Minebea
Passion to Exceed Precision

Business Results

First Quarter of Fiscal Year Ending March 31, 2017

August 2, 2016
Minebea Co., Ltd.

Summary of Consolidated Business Results for 1Q

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Passion to Exceed Precision

Lower LED backlight demand and higher yen takes toll while other major businesses remain firm

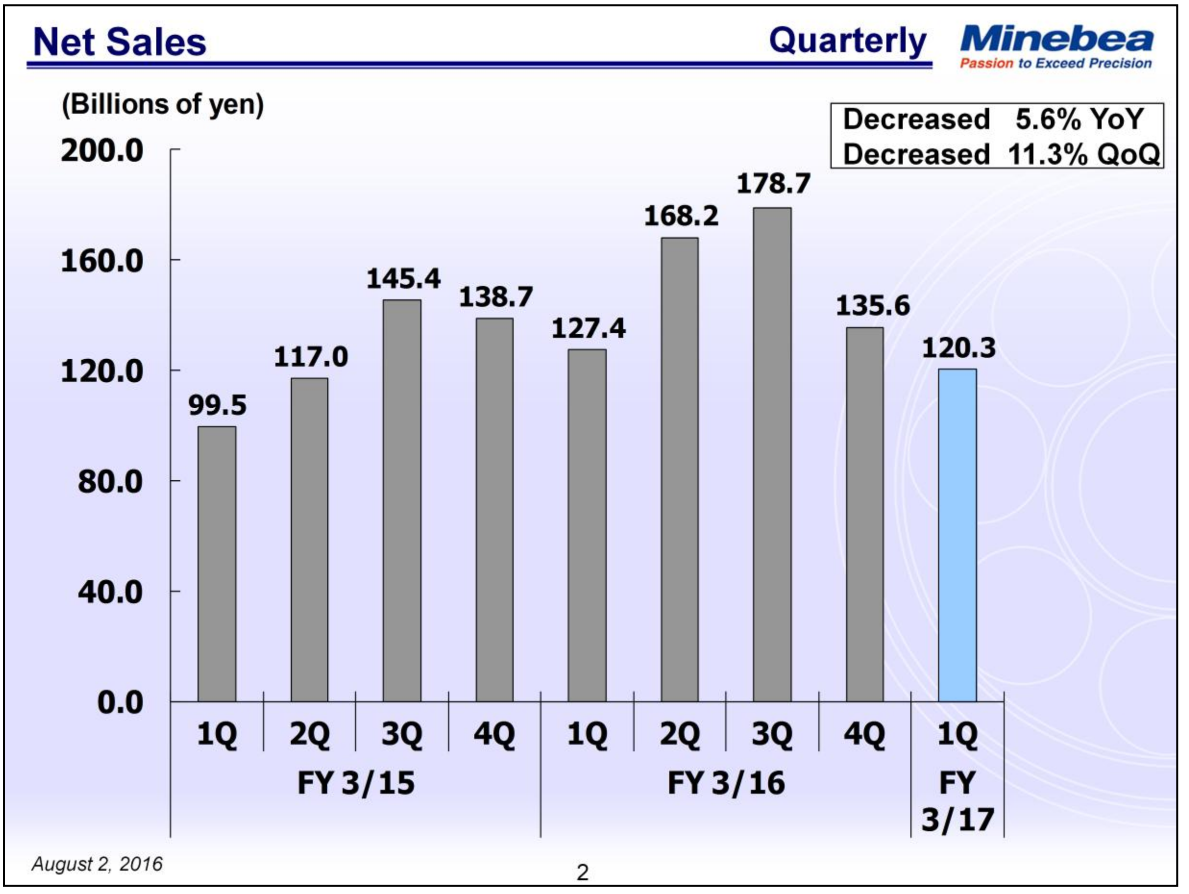
(Millions of yen)	FY ended Mar. '16		FY ending Mar. '17	Change	
	1Q	4Q	1Q	YoY	QoQ
Net sales	127,391	135,599	120,288	-5.6%	-11.3%
Operating income	12,512	8,536	6,971	-44.3%	-18.3%
Ordinary income	12,872	8,215	7,255	-43.6%	-11.7%
Net income attributable to owners of the parent	10,058	6,802	3,176	-68.4%	-53.3%
Net income per share (yen)	26.90	18.17	8.48	-68.5%	-53.3%

Foreign exchange rates	1Q of FY Mar. '16	4Q of FY Mar. '16	1Q of FY Mar. '17
US$	¥120.97	¥118.37	¥111.12
Euro	¥132.74	¥129.35	¥125.16
Thai Baht	¥3.66	¥3.30	¥3.14
Chinese RMB	¥19.49	¥18.06	¥17.03

