

# Nidec Corporation

## First Quarter Fiscal 2017 Results



Three Months Ended June 30, 2017  
<IFRS>  
July 26, 2017

## 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 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 a pool pump and a high-speed pump manufactured by LGB Elettropompe S.r.l. acquired in July 2017.

## ■ Consolidated Profit/Loss

Millions of Yen, except for percentages, EPS, and FX rates	Q1/FY2016	Q1/FY2017	Change	FY2017 Forecast
Net sales	276,206	343,091	+24.2%	1,375,000
Operating profit	31,524	39,022	+23.8%	165,000
Operating profit ratio	11.4%	11.4%	-	12.0%
Profit before income taxes	29,087	36,326	+24.9%	161,000
Profit attributable to owners of the parent	22,028	28,194	+28.0%	127,000
EPS (Yen)	74.27	95.22	+28.2%	428.94
FX rate (Yen/US\$)				(Assumed for Q2 onward: Yen/US\$: 105 Yen/Euro: 110)
Average:	108.14	111.09	+2.7%	
Term end:	102.91	112.00	+8.8%	

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 8.8 billion yen and 1.70 billion yen on net sales, respectively, and 1.10 billion yen and 0.4 billion yen on operating profit, respectively.

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

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## ■ Summary of Q1 FY2017

- Quarterly net sales and operating profit increased 24% Y/Y to **record highs**.
- Quarterly **operating profit ratios** for Small Precision Motors, Machinery, Electronic & Optical Components and Other Products **reached the 15% target under Vision2020**.
- Profit attributable to owners of the parent improved by a significant 28% Y/Y.
- **Upward revision** to FY2017 financial forecasts.

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# Revision to FY2017 Forecast

## <Previous Forecast (April 25, 2017)>

## <Revised Forecast>

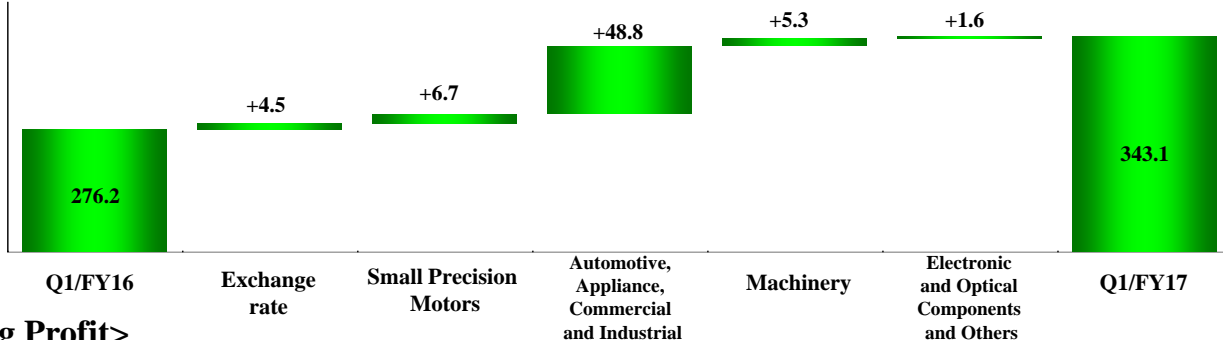
Millions of Yen, except for percentages, EPS, dividends and FX rates	1H/FY2017	Full-Year	1H/FY2017	Full-Year
Net sales	625,000	1,350,000	650,000	1,375,000
Operating profit	75,000	160,000	80,000	165,000
Operating Profit Ratio	12.0%	11.9%	12.3%	12.0%
Profit before income taxes	74,000	158,000	77,000	161,000
Profit attributable to owners of the parent	58,000	125,000	60,000	127,000
EPS (Yen)	195.55	421.44	202.65	428.94
Dividends (Yen)	45.00	90.00	45.00	90.00
FX Rate (Yen/US\$)	105	105	105	105
FX Rate (Yen/€)	110	110	110	110
			(Assumed for Q2 onward)	(Assumed for Q2 onward)

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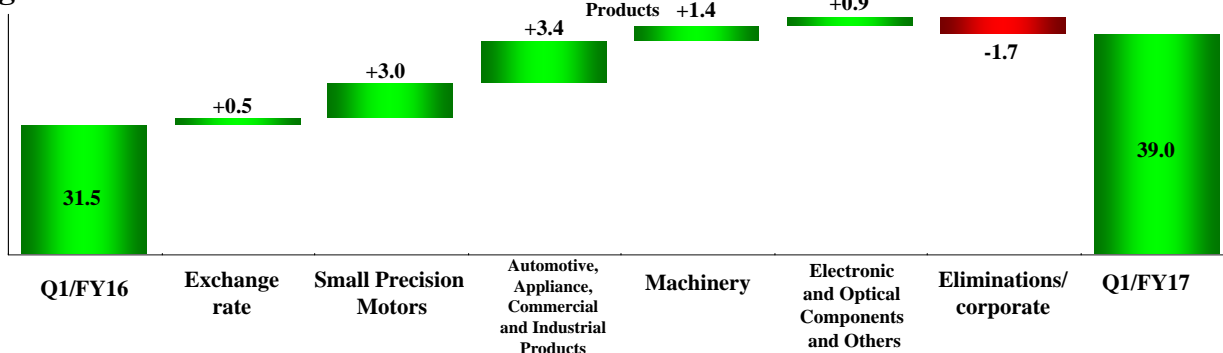
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# Year-on-Year Changes (Three Months Ended June 30, 2017)

