



## FOR IMMEDIATE RELEASE

### Nidec Corporation

Tokyo Stock Exchange code: 6594

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Released on August 2, 2016, in Kyoto, Japan

### **Nidec to Acquire Emerson Electric Co.'s Motors, Drives and Electric Power Generation Businesses**

Nidec Corporation (TSE: 6594; OTC US: NJDCY) (the "Company" or "Nidec") announced today that its Board of Directors has approved a resolution to acquire the motors, drives and electric power generation businesses (the "Business") of Emerson Electric Co. ("Emerson") (the "Transaction"). For this purpose, Nidec entered into an asset and stock purchase agreement on August 2, 2016 (US time).

#### 1. Purpose of the Transaction

Nidec has been actively developing a new growth platform with particular focus on industrial and commercial business. As part of this strategy, the Company has pursued acquisitions of strategic businesses that enhance its new growth platform. In October 2010, Nidec acquired Motors & Controls business, currently Nidec Motor Corporation ("NMC"), from Emerson. In order to further strengthen the Nidec's industrial and commercial business, centered on NMC, the Company acquired Ansaldo Sistemi Industriali S.p.A. (currently, Nidec ASI S.p.A.), a manufacturer of large industrial motors, drives and generators, in June 2012. Subsequently in September 2012 the Company also acquired Avtron Industrial Automation, Inc.<sup>1</sup>, a manufacturer of industrial encoders, and Kinetek Group Inc.<sup>2</sup>, a manufacturer of commercial motors. Through these acquisition initiatives, Nidec has gained extensive geographic reach and product lineups which complement the Company's existing operations, essential in increasing the breadth and depth of its industrial and commercial business. In line with this strategy, the Transaction enables Nidec to further enhance its industrial and commercial business and significantly grow Nidec's scale in this market so that

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<sup>1</sup> Avtron Industrial Automation, Inc. was merged with NMC on March 31, 2016.

<sup>2</sup> Kinetek Group Inc. was merged with NMC on March 31, 2016.

Nidec can flexibly meet its customers' increasing needs.

The Business has a strong brand, solid business foundation and excellent customer base, particularly in Europe and North America. The Business has experienced a cyclical decline in recent performance as a result of the significant drop in oil prices and weak macro-economic conditions; however, Nidec expects the Business to grow as the cycle recovers and as synergies are realized in the mid- to long-term perspective. Expected synergies include:

- (1) Complementary product fit with full lineup in industrial products and geographic fit
  - The Transaction helps combine Nidec's current NEMA<sup>3</sup>-based (primarily North American market) industrial design platform with Emerson's IEC<sup>4</sup> platform, providing cross-selling opportunities in all world regions.
  - Nidec's strength in medium-voltage generators with power output of 10 megawatts and above, combined with the Business's offering of low- and medium-voltage generators with a capacity of below 10 megawatts, significant brand name, and market presence, will enable Nidec to better serve customers' needs.
  - The Transaction provides Nidec with access to the Business's solid customer base in Europe and North America, the regional markets where Nidec is much less recognized as an industrial motor and electric power generation brand. Nidec also expects the Transaction will contribute to increasing its market presence in Asia.
- (2) Enhancement of proposal to customers by combining the Business's drives with Nidec's existing products
  - The Transaction combines Nidec's medium-voltage drives (motor controls) and the Business's low-voltage drives, industry-leading technologies and product lines, enhancing Nidec's product lineups and competitive position.
  - The Business's drives product line primarily targets the factory automation and machine control markets where Nidec still has plenty of room for improving its presence. In the meantime, Nidec has a strong foothold in the HVAC and flow-control pump markets in North America, where the Business's products do not currently have a meaningful presence. The combination will allow Nidec to sell these products as a package in conjunction with motor products into all key market spaces.
  - The Business includes state-of-the-art technology for elevator drives, allowing Nidec to pursue the opportunity to sell Nidec's existing elevator motors and the Business's drives as a package. Going forward, the Company will continue to develop integrated elevator motor

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<sup>3</sup> NEMA standards: Standards managed by National Electrical Manufacturers Association

<sup>4</sup> IEC standards: Standards managed by International Electrotechnical Commission

and drive packages.

- In the European and Chinese markets, Nidec expects synergies in the sale of the Business's wind generation (blade) pitch controller application and Nidec's encoders and motors as an integrated module.

Furthermore, Nidec plans to continue to expand its business into the market for new-generation motion control, automated guided vehicle (AGV), and robotics, taking advantage of the Business's full range of servo motors and gears.

