



# **Business Results**

**Fiscal Year ended March 31, 2005**

**Minebea Co., Ltd.**

**Tsugio Yamamoto  
Representative Director,  
President and Chief Executive Officer  
May 13, 2005**

# Consolidated Results for Fiscal Year ended March 31, 2005

(Millions of yen)	Year ended Mar. '04	Year ended Mar. '05	Change yoy	Previous forecast	
	Full year	Full year		Full year	vs. forecast
Net Sales	268,574	294,422	+9.6%	300,000	98.1%
Operating Income	18,104	14,083	-22.2%	14,000	100.6%
Ordinary Income	13,800	10,206	-26.0%	10,000	102.1%
Income before Income Taxes	12,958	7,778	-40.0%	9,000	86.4%
Net Income	6,019	5,581	-7.3%	5,000	111.6%

## Overview

- Strong performance for all machined component products.
- Issues remained with some of electronic device business, leading to profit decline.

## Effect of FX Fluctuations

FY Mar '04 FY Mar '05

US\$ ¥113.97 → ¥107.46

Thai Baht ¥2.79 → ¥2.67

Net sales minus ¥10.2 billion

Operating income minus ¥0.4 billion

# Full Year Net Sales and Operating Income by Segment

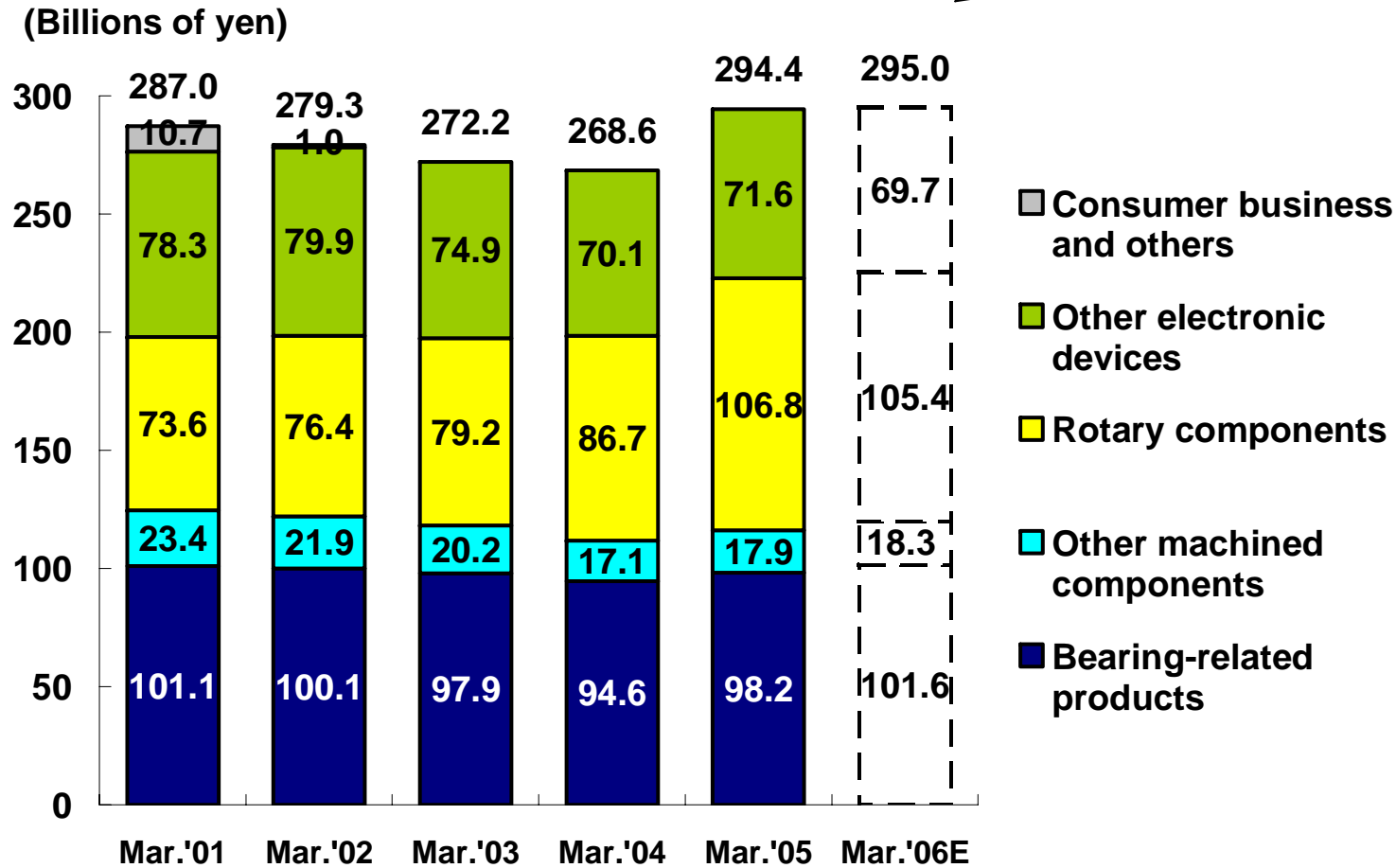
(Millions of yen)	Year ended Mar. '04	Year ended Mar. '05	Change yoy	Year ended Mar. '05 H2	Forecast announced in Nov. 2004 H2	Full year vs. forecast
<b>[Net Sales]</b>						
Machined components business	111,692	<b>116,105</b>	+4.0%	58,755	60,650	96.9%
Bearing-related products	94,604	<b>98,218</b>	+3.8%	49,065	51,047	96.1%
Other machined components	17,089	<b>17,887</b>	+4.7%	9,690	9,603	100.9%
<b>Electrnic devices and components business</b>						
Electrnic devices and components business	156,881	<b>178,317</b>	+13.7%	88,917	92,600	96.0%
Rotary components	86,741	<b>106,750</b>	+23.1%	52,689	56,239	93.7%
Other electronic devices	70,141	<b>71,566</b>	+2.0%	36,226	36,360	99.6%
<b>Total Net Sales</b>	268,574	<b>294,422</b>	+9.6%	147,671	153,249	96.4%
<b>[Operating Income]</b>						
Machined components business	19,505	<b>21,572</b>	+10.6%	11,094	11,522	96.3%
Electronic devices and components business	-1,400	<b>-7,489</b>	-	-2,479	-2,990	-
<b>Toal Operating Income</b>	18,104	<b>14,083</b>	-22.2%	8,615	8,532	101.0%

