

Nidec Corporation

Fiscal 2019 Financial Results

Fiscal Year Ended March 31, 2020

<IFRS>



April 30, 2020

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 an Electronic Control Unit for Electric Power Steering by Nidec Elesys Corporation.

Consolidated Profit/Loss

*Adjusted based on the 2-for-1 split implemented as of April 1, 2020. "EPS" and "Dividends" are expressed assuming that the stock split occurred at the beginning of FY2018.

Millions of Yen, except for percentages, EPS and FX rates	FY2018	FY2019	Change	FY2020 Forecast
Net sales	1,475,436	1,534,800	4.0%	1,500,000
Operating profit	129,222	110,326	-14.6%	125,000
<i>Operating profit ratio</i>	8.8%	7.2%	-	8.3%
Profit before income taxes	129,830	106,927	-17.6%	125,000
Profit for the period from continuing operations	104,059	77,008	-26.0%	-
Profit attributable to owners of the parent	109,960	60,084	-45.4%	100,000
EPS (Yen)	186.49	102.13	-45.2%	170.72
Dividends (Yen)	52.5	57.5	-	60.00
FX rate (Yen/US\$)				(<Assumed FX rate> Yen/US\$: 105 Yen/Euro: 117)
Average:	110.91	108.74	-2.0%	
Term end:	110.99	108.83	-1.9%	

Note: Based on the current forecast of sales volume, every one yen appreciation or depreciation against the U.S. dollar and the euro for FY2020 is estimated to have an annualized impact of 10.0 billion yen and 1.9 billion yen on net sales, respectively, and 1.1 billion yen and 0.4 billion yen on operating profit, respectively. *Please refer to Notes on Page 21.

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Summary of FY2019

- The net sales has increased by 4% Y/Y to **record high** of 1.535 trillion yen.
- The operating profit has decreased by 15% Y/Y to 110.3 billion yen mainly due to the additional R&D and start-up costs (approx. 14 billion yen) of traction motors which are in high demand, and to the additional acquisition related expenses (approx. 3 billion yen) .
- The net profit has decreased by 45% Y/Y to 60.1 billion yen mainly due to the loss of 15.7 billion yen incurred through the sale of Secop's compressor business for refrigerators.

*Please refer to Notes on Page 21.

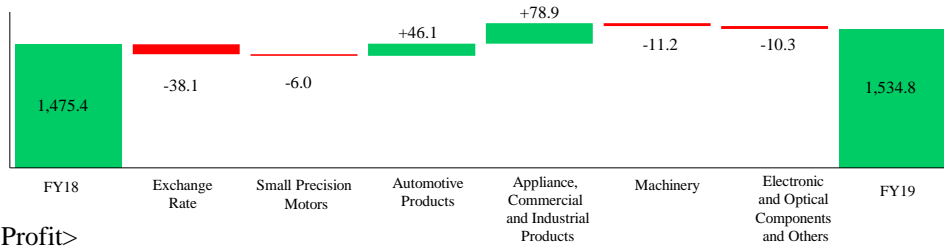
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Year-on-Year Changes (Twelve Months Ended Mar. 31, 2020)



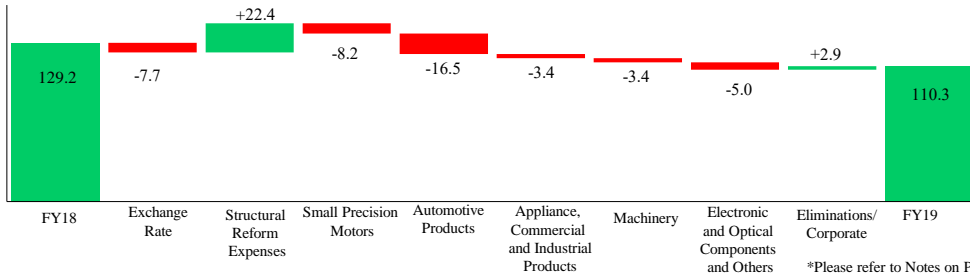
<Net Sales>

(Billions of Yen)



<Operating Profit>

(Billions of Yen)



*Please refer to Notes on Page 21.

