

Business Results

Fiscal Year Ended March 31, 2020

MinebeaMitsumi Inc.

May 8, 2020

1. Financial Results
2. Management Policy & Business Strategy

Financial Results

Katsuhiko Yoshida
Senior Managing Executive Officer

May 8, 2020

3

MinebeaMitsumi
PASSION TO CREATE VALUE THROUGH DIFFERENCE

My name is Yoshida.

Today I would first like to explain the consolidated financial results for the fiscal year ended March 31, 2020.

Summary of Consolidated Business Results

*Based on IFRS

Despite the sharp slowdown in 4Q, YoY OP increased excluding the impact of foreign currency and special factors

(Millions of yen)	FY3/19	FY3/20	Change YoY	FY3/20 Forecast (February 2020 Forecast)	
	Full Year	Full Year		Full Year	VS. Forecast
Net sales	884,723	978,445	+10.6%	1,000,000	97.8%
Operating income	72,033	58,647	-18.6%	67,000	87.5%
Profit before taxes	71,321	58,089	-18.6%	66,000	88.0%
Profit for the period attributable to owners of the parent	60,142	45,975	-23.6%	52,000	88.4%
Earnings per share, basic (yen)	143.90	111.11	-22.8%	125.31	88.7%

Foreign Exchange Rates	FY3/19 Full Year	FY3/20 Full Year	FY3/20 Main Special Factors (Operating Income) 1Q △¥4.0bn Retirement benefits/ Business integration of U-Shin 2Q △¥0.8bn Business integration of U-Shin etc. 3Q △¥0.5bn Business integration of U-Shin etc. 4Q △¥9.4bn Impact of Covid-19 etc. Total △¥14.6bn
US\$	¥110.67	¥109.12	
Euro	¥128.75	¥121.27	
Thai Baht	¥3.42	¥3.52	
Chinese RMB	¥16.52	¥15.68	

May 8, 2020

4

MinebeaMitsumi
Passion to Create Value through Difference

Consolidated net sales for the fiscal year ended March 31, 2020 totaled 978,445 million yen while operating income reached 58,647 million yen and profit for the period attributable to owners of the parent hit 45,975 million yen.

These figures represent year on year increases of 10.6%, decreases of 18.6% and 23.6% respectively with net sales for the period hitting record highs.

Foreign currency exchange rates are estimated to have a year-on-year impact of minus 19.4 billion yen in net sales and minus 8.0 billion yen in operating income.

Operating income was as expected excluding the impact of Covid-19

(Millions of yen)	FY3/19	FY3/20		Change	
	4Q	3Q	4Q	YoY	QoQ
Net sales	185,785	267,650	226,897	+22.1%	-15.2%
Operating income	6,994	23,058	12,554	+79.5%	-45.6%
Profit before taxes	6,712	23,005	12,023	+79.1%	-47.7%
Profit for the period attributable to owners of the parent	9,109	18,991	10,771	+18.2%	-43.3%
Earnings per share, basic (yen)	21.94	45.77	26.28	+19.8%	-42.6%

Foreign Exchange Rates	FY3/19 4Q	FY3/20 3Q	FY3/20 4Q
US\$	¥110.28	¥108.79	¥109.35
Euro	¥126.08	¥120.02	¥121.05
Thai Baht	¥3.47	¥3.59	¥3.54
Chinese RMB	¥16.33	¥15.37	¥15.63

4Q Special factors
Net Sales
 About ¥30bn, related to Covid-19
Operating Income
 ¥9.4bn(¥9bn, related to Covid-19)

May 8, 2020

5

MinebeaMitsumi
 Passion to Create Value through Difference

Consolidated net sales for the fourth quarter of the fiscal year ended March 31, 2020, was up 22.1% year on year and down 15.2% quarter on quarter to total 226,897 million yen. Net sales hit the fourth quarter record highs.

Operating income was up 79.5% year on year and down 45.6% quarter on quarter to total 12,554 million yen.

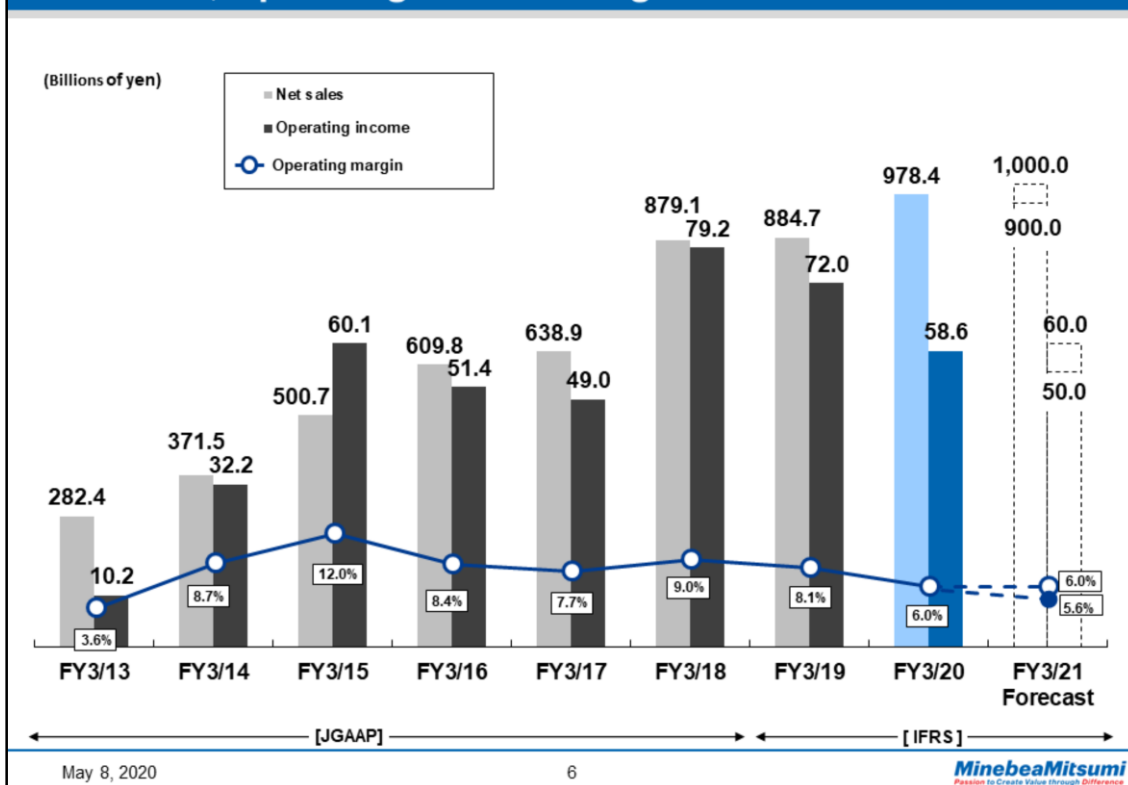
Profit for the period attributable to owners of the parent was up 18.2% year on year and down 43.3% quarter on quarter to total 10,771 million yen.

Operating income for this quarter includes special factors totaling about 9.4 billion yen incurred due to impact of the novel coronavirus and the cost related to M&A activities.

We estimate that foreign currency translations have a year-on-year impact of minus 2.8 billion yen in net sales and minus 1.3 billion yen in operating income. Quarter on quarter impact was plus 1.0 billion yen in net sales and plus 0.3 billion yen in operating income.

Net Sales, Operating Income/margin

*JGAAP until FY3/18



This is the annual 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 year ended March 2020 was 6.0%, down 2.1 percentage points year on year.

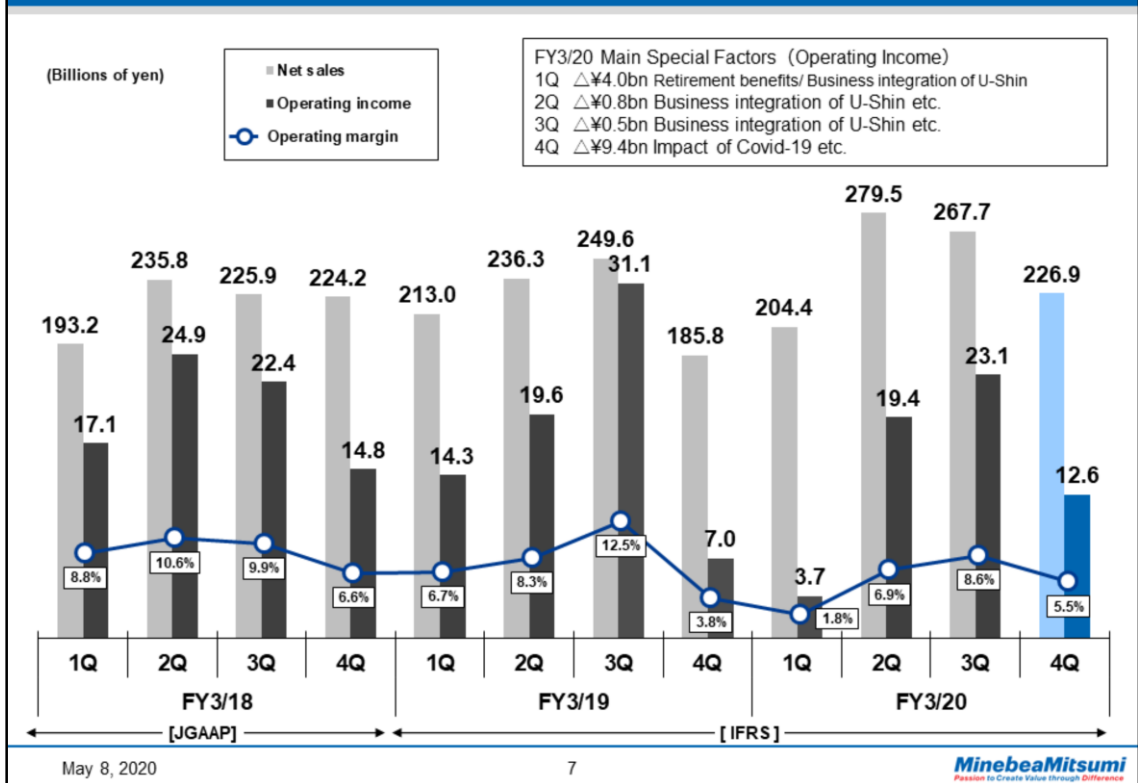
Regarding the forecast for the fiscal year ending March 2021, we are currently investigating the effects of the global spread of the novel coronavirus and the lockdown in each country, etc. and it is difficult to make a reasonable calculation at this stage, so we have forecasted sales and profits with upper and lower ends.

Now, please note that figures of the fiscal year ended March 31, 2018 and before are based on JGAAP and are provided for your reference so that you can look at past figures.

The same applies hereinafter.

