

# Fiscal First-Half 2015 Financial Results

Six Months Ended September 30, 2015  
<U.S.GAAP>  
October 22, 2015



**Nidec**<sup>®</sup>  
All for dreams™

## Note 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 latest Form 20-F and 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 photograph on the first slide features the large-sized servo press machine of Arisa, S.A., an Italy-based press machine manufacturer the company acquired in August 2015.

## Consolidated Profit/Loss



Millions of Yen, except for percentages, EPS and FX Rates	1H/FY2014	1H/FY2015	Change	FY2015 Forecast
Net Sales	489,511	587,352	+20.0%	1,150,000
Operating Income	51,923	61,850	+19.1%	130,000
Operating Income Ratio	10.6%	10.5%	-	11.3%
Income before Tax	51,538	63,409	+23.0%	126,000
Net Income	36,713	47,622	+29.7%	90,000
EPS (Yen)	133.11	160.75	+20.8%	302.87
Dividend (Yen)	30.00	40.00	-	80.00
FX Rates (Yen/US\$)				
Average:	103.04	121.80	+18.2%	115.00
Term end:	109.45	119.96	+9.6%	(Assumed)

Note: Based on the current forecast of sales volume, every one yen appreciation or depreciation against the U.S. dollar and the euro for FY2015 is estimated to have an annualized impact of 6.80 billion yen and 1.00 billion yen on sales, respectively, and 0.80 billion yen and 0.25 billion yen on operating income, respectively.

This slide includes forward-looking statements. See disclaimer on page 2 of this presentation.

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## Summary of 1H/FY2015



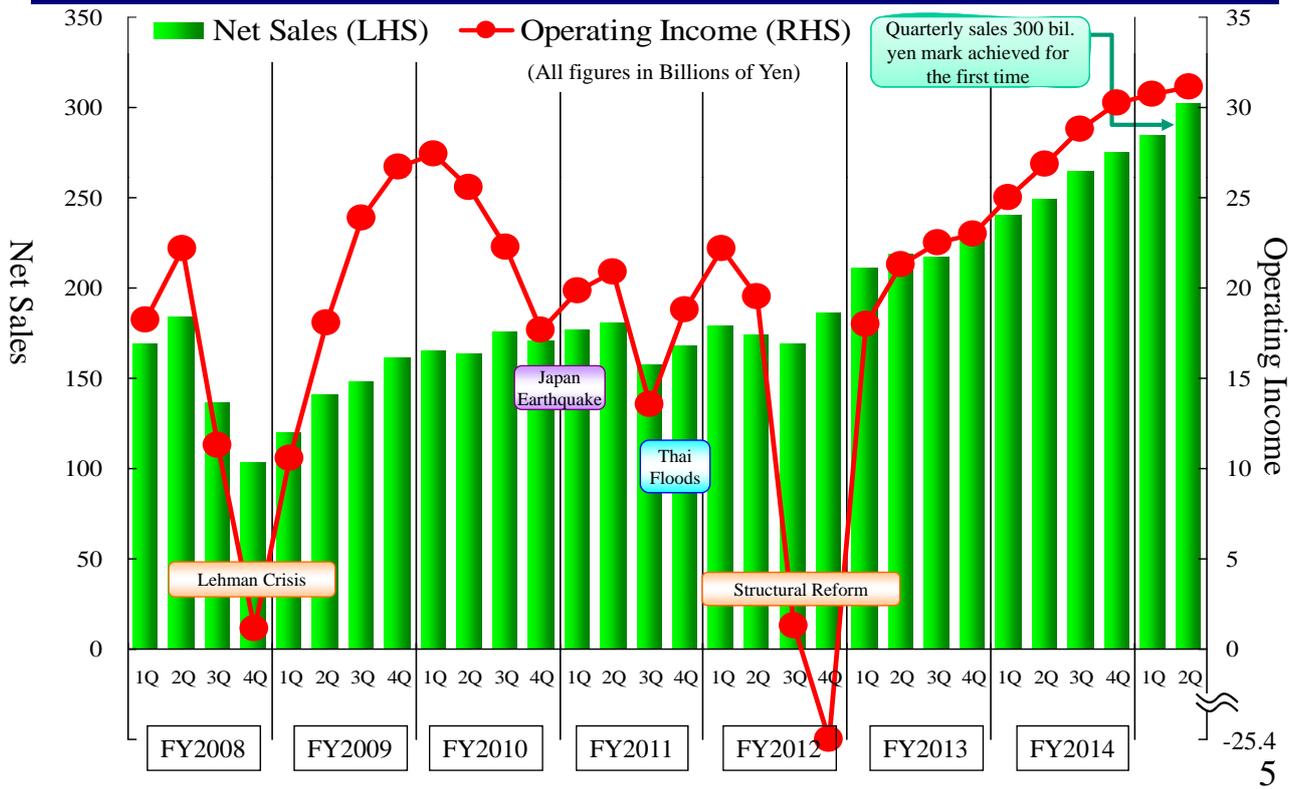
- **Record-high** first half net sales, operating income, income before taxes and net income
- **30% increase in net income Y/Y**
- **Ten consecutive quarters of operating income increase** following the structural reform in FY2012
- **Seven consecutive quarters of net sales increase**, reaching the 300 bil. yen mark for the first time

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# Consolidated Quarterly Net Sales and Operating Income



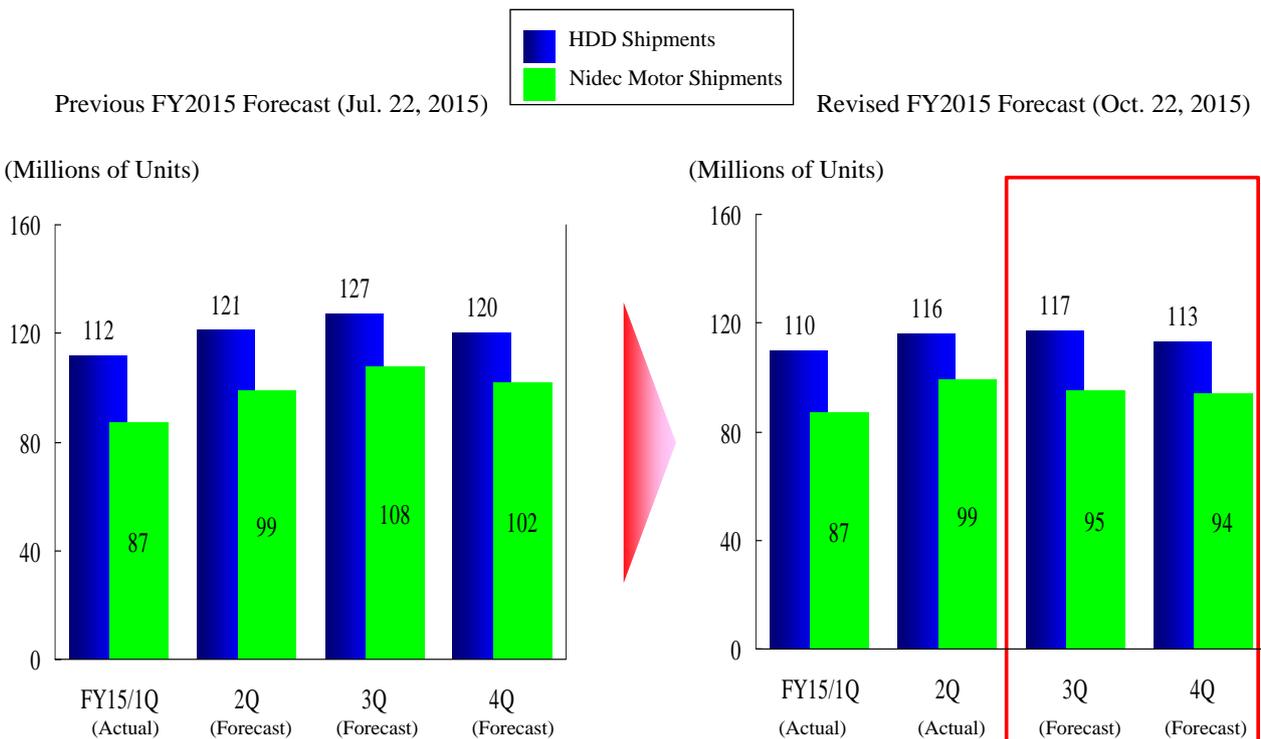
Seven consecutive quarters of net sales increase and ten consecutive operating income increase



## HDD Market Trend (1)



Despite weak demand in HDD market, Nidec gains higher market share

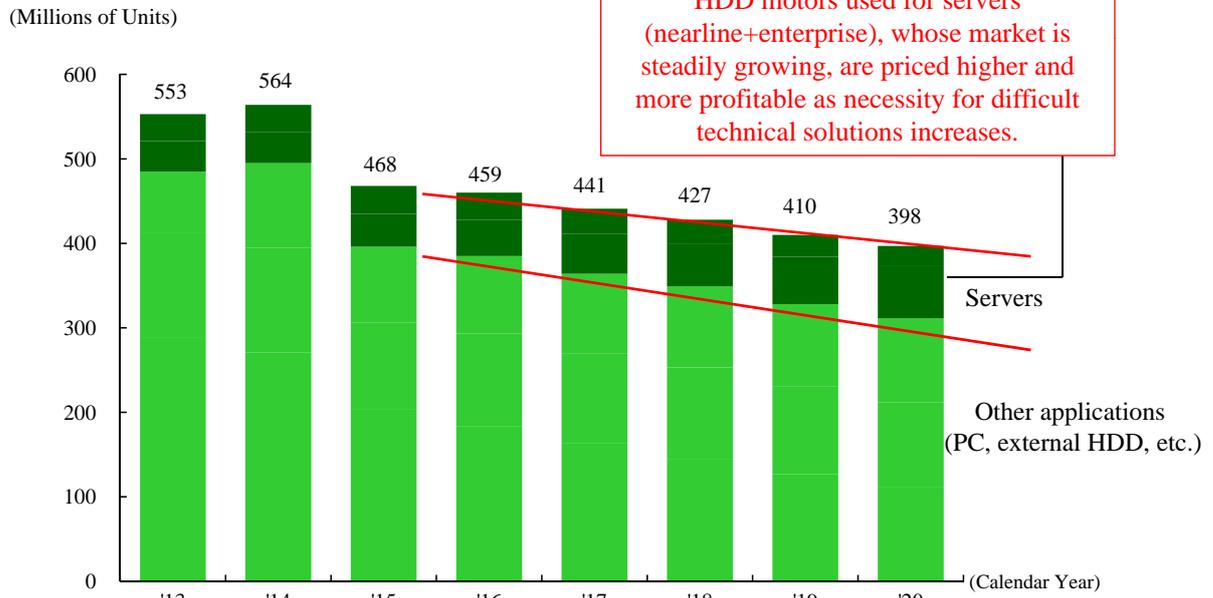


This slide includes forward-looking statements. See disclaimer on page 2 of this presentation.

