

# Business Results

Fiscal Year Ended March 31, 2012

May 10, 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

Lower sales and profits due to the Great East Japan Earthquake, higher rare-earth prices, stronger Japanese yen and Thai floods.

(Millions of yen)	FY ended Mar. '11 Full year	FY ended Mar. '12 Full year	Change YoY
Net sales	269,139	251,358	-6.6%
Operating income	22,163	8,599	-61.2%
Ordinary income	20,364	6,499	-68.1%
Net income	12,465	5,922	-52.5%
Net income per share (yen)	32.61	15.63	-52.1%

Foreign exchange rates	Mar. '11 Full year	Mar. '12 Full year
US\$	¥86.04	¥79.07
Euro	¥113.22	¥110.20
Thai Baht	¥2.75	¥2.59
Chinese RMB	¥12.78	¥12.33

# Summary of Consolidated Business Results for 4Q

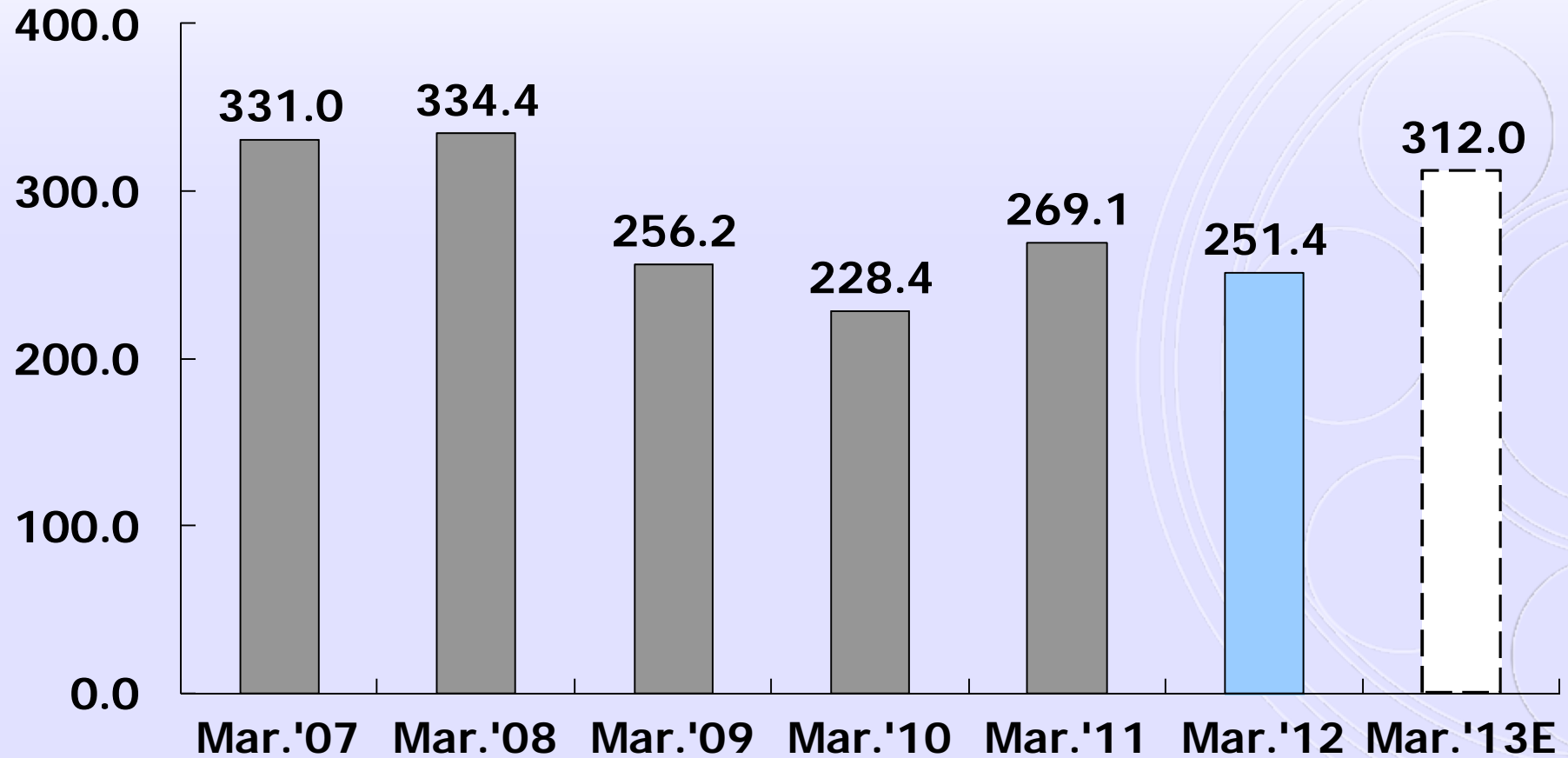
4Q sales and profits rebound from impact of Thai floods.  
Insurance payout pushes net income up.

(Millions of yen)	FY ended Mar. '11	FY ended Mar. '12		Change	
	4Q	3Q	4Q	YoY	QoQ
Net sales	63,944	56,716	62,193	-2.7%	+9.7%
Operating income	4,194	850	1,695	-59.6%	+99.4%
Ordinary income	3,710	323	1,142	-69.2%	× 3.5
Net income	1,816	-3,055	6,208	× 3.4	N.M.
Net income per share (yen)	4.75	-8.07	16.40	× 3.5	N.M.

Foreign exchange rates	4Q of FY Mar. '11	3Q of FY Mar. '12	4Q of FY Mar. '12
US\$	¥81.78	¥77.51	¥78.27
Euro	¥110.55	¥105.99	¥103.28
Thai Baht	¥2.67	¥2.50	¥2.53
Chinese RMB	¥12.39	¥12.16	¥12.39

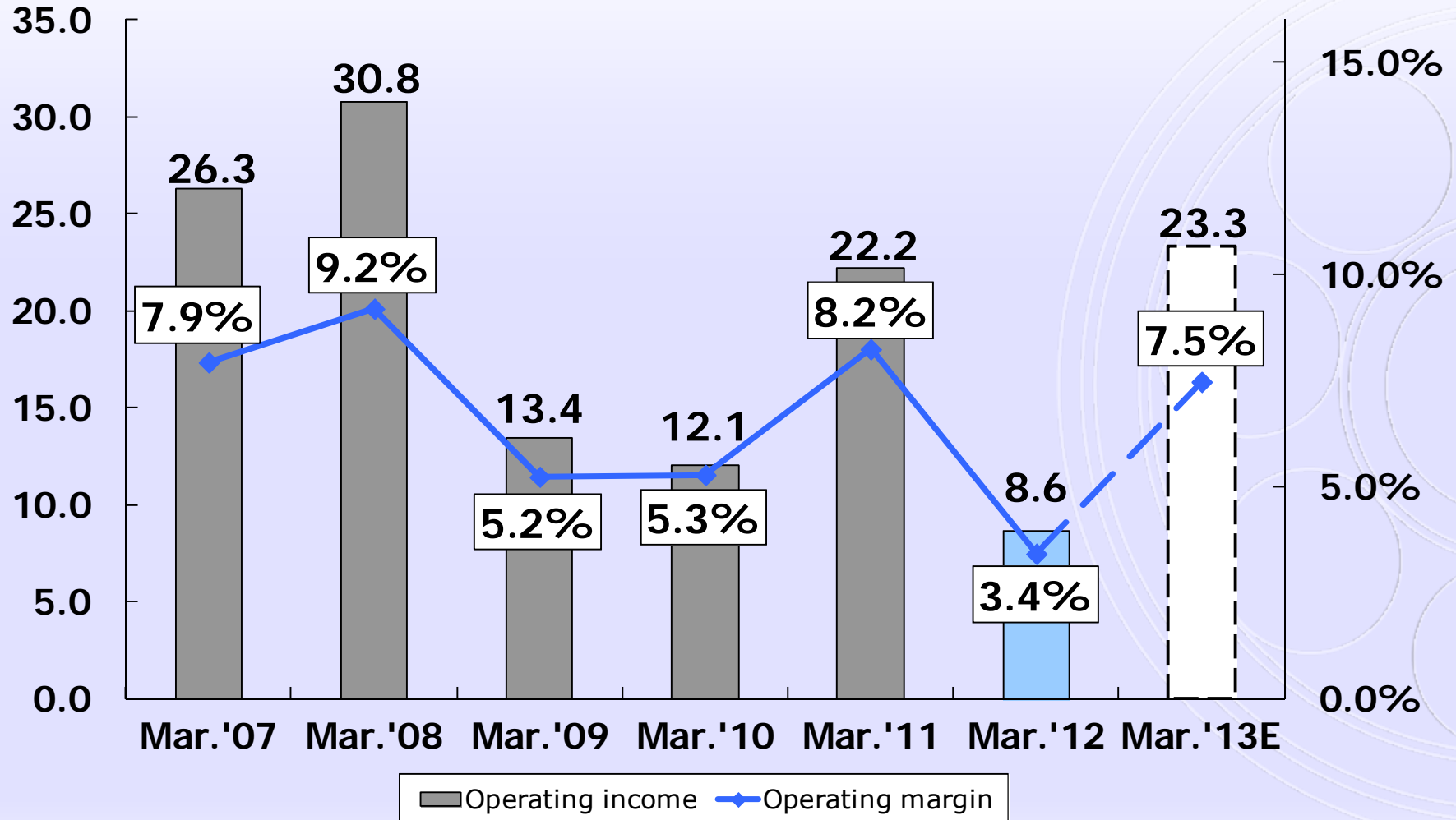
Decreased 6.6% YoY

(Billions of yen)

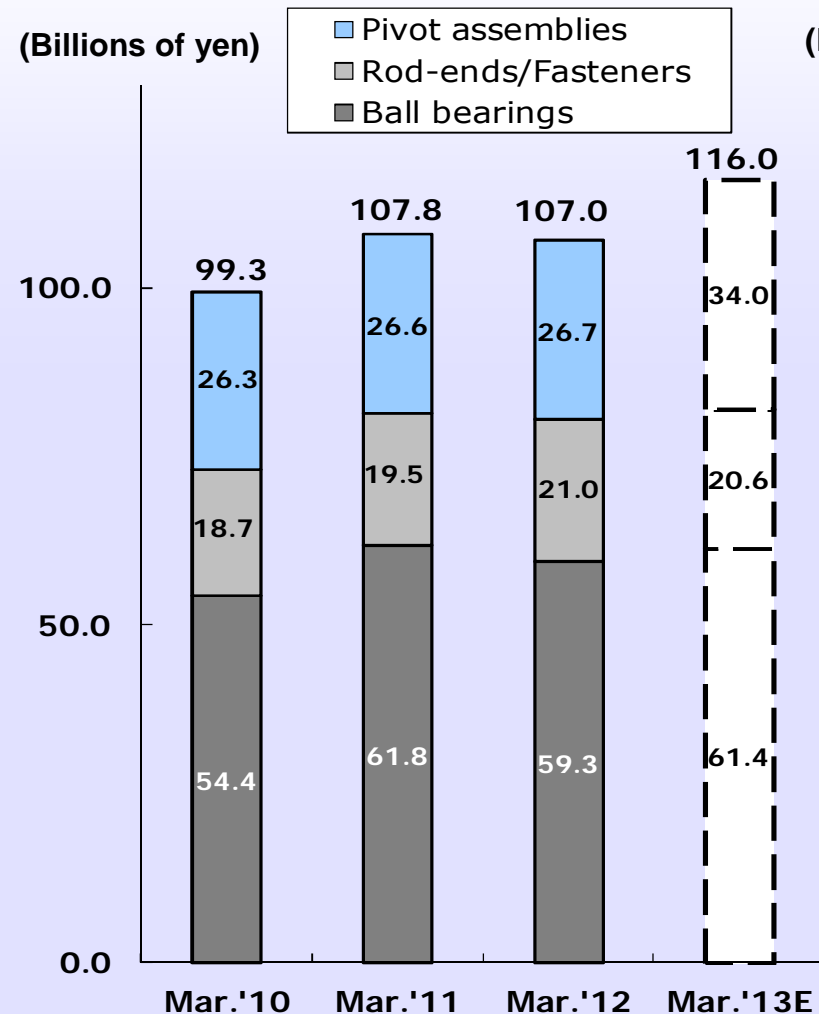


(Billions of yen)

