



# Nidec Corporation

## Fiscal 2014 Financial Results

Fiscal Year Ended March 31, 2015  
<U.S.GAAP>  
April 23, 2015



## 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 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 latest Form 20-F and 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 transmission oil pump of Geräte- und Pumpenbau GmbH Dr. Eugen Schmidt (currently, Nidec GPM GmbH) the company acquired on February 2, 2015.

# Consolidated Profit/Loss

| Millions of Yen except for EPS and FX Rates | FY2013  | FY2014    | Change | FY2015 Forecast |
|---|---------|-----------|--------|-----------------|
| Net Sales                                   | 875,109 | 1,028,385 | +17.5% | 1,150,000       |
| Operating Income                            | 84,864  | 111,218   | +31.1% | 130,000         |
| Operating Income Ratio                      | 9.7%    | 10.8%     | -      | 11.3%           |
| Income before Tax                           | 84,460  | 107,371   | +27.1% | 126,000         |
| Net Income                                  | 56,272  | 76,216    | +35.4% | 90,000          |
| EPS (Yen) *                                 | 206.82  | 272.32    | +31.7% | 302.73          |
| Dividends (Yen) *                           | 50.00   | 70.00     | -      | 80.00           |
| FX Rate (Yen/US\$)                          |         |           |        |                 |
| Average:                                    | 100.24  | 109.93    | +9.7%  | 115.00          |
| Term end:                                   | 102.92  | 120.17    | +16.8% | (Assumed)       |

\*Adjusted based on the 2-for-1 split implemented as of April 1, 2014. "EPS" and "Dividends" are expressed assuming that the stock split occurred at the beginning of FY2013.

## Summary of FY2014

- **Record-high** net sales, operating income, income before taxes and net income
- Reached **the 1 trillion yen mark in net sales and the 100 billion yen mark in operating income for the first time**
- Total sales of Automotive, Appliance, Commercial and Industrial Products surpassed those of Small Precision Motors as a result of the strategic business portfolio transformation
- Total operating income for Automotive, Appliance, Commercial and Industrial Products crossed **10 billion Yen** in 4Q
- CB conversion amounted to 74.3 billion Yen (78% of total). As a result, debt to equity ratio improved further as **the year-end shareholders' equity ratio rose to 55%, which surpassed the goal of 50% set originally for March 2016**

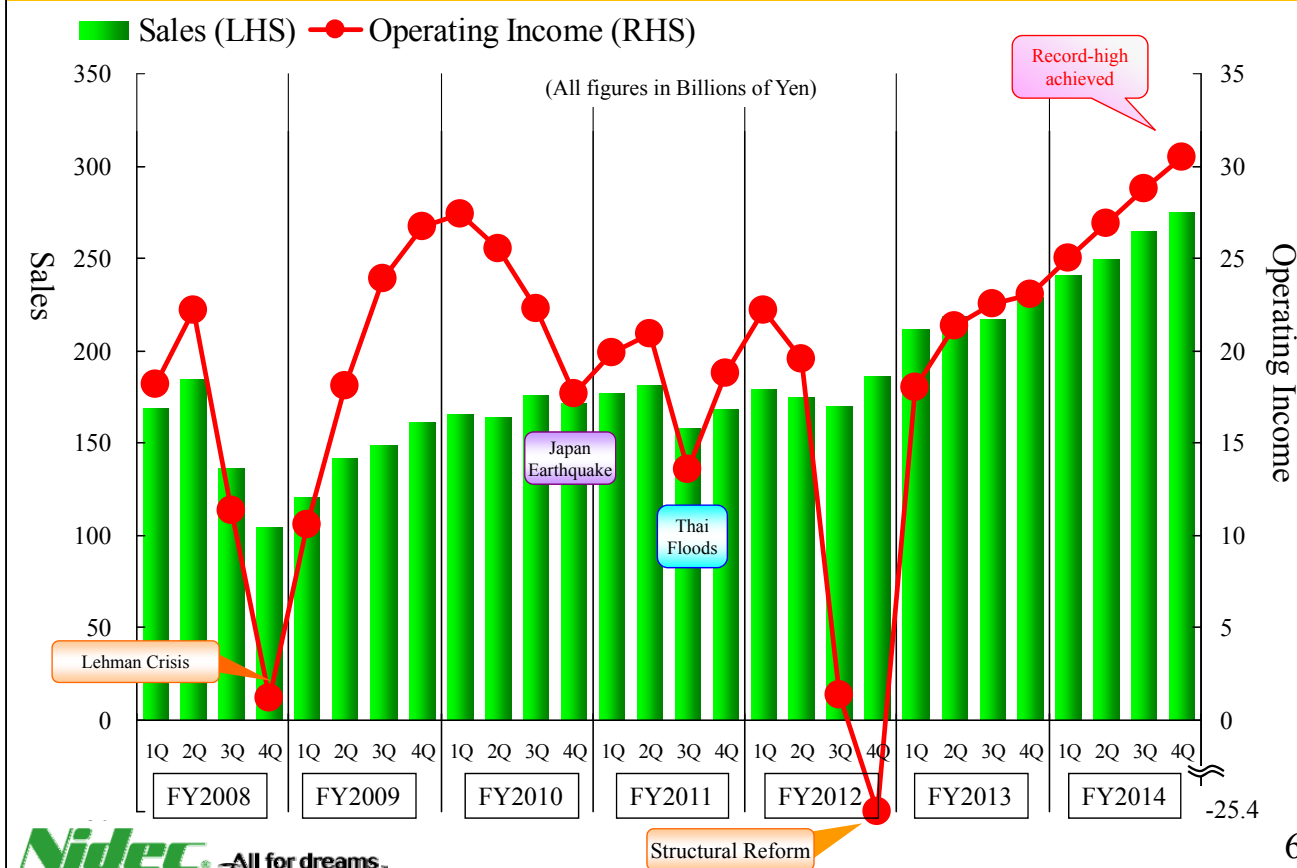
\* Calculated based on the remaining CB value of 95.75B Yen which is 100B (total issued CB value) less 4.25B (early redemption put option)

# FY2015 Forecast

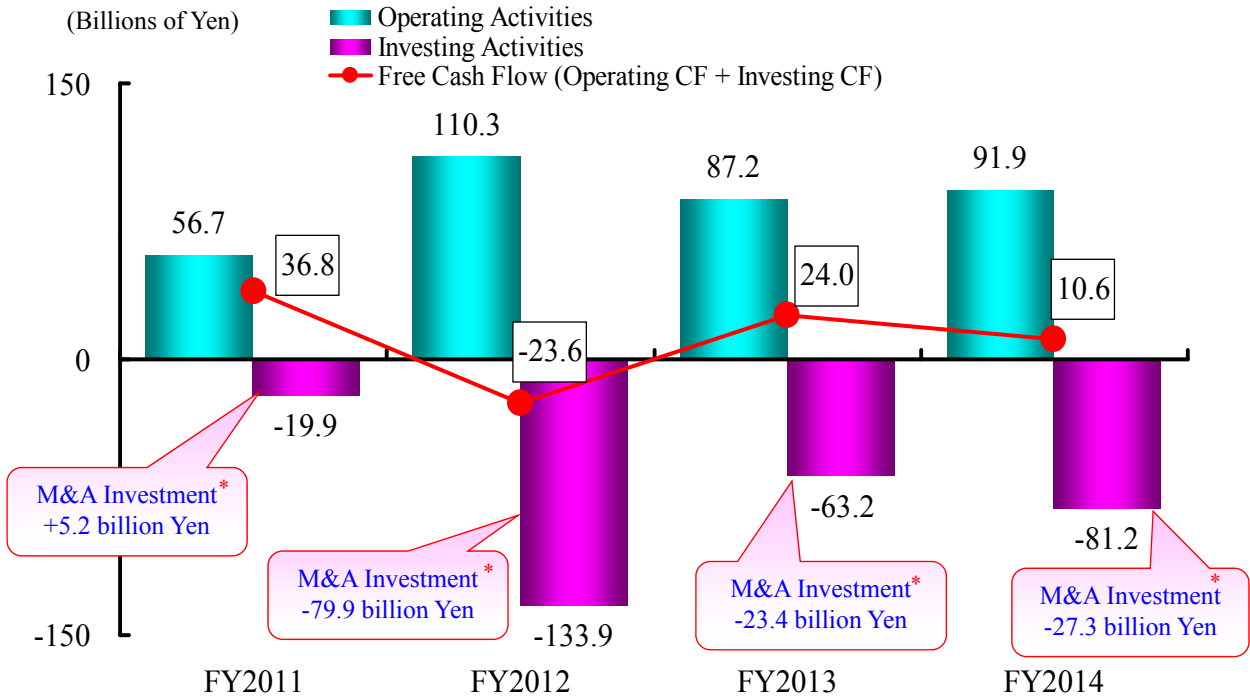
| Millions of Yen, except for EPS, dividends and FX rate | 1H/FY2015 | 2H/FY2015 | Full-Year |
|--|-----------|-----------|-----------|
| Net Sales  | 550,000   | 600,000   | 1,150,000 |
| Operating Income                                       | 58,000    | 72,000    | 130,000   |
| Operating Income Ratio                                 | 10.5%     | 12.0%     | 11.3%     |
| Income before Tax                                      | 56,000    | 70,000    | 126,000   |
| Net Income   | 40,000    | 50,000    | 90,000    |
| EPS (Yen)  | 134.93    | 167.80    | 302.73    |
| Dividends (Yen)  | 40.0      | 40.0      | 80.0      |
| FX Rate (Yen/US\$)                                     | 115       | 115       | 115       |
| FX Rate (Yen/Euro)                                     | 125       | 125       | 125       |

Note: Based on the current forecast of sales volume, every one yen appreciation or depreciation against the U.S. dollar and the euro for FY2015 is estimated to have an annualized impact of 6.70 billion yen and 0.78 billion yen on sales, respectively, and 0.78 billion yen and 0.23 billion yen on operating income, respectively.

