Realization of Continuous Growth

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.

March, 2014
I. Transition and Long-term Vision of Main Financial Figures
II. 3 Pillars towards the Achievement of Long-term Vision
III. Concrete Measures
IV. Main Businesses and Essentials for Growth
### Transition and Long-term Vision of Main Financial Figures

<table>
<thead>
<tr>
<th>(JPY billion)</th>
<th>2010/3 &lt;result&gt;</th>
<th>2011/3 &lt;result&gt;</th>
<th>2012/3 &lt;result&gt;</th>
<th>2013/3 &lt;result&gt;</th>
<th>2014/3 &lt;result&gt;</th>
<th>2021/3 &lt;long-term vision&gt; &lt;forecast&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>126.2</td>
<td>169.3</td>
<td>198.5</td>
<td>179.5</td>
<td>198.9</td>
<td>400.0</td>
</tr>
<tr>
<td>O.P.</td>
<td>7.9</td>
<td>20.2</td>
<td>22.8</td>
<td>15.0</td>
<td>18.5</td>
<td>60.0</td>
</tr>
<tr>
<td>O.P. margin</td>
<td>6.3%</td>
<td>11.9%</td>
<td>11.5%</td>
<td>8.4%</td>
<td>9.3%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Net profit</td>
<td>4.0</td>
<td>13.3</td>
<td>14.7</td>
<td>13.2</td>
<td>13.9</td>
<td>-</td>
</tr>
<tr>
<td>ROA</td>
<td>2.7%</td>
<td>8.1%</td>
<td>7.6%</td>
<td>6.5%</td>
<td>6.4%</td>
<td>11.0%</td>
</tr>
<tr>
<td>ROE</td>
<td>5.2%</td>
<td>15.8%</td>
<td>15.6%</td>
<td>12.5%</td>
<td>12.3%</td>
<td>18.0%</td>
</tr>
<tr>
<td>Equity Ratio</td>
<td>53.1%</td>
<td>49.9%</td>
<td>47.6%</td>
<td>56.2%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net D/E ratio</td>
<td>-0.2</td>
<td>-0.41</td>
<td>-0.19</td>
<td>-0.21</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>8.7</td>
<td>23.5</td>
<td>-12.3</td>
<td>-7.0</td>
<td>16.3</td>
<td>-</td>
</tr>
<tr>
<td>Payout ratio</td>
<td>28.4%</td>
<td>23.6%</td>
<td>29.1%</td>
<td>32.5%</td>
<td>34.9%</td>
<td>30% being maintained</td>
</tr>
</tbody>
</table>

*Announced in May, 2012*
Three Pillars towards the Achievement of Long-term Vision:
Pursuing Business Expansion with Profit

- Pursuance of Customer Satisfaction
- Ever Onward
- Further Implementation of Overseas Expansion

Market Creation

Financial Strategy
- Improvement of Shareholder Value
- Improvement of Corporate Value

Technology Innovation
- Pursuit of new technology development & Open Innovation
- Establishment of Overseas Manufacturing Capability
Concrete Measures
Market Creation

Expansion of value-added products as a partner with safety, comfort and a sense of security in daily life with best solution

  e.g. From component production to system integration

Further implementation of overseas expansion

  e.g. Entry into European market with Railroad Vehicle Business
  e.g. Development of Indian market with Commercial Vehicle Business

Establishment and enhancement of MRO* business in promising markets

Penetration of “Nabtesco”

*MRO: Maintenance, Repair, Overhaul
Concrete Measures
Technology Innovation

Promoting internal R&D and collaboration in order to speedily offer products which response to customers’ demands

- e.g. Collaboration laboratory with University of Washington and Technical University of Denmark

Evolution of ‘local production for local consumption’ through establishment of the global production system

- e.g. Promotion of local procurement and local employment etc.

Modernization of domestic production bases

- e.g. Black box, promotion of automation, enhancement of efforts towards CDP*

*CDP: Carbon Disclosure Project
Concrete Measures
Financial Strategy

Utilization of cash in stock
Basically no implementation of equity finance
(focusing on bank loans)

Utilization of financial leverage
Actively conducting strategic investments while sustaining credit rating A(JCRA)

Shareholder return: maintaining dividend payout ratio as 30%, stable dividend policy
Main Businesses and Essentials for Growth

**Precision Equipment**
- Precision Reduction Gears (Including New Energy Business)
- Railroad Vehicle Equipment
- Marine Vessel Equipment

**Transport Equipment**
- Commercial Vehicle Equipment
- Marine Vessel Equipment

**Aircraft & Hydraulic**
- Aircraft Equipment
- Hydraulic Equipment

**Industrial Equipment**
- Automatic Doors
- Packaging Machines

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**Businesses with high global market share**
- Amplification of product lineup

