

TSE: 6594 OTC US: NJDCY  
<https://www.nidec.com/en/>

# Nidec Corporation

## Fiscal First-Half 2020 Financial Results

Six Months Ended September 30, 2020  
<IFRS>



October 26, 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 S-CART V, the new series of S-CART of the AGV\* manufactured by Nidec-Shimpo Corporation. The featured S-CART V is equipped with a video analysis system, Vision-based Navigation System for AGV, including Visual SLAM technology developed by Canon Inc.

(Reference) <https://www.nidec.com/en/product/news/2020/news0805-01/>

\*AVG: Automated Guided Vehicle

## Consolidated Profit/Loss

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



Millions of Yen, except for percentages, EPS, dividends and FX rates	1H/FY2019	1H/FY2020	Change	FY2020 Forecast
Net sales	751,277	751,794	+0.1%	1,550,000
Operating profit	61,787	69,180	+12.0%	140,000
<i>Operating profit ratio</i>	8.2%	9.2%	-	9.0%
Profit before income taxes	63,330	66,005	+4.2%	136,000
Profit attributable to owners of the parent	27,227	48,783	+79.2%	105,000
EPS (Yen)	46.26	83.28	+80.0%	179.26
Dividends (Yen)	27.50	30.00	-	60.00
FX rate (Yen/US\$)				Assumed for Q3 onward:
Average:	108.63	106.92	-1.6%	Yen/US\$: 105
Term end:	107.92	105.80	-2.0%	Yen/Euro: 117

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 Q2 FY2020

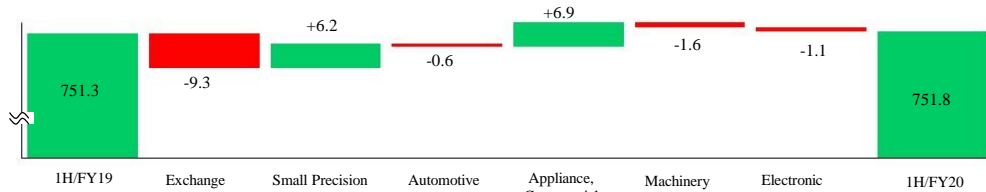


- First half net sales and operating profit increased 0.1% Y/Y to ¥751.8 billion, 12.0% Y/Y to ¥69.2 billion, respectively. **Both net sales and operating profit increased Y/Y.**
- Q2 quarterly net sales increased 23.2% Q/Q to ¥414.9 billion, marking a **record high**. Operating profit increased 48.9% Q/Q to ¥41.4 billion due to contributions from comprehensive improvements on cost structure and optimization of fixed cost through **WPR4 program**. **Double-digit operating profit ratio (10%) recovered.**
- **Upward revision to full-year FY2020 financial forecasts**

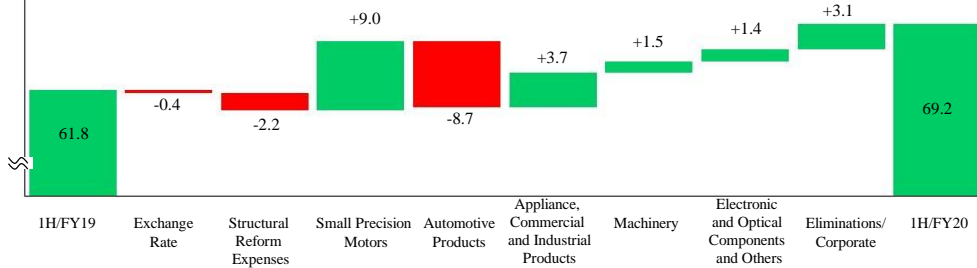
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## Year-on-Year Changes (Six Months Ended September 30, 2020)

