



# Business Results

Second Quarter of Fiscal Year  
Ending March 31, 2012

November 2, 2011  
Minebea Co., Ltd.





**1. Financial Results**

**2. Policy and Strategy**

# Financial Results

Hiroharu Katogi

Director, Senior Managing Executive Officer

November 2, 2011

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## Summary of Consolidated Business Results for 1H

Lower sales and profits due to the Tohoku Earthquake, higher rare-earth material prices, stronger Japanese yen and startup costs of new factories

(Millions of yen)	FY ended Mar. '11 1H	FY ending Mar. '12 1H	Change YoY	1H of FY ending Mar. '12 Original forecast
Net sales	137,695	132,448	-3.8%	135,000 ~123,000
Operating income	12,371	6,052	-51.1%	9,700 ~8,100
Ordinary income	11,536	5,032	-56.4%	8,700 ~7,100
Net income	7,317	2,769	-62.2%	4,400 ~3,300
Net income per share (yen)	19.15	7.30	-61.9%	11.60 ~8.70

Foreign exchange rates	1H of FY Mar. '11	1H of FY Mar. '12	1H of FY Mar. '12 Assumption
US\$	¥89.70	¥80.24	¥84.00
Euro	¥114.92	¥115.76	¥111.00
Thai Baht	¥2.78	¥2.66	¥2.80
Chinese RMB	¥13.17	¥12.38	¥12.60

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Looking at consolidated business results for the first half of the fiscal year ending March 31, 2012, net sales were 132,448 million yen which were down 3.8% compared to the same period last year, operating income was 6,052 million yen which was down 51.1% compared to the same period last year, and net income was 2,769 million yen which was down 62.2% compared to the same period last year.

Negative impacts from supply chain disruptions by the Tohoku Earthquake, from which we escaped a direct hit in March, were the major factors which affected our results. To be specific, in the ball bearing business, our product mix temporarily worsened because high-value-added products sales to Japanese customers were reduced. In the LED backlight business, temporary shortage of some materials caused inefficiency in our production. In motor businesses, demand from office automation products was reduced. Results were also affected by increased startup costs of new Suzhou and Cambodia factories, both of which started operation in April. These negative factors were much lighter in the second quarter, though higher costs of rare-earth materials negatively impacted our motor business results. The Japanese yen strengthened further, which was also a negative factor. Due to these factors, first half sales and profits were lower compared to the same period last year.

Compared to our initial plan, sales were close to the upper range end due to increased shipment volume in ball bearings and rod-ends, despite the stronger Japanese yen. However, operating income, ordinary income and net income were all below the lower range ends because the above mentioned factors (higher rare-earth material prices, temporarily worsened product mix of ball bearings, inefficiency in our LED backlight production and lower demand from office automation product applications) weighed on our results more than we had expected.

## Summary of Consolidated Business Results for 2Q

Higher sales and profits Q on Q due to supply chains recovering  
from the Tohoku Earthquake and other factors,  
despite higher rare-earth material prices

(Millions of yen)	FY ended Mar. '11 2Q	FY ending Mar. '12		Change	
		1Q	2Q	YoY	QoQ
Net sales	69,803	64,802	67,646	-3.1%	+4.4%
Operating income	6,346	2,303	3,749	-40.9%	+62.8%
Ordinary income	5,935	1,870	3,162	-46.7%	+69.1%
Net income	3,502	668	2,100	-40.0%	× 3.1
Net income per share (yen)	9.16	1.76	5.56	-39.3%	× 3.2

Foreign exchange rates	2Q of FY Mar. '11	1Q of FY Mar. '12	2Q of FY Mar. '12
US\$	¥86.58	¥82.04	¥78.44
Euro	¥109.31	¥118.54	¥112.98
Thai Baht	¥2.70	¥2.72	¥2.59
Chinese RMB	¥12.73	¥12.57	¥12.18

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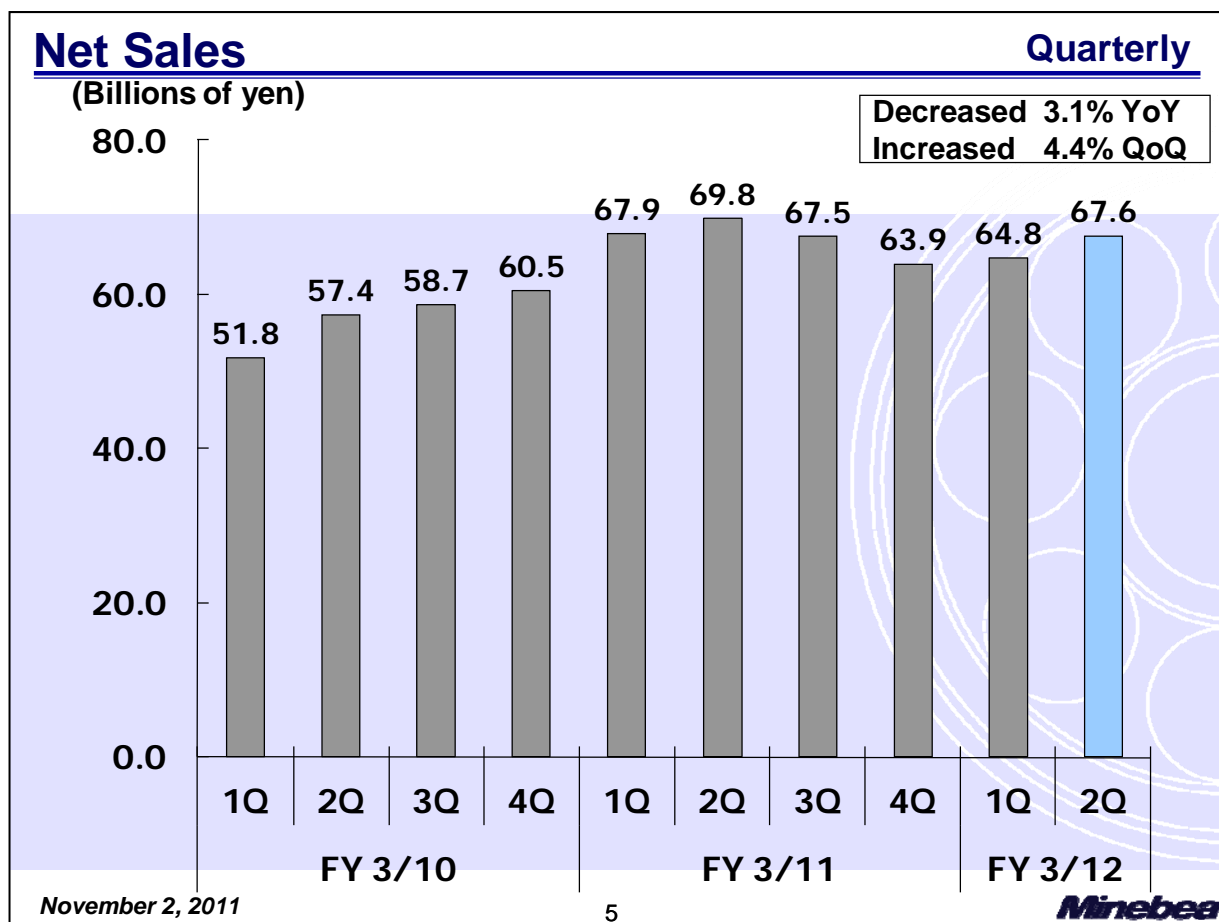
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Looking at consolidated business results for the second quarter of the fiscal year ending March 31, 2012, net sales were 67,646 million yen, an increase by 4.4% from the previous quarter; operating income was 3,749 million yen, up 62.8% from the previous quarter; and net income was 2,100 million yen.

Net sales increased by 4.4% from the previous quarter due to a recovery in supply chains after the Tohoku Earthquake and increased order intake in LED backlights and rod-ends, despite the stronger Japanese yen.

Profits increased because of the recovery in supply chains after the Tohoku Earthquake, and lower startup costs of new Cambodia and Suzhou factories, both of which came online in April.

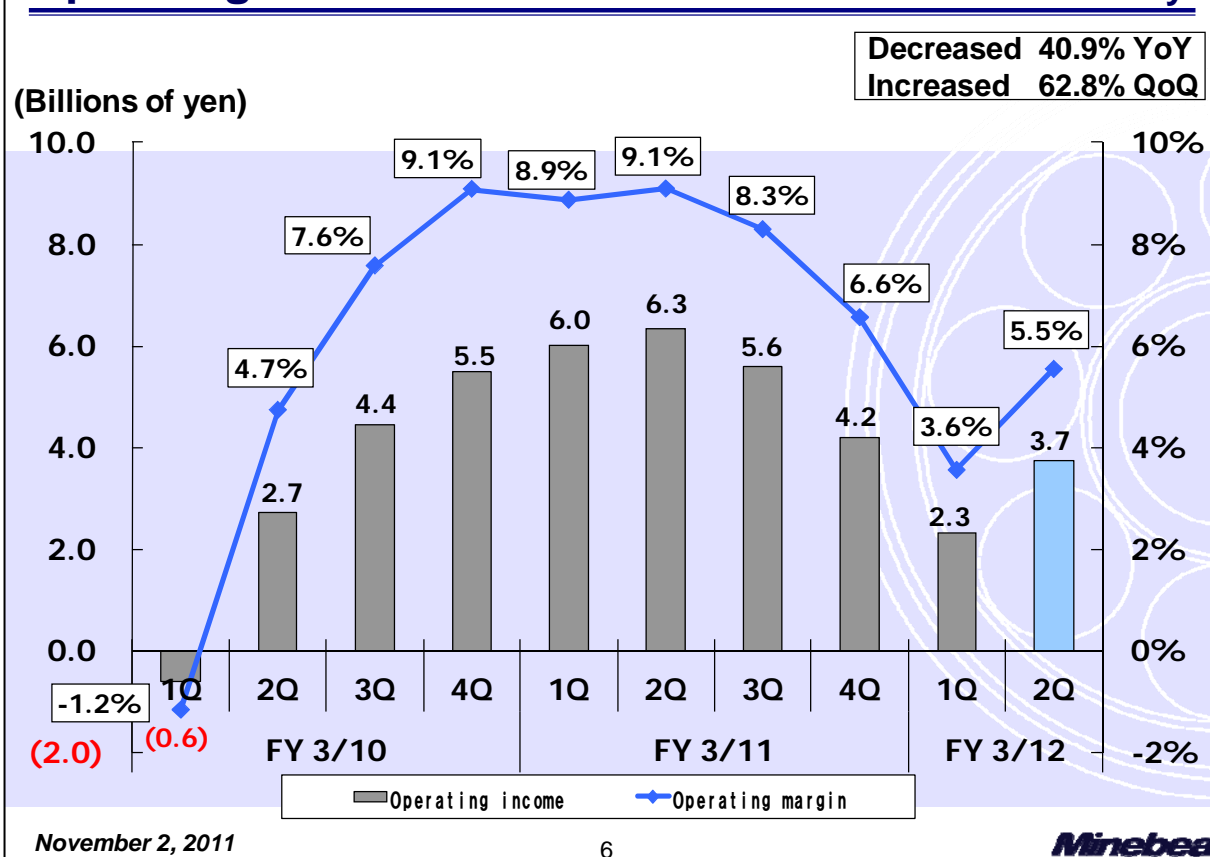


In the second quarter of the fiscal year ending March 2012, net sales were 67.6 billion yen, up 4.4% from the previous quarter, due to less negative impacts from the Tohoku Earthquake and increased order intake in LED backlights and rod-ends, despite negative currency impacts of 2.2 million yen compared to the previous quarter.

