# Nidec Corporation

NJ LISTED NYSE

# Financial Results for the Year Ended March 31, 2006

**< U.S. GAAP >**

April 26, 2006

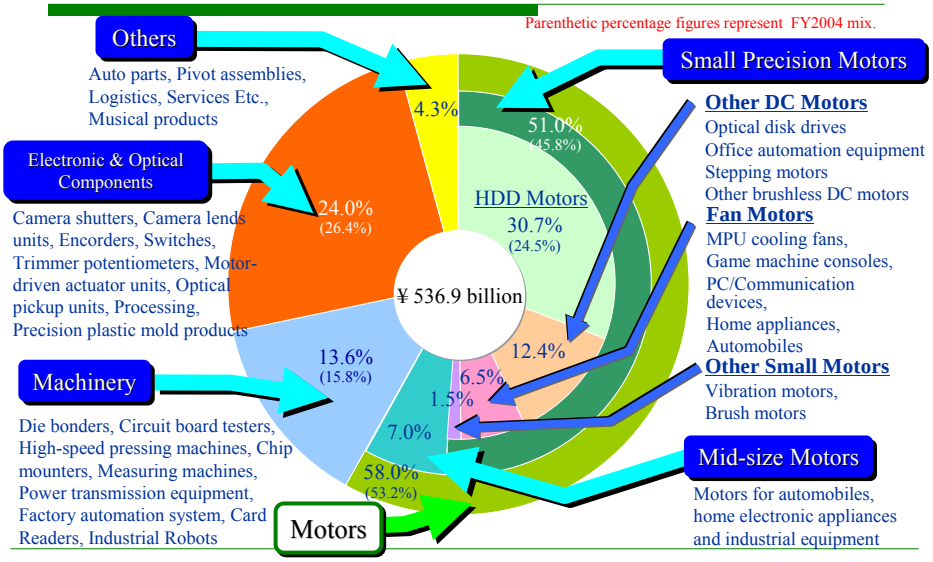
This presentation material and our statements made during the Meeting regarding the Nidec Groups' financial results contain forward-looking statements including expectations, judgement, plans, and strategies. The forward-looking statements are based on management's assumptions and belief in light of 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 factors include, but are not limited to: fluctuation of currency exchange rates, overall supply and customer demand in the motor industry, product development and production capabilities, performance of affiliated companies, and other risks and uncertainties. Nidec undertakes no obligation to update forward-looking statements to reflect events or circumstances that occur after the date

## Summary of FY2005

- Sales, EBIT, Net Income and EPS hit record highs, surpassing original forecasts
- Annual Dividends per share up ¥20* to ¥65*
- "Small Precision Motors" Up 23% in Sales, 37% in Operating Income driven by strong HDD Motor demand
- "Mid-size Motors" incurred loss mainly due to increased R&D expenses on automotive motors
- "Machinery," "Electronic & Optical Components" and "Others" lowered profits partly because of delay in new product ramp-up.

*A two-for-one stock split was implemented for shareholders of record as of Sep. 30, 2005. The data indicate dividends per share on a pre-split basis.

