Business Results

Fiscal Year Ended March 31, 2018

MinebeaMitsumi Inc.

May 8, 2018

Today's Agenda

1. Financial Results

2. Policy and Strategy

Financial Results

Katsuhiko Yoshida
Managing Executive Officer

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I would like to explain the consolidated financial results for the fiscal year ended March 2018.

Summary of Consolidated Business Results

Net sales as well as operating, ordinary, and net income totals for full year hit record highs

(Millions of yen)	FY3/17 Full Year	FY3/18 Full Year	Change YoY	FY3/18 Forecast (February 2018 Forecast) Full Year	VS. Forecast
Net sales	638,926	879,139	+37.6%	850,000	103.4%
Operating income	49,015	79,162	+61.5%	80,000	99.0%
Ordinary income	48,393	78,038	+61.3%	79,500	98.2%
Income attributable to owners of the parent	41,146	59,382	+44.3%	62,000	95.8%
Net income per share (yen)	107.33	141.14	+31.5%	147.37	95.8%

Foreign Exchange Rates	FY3/17 Full Year	FY3/18 Full Year
US$	¥108.76	¥111.19
Euro	¥119.34	¥129.36
Thai Baht	¥3.09	¥3.35
Chinese RMB	¥16.18	¥16.70

Consolidated net sales for the fiscal year ended March 31, 2018 totaled 879,139 million yen while operating income reached 79,162 million yen and net income hit 59,382 million yen.

These figures represent year on year increases of 37.6%, 61.5%, and 44.3% respectively with net sales, operating income, net income as well as ordinary income hitting record highs.

This jump in earnings comes courtesy of the Mitsumi business, which was integrated in January of last year, as well as steady performance of our main products, such as ball bearings, motors, and LED backlights.

Currency fluctuations brought net sales up an estimated 23.5 billion yen year on year and operating income down an estimated 1.0 billion yen year on year.

Summary of Consolidated Business Results for 4Q

Net sales hit 4Q record highs

(Millions of yen)	FY3/17	FY3/18		Change	
	4Q	3Q	4Q	YoY	QoQ
Net sales	196,418	225,900	224,211	+14.1%	-0.7%
Operating income	14,300	22,437	14,773	+3.3%	-34.2%
Ordinary income	13,621	22,353	13,522	-0.7%	-39.5%
Income attributable to owners of the parent	16,233	17,278	7,827	-51.8%	-54.7%
Net income per share (yen)	39.65	41.22	18.67	-52.9%	-54.7%

Foreign Exchange Rates	FY3/17 4Q	FY3/18 3Q	FY3/18 4Q
US$	¥114.29	¥112.65	¥109.72
Euro	¥121.14	¥132.47	¥133.77
Thai Baht	¥3.24	¥3.41	¥3.45
Chinese RMB	¥16.54	¥16.95	¥17.16

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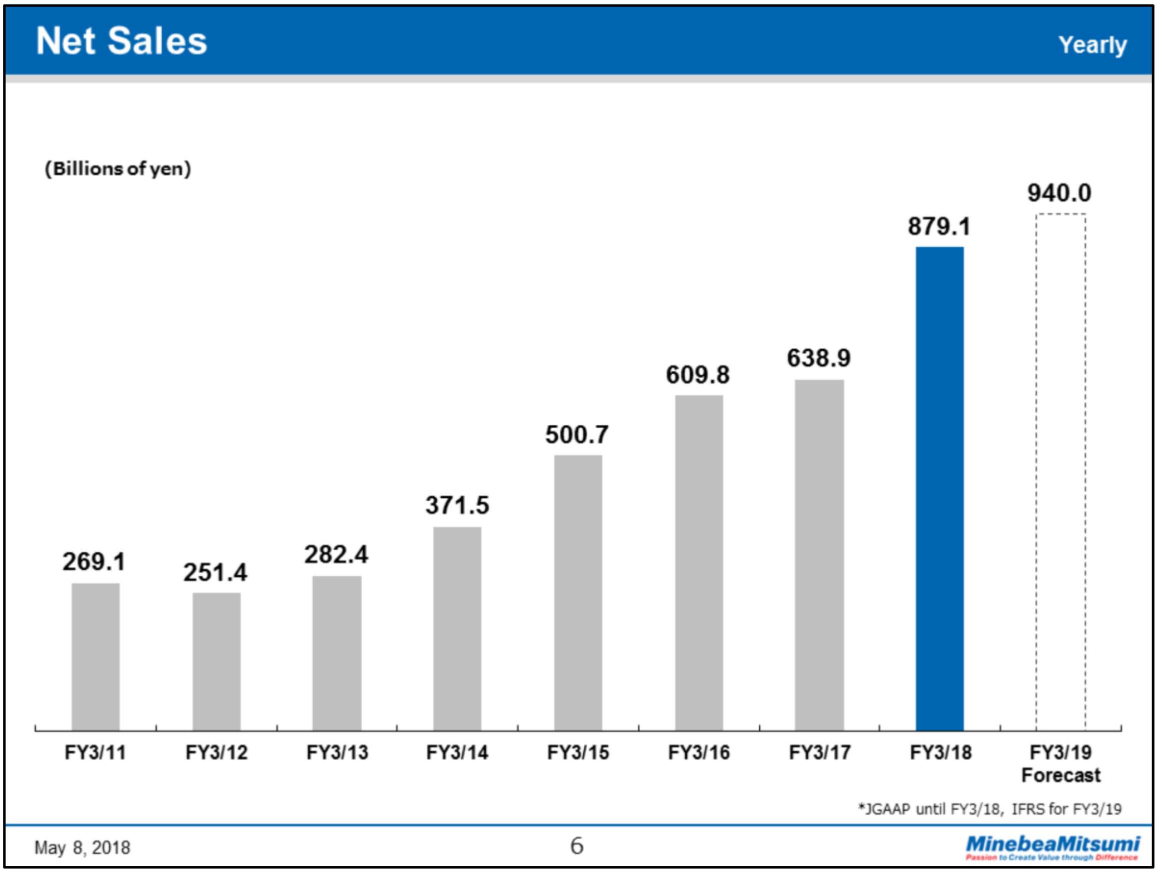
In the fourth quarter of the fiscal year ended March 31, 2018, net sales were 224,211 million yen, operating income 14,773 million yen, and net income 7,827 million yen.

Year on year, net sales were up 14.1%, operating income up 3.3%, and net income down 51.8%. Despite quarter on quarter decreases of 0.7% in net sales, 34.2% in operating income, and 54.7% in net income, net sales reached a record high for any fourth quarter.

Since the fourth quarter, we have changed the contract with customers for the OEM business in the Mitsumi business segment and this resulted in an increase in net sales, which amounted to 24.2 billion yen (hereinafter referred to as the “sales increase due to contract change with customers”). Excluding this impact, they would have dropped 11.5% quarter on quarter.

Also, in the fourth quarter, operating income includes 0.7 billion yen of expense increase associated with the purchase price allocation process for the acquisitions of C&A Tool Engineering in US and Mach Aero in France (hereinafter referred to as the “PPA impact”), and the net income includes 5.4 billion yen of impairment losses for the business assets.

Impact from foreign currency translations is estimated to result in year on year decreases of 4.0 billion yen in net sales and 3.3 billion yen in operating income as well as estimated quarter on quarter decreases of 3.4 billion yen in net sales and 1.8 billion yen in operating income.



This graph shows annual sales trends.

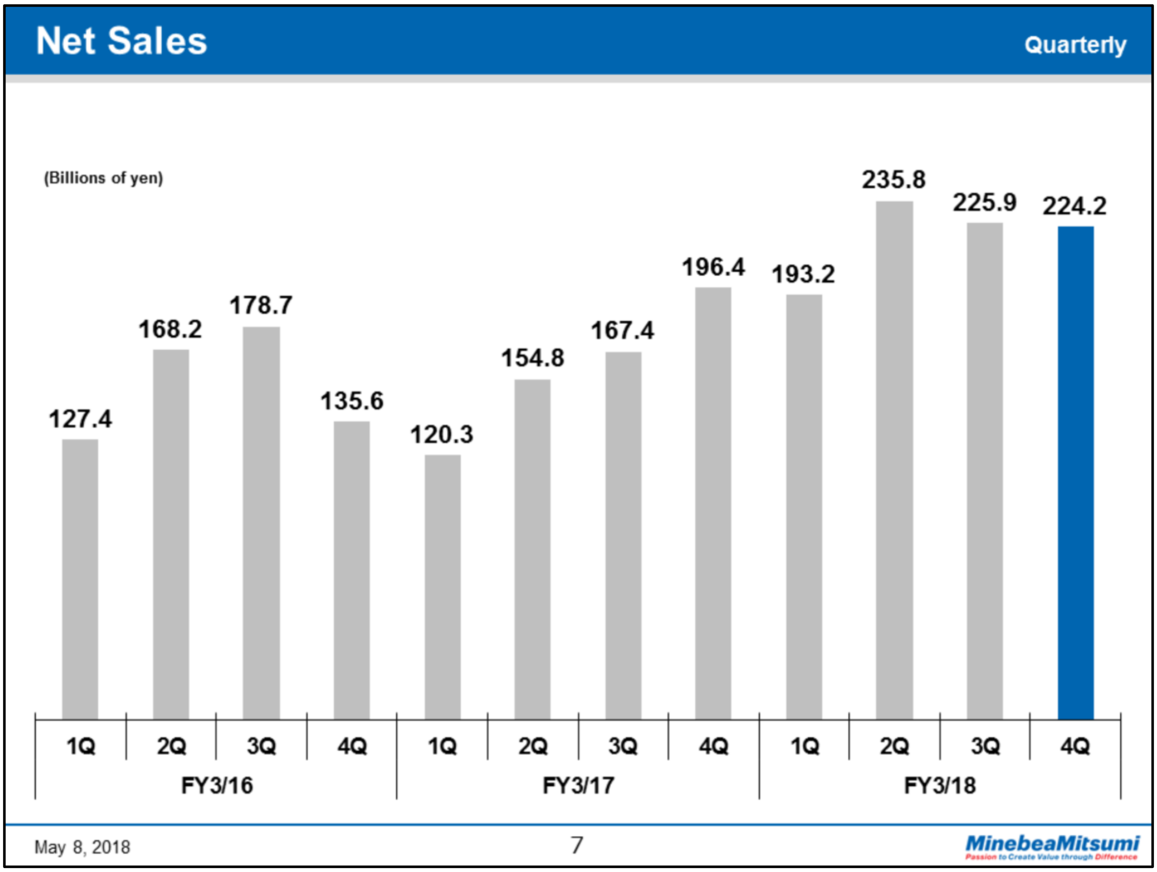
In the fiscal year ended March 31, 2018, we recorded a new high of 879.1 billion yen by a wide margin.

The forecast for the fiscal year ending March 31, 2019 is shown by segment.

Also, as we have decided to voluntarily adopt International Financial Reporting Standards (hereinafter referred to as "IFRS") from the current fiscal year (fiscal year ending March 31, 2019), forecast has been calculated based on IFRS.

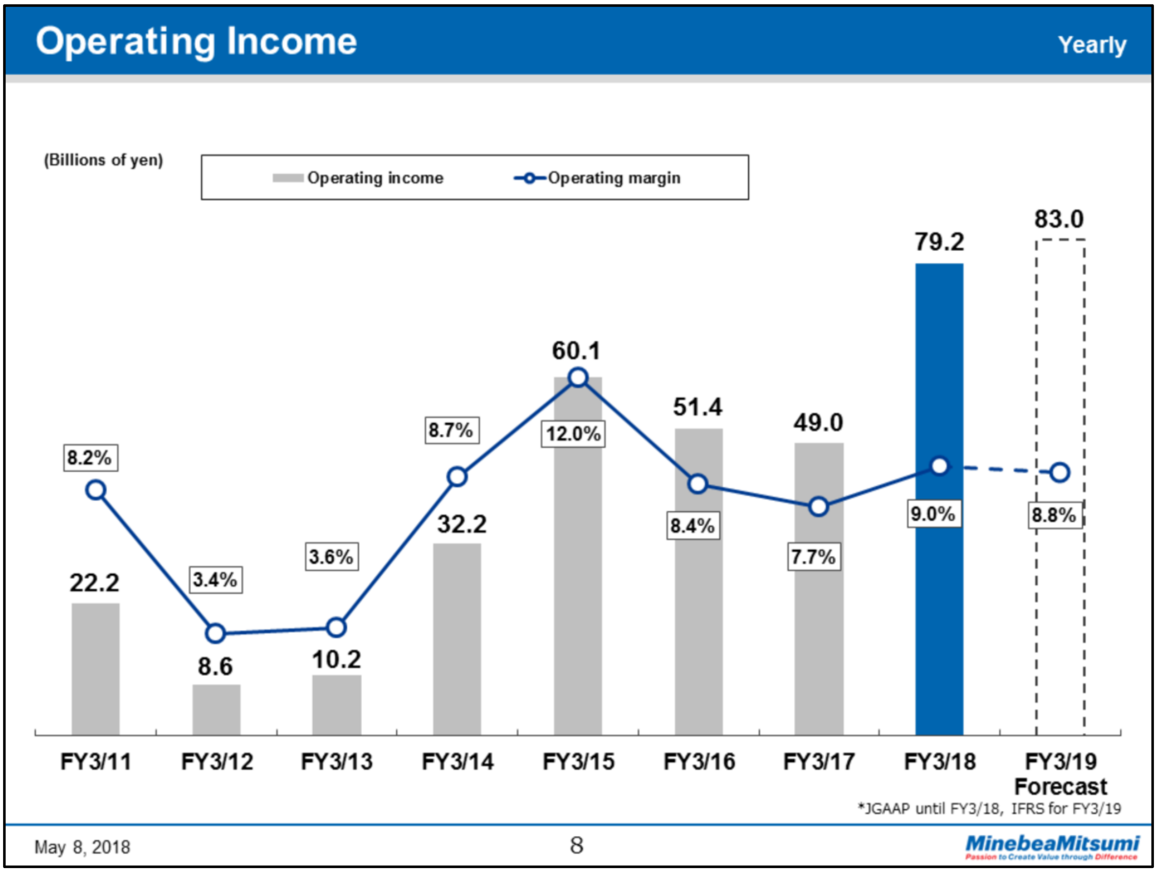
For this reason, we cannot directly compare the results with those of the previous fiscal year (fiscal year ended March 2018) which were applied under Japanese GAAP, but these figures are presented alongside for your reference.

The same applies to the forecast figures for each subsequent slide.



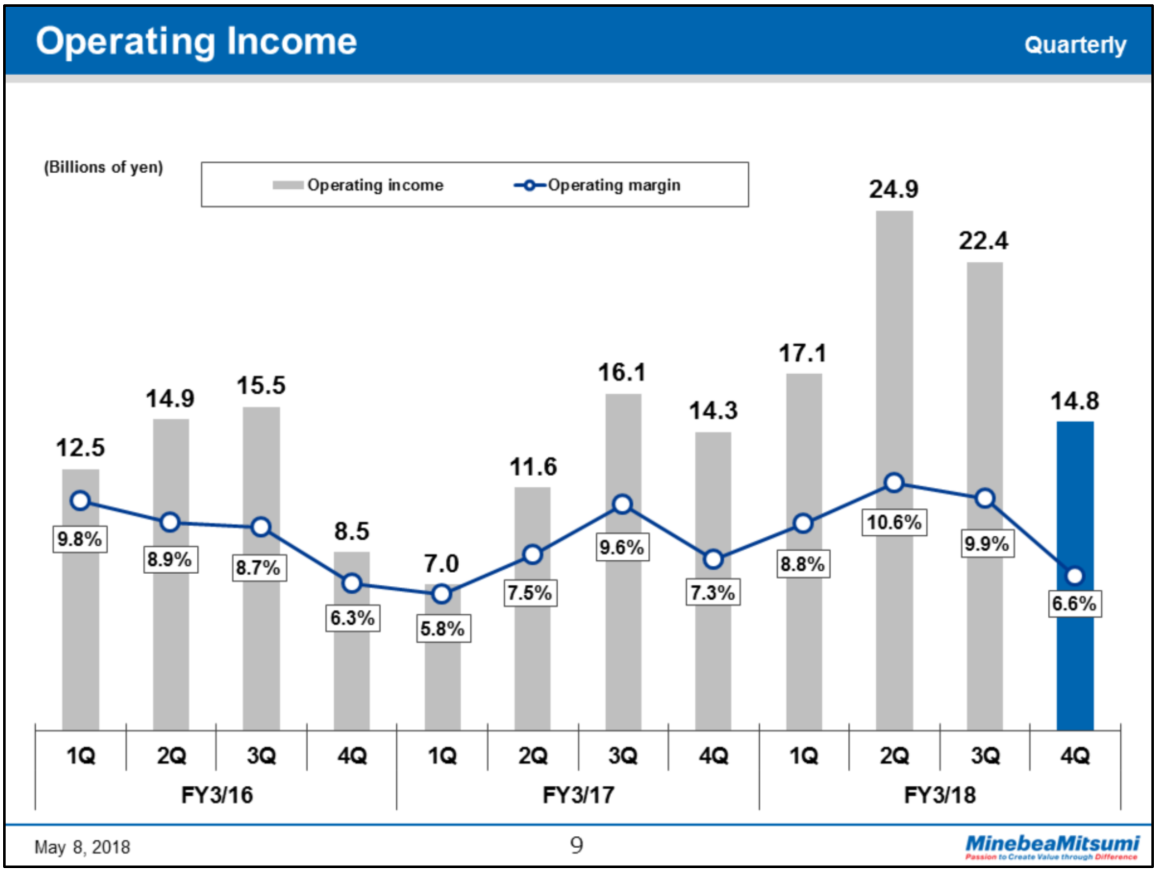
This graph shows quarterly trends in net sales.

