

Business Results

Third Quarter of Fiscal Year Ending March 31, 2016

February 3, 2016
Minebea Co., Ltd.

Net sales hit a new 9-month record high

(Millions of yen)	FY ended Mar. '15 1Q-3Q	FY ending Mar. '16 1Q-3Q	Change YoY
Net sales	361,961	474,215	+31.0%
Operating income	43,842	42,901	-2.1%
Ordinary income	43,235	38,446	-11.1%
Net income	30,980	29,584	-4.5%
Net income per share (yen)	82.91	79.10	-4.6%

Foreign exchange rates	1Q-3Q of FY Mar. '15	1Q-3Q of FY Mar. '16
US\$	¥105.80	¥121.59
Euro	¥139.83	¥133.88
Thai Baht	¥3.27	¥3.51
Chinese RMB	¥17.10	¥19.35

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For the first nine months of the fiscal year ending March 31, 2016, net sales jumped up sharply to reach a new record high. Operating income was down slightly from the same period last year.

While the outlook for the global economy is becoming more and more uncertain, as seen in concerns about the slowdown in the Chinese economy, demand for Minebea's precision components remains steady driven by high-value-added consumer products. In particular, external shipment volume of ball bearings is increasing quarter by quarter and is expected to grow further. However, LED backlights for smartphones, which have grown sharply in recent years, underwent a customers' production adjustments lowering overall profits.

Net sales also hit a new quarterly record high

(Millions of yen)	FY ended	FY ending		Change	
	Mar. '15	2Q	3Q	YoY	QoQ
Net sales	145,403	168,162	178,661	+22.9%	+6.2%
Operating income	19,080	14,905	15,484	-18.8%	+3.9%
Ordinary income	18,599	10,453	15,120	-18.7%	+44.6%
Net income	13,163	7,700	11,825	-10.2%	+53.6%
Net income per share (yen)	35.22	20.59	31.61	-10.2%	+53.5%

Foreign exchange rates	3Q of FY	2Q of FY	3Q of FY
	Mar. '15	Mar. '16	Mar. '16
US\$	¥112.34	¥122.56	¥121.23
Euro	¥141.29	¥136.35	¥132.56
Thai Baht	¥3.45	¥3.51	¥3.37
Chinese RMB	¥18.30	¥19.55	¥19.02

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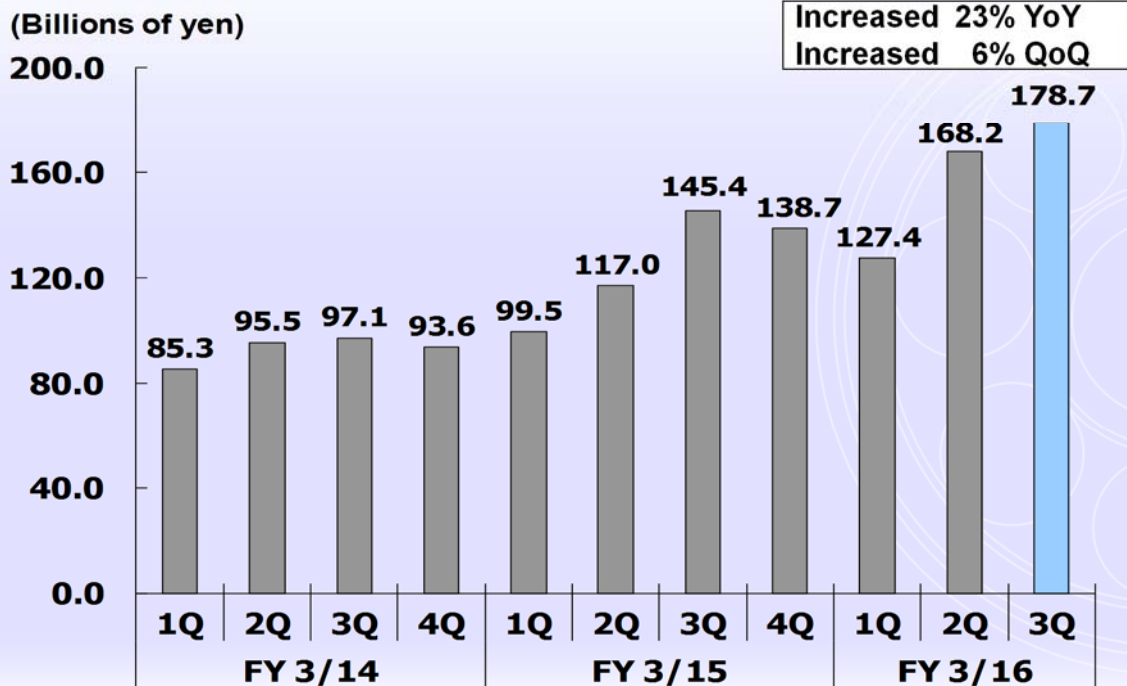
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For the third quarter of fiscal year ending March 31, 2016, net sales reached the highest level ever for any quarter. Operating income increased quarter on quarter but decreased year on year.

