

Business Results

First Quarter of Fiscal Year
Ending March 31, 2018

MinebeaMitsumi Inc.

August 4, 2017

Summary of Consolidated Business Results for 1Q

1Q net sales, operating income, ordinary income & net income hit record highs

(Millions of yen)	FY3/17		FY3/18 1Q	Change	
	1Q	4Q		YoY	QoQ
Net sales	120,288	196,418	193,204	+60.6%	-1.6%
Operating income	6,971	14,300	17,062	X2.4	+19.3%
Ordinary income	7,255	13,621	17,372	X2.4	+27.5%
Income attributable to owners of the parent	3,176	16,233	14,181	X4.5	-12.6%
Net income per share (yen)	8.48	39.65	33.49	X3.9	-15.5%

Foreign exchange rates	FY3/17 1Q	FY3/17 4Q	FY3/18 1Q
US\$	¥111.12	¥114.29	¥111.48
Euro	¥125.16	¥121.14	¥121.53
Thai Baht	¥3.14	¥3.24	¥3.24
Chinese RMB	¥17.03	¥16.54	¥16.18

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Passion to Create Value through Difference

Consolidated financial results for the first quarter of the fiscal year ending March 2018 totaled 193,204 million yen. That figure is up 60.6% year on year but down 1.6% quarter on quarter. Operating income increased 2.4-fold year on year and 19.3% quarter on quarter to total 17,062 million yen. Net income was up 4.5-fold year on year and down 12.6% quarter on quarter to hit 14,181 million yen. Net sales, operating income, ordinary income, and net income were all first quarter record highs.

This achievement was due to the higher-than-expected shipment volumes of smartphone parts on top of the strong performance of the ball bearing and motor businesses.

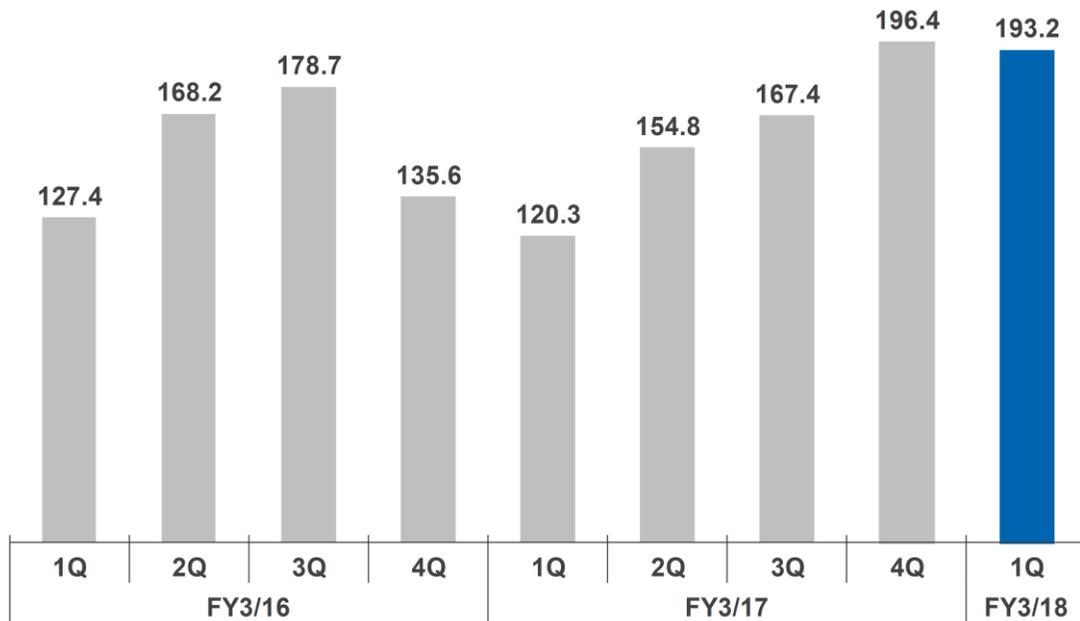
Currency fluctuations brought net sales down an estimated 3.8 billion yen quarter on quarter and 0.1 billion yen year on year. Foreign exchange rates also brought operating income down 1.4 billion yen quarter on quarter but up 0.1 billion yen year on year.

Net Sales

Quarterly

(Billions of yen)

