

Nidec Corporation

Fiscal 2017 Financial Results

Fiscal Year Ended March 31, 2018

<IFRS>



April 25, 2018



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 the compression part of an oil pump manufactured by Nidec GPM GmbH.

Consolidated Profit/Loss

Millions of Yen, except for EPS, dividends and FX rate	FY2016	FY2017	Change	FY2018 Forecast
Net sales	1,199,311	1,488,090	+24.1%	1,575,000
Operating profit	139,366	167,637	+20.3%	190,000
Operating profit ratio	11.6%	11.3%	-	12.1%
Profit before income taxes	141,313	164,460	+16.4%	185,000
Profit attributable to owners of the parent	111,007	131,434	+18.4%	145,000
EPS (Yen)	374.27	443.94	+18.6%	489.93
Dividends (Yen)	85.00	95.00	-	100.00
FX Rate (Yen/US\$)				Assumed FX rate: Yen/US\$: 100 Yen/Euro: 125
Average:	108.38	110.85	+2.3%	
Term end:	112.19	106.24	-5.3%	

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 1.70 billion yen on net sales, respectively, and 1.10 billion yen and 0.4 billion yen on operating profit, respectively.

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Summary of FY2017

- Net sales, operating profit, profit before income taxes and profit attributable to owners of the parent **simultaneously marked the fourth consecutive annual records**
- Annual operating profit of Automotive, Appliance, Commercial and Industrial Products exceeded that of Small Precision Motors, driving Vision 2020 realization.

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1. Strengthening management

- 1) **New COO Yoshimoto** will be in charge of overseas operations (**hands-on management**)
- 2) **Replacing local management members** including CEO of ACI division

2. Pursuing structural reform to accomplish business portfolio transformation

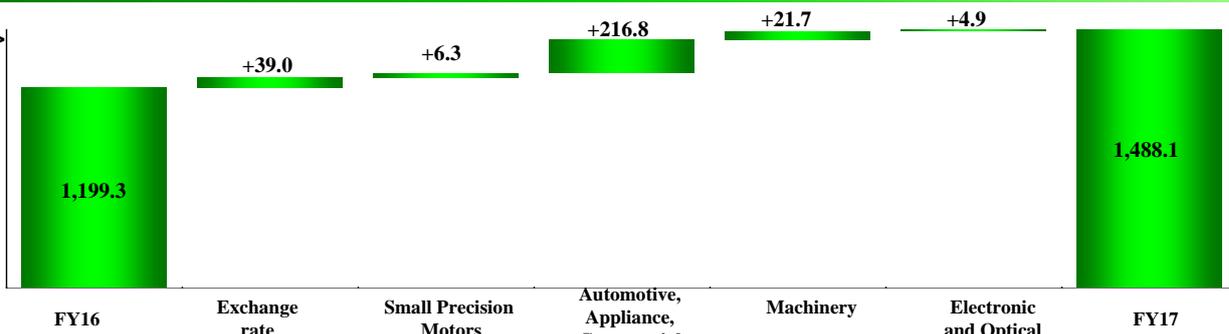
Relocating production sites and converting to growing products, fully utilizing flexibility of “**One Nidec**”

3. Investing aggressively in growth areas (500 bil. yen in 3 years)

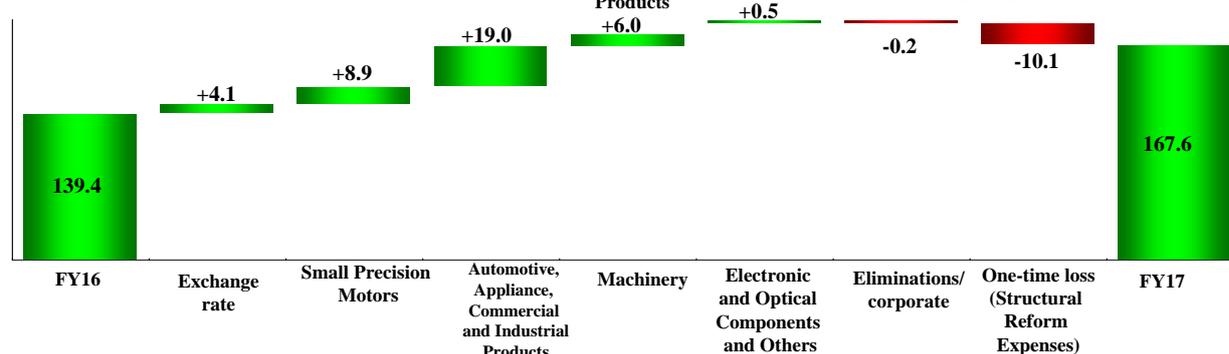
- 1) **Starting volume production site** of traction motors for EV / PHEV (**May 2019**)
- 2) **Boosting production capacity for speed reducers** for small robots (**200,000 units per month by December 2019**)
- 3) **Aggressively investing into home appliance areas** where adoption of **brushless DC motor** technology is picking up its speed

■ Year-on-Year Changes (Twelve Months Ended Mar. 31, 2018)

<Net Sales>
(Billions of Yen)

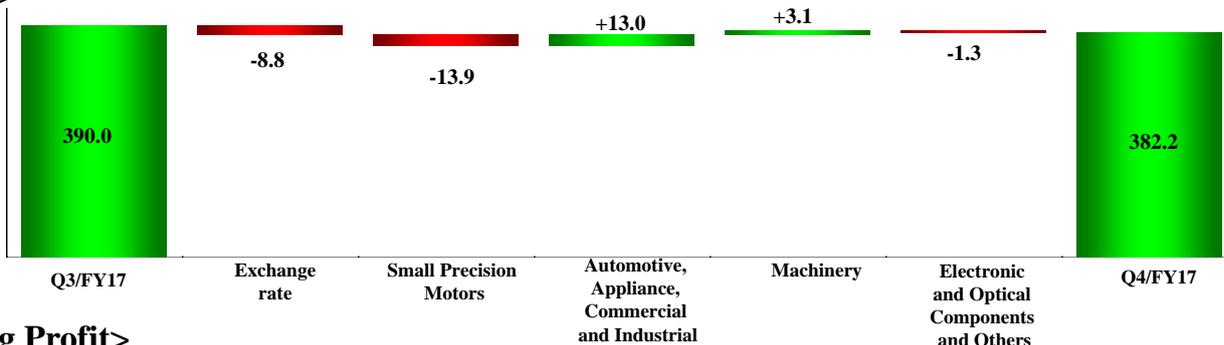


<Operating Profit>
(Billions of Yen)



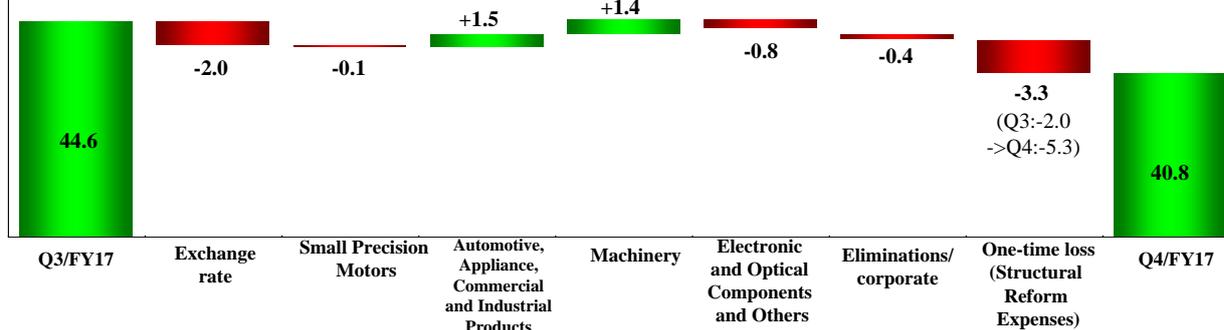
Quarter-on-Quarter Changes (Three Months Ended Mar. 31, 2018)

<Net Sales> (Billions of Yen)



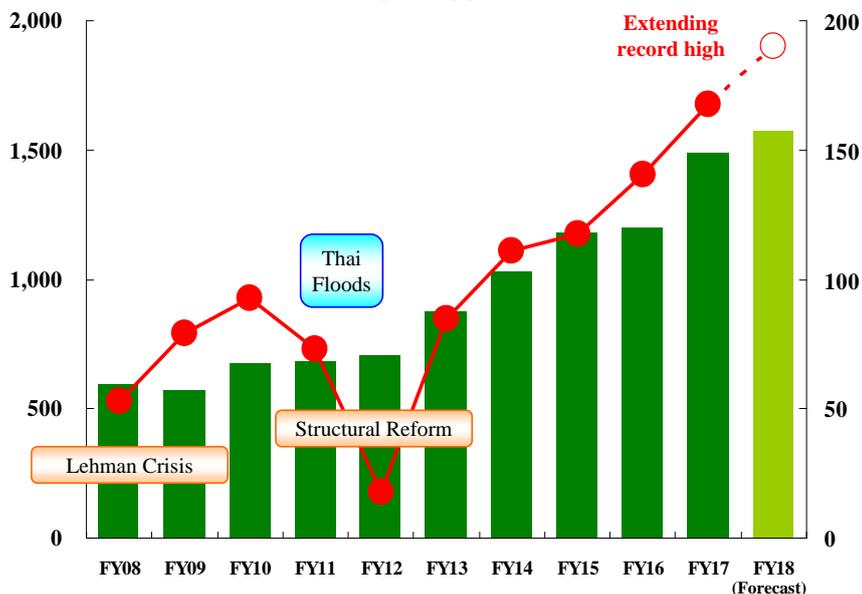
<Operating Profit>

(Billions of Yen)



