

# Business Results

Third Quarter of Fiscal Year  
Ending March 31, 2021

**MinebeaMitsumi Inc.**

February 5, 2021

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, 2021, and then Mr. Kainuma, Representative Director, CEO & COO, will explain the highlight of this fiscal year.

## Summary of Consolidated Business Results for 3Q

### Net sales hit 3Q record highs

(Millions of yen)	FY3/20	FY3/21		Change	
	3Q	2Q	3Q	YoY	QoQ
Net sales	267,650	274,267	275,709	+3.0%	+0.5%
Operating income	23,299	17,557	19,595	-15.9%	+11.6%
Profit before taxes	23,246	16,975	19,392	-16.6%	+14.2%
Profit for the period attributable to owners of the parent	19,232	13,239	16,172	-15.9%	+22.2%
Earnings per share, basic (yen)	46.35	32.42	39.60	-14.6%	+22.1%

Foreign Exchange Rates	FY3/20 3Q	FY3/21 2Q	FY3/21 3Q
US\$	¥108.79	¥105.90	¥104.76
Euro	¥120.02	¥123.56	¥123.56
Thai Baht	¥3.59	¥3.41	¥3.38
Chinese RMB	¥15.37	¥15.16	¥15.62

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Consolidated net sales for the third quarter of the fiscal year ending March 31, 2021, was up 3.0% year on year and up 0.5% quarter on quarter to total 275,709 million yen.

Operating income was down 15.9% year on year and up 11.6% quarter on quarter to total 19,595 million yen.

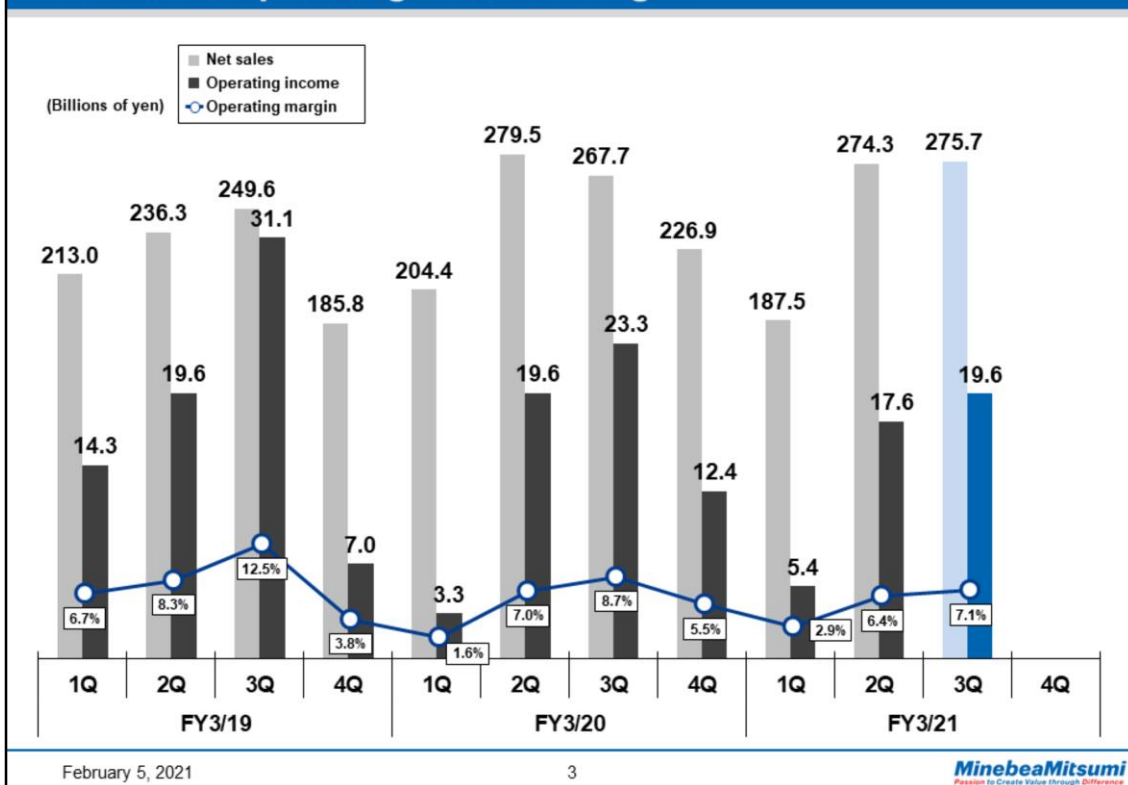
Profit for the period attributable to owners of the parent was down 15.9% year on year and up 22.2% quarter on quarter to total 16,172 million yen.

Operating income for this quarter includes special expense totaling approx. 0.8 billion yen incurred due to impact of the coronavirus, etc.

We estimate that foreign currency translations have a year-on-year impact of minus 6.6 billion yen in net sales and minus 1.3 billion yen in operating income. Quarter on quarter impact was minus 1.4 billion yen in net sales and minus 0.7 billion yen in operating income.

We made slight retrospective changes to last fiscal year's financial statements due to the PPA for U-Shin. Please note that the figures on the following pages are revised figures.

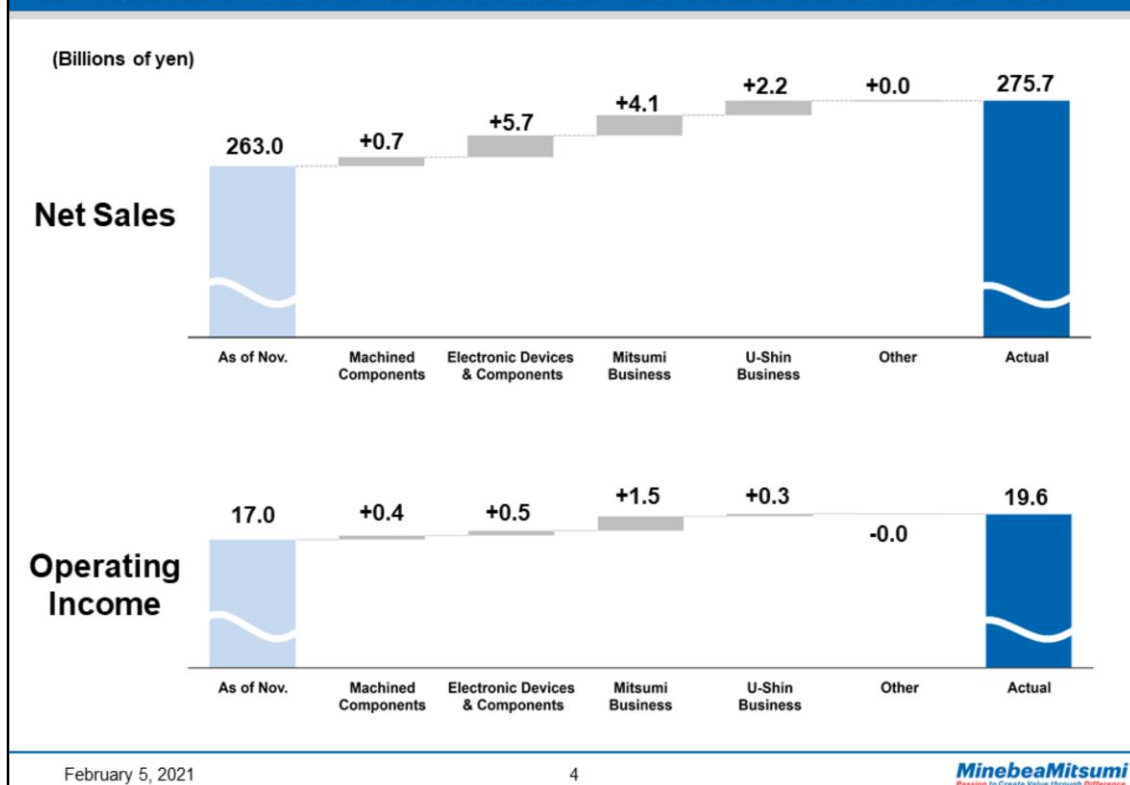
## Net Sales, Operating Income/margin



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

The operating margin for the third quarter was 7.1%, down 1.6 percentage point year on year and up 0.7 percentage points quarter on quarter.

