

# Business Results

**First Quarter of Fiscal Year  
Ending March 31, 2013**

**July 31, 2012**  
Minebea Co., Ltd.

## Summary of Consolidated Business Results for 1Q



Despite of yen appreciation and increased labor costs, sales and profits continued to rebound from supply chain disruptions by the Thai Floods, and were in line with our annual plan.

(Millions of yen)	FY ended Mar. '12		FY ending Mar. '13	Change	
	1Q	4Q	1Q	YoY	QoQ
Net sales	64,802	62,193	68,621	+5.9%	+10.3%
Operating income	2,303	1,695	3,693	+60.4%	× 2.2
Ordinary income	1,870	1,142	3,368	+80.1%	× 2.9
Net income	668	* 6,208	1,718	× 2.6	* -72.3%
Net income per share (yen)	1.76	* 16.40	4.57	× 2.6	* -72.1%

\* Includes one time factors such as ¥9.6 billion of the Thai Floods insurance income, ¥5.9 billion of loss on disaster and ¥1.6 billion of income tax refunds.

Foreign exchange rates	1Q of FY Mar. '12	4Q of FY Mar. '12	1Q of FY Mar. '13
US\$	¥82.04	¥78.27	¥80.77
Euro	¥118.54	¥103.28	¥104.89
Thai Baht	¥2.72	¥2.53	¥2.60
Chinese RMB	¥12.57	¥12.39	¥12.76

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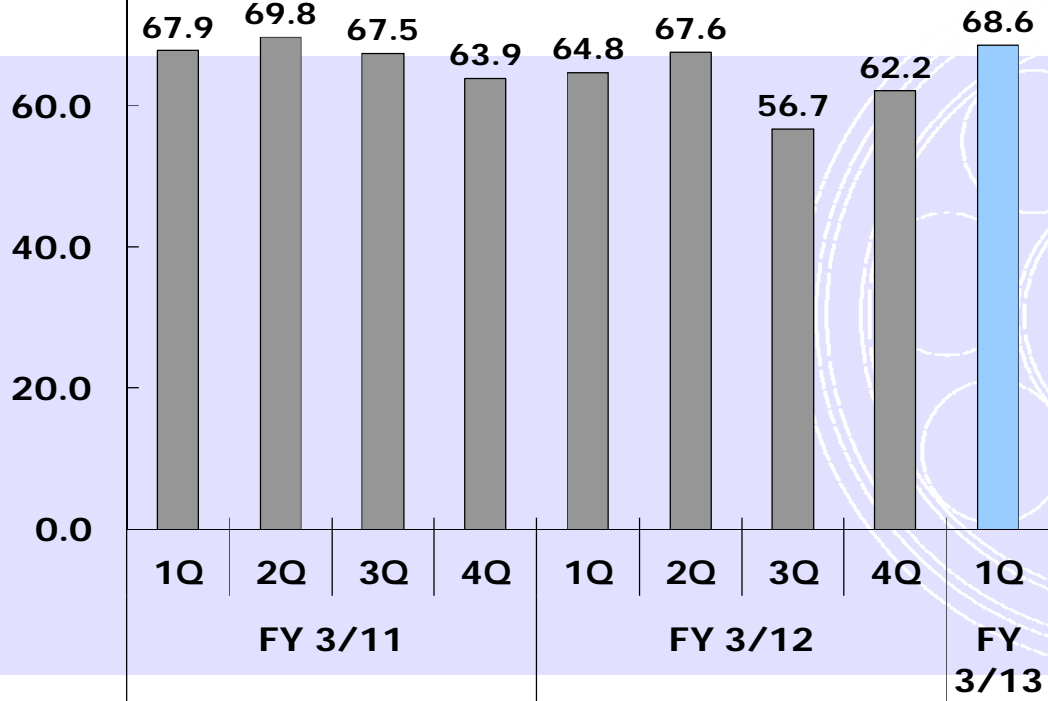
For the first quarter of the fiscal year ending March 31, 2013, net sales were 68,621 million yen, an increase by 5.9% from the same period last year and an increase by 10.3% from the previous quarter. Despite of yen appreciation and increased minimum wages in Thailand, operating income continued to rebound from supply chain disruptions by the Tohoku Earthquake and the Thai Floods, at 3,693 million yen which was an increase by 60.4% from the same period last year and 2.2 times that of the previous quarter.

We estimate currency impacts on net sales of approximately negative 2.2 billion yen due to the stronger Japanese yen, especially against euro, compared to the same period of the last fiscal year, and approximately positive 1.4 billion yen from the previous quarter. Regarding currency impacts on operating income, we estimate impacts of approximately negative 0.2 billion yen compared to the same period of the last fiscal year, and approximately negative 0.1 billion yen from the previous quarter.

