Business Results

Third Quarter of Fiscal Year Ending March 31, 2013

February 1, 2013

Minebea Co., Ltd.

Summary of Consolidated Business Results for 1Q-3Q

Minebea
Passion to Exceed Precision

Sales and profits rebound after the Tohoku Earthquake and the Thai Floods, but losing steam since early fall.

(Millions of yen)	FY ended Mar. '12 1Q-3Q	FY ending Mar. '13 1Q-3Q	Change YoY
Net sales	189,164	210,807	+11.4%
Operating income	6,903	10,644	+54.2%
Ordinary income	5,356	9,261	+72.9%
Net income	-285	4,796	N.M.
Net income per share (yen)	-0.75	12.83	N.M.

Foreign exchange rates	1Q-3Q of FY Mar. '12	1Q-3Q of FY Mar. '13
US$	¥79.33	¥79.75
Euro	¥112.50	¥101.97
Thai Baht	¥2.60	¥2.56
Chinese RMB	¥12.30	¥12.63

February 1, 2013

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Consolidated business results for the first nine months of the fiscal year ending March 31, 2013, included an 11.4% year-on-year rise in net sales with the total figure for net sales coming to 210,807 million yen. Operating income jumped 54.2% year on year to finish at 10,644 million yen and net income was back in the black at 4,796 million yen. Sales and profits also rebounded from the effects of the Tohoku Earthquake and the Thai Floods, although the momentum has been tapering off since early autumn.

Summary of Consolidated Business Results for 3Q

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Profits fall Q on Q due to declining demand in many product markets.

(Millions of yen)	FY ended Mar. '12 3Q	FY ending Mar. '13 2Q	FY ending Mar. '13 3Q	Change YoY	Change QoQ
Net sales	56,716	70,480	71,705	+26.4%	+1.7%
Operating income	850	4,007	2,943	X 3.5	-26.6%
Ordinary income	323	3,573	2,319	X 7.2	-35.1%
Net income	-3,055	2,002	1,076	N.M.	-46.3%
Net income per share (yen)	-8.07	5.37	2.89	N.M.	-46.2%

Foreign exchange rates	3Q of FY Mar. '12	2Q of FY Mar. '13	3Q of FY Mar. '13
US$	¥77.51	¥78.69	¥79.79
Euro	¥105.99	¥97.65	¥103.36
Thai Baht	¥2.50	¥2.49	¥2.60
Chinese RMB	¥12.16	¥12.36	¥12.76

February 1, 2013

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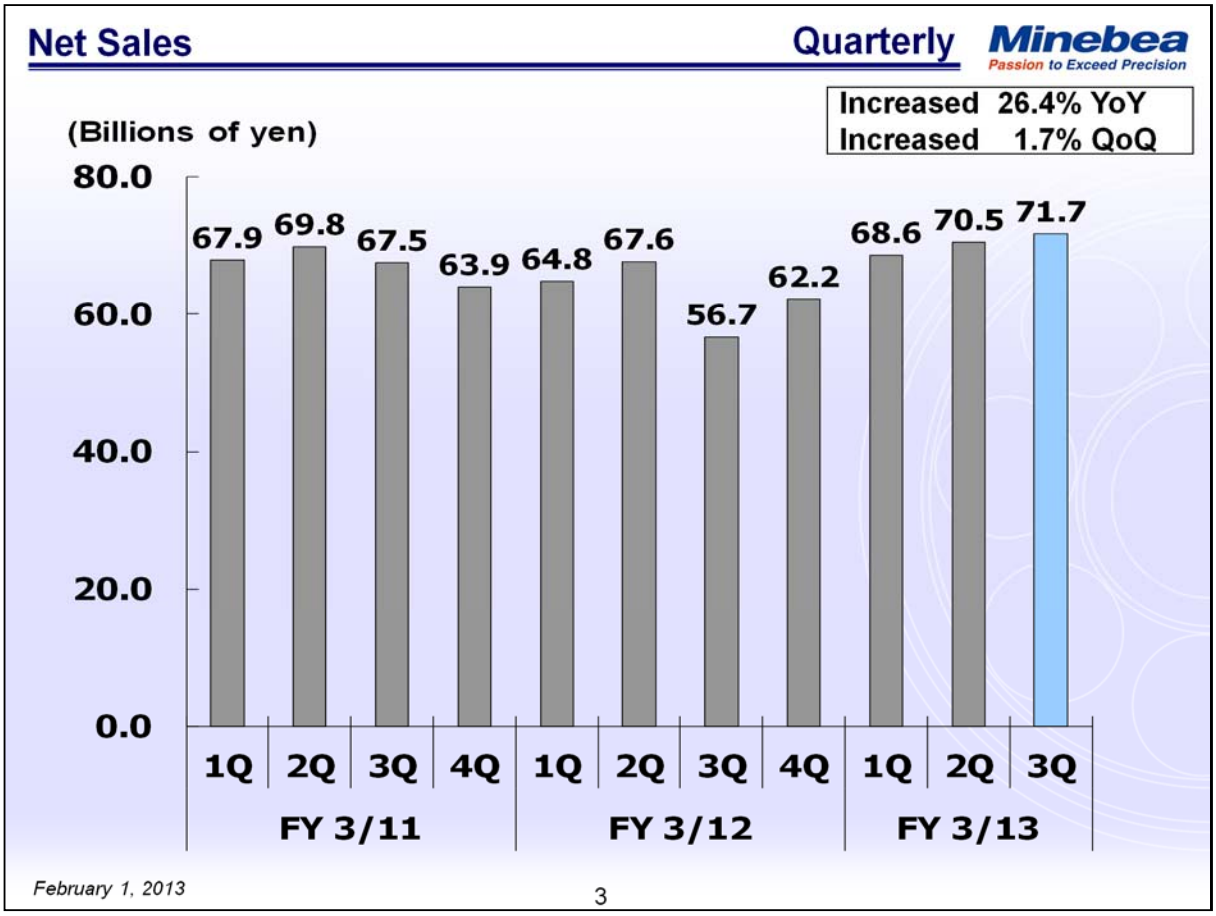
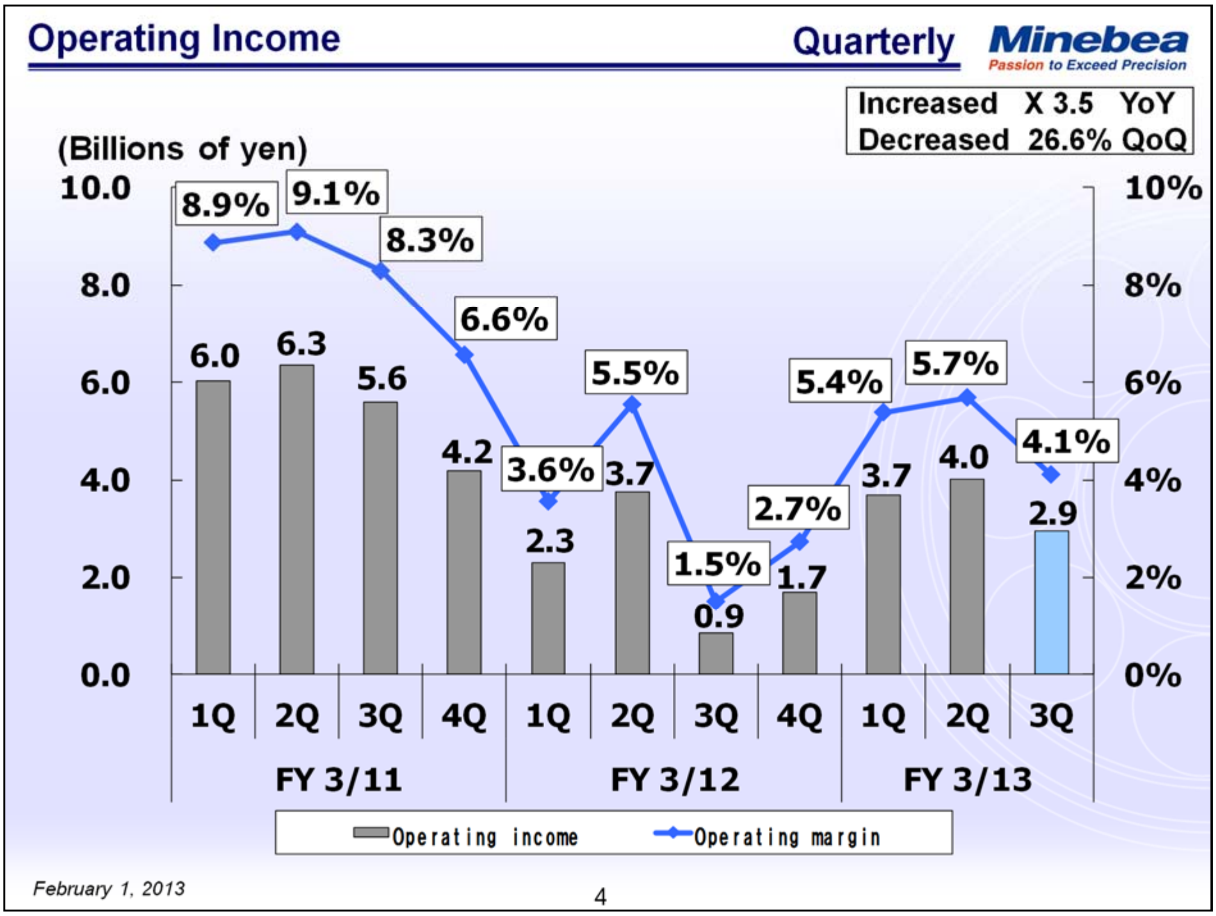
The third quarter of the fiscal year ending March 31, 2013 saw net sales reach 71,705 million yen. While that was a 26.4% increase over the same period last year, it was but a slight increase of 1.7% over the previous quarter. Operating income totaled 2,943 million yen, 3.5 times what it was during the same period last year, but down 26.6% from the previous quarter. Net income dropped 46.3% quarter on quarter to hit 1,076 million yen.

