



NIDEC CORPORATION

# Acquisition of the Emerson Electric Co.'s Motors & Drives and Electric Power Generation Businesses

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Nidec Corporation

August 2, 2016

## ■ 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 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.

<b>Businesses to be transferred</b>	<ul style="list-style-type: none"><li>■ Motors &amp; Drives (“M&amp;D”) and Electric Power Generation (“EPG”) businesses of Emerson Electric Co.</li></ul>
<b>Acquisition structure</b>	<ul style="list-style-type: none"><li>■ Acquisition of the assets and liabilities of the Businesses and stock of the related companies</li></ul>
<b>Expected schedule</b>	<ul style="list-style-type: none"><li>■ Signing: August 2, 2016</li><li>■ Closing: Expected in the third quarter of FY2016 (Subject to change based on approvals from antitrust authorities. Also, closing may be deferred in some regions.)</li></ul>
<b>Purchase price</b>	<ul style="list-style-type: none"><li>■ US\$1,200million (on a cash and debt-free enterprise value basis) and the consideration will be all cash</li></ul>
<b>Financial Impact</b>	<ul style="list-style-type: none"><li>■ Nidec intends to make appropriate disclosures regarding the impact of the Transaction</li></ul>

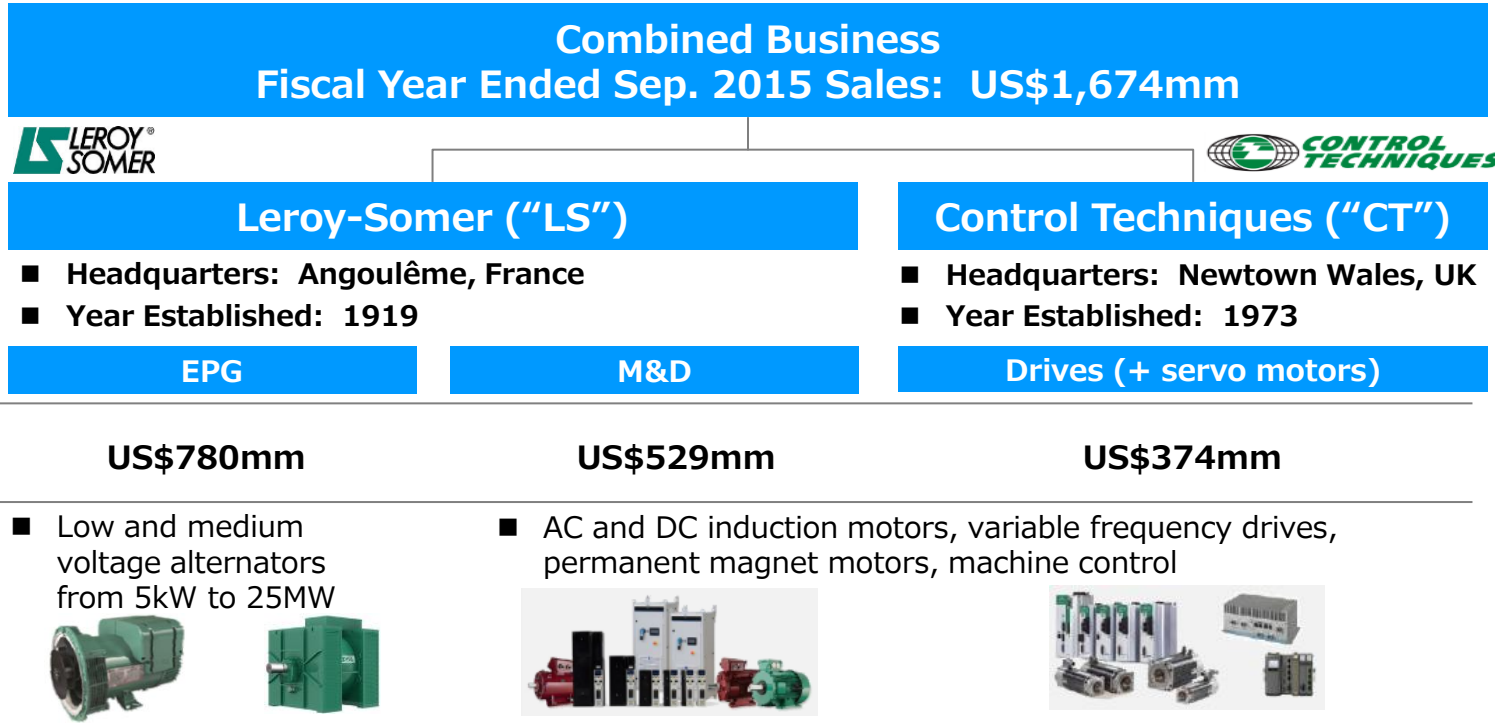
# ■ Background and Purpose of the Transaction