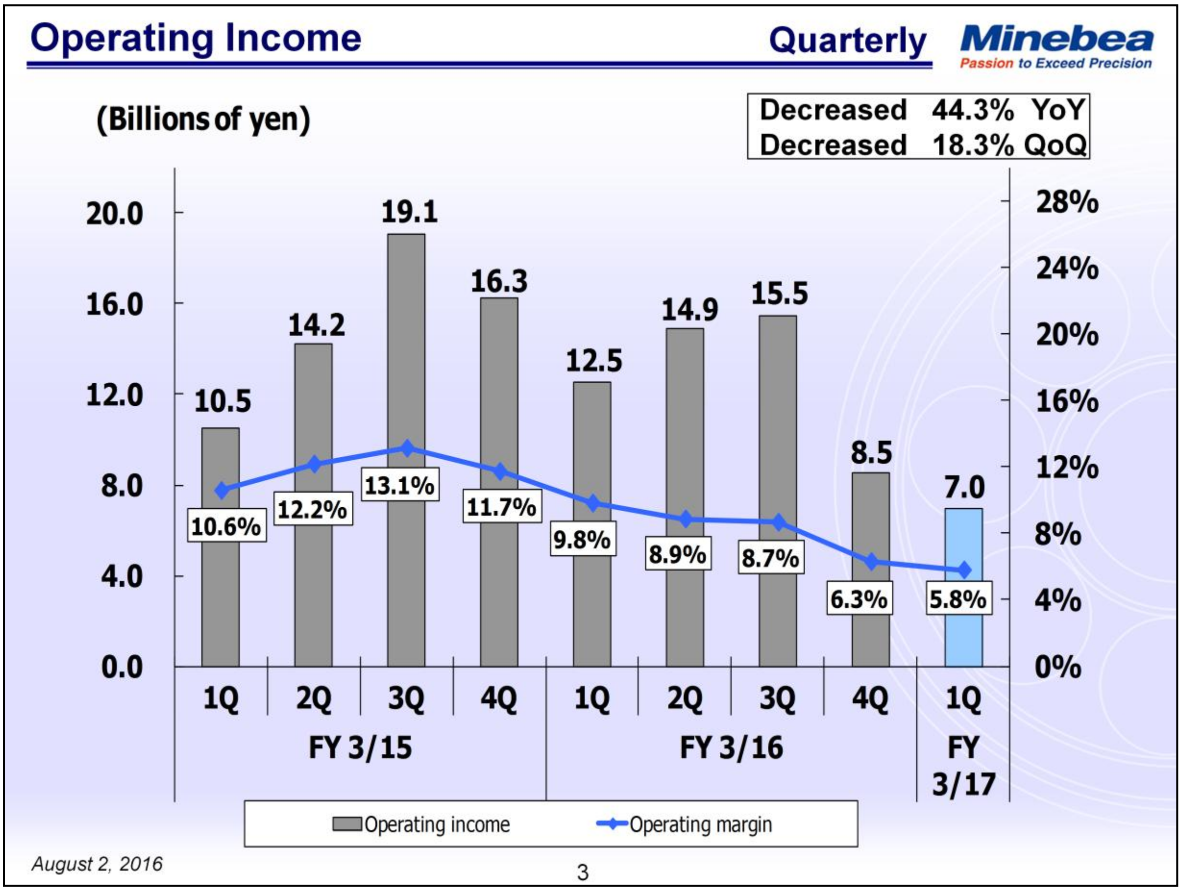
About 2 billion yen prior year tax payment in Thailand. But, 0.75 billion yen will be refunded in 2Q.

This is a summary of our consolidated financial results for the first quarter of the fiscal year ending March 2017. Net sales and operating income were at their lowest levels in the past several years. The main reasons for the decline were continued sluggish demand for LED backlights used in smartphones, which make up a large portion of Minebea's total net sales, in addition to the impact of the strong yen on currency translations. Shipments and production at our mainstream businesses such as ball bearings, aircraft components, motors, and sensing devices were steady.

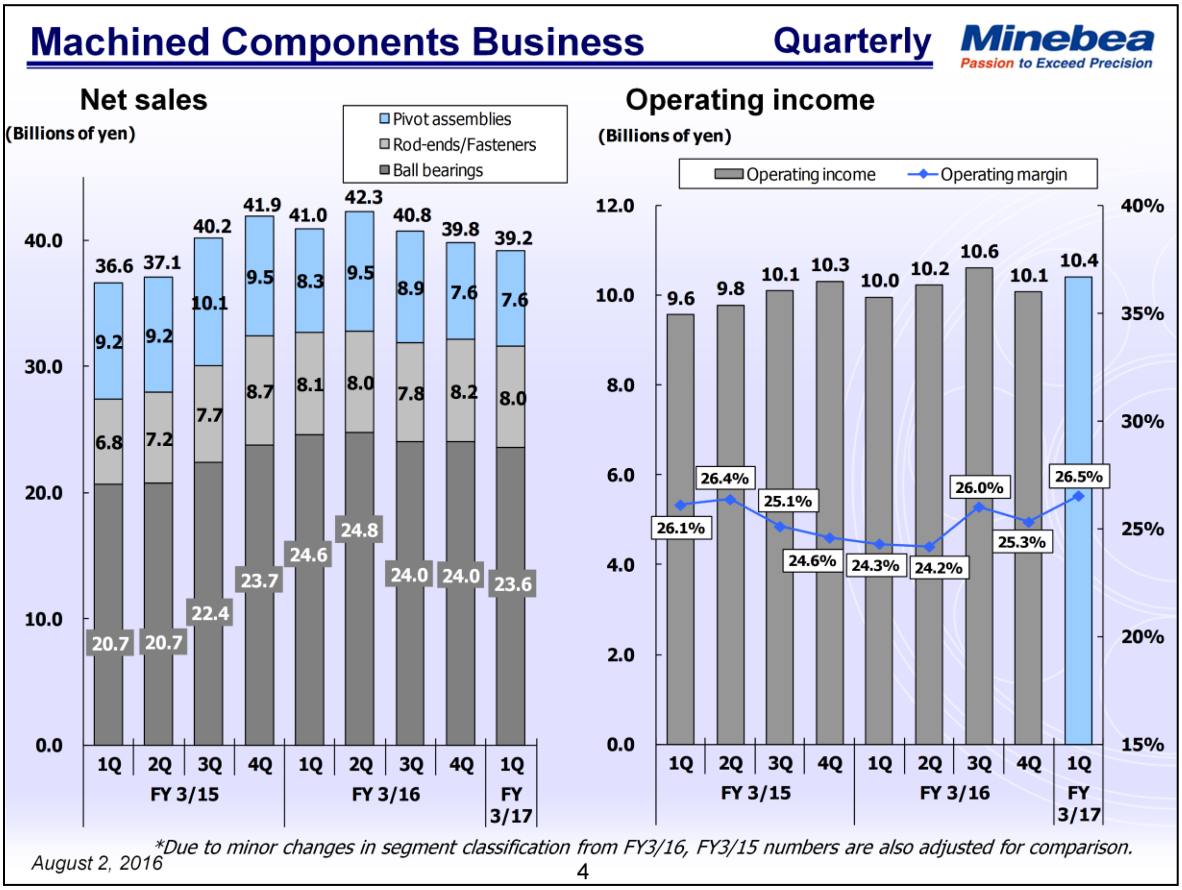
We estimate that foreign currency translations have pushed net sales down 5.8 billion yen quarter on quarter and down 8.4 billion yen year on year while at the same time pushing operating income down 0.9 billion yen quarter on quarter and up 1.7 billion yen year on year.