(Nidec estimates based on various sources)

**Aiming to enhance profitability through capturing high-value-added product demand**

<HDD medium-term market estimate>



(Nidec estimates based on various sources)

**Aiming to expand TAM\* through replacement with brushless DC motors**

- Customer-Specific, Cross-Application Approach
- Application-Specific, Cross-Customer Approach

Based upon two basics above

**“Switch everything to brushless DC” approach**

Stepping motor market (9% of SPM\* TAM\*\*)

<Examples of potential applications>

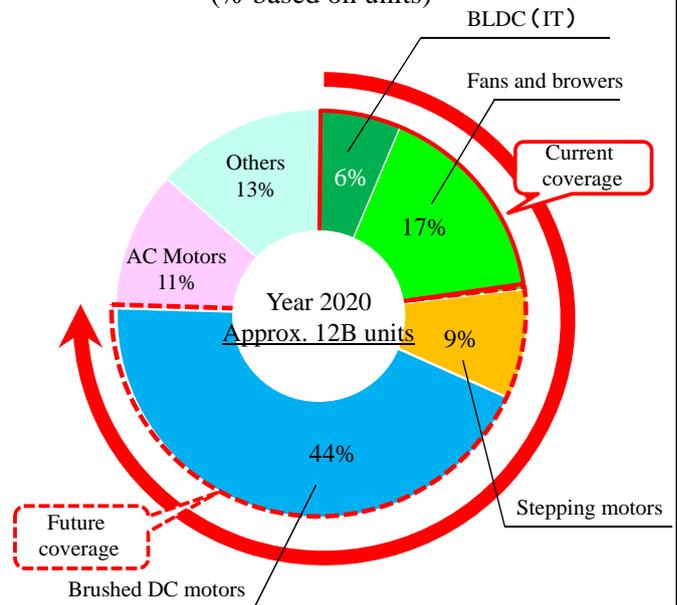
- ✓ OA equipment
- ✓ ATM

Brushed DC motor market (44% of SPM\* TAM\*\*)

<Examples of potential applications>

- ✓ Auto
- ✓ OA equipment
- ✓ Home appliances
- ✓ Robotics

<Future small precision motor market estimate>  
(% based on units)



\*SPM: Small Precision Motors  
\*\*TAM: Total Accessible Market

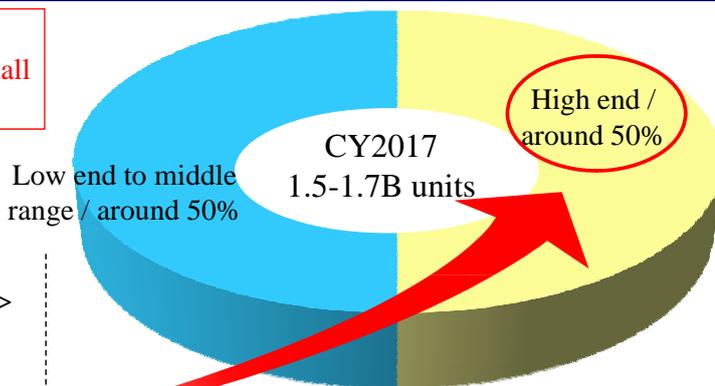
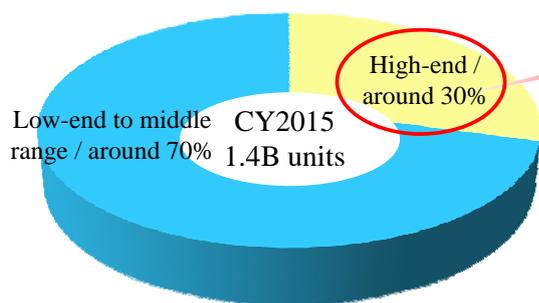
(Nidec estimates based on various sources)

Expecting the market to grow to one billion units and hundreds of billion yen sales

Aiming to make this business another profitable pillar after HDD motors within Small Precision Motors



<Global smartphone market>

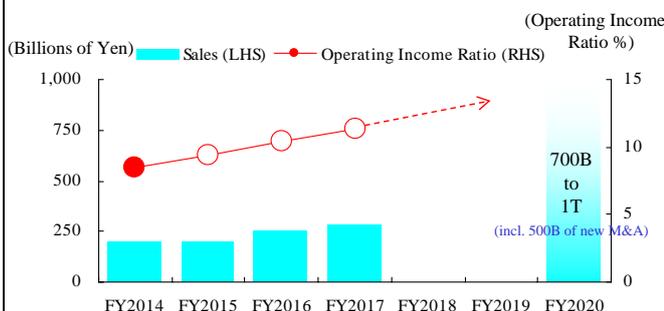


1. Assuming all of high end smartphones would adopt the haptic technology
  2. Assuming some high end adopting multiple devices
- Linear resonant actuator**
- 
- 1B units per annum (Estimate)**

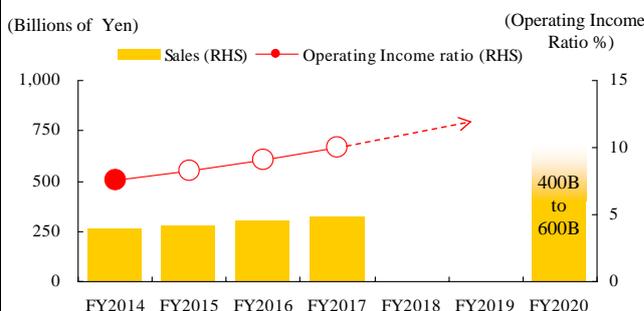
(Nidec estimates based on various sources)

Aiming to strengthen businesses by implementing extensive structural reforms of profits

<Mid-term outlook for Automotive>



<Mid-term outlook for Appliance, Commercial and Industrial>



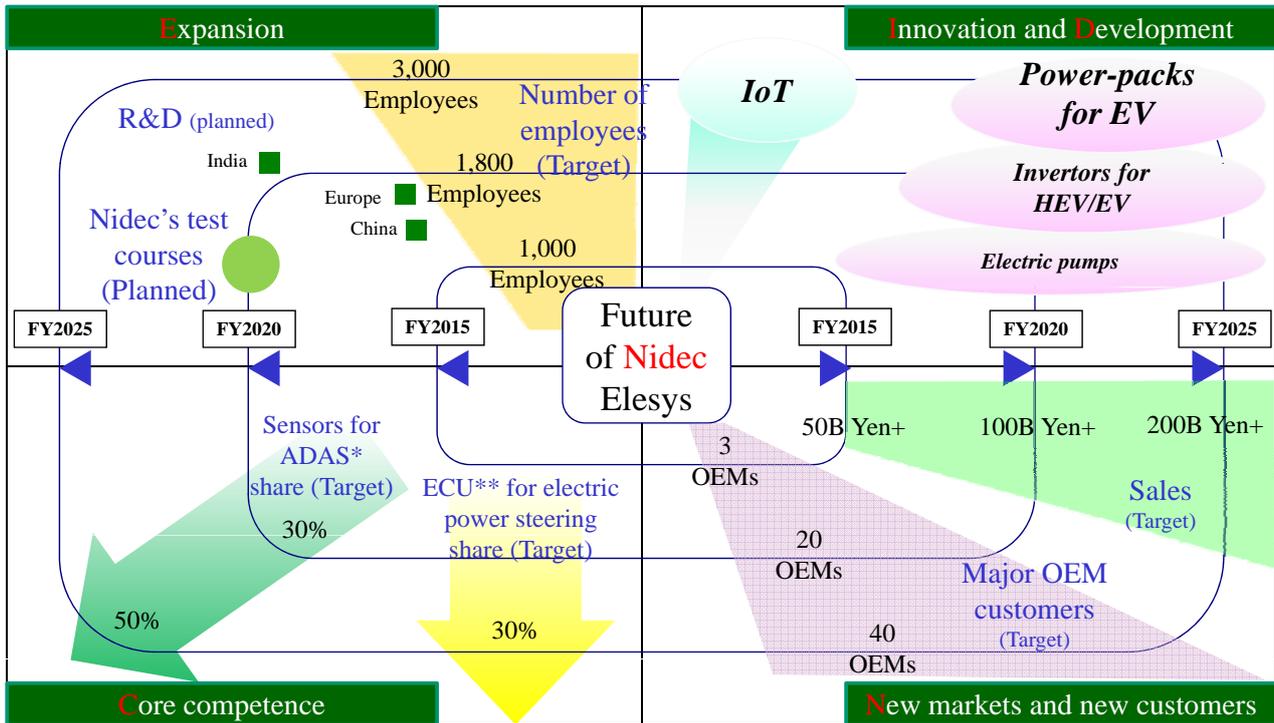
<Principal measures in Automotive>

1. Win businesses with **technological advantages** (to make products light, thin, short and compact)
2. Enhance value added **with modularization strategy**
3. Promote full-fledged **in-house production** of components by taking advantage of large order flows

<Principal measures in Appliance, Commercial & Industrial>

1. Use all possible strength and resources to achieve **two-digit operating income ratio** in overseas businesses
2. Consolidate, unify and **streamline** the operations comprehensively
3. Further strengthen **after-sales market** and **service businesses**

