

# **Fiscal 2011 First-Half Results Briefing (January to June 2011)**

**August 12, 2011  
Mabuchi Motor Co., Ltd.  
Securities code: 6592**

**Statements concerning the business forecast and sales plans recorded in these slides are based on information available at the time of preparation. Actual results may differ from the forecast due to various factors.**

**Factors that may affect the operating results include, but are not limited to:**

- Fluctuations in exchange rates for the yen and other Asian currencies**
- Changes in economic conditions, demand trends, and other factors surrounding Mabuchi's businesses and rapid technical innovations such as new technologies and new products**
- Fluctuations in market prices of steel and other materials**

# MABUCHI MOTOR CO., LTD.

## Fiscal 2011 First-Half Results Briefing

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# Fiscal 2011 First-Half Consolidated Performance

(Million yen)

	FY2010 1st Half Results	FY2011 1st Half Forecast <small>(Announced Feb. 2011)</small>	FY2011 1st Half Results	Difference from Forecast	Year-on-Year	
					Amount	%
Net Sales	41,787 (100%)	41,400 (100%)	38,897 (100%)	-6.0%	-2,890	-6.9%
Gross Profit	11,913 (28.5%)	10,900 (26.3%)	9,809 (25.2%)	-10.0%	-2,103	-17.7%
Operating Income	3,793 (9.1%)	2,800 (6.8%)	1,845 (4.7%)	-34.1%	-1,947	-51.3%
Ordinary Income	4,442 (10.6%)	3,400 (8.2%)	3,264 (8.4%)	-4.0%	-1,178	-26.5%
Net Income	3,183 (7.6%)	2,900 (7.0%)	2,252 (5.8%)	-22.3%	-930	-29.2%
Average FX Rate During Period	¥91.36	¥82.00	¥82.04			
Year-End FX Rate	¥88.48		¥80.73			

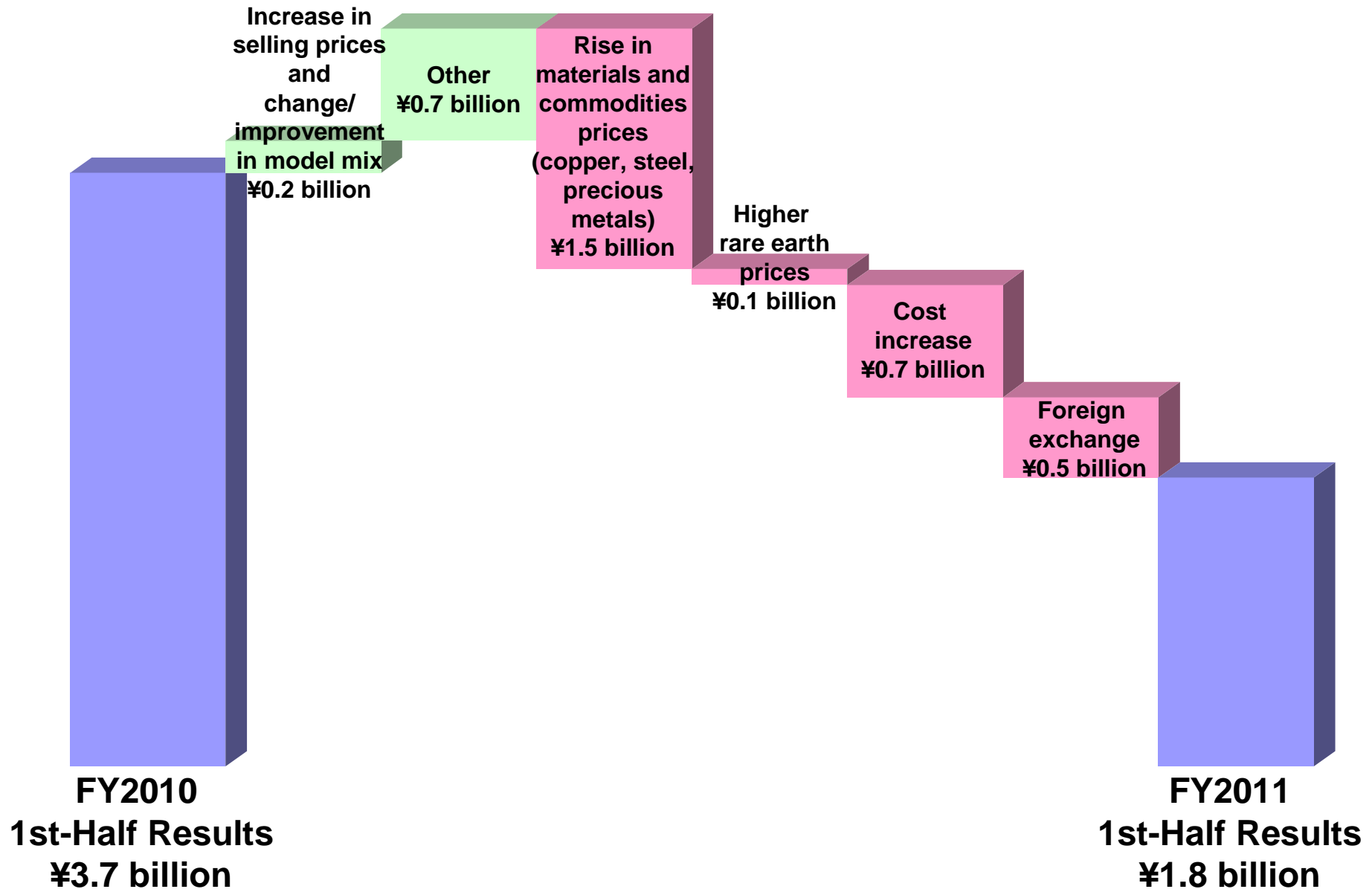
# Fiscal 2011 Quarterly Consolidated Performance

(Million yen)