1Q net sales hit record high



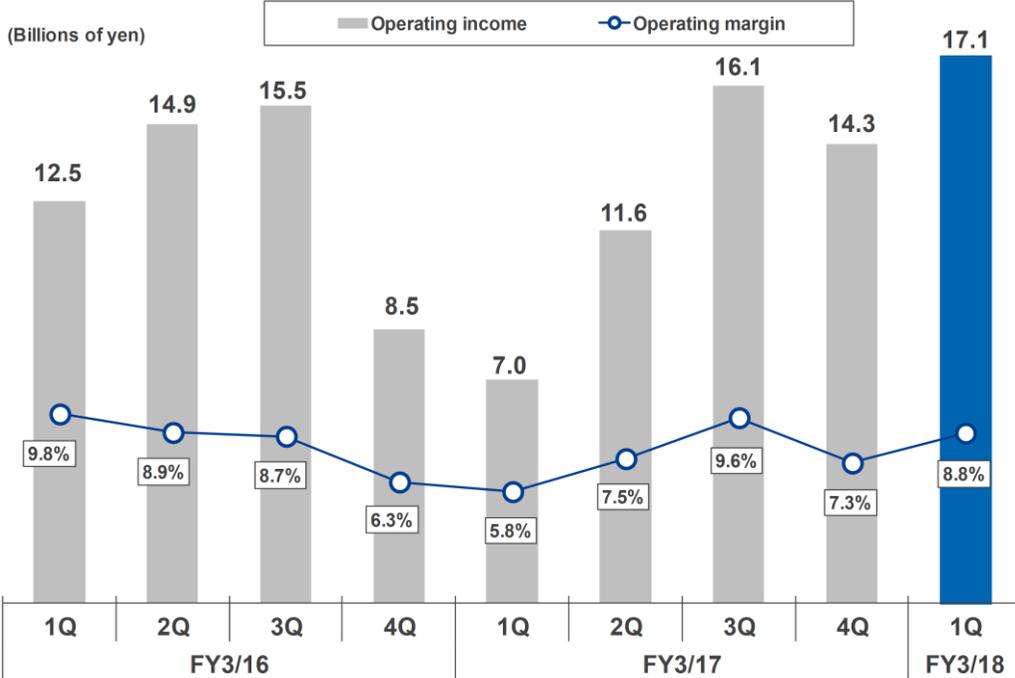
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First quarter net sales hit an all-time high. LED backlights and camera actuators for smartphone and other applications are expected to drive sales up in the second quarter when demand is usually high.

1Q operating income hit record high



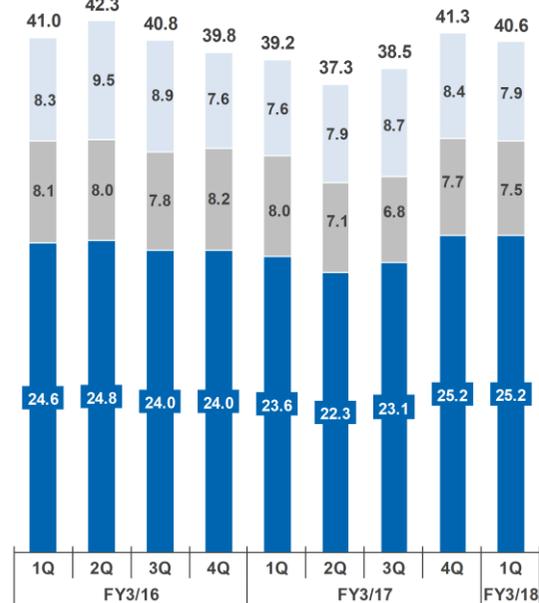
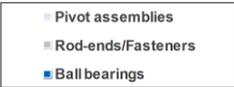
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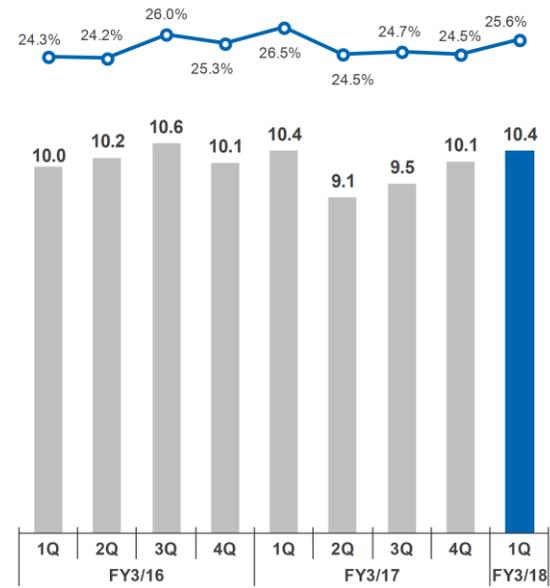
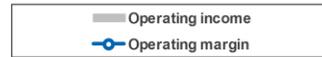
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First quarter operating income was also the highest ever recorded. This was the third straight quarter we saw operating income rise year on year. The second quarter operating income figure should exceed the first quarter results as demand for LED backlights and camera actuators for smartphone pick up.

Net sales (Billions of yen)



Operating income (Billions of yen)



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This slide shows the results for the machined components segment.

First quarter net sales were down 2% quarter on quarter to total 40.6 billion yen while operating income was up 3% to reach 10.4 billion yen and the operating margin grew 1.1 percentage points to hit 25.6%. Although production and shipment volumes of ball bearings remained high, the appreciation of the baht against the dollar had a negative impact.

Even though ball bearing sales remained the same as they were for the previous quarter at 25.2 billion yen, profits increased. Average out at 181 million units, the monthly external shipment volume increased year on year for 19 consecutive quarters. We are making steady progress with our efforts to boost production capacity by improving productivity, which we explained in May. The monthly production volume for May and June hit an all-time high of 267 million units.

