

Nidec Corporation

Third Quarter Fiscal 2018 Results

Three and Nine Months Ended December 31, 2018

<IFRS>



January 23, 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 first slide features vapor chambers manufactured by Taiwan-based CCI in which Nidec acquired 48% interest in November 2018. Advances in the 5th generation mobile communications systems "5G" and AI technology are expected to further improve the performance of various ICT devices such as smartphones and servers. Because higher processing speed/volume means more heat generated, cooling of the equipment becomes a major issue.

Consolidated Profit/Loss



Millions of Yen, except for EPS and FX rates	Q3/FY2017 (Apr-Dec)	Q3/FY2018 (Apr-Dec)	Change	FY2018 Forecast
Net sales	1,105,921	1,154,306	+4.4%	1,450,000
Operating profit	126,160	129,367	+2.5%	145,000
<i>Operating profit ratio</i>	<i>11.4%</i>	<i>11.2%</i>	-	<i>10.0%</i>
Profit before income taxes	118,756	131,298	+10.6%	140,000
Profit attributable to owners of the parent	93,984	103,214	+9.8%	112,000
EPS (Yen)	317.43	349.90	+10.2%	379.91
FX rate (Yen/US\$)				
Average:	111.70	111.14	-0.5%	100.00
Term end:	113.00	111.00	-1.8%	(Assumed for Q4)

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.

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Summary of Q3/FY2018



- The worsening of the business environment became evident in November and lingered through the rest of the quarter led to a downward revision to FY2018 full-year forecast due to larger-than-expected plunge in customer demand and significant inventory adjustments.
- Nine months net sales, operating profit, profit before income taxes and profit attributable to owners of the parent increased to **record highs**.
- Nidec's profitability enhancement program focused on purchase costs reduction is underway on a group-wide basis to **achieve the revised FY2018 targets**.

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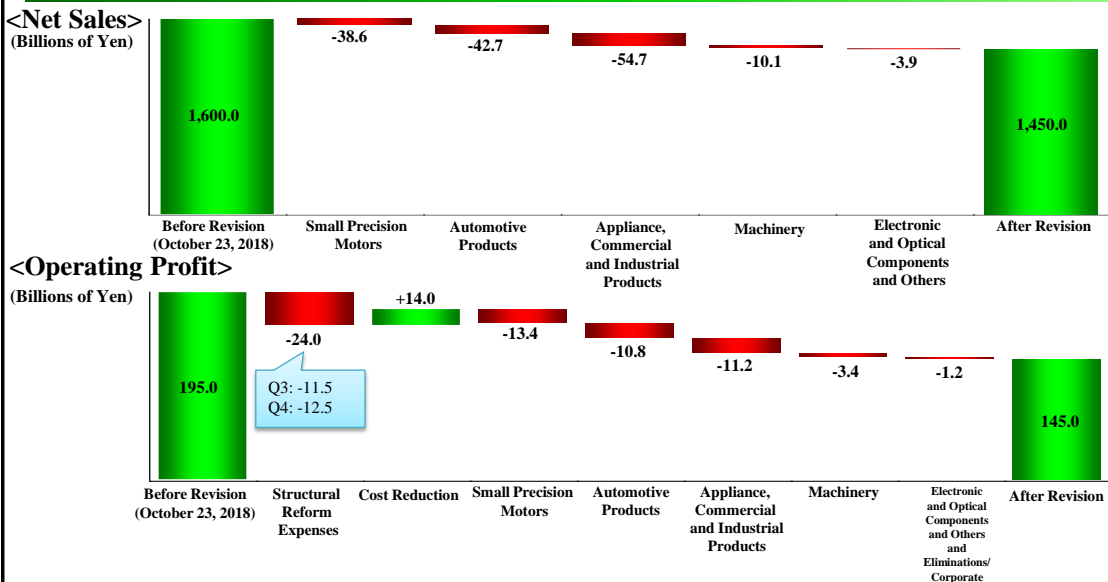
Downward Revision to FY2018 Forecast

