

Nidec Corporation

First Quarter Fiscal 2020 Results



Three Months Ended June 30, 2020
<IFRS>
July 21, 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 ultra-thin and ultra-small fan motors "UltraFlo FDB (UFF)," contributing to realizing thinner laptops.
(Reference) <https://www.nidec.com/en/technology/casestudy/uff/>

Consolidated Profit/Loss

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

Millions of Yen, except for percentages, EPS, and FX rates	Q1/FY2019	Q1/FY2020	Change	FY2020 Forecast
Net sales	360,874	336,876	-6.6%	1,500,000
Operating profit	27,632	28,112	+1.7%	125,000
<i>Operating profit ratio</i>	7.7%	8.3%	-	8.3%
Profit before income taxes	30,935	27,730	-10.4%	125,000
Profit attributable to owners of the parent	3,284	20,284	+517.7%	100,000
EPS (Yen)	5.58	34.63	+520.6%	170.72
FX rate (Yen/US\$)				(Assumed for Q2 onward:) Yen/US\$: 105 Yen/Euro: 117
Average:	109.90	107.62	-2.1%	
Term end:	107.79	107.74	-0.0%	

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.

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Summary of Q1 FY2020

- The net sales stood at 336.9 billion yen, 7% down Y/Y.
- Despite reduced profit due to the lower sales, the operating profit increased to 28.1 billion yen, 2% up Y/Y mainly contributions from comprehensive improvements on cost structure through **WPR4** program.
- The profit attributable to owners of the parent increased by 6.2 fold Y/Y to 20.3 billion yen as FY19Q1 saw losses mainly on the transfer of Secop's compressor business for refrigeration.

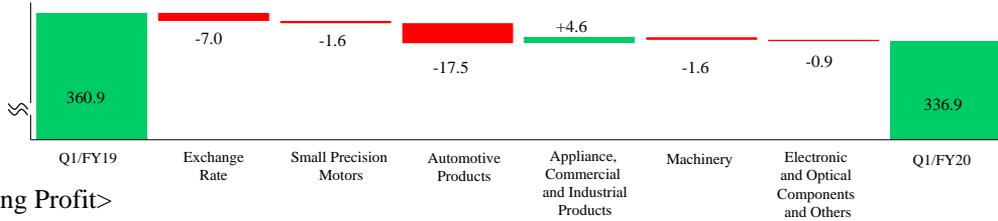
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Year-on-Year Changes (Three Months Ended June 30, 2020)

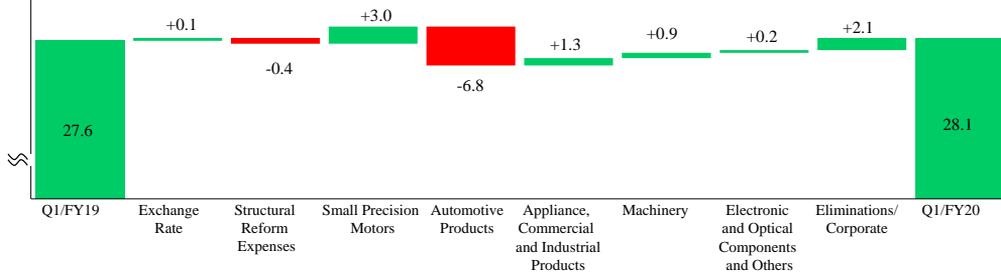
*Please refer to Notes on Page 20.



<Net Sales> (Billions of Yen)



<Operating Profit> (Billions of Yen)



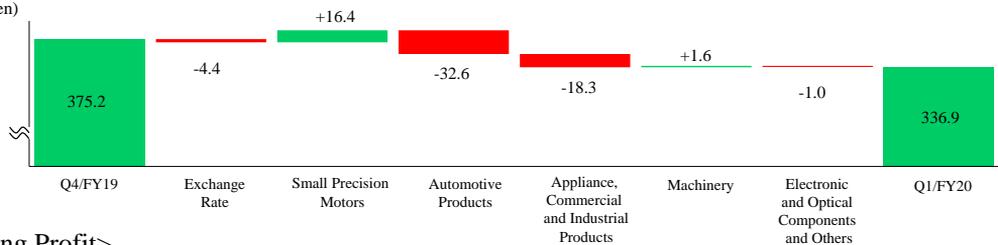
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Quarter-on-Quarter Changes (Three Months Ended June 30, 2020)