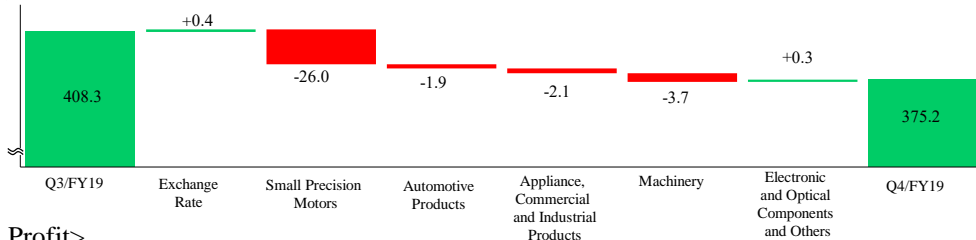
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Quarter-on-Quarter Changes (Three Months Ended Mar. 31, 2020)



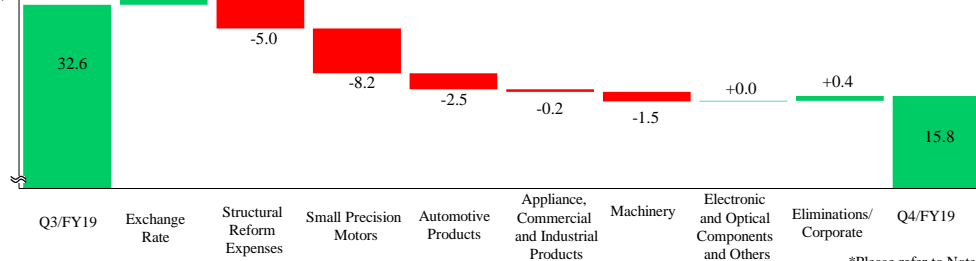
<Net Sales>

(Billions of Yen)



<Operating Profit>

(Billions of Yen)

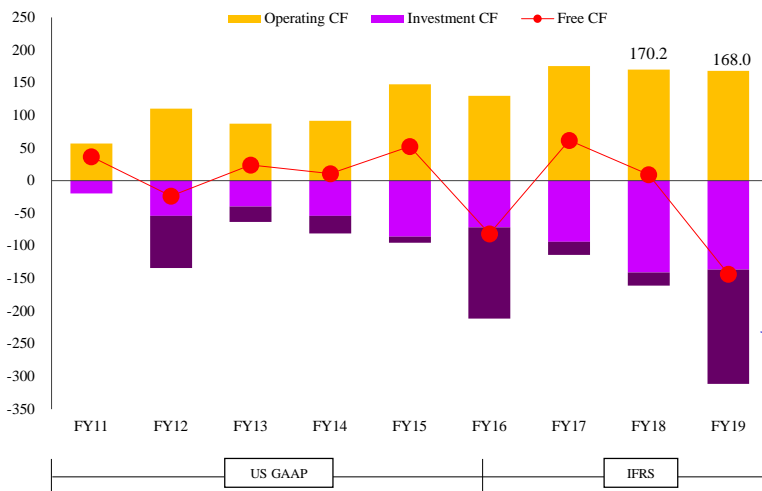


*Please refer to Notes on Page 21.

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Consolidated Cash Flow

(Billions of Yen)



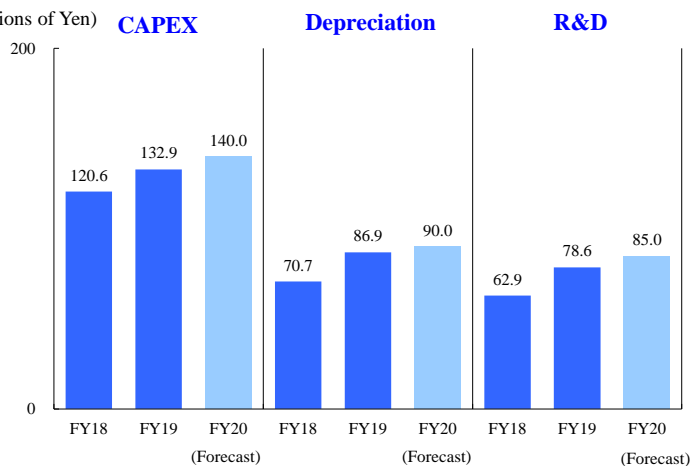
Stronger operating CF levels

Areas highlighted in dark purple in investment CF indicates expenditure for business acquisitions

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CAPEX, Depreciation, R&D

(Billions of Yen)



