

# Nidec Corporation

## First Quarter Fiscal 2018 Results



Three Months Ended June 30, 2018  
<IFRS>  
July 25, 2018



## Disclaimer Regarding Forward-looking Statements

These presentation materials and the related discussions contain forward-looking statements including expectations, estimates, projections, plans and strategies. Such forward-looking statements are based on management's targets, assumptions and beliefs in light of the information currently available. Certain risks, uncertainties and other factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such risks and uncertainties include, but are not limited to, changes in customer circumstances and demand, exchange rate fluctuations, and the Nidec Group's ability to design, develop, mass produce and win acceptance of its products and to acquire and successfully integrate companies with complementary technologies and product lines. Please see other disclosure documents filed or published by the Nidec Group companies, including the Japanese securities report, for additional information regarding such risks and uncertainties. Nidec undertakes no obligation to update the forward-looking statements unless required by law.

The first slide features Nidec ASI's ultra-fast charging system for electric vehicle battery. This advanced system hooks up to the national electric grid through charging towers. With the world's fastest charging speed, this solution reduces the time for EV battery charges and the load on the electrical grid at the same time – crucial to a full-fledged expansion of the EV market.

## Consolidated Profit/Loss

Millions of Yen, except for percentages, EPS, and FX rates	Q1/FY2017	Q1/FY2018	Change	FY2018 Forecast
Net sales	343,091	383,765	+11.9%	1,600,000
Operating profit	38,867	46,641	+20.0%	195,000
<i>Operating profit ratio</i>	<i>11.3%</i>	<i>12.2%</i>	-	<i>12.2%</i>
Profit before income taxes	36,171	46,941	+29.8%	187,500
Profit attributable to owners of the parent	28,077	37,353	+33.0%	147,000
EPS (Yen)	94.83	126.29	+33.2%	496.99
FX rate (Yen/US\$)				Assumed for Q2 onward: Yen/US\$: 100 Yen/Euro: 125
Average:	111.09	109.07	-1.8%	
Term end:	112.00	110.54	-1.3%	

Note: Based on the current forecast of sales volume, every one yen appreciation or depreciation against the U.S. dollar and the euro for FY2018 is estimated to have an annualized impact of 9.0 billion yen and 1.7 billion yen on net sales, respectively, and 1.1 billion yen and 0.4 billion yen on operating profit, respectively.

This slide includes forward-looking statements. See Disclaimer on Page 2.

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## Summary of Q1 FY2018

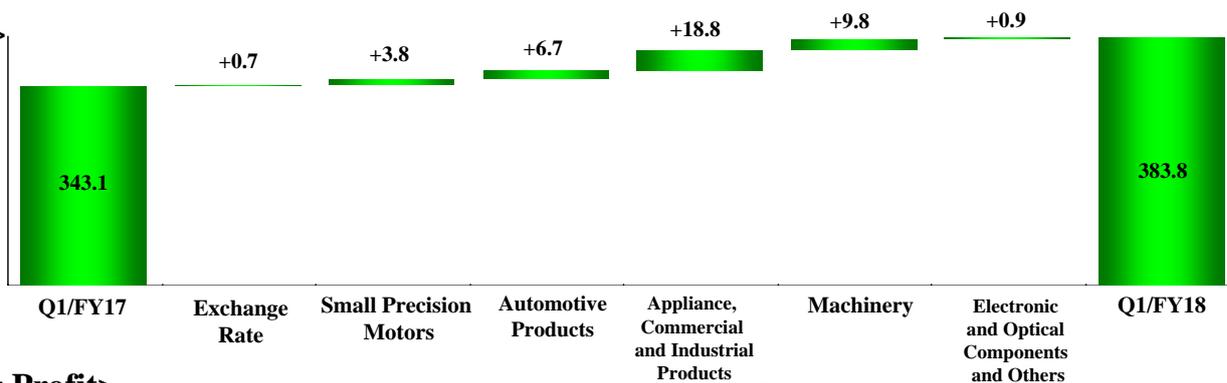
- **Record-high** quarterly operating profit, profit before income taxes, and profit attributable to owners of the parent
- **Highest-ever** quarterly operating profit of both “Automotive Products”<sup>\*</sup> and “Appliance, Commercial and Industrial Products”<sup>\*</sup> **with double-digit operating profit ratio**
- **Upward revision** to 1H and full-year FY2018 financial forecasts

<sup>\*</sup>Automotive Products is classified separately from previous Automotive, Appliance, Commercial and Industrial Products from FY2018.

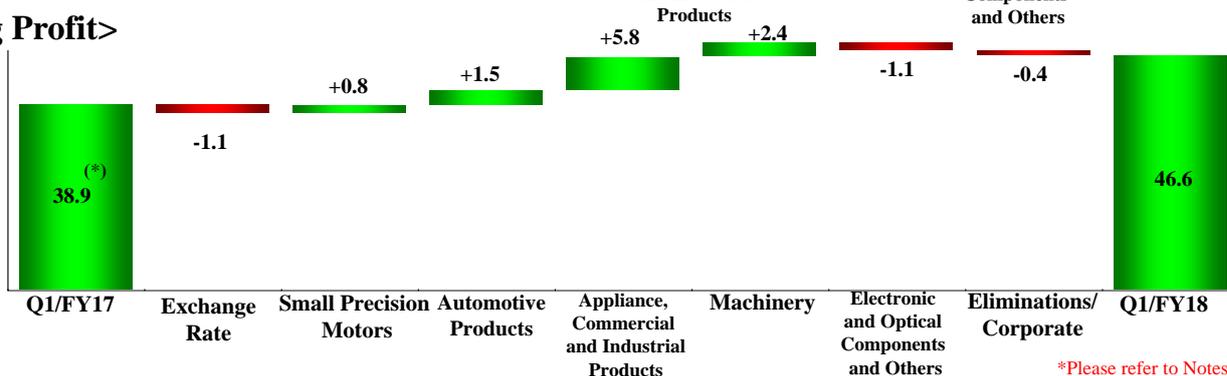
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## Year-on-Year Changes (Three Months Ended June 30, 2018)