Millions of Yen, except for percentages, EPS, and FX rates	<Prior forecasts>		①	②	① - ②
	April 24, 2018	October 23, 2018	Revised forecast (January 17, 2019)	Q3/FY2018 (Accumulated from Apr. to Dec. 2018)	Q4/FY2018 (Jan-Mar 2019) (Forecast)
Net sales	1,575,000	1,600,000	1,450,000	1,154,306	295,694
Operating profit	190,000	195,000	145,000	129,367	15,633
Operating profit ratio	12.1%	12.2%	10.0%	11.2%	5.3%
Profit before income taxes	185,000	187,500	140,000	131,298	8,702
Profit attributable to owners of the parent	145,000	147,000	112,000	103,214	8,786
EPS (Yen)	489.93	498.63	379.91	349.90	30.01
FX Rate (Yen/US\$)	100	100 (Assumed for Q3 onward)	100 (Assumed for Q4)	111.14 (Actual average)	100 (Assumed for Q4)

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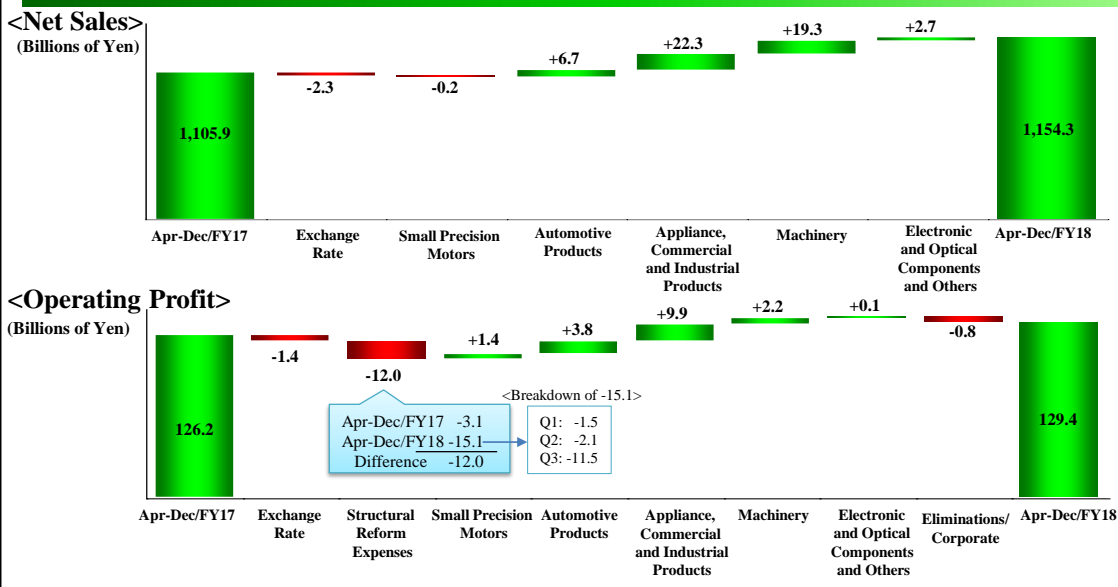
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FY2018 Forecast (Before and After the Revision)



