

Business Results

Second Quarter of Fiscal Year
Ending March 31, 2020

MinebeaMitsumi Inc.

November 7, 2019

Today's Agenda

1. Financial Results

2. Business Update & Management Strategy

Financial Results

Katsuhiko Yoshida

Senior Managing Executive Officer

Summary of Consolidated Business Results for 2Q

*Based on IFRS

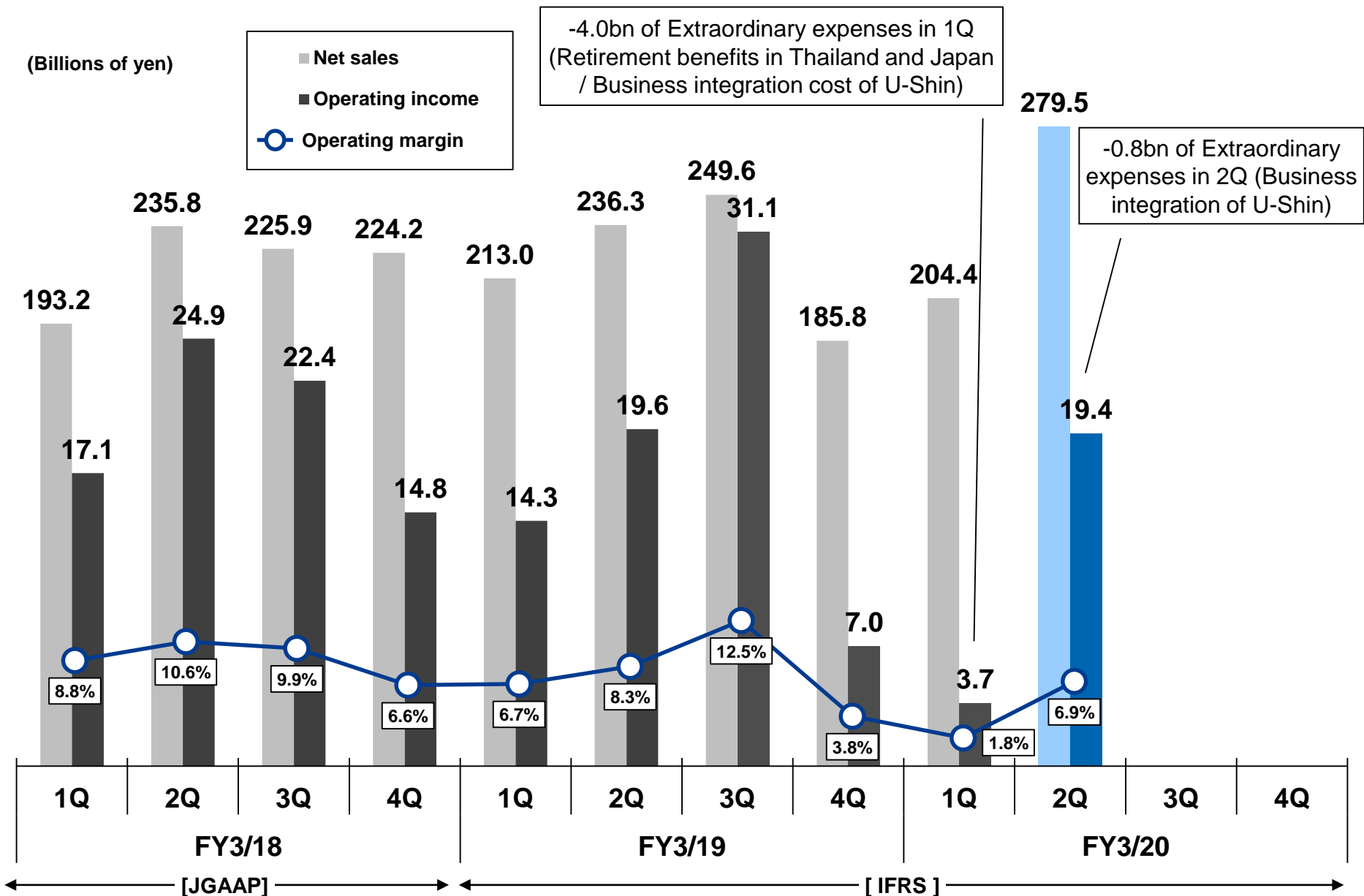
2Q sales hit a quarterly record high, although 2Q was strongly affected by the macroeconomic slowdown and Forex fluctuations.

(Millions of yen)	FY3/19	FY3/20		Change	
	2Q	1Q	2Q	YoY	QoQ
Net sales	236,330	204,425	279,473	+18.3%	+36.7%
Operating income	19,624	3,663	19,372	-1.3%	X5.3
Profit before taxes	20,106	3,680	19,381	-3.6%	X5.3
Profit for the period attributable to owners of the parent	15,970	2,297	13,916	-12.9%	X6.1
Earnings per share, basic (yen)	38.04	5.53	33.52	-11.9%	X6.1

Foreign Exchange Rates	FY3/19 2Q	FY3/20 1Q	FY3/20 2Q
US\$	¥110.87	¥110.73	¥107.63
Euro	¥129.13	¥123.56	¥120.44
Thai Baht	¥3.35	¥3.47	¥3.50
Chinese RMB	¥16.37	¥16.28	¥15.44

Net Sales, Operating Income/margin

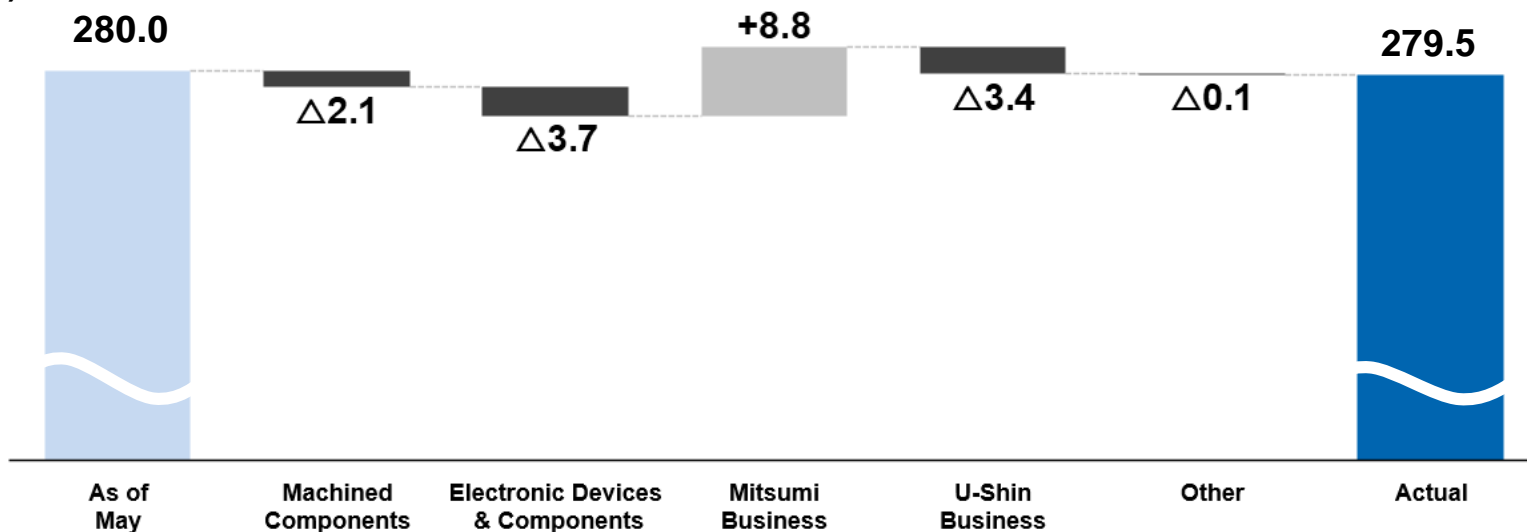
*JGAAP for FY3/18



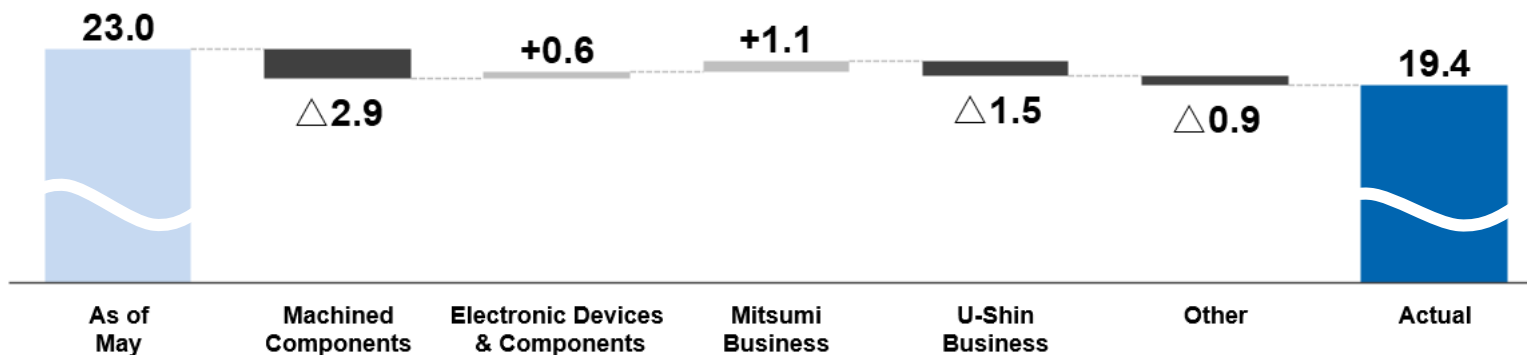
2Q Actual: Differences from the Forecast as of May

(Billions of yen)