Net Sales, Operating Income/margin

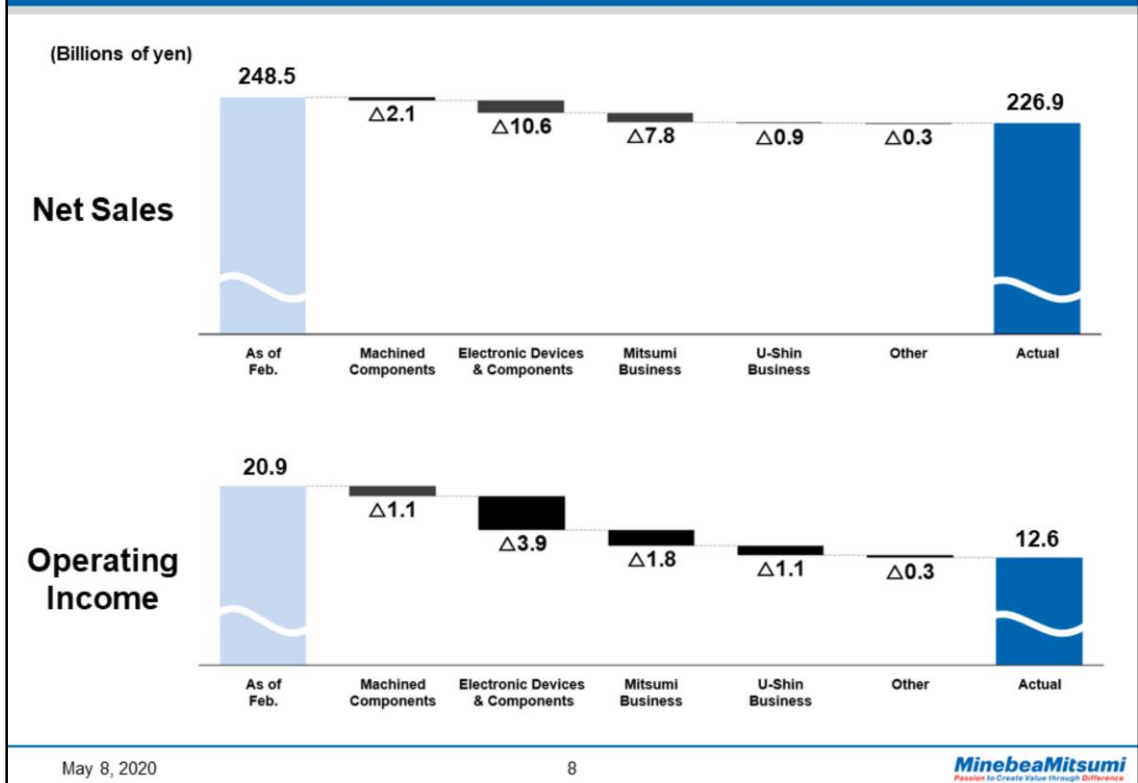
*JGAAP for FY3/18



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

The operating margin for the fourth quarter was 5.5%, up 1.7 percentage point year on year and down 3.1 percentage points quarter on quarter. The special factors were as I explained earlier.

4Q Actual: Differences from the Forecast as of February



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

Net sales were lower than previously forecasted in all business segments due primarily to the impact of the coronavirus on orders and our production.

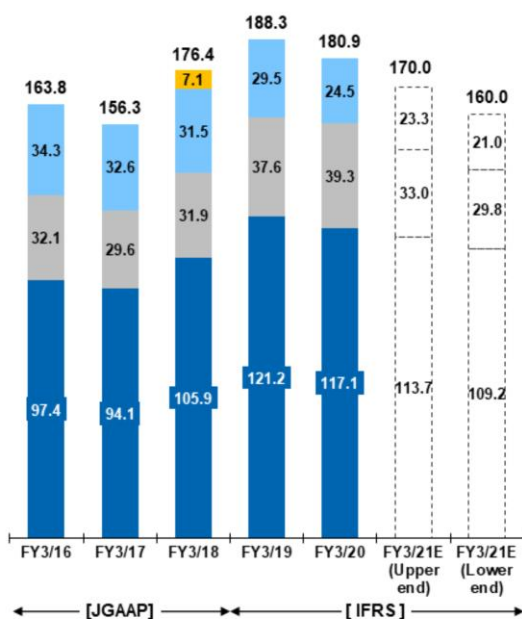
The coronavirus pandemic also had an impact on our operating income in each segment. The U-Shin business, however, recognized a certain amount of cost due to a step-up of inventory and fixed assets as part of PPA.

Machined Components

*JGAAP until FY3/18

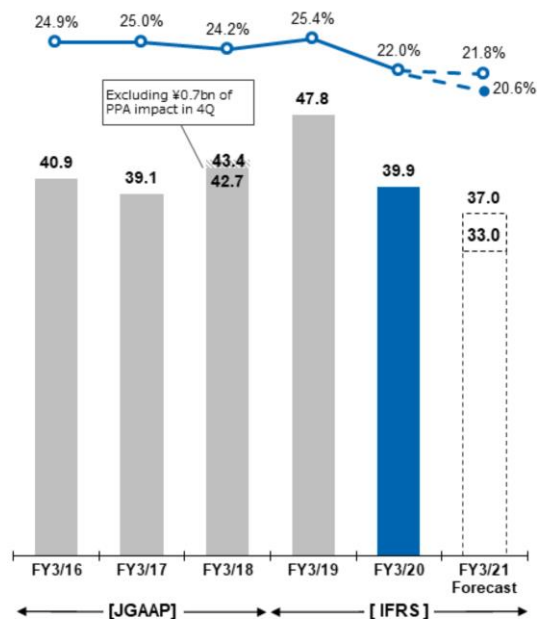
Net sales (Billions of yen)

■ Ball bearings ■ Rod-ends/Fasteners ■ Pivot assemblies ■ Other



Operating income (Billions of yen)

■ Operating income ● Operating margin



May 8, 2020

9

MinebeaMitsumi
Reason to Create Value through Difference

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

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

In the fiscal year ended March 31, 2020, net sales were down 4.0% year on year to total 180.9 billion yen.

Sales of ball bearings decreased 3.4% year on year to reach 117.1 billion yen. The monthly average bearing sales volume totaled 189 million units for a decrease of 3.6% year on year. Looking at sales by application, we see that annual sales of ball bearings used in data centers declined year on year but sales were clearly up in the third quarter and onward. On the other hand, sales of ball bearings for automobile applications gradually slowed in the latter half of the fourth quarter although overall sales were up year on year for the fiscal year.

Sales of rod-ends and fasteners were up 4.4% year on year to total 39.3 billion yen.

Sales of pivot assemblies decreased 17.0% year on year to total 24.5 billion yen. While we were impacted by market factors such as the novel coronavirus, pivot assemblies steadily contributed to our bottom line as we held on to an 80% plus market share.

Operating income for the fiscal year ended March 31, 2020 totaled 39.9 billion yen, putting the operating margin at 22.0%. We saw operating income decrease 16.5% and the operating income margin decline 3.4 percentage points year on year. Looking at the year-on-year results by product, we see that profits for rod-ends and fasteners rose while profits for ball bearings and pivot assemblies fell.

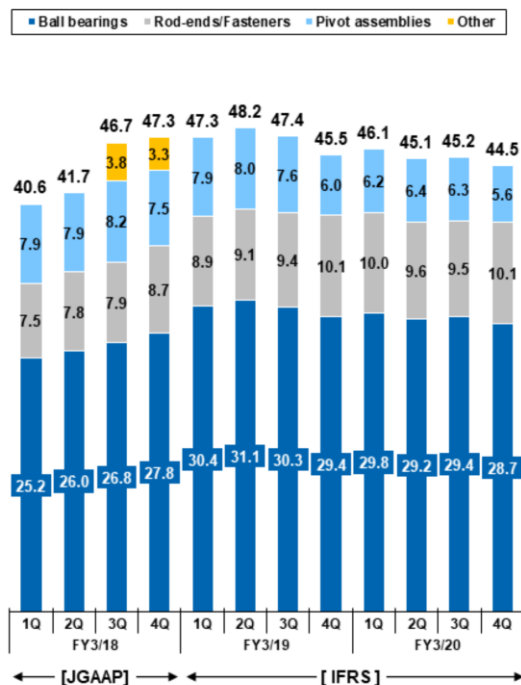
For the fiscal year ending March 31, 2021, we can see clear uptrend in demand for ball bearings used in servers. Sales for commercial aircraft will be affected by customer production adjustment. Sales for automobile applications is expected to recover gradually although they will be affected by demand decline in the first half of the fiscal year.

Rod-ends and fasteners are expected to be affected by production adjustments for commercial aircraft. For pivot assembly, we anticipate a decline in demand as the HDD market shrinks.

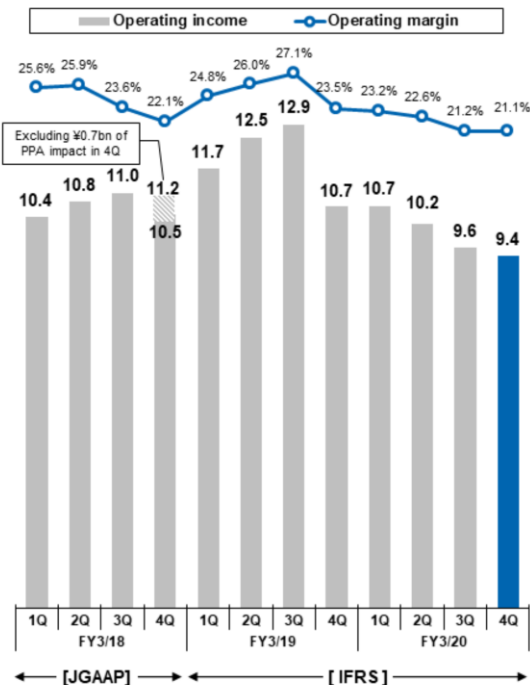
Machined Components

*JGAAP for FY3/18

Net sales (Billions of yen)



Operating income (Billions of yen)



May 8, 2020

10

MinebeaMitsumi
Passion to Create Value through Difference

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

Fourth quarter net sales decreased 1.7% quarter on quarter to total 44.5 billion yen.

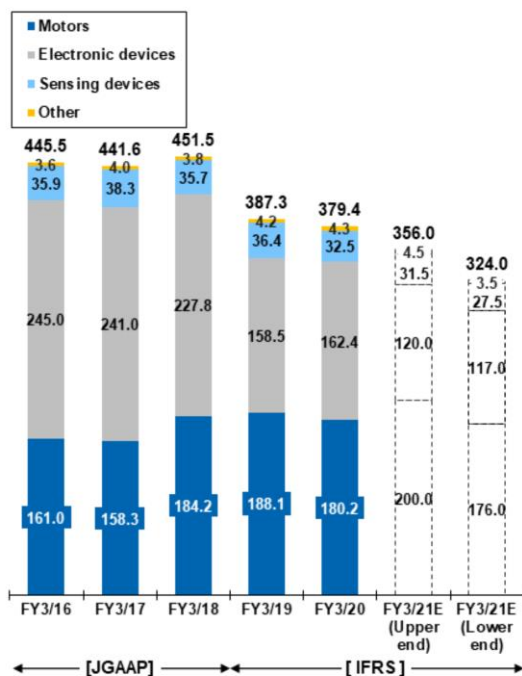
Sales of ball bearings decreased 2.4% quarter on quarter to total 28.7 billion yen. The number of ball bearings sold outside the group totaled 189 million units per month on average. The external sales volume reached 210 million units in March thanks to growing demand for ball bearings used in fan motors after it temporarily dropped in February due to the novel coronavirus outbreak.

Sales of rod-ends and fasteners, totaling 10.1 billion yen, were up 5.7% over the previous quarter. The coronavirus did not have a significant impact on our fourth quarter results, and operations servicing the aircraft industry, especially small and medium-sized aircraft, remained robust although the sales partly slowed down in relation to 737 MAX.

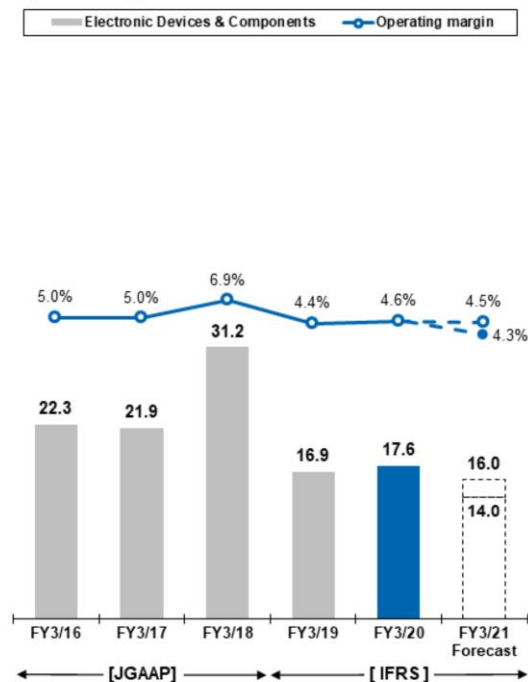
Sales of pivot assemblies decreased 9.8% quarter on quarter to total 5.6 billion yen due partly to the impact of the novel coronavirus.