## 3Q Actual: Differences from the Forecast as of November



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.

Despite lower-than-expected sales to the aircraft industry, sales for the machined components business segment exceeded the forecast thanks to robust sales to the other industries, mainly to automotive industry.

Sales for the electronic devices and components business segment were higher than forecasted thanks to strong sales of motors and electronic devices.

Sales for the Mitsumi business were higher than projected across the board, but mainly for mechanical components and analog semiconductors.

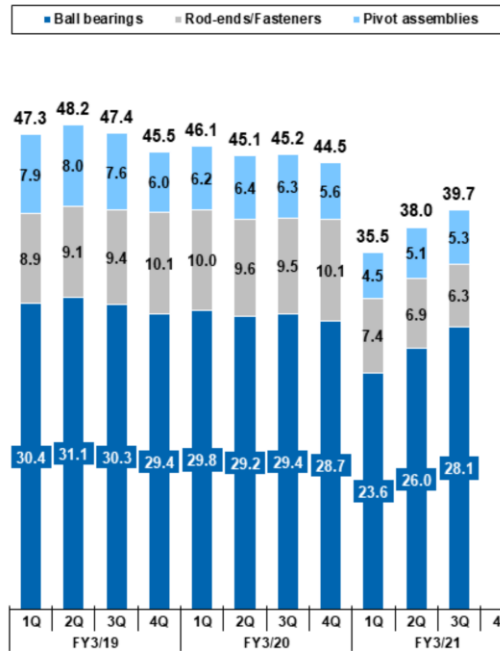
The U-Shin business enjoyed higher-than-expected sales due to the recovery of the automobile market.

Operating income for the machined components business segment was higher than forecasted thanks to the growing external shipment volume of ball bearings along with the improvement in profitability.

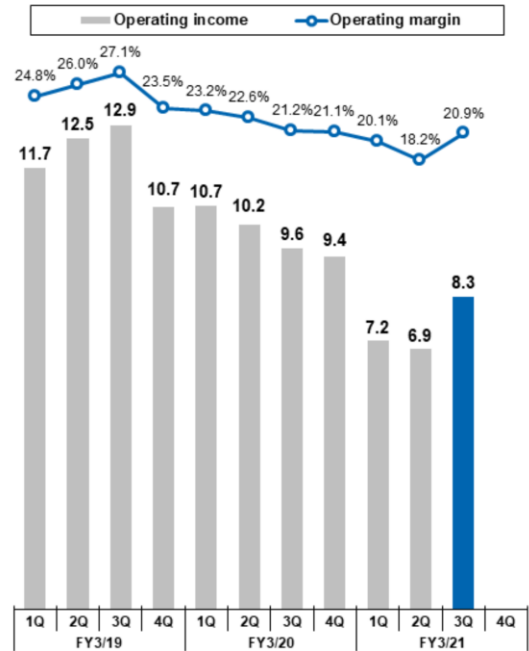
The electronic devices and components business, the Mitsumi business, and the U-shin business enjoyed higher-than-expected operating income as a result of increased sales.

# Machined Components

**Net sales** (Billions of yen)



**Operating income** (Billions of yen)



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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.

Third quarter net sales increased 4.4% quarter on quarter to total 39.7 billion yen.

Ball bearing sales increased 8.4% quarter on quarter to total 28.1 billion yen. The monthly external shipment volume was up 13.8% quarter on quarter for an average of 222 million units. The growing shipment volume of automotive ball bearings continued to drive sales upward. Sales of aircraft bearings remained sluggish due to the stagnant market.

Sales of rod-ends and fasteners, totaling 6.3 billion yen, were down 9.5% from the previous quarter. Aircraft manufacturing rate has not yet recovered and is expected to remain in the doldrums.

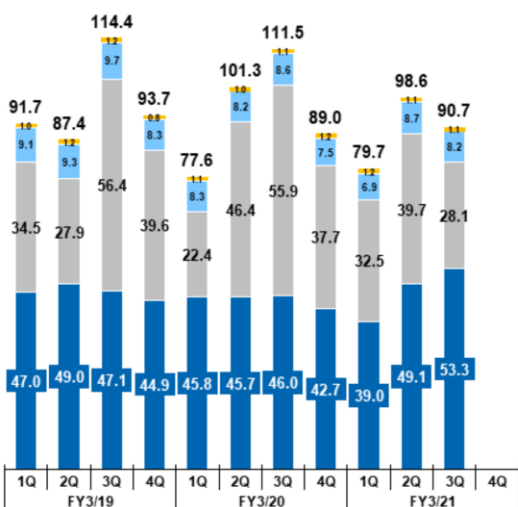
Sales of pivot assemblies increased 3.2% quarter on quarter to total 5.3 billion yen.

Operating income for the quarter totaled 8.3 billion yen, and the operating margin was 20.9%. On a quarter-on-quarter basis, operating income rose 20.3% while the operating margin improved 2.7 percentage points. Looking at the results by product, we see that profits for ball bearings, rod-ends/fasteners, and pivot assemblies all increased quarter on quarter.

# Electronic Devices & Components

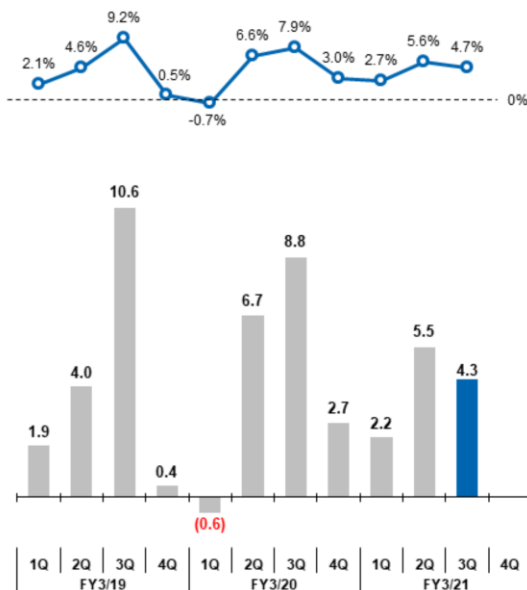
**Net sales** (Billions of yen)

■ Motors ■ Electronic devices ■ Sensing devices ■ Other



**Operating income** (Billions of yen)

■ Operating income ● Operating margin



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

Net sales decreased 8.0% quarter on quarter to hit 90.7 billion yen.

Looking at the results by product, we see that sales of motors increased 8.5% quarter on quarter to reach 53.3 billion yen. This is because the growing demand for energy-efficient products, mainly in the automobile market, kept sales of all types of motors up.