# Quarterly Net Sales and Operating Income by Segment

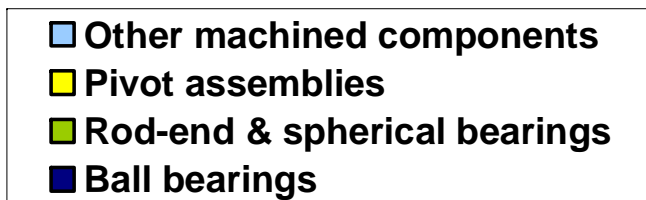
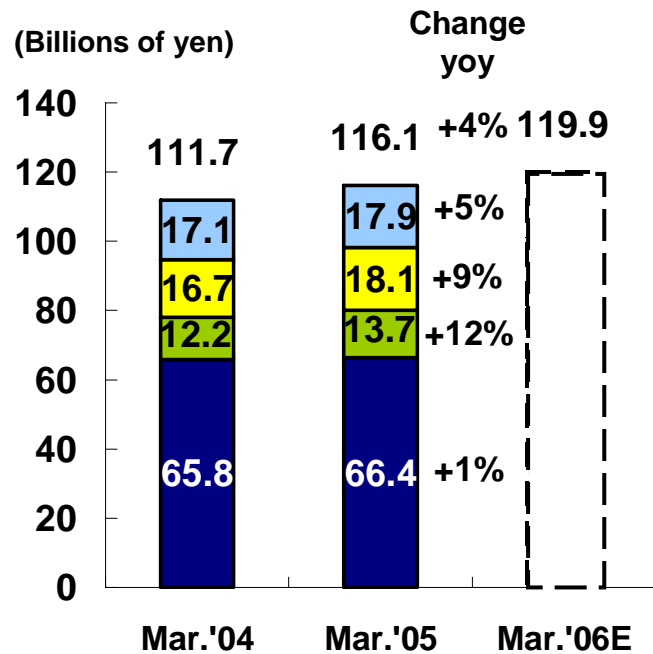
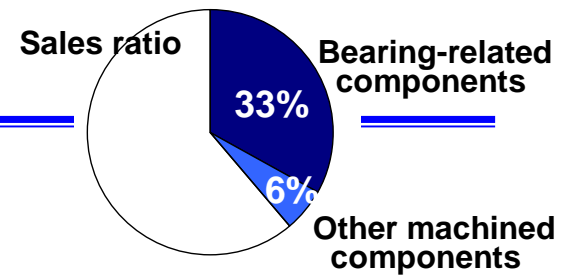
(Millions of yen)	----- Year ended Mar. '04 -----				----- Year ended Mar. '05 -----				Q4 change	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	yoy	qoq
<b>[Net Sales]</b>										
Machined components business	28,606	27,059	27,434	28,593	28,256	29,094	28,927	29,828	+4.3%	+3.1%
Bearing-related products	23,959	23,169	23,324	24,152	24,247	24,906	24,491	24,574	+1.7%	+0.3%
Other machined components	4,646	3,892	4,109	4,442	4,009	4,188	4,436	5,254	+18.3%	+18.4%
<b>Electronic devices and components business</b>										
Electronic devices and components business	37,883	40,193	41,294	37,511	43,067	46,333	46,254	42,663	+13.7%	-7.8%
Rotary components	21,458	22,184	22,209	20,890	26,852	27,209	27,350	25,339	+21.3%	-7.4%
Other electronic devices	16,424	18,011	19,084	16,622	16,216	19,124	18,903	17,323	+4.2%	-8.4%
<b>Total Net Sales</b>	<b>66,489</b>	<b>67,252</b>	<b>68,728</b>	<b>66,105</b>	<b>71,324</b>	<b>75,427</b>	<b>75,180</b>	<b>72,491</b>	<b>+9.7%</b>	<b>-3.6%</b>
<b>[Operating Income]</b>										
Machined components business	4,908	4,270	5,035	5,292	5,082	5,396	5,952	5,142	-2.8%	-13.6%
Electronic devices and components business	-648	937	-503	-1,186	-2,279	-2,731	-1,786	-693	-	-
<b>Total Operating Income</b>	<b>4,259</b>	<b>5,208</b>	<b>4,531</b>	<b>4,106</b>	<b>2,802</b>	<b>2,666</b>	<b>4,165</b>	<b>4,449</b>	<b>+8.4%</b>	<b>+6.8%</b>

# Net Sales by Segment

Sales increased in all segments. Sales of bearing-related products increased. Owing to establishment of Minebea-Matsushita Motor JV, sales in rotary component business increased.



# Sales of Machined Components Business



## Ball bearings

- Shipment of miniature ball bearings increased 10 % yoy in fiscal year ended Mar. '05. Unit price remained relatively stable since the beginning of the fiscal year. Favorable sales for PC fan and OA market.

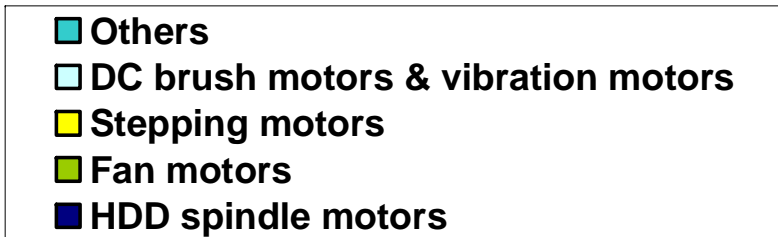
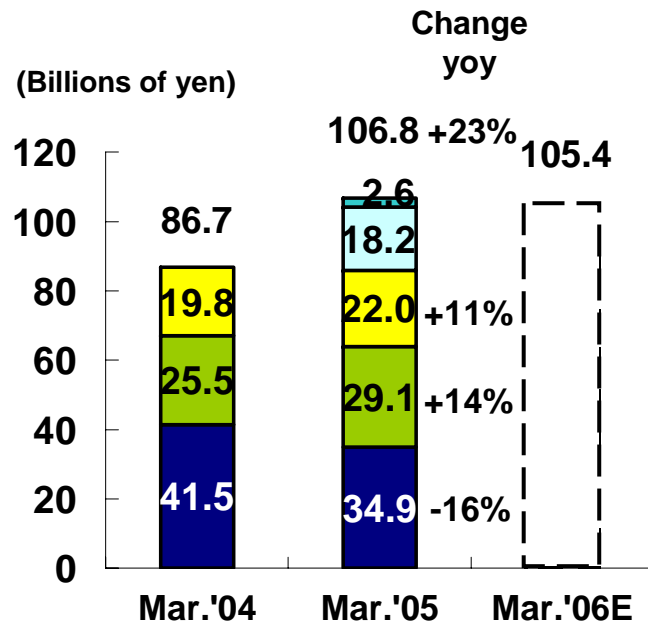
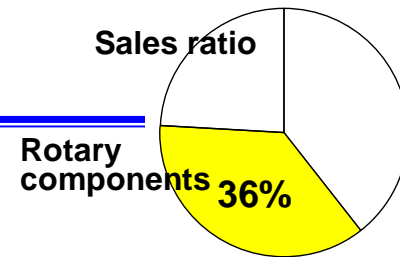
## Rod-end & spherical bearings

- Aircraft market recovered. Gained new orders.