# Net Sales

(Billions of yen)  
80.0

Increased 5.9% YoY  
Increased 10.3% QoQ



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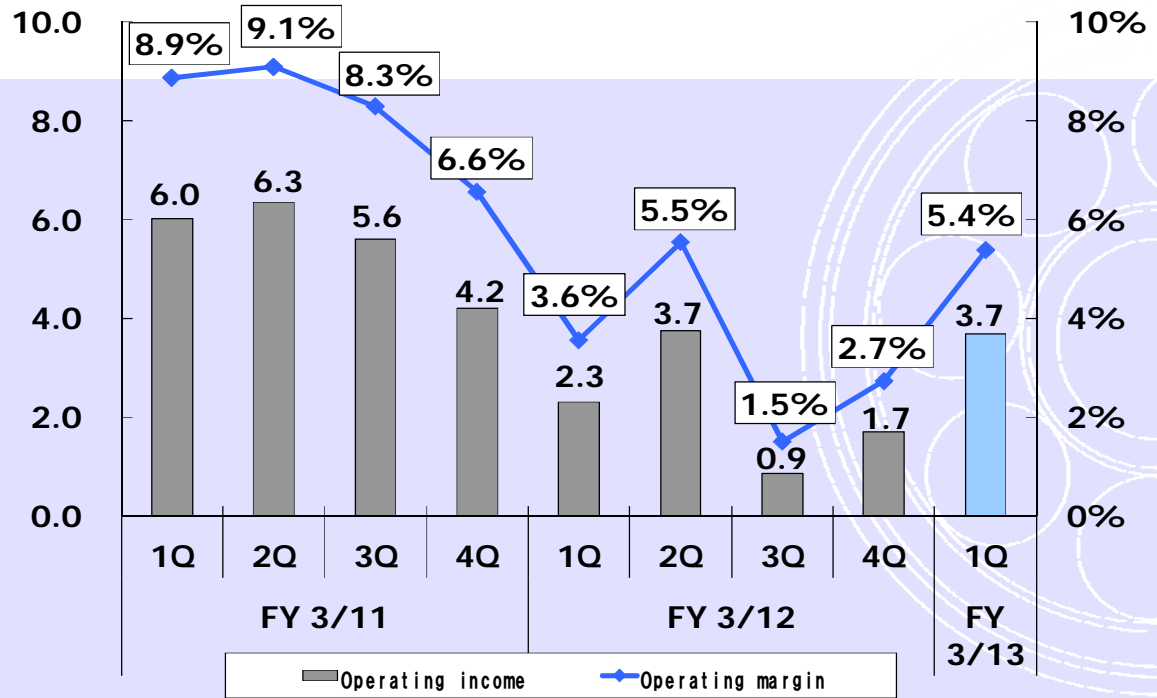
In the first quarter of the fiscal year ending March 2013, sales were up 10.3% from the previous quarter as recovery from the Thai Floods continued, amounting to 68.6 billion yen.

From the second quarter and onward, we expect continued overall sales increase accompanying recovery from the Thai Floods and sales increases in LED backlights and other products.

# Operating Income

Increased 60.4% YoY  
Increased X 2.2 QoQ

(Billions of yen)

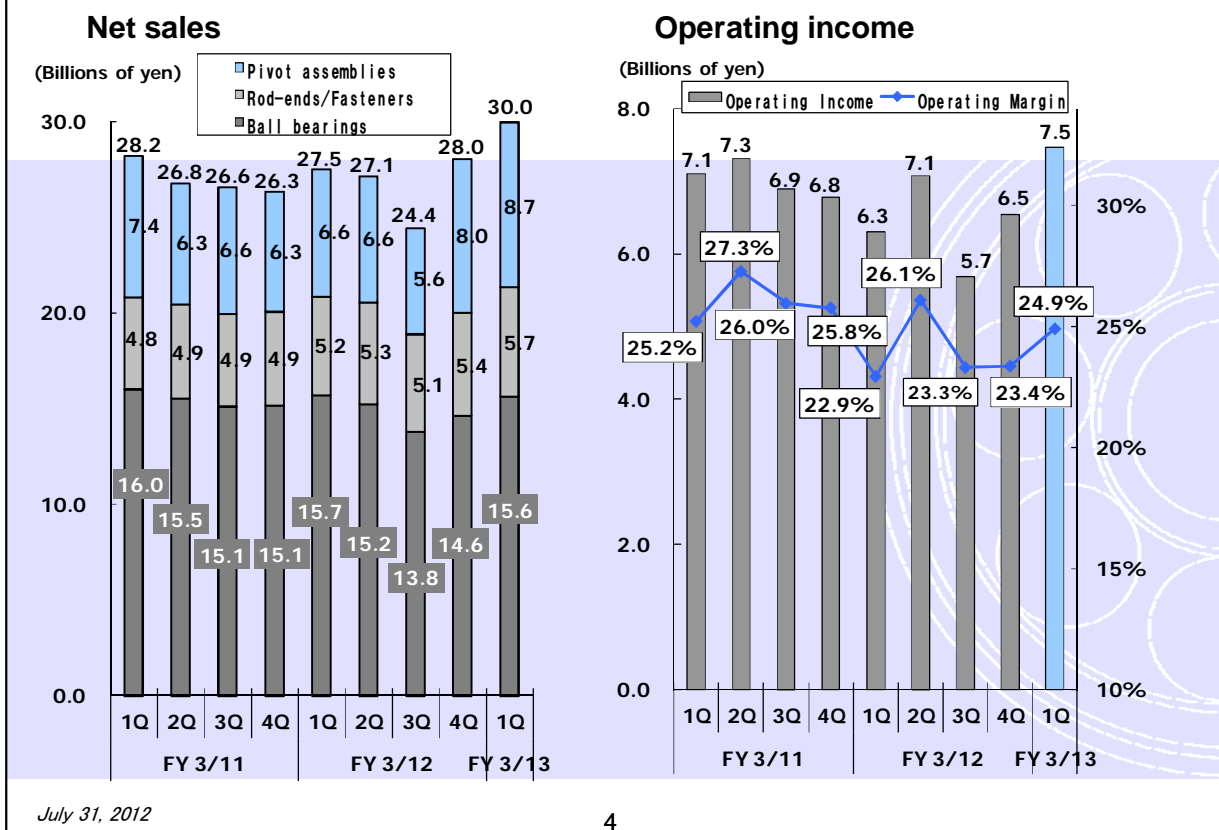


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Operating income for the first quarter increased to 2.2 times that of the previous quarter, for a total of 3.7 billion yen. Operating margin improved by 2.7 percentage points from the previous quarter, to 5.4%.

