

# Business Results

Second Quarter of Fiscal Year  
Ending March 31, 2018

**MinebeaMitsumi Inc.**

November 8, 2017

# 1. Financial Results

## 2. Policy and Strategy

# Financial Results

Katsuhiko Yoshida  
Managing Executive Officer

November 8, 2017

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Precision to Create Value through Difference

Hello, I would like to explain the consolidated financial results for the first half of the fiscal year ending March 2018.

## Summary of Consolidated Business Results for 1H

### Net sales, operating income, ordinary income, and net income hit half year record highs

(Millions of yen)	FY3/17	FY3/18	Change YoY	1H of FY3/18	
	1H	1H		August Forecast	VS. Forecast
Net sales	275,133	429,027	+55.9%	436,400	-1.7%
Operating income	18,594	41,951	X2.3	37,300	+12.5%
Ordinary income	18,915	42,162	X2.2	36,800	+14.6%
Income attributable to owners of the parent	12,745	34,276	X2.7	28,700	+19.4%
Net income per share (yen)	34.01	81.17	X2.4	67.78	+19.8%

Foreign exchange rates	FY3/17 1H	FY3/18 1H	FY3/18 1H August Forecast	FY3/18 1Q	FY3/18 2Q Assumption
US\$	¥107.31	¥111.20	¥108.24	¥111.48	¥105.00
Euro	¥120.08	¥125.59	¥118.27	¥121.53	¥115.00
Thai Baht	¥3.06	¥3.28	¥3.15	¥3.24	¥3.06
Chinese RMB	¥16.28	¥16.36	¥16.09	¥16.18	¥16.00

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Here are the highlights of our consolidated financial results.

Consolidated net sales for the first half of the fiscal year ending March 2018 totaled 429,027 million yen while operating income came to 41,951 million yen and net income 34,276 million yen.

That's a year-on-year increase of 55.9% in net sales while operating income and net income were respectively 2.3 times and 2.7 times higher than the previous year's figures.

Net sales, operating income, ordinary income, and net income were all fiscal half record highs.

This uptick was due to improved productivity for all products of the Mitsumi business segment, which was integrated with Minebea this past January, as well as increased seasonal demand for products used in smartphones and game consoles. These factors significantly boosted our bottom line while higher-than-projected sales of LED backlights, and also ball bearings as our major product contributed to the outstanding performance.

Currency fluctuations brought net sales up an estimated 14.8 billion yen year on year and operating income up an estimated 1.8 billion yen year on year.

## Summary of Consolidated Business Results for 2Q

**Net sales, operating income, ordinary income, and net income hit quarterly record highs**

(Millions of yen)	FY3/17 2Q	FY3/18		Change	
		1Q	2Q	YoY	QoQ
Net sales	154,844	193,204	235,823	+52.3%	+22.1%
Operating income	11,623	17,062	24,889	X2.1	+45.9%
Ordinary income	11,659	17,372	24,789	X2.1	+42.7%
Income attributable to owners of the parent	9,568	14,181	20,095	X2.1	+41.7%
Net income per share (yen)	25.52	33.49	47.72	+87.0%	+42.5%

Foreign exchange rates	FY3/17 2Q	FY3/18 1Q	FY3/18 2Q
US\$	¥103.50	¥111.48	¥110.92
Euro	¥115.00	¥121.53	¥129.65
Thai Baht	¥2.97	¥3.24	¥3.31
Chinese RMB	¥15.52	¥16.18	¥16.53

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Now I would like to go over the consolidated financial results for the second quarter of the fiscal year ending March 2018.

Consolidated net sales reached 235,823 million yen while operating income totaled 24,889 million yen and net income 20,095 million yen.

Net sales increased 52.3% year on year, and both operating income and net income rose 2.1 times above the previous year's figures.

Net sales, operating income, and net income respectively increased 22.1%, 45.9%, and 41.7% on a quarter-on-quarter basis.

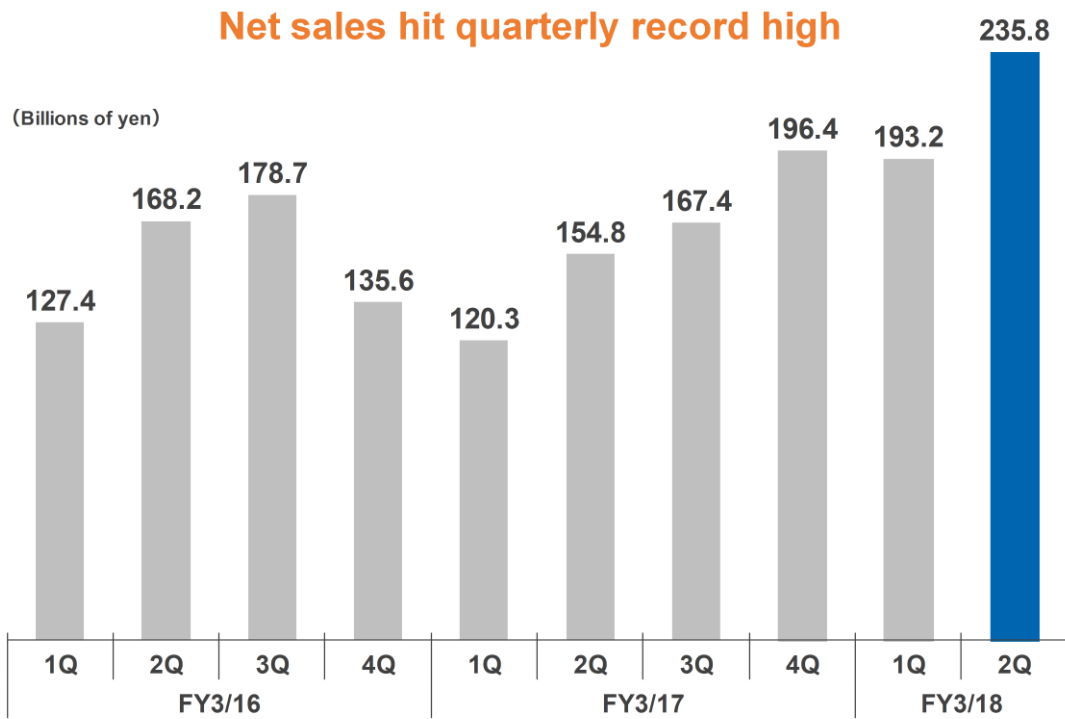
Net sales, operating income, ordinary income, and net income were the highest ever recorded in any quarter.

Factors behind these increases include the higher sales volumes for LED backlights and smartphone components, such as camera actuators, whose sales were driven up by strong seasonal demand, bigger shipment volume of game consoles due to growing demand, and robust sales of ball bearings as well as other machined components.

Currency fluctuations brought net sales up an estimated 0.1 billion yen quarter on quarter and up 15.0 billion yen year on year. Foreign exchange rates brought operating income down 1.1 billion yen quarter on quarter and up 1.7 billion yen year on year.

