

Nidec Corporation

Fiscal First-Half 2017 Financial Results

Six Months Ended September 30, 2017
<IFRS>



October 25, 2017



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 E-Axle, a traction motor system that includes a traction motor, gear box and inverter.
Nidec newly developed this traction motor system for electric and plug-in hybrid electric vehicles.

Consolidated Profit/Loss

Millions of Yen, except for EPS, dividends and FX rates	1H/FY2016	1H/FY2017	Change	FY2017 Forecast
Net sales	564,030	715,890	+26.9%	1,450,000
Operating profit	68,985	82,612	+19.8%	170,000
Operating profit ratio	12.2%	11.5%	-	11.7%
Profit before income taxes	66,274	76,630	+15.6%	163,000
Profit attributable to owners of the parent	50,094	60,074	+19.9%	128,000
EPS (Yen)	168.89	202.90	+20.1%	432.32
Dividends (Yen)	40.00	45.00	-	95.00
FX rate (Yen/US\$)				
Average:	105.29	111.06	+5.5%	105.00
Term end:	101.12	112.73	+11.5%	(Assumed for 3Q onward)

Note: Based on the current forecast of sales volume, every one yen appreciation or depreciation against the U.S. dollar and the euro for FY2017 is estimated to have an annualized impact of 8.80 billion yen and 1.70 billion yen on net sales, respectively, and 1.10 billion yen and 0.40 billion yen on operating profit, respectively.

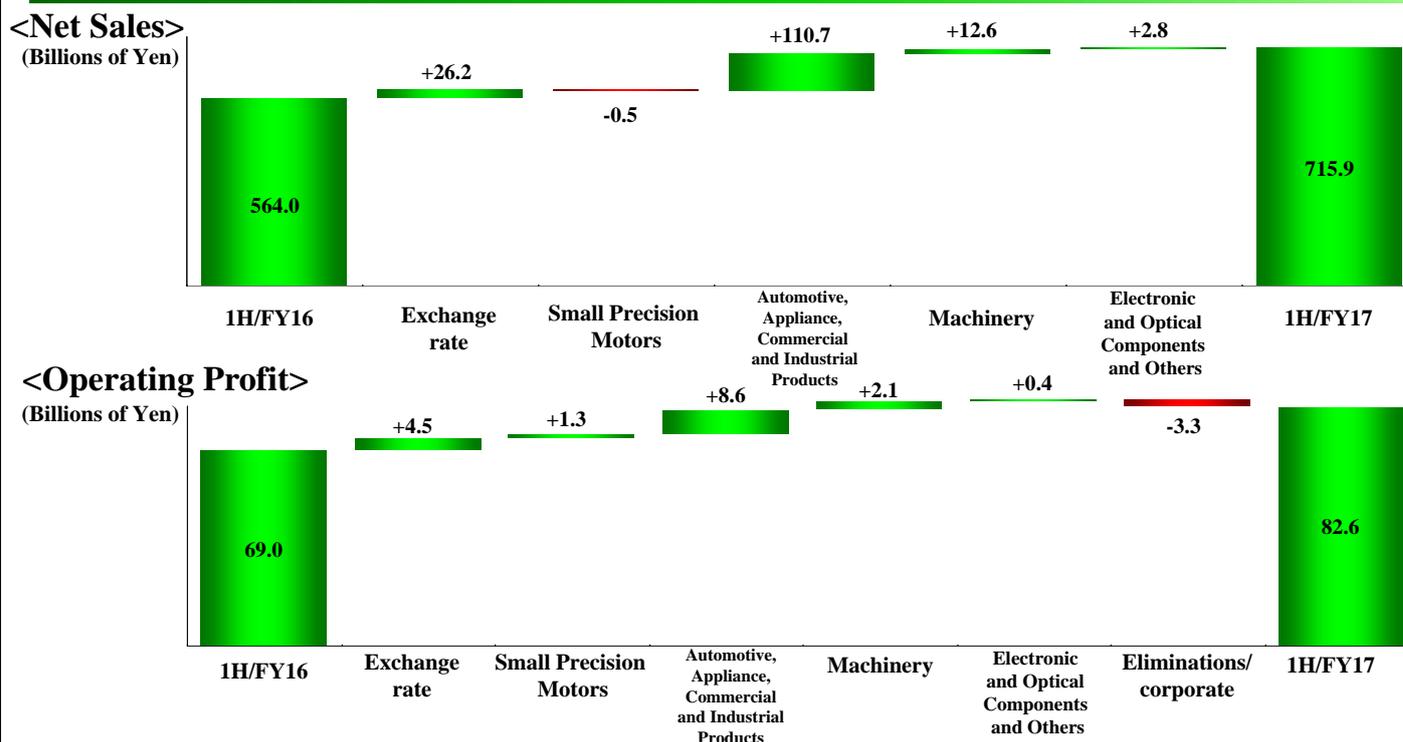
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Summary of 1H/FY2017

- **Record-high** first-half net sales, operating profit, profit before income taxes and profit attributable to owners of the parent
- **First-half operating profit of Automotive, Appliance, Commercial and Industrial Products** finally exceeded that of Small Precision Motors
- **Record-high** quarterly net sales, operating profit and profit attributable to owners of the parent
- **Upward revision** to FY2017 forecasts
Year-end dividend projection raised

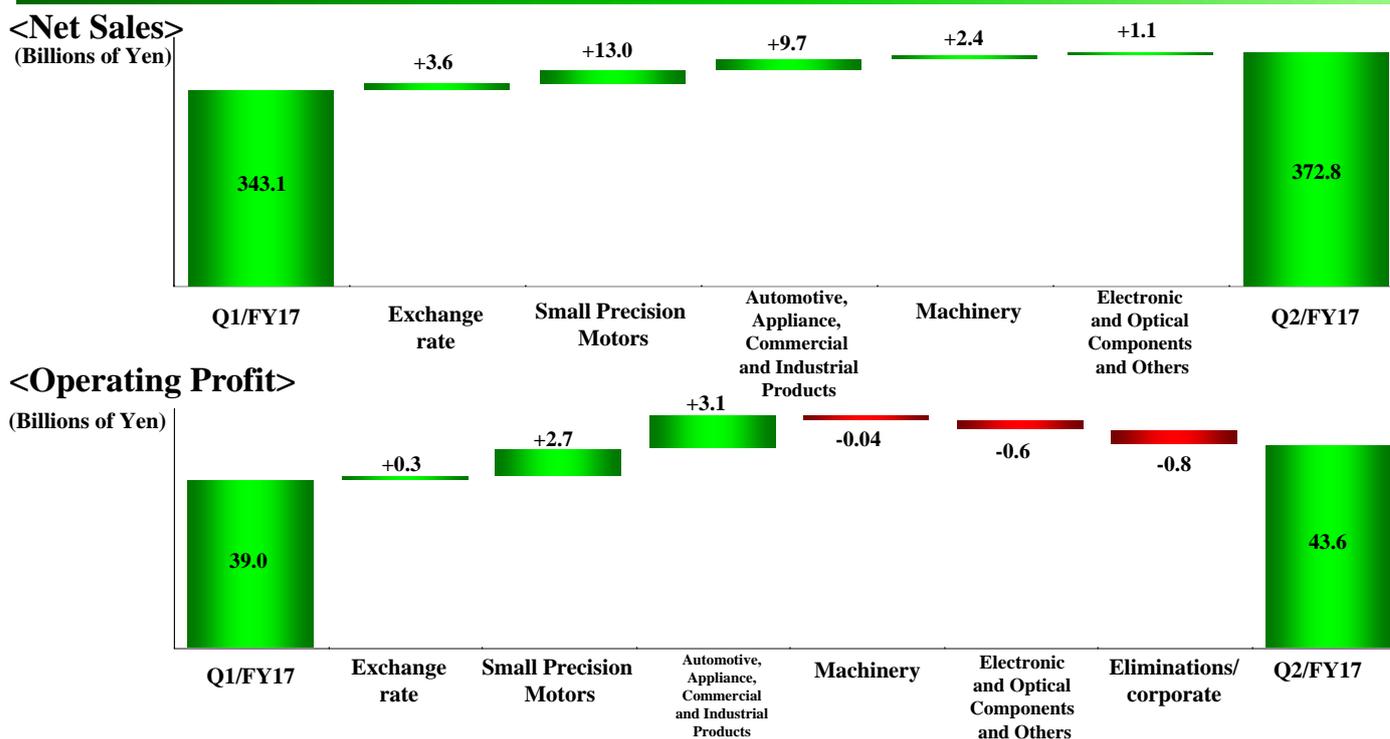
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Year-on-Year Changes (Six Months Ended September 30, 2017)