## Consolidated Quarterly Sales and Operating Income

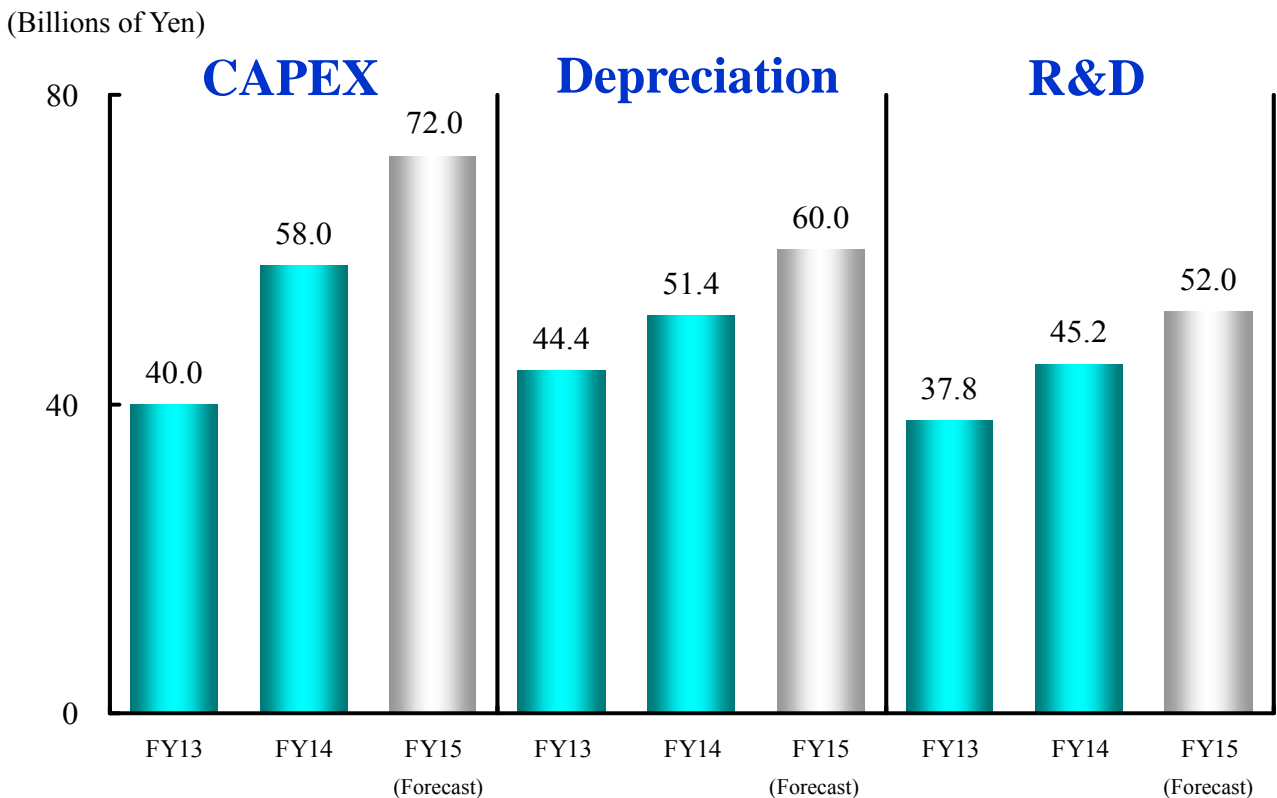


# Consolidated Cash Flow



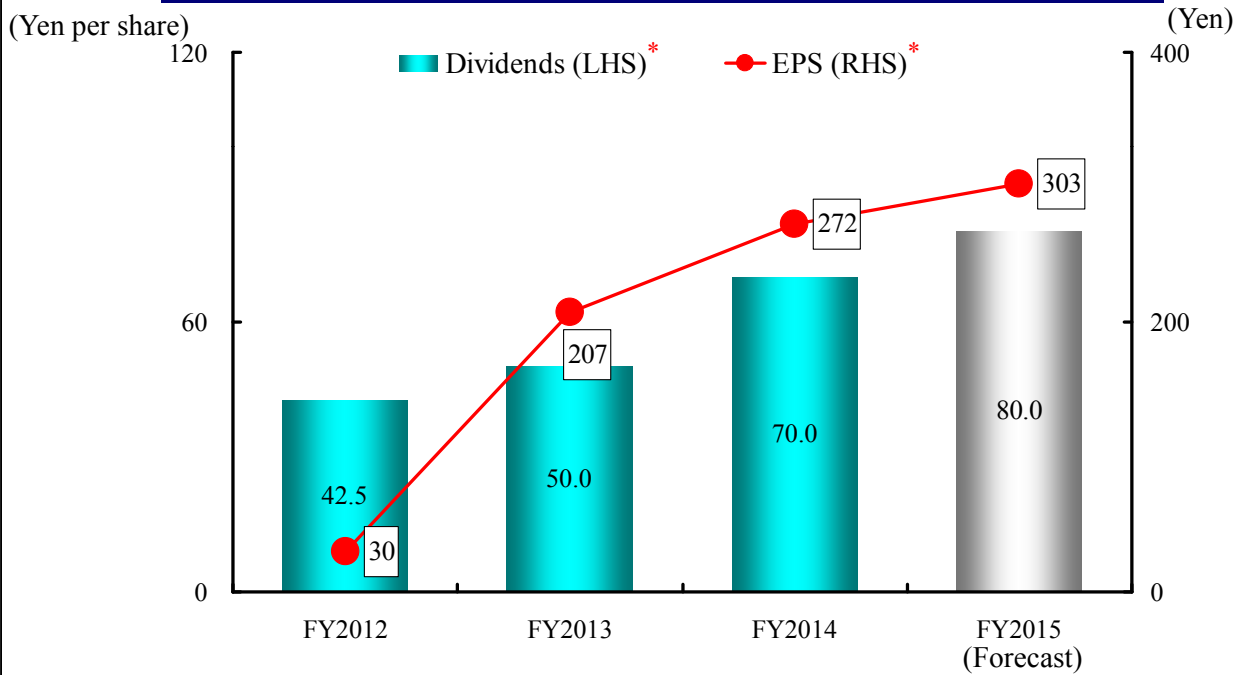
\*M&A investment: Acquisitions of business, net of cash acquired in "Cash flows from investing activities"  
Nidec Seimitsu Corp. (FY2011), Nidec Minster Corp., Nidec ASI S.p.A., Nidec Avtron Automation Corp., Nidec Kinetek Corp., Nidec Kaiyu Auto Electric (Jiangsu) Ltd., SCD Co., Ltd. (FY2012), Nidec Sankyo CMI Corp., Nidec Elesys Corp. (FY2013) and Nidec GPM GmbH (FY2014)

# CAPEX, Depreciation and R&D



# Dividends

Dividend payments continue to increase with growing business results since the structural reform



\*Adjusted based on the 2-for-1 stock split implemented as of April 1, 2014. The figures for FY2012 and FY2013 are expressed assuming that the stock split occurred at the beginning of FY2012.

## *Mid-Term Strategic Goal Vision 2020*

This section includes forward-looking statements. See disclaimer on page 2 of this presentation.

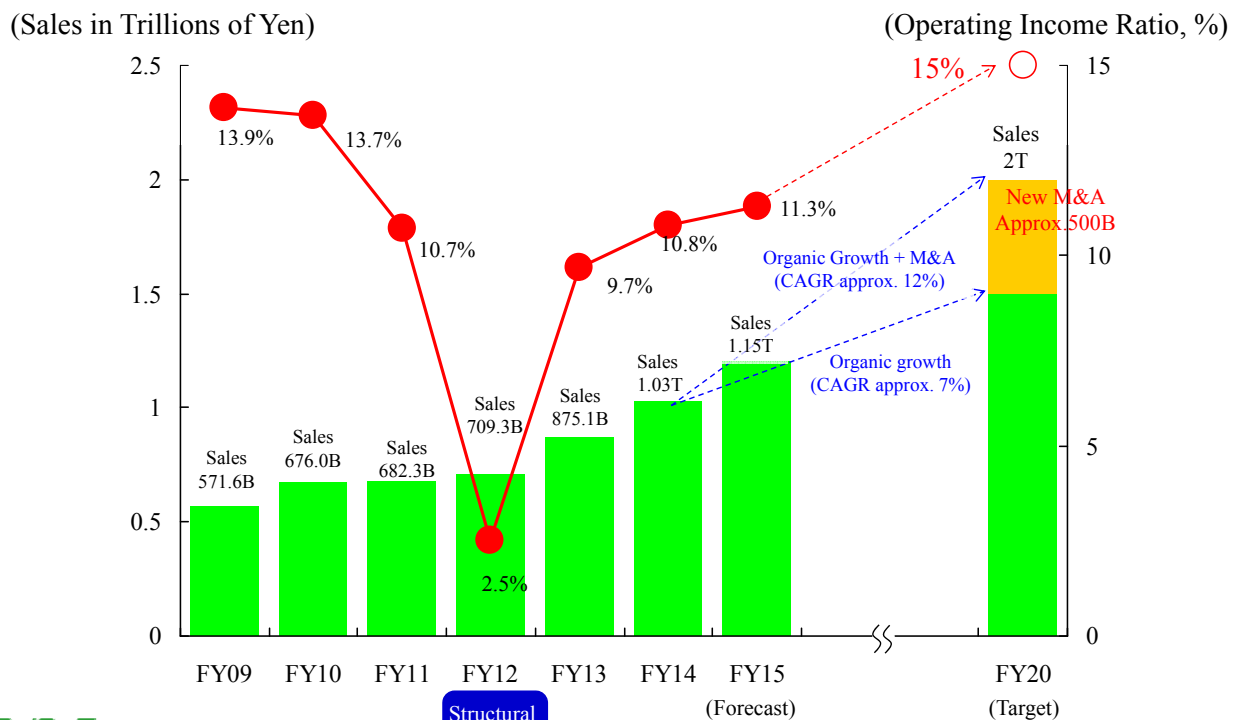
# FY2020 New Mid-Term Strategic Target

## Continuous pursuit for profit & strong growth

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

## Targets for Net Sales and Operating Income Ratio

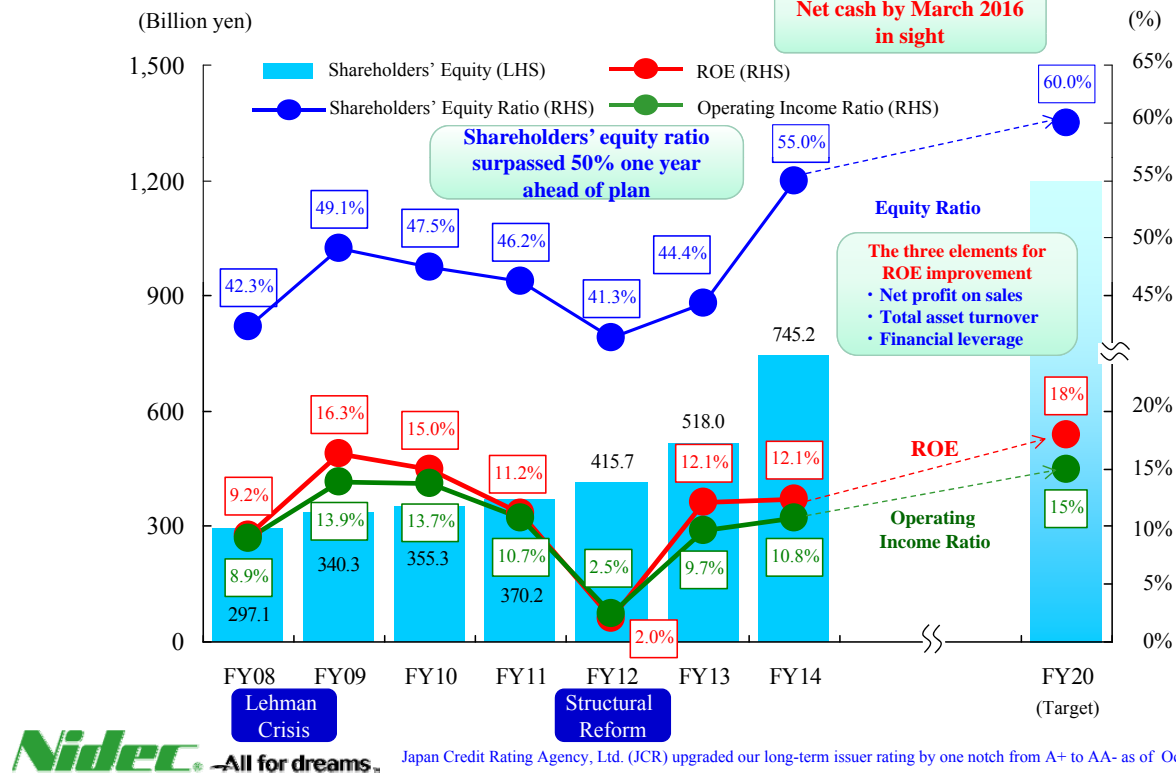
Aiming for both sales growth (organic + M&A) and profitability enhancement



# Pursuing Both Strong Growth with Profit and Financial Soundness

Targeting operating income ratio of 15% and ROE of 18% while sustaining and improving financial soundness

(The average ROE during the ten years through FY2014 was 12.3%)

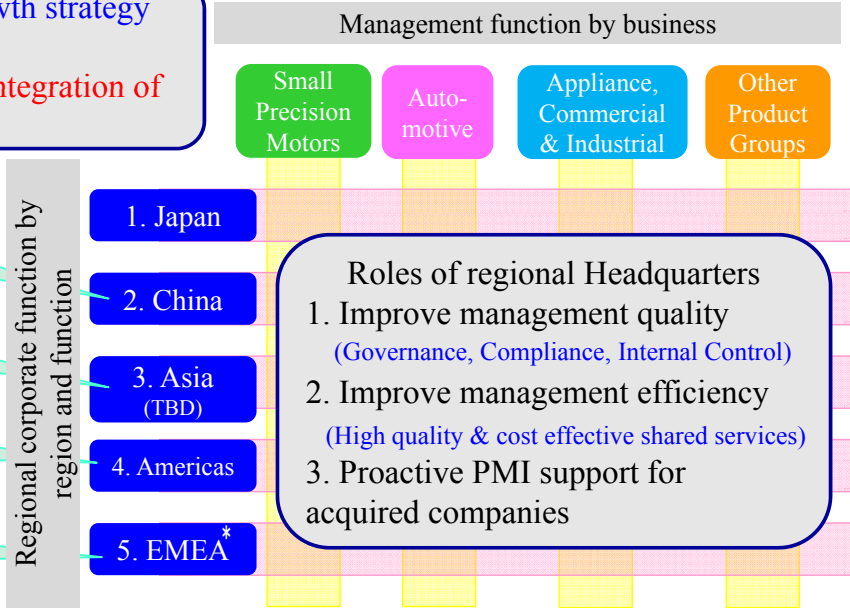


# Business Structure to Support Profitable Global Growth

Matrix management structure with five regional HQ

- Strengthening bases for growth strategy
- Global organic growth
  - Accelerating post merger integration of overseas acquisitions