Compared to the same period of the last fiscal year, we estimate the currency impacts on net sales were approximately a negative 3.6 billion yen, based on certain assumptions.

# Operating Income

Quarterly



Operating income for the second quarter increased from the previous quarter, due to less negative impacts from the Tohoku Earthquake and lower startup costs of new Cambodia and Suzhou factories, both of which came online in April. This was despite delayed improvements in rotary component businesses, caused by higher rare-earth material prices. Operating margin increased by 1.9 percentage points to 5.5%.

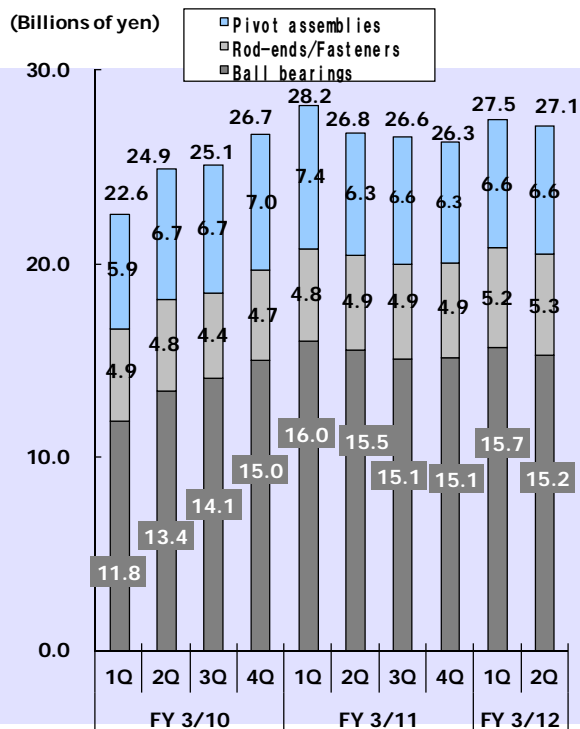
Based on certain assumptions, we estimate the currency impact on operating income was approximately a negative 0.3 billion yen compared to the same period of the last fiscal year, and approximately a positive 0.1 billion yen compared to the previous quarter.

# Machined Components Business

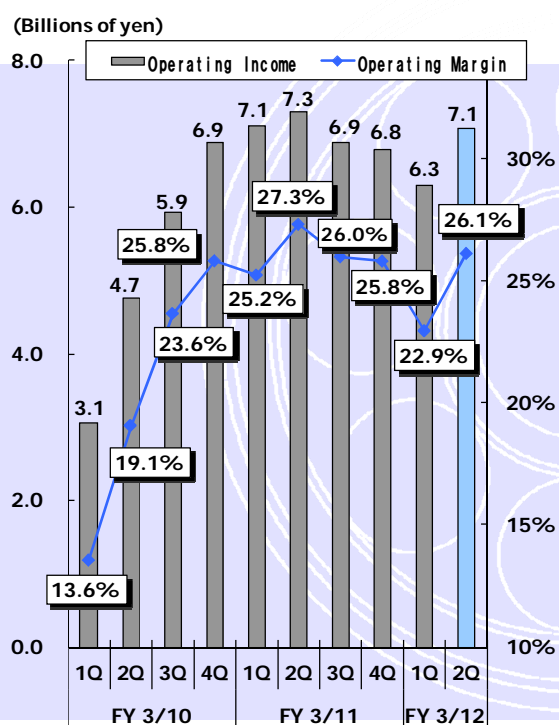
Quarterly

\* The segment results by new business segment for the fiscal year ended March 2010 is unaudited.

## Net sales



## Operating income



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For the Machined Components business segment, second quarter net sales were 27.1 billion yen, down 1.3% from the previous quarter. Operating income was 7.1 billion yen, up 12.3% from the previous quarter. Operating margin was 26.1%, up 3.2 percentage points from the previous quarter.

Second quarter sales of miniature and small-sized ball bearings decreased by 3.2% from the previous quarter to 15.2 billion yen, as negative impacts of the stronger Japanese yen more than offset the strong global demand, including demand recovery from Japan, which pushed up our ball bearing shipment volume to a record high of 216 million units per month during the quarter. Profits increased significantly due to improved production efficiency and less negative impact of the earthquake on product mix.

Second quarter sales of rod-ends and fasteners increased 1.9% from the previous quarter to 5.3 billion yen, due to increased order intake and shipment of our products caused by rising demand for aircraft. Profits also increased from the previous quarter.

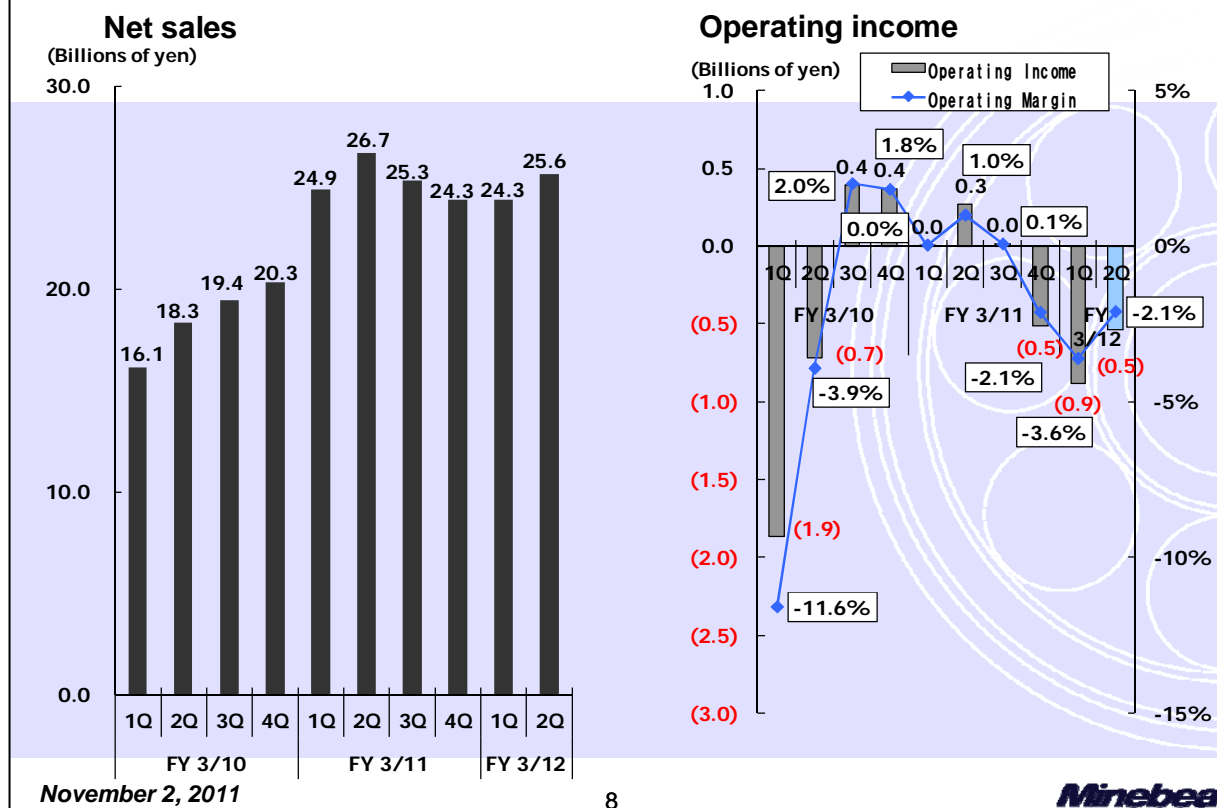
Second quarter sales of pivot assemblies for Hard Disk Drives remained flat from the previous quarter at 6.6 billion yen, affected by the stronger Japanese yen despite increased sales volume. Profits increased compared to the previous quarter, due to higher factory utilization.



# Rotary Components Business

Quarterly

\* The segment results by new business segment for the fiscal year ended March 2010 is unaudited.



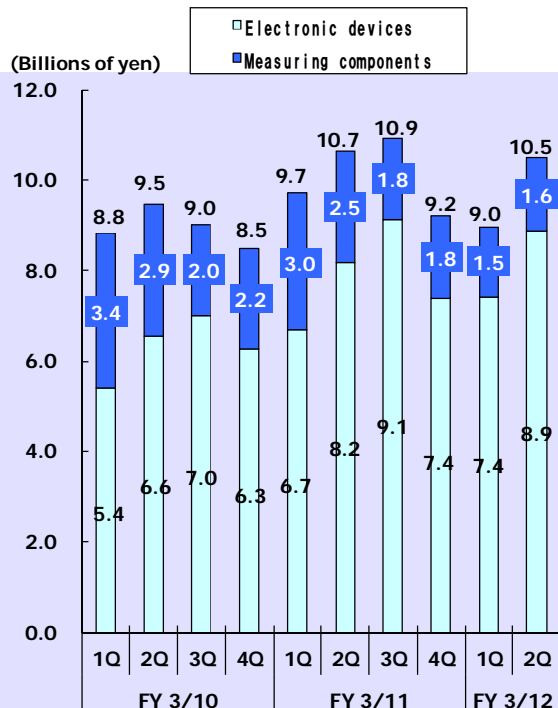
In the Rotary Components business segment, second quarter net sales were 25.6 billion yen, up 5.3% from the previous quarter. The operating deficit narrowed from the previous quarter to 0.5 billion yen due to less negative impacts from the Tohoku Earthquake and improved production efficiency as volume increased, despite significantly higher rare-earth material prices. It is taking time to raise motor product prices despite our efforts to counter this rare-earth problem. Operating margin was negative 2.1%, 1.5 percentage points better than the previous quarter.

The HDD spindle motor business achieved a small profit as shipment volume increased. Other motors such as brushless DC motors, stepping motors, micro actuators and others which suffered from the supply chain disruption caused by the Tohoku Earthquake showed sales recovery. However, profits improved but remained negative due to significantly higher rare-earth material prices.

