

# Results briefing on performance of the first half of the 2008 fiscal year

Performance of the first half of the 2008  
fiscal year and Forecast of  
performance of the whole fiscal year

August 14, 2008

Mabuchi Motor Co., Ltd.



- 1** Outline of performance of the first half of the 2008 fiscal year
- 2** Forecast of performance of the whole fiscal year
- 3** Future Efforts

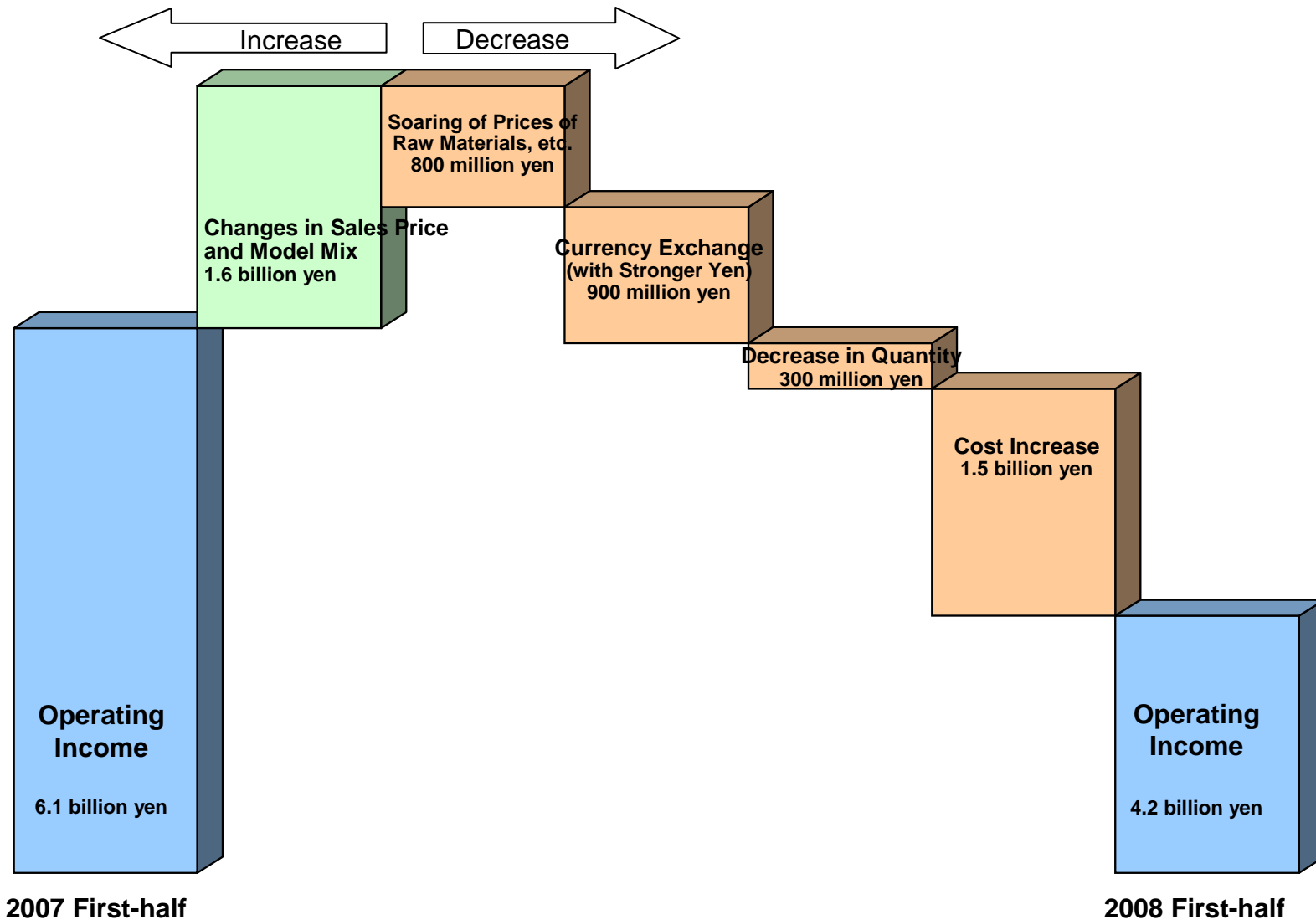
## The interim consolidated performance of the first half of the 2008 fiscal year

Unit: 100 million yen

	Performance of the first half of the 2007 fiscal year	Forecast of performance of the first half of the 2008 fiscal year (previously announced in May, 2008)	Performance of the first half of the 2008 fiscal year	Differences between forecast and actual performances	Year-to-year comparison	
					Differences	Rate of change
<b>Net Sales</b>	<b>527(100%)</b>	<b>475(100%)</b>	<b>483(100%)</b>	<b>1.9%</b>	<b>▲43</b>	<b>▲8.3%</b>
<b>Gross Profit</b>	<b>152(29.0%)</b>	<b>142(29.9%)</b>	<b>132(27.4%)</b>	<b>▲6.6%</b>	<b>▲20</b>	<b>▲13.2%</b>
<b>Operating Income</b>	<b>61(11.6%)</b>	<b>50(10.5%)</b>	<b>42(8.7%)</b>	<b>▲15.4%</b>	<b>▲18</b>	<b>▲30.6%</b>
<b>Ordinary Income</b>	<b>91(17.4%)</b>	<b>52(10.9%)</b>	<b>55(11.5%)</b>	<b>7.0%</b>	<b>▲36</b>	<b>▲39.4%</b>
<b>Net Income</b>	<b>63(12.0%)</b>	<b>35(7.4%)</b>	<b>30(6.3%)</b>	<b>▲12.8%</b>	<b>▲32</b>	<b>▲51.6%</b>
Average Rate during Period	<b>¥120.15</b>	<b>¥102.65</b>	<b>¥104.92</b>			
Year-end Rate	<b>¥123.26</b>		<b>¥106.42</b>			

