

TSE: 6594 OTC US: NJDCY
<https://www.nidec.com/en/>

Nidec Corporation

Third Quarter Fiscal 2020 Results

Three and Nine Months Ended December 31, 2020

<IFRS>



January 25, 2021

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 a refrigeration compressor manufactured by Embraco, Nidec's subsidiary. Shipments of compressors for household and commercial refrigerators are recently increasing due to stay-home demands.

Consolidated Profit/Loss

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



Millions of Yen, except for percentages, EPS, and FX rates	Q3/FY2019 (Apr-Dec)	Q3/FY2020 (Apr-Dec)	Change	FY2020 Forecast
Net sales	1,159,608	1,184,991	+2.2%	1,550,000
Operating profit	93,204	115,535	+24.0%	155,000
<i>Operating profit ratio</i>	8.0%	9.7%	-	10.0%
Profit before income taxes	93,050	109,340	+17.5%	150,000
Profit attributable to owners of the parent	49,326	83,636	+69.6%	120,000
EPS (Yen)	83.80	142.79	+70.4%	204.87
FX rate (Yen/US\$)				Assumed for Q4: Yen/US\$: 105 Yen/Euro: 117
Average:	108.67	106.11	-2.4%	
Term end:	109.56	103.50	-5.5%	

Note: Based on the current forecast of sales volume, every one yen appreciation or depreciation against the U.S. dollar and the euro for FY2020 is estimated to have an annualized impact of 10.0 billion yen and 1.9 billion yen on net sales, respectively, and 1.1 billion yen and 0.4 billion yen on operating profit, respectively.

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Summary of Q3/FY2020



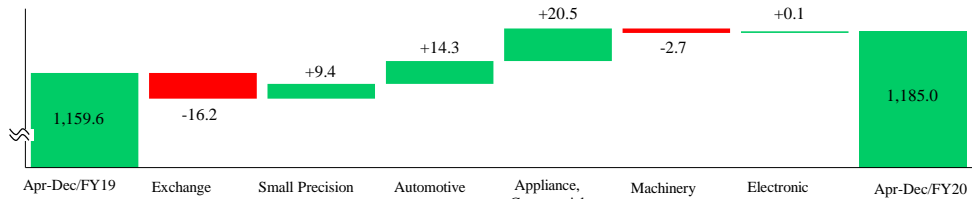
- Nine months net sales stood at **record high** ¥1,185.0 billion, 2.2% higher Y/Y. Nine months operating profit **increased** 24.0% Y/Y to ¥115.5 billion.
- Q3 quarterly net sales increased 4.4% Q/Q to ¥433.2 billion, marking a **record high** for two consecutive quarters. Operating profit increased 12.0% Q/Q to ¥46.4 billion due to **increased sales** and contributions from comprehensive improvements on cost structure and optimization of fixed cost through **WPR4 program**.
- **Upward revision** to full-year FY2020 financial forecasts.

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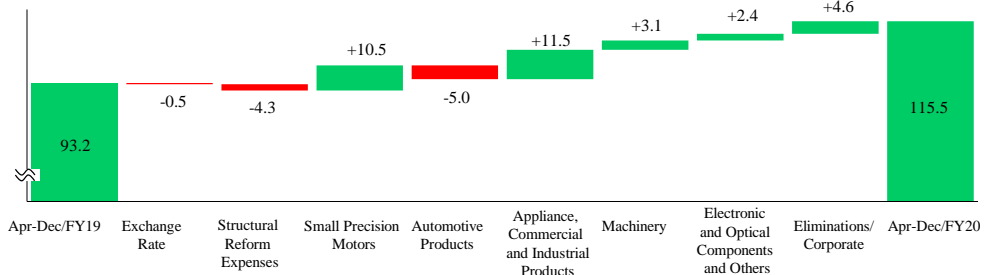
Year-on-Year Changes (Nine Months Ended Dec. 2020)



<Net Sales> (Billions of Yen)



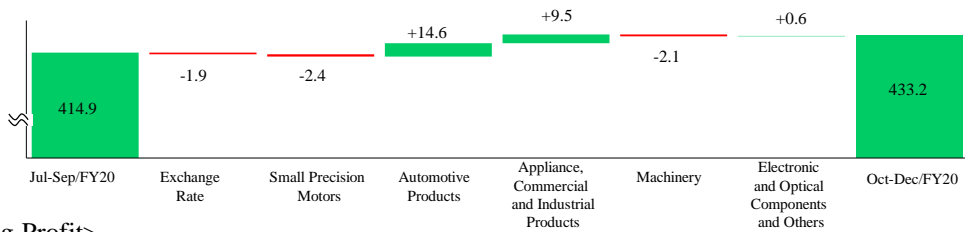
<Operating Profit> (Billions of Yen)