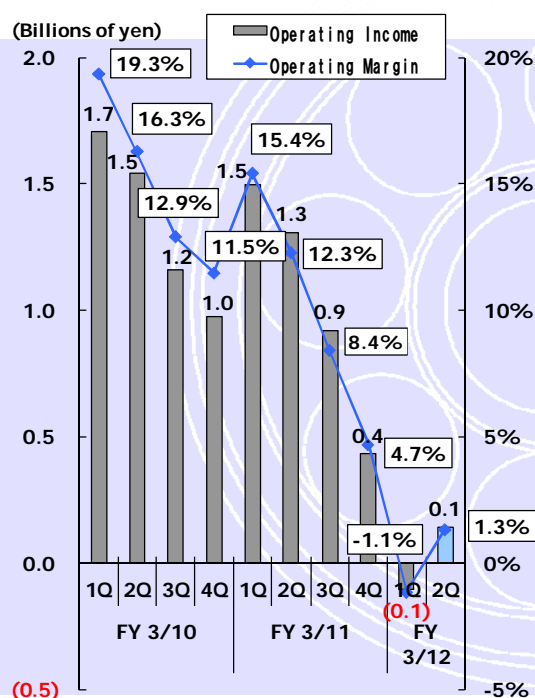
# Electronic Devices & Components Business Quarterly

\* The segment results by new business segment for the fiscal year ended March 2010 is unaudited.

## Net sales



## Operating income



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In the Electronic Devices and Components business segment, second quarter net sales were 10.5 billion yen, up 17.2% from the previous quarter. Operating income turned slightly positive to 0.1 billion yen. Operating margin was 1.3%, up 2.4 percentage points from the previous quarter.

Net sales of electronic devices increased 20.3% from the previous quarter, to 8.9 billion yen. This was due to increased LED backlight shipments from our factories including the new Suzhou factory, amid strong order intake growth. Profits of electric devices improved, but remained slightly negative due to a delay in efficiency improvement while we focused on production ramp up.

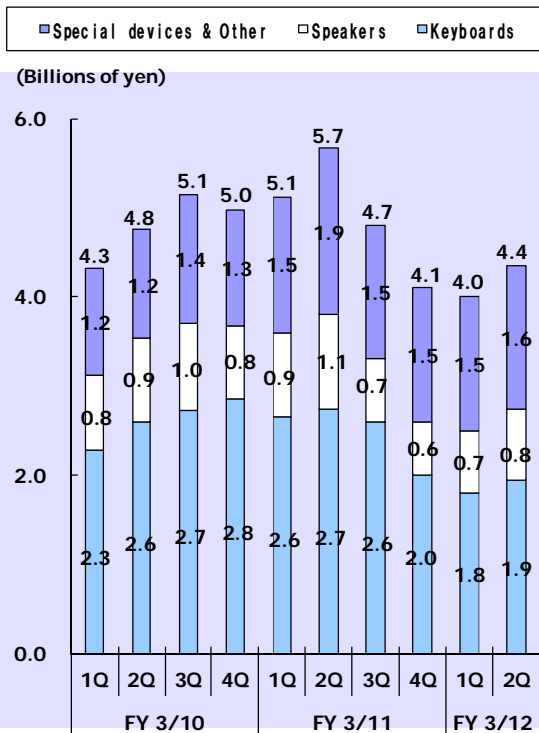
Net sales of measuring components increased by 6.7% from the previous quarter to 1.6 billion yen, due to increased automobile production in Japan. Profits remained unchanged from the previous quarter.

## Other Business

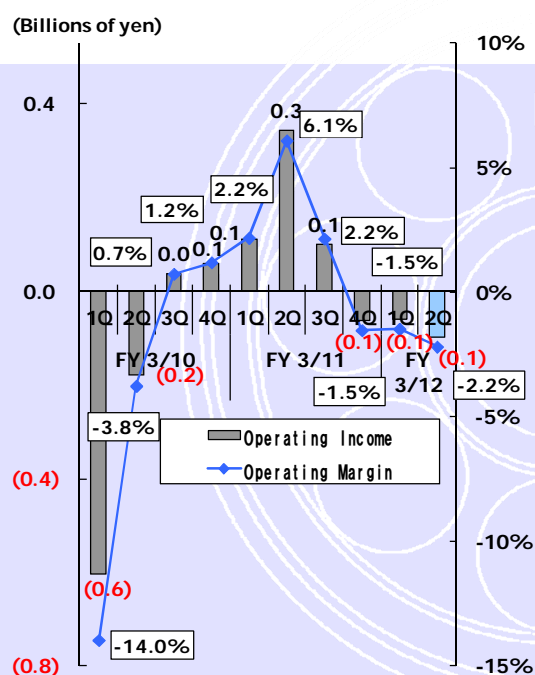
Quarterly

\* The segment results by new business segment for the fiscal year ended March 2010 is unaudited.

### Net sales



### Operating income



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In the Other business segment, second quarter net sales were 4.4 billion yen, up 9.5% from the previous quarter. Operating loss was 0.1 billion yen, unchanged from the previous quarter. Operating margin was down 0.7 percentage points to a negative 2.2%, flat from the previous quarter.

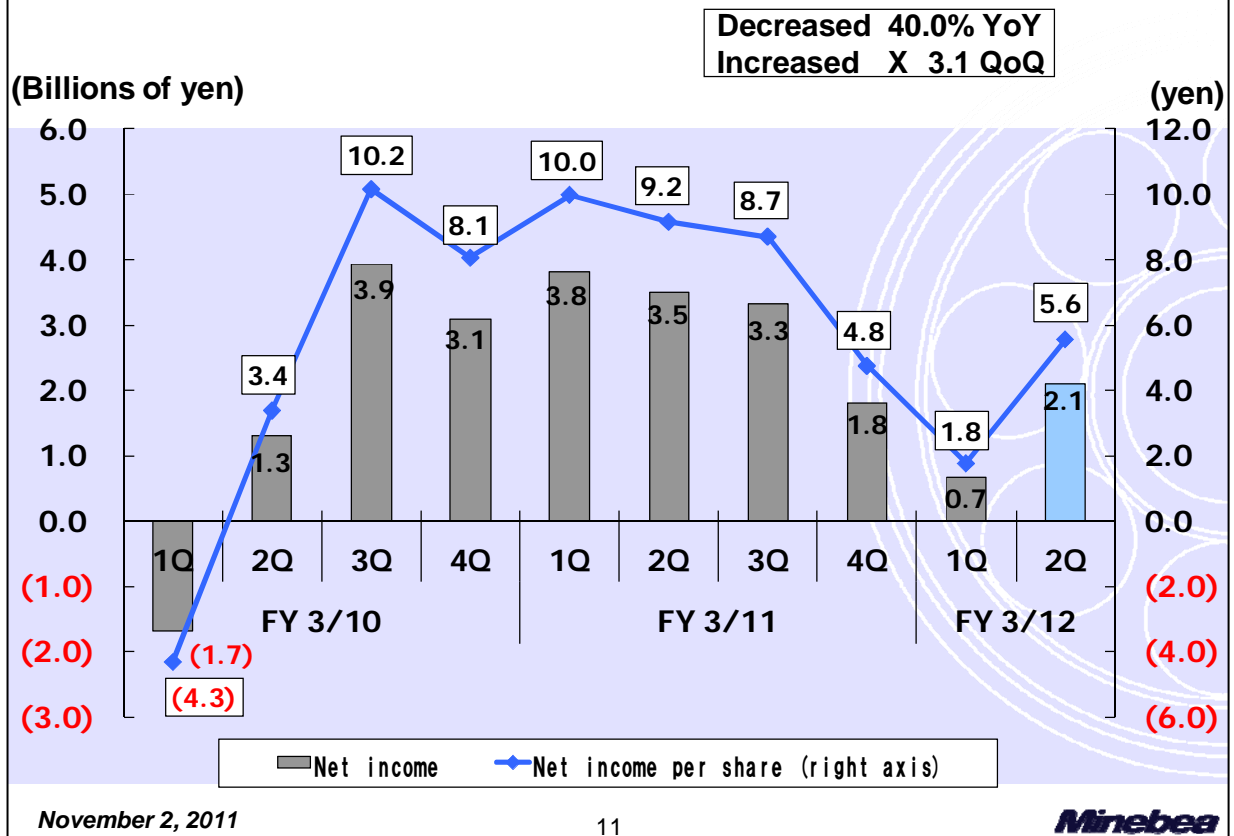
Net sales of keyboards increased by 5.6% from the previous quarter, to 1.9 billion yen. Operating income of this business was slightly negative.

Net sales of speakers increased by 14.3% from the previous quarter, to 0.8 billion yen. Its losses narrowed.

Net sales of special devices and other components were up 6.7% from the previous quarter, to 1.6 billion yen. Its profits were almost flat from the previous quarter.

# Net Income

Quarterly

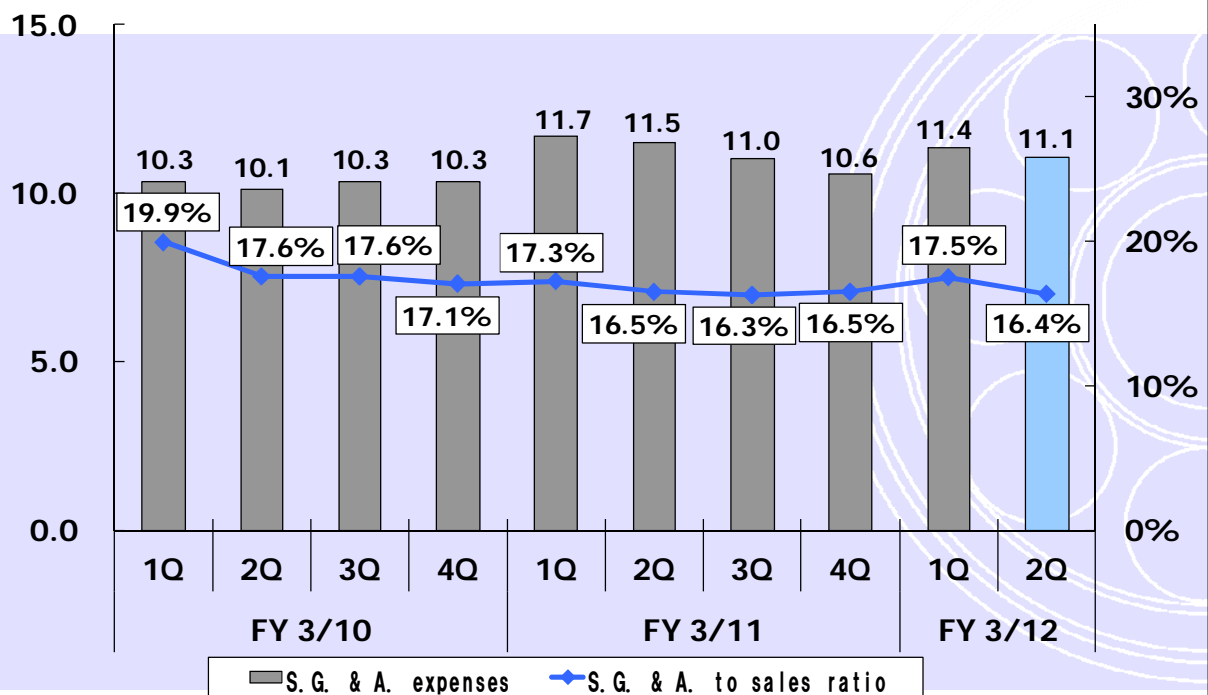


Net income for the second quarter was 2.1 billion yen, as operating income recovered. Net income per share was 5.6 yen.