# Sales by Business Segment (FY2005)





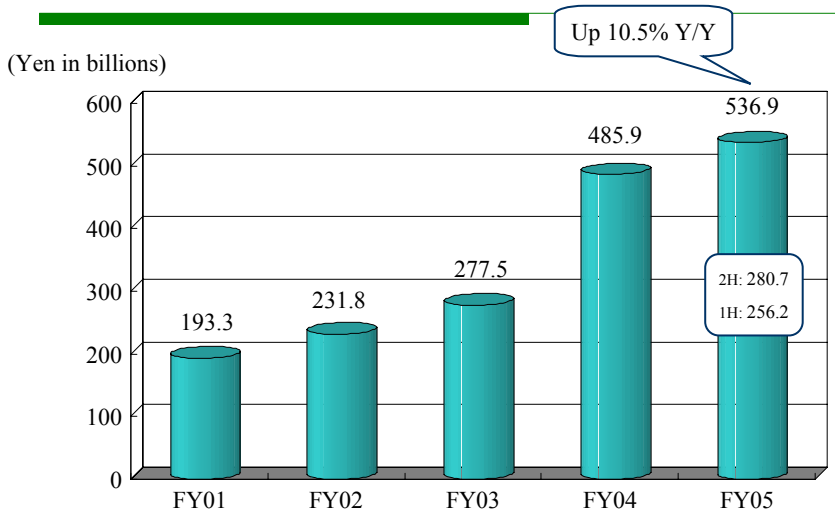

# Profit/Loss

| (Yen in millions) | FY03 | FY04 | FY05 | Change |
|---|---|---|---|---|
| Net Sales | 277,497 | 485,861 | 536,858 | +10.5% |
| Operating income | 22,015 | 53,665 | 53,426 | -0.4% |
| (OP Income ratio) | (7.9%) | (11.0%) | (10.0%) | |
| EBIT | 19,639 | 57,290 | 64,378 | +12.4% |
| Net Income | 16,089 | 33,455 | 40,949 | +22.4% |
| EPS (¥) | 251.14 | 479.74 | 570.94* | +19.0% |
| FX (¥/$) | | | | |
| Average: | 113.07 | 107.55 | 113.31 | +5.4% |
| Term end: | 105.69 | 107.39 | 117.47 | +9.4% |

Impact of FX rate change: (Y/Y)
FX gain: +¥ 5.5 billion

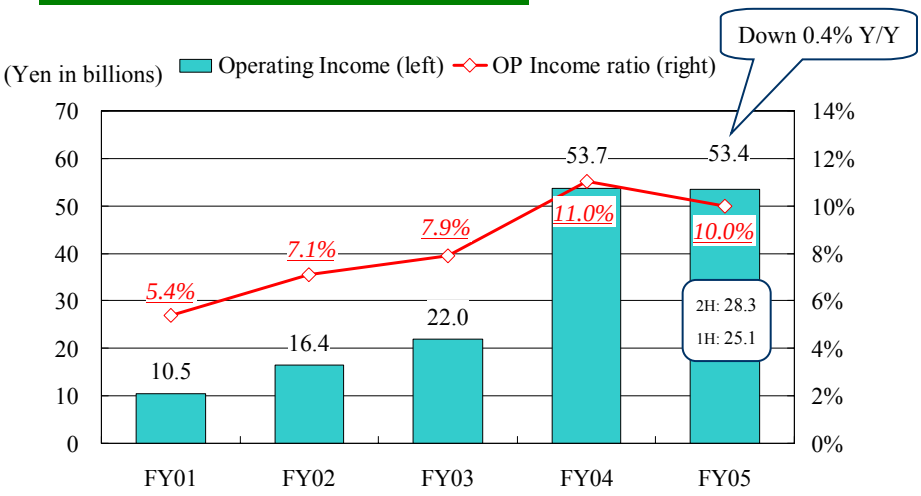
* A two-for-one stock split was implemented for our shareholders of record as of Sep. 30, 2005. The indicated EPS has been calculated on a pre-split basis. On a post-split basis, this translates into 285.47 yen per share.