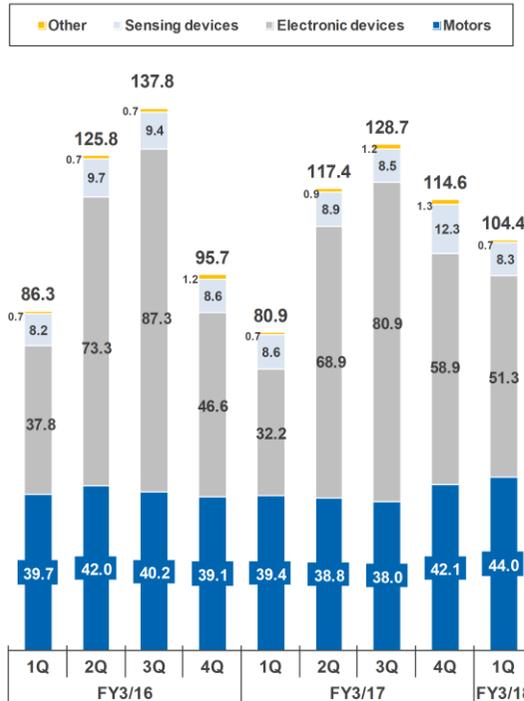
Due in part to the strong yen, sales of rod-ends and fasteners, totaling 7.5 billion yen, were down 3% quarter on quarter. Profits also declined quarter on quarter.

Sales of pivot assemblies dropped 6% quarter on quarter to hit 7.9 billion yen.

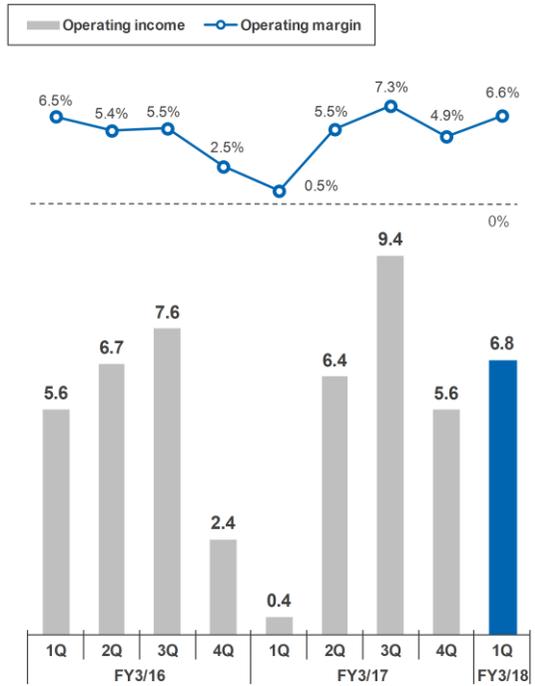
Although the shipment volume fell 7% quarter on quarter, pivot assemblies yielded steady profits as we held on to over 80% of the market share.

Please have a look at the next slide.

Net sales (Billions of yen)



Operating income (Billions of yen)



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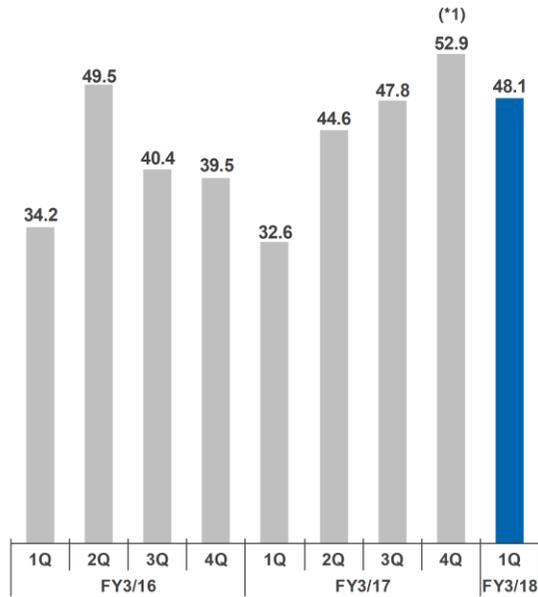
This slide shows the results for the electronic devices and components segment. First quarter net sales were down 9% quarter on quarter to total 104.4 billion yen, operating income rose 22% to total 6.8 billion yen, and the operating margin edged up 1.7 percentage points to reach 6.6%.

Motor sales steadily grew mainly in the automobile market, totaling 44.0 billion yen for a 5% quarter-on-quarter increase.

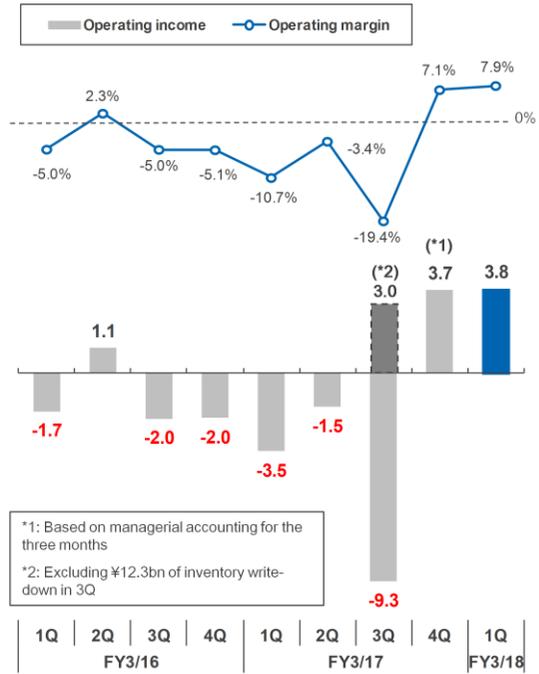
Net sales of electronic devices dropped 13% quarter on quarter to total 51.3 billion yen. While sales for last fiscal year's first quarter were affected by special circumstances where the smartphone market underwent inventory adjustments, demand in the first quarter of this fiscal year remained within the usual range of ups and downs, and production of LED backlights for our major customers kicked off without a hitch. Both sales and profits will grow even further in the second quarter as demand peaks.