## <Net Sales> (Billions of Yen)



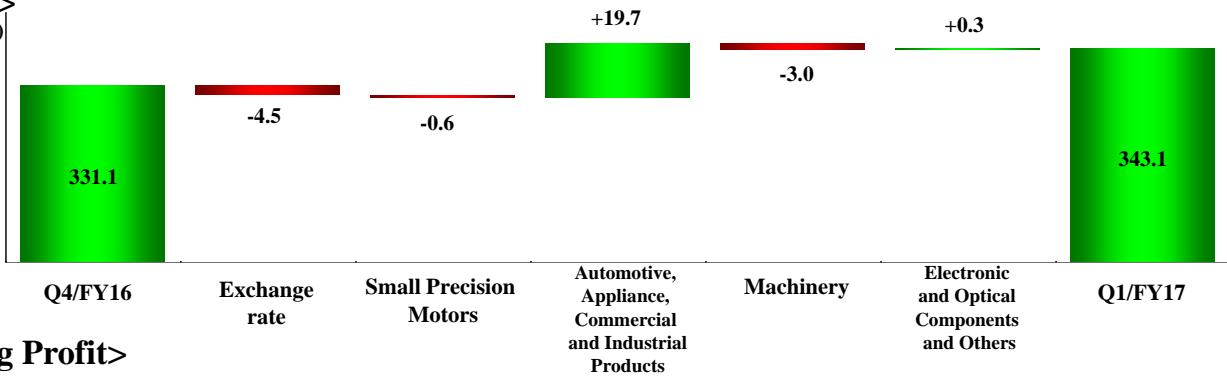
## <Operating Profit> (Billions of Yen)



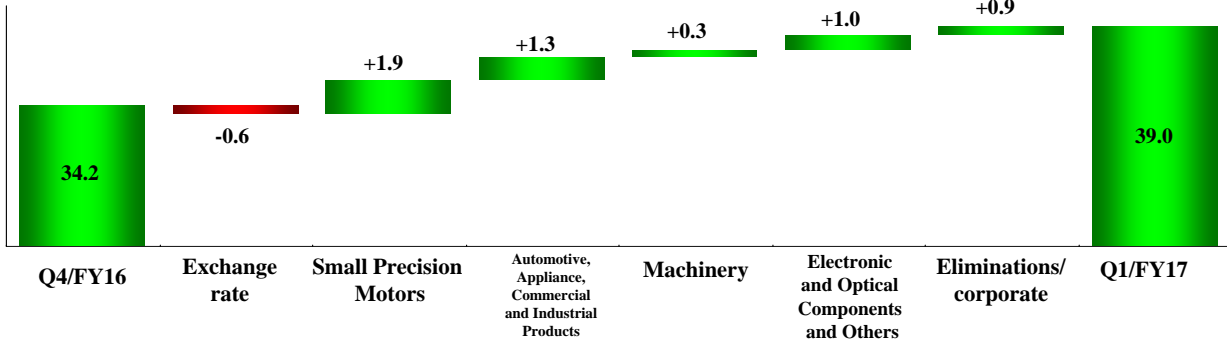
6

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

<Net Sales>  
(Billions of Yen)



<Operating Profit>  
(Billions of Yen)