- Regional corporate function by region and function
- China: Regional HQ began operating in Jan 2012
  - Asia: From individual management by country to regional integration
  - Americas: Regional HQ began operating in Oct 2014
  - EMEA: Reorganization registration filed in Mar 2015



\* EMEA: Europe, the Middle East and Africa

# Targets for Net Sales in FY2020 by Category

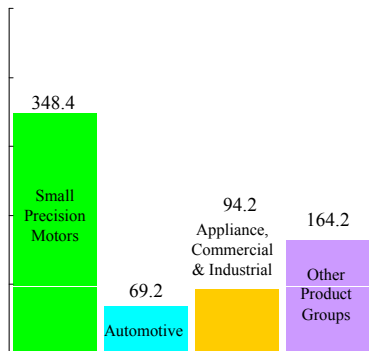
Accelerate topline growth with focused allocation of management resources in fast growing areas driven by technological innovations

**FY2010**  
Sales: 676.0 Billion Yen

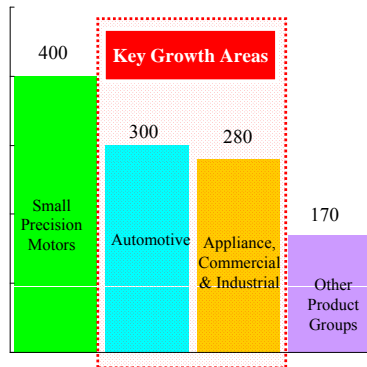
**FY2015**  
Sales: 1.15 Trillion Yen (Target)

**FY2020**  
Sales: 2 Trillion Yen (Target)

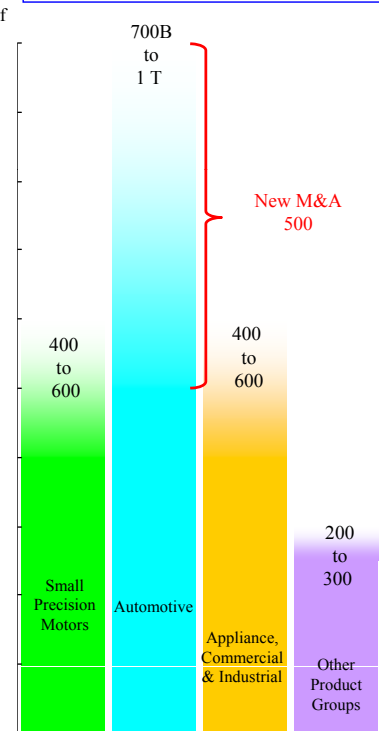
(Sales: Billions of Yen)



(Sales: Billions of Yen)



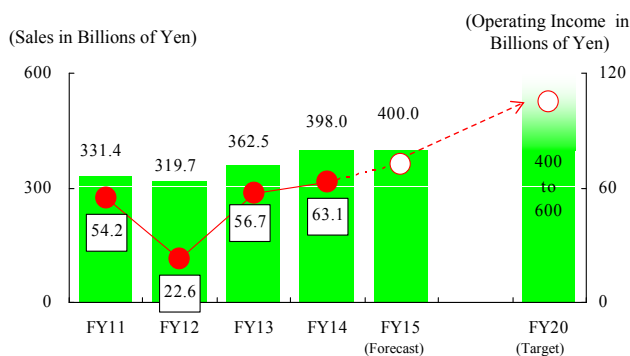
(Sales: Billions of Yen)



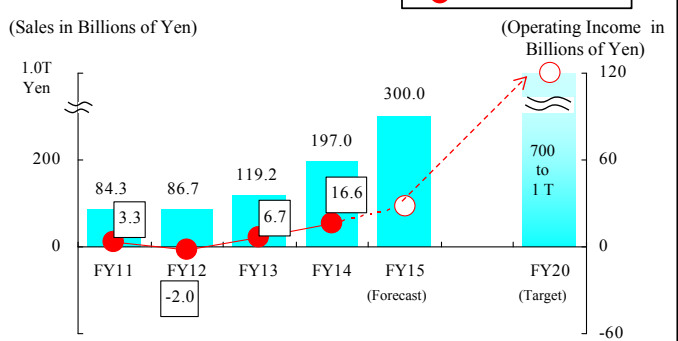
**Nidec** - All for dreams.

## FY2015 Sales and Profitability Targets by Product Category

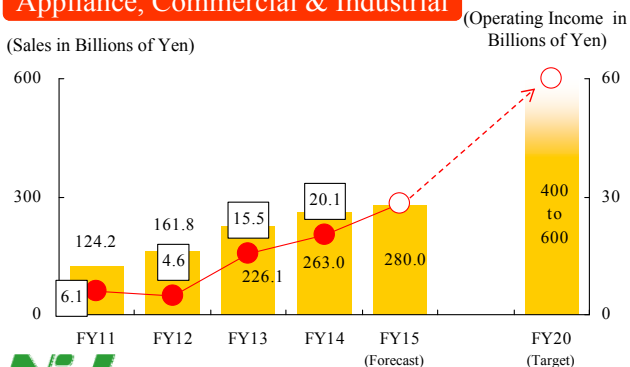
### Small Precision Motors



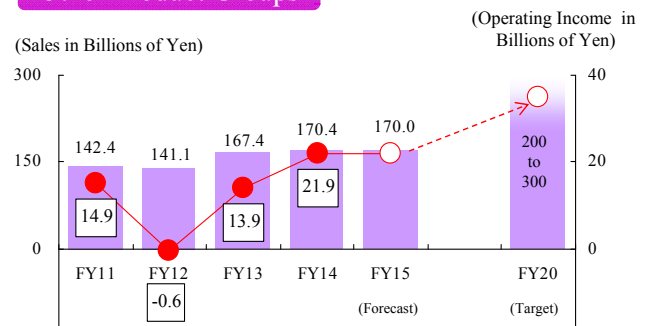
### Automotive



### Appliance, Commercial & Industrial



### Other Product Groups

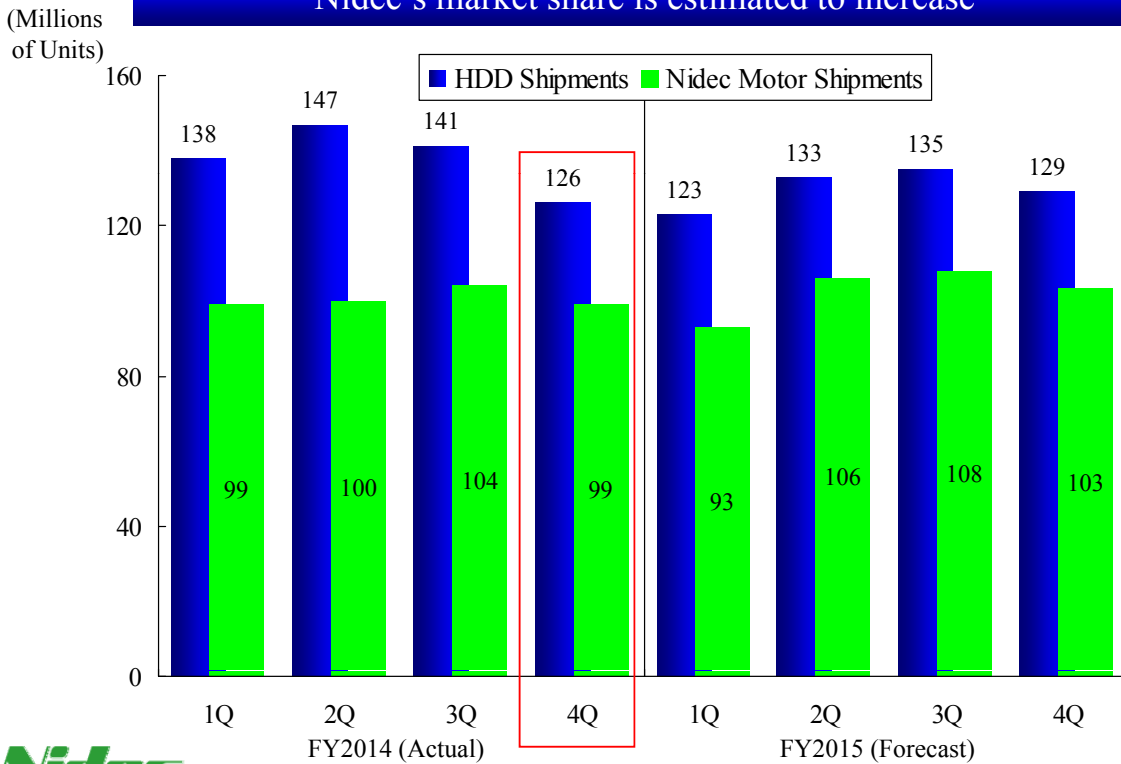


**Nidec** - All for dreams.



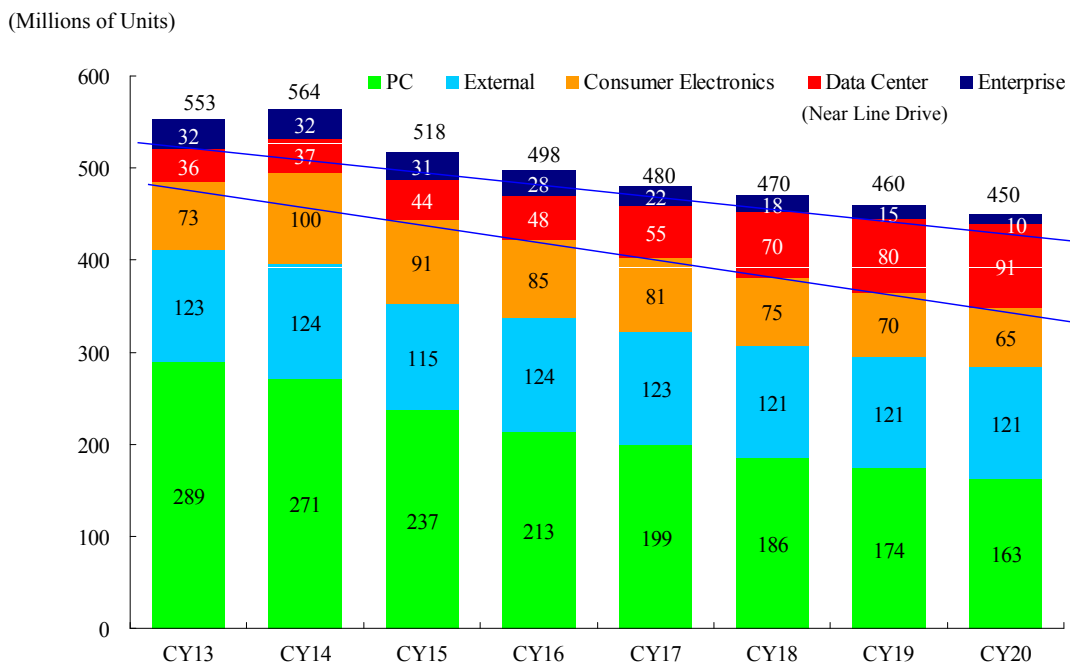
# Nidec HDD Motor Shipment Outlook

While FY2015 HDD shipments are expected to remain flat, Nidec's market share is estimated to increase



