

Nidec Corporation

Fiscal First-Half 2019 Financial Results

Six Months Ended September 30, 2019
<IFRS>



October 24, 2019



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 photo on the cover is "Electric Vehicle Lamination Press" for laminated motor core for EV manufactured by Nidec Minster. Electrical steel sheets used for motor cores are becoming thinner for the purpose of high efficiency (low iron loss), and this product adopts a super wide bolster of 3,700mm to support ultra-thin materials. A highly rigid frame minimizes distortion, and a highly accurate hydrostatic / dynamic pressure slide guide provides excellent ability to handle uneven loads.

Consolidated Profit/Loss



Millions of Yen, except for percentages, EPS and FX rates	1H/FY2018	1H/FY2019	Change	FY2019 Forecast
Net sales	755,447	751,277	-0.6%	1,650,000
Operating profit	96,168	62,207	-35.3%	150,000
<i>Operating profit ratio</i>	<i>12.7%</i>	<i>8.3%</i>	-	<i>9.1%</i>
Profit before income taxes	95,743	63,750	-33.4%	145,000
Profit for the period from continuing operations	76,737	48,705	-36.5%	-
Profit attributable to owners of the parent	78,428	27,561	-64.9%	100,000
EPS (Yen)	265.57	93.65	-64.7%	339.80
FX rate (Yen/US\$)				Assumed for Q3 onward: Yen/US\$: 105 Yen/Euro: 125
Average:	110.26	108.63	-1.5%	
Term end:	113.57	107.92	-5.0%	

Note: Based on the current forecast of sales volume, every one yen appreciation or depreciation against the U.S. dollar and the euro for FY2019 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. *Please refer to Notes on Page 21. 3

Summary of Q2 FY2019

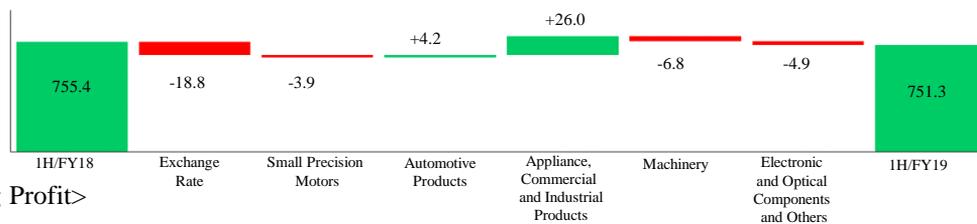


- First-half net sales remain flat Y/Y and **the annual forecast remains unchanged.**
- First-half operating profit decreased by 35% Y/Y due to the additional R&D and start-up costs (approx. 8.5 billion yen) of traction motors which are in high demand, and to the additional acquisition related expenses of Embraco (approx. 3 billion yen) needed to promote the modularization strategy. On account of the above, **the annual forecast has been revised down.**
- First-half profit attributable to owners of the parent decreased by 65% Y/Y due to the loss (approx. 20 billion yen) related to the sale of Secop following the European Commission's instructions and **the annual forecast has been revised down. However, the annual dividend has been revised up by 5 yen to 115 yen.**

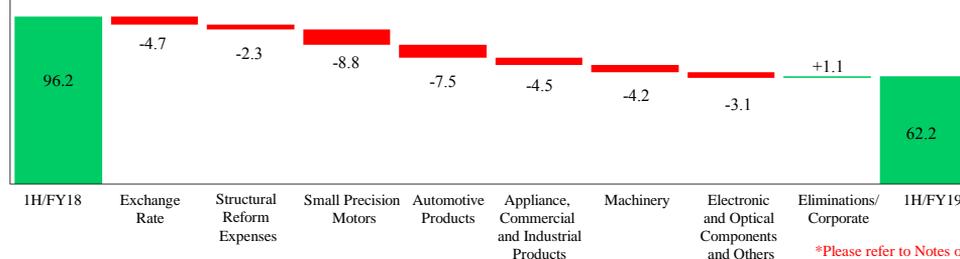
*Please refer to Notes on Page 21.

