

# Business Results

## Third Quarter of Fiscal Year Ending March 31, 2012

February 3, 2012  
Minebea Co., Ltd.

**1. Financial Results**

**2. Policy and Strategy**

# Financial Results

**Hiroharu Katogi**

**Director, Senior Managing Executive Officer**

# Summary of Consolidated Business Results for 1Q-3Q

Lower sales and profits due to the Tohoku Earthquake, higher rare-earth material prices, stronger Japanese yen and the Thai Floods.

3Q extraordinary losses pushed net income down to negative.

(Millions of yen)	FY ended Mar. '11 1Q-3Q	FY ending Mar. '12 1Q-3Q	Change YoY
Net sales	205,195	189,164	-7.8%
Operating income	17,969	6,903	-61.6%
Ordinary income	16,653	5,356	-67.8%
Net income	10,649	-285	N.M.
Net income per share (yen)	27.86	-0.75	N.M.

Foreign exchange rates	1Q-3Q of FY Mar. '11	1Q-3Q of FY Mar. '12
US\$	¥87.46	¥79.33
Euro	¥114.11	¥112.50
Thai Baht	¥2.77	¥2.60
Chinese RMB	¥12.91	¥12.30

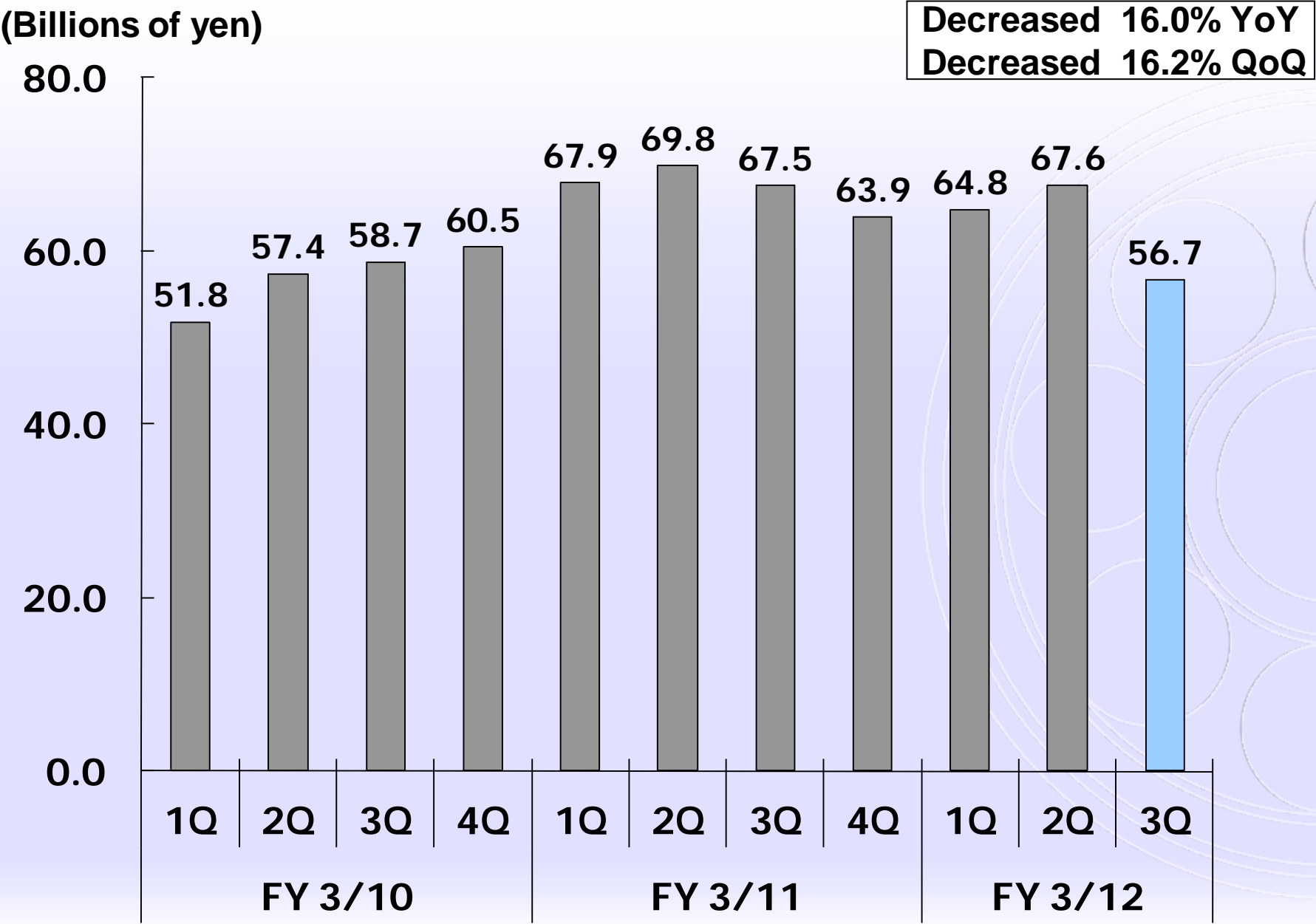
# Summary of Consolidated Business Results for 3Q

Sales and profits dropped Q on Q due to supply chain disruptions by the Thai Floods.

Extraordinary losses pushed net income down to negative.

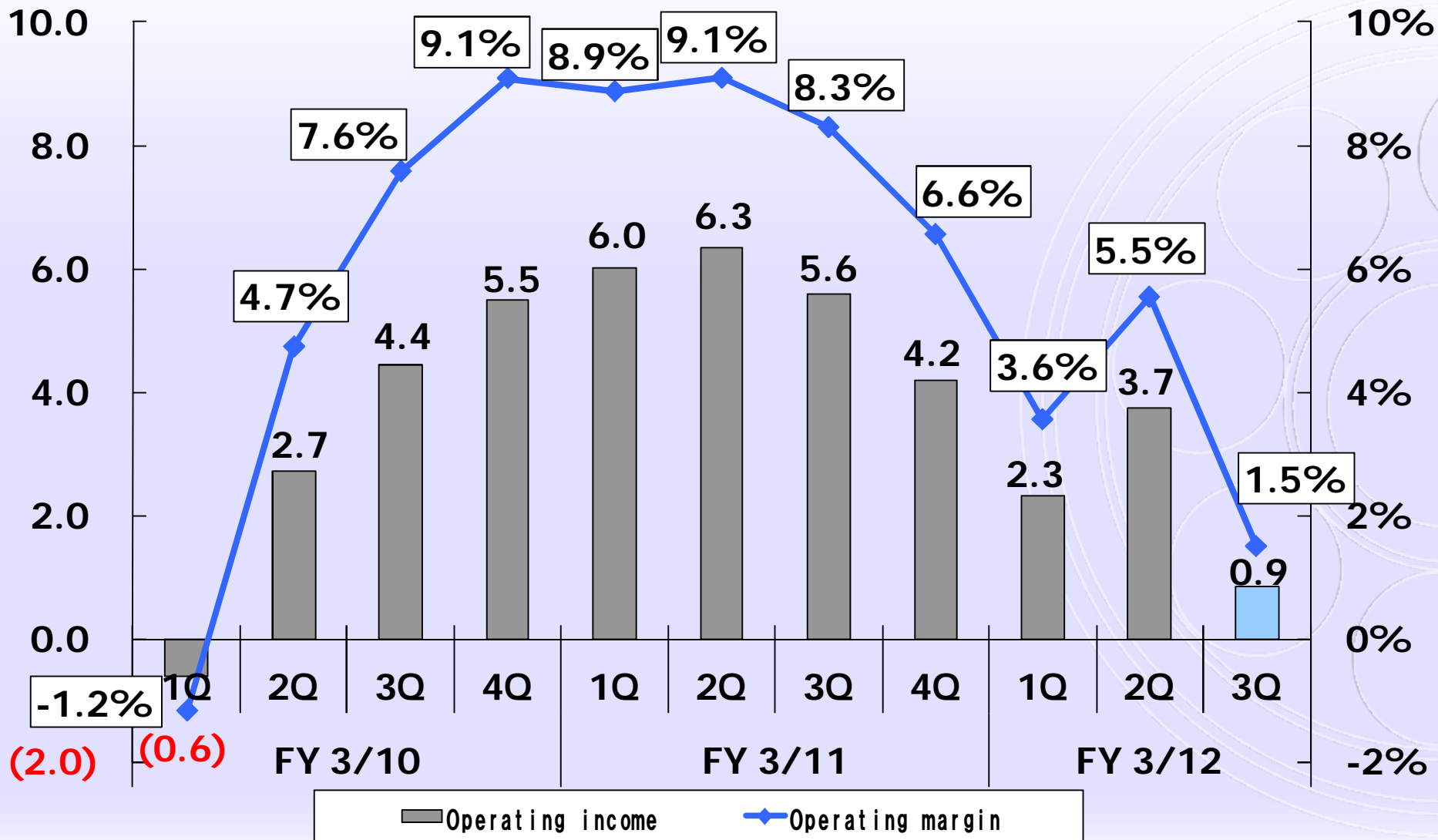
(Millions of yen)	FY ended Mar. '11 3Q	FY ending Mar. '12		Change	
		2Q	3Q	YoY	QoQ
Net sales	67,500	67,646	56,716	-16.0%	-16.2%
Operating income	5,597	3,749	850	-84.8%	-77.3%
Ordinary income	5,117	3,162	323	-93.7%	-89.8%
Net income	3,331	2,100	-3,055	N.M.	N.M.
Net income per share (yen)	8.71	5.56	-8.07	N.M.	N.M.

Foreign exchange rates	3Q of FY Mar. '11	2Q of FY Mar. '12	3Q of FY Mar. '12
US\$	¥82.99	¥78.44	¥77.51
Euro	¥112.50	¥112.98	¥105.99
Thai Baht	¥2.75	¥2.59	¥2.50
Chinese RMB	¥12.40	¥12.18	¥12.16