### <Net Sales> (Billions of Yen)

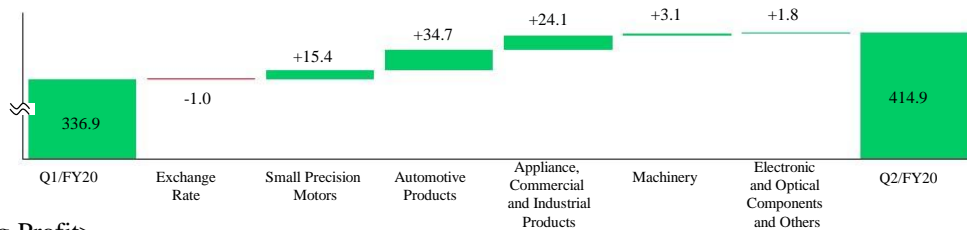


### <Operating Profit> (Billions of Yen)

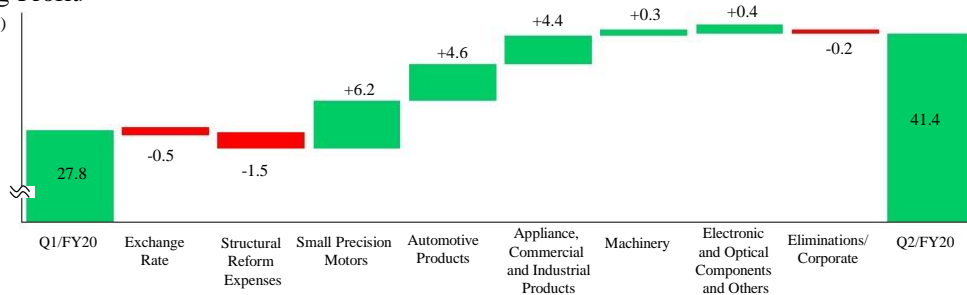


## Quarter-on-Quarter Changes (Three Months Ended September 30, 2020)

### <Net Sales> (Billions of Yen)

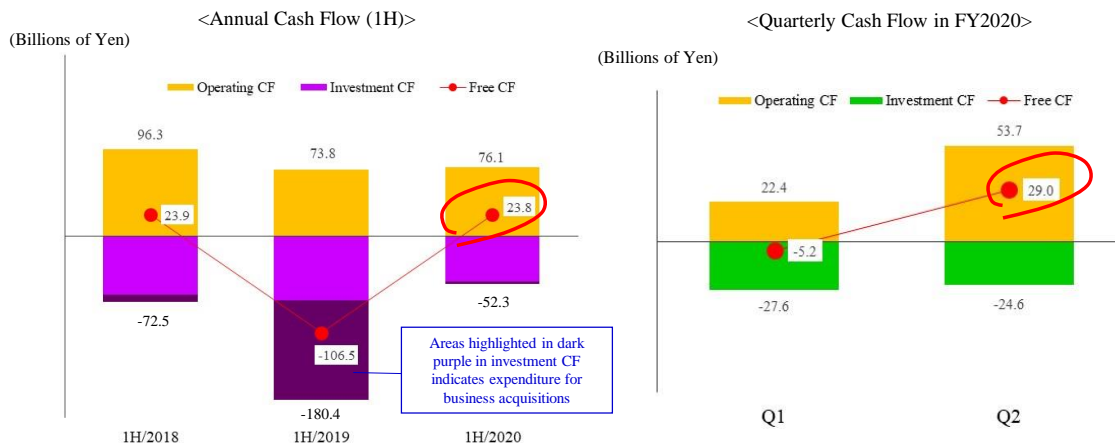


### <Operating Profit> (Billions of Yen)



## Consolidated Cash Flow

Cash is King! Improved free cash flow through continued efforts to improve CCC\*

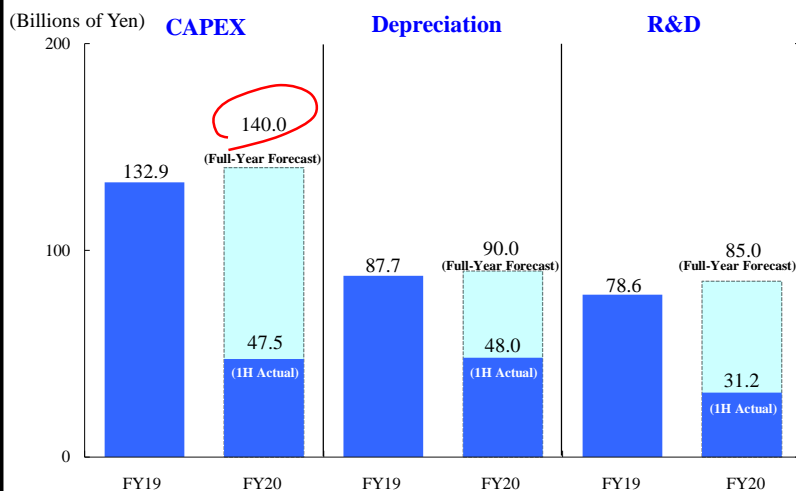


\*CCC: Cash Conversion Cycle

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## CAPEX, Depreciation, R&D

\*Please refer to Notes on Page 25.



**Continuing aggressive investments that support mid-term growth**

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## Revision to FY2020 Forecast

### <Previous Forecast (April 30, 2020)>

### <Revised Forecast>

Millions of Yen, except  
for percentages, EPS,  
dividends and FX rates

	1H/FY2020	Full-Year	1H/FY2020	Full-Year
Net sales	700,000	1,500,000	751,794	1,550,000
Operating profit	55,000	125,000	69,180	140,000
<i>Operating Profit Ratio</i>	7.9%	8.3%	9.2%	9.0%
Profit before income taxes	55,000	125,000	66,005	136,000
Profit attributable to owners of the parent	40,000	100,000	48,783	105,000
EPS (Yen)	68.29	170.72	83.28	179.26
Dividends (Yen)	30.00	60.00	30.00	60.00
FX Rate (Yen/US\$)	105	105	106.92	105
FX Rate (Yen/€)	117	117	121.30	117
			(Actual average)	(Assumed for Q3 onward)