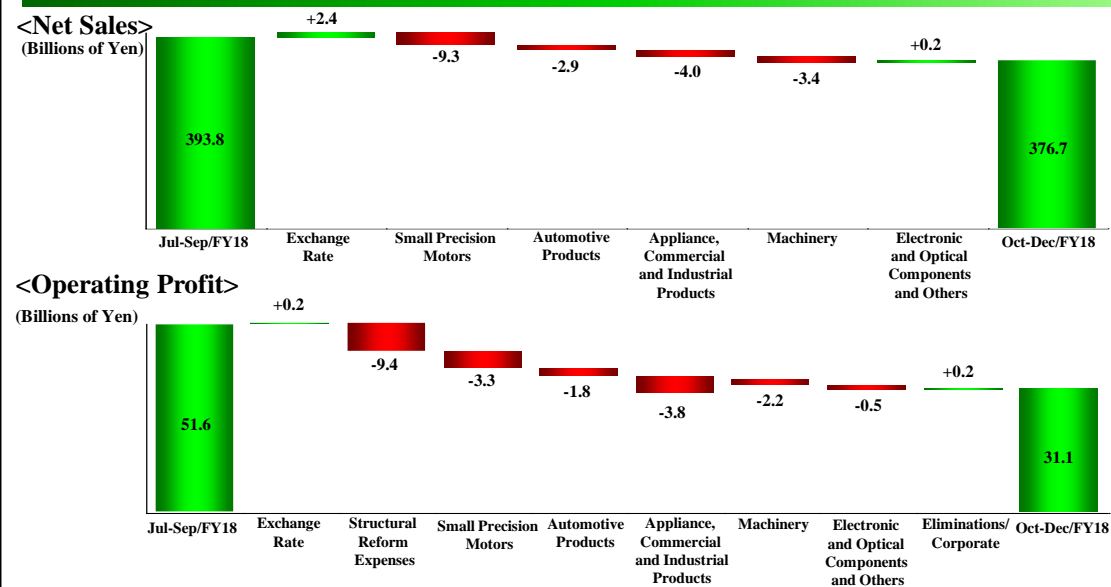
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Year-on-Year Changes (Nine Months Ended Dec. 2018)



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Quarter-on-Quarter Changes (Three Months Ended Dec. 2018)



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HDD Market Short-Term Trend

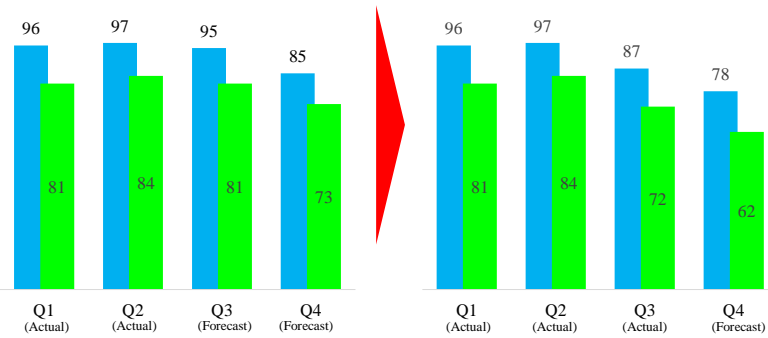


(Millions of Units)

Previous FY2018 Forecast
(October 24, 2018)

Revised FY2018 Forecast
(January 23, 2019)

HDD shipment forecast revised downward



(Millions of Units)

	Previous forecast	Revised forecast
FY2018 Annual forecast		
HDD shipments	373	358
Nidec motor shipments	319	299

Nidec's estimates based on various sources.

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Mid-Term Strategic Goal

Vision2020

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

New Addition to Nidec' Future Growth Drivers – 5G High Speed Connectivity



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



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

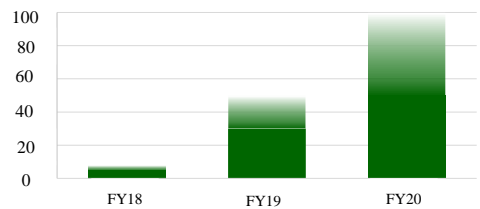


Mass-Production of Pop-Up Camera Mechanism

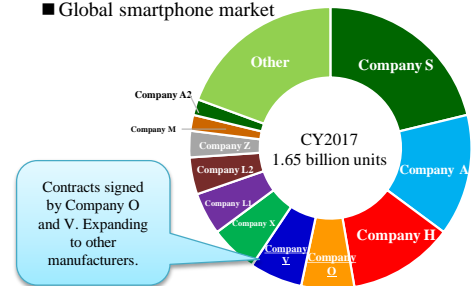


Pop-up camera mechanism	Pop-up model Camera mechanism	Slide-up model Camera mechanism
Appearance image		
Nidec's integrated module parts		

(Billions of Yen) ■ Pop-up camera mechanism market size



■ Global smartphone market



Cameras are built in the body instead of on the surface of the smartphone to fully utilize the display.
 The cameras come out only when they are used.

