Acquisition of Honda Elesys: Enhancing Automotive Motor Business

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I. Our Strategy for Automotive Motor Business and Objectives of the Transaction
Single Focus
FY2012 Sales: 709.3 Billion Yen
FY2015 Sales: 1.2 Trillion Yen (Target)

4 Pillars
(Sales in billions of Yen)

Key Growth Areas
Automotive
Appliance, Commercial, and Industrial
Other Product Groups

Growth Strategy for Automotive Motor Business
Combining ECU with three product lines, we aim to become global No.1 automotive motor system manufacturer

Electric Power Steering Motors
Seeking No.1 market share in electric power steering

Brushed Motors
More effective marketing of small, light, and thin motors

Brushless Motors
Wider application of small and efficient motors
Entry into EV/HEV drive motor market

ECU
Higher value via modularization

Electronic Control Unit
Expansion Strategy for Automotive Motor Business

From discrete motors to systemized and modularized motor units: Aiming to accelerate shift in focus to higher value products

- Module for window lifter/sunroof
  - Ongoing effort for order intake in FY2013

- Fan module for engine cooler
  - Expected order intake from FY2013

- Module for engine oil pump
  - Mass production started in March 2013

- Electric power steering powerpack
  - Expected order intake from FY2013

- Traction motor + inverter
  - Prototype delivered in FY2012

Integration with Honda Elesys

We endeavor to bring together the strengths of the Nidec Group companies, aiming to become a leading automotive electronics manufacturer

- Competing with the world’s leading automotive electronics manufacturers
- Entry into advanced safety system market
- Strength of global operation platform
- Our Automotive Motor Business
  - Dedicated manufacturer of motors and actuators with strong customer base in Europe, Americas and Japan
- Honda Elesys
  - Automotive ECU manufacturer with advanced safety system capabilities
Post Integration Business Structure

Integration Collaboration under common strategy

Nidec's Automotive Motor Business

Collaboration

Nidec Copal

Nidec Sankyo

Nidec Tosok

Nidec Kaiyu Auto Electric

Honda Elesys

Seeking to maximize synergies through efficient integration effort

Strength & Weakness (Nidec/Elesys)

Nidec's automotive motor business

1. Experience/achievement in Motors & Actuators
2. Global customers (30+ customers) (global sales network and customer base)
3. Competitive speed and cost
4. Many team members with OEM/part manufacturer background

Honda Elesys

1. Capabilities of systematization, productization and advanced elemental technology
2. Know-how for R&D, production and quality management of ECU
3. Appropriate scale of operations to give a flexible response
4. Experienced Engineers

Mutually and Complementarily combined

1. Limited capability of systematization and control technology
2. Limited R&D and production capacity for ECU

1. Business model tailored for specific customer base
2. Limited sales networks
Expected Synergy Goals: Expansion of Automotive Motor Business

With a sales target of ¥300 bil in FY2015, Nidec aims to transform from a component manufacturer to a module systems manufacturer through integration with Honda Elesys.

1. Introduce EPS Powerpack by combining Honda Elesys’ ECUs and Nidec’s EPS motors
2. Introduce motor module systems by adding Honda Elesys’ ECU capabilities to Nidec’s non-EPS discrete motor business
3. Introduce advanced safety systems by combining Honda Elesys’ safety ECUs and Nidec group’s sensors / motors under OEM partnership
4. Develop new systems for EV/HEV drive motors

Expected Synergy Goals: Synergy in Sales

- Nidec is developing business with automakers around the world through more than 30 customers globally
- Honda Elesys is expected to be in a position to expand its business through Nidec’s sales network

Main customers by region (based on FY2013 sales plan)
Expected Synergy Goals: Sales/R&D synergies

- Elesys’ R&D base
- Nidec’s R&D base
- Elesys’ sales branch
- Nidec’s sales branch

- NCHS (China)
- NCEU (Germany)
- NCKS (Korea)
- NAMA (North America)

- Sales branch
- R&D base

- NMA (Japan)
- NMA (Germany)
- NMA (Poland)
- NMA (Spain)

- ECU manufacturing facilities to enhance our global production capabilities
II. Honda Elesys and Nidec’s Integrated Strategies in Advanced Safety System Areas

Areas of Potential Collaboration Between Nidec and Honda Elesys (Advanced Safety Systems)

- Comfort
  - Adaptive cruise control collision mitigation systems
  - Lane keeping systems
  - Motion adaptive EPS
  - Traffic sign recognition
  - High beam support
  - Advanced full-time four-wheel drive

- Active safety systems
  - Lane mark

- Driving support

- Warning

- Collision avoidance systems
  - Lane mark

- Passive safety systems

- Frontal collision
  - Seatbelt pretensioner

- Collision
  - Passenger recognition system / Passenger posture recognition sensor
  - Supplemental restraint system

Key product areas for Nidec and Honda Elesys