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

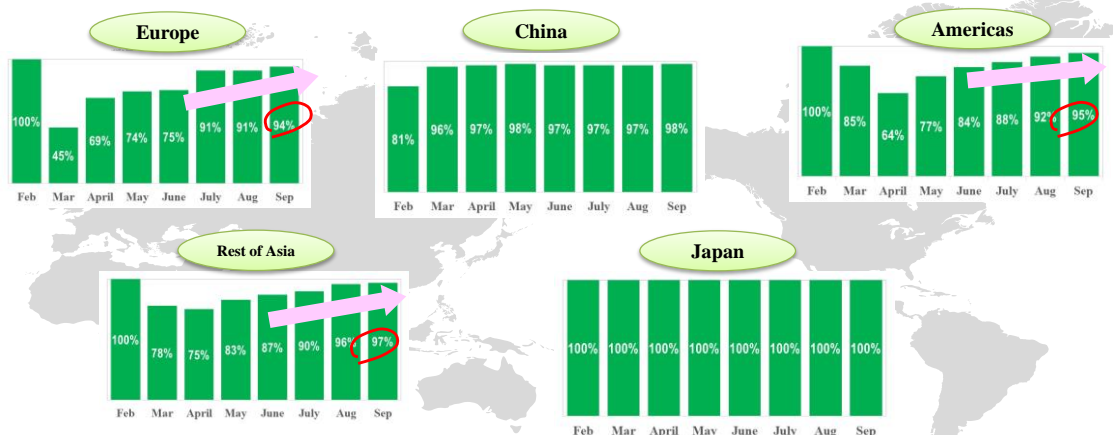
1. Target for consolidated net sales: 2 trillion yen (including sales attributable to new M&A of approx. 500 billion yen)
2. Sales target for Automotive: 700 billion to 1 trillion yen
3. Target for consolidated operating profit ratio: 15%
4. Target for ROE: 18% (assuming shareholders' equity ratio of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

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## ■ Operational Impacts from COVID-19

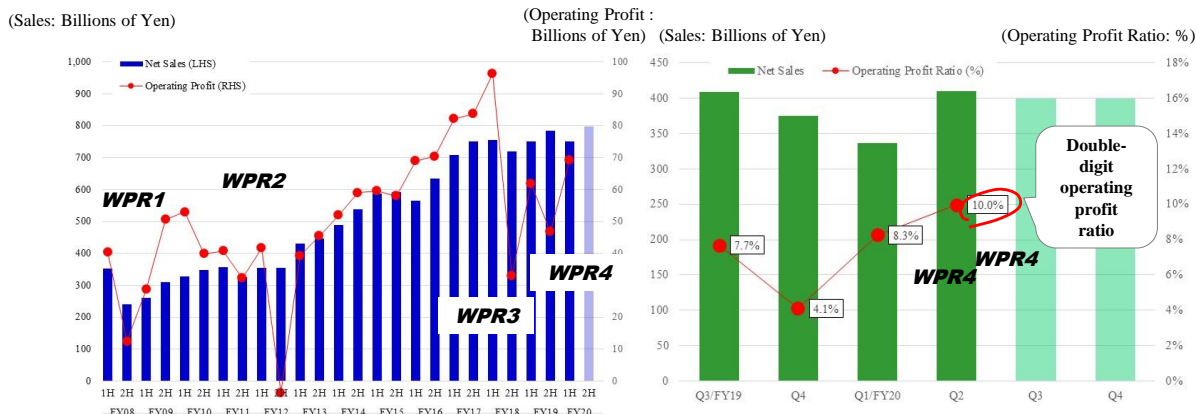
Europe, Americas and rest of Asia caught up in Q2, and made nearly full recovery

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



## Progress of WPR4

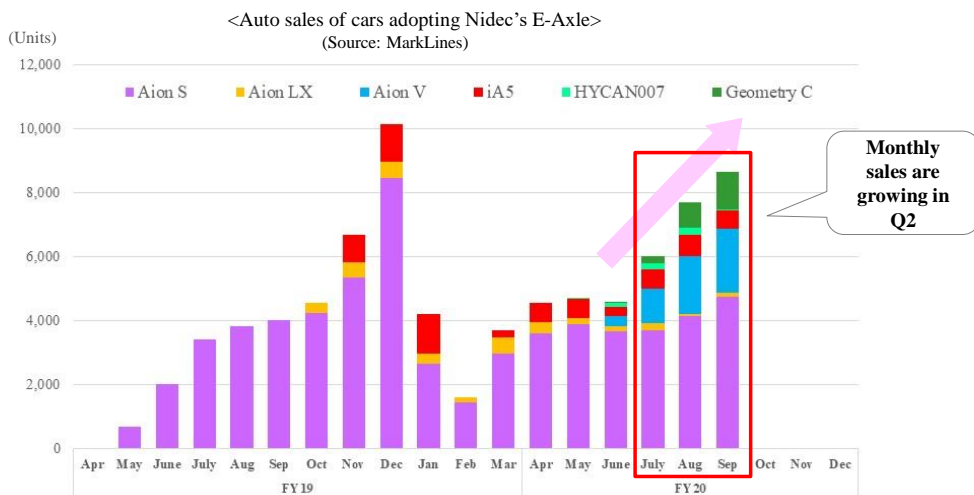
Net sales and operating profit formed the bottom in Q1 FY20 and Q4 FY19, respectively. Further business recovery is expected in 2H.