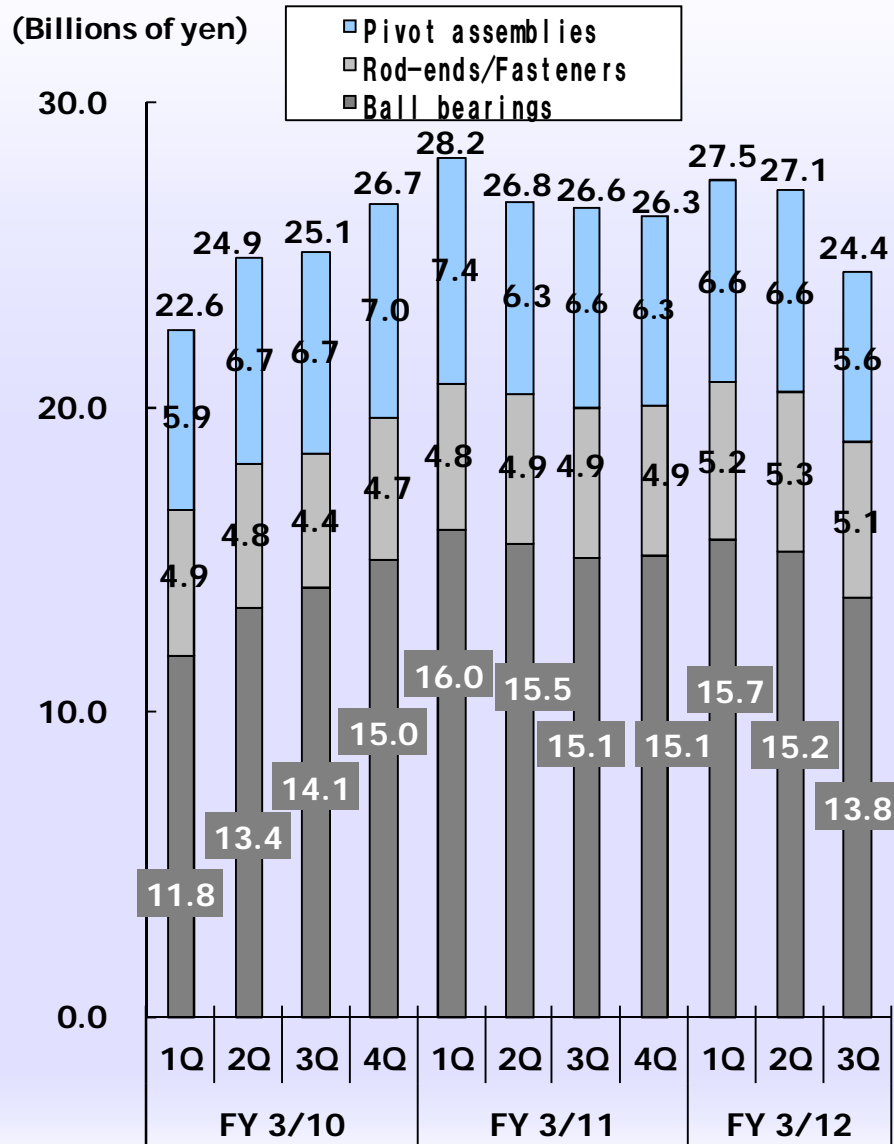
Decreased 84.8% YoY  
Decreased 77.3% QoQ

(Billions of yen)

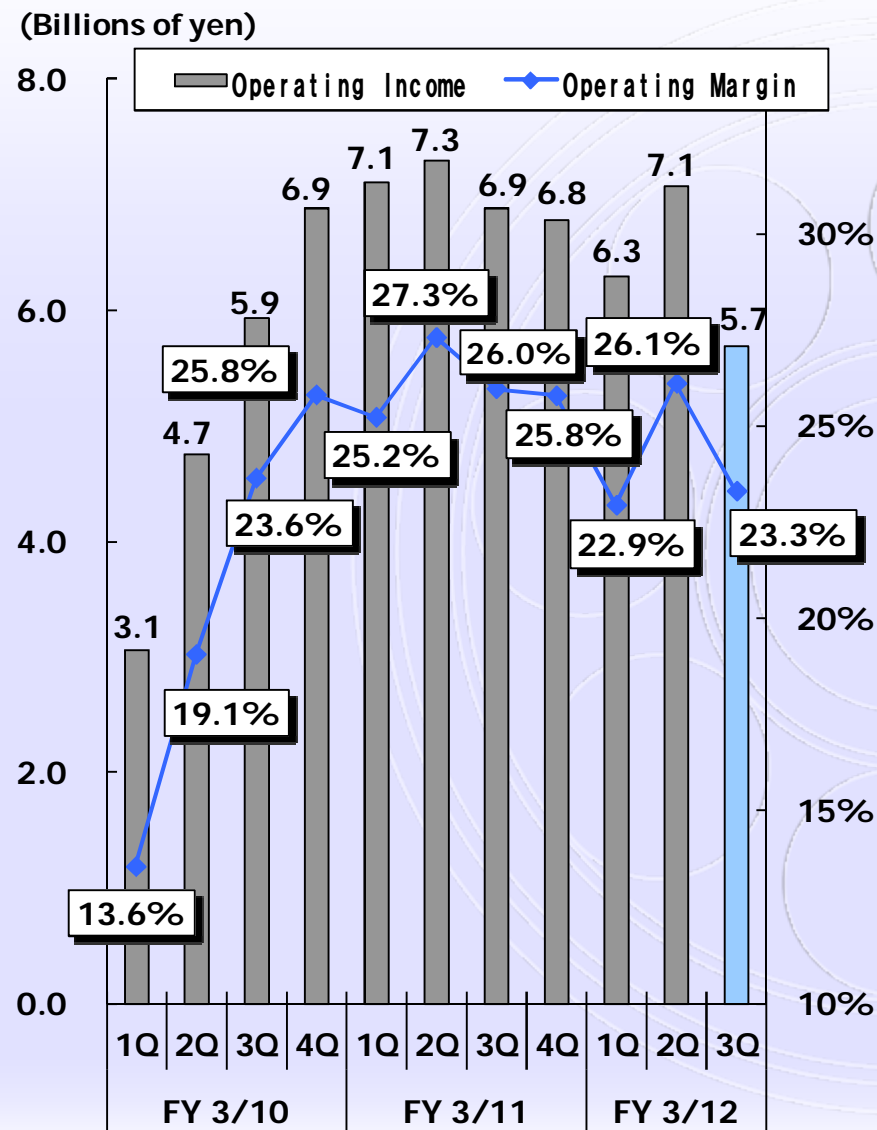


\* The segment results by new business segment for the fiscal year ended March 2010 is unaudited.

### Net sales



### Operating income

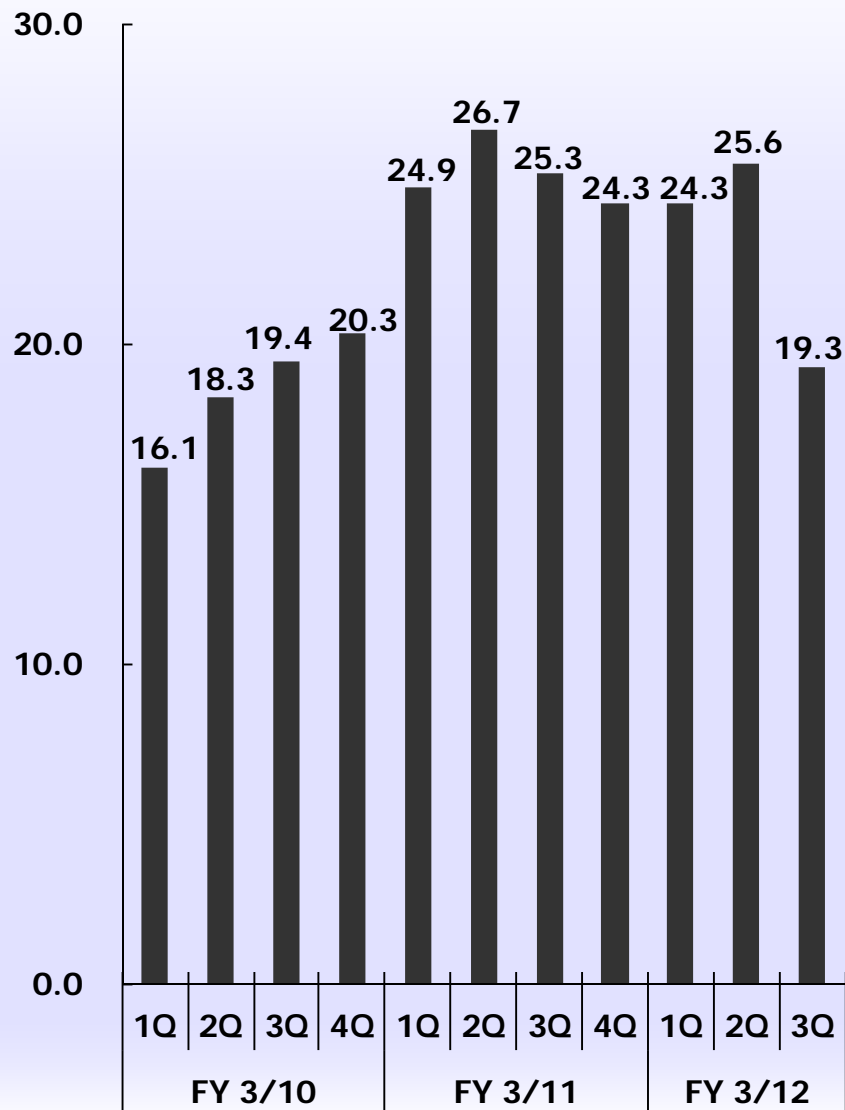




\* The segment results by new business segment for the fiscal year ended March 2010 is unaudited.

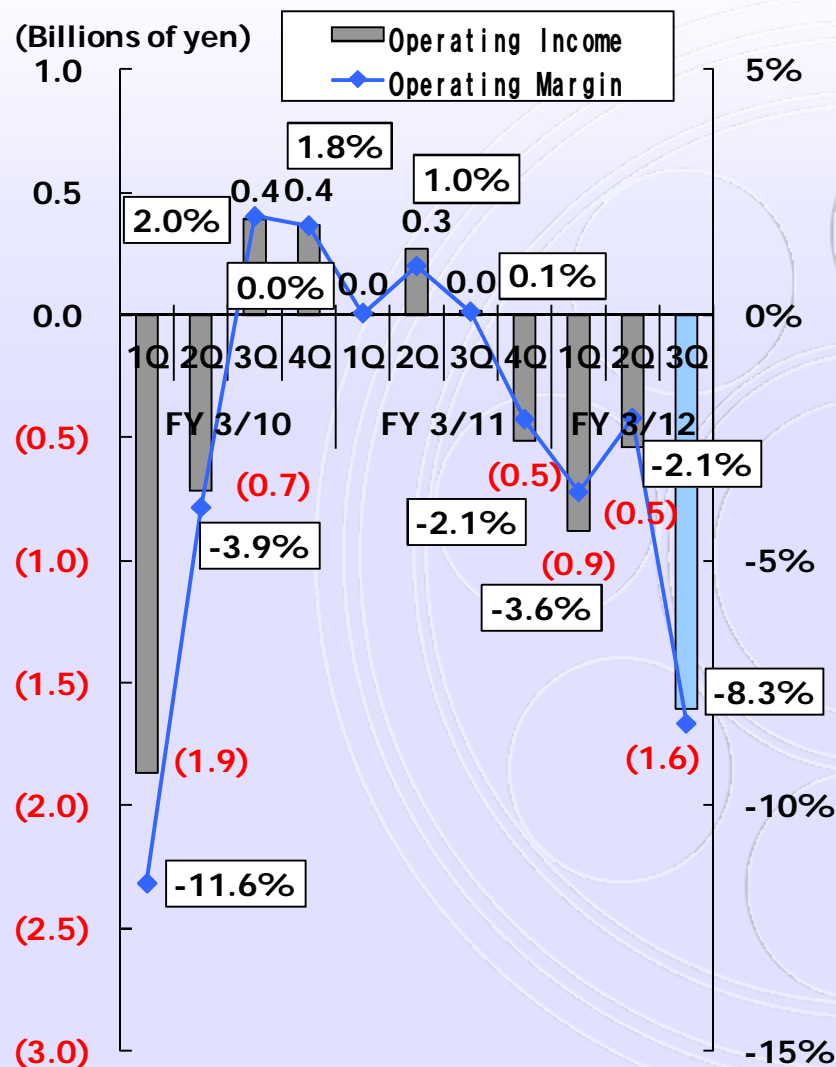
### Net sales

(Billions of yen)