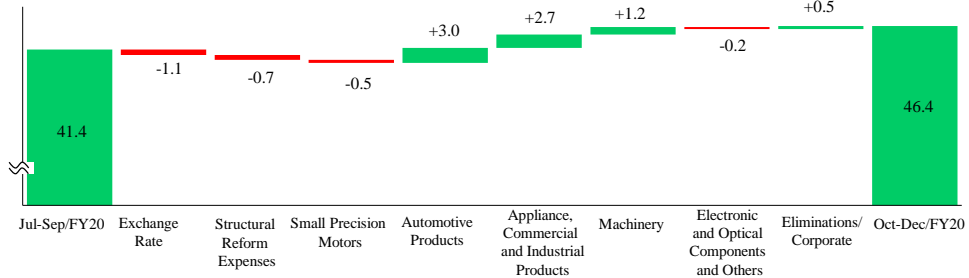
Quarter-on-Quarter Changes (Three Months Ended Dec. 2020)



<Net Sales> (Billions of Yen)

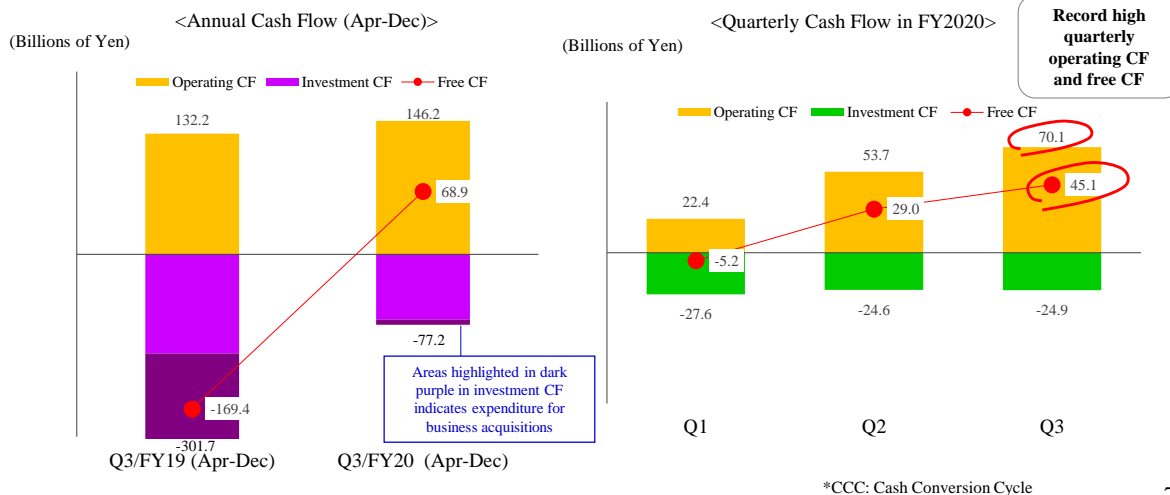


<Operating Profit> (Billions of Yen)



Consolidated Cash Flow

Cash is King! Improved free cash flow through continued efforts to improve CCC*



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Revision to FY2020 Forecast

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

<FY2020 Full-Year Financial Forecasts>

Millions of Yen, except for percentages, EPS and FX rates	As of Apr. 30, 2020	As of Oct. 26, 2020	As of Jan. 25, 2021
Net sales	1,500,000	1,550,000	1,550,000
Operating profit	125,000	140,000	155,000
Operating profit ratio	8.3%	9.0%	10.0%
Profit before income taxes	125,000	136,000	150,000
Profit attributable to owners of the parent	100,000	105,000	120,000
EPS (Yen)	170.72	179.26	204.87
FX rate (Yen/US\$)	105	105	105
FX rate (Yen/Euro)	117	117	117
	(Assumed)	(Assumed for Q3 onward)	(Assumed for Q4)

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Mid-Term Strategic Goal

Vision2020

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

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■ **Vision2020: Mid-Term Strategic Goal** (unchanged from April 2015)