## HDD Market Trend (1)

Demand for PC gradually falling while data center application increasing solidly

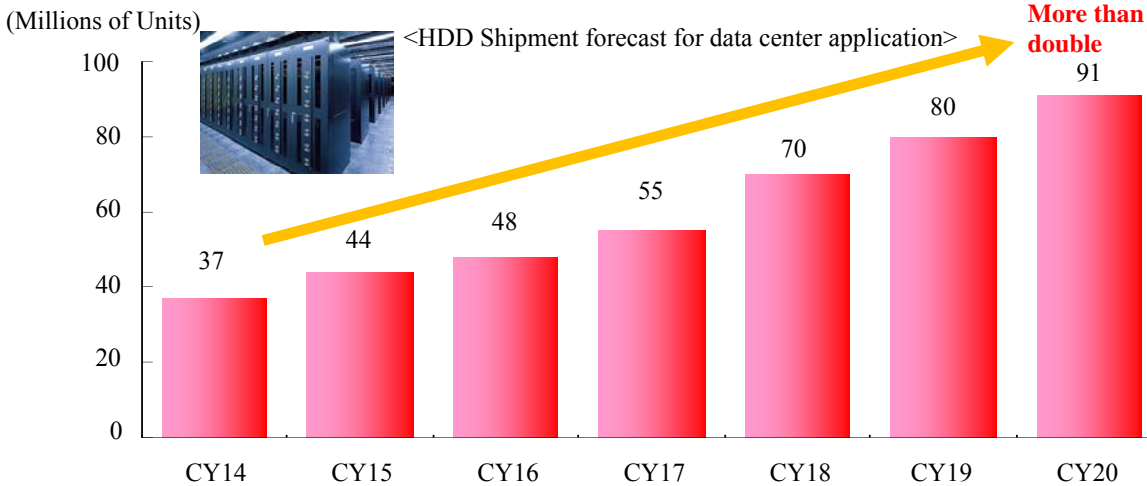


# HDD Market Trend (2)

## HDD playing a major role in data storage in the era of Big Data

### ◆ Comparison of data storage media

| Media | Characteristics (Advantage / Disadvantage)   | Application                      | Judgment |
|-------|--|----------------------------------|----------|
| HDD   | High capacity and cost performance / no major disadvantages                          | Major role in data storage       | Good     |
| SSD   | High speed access / less competitive in price, capacity and durability               | Frequently accessed data storage | Fair     |
| Tape  | Data safely stored in the event of catastrophe / not suitable for network connection | Off-line cold storage            | Fair     |

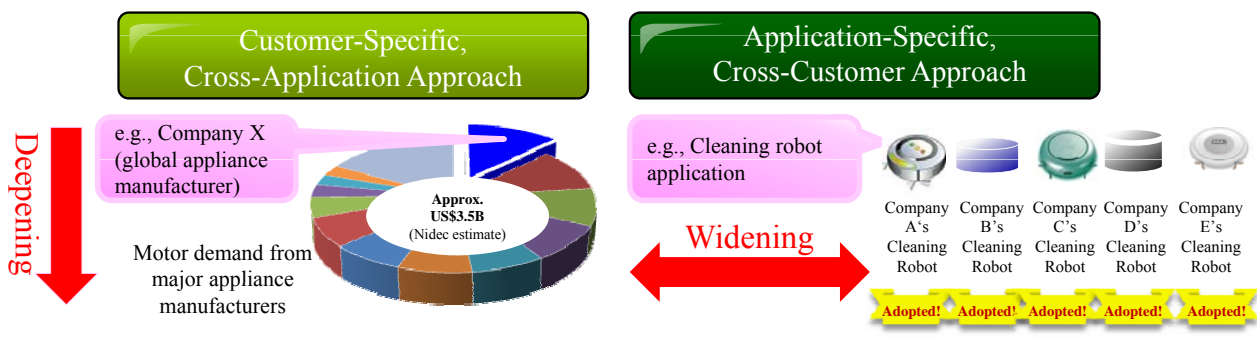


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(Nidec estimates based on various sources)

# Other Small Precision Motor Trend (1)

## Enhancing the Two Approaches



Nidec

Proposing Solutions

- Build up customer information thru App-Specific Approach
- Make proposals in advance, across industries

Take proactive strategy by anticipating customer's demand

e.g., Modularization of product using non-customized chips



Nidec Driver

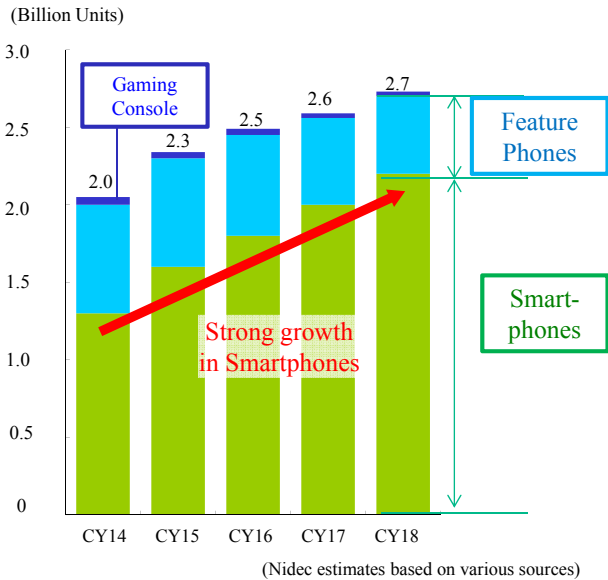
Nidec - All for dreams.

# Other Small Precision Motor Trend (2)

## New Product, New Market and New Customer Challenge

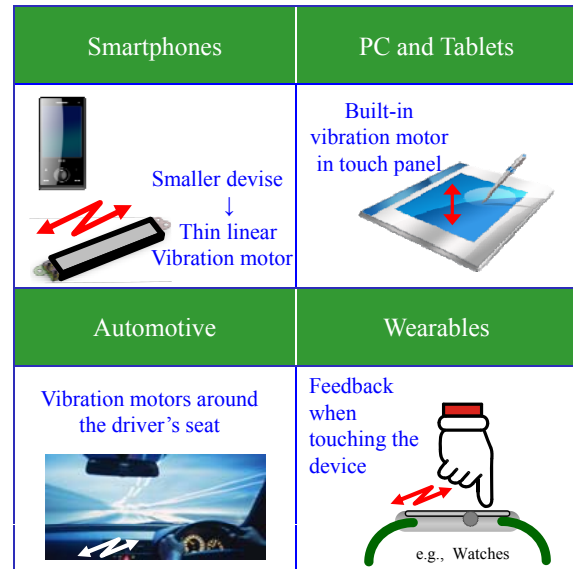
### ◆ Example 1: Vibration motor market

<Outlook of vibration motor market>



### ◆ Example 2: New Market "Haptic Devices"

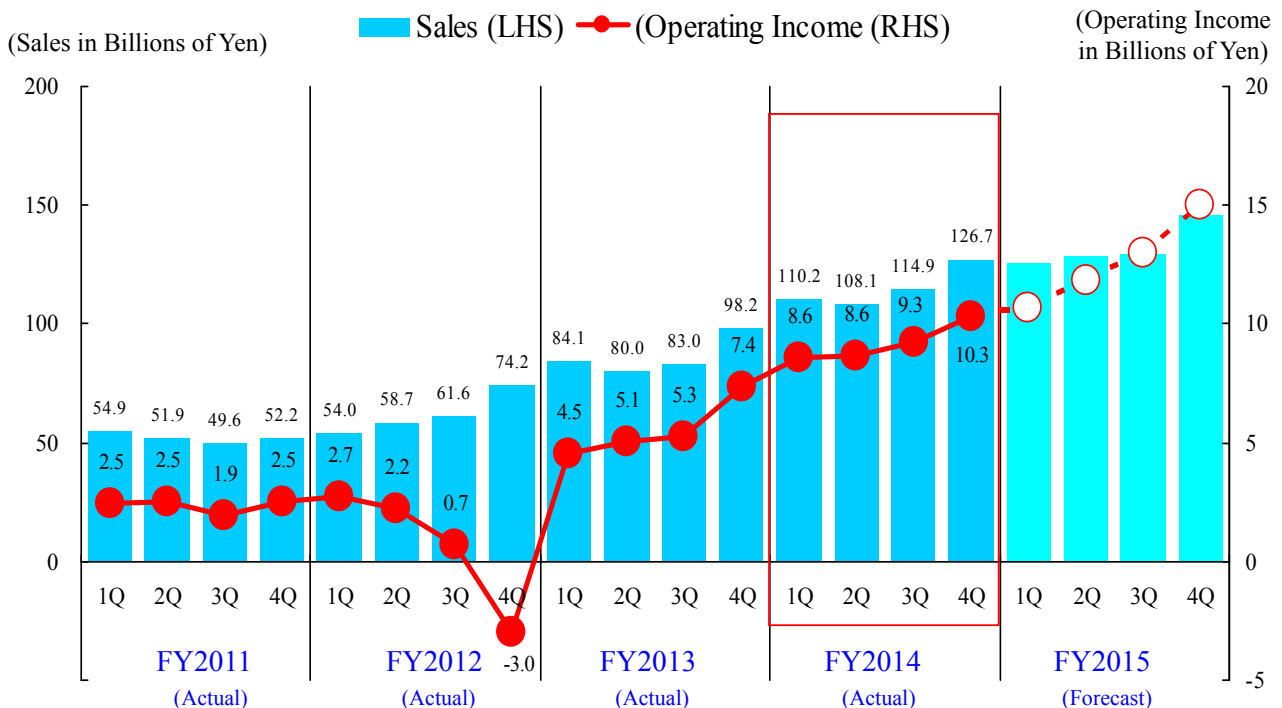
<Image of products using haptic technology>



## Quarterly Trends

### Automotive, Appliance, Commercial and Industrial Products

Aiming to maintain the upward trend of sales and operating income beginning from the structural reform into FY2015

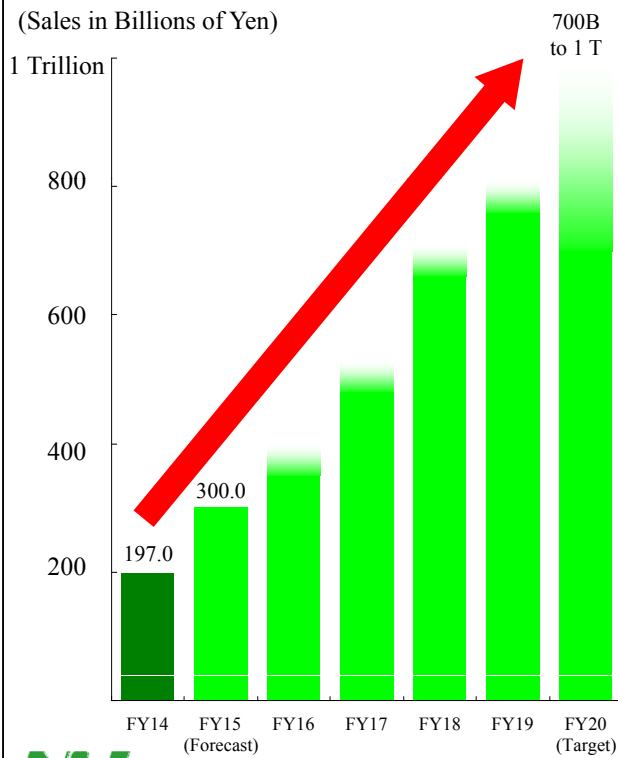


Structural Reform

\*Please refer to Notes on page 35.

# New Mid-Term Strategic Goal for Auto

Targeting 1 trillion Yen sales by FY2020, through focus on synergies and M&A



**Nidec** -All for dreams-

**Strategy 1** Speed up sales growth through modularization and electrification

Integrating Nidec Group, differentiating products through modularizing to accelerate speed of growth.

**Strategy 2** Initiate strategic in-house production through process renewal

Large-scale orders enable us to step up in-house production of parts. Aggressively pushing to enhance profitability.

