

# Business Results

Fiscal Year Ended March 31, 2019

**MinebeaMitsumi Inc.**

**May 8, 2019**

1. Financial Results

2. Management Policy & Business Strategy

# Financial Results

Katsuhiko Yoshida

Managing Executive Officer

## Net sales, Operating Income and Profit for the Period Hit Record Highs

[ IFRS ]

(Millions of yen)	FY3/18 Full Year	FY3/19 Full Year	Change YoY	FY3/19 Forecast (February 2019 Forecast)	
				Full Year	VS. Forecast
Net sales	881,413	884,723	+0.4%	900,000	98.3%
Operating income	68,902	72,033	+4.5%	75,000	96.0%
Profit before taxes	66,855	71,321	+6.7%	75,000	95.1%
Profit for the period attributable to owners of the parent	50,326	60,142	+19.5%	60,000	100.2%
Earnings per share, basic (yen)	119.61	143.90	+20.3%	143.68	100.2%

Foreign Exchange Rates	FY3/18 Full Year	FY3/19 Full Year
US\$	¥111.19	¥110.67
Euro	¥129.36	¥128.75
Thai Baht	¥3.35	¥3.42
Chinese RMB	¥16.70	¥16.52

## Year on Year Profit Increase

[ IFRS ]

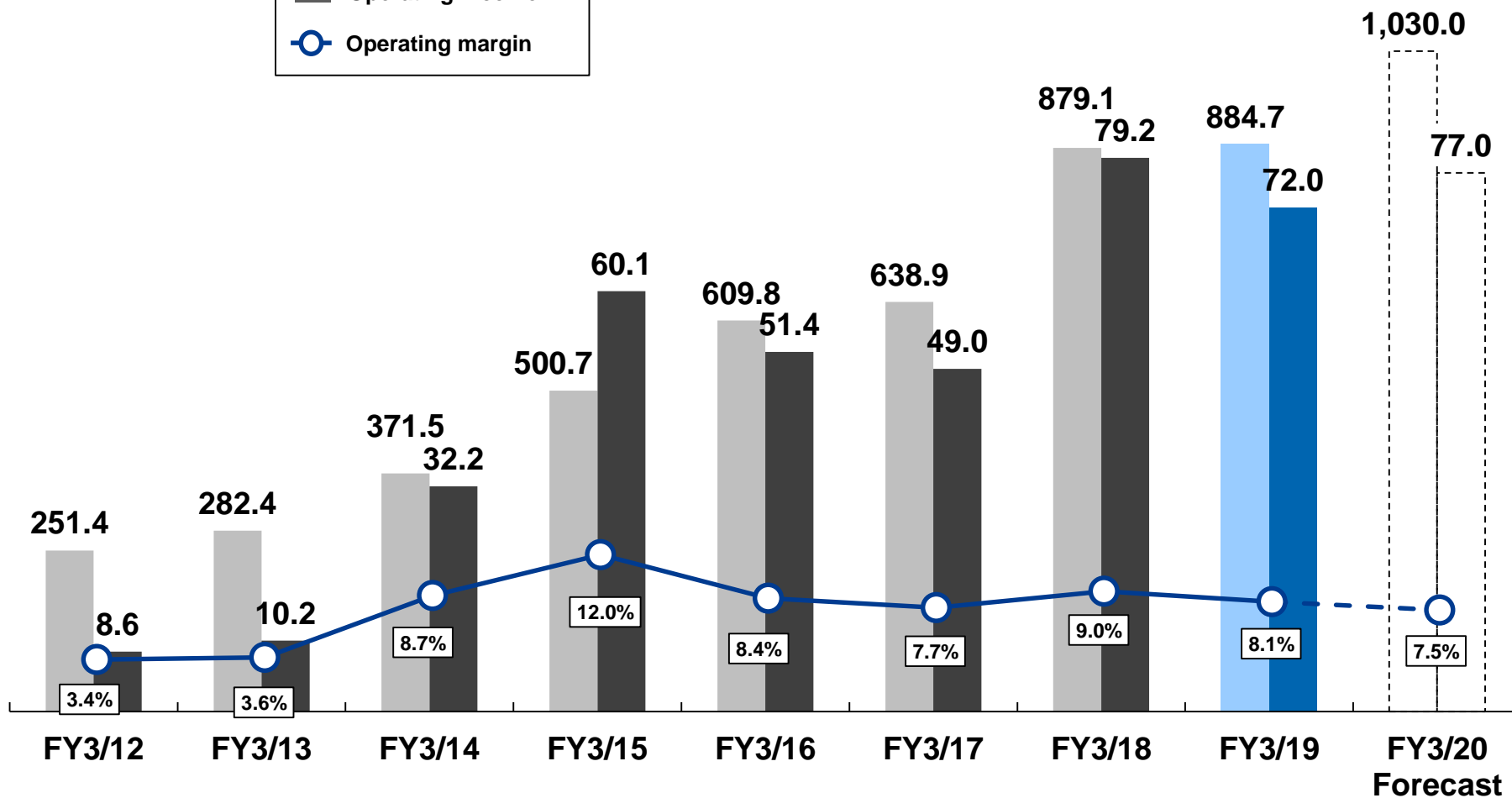
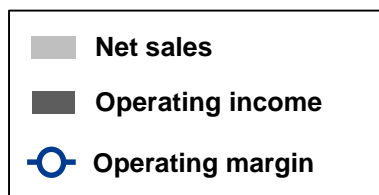
(Millions of yen)	FY3/18	FY3/19		Change	
	4Q	3Q	4Q	YoY	QoQ
Net sales	224,246	249,570	185,785	-17.2%	-25.6%
Operating income	6,453	31,124	6,994	+8.4%	-77.5%
Profit before taxes	5,496	30,333	6,712	+22.1%	-77.9%
Profit for the period attributable to owners of the parent	1,814	24,177	9,109	X5.0	-62.3%
Earnings per share, basic (yen)	4.33	57.92	21.94	X5.1	-62.1%

Foreign Exchange Rates	FY3/18 4Q	FY3/19 3Q	FY3/19 4Q
US\$	¥109.72	¥113.43	¥110.28
Euro	¥133.77	¥129.92	¥126.08
Thai Baht	¥3.45	¥3.45	¥3.47
Chinese RMB	¥17.16	¥16.35	¥16.33

# Net Sales, Operating Income/Margin

\*JGAAP until FY3/18, IFRS since FY3/19

(Billions of yen)



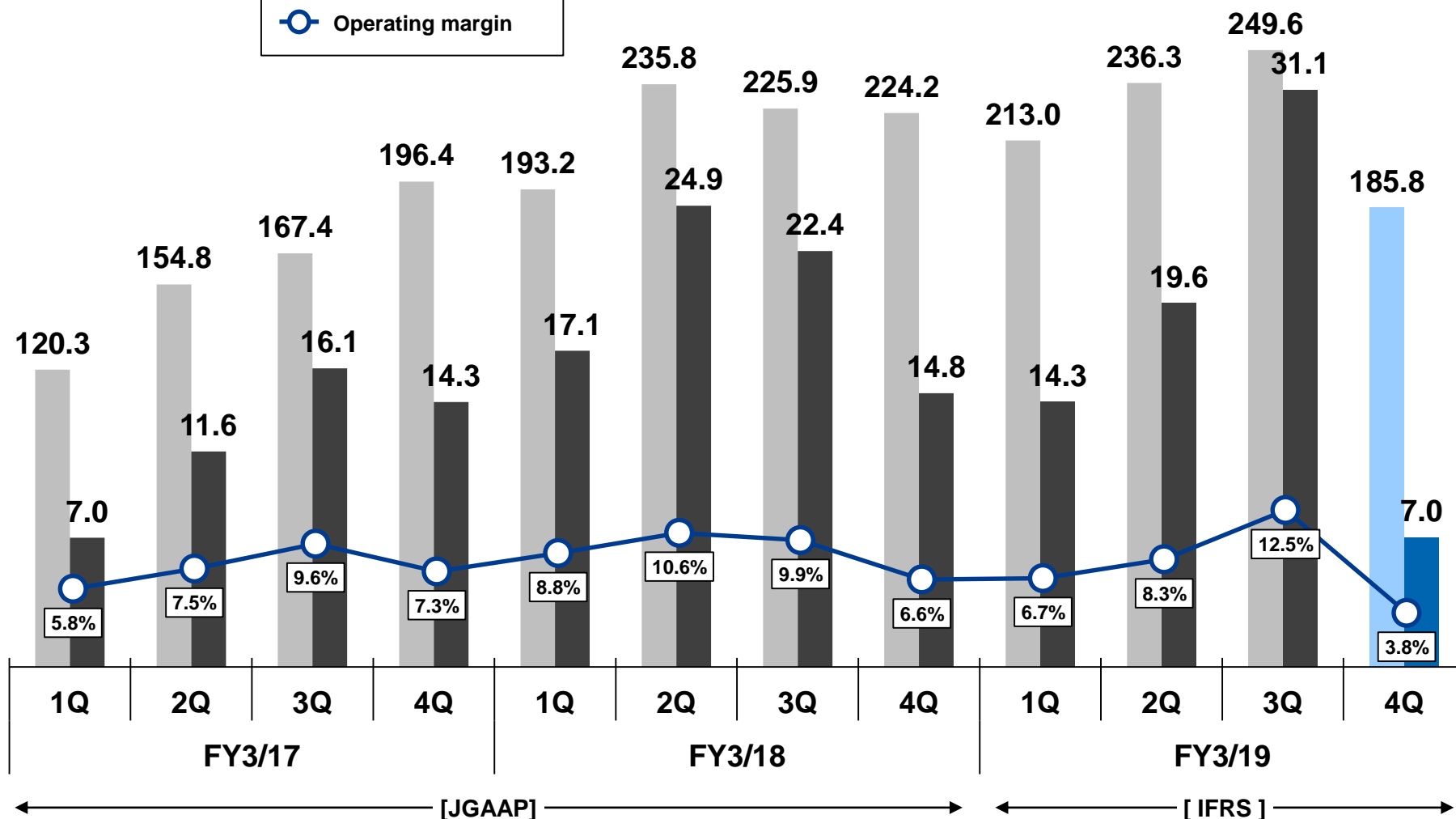
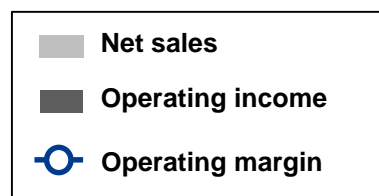
[JGAAP]

[IFRS]

# Net Sales, Operating Income/Margin

\*JGAAP until FY3/18, IFRS since FY3/19

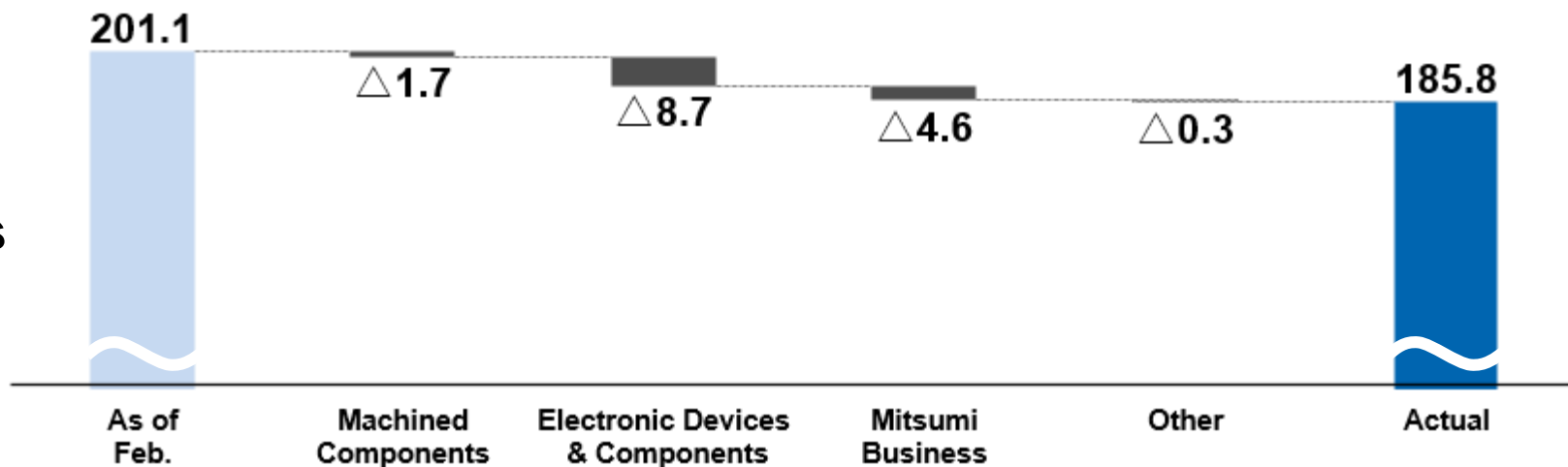
(Billions of yen)



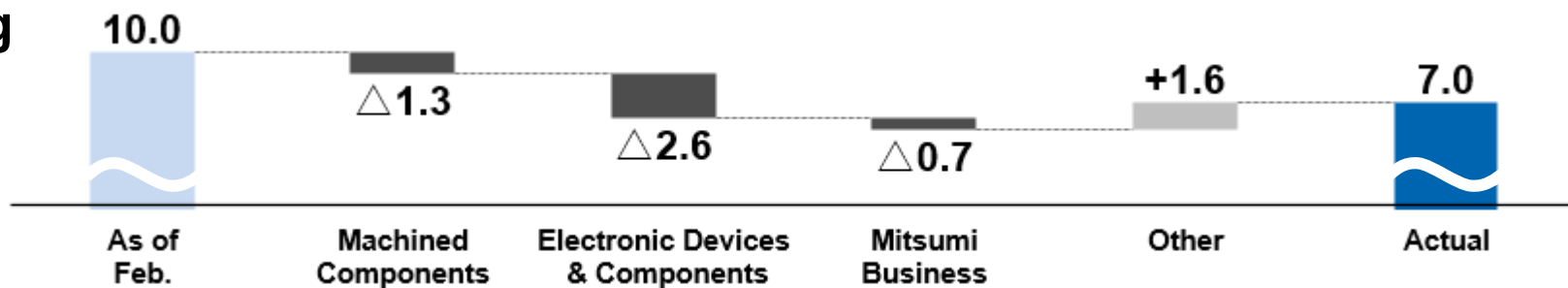
# 4Q Actual: Differences from the Forecast as of Feb.

(Billions of yen)

## Net Sales

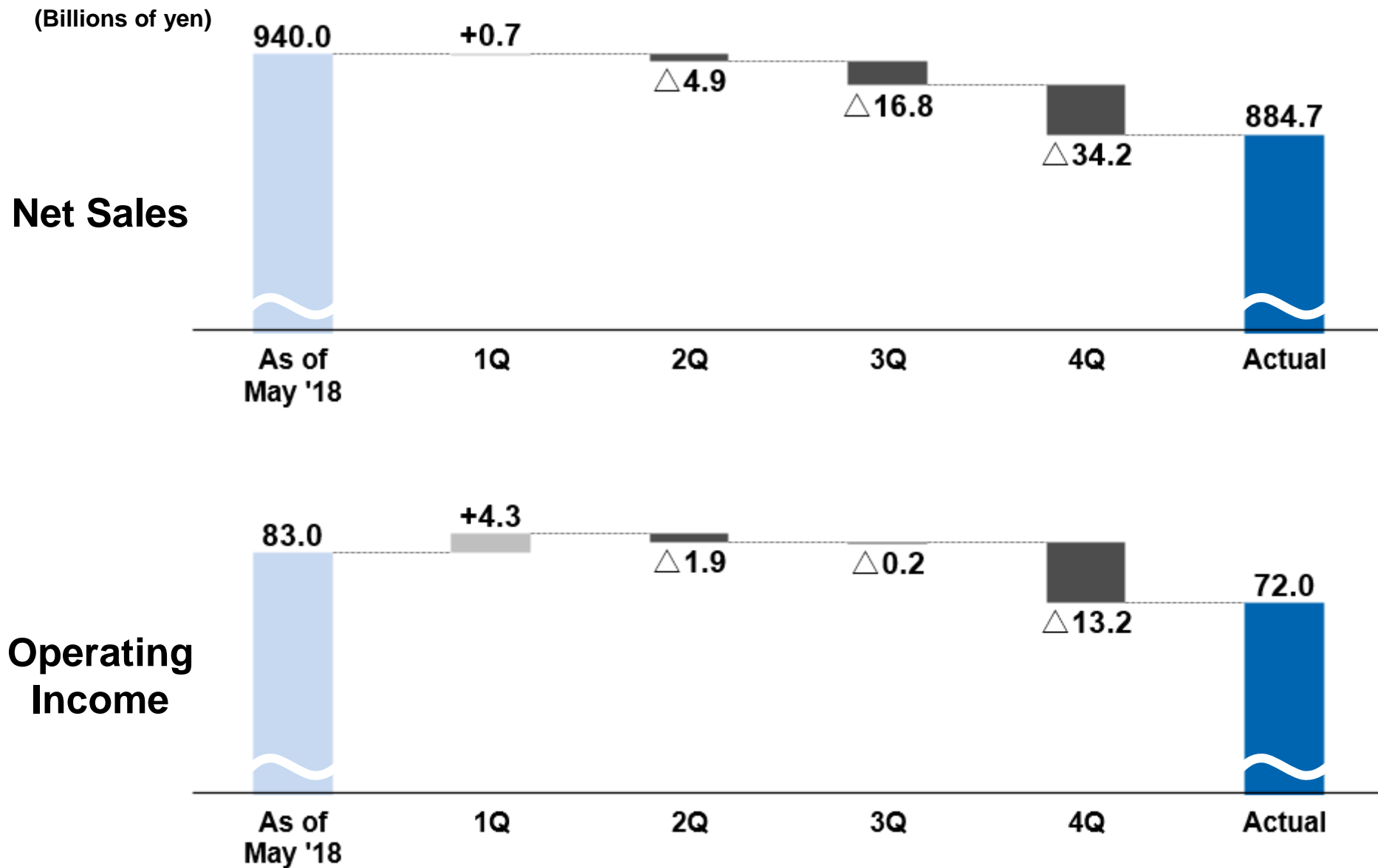


## Operating Income





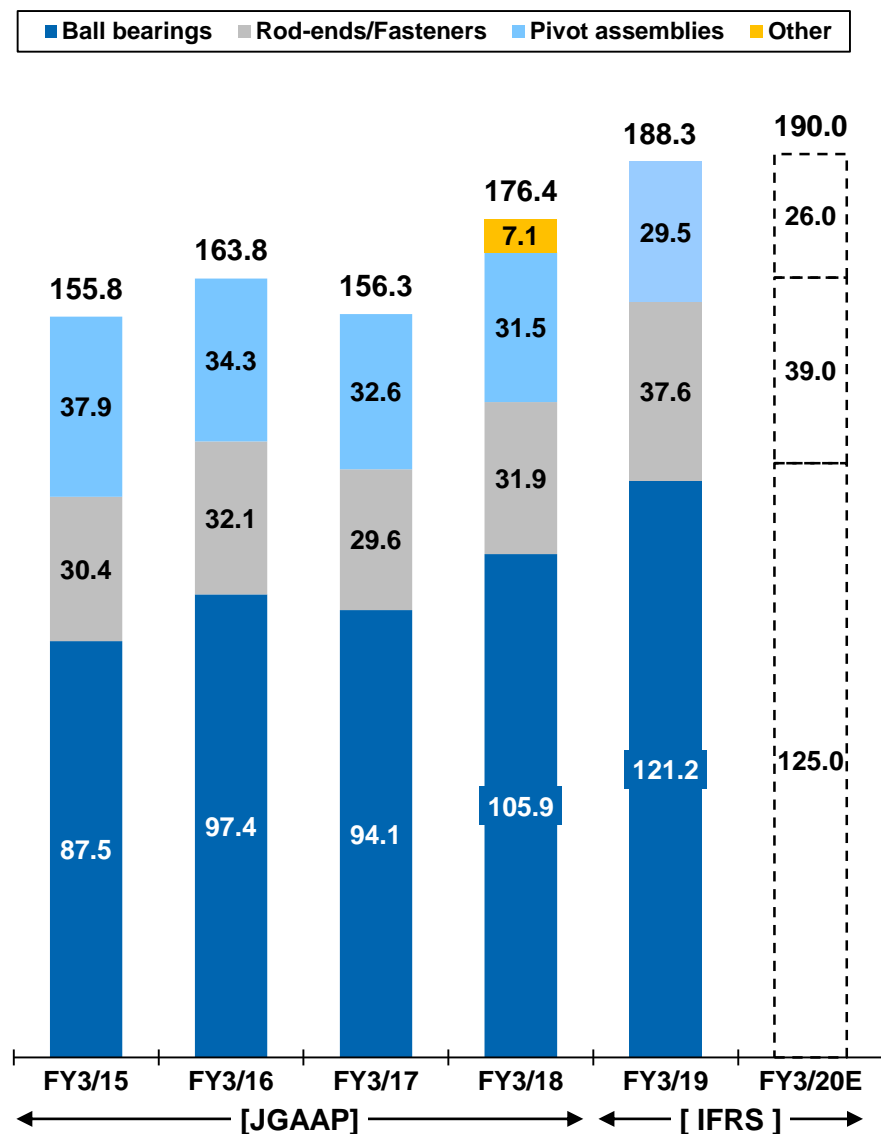
# Actual: Differences from the Forecast as of May '18