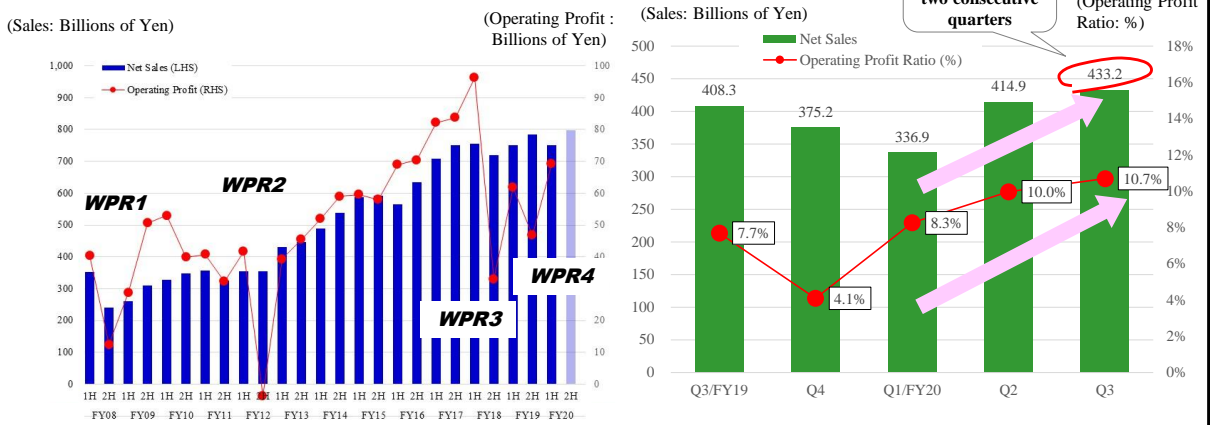
Continuous pursuit of profit & strong growth

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. 10

Progress of WPR4

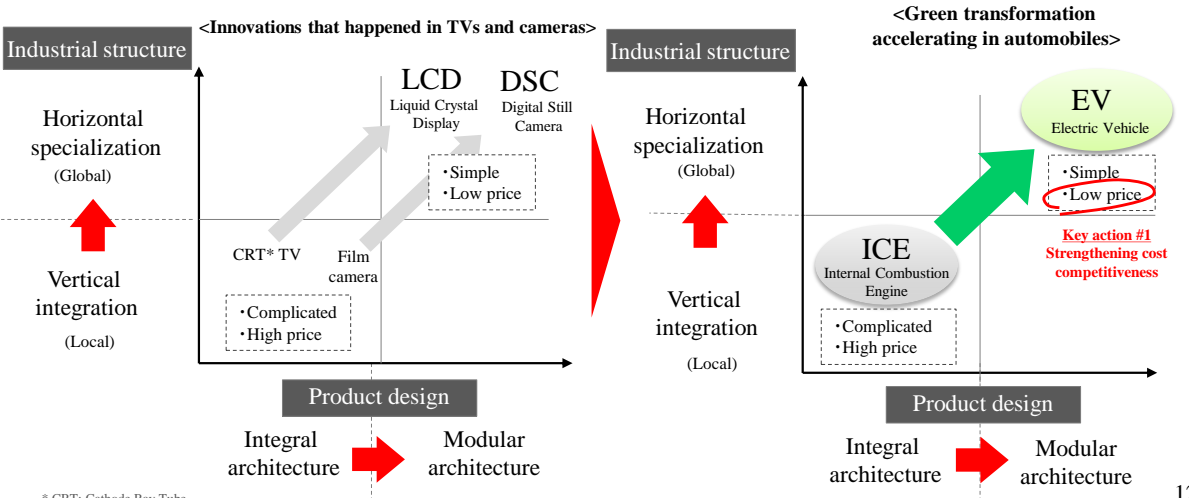
Along with sales recovery, operating profit ratio steadily improved after forming the bottom in Q4 FY19



This slide includes forward-looking statements. See Disclaimer on Page 2. 11

Automotive: Vision for Traction Motor Business (Product Architecture)

Green transformation is triggering innovations in the auto industry, similar to those in the TV and camera industries that occurred in the past



* CRT: Cathode Ray Tube

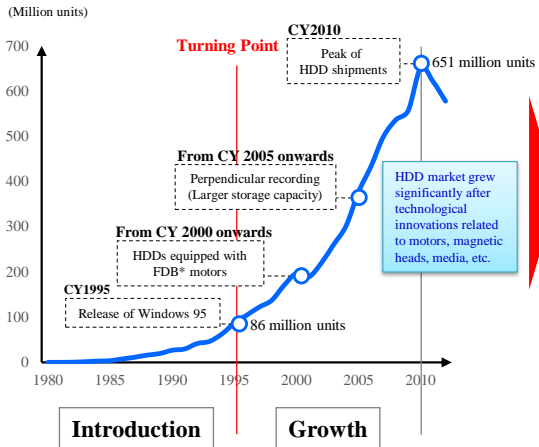
Automotive: Vision for Traction Motor Business (Product Life Cycle Theory)