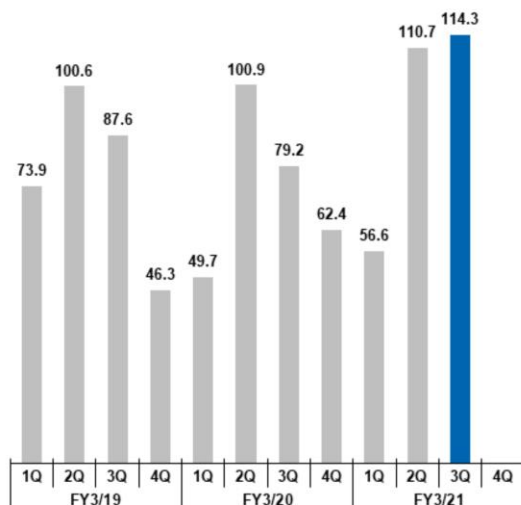
Sales of electronic devices were down 29.4% from the previous quarter to total 28.1 billion yen. This is because the peak demand period for our major customers' models that use our LED backlights came to an end.

Sales of Sensing device, totaling 8.2 billion yen, were down 5.3% from the previous quarter.

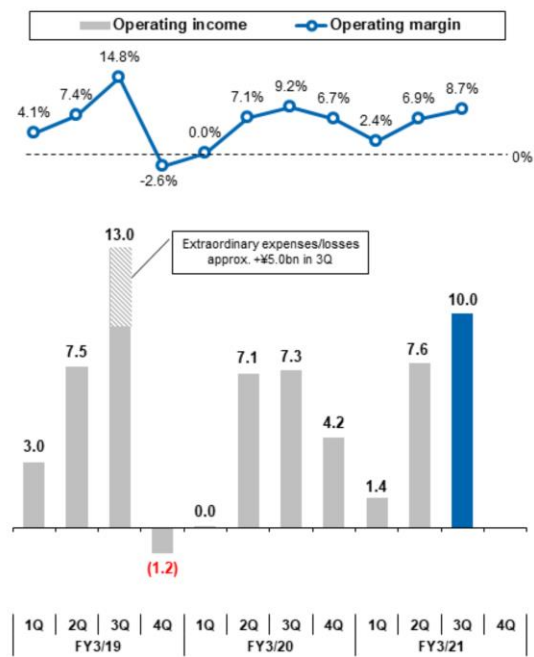
Operating income came to 4.3 billion yen, and the operating margin was 4.7%. On a quarter-on-quarter basis, operating income fell 21.9% while the operating margin dropped 0.9 percentage points. This is because the peak demand period for our major customers' models that use our LED backlights has passed.

# Mitsumi Business

**Net sales** (Billions of yen)



**Operating income** (Billions of yen)



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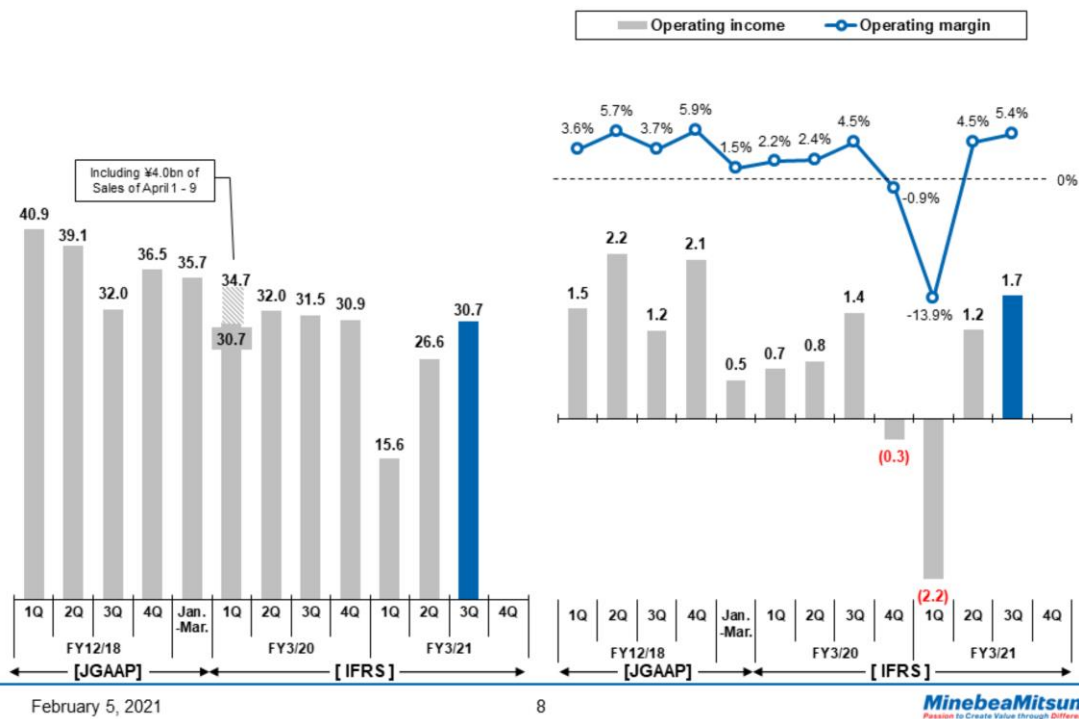
Let's look at the performance for the Mitsumi business segment.

Net sales rose 3.2% quarter on quarter to total 114.3 billion yen. While sales of mechanical components waned as the peak demand period has passed, sales for other businesses grew due mainly to steady sales of optical devices and semiconductors.

Operating income totaled 10.0 billion yen while the operating margin reached 8.7%. Operating income was up 30.8% quarter on quarter while operating margin was up 1.8 percentage points for the same period. This is due to the better product mix in profitable businesses such as optical devices and analog semiconductors.

## Net sales (Billions of yen)

## Operating income (Billions of yen)



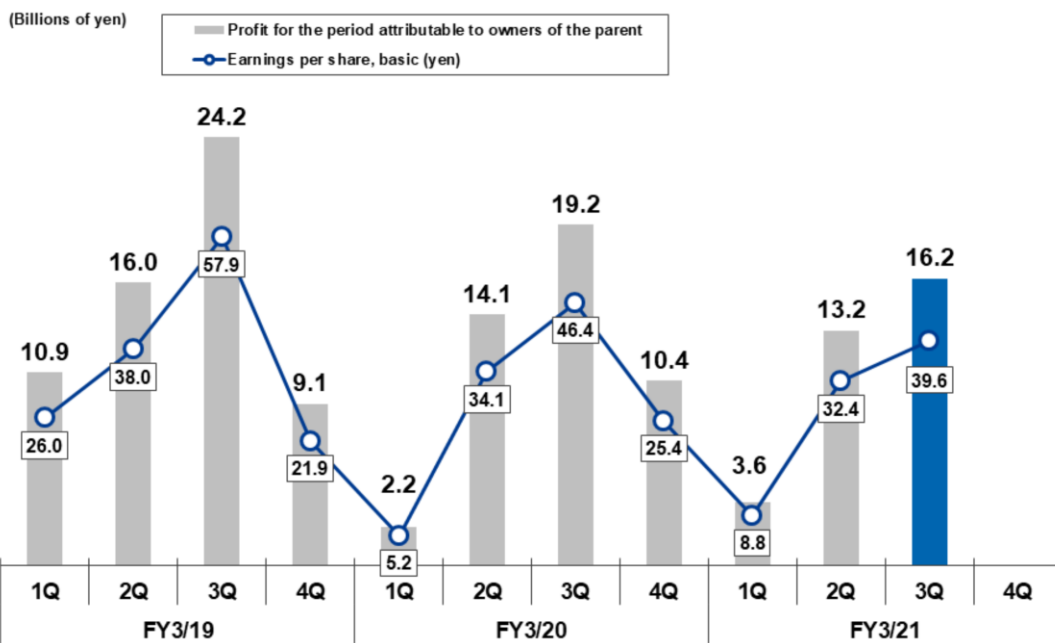
Finally, let's look at the U-Shin business segment.

