

Nidec Corporation

Fiscal First-Half 2018 Financial Results

Six Months Ended September 30, 2018
<IFRS>



October 24, 2018



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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 right-angle precision gearbox manufactured by MS Graessner GmbH & Co. KG.

For details, please see Page 23.

Consolidated Profit/Loss



Millions of Yen, except for EPS, dividends and FX rates	1H/FY2017	1H/FY2018	Change	FY2018 Forecast
Net sales	715,890	777,604	+8.6%	1,600,000
Operating profit	81,765	98,237	+20.1%	195,000
<i>Operating profit ratio</i>	<i>11.4%</i>	<i>12.6%</i>	-	<i>12.2%</i>
Profit before income taxes	75,783	98,267	+29.7%	187,500
Profit attributable to owners of the parent	59,421	78,510	+32.1%	147,000
EPS (Yen)	200.69	265.84	+32.5%	498.63
Dividends (Yen)	45.00	50.00	-	105.00
FX rate (Yen/US\$)				
Average:	111.06	110.26	-0.7%	100.00
Term end:	112.73	113.57	+0.7%	(Assumed for 3Q onward)

Note: Based on the current forecast of sales volume, every one yen appreciation or depreciation against the U.S. dollar and the euro for FY2018 is estimated to have an annualized impact of 9.0 billion yen and 1.7 billion yen on net sales, respectively, and 1.1 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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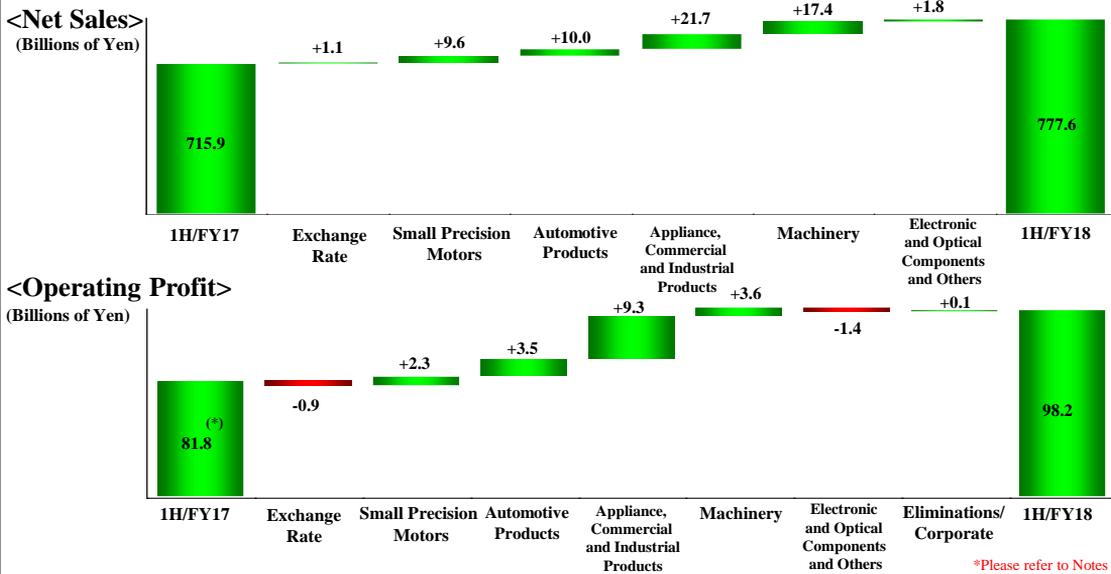
Summary of 1H/FY2018



- **Record-high** first-half net sales, operating profit, profit before income taxes and profit attributable to owners of the parent
- **Record-high** quarterly net sales, operating profit, profit before income taxes and profit attributable to owners of the parent
- **Year-end dividend projection raised**

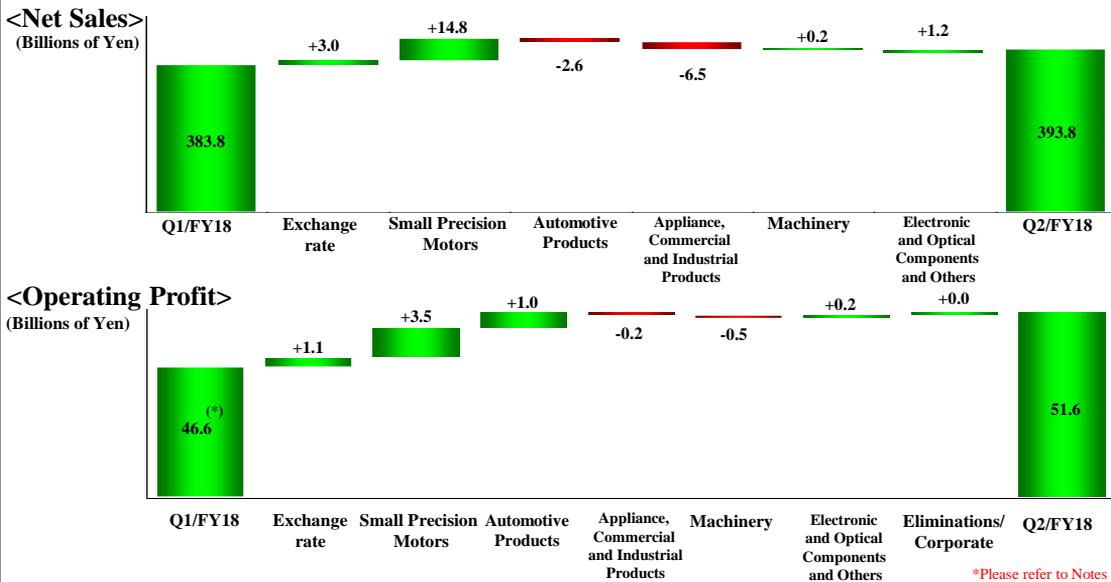
4

Year-on-Year Changes (Six Months Ended September 30, 2018)