This slide includes forward-looking statements. See Disclaimer on Page 2. 13

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

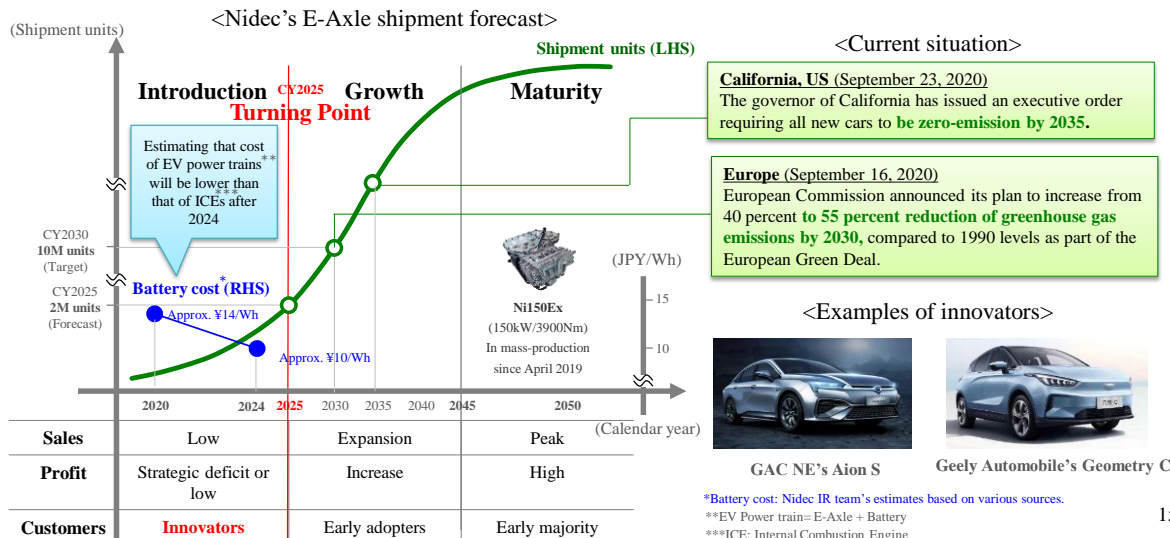
The total number of vehicles using our E-Axle (traction motor system) exceeds 80K units.



**Automotive: Product Life Cycle Theory of Nidec's E-Axle**

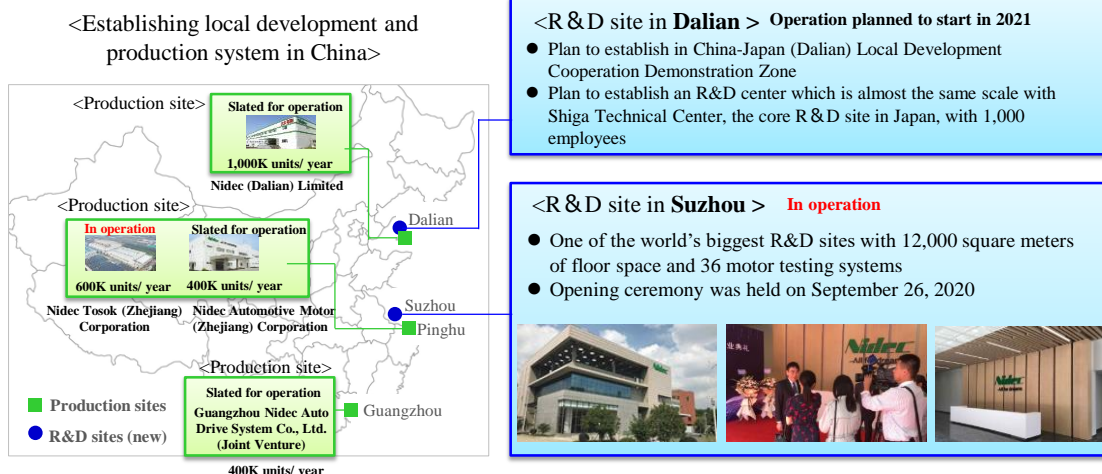
This slide includes forward-looking statements. See Disclaimer on Page 2.

**Nidec's E-Axle enters super long growth stage of product life cycle theory**



**Automotive: Upfront Investment for E-Axle on "Introduction" Stage  
Two New Development Sites in China**

**Setting up local development bases in China where significant technological innovation and structural change are happening in the EV industry**



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



# Automotive: Strategies for CASE\* Era (Examples of Systematization and Modularization)



Increase added value through transforming its business model from one based solely on motors to one based on systematization and modularization in the CASE\* era

### Seat system

**Product strategy for CASE\* era**

### Door system

### Pump module

### Electric power steering system

### EV traction motor system

[E-Axle traction motor system lineup](#)

