

# Nidec Corporation

## Fiscal First-Half 2021 Financial Results

Six Months Ended September 30, 2021

<IFRS>



October 26, 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 Nidec's Traction Motor System, E-Axle (200kW) adopted in the first model of Geely Automobile Group's Premium EV Brand, Zeekr.

## Consolidated Profit/Loss

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



Millions of Yen, except for percentages, EPS, dividends and FX rates	1H/FY2020	1H/FY2021	Change	FY2021 Forecast
Net sales	751,794	910,668	+21.1%	1,800,000
Operating profit	69,174	90,196	+30.4%	190,000
<i>Operating profit ratio</i>	9.2%	9.9%	-	10.6%
Profit before income taxes	65,999	88,155	+33.6%	185,000
Profit attributable to owners of the parent	48,778	67,610	+38.6%	148,000
EPS (Yen)	83.28	115.49	+38.7%	252.68
Dividends (Yen)	30.00	30.00	-	60.00
FX rate (Yen/US\$)				Assumed for Q3 onward:
Average:	106.92	109.80	+2.7%	Yen/US\$: 105
Term end:	105.80	111.92	+5.8%	Yen/Euro: 117

Note: Based on the current forecast of sales volume, every one yen appreciation or depreciation against the U.S. dollar and the euro for FY2021 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 Q2 FY2021



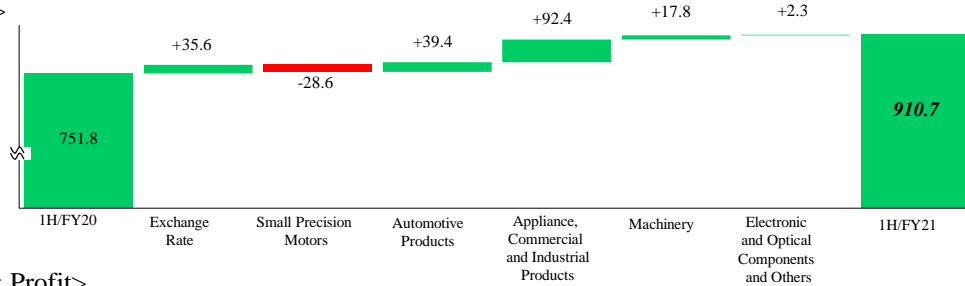
- First half net sales stood at a **record high** of ¥910.7 billion, 21.1% higher Y/Y. Operating profit increased 30.4% Y/Y to ¥90.2 billion.
- **Quarterly operating profit ratio of Appliance, Commercial and Industrial Products has improved steadily.** 1H/FY21 operating profit ratio of the product category reached 10.7%.
- Profit attributable to owners of the parent increased 38.6% Y/Y to ¥67.6 billion.
- **Upward revision to full-year FY2021 financial forecasts.**

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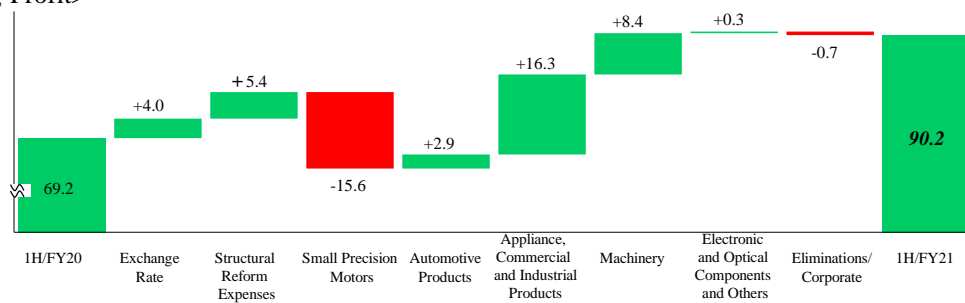
## Year-on-Year Changes (Six Months Ended September 30, 2021)



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



### <Operating Profit> (Billions of Yen)

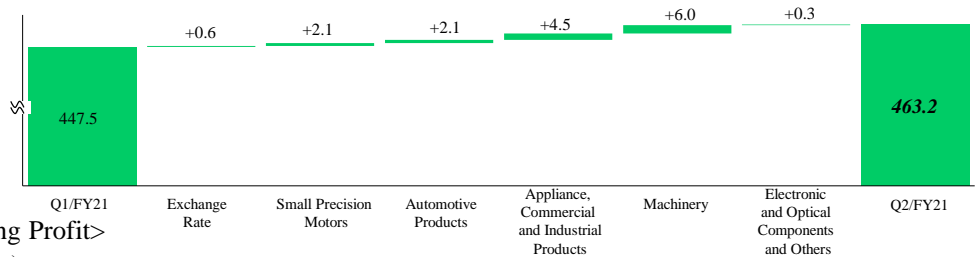


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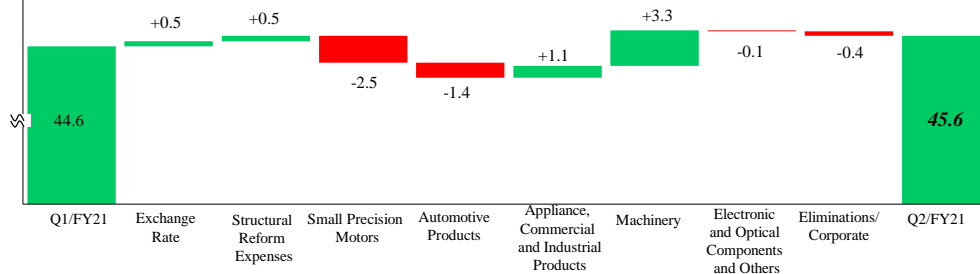
## Quarter-on-Quarter Changes (Three Months Ended September 30, 2021)