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Quarter-on-Quarter Changes (Three Months Ended September 30, 2018)

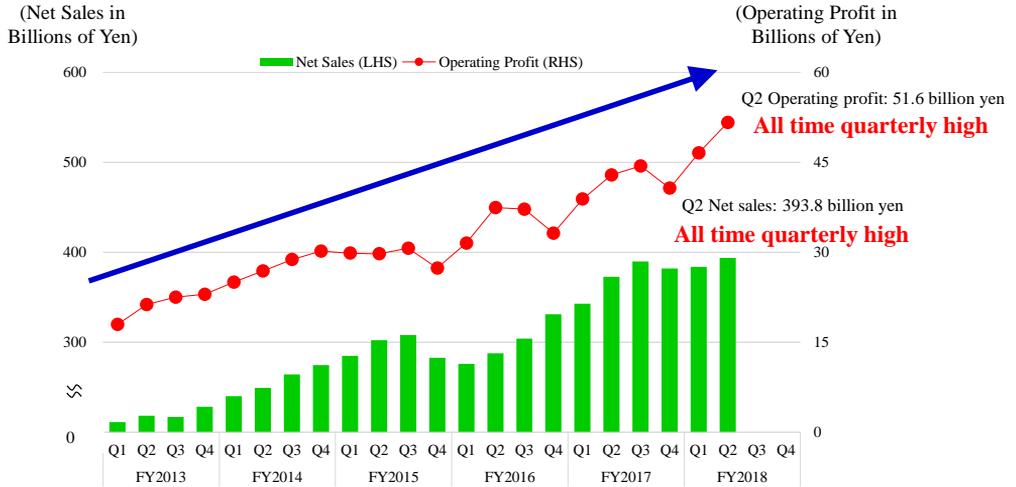


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Consolidated Quarterly Net Sales and Operating Profit

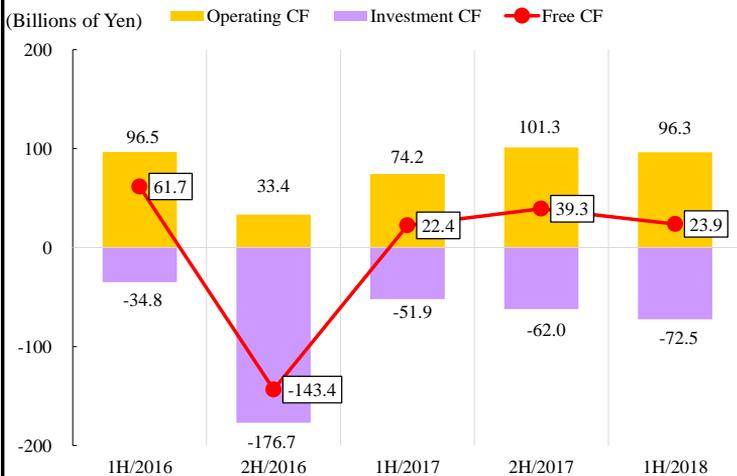


Highest-ever three-month net sales and operating profit



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Cash Flow

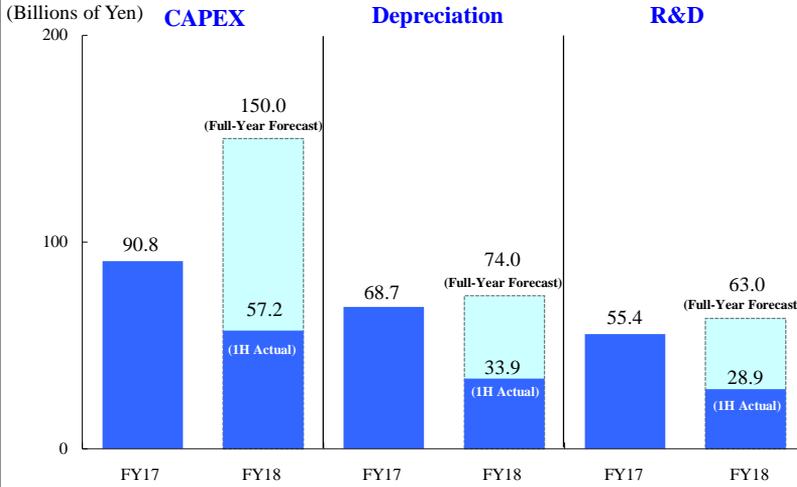


**Ceaseless CCC*
improvement
creating strong cash
flow that underpins
the mid-term growth
strategy**

*CCC: Cash Conversion Cycle

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■ CAPEX, Depreciation, R&D



Continuing aggressive investments that support mid-term growth

This slide includes forward-looking statements. See Disclaimer on Page 2. *Please refer to Notes on Page 26. 9