## Pivot Assemblies

- HDD market was strong, especially small-sized HDD market expanded rapidly. Maintained high market share.

# Sales of Rotary Components



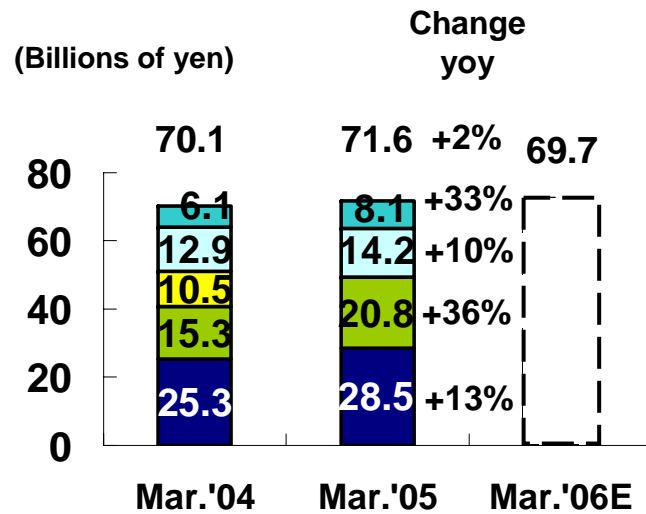
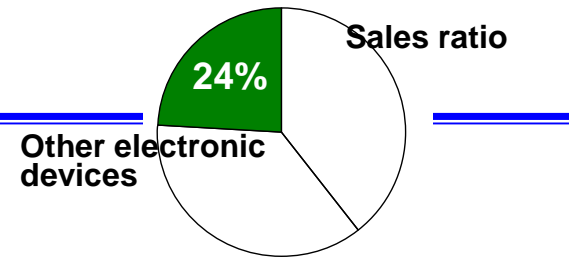
## HDD spindle motors

- Shipment in the fiscal year ended Mar. '05 decreased 10 % yoy.

## Fan motors, Stepping motors, Vibration motors, DC brush motors

- Sales increased due to establishment of Minebea-Matsushita Motor JV.

# Sales of Other Electronic Devices



- Measuring components and others
- Speakers
- Switching power supplies
- Electronic devices
- PC keyboards

## Keyboards

- Sales reached record high. Market share for desktop type expanded. Gained new business for notebook type.

## Electronic devices

- Sales increased for LCD LED backlights.

## Speakers

- Favorable sales for audio box speakers and PCs.

## Measuring components

- Sales reached record high. Increased for automobile.



# Fiscal Year ended March 31, 2005

## Sales by User Industry and by Region

Sales ratio of PC and related products decreased from 44% of last fiscal year. Sales increased for automobile and PC related equipment.

### Sales by user industry

	Automobile	Aerospace	Home electronics	OA & IT	PC and PC related equipment	Motors	Others	Total
% of Sales	10.0%	8.7%	10.3%	15.5%	37.8%	5.1%	12.6%	100.0%
Change yoy	+40.2%	+3.9%	+14.5%	+60.5%	-6.8%	+3.6%	+8.8%	+9.6%

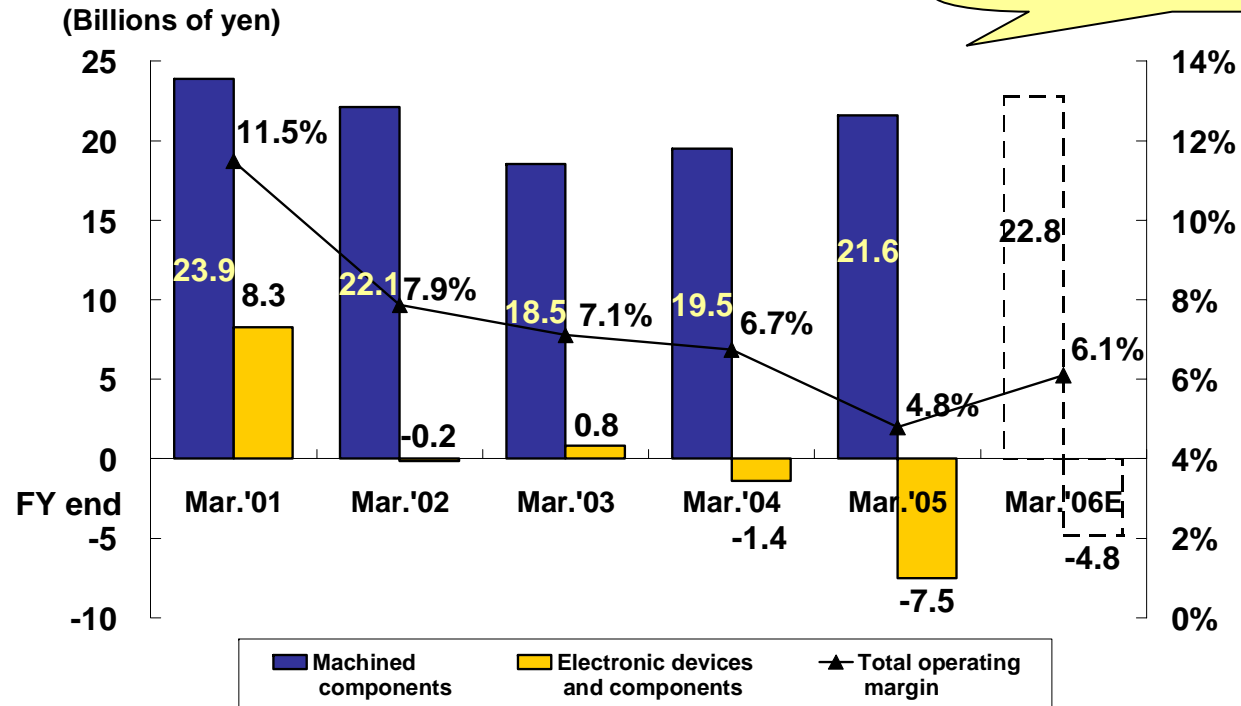
### Sales by region

	Japan	Asia (ex-Japan)	North and South America	Europe	Total
% of Sales	26.7%	47.6%	15.6%	10.0%	100.0%
Change yoy	+13.4%	+15.3%	+1.5%	-8.5%	+9.6%

On local currency basis, sales in Greater China increased 30% yoy.

