



## **Business Results**

**Third Quarter of Fiscal Year ending March 31, 2005**

**Minebea Co., Ltd**

**Tsugio Yamamoto  
Representative Director,  
President and Chief Executive Officer  
February 4, 2005**

*February 4, 2005*

# Consolidated Results for Third Quarter of Fiscal Year ending March 31, 2005

(Millions of yen)	Year ended Mar. '04	-- Year ending Mar. '05 --		Q3 Change	
	Q3	Q2	Q3	yoy	qoq
<b>Net Sales</b>	<b>68,728</b>	<b>75,427</b>	<b>75,180</b>	<b>+9.4%</b>	<b>-0.3%</b>
<b>Operating Income</b>	<b>4,531</b>	<b>2,666</b>	<b>4,165</b>	<b>-8.1%</b>	<b>+56.2%</b>
<b>Ordinary Income</b>	<b>3,707</b>	<b>1,903</b>	<b>2,950</b>	<b>-20.4%</b>	<b>+55.0%</b>
<b>Income before Income Taxes</b>	<b>3,590</b>	<b>1,454</b>	<b>2,445</b>	<b>-31.9%</b>	<b>+68.2%</b>
<b>Net Income</b>	<b>1,622</b>	<b>887</b>	<b>1,575</b>	<b>-2.9%</b>	<b>+77.6%</b>

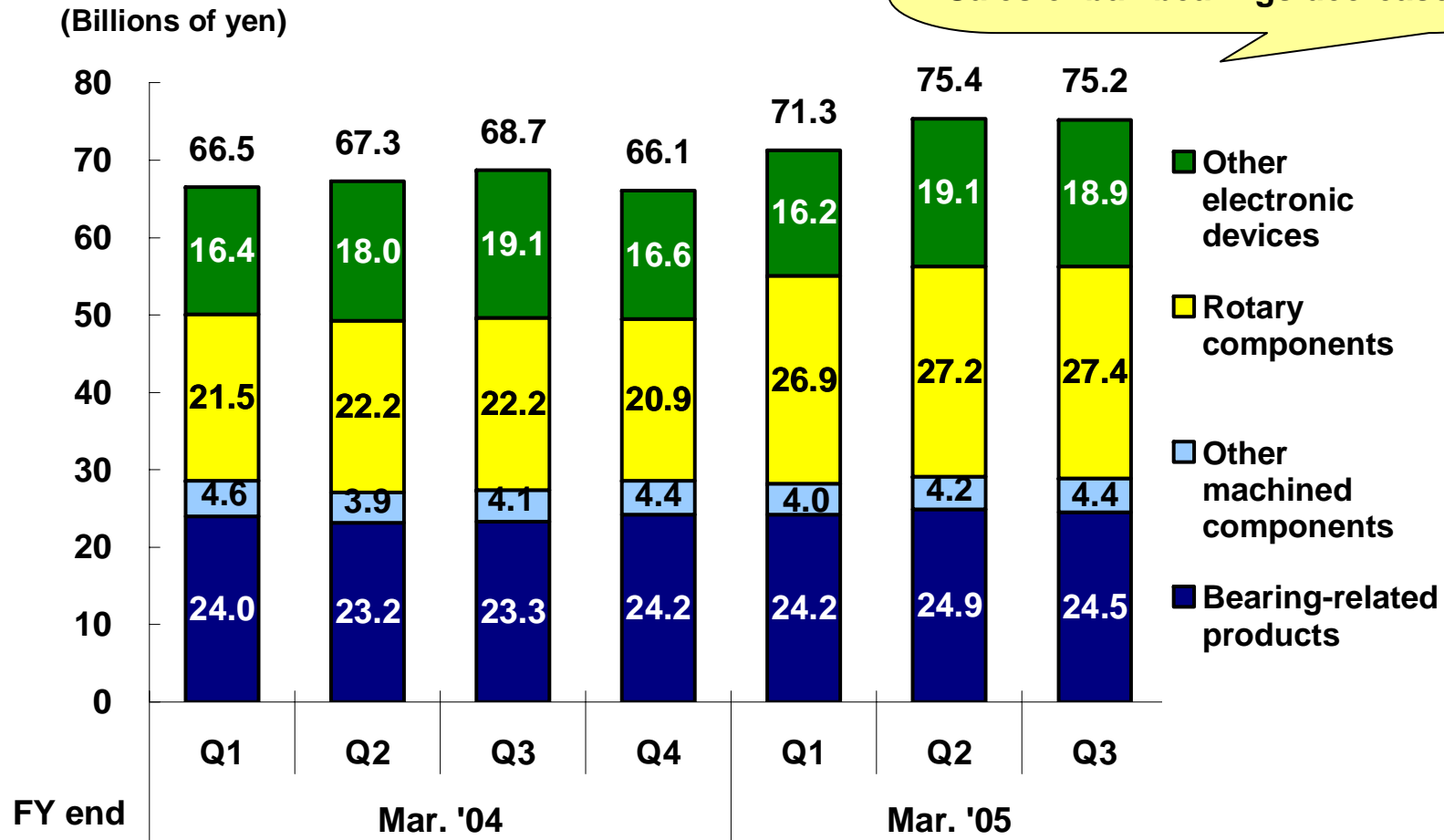
Operating income improved from Q2  
Profitability of machined components advanced