Net sales hit quarterly record high

(Billions of yen)



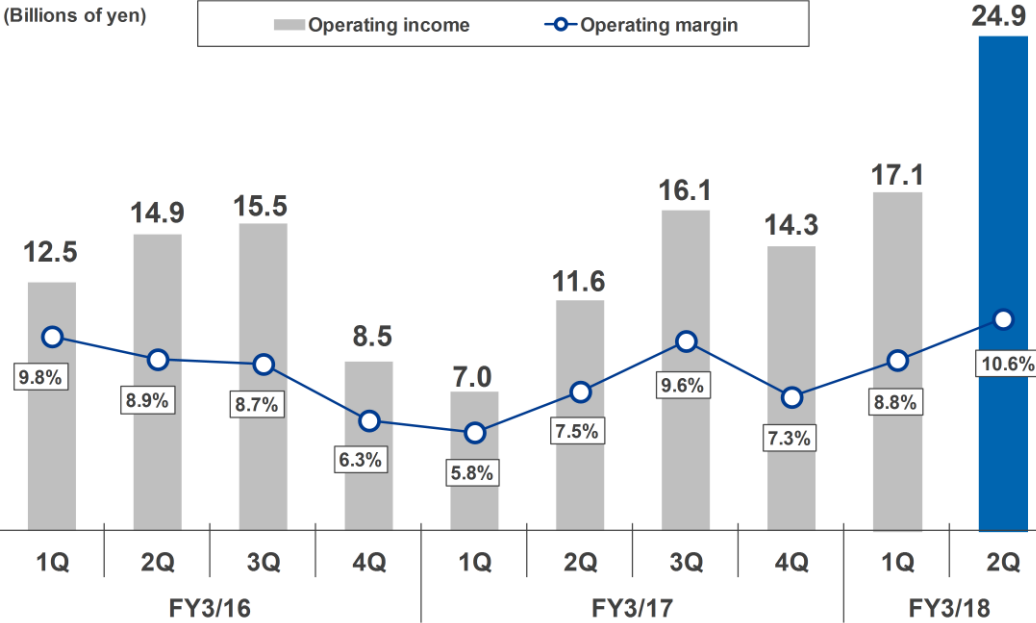
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This graph shows the trends in quarterly net sales.  
In this quarter, net sales reached 235.8 billion yen and were the highest quarterly figure ever recorded.  
We anticipate that net sales for the third quarter will decline from what they were in the second quarter given the conservative forecast for smartphone components, which account for the bulk of overall sales, even though demand for game consoles is expected to be strong.

OP hit quarterly record high, OPM recovered to 10%+



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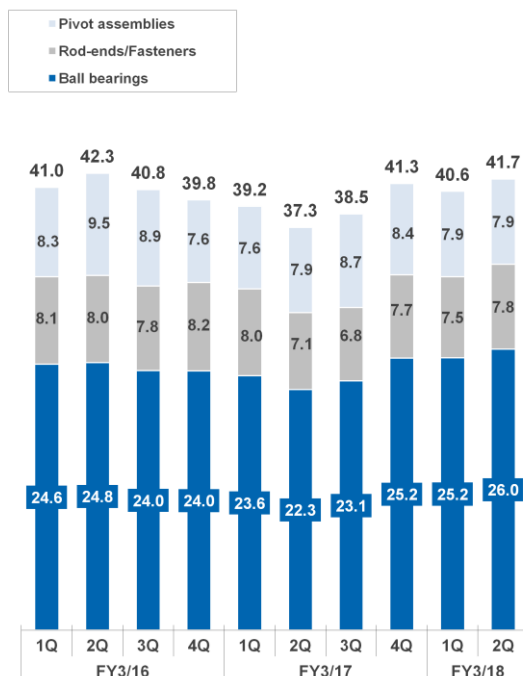
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Here is a graph with a bar chart for quarterly operating income trends and a line chart indicating operating margins.

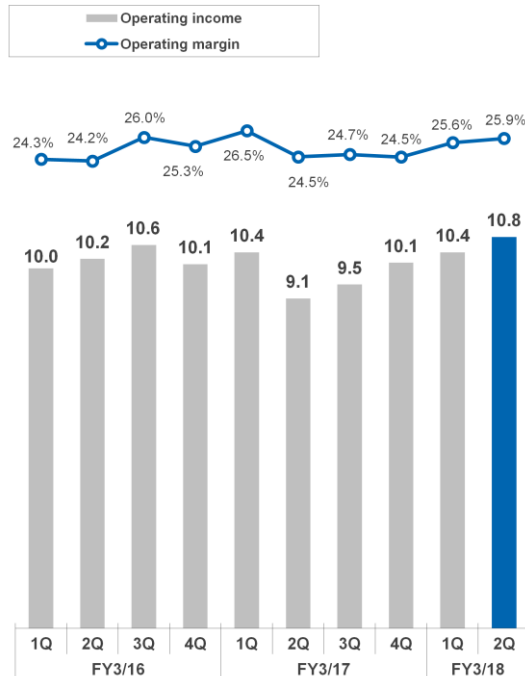
The operating income was the highest ever recorded for any quarter, and the operating margin hit double digits to total 10.6 %. This was also the fourth straight quarter we saw operating income rise year on year.

Just like net sales, we expect that operating income for the third quarter will drop slightly quarter on quarter given the conservative forecast for smartphone components even though demand for game consoles is expected to be strong.

Net sales (Billions of yen)



Operating income (Billions of yen)



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This slide shows the results for the machined components segment.

On the left is a graph indicating quarterly net sales trends and on the right is a graph with a bar chart showing quarterly operating income trends along with a line chart for operating margins.

Net sales for the second quarter were up 3% quarter on quarter to total 41.7 billion yen. Ball bearing sales rose 3% quarter on quarter to total 26.0 billion yen.

The average monthly external shipment volume, totaling 188 million units this quarter, was up year on year for the 20th quarter in a row. We are making steady progress with boosting production capacity by improving productivity. This September our monthly production volume hit an all-time high of 275 million units.

Sales of rod-ends and fasteners, totaling 7.8 billion yen, were up 5% quarter on quarter. Sales of pivot assemblies remained the same as they were in the previous quarter at 7.9 billion yen. Pivot assemblies steadily contributed to our bottom line as we held on to over 80% of the market share.

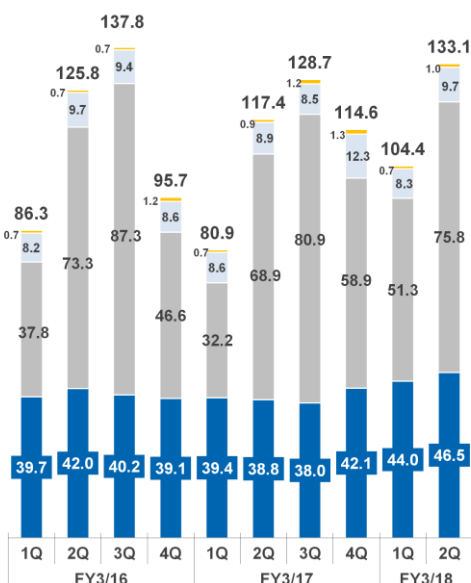
Operating income for the second quarter totaled 10.8 billion yen, putting the operating margin at 25.9%. Operating income rose 4% quarter on quarter, and the operating margin was 0.3 percentage points higher than what it was last quarter.

Looking at the results by product, we see that operating income for ball bearings increased, as well as operating income for rod-ends and fasteners slightly recovered quarter on quarter while pivot assembly operating income remained flat.



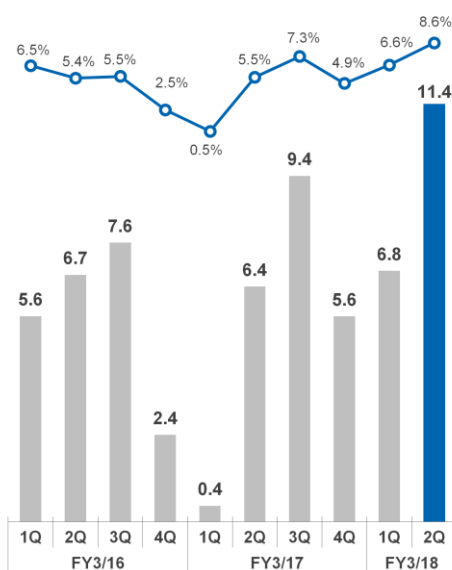
Net sales (Billions of yen)

Other Sensing devices Electronic devices Motors



Operating income (Billions of yen)

Operating income Operating margin



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This slide shows the results for the electronic devices and components segment.

Second quarter net sales rose 28% quarter on quarter to total 133.1 billion yen.

Motor sales grew steadily, mainly in the automobile market, to hit 46.5 billion yen for a 6% quarter-on-quarter increase.

Net sales of electronic devices were up 48% quarter on quarter to total 75.8 billion yen.

