Minebea
Passion to Exceed Precision

Business Results

Fiscal Year Ended March 31, 2015

May 8, 2015

Minebea Co., Ltd.

Minebea
Passion to Exceed Precision

1. Financial Results

2. Policy and Strategy

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Financial Results

Hiromi Yoda
Managing Executive Officer

Summary of Consolidated Business Results

Minebea
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Posting record high net sales, operating income, ordinary income and net income

(Millions of yen)	FY ended Mar. '14 Full year	FY ended Mar. '15 Full year	Change YoY	FY ended Mar.'15 February forecast Full year	VS. Forecast
Net sales	371,543	500,676	+34.8%	490,000	102.2%
Operating income	32,199	60,101	+86.7%	58,500	102.7%
Ordinary income	28,065	60,140	X 2.1	57,000	105.5%
Net income	20,878	39,887	+91.0%	36,000	110.8%
Net income per share (yen)	55.94	106.73	+90.8%	96.33	110.8%

Foreign exchange rates	Mar. '14 Full year	Mar. '15 Full year
US$	¥99.76	¥109.19
Euro	¥133.38	¥139.38
Thai Baht	¥3.18	¥3.37
Chinese RMB	¥16.28	¥17.60

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Net sales for the fiscal year ended March 31, 2015 increased by 34.8% from the previous fiscal year to total 500,676 million yen. Operating income was 60,101 million yen, which is 86.7% higher than it was last year. Net income was 39,887 million yen, up 91.0% from last year. Net sales, operating income, ordinary income and net income all reached record highs.

This outstanding performance was driven by an increase in external shipments of ball bearings, our mainstay product, a jump in LED backlight sales, improved motor business profitability as well as other factors. Due to the weaker Japanese yen, we estimate a year-on-year foreign exchange gain of 34.7 billion yen in net sales and 9.7 billion yen in operating income.

Summary of Consolidated Business Results for 4Q

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8th consecutive higher-than-plan quarterly results

(Millions of yen)	FY ended Mar. '14	FY ended Mar. '15		Change	
	4Q	3Q	4Q	YoY	QoQ
Net sales	93,608	145,403	138,715	+48.2%	-4.6%
Operating income	8,883	19,080	16,259	+83.0%	-14.8%
Ordinary income	7,943	18,599	16,905	X 2.1	-9.1%
Net income	4,998	13,163	8,906	+78.2%	-32.3%
Net income per share (yen)	13.38	35.22	23.82	+78.0%	-32.4%

Foreign exchange rates	4Q of FY Mar. '14	3Q of FY Mar. '15	4Q of FY Mar. '15
US$	¥103.40	¥112.34	¥119.36
Euro	¥141.41	¥141.29	¥138.02
Thai Baht	¥3.15	¥3.45	¥3.66
Chinese RMB	¥16.96	¥18.30	¥19.11

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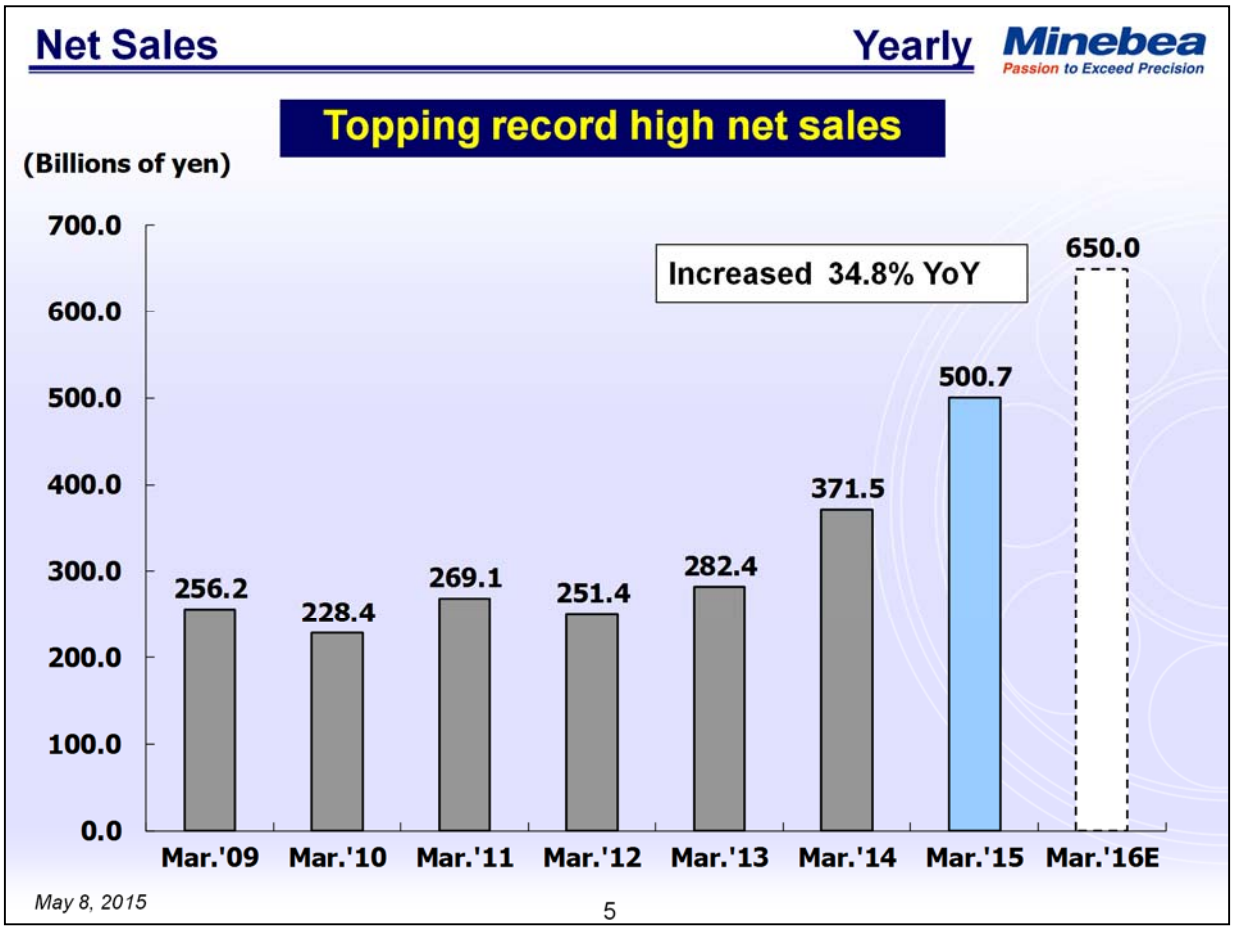
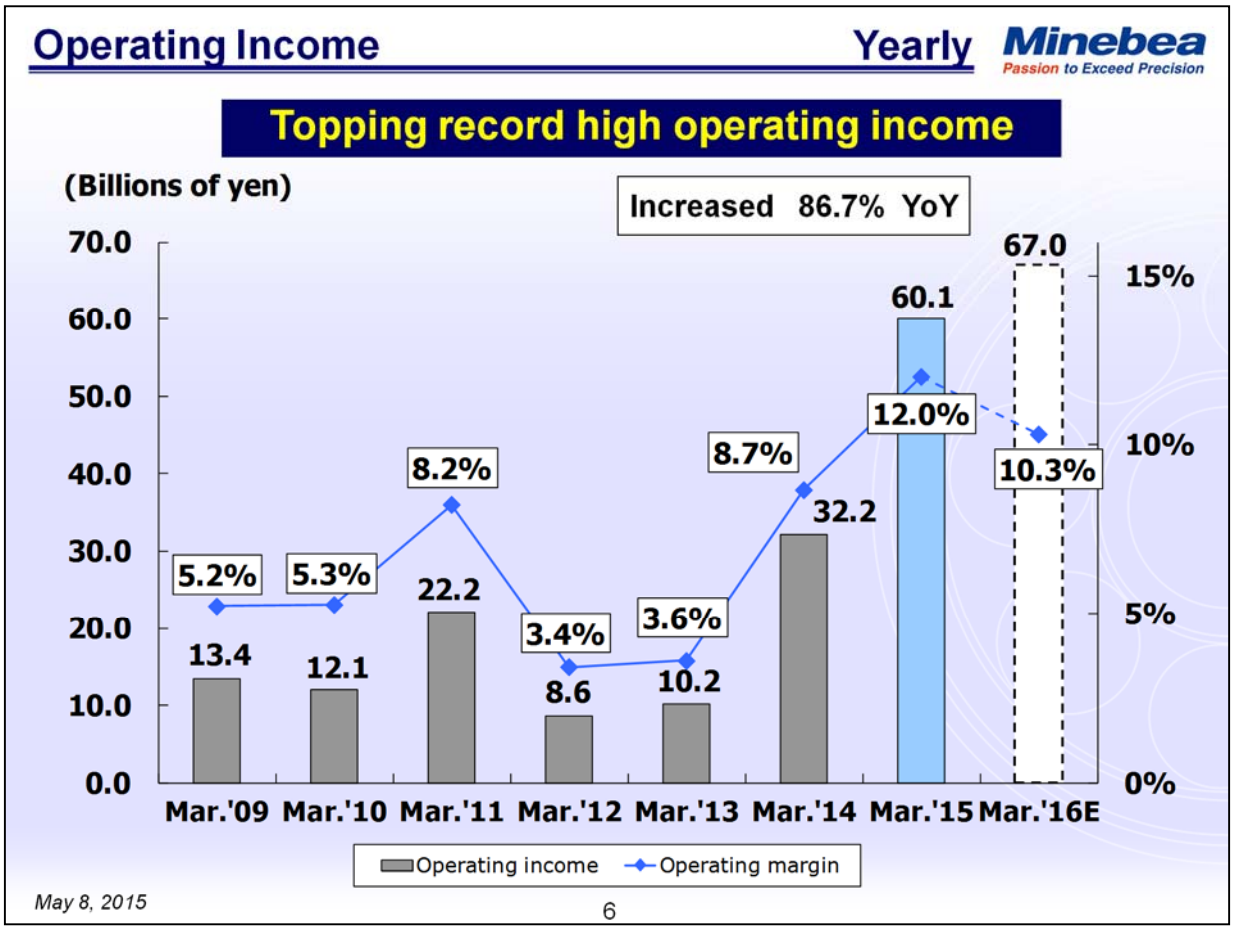
For the fourth quarter of the fiscal year ended March 31, 2015, net sales totaled 138,715 million yen, up 48.2% from the same period last year, but down 4.6% over the previous quarter. Operating income was 16,259 million yen for an increase of 83.0% from the same period last year, but down 14.8% from the previous quarter. Net income grew to 8,906 million yen for a 78.2% hike over the same period last year, but a 32.3% decrease over the previous quarter.

Foreign currency exchange rates impacts in net sales were estimated at a gain of 13.6 billion yen year-on-year and 5.8 billion yen quarter-on-quarter, while the impacts in operating income were at a gain of 1.6 billion yen year-on-year and 0.9 billion yen quarter-on-quarter due mainly to translation effects of profits made overseas.



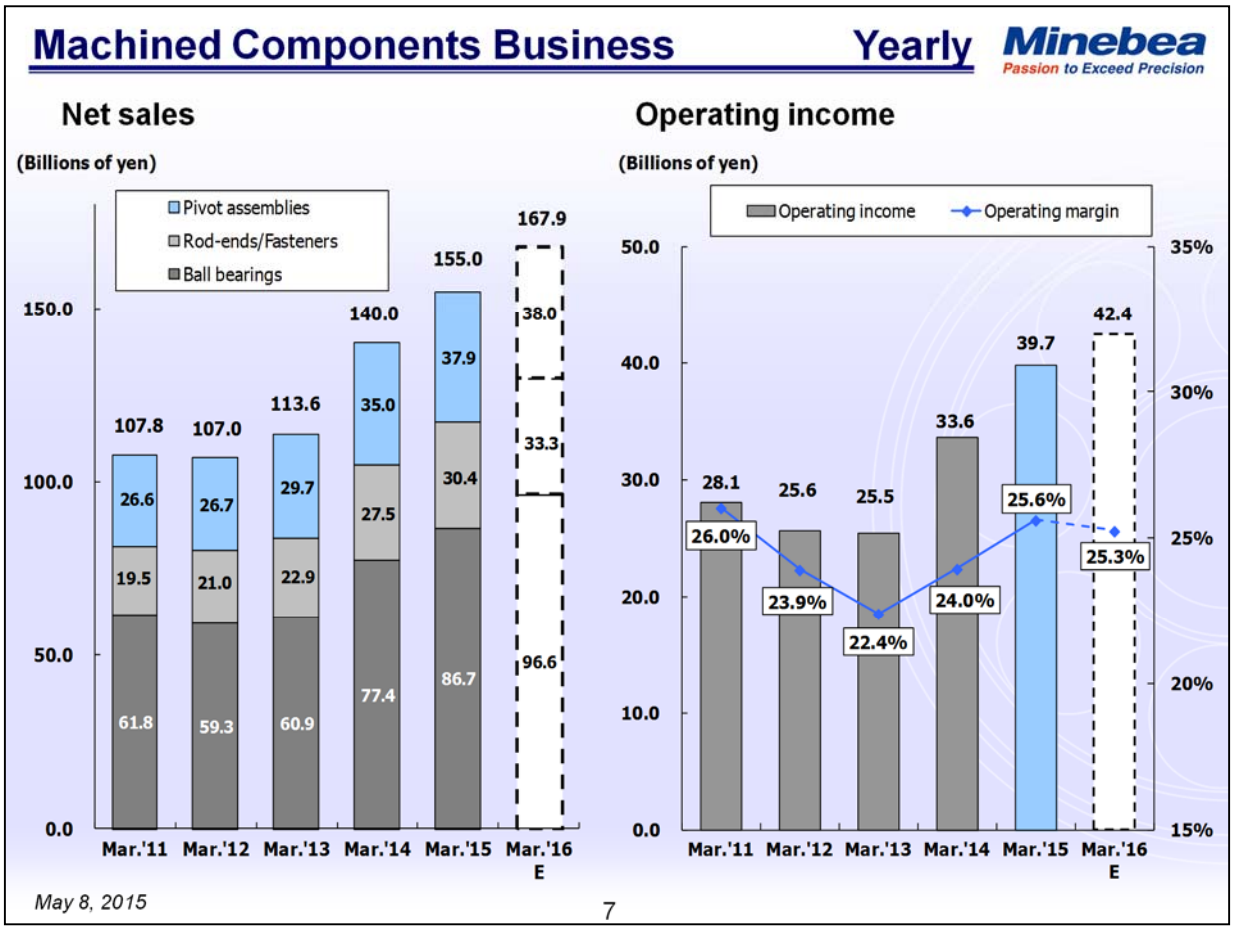
In the fiscal year ended March 31, 2015, net sales were up 34.8% year on year to total 500.7 billion yen. This is a new record high, surpassing the previous fiscal year's total.

We expect sales for the fiscal year ending March 2016 to hit 650 billion yen due mainly to a significant sale increase in electronic devices.



Operating income for the fiscal year ended March 31, 2015 totaled 60.1 billion yen, up 86.7% over last year while the operating margin rose 3.3 percentage points to hit 12.0%.

Operating income for the fiscal year ending March 2016 is projected to increase to 67.0 billion yen as sales of electronic devices, ball bearings and more grow while higher capacity utilization and restructuring measures improve profitability.