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



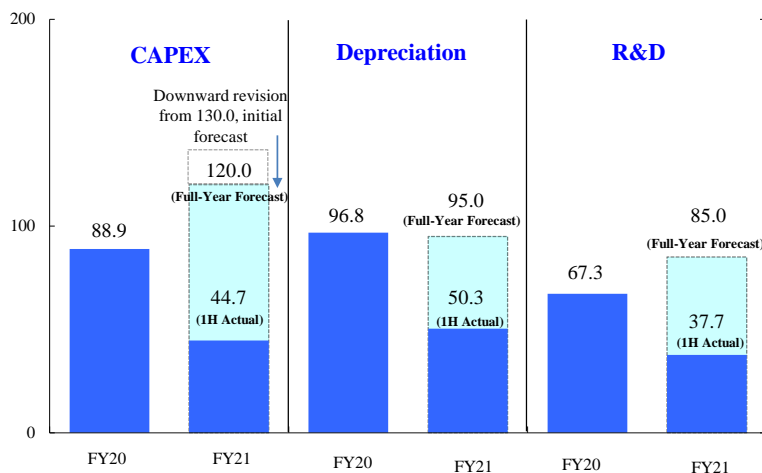
### <Operating Profit> (Billions of Yen)



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## CAPEX, Depreciation, R&D

(Billions of Yen)



**Continuing aggressive investments that support mid-term growth**

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

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## Revision to FY2021 Forecast

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

### <Previous Forecast (April 22, 2021)>

### <Revised Forecast>

Millions of Yen, except for percentages, EPS, dividends and FX rates	1H/FY2021	Full-Year	1H/FY2021	Full-Year
Net sales	800,000	1,700,000	910,668	1,800,000
Operating profit	80,000	180,000	90,196	190,000
Operating profit ratio	10.0%	10.6%	9.9%	10.6%
Profit before income taxes	78,000	175,000	88,155	185,000
Profit attributable to owners of the parent	60,000	140,000	67,610	148,000
EPS (Yen)	102.44	239.02	115.49	252.68
Dividends (Yen)	30.00	60.00	30.00	60.00
FX Rate (Yen/US\$)	105	105	109.80	105
FX Rate (Yen/€)	117	117	130.90	117
			(Actual average)	(Assumed for Q3 onward)

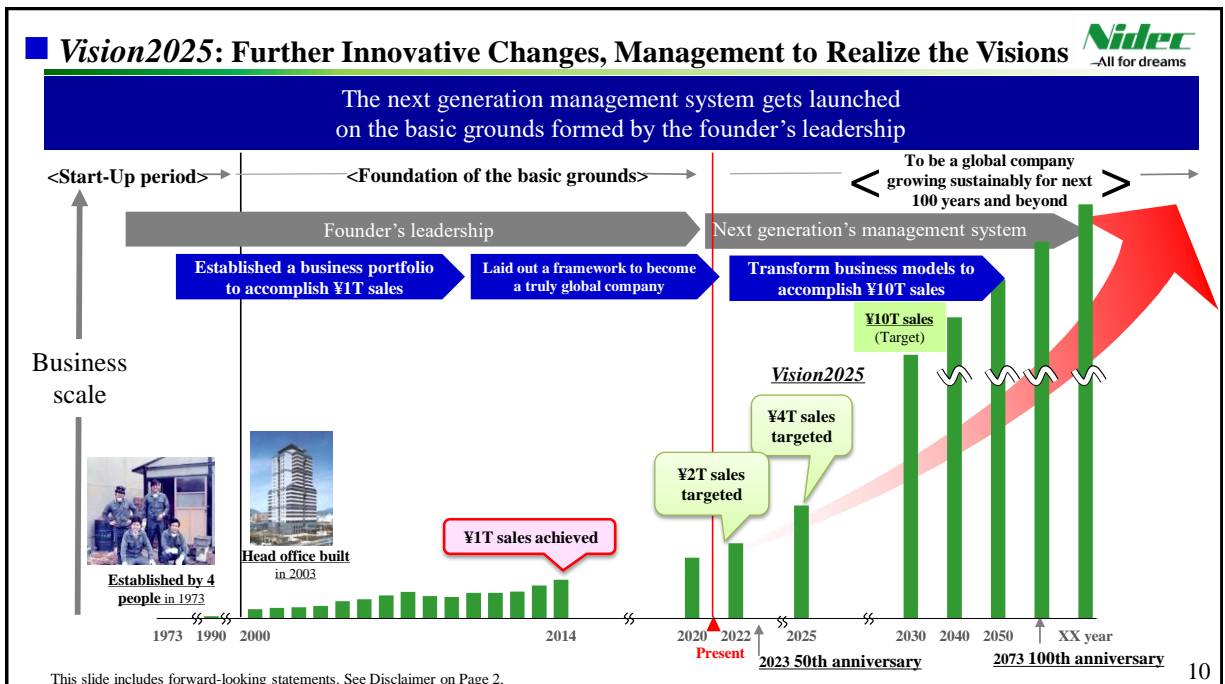
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# Mid-Term Strategic Goal