In the fourth quarter, we reached a record high for any fourth quarter of 224.2 billion yen.



The bar graph indicates yearly changes in operating income while the line graph charts changes in the operating margin.

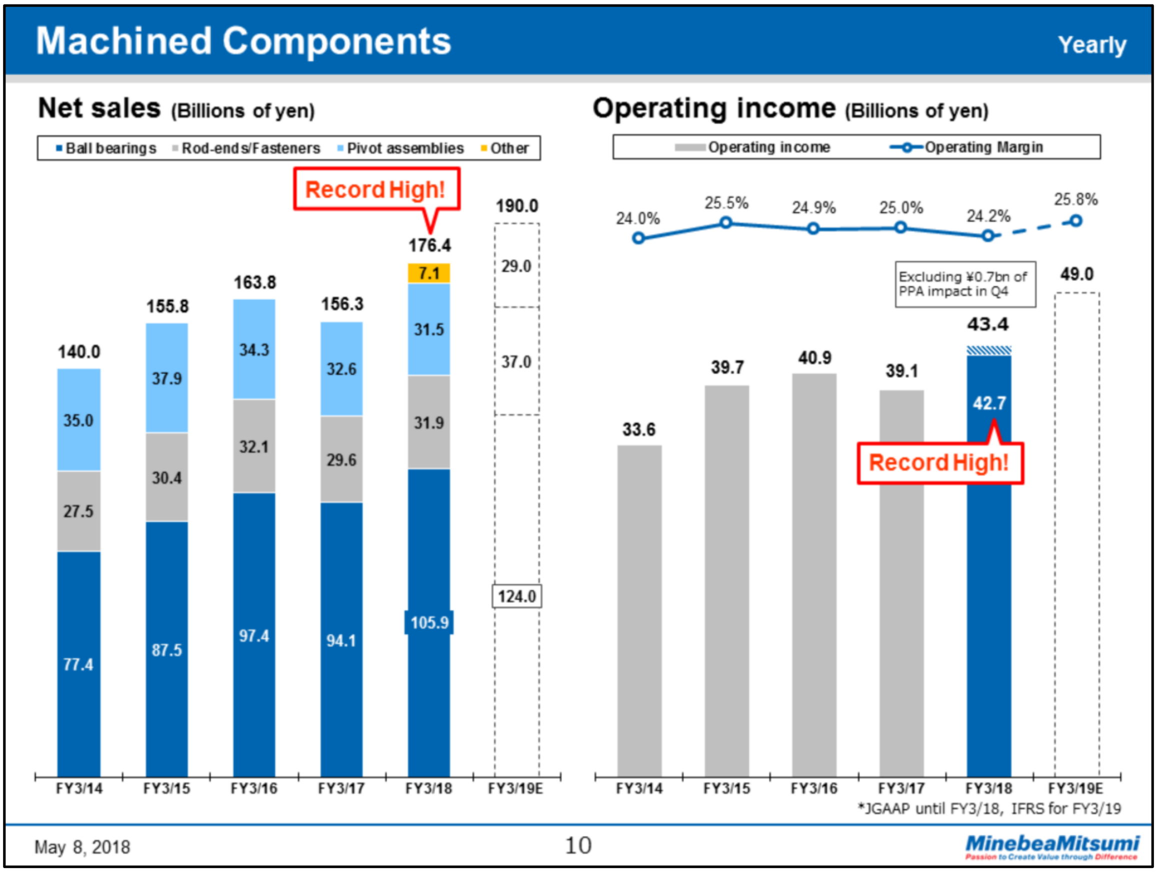
In the fiscal year ended March 31, 2018, the Mitsumi business contributed significantly to earnings. On top of that, our main products, including ball bearings, motors, and LED backlights, performed well. As a result, net income rose 61.5% to hit 79.2 billion yen, marking a record high by a wide margin.



As in the previous slide, the bar graph shows quarterly trends in operating income while the line graph charts changes in the operating margin.

Fourth quarter operating income totaled 14.8 billion yen to make the sixth consecutive quarter that profits were up year on year.

Also, please note that this figure includes the 0.7 billion yen of PPA impact.



Now let's take a look at the results by business segment, starting with machined components.

On the left is a bar graph for yearly sales trends and on the right is a bar graph for the operating income along with a line chart for the operating margin.

You can see net sales jumped 13% for a record high total of 176.4 billion yen. C&A Tool Engineering and Mach Aero, which were just consolidated in the third quarter, fall under the machined components segment's category of "Other."

Sales of ball bearings increased 13% to reach 105.9 billion yen. This uptick was fueled by strong demand across a wide range of industries with ball bearings for automobiles and fan motors used in data center servers making up the bulk of shipments as the average monthly external sales volume rose 11% to reach 190 million units. Revenue from rod-ends and fasteners was up 8% from the previous fiscal year to total 31.9 billion yen while revenue for pivot assemblies fell 3% from the previous fiscal year to total 31.5 billion yen. Our ability to hold on to over 80% of the market share has guaranteed stable earnings.

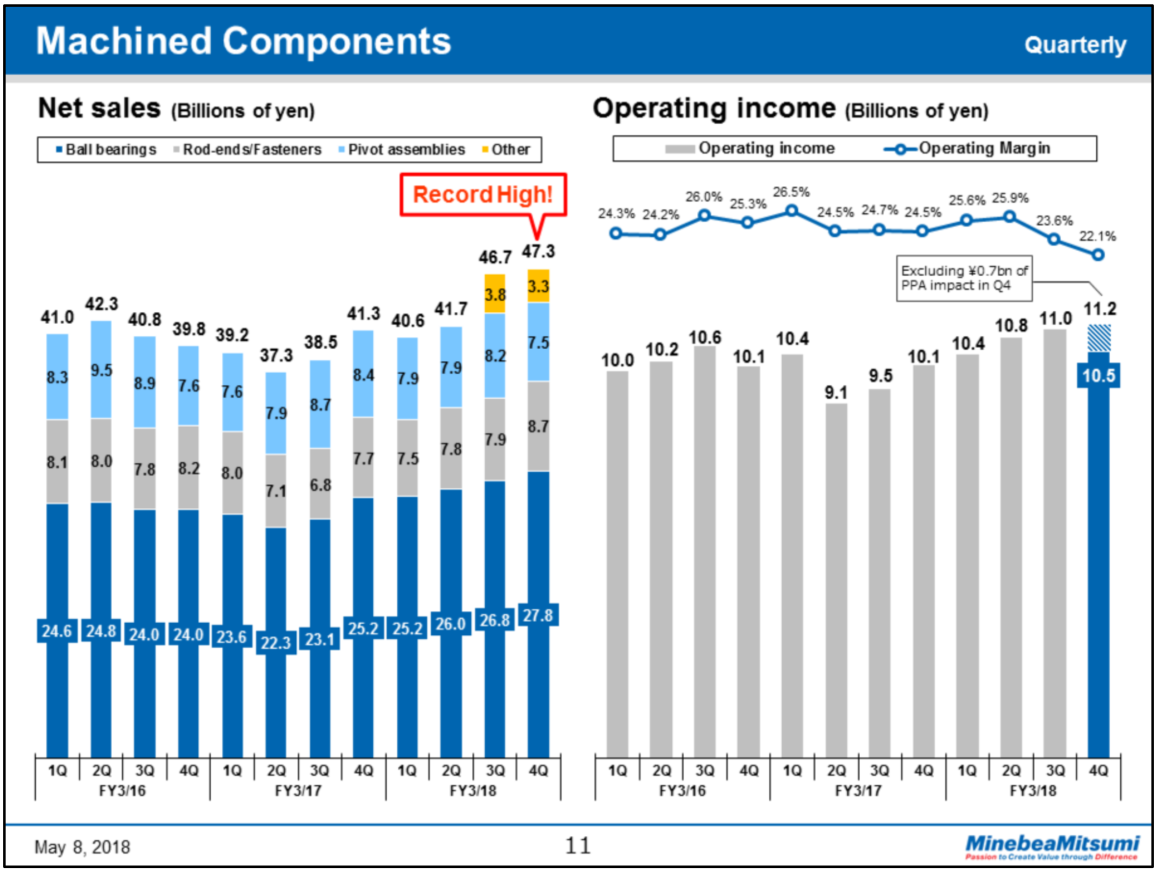
Operating income came to a record high of 42.7 billion yen in the fiscal year ended March 31, 2018 as the operating margin hit 24.2% for a 9% year on year increase in operating income and a 0.8 percentage point decline in the operating margin.

If we were to exclude the 0.7 billion yen of PPA impact, operating income would total 43.4 billion yen and the operating margin would be 24.6%.

Looking at the results by product, we see that profit of ball bearings and pivot assemblies increased year on year while profit of rod-ends and fasteners dipped slightly.

In the fiscal year ending March 31, 2019, we anticipate a jump in sales of ball bearings due to the continued increase in external sales volumes and an improvement in the profit margin resulting from the reduction of special expenses such as air freight charges. We also expect to see higher sales and profits for rod-ends and fasteners as well as lower sales and profits for pivot assemblies as the HDD market continues to shrink.

C&A Tool Engineering has been included in ball bearings, and Mach Aero has been included in rod-ends and fasteners beginning this fiscal year.



This slide shows the quarterly trends in the machined components segment.

In the fourth quarter, net sales were up 1% over the previous quarter for a record-high total of 47.3 billion yen.

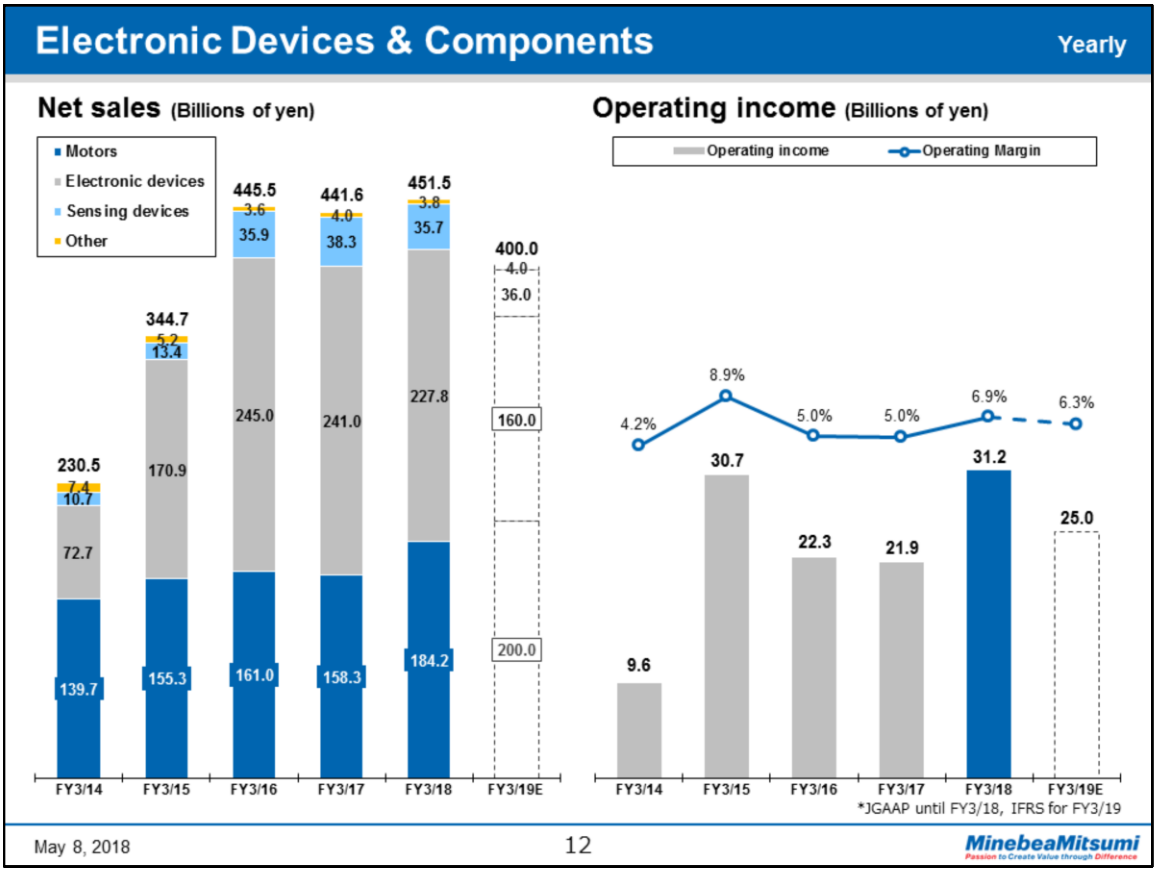
Sales of ball bearings increased 4% quarter on quarter to hit 27.8 billion yen. The volume of ball bearings sold outside the group hit 198 million units per month in average, marking a year on year increase for the 22nd quarter in a row. The production volume reached a record high of 288 million units in March, and we achieved our target of increasing monthly production capacity to 285 million units by April of this year.

Revenue from rod-ends and fasteners were up 10% over the previous quarter to total 8.7 billion yen, and even though revenue from pivot assemblies dropped 9% from the previous quarter to hit 7.5 billion yen, our ability to maintain an 80% share of the market has generated stable earnings.

Operating income for the fourth quarter was down 5% from the previous quarter to total 10.5 billion yen while the operating margin decreased 1.5 percentage points to reach 22.1%.

If we were to exclude the 0.7 billion yen of PPA impact, operating income would have been up 1% from the previous quarter to total 11.2 billion yen and the operating margin would have been up 0.1 percentage points at 23.7%.

Looking at the results by product, we see that profits for ball bearings and rod-ends/fasteners rose while profits for pivot assemblies fell.



Now let's look at the electronic devices & components segment.

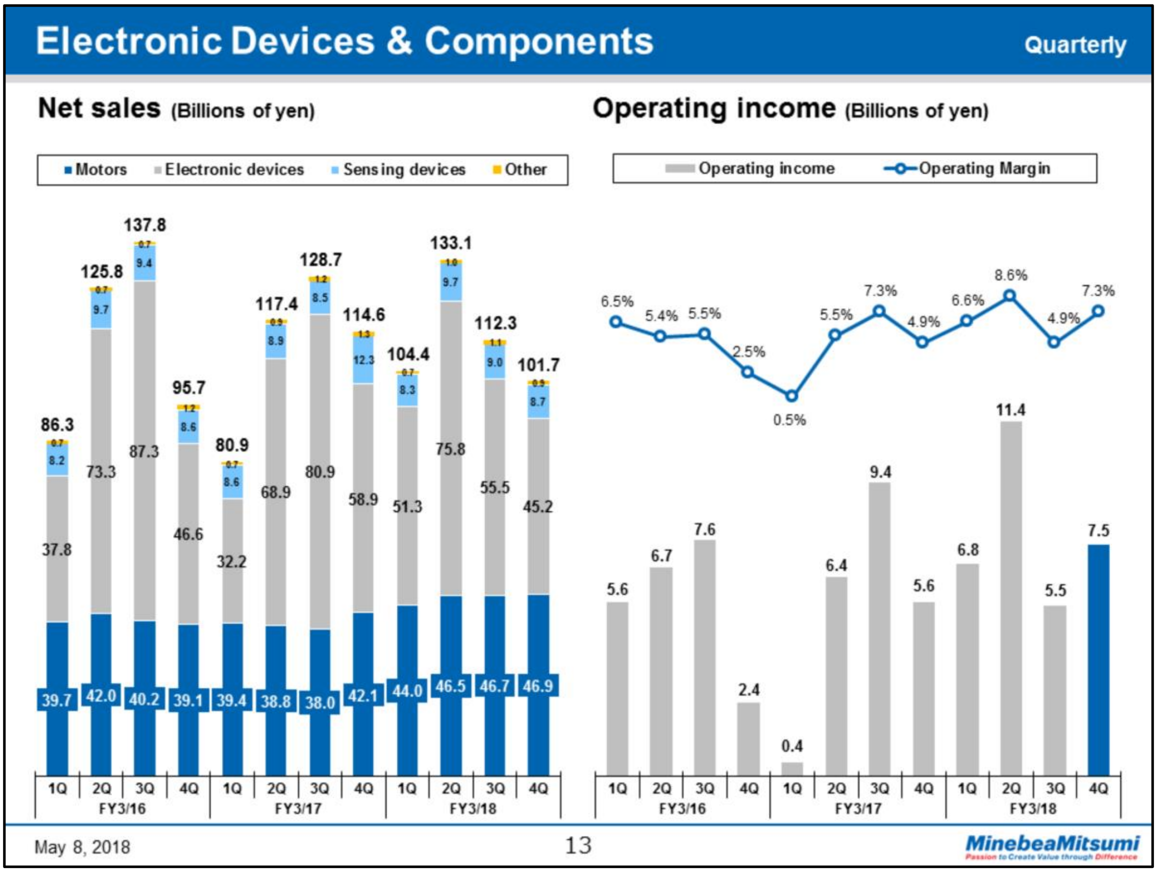
In the fiscal year ended March 31, 2018, net sales were up 2% year on year to total 451.5 billion yen.