Year-on-Year Changes (Six Months Ended September 30, 2019)

<Net Sales> (Billions of Yen)



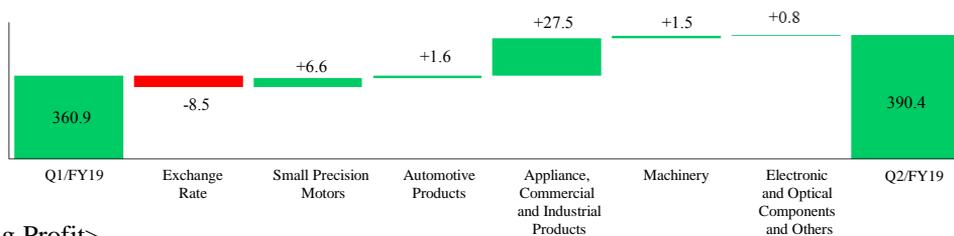
<Operating Profit> (Billions of Yen)



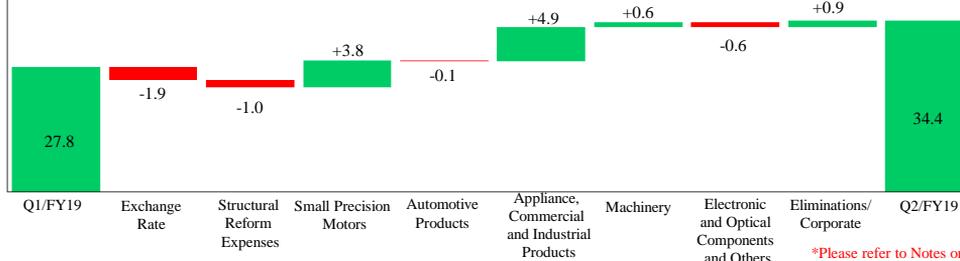
*Please refer to Notes on Page 21.

Quarter-on-Quarter Changes (Three Months Ended September 30, 2019)

<Net Sales> (Billions of Yen)



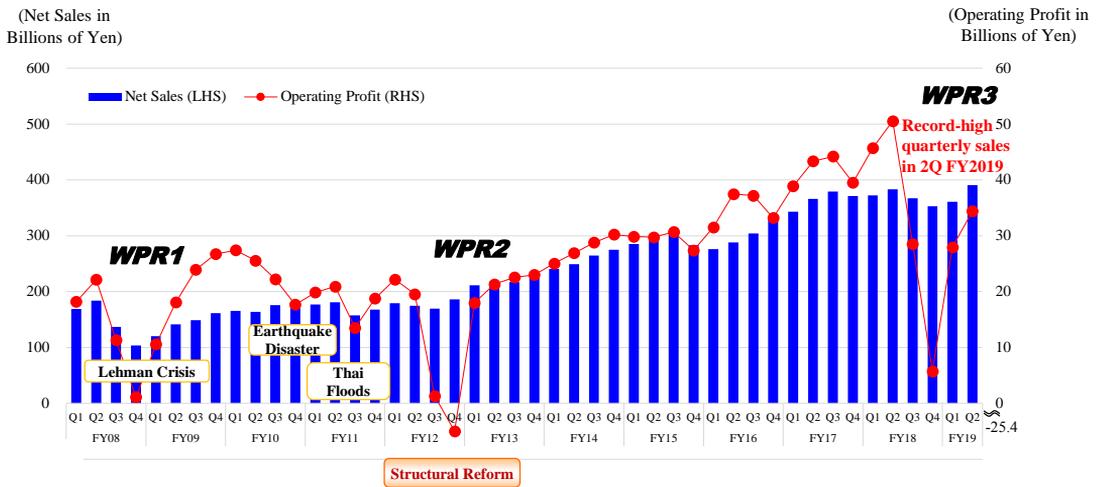
<Operating Profit> (Billions of Yen)



*Please refer to Notes on Page 21.

