

# Business Results

Third Quarter of Fiscal Year  
Ending March 31, 2019

**MinebeaMitsumi Inc.**

**February 6, 2019**

## Net Sales, OP, etc. All Hit Record Highs

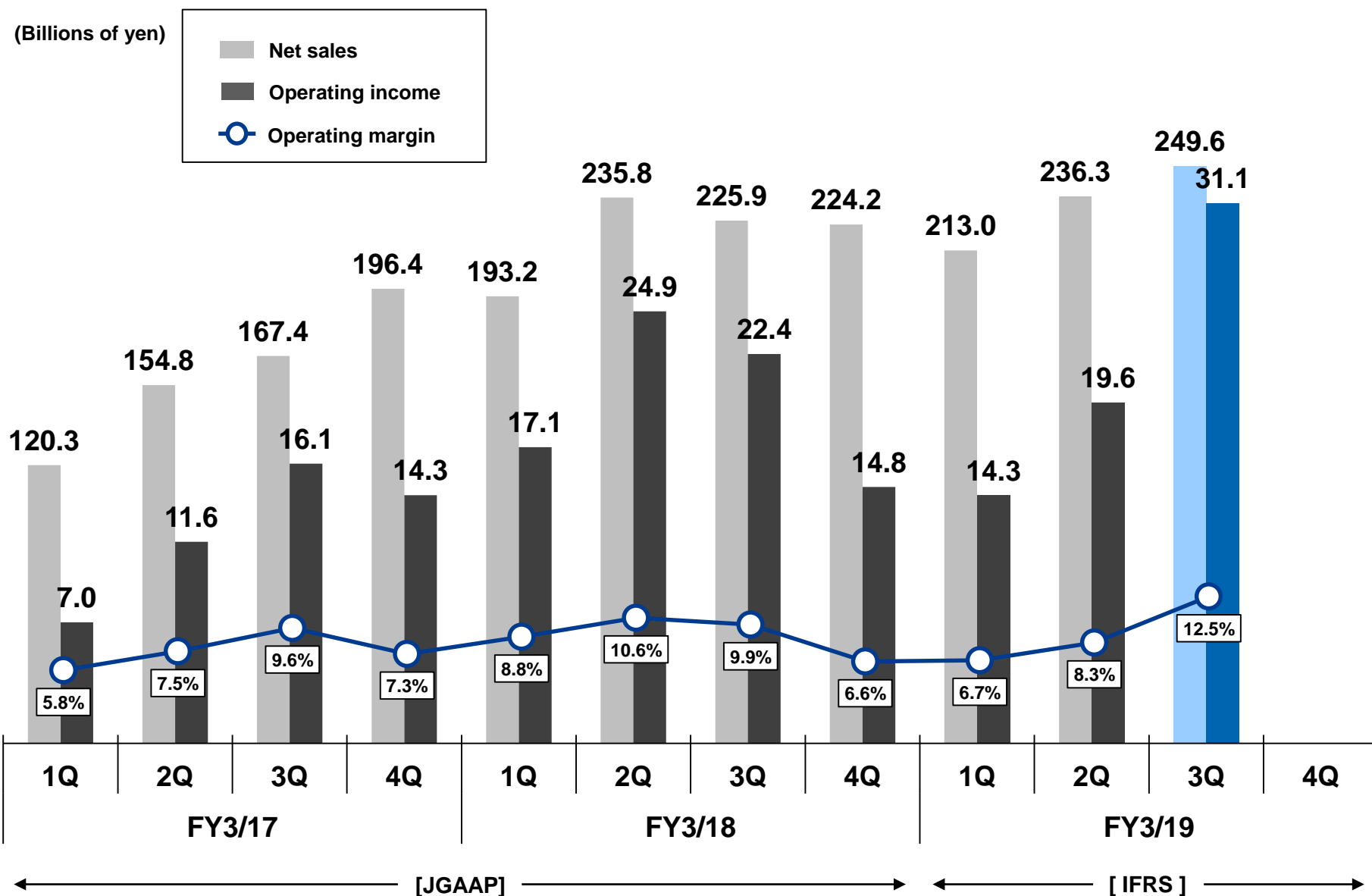
[ IFRS ]

(Millions of yen)	FY3/18	FY3/19		Change	
	3Q	2Q	3Q	YoY	QoQ
Net sales	224,389	236,330	249,570	+11.2%	+5.6%
Operating income	21,051	19,624	31,124	+47.9%	+58.6%
Profit before taxes	20,700	20,106	30,333	+46.5%	+50.9%
Profit for the period attributable to owners of the parent	16,998	15,970	24,177	+42.2%	+51.4%
Earnings per share, basic (yen)	40.55	38.04	57.92	+42.8%	+52.3%

Foreign Exchange Rates	FY3/18 3Q	FY3/19 2Q	FY3/19 3Q
US\$	¥112.65	¥110.87	¥113.43
Euro	¥132.47	¥129.13	¥129.92
Thai Baht	¥3.41	¥3.35	¥3.45
Chinese RMB	¥16.95	¥16.37	¥16.35

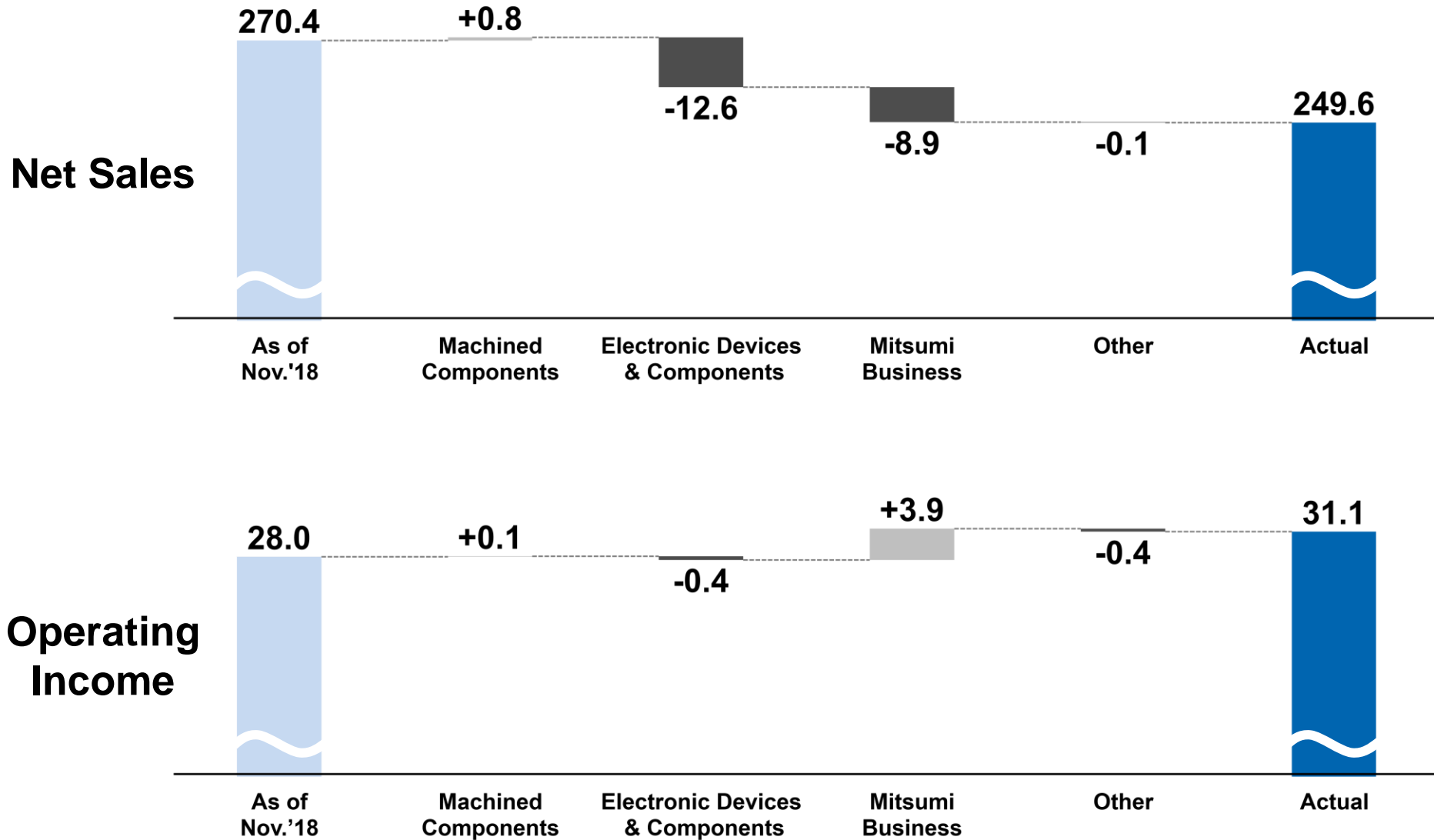
# Net Sales, Operating Income/Margin

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



# 3Q Actual: Differences from the Forecast as of Nov.'18

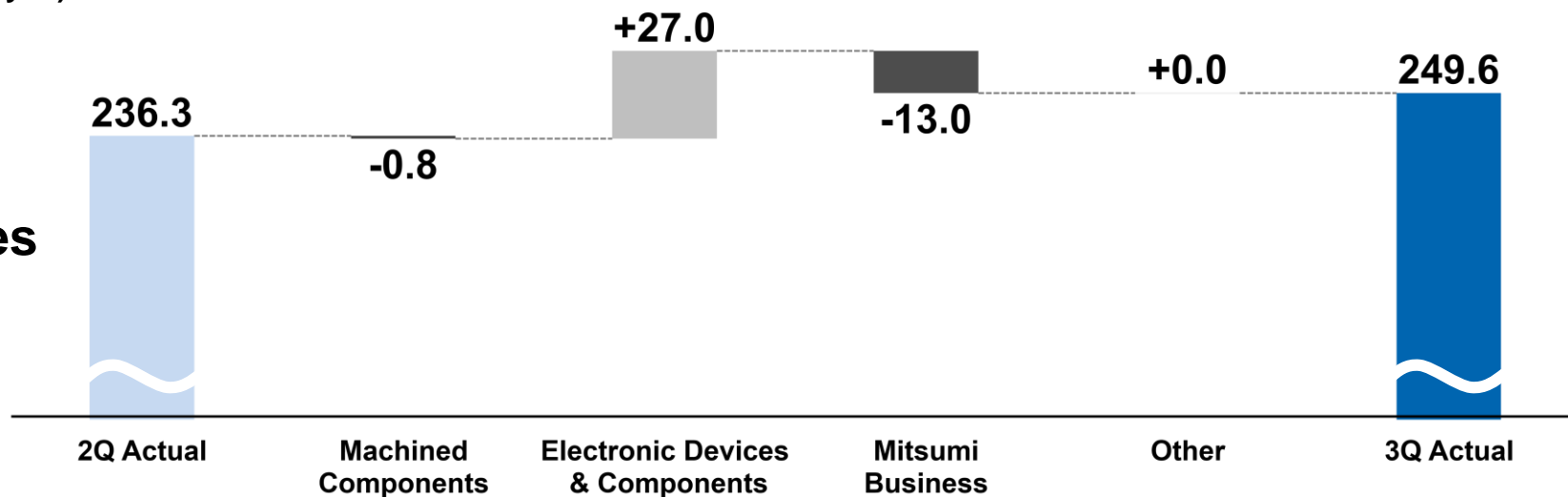
(Billions of yen)



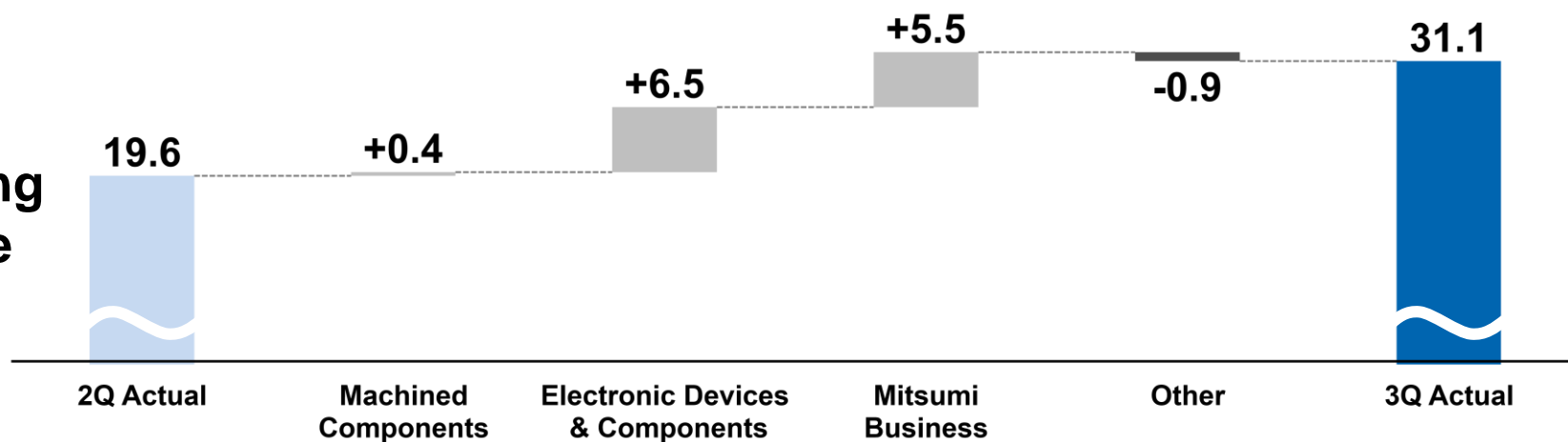
# 3Q Actual: Differences from 2Q Actual

(Billions of yen)