Looking at the results by product we see that sales of motors increased 16% year on year to reach 184.2 billion yen mainly due to automobiles. While electronic devices sales dropped 5% year on year to hit 227.8 billion yen, demand for our ultra-thin LED backlights remained strong, surpassing initial targets, despite declining sales of final products sold by our major customers. Net sales of sensing devices decreased 7% year on year to total 35.7 billion yen.

Operating income climbed 42% year on year to reach 31.2 billion yen while the operating margin rose 1.9 percentage points to reach 6.9%.

Looking at operating income by product, we see that electronic devices were way up, sensing devices were down, and motors remained steady.

In the fiscal year ending March 31, 2019, we anticipate an increase in motor sales and profits due to the continued increase in demand, mainly for automobiles, and a decrease in sales of electronic devices due to a drop in parts supplied for a fee. We also anticipate a slight increase in sales of sensing devices and an improvement in profitability.

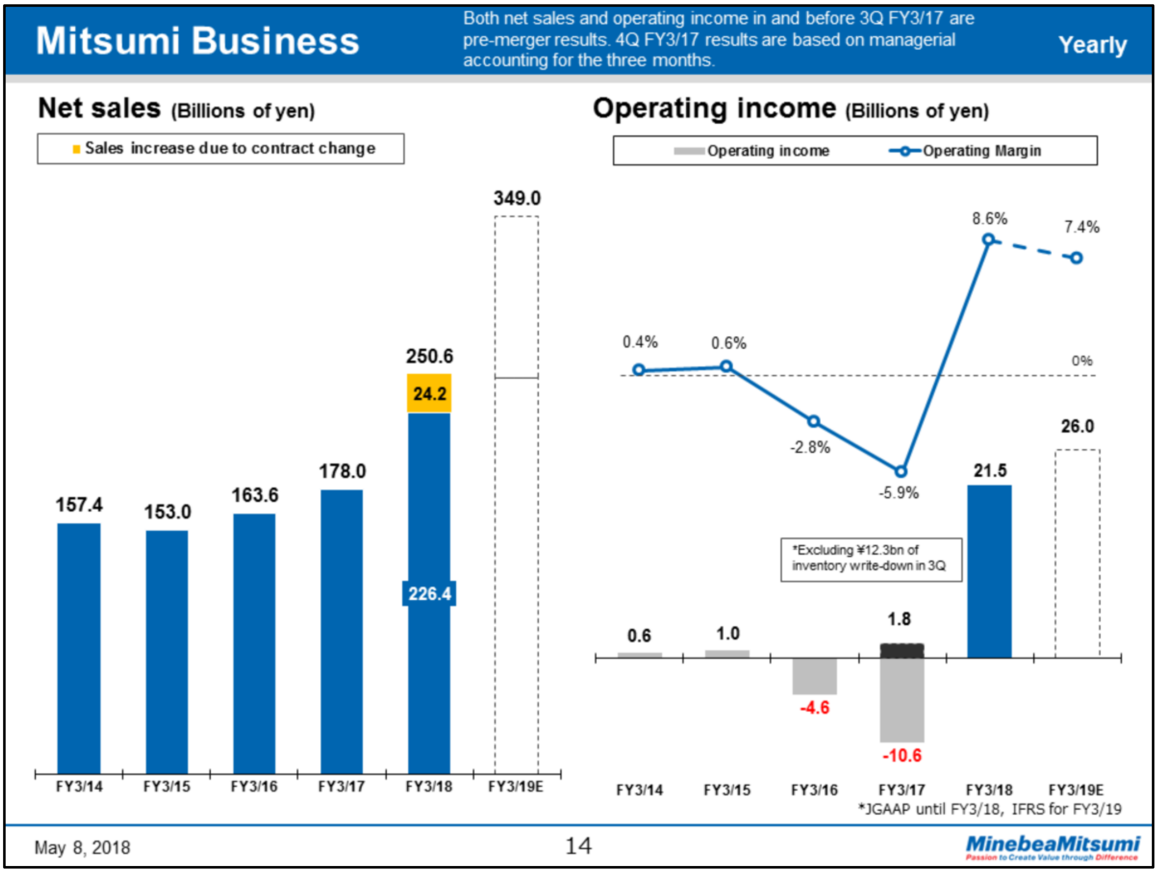


Quarterly trends in the electronic device segment.

Net sales decreased 9% quarter on quarter to hit 101.7 billion yen.

Looking at sales by product, we see that motors remained almost unchanged from the previous quarter at 46.9 billion yen with demand from the automotive industry continuing to drive results up. Electronic devices decreased 19% quarter on quarter to total 45.2 billion yen after the demand period. Net sales of sensing devices decreased 3% quarter on quarter to hit 8.7 billion yen.

Operating income rose 36% quarter on quarter to hit 7.5 billion yen while the operating margin rose 2.4 percentage points to reach 7.3%. Looking at the results by product, we see that operating income increased in electronic devices, and remained steady in motors and sensing devices.



Finally, let's look at the performance for the Mitsumi business segment including the figures before the merger.

Net sales increased 41% to total 250.6 billion yen in the fiscal year ended March 31, 2018.

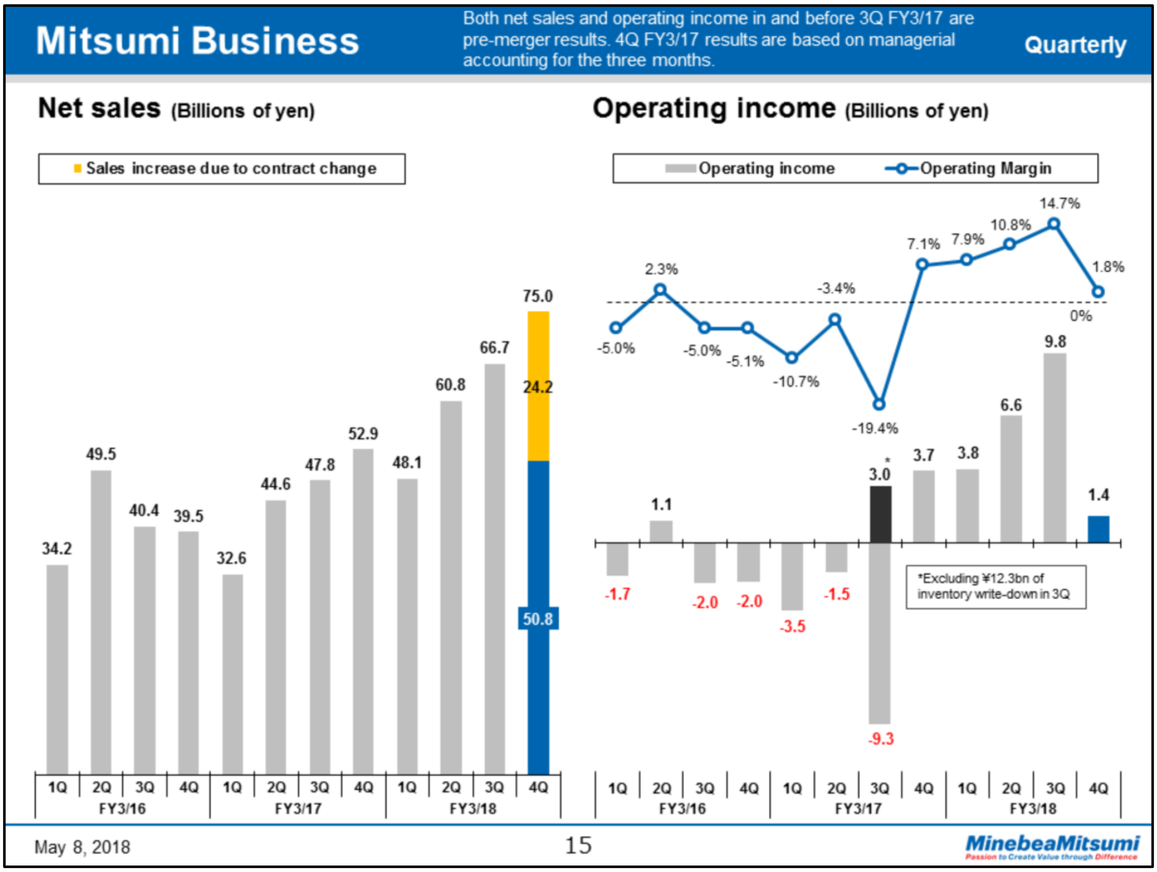
If we were to exclude the 24.2 billion yen of sales increase due to contract change with customers, they would represent a 27% year on year increase.

This bump was mainly due to a large increase in shipments of new game consoles during the peak demand period and an increase in camera actuators for major customers.

Year on year, operating income improved 32.1 billion yen and, even after the adjustment of inventory write-downs, increased 19.7 billion yen to total 21.5 billion yen while the operating margin reached 8.6%. This jump was due to a significant improvement in overall productivity and an increase in shipments of new game consoles and camera actuators.

In the fiscal year ending March 31, 2019, net sales are expected to rise due to increase in shipments of new game consoles and actuators for cameras. Also, we anticipate approximately 100 billion yen of sales increase due to contract change with customers.

Operating income is expected to get a boost from an increase in shipments, and if we exclude the impact of the above-mentioned sales increase due to contract change, the operating margin should see growth as well.



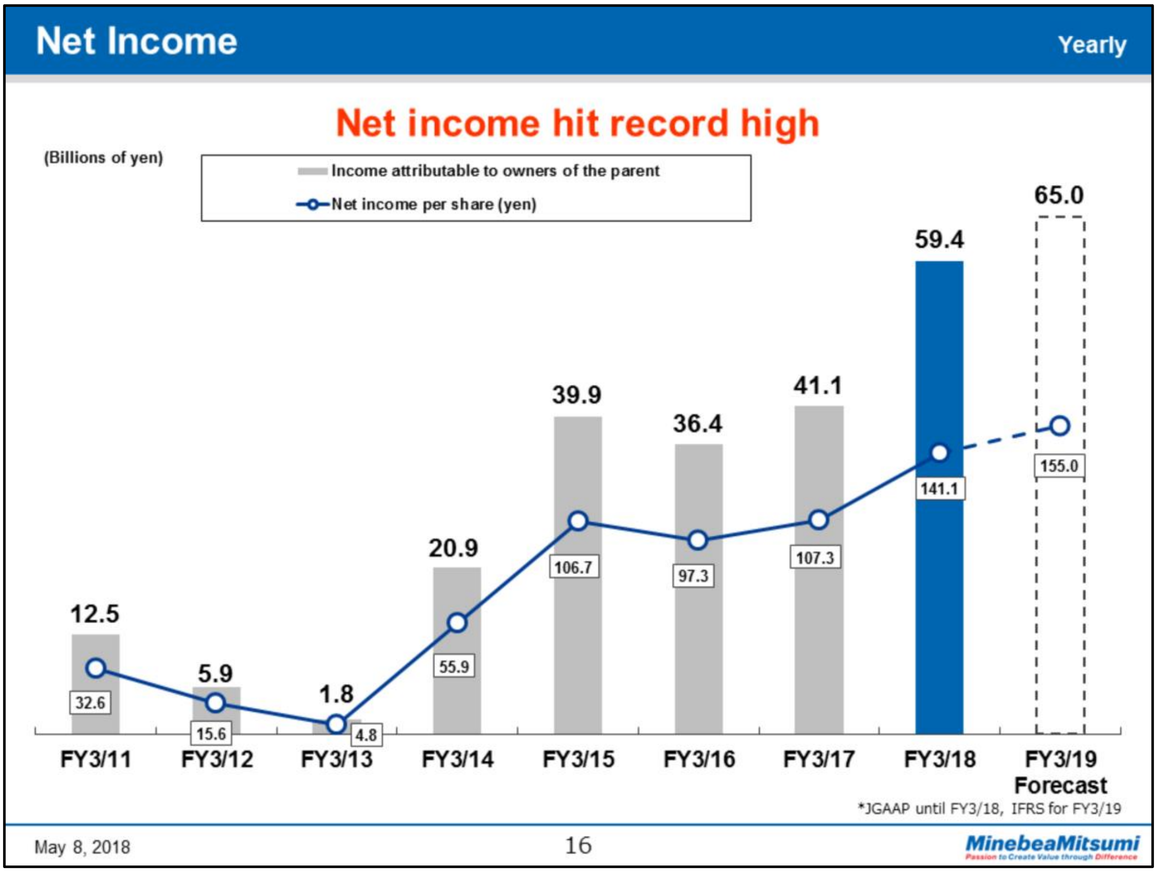
Mitsumi business segment quarterly trends.

Net sales for the fourth quarter were up 12% from the previous quarter to total 75.0 billion yen.

If we were to exclude the 24.2 billion yen of sales increase due to contract change, we would see a 24% quarter on quarter drop in net sales due to seasonal factors.

Operating income was 1.4 billion yen, and the operating margin was 1.8%.

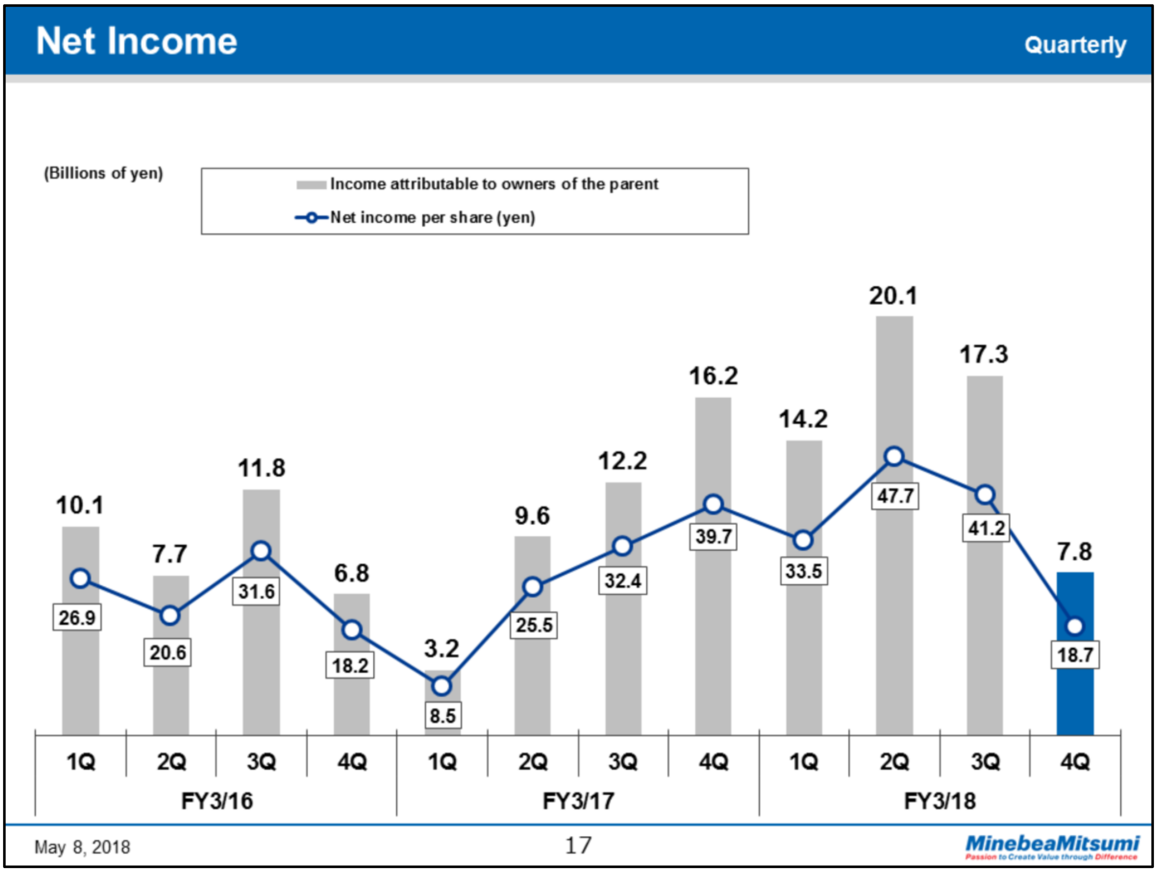
Operating income decreased 86% quarter on quarter while the operating margin declined 12.9 percentage points.



The bar graph here shows trends in net income while the line graph charts changes in net income per share.