# Operating Income by Segment

Operating income of machined components reached 18.6%.



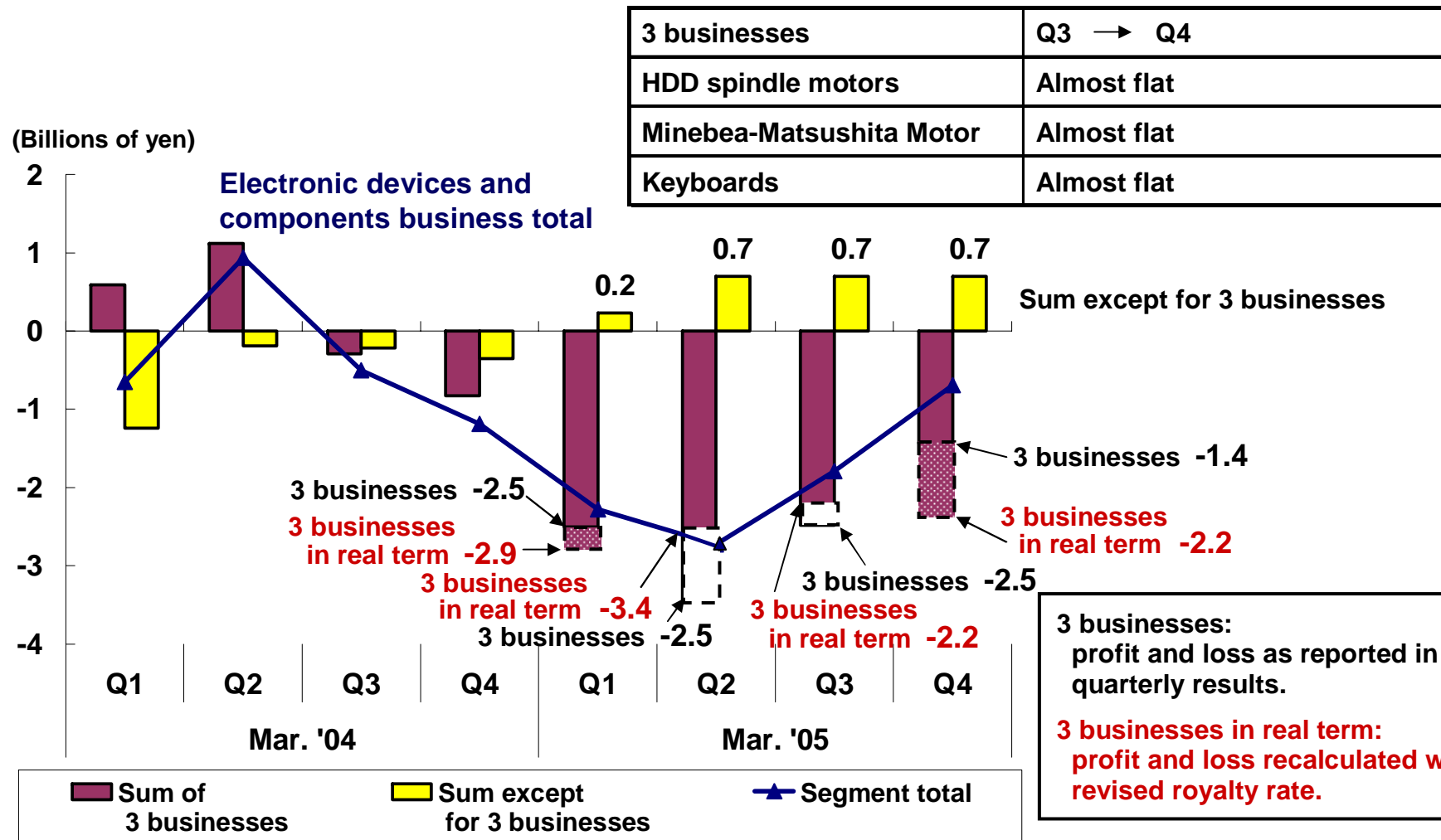
	Mar.'01	Mar.'02	Mar.'03	Mar.'04	Mar.'05	Mar.'06E
Machined components	19.2%	18.1%	15.7%	17.5%	18.6%	19.0%
Electronic devices and components	5.4%	-0.1%	0.5%	-0.9%	-4.2%	-2.7%
Consumer business and others	7.6%	0.0%	-	-	-	-
<b>Total</b>	<b>11.5%</b>	<b>7.9%</b>	<b>7.1%</b>	<b>6.7%</b>	<b>4.8%</b>	<b>6.1%</b>

Note: Consumer business and others are omitted in the graph.

0.8 billion yen in fiscal year ended Mar. '01, 0.0 billion yen in fiscal year ended Mar. '02.