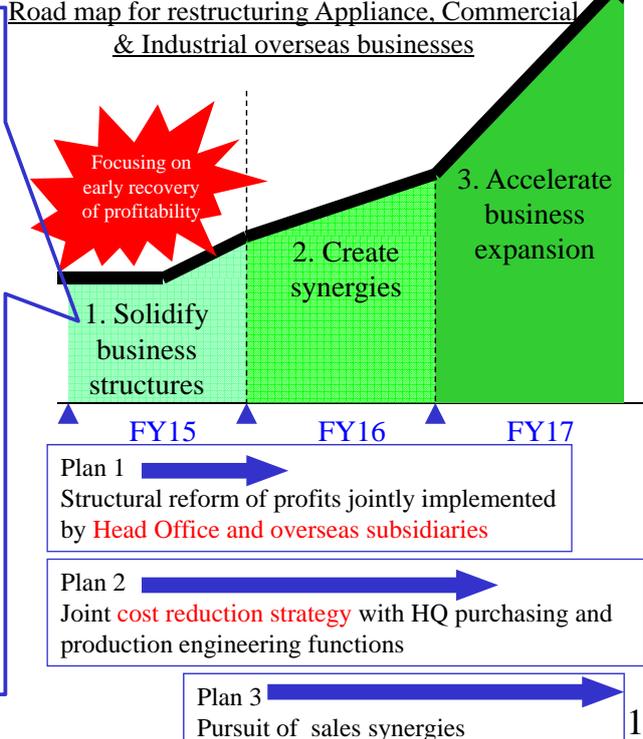
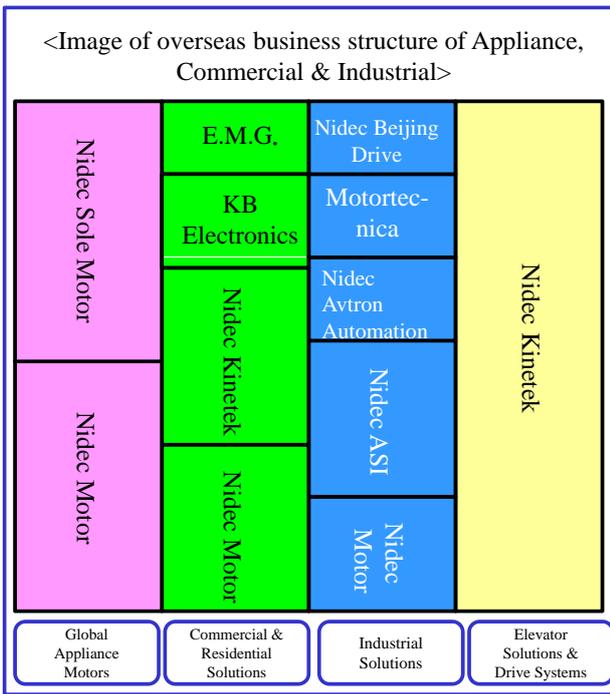
Four key elements to achieve 200 billion yen sales target



\*ADAS: Advanced Driving Assistance System  
\*\*ECU: Electronic Control Unit

Appliance Commercial & Industrial Focusing on Improvement of Profitability

Aiming for urgent improvement in overseas businesses with the full utilization of the total Nidec group resources



Six M&As in 1H FY2015, filling gaps of existing businesses

Closing	Current Company's Name (Country)	Principal Business	Annual Sales	Remarks
May 2015	Motortecnica s.r.l. (Italy)	Designing, manufacturing, repairing, maintenance and servicing of electric generators and motors with focus areas of remanufacturing and refurbishment	EUR 11 mil. (December 2014)	Acquisition
July 2015	Nidec (Beijing) Drive Technologies (China)	Designing, developing, manufacturing and marketing of switched reluctance (SR) motors and drives	RMB 50 mil. (December 2013)	Acquisition of SR motor and drive business
August 2015	Arisa, S.A. (Spain)	Developing, manufacturing, sales and aftermarket services of large-sized servo press machines	EUR 20.4 mil. (December 2014)	Acquisition
August 2015	KB Electronics, Inc. (US)	Designing, manufacturing and sales of AC and DC electric motor drives and controllers for three-phase fan motors	USD 23 mil. (September 2014)	Acquisition
September 2015	E.M.G. Elettromeccanica S.r.l (Italy)	Developing, producing and sales of motors for commercial facilities (swimming pools and spas, and air or smoke ventilations), household appliances and industrial equipment (brake motors)	EUR 10.4 mil. (December 2014)	Acquisition of business assets
September 2015	PT. Nagata Opto Indonesia (Indonesia)	Glass lens processing	USD 3.9 mil. (December 2014)	Acquisition

Synergy Strategy Example (Acquisition of Arisa)

Complementing our global businesses in both applications and regions

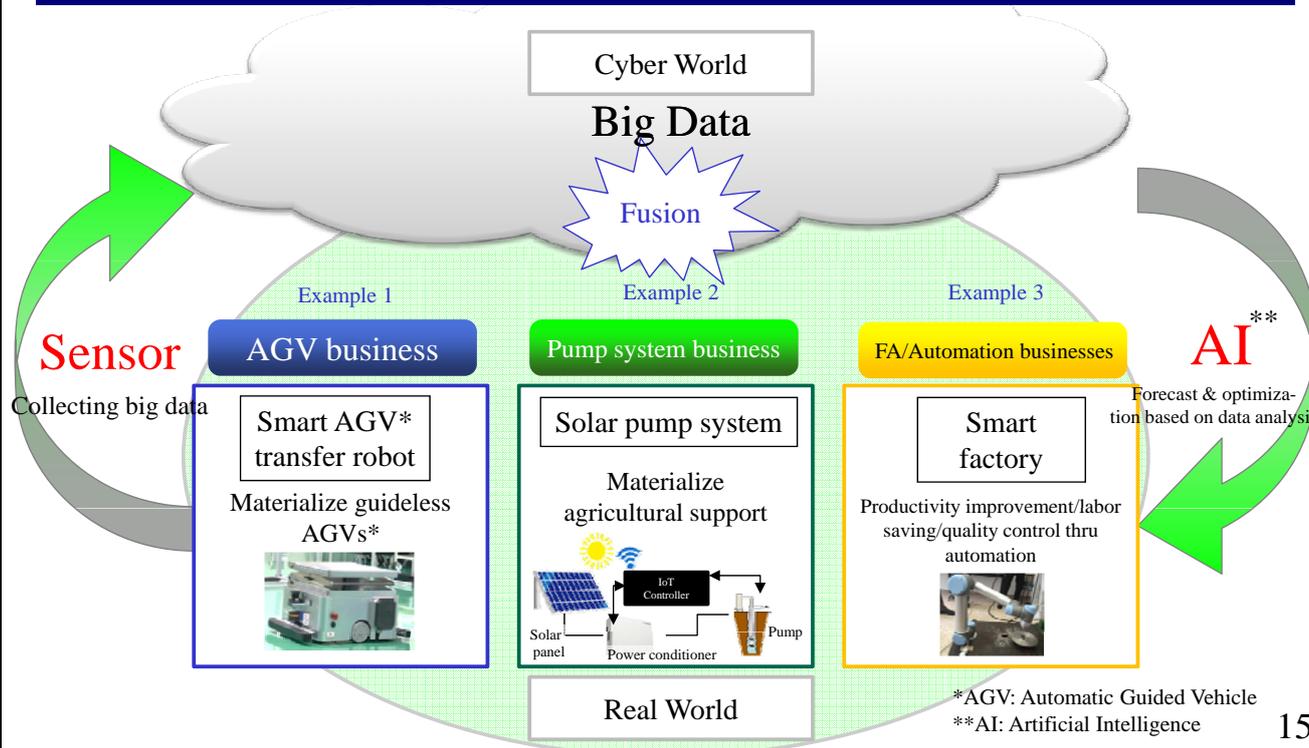
		Arisa	Nidec Minster	Nidec-Shimpo	Nidec Group
Applications	Home Appliances		✓	✓	✓
	Electronic Components (Connectors, lead frames)			✓	✓
	Motor Core		✓	✓	✓
	Cans (Food and beverage)		✓		✓
	Automotive (Body)	✓			✓
	Automotive (Parts)	✓	✓	✓	✓
Regions	Japan			✓	✓
	North America		✓		✓
	Europe	✓			✓
	China		✓	✓	✓
	Other Asian Countries		✓	✓	✓

Nidec's M&A

- 1) Transformation and expansion of business portfolio
- 2) Time-based competitiveness (markets, customers, products, technologies, production facilities and human resources)
- 3) Focus on post merger integration



Aiming to create businesses with hundreds of billion yen sales in FY2020



Establishment of Nidec Center for Industrial Science (October 2015)

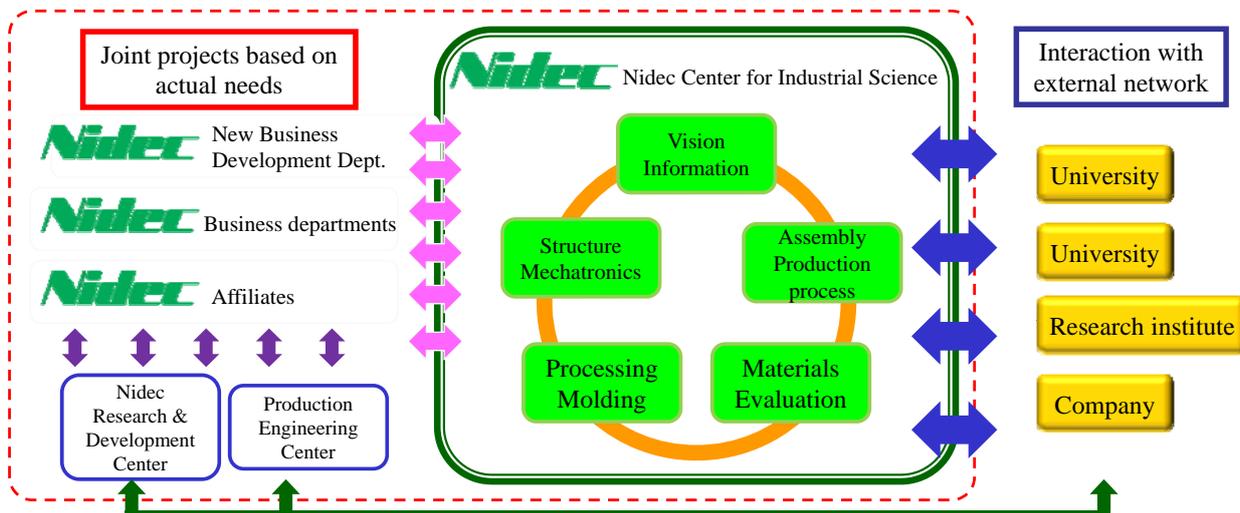
Leading the realization and improvement of materials in manufacturing, engineering methods, robotics and automatic processing equipment

**Short-term goal**

Short-term and near future product development and improvement of production engineering

**Mid- to long-term goal**

Develop fundamental production engineering which could support 10 trillion yen sales in FY2030