Operating income had increased month by month during the first quarter. We expect operating income to see a large recovery from the second quarter and onward due to further profitability improvement, as a sales increase should improve factory utilization and as various cost reduction measures are to be implemented.



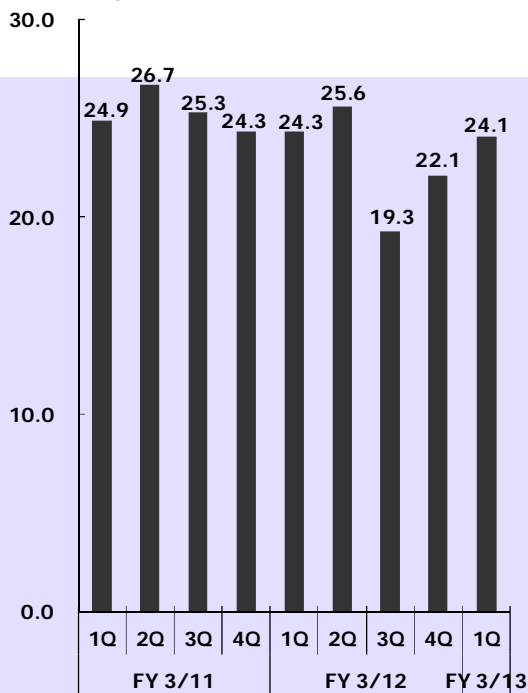
For the Machined Components business segment, first quarter net sales were 30.0 billion yen, up 7.0% from the previous quarter. Operating income was 7.5 billion yen, up 14.1% from the previous quarter. Operating margin was 24.9%, up 1.5 percentage points from the previous quarter.

Looking at specific products, first quarter sales of pivot assemblies for Hard Disk Drives (HDDs) increased by 8.8% from the previous quarter because our higher market share was maintained after a competitor's Thai production capacity was hit hard by the floods, and our shipment volume reached a record high during April and May even though there was a sudden inventory adjustment in the HDD market during June. Profits were significantly higher compared to the previous quarter due to improved capacity utilization. Regarding the HDD market, there were production adjustments by HDD manufacturers in and after June, we expect that the market will be flat in the September quarter. However, it is expected that it will return to a recovery trend in the December quarter.

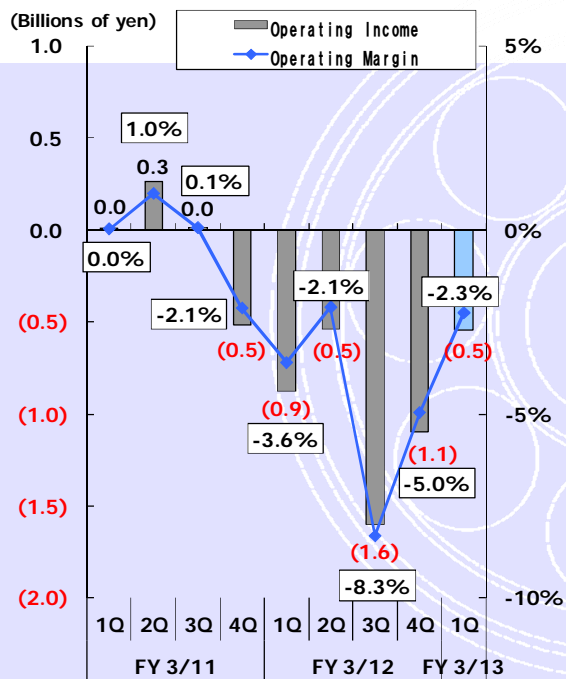
First quarter sales of ball bearings increased by 6.8% from the previous quarter to 15.6 billion yen due to a steady increase in external shipments mainly for fan motors and automobiles as the global economy recovered.

First quarter sales of rod-end bearings and fasteners increased 5.6% from the previous quarter to 5.7 billion yen due to continued increases in demand for aircraft. From now on, we will focus on profitability by strengthening marketing capability and reducing production costs through an expansion of the production capacity in Thailand as the commercial aircraft market is expected to expand steadily for the medium term.

**Net sales**  
(Billions of yen)



**Operating income**



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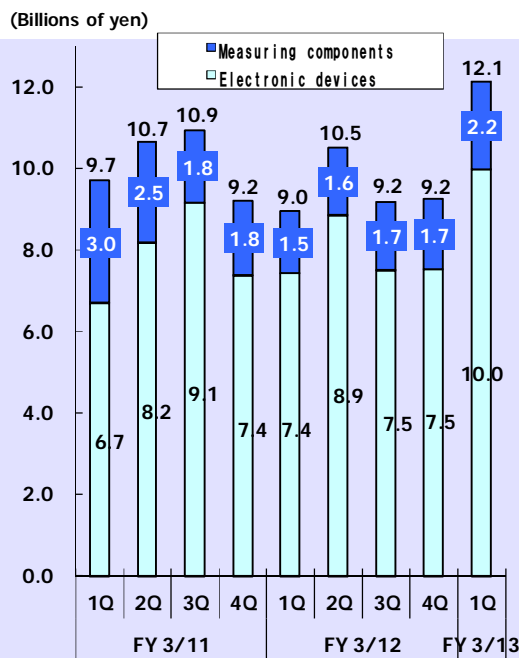
In the Rotary Components business segment, first quarter net sales were 24.1 billion yen, up 8.9% from the previous quarter due to continuing recovery from the Thai Floods and increased sales of HDD spindle motors and other motors. Operating loss narrowed by 0.6 billion yen from the previous quarter to 0.5 billion yen. Operating margin improved by 2.7 percentage points to negative 2.3% from the previous quarter. There was an extraordinary loss on disaster of 0.8 billion yen in the HDD spindle motor business due to interrupted operations at the two parts factories which were hit by the Thai Floods.

