



**Reference Materials for Acquisition of  
Kinetek Group Inc.  
& Avtron Industrial Automation, Inc.**

**September 20, 2012**

**日本電産株式会社**

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## I. Introduction of ACIM\* Business

\*Appliance, Commercial and Industrial Motor Business

## ACIM 2011 Market Profile



### Appliance



**Washers  
Dryers  
and Dishwashers**



### Commercial



**Air Conditioners  
Pool & Spa, Air Compressors,  
and Fans**



### Industrial



**Pumps  
Compressors, Fans &  
Blowers, and Conveyors**





## II. Outline of Acquisitions

### Outline of Acquisitions



Company	Kinetek Group, Inc. ("Kinetek")	Avtron Industrial Automation, Inc. ("Avtron")
Business Area	Commercial	Industrial
Products	Motors, Gear Motors, Elevator Controls & Packaged Systems	Encoders Motor Drive Systems (Drives) Service
Headquarter	Chicago, Illinois, United States	Cleveland, Ohio, United States
Number of Facilities	24 facilities - United States 14 - Mexico 2 - Italy 4 - China 4	2 facilities - United States 2
Employees	2,987	154
Sales (2011 Actual)	400 million USD	33 million USD

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## II – (i) Acquisition of Kinetek

### Kinetek Business Profile

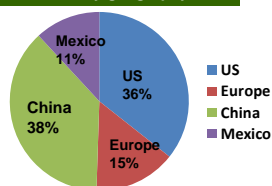


#### Leading Positions in Core End-Markets

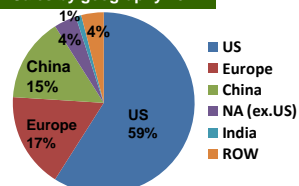
Note: Other markets represent remaining 30% of revenue

(USD)	Elevator & Escalator	Commercial Food & Refrigeration	Floor Care	Golf & Utility Vehicle	Material Handling	Aerial Lift					
2011 Revenue (% Total)	\$129 32%	\$43 11%	\$42 10%	\$33 8%	\$23 6%	\$13 3%					
End-Market Position	#1 in motors in North America and a leading supplier in China	One of the broadest product offerings in the industry	#1 globally in motors and drive systems	#1 globally in electric traction motors	#2 independent supplier of motors globally	#1 globally in pumps & traction motors #2 globally in controls for hydraulic pumps					
Representative End-Products											
Selected Key Customers	 ThyssenKrupp	 KONE	 HOBART	 BREMBA	 Nittiflak Advance	 Club Car	 NACCO	 Genie	 NISSAN FORKLIFT	 Haulotte	 JLG

Production by geography 2011



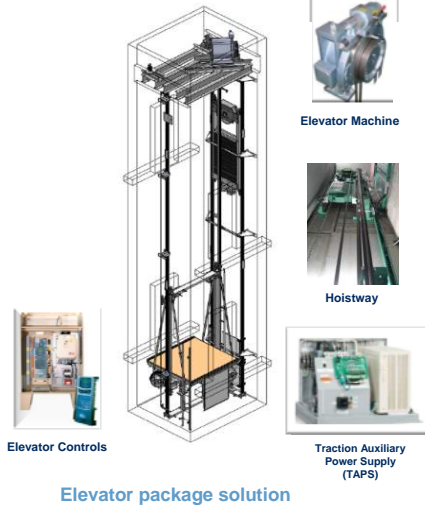
Sales by geography 2011



## Kinetek Expands Custom-Engineered Solutions Capability



- 50% of Kinetek's new product platforms include value-added features such as gearing, pumps, and electronic controls
- ~80% of products are custom-engineered to meet specific customer needs
- Majority of direct sales team have engineering or technical degrees
- Strong elevator packaged solutions capability