While we recovered from losses dealt by the flooding in Thailand, profits fell quarter on quarter due to declining demand in many product markets. Demand for personal computers, hard disk drives, office automation products, factory automation products, automobiles and home appliances has been gradually shrinking since early autumn.

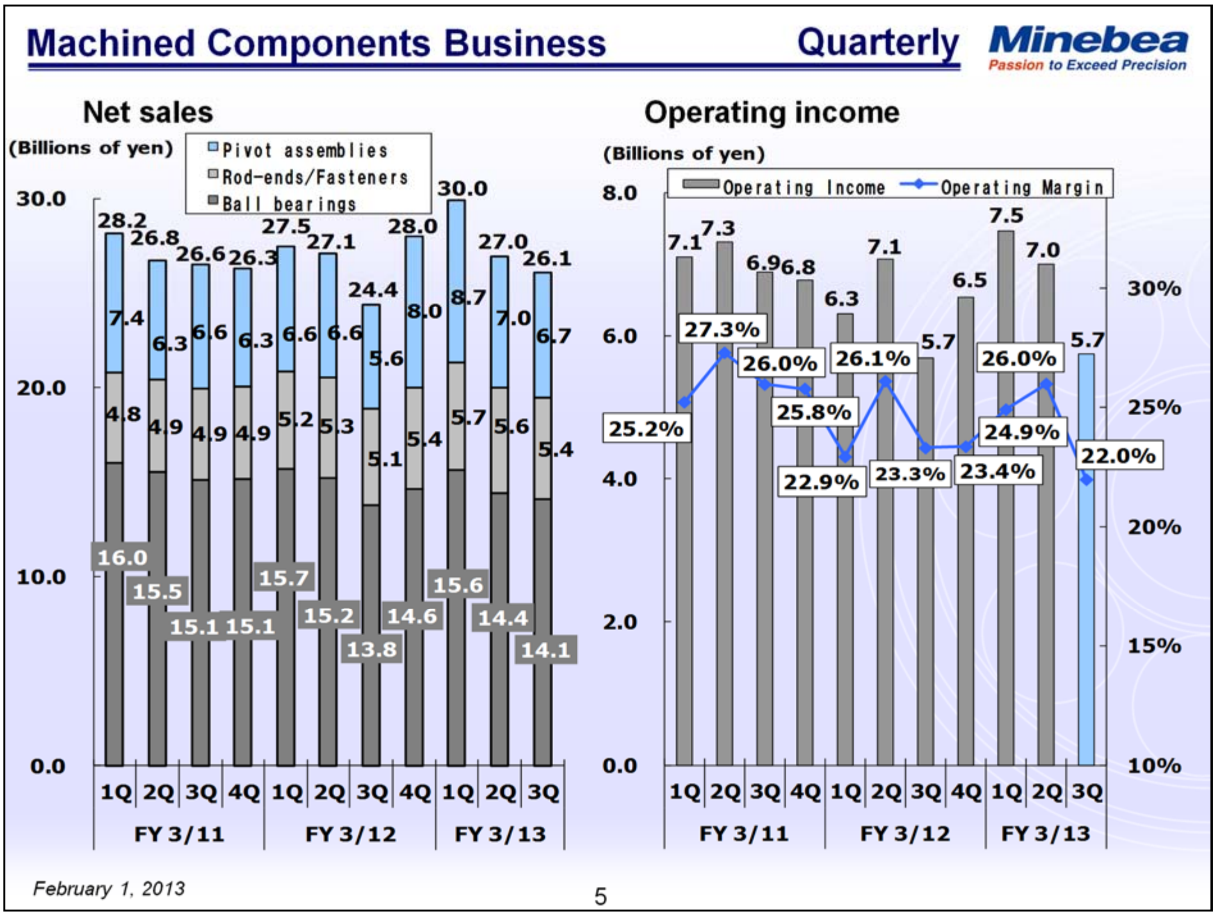
The Japanese yen started to decline against other currencies beginning in November and since more than 90 % of our products are manufactured outside of Japan, our costs also increased in terms of yen. We estimate currency impacts for the third quarter on net sales of approximately positive 1.3 billion yen compared to the same period of the last fiscal year, and also approximately positive 1.3 billion yen over the previous quarter, too. Regarding currency impacts on operating income, we estimate impacts for the quarter of approximately negative 0.7 billion yen compared to the same period of the last fiscal year, and approximately negative 0.4 billion yen over the previous quarter.