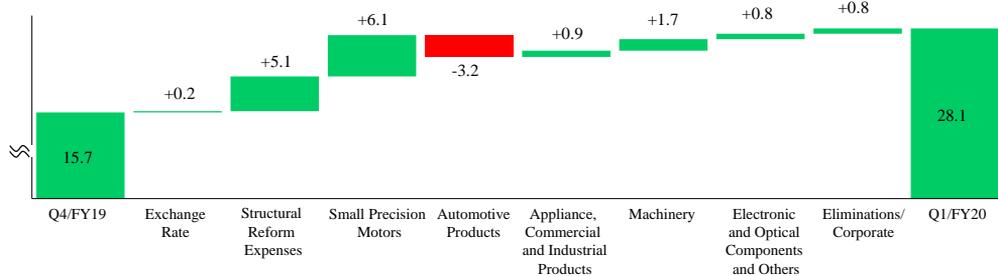
*Please refer to Notes on Page 20.



<Net Sales> (Billions of Yen)



<Operating Profit> (Billions of Yen)



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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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■ **Vision2020:** Mid-Term Strategic Goal (unchanged from April 2015)



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

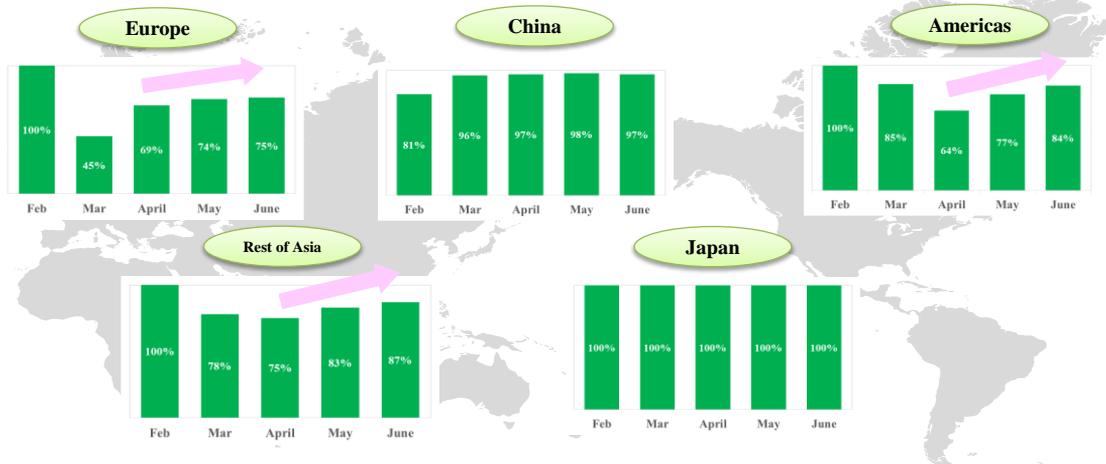
This slide includes forward-looking statements. See Disclaimer on Page 2.

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Operational Impacts from COVID-19

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

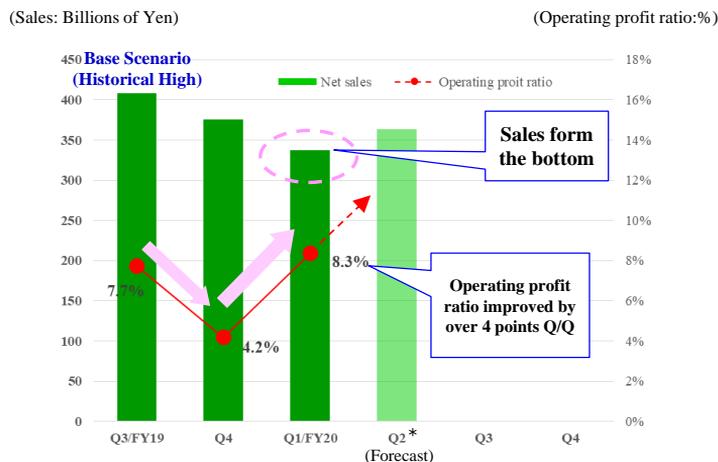
<Changes in regional productions where the pre-pandemic average utilization ratio assumed to be 100% (on a month-end basis)>



Progress of WPR4

*Please refer to Notes on Page 20.