## Kinetek Expands & Strengthens ACIM's Commercial Business



End-Market	<div style="display: flex; justify-content: space-around;"> <span style="color: green;">■</span> Strong                     <span style="color: lightgreen;">■</span> Moderate                 </div>			
	Kinetek	+	NMC*	= NMC Kinetek
Elevator & Escalator				
Commercial Food Refrigeration				
Floor Care				
Golf & Utility Vehicle				
Material Handling				
Aerial Lift				
Air Conditioning & Heating				
Pool & Spa				
Pump & Compressors				
General Industry				

\*NMC: Nidec Motor Corporation

## Strong Kinetek China Presence



**\$152M production, \$60M in local sales**  
**1,470 employees, 150 engineers**



**Kinetek Motor Master (KMM)**  
 Chanzhou City  
 • Motors, gears and pump assemblies



**Zhongxiu Kinetek (Z XK)**, Wuxi

- Elevator systems and control design, testing, and assembly

**Z XK will provide engineering, technical, and manufacturing base in China for ASI\***

\*Ansaldo Sistemi Industriali S.p.A.



**Kinetek JingHe (KJH)**  
 Guangzhou City  
 • Shafts and gears



**Kinetek DeSheng (KDS)**  
 Shunde

- Motors & gearbox assemblies.
- 125 technical associates.

**KDS's capabilities will strengthen NMC's low-voltage industrial motor line**

**NTMC\* will leverage KDS's manufacturing footprint and sales channels to expand NTMC industrial business in China**

\*Nidec Techno Motor Corporation

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## II – (ii) Acquisition of Avtron

# Avtron Business Profile



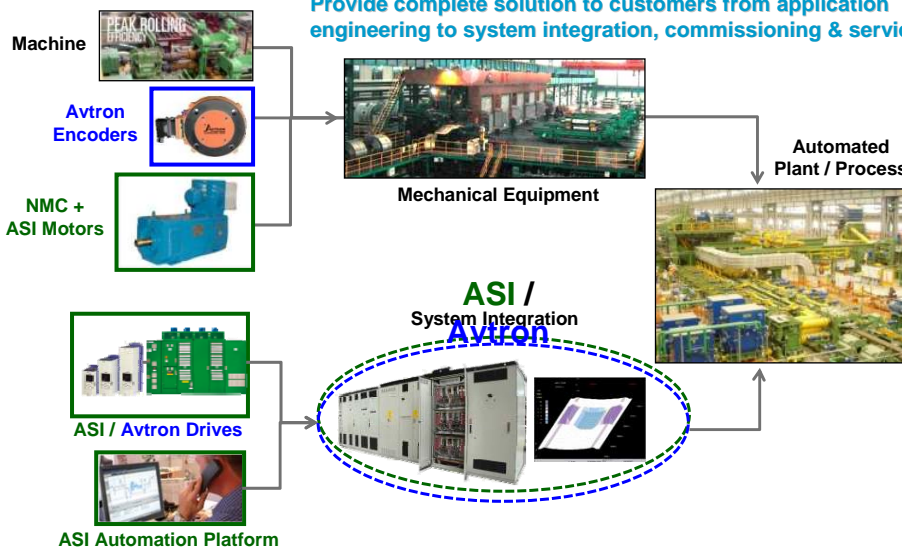
Leading provider of highly engineered control and automation solutions for heavy industries in North America

USD	Encoders	Drive System	Service		
2011 Revenue \$33 million	\$14 million (44%)	\$14 million (41%)	\$5 million (15%)		
Overview	 <p>Rugged encoders to measure speed, position and direction of rotating equipment in harsh industrial environments</p>	 <p>Application-specific motor control systems that provide increased operation efficiency and reliability in heavy industry</p>	 <p>On-site service, troubleshooting, phone support, remote monitoring, repairs, spare parts and training service</p>		
End Markets Served					
 <p>Energy (7.7%)</p>	 <p>Cranes (23.2%)</p>	 <p>Mining (18.8%)</p>	 <p>Marine (10.6%)</p>	 <p>Metals (15.8%)</p>	 <p>Forest Products (24.0%)</p>