# Net Sales and Operating Income by Segment

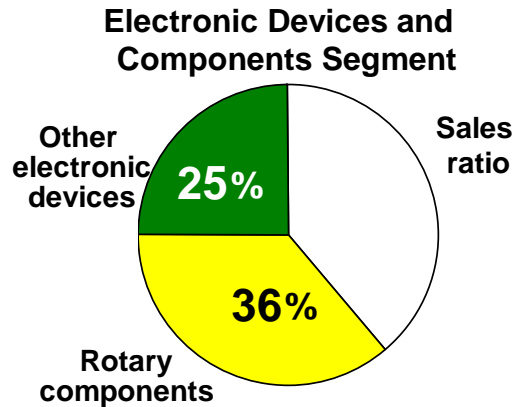
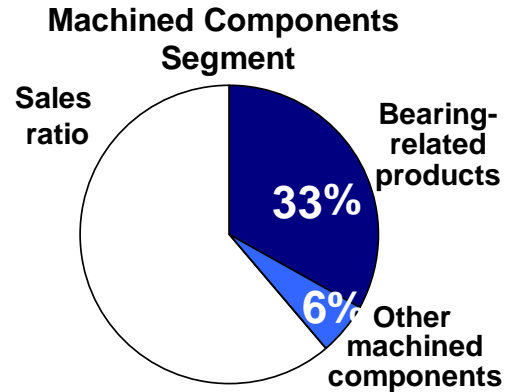
(Millions of yen)	----- Year ended Mar. '04 -----				----- Year ending Mar. '05 -----			Q3 change	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	yoy	qoq
<b>[Net Sales]</b>									
Machined components business	28,606	27,059	27,434	28,593	28,256	29,094	28,927	+5.4%	-0.6%
Bearing-related products	23,959	23,169	23,324	24,152	24,247	24,906	24,491	+5.0%	-1.7%
Other machined components	4,646	3,892	4,109	4,442	4,009	4,188	4,436	+8.0%	+5.9%
Electronic devices and components business	37,883	40,193	41,294	37,511	43,067	46,333	46,254	+12.0%	-0.2%
Rotary components	21,458	22,184	22,209	20,890	26,852	27,209	27,350	+23.1%	+0.5%
Other electronic devices	16,424	18,011	19,084	16,622	16,216	19,124	18,903	-0.9%	-1.2%
<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>+9.4%</b>	<b>-0.3%</b>
<b>[Operating Income]</b>									
Machined components business	4,908	4,270	5,035	5,292	5,082	5,396	5,952	+18.2%	+10.3%
Electronic devices and components business	-648	937	-503	-1,186	-2,279	-2,731	-1,786	-	-
<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>-8.1%</b>	<b>+56.2%</b>

# Net Sales by Segment

In Q3, compared to Q2, sales of HDD spindle motors, fan motors and keyboards increased. Sales of ball bearings decreased.



# Q3 Sales Breakdown



## Bearing-related products

Ball bearings: (21% of total sales) -6%qoq,

Seasonal effect in December, weak demand in Japan

Rod-end & spherical bearings: (5%) +7% Favorable sales for aircraft

Pivot assemblies: (7%) +7% Rise in demand, especially for small-sized HDDs

## Rotary components

HDD spindle motors: (12%) +8% Increased sales for 3.5 inch HDD

Fan motors: (11%) +8% Increased sales for PC and servers

Stepping motors: (7%) -7% Sales of PM motors decreased

DC brush motors & vibration motors: (6%) -12% Sales of DC brush motors decreased

## Other electronic devices

Keyboards: (11%) +7% Expanded sales of desktop type. Sales reached record high level