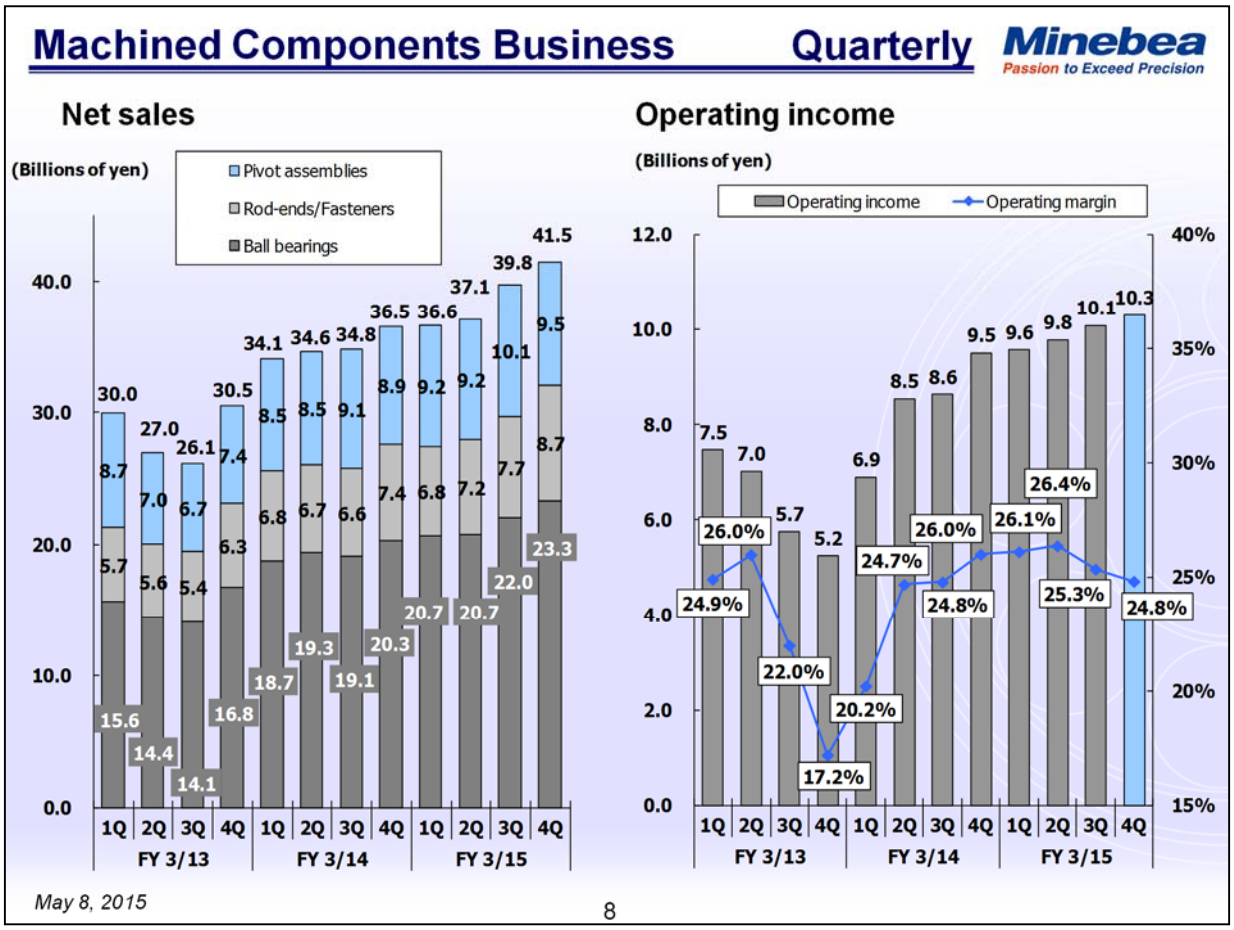
These graphs show annual net sales and operating income for the machined components business segment.

Net sales for the fiscal year ended March 31, 2015 totaled 155.0 billion yen, up 10.7% from the previous fiscal year. Operating income increased 18.4% to reach 39.7 billion yen pushing the operating margin up 1.6 percentage points to reach 25.6%.

Net sales of ball bearings increased 12.0% from the previous fiscal year to reach 86.7 billion yen. During the fiscal year, demand remained upbeat for a variety of different applications, such as automobiles, office automation equipment and home electronics, and the external shipment volume rose 6% to reach 145 million units per month on average. Profits also increased nicely as capacity utilization improved. For the fiscal year ending March 2016, we forecast increased sales and improved profits due to steadily growing demand.

Sales of rod-ends and fasteners rose 10.5% from the previous fiscal year to total 30.4 billion yen and profits were also up due to steadily increasing demand for new aircraft. For the fiscal year ending March 2016, we forecast another increase in sales and profits.

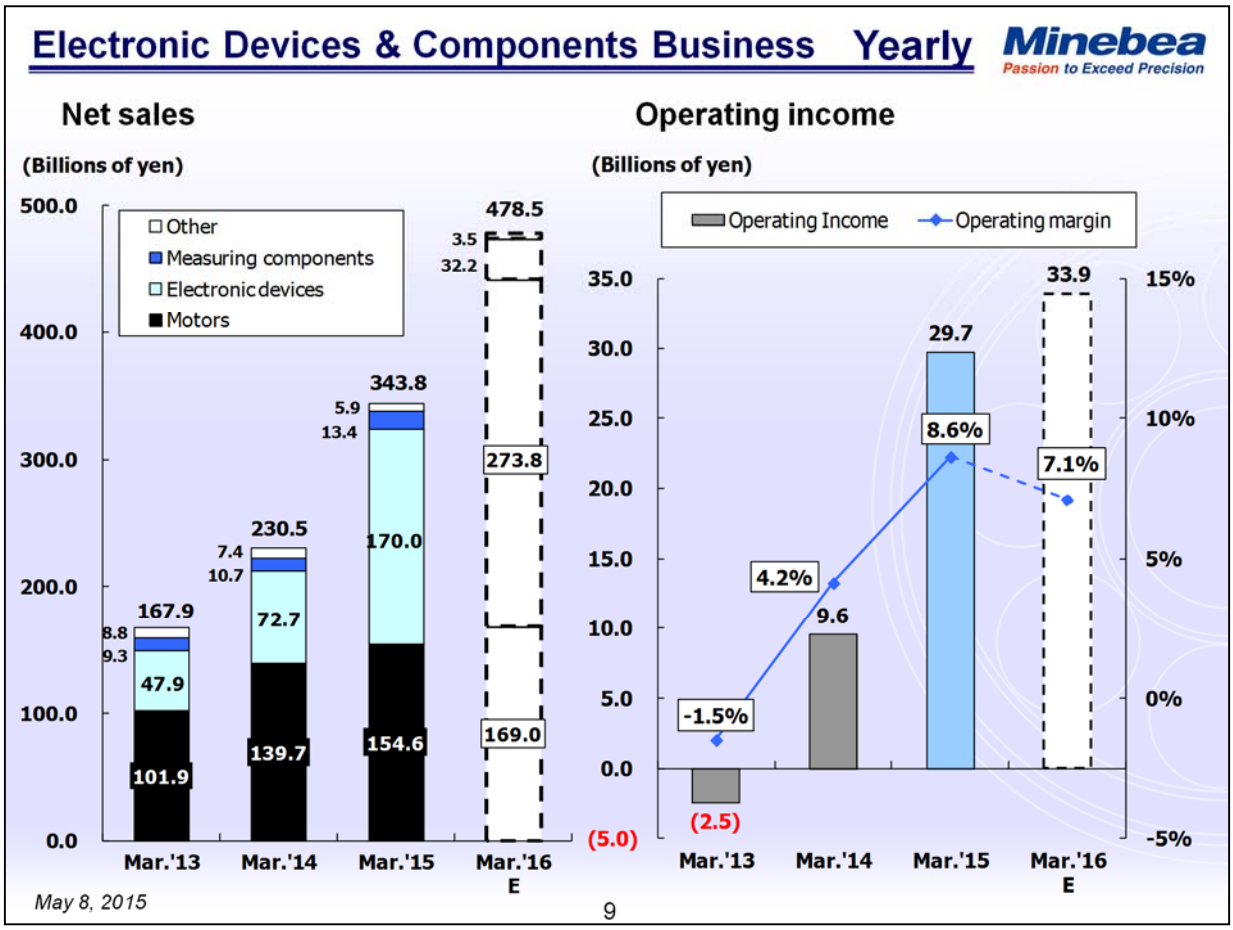
Sales of HDD pivot assemblies rose 8.3% from the previous fiscal year to hit 37.9 billion yen. Although demand for PC's continued to lag behind, the HDD market remained relatively stable due to growing demand for other products such as digital recorders. Working against this backdrop, we were still able to increase profits due to our high market share. Falling PC sales and the diminishing HDD market have cast a shadow over our outlook for the fiscal year ending March 2016 for which we project slightly lower profits.



These graphs show quarterly net sales and operating income for the machined components business segment.

Fourth quarter net sales for the segment were up 4.4% from the previous quarter to total 41.5 billion yen. Operating income increased by 2.2% to reach 10.3 billion yen, and the operating margin decreased by 0.5 percentage points to 24.8%.

Strong demand continued unabated, pushing the March external shipment volume to a new monthly record-high of 155 million units.

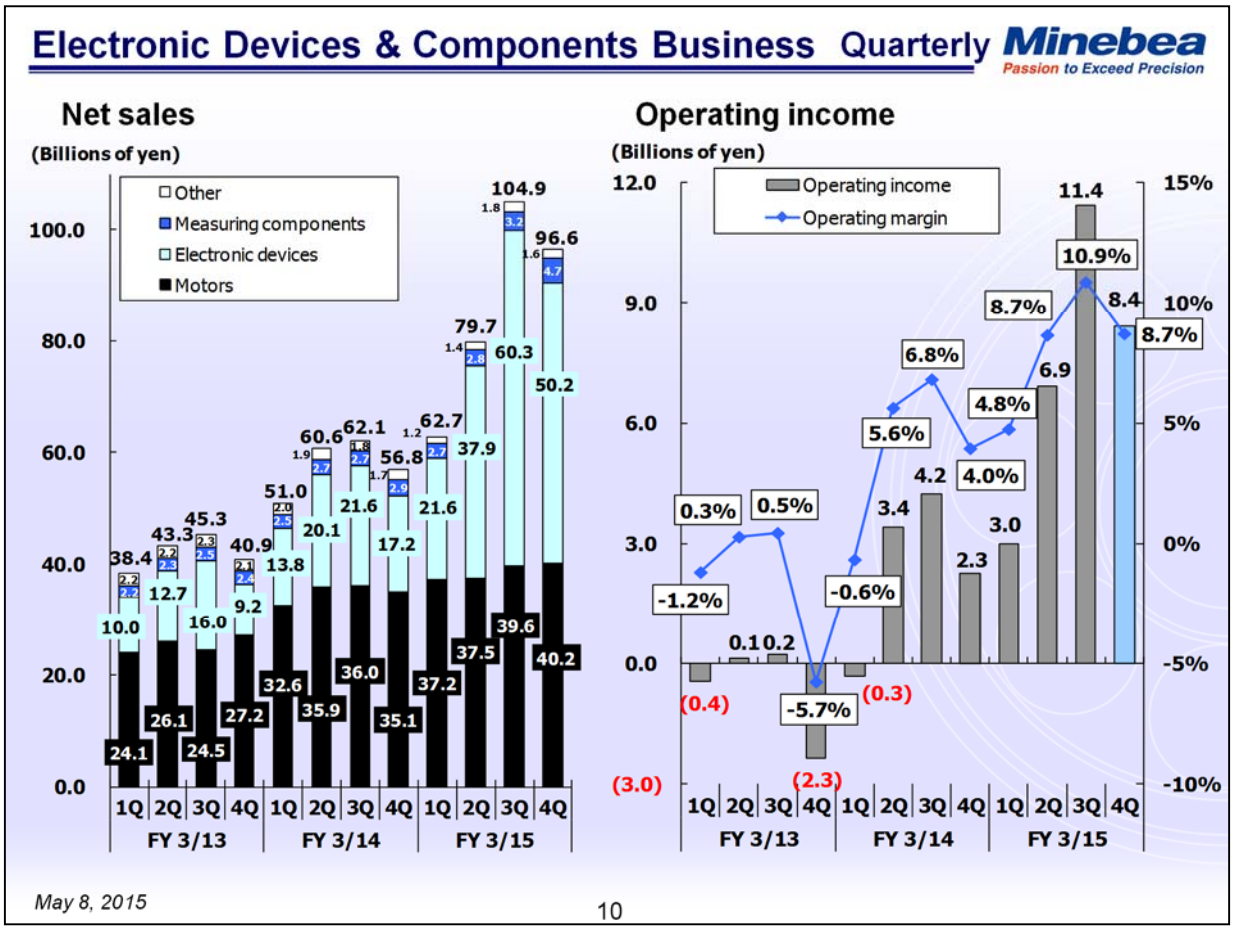


In the electronic devices and components business segment, net sales for the fiscal year ended March 31, 2015 totaled 343.8 billion yen. That's up 49.2% from the previous fiscal year due to another year of skyrocketing LED backlight sales, which account for the majority of electronic devices sold. Operating income swelled to 29.7 billion yen, which is 3.1 times what it was last year, with the operating margin spiked 4.4 percentage points over the previous year to reach 8.6% due to growing sales of LED backlight and improved profitability in the motor business due to cost-cutting measures. For the fiscal year ending March 2016, we forecast higher sales and profits once again.

Sales of motors rose 10.7% over the previous year to total 154.6 billion yen. Profitability in the motor business improved as sales increased to automotive and other applications and expenses declined as a result of cost-cutting measures.
For the fiscal year ending March 2016, we are aiming at better profits due partly to restructuring measures for some motor products.

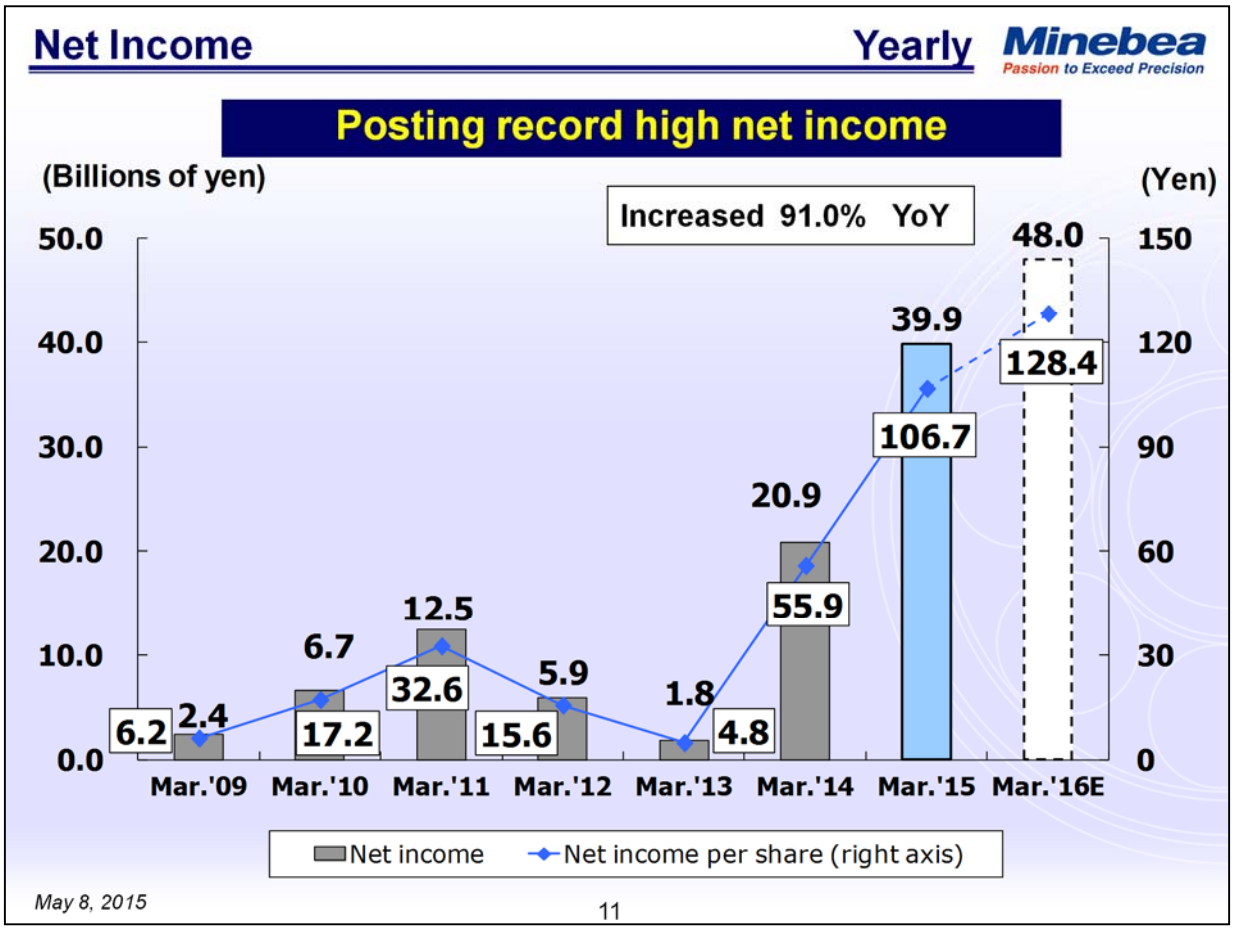
Net sales of electronic devices soared 2.3 times higher than where they were last year to 170.0 billion yen. LED backlights sales and profits increased as sales volumes of our ultra-thin LED backlights rose to meet production needs for the latest smartphone models manufactured by our existing as well as newer Chinese customers. Consumer demand for more battery space, higher definition display and lighter weight mobile products is fueling demand for our ultra-thin highly efficient LED backlights in the growing smartphone market where we deliver products not only to high-end but also to mid-range models. For the fiscal year ending March 2016, we expect to see another hike in sales and profits now that we have expanded production capacity in Thailand and Cambodia. On top of that, smartphone related assembly business is going to expand and sales of electronic devices are expected to jump up in 100 billion-yen-order.