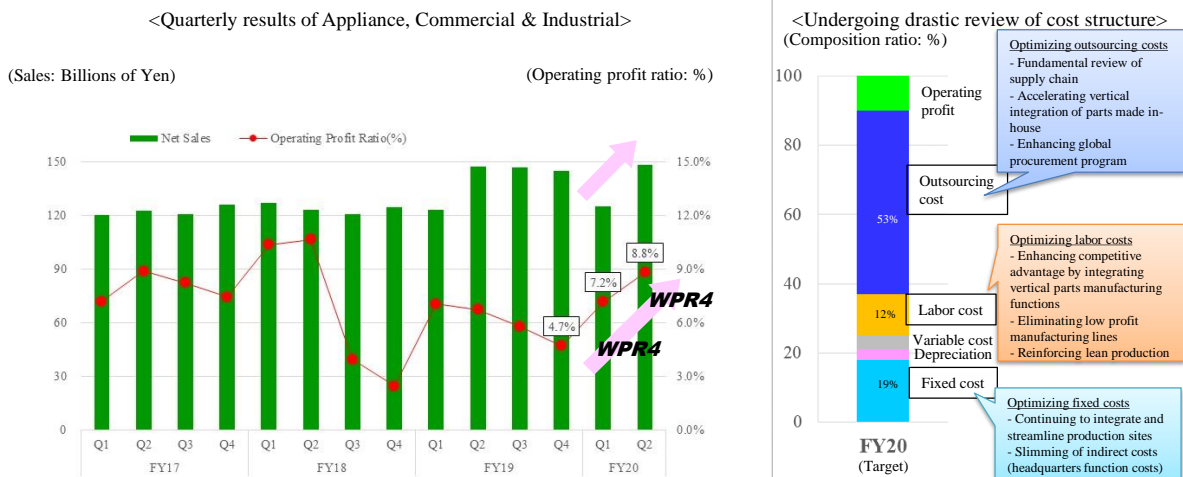
	<b>Ni150Ex</b> (150kW/3900Nm) In mass-production since April 2019		<b>Ni100Ex</b> (100kW/2400Nm) <b>Mass-production planned for second half of 2020</b>		<b>Ni70Ex</b> (70kW/1600Nm) Mass-production planned for 2021		<b>Ni50Ex</b> (50kW/1600Nm) Mass-production planned for 2022		<b>Ni200Ex</b> (200kW/4200Nm) Mass-production planned for 2023
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\*CASE: Connected, Autonomous, Shared and Electric \*\*ECU: Electronic Control Unit \*\*\*EPS: Electric Power Steering This slide includes forward-looking statements. See Disclaimer on Page 2. 17

# Appliance, Commercial & Industrial: Quarterly Results



Both net sales and operating profit improved steadily from Q1 to Q2 FY20 after operating profit bottomed out in Q4 FY19.



This slide includes forward-looking statements. See Disclaimer on Page 2. 18

**Demand for Appliance Motors in “With Corona” Era**

**Nidec’s brushless DC motors meet solid demand boosted by work-from-home**

**Example of DC Electric Fan**

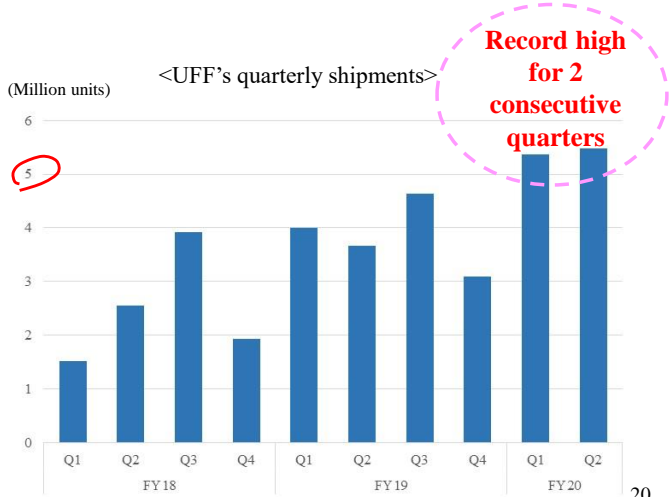
Energy saving	Compact, lightweight	Variable speed
<p>&lt;Energy Consumption&gt;</p> <p>AC</p> <p>DC</p> <p>Approx. 50% less compared to AC</p> <p><b>Efficient motor</b></p>	<p>DC</p> <p>AC</p> <p>Space-saving</p> <p><b>Various designs</b></p>	<p>Wind speed</p> <p>High</p> <p>Mid</p> <p>Low</p> <p>Time</p> <p>Rhythmic wind</p> <p>Comfortable breeze</p> <p>Variable speed control</p>

**Brushless DC motors for various home appliances**

\* BLDC: Brushless DC motor

**Demand Boosted by work-from-home in “With Corona” Era**

**Ultra thin/ultra small fan motor “UltraFlo FDB (UFF)” supports the solid demand for work-from-home**



## Preparation for 5G Era (Product Lineup for Thermal Management)

On the back of explosive increase of digital data due to fully-fledged launch of 5G, Nidec offers solutions to the heat generated by faster CPU

<Sales target for thermal management products>



Heat pipe/ module	Heat-sink/ module
<p>Components with the effective thermal conductivity</p>	<p>Cooling components with a heat radiation fin or fan</p>
Vapor chamber/ module	Liquid cooling system
<p>Thinner components spreading the heat flatly</p>	<p>Cooling system for high heating elements where air cooling is not sufficient</p>

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

## Nidec's Product Lineups Expanding into Robotics

Service/ Communication robots	Commercial/ Industrial robots	Logistics/ Agricultural fields
Wide angle camera module (TiltAC) Tactile device Wide angle camera module TiltAC Module Ultra-flat geared actuator Motor for wheel drive Reducer DC servo module	Wafer/ LCD transfer robot Reducer series LCD panel handling robot Universal AC/ servo drive Robot controller AC servo motor Frameless motor Encoder Pressure sensor Robot module	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 Geared servo motor Motor for construction/ mining/ agriculture