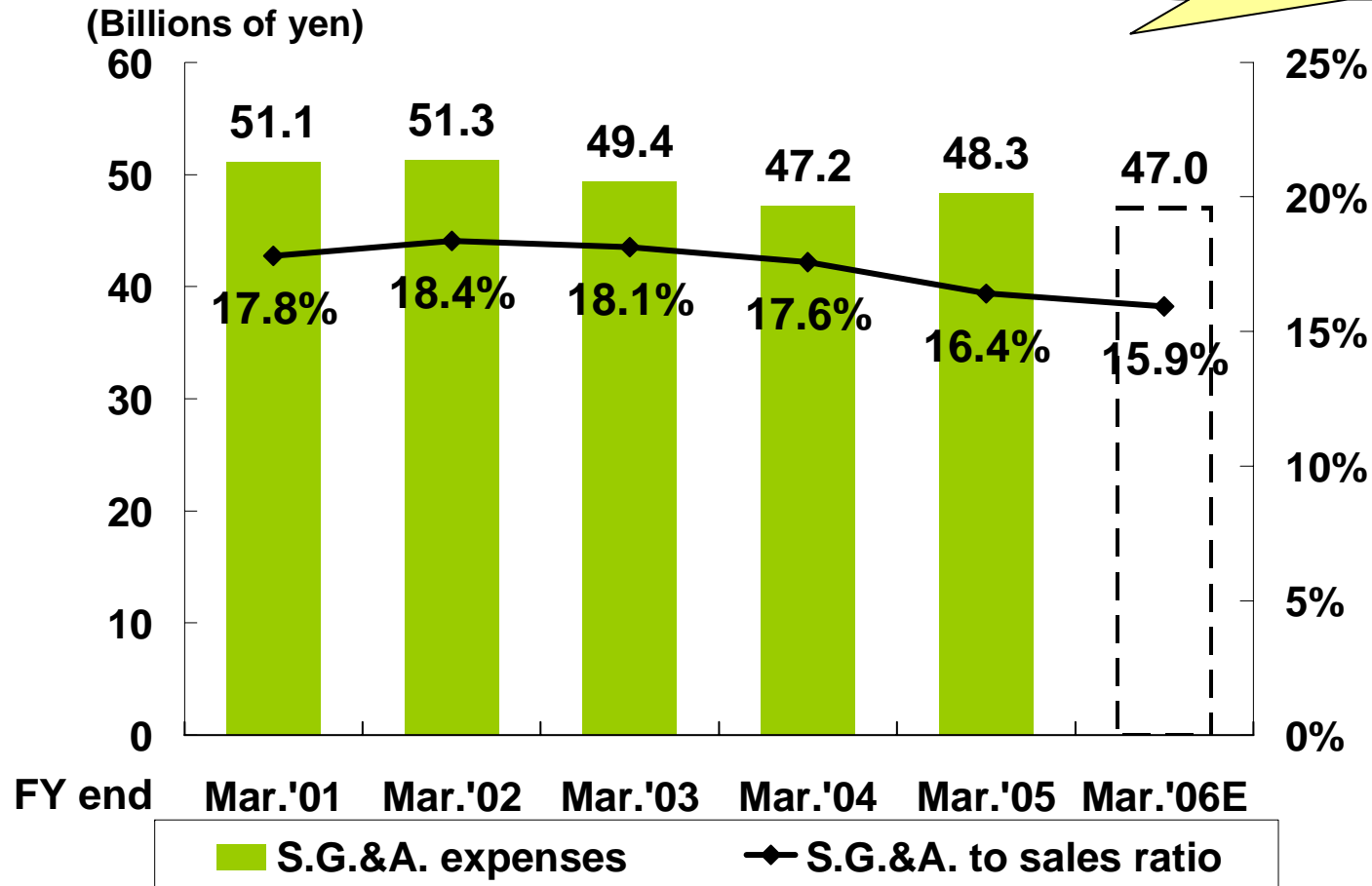
Operating income margin is external sales basis.