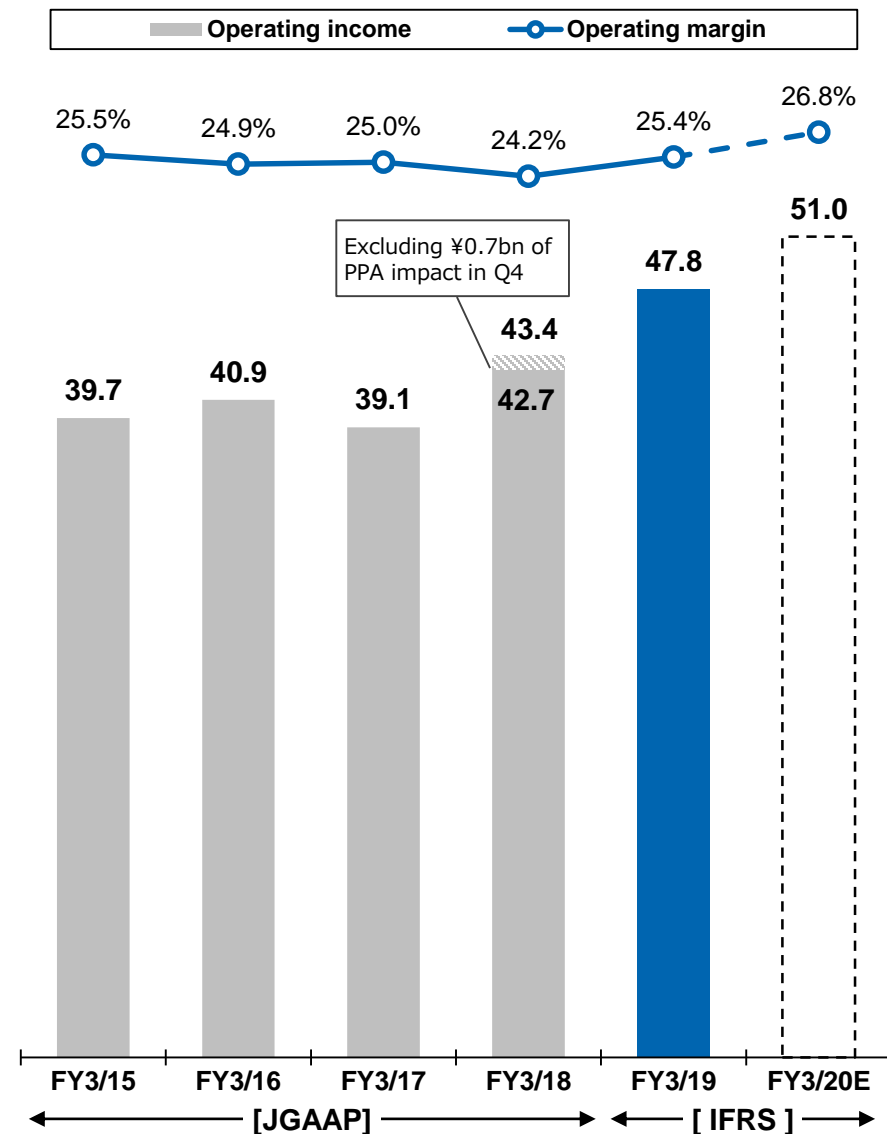
# Machined Components

\*JGAAP until FY3/18, IFRS since FY3/19

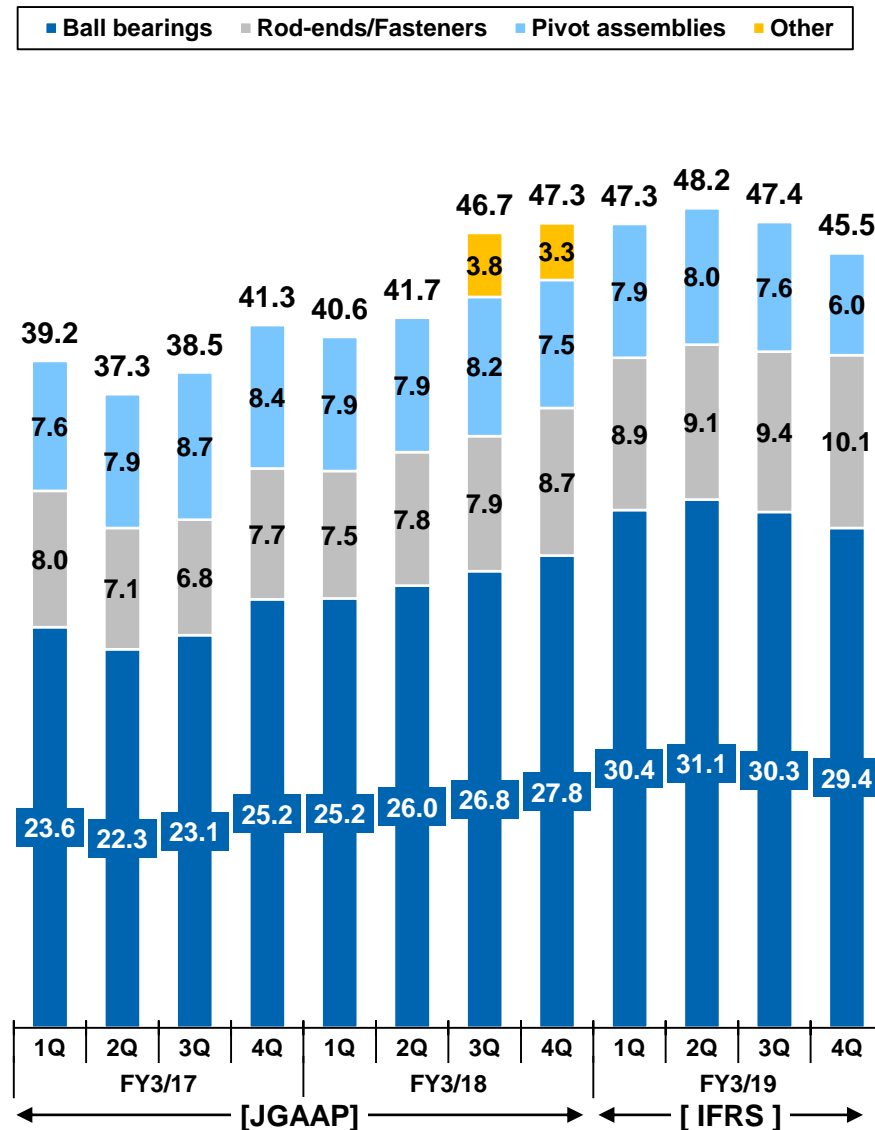
## Net sales (Billions of yen)



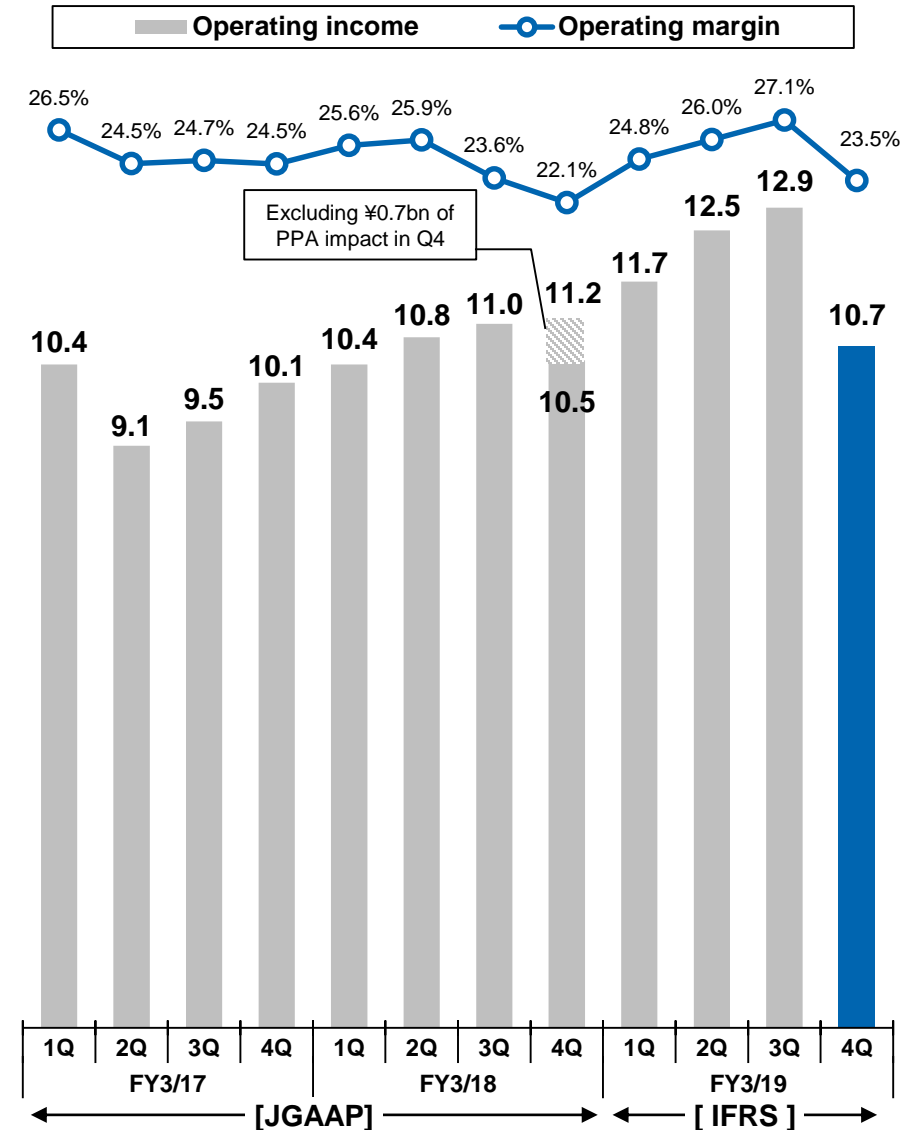
## Operating income (Billions of yen)



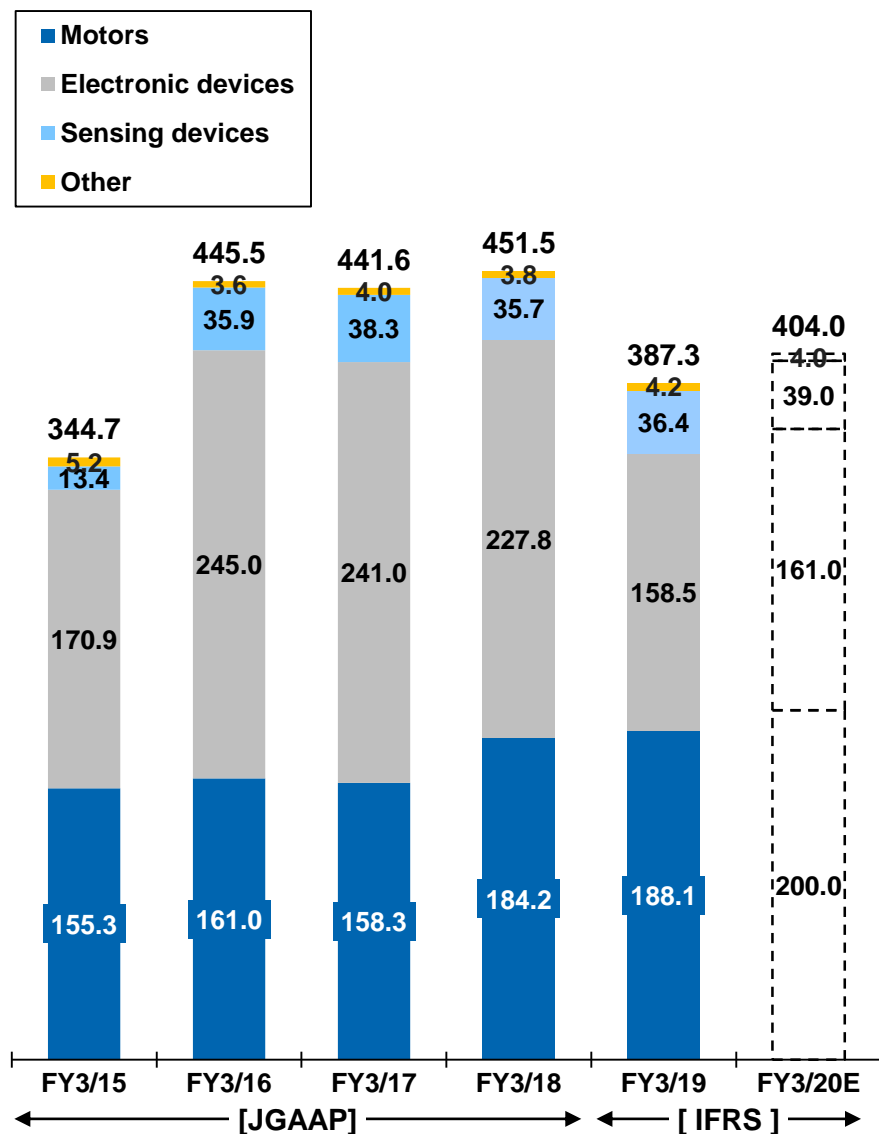
## Net sales (Billions of yen)



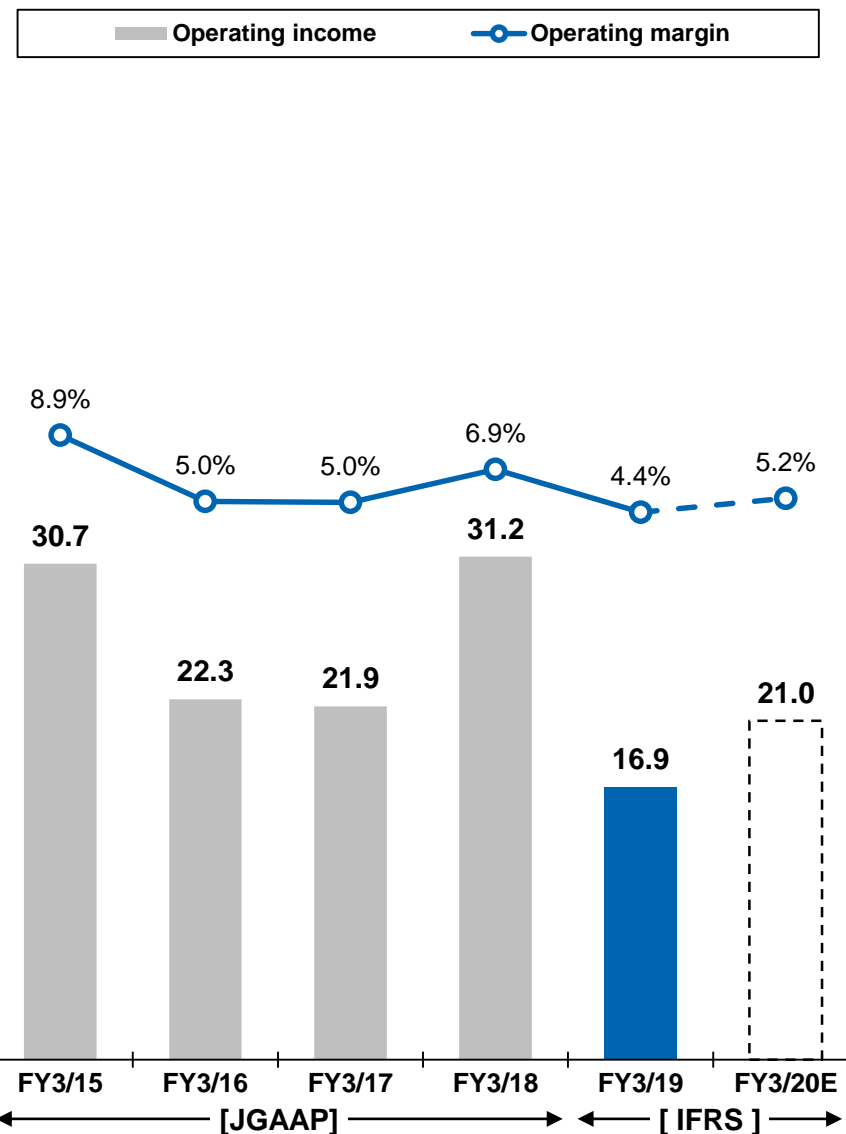
## Operating income (Billions of yen)



## Net sales (Billions of yen)



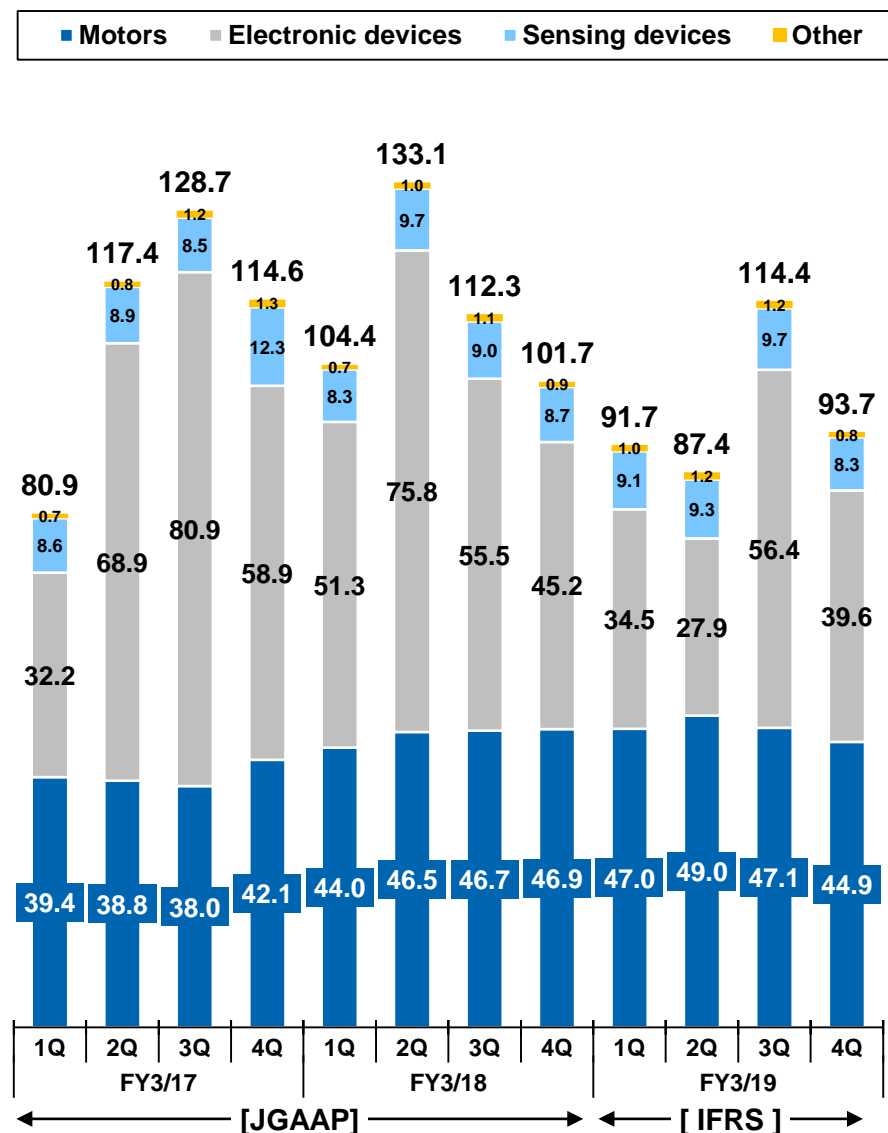
## Operating income (Billions of yen)



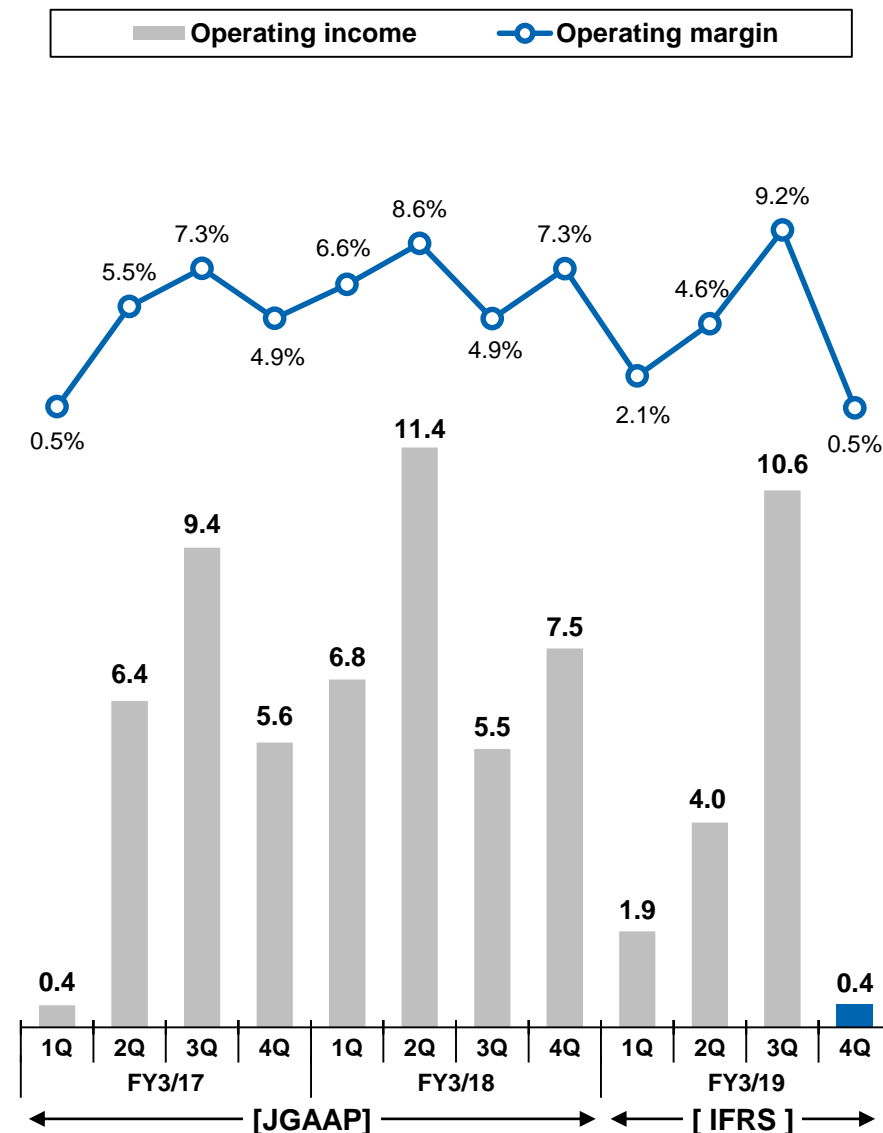
# Electronic Devices & Components

\*JGAAP until FY3/18, IFRS since FY3/19

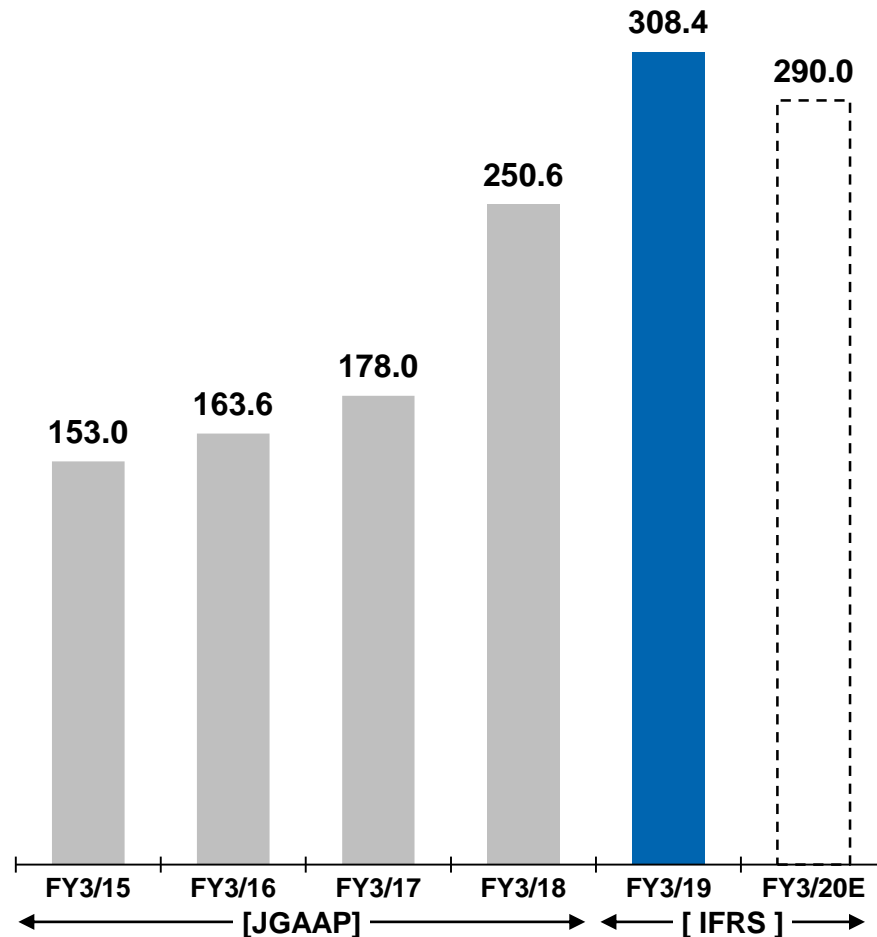
## Net sales (Billions of yen)



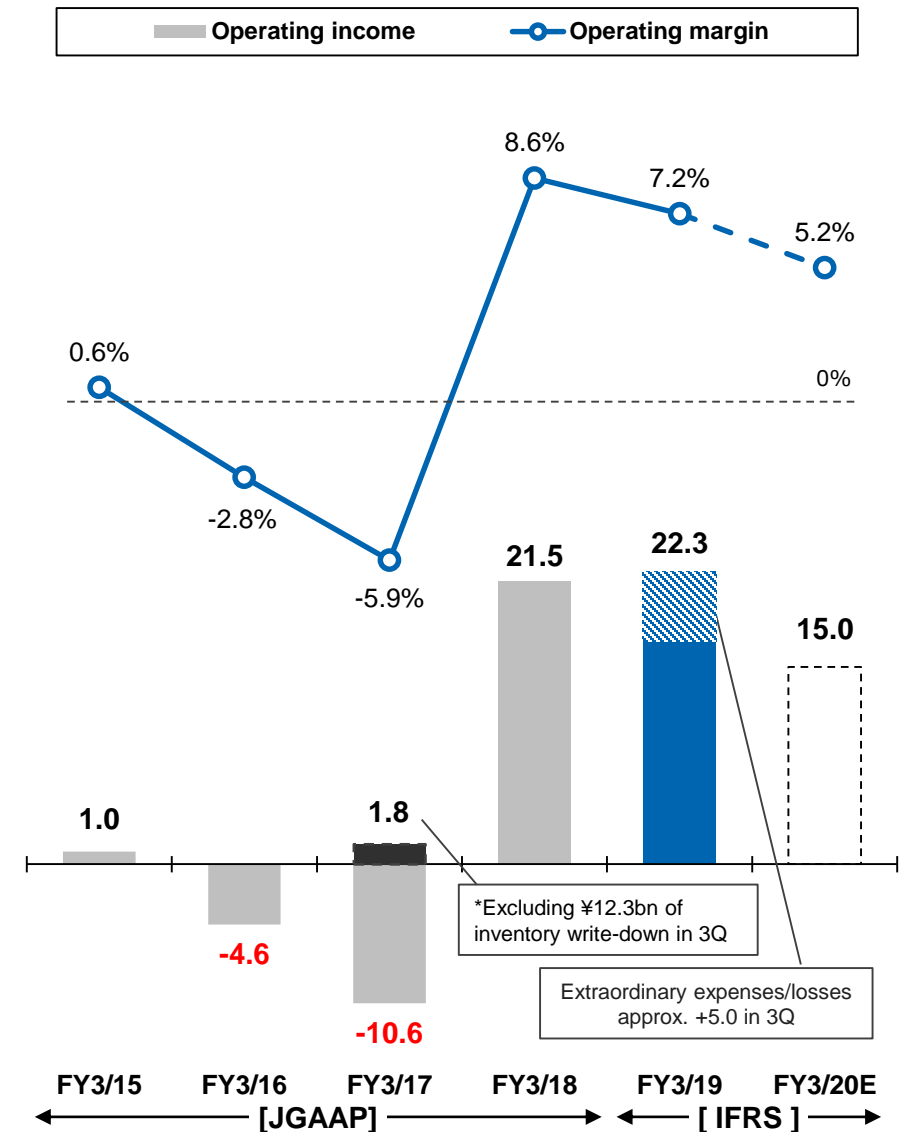
## Operating income (Billions of yen)