Sales of sensing devices totaled 8.3 billion yen. This figure would be about the same as the last quarter's if you were to disregard the one-time consolidation of an additional three months of Minebea Intec's (formerly Sartorius Mechatronics T&H) financial performance in the previous quarter.

Net sales (Billions of yen)



Operating income (Billions of yen)



*1: Based on managerial accounting for the three months

*2: Excluding ¥12.3bn of inventory write-down in 3Q

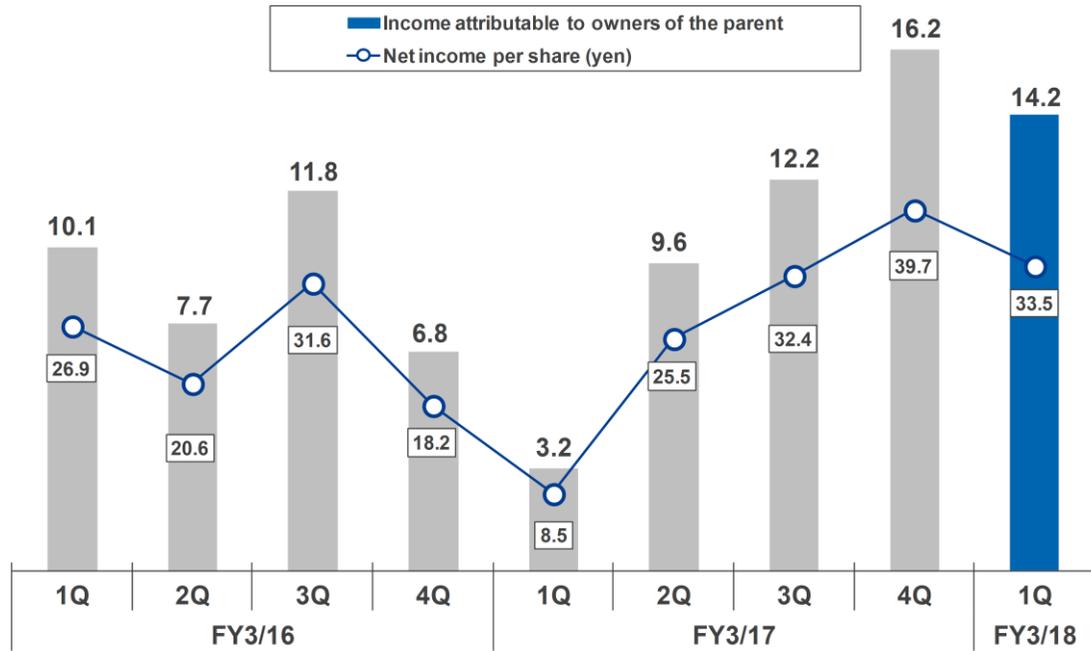
This slide shows the results for the Mitsumi business segment.

The first quarter net sales totaled 48.1 billion yen, operating income totaled 3.8 billion yen, and operating margin reached 7.9%.

The factors driving the segment's good performance included significantly improved productivity for camera actuators, the launch of new game consoles, as well as further enhanced profitability of precision components, power supplies, in-vehicle products, semiconductors, etc., which all added to the bottom line. We expect both net sales and profits to increase in the second quarter as demand remains high.

(Billions of yen)