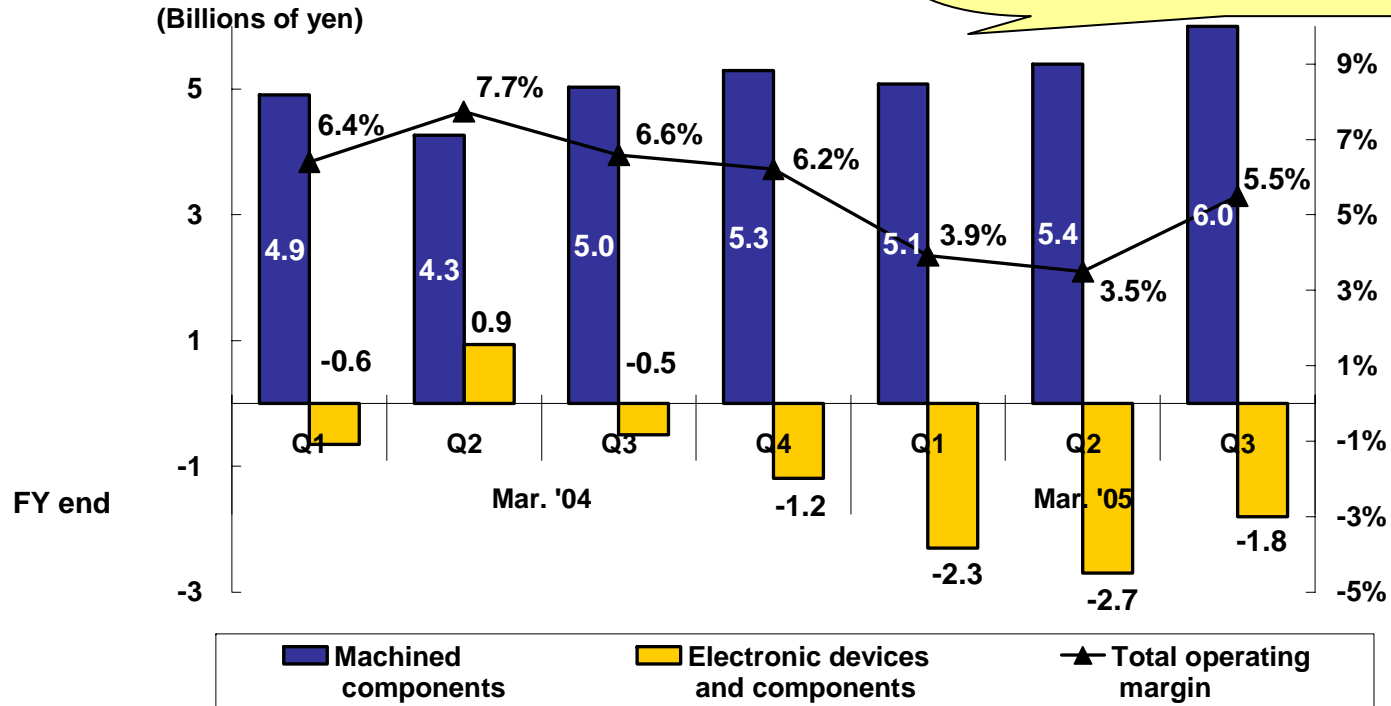
Electronic devices: (7%) -5% Due to weak demand in mobile phones, sales of backlights remained low

Speakers: (4%) -7% Sales increased for PC but declined for audio speakers

Measuring components: (3%) -9% Sales declined for automobile

# Operating Income by Segment

Large increase in profitability of machined components business. Operating margin exceeded 20%. Measures to reinforce cost competitiveness and to enhance new product development are working effectively for ball bearings and other products.