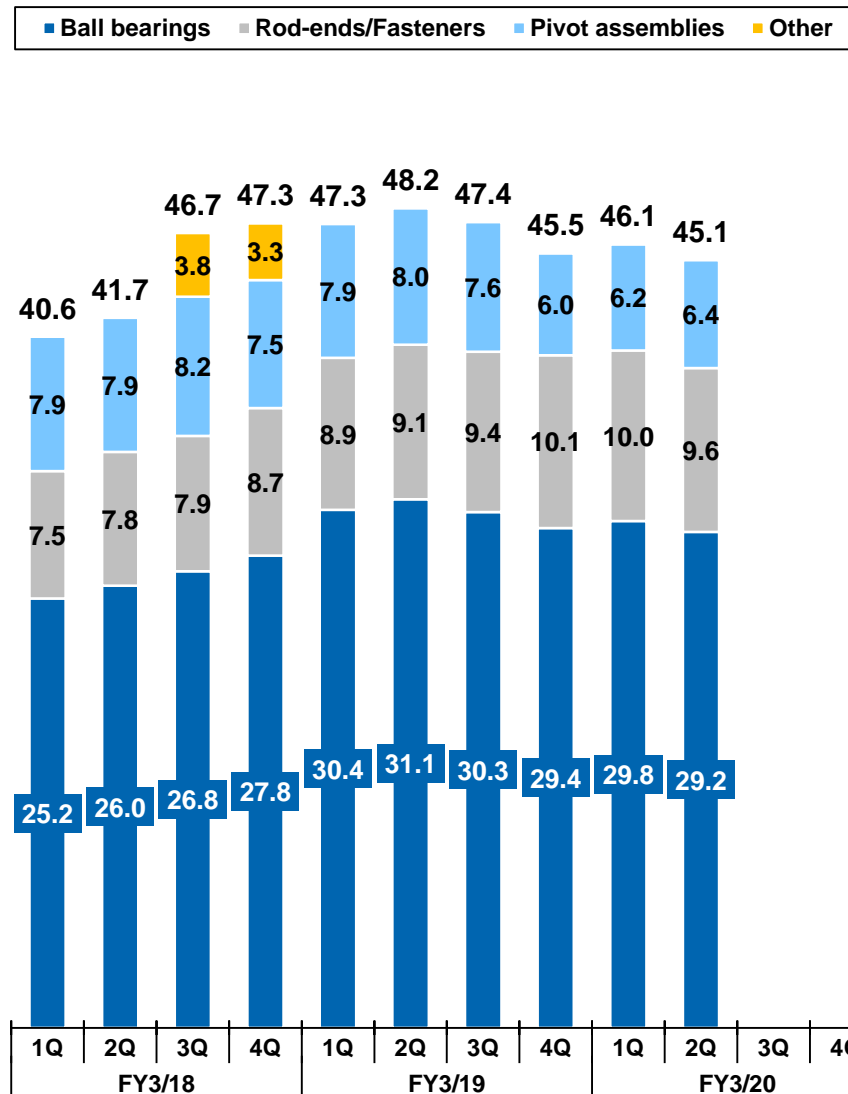
Net Sales



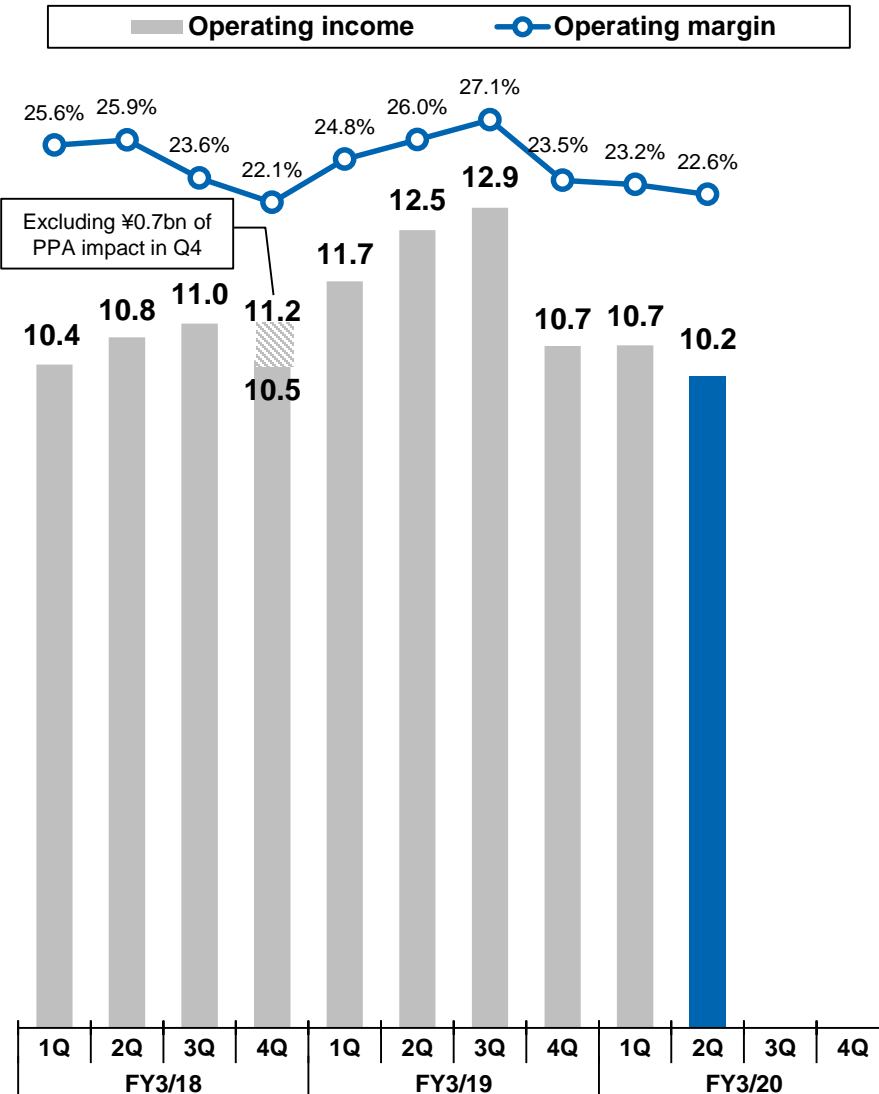
Operating Income



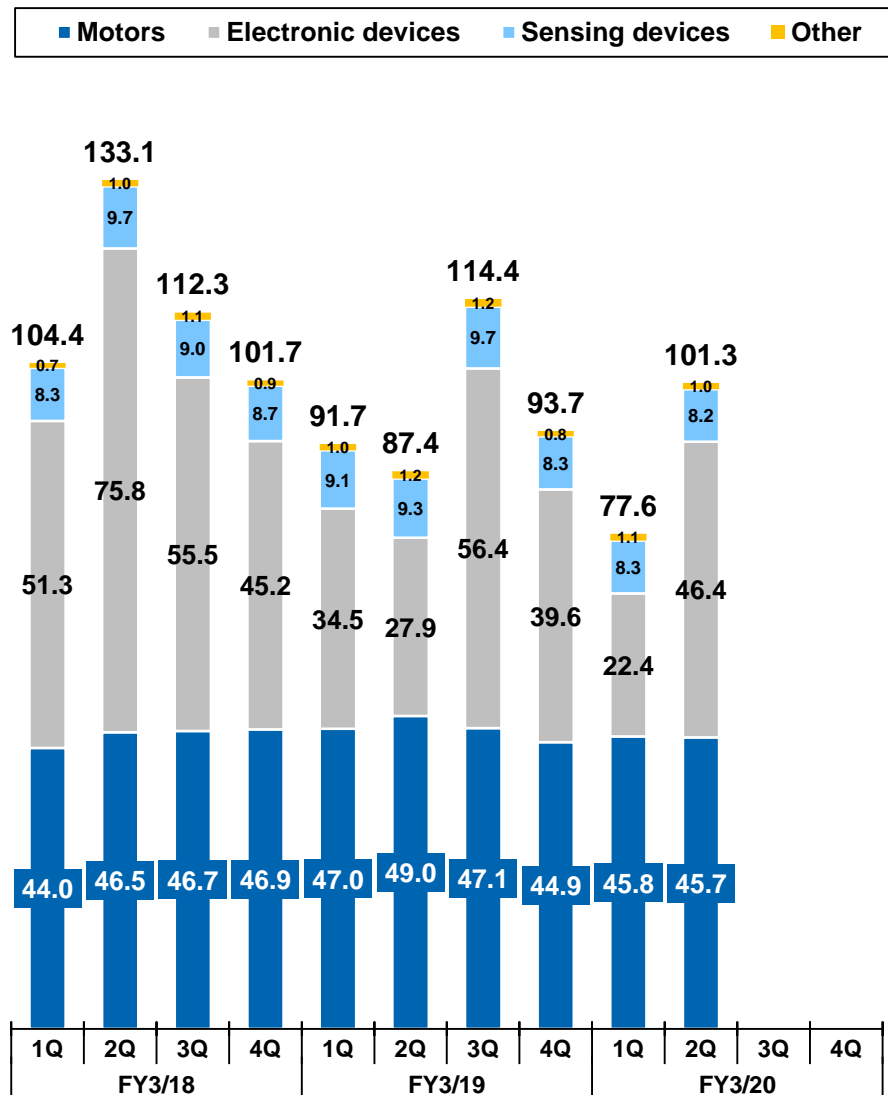
Net sales (Billions of yen)



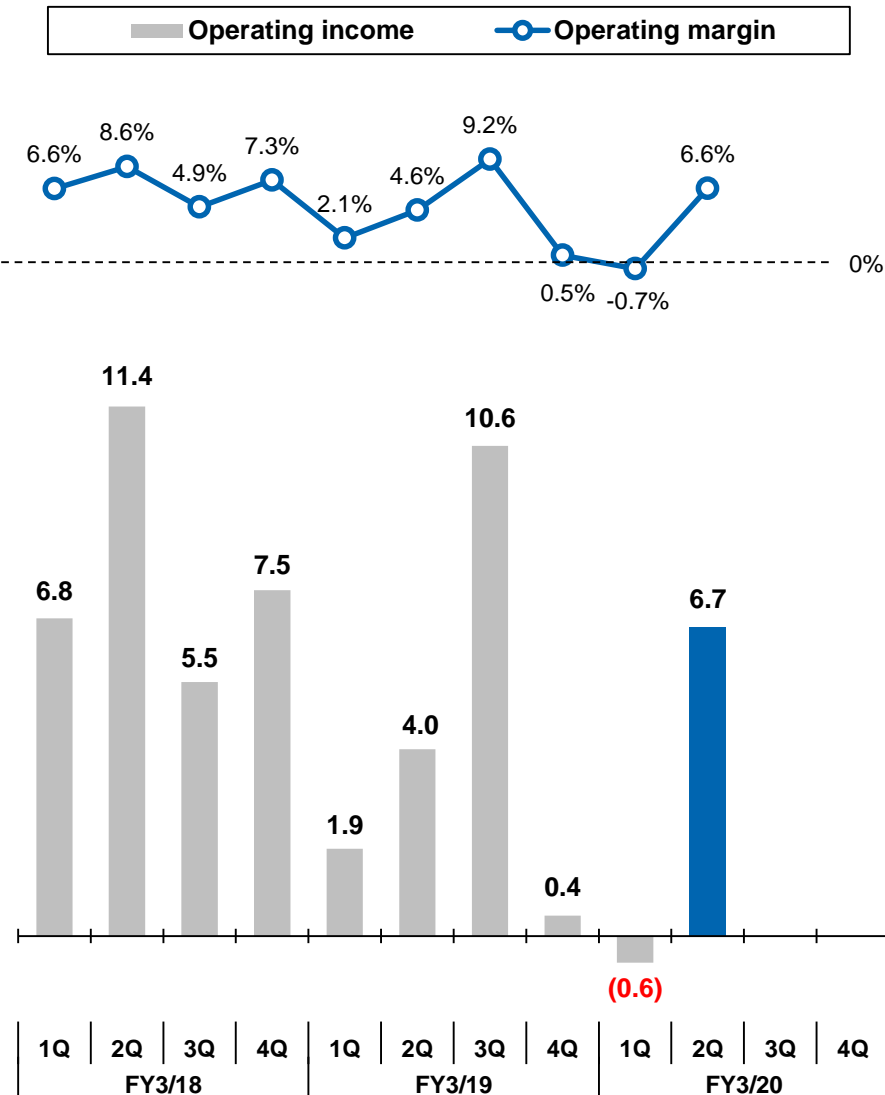
Operating income (Billions of yen)



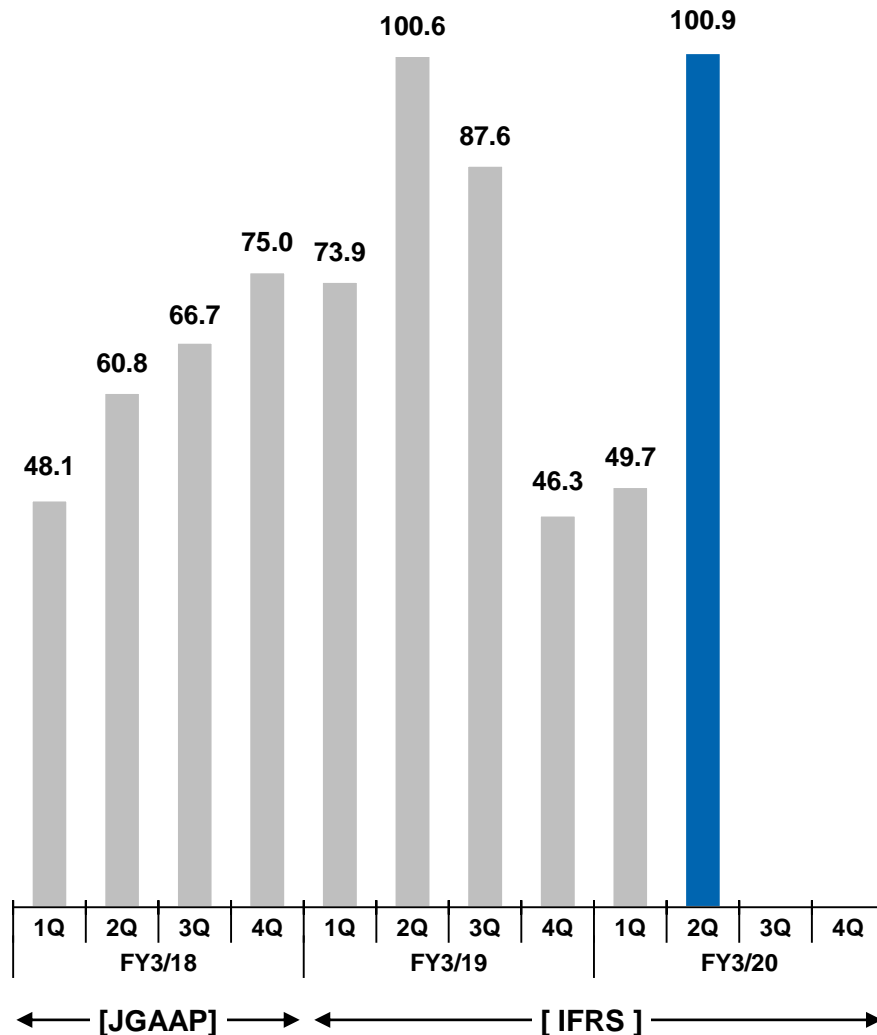
Net sales (Billions of yen)