Consolidated Annual Sales and Operating Profit (FY2008-FY2017)

(Net Sales in Billions of Yen) **Sales (LHS)** (Operating Profit in Billions of Yen) **Operating profit (RHS)**

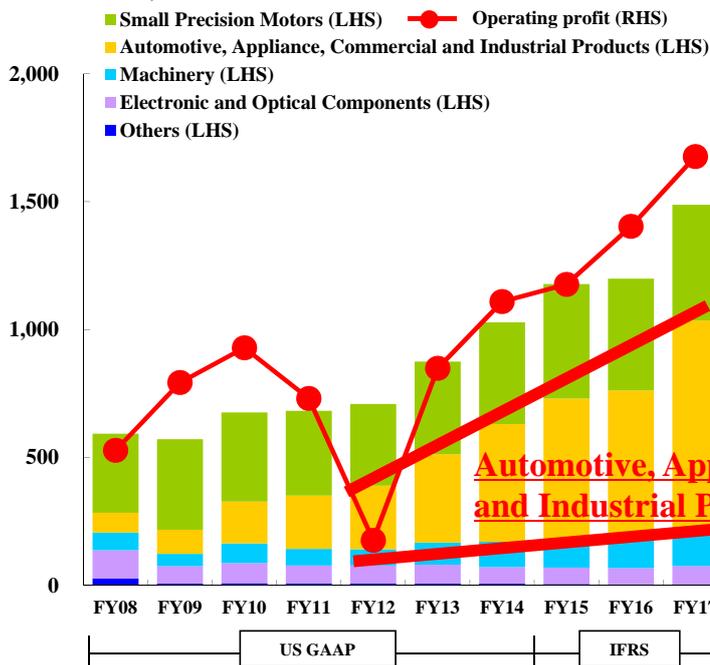


Marking the fifth consecutive year of increase in net sale and operating profit following the structural reform in FY2012.

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

Sales and Operating Income per Product Group (FY2008-FY2017)

(Sales in Billions of Yen)



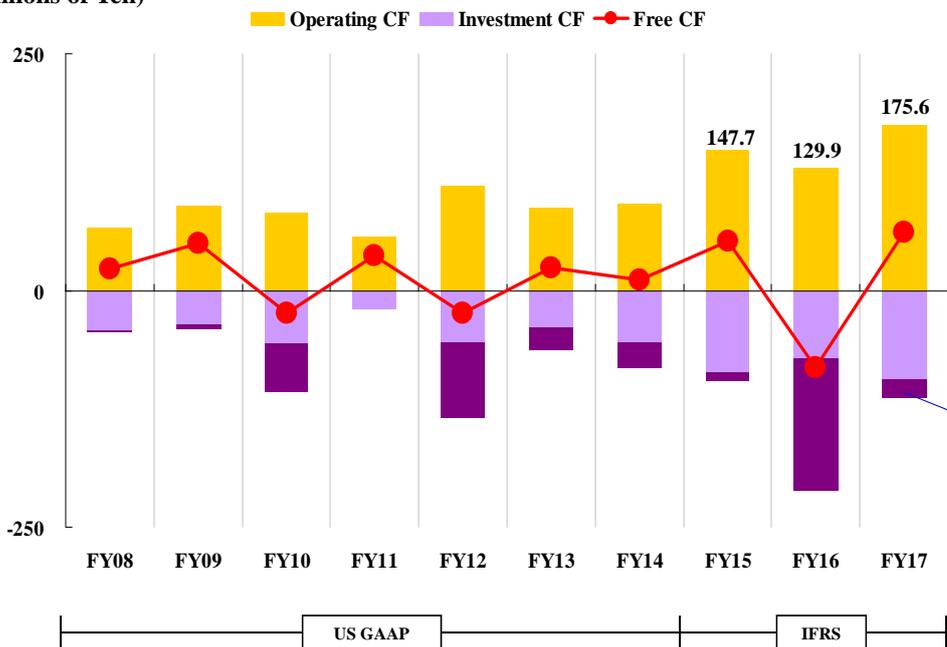
(Operating Profit in Billions of Yen)

Steady growth led by successful business portfolio transformation and increased earning power

Automotive, Appliance, Commercial and Industrial Products

Consolidated Cash Flow (FY2008-FY2017)

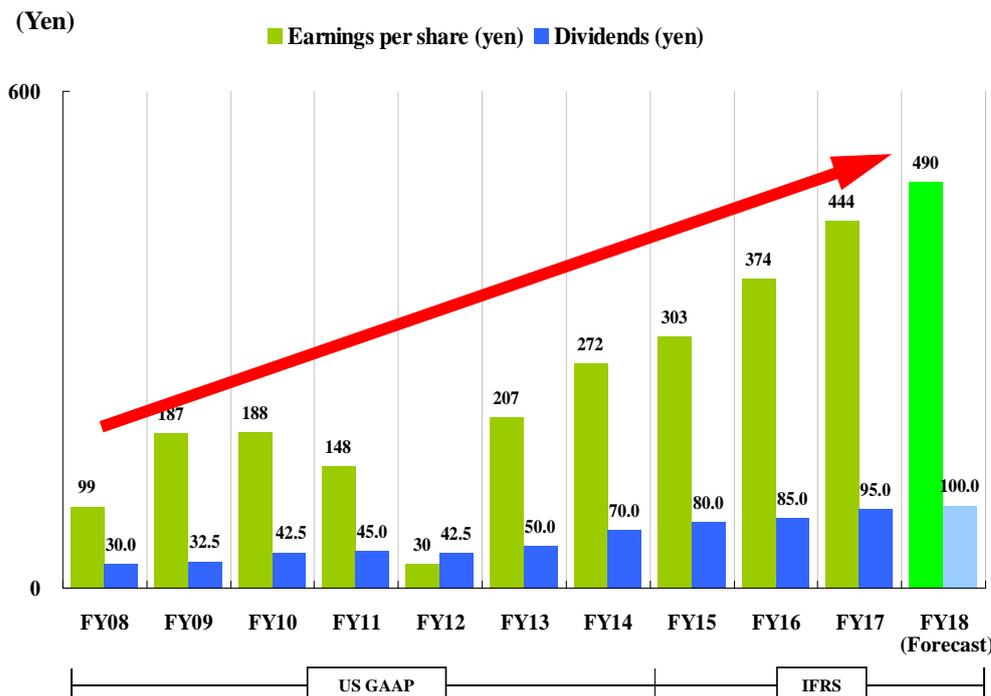
(Billions of Yen)



High level operating CF of over 100 billion yen

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

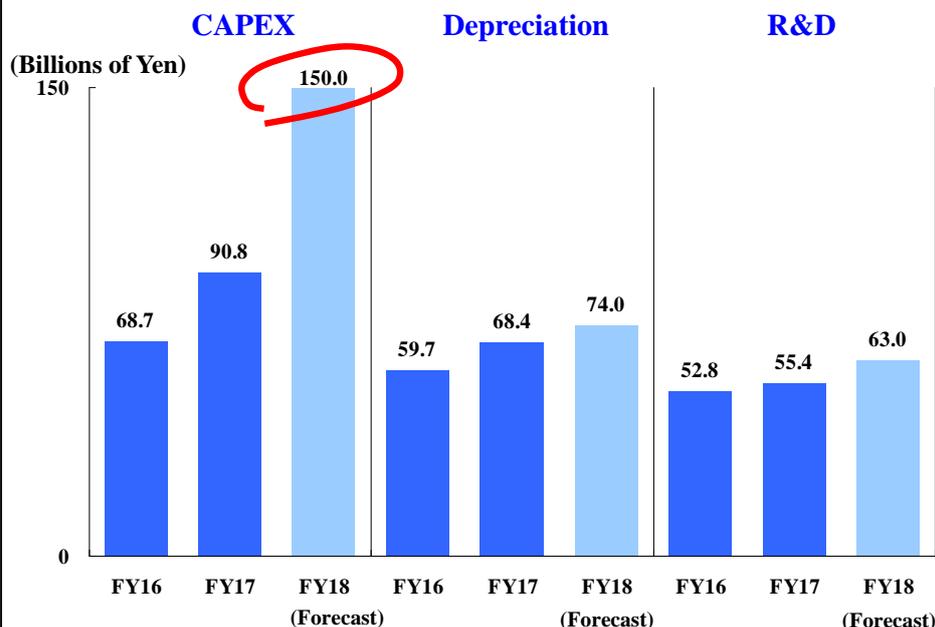
Dividends and EPS (FY2008-FY2017)