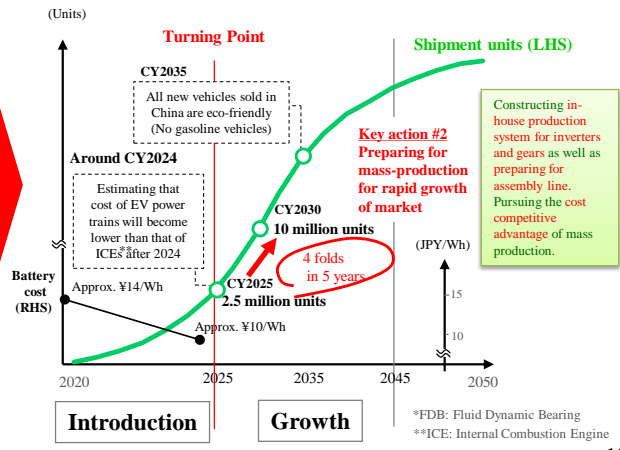
This slide includes forward-looking statements. See Disclaimer on Page 2.

Growth we experienced for over 30 years in the HDD industry is expected to happen in the automotive industry, triggered by electric vehicle development

<HDD shipments>



<Nidec's E-Axle shipment forecast>



(Created by Nidec based on various sources)

(Created by Nidec based on various sources)

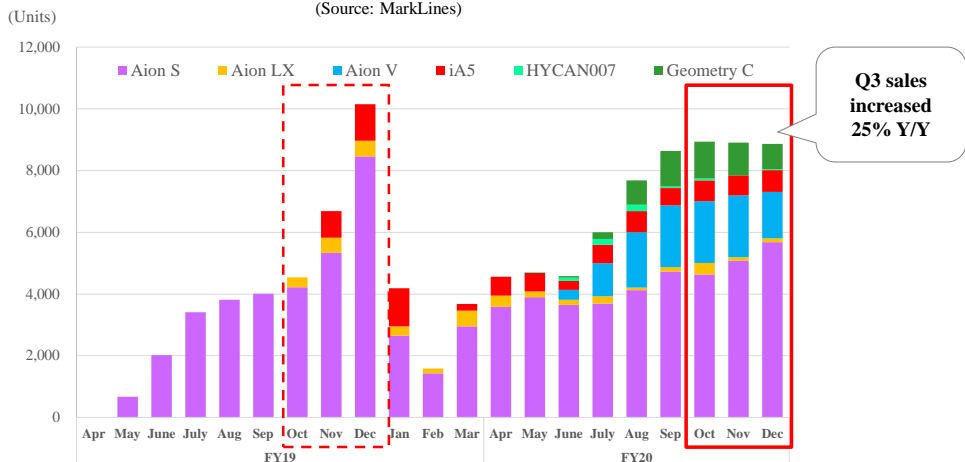
Automotive: Sales of Vehicles with Nidec's E-Axle



The total number of vehicles using our E-Axle (traction motor system) exceeds 100K units.

<Auto sales of cars adopting Nidec's E-Axle>

(Source: MarkLines)

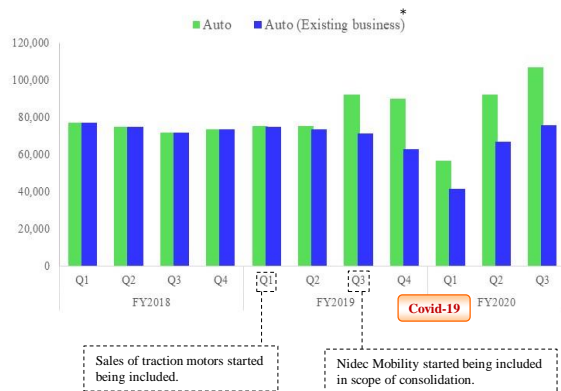


Automotive: Quarterly Results

Profitability of automotive existing business* maintained double-digit operating profit ratio after bottoming out in Q1 FY20

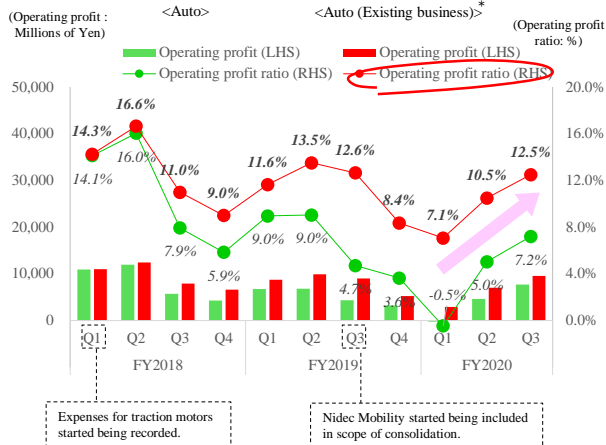
<Quarterly net sales>

(Sales: Millions of Yen)



