MinebeaMitsumi
Passion to Create Value through Difference

Business Results

Third Quarter of Fiscal Year Ending March 31, 2017

MinebeaMitsumi Inc.

February 13, 2017

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Financial Results

Hiromi Yoda
Director, Senior Managing Executive Officer

Summary of Consolidated Business Results for 1Q-3Q

Minebea Businesses

Sales & OP outperform target but down YoY due to stronger yen and sluggish smartphone market

(Millions of yen)	FY3/16 1Q-3Q	FY3/17 1Q-3Q	Change YoY	FY3/17 Nov. 2016 Forecast Full Year	FY3/17 Nov. 2016 Forecast Achievement
Net sales	474,215	442,508	-6.7%	560,000	79.0%
Operating income	42,901	34,715	-19.1%	45,000	77.1%
Ordinary income	38,446	34,772	-9.6%	44,000	79.0%
Income attributable to owners of the parent	29,584	24,912	-15.8%	26,500	94.0%
Net income per share (yen)	79.10	66.46	-16.0%	70.69	94.0%

Foreign exchange rates	FY3/16 1Q-3Q	FY3/17 1Q-3Q
US$	¥121.59	¥106.92
Euro	¥133.88	¥118.73
Thai Baht	¥3.51	¥3.04
Chinese RMB	¥19.35	¥16.06

Net sales and operating income for the first nine months of the fiscal year ending March 31, 2017 were higher than targeted but below what they were for the same period last year due to the stronger yen and slowing growth in the smartphone market.

Summary of Consolidated Business Results for 3Q

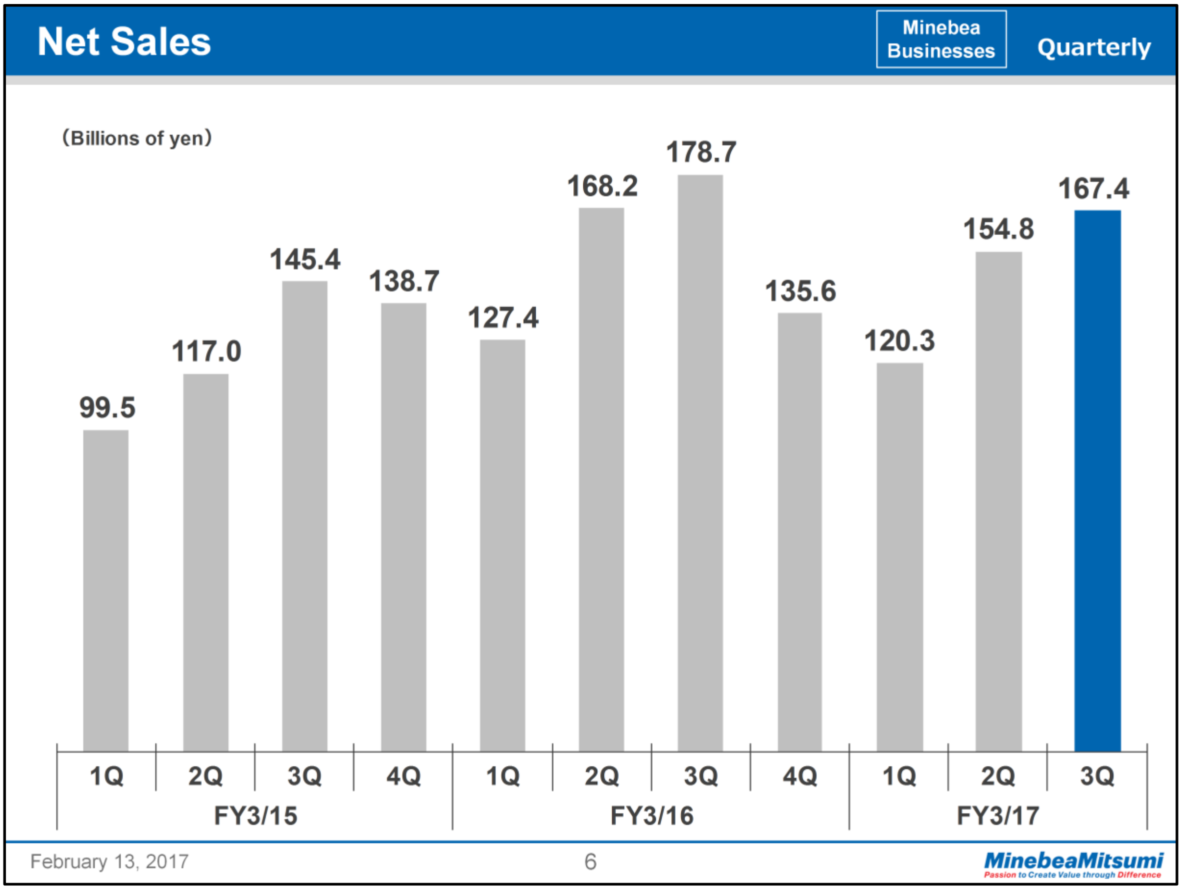
Minebea Businesses

Higher sales & OP QoQ due to seasonal uptick for smartphone components etc.

(Millions of yen)	FY3/16	FY3/17		Change	
	3Q	2Q	3Q	YoY	QoQ
Net sales	178,661	154,844	167,375	-6.3%	+8.1%
Operating income	15,484	11,623	16,120	+4.1%	+38.7%
Ordinary income	15,120	11,659	15,857	+4.9%	+36.0%
Income attributable to owners of the parent	11,825	9,568	12,167	+2.9%	+27.2%
Net income per share (yen)	31.61	25.52	32.44	+2.6%	+27.1%

Foreign exchange rates	FY3/16 3Q	FY3/17 2Q	FY3/17 3Q
US$	¥121.23	¥103.50	¥106.13
Euro	¥132.56	¥115.00	¥116.04
Thai Baht	¥3.37	¥2.97	¥3.02
Chinese RMB	¥19.02	¥15.52	¥15.62

Net sales and operating income for the third quarter of the fiscal year ending March 2017 grew quarter on quarter. This uptick was due mainly to the usual seasonal spike in orders for smartphone components occurring against the backdrop of steady demand for ball bearings and motors as well as a soaring US dollar that buoyed sales. If you were to disregard foreign currency translations, you could say both sales and profits were higher than what they were for the same period last year.
We estimate that foreign currency translations have pushed net sales down 21.2 billion yen year on year but up 3.2 billion yen quarter on quarter, while simultaneously pushing operating income down 3.1 billion yen year on year but up 0.7 billion yen quarter on quarter.