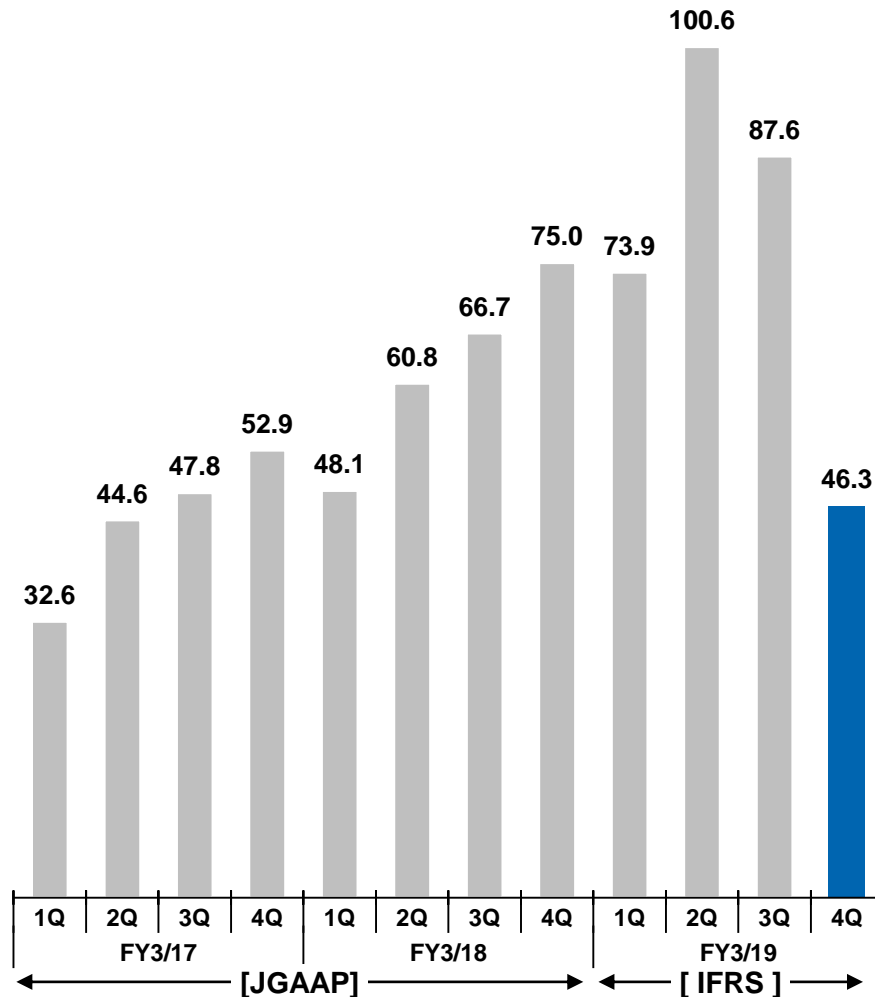
## Net sales (Billions of yen)



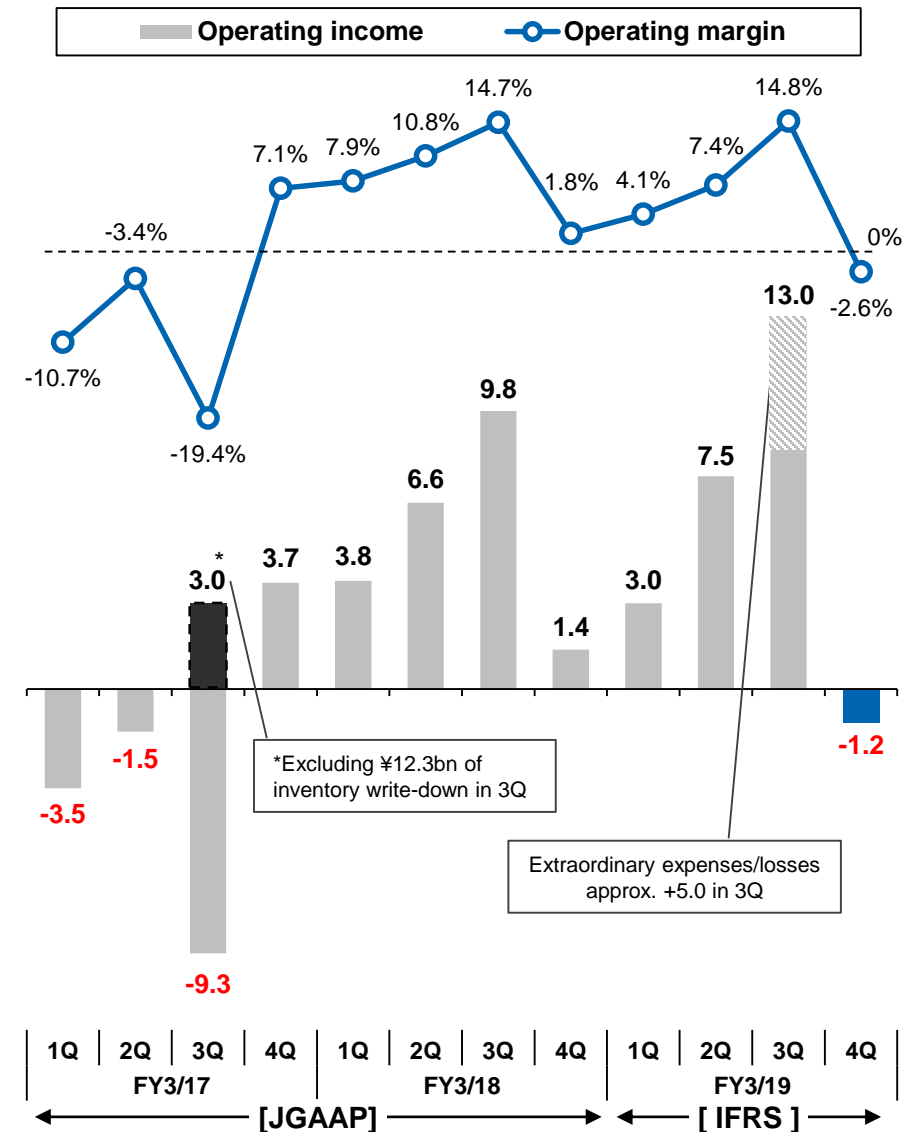
## Operating income (Billions of yen)



## Net sales (Billions of yen)



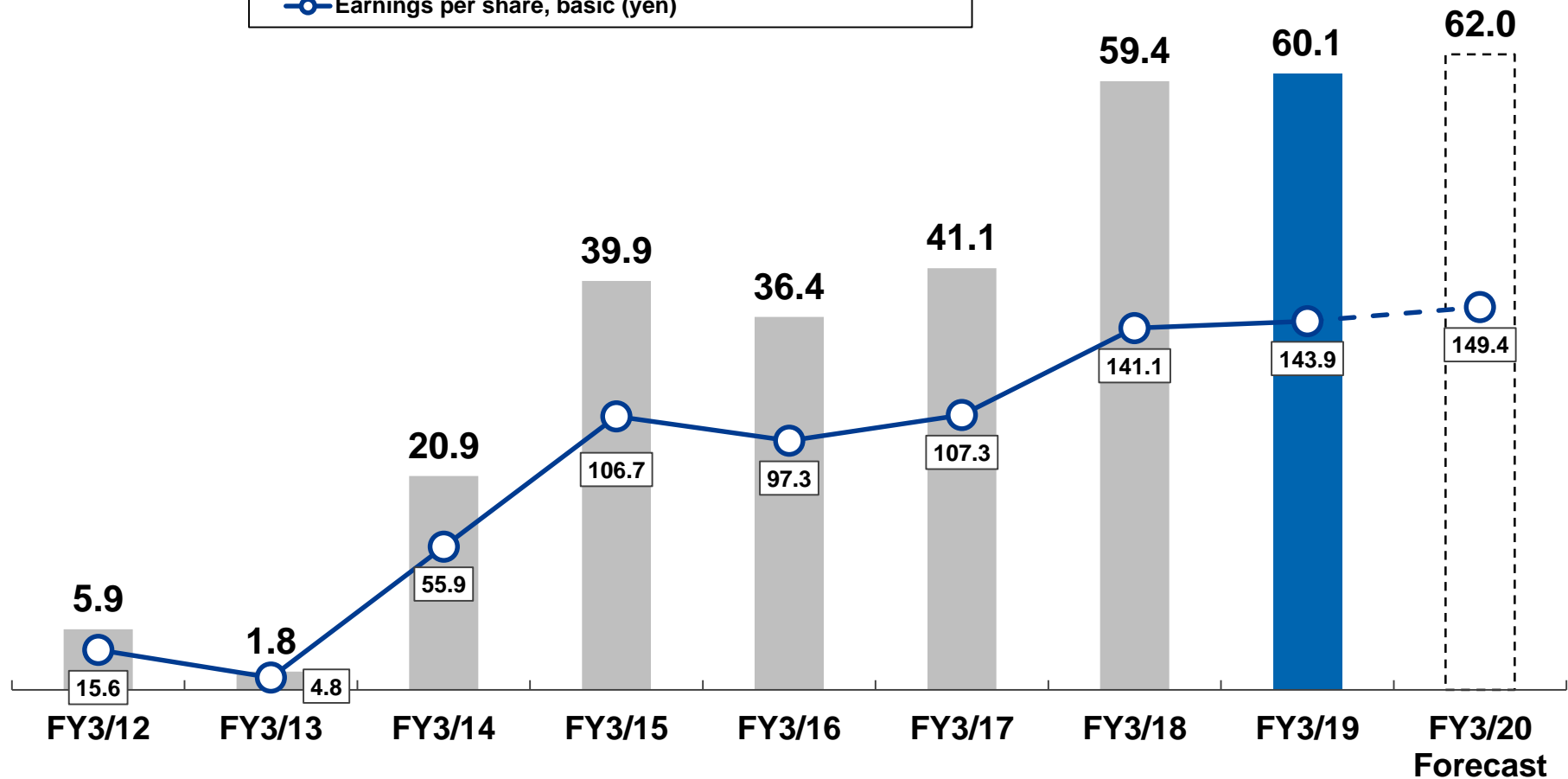
## Operating income (Billions of yen)



## Hit Record High for Three Years in a Row

(Billions of yen)

■ Profit for the period attributable to owners of the parent  
 ● Earnings per share, basic (yen)



[JGAAP]

[IFRS]

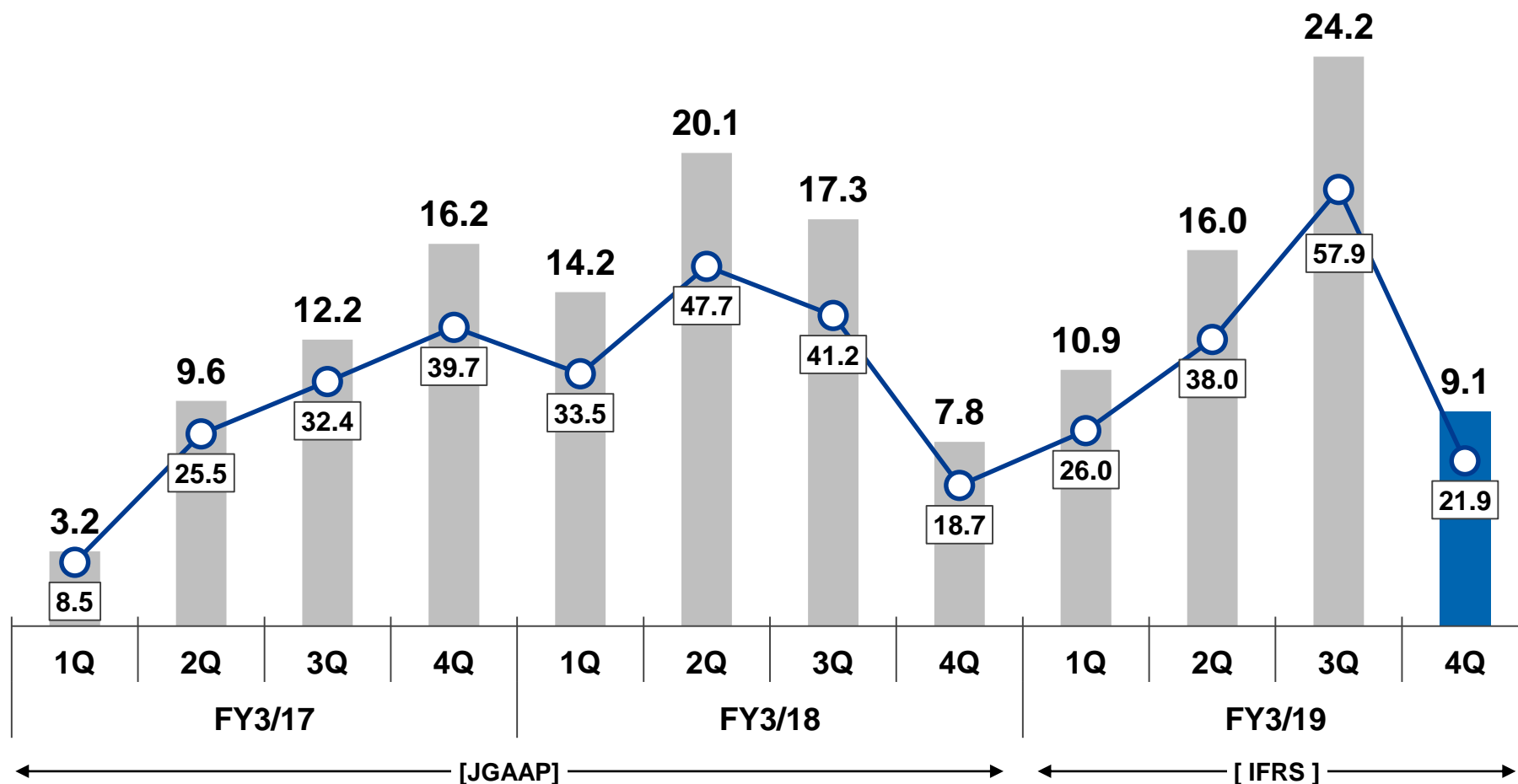


# Profit Attributable to Owners of the Parent

\*JGAAP until FY3/18, IFRS since FY3/19

(Billions of yen)

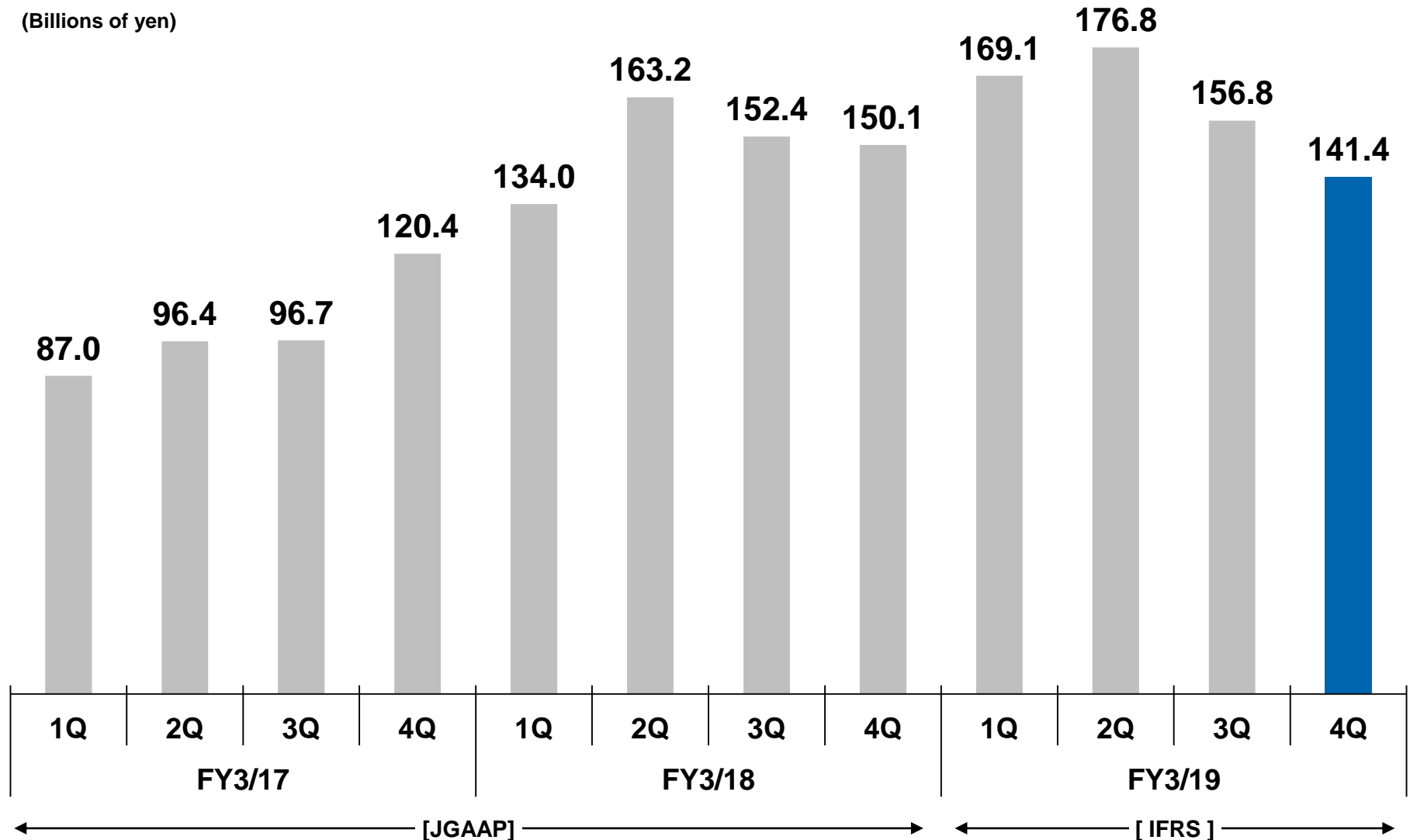
■ Profit for the period attributable to owners of the parent  
 ● Earnings per share, basic (yen)



# Inventories

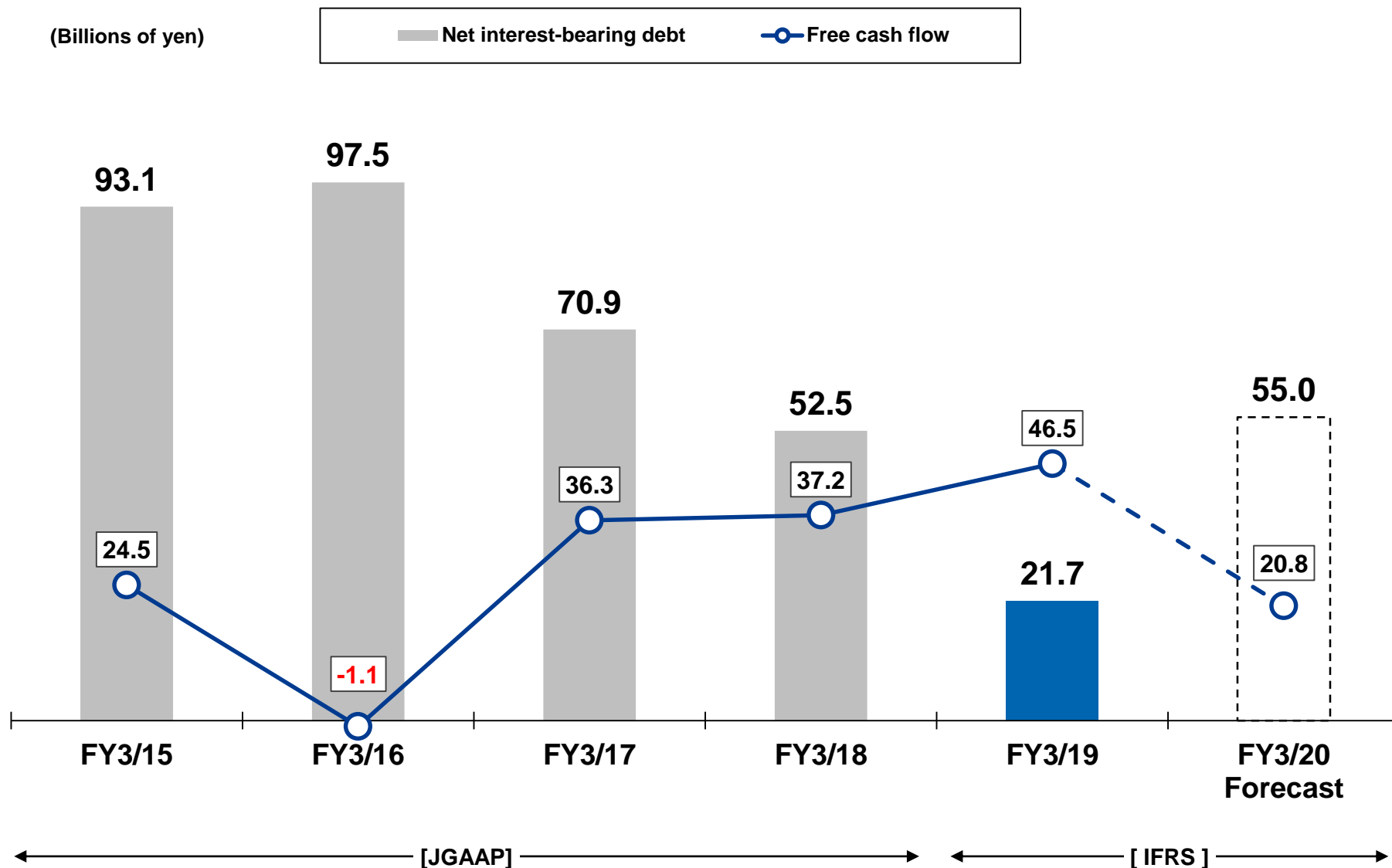
\*JGAAP until FY3/18, IFRS since FY3/19

(Billions of yen)



# Net Interest-Bearing Debt/Free Cash Flow

\*JGAAP until FY3/18, IFRS since FY3/19



## One Trillion yen Sales and Hit Record Highs [ IFRS ]

(Millions of yen)	FY3/19	FY3/20			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	884,723	496,500	533,500	1,030,000	+16.4%
Operating income	72,033	27,000	50,000	77,000	+6.9%
Profit before taxes	71,321	26,500	49,500	76,000	+6.6%
Profit for the period attributable to owners of the parent	60,142	21,400	40,600	62,000	+3.1%
Earnings per share, basic (yen)	143.90	51.55	97.80	149.35	+3.8%

Foreign Exchange Rates	FY3/19 Full Year
US\$	¥110.67
Euro	¥128.75
Thai Baht	¥3.42
Chinese RMB	¥16.52

FY3/20 Assumptions
¥110.00
¥125.00
¥3.45
¥16.50

# Forecast for Business Segment

\*Based on IFRS

[ IFRS ]

(Millions of yen)	FY3/19	FY3/20			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	884,723	496,500	533,500	1,030,000	+16.4%
Machined components	188,324	93,400	96,600	190,000	+0.9%
Electronic devices and components	387,293	189,700	214,300	404,000	+4.3%
Mitsumi business	308,423	140,900	149,100	290,000	-6.0%
U-Shin business	-	72,000	73,000	145,000	-
Other	683	500	500	1,000	+46.4%
Operating income	72,033	27,000	50,000	77,000	+6.9%
Machined components	47,750	24,500	26,500	51,000	+6.8%
Electronic devices and components	16,922	5,300	15,700	21,000	+24.1%
Mitsumi business	22,282	5,900	9,100	15,000	-32.7%
U-Shin business	-	3,100	4,900	8,000	-
Other	Δ 386	Δ 1,000	Δ 1,000	Δ 2,000	X5.2
Adjustment	Δ 14,535	Δ 10,800	Δ 5,200	Δ 16,000	+10.1%