	FY2011			FY2010	Year-on-Year		Comparison with Most Recent Quarter	
	1st Quarter Results	2nd Quarter Results	1st Half Results	1st Half Results	Amount	%	Amount	%
<b>Net Sales</b>	<b>19,452</b> (100.0%)	<b>19,444</b> (100.0%)	<b>38,897</b> (100.0%)	<b>41,787</b> (100.0%)	<b>-2,890</b>	<b>-6.9%</b>	<b>-7</b>	<b>-0%</b>
<b>Gross Profit</b>	<b>5,077</b> (26.1%)	<b>4,732</b> (24.3%)	<b>9,809</b> (25.2%)	<b>11,913</b> (28.5%)	<b>-2,103</b>	<b>-17.7%</b>	<b>-344</b>	<b>-6.8%</b>
<b>Operating Income</b>	<b>1,250</b> (6.4%)	<b>594</b> (3.0%)	<b>1,845</b> (4.7%)	<b>3,793</b> (9.1%)	<b>-1,947</b>	<b>-51.3%</b>	<b>-655</b>	<b>-52.4%</b>
<b>Ordinary Income</b>	<b>2,061</b> (10.6%)	<b>1,203</b> (6.2%)	<b>3,264</b> (8.4%)	<b>4,442</b> (10.6%)	<b>-1,178</b>	<b>-26.5%</b>	<b>-858</b>	<b>-41.6%</b>
<b>Net Income</b>	<b>1,655</b> (8.5%)	<b>596</b> (3.1%)	<b>2,252</b> (5.8%)	<b>3,183</b> (7.6%)	<b>-930</b>	<b>-29.2%</b>	<b>-1,059</b>	<b>-64.0%</b>
Average FX Rate During Period	<b>¥82.34</b>	<b>¥81.74</b>	<b>¥82.04</b>	<b>¥91.36</b>				
Year-End FX Rate	<b>¥83.15</b>	<b>¥80.73</b>	<b>¥80.73</b>	<b>¥88.48</b>				

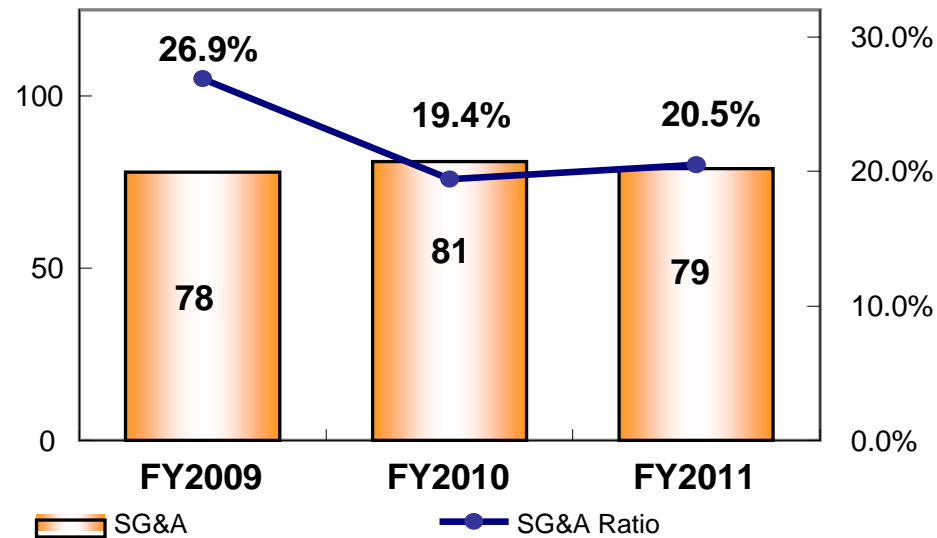
# Fiscal 2011 First-Half Consolidated Performance

## — Analysis of Factors Causing Increase/Decrease in Operating Income

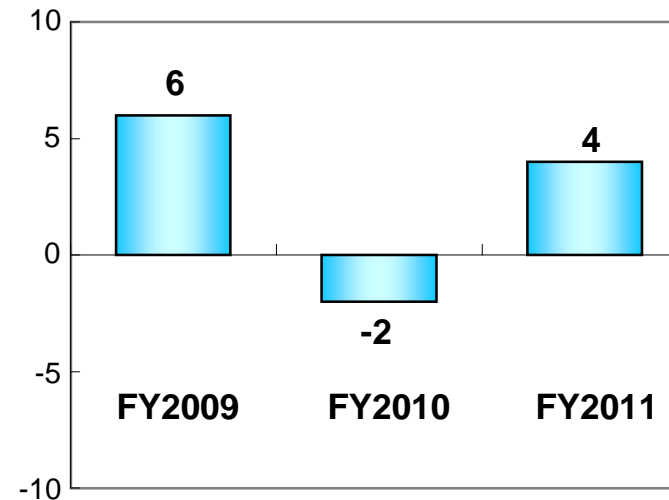


# Factors Affecting Fiscal 2011 First-Half Consolidated Performance

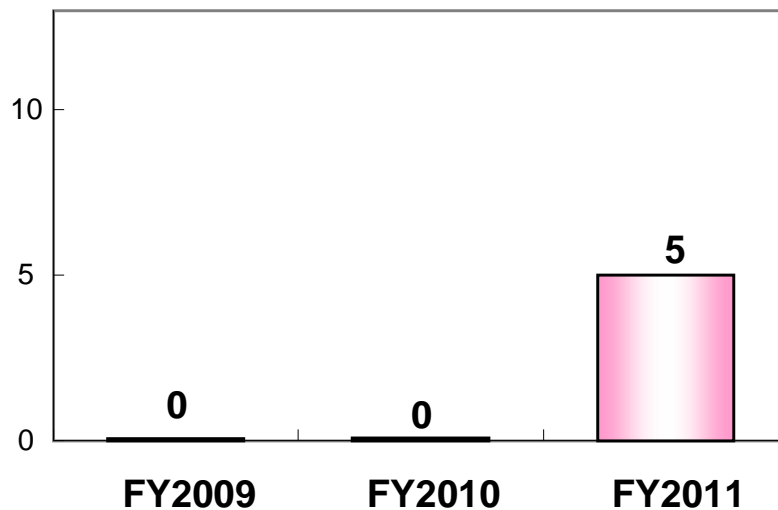
## 1. Selling, General and Administrative Expenses (100 million yen)



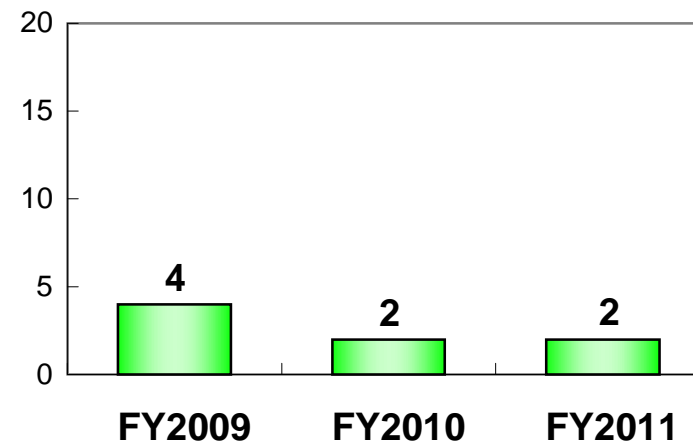
## 2. Exchange Gains/Losses on Foreign Currency Transactions (100 million yen)