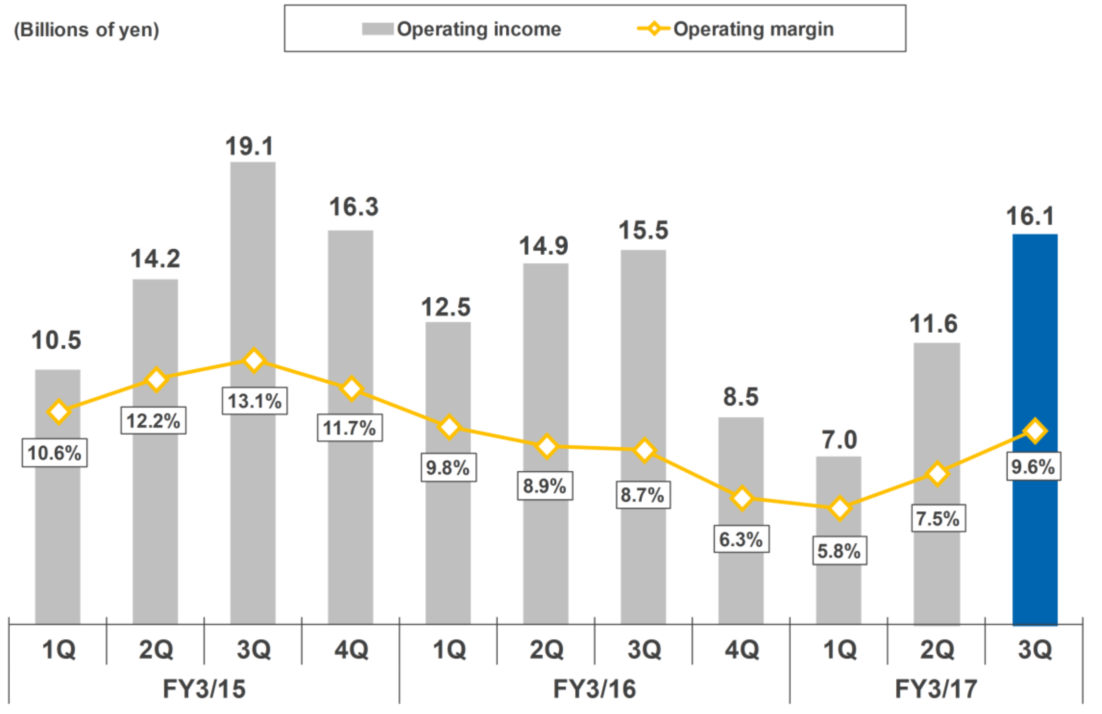


LED backlight growth lifted third quarter net sales up 8% over the previous quarter to hit 167.4 billion yen.

Operating Income

Minebea Businesses

Quarterly



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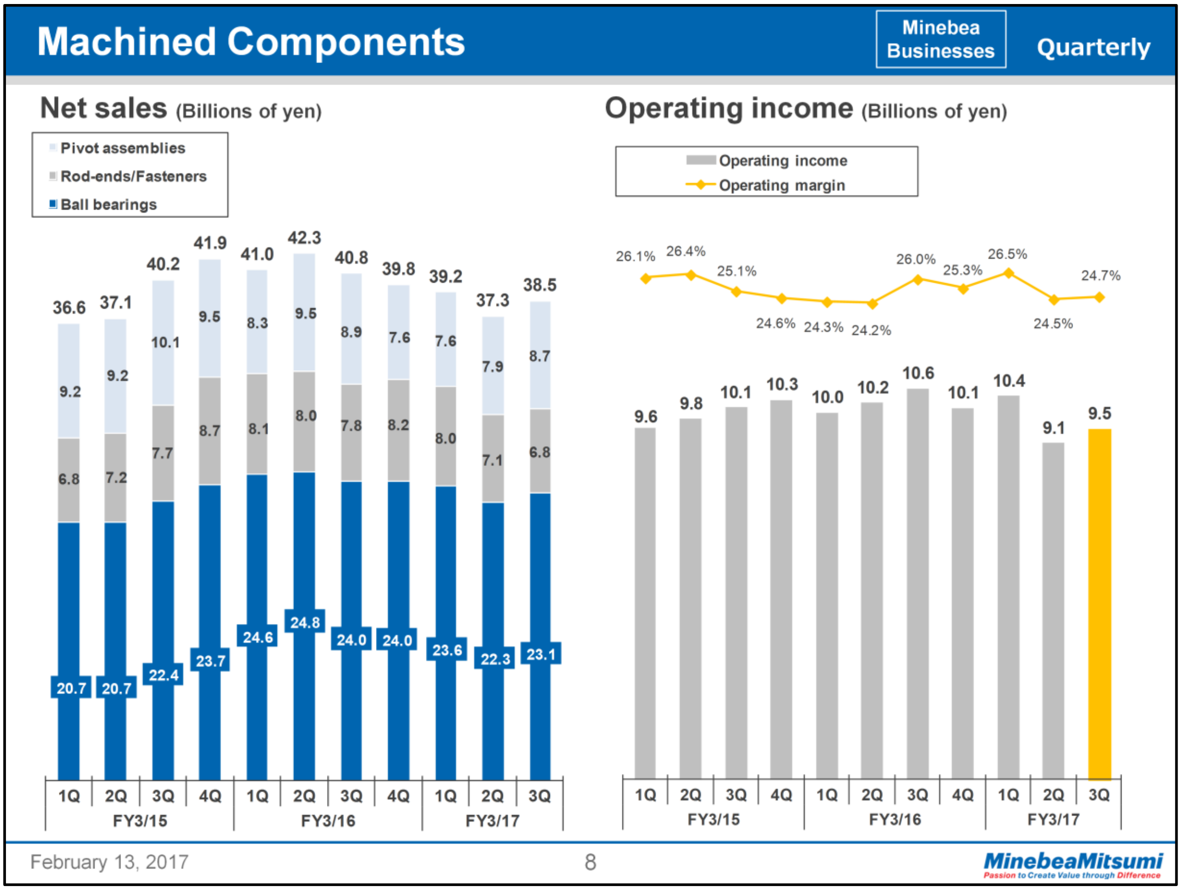
Operating income for the third quarter increased 39% to reach 16.1 billion yen quarter on quarter while the operating margin grew 2.1 percentage points from the previous period to hit 9.6%. This increase was due to higher profits generated by the seasonal uptick in LED backlight sales as well as steady growth in motors, ball bearings, and sensing devices.

