MinebeaMitsumi
Passion to Create Value through Difference

Business Results

Third Quarter of Fiscal Year Ending March 31, 2020

MinebeaMitsumi Inc.

February 5, 2020

My name is Yoshida.

Today I would first like to explain the consolidated financial results for the third quarter of the fiscal year ending March 31, 2020, and then Mr. Kainuma, Representative Director, CEO & COO, will explain the highlight including business updates.

Summary of Consolidated Business Results for 3Q

*Based on IFRS

Net sales hit 3Q record highs

(Millions of yen)	FY3/19 3Q	FY3/20 2Q	FY3/20 3Q	Change YoY	Change QoQ
Net sales	249,570	279,473	267,650	+7.2%	-4.2%
Operating income	31,124	19,372	23,058	-25.9% (-11.7%*)	+19.0%
Profit before taxes	30,333	19,381	23,005	-24.2%	+18.7%
Profit for the period attributable to owners of the parent	24,177	13,916	18,991	-21.5%	+36.5%
Earnings per share, basic (yen)	57.92	33.52	45.77	-21.0%	+36.5%

Foreign Exchange Rates	FY3/19 3Q	FY3/20 2Q	FY3/20 3Q
US$	¥113.43	¥107.63	¥108.79
Euro	¥129.92	¥120.44	¥120.02
Thai Baht	¥3.45	¥3.50	¥3.59
Chinese RMB	¥16.35	¥15.44	¥15.37

*Excluding a one-time revenue gain of about 5.0 billion yen in 3Q of fiscal year ended March 2019

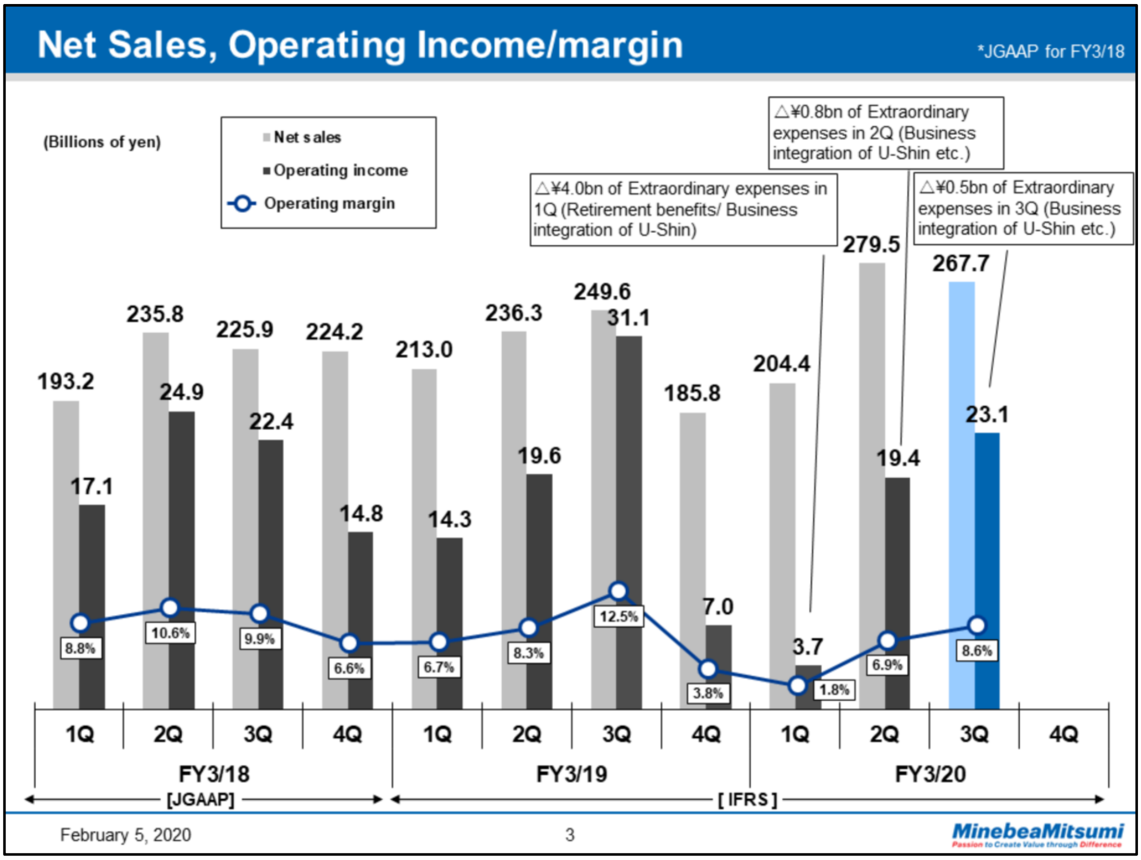
Consolidated net sales for the third quarter of the fiscal year ending March 31, 2020, was up 7.2% year on year and down 4.2% quarter on quarter to total 267,650 million yen. Net sales hit the third quarter record highs.

Operating income was down 25.9% year on year and up 19.0% quarter on quarter to total 23,058 million yen.

The results for the third quarter of the fiscal year ended March 2019 include a one-time profit gain due to changes in the personnel system, of the extended retirement age, as well as other special factors, which all added up to a gain of approximately 5.0 billion yen. If this amount were not to be accounted for, the year-on-year decrease in operating income would be 11.7%.

Profit for the period attributable to owners of the parent was down 21.5% year on year and up 36.5% quarter on quarter to total 18,991 million yen.

Currency fluctuations brought net sales up an estimated 2.0 billion yen quarter on quarter and down 10.0 billion yen year on year. It also brought operating income up 0.3 billion yen quarter on quarter and down 3.5 billion yen year on year.



This is the quarterly trend in net sales, operating income and operating margin.

The bar graph on the left is net sales, and the one on the right is operating income along with a line chart for the operating margin.

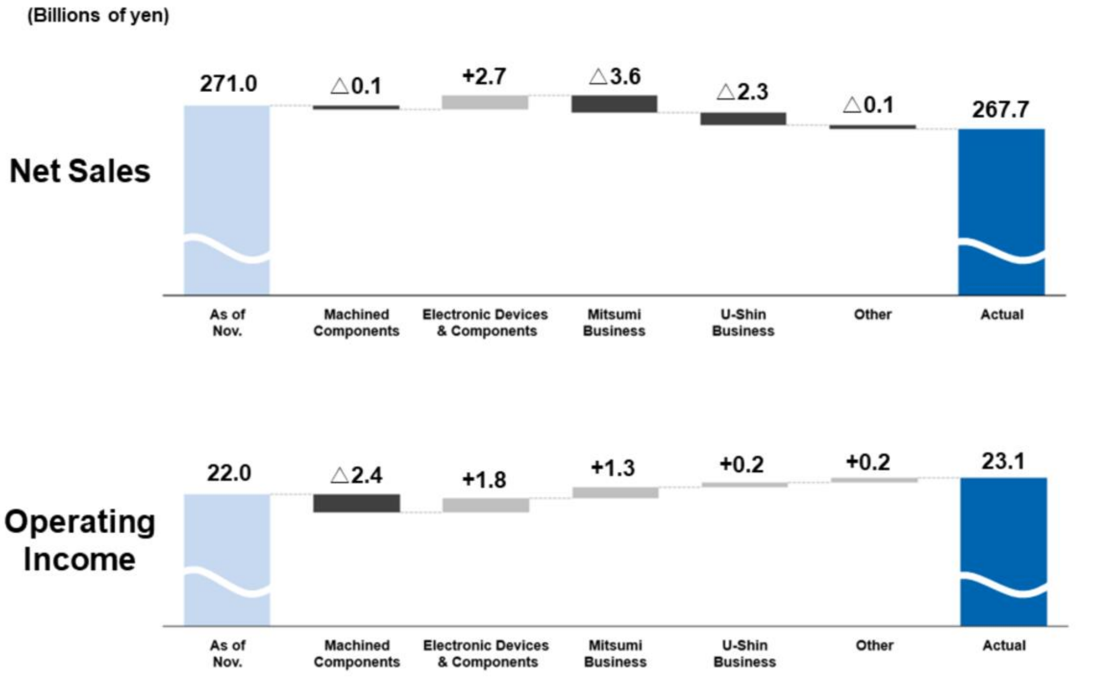
The operating margin for the third quarter was down 3.9 percentage point year on year but up 1.7 percentage point quarter on quarter to reach 8.6%.

However, expenses including business integration cost of U-Shin totaling approximately 0.5 billion yen are accounted for as special factors in the third quarter, otherwise the operating margin would be 8.8% if these expenses were excluded.

Also, please note that figures of the fiscal year ended March 2018 are based on JGAAP and are provided for your reference so that you can look at past figures.

The same applies hereinafter.