## Background

- **Appliance, Commercial and Industrial Motors (ACIM) group as one of the key growth areas**
  - ACIM is the key driver of Nidec's business portfolio transformation in order to lower the company's dependence on small precision motors business
  - Nidec will grow ACIM group as one of the key growth areas for achieving our mid-term strategic goal "*Vision2020*"
- **Growing customer demand for one-stop solution**
  - Growing needs for products and services beyond regional differences in standards (North America: NEMA standards; Europe, Asia and other areas: IEC standards)
  - Growing needs for energy efficient technologies ranging from improving motor efficiency to optimizing motor-drive combination, responding to tighter regulations

## Purpose

- **Complementary product fit with full lineup in industrial products and geographic fit**
  - Broaden the product lineup: Acquire low-voltage IEC-based design motors and low and medium-voltage generators of capacity below 10 megawatts
  - Strengthen market presence worldwide: Establish presence in European and Asian markets where Nidec does not currently have a strong presence
- **Enhancement of proposal to customers by combining drives with motors**
  - Combination of the target companies' drive technology and Nidec's motor technology will deliver higher value to customers



<sup>1</sup> Excluding intercompany transactions and elimination.

# Business Profile (2/3)

**Total employees: 9,703**

- Motors & Drives
- Alternators
- Shared Services

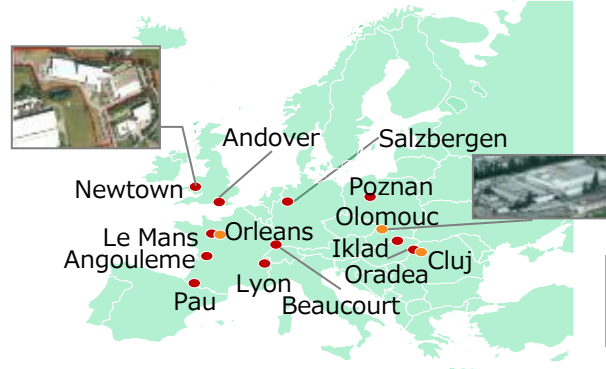
## Americas

**1,408 Employees**



## EMEA

**6,423 Employees**



## Asia Pacific

**1,872 Employees**



## By Segment

### Alternators (LS EPG)

- 3,559 employees
- 6 engineering & design facilities
- 10 manufacturing facilities

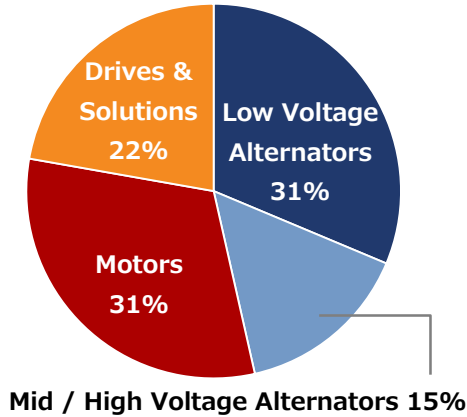
### Motors & Drives (LS M&D and CT)

- 5,689 employees
- 15 engineering & design facilities
- 22 manufacturing facilities