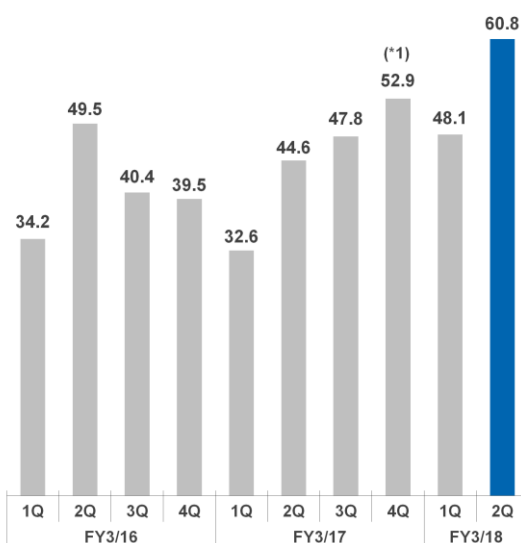
While demand peaked in the second quarter, production of LED backlights for our major customers continued to move along smoothly. We expect both sales and profit to slow down in the second fiscal half.

Sales for sensing devices grew 17% quarter on quarter to hit 9.7 billion yen.

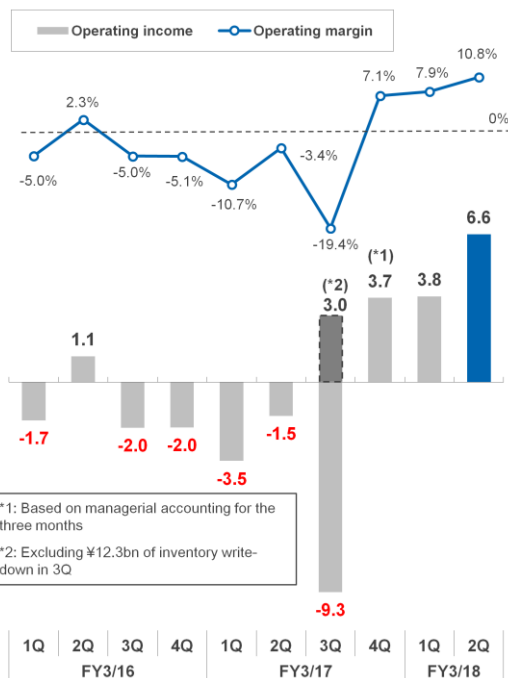
Operating income for second quarter was 11.4 billion yen putting the operating margin at 8.6%. Operating income rose 67% quarter on quarter while the operating margin edged up 2.0 percentage points.

Looking at quarter-on-quarter comparisons by product, operating income rose for both electronic and sensing devices while remaining steady for motors.

## 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

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This slide shows the results for the Mitsumi business segment.

Second quarter net sales were up 27% quarter on quarter to total 60.8 billion yen.

The factors behind this increase included peaking demand that significantly drove up shipment volumes for camera actuators and new game consoles.

Second quarter operating income totaled 6.6 billion yen, and the operating margin reached 10.8%.

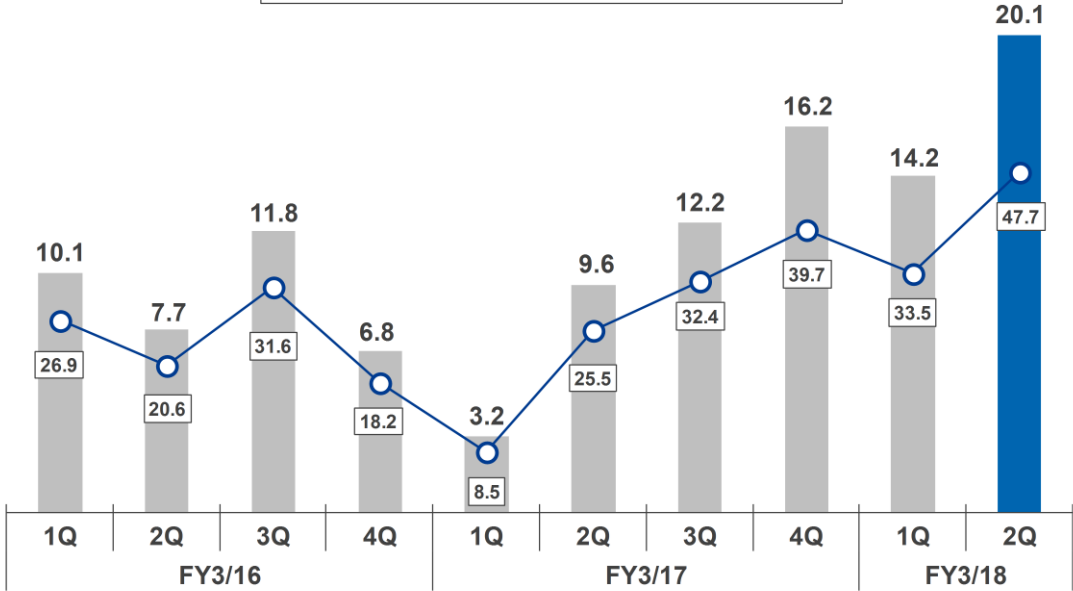
That means operating income rose 72% quarter on quarter while the operating margin grew 2.9 percentage points.

This increase is thanks to the shipment volume increase mentioned earlier in addition to further progress in boosting productivity in whole product categories.

Net income hit quarterly record high

(Billions of yen)

Income attributable to owners of the parent  
Net income per share (yen)



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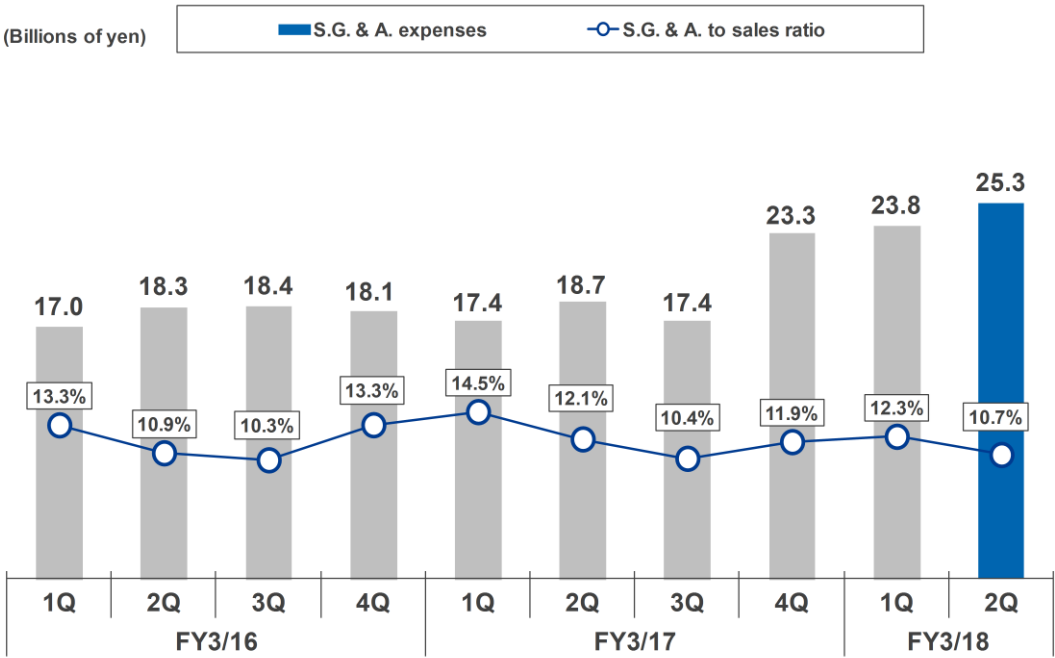
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This graph contains a bar chart showing quarterly net income trends and a line chart indicating net income per share.

Net income jumped 42% quarter on quarter to reach 20.1 billion yen, setting a new quarterly record high.

This figure far exceeds the previous quarterly record high, set in the fourth quarter of last fiscal year, which included a gain on negative goodwill and other extraordinary gains and losses.