Operating profit ratio successfully recovering steadily, while the sales only forming the bottom in Q1 from impact of COVID-19



*Q2 (Forecast) ... Difference of 1st half forecast and Q1 result

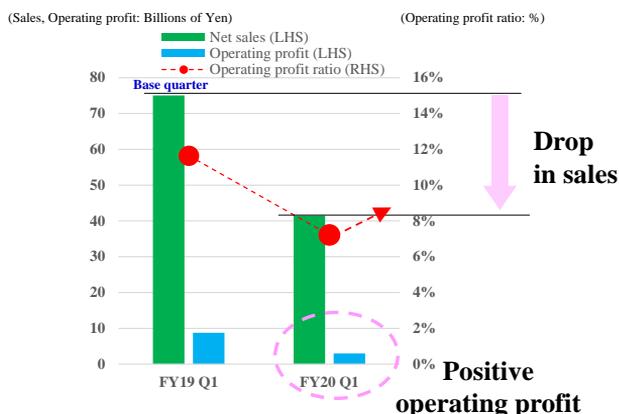
Business environment impacted by COVID-19	
Small Precision Motors	<ul style="list-style-type: none"> HDD Motors: Lockdowns in the Philippines and Malaysia from mid-March to end of May. Some restrictions remain after the lifting of lockdowns, which is impacting the supply chain. Other Small Precision Motors: China where major supply chains concentrate has almost normalized after April.
Automotive	<ul style="list-style-type: none"> Major OEMs from Japan, the US and Europe stopped their manufacturing operations from mid-March to mid-May. Continues to stay low output thereafter. Large negative impacts to the supply chain.
Appliance, Commercial & Industrial	<ul style="list-style-type: none"> Lockdowns in Europe imposed from mid-March to mid-May were eased, and then removed by each country. Countries and states in Americas were locked down from mid-March to mid-June

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Example of successful **WPR4** (Automotive)

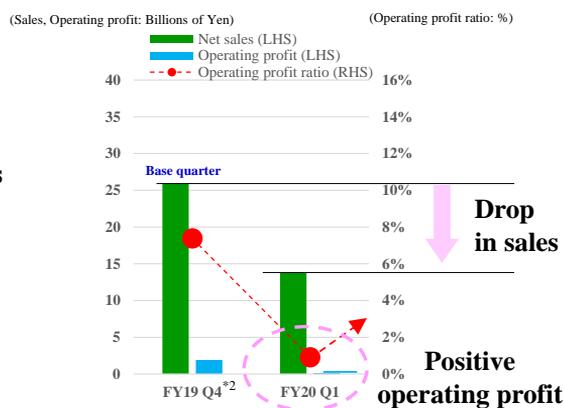
Achieving “Structural reform to retain positive operating profit even when the sales are cut to half.”

<Y/Y comparison in Automotive>



*1: Comparison of numbers excluding sales and operational loss contributions from traction motor related business and Nidec Mobility's business

<Q/Q comparison of Nidec Mobility>

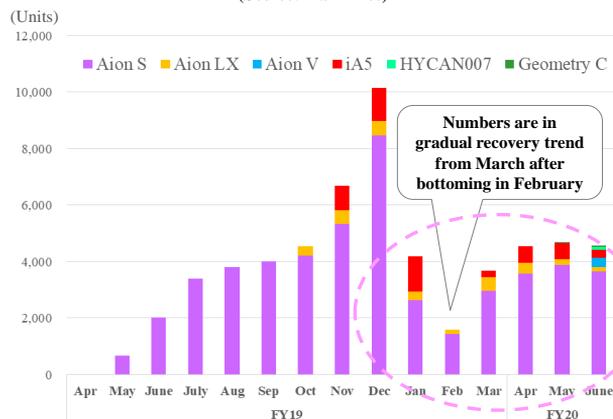


*2: Comparison with most recent March quarter as Nidec Mobility only became part of Nidec group from November 2019.

Automotive: Sales of Vehicles with Nidec's E-Axle

The total number of vehicles using our E-Axle (traction motor system) exceeds 58K units.

