

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

NIDEC CORPORATION (security code: 6594)

<Affirmation>

Long-term Issuer Rating: AA-
Outlook: Stable
Bonds: AA-
CP: J-1+

Rationale

- (1) NIDEC CORPORATION (the "Company") is a comprehensive motor manufacturer that handles motors for hard discs (HDD), automobiles, appliances and commercial and industrial products. Its market share for the HDD spindle motors exceeds 70%, overwhelming the rival companies, and will likely increase to over 80% as a competing company is withdrawing from this product sector. The Company, which seeks to transform its business portfolio in anticipation of the shrinking of the HDD market, is working hard to expand the "automotive, appliance, commercial and industrial products" category partly with M&As.
- (2) The business portfolio transformation is steadily in progress. As an example, sales of the "automotive, appliance, commercial and industrial products" category topped those of the small precision motors category, which includes HDD spindle motors, for the first time in the last fiscal year ended March 2015 (FY2014). The "automotive, appliance, commercial and industrial products" category, with the increasing operating income, is now driving the growth of the overall earnings. HDD spindle motors are also performing well with the Company's profitability-oriented operations. The overall earnings are increasing with these factors and the FY2014 operating income hit a record high for the first time in four years. Earnings will likely remain solid with, for example, growing contribution of the automotive motors. At the same time, the financial balances show a marked improvement with the strengthening of the earning/ cash flow generating abilities and the conversion of convertible bonds. The above-mentioned trends of the earnings and financial condition are in line with JCR's assumption as of when it upgraded ratings of the Company last year. The Company, with possible large M&As in the future, needs to maintain and further improve the financial balances. With these factors JCR affirmed the ratings with outlook Stable.
- (3) Operating income is expected to grow 16.9% to 130.0 billion yen to renew the record high for the second straight year in FY2015, when the "automotive, appliance, commercial and industrial products" category is generating larger earnings. In addition, the automotive motors benefit from better fuel consumption and the tightening environmental regulations, while motors for appliance, commercial and industrial products are helped by the trend in favor of highly efficient motors. HDD spindle motors are affected by the market shrinkage due partly to the severer competition with SSDs but will likely retain solid earnings for the time being as the Company improves the product mix and expands market shares. In the small precision motors category, the time is ripe for haptic devices to become an important revenue source, and JCR pays attention to whether the Company can capitalize on this opportunity without fail.
- (4) Financial indicators showed remarkable improvement as of March 31, 2015 with the shareholders' equity to total assets being 55.0%, up from 44.4% from a year earlier, and the DER being 0.38, down from 0.68. Net debt was reduced to as low as 12.6 billion yen as of the same day and some convertible bonds were converted in this fiscal year, indicating that the cash position may become positive in the near future. While the Company will likely work on more M&As, its discipline-oriented policy for the financial operations is incorporated into JCR' ratings.

Yoshinori Namioka, Hiroaki Sekiguchi

Rating

Issuer: NIDEC CORPORATION

<Affirmation>

Long-term Issuer Rating: AA- Outlook: Stable

Issue	Amount (bn)	Issue Date	Due Date	Coupon	Rating
bonds no.1	Y65	Nov. 13, 2012	Sept. 20, 2017	0.386%	AA-
bonds no.2	Y15	Nov. 13, 2012	Sept. 20, 2019	0.595%	AA-
bonds no.3	Y20	Nov. 13, 2012	Sept. 20, 2022	0.956%	AA-
bonds no.4	Y50	Dec. 25, 2013	Dec. 20, 2016	0.207%	AA-

CP: J-1+

Maximum: Y100 billion

Rating Assignment Date: September 16, 2015

The criteria used for identifying matters which serve as assumptions for the assessment of the credit status, and the criteria used for setting of grades indicating the results of the assessments of the credit status are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Rating Policies on JCR's website (<http://www.jcr.co.jp/english/>).

Outline of methodology for determination of the credit rating is shown as "JCR's Rating Methodology" (November 7, 2014) and "Electrical Machinery" (July 13, 2011) in Rating Policies on JCR's website (<http://www.jcr.co.jp/english/>).

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