Our Navanakorn and Rojana factories which were manufacturing HDD Spindle motor parts but were hit by the floods are expected to completely recover in September. Regarding the HDD market, there were production adjustments by HDD manufacturers in and after June, we expect that the market will be flat in the September quarter. However, it is expected that it will return to a recovery trend in the December quarter. Demand for high-end products which we are focusing on such as for servers and 7mm height 2.5 inch HDDs are expected to be steady. We are aiming at turning around the HDD spindle motor business in the September quarter and profit contribution onward by increasing shipment volume through utilizing outsourced base plate manufacturing capacity on top of the recovery of our own base plate capacity and improved efficiency, in addition to improving product mix.

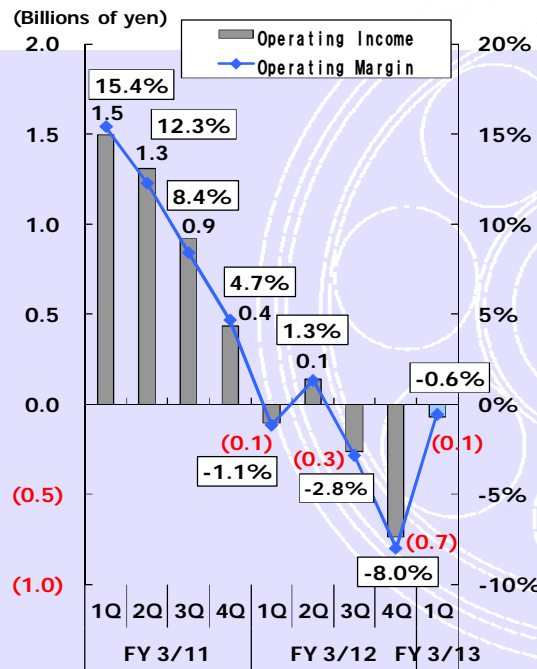
Regarding the information motor business, fan motor sales continued to flounder due to the supply chain disruption by the Thai Floods. The vibration motor business was still losing money despite monthly improvement through downsizing measures. We will make all efforts to improve profitability by focusing on better production efficiency and lower fixed costs, in addition to shifting production to our new Cambodian factory.

We are aiming at turning around the Rotary Components business segment in the September quarter and continue to make stable profits afterward through those measures mentioned above.

**Net sales**



**Operating income**



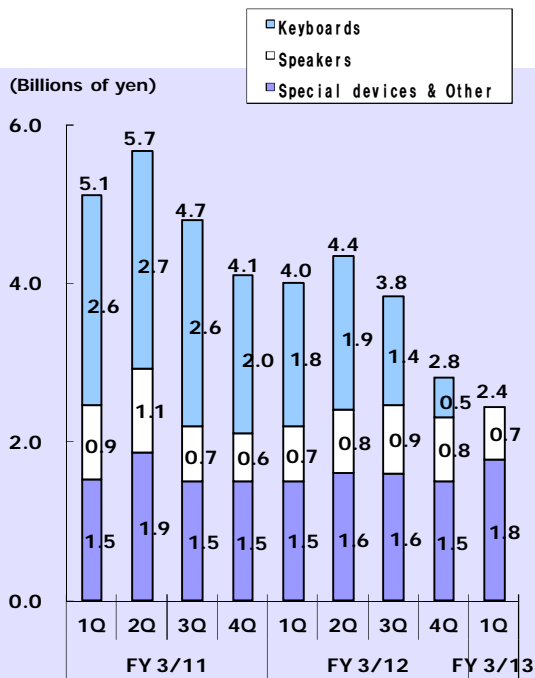
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In the Electronic Devices and Components business segment, first quarter net sales jumped 31.2% from the previous quarter to 12.1 billion yen. Operating income improved by 0.6 billion yen from the previous quarter to negative 0.1 billion yen as LED backlights returned to be profitable in May. Operating margin was negative 0.6%, up 7.4 percentage points from the previous quarter.

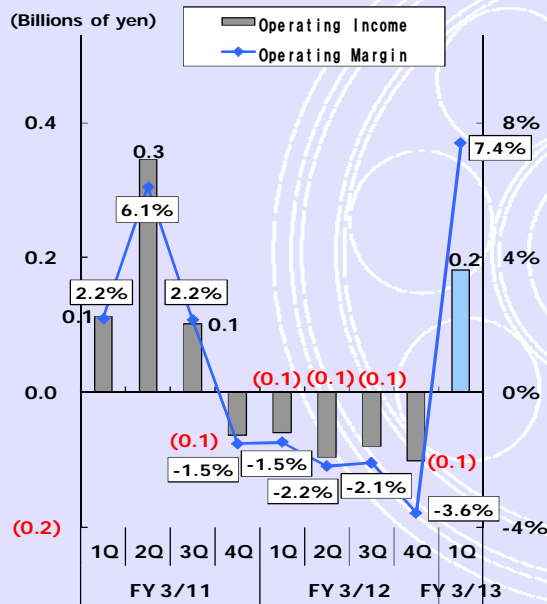
First quarter sales of electronic devices increased by 33.3% to 10.0 billion yen. The shipment of LED backlights for tablet PCs which started in April increased smoothly and has now reached full capacity production level. Regarding LED backlights for new model smartphones, we started production and shipment in late June, and are now ramping up production. From the second quarter and onward, we expect good profit contribution from the LED backlight business.

Sales of measuring components increased by 29.4% from the previous quarter due to recovery in automobile production from the Thai Floods and expanded customer base. Profits likewise increased from the previous quarter.