Although June quarter net sales were lower than the previous quarter, they were better than the original forecast due to steady shipments at our main businesses other than LED backlights. In September quarter we expect to see net sales increase quarter on quarter as we head into the peak demand season for LED backlights.



Although operating income dropped below the previous quarter's total, it was higher than originally forecasted. The operating margin also dipped, falling 0.5 percentage points to hit 5.8%.

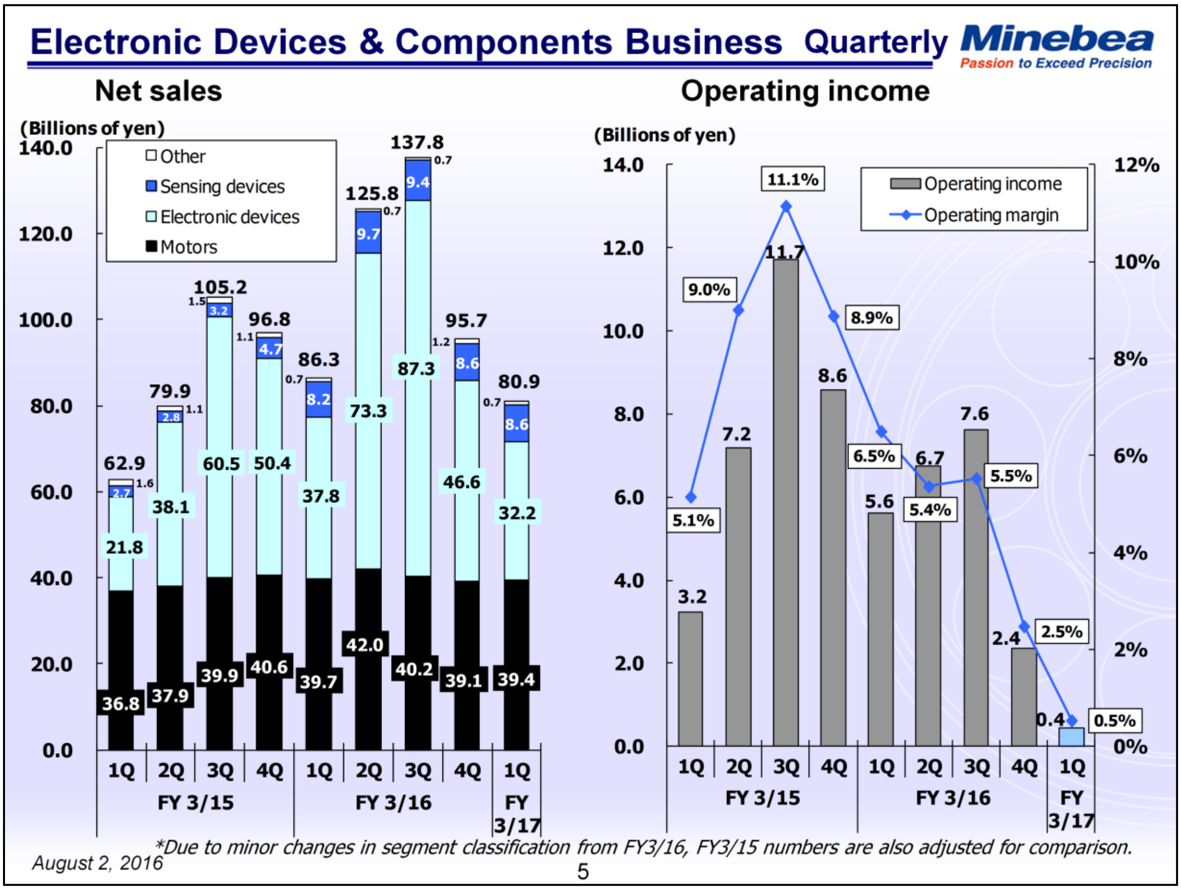


In the machined components business segment, net sales declined 1.5% from the previous quarter to total 39.2 billion yen while operating income increased 3.3% to reach 10.4 billion yen. The operating margin reached a bigger proportion than it has in recent years after rising 1.2 percentage points to reach 26.5%.

While ball bearing net sales were down 1.7% quarter on quarter at 23.6 billion yen, operating income grew from the previous quarter. Various applications, particularly for automobiles and high-end home appliances, continued to fuel high demand for ball bearings. External shipments of ball bearings hit a monthly record high of 168 million units in June and an average quarterly record high of 163 million units in June quarter, making it 15 quarters in a row of year-on-year growth.