# Consolidated Net Sales

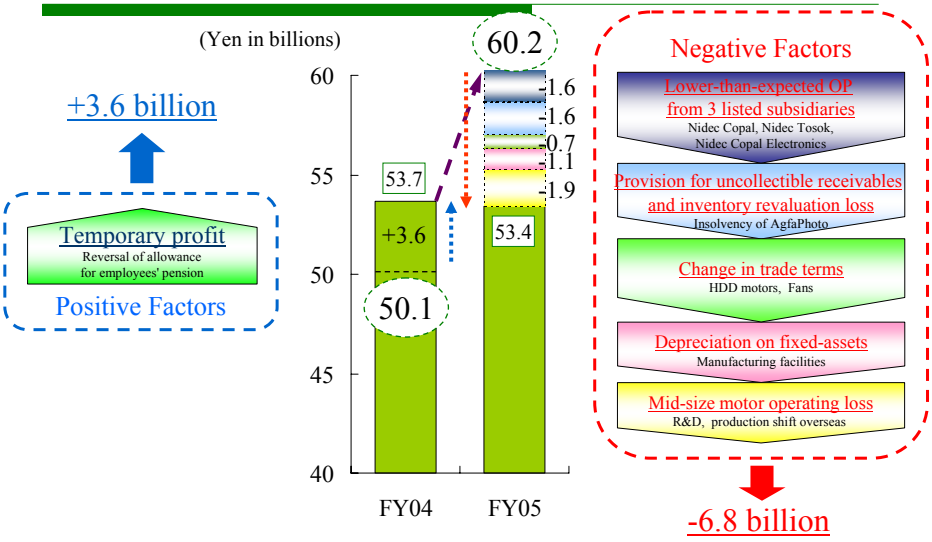





# Consolidated Operating Income & Operating Income Ratio

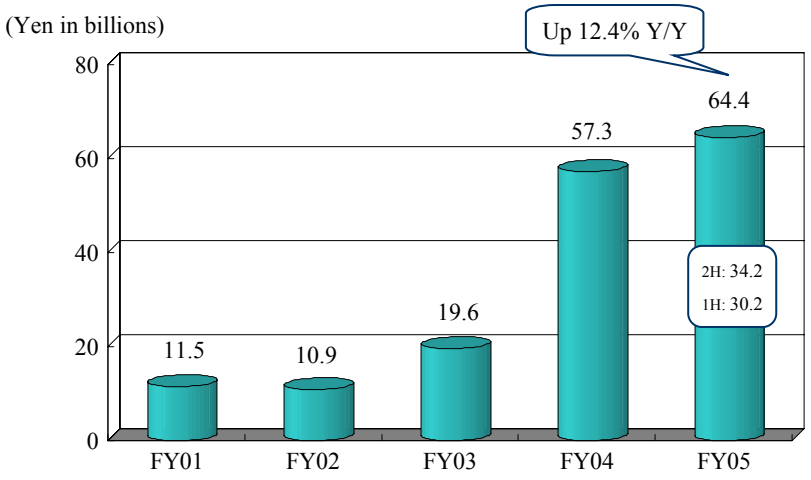


# Factors in Operating Income change (Y/Y)

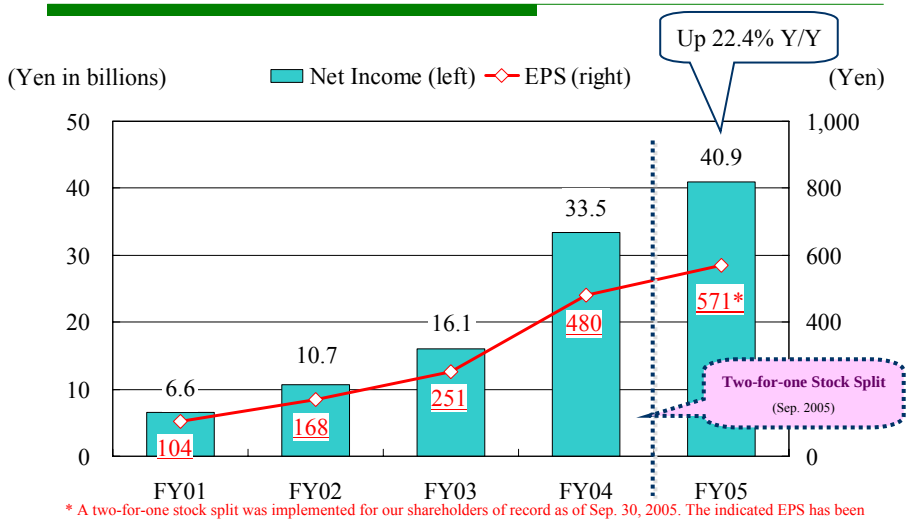





# Consolidated Income Before Tax



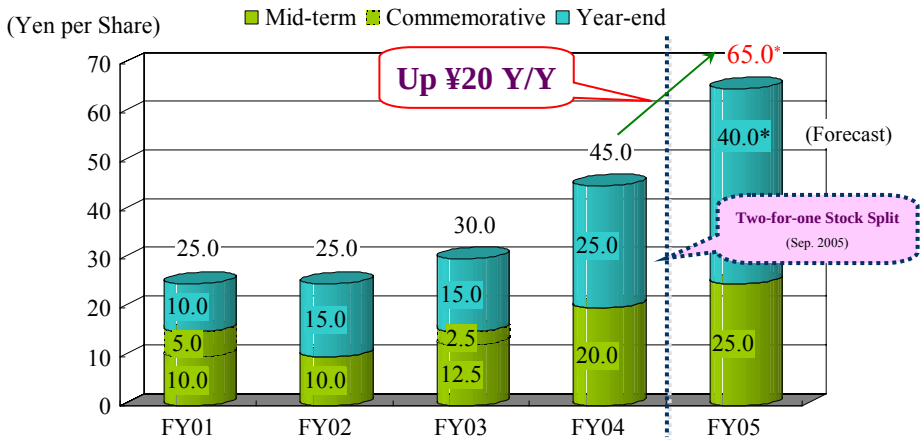
# Consolidated Net Income & EPS




* A two-for-one stock split was implemented for our shareholders of record as of Sep. 30, 2005. The indicated EPS has been calculated on a pre-split basis. On a post-split basis, this translates into 285.47 yen per share.