3Q Actual: Differences from the Forecast as of November



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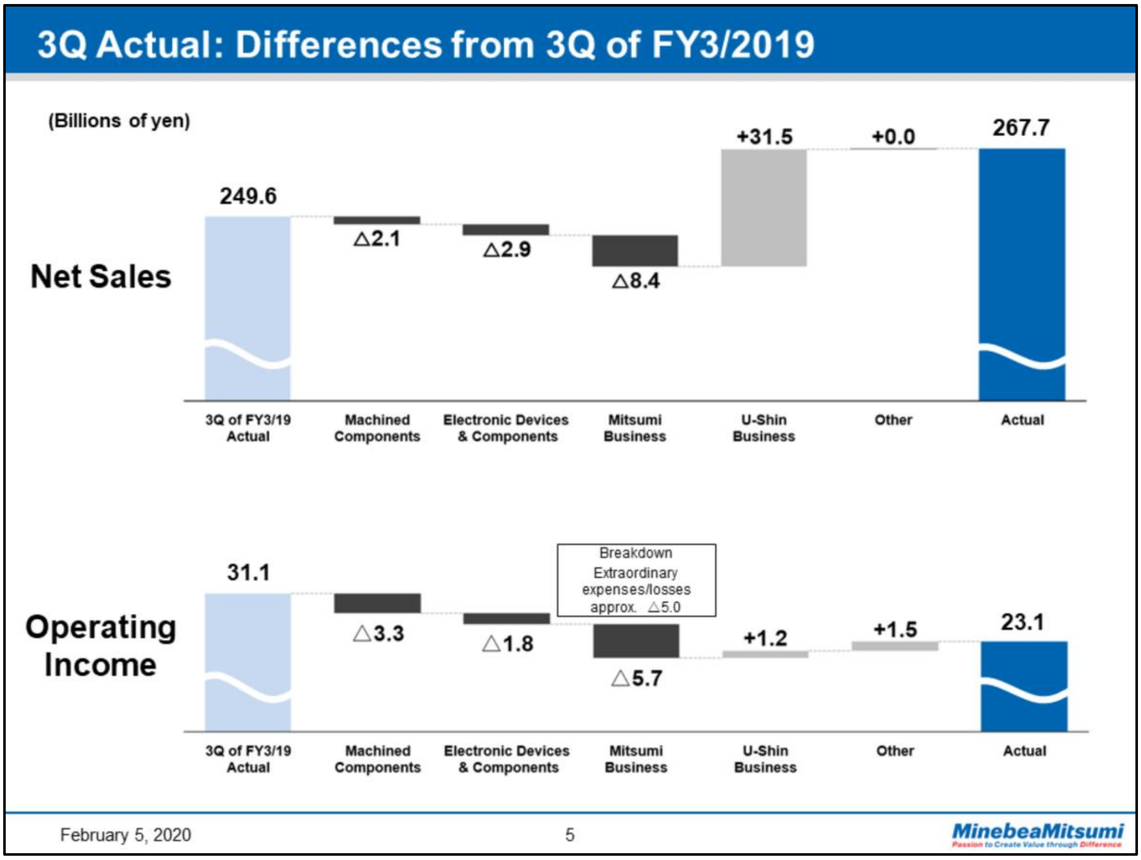
Here shows the difference between the forecast as of November and actual results for net sales and operating income by business segment for the third quarter.

Net sales for the machined components business segment were almost on a par with the forecast. Sales for the electronic devices and components business segment were higher than forecasted thanks to steady sales of electronic devices. Overall sales for the Mitsumi business were below the forecast due to shipment delays for some optical device products although shipments of mechanical components were higher than projected.

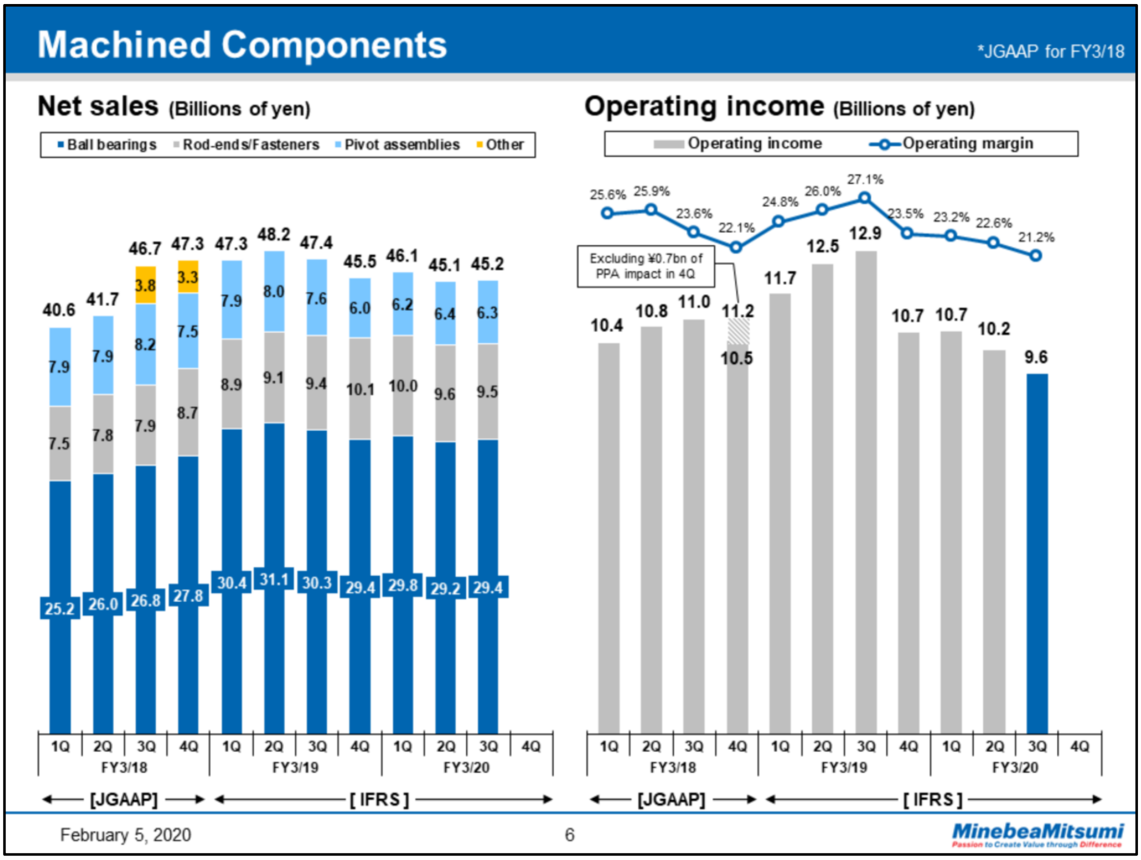
The U-Shin business saw lower-than-expected sales due to a significant slowdown in production as a result of the slump in automobile market especially in China.

While the machined components business segment saw the external shipment volume for ball bearings bounce back, its operating income fell shy of the forecast since we shipped inventory that incurred higher manufacturing costs first. The electronic devices and components business enjoyed higher-than-expected operating income as a result of increased sales. Operating income for the Mitsumi business was higher than projected, mainly for mechanical components and analog semiconductors. U-Shin saw higher-than-forecasted operating income as a result of the improved profitability of its automotive business.



Here shows the difference between the actual results for the third quarter of FY3/19 and actual for the third quarter of this fiscal for net sales and operating income by business.

The results are as shown in this slide. Operating income for the Mitsumi business was roughly flat in reality since its operating income for the third quarter of FY3/19 include a one-time profit gain as a result of changes in the personnel system of the extended retirement age, as well as other special factors, which all added up to a gain of approximately 5.0 billion yen.



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

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

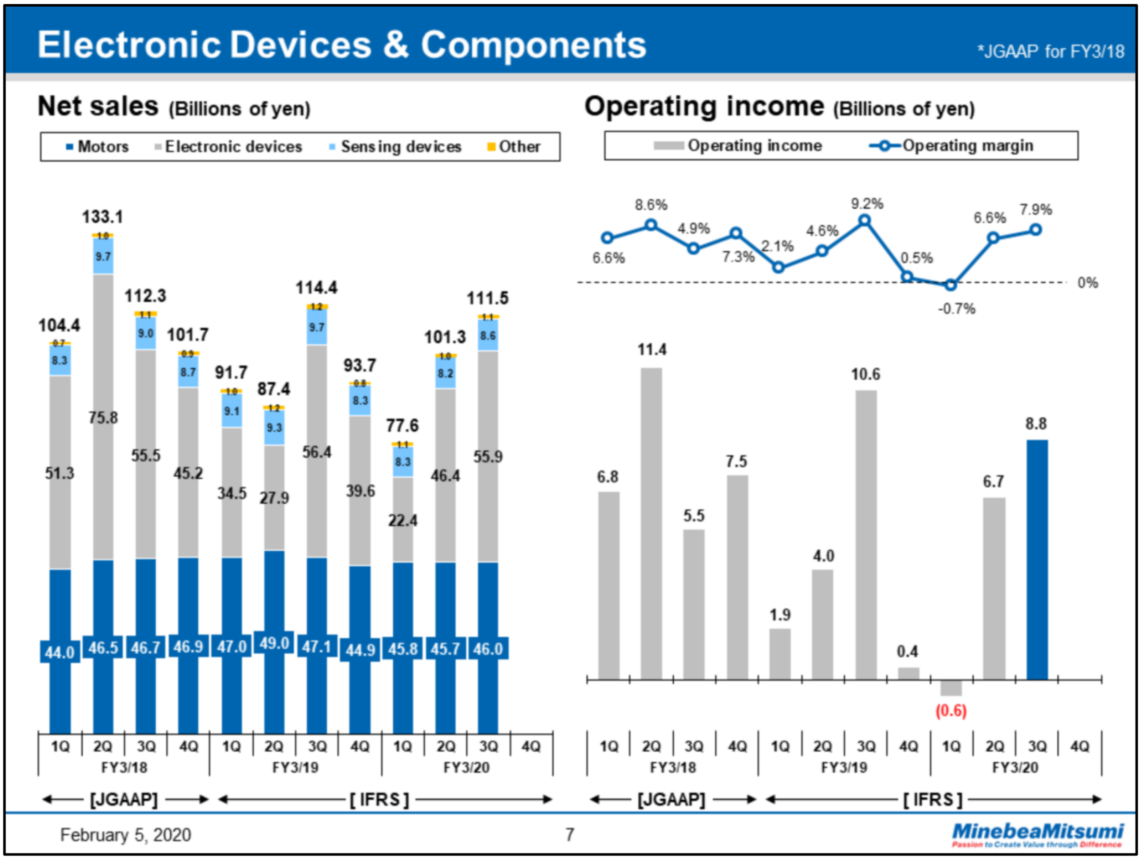
Net sales for the third quarter increased 0.2% from the previous quarter to total 45.2 billion yen.

