

Business Segment
Landscape

FY2004 Results & Strategies

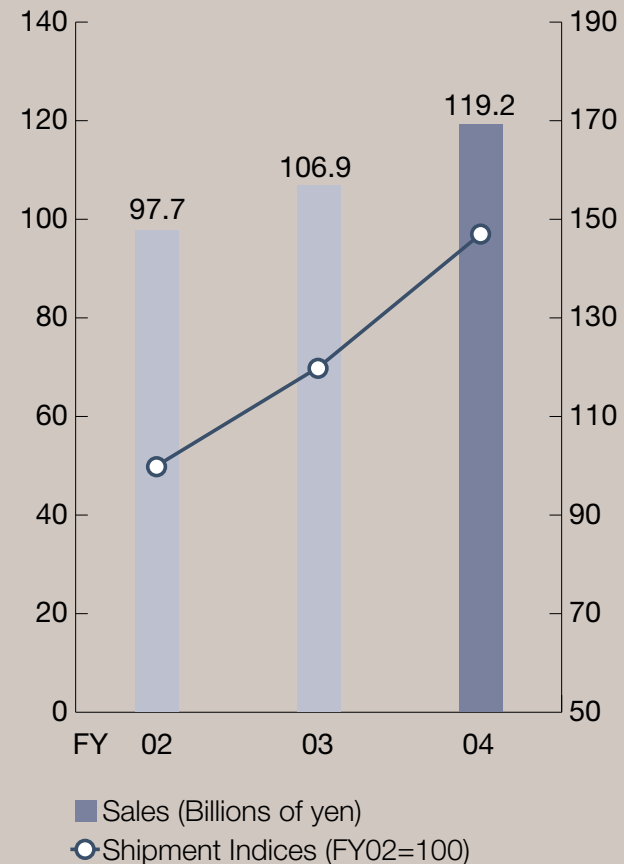
- HDD Motors
- Other DC Motors
- Fan Motors
- Mid-size Motors
- Machinery