1Q net income hit record high



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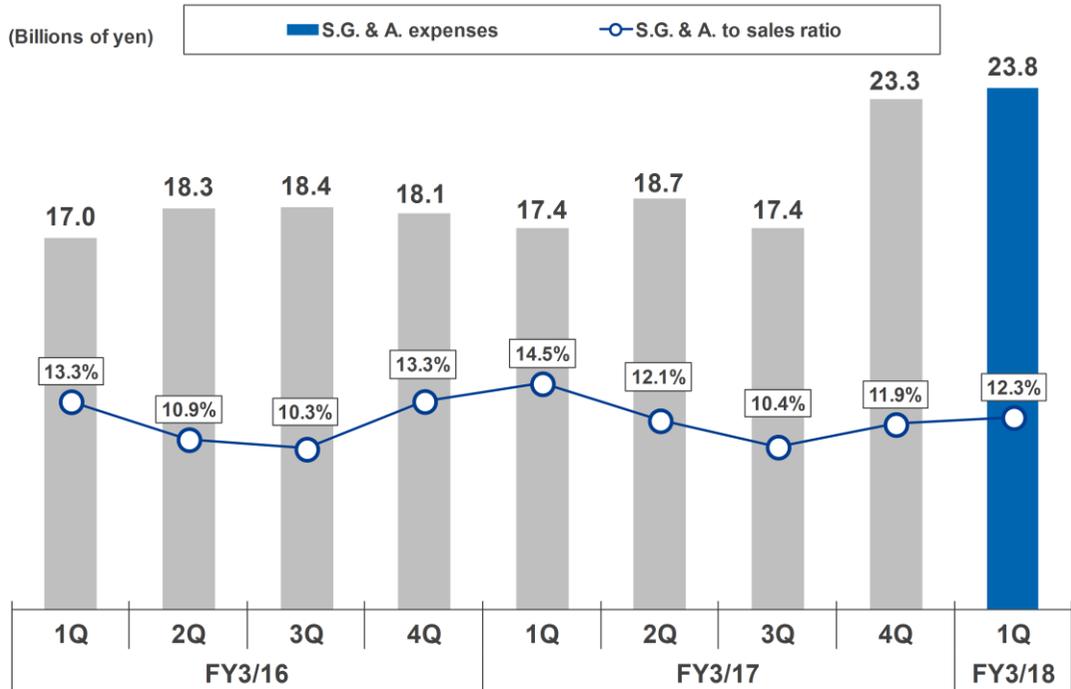
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First quarter net income also reached an all-time high. Although net income declined quarter on quarter, if we were to exclude gain on negative goodwill and the loss from the redemption of bonds, which were respectively recognized as an extraordinary gain and loss in the last quarter, we would see a large increase substantially.

S.G. & A. Expenses

Quarterly



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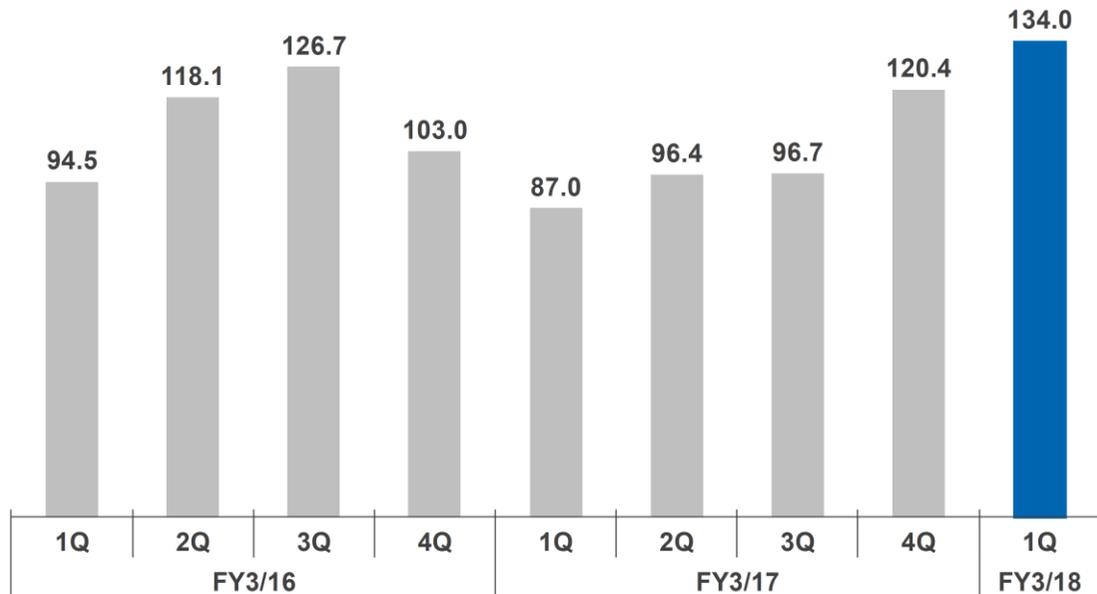
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Quarterly SG&A expenses rose 0.5 billion yen quarter on quarter to total 23.8 billion yen. The SG&A expenses-to-sales ratio grew 0.4 percentage points from the previous quarter to reach 12.3%.

Inventories

Quarterly

(Billions of yen)