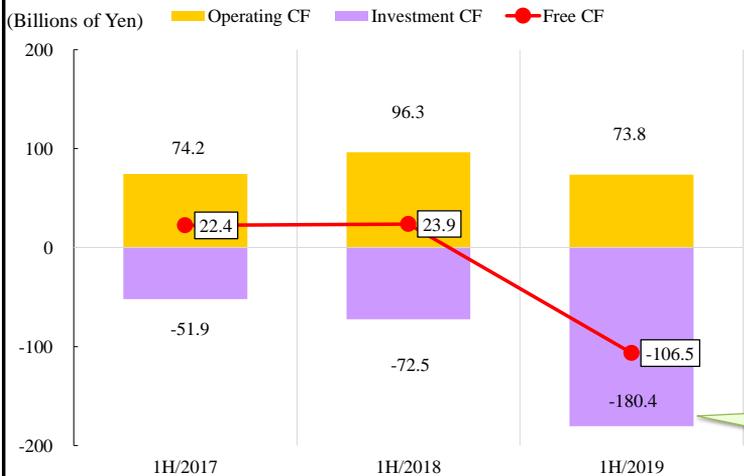
Consolidated Quarterly Net Sales and Operating Profit

Continuing WPR3 cost restructuring and preparing for demand recovery



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Cash Flow



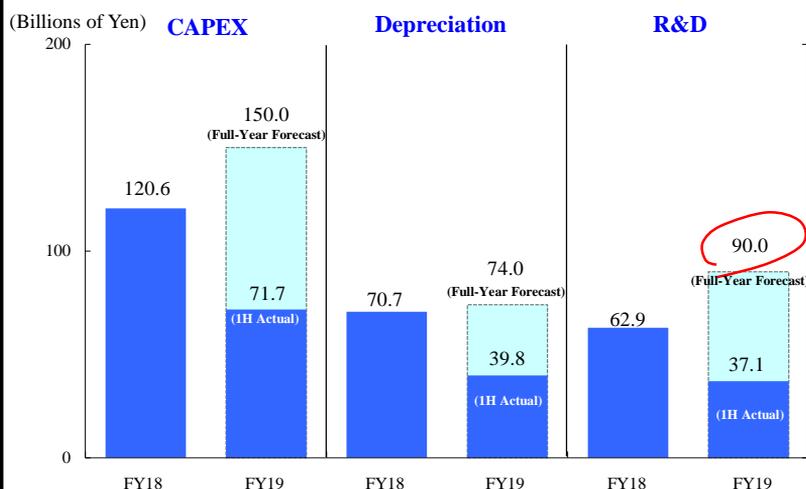
**Ceaseless CCC*
improvement
creating strong cash
flow that underpins
the mid-term growth
strategy**

Including acquisitions of businesses of approx. 109.6 billion yen

*CCC: Cash Conversion Cycle

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CAPEX, Depreciation, R&D



Continuing aggressive investments that support mid-term growth

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Revisions to FY2019 Forecast

Millions of Yen, except for percentages, EPS, dividends and FX rates	<Prior forecasts (April 23, 2019)>		<Result of 1H and revised FY2019 forecast>	
	1H/FY2019 (Forecast)	FY2019 (Forecast)	1H/FY2019	FY2019 (Forecast)
Net sales	750,000	1,650,000	751,277	1,650,000
Operating profit	75,000	175,000	62,207	150,000
Operating profit ratio	10.0%	10.6%	8.3%	9.1%
Profit before income taxes	73,000	170,000	63,750	145,000
Profit attributable to owners of the parent	57,000	135,000	27,561	100,000
EPS (Yen)	193.01	456.14	93.65	339.80
Dividends (Yen)	55.00	55.00	55.00	60.00
FX Rate (Yen/US\$)	105	105 (Assumed for Q3 onward)	105	105 (Assumed for Q3 onward)

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Mid-Term Strategic Goal

Vision2020

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

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■ **Vision2020:** Mid-Term Strategic Goal (unchanged from April 2015)



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

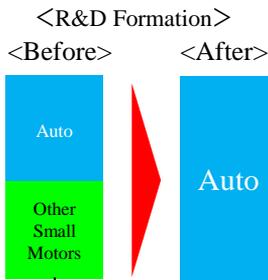
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Small Precision Motor: Proactively Reforming R&D Function