- Electronic & Optical Components
- Others

FY2004 Results

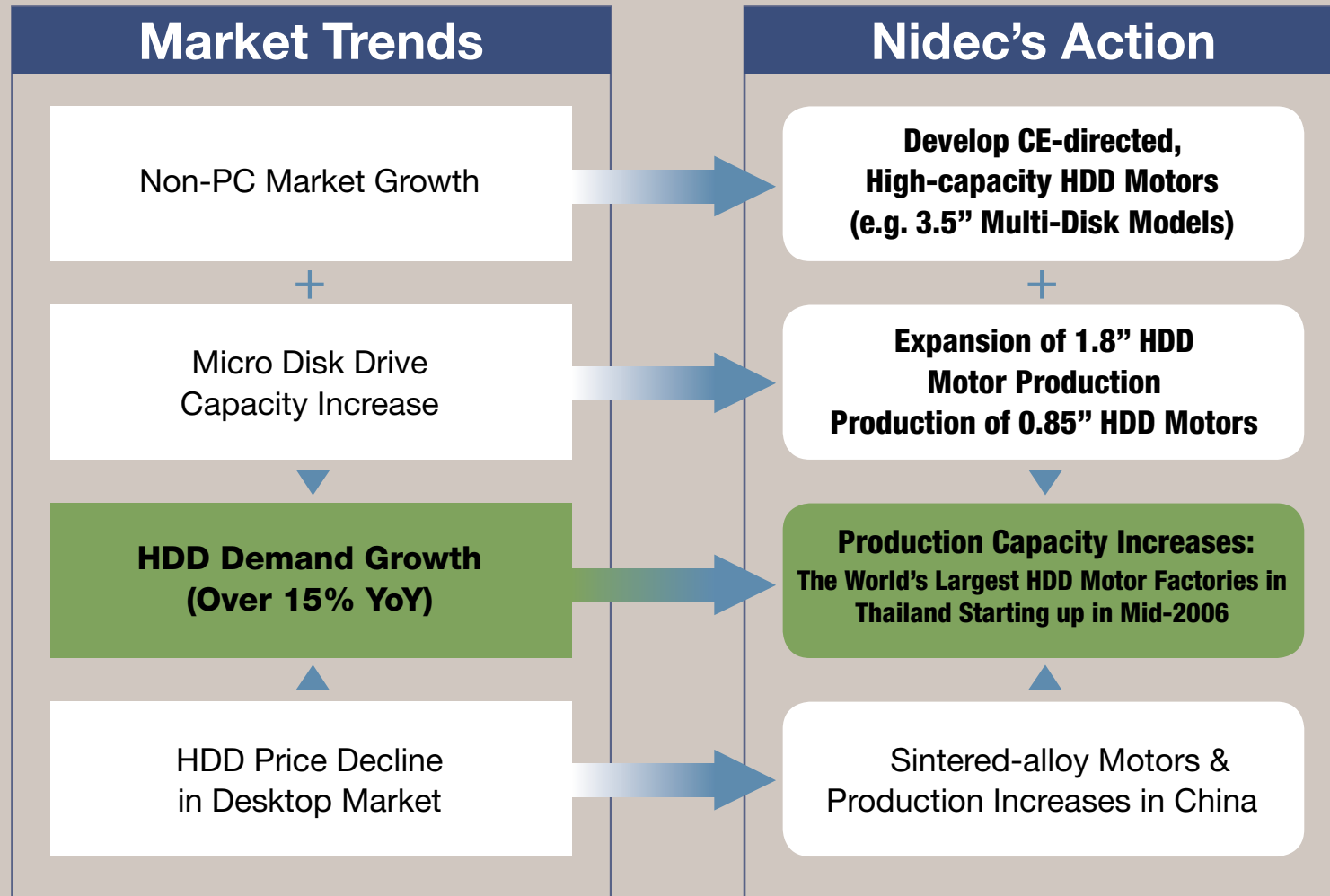
- * Record Sales and Shipment
- * Demand driven by Sub-1.8" motors