Net income rose 44% year on year to reach a record-high 59.4 billion yen.

Net income per share was 141.1 yen.

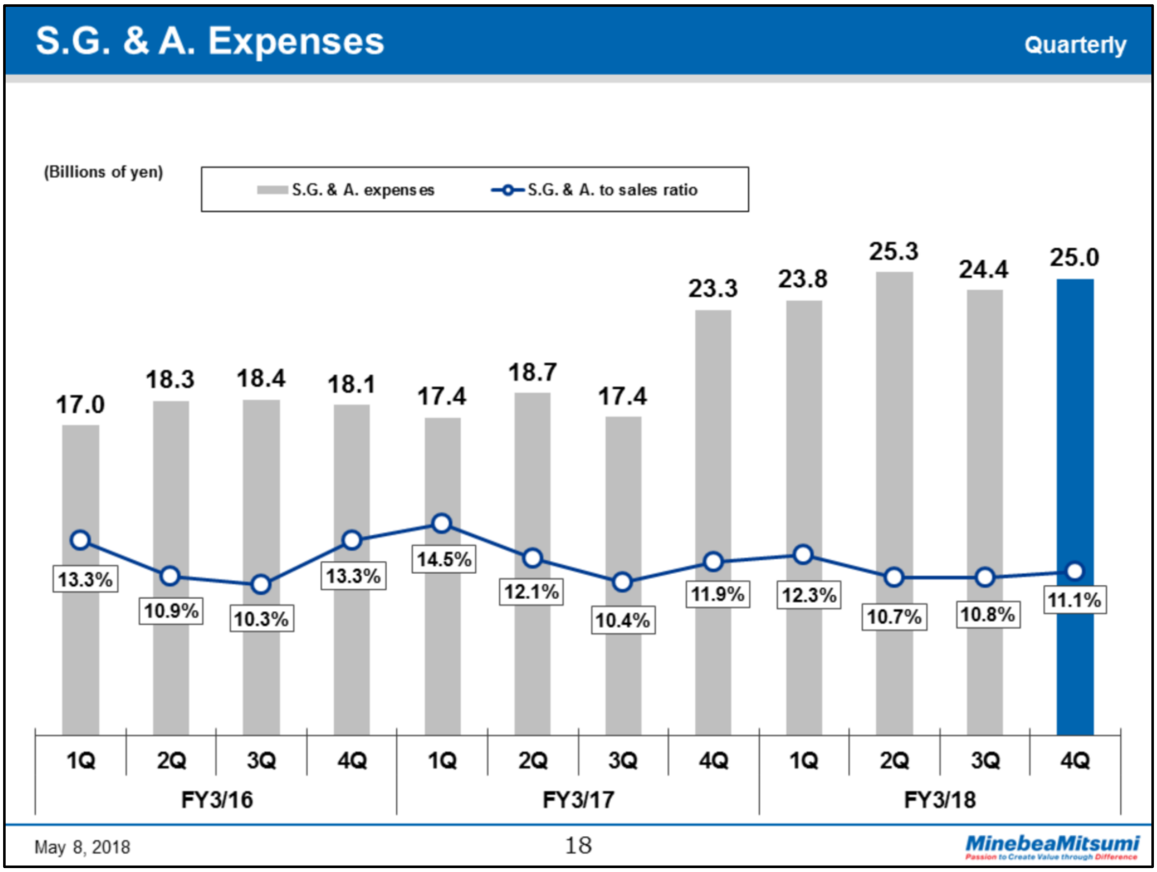


Here you see the quarterly trends.

Net income decreased 55% quarter on quarter to total 7.8 billion yen.

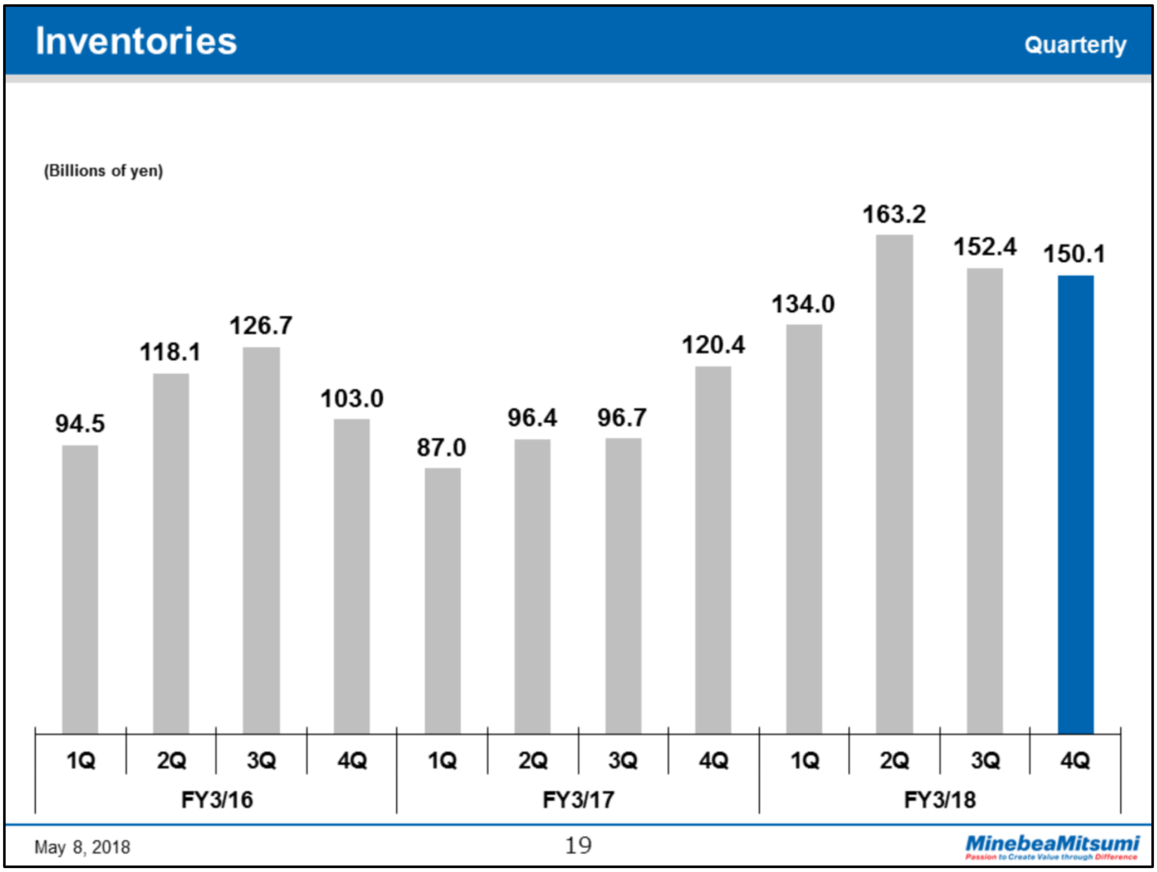
Also, as mentioned above, the net income includes 5.4 billion yen of impairment losses for the business assets.

Net income per share was 18.7 yen.



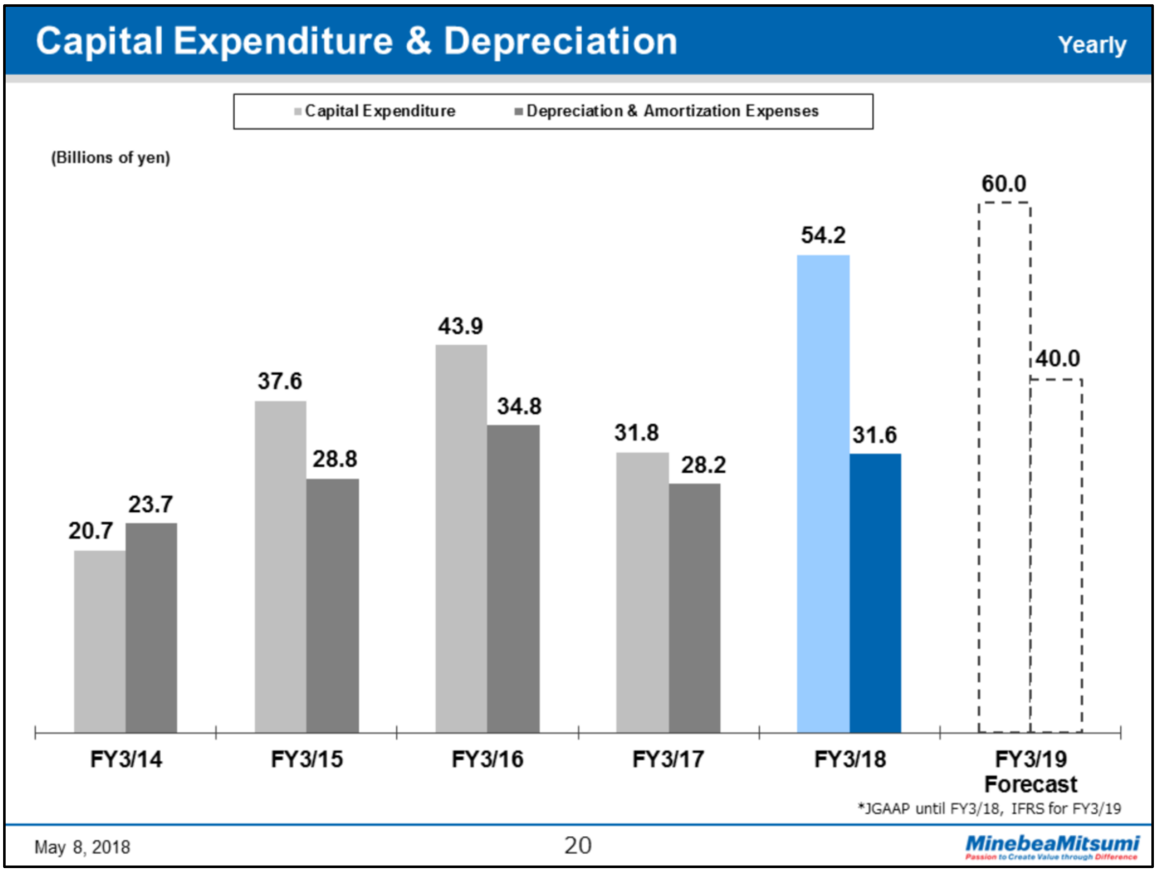
The bar graph here shows quarterly trends in SG&A expenses while the line graph charts changes in the SG&A expenses-to-sales ratio.

SG&A expenses rose 0.6 billion yen quarter on quarter to hit 25.0 billion yen while the SG&A expenses-to-sales ratio remained about as low as it was in the previous quarter at 11.1%.



Now let's turn to quarterly changes in inventory.

At the end of the fourth quarter, inventory totaled 150.1 billion yen, which is virtually the same as it was three months ago.

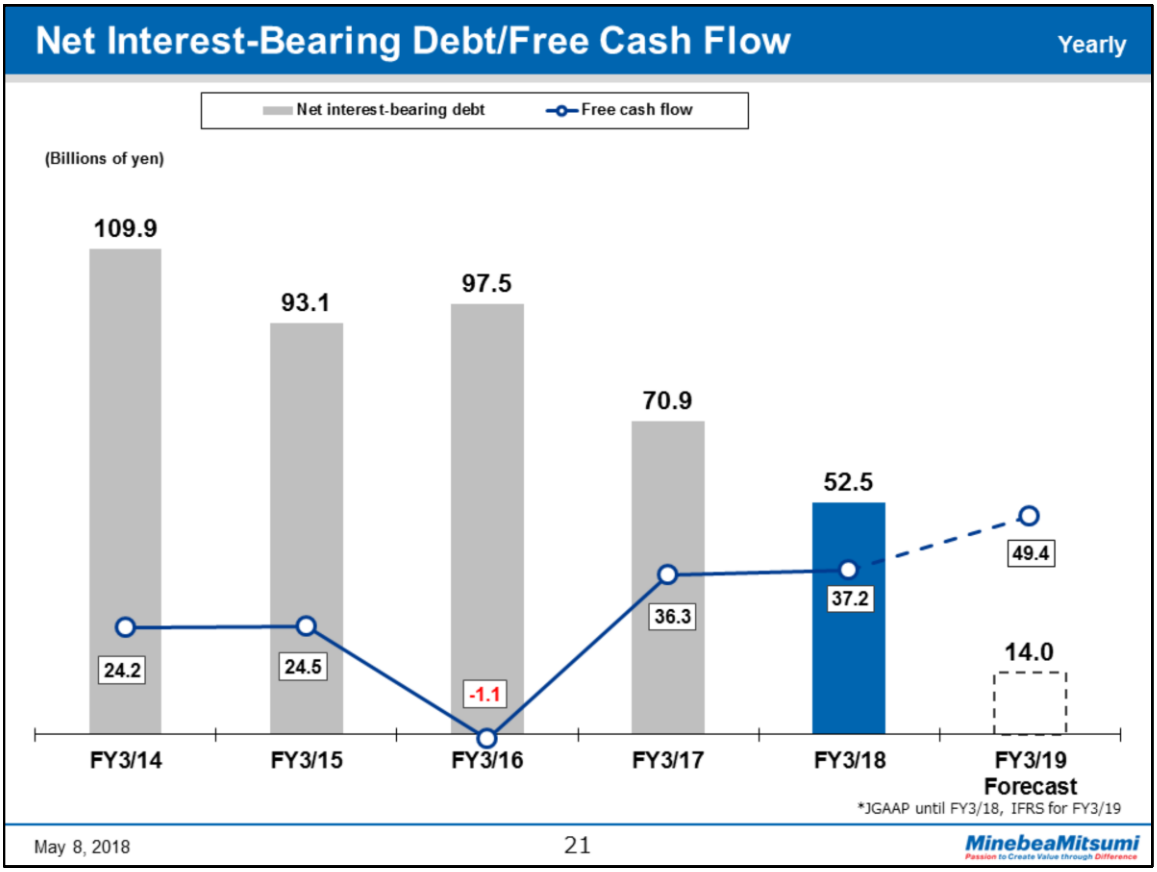


The bar graph on the left shows trends in capital expenditure while the one on the right charts depreciation.

In the fiscal year ended March 31, 2018, capital expenditure amounted to 54.2 billion yen and depreciation totaled 31.6 billion yen.

In the fiscal year ending March 31, 2019, capital expenditure is expected to increase to 60.0 billion yen, mainly due to investments in more production capacity to meet future demand.

Depreciation costs are expected to increase to 40.0 billion yen as well.



The bar graph shows the trend in net interest-bearing debt, calculated by subtracting cash and deposits from the total interest-bearing debt, while the line graph charts free cash flow.

Net interest-bearing debt as of March 31, 2018 amounted to 52.5 billion yen, which is a decrease of 18.4 billion yen from March 31, 2017.

Although capital investments are expected to increase in the fiscal year ending March 31, 2019, net interest-bearing debt is expected to decline further due to an improvement in free cash flow due to the expansion of profits. At the same time, we will continue to pursue an aggressive M&A strategy and other initiatives that will lead to medium-term growth.

Forecast for Fiscal Year Ending March 31, 2019

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

(Millions of yen)	FY3/18 Full Year	FY3/19 1st Half	FY3/19 2nd Half	FY3/19 Full Year	FY3/19 YoY
Net sales	879,139	453,800	486,200	940,000	+6.9%
Operating income	79,162	31,500	51,500	83,000	+4.8%
Ordinary income	78,038				
Income attributable to owners of the parent	59,382	24,500	40,500	65,000	+9.5%
Net income per share (yen)	141.14	58.42	96.58	155.00	+9.8%

Foreign Exchange Rates	FY3/18 Full Year	FY3/19 Full Year Assumptions
US$	¥111.19	¥105.00
Euro	¥129.36	¥130.00
Thai Baht	¥3.35	¥3.39
Chinese RMB	¥16.70	¥16.90

*JGAAP until FY3/18, IFRS for FY3/19

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This is a summary of the forecast for the fiscal year ending March 31, 2019.

In the fiscal year ending March 31, 2019, we expect net sales, operating income, and net income to all reach record highs.

Although sales in the Electronic Devices & Components segment are expected to decline, overall sales are expected to increase due to factors such as a strong demand for ball bearings, the anchor product of our machine components business, and an expected increase in sales due to a boost in production capacity, as well as the sales increase due to contract change with customers.

For the fiscal year ending March 31, 2019, we are forecasting that operating income will increase to 83,000 million yen, due mainly to a steady increase in production and shipments for businesses across the board, including ball bearings, rod-end fastener and motors, despite the cloudy outlook for foreign exchange market as well as smartphone market trends.

Since we have adopted IFRS, beginning this fiscal year, we will no longer indicate ordinary income.

The exchange rate is assumed to be 105 yen to the U.S. dollar.