# Mid-Term Strategic Goal

## Vision2020

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

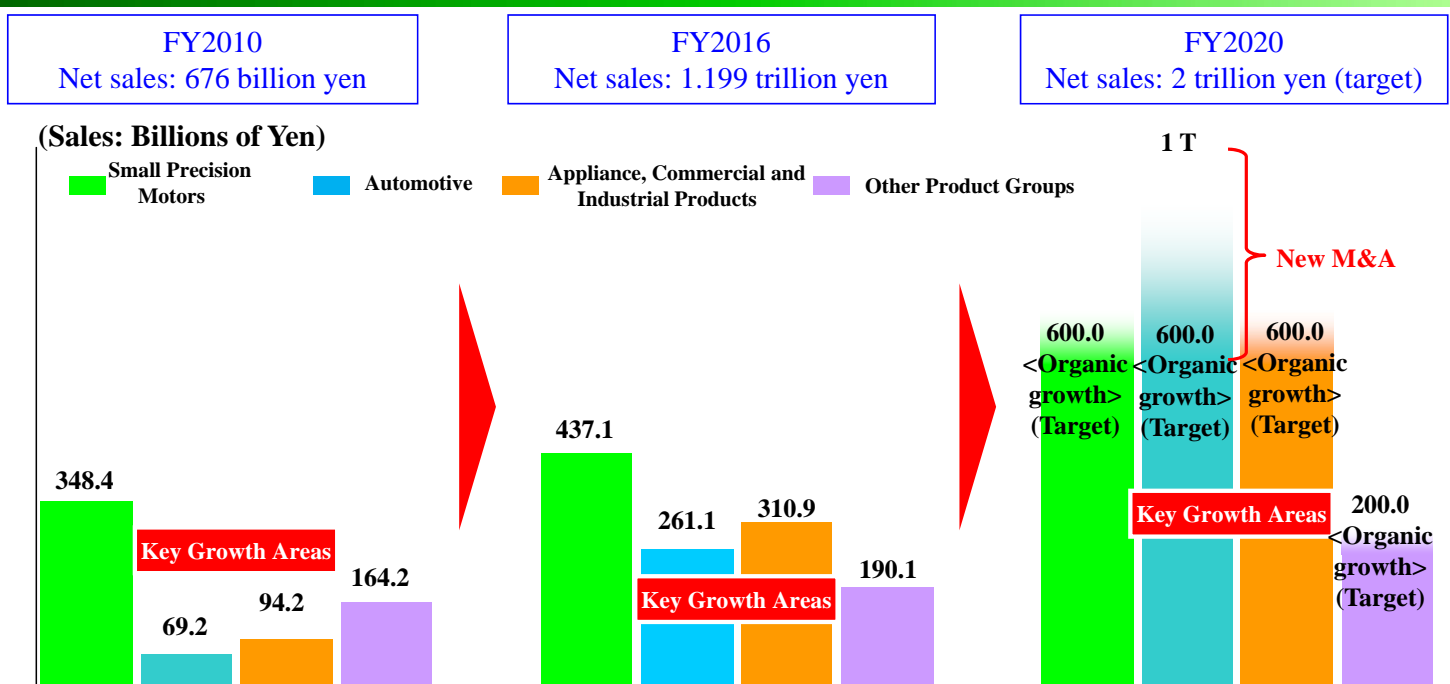
## Continuous pursuit of profit & strong growth

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

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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# Small Precision Motors: HDD Market Short-Term Trend



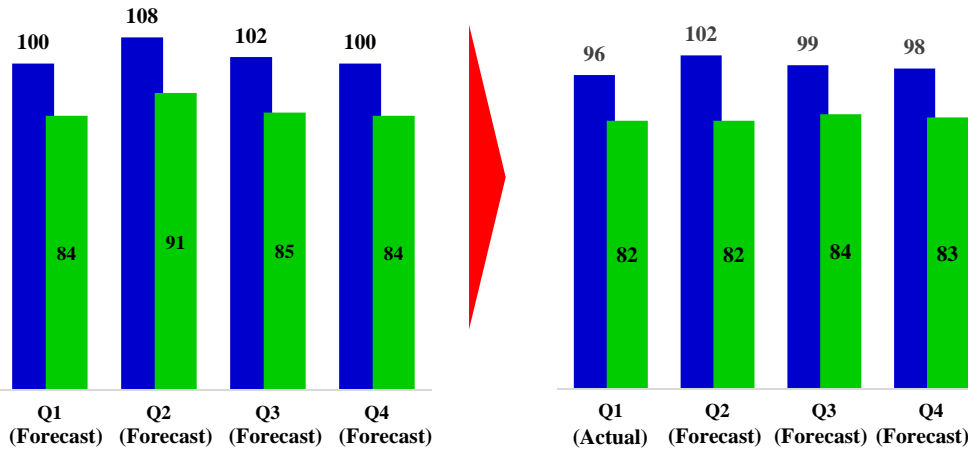
■ HDD Shipments    ■ Nidec Motor Shipments

(Millions of Units)

Previous FY2017 Forecast  
(April 26, 2017)

Revised FY2017 Forecast  
(July 26, 2017)

## Revised forecast for FY2017 HDD shipments



(Millions of Units)

	Previous forecast	Revised forecast
FY2017 Annual forecast		
HDD shipments	410	395
Nidec motor shipments	344	331

Nidec estimates based on various sources.