While sales of rod-ends and fasteners fell 2.4% quarter on quarter to total 8.0 billion yen, profits remained level. Given the steady demand from the commercial aircraft industry, we would like to work on strengthening this business unit’s earning power by actively investing and realizing marketing and production synergy across our global bases.

Although sales of pivot assemblies remained flat quarter on quarter for a total of 7.6 billion yen, profits decreased. On the upside, the HDD market picked up some steam during June quarter and our market share has grown.

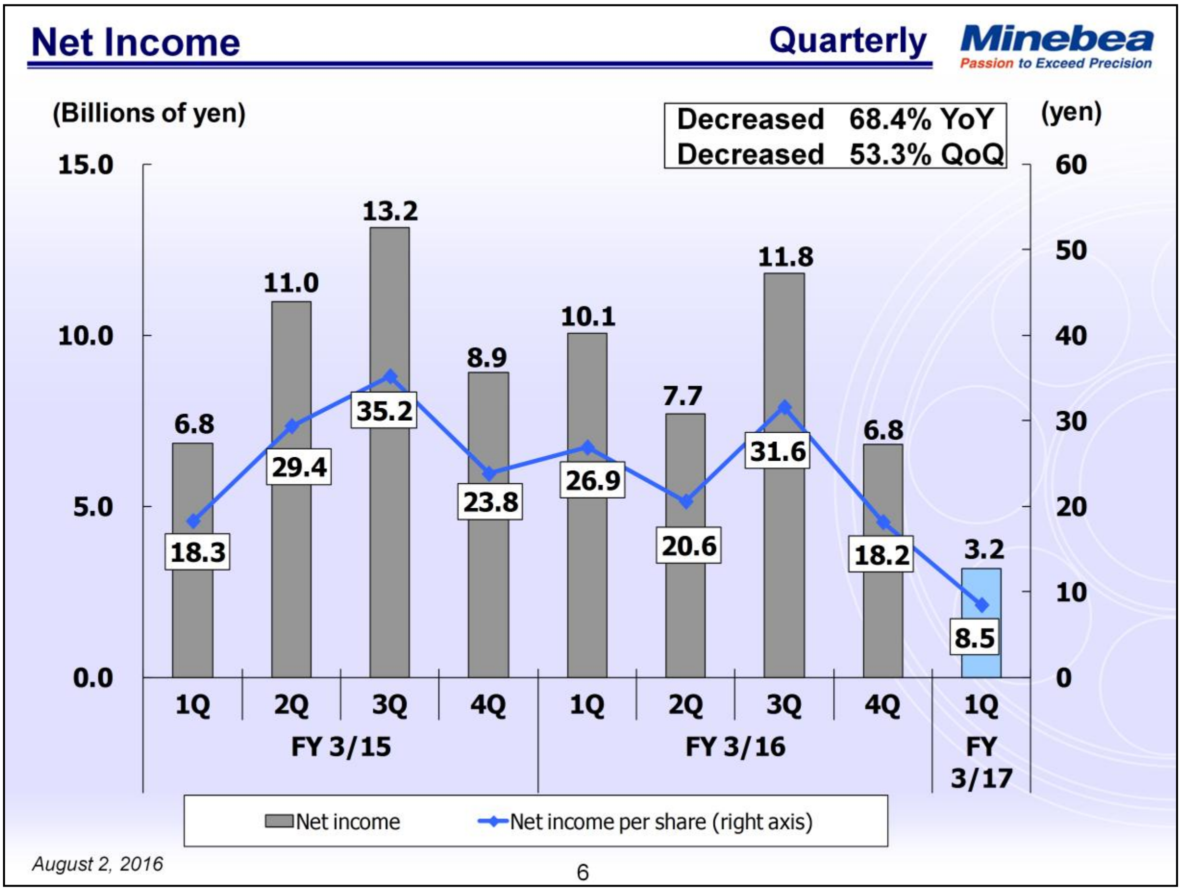


Net sales for the Electronic Devices and Components business segment fell 15.4% from the previous quarter to total 80.9 billion yen while operating income decreased 81.8% to hit 0.4 billion yen. The operating margin shrunk 2.0 percentage points to total 0.5%.