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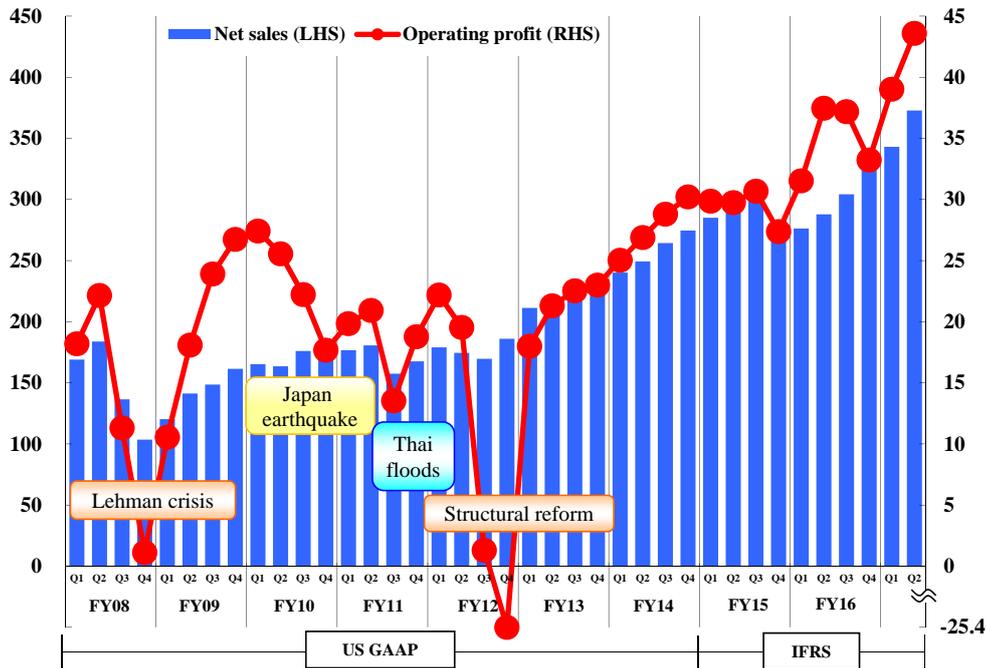
Quarter-on-Quarter Changes (Three Months Ended September 30, 2017)



6

Consolidated Quarterly Net Sales and Operating Profit

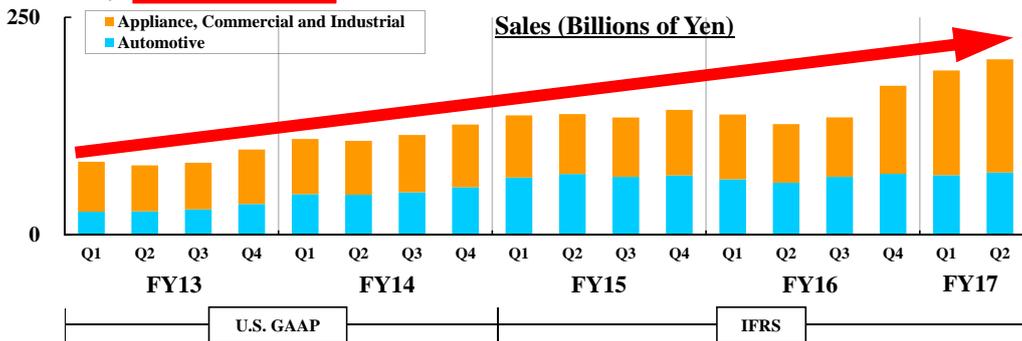
(Net Sales in Billions of Yen)



Quarterly Results of Automotive, Appliance, Commercial and Industrial Products

(Billions of Yen)

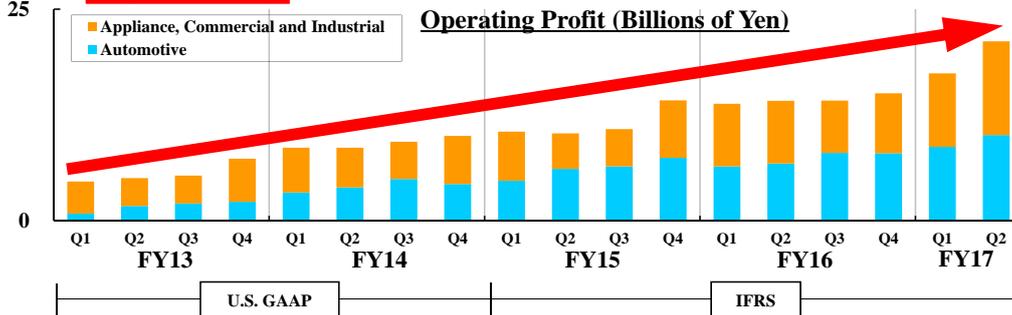
Key Growth Areas



Q2 Sales: 201.7 billion yen

Key Growth Areas on a stable growth trajectory

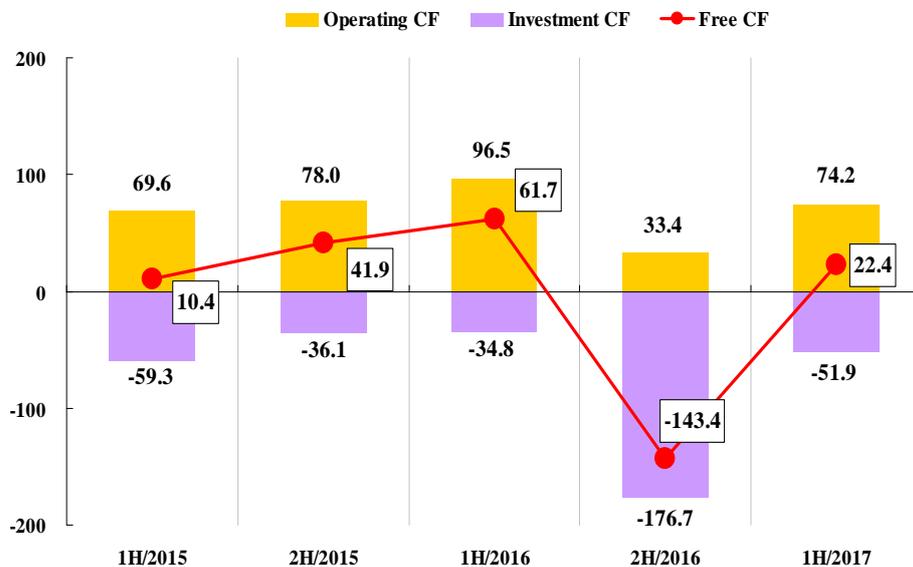
Key Growth Areas



Q2 Operating profit: 21.2 billion yen (Operating profit ratio: 10.5%)

Cash Flow

(Billions of Yen)



FY2017 cash flow to emerge stronger from M&A-induced shortfall in 2H/2016 to bolster future growth driven by continued CCC* improvement