Operating income for the quarter totaled 9.4 billion yen, and the operating margin was 21.1%. On a quarter-on-quarter basis, operating income fell 2.2% while the operating margin dropped 0.1 percentage points. Looking at the results by product, we see that profits for rod-ends and fasteners rose while profits for ball bearings and pivot assemblies fell due to the impact of the novel coronavirus.

Net sales (Billions of yen)



Operating income (Billions of yen)



May 8, 2020

11

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

In the fiscal year ended March 31, 2020, net sales were down 2.0% year on year to total 379.4 billion yen.

Looking at the results by product, we see that sales of motors decreased 4.2% year on year to reach 180.2 billion yen. This decrease was primarily due to the slowdown in the automobile market.

Electronic devices sales were up 2.4% year on year to hit 162.4 billion yen thanks to strong sales of models using LED backlights.

Net sales of sensing devices totaled 32.5 billion yen, decreasing 10.7% year on year.

Operating income increased 3.7% year on year to reach 17.6 billion yen while the operating margin rose 0.2 percentage points to reach 4.6%. Looking at the results by product, we see that operating income was up for electronic devices but down for sensing devices.

In the fiscal year ending March 31, 2021, even though motors are expected to be affected by decline in demand for automobiles, launches of new products including those related to games are expected to contribute to earnings.

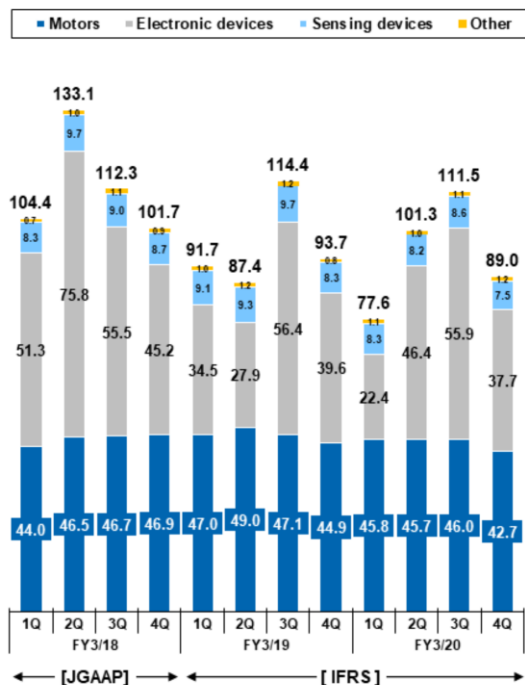
Both sales and profits for electronic devices are projected to decrease due to the declining number of sales units of models that use LED backlights.

We expect to see general decline in demand for sensing devices due to the novel coronavirus.

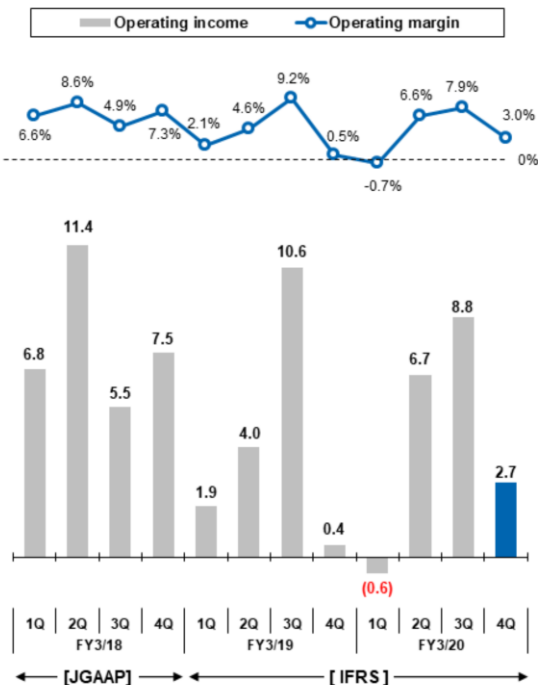
Electronic Devices & Components

*JGAAP for FY3/18

Net sales (Billions of yen)



Operating income (Billions of yen)



May 8, 2020

12

MinebeaMitsumi
Passion to Create Value through Difference

Quarterly trends in the electronic device & components segment.

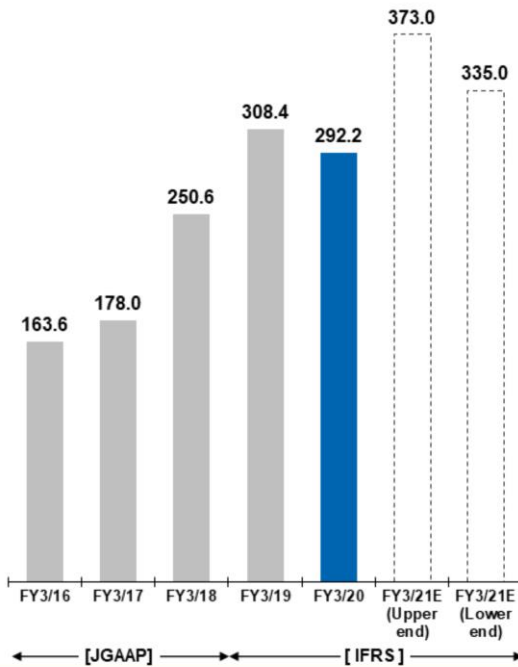
Net sales decreased 20.1% quarter on quarter to hit 89.0 billion yen.

Looking at the results by product, we see that sales of motors decreased 7.0% quarter on quarter to reach 42.7 billion yen while sales of electronic devices decreased 32.5% from the previous quarter to total 37.7 billion yen. This was because some shipments were delayed due to the novel coronavirus although the demand was stronger than usual seasonality thanks to strong sales of major customers' models using LED backlights. Net sales of sensing devices totaled 7.5 billion yen, decreasing 13.2% quarter on quarter.

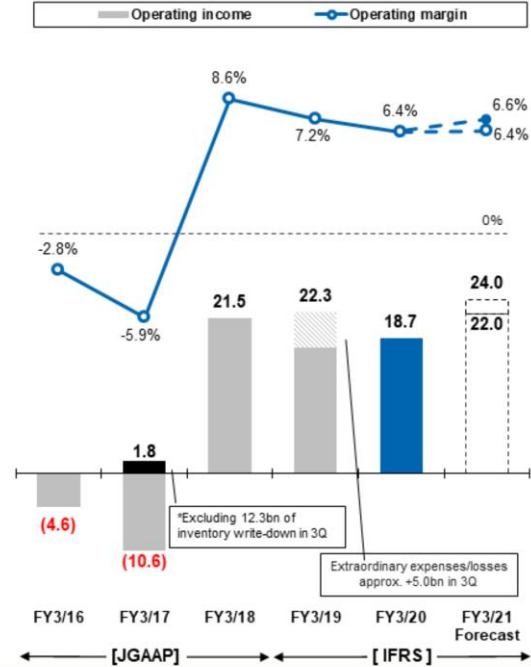
Operating income hit 2.7 billion yen to put the operating margin at 3.0%. Operating income decreased 69.1% and the operating margin declined 4.9 percentage points quarter on quarter.

Looking at the results by product, we see that operating income was down quarter on quarter for electronic devices as well as motors and sensing devices.

Net sales (Billions of yen)



Operating income (Billions of yen)



May 8, 2020

13

MinebeaMitsumi
Reason to Create Value through Difference

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

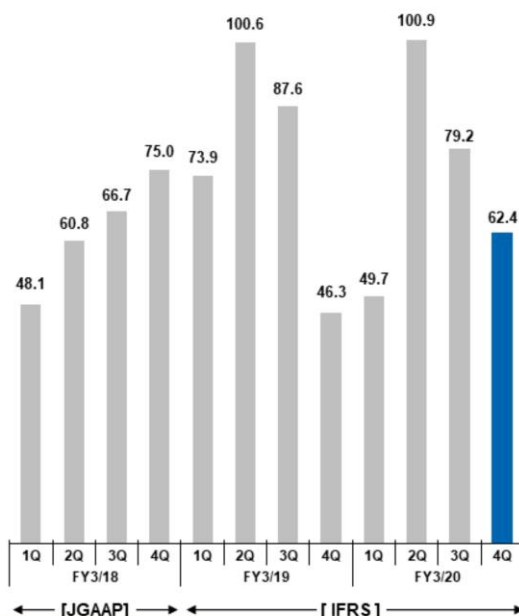
Net sales decreased 5.2% year on year to total 292.2 billion yen in the fiscal year ended March 31, 2020. While we saw a sharp revenue increase for optical devices, sales of mechanical components decreased due to a change in the product mix of some OEM products.

Operating income came to 18.7 billion yen, and the operating margin was 6.4%.

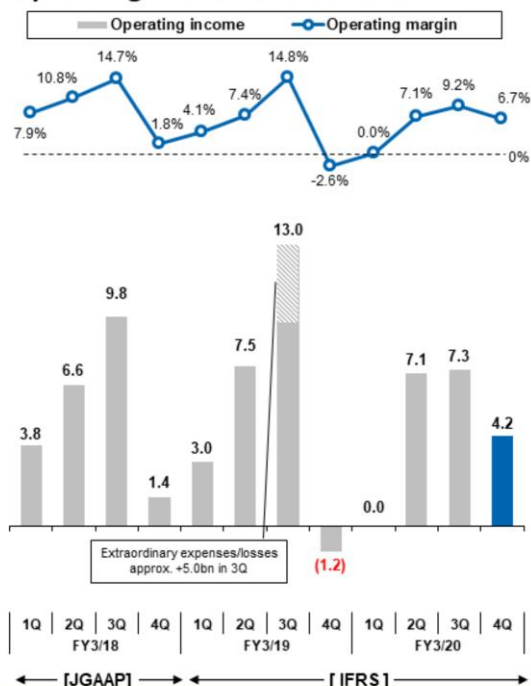
These figures represent a 16.3% year-on-year decrease in operating income and a 0.8 percentage point year-on-year decrease in the operating margin. Profits for optical devices and analog semiconductors grew while other businesses saw profits decrease.

In the fiscal year ending March 31, 2021, we expect optical devices to buoy sales. Also, the forecast includes ABLIC's forecast, which was merged with MinebeaMitsumi as of April 30, beginning in May.

Net sales (Billions of yen)



Operating income (Billions of yen)



May 8, 2020

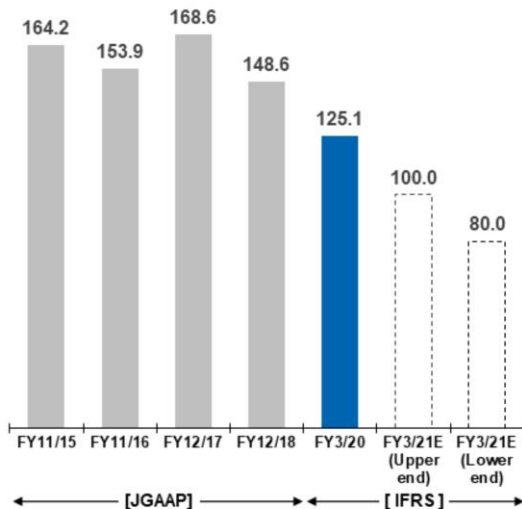
14

Mitsumi business segment quarterly trends.