**Strategy 3** Realize large-scale M&A

Well-timed large-scale cross border business acquisitions in the waves of market consolidation → greater synergies among Nidec operations

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# Automotive Market Environment (1)

Speeding up globalization process to take advantage of larger order flows

OEMs are expanding adoption of common platforms to various models of cars



Tier 1 customers are expanding their operational size globally, and pushing themselves toward electrification

**Nidec**  
Electrification  
Modularization

Larger order flows

Tier 1 customers are focusing more on "local production for local consumption" with larger order flows

**Nidec**  
Increase in-house capability of parts

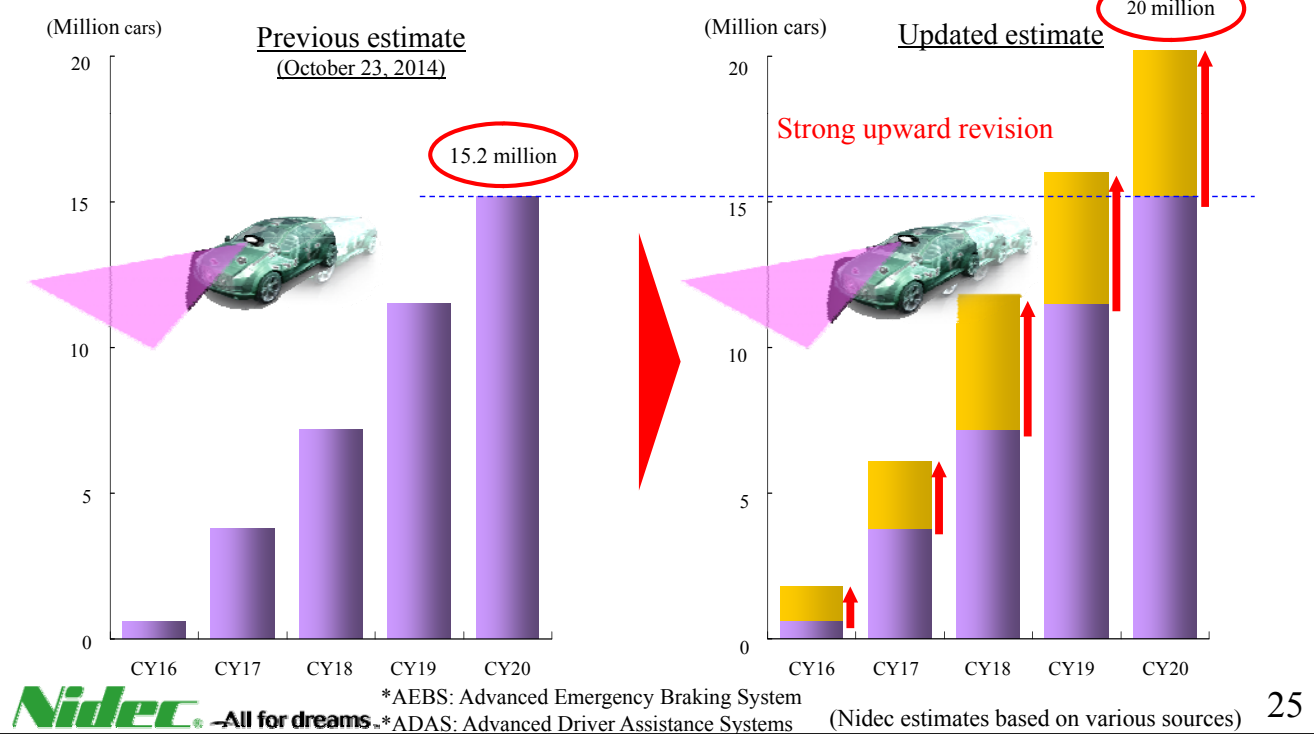
**Nidec** -All for dreams-

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# Automotive Market Environment (2)

Increase in adoption of AEBS\* driving rapid expansion of ADAS\* market

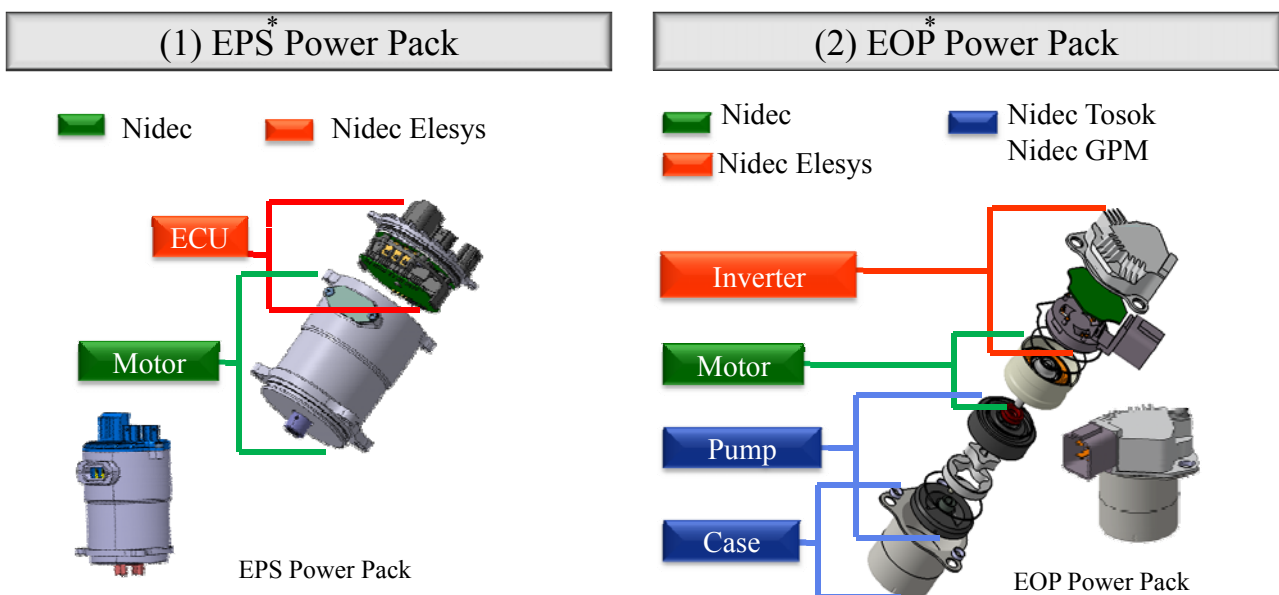
ADAS-equipped car production estimates



# Pursue Differentiation through Modularization

Maximizing "One Nidec" synergies to enhance both sales and profit growth

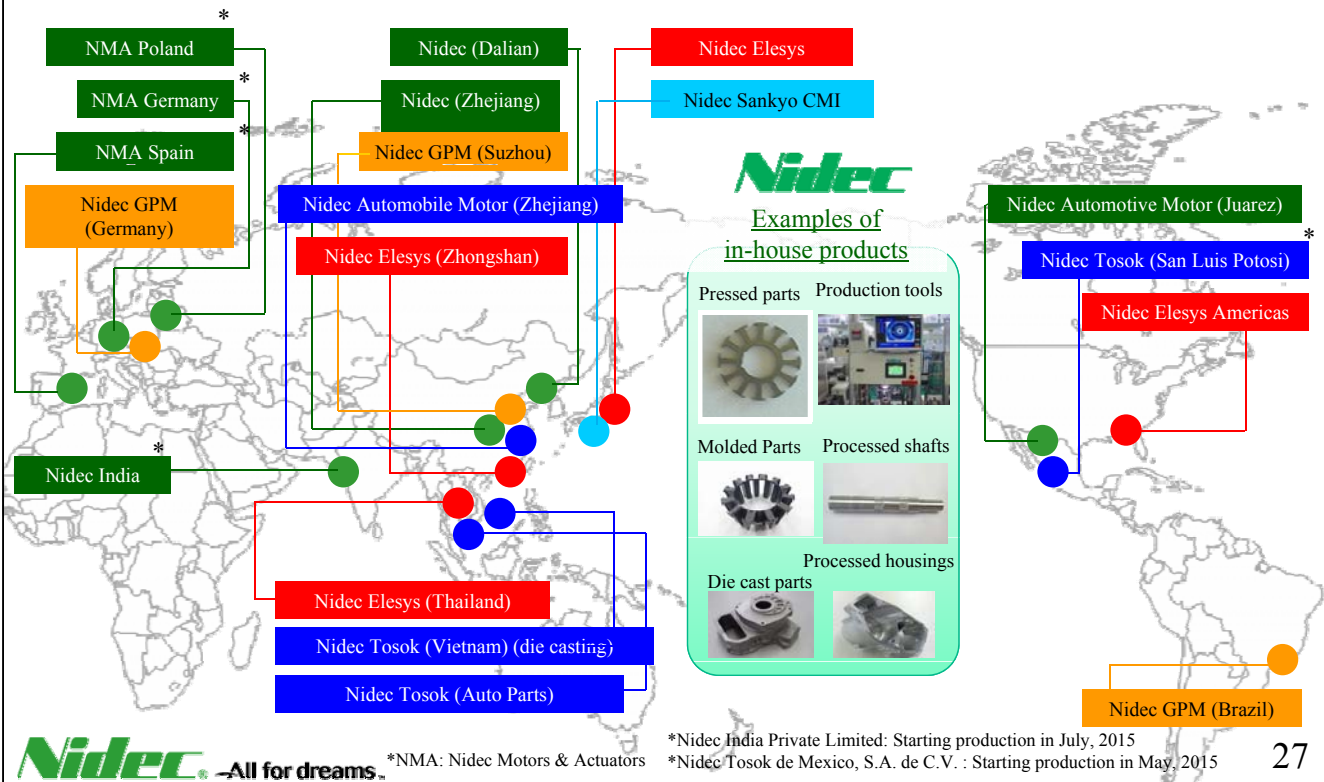
◆ Examples of Modularization of Auto Parts



[Plan to introduce ultra-small power pack for EPS with highly reliable safety functions](#)

# Global Network to Support “Local Production for Local Consumption”

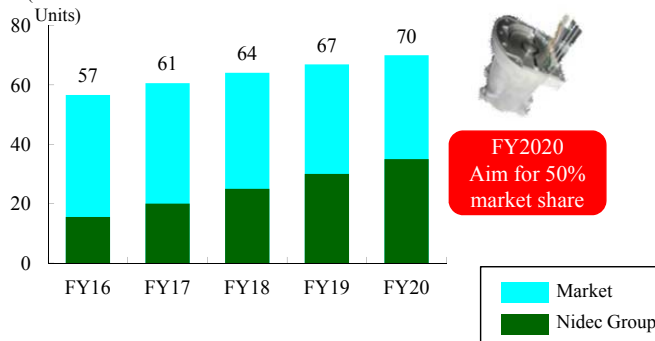
Driving full-fledged in-house production of components enhanced by large-scale orders



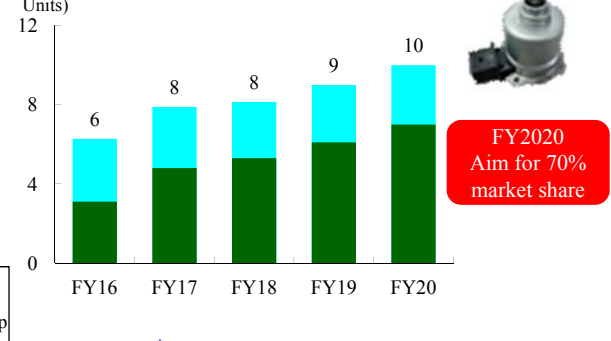
# Seeking Higher Market Shares in Global Auto Parts

Aiming to become one of the leading global suppliers in the electrification age

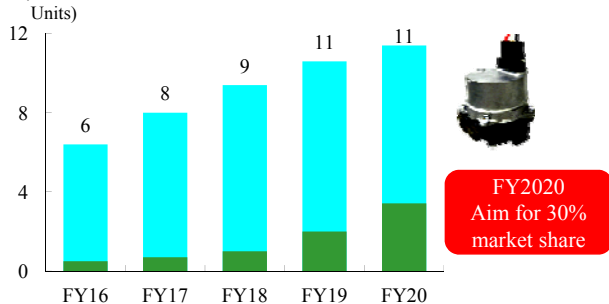
EPS market and Nidec's Target



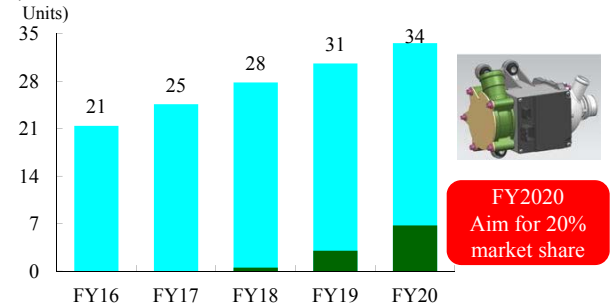
DCT market and Nidec's Target



EOP market and Nidec's Target



EWP market and Nidec's Target



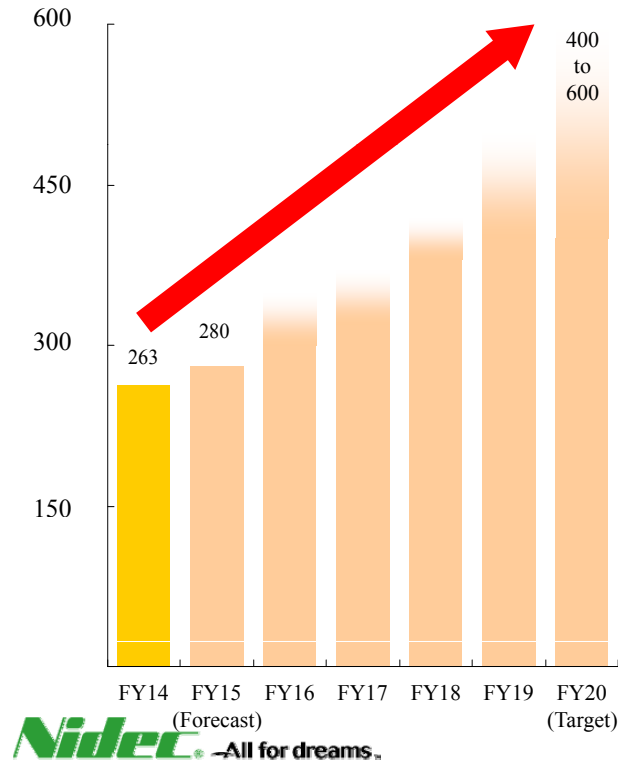
\*DCT: Dual Clutch Transmission \*EWP: Electric Water Pump