Net sales



Operating income



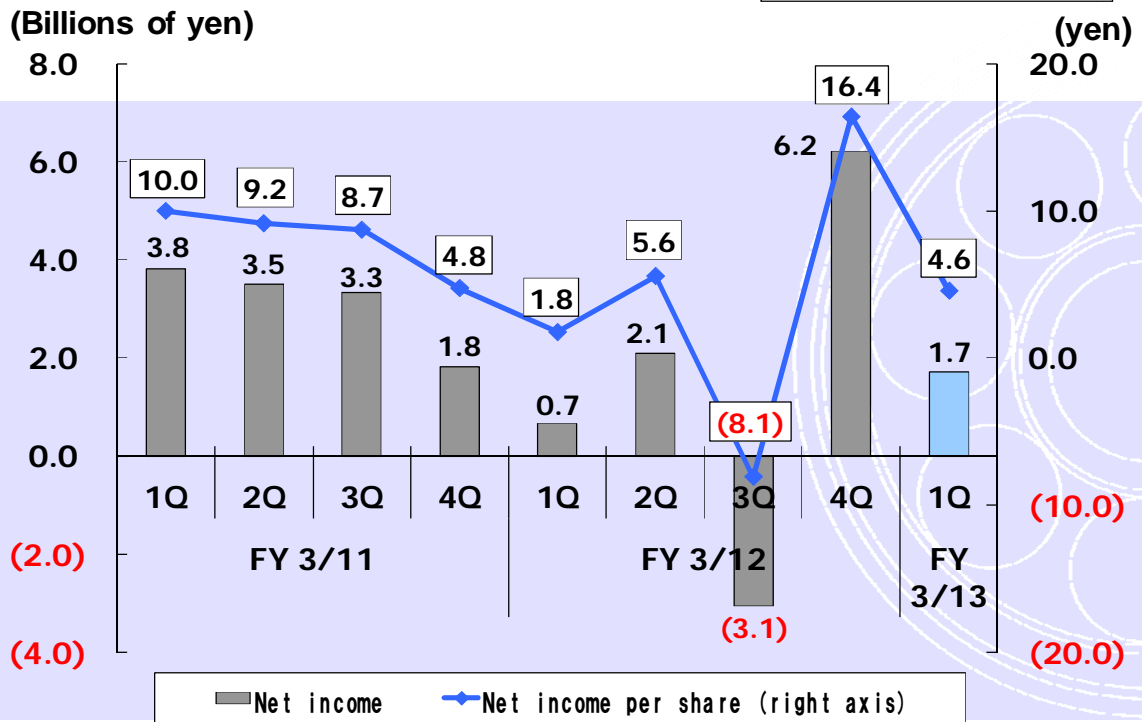
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In the Other business segment, first quarter net sales were 2.4 billion yen, down 13.4% from the previous quarter due to our withdrawal from the underperforming conventional keyboard business in the last fiscal year. However, operating result showed a turn to the positive, with 0.2 billion yen.



# Net Income

Increased X 2.6 YoY  
Decreased 72.3% QoQ

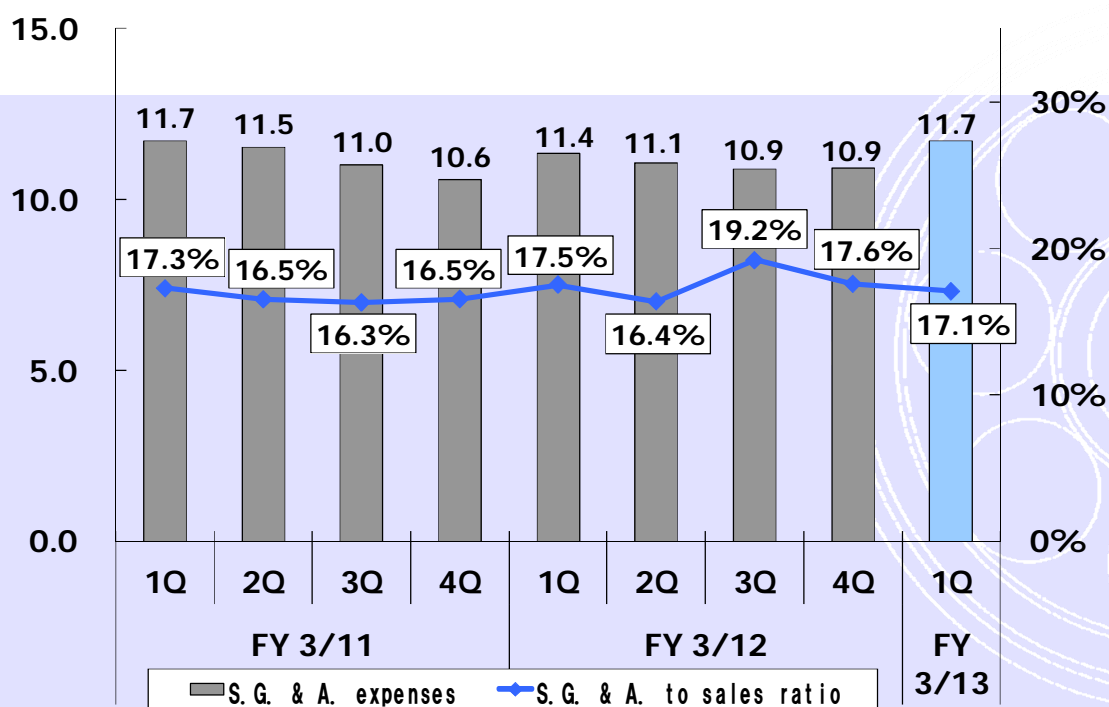


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Net income for the first quarter decreased significantly, by 72.3%, from the previous quarter to 1.7 billion yen. This was mainly because there was a 9.6 billion yen insurance payout as an extraordinary gain in the previous quarter while no such event took place this quarter. Net income per share was 4.6 yen.