### <Net Sales> (Billions of Yen)



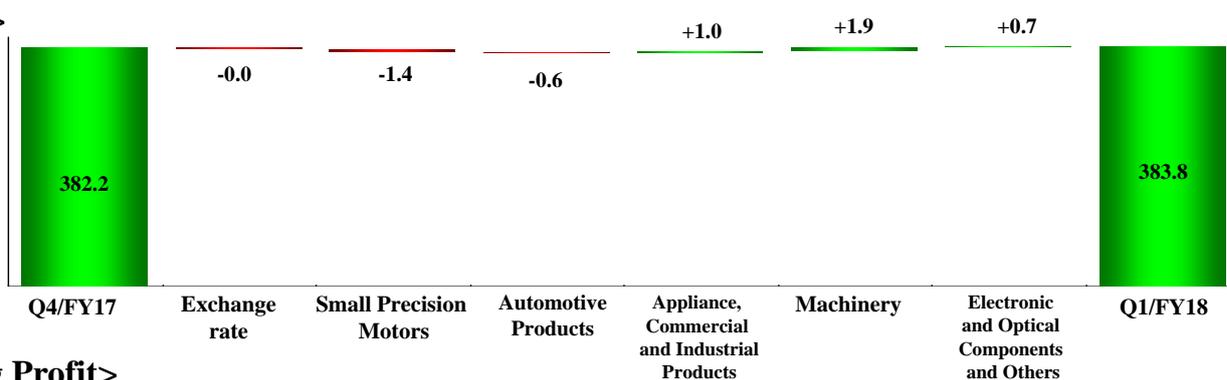
### <Operating Profit> (Billions of Yen)