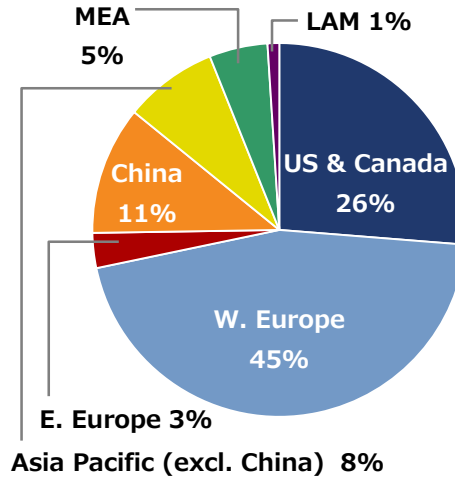
### Shared Services

- Shared Services : 455 employees
- Fuzhou (China) and Pune (India)

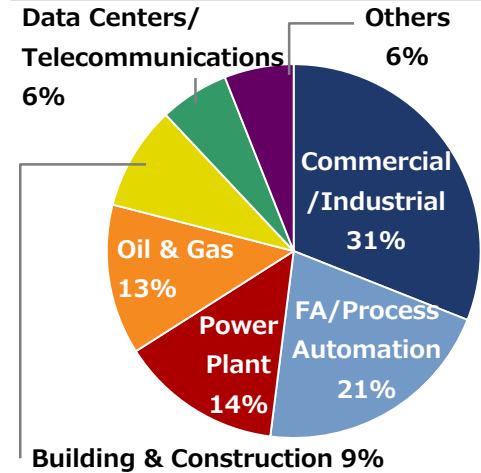
## Product Mix



## Geographic Mix



## Industry Mix



Revenue Breakdown

Customer



## Product Overview

### Industrial Range (Low and Medium Voltage)

- Used in Building & Construction, Marine, Telecommunications, Commercial, Healthcare and others
- 50-60Hz, 4-6 poles, 5kW-3.6MW



### Customized Range (Low, Medium and High Voltage)

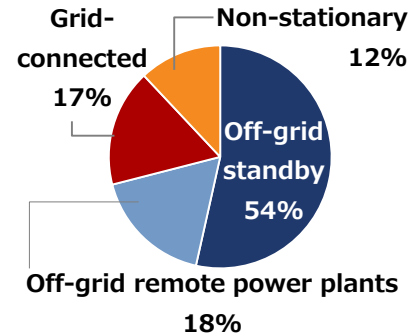
- Used in Power plant (including nuclear power plants), Oil & Gas and Marine
- 50-60Hz, 4-24 poles, 5-25MW

## Major Customers

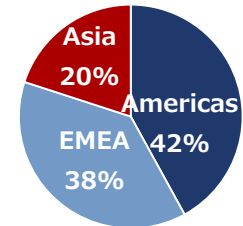


## Revenue Breakdown (%)

### By Application



### By Geography





## Product Overview

- Induction Motors (up to 1,500kW), Gear



- DC Motors (2-750kW)



- Permanent Magnet Motors (0.75-500kW)



