

# Nidec Corporation

## Third Quarter Fiscal 2017 Results

Three and Nine Months Ended December 31, 2017  
<IFRS>



January 24, 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 vehicles using EV traction motors manufactured by Nidec Leroy-Somer Holding.  
For details, please see slide 18.

## ■ Consolidated Profit/Loss

Millions of Yen, except for EPS and FX rates	3Q/FY2016 (Apr-Dec)	3Q/FY2017 (Apr-Dec)	Change	FY2017 Forecast
Net sales	868,228	1,105,921	+27.4%	1,450,000
Operating profit	106,173	127,127	+19.7%	170,000
<i>Operating profit ratio</i>	12.2%	11.5%	-	11.7%
Profit before income taxes	107,747	119,723	+11.1%	163,000
Profit attributable to owners of the parent	81,617	94,763	+16.1%	128,000
EPS (Yen)	275.18	320.06	+16.3%	432.32
FX rate (Yen/US\$)				
Average:	106.63	111.70	+4.8%	105.00
Term end:	116.49	113.00	-3.0%	(Assumed for 4Q)

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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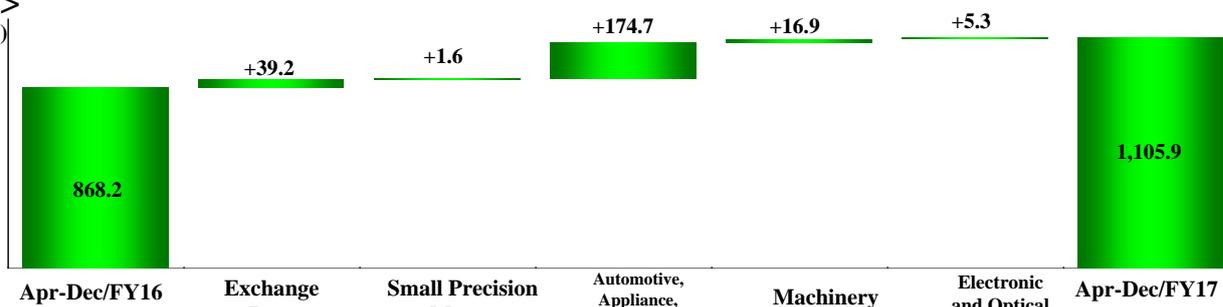
## ■ Summary of 3Q/FY2017

- **Record-high** nine-months net sales, operating profit, profit before income taxes and profit attributable to owners of the parent
- **Record-high** three-months net sales, operating profit, profit before income taxes and profit attributable to owners of the parent

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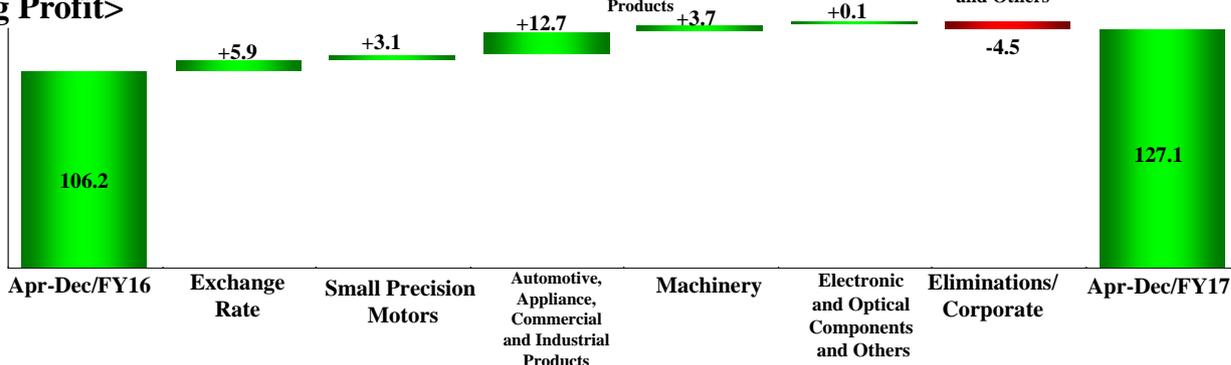
## Year-on-Year Changes (Nine Months Ended Dec. 2017)

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



### <Operating Profit>

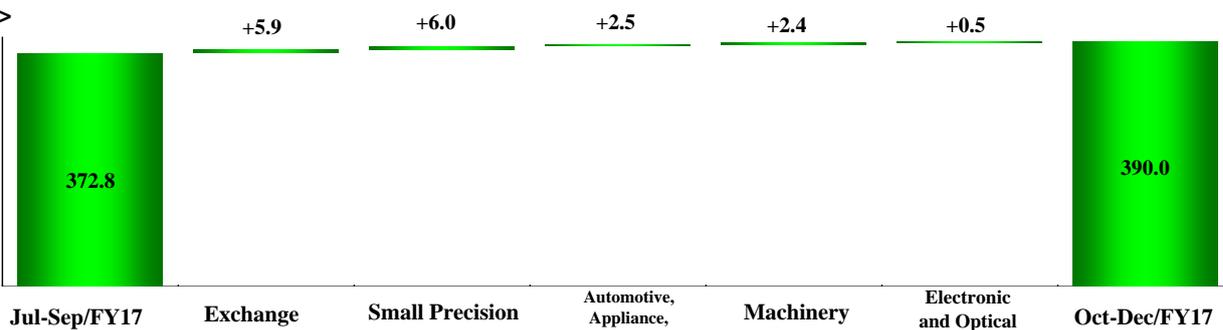
(Billions of Yen)