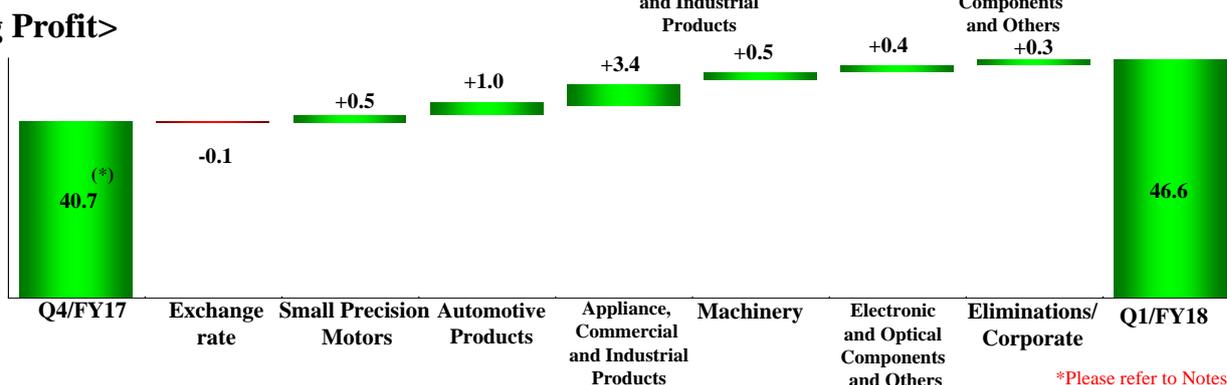
\*Please refer to Notes on page 22. 5

## Quarter-on-Quarter Changes (Three Months Ended June 30, 2018)

### <Net Sales> (Billions of Yen)



### <Operating Profit> (Billions of Yen)

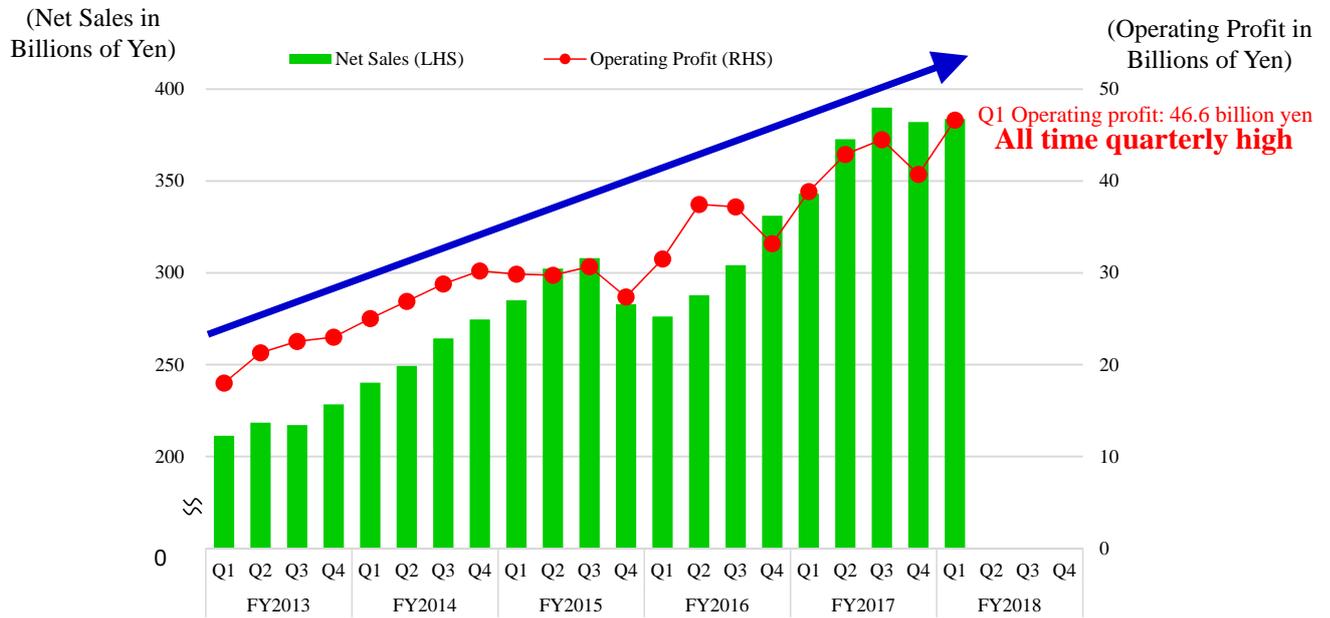


\*Please refer to Notes on page 22. 6

# Consolidated Quarterly Net Sales and Operating Profit



## Highest-ever three-month operating profit

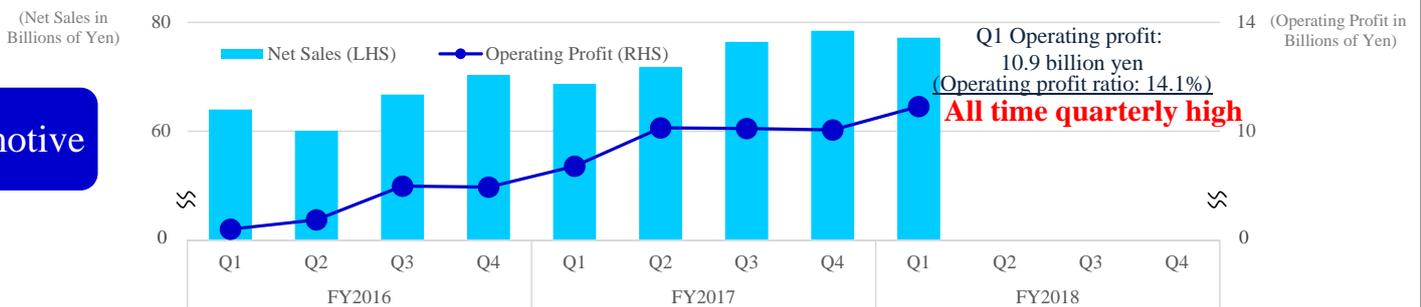


# Consolidated Quarterly Net Sales and Operating Profit (Automotive Products and Appliance, Commercial and Industrial Products)

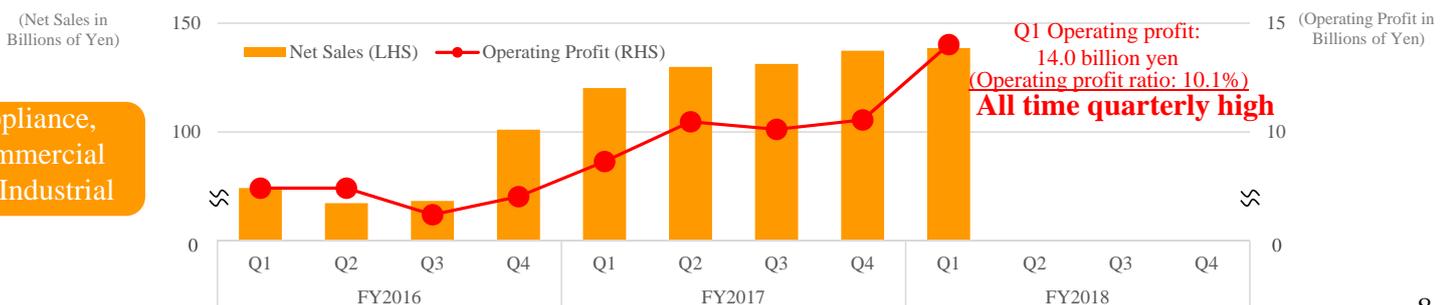


## Record-high quarterly operating profit for both Automotive and Appliance, Commercial and Industrial

Automotive



Appliance, Commercial and Industrial



## ■ Revision to FY2018 Forecast

### <Previous Forecast (April 24, 2018)>

### <Revised Forecast>

Millions of Yen, except for percentages, EPS, dividends and FX rates	1H/FY2018	Full-Year		1H/FY2018	Full-Year
Net sales	750,000	1,575,000		775,000	1,600,000
Operating profit	90,000	190,000		95,000	195,000
<i>Operating Profit Ratio</i>	12.0%	12.1%		12.3%	12.2%
Profit before income taxes	87,500	185,000		90,000	187,500
Profit attributable to owners of the parent	70,000	145,000		72,000	147,000
EPS (Yen)	236.52	489.93		243.42	496.99
Dividends (Yen)	50.00	100.00		50.00	100.00
FX Rate (Yen/US\$)	100	100		100	100
FX Rate (Yen/€)	125	125		125	125
				(Assumed for Q2 onward)	(Assumed for Q2 onward)

This slide includes forward-looking statements. See Disclaimer on Page 2.

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# *Mid-Term Strategic Goal*

## *Vision2020*

This section includes forward-looking statements. See Disclaimer on page 2 of this presentation.

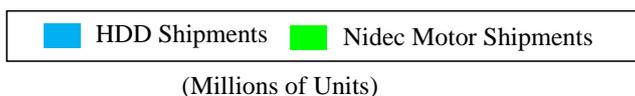
## Continuous pursuit of profit & strong growth

1. Target for consolidated net sales: 2 trillion yen  
(including sales attributable to new M&A of approx. 500 billion yen)
2. Sales target for Automotive: 700 billion to 1 trillion yen
3. Target for consolidated operating profit ratio: 15%
4. Target for ROE: 18%  
(assuming shareholders' equity ratio of 60%)
5. Five regional HQ management units

This slide includes forward-looking statements. See Disclaimer on Page 2.

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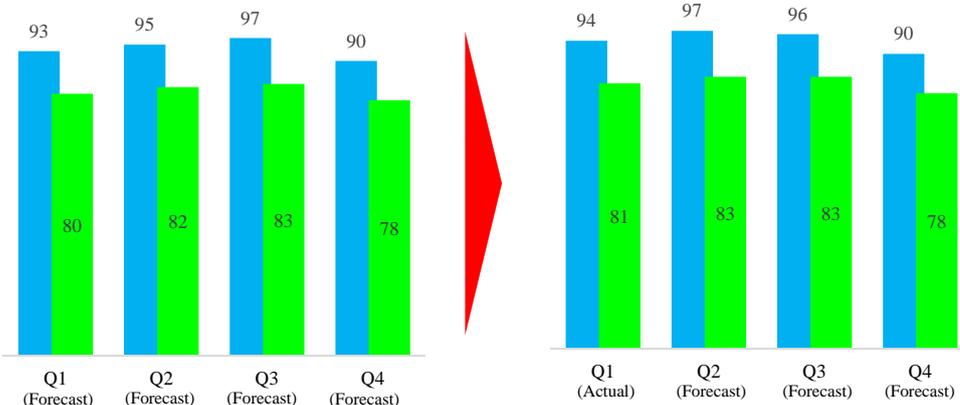
## ■ HDD Market Short-Term Trend



Previous FY2018 Forecast  
(April 25, 2018)

Revised FY2018 Forecast  
(July 25, 2018)

**HDD shipment forecast revised upward slightly**



(Millions of Units)

	FY2018 Annual forecast	Previous forecast	Revised forecast
HDD shipments		375	377
Nidec motor shipments		323	325

Nidec's estimates based on various sources.

This slide includes forward-looking statements. See Disclaimer on Page 2.

