

During the period ended March 2017, the world economy overall trended firmly despite high levels of uncertainty about the future economy due to concern about the direction of the UK's Brexit negotiations to leave the European Union and about the policy trends of the new US administration.

On Jan. 27, 2017, Minebea Co., Ltd. and MITSUMI ELECTRIC CO., LTD. conducted a business integration of the two companies, with Minebea Co., Ltd. allocating its shares to MITSUMI ELECTRIC CO., LTD. shareholders at a ratio of 1:0.59 and MITSUMI ELECTRIC CO., LTD. becoming its fully-owned subsidiary. We changed our company name to MINEBEA MITSUMI Inc. and embarked on a new start.

In this economic environment, the group focused on thoroughgoing cost reductions, the development of high value-added products and new technologies, and activities to expand sales in order to realize the further improvement of our earning power. As a result, net sales for the period finished at a record high of 638.9 billion yen. Operating income was lower this term at 49.0 billion yen, but due to the effects of the business integration with MITSUMI ELECTRIC CO., LTD., net income was a new record for profits at 41.1 billion yen.



Representative Director, CEO and COO  
Yoshihisa Kainuma

### Key Strategies in the Fiscal Year Ended March 2017

During the period ended March 2017, demand for ball bearings was very strong, with our monthly external sales volume reaching up to 180 million units per month. In accordance with this, we also achieved our highest ever figures on a monthly production volume base, recording up to 264 million units per month. Meanwhile, in motors, expansion of sales for the automotive business has progressed and is driving the second column of growth. In LED backlights, while sales volume to our main customers has reduced, we are seeking to improve our share in China and progress in acceleration depreciation of equipment is also contributing to profitability.

In the machined components area, we reviewed the entire process at each plant for ball bearings and rod end bearings and began activities to significantly improve productivity per person, which are already producing positive effects. Even as the market is shrinking in pivot assemblies for hard disk drive units (HDD), we raised our world share to over 80% and increased our sales volume.

In the area of parts for electronics devices, we are proceeding steadily with development of narrow frame LCD displays able to contend with organic EL. In LED backlights, we plan to shift significantly from the conventional smartphone market toward the automotive market, which still has room for further expansion. Operation of our new plant in Slovakia is planned for January 2018. This plant will be our production base for automotive motors for the European market, but in response to strong customer requests for LED backlights too, we intend to

produce them in Slovakia at some point. SALIOT LED lighting equipment has obtained US safety certification and will now go on sale in the US. We have established a SALIOT showroom close to our Tokyo head office building and are proceeding with preparations for its opening in August 2017. Customer response has been positive and we are actively conducting sales promotion activities. In Smart Cities, we are currently engaging in efforts for the world-top class Smart City project in Cambodia's Phnom Penh which should take form during this term and trying to gain the involvement of various Japanese companies. In bed sensors, the sales launch is planned soon and we recently concluded a joint business development contract with Ricoh Co., Ltd. We plan to use this as a platform for our group's healthcare business.

In the MITSUMI business segment, in addition to a new games console contributing to profitability, increasing demand for OIS for smartphone cameras is expected to continue and with improvements in productivity, significant increases in sales and profits are planned.

### Looking Back on the Fiscal Year Ended March 2017

In the Japanese economy, moderate recovery of personal consumption is evident in light of improvements in employment and income situation, and signs of recovery in corporate production and exports have increased but due to concern about the policy trends of the new US administration, uncertainty has

been high in the second half of the term. The US economy has continued to show moderate economic expansion amid increasing expectations for fiscal stimulus and tax cuts advocated by the new administration, in addition to recovery of domestic and overseas demand. In the European economy, Europe overall has trended firmly centered on domestic demand, despite the overhanging uncertainty about the direction of the UK's Brexit negotiations to leave the EU. Meanwhile, with regard to the Asian economy, recovery from economic slowdown is expected for the Chinese economy, underpinned by public investment, but uncertainty about the future still cannot be dispelled.

In this economic environment, the group focused on thoroughgoing cost reductions, the development of high value-added products and new technologies, and activities to expand sales in order to realize the further improvement of our earning power.

Moreover, on Jan. 27, 2017, the group conducted a business integration by share exchange with MITSUMI ELECTRIC CO., LTD., incorporating it into our group's consolidated targets from that date.