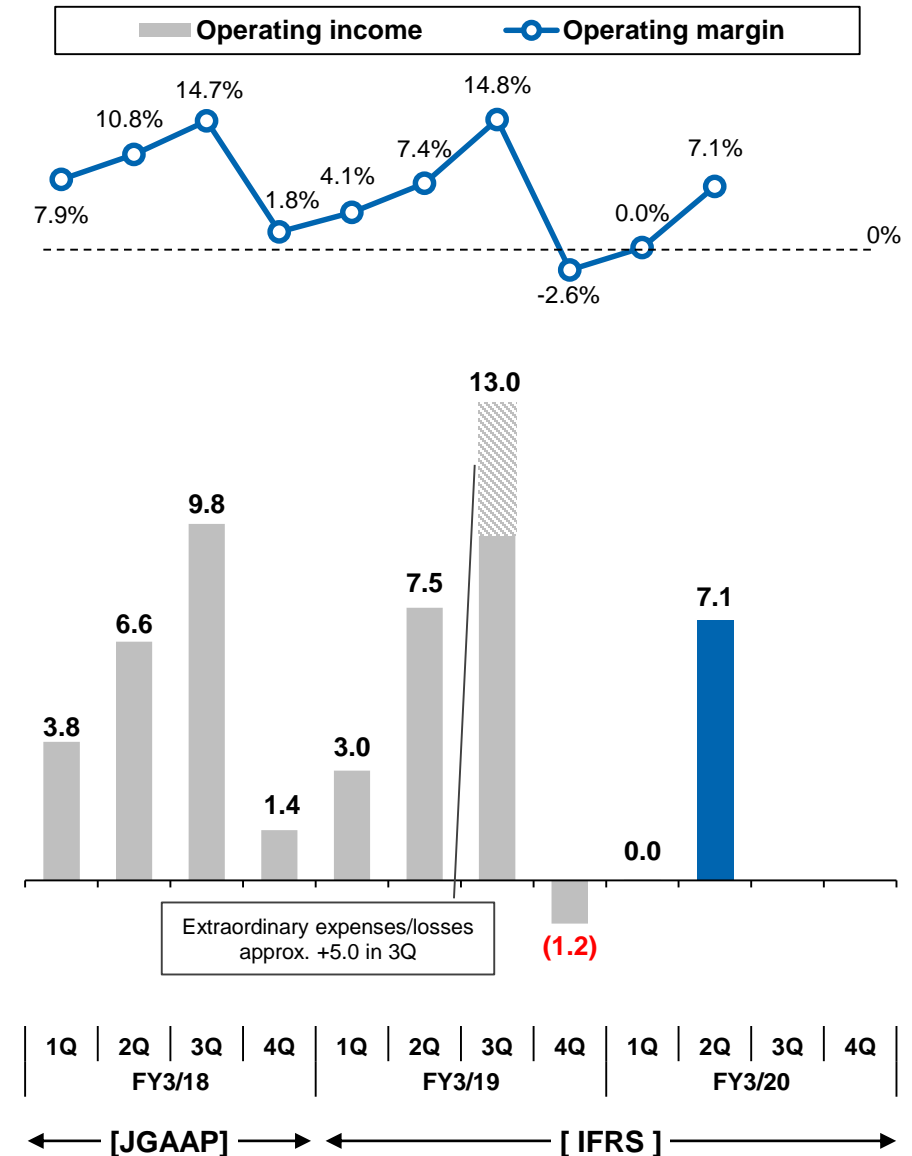
Operating income (Billions of yen)



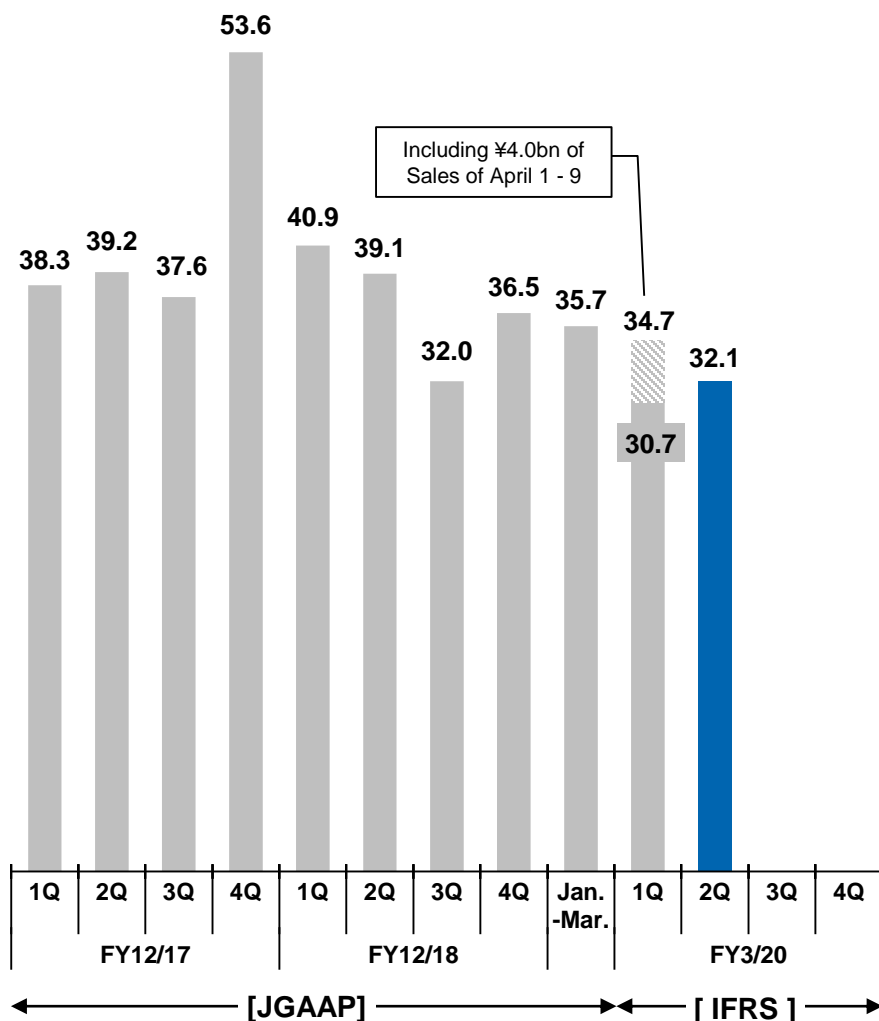
Net sales (Billions of yen)



Operating income (Billions of yen)

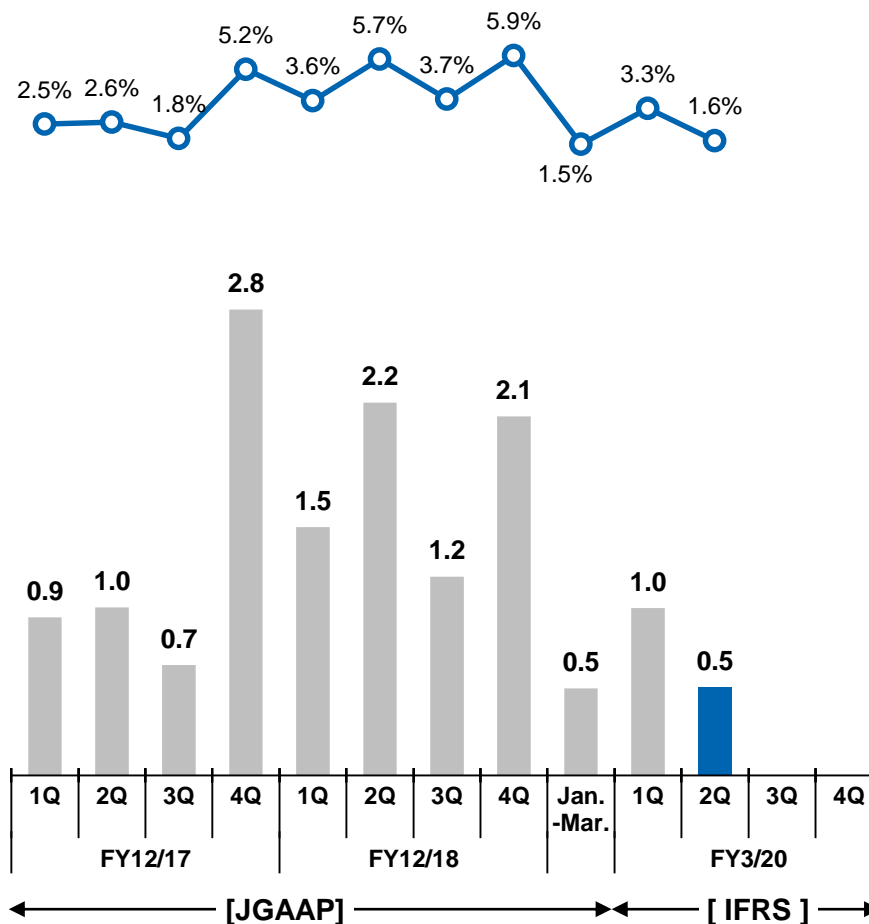


Net sales (Billions of yen)



Operating income (Billions of yen)