The main factor for the growth in sales was the higher price of the new model LED backlights for high-end smartphones, which require more components procured externally. As for profits, almost every business unit showed growth from the previous quarter and was above targets as well, but LED backlights were far below targets due to the customers' production adjustments.

We estimate that foreign currency translations have pushed net sales up 9 billion yen year on year and down 2.1 billion yen quarter on quarter, while pushing operating income up 4.2 billion yen year on year and up 0.8 billion yen quarter on quarter.

Net sales hit a new record high
Net sales up YoY for the last 15 quarters



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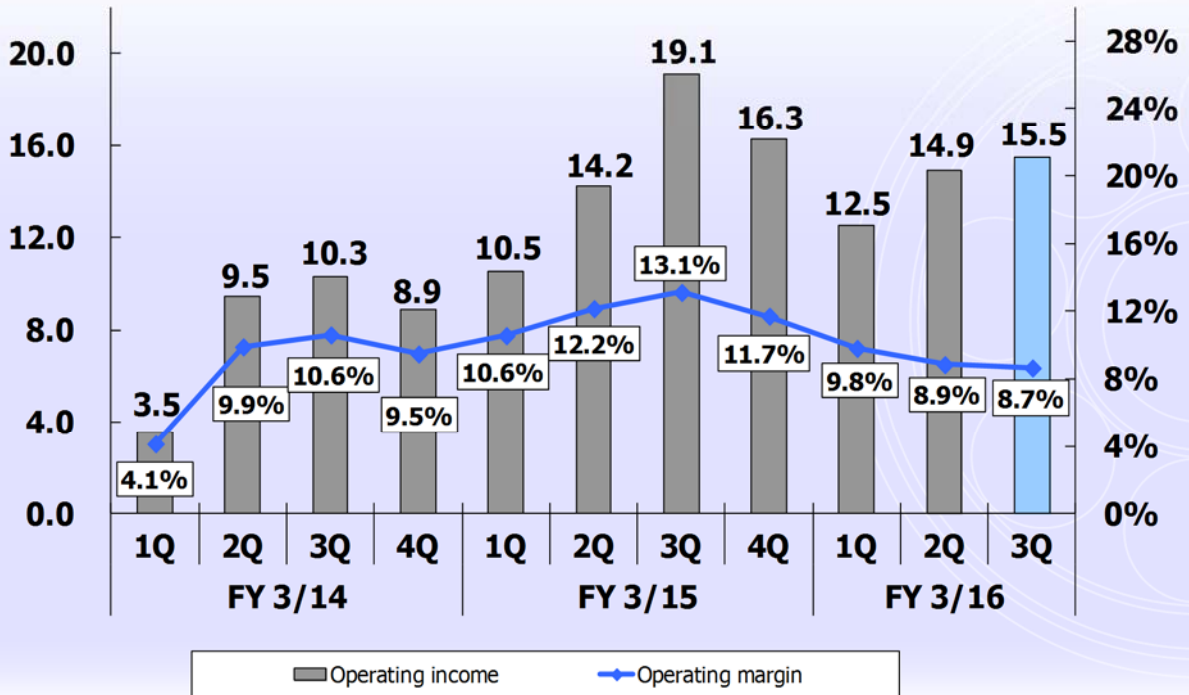
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Net sales were up 23% from the same period last year, and up 6% from the last quarter to hit a record high of 178.7 billion yen. Net sales have continued to climb year on year for the last fifteen quarters.

Operating Income

(Billions of yen)

Decreased 19% YoY
Increased 4% QoQ



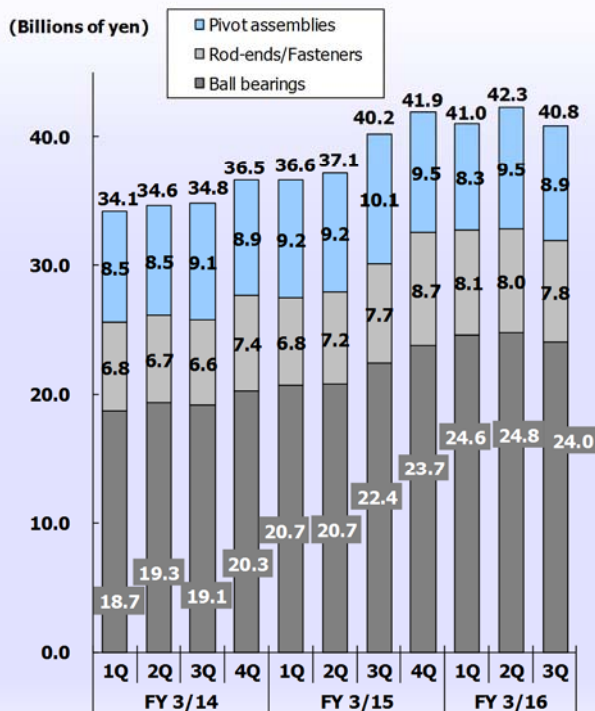
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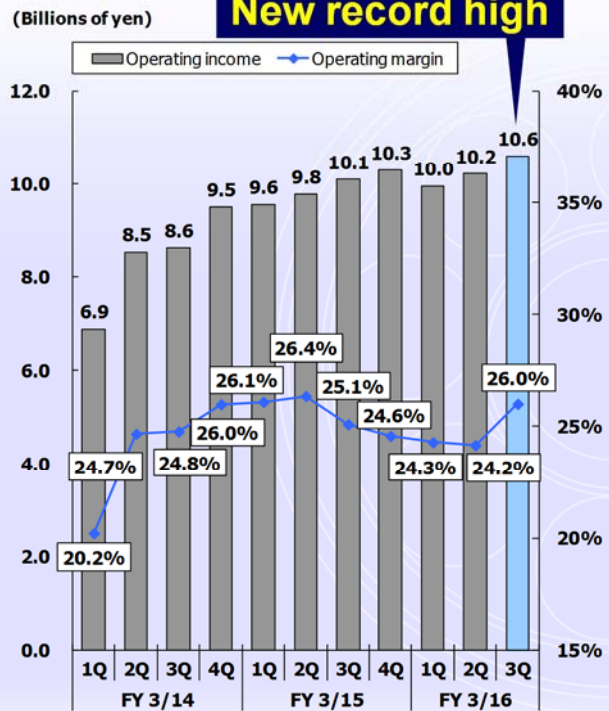
Operating income was down 19% from the same period last year, and up 4% from the last quarter to 15.5 billion yen. The operating margin stood at 8.7%, which was 0.2 percentage points lower than the previous quarter.