Mid-Term Strategic Goal

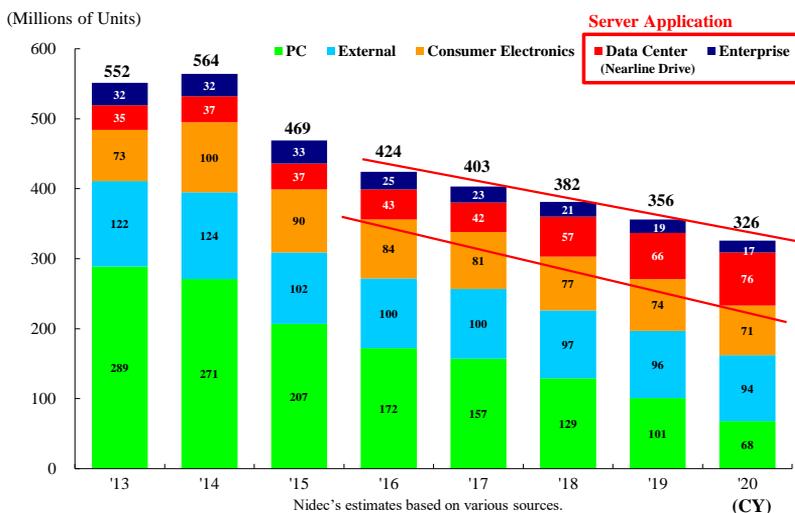
Vision2020

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

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.



Revised from previous estimate

(Millions of Units)

	<Previous>	<Revised>
	(April 25, 2018)	
• CY18	379	⇒ 382 ↗
• CY19	351	⇒ 356 ↗
• CY20	329	⇒ 326 ↘

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HDD Market Short-Term Trend



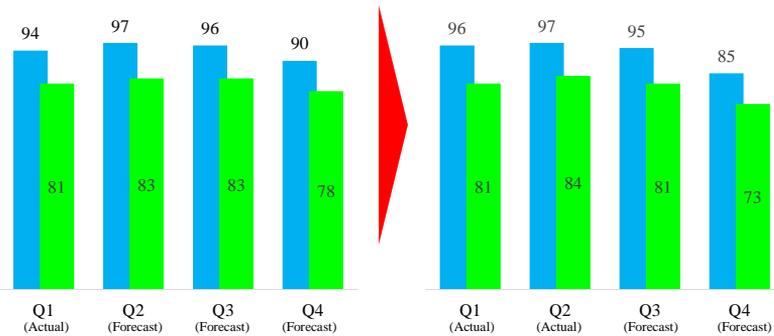
■ HDD Shipments ■ Nidec Motor Shipments

(Millions of Units)

Previous FY2018 Forecast
(July 25, 2018)

Revised FY2018 Forecast
(October 24, 2018)

HDD shipment forecast revised downward slightly



(Millions of Units)

	Previous forecast	Revised forecast
FY2018 Annual forecast		
HDD shipments	377	373
Nidec motor shipments	325	319

Nidec's estimates based on various sources.

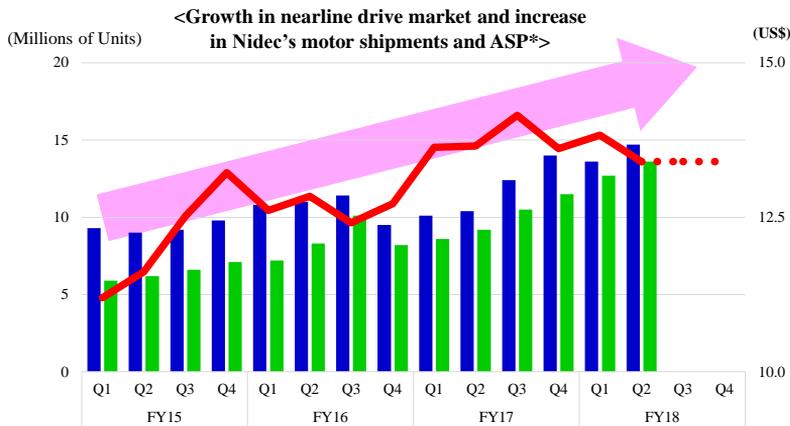
This slide includes forward-looking statements. See Disclaimer on Page 2.

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Small Precision Motors: Growth in Nearline Drive Demand



Significant growth in the nearline drive market accompanied by steady increase in Nidec's market share and its ASP*



Growth in nearline drive market driven by high demand from newly emerging cloud service providers

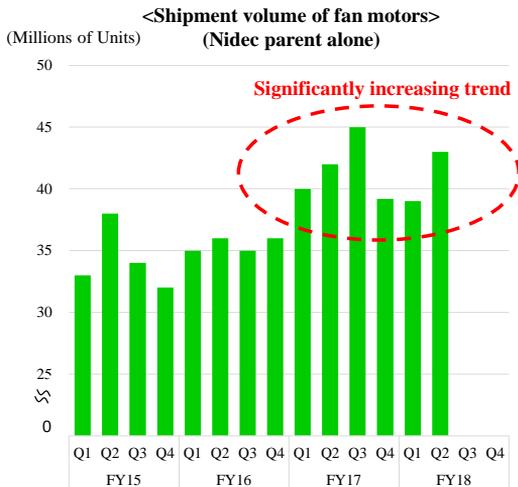
■ Nearline drive market (LHS) ■ Nidec's nearline motors (LHS) — ASP* of Nidec's nearline motors (RHS)