**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)

**Decarbonization**  
(Keywords: Drive/Turn/Brake, safety/comfort and thermal management)

**Manpower saving**  
(Keywords: Industrial robots, servicing robots and logistics)

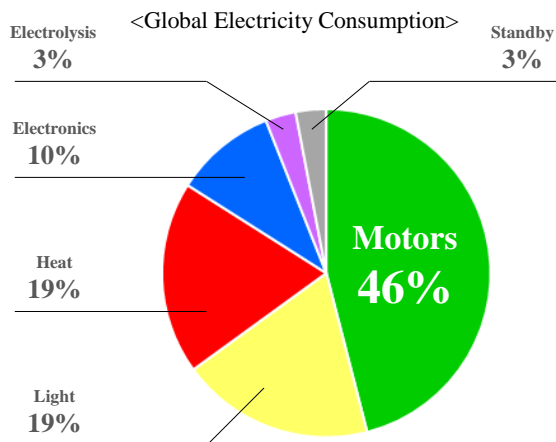
**Digital data explosion**  
(Keywords: High speed / large data, GAFA\* and "Stay Home")

**Power saving**  
(Keywords: Sterilization, hygiene and "Stay Home")

\* GAFA: Google, Apple, Facebook and Amazon

**CSR**

Nidec, the No.1 comprehensive motor maker contributes to society through its products and services.



(IEA Energy Efficiency Series, Paul Waide and Conrad U. Brunner, et al. . 2011)

- Motors are the core components of anything working with electricity.
- Motors account for approximately half the world's power consumption.
- We will supply efficient motors globally and contribute to the reduction of CO2 emissions and the economic development of emerging countries.





**All for dreams**

**Nidec IR Contacts**

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**Notes:**

Nidec Corporation adopts the provisions of IFRS 3 "Business Combinations." During the three months ended June 30, 2020, Nidec Corporation 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 September 30, 2020, Nidec Corporation 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 Corporation's consolidated financial statements for the year ended March 31, 2020 reflect the revision of the initially allocated amounts of acquisition price as Nidec Corporation finalized the provisional accounting treatment for the business combination. Of the assets acquired and the liabilities assumed upon the acquisitions of companies in the three months ended September 30, 2020, the assets and liabilities which are currently under evaluation have been recorded on Nidec Corporation's consolidated statement of financial position based on provisional management estimation as of September 30, 2020.

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. 25

## Appendix

# *Performance Trends*

## *&*

# *Product Group Overview*

## 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

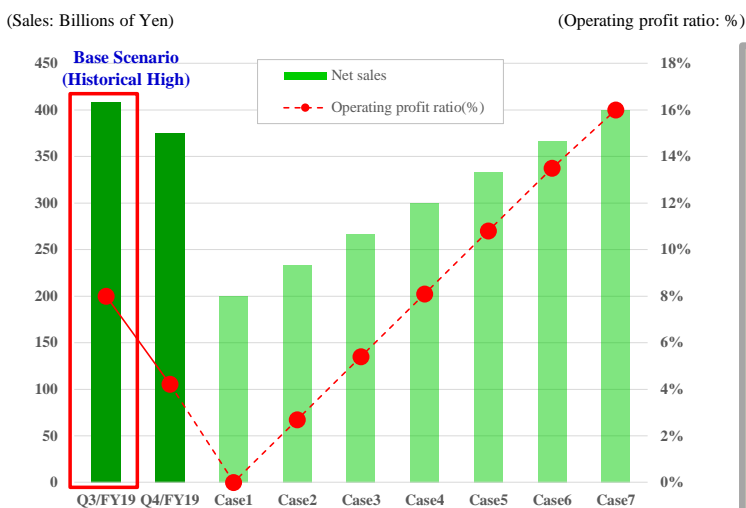
- Starting full-fledged groundworks for **net sales of 10 trillion yen**
- Sticking to **winning overwhelming No.1 market share** through top-down sales activities

## 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

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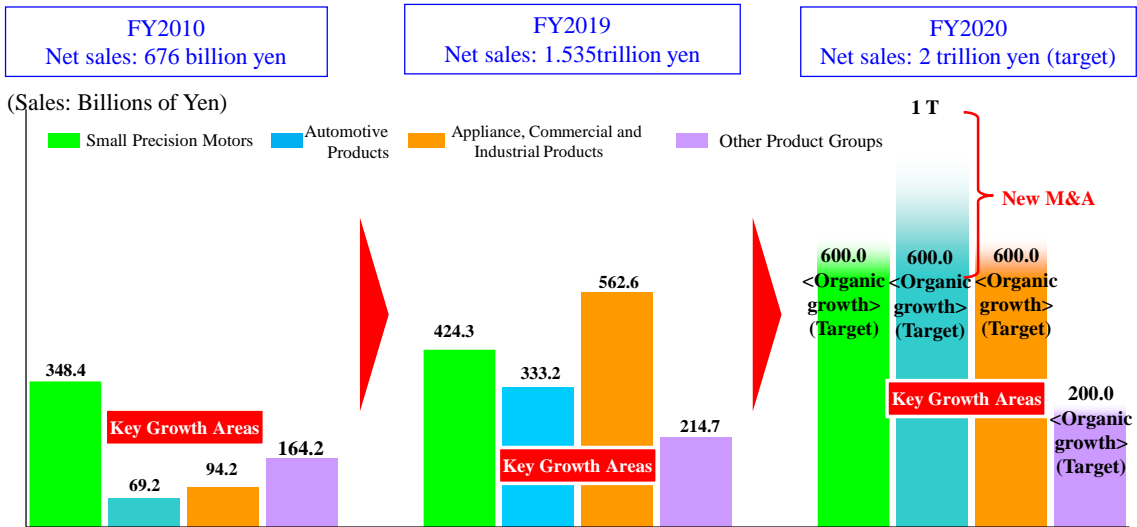
<What is **WPR** ?>