The Machined Components business achieved the highest quarterly profit ever, and the Electronic Devices and Components business steadily secured profit in the motor and measuring components businesses. However, Minebea's entire operating income decreased from the same period last year, and also missed the target. This is mostly because, in LED backlight business, the gap between leading customers' initial forecasts and the actual shipment volume was larger than expected.

Net sales



Operating income



*Due to minor changes in segment classification from FY3/16, FY3/15 numbers are also adjusted for comparison.
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Third quarter net sales for the Machined Components business segment were up 1% year on year and down 4% quarter on quarter to total 40.8 billion yen. Operating income hit a record high to reach 10.6 billion yen which was up 5% from the same period last year and up 4% from the previous quarter. We believe the Machined Components business is about to establish the firm structure to steadily and constantly achieve 40 billion yen or more operating income in a twelve-month period. The operating margin was up 1.8 percentage points at 26.0%. Although the onetime loss at our U.S. subsidiary in the previous quarter was not completely dismissed, steady growth in ball bearings more than offset the negative factors.

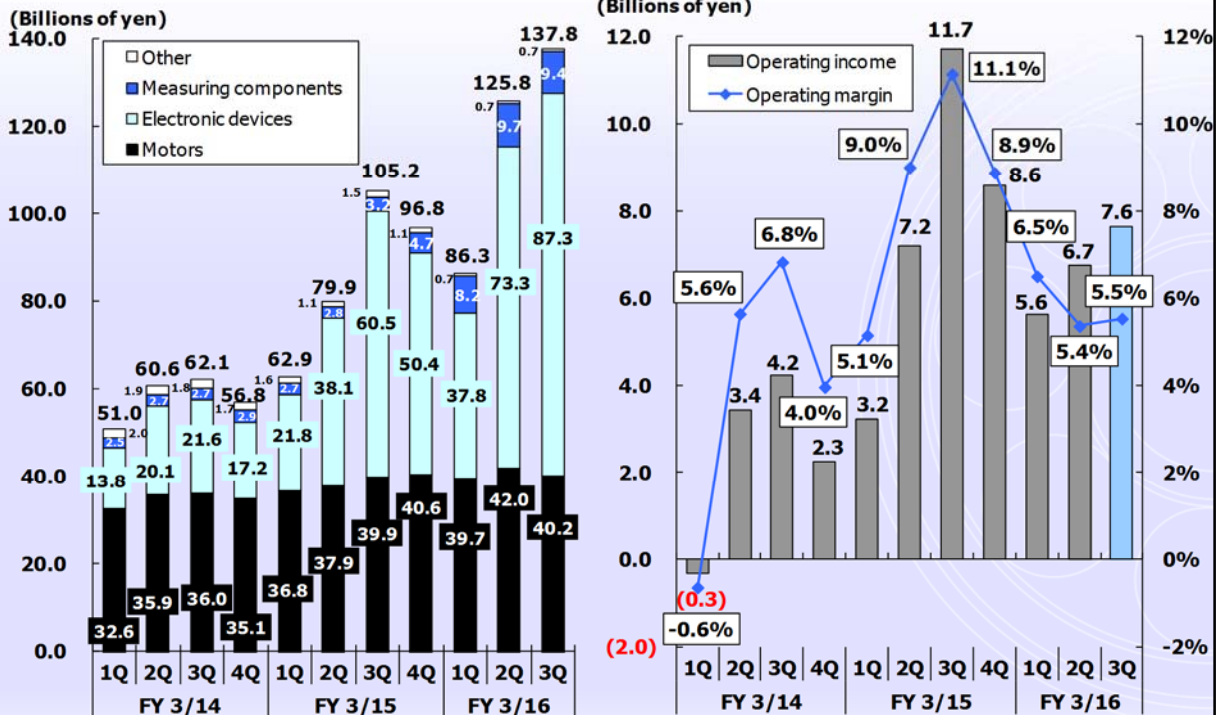
While sales amount of ball bearings were down 3% quarter on quarter to total 24.0 billion yen due mainly to the foreign exchange rate shifting to appreciation of the yen, profit grew from the previous quarter. Growth in demand for ball bearings remains strong, driven by many different applications such as automobiles, pushing the average monthly external shipment volumes up to 156 million units in December quarter to a new quarterly record high.