- Servo Motors, Torque Motors, Gears, Drives

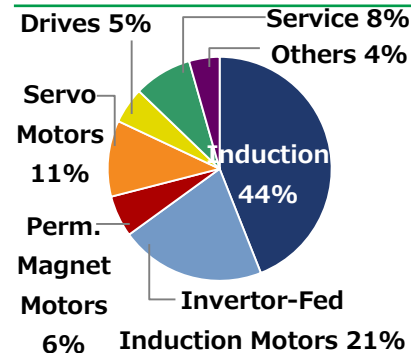


## Major Customers

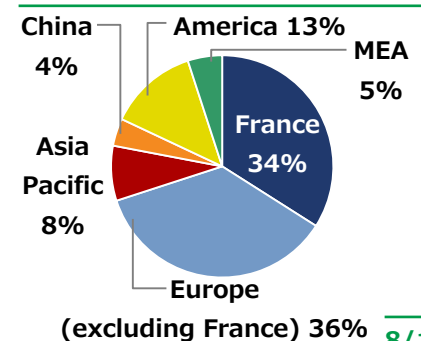


## Revenue Breakdown (%)

### By Product



### By Geography










# Overview of LS EPG's Manufacturing Facilities



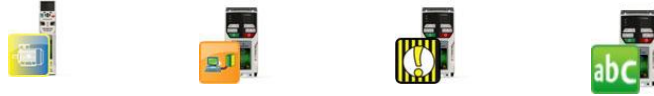
Location	City, Country	Employee	Size (m <sup>2</sup> )	Products		Functions	
				LV	MHV	Mfg	E&D
	Fuzhou EPG, China	316	23,500	✓	✓	✓	✓
	Olomouc, Czech Republic	619	21,100	✓		✓	
	Orléans, France	297	32,000	✓	✓	✓	✓
	Sillac, France	247	22,500	✓		✓	✓
	Bangalore, India	432	14,500	✓	✓	✓	✓
	Hubli, India	223	5,900	✓		✓	
	Reynosa, Mexico	410	9,300	✓		✓	
	Cluj, Romania	90	4,000	✓	✓	✓	
	Lexington, USA	384	49,700	✓		✓	✓
	Mankato, USA	368	23,200	✓	✓	✓	✓

# Overview of LS M&D's Manufacturing Facilities

Location	City, Country	Employee	Size (m <sup>2</sup> )	Products	Functions	
					Mfg	E&D
	Angoulême GP, France	384	38,800	<ul style="list-style-type: none"> <li>■ Small / medium power induction motors</li> <li>■ Induction hermetic motors</li> <li>■ PM motors</li> </ul>	✓	✓
	Angoulême Mansle, France	190	27,280		✓	
	Iklad, Hungary	761	31,470		✓	
	Beaucourt, France	177	17,500	<ul style="list-style-type: none"> <li>■ Medium &amp; high power cast iron induction motors</li> <li>■ Specific induction motors</li> </ul>	✓	✓
	Lyon, France	252	18,460	<ul style="list-style-type: none"> <li>■ Servo motors</li> <li>■ Elevator motors</li> <li>■ Aluminum geared motors</li> </ul>	✓	✓
	Andover, UK	112	3,840	<ul style="list-style-type: none"> <li>■ Medium / large power hoisting induction motors</li> </ul>	✓	✓
	Angoulême, Rabion, France	258	22,620	<ul style="list-style-type: none"> <li>■ Helical geared motors</li> <li>■ Worm geared motors</li> <li>■ Brake motors</li> <li>■ Elevator motors</li> </ul>	✓	✓
	Le Mans, France	41	5,900		✓	
	Poznan, Poland	80	4,990		✓	
	Fuzhou, China	193	13,650	<ul style="list-style-type: none"> <li>■ Elevator motors</li> <li>■ Small aluminum induction motors</li> <li>■ Cast iron induction motors</li> <li>■ Induction hermetic motors</li> </ul>	✓	✓
	Angoulême, Agriers, France	275	24,290	<ul style="list-style-type: none"> <li>■ Built-in drives</li> <li>■ Large drives &amp; cabinets</li> <li>■ Alternator voltage regulators</li> </ul>	✓	✓
	Angoulême, Fonderie, France	138	33,220	<ul style="list-style-type: none"> <li>■ Cast iron parts</li> <li>■ Blank shafts</li> </ul>	✓	