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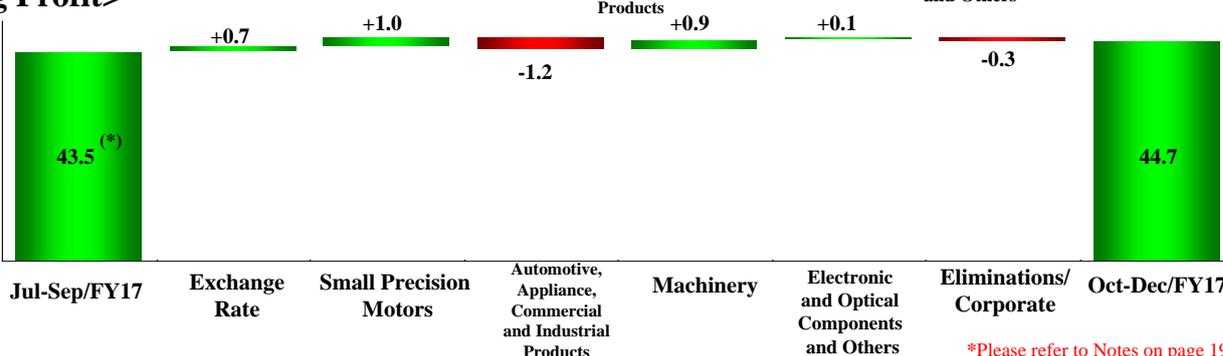
## Quarter-on-Quarter Changes (Three Months Ended Dec. 2017)

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



### <Operating Profit>

(Billions of Yen)



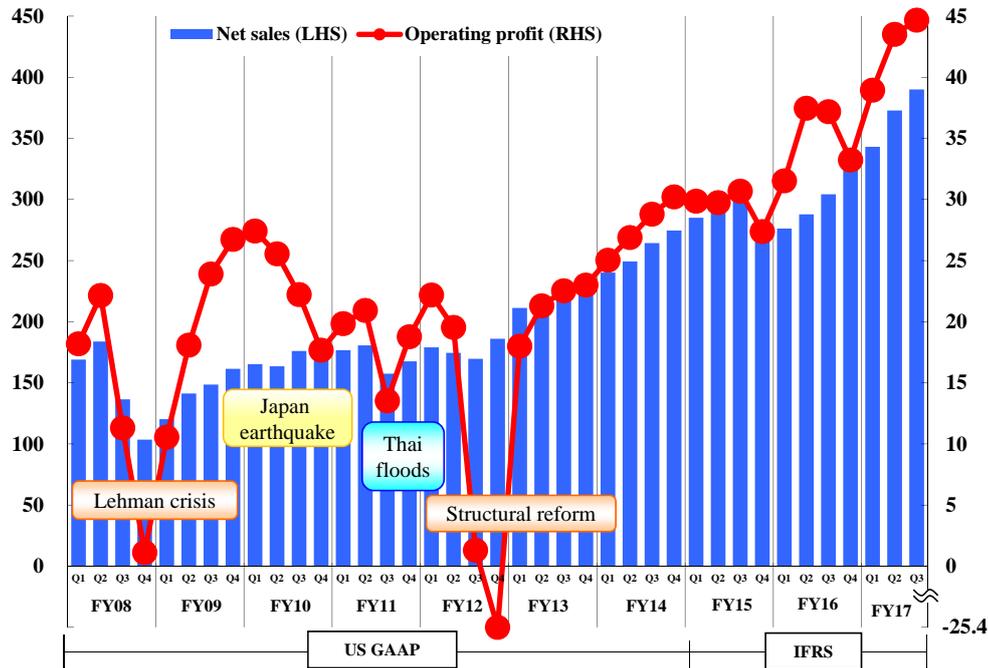
\*Please refer to Notes on page 19.

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# Consolidated Quarterly Net Sales and Operating Profit

(Net Sales in Billions of Yen)

(Operating Profit in Billions of Yen)



# Mid-Term Strategic Goal Vision2020

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

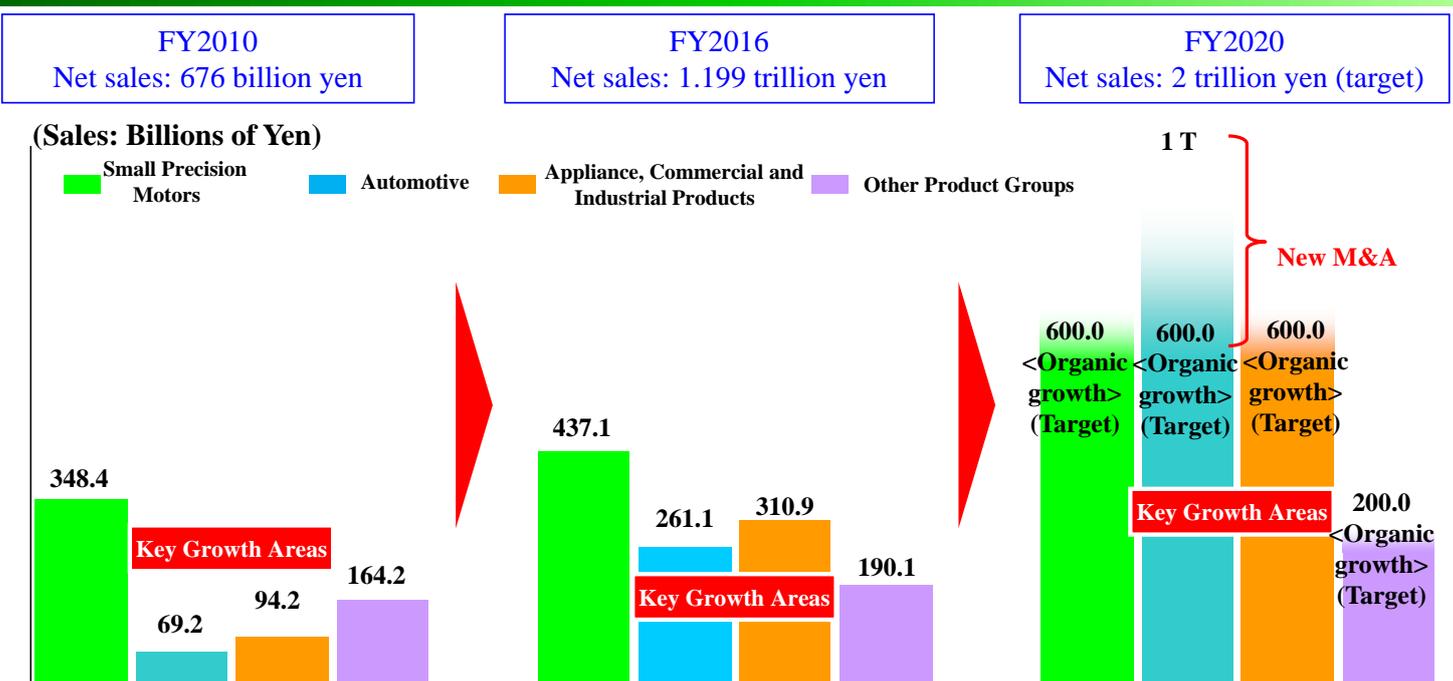
## Continuous pursuit of profit & strong growth