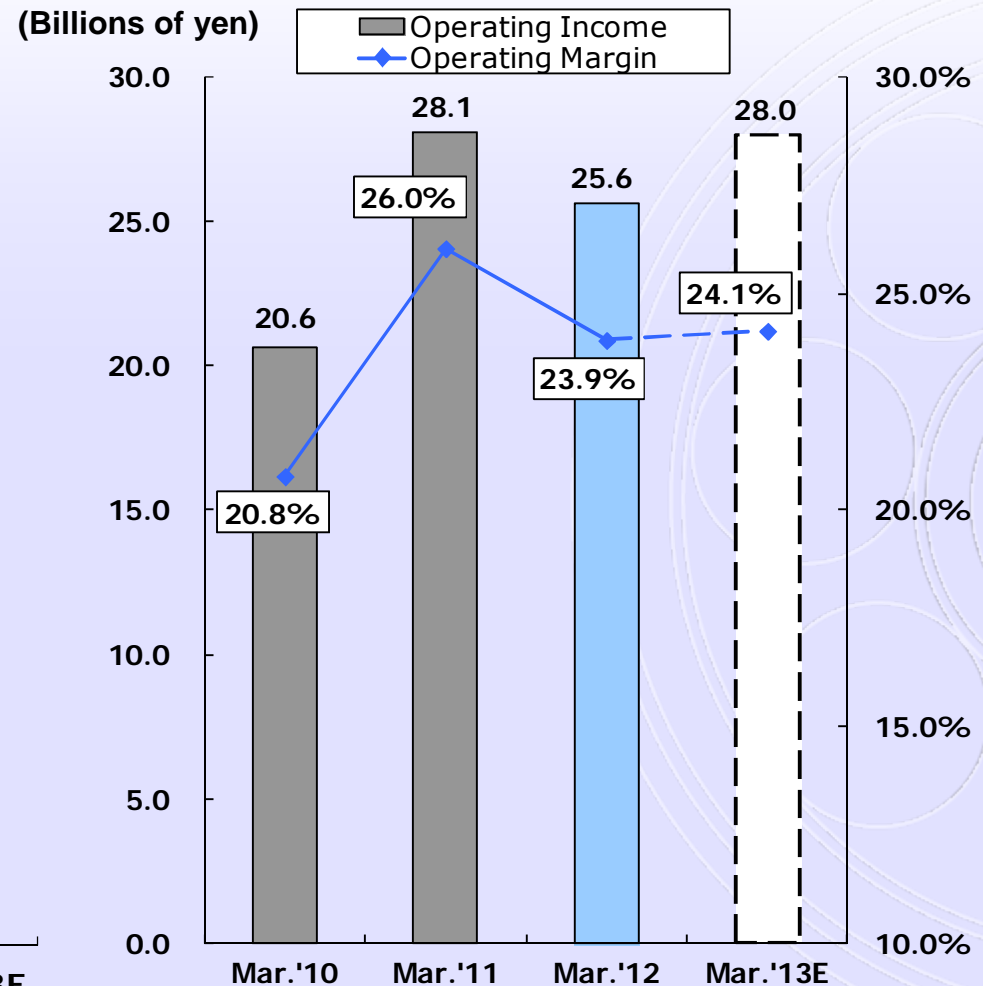
Decreased 61.2% YoY



## Net sales



## Operating income

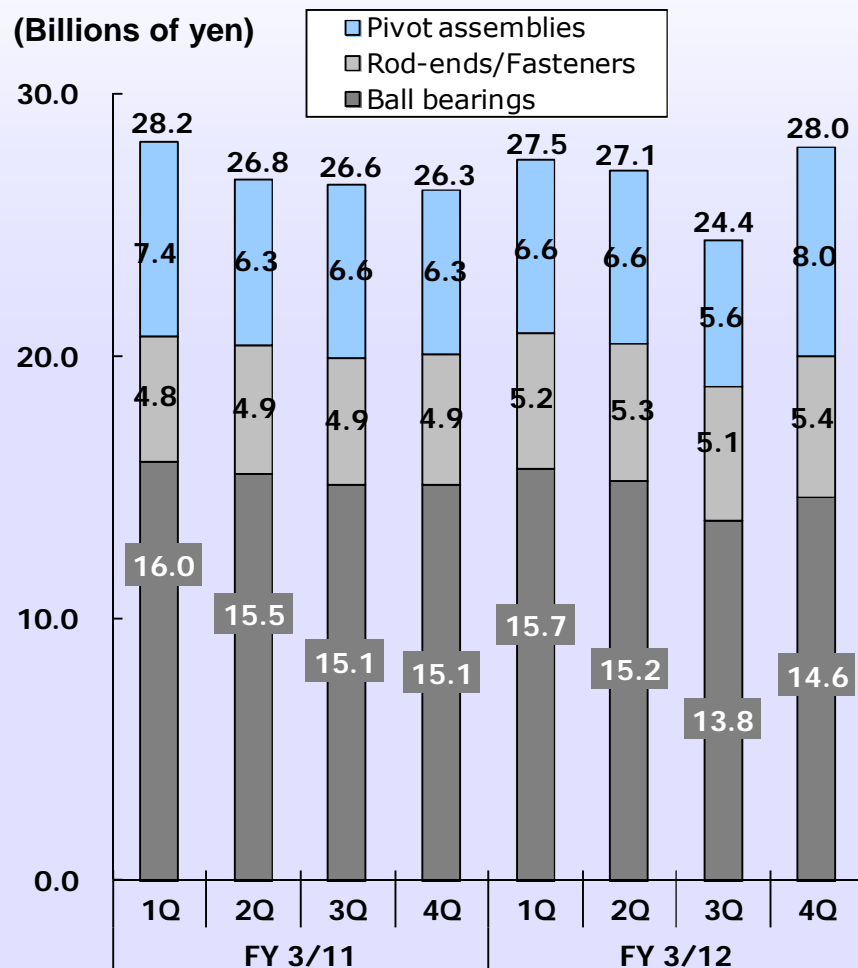


\* The segment results by new business segment for the fiscal year ended March 2010 is unaudited.

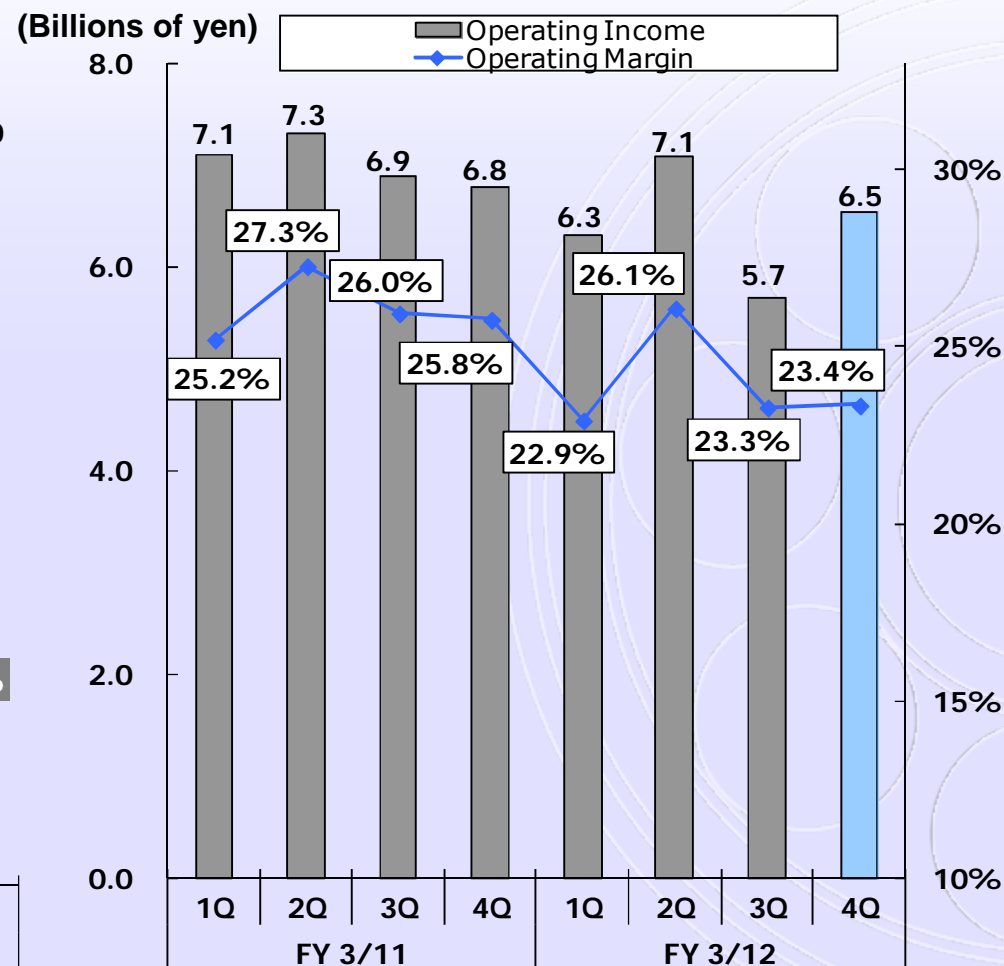
May 10, 2012



### Net sales

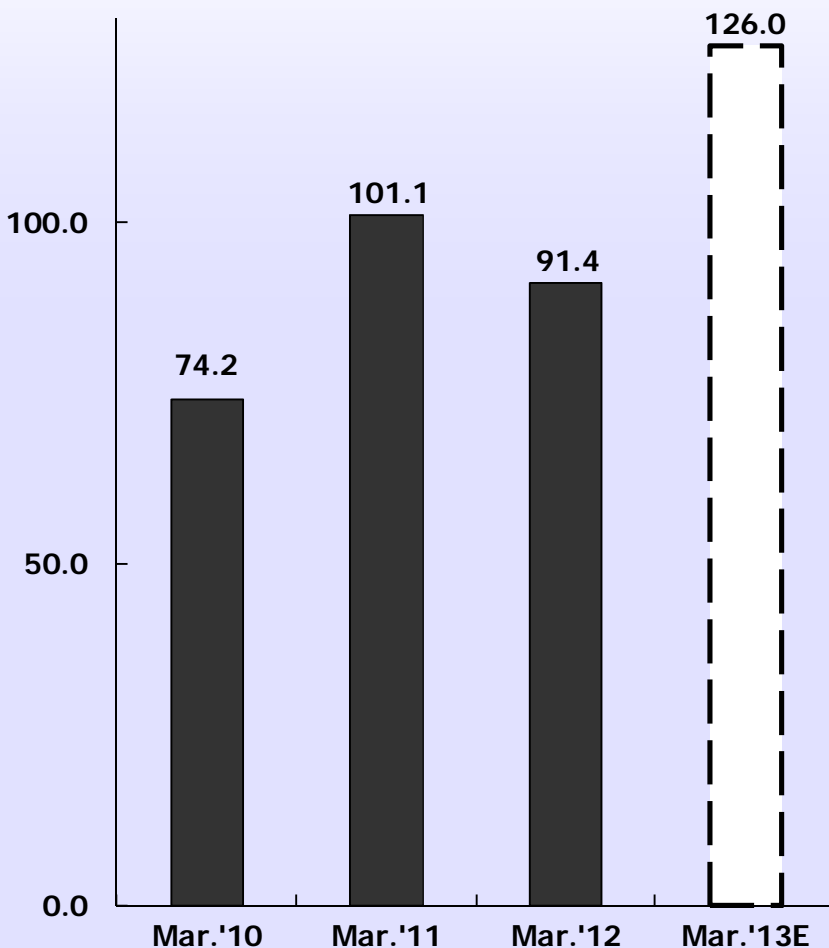


### Operating income



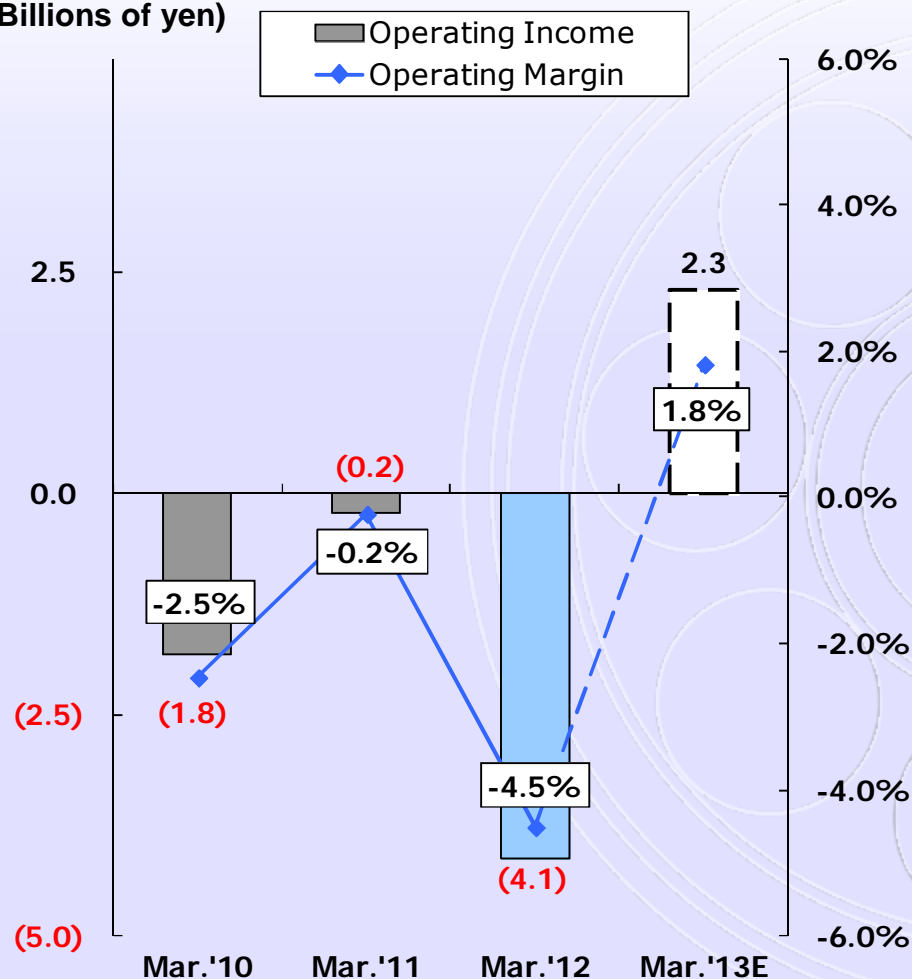
## Net sales

(Billions of yen)



## Operating income

(Billions of yen)

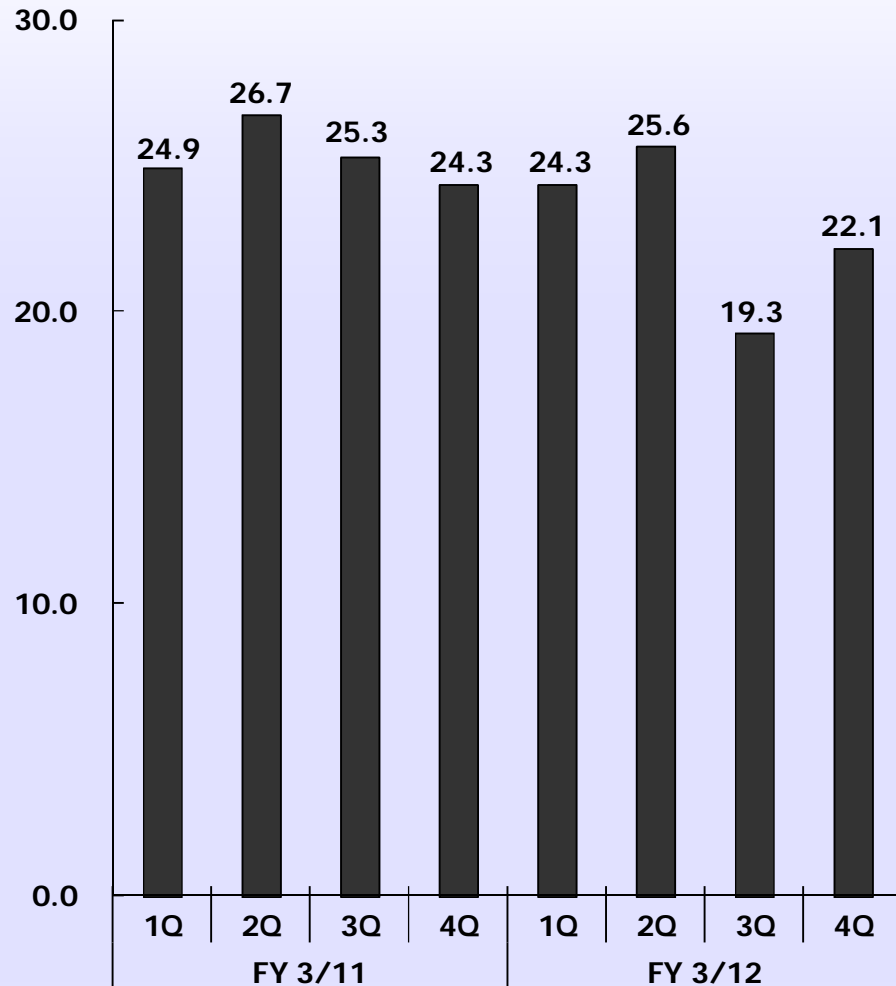


\* The segment results by new business segment for the fiscal year ended March 2010 is unaudited.