Net sales of measuring components rose 25.2% over the previous fiscal year to reach 13.4 billion yen and growing sales pushed profits up. We expect even higher sales and profits for the fiscal year ending March 2016 mainly due to the contribution from the recently acquired Sartorius Mechatronics T&H.



These graphs show quarterly net sales and operating income for the electronic devices and components business segment.

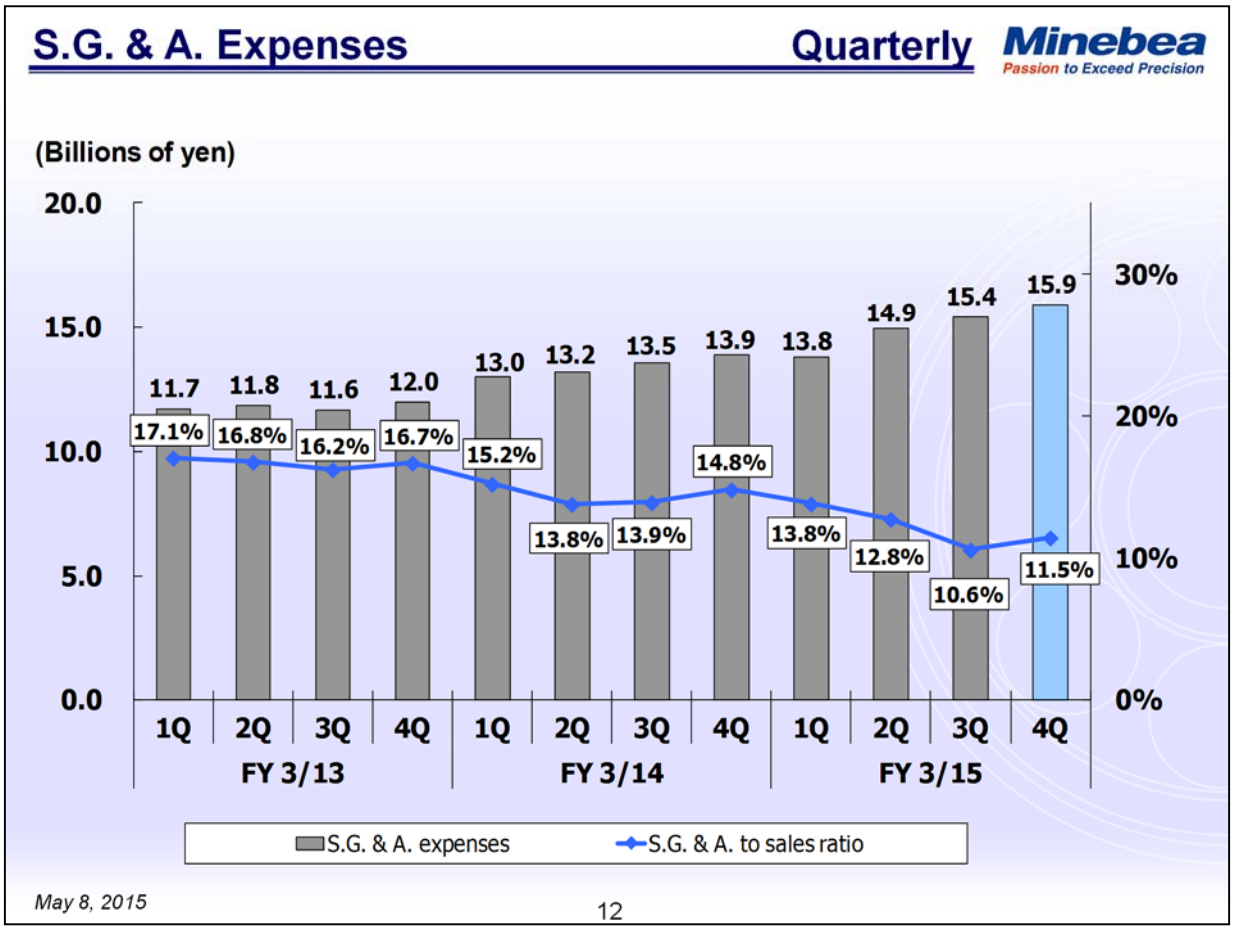
Due to the seasonal downswing, the segment's fourth quarter net sales fell 8.0% below the figure for the previous quarter, to hit 96.6 billion yen. Although better than anticipated, operating income decreased 26.3% to reach 8.4 billion yen, while the operating margin declined by 2.2 percentage points to total 8.7%.



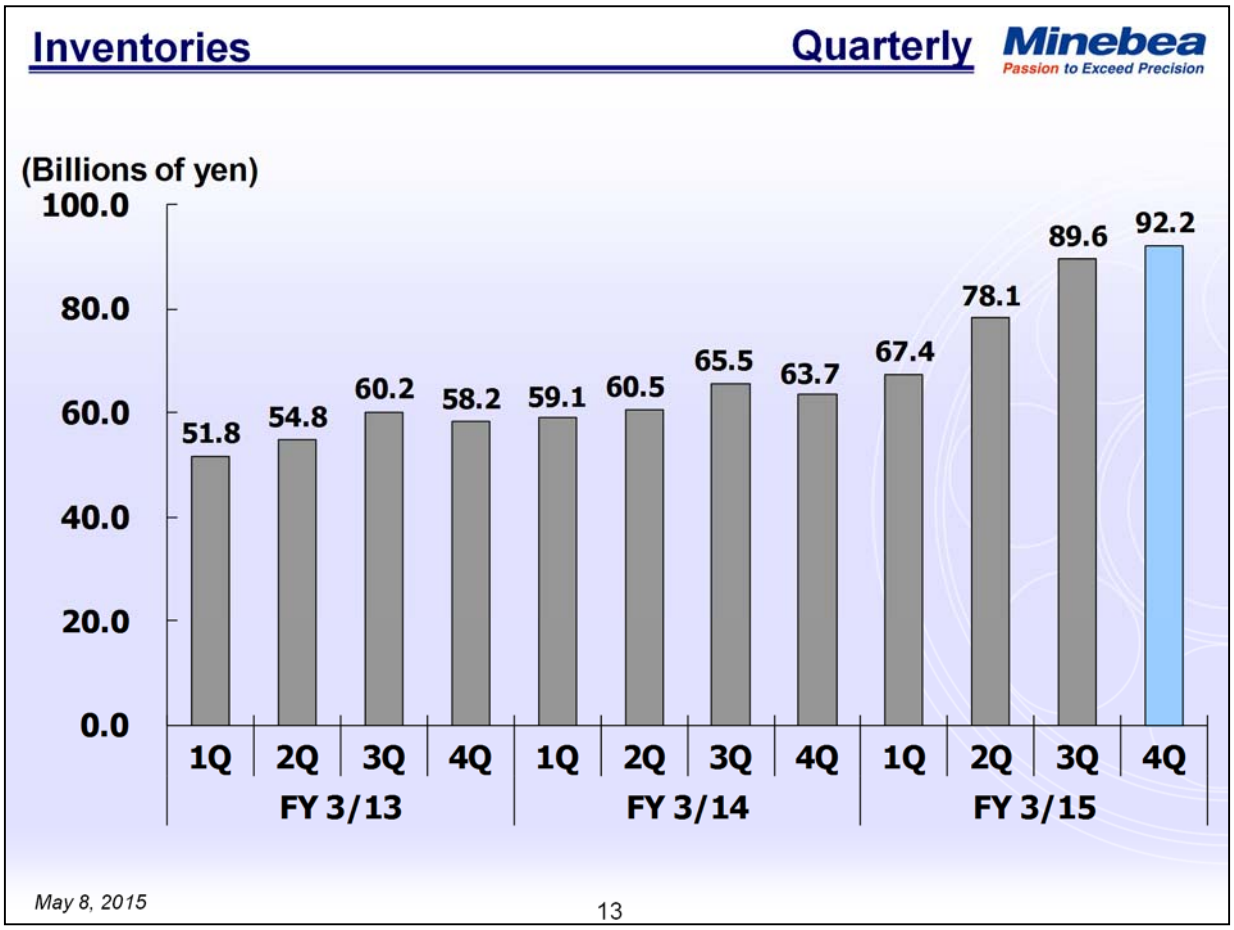
Net income for the fiscal year ended March 31, 2015 jumped to 39.9 billion yen, which is up 91.0% from the last fiscal year, as operating income increased. Net income per share was 106.7 yen.

Extraordinary losses totaled 8.7 billion yen, including 3.1 billion yen due to changes in our U.S. subsidiaries' retirement plan, 2.1 billion yen from losses related to anti-monopoly act in Korea and the U.S., 1.3 billion yen from a sale of a U.S. motor subsidiary in which foreign currency translation adjustment losses were realized and 1.1 billion yen in business restructuring losses for Moatech and others.

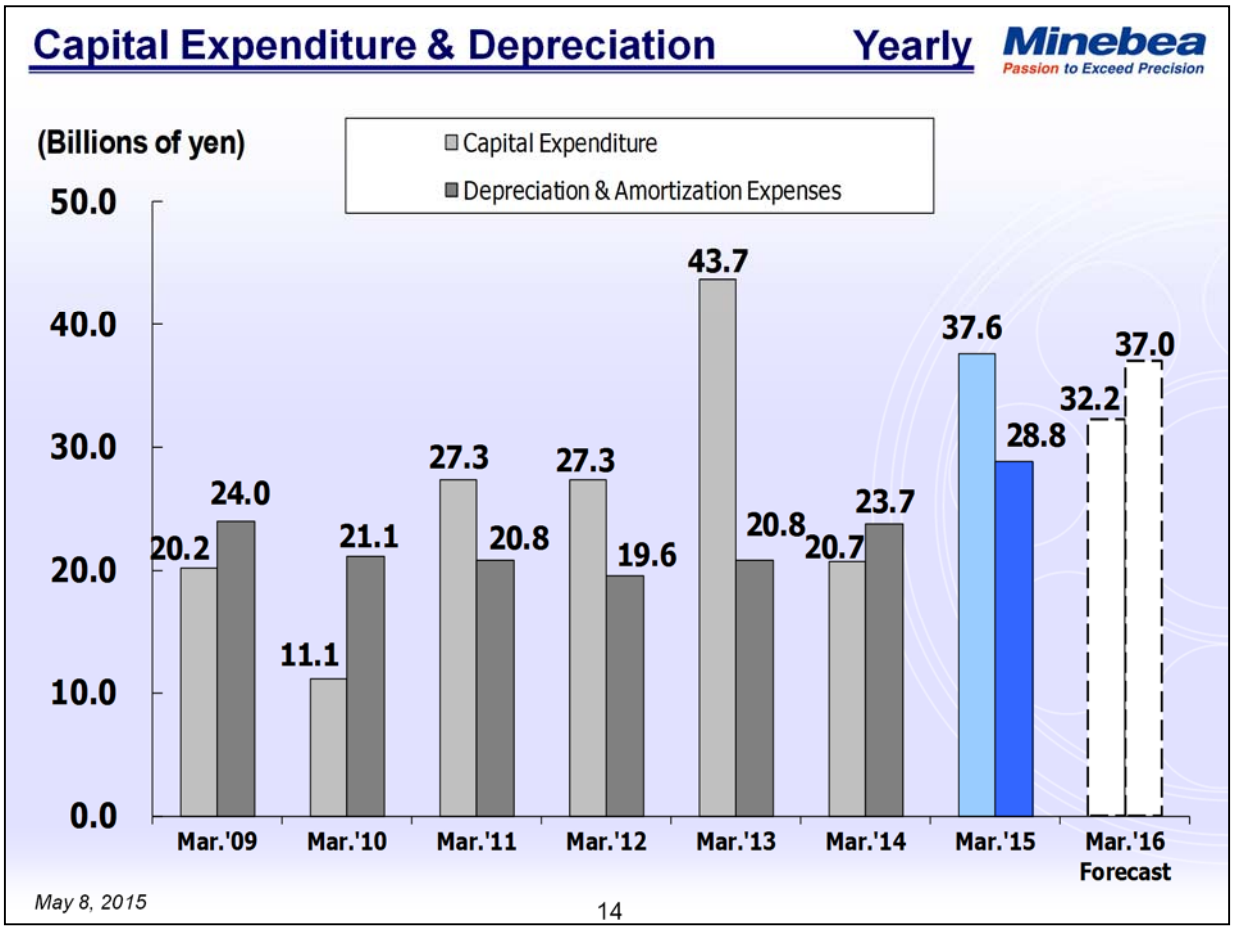
In the fiscal year ending March 2016, we expect to see an increase in net income.



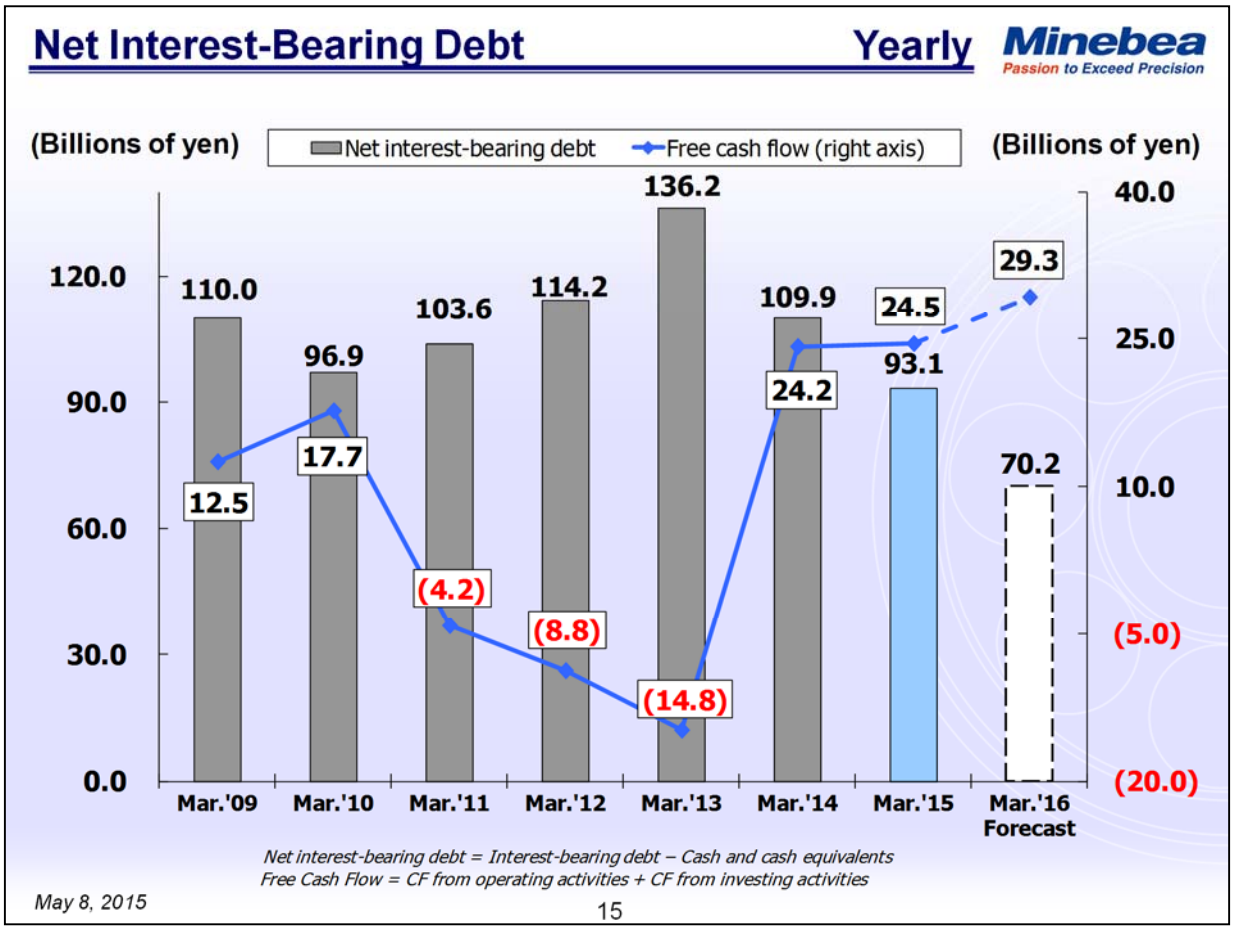
SG&A expenses for the quarter increased by 0.5 billion yen quarter on quarter, mostly from a foreign exchange gain of 0.4 billion yen, to total 15.9 billion yen. The SG&A expenses-to-sales ratio increased 0.9 percentage points to 11.5% as sales dropped.



