

Outlook for Fiscal Year Ending March 2018 and Risk Factors

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(as of May 2017)

The Japanese economy is showing a moderate turnaround due to steady domestic and overseas demand, and improvements in corporate profits, etc. although concerns over foreign exchange remain due to heightening global geopolitical risk. The U.S. economy is expected to remain firm with the employment and income environment steadily improving, although there is growing concern about the new administration's ability to implement policies. Solid economic growth driven by internal demand is expected to continue in the European economy, but Brexit negotiations, elections in France and Germany, and subsequent political movements are cause for substantial uncertainty. The Chinese economy is expected to remain firm due to factors such as the expansion of infrastructure investment, although there are concerns about trade negotiations with the U.S.

Under such circumstances, sales are projected to total ¥750,000 million, operating income at ¥56,000 million and income attributable to owners of the parent at ¥41,500 million.

Outlook by segment for the full year is as follows:

Machined Components

We will continue to work on boosting performance of the ball bearing business, our anchor business line, by aggressively expanding sales targeting the automobile, information and telecommunications equipment industries, etc. while significantly improving productivity as demand picks up across the globe. Furthermore, we will also boost productivity in the rod-end bearing business by fundamentally revising production methods, and also work to boost sales in the aircraft market expected to grow in small and medium aircraft.

Electronic Devices and Components

We are continuing to supply high value-added LED backlights for LCDs featuring ultra-thin light guide plates to the smartphone market, and will increase sales of products for automobiles, which is a market that is expected to grow. Working with an eye to enhancing the performance of our stepping motor business, we will zero in on enhancing quality and cutting costs as we work to increase sales of high value-added products for automobiles, servers, and other applications.

MITSUMI Business

As greater functionality is brought to smartphone-related products such as camera actuators and switches, we will maintain and improve quality while increasing productivity in an effort to further increase sales. In automotive products such as antennas, communication modules and connectors, we will expand our lineup in addition to establishing a global production and supply system in an effort to improve performance. In addition, we will create substantial synergies utilizing the scale of our group as a whole such as expanding sales, reducing material and logistics costs, and development of new products to be more competitive.

Other

We will concentrate on enhancing the accuracy of machine made in-house in order to improve production efficiency for the departments that produce finished products and bring quality to new heights.

The MinebeaMitsumi Group recognizes a variety of risks and uncertainties that have the potential to affect its operating results and/or financial position. Future risks mentioned in this document are those recognized by the MinebeaMitsumi Group as of the end of the current fiscal year.

1. Market risk

The principal markets for MinebeaMitsumi products, including those for PCs and peripheral equipment, information and telecommunications equipment and household electrical appliances, are intensely competitive both in and outside of the country and are subject to significant fluctuations in demand. Our operating results and financial position are vulnerable to these fluctuations.

2. Foreign exchange risk

Since a significant portion of our consolidated net sales and production occur outside Japan, our business is vulnerable to risks associated with fluctuations in foreign currency exchange rates. We have entered into various currency exchange contracts and other derivatives transactions to hedge these risks, but fluctuations in foreign currency exchange rates may affect our operating results and/or financial position over the long term.

3. R&D risk

While we focus on R&D to introduce a constant stream of new, high-quality products, we may not reap a financial reward from our R&D investments. There are no guarantees that our R&D efforts will come to fruition.

4. Legal risk

The Legal Department is responsible for managing risk related to lawsuits and other legal actions brought in relation to MinebeaMitsumi Group operations in Japan and/or overseas. We are subject to the risk that lawsuits or other actions with the potential to affect our operating results and/or financial position may be brought against us in the future.

5. Risk related to price negotiations

We continue to face intense competition from lower-priced products made overseas. We are subject to the risk that we will be unable to maintain or increase our market share should market needs shift to low-priced products.

6. Risk related to raw materials and logistics costs

We purchase a variety of materials from external suppliers. While we work with an eye to maintaining optimal inventory volumes along with access to a steady supply of materials at stable prices, rising material prices could affect our operating results and/or financial position.

7. Latent risk related to operations overseas

The MinebeaMitsumi Group's manufacturing activities are conducted primarily in Thailand, China, Philippines and Cambodia. While we have been operating in these countries for quite some time, overseas operations are always subject to the following risks (any of which could have a negative impact on our operating results and/or financial position):

- (a) Unexpected changes to laws or regulations
- (b) Difficulty in attracting and securing qualified human resources
- (c) Acts of terrorism or war, or other occurrences that could disrupt social order.

8. Risk related to natural and other disasters

If an earthquake, flood, or other natural disaster, as well as nuclear plant accident, or outbreak of a new type of infectious disease were to affect the operational bases of the MinebeaMitsumi Group or its suppliers, it could have a significant impact on our production and sales activities.

9. Risk related to compliance and internal controls

We engage in a wide range of businesses all around the world and are subject to the laws and regulations that are in effect in each region. We have established and operate appropriate internal control systems needed to achieve our objectives. While these systems provide reasonable assurance that the methods used to prepare our financial statements are appropriate and in compliance with relevant laws, they cannot provide an absolute guarantee that all our objectives will be met. They are also not a guarantee that all potential risks we may face in the future, including legal violations, will be avoided. Changes in laws and regulations, including the interpretation or enforcement thereof, may make compliance more complex and could even incur higher costs related to compliance.

10. Losses related to competition laws

As previously disclosed, certain consolidated subsidiaries have been investigated by competition authorities for the alleged infringement of competition laws related to the trading of small-sized ball bearing products, etc.

The investigations have been completed, however, a class action suit was filed in Canada against MinebeaMitsumi and its subsidiaries in relation to these investigations.

Depending on the outcome of the above-mentioned lawsuit, we may incur losses from compensation for damages. However, we can neither reasonably project the amount of said losses at this time nor predict whether they will affect our operating performance or financial position.

11. Risk related to accrued post-retirement benefit and pension costs

Although the MinebeaMitsumi Group maintains multiple defined benefit pension plans, the fair value of pension assets may decrease due to a low rate of return on a pension fund, or pension costs may increase due to an increase in the pension obligation and a decline in the funded status following a change in preconditions such as the discount rate.

12. Environmental risk

Our business is subject to various environmental laws and regulations that are in effect in the regions where we operate. Although we pay due attention to ensuring compliance with all such laws and regulations, we could be subject to losses in the event that an incident involving environmental contamination were to occur or in the event that the possibility of such an incident were to arise.

13. Risk related to M&As and alliances

While we are continually seeking M&A and alliance opportunities, M&As and alliances may not produce the results initially expected or an alliance may not be maintained due to a conflict of interest with respect to strategies, etc. We may provide an alliance partner with financial support if its financial health deteriorates or for other reasons which in turn could adversely affect our business performance and financial condition.

14. Quality risk

Our products are used across a wide range of industries, especially for applications that require a high degree of precision (including end products that could affect human health and safety such as automobiles, aircraft, medical devices, etc.). We recognize the social responsibility we bear and have a system in place to ensure our products are of the highest quality. However, if any of our products were found to be defective and resulted in a serious accident, the suspension of our customers' manufacturing operations, or a product recall, we could incur significant expenses, or lose public confidence, any of which could result in a material adverse effect on our operating results and financial status.

15. Information management risk

Through the course of our business operations, we obtain large amounts of important information, including personal information. While we maintain information security policies that prevent the undesired disclosure as well as unintended use of information, a security breach could occur due to unforeseen circumstances. Addressing such an incident could incur huge losses and expose us to the risk of losing public confidence.