Sales of rod-ends and fasteners were down 3% quarter on quarter to 7.8 billion yen. Although sales decreased because of the Christmas holidays in U.S.A. and Europe, profit grew from the previous quarter. Steady growth is expected in this area thanks to increasing production of commercial aircraft worldwide.

Sales of HDD pivot assemblies decreased 6% quarter on quarter to 8.9 billion yen due to HDD market recovery peaking out. Profit from pivot assemblies grew slightly from the previous quarter. Although sales volume of pivot assemblies is declining due to reduced HDD demand, we have maintained profit by capturing demand for orders of high-end products.

Net sales

Operating income



*Due to minor changes in segment classification from FY3/16, FY3/15 numbers are also adjusted for comparison.
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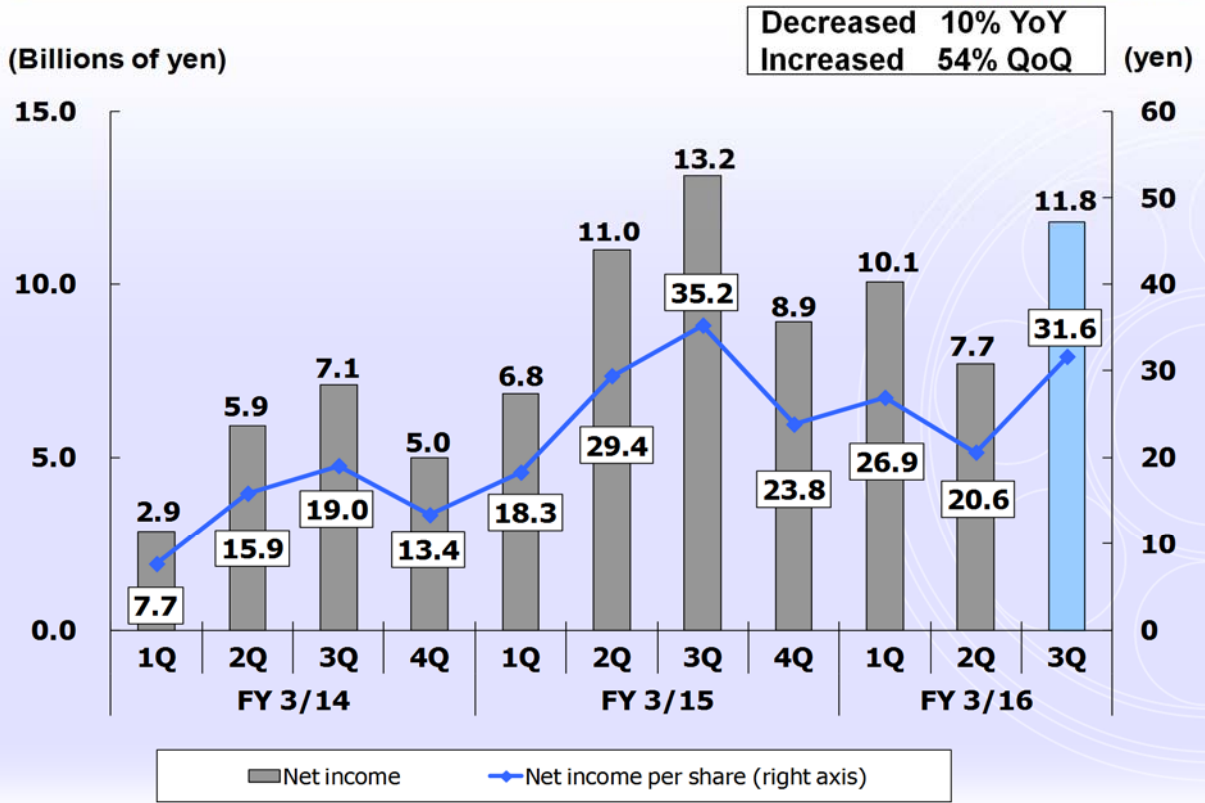
Third quarter net sales for the Electronic Devices and Components business segment were up 31% from the same period last year and up 10% from the previous quarter to total 137.8 billion yen. Operating income was down 35% from the same period last year and up 13% from the previous quarter to reach 7.6 billion yen. The operating margin was up 0.1 percentage points at 5.5%.

Sales of motors were down 4% quarter on quarter to 40.2 billion yen. Although the top line deteriorated from the previous quarter, there was an increase in profit attributable steady progress made in cost cutting measures taken for each motor product.