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.

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## ■ 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.

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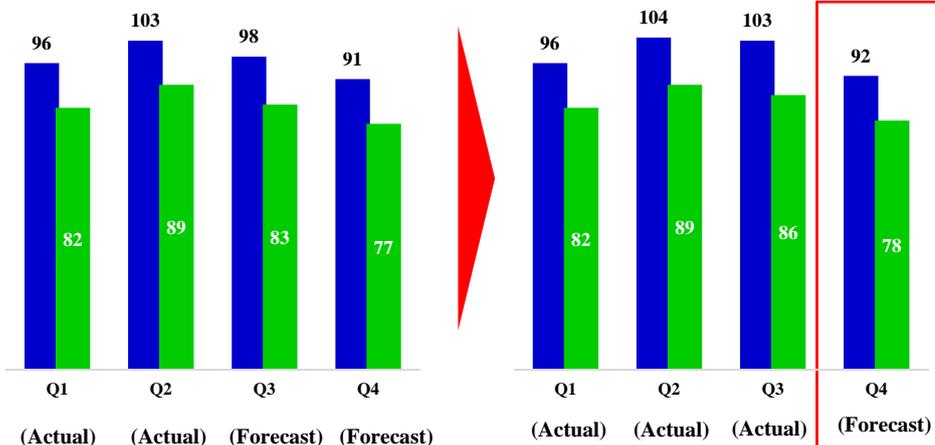
# HDD Market Short-Term Trend



(Millions of Units)

Previous FY2017 Forecast  
(October 25, 2017)

Revised FY2017 Forecast  
(January 24, 2018)



## HDD shipment forecast revised upward

(Millions of Units)

FY2017 Annual forecast	Previous forecast	Revised forecast
HDD shipments	388	395
Nidec motor shipments	331	335

Nidec's estimates based on various sources.

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

# 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



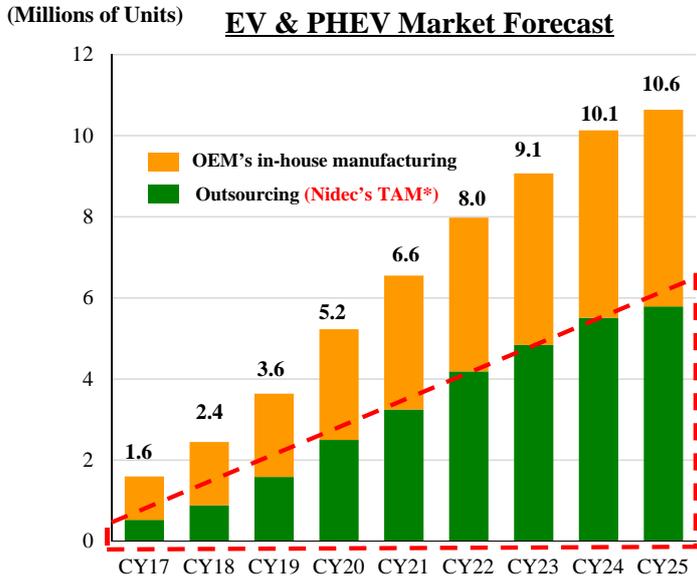
-Serious labor constraints  
-Industry 4.0



# EV & PHEV Market Forecast and Nidec's Traction Motor Sales Target

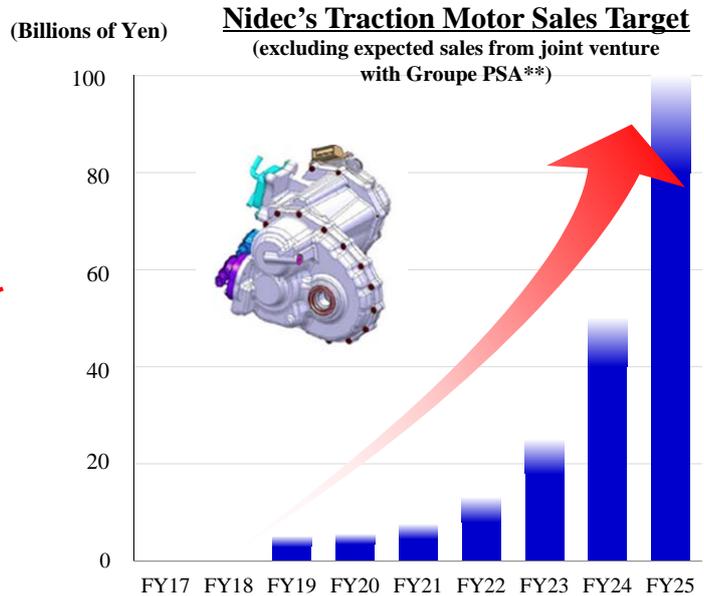


**Estimated Nidec's motor TAM\*: 5 to 6 million units in CY2025**  
**Aiming to gain higher market share**



Nidec's estimates based on various sources.