(Billions of yen)



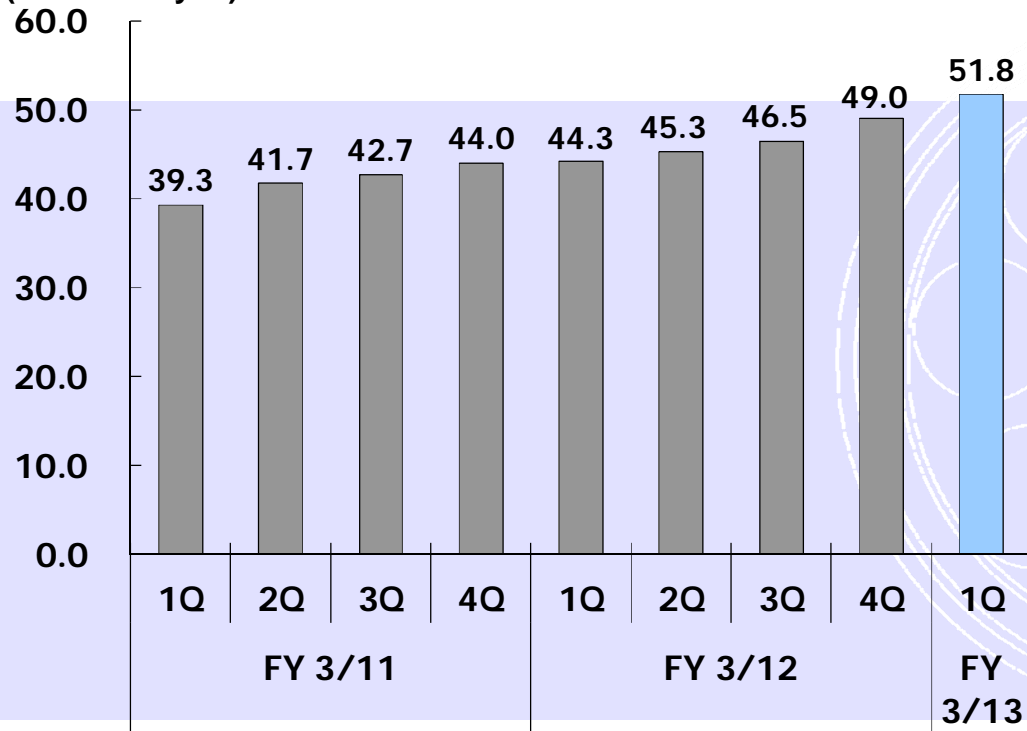
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SG&A expenses in the first quarter increased by 0.8 billion yen compared to the previous quarter, to 11.7 billion yen. However, SG&A expenses-to-sales ratio decreased by 0.5 percentage point to 17.1% as sales increased.

## Inventories

(Billions of yen)

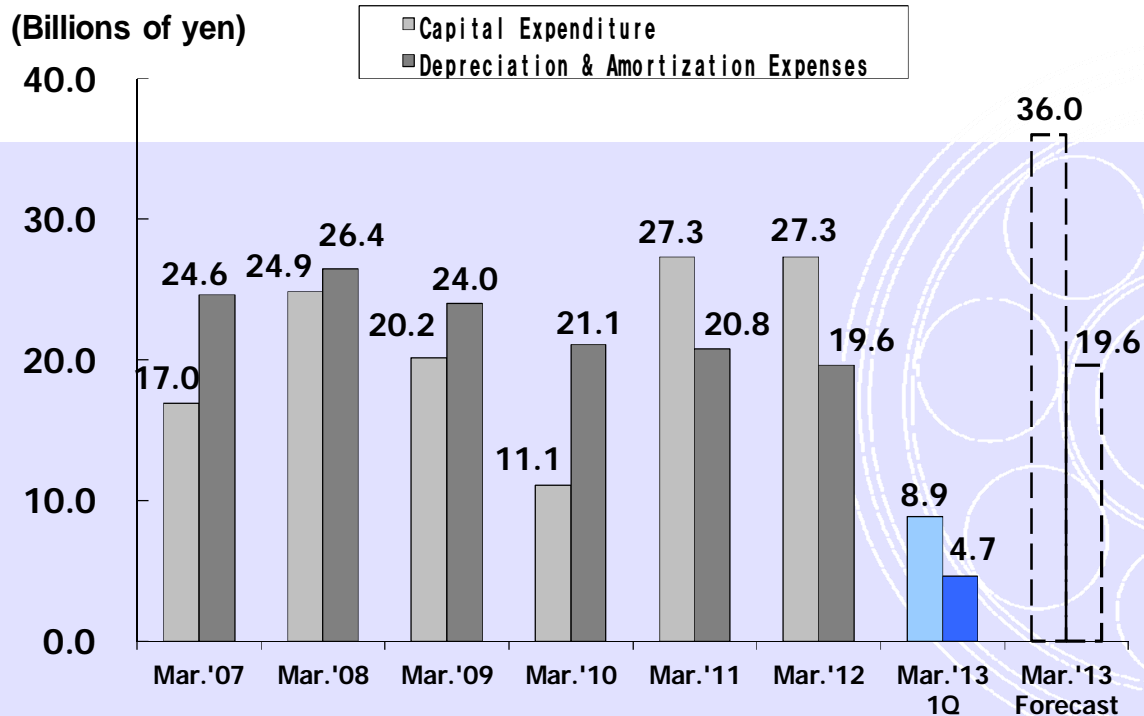


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Inventories increased by 2.8 billion yen compared to the previous quarter. Of which 1.2 billion yen is due to the Moatech acquisition. There were also inventory increases to meet growing sales.