May 10, 2012

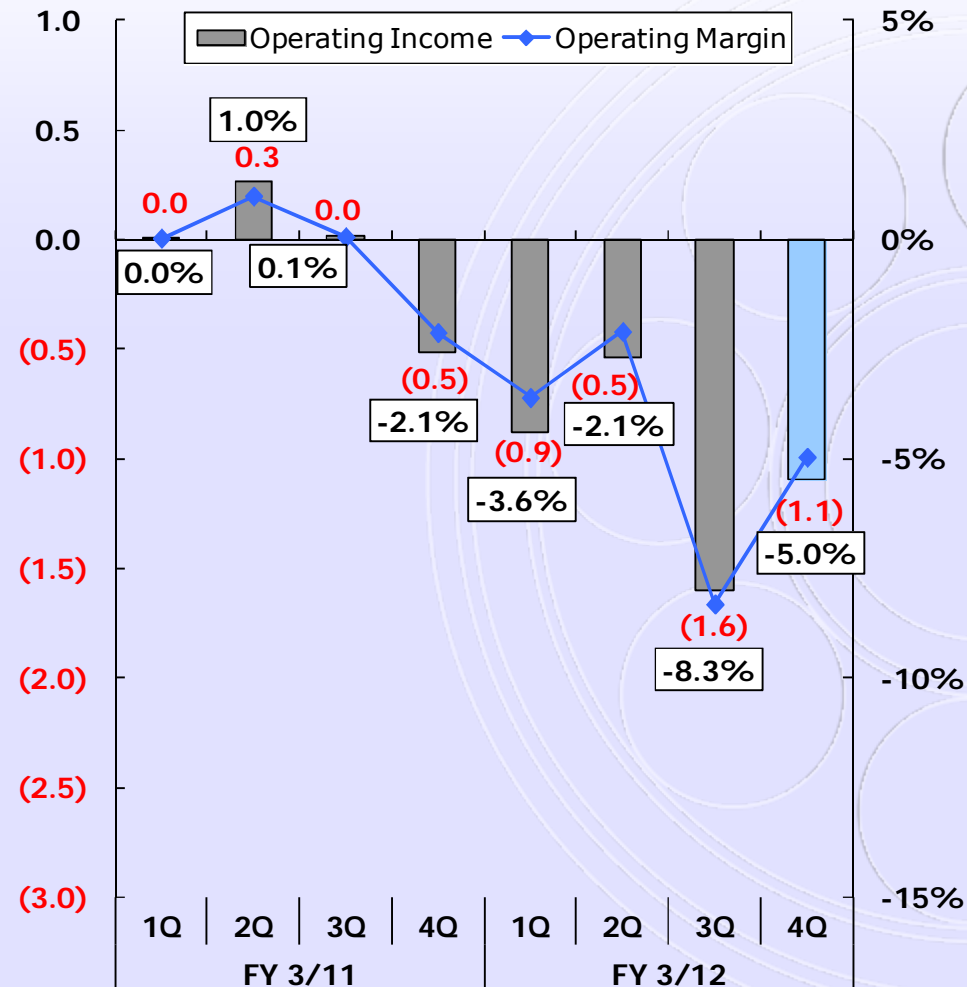
### Net sales

(Billions of yen)

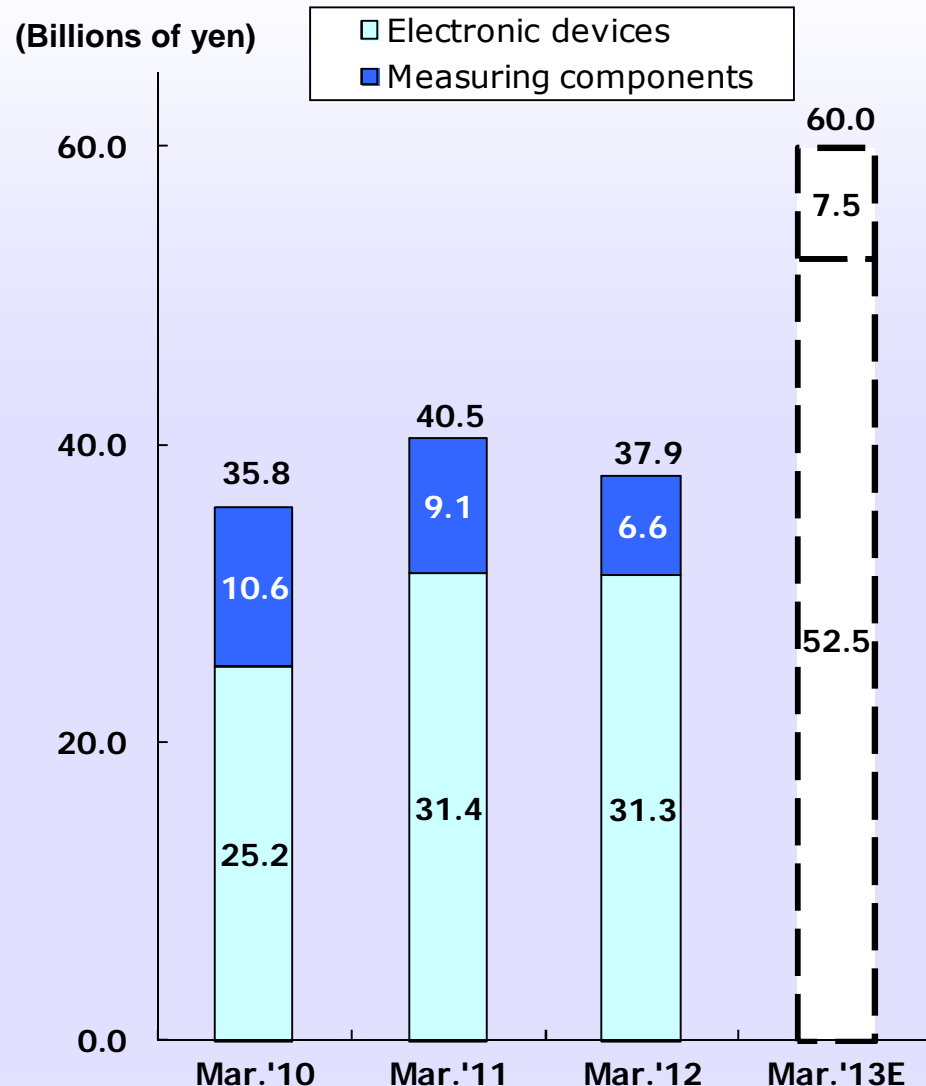


### Operating income

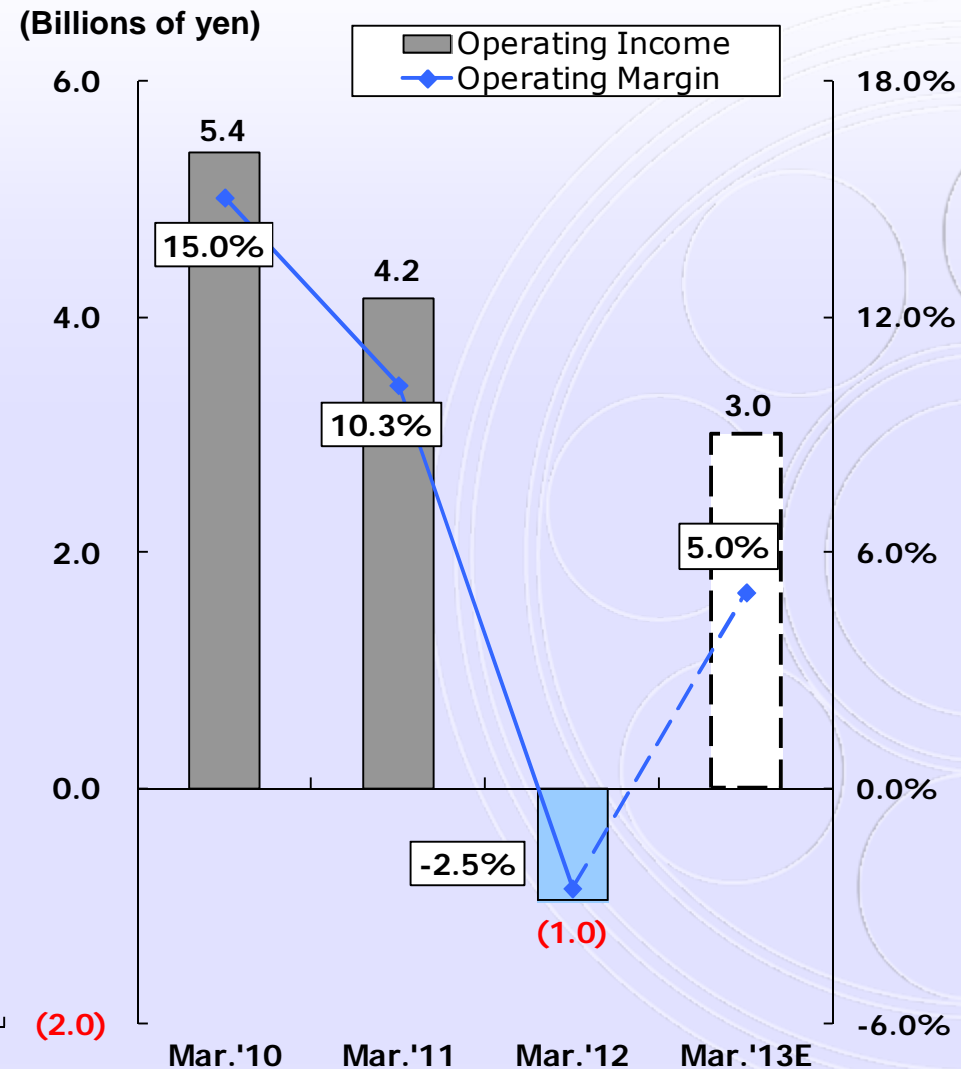
(Billions of yen)



## Net sales



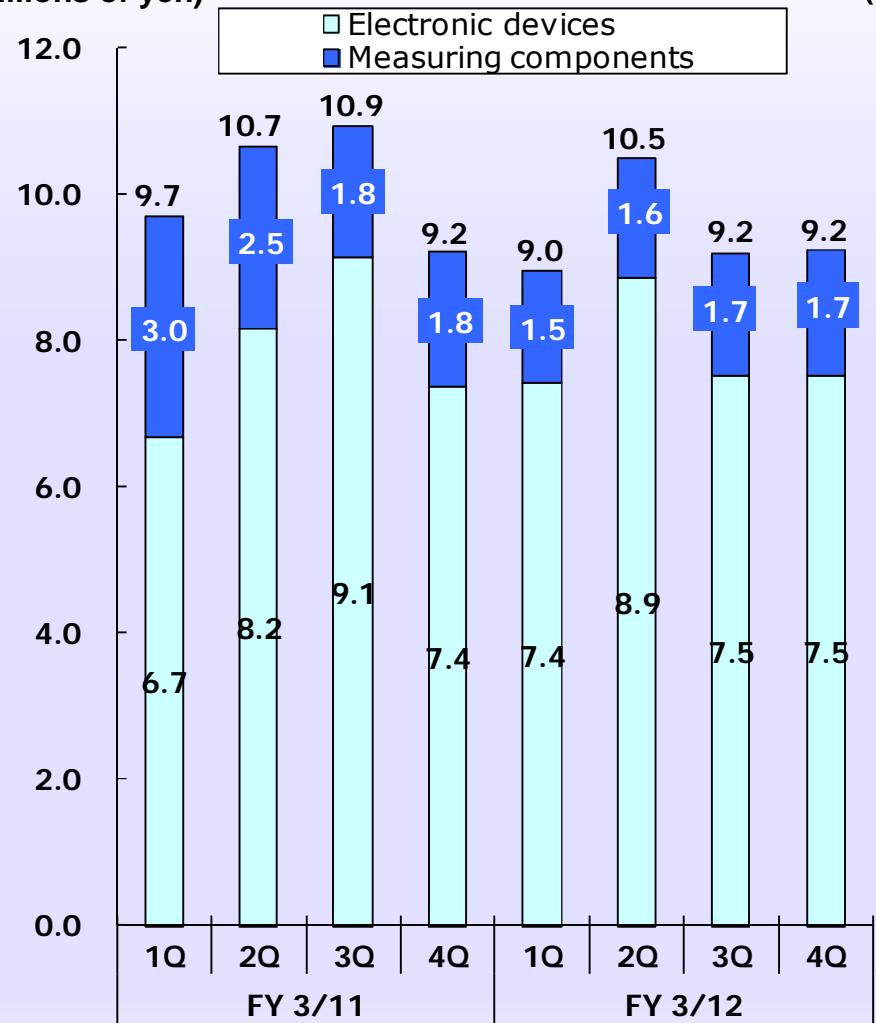
## Operating income



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

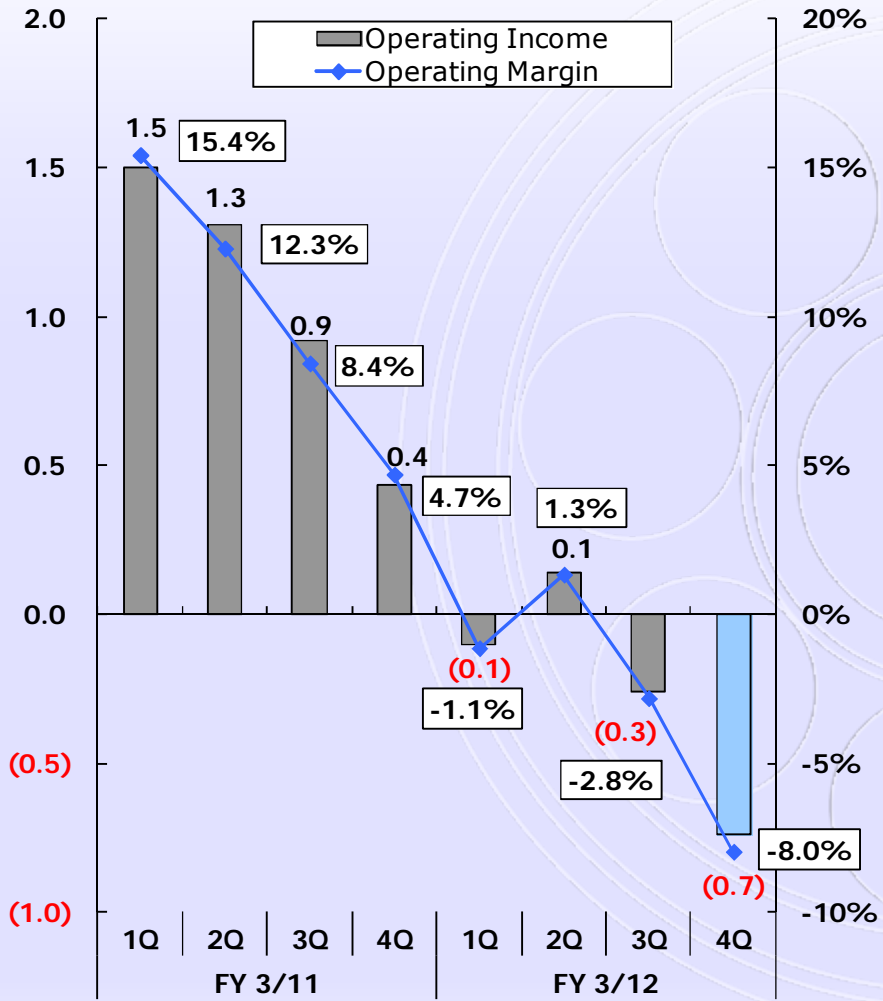
Net sales

(Billions of yen)