# Automotive Business



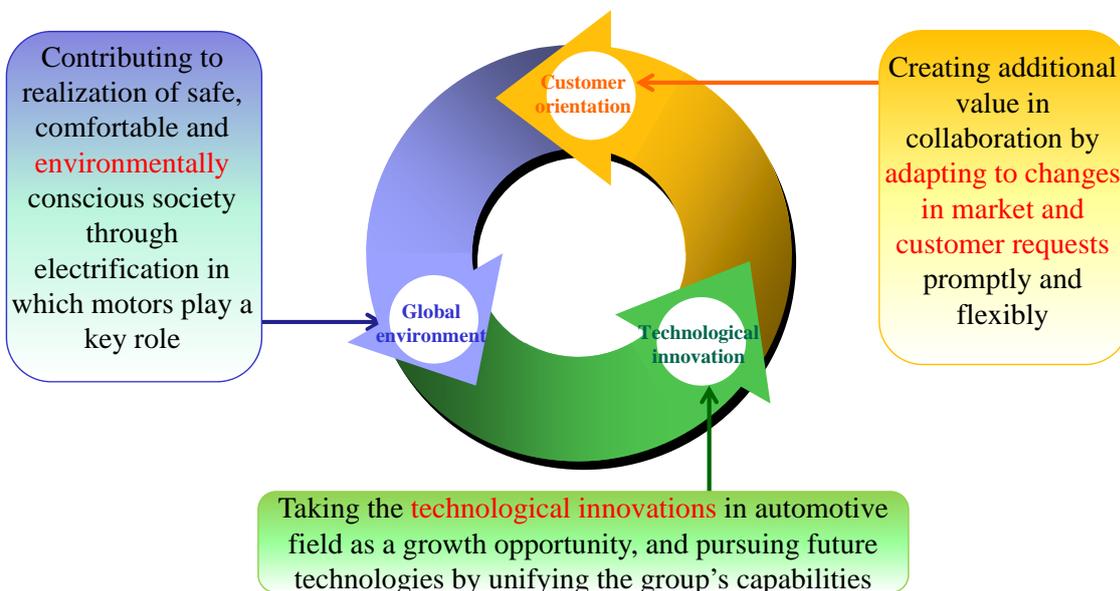
October 22, 2015

## Automotive Business Vision



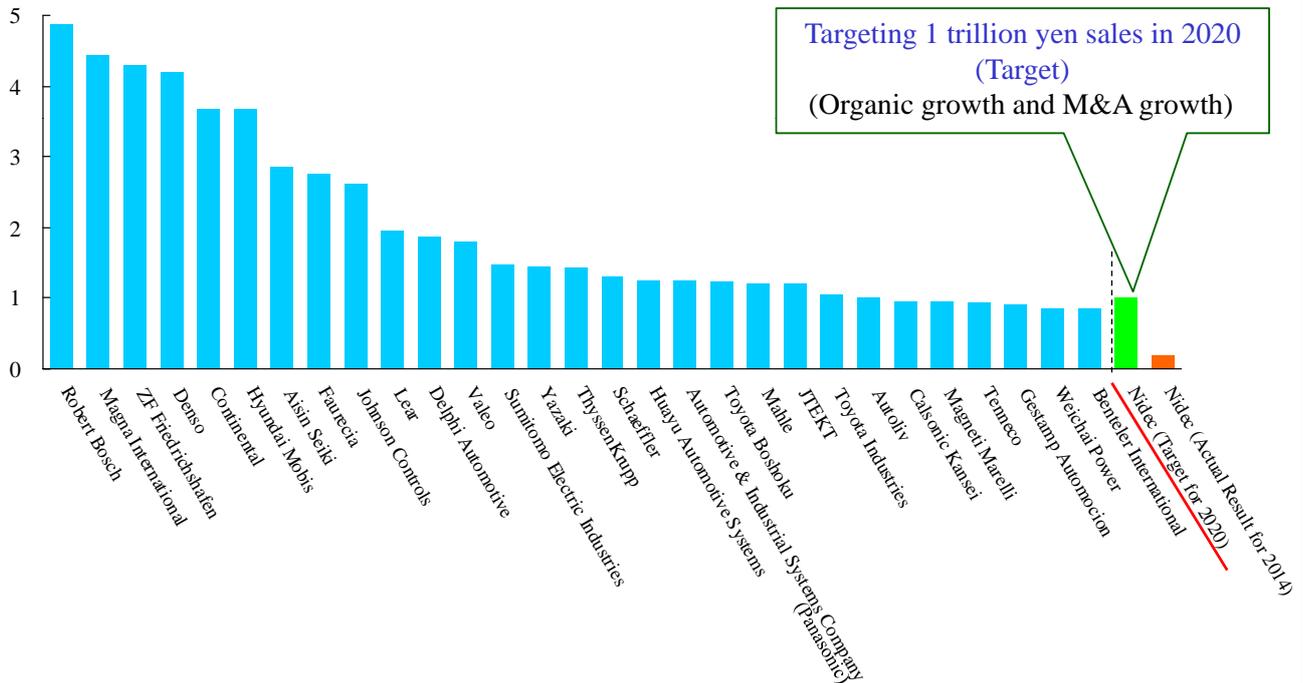
Aiming to achieve overwhelming growth by taking advantage of rapidly advancing electrification

### Nidec Automotive Business Vision



Numerous players exceeding one trillion yen sales

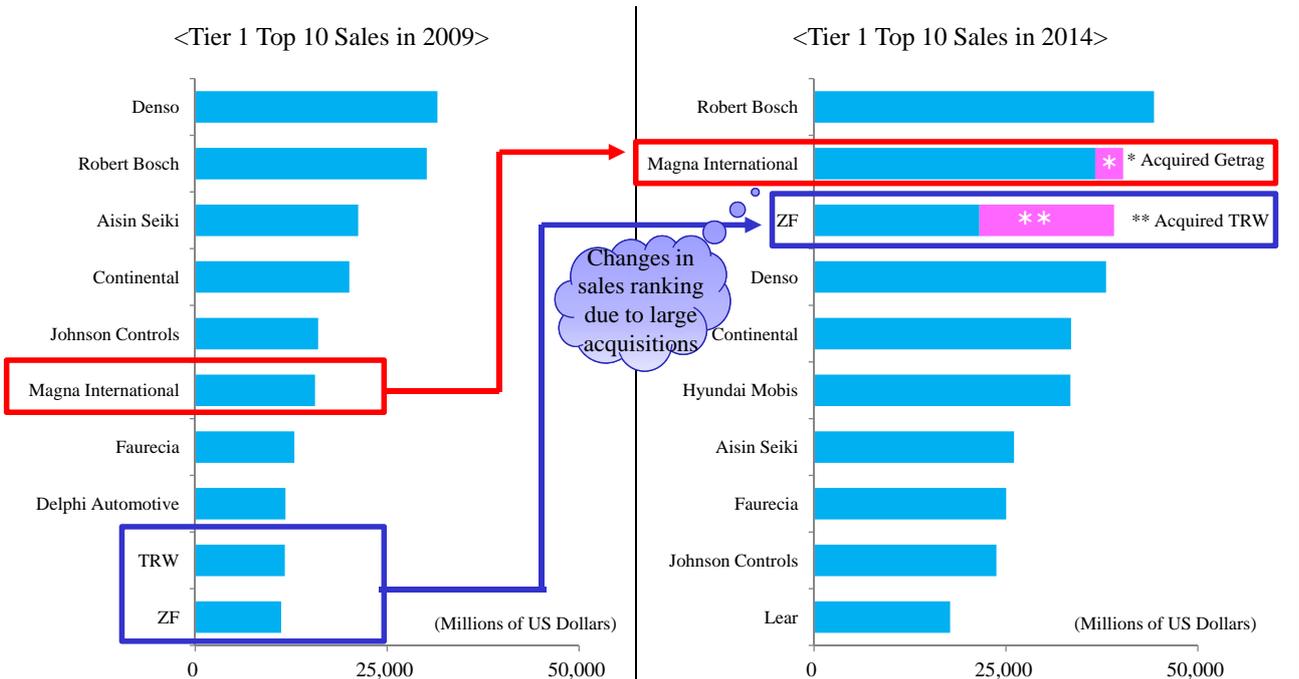
(Sales per annum in Trillions of Yen)



This slide includes forward-looking statements. See disclaimer on page 2 of this presentation.

(Nidec estimates based on various sources)

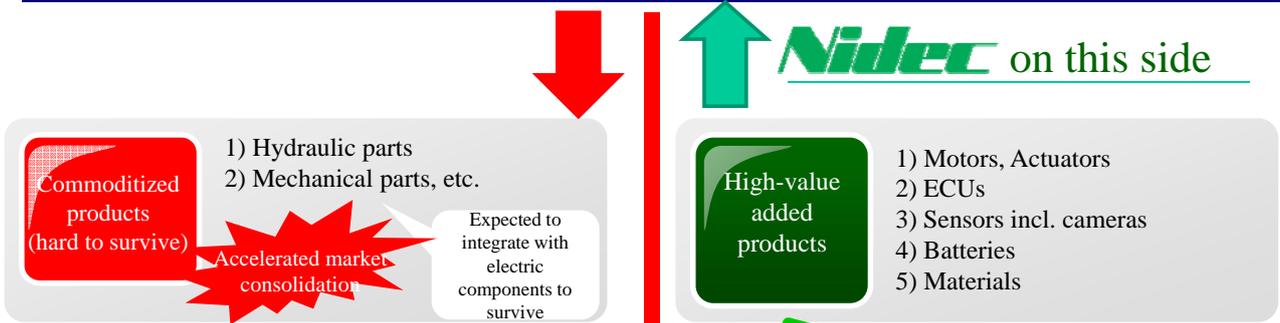
Investments are accelerating in powertrain/safety technologies which lead to future autonomous driving (ZF's acquisition of TRW followed by Magna's acquisition of Getrag)



Changes in sales ranking due to large acquisitions

(Nidec estimates based on various sources)

Auto parts clearly being polarized on the back of the electrification trend



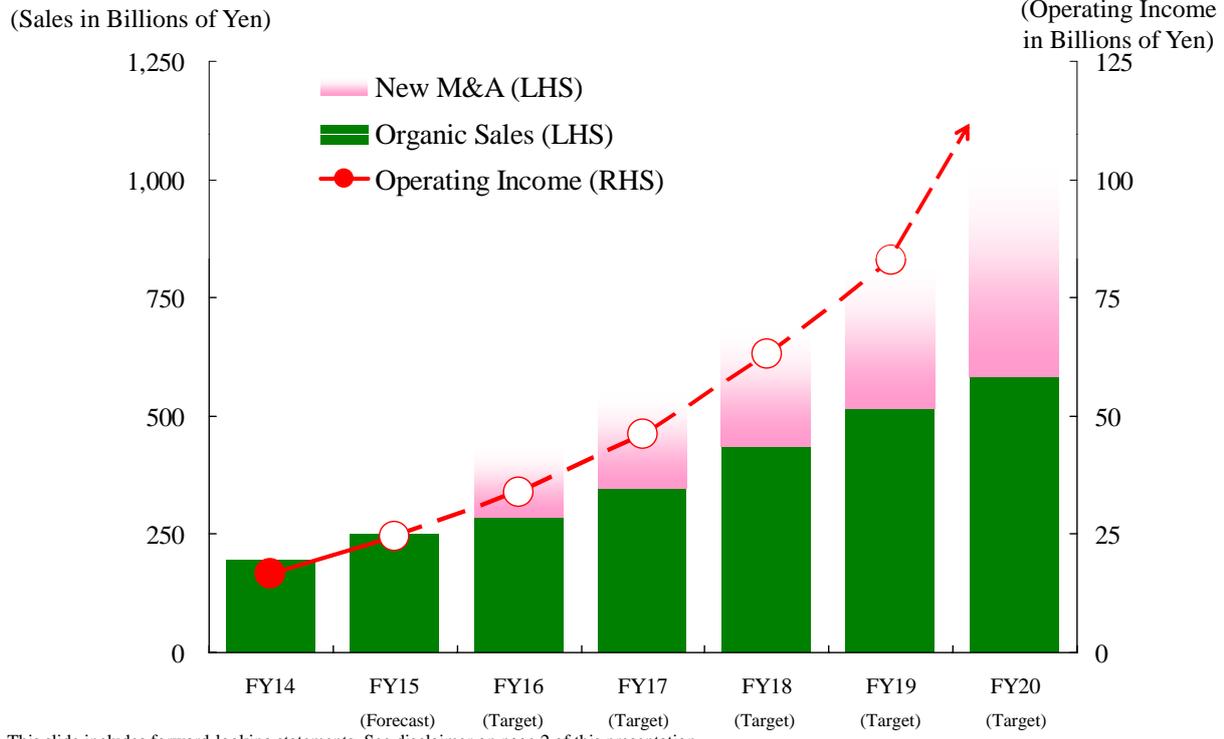
**Electrification of automotive parts**

Environment	System reforms boosted through enhanced environmental regulations across the world
Safety	Improvement of safety functions with electronic control
Comfort, Convenience	Electrification of general equipment, improvement of information and communication equipment