Inventories as of March 31, 2015 were up 2.6 billion yen quarter on quarter to total 92.2 billion yen.



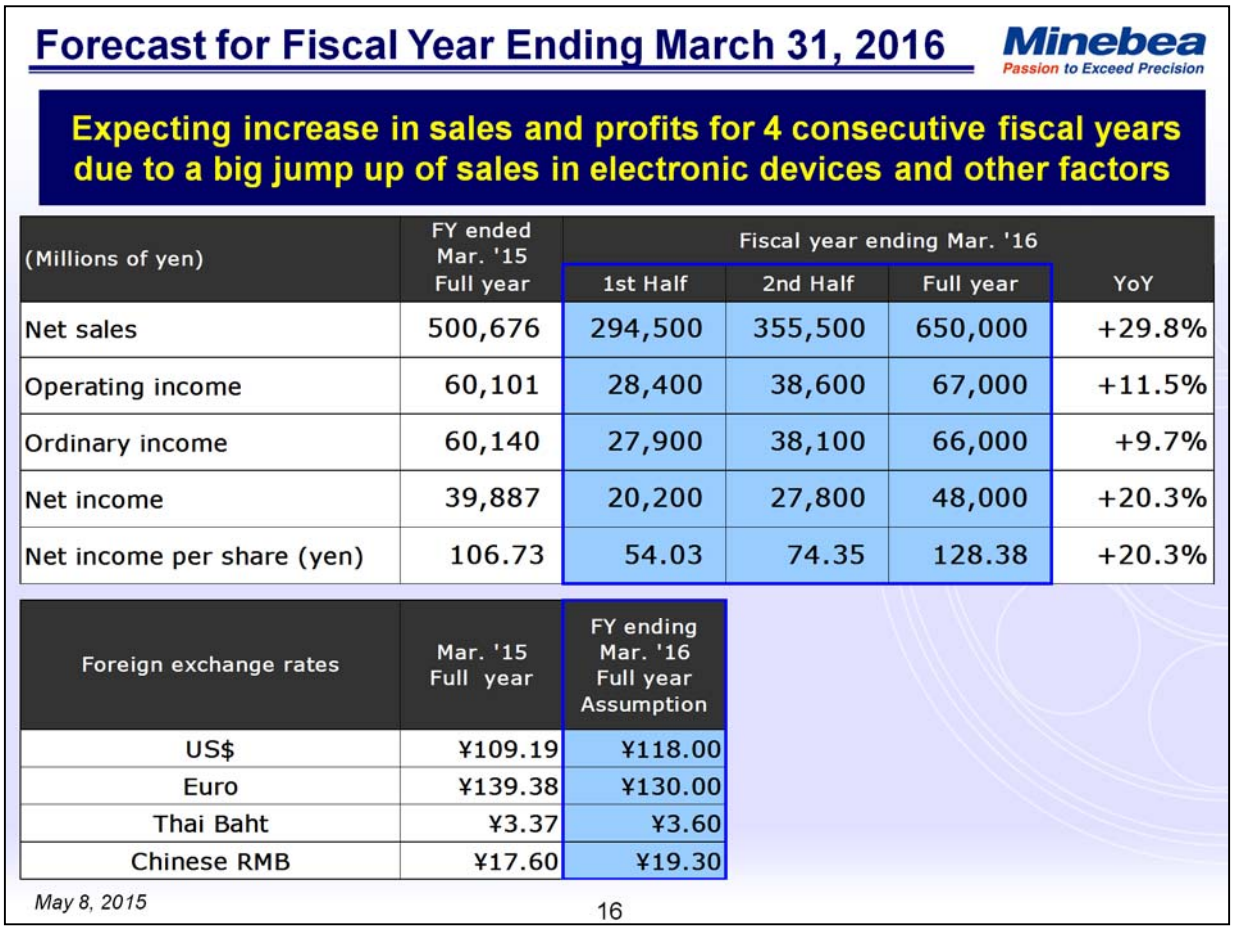
As sales increased, we increased capital expenditures for the fiscal year to total 37.6 billion yen. Depreciation and amortization expenses for the period totaled 28.8 billion yen and will be higher for the fiscal year ending March 2016 since we have expanded our production capacity, mainly for LED backlights. We plan to limit our capital expenditures to 32.2 billion yen which is way below the depreciation and amortization expenses. That said, we will not hesitate to go beyond that limit and invest in emerging growth opportunities, should any arise.



This graph shows net interest-bearing debt, which is total interest-bearing debt minus cash and cash equivalents, and net debt to equity ratio for each fiscal year.

Net interest-bearing debt fell by a whopping 16.8 billion yen to total 93.1 billion yen at the end of the fiscal year.

Free cash flow for the fiscal year ended March 31, 2015 was a positive 24.5 billion yen due to increased net income.



This is a summary of our forecast for the fiscal year ending March 2016. We expect sales and profits will continue to grow for the fourth year in a row to set another record high.

This increase will come from a 100 billion yen-size big jump up in electronic devices sales due to an expansion of smartphone related assembly business and an LED backlight shipment volume increase where we expanded production capacity, in addition to a steady increase in external ball bearing shipment volumes, the contribution from our recent measuring components acquisition and growth in aircraft parts as well as improved profitability in the motor business.

Forecast for Business Segment

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(Millions of yen)	FY ended Mar. '15	Fiscal year ending Mar. '16			
	Full year	1st Half	2nd Half	Full year	YoY
Net sales	500,676	294,500	355,500	650,000	+29.8%
Machined components	154,986	82,900	85,000	167,900	+8.3%
Electronic devices and components	343,842	209,800	268,700	478,500	+39.2%
Other	1,848	1,800	1,800	3,600	+94.8%
Operating income	60,101	28,400	38,600	67,000	+11.5%
Machined components	39,713	21,200	21,200	42,400	+6.8%
Electronic devices and components	29,720	12,000	21,900	33,900	+14.1%
Other	859	600	900	1,500	+74.6%
Adjustment	-10,191	-5,400	-5,400	-10,800	+6.0%

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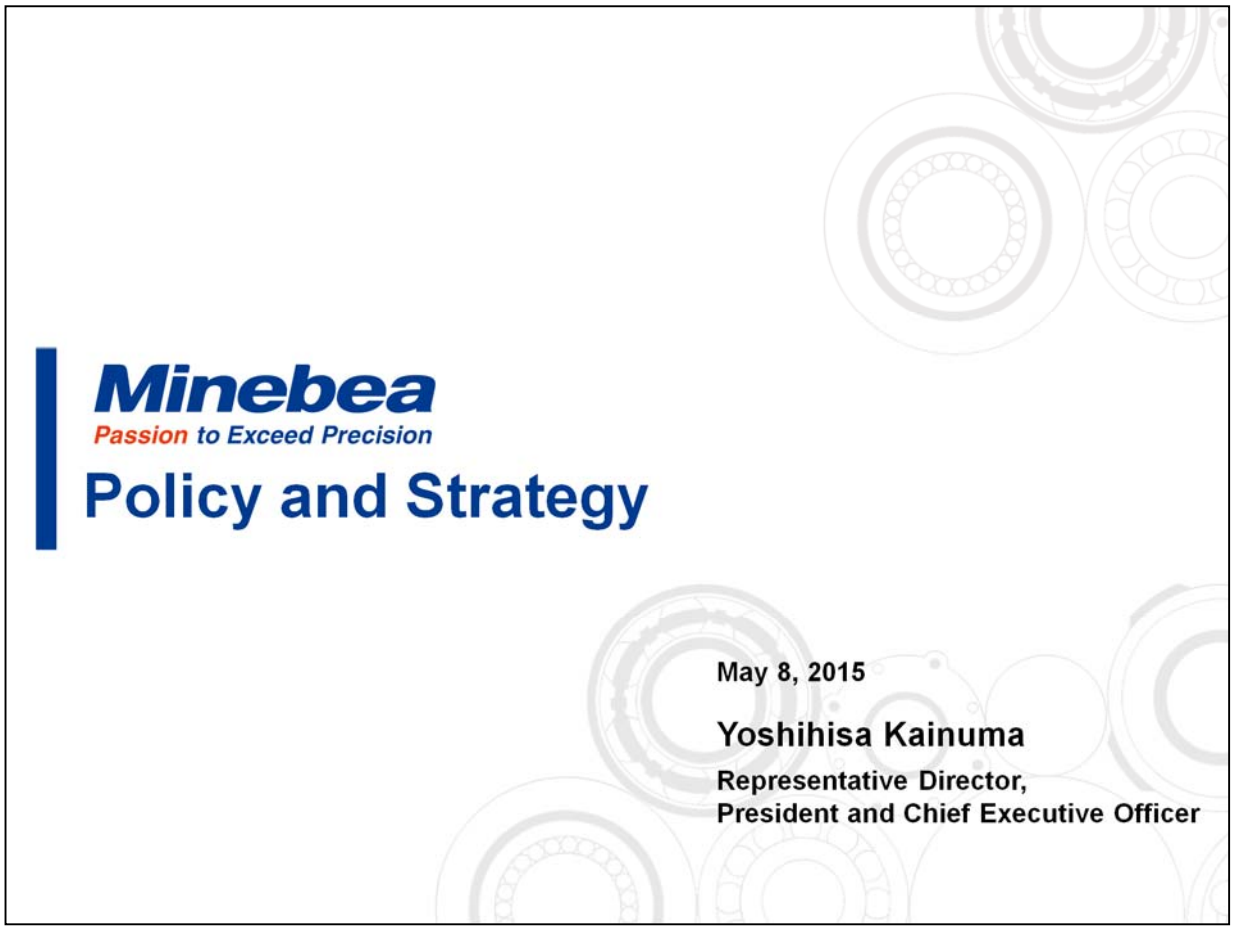
This slide shows the forecast by the business segment.



Now let's review policy and strategy.

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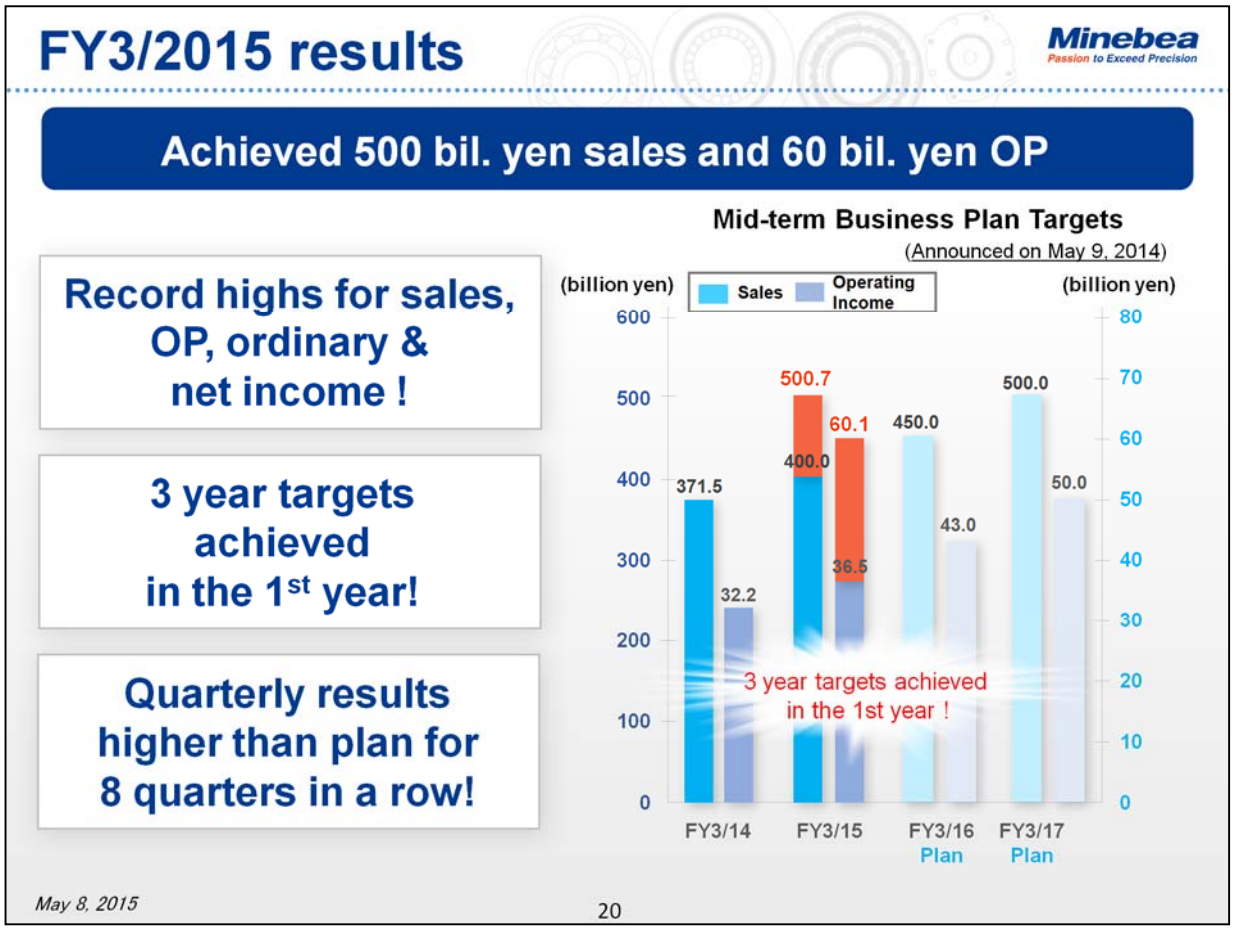
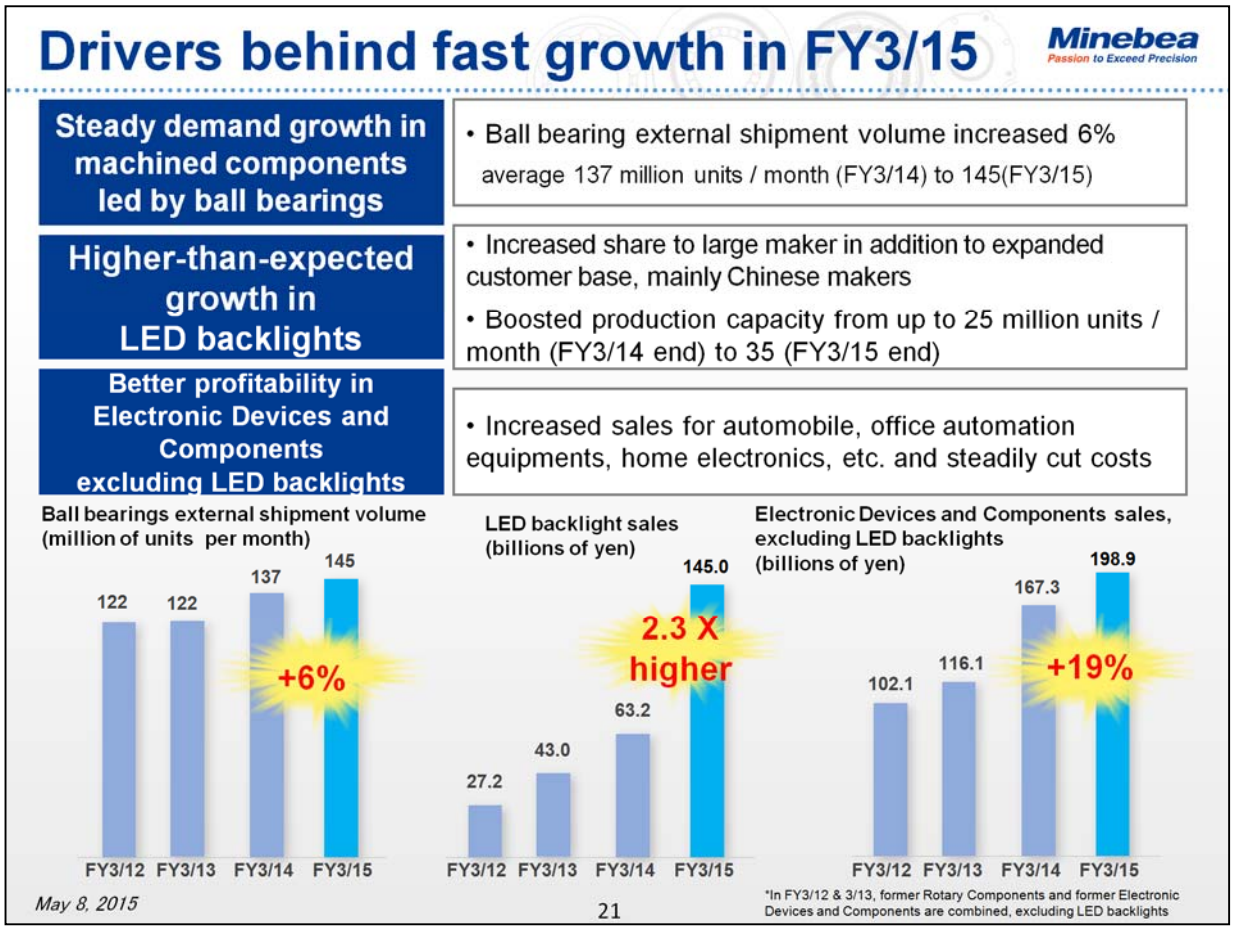


Taking a brief look back over the past year, we see that we were able to earn 500 billion yen in sales and had an operating income of 60 billion yen. That would have been a dream for us not too long ago.