- **Sales**
Up 11.5% YoY
- **Shipment**
Up 20.4% YoY
- **Yen-based ASP**
Down 9% YoY

Sales & Shipment

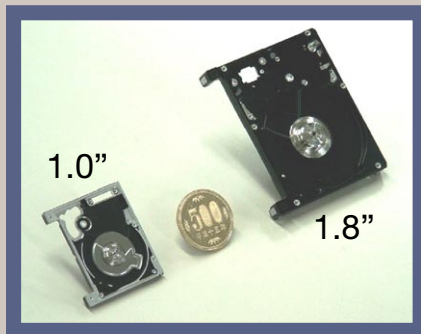


Strategy

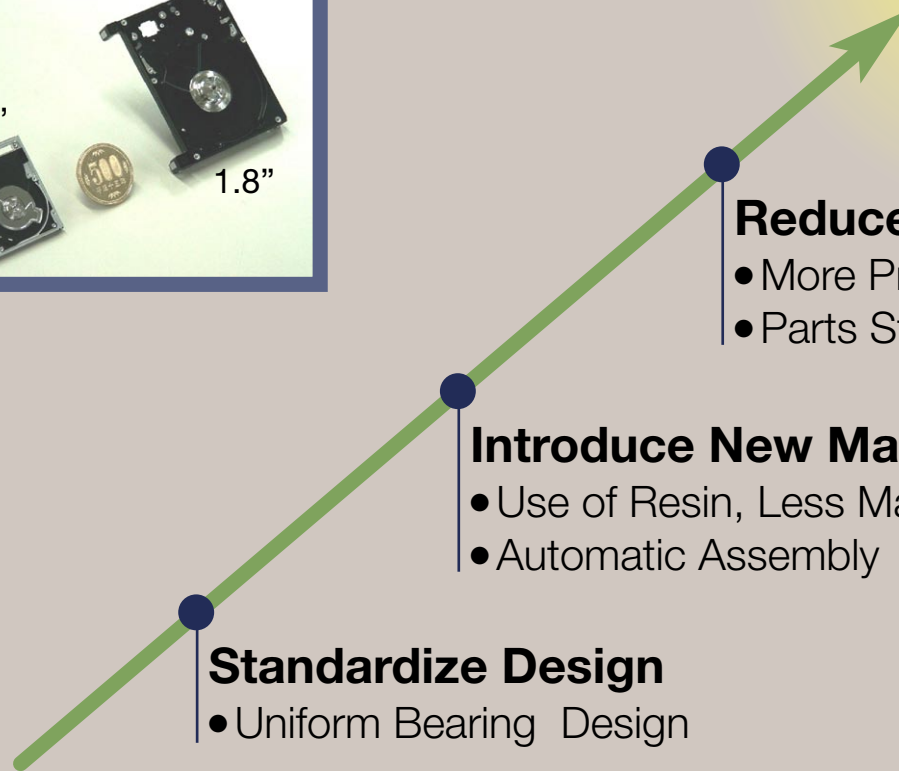


Strategy

Profit Growth



More Profit



Reduce Procurement Costs

- More Products Made In-house
- Parts Standardization

Introduce New Materials & Processes

- Use of Resin, Less Machining
- Automatic Assembly

Standardize Design

- Uniform Bearing Design

➤ **Meet Exploding Demand for Ultra-small HDD Motors**

Other DC Motors

FY2004 Results

***Strong Sales of
Optical-drive Motors**

***Contributions from
Newly Consolidated Subsidiaries**

➤ **Sales**

Up 79% YoY

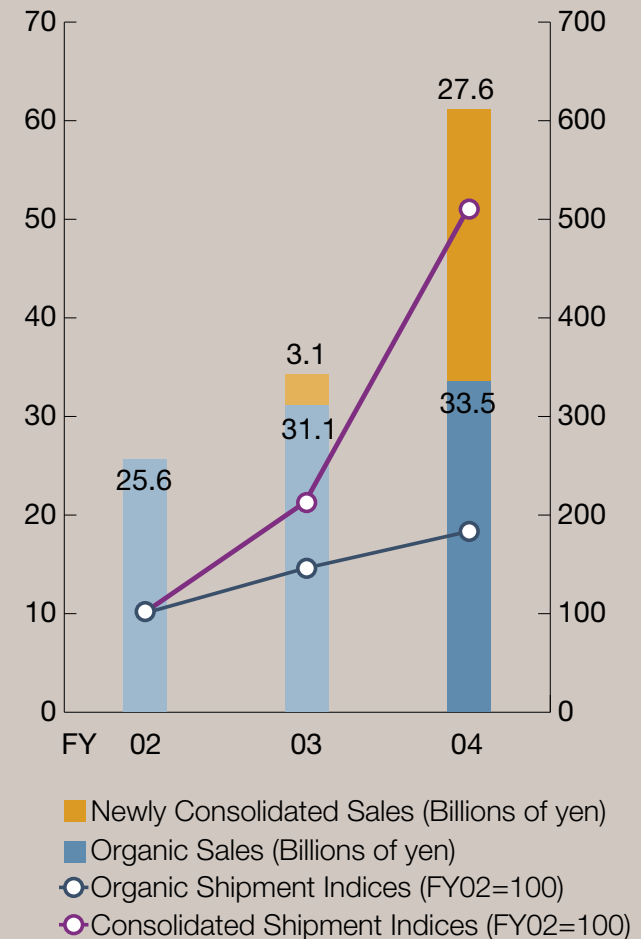
Up 8% YoY (Organic Growth)

➤ **Shipment**

Up 25% YoY (Organic Growth)

**Up 2.4-fold YoY
(Consolidated)**

Sales & Shipment



Other DC Motors

Strategy

New Products, New Customers, New Markets

ODD

Slim: Automobile, DVC, DLP
Half-Height: Share Up in Asian Market

OA, stc

Colorization, Downsizing, Higher Efficiency
Security Sensor (FY2004 Award Winner)