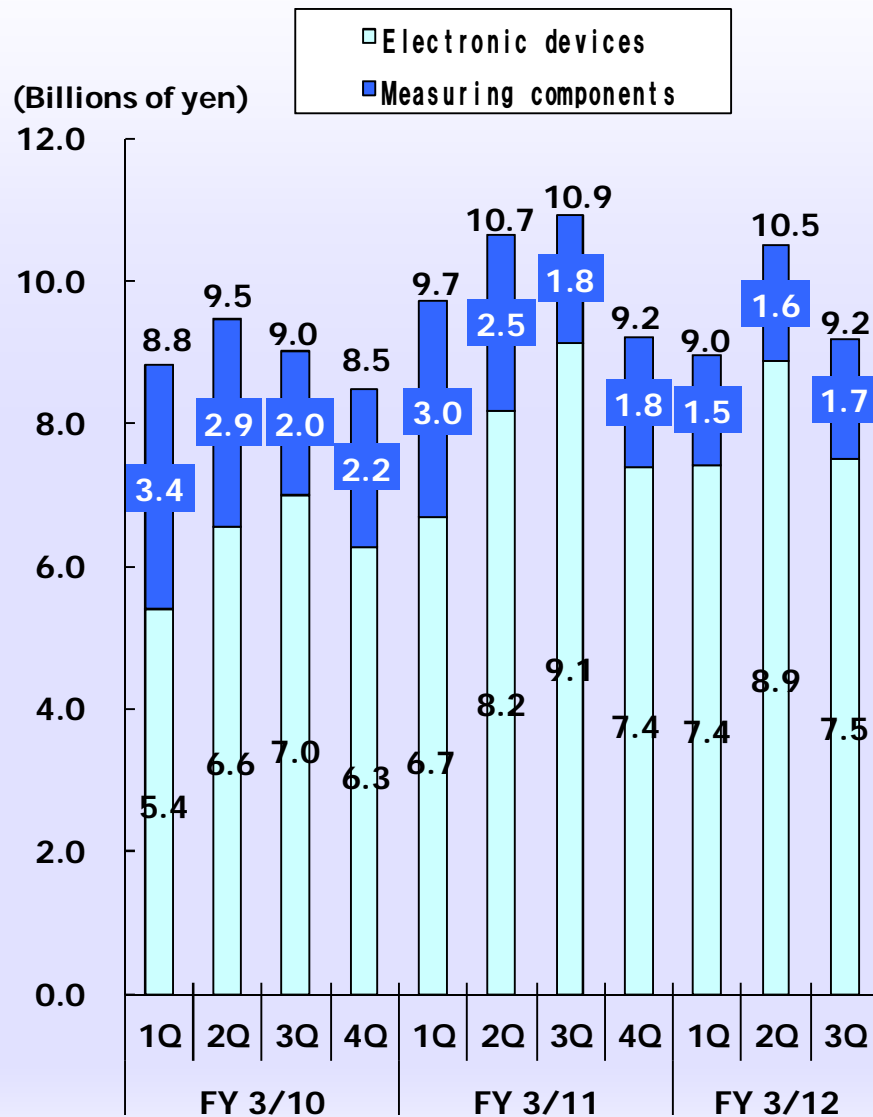
### Operating income

(Billions of yen)