**Steady growth
in dividend
payouts
underpinned
by healthy
EPS increase**

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

CAPEX, Depreciation, R&D



**Continuing
aggressive
investments to
support organic
growth**

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

FY2018 Forecast

Millions of Yen, except for EPS, dividends and FX rate	1H/FY2018	2H/FY2018	Full-Year
Net sales	750,000	825,000	1,575,000
Operating profit	90,000	100,000	190,000
<i>Operating profit ratio</i>	<i>12.0%</i>	<i>12.1%</i>	<i>12.1%</i>
Profit before income taxes	87,500	97,500	185,000
Profit attributable to owners of the parent	70,000	75,000	145,000
EPS (Yen)	236.52	253.41	489.93
Dividends (Yen)	50.00	50.00	100.00
FX Rate (Yen/US\$)	100	100	100
FX Rate (Yen/Euro)	125	125	125

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

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Mid-Term Strategic Goal

Vision2020

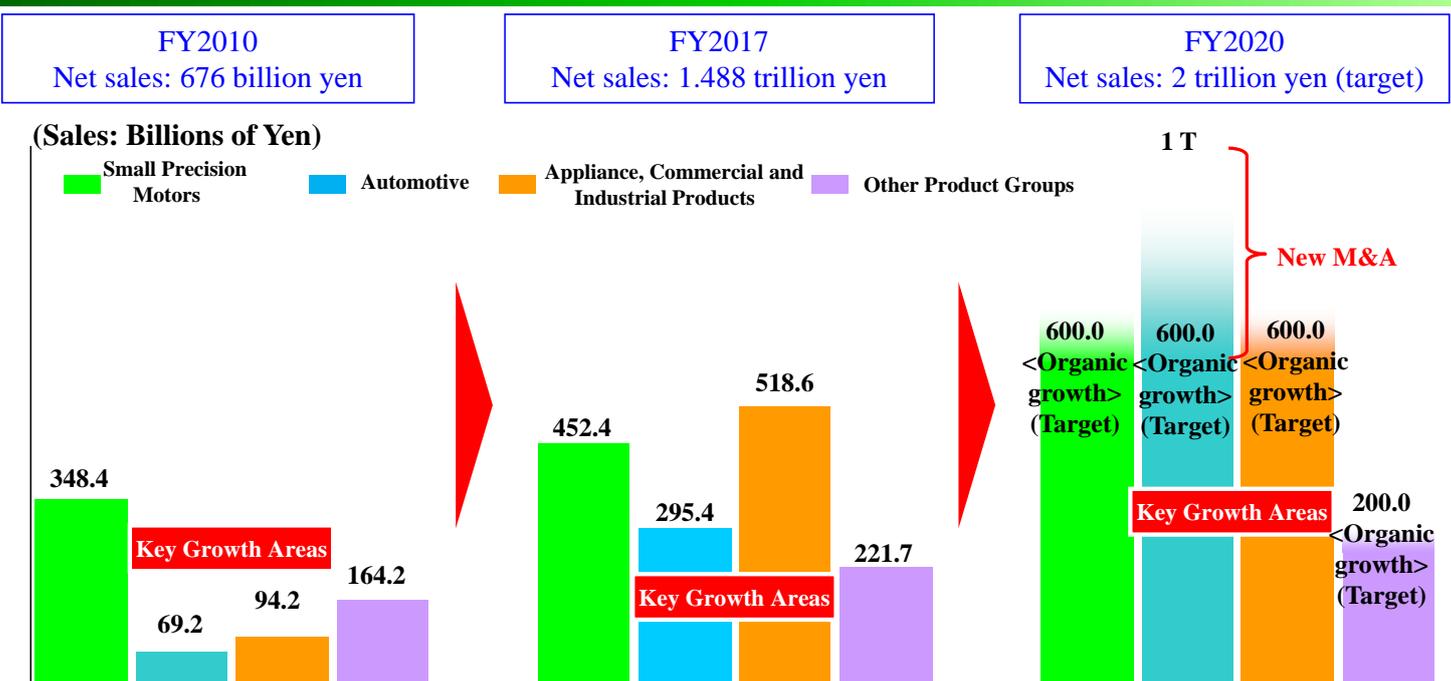
This section includes forward-looking statements. See Disclaimer on page 2 of this presentation.

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

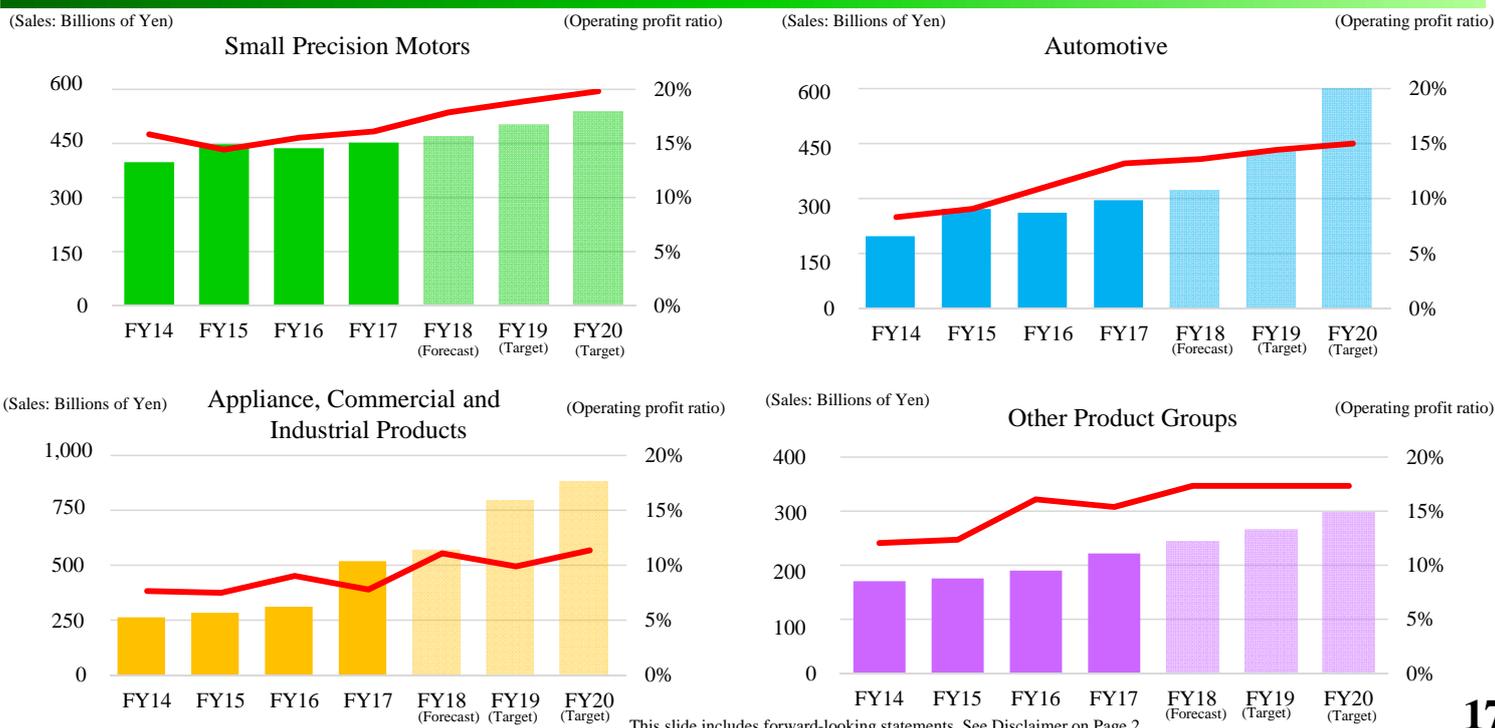
This slide includes forward-looking statements. See Disclaimer on Page 2.