Ball bearing sales increased 1.0% quarter on quarter to total 29.4 billion yen. External shipment volume of ball bearings totaled 202 million units per month on average. These figures are the result of continuing steady demand from the automobile industry, greater year-on-year demand for ball bearings used in fan motors, and growing demand for bearings for air conditioners.

Sales of rod-ends/fasteners, totaling 9.5 billion yen, were down 0.8% over the previous quarter. Business for the aircraft industry, especially small and medium-sized aircraft, remained steady.

Sales of pivot assemblies decreased 1.6% quarter on quarter to reach 6.3 billion yen. While we were impacted by the weakness of the entire HDD market, our ability to maintain an 80% share of that market has provided stable earnings.

Operating income for the quarter totaled 9.6 billion yen, and the operating margin was 21.2%. While this represents a 1.4 percentage point decrease in the operating margin, operating income declined 6.1%. Looking at the results by product, although the external shipment volume of ball bearings was up, profit declined quarter on quarter since we shipped inventory that incurred higher manufacturing costs first after seeing the total sales volume, including internal sales, exceeded the production volume.



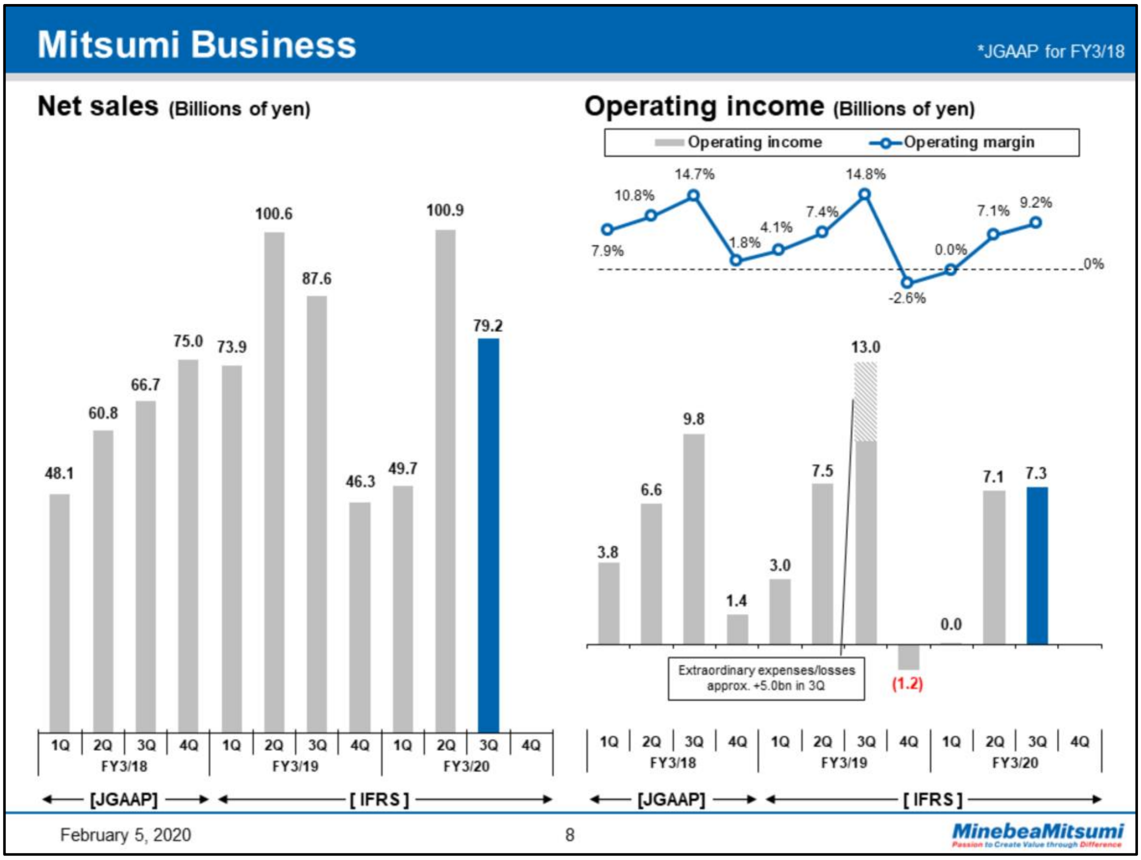
Now let's look at the electronic devices & components segment.

Net sales increased 10.1% quarter on quarter to reach 111.5 billion yen.

By product, sales of motor were about the same as last quarter, at 46.0 billion yen. Electronic devices sales increased 20.5% quarter on quarter to total 55.9 billion yen. This was because LED backlight sales, which had been booming since the second quarter, remained steady in the third quarter.

Sales of sensing devices increased 4.8% to total 8.6 billion yen. This was due to generous sales to a handful of customers.

The segment recorded an operating income of 8.8 billion yen and an operating margin of 7.9%. Looking at the results by product, operating income was mainly driven by electronic devices.

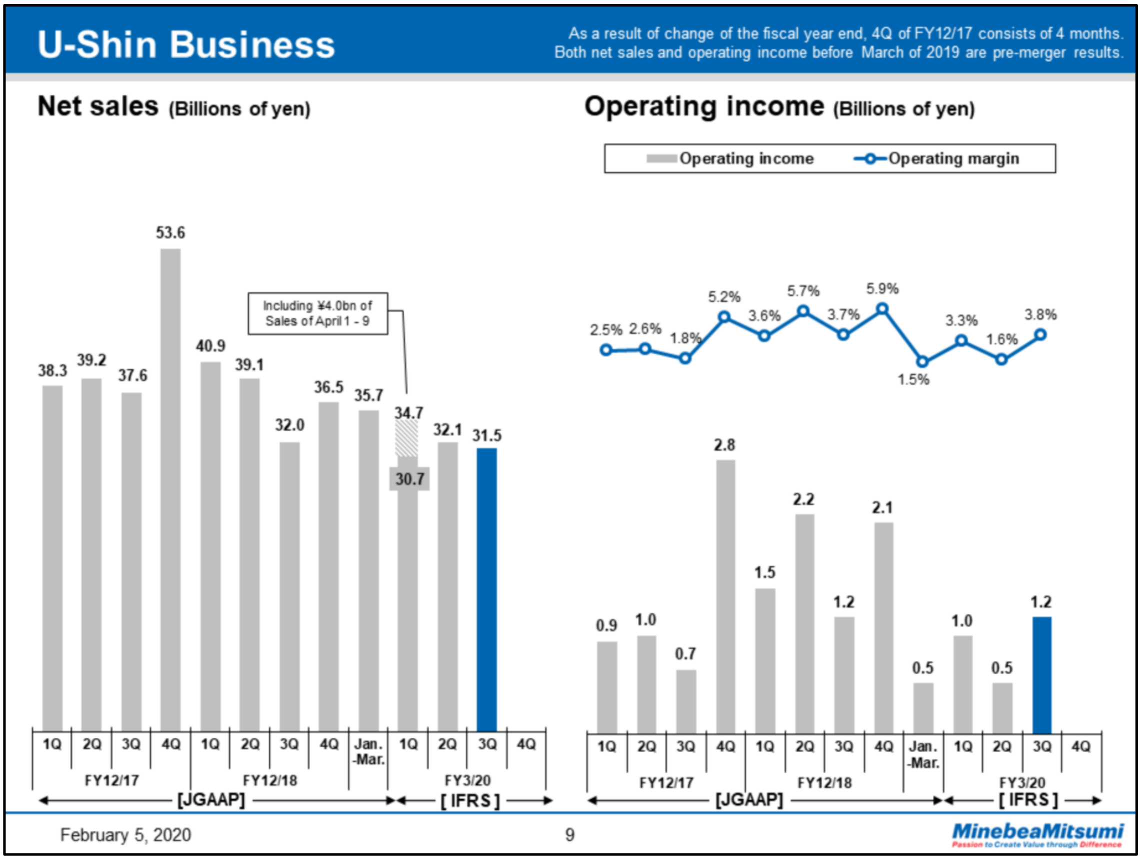


Let's look at the performance for the Mitsumi business segment.