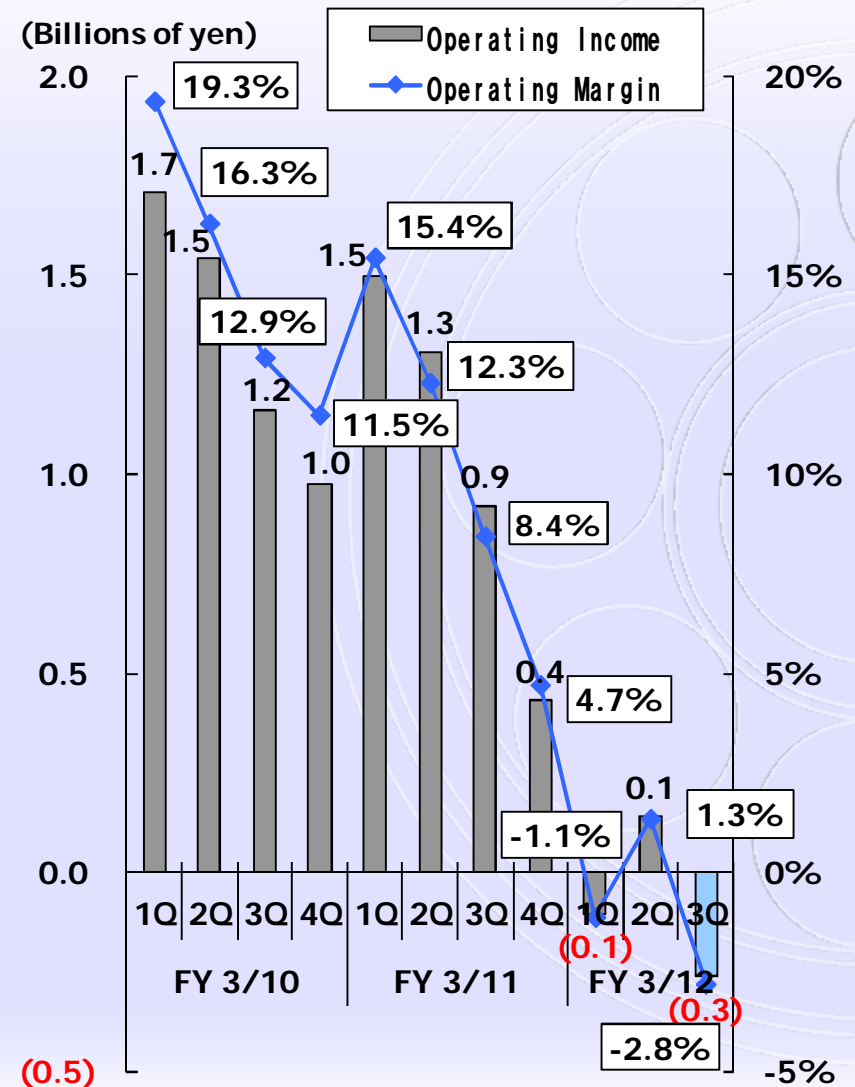


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## Net sales

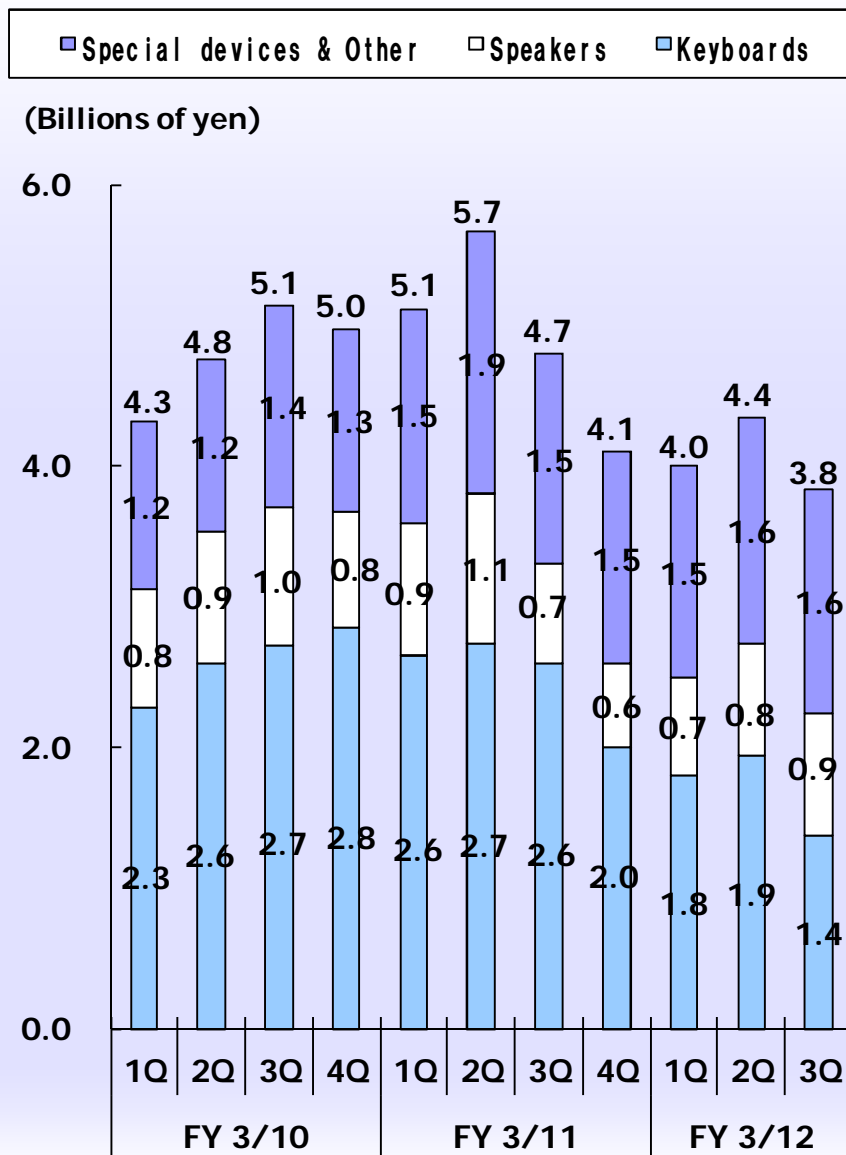


## Operating income

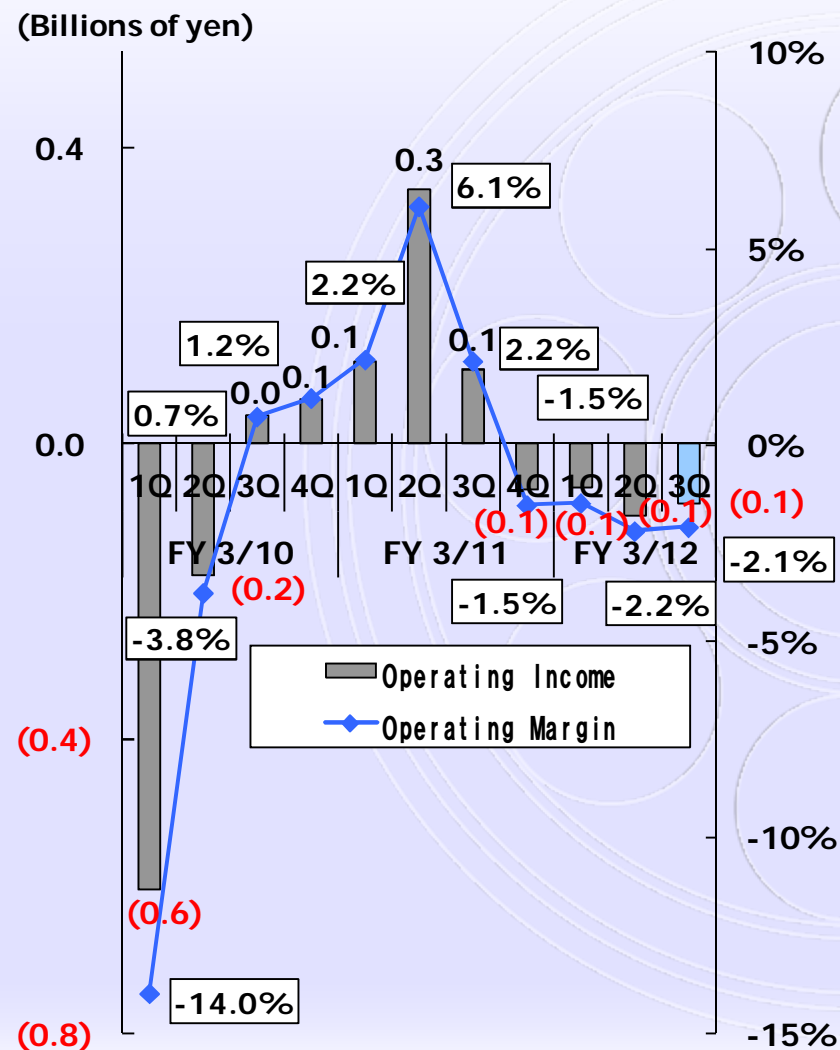


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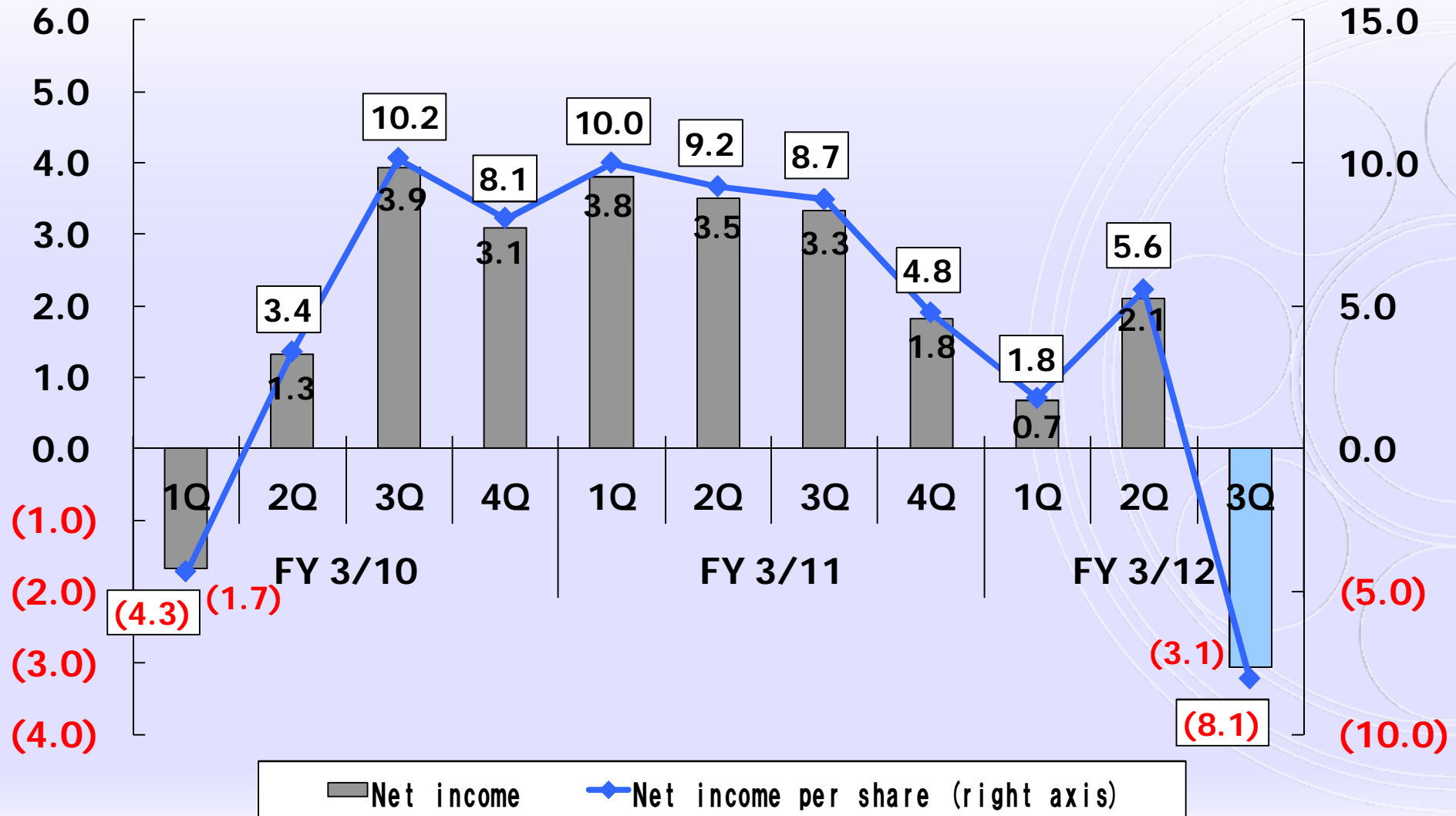
### Net sales



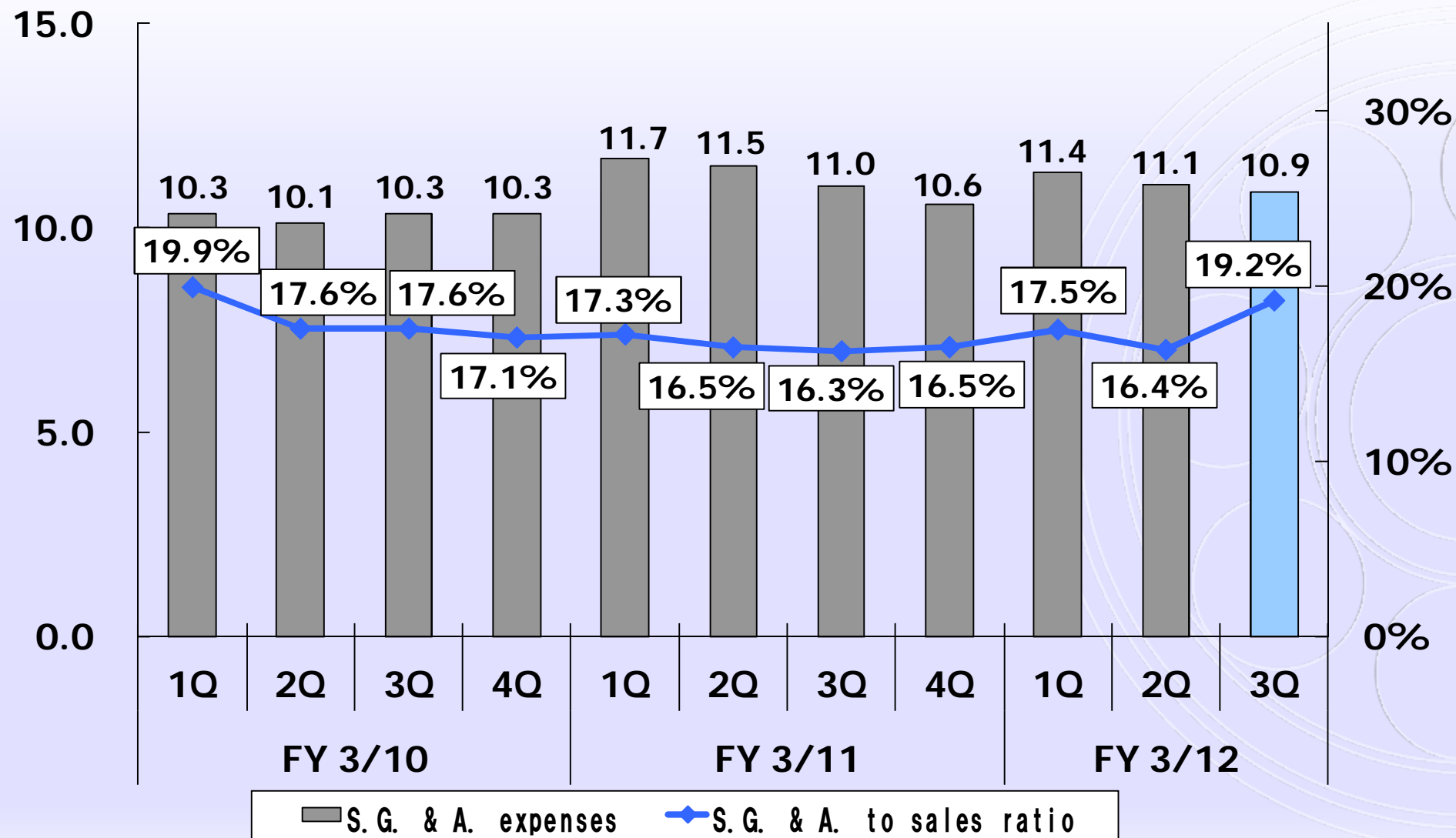
### Operating income



(Billions of yen)



(Billions of yen)



(Billions of yen)