Standard Motor

Demand Shift from Mid/Large-size Stepping Motors to Brushless Motors

New Line: 27H

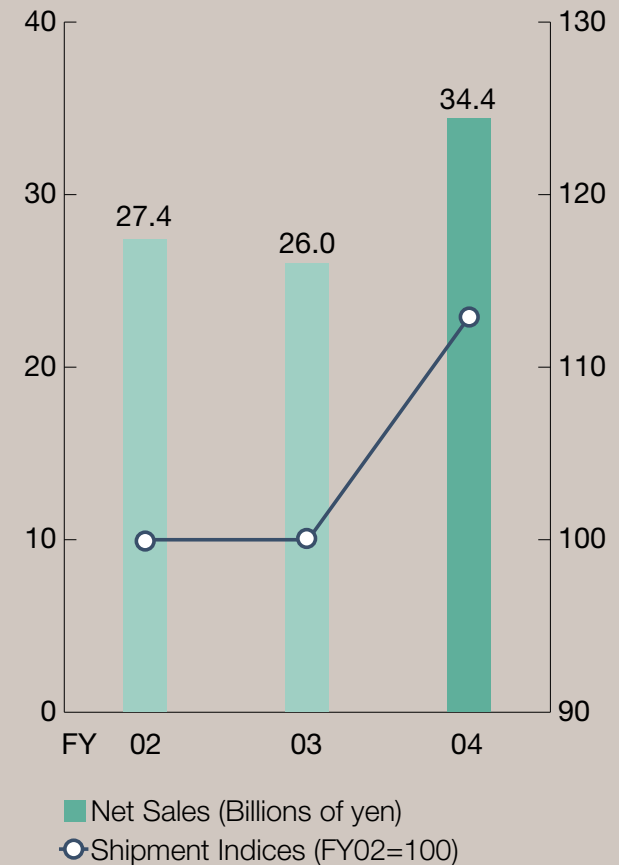


FY2004 Results

Good Sales of High Value-added Fans. ASP Boosted.

- ▶ **Sales**
Up 32% YoY
- ▶ **Shipment**
Up 11% YoY
- ▶ **Yen-based ASP**
Up 17% YoY

Sales & Shipment



Fan Motors

Strategy

Sales Expansion

New and Big Orders

- US Customer**
 - PC Manufacturer
 - Hardware Manufacturer
- Top Share**
 - MPU Cooling
- New Order**
 - Notebook PC
 - Game Console

**Start Fan Motor Production
in Dongguan, China**

Upgrade of Standard Fan



- Low Noise
- Low Vibration
- Low Current
- High Air Volume

○ Mid-size Motors

Strategy

Customer / Product Diversification

For Automobiles

- Expand EPS-motor Customer Base
- Penetrate Powertrain / Interior Fields

Management & Operation Improvement

For Home Appliances / Industrial Equipment

- New COO's Growth-oriented Management
- Revamp Home Appliances / Industrial Equipment Businesses for Greater Cost-effectiveness

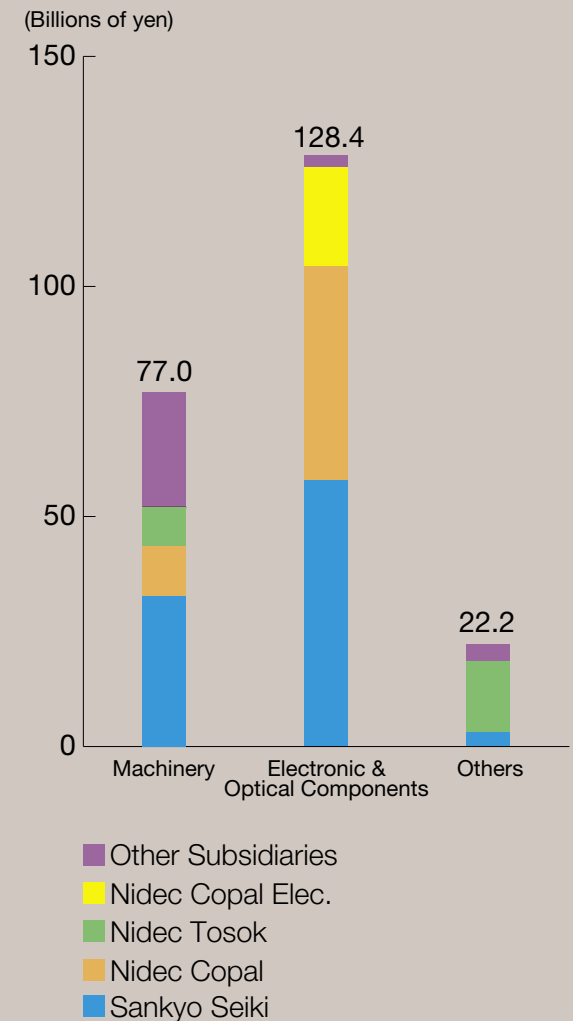
Machinery, Electronic & Optical Components and Others