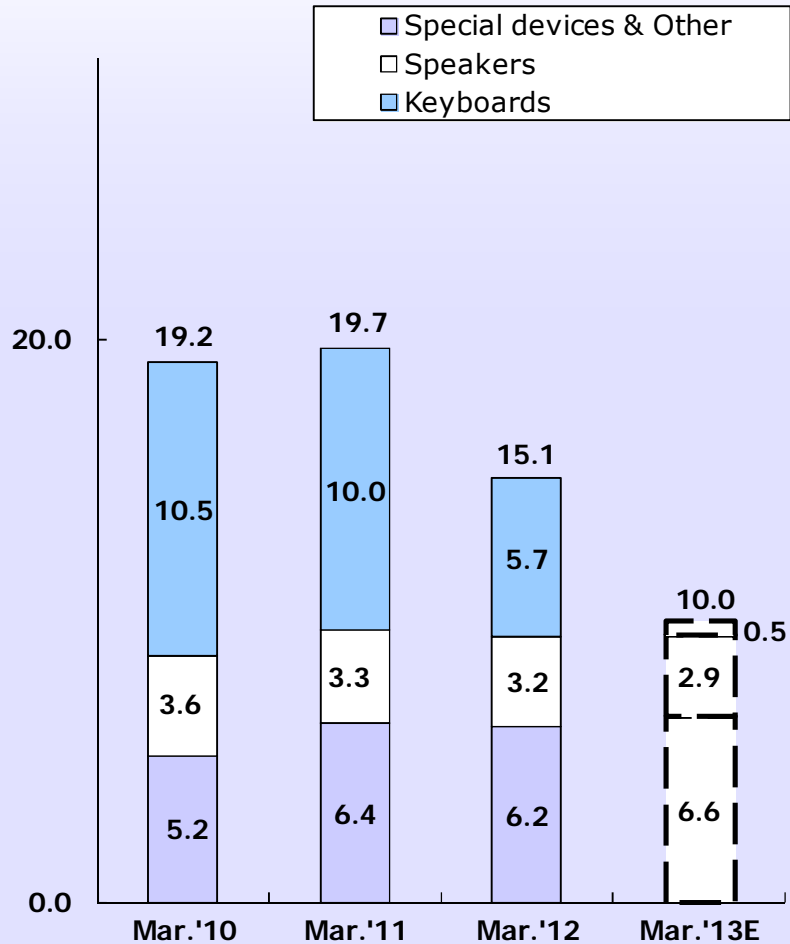
Operating income

(Billions of yen)



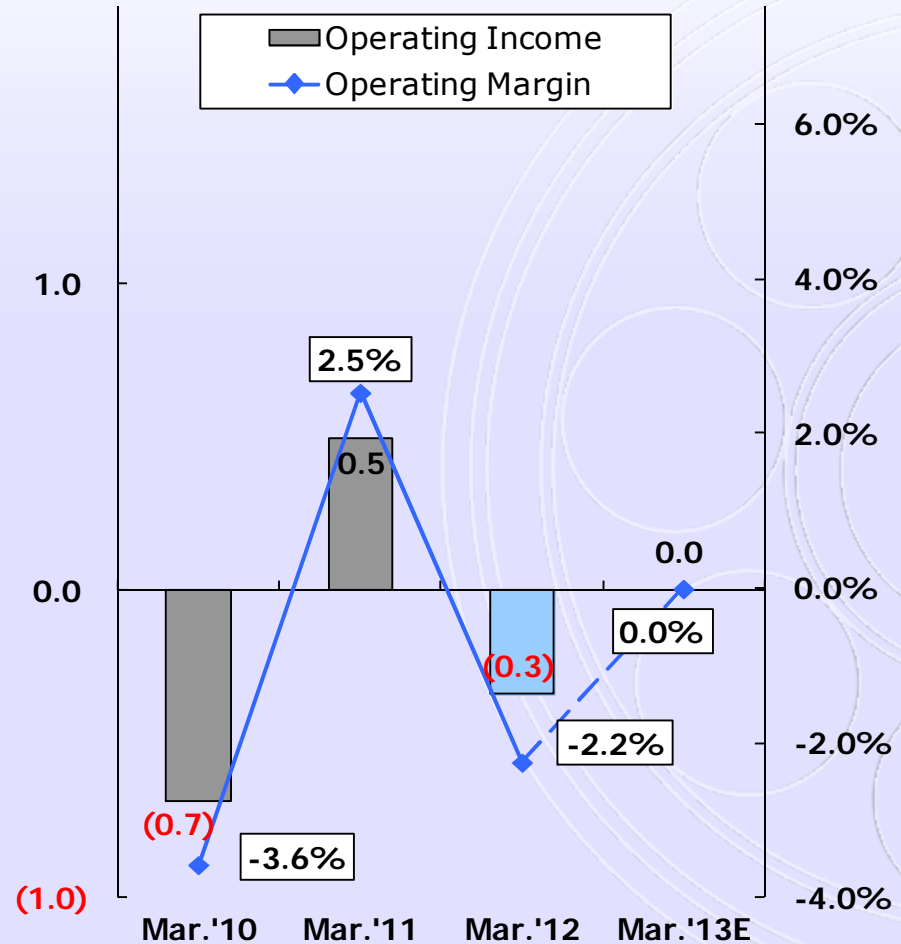
## Net sales

(Billions of yen)



## Operating income

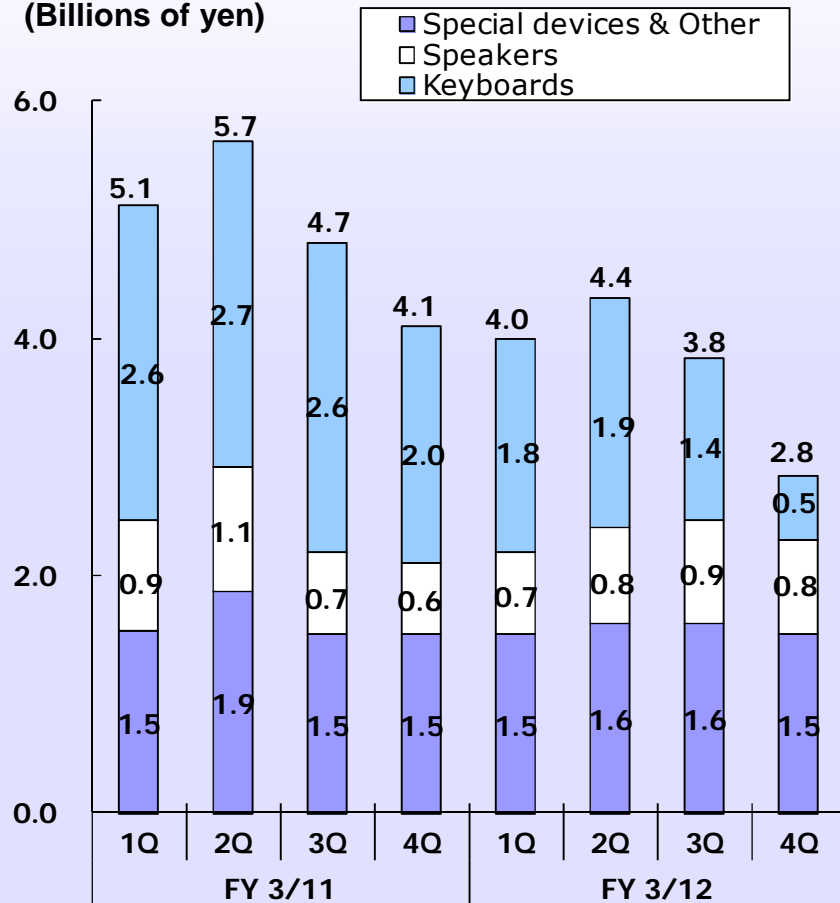
(Billions of yen)



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

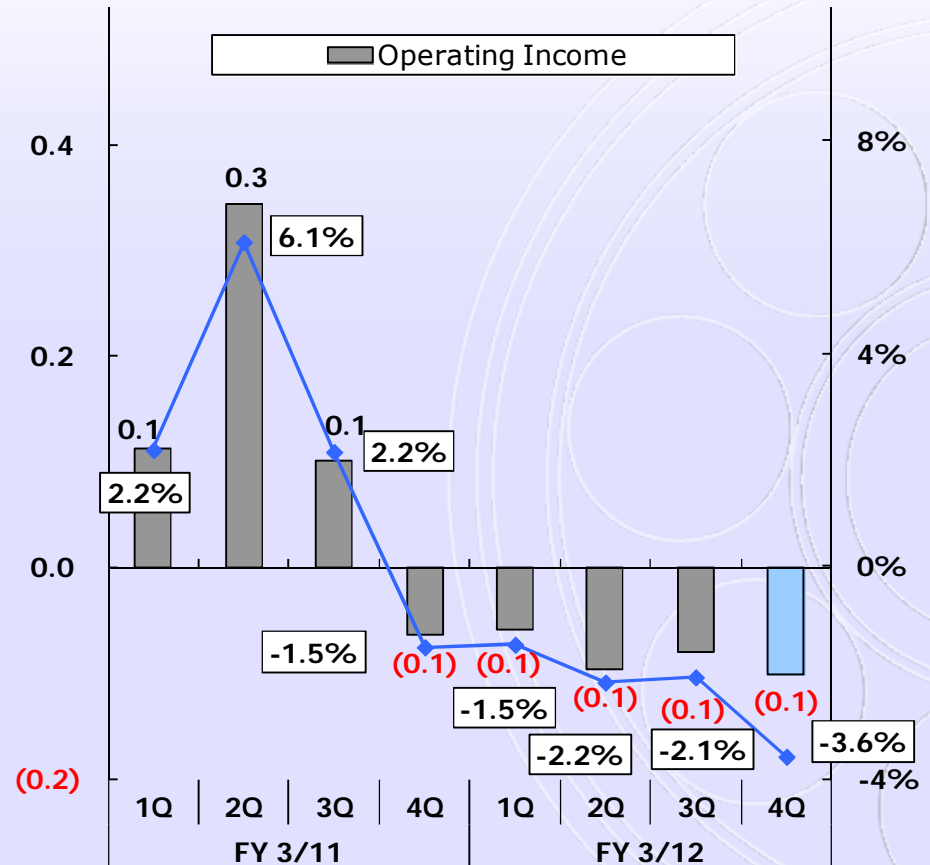
## Net sales

(Billions of yen)



## Operating income

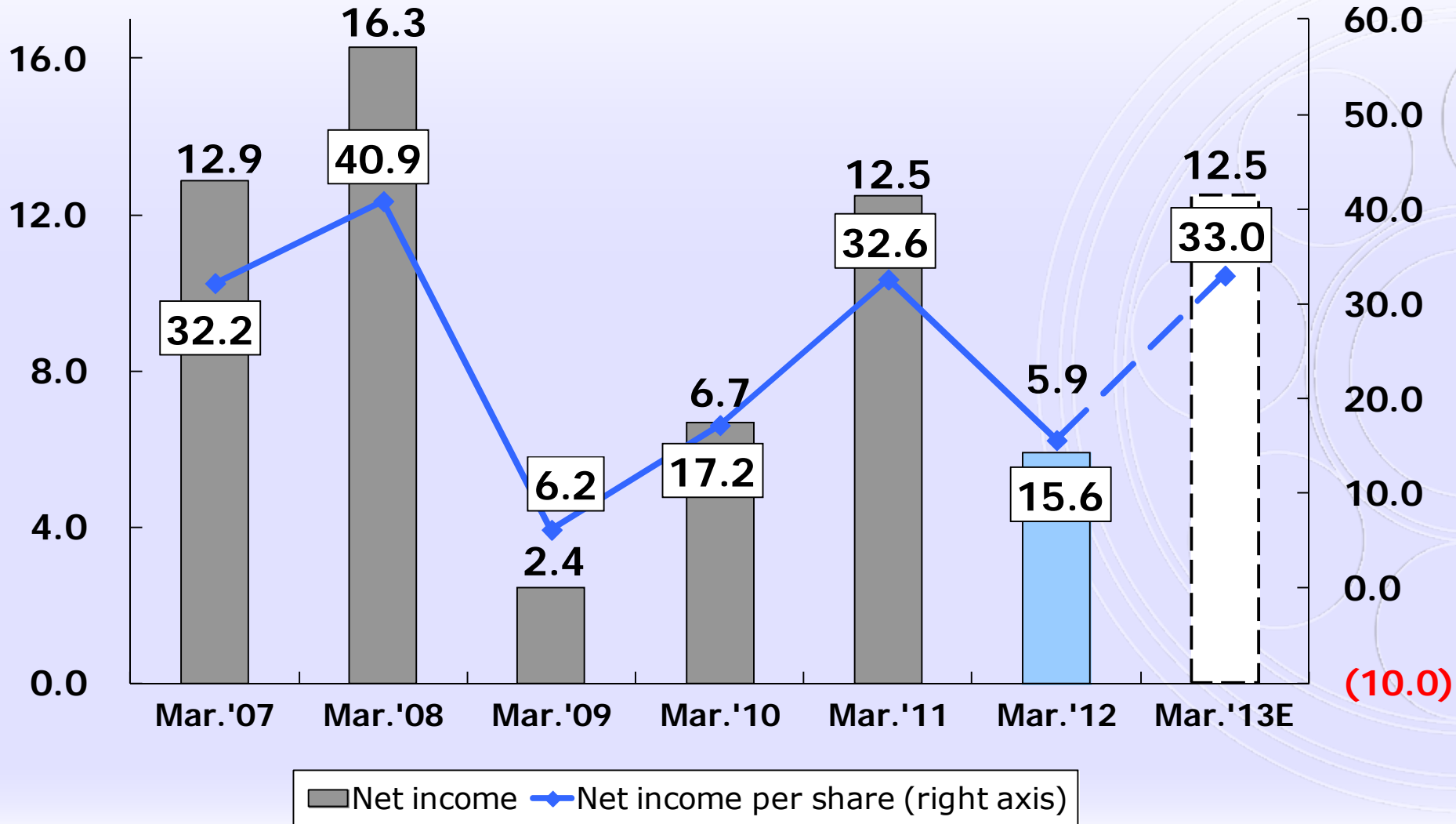
(Billions of yen)



Decreased 52.5% YoY

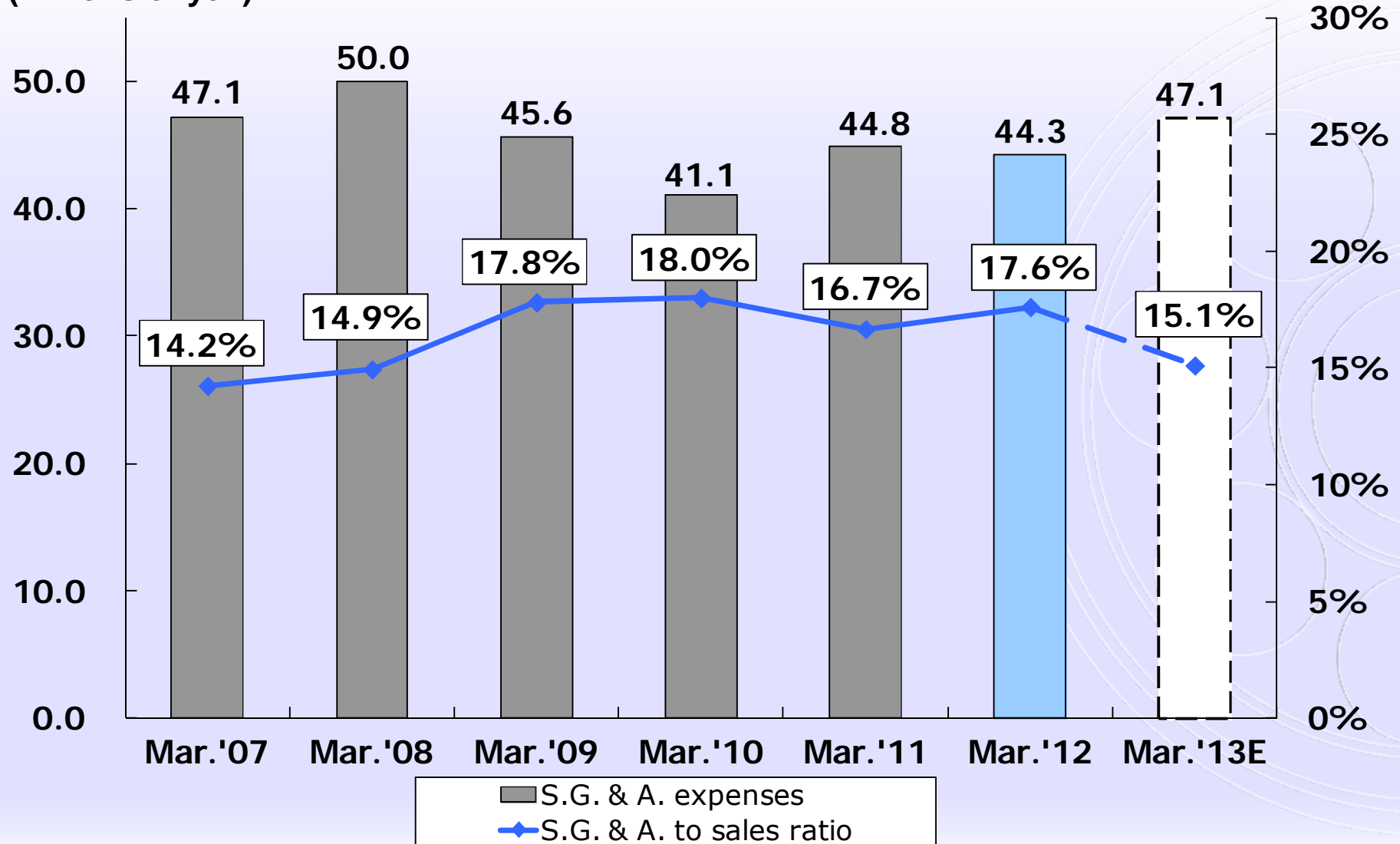
(Billions of yen)