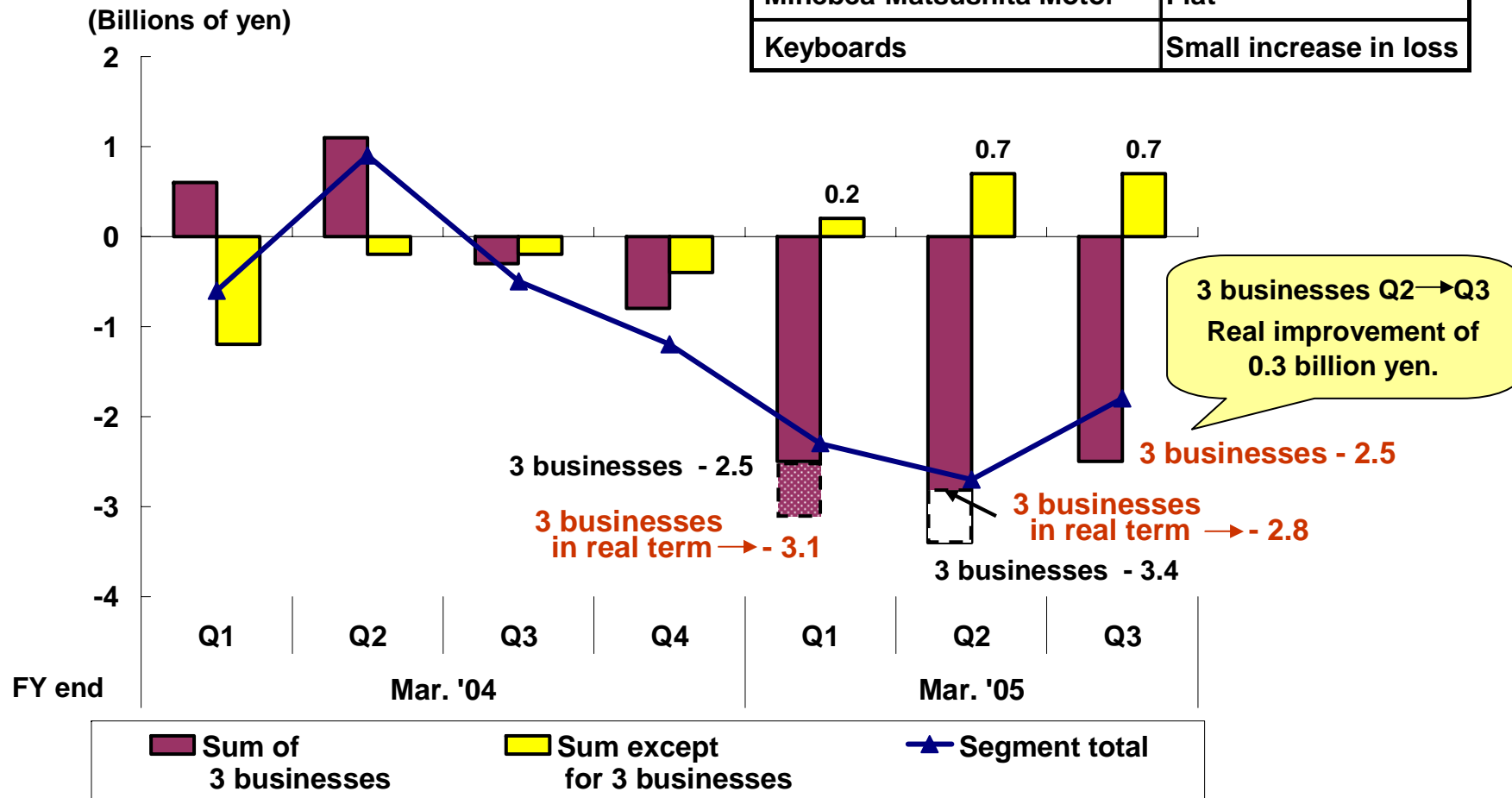


	Year ended Mar. '04				Year ending Mar. '05		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Machined components	17.2%	15.8%	18.4%	18.5%	18.0%	18.5%	20.6%
Electronic devices and components	-1.7%	2.3%	-1.2%	-3.2%	-5.3%	-5.9%	-3.9%
<b>Total</b>	<b>6.4%</b>	<b>7.7%</b>	<b>6.6%</b>	<b>6.2%</b>	<b>3.9%</b>	<b>3.5%</b>	<b>5.5%</b>

Note: Operating margin of each segment is based on sales to customers.

# Electronic Devices and Components Segment Operating Income Breakdown

3 businesses	Q2 → Q3
HDD spindle motors	Improvement
Minebea-Matsushita Motor	Flat
Keyboards	Small increase in loss



# Operating Income Analysis

## Comparison with Q2

Net sales : Sales volume of main products increased but net sales decreased due to fall in unit price and appreciation of yen.

Operating income: In spite of unit price decline and rise in raw material costs, higher volume, lower costs and reduction of SG & A increased profit.

## Operating income breakdown

(Billions of yen)	Q2 actual	Q3 actual	vs. Q2	vs. plan
Machined components	5.4	→ 6.0	+0.6	+0.2
Electronic devices and components	-2.7	→ -1.8	+0.9	-0.3
3 businesses	-3.4	→ -2.5	+0.9	-0.4
Except for 3 businesses	0.7	→ 0.7	+0.0	+0.1
<b>Total</b>	<b>2.7</b>	<b>→ 4.2</b>	<b>+1.5</b>	<b>-0.1</b>

### Machined components

Profitability of pivot assemblies increased exceeding forecast. Ball bearings and pivot assemblies also performed strong.

### Electronic devices and components

In 3 businesses, profit of HDD spindle motors improved but MMMC and keyboard businesses underperformed.

In Q2, MMMC expensed the whole of the first half's royalty payment  
 → 3 businesses achieved real improvement of 0.3 billion yen compared to Q2.



# HDD Spindle Motor Business

◆ **Promote cost reduction**

→ **Apparent result from Q3**

- Reduction of parts production cost
- Pace of price decline slowing

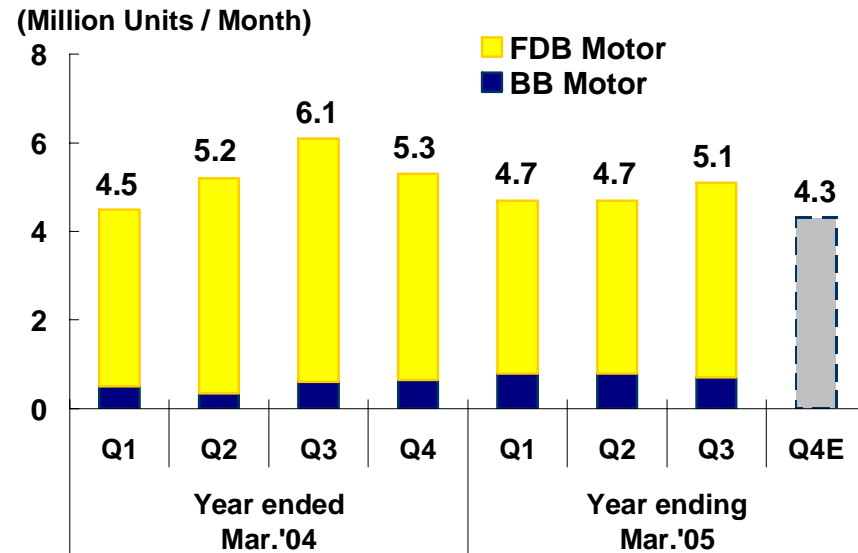
◆ **New FDB unit production line is under construction**