* CCC: Cash Conversion Cycle

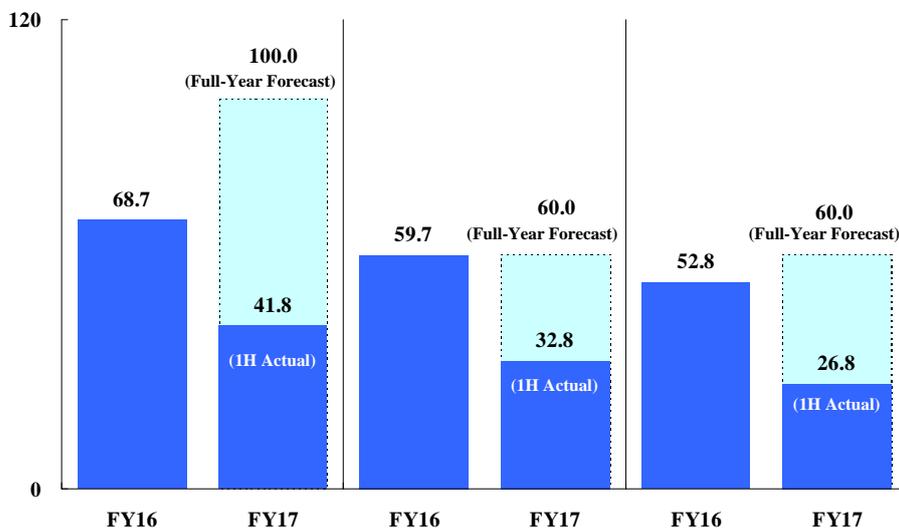
CAPEX, Depreciation, R&D

CAPEX

Depreciation

R&D

(Billions of Yen)



Continuing aggressive investments that support organic growth

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

■ Revision to FY2017 Forecast

<Previous Forecast (July 26, 2017)>

<Revised>

Millions of Yen, except for percentages, EPS, dividends and FX rates	1H/FY2017 Forecast	Full-Year Forecast	1H/FY2017 Results	Full-Year Forecast
Net sales	650,000	1,375,000	715,890	1,450,000
Operating profit	80,000	165,000	82,612	170,000
Operating Profit Ratio	12.3%	12.0%	11.5%	11.7%
Profit before income taxes	77,000	161,000	76,630	163,000
Profit attributable to owners of the parent	60,000	127,000	60,074	128,000
EPS (Yen)	202.65	428.94	202.90	432.32
Dividends (Yen)	45.00	90.00	45.00	95.00
FX Rate (Yen/US\$)	105	105	111.06	105
FX Rate (Yen/€)	110	110	126.29	110
	(Assumed for Q2 onward)	(Assumed for Q2 onward)	(Average)	(Assumed for 3Q onward)

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

11

Mid-Term Strategic Goal

Vision2020

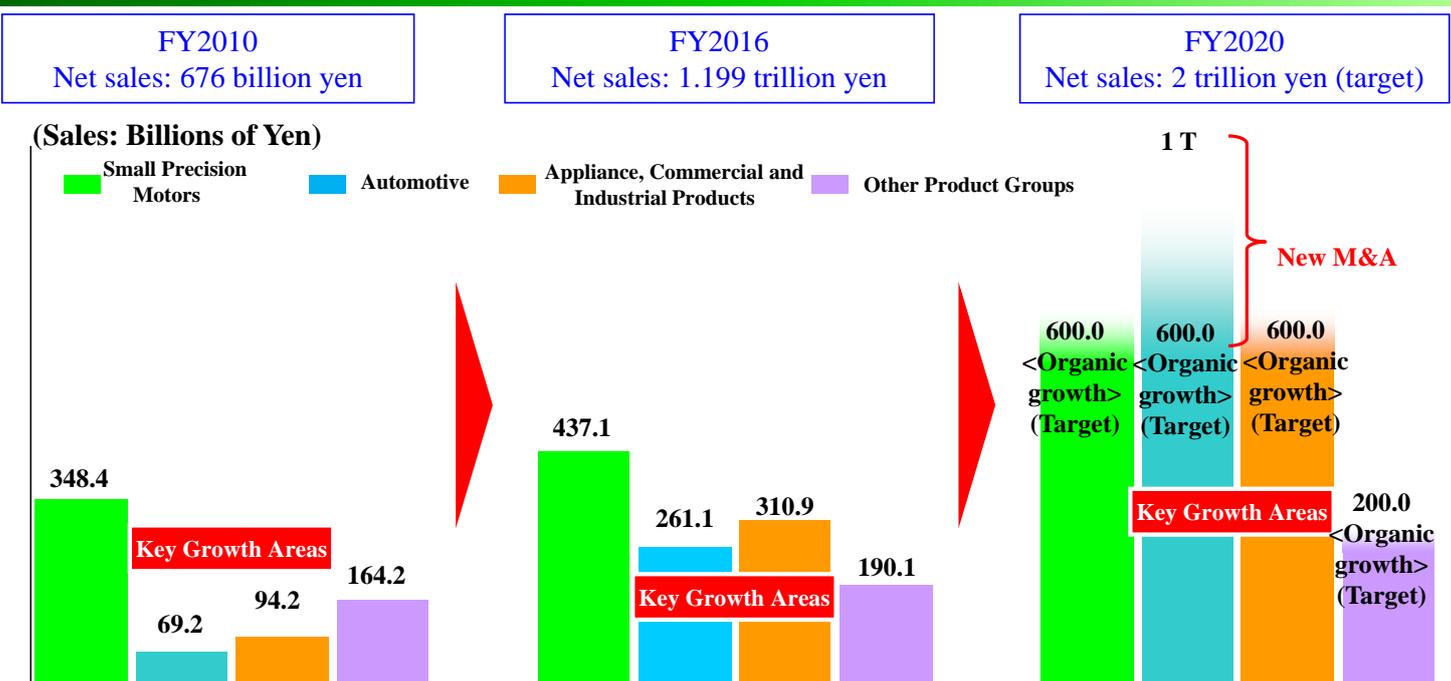
This section includes forward-looking statements. See Disclaimer on Page 2.

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

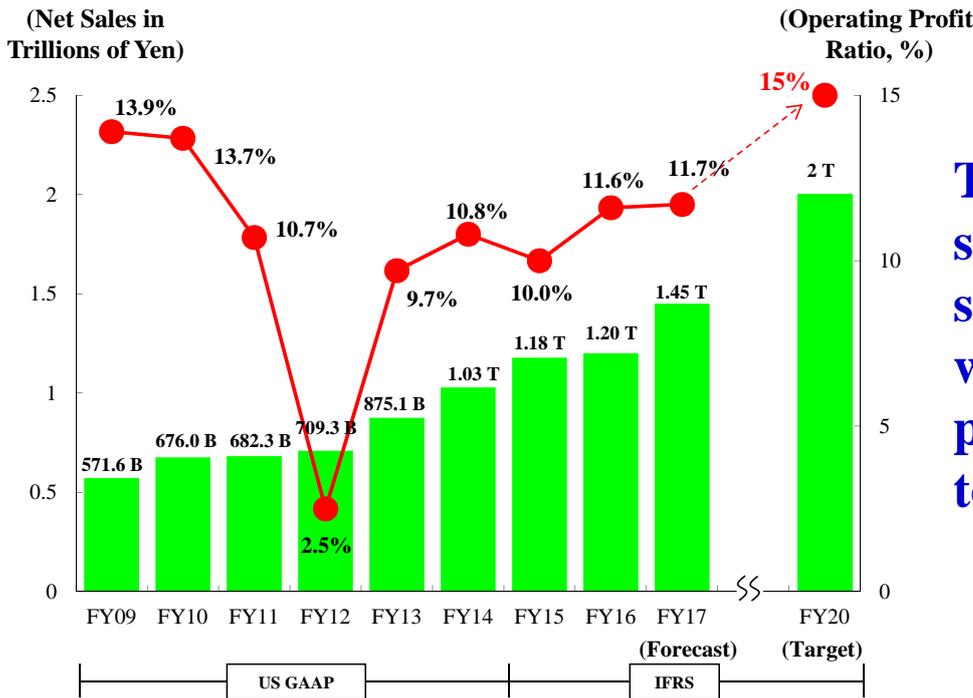
This slide includes forward-looking statements. See Disclaimer on Page 2.