Unifying the strengths of HDD and Other Small Motors Facilitating strategic model development and new business launch

Nidec Shiga Technical Center

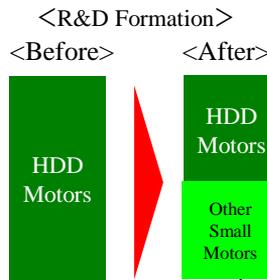


Members of R&D for Other Small Motors were re-assigned from Nidec Shiga Technical Center to Nidec Central Technical Laboratory.

Nidec Central Technical Laboratory



Reorganizing the developing camp of Small Precision Motors and bringing about new changes



- <Strength>
- FDB technology
 - Precision work
 - Elemental technology
- <Strength>
- Circuit technology
 - Software technology
 - Customer base

Fusion

1. Strategic model development

<Examples>
FDB fans, tactile devices, pop-up camera functions, various eco-friendly home appliances, etc.



2. New business launch

<Examples>
Vapor chamber business, vertical integration of traction motors for EV, etc.

Small Precision Motor: New Products for 5G (Thermal Solutions)

Three pillars of thermal solution products aiming for 100 billion yen sales in FY2022

Communication / IT related

CPU / Communication base station / Gaming

Vapor chamber and heat pipe



Smart phone related

Expanding sales of heat transfer and heat dissipation products

Vapor Chamber
Heat Pipe



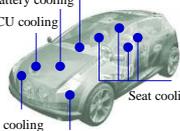
Auto related

Auto electrification related

Navigation / AV equipment cooling
Battery cooling
ECU cooling
Headlamp cooling
Seat cooling

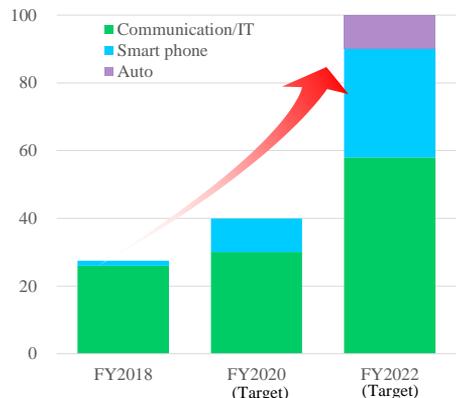


Headlamp cooling



<Sales target for new thermal solution products >

(Billions of Yen)



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Automotive: Further Progress in Traction Motor Order Intake Exceeding 1 Million Units per Annum



Strong order intake for traction motors in competitive landscape
E-Axle remains the mainstream of orders while HEV motors for the European market also obtained

Nidec EV traction motor shipments

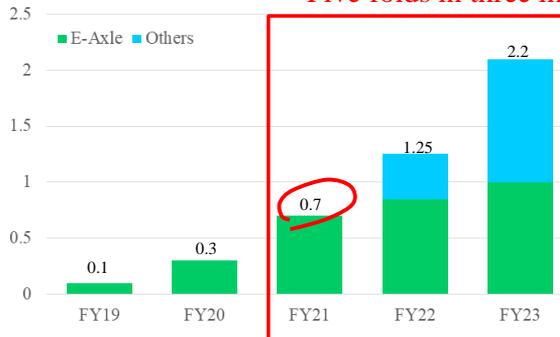
Starting to take orders of traction motors for HEV from FY2022 in addition to E-Axle orders. Reacting quickly and proactively to capture all of the orders in EV/HEV/PHEV fields.