Net sales were down 21.5% quarter on quarter to hit 79.2 billion yen.

While sales of optical devices, analog semiconductors, and automobile parts increased, sales for other products, primarily mechanical components, decreased.

Profit rose quarter on quarter, mainly for optical devices and analog semiconductors, with operating income totaling 7.3 billion yen and the operating margin reaching 9.2%. Operating income was down 2.4% quarter on quarter while operating margin was up 2.1 percentage points for the same period.

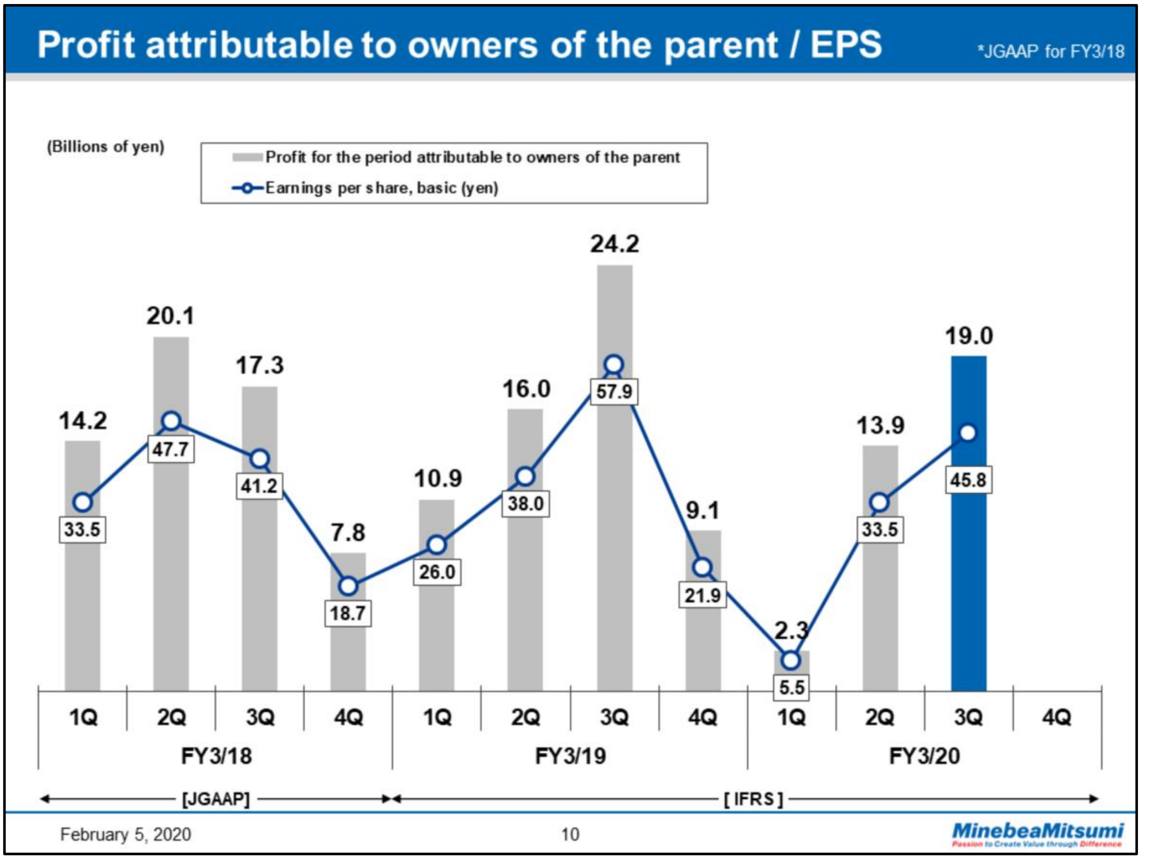


Finally, let's look at the U-Shin business segment.

Net sales decreased 1.8% from the previous to total 31.5 billion yen. This was due to a significant production decline as a result of a slowdown in the automobile markets in China, Europe, and elsewhere.

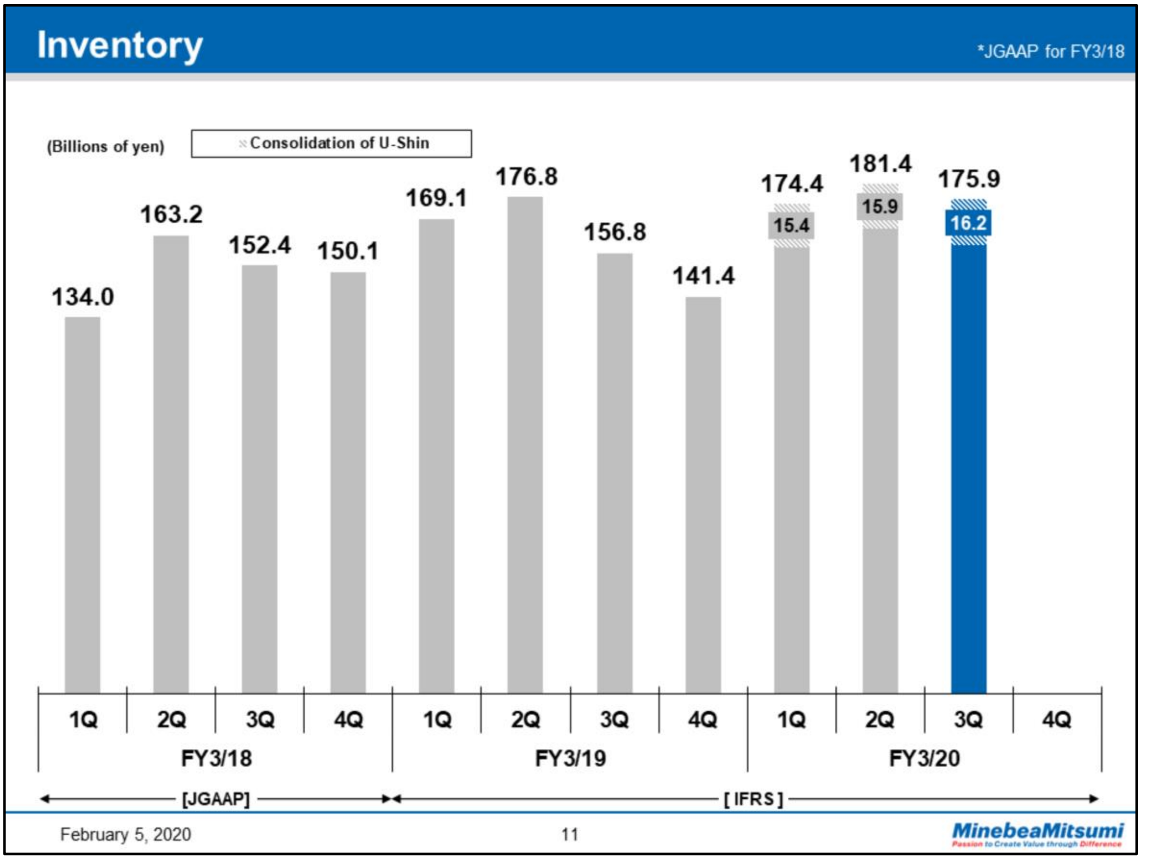
There was approximately 0.3 billion yen one-time-expenses in third quarter related to special factors such as business integration expenses and ramp-up expenses for new products. One-time-expenses for full year is expected to be approximately 1.0 billion yen.

Operating income for the quarter was up by 2.3 times higher than the previous quarter to total 1.2 billion yen. Operating margin increased 2.2 percentage point to 3.8%.



The bar graph here shows trends in profit attributable to owners of the parent while the line graph chart changes in the profit for the period per share.