Results & Strategy

Profitability Improvement

Machinery	Sankyo Seiki (Industrial Robots, Card Readers)
Electronic & Optical Components	Sankyo Seiki (Optical Pickups, Home Electronics, Machined Parts) Nidec Copal (Optical Components, Machined Parts, Electronic Components) Nidec Copal Electronics (ECU Module, Sensor, Actuator)
Others	Nidec Tosok (Automobile Parts)

Sales & Shipment



FY2005 Forecasts

Millions of yen

	2004	2005	Change
Net Sales	¥485,861	¥520,000	+7.0%
OP	53,665	55,000	+2.5%
EBIT	57,290	55,000	-4.0%
Net Income	33,455	34,000	+1.6%

- U.S.GAAP-based
- Exchange Rate: ¥105=US\$1

FY2005 Focus Points

I. Strategic Investments

II. Profit Management

I

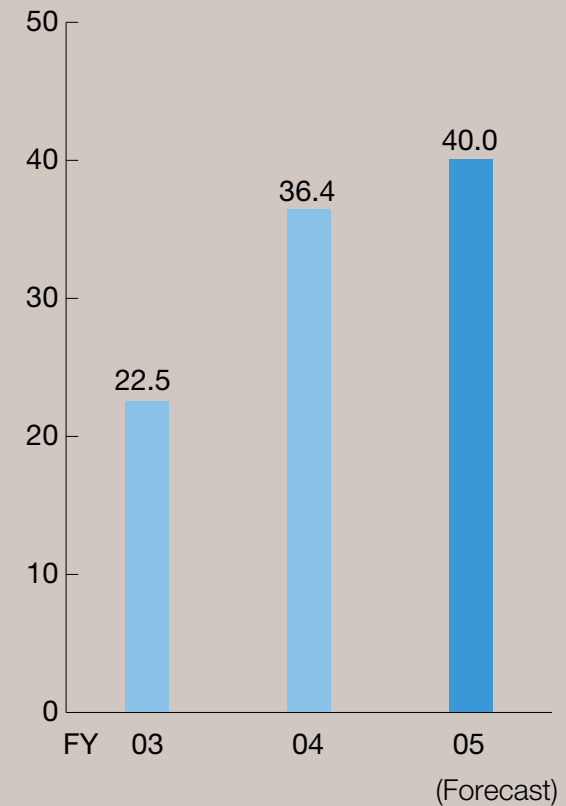
Strategic Investments

- **Manufacturing**
- **Capacity**

- **R&D**

Capital Investments

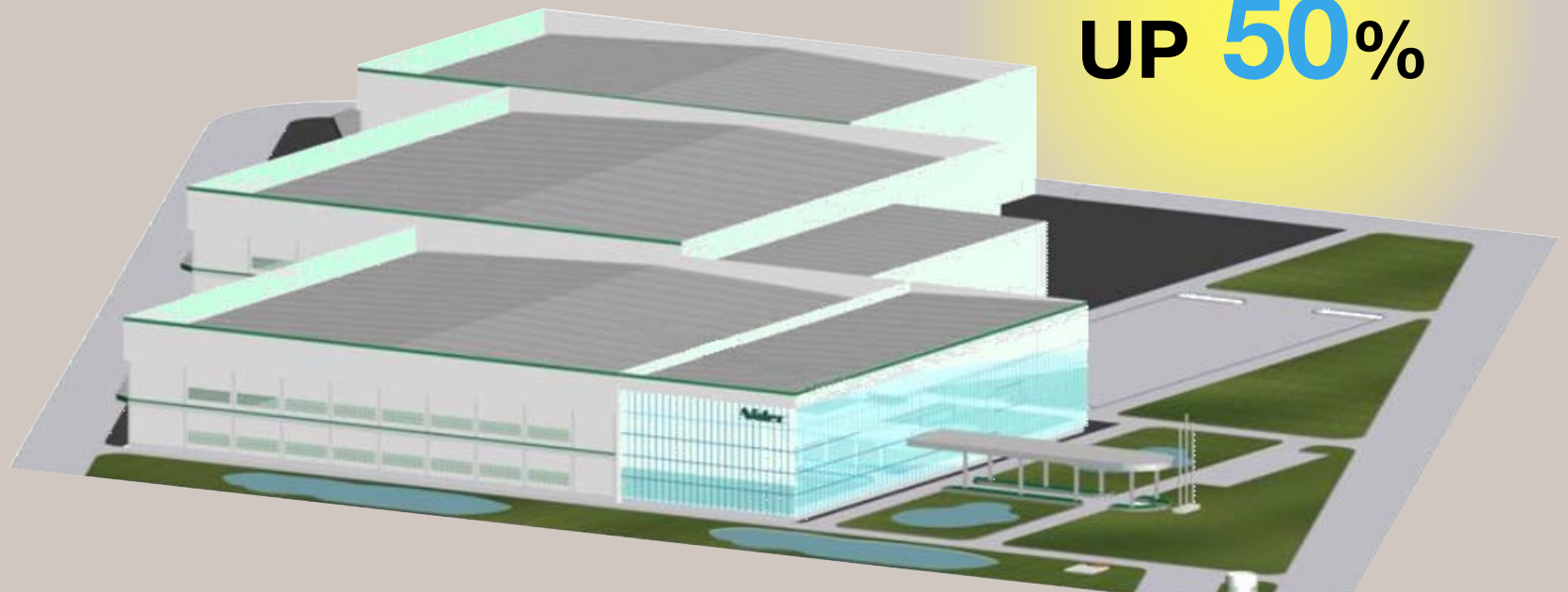
(Billions of yen)