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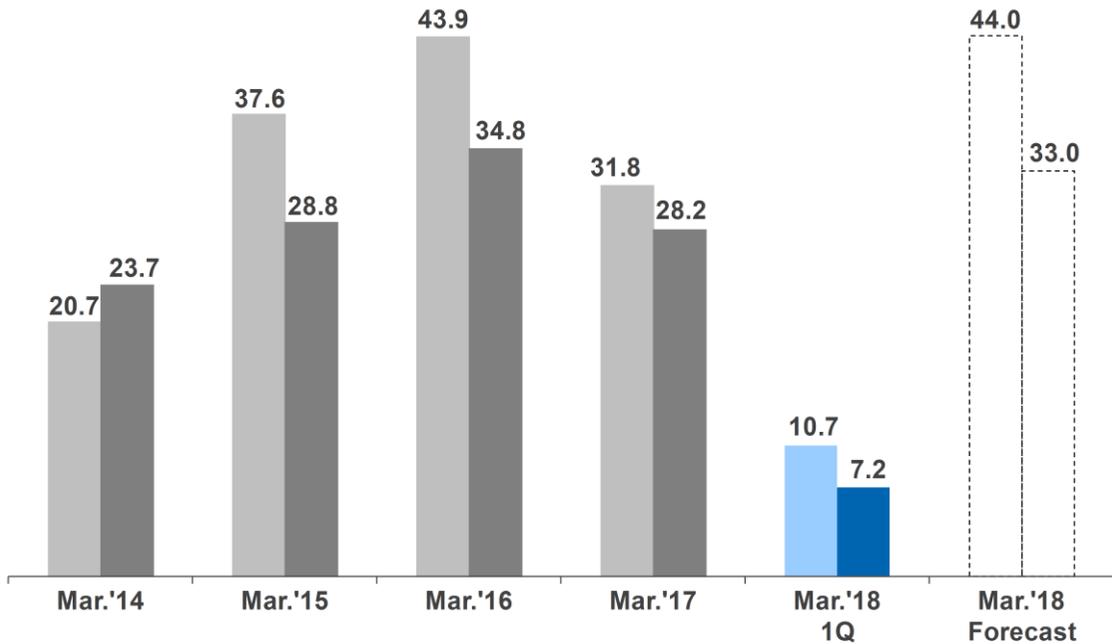
Inventories as of the end of the first quarter were up 13.6 billion yen from what they were three months ago to total 134.0 billion yen. The increase was due mainly to the retained inventory of components for new smartphone models and game consoles just prior to shipment. Inventory should reach an optimal level as shipment volumes increase further in the second quarter.

Capital Expenditure & Depreciation

Yearly

(Billions of yen)

■ Capital Expenditure ■ Depreciation & Amortization Expenses



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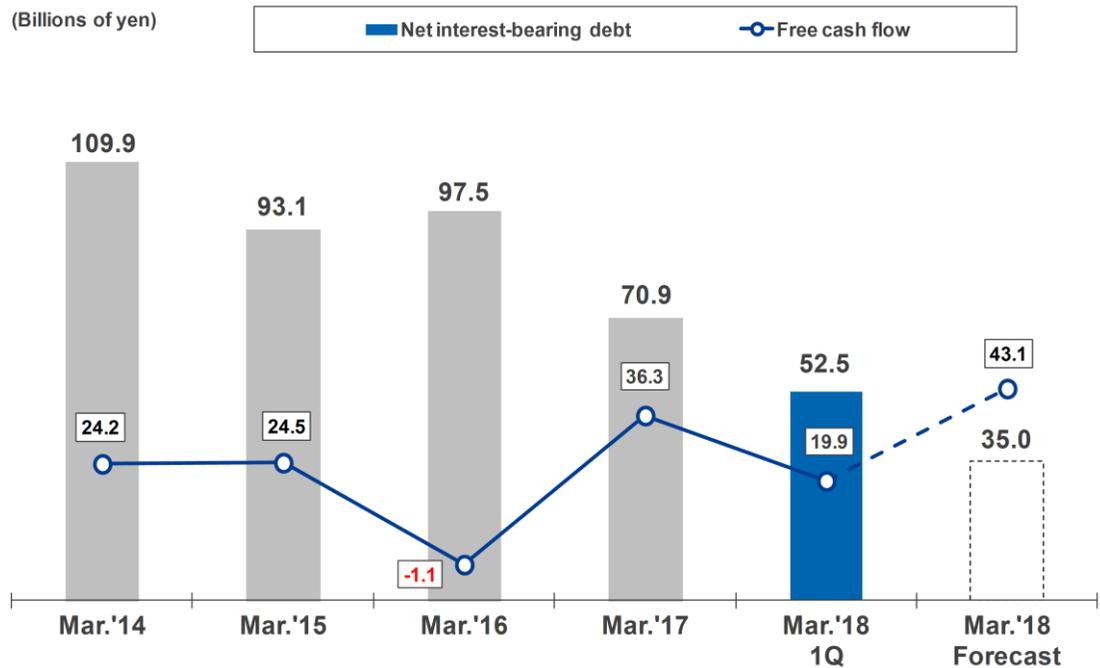
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Precision to Create Value through Difference

Capital expenditures for the first quarter totaled 10.7 billion yen while depreciation and amortization expenses amounted to 7.2 billion yen. We expect capital expenditures as well as depreciation and amortization expenses for this fiscal year to be higher due mainly to the Mitsumi business segment's camera actuators.

Net Interest-Bearing Debt/Free Cash Flow

Yearly

(Billions of yen)



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At the end of the first quarter, net interest-bearing debt, which is total interest-bearing debt minus cash and cash equivalents, was down 18.4 billion yen from the end of the previous fiscal year to total 52.5 billion yen.

This fiscal year, we expect free cash flow to increase significantly as profits grow and net interest-bearing debt decreases even further despite increasing capital expenditures. In the meantime, we will continue to actively pursue M&A opportunities with an eye to medium-term growth.