## Vision2025

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

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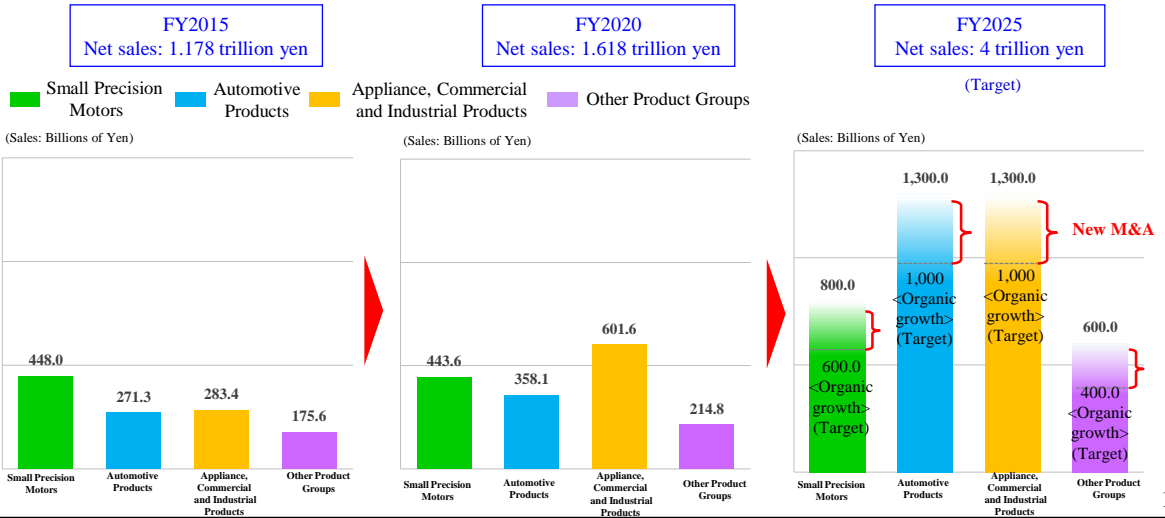
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**Vision2025 Framework for the New Mid-Term Strategic Goals:**  
**Business Portfolio Management**



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

**Achieve high growth with aggressive investment on key growth areas**



**Automotive: Business Environment for EV Traction Motors (1)**



**OEMs compete for more electrification in plan as rapid shift to EVs is globally underway**

<Major OEM's electrification targets>

(Created by Nidec based on various sources)

	OEM	Brand	2020	2025	2030	2035	2040
Japan	H				40% in vehicle sales mix to be EVs and FCVs	80% in vehicle sales mix to be EVs and FCVs	100% in vehicle global sales mix to be EVs and FCVs
	N				Electrify all new cars by early 2030s		
	T			Release 15 EV models	Sell 8 million electrified vehicles including 2 million EVs and FCVs		
USA	F		40 models of electrified vehicles (including 16 EV models) in 2022		40% of new cars to be EVs		
	G		Release 30 EV models by mid-2020s	40% of new cars to be EVs		100% of the new cars to be EVs	
Europe	B	B			50% in vehicle sales mix to be EVs and FCVs		
	D	M			100% of the new cars to be EVs		
	R			65% in vehicle sales mix in Europe to be electrified vehicles	90% in vehicle sales mix in Europe to be electrified vehicles		
	S				70% in vehicle sales mix in Europe and 40% in the US to be LEVs		
	V	V			50% in vehicle sales mix to be EVs		100% of vehicle sales to be ZEVs
	A			New cars in 2026 onward to be EVs			

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

EV: Electric Vehicle, FCV: Fuel Cell Vehicle, LEV: Low Emission Vehicle, ZEV: Zero Emission Vehicle

## Automotive: Business Environment for EV Traction Motors (2)

OEMs can be grouped into three types in terms of motor sourcing.  
Motors will be outsourced more after the turning point in FY2025.

<Types of OEMs handling with vehicle electrification>

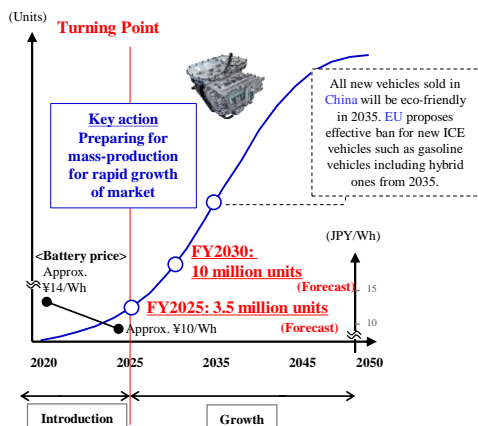
Product Life Cycle of Nidec's E-Axle	Introduction	Growth (Phase 1)	Growth (Phase 2)	2050
Types of Nidec's customers	2020	2025	2030	2050
<b>Type A</b> Manufacture motors in-house (Japanese, American and European traditional OEMs, etc.)	- Historically, customers of Type A have been differentiating themselves in manufacturing engines and transmission for ICE vehicles <b>Stick to producing motors in-house</b>	- Nidec's view: Trend to change to outsourcing will become apparent	Era of horizontal international specialization (EV manufacturers will procure motors and other major components from independent specialized suppliers)	
<b>Type B</b> Between Type A and C	- Not heavily dependent on outsourced motors but less committed to manufacturing those in-house. <b>Establish a joint venture with Nidec</b>	- Nidec's view: Joint ventures and alliances with motor specialized suppliers will increase more		
<b>Type C</b> Outsource motors (OEMs in emerging countries and Tier 0.5, etc.)	- Outsource motors actively depending on the performance, cost and reliability <b>Adopt Nidec's motors</b>	- Nidec's view: Outsourcing will be established completely		