## S.G. & A. Expenses

Quarterly

(Billions of yen)



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SG&A expenses in the second quarter decreased 0.3 billion yen compared to the previous quarter to 11.1 billion yen. This was mainly because the higher Japanese yen pushed down foreign currency denominated expenses.

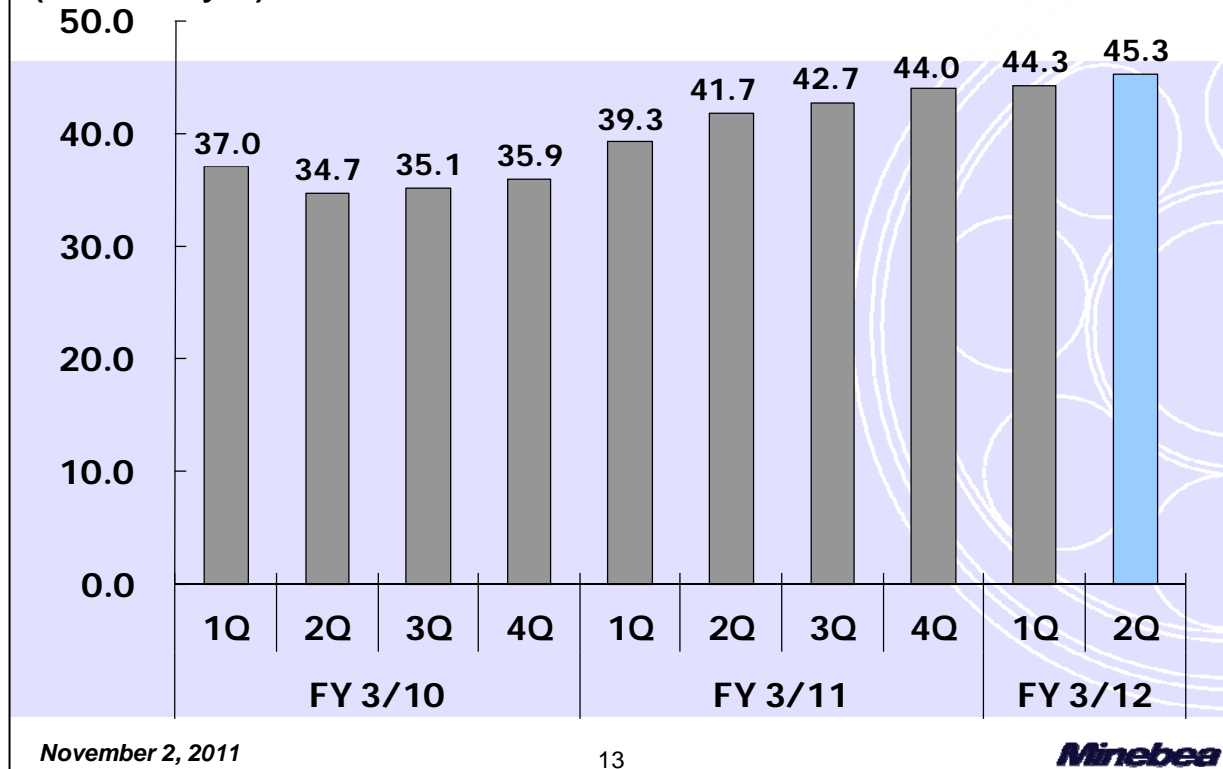
SG&A expenses-to-sales ratio decreased by 0.9 percentage point to 16.4% while sales increased.

It is a tough business environment, we will continue our efforts to hold expenses down.

# Inventories

Quarterly

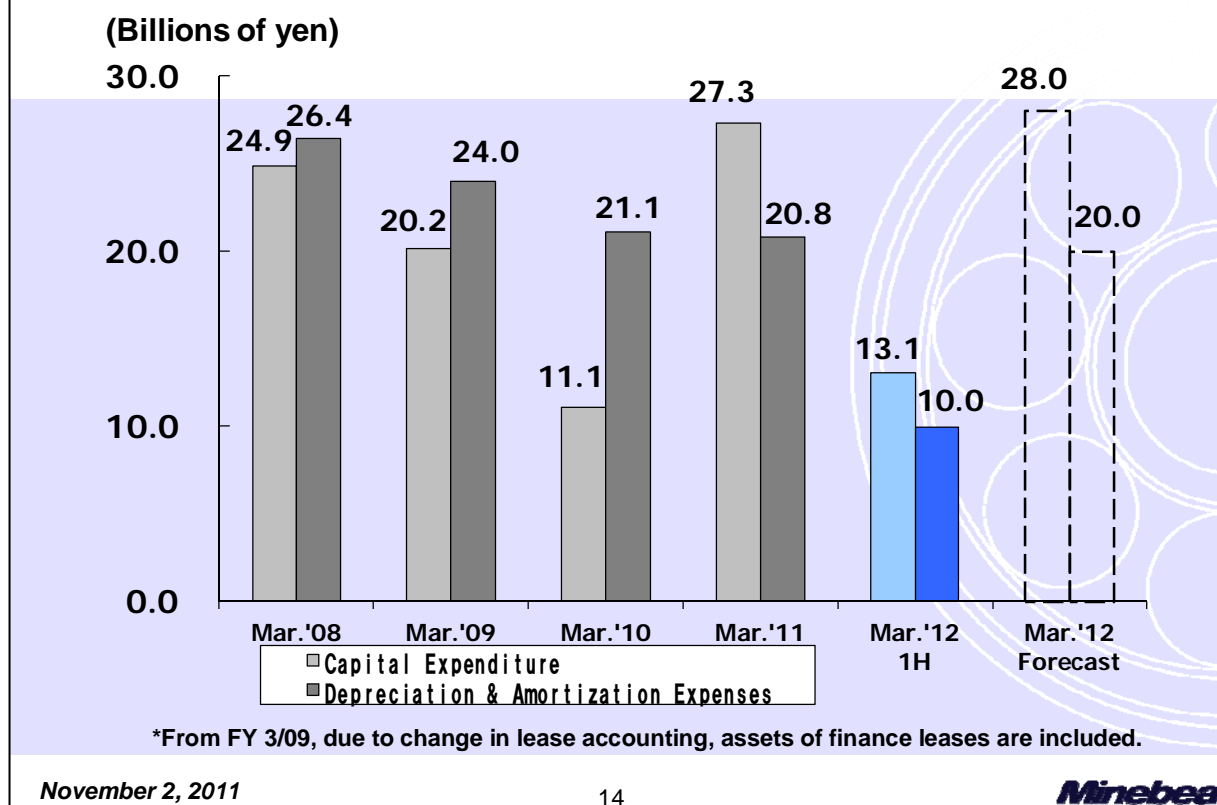
(Billions of yen)



Inventories increased by 1.0 billion yen compared to the previous quarter. This was due mainly to inventory growth caused by increasing shipment volume in HDD spindle motors and LED backlights, and other factors.

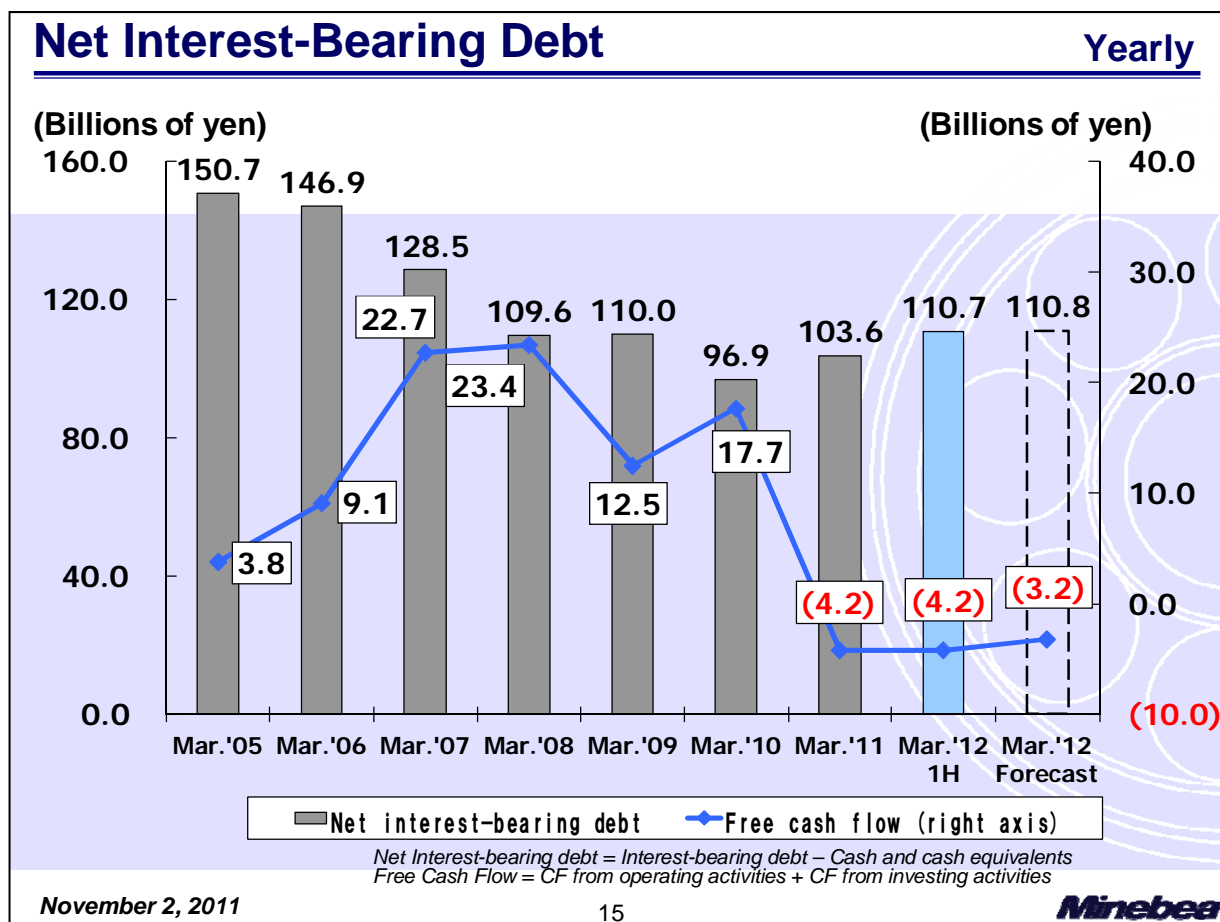
## Capital Expenditure & Depreciation

Yearly



Capital expenditure for the first half was 13.1 billion yen. In April, a new LED backlight plant in Suzhou, China and a new rental motor plant in Cambodia came online. A new Thai ball bearing plant also came on line in October. We are working on our own new motor plant in Cambodia which is expected to be ready by December, a new multi-purpose plant in Lop Buri, Thailand, which is expected to be completed by January next year and a new special bearing plant in Germany which is expected to be completed by May next year.