## 3. Other Gains (100 million yen)



## 4. Other Losses (100 million yen)



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- 1 Overview of First-Half Performance
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- 3 Progress in Priority Activities
- 4 Sales Results and Full-Year Plan by Market

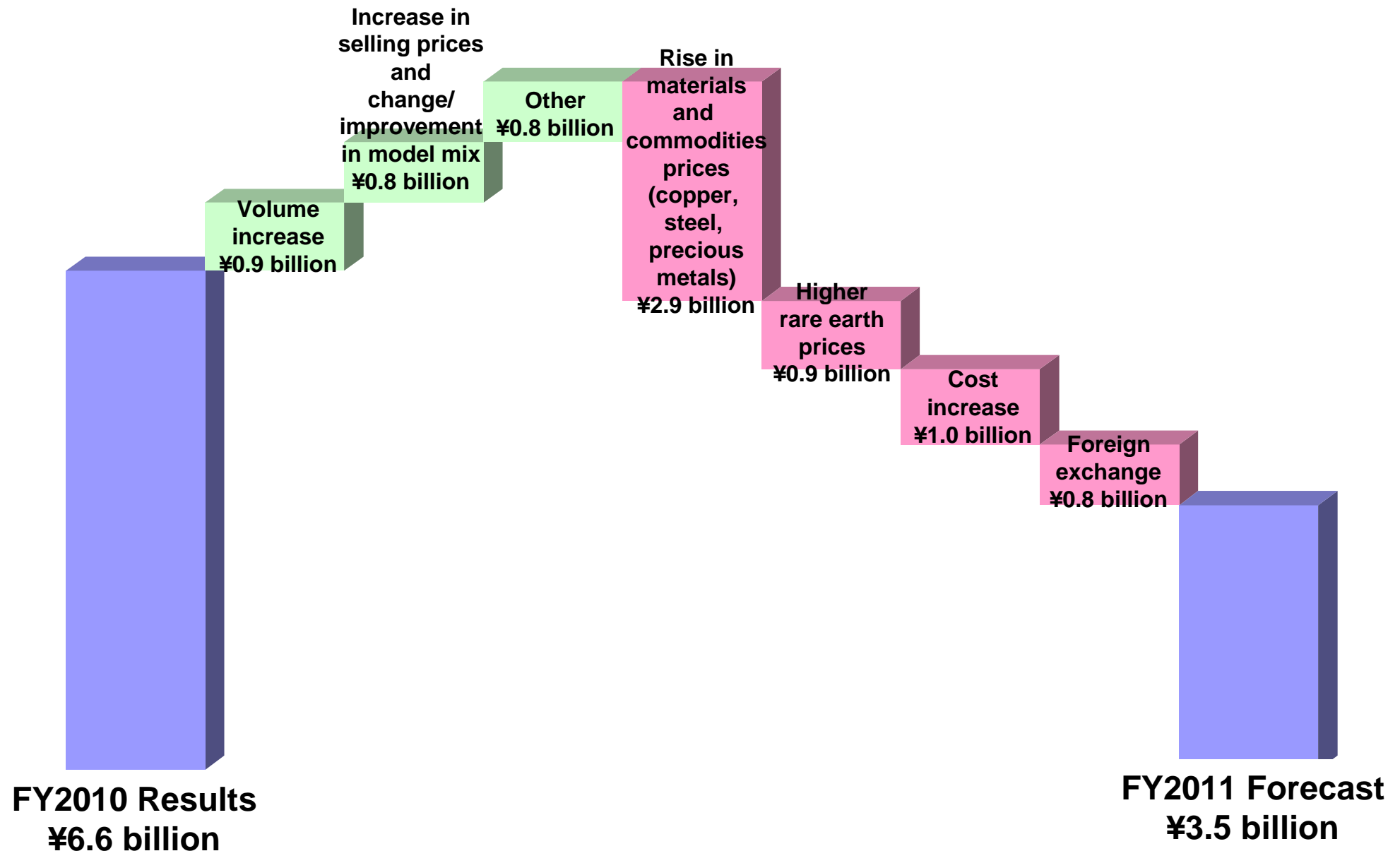
# Forecast for Fiscal 2011 Full-Year Consolidated Performance

(Million yen)

	FY2010 Full-Year Results	FY2011 Full-Year Forecast <small>(Announced Feb. 2011)</small>	FY2011 Full-Year Forecast <small>(Announced Aug. 2011)</small>	Difference between Full-Year Forecasts	Comparison between 2010 Results and Aug. 2011 Forecast	
					Amount	%
Net Sales	82,752 (100%)	88,000 (100%)	82,500 (100%)	-6.3%	-252	-0.3%
Gross Profit	22,689 (27.4%)	23,500 (26.7%)	19,900 (24.1%)	-15.3%	-2,789	-12.3%
Operating Income	6,624 (8.0%)	7,000 (8.0%)	3,500 (4.2%)	-50.0%	-3,124	-47.2%
Ordinary Income	7,587 (9.2%)	8,400 (9.5%)	5,000 (6.1%)	-40.5%	-2,587	-34.1%
Net Income	5,260 (6.4%)	6,500 (7.4%)	3,300 (4.0%)	-49.2%	-1,960	-37.3%
Average FX Rate During Period	¥87.81	¥82.00	¥81.02	(1st half FX rate: ¥82.04 2nd half FX forecast: ¥80.00)		
Year-End FX Rate	¥81.49					

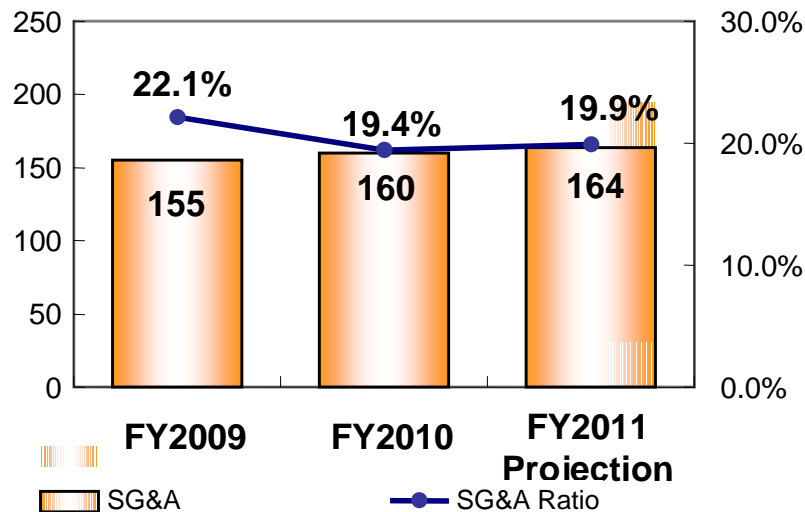
# Forecast for Fiscal 2011 Full-Year Consolidated Performance