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# Motors Increasingly Becoming Mission-Critical for All Industrial Solutions



Biggest innovative waves Nidec has ever seen are coming in different areas  
-automobiles, robots, home appliances and drones-

## Automotive electrification, EV and PHEV

-From internal combustion engine to electric motor  
-Once-in-a-century technological revolution



## Expansion of robot applications

-Collaborative robots advance into food, logistics and service industries.  
-Rapid market growth



## Home appliances driven by brushless DC motors

-Cordless and high functionality  
-Innovative evolution of home appliances



## Manpower-saving in agriculture & logistics

-Serious labor constraints  
-Industry 4.0



# Key Production Site for EV and PHEV Traction Motors



Traction motor factory under construction in Nidec's extensive precinct in Pinghu, China



Panoramic photo (66,000 m<sup>2</sup>)



Reliability test, laboratory building

Processing, assembly, measuring and casting

Mass-production slated for May 2019

# Automotive: Full-Fledged Mass-Production Eyeing Mid- to Long-Term Growth



## Globally boosting production of motors for next-generation electric brakes and EPS\*



Nidec (Dalian)



Nidec Automotive Motor (Zhejiang)



Nidec Motors & Actuators (Germany)



Nidec Motors & Actuators (Poland)



Nidec Automotive Motor Mexicana (Mexico)

**Scaling-up plans**

- Mass-production of motors for EPS\*, DCT\*\*, sun roof, etc. (current annual production volume: 3 mil., 10 mil. and 11 mil., respectively)
- Floor area expansion under consideration due to increasing new orders from Chinese customers, etc.

**Scaling-up plans**

- Main mass-production factory of EPS motors. The 4<sup>th</sup> factory under construction following the 3rd (previously HDD motor factory). (construction completion slated for fall 2019)
- Plans to increase production of EPS motors, and to start mass-production of motors for next-generation brakes.

**Scaling-up plans**

- Preparation for mass-production of motors for next-generation brakes. Production started in FY2017.
- Mass-production of motors for next-generation brakes. FY2018 production volume: over 3 mil. units/year

**Scaling-up plans**

- Plan to expand the floor area by 10K m<sup>2</sup>, from current 17K m<sup>2</sup> to 27K m<sup>2</sup> by FY2020.
- Production increase of EPS motors and production launch of traction motors for European market are under consideration.

**Scaling-up plans**

- Mass-production of EPS motors started in FY2015 (Production volume: over 1 mil. units/year). Production volume doubled in June 2018.
- Mass-production of motors for next-generation brakes started in June 2018 (Production volume: over 1 mil. units/year).

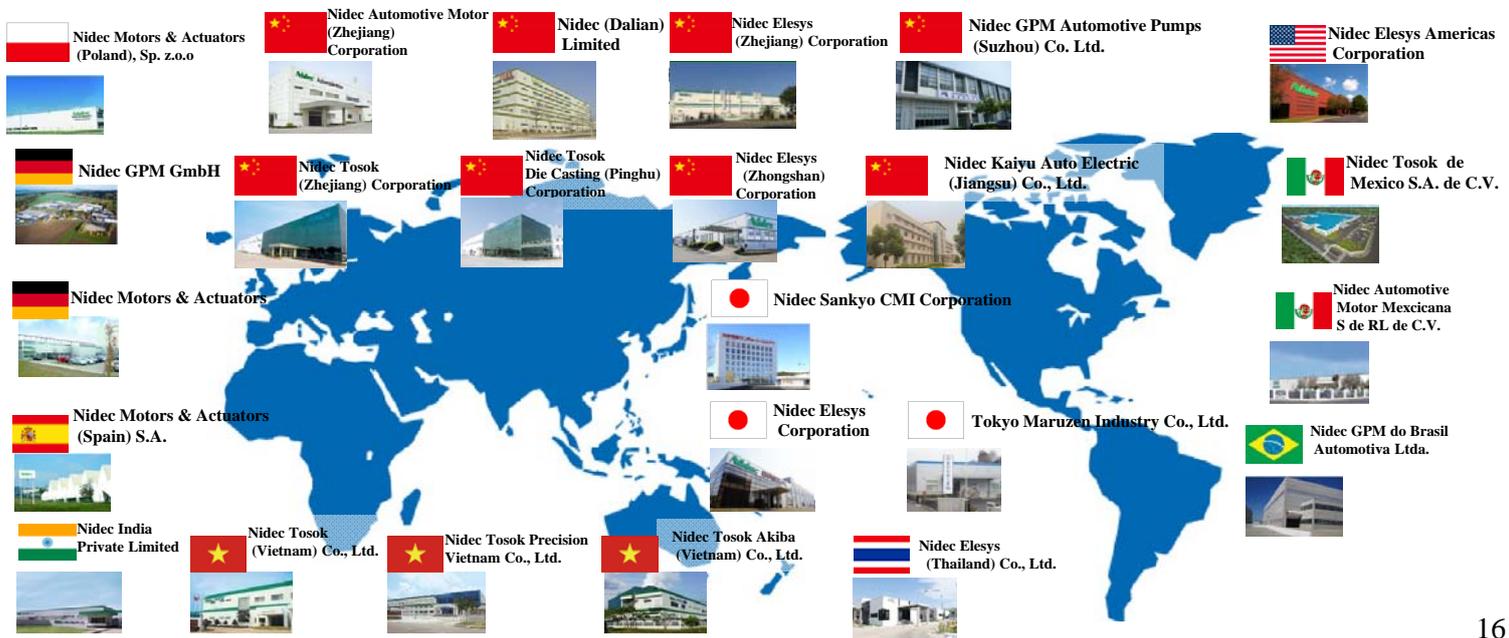
\*EPS: Electric Power Steering \*\*DCT: Dual-Clutch Transmission

Note: Scaling-up plans only include those of main product line-ups at each production site.

# Automotive: Key Global Production Sites



## Proactive responsiveness to customers' requirements from Nidec's global production sites in the same region



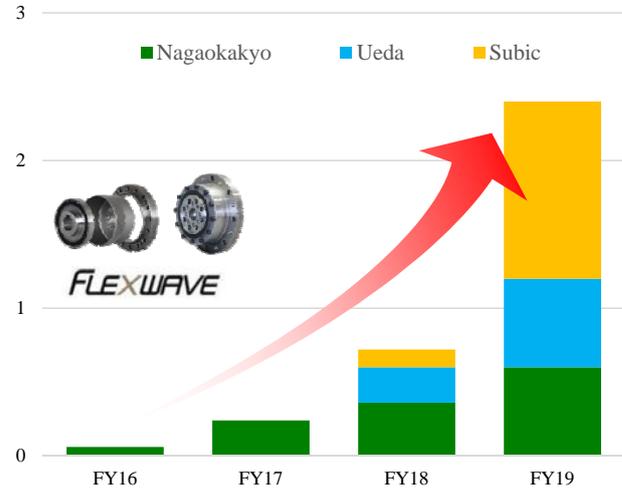
# Nidec-Shimpo: Production of Speed Reducers

Capacity boost for Nidec-Shimpo's speed reducers for compact collaborative robots  
- 40-fold capacity increase in view-

<Production sites>



(Millions of Units) <Production capacity plan by production site>



This slide includes forward-looking statements. See Disclaimer on Page 2.