Depreciation and amortization expenses for the first half were 10.0 billion yen.



Net interest-bearing debts, which are interest-bearing debts minus cash and cash equivalents, were 110.7 billion yen at the end of the second quarter, an increase of 7.1 billion yen from the end of the previous fiscal year. This is because of increased cash needs for bonus payments, dividend payments, repurchases of our own shares and investments at new factories, in addition to lower profits.

Free cash flow for this fiscal year is expected to remain negative as investments on new factories and others continue.



## Forecast for Fiscal Year Ending March 31, 2012

Full year forecast was lowered due to global economic slowdown, currency impacts, higher rare-earth material prices, Thai floods and other factors

(Millions of yen)	FY ended Mar. '11	Fiscal Year ending Mar. '12				Fiscal Year ending Mar. '12 Previous forecast	
	Full Year	1H	2H revised Forecast	Full Year revised Forecast	YoY	2H	Full Year
Net sales	269,139	132,448	130,552	263,000	-2.3%	150,000 ~137,000	285,000 ~260,000
Operating income	22,163	6,052	5,948	12,000	-45.9%	14,800 ~12,900	24,500 ~21,000
Ordinary income	20,364	5,032	4,968	10,000	-50.9%	13,800 ~11,900	22,500 ~19,000
Net income	12,465	2,769	2,231	5,000	-59.9%	8,600 ~7,700	13,000 ~11,000
Net income per share (yen)	32.61	7.30	5.90	13.20	-59.5%	22.74 ~20.36	34.34 ~29.06

Foreign exchange rates	Mar. '11 Full year	1H of FY Mar. '12	2H of FY Mar. '12 Assumption	FY ending Mar. '12 Assumption
US\$	¥86.04	¥80.24	¥76.00	¥78.12
Euro	¥113.22	¥115.76	¥104.00	¥109.88
Thai Baht	¥2.75	¥2.66	¥2.45	¥2.56
Chinese RMB	¥12.78	¥12.38	¥12.00	¥12.19

2H of FY Mar. '12 Assumption	FY ending Mar. '12 Assumption
¥84.00	¥84.00
¥111.00	¥111.00
¥2.80	¥2.80
¥12.60	¥12.60

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We have revised downward our forecast as shown on the table considering negative impacts from slowdown in the global economy, currency fluctuation, higher rare-earth material prices, Thai floods and other factors. Thai floods are expected to have larger negative impact on us than one from the Tohoku Earthquake as HDD and other supply chains have been affected, in addition to the fact that our Rojana and Navanakorn plants which manufacture HDD parts were flooded. We will explain this situation in detail in the latter part of the presentation.

We revised our currency assumptions to higher Japanese yen rates against other currencies according to the on-going market rates.

## Forecast for Business Segment

(Millions of yen)	FY ended Mar. '11	FY ending Mar. '12			Change
	Full year	1H	2H revised Forecast	Full Year revised Forecast	YoY
Net sales	269,139	132,448	130,552	263,000	-2.3%
Machined components	107,841	54,603	52,097	106,700	-1.1%
Rotary components	101,139	49,980	49,320	99,300	-1.8%
Electronic devices and components	40,502	19,457	24,143	43,600	+7.6%
Other	19,657	8,407	4,993	13,400	-31.8%
Operating income	22,163	6,052	5,948	12,000	-45.9%
Machined components	28,088	13,378	13,022	26,400	-6.0%
Rotary components	-224	-1,417	-1,683	-3,100	N.M.
Electronic devices and components	4,160	38	862	900	-78.4%
Other	498	-156	-344	-500	N.M.
Adjustment	-10,358	-5,789	-5,911	-11,700	N.M.

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This slide shows revised forecast of business segments.

# Policy and Strategy

**November 2, 2011**

**Yoshihisa Kainuma**

**Representative Director,  
President and Chief Executive Officer**

# **Why We Didn't Reach Our Goals for the 1st Half of FY Ending March 2012**

*November 2, 2011*

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## Why 1<sup>st</sup> Half Results Fell Short of Goals

### Larger-than-expected impacts of the Tohoku Earthquake

- Ball bearings: Temporarily deterioration of product mix
- LED backlights: Temporary shortage of some materials caused losses and delay in recovery.
- Motors: Sluggish sales for Office Automation Equipments

Higher-than-expected hike of rare-earth materials delayed earnings recovery in rotary components



**Sales were close to upper end of range.  
Operating income was below range.**

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The operating results for the first half of the fiscal year ending March 2012 fell short of our goals.

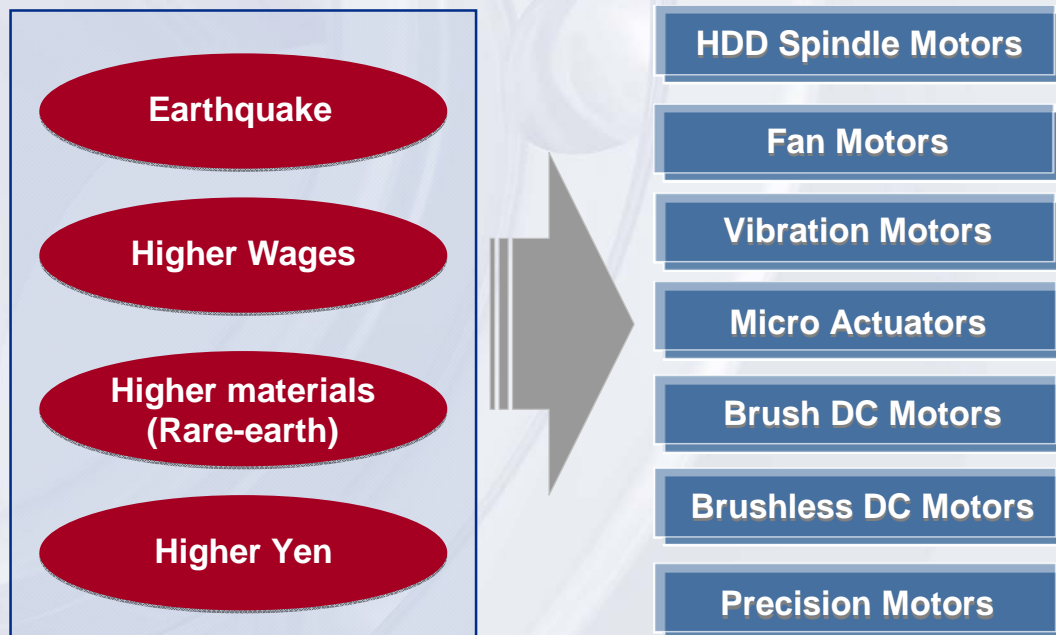
As you can see from the slide, the impact of the 3-11 earthquake was larger than we had expected and the rare earth material prices were higher than we had anticipated. Performance by business segment, provided on page five of the supplementary financial data, shows that operating income did not reach our target although sales were within the projected range. There were two major reasons for this.

One is rotary components and the other is electronic devices and components.

The rotary components business was severely impacted by the hike in rare earth material prices, which amounted to 0.8 billion yen. We would have been able to generate a profit again if we had not been hit with the higher material prices. The HDD spindle motor business finally made a profit, yielding 8 million yen in operating income for the second quarter.

In the electronic devices and components business segment, we do not have measuring components business for game consoles this year. We also opened a new LED backlight production facility in Suzhou this past April that led to a year-on-year cost increase and had a negative impact on the segment's performance just before sales were expected to soar in November.

## Negative Factors affected Rotary Components



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These factors are what triggered the rotary components business' decline in profitability.

Fortunately HDD spindle motors generated 8 million yen in profits for the second quarter.

While one specific fan motor model was responsible for a large deficit, the loss is temporary and will soon be over.

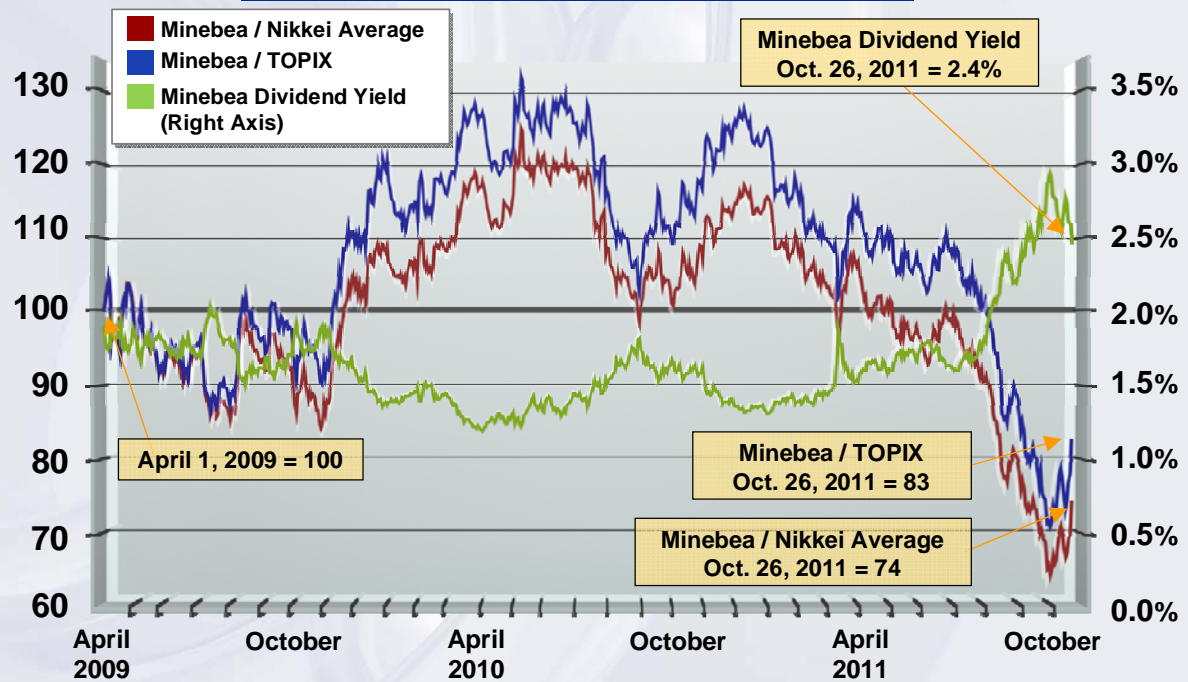
Sales of micro actuators stagnated since the shipment volume for the digital still camera market was lower than we had projected.