<Quarterly operating profit and operating profit ratio>

(Operating profit : Millions of Yen)



*Existing business: Excluding impact of traction motor related business and Nidec Mobility's business from Auto business 15

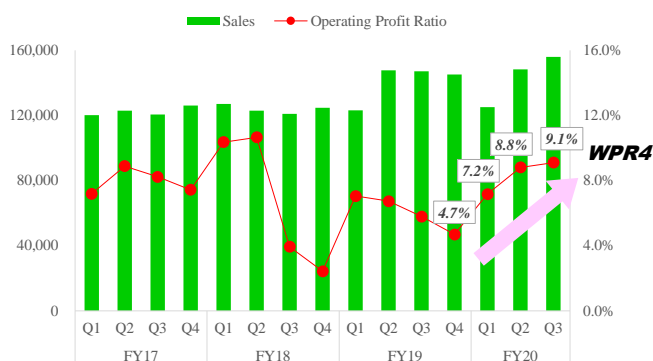
Appliance, Commercial & Industrial: Quarterly Results

Operating profit ratio has steadily improved after bottoming out in Q4 FY19

<Quarterly results of Appliance, Commercial & Industrial>

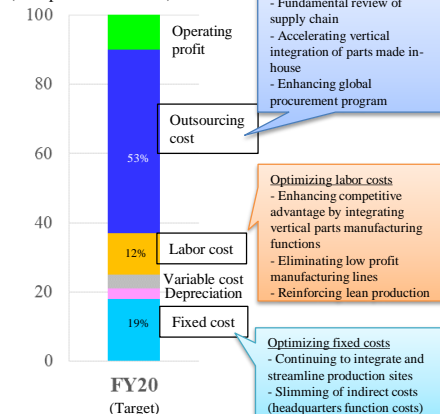
(Sales: Millions of Yen)

(Operating Profit Ratio: %)



<Undergoing drastic review of cost structure>

(Composition ratio: %)

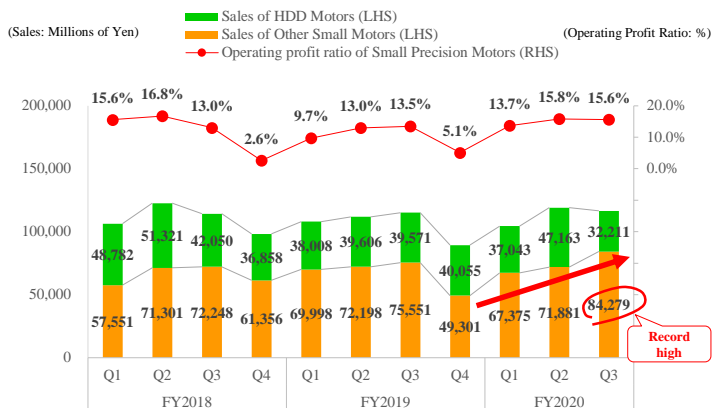


This slide includes forward-looking statements. See Disclaimer on Page 2. 16

Small Precision Motor: Quarterly Results

Sales of other small precision motors hit a record due to new stay-home demand

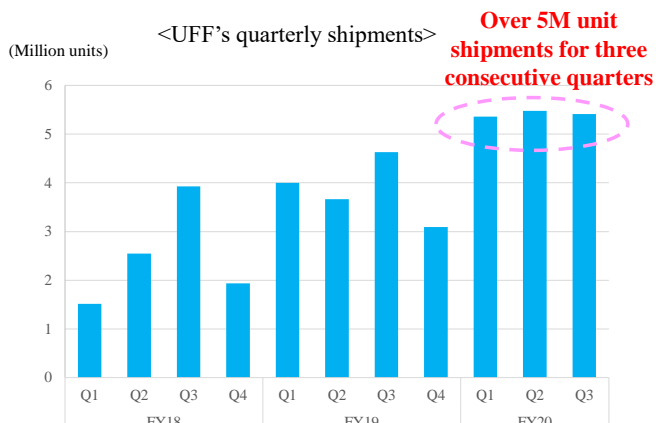
<Quarterly results of Small Precision Motors>