There are a number of factors that drove performance up. For one thing, our machined components business, which includes ball bearings, was booming. External sales of ball bearings hit a record high 155 million units in March just before the fiscal year ended. Then sales exceeded 150 million units just this April and are expected to reach 150 million units once again in May. We project that sales will hit another all-time high of 160 million units in June. At the moment we can be sure of reaching our Five Arrows goal of a monthly average external shipment volume of 150 million units, which I'll go into detail later on. I'd like to turn your attention to the subject of drones, which have been causing quite a stir recently. We're seeing them being used more and more around the world and in fact one manufacturer has ordered three million ball bearings from us. That's because we are the only company capable of supplying large quantities of high quality, low-noise small ball bearings that are durable enough to keep on working under any conditions. At work in a host of applications from automobile windshield wipers and more, our ball bearings are quickly becoming the go-to product for this kind of special application.

We finally beat the competition in the LED backlight market, where advanced production technologies are a must. While one of our competitors was still struggling to get production operations off the ground in order to meet the needs of a certain customer, we successfully ramped up our production literally vertically all thanks to our technological edge in ultra-precision machining and assembly.

I'm really delighted to say that, as you can see in the rightmost graph, sales of our electronic devices and components excluding LED backlights jumped 19%. This increase came mainly from measuring components and motors as well as our new EMS (Electro Mechanics Solutions® (*registered in Japan)) assembly business. All these factors combined paved the way to reaching our major target of 500 billion yen.

In November 2013, we announced our Five Arrows strategy. Two of those Five Arrows, ball bearings and measuring components, are very close to hitting the mark. We set the target for measuring components at 20 billion yen when they were initially generating 12-13 billion yen in sales. Since acquiring a company called Sartorius Mechatronics T&H GmbH, the business segment has grown to generate 32 billion yen. That's why we came up with a new Five Arrows strategy, which I will explain later. That concludes my overview of the fiscal year that ended in March 2015.

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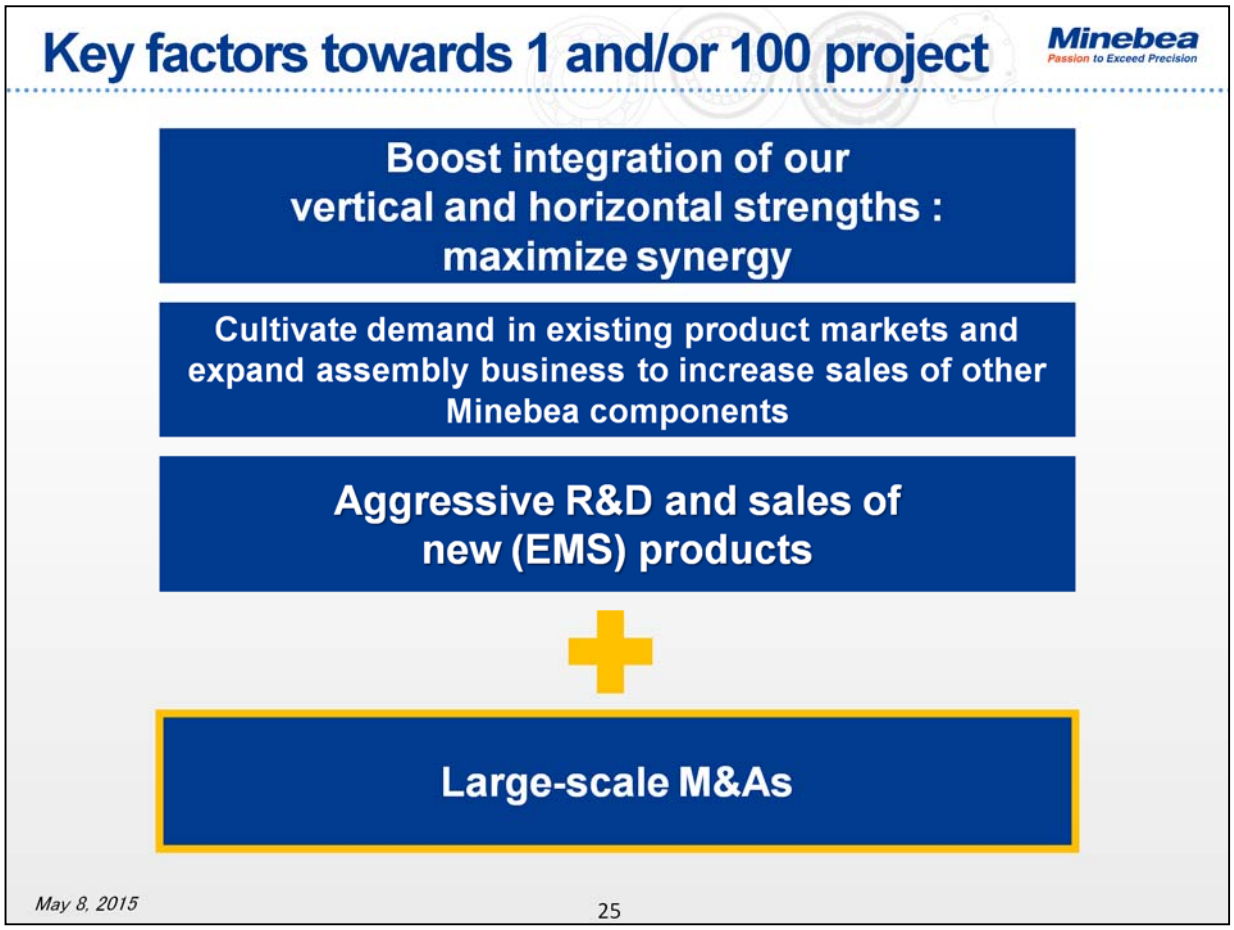
- FY3/2015 results
- **New mid- to long-term targets**
- Mid-term Business Plan
- FY3/2016 plan

Before moving on to explaining our mid-term business plan, I'd like to show you our new mid- to long-term target. We are shooting for one trillion yen in sales or 100 billion yen in operating income, whichever comes first. That doesn't mean we have to achieve both the one trillion yen and 100 billion yen targets. We could generate a 100 billion yen in operating income before selling one trillion yen worth of products. We are flexible about it. Still we'll work to increase sales to generate more profit, meaning we are more geared towards profitability and going for an operating income of 100 billion yen. I'm telling employees to work toward "1 and/or 100," i.e. achieving either one trillion or 100 billion yen, by 2020. The image on the slide is the Matterhorn. We chose this photo to show that we want to take on Mount Everest after conquering the Matterhorn. We successfully established both our main pillars in name and deed by fiscal 2014. We will make these two pillars even bigger by fiscal 2017 and build a third pillar, which will include new products that employ our wireless technology, by fiscal 2020. This as well as large M&As should enable us to quickly reach our target by at least fiscal 2020. Since we don't know exactly when we'll be signing a large M&A deal, we may be able to hit that target even earlier. That's why I've been making "Change to Grow," what I like to call the C to G project, our company-wide mantra. If Minebea is to grow, it must change. That means changing the way we think, our products, and more. We must think outside the box, otherwise we'll just end up doing the same thing over and over. Sitting around and waiting for our customers to grow is no longer an option. That's a thing of the past. I've been trying to drive this point home with all our employees and I'd like to talk a little about it today.



These are three key areas in both our mid-term business plan and the "1 and/or 100" target for 2020. Since I became president, I have repeatedly emphasized that Minebea's extensive technological capabilities make us one of kind. At first we were more of a collection of small companies with each division off by itself doing its own thing. I worked to turn around by aligning all our vertical and horizontal strengths to create synergy. We will pick up the pace as we move forward in this direction.

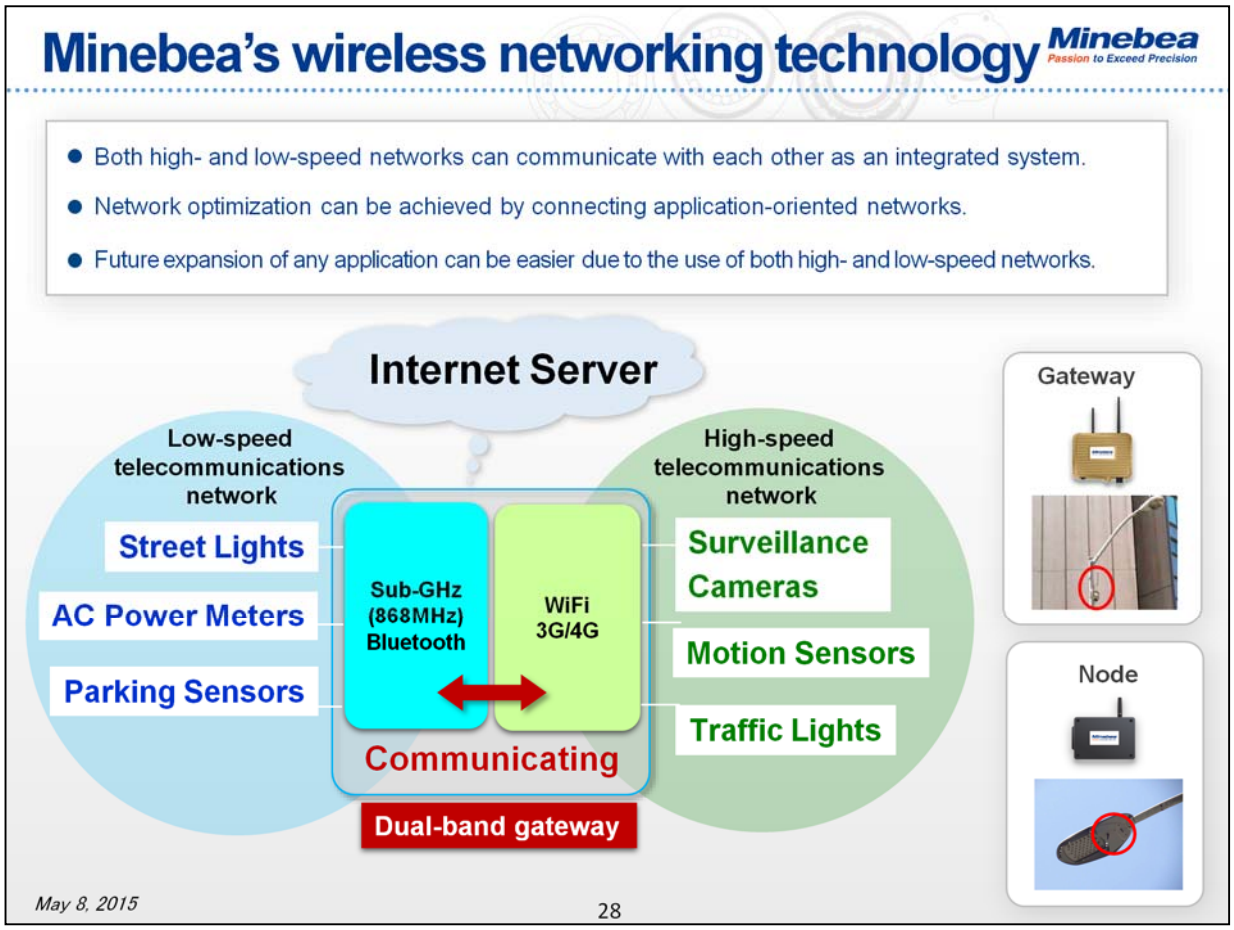
Some employees, especially those who have been around longer than others, tell me that our products' market share is so high that it's impossible to go any higher. That's just wrong. There is still a world of demand out there waiting to be tapped. We must literally "change to grow." Working in light of this idea, I started taking initiative to cultivate demand across all existing markets.

We will launch a wide array of products like the ones I mentioned earlier while developing and marketing products that have real potential like our LED backlights. We will keep one step ahead of our customers so we can foresee their needs and act to make low-cost, quality products ahead of everybody else.

Lastly, we have been focusing on large-scale M&As and have been looking into various opportunities over the last six years that I have been president. There have been instances where we have come close to making a deal but then decided to pull out. Since finding the right partner involves a certain amount of luck, I really can't say when it will happen. Looking at our current cash flow and market capitalization though, I can say we are in a much better financial position to handle large-scale M&As than we were several years ago. I feel that we are at a crossroads.

In carrying out the C to G project, which I talked about earlier, I try to underscore the same point across the organization. That is, we should maximize our vertical and horizontal strengths to come up with various new solutions and bring them to market.

That's why I made the internal announcement about our Five Arrows for new products. Although I cannot tell you everything about these products due to confidentiality agreements, I'll explain as much as possible. The Wavy Nozzle is our original product employing an array of Minebea technologies. It removes machine dust and chips while spraying oil onto a machined surface. Then there's the J3DD head-up display, which is a concave mirror made via the pressing process. We will focus on launching new products like these that integrate our basic technologies or assembly capabilities. Selling products priced at 50 or 60 yen per unit will not dramatically boost overall sales even if we sold a million of them. We must increase sales in even bigger increments if we hope to absorb the fixed costs incurred in other operations. In fact, the healthy bottom line we enjoy today is due in no small way to LED backlight sales which have grown by leaps and bounds. They have diminished fixed costs incurred in other operations, including my salary, and broadened our competitive edge. This sales growth is exactly what is enabling us to stay ahead of the pack.



We have a few Swiss employees from Paradox Engineering, a wireless technology company, working in this office. I honestly believe that its wireless network system is currently the most advanced in the world. It's an extremely innovative network system. Employing a single gateway, it integrates a low-speed, narrowband network for street lights, AC power meters, parking sensors, etc. and a high-speed broadband network for surveillance cameras, motion sensors, traffic lights, etc. requiring quick data communication. The work of Japanese government offices is divided along vertical lines. When you visit one, they'll usually say something like, "We handle surveillance cameras, not street lights." Then when you go to a department that's in charge of street lights, they'll say, "We handle street lights for national roads, not prefectural roads." Using our system, they could operate all of it via a single network.

About a year and a half ago, we launched a research project in Cambodia with funding from Japan's Ministry of Economy, Trade and Industry and have just completed a feasibility study for reducing CO_2 emissions in that country. Our wireless networking technology, which I just described, can do everything from operating car parking systems to managing busses and taxis, administering garbage collection, monitoring smart buildings, running power charging stations, and more. In Cambodia we want to begin with using our wireless technology to control LED street lights and we already have several projects underway. We've made some progress on these projects and should be able to tell you more by the end of the year. We are working with Iwasaki Electric, which is very enthusiastic about these projects, so we are excited about where they will take us.

New products (1)

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1. LED Exterior Lights (for tunnels)

- Developed thin plastic lens utilizing ultra-precision machining and optical technology.
- Wider area coverage with lower power can contribute to lower CO_2 emissions.
- Less glare from lights improves driving safety.