Operating income Operating margin

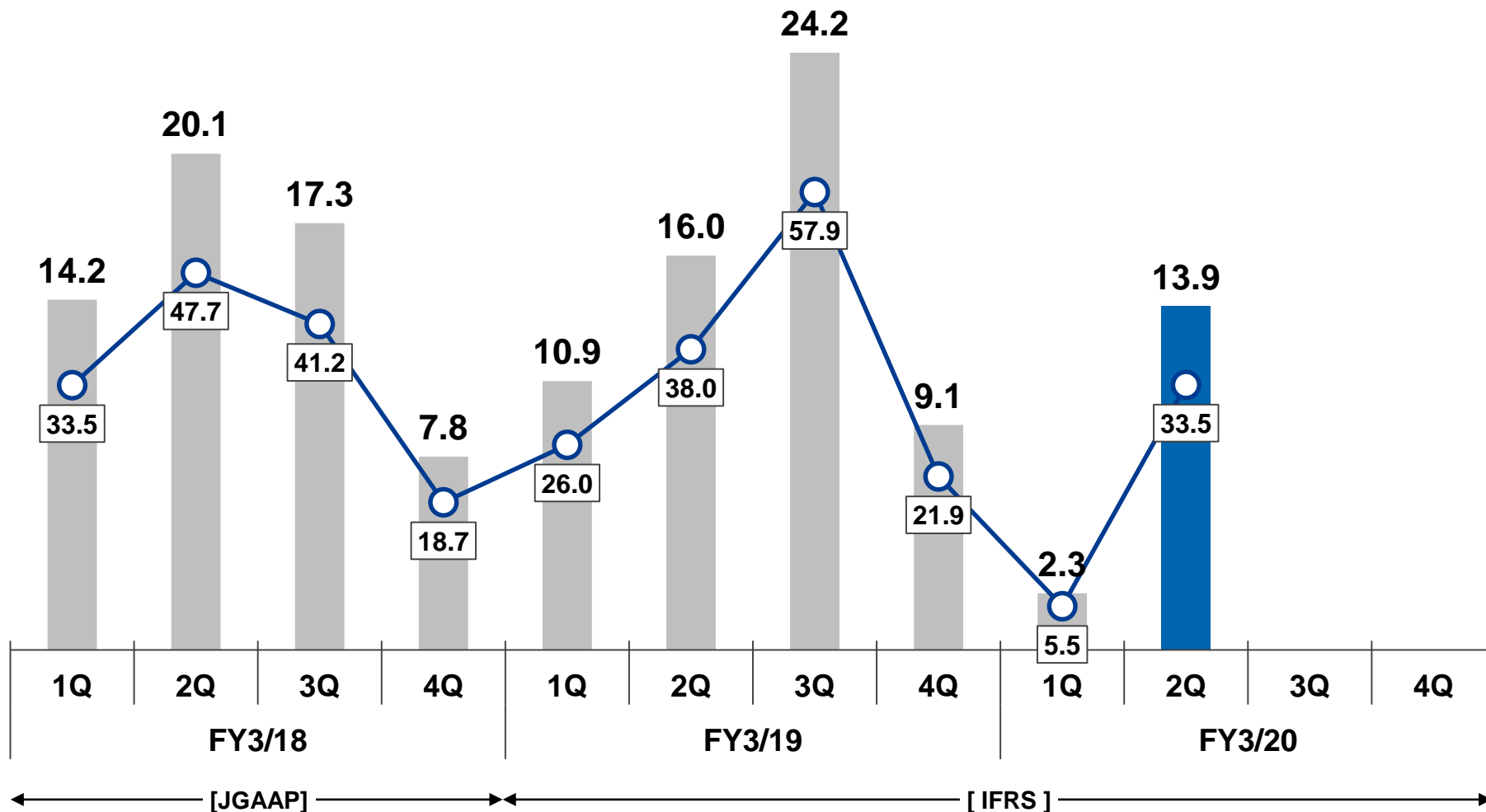


Profit attributable to owners of the parent / EPS

*JGAAP for FY3/18

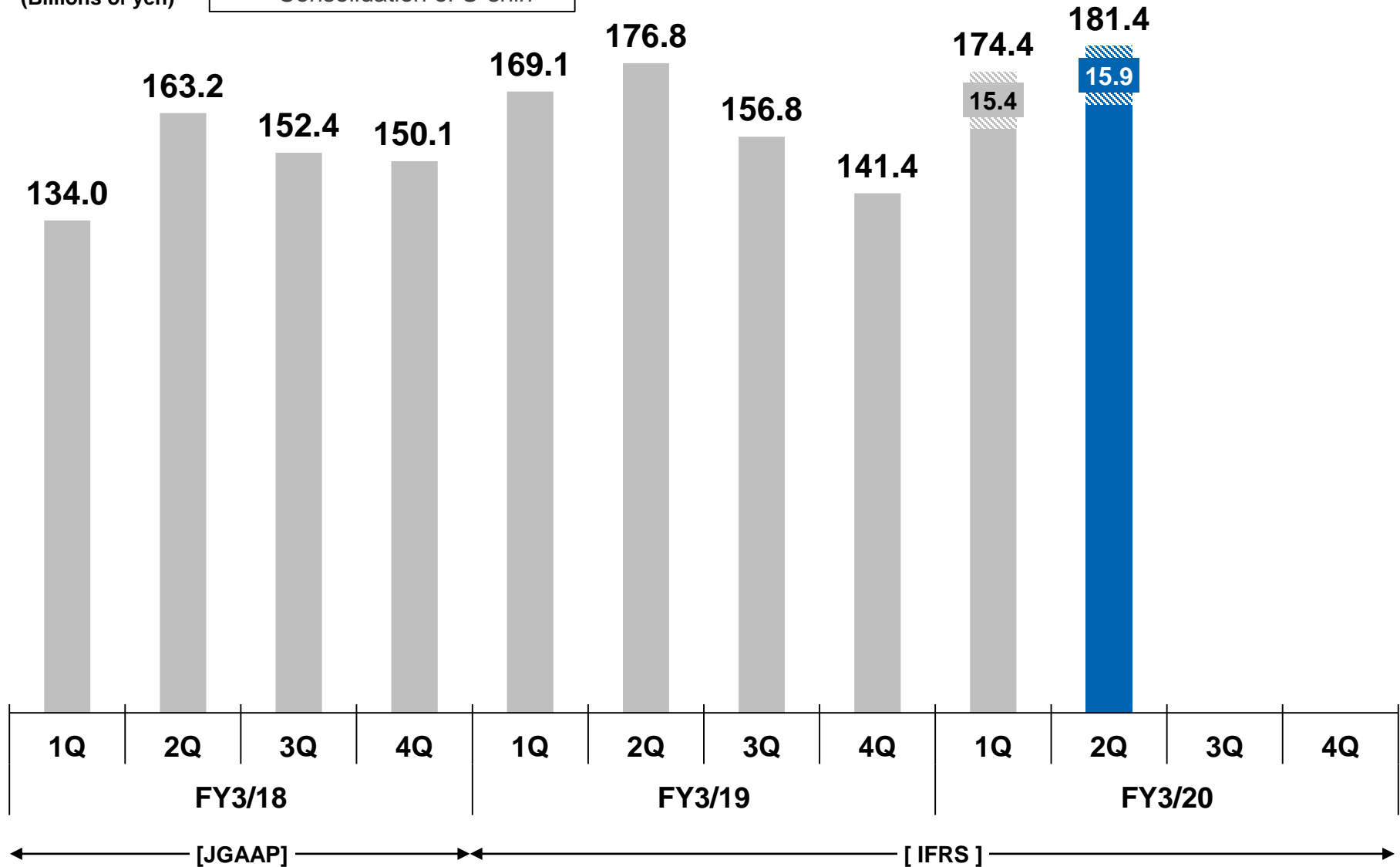
(Billions of yen)

■ Profit for the period attributable to owners of the parent
 ● Earnings per share, basic (yen)



(Billions of yen)

Consolidation of U-shin

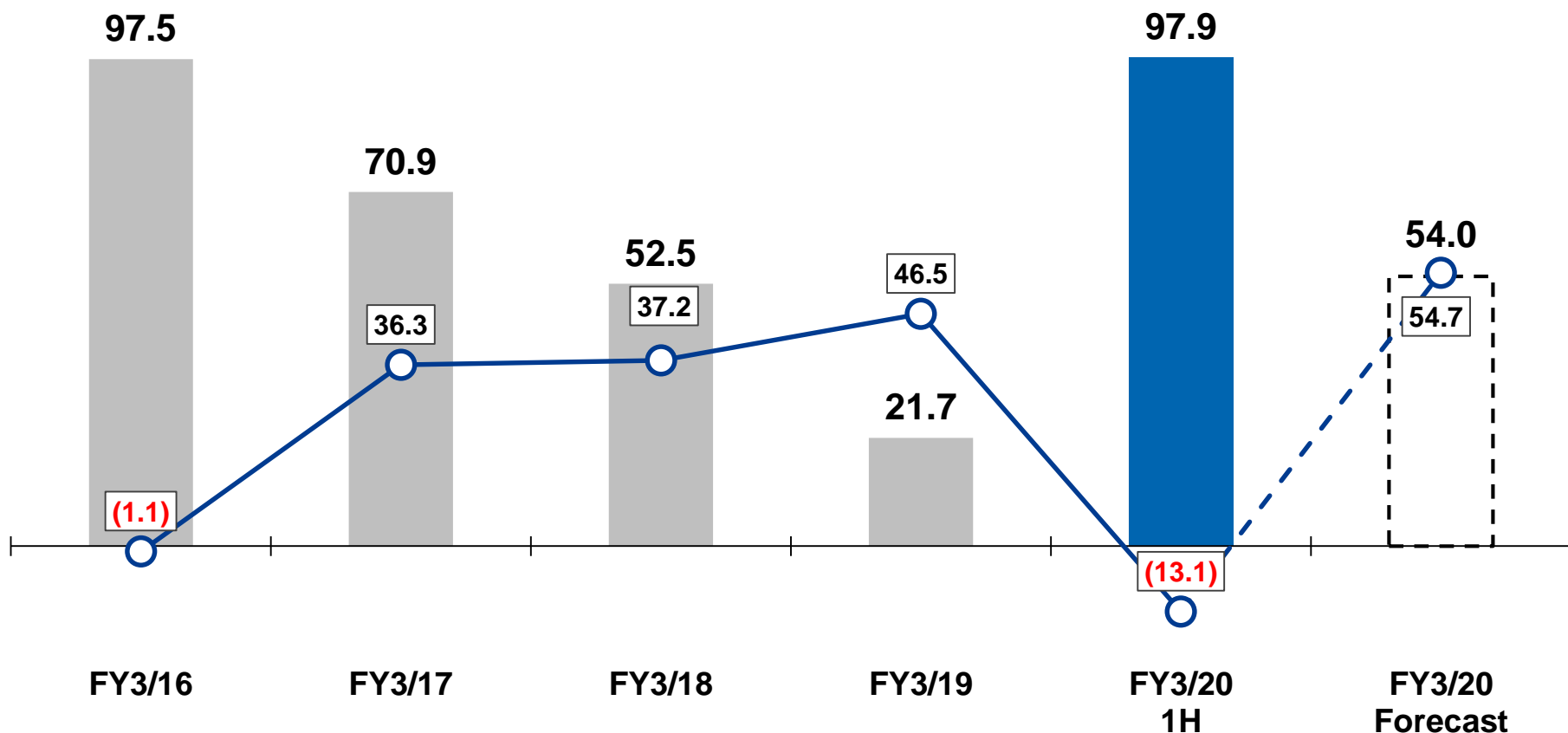


Net interest-bearing debt / Free cash flow

*JGAAP for FY3/18



(Billions of yen)



← [JGAAP] → [IFRS] →

*Net interest-bearing debts : "Bonds and borrowings" – ("Cash and cash equivalents" + Time deposit more than 3 months)

Expecting YoY profit growth in H2, in spite of downward revision for full year [IFRS]

(Millions of yen)	FY3/19	FY3/20			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	884,723	483,898	516,102	1,000,000	+13.0%
Operating income	72,033	23,035	43,965	67,000	-7.0%
Profit before taxes	71,321	23,061	42,939	66,000	-7.5%
Profit for the period attributable to owners of the parent	60,142	16,213	35,787	52,000	-13.5%
Earnings per share, basic (yen)	143.90	39.06	86.20	125.26	-13.0%

Foreign Exchange Rates	FY3/19 Full Year	FY3/20 2H Assumptions
US\$	¥110.67	¥108.00
Euro	¥128.75	¥120.00
Thai Baht	¥3.42	¥3.50
Chinese RMB	¥16.52	¥15.80

Forecast for Business Segment

*Based on IFRS

[IFRS]

(Millions of yen)	FY3/19	FY3/20			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	884,723	483,898	516,102	1,000,000	+13.0%
Machined components	188,324	91,187	91,813	183,000	-2.8%
Electronic devices and components	387,293	178,919	216,081	395,000	+2.0%
Mitsumi business	308,423	150,578	139,422	290,000	-6.0%
U-Shin business	-	62,792	68,208	131,000	-
Other	683	422	578	1,000	+46.4%
Operating income	72,033	23,035	43,965	67,000	-7.0%
Machined components	47,750	20,907	25,093	46,000	-3.7%
Electronic devices and components	16,922	6,076	14,924	21,000	+24.1%
Mitsumi business	22,282	7,149	9,351	16,500	-25.9%
U-Shin business	-	1,542	2,458	4,000	-
Other	-386	-694	-806	-1,500	X3.9
Adjustment	-14,535	-11,945	-7,055	-19,000	+30.7%

Business Update and Management Strategy

November 7, 2019

Yoshihisa Kainuma

Representative Director, CEO & COO



Today's Highlights

- H1: Hit hard overall by macroeconomic slowdown and Forex fluctuations, a diversified portfolio helped boost our bottom line.
- Full-year: **Bottoming out in general**, except for certain sectors.
- Machined components: Ball bearing external shipments in H1 **significantly slowed down mainly for fan motors. Ball bearing sales and production sure to pick up in H2 once inventory adjustments end.** Strong year on year growth in Jan. - Mar. is expected. Sales of rod-ends/fasteners remained upbeat (increasing year on year for 9th consecutive quarter). Impact from reduction of 737 MAX production is limited.