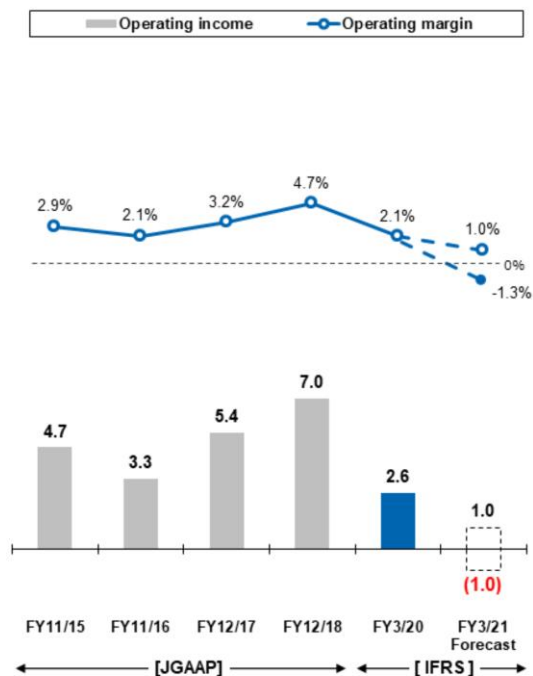
Net sales decreased 21.2% quarter on quarter to total 62.4 billion yen. While sales of optical devices increased, sales decreased for other products, primarily mechanical components due to the novel coronavirus impact.

Operating income totaled 4.2 billion yen while the operating margin reached 6.7%. Operating income decreased 42.5% and the operating margin declined 2.5 percentage points quarter on quarter. Looking at the results by product, we see that profits were up for analog semiconductors but down for other products, mainly mechanical components.

Net sales (Billions of yen)



Operating income (Billions of yen)



May 8, 2020

15

MinebeaMitsumi
Reason to Create Value through Difference

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

Net sales decreased 15.8% compare to fiscal year ended December 31, 2018 to total 125.1 billion yen in the fiscal year ended March 31, 2020.

The factors for this decrease include a significant slowdown in production mainly in Europe in the fourth quarter because of restrictions imposed on operations due to the novel coronavirus pandemic, on top of the slump in the automobile market in China, Europe, and elsewhere.

Operating income came to 2.6 billion yen, and the operating margin was 2.1%. These figures represent a 62.9% year-on-year decrease in operating income and a 2.6 percentage point year-on-year drop in operating margin.

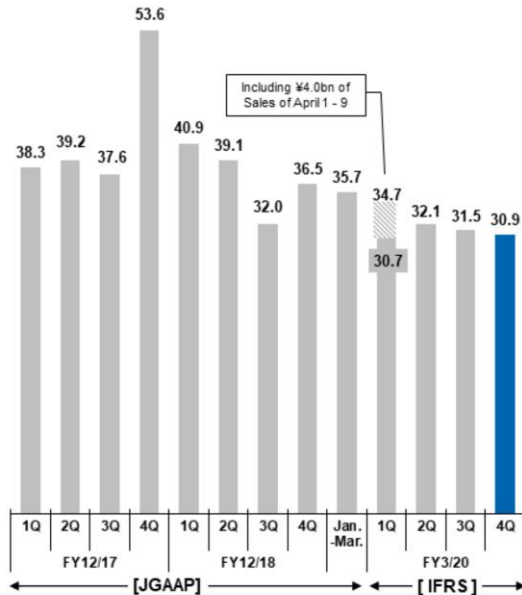
Temporary expenses totaling about 1.0 billion yen incurred in relation to the integration of U-Shin operations and the launch of new products were accounted for.

We expect sales and profits to decline in the fiscal year ending March 31, 2021 as the outlook for the automobile market remains slow.

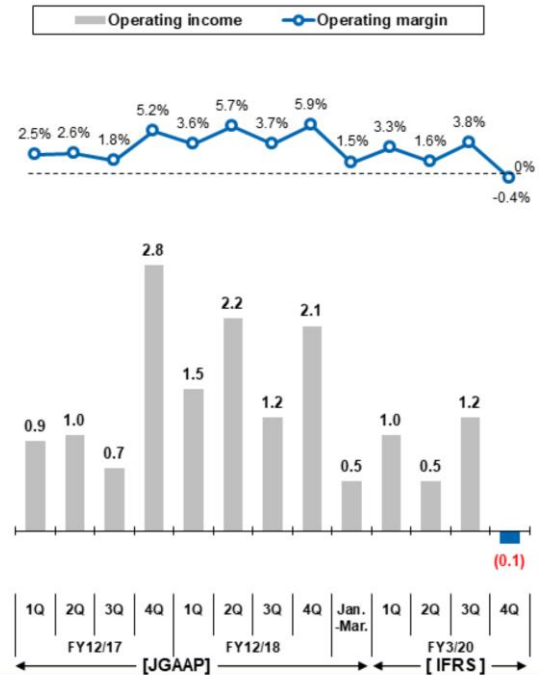
U-Shin Business

As a result of change of the fiscal year end, 4Q of FY12/17 consists of 4 months. Both net sales and operating income before March of 2019 are pre-merger results.

Net sales (Billions of yen)



Operating income (Billions of yen)



May 8, 2020

16

MinebeaMitsumi
Reason to Create Value through Difference

U-Shin business segment quarterly trends.

Fourth quarter net sales decreased 1.9% quarter on quarter to total 30.9 billion yen as the business was hit hard by the restrictions imposed on operations due to the novel coronavirus pandemic as well as the slump in the automobile market.

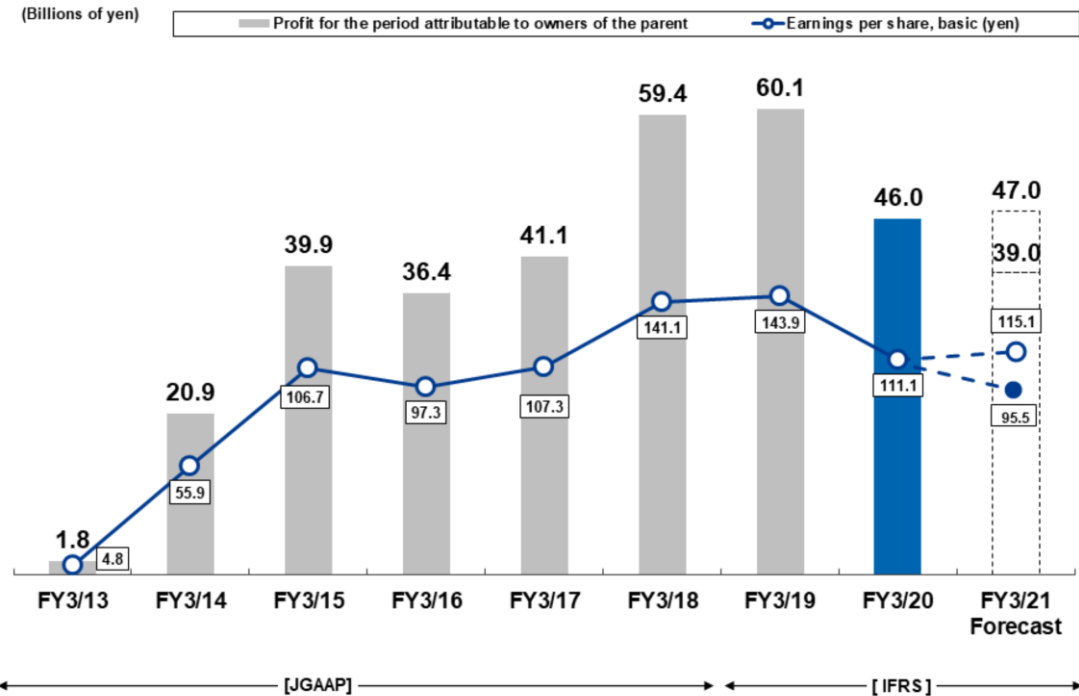
The segment recorded an operating loss of 0.1 billion yen.

Temporary expenses totaling about 0.1 billion yen incurred in relation to the launch of new products etc. were accounted for as a special factor in the fourth quarter.

Profit attributable to owners of the parent / EPS

*JGAAP until FY3/18

(Billions of yen)



May 8, 2020

17

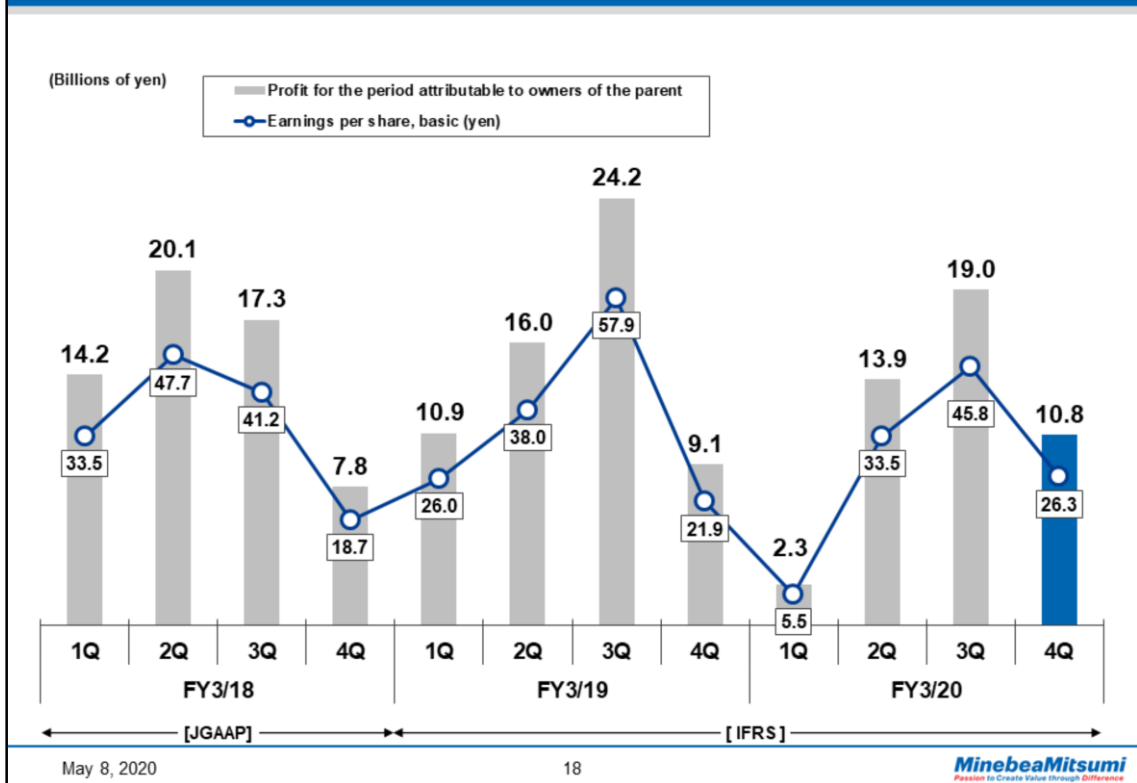
MinebeaMitsumi
Passion to Create Value through Difference

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

The profit for the period was 46.0 billion yen. Earnings for the period per share was 111.1 yen.