Third quarter net sales for the fiscal year ending March 31, 2013, totaled 71.7 billion yen, up only 1.7% from the previous quarter as higher sales in the LED backlight business were offset by declining sales in the Machined Components and the Rotary Components business segments due to the slowdown in the global economy.



Operating income for the third quarter was 2.9 billion yen, down 26.6% from the previous quarter due mainly to a drop in both the Machined Components and Rotary Components business segments despite of an increase in the Electronic Components and Devices business segment. The operating margin declined 1.6 percentage points to 4.1%.



Third quarter net sales for the Machined Components business segment dropped 3.1% from the previous quarter to total 26.1 billion yen. Operating income was 5.7 billion yen, down 18.0% from the previous quarter. The operating margin was 22.0%, down 4.0 percentage points from the previous quarter.

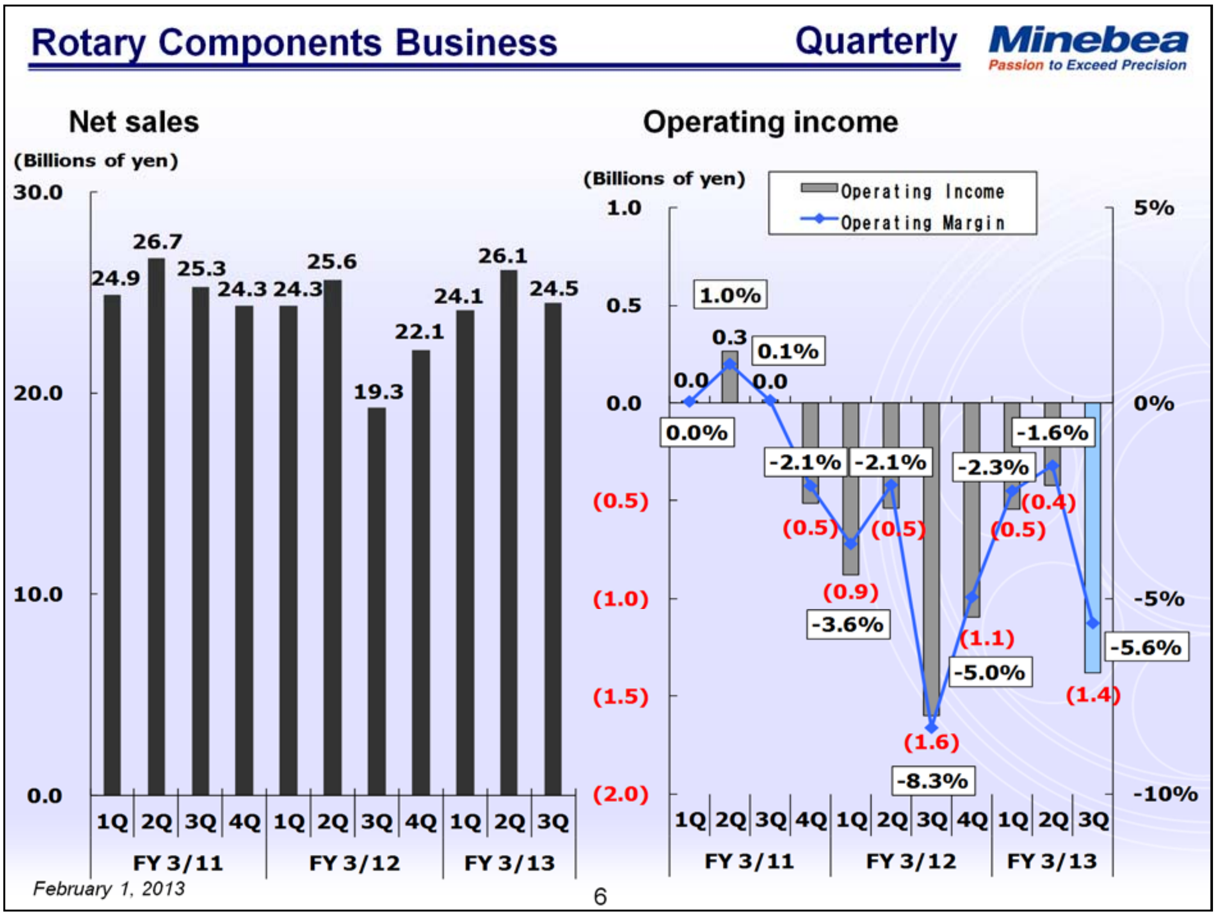
Third quarter sales of ball bearings decreased by 2.1% from the previous quarter to 14.1 billion yen. The decrease in external shipment volumes can be attributed to the global economic slowdown. Factors such as the prolonged European debt crisis and economic slowdowns in emerging markets such as China resulted in gradually declining demand in many product markets. Internal shipment volumes of ball bearings also fell due to the significant cutback in production at our HDD pivot assemblies that was prompted by the continuing decline in HDD demand. Overall ball bearing production was also scaled down. Even though we are cutting labor and other costs, profits dipped below what they were for the previous quarter due to higher unit production costs.

In the fourth quarter, we will shift away from ball bearing production for HDD pivot assemblies. Our new focus will be on producing medium-sized and low-priced mass-produced bearings and boosting our marketing activities in light of the less-than-bright outlook for the global economy and HDD market.

Sales of rod-ends and fasteners decreased by 3.6% from the previous quarter to 5.4 billion yen due to the Christmas holidays in Europe and the U.S. Although orders were buoyed by rising demand in the aircraft market, quarter-on-quarter profits remained flat. Although the recent Boeing 787 troubles has clouded the forecast for the future, we think the outlook for the industry looks bright because airlines need new energy-efficient aircraft models in the coming years. We expect the weaker yen to boost sales and profits in the fourth quarter.

Sales of pivot assemblies for HDDs decreased by 4.3% from the previous quarter to 6.7 billion yen, and operating income declined due to lower capacity utilization. Despite lagging PC sales that have put a damper on HDD demand and another round of inventory adjustments in December, we were able to maintain our high market share, due mainly to the fact that our competitor’s Thai production facility was hit hard by the floods. As for the fourth quarter, we see flat demand for HDDs.

Machined Components sales and profits are expected to increase in the fourth quarter as capacity utilization increases due to more marketing activities, etc., as noted above.