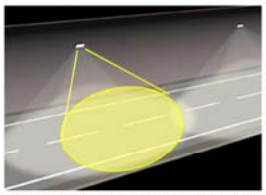

Image of tunnel lights with new Minebea lens

2. Smart City LED Street Lights

- Developed high-efficiency LED street lights with wireless telecommunication capability with Paradox technology.
- Did a feasibility study commissioned by Japan's METI as part of a JCM project to reduce greenhouse gasses.
- The completed feasibility study concluded that the introduction of 9,000 Minebea high-efficiency street lights could cut CO_2 emissions by 66%.

3. Smart Adjustable LED Lights (SALL)

- Developed Smart Adjustable LED Lights with wireless telecommunication capability.
- Utilizing combination of optical, electronic, mechanical, motor and wireless communication technologies.
- Synchronized operation over a wide area is possible with a smartphone when using Bluetooth Mesh wireless controls.
- Target market : smart building applications in hotels, event halls, commercial spaces and more.

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Here are some of our new products. We are currently working on 15-20 projects at the same time. I won't go into all of them today, but I'll give you a brief overview of some of these products. Our LED lights for tunnels have been commercialized and are now being put to use in tunnels in various locations. These are driver-friendly lights designed to cut down on glare. We are partnering with Iwasaki Electric on the smart city LED street lights I mentioned earlier. Minebea also makes street lights that are designed to serve as emergency lights in the event of a disaster. The Smart Adjustable LED Light (SALL) is a lighting device whose intensity, light angle, and swiveling motion can all be wirelessly controlled, and so far we've made good progress on its development.

New products (2)

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4. Bolt Sensors

- Developed sensors to measure and observe tightness of bolts and nuts.
- Now evaluating for use in infrastructure inspection and management in cooperation with Associate Professor Miyashita from the Nagaoka University of Technology.
- Tightening or loosening to a certain degree can be observed by the human eye.
- Wireless network technology is expected to be used in remote locations in the future.

5. Smart Agricultural Sensors

- Now evaluating how well the sensor can measure weight of agricultural products and establish clear growth indexes with an eye to applying IT to the field of farming.
- Measuring by wireless data transmission can be done with load cells and sensors.
- Easier handling of sensors via wireless data transmission.

Clearer index → Understanding of weight changes (Manage growth) → Good farming practices (Preserve a heritage)

Smart agricultural sensors

6. Wavy Nozzle

- Leveraged in-house production machinery and manufacturing capabilities to develop and newly launch this auxiliary device for small machine tools.

Higher Yields	Shorter processes	Combined technologies
Better quality and efficiency in machining by spraying coolants in 3 modes at the point of processing.	No manual handling and adjusting. Removal of machining chips extends life of machines and tools.	80% of parts are made in-house.

Wavy nozzle

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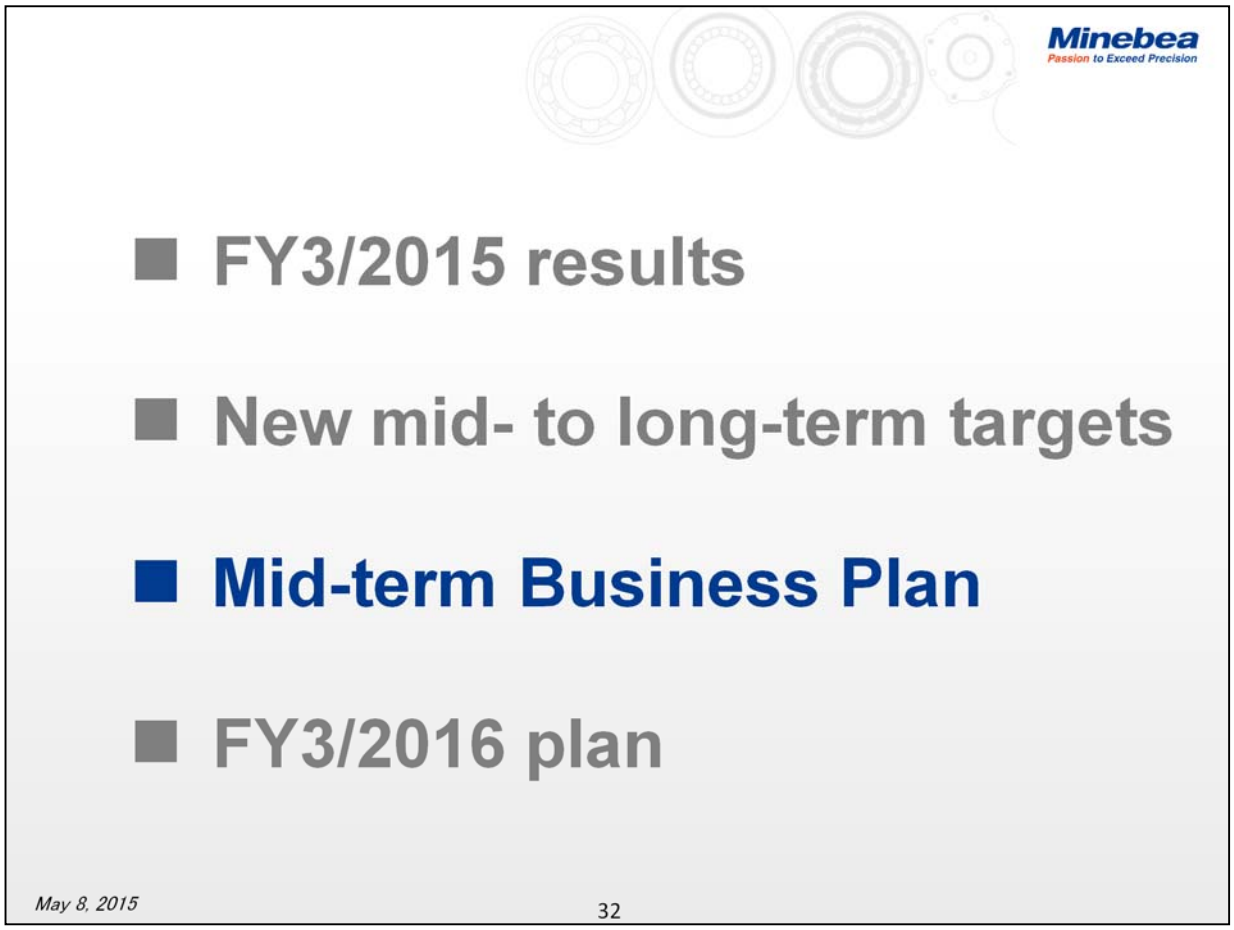
The next is a sensor for monitoring the tightness of bolts using a pressure sensor employed in measuring components. Big tunnels, for example, have large fans that are fixed to the ceiling using bolts. If the bolts are loose, they will fall. We are focusing on developing sensors that will send an alert whenever a loose bolt is detected, eliminating the need for manually inspecting bolts. Since bolts are used in various places like trains and bridges, our sensor has the potential for a wide number of uses.

One of our industrial sensors shown here is used in agriculture, but we have sensors for medical and architectural applications as well.

The “Five Arrows for new products” strategy that employ our integrated technological capability include the Wavy Nozzle as well as parts for J3DD's head-up displays, which I introduced earlier. These new products are sure to fuel our growth in the future.



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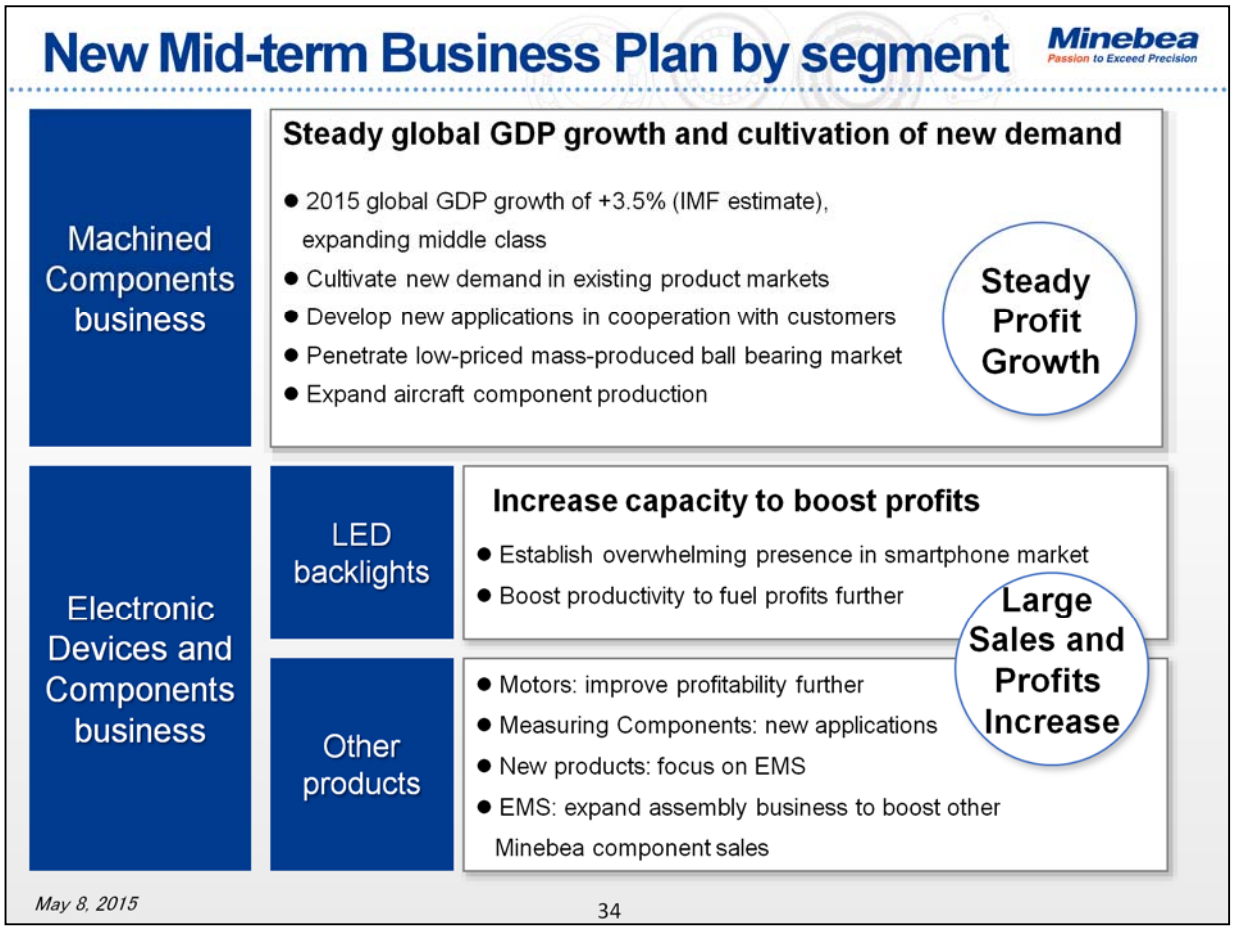
Here's a look at our mid-term business plan.

Recently a newspaper report was released about our plan to begin assembling smartphones. At this moment we don't have any plans to assemble smartphone parts into finished products or LCD modules. As I've already told you on several occasions, as smartphones become more and more sophisticated, they will need a variety of additional parts that we can supply. That's one of the main reasons for the projected surge in sales this fiscal year that will take us from 500 billion yen to 650 billion yen. Due to a confidentiality agreement, that's all I can tell you now. Actually, we still don't know exactly what kind of sales figures these additional parts will generate. For now we project sales to total 650 billion yen. We will give you an update once we have a better overall picture. We're starting with a somewhat conservative estimate of operating income at 67 billion yen.

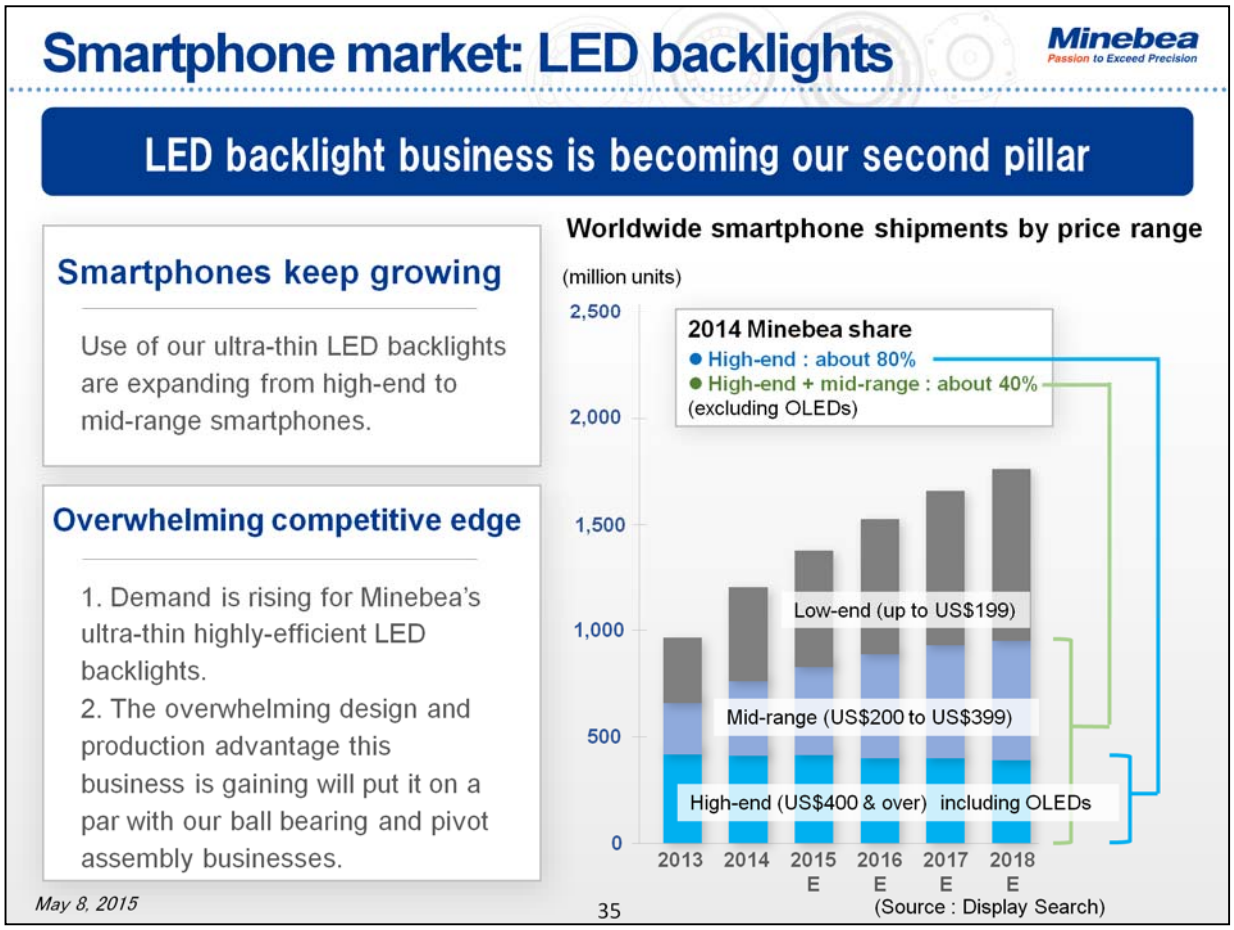
Exchange rates are good now. Now that Thailand reduced its bank rate for the second time, the dollar stands at 33.5 baht. When I visited Thailand to ask its government to address the exchange rate issue, the dollar traded for 28.5 baht. Since about 60% of our manufacturing operations are based in Thailand, a weak baht should give us a big boost. The dollar to yen rate is also good, hovering somewhere around 120 yen. As long as there are no significant fluctuations in the market, these growth targets should be well within our reach.