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

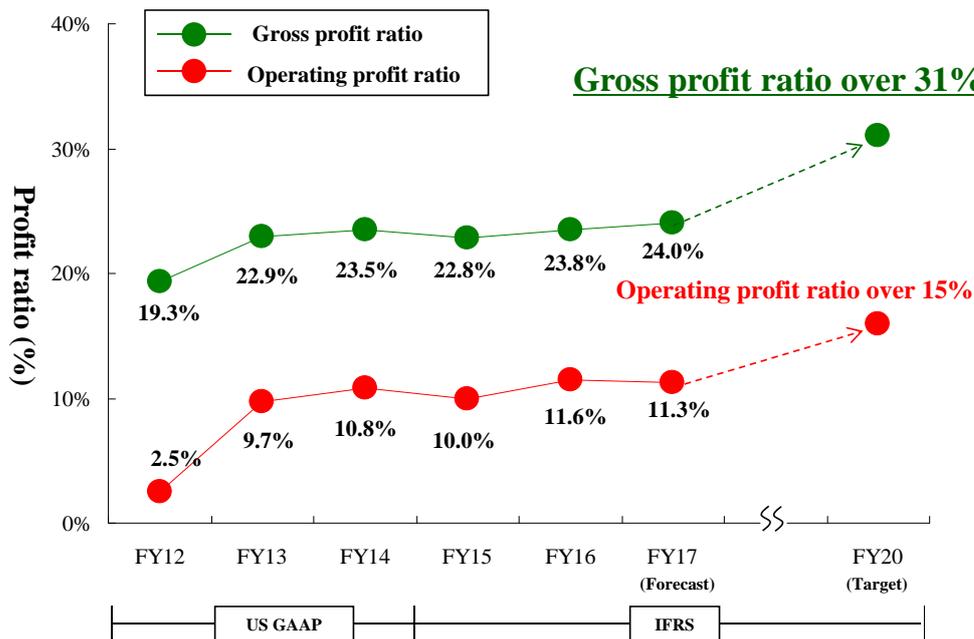


This slide includes forward-looking statements. See Disclaimer on Page 2.

Current Outlook for the Four Areas (Over ¥2 Tri. Net Sales and Operating Profit of ¥300 Bil. in FY2020)



Vision2020: Measures for Gross Profit Ratio Improvement (1)



Aiming for substantial improvement of gross profit ratio

<Main measures>

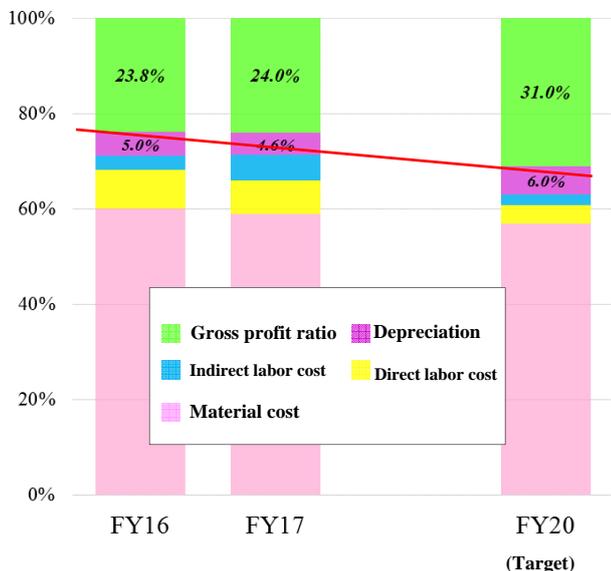
1. Reduction in material cost
2. Reduction in direct labor cost

*Please refer to Notes on page 33.

Vision2020: Measures for Gross Profit Ratio Improvement (2)

Implementing group-wide measures to improve gross profit ratio across Nidec's global production sites

<Cost structure on a consolidated basis>



Reduction in material cost	1. Increase joint procurement	2. Increase in-house production
	1. Accelerate automation	2. Introduce further IoT technologies

This slide includes forward-looking statements. See Disclaimer on Page 2. **19**

Motors Increasingly Becoming Mission-Critical for All Industrial Solutions

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



Home appliances driven by brushless DC motors



-Cordless and high functionality
-Innovative evolution of home appliances



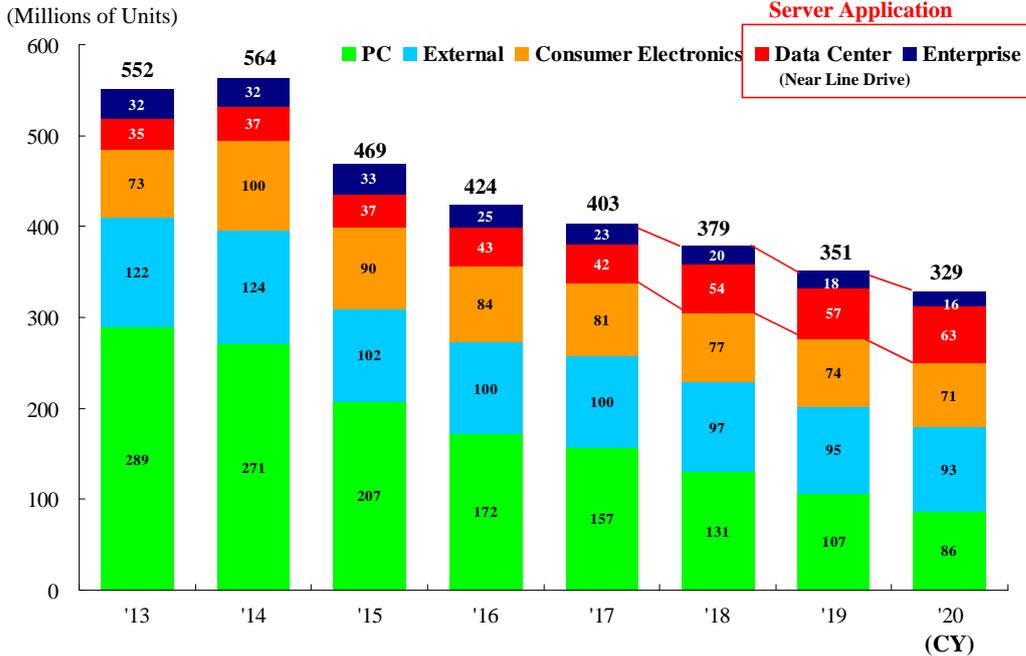
Manpower-saving in agriculture & logistics



-Serious labor constraints
-Industry 4.0



Small Precision Motors: HDD Market Mid-Term Trend



Revised slightly from previous conservative estimate

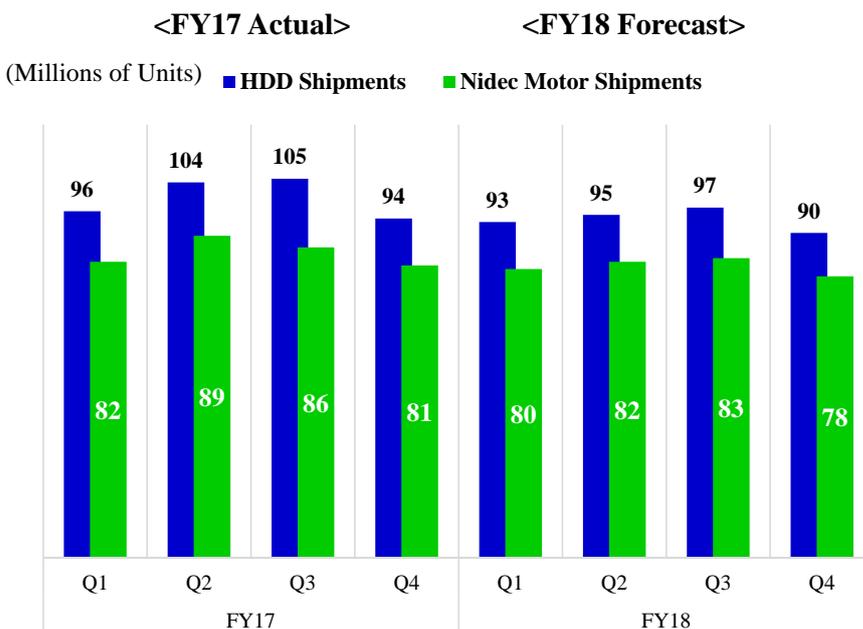
(Millions of Units)

	<Previous>	<Revised>
(October 25, 2017)		
•CY18	371	⇒ 379
•CY19	350	⇒ 351
•CY20	333	⇒ 329

Nidec's estimates based on various sources.

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

HDD Market Short-Term Trend



•FY17 HDD shipments were 399 mil. units, 3% less than what Nidec estimated a year ago.
 •Nidec expects modest 375 mil. HDDs to be shipped in FY18.
 •Nidec's market share remains firm.

Nidec's estimates based on various sources.

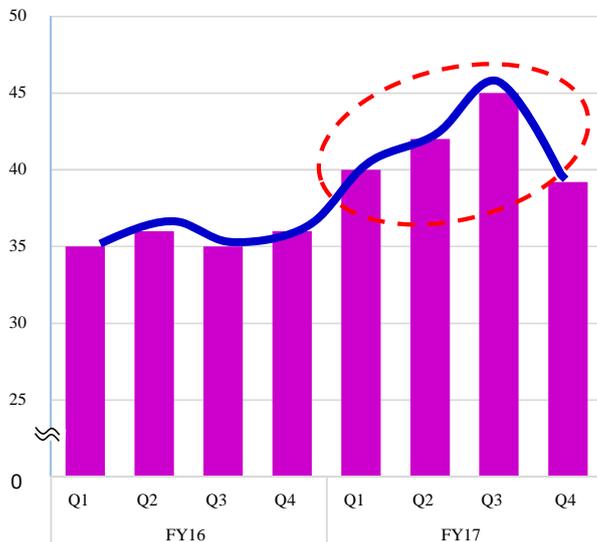
This slide includes forward-looking statements. See Disclaimer on Page 2.