# Industrial System & Automation Business



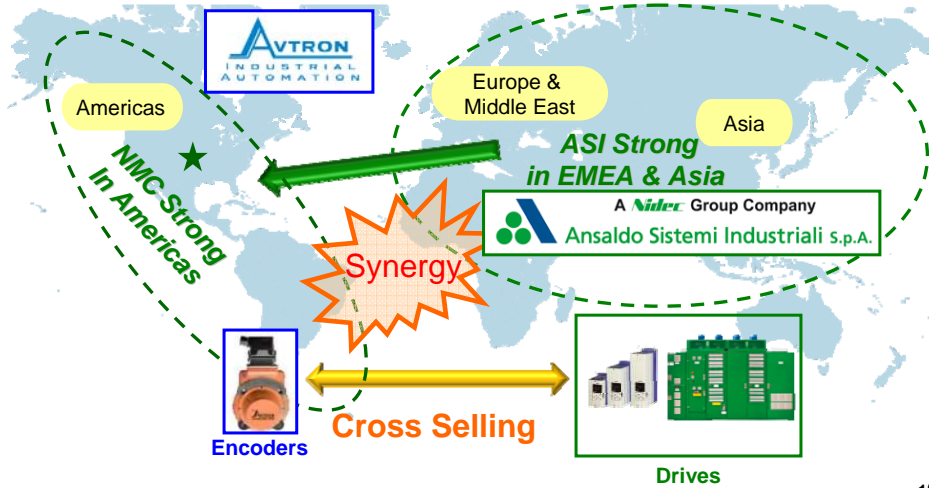
Provide complete solution to customers from application engineering to system integration, commissioning & service



## Avtron Enables Drive Systems & Automation Growth in the Americas



Avtron accelerates NMC's synergies with ASI acquired in May 2012 and creates core for Drive Systems & Industrial Automation in Americas



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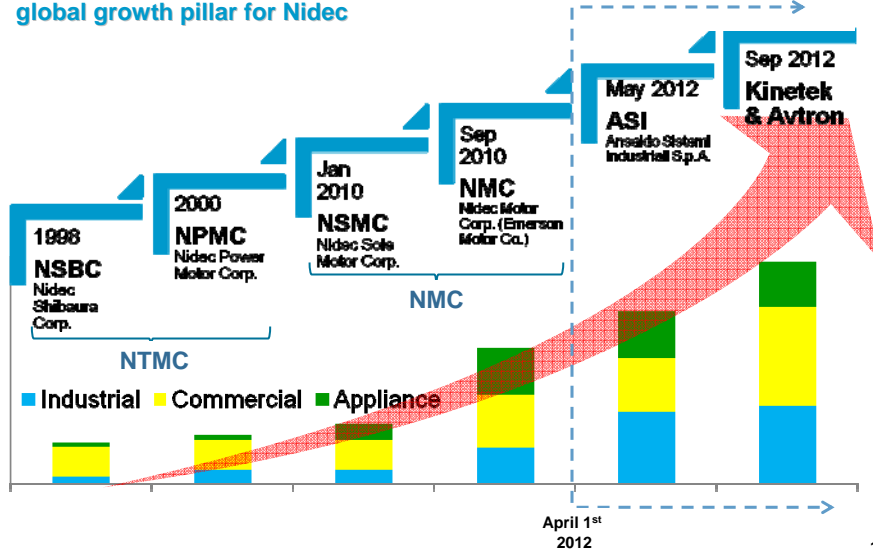
### III. Future Strategy & Growth in ACIM Business



## ACIM Business Unit History & Growth



Starting from a small Japanese base, ACIM is now positioned to be a global growth pillar for Nidec

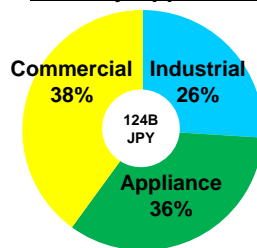


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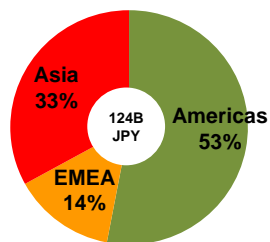
## ACIM 2011 Business Profile