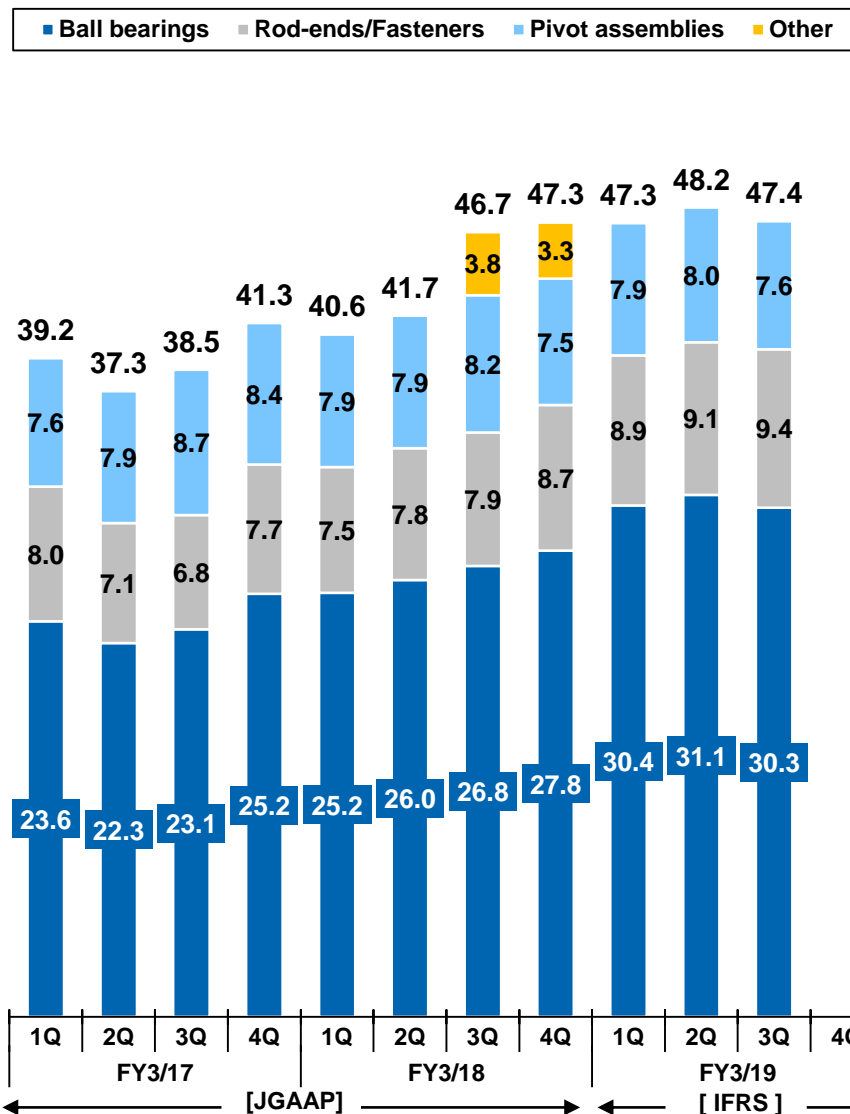
## Net Sales



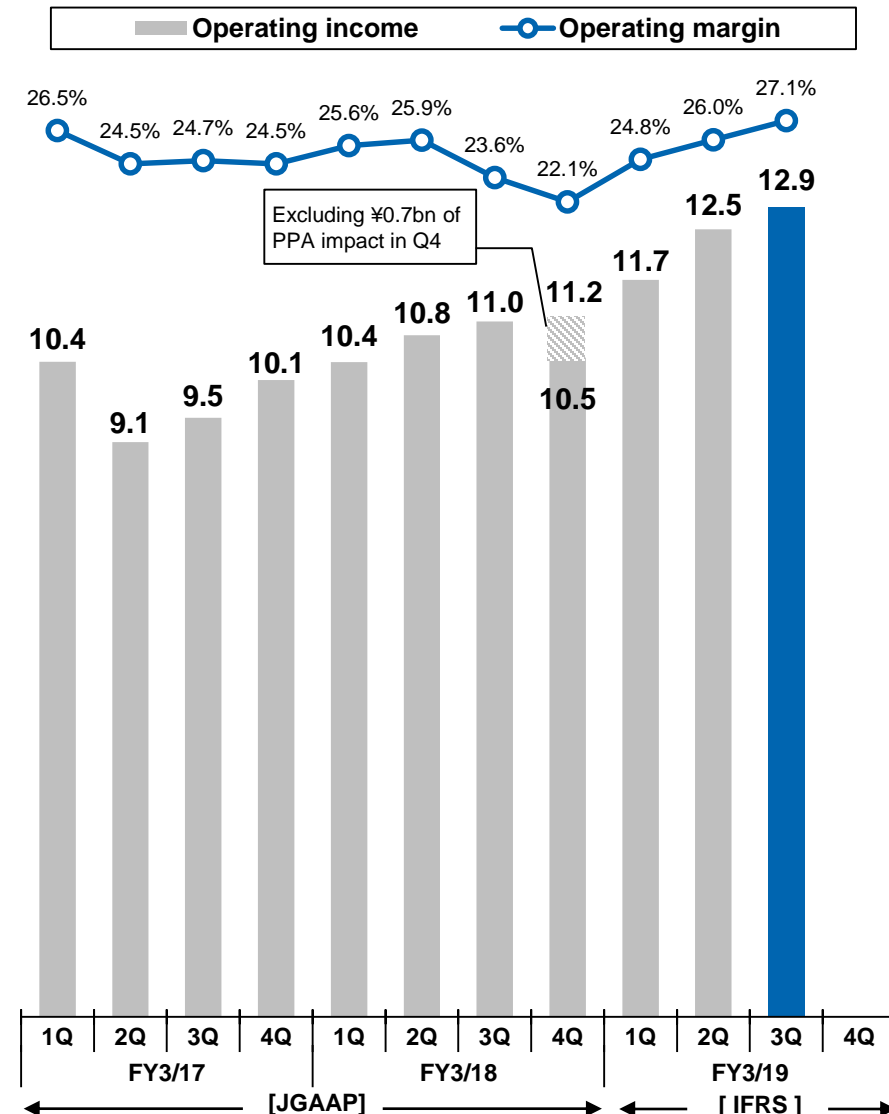
## Operating Income



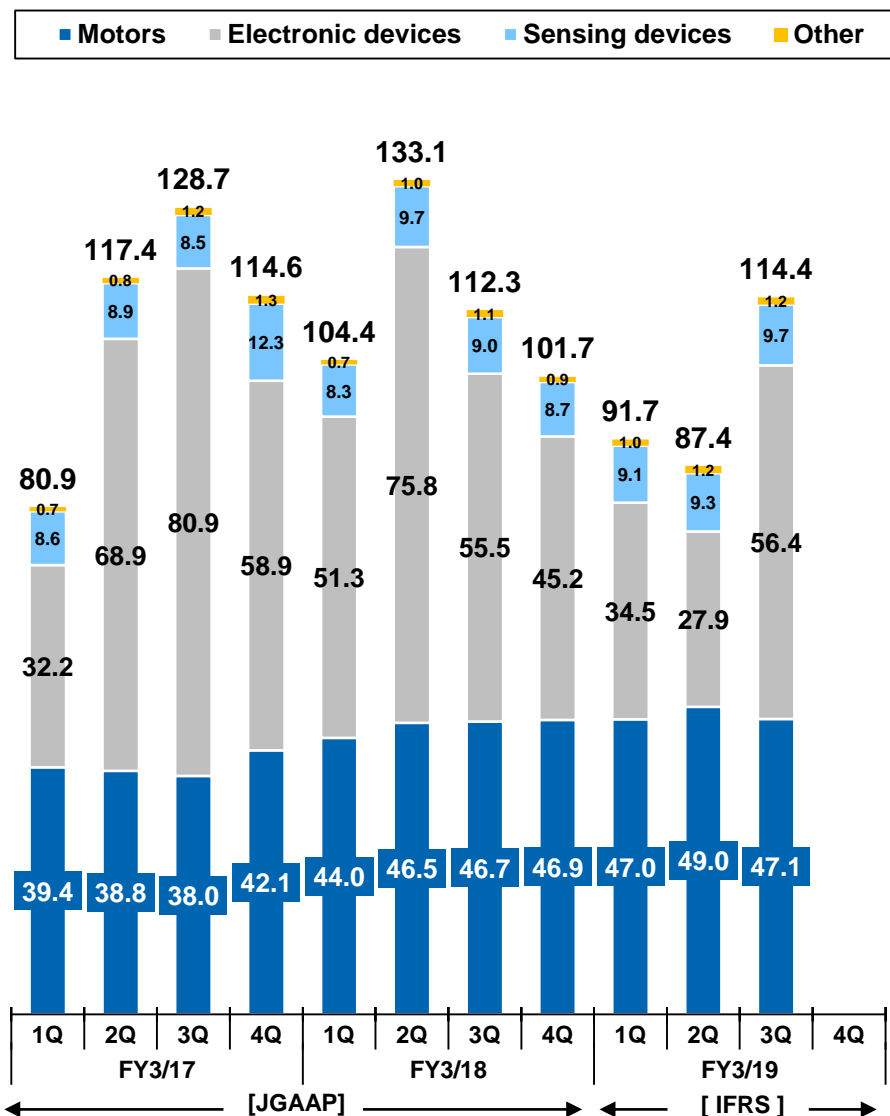
## Net sales (Billions of yen)



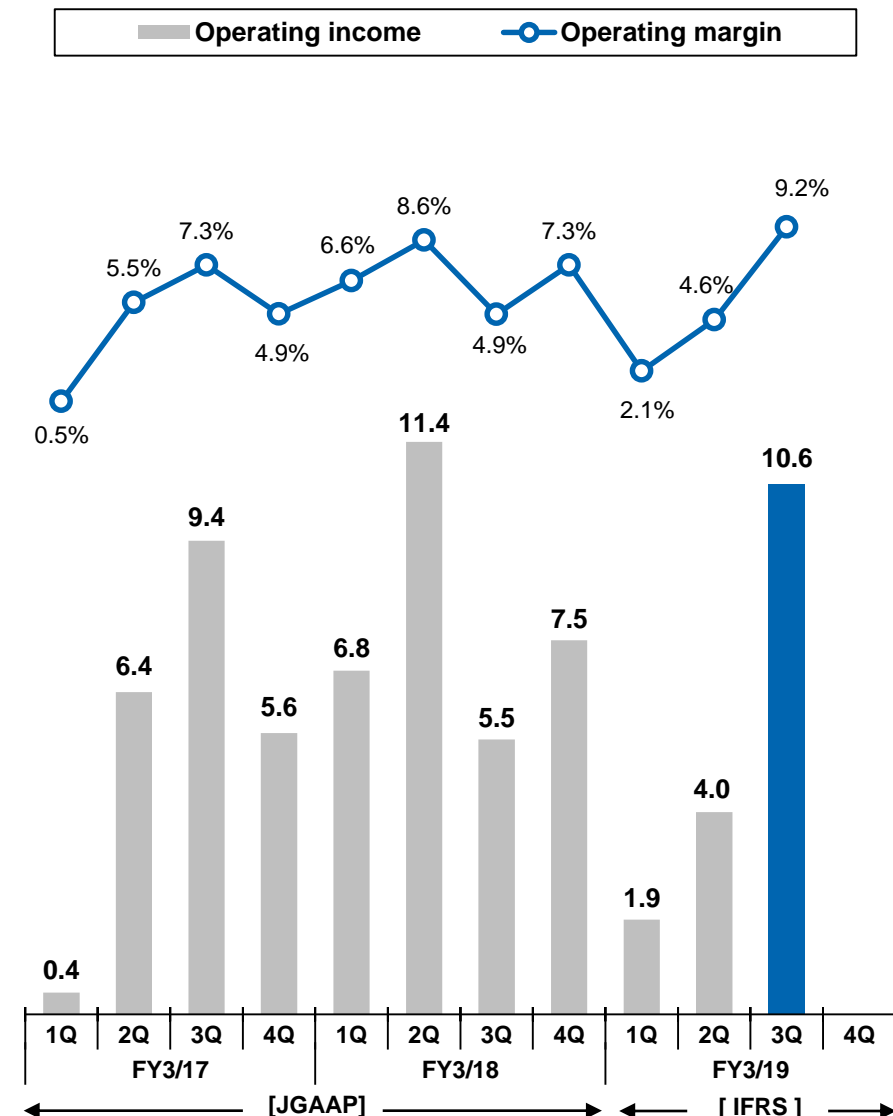
## Operating income (Billions of yen)