## Product Overview

### Industrial Drives (0.33hp-4,200hp; 0.75kW-2.8MW)



### AC Drives (0.33hp-4,200hp; 0.25kW-2.8MW)



### DC Drives (25A-7,400A)



### Servo Drives (1.3A-210A)



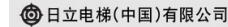
### AC Motor Control



### Servo Motors (0.11Nm-136Nm)

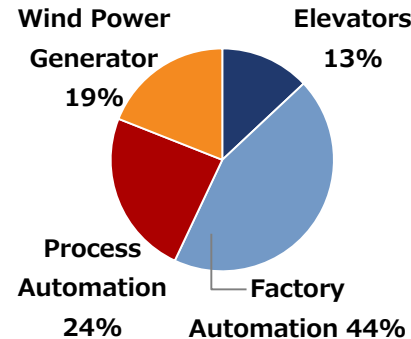


## Major Customers

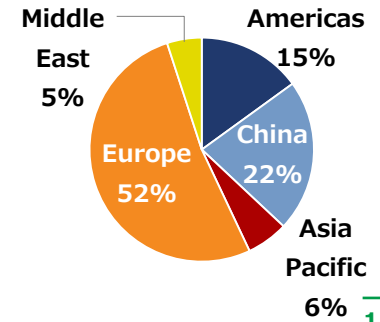


## Revenue Breakdown (%)

### By Application



### By Geography







# Overview of CT's Manufacturing Facilities



CONTROL  
TECHNIQUES

**Nidec**  
All for dreams

Location	City, Country	Employee	Size (m <sup>2</sup> )	Products	Functions	
					Mfg	E&D
	Newtown, UK	360	15,100	<ul style="list-style-type: none"> <li>■ AC drives</li> <li>■ DC drives</li> <li>■ Drive option modules</li> </ul>	✓	
	Eden Prairie, USA	110	6,230	<ul style="list-style-type: none"> <li>■ Drive systems</li> <li>■ AC drives</li> </ul>	✓	
	Salzbergen, Germany	153	8,360	<ul style="list-style-type: none"> <li>■ Electric pitch systems</li> </ul>	✓	✓
	Qingdao, China	162	15,000	<ul style="list-style-type: none"> <li>■ Electric pitch systems</li> </ul>	✓	✓

# ■ Synergies (1/2): Complementary Product Fit with Full Lineup in Industrial Products and Geographic Fit

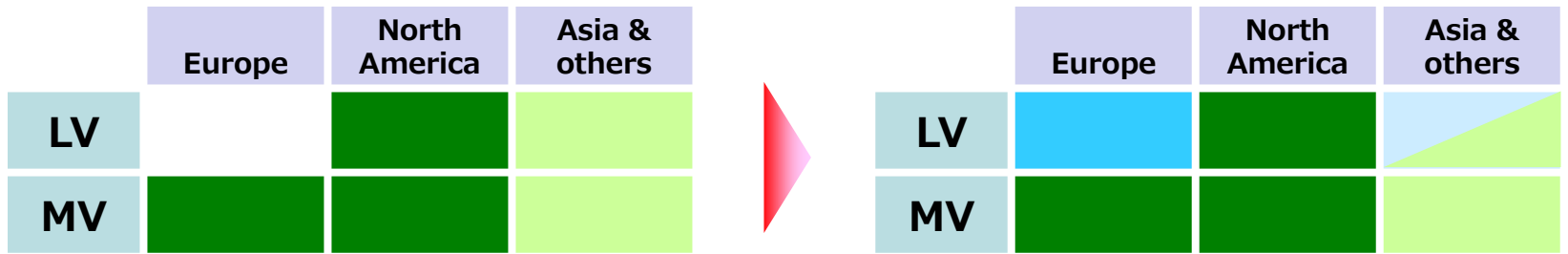


LS's low-voltage products will broaden the product lineup/  
Nidec will acquire strong presence in new regions

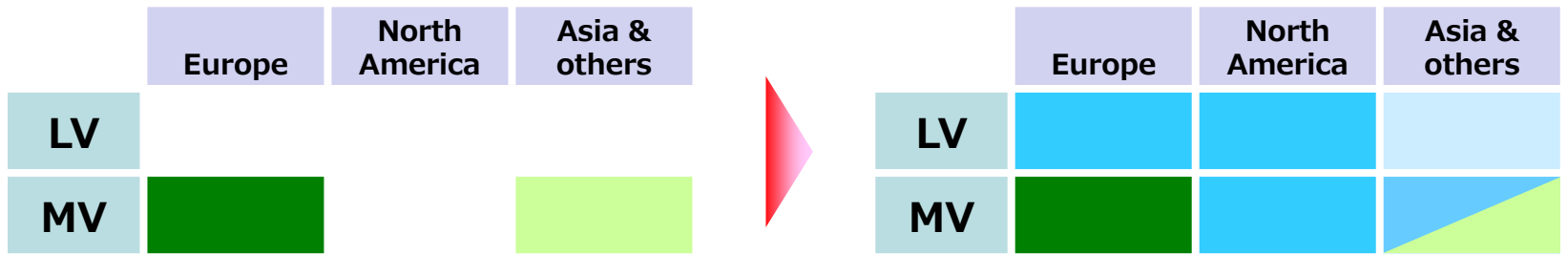
Pre-Transaction (Nidec)