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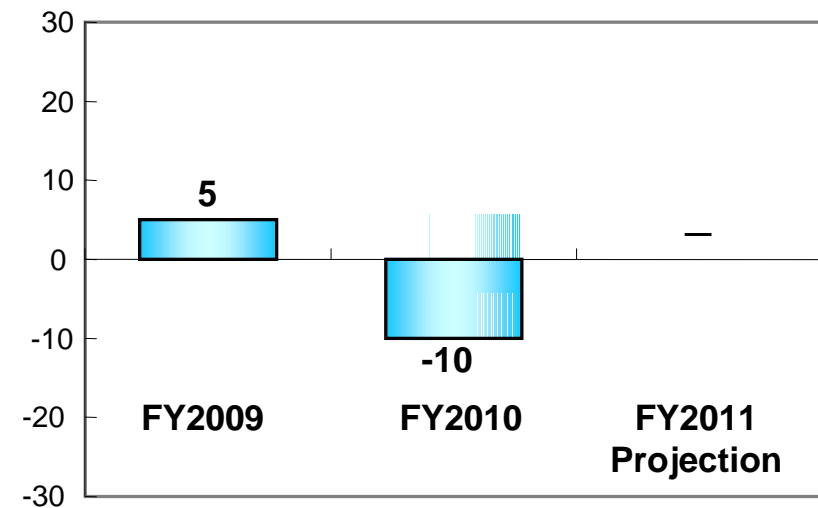


# Factors Affecting Forecast for Fiscal 2011 Full-Year Consolidated Performance

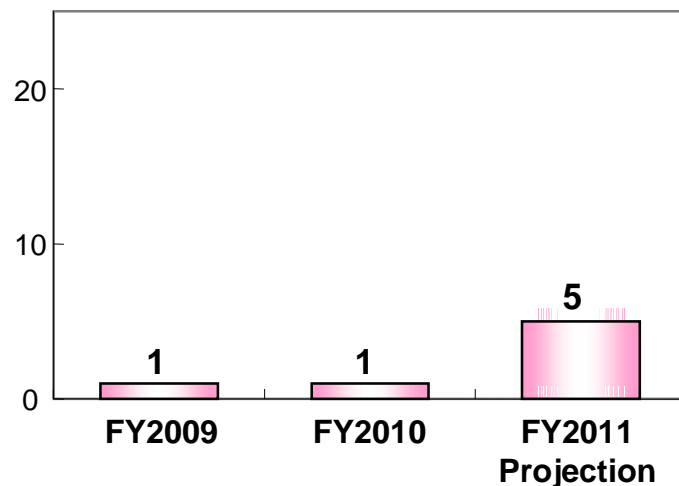
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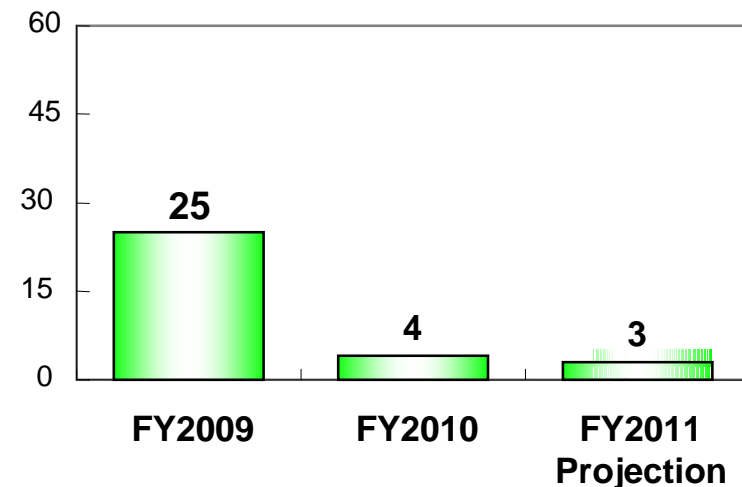
## 2. Exchange Gains/Losses on Foreign Currency Transactions (100 million yen)



## 3. Other Gains (100 million yen)



## 4. Other Losses (100 million yen)



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**Main Tasks**

**First-Half Topics**

**Automotive Products Business**

- Introduction of PW motors for emerging countries in China
- Expansion of the compact, high-output motor lineup

**Sales Expansion in China**

- New orders for PW motors from major Chinese automakers
- Strengthening of cross-regional and cross-organizational activities in China

**Production Base Strategy**

- Start of operation of wholly-owned manufacturers, accompanying termination of contract manufacturers
- Establishment of new production bases in China's interior; increase in production capacity at existing bases

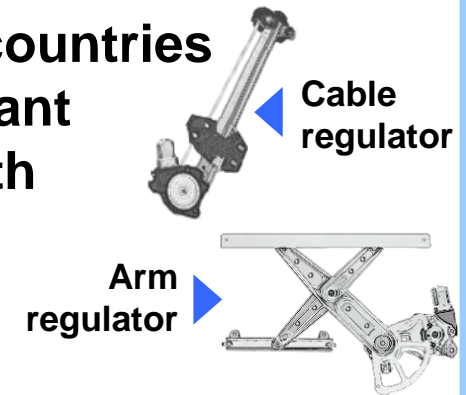
**Improved Factory Production Efficiency**

- Introduction of facilities to rationalize production, as planned
- Start of activities to realize "smart factories"

**Strengthening of the Automotive Products Business 2011 First Half**

**PW**

- Sales expansion of PW motors for emerging countries
- ✓ Introduction in China (Mabuchi's most important market) of new products adaptable for use with cable regulators and arm regulators, for which needs in emerging countries are high



**PS**

- Winning of new orders from Japanese customers in addition to European customers and steady expansion in the number of car models in which Mabuchi motors are used
- Full-scale shipment to Europe of motors for recliners, tilt steering and height adjusters, in addition to slider motors



**Compact, High-Output Motors**

- Market introduction of new motors for mirror drives as well as motors for air conditioner dampers and folding mirrors
- Sales expansion on the basis of performance excellence - a new standard in the automotive products market



**Sales Expansion in China****2011 First Half**

**Further strengthening of relationships with Chinese customers and capitalizing on the growth potential of China**

**Strategy**

- Reinforcement of market response capabilities through local decision-making in the value chain (development, design, production, and sales)
- Clear definition of the nature of new sales channels and customer services in China