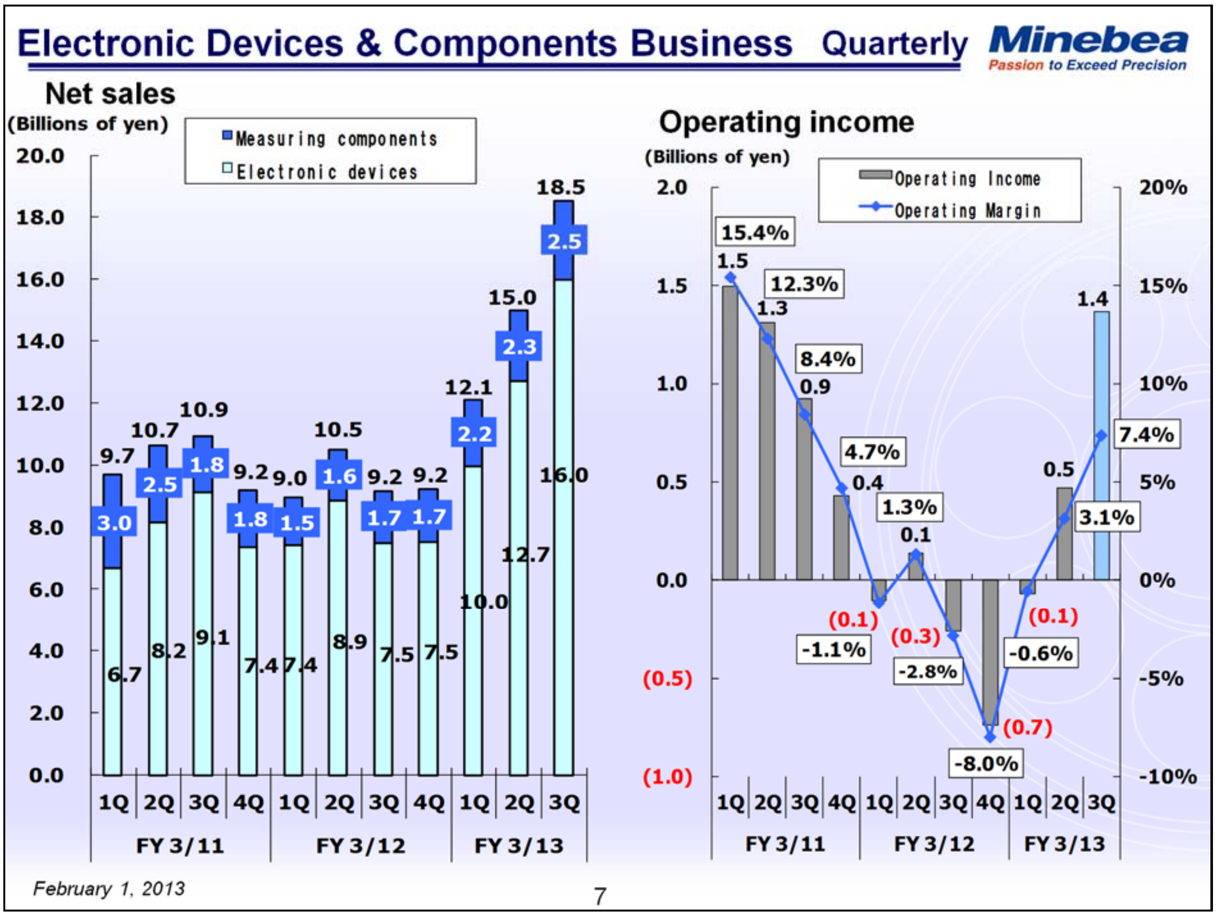
In the Rotary Components business segment, third quarter net sales totaled 24.5 billion yen, down 6.3% from the previous quarter. Operating losses widened by 1.0 billion yen from the previous quarter to reach 1.4 billion yen while the operating margin was negative 5.6%, 4.0 percentage points worse than the previous quarter.

Regarding HDD spindle motors, the third quarter also recorded an extraordinary loss, a “Loss on Disaster” of 0.3 billion yen due to interrupted operations at HDD spindle motor parts factories hit by the Thai Floods. Combining this loss and the nominal operating income to come up with the actual profitability, the result is negative and slightly worsened. This drop is due to lower capacity utilization since production was cut as sales volumes decreased following the HDD inventory adjustments begun in the second quarter. On the up side, our market share increased for competitive high-end products. These include motors for servers and 7mm 2.5 inch HDDs. Due to this factor, we expect higher shipment volume in the fourth quarter and better profitability.

In the information motor business, sales decreased as demand in many product markets, including office automation products, factory automation products, automobiles, and home appliances continued to gradually shrink from the second quarter on. Lower sales widened operating losses despite further cost and spending cuts in response to the tougher business environment. We expect demand to remain low in the fourth quarter.

Today, Minebea announced that it buys all 40% of Panasonic’s holdings in Minebea Motor Manufacturing Corporation to terminate the joint venture between the two companies, which I will explain in further detail later on.

Profitability in the Rotary Components business is expected to improve in the fourth quarter as HDD spindle motor profitability improves even though information motor performance will continue to lag behind.

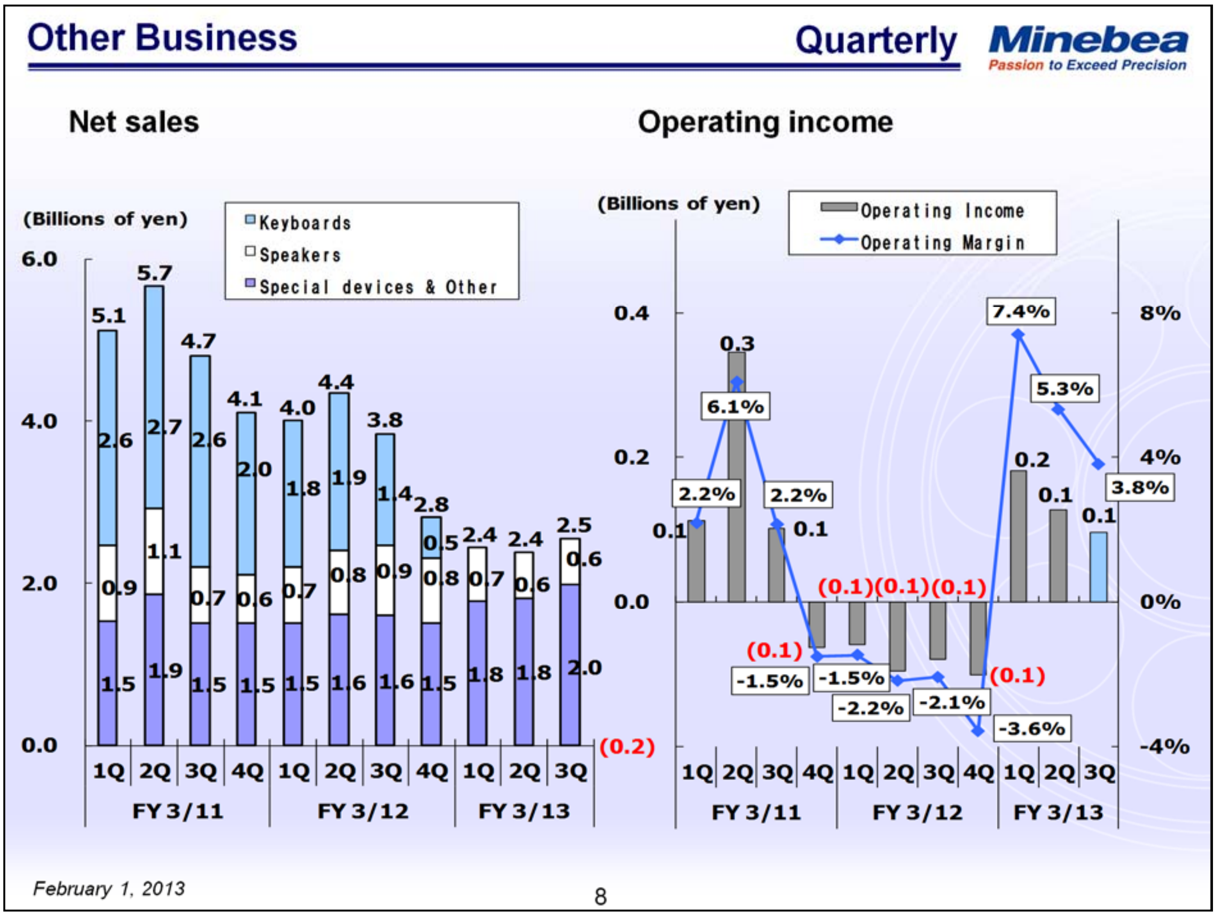


Third quarter net sales for the Electronic Devices and Components business segment totaled 18.5 billion yen. This 23.7% jump from the previous quarter was due to a significant increase in sales of LED backlights which makes up the bulk of the electronic devices business. Operating income totaled 1.4 billion yen, 2.9 times what it was in the previous quarter. The operating margin also improved by 4.3 percentage points quarter on quarter to reach 7.4%.