TOB: Completion of Acquisition of a 48% Interest in Taiwan-Based CCI

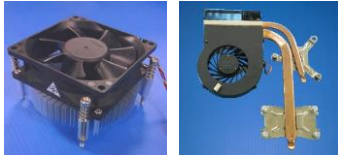


Thermal solution expanding beyond the realm of communications and IT

Communications and IT

Entering thermal module market

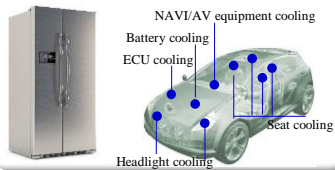
- Fan
- +
- Heatsink
- Heatpipe
- Vapor chamber



Automobiles and home appliances

Applying thermal solutions to auto and home appliances market

- Automobiles:
EV, ADAS and Connected Cars will boost ECU demand → Cooling solution demand
- Home appliances:
Propose air and water cooling module



Drones and robots

Heat disposal solutions for next-generation small and high-performance motors

- Drones and robots:
Demand for compact, high-performance and high-torque density motors is expected to grow → Solutions for motor heat disposal



Nidec's E-Axle Traction Motor System Used in Mass-Produced Cars



GAC NE selected Nidec's E-Axle to run its latest EV brand Aion S

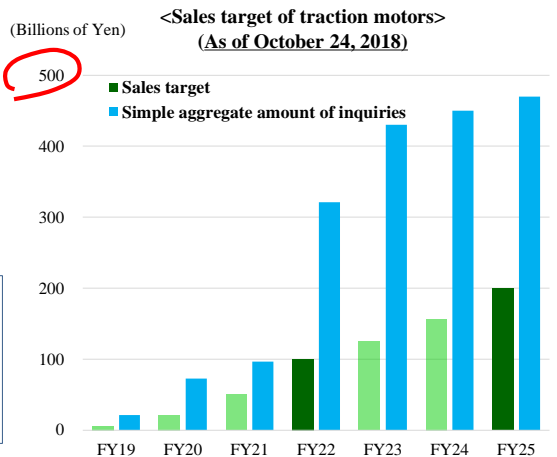


GAC NE's Super e-car Aion S



Nidec's E-Axle

- Compact and light-weight system achieved by integrating motor, inverter and gear
- Weighing only 87 kg with maximum power output of 150 kW, and maximum torque output of 3,900 Nm. (internal combustion engine with an equivalent power output would weigh around 160 kg)



(These sales targets do not include those of Nidec PSA emotors, the joint venture with Groupe PSA.)

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Evolving homebase — Group’s expertise to converge into a unified whole



The site location is between Nidec’s current headquarters building (Minami-ku, Kyoto) and the east side of JR Mukomachi station (Muko city).

<General information>

Address: Morimoto-cho, Muko city, Kyoto
 Site area: Approximately 60,000 m²
 Building area: Approximately 154,700 m²
 Intended use of buildings:
 One building as the second head office (15 floors)
 Three buildings for production research
 (Building A: 6 floors)
 (Building B: 8 floors)
 (Building C: 9 floors)
 Expected investment: Approximately 200 billion yen
 (for land, buildings, equipment, etc.)

<Construction period (plan)>

Phase 1: slated for completion in March 2022
 (Building A and Building C partially)
 Phase 2: 2025 to 2026 (Building B and the rest of Building C)
 Phase 3: 2030 (Second head office)
 (*construction work planned based on the business needs)

<Staffing plan>

Along with its growth, Nidec plans to relocate certain functions and Nidec-Read’s head office to this site, and construct Nidec-Shimpo’s new research & development, as part of the phase one construction. Nidec aims to have 5,000 employees at this site.



