

Overview

Outline of Operations

Minebea's operations are divided into the following segments. The machined components segment (accounting for 26.9% of net sales in the year under review) primarily manufactures miniature and small-sized ball bearings, rod-end and spherical bearings, as well as fasteners and pivot assemblies. The electronic devices and components segment (accounting for 73.0% of net sales) primarily makes light-emitting diode (LED) backlights for liquid crystal displays (LCDs), spindle motors for hard disk drives (HDDs), stepping motors, brushless DC motors, brush DC motors, fan motors, and other types of motors, as well as measuring components. The other segment (accounting for 0.1% of net sales) focuses on machine made in-house.

Product development takes place mainly in Japan, Germany, Thailand and the United States. Manufacturing takes place mainly in Japan, Thailand, China, the United States, Singapore, Malaysia, Cambodia, the Philippines, Germany, the Czech Republic, and the United Kingdom. Thailand, which is our largest manufacturing base, accounted for 58.7% of our consolidated-basis output in the year under review while China, which is our next biggest manufacturing base, accounted for 16.3%. Asian locations outside of Japan accounted for 85.5% of our production, and manufacturing at all overseas locations accounted for 95.2% of total output.

The key outlets for our products include the markets for office automation and telecommunication equipment (41.2% of net sales in the year under review), PCs and peripherals (18.0%), automotive products (11.1%), aerospace products (7.5%) and household electrical appliances (6.6%).

Many of our customers, who are manufacturers of these products, are expanding their production bases beyond Japan, Europe, and the Americas. This expansion has been directed particularly toward China and other parts of Asia, which explains why sales in China (including Hong Kong), accounting for 30.2% of net sales in the year under review, were the highest. Our second-largest geographic market is the United States, which accounted for 25.8% of net sales. The third largest, Japan, accounted for 13.1% with the remainder of sales coming from Europe, Thailand, and elsewhere.

Outline of Strategy

We will work to boost the profitability of our existing lines while developing new high-value-added products. That includes leveraging the wealth of experience we have gained in manufacturing, sales, engineering and development as well as the commitment to restructuring our business portfolio, encompassing EMS (Electro Mechanics Solutions) that is driven by our combined technological strengths in electronic devices and components as well as machined components, in order to provide flexible prices and meet the needs of our customers. We will actively work on restructuring our business portfolio and increasing corporate value via M&As and alliances. At the same time we will focus on establishing large-scale overseas mass production facilities as well as R&D capabilities in light of regional risk assessment findings. We have developed our new "Five Arrows" strategies, described in the following, which will guide us with a view to moving ahead with the aforementioned initiatives specifically and further boosting our bottom line:

1. Sell 180 million ball bearings externally per month on average.
Bearing sales have steadily grown and the monthly external sales volume has reached 165 million units. We will cultivate new demand in existing product markets and develop new applications to achieve monthly external sales of 180 million units on average.
2. Develop and boost sales of new "Electro Mechanics Solutions™" to take the EMS business to new heights.
While we have already achieved higher-than-projected EMS sales, we will work to establish the technological capability needed to make EMS more complex and sophisticated with an eye to developing and boosting sales of new products.
3. Establish a business foundation for lighting devices and parts.
We will combine our optical and ultra-precision machining technologies with the wireless communication technology of PARADOX ENGINEERING SA, our consolidated subsidiary, to move forward with our smart city, new LED lighting SALIOT (Smart Adjustable Light for the Internet Of Things), and other businesses.
4. Take sales of measuring components and related products to 50 billion yen.
We have raised the annual sales target to 50 billion yen as a result of the acquisition of the Sartorius Mechatronics T&H GmbH.
5. Take aircraft components sales to 70 billion yen.
We will leverage our global presence and maximize synergy with our subsidiary, CEROBEAR GmbH, to tap new demand in the commercial aircraft market and supply components for new aircraft models with an aim to bringing rod-end bearing and other aircraft component sales to 70 billion yen.