The CAPEX and R&D that support long-term growth remain unchanged

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

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FY2020 Forecast



Millions of Yen, except for EPS, dividends and FX rate	1H/FY2020	2H/FY2020	Full-Year
Net sales	700,000	800,000	1,500,000
Operating profit	55,000	70,000	125,000
<i>Operating profit ratio</i>	7.9%	8.8%	8.3%
Profit before income taxes	55,000	70,000	125,000
Profit attributable to owners of the parent	40,000	60,000	100,000
EPS (Yen)	68.29	102.43	170.72
Dividends (Yen)	30.00	30.00	60.00
FX Rate (Yen/US\$)	105	105	105
FX Rate (Yen/Euro)	117	117	117

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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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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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1. Return to top-down management

- Mr. Shigenobu Nagamori, Chairman & CEO, will be in charge of
Small Precision Motors, group companies, M&A strategies etc.
- Mr. Jun Seki, new President & COO, will be in charge of
Automotive and Appliance, Commercial and Industrial

2. Management that focuses on growth

- Starting full-fledged groundworks for **net sales of 10 trillion yen**
- Sticking to **winning overwhelming No.1 market share** through top-down sales activities

3. Strengthening HR* development

- Fundamental reform of personnel evaluation system
(**clear & fair evaluation, dynamic and strict HR* measurements**)
- Ensuring HR* education that enhances **Emotional Quotient**

*HR: Human Resources 12

Strengthen corporate resilience and prepare to fight back through emergency measures following the global outbreak of COVID-19

Current status

Production **Regional differences** in recovery

- China & Japan: **Nearly recovered** to pre-pandemic level
- Europe & Americas: **A little over 60% recovery** due to mandatory governmental restrictions
- Asia: **Lower levels of recovery** in the Philippines, Malaysia and India while Thailand, Vietnam, Indonesia, Taiwan and South Korea are **almost fully recovered**

Sales **Impact varies depending on products group and/or regions**, but partial delays are spotted in businesses due to slowdown of economic activities caused by governmental restrictions

R&D Infection preventive measures implemented thoroughly and **teleworking introduced** at domestic and overseas R&D centers

Emergency measures

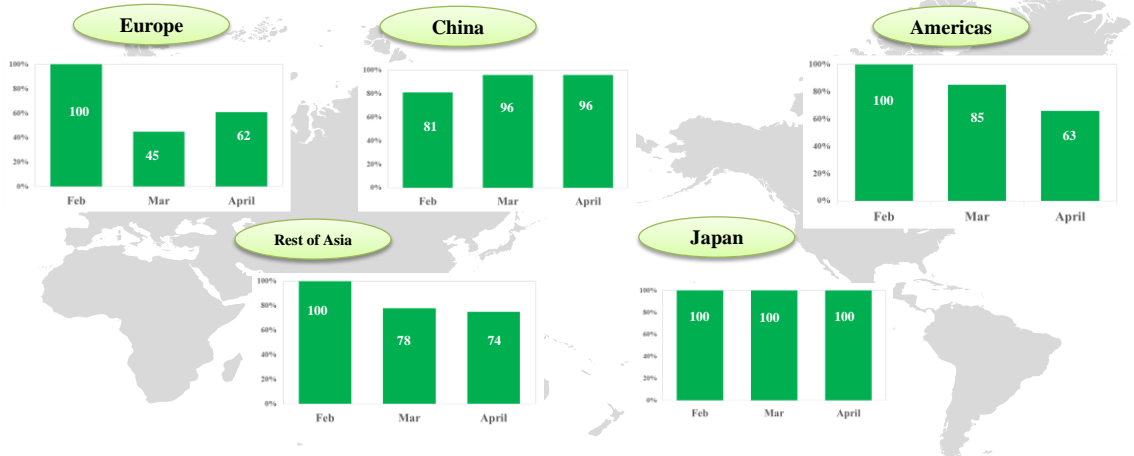
- Stay profitable even when the topline gets halved
- **Top down management** with all of the employees in one team
- **Realize cost reduction based on “Cash is King!”**