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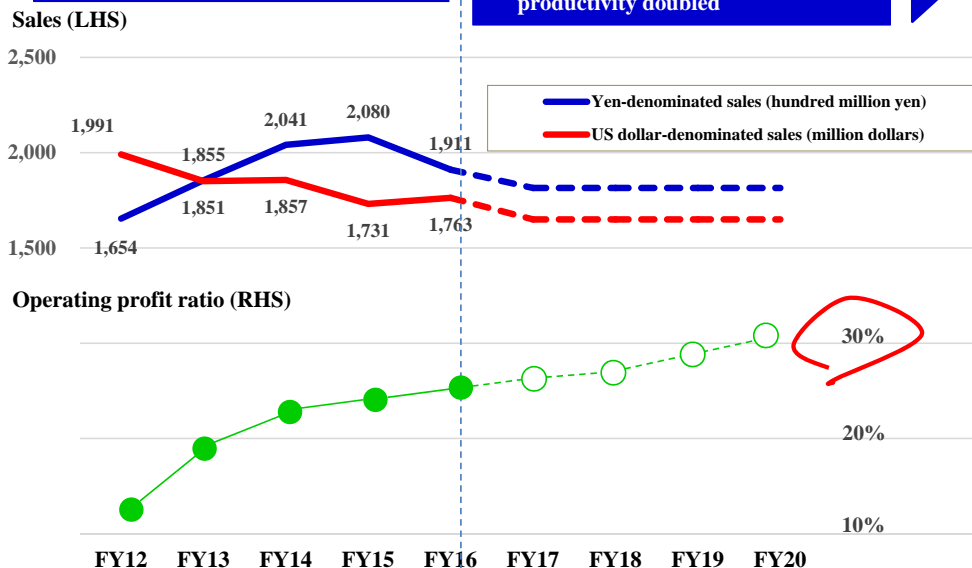
# Small Precision Motors: Improvement in Profitability of HDD Motors



- Cost reduction
- Low cost automation
- Production process optimization

- In-house production of base plates
- Overseas transfer of R&D activities
- Direct labor cost halved, productivity doubled

Aiming for operating profit ratio of 30% or more



Structural reform  
underway  
against a backdrop of  
declining demand

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

## Subsidiaries: Aiming for Both Sales Increase and Profitability Improvement

Sales of two subsidiaries expected to reach 200 bil. yen, three to 100 bil. yen in FY2020

■ Net sales (LHS)  
● Operating profit ratio (RHS)

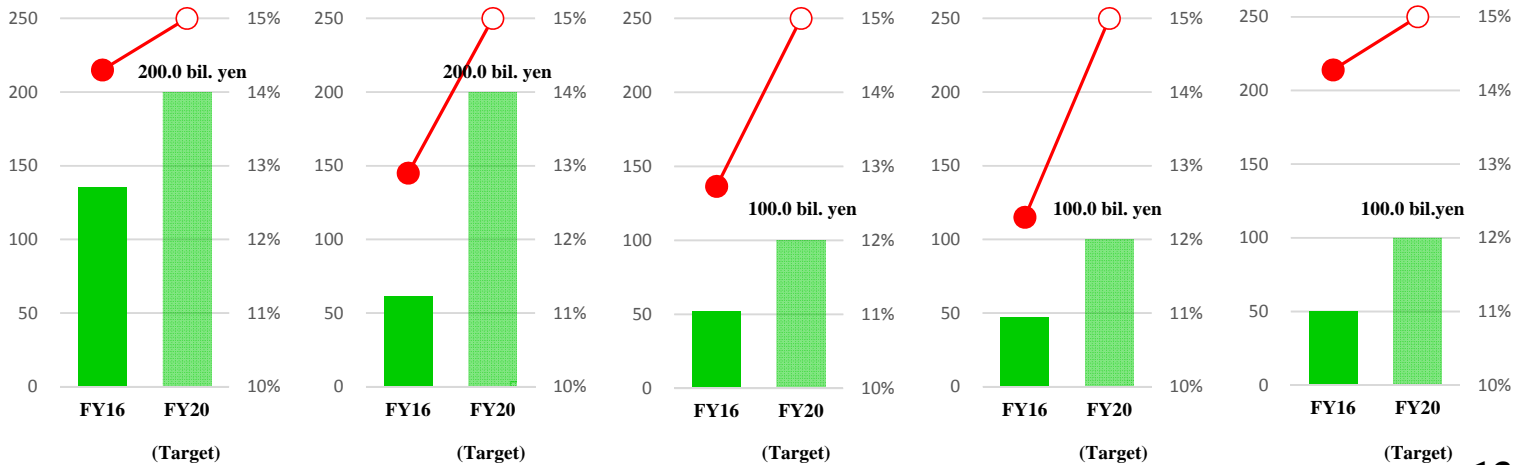
### Nidec Sankyo

### Nidec Techno Motor

### Nidec Tosok

### Nidec Shimpo

### Nidec Elesys

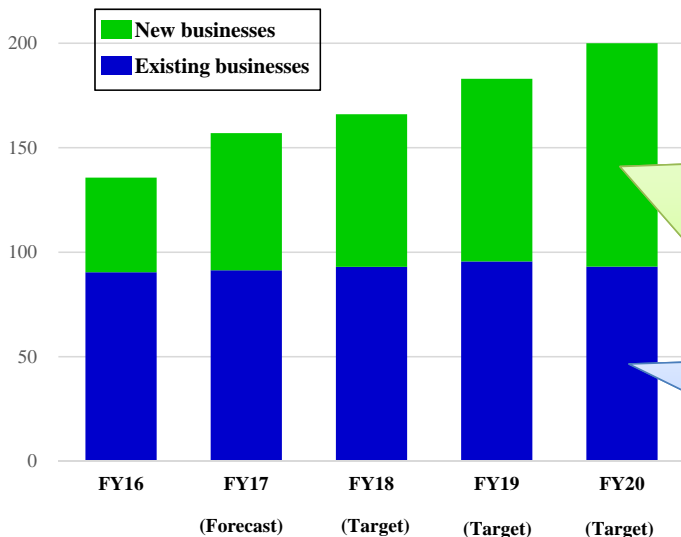


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## Subsidiaries: Successful Examples of Business Portfolio Transformation (Nidec Sankyo)