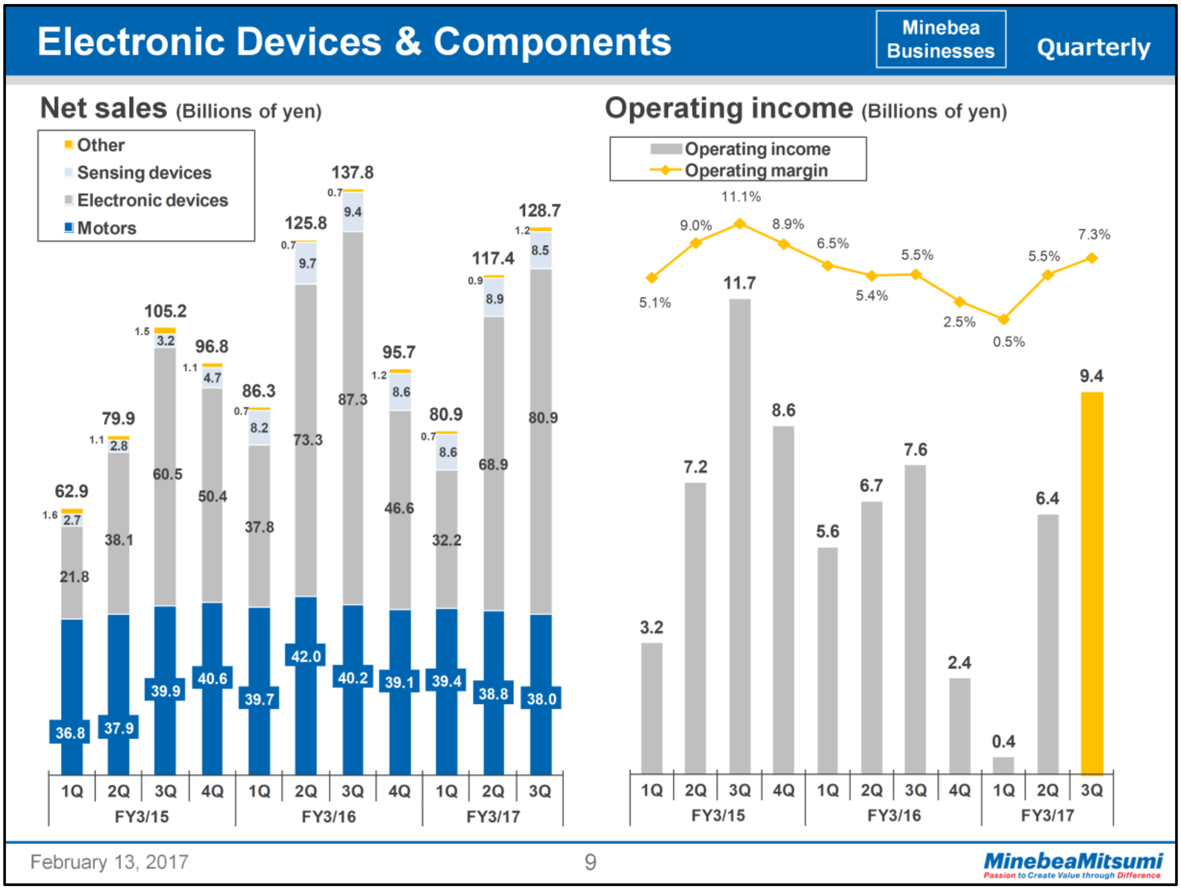


In the machined components segment, net sales rose 3.4% from the previous quarter to total 38.5 billion yen while operating income increased 4.2% to reach 9.5 billion yen. At the same time the operating margin increased 0.2 percentage points to hit 24.7%. This increase was due mainly to non-stop record-high ball bearing shipments as well as the positive impact from a stronger US dollar.

Sales of ball bearings increased 4% to reach 23.1 billion yen as operating income topped the previous quarter's total. Monthly external shipment volumes reached an average of 179 million units in the third quarter, significantly surpassing the previous record high for 17 continuous quarters of year-on-year growth.

Sales of rod-ends and fasteners fell 4% from the previous quarter to hit 6.8 billion yen due to the Christmas holidays in the U.S.A. and Europe. Profits also decreased quarter on quarter.

Sales of pivot assemblies were up 10% quarter on quarter at 8.7 billion yen and our market share has risen even higher to reach 80% as the rebound of the HDD market that began last spring continues.

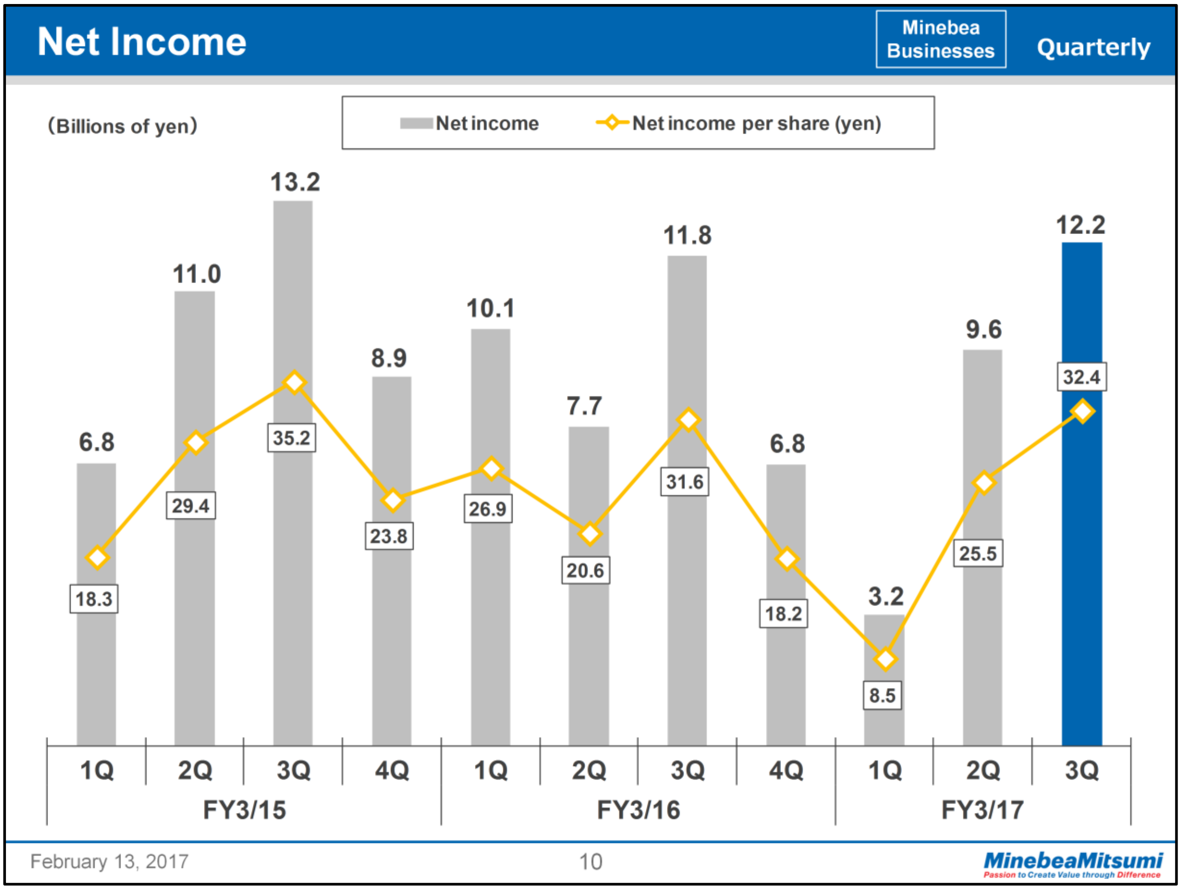


In the electronic devices and components segment, net sales increased 9.5% from the previous quarter to total 128.7 billion yen while operating income increased 47% to reach 9.4 billion yen. On top of that, the operating margin was up 1.8 percentage points to total 7.3%.