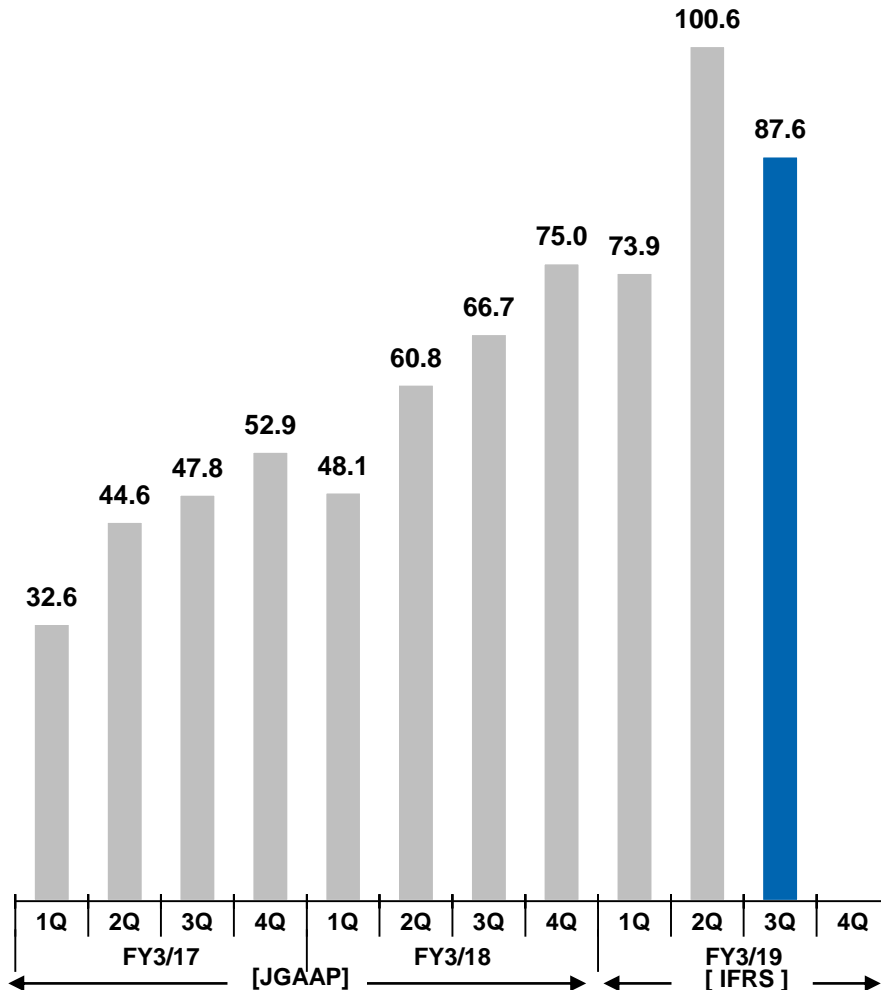
## Net sales (Billions of yen)



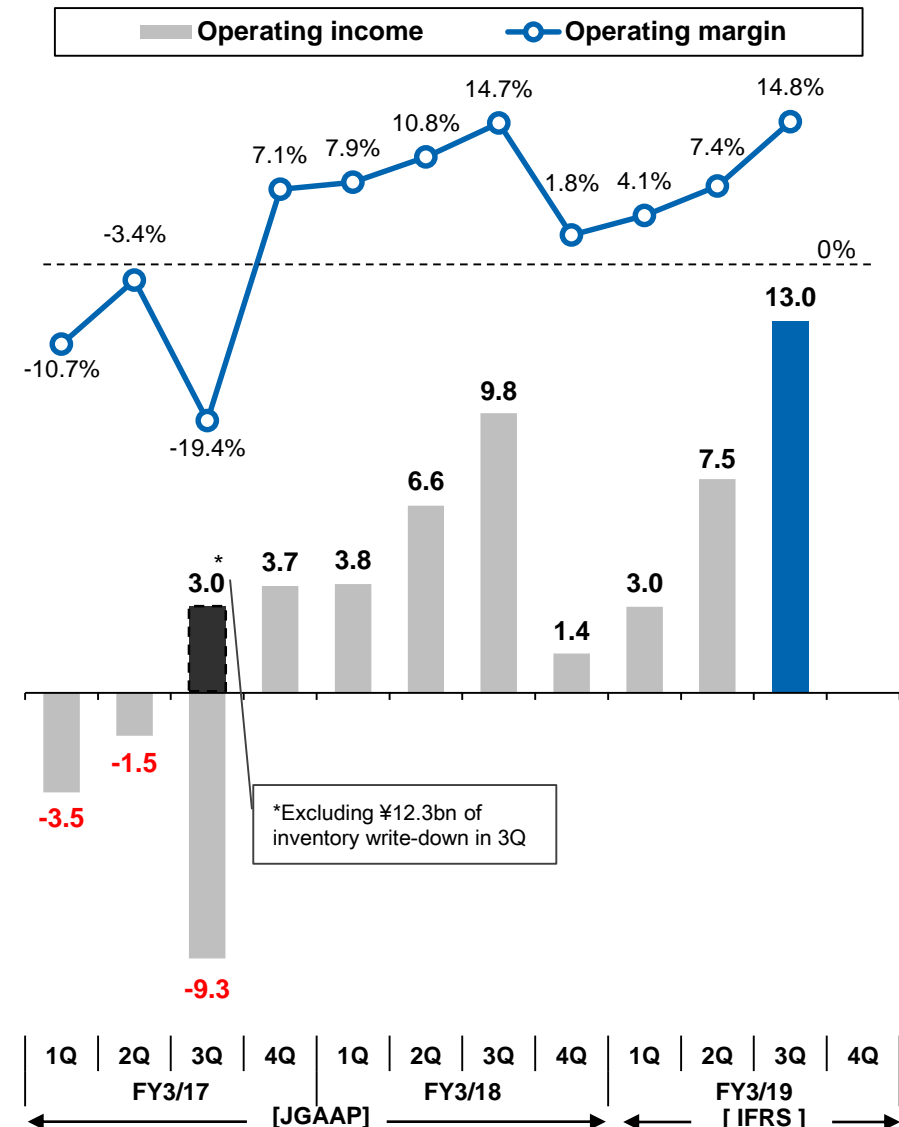
## Operating income (Billions of yen)



## Net sales (Billions of yen)



## Operating income (Billions of yen)

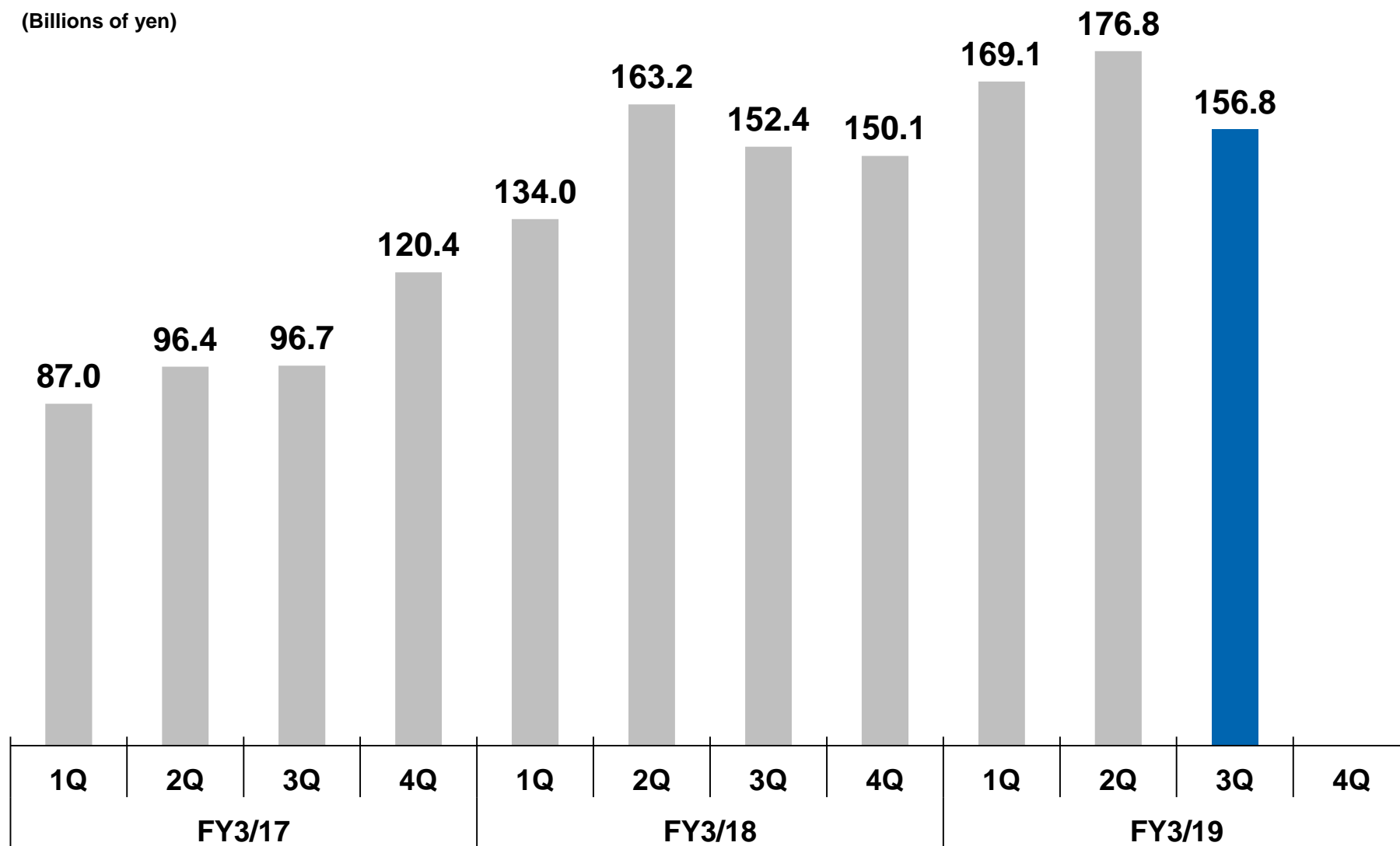




# Inventories

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

(Billions of yen)