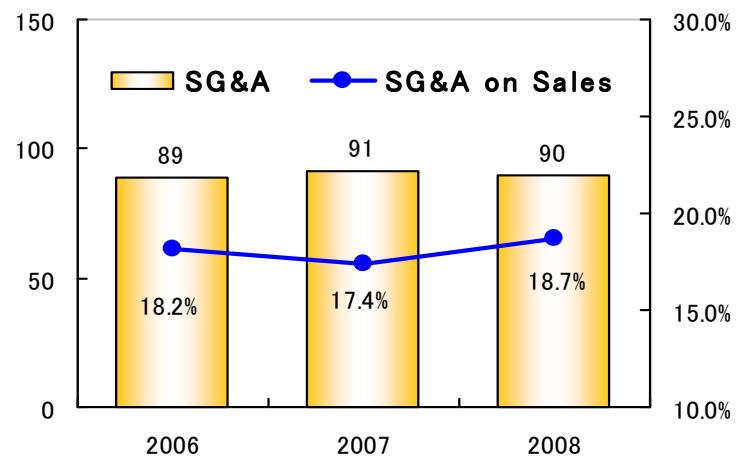
# The interim consolidated performance of the first half of the 2008 fiscal year

Analysis on Factors for Increase/Decrease of Operating Income

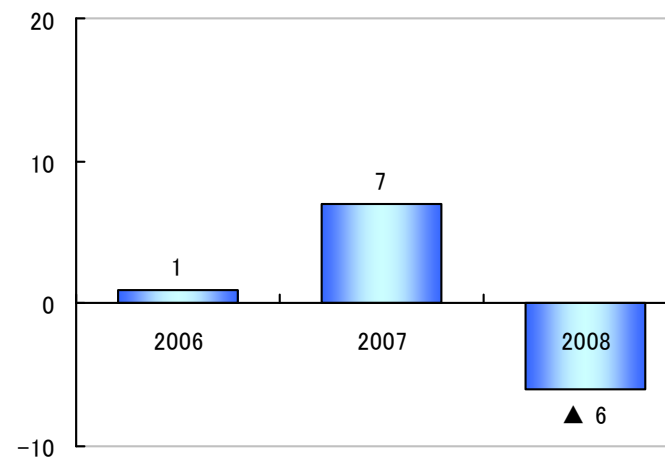


# Factors affected the interim consolidated performance

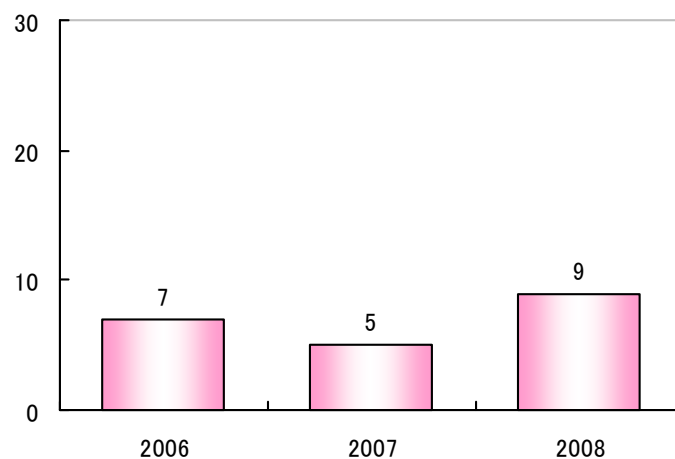
**1. Selling, General and Administrative Expenses (100 million yen)**



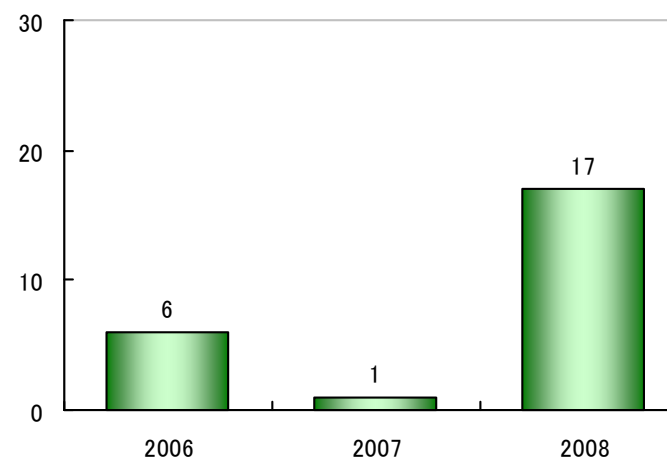
**2. Foreign Exchange Gains/Losses (100 million yen)**