**Businesses with high domestic market share**
- Implementation of overseas expansion

**Business with stable profitability**
- Expansion of business scale
Businesses with High Global Market Share

**Precision Reduction Gears**
- Global Share: 60%
- Nabtesco No.1
- Joints of Industrial Robots

**Hydraulic Equipment**
- Global Share: 30%
- Nabtesco No.1
- Traveling Motors for Hydraulic Excavators

**Marine Vessel Equipment**
- Global Share: 40%
- Nabtesco No.1
- 2-stroke Main Engine Remote Control Systems

Amplification of Product Lineup

**Solar Tracking Equipment**
- Enhancement Followed by the Establishment of New Energy Business Development Division
- Drive Units for Wind Turbines

**Control Systems for Computerized Diesel Engines**
- Establishment of Production Base in China
Businesses with High Domestic Market Share

Railroad Vehicle Equipment
- Brake Systems: Approx. 50%
- Door Operating Systems: Approx. 70%
- Domestic Share: Nabtesco 70%

Commercial Vehicle Equipment
- Wedge Chambers: Approx. 70%
- Air Dryers: Approx. 85%
- Domestic Share: Nabtesco 85%

Aircraft Equipment
- Flight Control Actuation Systems (FCA): Approx. 100%
- Domestic Share: Nabtesco 100%

Packaging Machines
- Automatic Filler/Sealer Machines for Retort Pouch Foods: Approx. 85%
- Domestic Share: Nabtesco 85%

Nabtesco Implementation of Overseas Expansion

- Acquisition of Italian Rolling Stock Door Manufacturer
- Penetration into European Market
- Establishment of JV
- Entry into Indian Market
- Focusing on Specific Customers
- Attainment of New Businesses as a Result of Developing Competitive Advantage
- Establishment of Production Base and Sales Channel
- Exploration of Chinese and North American Markets
Business with Stable Profitability (Cash Cow)

Expansion of Business Scale

- Acquisition of Door Manufacturer in Switzerland
- Strengthening of Relationship with Domestic and Overseas Sales Channels
  - Market Accession

Automatic Doors
- Automatic Doors for Buildings
- Platform Doors

Nabtesco

Domestic Share
- Nabtesco 55%
- Others

Global Share
- Nabtesco 20%
- Others

No. 1

World Top-class Manufacturer
Nabtesco

moving it. stopping it.
Appendix
Steps in the Consolidation

- **Nabtesco**
  - Established in 1925
  - Merged into Nabtesco Oct., 2004

- **TEIJIN SEIKI**
  - Established in 1944
  - Sept., 2003
    - Establishment of Nabtesco (as a holding company)

- **NABCO**
  - Established in 1925
  - Nov., 2002
    - Conclusion of basic agreement with regard to consolidation
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 2,080, Consolidated 5,257
- **Consolidated subsidiaries***:  
  - Japan: 11 (other 6 equity-method affiliates)  
  - International: 35 (other 4 equity-method affiliates)

(*as of September 2013)
Main Products: Precision Equipment

**Precision Reduction Gears**
- Joints of Industrial Robots
  - Nabtesco 60%
  - Approx. 60% world market share
- Machine Tool ATCs
  - Nabtesco 60%
  - Approx. 60% domestic market share
- 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, Others
Main Products: Transport Equipment

**Railroad vehicles**
- Brake Systems
  - Nabtesco 50%
  - Others
  - Approx. 50% domestic market share
- Door Operating Systems
  - Nabtesco 70%
  - Others
  - Approx. 70% domestic market share

**Commercial vehicles**
- Wedge Chambers
  - Nabtesco 70%
  - Others
  - Approx. 70% domestic market share
- Air Dryers
  - Nabtesco 85%
  - Others
  - Approx. 85% domestic market share

**Marine vessels**
- 2-stroke Main Engine Control Systems
  - Nabtesco 60%
  - Others
  - 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, IHI, MHI, Japanese Ministry of Defense, Airlines

Hydraulic Equipment
Traveling Motors: (Japan) Komatsu, Kobelco Construction Machinery, Sumitomo Construction Machinery Manufacturing, (China) Xugong Excavator, Sany, Liu Gong, Zoomlion
Main Products: Industrial Equipment

**Automatic doors**
- Approx. 50% domestic market share for building automatic doors (top share in the world)
  - Nabtesco: 55%
  - Others: 45%

**Platform Screen Doors**
- Approx. 95% domestic market share (accumulated total)
  - Nabtesco: 95%
  - Others: 5%

**Packaging Machines**
- Approx. 85% domestic market share for automatic filler/sealer machines for retort pouch foods
  - Nabtesco: 85%
  - Others: 15%