Net income per share was also the highest ever at 47.7 yen.



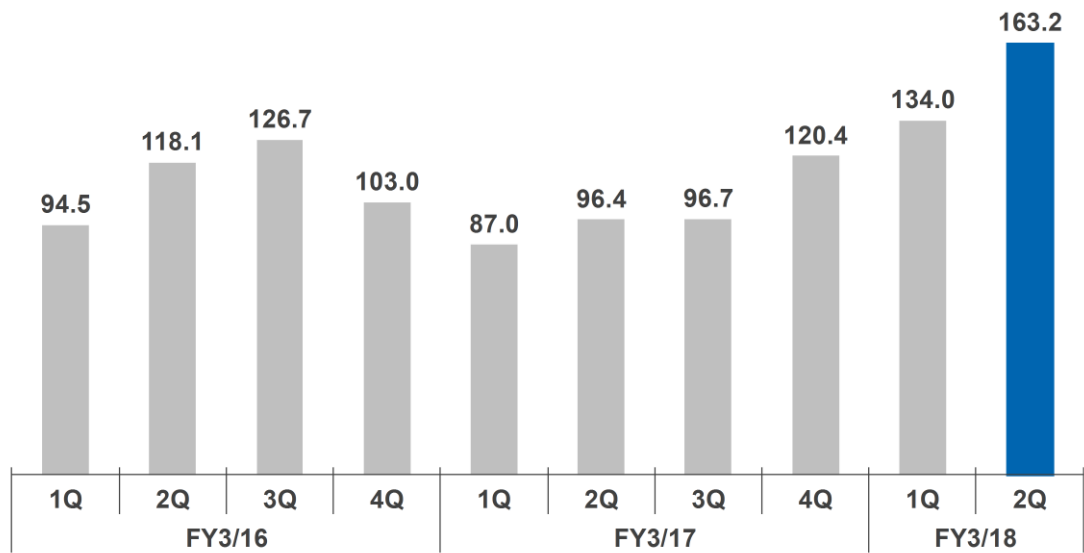
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The graph you see here has a bar chart showing trends in quarterly SG&A expenses and a line chart indicating SG&A expenses-to-sales ratios. Quarterly SG&A expenses rose 1.5 billion yen quarter on quarter to total 25.3 billion yen while the SG&A expenses-to-sales ratio was down 1.6 percentage points from the previous quarter to reach 10.7%.

(Billions of yen)



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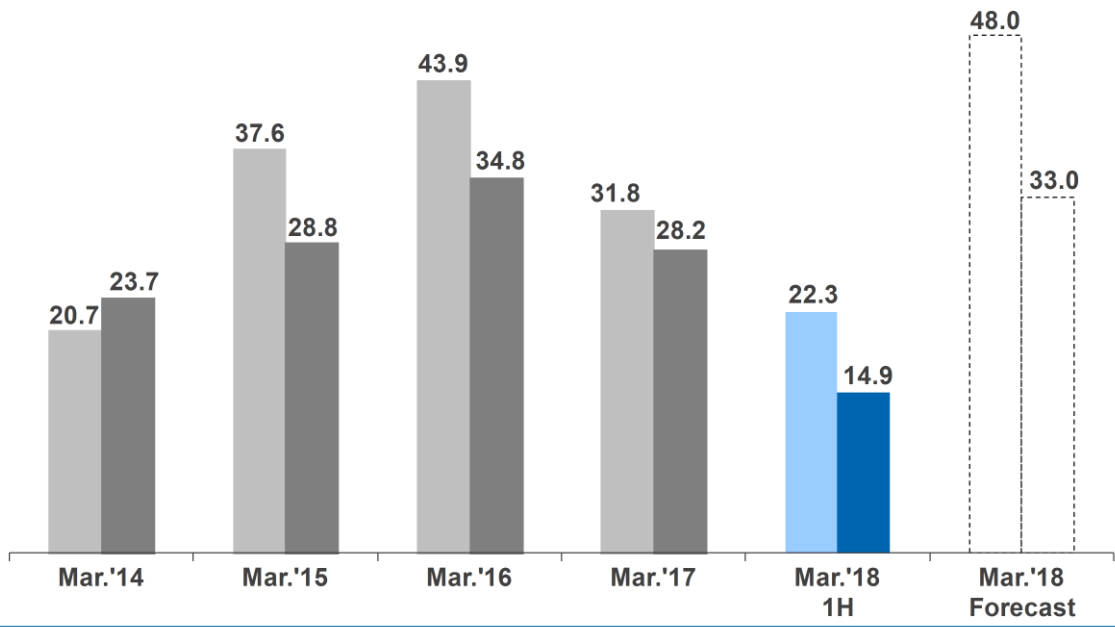
Next we have the quarterly inventory trend.  
We see that as of the end of the second quarter inventories amounted to 163.2 billion yen. That figure is up 29.2 billion yen from what it was three months ago.  
The jump was mainly due to an inventory increase of components for smartphones and game consoles. Inventory should reach an optimal level in the third quarter and onward as demand peaks.

# Capital Expenditure & Depreciation

Yearly

(Billions of yen)

■ Capital Expenditure ■ Depreciation & Amortization Expenses



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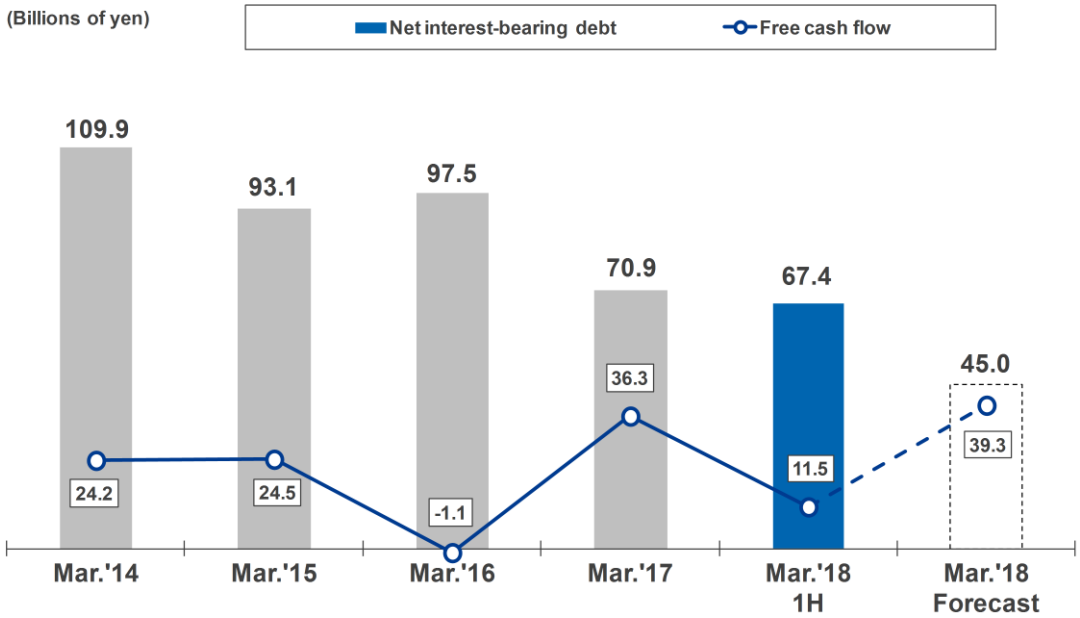
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This graph has a bar chart on the left for capital expenditure trends and one on the right for depreciation trends.

Capital expenditures for the first fiscal half totaled 22.3 billion yen while depreciation and amortization expenses amounted to 14.9 billion yen.

We will add 4 billion yen to our initial capital expenditures projection of 44 billion yen to make it 48 billion yen due to aggressive investments mainly in the Mitsumi business while we expect depreciation and amortization expenses for this fiscal year to be in line with our initial projections.



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This graph contains a bar chart showing trends in net interest-bearing debt, which is total interest-bearing debt minus cash and cash equivalents, and a line chart indicating free cash flows.

