the OVALO GmbH impairment loss.

Accessibility Solution Segment (ACB)

- Sales and profit are anticipated to grow by meeting demand for Japan and overseas building automatic doors.

Result and Plan



FY2018/12 Result vs. FY2019/12 Plan

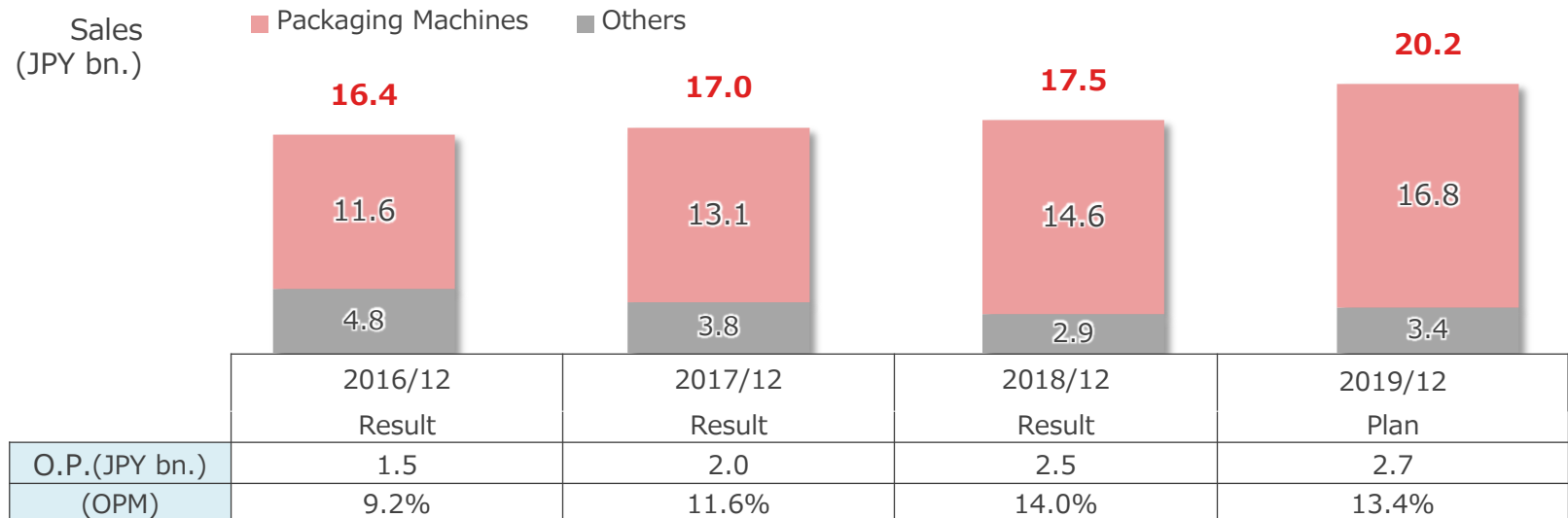
Automatic Doors :Sales will increase due to stable demand for the platform door and to catch up for new building construction delays.

O.P. : Anticipated to increase driven by sales growth and decrease in one-time expense.

Manufacturing Solutions Segment (MFR)

- Sales and profit are anticipated to increase due to robust demand for packaging machines in the food industry in Japan and overseas.