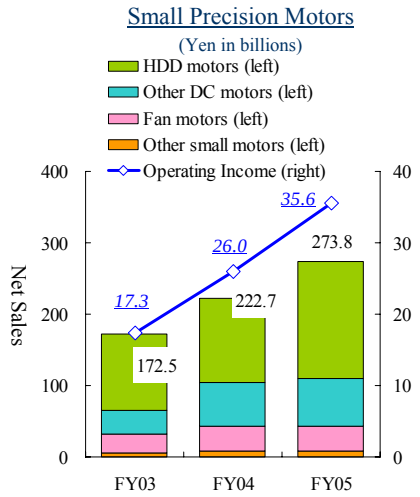


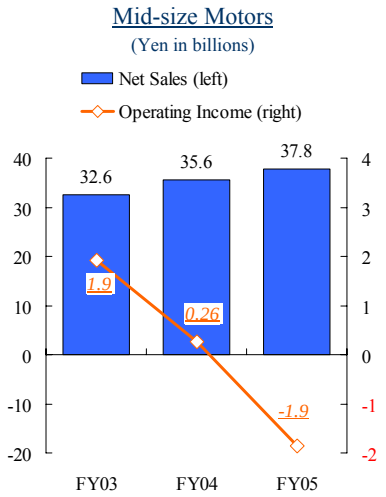
# Annual Dividends Per Share




* A two-for-one stock split was implemented for our shareholders of record as of Sep. 30, 2005. The indicated data indicate dividends per share on a pre-split basis. On a post-split basis, the year-end and annual dividends per share translate into 20 yen, and 45 yen, respectively.

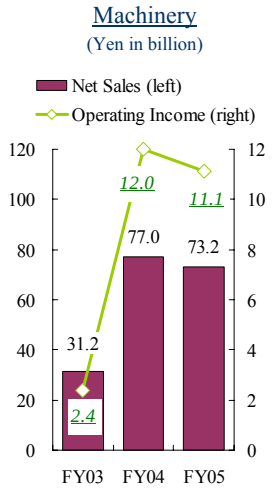
# Business Segment Results ---1
## < Small Precision Motors, Mid-size Motors >