	Business environment	Nidec
Small Precision Motors	- While China is on its way to normal operation, operational impacts mainly in South East Asia are becoming more evident due to governmental restrictions (lockdowns in cities and activity restrictions in the Philippines, Malaysia and Thailand etc.)	- While partial disruption occurred in the supply chain of HDD motors, we have secured the necessary materials and components to meet customers' demand through in-house production - Continued solid demand for Near Line HDD motors - Very solid demand for small precision motors for IT, data centers, base stations etc. - Winning increasing new orders as some customers shift from other Asian suppliers in Other Small Motors
Automotive	- Factory standstill of OEMs and Tier1s in Europe and North America prolonged - Factory utilization ratio of OEMs and Tier1s in the Chinese market is roughly 80%	- Nidec's auto sales in normal circumstances are split into 70% in Europe and North America, 30% in China - Net sales in Q1 expected to be a little over 60% of the usual quarter - Aim to secure a positive operating profit in Q1 by thorough cost reduction
Appliance, Commercial & Industrial	- Operational impacts are becoming more evident following governmental policies in Europe (mainly the UK, Italy, France and Spain), the US and South America - New York State and the UK prolong lockdowns until mid-May	- 80-100% utilization ratio in North America while South American operations are running 60% level on average - Utilization ratio in Europe remains a little over 60%

Operational Impacts from COVID-19 (Quantitative Information)

Trying to keep global operations as unaffected as possible by thorough measures to prevent infection from COVID-19

<Changes in regional productions where the pre-pandemic average utilization ratio assumed to be 100% (on a month-end basis)>

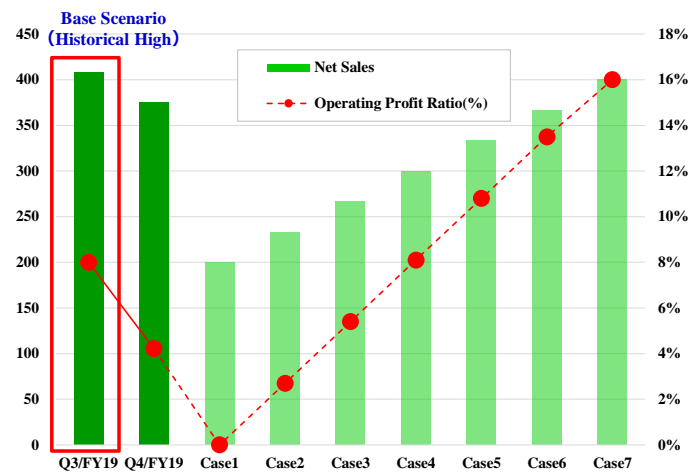


Starting WPR4 (Refortifying WPR3 Project)

(Sales: Billions of Yen)

(Operating profit ratio:%)

<What is WPR ?>

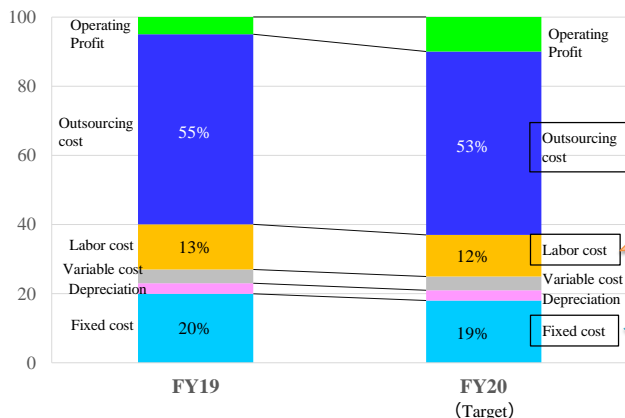


1. Taking “unprecedented slowdown caused by COVID-19” as a large opportunity to enhance structural reform, implementing drastic measures to reform the profit structure of Nidec group
2. Structural reform to retain positive operating profit even when the sales are cut half the recent peak level
3. Targeting to retain the recent peak level of operating margin when the sales are to recover to 75% of the recent peak
4. Targeting to double its operating margin when the sales are to recover to 100% of the recent peak

■ **Conducting an Aggressive Review of the Cost Structure**
(Example of the Overseas Businesses of Appliances, Commercial, and Industrial Division)

Strengthening productivity and reforming structures to raise the levels of operations in Europe and Americas drastically

(Composition ratio :%)



Reducing outsourcing costs

- Fundamental review of supply chain
- Accelerating vertical integration of parts made in-house
- Enhancing global procurement program