Forecast for Business Segment

(Millions of yen)	FY3/18	FY3/19			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	879,139	453,800	486,200	940,000	+6.9%
Machined components	176,391	94,500	95,500	190,000	+7.7%
Electronic devices and components	451,460	174,400	225,600	400,000	-11.4%
Mitsumi business	250,592	184,400	164,600	349,000	+39.3%
Other	695	500	500	1,000	+43.9%
Operating income	79,162	31,500	51,500	83,000	+4.8%
Machined components	42,727	23,600	25,400	49,000	+14.7%
Electronic devices and components	31,189	5,300	19,700	25,000	-19.8%
Mitsumi business	21,512	11,100	14,900	26,000	+20.9%
Other	-125	-300	-200	-500	X4.0
Adjustment	-16,140	-8,200	-8,300	-16,500	+2.2%

*JGAAP until FY3/18, IFRS for FY3/19

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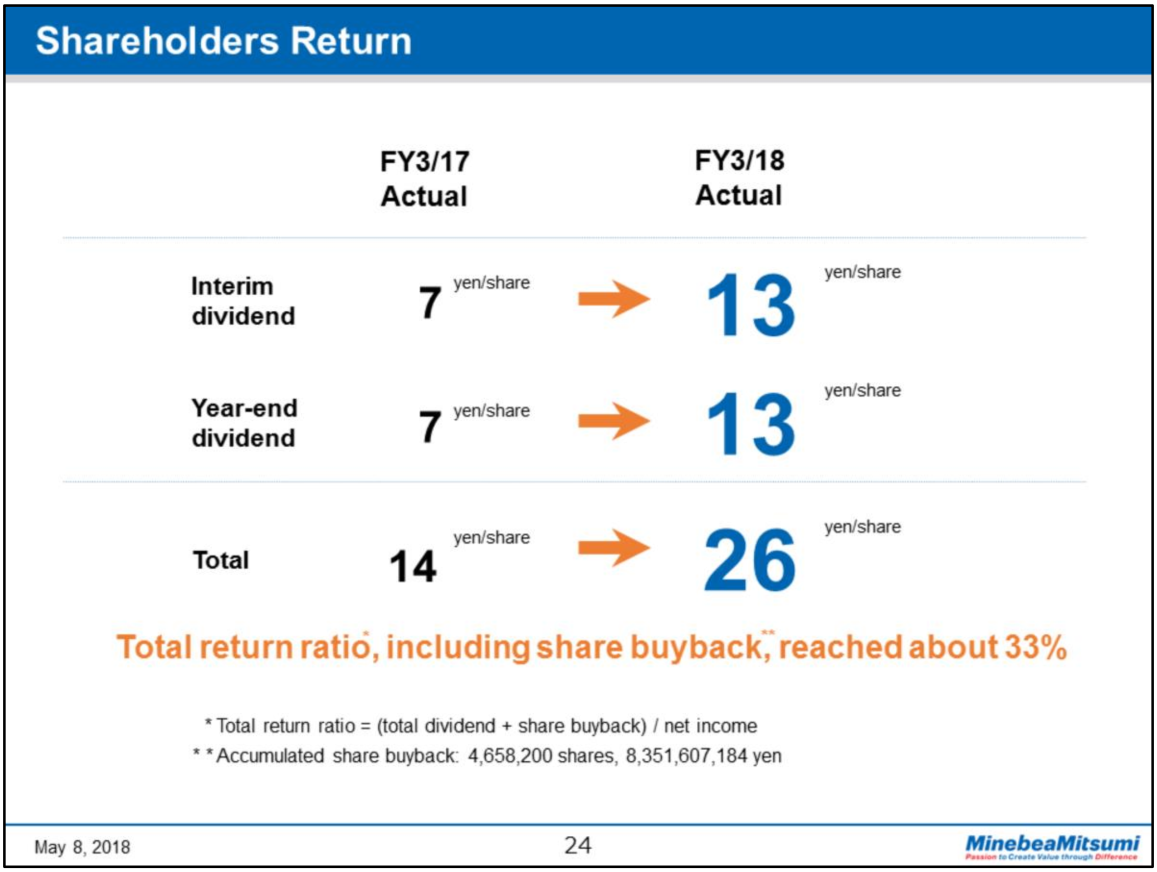
This is the forecast for each business segment.



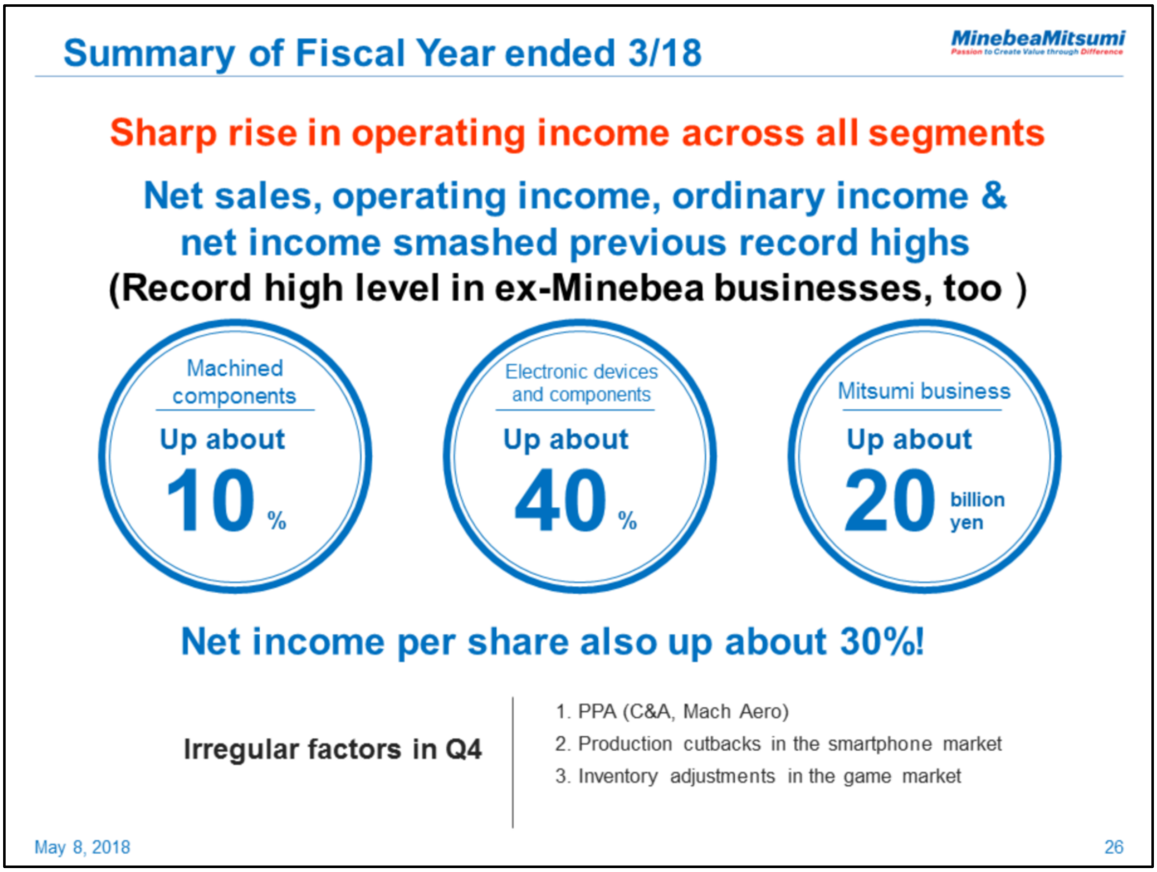
Now let’s turn to our shareholder returns policy.

As we explained at the second quarter financial results briefing last November, we significantly increased our dividend to 26 yen per share in the fiscal year ended March 31, 2018.

The total return ratio, including the share buyback program implemented last year, was approximately 33%.

That concludes my presentation.

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



The fiscal year ended March 31, 2018 finished on a high note with profits increasing for both the machined components business and the electronic devices and components business. While the previous highest operating income we ever achieved was 60.1 billion yen in the fiscal year ended March 31, 2015, combined operating income of these two business segments alone topped that figure in the fiscal year ended March 31, 2017. Although we saw a big turnaround in the Mitsumi business results, it was great to see that it was the old Minebea operations that broke the 60.1-billion-yen record all on their own. Operating income for the fiscal year ended March 31, 2015 consisted of 39.7 billion yen from machined components and 30.7 billion yen from electronic devices and components. The figures for the fiscal year ended March 31, 2018 were 42.7 billion yen and 31.2 billion yen respectively. If we were to exclude the PPA expenses noted earlier, these figures would have been 43.4 billion yen and 31.2 billion yen.

You could say we only achieved 99% of our target, and that’s partially due to a few curve balls. We didn't expect 0.7-billion-yen in PPA expenses, and to be honest, February smartphone and game-related sales slowed down more than we had expected.

Summary of Fiscal Year ending 3/19

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Kept the initial forecast conservative as usual

Key points from this fiscal year

- **Machined components profits** continue **growing** (ball bearings, rod-ends)
- **Kept smartphone volume and LED backlight yield** estimates **conservative**
- Production capacity of game console sets to **+ 50% YoY**
- **Change in sales composition**
  (Drop in LED backlight sales, due to cost for customer-provided parts, will be offset by sales increase due to contract change in OEM business)
- Exchange rate estimated at **1USD = ¥105**

(Millions of yen)	FY3/18 Full Year	FY3/19 Plan 1st Half	FY3/19 Plan 2nd Half	FY3/19 Plan Full Year	FY3/19 Plan YoY
Net sales	879,139	**453,800**	**486,200**	**940,000**	+6.9%
Operating income	79,162	**31,500**	**51,500**	**83,000**	+4.8%
Income attributable to owners of the parent	59,382	**24,500**	**40,500**	**65,000**	+9.5%
Net income per share (yen)	141.14	**58.42**	**96.58**	**155.00**	+9.8%

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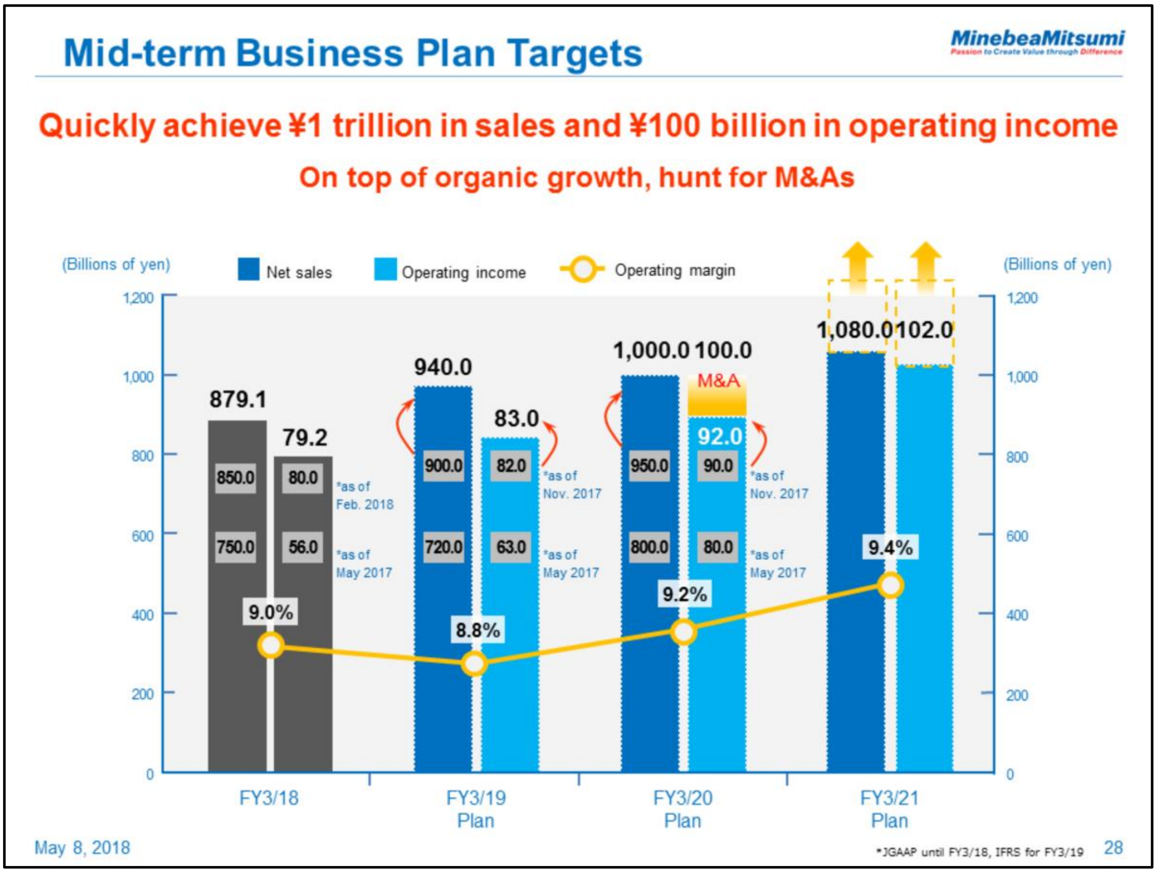
*JGAAP until FY3/18, IFRS for FY3/19 27

Since we handle a great variety of parts and components, we are exposed to different market dynamics and competitive environments. Among all these parts and components, I believe our focus this year should be on the smartphone sales volumes and yield for LED backlights.

While the newspapers say smartphones have hit their peak, I personally believe this year's models will sell. That said, we intend to keep our forecast on the conservative side here because of looming uncertainties such as price figures.

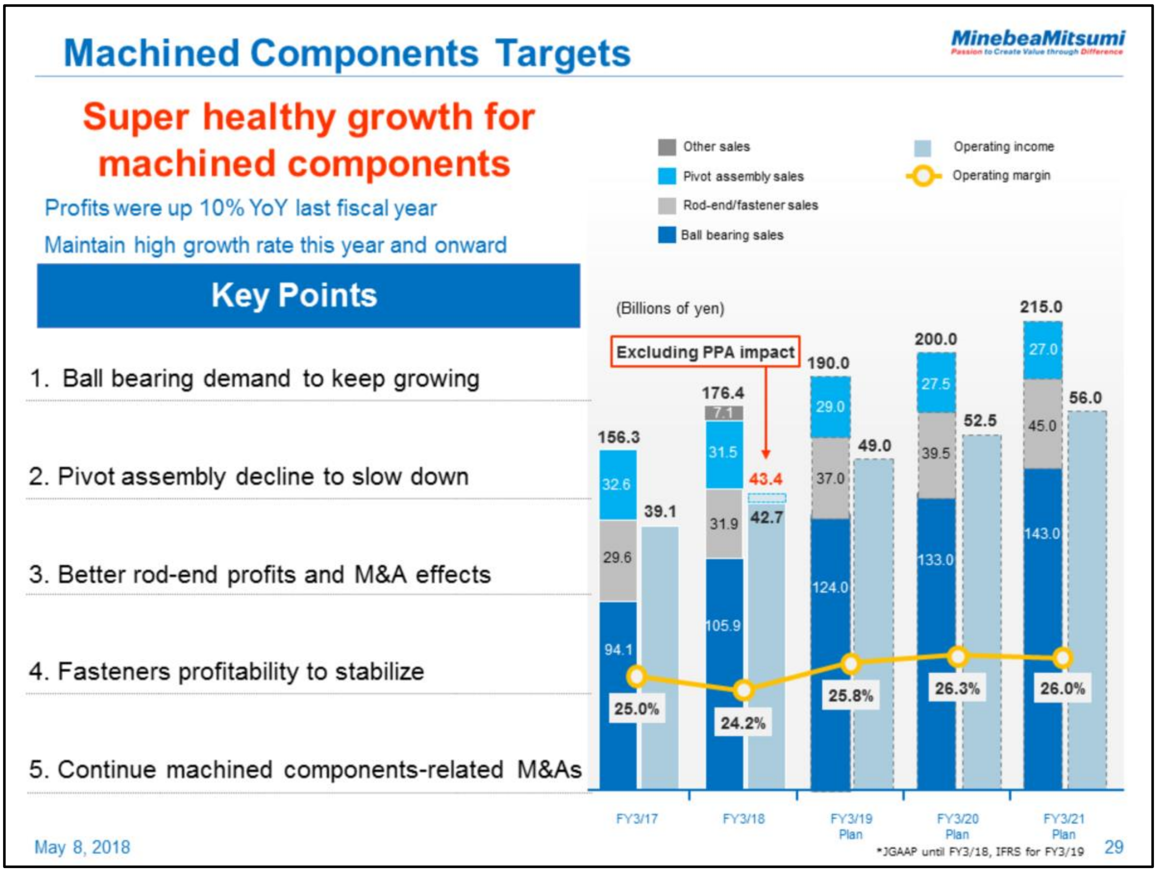
We expect some ups and downs in sales. Electronic devices and components sales are expected to drop while sales for the Mitsumi business will be up. While the electronic devices and components business sees a decline in customer-provided parts for LED backlights, the Mitsumi business experiences an uptick in sales as we changed the contract with a customer. This sales increase happened to amount to about the same as the sales drop.

We expect sales to make up for lost ground in the second half of this fiscal year to give us a totally different picture from what we saw last fiscal year.