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



\*TAM: Total Addressable Market

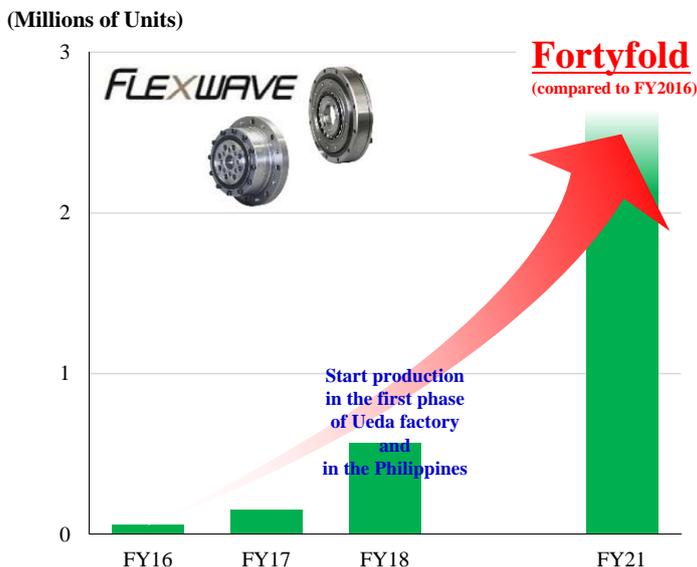
\*\*Please refer to slide 18 regarding the joint venture with Groupe PSA.

# Expanding Speed Reducer Production Capacity to Capture Diversifying Demand for Compact Collaborative Robots



**Launching factories for high precision speed reducers FLEXWAVE at home and abroad**

## Production capacity for compact-robot speed reducers



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



Utilizing Nidec Subic Philippines factory

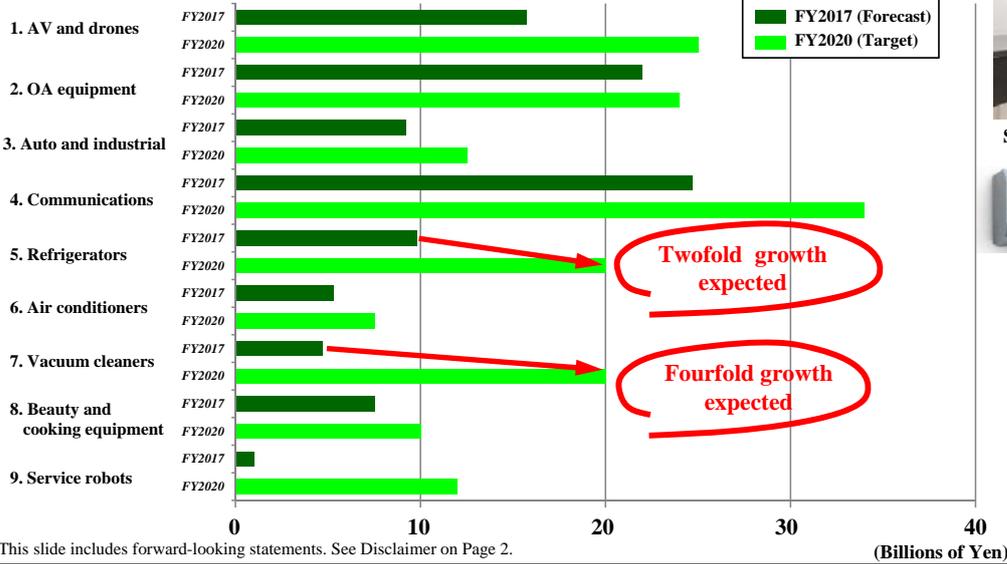
**Nidec-Shimpo launches factories in Subic, the Philippines and Ueda, Japan.**



Launching Ueda Factory (utilizing unused property in Nidec Seimitsu's HQ factory)

Compact, efficient, quiet and long-life brushless DC motors into every aspect of life