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

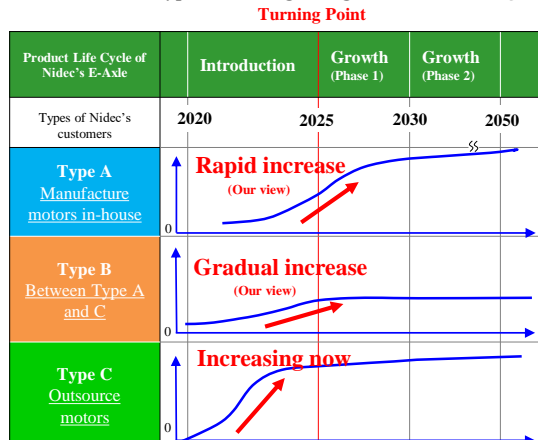
## Automotive: Business Environment for EV Traction Motors (3)

Customers of Type C now increasingly outsource motors while Type A will increase more one to two years after/before the turning point

<Nidec's E-Axle shipment forecast>



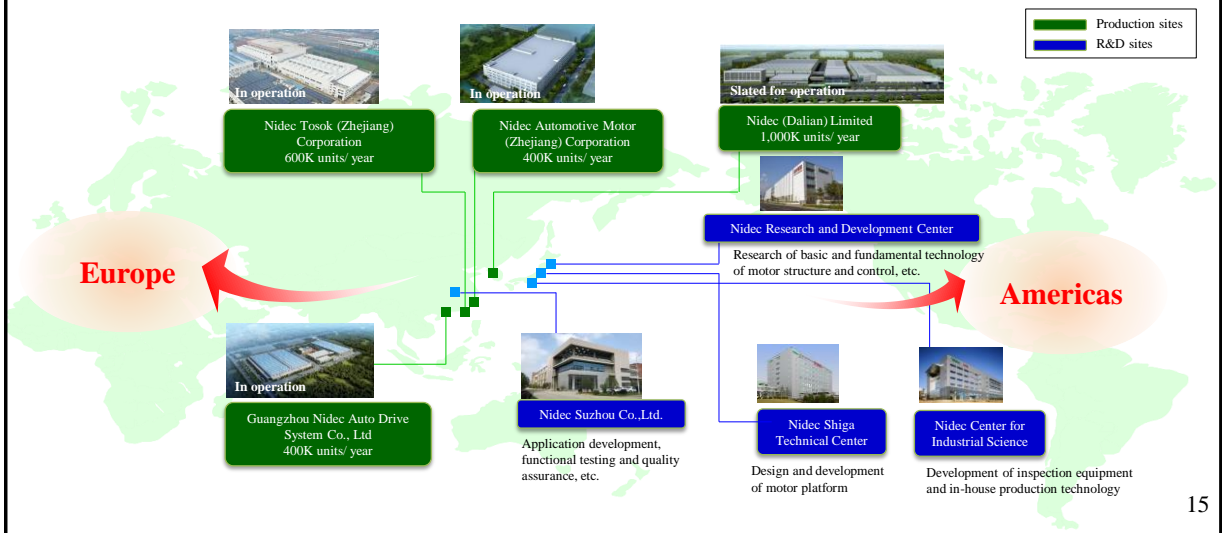
<Forecast of each type's trend regarding motor outsourcing >



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

## Automotive: R&D and Production Sites for E-Axle

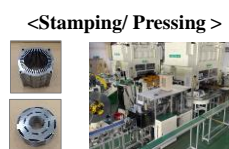
Eyeing expansion to Europe and the Americas while establishing local production and supply in China



## Automotive: Strength in E-Axle Production (Vertical Integration)

Manufacture main components and equipment in-house based on production know-how brought together in the Nidec group