Sales of measuring components decreased 4% compared to the previous quarter to total 9.4 billion yen while the profit margin was maintained at a high level. While Minebea’s existing business captures steady demand in various products, in particular automobiles, newly acquired Sartorius Mechatronics T&H is performing better than we expected. Now Minebea and Sartorius are working actively on measures to enhance synergies with our existing businesses. We are advancing steadily and firmly toward the target of the new “Five Arrows” strategy of 50 billion yen sales in the measuring components business.

Profits of electronic devices deteriorated from the same period last year due to significant drop in LED backlight shipment caused by a worldwide smartphone market slowing down, including China. Compared to the previous quarter, however, sales increased 19% to 87.3 billion yen and profit grew as well.

Net Income



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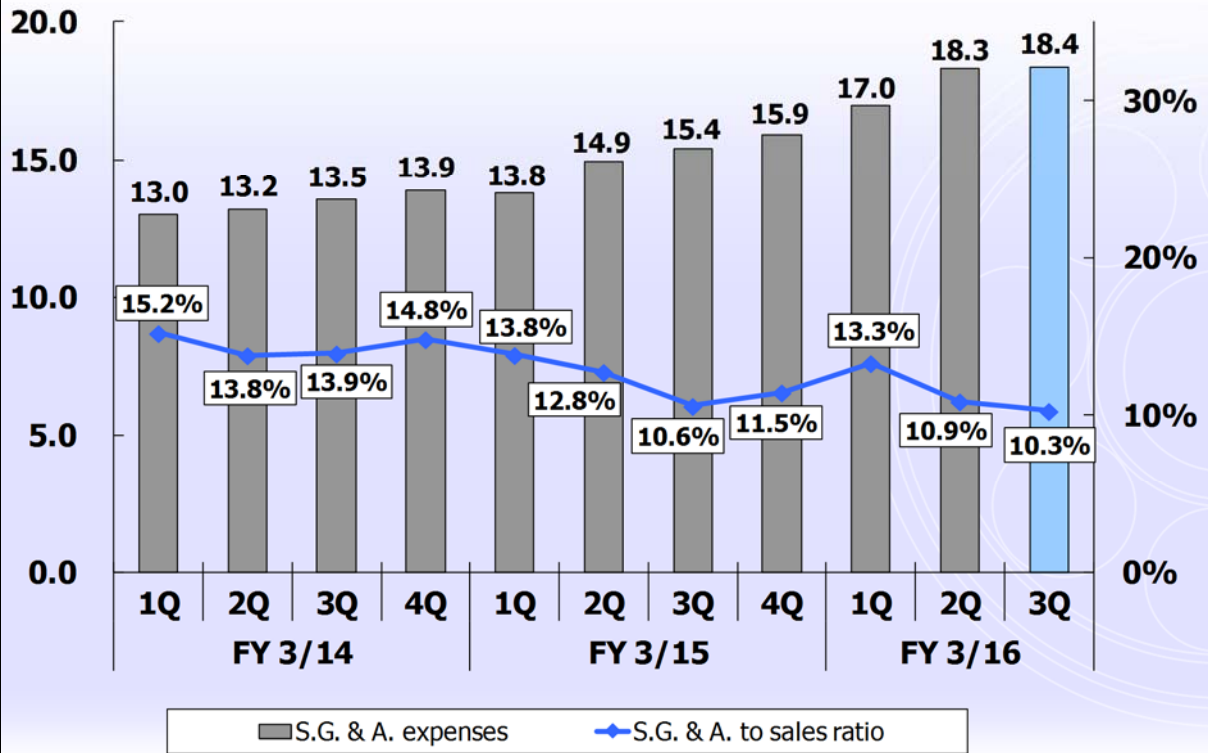
Net income was up 54% from the previous quarter to total 11.8 billion yen, and net income per share totaled 31.6 yen. Net income has recovered to 90% of the record high posted in the same period last year, much better than operating income, thanks to improvements in our management practices including an improvement in effective tax rate and the completion of business restructuring.

S.G. & A. Expenses

Quarterly



(Billions of yen)