- Plan to complete in Bang Pa-in plant (Thailand) in February

◆ **ROF type FDB motors for 3.5 inch HDD**  
**FDB motors for 2.5 inch HDD**

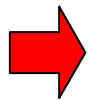
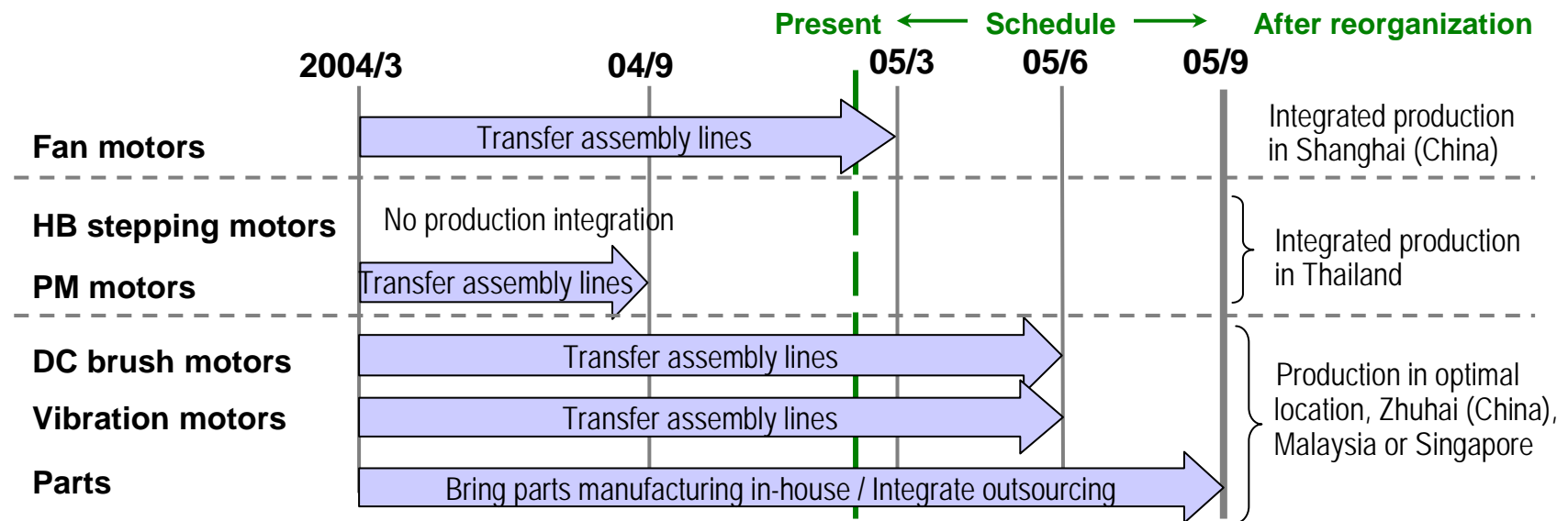
- Approval process is progressing smoothly for both products
- Expect to start production and shipment during April to June, 2005

Minebea's HDD Spindle Motor Shipment and Forecast



# Minebea-Matsushita Motor Joint Venture

## ◆ Production integration – Optimization of production bases



**Reorganization to be completed in H1 of next fiscal year  
Expect apparent improvement from H2 of the next fiscal year**

## ◆ Royalty payment

Continuing review process

# Keyboard Business

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- ◆ **Shipment reached record high**
  - Expanding market share of desktop type
- ◆ **Transferring production to SST in Shanghai**
  - Started preparation for transfer of notebook type
- ◆ **Measures to lower production cost**
  - Raising in-house production ratio of mold parts
- ◆ **Counter-measures against rise in raw material prices**
  - Negotiating sales price hike

# Ball Bearing Business

## ◆ Maintain high level of profitability

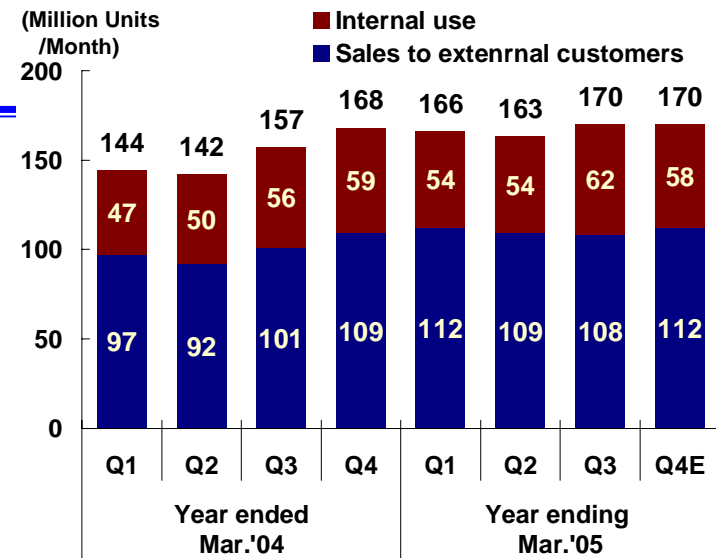
- Realizing synergetic effect with pivot assemblies
- Appreciation of raw material prices and higher yen and Thai baht are more than offset by productivity improvements