*ASP: Average Selling Price

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Small Precision Motors: Other Small Motors

The steady progress of the IoT and ICT trends driving further development of big data and increasing cooling fan demands



<Market needs>

IoT & ICT (5G)



Large data capacity (Big Data)



Intelligence (CPU installed)



Higher demand for cooling fans



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TOB: Commencement of Tender Offer for Shares of CCI, Taiwan

Providing modules for customers requiring thermal management in addition to cooling fans

<Outline of the Tender Offer>

Tender offeror	Nidec Corporation
Target company	Chaun-Choung Technology Corp. ("CCP")
Tender offer period	October 3, 2018 through November 21, 2018
Class of shares for tender offer	Common stock
Tender offer price	TWD 108 per share
Tender offer funds	Approximately TWD 4,476 million (The amount required to make payment related to the purchase of 48.0% of CCI's outstanding shares)
Minimum number of shares to be purchased	If 28,838,695 shares of CCI (which are equivalent to 33.4% of the shares outstanding) are to be sold, the Company will execute the tender offer.
Maximum number of shares to be purchased	41,444,831 shares (48.0% of the shares outstanding)
Terms of tender offer	The tender offer closing will condition on fulfilling 28,838,695 shares (which are equivalent to 33.4% of the shares outstanding) subscription, obtaining clearance and will be carried out on the premise that the tender offer meets various conditions normally required for similar transactions.
Others	Nidec reached an agreement with 37 shareholders of CCI that all of them subscribe the tender offer. The number of shares to be subscribed will be 28,838,695 shares (which are equivalent to 33.4% of the shares outstanding). If this agreement is executed, it will be possible to acquire shares meeting the floor of 28,838,695 shares of the tender offer, and condition of the tender offer is fulfilled.

<Summary of CCI>

Company name	Chaun-Choung Technology Corp.
Headquarters	12F, No.123-1, Xingde Road, Sanchung, New Taipei City 241, Taiwan, (R.O.C.)
Name and title of representative	Chairman, Wu Shih Ling
Description of business	Development, manufacturing, and sales of thermal module products
Capital	TWD 863,433,960
Date of establishment	December 14, 1973
Number of employees	2,265 (As of March 1, 2018)

<Main Products>



Heat sink

Thermal module products

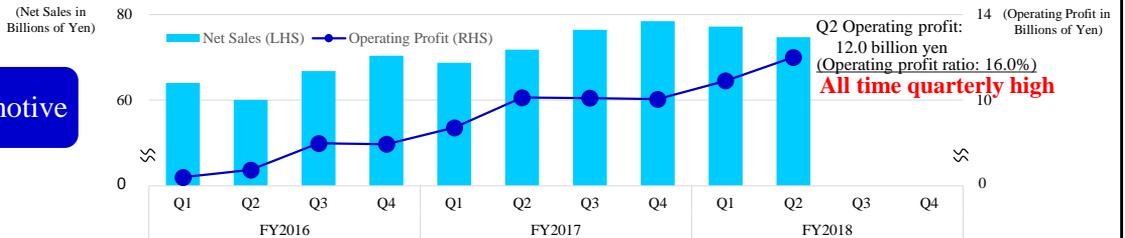
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Consolidated Quarterly Net Sales and Operating Profit (Automotive Products and Appliance, Commercial and Industrial Products)

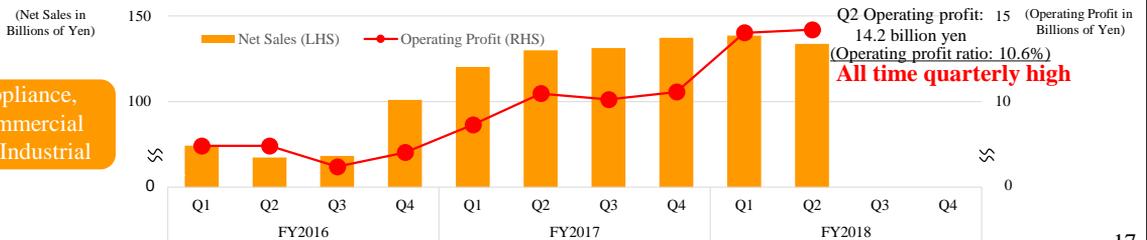


Record-high quarterly operating profit for both Automotive and Appliance, Commercial and Industrial

Automotive



Appliance, Commercial and Industrial



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Automotive, Appliance, Commercial and Industrial: Capturing Business Opportunities Under Trade Tensions



Expanding and accelerating productions in Mexico to win a stronger supplier position to major OEMs in the US

Automotive



Nidec Automotive Motor Mexicana S de RL de C.V.