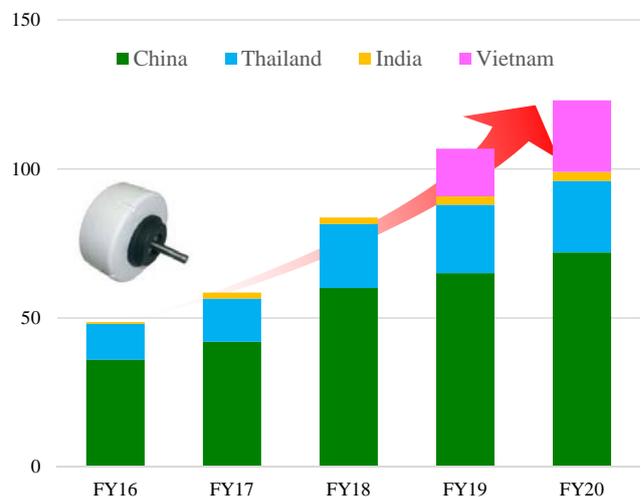
# Nidec Techno Motor: Motors for Inverter Air Conditioners

Expanding supply capacity for DC motors driven by increasing use of inverter air conditioners

<Production sites>



(Millions of Units) <Production capacity plan by production site>



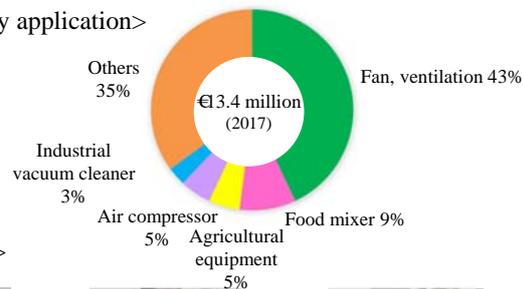
This slide includes forward-looking statements. See Disclaimer on Page 2.

## Strengthen commercial motor business in Europe

<Outline of new subsidiary>

Company name	CIMA S.r.l.
Headquarters	Vicenza (Italy)
Foundation	1977
Principal business	Design, manufacture and sale of commercial motors
Number of employee	54 (as of March 2018)
Sales	€13.4 million (fiscal year ended December 31, 2017)
Operating income	€1.7 million Operating margin: 13.0% (fiscal year ended December 31, 2017)
Net assets	€9.9 million (fiscal year ended December 31, 2017)
Total assets	€15.2 million (fiscal year ended December 31, 2017)
Directors	Director and Chairman, CEO: -Paolo Delpogetto (FIR Elettromeccanica S.r.l., CEO) Directors: -James Halley (Appliance, Commercial and Industrial Motor Business Unit, CFO of European business) -Fabrizio Montoro (FIR Elettromeccanica S.r.l., Operations Manager)

<Sales breakdown by application>



<Main products>



Single-phase motor



Three-phase motor



Three-phase motor (IE2-IE3)

<Main applications>



Ventilation



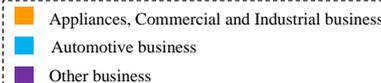
Pump



Industrial vacuum cleaner



Floor washer



## 19 M&As completed in the past 3 years since FY2015\*

Closing	Acquired companies	Current company names	Main business
May 2015	Motortecnica s.r.l. (Italy)	Motortecnica s.r.l.	Design, manufacture, repair and maintenance of electrical generators and motors
July 2015	China Tex Mechanical & Electrical Engineering Ltd (China)	Nidec (Beijing) Drive Technologies Co., Ltd.	Development, manufacture, and sale of SR motors and drives
August 2015	Arisa, S.A. (Spain)	Nidec Arisa, S.L.U	Development, manufacture, sale and aftermarket service of large-sized servo press machines
August 2015	KB Electronics, Inc. (USA)	Nidec Motor Corporation, Commercial, Industrial Motor & Control	Design, manufacture and sale of AC and DC electric motor drives and controls for three-phase fans
September 2015	E.M.G. Elettromeccanica S.r.l. (Italy)'s assets	Nidec Motor Corporation, Commercial, Industrial Motor & Control	Development, manufacture and sale of motors for commercial facilities such as swimming pool and spa, air and smoke ventilation and appliance and industrial equipment (brake motors, etc.)
September 2015	PT. Nagata Opto Indonesia (Indonesia)	PT. Nidec Sankyo Opto Indonesia	Glass lens processing
May 2016	E.C.E. S.r.l. (Italy)	E.C.E. S.r.l.	Development, manufacture and sale of hoists for building constructions
May 2016	ANA IMEP S.A. (Romania)	Nidec Motor Corporation Romania	Development, manufacture and sale of motors for washing machines and drying machines
December 2016	Canton Elevator, Inc. (USA)	Canton Elevator, Inc.	Development, manufacture and sale of commercial, residential, and freight elevator systems and components
January 2017	Motor and Electric Power Generation businesses of Emerson Electric Co. (France)	Nidec Leroy-Somer Holding	Development, manufacture and sale of motors, drives and electric power generators
January 2017	Drive business of Emerson Electric Co. (UK)	Nidec Control Techniques Limited	Development, manufacture and sale of motors, drives and electric power generators
March 2017	Vamco International, Inc. (USA)	Nidec Vamco Corp.	Development, manufacture, sale and aftermarket service of high-speed servo feeding equipment for the metal-forming industry
July 2017	LGB Elettropompe S.r.l. (Italy)	LGB Elettropompe S.r.l.	Design, manufacture and sale of pumps for commercial dishwashers and motors for convection oven
July 2017	Secop Group (Germany)	Nidec Global Appliance Compressors GmbH	Development, manufacture and sale of refrigeration compressors for household and light commercial refrigerators
October 2017	Tokyo Maruzen Industry Co., Ltd.	Tokyo Maruzen Industry Co., Ltd.	Development, manufacture and sale of electric contact materials, rivet contacts and contact staking
October 2017	SV Probe Pte. Ltd. (Singapore)	SV Probe Pte. Ltd.	Manufacture and sale of probe cards
November 2017	driveXpert GmbH (Germany)	driveXpert GmbH	Design and development of automotive Electric Control Unit hardware and software
April 2018	Genmark Automation, Inc. (USA)	Genmark Automation, Inc.	Development, manufacture and sale of semiconductor wafer handling robots, motion control products and integrated tool automation
July 2018	CIMA S.p.A. (Italy)	CIMA S.r.l.	Design, manufacture and sale of commercial motors

\*The closing of the acquisition of Whirlpool Corporation's compressor business "Embraco" announced on April 24, 2018 is scheduled for 1H FY2019.