Post-Transaction (Nidec+LS)

Motors



Alternators



Nidec Strong Presence    
  Nidec Some Presence    
  LS Strong Presence    
  LS Some Presence

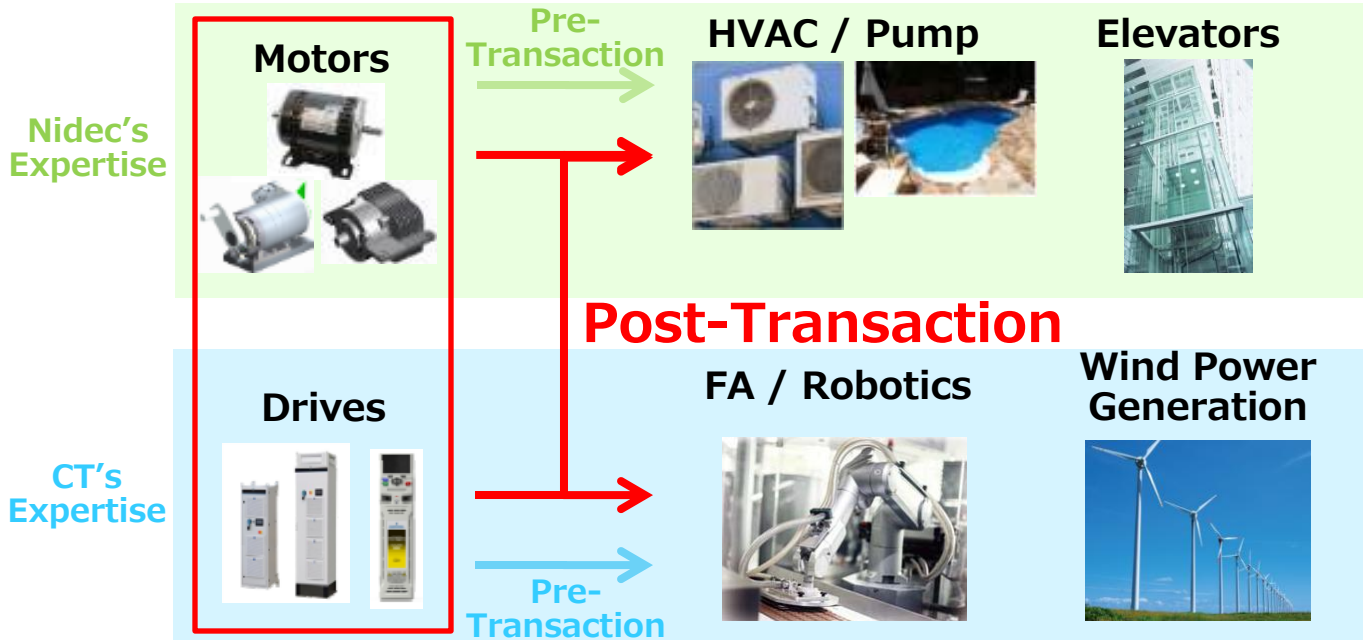
Note: LV: Low-Voltage, MV: Medium-Voltage