# Electronic Devices and Components Segment Operating Income Breakdown

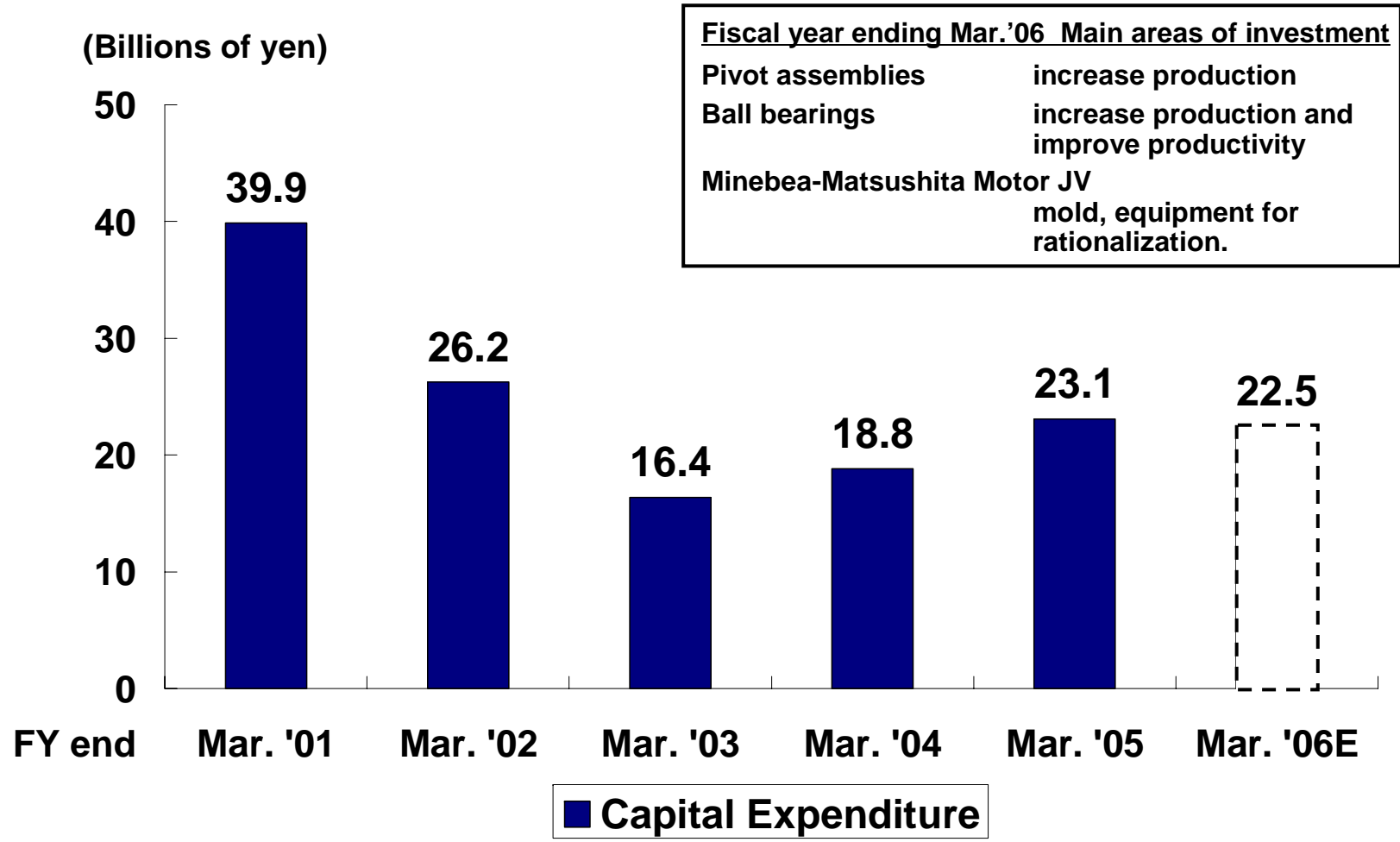


# SG & A Expenses

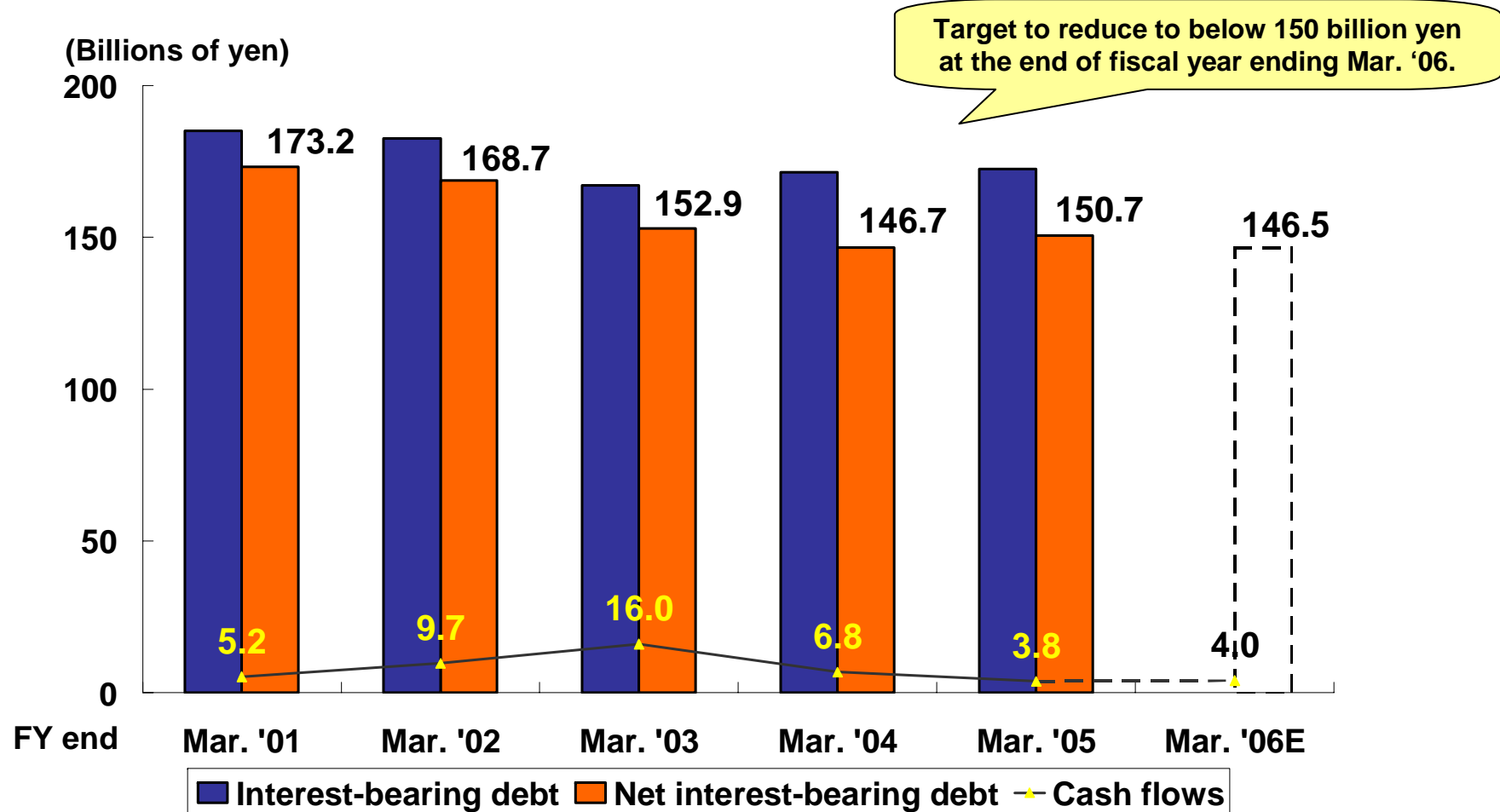
S.G.& A. to sales ratio decreased to the 16% level. Target to lower to the 15% level in this fiscal year.



# Capital Expenditure



# Interest-Bearing Debt



Note: Cash flow = Cash flow from operating activities – Cash flow from investing activities

# Forecast of Fiscal Year ending March 31, 2006

(Millions of yen)	Year ended	Year ending	Change
	Mar. '05	Mar. '06	
		Forecast	yoy
Net Sales	294,422	295,000	+0.2%
Operating Income	14,083	18,000	+27.8%
Ordinary Income	10,206	14,000	+37.2%
Income before Income Taxes	7,778	12,500	+60.7%
Net Income	5,581	7,500	+34.4%

#### Assumption of FX Fluctuations

	<u>FY Mar '05</u>	<u>FY Mar '06</u>
US\$	¥107.46	→ ¥103.00
Thai Baht	¥2.67	→ ¥2.60

# Forecast of Net Sales and Operating Income by Segment

(Millions of yen)	Year ended Mar. '05 Full year	Year ending Mar. '06 forecast			Change yoy
		H1	H2	Full year	
<b>[Net Sales]</b>					
Machined components business	116,105	58,500	61,400	119,900	+3.3%
Bearing-related products	98,218	49,800	51,800	101,600	+3.4%
Other machined components	17,887	8,700	9,600	18,300	+2.3%
Electronic devices and components business	178,317	83,500	91,600	175,100	-1.8%
Rotary components	106,750	49,600	55,800	105,400	-1.3%
Other electronic devices	71,566	33,900	35,800	69,700	-2.6%
<b>Total Net Sales</b>	<b>294,422</b>	<b>142,000</b>	<b>153,000</b>	<b>295,000</b>	<b>+0.2%</b>
<b>[Operating Income]</b>					
Machined components	21,572	11,250	11,500	22,750	+5.5%
Electronic devices and components business	-7,489	-3,750	-1,000	-4,750	-
<b>Total Operating Income</b>	<b>14,083</b>	<b>7,500</b>	<b>10,500</b>	<b>18,000</b>	<b>+27.8%</b>