Forecast for Fiscal Year Ending March 31, 2018

Expecting net sales, operating income,
ordinary income & net income hit record highs

(Millions of yen)	FY3/17	FY3/18				YoY
	Full Year	1st Half Initial Forecast	1st Half Revised Forecast	2nd Half No Change	Full Year Revised Forecast	
Net sales	638,926	376,400	436,400	373,600	810,000	+26.8%
Operating income	49,015	26,300	37,300	29,700	67,000	+36.7%
Ordinary income	48,393	25,800	36,800	29,200	66,000	+36.4%
Income attributable to owners of the parent	41,146	19,400	28,700	22,100	50,800	+23.5%
Net income per share (yen)	107.33	45.83	67.78	52.20	119.97	+11.8%

Foreign exchange rates	FY3/17 Full Year	FY3/18 2Q to 4Q Assumptions
US\$	¥108.76	¥105.00
Euro	¥119.34	¥115.00
Thai Baht	¥3.09	¥3.06
Chinese RMB	¥16.18	¥16.00

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This is a summary of our forecast for the fiscal year ending March 2018. We expect net sales, operating income, ordinary income, and net profit to hit record highs this fiscal year.

In the first half of this fiscal year, we expect increased external shipment volumes of ball bearings continued from June quarter, in addition to higher sales of LED backlights, camera actuators, and game consoles due to the peak demand period. Based on our best estimate of the total impact current market conditions or other factors will have on our operations, we made upward revision to our forecast. We decided to make no revisions to the second half forecasts due to the uncertainties in the currency market and unforeseeable customer demand.

Forecast for Business Segment

(Millions of yen)	FY3/17	FY3/18				YoY
	Full Year	1st Half Initial Forecast	1st Half Revised Forecast	2nd Half No Change	Full Year Revised Forecast	
Net sales	638,926	376,400	43,640	373,600	810,000	+26.8%
Machined components	156,310	80,200	81,900	80,800	162,700	+4.1%
Electronic devices and components	441,615	202,500	245,500	194,500	440,000	-0.4%
Mitsumi business	40,342	93,300	108,700	97,900	206,600	X5.1
Other	658	400	300	400	700	+6.4%
Operating income	49,015	26,300	37,300	29,700	67,000	+36.7%
Machined components	39,147	20,100	21,000	20,900	41,900	+7.0%
Electronic devices and components	21,898	10,600	15,900	11,400	27,300	+24.7%
Mitsumi business	2,315	4,400	9,000	5,600	14,600	X6.3
Other	(120)	(200)	(300)	(200)	(500)	X4.2
Adjustment	(14,223)	(8,600)	(8,300)	(8,000)	(16,300)	+14.6%

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This slide shows the forecast by business segment.

Miniature ball bearing demand has been growing

External shipment volume up YoY for 19 consecutive quarters!
June volume hits new record high of 187 million units
Monthly production volume to hit 300 million units by May 2018!

Demand shows no signs of letting up

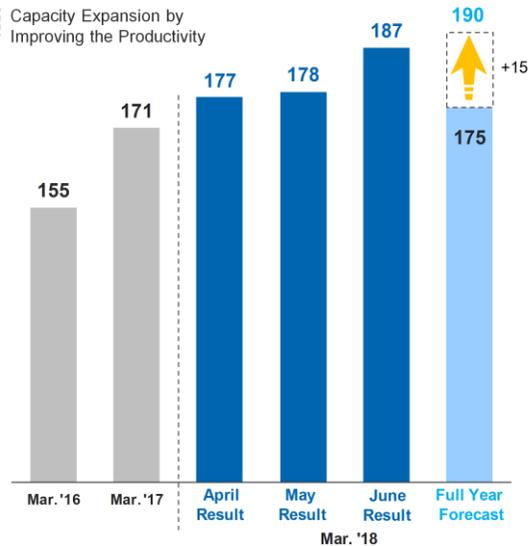
- ✓ 1Q external shipment volume up 11% YoY
- ✓ 3 growth drivers
 1. Automobiles
 2. High-end home appliances
 3. Servers

Profitability to improve

- ✓ Production capacity steadily increasing via better productivity (Production hit 267 million units in May and June!)
- ✓ Optimizing inventory to improve profitability

Ball Bearing External Shipment
(millions/month)

Capacity Expansion by Improving the Productivity



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

External demand for miniature ball bearings is quite strong. The external shipment volume for the first quarter has grown year on year for the last 19 quarters in a row and hit a monthly record high of 187 million units this June. The increase is mainly due to strong demand for miniature ball bearings used in automobiles, high-end home appliances, and servers, and we expect demand to steadily grow.

Internal demand for ball bearings, which are mostly used for pivot assemblies, has also remained steady overall despite recent slowdown in the HDD market. The total shipment volume for external and internal sales combined has exceeded the production volume since September 2016. That's why we had to urgently boost production capacity. We have been making steady progress in our efforts to increase production capacity by improving productivity, which we explained at the investor meeting for the previous fiscal year held in May. The production volume hit a record high of 267 million units in May and June.

As for the capacity expansion by capital expenditure we announced at the investors' meeting for the third quarter of the last fiscal year in February, we are going to put off installing new equipment. For the time being, we will prioritize on improvement of productivity within the existing capacity. If we should start launching the machineries from capital expenditure, our production capacity could reach 300 million units per month by May 2018.