## ◆ Target 180 million units production and shipment in March

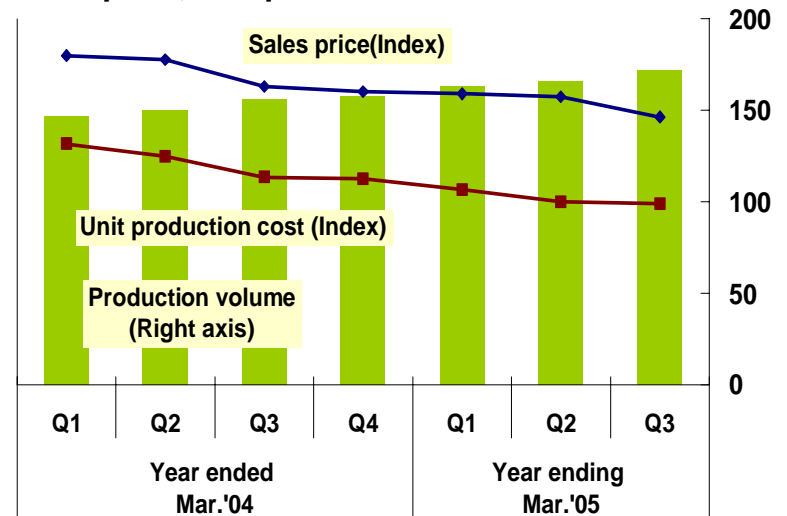
**Meeting growing demand for pivot assemblies for small-sized HDDs**

- Enforcing production of bearings for pivot assemblies for 1.8" and 1.0" HDD

Miniature and small-sized ball bearing shipments



Miniature and small-sized ball bearing shipments sales price, unit production cost (Millions of Units/Month)



# Q3 Sales by User Industry & by Region

Compared to Q2, sales of keyboards and spindle motors increased for PC and related applications. Decrease in ball bearings and DC brush motors for home electronics, speakers for automobile.

## Sales by User Industry

	Automobile	Aerospace	Home electronics	OA & IT	PC and PC related equipment	Motors	Others	Total
% of Sales	9.5%	8.4%	8.8%	16.0%	39.7%	5.0%	12.6%	100.0%
Change qoq	-10.0%	+2.0%	-15.6%	+3.1%	+4.0%	+2.3%	+0.5%	-0.3%
Change yoy	+36.8%	+6.8%	+16.7%	+53.4%	-8.6%	+6.0%	+19.9%	+9.4%