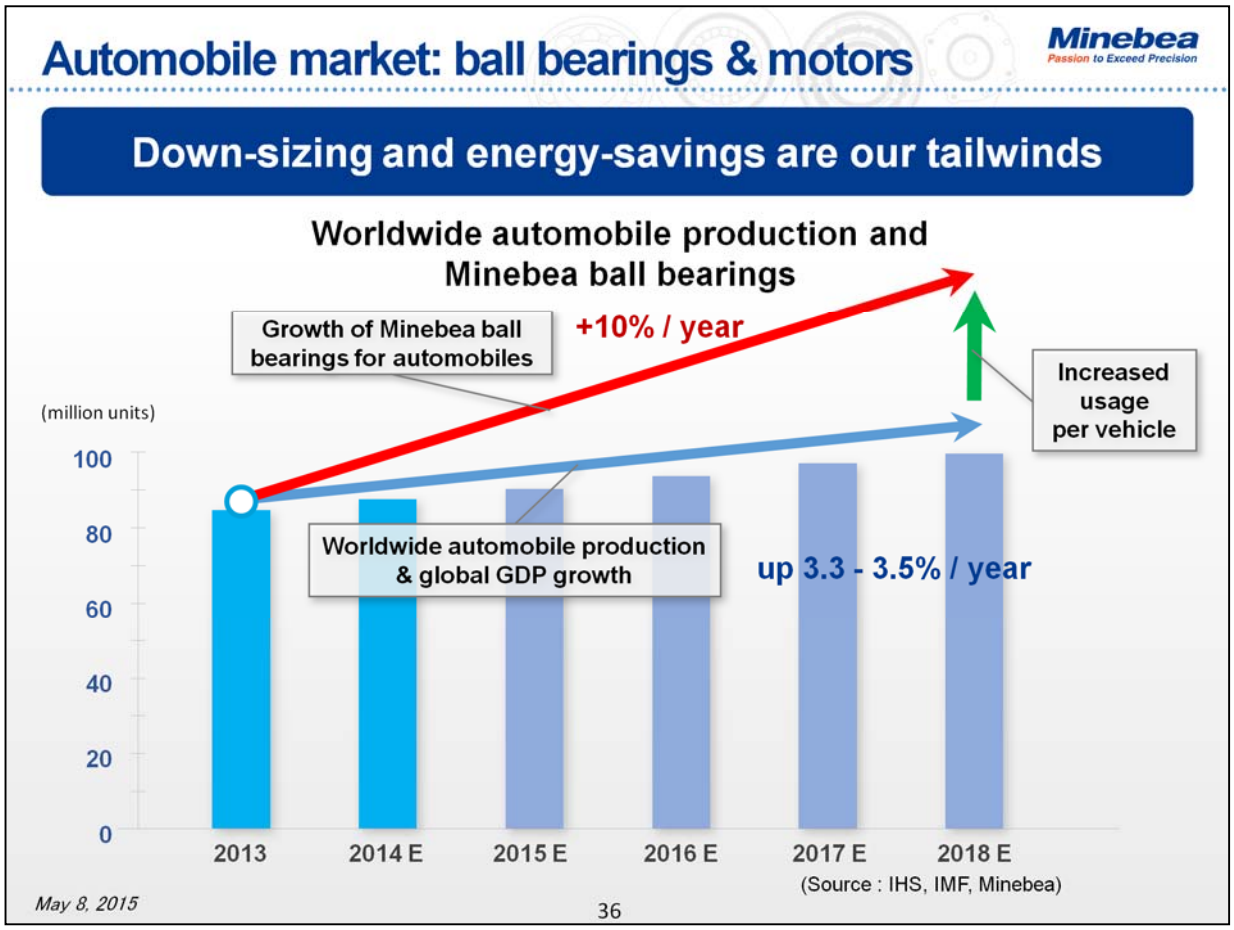
If you look further into our business plan for this fiscal year, in the machined components business segment you can see that we expect to sell 160 million ball bearing units externally in June. When we announced our Five Arrows strategy in November 2013, 130 million units was the most we could sell per month. This monthly figure increased by 20 million units in just over a year and a half. Now it's going to reach 160 million units in June. The competition is really struggling in the ball bearing market, giving us an even bigger lead. Small Chinese suppliers of low-priced mass-produced ball bearings have been hampered by the strong Chinese yuan, stricter domestic environmental regulations, and mounting labor costs that are growing 15% annually. As I've always contended, when the global GDP growth rate reaches about 3.5%, the middle- and high-income population increases worldwide. This growth goes hand in hand with booming sales of high-end consumer products and the high-end parts used in them. That's why we anticipate steady profit growth for machined components.

While there are concerns that the competition is following on our heels in the LED backlight business, those fears are unfounded. I often say this about our ball bearings. If you ask other companies to try making the same kind of small precision ball bearings, they just can do it. Sure, they can make a small quantity of them with little difficulty but don't ask them to make 250 million units a month. That's something nobody else but Minebea can do. The same goes for LED backlights used in smartphones. If you ask them to make extremely thin, precision LED backlights, they can make some. Ask them to make 30 million of them by next month and the answer is no one else but Minebea can do that. I firmly believe that this is what makes us the company we are today.

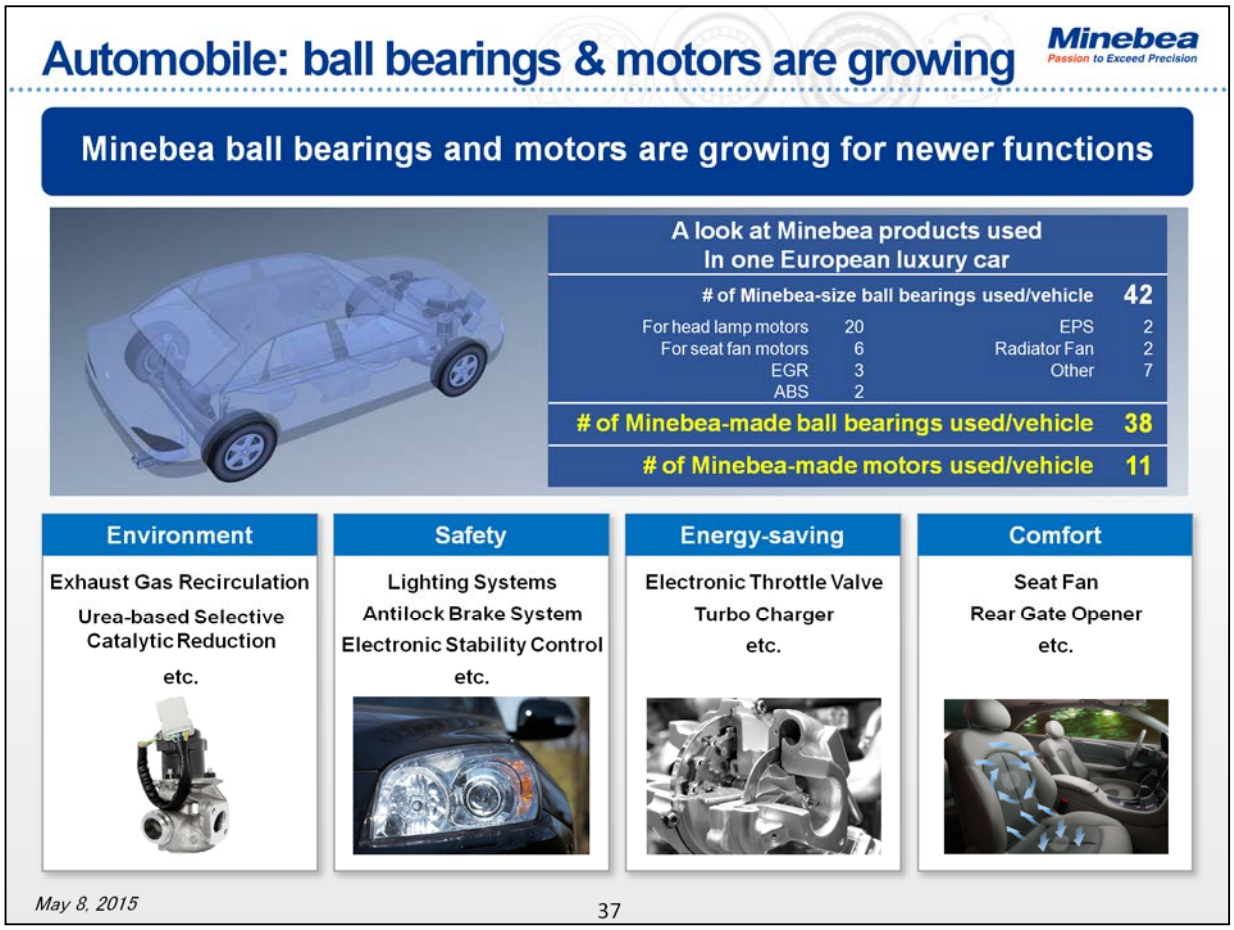
We are now working closely with Sartorius MTH's team in Germany which has already come up with a number of ideas. Sartorius MTH handles a wide array of testing equipment used for food-related production lines, starting from the point where a truckload of raw materials are brought in and weighed until they are processed into products, packaged and shipped. Sartorius MTH is looking to incorporate wireless technology into these operations and we will move full speed ahead to explore new applications of our products as we begin to place a keener focus on this type of business.



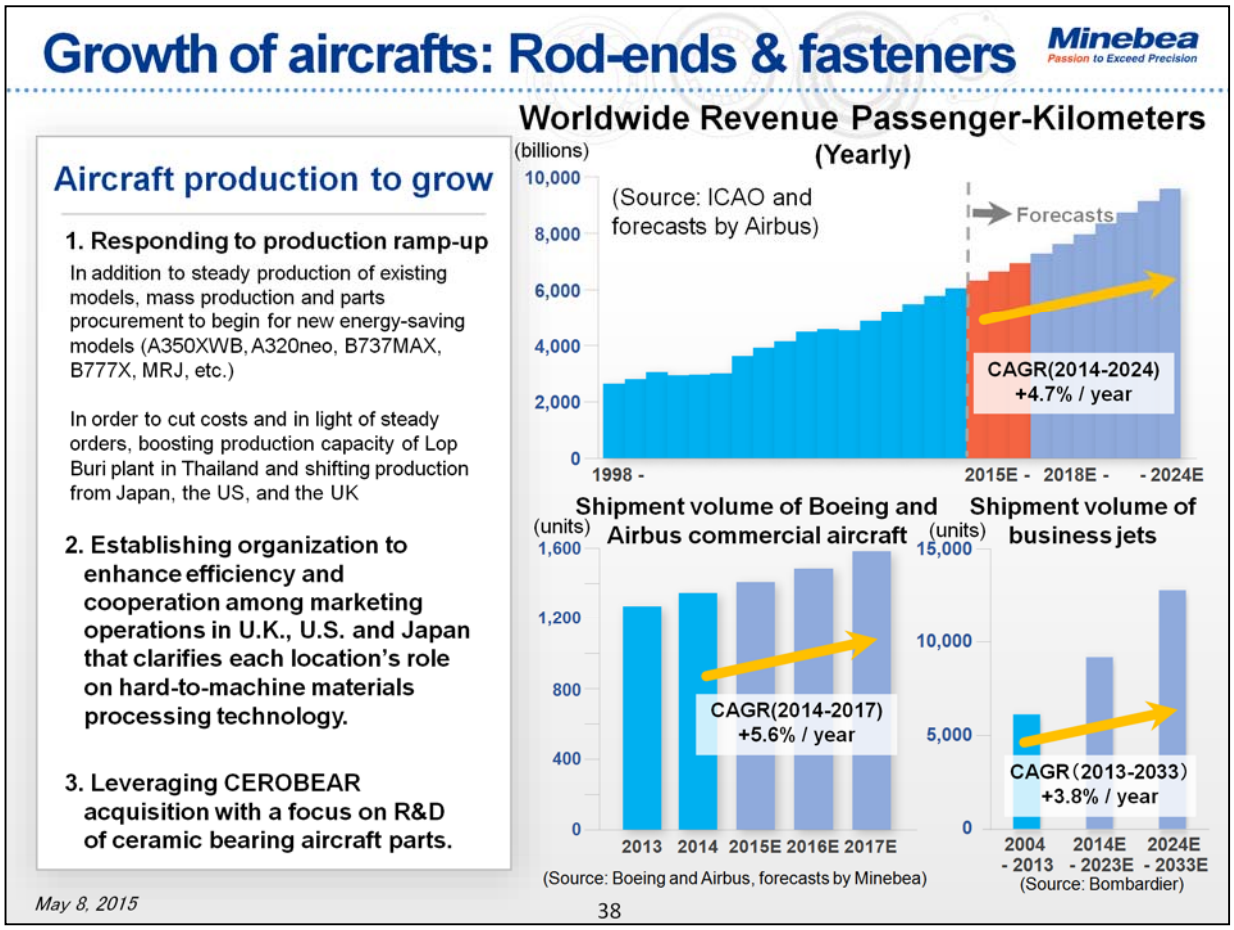
Everybody seems to have different opinions about where the smartphone market headed. One thing for certain is that there are dark clouds hanging over at least some market segments. Although the market for entry models is stagnating, demand is still booming for the coveted high-end models, and that goes for China too. This should be a clear indication that a growing middle- and high-income population fuels sales of high-end products, which means better sales of high-end parts. That's why I maintain an optimistic view of LED backlight demand. Although we have competitors, we are the only one who can make injection-molded plastic parts, assemble them into fine-tuned units, and produce 30, 40, or 50 million of them a month. The edge we have in manufacturing technology and advanced engineering all goes into making our LED backlights, ball bearings, and pivot assemblies. Working with an eye to boosting this business advantage, we plan to make capital investments this fiscal year that will increase our monthly production capacity for LED backlights from the current 35 million units to 50 million units by March of next year.



Needs for new types of products arise as cars become more sophisticated.



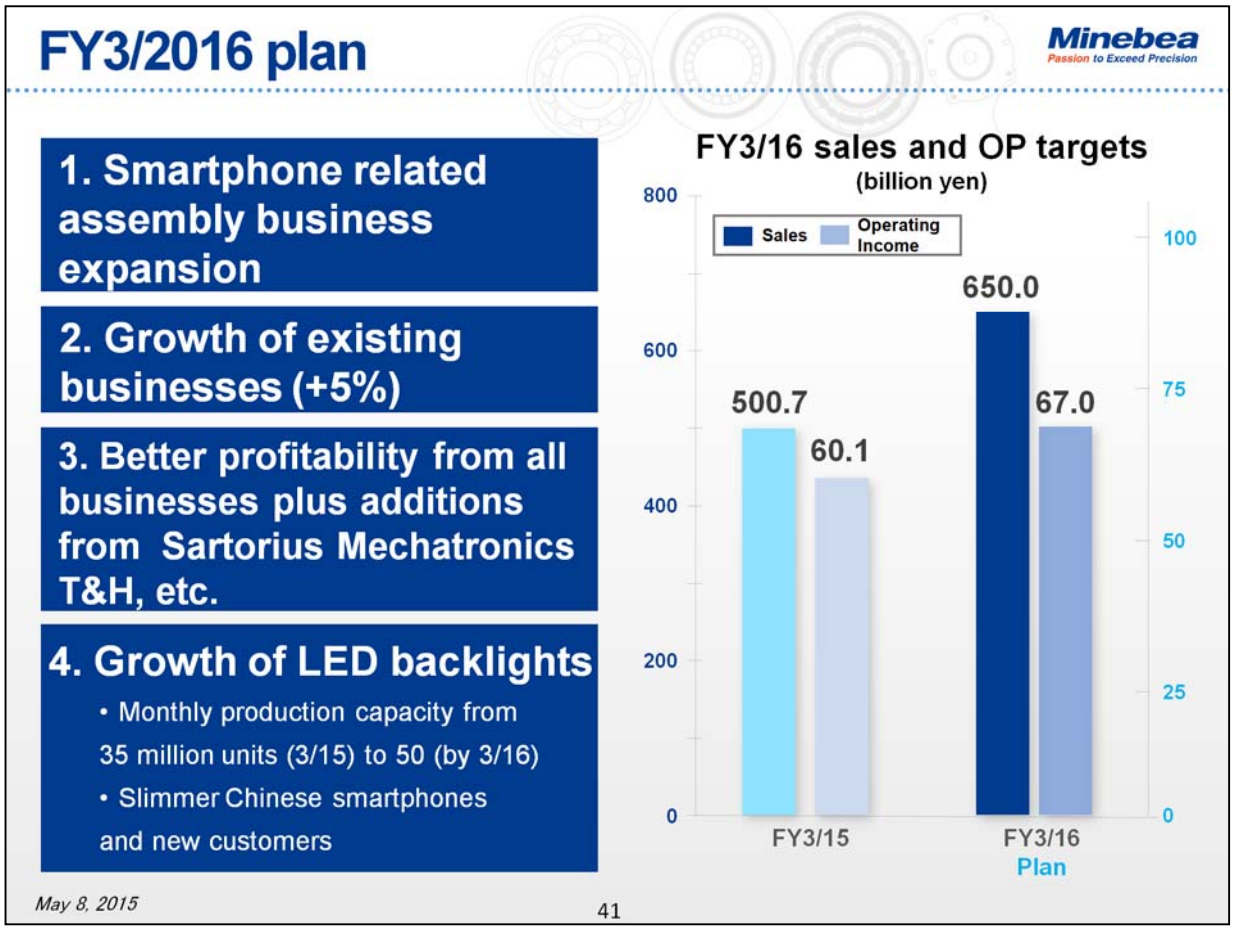
These include exhaust gas recirculation systems, lighting systems, and turbo chargers. Environmental protection, safety, energy efficiency, and comfort are the most common needs. One European luxury model uses 42 Minebea-size ball bearings per vehicle. Judging from the fact that 38 of them are actually Minebea-made, there's almost no doubt that our products will be increasingly used in luxury model cars.