Included in ESG Investment Indexes, “FTSE4Good Index Series” and “FTSE Blossom Japan Index”



(From Nidec’s CSR website)  
<http://www.nidec.com/en-Global/sustainability/principle/>

These indexes designed by FTSE Russel are based on performance in areas such as Corporate Governance, Health & Safety, Anti-Corruption and Climate Change. Businesses included in these indexes meet a variety of environmental, social and governance criteria.

\*Nidec executes actions under the new CSR Vision 2020, formulated based on the Vision 2020 medium-term strategic goal.  
<http://www.nidec.com/en-Global/sustainability/principle/vision/>



Nidec IR Contacts

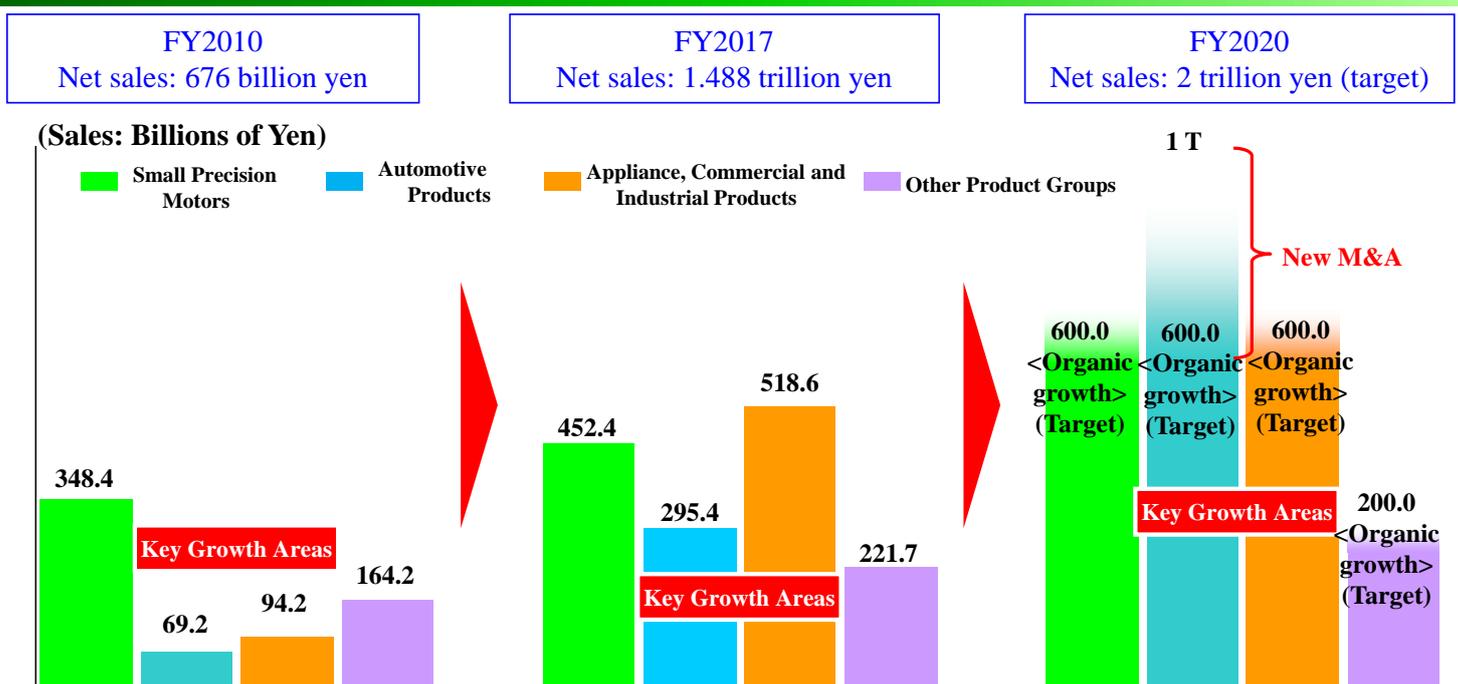
Japan Tel: +81-75-935-6140 E-mail: [ir@nidec.com](mailto:ir@nidec.com)  
 U.K. Tel: +44-207-716-5884 E-mail: [iwai.yuji@nidec.com](mailto:iwai.yuji@nidec.com)  
 U.S. Tel: +1-212-703-7988 E-mail: [nagase.kiyoshi@nidec.com](mailto:nagase.kiyoshi@nidec.com)

**\*Note:**  
 NIDEC adopts the provisions of IFRS 3 “Business Combinations.” During the three months ended June 30, 2018, Nidec Corporation completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of the following companies in the previous fiscal year; Secop Holding GmbH (currently Nidec Global Appliance Compressors GmbH), Secop s.r.o. (currently Nidec Global Appliance Slovakia s.r.o.), Secop Compressors (Tianjin) Co., Ltd. (currently Nidec Compressors (Tianjin) Co., Ltd.), Secop Inc. (currently Nidec Global Appliance USA Inc.) and LGB Elettropompe S.r.l. As a result, Nidec Corporation’s consolidated financial statements for the year ended March 31, 2018 reflects the revision of the initially allocated amounts of acquisition price. Of the assets acquired and the liabilities assumed upon the acquisitions of companies in the year ended March 31, 2018 and in the three months ended June 30, 2018, the assets and liabilities which are currently under evaluation have been recorded on Nidec Corporation’s consolidated statement of financial position based on provisional management estimation as of June 30, 2018.