Small Precision Motors: Trend for Other Small Motors

Diversified demands for thermal management generating inquiries for fan motors

<Shipment volume of fan motors>
(Nidec parent alone)

(Millions of Units)



<Market needs>

IoT & ICT (5G)



Large data capacity (Big Data)



Intelligence (CPU installed)



**Higher demand
for cooling fans**



Small Precision Motors: Trend for Other Small Motors

Already gaining orders and receiving inquiries in one of the “Four Big Waves”

Manpower-saving in
agriculture and logistics

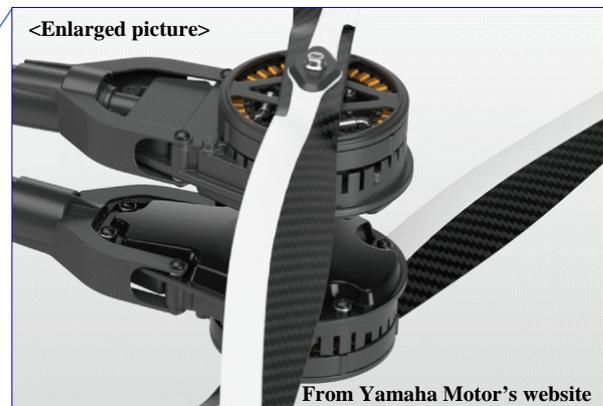


Agricultural
revolution



Industrial multirotor YMR-08 by Yamaha Motor (from Yamaha Motor's website)

<Enlarged picture>



From Yamaha Motor's website

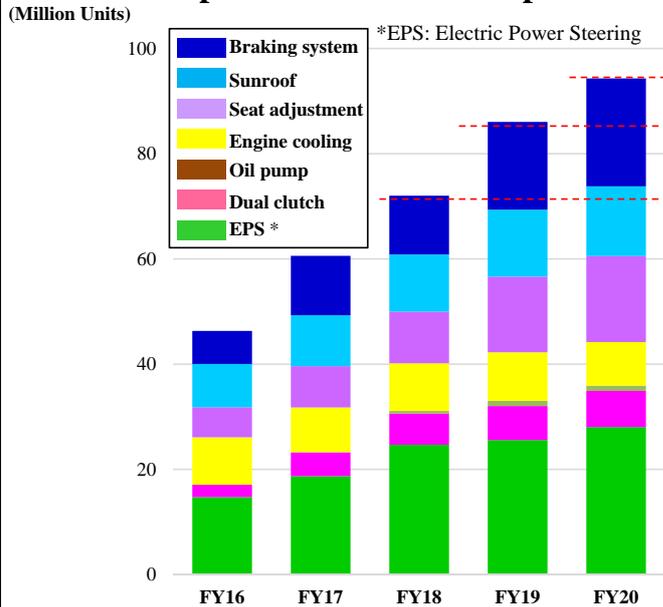
**Compact, light-weight and
high-performance motors
co-developed with
Yamaha Motor**

Automotive: Shipment Outlook for Automotive Motors (Key Applications)

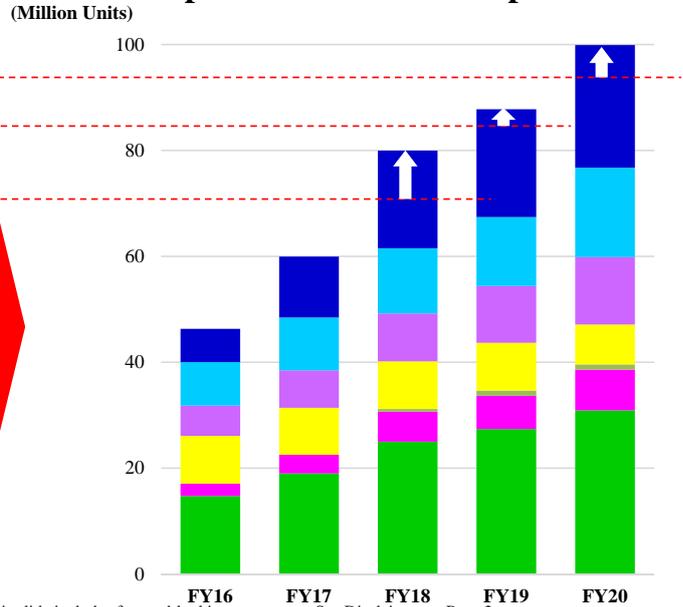


Orders building up steadily. Shipments expected to exceed 100 million units in FY2020.

<Shipment outlook as of April 2017>



<Shipment outlook as of April 2018>

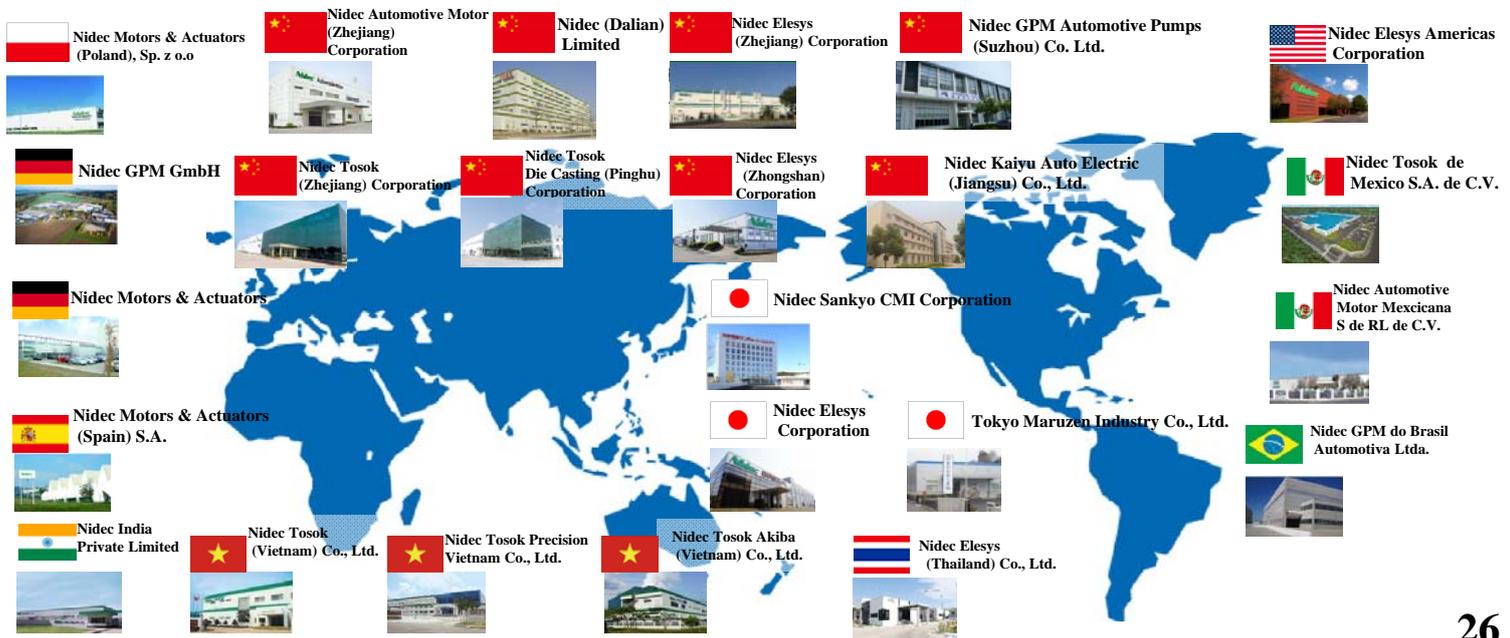


This slide includes forward-looking statements. See Disclaimer on Page 2.

Automotive: Key Global Production Sites



Responding quickly to customers' requirements from Nidec's global production sites in the same region

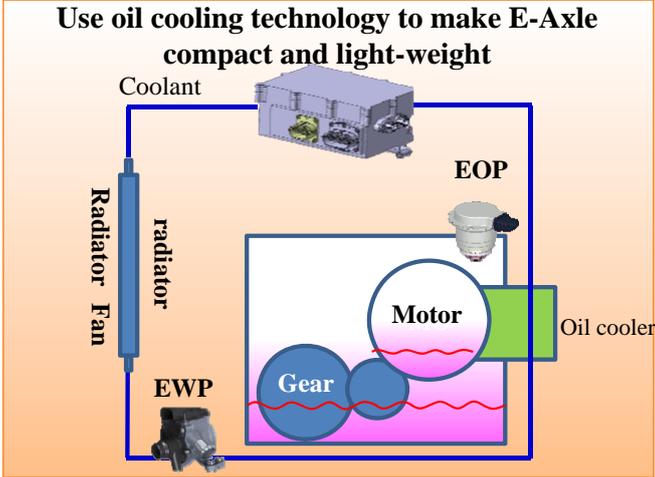


Strategy of Traction Motor System (E-Axle) for EV and PHEV



Nidec's compact and light-weight E-Axle leading to steady order increase

EV traction system technology



Nidec's product strategy

Provide total solution including traction motor, EOP*, EWP**, actuator, etc.