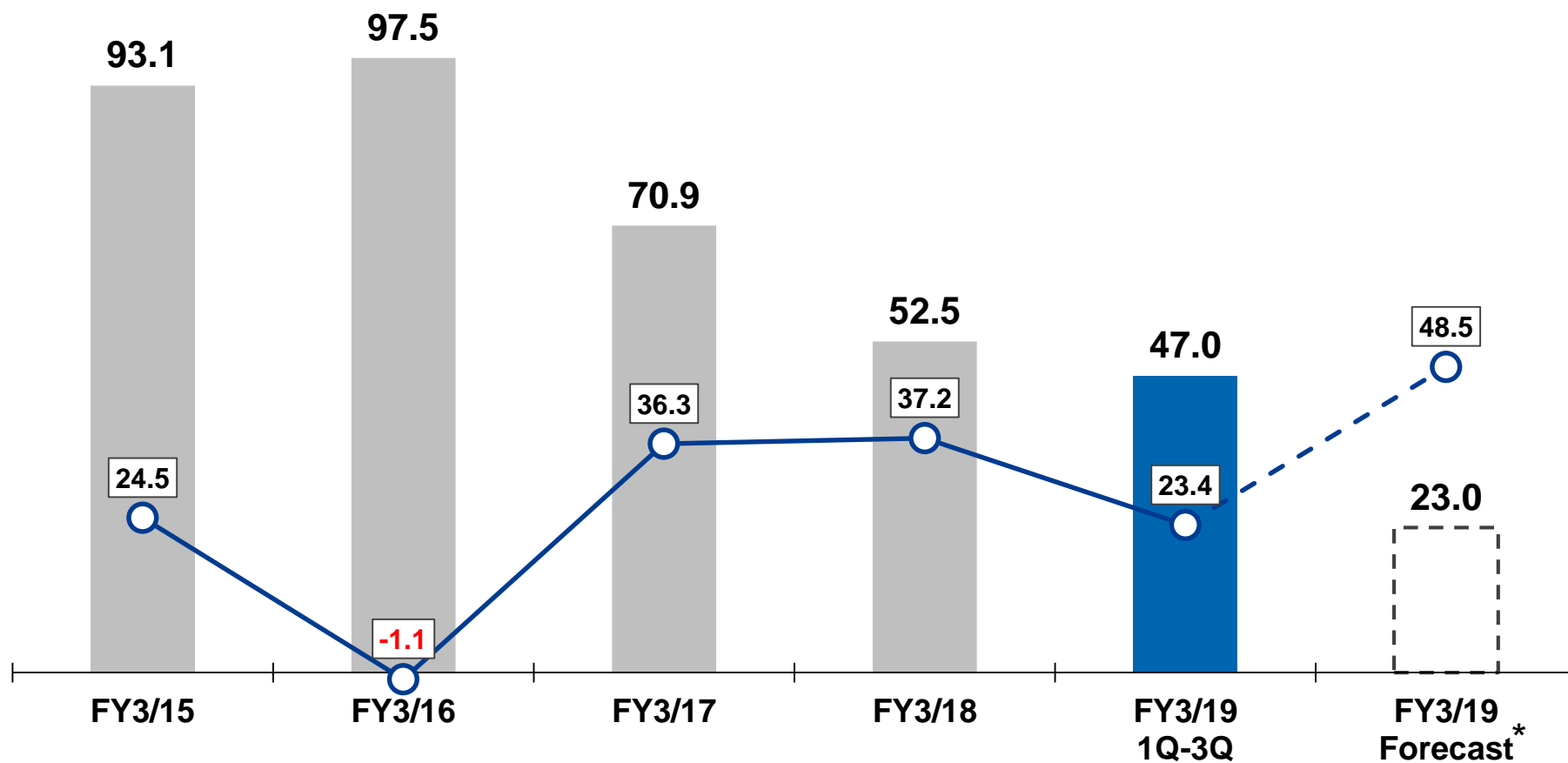
[JGAAP]

[IFRS]

# Net Interest-Bearing Debt/Free Cash Flow

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

(Billions of yen)



\*Excluding TOB impact

← [JGAAP]

← [IFRS] →

## Profits to Hit Record Highs

[ IFRS ]

(Millions of yen)	FY3/18	FY3/19			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	881,413	449,368	450,632	900,000	+2.1%
Operating income	68,903	33,915	41,085	75,000	+8.8%
Profit before taxes	66,855	34,276	40,724	75,000	+12.2%
Profit for the period attributable to owners of the parent	50,326	26,856	33,144	60,000	+19.2%
Earnings per share, basic (yen)	119.61	64.00	79.68	143.68	+20.1%

Foreign Exchange Rates	FY3/18 Full Year	FY3/19 4Q Assumptions
US\$	¥111.19	¥110.00
Euro	¥129.36	¥130.00
Thai Baht	¥3.35	¥3.39
Chinese RMB	¥16.70	¥16.40

# Forecast for Business Segment

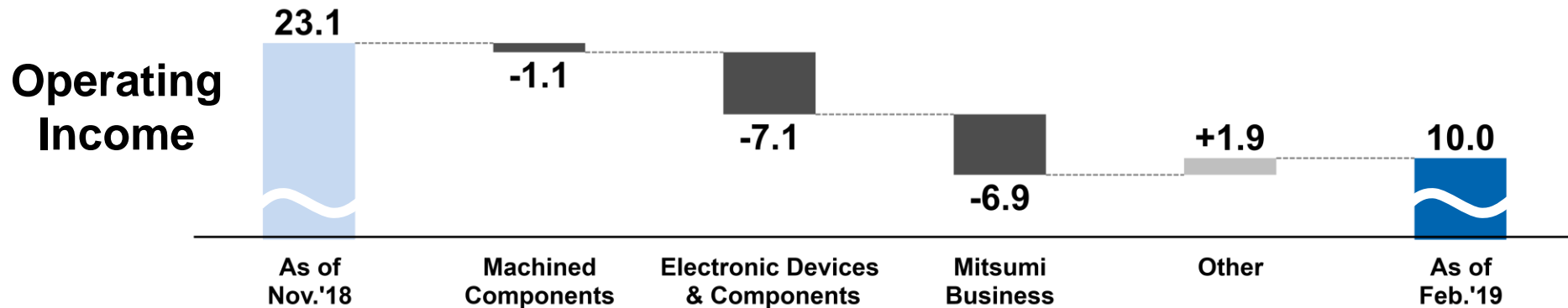
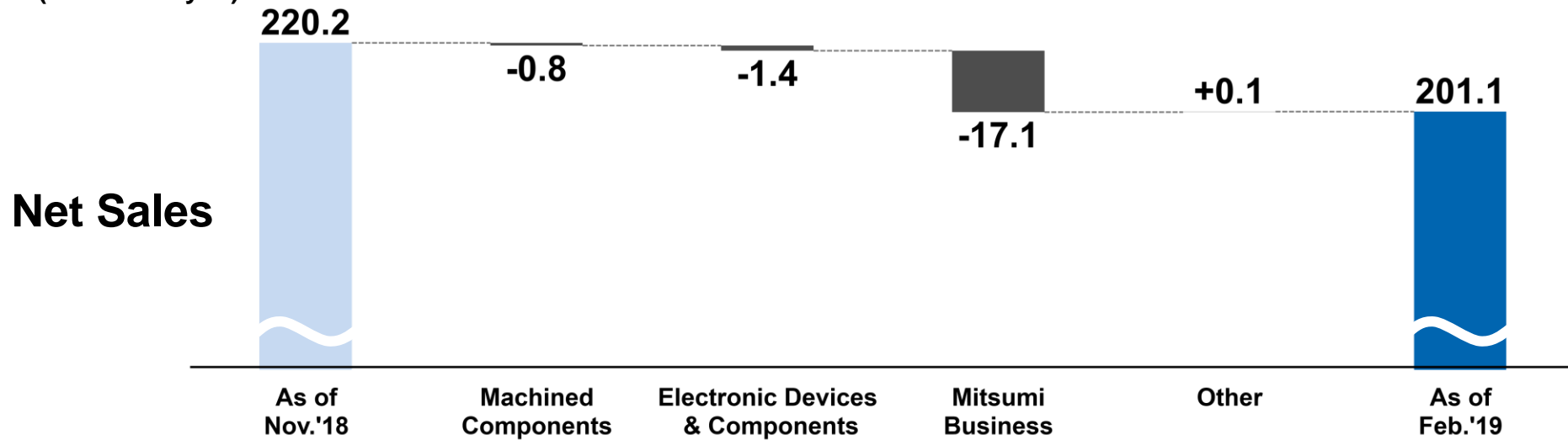
\*Based on IFRS

[ IFRS ]

(Millions of yen)	FY3/18	FY3/19			
	Full Year	1st Half	2nd Half	Full Year	YoY
<b>Net sales</b>	<b>881,413</b>	<b>449,368</b>	<b>450,632</b>	<b>900,000</b>	<b>+2.1%</b>
<b>Machined components</b>	<b>176,427</b>	<b>95,435</b>	<b>94,565</b>	<b>190,000</b>	<b>+7.7%</b>
<b>Electronic devices and components</b>	<b>451,879</b>	<b>179,142</b>	<b>216,858</b>	<b>396,000</b>	<b>-12.4%</b>
<b>Mitsumi business</b>	<b>252,415</b>	<b>174,482</b>	<b>138,518</b>	<b>313,000</b>	<b>+24.0%</b>
<b>Other</b>	<b>693</b>	<b>309</b>	<b>691</b>	<b>1,000</b>	<b>+44.3%</b>
<b>Operating income</b>	<b>68,903</b>	<b>33,915</b>	<b>41,085</b>	<b>75,000</b>	<b>+8.8%</b>
<b>Machined components</b>	<b>41,007</b>	<b>24,205</b>	<b>24,795</b>	<b>49,000</b>	<b>+19.5%</b>
<b>Electronic devices and components</b>	<b>24,096</b>	<b>5,914</b>	<b>13,586</b>	<b>19,500</b>	<b>-19.1%</b>
<b>Mitsumi business</b>	<b>20,069</b>	<b>10,484</b>	<b>12,516</b>	<b>23,000</b>	<b>+14.6%</b>
<b>Other</b>	<b>-806</b>	<b>-159</b>	<b>-41</b>	<b>-200</b>	<b>-75.2%</b>
<b>Adjustment</b>	<b>-15,463</b>	<b>-6,529</b>	<b>-9,771</b>	<b>-16,300</b>	<b>+5.4%</b>

# 4Q Forecast: Differences from the Forecast as of Nov.'18

(Billions of yen)



- 3Q overall: 3Q operating income for Machined Components and Mitsumi Business hit quarterly record highs,\* despite the **slowdown for smartphones**.
- 4Q overall: Demand from China slowdowns due to US-China trade issue in macro trends.
  - ✓ Smartphone components: Expected to decline even sharper than our conservative outlook for 4Q.
  - ✓ HDD components: Demand for both high/low-end remains sluggish.
  - ✓ Mechanical components: Reduce production to slim inventory in 4Q. Expecting profit contribution from the beginning of the next FY.
- U-Shin integration made progress on **competition law clearance**. Gearing up for preliminary integration activities with an eye to quickly creating **synergy next fiscal year**.
- Accelerating **new product launch**, and trying to enter new area.
- **Being proactive about shareholder returns** (including flexible share-buyback)

\*See the past JGAAP figures used before our adoption of IFRS beginning this fiscal year.

## Ball bearing currently under adjustment phase in some areas

### Ball bearings

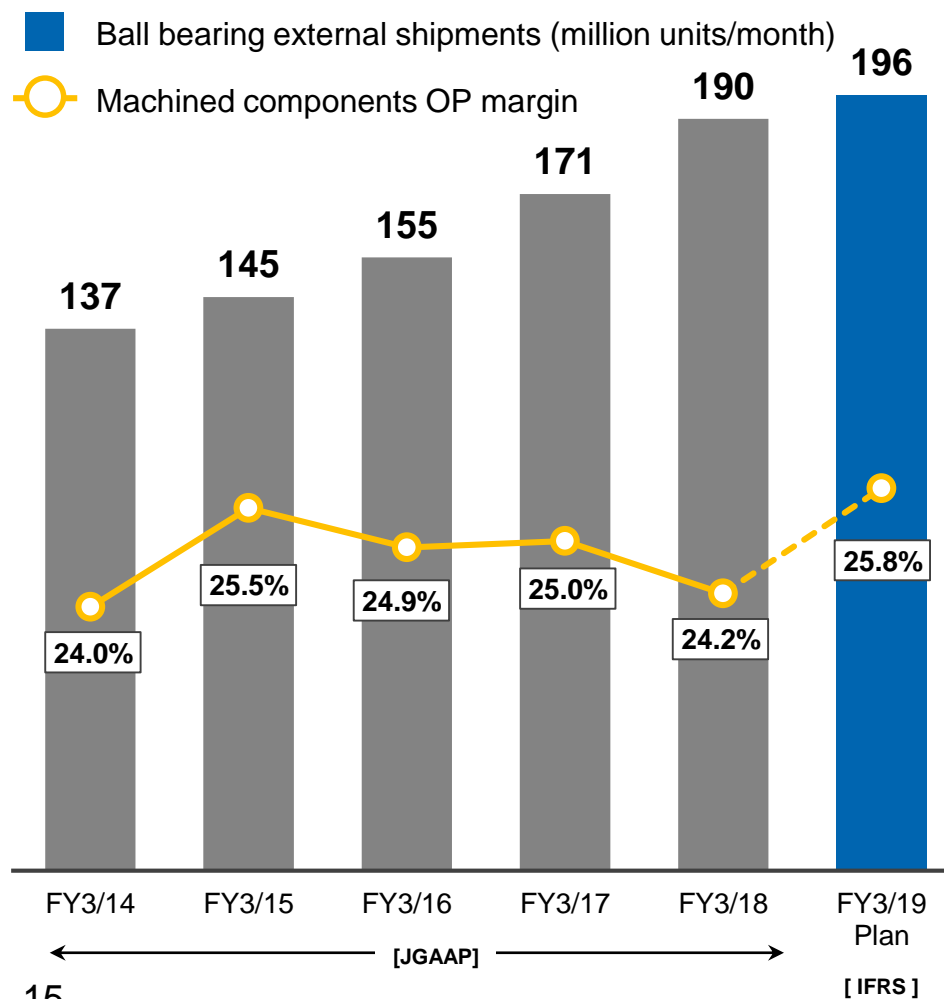
- Slowdown became tangible in some areas related to data centers, HDDs, and high-end home appliances from 3Q and 4Q onwards.
- Structural growth in automobiles.
- Internal shipments slowing down due to pivot assemblies.
- Expanding sales area via aggressive marketing.
- Maintain production, optimize inventory, and reduce shipment cost.