Profit attributable to owners of the parent / EPS

*JGAAP for FY3/18



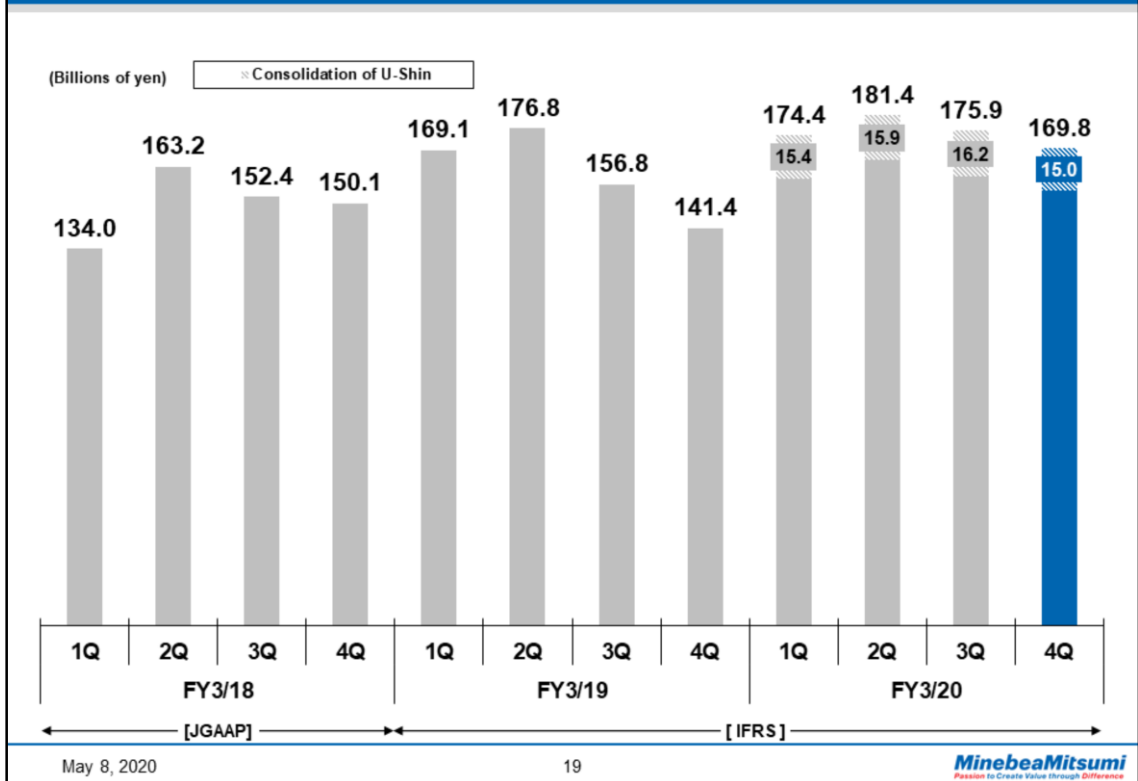
Here you see the quarterly trends.

The profit for the period was 10.8 billion yen.

Earnings per share was 26.3 yen.

Inventory

*JGAAP for FY3/18



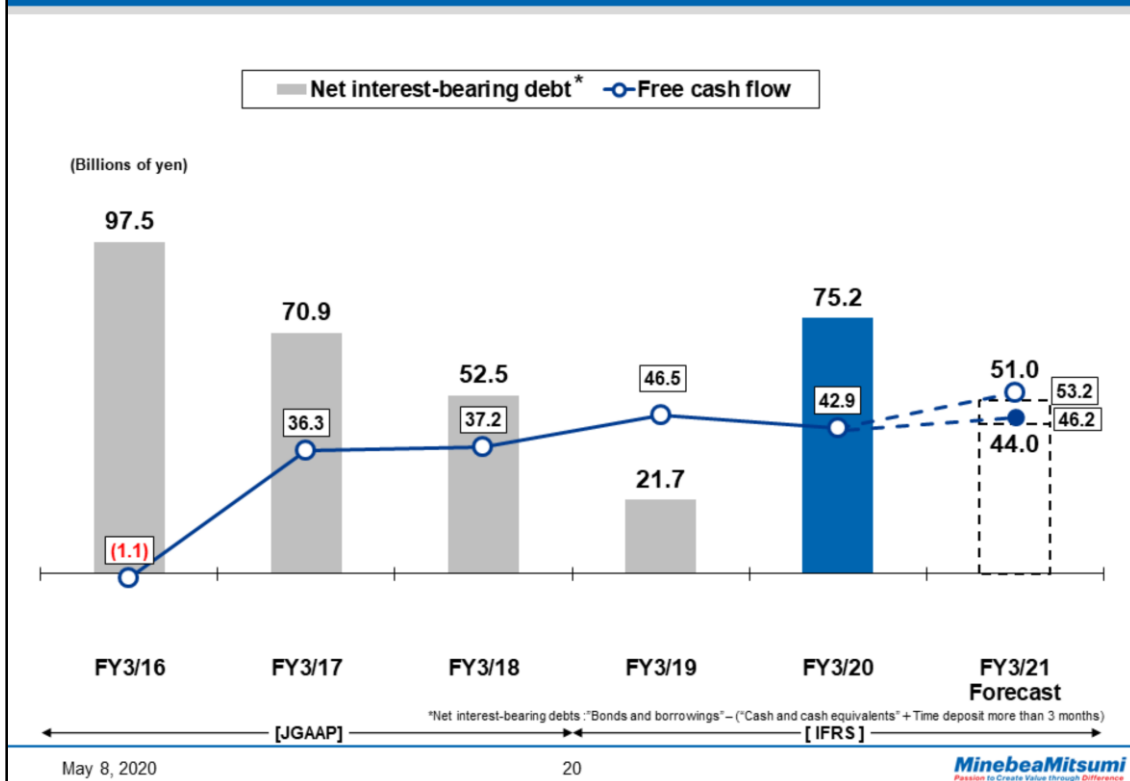
Next we have the quarterly inventory trend.

At the end of fourth quarter, inventories totaled 169.8 billion yen, which is 6.1 billion yen less than what it was three months ago.

Inventory of 15.0 billion yen was included from the consolidation of U-Shin.

Net interest-bearing debt / Free cash flow

*JGAAP until FY3/18



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 fourth quarter, net interest-bearing debt, totaling 75.2 billion yen, was up 53.5 billion yen from what it was at the end of the previous fiscal year.

We assumed a different scenario for each business, at the beginning of the fiscal year

(Millions of yen)	FY3/20	FY3/21			
	Full Year	Upper End		Lower End	
		Full Year	YoY	Full Year	YoY
Net sales	978,445	1,000,000	+2.2%	900,000	-8.0%
Operating income	58,647	60,000	+2.3%	50,000	-14.7%
Profit before taxes	58,089	59,000	+1.6%	49,000	-15.6%
Profit for the period attributable to owners of the parent	45,975	47,000	+2.2%	39,000	-15.2%
Earnings per share, basic (yen)	111.11	115.08	+3.6%	95.49	-14.1%

Foreign Exchange Rates	FY3/20 Full Year	FY3/21 Assumptions
US\$	¥109.12	¥107.00
Euro	¥121.27	¥115.00
Thai Baht	¥3.52	¥3.30
Chinese RMB	¥15.68	¥15.00

Regarding the forecast for the fiscal year ending March 2021, as I explained earlier, we are currently investigating the effects of the global spread of the novel coronavirus and the lockdown in each country, etc. and it is difficult to make a reasonable calculation at this stage, so we have forecasted sales and profits with upper and lower ends.

The exchange rate assumption is assumed to be 107 yen to the U.S. dollar, both for upper and lower end.

Forecast for Business Segment

*Based on IFRS

(Millions of yen)	FY3/20	FY3/21			
		Upper End		Lower End	
	Full Year	Full Year	YoY	Full Year	YoY
Net sales	978,445	1,000,000	+2.2%	900,000	-8.0%
Machined components	180,885	170,000	-6.0%	160,000	-11.5%
Electronic devices and components	379,422	356,000	-6.2%	324,000	-14.6%
Mitsumi business	292,243	373,000	+27.6%	335,000	+14.6%
U-Shin business	125,145	100,000	-20.1%	80,000	-36.1%
Other	750	1,000	+33.3%	1,000	+33.3%
Operating income	58,647	60,000	+2.3%	50,000	-14.7%
Machined components	39,874	37,000	-7.2%	33,000	-17.2%
Electronic devices and components	17,552	16,000	-8.8%	14,000	-20.2%
Mitsumi business	18,656	24,000	+28.6%	22,000	+17.9%
U-Shin business	2,598	1,000	-61.5%	△1,000	-
Other	△1,502	△2,500	+66.4%	△2,500	+66.4%
Adjustment	△18,531	△15,500	-16.4%	△15,500	-16.4%

May 8, 2020

22

MinebeaMitsumi
Passion to Create Value through Difference

This slide shows the forecast by business segment.

Mitsumi business segment includes the sales and operating income of ABLIC from May, which was merged with MinebeaMitsumi as of April 30.

This is all for my presentation.



Hello, I'm Yoshihisa Kainuma. I would like to now go over our operating policies and business strategies.

- Overall: Reaffirmed our ability to diversify risk with an effective product mix and global production sites that create the kind of synergy needed to boost our bottom line despite a significant slowdown due to the US-China trade war in H1 and the novel coronavirus in Q4. Also, Southeast Asian currencies were strong and they pushed down profits to some extent.
- Machined components: External ball bearing shipment volume hit 200 million plus units in March despite the global coronavirus pandemic in mid-March and onward. Demand for ball bearings for data centers clearly picked up and new demand for various medical equipment also increased. We will be keeping a wary eye on the automobile and commercial aircraft markets.
- Electronic devices and components/Mitsumi: Smartphones and games kept revenues up.
- U-Shin: The business was hit hard by restrictions imposed on operations mainly in Europe due to the novel coronavirus pandemic as well as the slump in the automobile market.
- M&A: Announced M&As of 2 companies including ABLIC. Started PMI with an eye to creating synergy.
- Shareholder return: Dividend ratio was 25%. Total return ratio reached 58% including the share buyback. We are determined to maintain a sustainable and stable dividend and will make early payments.

May 8, 2020

24

Last fiscal year was very disappointing for me.

Over the last five years I had been telling everyone across the company to aim for 1 trillion yen in net sales and, up until around last December, I was told that we were on track to reach that target. I always warned the employees that something unexpected could happen to end our upward trajectory, and that something happened in the form of the ongoing COVID-19 crisis that has cut our net sales down to 978 billion yen, about 22 billion yen short of the target. Although this figure was the highest ever, we didn't make it to 1 trillion yen.

This page has a lot of information, so please take a look at it later. The bottom line here is we didn't cut dividend payments. We usually calculate the dividend at a payout ratio of 20%, or somewhere between 17.5% and 22.5%, but this time we bent over backwards to make it 25% in order to keep the dividend the same as it has been over the last several years. Although people have told me to buy back more shares or carry out more M&As, I decided that paying a dividend is the right thing to do in keeping with the long-term approach of Japanese style management. We usually pay dividends in mid-July, but due to the current circumstances, we will pay them in early June when we issue a notice of the ordinary general meeting of shareholders since we can pay dividends upon resolution of the board of directors and without obtaining approval at the shareholders meeting.

Projections with range assuming strength and weakness of economy

Key Points

- Supply chains will return to normal after the coronavirus passes, but the outlook may depend on the controlling form of infectious disease.
- Automobile/commercial aircraft industries will be hit by the market slowdown.
- As an industry staple, ball bearings are always in demand across the board, but we assume that the production volume for H1 of FY3/21 will decrease 10%+ year on year.
- Markets for Indoor items such as smartphone and game expected to broadly recover.
- New consolidation of ABLIC will contribute to the bottom line.

(Millions of yen)	FY3/20	FY3/21 Plan			
		Upper End	YoY	Lower End	YoY
Net sales	978,445	1,000,000	+2.2%	900,000	-8.0%
Operating income	58,647	60,000	+2.3%	50,000	-14.7%
Profit for the period attributable to owners of the parent	45,975	47,000	+2.2%	39,000	-15.2%
Earnings per share, basic (yen)	111.11	115.08	+3.6%	95.49	-14.1%

May 8, 2020

25

These are projections for this fiscal year. It's not a pretty picture.