(Nidec estimates based on various sources)

# New Mid-Term Strategic Targets for ACIM\*

Adding value by evolving from discrete product to solution provider

(Sales in Billions of Yen)



## Strategy 1 5 Market Approaches

Sharing best practices among acquired companies

## Strategy 2 Steady Organic Growth

Maximizing sales & profitability on back of transition to BLDC\* and invertors

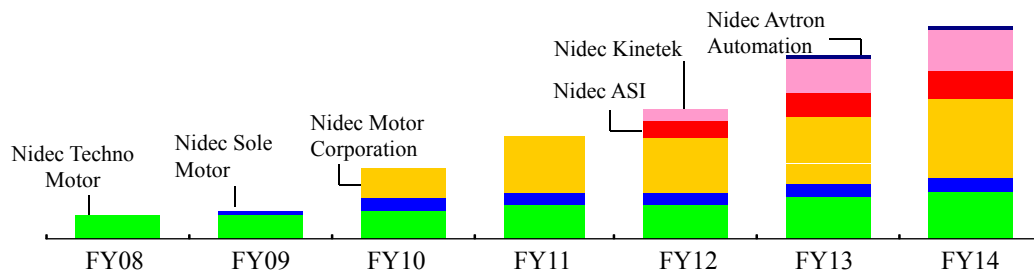
## Strategy 3 Proposing Solutions

Transforming the nature of business from discrete product to solution provider

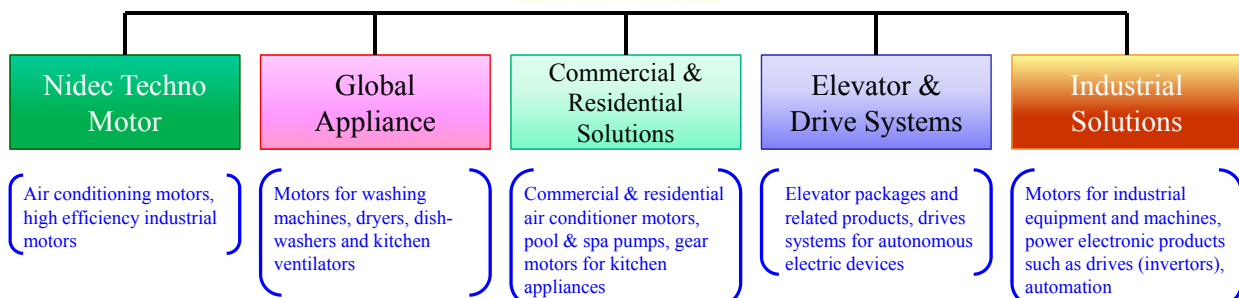
\*ACIM: Appliance, Commercial & Industrial Motor  
\*BLDC: Brushless Direct Current Motors

## 5 Markets of ACIM

Serving markets with a globally integrated structure

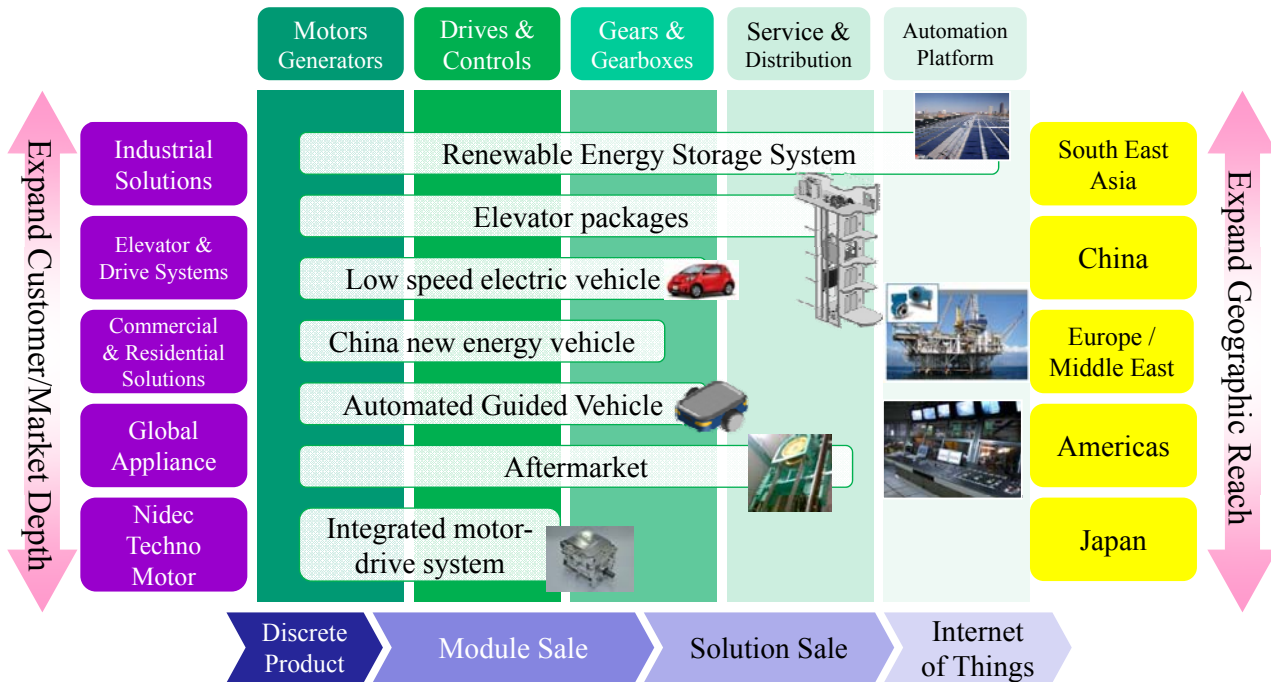


Sharing best practices in areas such as strategy planning, CFO function, HRM, R&D, intellectual property and purchasing



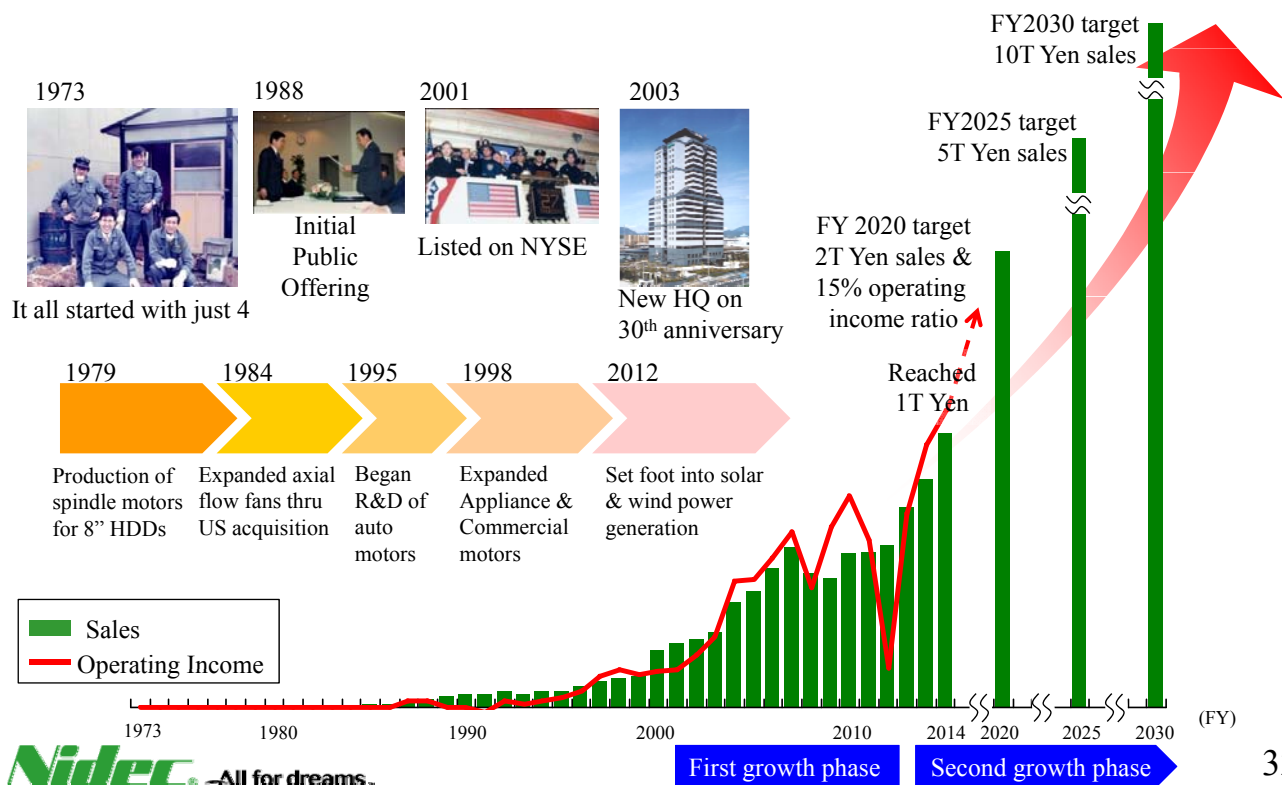
# Evolution of ACIM Business Model

Adding value by evolving from discrete product to solution provider



# Long-Term Vision: Aiming for 10 Trillion Yen Sales by FY2030

Continuous growth for 42 years by turning big dreams into reality





# Business Structure Eyeing FY2030

Facilities to promote in-house development of fundamental R&D capabilities, optimum production engineering methods and global talent

Corporate university to transplant "Nagamori-ism" to prospective executives



Nidec R&D Center, Japan  
(Opened in June 2012)

The Lab aims to realize optimum production engineering methods suited for the age of Industry 4.0



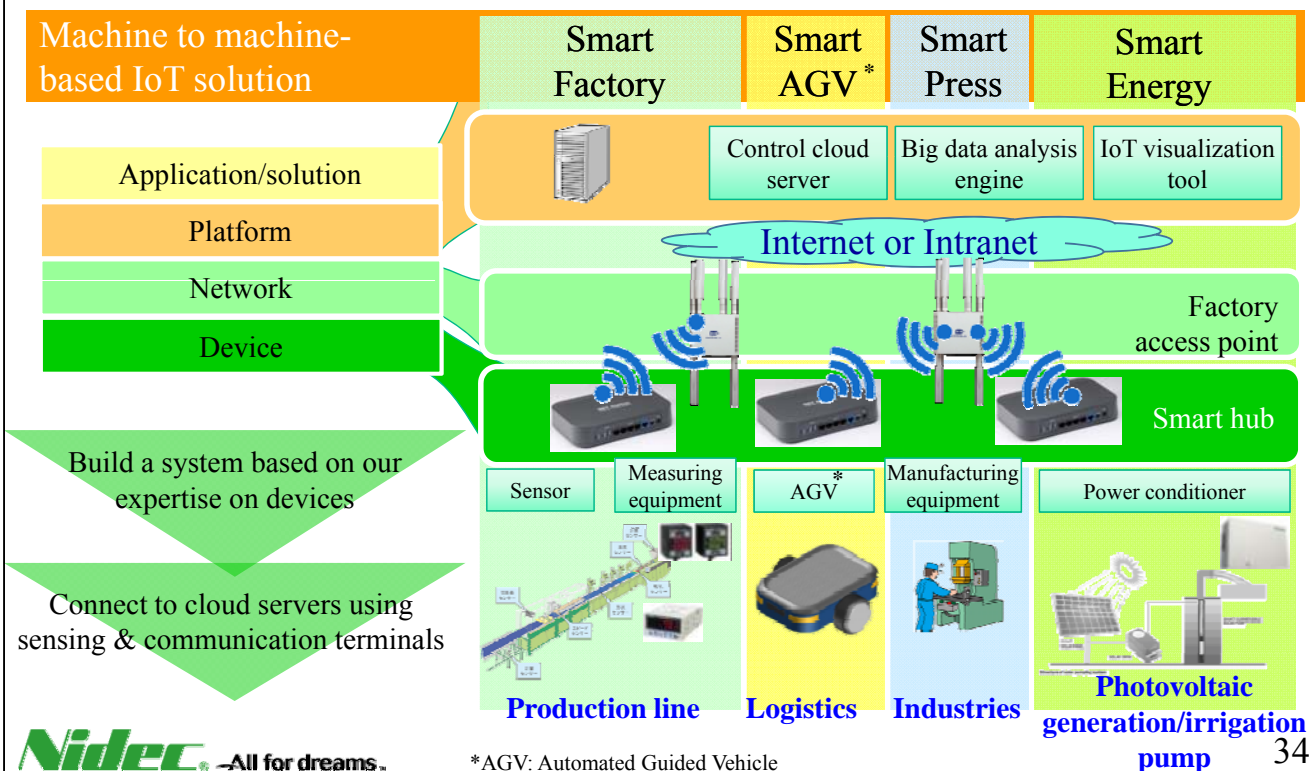
Nidec Business School  
(Scheduled to open in FY 2016)