### Rod-ends and fasteners

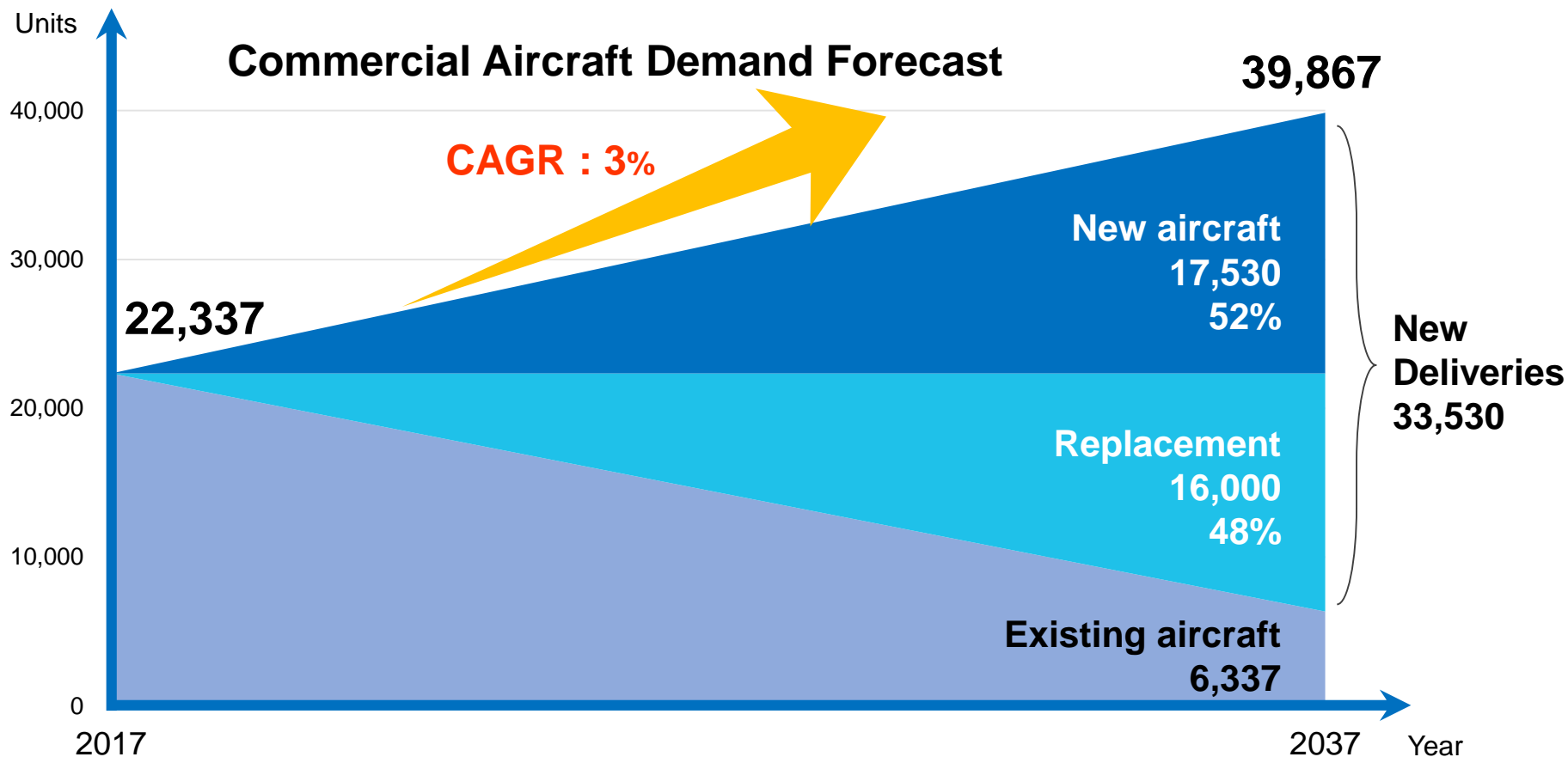
- Profitability keeps improving.

Steady business performance driving growth of machined components.

Ball bearing external shipments and machined components OP margin



## Aircraft to grow firmly via demand for new aircraft and replacement



Source: Japan Aircraft Development Corporation (JADC)



## Revised full-year forecast in light of a sudden change in LED backlights and motors

### LED backlights

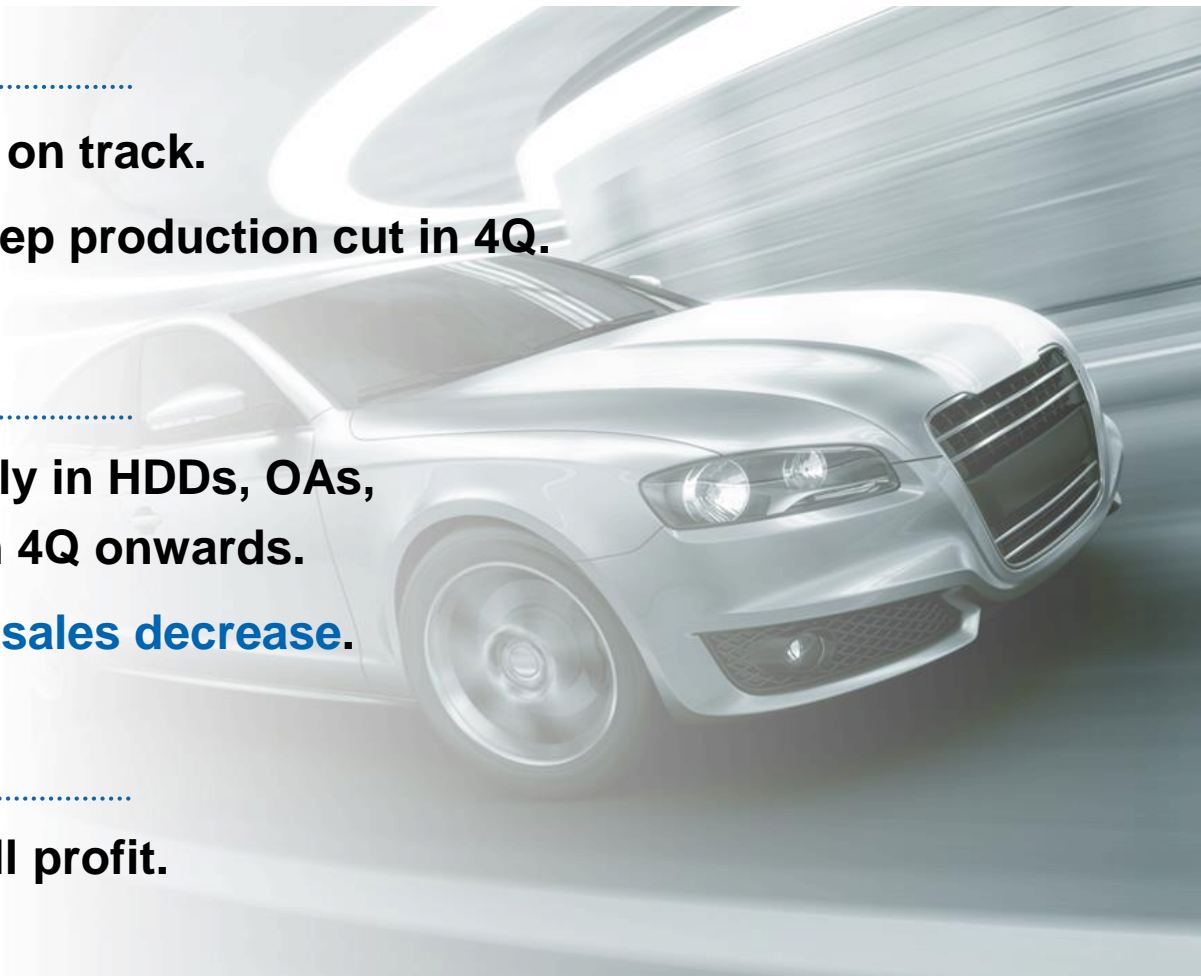
- 3Q profit ended up mostly on track.
- Expecting impact from steep production cut in 4Q.

### Motors

- Expecting slowdown mostly in HDDs, OAs, and home appliances from 4Q onwards.
- Profit declines **in line with sales decrease**.

### Sensing devices

- Firm contribution to overall profit.



## Steep change in smartphones and game business. Mechanical components to reduce inventory.

### Optical devices

- 3Q profits under-performed due to production cuts.
- Focusing on new product launch for Chinese smartphones in 4Q despite continued impact from sharp decline in production
- Expanding business opportunity from **multi-camera and increased value** mid-to-long term.

### Mechanical components

- Reduce production to slim inventory in 4Q. Expecting profit contribution from the beginning of the next FY.

Gear up preparations for integration with an aim to **quickly create synergy**

Aim for **¥10bn OP within 3 years**

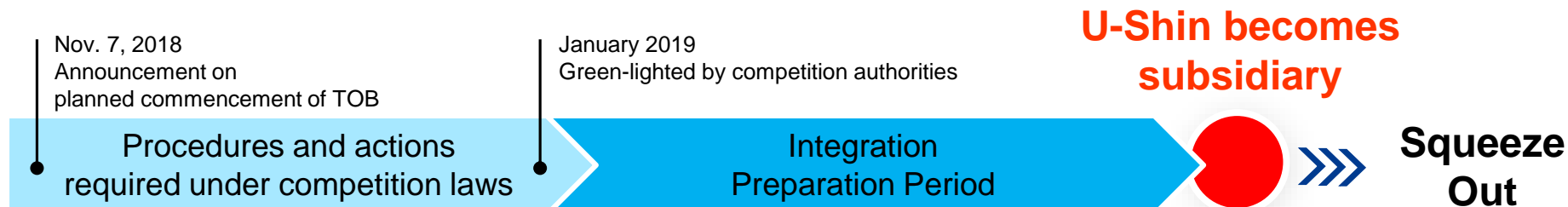
- Completed procedure for competition law clearance
- Gear up for integration with an aim to **quickly create synergy**

## ◆Topline synergy

- ✓ Expand home equipment sales over the short run.
- ✓ Strengthen automobile portfolio over the long run with an eye to the coming CASE era.

