

TSE: 6594 [http:// www.nidec.com/en-Global/](http://www.nidec.com/en-Global/)

# Nidec Corporation

## Acquisition of Embraco, Compressor Business of Whirlpool Corporation



April 25, 2018

## Disclaimer Regarding Forward-looking Statements

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## Introduction of Presenter



Valter Taranzano / President & CEO, Nidec Global Appliance Division



1981	1989	Joined SKF
1989	1998	Joined Electrolux Components Division, becoming Senior VP Strategic Planning in motors and compressors
1998	2001	Joined Emerson Electric, becoming President of Emerson Appliance Motor & Control Europe
2002	2009	Founded ACC-Appliances Components Companies, President & CEO
2009	2012	Partner of EIM (Executive Interim Management) acting in restructuring/turnaround of medium-large sized industrial group. Member of several boards on behalf of private equity fund.
2013	-	Joined Nidec Group becoming President & CEO of Nidec Global Appliance Division

- Born in 1956 in Turin, Italy
- Bachelor's degree in Engineering from the Polytechnic of Turin
- MBA Master from SDA Bocconi University of Milan
- From 2005 to 2014 Chairman of the Italian Federation of Production District
- Strong experience in appliance market where he has covered leadership positions.

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## Nidec Global Appliance Division (1/2)



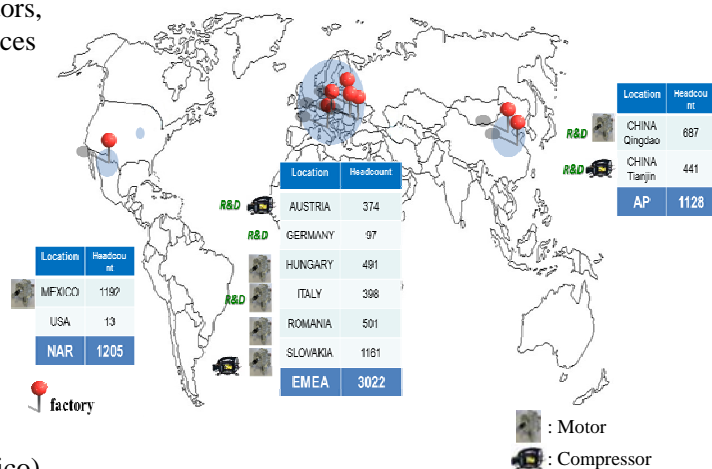
### Company Profile

#### Business:

Development, manufacture and sale of motors, compressors and controls for home appliances

- Leader of DC motor technology
- Sales for FY17: \$850M (restated 12 months)
- Number of Employees: 5,355
- Footprint: 8 sites  
(Italy, Hungary, Romania, Slovakia, Austria, 2 sites in China, Mexico)

### Company Footprint



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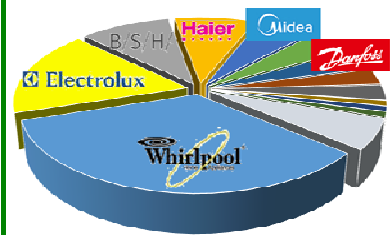
## Nidec Global Appliance Division (2/2)



### Global Appliance Products



### Breakdown of major customers



## Transaction Overview



<b>Target Business</b>	<ul style="list-style-type: none"> <li>Whirlpool's Compressor Business (Embraco)</li> </ul>
<b>Structure</b>	<ul style="list-style-type: none"> <li>Purchase of 100% equity shares of Embraco                             <ul style="list-style-type: none"> <li>Carve-out structure and acquisition entity are still in discussion</li> </ul> </li> </ul>
<b>Schedule</b>	<ul style="list-style-type: none"> <li>Signing: April 24, 2018 (JST)</li> <li>Closing: 1<sup>st</sup> half of FY2019 (The Transaction will be filed for approval with a number of antitrust authorities.)</li> </ul>
<b>Purchase Price</b>	<ul style="list-style-type: none"> <li>US\$1,080 million (on enterprise value with debt free cash free basis)</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

- **Sector size of compressors for refrigerators is 170 million units per year**
  - Huge sector with stable growth at CAGR 3.7% (2009 – 2019)
- **Stricter environmental regulations for energy-efficiency has changed the demand trend in the sector**
  - Rapidly increasing customer demand for variable-speed compressors
- **Advanced technology in variable-speed compressors**
  - Leading company in the industry and well known for excellent technologies

### Purpose




- **Gain greater presence in the compressor sector Nidec made accessible through Secop's acquisition**
- **Product improvement by combining with Nidec's variable-speed motors**
  - Expand Embraco's product line-ups with Nidec's advanced technology to meet customer demand change in huge sector