New Factories in Thailand

- **HDD Motor Production**
- **The World's Largest Capacity**
- **Startup in July 2006**

Capacity
UP 50%



Investments in Vietnam

- **Mega-manufacturing Base following China**

Country-risk Diversification

High-quality Labor & Tax Benefits



I-c

Saigon High-tech Park, Vietnam

- Nidec DC Motors
- Sankyo Seiki* Optical Pickups
- Nissin Kohki* Mold Tools



* Name changes effective from October 1, 2005

Sankyo Seiki Mfg. Co., Ltd. → Nidec Sankyo Corporation

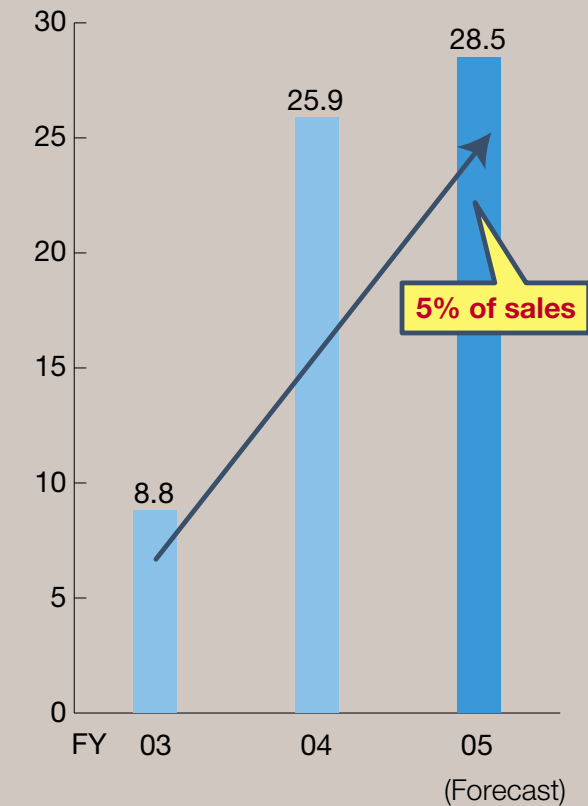
Nissin Kohki Co., Ltd. → Nidec Nissin Corporation

- Motor Engineering Research Laboratory



R&D Expenses

(Billions of yen)



II. Profit Management



Maximize Net Income



Broaden M&A Choices

- **Tax Benefits Overseas**

Thailand

**8-year Tax Holiday for:
New HDD-related Production**

Vietnam

**8-year Tax Holiday for:
Production in Saigon High-tech Park**

Increase Ownership in Subsidiaries

• Minimize Profit Outflow

	Mar. 2004	Mar. 2005
Sankyo Seiki	51.84%	56.14%
Nidec Copal	50.46%	53.62%
Nidec Tosok	57.62%	58.63%
Nidec-Read	58.04%	58.21%

**Net Income
Increases**

On October 1, 2005, Sankyo Seiki Mfg. Co., Ltd. will be renamed "Nidec Sankyo Corporation"