## ◆Cost synergy

- ✓ Cross-use of production sites
- ✓ Reduce overhead expenses
- ✓ Leverage advantage of scale in logistics and procurement
- ✓ Reduce cost through enhancing in-house components, such as motors



**Accelerate new product launch and enter into new area**



**New Product Trio took off!**

**New products to be expanded or launched in the next FY**

## Output device

- Gripper
- Stepper with encoder
- Motor controller
- Resonant device
- Wavy Nozzle

## Sensor

- MINEGE™
- LIDAR
- 6 axis sensor

## Connectivity

- Lin-bus HVAC
- FAKRA connector

**+ Other products not available to the public**

- 1 Accelerate growth via M&As as well as organic through INTEGRATION of existing products**
- 2 Gain a firm foothold through ¥1 trillion sales (¥1 trillion + ¥100-200 billion)**
- 3 Expand sales via launch of new products through INTEGRATION**
- 4 Offset decline in smartphones and HDDs through U-Shin**
- 5 Be proactive about shareholder returns (including flexible share-buyback)**



## Share buyback (completed on December 17, 2018)

- Number of shares: **6.3 million shares (actual)**  
(equal to **1.49%** of total issued shares excluding treasury shares)
- Amount: **10.6 billion yen (actual)**

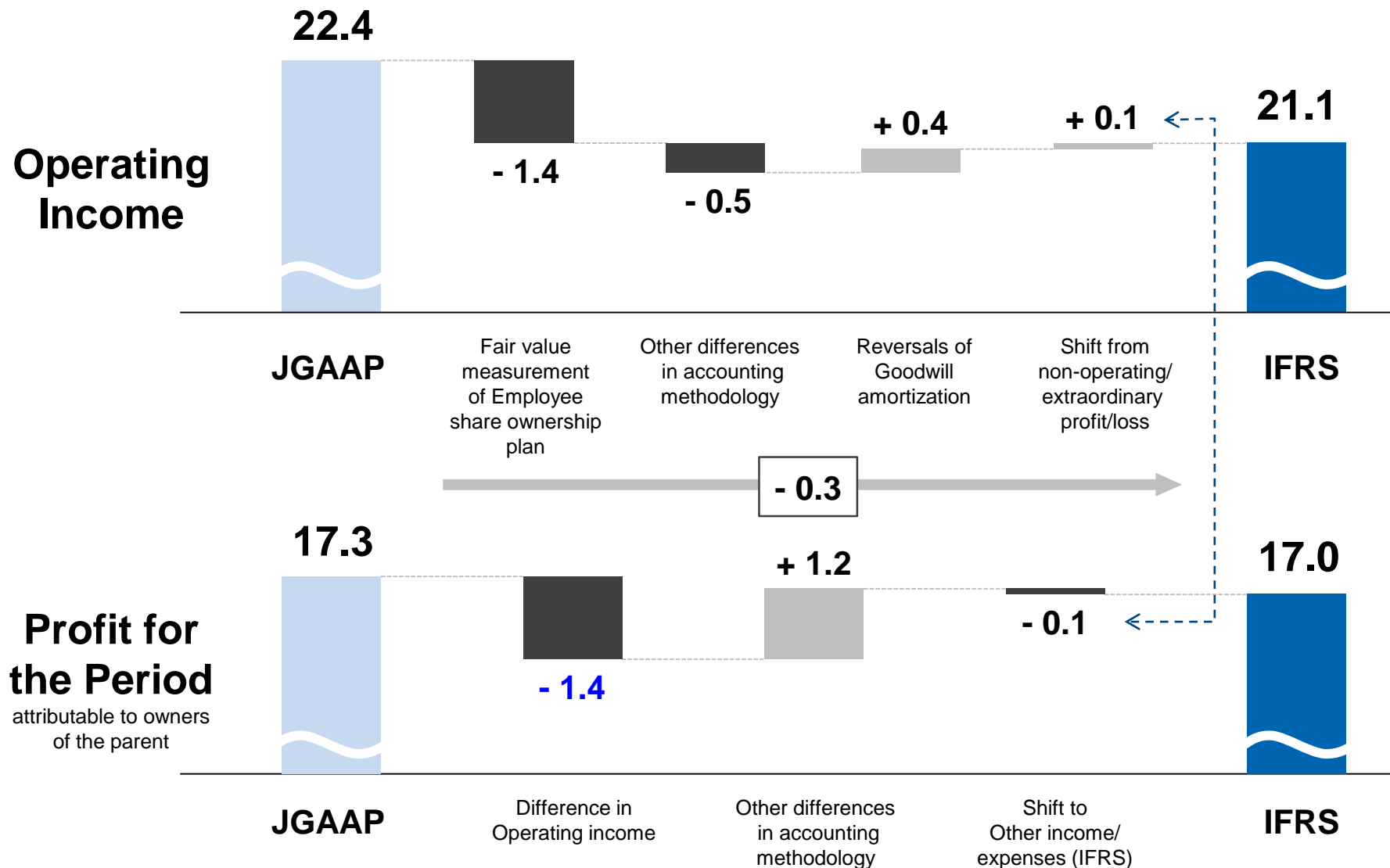
**Total return ratio, including dividend, reaching 37% this fiscal year**

Total return ratio = (total dividend + share buyback) / net income

# Reference

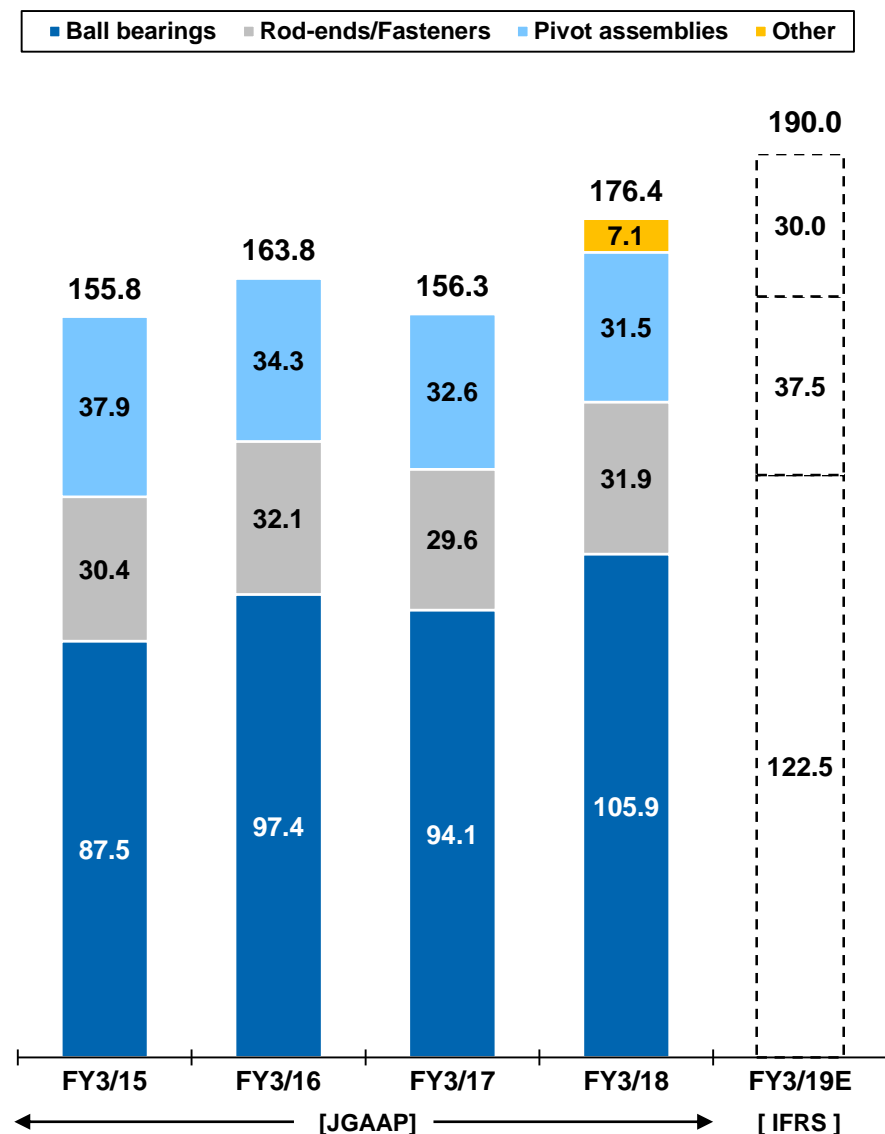
# Difference between JGAAP and IFRS for 3Q of FY3/18

(Billions of yen)