**Product Development**

- Start of phase one of deployment of new PW motors by major Chinese automakers. Numerous inquiries indicate good prospects for future business expansion
- Release of low-priced products specific to the Chinese market

**Production and Sales Systems**

- Completion of conversion of contract manufacturers to wholly-owned manufacturers; future business expansion conducted in yuan as wholly-owned manufacturers
  - Guangdong Factory No. 1 ▶ MABUCHI MOTOR DONGGUAN DAOJIAO CO., LTD.
  - Guangdong Factory No. 3 ▶ MABUCHI MOTOR (DONGGUAN) CO., LTD. GUAN CHENG BRANCH

**Production Base Strategy: 2011 First Half**  
**Second Phase of Production Base Reorganization**

**Production base allocation in pursuit of global cost competitiveness**

**Increase in Production Ratios of High-End Products at Coastal Production Bases in China**

- **Jiangsu Mabuchi: Start of factory renewal to create a highly efficient, dedicated factory for PW and PS motors**
- **Dongguan Mabuchi: Expansion of production lines and rapid start-up of production lines for new products through collaboration with R&D units**

**Production Capacity Expansion at Inland Production Bases in China**

- **Jiangxi Mabuchi: Establishment of Jiangxi Mabuchi to reinforce cost competitiveness and facilitate sales expansion in China**
- **Yingtian Mabuchi: Start of second phase construction to further leverage the cost advantages of Yingtian Mabuchi**

**Reinforcement of Automotive Motors at Production Bases in Vietnam**

- **Vietnam Mabuchi: Establishment of the Group's largest production capacity of 0.4 billion pieces per year**
- **Danang Mabuchi: Start-up of a production line of motors for automotive products (mirror drives), accompanying quality level improvements**

## Improved Factory Production Efficiency

2011 First Half

Achievement of improvement in personnel efficiency and high-precision manufacturing

### Product Innovation

- Introduction of facilities to rationalize production progressing according to plan. Next step: an effort to reduce manufacturing costs through streamlining
- Personnel efficiency improvement at a pace ahead of the initial plan accompanying the introduction of facilities to rationalize production

### Indirect Work

- Monitoring improvement and establishment and reinforcement of support system to achieve a 30% improvement in indirect work efficiency by the end of 2012
- Prospects for a 10% or more improvement in indirect work efficiency in 2011 through consolidation of functions

### Energy Conservation

- Start of activities to realize “smart factories”
  - ✓ CO<sub>2</sub> and cost reductions through resource (electricity, air capacity, etc.) management in each process and facility
  - ✓ Clarification of information through unified information management on production sites
  - ✓ Greater sophistication and efficiency of traceability through automatic recording of inter-process inspection

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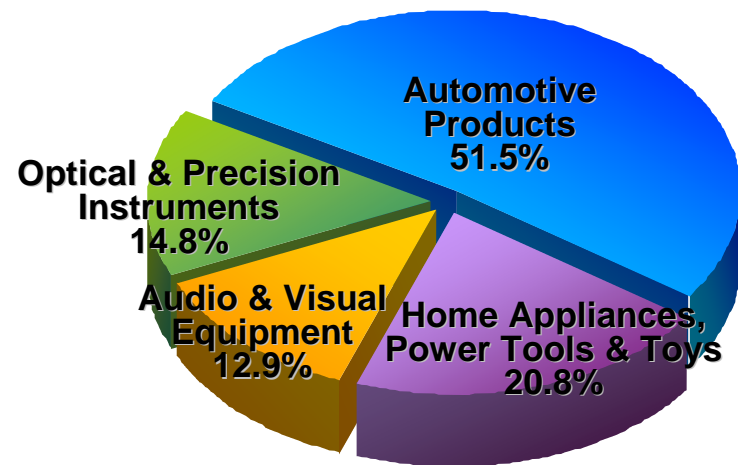
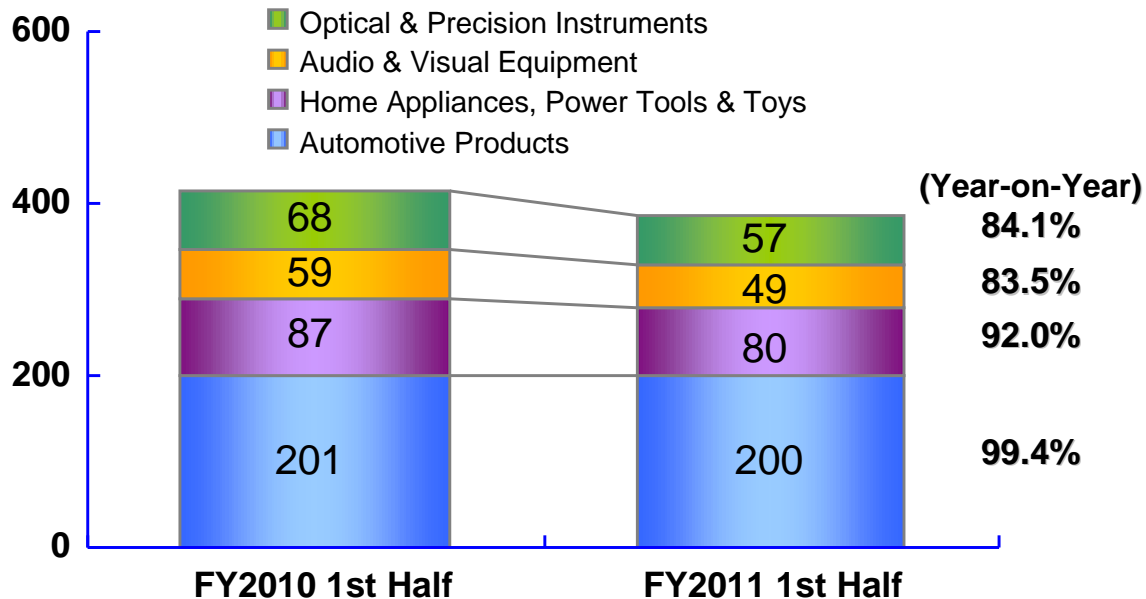
# Fiscal 2011 First-Half Sales Results

	FY2010 1st Half	FY2011 1st Half Plan	FY2011 1st Half Results	Year-on-Year	Comparison with Plan
<b>Quantity</b>	743 million pcs	785 million pcs	738 million pcs	99.3%	94.1%
<b>Amount</b>	41.7 billion yen (Average FX rate during period: ¥91.36)	41.4 billion yen (Average FX rate during period: ¥82.00)	38.8 billion yen (Average FX rate during period: ¥82.04)	93.0%	93.8%
<b>Average Unit Price</b>	¥56.12		¥52.59		

\*FY2011 1st half results reference value:  
**42.2 billion yen**  
 (FY2010 1st half average FX rate of ¥91.36 applied)

Note: Sales results are actual motor sales (excluding sales of parts and equipment).