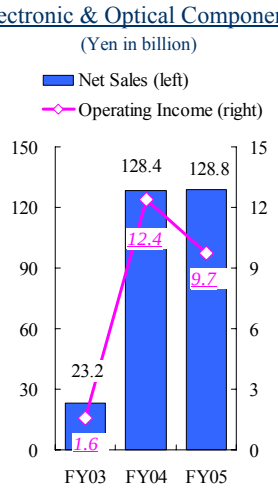


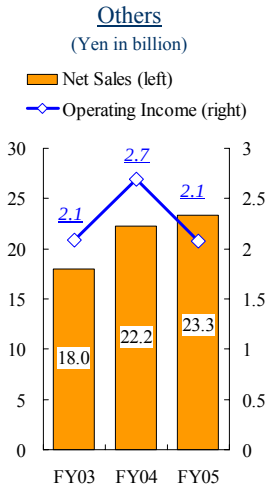





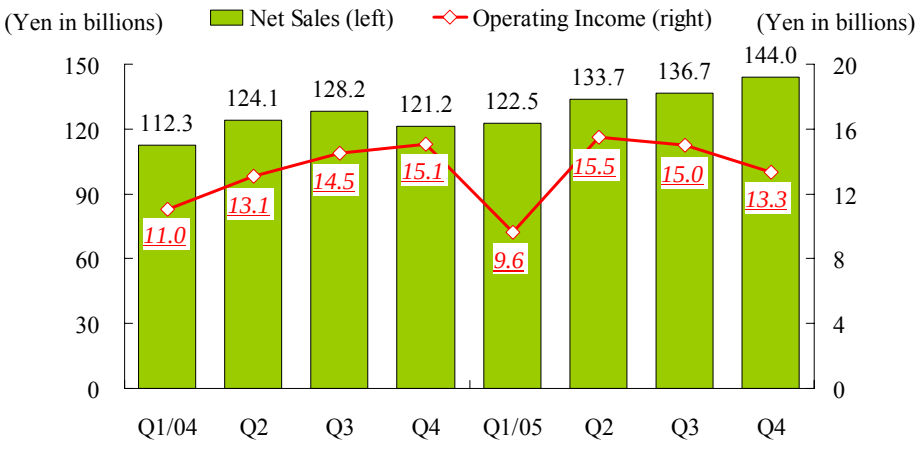

# Business Segment Results---2
## < Machinery, Electronic/Optical Components, Others >



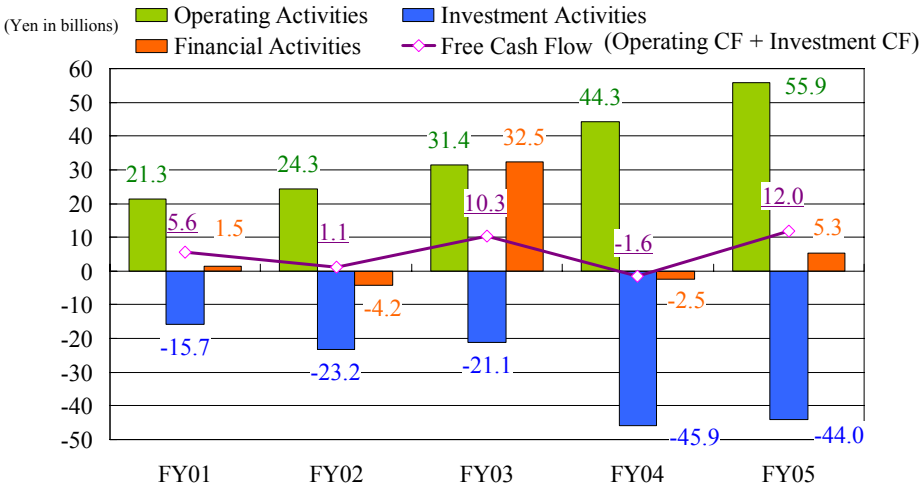



# Consolidated Quarterly Results






# Consolidated Cash Flow



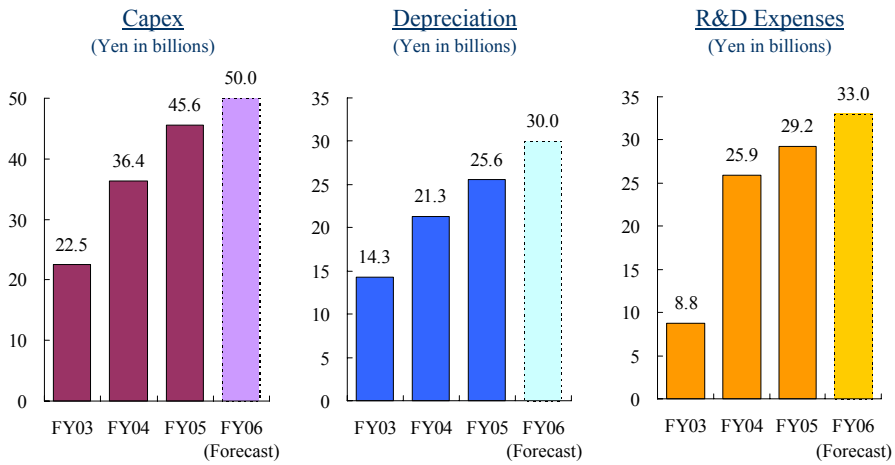
# FY2006 Forecasts

| (Yen in millions) | FY2005 | | FY2006 | | Change |
|---|---|---|---|---|---|
| | 1H results | Year results | 1H forecasts | Year forecasts | |
| Net Sales | 256,174 | 536,858 | 280,000 | 580,000 | +8.0% |
| Operating Income (OP Income ratio) | 25,078 (9.8%) | 53,426 (10.0%) | 30,000 (10.7%) | 65,000 (11.2%) | +21.7% |
| EBIT | 30,187 | 64,378 | 30,000 | 65,000 | +1.0% |
| Net Income | 20,401 | 40,949 | 18,500 | 40,000 | -2.3% |
| EPS (¥)* | 142.83* | 285.47 | 127.92 | 276.59 | -3.1% |
| FX (¥/$): Average | 109.48 | 113.31 | 115.00 | 115.00 | +1.5% |

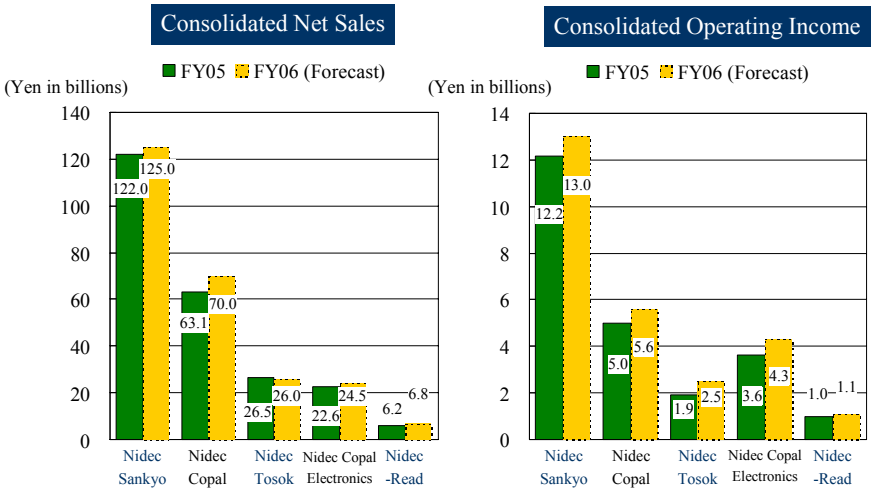
* Restated to retroactively reflect the effect of the two-for-one stock split implemented for the shareholders of record as of Sep. 30, 2005.