* BLDC: Brushless DC motor

Demand Boosted by Work-From-Home in “With Corona” Era

Ultra thin/ultra small fan motor “UltraFlo FDB (UFF)” supports the solid demand for work-from-home





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Appendix

Performance Trends & Product Group Overview

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1. Return to top-down management

- Mr. Shigenobu Nagamori, Chairman & CEO, will be in charge of **Small Precision Motors, group companies, M&A strategies, etc.**
- Mr. Jun Seki, new President & COO, will be in charge of **Automotive and Appliance, Commercial and Industrial**

2. Management that focuses on growth

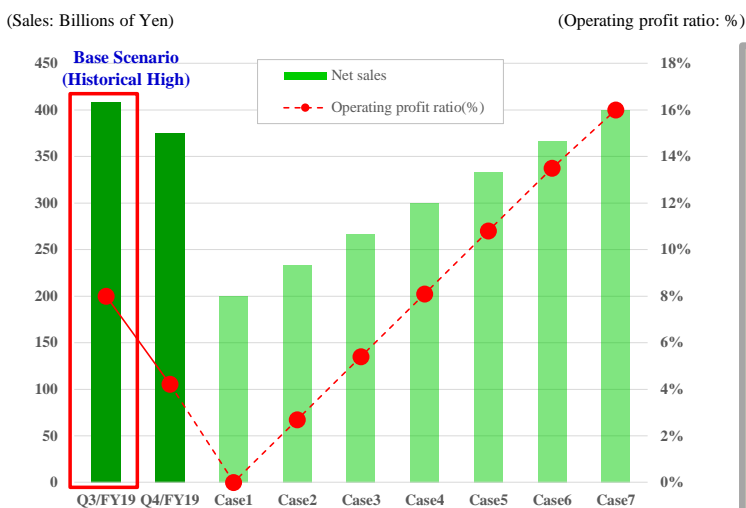
- Starting full-fledged groundworks for **net sales of 10 trillion yen**
- Sticking to **winning overwhelming No.1 market share** through top-down sales activities

3. Strengthening HR* development

- Fundamental reform of personnel evaluation system
(**clear & fair evaluation, dynamic and strict HR* measurements**)
- Ensuring HR* education that enhances **Emotional Quotient**

*HR: Human Resources

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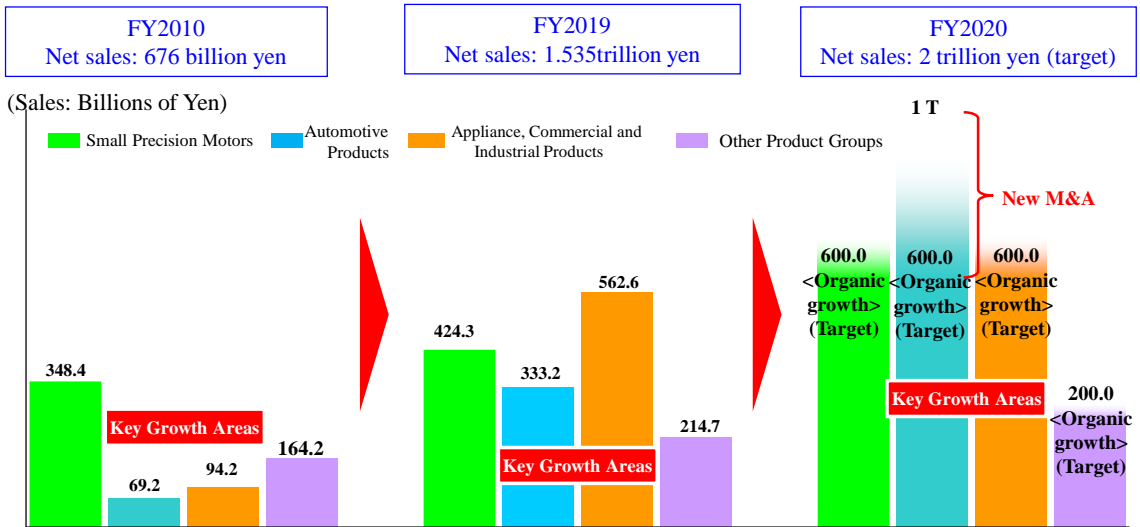


<What is **WPR** ?>

1. Taking “unprecedented slowdown caused by COVID-19” as a large opportunity to enhance structural reform, implementing drastic measures to reform the profit structure of Nidec group
2. Structural reform to retain positive operating profit even when the sales are cut half the recent peak level
3. Targeting to retain the recent peak level of operating margin when the sales are to recover to 75% of the recent peak
4. Targeting to double its operating margin when the sales are to recover to 100% of the recent peak