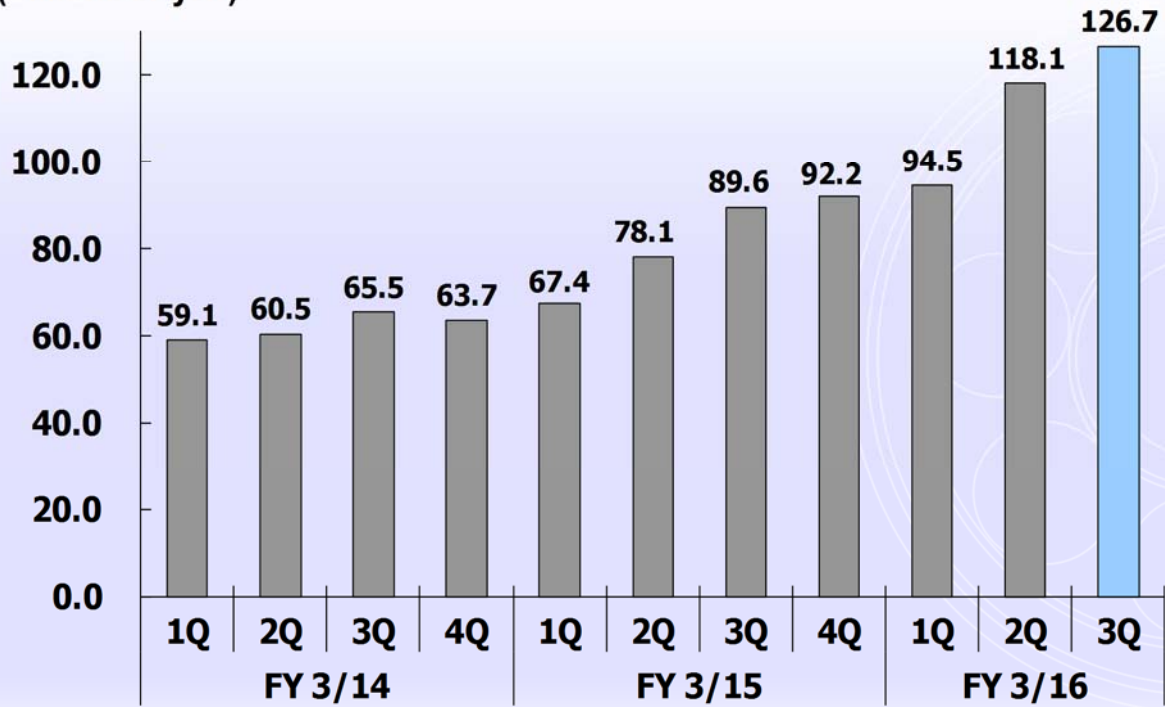


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SG&A expenses was increased by 0.1 billion yen from the previous quarter to total 18.4 billion yen by minimizing the rise in expenses caused by increased sales. The SG&A expenses-to-sales ratio improved further to drop 0.6 percentage points from the previous quarter to 10.3%, which is at the lowest point it has ever been since we began making quarterly announcements.

(Billions of yen)

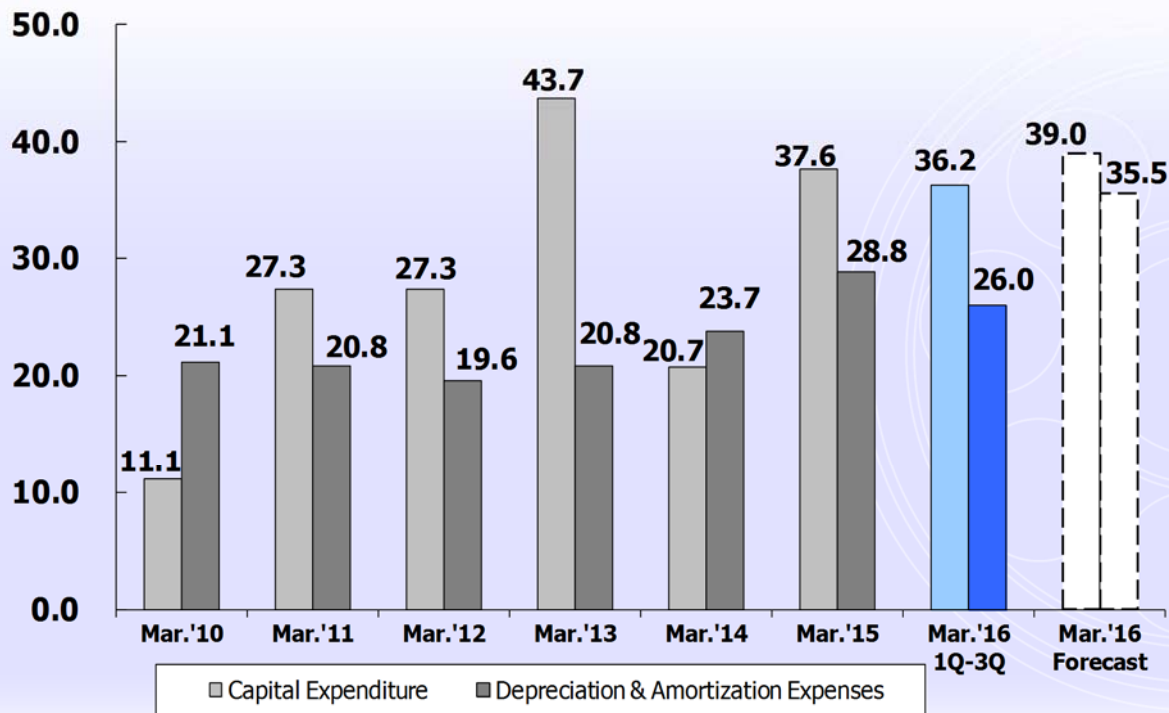


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Inventories at the end of the third quarter jumped 8.6 billion yen above what they were at the end of the previous quarter to total 126.7 billion yen. This uptick was due to a temporary buildup of the inventory of LED backlights as a result of customers' production adjustments that have been made since last November. We are currently adjusting the inventory level and it will be steadily tapered off toward the end of March.