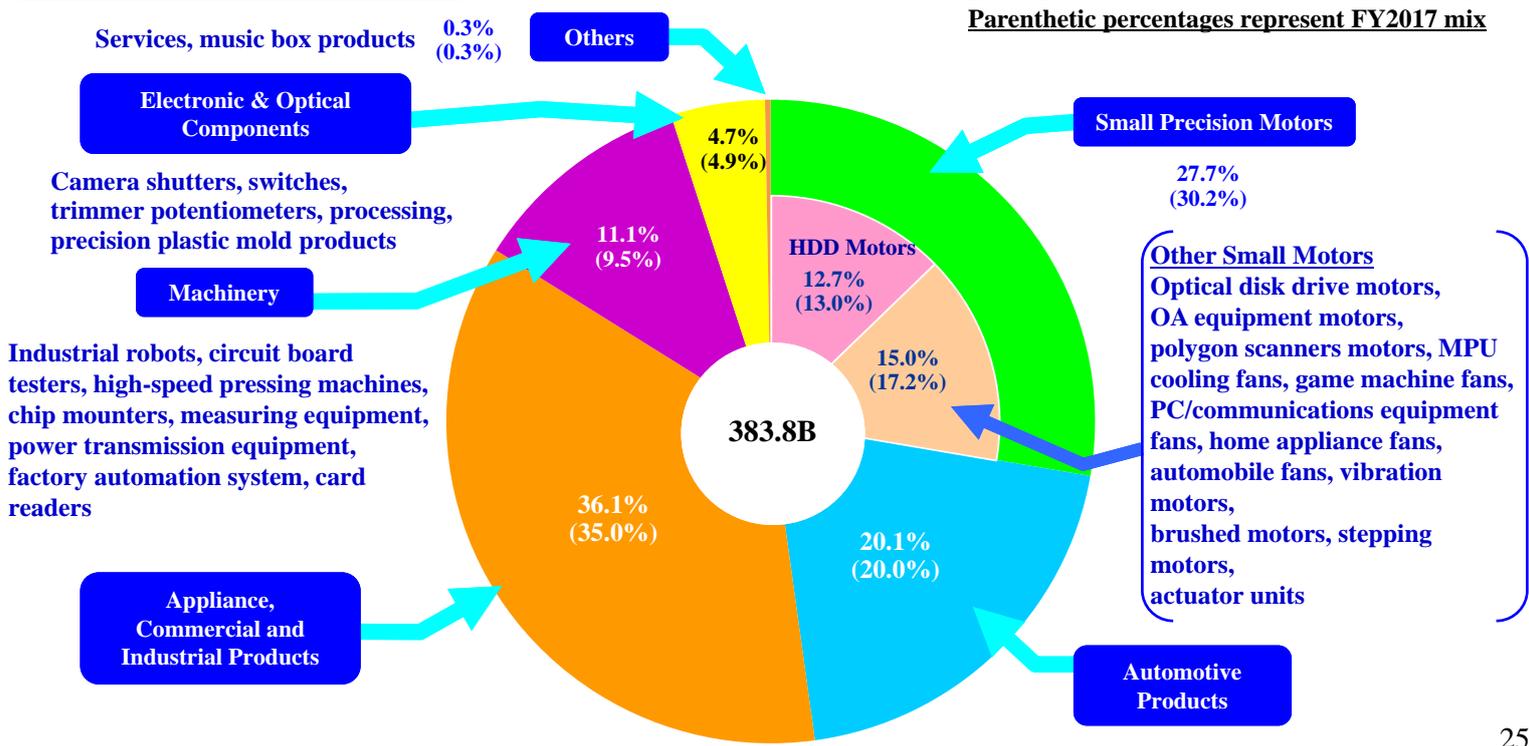
Nidec logo is a registered trademark or a trademark of Nidec Corporation in Japan, the United States and/or certain other countries.  
 “All for dreams” logo is a registered trademark of Nidec Corporation in Japan, and a trademark in the United States and/or certain other countries.

## Performance Trends & Product Group Overview

Three 600 Billion Yen Businesses Are Key to Achieving 2 Trillion Yen Net Sales

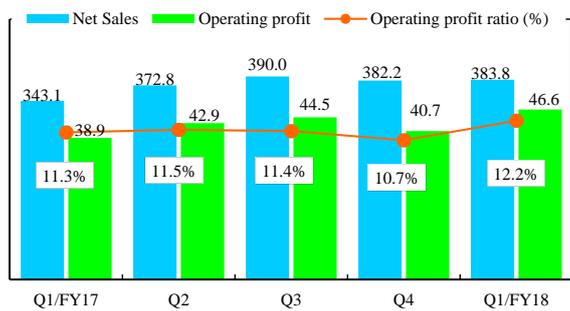


# Sales by Product Group (Apr-Jun FY2018)

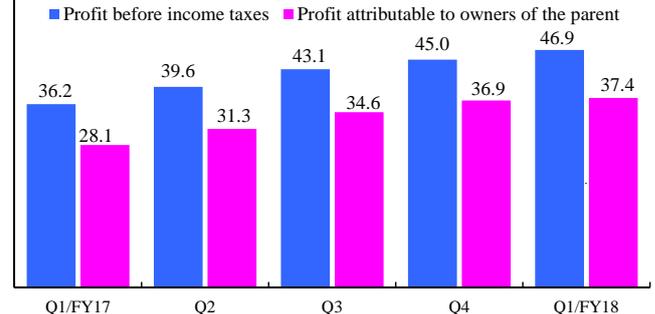


# Financial Highlights \*Please refer to Notes on page 22.

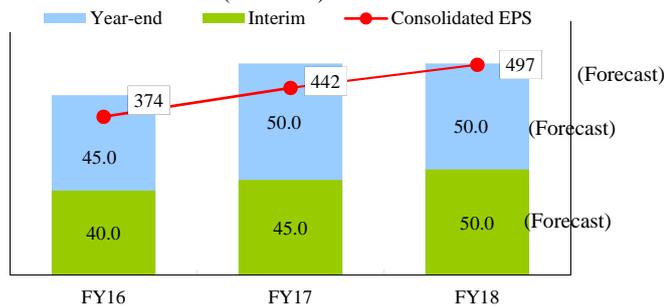
<Consolidated Net Sales and Operating Profit>  
 (Billions of Yen)