Expanding production for Tier1s in the US and Mexico
(Doubling output of EPS* motors from June 2018)

Appliance, Commercial and Industrial



Nidec Motor Corporation (Mexico)

Expanding production for major air conditioner OEMs in the US
(Some competitors are having difficulties due to tariff issues)

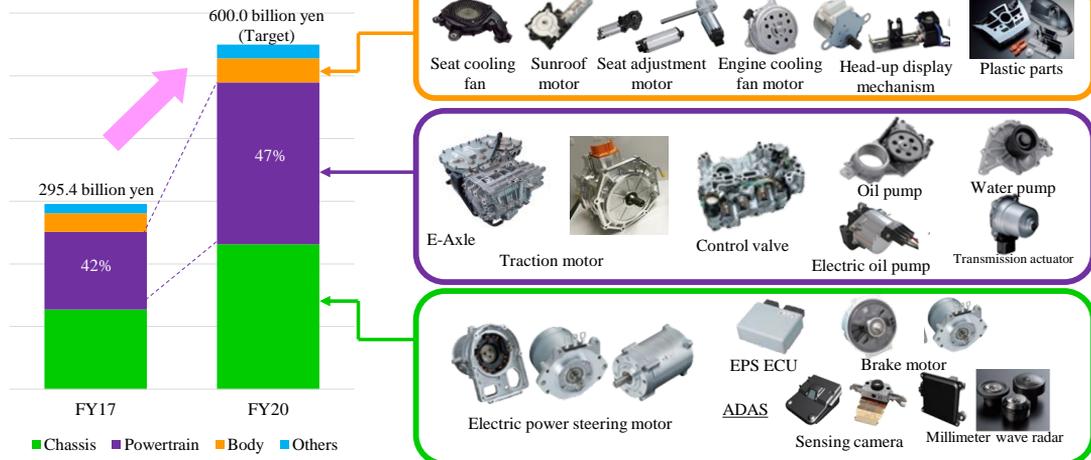
*EPS: Electric Power Steering

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Automotive: Diversifying Product Line-Ups

The ratio of powertrain systems including EV/PHEV traction motors expected to increase steadily going forward

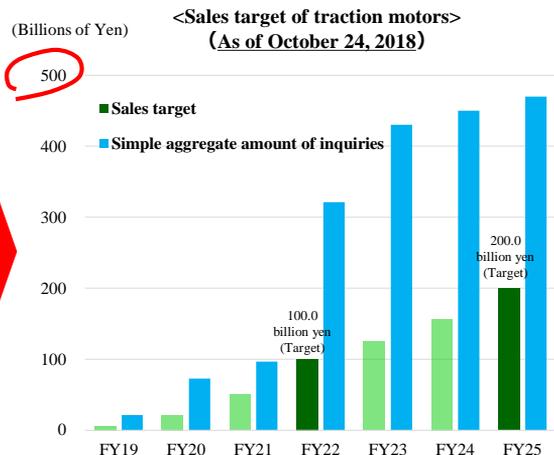
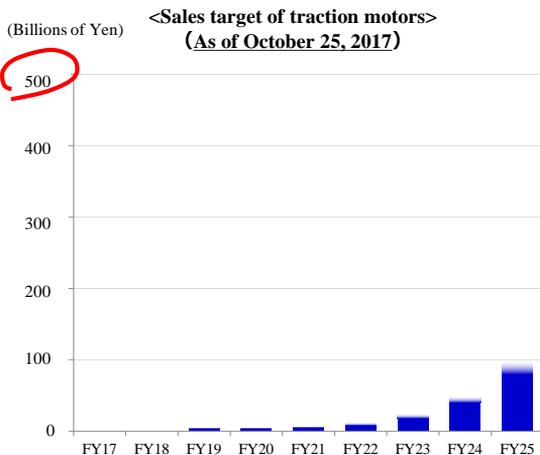
<Sales outlook for Automotive Products>



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Automotive: Sales Growth of Traction Motors

Surging inquiries for both E-Axles and traction motors from players in emerging countries, Europe and Japan



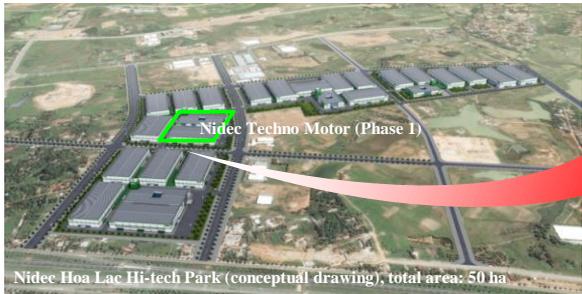
(These sales targets do not include those of Nidec PSA emotors, the joint venture with Groupe PSA.)