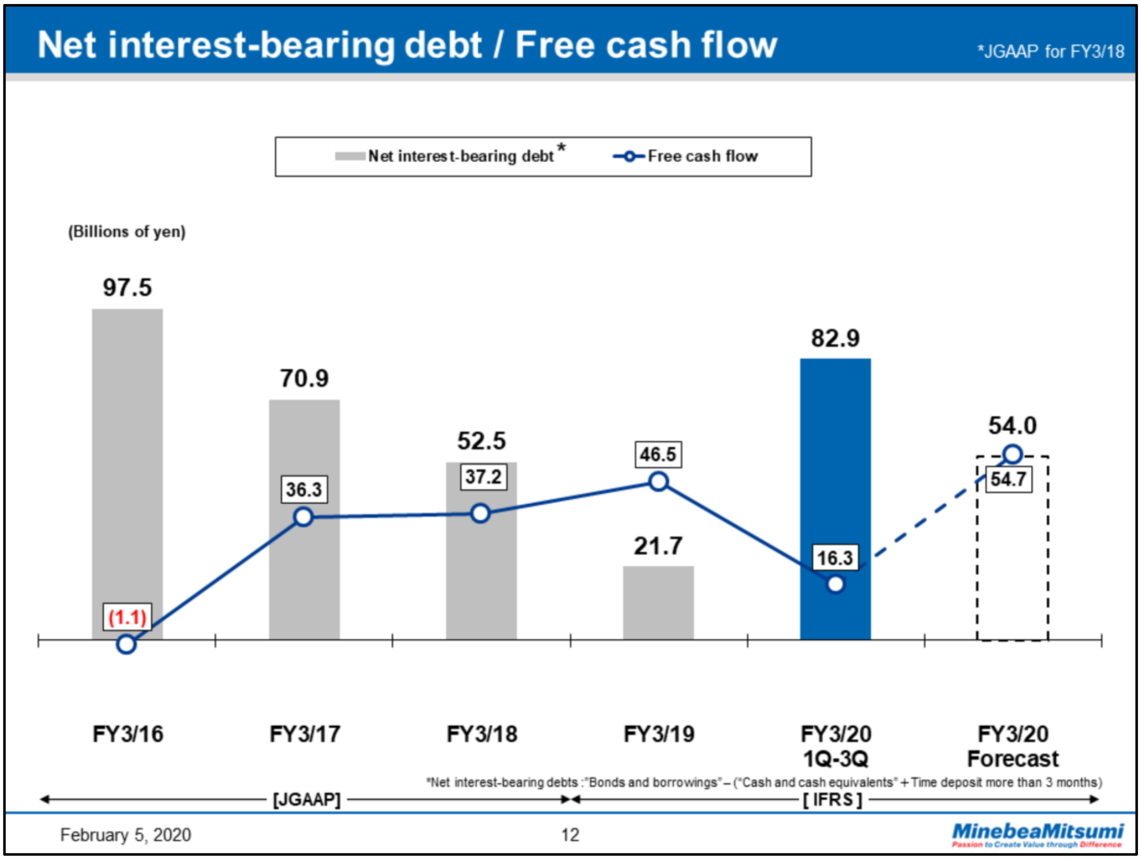
The profit for the period was 19.0 billion yen. Earnings per share was 45.8 yen.



Next we have the quarterly inventory trend.

At the end of third quarter, inventories totaled 175.9 billion yen, which is 5.5 billion yen less than what it was three months ago.

Inventory of 16.2 billion yen was included from the consolidation of U-Shin.



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 third quarter, net interest-bearing debt, totaling 82.9 billion yen, was up 61.2 billion yen from what it was at the end of the previous fiscal year.

Forecast for Fiscal Year Ending March 31, 2020

*Based on IFRS

Full year guidance remains unchanged*

(Millions of yen)	FY3/19 Full Year	FY3/20 1st Half	FY3/20 2nd Half	FY3/20 Full Year	FY3/20 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	86.25	125.31	-12.9%

Foreign Exchange Rates	FY3/19 Full Year	FY3/20 4Q Assumptions
US$	¥110.67	¥108.00
Euro	¥128.75	¥120.00
Thai Baht	¥3.42	¥3.50
Chinese RMB	¥16.52	¥15.80

*The guidance does not include the impact of the new coronavirus. We will keep a close eye on the progress of the situation and inform you if our earnings forecast will be changed significantly.

This is a summary of the forecast for the fiscal year ending March 31, 2020.

Although profit for the first three third quarters exceeded expectations, the picture of global economy, including the impact of the new coronavirus and fluctuating exchange rates, is becoming unclear increasingly. As it is not possible to predict the impact of these factors on our business performance at present, we have remained our full-year business forecast unchanged. We will keep a close eye on developments and announce any major changes in our business forecasts.

The exchange rate assumption is assumed to be 108 yen to the U.S. dollar.

Forecast for Business Segment

*Based on 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	211,081	390,000	+0.7%
Mitsumi business	308,423	150,578	149,422	300,000	-2.7%
U-Shin business	-	62,792	63,208	126,000	-
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	20,093	41,000	-14.1%
Electronic devices and components	16,922	6,076	15,424	21,500	+27.1%
Mitsumi business	22,282	7,149	13,351	20,500	-8.0%
U-Shin business	-	1,542	2,158	3,700	-
Other	-386	-694	-806	-1,500	X3.9
Adjustment	-14,535	-11,945	-6,255	-18,200	+25.2%

This slide shows the forecast by business segment.

We did make minor changes to performance forecasts by business segment given our current status.

This is all for my presentation.

Hello, I'm Yoshihisa Kainuma, and I'd like to go over the highlights of today's presentation.

Overall, we were affected by the U.S.-China trade issue, but I believe that this time again we were able to reconfirm that our diversified portfolio is supporting well-balanced earnings by diversifying risks.

However, this announcement does not include the impacts of the new coronavirus. As you can see, the situation has worsened considerably at the current stage of preparing this presentation material. The plant will be in operation on February 10, but we expect that it will be affected by certain amount of the impact in the supply chain. Although the scale is entirely different from this time, we have an experience which we had a considerable impact in the supply chains due to the floods in Thailand in 2011. As it is not an exaggeration to say that there is no way Chinese components are not being used in the final product of recent years, so it is expected that there will be some kind of impact. However, as we are considering catching up from March, we will provide information as soon as we understand the situation.

As we explained in previous announcement for the second quarter, sales volume of ball bearings for machined components has been recovering. We have already formulated an external sales strategy for the next fiscal year. Although this slide says the monthly sales level will exceed 210 million units, from an internal perspective, we have a little higher target. One lesson learned this time is that the idea of increasing production volumes and lowering costs per unit is correct. In the next fiscal year, we will take a little more aggressive pricing policy in light of the current situation, while ensuring the maximum volume.

The Electronic Devices and Components and MITSUMI business are expected to continue to exceed the previous forecast in the fourth quarter, but we would like to keep a close eye on the current situation in China.

As for U-Shin, the slowdown in the automotive market is extremely large, so we expect that the full year result will be worse than expected. We have clearly defined what we need to do and we are working diligently to improve our business performance, so I am confident that we will definitely head to the turnaround when the time comes.

Also, we started share buybacks in December of last year.

And I'd like to report that Book-Value per share were the highest ever.

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External ball bearing shipment volume clearly up

Ball bearing business

- Beginning in 3Q, external shipments of bearings for autos, fans, and air conditioners up year on year.
- Internal shipments for pivot assemblies shrinking.
- Expanding the customer base via aggressive marketing.
- Improving profitability by increasing production volume.

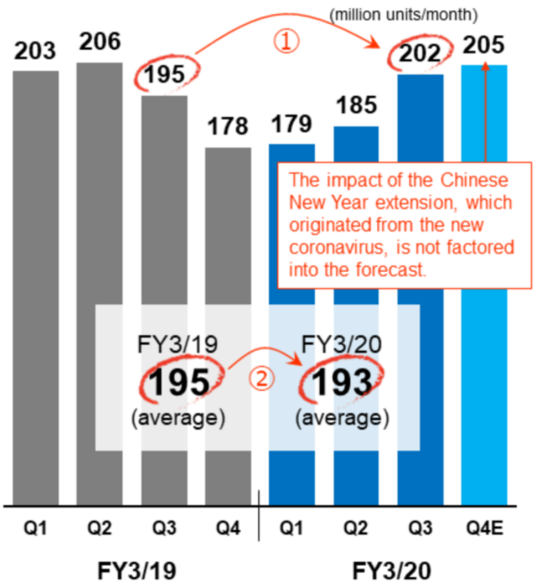
YoY external shipment volume (monthly av.)

	①3Q (actual)	②Full year (fcst)
External	**+7 mn (+4%)**	**- 2 mn (-1%)**
Auto	+5 mn (+8%)	+4 mn (+6%)
FAN	+2 mn (+4%)	- 8 mn (-15%)
Air-con	+4 mn (+45%)	+3 mn (+31%)