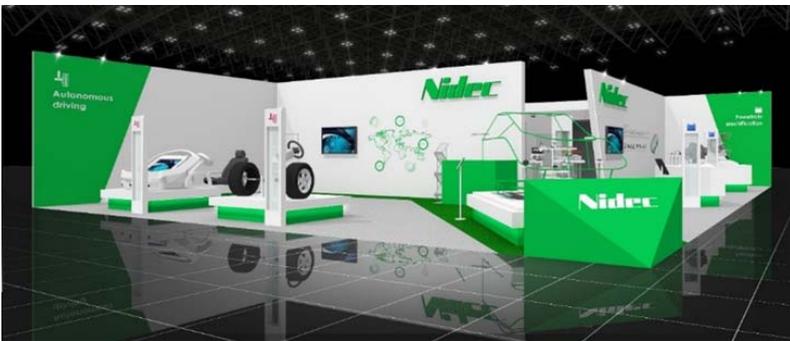
Parts composing E-Axle (supplied by Nidec)

*EOP: Electric Oil Pump, **EWP: Electric Water Pump

2018 Beijing International Automotive Exhibition (April 25 to May 4, 2018)



Nidec showcases latest automotive technologies at Auto China 2018.



<Major exhibits>

- Traction motor system (E-Axle) for EV and PHEV (first public appearance)
- Demonstrations of ADAS using latest image processing technology and sensor fusion unit integrating a monocular camera and a millimeter wave radar
- Demonstration of steer-by-wire system
- Product line-ups related to electrification of powertrain (electric water and oil pump, vacuum pump, etc.)



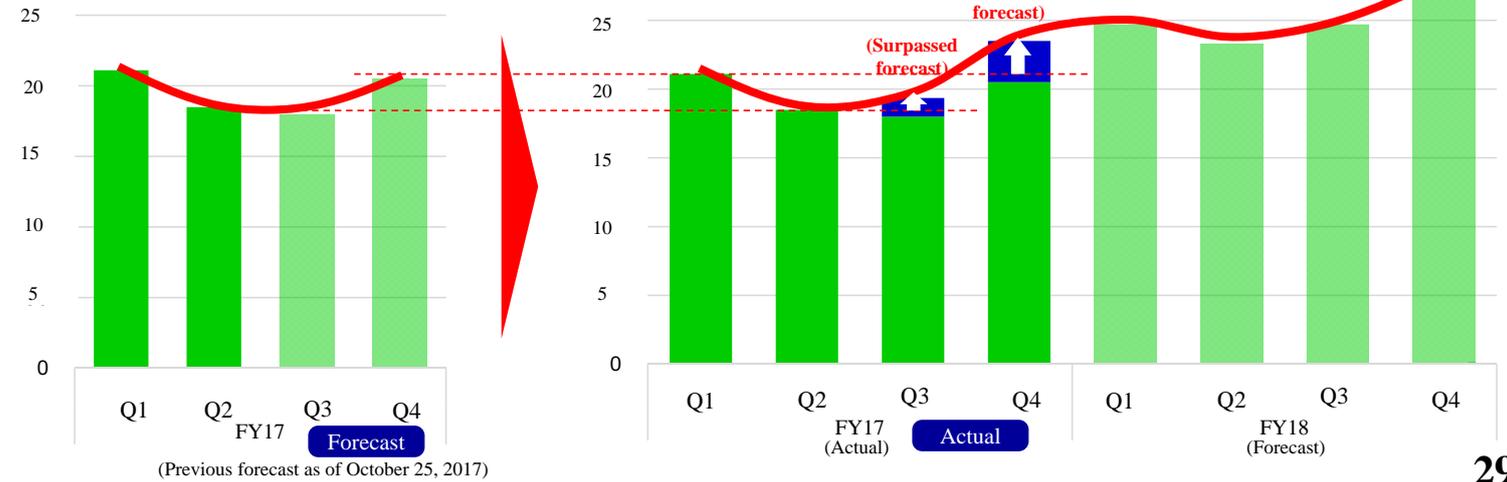
Responding to a surge in demand for brushless DC motors in China triggered by heightened efficiency standards for air conditioners

<Quarterly Net Sales of Nidec Techno Motor>

(Billions of Yen)

Expected to exceed 100 billion yen mark in annual sales

(Billions of Yen)



- Evolving from a motor-alone supplier to a module provider
- Aiming for significant growth in air conditioners, freezer refrigerators, washers, etc.

<Global market size for Nidec's products (TAM*)>

	<FY2015>	<Motor-alone market >	<Module market>
1. Air conditioner	<ul style="list-style-type: none"> ◆ Unit: 130 million ◆ Fan DC ratio: 25% ◆ Inverter ratio: 45% 	<p>Fan motor</p> <p>240 billion yen</p>	<p>Fan blade</p> <p>Compressor</p> <p>Fan motor</p> <p>Heat exchanger, etc.</p> <p>Control</p> <p>2 trillion yen</p>
2. Refrigerator	<ul style="list-style-type: none"> ◆ Unit: 170 million ◆ Inverter ratio 15% 	<p>Compressor motor</p> <p>100 billion yen</p>	<p>Compressor</p> <p>Compressor motor</p> <p>Control</p> <p>1.5 trillion yen</p>
3. Washer	<ul style="list-style-type: none"> ◆ Unit: 110 million ◆ Motor DC ratio: 15% 	<p>Drive motor</p> <p>160 billion yen</p>	<p>Gear unit</p> <p>Drive motor</p> <p>Control</p> <p>0.5 trillion yen</p>
	Global market	500 billion yen	4 trillion yen

*TAM: Total Addressable Market

Nidec estimates based on various sources.

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

Nidec-Shimpo's Production Plans for Speed Reducers

Winning cost competition against emerging market players by producing speed reducers for robots in the Philippines

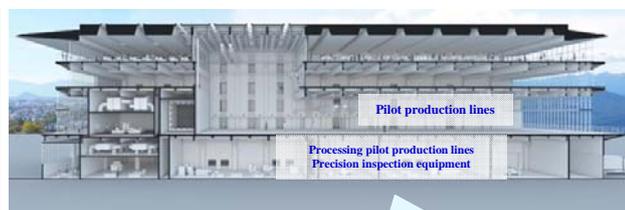
■ Reducers for machines (left in blue)
 ■ Reducers for robots (right in green)



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

Nidec Center for Industrial Science

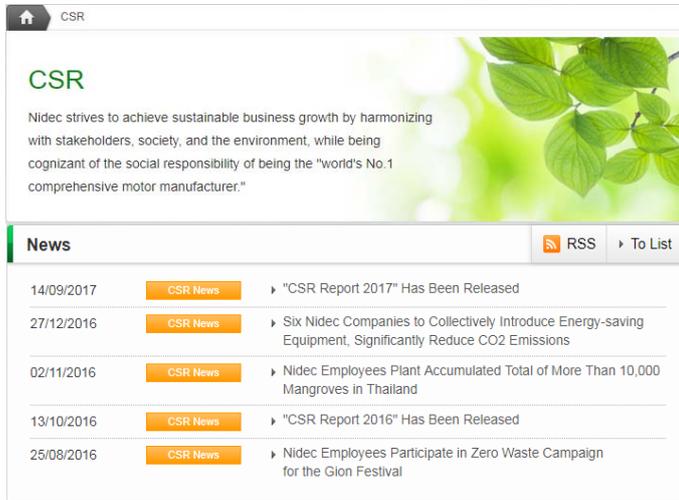
Address production technological issues through innovative and practical R&D



<Examples of efforts>

- 1) Reduction in material cost (new materials)**
Benchmarking prices in China to reduce cost.
 Using Kansai Science City's pilot line to select best materials.
- 2) Reduction in direct labor cost (new method)**
 Promote automation based on **production engineering**

**-Strengthening Nidec Group's CSR* framework
-Providing more ESG** related information**

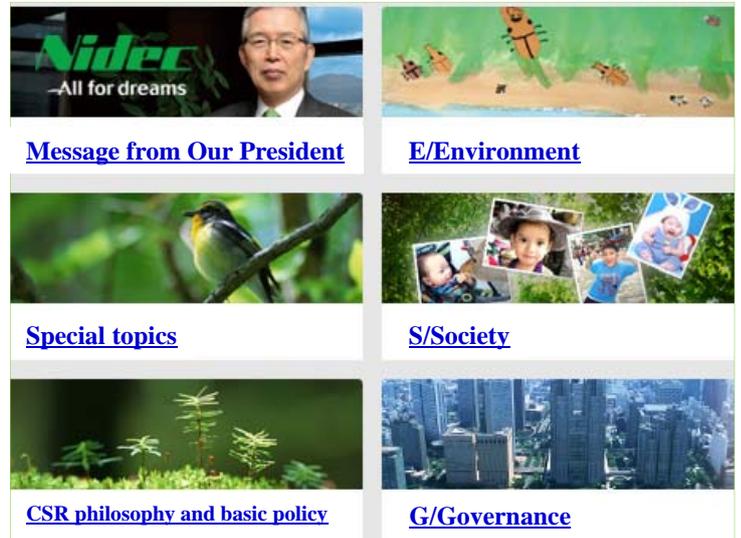


CSR

Nidec strives to achieve sustainable business growth by harmonizing with stakeholders, society, and the environment, while being cognizant of the social responsibility of being the "world's No. 1 comprehensive motor manufacturer."