**3. Extraordinary Gains (100 million yen)**

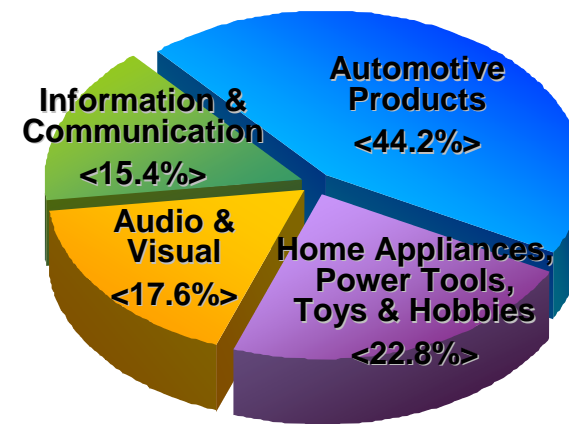
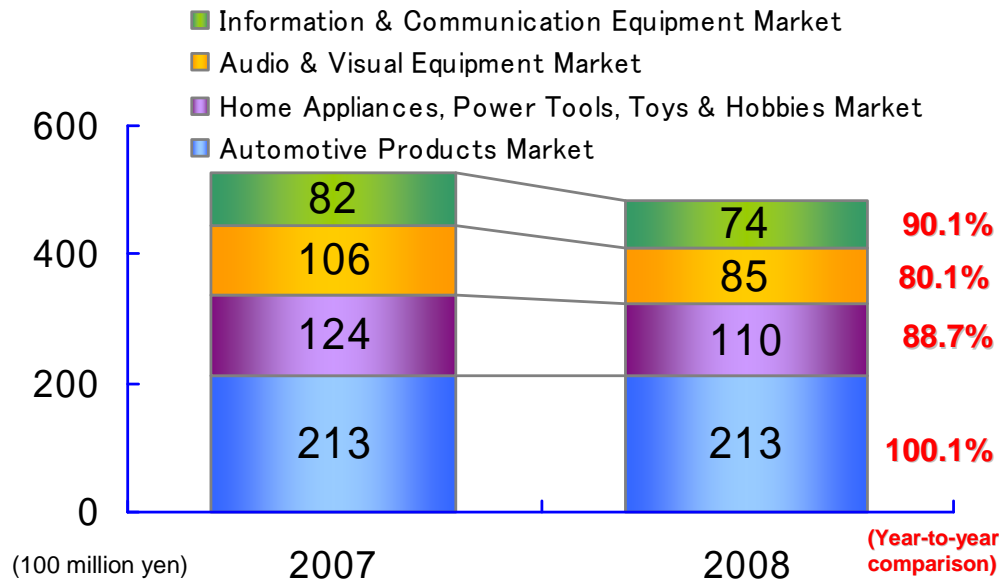


**4. Extraordinary Losses (100 million yen)**



# Sales performance of the 1st half of the 2008 fiscal year

	The first half of the 2007 fiscal year	The plan for the first half of the 2008 fiscal year	The result of the first half of the 2008 fiscal year	Year-to-year comparison	Achievement rate
<b>Quantity</b>	886 million pcs	877 million pcs	858 million pcs	96.9%	97.9%
<b>Amount</b>	52.6 billion yen (Average rate during period: ¥120.15)	47.5 billion yen (Average rate during period: ¥102.65)	48.3 billion yen (Average rate during period: ¥104.92)	91.8%	101.7%
<b>Average Unit Price</b>	¥59.39		¥56.27		

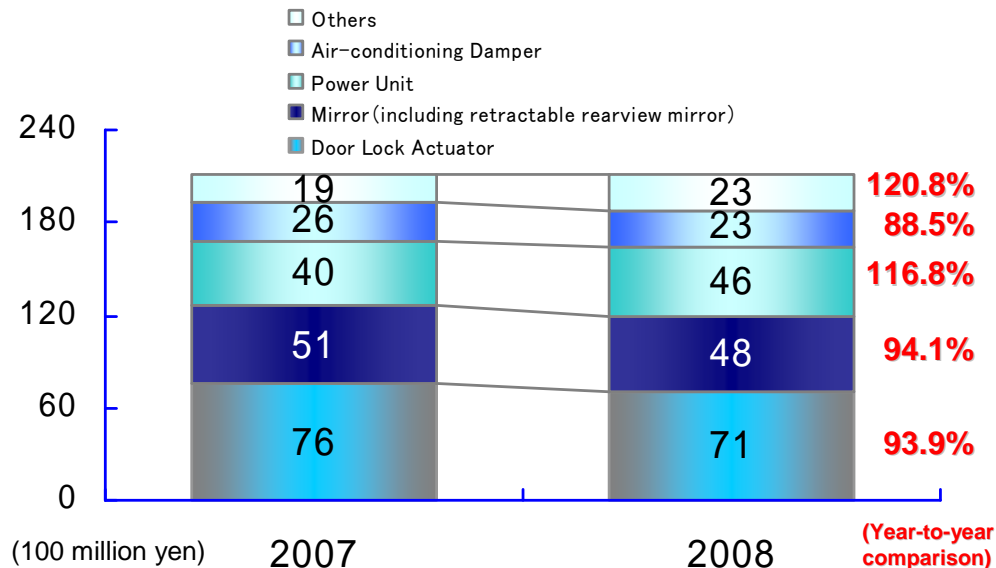


**Breakdown of Sales Total**

# Sales Performance by Market

## 【Automotive Products Market】

	The first half of the 2007 fiscal year	The plan for the first half of the 2008 fiscal year	The result of the first half of the 2008 fiscal year	Year-to-year comparison	Achievement rate
<b>Quantity</b>	278 million pcs	301 million pcs	290 million pcs	104.5%	96.4%
<b>Amount</b>	21.3 billion yen	21 billion yen	21.3 billion yen	100.1%	101.4%
<b>Average Unit Price</b>	¥76.71		¥73.48		

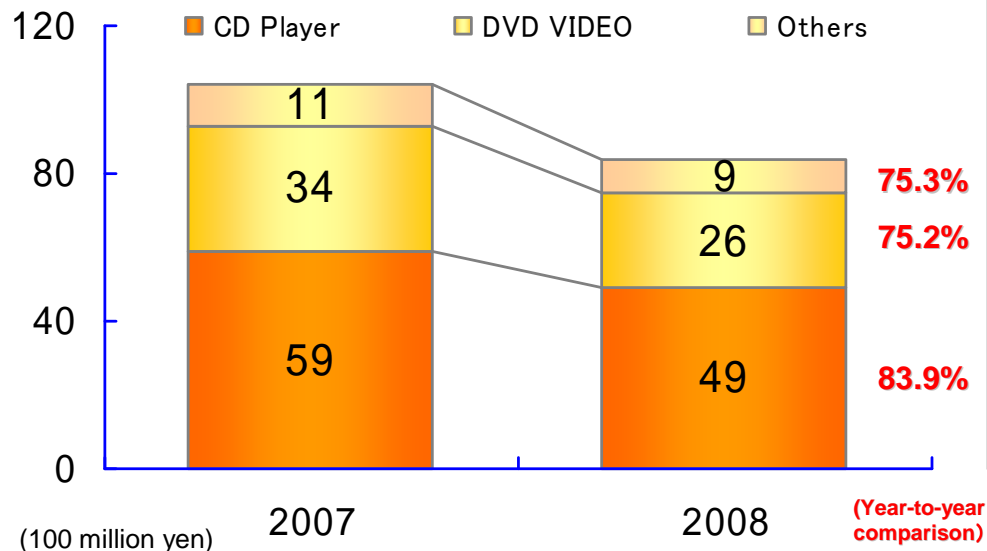


- Sales of motors for mirrors and door lock actuators remained firm.
- Sales of new motors for power window lifters were healthy. The BRICs markets for motors for power window lifters expanded.
- Market share of motors for air conditioning damper actuators increased in the European market.
- In new markets, sales of motors for steering locks, electric parking brakes, and head light beam level adjusters were favorable.