**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**
- Mitsui Sugar, Ajinomoto, Marudai Food, ARIAKE JAPAN, KENKO Mayonnaise, P&G, Kao, Lion, Mars (France), food companies in China, beverage companies in US
# Forecast for FY2014/3 Consolidated Results

<table>
<thead>
<tr>
<th>(JPY million)</th>
<th>2013/3</th>
<th>2014/3</th>
<th>2014/3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>H1 result</td>
<td>H2 result</td>
<td>Full-year result</td>
</tr>
<tr>
<td>Sales (year-on-year)</td>
<td>90,666 (-7.2%)</td>
<td>88,876 (-11.9%)</td>
<td>179,543 (-9.6%)</td>
</tr>
<tr>
<td>Operating profit (year-on-year)</td>
<td>7,595 (-37.9%)</td>
<td>7,418 (-30.2%)</td>
<td>15,013 (-34.3%)</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>8.4%</td>
<td>8.3%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Ordinary profit (year-on-year)</td>
<td>8,470 (-35.8%)</td>
<td>9,419 (-17.8%)</td>
<td>17,890 (-27.4%)</td>
</tr>
<tr>
<td>Net profit (year-on-year)</td>
<td>6,513 (-22.0%)</td>
<td>6,756 (+5.5%)</td>
<td>13,269 (-10.1%)</td>
</tr>
<tr>
<td>ROA</td>
<td>FOREX effect 13/3 full year (result); US$1=¥80.1 RMB1=¥12.7 EUR1=¥103.5 CHF1=¥85.9</td>
<td>6.5%</td>
<td>6.4%</td>
</tr>
<tr>
<td>ROE</td>
<td>FOREX effect 14/3 H2 (premise); US$1=¥97 RMB1=¥15.60 EUR1=¥127 CHF1=¥104</td>
<td>12.5%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Dividend per share (yen)</td>
<td>18</td>
<td>16</td>
<td>34</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>32.5%</td>
<td>30.3% (forecast)</td>
<td>34.9% (forecast)</td>
</tr>
</tbody>
</table>

FOREX sensitivity in O. P. of 2014/3 (full-year forecast):
### Transition of Consolidated Annual Results and Forecasts by Business Segment

#### Sales (JPY million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Precision</th>
<th>Transport</th>
<th>Aircraft &amp; Hydraulic</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008/3</td>
<td>35,725</td>
<td>31,987</td>
<td>27,589</td>
<td>29,575</td>
</tr>
<tr>
<td>2009/3</td>
<td>48,981</td>
<td>46,766</td>
<td>15,278</td>
<td>41,888</td>
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<tr>
<td>2010/3</td>
<td>56,634</td>
<td>51,390</td>
<td>41,492</td>
<td>59,106</td>
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<tr>
<td>2011/3</td>
<td>128,249</td>
<td>169,303</td>
<td>44,199</td>
<td>179,543</td>
</tr>
<tr>
<td>2012/3</td>
<td>44,199</td>
<td>48,289</td>
<td>48,182</td>
<td>41,578</td>
</tr>
<tr>
<td>2013/3</td>
<td>43,300</td>
<td>49,800</td>
<td>45,746</td>
<td>52,400</td>
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</tbody>
</table>

#### Operating Profit & Net Profit (JPY million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Precision</th>
<th>Transport</th>
<th>Aircraft &amp; Hydraulic</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008/3</td>
<td>4,687</td>
<td>6,060</td>
<td>11,025</td>
<td>4,554</td>
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<tr>
<td>2009/3</td>
<td>2,506</td>
<td>4,682</td>
<td>7,964</td>
<td>2,614</td>
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<tr>
<td>2010/3</td>
<td>3,654</td>
<td>603</td>
<td>5,915</td>
<td>1,804</td>
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<tr>
<td>2011/3</td>
<td>5,609</td>
<td>2,220</td>
<td>6,130</td>
<td>2,220</td>
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<tr>
<td>2012/3</td>
<td>4,214</td>
<td>3,608</td>
<td>5,354</td>
<td>1,836</td>
</tr>
<tr>
<td>2013/3</td>
<td>13,969</td>
<td>5,200</td>
<td>5,200</td>
<td>3,900</td>
</tr>
<tr>
<td>2014/3 forecast</td>
<td>13,900</td>
<td>5,200</td>
<td>5,200</td>
<td>3,900</td>
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</tbody>
</table>

#### Notes

1. Due to establishment of the New Energy Business Development Division in April 2013, the sales of drive units for wind turbine generators were transferred from the Aircraft & Hydraulic Segment to the Precision Equipment Segment from 2014/3.