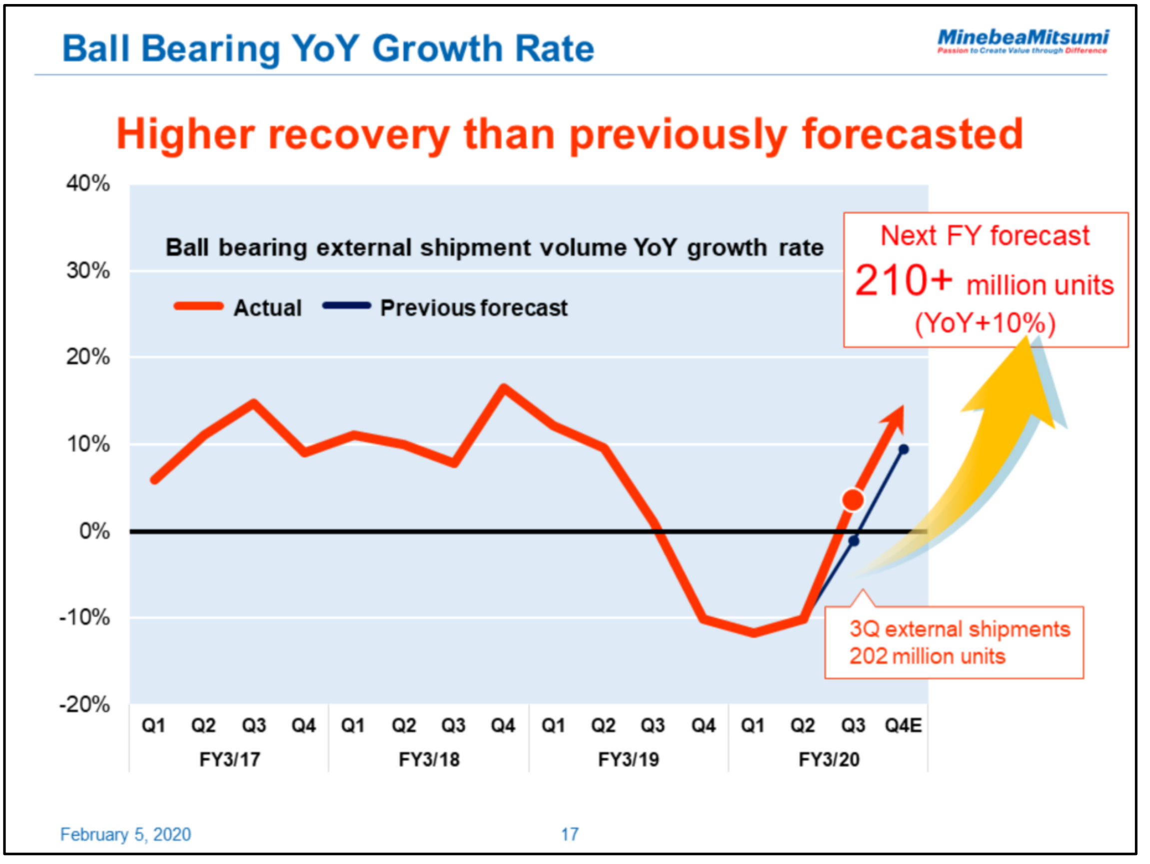
Rod-ends/Fasteners business

- Impact from the 737 MAX-related issue in the next fiscal year will be offset by sales to other customers and the defense industry, new orders, etc.

Ball bearing external shipment volume



Looking at the graph you can see that the external shipment volume for bearings is picking up. As I mentioned earlier, we have very aggressive plans for next fiscal year that will definitely get profits back on track.



It's the same here. It says the external shipment volume will exceed 210 million units next fiscal year, but we hope to bring that number up even higher.

Stock purchase agreement entered into for ABLIC

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Overview of ABLIC

Company name	ABLIC Inc. ABLIC
Headquarters	1-8, Nakase, Mihama-ku, Chiba-shi, Chiba 261-8507, Japan
Representative	Nobumasa Ishiai, President and CEO
Business description	Development, manufacture, and sale of analog semiconductors
Capital	JPY 9,250 million
Date established	September 28, 2015
Major shareholders and ownership	Development Bank of Japan Inc. 70% Seiko Instruments Inc. 30%

Three-year financial summary (JPY in millions)

	FY3/17	FY3/18	FY3/19
Net sales	28,548	32,784	32,851
Operating Income	2,464	4,832	4,174
Net Assets	18,426	21,203	23,410
Total assets	42,897	45,251	45,039

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I'd like to now touch on the ABLIC shares acquisition we announced after the last investor meeting.

We reached an agreement with the Development Bank of Japan and Seiko Instruments, which respectively owned 70% and 30% of ABLIC shares, enabling us to buy all of its shares, and filed documents with competition authorities in relevant countries.

Illustration of synergy from integration

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Strengthen our presence in the ¥2.6tn analog semiconductor market

Sales

Strengthen major products and expand customer base

- Utilize each company's customer base, and expand business toward automobile, industrial/housing, and medical component markets.
- Deepen knowhow on semiconductor for automobile components such as technology, production, and quality control.

Production

Enhance production system backed by stable supply, high level of technology, and cost competitiveness

- Cross porting through two-factory system for both wafer process and assembly & testing process.
- Efficient operation through large-item small-scale production model.
- Strengthen production capability through strengthening in-house portfolio.

R&D

Strengthen capability for new products development though synergy on technology from electronics components and analog semiconductor

- Create new products through synergy with our R&D capability such as motor, sensor, and wireless technology.
- Deploy battery-less technology of ABLIC to our IoT product.
- Integration of each companies technology that support each other to develop even higher functionality and higher precision products.

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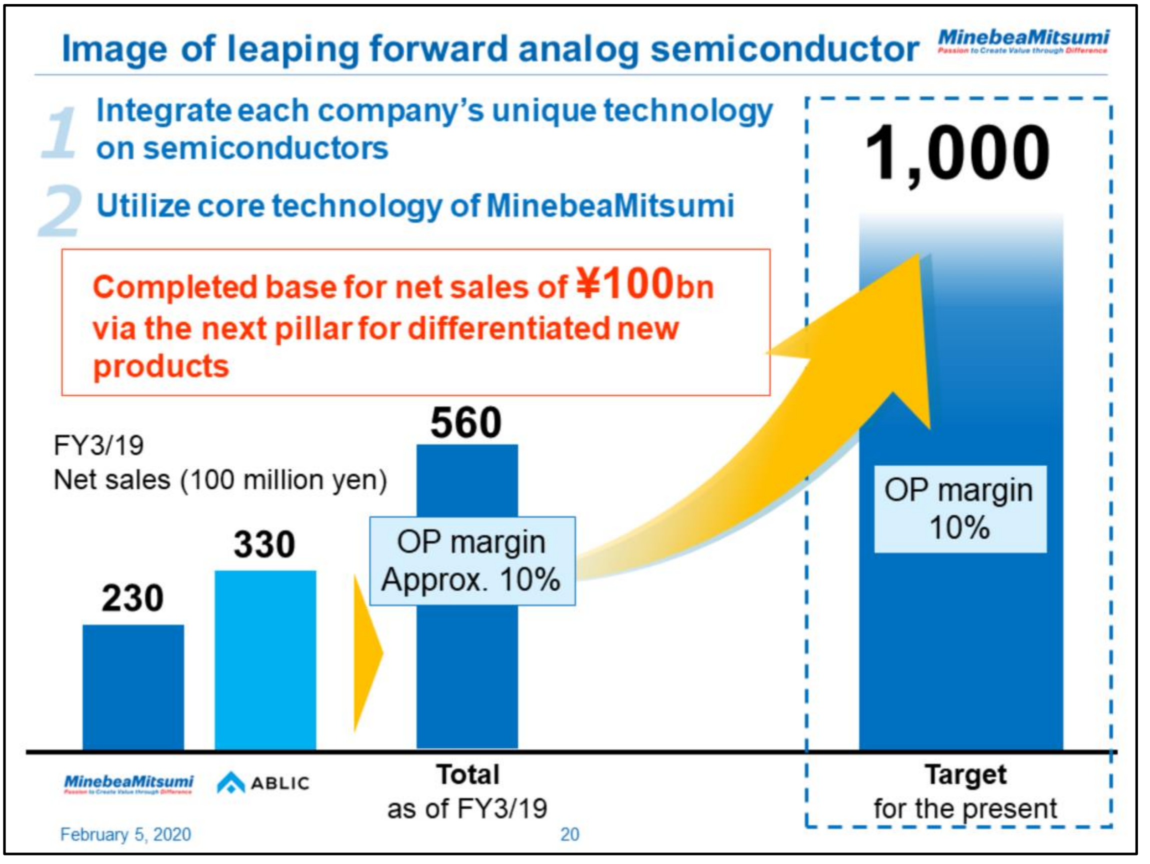
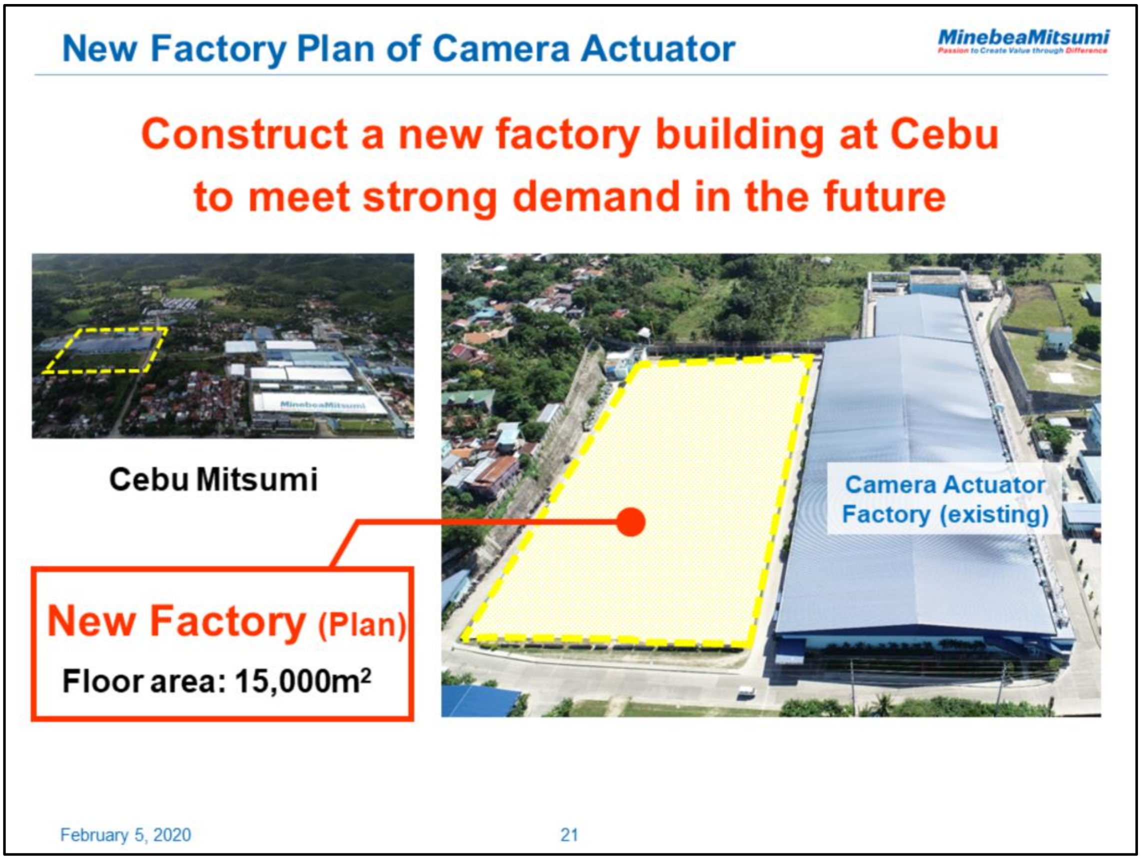
Possible synergistic effects of the integration are as shown here.