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



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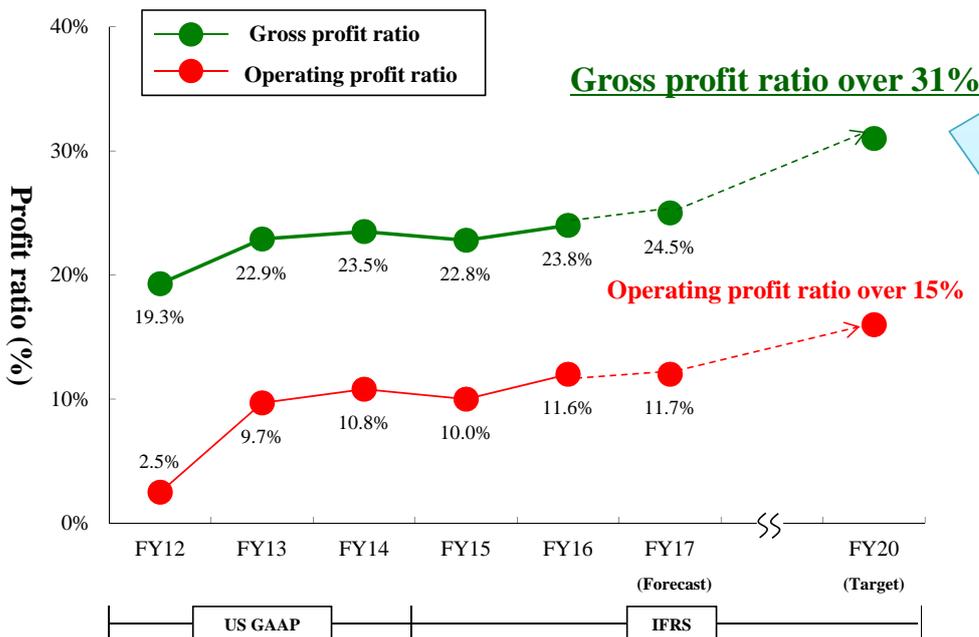
Vision2020: Aiming for 15% Operating Profit Ratio (1)



The main focus shifts to profit structure reform with stronger prospects for solid topline growth

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Vision2020: Aiming for 15% Operating Profit Ratio (2)



Aiming for substantial improvement of gross profit ratio

<Main measures>

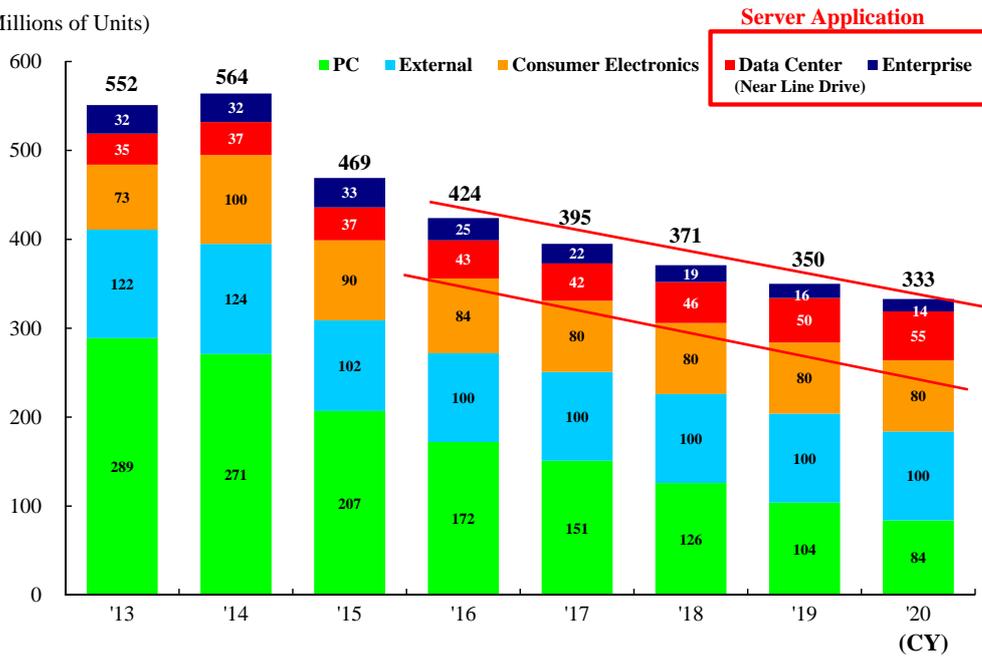
1. Cost reduction in outsourced materials and components
2. Cost reduction in direct labor

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

Small Precision Motors: HDD Market Mid-Term Trend



(Millions of Units)



Revised downward from previous estimate

(Millions of Units)

	<Previous>	<Revised>
(April 26, 2017)		
•CY17	412	⇒ 395
•CY18	394	⇒ 371
•CY19	382	⇒ 350
•CY20	375	⇒ 333

Nidec's estimates based on various sources.

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

Small Precision Motors: HDD Market Short-Term Trend



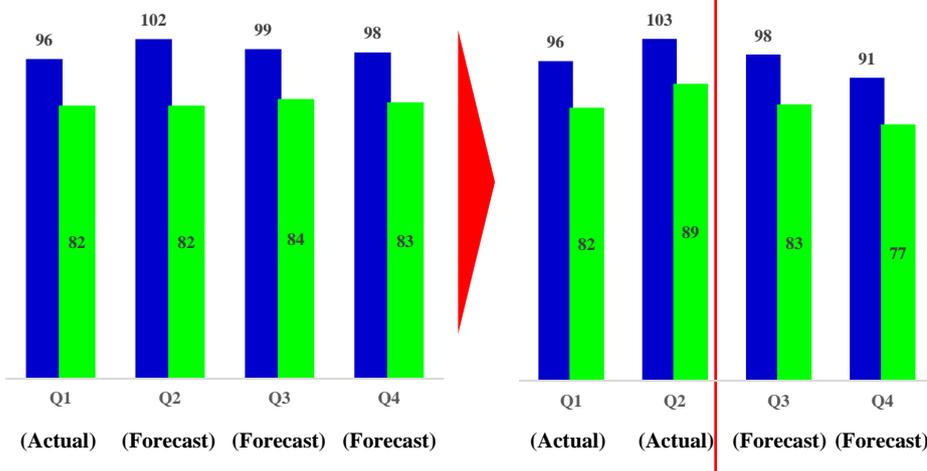
■ HDD Shipments ■ Nidec Motor Shipments

(Millions of Units)

Previous FY2017 Forecast
(July 26, 2017)

Revised FY2017 Forecast
(October 25, 2017)

Revised forecast for FY2017 HDD shipments



(Millions of Units)

FY2017 Annual forecast	Previous forecast	Revised forecast
HDD shipments	395	388
Nidec motor shipments	331	331

Nidec's estimates based on various sources.

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Automotive: Global EV Shift Accelerating

Some of the leading countries are set to ban sale of new gasoline/diesel cars

	India	From 2030
	France	From 2040
	U.K.	From 2040

 **China**

A proposed regulation obliges OEMs to make 10% of their new cars sold in China "New Energy Vehicle" from 2019.

Zero emission is the key to both solving global warming and controlling air quality. OEMs are accelerating its adoption of EV technologies.

