# Midterm Business Plan

Growth in ball bearing business plus recovery in aerospace	
Main points	
1	Sales of ball bearings Continued medium- to long-term growth led by automobiles and data centers
2	Production of ball bearings Establish monthly production capacity of 370 million plus
3	Rod-end and fasteners Reinforce structure by shifting from a push to a pull system

## Strategy for "Becoming the one-of-a-kind supplier through INTEGRATION capabilities"

For miniature and small-sized ball bearings, we have a global market share of over 60%, which are used in rotating or moving devices, such as small precision motors. The use of ball bearings with lower frictional resistance makes rotation smoother. Therefore, ball bearings play an important role in reducing the power consumption of motors.

Ball bearings are important components since they determine the rotational efficiency of motors. As such, the INTEGRATION of ball bearings and motors is the source of our differentiation from other companies. In addition, we have a lineup of special bearings such as bearings for aircraft, ceramic bearings, and ultra-high-speed rotating bearings. With the above line up, we will meet the needs of all of our customers and contribute to the reduction of power consumption around the world. "Eco-friendliness" is the key to further growth in the future. One of the examples we are currently working on as a part of this is a ball bearing with a three-fold improvement in precision. This is an ultra-high-precision bearing minimizing loss during the rotation of motors. This will be able to contribute to a reduction in global CO<sub>2</sub> emissions through its installation in various motors, such as server fans.

## Developing products and supplying components for solving social issues

The world promotes efforts towards the realization of net zero CO<sub>2</sub> emissions. Meanwhile, the aerospace industry is facing a variety of challenges, including the development of high-efficiency and fuel-efficient aircraft and the development of decarbonized fuels. In response to these challenges, the Company is proposing various new products to customers from the perspectives of "low fuel consumption," "energy saving," "electrification," and "lightweight materials." In this way, we are working towards sustainable growth in the aerospace industry.

For example, we are delivering products such as seals for high efficiency and low fuel consumption engines for small and medium-sized aircraft, which are the current mainstream, in addition to conventional rod-ends and spherical bearings. In addition, we are working on the development of ceramic bearings for landing gears with new functions, in which a motor is incorporated inside the wheel. By making the aircraft landing gear self-propelled by an electric power, ground waiting times can be optimized. It can also contribute to a reduction in CO<sub>2</sub> emissions. In the future, we will also contribute to the mitigation of climate change risks through business growth.

MinebeaMitsumi's New Growth Axis Pages 25 to 26

# **Machined Components**

Strong growth potential due to increasing structural demand, particularly for ultra-high quality products creating an overwhelming competitive edge

Risks

bearing market

Increased attractiveness for competitors

to enter the miniature and small-sized ball

Medium- to long-term, downward trend in

sales volume of pivot assemblies due to

Decline in production rate of new aircraft

due to sluggish global passenger demand.

shrinking Hard Disk Drive ("HDD") market.



Senior Managing Executive Officer Chief of Machined Component Business Headquarters Satoshi Mizuma



Through the fundamental strength of the Company's DNA, including ultra-precision machining, vertical integration, global development, and mass production, we are securing a dominant market share and achieving a high-level QCDESS<sup>®</sup>\*. By pursuing overseas development early and strengthening our in-house manufacturing and maintenance capabilities for components and facilities, we have succeeded in balancing ultra-high quality and low costs. The accumulation of knowhow over many years forms a barrier to entry making it practically impossible for competing manufacturers to enter the market which cannot be measured in terms of capital investment.

\* Abbreviation for quality, cost, delivery, ecology/efficiency, service and speed



Bang Pa-in Plant (Thailand)

#### Opportunities

- Increase in demand for high-quality bearings in general, which contribute to energy efficiency and the downsizing of end products.
- Increase in bearing usage per vehicle due to electrification and the shift to EVs.
- Increase in demand for bearings for cooling systems, including those for data centers.
- Shift to new aircraft equipped with energy-saving and high-efficiency engines by airline companies.

# Overview of the fiscal year ended March 2022

Sales volume of miniature and small-sized ball bearings, our mainstay products, increased centered around those for data centers and automobiles, resulting in increased sales. Rodend bearing sales decreased due to decreased aircraft-related demand. Pivot assembly sales increased despite the trend of shrinking the HDD market. As a result, net sales were 177.5 billion yen, operating income was 45.7 billion yen, and operating margin was 25.8%.

## Responding to opportunities and risks

- Strengthen competitiveness by promptly implementing capacity expansion for ball bearings.
- Increase market share by leveraging our strength in bearings for aircraft.
- Establish a new pillar of machined components through aggressive M&As.
- Further improve the precision of our products and provide new value to our existing and new customers.

## Outlook for the fiscal year ending March 2023

Demand for ball bearings has strongly increased in a wide range of applications, especially for automobiles and data centers. Business for aircraft applications, including rod-end and fasteners, is assumed to gradually recover during the second half of the year. Demand for pivot assemblies is expected to decline due to the contraction of the HDD market.

# Basic strategies for next 10 years

Our basic strategy for the Machined Components is to maintain stable and sustainable growth in our core business that has been in effect since the establishment of the Company, and to maximize the growth areas by expanding the portfolio. To this end, we have been increasingly strengthening our miniature and small-sized ball bearings business, which already enjoys an overwhelming competitive advantage in the market. In addition, we have been taking steps to further strengthen the earnings base by actively pursuing M&As aiming to acquire new technologies and expand the business portfolio.



Bearings with 3x precision



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Landing gears with new functions