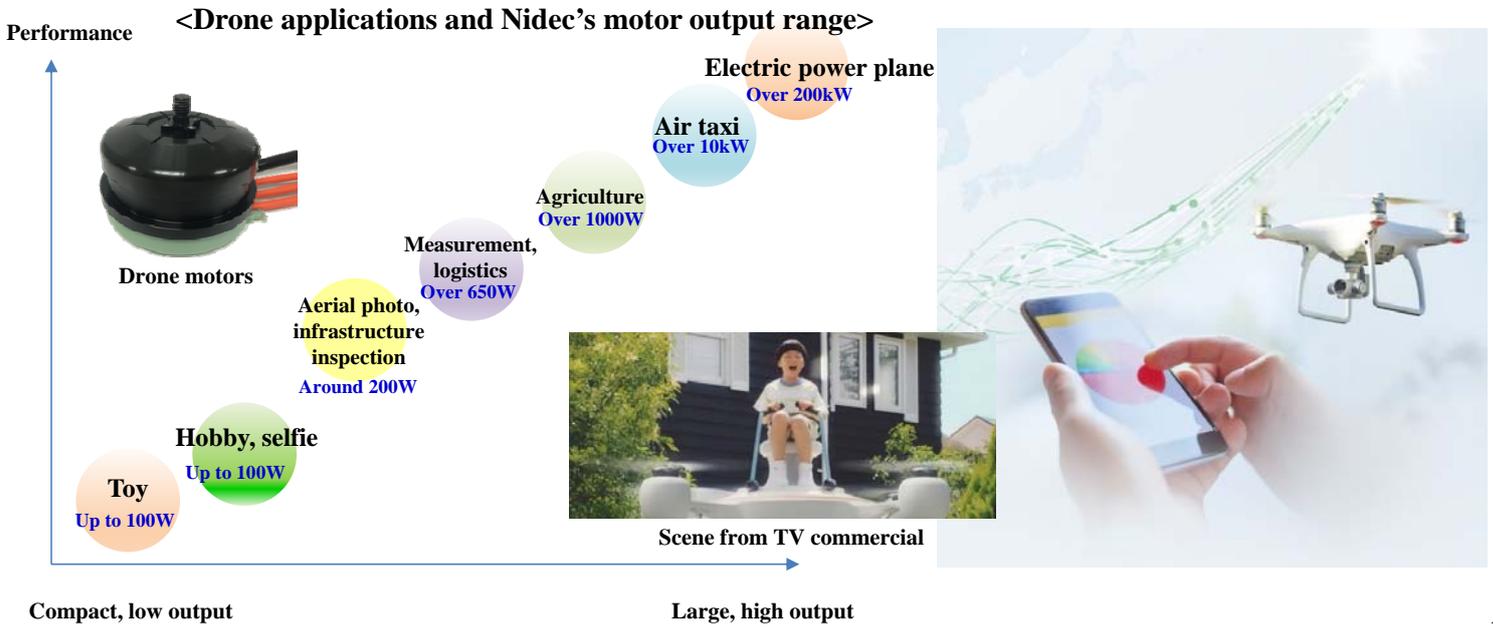
<Nidec’s sales target of Other Small Motors by application>



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

■ Drone Motors

Research and development targeting broad range of markets and applications



**Gained ECU R&D unit to bolster \*AMEC's business in Europe  
Expanding engineering capacity**

**<Outline of New Subsidiary>**

<b>Company name</b>	driveXpert GmbH
<b>Headquarters</b>	Ilmenau, Thuringia, Germany
<b>Foundation</b>	2010
<b>Principal business</b>	Development and design of automotive ECU hardware and software
<b>Capital</b>	€25,000
<b>CEO</b>	Michael Löffler
<b>Number of employees</b>	23 (as of November 2017)
<b>Sales</b>	€1.2 million (for the fiscal year ended December 31, 2016)

**<Products>**



\*Automotive Motor & Electric Control Business Unit

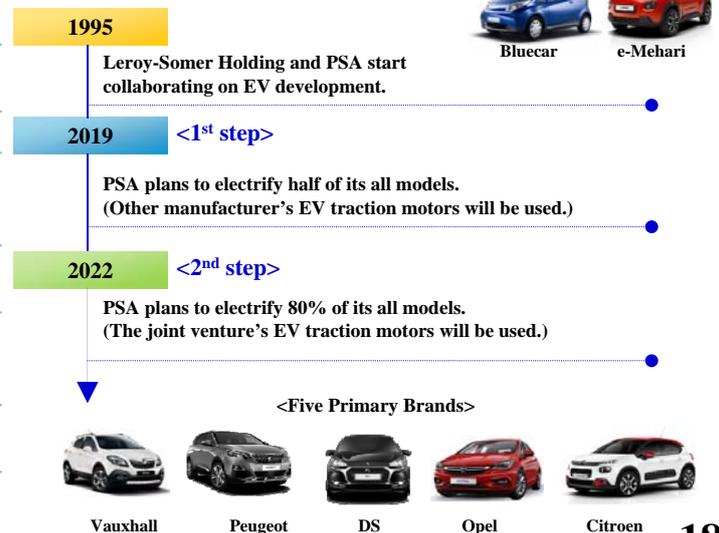
**Joint Venture with Groupe PSA**

**Supplying low-cost, high-efficient EV traction motors by combining PSA's knowledge and Nidec Leroy-Somer's technical capability**

**<Outline of the Joint Venture>**

<b>Company name</b>	To be determined
<b>Main business</b>	Development, production and sales of traction motors for EVs, PHEVs and MHEVs
<b>Foundation</b>	March or April 2018 (subject to antitrust filing approval)
<b>Location (planned)</b>	Head office: Carrieres sous Poissy, France (PSA location) R&D facility: Carrieres sous Poissy, France (PSA location) Production facility: Tremery, France (PSA location)
<b>Number of Employees</b>	Approximately 60 people initially (number of employees after mass production is to be determined)
<b>Shareholders</b>	Nidec Leroy-Somer Holding: 50% PSA Automobiles*: 50% (*PSA Automobiles is a France-based group company of Groupe PSA)
<b>Initial Share Capital</b>	€15 million
<b>Total Investment</b>	€20 million

**<History and plan>**



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



### Nidec IR Contacts

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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.