50.0

40.0

30.0

20.0

10.0

0.0

1Q

2Q

3Q

4Q

FY 3/10

1Q

2Q

3Q

4Q

FY 3/11

1Q

2Q

3Q

FY 3/12

37.0

34.7

35.1

35.9

39.3

41.7

42.7

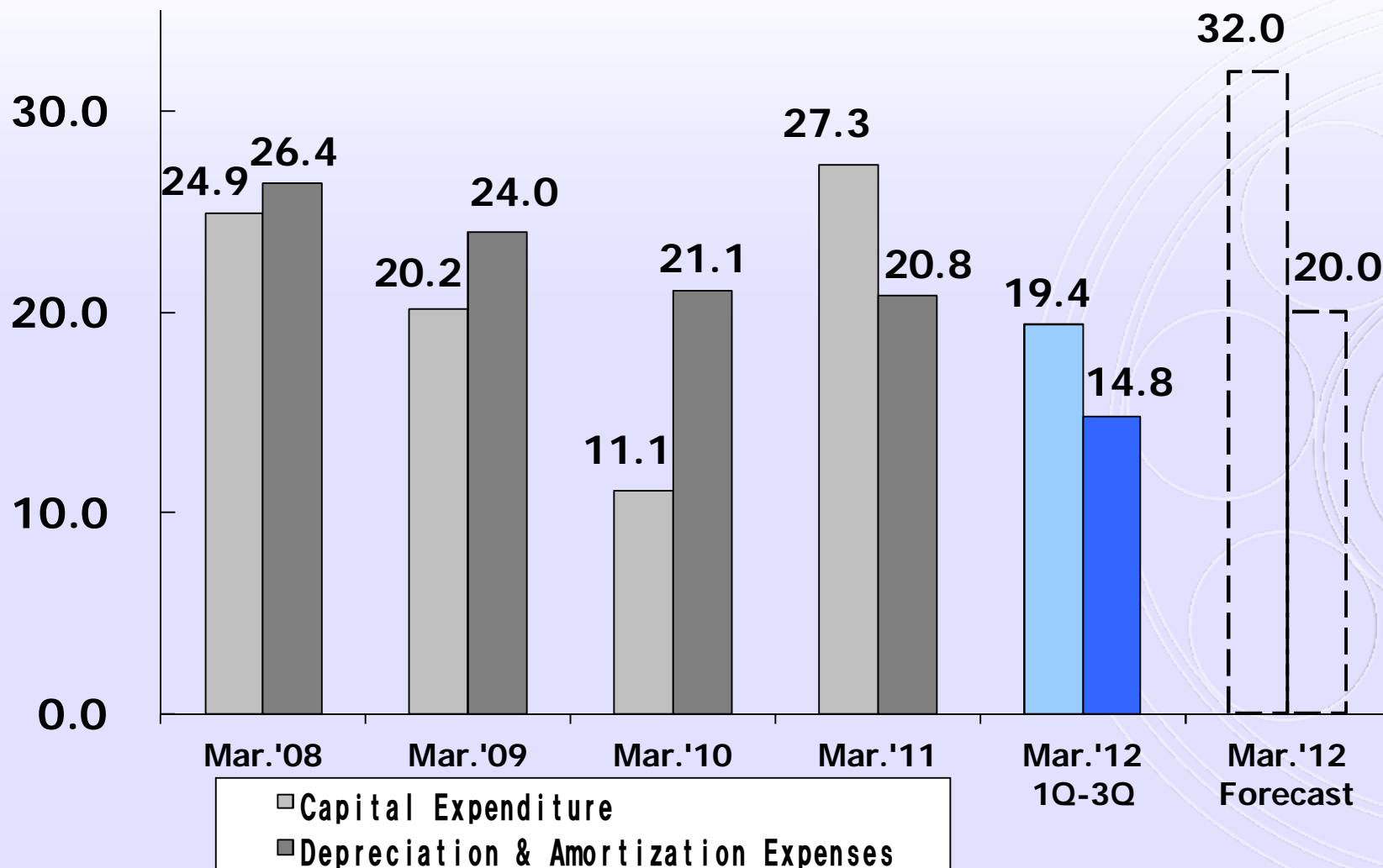
44.0

44.3

45.3

46.5

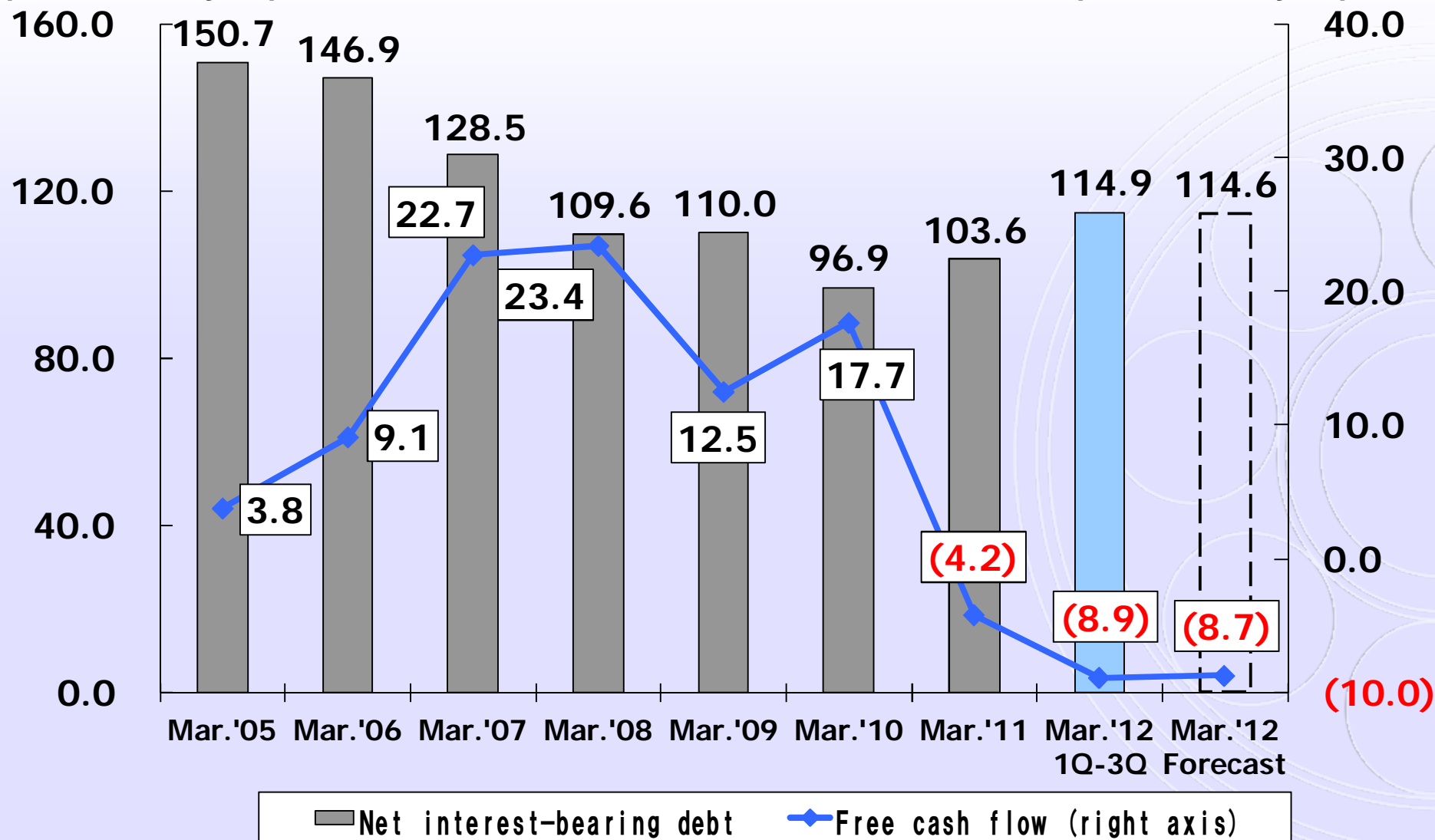
(Billions of yen)



\*From FY 3/09, due to change in lease accounting, assets of finance leases are included.

(Billions of yen)

(Billions of yen)



$\text{Net Interest-bearing debt} = \text{Interest-bearing debt} - \text{Cash and cash equivalents}$   
 $\text{Free Cash Flow} = \text{CF from operating activities} + \text{CF from investing activities}$



## Full year forecast was lowered due to larger impacts of the Thai Floods

(Millions of yen)	FY ended Mar. '11	Fiscal Year ending Mar. '12			
	Full Year	Full Year revised Forecast	YoY	Full Year previous Forecast	Change
Net sales	269,139	255,000	-5.3%	263,000	-8,000
Operating income	22,163	9,500	-57.1%	12,000	-2,500
Ordinary income	20,364	7,000	-65.6%	10,000	-3,000
Net income	12,465	5,000	-59.9%	5,000	0
Net income per share (yen)	32.61	13.19	-59.6%	13.20	-0.01

Foreign exchange rates	Mar. '11 Full year	FY ending Mar. '12 Assumption
US\$	¥86.04	¥78.75
Euro	¥113.22	¥110.13
Thai Baht	¥2.75	¥2.58
Chinese RMB	¥12.78	¥12.28

FY ending Mar. '12 Assumption
¥78.12
¥109.88
¥2.56
¥12.19

# Forecast for Business Segment

(Millions of yen)	FY ended Mar. '11  Full year	FY ending Mar. '12			
		Full Year revised Forecast	YoY	Full Year previous Forecast	Change
Net sales	269,139	255,000	-5.3%	263,000	-8,000
Machined components	107,841	106,000	-1.7%	106,700	-700
Rotary components	101,139	92,500	-8.5%	99,300	-6,800
Electronic devices and components	40,502	42,000	+3.7%	43,600	-1,600
Other	19,657	14,500	-26.2%	13,400	1,100
Operating income	22,163	9,500	-57.1%	12,000	-2,500
Machined components	28,088	25,400	-9.6%	26,400	-1,000
Rotary components	-224	-4,200	N.M.	-3,100	-1,100
Electronic devices and components	4,160	250	-94.0%	900	-650
Other	498	-450	N.M.	-500	50
Adjustment	-10,358	-11,500	N.M.	-11,700	200

# Policy and Strategy

**February 3, 2012**

**Yoshihisa Kainuma**

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

# M&A Framework with Development Bank of Japan

# M&A Framework with DBJ

## Summary

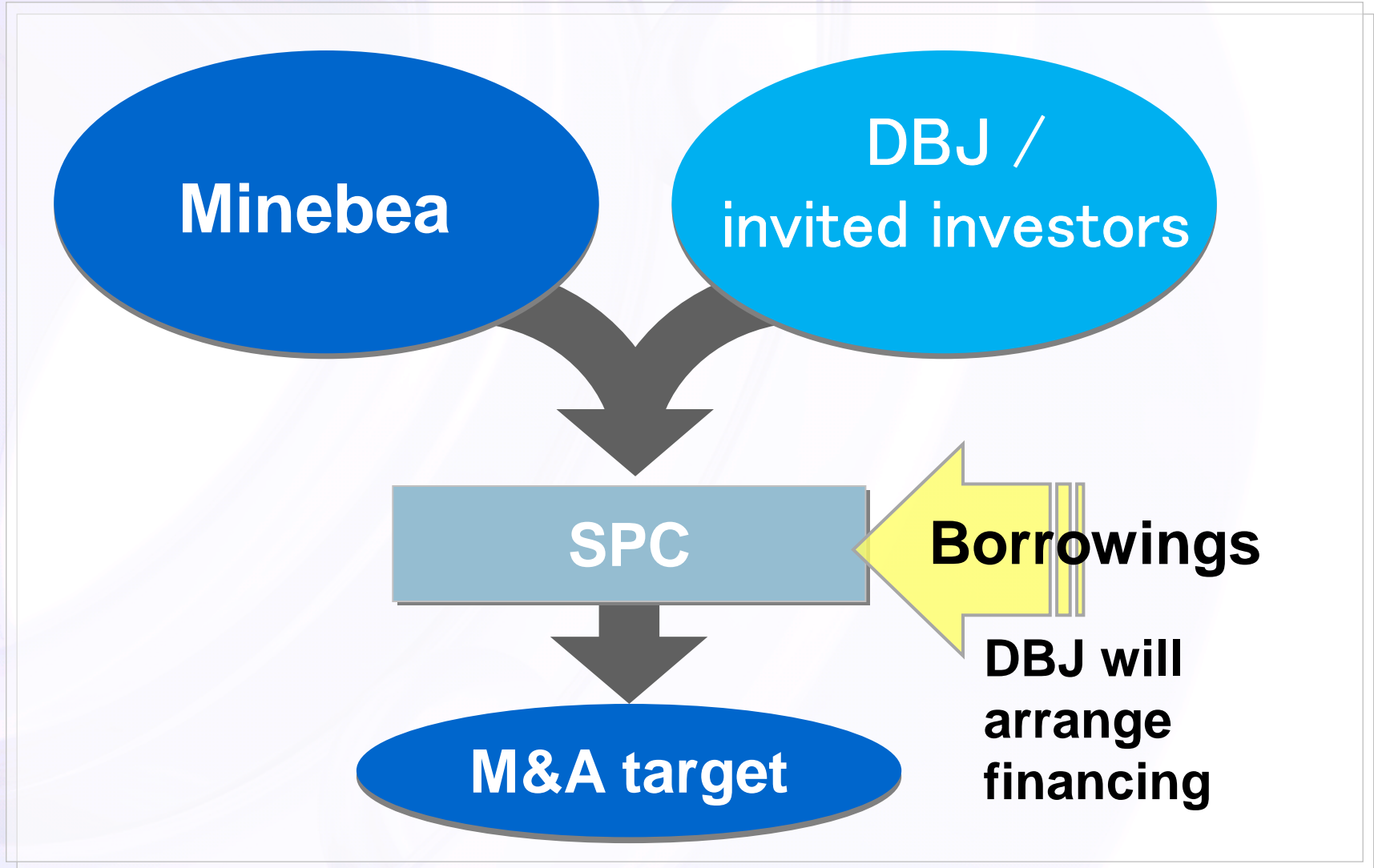
- Development Bank of Japan (DBJ) will share its wealth of knowledge in large M&As, enabling Minebea to realize synergy in highly profitable areas such as its machined component businesses.
- Joint investment in large M&As (see example on next page)
- Joint investment will enable Minebea to quickly enhance its value and give it the strategic leeway to increase its holdings in the future.
- DBJ capital infusion (subordinated debt) will not affect Minebea's credit line.
- Minebea can utilize its treasury stocks and stabilize them.