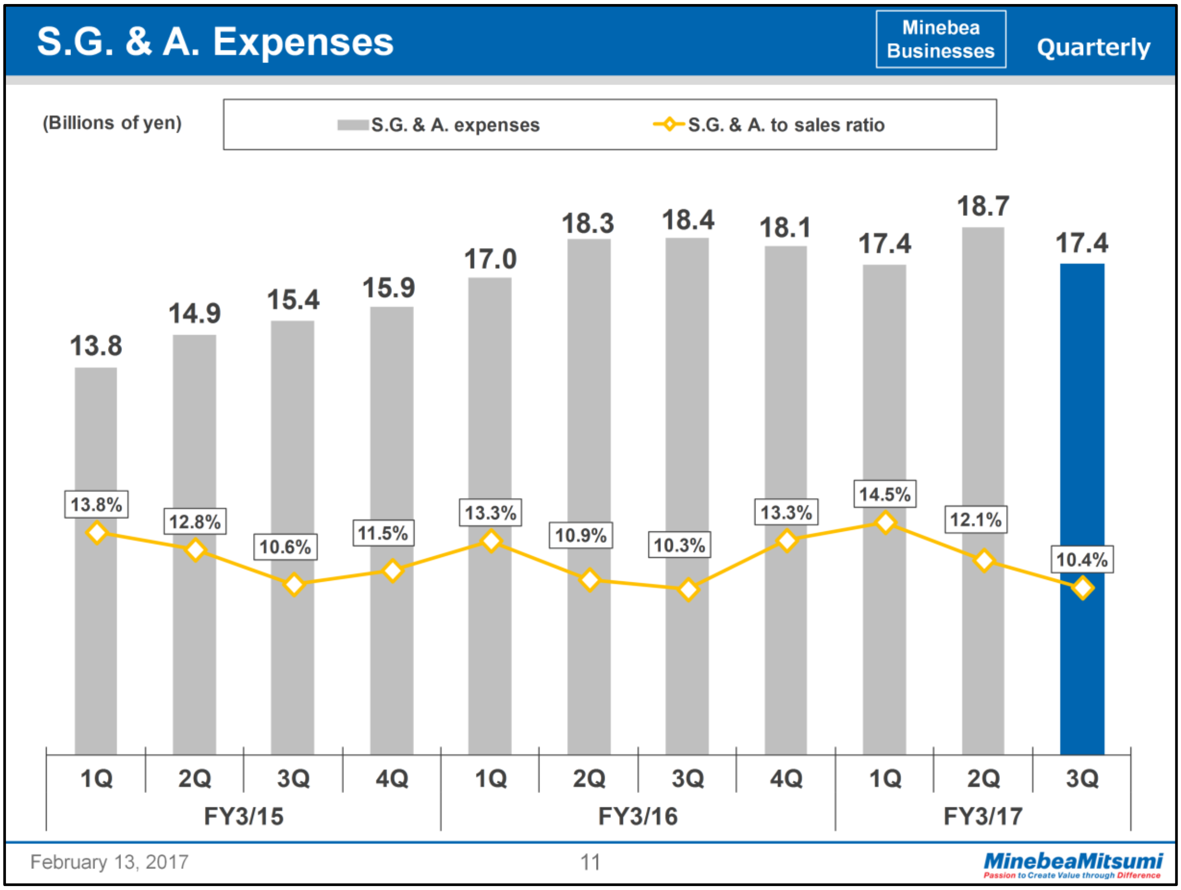
While motor sales fell 2% from the previous quarter to total 38.0 billion yen, demand from the automobile industry remained steady. Profits increased even further, however, as all product groups now generate profits.

Sales of electronic devices rose a significant 17% quarter on quarter to hit 80.9 billion yen as demand for LED backlights used in smartphones peaked as it usually does and profits soared.

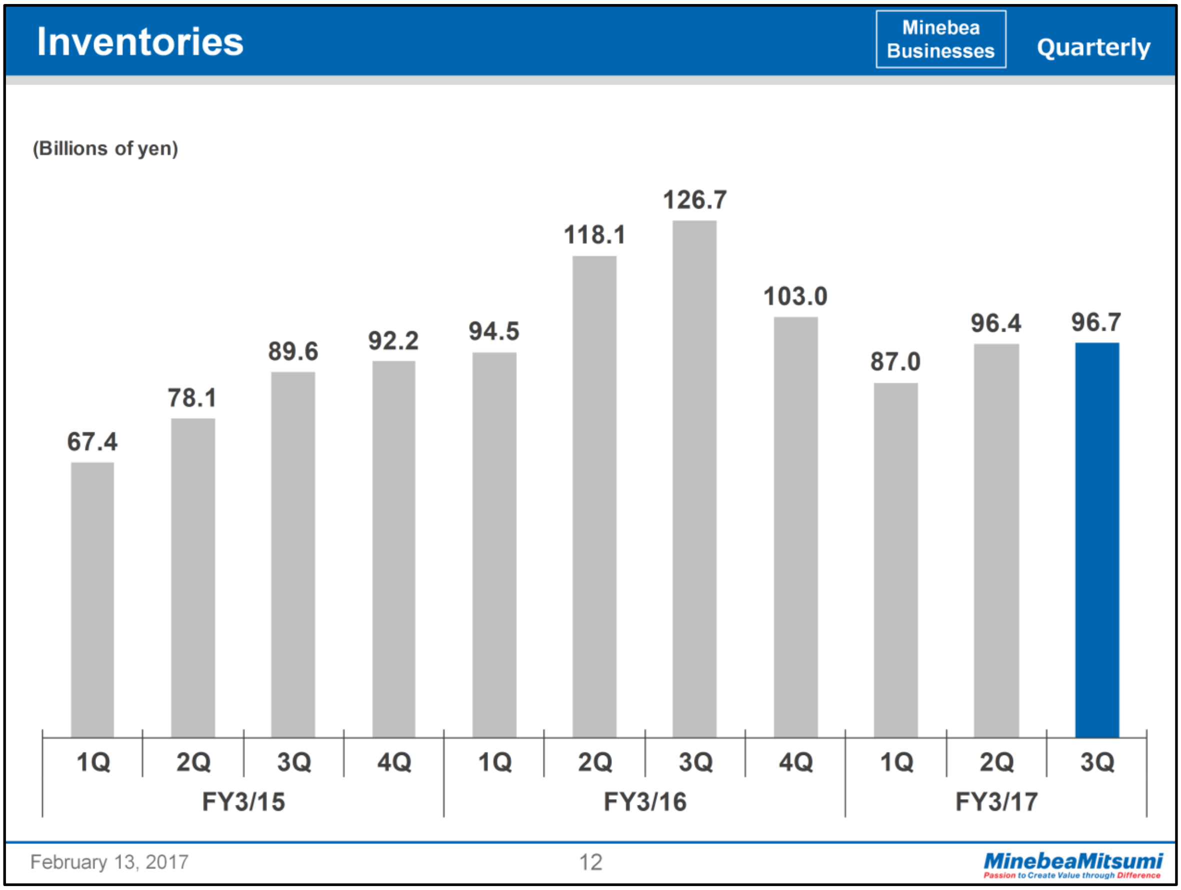
Sales of sensing devices decreased 4% from the previous quarter to hit 8.5 billion yen while the operating margin benefitted from Sartorius MT&H's better performance.