Result and Plan

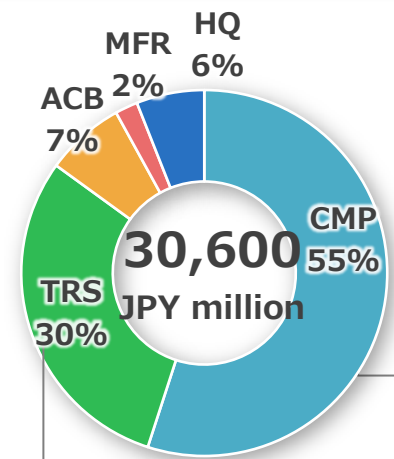
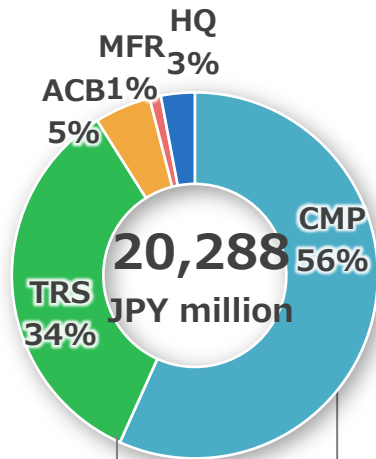
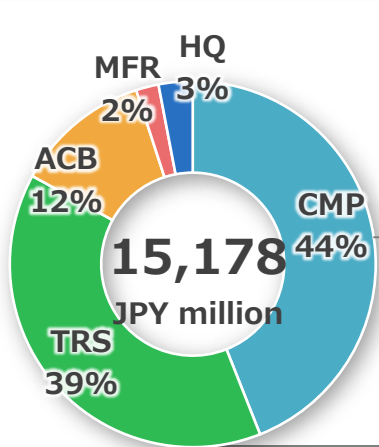


FY2018/12 Result vs. FY2019/12 Plan

Packaging Machines :Sales to Japanese food manufacturers will increase, driven by labor-saving requirements. Sales will increase steadily also outside of Japan.

O.P. :Expansion of profits by increasing sales.

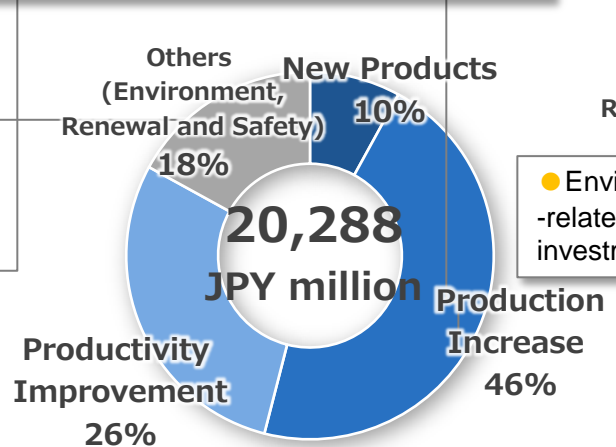
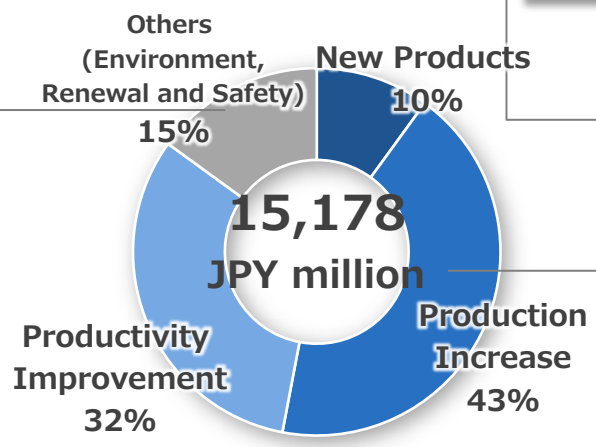
Breakdown of CAPEX



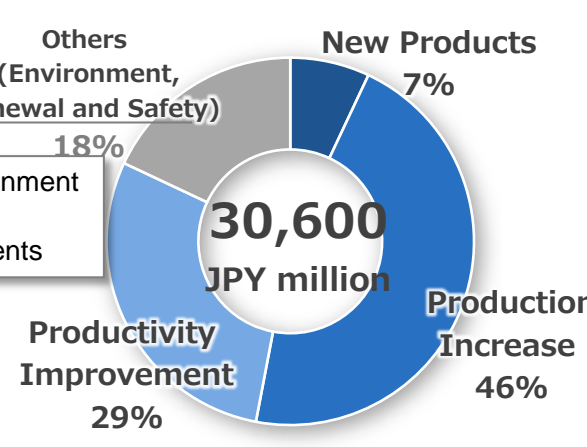
- Precision reduction gears: Increase production capacity in Japan and China
- Aircraft equipment: - Capacity expansion at Gifu Plant

- Precision reduction gears: Increase production capacity in Japan
- OVALO GmbH
Mass production for new products