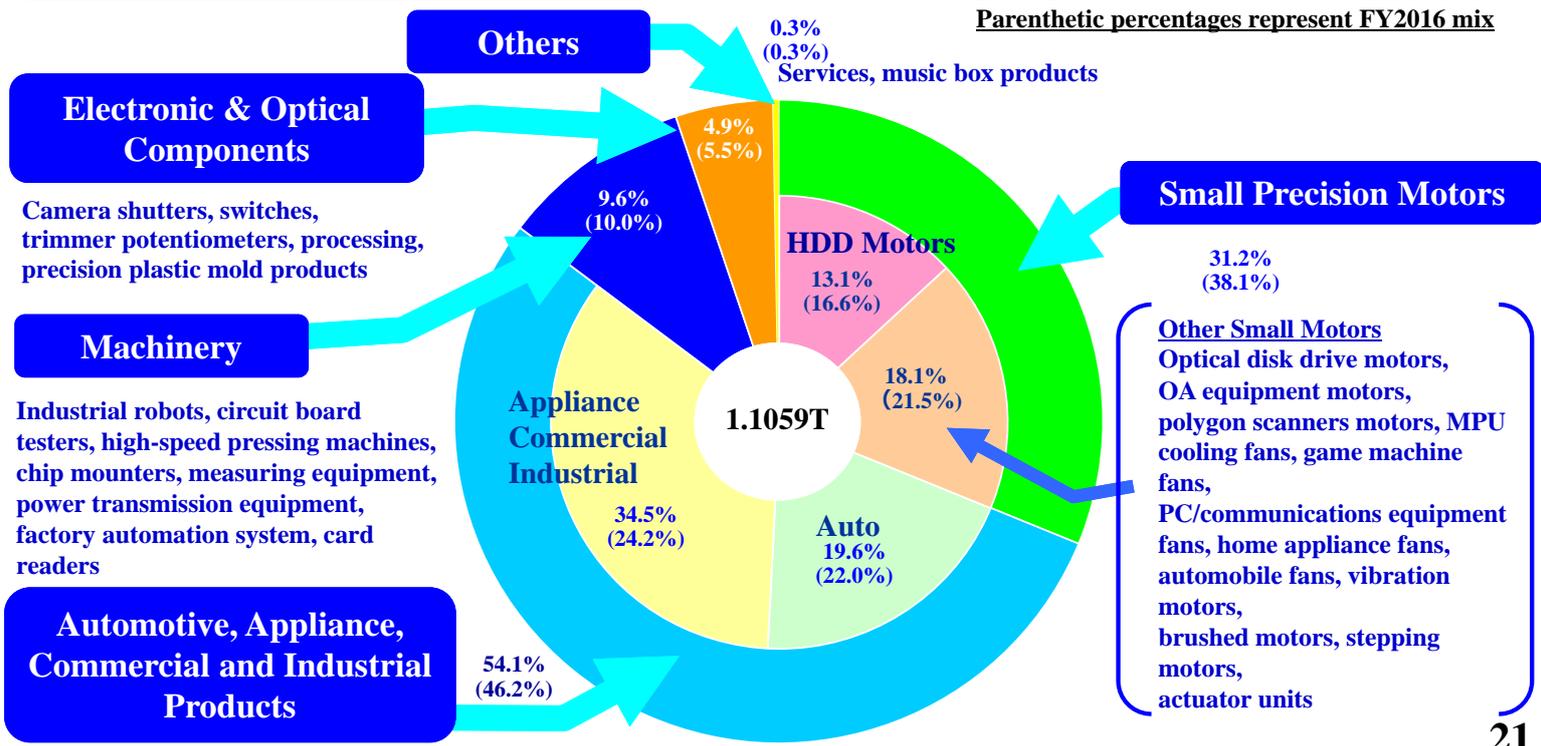
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“All for dreams” logo is a registered trademark of Nidec Corporation in Japan, and a trademark in the United States and/or certain other countries.

## Appendix

# *Performance Trends & Product Group Overview*

# Sales by Product Group (Apr-Dec FY2017)

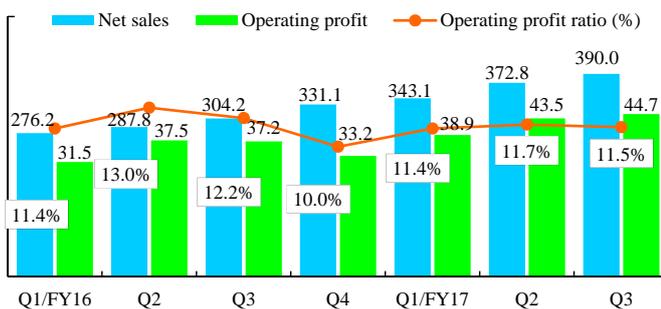
Parenthetic percentages represent FY2016 mix



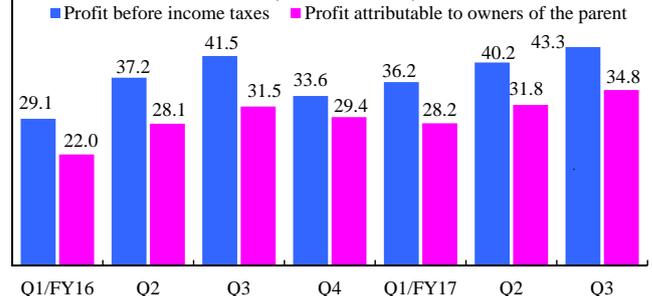
# Financial Highlights

\*Please refer to Notes on page 19.