### <Examples of in-house manufactured parts>



Mold production

Pressing

Winding

Parts

Assembly

Inspection equipment

### <Examples of in-house equipment>

**<Press machine>**



**<Winding machine>**



**<Grinding machine>**



**<Motor bench>**

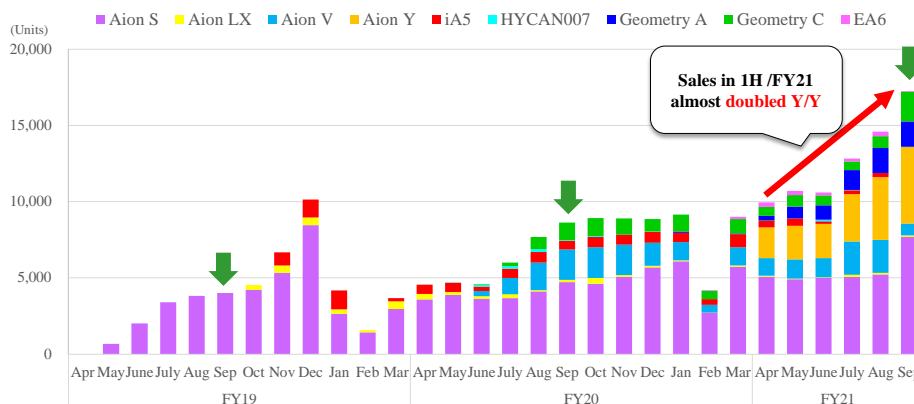




## Automotive: Sales of Vehicles with Nidec's E-Axle

The cumulative number of vehicles using our E-Axle (traction motor system) reached 200K units

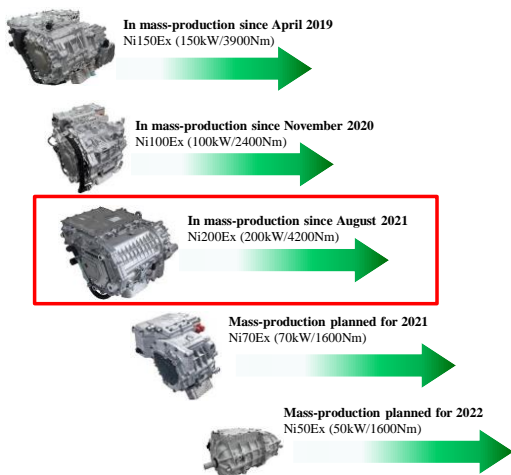
<Sales of cars adopting Nidec's E-Axle>  
(Source: MarkLines)



## Automotive: Further Lineup Addition of E-Axle

Nidec's E-Axle (200 kW) adopted by Geely's new premium EV brand

<Nidec's E-Axle, traction motor systems>



**ZEEKR 001**



When a dual-motor type is selected:

- Maximum output: 400kW
- Maximum torque: 768Nm (0-100km/h sprint of 3.8 seconds)
- Maximum speed: 200km/h

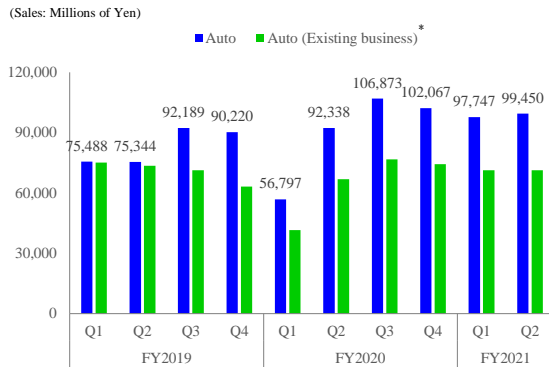
**The sale of Zeekr 001 in China starts within 2021, while its global sale is set to start in 2022.**

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

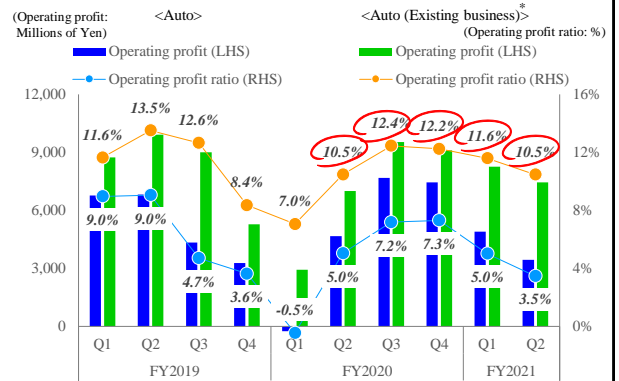
## Automotive: Quarterly Results

Automotive existing business kept double-digit operating profit ratio for five consecutive quarters after bottoming out in Q1 FY20

<Quarterly net sales>



<Quarterly operating profit and operating profit ratio>

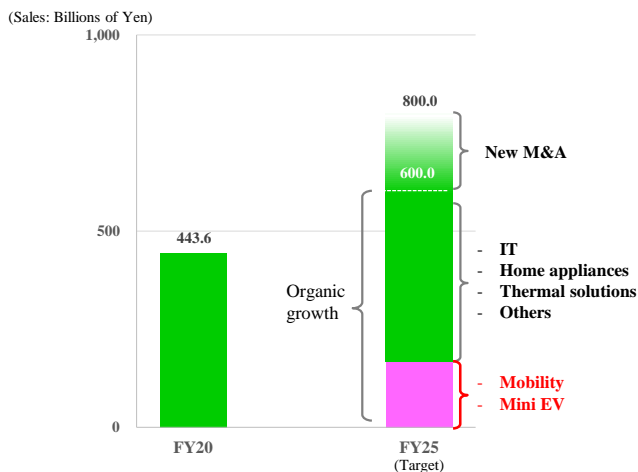


\*Existing business: Excluding impact of traction motor related business and Nidec Mobility's business from Auto business

## Small Precision Motors: New Market Entry – Mobility and Mini EVs

Paradigm shift from ICE\* vehicles to electric ones is also rapidly accelerated in two wheels and compact cars

<Vision 2025 in Small Precision Motors>



### <Mobility>

- An electric two-wheeled vehicle market, formed mainly in India, China and ASEAN countries, will enter high growth period driven by environmental measures.
- Nidec focuses on two major markets, India and China, in particular. Nidec **starts mass production of motors** for major customers.