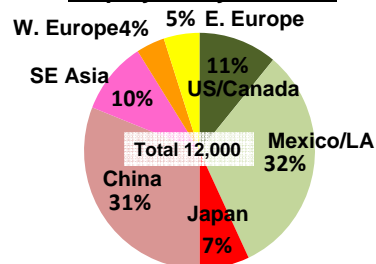
Sales by Application



Sales by Geography



Employees by Location



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# ACIM 2011 Market Positions & Opportunities



■ Strong ■ Moderate

	APPLIANCE	COMMERCIAL	INDUSTRIAL			
			Small & Medium Motors	Large Motors/Generators	Drives	Automation Systems
Americas	NMC	NMC	NMC			
EMEA	NMC + Sole		NMC			
Asia	NMC	NTMC	NMC+ NTMC			

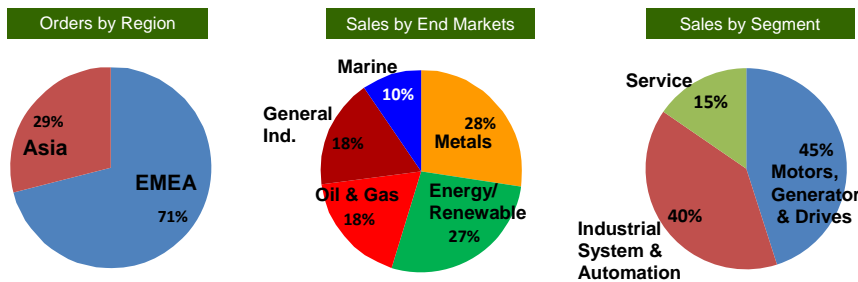


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# ASI Business Profile (Acquired in May 2012)

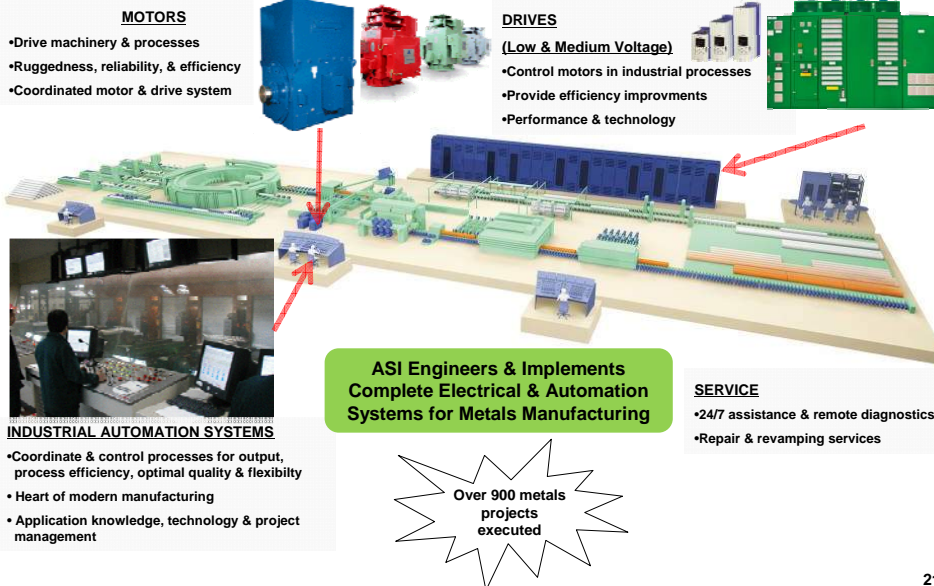


**Company Name:** Ansaldo Sistemi Industriali S.p.A.  
**Headquarters:** Milan, Italy  
**Locations:** Italy: Milan, Monfalcone, Montebello, Genoa  
 Romania, France, Germany, Russia, China, UAE  
**Business:** Leader in the design, manufacturing & installation of large motors, generators & drives, industrial automation & service  
**2011 Sales:** €289M  
**Employees:** 1,300



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## ASI Value Proposition Example: Seamless Pipe Mill Project