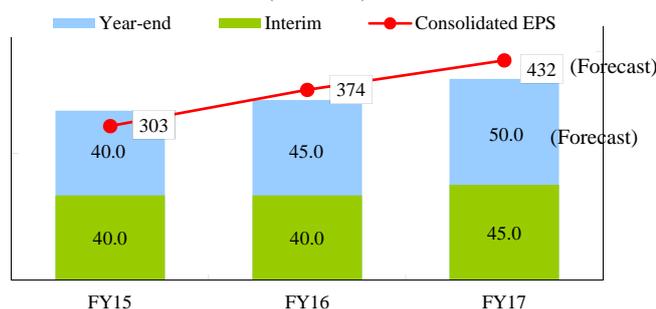
<Consolidated Net Sales and Operating Profit>  
(Billions of Yen)



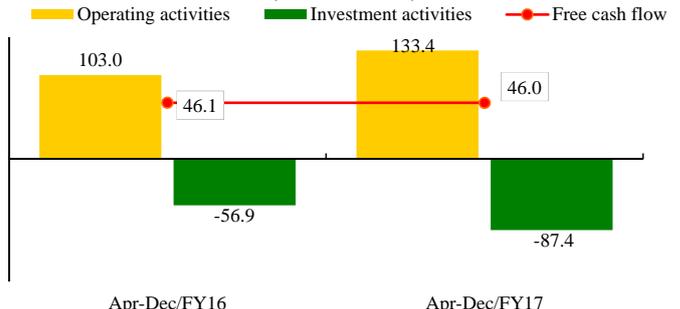
<Profit Before Income Taxes and Profit Attributable to Owners of the Parent>  
(Billions of Yen)



<Dividends and EPS>  
(Yen/share)



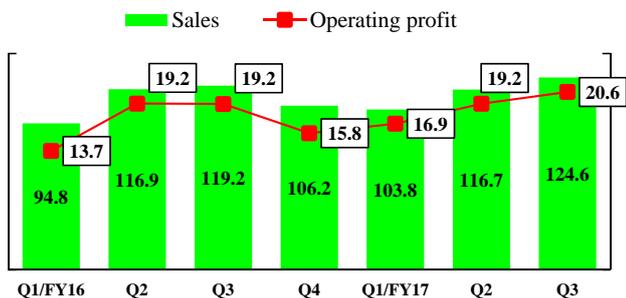
<Consolidated Cash Flow>  
(Billions of Yen)



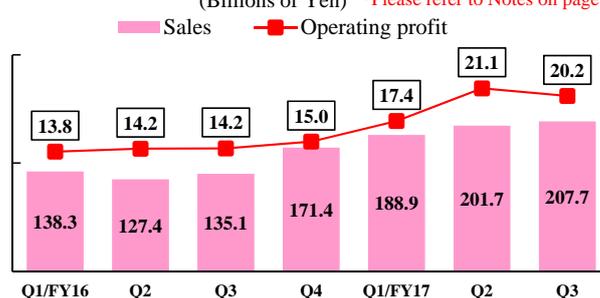
This slide includes forward-looking statements. See Disclaimer on Page 2.

# Product Group Overview

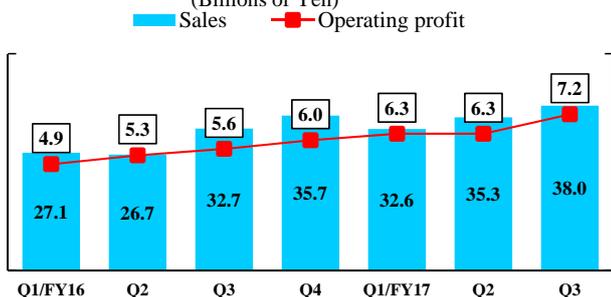
<Small Precision Motors>  
(Billions of Yen)



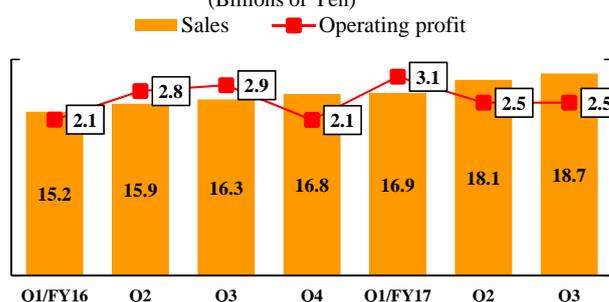
<Automotive, Appliance, Commercial and Industrial products>  
(Billions of Yen) \*Please refer to Notes on page 19.



<Machinery>  
(Billions of Yen)