Net sales of electronic devices increased 26.0% from the previous quarter, to total 16.0 billion yen. Production of LED backlights for new smart phone models increased in October and November, but fell off in December due to an inventory adjustment. Production of LED backlights for new model tablet PCs inched up month by month after an inventory adjustment in August and September, but decreased again in December. We expect to see fourth quarter sales and profits decrease significantly as LED backlight production for both smart phones and tablet PCs temporarily nosedives, even though we are focusing on the next generation models for next fiscal year and steadily expanding our customer base.

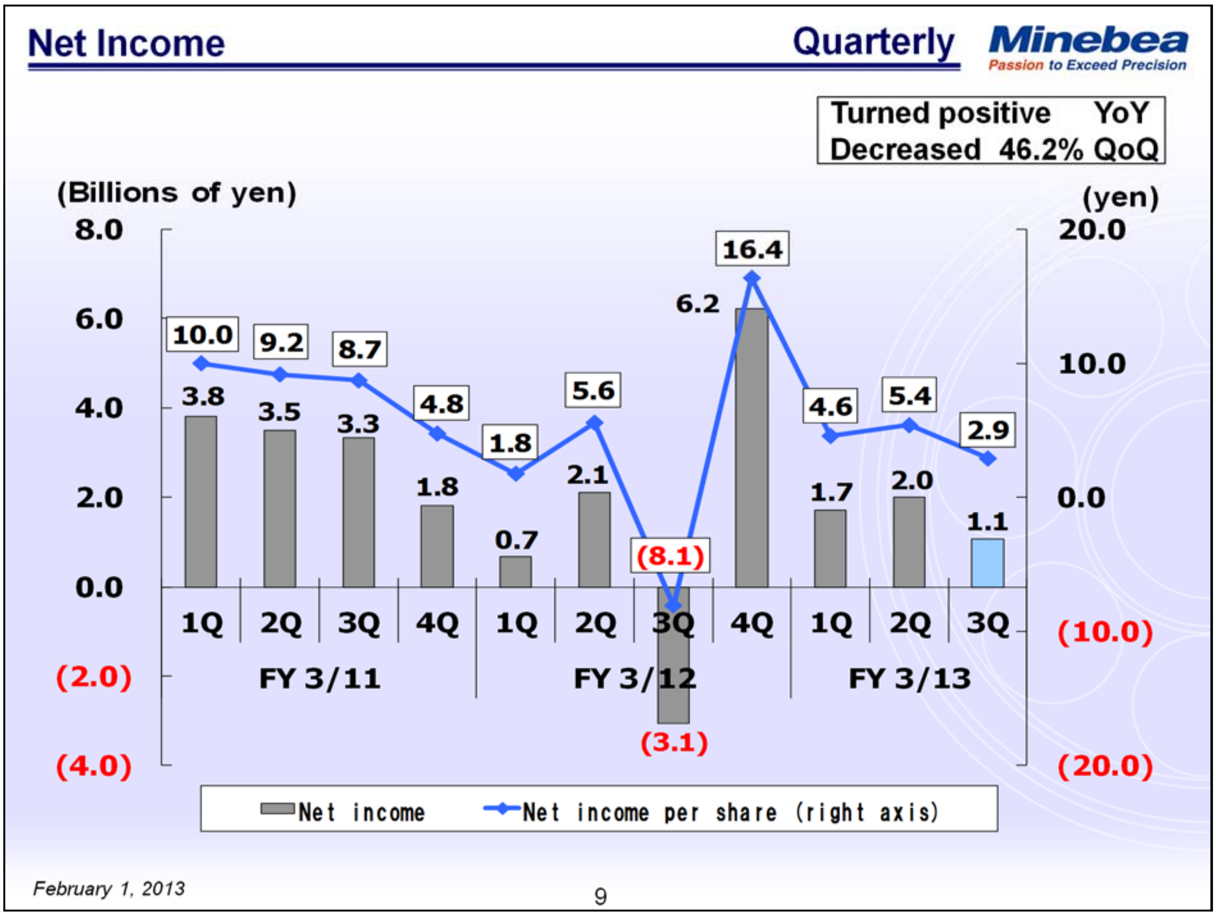
Net sales of measuring components increased by 8.7% over the previous quarter to reach 2.5 billion yen due to renewed demand in the North American automobile market. Profits were steady.

Electronic Devices and Components profits are expected to decline significantly in the fourth quarter as LED backlight sales drop off.