I believe the extent to how well and how quickly the economy will recover will depend largely on the way the coronavirus pandemic is controlled. Countries around the world are putting their heads together to develop vaccines and drugs. If they are developed quickly, the economy will get back on track quickly. If, as some suggest, this situation is prolonged, or if there is a resurgence in the pandemic, that will slow down the economic recovery. There is just no way of telling what is going to happen.

Still I can't just keep saying things are unpredictable, so I decided to provide earnings guidance in ranges, just as we did after Lehman Brothers collapsed.

This is a little off the topic, but the sales figures for this April were about the same as what they were last April. Sales for ex-Minebea alone totaled 37 billion yen last year and 37 billion yen this year, while Mitsumi generated 15.3 billion yen last year and 16.8 billion yen this year. When you add the figures from the five overseas subsidiaries we acquired, the total (excluding U-Shin) comes to 55.7 billion yen for this year, which is not so different from the last year's figure of 55.2 billion yen. That, however, doesn't account for U-Shin, which was the only business segment that suffered a loss, with a substantial 7-billion-yen decrease in sales that went from 12 billion to 5 billion yen. Therefore, we started this year out at roughly the same level as last year. The recovery is all up to how well the pandemic is controlled.

Operating income excluding all special factors

¥81bn



Stresses applied

Machined Components

LED Backlights

U-Shin Business

Others

- ¥25bn



**Highly possible factors
for profit increase**

Game

Analog Semiconductors

OIS

+ ¥4bn plus

Further set downside risk in the range of ¥10bn

(The forecast for operating income was announced at ¥10bn – ¥14bn following the financial crisis in 2008: “the Lehman crisis”)

May 8, 2020

26

Let me explain how we came up with the 50 to 60 billion yen range in preparing our earnings guidance.

As I said, I cannot predict exactly how the economy will recover, but based on the experience and insights I've gained as CEO at MinebeaMitsumi over the last eleven years, I use this method of applying stress on our forecasts.

Let's look at last year's operating income totaling 58.6 billion yen and exclude all special factors, including foreign exchange fluctuations, from that amount. We had initially projected that the exchange rate of Thai baht to the US dollar would be 32.84 baht to the dollar, but it actually ended up at 30.96 baht to the dollar. Since we have a large factory in Thailand, employing 40,000 people, the two-baht difference made a big difference in our profit. The exchange rate has now returned to 32.5 baht, hitting 33 just a while ago. Since we finished currency hedging related to the Thai baht this year, I factored this recovery into the profit forecast before applying stresses. I projected a downside risk of about 10 billion yen for machined components, about 10 billion yen for electronic devices and components, and 5 billion yen for U-Shin and other businesses. Since Mitsumi is expected to generate about the same amount of profit thanks to its strong OIS and game related business, the total risk would be 25 billion yen.

On the other hand, we have some factors that will be sure to boost profits, such as ABLIC (which I will explain later on), and can expect to generate at least 4 billion yen. That brings my projected operating income figure to somewhere around 60 billion yen. Since the current pandemic is said to be the kind that occurs once in 200 years and may have a bigger impact than the financial crisis with Lehman Brothers' collapse, I added another downside risk of 10 billion yen. These made the projected operating income range 50 to 60 billion yen although things may be different depending on how the pandemic is controlled.

When the Lehman Brothers' bankruptcy shocked the economy, our operations were still small and we announced an operating income forecast in the range of 10 to 14 billion yen in the first quarter. In the second quarter we were still unable to forecast operating income with that range, but in the third quarter we forecasted it to be in the middle of the range, at 11 billion yen. In the end, our operating income came to 12.1 billion yen, which was right in the middle of the range.

I'm not sure what's going to happen this time around, but since our company is now four or five times bigger than before, I'm hoping that operating income will be somewhere near the figure I just mentioned, that is 60 billion yen, if things go well.

I'm sorry that I can only give you a rough idea about our forecast right now, but no one can make projections under the current circumstances, so that's all I can give you.

Transition of MinebeaMitsumi OP rank within Electronic components sector

No	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20
1											
2											
3											
4											
5											
6											
7											MinebeaMitsumi
8									MinebeaMitsumi	MinebeaMitsumi	
9						Minebea		MinebeaMitsumi			
10					Minebea		Minebea				
11											
12		Minebea									
13	Minebea										
14				Minebea							
15											
16			Minebea								

(MinebeaMitsumi research)

May 8, 2020

27

An institutional investor made an operating income ranking table showing our position in the electronic component sector and shared it with us. We checked the table and found that we steadily climbed up a notch again this year.

Operating in the electronic component sector, we cannot avoid the impact of external factors, such as the global economy and foreign exchange rates, but we have been steadily making a profit in comparison with others, and I wanted to share that with you.

Impact on performance in FY3/20

- Impact on net sales: **Approx. ¥30.0bn**
- Impact on operating income: **¥9.0bn**

(¥2.6bn from operational losses/control measure expenses, ¥6.4bn due to declined sales)

Impact on Production in FY3/21 (as of early May)

(figures in parentheses are the production ratios in FY3/20)

Europe (8%)	<ul style="list-style-type: none">● Medical/aircraft: At reduced utilization.● Automobile: Operations have partially started since April. Full utilization in late May. (France, Italy, Germany, Spain, Slovakia, Hungary, Russia, etc.)
North America (5%)	<ul style="list-style-type: none">● In operation as usual.
Asia (74%)	<ul style="list-style-type: none">● China: In operation as usual since April.● Thailand: In operation as usual.● Cambodia: In operation as usual.● Philippines: Continued operations at reduced utilization in Luzon but operations remained normal in Cebu.● Malaysia: In operation as usual.

May 8, 2020

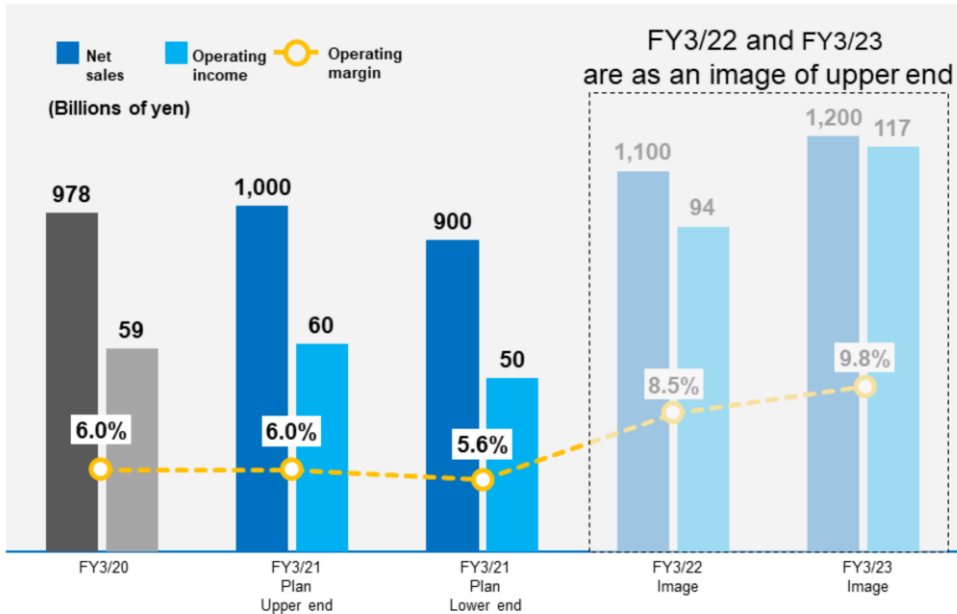
28

The slide shows how the coronavirus has impacted our operations. All of our factories will be up and running by mid-May.

Our operations resumed in Europe on the 4th, and our factories in China are running at full capacity.

Production is gradually getting back to normal.

**Due to the current uncertainties
the 3-year plan is shown as an image**



May 8, 2020

29

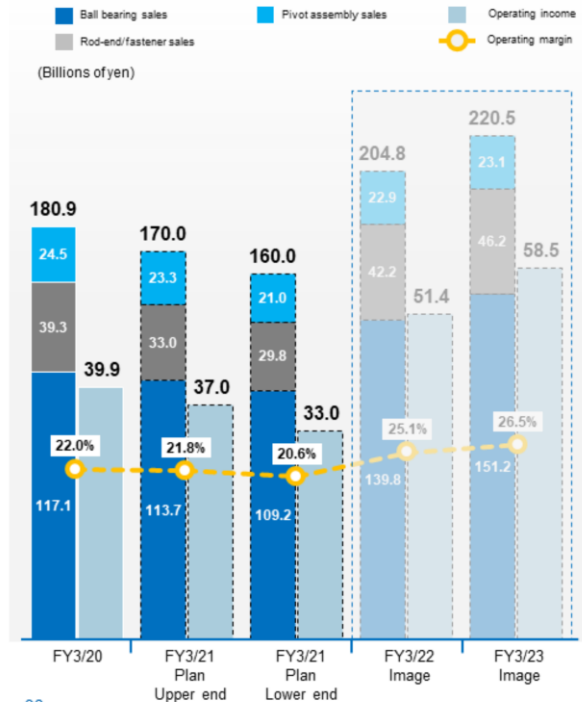
We always share our three-year plan with you at every investor meeting, but to be honest, we cannot give you any earnings guidance when we have no idea what's going to happen next year, so please keep in mind that these are just rough estimates.

Machined Components Targets

Apply stress, mainly on commercial aircraft in this FY

Key Points

- 1 Ball bearings external sales
 - ✓ Clearly picked up for data center
 - ✓ Automobile affected by demand decline, but to recover gradually
- 2 Ball bearings production
 - ✓ Focus on building a start-up system when demand recovers, as well as reducing fixed costs
- 3 Rod-ends & fasteners
 - ✓ Production adjustment is expected for commercial aircraft



May 8, 2020

30

Moving on to the machined components business segment, we have absolutely no concerns about bearings. Although there will be some ups and downs, bearing demand will steadily grow, and we have an overwhelming competitive edge. However, if our customers suspend their operations, we won't be able to ship our bearings. That means if they operate at less than full swing, our sales will naturally decline.

We really need to place a greater focus on the aircraft-related business. Airline companies are suffering financially as fewer people take international or domestic flights, and there is a growing concern that aircraft will sell.

Just so you know, regarding our subsidiaries that offer aircraft-related products in the U.S., 25% of their operations are defense industry-related and have not been affected at all to date. Fourteen percent deal with the medical industry. For example, we are getting an increasing number of orders for X-ray tubes, so their production is up quite a bit. Civil aircraft account for about 60% of overall sales, and if we are to lose a little over 40% of that, we'll have to suffer a sales setback of about 25% to 30% overall. It will probably take about two years until demand from the aircraft industry returns to normal, but I think it's too soon to project exactly when it will recover.

Looking at China and elsewhere, despite lifestyle changes, we can see that people still have a desire to go out or travel. So once new drugs are developed and safety is guaranteed, the industry should return to normal. That's why we have to keep a keen eye on this area.