Net sales increased 15.6% quarter on quarter to hit 30.7 billion yen. Sales increased as the overall automobile market rebounded although the level of recovery varied by region and customer.

Operating income came to 1.7 billion yen, and the operating margin was 5.4%. Operating income was up 39.4% quarter on quarter while operating margin was up 0.9 percentage points for the same period. The business saw profit grow once again as it did in the previous quarter. This was due to improved quality and productivity on top of a strengthened management system following the business integration as well as better profitability due to rebounding sales.



## Profit attributable to owners of the parent / EPS



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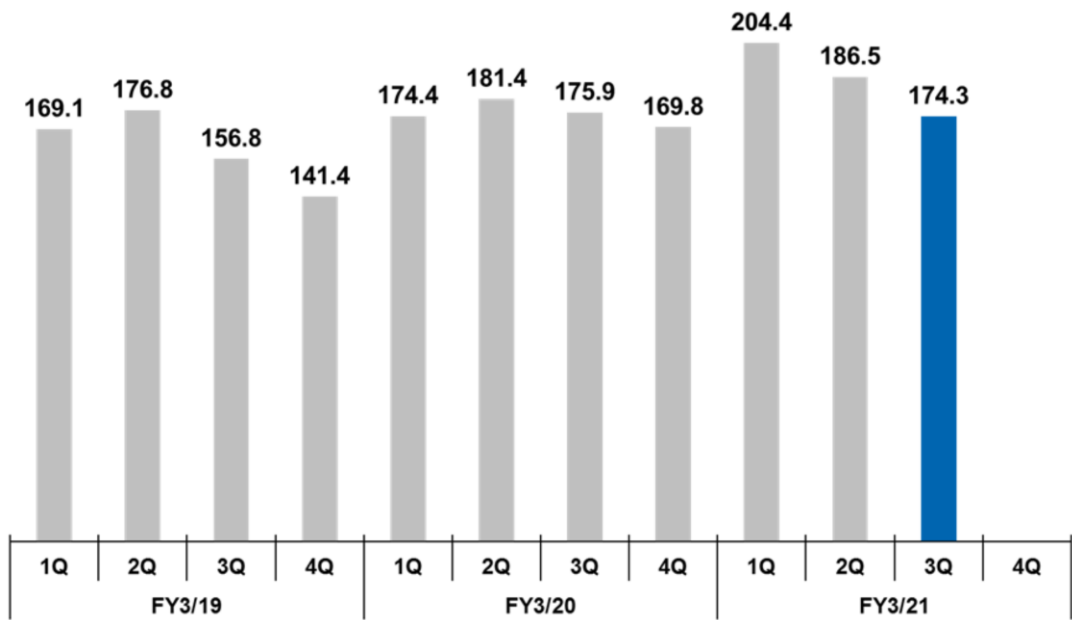
The bar graph here shows trends in profit attributable to owners of the parent while the line graph chart changes in the profit for the period per share.

The profit for the period was 16.2 billion yen.

Earnings per share was 39.6 yen.

# Inventory

(Billions of yen)



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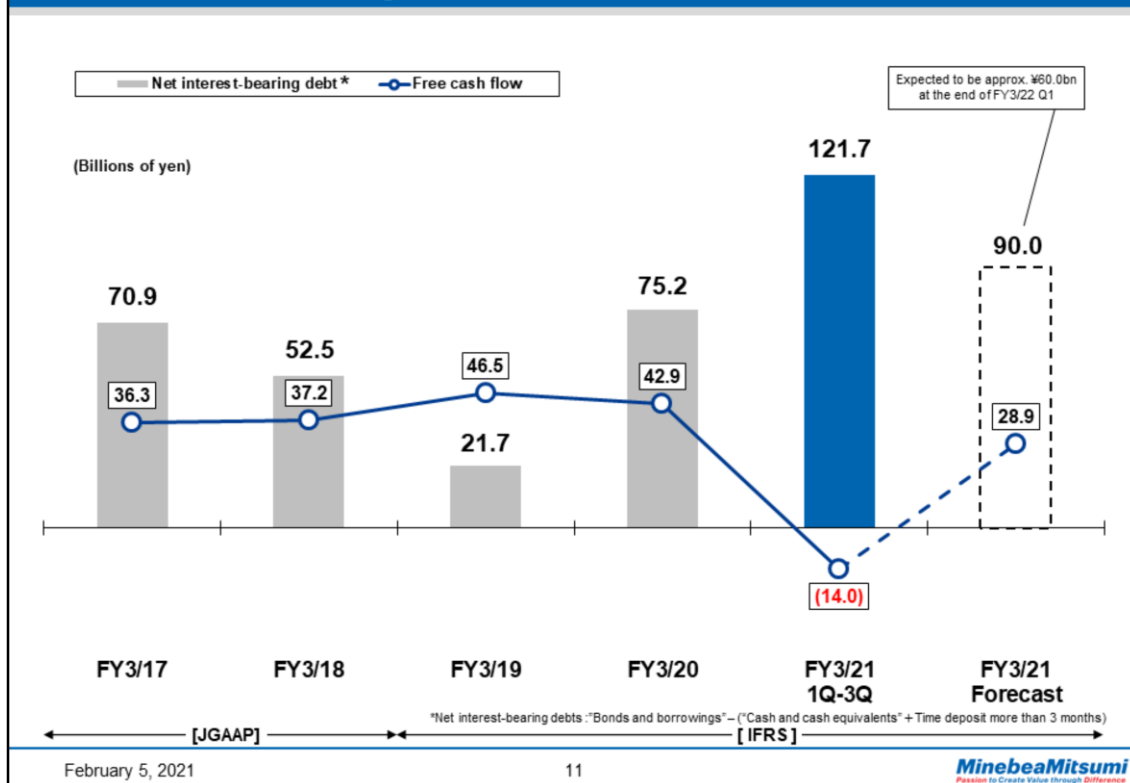
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Next we have the quarterly inventory trend.

At the end of the third quarter, inventory totaled 174.3 billion yen, which is 12.2 billion yen less than what it was three months ago. This is due primarily to the fact that the inventory strategically accumulated at the end of Q1 was sold in stages as expected while securing the inventory needed to increase sales that is currently expected.

# 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 third quarter, net interest-bearing debt, totaling 121.7 billion yen, was up 46.5 billion yen from what it was at the end of the previous fiscal year. This figure includes the cost of acquiring shares in ABLIC (33.9 billion yen) and the cost of additional acquiring shares in C&A (4.6 billion yen).

Net interest-bearing debt is expected to increase from the previous forecast at the end of March 2021 to 90 billion yen. This is mainly due to an increase in working capital resulting from higher-than-expected sales in the fourth quarter, and is expected to decrease to around 60 billion yen by the end of June, mainly due to progress in collecting sales proceeds in the first quarter of the next fiscal year.