While we are about to start shifting production operations to Cambodia, we didn't make as much progress in brush DC motor sales as we had expected.

# Relative Stock Performance

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April 1, 2009 through October 26, 2011



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This graph shows our relative stock performance since I became president. I'm very sorry to say that our stock has been underperforming both the Nikkei Average and TOPIX over the two years that I've been president. I will do my best to reverse this trend over the next year.

The green line shows our dividend yield, which I would like to point out, has moved up to around 2.5%.

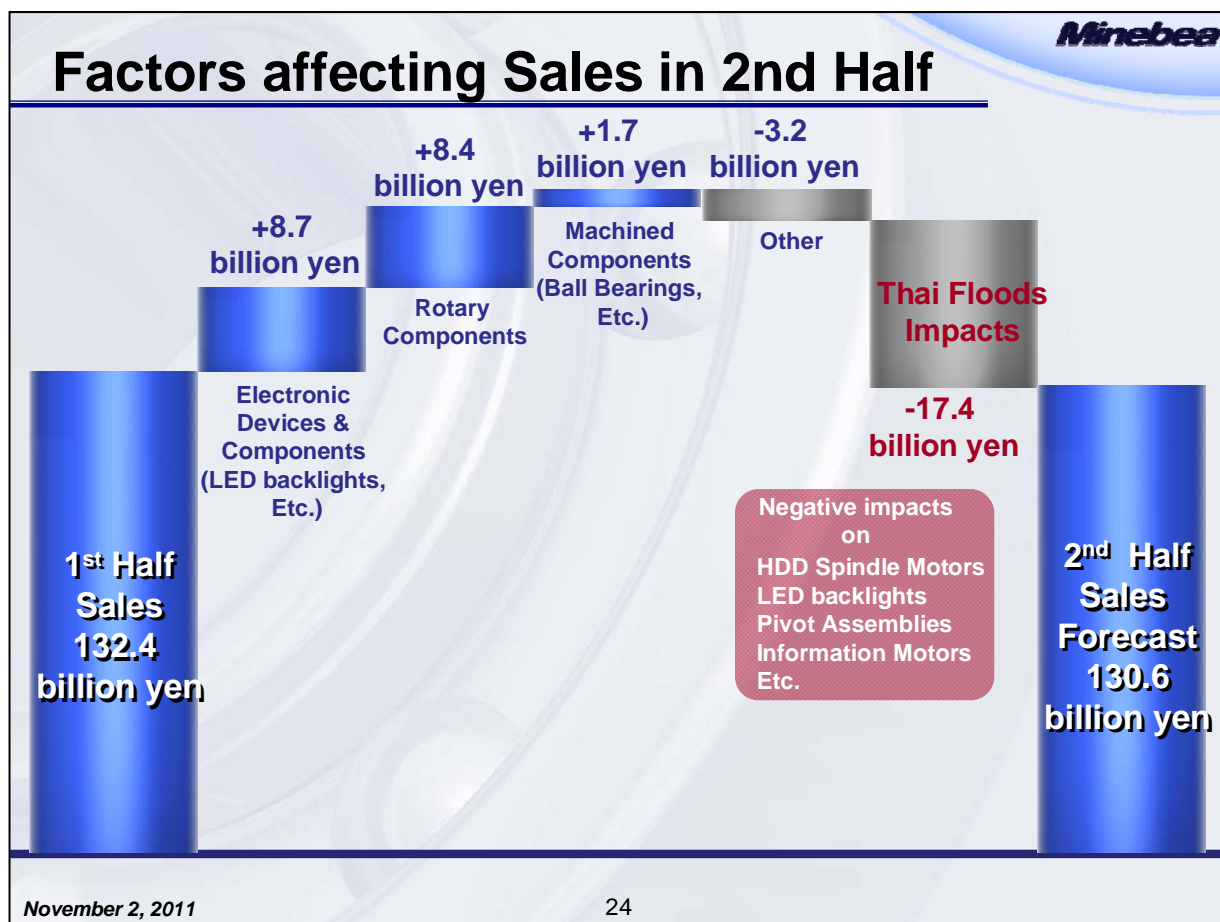
# **Factors affecting Sales and Operating income in the Second Half**

*November 2, 2011*

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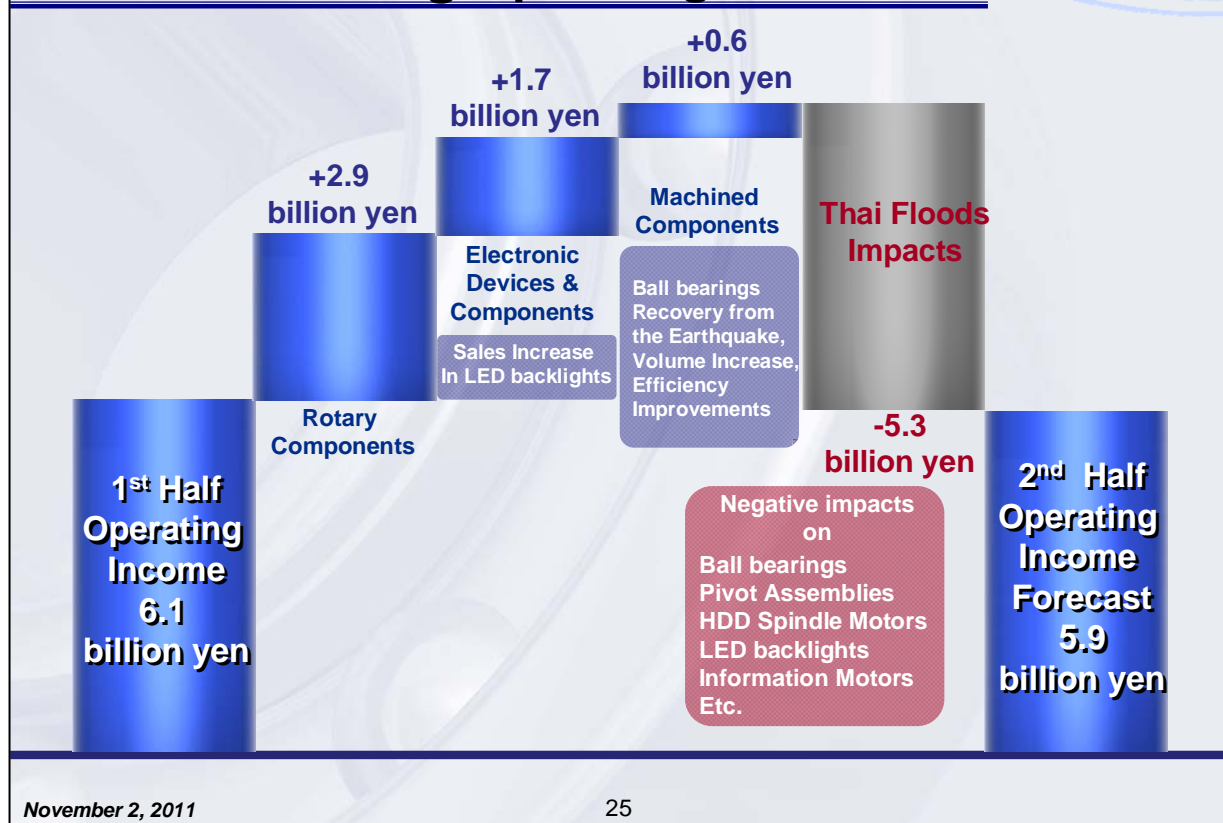
We are now focusing on the road ahead as we move into the second half of this fiscal year and on into the next fiscal year. Flooding in Thailand has really changed the business environment.





I thought it best to incorporate the estimated impact of the flooding in Thailand as much as possible into the forecast for this fiscal year and share it with you at this meeting. The floods will hit the HDD market particularly hard in addition to industries like office automation and some areas of the automobile industry. We have estimated that the toll on our second fiscal half sales will total 17.4 billion yen. Before the flooding occurred, we had initially projected that sales would be up approximately 17.0 billion yen due to increased sales of HDD spindle motors and other rotary components as well as the start of tablet PC backlight production in November.

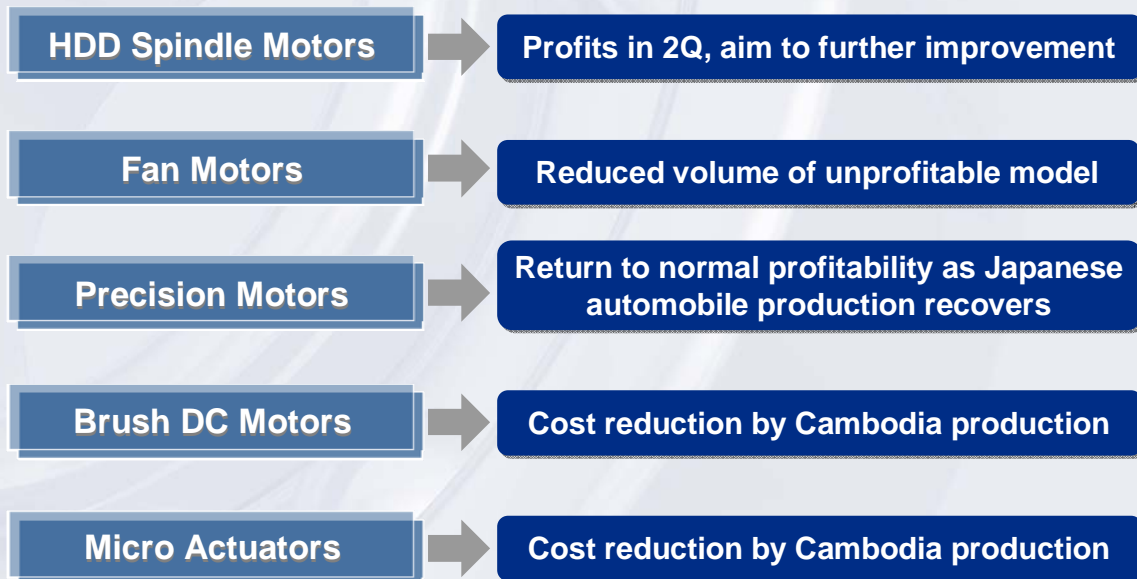
# Factors affecting Operating Income in 2nd Half



The negative impact of the floods on our operating income is projected to total 5.3 billion yen. While the 3-11 earthquake kept our operating income for the first fiscal half at 6.1 billion yen, we expect a repeat performance for the second half with approximately 5.9 billion yen in operating income. Although we expect the Thai floods to have a larger impact on our performance than the 3-11 earthquake, we should be able to keep operating income about as high as it was in the first half through internal measures designed to boost profitability.