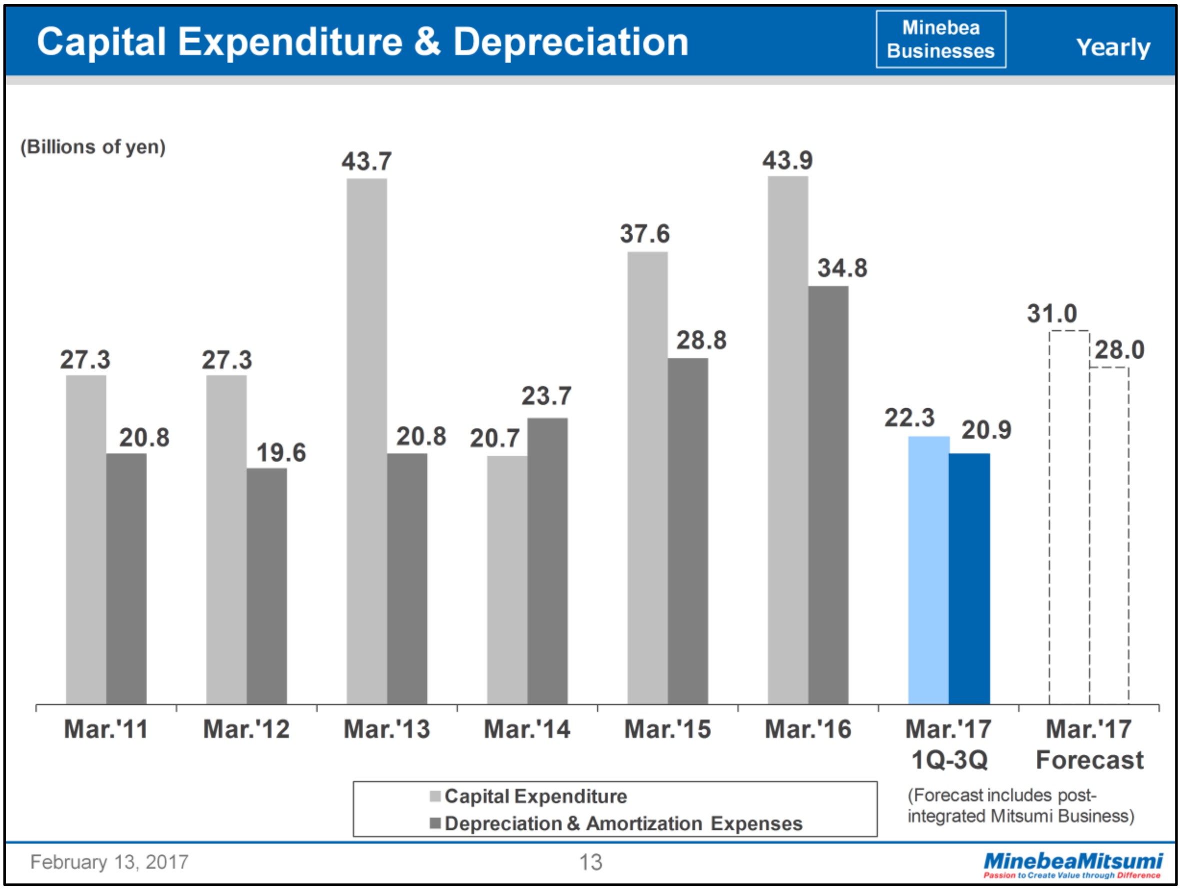
Third quarter net income rose 27% quarter on quarter to total 12.2 billion yen while net income per share amounted to 32.4 yen.



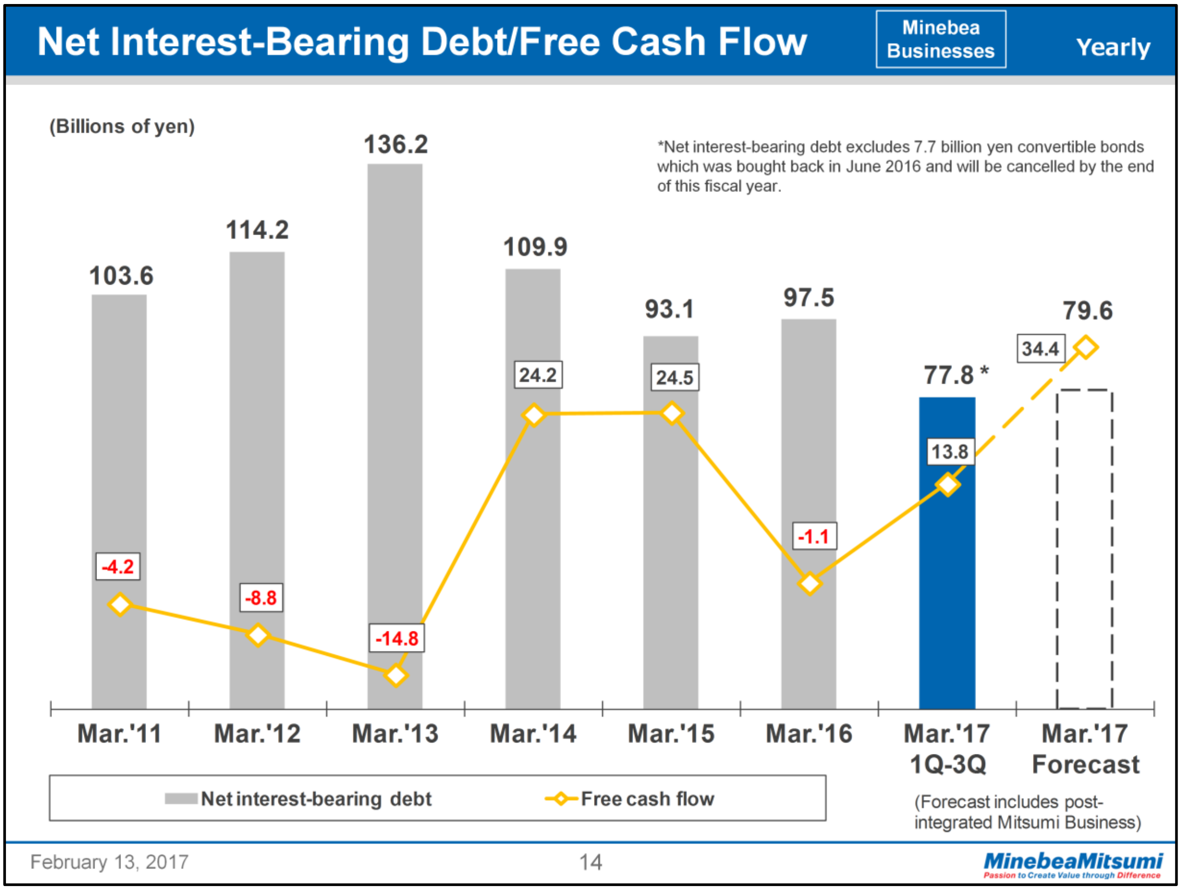
SG&A expenses decreased 1.3 billion yen quarter on quarter to total 17.4 billion yen. This drop was due to efforts aimed at minimizing expenses related to increased sales as well as declining one-time costs related to the business integration. The SG&A expenses-to-sales ratio dropped 1.7 percentage points from the previous quarter to total 10.4%, which is almost the lowest it has ever been since we began making quarterly announcements.