<Auto sales of cars adopting Nidec's E-Axle>
(Source: MarkLines)



<Car models that use Nidec's E-Axle as of July 1st, 2020>
(In order of launch date)

OEM	Model
GAC New Energy Automobile	Aion S
GAC Toyota Motor	iA5
GAC New Energy Automobile	Aion LX
GAC NIO New Energy Automobile Technology	HYCAN 007
Geely Automobile	Geometry C
GAC New Energy Automobile	Aion V

Automotive: Launch of a New EV Model with Nidec's E-Axle (1)

Geely Automobile's Geometry C adopts Nidec's E-Axle



Geely Automobile's Geometry C

(Reference) <https://www.nidec.com/en/product/news/2020/news0527-01/>

- ✓ Geely Automobile is actively promoting EVs and setting up a joint venture for developing Smart EV in 2020 with Daimler group.
- ✓ New model EV, Geometry C, is the second model to be added to the high-end EV lineup by Geely Automobile, capable of achieving a cruising range of more than 500 km, and great competitiveness is expected as an automatic parking system and the latest intelligent network technology compatible with 5G are installed.
- ✓ Nidec's "E-Axle Ni150Ex" installed in Geometry C is a model that has evolved from the E-Axle that started mass production in April 2019. It contributes greatly to improving the power performance, electricity cost performance, sound and vibration performance and reducing vehicle weight of Geometry C by applying Nidec's unique technologies. (eg; circuit designs, the light, thin, short and small motor structure utilizing the permanent magnet and unique motor oil cooling structure, and the adoption of the second generation inverter.)

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Automotive: Launch of a New EV Model with Nidec's E-Axle (2)

Nidec's E-Axle Drives GAC New Energy Automobile's New EV "Aion V"



GAC New Energy Automobile's Aion V

(Reference) <https://www.nidec.com/en/product/news/2020/news0709-01/>

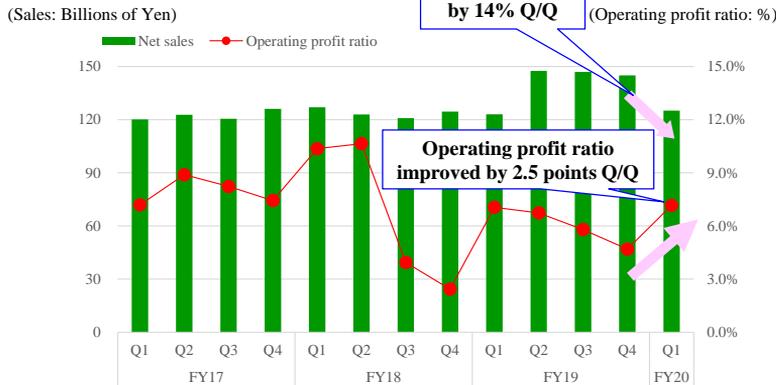
- ✓ GAC New Energy Automobile Co., Ltd. (GAC NE) is a brand established in 2017 that manufactures electric vehicles under the umbrella of China's GAC Group. GAC NE has grown rapidly and secured a prominent position in the market as the first car in the Aion series—Aion S—has constantly ranked among the best-selling electric vehicles in China since its launch in May 2019.
- ✓ The newly launched Aion V—the third model in the Aion series—is based on GAC NE's aluminum EV platform GEP2.0. The car incorporates a number of new technologies such as 5G connectivity, automatic parking and level 3 autonomous driving based on high-accuracy maps.
- ✓ Nidec's Ni150Ex E-Axle that powers the Aion V has been adopted by 6 different electric vehicle models so far.

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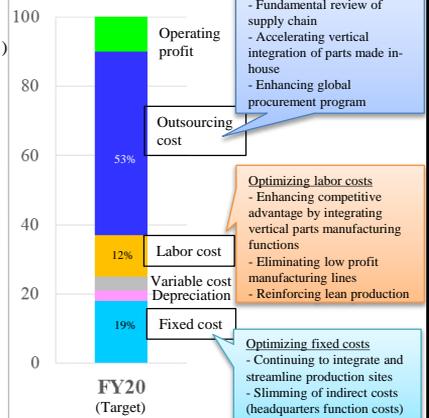
Appliance, Commercial & Industrial: Quarterly Results

Sign of improvements in profitability while Q1 sales are yet to recover due to the impact from COVID-19

<Quarterly results of Appliance, Commercial & Industrial>



<Undergoing drastic review of cost structure>
(Composition ratio: %)



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New 5 Big Waves in a Post-Pandemic World