# Capital Expenditure & Depreciation



\*From FY 3/09, due to change in lease accounting, assets of finance leases are included.

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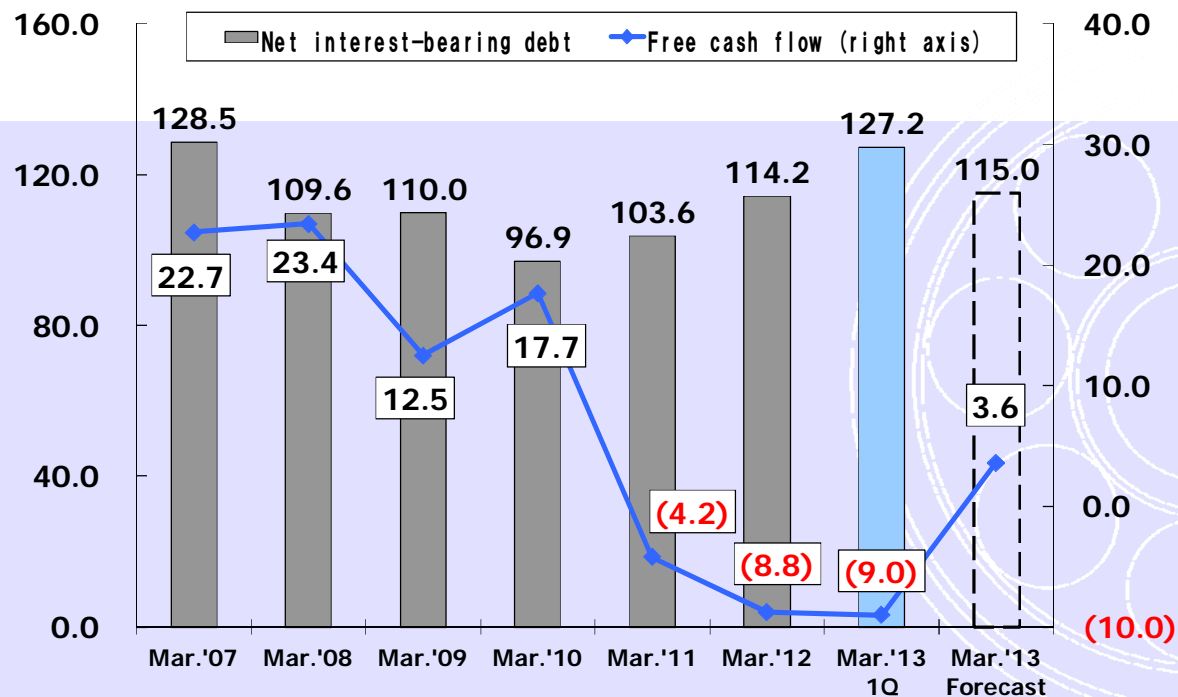
Capital expenditure for the first quarter was 8.9 billion yen. Depreciation and amortization expenses for the first quarter were 4.7 billion yen.

We intend to spend 36.0 billion yen during this fiscal year to continue the work of post-flood restoration and to increase our production capacity in growth areas.

# Net Interest-Bearing Debt

(Billions of yen)

(Billions of yen)



Net Interest-bearing debt = Interest-bearing debt – Cash and cash equivalents  
Free Cash Flow = CF from operating activities + CF from investing activities

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Net interest-bearing debts were 127.2 billion yen at the end of the first quarter, an increase of 13.0 billion yen from the end of the previous fiscal year. This increased debt level is caused by increased working capital needs for the growing LED backlight business, inventory buildups in the HDD-related businesses due to changes in the HDD market, and a 2.2 billion yen new borrowing by the E-Ship trust due to the reintroduction of the Trust-type Employee Shareholding Incentive Plan, in addition to our need for increased capital to make investments in new capacity for growth areas. Free cash flow for the first quarter was a negative 9.0 billion yen.

Free cash flow for this fiscal year is expected to be 3.6 billion yen as profits increase significantly.

**Full year forecast unchanged**

(Millions of yen)	FY ended Mar. '12	Fiscal Year ending Mar. '13			Change YoY
	Full Year	1st Half	2nd Half	Full year	
Net sales	251,358	148,100	163,900	312,000	+24.1%
Operating income	8,599	9,400	13,900	23,300	× 2.7
Ordinary income	6,499	8,200	12,600	20,800	× 3.2
Net income	5,922	5,600	6,900	12,500	× 2.1
Net income per share (yen)	15.63	14.97	18.53	33.50	× 2.1

Foreign exchange rates	Mar. '12 Full year	FY ending Mar. '13 Assumption
US\$	¥79.07	¥77.00
Euro	¥110.20	¥103.00
Thai Baht	¥2.59	¥2.50
Chinese RMB	¥12.33	¥12.20

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There will be no change at this time in our full year forecast for this fiscal year announced in May, as the first quarter results were in line with our annual plan.

We predict significantly higher sales and profits mainly from sales of HDD parts, such as pivot assemblies and HDD spindle motors, and LED backlights as we put the impact of the higher rare-earth material prices and the natural disasters such as the Tohoku Earthquake and the Thai Floods further behind us.

Regarding the HDD market, there were production adjustments by HDD manufacturers in and after June, we expect that the market will be flat in the September quarter. However, it is expected that it will return to a recovery trend in the December quarter.

However, we intend to watch various different product markets carefully and continue to focus on cost reductions, given unpredictable factors such as the rippling effects of the Eurozone Crisis into the emerging markets and the North American markets.