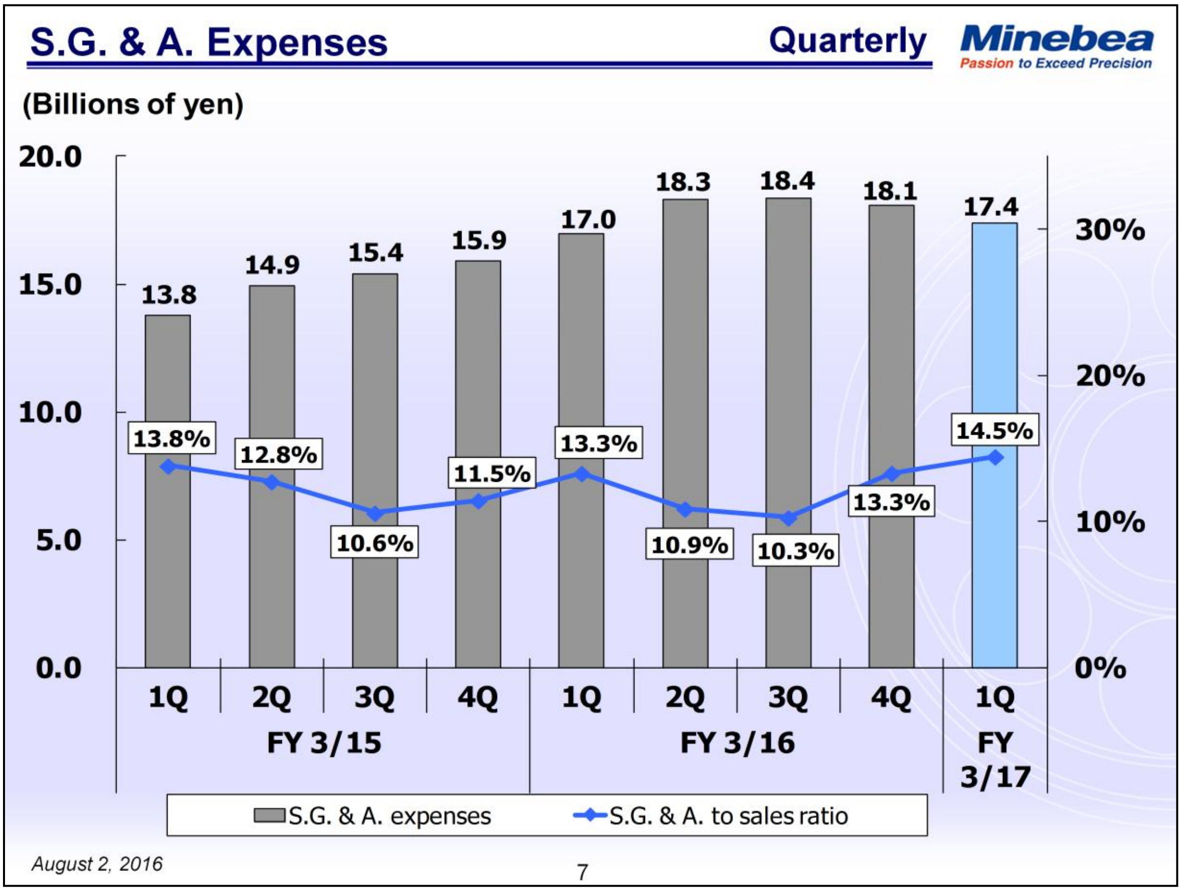
Profits are in good shape as sales of motors increased 0.8% quarter on quarter to reach 39.4 billion yen. The increase was due largely to demand from the automobile industry in particular as well as improved profitability for various motors including those manufactured by Moatech.

Net sales of electronic devices were down 30.9% at 32.2 billion yen while operating losses from the previous quarter widened. Although the inventory adjustment for LED backlights used in high-end smartphones begun in March quarter continued, we expect to see much higher sales and profits coming in from September quarter onward than we saw in June quarter as we begin shipments for new models.

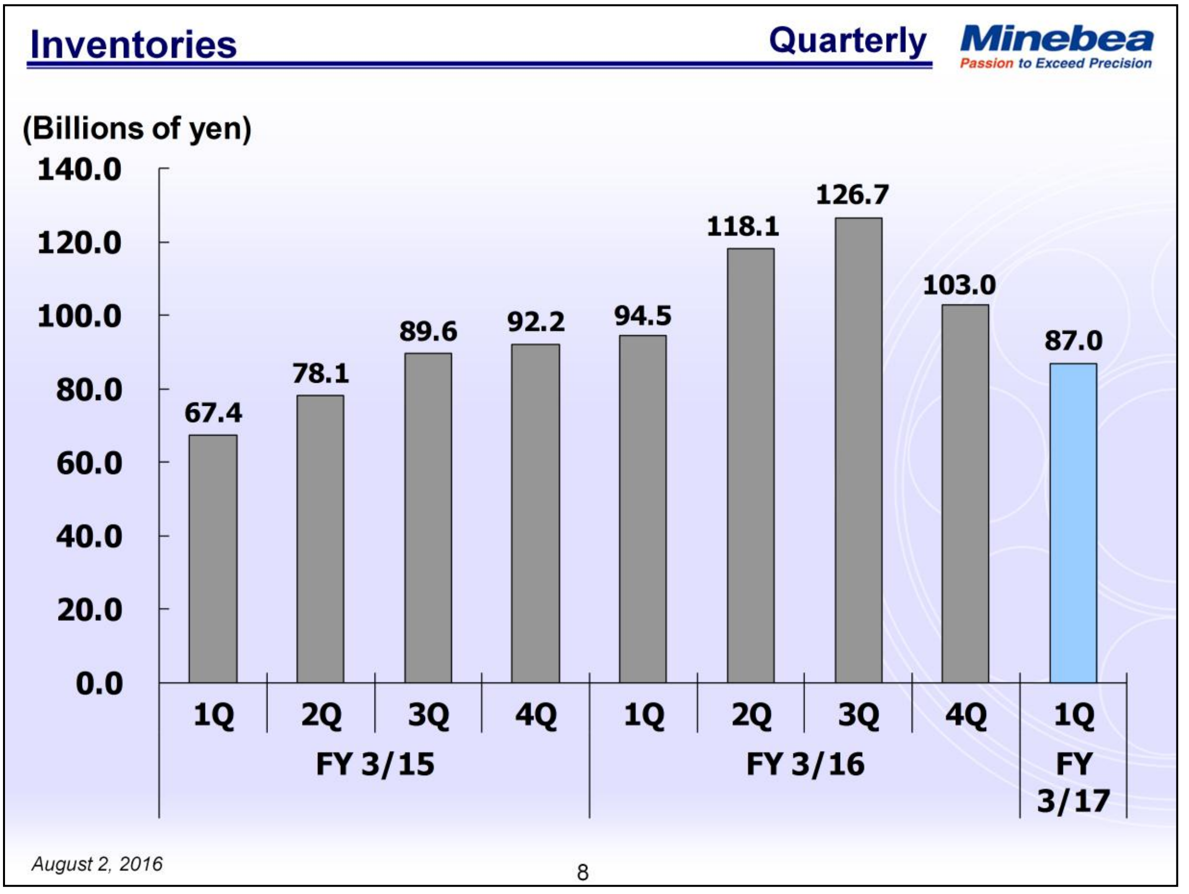
Robust demand at our existing businesses, especially for automobile applications, kept net sales for sensing devices on an even keel quarter on quarter, with the total reaching 8.6 billion yen, and profits remaining steady.