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



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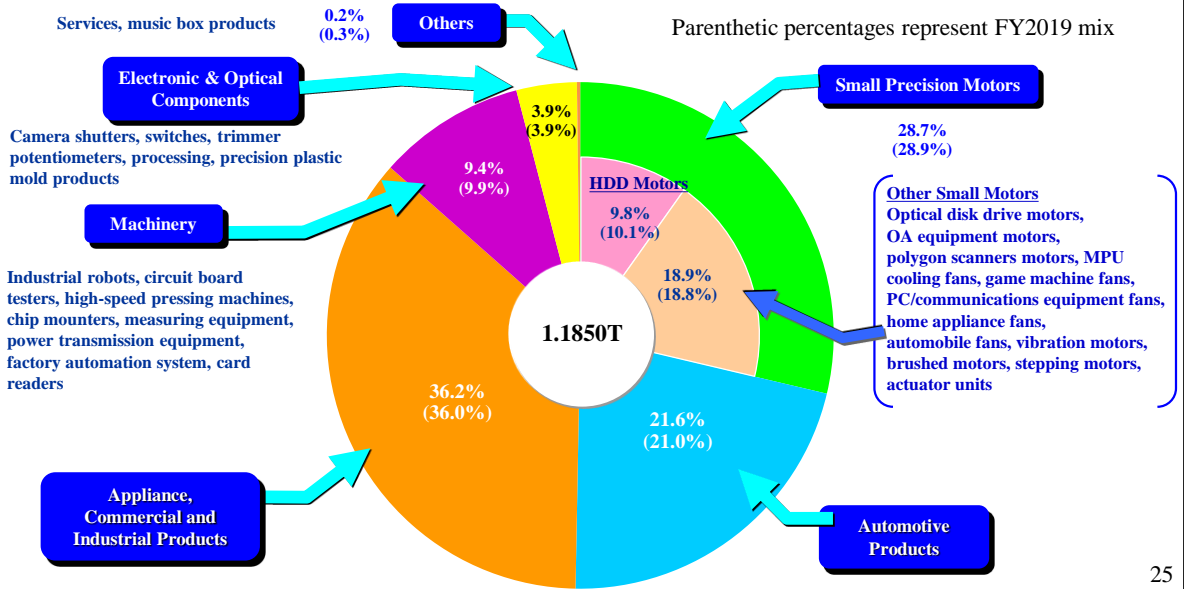
New 5 Big Waves in a Post-Pandemic World

Nidec's business solutions that solve the common problems of humankind

- 5G & Thermal solutions** (Keywords: Tactile sense, image stabilization and heat ventilation module)
 - Vapor chamber
 - Heat pipe
 - Fan
- Decarbonization** (Keywords: Drive/Turn/Brake, safety/comfort and thermal management)
 - ADAS related product
 - Traction motor
 - Traction motor system (E-Axle)
- Manpower saving** (Keywords: Industrial robots, servicing robots and logistics)
 - Automated guided vehicle
 - Reducer
 - Motor for drones
- Digital data explosion** (Keywords: High speed / large data, GAFA* and "Stay Home")
 - Nearline HDD motor
- Power saving** (Keywords: Sterilization, hygiene and "Stay Home")
 - Refrigerator compressor
 - Home appliance motor

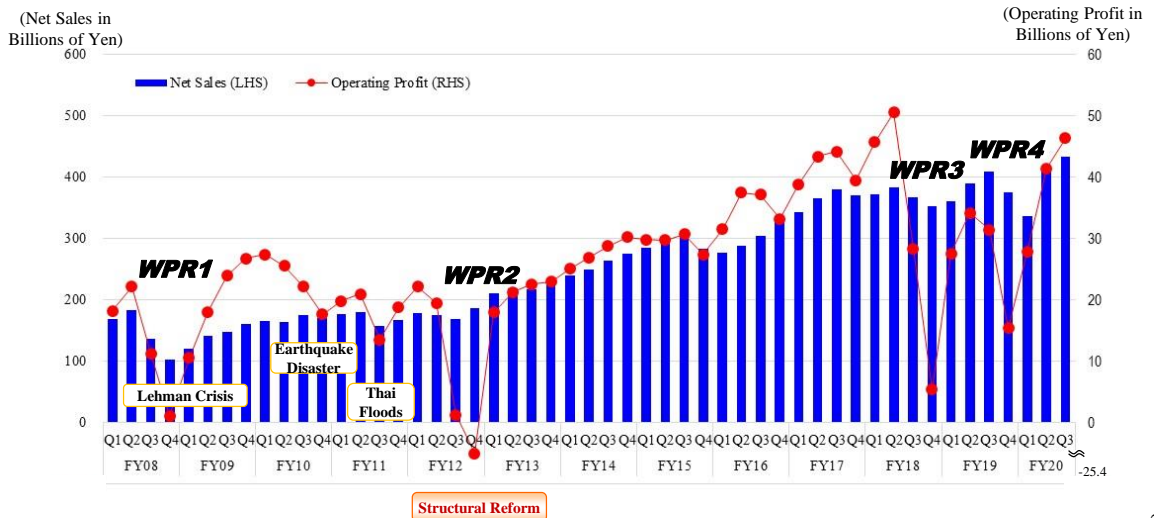
* GAFA: Google, Apple, Facebook and Amazon