Production Engineering Laboratory  
(Scheduled to open in FY 2016 or later)

## Aiming to Create New Large Businesses for 10 Trillion Yen Sales

Adding values of Nidec Group products through Internet of Things





### Nidec IR Contacts

|       |                       |  |
|-------|-----------------------|--|
| Japan | Tel: +81-75-935-6140  | E-mail: <a href="mailto:ir@nidec.com">ir@nidec.com</a>                           |
| U.K.  | Tel: +44-870-351-7388 | E-mail: <a href="mailto:takagi.shinichi@nidec.com">takagi.shinichi@nidec.com</a> |
| U.S.  | Tel: +1-212-703-7988  | E-mail: <a href="mailto:nagase.kiyoshi@nidec.com">nagase.kiyoshi@nidec.com</a>   |

**\*Notes:**

Pursuant to ASC 805 “Business Combinations,” consolidated financial statements for 4QFY2013, 1QFY2014 and 2QFY2014 have been retrospectively adjusted to reflect our valuation of the fair values of the assets acquired and the liabilities assumed upon the acquisitions of Nidec Sankyo CMI Corporation and Nidec Elesys Corporation in the fiscal year ended March 31, 2014. During 3QFY2014, we completed our valuation of such assets and liabilities of Nidec Sankyo CMI Corporation and Nidec Elesys Corporation.

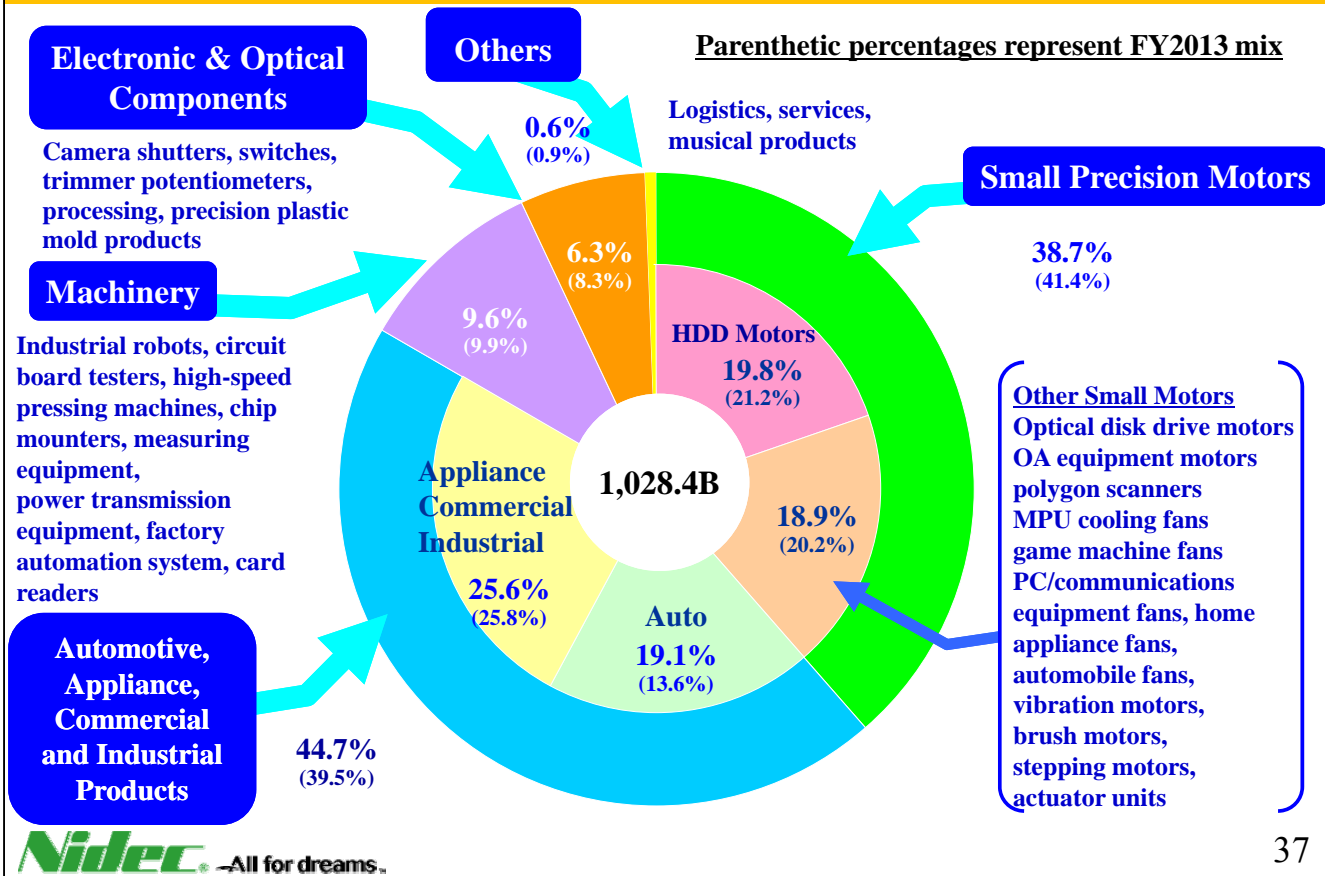
Nidec logo is a registered trademark or a trademark of Nidec Corporation in Japan, the United States and/or certain other countries. “All for dreams” logo is a registered trademark of Nidec Corporation in Japan, and a trademark in the United States and/or certain other countries.

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## Appendix

# Performance Trends & Product Group Overview

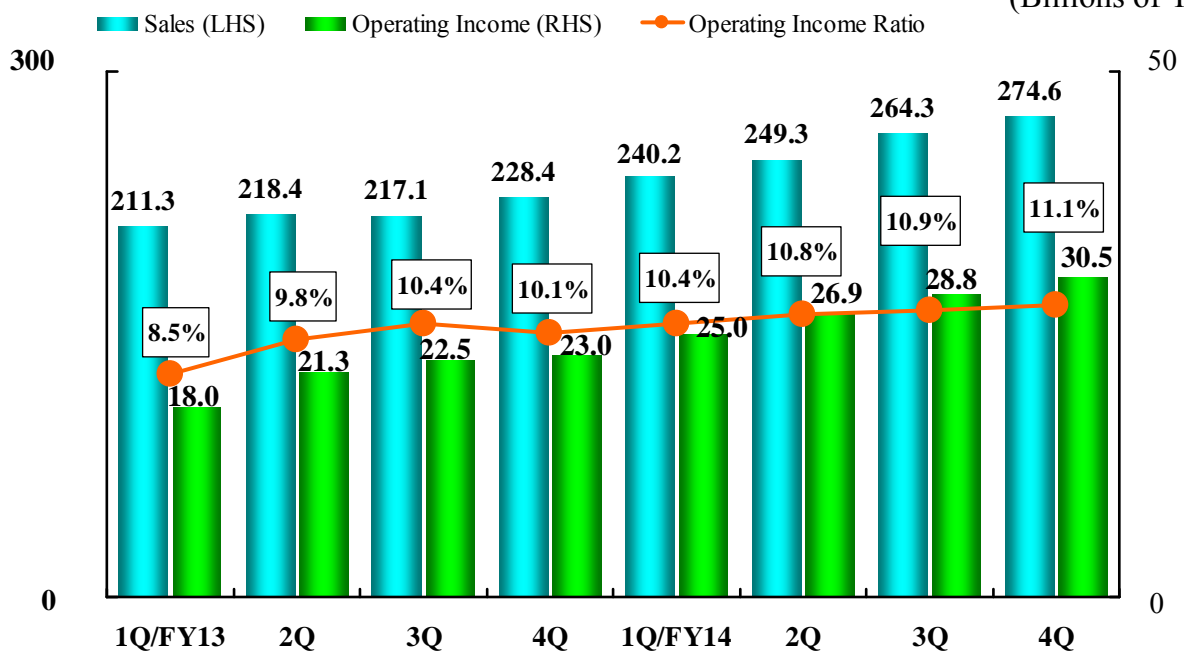
# Sales by Product Group (FY2014)



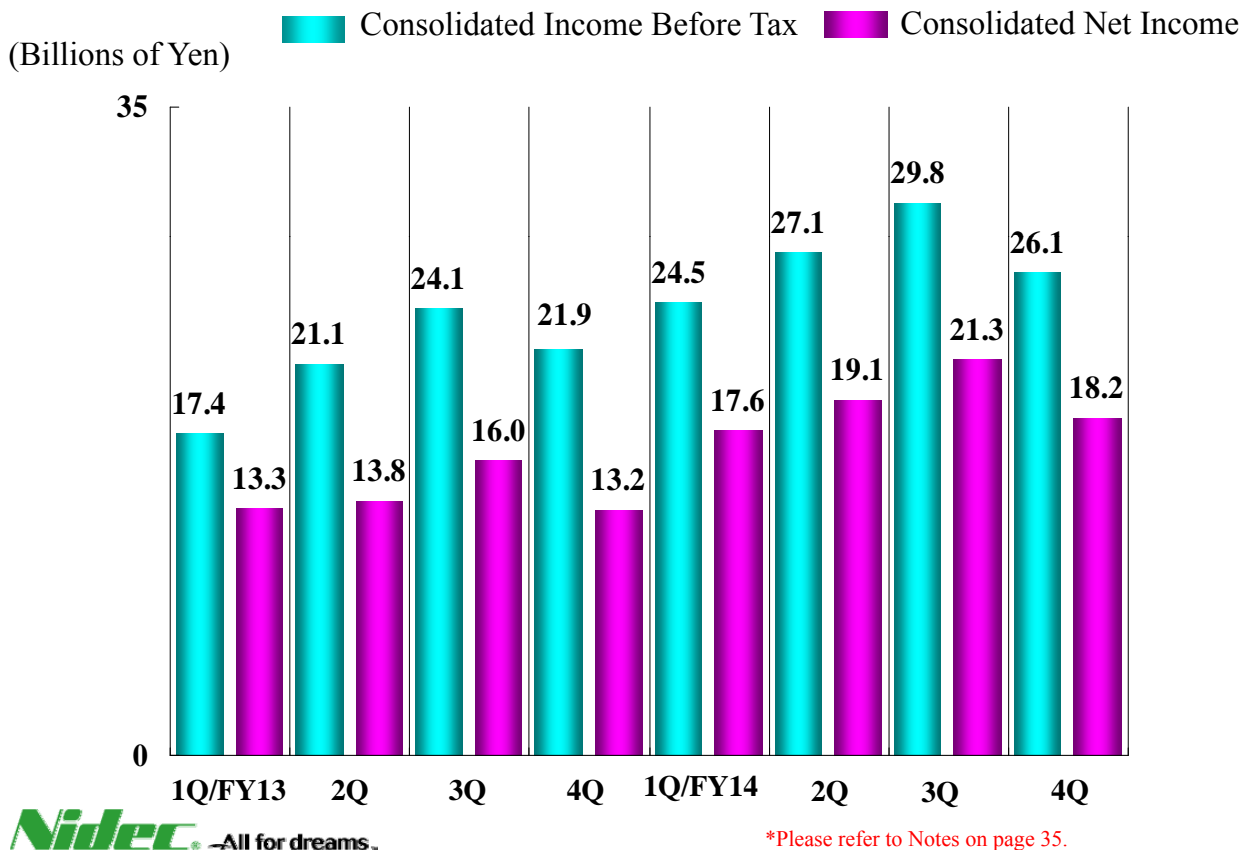
# Consolidated Sales & Operating Income

(Billions of Yen)