<Forecast of orders as of July 2019>
(Millions of Units)



(Millions of Units)

<Forecast of orders as of October 2019>



Five folds in three months

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Automotive: Target Share for Three Main Products

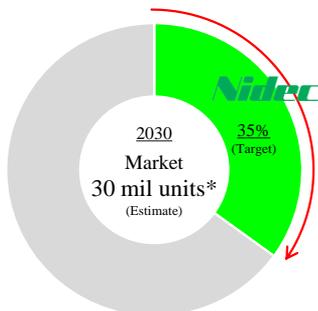


Aiming to become number one in all three areas of the basic automotive functions
“Drive”, “Steer” and “Stop”



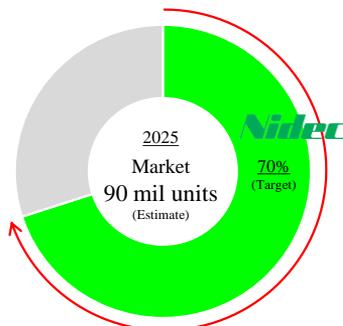
<Drive>

Traction motors
(Estimated share as of today: 4%)



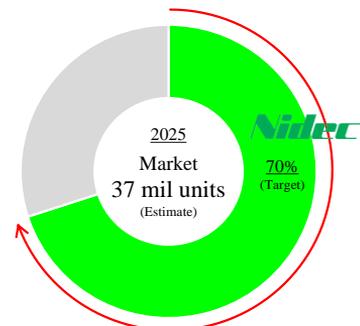
<Steer>

Electric power steering motors (DC Brushless)
(Estimated share as of today: 40%)



<Stop>

Next generation braking system motors
(Estimated share as of today: 50%)



*Aggregates of EV/HEV/PHEV

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Promoting new businesses by responding vividly to business environment changes

<Quarterly sales of air-conditioner business (North America)>



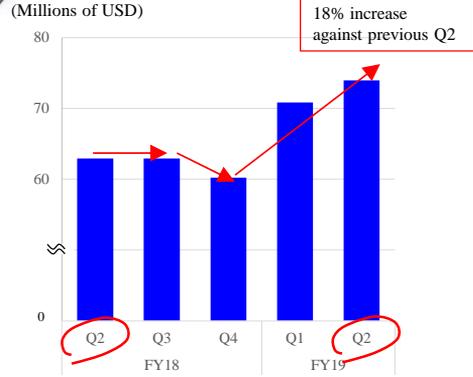
Increasing market share through implementation of high efficiency regulations and US-China trade tensions



<Quarterly sales of elevator business (North America)>



Package sales increase in North America backed by safety regulations of the NY State



Increasing demand for energy efficiency and sustainability in refrigerators which keep running 24/7



Embraco Brasil



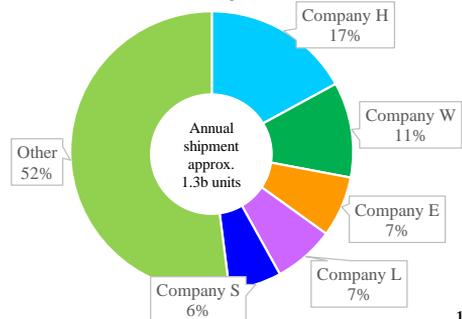
Embraco Mexico

Roughly 80% of compressors are estimated to use A/C motors in the refrigerators globally

Replacement by brushless DC motors accelerating going forward



<Global refrigerator market>



Machinery: Growth Strategy of Nidec-Shimpo

High growth bolstered by steady organic growth through new product launches and product portfolio expansion through a series of acquisitions

<Annual Net Sales of Nidec-Shimpo>
(Billions of Yen)



<Press machinery business>

Organic

KYORI



MINSTER



ARISA



VAMCO



SYS



M&A

All of the acquired overseas businesses performing well

Minster, above all, global No.1 press machine maker (85% global share) of food and beverage cans, is receiving increasing orders. This is due to plastic bottles being replaced by aluminum cans on the back of concern over plastic pollution.

<Speed reducer business>

FLEXWAVE



CORONEX



Planetary reducer



MS-Graessner



DESCH



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CSR: Climate Change Initiative - SMART2030 -

Slimming down operational carbon footprint

SMART2030 (Sustainable Manufacturing And Resilient Tomorrow)

Quantitative Target	30% cut in operational CO₂ emissions by FY2030 (Benchmark year: FY2017)
Key Approaches	<ul style="list-style-type: none"> ➤ Energy-efficient operations <ul style="list-style-type: none"> - LED lighting for new facilities - Energy-saving air conditioning - AI-backed manufacturing processes ➤ Renewable electricity <ul style="list-style-type: none"> - Purchase renewable electricity directly from power suppliers - Purchase certified renewable electricity using a Green Power Certification System - Generate renewable electricity using solar panels, etc.