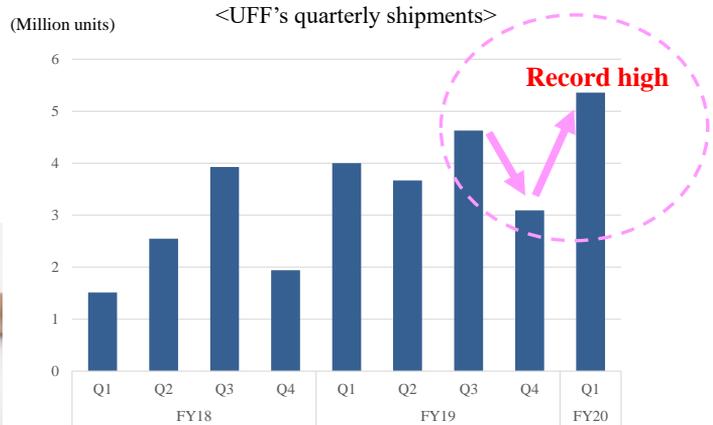
Nidec's business solutions that solve the common problems of humankind

- 5G & Thermal solutions** (Keywords: Tactile sense, image stabilization and heat ventilation module)
 - Vapor chamber
 - Heat pipe
 - Fan
- Decarbonization** (Keywords: Drive/Turn/Brake, safety/comfort and thermal management)
 - ADAS related product
 - Traction motor
 - Traction motor system (E-Axle)
- Manpower saving** (Keywords: Industrial robots, servicing robots and logistics)
 - Automated guided vehicle
 - Reducer
 - Motor for drones
- Digital data explosion** (Keywords: High speed / large data, GAFA* and "Stay Home")
 - Nearline HDD motor
- Power saving** (Keywords: Sterilization, hygiene and "Stay Home")
 - Refrigerator compressor
 - Home appliance motor

* GAFA: Google, Apple, Facebook and Amazon

Demand for Teleworking

Ultra thin/ultra small fan motor “UltraFlo FDB (UFF)” supports the solid demand for teleworking



Nidec's Product Line-ups Expanding into Robotics

Service/Communication robots	Commercial/Industrial robots	Logistics/Agricultural fields
Wide angle optical image stabilizer camera module (TiltAC) Tactile device Wide angle camera module TiltAC Module Ultra-flat geared actuator Motor for wheel drive Reducer DC servo module Coreless motor Stepping motor Brush motor	Wafer/ LCD transfer robot Reducer series LCD panel handling robot Universal AC/ servo drive Robot controller AC servo motor Encoder Pressure sensor Robot module Frameless motor	Drone motor Automated guided vehicle S-CART Aperture unit for drone Motor for pallet truck Motor for warehouse conveyor Motor for electric counter-balance forklift Motor for electric scissor lift Motor for construction/ mining/ agriculture Geared servo motor

Nidec's Focus on Employee Health

Aiming to enhance corporate value further through productivity reform
by enhancing employees' health, motivating and encouraging employees

Nidec's declaration of health-oriented management

Nidec Group considers its employees' health and satisfaction as its important source of management, and promotes measures to realize "health-oriented management".

Our employees' health is invaluable to themselves and their families. We also consider that our employees challenging proactively and continuing to play an active part will lead to materializing "a company that will last more than 100 years".

We declare to establish "health-oriented management" as the foundations to support the next generation society together with our employees and their families, and aim to become a company where each member continues to give their best performance with passion and enthusiasm.

Founder, Chairman and CEO Shigenobu Nagamori



<Concrete measures>

- **Health Promotion Committee** has been established to facilitate liaising with the management, the corporate health insurance association, industrial doctors and employees.
- In light of reducing the risk of COVID-19 infection, **phased reduction of smoking hours** is under way and total smoking ban on Nidec's premises is expected by the end of FY2021.
- Further improvements and **measures for health promotion** will be implemented through analyses of our employees' health conditions and issues.

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Notes:

Nidec Corporation adopts the provisions of IFRS 3 "Business Combinations." During the three months ended June 30, 2020, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of Embraco and Roboteq, Inc. in the previous fiscal year. Furthermore, during the three months ended June 30, 2020, NIDEC partially completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of OMRON Automotive Electronics Co. Ltd. (currently, Nidec Mobility Corporation) in the previous fiscal year. NIDEC's consolidated financial statements for the year ended March 31, 2020 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination. Of the assets acquired and the liabilities assumed upon the acquisitions of companies in the year ended March 31, 2020 and the three months ended June 30, 2020, the assets and liabilities which are currently under evaluation have been recorded on NIDEC's consolidated statement of financial position based on provisional management estimation as of June 30, 2020.

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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.