Reducing labor costs

- Enhancing competitive advantage by integrating vertical parts manufacturing functions
- Eliminating low profit manufacturing lines
- Reinforcing lean production

Reducing fixed costs

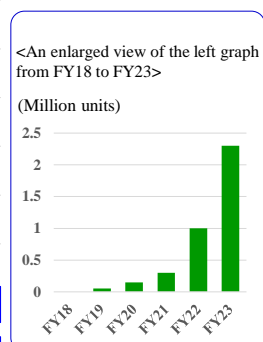
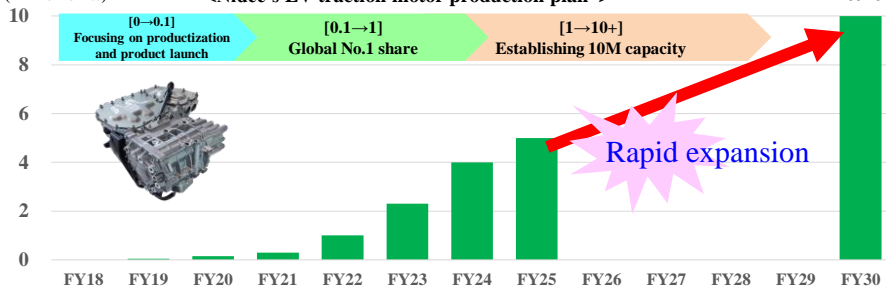
- Continuing to integrate and streamline production sites
- Slimming of indirect costs (headquarters function costs)

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■ **Traction Motor : Setting Up 10 Million Unit Capacity for FY2030**

Preparing for a 10 million unit production in FY2030 by solidifying production and development to capture the rapid increase of demands

(Million units) <Nidec's EV traction motor production plan*> *Aggregates of E-Axle and HEV motors



Project management with 10 million unit production in FY2030 in sight

Developing next generation E-Axle
Accelerating modularization and achieving low cost, high efficiency, and further miniaturization

Allocation of capacity
Choosing the optimum production locations by looking three to five years ahead

Quality and cost control
Proactively promoting in-house production to control quality and reducing BOM cost

Capacity
Reducing equipment costs by collaborating within the group and developing local suppliers

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New 5 Big Waves in a Post-Pandemic World

Nidec's business solutions that solve the common problems of humankind

5G & Thermal solutions
(Keywords: Tactile sense, image stabilization and heat ventilation module)
Includes: Fan, Vapor chamber, Heat pipe, ADAS related product.

Decarbonization
(Keywords: Drive/Turn/Brake, safety/comfort and thermal management)
Includes: Traction motor, Traction motor system (E-Axle), Reducer, Motor for drones.

Manpower saving
(Keywords: Industrial robots, servicing robots and logistics)
Includes: Automated guided vehicle, Nearline HDD motor.

Digital data expansion
(Keywords: High speed / large data, GAFA* and "Stay Home")
Includes: Server racks, HDD.

Power saving
(Keywords: Sterilization, hygiene and "Stay Home")
Includes: Refrigerator compressor, Home appliance motor.

* GAFA: Google, Apple, Facebook and Amazon

ESG Initiatives

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

Environment Climate change initiative SMART2030 taking hold

SMART2030 (Sustainable Manufacturing And Resilient Tomorrow)

A 30% cut in operational GHGs* by FY2030 (from FY2017 levels)

Key Steps

- More energy-efficient operations (LED lighting for new facilities, energy-saving air conditioning, AI-backed manufacturing processes)
- Using renewable sources of energy
 - Draw renewable electricity directly from power suppliers
 - Purchase certified renewable electricity using a Green Power Certification System
 - Generate renewable electricity using solar panels, etc.

Society D&I** Promotion Office launched (April 2020)

Building strength by leveraging the power of multiple points of view

Key Roles

- Attain productive development based on gender equality and work-life balance by:
 - helping employees enhance work efficiency, improve time management skills, and boost health
 - creating and maintaining career development framework
 - staying committed to the predetermined gender diversity target of women holding at least 8% of managerial positions

Corporate Governance Transition to a company with audit and supervisory committee

5 out of 9 Board seats to be held by external members (including 2 women) upon shareholder approval. ***

Reinforcing the Board's oversight capability

Key Changes

From

- Board members (Internal: 6, External: 2)
- Audit & Supervisory Board members (Internal: 2, External: 3)