Continuous Three New Strategy (new products, new markets and new customers) quickening the pace of sales growth

(Sales in Billions of Yen) **Nidec Sankyo's mid-term net sales target**



### Three-fold thematic market approaches

#### Automation

- Wafer handling robot
- Collaborative robot
- Dispenser (Fintech)



#### Environment

- Energy- and water-saving
- Energy-saving, high-efficiency circulation
- Regulatory compliance



#### Sensing

- Autonomous driving
- Inspection robot
- Drone



Competitiveness enhancement for existing products with focus on ODD\* motors, OA\*\* equipment motors, card readers, LCD\*\*\* panel handling robots

\*ODD: Optical Disk Drive \*\*OA: Office Automation \*\*\*LCD: Liquid Crystal Display  
This slide includes forward-looking statements. See Disclaimer on Page 2.



Smart manufacturing gaining pace at Nidec factories, with future commercialization in view

**Smart AGV**

**Industrial robot module (i611)**

**Vision system**

**Modular automation line (Modularization of assembly and inspection)**

Product Lineups for Robotics (e.g., service robot, drone)

Nidec products finding ways into just about every aspect of robotics

**Drive motor**

- Coreless motor
- Wheel-in motor
- Stepping motor
- Brushed motor
- Brushless motor

**Vision sensor and camera**

- Wide angle optical image stabilizer camera module (TiltAC)
- Wide angle camera module

**Reducer and motor for joint modules and drones**

- Reducer
- Ultra-flat geared actuator
- Servo module
- Drone motor

**Tactile device and electronic component**

- Tactile device
- Encoder
- Pressure sensor
- Potentiometer
- Slip ring
- Switch



## Acquisition of Italy-Based LGB Elettropompe S.r.l. \*

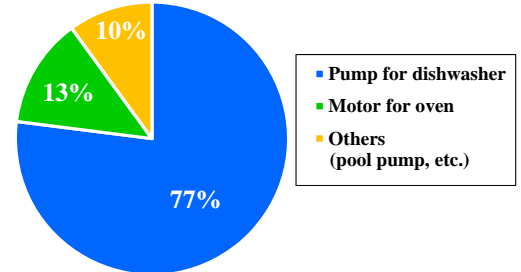
\*Nidec acquired a 100% ownership interest in LGB Elettropompe S.r.l. on July 3<sup>rd</sup>, 2017.

M&A that strengthens Nidec's position in the European appliance, commercial and industrial market

### <Transaction profile>

<b>Company name</b>	LGB Elettropompe S.r.l.
<b>Headquarters</b>	Padua (Italy)
<b>Foundation</b>	1991
<b>Principal business</b>	Designs, manufactures and sells pumps for commercial dishwashers and motors for convection ovens
<b>Sales</b>	€9.8 million (fiscal year ended December 31, 2016)
<b>Synergy effects</b>	<ul style="list-style-type: none"> <li>■ New customer base to increase Nidec's presence in the European commercial equipment market</li> <li>■ Procurement efficiency and cost reduction capability</li> </ul>

### <Sales by product group>



### <Major products>



## New Large-Scale Manufacturing Base Planned in Hanoi, Vietnam

### New investment in northern Hanoi

Designing facility layouts for production launch scheduled for summer 2018.

#### <Current plans>

- Strengthening production of motors for appliances including air conditioners (Nidec Techno Motor)
- Preparing for growing demand for robot parts (Nidec-Shimpo)

#### <Currently in operation>

Nidec	<ul style="list-style-type: none"> <li>■ 80 bil. yen has been invested since 1997</li> <li>■ Approx. 20,000 employees in total</li> <li>■ 100 bil. yen annual sales</li> </ul>
Nidec Sankyo	
Nidec Seimitsu	
Nidec Servo	
Nidec Copal	
Nidec Tosok	

- Gearing up for growing demand for high-quality energy efficient motors and components used for high-performance equipment including robots
- A stepping stone toward achieving consolidated net sales of two trillion yen in FY2020

Adopted three personnel systems (e.g., telecommuting, staggered working hours and hourly-paid time off) and established Diversity Promotion Office

## <Work Style Reform>

- Pursuit of labor efficiency
- Effective use of limited time

### Work Style Reform Committee

#### Seven sectional committees

1. English proficiency improvement
2. Management skills improvement
3. HR development & training
4. Institutionalization
5. IT infrastructure
6. Systematization
7. Work efficiency improvement