# ■ Synergies (2/2): Combination of Drives and Motors

## Enhancement of proposal to customers by combining CT's drives with Nidec's existing products

### Products

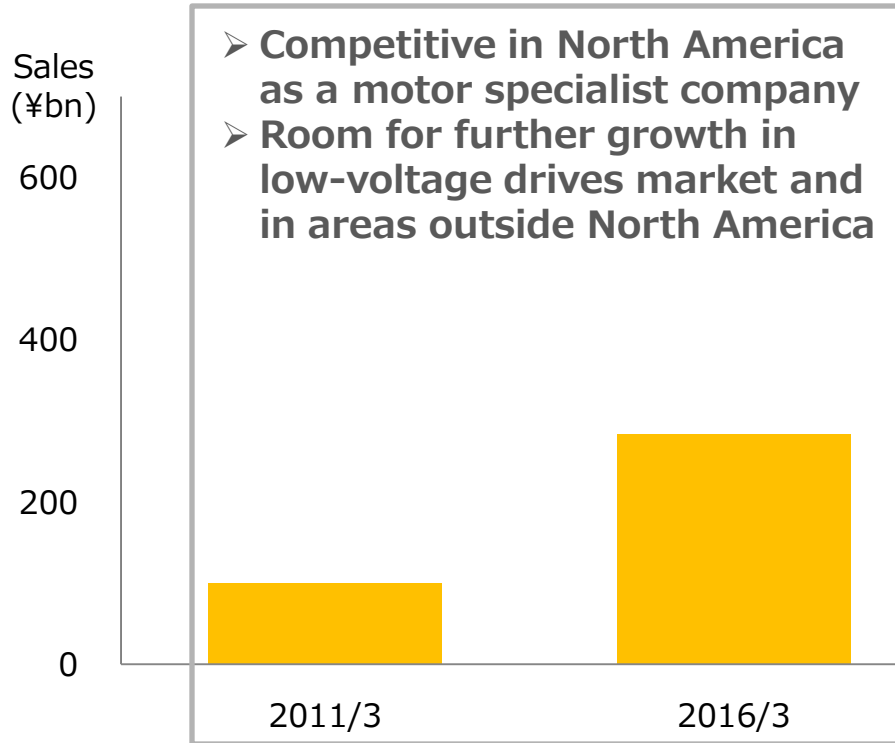
### Target Markets



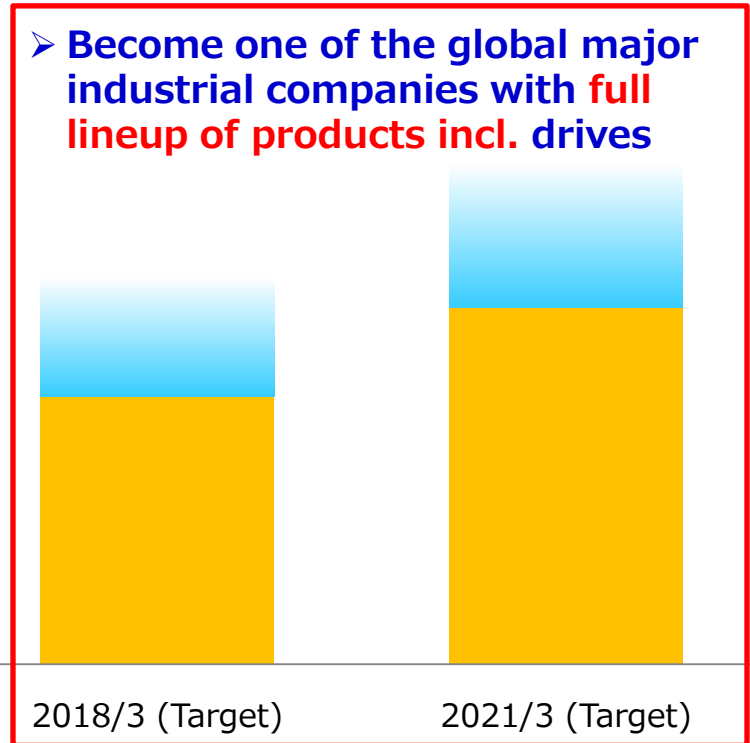
With the integrated solutions, Nidec will pursue the opportunities in all key market spaces where **rapid growth is expected** because of the growing needs for energy saving and energy efficient products