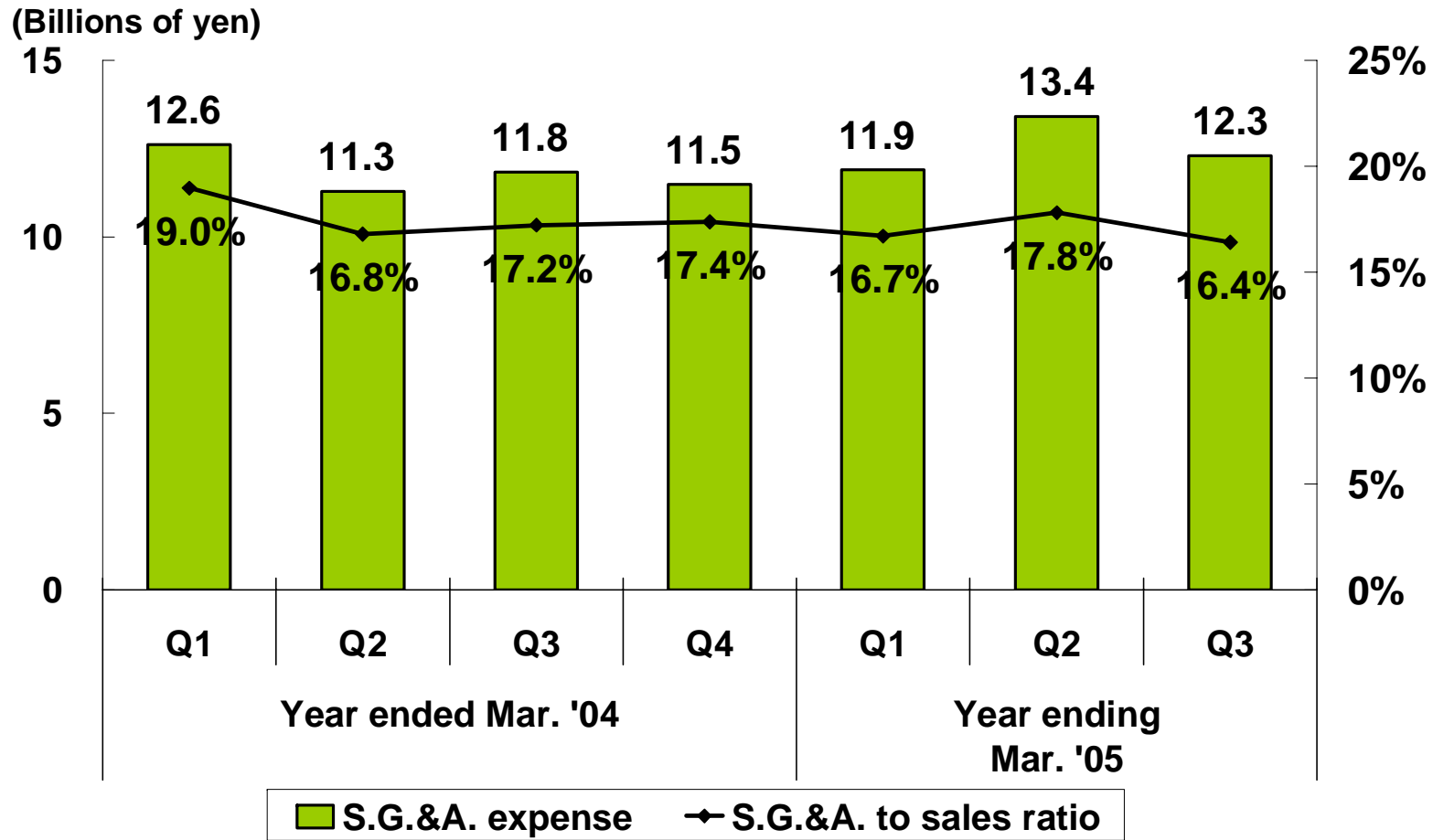
## Sales by Region

	Japan	Asia (ex-Japan)	North and South America	Europe	Total
% of Sales	25.3%	49.1%	15.4%	10.3%	100.0%
Change qoq	-5.3%	+3.7%	-8.8%	+8.5%	-0.3%
Change yoy	+7.7%	+17.7%	-2.4%	-2.1%	+9.4%

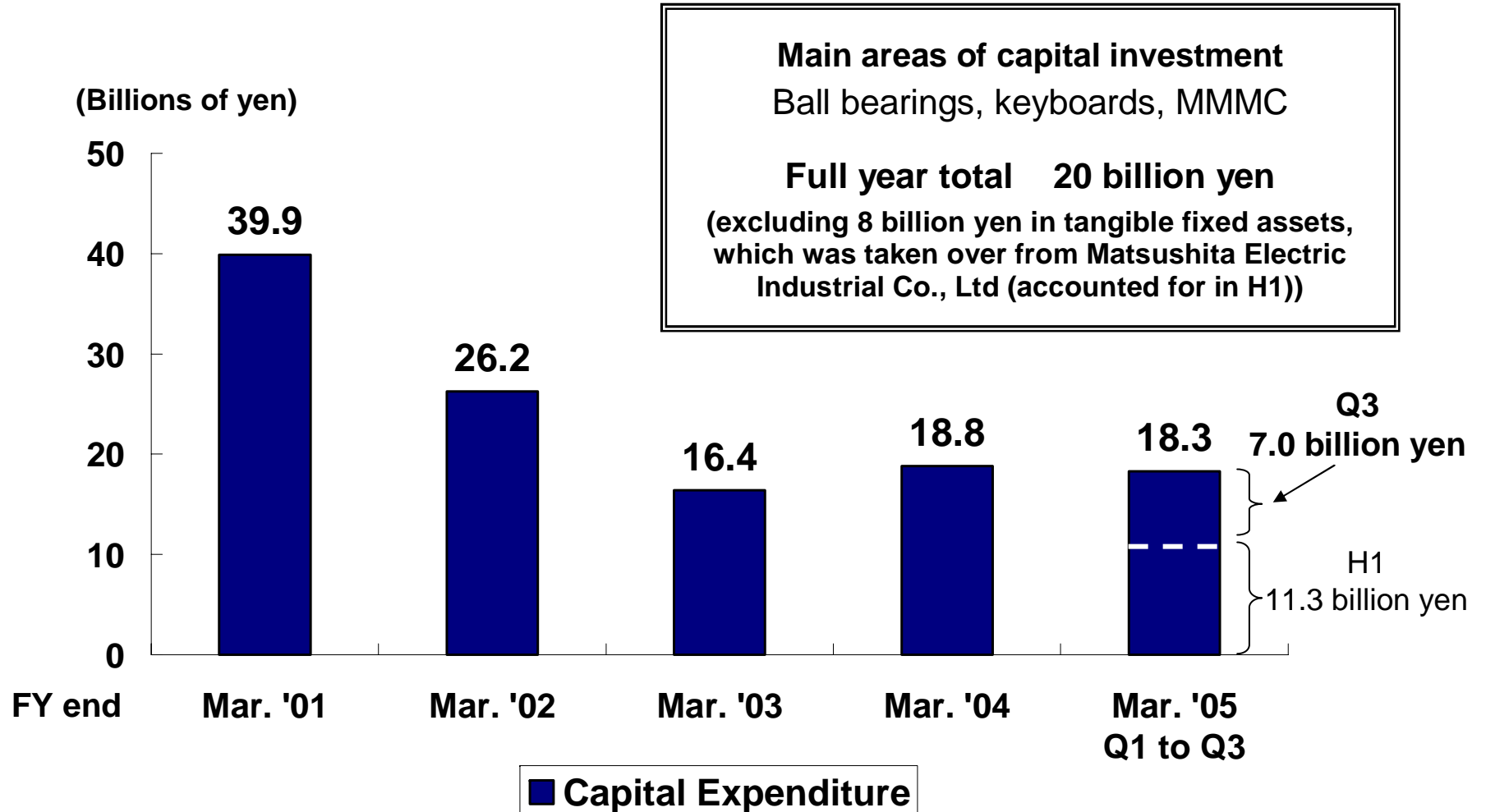
Excluding FX effect, Asia +7% qoq, North and South America -6% qoq. On local currency basis, sales in Greater China increased 10% qoq.