SMART2030

<p style="text-align: center;">Qualitative Target</p> <div style="text-align: center;"> </div> <p style="text-align: center;">Identify and publicize:</p> <ul style="list-style-type: none"> - climate change-related risks and opportunities - mitigation/adaptation measures 	<p style="text-align: center;">Quantitative Target</p> <div style="text-align: center;"> </div> <p style="text-align: center;">30% cut in operational CO₂ emissions by FY2030</p>
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The targets cover Nidec's global operations accounting for the vast majority of company-wide CO₂ emissions.

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Notes:

Nidec Corporation adopts the provisions of IFRS 3 “Business Combinations.”

During the three months ended September 30, 2019, Nidec Corporation completed its valuation of the assets acquired and the liabilities assumed upon the transferring stock from Chaun-Choung Technology Corp. and the acquisition of MS-Graessner GmbH & Co.KG and relevant group companies in the previous fiscal year. Nidec Corporation’s consolidated financial statements for the year ended March 31, 2019 reflect the revision of the initially allocated amounts of acquisition price as Nidec Corporation finalized the provisional accounting treatment for the business combination.

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“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.

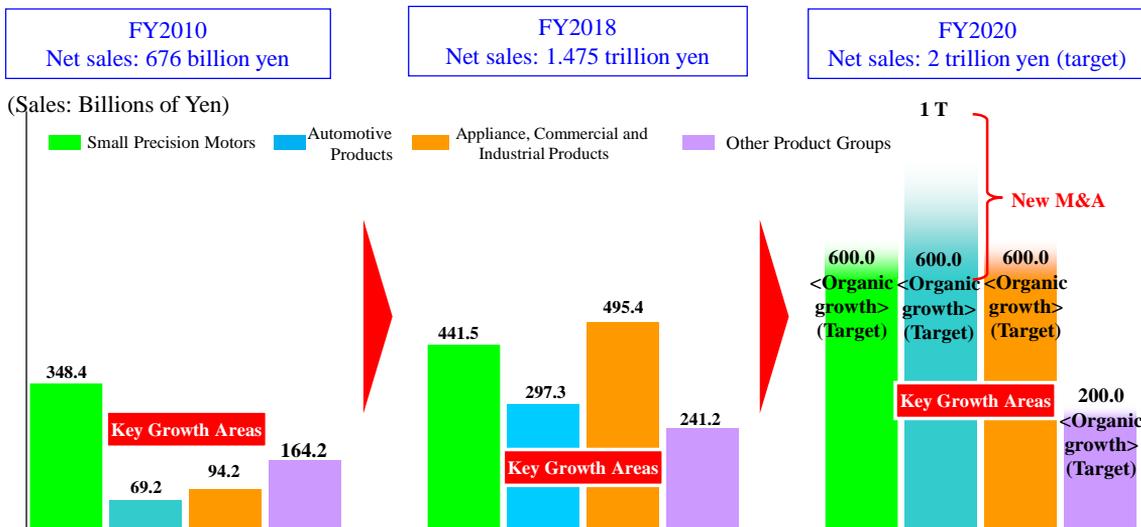
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Appendix

Performance Trends & Product Group Overview

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



*Please refer to Notes on Page 21.