(100 million yen)

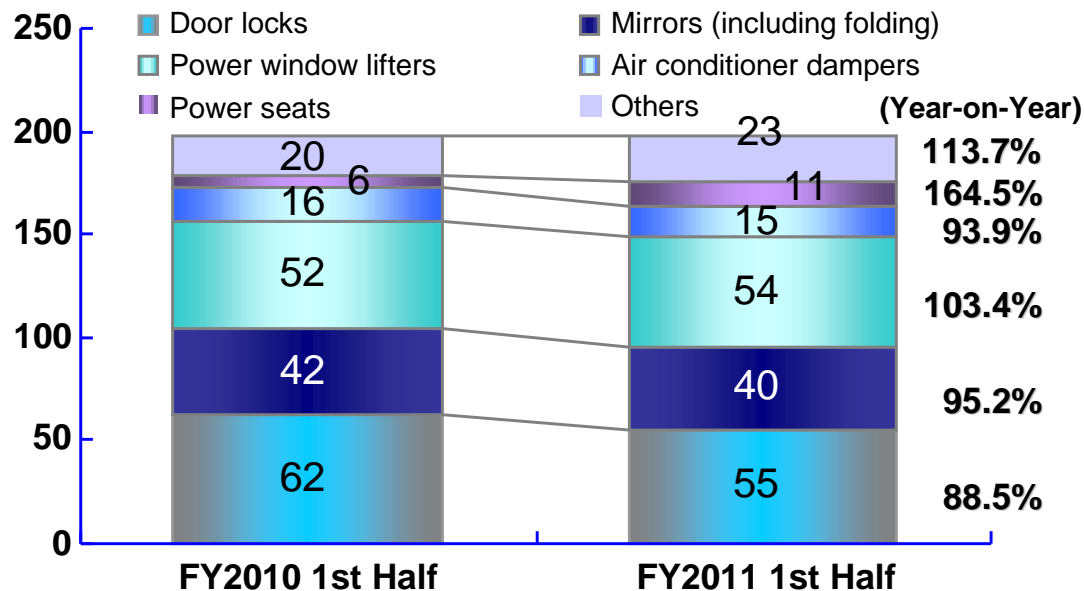


*Breakdown of Sales Amount*

# Sales Results By Market: Automotive Products

	FY2010 1st Half	FY2011 1st Half Plan	FY2011 1st Half Results	Year-on-Year	Comparison with Plan
<b>Quantity</b>	279 million pcs	316 million pcs	288 million pcs	103.1%	91.2%
<b>Amount</b>	20.1 billion yen	21.5 billion yen	20.0 billion yen	99.4%	92.9%
<b>Average Unit Price</b>	¥71.92		¥69.29		

(100 million yen)

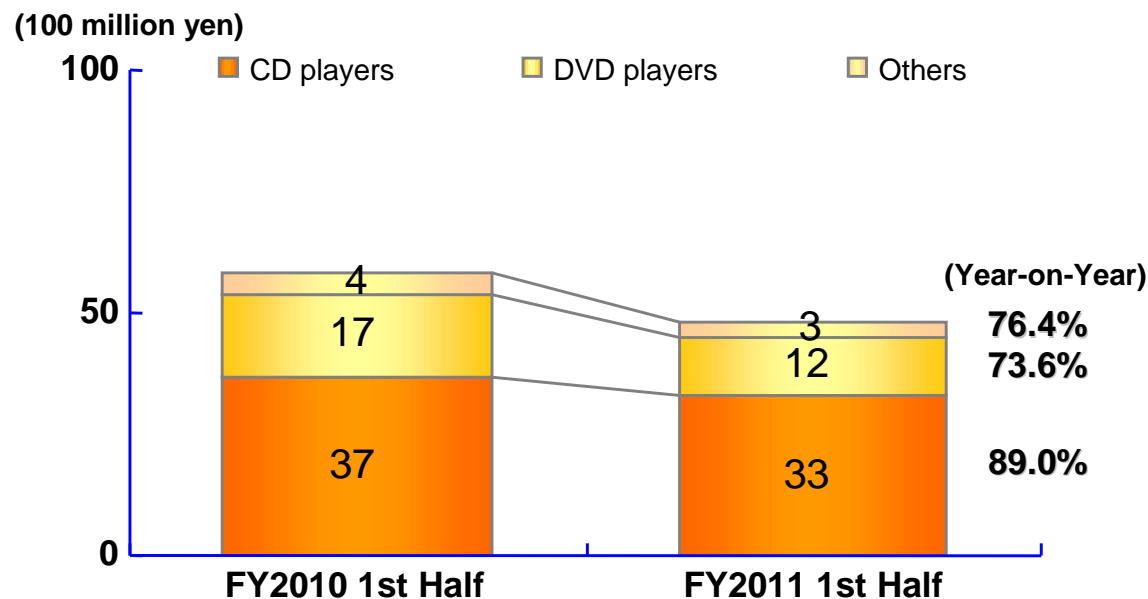


- Sales of motors for door locks decreased due to difficulties in parts procurement at customers in Japan caused by the earthquake disaster.
- Sales of motors for mirrors and air conditioner dampers to customers in South Korea, Europe, and the US were favorable.
- Sales of motors for PW increased due to strong sales to emerging countries, despite lower sales in Japan due to the earthquake.
- Sales of motors for PS were favorable due to the start-up of new projects.
- As for Others, sales of motors for EPB and SCA\* increased.

\*EPB: Electric parking brakes SCA: Steering column tilt and telescopic adjusters