# SG & A Expenses

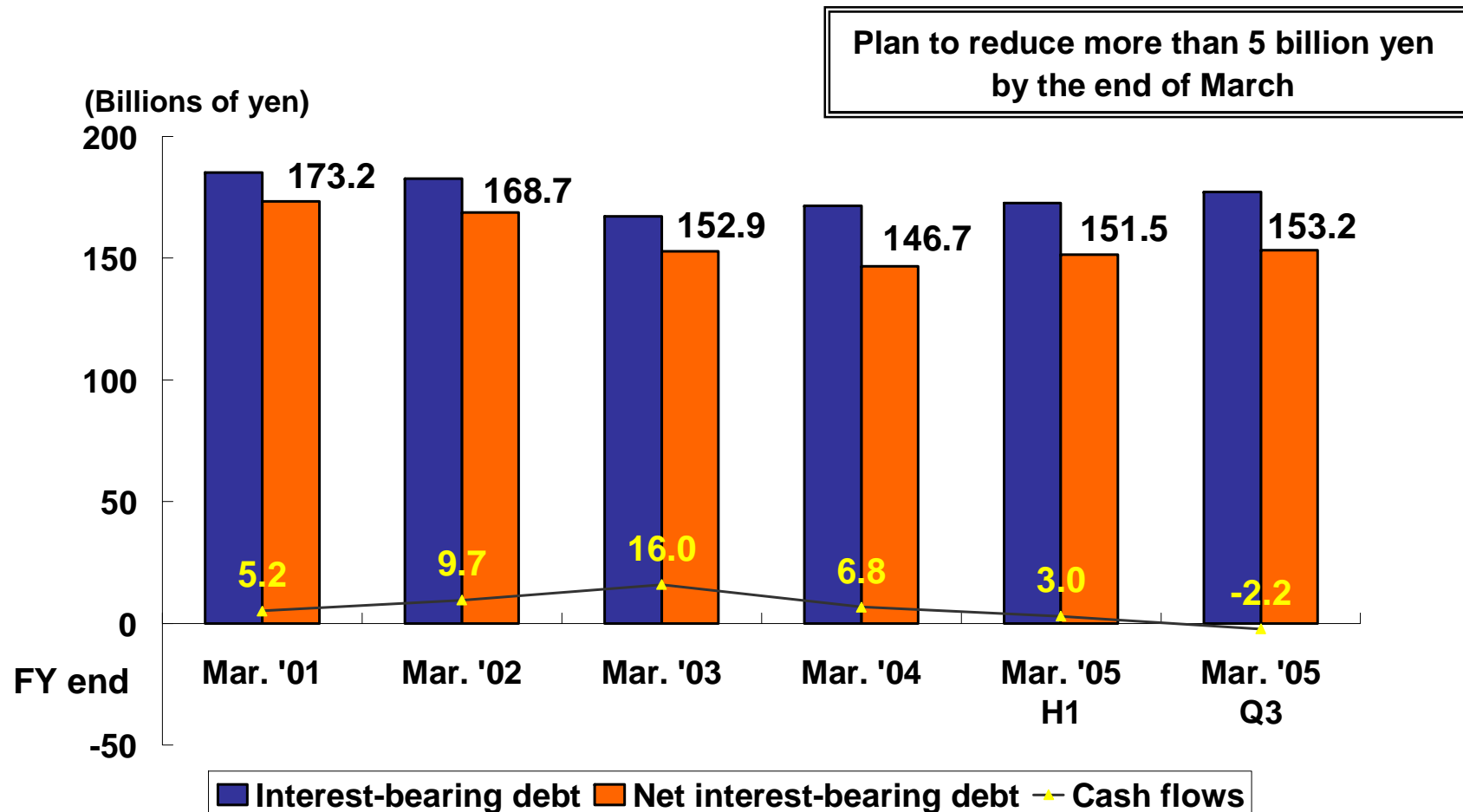
Continue to reduce S.G. & A. Expenses.  
S.G. & A. to sales ratio decreased.



# Capital Expenditure



# Interest-Bearing Debt



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



# Effect of Asset Impairment Accounting

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- Plan to adopt asset impairment accounting from next fiscal year (fiscal year ending March 31, 2006)
- At the end of this fiscal year, plan to write down idle tangible fixed assets ahead of the schedule
  - Expect extraordinary loss of ¥1.0 billion yen

Total book value of idle tangible fixed assets	3.9 billion yen
Land, building	3.8 billion yen
Structure, machinery, tools and others	0.1 billion yen
Land and building appraisal value	2.9 billion yen

**Estimated loss from write-down**  
**at the end of March 2005** **approx. 1.0 billion yen**

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Note: Estimated based on audit evaluation in December 2004.  
The loss amount can change depending on future appraisal value.

# Outlook for the Fourth Quarter

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◆ No revision in full year forecast

## Operating income by segment

(Billions of yen)	Q3 actual	Q4 plan	H2 plan
Machined components	6.0	5.5	11.5
Electronic devices and components	-1.8	-1.2	-3.0
Total	4.2	4.3	8.5

# Business Results

## Third Quarter of Fiscal Year ending 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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