# Capital Expenditures, Depreciation and R&D Expenses



# Results and Forecasts (1)
## -Consolidated Subsidiaries-




*All numbers in the above charts have been prepared under the generally accepted accounting standard in Japan



# Results and Forecasts (2)
## -Consolidated Subsidiaries-

| (Yen in million) | Net Sales | | | Operating Income | | | Net Income | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY04 Results | FY05 Result | FY06 Forecasts | FY04 Results | FY05 Results | FY06 Forecasts | FY04 Results | FY05 Results | FY06 Forecasts |
| Nidec Sankyo | 122,311 | 121,994 | 125,000 | 10,353 | 12,151 | 13,000 | 17,795 | 12,672 | 10,000 |
| Nidec Copal | 69,042 | 63,094 | 70,000 | 6,408 | 5,006 | 5,600 | 4,975 | 2,660 | 3,100 |
| Nidec Tosok | 28,678 | 26,518 | 26,000 | 2,830 | 1,905 | 2,500 | 1,647 | 1,095 | 1,500 |
| Nidec Copal Electronics | 23,865 | 22,599 | 24,500 | 4,254 | 3,628 | 4,300 | 2,760 | 2,560 | 2,800 |
| Nidec-Read | 4,897 | 6,181 | 6,800 | 715 | 984 | 1,100 | 399 | 628 | 650 |
| Total | 248,793 | 240,386 | 252,300 | 24,560 | 23,674 | 26,500 | 27,576 | 19,615 | 18,050 |

*All numbers in the above tables have been prepared under the generally accepted accounting standard in Japan

# Business Segment Information

Small Precision Motors

- HDD Motors
- Other DC Motors
- Fan Motors

Mid-size Motors

Machinery

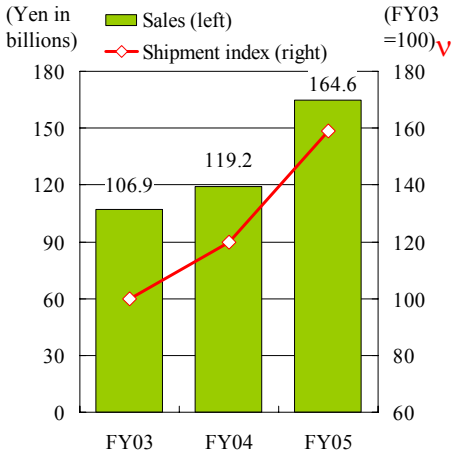
Electronic & Optical Components

Others



# HDD Motors: FY2005 Results

Sales & Shipment index




- **Record Sales and Shipments**
- **Strong Demand for Market-leading Sub-2.5" HDD Motor**

- Sales
  - Up 38% Y/Y
- Shipment
  - Up 32% Y/Y
- Yen-based ASP
  - Up 4% Y/Y

# HDD Motors: Strategy---1

- Groundwork to meet a 15%-plus annual demand growth
  - Capacity Increase in China and Philippines

Clean-room Expansion in Apr. 06

Up 3M units per month !

Clean-room betterment in Apr. 06

Up 3.5M units per month !

  - New Thailand factory Start-up in Oct. 2006

6M units per month planed !

Closely geared to Perpendicular Recording Technology

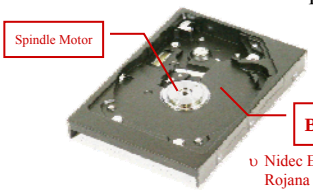
Automatized production lines

# HDD Motors: Strategy---2

- Boost up HDD component Production

**Base-plate**

- Machining capacity: 2.5" HDD base-plate
- Plant expansion:
  Nidec Precision Thailand
  and Nidec Precision Philippines




- Nidec Electronics (Thailand) Corp. Rojana Factory
- Nidec Precision Thailand Corp.
- Nidec Philippines Corp.
- Nidec Subic Philippines Corp.
- Nidec Precision Philippines Corp.