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5G Communications: New Addition to Nidec's Future Growth Drivers

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

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



Next-gen technologies stemming from 5G communications

Hardware innovation coming with data rates 100 times faster

Data explosion



Home appliances driven by brushless DC motors

-Cordless and high functionality
-Innovative evolution of home appliances



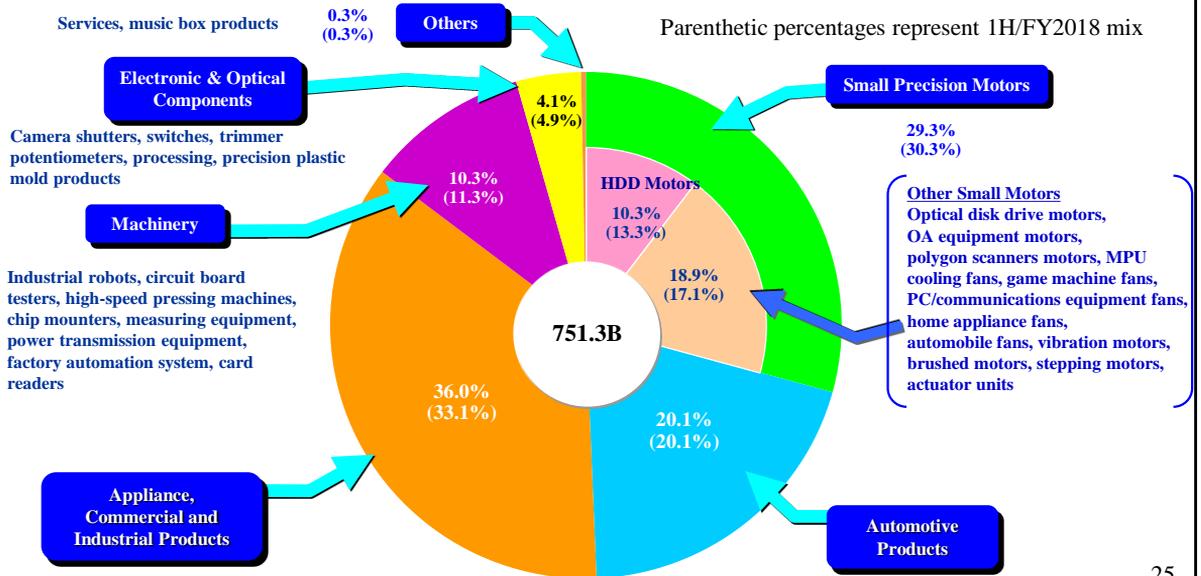
Manpower-saving in agriculture & logistics

-Serious labor constraints
-Industry 4.0



Sales by Product Group (Apr-Sep FY2019)

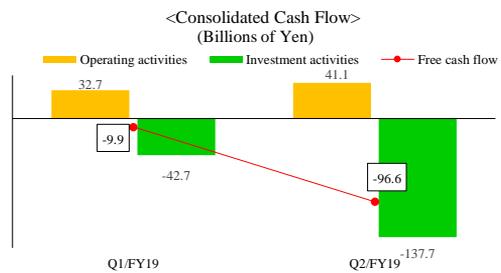
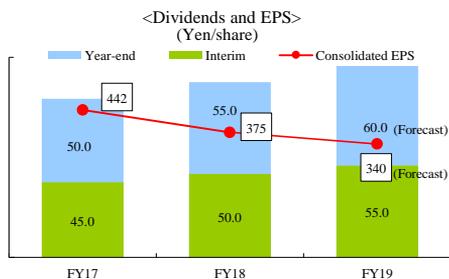
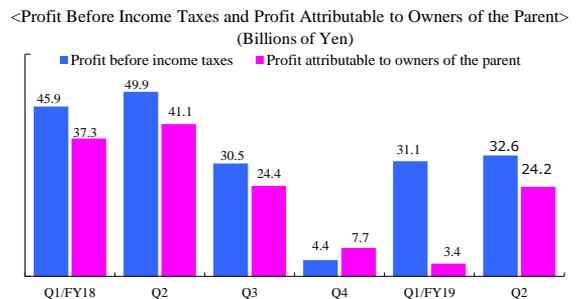
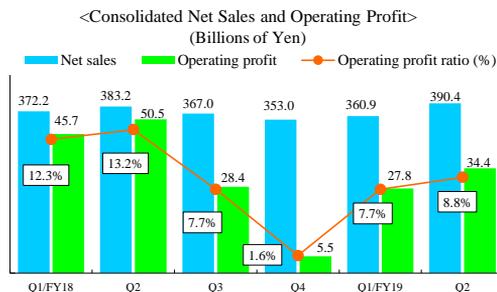
*Please refer to Notes on Page 21.