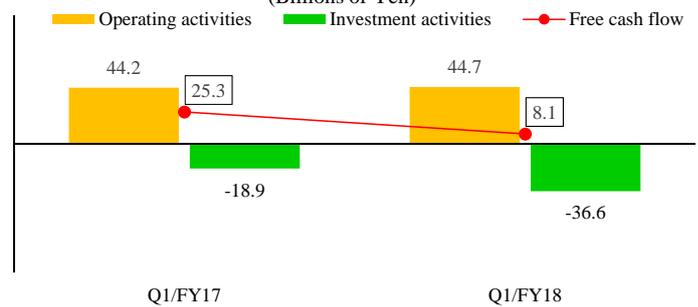
<Profit Before Income Taxes and Profit Attributable to Owners of the Parent>  
 (Billions of Yen)



<Dividends and EPS>  
 (Yen/share)



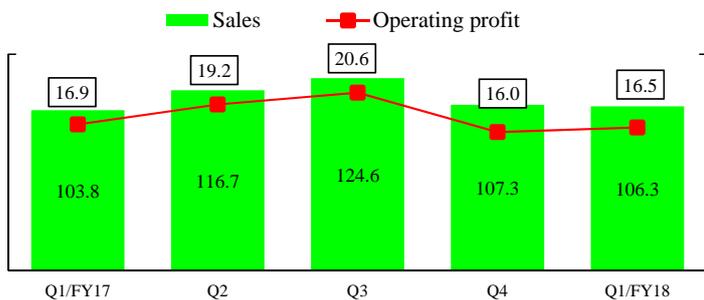
<Consolidated Cash Flow>  
 (Billions of Yen)



# Product Group Overview \*Please refer to Notes on page 22.

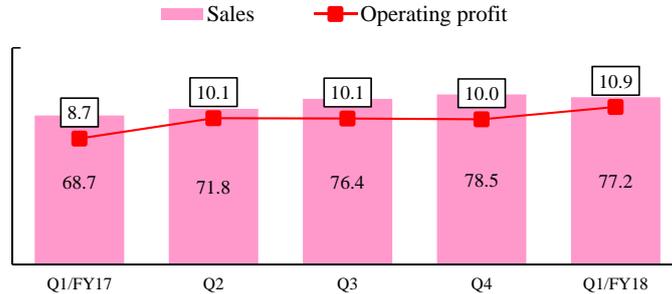
## <Small Precision Motors>

(Billions of Yen)



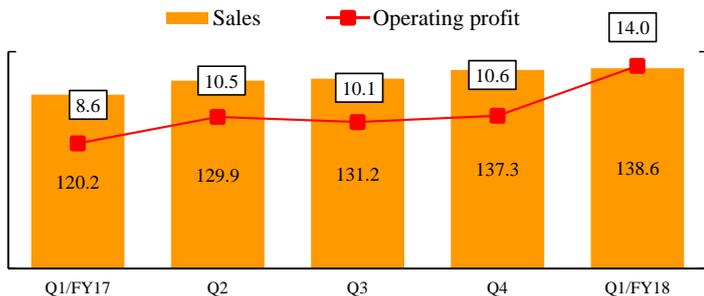
## <Automotive Products>

(Billions of Yen)



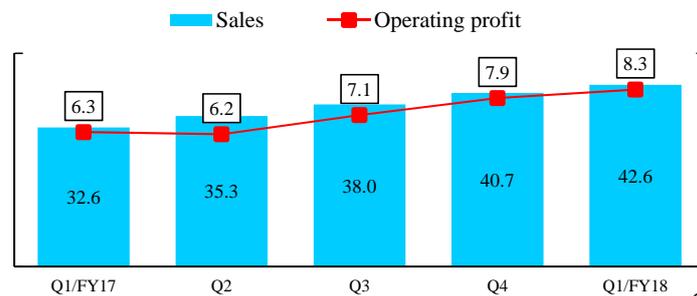
## <Appliance, Commercial and Industrial Products >

(Billions of Yen)



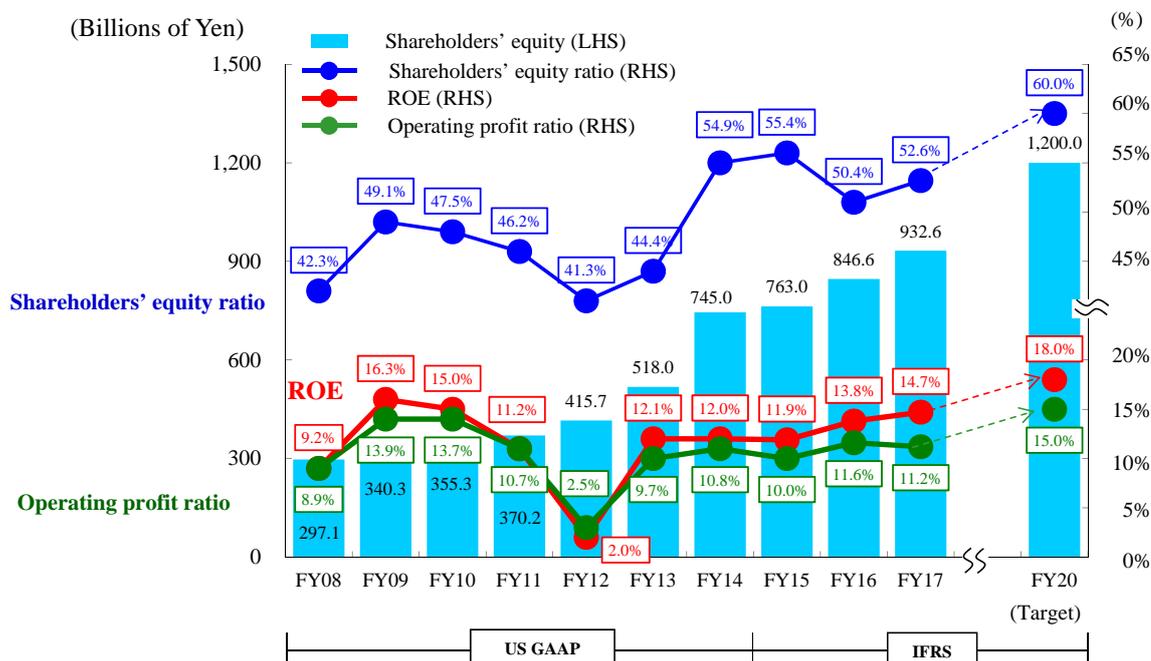
## <Machinery>

(Billions of Yen)



# Vision2020: Pursuing Both Strong Growth with Profit and Financial Soundness

Targeting operating profit ratio of 15% and ROE of 18% while sustaining and improving financial soundness



**The three elements for ROE improvement**

- Net profit on sales
- Total asset turnover
- Financial leverage

\*Please refer to Notes on page 22.