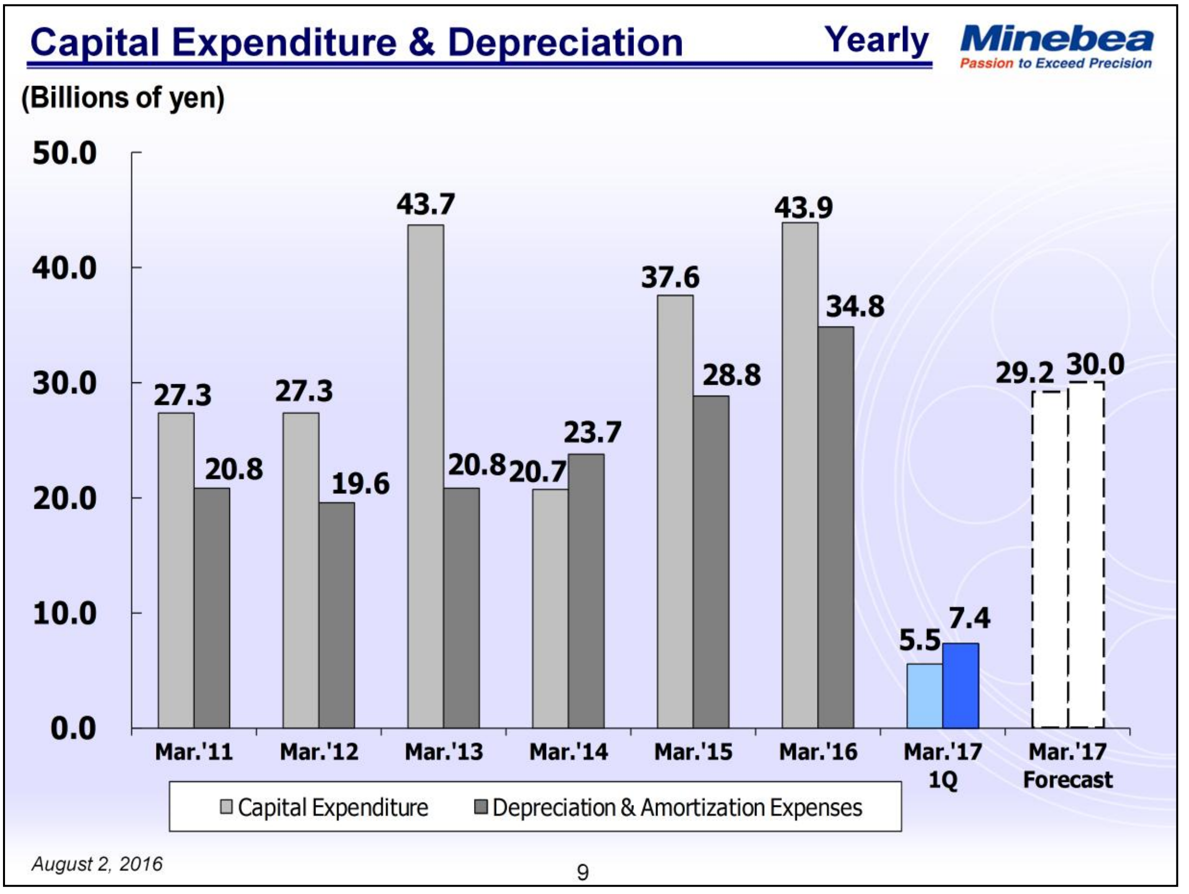
Net income fell 53.3% quarter on quarter to total 3.2 billion yen while net income per share amounted to 8.5 yen. This decline was due mainly to the payment of an additional 2.0 billion yen in corporate taxes made in June quarter in response to a court decision regarding a petition filed by our Thai subsidiary with Thailand’s Revenue Department. However, approximately 750 million yen will be refunded in this September quarter.



SG&A expenses decreased 0.7 billion yen quarter on quarter to total 17.4 billion yen. The SG&A expenses-to-sales ratio increased 1.2 percentage points from the previous quarter to reach 14.5%. These results were due mainly to a decrease in sales and temporary expenses related to the business integration with MITSUMI ELECTRIC that is slated for March 2017.