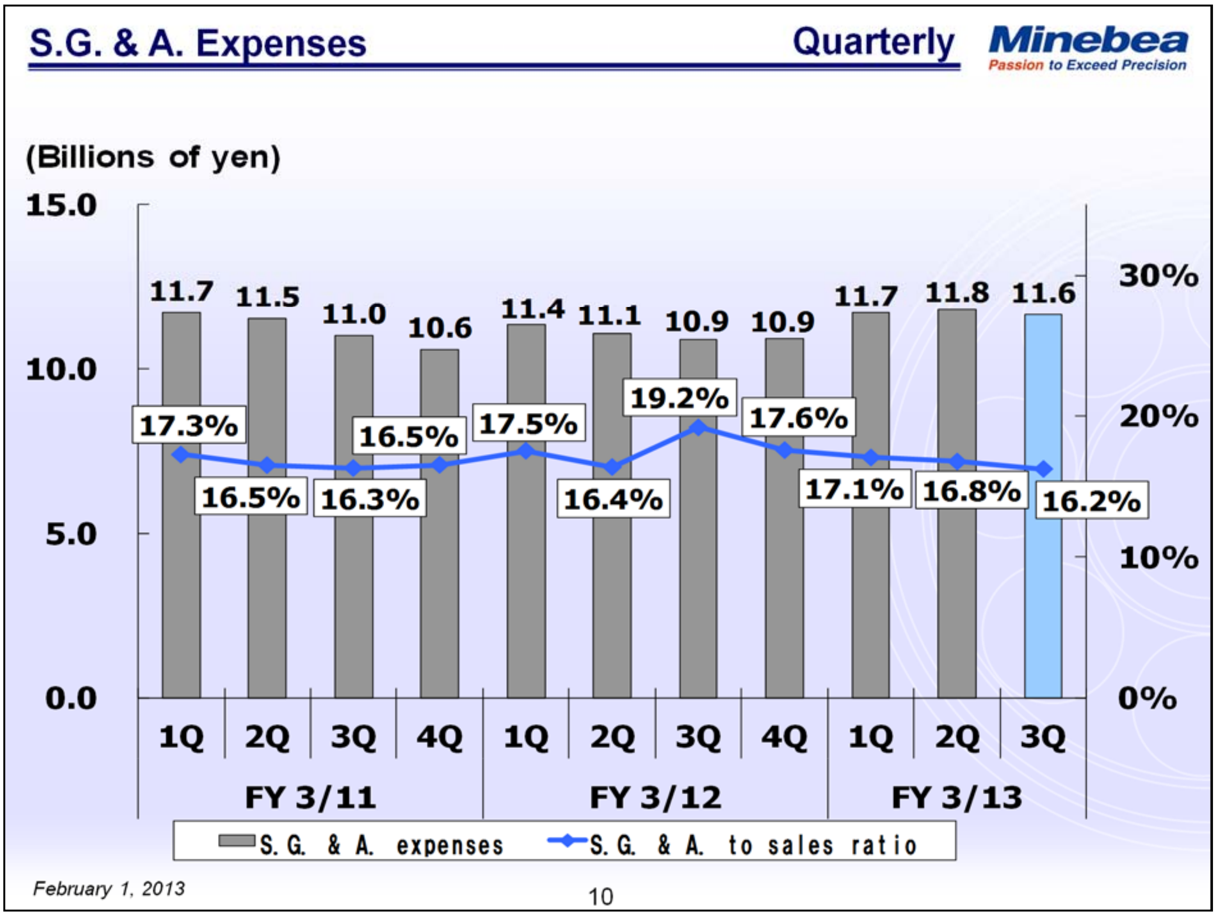


Third quarter net sales for our Other Business segment totaled 2.5 billion yen, up 6.7% from the previous quarter. Operating income was 0.1 billion yen.

We expect sales and profits to remain flat for the fourth quarter.

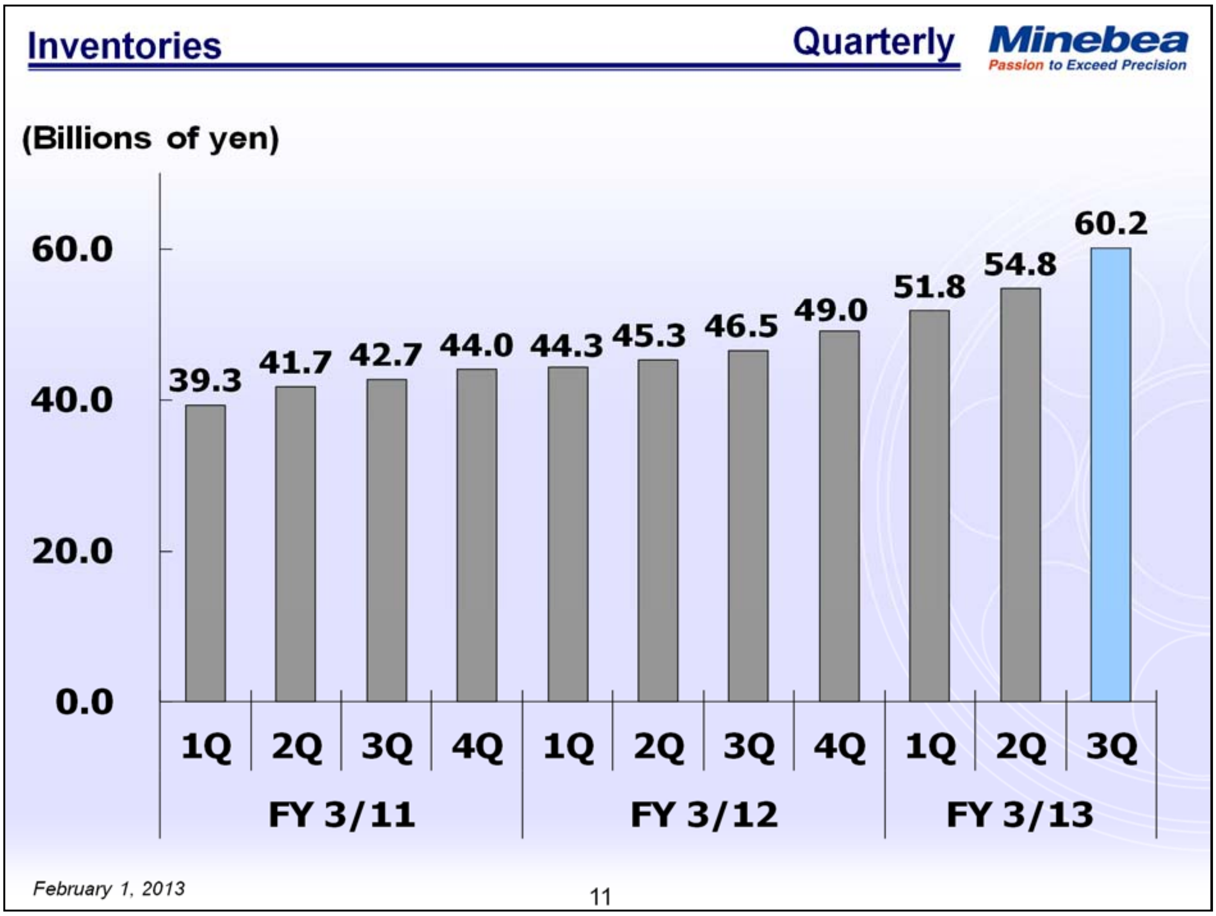


Net income for the third quarter fell 46.3% from the previous quarter to 1.1 billion yen. Net income per share was 2.9 yen.