Presenting results by segment gives the following. It should be noted that from this fiscal year, in accordance with our business integration with MITSUMI ELECTRIC CO., LTD., we newly disclose MITSUMI's business in our reportable segments. In the machined components segment, apart from ball bearings, which are the group's main products, there were mainly mechanical parts such as rod end bearings for use in aircraft and pivot assemblies for HDDs, as well as screws for use in automobiles and aircraft. Due to increased demand for ball bearings, our main products, based on expanded needs for energy-saving and safety devices for the automotive market, we recorded a new highest record for external sales volume but sales fell due to the effects of exchange rates, etc. Meanwhile, sales fell for rod end bearings due to the effects of exchange rates and the fall in production of large aircraft in the commercial aircraft market. Although pivot assemblies were affected by the contraction of the HDD market, the sales quantity still increased, but sales fell due to the impact of exchange rates.

In the electronics devices segment, electronics devices (LCD backlights and sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers (fan motors), precision motors and special components are the main products. As for LCD backlights, demand remained strong for our group's products with superior thin technology for the smartphone market. Motors performed well, centered on products for automobiles such as stepping motors. However, sales fell due to the impact of exchange rates.

The MITSUMI business segment primarily makes products such as semi-conductors, optical devices, mechanical parts, high-frequency components, power source parts. Products such as camera actuators, switches, and battery protection ICs for smartphones have shown steady consumption in North America and China. In addition, sales have grown in automotive products such as antennas, communication modules and connectors.

In the other segment, company-made machinery is the main products and revenue increased.

## Outlook for Fiscal Year Ending March 2018 (as of May 2017)

The Japanese economy during the period ending March 2018, moderate recovery is evident due to robust domestic and overseas demand and improvements in corporate profits, etc., but concern remains about exchange rates due to heightened global geopolitical risk. The US economy is expected to remain steady as the employment and income environment are steadily improving, despite growing concerns about the new administration's policy implementation capabilities. The European economy is expected to continue its internal demand-led firm economic growth despite the existence of major factors of uncertainty such as the UK's Brexit negotiations to leave the EU and political trends after the elections in France and Germany, etc. The Chinese economy is anticipated to remain steady due to expansion of infrastructure investment, etc., despite concerns about the direction of future trade negotiations with the US.

In such circumstances, the group is forecasting full-year consolidated results with net sales of 750 billion yen, operating income of 56 billion yen, ordinary income of 55 billion yen and net income attributable to owners of the parent of 41.5 billion yen.

In the machined components segment, in accordance with increases in global demand, we will further raise results for ball bearings, our main products, by continuing to advance positive sales expansion in the automobile industry and information communication device-related industries, etc., and making further significant improvements in production. With regard to rod end bearings, we are improving production efficiency by reviewing production methods from the fundamentals, and we are seeking to expand sales in the small and medium-sized aircraft markets where further growth is anticipated.

As for LCD backlights in the electronics devices segment, we will continue to supply high value-added products such as ultrathin light guide plates for high-end smartphones, and advance sales for automotive products where future expansion is expected. We will further improve the quality of motors such as stepping motors and reduce their costs and advance sales expansion of high value-added products for automobiles and servers, etc., to further improve results.

In the MITSUMI business segment's smartphone-related products such as camera actuators and switches, we are seeking to further expand sales by improving productivity and maintaining quality, as increasingly high-functioning models emerge. In automotive products such as antennas, communication modules and connectors, we are seeking to improve results by establishing a global production and supply regime, as well as expanding our line-up. In addition, we are enhancing our competitiveness by creating significant synergy effects using the scale of our entire group to expand sales, reduce costs of materials and physical distribution costs, and for new product development.

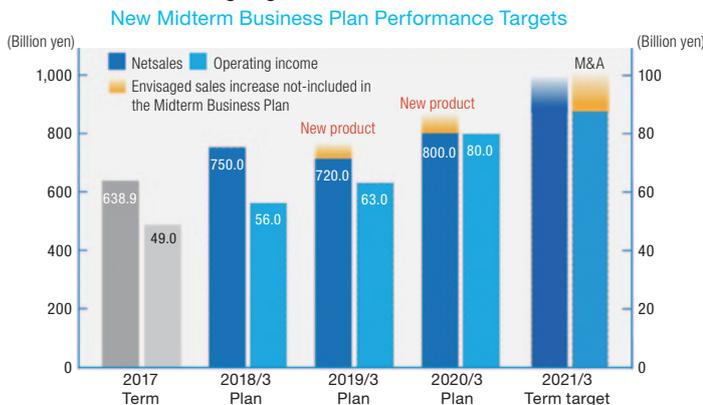
In other segment, we will aim for the improvement of production efficiency in finished product divisions and for further increases in quality by focusing on increasing the precision of company-made machinery parts.