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

Appliance, Commercial and Industrial: Plan for Increasing Production of Air-Conditioner Brushless DC Motors



Expanding capacity in Hanoi from March 2019 to prepare for additional demands from emerging markets



Nidec Techno Motor Process for Hanoi factory launch	October	November	December	January	February	March	
	Construction	Completion of construction of the phase 1 building					March 2019 Mass production launch (tentative)
	Communication with customers		Production and submission of samples	Approvals from customers and factory audit			
	Tooling up		Launch of first production line	Equipment installation for mass production and production launch			
	Production preparation				Employment of operators		

Appliance, Commercial and Industrial: Global Market Size of Main Home Appliances



Evolving from motor-alone into module-based businesses using M&A

M&A
in home appliance market

1998 2010 2016 2017 2019 (Expected)

—●— —●— —●— —●— —●—

§§ §§

Nidec Techno Motor Nidec Sole Motor Corporation S.R.L. / Nidec Motor Corporation Nidec Motor Corporation Romania Nidec Global Appliance Compressors GmbH (Secop) Embraco (compressor business of Whirlpool Corporation)

Target markets

Motor-alone market: 500 billion yen		Module market: 4 trillion yen	
Fan motor	240 billion yen	Fan blade, compressor, fan motor, control, heat exchanger, etc.	2 trillion yen
Compressor motor	100 billion yen	Compressor, compressor motor, control	1.5 trillion yen
Drive motor	160 billion yen	Gear unit, drive motor, control	0.5 trillion yen

**Final product market:
35 trillion yen**

Air conditioner	Unit: 130 million globally Fan DC ratio: 25% Inverter ratio: 45%	14 trillion yen
Freezer refrigerator	Unit: 170 million globally Inverter ratio: 15%	13 trillion yen
Washer	Unit: 110 million globally Motor DC ratio: 15%	8 trillion yen

M&A: MS-Graessner GmbH & Co. KG



Full-scale entry into European market and enhancing product line-ups

<Outline of Graessner>

Company name	MS-Graessner GmbH & Co. KG and its group companies
Headquarters	Dettenhausen, Baden-Württemberg Germany
Foundation	1955
Directors	Michael Stadler: CEO, Managing Director Thomas Merk: COO, Commercial Director
Principal places of Business	Germany, Austria
Principal business	Manufacture and sale of gearboxes
Employees	Approximately 166 (as of January 31, 2018)
Financials	Revenue: €21.8 million Operating profit: €2.1 million Net assets: €15.1 million Total assets: €26.2 million (fiscal year ended December 31, 2017)

<Main Products>

	PowerGear Series <ul style="list-style-type: none"> ● Right-angle bevel gearbox ● High torque and small sized gearbox ● For applications of high input speed
	DynaGear Series <ul style="list-style-type: none"> ● High reduction gear ratio and high precision (low backlash) achieved by using hypoid gear ● For applications of high input speed
	DesignGear <ul style="list-style-type: none"> ● Customized gearbox which meets customer's requirement ● Serve customers who desire to achieve higher efficiency and smaller size

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CSR Vision 2020



Women's leadership: first manufacturer in Kyoto receiving highest level "Eruboshi" certifications

	Priority issues	Target	KPI
E (Environment)	Environmental load reduction	Consistent reduction in energy consumptions and environmental emissions attributable to operations	5% reduction (intensity) from FY2015 benchmark
	Environmental contribution through products	Quantitative assessment of product-specific environmental performance	Overall framework in place for measuring total CO ₂ emissions reduced per year
	Environmental conservation	Active participation in local environmental conservation efforts	Specific action program in place at each business unit
S (Society)	Diversity	A diverse workforce and leadership	Specific action program in place at each business unit (Percentages of women in managerial positions: 8% for Nidec Corporation in Japan)
	Globally competent talents	Training programs in place on a group-wide basis	Number of program participants or workshops held
G (Governance)	Corporate ethics	Code of Conduct aligned with internationally accepted standards	EICC*-based CSR management system covering 80% of operations worldwide
	Internal control	Consistent management soundness and transparency	Strict compliance with internationally accepted corporate governance guidelines
	Risk management	Highly viable risk management procedures implemented on a global basis	Global risk management system adopted by all operations



<Highest-level Eruboshi certification>

Eruboshi certification is granted by the Minister of Health, Labour and Welfare based on the following five criteria:

- 1) Employment
- 2) Employment continuity
- 3) Workstyle including worktime
- 4) Percentage of women's management positions
- 5) Diverse career paths

*EICC: Electronics Industry Code of Conduct

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Strengthening News Distribution



Remarkable increase in the number of shareholders in recent years.
Strengthening news distribution eyeing 100,000 shareholders.

<Number of shareholders>



62,187 shareholders as of September 30, 2018

<My News Desk>



<http://www.mynewsdesk.com/us/nidec>

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***Note:**

NIDEC adopts the provisions of IFRS 3 “Business Combinations.” During the three months ended June 30, 2018, Nidec Corporation completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of the following companies in the previous fiscal year; Secop Holding GmbH (currently Nidec Global Appliance Compressors GmbH), Secop s.r.o. (currently Nidec Global Appliance Slovakia s.r.o.), Secop Compressors (Tianjin) Co., Ltd. (currently Nidec Compressors (Tianjin) Co., Ltd.), Secop Inc. (currently Nidec Global Appliance USA Inc.) and LGB Elettropompe S.r.l. In addition, during the three months ended September 30, 2018, Nidec Corporation completed its valuation of the assets acquired and the liabilities assumed upon acquisition of SV Probe Pte. Ltd. in the previous fiscal year. As a result, Nidec Corporation’s consolidated financial statements for the year ended March 31, 2018 reflects the revision of the initially allocated amounts of acquisition price. Of the assets acquired and the liabilities assumed upon the acquisitions of companies in the year ended March 31, 2018 and in the six months ended September 30, 2018, the assets and liabilities which are currently under evaluation have been recorded on Nidec Corporation’s consolidated statement of financial position based on provisional management estimation as of September 30, 2018.