### Diversity Promotion Office

Percentage of women in managerial positions targeted at 8% in FY2020\*

1. **Work-life management-** diverse work environment that ensures equal career development opportunities
2. Institutional improvement, employee enlightenment and revamp of corporate culture

\*Applied to Nidec Corporation

#### <Three personnel systems>

- Telecommuting (quality work)
- Staggered working hours (quality work)
- Hourly-paid time off (quality life)

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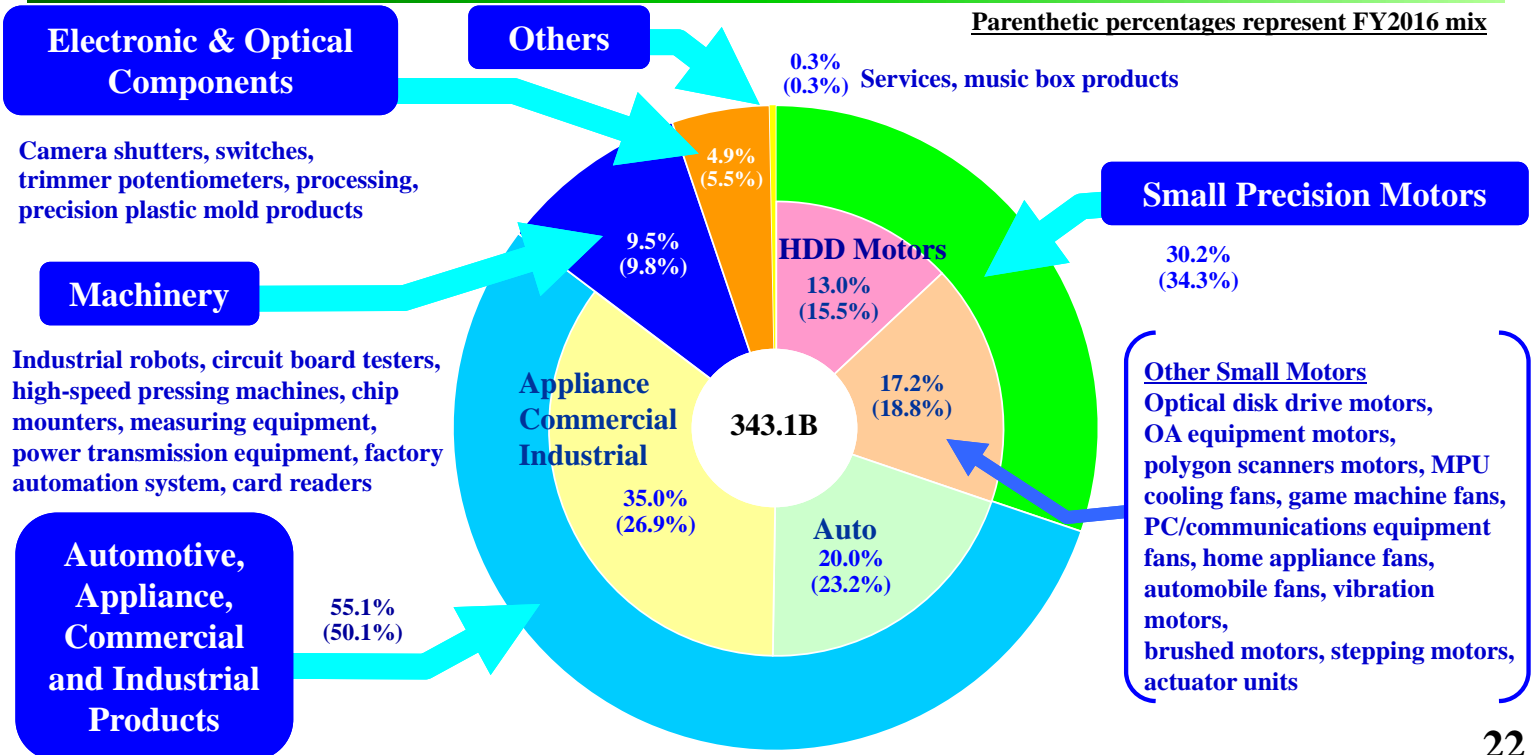
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# Performance Trends & Product Group Overview

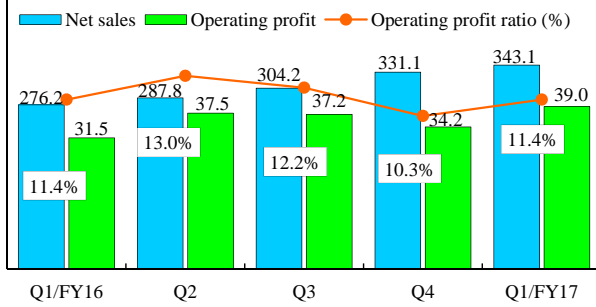
## Sales by Product Group (Apr-Jun FY2017)