# ■ ACIM Business, Post-Transaction

## Pre-Transaction



## Post-Transaction



■ Existing business

■ Additional sales to be gained by the Transaction



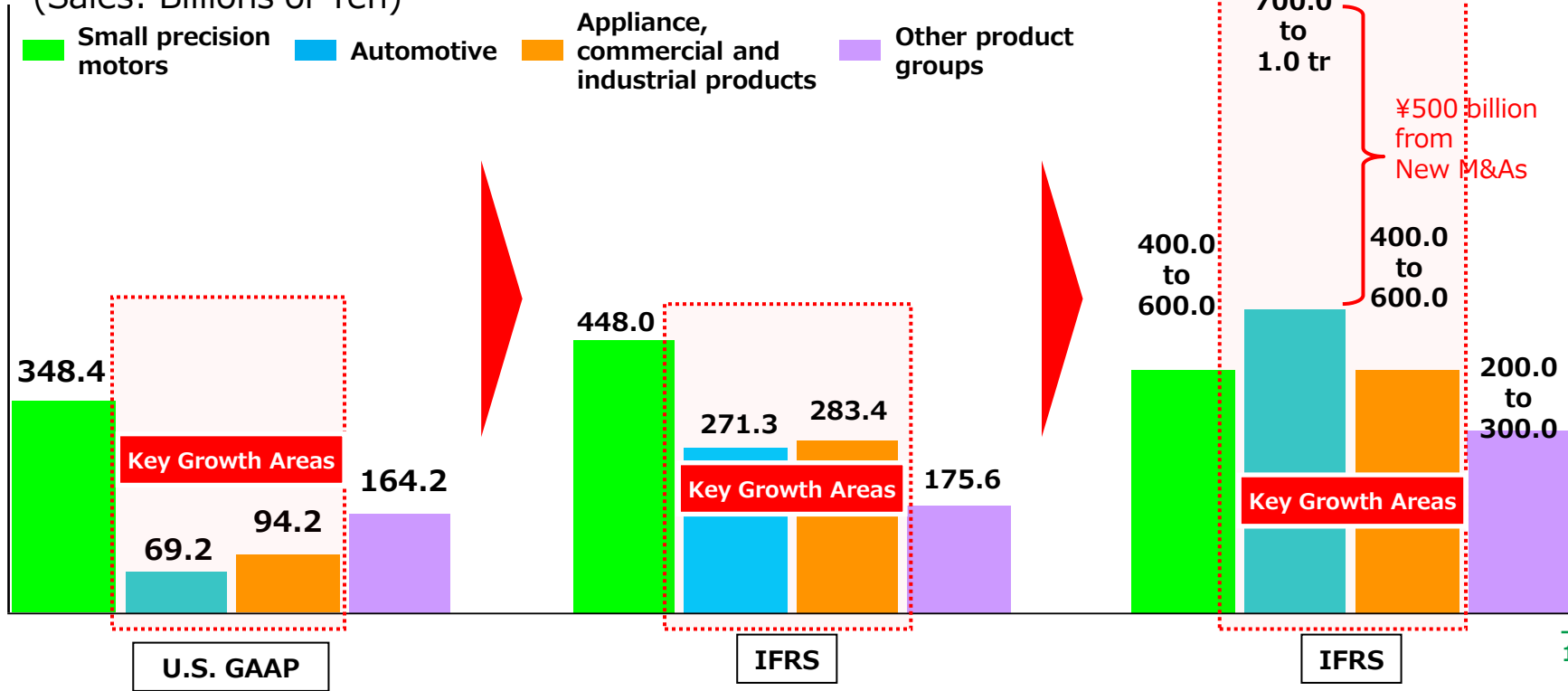
# Nidec will Continue to Accelerate its Growth toward Vision 2020

FY2010  
Net sales: ¥676.0 billion

FY2015  
Net sales: ¥1.2 trillion

FY2020  
Net sales: ¥2.0 trillion (target)

(Sales: Billions of Yen)



***Nidec***

**All for dreams**