**Sintered-alloy FDB**

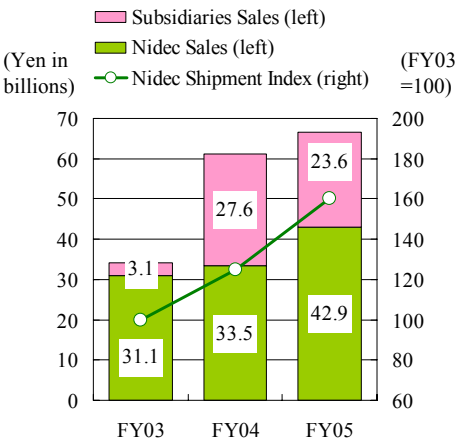
- Capacity building: NTN-Nidec Zhejiang
- Start-up: NTN-Nidec Thailand(Jun. 2006)

From 5M To 7M units/month

First-stage capacity: 3M units/month

# Other DC Motors: FY2005 Results

Sales & Shipment index




- Record Sales and Shipments
- Strong Demand for Notebook-directed Slim-type ODD Motor

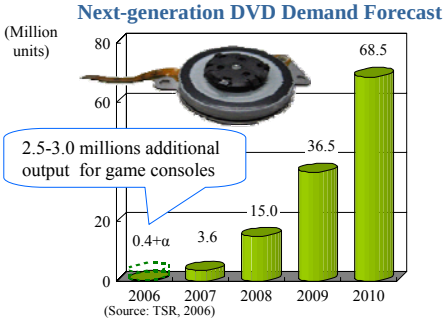
- Sales
  - Up 9% Y/Y
  - Up 28% Y/Y (Nidec)
- Shipment
  - Up 28% Y/Y (Nidec)



# Other DC Motors: Strategy

- **Conformance to Next-generation DVD Standards (Blu-Ray/ HD-DVD)**

Next-generation DVD Demand Forecast




**Dominant position in growth market**
Share-up with dual-use motors

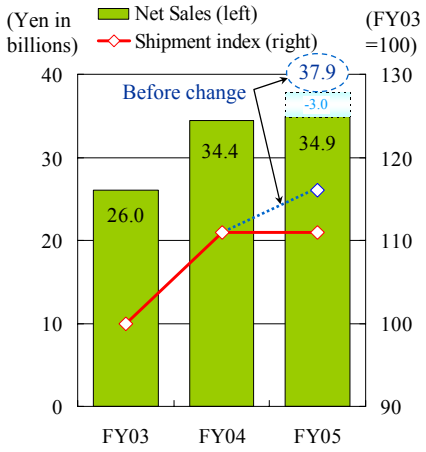
**Transformation to**
**Highly profitable Market**

Greater competitiveness through
**Technical differenciation**

- **New products for OA equipment and sales boost for standard motors**

# Fan Motors: FY2005 Results

Sales & Shipment index




- **Record sales**
- **Modest increase resulting from a change in trade terms**

- Sales
  - Up 1% Y/Y
- Shipment
  - Flat Y/Y
- Yen-based ASP
  - Up 1% Y/Y



# Fan Motors: Strategy

- Three-New Strategy (New Market, New Product, New Customer)

<Japan>

Win and Retain major customers

For amusement applications

For notebook PC

<Overseas>

Win top-five U.S. customers

U.S. Market

Taiwanese Market

Production Base

-New footing after Dalian and Dongguan

-Greater tax advantages

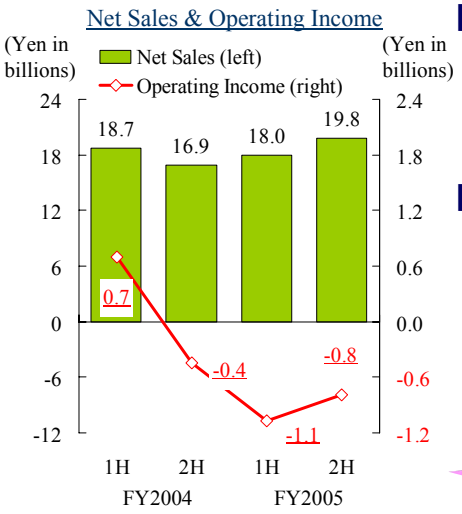
Nidec Vietnam under construction (Start-up in Jun. 06')

R&D

-Standardization of high-end fan motors

-Focus on quality, cost, time to market

# Mid-size Motor: Strategy




- For Automobiles
  - New orders for EPS motors →production hike
  - Development of high performance motors for hybrid-cars (over 10kW)
- For Home Appliances and Industry Equipment
  - Complete production shift to China
  - New product development and sales