## Increase Dividends as Previously Forecasted

	FY3/18 Actual		FY3/19 Actual
Interim dividend	13 yen/share	→	14 yen/share
Year-end dividend	13 yen/share	→	14 yen/share
Total	26 yen/share	→	28 yen/share

**Total return ratio<sup>\*</sup>, including share buyback<sup>\*\*</sup>, reached about 37%**

<sup>\*</sup> Total return ratio = (total dividend + share buyback) / net income

<sup>\*\*</sup> Accumulated share buyback: 6,300,000 shares, 10,631,779,271 yen

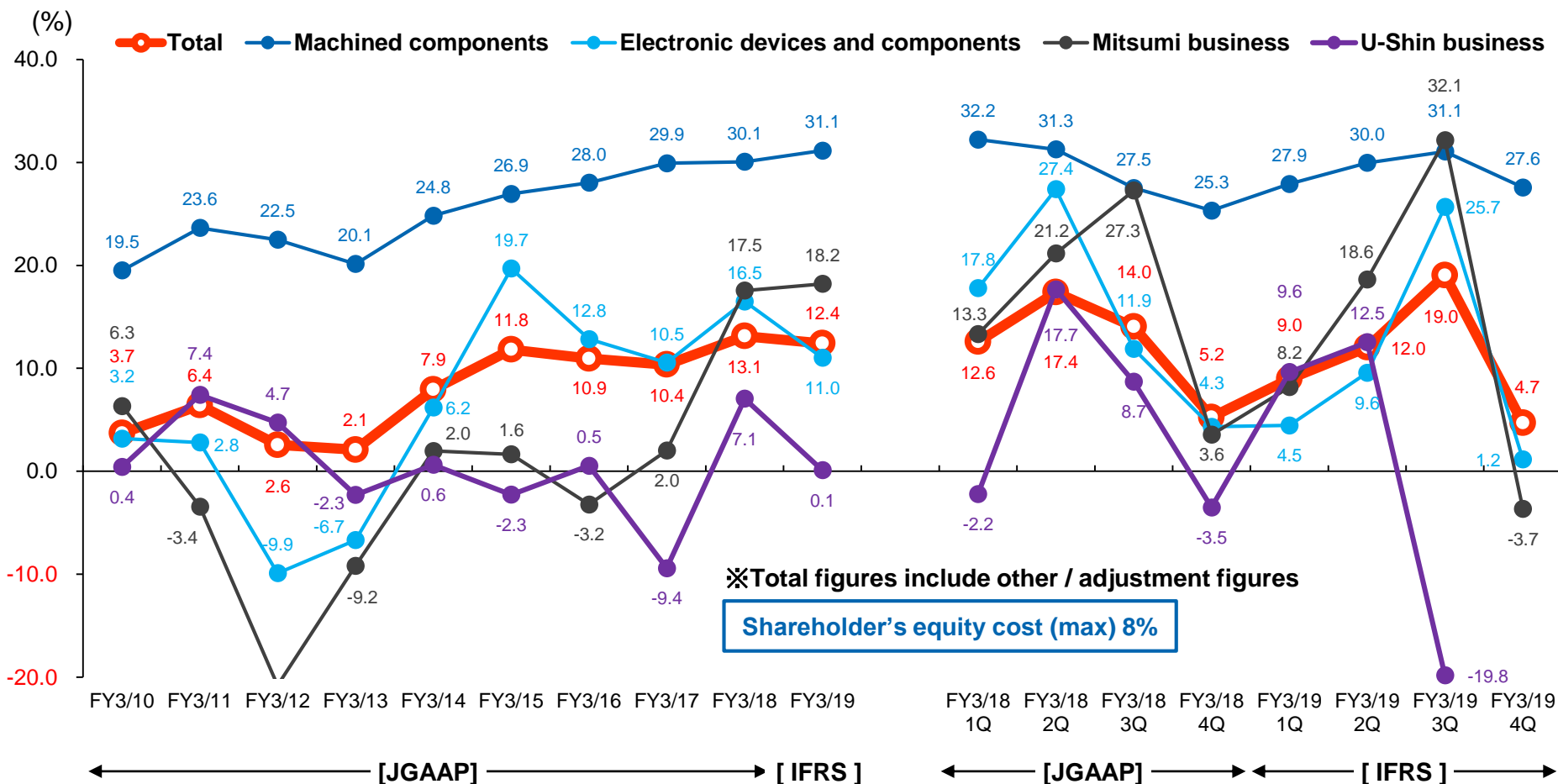
# ROIC (Return On Invested Capital)

ROIC for U-Shin business are pre-merger result and based on CY / JGAAP, and are not included in the Total. JGAAP until FY3/18, IFRS since FY3/19

**MinebeaMitsumi  
ROIC**

$$= \frac{\text{NOPAT (Operating income + extraordinary profit/loss) x (1-tax rate)}}{\text{Invested capital (Notes receivable/accounts receivable + inventories + non-current assets - notes payable/accounts payable)}}$$

Calculated using business assets (trade receivable/payable, inventories, non-current assets) by segment



# Management Policy & Business Strategy

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May 8, 2019

Yoshihisa Kainuma

Representative Director, CEO & COO





- Overall: **Net income for the year hit a record high. 9-month ended December net sales and OP** were the **highest ever. October monthly OP** far exceeded the previous high. **OP of ¥100 billion is in sight.**  
Booming demand of micro actuators for pop-up cameras in China.  
A sharp decline in orders due to drastic changes in the external environment brought 4Q results down below the forecast.
- Short-term outlook: Inventories in the market to steadily drop.  
New technologies will start gaining momentum.  
**(IoT, 5G, AI/Big data, ADAS/EV, aircraft/drone)**  
→ Expected to pick up in summer
- Machined components: Robust in the automobile/aircraft markets. Rod-ends turned a bigger profit than expected. **Bearing inventory secured an optimal level.**
- Electronic devices and components: Demand decreased sharply in China, mainly for home appliance and office automation applications.  
Production of new LED backlights was cut drastically although its launch went smoothly.
- Mitsumi: Production was cut drastically for smartphone/game businesses in 4Q.  
**Product launches for new Chinese smartphone models** provides a big business opportunity this year.

## Ensure earning ¥1 trillion in net sales a year earlier than planned

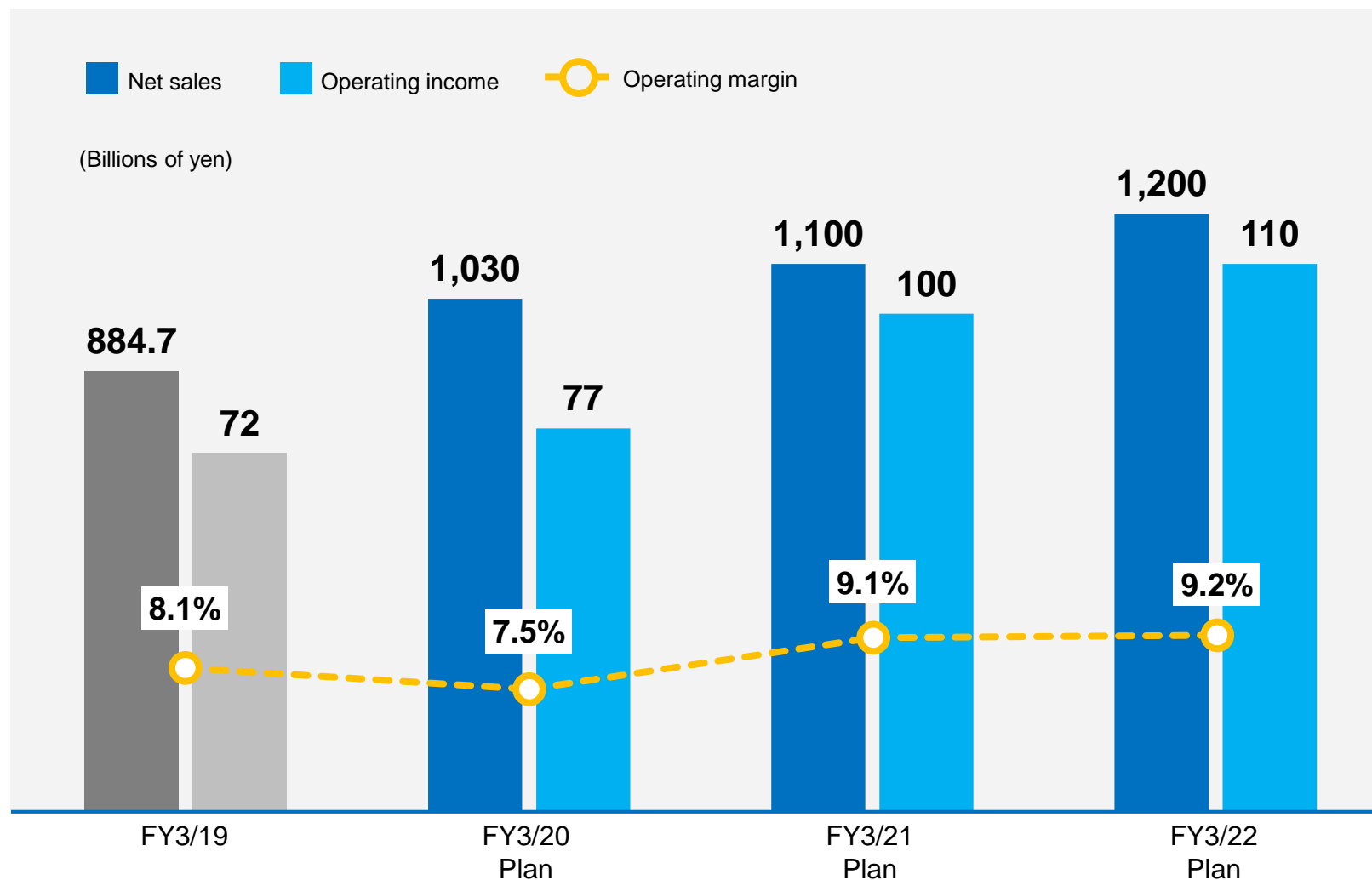
- The year to verify the strength of core businesses  
as sub-core businesses contribute less and less to the bottom line -

### Key points from this fiscal year

- **Ball bearing profit (margin) to go up despite a decline in volume**  
(better mix, optimal inventory, lower transportation costs, etc.)
- **Businesses targeting automobile/aircraft industries to drive overall growth**
- **Mitsumi business to stay virtually flat**  
(excluding the special factors we saw last fiscal year)
- **Estimates for electronic devices and components and U-Shin business are conservative**
- **Plan proactive shareholders' return**

(Millions of yen)	FY3/19 Full Year	FY3/20 Forecast			
		1st Half	2nd Half	Full Year	YoY
Net sales	884,723	<b>496,500</b>	<b>533,500</b>	<b>1,030,000</b>	+16.4%
Operating income	72,033	<b>27,000</b>	<b>50,000</b>	<b>77,000</b>	+6.9%
Profit for the period attributable to owners of the parent	60,142	<b>21,400</b>	<b>40,600</b>	<b>62,000</b>	+3.1%
Earnings per share, basic (yen)	143.90	<b>51.55</b>	<b>97.90</b>	<b>149.35</b>	+3.8%

**Aim to achieve operating income of ¥100 billion ASAP via organic growth and synergy with U-Shin**

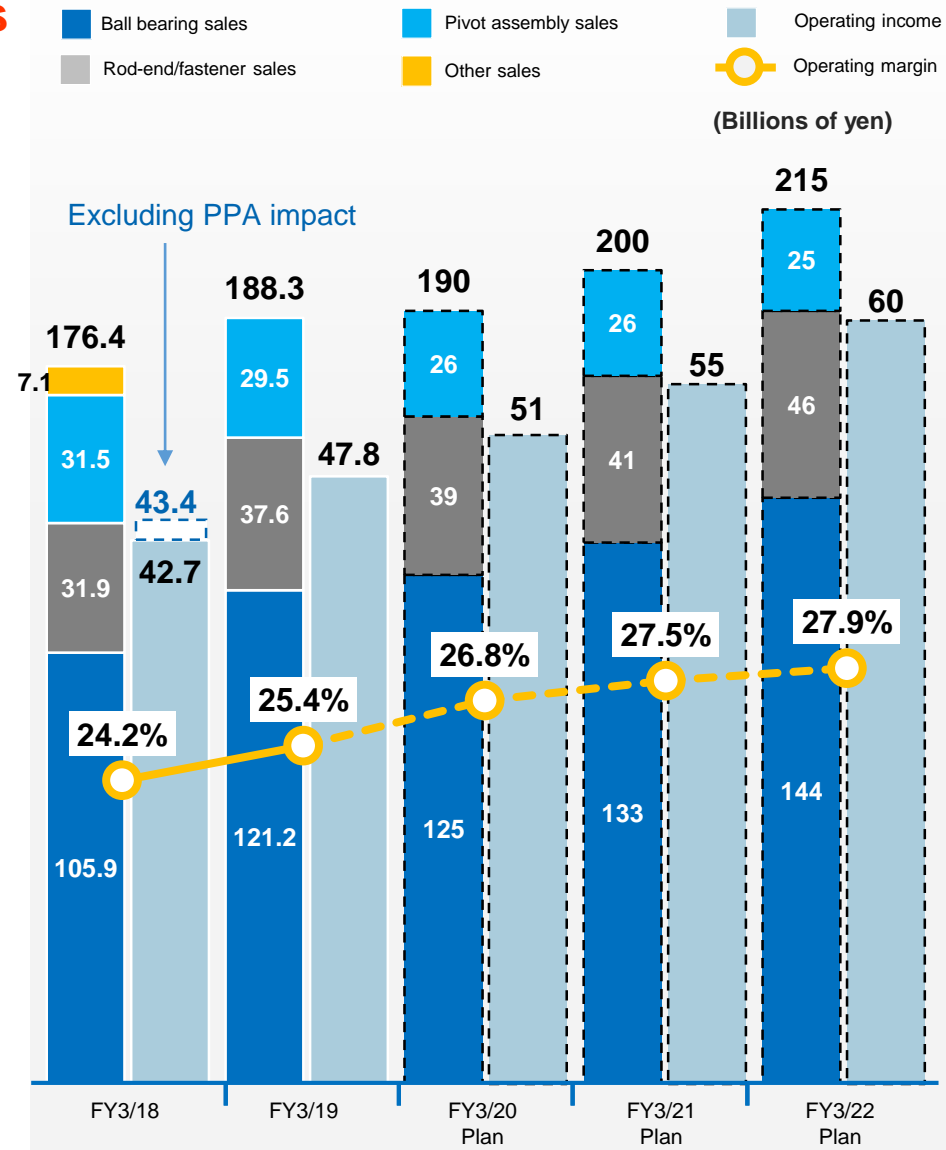


# Machined Components Targets

**Demand for ultra-high quality products to keep fueling “healthy” growth**

## Key Points

- 1 Ball bearings external sales  
**Structural demand increase for automobiles**
- 2 Ball bearings internal sales  
**Ball bearings for motors to cover declining HDD demand**
- 3 Ball bearings production  
**Optimized product mix and production system to drive profit up**
- 4 Rod-ends & fasteners  
**Aircraft business to soar**

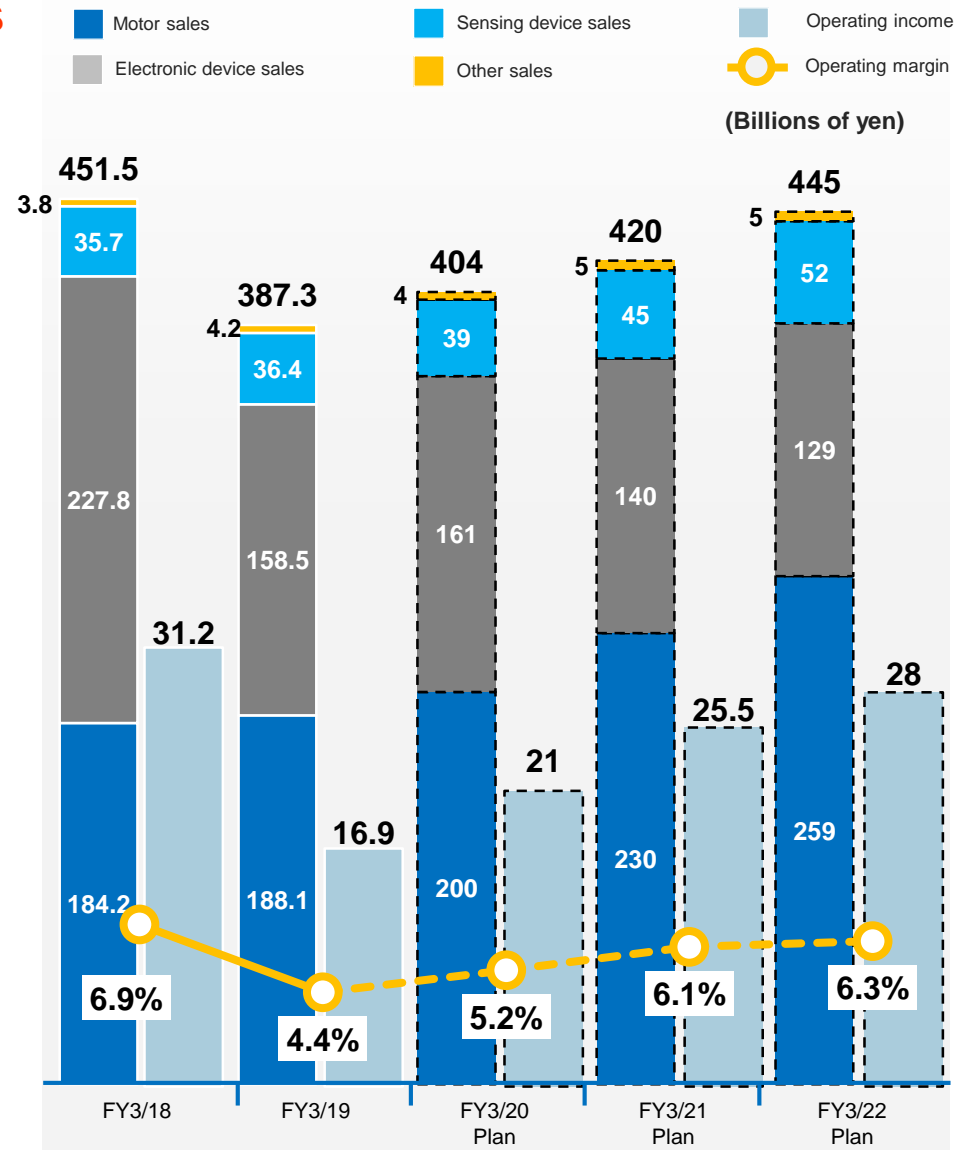


# Electronic Devices and Components Targets

Higher proportion of core businesses  
to stabilize profits

## Key Points

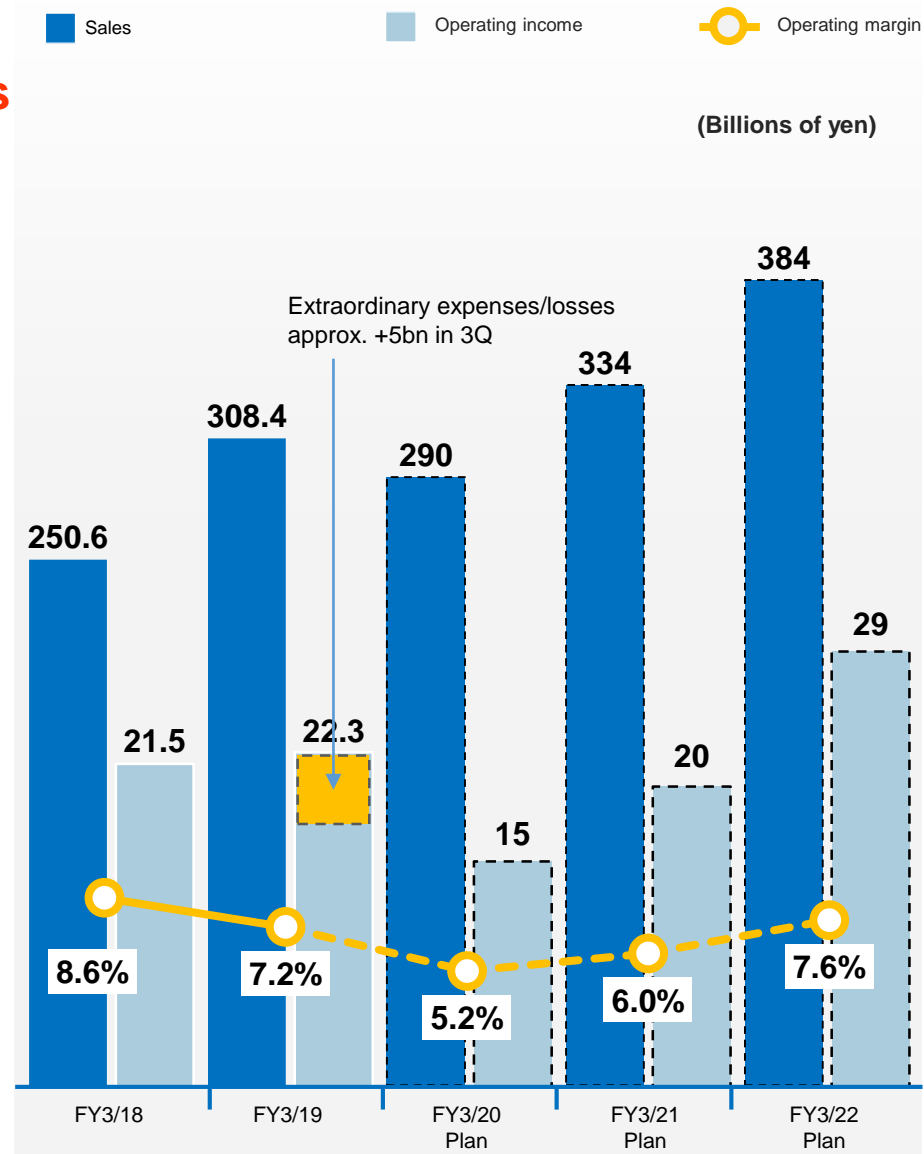
- 1 Motors for automobiles  
**Electrification, CASE for automobiles**
- 2 BLDC motors  
**Increasing high-end products to keep growth going strong**
- 3 New products  
**A number of new products to be launched, expanding sales**
- 4 Resonant devices  
**Mass production of new products to start**
- 5 LED backlights  
**Conservative estimate**