Ball bearing external shipments YoY	H1 average (Actual)	Q4 average (Forecast)
	-22 mil. unit (Fan -21, Auto +2)	+14 mil. unit (Fan +3, Auto +6)

- Electronic devices and components/Mitsumi: Combined H1 and H2 results should be on target. Motor sales to recover in H2 mainly for home appliance applications.
- U-Shin: Production in Chinese factory declined significantly as **Chinese automobile market tremendously lost steam** on top of slowdown in Europe that is making things even worse. **Temporary expenses incurred this year due to launch of new model, which is expected to grow into U-Shin's next core business over medium- to long-term.**
- Will continue to focus M&A strategy on core businesses and also be proactive to shareholder return.
- Preparing to launch stealth products with an eye to medium- to long-term growth.

Market bottomed out and expecting YoY profit growth in H2

Key Points

- **Machined components hit bottom in Q2, orders to pick up in H2**
Ball bearing external shipments reached 194 million units in September and will be in the 200 million range in H2
- **Electronic Devices and Components are in line, Mitsumi is revised upward**
- **U-Shin still getting hit hard by lagging automobile markets mainly in China and Europe. However, expecting bottom out in next fiscal year thanks to 5 pillars including CSD and positive effects from PMI**
- **Estimated exchange rate: 1 USD = ¥108**

(Millions of yen)	FY3/19 Full Year	FY3/20 Plan			
		1st Half	2nd Half	Full Year	YoY
Net sales	884,723	483,898	516,102	1,000,000	+13.0%
Operating income	72,033	23,035	43,965	67,000	-7.0%
Profit for the period attributable to owners of the parent	60,142	16,213	35,787	52,000	-13.5%
Earnings per share, basic (yen)	143.90	39.06	86.20	125.26	-13.0%

Ball bearing sales to pick up YoY as inventory adjustments end

1

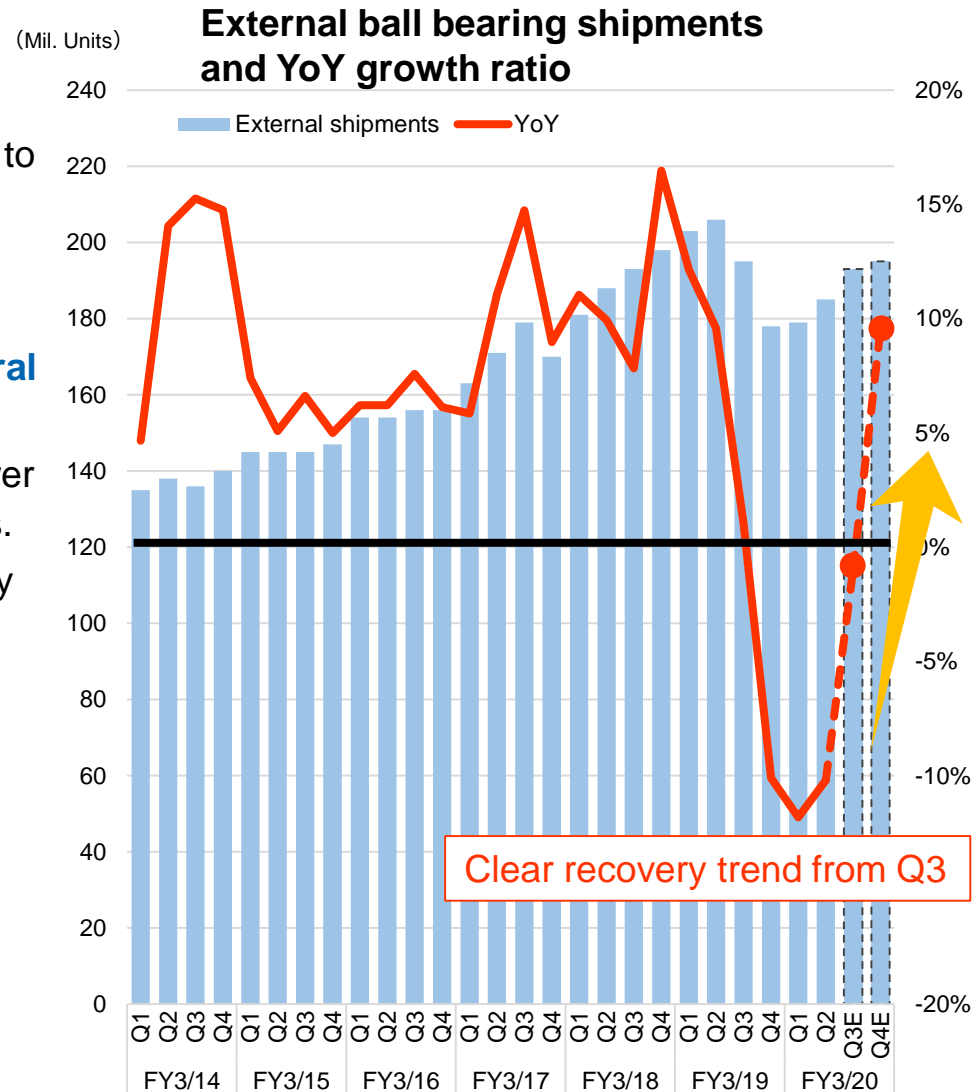
Ball bearings

- Sales **pick up in H2** although recovery was slower than first expected. External shipments to start out at 200 million units next fiscal year.
- Sales rebound of ball bearings for data center cooling fans in sight.
- **Automotive bearings still driven by structural growth.**
- AC market affected by mega trend toward power saving, quieter, and longer lasting inverter ACs.
- Medium- to long-term decline in pivot assembly demand generates extra production capacity.
⇒ ASP improvement is expected through shifting capacity from internal to external, without building a new factory.

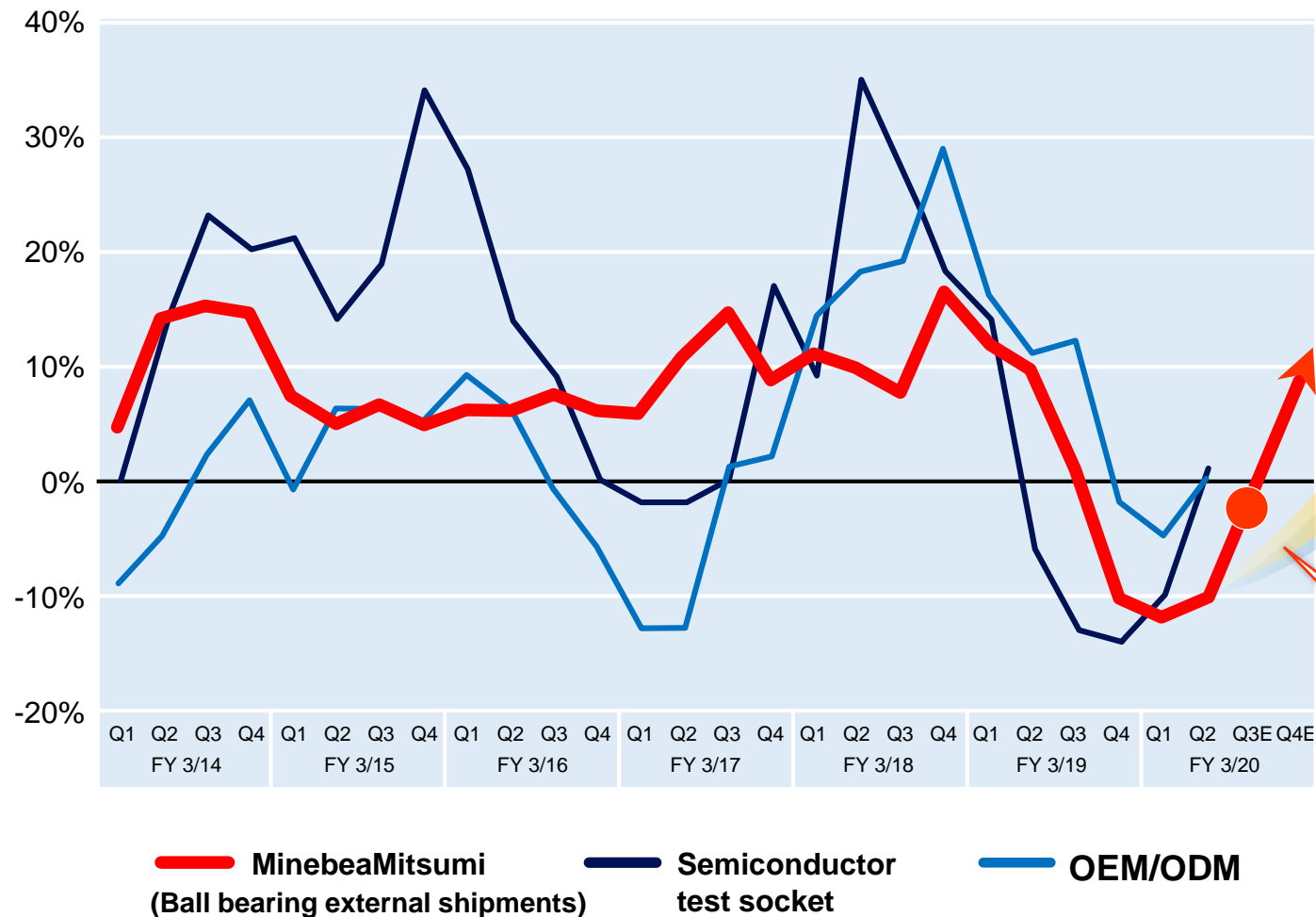
2

Aircraft components

- Profitability keeps improving.
- Impact from reduction of 737 MAX production is limited.



Economy to recover after hitting bottom



External Shipments in October were 195 mil. units

**H1 results on target despite impact of macroeconomic slowdown.
No change in medium- to long-term growth outlook.**

1 Motors

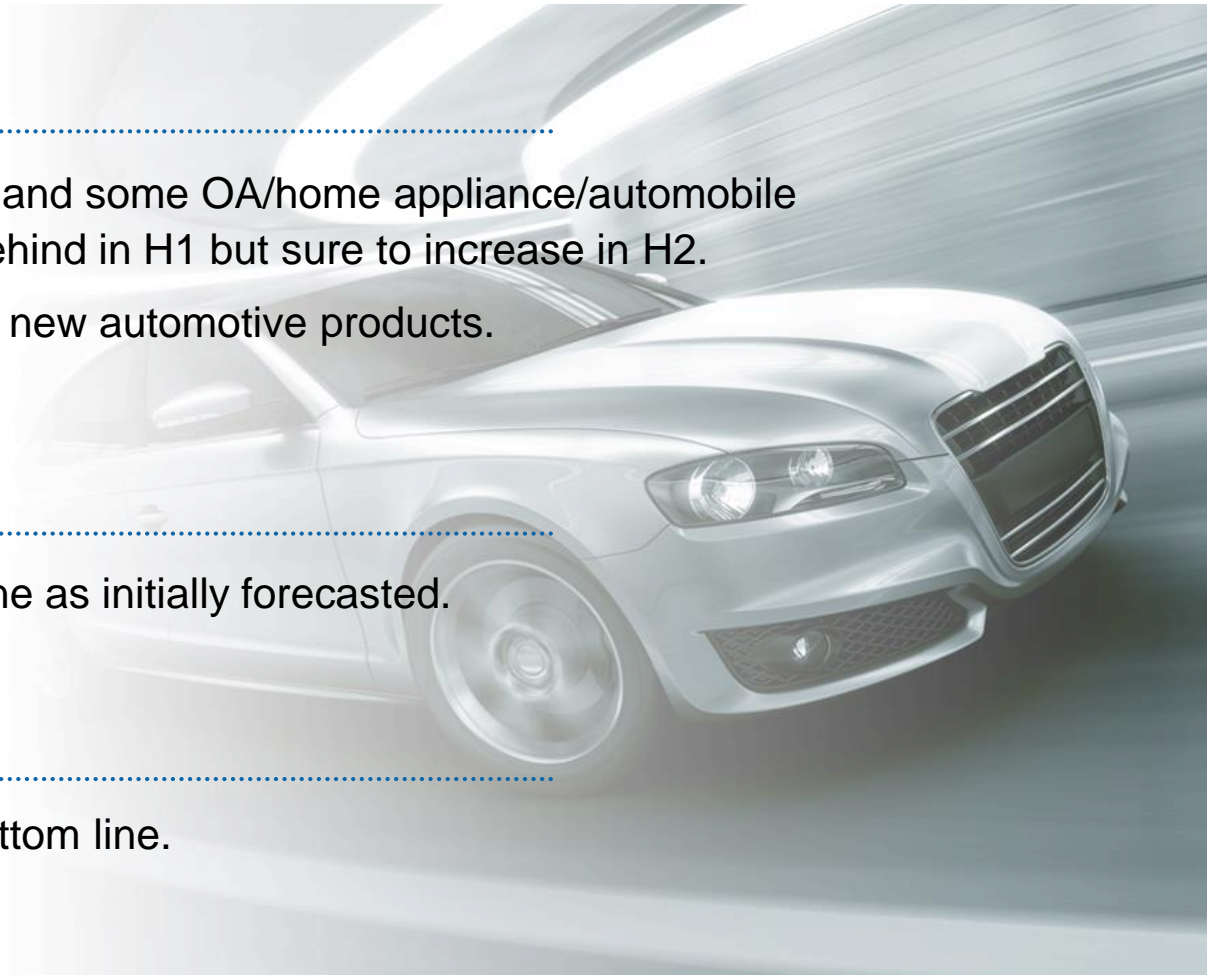
- Sales, mainly for HDD and some OA/home appliance/automobile applications, lagged behind in H1 but sure to increase in H2.
- Will continue to launch new automotive products.