(yen)

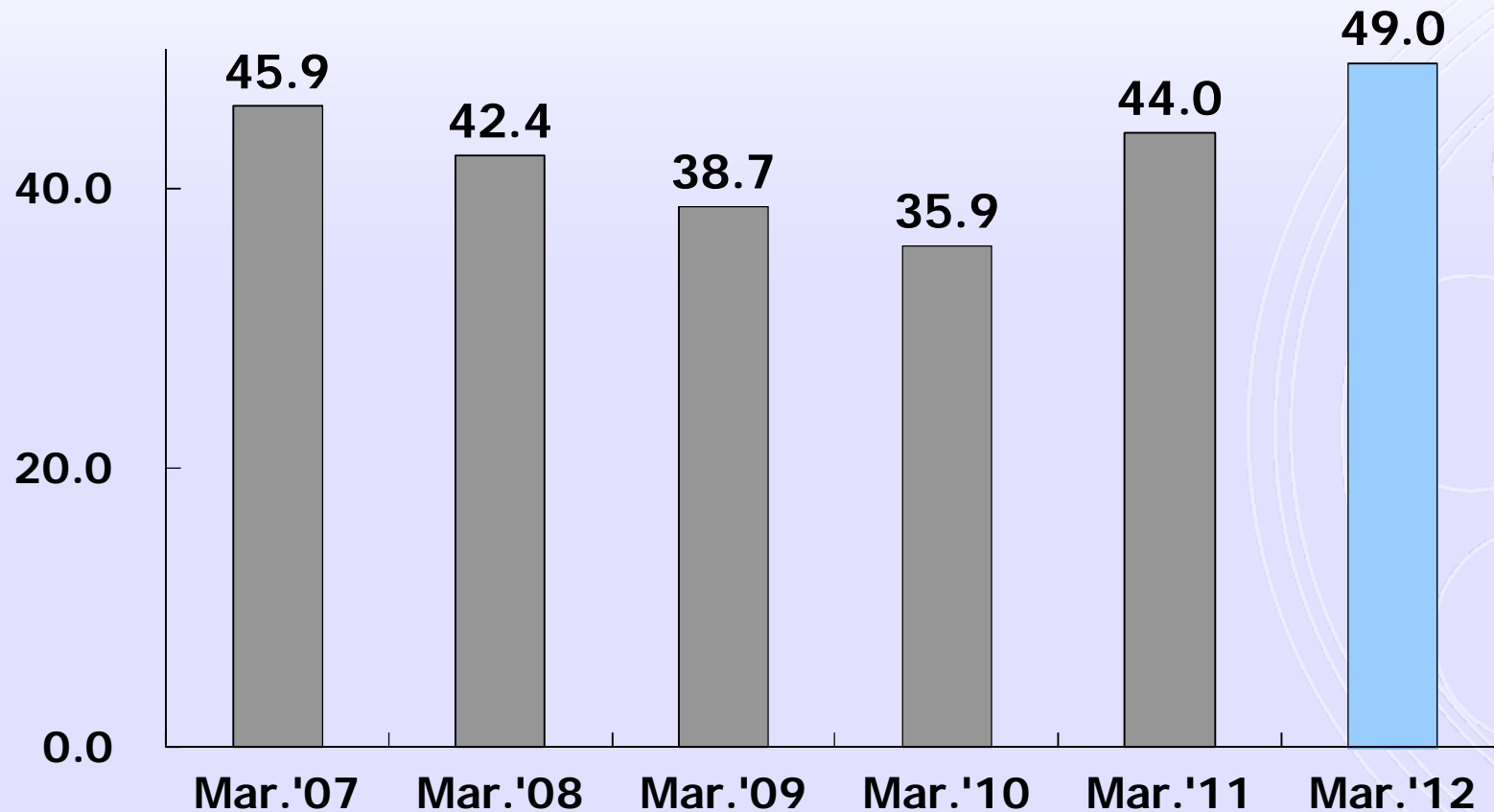




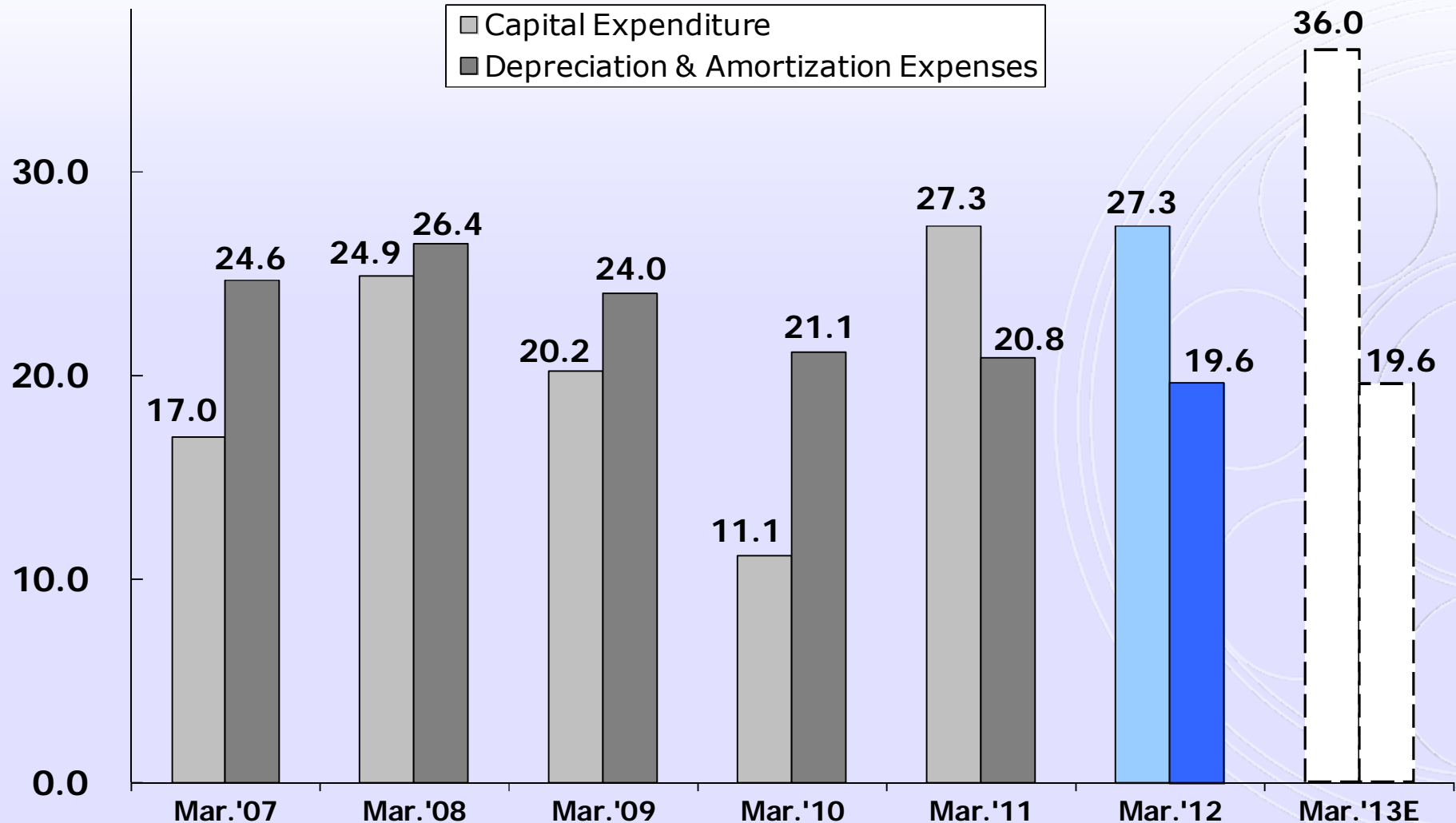
(Billions of yen)



(Billions of yen)

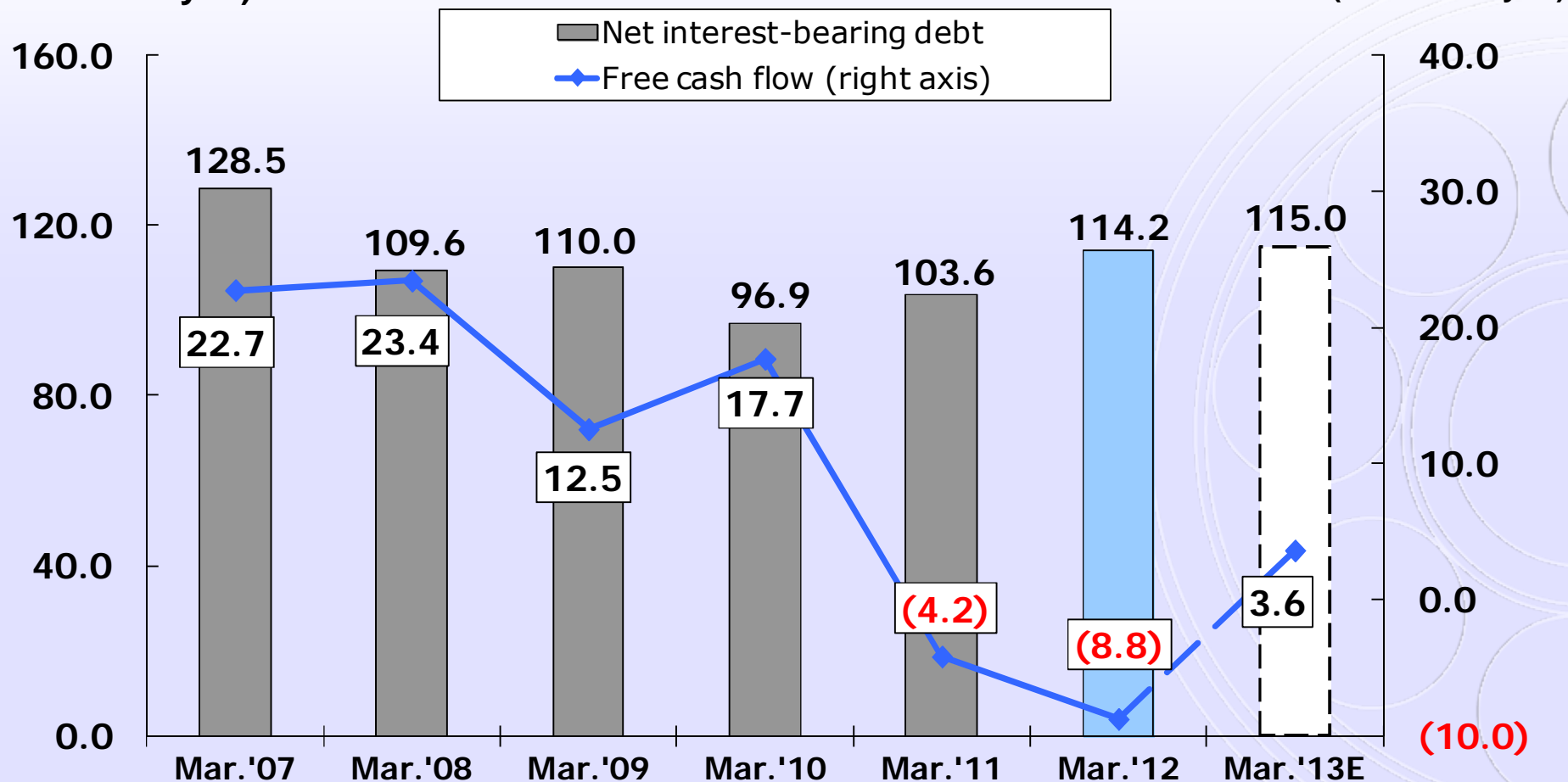


(Billions of yen)



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

(Billions of yen)



Net Interest-bearing debt = Interest-bearing debt – Cash and cash equivalents  
Free Cash Flow = CF from operating activities + CF from investing activities

# Forecast for Fiscal Year Ending March 31, 2013

**Expecting significantly higher sales and profits due to the growth of HDD parts and LED backlights, as we gain further distance from the natural disasters.**

(Millions of yen)	FY ended Mar. '12	Fiscal Year ending Mar. '13			
	Full Year	1st Half	2nd Half	Full year	Change YoY
Net sales	251,358	148,100	163,900	312,000	+24.1%
Operating income	8,599	9,400	13,900	23,300	× 2.7
Ordinary income	6,499	8,200	12,600	20,800	× 3.2
Net income	5,922	5,600	6,900	12,500	× 2.1
Net income per share (yen)	15.63	14.78	18.21	32.99	× 2.1

Foreign exchange rates	Mar. '12 Full year	FY ending Mar. '13 Assumption
US\$	¥79.07	¥77.00
Euro	¥110.20	¥103.00
Thai Baht	¥2.59	¥2.50
Chinese RMB	¥12.33	¥12.20

# Forecast for Business Segment

(Millions of yen)	FY ended Mar. '12  Full year	Fiscal Year ending Mar.2013			
		1st Half	2nt Half	Full year	Change
Net sales	251,358	148,100	163,900	312,000	+24.1%
Machined components	107,037	57,300	58,700	116,000	+8.4%
Rotary components	91,363	59,900	66,100	126,000	+37.9%
Electronic devices and components	37,887	26,300	33,700	60,000	+58.4%
Other	15,068	4,600	5,400	10,000	-33.6%
Operating income	8,599	9,400	13,900	23,300	× 2.7
Machined components	25,611	13,800	14,200	28,000	+9.3%
Rotary components	-4,118	20	2,280	2,300	N.M.
Electronic devices and components	-959	580	2,420	3,000	N.M.
Other	-338	0	0	0	N.M.
Adjustment	-11,595	-5,000	-5,000	-10,000	-13.8%

# Policy and Strategy

**May 10, 2012**

**Yoshihisa Kainuma**

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

# Business Environment

## 60<sup>th</sup> Anniversary ⇒ A year of Disasters

- Took measures to counter negative factors including the Tohoku Earthquake, the Thai Floods, stronger yen and rare-earth material price hike.