The operating income target for the fiscal year ended March 31, 2018 that we announced at the beginning of the year was 56.0 billion yen, which was later changed to 80.0 billion yen when we announced the third quarter results. At the end of the day it actually came to 79.2 billion yen. While the operating income target for the fiscal year ending March 31, 2019 was initially set at 63.0 billion yen and revised upward to 82.0 billion yen when we announced our second quarter results, our target figure now is 83.0 billion yen.

We're aiming for 1 trillion yen in net sales and 100 billion yen in operating income next fiscal year. While we initially set our sights on 80.0 billion yen in operating income and later revised it to 90.0 billion yen, we are now aiming for 92.0 billion yen and plan to make the extra 8.0 billion yen with M&As.



We made remarkable progress in the machined components business.

Once the Mitsumi business' performance started to pick up steam, I made various suggestions for improving the machined components business operations for the first time since I joined the company and I can see them starting to work.

Ball Bearing Business Strategy

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Miniature/small-sized bearings and medium- and large-sized bearings are similar but totally different market structures!

Key words/phrases:

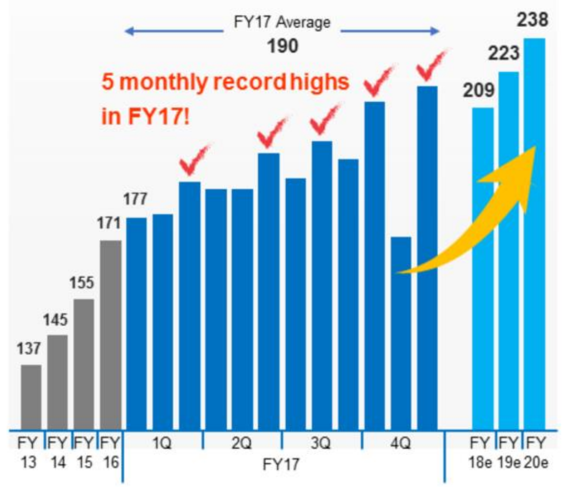
- **Automobiles**
- **Data centers**
- **Drones (key safety components)**
- **Industrial inverters Robot controllers (ultra-high quality products)**

Production capacity

This FY: 300 million units/month

Next FY: 315 million units/month

Ball Bearing External Shipment (millions/month)



Prices are being revised for some products

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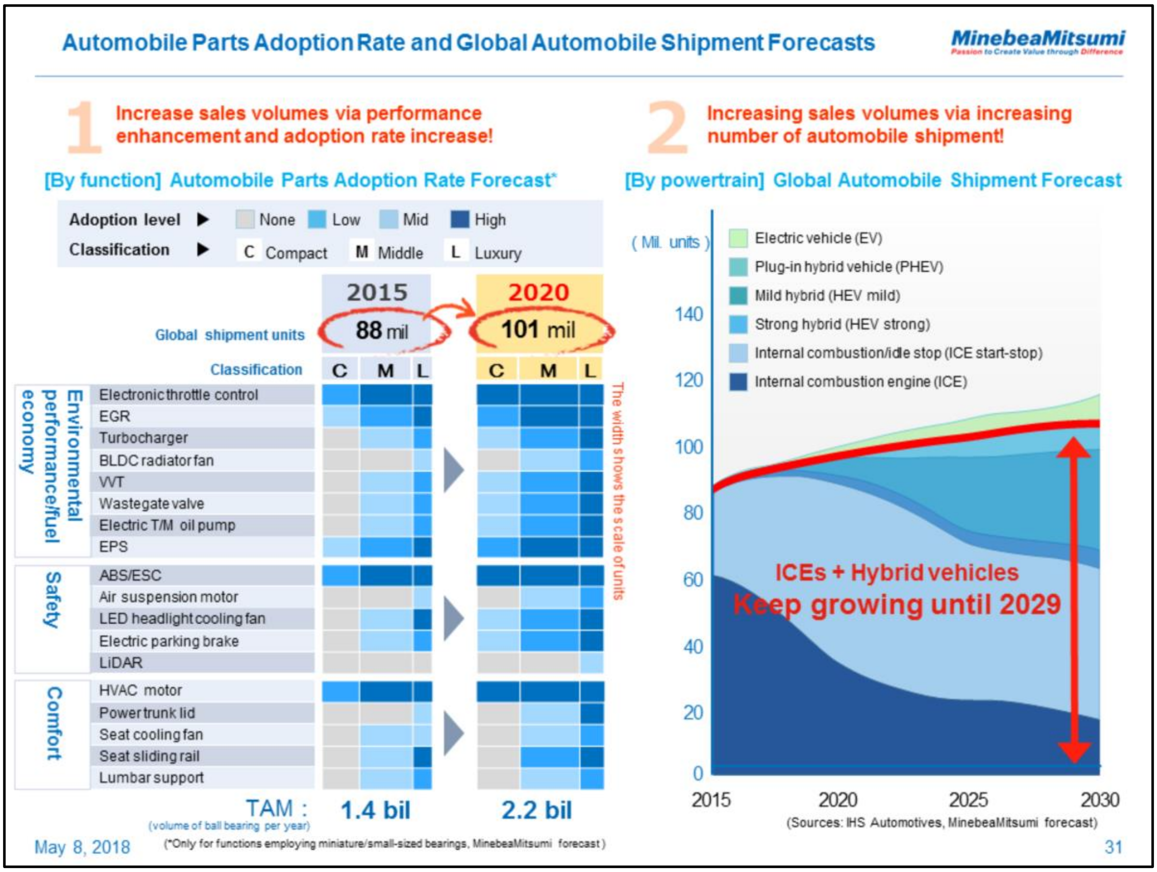
When I talk about miniature and small-sized bearings at an IR meeting, people often ask me to provide a more specific explanation of why small-sized bearings are doing so well. Today I'm going to take a moment to tell you why sales of these bearings are booming.

First let's look at the historical sales data. The monthly average external shipment volume for FY2013 was 137 million units and gradually increased year on year to 145 million, 155 million, 171 million, and finally to 190 million in FY2017. We expect it to reach 209 million units this year. We also plan to make two capital investments, which we’ve already announced, to increase our monthly production capacity to 300 million units this fiscal year and 315 million units next fiscal year.

As shown under “key words and phrases,” automobiles, data centers, drones, industrial inverters, and robot controllers are driving demand up.



This slide explains why demand for miniature and small-sized automobile bearings is increasing.

The global automobile shipment volume, which was 88 million units in 2015, is expected to continue inching up annually until it reaches 100 million units in 2020. As you can see here, the class of vehicle is pretty much shifting towards luxury cars. On top of that, various functions using bearings, which are now available only in luxury cars, will be featured in compact and mid-class cars.

According to our estimate, annual demand for TAM is expected to grow from 1.4 billion units to 2.2 billion units over the five years.

Number of Bearings per Vehicle

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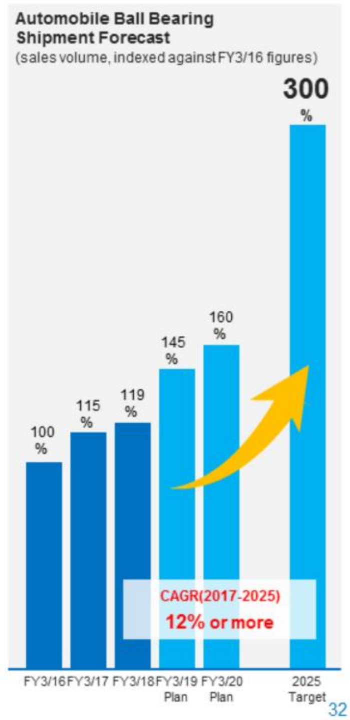
3 EVs to fuel sharp sales volume increase!

Number of miniature/small-sized bearings used per vehicle

■Functions specific to gasoline-powered cars
■Functions specific to HEVs/PHEVs/EVs

	Internal combustion engine (ICE)	Hybrid vehicle (HEV/PHEV)	Electric vehicle (EV)
Powertrain (power and drive systems)	**15**	**19**	**16**
Engine	6-10	6-10	-
Transmission	2-5	2-5	-
Battery	-	4	8
EV pumps	-	-	4
Other	3-5	3-5	3-5
Chassis (vehicle frame)	**10**	**14**	**22**
ABS/ESC (anti-skidding)	2	2	2
EPS (steering)	2	2	2
Brake/suspension	6	10	18
Body/other	**20**	**20**	**30**
Headlight	4-20	4-20	4-20
Seat (safety device, fan, etc.)	6-10	6-10	6-10
Other (air conditioner, sensors, doors, etc.)	5-10	5-10	10-20
Total	**45**	**53**	**68**

*MinebeaMitsumi data for bearings with an external diameter of 22 mm or less used in luxury cars



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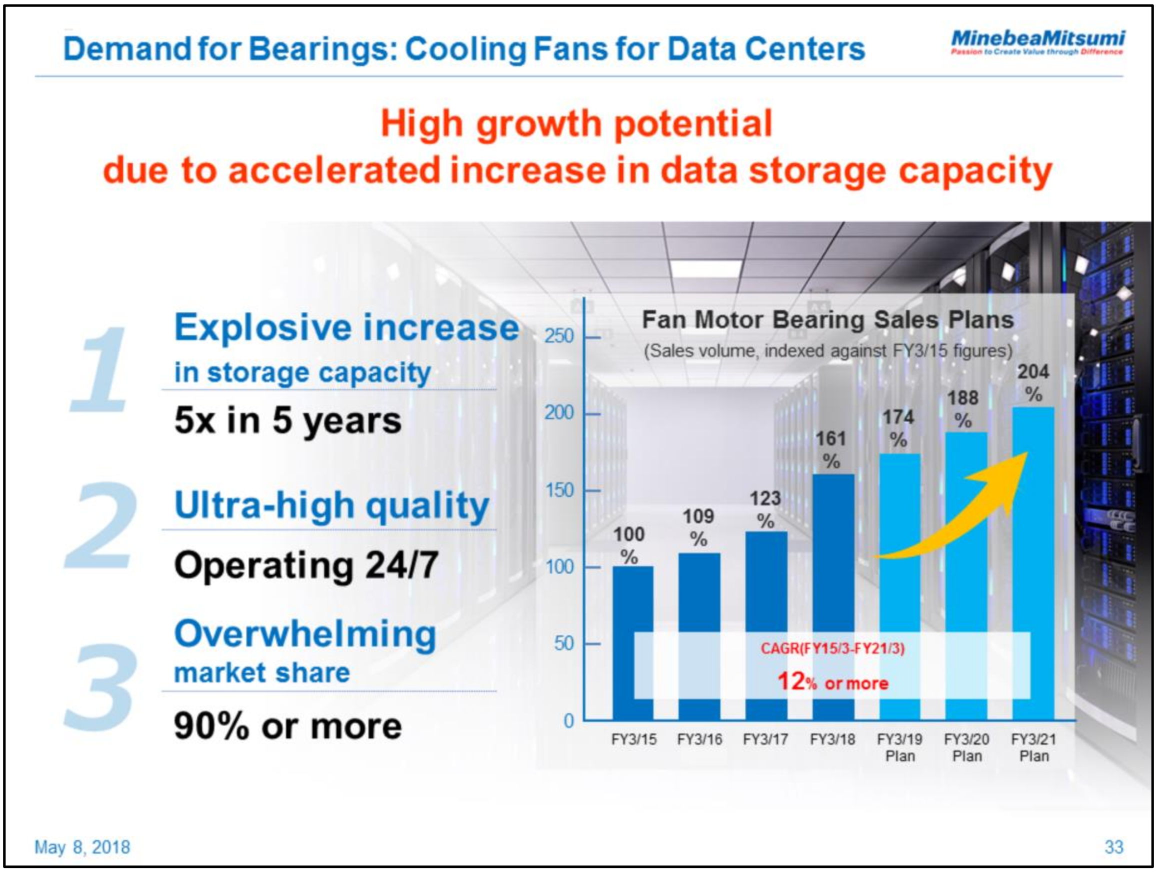
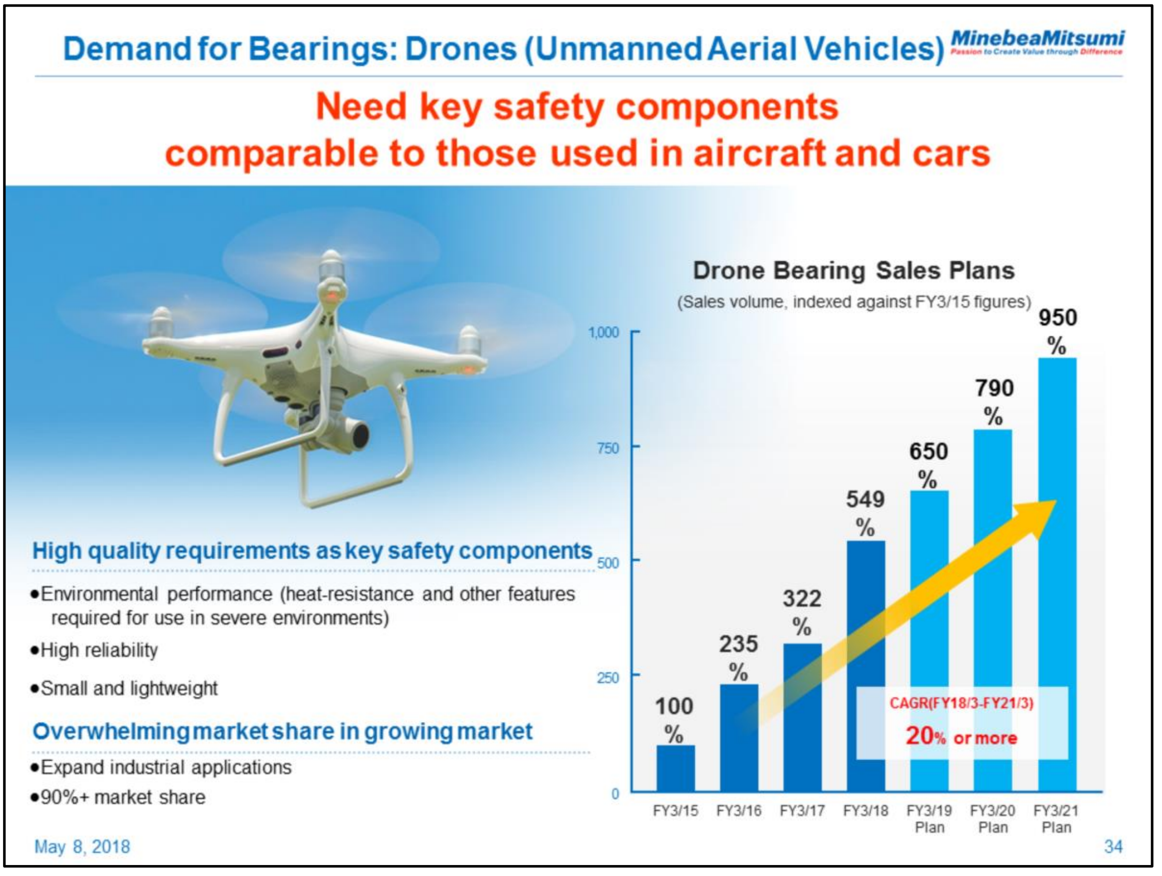
This slide explains why electric vehicle production drives demand for bearings up, which is another question I'm frequently asked.

After much research and analysis, I found that approximately 45 bearings are employed in gasoline-fueled car manufactured today, primarily luxury cars. That number is estimated to be 68 for electric vehicles. Please take a look at the details provided on the slide.

Bearings are primarily used in battery-related components, and since an electric vehicle does not have an engine, the pump drive is replaced by a motor. While electric vehicles don't use hydraulic controls at all, hybrid vehicles use a motor to pressurize the working fluid while the engine is stopped. Bearings are used in the motors.