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Performance Trends & Product Group Overview

■ **Vision2020: Mid-Term Strategic Goal**



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**

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

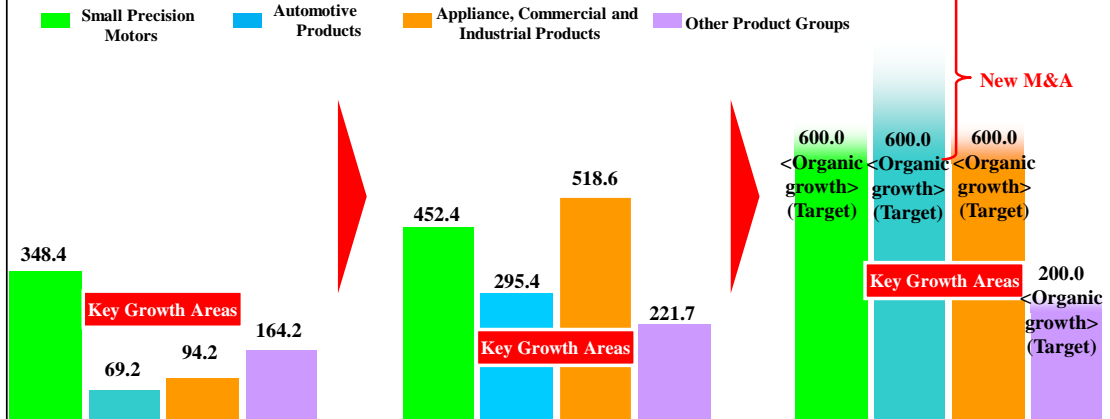


FY2010
Net sales: 676 billion yen

FY2017
Net sales: 1.488 trillion yen

FY2020
Net sales: 2 trillion yen (target)

(Sales: Billions of Yen)