To

- Board members not serving on Audit and Supervisory Committee (Internal: 2, External: 2)
- Board members serving on Audit and Supervisory Committee (Internal: 2, External: 3)

*GHG: Greenhouse Gas **D&I: Diversity & Inclusion

***Planned to be resolved at the next ordinary general shareholders' meeting on June 17, 2020



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Notes:

Nidec Corporation adopts the provisions of IFRS 3 “Business Combinations.” During the three months ended September 30, 2019, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of Chaun-Choung Technology Corp., MS-Graessner GmbH & Co. KG, and its group companies in the previous fiscal year. Furthermore, during the three months ended December 31, 2019, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of Systeme + Steuerungen GmbH and its group companies (currently, Nidec SYS GmbH) in the previous fiscal year. During the three months ended March 31, 2020, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of DESCH Antriebstechnik GmbH & Co. KG and its group companies in the previous fiscal year. NIDEC’s consolidated financial statements for the year ended March 31, 2019 reflect the revision of the initially allocated amounts of acquisition price as NIDEC 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.

Appendix

Performance Trends & Product Group Overview

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

*Excerpt from the past slides (previous "5 Big Waves")

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



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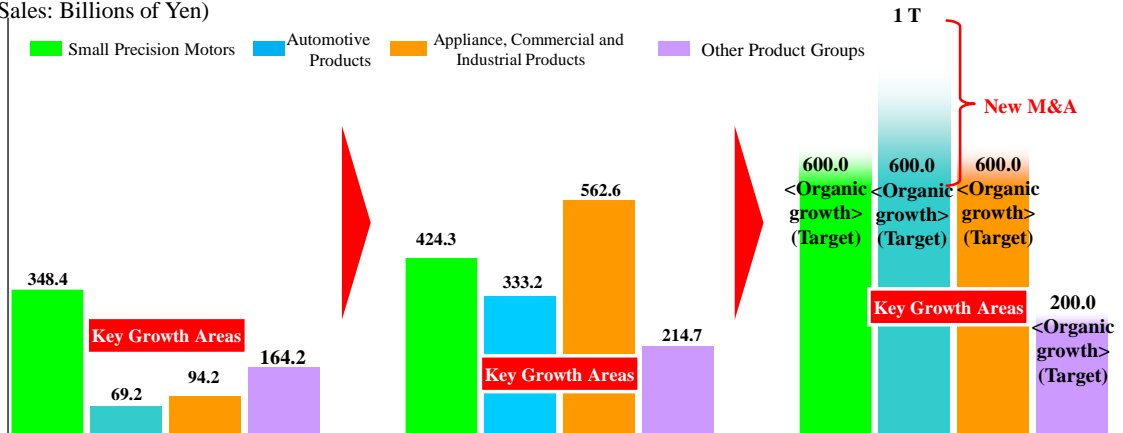
Three 600 Billion Yen Businesses Are Key to Achieving 2 Trillion Yen Net Sales

FY2010
Net sales: 676 billion yen

FY2019
Net sales: 1.535trillion yen

FY2020
Net sales: 2 trillion yen (target)

(Sales: Billions of Yen)