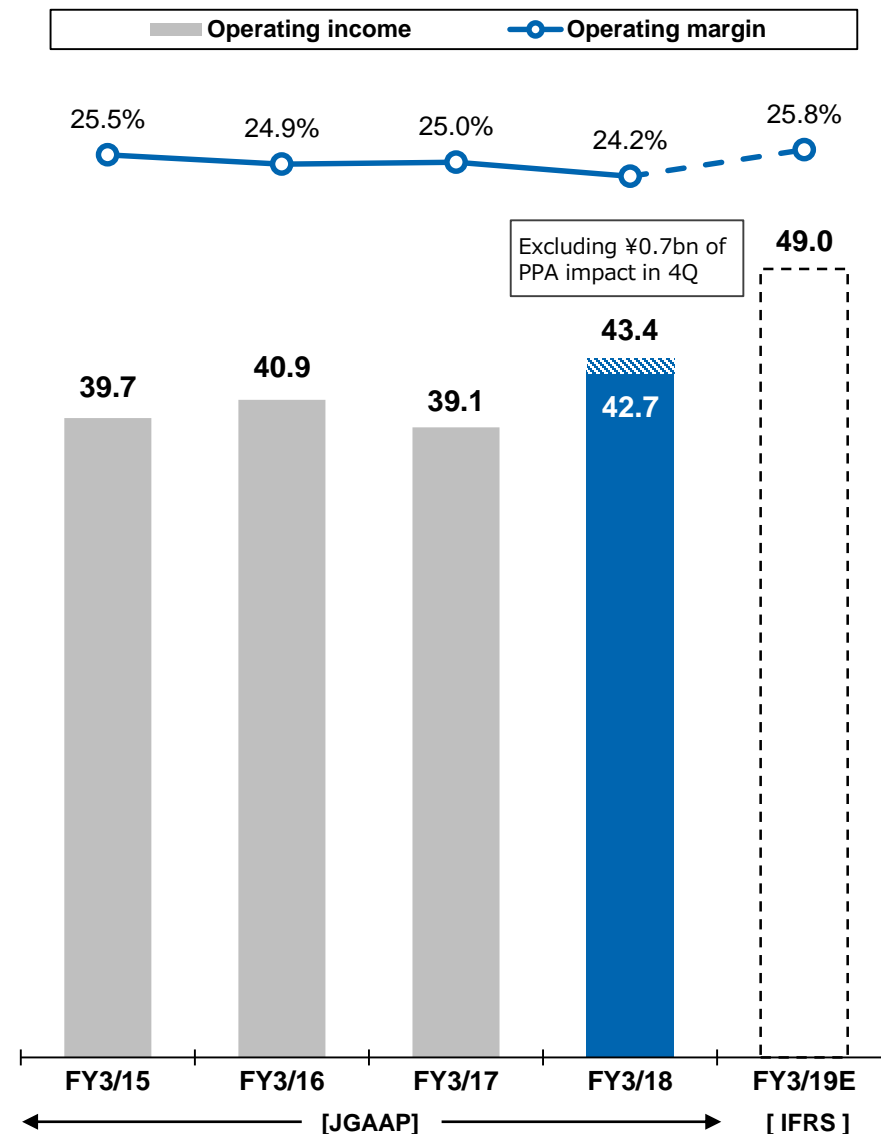




## Net sales (Billions of yen)

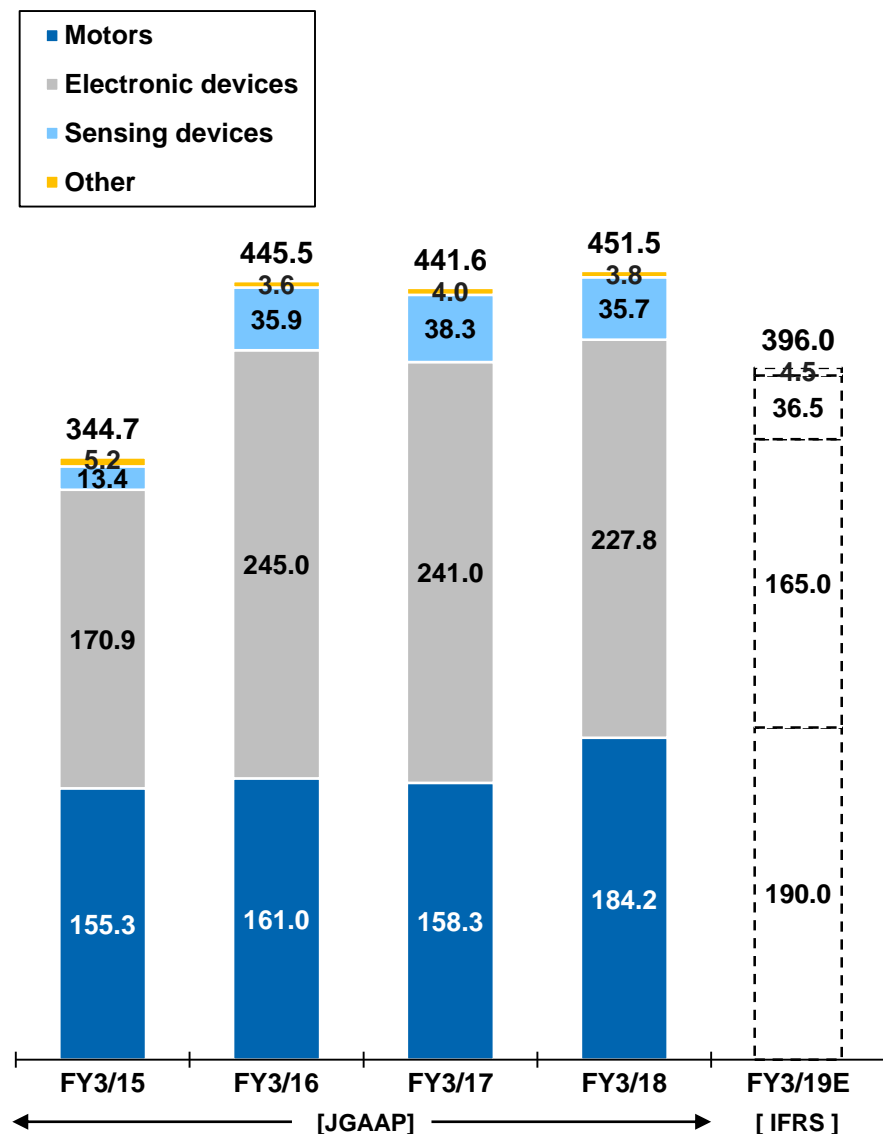


## Operating income (Billions of yen)

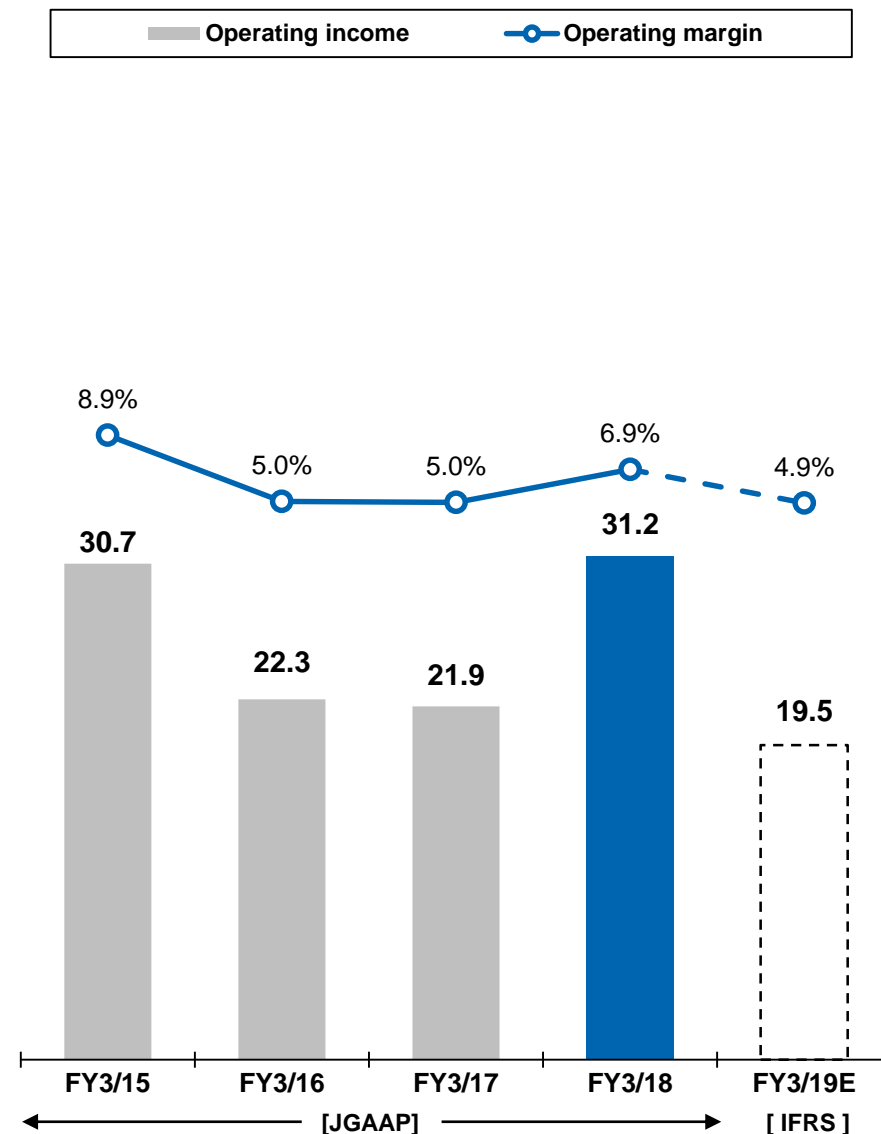




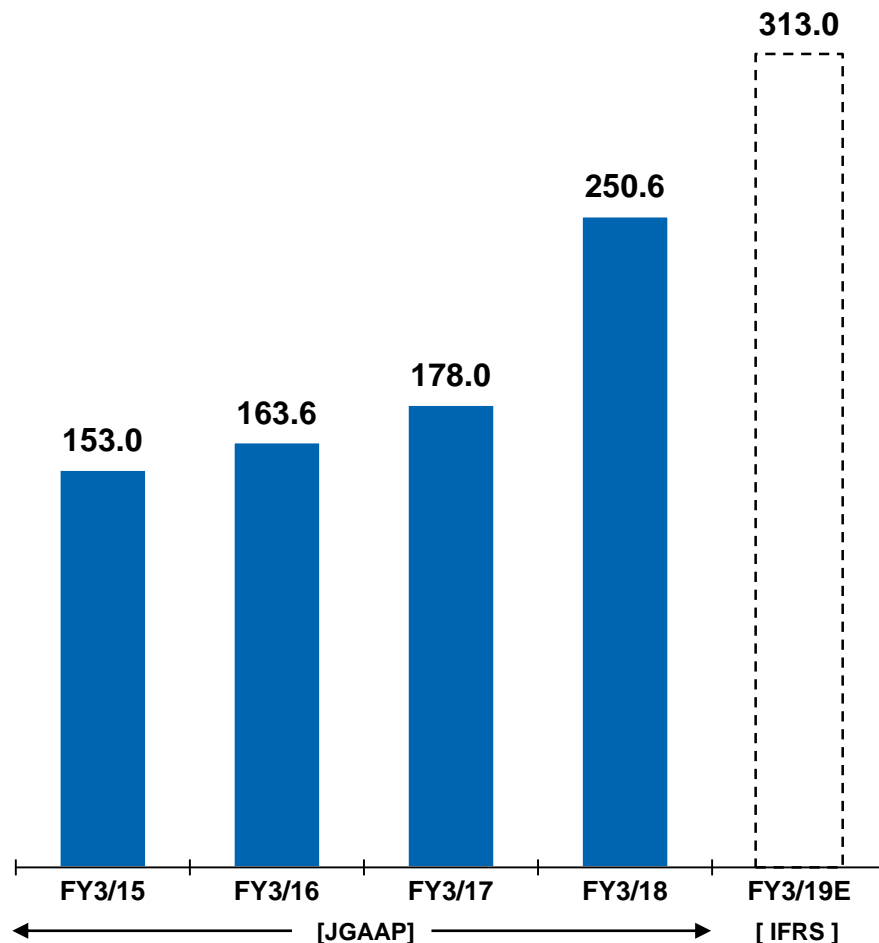
## Net sales (Billions of yen)



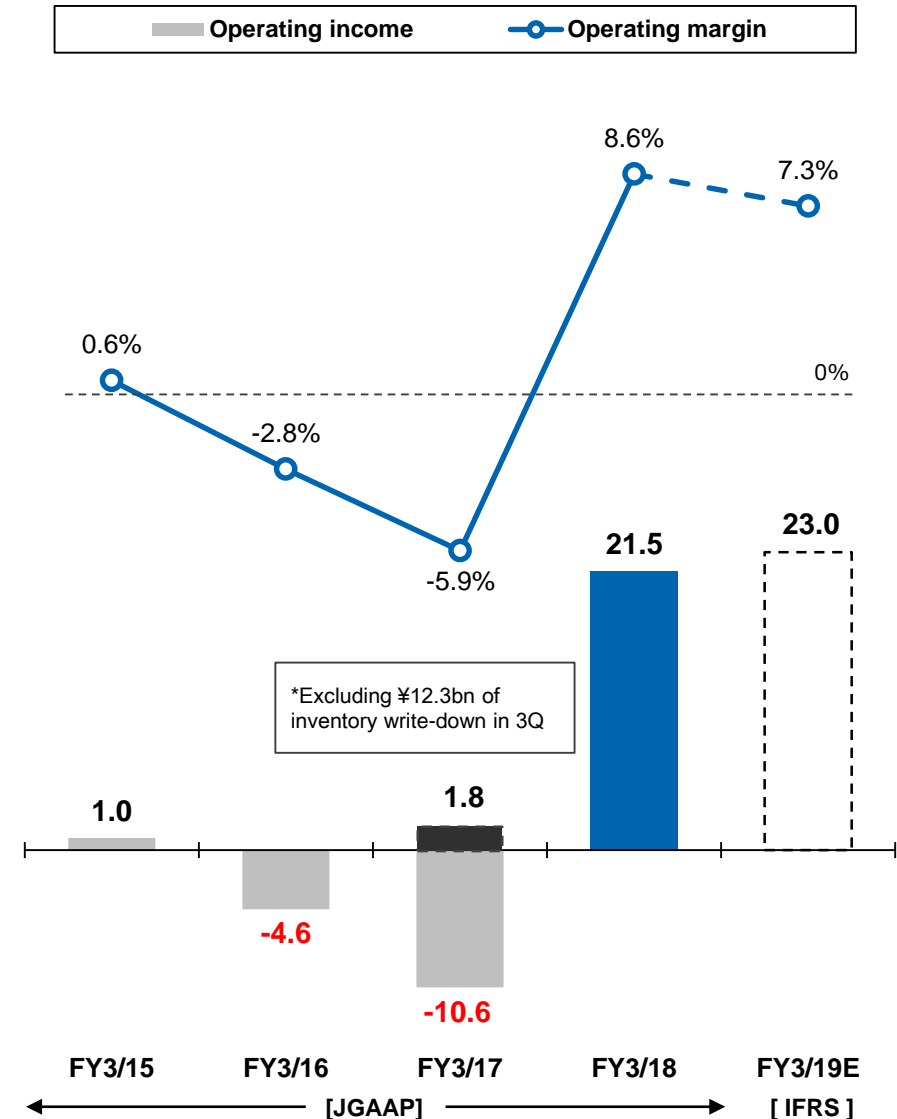
## Operating income (Billions of yen)



## Net sales (Billions of yen)



## Operating income (Billions of yen)



# Sustainability Topics

## Setting up Nomination and Compensation Committee

- Established in December 2018 via revised Corporate Governance Code
- Majority (3 out of 4) made up of independent outside directors
- Chaired by an independent outside director

**Enhance independence, objectivity, and accountability of the Board of Directors functions related to director nominations and compensation**

## Responding to CDP

- Responded to CDP 2018 questionnaire in August 2018
- CDP released scores on January 22, 2019  
(Our scores) Climate change: B (management level)  
Water security: B (management level)



**Promote business activities aimed at creating economic value while addressing social issues**

## Selected for GPIF excellent & most-improved integrated reports

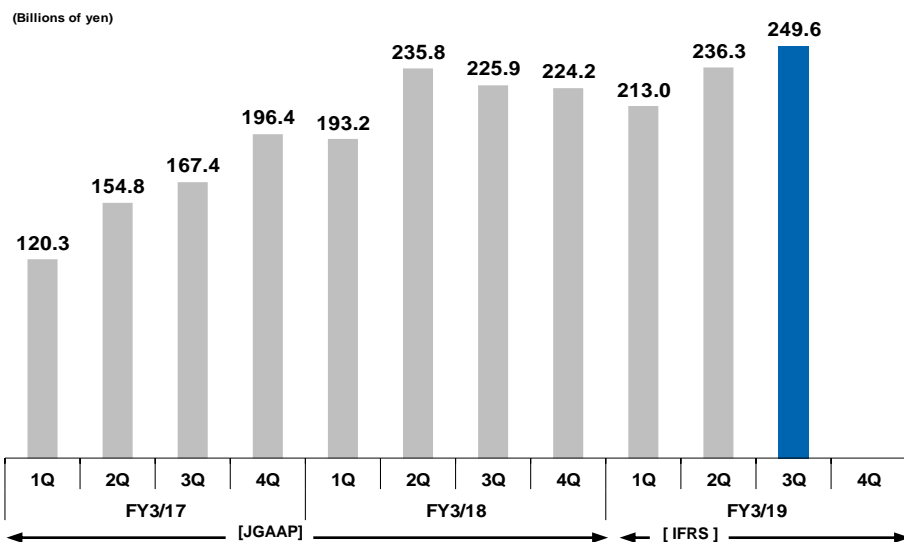
- Selected by the GPIF asset managers entrusted with domestic equity investment
- Our integrated report was given high marks and deemed “most-improved” by 4 or more asset managers