- Environment-related investments
- R&D-related investments



- Environment-related investments



2017/12 Result

2018/12 Result

2019/12 Plan

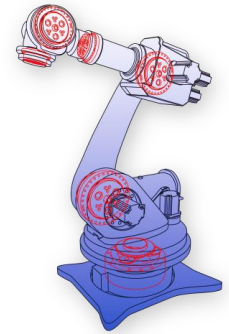
Main Products: Component Solutions Segment (CMP)

Precision Reduction Gears

■ Joints of Industrial Robots



No.1
Approx. **60%**
world market share

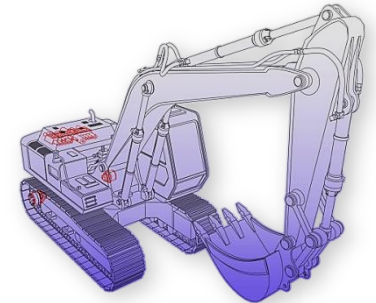


Hydraulic Equipment

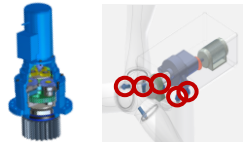
■ Traveling Unit for Hydraulic Excavators



Approx. **25%**
world market share



■ Drive Units for Wind Turbines



Main Customers

■ Precision Reduction Gears

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

Machine Tools: Okuma, Yamazaki Mazak, Makino, DMG Mori Seiki

■ Hydraulic Equipment

Traveling Units: Japan: Komatsu, Kobelco Construction Machinery, Kubota, Sumitomo Construction Machinery
China: Sany, XCMG, Liu Gong

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

Main Products: Transport Solutions Segment (TRS)

Railroad Vehicle Equipment

■ Brake Systems

Others



No.1

Approx. **50%** Domestic Market Share

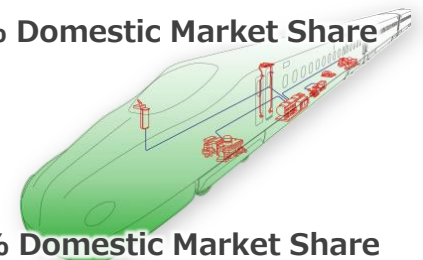
■ Door Operating Systems

Others



No.1

Approx. **70%** Domestic Market Share



Aircraft Equipment

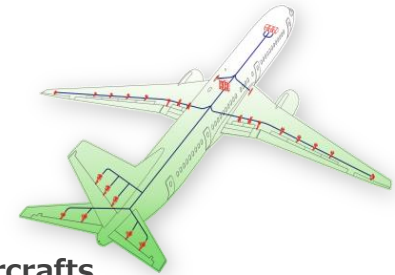
■ Flight Control Actuation Systems (FCA)

- 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



Main Customers

■ Railroad Vehicle Equipment

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

■ Aircraft Equipment

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

Main Products: Transport Solutions Segment (TRS)

Commercial Vehicle Equipment

■ Wedge Chambers



Approx. **70%** Domestic Market Share



■ Air Dryers



Approx. **75%** Domestic Market Share

Marine Vessel Equipment

■ 2ST Main Engine Control Systems



Approx. **50%** Domestic Market Share
(Approx. 40% World Market Share)



Main Customers

■ Commercial Vehicle Equipment

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

■ Marine Vessel Equipment

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

Main Products: Accessibility Solution Segment (ACB)

Automatic Doors

Automatic Doors



Platform Screen Doors



Main Customers

Automatic Doors

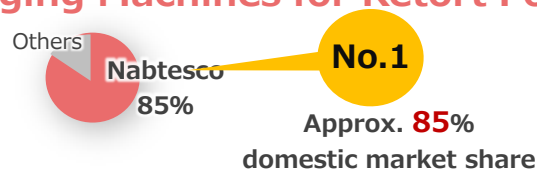
Automatic Doors for buildings: Major general contractors, sash manufacturers, hospitals, banks, public institutions, etc.

Platform Doors : Subway projects in France and China, others

Main Products: Manufacturing Solutions Segment (MFR)

Packaging Machines

Packaging Machines for Retort Pouch Foods



Main Customers

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

Nabtesco
moving it. stopping it.