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Financial Highlights

*Please refer to Notes on Page 21.



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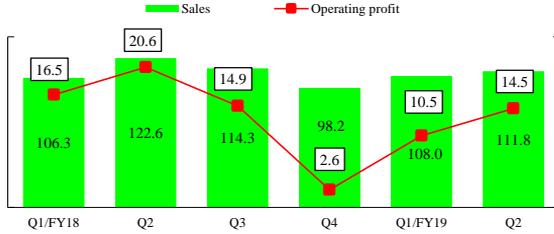
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Product Group Overview

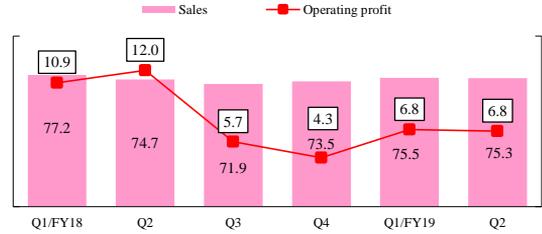
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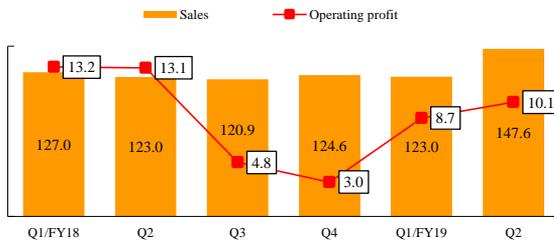
<Small Precision Motors>
(Billions of Yen)



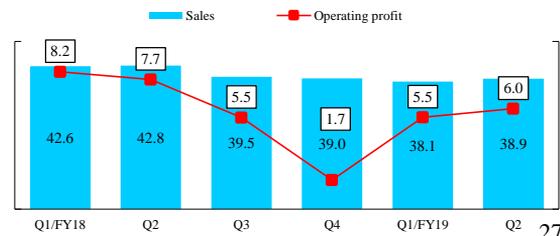
<Automotive Products>
(Billions of Yen)



<Appliance, Commercial and Industrial Products >
(Billions of Yen)



<Machinery>
(Billions of Yen)



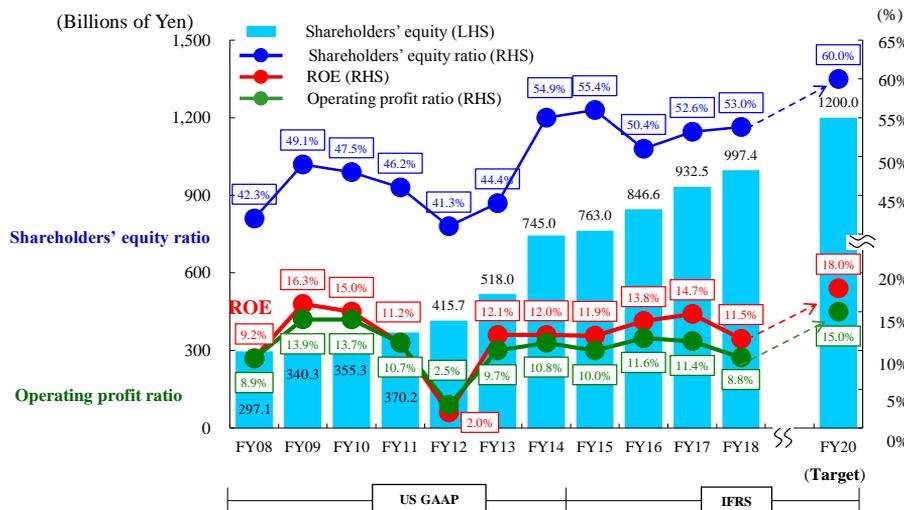
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Vision2020 : Pursuing Both Strong Growth with Profit and Financial Soundness

*Please refer to Notes on Page 21.



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

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