News RSS To List

- 14/09/2017 **CSR News** ▶ "CSR Report 2017" Has Been Released
- 27/12/2016 **CSR News** ▶ Six Nidec Companies to Collectively Introduce Energy-saving Equipment, Significantly Reduce CO2 Emissions
- 02/11/2016 **CSR News** ▶ Nidec Employees Plant Accumulated Total of More Than 10,000 Mangroves in Thailand
- 13/10/2016 **CSR News** ▶ "CSR Report 2016" Has Been Released
- 25/08/2016 **CSR News** ▶ Nidec Employees Participate in Zero Waste Campaign for the Gion Festival



- [Message from Our President](#)
- [E/Environment](#)
- [Special topics](#)
- [S/Society](#)
- [CSR philosophy and basic policy](#)
- [G/Governance](#)

*CSR: Corporate Social Responsibility
**ESG: Environmental, Social and Governance

From Nidec's CSR website



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***Note:**

During the three months ended December 31, 2017, Nidec Corporation completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of motors, drives and electric power generation businesses of Emerson Electric Co. (currently Nidec Leroy-Somer Holding, Nidec Control Techniques Limited, etc.) and Canton Elevator, Inc. As a result, consolidated financial statements for the three months and the year ended March 31, 2017, the three months ended June 30, 2017 and September 30, 2017 reflect the revision of the initially allocated amounts of acquisition price. Also, during the three months ended March 31, 2018, Nidec Corporation completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of Vamco International, Inc. As a result, consolidated financial statements for the three months ended June 30, September 30 and December 31, 2017 reflect the revision of the initially allocated amounts of acquisition price.

In Addition, during the three months ended March 31, 2018, Nidec Corporation completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of Tokyo Maruzen Industry Co., Ltd., and partially SV Probe Pte. Ltd. As a result, consolidated financial statements for the three months ended June 30, September 30 and December 31, 2017 reflect the revision of the initially allocated amounts of acquisition price.

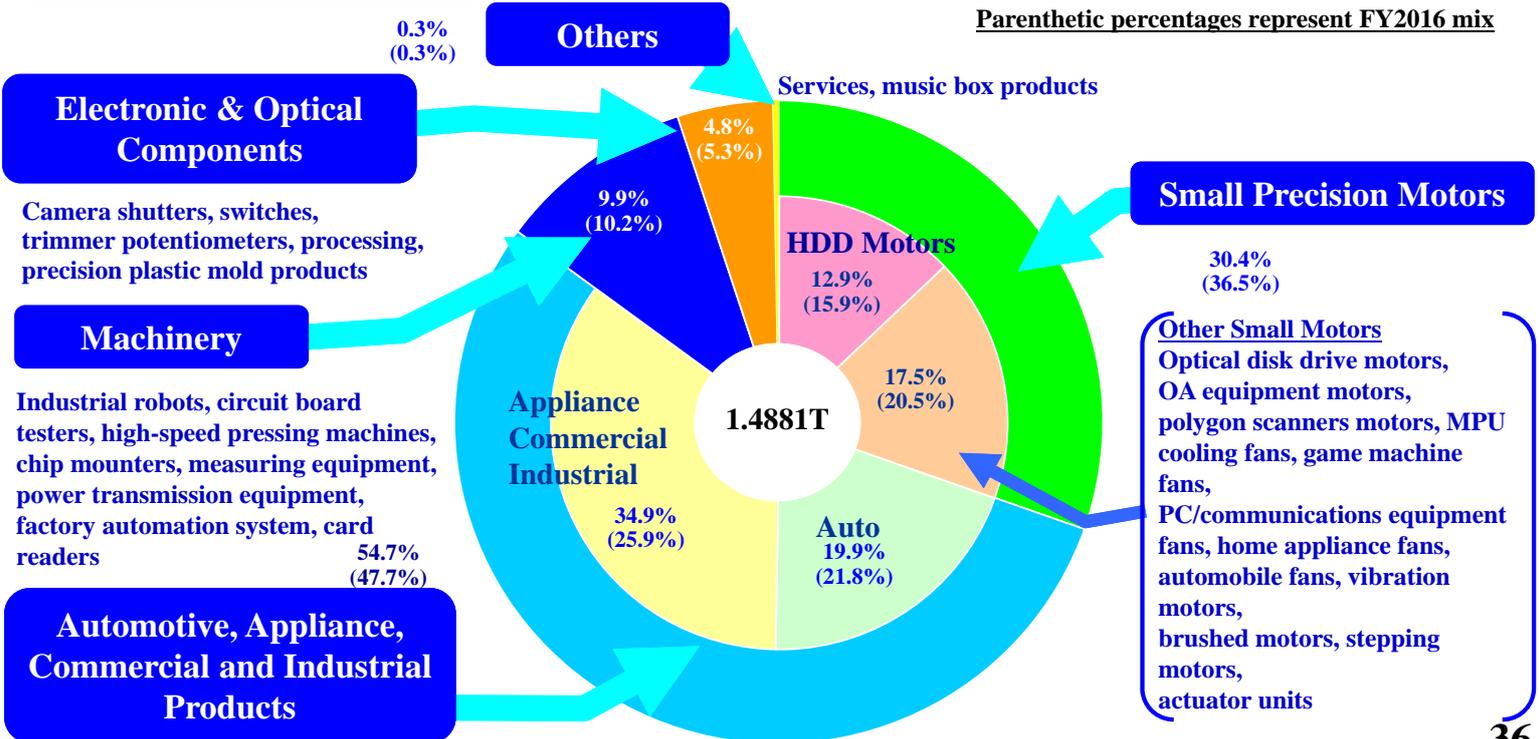
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"All for dreams" logo is a registered trademark of Nidec Corporation in Japan, and a trademark in the United States and/or certain other countries.

Performance Trends & Product Group Overview

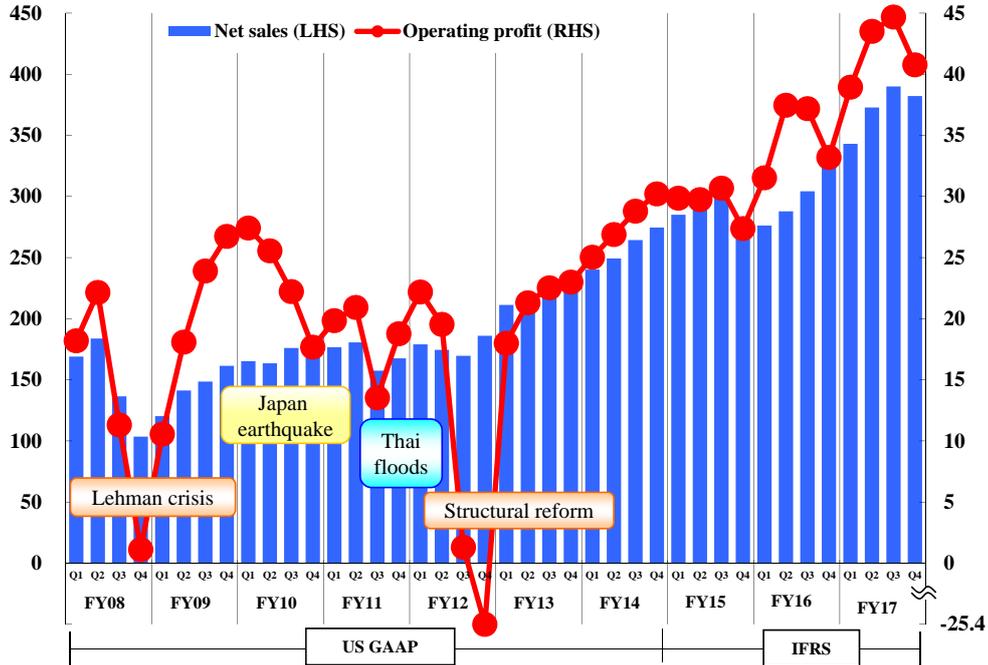
Sales by Product Group (FY2017)