We expect various products will more than cover the decrease in LED backlight

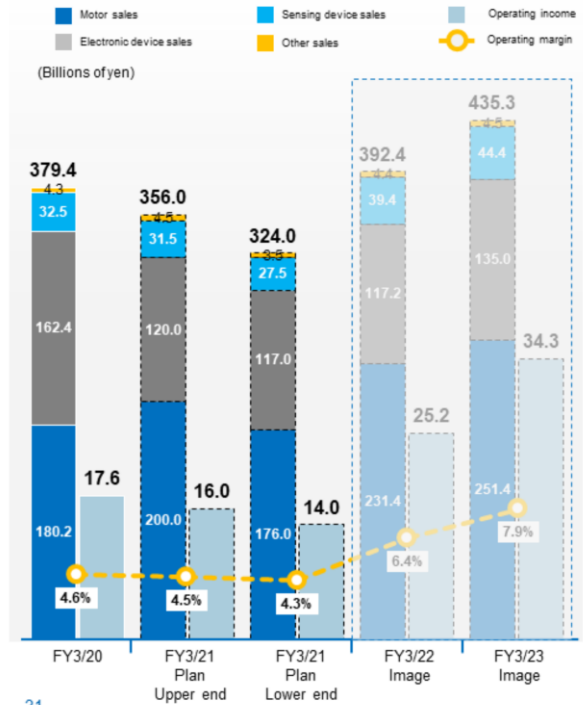
Key Points

- 1 Motors for automobiles
✓ **Structural demand growth due to “CASE”**

- 2 Stealth products
✓ **Mostly suspended due to the novel coronavirus pandemic**

- 3 Game related products (motors etc.)
✓ **No particular problems with launching new products at this time**

- 4 LED backlights
✓ **Fixed costs are reduced**
✓ **Customer notices are firmer tone**



May 8, 2020

31

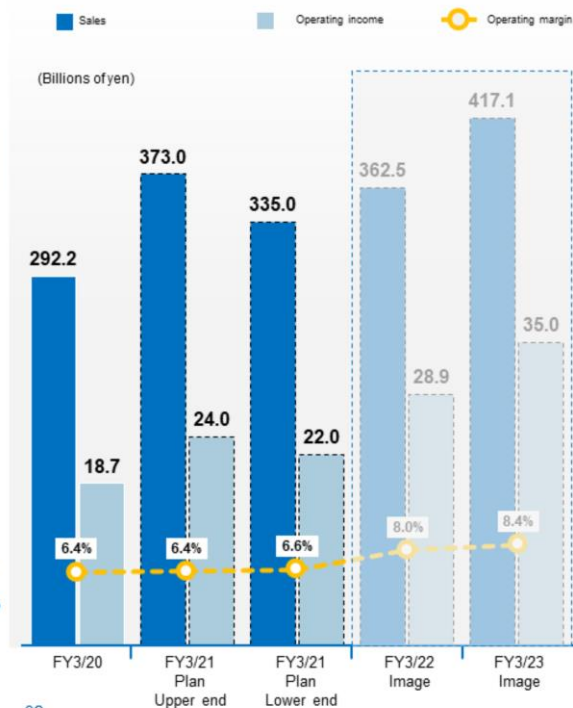
When it comes to electronic devices and components, people have often asked me about LED backlights, and I've noted that production quantity would decline. We have been taking various steps to brace ourselves for this decline, and any losses will be covered by the integration of ABLIC operations, OIS sales growth, and increasing demand for game products due to more people staying home.

Another thing is, as I have always noted, that we are making a wide range of products for a diverse range of industries in many different countries, which consequently enables us to manage risk. In other words, even if revenue decreases for one product, the decrease will be offset by sales of other products.

Finally a new core business is created with **INTEGRATION with ABLIC**

Key Points

- 1 **Optical devices**
 - ✓ Increase added value through innovation
 - ✓ Freeze New factory in Philippines for now
- 2 **Mechanical components**
 - ✓ Flexible response to strong customer demand
 - ✓ Prepare to new OEM businesses in the future
- 3 **Analog semiconductors**
 - ✓ Pillar established as a “core business”
 - ✓ Strong growth based on both synergies with ABLIC and organic growth



May 8, 2020

32

Ever since we completed the acquisition of Mitsumi, I have been talking about core and sub-core businesses.

We refer to our core businesses as the Eight Spears and one of those spears is analog semiconductors. The market for these products is very large and will be around for a long time. In that market, there’s also a niche market where we can take advantage of our strengths. It’s exactly the kind of market we are targeting with our core businesses. The Mitsumi business deals with games and cell phones, which are subject to a lot of technological changes, and that’s why we positioned them as sub-core businesses but they can generate steady revenue streams. I’ve always wanted to create a core business here, and analog semiconductors is the first. So I would like to announce today that we now have a core business, or solid spear, in the Mitsumi business segment which I will go into further detail about later on.

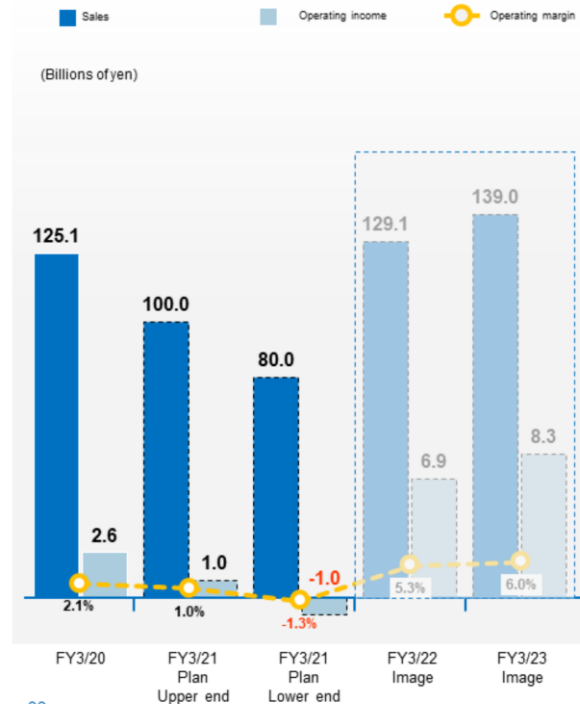
U-Shin Business Targets

**Market decline impact
is unavoidable.
Focus on cost control**

Key Points

- 1 **Automotive**
 - ✓ Sales in H1 are expected to be halved, and flat in H2 year-on-year
 - ✓ In Europe, production will recover from lockdowns in each country, but keep eyes on demand trends
 - ✓ Focus on measures to improve production and reduce fixed costs

- 2 **Home Security Units**
 - ✓ New products will be launched



May 8, 2020

33

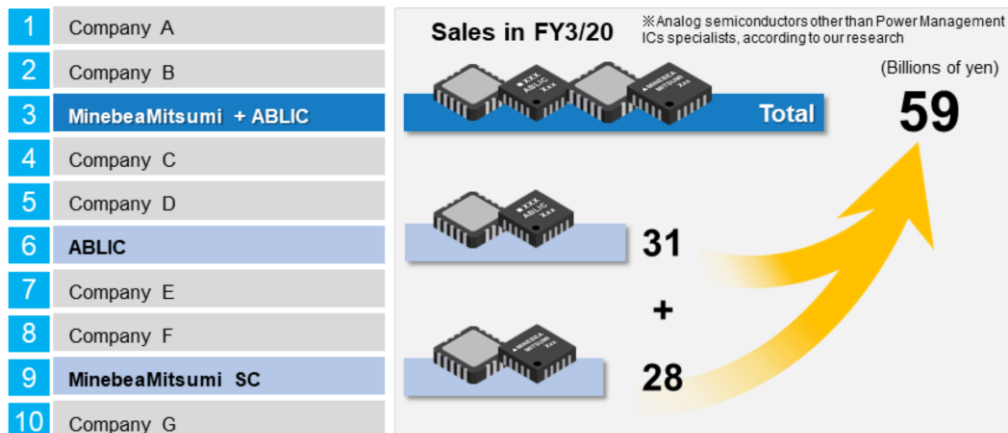
As I mentioned earlier, U-Shin is in quite a tough spot because it deals exclusively with the automobile market.

However, since U-Shin is not the kind of company that aggressively invests in fixed assets that bear large depreciation costs, it will not dig a hole so deep that we cannot climb out of it. Any deficit it runs will be pretty manageable.

We should see this as an opportunity to do what needs to be done, such as improve productivity, cut fixed costs, and integrate all sorts of technologies with a focus on CASE. This includes semiconductors and motors, and it's important that we never slow down in developing various types of locking and access mechanisms.

Completion of Acquisition of ABLIC Inc. on April 30, 2020

Realized upgrade in the analog semiconductor market in Japan



Through the integration of ABLIC, further enhance the quality of **INTEGRATION** activities and deepen and expand the range of activities

Aim for annual sales of ¥100bn as the immediate goal

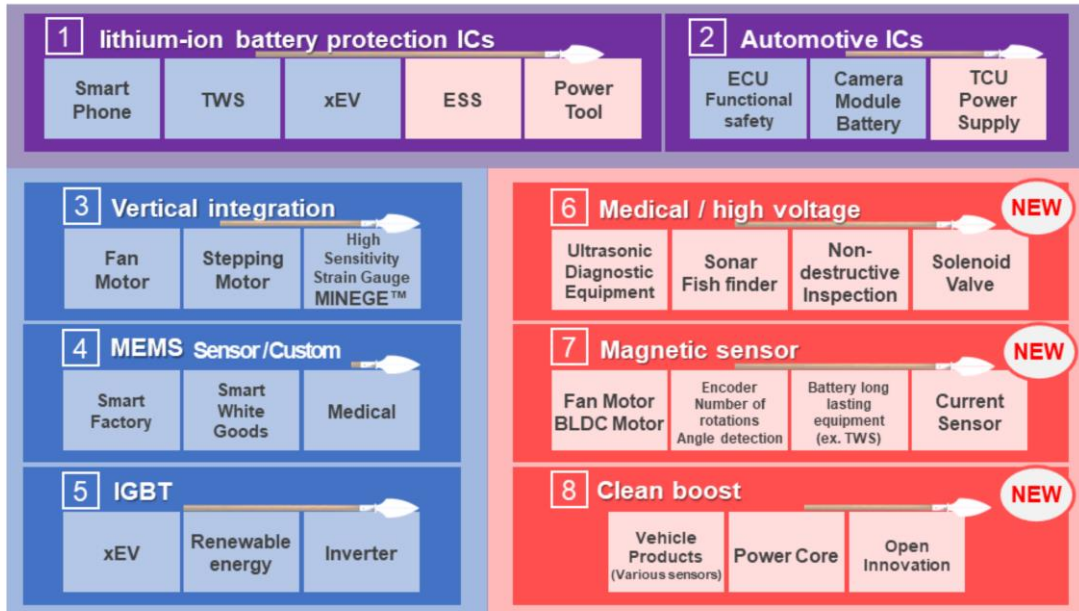
May 8, 2020

34

If you combine ABLIC with MinebeaMitsumi, and exclude companies that deal exclusively in power semiconductors, it ranks third in the analog semiconductor market with net sales amounting to some 60 billion yen. While we had initially expected analog semiconductors to generate 100 billion yen in sales out of our 2.5-trillion-yen target, the business already hit the 60-billion-yen mark and should easily top 100 billion yen in the next nine or ten years.

You will eventually also see it become an excellent source of revenue with great potential to become one of the Mitsumi core businesses I talked about earlier.

Add ABLIC's 3 spears to Mitsumi Semiconductor's 5 spears (focused development field)



May 8, 2020

35

Now I would like to turn your attention to the applications for analog semiconductors we should zero in on.

Mitsumi focuses on five areas of applications, which are shown under 1 through 5 here. Coincidentally ABLIC also focuses on five areas. If you do a simple mathematical calculation, that adds up to 10 areas, but batteries and power supplies under 1 and 2, shown against the purple background, overlap and are handled by both companies.

Those shown in the blue boxes are Mitsumi's areas of focus, and those shown in the pink boxes are ABLIC's. The areas of applications shown against the orange background, namely medical/high voltage, magnetic sensor, and CLEAN-Boost, are new to us and are expected to complement our technologies.