**Launch new products and make  
INTEGRATION of new 8 Spears products  
a reality in the next 3 years**

## Key Points

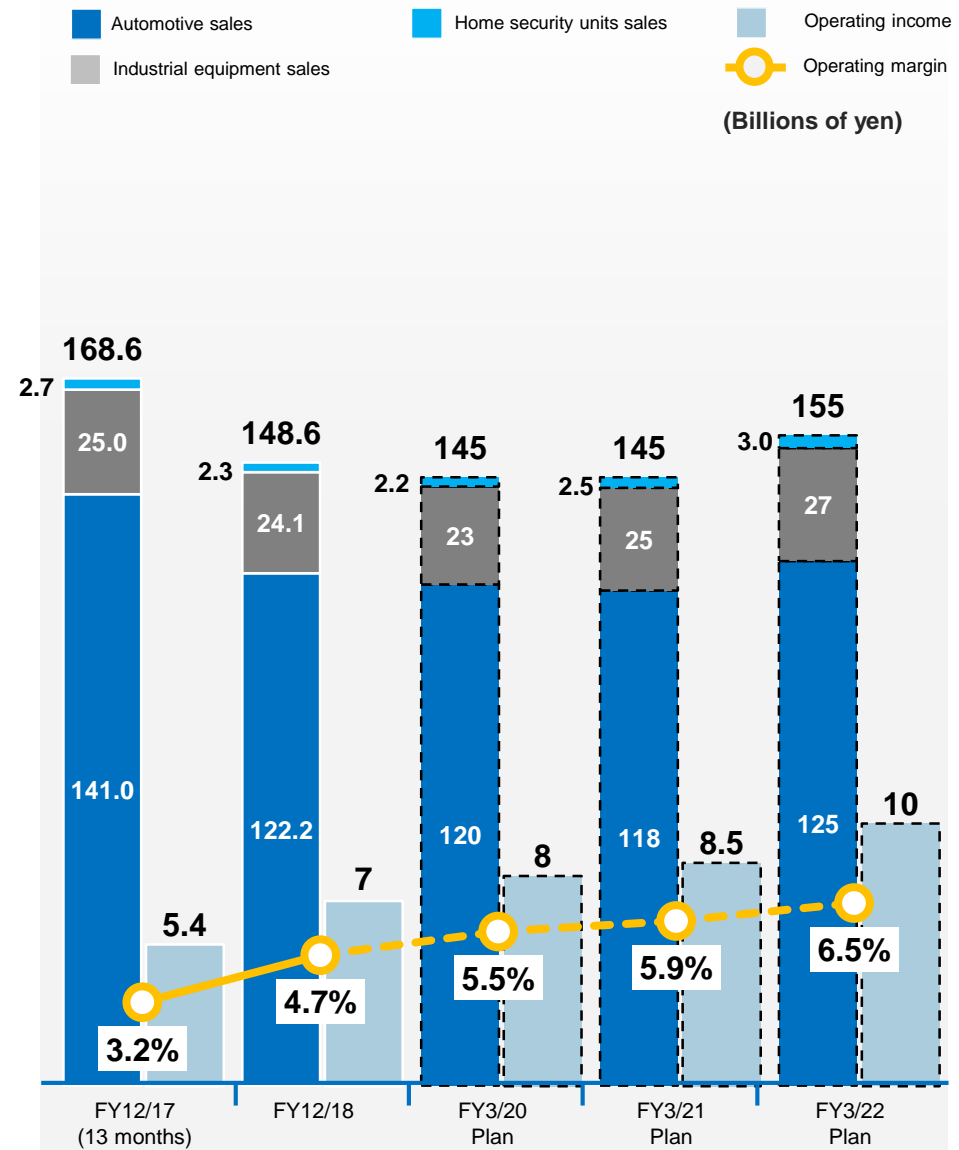
- 1** Optical devices  
**Add more value through innovation**
- 2** Mechanical components  
**High value-added OEM driven by proprietary technology**
- 3** Automobile components  
**Synergy with U-Shin**
- 4** Connectors / Switches  
**Focus on niche areas**
- 5** Analog semiconductors  
**Focus on high value-added products**



**Achieve quick turnaround  
and maximize synergy**

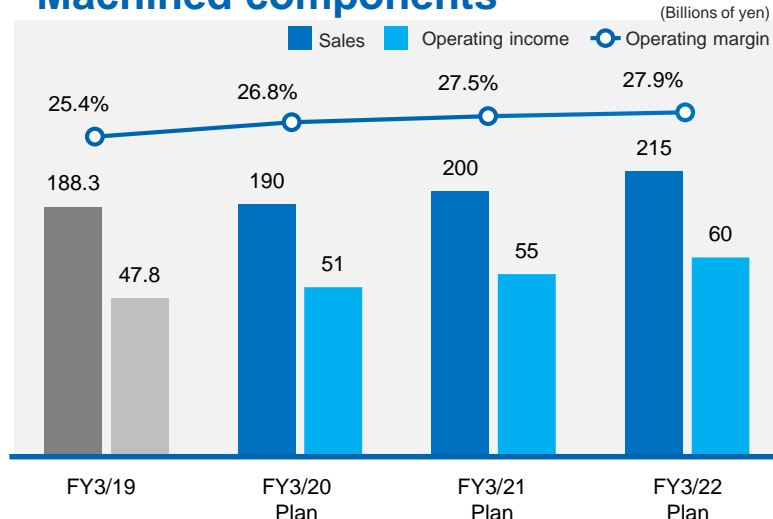
## Key Points

- 1** Automotive (Excluding UAM)  
**Create synergy by combining MinebeaMitsumi technologies to strengthen E-Access**
- 2** Automotive (UAM)  
**Realize cost synergy for quick turnaround**
- 3** Home Security Units  
**New products for smart house**

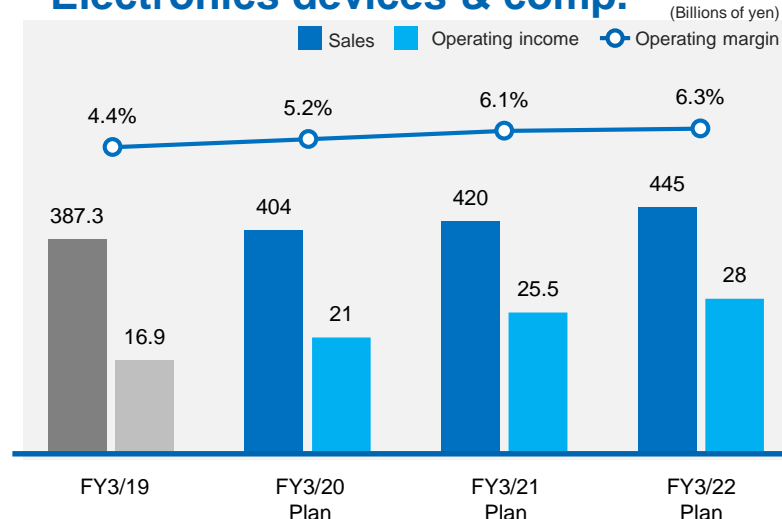


# Mid-term Business Plan: Targets by Segment

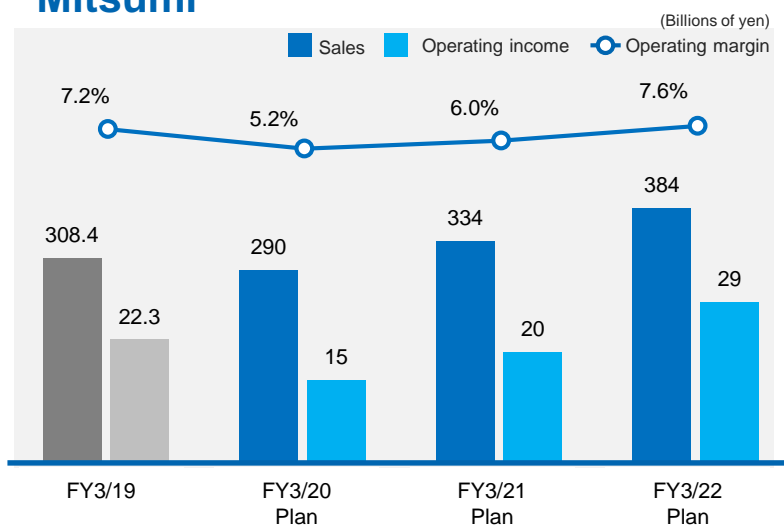
## Machined components



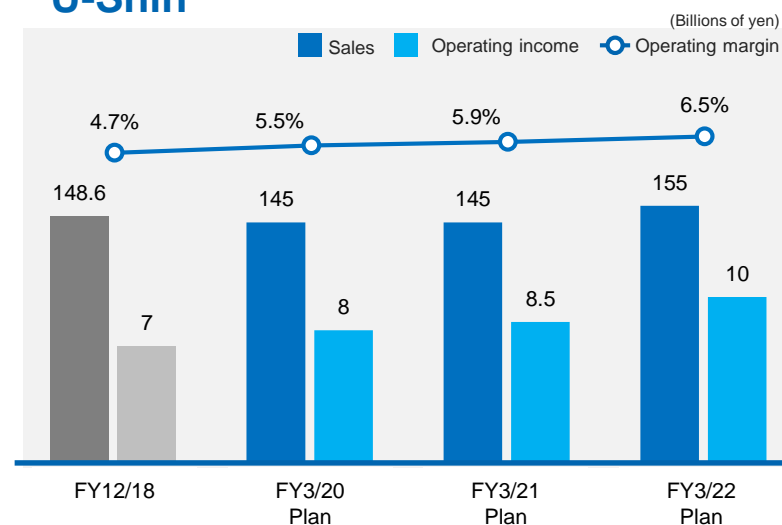
## Electronics devices & comp.



## Mitsumi



## U-Shin



Other adjustments: -¥14.9bn in FY3/19, -¥18bn in FY3/20, -¥16bn in FY3/21, -¥17bn in FY3/22



## Realize quick turnaround and synergy to improve portfolio

(tender offer concluded on April 10)

**MinebeaMitsumi**  
Passion to Create Value through Difference

"INTEGRATION" manufacturer of precision parts, creating synergy between core ultra-precision machining technology and new 8 Spears products



**u-shin**

Tier 1 global supplier of key safety components for automobiles



FY3/22  
OP target  
**¥10** billion

## Focusing on automotive business while expanding home equipment business as well

### PHASE I

**Strengthen cost competitiveness mainly in UAM**

- Higher productivity
- Higher yield
- Clear location strategy

### PHASE II

**Increase sales and realize cost synergy in Europe**

- Accelerate cross-selling
- Switch to in-house production for major parts (bearings, motors, sensors, actuators, etc.)
- Shift to next-generation products

### PHASE III

**Shift to new business portfolio through complete INTEGRATION**

- Apply automotive technologies to infrastructure and home equipment to increase business opportunities
- Promote fusion of technologies, locations, and personnel

## Add more value to E-Access<sup>\*</sup> by combining U-Shin and MinebeaMitsumi technologies

\*E-Access: A solution for safer and more comfortable access to your car

### Mega trend

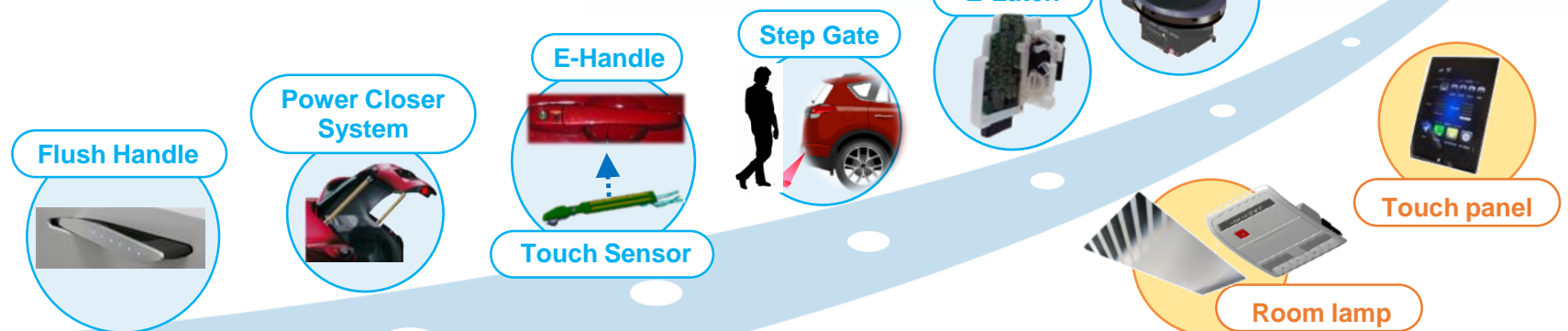
Innovations in automotive technology, such as ADAS and 5G, accelerate automobile electrification and autonomization

### Strength of U-Shin automotive business

Operating R&D, production, and sales worldwide, U-Shin has an advantage as an independent supplier, with top-class global market share

- Extensive product lineup
- 20 production sites in 14 countries
- Doing business with leading OEMs

### +Synergy with MinebeaMitsumi technologies (All kinds of input, conversion/control, and output devices)



**Synergy with MinebeaMitsumi technologies**  
(eg. Smart cockpit)

## Leverage technological synergy based on our wireless & software technologies to take smart house to new heights

### Mega trend

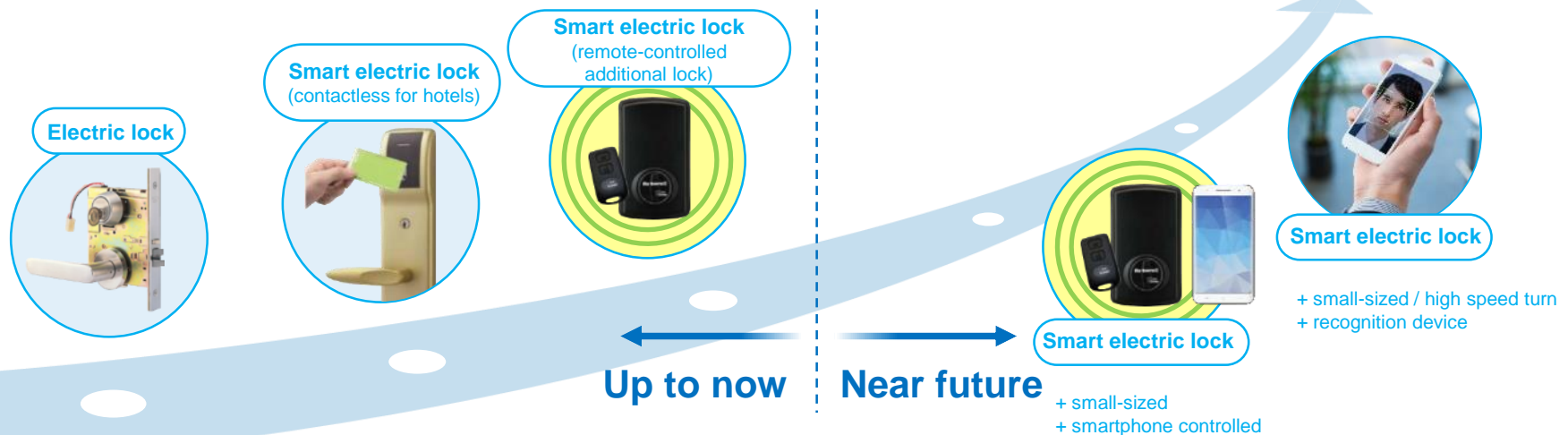
AI and big data are enhancing connectivity of all kinds of home equipment while Industry 4.0 is promoting more labor-saving, automated factory operations

### Strength of U-Shin home security units

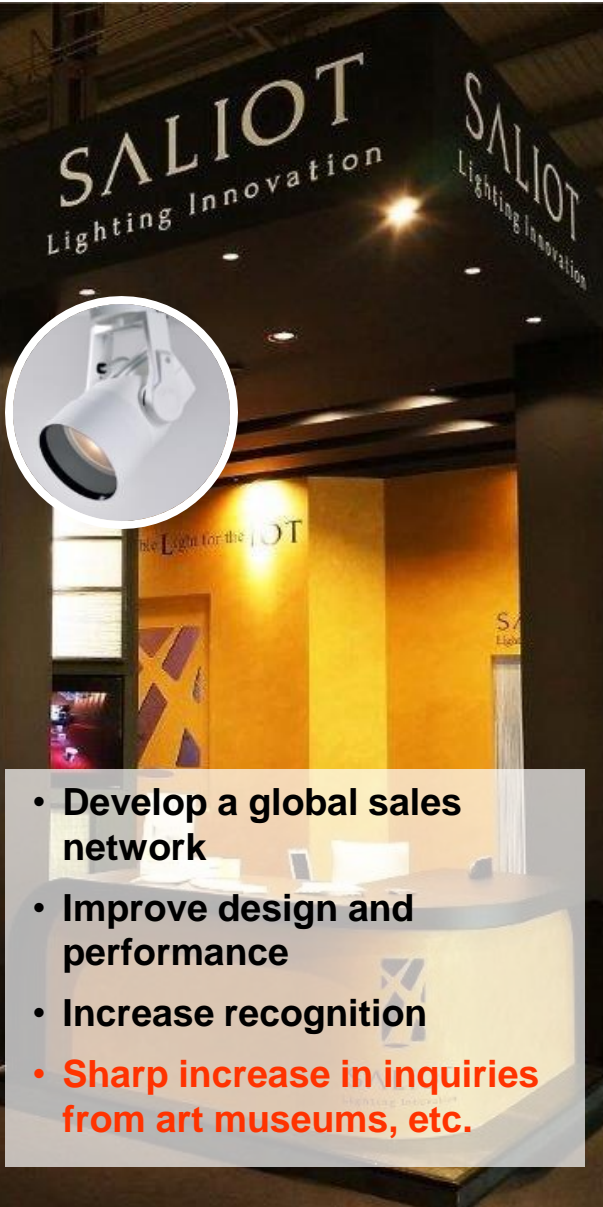
Ability to apply mechatronics technology gained through the automotive business to develop and produce sophisticated security lock devices



**+Synergy with MinebeaMitsumi technologies**  
(Motors, sensors, wireless/software, and various other edge devices)



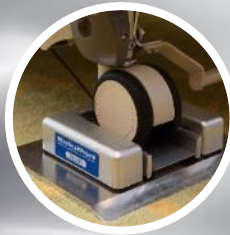




A photograph of a modern exhibition booth for SALIOT Lighting Innovation. The booth features a large sign with the company name and logo. A circular inset image shows a close-up of a white, adjustable spotlight fixture. The booth is well-lit with warm, yellow light.

- Develop a global sales network
- Improve design and performance
- Increase recognition
- **Sharp increase in inquiries from art museums, etc.**

## Bed Sensor System



- Launch new products
- Revamping/upgrading
- Market-driven business models
- **Start large-scale testing**

## Smart City



- Enhance sales capability
- Develop expandable products
- Select sales partners for new products
- **Sold 22,000 nodes in Chile**

## Usage of free cash flow maintaining financial discipline

### 1 Give priority to growth investing

Build a business portfolio that will reduce performance volatility through M&As

### 2 Be proactive about shareholder returns

Actively buy back shares using about 50% of free cash over the mid-to-long term and steadily increase dividends while giving priority to growth investing.

Flexibly adjust the ratio between the share buyback amount and the dividend in light of the stock price.

Vision

**Increase EPS** beyond bottom-line growth

## Dividend for FY3/20

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FY3/19	Year-end	14 yen/share	Annual	28 yen/share
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FY3/20 forecast	Interim	TBD
	Year-end	TBD

Regarding annual dividends, we will determine the dividend payout of around 20% on a consolidated basis.

## Resolution of share buyback (May 8, 2019)

Number of shares: Up to 7.5 million shares  
(equal to 1.81% of total issued shares excluding treasury shares)  
Amount: Up to 15.0 billion yen  
Period: From May 9, 2019 to April 30, 2020  
Purpose: In order to improve return on shareholders and improve capital efficiency and to implement agile capital policy according to the business environment.



# The Last Decade and the Next Decade (Image)





(Billions of yen)

# X3.5

## in the last 10 years!



(Billions of yen)

# X5.4

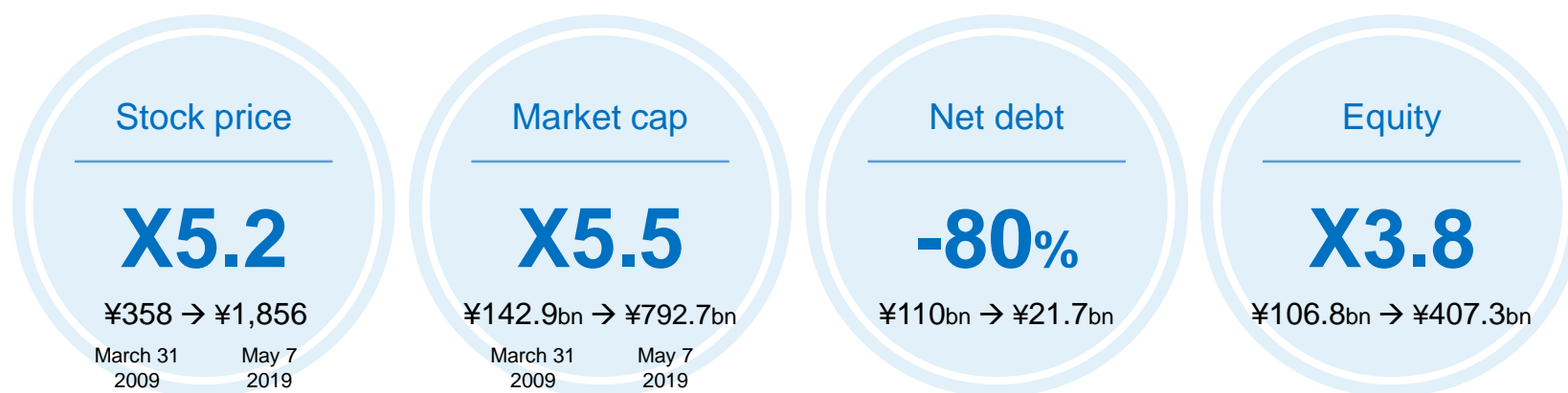
## in the last 10 years!



# Major KPIs over the Last Ten Years

(Millions of yen)	FY3/09	FY3/19	multiple
Net sales	256,163	884,723	X3.5
Operating income	13,406	72,033	X5.4
Profit before income taxes	6,834	71,321	X10.4
Profit for the period attributable to owners of the parent	2,441	60,142	X24.6
Earnings per share, basic (yen)	6.18	143.90	X23.3

**Mainly from organic growth!**



## Made a giant leap forward via M&As and organic growth

Last decade CAGR Sales **+13%** ↑ OP **+18%** ↑

### 1 Clear business categorization

Core businesses: Strengthening with ultra-precision and ultra-high quality  
Sub-core businesses: Cash cows for maximizing profit

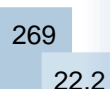
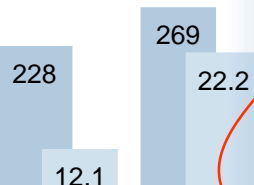
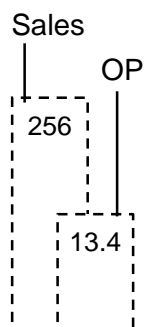
### 2 Portfolio restructuring

Business portfolio that creates synergy

### 3 Aggressive M&As

All 17 M&As succeeded, accumulated PMI know-how

(Billions of yen)



#### M&A +500bn yen

Cash spent	¥58bn
Increased shares	48mn
Goodwill (gross)	¥15bn
Goodwill (net)	¥0.3bn
Tax loss carried forward	¥40bn
Share buyback*	40mn

#### Organic +270bn yen

Machined comp.	+¥55bn
Motor	+¥95bn
Elec device	+¥130bn
Others	(¥10bn)