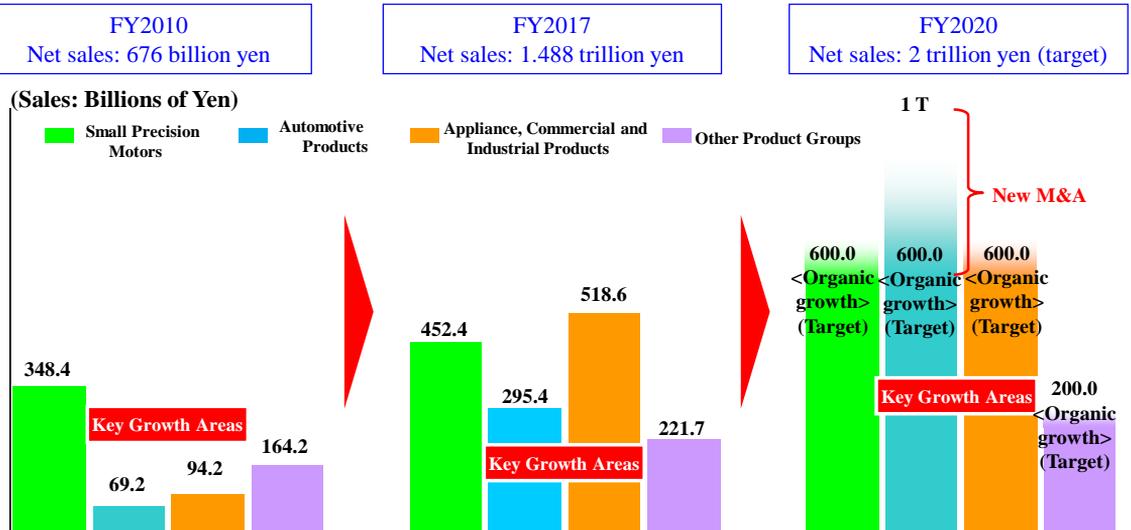
Nidec logo is a registered trademark or a trademark of Nidec Corporation in Japan, the United States and/or certain other countries.

“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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Performance Trends & Product Group Overview

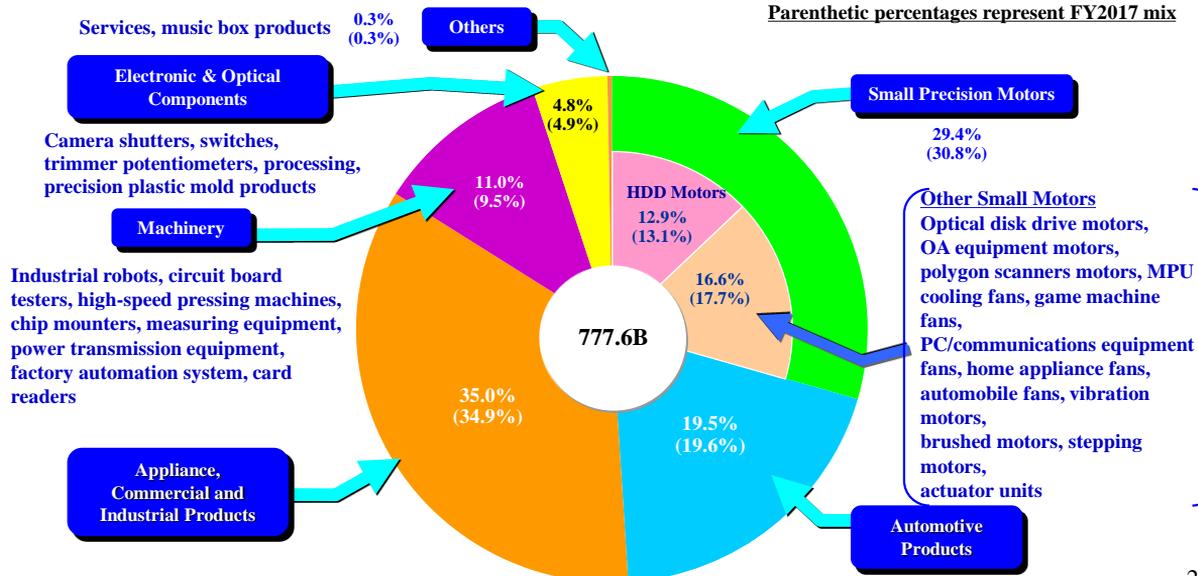
Three 600 Billion Yen Businesses Are Key to Achieving 2 Trillion Yen Net Sales



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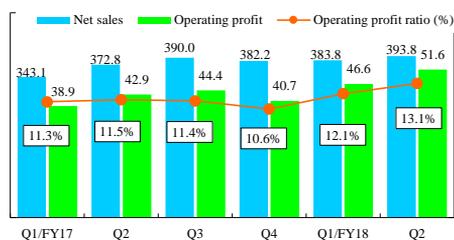
Sales by Product Group (Apr-Sep FY2018)

Parenthetical percentages represent FY2017 mix

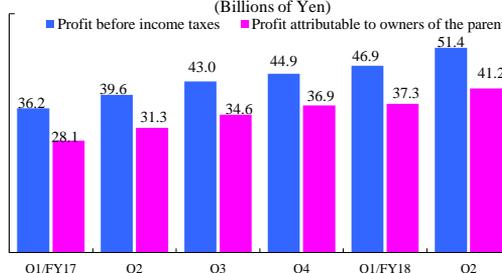


Financial Highlights *Please refer to Notes on Page 26.