Customers accelerating to switch over to suppliers with global supply capabilities

		Competitor A	Competitor B	Competitor C	Competitor D	Competitor E	Competitor F	Competitor G
Brushless motor comprehensive strength	★★★★	★★★★	★★★★	★★	★★★★	★★★★	★	★
Global supply capability	★★★★	★★★★	★★★★	★★	★	★★	★	★
Scale	★★★★	★★	★★★★	★★	★★★★	★★★★	★★	★★★★
Quality	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★	★
Cost competitiveness	★★	★★	★	★	★	★★	★★★★	★★★★
Power-pack development capabilities	★★	—	★★★★	—	★★★★	★★★★	—	★

## Targeting 1 trillion yen sales and double-digit operating income ratio in FY2020



This slide includes forward-looking statements. See disclaimer on page 2 of this presentation.

## Automotive Products

### Nidec steadily building its product lineups since the mid-1990s

#### Chassis

#### ADAS (Advanced Driving Assistance Systems)

#### Body

#### Powertrain

#### Body

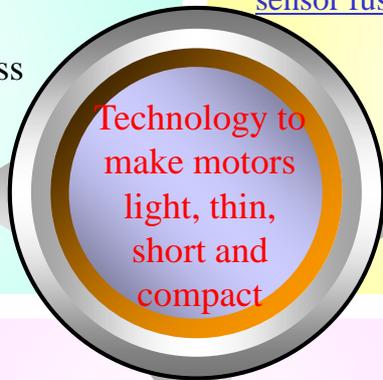
#### Powertrain

Launching products based on our technologies nurtured through IT experiences to make things light, thin, short and compact

Example 1

Power-packs for electric power steering

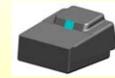
Superior cost competitiveness of brushless motors to brushed motors



Example 2

Millimeter wave radar/camera integrated sensor fusion

Enabling millimeter wave radar to fit in vehicle interior



Example 3

Electric water pump modules

Developed world's smallest and lightest product with our unique technologies: power-packs combining motors+pumps+ECUs



Strategy (1): Power-Packs for Electric Power Steering

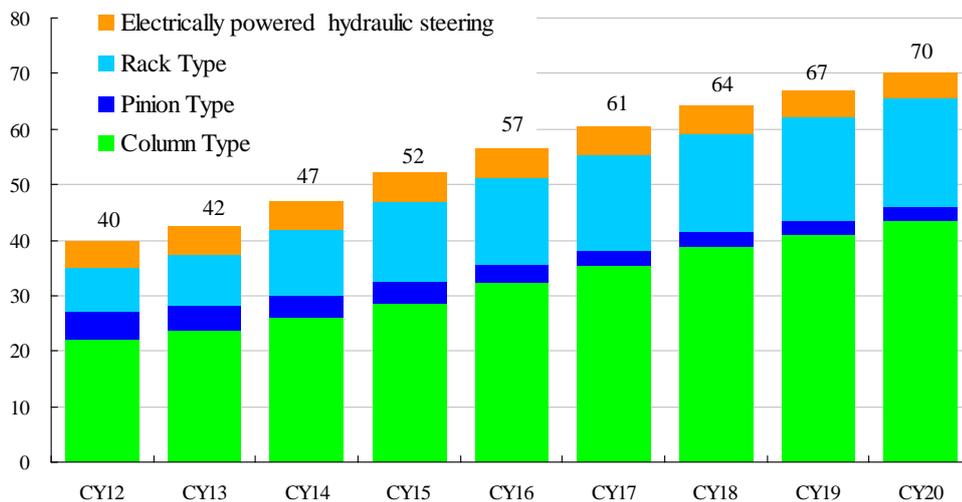
Introducing new products for Column Type EPS expected to grow significantly



Aiming to replace brushed motors with our strategic brushless motors in Column Type and to expand brushless business further to dominate the market

<EPS\* market estimate (by type)>

(Millions of Units)



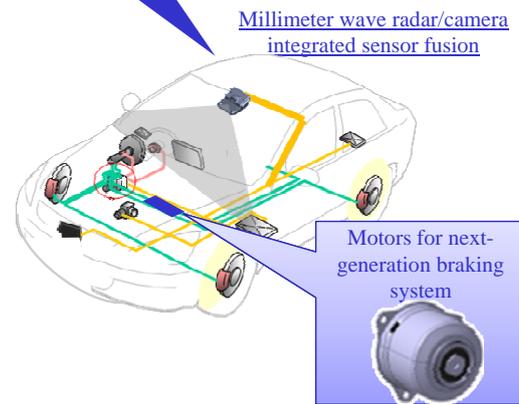
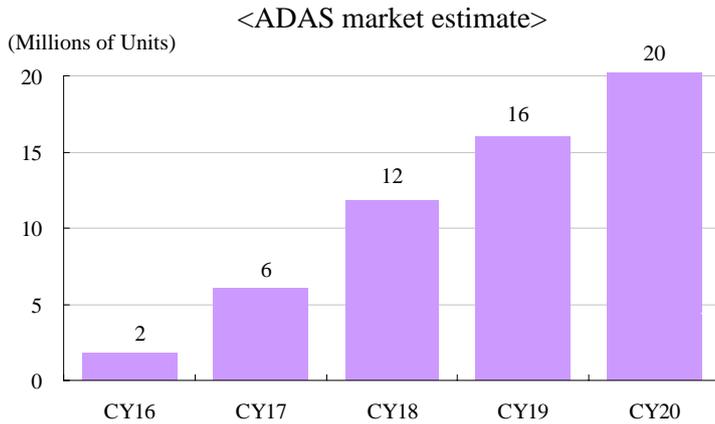
\*EPS: Electric Power Steering (Nidec estimates based on various sources)

## Strategy (2): Next-Generation Braking System

The market expected to grow fast in response to demand for safety

10 OEMs agreed to make automatic emergency braking (AEB) a standard feature on new vehicles in the U.S.

A motor serves as the key component for the next-generation braking system to which Nidec can apply its EPS motor technologies.



(Nidec estimates based on various sources)

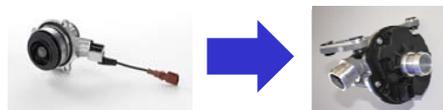
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## Strategy (3): Electric Water Pump Modules

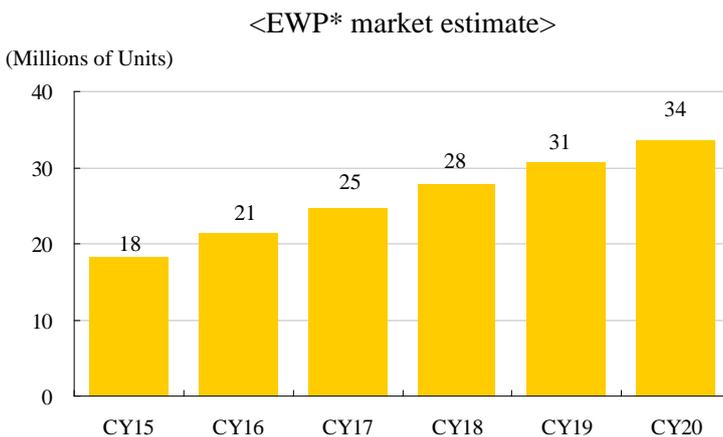
Providing environmentally conscious solution: significant improvement in energy efficiency of cooling water circulation

Integrating Nidec's motors with Nidec GPM's pumps and Nidec Elesys's ECUs. Introducing EWP\* modules created through putting group companies' technologies together.

Environmental contribution (1): Improvement of fuel efficiency



Mechanical pump → Electric pump  
➤ From belt drive to motor drive



Environmental contribution (2): More parts requiring cooling as electrification advances

- Cooling for
- HEV/EV inverters
  - HEV/EV motors
  - Turbo chargers

\*EWP: Electric Water Pump

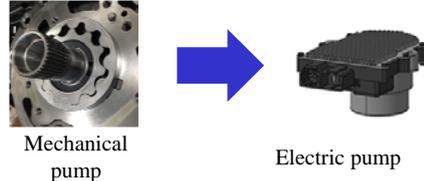
(Nidec estimates based on various sources)

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Providing environmentally conscious solution: significant improvement on energy efficiency of transmission oil pumps

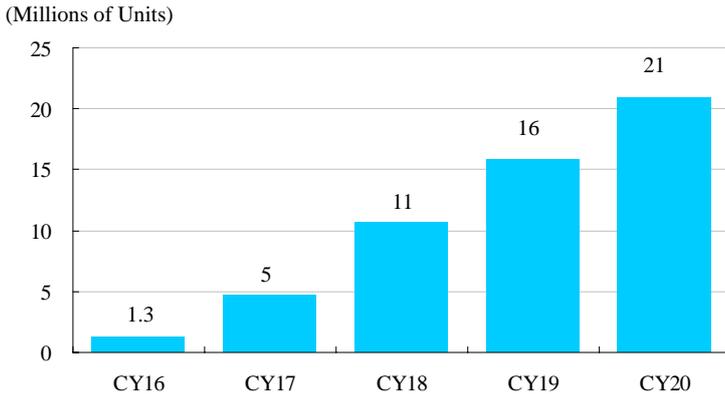
Combined energy efficient motor of Nidec, low noised pump and high functional inverter of Nidec Tosok.  
Introducing electric oil pump modules created through unifying superior Nidec group technologies.