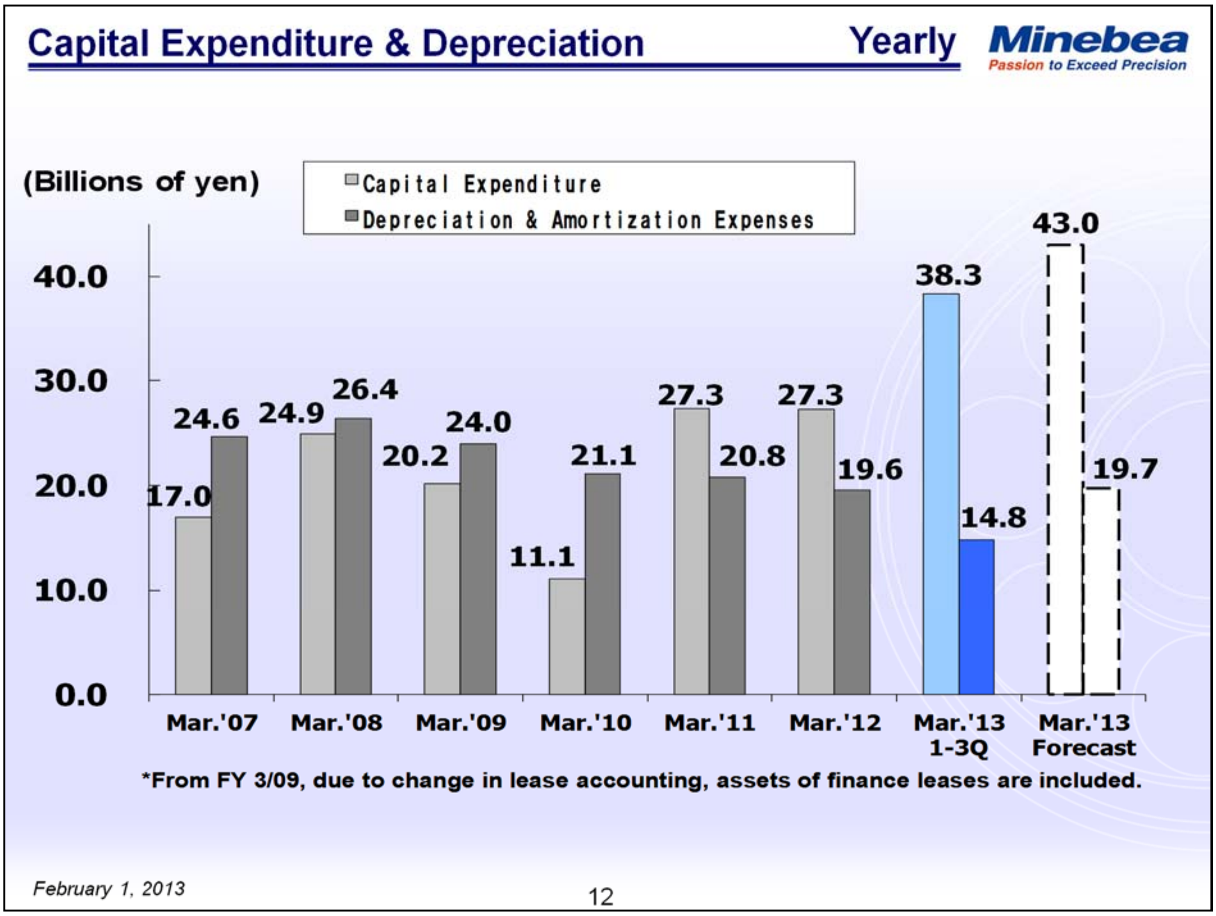


Although sales were up from the previous quarter, third quarter SG&A expenses decreased 0.2 billion yen to total 11.6 billion yen due to cost cutting measures. The SG&A expenses-to-sales ratio also dropped 0.6 percentage points, to 16.2%.

This ratio rose last year due to a significant decline in sales after the Tohoku Earthquake and the Thai Floods, but has steadily decreased since then. For the upcoming fiscal fourth quarter, however, we expect a tougher business environment, and will therefore continue our efforts to hold expenses further down.

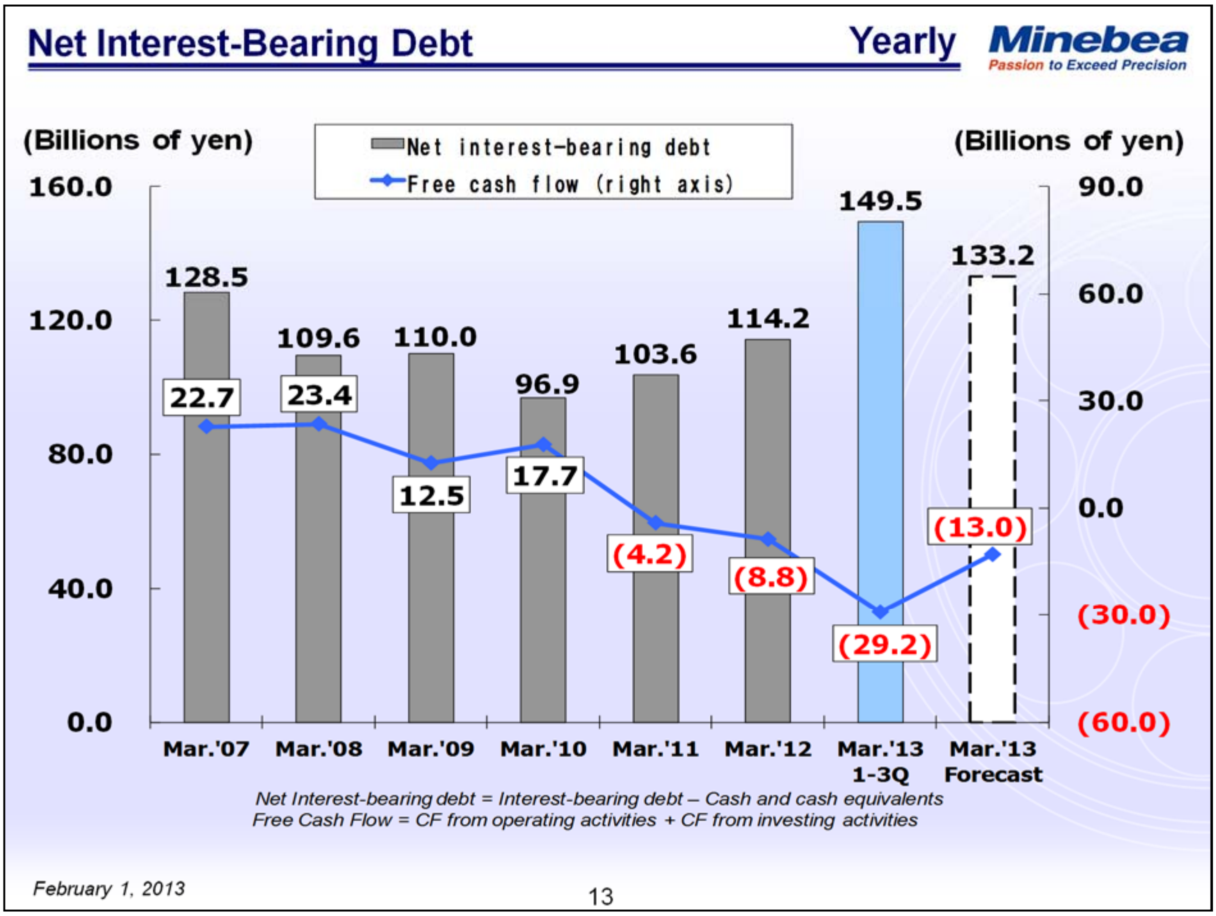


Although we have responded to sluggish sales by cutting production for ball bearings, pivot assemblies and other products, inventories increased by 5.4 billion yen compared to the end of the previous quarter. This increase is due to the sharp depreciation of the yen against other currencies during the quarter which has inflated inventory yen value by 5.7 billion yen.



Capital expenditures for the first nine months came to 38.3 billion yen. Depreciation and amortization expenses for the period totaled 14.8 billion yen. Capital expenditures for this fiscal year are expected to total 43 billion yen. This figure exceeds spending in recent years since it includes the purchase of the new Tokyo Headquarters building which was not in the original investment plan.

Working against the backdrop of a cloudy business environment, we decided to curb capital spending as much as possible this fiscal year and plan to delay spending for as long as possible. Excluding the new Tokyo Headquarters building which was not in the initial 36.0 billion yen plan, our new target for this fiscal year has been reduced to 29.0 billion yen.



Net interest-bearing debts, which are interest-bearing debts minus cash and cash equivalents, totaled 149.5 billion yen at the end of the third quarter, up 35.3 billion yen from the end of the previous fiscal year. This increase is due to aggressive production capacity expansion in growth areas, the 50.8% acquisition of Moatech Co. in May, and the purchase of the new Tokyo Headquarters building in August. Also fueling the increase was the need for more cash as a result of the inventory increase, bonuses and interim dividend payments. Free cash flow for the first nine months amounted to negative 29.2 billion yen.