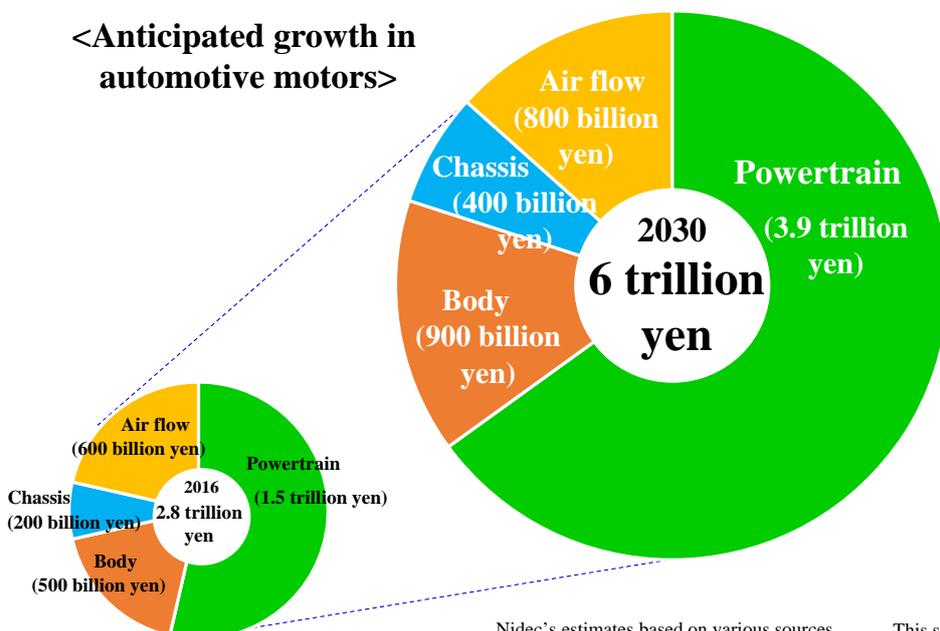
<Examples of moves by OEMs>

	V	All vehicles launched from 2019 to be EV or HV.
	G	Over 20 models of EV and FCV to be released by 2023.
	V	Over 50 new EV models to be brought to market by 2025. Target annual shipment is 3 million units.
	D	Introducing EV or HV in all models by 2022.
	T	2020 launch of EV mass production in consideration.

Automotive: Expansion of Automotive Motor Market

Innovations and regulations accelerating automotive electrification

<Anticipated growth in automotive motors>

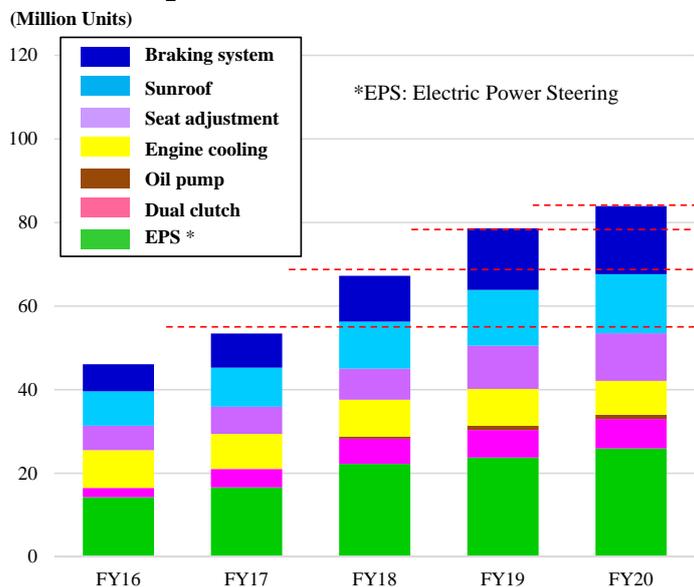


Automotive motor market is expected to more than double by 2030, with acceleration in electrification

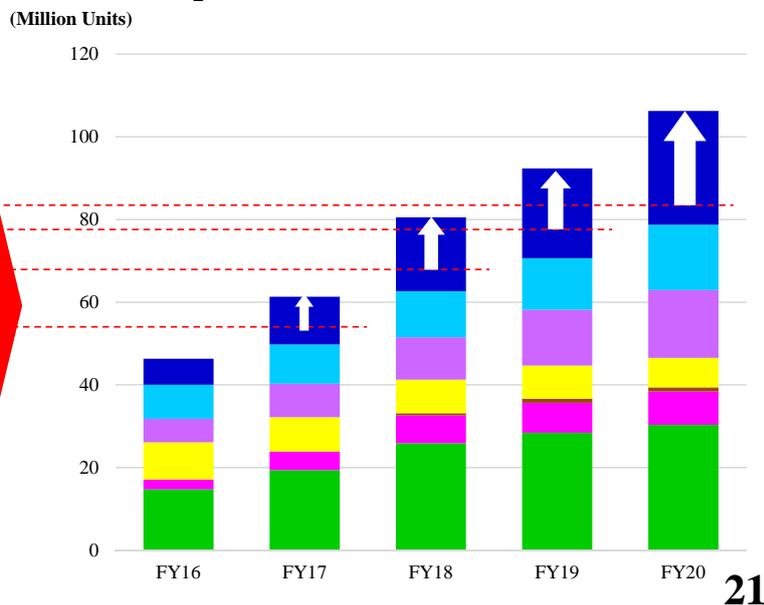
Automotive: Shipment Outlook for Automotive Motors (Key Applications)

Orders building up steadily. Shipments expected to more than double in next four years.

<Shipment outlook as of October 2016>



<Shipment outlook as of October 2017>

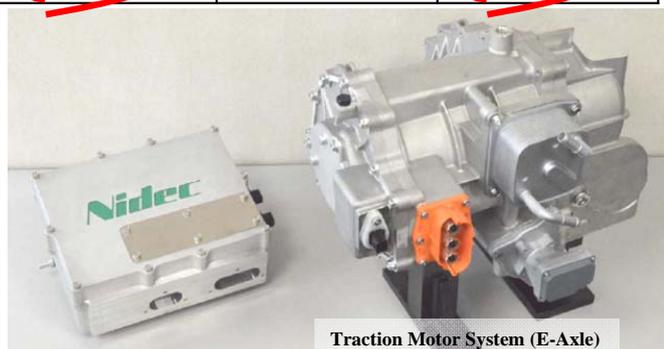


Automotive: Strategy for Traction Related Products

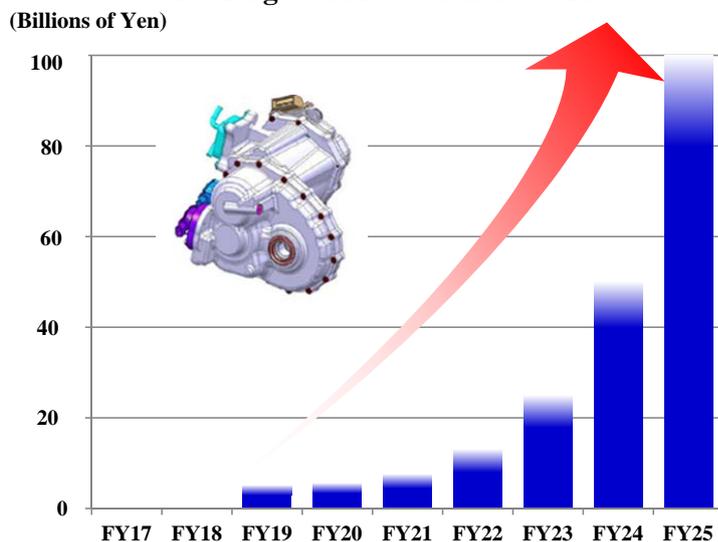
Inquiries from OEMs / Tier 1s in China and Europe increasing

Entry plan for traction related products

1st Step	2nd Step	3rd Step
Target: OEMs in emerging markets	Target: Mega Tier 1s	Target: OEMs
E-Axle	Motors, inverters and gears	E-Axle



<Sales Target of Traction Related Products>



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

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

(Billions of Yen)