Sales by Product Group (Apr-Dec FY2020)



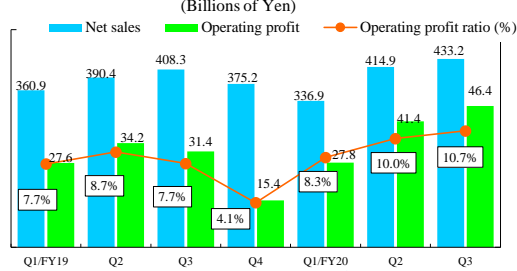
Consolidated Quarterly Net Sales and Operating Profit

Profitability has recovered due to successful **WPR4** cost restructuring

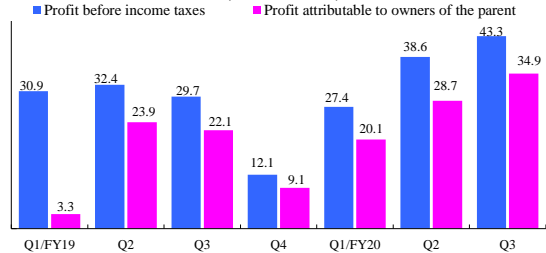


Financial Highlights

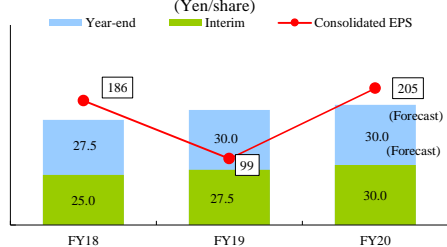
<Consolidated Net Sales and Operating Profit>



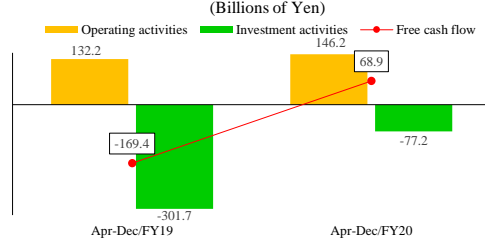
<Profit Before Income Taxes and Profit Attributable to Owners of the Parent>



<Dividends and EPS>



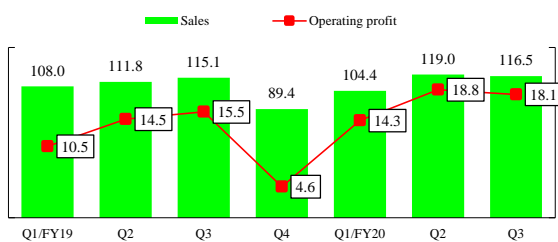
<Consolidated Cash Flow>



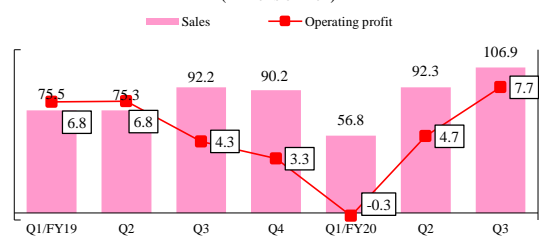
*Adjusted based on the 2-for-1 split implemented as of April 1, 2020. "EPS" and "Dividends" are expressed assuming that the stock split occurred at the beginning of FY2018.

Product Group Overview

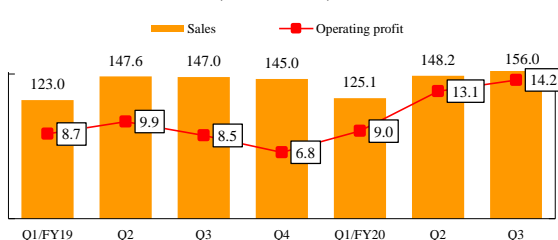
<Small Precision Motors>



<Automotive Products>



<Appliance, Commercial and Industrial Products>



<Machinery>