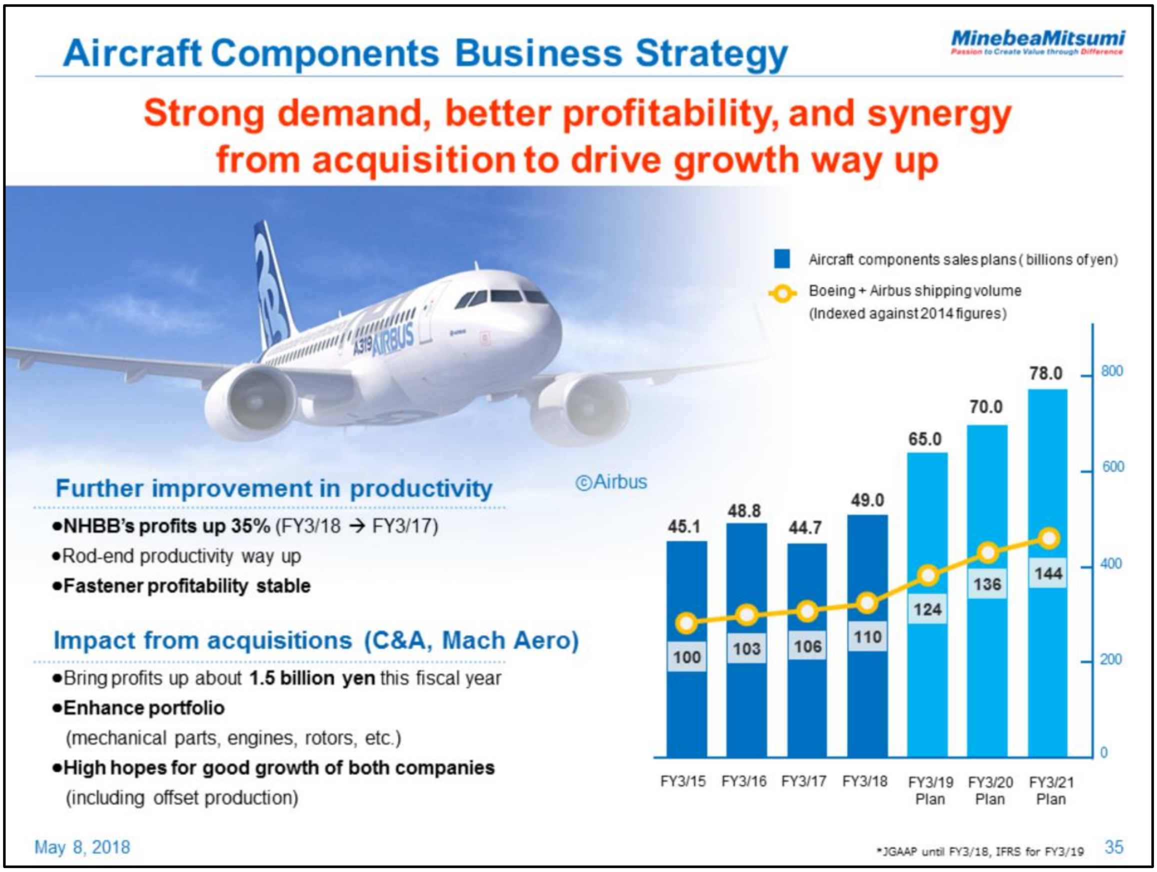
As I mentioned before, demand for the cooling fans used in data centers is sharply rising due to the increasing storage capacity.



Drone sales are also soaring.

We are the sole bearing supplier to the world's largest drone manufacturer, and our drone bearings, like our automobile bearings, are designed to weather any environmental condition, from cold to hot climates. Since it takes just a second for it to reach its top rotating speed, only precision bearings can be used to avoid motor overload. Any failure will cause a drone to crash, so these bearings must be extremely reliable. That's why we have more than a 90% share of the market.

Today drones are used in a host of different ways, and the growing array of applications should also drive bearing demand up even further. That's it for bearings.



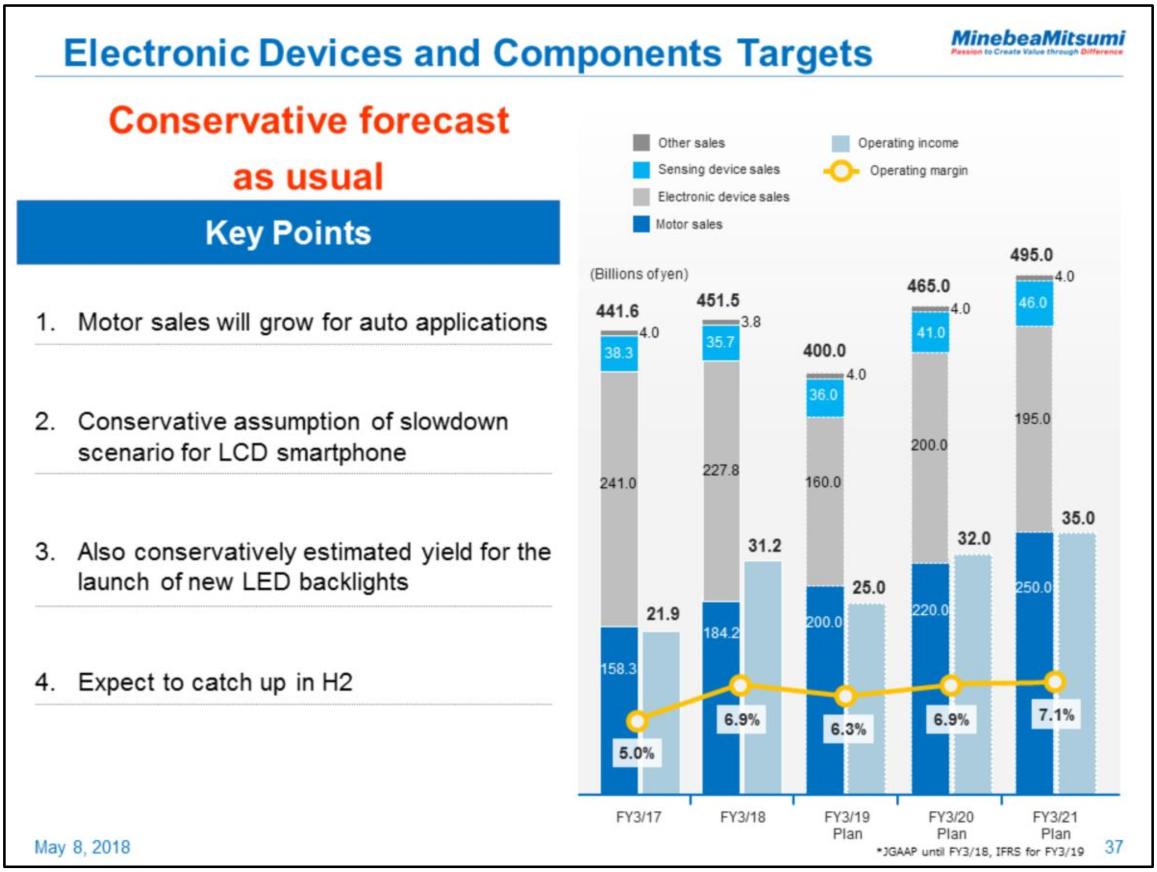
The aircraft components business are expected to see profits jump by approximately 1.5 billion yen as a result of the acquisition of C&A and Mach Aero in addition to the turnaround of NHBB whose profits rose by 35%. The company is expected to enjoy a more than 10% profit increase this fiscal year.

I'm also looking forward to developments in the offset business. Mach Aero has a factory in India where a growing number of inquiries have been pouring in. While its leased number two production facility was empty when we visited there in the run-up to the acquisition, it's now fully equipped with machinery and we are going to install equipment in its third production facility as well.

We are going to soon start seeing lots of synergy with C&A, Mach Aero, and NHBB.

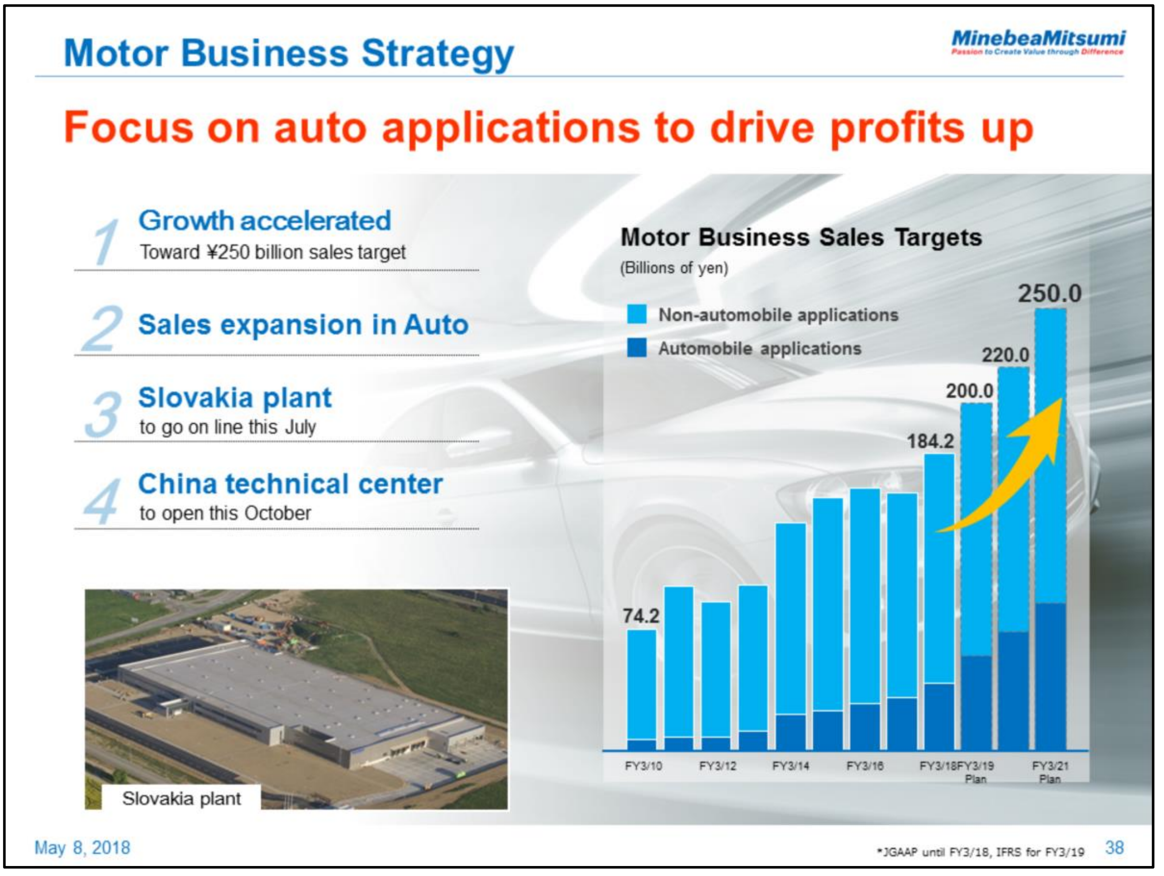
Although we were expecting the pivot assembly market to shrink, with the growing storage capacity of HDDs, an HDD maker announced that they would use two pivots (that’s four bearings) for their large capacity HDDs and four pivots for their HDDs with an even larger capacity.

Today people use HDDs to store non-urgent or old data and SDDs for data that needs to be retrieved quickly. This trend has resulted in increasing density per HDD and should help buoy demand for bearings.



As I noted earlier, I personally think smartphones will sell well this year, but our targets have been set on the conservative side for the electronic devices and components business since we haven't finalized the prices for backlights and haven't fully simulated losses from the new product launch.

Last year our initial operating income target was 22.0 billion yen but the actual figure was 31.2 billion yen, so we can't tell what our results will be like at this time. Keep in mind that our targets are conservative.



Net sales for the motor business reached 184.2 billion yen last fiscal year.

Construction of our Slovakia plant will be completed at the end of May, and we plan to use it mainly for automotive motors. I have been informed that the business segment could be able to generate at least 200.0 billion yen in sales this fiscal year.

Inquiries regarding our products are flooding in, and some of them are about large quantities. If we can secure these kind of orders, we should be able to take our motor business, especially automotive motors, to new heights.

We decided to open the China Technical Center this October.

Now that we make not only motors but also various other products for automobile applications such as bearings, LED backlights, semiconductors, connectors, antennas, and coils, we wanted to have one central spot where we could closely study the technologies related to these products.

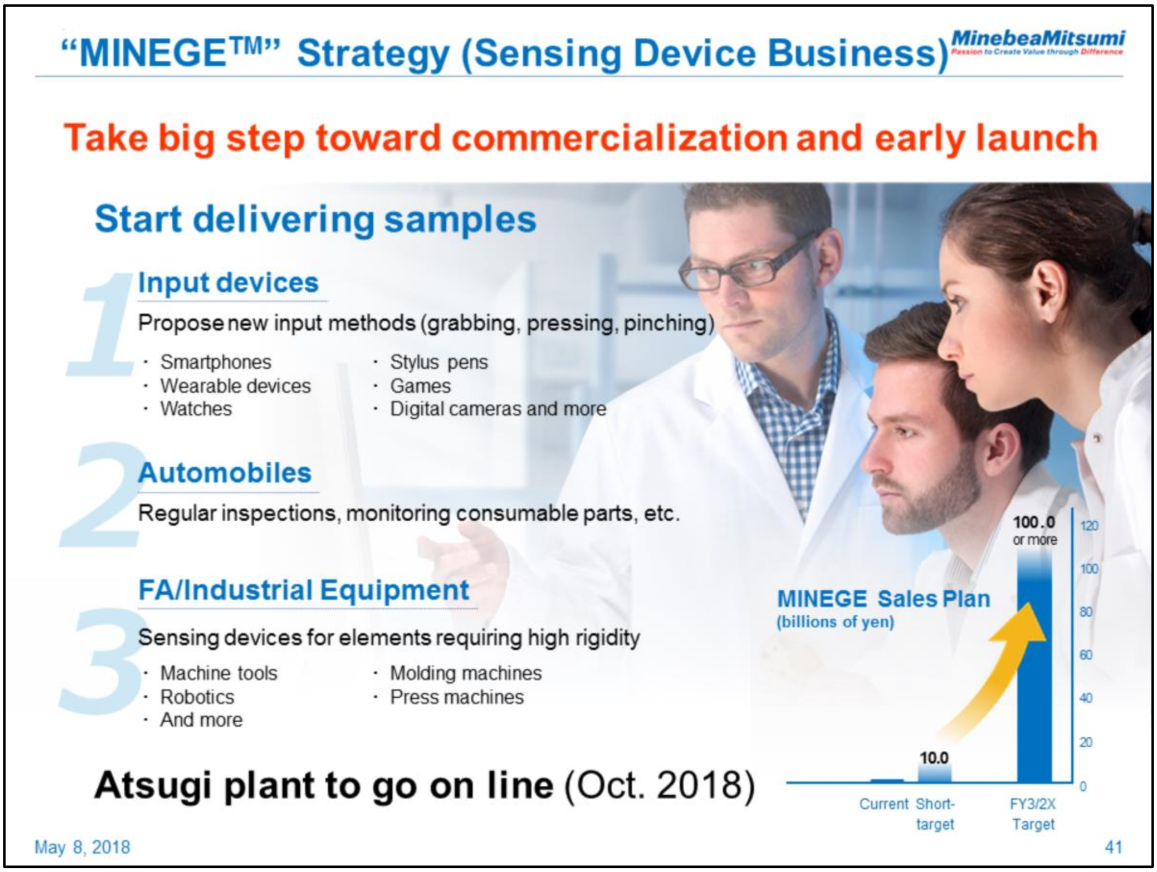
Suzhou proved to be the ideal location since its conveniently situated near Shanghai and within proximity to a number of technical universities, which will give us access to young talent. Another reason is that we provide one-stop sales and marketing resources there for ex-Minebea and Mitsumi automotive products.

We’re looking to open a similar facility in Europe as well.

It's important that customers see exactly how big our operations are, so this move will be sure to make some kind of positive impression.

Our strategies for the LED backlight business, which was once of tremendous concern to everyone, are as shown on the slide.

As a second joint project with supply chain companies we have started developing new LED backlights for LCD displays with an eye to making advancements that will enable them to compete with OLED displays. While there are pros and cons, OLED generally consumes more power, requiring more batteries, and is subject to burn-in. On the other hand, a big drawback of LCD displays is the problem with contrast between black and white. We are forging ahead with a focus on these problems in the hopes of releasing another new product as soon as possible.



I'm happy to tell you that we have been steadily delivering samples of MINEGE products to different customers and have been getting positive feedback.

Some customers have asked for numerous samples, but since there has been a setback in installing machines at our Atsugi plant due to the delayed delivery of manufacturing equipment parts, etc., the launch of operations there is running behind schedule. We should be able to ship enough samples beginning in October, so we hope you can give us some more time.