2 LED backlights

- Contribute to bottom line as initially forecasted.

3 Sensing devices

- Solid contribution to bottom line.



Profits remain on track this FY

Precision components/power supplies/ automobile parts/semiconductors

1

- Overall sales and profits expected to be on a par with last year despite global economic slowdown.

Optical devices

2

- Significant YoY sales and profit increase this FY mainly for Chinese smartphones as initially projected.
- Expanding business opportunity medium- to long-term.
- Respond proactively to OIS market growth.

Technological innovations in optical devices such as;

- Multi-camera
- Autofocus for front cameras
- Large diameter lenses
- Adoption of new system

Mechanical components

3

- Steadily contribute to bottom line.

Although Slowdown in Chinese and European automobile markets puts damper on production, expecting strong growth in next fiscal year thanks to 5 pillars including CSD, and positive effects from PMI

Current situation and future growth driver

- Low capacity utilization rate due to significant impact of slowdown in Chinese and European automobile markets.
- Incurred one-time costs for launch of CSD, which is expected to grow into U-Shin's core business over medium- to long-term.
- Minimize impact of sales decrease by improving yield and reducing fixed costs.

Growth expected in next FY by 5 pillars

- 1 CSD**
- 2 Flash handles**
- 3 E-Access products** (E-Latch/E-Handle/E-Shifter etc.)
- 4 Millimeter wave radar**
- 5 Home security locks**

U-Shin 5 pillars



Dividends for FY3/20

Interim
dividend

TBD



14 yen/share

Year-end
dividend
(Forecast)

TBD



TBD

Regarding the year-end dividends for the fiscal year ending March 31, 2020, we will determine the dividend payout of around 20% on a consolidated basis

(Reference) Dividends for FY3/19

Annual 28 yen/share (14 yen for interim, 14 yen for year-end)

**Maintain generous payout policy
despite impact from changing market conditions**

**1 Will buy back 15 billion yen in
shares within a year**

**2 Reduce capital expenditures and
use cash for dividend payment**

Major capital expenditures to increase and to strengthen production capacity for future growth have already been made

CAPEX
Forecast
for this FY

65.0 bln. yen
(Original)



52.0 bln. yen
(Revised)



Any statements in this presentation which are not historical are future projections based on certain assumptions and executive judgments drawn from currently available information.

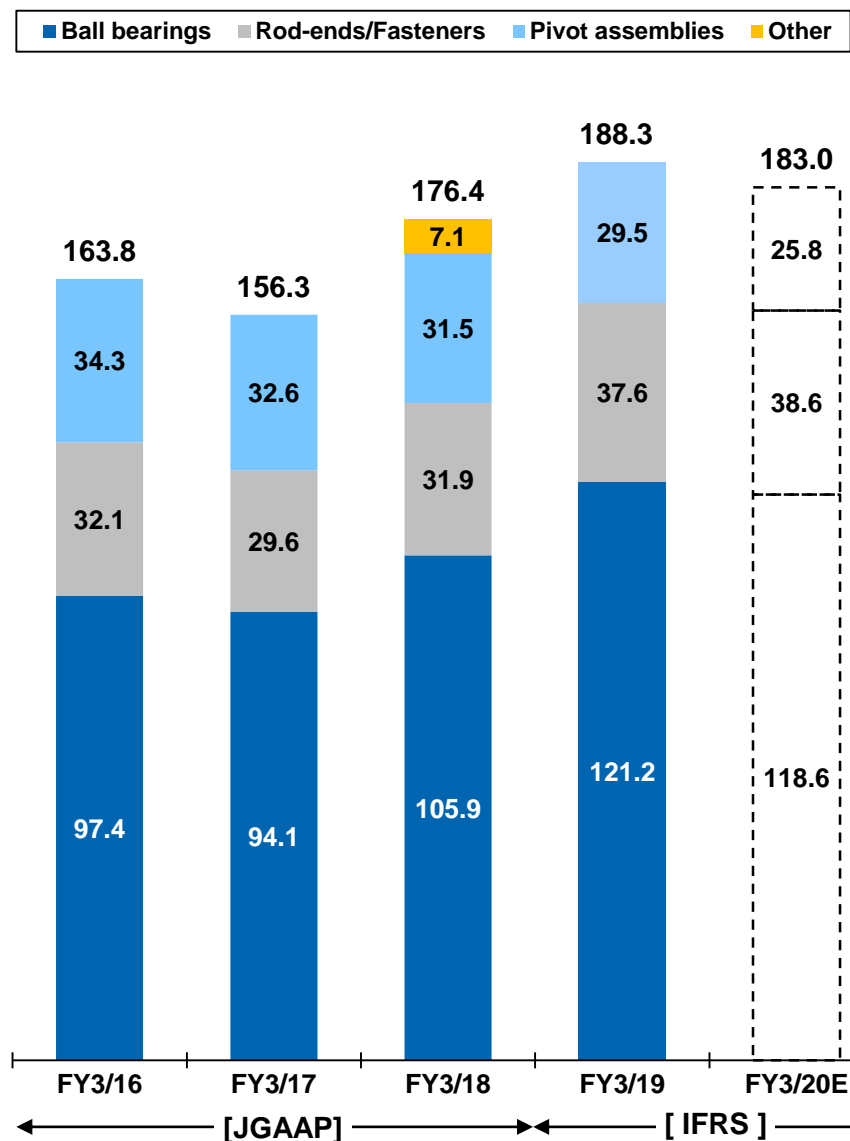
Please note that actual performance may vary significantly from any particular projection due to various factors.

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.

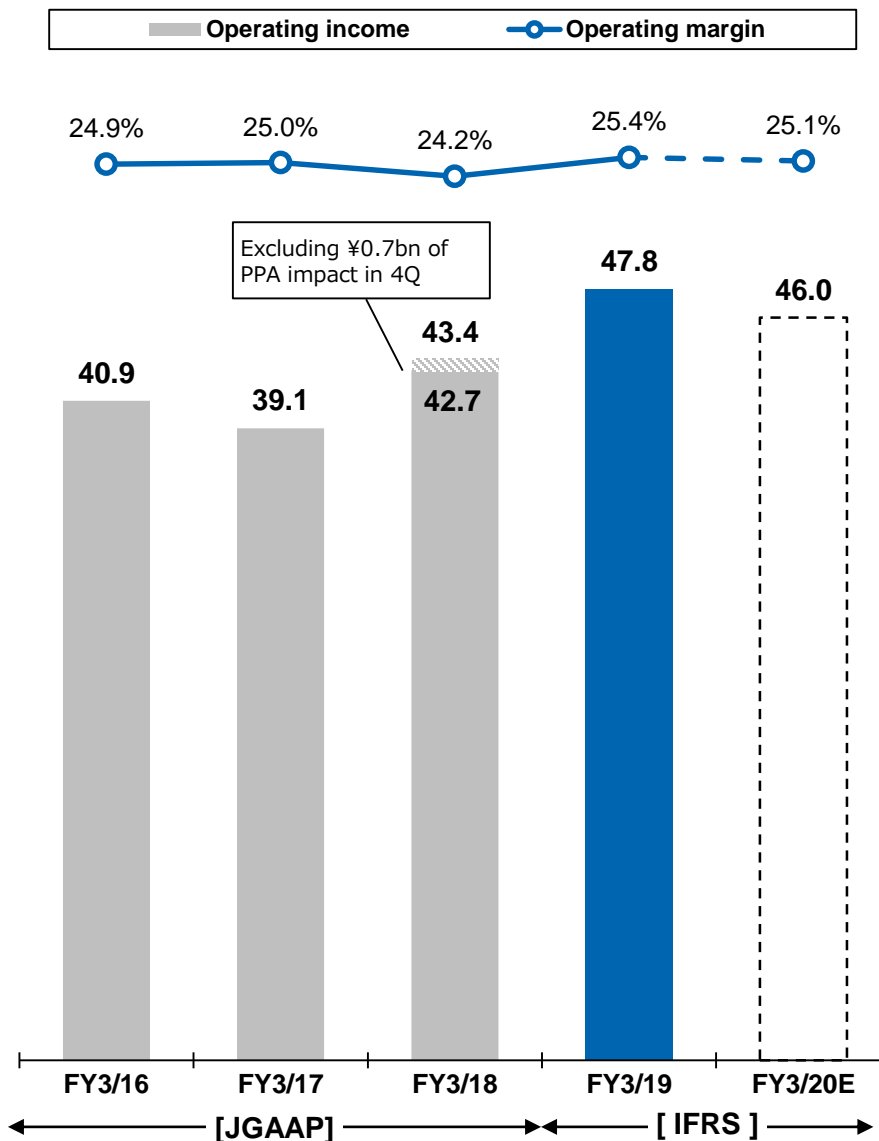
All the information in this document is the property of MinebeaMitsumi Inc. All parties are prohibited, for whatever purpose, to copy, modify, reproduce, transmit, etc. this information regardless of ways and means without prior written permission of MinebeaMitsumi Inc.