## Allocating convertible bonds to DBJ

- Will allocate CBs to DBJ who will hold them till maturity or conversion.
- CBs: total amount : 7.7 billion yen, maturity : 5 years, issue price : 100 yen, coupon rate : 0.60%, conversion price : 382 yen (**utilizing 20 million shares currently held as treasury stocks**)

# An Example of Investment Scheme

## An Image of Joint Investment Scheme





# Shift in Keyboard Strategy

# Shift in Keyboard Strategy

## Withdraw from keyboard production and sales

- 1.1 billion yen business restructuring loss in 3Q.
- To increase deferred tax assets by 4.8 billion yen in 4Q due to accumulated tax losses.

## Continue to manufacture membranes (keyboard parts)

- Downsize SST(Shanghai) production capacity to focus on manufacturing competitive products like membranes.
- EMS (Electro Mechanics Solution) business unit will continue to oversee R&D and production of new input devices (including COOL LEAF) that integrate technology used in keyboards, lighting devices, wireless devices and measuring components.



# New Medium-term Business Plan

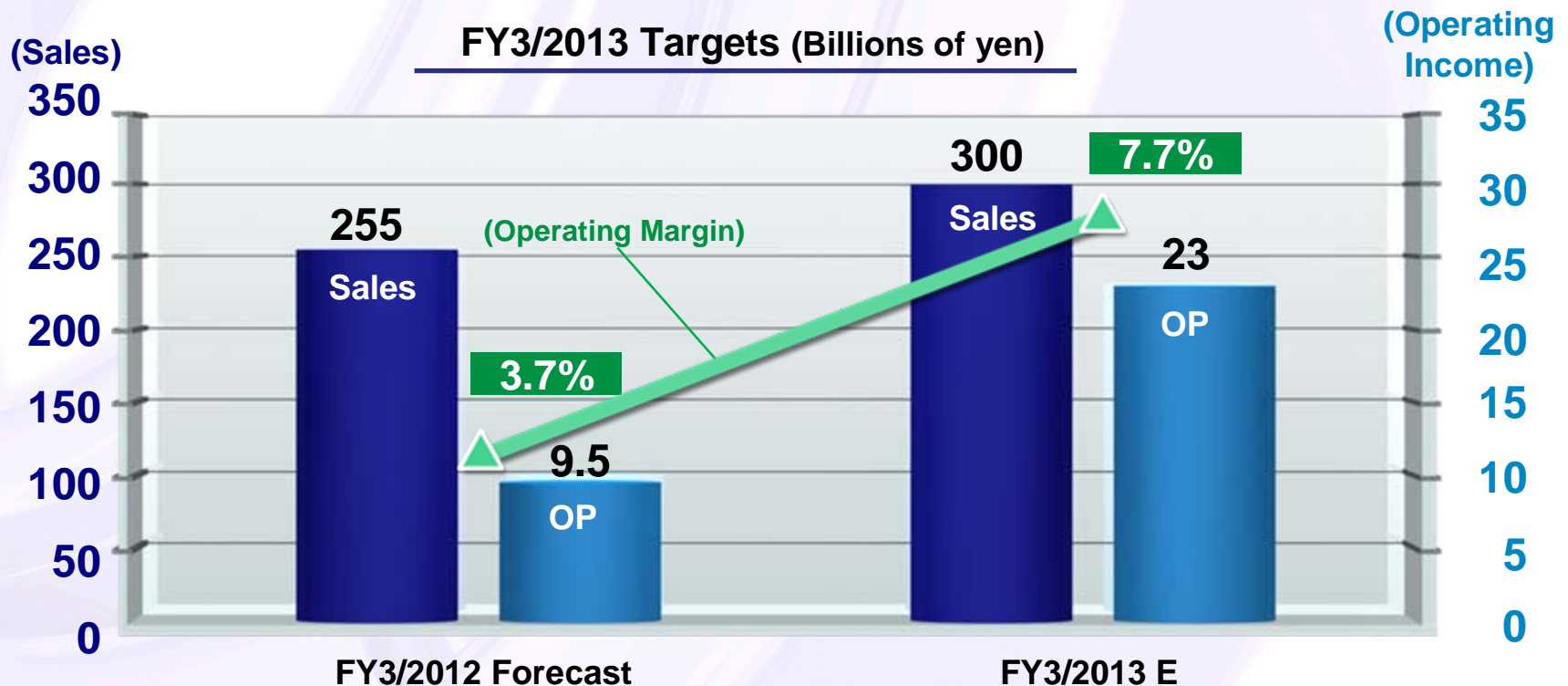
# Coming Back Strong in FY3/13

**Rapid sales recovery** – Negative impact from Japan Earthquake and Thai Floods ends

**Earnings up for ball bearings and pivot assemblies** – pivot market share increases

**Earnings contribution from HDD spindle motors** – production rebounds and sales increase

**Earnings up for LED backlights** – sales for smart phones and tablet PCs up

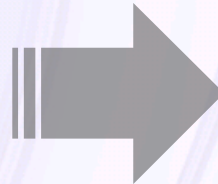


# New Medium-term Business Plan (FY3/13-FY3/15)

## New Plan vs. Old Plan

### Huge difference in foreign exchange assumptions

Assumptions in the Former Plan	
US\$=¥90	Euro=¥132
Baht=¥2.65	RMB=¥13.0



Assumptions in the New Plan	
US\$=¥77	Euro=¥103
Baht=¥2.50	RMB=¥12.2

**Slow recovery of motor businesses**  
 (rare-earth prices, yen, and labor costs up)

**Lower annual growth rate forecast for HDD market**  
 (down from two digits to a bit higher than flat)

**Rapid growth of LED backlight sales**

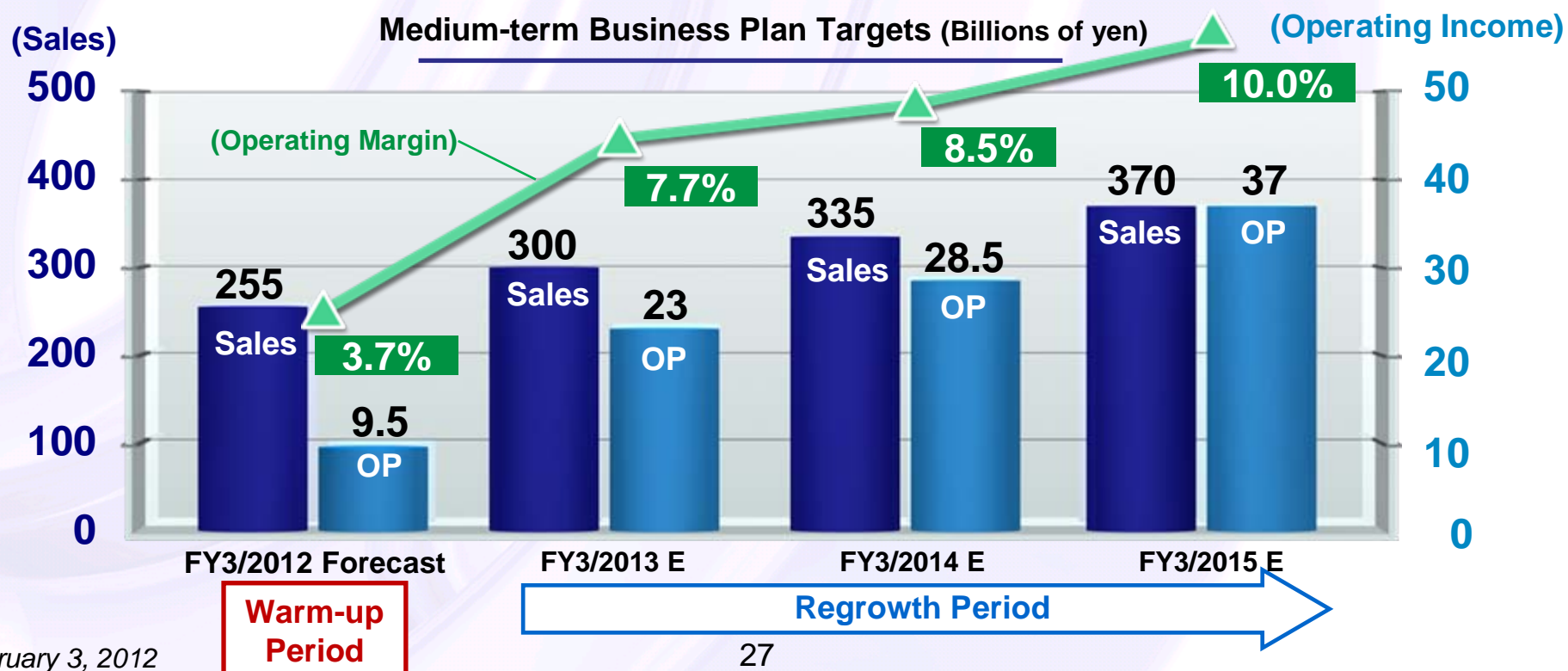
# New Plan Targets (FY3/13-FY3/15)