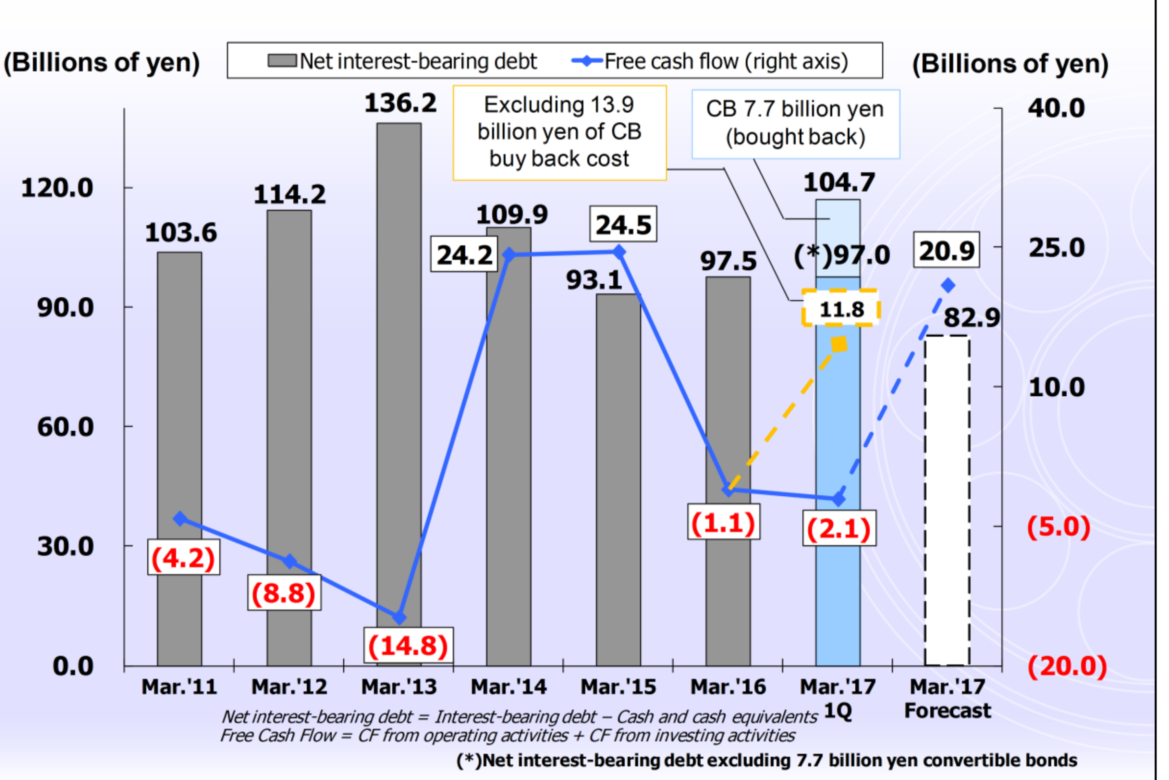


Inventories as of June 30, 2016 were down 16.0 billion yen quarter on quarter to total 87.0 billion yen, which is well balanced with current sales levels. The decline was due mainly to the completion of inventory adjustments for LED backlights, which started in March quarter, in addition to the impact of the stronger yen.



Capital expenditures for June quarter came to 5.5 billion yen while depreciation and amortization expenses for the period totaled 7.4 billion yen. Capital expenditures as well as depreciation and amortization expenses for this fiscal year are expected to decline significantly from the previous fiscal year since we have completed our major production capacity expansion for LED backlight production and much of the equipment has already been depreciated.

Net Interest-Bearing Debt/Free Cash Flow Yearly



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Net interest-bearing debt, which is total interest-bearing debt minus cash and cash equivalents, totaled 104.7 billion yen as of the end of June 30, 2016. We repurchased 7.7 billion yen worth of convertible bonds in June of this year in light of the possible dilution the business integration with Mitsumi Electric could cause. Since the bonds are not yet canceled and are shown as both assets and liabilities on the balance sheet, they are posted as interest-bearing debt along with cash and cash equivalents that decreased 13.9 billion yen. If the bonds were to be canceled now, net interest-bearing debt would fall quarter on quarter to hit 97.0 billion yen.

Free cash flow for June quarter came to a negative 2.1 billion yen. Excluding buyback costs for convertible bonds, free cash flow for the period would be 11.8 billion yen, indicating that our cash generating power has made quite a recovery as excess inventory of LED backlight has continued to decrease since the end of 2015.

Forecast for Fiscal Year Ending March 31, 2017

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Full year forecast unchanged