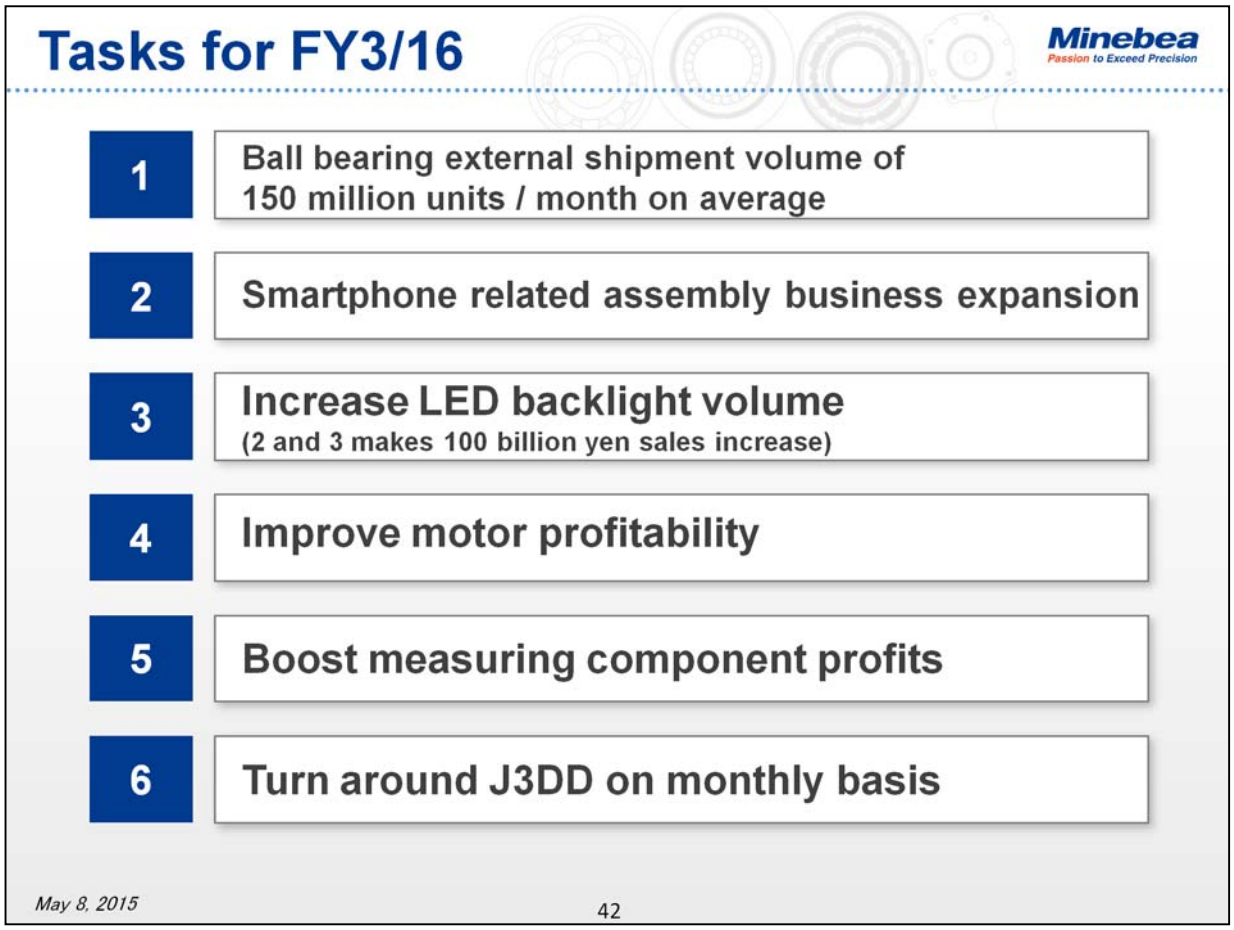
To be honest, I always feel frustrated when it comes to the rod-end bearing business. Even though it's our most global business, we face a great many internal barriers. That's my biggest dilemma. There's still plenty of demand to tap into. Most of our competitors are American companies. When it comes to ball bearings, there are no more American companies that make them. They were all driven out of the market by the competition. So why do we have only a 50% share of the rod-end bearing market? When I ask myself this question, I know exactly what we should do. The answer is very simple. We have to boost production in Southeast Asia so we can lower manufacturing costs and get a leg up in the market. It's vital that we boost rod-end bearing production in Thailand.

We have revised our Five Arrow strategy. Our goal under the newly revised strategy is to sell 180 million ball bearings externally by increasing monthly average sales by 10 million units a year. This target is set for the fiscal year ending March 2018. Once we attain this target, our new plant in Thailand will be at full capacity and we'll need to build another factory. When we built this new Thai plant, I didn't think it would be me who would be working on the next plant, but I'll have to find a site for the next plant sooner than I had ever anticipated. We also upped the sales target for measuring components from 20 billion yen to 50 billion yen as a result of all the synergy with Sartorius MTH. The sales target for aircraft components is set at 70 billion yen.

- FY3/2015 results
- New mid- to long-term targets
- Mid-term Business Plan
- **FY3/2016 plan**



This fiscal year we expect sales to total 650 billion yen and operating income 67 billion yen. These projections were made in light of expanding operations due partly to our smartphone-related assembly business, growth of our existing businesses, the synergy created from the acquisition of Sartorius MTH, increased LED backlight production capacity, and favorable exchange rates. To give you an idea of where we're headed, sales last April totaled 31.6 billion yen. Although we haven't officially closed the books yet, April sales this year were up about 10 billion yen at approximately 41 billion yen. Since we started off this fiscal year with higher April-June sales than last year's, I think our first quarter operating income target of 12 billion yen is somewhat conservative.

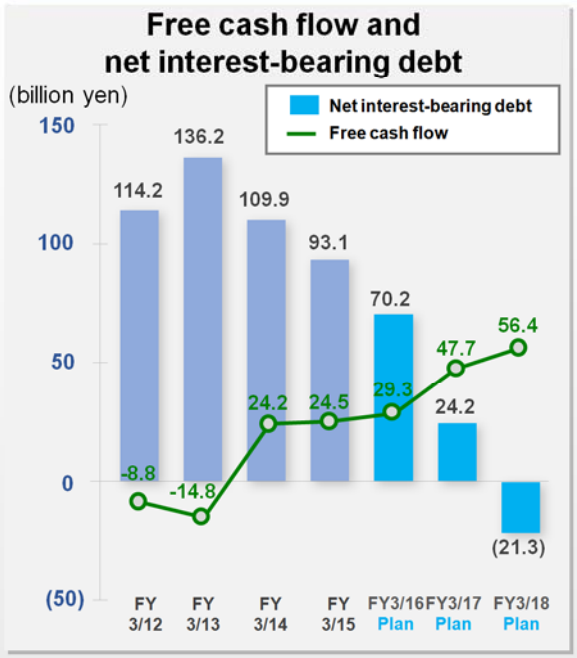


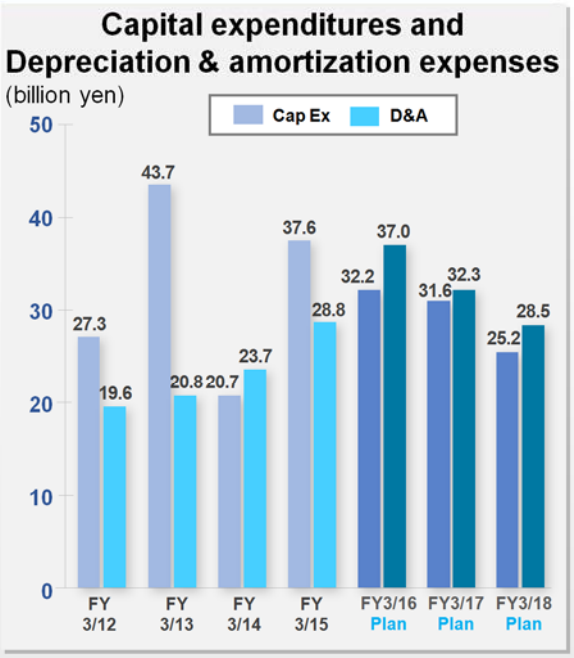
Here's our to-do list for this year. I've already talked about ball bearings, expanding our smartphone-related assembly business, and increasing LED backlight volumes. Profits from motors and measuring components are expected to improve. J3DD has finally reached a point where it can ship quality samples. You might be concerned about mounting depreciation costs, but you need not be since they are absorbed in our current projections.

Better balance sheet

Minebea
Passion to Exceed Precision

As free cash flow increases, cash will pile up if there are no major M&As.





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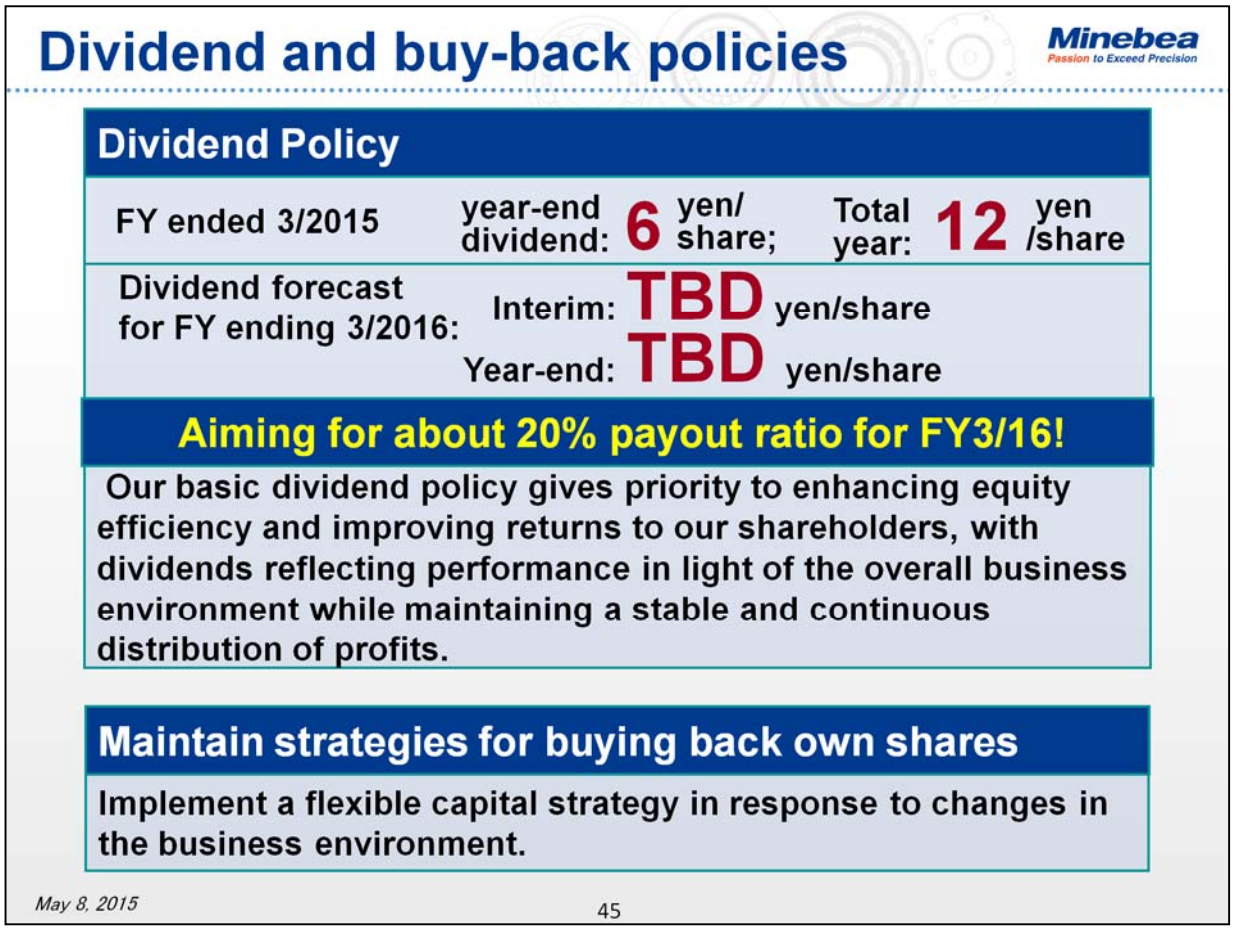
Since cash flow will increase as our performance improves, net interest-bearing debt is expected to drop to around 70 billion yen this fiscal year barring any major M&As.

Finally, I'd like to turn to the subject of shareholder returns. The big story in the stock market today is about all those companies that are increasing their dividends. Every company is different. If it has surplus cash, no debt, operates a single business to grow, it's okay to increase the dividend payout ratio as much as possible. In our case, however, we are now at that "Change to Grow" crossroads. I work for our shareholders and the most important thing is increasing profit per share. That's my mission. I don't think our shareholders really want a dividend increase of 1 or 2 yen now. We do have some wiggle room when it comes to increasing dividends and that's a good thing. Our shareholders may think I'm stingy for only giving a 12-yen dividend. More than being stingy, I thought about what we could do with that money beyond raising the dividend just a couple of yen. So today I made building our third factory in Cambodia official. It will be 31,500 m^2. When we built our first factory measuring 400 m x 70 m, everyone was concerned about its size. It was 28,000 m^2. This third factory will be far bigger than the first one. One of the reasons for building a larger factory is because we expect a steady flow of business opportunities heading upstream from downstream. That's why we are offering a 12-yen dividend for last fiscal year along with the promise of growth. It may take a little more than a year to complete the third Cambodian factory, for which we will soon be driving in the piles for the foundation. While we haven't decided on the final interior specifications like cleanrooms, etc., we'll design the factory so we can adapt it to meet any need that might come up in the future. I hope everyone realizes that this was all factored into our decision to pay a 12-yen dividend. We also purchased a factory, which we call Ban Wa II, from Takahata. Now that the nearby Ban Wa I has been transformed into an LED backlight component manufacturing factory, we'll move some of the facility we have there to Ban Wa II.



We haven't yet finalized the dividends for this fiscal year.

The slide says, "Aiming for about 20% payout ratio for FY3/16." If you notice, it doesn't say a "20% payout ratio." By "about 20%" I mean equal or more than 17.5% but less than 22.5%. This is just a ballpark figure we are aiming for. If we come across any business opportunities like large-scale M&As, which we believe will definitely benefit our shareholders, we'll of course spend money on them. I hope everyone sees eye to eye with us on this.

Forecast for Fiscal Year Ending March 31, 2016

Minebea
Passion to Exceed Precision

EPS of FY3/16 is expected to increase 20%+.

(Millions of yen)	FY ended Mar. '15	Fiscal year ending Mar. '16			
	Full year	1st Half	2nd Half	Full year	YoY
Net sales	500,676	294,500	355,500	650,000	+29.8%
Operating income	60,101	28,400	38,600	67,000	+11.5%
Ordinary income	60,140	27,900	38,100	66,000	+9.7%
Net income	39,887	20,200	27,800	48,000	+20.3%
Net income per share (yen)	106.73	54.03	74.35	128.38	+20.3%

Foreign exchange rates	Mar. '15 Full year	FY ending Mar. '16 Full year Assumption
US$	¥109.19	¥118.00
Euro	¥139.38	¥130.00
Thai Baht	¥3.37	¥3.60
Chinese RMB	¥17.60	¥19.30

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Here is the last slide. This fiscal year we are aiming to increase net income per share by 20% or more, and that's my message to you.

That concludes my presentation.

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.