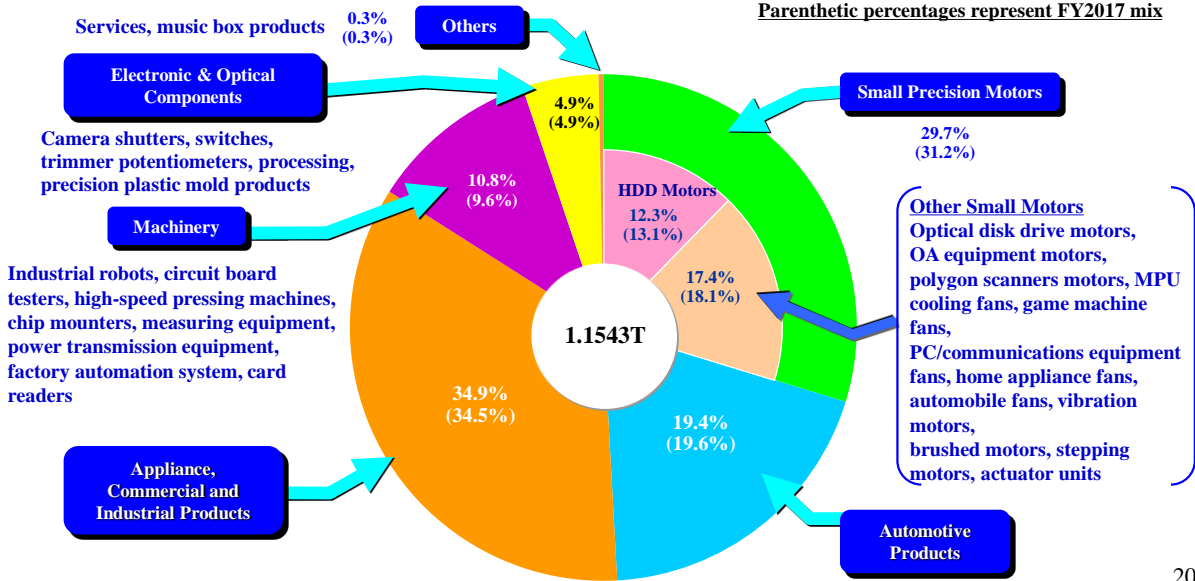


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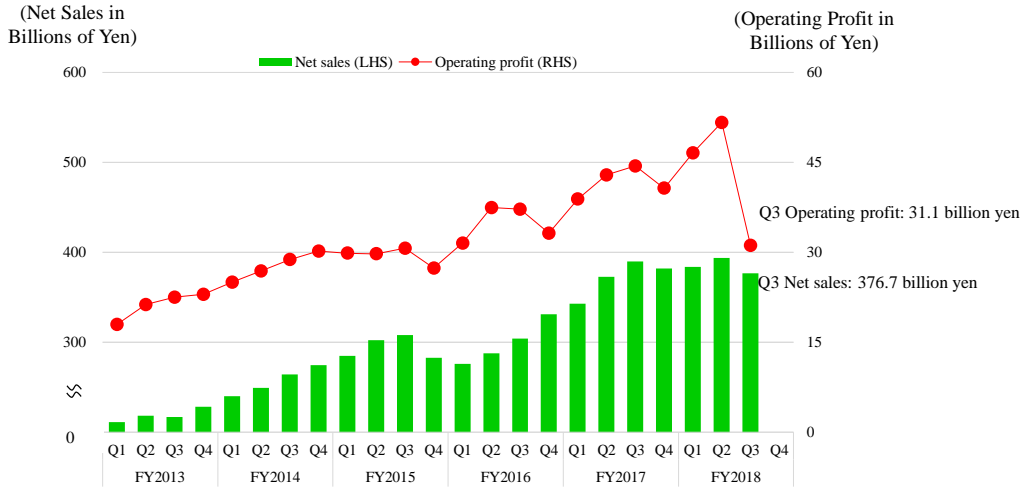
Sales by Product Group (Apr-Dec FY2018)



Parenthetic percentages represent FY2017 mix



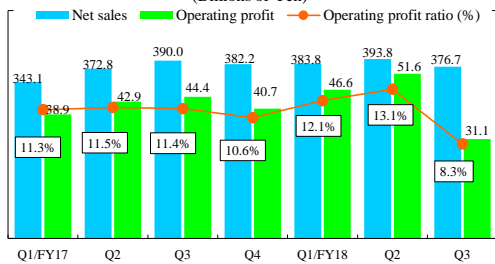
Consolidated Quarterly Net Sales and Operating Profit



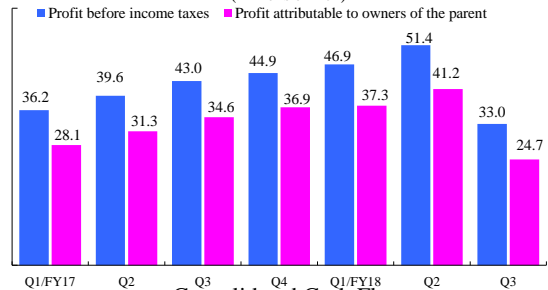
Financial Highlights



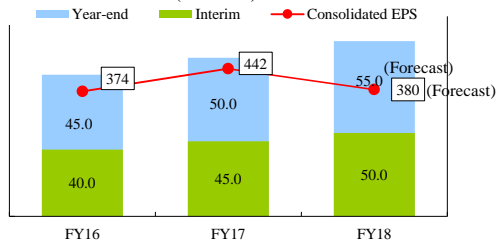
<Consolidated Net Sales and Operating Profit> (Billions of Yen)



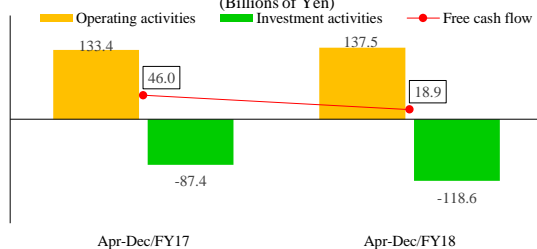
<Profit Before Income Taxes and Profit Attributable to Owners of the Parent> (Billions of Yen)