**Respond to rapidly changing market** – expand profitable machined components

**Boost earnings from LED backlights** – increase sales for smart phones and tablet PCs

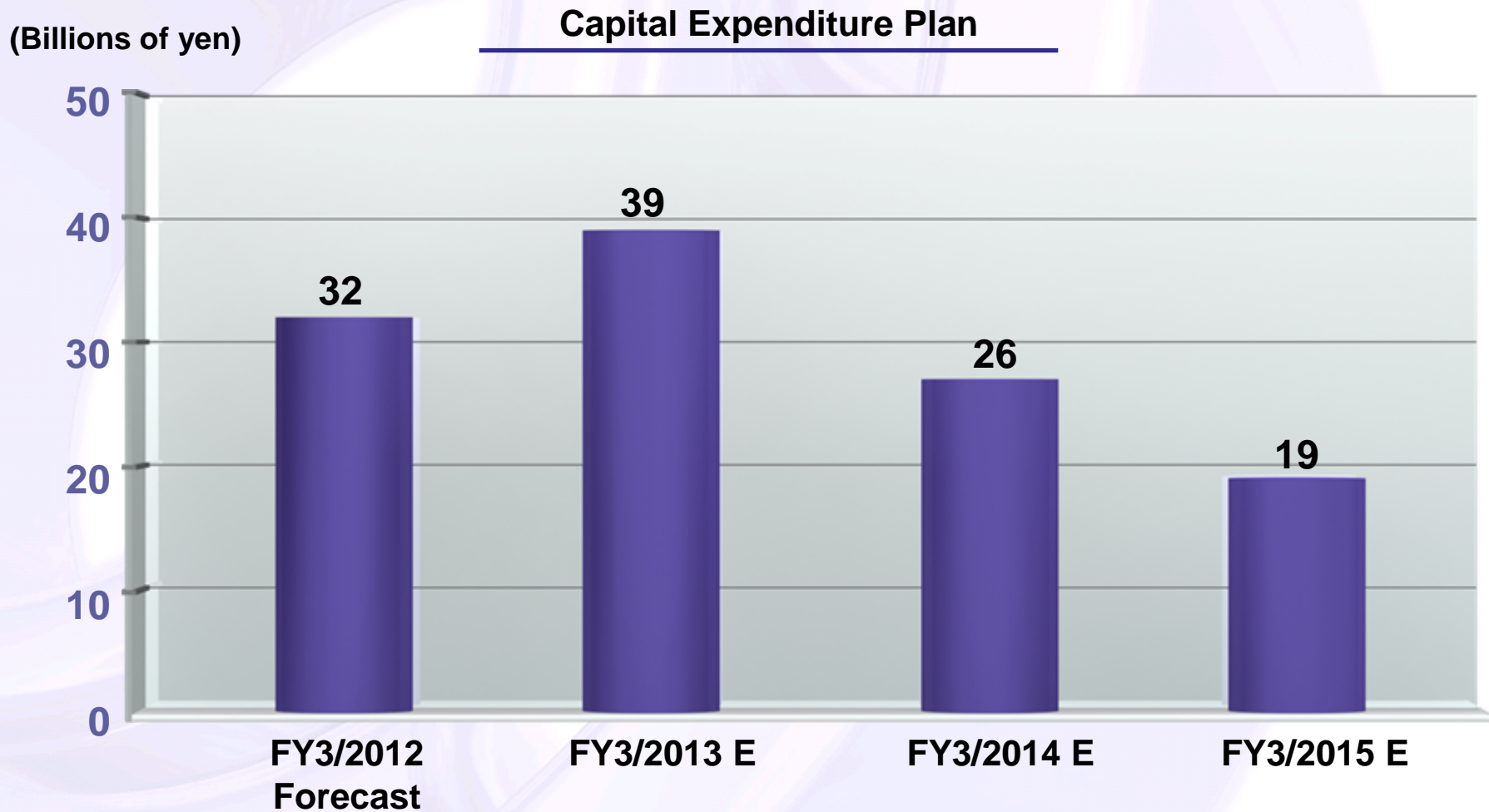
**Boost earnings from motor businesses**

**Fuel more growth via aggressive M&A strategy**  
– will reflect impact of each M&A in the plan



# Capital Expenditure Plan

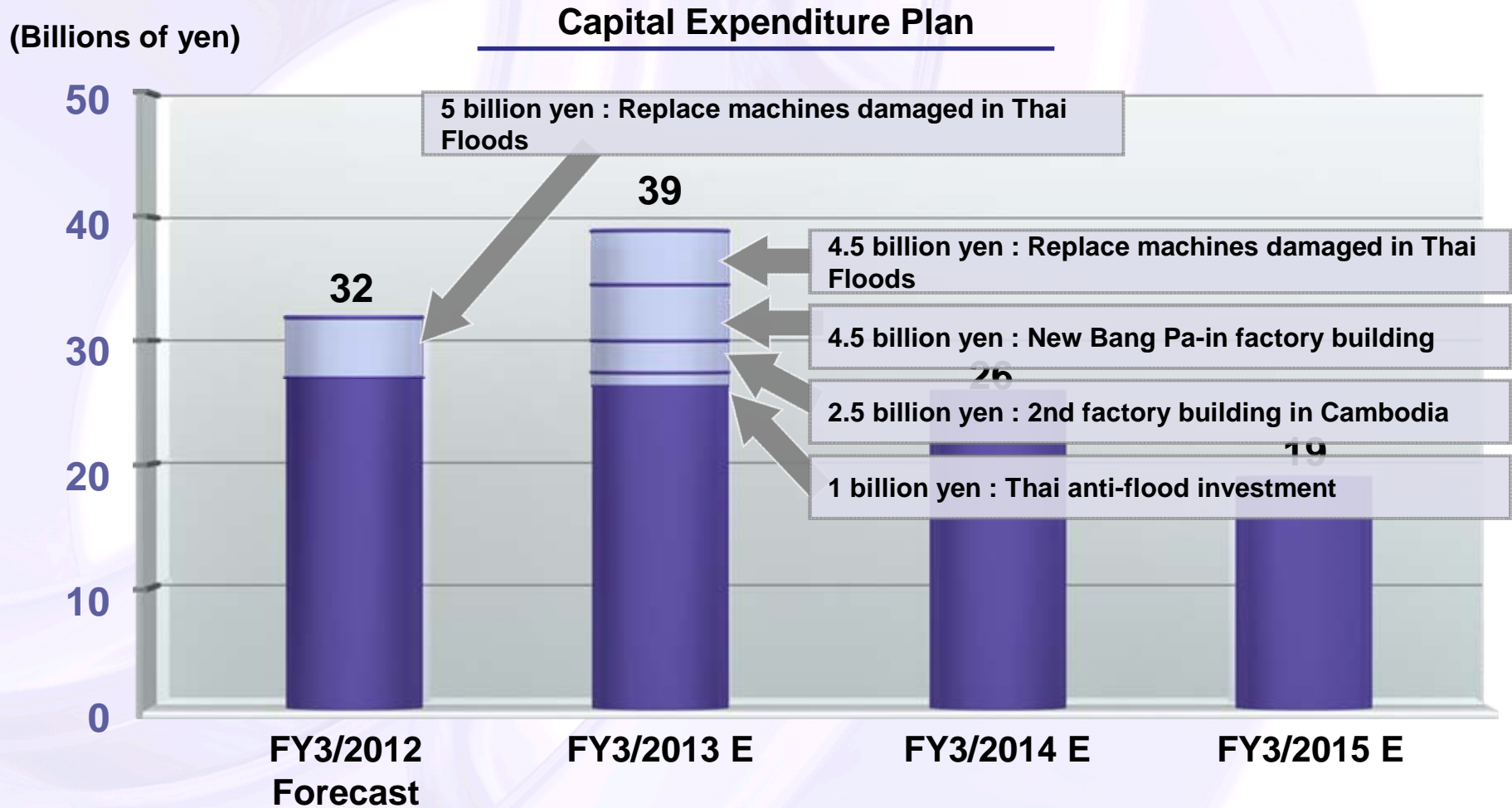
**Will invest 84 billion yen over 3 years**





# Capital Expenditure Plan

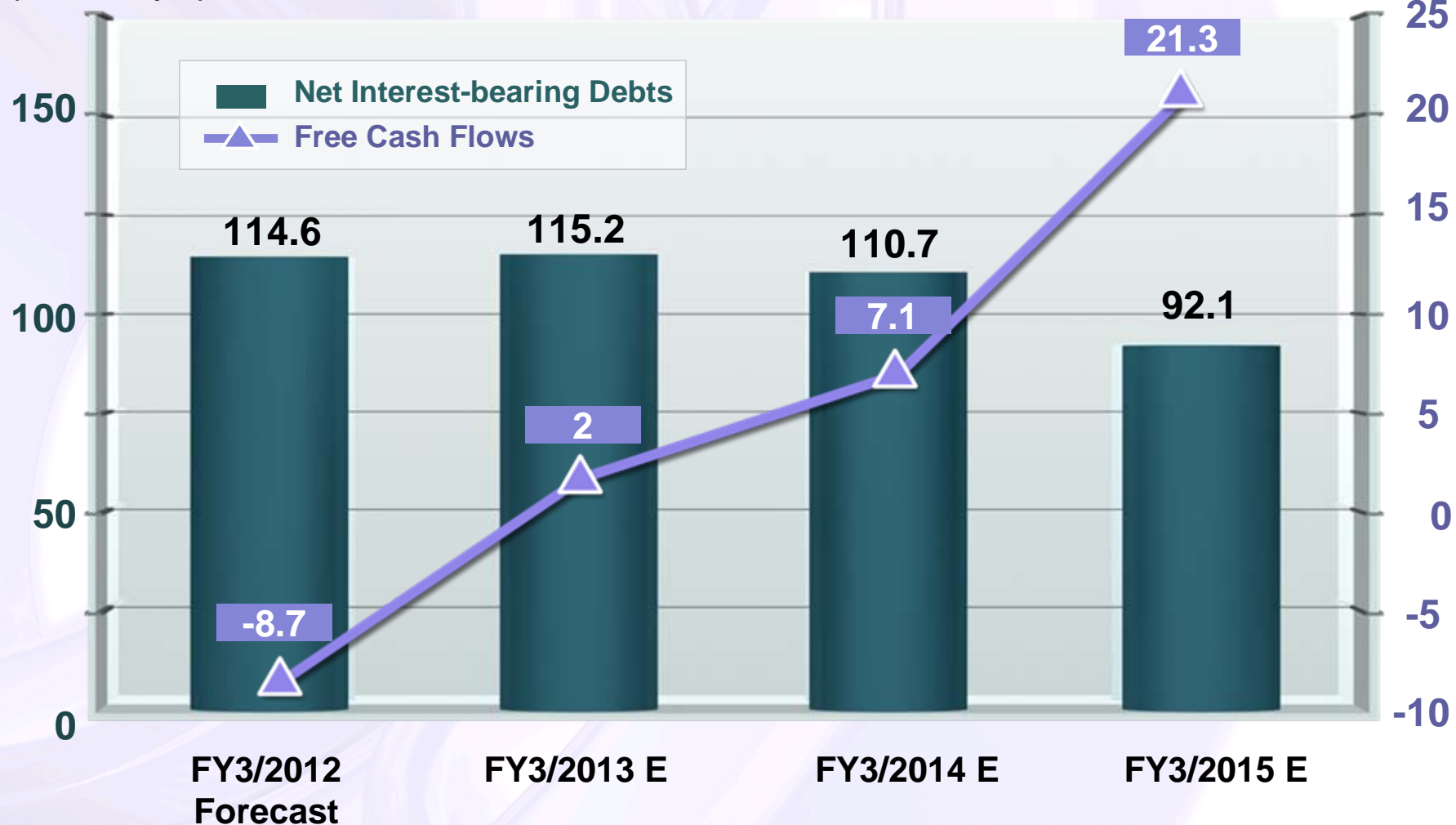
**Will invest 84 billion yen over 3 years**



# Net Interest-bearing Debts Plan

Net Interest-bearing Debts  
(Billions of yen)