**OP grew mainly from organic!**

**All operations back in the black!**

885

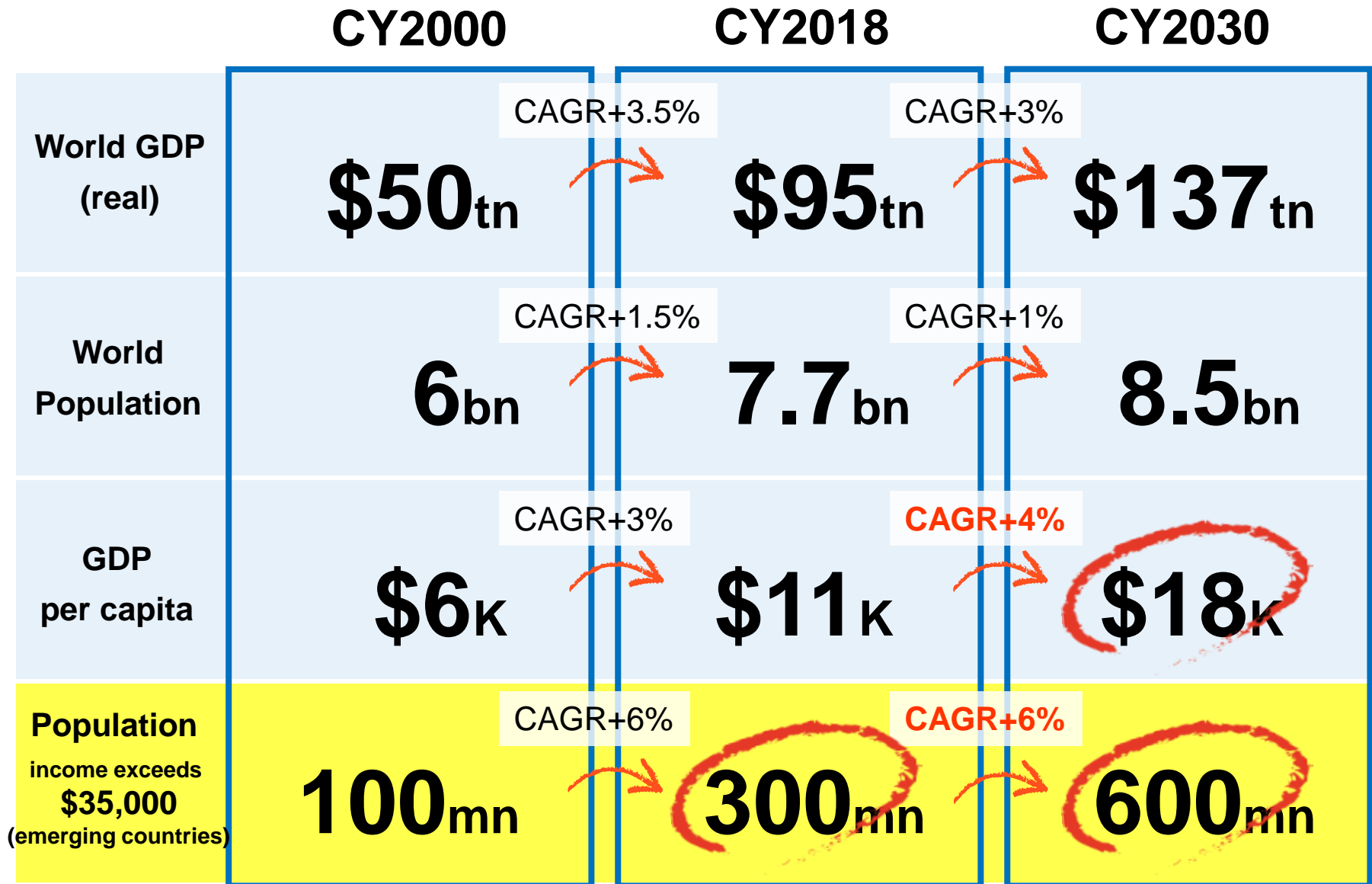
72

10 years ago

**Negative goodwill (¥14.6bn)**

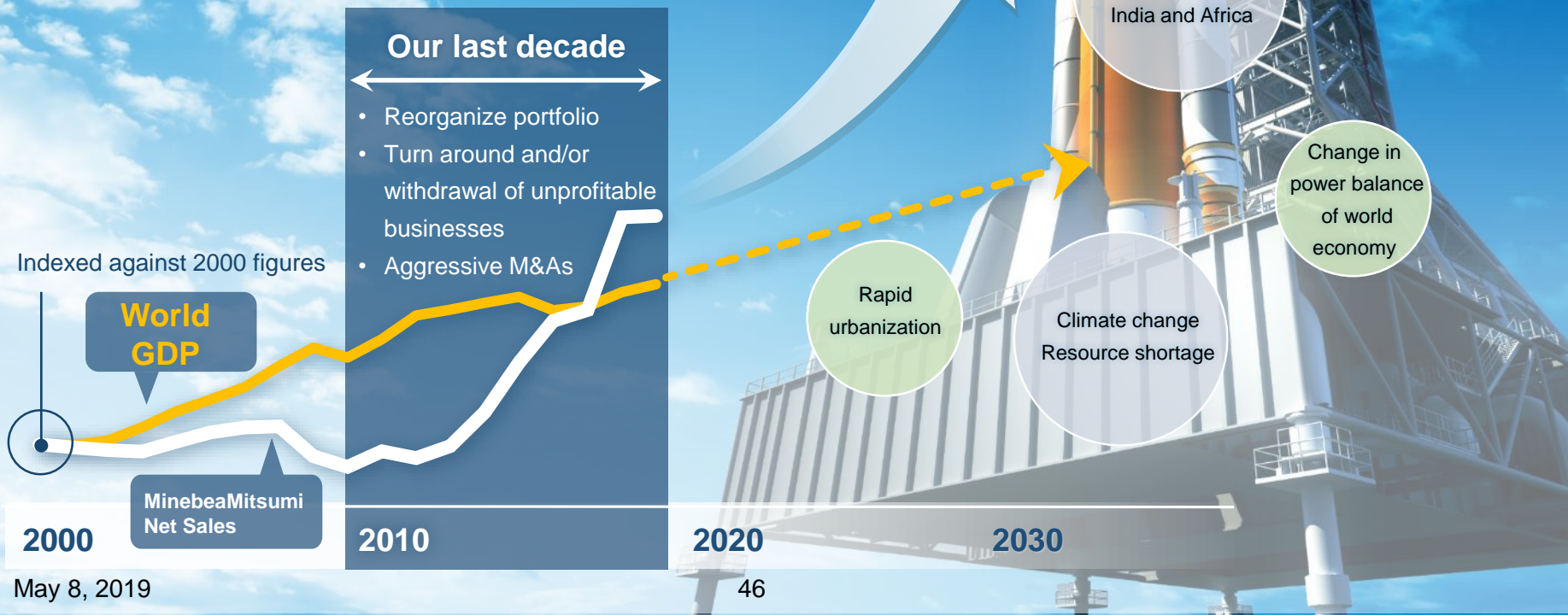
\*Including 20mn shares from CB

Present



Source: OECD, UN, IMF

## Completed laying foundation for the next decade !





## World's top precision components manufacturer driven by the new 8 Spears and "INTEGRATION"

- 1 Change to 8 Spears**  
Focus on niche markets
- 2 Launch new products**  
Driven by IoT, 5G, etc.

- 3 Cultivate new markets**  
Focus on medical, infrastructure, and home equipment
- 4 Aggressive M&As**

**+ Digitalization**

**Personnel development & Shareholders return maintaining financial discipline**  
(Including successors)

**Clarify KPIs**

# Basic Strategy for the Next Decade - 2

## Organic growth (mainly) & aggressive M&As boost businesses

Next decade CAGR Sales **+11%** ↑ OP **+13%** ↑

Organic **+ ¥800bn**

M&A **+ ¥500bn to  
+ ¥800bn**

Machined comp. + ¥200bn  
Motors + ¥200bn  
Remaining 6 spears + ¥400bn  
Other + ¥100bn  
OUT - ¥100bn

**2.5  
trillion**

**250  
billion**

(Billions of yen)

Net sales 256

OP 13.4

**885**

**72**

10 years ago

Present

Next decade

(Image)



- 1 Strengthening core business via super precision machining & high quality**
- 2 Maximizing sub-core as cash cow business**
- 3 Cash generated from sub-core be utilized toward growth of core business**

## Core

Competitive  
in niche markets  
+  
Permanent

## Sub-core

Innovative  
+  
Non-permanent

## Non-core

Low margin  
or  
Price niche

**Growth**

Improving profits &  
Next generation product

**R&D**

**Selection &  
concentration**

## 3 strengths generate out-of-the-ordinary “differences”

### Strength 1

#### Reinforcing Core Businesses

**Overwhelming market share** with our core products using our original technology and production system

### Strength 2

#### Diversified Niches

**Diversified** management centered on **niche fields**, underpinned by strong technologies

### Strength 3

#### Generating Synergies through the INTEGRATION

**INTEGRATION** of Minebea business  
x Mitsumi business  
x U-Shin business

#### Combine 8 Spear products with 10 core technologies

Ultra-precision machining technology
Mass production technology
Sensor technology
Optical technology
MEMS technology
High-frequency technology
Electronic circuits technology
Semiconductor design technology
Mechanical design technology
System design technology



Bearings
Motors
Access products
Sensors
Connectors/switches
Power supplies
Wireless/Telecommunications /Software
Analog semiconductors

	Bearings	Motors	Access products	Sensors	Connectors /switches	Power supplies	Wireless /Telecom /Software	Analog semiconductors
Bearings		●	●	●				
Motors	●		●	●	●	●	●	●
Access products	●	●		●	●	●	●	●
Sensors	●	●	●			●	●	●
Connectors/switches		●	●				●	
Power supplies		●	●	●	●		●	●
Wireless/Telecommunications /Software		●	●	●	●	●		●
Analog semiconductors		●	●	●		●	●	

## 1 Governance

- Establishing nomination and compensation committees
- Establishing the Sustainability Management Division

Thus, separate supervisory and executive functions at the executive level

## 2 Environment

- Setting up the MinebeaMitsumi Green Products System
- Promoting a shift to environmentally-friendly factories

## 3 Social

- Personnel development
- Diversification

## 4 Portfolio

New 8 Spears strategy  
= Diversifying core businesses  
= Improving sustainability

## 5 Currency/Geopolitical risks

Global production at 84 locations in 22 countries  
= Natural hedge

**Human capital   Intellectual capital   Instrumental capital**

# Next decade by major markets

**Growing structural demand for ultra-high quality products and an overwhelming competitive edge will keep growth going strong**

## Keywords

1

### Automobile

High functionality & EV shift

2

### Data center

5G / ADAS / IoT

3

### High-end home appliance

Less noise / power saving

4

### Labor saving / automated

Medical robots / drones

## Ball bearing external shipments (million units/month)



## Energy/labor-saving technologies and digitalization will create more business opportunities

### 1 Automobile

- Enhanced comfort of self-driving cars will fuel actuator demand
- Stricter environmental regulations → Shift to xEV → Growing demand for cooling fans

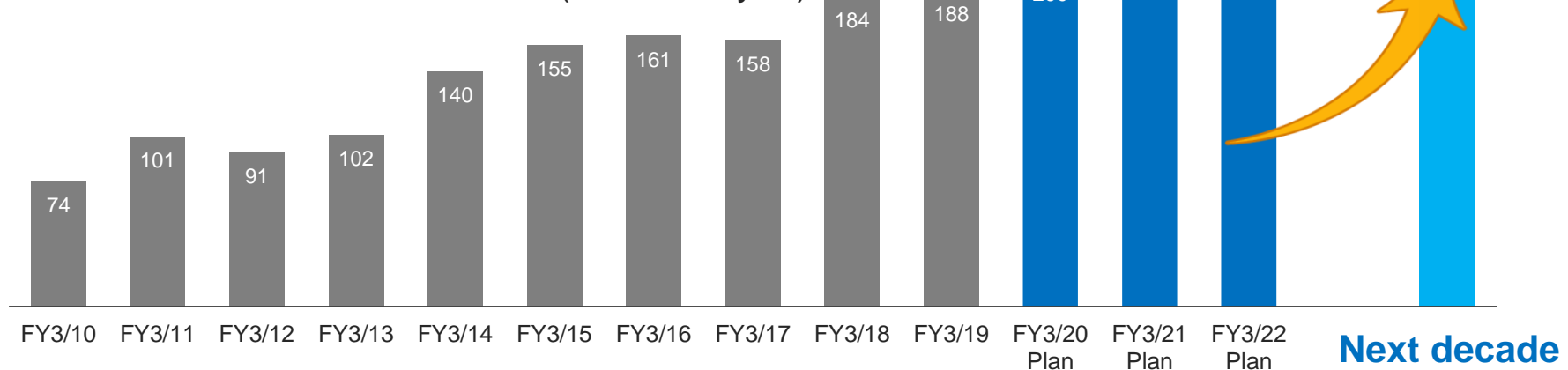
### 2 High-end home appliances

Quieter and energy-saving

### 3 Medical / robotics

Telesurgery and automated factories will promote electrification

**Motor business sales forecast (billions of yen)**



## New products and synergy paving the way to the CASE era

Higher percentage of automotive business will boost overall profit margin

**1** Bearings & motors  
**A shift to EVs will drive structural demand up**

**2** High frequency products & connectors  
**ADAS/5G will boost sales further**

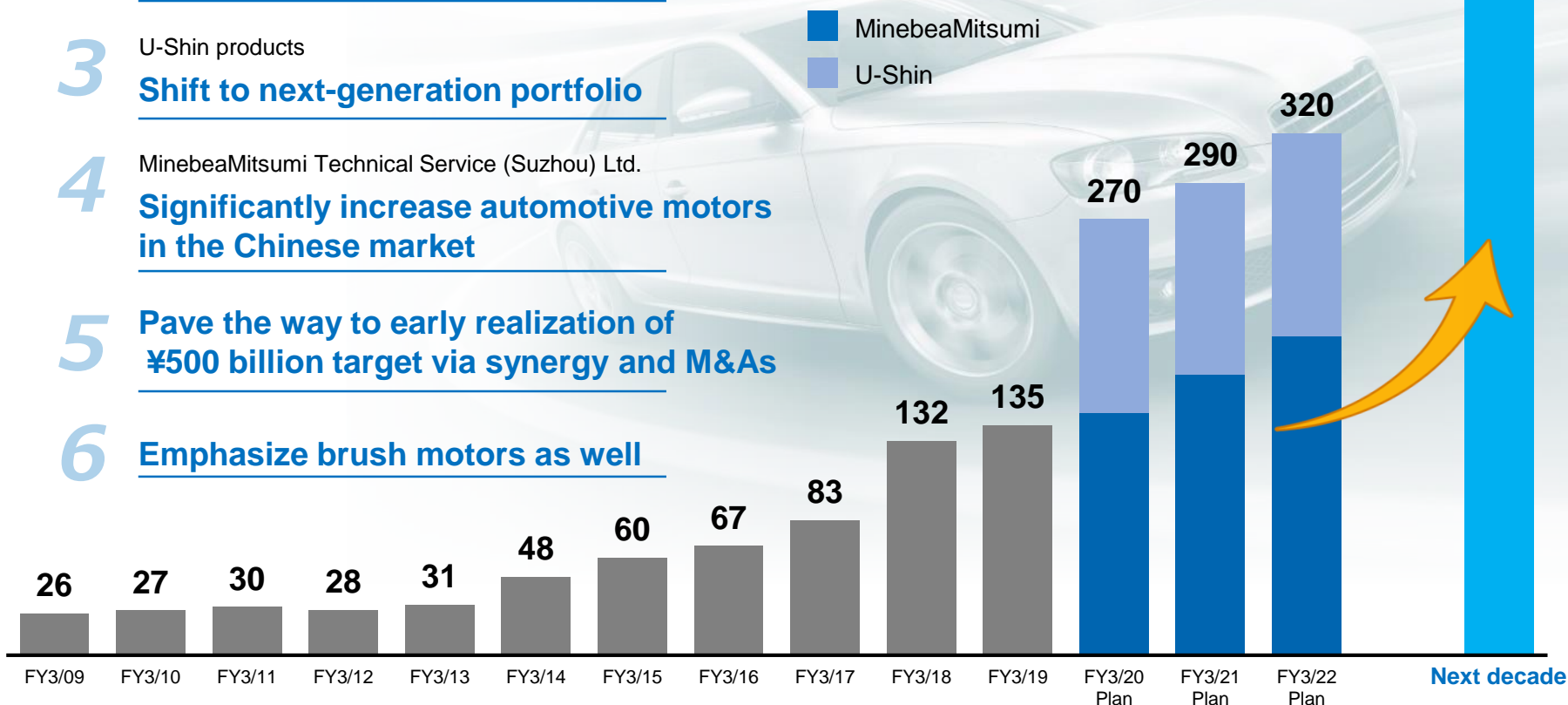
**3** U-Shin products  
**Shift to next-generation portfolio**

**4** MinebeaMitsumi Technical Service (Suzhou) Ltd.  
**Significantly increase automotive motors in the Chinese market**

**5** Pave the way to early realization of  
**¥500 billion target via synergy and M&As**

**6** Emphasize brush motors as well

### Automobile components sales forecast (billions of yen)



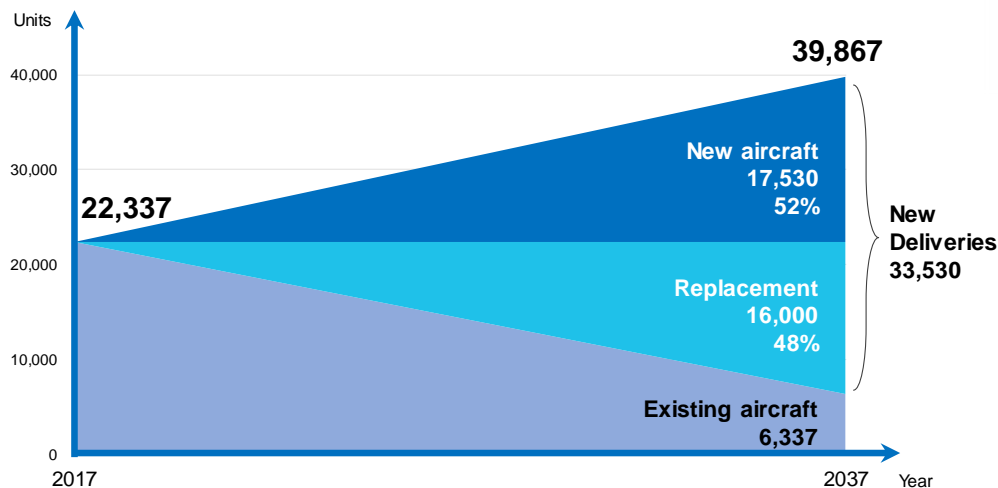


## Achieve sales growth that exceeds market growth through market share increase and structural growth

### Keywords

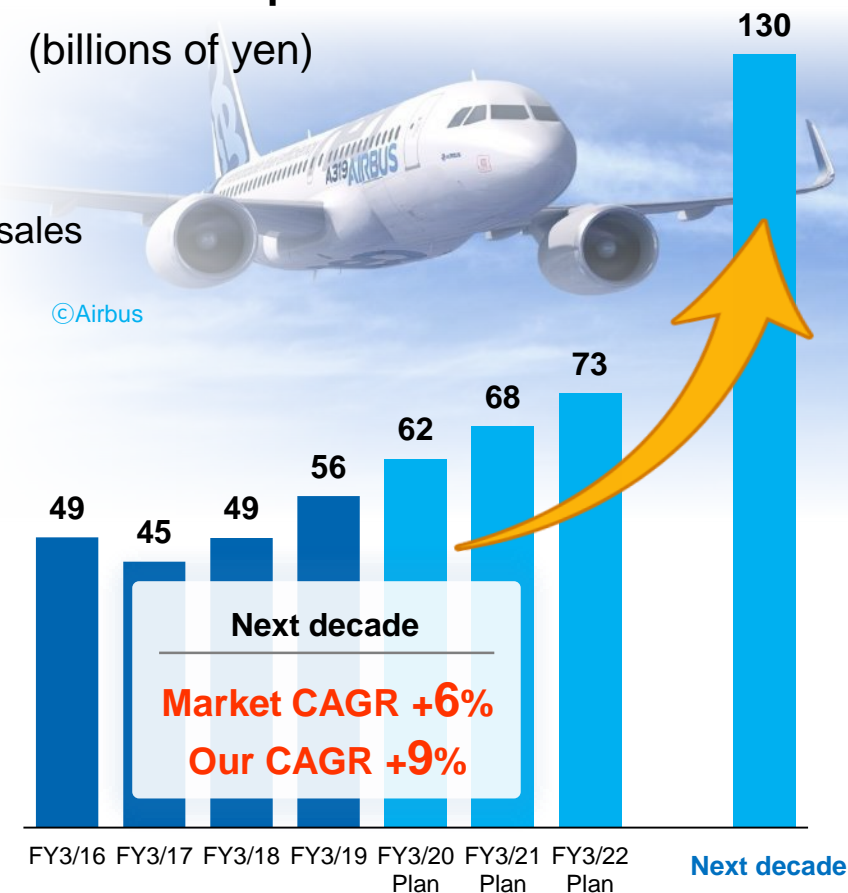
- Production will increase mainly for small and medium-sized aircraft
- New products through synergy
- Increase sales per aircraft through mechanical parts sales
- Offset business
- Seek both organic growth and M&As

### Commercial Aircraft Demand Forecast



Source: Japan Aircraft Development Corporation (JADC)

### Aircraft components sales forecast (billions of yen)





# Why MinebeaMitsumi Exceeds Market Growth

## Stronger industry presence

- Ultra-precision machining technology
- Ability to produce **ultra-high quality**, including special processing
- Proven track record for mass producing key components across the globe
- Network of global production sites to **ensure business continuity for customers**

## Increase sales per aircraft

- Expand sales of high value-added mechanical parts lead to **higher ASP**
- Take advantage of price competitiveness to **increase market share**

Mechanical Parts  
**CAGR**  
**+11%**

## Synergy of M&As

- **Topline synergy** via diverse technology portfolio and larger customer base
- **Cost synergy** via effective use of locations

Create  
**technological synergy**

**MinebeaMitsumi**  
AEROSPACE

NHB

NMB

CERO BEAR

CA

myonic

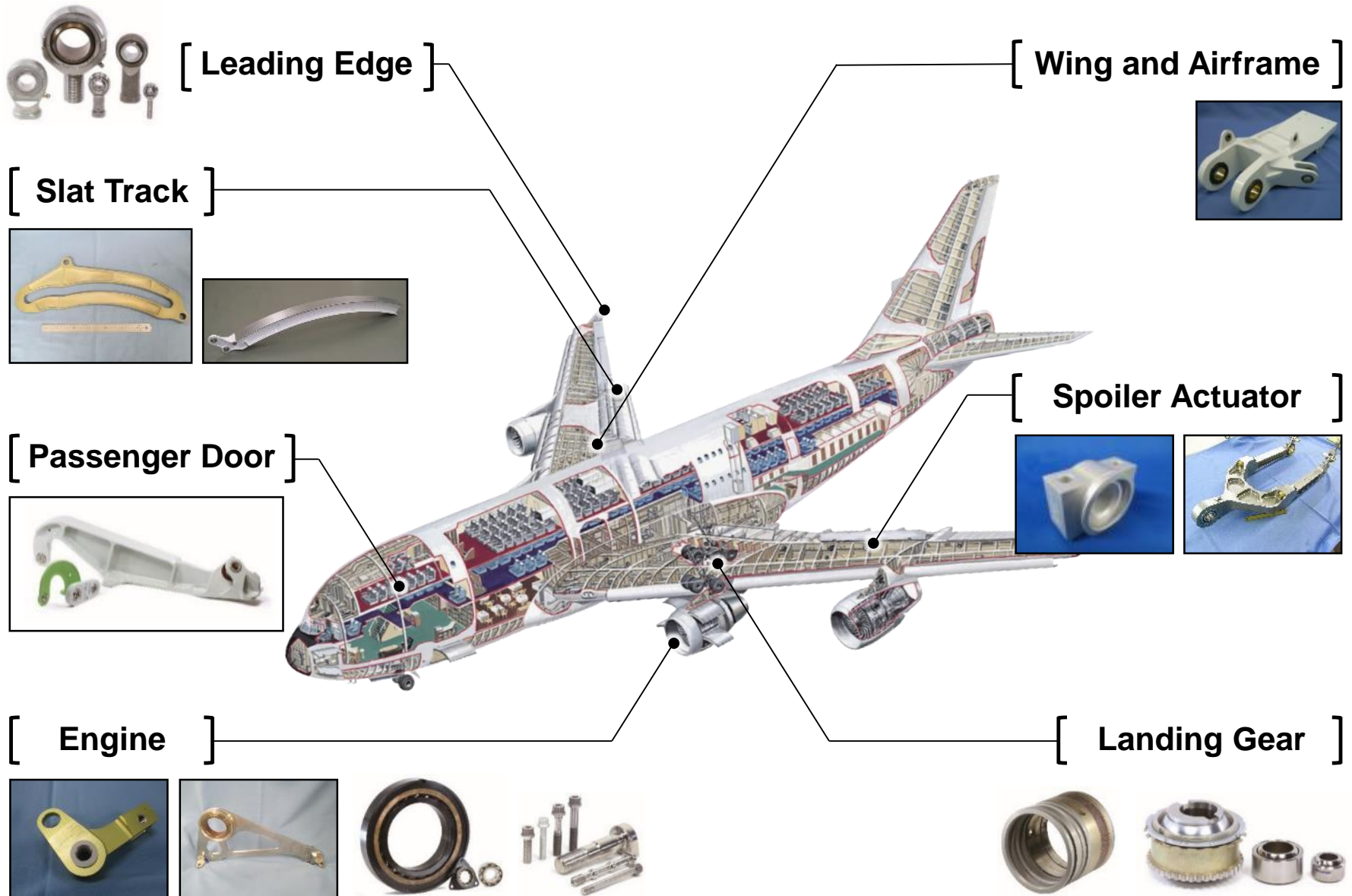
Mach Aero

## Expand business in Asia

- Huge growth in demand for **domestically-produced aircraft** in China
- **Offset businesses** in Asian countries to create more business opportunities

Net sales in Asia  
**CAGR**  
**+15%**

# (Reference) Aircraft components



## Maintain higher market share for higher-quality products



### High-end home appliance

- Oligopolization strategy for ball bearings used in high-end home appliances
- Growing demand for energy-saving products make motors more sophisticated
- "INTEGRATION" synergy in smart house appliance components

**Oligopolize**



### OA

- Create cash cows with large share in the OA market
- Thoroughgoing cost reduction

**Cash cows**



### HDD

- Focus on the high-end market to generate steady profits despite structural decline in the low-end market
- Number of pivot assemblies per one HDD will increase due to technological innovation and eventually hit bottom in the long run