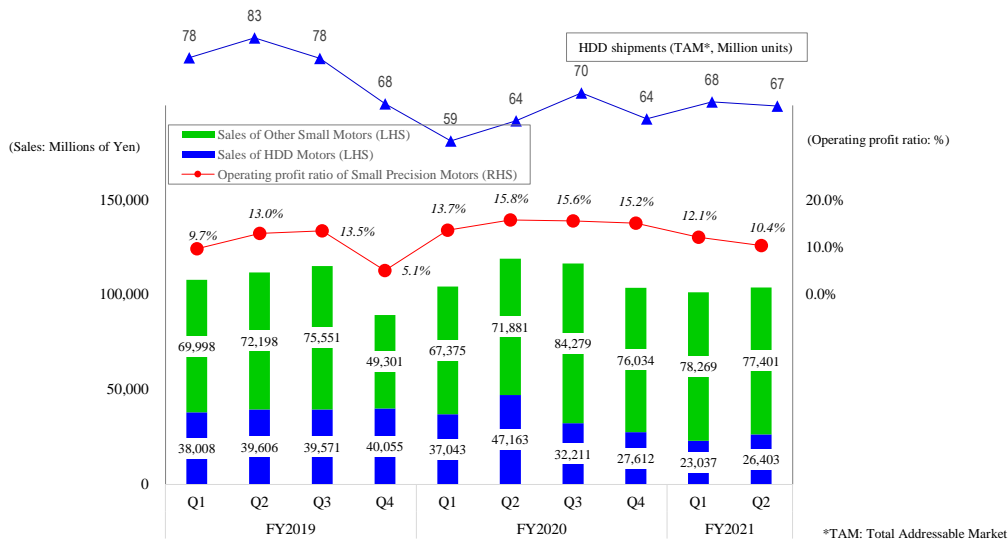
### <Mini EV>

- Nidec receives inquiries from multiple numbers of potential customers mainly in the Chinese market.
- **Possible mass production of motors** for major customers.

\*ICE: Internal Combustion Engine This slide includes forward-looking statements. See Disclaimer on Page 2.

## Small Precision Motor: Quarterly Results

Implementing business portfolio transformation amid HDD motor market structural change

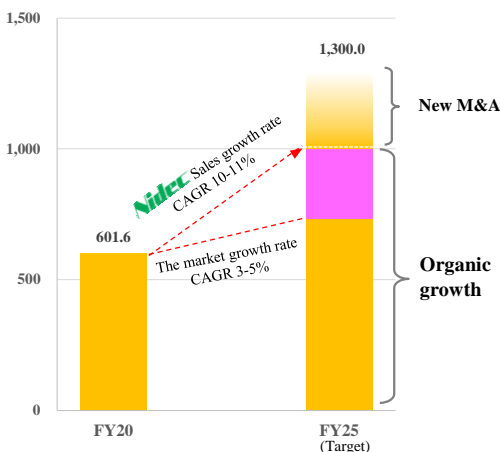


## Appliance, Commercial and Industrial: Strategy for High Growth

- ✓ Executing structural reform in overseas businesses
- ✓ ACI will enter a new phase of growth

<Vision 2025 in Appliance, Commercial and Industrial>

(Sales: Billions of Yen)



- We aim to grow ACI sales at CAGR of 10 to 11% by creating new demands through solution proposal, while estimating CAGR of the market at 3 to 5%.

<Growth drivers>

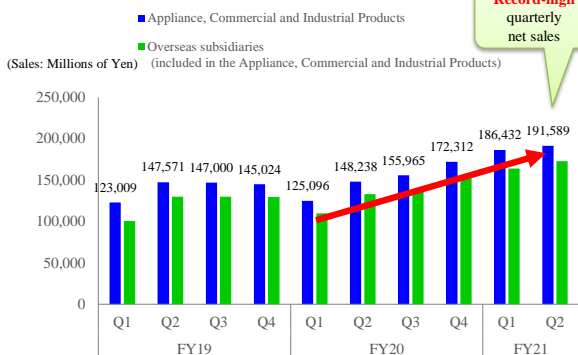


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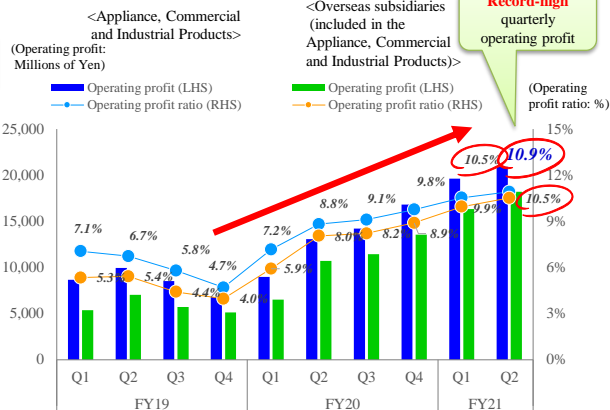
## Appliance, Commercial & Industrial: Quarterly Results