## Forecast for Fiscal Year Ending March 31, 2021

### Revised operating income upward to hit ¥58bn.\*

(Millions of yen)	FY3/20	FY3/21			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	978,445	461,730	518,270	980,000	+0.2%
Operating income	58,647	22,921	35,079	58,000	-1.1%
Profit before taxes	58,089	22,249	34,751	57,000	-1.9%
Profit for the period attributable to owners of the parent	45,975	16,812	28,188	45,000	-2.1%
Earnings per share, basic (yen)	111.11	41.16	69.03	110.19	-0.8%

Foreign Exchange Rates	FY3/20 Full Year	FY3/21 4Q Assumptions
US\$	¥109.12	¥103.50
Euro	¥121.27	¥125.00
Thai Baht	¥3.52	¥3.45
Chinese RMB	¥15.68	¥16.00

\* While temporary expenses (restructuring cost and PPA for ABLIC) may be incurred, we are currently scrutinizing them and do not factor them into the above-mentioned forecasts.

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We made an upward revision to the full-year forecasts for the fiscal year ending March 31, 2021, which we had also revised last November. This latest revision was prompted by higher-than-projected third quarter results and the expectation that demand for electronic devices, semiconductors, ball bearings, etc. will continue in the fourth quarter.

We have revised the forecast for net sales from 940 billion yen to 980 billion yen, for operating income from 50 billion yen to 58 billion yen respectively.

While temporary expenses related to restructuring and the PPA for ABLIC, totaling 6 to 8 billion yen, may be incurred, we are currently scrutinizing them and did not factor them into the above-mentioned performance forecasts. Once we have the exact figures, we will revise the forecasts as needed.

The exchange rate is assumed to be 103.5 yen to the U.S. dollar.

## Forecast for Business Segment

(Millions of yen)	FY3/20	FY3/21			
	Full Year	1st Half	2nd Half	Full Year	YoY
<b>Net sales</b>	<b>978,445</b>	<b>461,730</b>	<b>518,270</b>	<b>980,000</b>	<b>+0.2%</b>
Machined components	180,885	73,548	81,452	155,000	-14.3%
Electronic devices and components	379,422	178,274	181,726	360,000	-5.1%
Mitsumi business	292,243	167,346	192,654	360,000	+23.2%
U-Shin business	125,145	42,153	61,847	104,000	-16.9%
Other	750	409	591	1,000	+33.3%
<b>Operating income</b>	<b>58,647</b>	<b>22,921</b>	<b>35,079</b>	<b>58,000</b>	<b>-1.1%</b>
Machined components	39,874	14,064	16,936	31,000	-22.3%
Electronic devices and components	17,552	7,681	10,319	18,000	+2.6%
Mitsumi business	18,656	8,984	15,016	24,000	+28.6%
U-Shin business	2,598	-974	2,974	2,000	-23.0%
Other	-1,502	-831	-1,169	-2,000	+33.2%
Adjustment	-18,531	-6,003	-8,997	-15,000	-19.1%

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This slide shows the forecast by business segment.

This is all for my presentation.

### Overall

- Full-year forecast revised upward to 58 billion\* yen.
- Current demand picking up significantly. Reaffirmed that **our high quality products will grow naturally** in line with the global economic recovery.
- **Changes to "NEW LIFE STYLE"** represented by stay-at-home demand → boost the demand for our various products.

### Machined Components

- Established the production capacity of max. **325 million units per month** for ball bearings thanks to productivity improvements, **laying the foundation for a substantial profit increase next fiscal year.**  
→ Aim for **345 million units per month** by the end of next fiscal year with additional investments.
- Further growth strategy would be announced in May.

### Electronic Devices & Components, Mitsumi

- **Motors will steadily generate profits through changes in the profit structure and significant market growth.**
- **Smartphone and Game are better than expected.**
- **Analog semiconductors at full capacity** contribute to profit.

### U-Shin

- Aim to significantly increase profits next fiscal year. However, the effect of restructuring is scheduled to be realized from the latter half of the next fiscal year.

\* While temporary expenses (restructuring cost and PPA for ABLIC) may be incurred, we are currently scrutinizing them and do not factor them into the above-mentioned forecasts.

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Hello, I'm Yoshihisa Kainuma. At the investor meeting held last May, I gave you our operating income forecast for this fiscal year in the range of 50 to 60 billion yen. Then at the investor meeting held last November I announced that operating income would be 50 billion yen, which was the lower end of the range. However, that forecast was perhaps too conservative and didn't accurately reflect the outlook for the January-March period. While I knew bearing sales would be the first to rise once the economy picked up, we are now seeing a sudden surge in demand that has exceeded expectations. That demand is anticipated to be even higher than usual in the January-March period. That's why we considered increasing the operating income forecast to 60 billion yen, but then decided to keep it on the conservative side at 58 billion yen. We are hoping to achieve year on year increases in sales and profits even including the impact from the semiconductor problem and other issues.

Today, I would like to emphasize that we are developing the ability to mount an all-out offensive ahead of a post-COVID recovery. While we had planned to make two investments that would raise our monthly ball bearing production capacity of 250 million units by 10 million units with each investment, we actually increased it to 315 million units due to productivity improvements. This figure has subsequently risen to 325 million units as a result of even more improvements in productivity. This production capacity is enough to cover the March production volume, which is projected to be 315 million units.

Thanks to these proactive investments and productivity improvements, we have been able to respond to the rapid economic recovery and increase in demand, and are planning to make additional investments to increase the production capacity of our existing factory to 345 million units by the end of next fiscal year. This plan will leave no room in our existing factory for additional equipment, so we are looking into various strategies to grow the machined components business. I will go into greater detail on this at the investor meeting in May.

I'm more confident than ever that ball bearings, camera actuators (OIS), motors, and analog semiconductors will be our next growth engines, and that these four products will drive growth for the time being. Our sales target for motors is 200 billion yen this fiscal year, at least 230 billion yen next fiscal year, and 280 billion yen the year after that. Sales of various types of motors are currently picking up as we aim to achieve these targets. While we were initially aiming to achieve 10 billion yen in operating income from analog semiconductors in two or three years, we now see that this target is within reach this year. We are also hoping to bring new and growing OIS products to the fore in addition to those three Eight Spears products.

There has been strong interest in our LED backlights, so we in no way expect LED backlights to disappear from the picture anytime soon.

**The possibility of realizing the estimated breakdown announced in 2017 has been raised toward FY3/23!**

Estimated breakdown (FY3/23)

- Machined Components **¥50 bn**
- Electronic Devices & Components **¥30 bn**
- Mitsumi **¥30 bn**
- U-shin **¥10 bn**
- HQ Expenses **¥-20 bn**

**Upside from M&A!**

(Reference)  
 Estimated breakdown (FY3/21)  
 announced in May 2017

- Machined Components **¥50 bn**
- Electronic Devices & Components **¥30 bn**
- Mitsumi **¥20 bn**
- M&A **¥15 bn**
- HQ Expenses **¥-15 bn**

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What you see at the bottom right corner is the estimated breakdown of the 100-billion-yen operating income target for FY3/21, which was announced at the May 2017 investor meeting. Unfortunately, after making that announcement, we were hindered by U.S.-China trade frictions and then COVID-19, but I'm happy to tell you today that we are very close to achieving this target by FY3/23. In the machined components business segment, production of ball bearings is expected to easily exceed 300 million units. In the electronic devices and components business segment, motors are the major profit driver. The Mitsumi business has already made a profit from OIS and analog semiconductors, which are its two core products. The U-Shin business is slated to undergo a structural reform, and we have already started negotiating with the local labor union. I can't speak to the magnitude of the negotiations yet due to legal issues, but I should be able to fill you in on more details this May.