# OP Improvements in Rotary Components

**2.9 billion yen operating income improvements**



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If we disregard the negative impact of the flooding, the rotary components business will see a 2.9 billion yen increase in operating income.

HDD spindle motors generated profits in the second quarter. While we were aiming to boost profitability, the Thai floods will likely deliver a major blow to our second half results. Despite all that has happened, we are feeling more confident about our technological and production capabilities. They say the third time's a charm and we are looking forward to putting these last two disasters behind us and rebuilding the HDD spindle motor business with an eye to sustainable profitability next fiscal year.

As I mentioned earlier, we had a fan motor model that generated a deficit but we will be able to turn the business around once this model is discontinued.

We expect precision motors to finally return to profitability as well. Luckily the automobile models we supply motors for were spared by the floods and sales of precision motors for automobiles are expected to take off. We should definitely be able to turn the business around next fiscal year.

Over the past year we have worked quickly to get the brush DC motors and micro actuators plant in Cambodia up and running. We have already been producing both types of motors at a leased facility and have seen costs drop steadily. We are now moving production of all of our low-priced brush DC motor models to the Cambodian plant. Since production costs have fallen every month, we can look forward to some excellent cost savings.

## Impacts from Thai Floods (1)

<b>Lop Buri plant</b>	No flooding	<b>Normal operations</b> Normal attendance
<b>Ayutthaya plant</b>	No flooding	<b>Normal operations</b> 80% attendance
<b>Bang Pa-in plant</b>	No flooding	<b>Normal operations</b> 60% attendance
<b>Rojana plant</b> (HDD spindle motor base plates)	Flooding	No schedule to restart
<b>Navanakorn plant</b> (HDD spindle motor machined parts)	Partially inundated 28 cm above floor (Oct. 28)	<b>Preparing to restart</b>



Bang Pa-in Plant

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I cleared my schedule and flew to Thailand on October 10 to spearhead operations there for 12 days. Thanks to our dedicated employees and my predecessors' keen insights, we were able to get through the flooding with minimal damage. I would like to thank everyone who expressed their concerns for us. Here's where we are now. The Lop Buri, Ayutthaya and Bang Pa-in plants, our major production facilities, were not at all affected by the flooding and are operating as usual. I took this picture at the Bang Pa-in plant. You can see a levee on the left that is being built to prevent water from getting into the plant site.

We are doing everything possible under the circumstances to get our HDD parts plants back to normal as soon as possible.

According to the update I received today, recovery of dies has been completed and a third to a half of the Navanakorn plant's machinery can be repaired.

## Impacts from Thai Floods (2)

### Financial Impacts

- Sales : -17.4 billion yen in the 2nd half
- Operating Income : -5.3 billion yen in the 2nd half

- ◎ Covered by insurances on renewal value basis
- ◎ Cultivate new business to utilize open space in plants



Ayutthaya plant

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I also took this picture of the Ayutthaya plant. That glimmer you see at the top half of the picture is all water. You can see that the Rojana area is entirely under water. Fortunately the Ayutthaya plant suffered no flood damage and just resumed operations.

As I said earlier, the financial toll from the flooding on our second half results is estimated at 17.4 billion yen in sales and a loss of 5.3 billion yen in operating income. Our insurance policy covers the repurchase value of our assets, so we will be compensated for the value of the new equipment.

Since our key production facilities are intact, we have received inquiries about new business opportunities using open plant space as well as orders from new customers.



# Business Strategy toward the 2nd half and next year

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Now I'd like to move on to strategies for the second fiscal half and next year.

# Measures for the Next Year

## Ball Bearings

### New Ball Bearing Plant (Thailand)

- For pivot assemblies
- For Chinese market

### New Special Bearing Plant (Germany)

- Improving efficiency, increasing capacity

### Rod-ends, Rotary Components, LED Backlights

#### New Multi-purpose Plant (Thailand)

- Increasing order intake as new model production expands
- Rapid growth of smart phones

### Rotary Components

#### New Motor Plant (Cambodia)

- Measure against rising wages in Asia

### LED Backlights

#### New LED Backlight Plant (China)

- Rapid growth of tablet PCs
- Big order intake

**For a while, factory open space will be utilized**

November 2, 2011

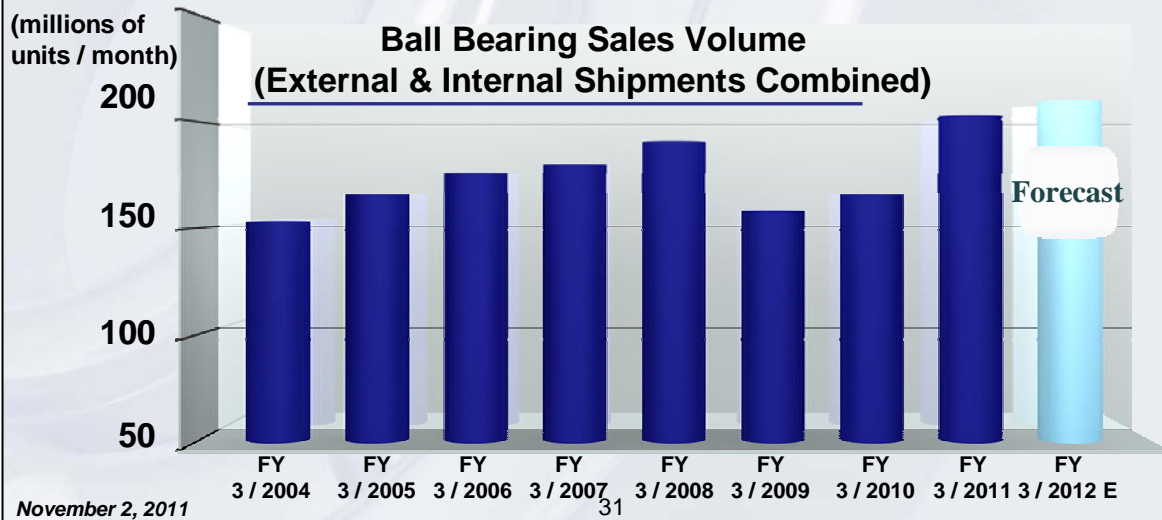
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Since I became president, I have been committed to doing my absolute best in the face of this series of tough challenges that began with the collapse of Lehman Brothers, followed by the highest yen exchange rate ever, hikes in rare earth material prices, a devastating "once-in-a-millennium" earthquake, and the worst flooding Thailand has seen in half a century. Now I am steadily preparing for our next big leap forward. These new plants constitute just a portion of the steps that will take us to new heights. We are going to see production increase across every industry in the fourth quarter and it's crucial that we hit the ground running. I can assure you that we have developed the competitive edge that will enable us to meet this kind of major production increase.

# Record High Ball Bearing Volume

Demand for ball bearings is growing as the global economy continues to grow.

- Strengthen sales force in emerging markets such as Brazil, China and India
- Boost on sales of medium-sized products



Demand for ball bearings has been fueled by the steady growth in the global economy. Shipment volumes have remained steady since the 3-11 earthquake with only small profit fluctuations due to changes in the product mix. The machined components business segment has risen above every obstacle in its way, from the strong yen to the devastating earthquake, to regain the same kind of profit margin it had earlier.

Our new ball bearing plant in Bang Pa-in now has a monthly production capacity of 5 million units and will have the ability to produce 10 million more units per month during the next fiscal year.



# Opening of a New Ball Bearing Plant in Thailand

## Multi-purpose ball bearing plant

- **Products:** Ball bearings for pivot assemblies; low-priced, mass-produced ball bearings targeted at Chinese market; and medium-sized ball bearings.
- **Capacity:** possible to house 40 million units / month capacity over the next 2 years
- **Started operations in October 2011**



**New ball bearing plant (Bang Pa-in, Thailand)**

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This is another picture I took of the new ball bearing plant in Bang Pa-in. The plant will be used to make low-priced, mass-produced ball bearings targeted at Chinese market as well as medium-sized ball bearings, which are slightly larger than our standard ball bearings. Over the next two years it will produce 40 million units a month.

# Construction of New myonic Plant

- **Products :** Special bearings for use in dental and medical instruments such as X-ray tube bearings
- **Investment :** Approximately 0.6 billion yen
- **Expected operation :** August 2012
- **Targets :**
  1. Improving production efficiency by consolidating and restructuring production facilities at leased plants
  2. Increasing production capacity to meet increasing demand
  3. Improving energy efficiency significantly
  4. Increasing sales by approximately 20 % in 3 years



New myonic plant (Leutkirch, Germany)

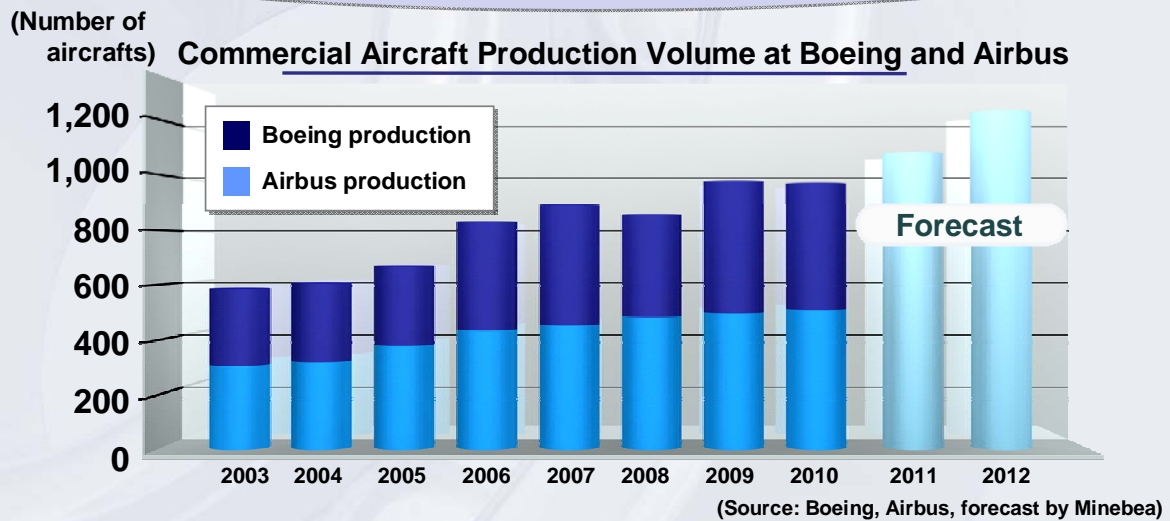
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This is the new myonic plant. We will invest 0.6 billion yen to enhance the plant's capacity to produce special bearings for niche markets, such as those used in x-ray medical equipment as well as dental and medical instruments. We can expect a large return on our investment since the plant will increase not only sales but also profitability.