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## Company Profile (1/3)

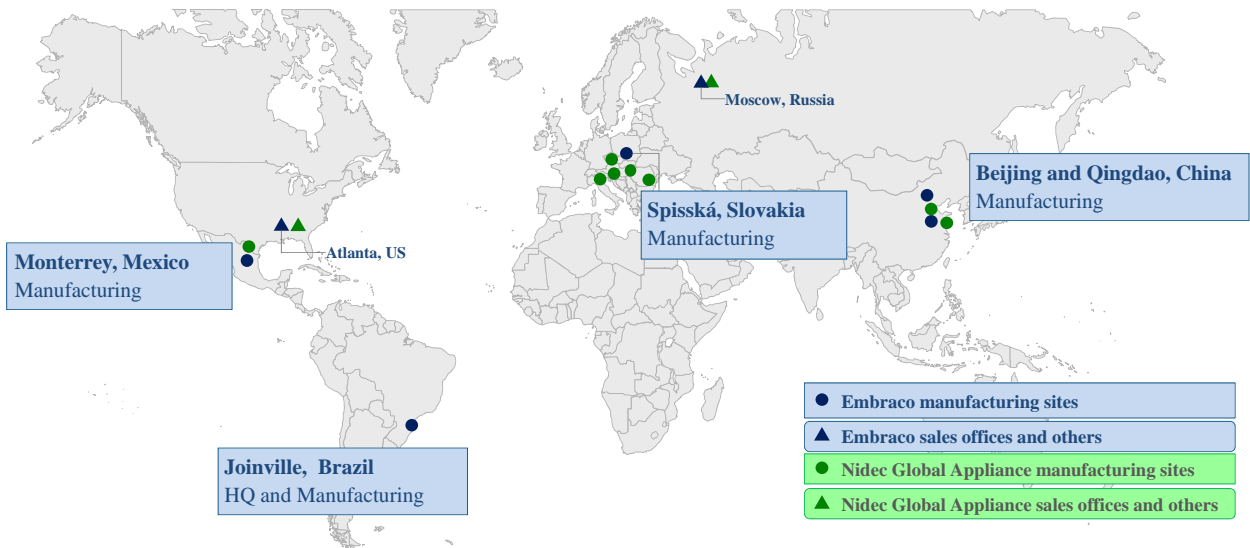


### Embraco: Fiscal year ended December 2017 Sales US\$1,307mm

	Household (HH)	Light Commercial (LC)	Distribution & Aftermarket (AF)
Overview/ Application	<ul style="list-style-type: none"> <li>■ Hermetic compressors for cooling household freezers, refrigerators and minifridges</li> <li>■ Developed the first inverter compressor and the first oil-free hermetic compressor for household refrigeration</li> </ul>	<ul style="list-style-type: none"> <li>■ Hermetic compressors, condensing units and sealed units for commercial establishments</li> <li>■ Used in equipment such as wine coolers, supermarket refrigerated exhibitors, medical and scientific equipment and others</li> </ul>	<ul style="list-style-type: none"> <li>■ Replacement parts to distributors, retailers, installers and contractors</li> <li>■ Aftermarket expansion through growth in North America, EMEA and China</li> </ul>
Main Products			

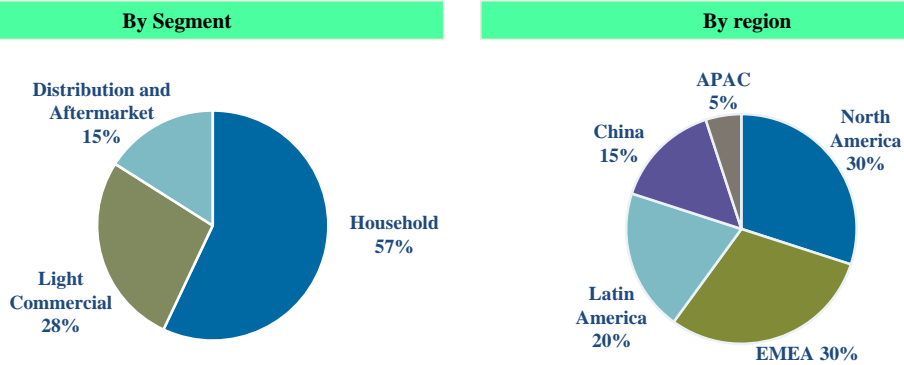
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## Company Profile (2/3)



## Company Profile (3/3)

### Revenue Breakdown (Fiscal year ended December 2017)



**Total Revenue: US\$1,307**