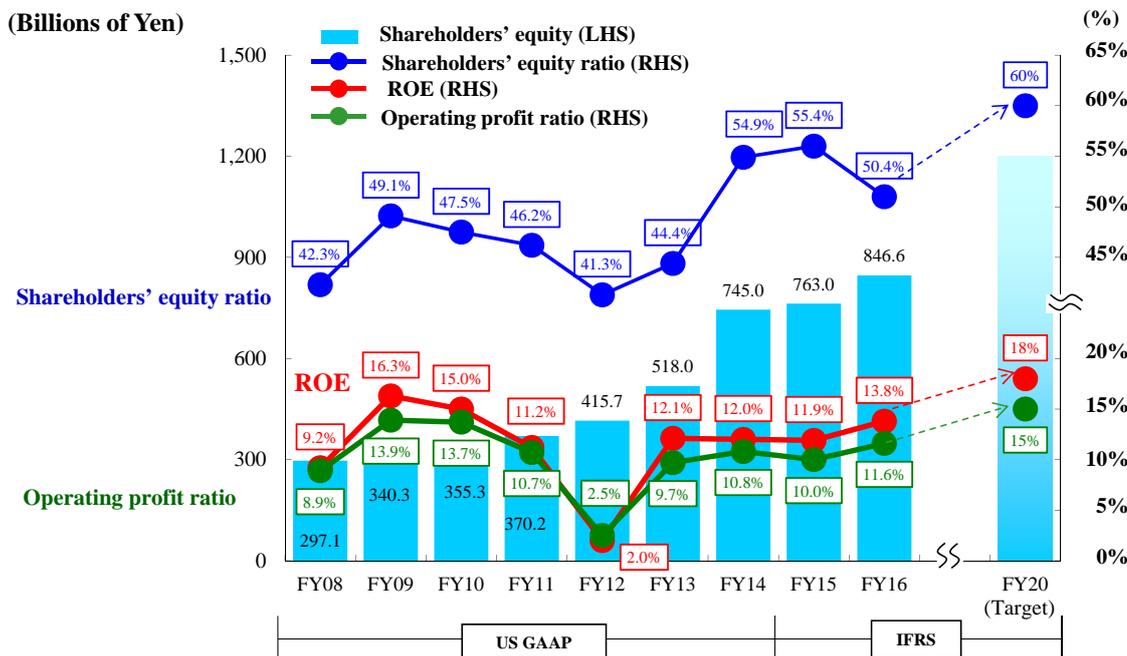


<Electronic and Optical Components>  
(Billions of Yen)



## 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

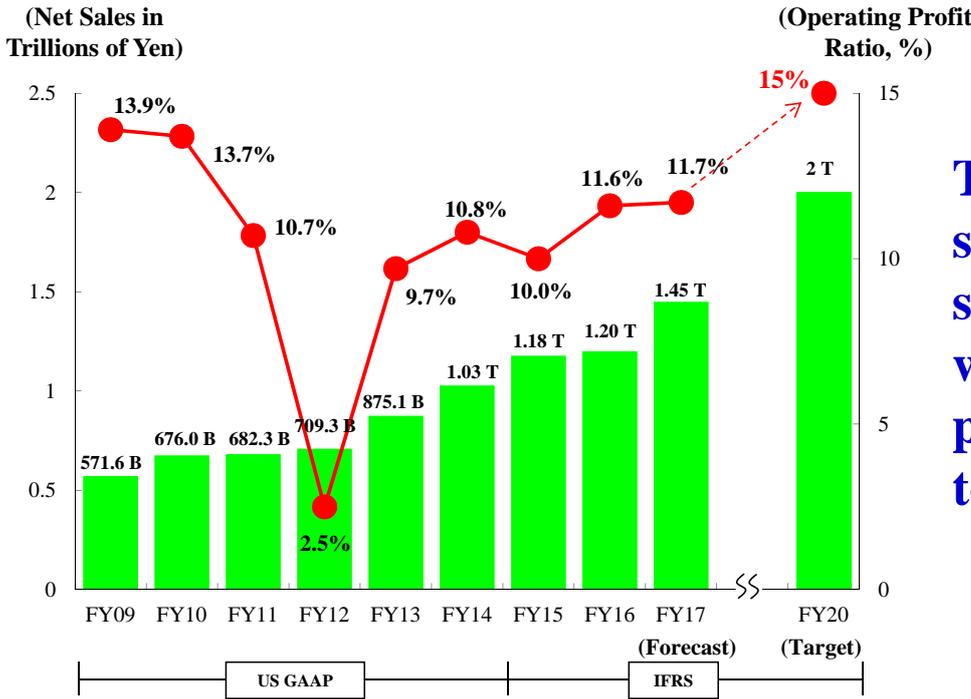


**The three elements for ROE improvement**

- Net profit on sales
- Total asset turnover
- Financial leverage

\*Please refer to Notes on page 19.

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

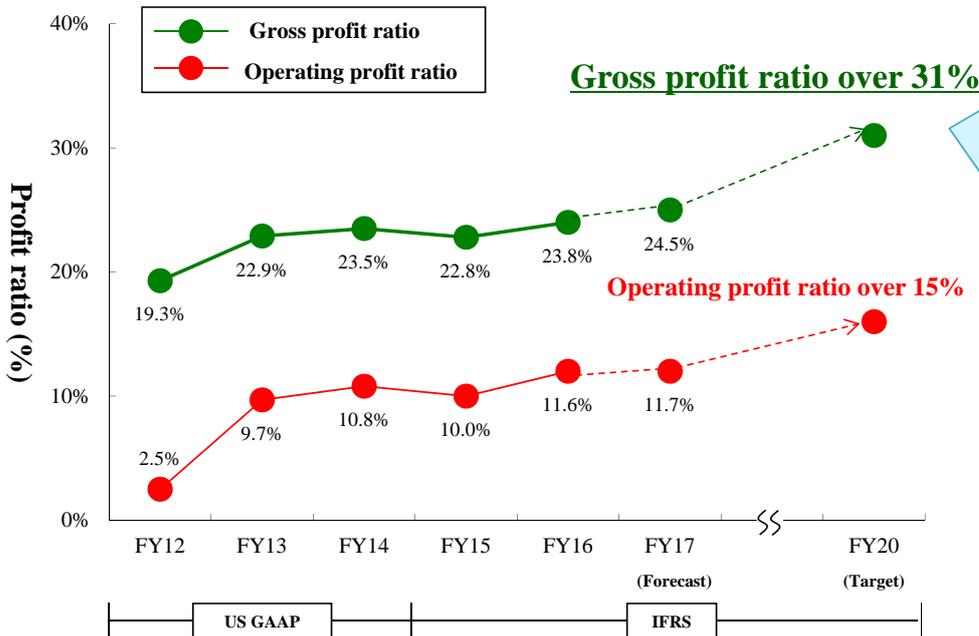


The main focus shifts to profit structure reform with stronger prospects for solid topline growth

\*Please refer to Notes on page 19.

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

# 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

\*Please refer to Notes on page 19.

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