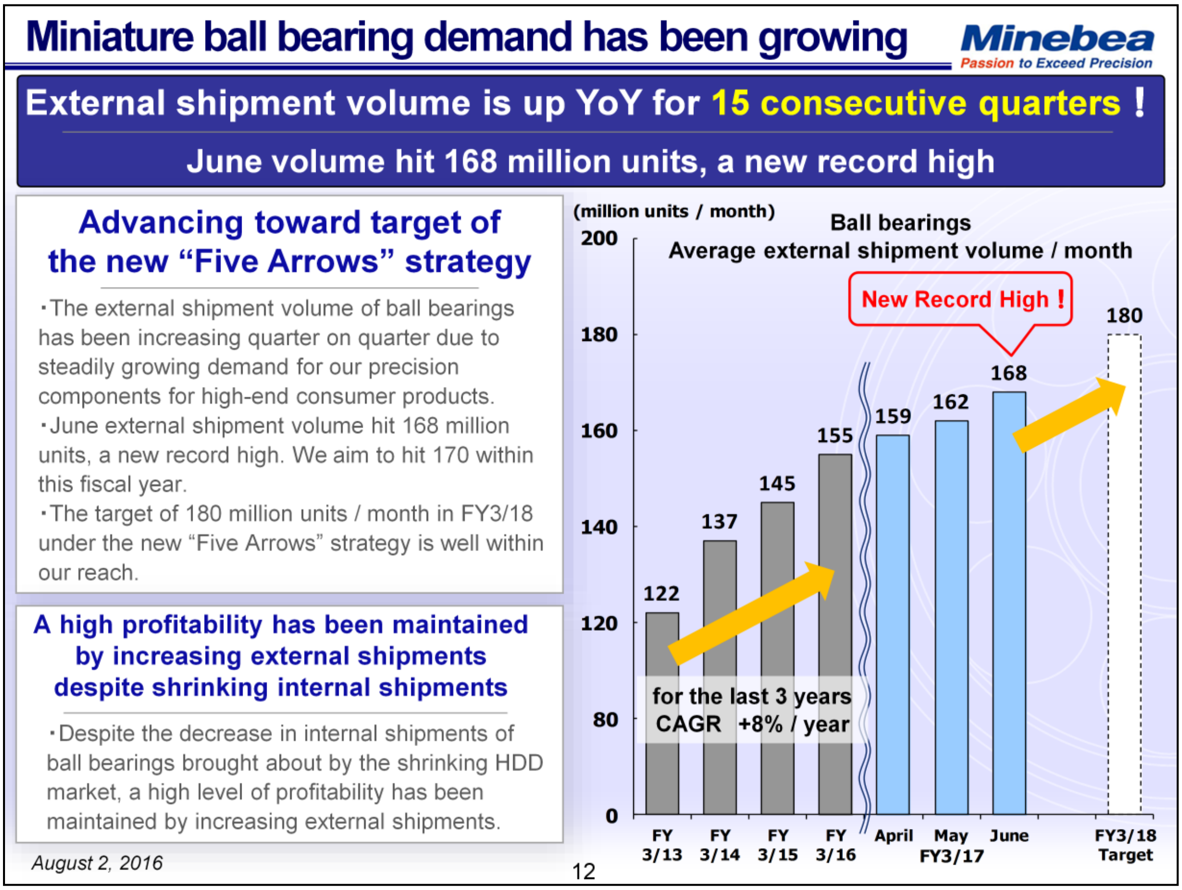
(Millions of yen)	FY ended Mar. '16 Full year	Fiscal year ending Mar. '17 1st Half	2nd Half	Full year	YoY
Net sales	609,814	260,000	300,000	560,000	-8.2%
Operating income	51,438	18,300	26,700	45,000	-12.5%
Ordinary income	46,661	17,800	26,200	44,000	-5.7%
Net income attributable to owners of the parent	36,386	12,100	18,900	31,000	-14.8%
Net income per share (yen)	97.26	32.31	50.46	82.77	-14.9%

Foreign exchange rates	Mar. '16 Full year	FY ending Mar. '17 2Q - 4Q Assumption
US$	¥120.78	¥105.00
Euro	¥132.75	¥122.00
Thai Baht	¥3.46	¥3.00
Chinese RMB	¥19.03	¥16.20

August 2, 2016

This is a summary of our forecast for the fiscal year ending March 2017.

Although we successfully achieved our June quarter sales and operating income targets, we would like to leave the full year forecast unchanged, given the uncertainties in the currency market and unforeseeable demand from September quarter onward.



This slide shows the current performance of miniature ball bearings, our anchor product line.

The monthly average external shipment volume for miniature ball bearings is still increasing quarter by quarter. The volume has grown year on year for the last 15 quarters in a row and hit a monthly record high of 168 million units this June. The increase is due mainly to steady demand for precision components used in luxury consumer products, such as automobiles and high-end home appliances, in developed economies (mainly the U.S.A. and Europe) where the trend is expected to continue. We are on track to hit our monthly average external shipment target of 180 million units announced last May as part of the new “Five Arrows” strategy.

The gradual drop-off in internal shipments of ball bearings, which are mostly used for HDD pivot assemblies, is expected to continue. We have minimized the decline’s impact on profitability by expanding external shipments and gaining a bigger market share of HDD pivot assemblies. On top of that, the depreciation of the Thai Baht against the U.S. dollar is a tailwind that is keeping the profitability of the Machined Components business segment up high.

Progress with MITSUMI integration

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By July, we have received all necessary anti-monopoly regulatory approvals.

- China and Korea approved, following Japan, the USA, Germany.
- It is now possible to start preparing the integration except in the product areas where Minebea and MITSUMI compete directly.

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Business support agreement is entered

to pursue the earliest possible synergy impacts in a wide variety of area, taking full advantage of internal resources of the two companies.

- Cooperation in sale, including sales activities of MITSUMI products by Minebea as a distributer
- Manufacturing support to MITSUMI (automation & labor-saving technologies, precision mold technologies and utilization of equipment & facilities, etc.)
- Loaning some Minebea engineers to MITSUMI
- Joint procurement & centralized purchasing program

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This slide shows the progress of the business integration with MITSUMI.

Minebea and MITSUMI executed the definitive agreement on March 30, 2016, and subsequently filed applications for exemptions from the anti-monopoly regulations at the regulatory authorities in key countries. We have received all necessary regulatory approvals from respective authorities concerned by July. As such, it has been made possible for both companies to start integration preparations with a view to the planned business combination except in the product areas where Minebea and MITSUMI compete directly with each other.

In response to this, Minebea entered into the Business Support Agreement with MITSUMI today on August 2, 2016. Based on this agreement, Minebea will conduct sales and marketing of MITSUMI products as the distributor of MISTUMI as well as other cooperation and coordination between the companies with the aim of expanding sales. In addition, Minebea will provide MITSUMI with manufacturing support leveraging Minebea's automation & labor-saving technologies, precision mold technologies and help MITSUMI utilizing equipment and facilities of Minebea. On top of that, Minebea will loan employees to MITSUMI while the two organizations work together to the joint procurement and centralized purchasing program, thereby taking full advantage of internal resources of both companies to pursue the earliest possible synergy impacts to be generated in a wide variety of areas.

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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.