At the end of the second quarter, net interest-bearing debt, totaling 67.4 billion yen, was down 3.5 billion yen from what it was at the end of the previous fiscal year. Please note that share buy back and M&A expense were included in the second quarter.

This fiscal year we expect free cash flows 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.

# Share Buyback

## 1. Resolution on the buyback at the Board Meeting on February 13, 2017

- (1) Type of shares to be repurchased: Common stock of MINEBEA MITSUMI
- (2) Number of shares: Up to 12 million shares
- (3) Amount: Up to 15 billion yen
- (4) Period: From February 14, 2017 to September 22, 2017

## 2. Cumulative total of buyback

- (1) Number of shares: 4,658,200 shares
- (2) Amount: 8,351,607,184 yen

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As approved by the board of directors on February 13 of this year, we bought back 4,658,200 shares with a total value of 8,351,607,184 yen.



## 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 Full Year	FY3/18			YoY
		1H	2H Revised Forecast	Full Year Revised Forecast	
Net sales	638,926	429,027	380,973	810,000	+26.8%
Operating income	49,015	41,951	31,049	73,000	+48.9%
Ordinary income	48,393	42,162	29,838	72,000	+48.8%
Income attributable to owners of the parent	41,146	34,276	22,724	57,000	+38.5%
Net income per share (yen)	107.33	81.17	54.34	135.51	+26.3%

Foreign exchange rates	FY3/17 Full Year	FY3/18 1H	FY3/18 2H Assumptions	FY3/18 Full Year Assumptions
US\$	¥108.76	¥111.20	¥105.00	¥108.10
Euro	¥119.34	¥125.59	¥115.00	¥120.30
Thai Baht	¥3.09	¥3.28	¥3.06	¥3.17
Chinese RMB	¥16.18	¥16.36	¥16.00	¥16.18

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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 income for this fiscal year to exceed previous record highs by a wide margin.

In the second half of this fiscal year, we expect the external shipment volumes of ball bearings, our core product line, to continue growing. However, due to the uncertain outlook for the smartphone components, we are keeping our projections for sales and profits on the conservative side.

In light of these factors and the impact they will have on our operations as well as currency movements and customer trends, we made upward revisions to our performance forecasts which had been revised in August.

The operating income forecast was revised from 67.0 to 73.0 billion yen, ordinary income from 66.0 to 72.0 billion yen, and net income from 50.8 to 57.0 billion yen. Mr. Kainuma will elaborate on the reasons for these revisions later on.

## Forecast for Business Segment

(Millions of yen)	FY3/17				
	Full Year	1H Actual Result	2H Revised Forecast	Full Year Forecast	YoY
Net sales	638,926	429,027	380,973	810,000	+26.8%
Machined components	156,310	82,374	80,626	163,000	+4.3%
Electronic devices and components	441,615	237,453	180,547	418,000	-5.3%
Mitsumi business	40,342	108,834	119,566	228,400	X5.7
Other	658	365	235	600	-8.8%
Operating income	49,015	41,951	31,049	73,000	+48.9%
Machined components	39,147	21,223	21,277	42,500	+8.6%
Electronic devices and components	21,898	18,260	9,240	27,500	+25.6%
Mitsumi business	2,315	10,351	9,649	20,000	X8.6
Other	(120)	(185)	(215)	(400)	X3.3
Adjustment	(14,223)	(7,699)	(8,901)	(16,600)	+16.7%

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This slide shows the forecast by business segment.

## Management Policy & Business Strategy

November 8, 2017

Yoshihisa Kainuma

Representative Director, CEO & COO



Now I would like to go over our management policies and business strategies.

## Both sales and income greatly surpass half-year records!

### Key Points from 1H

- All products from Mitsumi business contributed to boosting earnings
- LED backlights production volume recovered from previous year
- Ball bearing productivity improvements progressed steadily

(millions of yen)	FY3/17 1H	FY3/18 1H	Change YoY	FY3/18 1H	
				August Forecast	vs Forecast
Net sales	275,133	<b>429,027</b>	+ 55.9%	436,400	-1.7%
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Net income per share (yen)	34.01	<b>81.17</b>	X2.4	67.78	+19.8%

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Since we have already gone over the first half results, I'll move on to the next slide.

## Conservative forecast for 2H due to uncertainty of smartphone components

### Key Points from 2H

- Machined components: Productivity improvement of ball bearing and recovery of rod-ends & fasteners
- Electronic devices & components: Conservative assumption on LED backlights
- Mitsumi business: Conservative assumption on smartphone business. Robust game console business and overall improved profitability to contribute greatly to earnings
- Forex assumption unchanged (1 USD=105 yen)

(millions of yen)	FY3/17 Full Year	FY3/18			
		1H	2H Forecast	Full Year Forecast	YoY
Net sales	638,926	429,027	<b>380,973</b>	<b>810,000</b>	+26.8%
Operating income	49,015	41,951	<b>31,049</b>	<b>73,000</b>	+48.9%
Ordinary income	48,393	42,162	<b>29,838</b>	<b>72,000</b>	+48.8%
Net income attributable to owners of the parent	41,146	34,276	<b>22,724</b>	<b>57,000</b>	+38.5%
Net income per share (yen)	107.33	81.17	<b>54.34</b>	<b>135.51</b>	+26.3%

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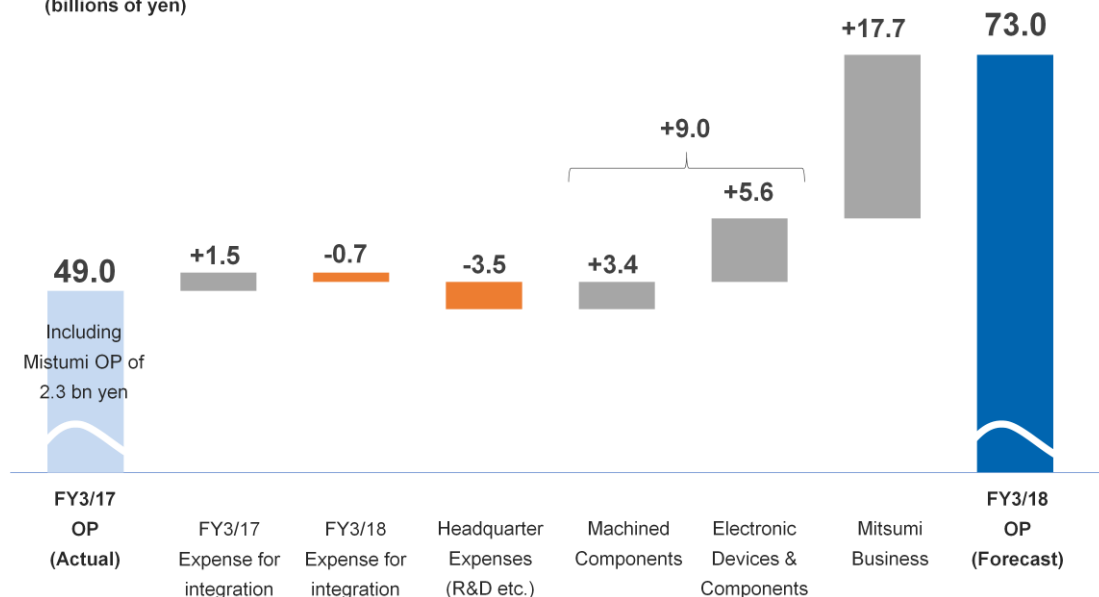
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It took us a while to hammer out our second half forecast revisions before finally deciding to keep our estimates low in light of the uncertain outlook for smartphone components as well as various other factors. Since there are a number of factors that could significantly tip the scales, we calculated our forecast figures using the most conservative projections based on an estimated exchange rate of 105 yen to the dollar. We will make upward revisions once the numbers come in and we get a clearer picture in light of market conditions.

