

# Progression And Leap: Our Drive Toward Sustainable Growth



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

## **In fiscal 2008, ended March 31, 2008, efforts implemented in the first step of our drive toward a new phase of growth yielded steady results, enabling us to achieve record-high consolidated net sales and net income.**

### **Results of Operations**

Despite indications of a slowdown—notably surging crude oil and raw materials prices, coupled with a slowdown in the housing market arising from chaos in financial and capital markets—the global economy continued to expand in fiscal 2008, the first year of our current medium-term business plan. Accordingly, key sectors, notably aircraft, automobiles, PCs, HDDs and mobile phones, remained strong.

As a consequence, we recorded net sales of ¥334.4 billion, a new record and our second in as many years. Sales growth was driven by rising sales of ball bearings, pivot assemblies, rod-end bearings, HDD spindle motors and measuring components.

Operating income rose 17.1%, to ¥30.8 billion. Despite the negative impact of the appreciation of the currencies of Thailand and China—where we have our principle manufacturing bases—our information motors and PC keyboards businesses continued to register income gains. The operating margin rose 1.3 percentage points, to 9.2%.

Net income increased 26.8%, to ¥16.3 billion, a new record and the first in 10 years.

### **Achieving Sustainable Growth through Innovation**

Thanks to a variety of measures implemented to date, we believe that our bid to improve operating results is now on track. Going forward, we will focus on accelerating the expansion of businesses that are major growth drivers and achieving progress in new businesses, believing that firmly establishing our vision—to evolve as a company that leads the competition through manufacturing and technological excellence—in all Minebea businesses is crucial to achieving sustainable growth.

To these ends, we will review current approaches and gradually take the steps necessary to revolutionize our manufacturing technologies and technological development.

Moreover, with the aim of ensuring growth in the future we will work to launch our ball bearings, aircraft components and measuring components businesses, as well as our electronic devices and information motors (including fan motors) businesses, on a firm growth trajectory. We will also strive to accelerate growth by stepping up technological development efforts. In the area of technological development, we will promote alliances and collaboration both internally and with independent organizations in line with our central objective of combining various technologies.

### **Growth Scenario**

To realize the growth scenario we envision for Minebea as a whole, we are promoting specific efforts in each of our businesses.

In ball bearings, we succeeded in increasing our monthly global production capacity to 200 million pieces. Of particular

note, in the market for miniature ball bearings, which continues to see a high rate of growth, we are working to expand the scale of our operations. Additionally, we will take steps to begin supplying specialty miniature ball bearings that satisfy the demand for higher precision levels in Europe and in the medical equipment market.

Efforts in the area of pivot assemblies will focus mainly on establishing new engineering and processing technologies that will enable us to secure market share and respond to the impact of high raw materials prices.

In aircraft components, sales have increased 45% over the past five years, outpacing consolidated net sales, which increased 25% over the same period. In the market for ball bearings and roller bearings for aircraft, which centers on components for aircraft engines manufactured in the United States, we will increase our production capacity in response to persistent supply shortages, particularly for medium-sized components. We will also bolster production capabilities at our plant in California. For rod-end bearings, we have shifted production of existing products to Thailand, thereby freeing up our plants in Japan, the United Kingdom and the United States to focus on high-value-added products. With the aim of enhancing production efficiency for aircraft components, we integrated our fasteners and rod-end bearings businesses, taking advantage of the fact that both employ similar manufacturing equipment and methods. We have already increased production capacity at our Fujisawa Plant in Japan, which manufactures fasteners for aircraft and automotive applications, with the aim of capitalizing on a global shortage of fasteners for private-sector aircraft to reinforce this business.

Our electronic devices and measuring components businesses focus on markets characterized by blistering technological innovation, necessitating the ability to continually address new challenges. In mainstay light-emitting diode (LED) backlights, our goal is to reduce dependence on smaller models for mobile phones and digital cameras by shifting our focus to medium-sized and large models for automobiles, PCs and televisions, and models with unusual configurations.

Growth in our measuring components business continues to derive primarily from new markets, such as those for sensors for automotive applications and consumer game consoles. Looking ahead, we are also aiming to enter the markets for components for medical and nursing care equipment.

In electronic devices, we will strive to combine technologies that enable us to maintain our competitive edge in terms of technological capabilities. By combining traditionally independent technologies for LCD backlight inverters and ballasts, for example, we believe we can maintain the competitive advantage our products enjoy. Our HMSM (Heat Management System

Module) business is a particularly good example of our efforts to combine existing technologies.

Restructuring efforts succeeded in restoring our motors business to profitability. In the future, we will focus on addressing key challenges. These include increasing production of fan motors; introducing new products and developing technologies to facilitate expansion into new markets for stepping motors; reinforcing efforts to develop magnets that enhance performance; expanding products for automotive applications, notably brush DC motors and resolvers; and developing new products in the area of brushless DC motors, a key next-generation business. Through such efforts, we will endeavor to launch our motors business on a firm growth trajectory and accelerate expansion.

In HDD spindle motors, an area identified as requiring special attention, efforts to improve component processing and fluid dynamic bearing production have succeeded largely in line with plans. Our focus will now shift to achieving cost reductions and quality improvements at the assembly stage and promptly transforming such achievements into profits.

### Ongoing Restructuring Efforts

Over the past three years, we have implemented a variety of restructuring efforts. In our Precision Motors Business Unit, which comprises two key businesses, namely, resolvers and brushless DC motors, centered on products for automotive applications, we integrated the motor development bases of our Karuizawa, Omori and Iida plants into the Rotary Component Basic Technology Development Division at the Hamamatsu Plant.

On another front, we integrated our fasteners and rod-end bearings businesses with the aim of enhancing production efficiency for our aircraft components businesses.

In our measuring components business, we integrated the mechanical side of technological development, previously located at the Karuizawa Plant, into the Fujisawa Plant. Given the increasingly diverse nature of the market for sensors, promoting integrated mechanical and electronics-related efforts

is crucial to reinforcing technological development capabilities and business growth.

While we are confident in saying that our bid to improve our operating results is now on track, we also recognize that we are still only part of the way toward reaching our ultimate goal. Accordingly, we pledge to continue promoting unmitigated restructuring efforts.

### Outlook

We have positioned fiscal 2009, the second year of our current medium-term business plan, as the year in which we will make significant progression. Although operating conditions are expected to remain harsh, owing to persistently high prices for raw materials and resources and fluctuating currency rates, we have no intention of lowering the bar, that is, the numerical targets for fiscal 2010 set forth in our business plan and our long-term goal of consolidated net sales of ¥500 billion in fiscal 2012. With our focus firmly on achieving growth through innovation, we will continue to revolutionize Minebea in the year ahead as we shift gears from surging forward to significant progression.

We realize that achieving solid, sustainable growth going forward will be anything but easy, and look forward to the unflagging commitment of every Minebea Group employee to this vision. In these and all of our efforts, we also remain grateful to shareholders for their continued support.

July 1, 2008

*T. Yamagishi*

Takayuki Yamagishi  
Representative Director,  
President and Chief Executive Officer

### Looking Ahead

Numerical Targets of Medium-Term Business Plan

	Billions of yen		
	Fiscal 2008	Fiscal 2009	Fiscal 2010
Net sales	¥335.0	¥350.0	¥370.0
Operating income	30.0	34.0	38.0
Income before income taxes	23.5	26.0	30.0