We are including analog semiconductors in our Eight Spears strategy. Under the ten-year plan we announced last year, we aim to increase analog semiconductor sales to 100 billion yen. Once the integration is complete, we will have a company generating 56 billion yen in sales. While we may carry out other mergers and acquisitions over the next nine years, we should be able to achieve 100 billion yen via organic growth alone. We have built a foundation for generating 100 billion yen in analog semiconductor sales and will steadily build on that.



As we have already noted, more and more smartphones are being equipped with multiple cameras and employing new technologies. In order to meet for strong future demand, we have decided to construct a new factory on the site right next to the camera actuator factory in Cebu. Working against a backdrop of shrinking LED backlight volumes, we have decided to shift our focus toward camera actuators and to take a stronger position in the market with the expectation that they will partially offset any sales losses.

Shareholders Return

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Updates on share buyback (as of the end of January 2020)

- Number of shares: **3.04 million shares** (40.6% achieved)
- Amount: **7 billion yen** (46.8% achieved)

(Reference) Resolution of share buyback (May 8, 2019)

Number of shares:	Up to **7.5 million shares**
(equal to 1.81% of total issued shares excluding treasury shares)	
Amount:	Up to **15.0 billion yen**
Period:	From May 9, 2019 to April 30, 2020
Purpose:	To improve return on shareholders and improve capital efficiency and to implement agile capital policy according to the business environment.

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We will continue to buy back our own shares for a while.
This concludes my briefing for today.

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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.

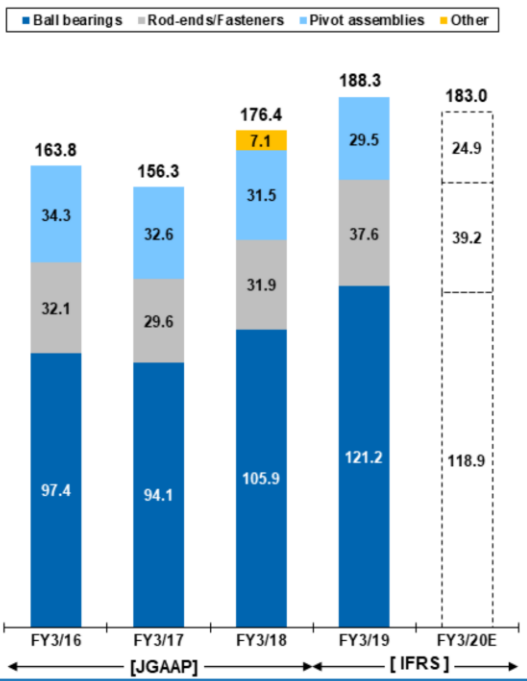
Please note that actual performance may vary significantly from any particular projection due to various factors.

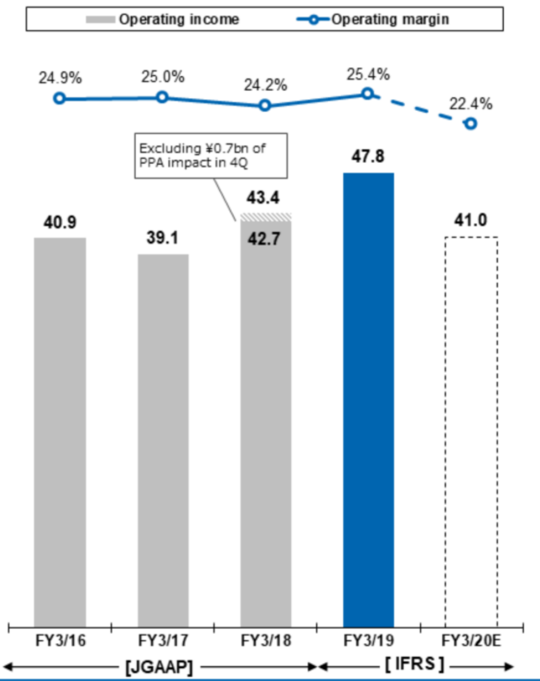
Factors affecting our actual performance include but are not limited to: (i) changes in economic conditions or demand trends related to MinebeaMitsumi's business operations; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously.