# Sales Performance by Market

## 【Audio & Visual Equipment Market】

	The first half of the 2007 fiscal year	The plan for the first half of the 2008 fiscal year	The result of the first half of the 2008 fiscal year	Year-to-year comparison	Achievement rate
<b>Quantity</b>	278 million pcs	248 million pcs	249 million pcs	89.5%	100.4%
<b>Amount</b>	10.6 billion yen	8 billion yen	8.5 billion yen	80.1%	105.4%
<b>Average Unit Price</b>	¥38.14		¥34.12		

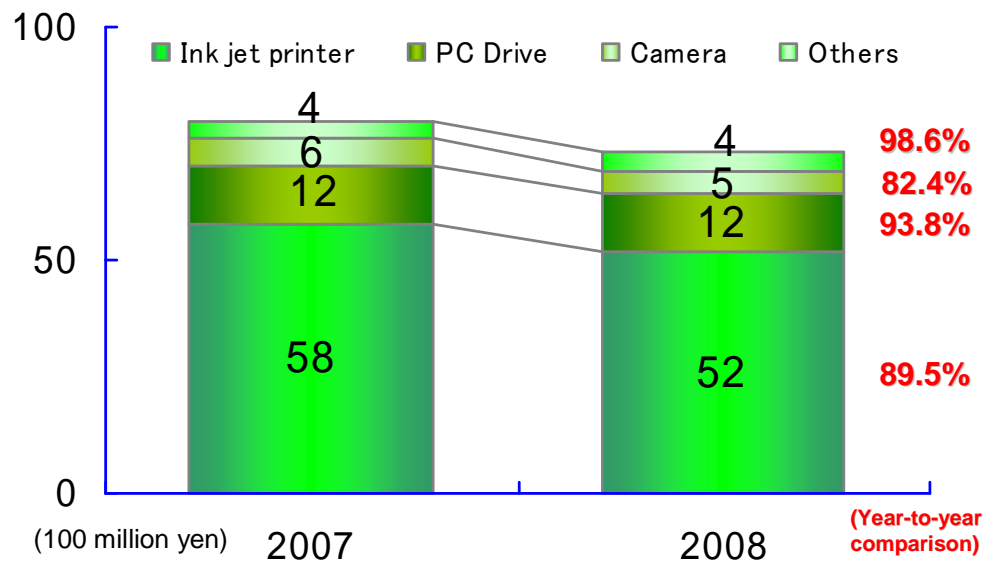


- Sales of motors for (household) CD players decreased.
- Sales of motors for in-car CD players were healthy.
- Sales of motors for DVD players decreased due to a slump in sales of the DVD players for North America.
- Regarding Others category, sales of motors for video games were continuously favorable.

# Sales Performance by Market

## 【Information & Communication Equipment Market】

	The first half of the 2007 fiscal year	The plan for the first half of the 2008 fiscal year	The result of the first half of the 2008 fiscal year	Year-to-year comparison	Achievement rate
<b>Quantity</b>	152 million pcs	149 million pcs	148 million pcs	97.8%	99.5%
<b>Amount</b>	8.2 billion yen	7.3 billion yen	7.4 billion yen	90.1%	101.2%
<b>Average Unit Price</b>	¥54.20		¥49.94		

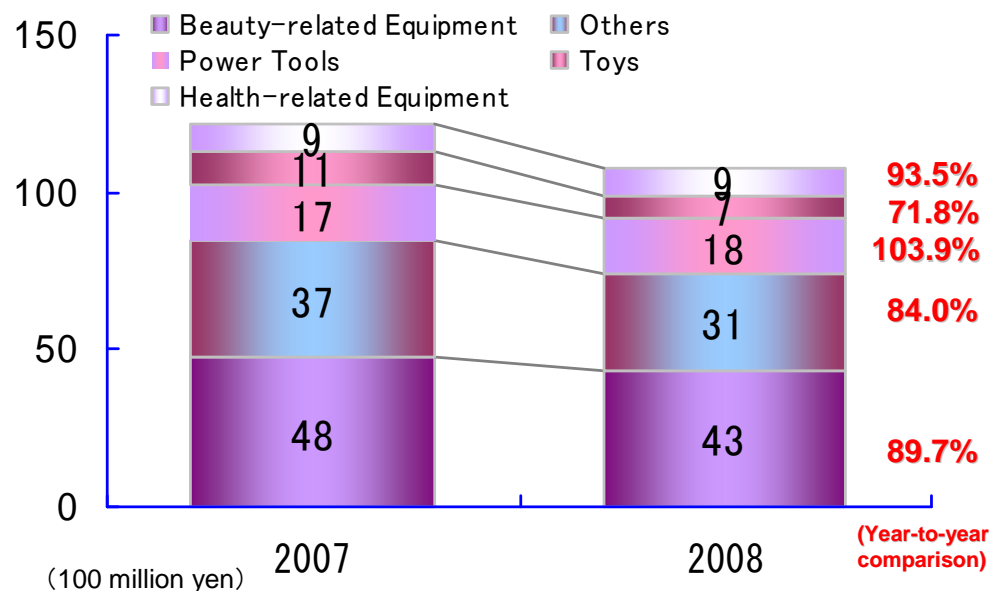


- Sales of motors for ink-jet printers remained unchanged.
- The average unit price was improved as a result of putting emphasis on profitability.
- Sales of motors for PC drives and digital cameras decreased due to decline of their market shares.