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Performance Trends & Product Group Overview

■ Starting New Top Management



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

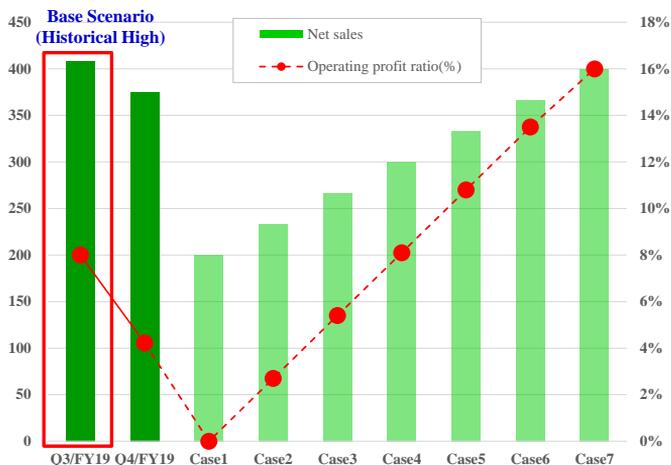
3. Strengthening HR* development

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

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

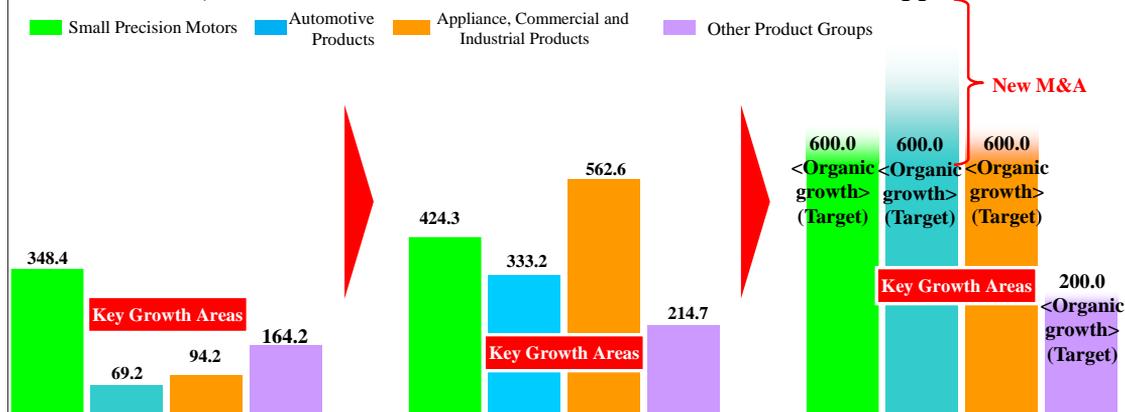
Three 600 Billion Yen Businesses Are Key to Achieving 2 Trillion Yen Net Sales

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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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



Decarbonization



Expansion of robot applications

- Collaborative robots advance into food, logistics and service industries.
- Rapid market growth



Robotization

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



Power saving

Manpower-saving in agriculture & logistics

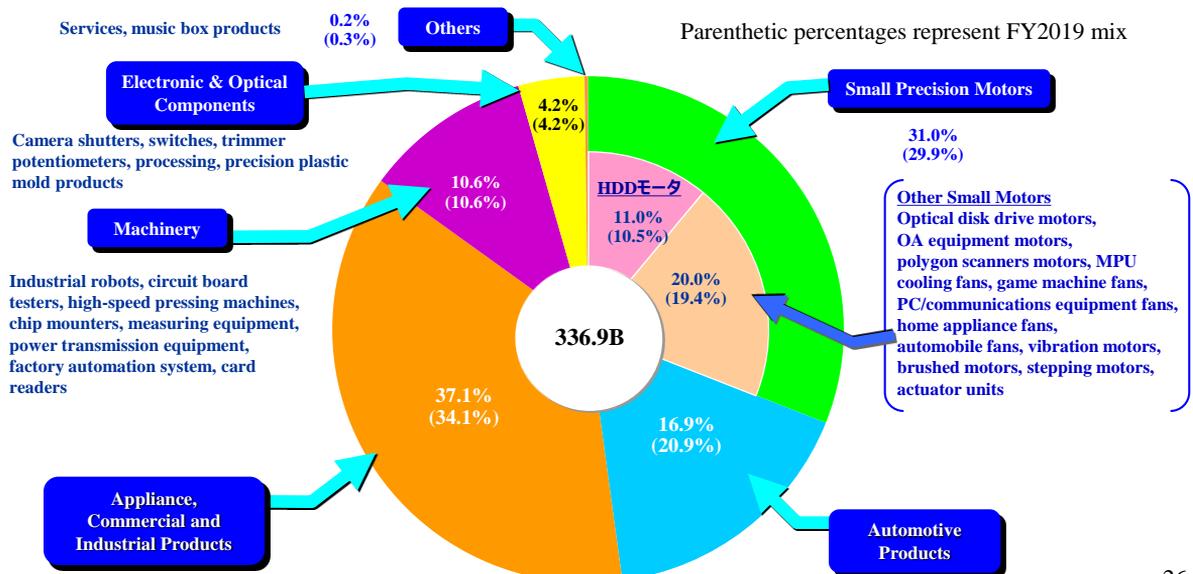
- Serious labor constraints
- Industry 4.0