## New Midterm Business Plan and MinebeaMitsumi's "Seven Spears" Strategy

In the fiscal year ended March 2017, net sales were a new record high of 638.9 billion yen. The company announced last year the medium to long-term target of achieving either net sales of 1 trillion yen or operating income of 100 billion yen by the fiscal year ending March 2021, whichever comes first. In order to achieve this challenging target, we will work to boost the profitability of our existing lines while developing new high value-added products. That includes leveraging the wealth of experience we have gained in manufacturing, sales, engineering and development as well as the commitment to restructuring our business portfolio, encompassing EMS (Electro Mechanics Solutions) business that is driven by our combined technological strengths in electronic devices and components as well as machined components, in order to provide flexible prices and meet the needs of our customers. Moreover, we will work on expanding large-scale overseas mass-production plants and improving research and development system while performing regional risk management. We will also actively work on restructuring our business portfolio and increasing corporate value via M&As and alliances. In order to make substantial headway on these initiatives and boost our bottom line, we have formulated a New Midterm Business Plan, indicated below.

### New Midterm Business Plan : Numerical Targets

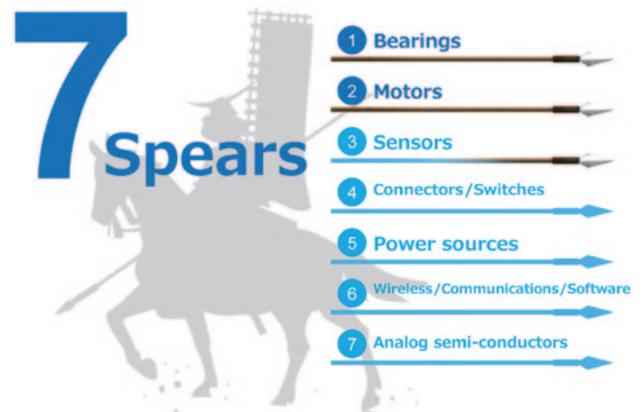
Formulating a New Midterm Business Plan of Checkpoints going forward to FY2020



In addition, we have presented to all our employees the MinebeaMitsumi "Seven Spears." These Seven Spears are products which were selected based on the following three criteria, when we were considering business areas to focus on for growth in the mid- to long-term from among all the various businesses in our portfolio. The first criterion is that the market scale is large. The second criterion is that within this large market scale there is a niche area where we can use our core competency in ultra-precision machining technology to realize our presence. The third criterion is that the corresponding product has permanence and will not easily disappear. For example, bearings are a staple product with a large market, much like the "rice" of industry, which are not likely to easily disappear even as technology progresses. In addition, in the overall bearings market, we compete particularly in miniature and small-diameter size ball bearings with an outside diameter of 22mm or less. We believe that we should approach other products in a similar way in the future, such as sen-

sors, connectors/switches, power sources, wireless, and analog semi-conductors. This is our vision for our group, based on our thinking about how to use our group's various technologies and business management resources in the future to demonstrate our competitiveness. However, producing ample profit from investment in all these areas will not be something that happens today or tomorrow, but will be a matter for the long stretch.

### MinebeaMitsumi's Seven Spears



**Passion is Power, Passion is Speed,  
Passion is the Future**

We have produced more products with a large share of niche market through leveraging our advanced technological and product supplying capability with mass production. These efforts have enabled us to move ahead with laying a solid foundation for MinebeaMitsumi's 100th year of operations and achieve our best performance ever in the fiscal year ended March 2017. We forecast an even better performance of 750 billion ten in net sales this fiscal year, while we anticipate net sales of 720 billion next fiscal year, in light of the anticipated fall in LED backlights.

The significant profitability of MITSUMI's business is expected to significantly contribute to profits and we aim to realize net sales of 800 billion yen and operating profit of 80 billion yen in the third year.

We continue to enjoy the huge market share we have garnered for our anchor product line, miniature and small-sized ball bearings, as well as HDD pivot assemblies, rod-end bearings for aircraft, LED backlights for high-end thin smartphones, etc. All of us at MinebeaMitsumi will continue to work with passion as we steadily build on these products to ensure that when we reach our 100th anniversary, we will still be an indispensable parts manufacturer.

Thank you for your continued cooperation and support for the MinebeaMitsumi Group.

July 2017  
Representative Director, CEO and COO