# Sales Performance by Market

【Home Appliances, Power Tools, Toys & Hobbies Market】

	The first half of the 2007 fiscal year	The plan for the first half of the 2008 fiscal year	The result of the first half of the 2008 fiscal year	Year-to-year comparison	Achievement rate
<b>Quantity</b>	177 million pcs	177 million pcs	169 million pcs	95.8%	95.7%
<b>Amount</b>	12.4 billion yen	10.9 billion yen	11 billion yen	88.7%	100.1%
<b>Average Unit Price</b>	¥70.05		¥64.84		



- For motors for electric shavers, sales of motors for middle- and high-grade shavers increased.
- For motors for electric toothbrushes, conditions of markets of low-priced electric toothbrushes deteriorated.
- Sales of motors for power tools were favorable in Europe. In addition, sales of motors for high-power tools increased.
- For motors for health-related equipment, sales of motors for blood sugar measuring instruments were steady.

- 1** Outline of performance of the first half of the 2008 fiscal year
- 2** Forecast of performance of the whole fiscal year
- 3** Future Efforts

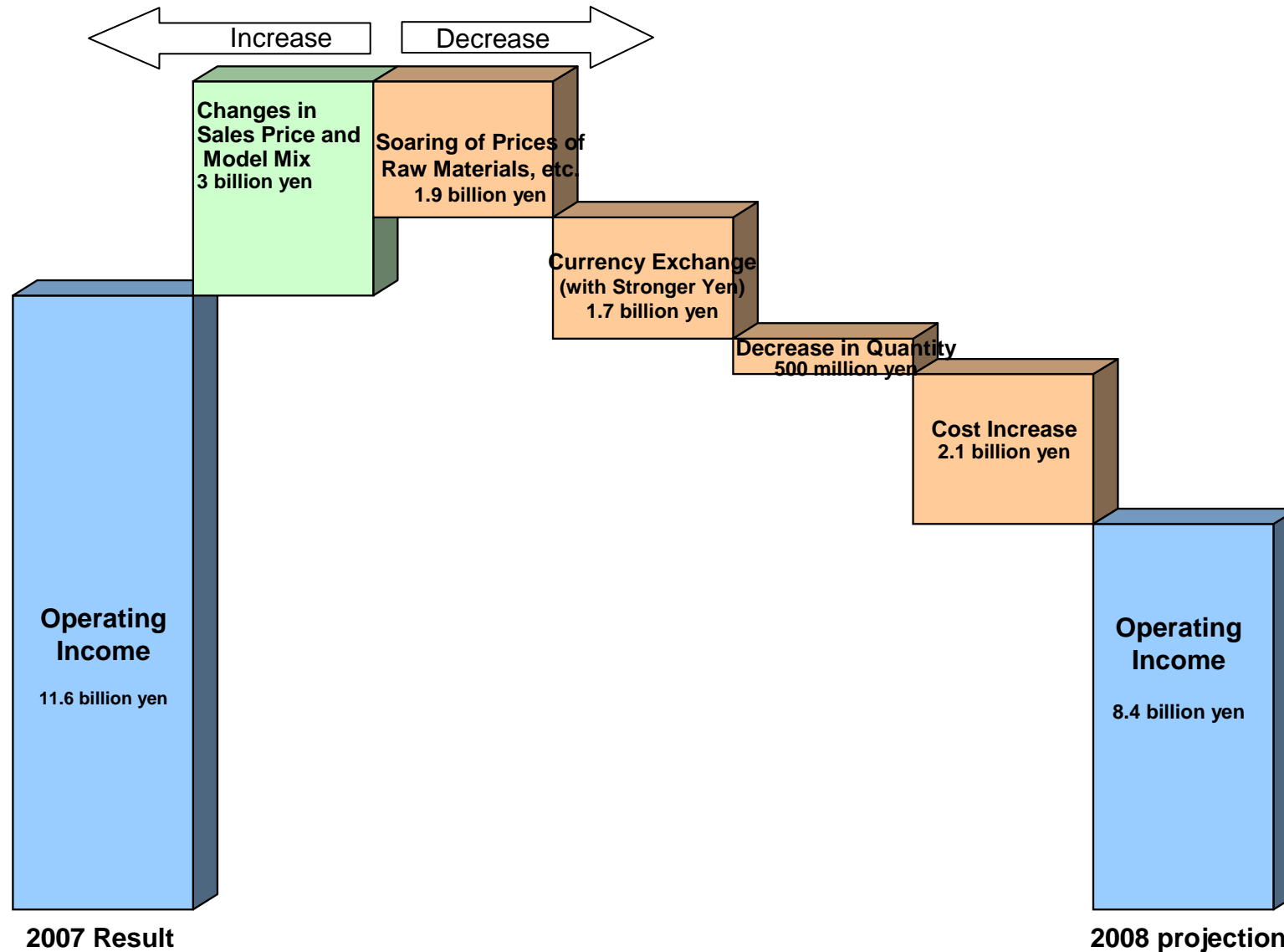
## 2008 Consolidated Operational Results Outlook