Automatization

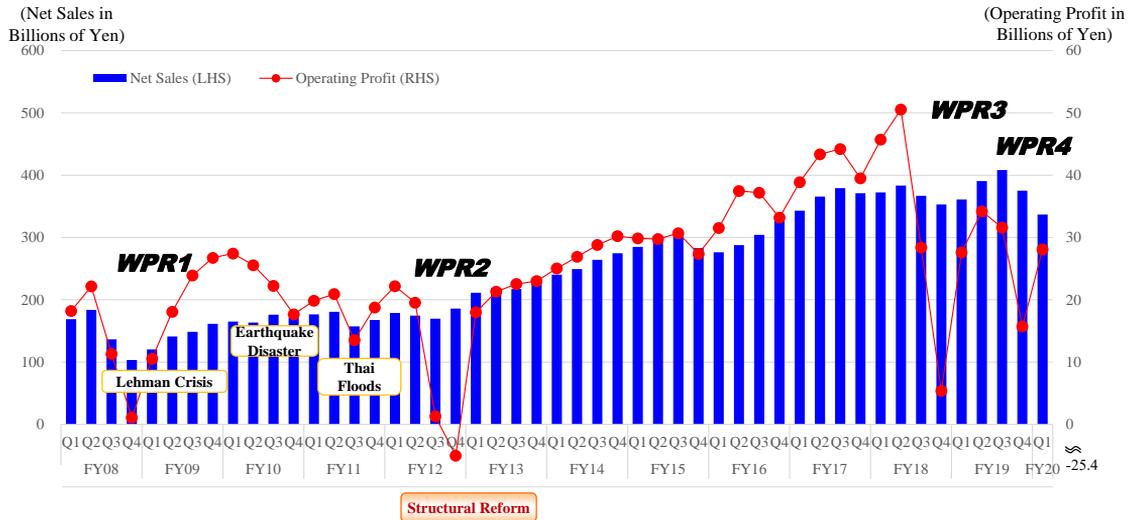
Sales by Product Group (Apr-Jun FY2020)

*Please refer to Notes on Page 20.



Consolidated Quarterly Net Sales and Operating Profit

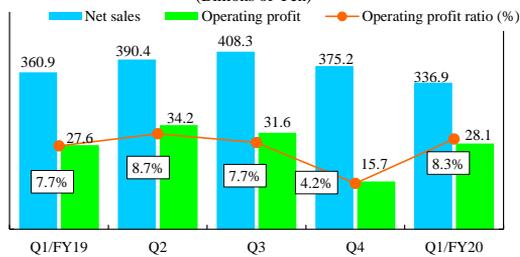
Continuing **WPR4** cost restructuring and preparing for demand recovery



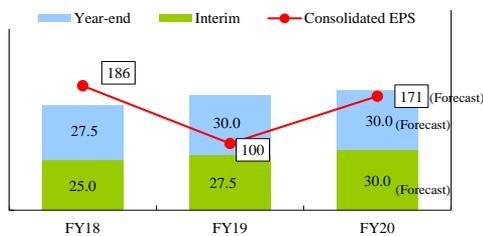
Financial Highlights

*Please refer to Notes on Page 20.