In our post-COVID-19 scenario, the aircraft industry will start to bounce back in December as some industries gradually return to pre-COVID-19 operating levels. Airlines are disposing of older, inefficient aircraft due to huge maintenance costs, and I believe that as we enter the recovery phase, what is happening now with automobiles will also happen with aircraft. Our aircraft-related business alone has brought profits down more than 10 billion yen, but once the aircraft industry gets back on track, the machined components business should generate more than 50 billion yen in operating income, and that should start the fiscal year after next. Once the number of high-income earners increases in tandem with the growth of GDP across the globe, luxury goods will begin to sell, and sales of motors will increase in step with growing demand for high-end parts, making them the core growth driver of the electronic devices and components business. The Mitsumi business aims to generate 15 billion yen with analog semiconductors in the fiscal year after next. We expect the market to remain favorable for a while, and will implement various measures to increase production capacity. As for U-Shin, we will take various actions to achieve our initial target of 10 billion yen as soon as possible.

### Resolution of share buyback (February 5, 2021)

- Number of shares: Up to 4.0 million shares  
(equal to 1.0% of total issued shares excluding treasury shares)
- Amount: Up to 10.0 billion yen
- Period: From February 8, 2021 to April 30, 2021
- Purpose: In order to improve return on shareholders and improve capital efficiency and to implement agile capital policy according to the business environment.

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There was some discussion within the company that it would be better to announce the share buyback in May (when we announce full-year results), but I thought now was the right time to do it. Although it's impossible to accurately predict the future, our current stock price seems undervalued for a company whose corporate value is based on a bright future outlook. There is just too wide a gap between the two. It was resolved that the total aggregate amount of repurchase would be 10 billion yen. Please see the next page to learn why.

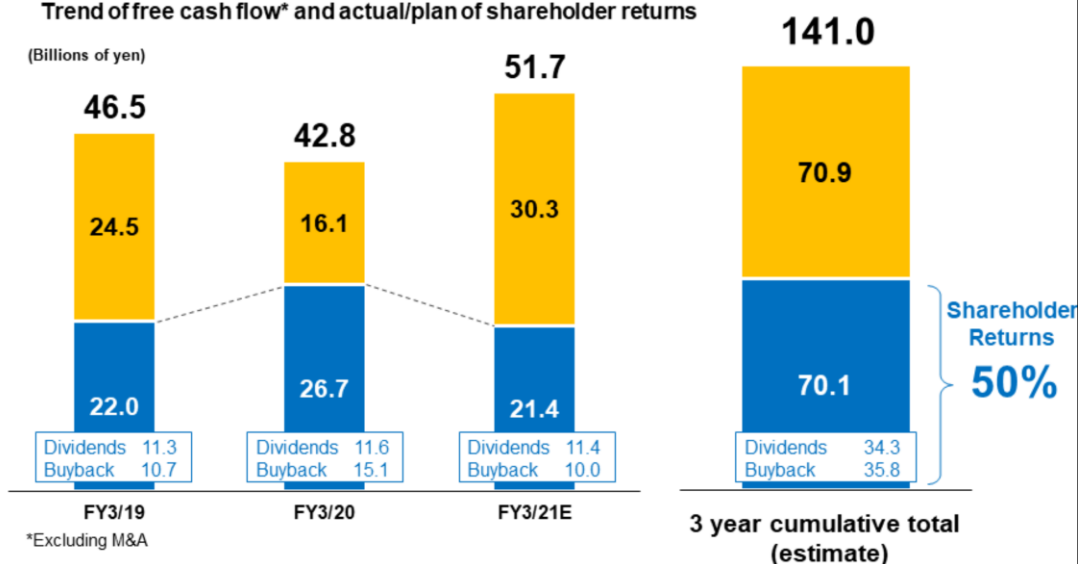


## Shareholder returns would be made according to the cash allocation policy announced in May 2019

(50% of free cash flow\* would be allocated to shareholder returns in multiple years)

### Trend of free cash flow\* and actual/plan of shareholder returns

(Billions of yen)



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I've always said that we would allocate half of free cash flow to shareholder returns. This slide shows the percentage of shareholder returns, that include dividends and share buybacks, since FY3/19. When you add shareholder returns for these three years, the total comes to exactly 50%, if you include the 10-billion-yen share buyback scheduled for this time.

## Dividends for FY3/21

Year-end dividend (Forecast) **14** yen/share

Annual dividend (Forecast) **28** yen/share

No change in medium-to-long-term cash allocation policy.  
(50% of free cash flows will be allocated to shareholder returns)

## (Reference) Dividends for FY3/20

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

We will pay an annual dividend of 28 yen per share.

**SADIOT\* LOCK**  
 \*Smart Activated Devices with Internet of Things

**On sale! \***  
 From February 3, 2021

by U-Shin Showa Ltd.

February 5, 2021

**SALIOT pico**

**On sale!**  
 From March 16, 2021

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**In-house produced masks**

**Cumulative sales**  
 Approx. **6 mil.** masks

One of the ways our B2C business gives back to society is through selling masks made in-house. So far we've sold a total of 6 million masks to various customers. Since current circumstances dictate that we continue this initiative, we remain committed to lowering their price as we sell them regardless of profit. In other developments, albeit a small one, U-Shin has launched smart locks. We also plan to launch the SALIOT pico, MinebeaMitsumi's first smart lighting device for home use. Please check our website for more information about these products. I hope they can be used to fuel profits as we explore making inroads into the B2C business.



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.

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# Reference

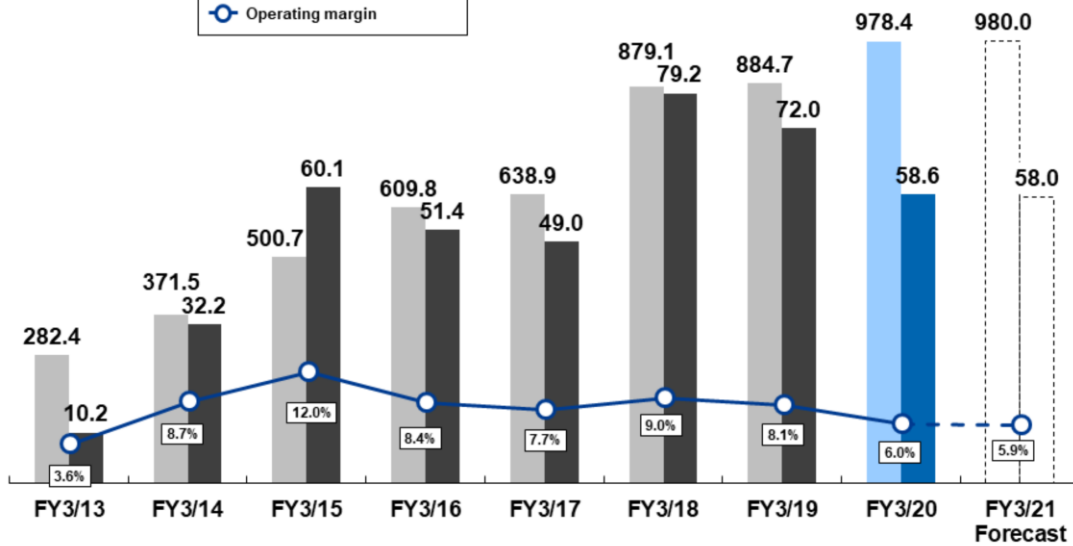
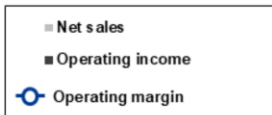
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# Net Sales, Operating Income/margin