**Focus on high-end**

## Huge business opportunity on advanced technology for medical / healthcare industry

1

### Watching relief for elderly people

Development of bed sensor for medical institution and consumer market

2

### Common use of artificial organs

3D printing technology of C&A

3

### Telesurgery

Precision ball bearings for medical robots

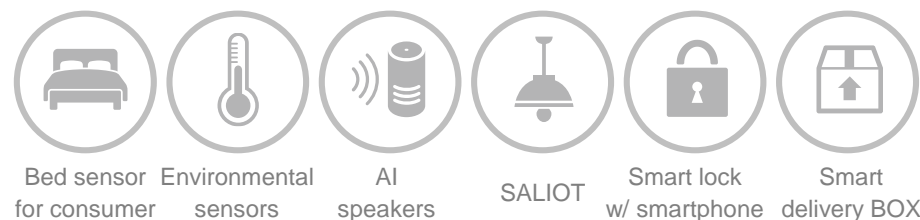
MINEGE™ (ultra high sensitivity strain gauge)



## Significant expansion of home equipment business centered on synergy from Mitsumi & U-Shin

### 1 Security / Relief

Access products and sensors for crime prevention, watching, and anti-disaster



### 2 Convenience through IoT

Connected products utilizing AI and big data

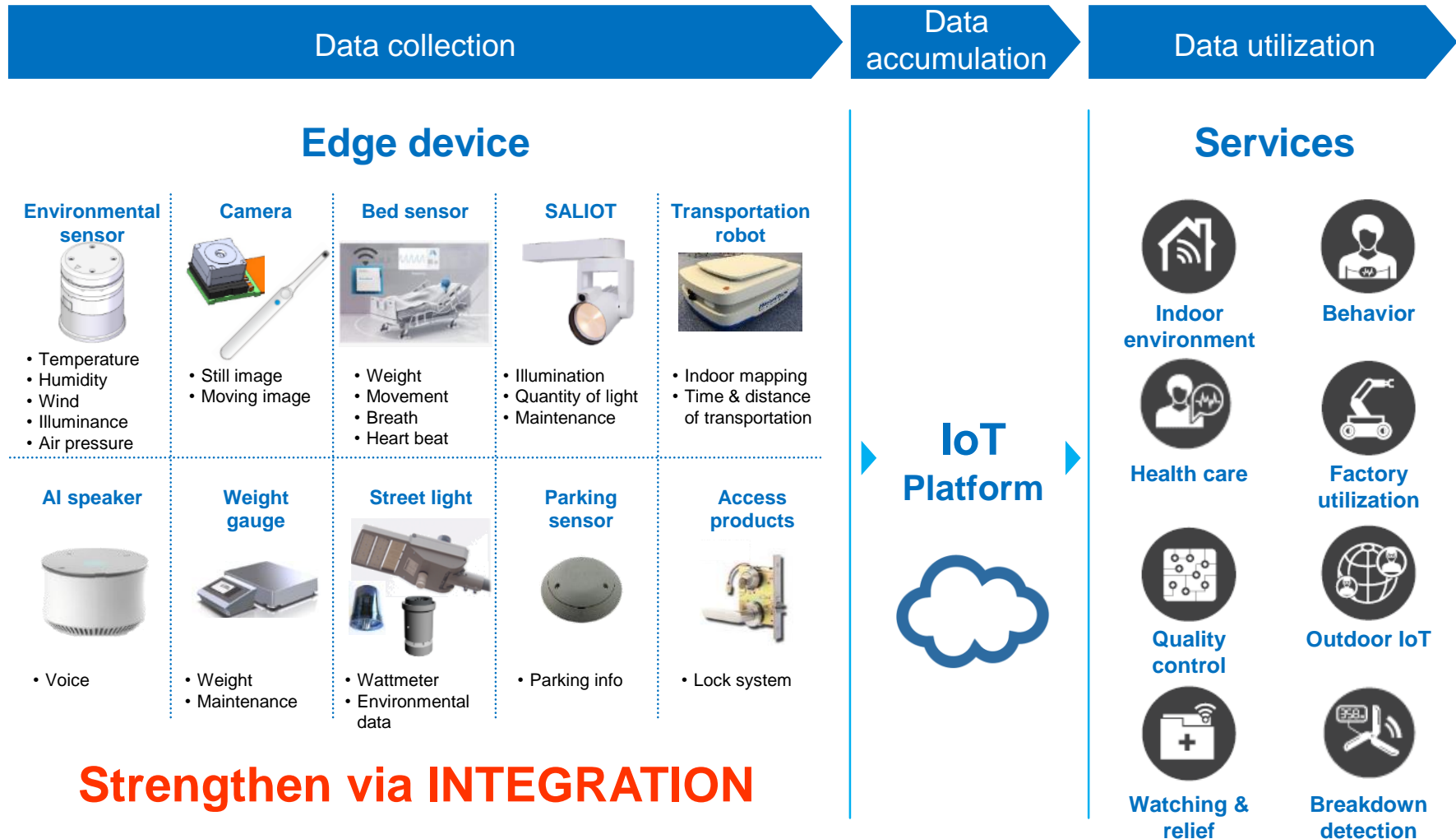
### 3 Energy & resource saving

Energy management system utilizing smart meters and environmental sensors



## Expand business horizons with edge devices

- Cultivate new markets for top next-generation technologies -



**Strengthen via INTEGRATION**

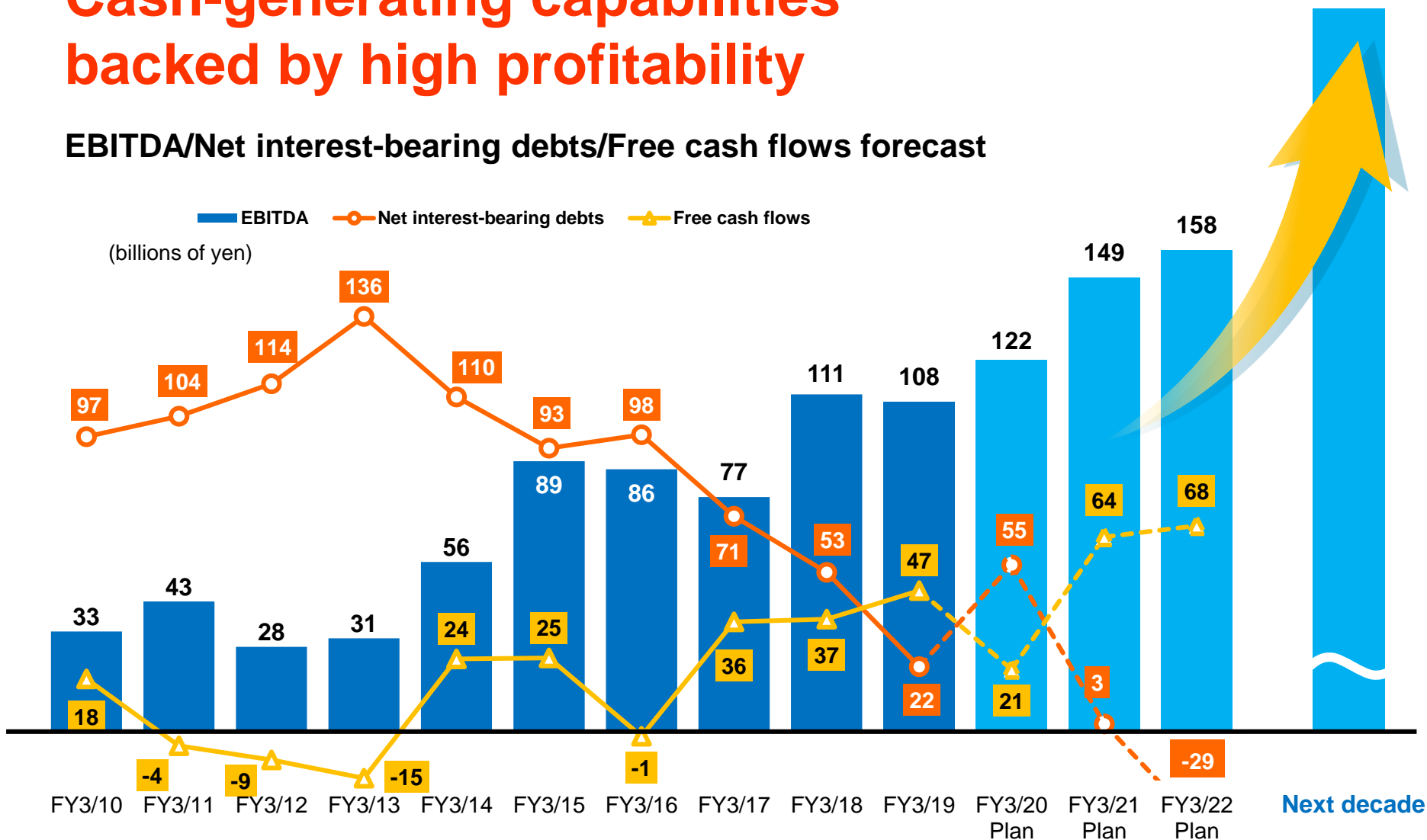
**Reduce performance volatility  
while enhancing risk management**



**Core businesses will  
contribute more to bottom line**

## Cash-generating capabilities backed by high profitability

### EBITDA/Net interest-bearing debts/Free cash flows forecast





## Flexibly allocate cash for organic growth purposes first, and then for M&As and shareholder return

### Operating cash flow

Allocate cash generated in step with increasing profits for organic growth

Organic growth

✓ R&D → 3% of net sales

✓ CAPEX → 50% of EBITDA

### Free cash flow

Allocate flexibly after securing funds needed for organic growth

M&A growth

✓ M&As aimed at reducing performance volatility

50% of FCF + Debt

Maintain financial discipline [ Within 0.2 D/E ratio ]

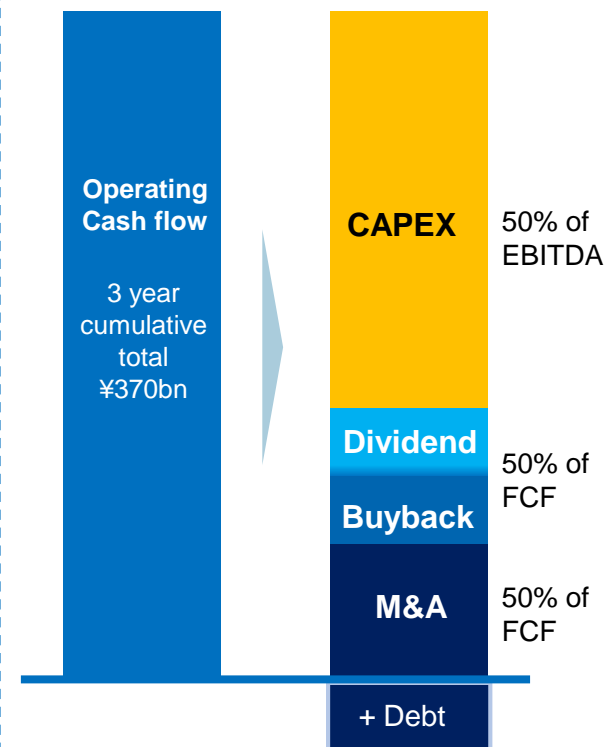
Shareholders return

✓ Dividend & share buyback

50% of FCF

[ Adjust the ratio of dividend to share buyback amount according to the stock price.  
Aim to execute buybacks within the appropriate threshold ]

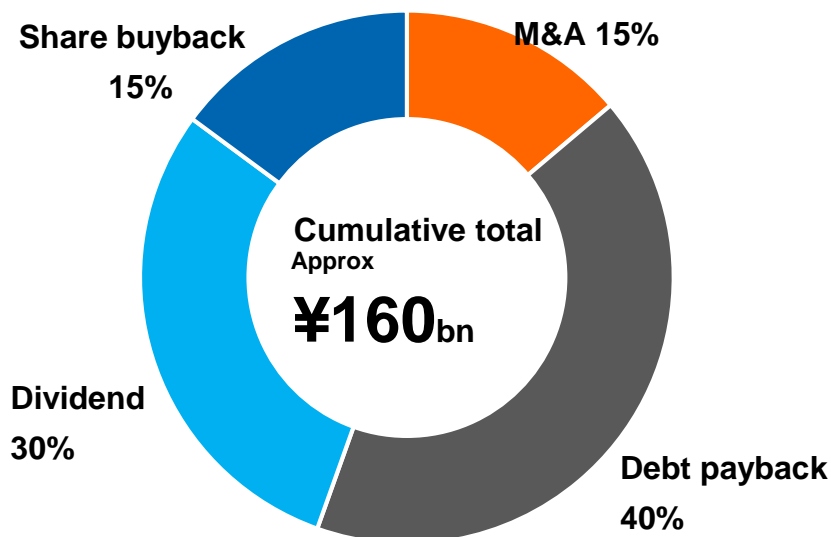
### Next 3 years cash flow



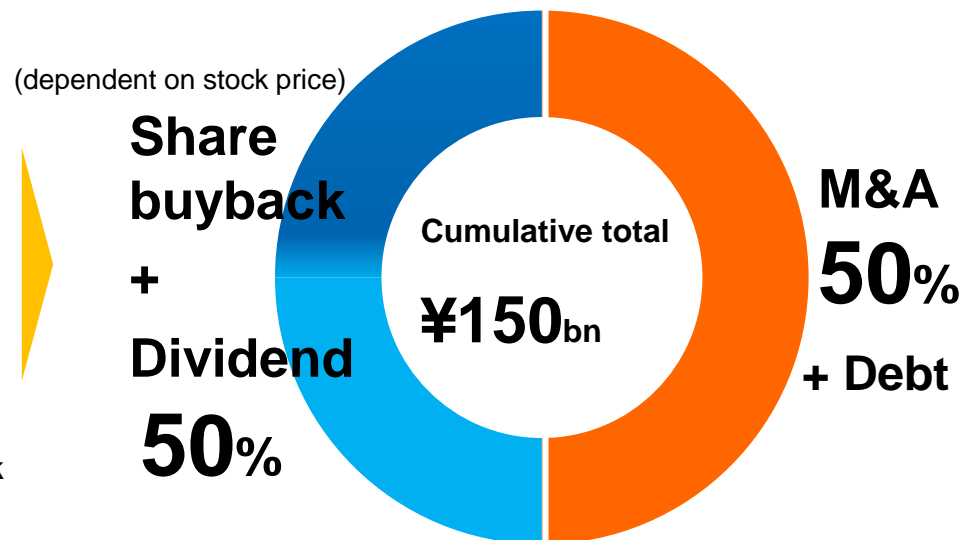
**Cumulative FCF for the next decade years will be ¥800 billion to ¥1 trillion**

## Shift to clear cash allocation focused on growth investing and shareholder return

### Usage of free cash



Cumulative FCF for the last decade



Cumulative FCF for the next 3 years

\*Cumulative FCF for the next decade  
will be ¥800 billion to ¥1 trillion

Vision

Sales **¥2.5<sup>tn</sup>**  
and / or  
Operating income  
**¥250<sup>bn</sup>**

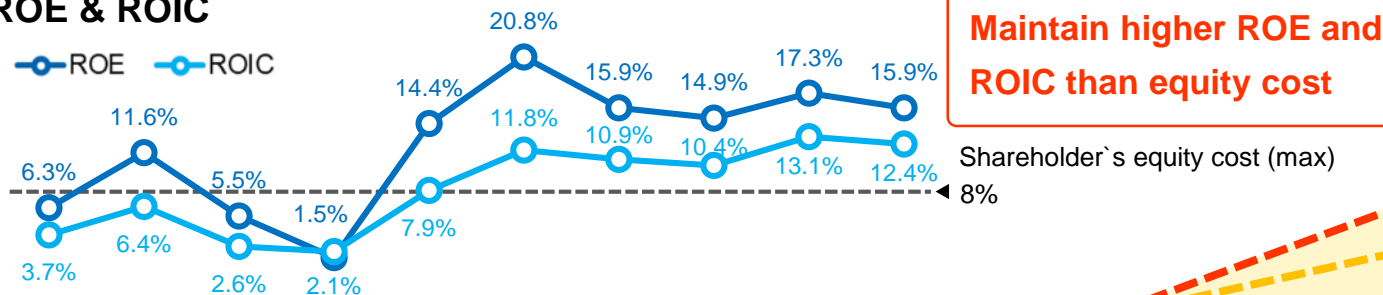
×

EPS growth  
**+15%**  
or more  
Next decade CAGR

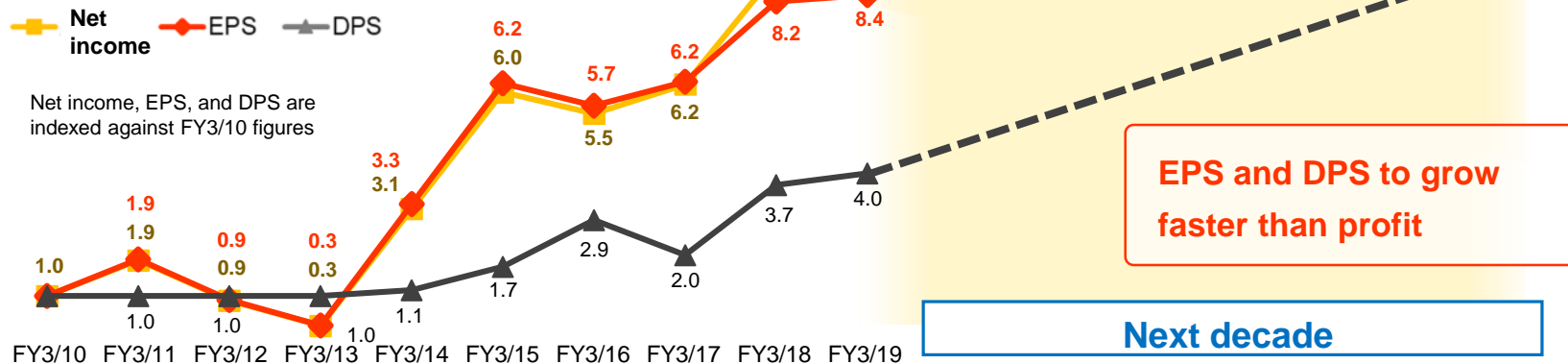
×

ROE  
**15%**  
or more

## ROE & ROIC



## Net income, EPS and DPS





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

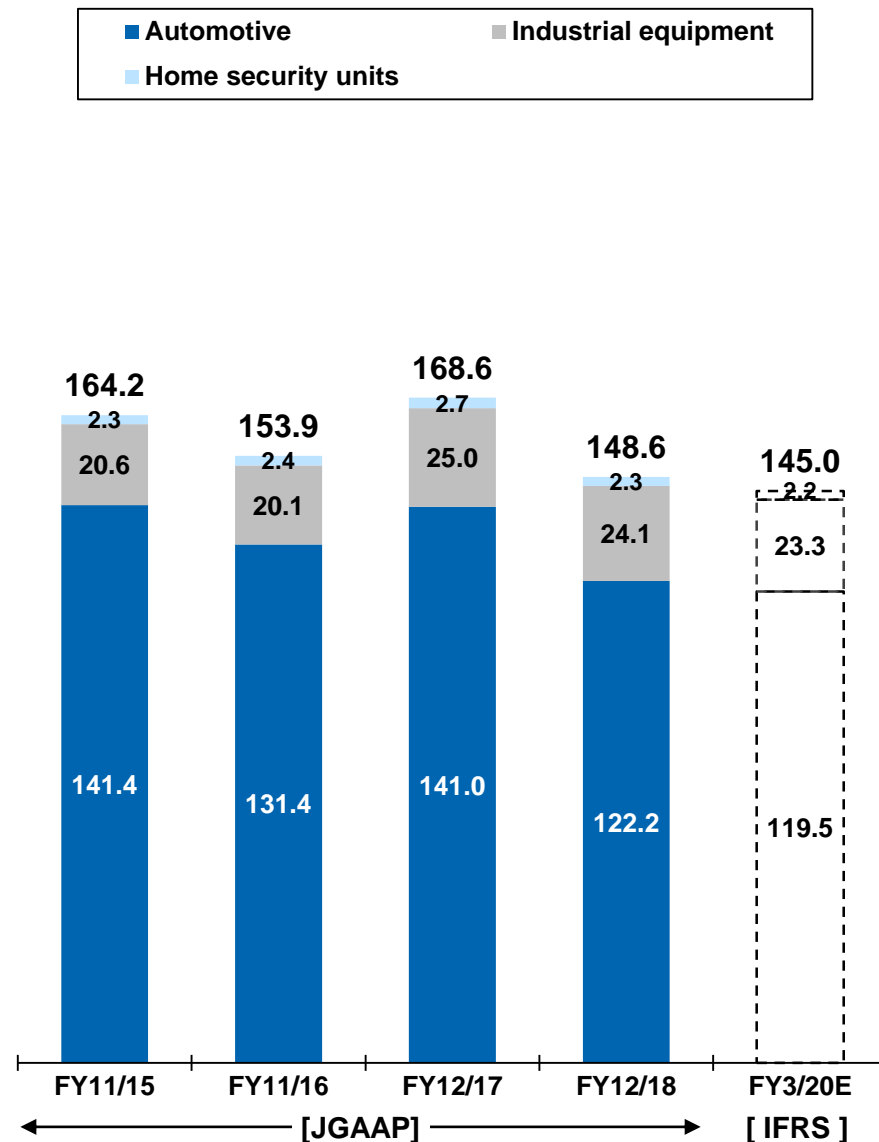
Please note that actual performance may vary significantly from any particular projection due to various factors.

Factors affecting our actual performance include but are not limited to: (i) changes in economic conditions or demand trends related to MinebeaMitsumi'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.

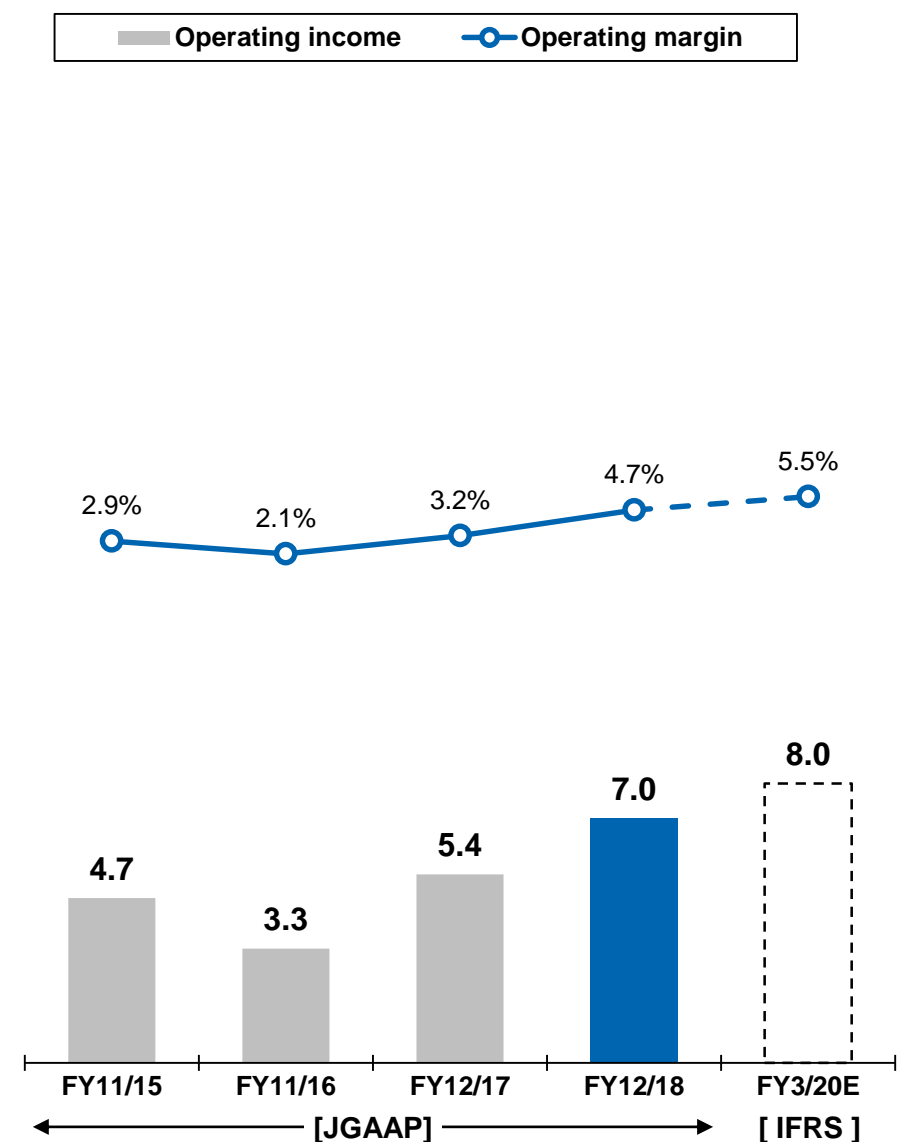
All the information in this document is the property of MinebeaMitsumi Inc. All parties are prohibited, for whatever purpose, to copy, modify, reproduce, transmit, etc. this information regardless of ways and means without prior written permission of MinebeaMitsumi Inc.