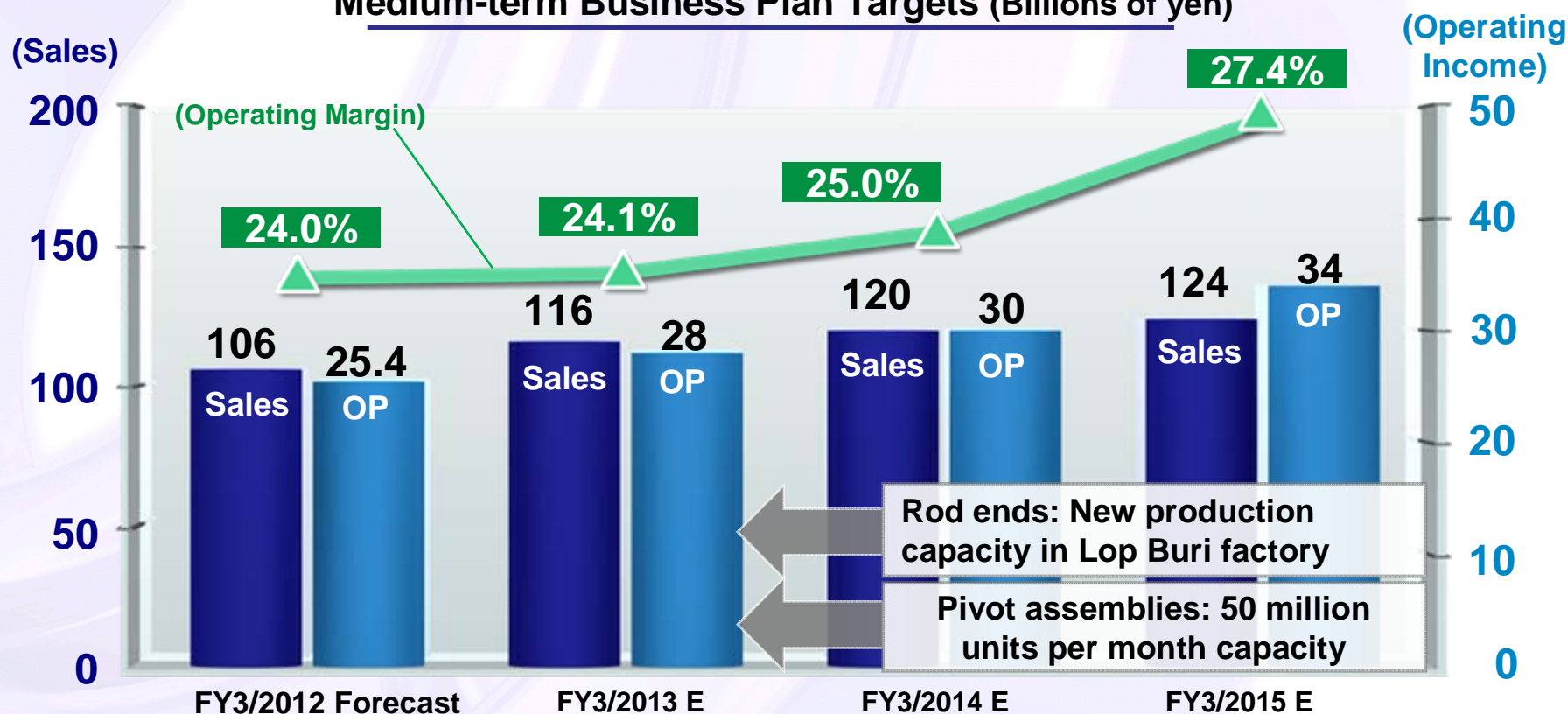
Free Cash Flows  
(Billions of yen)



# Machined Component Business

- **Expand ball bearing capacity** – steady market growth
- **Increase pivot assembly market share**  
(expand to 50 million pivots/mo. and 100 million ball bearings for pivots/mo.)
- **Increase rod end capacity** – expanding aircraft parts market

**Medium-term Business Plan Targets (Billions of yen)**

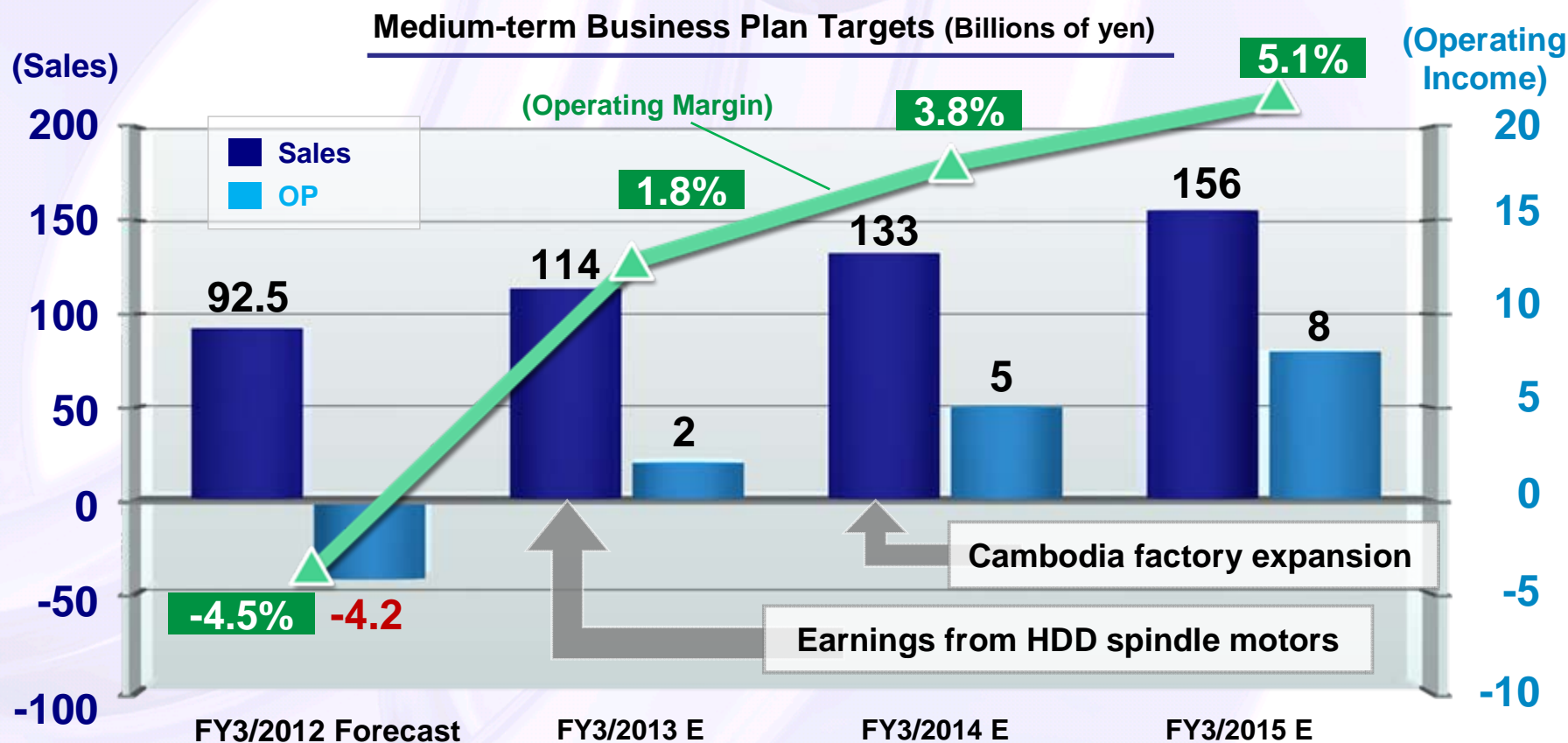




# Rotary Component Business

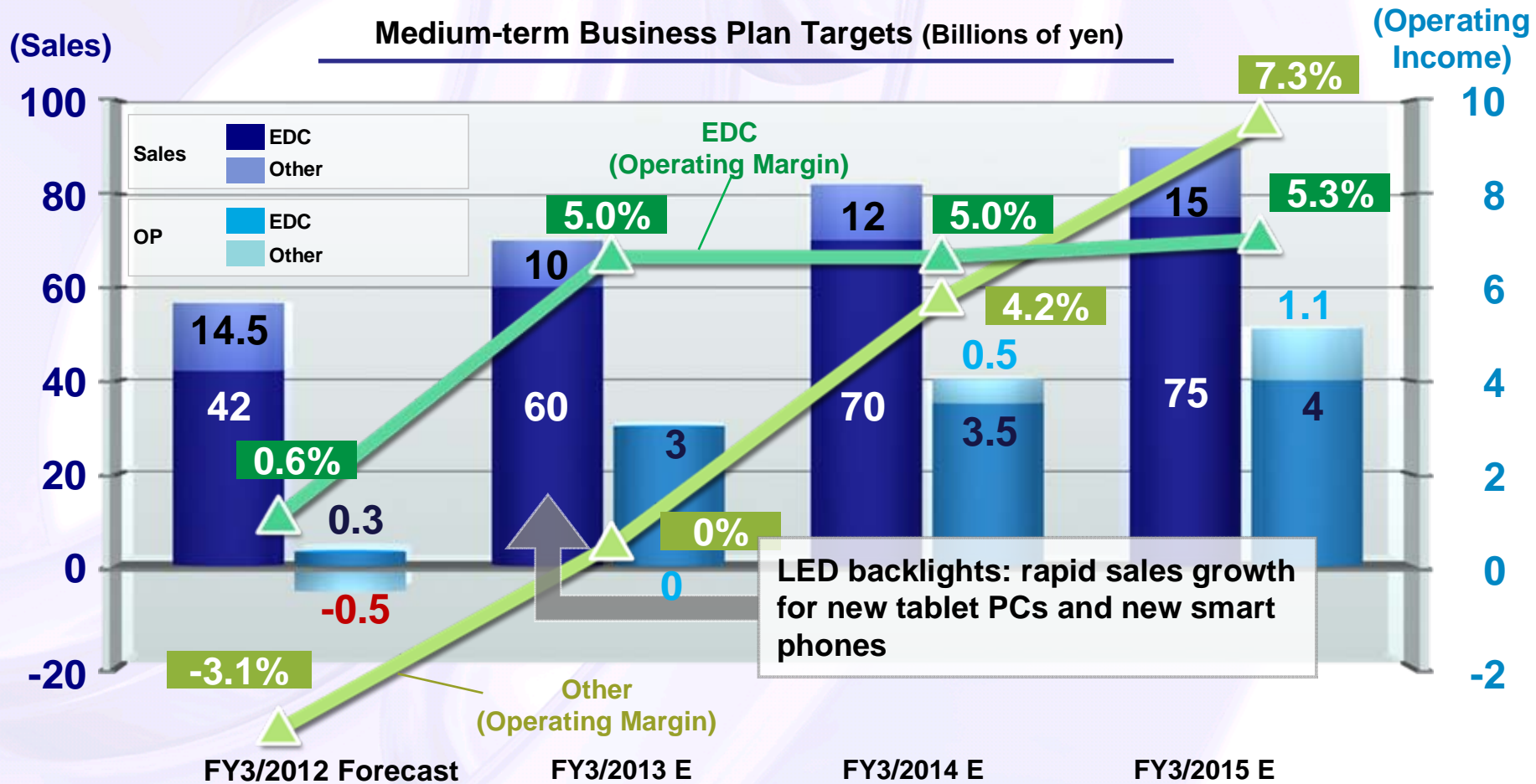
## • Earnings from motor businesses

• **More cost competitive** (expand Cambodia factory's capacity, modify our vertically integrated production system, and strengthen R&D in China)



# Electronic Devices & Component Business, Other

- **Boost earnings from LED backlights** – increase sales for smart phones and tablet PCs
- **Boost sales of measuring components** (for auto, medical device, and Chinese markets)



# Aiding Disaster Victims

## For children who lost both parents in the Tohoku Earthquake

- Our 60th anniversary project budget is used as a fund to support orphans
- Contribute 230 million yen over the next 10 years

## For employees hit by the Thai Floods

- Cash grants to aid workers hit by the Thai Floods (14 thousand people, nearly 1/2 of all Thai employees)

Employees shore up dike to protect Bang Pa-in factory from flooding.



# 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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