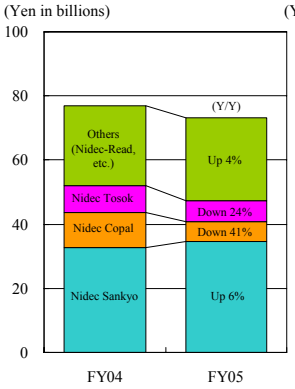
Back in the Black



# Machinery, Electronic & Optical Components and Others: FY2005 Results <Sales by subsidiaries>

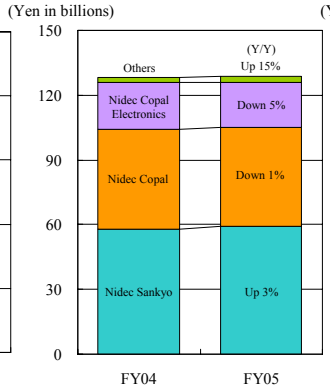
<Machinery>

Slowdown in SC Equipment (Nidec Tosok) and Laboratory Systems (Nidec Copal)



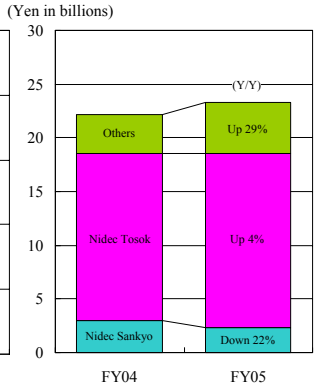

<Electronic & Optical Components>

Slowdown in Optical Components (Nidec Copal) and Electronic components (Nidec Copal Elcs)




<Others>

Automobile Parts (Nidec Tosok) under metal-price pressure



## Machinery, Electronic & Optical Components and Others: Strategy

- Machinery
  - Industrial Robot

    8th-9th generation LCD-panel handling robot⇒Big volume production

    Semiconductor-wafer handling robot⇒Production capacity increase

    (The 4th factory in Japan)
- Electronic & Optical Components
  - Optical Pickup

    High-value-added models⇒Yield improvement
  - Digital Camera Lens Unit, Cellphone Lens and Shutter

    New models⇒Volume production
- Others
  - Automotive Components

    Cooling Fan motors ⇒Production shift to a specialized factory

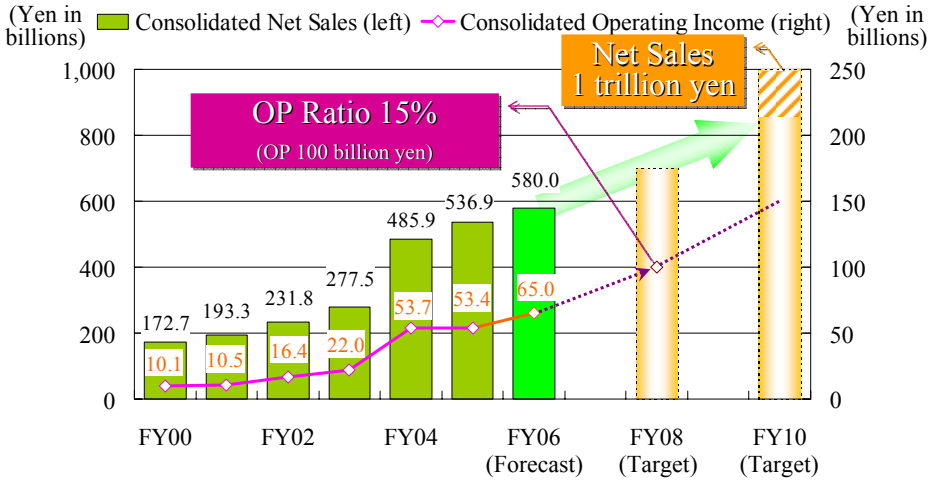
    (Nidec Tosok Vietnam)



# Mid-term Target and Strategy

(~ FY2010)

# Mid-term Target






# Toward 1 trillion yen sales in FY2010

- M&A Strategy Unit
  - Corporate Strategy Office in Tokyo
    Outside experts invited for Nidec's M&A activity
  - Group of professionals in foreign company acquisition
  - Headed by Mr. Juntaro Fujii
    (to be nominated as Executive Vice President on June 22)

Mr. Juntaro Fujii (Profile)

- June 1998 President, Tokyo-Mitsubishi International Plc.
- May 2000 Managing Director, The Bank of Tokyo-Mitsubishi Ltd.
- June 2001 President, Tokyo-Mitsubishi Securities Co., Ltd.

# *Nidec Everywhere*

## Nidec Corporation

http://www.nidec.co.jp/english/index.html

NJ
LISTED
NYSE