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

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



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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



### 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



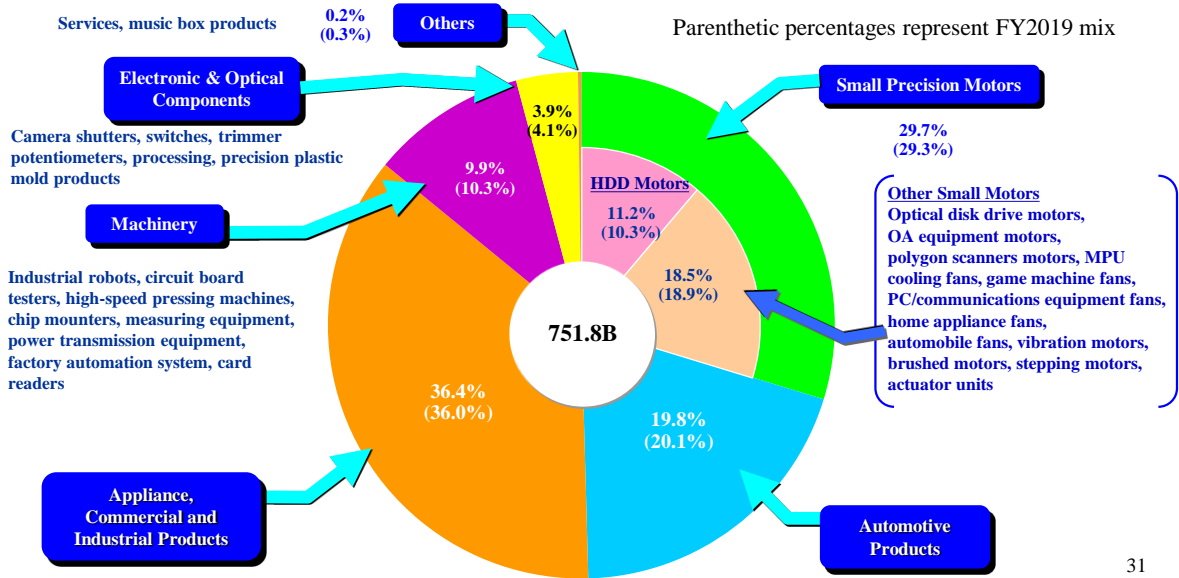
### Manpower-saving in agriculture & logistics

-Serious labor constraints  
-Industry 4.0



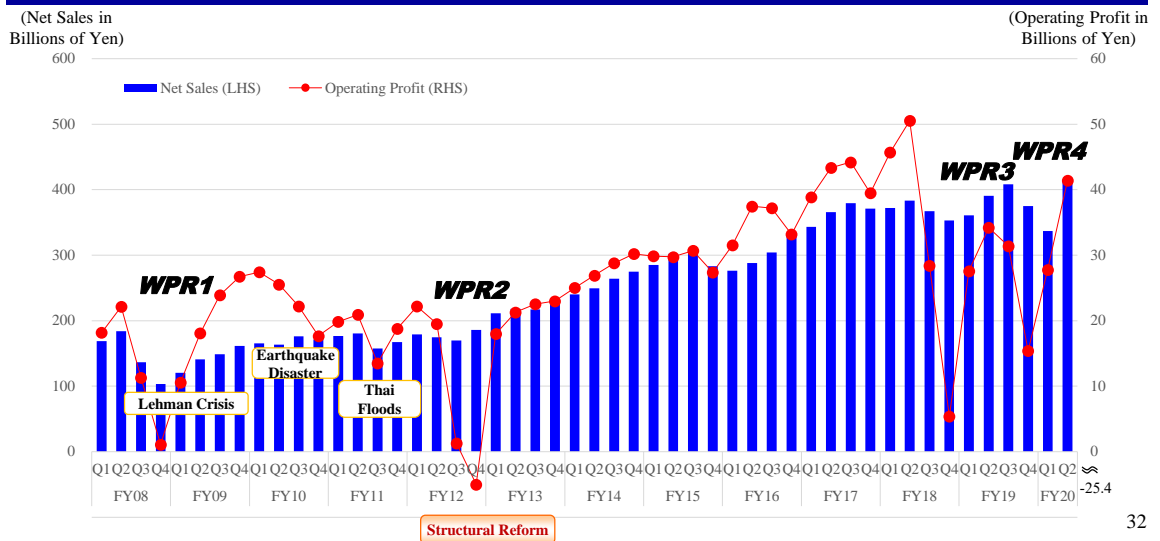
## Sales by Product Group (Apr-Sep FY2020)

\*Please refer to Notes on Page 25. -All for dreams



## Consolidated Quarterly Net Sales and Operating Profit

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

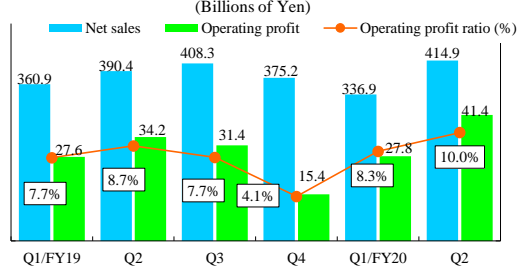




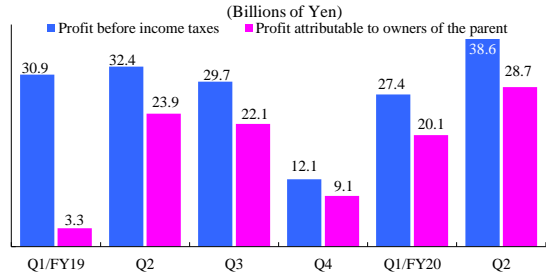
## Financial Highlights

\*Please refer to Notes on Page 25.