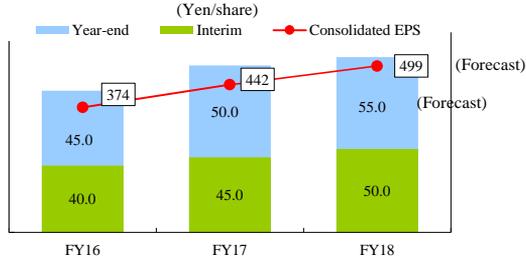
<Consolidated Net Sales and Operating Profit>
(Billions of Yen)



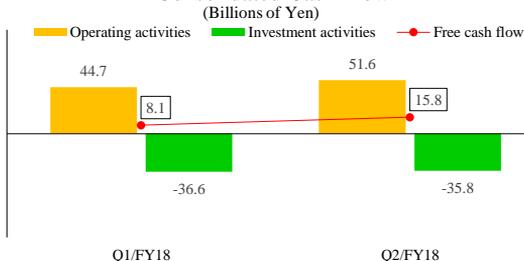
<Profit Before Income Taxes and Profit Attributable to Owners of the Parent>
(Billions of Yen)



<Dividends and EPS>



<Consolidated Cash Flow>

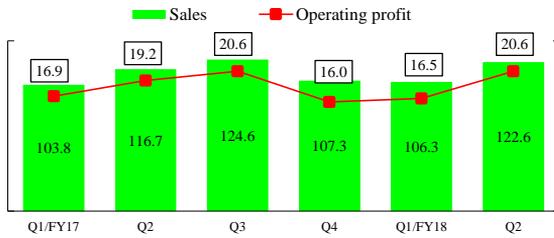


Product Group Overview

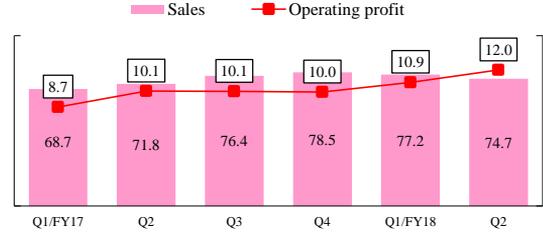
*Please refer to Notes on Page 26.



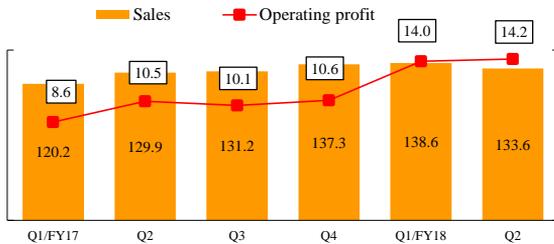
<Small Precision Motors>
(Billions of Yen)



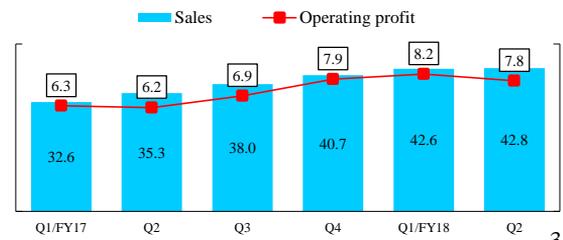
<Automotive Products>
(Billions of Yen)



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



<Machinery>
(Billions of Yen)

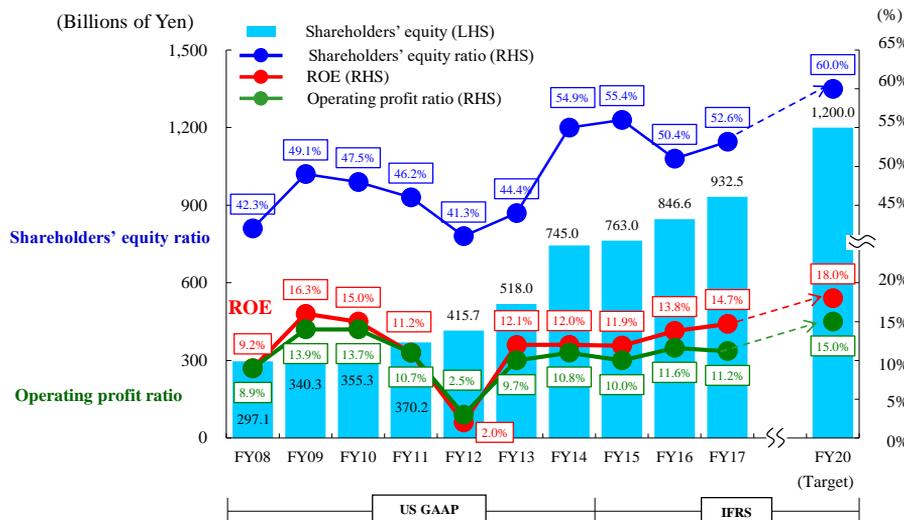


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Vision2020: Pursuing Both Strong Growth with Profit and Financial Soundness



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

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*Please refer to Notes on Page 26.

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