

During the fiscal year that ended March 2014 we moved forward in step with the global economic upturn. Our performance improved significantly as the ground work we laid over the years to drive profitability up paid off. External shipment volumes for our anchor product line, ball bearings, rose while demand for LED backlights skyrocketed. On top of that, after doing everything possible to boost productivity and implementing structural reforms, our motor business is now back in the black. Thanks to these positives, consolidated net sales and net income reached record highs, totaling 371.5 billion yen and 20.9 billion yen respectively.

■ Key Strategies and Initiatives in Fiscal Year Ended March 2014

During the fiscal year ended March 2014, we moved ahead with an aggressive expansion strategy and structural reforms with an eye to boosting growth in product categories where demand was expected to rise while continuing to focus on disaster resilience. In the machined components segment, we acquired the business assets of APB Service, an Austrian manufacturer of bearings for machine tools in May in order to strengthen the operations of our German subsidiary, myonic. Then in July we purchased all shares of CEROBEAR, a German company specializing in the manufacturing and marketing of ceramic ball bearings. This acquisition was designed to expand product development and marketing operations at our North American subsidiary, NHBB, with an eye to targeting the aerospace industry. In response to growing demand for LED backlights, we made aggressive investments to boost production capacity at the Lop Buri plant in Thailand, the Cambodian plant, as well as the Xicen plant in China. We also entered a business and capital alliance agreement with KJ Pretech, a Korean manufacturer and distributor of backlight units for LCDs, precision plastic molding parts, as well as molds and dies, in an effort to make our production capability rock-solid.

The motor segment, which returned to profitability, has been quickly moving ahead with restructuring of the Fan Motor Business Unit, the Moatech Business Unit, and more. In addition to these initiatives, we acquired a stake in Paradox Engineering, a Swiss wireless technology company, in January 2014. This move was aimed at increasing sales of lighting devices and measuring components, which are the third and fourth arrows of the “Five



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Arrows” strategy we announced last year. In April 2014, we launched MIK Smart Lighting Network, a joint venture with Iwasaki Electric Co., Ltd., and Koizumi Lighting Technology Corp., both of which manufacture and sell lighting equipment and devices. We are aiming to supply products and various parts designed for smart buildings and smart cities to the lighting market and are taking steady steps toward meeting future demand.

■ Looking Back on Fiscal Year Ended March 2014

The Japanese economy remained upbeat. Government initiatives and the Bank of Japan’s monetary easing policy, coupled with the weak yen in the foreign exchange market, boosted corporate earnings, capital expenditures, and employment while consumer spending remained steady. In the U.S., the economy remained on a steady recovery track fueled by strong domestic demand while unemployment rates declined. The economy in the eurozone also saw a gradual comeback. In Asia, despite declining first quarter exports and investments in China, the economy gradually picked

up steam again as exports climbed the rest of the fiscal year. While ASEAN economies were affected by weaker currencies as well as lower stock and bond prices during the second quarter, they eventually bounced back.

Working against this backdrop, the Minebea Group has been focusing on cutting costs, creating high-value-added products, developing new technologies, and enhancing its marketing approach to bring profitability to new heights.

In the machined components segment, we enjoyed robust sales of ball bearings, our anchor product. Ball bearing sales were up across all our major markets, including the automobile and information-related device markets, with monthly external sales volumes repeatedly hitting all-time highs. Production also remained up, which brought unit production costs down and led to a substantial year-on-year profit hike. Increased orders for rod-end bearings fueled sales and profits thanks to soaring demand in the civil aviation market as airline companies replaced their aging fleets with newer aircraft models. Sales and profits of pivot assemblies were also upbeat thanks to an increased share of the market for high-end products used in data centers, etc. although the overall HDD market remained flat.

The electronic devices and components segment enjoyed substantial year-on-year gains in both sales and profits. Growing demand for LED backlights for LCDs in the smartphone market buoyed sales of our technologically unparalleled ultra-thin light guide plates for high-end product applications as our customer base and market share expanded. HDD spindle motors and information motors saw sales jump as the structural reforms implemented toward the end of last fiscal year as well as our all-out efforts to maximize productivity boosted profitability. The information motor business' performance, in particular, improved steadily after it returned to profitability in the second quarter. This was largely the result of our efforts to enhance production efficiency as well as cost competitiveness by transferring manufacturing operations to our Cambodian plant on top of growing demand driven by the global economic recovery. Performance for the measuring components business was also upbeat thanks to increasing sales to the automobile sector along with the ongoing recovery of demand for test equipment.

Our other business segment, which mainly includes dies and parts produced in-house, saw year-on-year increases in earnings and profits for both product lines.