## Recovery of HDD Spindle Motor Parts Factory Damaged by the Floods

- Navanakon Plant (machined parts) recovered in April.
- Rojana Plant (baseplates) to recover fully in June.

## Sales Recovery

- Post-Thai Floods sales showed good recovery as expected.
- Mass production of LED backlights for tablet PCs finally launched in April, overcoming various hardships.

## Macro Economy

- Production is recovering with rising demand from OA and auto industries.
- While Europe's financial crisis remains unpredictable and the Chinese market is slowing down, the US economy is gradually improving.



# Relative Stock Performance

April 1, 2011 through March 30, 2012



# New Medium-term Business Plan Strategy

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

**Respond to rapidly changing market**

**Expand profitable machined components**

**Boost earnings from LED backlights**

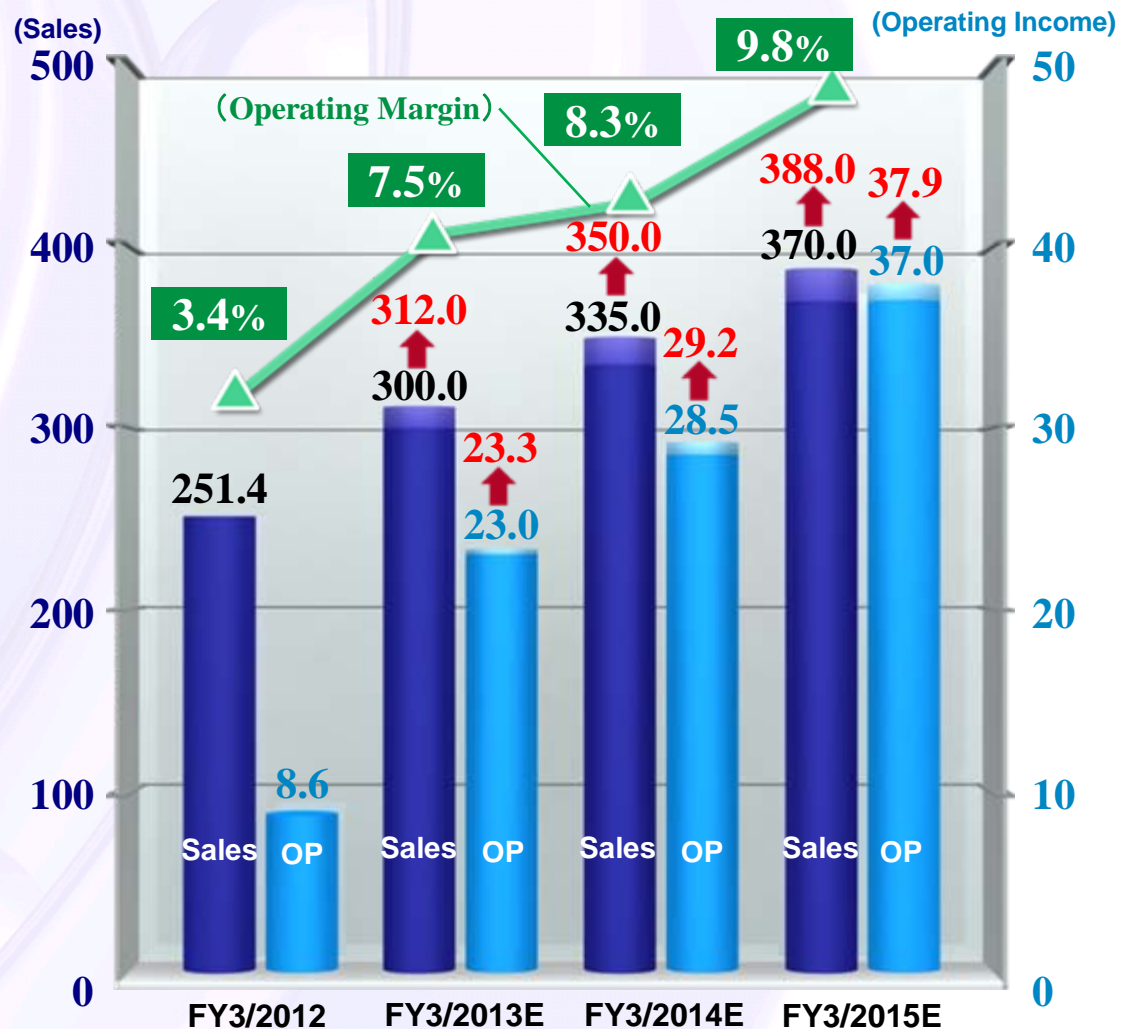
**Increase sales for smart phones and tablet PCs**

**Boost earnings from motor business**

**Aggressive M&A strategy**  
 -will reflect impact of each M&A in the plan

**(Reflected Moatech acquisition)**

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



**Assumptions unchanged**

US\$=¥77, Euro=¥103, Baht=¥2.5, RMB=¥12.2

# Machined Components Business

## Increase pivot assembly market share

Expand to 50 million pivots/mo. and 100 million ball bearings for pivots/mo.

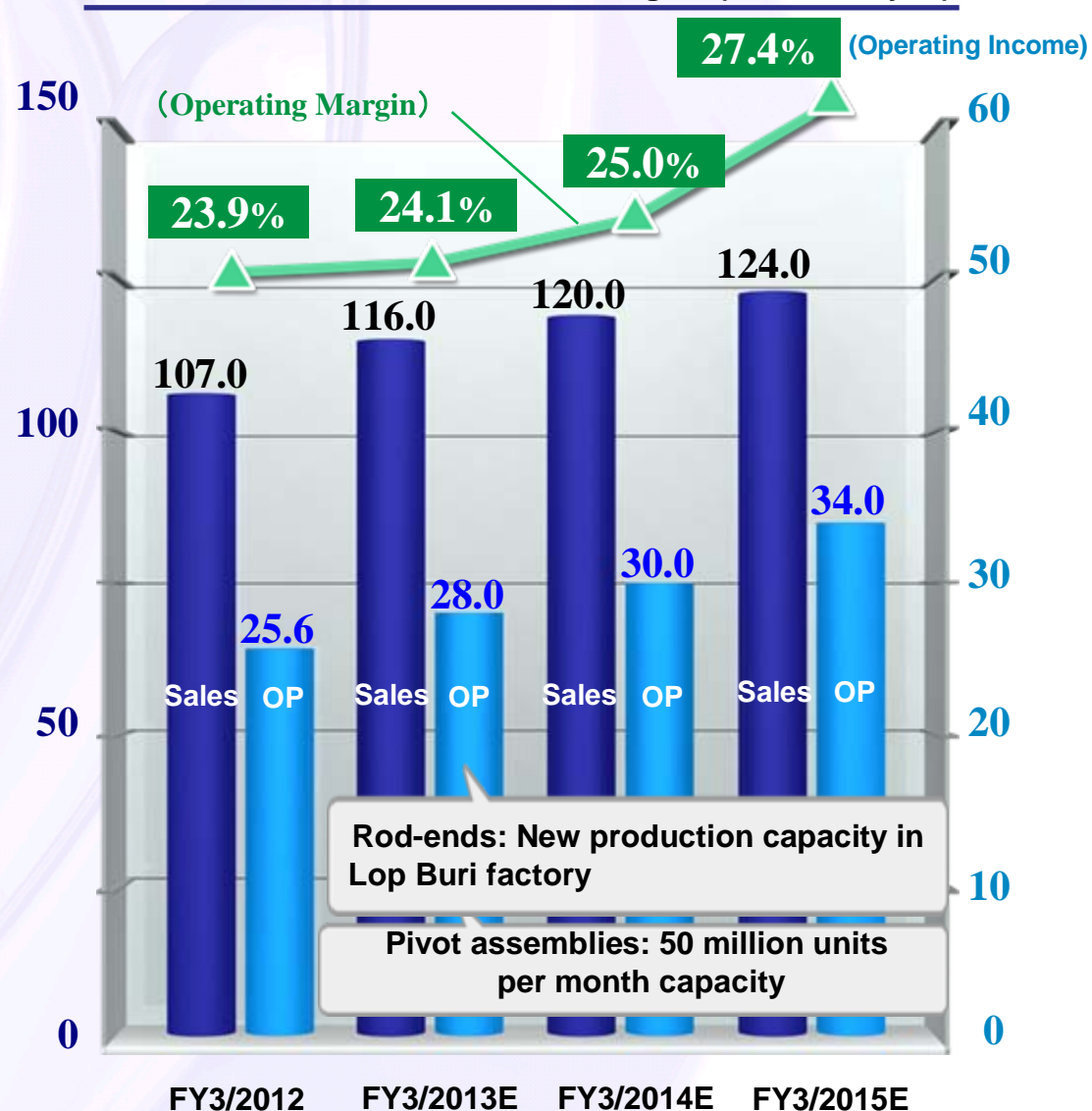
## Expand ball bearing capacity

Steady market growth and new market entry

## Increase rod end capacity in Thailand

Expanding aircraft parts market

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





# Rapid Increase in Pivot Assembly Market Share

## Rapid increase in market share

After a competitor (with a 20% market share) was hit by the Thai Floods last October, Minebea's market share has gone from 60% to 80%.

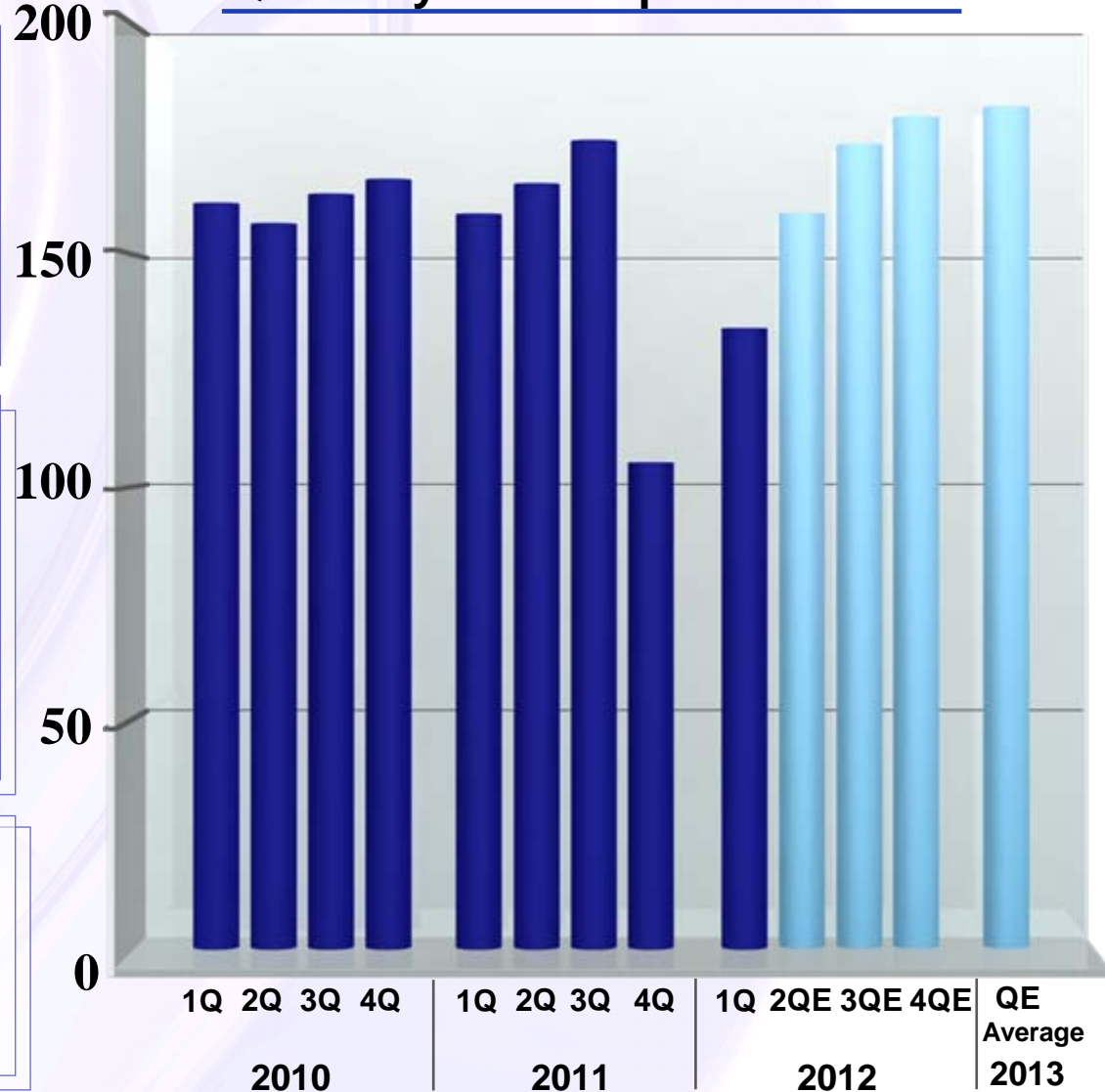
## Recovery of HDD market

Although current HDD production volume is still at 70-80% of what it was before the floods, the volume this year is expected to reach a record high.

## Expand capacity

Expand capacity to 50 million /mo. to meet strong demand for pivot assemblies.