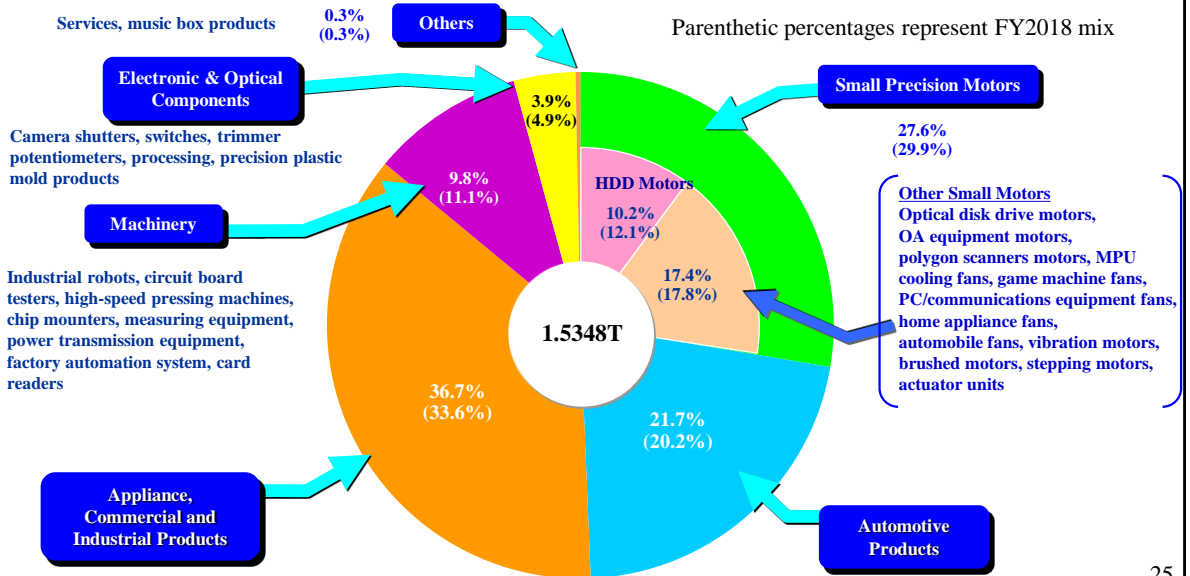


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Sales by Product Group (FY2019)

*Please refer to Notes on Page 21.

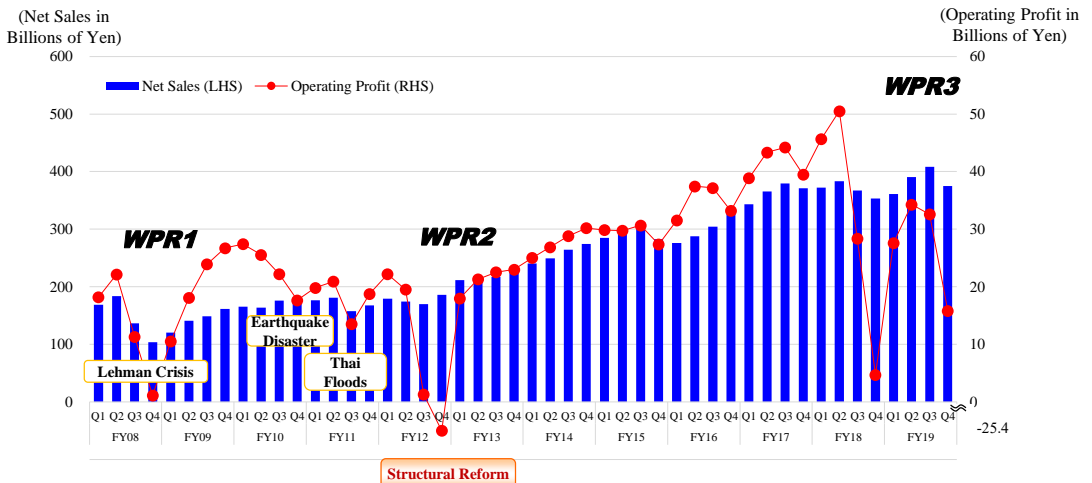


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Consolidated Quarterly Net Sales and Operating Profit



Continuing **WPR3** cost restructuring and preparing for demand recovery

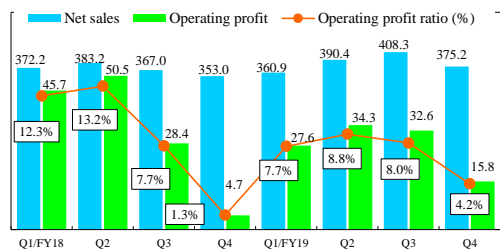


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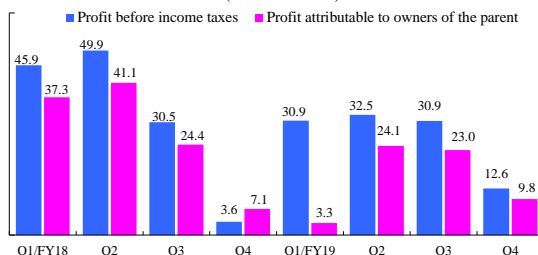
Financial Highlights

*Please refer to Notes on Page 21.