Unit:100 million yen

	The results of the whole 2007 fiscal year	Forecast of performance of the whole 2008 fiscal year (previously announced in May, 2008)	Forecast of performance of the whole 2008 fiscal year	Differences between forecast and actual performances	Year-to-year comparison	
					Differences	Rate of change
<b>Net Sales</b>	<b>1076(100%)</b>	<b>975(100%)</b>	<b>990(100%)</b>	<b>1.5%</b>	<b>▲86</b>	<b>▲8.0%</b>
<b>Gross Profit</b>	<b>304(28.3%)</b>	<b>285(29.2%)</b>	<b>271(27.4%)</b>	<b>▲4.9%</b>	<b>▲33</b>	<b>▲11.0%</b>
<b>Operating Income</b>	<b>116(10.9%)</b>	<b>103(10.6%)</b>	<b>84(8.5%)</b>	<b>▲18.4%</b>	<b>▲32</b>	<b>▲28.1%</b>
<b>Ordinary Income</b>	<b>167(15.5%)</b>	<b>124(12.7%)</b>	<b>113(11.4%)</b>	<b>▲8.9%</b>	<b>▲54</b>	<b>▲32.5%</b>
<b>Net Income</b>	<b>109(10.1%)</b>	<b>79(8.1%)</b>	<b>70(7.1%)</b>	<b>▲11.4%</b>	<b>▲39</b>	<b>▲35.9%</b>
Average Rate during Period	¥117.84	¥101.32	<b>¥102.46</b>	<b>(First half actual rate ¥104.92, Second half projected rate ¥100.00)</b>		
Year-end Rate	¥114.15					

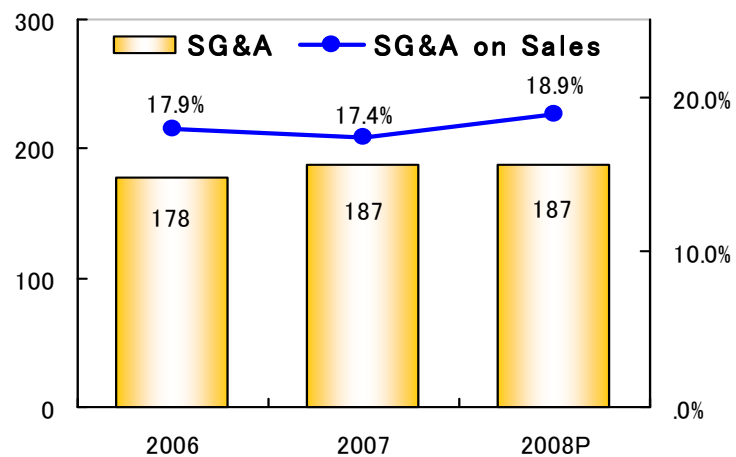
# 2008 Consolidated Operational Results Outlook

Analysis on Factors for Increase/Decrease of Operating Income

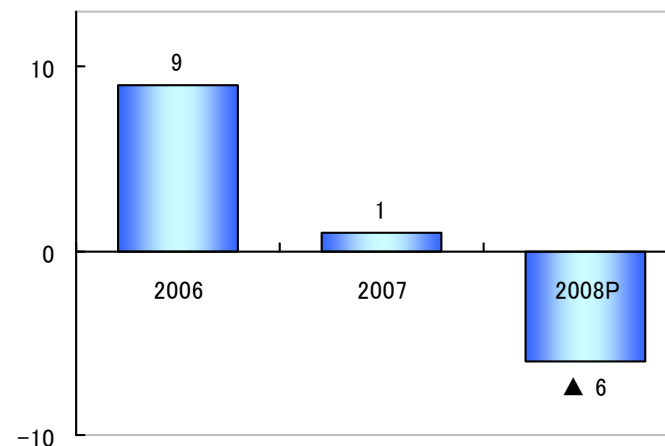


# Factors to Affect 2008 Consolidated Operational Results Outlook

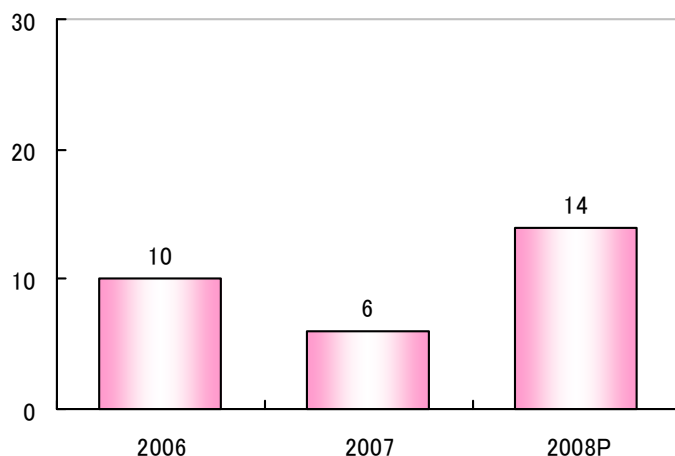
**1. Selling, General and Administrative Expenses (100 million yen)**



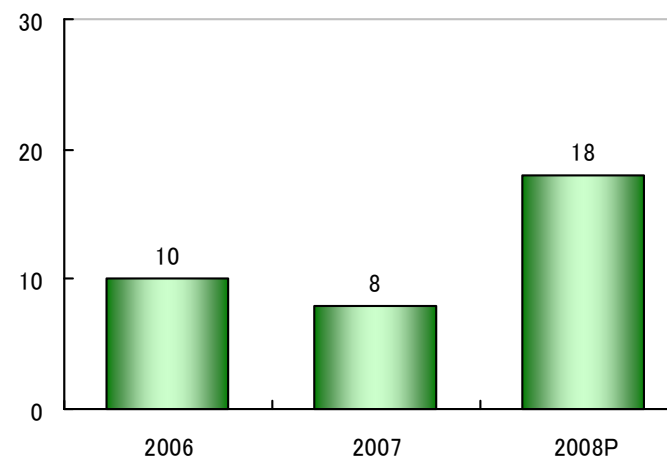
**2. Foreign Exchange Gains/Losses (100 million yen)**