<Dividends and EPS> (Yen/share)



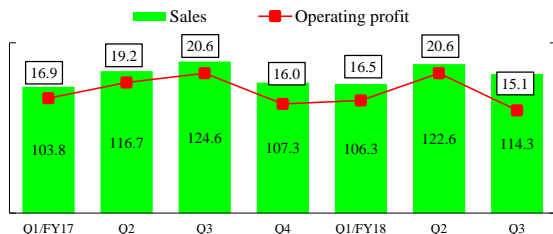
<Consolidated Cash Flow> (Billions of Yen)



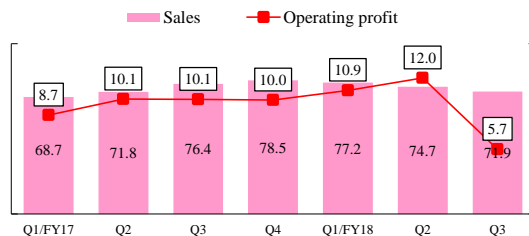
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Product Group Overview

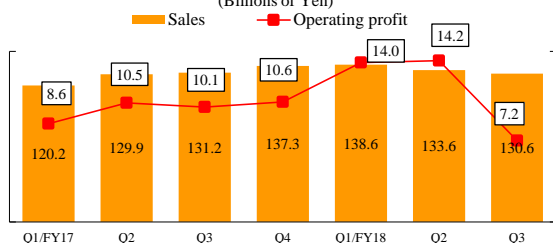
<Small Precision Motors>
(Billions of Yen)



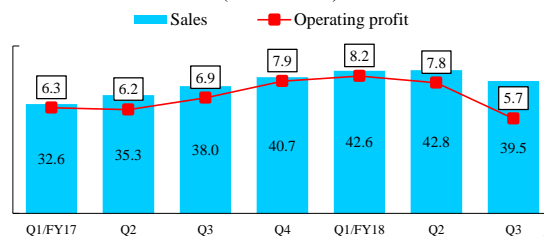
<Automotive Products>
(Billions of Yen)



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

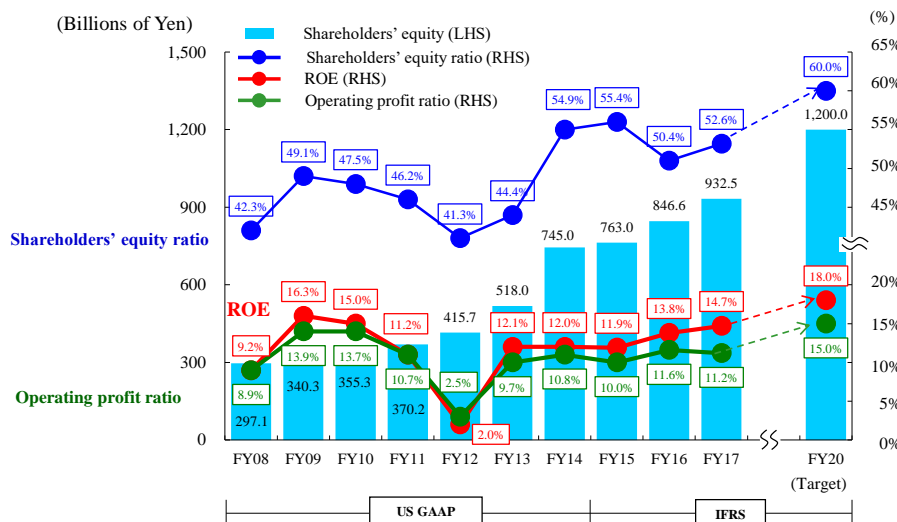


<Machinery>
(Billions of Yen)



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

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