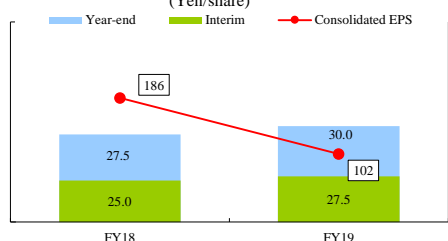
<Consolidated Net Sales and Operating Profit> (Billions of Yen)



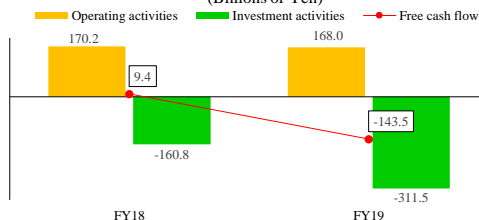
<Profit Before Income Taxes and Profit Attributable to Owners of the Parent> (Billions of Yen)



<Dividends and EPS> (Yen/share)



<Consolidated Cash Flow> (Billions of Yen)

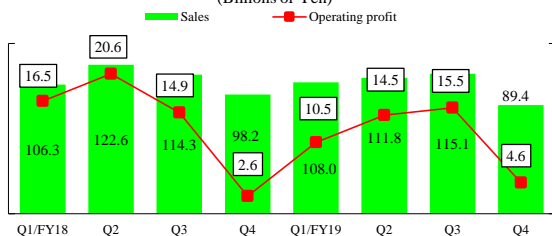


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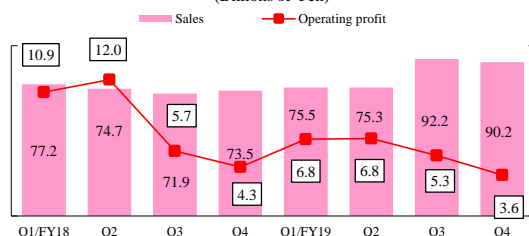
Product Group Overview

*Please refer to Notes on Page 21.

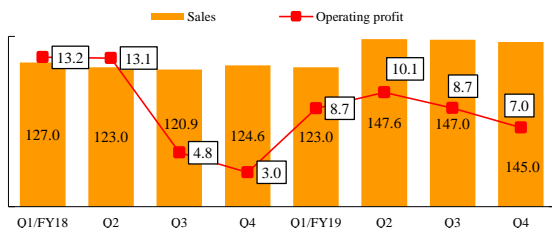
<Small Precision Motors> (Billions of Yen)



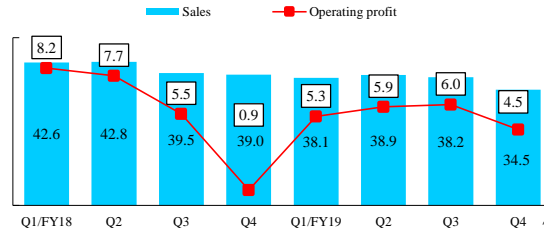
<Automotive Products> (Billions of Yen)



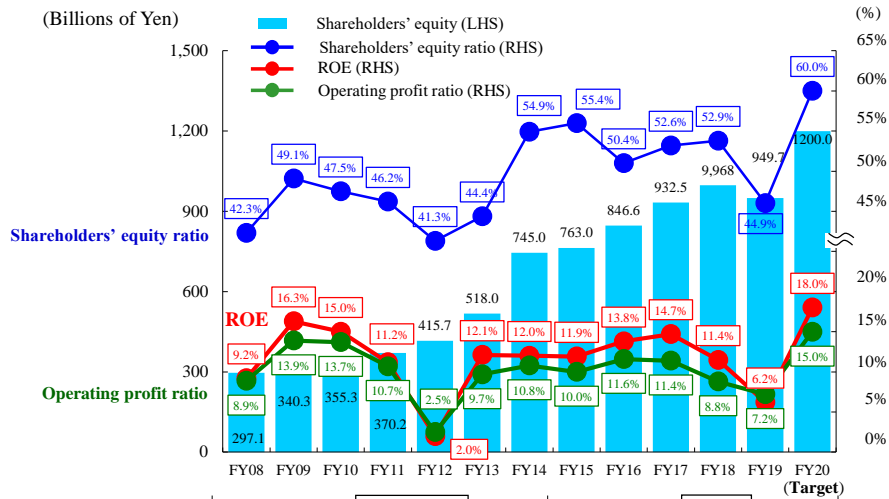
<Appliance, Commercial and Industrial Products> (Billions of Yen)



<Machinery> (Billions of Yen)



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 21.

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