Operating income reached 42 billion yen for the first fiscal half and is projected to total 31 billion yen in the second half. Since operating income for October is expected to reach 8 billion yen, according to the current managerial accounting report, we'll have to make 23 billion yen in the remaining five months, or 4.6 billion yen per month on average. That makes it very likely that we will hit that 31-billion-yen mark. That is our revised forecast for the time being. We will announce final forecast figures for this fiscal year as soon as possible.

## Former Minebea business boosts earnings as well!

(billions of yen)



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The Mitsumi business segment is definitely giving a big boost to our operating income this fiscal year.

Looking at the slide, you can see that the former Minebea operations also added to our operating income. We've made good progress in the machined components business, but our work there is not yet done. Performance has also improved for electronic devices, especially LED backlights and motors.

At the risk of being a little premature, today I would like to focus on where we are headed next fiscal year.

## Establish monthly production of 285 million units/month this fiscal year for substantial increase in income

### External sales demand continues to be robust

- (1) Automotive, (2) high-end home appliances and  
(3) data centers drive external sales demand

### Internal demand also increasing

Sales increase with synergy with motor business despite pivot assembly applications slowdown

### Expanded production capacity to contribute greatly to earnings

Monthly production capacity to reach 300 million with investment (planned in May 2018)

### Reduction in setup cost from internal to external sales

Significantly improved profitability by reduction in setup cost optimizing the production items among factories (Planned in February)

External ball bearing sales (million units/month)



Ball bearing production (million units/month)



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We are witnessing booming demand for ball bearings from external customers. The external shipment volume reached 195 million units in September. While the shipment volume was 188 million units in October due to China's National Day holiday, it should hit 190 million units again this month.

As shown on the slide, demand is growing sharply for ball bearings used in automobiles, high-end home appliances, and data center motors. Recently demand has also been increasing in the market for small robots, such as drones and robotic pets, where the growth potential is huge. We are currently working to bring monthly production capacity to 285 million units by enhancing the productivity of the equipment we have now. It was around this time last year that we decided to make an 8-billion-yen investment in equipment in order to boost monthly production capacity by 10 million units. Although the machines have not been installed yet, we will use them to take our monthly production capacity to 300 million units by next May.

Profit will also significantly increase next fiscal year. Let me tell you why. First, as part of our ongoing efforts to improve productivity, we are restructuring manufacturing operations with an eye to optimizing the product lines produced at each factory. This has incurred more setup and logistics costs than usual. Once the restructuring is completed next February, these costs will decline dramatically.

Secondly, part of the process of components manufacturing and turning them into finished ball bearings is still done manually. That's why we need to increase personnel when we increase production volume. By the end of this fiscal year, that manual process will be as automatized as we can make it. Once we finish the factory restructuring next February and have more inventory, we will save on air freight. Right now we are focusing on catching up on production.

One thing I would like to emphasize today is that we will start to see our ongoing initiatives begin to blossom at the start of the new fiscal year and we should be enjoying the fruits of our labor in no time.

If we continue to move at the current pace, we will eventually run short of ball bearing production capacity, and that's why today we decided to construct a new building at our Bang Pa-in plant in Thailand that can be used as a pre-processing facility. Demand from external customers is rising at an incredible rate. We need to quickly put all the pieces in place that will enable us to produce 310 million units or more per month whenever we want. That can be done by shipping inner and outer ring parts to our Cambodian plant and assembling them there.



## Business opportunities for LED backlights still continue!

### 1. This year's forecast at mostly unchanged from original plan

- Solid demand for our ultra-thin processing technology
- Completion of accelerated depreciation to contribute to earnings
- Automotive LED backlights remain robust

### 2. Aim to secure solid earnings next year as well

- Products mainly for luxury cars to fuel further sales
- Aiming steady performance next fiscal year by boosting sales for Chinese customers and so on

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The LED backlight business has been really rocky. Our share price has dropped from 2,000 yen to around 1,300 yen over the last two years since the press reported an LCD panel maker's plan to invest a trillion yen in producing OLEDs for smartphones. I've been saying over and over that you never know what will happen.

I can tell you that as of today, after adding up the tentative orders we have received from different customers so far, it doesn't seem like sales volumes will drop significantly next fiscal year. It looks like they will remain steady for a while. While I can't elaborate, the point I want to drive home is that you can put any concerns you have about that to bed for now.



## “Gauge of dreams” a reality after 15 years of R&D

### What's Outstanding: Solving the “curling” issue

Resolved the “curling” issue by controlling expansion coefficient & stress of film. Paved the way for practical use!

### Advantage 1: Smaller than 1/10 compared to previous gauges

Can be equipped on small parts that could not hold them before

### Advantage 2: More than 500% greater sensitivity compared to previous gauges

Ultra-small load changes can be measured

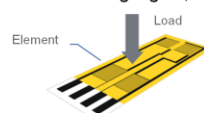
### Advantage 3: Can be affixed directly to components

Much flexibility in selection of components to which to affix

### Advantage 4: Superior temperature characteristics

Supports a maximum temperature of 160°C as long as it is not a constantly heated environment. Can also be used with internal combustion engines in vehicles.

### General mechanism of strain gauges



Element and strain gauge change shape together  
→ Resistance changes, and difference is measured

### Strain gauge single element



Old gauge (left) New product (right)

### Main Target Markets



Automobile



Mobile/  
wearable



Robotics

**Heading toward rapid growth of  
the sensing devices business**

**Targeting sales of  
several tens of billions of yen**

November 8, 2017

\*MINEGE™ is a trademark of MinebeaMitsumi Inc., application filed of number 2017-135576

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Another wonderful development is the dream gauge we created called the MINEGE. After 15 years of trial and error, it's now a reality. If I can get technical for a moment, the kind of gauge we currently use is a J gauge, and this new product is an N gauge. It is an extremely small, highly sensitive sensor.

We have the actual product on display here today. Please take a look at it. We are focusing on the automobile, mobile/wearable, and robotics markets as primary targets where it could be applied. While we announced that we are aiming for tens of billions of yen in sales, I personally think we should be able to go one more digit higher.

This new product should start contributing to our overall sales performance in the fiscal year after next. We've already sent samples to various industries and will give you updates as we get responses.

## Established as third pillar of earnings with ongoing improvements in profitability

## Tremendous contribution on profit

1. OIS/VCM productivity improvements will progress, and the business will continue to grow
2. Mechanical components will continue to grow as a result of synergy between increased production for major customers and in-house components
3. Utilization of Cambodia Plant to begin



## Remarkable improvements in productivity

1. Productivity improvements for core MinebeaMitsumi products (precision components, power supplies, automotive components and semiconductors) will progress steadily, significantly boosting overall income
2. Room for further improvement in earnings

Barometric pressure sensor

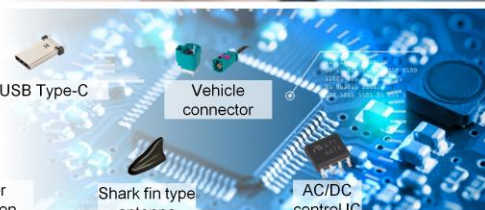
USB Type-C

Vehicle connector

AC adapter for information devices

Shark fin type antenna

AC/DC control IC



## Portfolio expansion

Many other development projects including new OEMs to be taken to market



November 8, 2017

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Since announcing the business integration with Mitsumi in December 2015, our share price fell from 1,300 yen to 650 yen. I'm now pleased to tell you that the same company that had a 10-billion-yen loss last fiscal year has been able to turn it all around and generate a 20-billion-yen profit this fiscal year.

Back when Mitsumi achieved its highest ever operating income of 33.1 billion yen, it was relying mainly on the game business, like a baseball batter who puts all his weight on one leg. Today Mitsumi makes a wide range of smartphone components and has dramatically improved the productivity of the products that make up the Seven Spears. Just a year ago we were even considering closing one of its three power supply factories, but all of them are now operating full swing. It's not the game-related products that are keeping the operating rate up, but the results of the efforts we've made over the year to bring in orders. The factory in Qingdao is the only Mitsumi factory that's not being used now. Mitsumi built the factory but hasn't installed any equipment yet. Every single factory besides that one is operating at full capacity.