CLEAN-Boost, which is a registered trademark, is an exciting technology that, in the absence of a battery, boosts electricity so you can send data from a battery-less sensor. We are currently engaged in a social infrastructure-related business and have installed rain gauges, thermometers, hygrometers, air flow meters, etc. in many locations to collect data. CLEAN-Boost enables us to transmit data from these sensors to nearby stations even if they are installed in locations where there is no power source. Although the amount of data that can be transmitted is limited, we now have this fascinating technology.

As for magnetic sensors shown under 7, ABLIC has a wonderful Hall effect device technology, which is employed in BLDC motors as well as encoders for measuring rotation angles. This technology will help us make better products by combining our Eight Spears products, which we refer to as vertical integration. This is one of the reasons that makes me so sure that the integration of ABLIC operations will give MinebeaMitsumi so many jolts of energy.

ABLIC is located in Chiba while we are based close by in Tokyo's Mita district, so we can work on integrating different technologies to develop various products at our semiconductor divisions which also located in nearby Atsugi as well as Chitose.

Analog semiconductors can demonstrate the strength of Japan

Great opportunity to target the world!

Attractive market

IoT 5G ADAS AI Medical expansion

Analog is a must-have product

Cannot copy

High added value can be pursued

Use Japanese Core Power

On-site strength, craftsmanship

Management ability, Team spirit

Design and manufacturing technology
is a block of know-how

Precision, care, diligence

INTEGRATION activities between
analog semiconductor new 8 spears
and each business

Analog semiconductor is now 4th!
Strengthen MinebeaMitsumi's
Eight Spear products

Aim for the **strongest** analog semiconductor company in Japan!

Sweep the niche market with attractive analog products with high added value!

May 8, 2020

36

An analog semiconductor cannot be copied and is perfectly suited to Japanese production. You can make wonderful products through meticulous work on each layer.

We also need to look into opening new factories if we want to grow in the eight areas of applications I mentioned earlier. We currently operate two factories, mainly for 6-inch wafers, and are experiencing floor space problems, so we will look for a location to make 8-inch wafers while working on initiatives to integrate technologies in a quest to develop new ones.

The foundation of growth for analog semiconductors is complete
Ranking rose from 8th to 4th in the Eight spears

	Bearings	Motors	Access products	Analog semiconductors	Sensors	Connectors/switches	Power supply components	Wireless/communications/software
Bearings		○	○		○			
Motors	○		○	●	○	○	○	○
Access products	○	○		●	○	○	○	○
Analog semiconductors		●	●		●		●	●
Sensors	○	○	○	●			○	○
Connectors/switches		○	○				○	○
Power supply components		○	○	●	○	○		○
Wireless/communications/software		○	○	●	○	○	○	

May 8, 2020

37

Analog semiconductors have been moved up to the fourth spear from the eighth spear under the Eight Spears strategy.

Established a early operation restart system

In China, we rapidly got licenses to start operations at all sites.

The quarantine control system at each factory was highly evaluated by the local government, and it was also introduced as "model factory" on various media and government-related websites.

- ✓ Our Shanghai Plant's infection control measures received high marks and got a lot of media coverage as a leading company in the Qingpu District.
→ Xinmin Evening News, Oriental Daily News, Shanghai's SMG Radio News, etc.
- ✓ High-level government officials including Zhuhai City CPC Secretary visited Zhuhai Mitsumi Electric.
→ It was selected as a model factory and received TV coverage. [Link to video of Zhuhai TV \(In Chinese, external website\)](#)

For external stakeholders

Donated 220,000 N95 masks and other medical supplies such as goggles, faceguards, clean suits, hoods, nitrile gloves, gauze, etc. to 150 organizations.



Donation of N95 masks to German medical institutions

May 8, 2020



Certificate of Appreciation (Cambodian Prime Minister's Office)

For internal stakeholders

Started producing masks and through hygiene education etc. to fulfill our supply responsibility with preventing external infection damage and ensuring employee safety.



Masks for external sales from June



In-house hygiene education

This is what we've been doing to combat the spread of the coronavirus.

We have 90,000 employees in Asia and none of them has been infected. We had one case in the U.S. and eight in Europe, but none in Asia, including China. As you can see here, I think all our efforts aimed at highly sophisticated control measures have paid off.

While sticking to the same policy, take proactive measures to prepare for worst case scenarios

1 No change in medium-to-long-term cash allocation policy

- ✓ M&A: **50%** of FCF + **borrowings**
- ✓ Dividends and share buyback: **50%** of FCF

(dependent on stock price)

Share buyback + Dividend **50%**



2 Already took short-term measures proactively

- ✓ Reduced capital expenditures
- ✓ Long-term financing of ¥100bn with 10 years/at a fixed interest rate

Current cash position can fully support current operations

Our cash allocation is as I explained earlier.

Last year we extended a loan of 100 billion yen to long-term. Since the amount of long-term loans to be repaid this fiscal year is only 3.5 billion yen, we have no problem with the current cash position right now.

FY3/20

Year-end **14** yen/share Annual **28** yen/share

We will make early payments

FY3/21
Plan

We determine the annual dividend with a target consolidated payout ratio of around 20% in principle. Also, we will maintain a sustainable and stable dividend in total consideration of business environment.

Finally, as I noted earlier, we will pay dividends earlier than usual at a payout ratio of 25%.

This concludes my briefing for today. Thank you very much.



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.

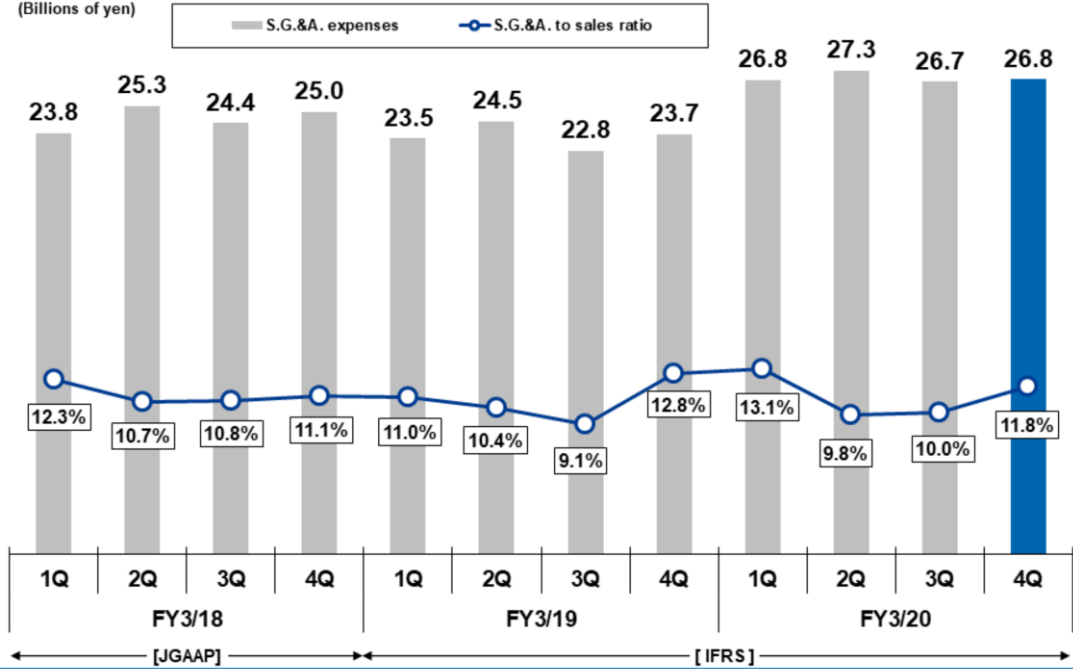
All the information in this document is the property of MinebeaMitsumi Inc. All parties are prohibited, for whatever purpose, to copy, modify, reproduce, transmit, etc. this information regardless of ways and means without prior written permission of MinebeaMitsumi Inc.

Reference

S.G.&A. expense/ratio

*JGAAP for FY3/18

(Billions of yen)



May 8, 2020

43

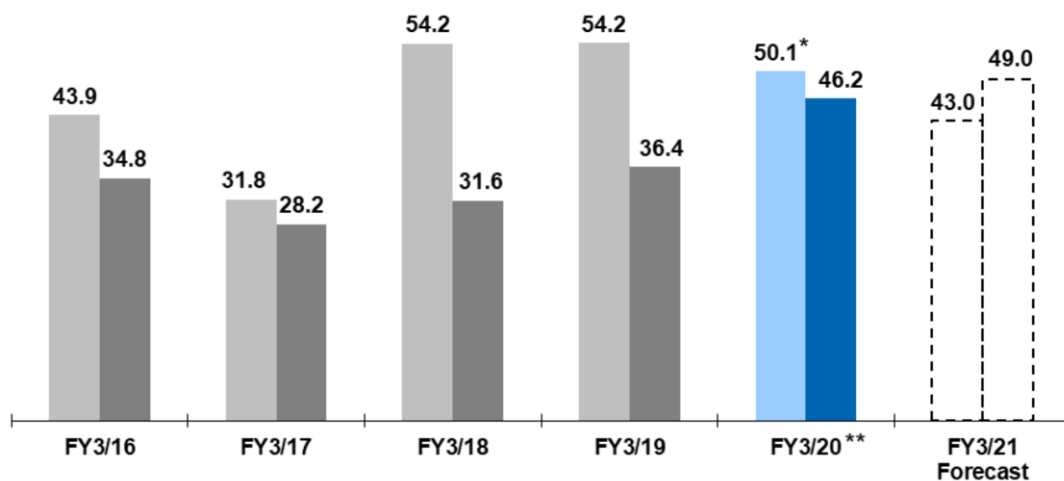
MinebeaMitsumi
Passion to Create Value through Difference

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 includes 4.6bn of CAPEX and 4.6bn of D&A expenses for U-Shin

← [JGAAP] → ← [IFRS] →

May 8, 2020

44

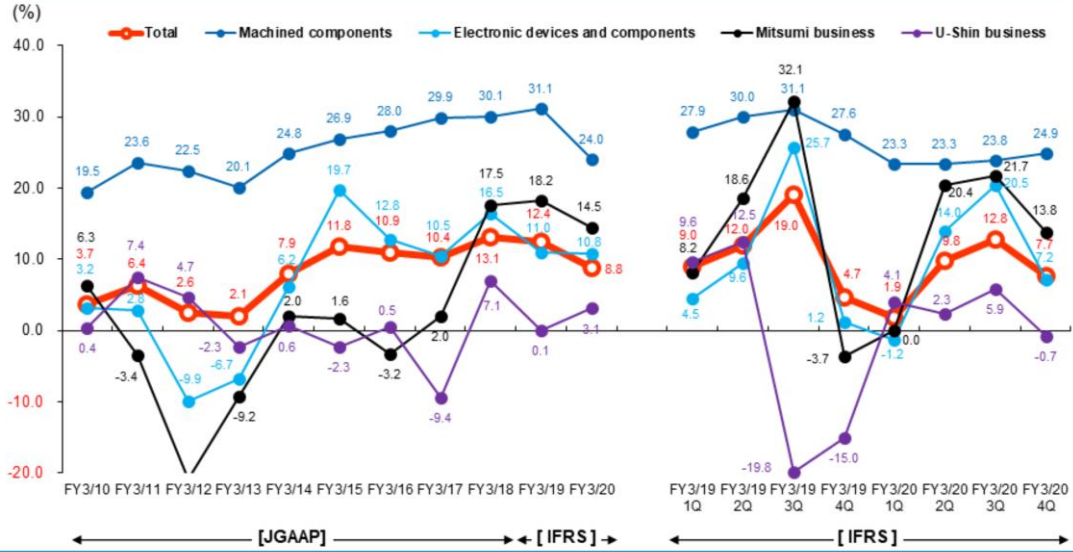
MinebeaMitsumi
 Passion to Create Value through Difference

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

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

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



May 8, 2020

45

MinebeaMitsumi
Passion to Create Value through Difference