Parenthetic percentages represent FY2016 mix

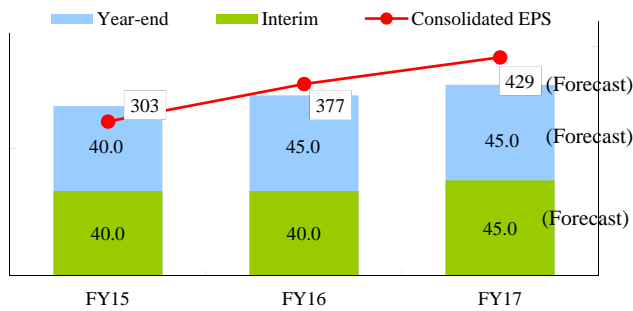


# Financial Highlights

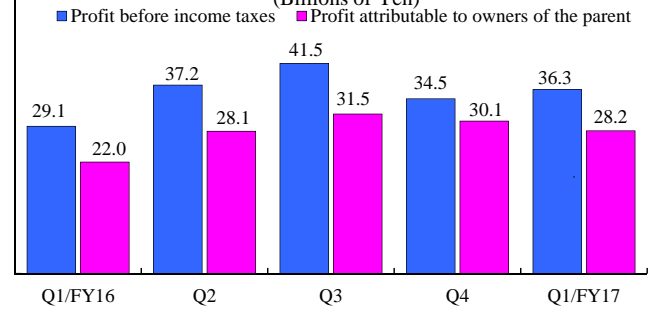
<Consolidated Net Sales and Operating Profit>  
(Billions of Yen)



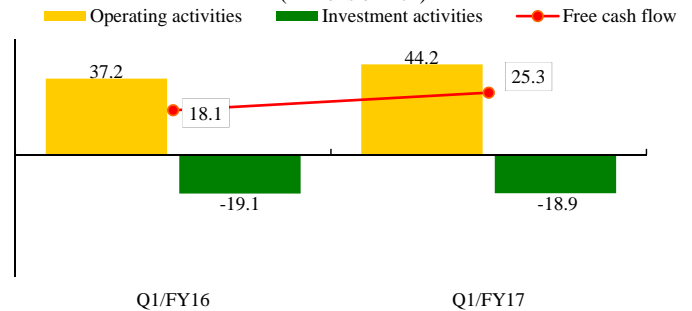
<Dividends and EPS>  
(Yen/share)



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



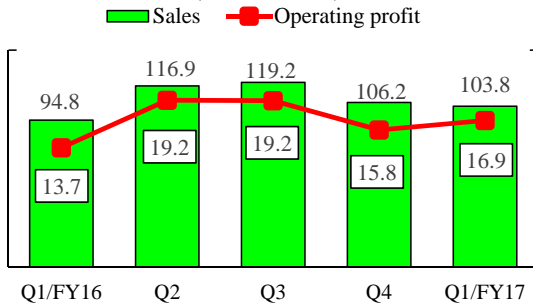
<Consolidated Cash Flow>  
(Billions of Yen)



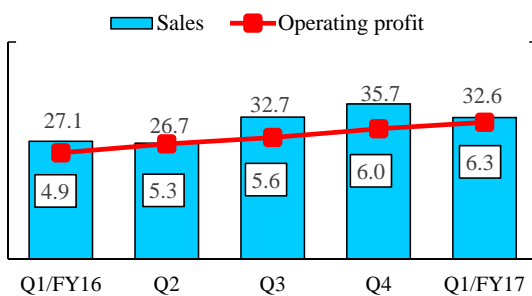
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# Product Group Overview

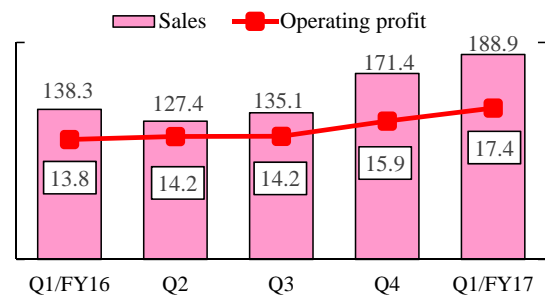
<Small Precision Motors>  
(Billions of Yen)



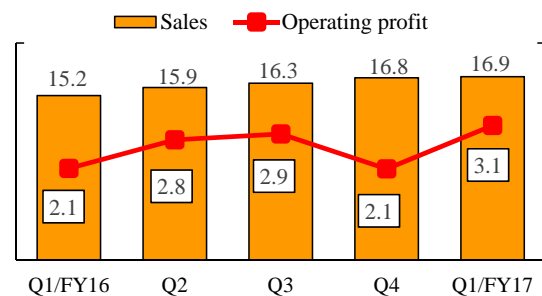
<Machinery>  
(Billions of Yen)



<Automotive, Appliance, Commercial and Industrial products>  
(Billions of Yen)