Reference

Machined Components

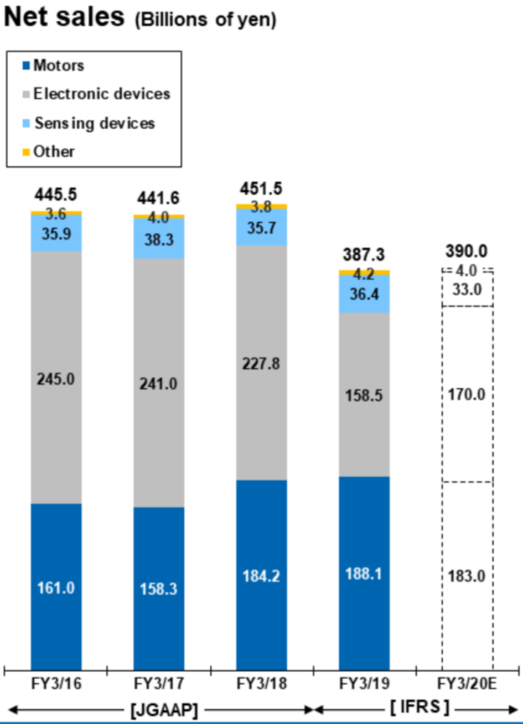
*JGAAP until FY3/18

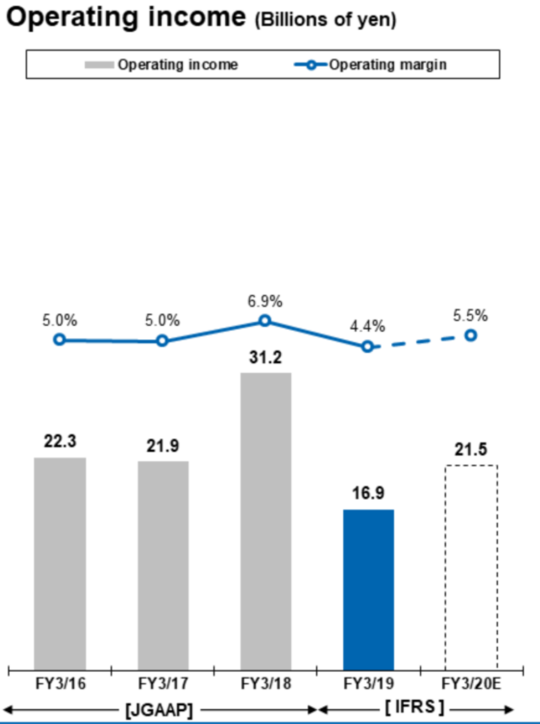




Electronic Devices & Components

*JGAAP until FY3/18





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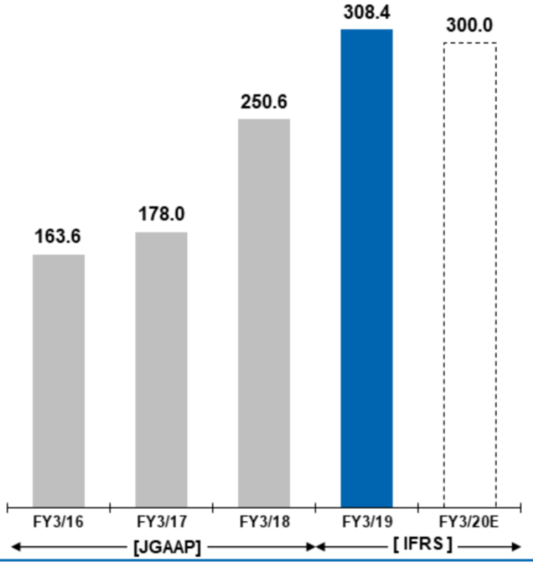
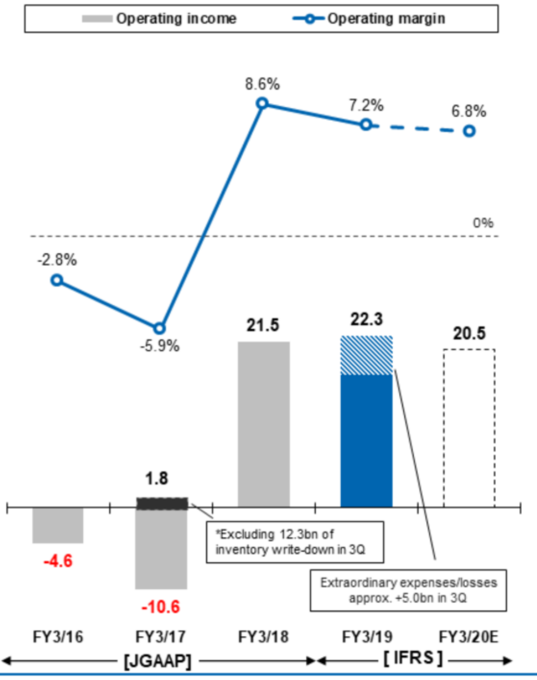
Mitsumi Business

Both net sales and operating income in and before 3Q FY3/17 are premerger results. 4Q FY3/17 results are based on managerial accounting for the three months. JGAAP until FY3/18.

Net sales (Billions of yen)



Operating income (Billions of yen)



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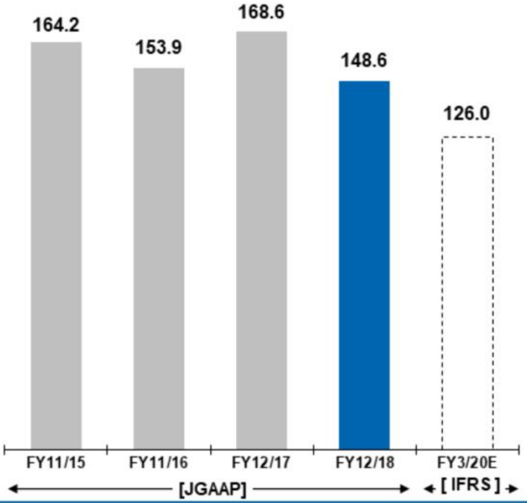
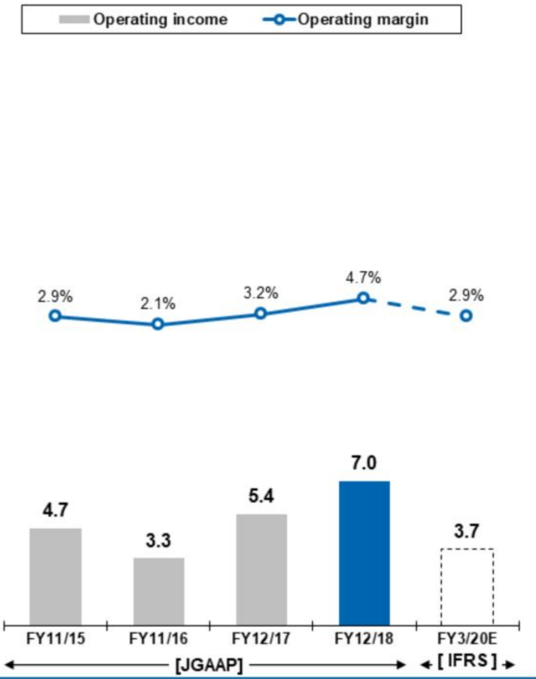
U-Shin Business

As a result of change of the fiscal year end, FY12/17 consists of 13 months.
Both net sales and operating income until FY12/18 are pre-merger results.
FY3/20 does not include Jan.-Mar. results. JGAAP until FY12/18

Net sales (Billions of yen)

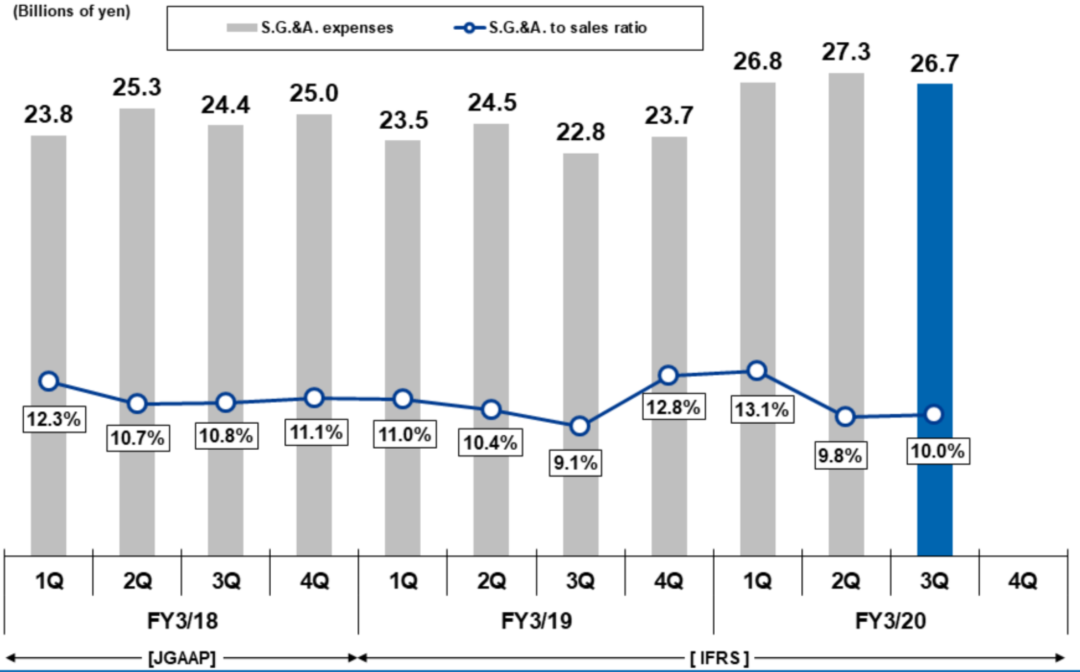


Operating income (Billions of yen)



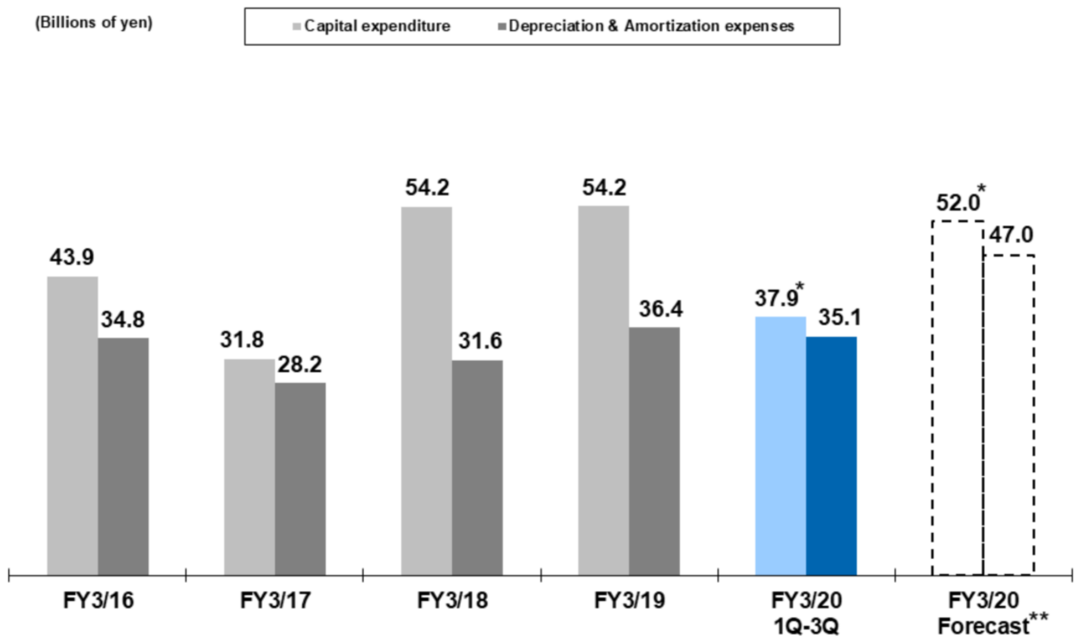
S.G.&A. expense/ratio

*JGAAP for FY3/18



Capital Expenditure / D&A Expense

*JGAAP until FY3/18



* 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 = **NOPAT** (Operating income + extraordinary profit/loss) x (1-tax rate) / **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