Our revised operating income target is 25 billion yen, but we've actually set our sights on going beyond the 33.1-billion-yen mark, and I'll talk more about that later on. I believe that goal is well within our grasp. Stay tuned for good things to come.

## Automotive innovation & high functionality to lead to creation of new business opportunities

Expecting growth of ball bearings/motors/sensors/connectors/coils/antennas/wireless modules etc.

### EV

- Water pump motor
- Cooling fan for secondary battery
- Cooling fan for charger
- Resolver
- Smart actuator
- Battery protection module, etc.

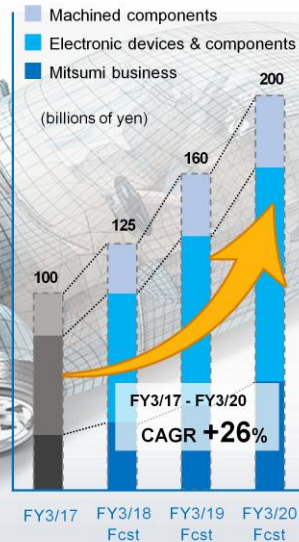
### ADAS

- Brushless DC motor for LIDAR
- Cooling fan for ECU
- High frequency module, etc.

### Connectivity & Infotainment

- Hybrid antenna
- WiFi/BT, GNSS, LTE module
- Connector for high speed transmission
- E-Cockpit
  - ✓ Haptic
  - ✓ Head up display
  - ✓ LED backlight for cluster panel
  - ✓ Curved cover glass, etc.

### Automotive Product Sales Forecast



### Environment / Energy consumption

- Active grill shutter actuators
- Motors & actuators for aerodynamic control
- Electrical valves for heat management
- Blowers for air particle control
- Temperature / humidity sensor
- EGR ball bearing
- Turbo charger ball bearing
- SCR ball bearing

### Safety

- Cooling fan for LED headlamp
- Headlamp actuator
- ABS ball bearing
- Sensors and motor for lane control
- Sensor for ESC
- Motors and bearings for EPB, etc.

### Comfort

- Seat fan
- Heat, ventilation, air conditioner motor
- Rear gate opener motor
- Seat adjust motor
- Pump motors and electrical valves for active suspension, etc.

November 8, 2017

Note: The Mitsumi business results in FY3/17 are provided on a 12-month managerial accounting basis

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We made this slide because there have been reports by various sources, saying that if we don't concentrate on the automobile industry, we'll be all washed up. We carry a tremendous number of products for automobile applications, including bearings, motors, sensors, connectors, coils, as well as antennas, and the number is increasing. Our sales to the automobile market, which currently total about 100 billion yen, will definitely increase to 200 billion yen in three years' time.

There is lots of interest in our automotive motors, especially from Germany. We anticipate getting more and more orders for Mitsumi coils, connectors, antennas, and more. I believe that demand for high-end parts will increase as more high-end products hit the market, and that's going to happen for sure. Sales of our parts will naturally grow with the rise of more sophisticated cars boasting more advanced features, such as better environmental performance, fuel economy, safety, and comfort, not to mention the burgeoning needs for EVs, ADAS, and infotainment. These sophisticated and advanced automobile features and innovations are sure to give us a big boost.



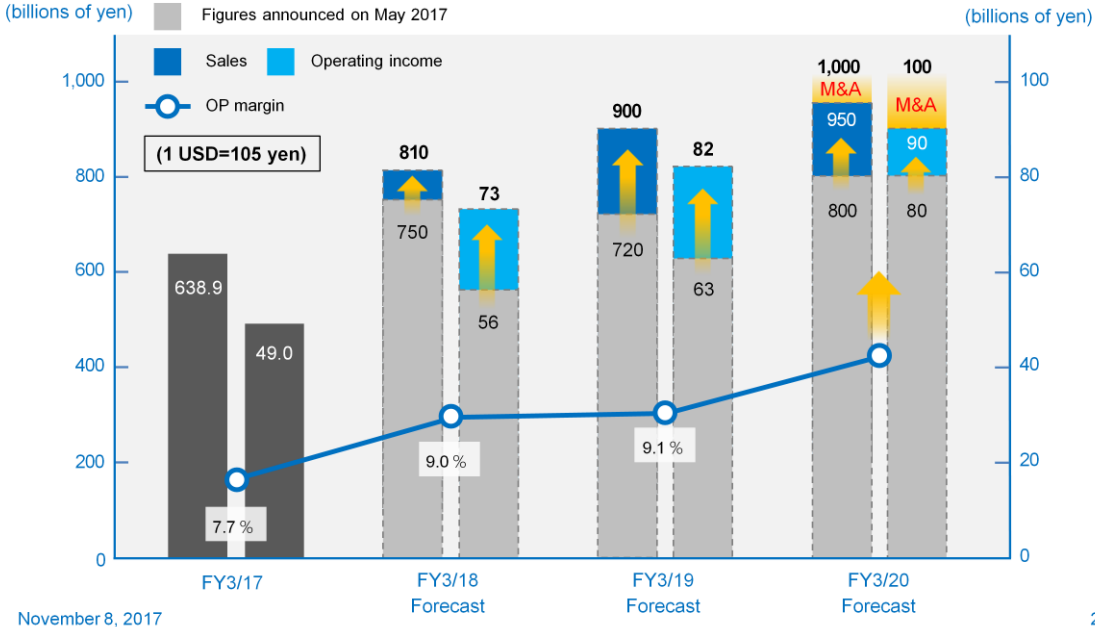
November 8, 2017

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Let's look at our short-term strategy and what will grow over the next few years. As I mentioned earlier, I have a feeling that smartphones will sell more next year than they are this year. I'll show you proposed revisions to our three-year plan later on. Although I've been told that there were many problems in the supply chain for game consoles at the beginning of the year, sales should absolutely grow next year because market feedback is extremely good. Our production capacity for ball bearings will reach 300 million units per month as I said earlier. Production volumes for automotive components will also increase further. On top of that we are ready to launch new products onto the market. Although I cannot give you precise information at this time, we have an extensive lineup of new products to be released in addition to those shown on the slide, such as haptic devices, 6-axis sensors, high sensitivity/high resistance strain gauges, new SALIOT products, and medical bed sensors. These products will drive the growth of MinebeaMitsumi.

# Big potential to achieve 1 trillion yen sales and/or 100 billion yen OP a year ahead of schedule!

## Medium-Term Business Outlook



This slide briefly summarizes this strategy in numerical terms. The areas shown in dark and light gray indicate the three-year plan we announced this past May. Since operating income for the fiscal year ending March 2018 should, at the least, reach 73 billion yen, there is an even greater likelihood of sales hitting 1 trillion yen and operating income 100 billion yen a year earlier than we planned if they continue to grow. We may be able to achieve these targets next year if we are really lucky.

Now I would like you to look at those figures of 73 billion yen and 82 billion yen. That's a 9 billion yen difference. Although I cannot go into too much detail about the breakdown, as I said earlier, I believe smartphone sales will rise next year. Game console sales should also be better than they are this year. Beginning next fiscal year, the financial performance of machined components, including ball bearings, will also be significantly better than this fiscal year. These three factors combined will alone generate a gain of 9 billion yen. Even if the estimated operating income figure for this fiscal year jumps from 73 billion to 75 billion, 77 billion, or 79 billion yen, we will still be able to tack on an additional 9 billion yen.

I can only provide you with a general outlook today since we still don't have a detailed picture yet, but I will be able to tell you more next May.