# Brisk Order Intake in Aircraft Bearings

Increasing orders will fuel aircraft market growth over the medium run as new Boeing 787 production shifts into high gear.



- Work on expanding product range
- Move more production to Lop Buri (Thailand) plant to reduce costs

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Now that the Boeing 787 has been finally launched, 787-related production is sure to pick up and the aircraft market steadily grows. This is a market that has been untouched by the Thai floods.

## Construction of Multi-purpose Plant in Lop Buri

**Location: Lop Buri, Thailand**

**(site of a planned but stopped pivot assembly factory)**

**Building area: 19,000m<sup>2</sup>**

**Expected to complete: January 2012 (2 months quicker than normal)**

**Transferring motor parts production lines from existing buildings**



**Utilizing open space in Lop Buri factory complex**

- **Expanding rod-end bearing production capacity**
- **Expanding LED backlight production capacity**

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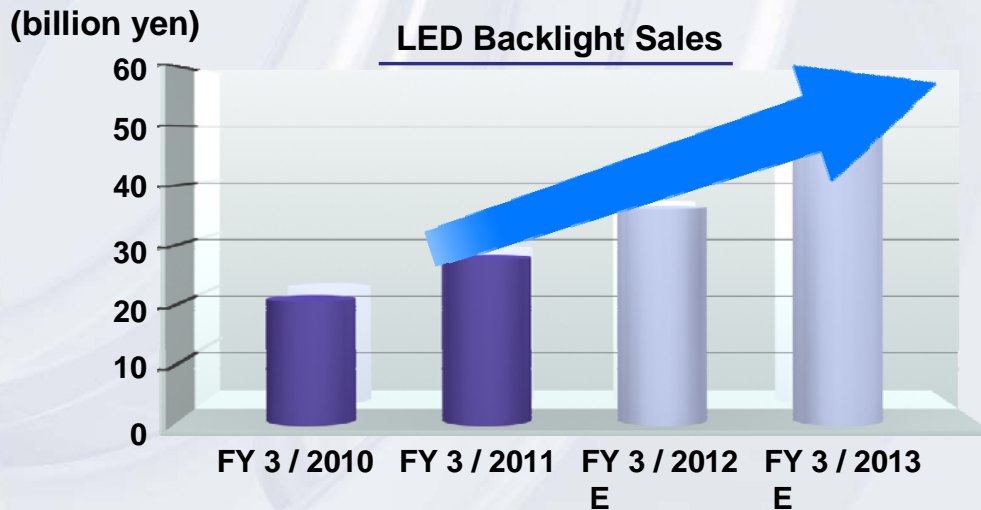
This is our new plant in Lop Buri, which is scheduled to be completed in late January next year. Construction is now underway to expand the cleanroom for LED backlight production, enhance rod-end bearing production capacity, and make room for the transfer of a motor parts press shop from the Bang Pa-in plant.

## Growth Strategy of LED Backlights

Rapid growth of smart phones and tablet PCs

Growing demand for Minebea's LED backlights which are more precise, thinner and more energy-efficient

Increasing production capacity to meet big order intake



As I have explained before, we are making a full-scale entry into the smart phone and tablet PC markets.



## New LED Backlight Plant in Suzhou

Ramping up production in Suzhou, China,  
which started operations in April



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This is a picture of the Suzhou plant, which is designed to produce tablet PC LED backlights.

## **Improving & Expanding Rotary Components**

**Production shift to Cambodia  
To cope with rising wages in Asia**

**Raising motor prices to counter higher  
rare-earth prices and changing designs**

**Strengthening R&D and sales of  
motors with hybrid components**

**New R&D capacity in Shenzhen, China**

**Profit increase in HDD spindle motors  
after recovery from Thai Floods**

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I'm really looking forward to what the next fiscal year will bring to our rotary components business. The Cambodian plant is set to begin full-swing operations. Costs are steadily dropping.

We will also see more of an impact from the the higher product prices that will enable us to counter the soaring rare earth material prices. We will make design changes with an eye to the future so we can minimize the use of rare earth materials.

We are strengthening R&D and sales of motors with hybrid components and have established a motor R&D function in Shenzhen.

# Construction of New Cambodian Plant

**Measure against rising wages in Asia**

**Rental factory was opened in April**

**Own factory will be opened in December**



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This is the latest picture of the Cambodian plant currently under construction. It will be completed by the end of this month.

The foundation of this 400-meter-long plant building is raised about one meter off the ground to prevent damage in the event of a flood. Eight hundred employees are currently in training at a small leased facility.

The plant will initially produce micro actuators and brush DC motors. Once production of vibration motors and brushless DC motors begins, the plant is sure to help keep our bottom line up.



## Next Year's Contributions from New Factories

Minebea



These five new plants are expected to generate a combined sales total of 30 billion yen next fiscal year.

## Profit-making in HDD Spindle Motors

**Enhance Quality**

**Improve Production Yield**

**Strengthen R&D: to start shipment of  
7 mm height 2.5 inch HDD spindle motors**



**Thai  
Floods**

**Utilizing outsource  
Recovery in supply chains**

**Volume  
Increase**

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Our technological capability for HDD spindle motors is more advanced than ever. The fact that the HDD spindle motors business was able to generate an operating income in the second quarter was a real morale booster for everyone involved, including myself.

## Strengthen Sales Network

### U.S.A.



**New sales office in Detroit**

### Brazil



**Local sales company launched in April**

### China



#### **Increased sales offices and personnel**

9 offices including new sales offices in Chengdu, Wuhan and Xian as well as existing offices in Hong Kong, Shenzhen, Shanghai, Dalian, Beijing and Wuhu, with approx. 170 employees

### India



#### **Boosted sales force**

in the four locations of Bangalore, Chennai, Delhi, and Pune

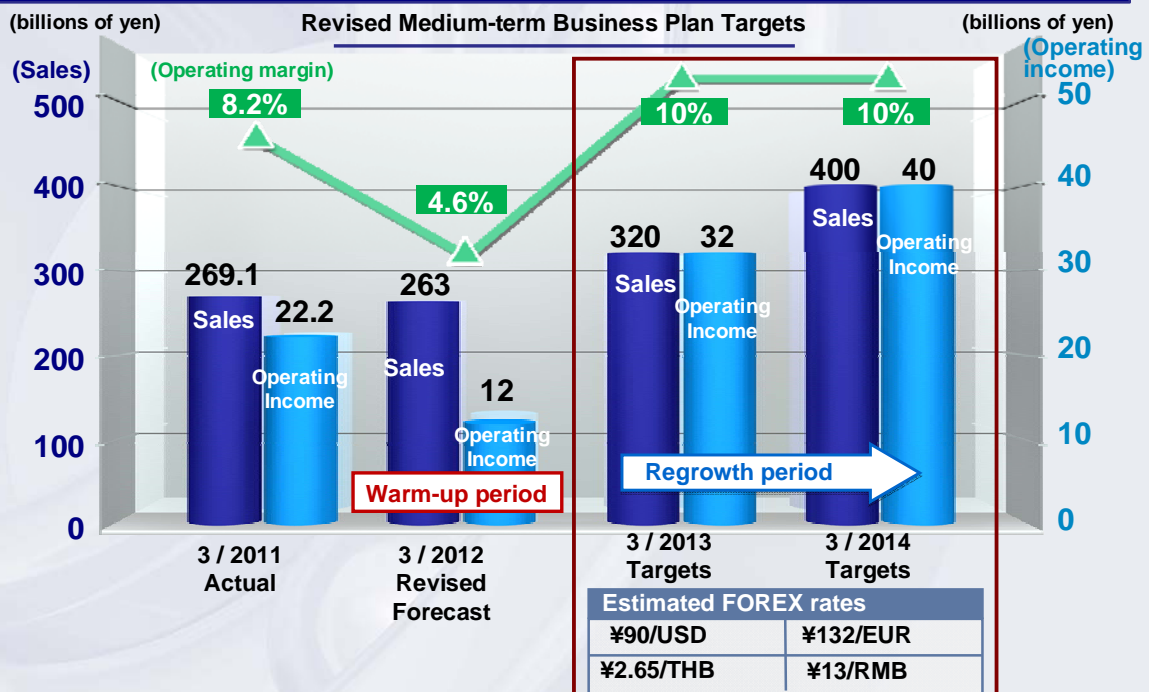
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As we have already announced in our press release, we are expanding our sales network.

## Revised Medium-term Business Plan Targets (Zero Growth This Year)

**Extend initial target deadline by one year due to expected market stagnation**



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This is our medium-term business plan that we announced a year and a half ago. I told you at our May investor meeting that, following on the heels of the 3-11 earthquake, we would use this year as a warm-up for our great leap forward next year. Still reeling from the second punch delivered by the Thai floods, we have made some downward revisions as shown here.

Once production starts to really pick up pace across the board early next year, inventories will drop and we will need to significantly boost production.

Working against the backdrop I have outlined, we will move forward next fiscal year to achieve the targets for the second year of the medium-term business plan. While the medium-term business plan is based on an estimated foreign exchange rate of 90 yen against the U.S. dollar, we plan to revise our estimation next year in light of the continuing appreciation of the yen. Nevertheless, we will aim for our targets of 320 billion yen in sales and 32 billion yen in operating income with an eye to getting as close as possible.

# Financial Strategies

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## Dividend Policy

### Dividend

FY03/2012 interim dividend: **3** yen/share

Dividend forecast for FY03/2012: Year-end: **4** yen/share

Total year: **7** yen/share

### Dividend Policy

Our basic dividend policy gives priority to enhancing equity efficiency and improving returns to our shareholders, with dividends reflecting performance in light of the overall business environment while maintaining stable and continuous distribution of profits.

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Our dividend payment this year will remain 7 yen per share.

## Net Interest-bearing Debt, Repurchase, and M&A

### Focus on creating free cash flow and maintaining sound financial structure

- Continue to focus on maintaining sound financial structure and creating cash flow
- Keep net interest-bearing debt in ¥100 billion range

### Maintain strategy to repurchase own shares

- Implement a flexible capital strategy in response to changes in the business environment.

### M&A strategy

- Work actively toward realizing M&As, especially in Machined Components area, to further enhance our strengths.
- Take advantage of the stronger Japanese yen.

# Minebea Co., Ltd.

## Business Results

<http://www.minebea.co.jp/>

Any statements in this presentation which are not historical are future projections based on certain assumptions and executive judgments drawn from currently available information.

Please note that actual performance may vary significantly from any particular projection due to various factors.

Factors affecting our actual performance include but are not limited to: (i) changes in economic conditions or demand trends related to Minebea's business operations; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously.

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