■ Outlook for Fiscal Year Ending March 2015 (as of June 2014)

The Japanese economy is expected to remain healthy due to better employment conditions and higher wages during the fiscal

year ending March 2015. The U.S. economy will also continue to gradually rebound as consumer spending increases. While the European economy is expected to gradually get back on track, it will take more time to solve bad debt and other structural problems as governments continue to tighten their belts in response to the sovereign debt crises in Greece, Spain, and elsewhere. In Asia, strong domestic demand will fuel a moderate economic recovery despite the slowdown in the Chinese economy. Other countries in Asia should also see moderate economic growth.

In light of this economic outlook, sales of our LED backlights, the Group's backbone product line, are expected to surge while sales of ball bearings, motors, and other products are also projected to rise. Based on conservative estimates, we expect net sales to total 400 billion yen, operating income 36.5 billion yen, ordinary income 34 billion yen, and net income 24 billion yen in the fiscal year ending March 2015.

The machined components segment will continue to work on boosting performance in the ball bearing business, our anchor business line. It will aggressively build up sales and launch new products targeting the automobile, information and telecommunications equipment industries, etc., while branching out into new markets as demand picks up across the globe. At the same time our German subsidiary, myonic, will ratchet up sales of higher-value added special bearings. We will also boost production and efficiency in the rod-end bearing business across the globe while sharpening our competitive edge with faster turnaround times and lower costs with an eye to stepping up sales in the growing aircraft market.

In the area of LED backlights, which are the electronic devices and components segment's core product line, we are working to enhance our capability to supply high-value-added products, including ultra-thin light guide plates for high-end smartphones. Our initiatives are expected to expand the customer base as aggressive marketing and new product launch strategies lead to substantial increases in sales and profits. We will also work on developing new lines of measuring components that leverage their sensor function while boosting sales in the automobile market. As the global economic recovery drives up demand, we will continue to work on improving information motor production efficiency. We will also move on with transferring manufacturing operations to our Cambodian plant to cut costs even more. Since demand for HDD spindle motors is expected to remain flat in the PC market, we will continue to focus on marketing high-value-added products for server and other applications to boost profitability.

Our other segment will focus on enhancing the accuracy of dies and parts produced in-house in order to improve production efficiency in the departments that produce finished products as we make quality better than ever.

■ New Medium-term Business Plan and “Five Arrows” Growth Strategy

It has been an uphill battle over the last five years as we have worked in the face of natural disasters and economic downturns. Fortunately we are now moving into a new growth stage. In the fiscal year ending March 2015, sales are expected to reach 400 billion yen and operating income to total 36.5 billion yen. Market conditions are now very good. In light of forecasts that the global economy will remain steady, we set a net sales target of 500 billion yen and an operating income target of 50 billion yen under our new medium-term business plan that runs until the fiscal year ending March 2017. We expect organic growth will lead us to achieving these targets. In looking ahead over the long run, we developed the “Five Arrows” strategy that will lay the foundation for Minebea’s 100th anniversary. Since we are gradually reaching our targets for bearings, hybrid components, and aircraft parts, we will move into high gear with lighting devices and measuring components.

■ Passion is Power, Passion is Speed, Passion is the Future

We are now moving ahead with strategies to gain a big share of niche markets with our advanced technological capability and produce more products yielding high profit margins. This will enable us to steadily lay a solid foundation for Minebea’s 100th year of operations as we continue to enjoy the huge market share we have garnered for our anchor product lines, miniature and small-sized ball bearings, HDD pivot assemblies, aircraft rod-end bearings, LED backlights for high-end thin smartphones, etc. All of us at Minebea will continue to work with passion as we steadily build on these quality products to ensure that when we reach our 100th anniversary, we will still be an indispensable parts manufacturer.

Thank you for your continued cooperation and support for the Minebea Group.

July 2014

Representative Director, President and Chief Executive Officer



Minebea’s “Five Arrows” Strategies

Sell 150 million ball bearings externally per month on average

Increase external ball bearing sales to an average of 150 million units / month at the earliest date.

Develop and boost sales of new EMS products

Develop new EMS (Electro Mechanics Solutions®) products and components by embracing TRDC (Tokyo Research & Development Center) motor technologies and accelerate the sales of EMS products.

Boost sales of lighting device-related products

Establish the new business opportunities in connection with lighting device products including street lights and their components developed by the Electric Device Division and its Technology Development Department, and enter the “Smart Building and Smart City” related products and components market.

Take Measuring Components BU sales to 20 billion yen

Based upon the BU’s strategy which recognizes measuring components as sensors, increase the sales of measuring components related products to around 20 billion yen at an early stage.

Increase sales and profitability of aircraft components business

Increase the sales of aircraft components business such as rod end bearings centering on NHBB by taking advantage of its global presence in the industry, thereby striving to achieve substantial improvement in sales and profitability through maximizing synergetic effects.