LED backlights beat initial forecast

1Q off to a good start with only usual seasonal drop-off in demand
From 2Q demand will get into gear

Smooth kick off this year

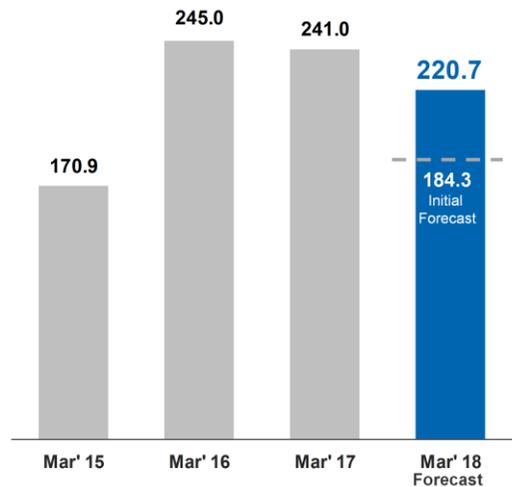
- ✓ New models for the major customers kicked off without a hitch
- ✓ Steady order via high quality and low cost
- ✓ Minimizing risk via accelerated depreciation

Expecting shipment for smartphones next year as well

- ✓ Top quality products for luxury cars fuel sales further
- ✓ Continuous development of full screen type LED backlights

Net Sales of Electronic Devices

(Billions of yen)



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Let's now move on to look at the status of our LED backlight business. Production of LED backlights for our major customers got off to a smooth start this first quarter as demand remained within the usual range of ups and downs unlike last fiscal year. Boasting high quality and low cost, orders for our LED backlights maintain steady. Also, we are going to finish the accelerated depreciation for production equipment of LED backlights by the end of this fiscal year. This means that the financial impact has been minimized even if we see a decline in the future. Although we assume it should be a bit too premature to decide how the trend of smartphone display in the future would be, we will prioritize on expanding sales of LED backlights mostly for high-end automobiles even further. Toward the smartphone market, at the same time, we keep developing the full-screen type of LED backlights since we assume there could be demands for LED backlights to some extent in the next year as well.

Improved performance in products other than smartphones & game consoles contributed to stabilizing Mitsumi profitability

Strong tailwind for smartphones and game consoles from 2Q

- ✓ Camera actuator shipment volumes to grow further
- ✓ New game console productions to go into full swing

7 Spears contribute to stabilizing profitability

- ✓ Profits for sensors, connectors/switches, power supplies, wireless products, and analog semiconductors will steadily improve, giving the Mitsumi business a big boost and laying a solid foundation of profitability.

MinebeaMitsumi's 7 spears (from Mitsumi's products)



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Moving on to the Mitsumi business, we saw operating income for the first quarter outperform our initial projection and increase quarter on quarter. The factors behind this increase that were responsible for driving Mitsumi business profits up included the better-than-expected demand for camera actuators and new game consoles, which we categorized as sub-core business at the investors meeting in May. In addition, we saw significantly improved profitability for sensors, connectors/switches, power supplies, wireless products, and analog semiconductors, which are the core business and make up the “Seven Spears of MinebeaMitsumi”.

The Mitsumi business will ride the current market wave as it buoys shipment volumes of camera actuators and new game consoles in the second quarter. We will continue to work on improving productivity for other operations as well as ensuring a steady stream of revenue for the Mitsumi Business.

We are in good shape strengthening the core business while generating cash from sub-core business.

Joint business development agreement signed with Ricoh

Bed sensor system makes ultimate monitoring dream a reality

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- High precision sensing devices
- Mitsumi wireless communication technology



RICOH
 imagine. change.

- Systemization technology
- Outstanding customer support



Sales target for
 FYE 3/2021

3 billion yen
 (nursing care facilities
 only)

Tap into social infrastructure as a key IoT component

PHASE I

Establishment of the Basic Platform to watch over elderly persons in the Nursing Care Market

- Detection of biometric information (weight, body movement, respiration, etc.)
- Fall and toppling over prevention alert
- Cooperation with various nursing systems (Nursing care record, nurse call)

PHASE II

Provisions of Illness Prediction / Prognosis Support using AI in the Nursing and Medical Markets

- Detection of biometric information (heart rate)
- Data analysis utilizing AI
- Analysis of daily activity patterns
- Provision of the most optimal medical/nursing service for users

PHASE III

Expansion to an Integrated Information Service Platform in Nursing, Medical, Child-rearing and Other Markets

- Detection of biometric information from various sensors (Blood glucose levels, blood pressure, etc.)
- Integrated utilization of information such as surveillance cameras, location measuring information, medical related and other services and devices



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Now I would like to touch on the joint business development agreement with Ricoh to commercialize a bed sensor system, which we announced on May 18.

Being marketed first to nursing care facilities, our bed sensor system, combining MinebeaMitsumi's sensor technology with the Ricoh Group's data collection technology, can ascertain a patient's weight, body location, respiratory status, and other data in real time.

We are aiming to earn 3 billion yen from sales to nursing care facilities in Japan during the fiscal year ending March 2021.

In moving forward, we are leveraging Mitsumi's technologies to develop IoT-related products, not only for the health care market but also for automobile and social infrastructure applications, with an aim to make them our number three profit generator.



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.

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