**3. Extraordinary Gains (100 million yen)**



**4. Extraordinary Losses (100 million yen)**

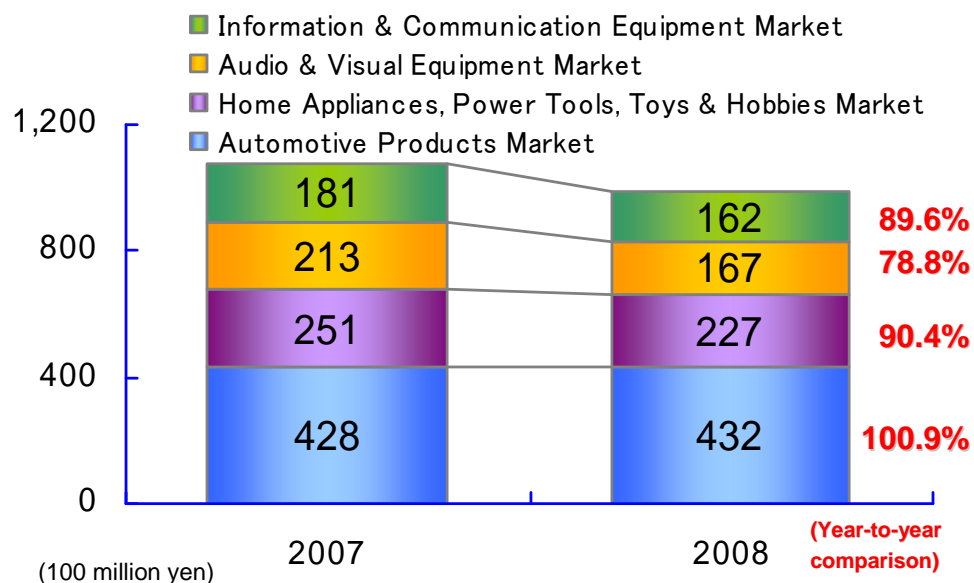


# Market environment recognition underlying sales forecasts

<p><b>Overview</b></p>	<ul style="list-style-type: none"> <li>• A downside risk in the world economy is increasing.</li> <li>• Price increase due to rising crude oil and basic materials prices is weakening consumption.</li> </ul>
<p><b>Market for automotive products</b></p>	<ul style="list-style-type: none"> <li>• Sales in the European and BRICs markets offset sluggish sales in North America.</li> <li>• The number of automotive electric components per automobile further increased in pursuit of environmental friendliness, safety, and amenity.</li> </ul>
<p><b>Market for audio &amp; visual equipment</b></p>	<ul style="list-style-type: none"> <li>• Sales of motors for in-car audio and visual equipment were strong.</li> <li>• For motors for DVD players, price competition became fierce.</li> </ul>
<p><b>Market for information &amp; communication equipment</b></p>	<ul style="list-style-type: none"> <li>• Sales of motors for ink-jet printers showed modest growth.</li> <li>• For motors for digital cameras, although the market showed a trend of expansion, price competition became fierce.</li> </ul>
<p><b>Market for home appliances, power tools and toys &amp; hobbies</b></p>	<ul style="list-style-type: none"> <li>• The market for power tools using DC motors expanded due to shift of AC power tools to DC ones.</li> <li>• Sales of motors for mid- and high-priced beauty-related equipment grew.</li> </ul>

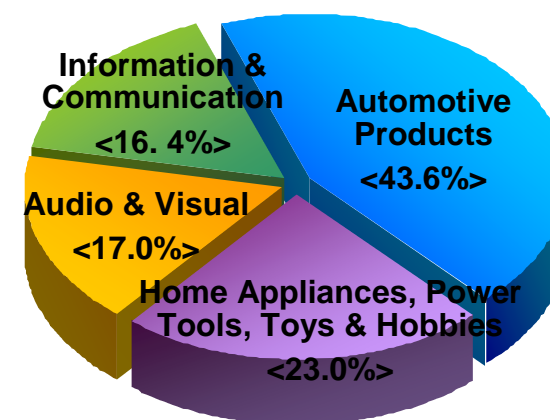
## Forecast of sales of the whole fiscal year (consolidated)

	First half of the 2008 fiscal year		Second half of the 2008 fiscal year		Forecast of performance of the whole 2008 fiscal year		
	Result	Year-to-year comparison	Forecast	Year-to-year comparison	Forecast	Year-to-year comparison	Progress
<b>Quantity</b>	858 million pcs	96.9%	922 million pcs	98.1%	1.78 billion pcs	97.5%	98.9%
<b>Amount</b>	48.3 billion yen	91.8%	50.7 billion yen	92.5%	99 billion yen	92.1%	101.5%



Second half Projected Rate US\$1.00 = ¥ 100

Average Unit Price: ¥58.87/2007 ⇒ 55.62/2008 (-5.5%)



**Breakdown of Sales Total**

- 1** Outline of performance of the first half of the 2008 fiscal year
- 2** Forecast of performance of the whole fiscal year
- 3** Future Efforts

## Future Efforts – Priority Activity Items

### Developing and Strengthening Management Base Permitting Steady Growth over a Medium Term

~Establishing Management Base Achieving Operating Margins of 15% or More ~

#### Strengthening Competitiveness of PUM Business

- Taking 20% market share of the international market of power window motors
- Demonstrating economies of scale associated with increase in production quantity

#### Strengthening Production Engineering Capability

- Accelerating “innovation in manufacturing” by launching “Production Engineering Innovation Center”
- Actively investing in “innovation in manufacturing”

#### Pursuing Optimum Production Systems

- Reducing country risk and optimizing Mabuchi’s production capacity by reorganizing production systems
- Establishing competitive superiority by efficiently arranging production systems by engineering, production, and function

Future Efforts: ① Strengthening Competitiveness of PUM Business

**Strengthening Product Competitiveness to Accelerate Implementation of Strategy for Increasing Market Share**

Major Efforts

**Regional Strategy**

**Product Strategy**

**Application Strategy**

✓ Strengthening strategy on partnership with Western priority customers

✓ Deepening the BRICs markets

✓ Concentrating resources on middle-torque motors

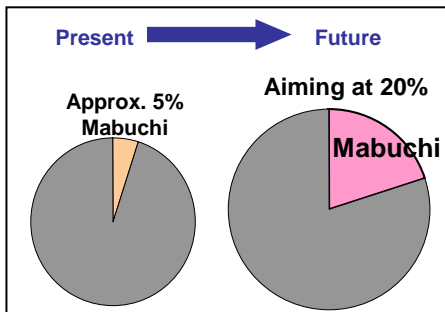
✓ Expanding standardization

✓ Enhancing power window motors and expanding the sales

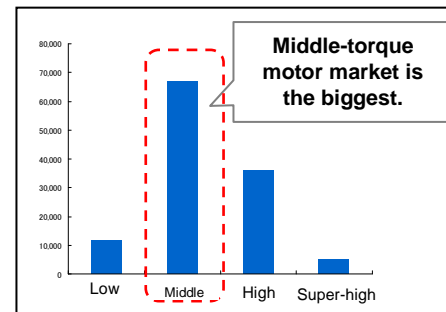
✓ Positively investing in power seat motors