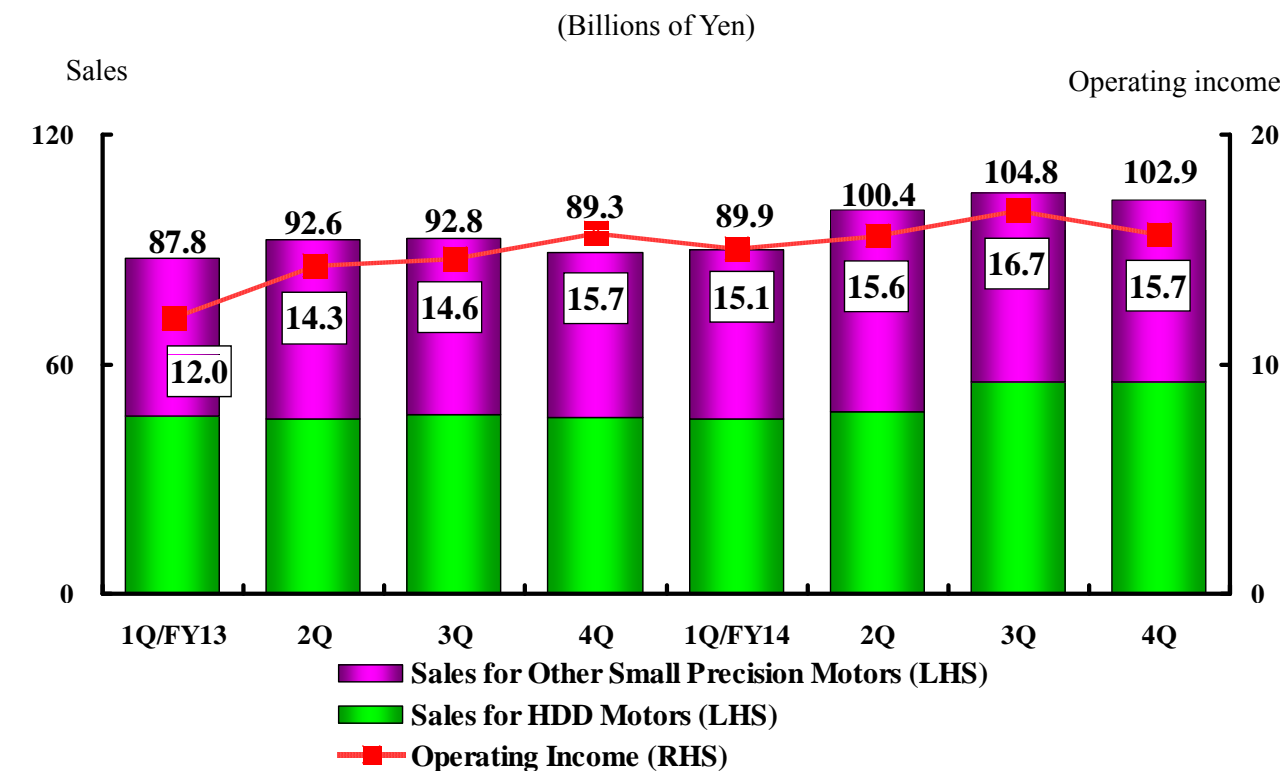
(Billions of Yen)



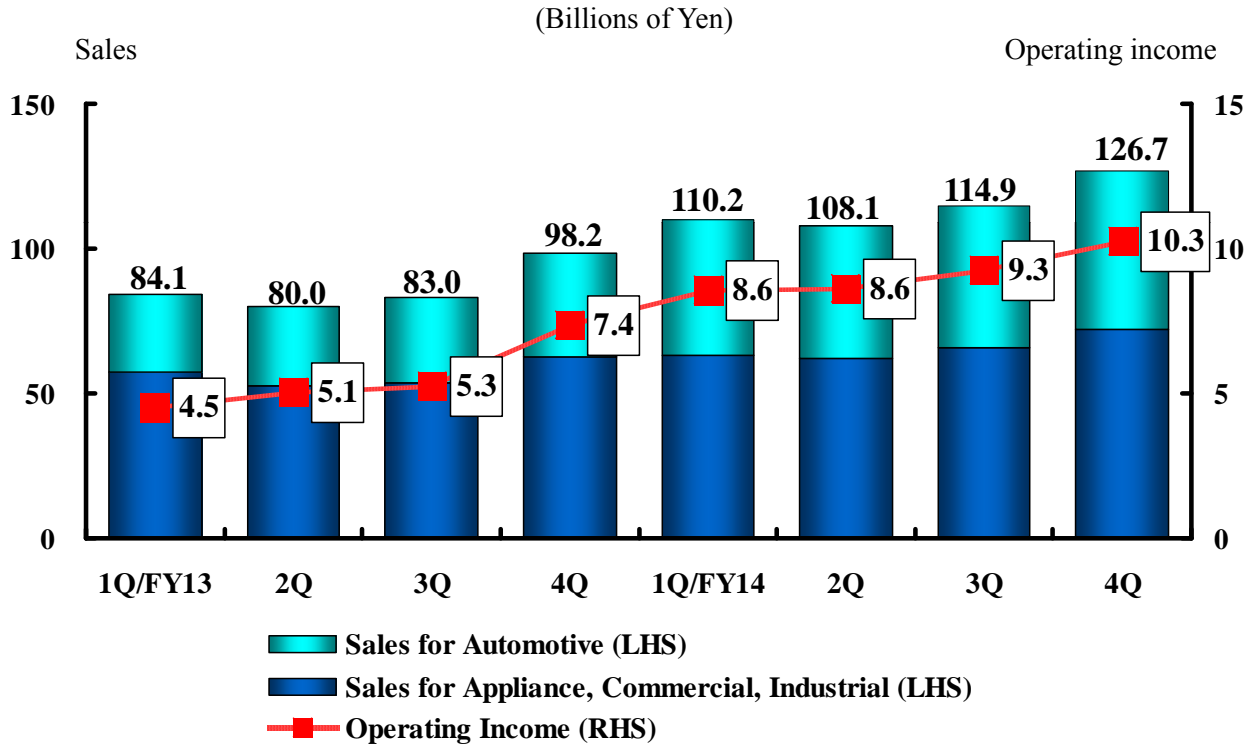
# Consolidated Income Before Tax & Net Income



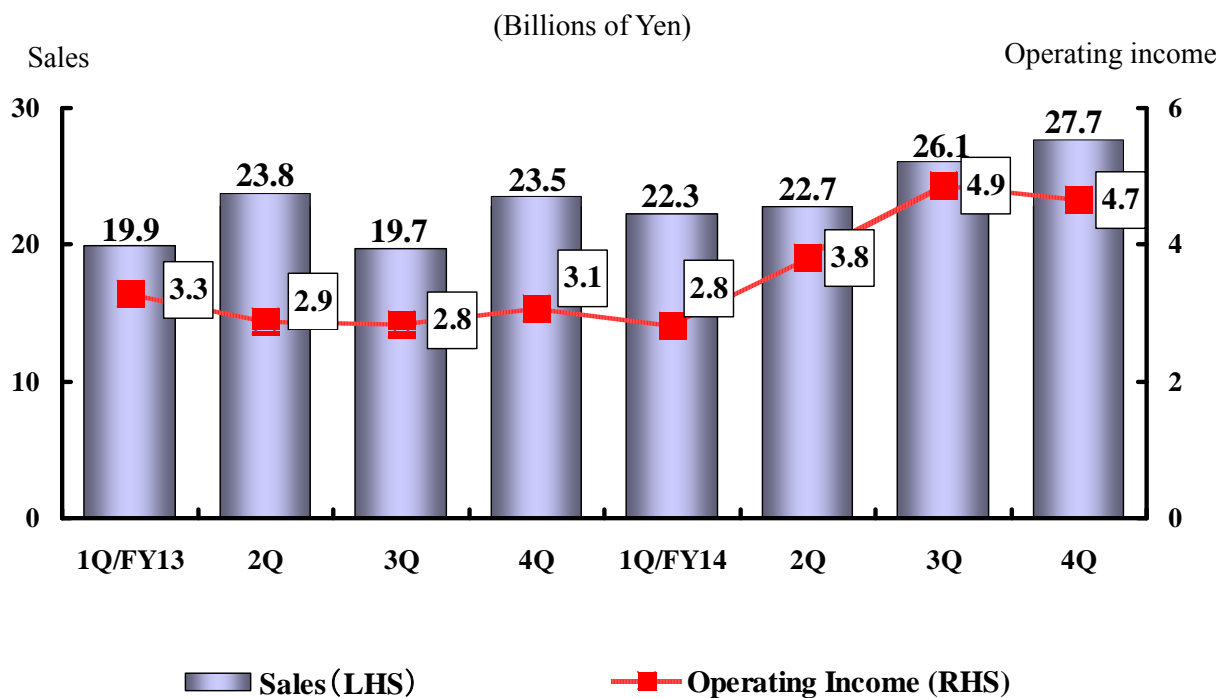
# Small Precision Motors



# Automotive, Appliance, Commercial and Industrial Products

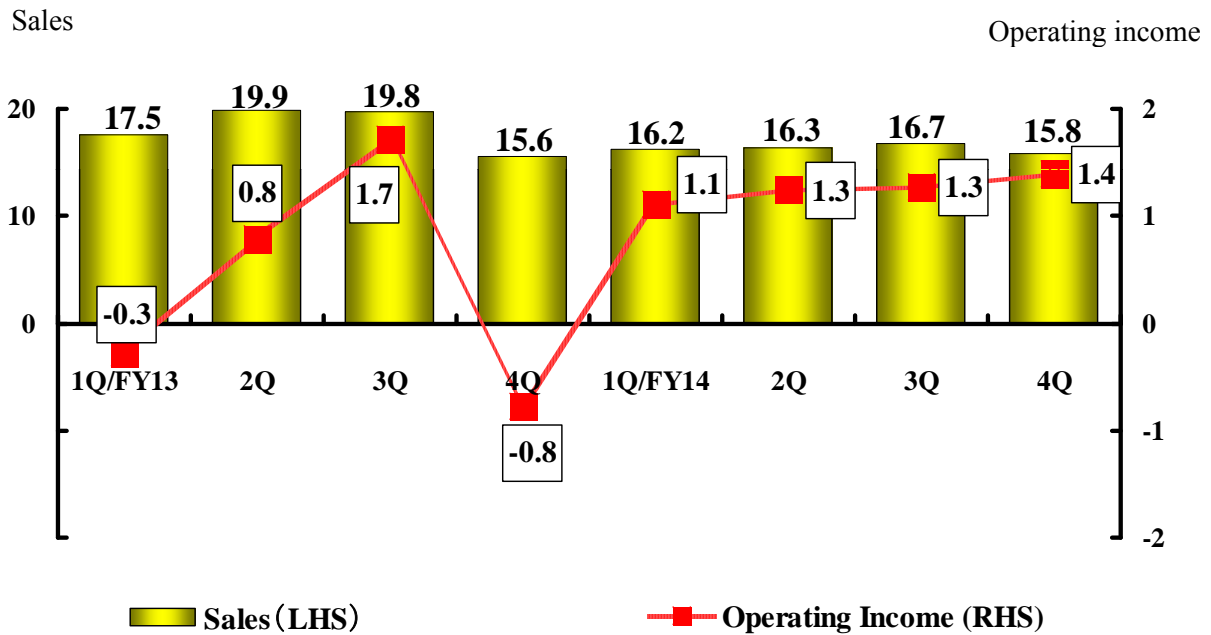


# Machinery



# Electronic & Optical Components

(Billions of Yen)



# Others

(Billions of Yen)