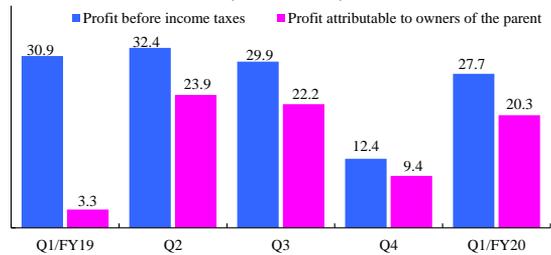
<Consolidated Net Sales and Operating Profit> (Billions of Yen)



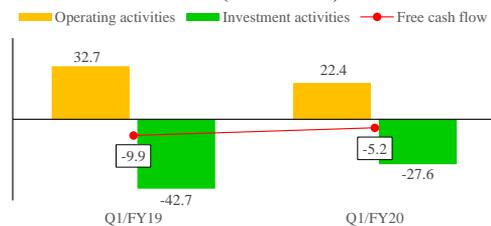
<Dividends and EPS>* (Yen/share)



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



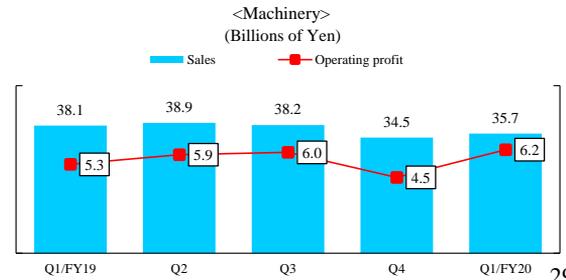
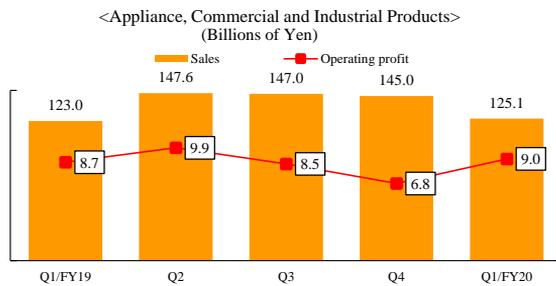
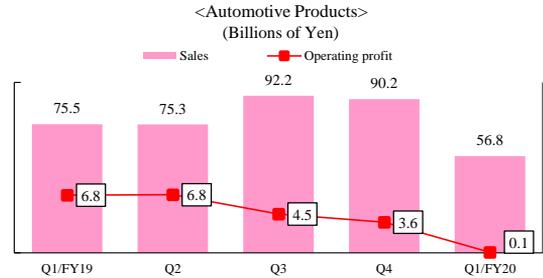
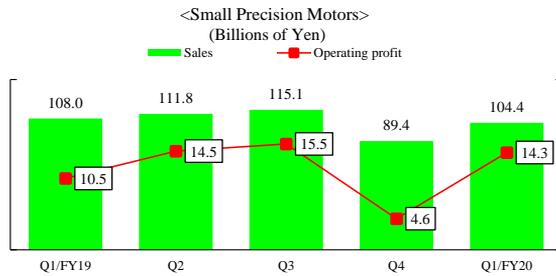
<Consolidated Cash Flow> (Billions of Yen)



*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.

Product Group Overview

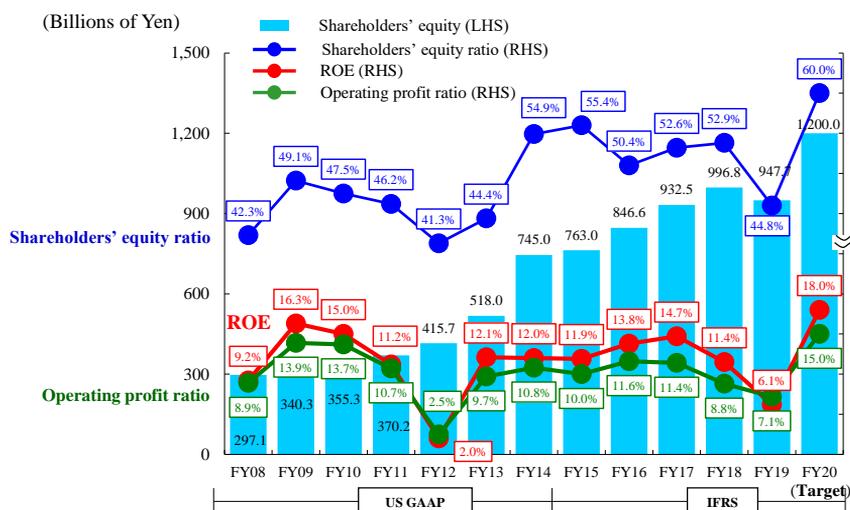
*Please refer to Notes on Page 20.



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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 20.

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