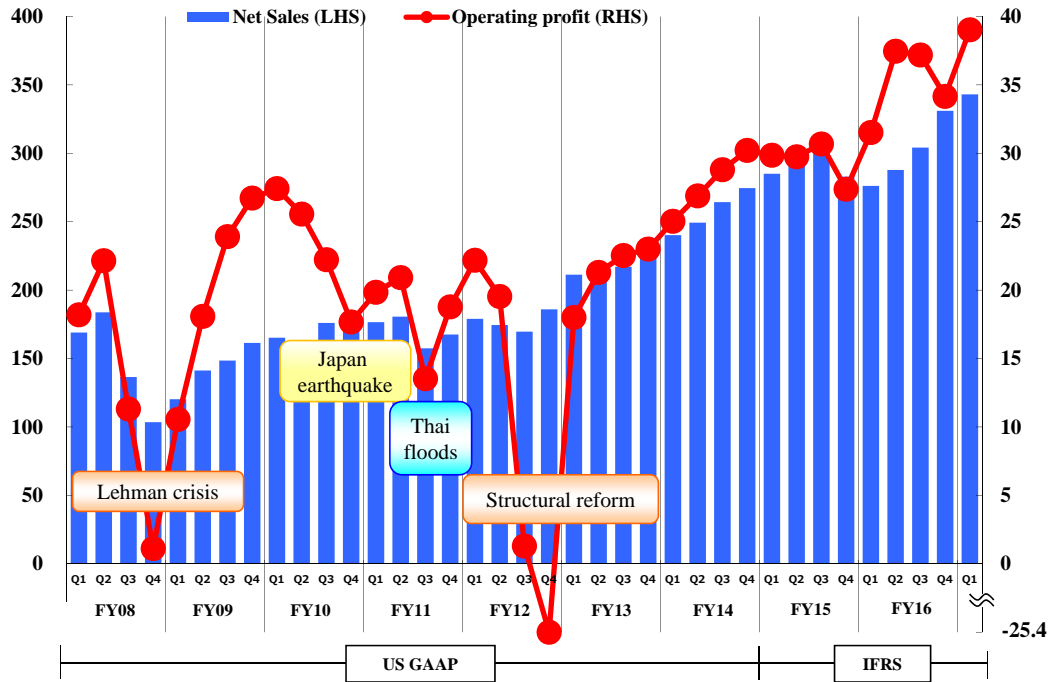
<Electronic and Optical Components>  
(Billions of Yen)



# Consolidated Quarterly Net Sales and Operating Profit

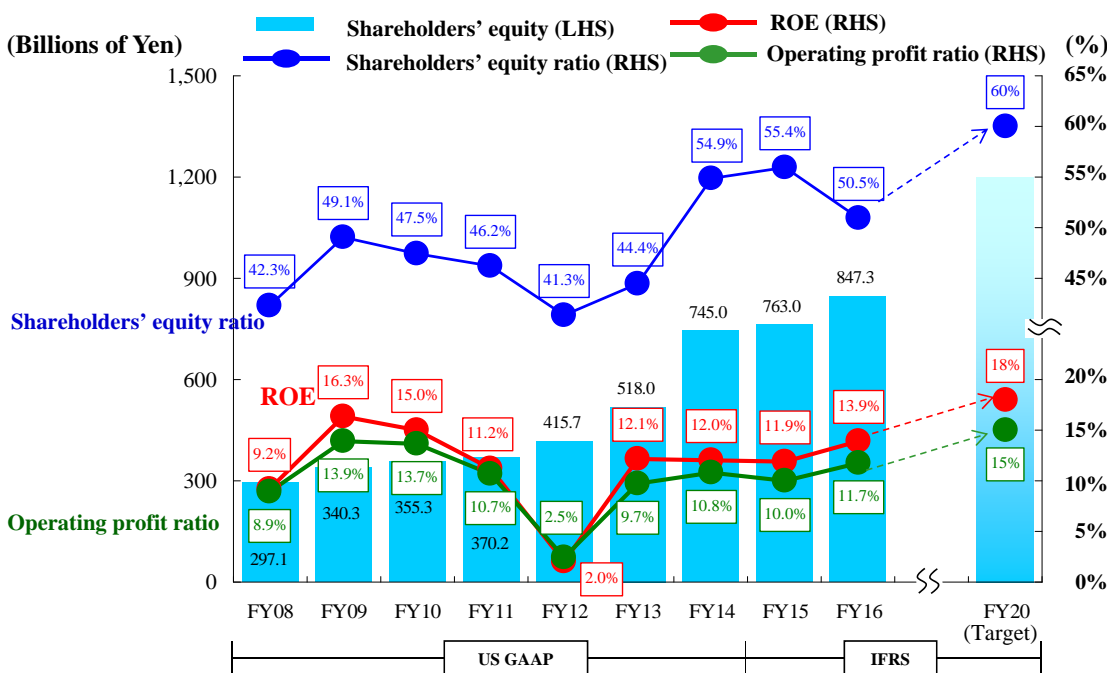
(Net Sales in Billions of Yen)

(Operating Profit in Billions of Yen)



## 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