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## ACIM + ASI, Avtron, & Kinetek Position ACIM for profitable growth globally



	APPLIANCE	COMMERCIAL	INDUSTRIAL			
			Small & Medium Motors	Large Motors/Generators	Drives	Automation Systems
Americas	NMC	NMC + KINETEK	NMC	NMC + ASI	AVTRON + ASI	AVTRON + ASI
EMEA	NMC + Sole	KINETEK	NMC	ASI	ASI	ASI
Asia	NMC	NTMC + KINETEK	NMC+ NTMC	ASI	ASI	ASI

Over \$30M of ASI Product Quoted in Americas by NMC in 2 Months

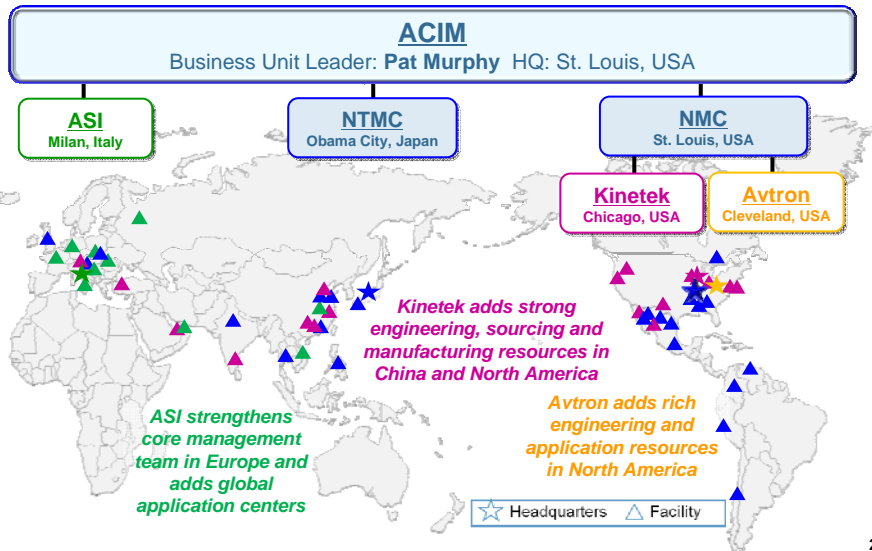
- KINETEK expands ACIM-Commercial to high value markets - elevators, food processing & mobility
- KINETEK strongly grows Asia presence
- KINETEK adds significantly to ACIM's Engineered-Solutions & Controls capability
- ASI expands motors capability beyond 60MW & adds generators up to 100MW
- ASI Low & Medium Voltage Drives allow ACIM to offer complete motor-drive solutions globally
- Automation platform makes ACIM an end-to-end solution provider for industries
- ASI makes ACIM strong in EMEA & Asia
- AVTRON speeds up growth of Drives & Automation in Americas & adds complementary high-value encoders business
- AVTRON Accelerates ASI-NMC Synergies in Americas

■ Strong    ■ Moderate

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# ACIM's Emerging Global Structure -All for dreams

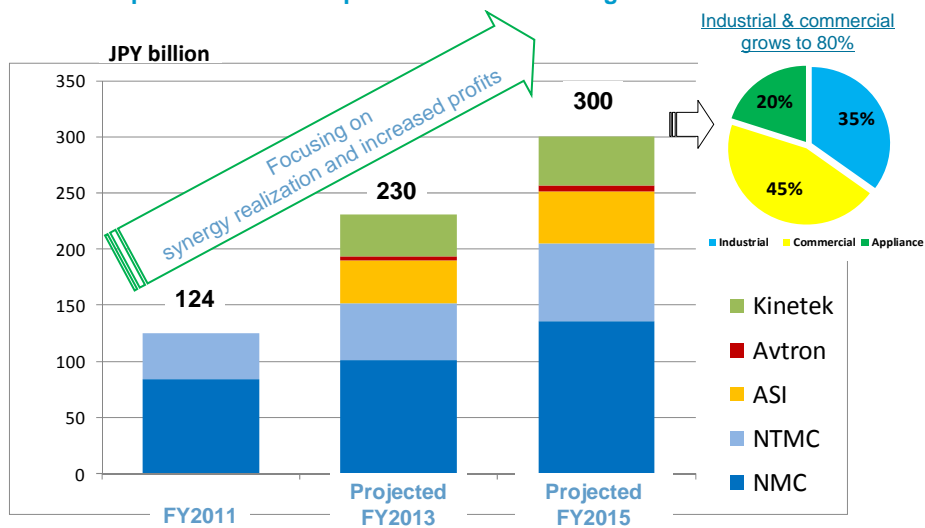
Strong management teams in Americas, Europe and Asia