# Sales Results By Market: Audio & Visual Equipment

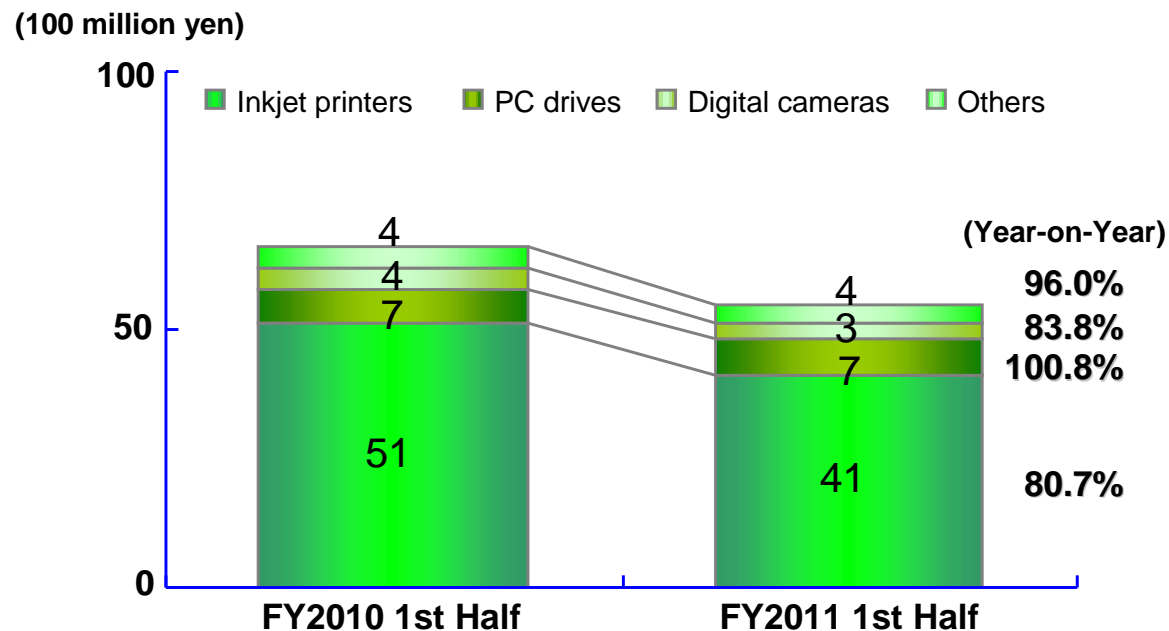
	FY2010 1st Half	FY2011 1st Half Plan	FY2011 1st Half Results	Year-on-Year	Comparison with Plan
<b>Quantity</b>	191 million pcs	180 million pcs	174 million pcs	91.3%	97.0%
<b>Amount</b>	5.9 billion yen	5.1 billion yen	4.9 billion yen	83.5%	97.1%
<b>Average Unit Price</b>	¥31.20		¥28.53		



- Sales of motors for car CD players decreased slightly due to difficulties in parts procurement at customers caused by the earthquake.
- Sales of motors for DVD players fell sharply due to prolongation of an inventory adjustment at customers, which was expected to end at the start of the year.

# Sales Results By Market: Optical & Precision Instruments

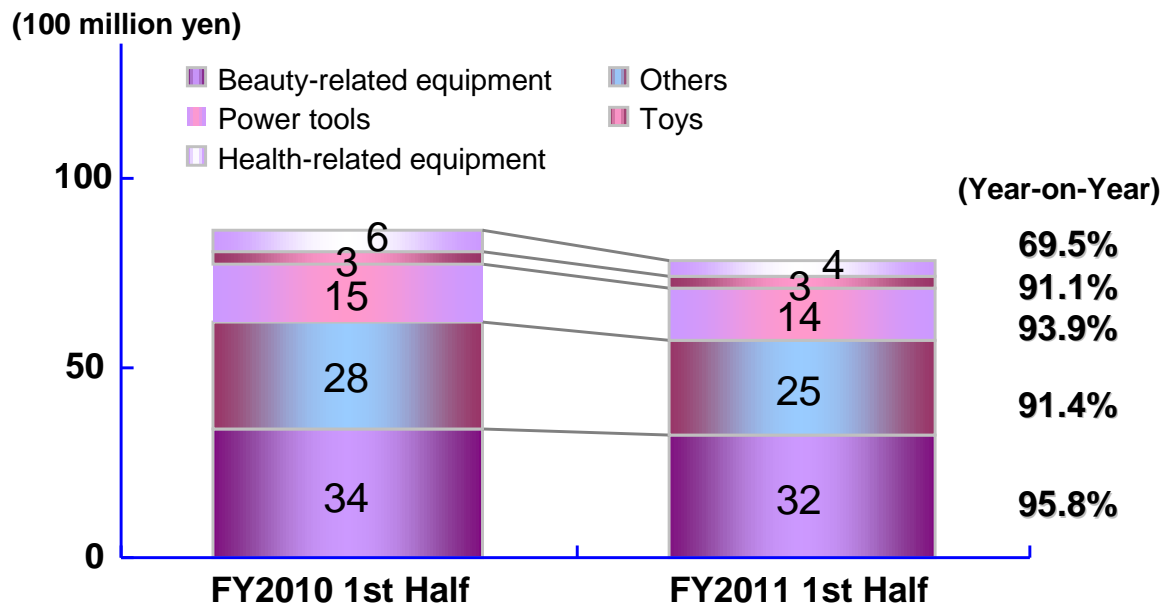
	FY2010 1st Half	FY2011 1st Half Plan	FY2011 1st Half Results	Year-on-Year	Comparison with Plan
<b>Quantity</b>	125 million pcs	131 million pcs	123 million pcs	98.4%	93.8%
<b>Amount</b>	6.8 billion yen	6.3 billion yen	5.7 billion yen	84.1%	90.0%
<b>Average Unit Price</b>	¥54.63		¥46.69		



- Sales of motors for inkjet printers fell sharply due to production adjustments by customers in Japan after the earthquake and inventory adjustments by some customers.
- Demand for motors for PC drives from emerging countries was strong.
- Sales of motors for digital cameras decreased due to production adjustments after the earthquake.

# Sales Results By Market: Home Appliances, Power Tools & Toys

	FY2010 1st Half	FY2011 1st Half Plan	FY2011 1st Half Results	Year-on-Year	Comparison with Plan
<b>Quantity</b>	146 million pcs	156 million pcs	151 million pcs	103.1%	96.8%
<b>Amount</b>	8.7 billion yen	8.3 billion yen	8.0 billion yen	92.0%	97.1%
<b>Average Unit Price</b>	¥59.76		¥53.34		



- Despite flat sales volume year-on-year, sales revenues of motors for shavers fell due to sales increase of low-priced models.
- Sales of motors for toothbrushes increased, supported by higher sales of low-priced models for North America.
- Sales of motors for power tools were robust in European markets, despite lower than expected sales in North America.