II-c

Raise Credit Rating

- **Reduce Funding Cost**

**90% Cut
in Short-term
Borrowing Cost**

Japan Credit Rating Agency, Ltd. (JCR)	Long-term Debt	A- → A
Rating and Investing Information, Inc.	Issuer / CB	BBB+ → A-

- **Investment Efficiency Improved**
- **Financing Capacity Increased → Broader M&A Choices**

Return to Shareholders

I. Profitability Improvement

II. Dividend Policy

I

Profitability Improvement

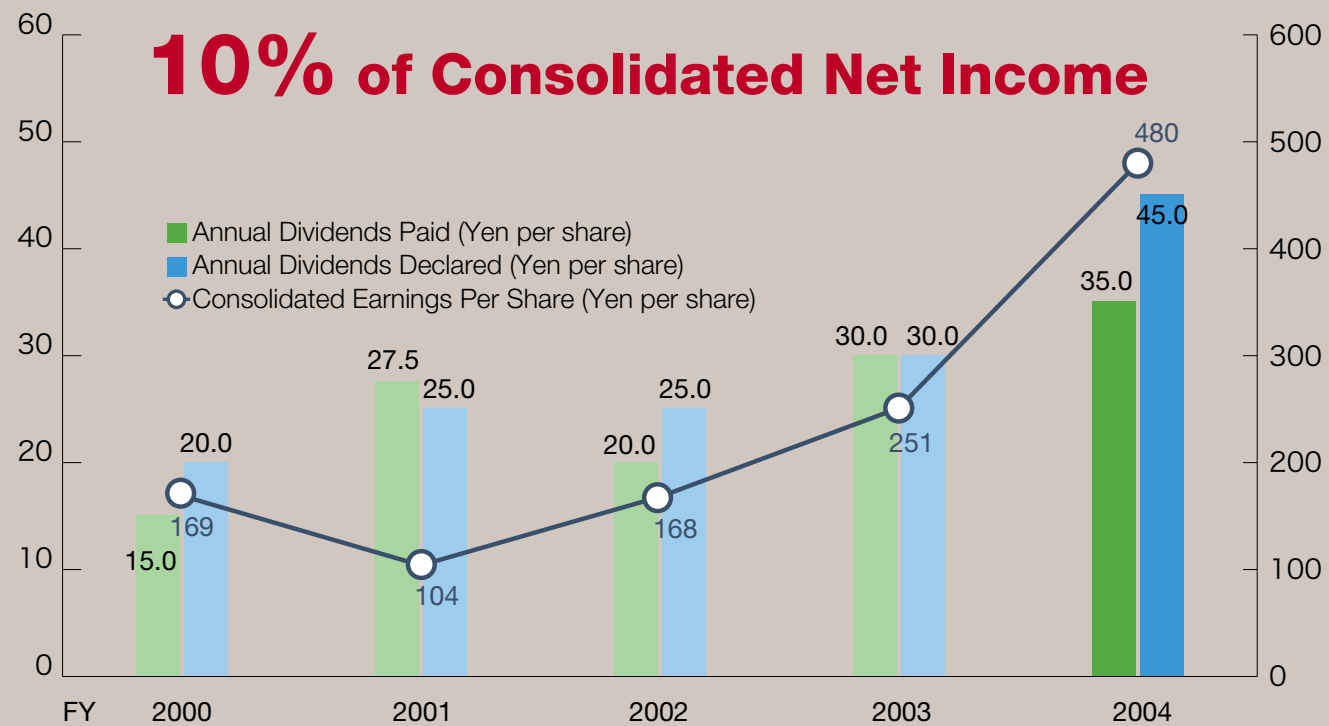
- **1.5% Annual Improvement in OPM**
- **15% FY2008 Target OPM**

- **More In-house Production**
- **OPM improvements in all Business Segments**

II

Dividend Policy

• Profit Return in Line with Consolidated Net Income Growth



- Cash dividends paid per share reflects dividend payments received during the fiscal year, as per U.S. GAAP. Cash dividends declared per share reflects dividends announced during , and applicable to, the fiscal year, as per Japanese GAAP.
- Amount per share of common stock: one ADR (American Depositary Receipt) represents one-fourth of one share of common stock, reflecting the four-for-one ratio change that took effect as of January 1, 2004.

Nidec

**For “Everything that
Spins and Moves”**