(Billions of yen)



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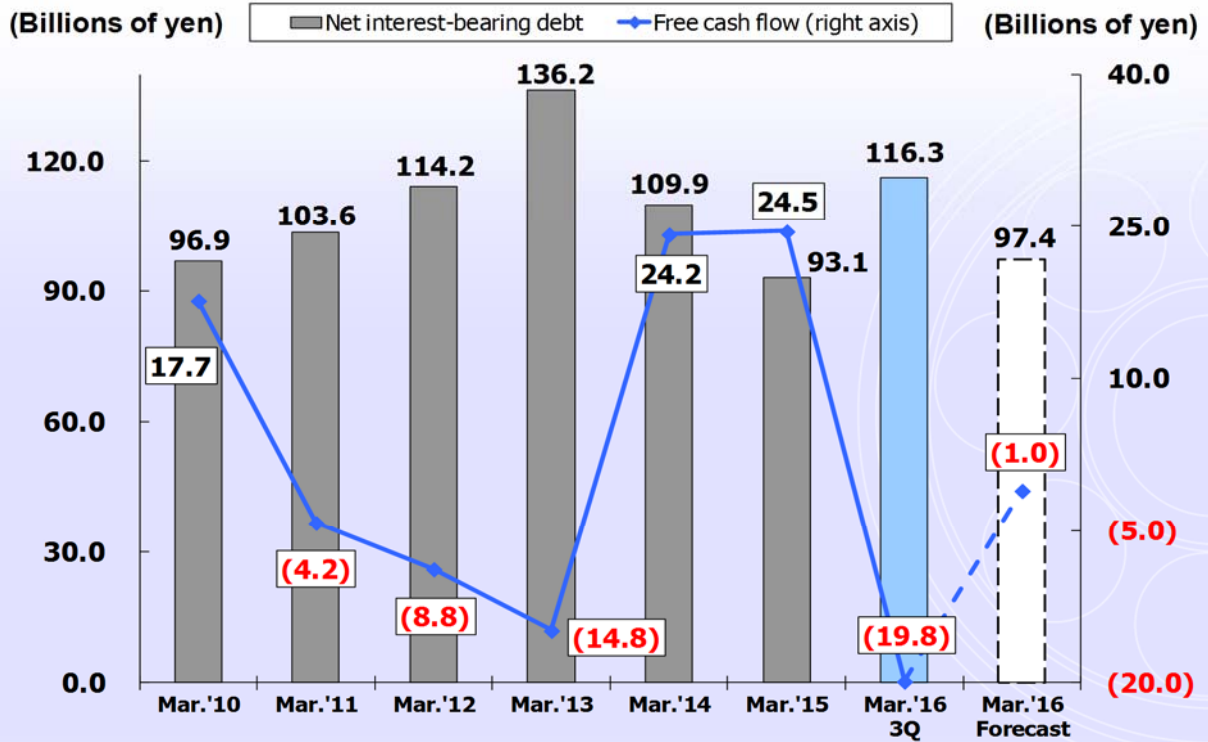
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Capital expenditures for the first nine months came to 36.2 billion yen while depreciation and amortization expenses for the period totaled 26.0 billion yen.

We made an upward revision to our capital expenditures forecast by 3.4 billion yen due to robust demand for measuring components and construction of the new No.3 Building in our Cambodia Plant. The forecast for depreciation and amortization is 35.5 billion yen this fiscal year, but this is expected to show a decrease significantly from next fiscal year because some of the accelerated depreciation portion of LED backlight business will come to an end.

Net Interest-Bearing Debt

Yearly



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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At the end of the third quarter, net interest-bearing debts, which are interest-bearing debts minus cash and cash equivalents, were up 10.6 billion yen from the end of the previous fiscal year to total 116.3 billion yen. This increase was due mainly to a temporary upsurge in inventory of new LED backlight components.

Free cash flow for the first nine months came to a negative 19.8 billion yen. Since the inventory level of LED backlights is planned to taper off toward the end of March, free cash flow for this fiscal year is expected to be a negative one billion yen, which is an improvement compared to the first nine months. Net interest-bearing debt at the end of this fiscal year is expected to decline to 97.4 billion yen.

We have revised our full year forecast downward, but are still expecting record high sales and net income

(Millions of yen)	FY ended Mar. '15	Fiscal Year ending Mar. '16				
	Full Year	1Q-3Q	4Q Forecast	Full Year Revised Forecast	YoY	Full Year Nov. '15 Forecast
Net sales	500,676	474,215	160,785	635,000	+26.8%	680,000
Operating income	60,101	42,901	12,099	55,000	-8.5%	66,000
Ordinary income	60,140	38,446	11,554	50,000	-16.9%	62,500
Net income	39,887	29,584	10,416	40,000	+0.3%	48,000
Net income per share (yen)	106.73	79.10	27.83	106.93	+0.2%	128.34

Foreign exchange rates	Mar. '15 Full Year	FY ending Mar. '16 1Q-3Q avg.	FY ending Mar. '16 4Q Assumption	FY ending Mar. '16 Full Year Assumption	Full Year Nov. '15 Assumption
US\$	¥109.19	¥121.59	¥121.00	¥121.44	¥121.39
Euro	¥139.38	¥133.88	¥136.00	¥134.41	¥135.28
Thai Baht	¥3.37	¥3.51	¥3.38	¥3.48	¥3.49
Chinese RMB	¥17.60	¥19.35	¥19.00	¥19.27	¥19.26

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We revised the forecast for this fiscal year downward reflecting the underperformance in the third quarter results. We expect both net sales and net income to surpass last year's record highs.