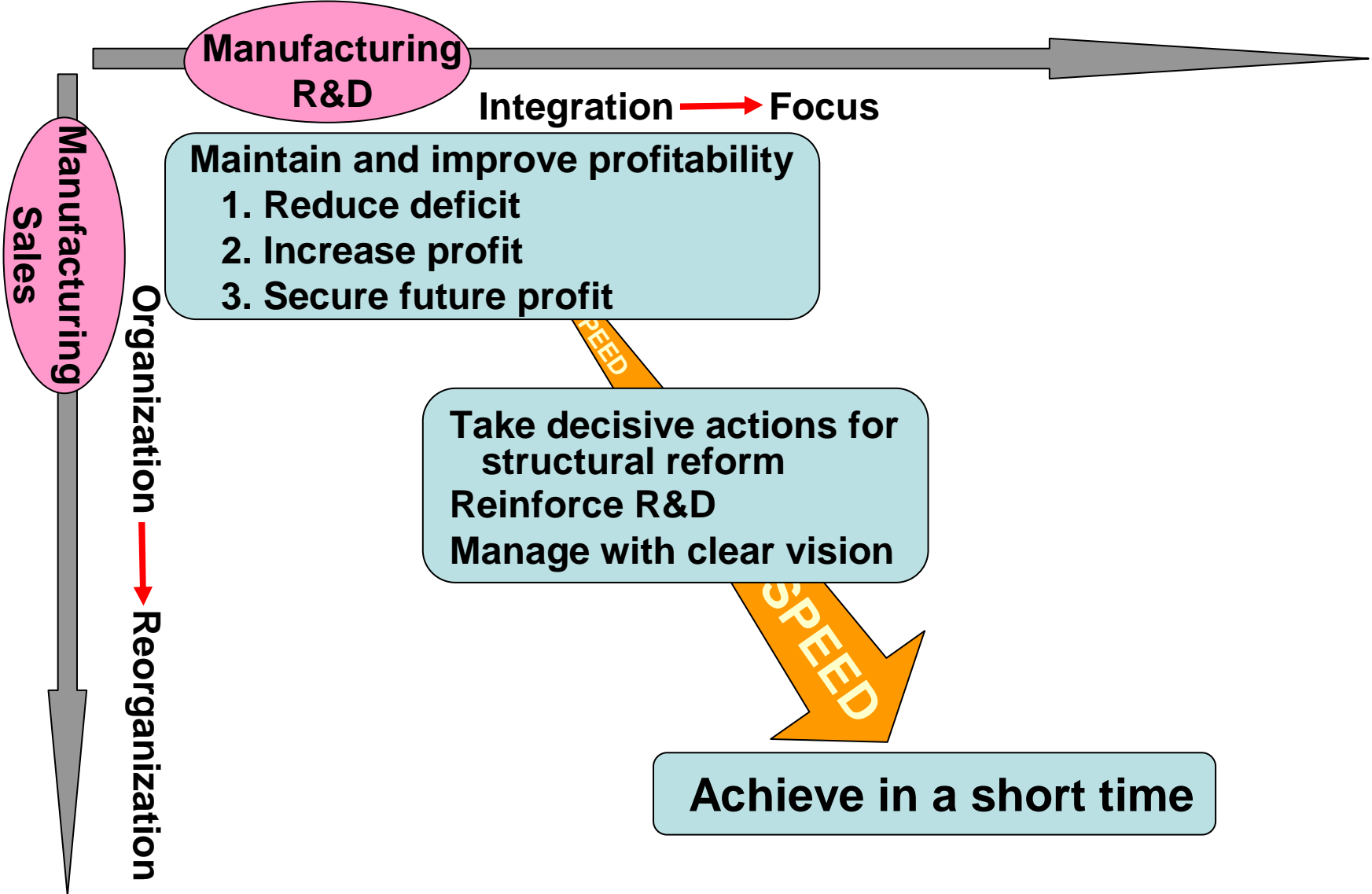
# New Management Structure and New Policy

May 13, 2005

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# Management Objectives



# New Management Policy

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## **1. Take decisive actions for structural reform.**

**Reorganize manufacturing and sales divisions.**

**Build cross-sectional manufacturing organization.**

**Strengthen the Group's cross-sectional functions.**

## **2. Reinforce R&D.**

**Reinforce development of basic technologies.**

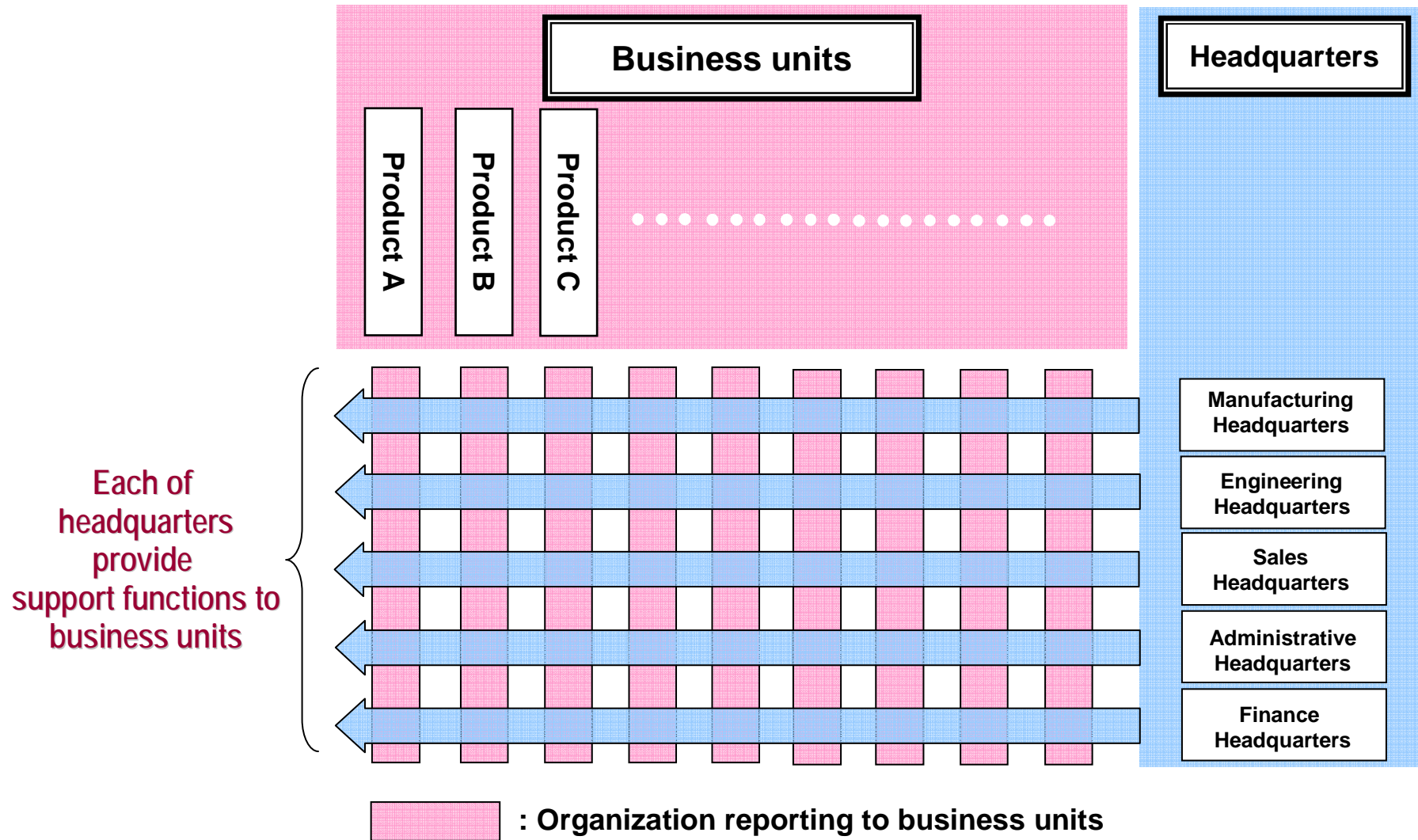
**Set up a structure that can aggregate and reorganize the Group's technologies.**