<Quarterly Net Sales of Nidec Techno Motor>

Expected to maintain the highest levels throughout the year



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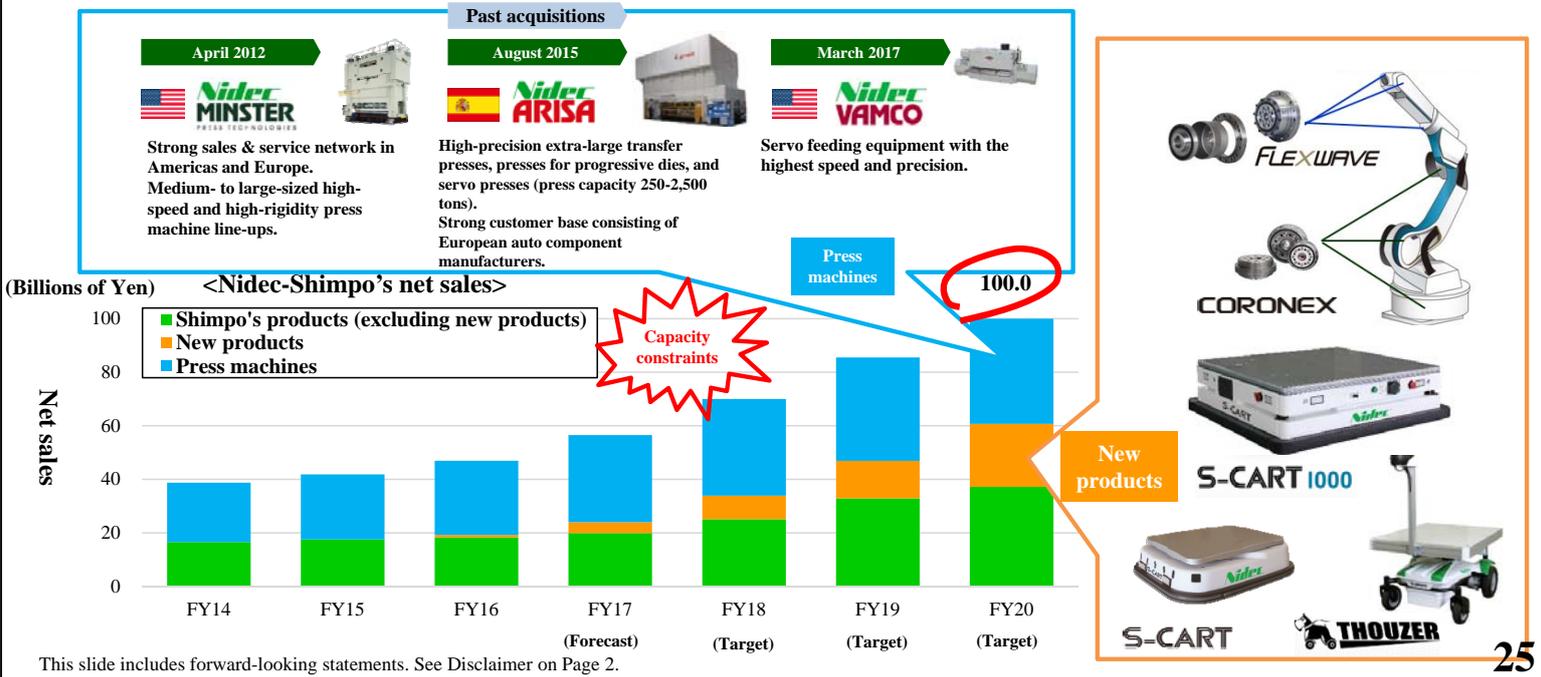
Stable order flow sustained and PMI accelerated since the completion of acquisition

	Nidec Leroy-Somer (LS), Power generator business	Nidec Leroy-Somer (LS), Motor & Drive business	Nidec Control Techniques (CT)
Sales by application or product type			
Major customers			

(Excerpts from reference presentation material "Acquisition of the Emerson Electric Co.'s Motor & Drives and Electric Power Generation Business" dated August 2, 2016)

Machinery: Nidec-Shimpo's Growth Strategy

Promoting synergies and driving fast topline growth through a series of acquisitions

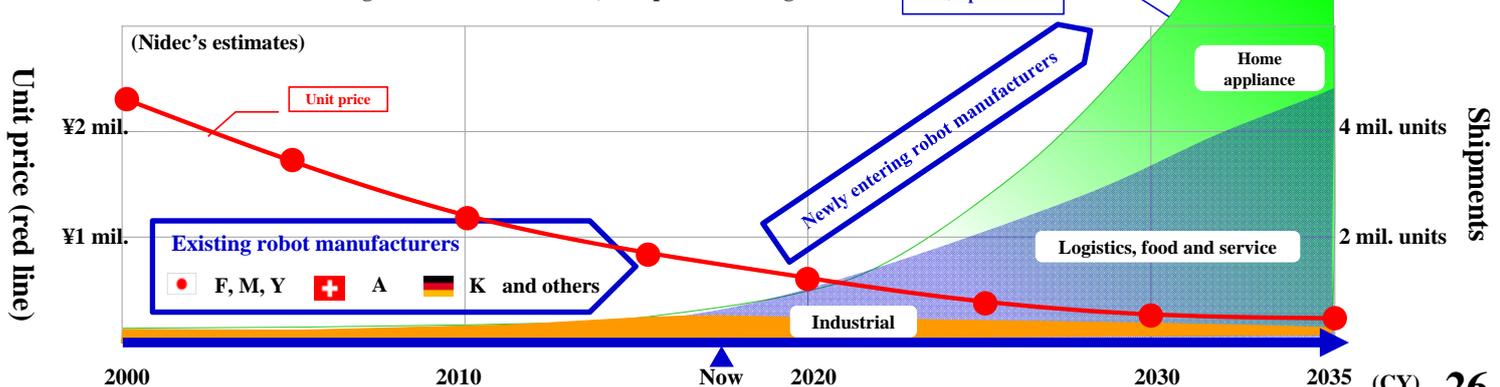


Strategy for Factory Automation (FA) and Robotics

Price declines triggered by intense competition expand the compact robot market (payload: up to 10kg)

Nidec's action plan	2017	2018	2019	2020	2020 onward	
	Applying FA/IoT to own factories	Japan, Asia	Americas and Europe, etc.			
	FA solution	Project A	Project B	Project C		
	Commercializing robot modules	Start marketing	Roll out i611 robot arm module for newly entering robot manufacturers			

< Nidec's outlook for global robot market size, unit price and usage >



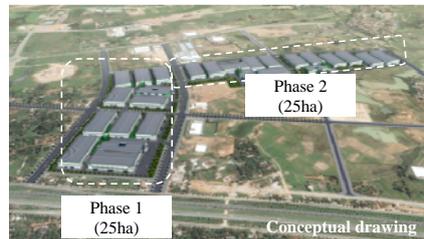
Large Scale Investment in Hanoi, Vietnam (Hoa Lac Hi-tech Park)

Launching new factories successively to overcome capacity constraints on the back of continued firm demand

	Company	Expected products	FY17	FY18	FY19	FY20
Group 1	Nidec Techno Motor	Brushless DC motors for air-conditioners	Incorporation Land development	Factory construction Preparation for production	Start of mass production	
	Nidec-Shimpo	ABLE reducers	Incorporation Land development	Factory construction Preparation for production	Start of mass production	
Group 2	Nidec-Read	Jigs for testing equipment	Feasibility study		(Investment schedule under consideration)	
	Nidec Elesys	Next generation ABS* for motorbikes	Feasibility study		Investment expected in FY2020 (mass production starts in FY2022)	
	Nidec Copal Electronics	Trimmers, switches, etc.	Feasibility study		(Investment schedule under consideration)	



Vietnam's Prime Minister Nguyen Xuan Phuc visited Nidec in June 2017. *ABS: Anti-lock Braking System



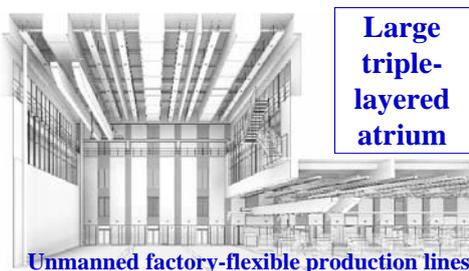
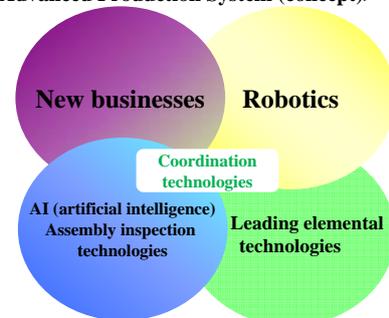
Nidec Center for Industrial Science

-Driving R&D activities aimed for forward-looking development and profit contribution
-Creating "Advanced Production System"