We believe that the Transaction will accelerate the Company's growth by integrating significant technological capabilities, strong brands and excellent customer bases of both Nidec and the Business, and contribute towards achieving its mid-term growth strategy target of two trillion yen in sales.

## 2. Overview of the Business

### (1) Profile

(1)	Businesses to be acquired	Motors, drives and power generation businesses of Emerson Electric Co.		
(2)	Major acquirees and locations	Leroy-Somer Holding (France) Control Techniques Limited (UK) Emerson Industrial Automation USA LLC (USA) Kato Engineering Inc. (USA) Leroy Somer Electro-Technique (Fuzhou) Co., Ltd. (China) Emerson Industrial Automation Electric Power Generation Private Ltd. (India)		
(3)	Business Description	Development, manufacture and sale of motors, drives and alternators		
(4)	Employees	9,703 (October 1, 2015)		
(5)	Relationship with Nidec	Capital	None	
		Personnel	None	
		Business	Non material transaction	
		Related party relationship	None	
(6)	Three-year financial summary			
	Fiscal year end	September 2013	September 2014	September 2015
	Sales (US\$ in millions)	1,984	1,989	1,674
	EBITDA (US\$ in millions)	273	260	175

### (2) Purchase price and considerations

The purchase price is US\$1,200 million (on a cash and debt-free enterprise value basis) and the consideration will be all cash.

### (3) Acquisition structure

Acquisition of the assets and liabilities of the Business and the stock of the related

companies of the Business

3. Overview of Emerson (September 30, 2015)

(1)	Company Name	Emerson Electric Co.	
(2)	Headquarters	8000 West Florissant Avenue St. Louis, MO 63136 USA	
(3)	Representative	David N. Farr (Chairman and Chief Executive Officer)	
(4)	Business Description	Emerson is a global leader in bringing technology and engineering together to provide innovative solutions for customers in industrial, commercial, and consumer markets through its network power, process management, industrial automation, climate technologies, and appliance and tools businesses.	
(5)	Year Established	1890	
(6)	Sales	US\$22,304 million	
(7)	Total Equity	US\$8,081 million	
(8)	Total Assets	US\$22,088 million	
(9)	Capital	US\$477 million (As of March 2016)	
(10)	Major shareholders and ownership	The Vanguard Group (6.4%) BlackRock, Inc. (5.8%)	
(11)	Relationship with Nidec	Capital	None
		Personnel	None
		Business	Non material transaction
		Related party relationship	None

4. Ownership of key target entities related to the Business after the Transaction

Key target entities	Before acquisition	After acquisition
Leroy-Somer Holding	0%	99.8%
Control Techniques Limited	0%	100%
Emerson Industrial Automation USA LLC	0%	100%
Kato Engineering Inc.	0%	100%
Leroy Somer Electro-Technique (Fuzhou) Co., Ltd.	0%	100%
Emerson Industrial Automation Electric Power Generation Private Ltd.	0%	100%

5. Schedule

(1)	Board of Directors resolution	August 2, 2016
(2)	Contract signed	August 2, 2016 (US time)
(3)	Closing	Expected in the third quarter in FY2016 (Schedule is subject to change based on approvals from antitrust authorities. Also, the closing may be deferred in some regions.)

6. Overview of Accounting Treatment

The amount of goodwill associated with the Transaction has not been determined yet and will be disclosed as soon as it is determined.

7. Future Outlook

Nidec intends to make appropriate disclosures regarding the impact of the Transaction described

herein on its consolidated financial performance for the current fiscal year and announce any changes to its financial performance in accordance with the applicable rules of the Tokyo Stock Exchange once such details are determined.

(Reference) Consolidated financial forecast for the fiscal year ending March 2017 announced on July 22, 2016 and financial results for the fiscal year ended March 2016.

(Millions of yen)	Sales	Operating income	Net income before tax	Net income attributable to owners of the parent
Forecast for the fiscal year ending March 2017 (IFRS)	1,250,000	130,000	130,000	98,000
Results for the fiscal year ended March 2016 (IFRS)	1,178,290	117,903	117,405	90,120

(Note) Nidec adopted IFRS for its consolidated financial statements from the first quarter of the fiscal year ending March 2017. Accordingly, the forecast for the year ending March 2017 is prepared based on IFRS. The financial results for the year ended March 2016 are also presented in accordance with IFRS.

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