(millions of units) Quarterly HDD Shipment Volume



(Source: TSR, February 2012)

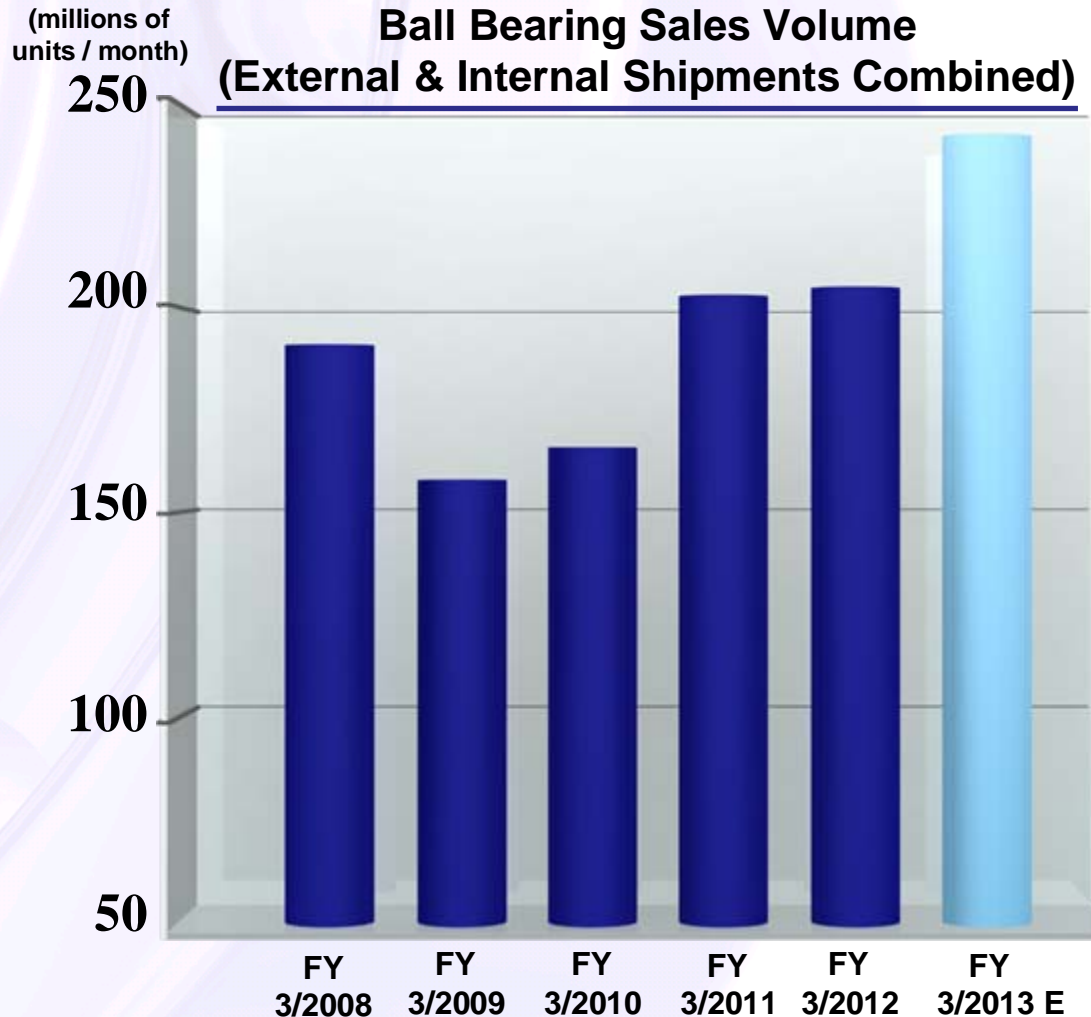
# Boost Ball Bearing Sales

Ball bearing demand continues to grow  
as global economy steadily expands

Increase production of ball bearings for pivots at newly constructed building in Ban Pa-in factory.

Boost sales force to meet demand from emerging markets.

Enter new markets (for mass produced low-priced and mid sized ball bearings)



# Orders for Aircraft Bearings Soar

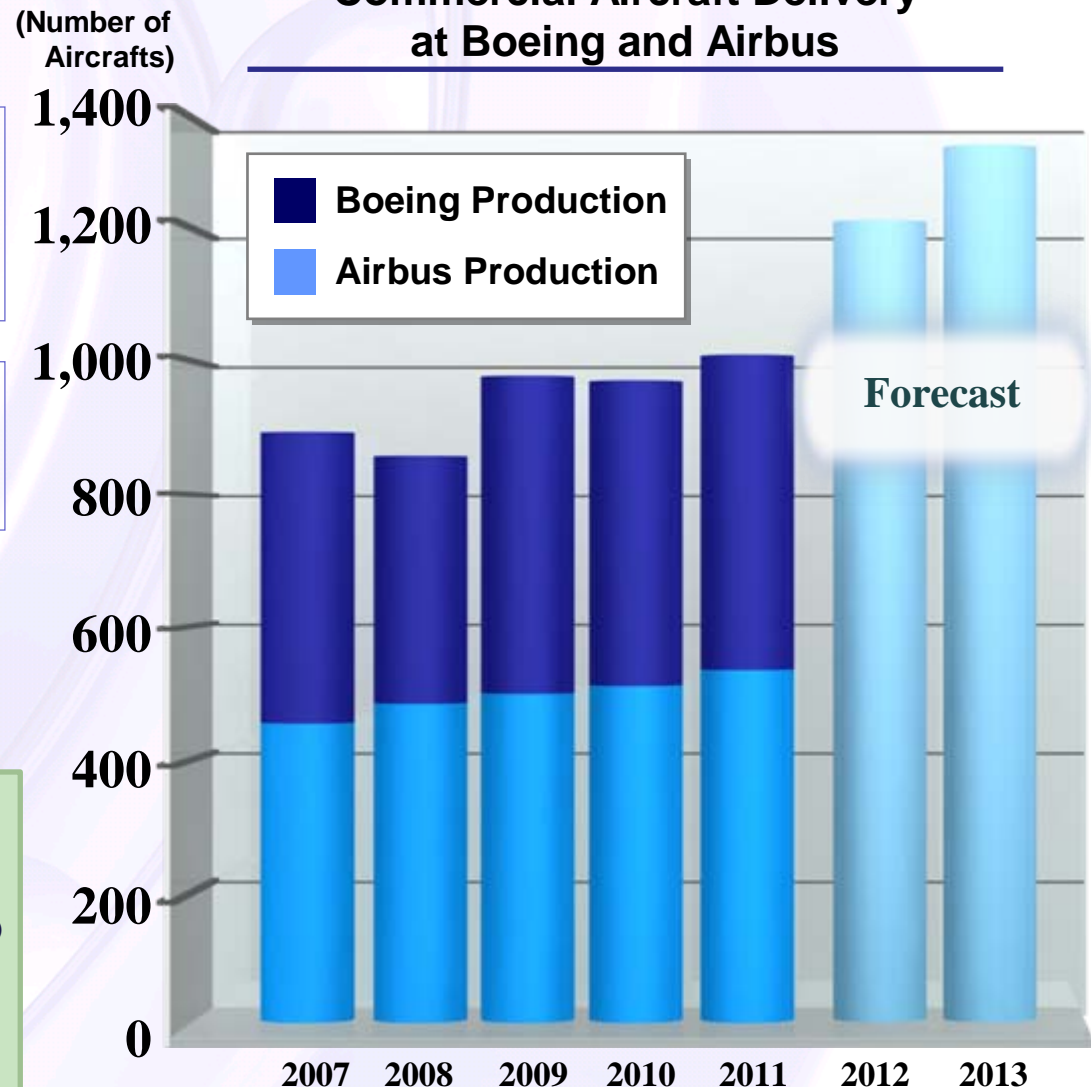
Increased orders will fuel aircraft market growth over the medium run.

New Boeing 787 production shifts into high gear.



- Working on expanding product range
- Moving more production to Lop Buri (Thailand) Plant to reduce costs

**Commercial Aircraft Delivery at Boeing and Airbus**



(Source: Boeing, Airbus, forecast by Minebea)

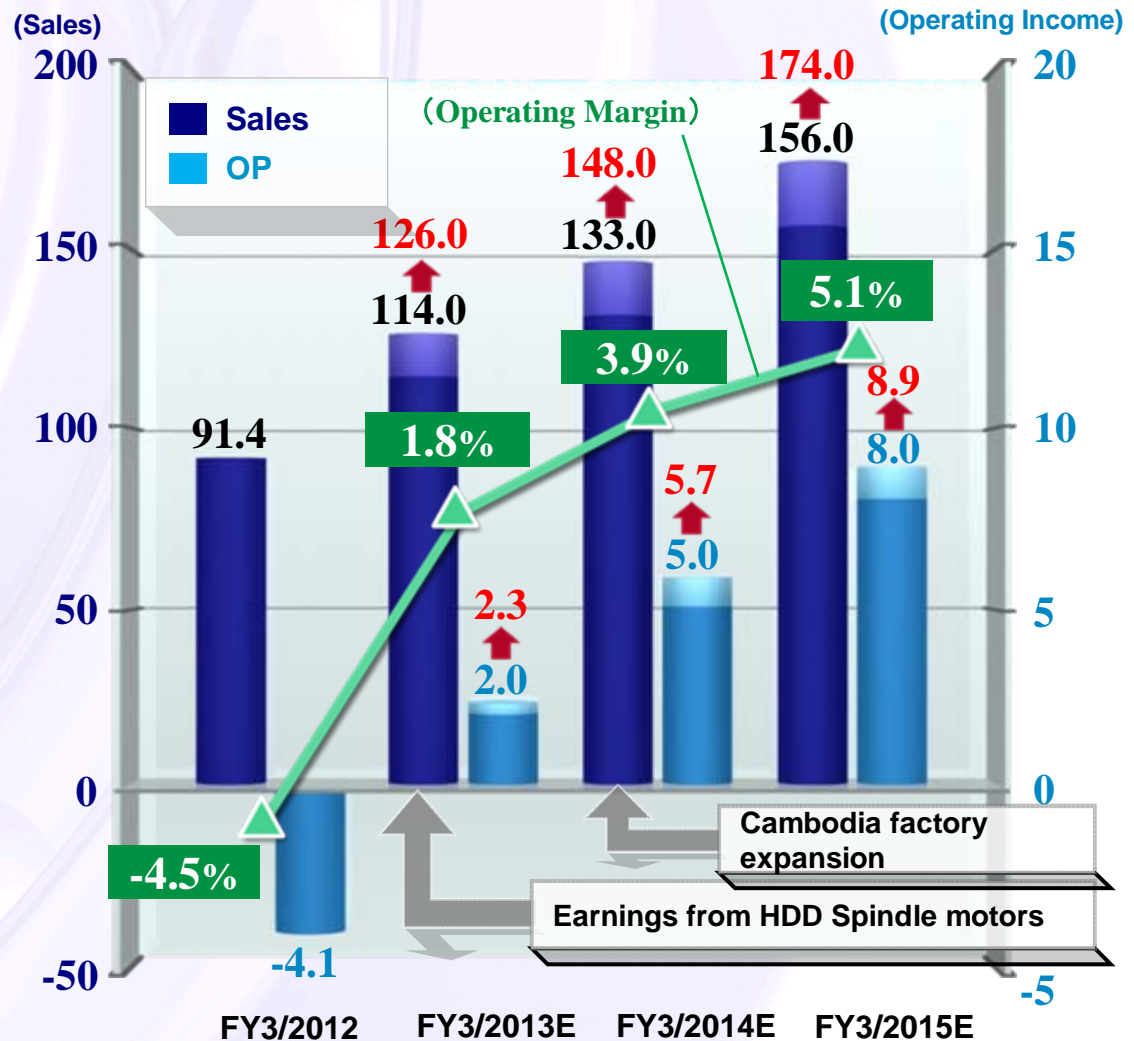
# Rotary Component Business

**Motor businesses  
to boost earnings.**

**More cost  
competitive**

Expanding Cambodia  
factory's capacity, modifying  
our vertically integrated  
production system, and  
collaborating with new  
Korean subsidiaries.

Medium-term Business Plan Targets (Billions of yen)





## Boost HDD Spindle Motor Profitability

- Progress in productivity including production yield
- Maintain product mix focused on high-value-added products
- Will supply new 7mm-thick 2.5 inch HDD spindle motors to 3 brands

**Moving to complete recovery of production capacity from the Thai Floods**



**Back in the black by 2nd quarter  
with sustainable profit growth**

# Profit Improvements in Rotary Components

**Sales recover from Tohoku Earthquake and Thai Floods**

**Brushless DC motors**

**Increase volume with growing OA demand**

**Stepping motors**

**Increase volume with growing demand from OA and auto industries**

**Fan motors**

**Boost sales via performance and productivity improvements**

**Precision motors**

**Boost profitability with more resolver models**

**Brush DC motors**

**Cut costs by manufacturing in Cambodia**

**Micro actuators**

**Cut costs by manufacturing in Cambodia and collaborating with Korean subsidiaries**

**Vibration motors**

**Reduce production scale**

# Aggressively Expand Cambodian Plant

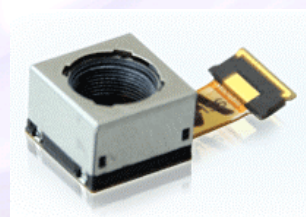
**Measures against rising wages in Asia + risk diversification  
+ OEM business**

**Launched in December 2011  
Accelerate shifting small-sized precision motor  
assembly process (micro actuators, brush DC motors and  
brushless DC motors)**

**Constructing second building  
(pile driving started in April, 2012)**



# Agreement to Acquire 50.8% Stake in Moatech Shares



<b>Market share increase</b>	Strengthen our 2 <sup>nd</sup> place position in stepping motor market via integration of Minebea (12%) and Moatech (11%) to rank us closer to the top Group (31%).
<b>Low cost production</b>	Utilize low cost production capability of Moatech (Philippines factory will join Minebea group).
<b>Excellent management</b>	Excellent management with expertise in small-sized motor businesses will join Minebea group.
<b>Growth potential</b>	Acquired high potential auto-focus voice coil motor businesses for smart phones and tablet PCs from Hysonic Co., Ltd, which is 35% owned by Moatech and also listed on KOSDAQ.
<b>Sound financial structure</b>	Acquired a sound company at a reasonable price (equity ratio: 76%, net cash: ¥2.6 billion)
<b>Expand marketing channels</b>	Strengthen marketing channels for Korean clients



# Electronic Devices & Components Business, Other

## Boost earnings from LED backlights

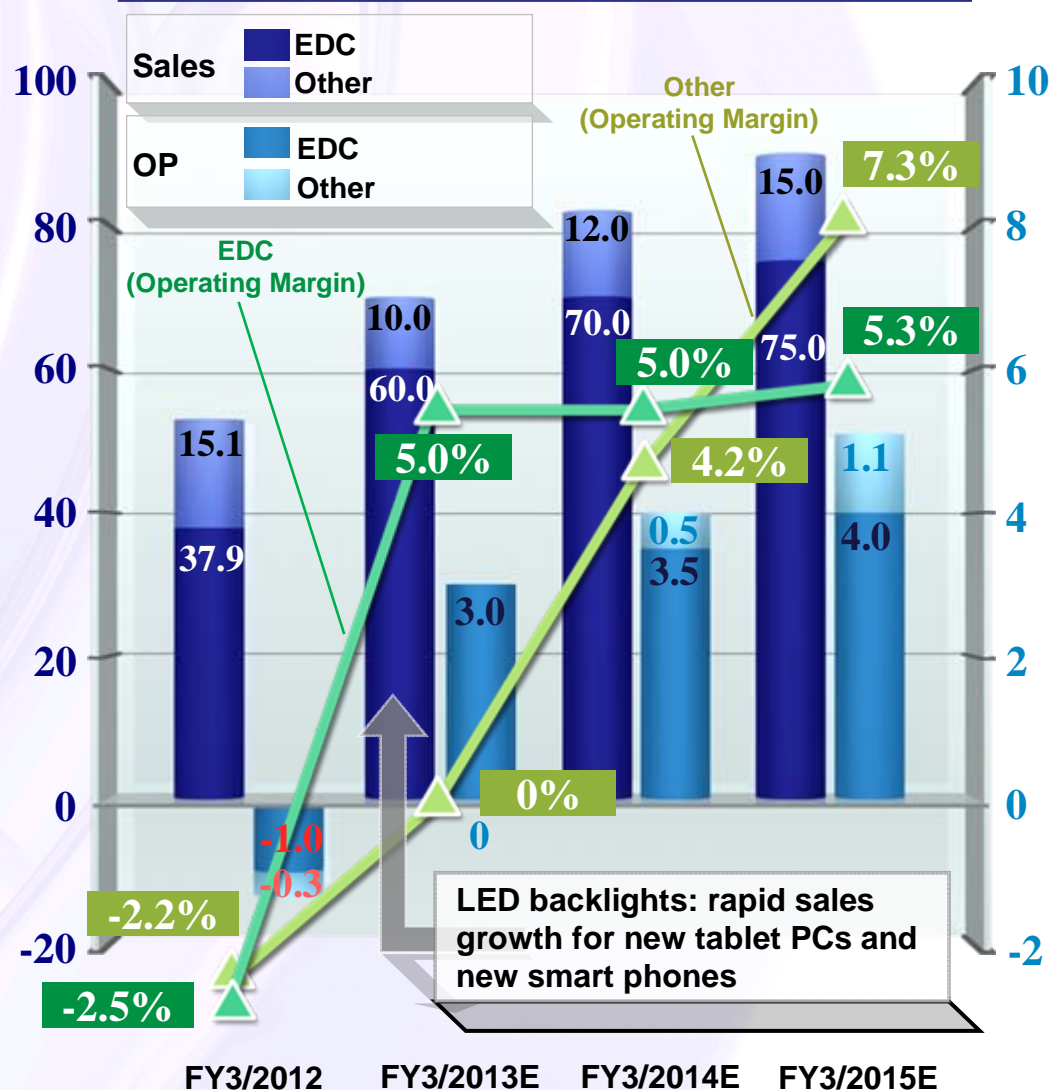
Finally started shipping LED backlights for a tablet PC beginning in April. Sales will continue to rise in the second half of FY03/2012.