# Reference

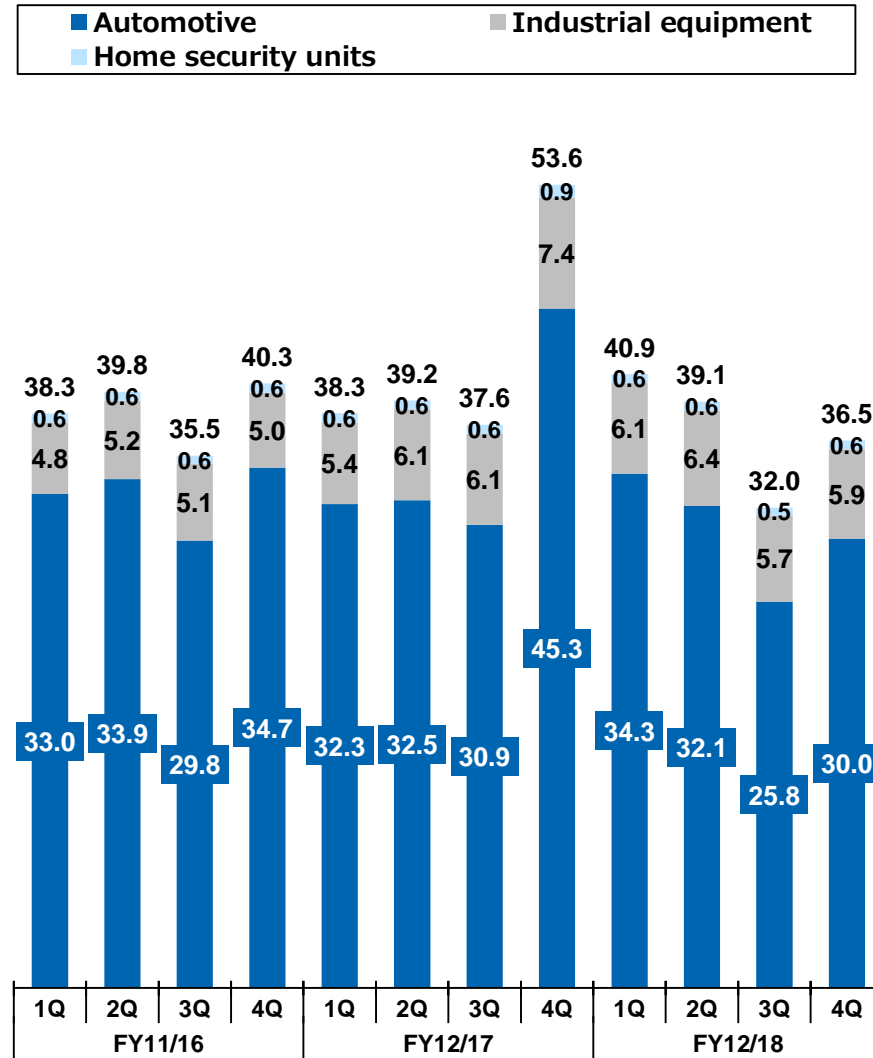
## Net sales (Billions of yen)



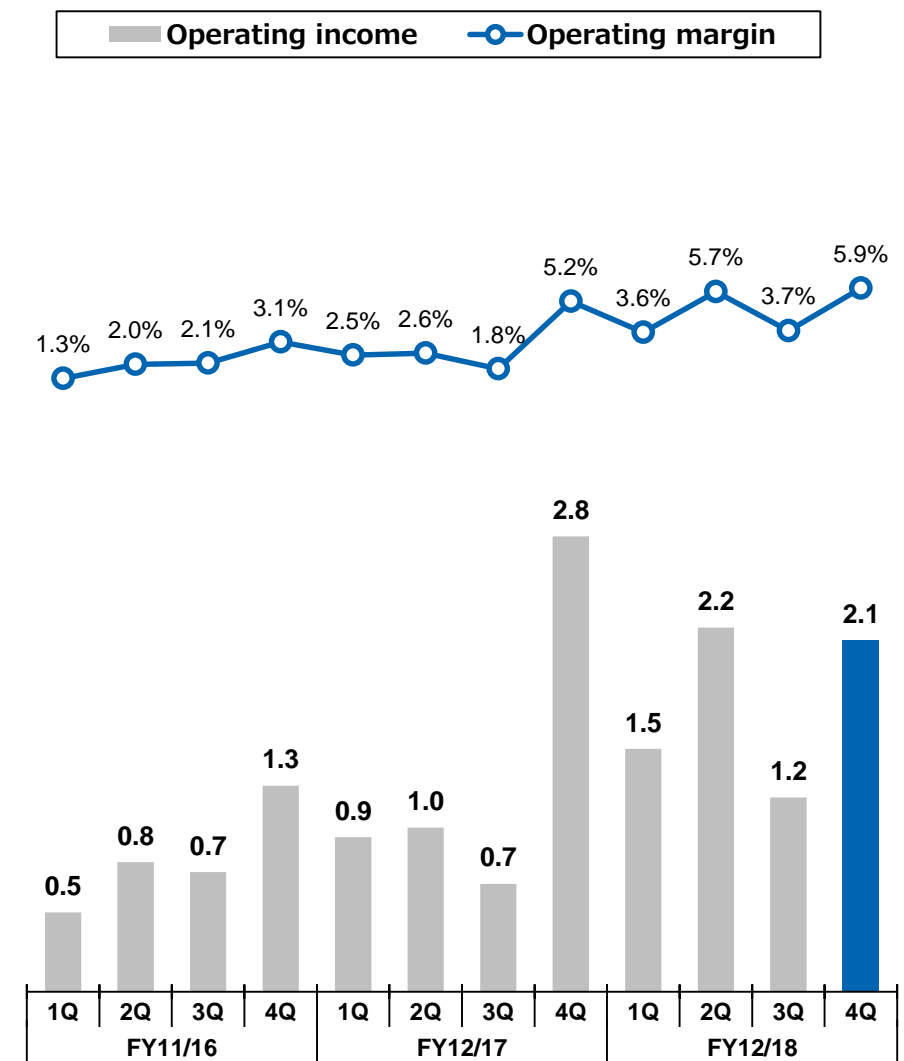
## Operating income (Billions of yen)



## Net sales (Billions of yen)



## Operating income (Billions of yen)



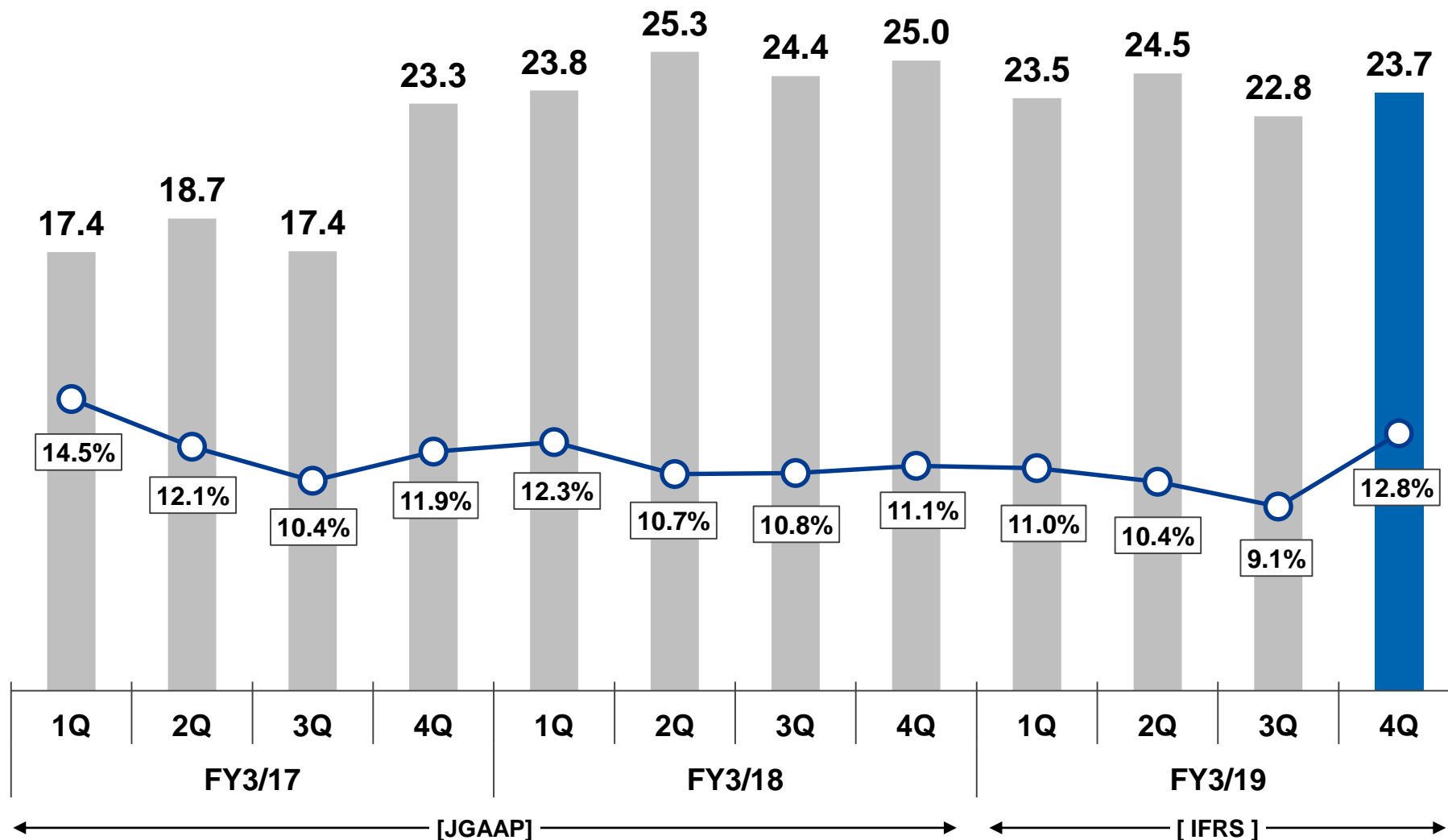
← [JGAAP] →

← [JGAAP] →

(Billions of yen)

■ S.G. & A. expenses

—○— S.G. & A. to sales ratio



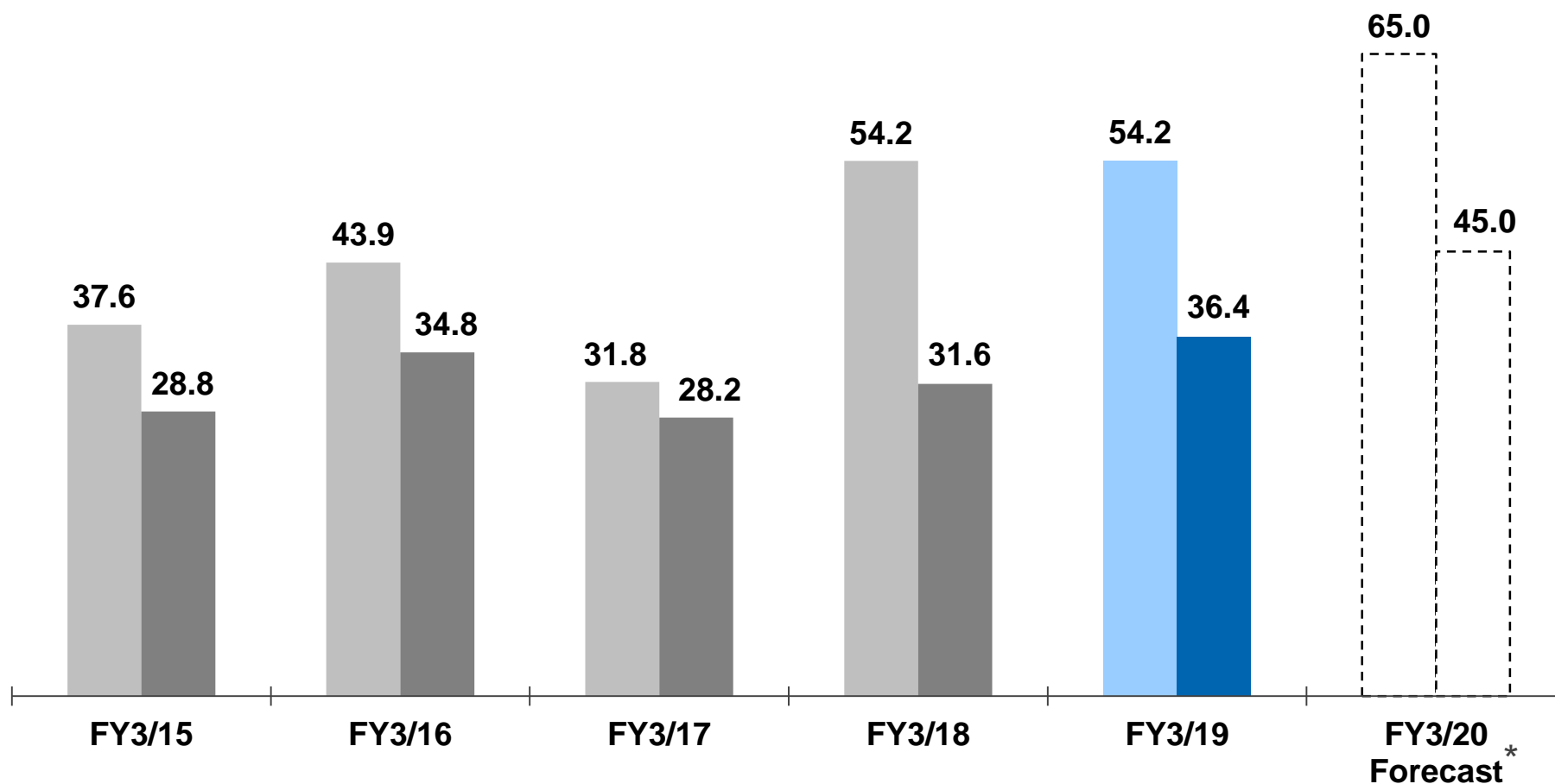


# Capital Expenditure & Depreciation

\*JGAAP until FY3/18, IFRS since FY3/19

(Billions of yen)

■ Capital Expenditure ■ Depreciation & Amortization Expenses



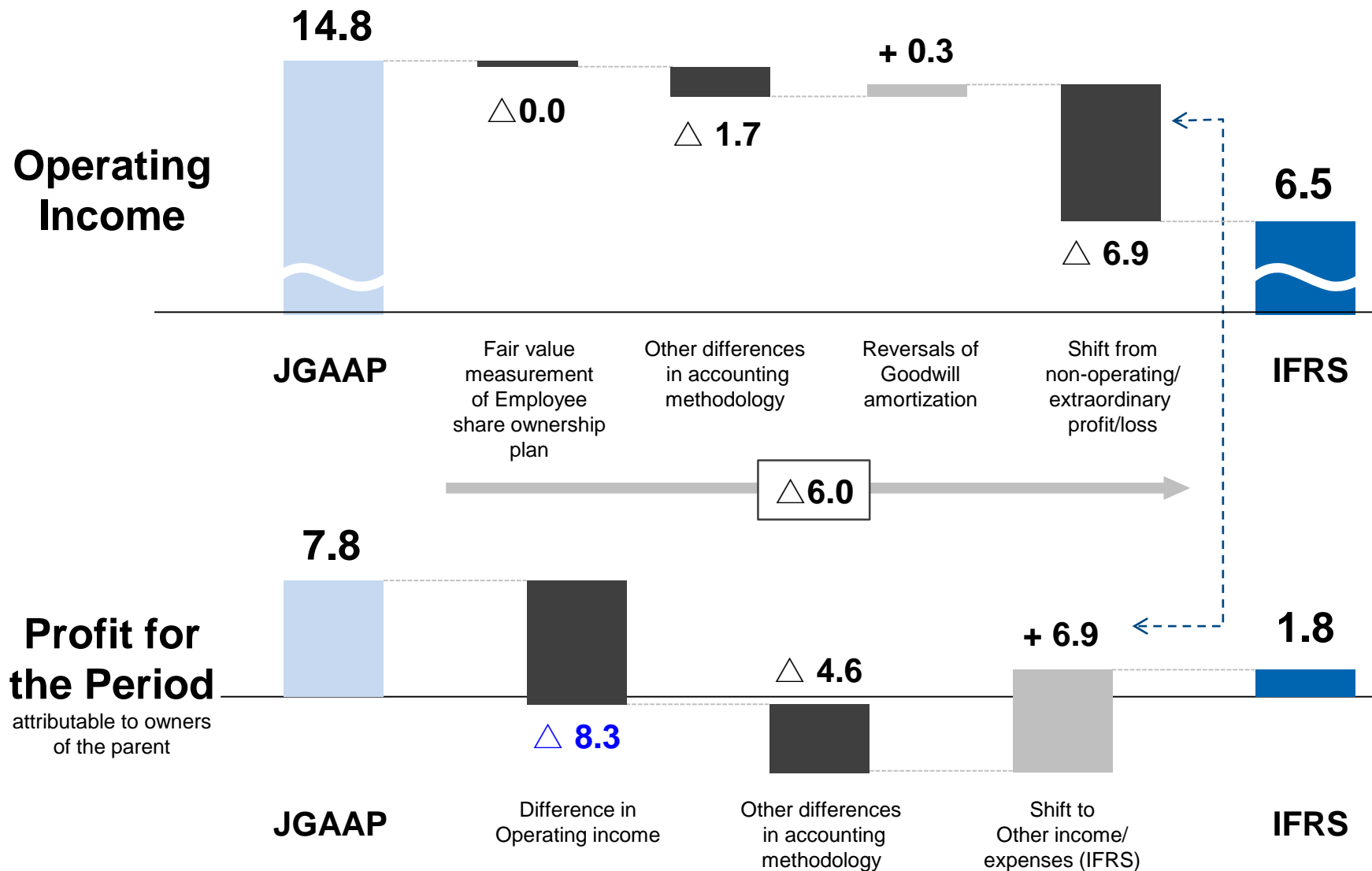
\*FY3/20 Forecast includes ¥8.9bn of CAPEX and ¥4.5bn of D&A expenses for U-Shin

[JGAAP]

[IFRS]

# Difference between JGAAP and IFRS for 4Q of FY3/18

(Billions of yen)



## Sustainability Management Division Established

---

- Established the Sustainability Management Division at the Tokyo Head Office
- Compliance Promotion Office, CSR Promotion Office, Internal Auditing Office, Internal Control Promotion Office, Security Trade Control Office, and Trade Compliance Control Office have been transferred.

**Making Oversight Independent from Business Units to Further Strengthen Corporate Governance**

## Implementing the MinebeaMitsumi Green Products System

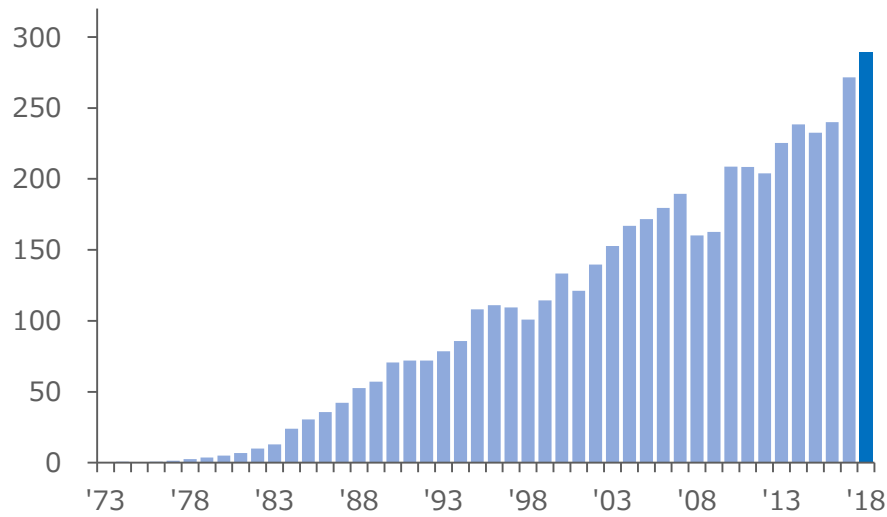
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- Introduced an in-house system to certify products with certain functions as "environmentally-friendly products (Green Products)"
- Setting sales targets for environmentally-friendly products and disclosing progress
- To be reported on the next Integrated Report

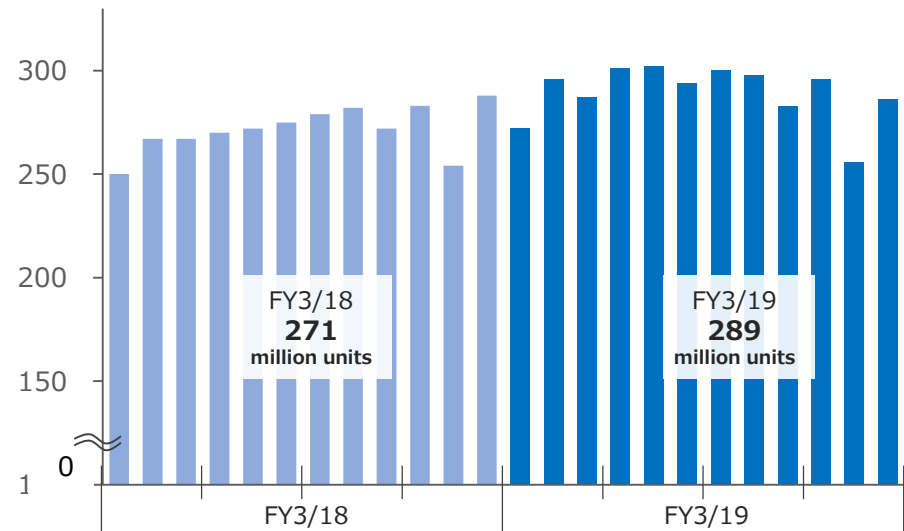
**We will conduct our business activities with consideration for the environment, and will contribute to the Protection of the Global Environment and Sustainable Development of Society in accordance with the “Five Principles”, which is the foundation of our management philosophy.**

# Ball Bearing -Production/Sales-

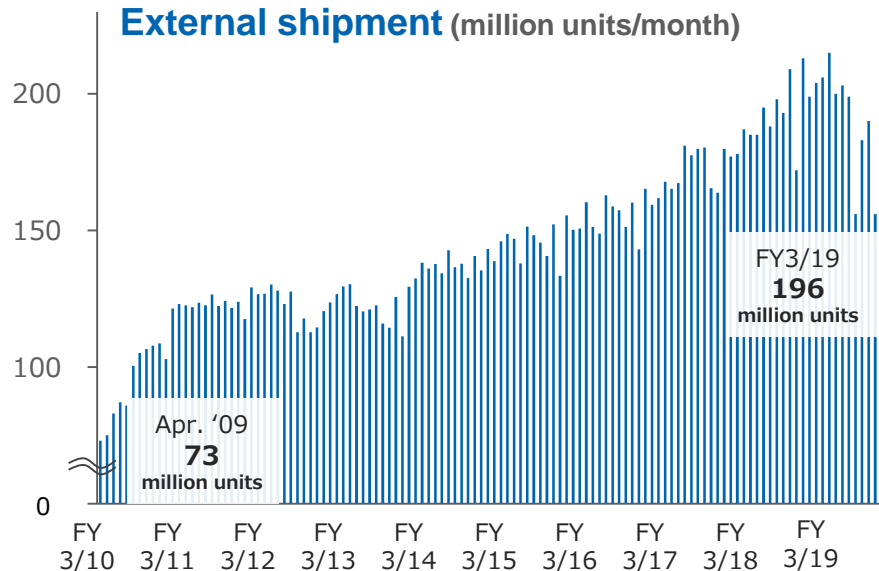
**Production** (monthly average, million units)



**Production** (million units/month)



**External shipment** (million units/month)



**Internal shipment** (million units/month)