**Continue to explain our sustainability and value creation story**

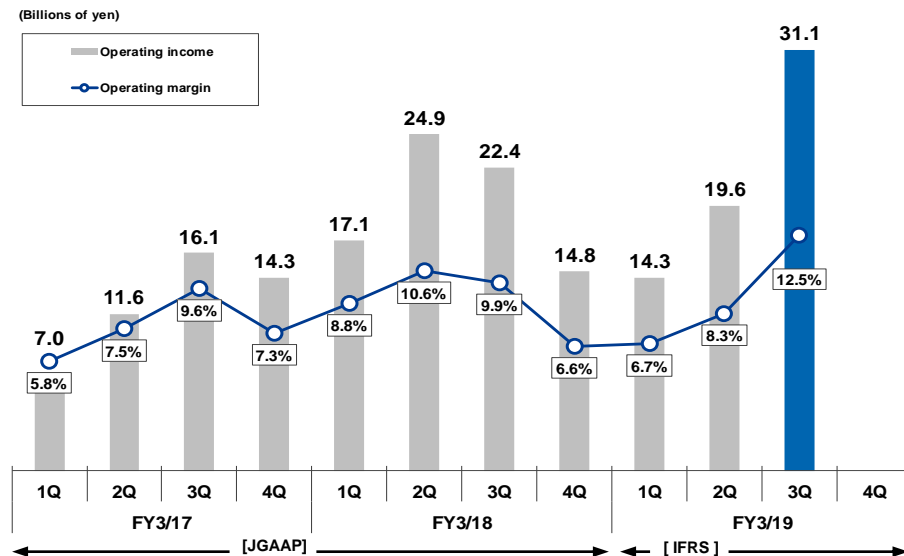
# Other Financial Data 1

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

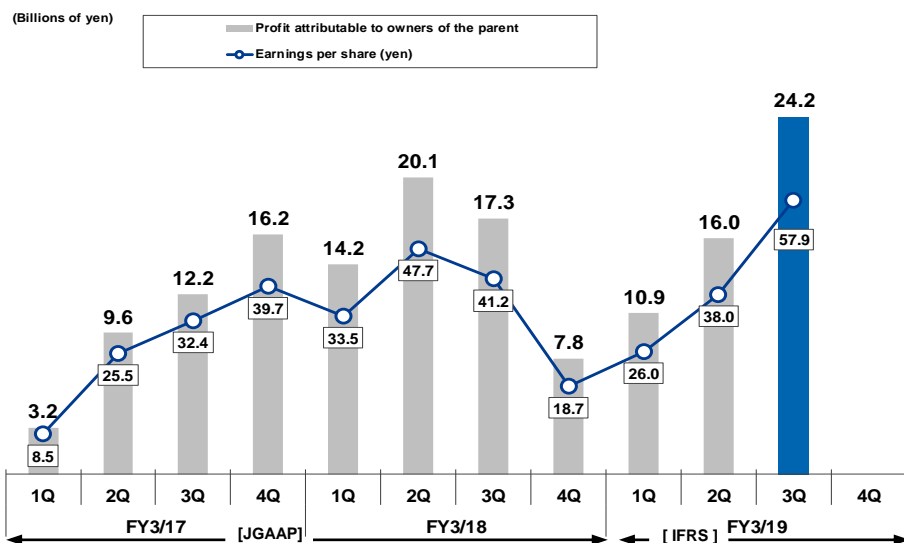
## Net sales



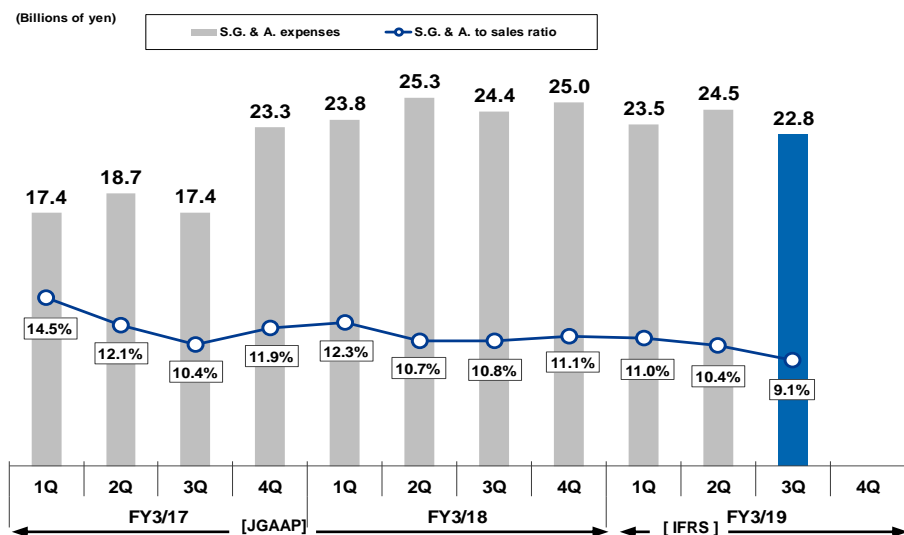
## Operational profit/margin



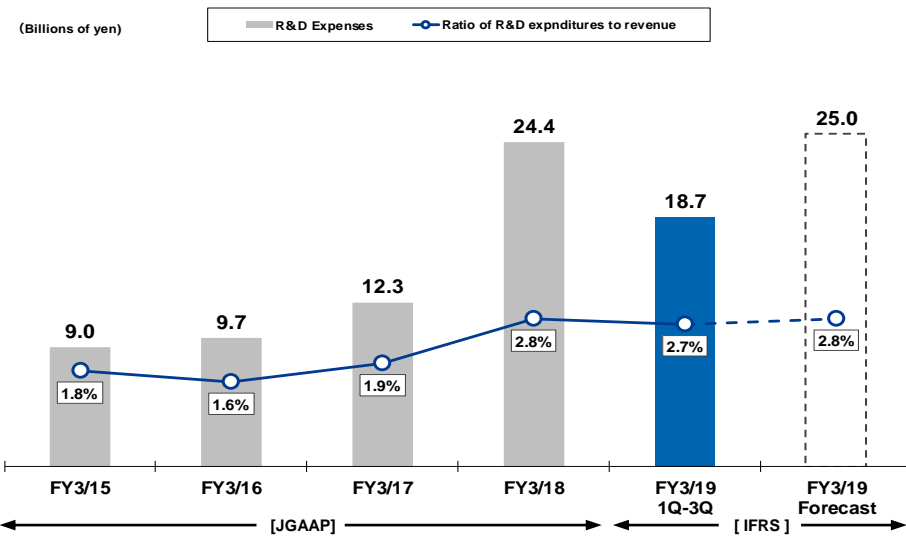
## Profit attributable to owners of the parent/EPS



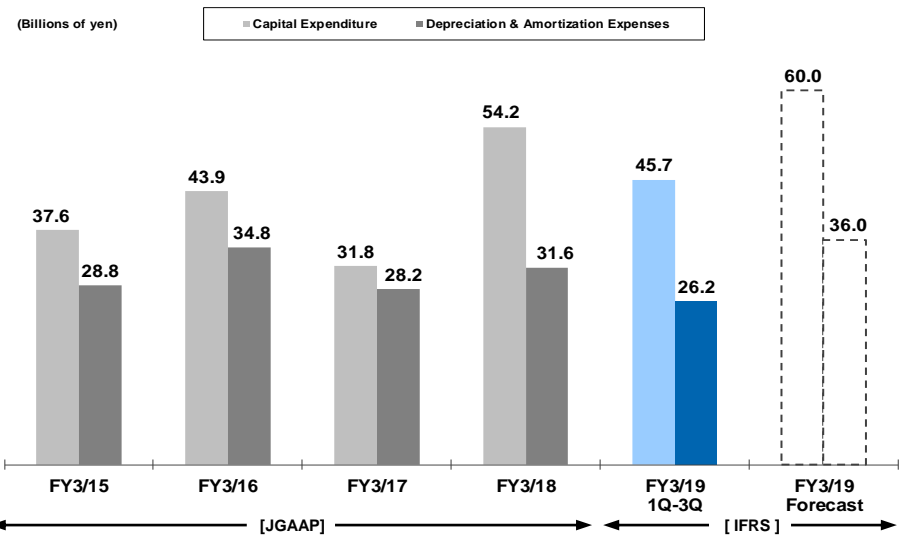
## S.G.&A. expence/ratio



## R&D Expenses



## Capital Expenditure/D&A Expense

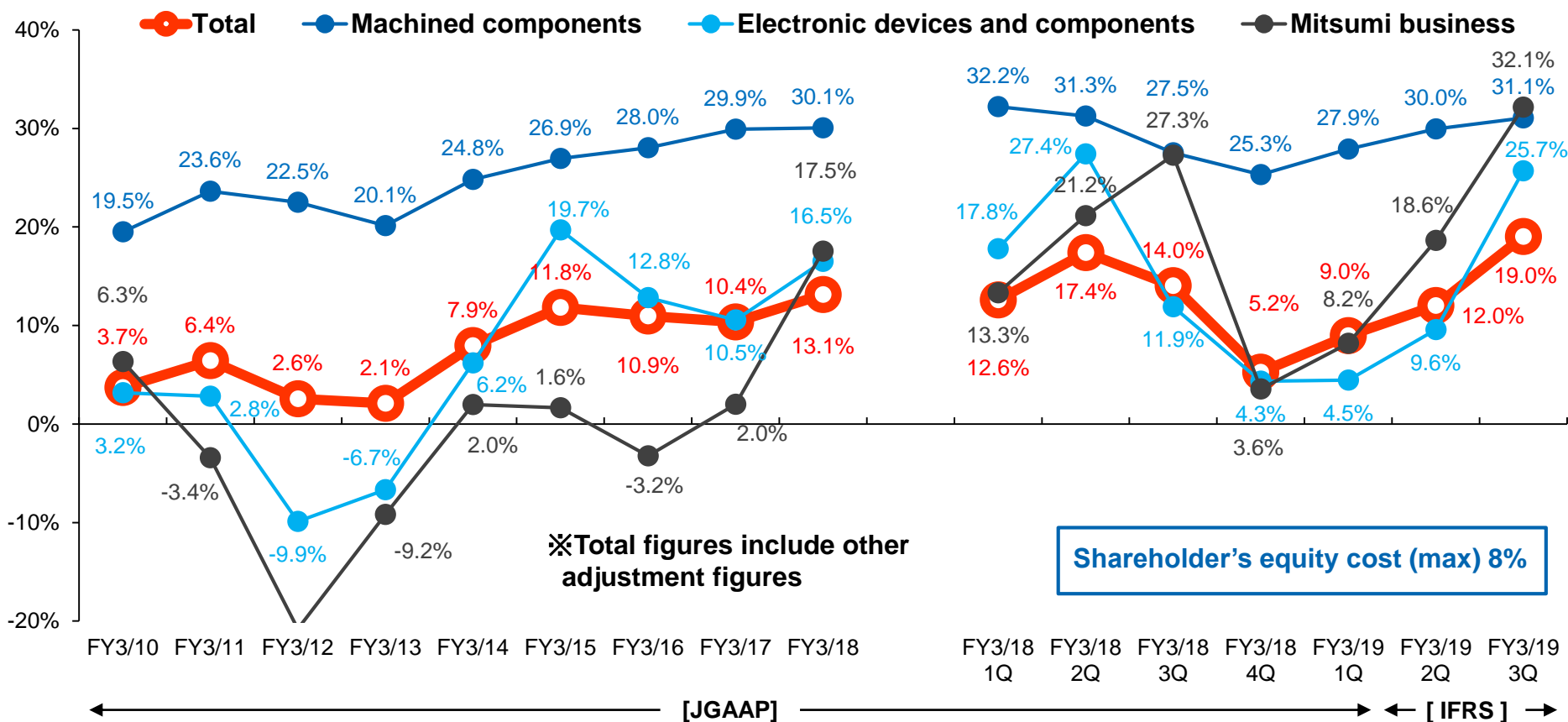


# ROIC (Return On Invested Capital)

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

$$\text{MinebeaMitsumi ROIC} = \frac{\text{NOPAT (Operating income + extraordinary profit/loss) x (1-tax rate)}}{\text{Invested capital (Notes receivable/accounts receivable + inventories + non-current assets - notes payable/accounts payable)}}$$

Calculated using business assets (trade receivable/payable, inventories, non-current assets) by segment





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.

All the information in this document is the property of MinebeaMitsumi Inc. All parties are prohibited, for whatever purpose, to copy, modify, reproduce, transmit, etc. this information regardless of ways and means without prior written permission of MinebeaMitsumi Inc.