Environmental contribution: Improvement of fuel efficiency



- Switching the power source from engines to electric motors
- IS & CS & SS\*\*:  
Intentionally stopping engines to save energy
  - Shifting gears in DCT\*\*\*:  
Reducing energy loss by switching from mechanical pumps to electric pumps
  - Cooling down driving motors in HEV/EV:  
By keeping traction motor's temperature stable, will assist its energy efficiency

<EOP\* market estimate>

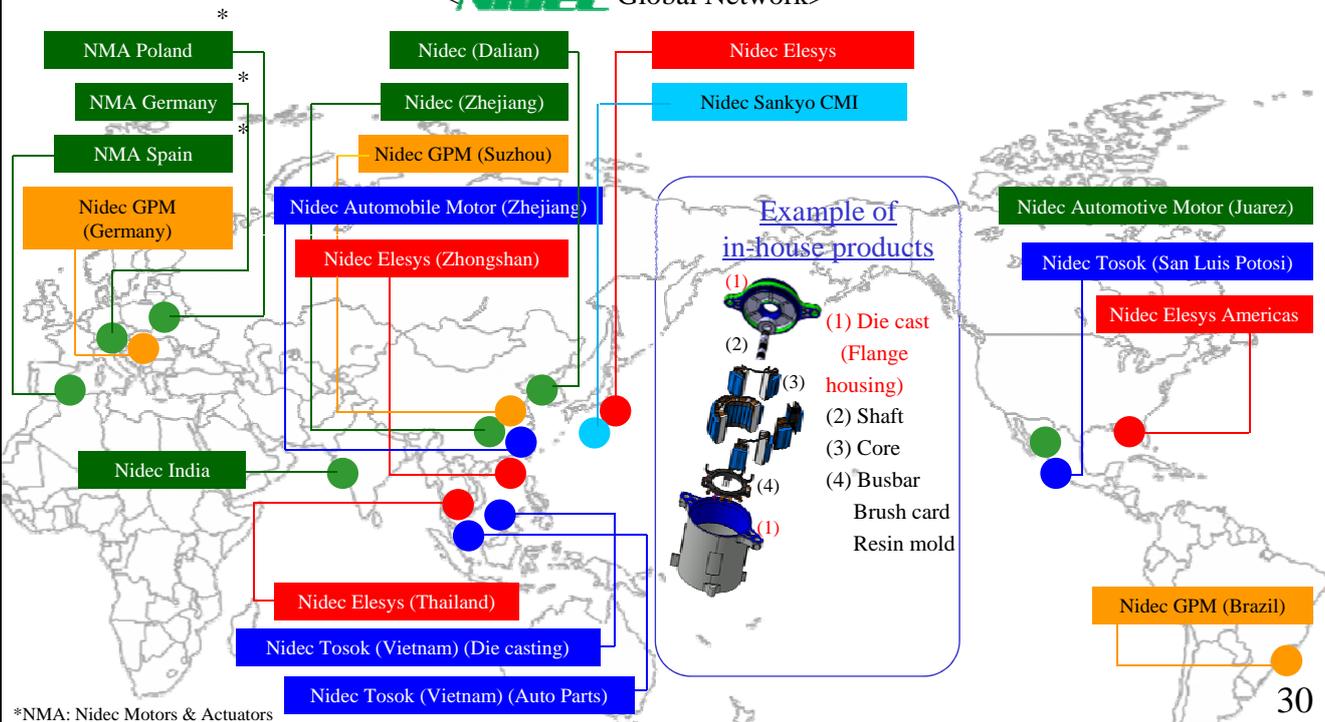


\*EOP: Electric Oil Pump  
\*\*IS: Idling Stops, CS: Coasting Stops, SS:Sailing Stops  
\*\*\*DCT: Dual Clutch Transmission

(Nidec estimates based on various sources)

Large orders from Mega-Platform provide great opportunities to enhance in-house production, critical for improving profitability

<Nidec Global Network>



\*NMA: Nidec Motors & Actuators



### Nidec IR Contacts

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**\*Notes:**

Pursuant to FASB Accounting Standards Codification (ASC) 805 “Business Combinations,” consolidated financial statements for the previous year and the three months ended June 30, 2015 have been retrospectively adjusted to reflect its valuation of the fair values of the assets acquired and the liabilities assumed upon the acquisitions of Nidec GPM GmbH (formerly Geräte- und Pumpenbau GmbH Dr. Eugen Schmidt) in the fiscal year ended March 31, 2015. During the three months ended September 30, 2015, Nidec completed its valuation of such assets and liabilities of Nidec GPM GmbH.

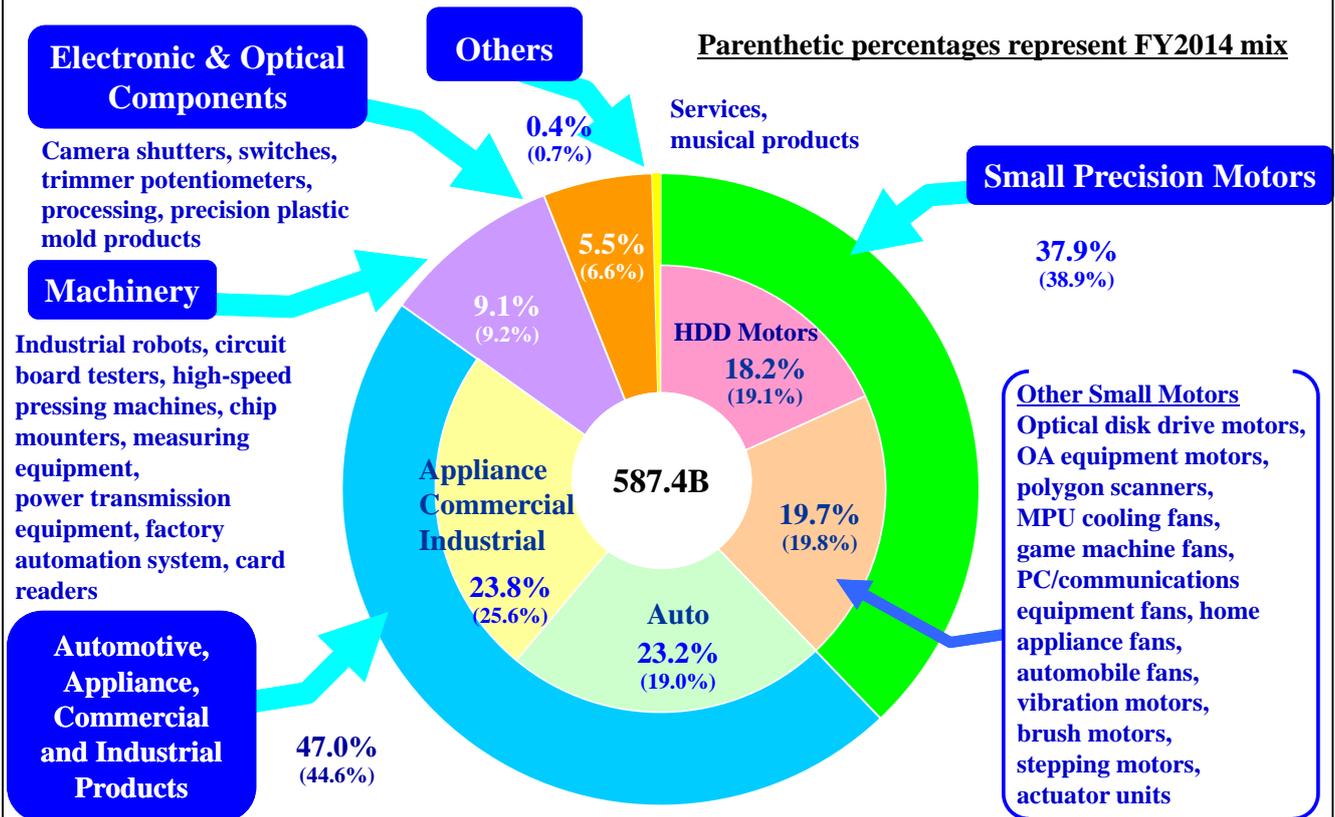
Nidec logo is a registered trademark or a trademark of Nidec Corporation in Japan, the United States and/or certain other countries. “All for dreams” logo is a registered trademark of Nidec Corporation in Japan, and a trademark in the United States and/or certain other countries.

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## Appendix

# Performance Trends & Product Group Overview

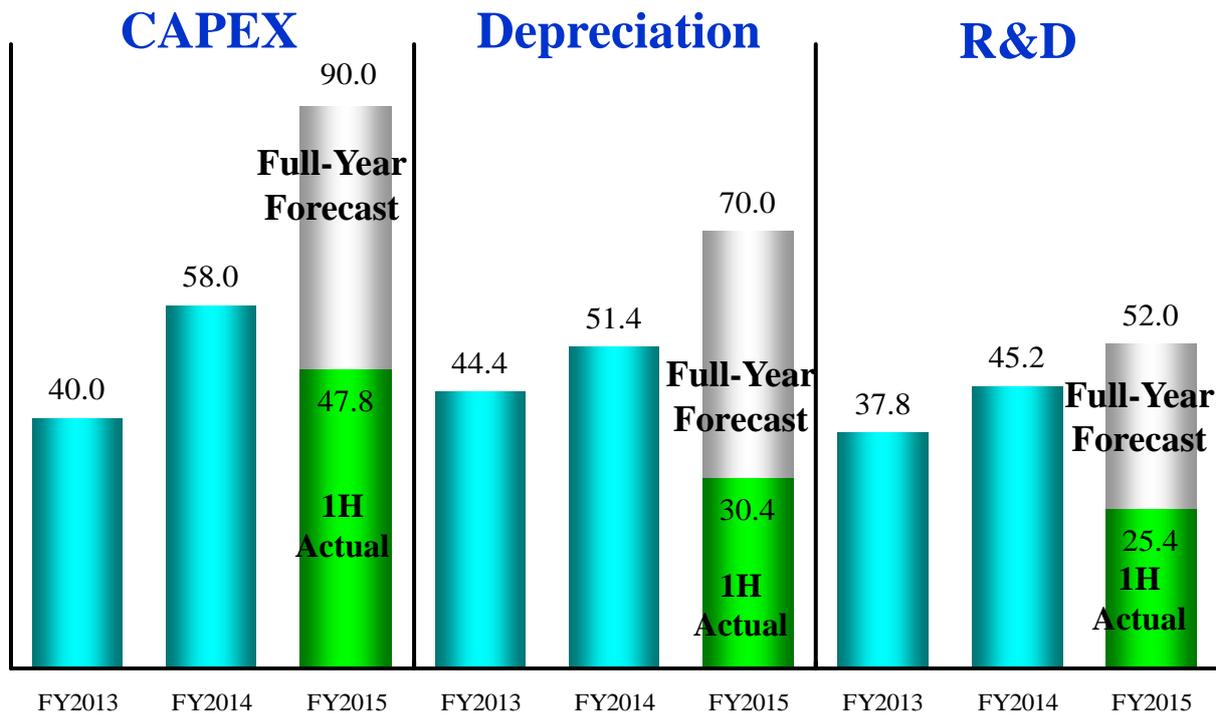
# Net Sales by Product Group (Apr-Sep FY2015)