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

<Quarterly net sales>

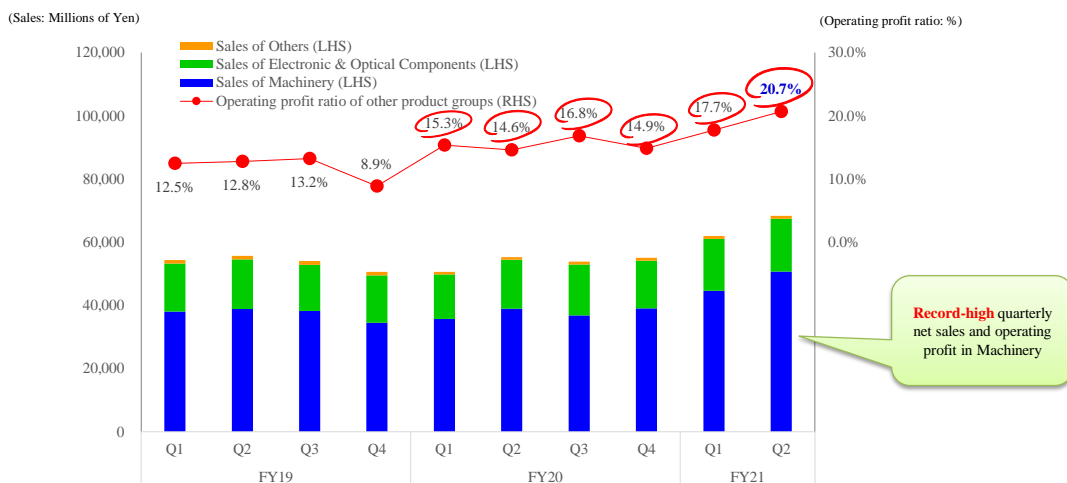


<Quarterly operating profit and operating profit ratio>



## Other Product Groups: Quarterly Results

### Operating profit ratio of Other Product Group kept high level after bottoming out in Q4 FY19





**All for dreams**

**Nidec IR Contacts**

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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.

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## Appendix

# *Performance Trends & Product Group Overview*

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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)

**Decarbonization**  
(Keywords: Drive/Turn/Brake, safety/comfort and thermal management)

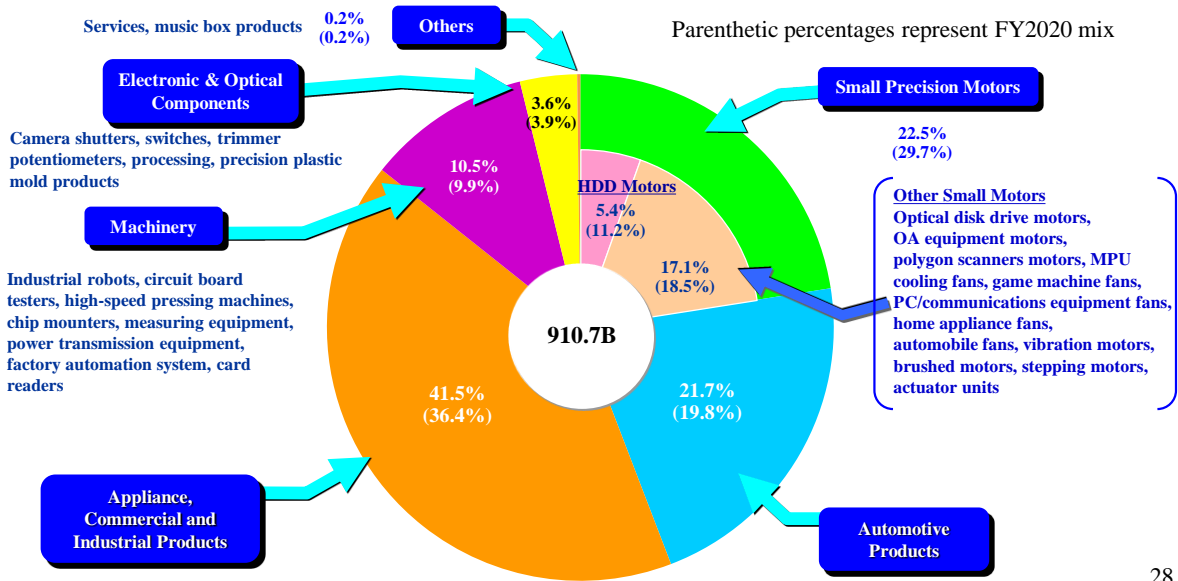
**Manpower saving**  
(Keywords: Industrial robots, servicing robots and logistics)