\*JGAAP until FY3/18

(Billions of yen)



← [JGAAP] → ← [IFRS] →

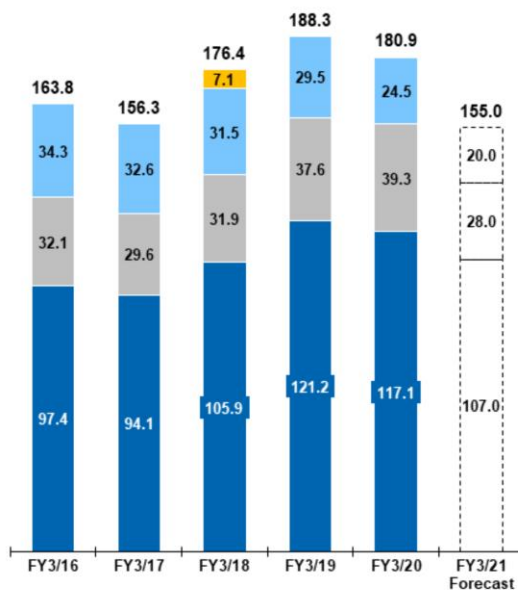
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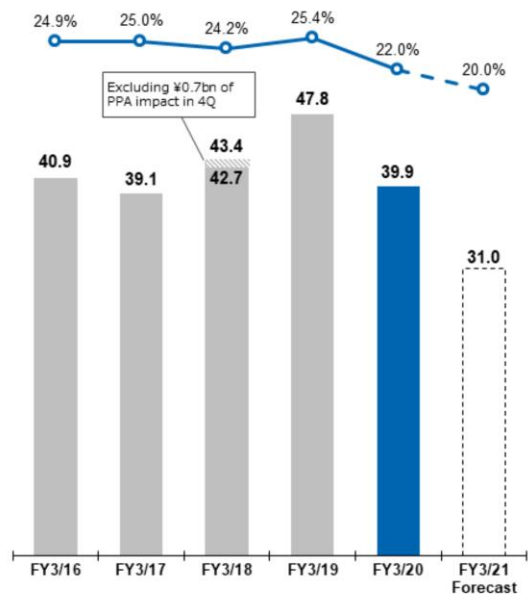
## Net sales (Billions of yen)

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



## Operating income (Billions of yen)

■ Operating income ● Operating margin

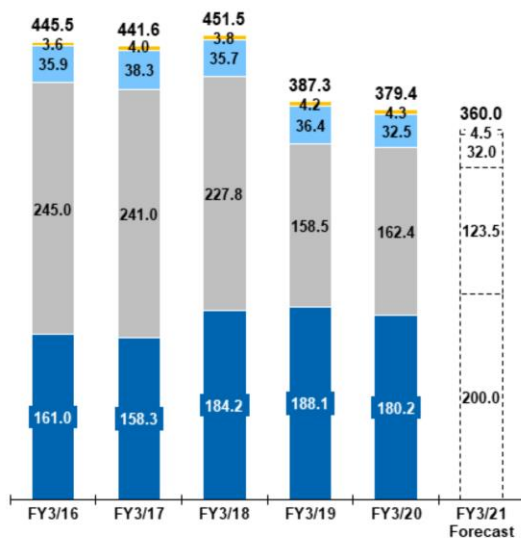


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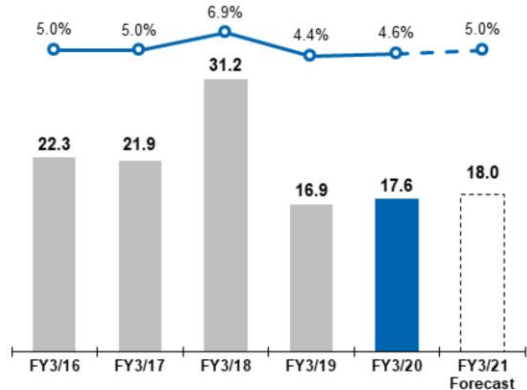
## Net sales (Billions of yen)

■ Motors ■ Electronic devices ■ Sensing devices ■ Other



## Operating income (Billions of yen)

■ Electronic Devices & Components — Operating margin

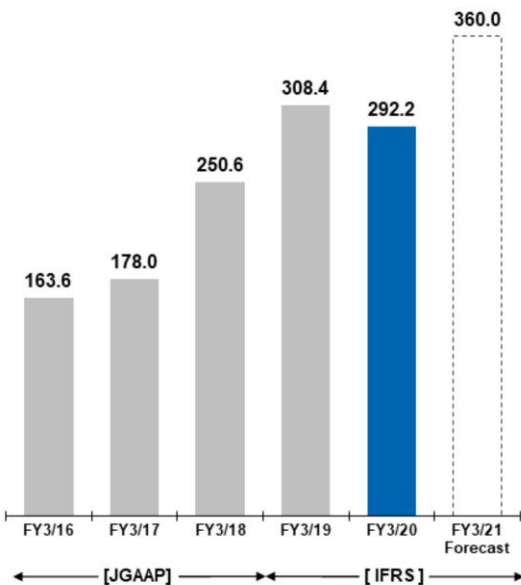


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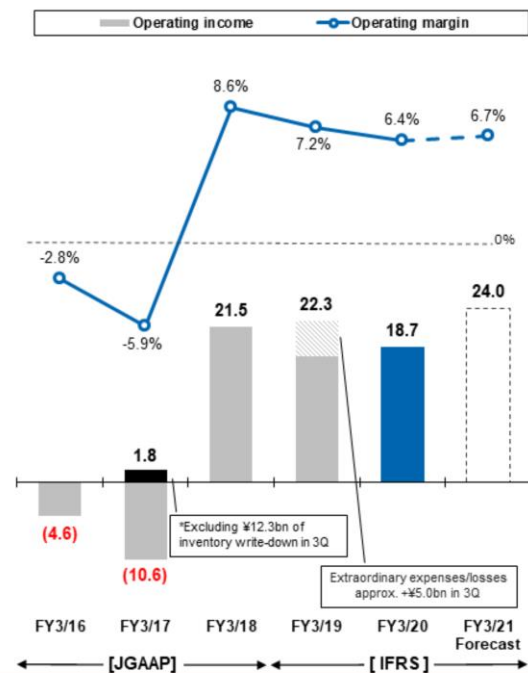
24



## Net sales (Billions of yen)



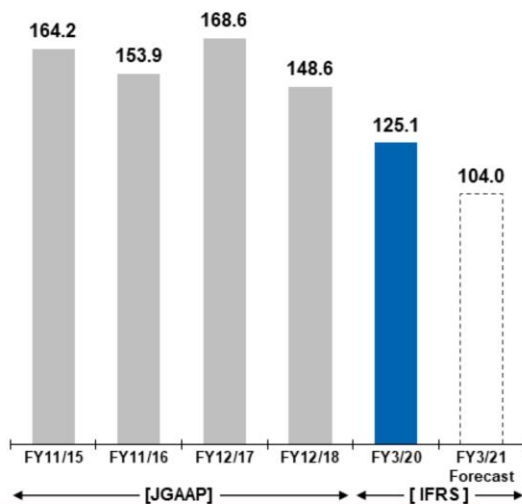
## Operating income (Billions of yen)