<Three R&D activities>

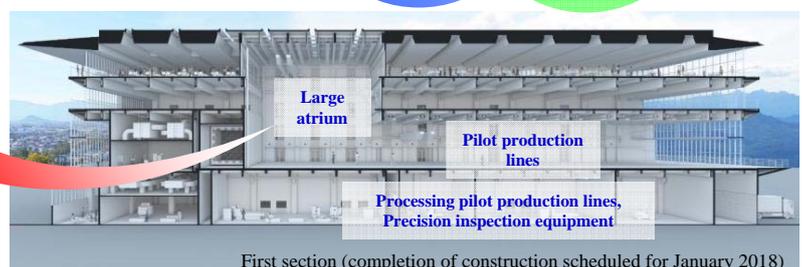
1. Mid- to long-term research catering to future demand
2. Support forward-looking development activities group wide
3. Support short-term profit enhancement

<Advanced Production System (concept)>



Large triple-layered atrium

Unmanned factory-flexible production lines

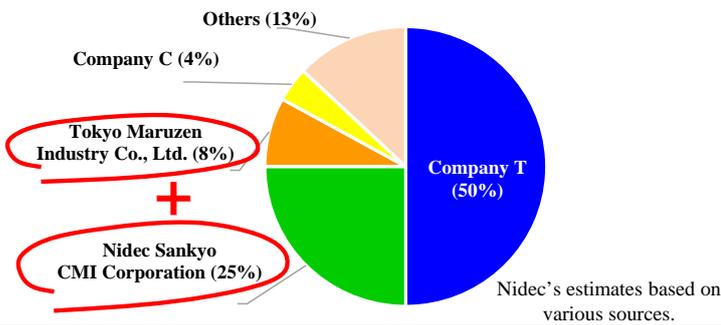


First section (completion of construction scheduled for January 2018)

Tokyo Maruzen Industry Co., Ltd.

Company Name	Tokyo Maruzen Industry Co., Ltd.
Headquarters	Chiba, Japan
Foundation	August 17, 2017 (succeeding company)
Principal Business	Development, manufacture, and sale of electric contact materials, contact rivets, and contact staking
Net sales	¥3,745 million (fiscal year ended March 31, 2017)
Ownership	Nidec Sankyo Corporation: 100%

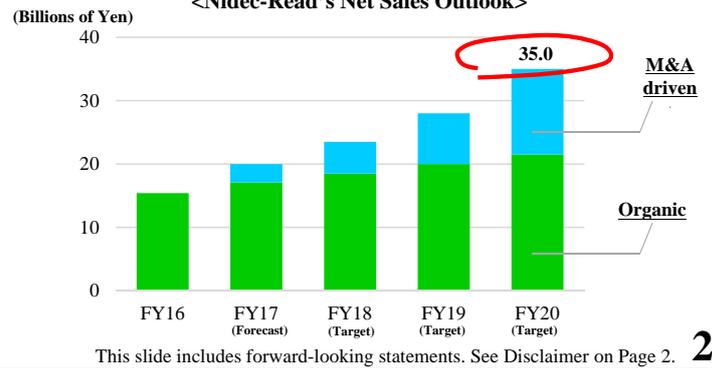
<Expansion of Market Share>



SV Probe Pte. Ltd.

Company Name	SV Probe Pte. Ltd.
Headquarters	Serangoon, Singapore
Foundation	1994
Principal Business	Manufacturing and sale of probe cards
Net sales	S\$74.9 million (fiscal year ended June 30, 2017)
Closing	Scheduled for the end of October 2017

<Nidec-Read's Net Sales Outlook>



CSR Vision 2020

Women's leadership: certification of "Eruboshi" & return-to-work program for employees in child rearing

	Priority issues	Target	KPI
E (Environment)	Environmental load reduction	Consistent reduction in energy consumptions and environmental emissions attributable to operations	5% reduction (intensity) from FY2015 benchmark
	Environmental contribution through products	Quantitative assessment of product-specific environmental performance	Overall framework in place for measuring total CO ₂ emissions reduced per year
	Environmental conservation	Active participation in local environmental conservation efforts	Specific action program in place at each business unit
S (Society)	Diversity	A diverse workforce and leadership	Specific action program in place at each business unit (Percentages of women in managerial positions: 8% for Nidec Corporation in Japan)
G (Governance)	Globally competent talents	Training programs in place on a group-wide basis	Number of program participants or workshops held
	Corporate ethics	Code of Conduct aligned with internationally accepted standards	EICC*-based CSR management system covering 80% of operations worldwide
	Internal control	Consistent management soundness and transparency	Strict compliance with internationally accepted corporate governance guidelines
	Risk management	Highly viable risk management procedures implemented on a global basis	Global risk management system adopted by all operations



<Two-stars (middle-rank) Eruboshi certification>

Eruboshi certification is granted by the Minister of Health, Labour and Welfare based on the following five criteria:

- 1) Employment
- 2) Employment continuity
- 3) Workstyle including worktime
- 4) Percentage of women's management positions
- 5) Diverse career paths

Middle-rank status was granted for the following reasons:

- fulfillment 4 out of 5 above requirements
- performance boost in recent years in as-yet unmet criterion

*EICC: Electronics Industry Code of Conduct



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***Note:**

During the three months ended September 30, 2017, Nidec Corporation partly 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.) As a result, consolidated financial statements for the three months and the year ended March 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.