Inventories at the end of the third quarter totaled 96.7 billion yen. That's 0.3 billion yen higher than what they were at the end of the previous quarter. Unlike last year, the inventory remained on a par with sales as shipments of LED backlights for new smartphone models climbed.



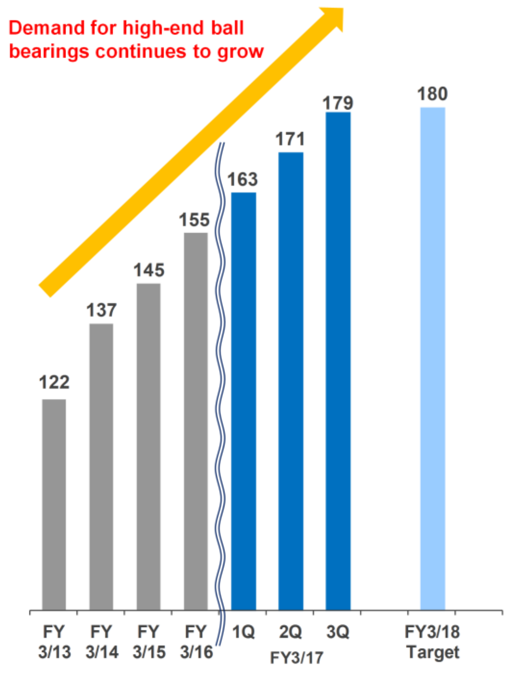
Capital expenditures for the first nine months came to 22.3 billion yen while depreciation and amortization expenses for the period totaled 20.9 billion yen.
Both capital expenditures and depreciation and amortization expenses for this fiscal year is expected to decline significantly due to completion of the major investment in expanding LED backlight production capacity last fiscal year.



Net interest-bearing debt, which is total interest-bearing debt minus cash and cash equivalents, was down 19.7 billion yen from the end of previous fiscal year to total 77.8 billion yen at the end of the December quarter. This was due mainly to progress in cash conversion from LED backlights shipment went well.
Free cash flow for the first nine months saw a healthy growth to 13.8 billion yen. Considering that a 13.9 billion yen cash spent on a repurchasing of convertible bonds, which is in reality equivalent of a stock buyback, was counted in “Cash flows from investing activities” rather than in “Cash flows from financing activities” and reducing free cash flow by that amount, we think our cash generating power has become almost the highest in recent years.

Investment to expand ball bearing production capacity

Monthly External Ball Bearing Shipment Volume
(million units/month)



- Internal sales of ball bearings mostly for HDD pivot assemblies recovered more than expected. Shipments surpass production for five months continuously since September last year, suppressing inventory below optimal level
- Decided 8.0 billion yen investment originally planned in the next fiscal year, aiming at expanding ball bearing production capacity from current 255 million units per month to target 280 million units
- Installing new production lines as well as investment aiming at de-bottlenecking the existing lines and improving productivity

We decided the investment to expand ball bearing production capacity.
As shown in the chart, demands for external ball bearing shipment has been quite strong. On top of that, internal sales of ball bearings, mostly for pivot assemblies, recovered more than we expected. Consequently, inventory of ball bearings has been below optimal level.
So we decided 8.0 billion yen investment, originally planned in the next fiscal year, aiming at expanding ball bearing production capacity from current 255 million units per month to target 280 million units.
This investment includes installment of new production lines as well as investment aiming at de-bottlenecking the existing lines and improving productivity.

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Progress of Business Integration with MITSUMI ELECTRIC

Yoshihisa Kainuma
Representative Director,
President and Chief Executive Officer

Now I would like to talk about how the business integration with MITSUMI ELECTRIC is going.

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Although profits dropped significantly YoY/QoQ...

(Millions of yen)	FY3/16	FY3/17		Change	
	3Q	2Q	3Q	YoY	QoQ
Net sales	40,368	44,632	47,834	+7,466	+3,202
Operating income	-2,020	-1,500	-9,303	-7,283	-7,803
Ordinary income	-4,371	-2,243	-7,236	-2,865	-4,993
Income attributable to owners of the parent	-4,772	-2,141	-26,718	-21,946	-24,577
Net income per share (yen)	-58.76	-26.37	-329.00	-270.24	-302.63

Foreign exchange rates	FY3/16 3Q	FY3/17 2Q	FY3/17 3Q
US$	¥121.23	¥103.50	¥106.13

Let's take a brief look at the financial results for MITSUMI ELECTRIC, which the company announced prior to the integration. MITSUMI posted huge deficits in the December quarter, with an operating loss of 9.3 billion yen and a loss attributable to owners of the parent amounting to 26.7 billion yen.

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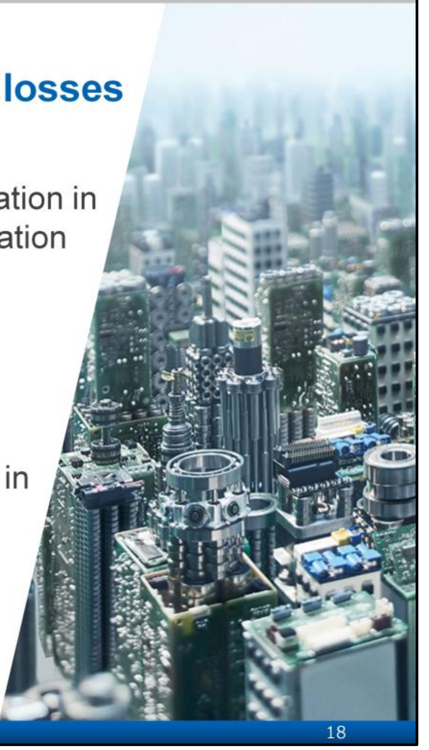
Inventory write-downs & impairment losses

- MITSUMI ELECTRIC executed inventory evaluation in December quarter ahead of the business integration with former Minebea
  12.3 billion yen inventory write-downs
- **18.7 billion yen** impairment losses
  Expecting **3 billion yen** or more reduction in depreciation & amortization expenses in the next fiscal year



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The primary factor for these losses was the strict inventory evaluation MITSUMI conducted ahead of the business integration, which resulted in approximately 12.3 billion yen in inventory write-downs at the end of the December quarter. Impairments of its fixed assets resulted in losses totaling about 18.7 billion yen. Once these losses are recognized, we can expect a reduction of 3 billion yen or more in depreciation and amortization expenses next fiscal year.