## Jump in LED Backlight Sales

### Further profit contribution expected from 2Q onward

#### LED backlights for tablet PCs

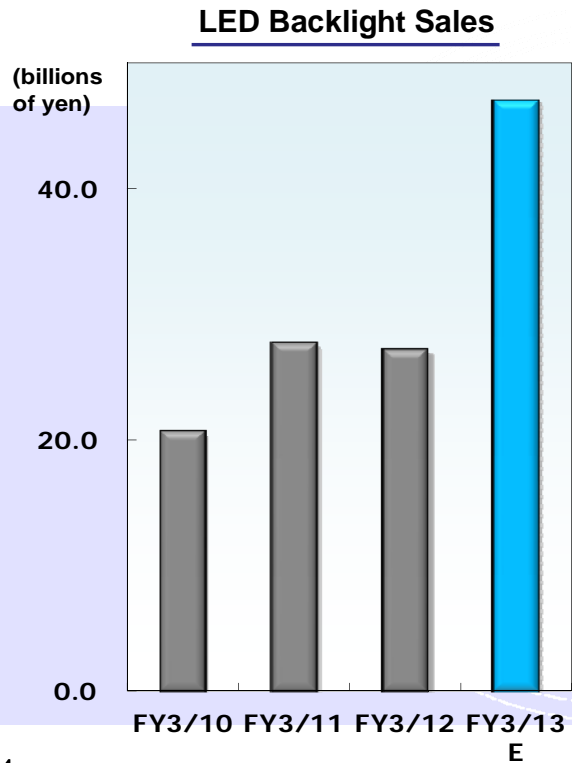
- Started shipment in late April.
- Ramped up production in May and June.
- Now at full production capacity.

#### LED backlights for new model smartphones

- Started shipment in late June.
- Ramping up production now.

#### LED backlights for portable MP3 players

- Started shipment in July.
- Ramp up production in August and September.



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We are expecting our LED backlight sales to jump this fiscal year as we started shipments of our large scale new products for the growing tablet PC and smartphone markets and for portable MP3 players.

To be specific, we started shipment of LED backlights for tablet PCs from this April, ramped up production in May and June, and have now reached full production capacity.

Regarding LED backlights for new model smartphones, we started production and shipment in late June, and are ramping up production now.

We also started shipment of LED backlights for portable MP3 players and are expecting a large increase of shipment volume from now on.

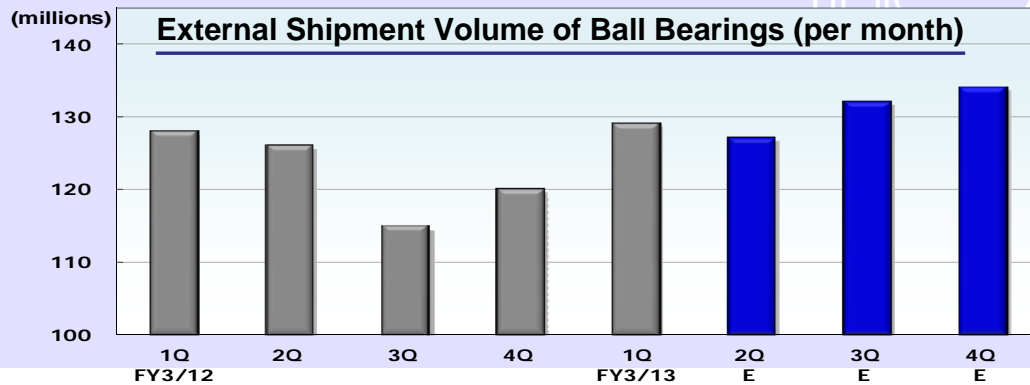
For the last fiscal year, we posted loss in this business for the first time due to supply chain disruptions caused by the Tohoku Earthquake and the Thai Floods. However, for this fiscal year, we are expecting this business to make a good earnings contribution as shown by the sales leap in the graph.

**Ball Bearings Shipment**

- Demand recovery from the Thai Floods
- Utilize capacity for other applications from pivot assemblies in 2Q.
- Steady demand from automobile and fan motors
- Expansion into low-priced mass-produced ball bearings and mid-sized early next year

**Pivot Assemblies Shipment**

- Jumped up due to market share increase and HDD market recovery after the Thai Floods.
- Flat 2Q due to inventory adjustment, but return to growth trend 3Q and beyond due to capacity recovery in the HDD industry.
- Improve profitability by better product mix such as for 7mm height HDDs.



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I will explain the production and sales of ball bearings and pivot assemblies.

As you can see in this slide, our ball bearing external shipment has been recovering from a demand decrease due to the Thai Floods. Because of an inventory adjustment in the HDD market in and after June, internal shipment of ball bearings for pivot assemblies would stay flat for a while. We would like to utilize this extra production capacity for other applications in order to expand volume more. Currently, demands from automobile industry and for fan motors are quite steady. We will also proceed with the expansion program into low-priced mass-produced ball bearings and mid-sized ones starting early next year as originally planned.

Our pivot assembly sales volume increased significantly after the Thai Floods due to an increase in our market share and recovery of the HDD market. Although the second quarter shipment would stay flat from the previous quarter due to the inventory adjustment in the HDD market in and after June, we expect volume would gradually increase again in and after the third quarter because of the production capacity recovery in the HDD industry. We also expect our profitability to improve by increases in high-value-added products such as pivot assemblies for the 7mm height 2.5 inch HDDs of which we have 100% of the market.



# Minebea Co., Ltd.

## Business Results

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

Any statements in this presentation which are not historical are future projections based on certain assumptions and executive judgments 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 but are not limited to: (i) changes in economic conditions or demand trends related to Minebea's business operations; (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.

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