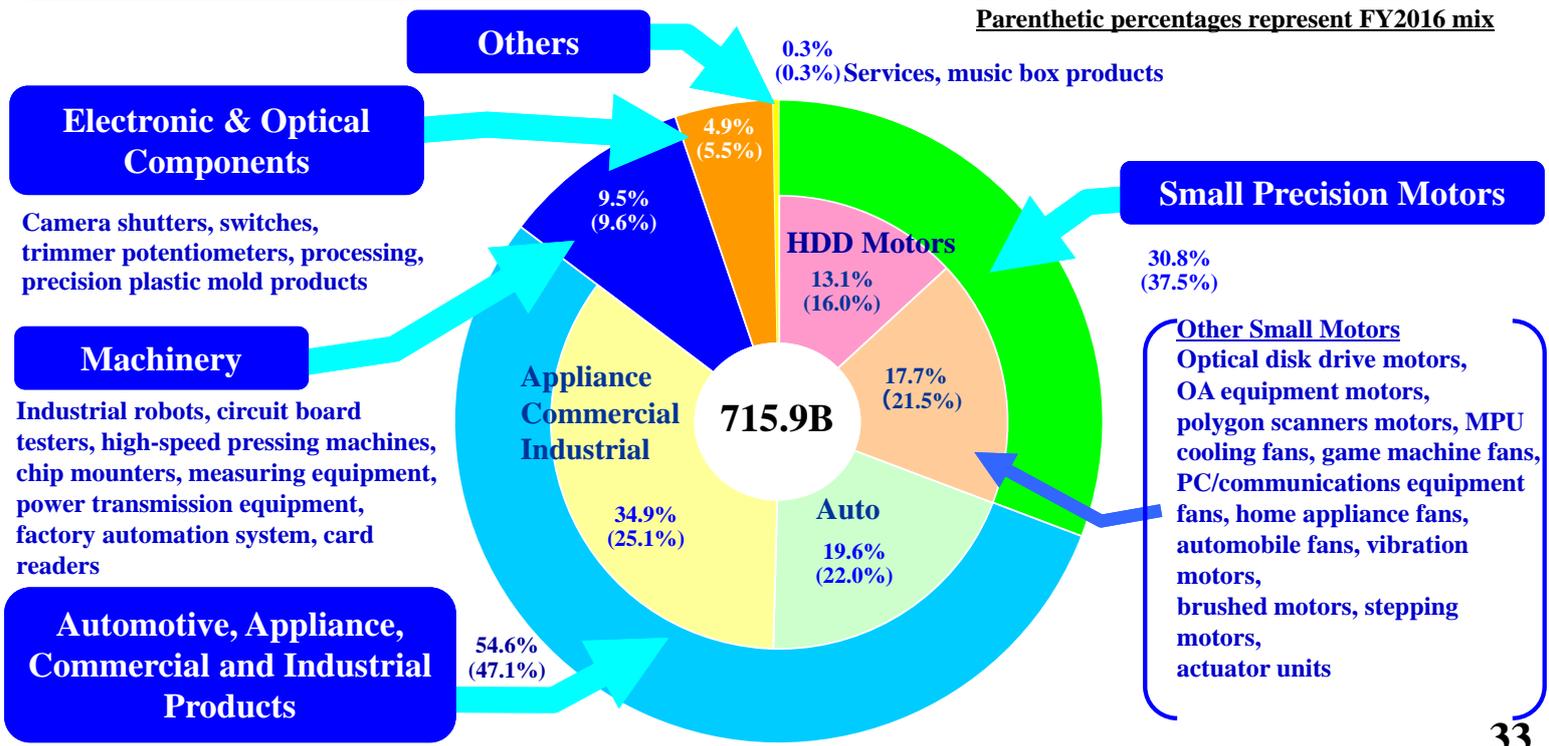
31

Appendix

Performance Trends & Product Group Overview

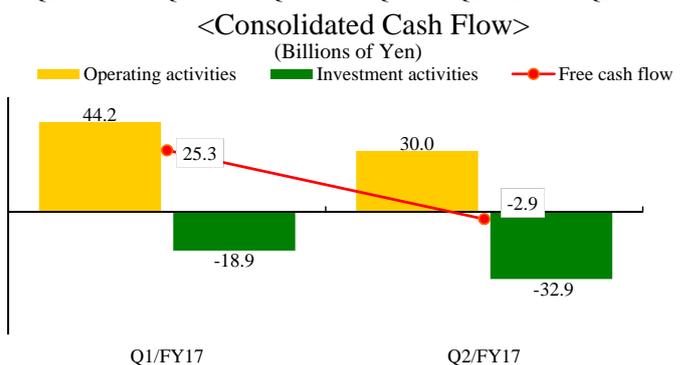
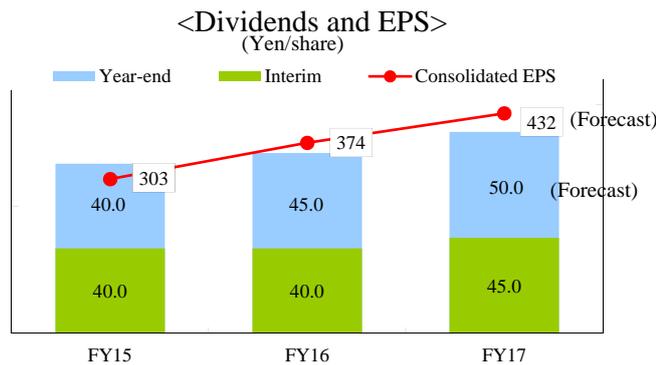
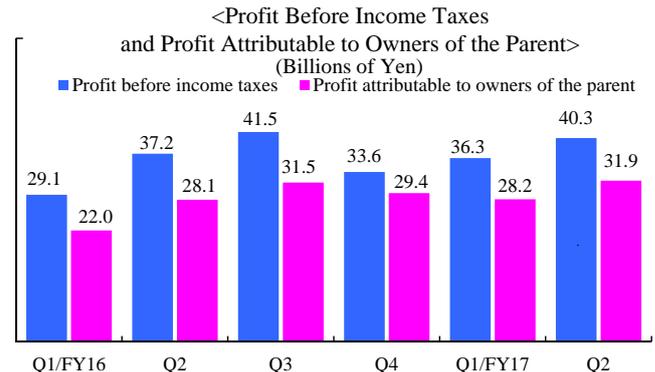
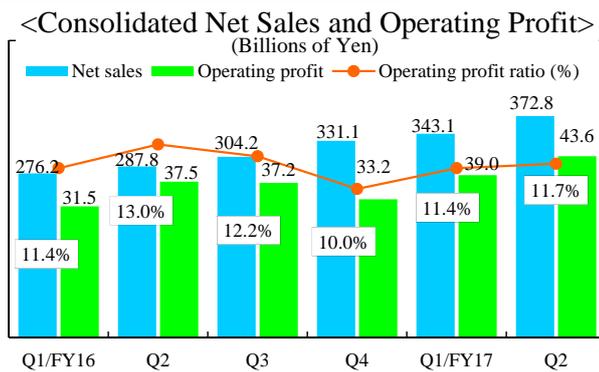
Sales by Product Group (Apr-Sep FY2017)

Parenthetic percentages represent FY2016 mix



Financial Highlights

*Please refer to Notes on page 31.



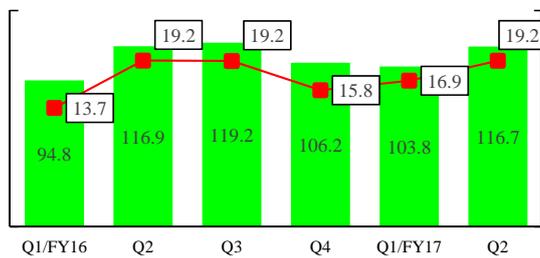
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Product Group Overview

<Small Precision Motors>

(Billions of Yen)

■ Sales ■ Operating profit



<Automotive, Appliance, Commercial and Industrial products>

(Billions of Yen)

*Please refer to Notes on page 31.

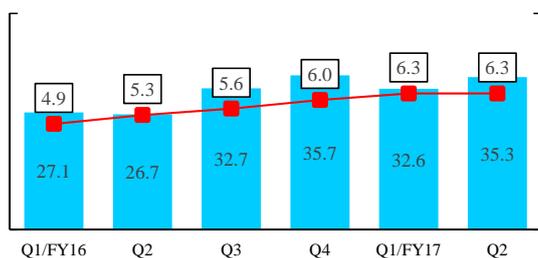
■ Sales ■ Operating profit



<Machinery>

(Billions of Yen)

■ Sales ■ Operating profit



<Electronic and Optical Components>

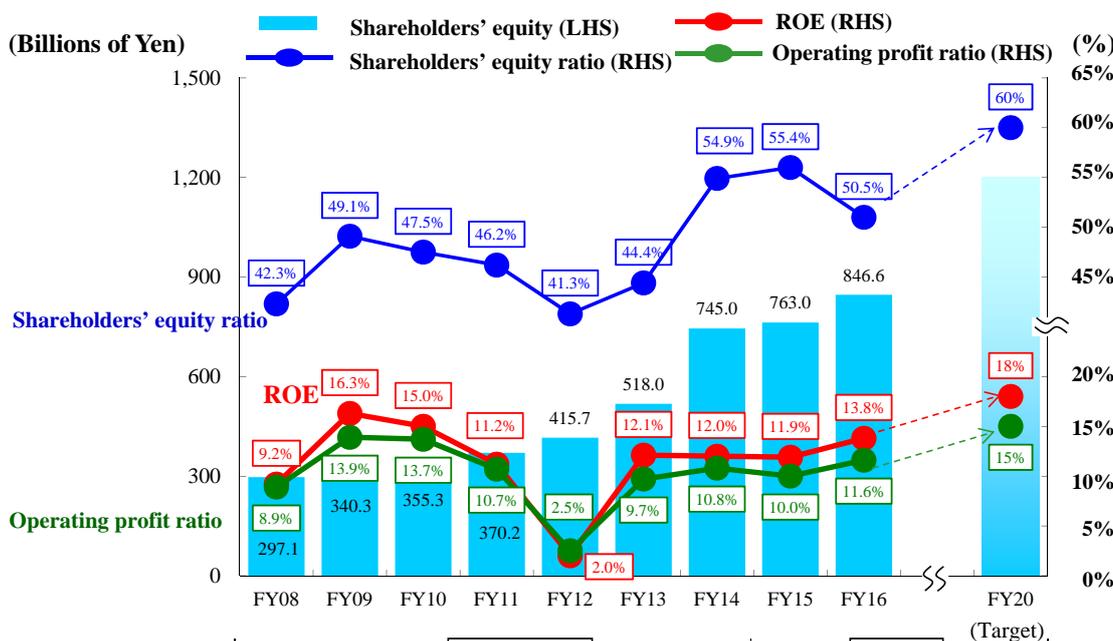
(Billions of Yen)

■ Sales ■ Operating profit



Vision 2020: 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 31.

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