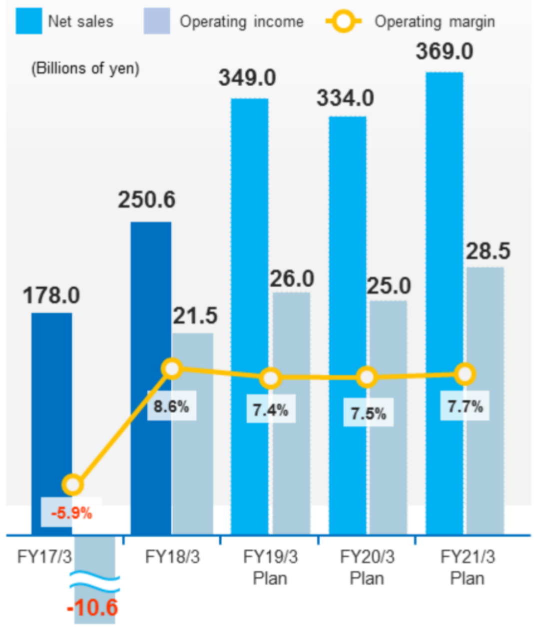
Mitsumi Business Targets

MinebeaMitsumi

Improved productivity of 7 Spears products and sub-core businesses will drive profits up strongly

Key Points

1. Conservatively estimated OIS sales units for this fiscal year despite big boost in production capacity
2. Game consoles in step with market growth
3. Improve productivity and boost sales for Mitsumi core business
4. Launch a number of new products



*Sales increase due to contract change in OEM business since 4Q of FY3/18

*JGAAP until FY3/18, IFRS for FY3/19

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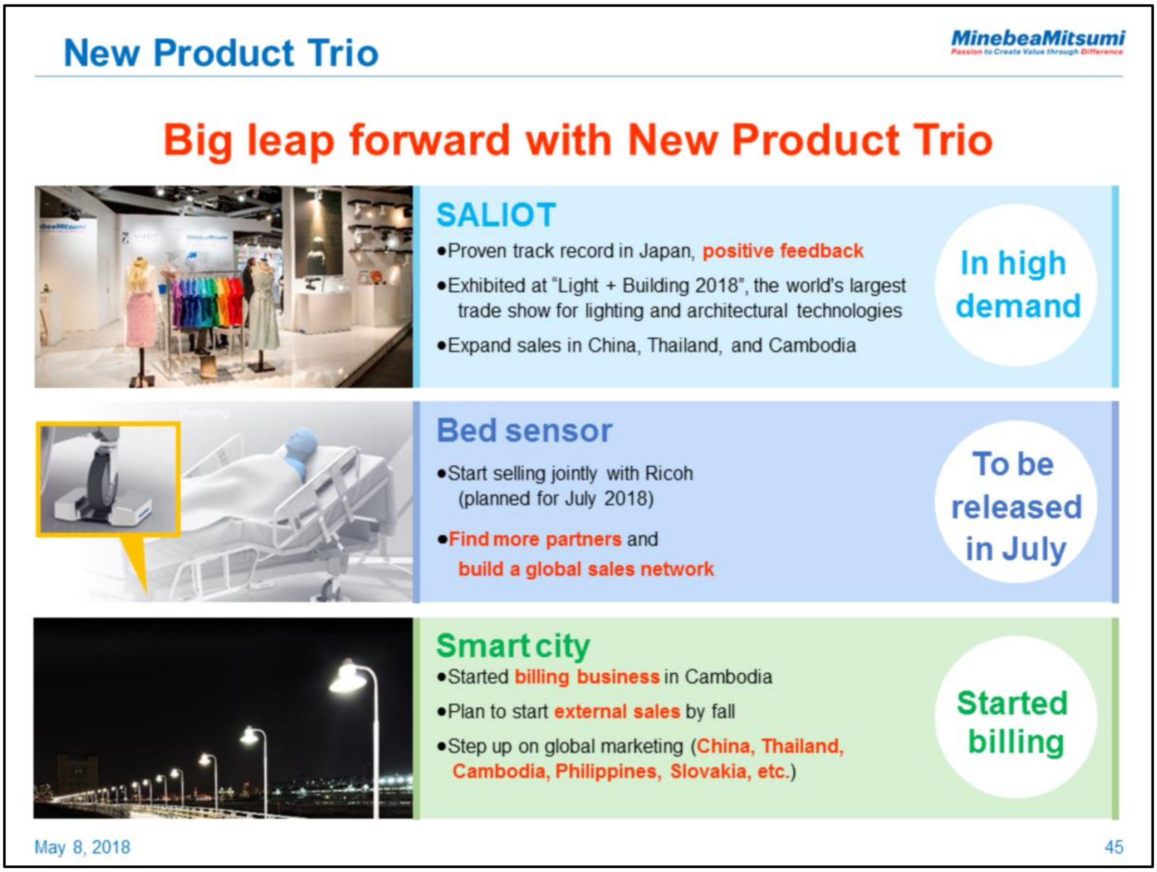
To tell you the truth, the Mitsumi business is largely dependent on game components and OIS sales. That's why we are doing our best to boost sales of Mitsumi's Seven Spears products, especially automobile products, connectors, and power supplies. Since productivity has improved really quickly, we believe we should focus on aggressively marketing our products this fiscal year with an eye to expanding our product lines.

On the upside, we increased production capacity for OISs and game components by about 50%.

This means that, if this year turns out to be a good year as various analysts have predicted the game and smartphone industries will be, we should see shipment volumes and sales increase and we will be ready for it.

Without going into detail about all the strategies for the Mitsumi business, we expect that this fiscal year you'll start seeing the new products listed in the lower part of the slide generating sales totaling about 10.0 billion yen.



Since we opened the SALIOT showroom, we've had lots of visitors and just as much interest for this line of products which is part of our "New Product Trio." Unlike cell phone parts, which can be launched quickly, it's a long-term project with limited staffs but I have a good feeling about it.

Once our bed sensors are released in July we will move on to the second phase of expandability and are looking to add different types of sensors to the bed sensor, such as an odor sensor. We are also looking to combine it with MINEGE in the second phase for monitoring more specific vital signs data such as heart rate.

Although they said that collecting fees was a challenge in the smart city business, we finally launched a billing business. After much trial and error to ensure operation in humid environments where the temperature reaches almost 40 degrees Celsius, we created a virtually automatic system equipped with a wireless dimming function. We will take a top-down approach and I myself will market our system in China, Thailand, Cambodia, the Philippines, Slovakia, and other locations where we operate. You can look forward to good things from us in the near future.

Mid-term Business Plan: Targets by Segment

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Raised mid-term targets for all segments

Machined Components

FY3/21 operating income target

¥56.0 billion

Increase monthly ball bearing production to

315 million units

ASAP

Electronic Devices and Components

FY3/21 operating income target

¥35.0 billion

Motor business sales growth rate

10% or more

Key revenue source

Mitsumi Business

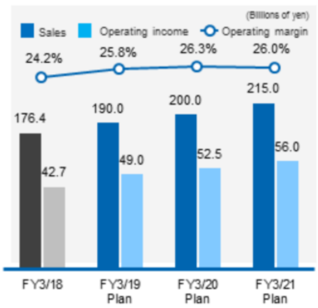
FY3/21 operating income target

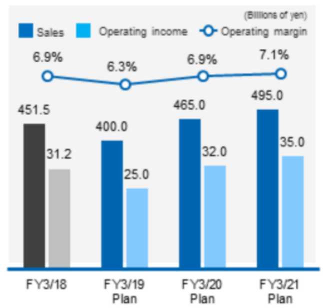
¥28.5 billion

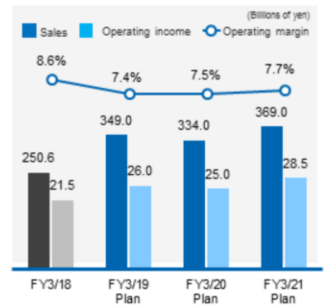
Operating income growth rate

+30% or more

FY3/18 vs. FY3/21 (forecast)







Other adjustments: -¥17.0 billion in FY3/19, ¥-17.5 billion in FY3/20, -¥17.5 billion in FY3/21

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*JGAAP until FY3/18, IFRS for FY3/19

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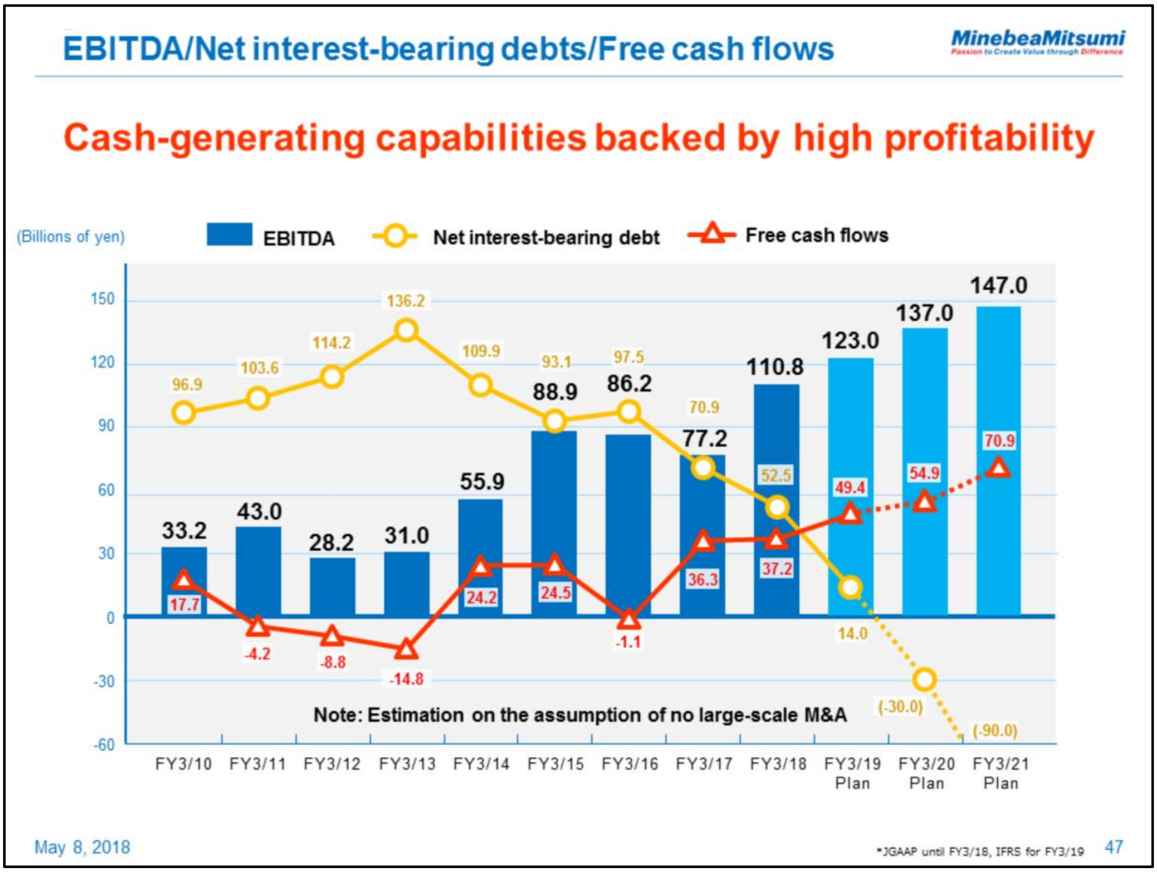
Here's a look at our medium-term business plan. These are the targets we are aiming to achieve over the next three years.



We have made good progress in generating cash.

Shareholder Return Policy

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Profit-sharing Policy

In using the free cash flow generated by following our mid-term business plan, we will **give priority to growth investing**, including M&As in Japan and overseas. At the same time we aim to pay steady dividends to our shareholders at a **payout ratio of around 20%**. We will also look at **flexible share buyback** with an eye to maintaining an optimal balance with growth investing to enhance capital efficiency.

Dividend Forecast

We will decide the amount at a **payout ratio of** around **20%**.

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Finally, with a payout ratio of 20% and net income of 65.0 billion yen, we should be able to raise the dividend amount to somewhere around 30 yen.

Going forward, we will concentrate on moving into the production phase for various projects we have in the works as we rise to meet to your expectations.

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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.

Reference

Operating Policies and Goals

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Passion to Create Value through Difference

Create new value from extraordinary difference

Close-up on Our Value Creation Equation

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Our value creation equation

*Mix & match means "combining" rather than "simple gathering" and integrating and utilizing the company's proprietary technologies to evolve the "seven spears" and to create synergies in various fields by combining the advanced products of the "seven spears."

Strengthen core businesses × Diversify business and establish niche (7 spears) × Mix & match* to create synergy = **Sustainable growth of MinebeaMitsumi**

Non-financial capital to build up strength

Intellectual capital
- Ultra-precision machining technology
- Comprehensive manufacturing, engineering, development, and sales capability
- M&A capability/PMI

Human capital
- Global human resources
- Women's empowerment
- Skilled workers/engineers

Instrumental capital
- Vertically-integrated manufacturing
- Global operation
- Accumulated manufacturing know-how

Value chain

- R&D
- Orders
- Production design
- Procurement
- Production
- Sales/CS
- Feedback

Business strategy

- Mid-term business plan
- 7 spears strategy
- ESG/SDGs

Financial capital

- Profitability from numerous No. 1 products (net sales, profit, EPS)
- Aggressive capital investments
- Financial balance via leverage
- Ability to generate cash and debt capacity for big M&As
- Flexible shareholder return policy

Environmental/social value created

- Mass production with minimum environmental footprint
- Creating environmentally friendly products
- Using IoT to help build smart industry
- Turn farmers in emerging markets into hi-tech industry workers
- Empowering women worldwide

Economic value created

- Environmentally friendly products
- Numerous No.1 products
- High operating margin
- Ability to generate cash backed by high profitability
- ROE

Fundamental philosophy

- Highly transparent operation based on the Five Principles, our corporate credo
- Passion to Create Value through Difference
- Commitment to manufacturing

ESG: Aiming to be an indispensable company for society

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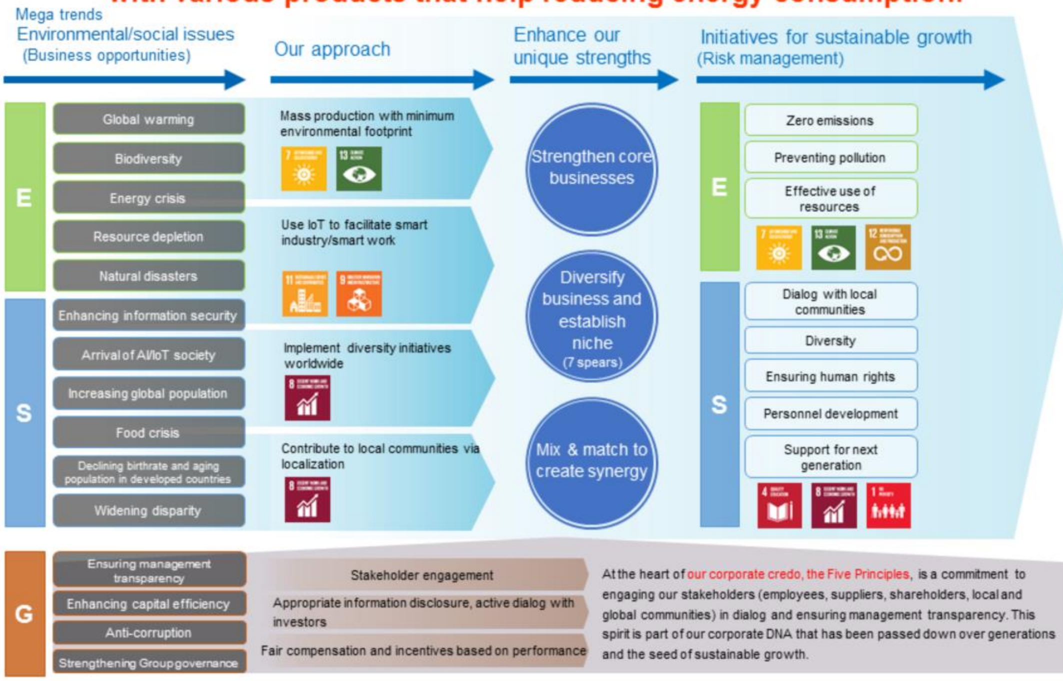
We will contribute to the environment and society through our business with various products that help reducing energy consumption.



Financial discipline and KPI target

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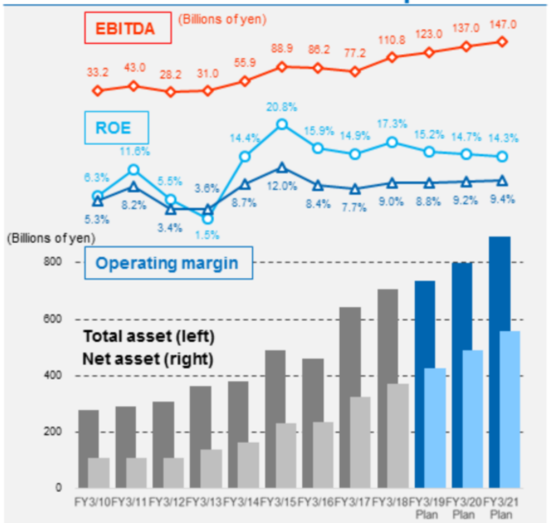
Making growth investment (including M&A) the first priority, utilize generated cash to strengthen financial structure and for shareholders return with keeping financial discipline

Cash and financial discipline



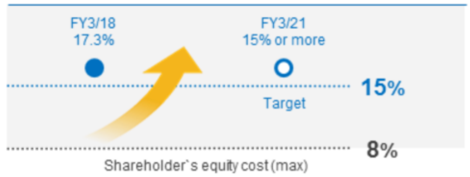
Capital ratio	38.5 %	37.1 %	35.7 %	36.2 %	41.4 %	46.1 %	50.2 %	50.0 %	51.7 %	58.1 %	61.2 %	62.6 %

FY3/19 onward, ROE = Net income / Net asset, Equity ratio = Net asset / Total asset

KPI Target

①ROE	15% or more
②Operating margin	10%
③EBITDA margin	15%
④Net D/E ratio	0.2 times
⑤Equity ratio	50% or more

Equity Spread



*JGAAP until FY3/18, IFRS for FY3/19