Summary of MITSUMI ELECTRIC Results for 3Q (adjusted)

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Big improvement in profits after adjustment, excluding ¥12.3bn inventory write-downs and ¥18.7bn impairment losses

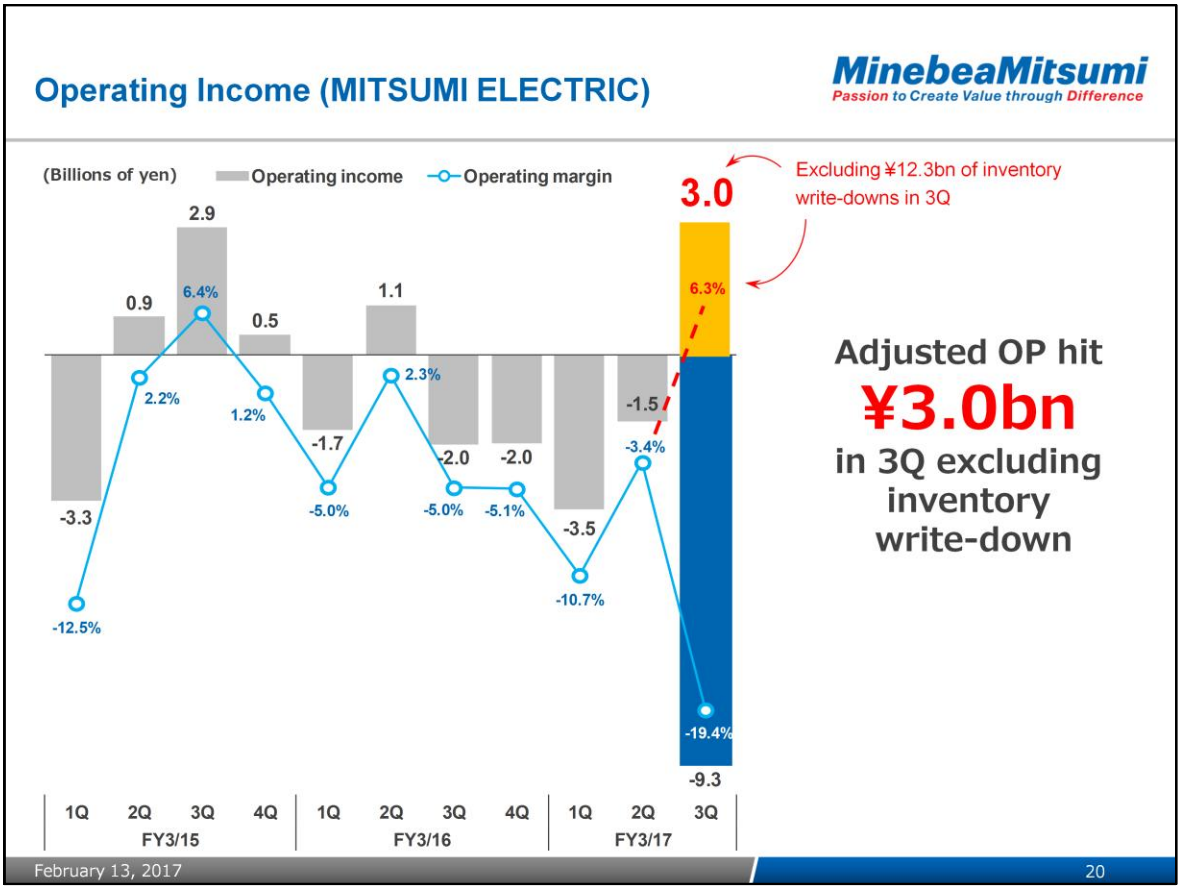
(Millions of yen)	FY3/16	FY3/17			Change	
	3Q	2Q	3Q	3Q Adjusted	YoY	QoQ
Net sales	40,368	44,632	47,834	47,834	+7,466	+3,202
Operating income	-2,020	-1,500	-9,303	*1 3,033	+5,053	+4,533
Ordinary income	-4,371	-2,243	-7,236	*1 5,100	+9,471	+7,343
Income before tax	-4,360	-2,243	-25,913	*2 5,100	+9,460	+7,343

Foreign exchange rates	FY3/16 3Q	FY3/17 2Q	FY3/17 3Q
US$	¥121.23	¥103.50	¥106.13

*1 : Excluding inventory write-downs

*2 : Excluding inventory write-downs and impairment losses

Excluding these 12.3 billion yen in inventory write-downs and 18.7 billion yen in impairment losses, December quarter adjusted operating income came to 3 billion yen while income before taxes totaled approximately 5.1 billion yen.



This graph shows quarterly operating income over the last three fiscal years. Adjusted operating income, excluding inventory write-downs, hit 3 billion yen in the December quarter. In addition to inventory write-downs, we have been providing MITSUMI with a wide range of assistance to the extent permitted by law ever since we signed a business support agreement with the company last August.

Collaboration with MITSUMI - Improving productivity

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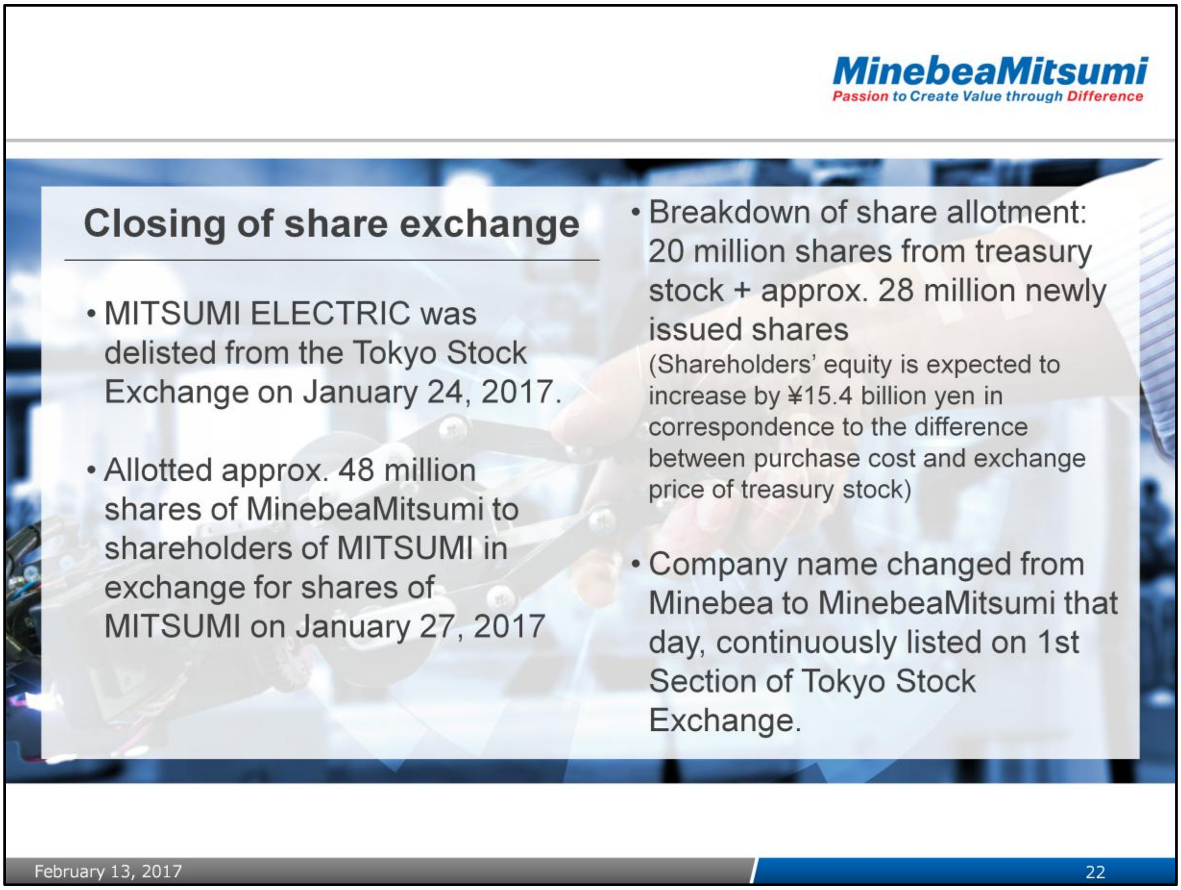
- Manufacturing support: Dispatched a cumulative total of 500 engineers from Minebea to MITSUMI to improve various mass production lines such as OIS, based on the business support agreement executed in August 2016
- Promoting the sharing of know-how within MITSUMI divisions and between MITSUMI operating sites