## Raising medium-term numerical targets in every segment

**M&A**  
**+10 billion yen**  
(in OP)

### Machined components

FY3/20 target operating income

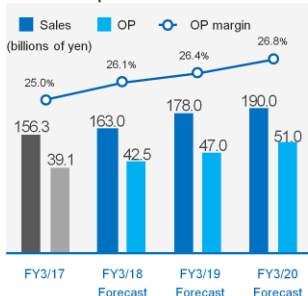
**¥51 billion**

Monthly ball bearing production

**300 million units**

Early achievement

Machined components



### Electronic devices and components

FY3/20 target operating income

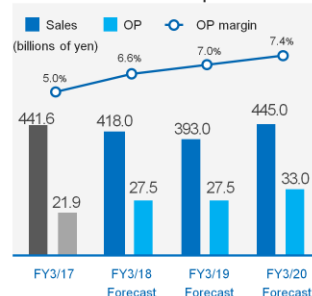
**¥33 billion**

Motor business sales growth rate

**10% or higher**

Contribution as cornerstone of earnings

Electronic devices and components



### Mitsumi business

FY3/20 target operating income

**¥25 billion**

Operating income growth rate

**+25%**

FY3/18 (fcst.) vs FY3/20 (fcst.)

Mitsumi business



Other & adjustment (billions of yen)

= -14.3 (FY3/17), -17.0 (FY3/18), -17.5 (FY3/19), -19.0 (FY3/20)

Note: Business results for FY3/17 are provided on a 12-month managerial accounting basis

November 8, 2017

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Having said that we may be able to achieve our 100-billion-yen operating income target 1 or 2 years earlier than projected, based on current estimates we also expect operating income for machined components to exceed our previous projection of 50 billion yen and reach 51 billion yen. I would like to remind you of our plan to increase profit by 15 billion yen through M&As, which I talked about back in May. Now that we have acquired C&A Tool Engineering and Mach Aero as we announced the other day, and because of the improved performance of other business segments, it looks like we now only need to increase operating income by about 10 billion yen. If we include the additional gains from these acquisition deals we made in the machined components segment, we should definitely be able to achieve 51 billion yen in the next three years.

Operating income for the electronic devices and components segment should also hit 33 billion yen thanks to the growth of the motor business and steady upbeat performance of the LED backlight business.

We project operating income for the Mitsumi business segment to reach 20 billion yen this fiscal year or even more and 25 billion yen two years from now. However, I would like to remind you that we are aiming to bring operating income up to the 33.1-billion-yen mark sometime soon. We factored the sustained growth of the game console business into these projections. It used to be that every household had a game console. Now it's more like every person owns one.

When we add up all this profit plus the 10 billion yen from the M&As, we can see that the 100-billion-yen target for overall operating income is well within our reach.

## Acquisition of all shares of US-based C&A Tool Engineering



Name	C&A ToolEngineering,Inc
Location	Indiana, USA
Principal business	Precision machinery metal machining (1) Medical (2) Aircraft Industry and Fuel Systems
Ownership	MinebeaMitsumi: 51% Development Bank of Japan: 49%
Net sales	US\$73 million (FY ended December 2016)
Synergy	<ul style="list-style-type: none"> <li>● <b>Top line synergy</b> <ul style="list-style-type: none"> <li>• Expansion of product portfolio in aircraft field and accelerated entry into medical field</li> <li>• Strengthening the competitiveness by utilizing Direct Metal Laser Sintering (3D printing) and precision machinery metal machining technology (hard metals)</li> </ul> </li> </ul> <div style="border: 1px solid orange; padding: 5px; margin: 10px 0; text-align: center;"> <b>C&amp;A is one of the first enterprises approved by FDA that can provide technical support to customers</b> </div> <ul style="list-style-type: none"> <li>● <b>Cost synergy</b> <ul style="list-style-type: none"> <li>• Capacity expansion of Machined components (NHBB) by utilizing C&amp;A production sites</li> </ul> </li> </ul>

### Medical



SPINE DISK  
\* FDA approved

### Aerospace



BLISK  
(by 3D Printing)

### Industry



ARMATURE ASSEMBLY

November 8, 2017

\*FDA: Food and Drug Administration

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C&A Tool Engineering, whose acquisition was announced in September, possesses the technology to make the first 3D printed medical parts approved by the U.S. Food and Drug Administration. While we've toyed with the idea of investing in 3D printing for years, we've finally been able to get our hands on 3D printing technology via this acquisition. This is one of the big benefits of this deal.

Another benefit is the large factory the company owner bought at a very low price after the collapse of Lehman Brothers in 2008. Only part of the factory is being used, so we are planning to use the rest of it to expand the operations of NHBB in New Hampshire. Expanding NHBB had presented challenges in terms of space and personnel, and another major benefit of the C&A acquisition was that it resolved both.

## Acquisition of all shares of Mach Aero group



Name	Mach Aero Bretigny Rectification SAS (MAB)	Name	Mach Aero Components Private Ltd. (MACPL)
Location	France, suburb of Paris	Location	India, Bangalore
Principal business	Development, manufacturing, and sales of precision machined components for aircraft	Principal business	Development, manufacturing, and sales of precision machined components for aircraft
Ownership	NMB France 100% * NMB France is a 100% owned subsidiary	Ownership	NMB France & NMB UK combined 100% * Both companies are 100% owned subsidiaries
Net sales	22 million Euros (FY12/16)	Net sales	3 million Euros (FY12/16)
Synergy	<div><div><div>● <b>Top line synergy</b></div><div><div>• Expand European business for aircraft and helicopter with deep expertise in development and production of machined parts for complex aerospace applications (for engines etc.)</div><div>• Boost the sales of mechanical component products toward major customers with the French factory and engineering center, and also key French customers</div><div>• Acquire new business by utilizing the Indian factory and contribute to raise customers' local procurement ratio</div></div></div><div><div>● <b>Cost synergy</b></div><div><div>• Improve procurement lead time and cost with optimization of the supply chains through the coordinated and mutual use of materials procurement route by MAB, MACPL and the MinebeaMitsumi group companies</div></div></div></div> 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**Top line synergy**

Expand European business for aircraft and helicopter with deep expertise in development and production of machined parts for complex aerospace applications (for engines etc.)

Boost the sales of mechanical component products toward major customers with the French factory and engineering center, and also key French customers

Acquire new business by utilizing the Indian factory and contribute to raise customers' local procurement ratio

**Cost synergy**

Improve procurement lead time and cost with optimization of the supply chains through the coordinated and mutual use of materials procurement route by MAB, MACPL and the MinebeaMitsumi group companies

November 8, 2017

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As we announced on November 6, we also acquired all shares of Mach Aero, a French company that supplies core parts to major aircraft manufacturers. This M&A will not only give us access to the core parts manufacturing technologies but also enable us to build stronger ties with these aircraft manufacturers. The primary benefit of the acquisition is this kind of synergy related to sales and products. NHBB and Minebea UK, which currently produce aircraft components, will work with the Mach Aero Group to create synergy in these areas.

Minebea Intec, our consolidated subsidiary, and Mach Aero both happen to have a factory in Bengaluru, India, so it looks like Bengaluru will be our beachhead in India. Both Minebea Intec and Mach Aero have excellent local personnel in India, and we intend to keep in close touch with them as we work on making inroads into India over the long run.



**Huge jump on dividend forecast in response to the new financial forecast**

	FY3/17 Actual		FY3/18 Actual/Forecast	
Interim dividend	7 yen/share	→	<b>13</b> yen/share	Previous forecast: 10 yen/share
Year-end dividend	7 yen/share	→	<b>13</b> <sup>*</sup> yen/share	Previous forecast: 10 yen/share
Total	14 yen/share	→	<b>26</b> <sup>*</sup> yen/share	

**Total return ratio<sup>\*\*</sup>, including share buyback, reaching about 35%**

**Rating by R&I upgraded from A- to A**

(Rating and Investment Information Inc.)

<sup>\*</sup> Dividend for FY3/18 will be decided on business performance at payout ratio of around 20%

<sup>\*\*</sup> Total return ratio = (total dividend + share buyback) / net income

November 8, 2017

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The net debt-to-equity ratio, which was 103% when I became the president, is now about 20%.

We have increased dividends forecast by a wide margin this fiscal year and our rating was raised to single A. We will continue to invest in growth opportunities while actively looking at ways to increase shareholder returns.

# Business Results

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.

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