We expect to record an extraordinary gain from the sale of the land where our Omori factory stands this fiscal year. We are working to rein in rising net interest-bearing debts by curbing capital expenditures and reducing inventories to generate more cash flow.

Forecast for Fiscal Year Ending March 31, 2013

Minebea
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Full year forecast unchanged

(Millions of yen)	FY ended Mar. '12	Fiscal Year ending Mar. '13	
	Full Year	Full Year Forecast	YoY
Net sales	251,358	292,000	+16.2%
Operating income	8,599	15,500	+80.3%
Ordinary income	6,499	13,000	X 2.0
Net income	5,922	7,400	+24.9%
Net income per share (yen)	15.63	19.80	+26.7%

Foreign exchange rates	FY Mar. '12 Full year	Full Year Assumption
US$	¥79.07	¥79.06
Euro	¥110.20	¥102.23
Thai Baht	¥2.59	¥2.55
Chinese RMB	¥12.33	¥12.52

(Full year assumption rates are based on actual numbers in 1Q-3Q and assumed rates in 4Q)

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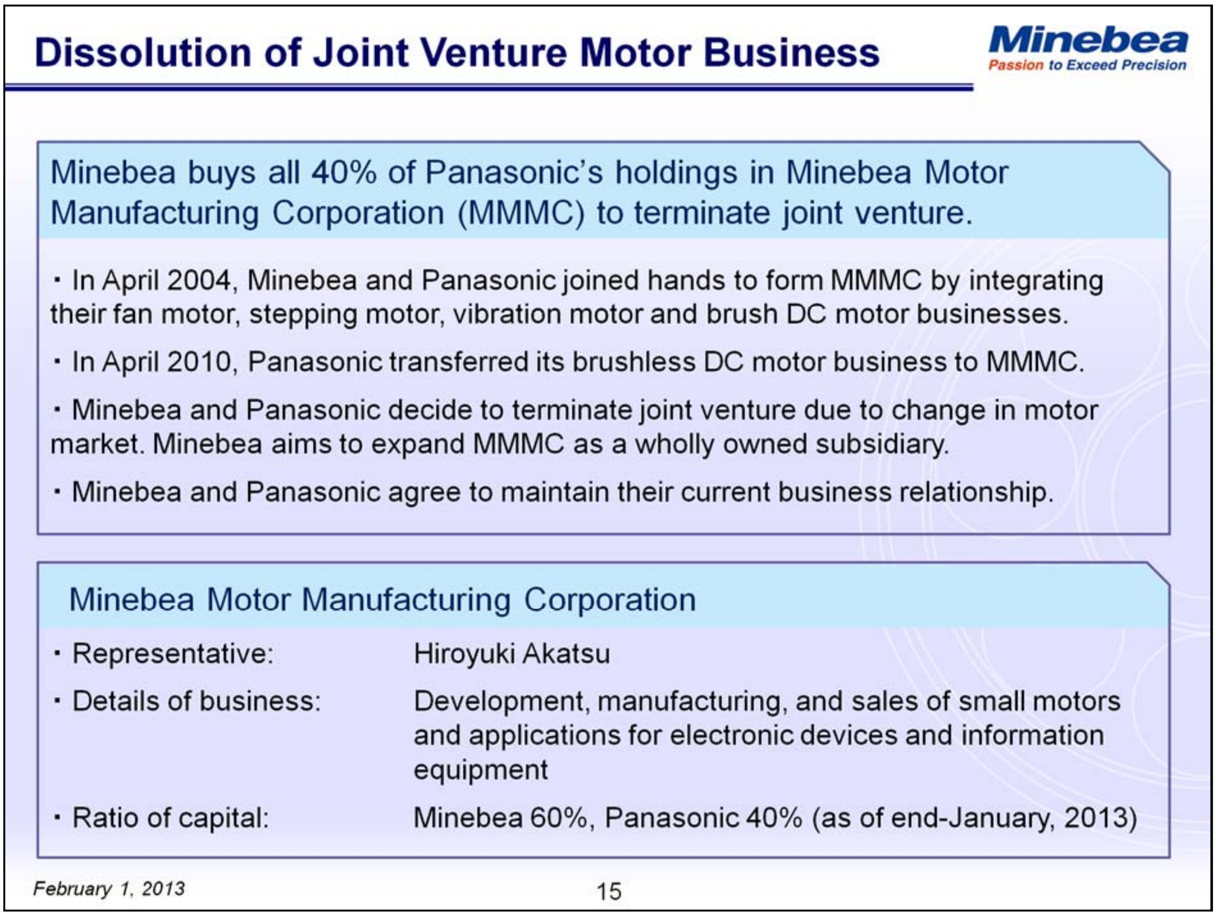
We do not change at this time our full year forecast for this fiscal year revised on November 2, of last year.

Even though the fourth quarter targets have become more challenging to reach in light of the third quarter results, which were less than what was planned, we remain committed. We will work to strengthen profitability by boosting marketing activities and executing restructuring measures within this fiscal year starting with ones mentioned later this presentation, utilizing funds from the Omori land sale, the Thai flood insurance payments and others in the fourth quarter, while aiming for growth during the next fiscal year and beyond.



Today, Minebea and Panasonic agreed that Minebea buys all 40% of Panasonic's holdings in Minebea Motor Manufacturing Corporation (MMMC) to terminate the joint venture between the two companies.

MMMC was established to strengthen both companies' motor businesses in the global market by integrating Minebea's ultra-precision machining technology and cost-competitive mass production system with the innovative product development strength of Panasonic. Later, Panasonic transferred its brushless DC motor business to MMMC. Due to changes in the motor business market that have occurred in recent years, both re-examined the direction the business was headed and decided to terminate their joint venture. Minebea aims to expand MMMC as a wholly owned subsidiary.

Minebea and Panasonic also agree to maintain their current business relationship. Through this joint venture, MMMC was able to add more motor engineers to its ranks and beef up its intellectual property portfolio. From now on, by absorbing this wholly owned subsidiary as soon as possible, Minebea aims to cut costs with slimmer organization and other measures.

Exiting market for Core-less Vibration Motors

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Exiting market for mobile product core-less vibration motors

・Soaring rare-earth materials prices brings profits down for Minebea’s core-less products with more rare-earth materials than its competitors.

・Barriers to boosting profitability prompt market exit

・Will record a restructuring loss in 4Q

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We decided to withdraw from the market for core-less vibration motors designed for mobile products in order to strengthen the profitability of the Minebea Motor Manufacturing Corporation.

Minebea has been using core-less vibration motors, requiring more rare-earth materials than other motors, because of their quick performance. When rare-earth material prices spiked in 2011, the higher costs resulted in a huge loss. While we tried various ways to regain profitability, we unfortunately failed. That’s why today we are announcing our exit from this market.

More specifically, due to our withdrawal from the market for core-less vibration motors designed for mobile products, we will record a restructuring loss in the fourth quarter. We expect the motor market to be rocky for some time to come. Nevertheless, we look forward to improving performance starting next fiscal year as we strengthen the profitability of the Rotary Components business through restructuring measures.

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.