The Machined Components business has been generating profits at the highest level ever, driven by robust sales of ball bearings. In addition, the Electronic Devices and Components business has also established firm profitability in motor and measuring components. We will make every effort to ramp up LED backlight production early and quickly for the next model so that we can secure steady profits as planned from the business as well next fiscal year.

Forecast for Business Segment

(Millions of yen)	FY ended Mar. '15	FY ending Mar. '16				
	Full Year	1Q-3Q	4Q Forecast	Full Year Revised Forecast	YoY	Full Year Nov. '15 Forecast
Net sales	500,676	474,215	160,785	635,000	+26.8%	680,000
Machined components	155,785	124,013	40,987	165,000	+5.9%	168,000
Electronic devices and components	344,724	349,814	119,686	469,500	+36.2%	511,300
Other	166	387	113	500	X 3.0	700
Operating income	60,101	42,901	12,099	55,000	-8.5%	66,000
Machined components	39,722	30,781	11,019	41,800	+5.2%	42,000
Electronic devices and components	30,747	19,967	4,433	24,400	-20.6%	35,000
Other	-28	-35	-165	-200	X 7.1	-200
Adjustment	-10,340	-7,811	-3,189	-11,000	+6.4%	-10,800

**Due to minor changes in segment classification from FY3/16, FY3/15 and initial forecast numbers are also adjusted for comparison.*

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This slide shows revised forecasts by business segment.

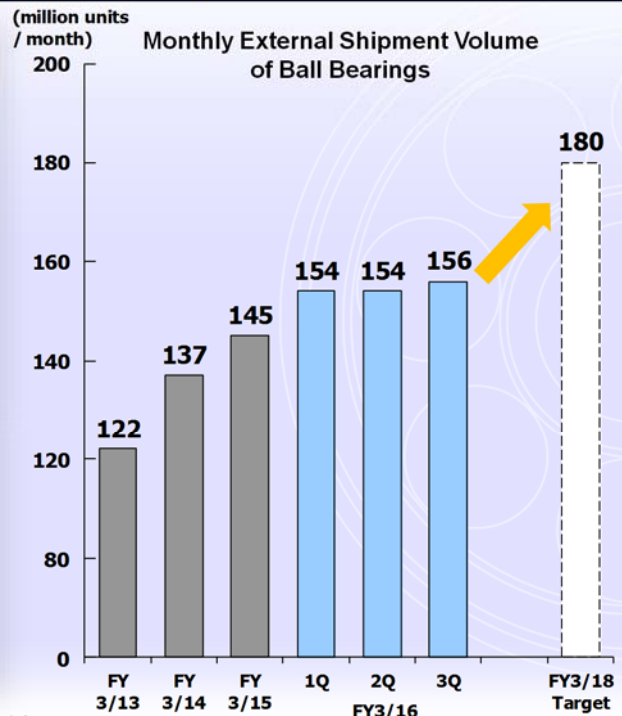
Demand for our components for high-end consumer products has been growing steadily, and a high level of profitability has been maintained

Advancing toward target of the new “Five Arrows” strategy

- The external shipment volume of ball bearings has been increasing quarter on quarter due to steadily growing demand for our precision components for high-end consumer products.
- It is growing at a rate of 7% YoY in FY3/16, and in March we are expecting to post a monthly record high for the third time this fiscal year.
- The target of 180 million units / month in FY3/18 under the new “Five Arrows” strategy is well within our reach.

A high level of profitability has been maintained by increasing external shipments despite the HDD market shrinking

- Despite the decrease in internal shipments of ball bearings brought about by the shrinking HDD market, a high level of profitability has been maintained by increasing external shipments.



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This slide shows the current performance of our miniature ball bearings, which are our anchor product line.

The monthly average external shipment volume of miniature ball bearings is increasing quarter by quarter at an annual growth rate of 7% from the previous year. This is due mainly to a steady demand for precision components that are used for high-value-added consumer products in developed economies, mostly accounted for by the U.S.A. and Europe, and this trend is expected to continue. We are on track to hit our monthly average external shipment target of 180 million units announced last May as part of the new “Five Arrows” strategy.

Internal shipments of ball bearings, which are mostly used for pivot assemblies, are decreasing due to shrink in the HDD market. Although the internal shipment volume is expected to continue to decline gradually, we have minimized its impact on profitability by expanding external shipments. In addition, thanks to positive impact of depreciation of the Thai Baht, profitability of the Machined Components business segment has been maintained at a high level.

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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