## **3. Manage with clear vision.**

**Reinforce manufacturing technology which brings advantage in the market.**

**Build product line with future technologies that capture the market's needs.**

# Structure Reorganization



# Reinforcement of R&D

- ◆ Strengthening of basic R&D
- ◆ Promote mutual exchange of technologies in the Group

Basic R&D and production development  
for mid and long term

R&D centers

Karuizawa, Hamamatsu, USA, Germany totally 6 locations  
bearings, motors, optical components, power control circuit,  
automobiles, various production technology

New product development  
directly linked to business

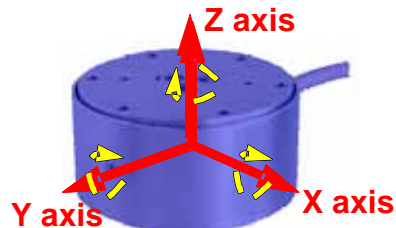
Manufacturing unit  
R&D groups

Manufacturing plants around the world  
ball bearings, rod-end and spherical bearings  
motors, keyboards, measuring components, speakers

Technology integration → Cross-sectional expansion → Sharing of achievement

## Examples

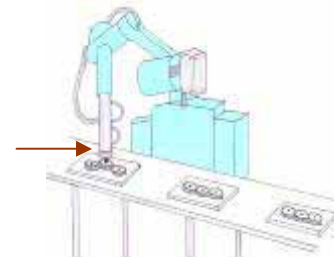
6-Axis force sensor



Humanoid robot



Intelligent robot



Future market  
Nursing care business

# Intermediate Goals

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## 1. Reduce deficit.

Concentrate on improving profitability of the three loss making businesses.

## 2. Increase profit.

Increase sales of bearing and related businesses.

## 3. Secure future profit.

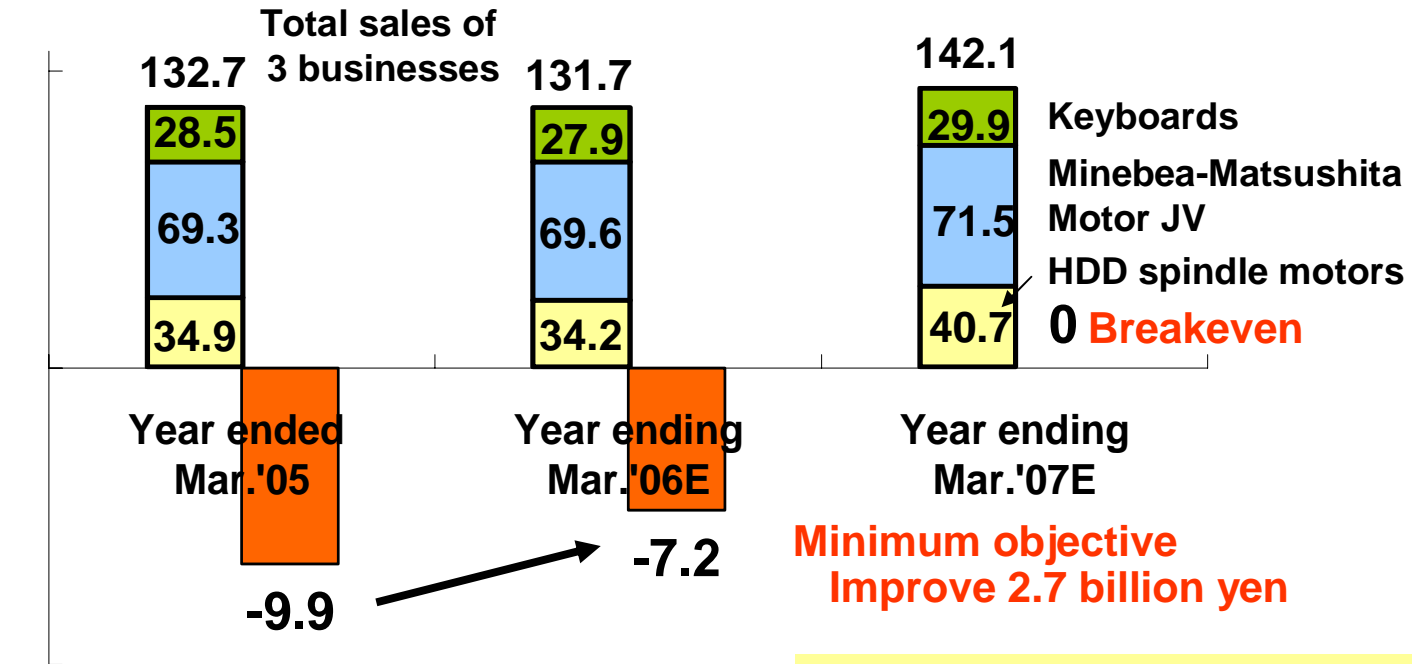
(Reinforce rotary components business.)

Focus on high-value added products.

Expand display-peripheral component business.

# Profit Improvement Plan for 3 Businesses

(Billions of yen)



**Minimum objective  
Improve 2.7 billion yen**

**Fiscal year ending Mar. 2006  
Forecast of operating income breakdown**

(billions of yen)	
HDD spindle motors	+0.8
Minebea-Matsushita Motor JV	+0.5
Keyboards	+1.4
<b>Total</b>	<b>+2.7</b>

# **Business Results**

**Fiscal Year ended March 31, 2005**

**Minebea Co., Ltd.**

<http://www.minebea.co.jp/>

Any statements in the presentation which are not an historical fact are future projections made based on certain assumptions and our management's judgment 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: (i) changes in economic indicators surrounding us or demand trends; (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. However, this is not a complete list of the factors affecting actual performance.

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