Increasing Mabuchi's market share in the future

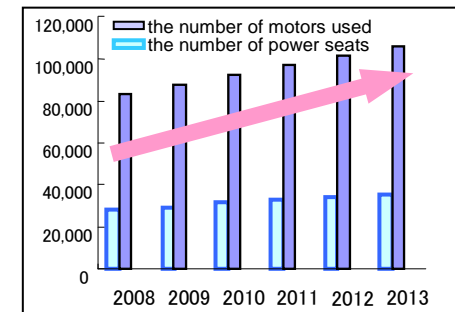
Business Environment



Motor market size by torque band



Prospects of demand for power seats



## Future Efforts: ② Strengthening Production Engineering Capability

### Establishing Solider Production Base based on Production Innovation

#### Major Efforts

**Strengthening Production Engineering Development System**

- ✓ Launching “Production Engineering Innovation Center”
- ✓ Developing and systematically promoting next-generation production system

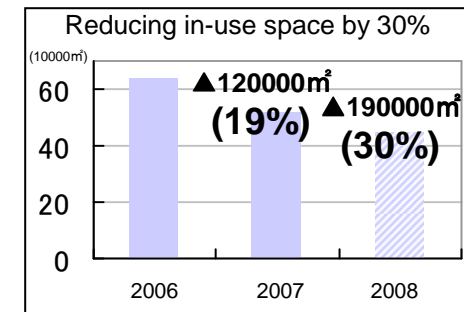
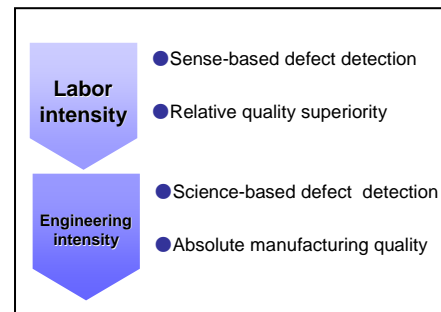
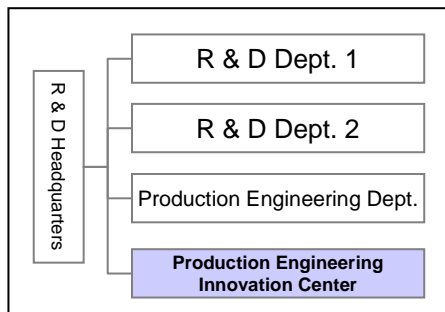
**Ensuring Absolute Manufacturing Quality**

- ✓ Achieving absolute manufacturing quality by enhancing process engineering intensity (expanding mechanized area)
- ✓ Increasing the level of CS (customer satisfaction) target system and strengthening process improvement

**Promoting Space Saving**

- ✓ Increasing effects of reducing manufacturing indirect costs
- ✓ Making flow of articles more efficient

#### Business Environment



## Future Efforts: ③ Pursuing Optimum Production Systems

### Reducing Risk and Reforming Cost Structure by Reorganizing Production Systems

#### Major Efforts

#### Beefing up Vietnam Factories

- ✓ Starting second-phase construction for Danang Mabuchi (VDM)
- ✓ Increasing production capacity of Vietnam Mabuchi (VNM)

#### Developing Factory to Produce Motors for Automotive Products only

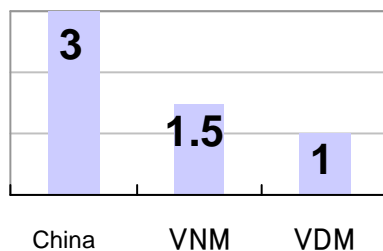
- ✓ Thoroughly beefing up Jiang Su Mabuchi (JSM) as a factory to produce motors for automotive products only
- ✓ Improving QCD (quality, cost and delivery) based on regional cooperation system

#### Minimizing Country Risk

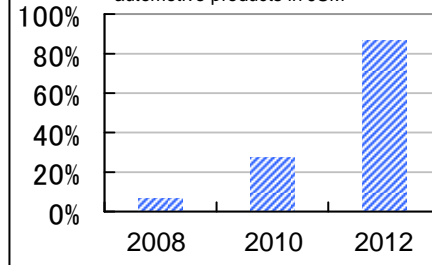
- ✓ Reducing dependence on contract manufacturing
- ✓ Pursuing synergy of integration of production bases

#### Business Environment

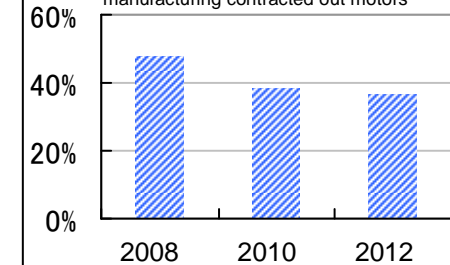
Difference in direct labor cost



Percentage (production quantity) of motors for automotive products in JSM



Percentage (production quantity) of manufacturing contracted out motors



The above full-year operational results outlook is based on certain assumptions that we deem reasonable at this point, and actual results may differ from the outlook.

Factors that may affect the operational results are including, but not limited to:

- Fluctuations in exchange rates for yen and other Asian currencies
- Changes in economic conditions, demand trends and the like that surround Mabuchi's domain identity
- Rapid technological innovations such as new technologies and new products