Reference

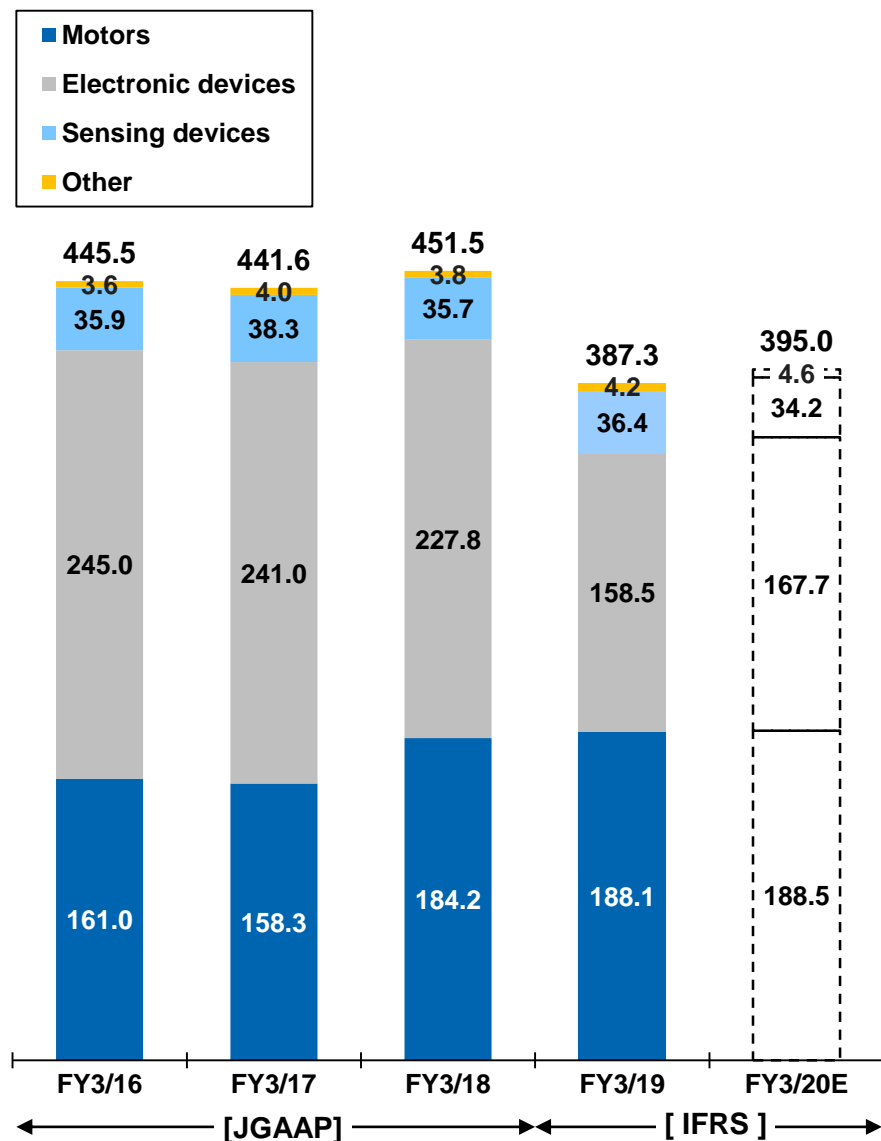
Net sales (Billions of yen)



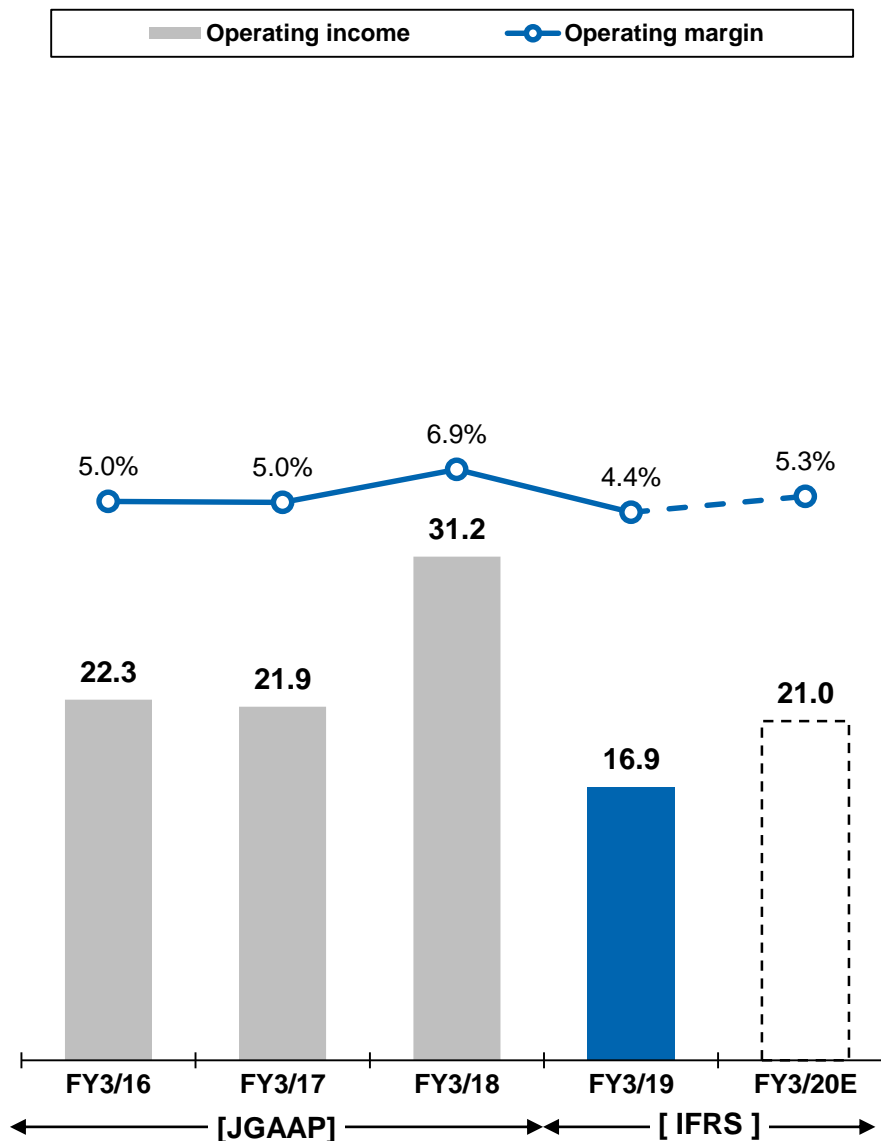
Operating income (Billions of yen)



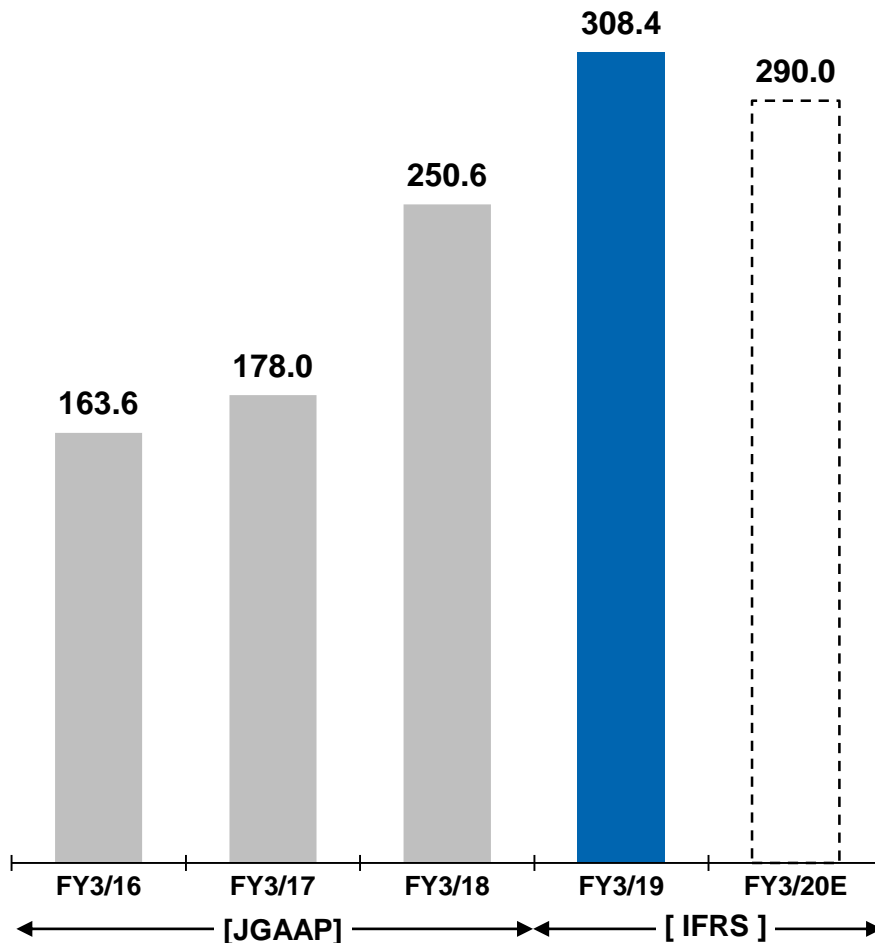
Net sales (Billions of yen)



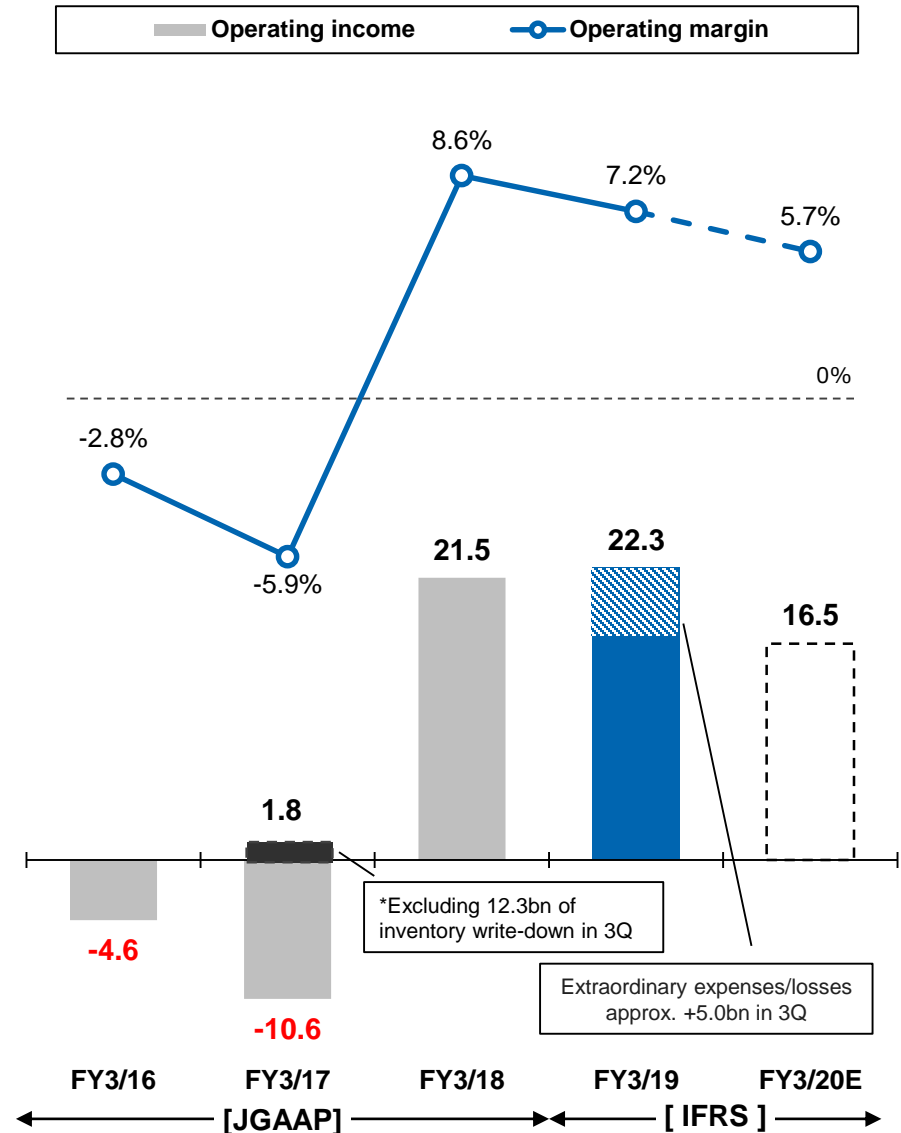
Operating income (Billions of yen)



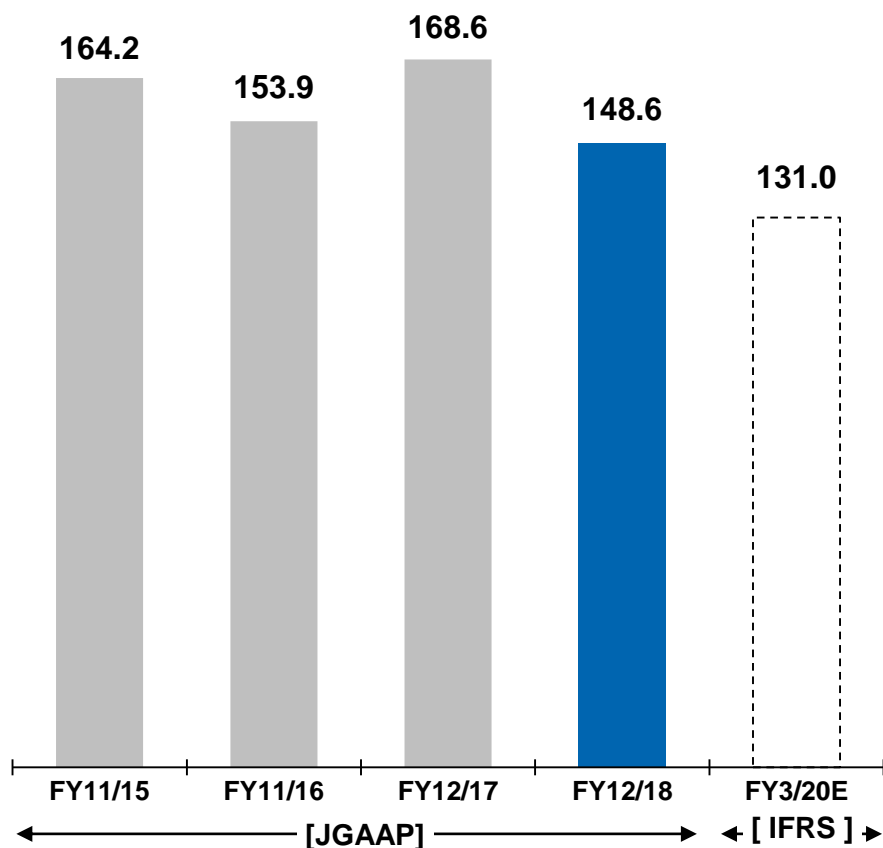
Net sales (Billions of yen)