# U-Shin Business

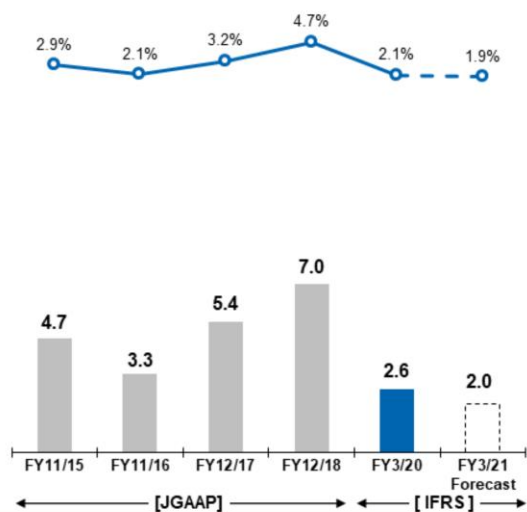
As a result of change of the fiscal year end, FY12/17 consists of 13 months.  
Both net sales and operating income until FY12/18 are pre-merger results.  
FY3/20 does not include Jan.-Mar. results. JGAAP until FY12/18

## Net sales (Billions of yen)



## Operating income (Billions of yen)

Operating income (Bar chart)    Operating margin (Line chart)



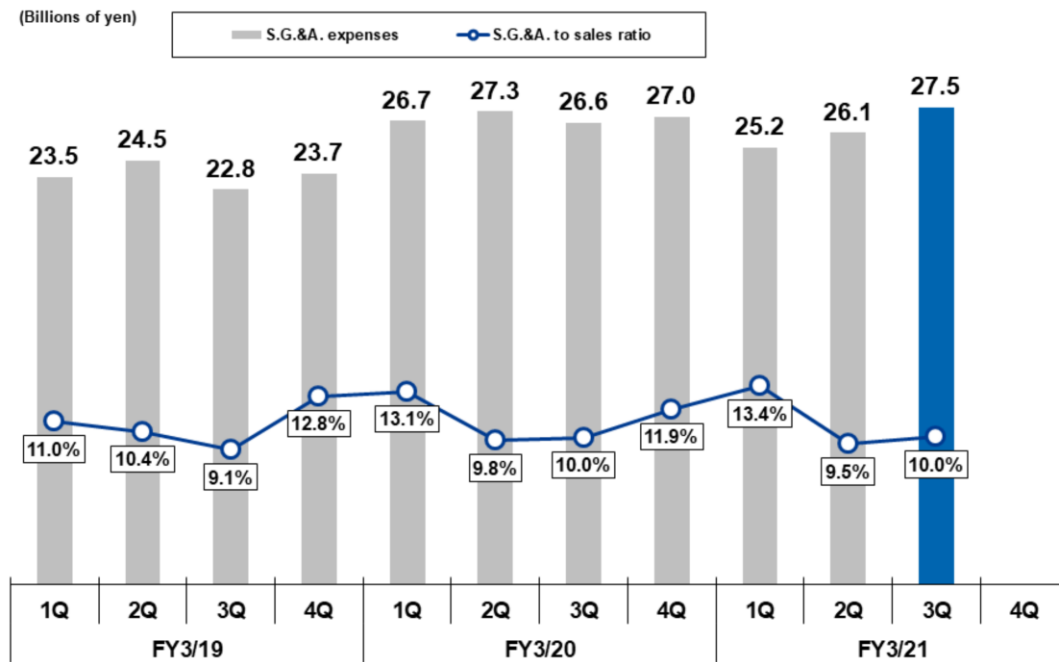
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## S.G.&A. expense / ratio

(Billions of yen)



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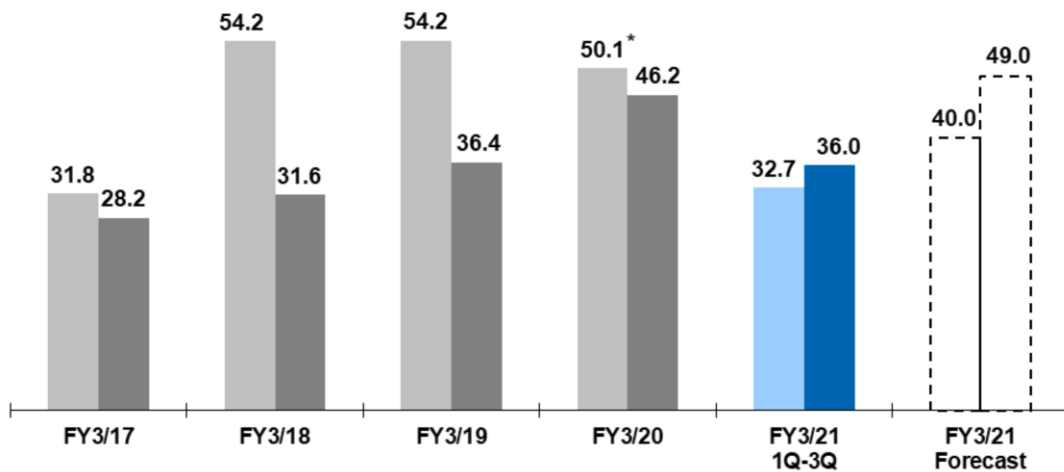
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# Capital Expenditure / D&A Expense

\*JGAAP until FY3/18

(Billions of yen)

■ Capital expenditure ■ Depreciation & Amortization expenses



\* Capital expenditures of FY3/20 do not include the increase of asset from lease contracts at the IFRS16 application start date

← [JGAAP] → [IFRS] →

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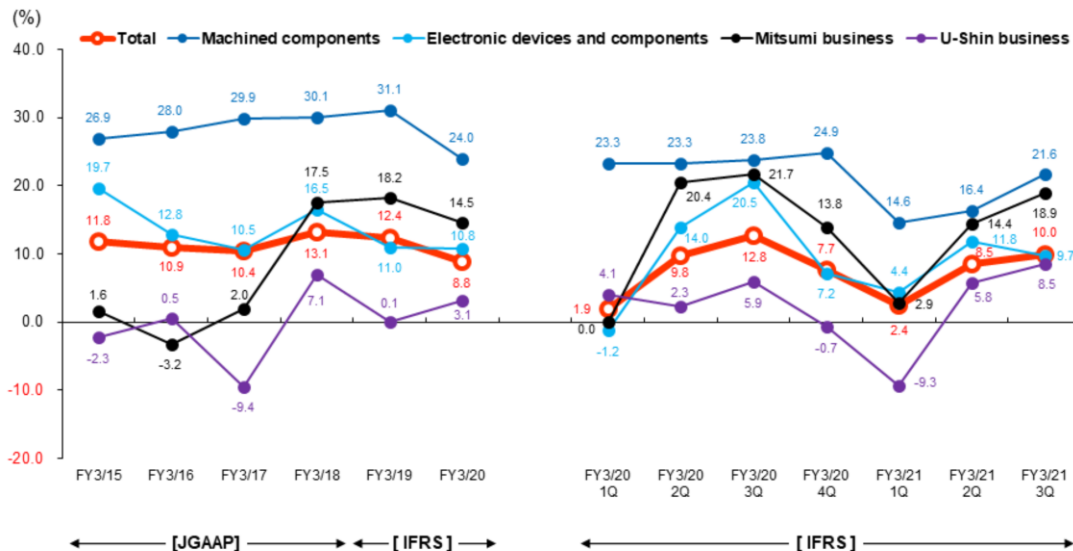
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# ROIC (Return On Invested Capital)

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



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