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# ACIM Organic Growth Plan -All for dreams

ACIM is positioned to be a pillar of Nidec's future growth



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## Funding for the Acquisitions and Cash Flow Management Strategy

Sep. 20, 2012

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#### **Definitions and computations of indicators shown in the presentation**

✓ Cash Conversion Cycle ("CCC"): In calculating its CCC, Nidec Corporation always uses its net sales figure as the denominator.  $CCC = (\text{Inventory} + \text{Accounts receivable} - \text{Accounts payable}) / \text{Net sales per day}$

✓ Free Cash Flow ("FCF")= Cash flows from operating activities – Cash flows from investing activities

✓ Gross D/E Ratio= Total short- and long- term borrowings and debt / Shareholders' Equity

## Funding (Plan)

Nidec plans to use cash on hand and/or debt financing for the contemplated acquisitions

### Cash Flow Management Policy

- Prioritize Cash Flow
- Introduce Cash Conversion Cycle management and reduce working capital

### Financial Targets

- Aim to achieve sustained financial improvement through implementation of measures designed to strengthen financial discipline and better cash flow management

Aim to achieve:

1. Net Cash Position By March 2016
2. Gross D/E ratio of  $\leq 0.5$  By March 2016 (0.7 @1st Q. of FY2012)
3. CCC Improve 30% within current FY (85days @Prior FYE)

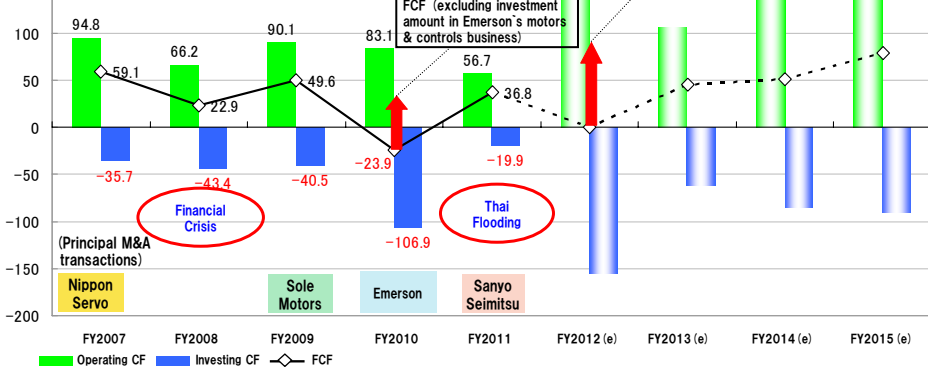
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## Cash Flow Targets

Nidec plans to fund the contemplated transactions by cash on hand generated in part through CCC improvement efforts and/or debt financing

(in ¥ Billions)

Nidec also plans to focus on post-merger integration and improve profitability and cash flows



1. Except FY 2010 in which Nidec acquired former Emerson Co.'s motors and controls business ("NMC"), Nidec has maintained positive free cash flows since 2007. Excluding the investment amounts in NMC, Kinetek, Avtron, Ansaldo, and Minster, Nidec has maintained since FY 2007, and currently expects for FY 2012 to record, positive free cash flows.
2. Since the beginning of FY 2012, Nidec has implemented measures designed to improve its CCC. Through the implementation of CCC measures, Nidec seeks to shorten its CCC and improve its working capital.

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