Getting off to a good start for further productivity improvement!

Minebea dispatched a cumulative total of 500 engineers to MITSUMI's factories to improve their mass production lines for MITSUMI's key products such as OIS. In this race against time we chartered more than ten flights in an effort to provide strong support. This massive support effort encompassed not only manufacturing but also logistics and materials, which paved the way to MITSUMI's recovery. This is just one example of the synergy between Minebea and MITSUMI. At the same time, shipments of smartphone parts peaked and production and shipment of products for new game consoles kicked in at MITSUMI, helping to boost the company's bottom line.



The share exchange was completed on January 27 upon allotment of about 48 million MinebeaMitsumi shares. Since these include 20 million shares from Minebea's treasury stock in addition to newly issued shares, shareholders' equity increased by 15.4 billion yen in correspondence with the difference between the purchase cost and exchange price of the treasury stock. Use of treasury stock enabled us to minimize the number of new share issues.

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New Managements

- Three executives newly assigned from former Minebea to MITSUMI, a wholly owned subsidiary

Director, Chariman	**Yoshihisa Kainuma**
Representative Director, Vice President	**Ryozo Iwaya**
Director, Vice President	**Shuji Uehara**

- Four executives to be newly assigned from MITSUMI to the parent company, MinebeaMitsumi

Representative Director, Vice Chairman	**Shigeru Moribe***
Director, Managing Executive Officer	**Hiroshi Aso***
Executive Officer	**Tadashi Adachi**
Executive Officer	**Katsuyuki Iwakuma**

*After the MinebeaMitsumi Inc. general shareholders' meetings to be held in June 2017

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This slide shows the new additions to the management team of the new company, which had already announced before.

Forecast for Fiscal Year Ending March 31, 2017

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Upward revision due to better-than-plan 9 months results and consolidation of MITSUMI ELECTRIC from January 27, 2017

(Millions of yen)	FY3/16	FY3/17				
	Full Year	1Q-3Q	4Q Forecast	Full Year Revised Forecast	YoY	Full Year Nov. 16 Forecast
Net sales	609,814	442,508	187,492	630,000	+3.3%	560,000
Operating income	51,438	34,715	13,285	48,000	-6.7%	45,000
Ordinary income	46,661	34,772	12,228	47,000	+0.7%	44,000
Income attributable to owners of the parent*	36,386	24,912	13,088	38,000	+4.4%	26,500
Net income per share (yen)	97.26	66.46	32.66	99.12	+1.9%	70.69

*FY3/17 forecast includes assumption of ¥10.0bn negative goodwil, although not yet fixed, with regard to business integration.

Foreign exchange rates	FY3/16 Full Year	FY3/17 1Q-3Q average	FY3/17 4Q Assumption	FY3/17 Full Year Assumption
US$	¥120.78	¥106.92	¥110.00	¥107.69
Euro	¥132.75	¥118.73	¥120.00	¥119.05
Thai Baht	¥3.46	¥3.04	¥3.14	¥3.07
Chinese RMB	¥19.03	¥16.06	¥16.20	¥16.09

We took this opportunity to make upward revisions to our full-year forecast. Our projection for net sales was raised from 560 billion yen to 630 billion yen, operating income from 45 billion yen to 48 billion yen, and net income from 26.5 billion yen to 38 billion yen. We expect negative goodwill amounting to about 10 billion yen and are now taking a hard look at the figures. This is reflected in the revised forecast as an extraordinary gain of 10 billion yen.

Forecast for Business Segment

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(Millions of yen)	FY3/16	FY3/17				
	Full Year	1Q-3Q	4Q Forecast	Full Year Revised Forecast	YoY	Full Year Nov. '16 Forecast
Net sales	609,814	442,508	187,492	630,000	+3.3%	560,000
Machined components	163,811	114,990	41,410	156,400	-4.5%	151,200
Electronic devices and components	445,467	327,007	109,893	436,900	-1.9%	408,400
Mitsumi business	-	-	36,000	36,000	-	-
Other	536	510	191	700	+30.6%	400
Operating income	51,438	34,715	13,285	48,000	-6.7%	45,000
Machined components	40,854	29,035	10,165	39,200	-4.0%	38,100
Electronic devices and components	22,336	16,292	4,708	21,000	-6.0%	21,300
Mitsumi business	-	-	2,000	2,000	-	-
Other	-124	-103	-97	-200	+161.3%	-400
Adjustment	-11,627	-10,508	-3,492	-14,000	+20.4%	-14,000

The 3-billion-yen upward revision to operating income includes a 2-billion-yen contribution from MITSUMI operations and a 1-billion-yen increase from Minebea operations.

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Share buyback and year-end dividend forecast

- **Resolution of share buyback (February 13, 2017)**

  Number of shares: Up to 12 million shares
  (equal to 2.82% of total issued shares excluding treasury shares)
  Amount: Up to 15.0 billion yen
  Period: From February 14, 2017 to September 22, 2017
  Purpose: To address the dilution resulting from the increase in the number of issued and outstanding shares after the share exchange

- **Dividend forecast**

  No revision to the year-end dividend forecast of 7 yen/share (annual 14 yen/share)

Since we used our treasury shares in making MITSUMI a wholly-owned subsidiary, the gain on the disposal of these shares brought distributable profit up to about 41 billion yen. Consequently we decided at today's board of directors' meeting to buy back up to 15 billion yen worth of shares so we can address the dilution resulting from the increase in the number of issued and outstanding shares after the business integration.
Due to this share buyback, we did not make any revision to the dividend forecast.

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MinebeaMitsumi Inc.

http://www.minebeamitsumi.com/

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 MinebeaMitsumi'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.