**Digital data expansion**  
(Keywords: High speed / large data, GAFA\* and "Stay Home")

**Power saving**  
(Keywords: Sterilization, hygiene and "Stay Home")

\* GAFA: Google, Apple, Facebook and Amazon

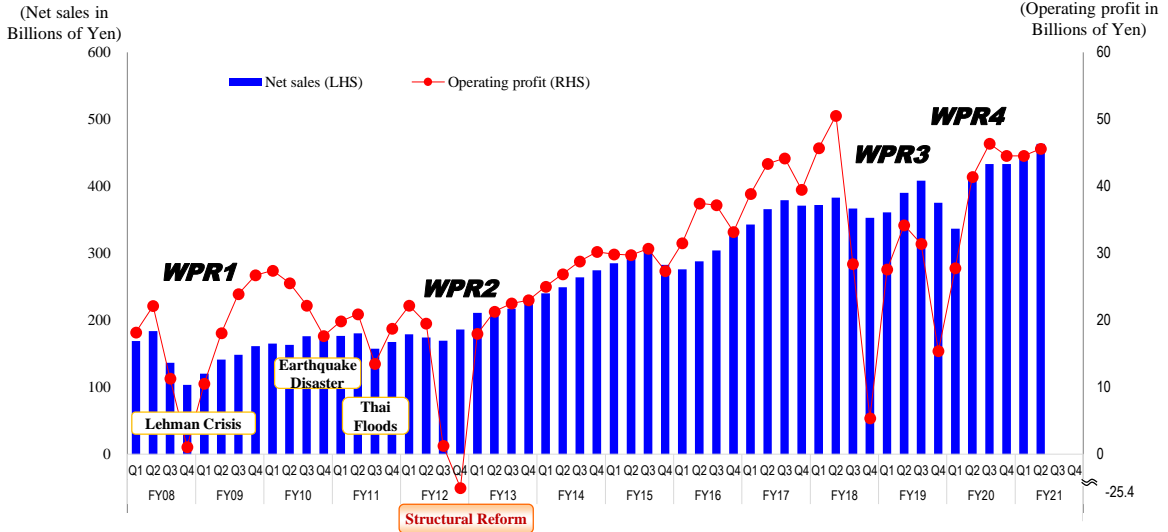
**Sales by Product Group (Apr-Sep FY2021)**



# Consolidated Quarterly Net Sales and Operating Profit



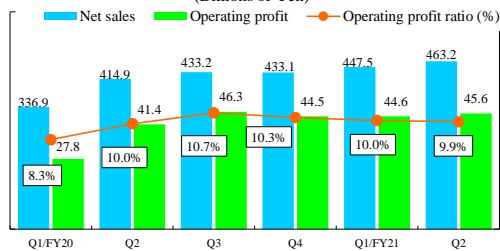
Profitability has recovered due to successful **WPR4** cost restructuring



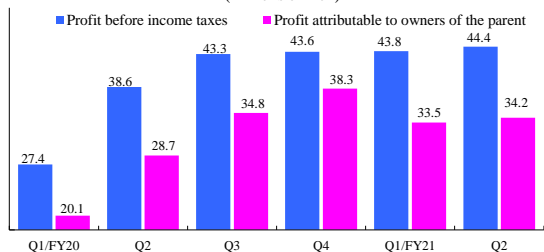
# Financial Highlights



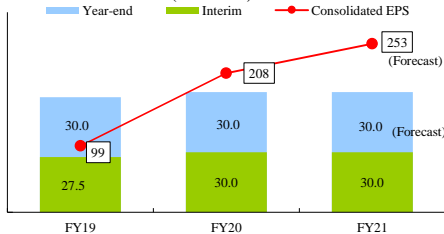
<Consolidated Net Sales and Operating Profit> (Billions of Yen)



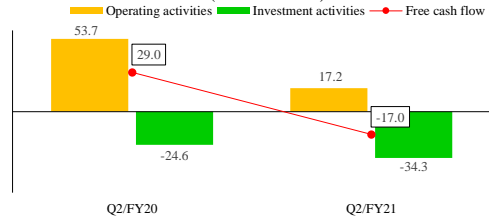
<Profit Before Income Taxes and Profit Attributable to Owners of the Parent> (Billions of Yen)



<Dividends and EPS> (Yen/share)



<Consolidated Cash Flow> (Billions of Yen)

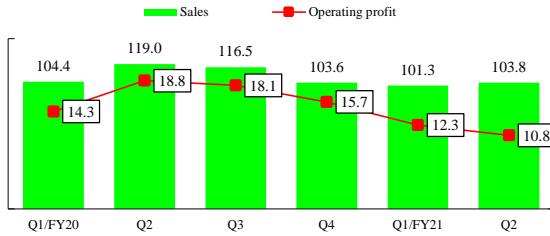


\*Adjusted based on the 2-for-1 split implemented as of April 1, 2020. "EPS" and "Dividends" are expressed assuming that the stock split occurred at the beginning of FY2019.

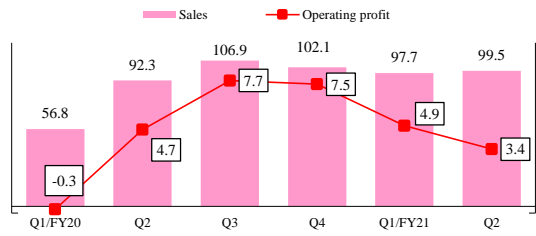
# Product Group Overview



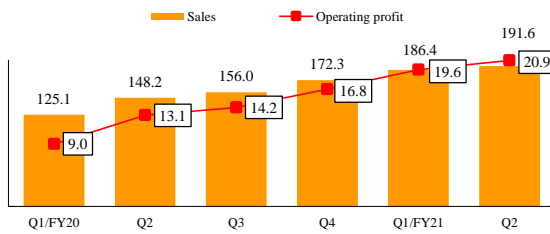
<Small Precision Motors>  
(Billions of Yen)



<Automotive Products>  
(Billions of Yen)



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



<Machinery>  
(Billions of Yen)