# CAPEX, Depreciation, R&D



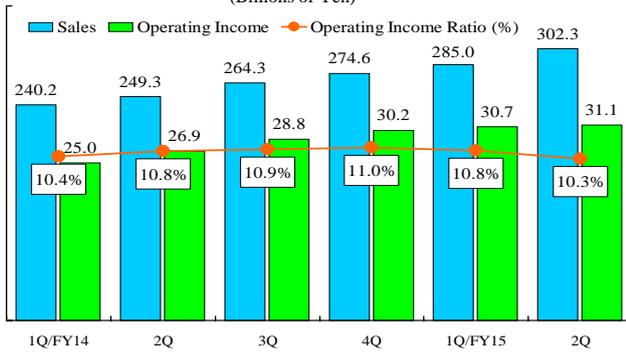
(Billions of Yen)



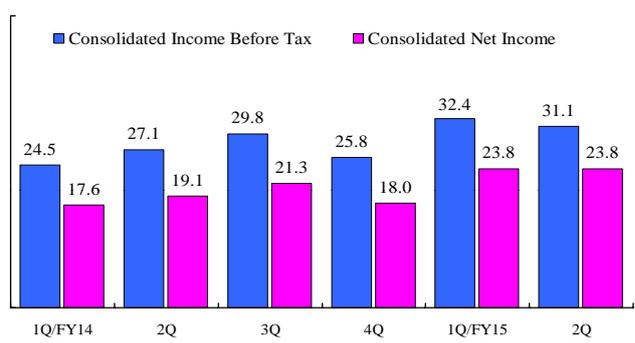
# Financial Highlights



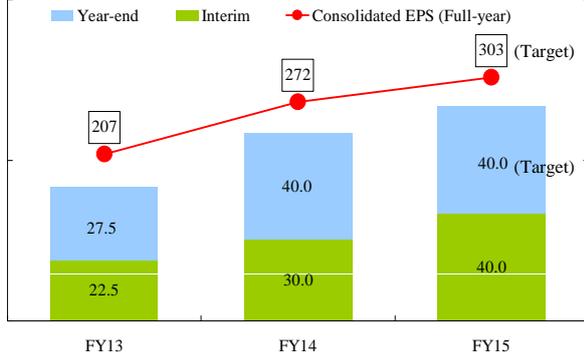
<Consolidated Sales & Operating Income>  
(Billions of Yen)



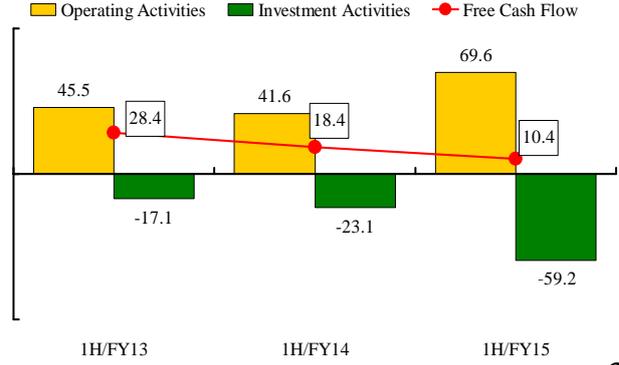
<Consolidated Income Before Tax & Net Income>  
(Billions of Yen)



<Dividends and EPS>  
(Yen/share)



<Consolidated Cash Flow>  
(Billions of Yen)

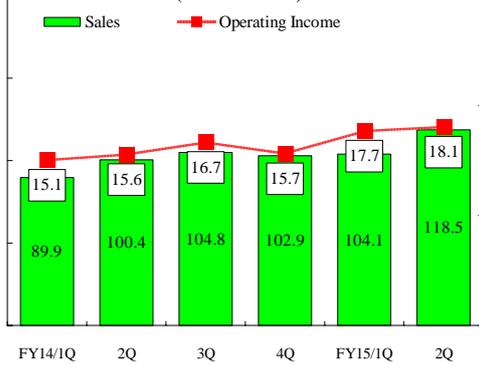


\*Please refer to Notes on page 31.

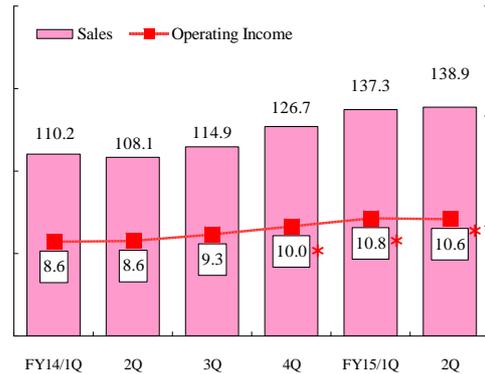
# Product Group Overview



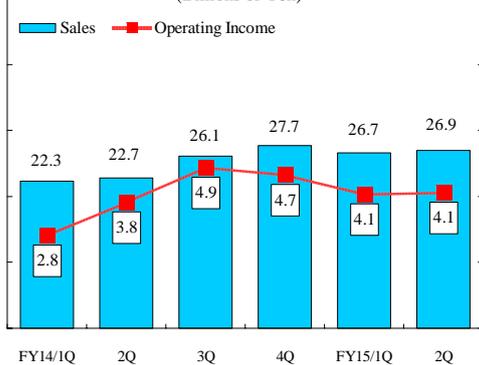
<Small Precision Motors>  
(Billions of Yen)



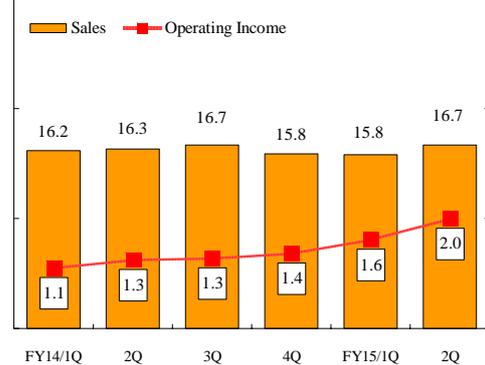
<Automotive, Appliance, Commercial & Industrial products>  
(Billions of Yen) \*Please refer to Notes on page 31.



<Machinery >  
(Billions of Yen)



<Electronic and Optical Components>  
(Billions of Yen)



# *Mid-Term Strategic Goal*

## *Vision 2020*

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

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### FY2020 New Mid-Term Strategic Target



### Continuous pursuit of **profit & strong growth**

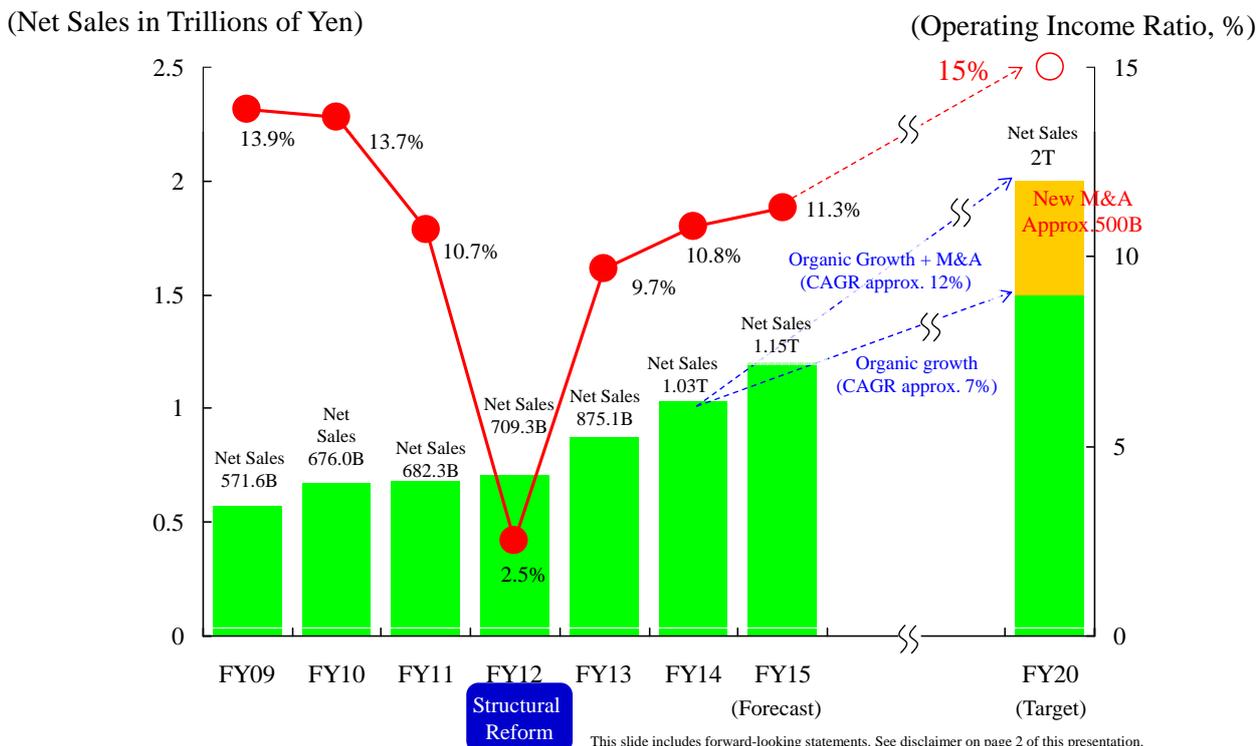
- 1. Target for consolidated net sales: 2 trillion yen  
(including new M&A of approx. 500 billion yen)**
- 2. Sales target for automotive: 700 billion to 1 trillion yen**
- 3. Target for consolidated operating income ratio: 15%**
- 4. Target for ROE: 18%  
(Assuming shareholders' equity ratio of 60%)**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

This slide includes forward-looking statements. See disclaimer on page 2 of this presentation.