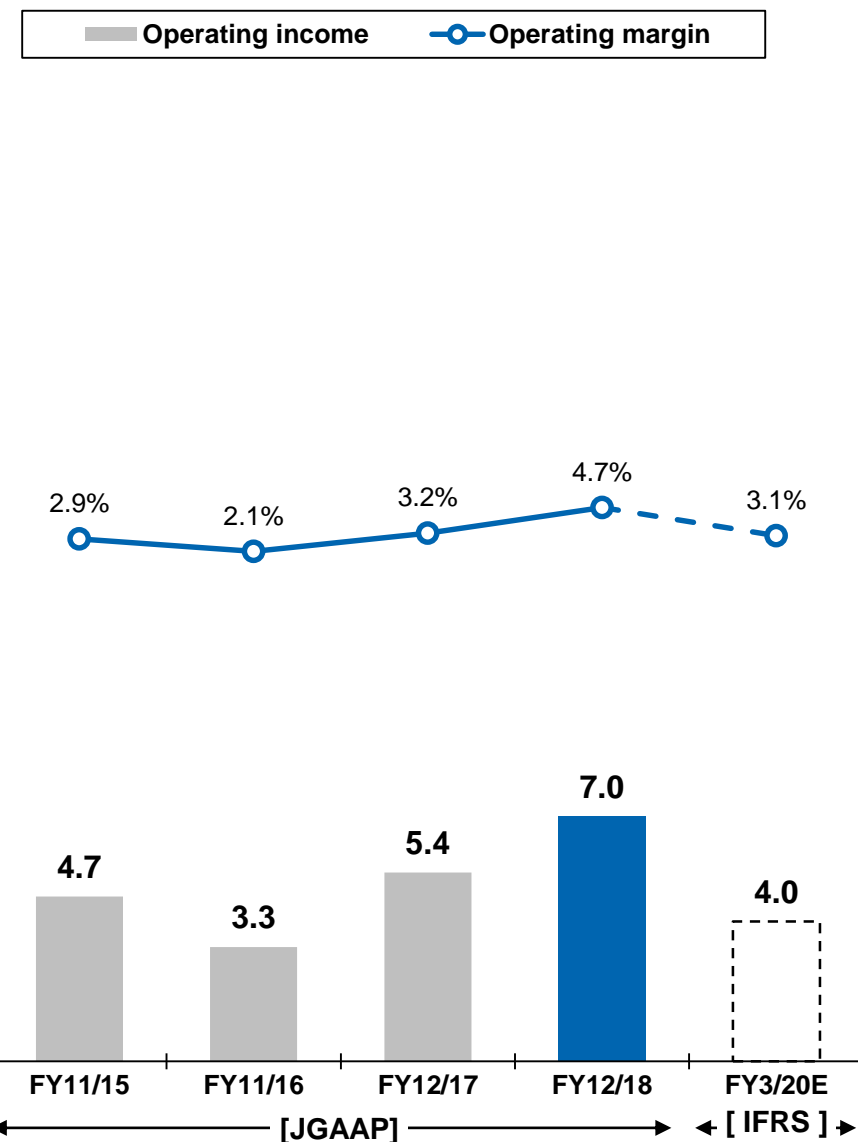
Operating income (Billions of yen)



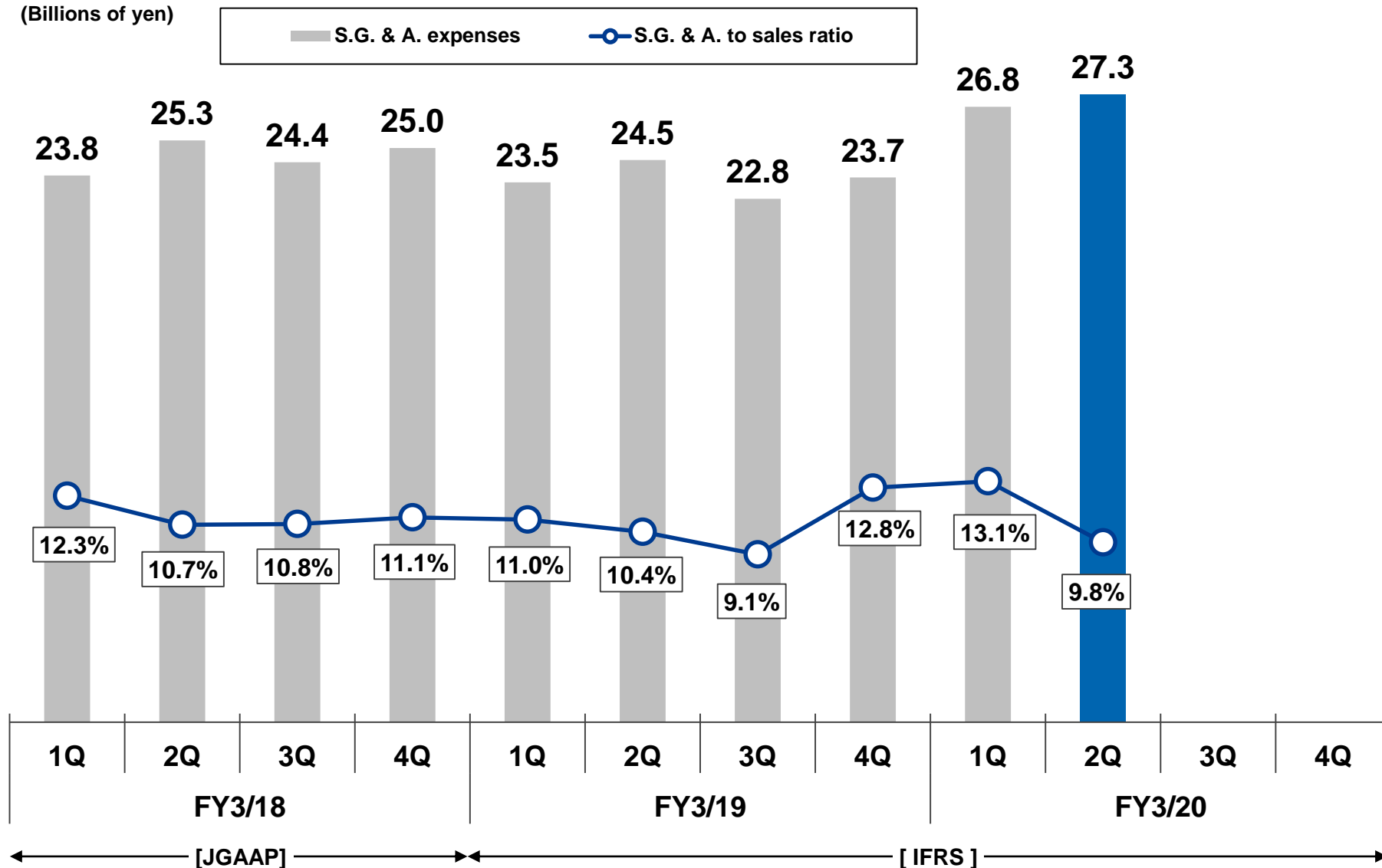
Net sales (Billions of yen)



Operating income (Billions of yen)



(Billions of yen)

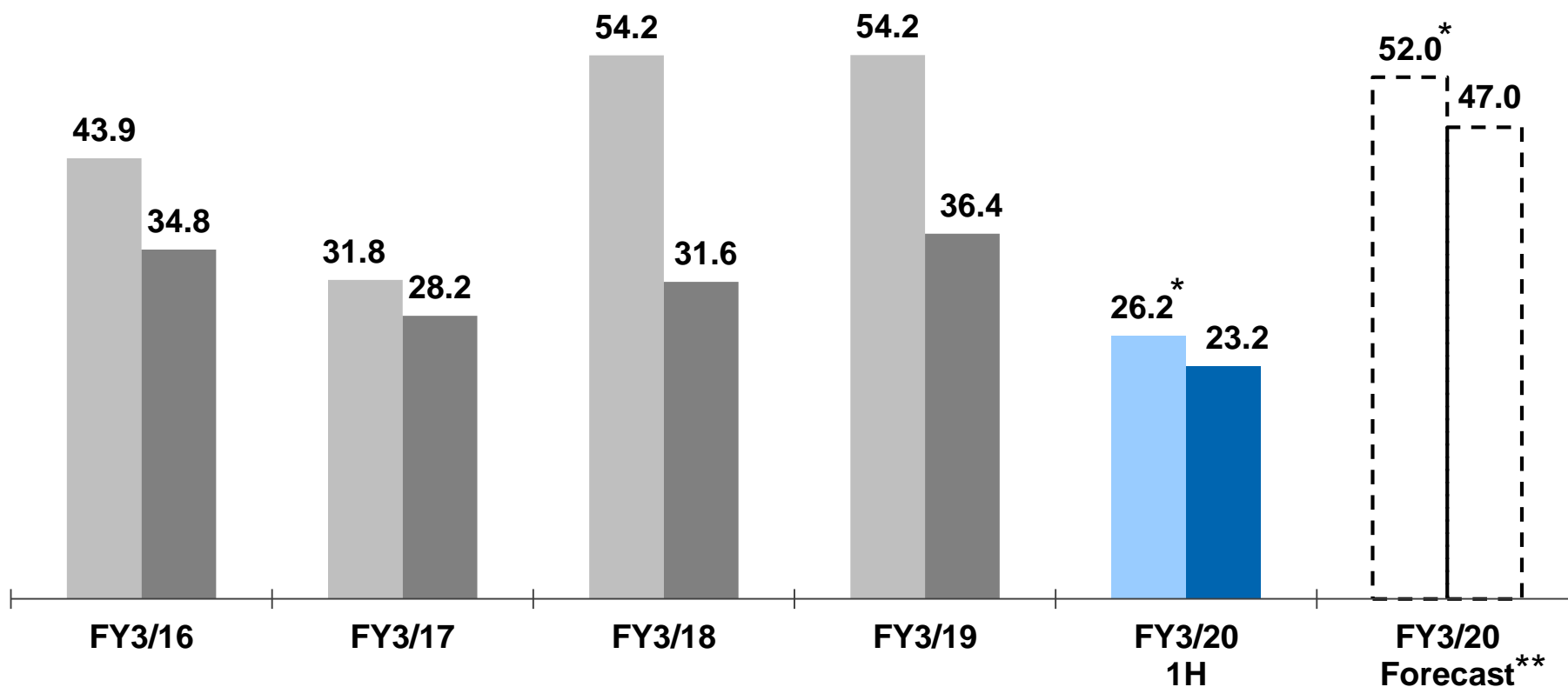


Capital Expenditure / D&A Expense

*JGAAP until FY3/18

(Billions of yen)

■ Capital expenditure ■ Depreciation & Amortization expenses



* Capital expenditures do not include the increase of asset from lease contracts at the IFRS16 application start date

** FY3/20 Forecast includes 8.9bn of CAPEX and 4.5bn of D&A expenses for U-Shin

[JGAAP]

[IFRS]

ROIC (Return On Invested Capital)

ROIC for U-Shin business are pre-merger result and based on CY / JGAAP, and are not included in the Total. JGAAP until FY3/18

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