Parenthetic percentages represent FY2016 mix



Consolidated Quarterly Net Sales and Operating Profit

(Net Sales in Billions of Yen)

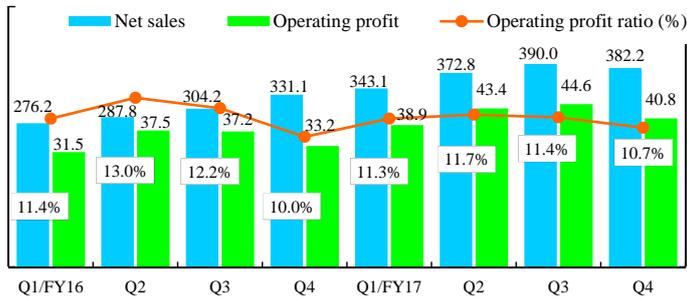


(Operating Profit in Billions of Yen)

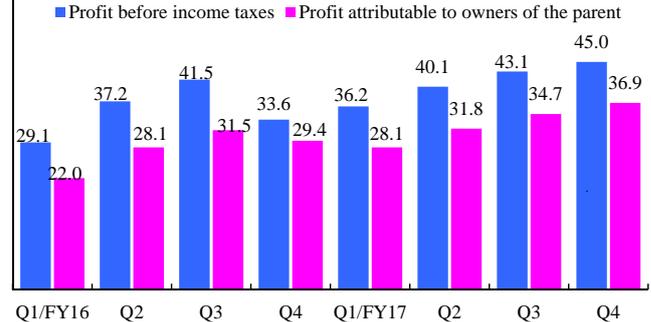
Financial Highlights

*Please refer to Notes on page 33.

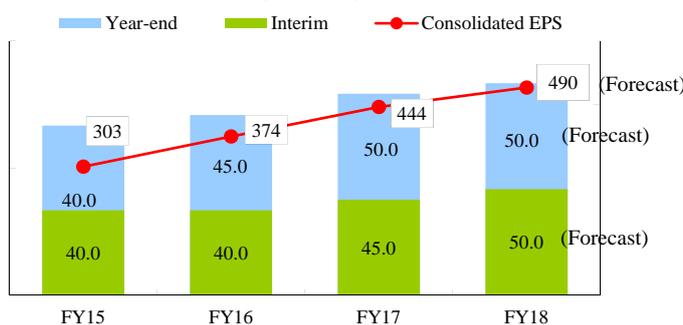
<Consolidated Net Sales and Operating Profit> (Billions of Yen)



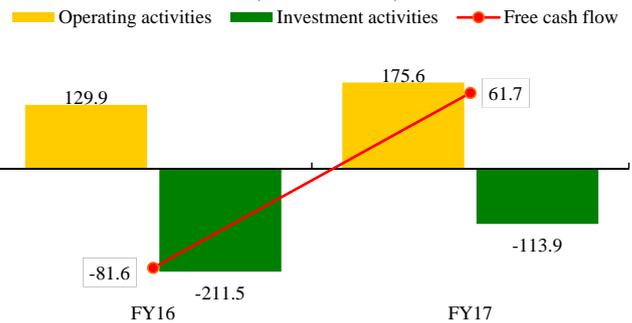
<Profit Before Income Taxes and Profit Attributable to Owners of the Parent> (Billions of Yen)



<Dividends and EPS> (Yen/share)



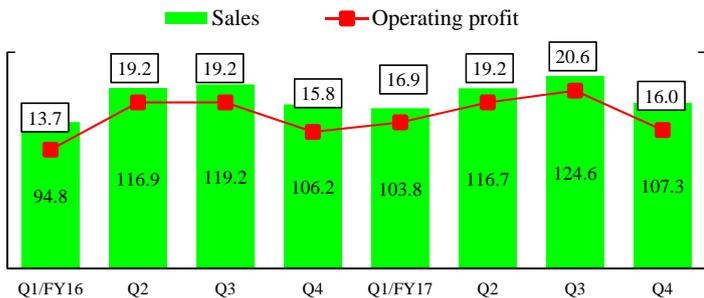
<Consolidated Cash Flow> (Billions of Yen)



Product Group Overview

<Small Precision Motors>

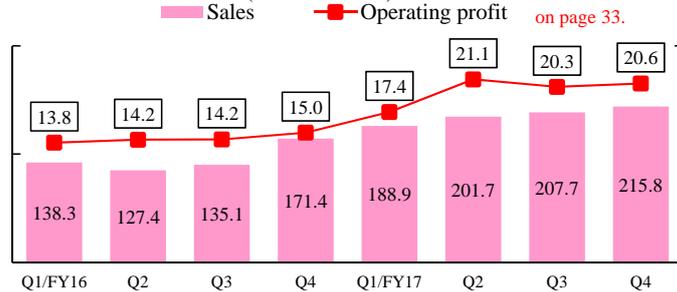
(Billions of Yen)



<Automotive, Appliance, Commercial and Industrial products>

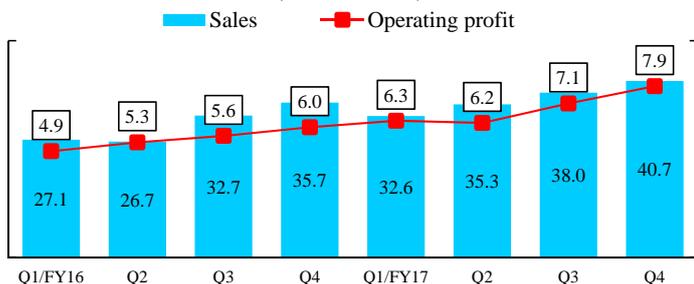
(Billions of Yen)

*Please refer to Notes on page 33.



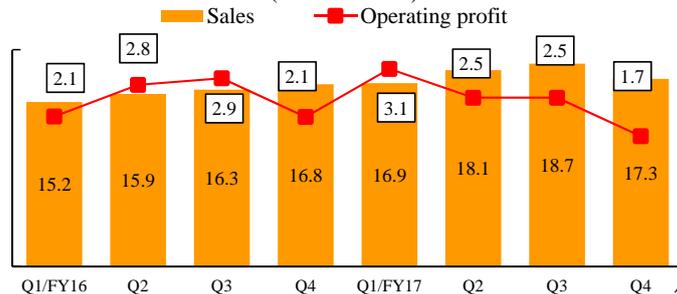
<Machinery>

(Billions of Yen)



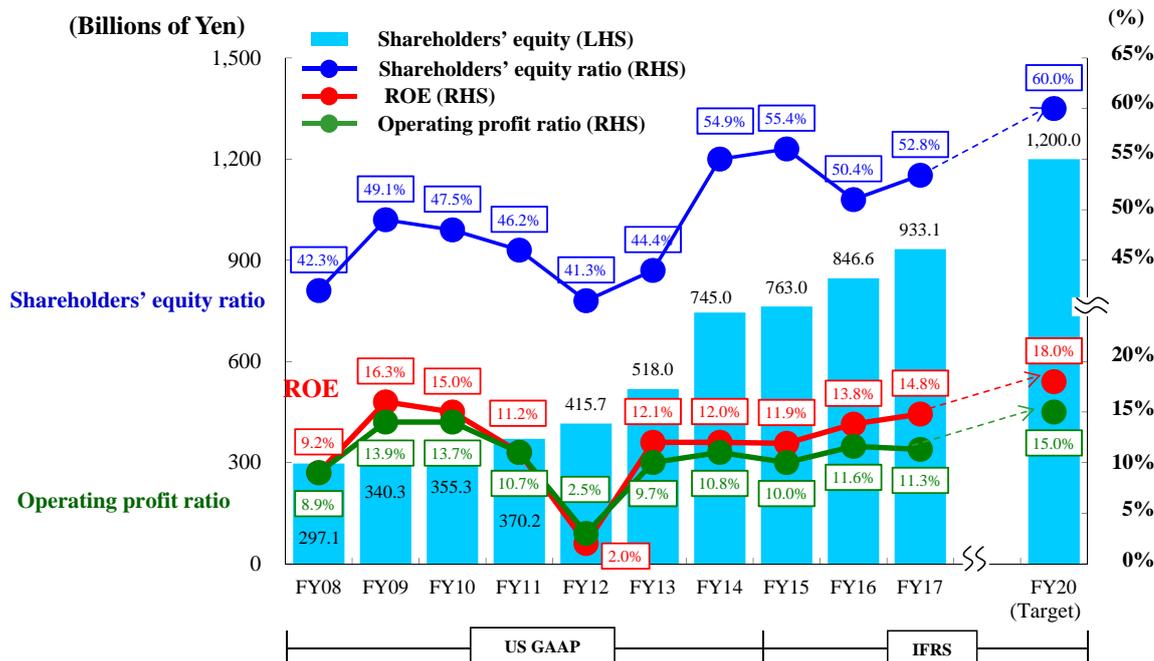
<Electronic and Optical Components>

(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

*Please refer to Notes on page 33.