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# Targets for Net Sales and Operating Income Ratio

Aiming for both sales growth (organic + M&A) and profitability enhancement



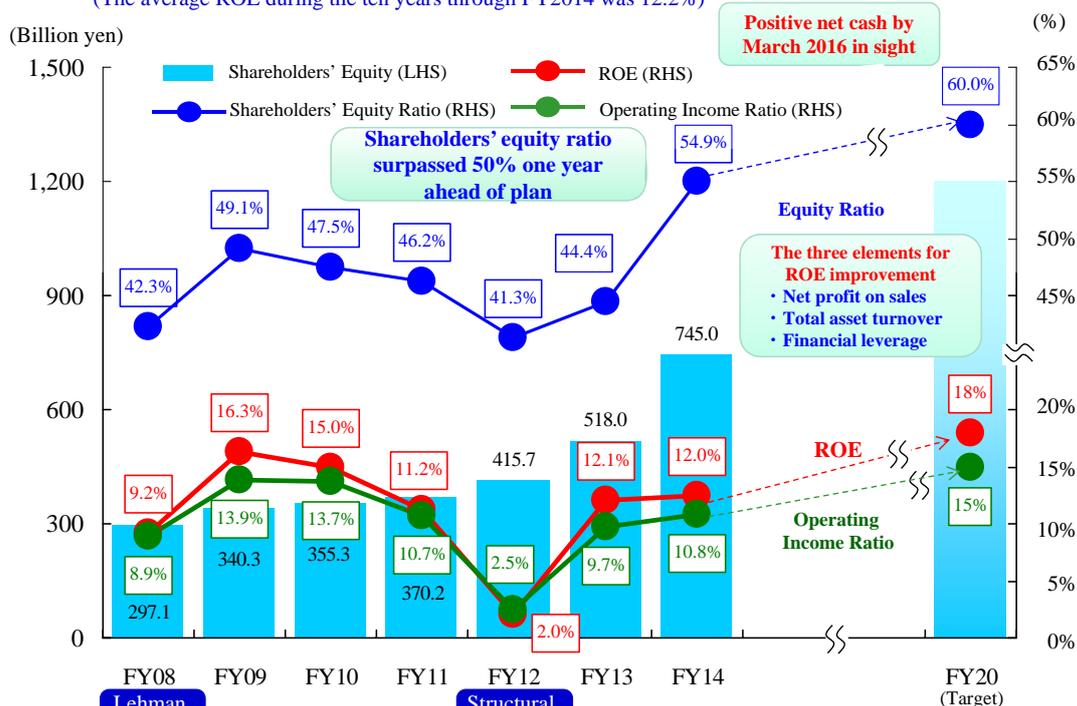
This slide includes forward-looking statements. See disclaimer on page 2 of this presentation.

# Pursuing Both Strong Growth with Profit and Financial Soundness

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

(The average ROE during the ten years through FY2014 was 12.2%)

\*Please refer to Notes on page 31.



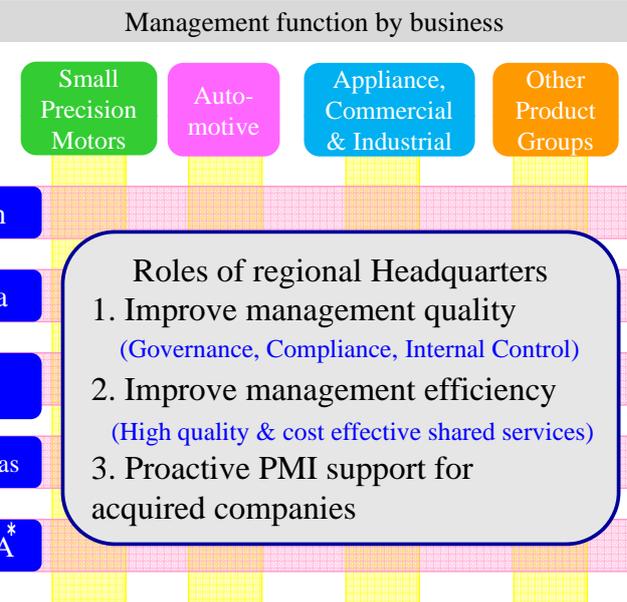
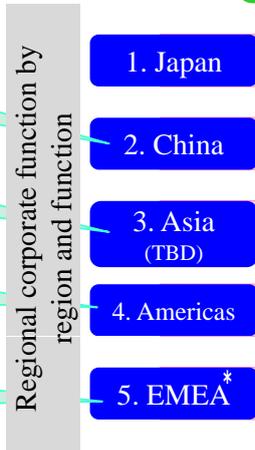
This slide includes forward-looking statements. See disclaimer on page 2 of this presentation.

Japan Credit Rating Agency, Ltd. (JCR) upgraded our long-term issuer rating by one notch from A+ to AA- as of Oct. 1, 2014.

## Matrix management structure with five regional HQ

- Strengthening bases for growth strategy
- Global organic growth
  - Accelerating post merger integration of overseas acquisitions

- 2. China**  
Regional HQ began operating in Jan 2012
- 3. Asia**  
From individual management by country to regional integration
- 4. Americas**  
Regional HQ began operating in Oct 2014
- 5. EMEA**  
Reorganization registration filed in Mar 2015



- Roles of regional Headquarters**
1. Improve management quality  
(Governance, Compliance, Internal Control)
  2. Improve management efficiency  
(High quality & cost effective shared services)
  3. Proactive PMI support for acquired companies

\* EMEA: Europe, the Middle East and Africa

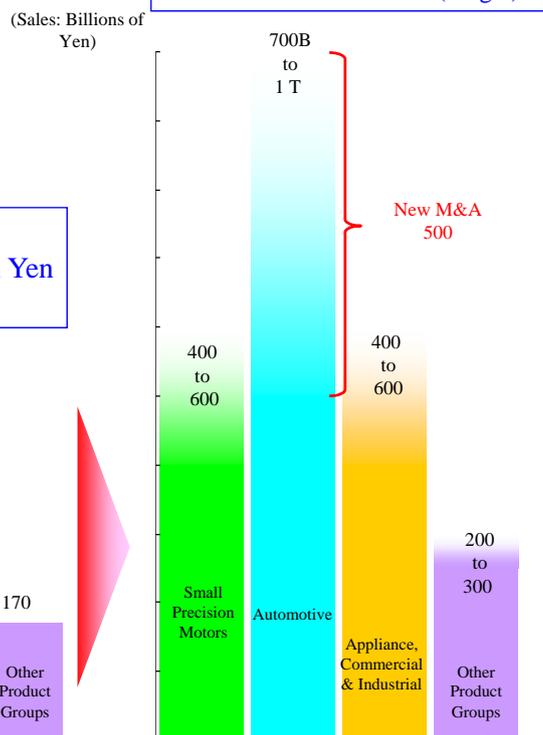
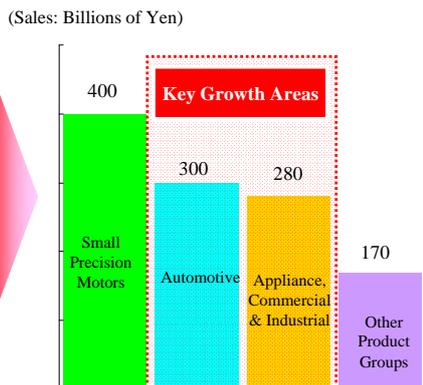
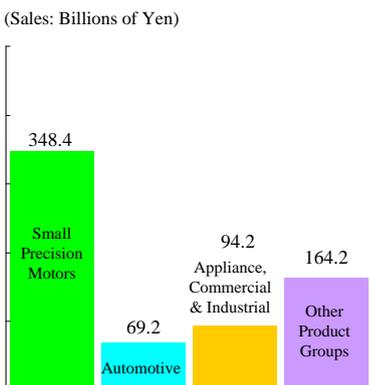
## Targets for Net Sales in FY2020 by Category

Accelerate topline growth with focused allocation of management resources in fast growing areas driven by technological innovations

FY2010  
Net Sales: 676.0 Billion Yen

FY2015  
Net Sales: 1.15 Trillion Yen (Forecast)

FY2020  
Net Sales: 2 Trillion Yen (Target)

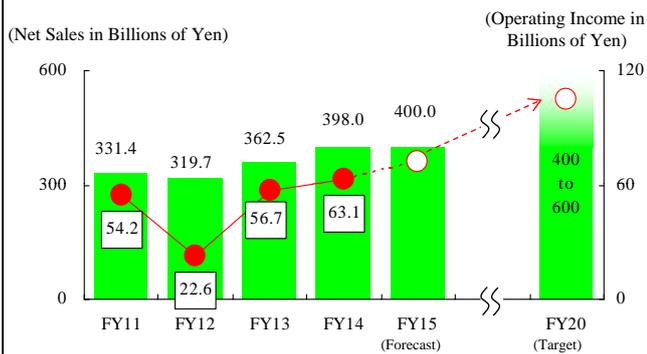


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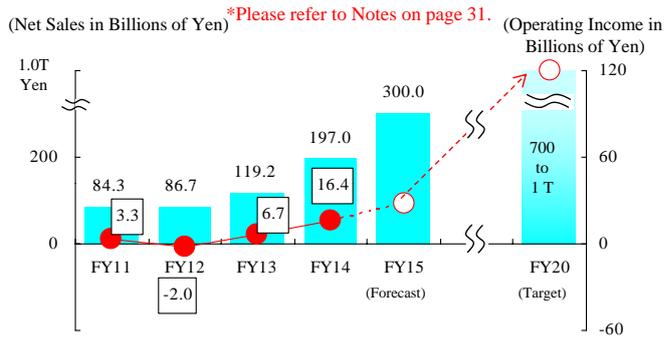
# FY2015 Sales and Profitability Targets by Product Category



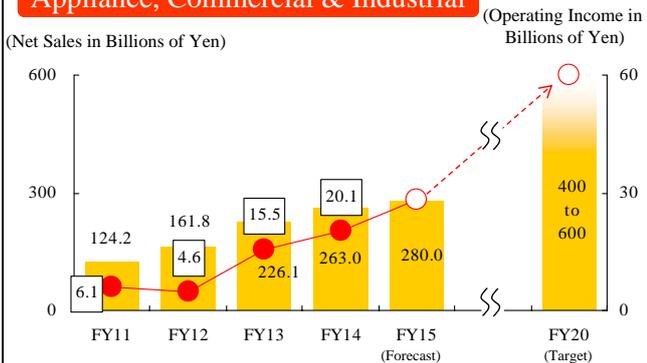
## Small Precision Motors



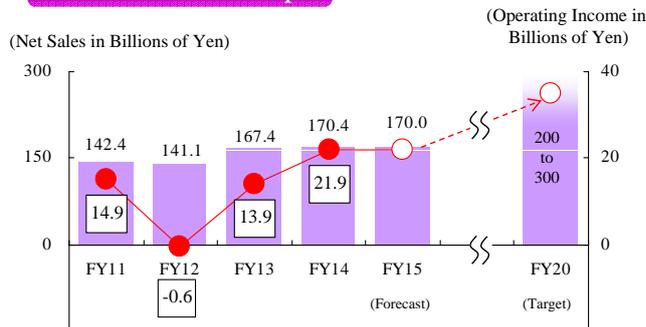
## Automotive



## Appliance, Commercial & Industrial



## Other Product Groups



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