Mass production for a new smart phone slated to begin in May.

## Boost sales of measuring components

For autos, medical devices, and Chinese market.

Medium-term Business Plan Targets (Billions of yen)



# New Product Development (LED Lighting)

## Thin lens for LED downlight (patent application)

### Merit 1: Low cost and thin (coin type)

Developed using the same optical and ultra-precision machining technologies used for LED backlights

### Merit 2: Energy-saving

New thin lens: 95% transmittance  
Conventional lens: 85-90% transmittance

### Merit 3: Utilizes low cost multi-chip LED

Able to utilize low cost multi-chip LED due to better light uniformity

### Merit 4: Utilizes LED lighting and other technologies

High efficiency driver, wireless remote controller, touch panels, etc.

### Lens



Conventional



New thin lens

### Light quality



Conventional



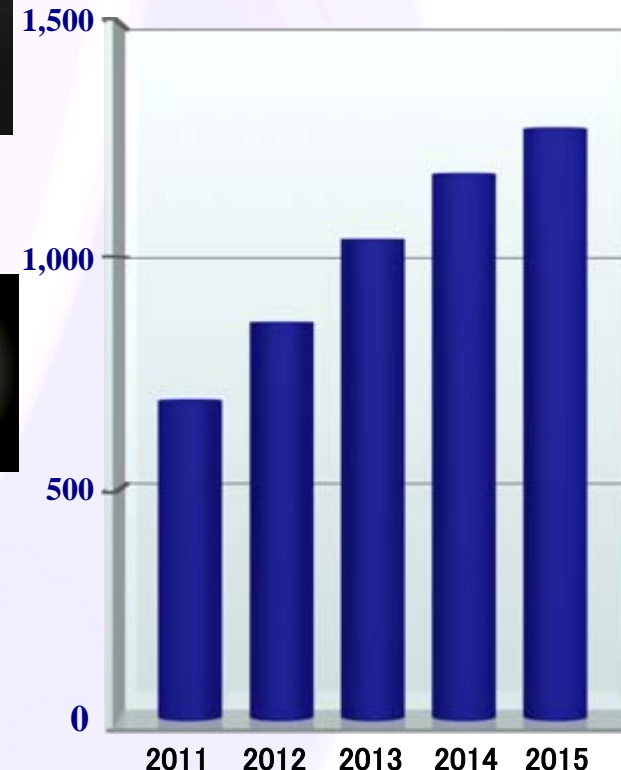
New thin lens



LED module with lens

(Billions of yen)  
1,500

### LED downlight sales outlook

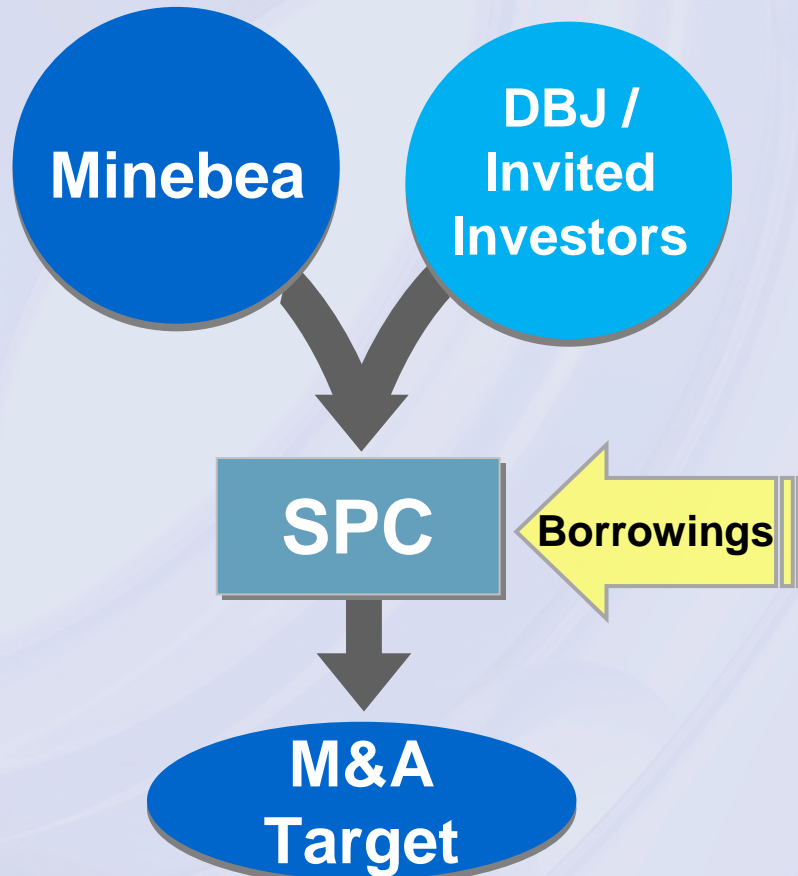


(Source: OPTRONICS Magazine 2011/1)

**Aim for ¥10 billion sales within 3-4 years with a business model selling LED module with lens to lighting manufacturers**

# Accelerate growth through M&As in Machined Components Business

## Joint Investment Scheme



## Recent Independent Acquisitions

**Moatech Co.**

**DPM Co.**

**Brushless DC motors**  
(Former Information Equipment Motor business of Panasonic)

**myonic Holding GmbH**

**Micro Actuator**  
(Former Stepping Motor Business of FDK Corporation)

# Implementing 2nd Incentive Plan

**E-Ship ®\* plan first introduced in November 2009 successfully completed**

- Participation ratio of Minebea Employee Stock Holding Partnership and percentage of shares held by the Partnership has doubled since introduction.
- Distributed payment to participating employees



**2nd E-ship®, approx. ¥2.2 billion, will be introduced as part of management strategy to focus on share price.**

**Provides employees with medium to long-term incentives for increasing corporate value**

**Makes employees aware of share price and feel that they are “riding in the same boat” with management and shareholders.**

**Enhance corporate governance**

**Plan will provide employees with increased opportunities to be indirectly involved in Minebea’s decision-making process as shareholders through the voting rights associated with shares held in trust. It will also further enhance our corporate governance.**

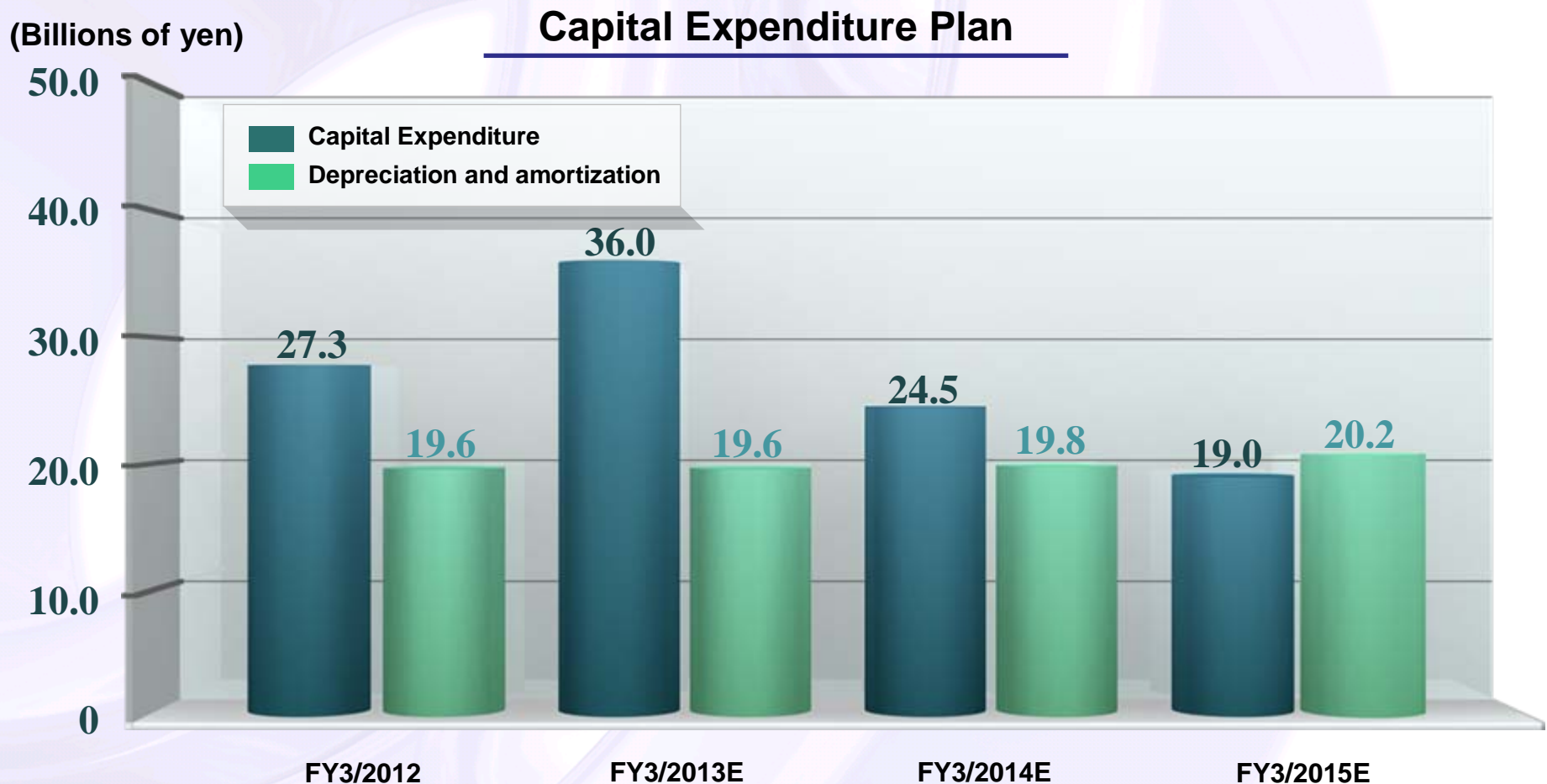
**Enhance employee benefits**

\* The Employee Shareholding Incentive Plan, E-Ship® is a registered trade mark of Nomura Securities Co., Ltd.



# Capital Expenditure Plan

**Will invest 79.5 billion yen over 3 years**



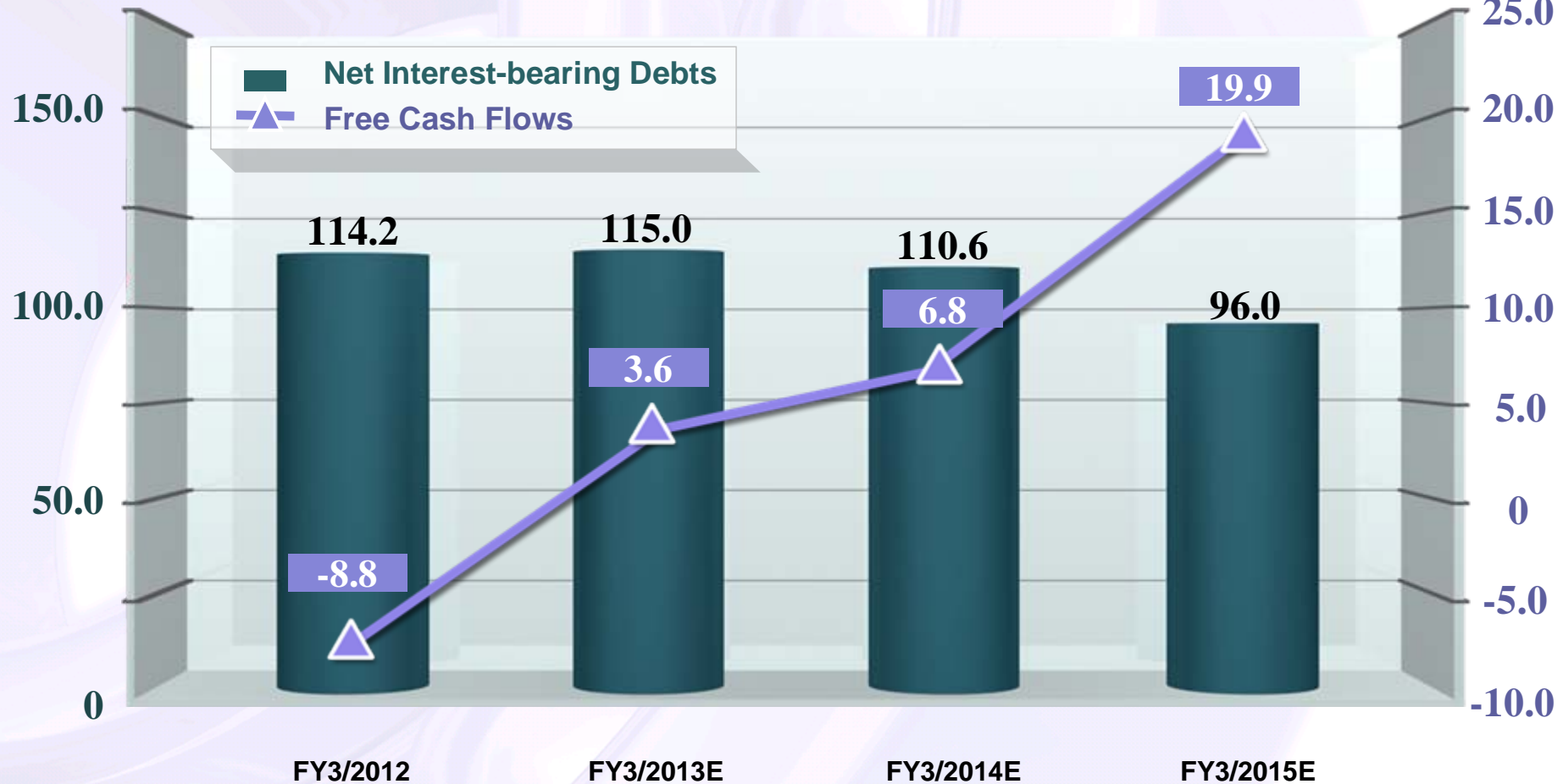
# Net Interest-bearing Debts Plan

Net Interest-bearing Debts

(Billions of yen)

Free Cash Flows

(Billions of yen)



# Dividend Policy

## Dividend Policy

FY03/12 year-end dividend: **4** yen/share; Total year: **7** yen/share

Dividend forecast for FY03/13: Interim: **3** yen/share  
Year-end: **4** yen/share

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 a stable and continuous distribution of profits.

## Maintain strategy for repurchasing own shares

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

# 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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