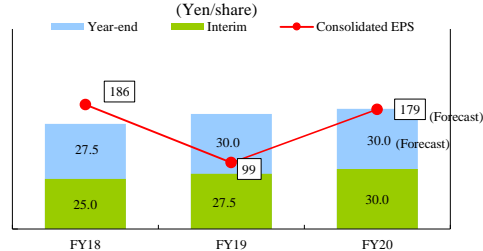
### <Consolidated Net Sales and Operating Profit>



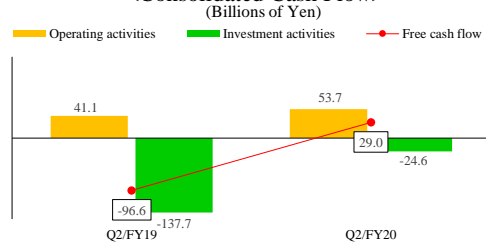
### <Profit Before Income Taxes and Profit Attributable to Owners of the Parent>



### <Dividends and EPS>\*



### <Consolidated Cash Flow>



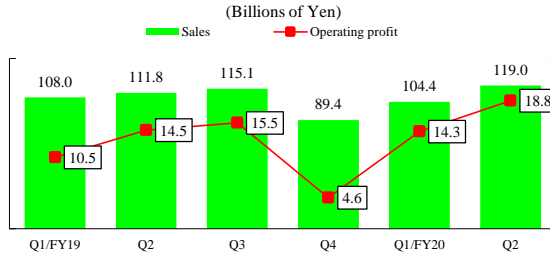
\*Adjusted based on the 2-for-1 split implemented as of April 1, 2020. "EPS" and "Dividends" are expressed assuming that the stock split occurred at the beginning of FY2018.

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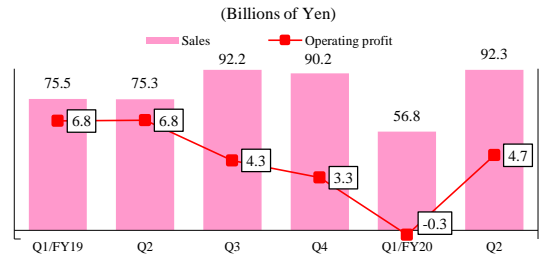
## Product Group Overview

\*Please refer to Notes on Page 25.

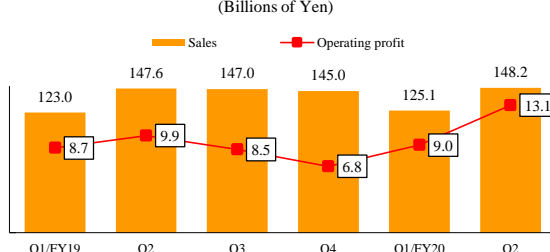
### <Small Precision Motors>



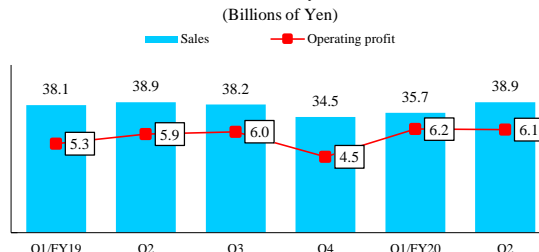
### <Automotive Products>



### <Appliance, Commercial and Industrial Products>

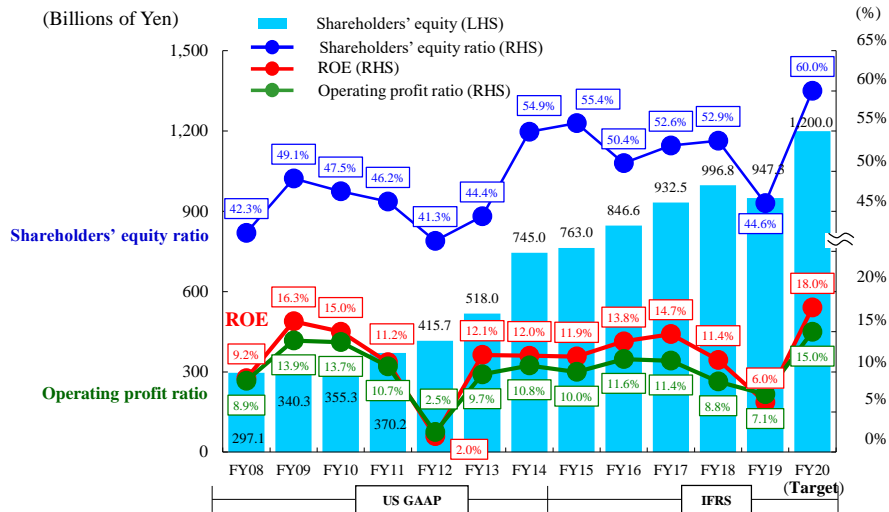


### <Machinery>



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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 25.

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