# Fiscal 2011 Second-Half Market Environment Recognition

<b>Overall</b>	<ul style="list-style-type: none"><li>● There are concerns about the global economy, such as financial instability and inflation fears.</li><li>● Consumption trends differ according to geographical regions and markets.</li></ul>
<b>Automotive Products</b>	<ul style="list-style-type: none"><li>● In developed countries, recovery in the North American market and recovery of production lost due to the earthquake disaster, mainly in Japan, are likely to accelerate.</li><li>● In emerging countries, there is concern about slowing of growth in China.</li></ul>
<b>Audio &amp; Visual Equipment</b>	<ul style="list-style-type: none"><li>● Recovery of in-car products production lost due to the earthquake is likely to accelerate.</li><li>● Sales of home equipment are likely to be weak as inventory adjustment continues.</li></ul>
<b>Optical &amp; Precision Instruments</b>	<ul style="list-style-type: none"><li>● Gradual recovery in demand for motors for printers, digital cameras, and PC drives is expected.</li></ul>
<b>Home Appliances, Power Tools &amp; Toys</b>	<ul style="list-style-type: none"><li>● Inventory adjustments of motors for toothbrushes and hair dryers in developed countries are a concern.</li><li>● Price competition for motors for shavers in emerging countries is likely to progress.</li></ul>

# Fiscal 2011 Full-Year Sales Projections

Note: 2nd half FX rate: US\$1.00 = ¥80.00

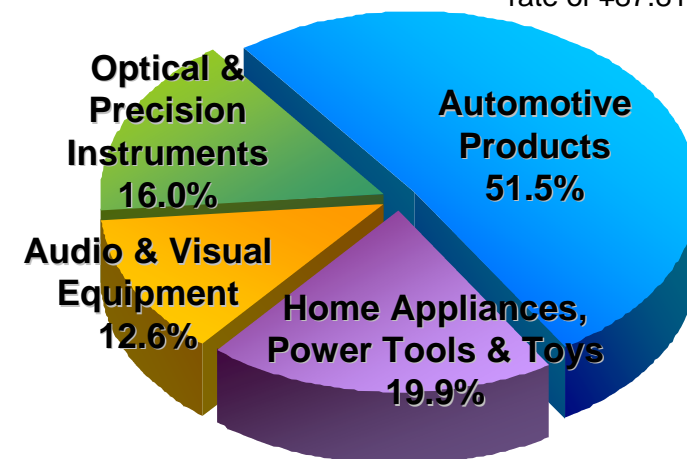
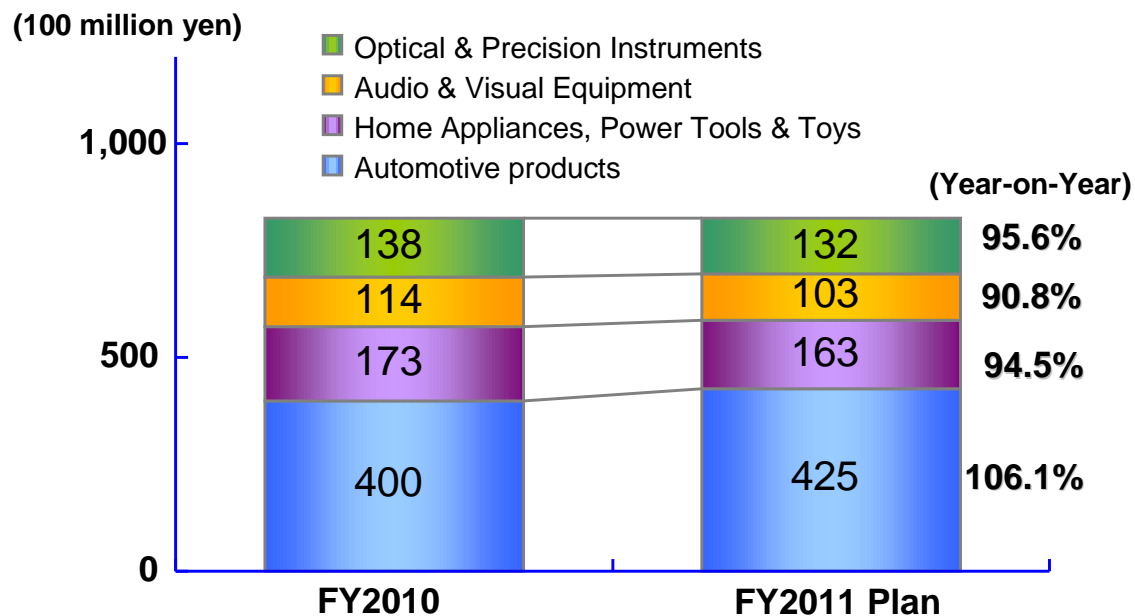
Average unit price: ¥54.96 in 2010 ⇒ ¥52.92 in 2011 (-3.7%)

	1st Half		2nd Half (Projections)		Full Year (Projections)		
	Results	Year-on-Year	Projections	Year-on-Year	Projections	Year-on-Year	Comparison with Initial Plan
<b>Quantity</b>	738 million pcs	99.3%	820 million pcs	107.9%	1,559 million pcs	103.7%	95.1%
<b>Amount</b>	38.8 billion yen	93.0%	43.6 billion yen	106.7%	82.5 billion yen	99.8%	93.8%

\*FY2011 full year forecast reference value:

**87.6 billion yen**

(FY2010 full year average FX rate of ¥87.81 applied)



*Breakdown of Sales Amount*

# Fiscal 2011 Quarterly Sales Results and Projections

Unit: Pieces / Yen		Results		Projections		
		1Q	2Q	3Q	4Q	Full Year
<b>Automotive Products</b>	Quantity (pcs)	151 million	137 million	156 million	170 million	615 million
	Amount (¥)	10.5 billion	9.4 billion	10.8 billion	11.6 billion	42.5 billion
<b>Audio &amp; Visual Equipment</b>	Quantity (pcs)	82 million	92 million	98 million	91 million	365 million
	Amount (¥)	2.3 billion	2.6 billion	2.7 billion	2.6 billion	10.3 billion
<b>Optical &amp; Precision Instruments</b>	Quantity (pcs)	56 million	67 million	80 million	67 million	270 million
	Amount (¥)	2.6 billion	3.1 billion	3.9 billion	3.4 billion	13.2 billion
<b>Home Appliances, Power Tools &amp; Toys</b>	Quantity (pcs)	74 million	77 million	89 million	66 million	307 million
	Amount (¥)	3.8 billion	4.2 billion	4.7 billion	3.5 billion	16.3 billion
<b>Total</b>	Quantity (pcs)	363 million	374 million	425 million	395 million	1,559 million
	Amount (¥)	19.4 billion	19.4 billion	22.3 billion	21.3 billion	82.5 billion
<b>Percentage of Full Year</b>	Quantity (quarterly)	22.3%	24.0%	27.3%	25.4%	100.0%
	Amount (quarterly)	23.5%	23.5%	27.0%	25.9%	100.0%
<b>Year-on-Year Change</b>	Quantity (quarterly)	101.7%	97.0%	108.5%	107.4%	103.7%
	Amount (quarterly)	97.5%	89.0%	104.0%	109.7%	99.8%

