

Chapter III Strategies by Business

Machined Components Business

High profitability generated by overwhelmingly high market share and accumulated core technologies

Major products

- Ball bearings
- Rod-end bearings
- Spherical bearings
- Roller bearings
- Fasteners
- Bushings
- Pivot assemblies
- Mechanical assemblies
- Aerospace fasteners



Overview of the fiscal year ended March 2018

Machined Components business highlights

Operating margin
Approximately
25%

ROIC
Approximately
30%

External sales volume of ball bearings (1)
Year-on-year increase
22 consecutive quarters
(as of the fourth quarter of the fiscal year ended March 2018)

External sales volume of ball bearings (2)
200 million units or more/month
(+ internal sales 80 million units/month)

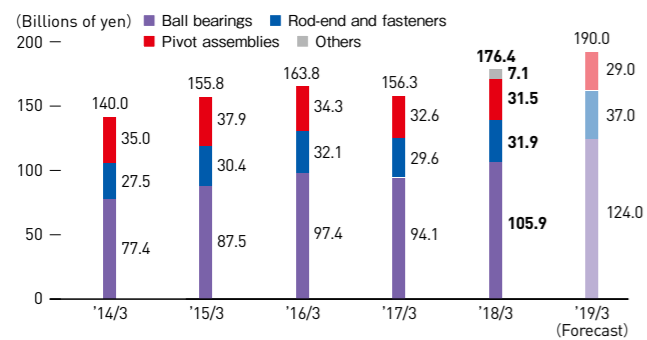
Production volume of ball bearings
280 million units/month

Many products boast **overwhelmingly high** market shares

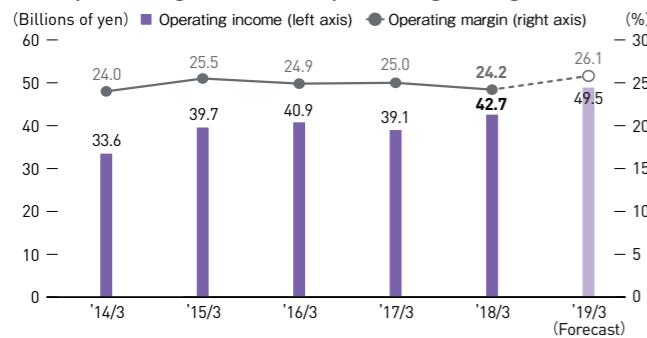
Currently expanding the product portfolio

Technological innovation as a driver of growth, involving shift to electric vehicles, etc.

Net sales



Operating income/operating margin



Overview of the fiscal year

Record highs with respect to both net sales and operating income

Demand for ball bearings, MinebeaMitsumi's main products, remained robust particularly with respect to those with applications for automobiles and data center cooling fans. External sales volume of 213 million units was recorded in March, making that the fifth record high achieved on a monthly basis. In addition, production volume increased significantly to 288 million units per month in March 2018, from 250 million units at the beginning of the fiscal year, due to successive initiatives to improve productivity. Rod-end and fastener sales increased due to heightened demand in the small and medium-sized aircraft market. Sales of pivot assemblies contributed to consistent profitability, with the Company having maintained over 80% market share despite effects of a shrinking hard disk drive (HDD) market.

As a result, net sales and operating income for the period finished at record highs of 176.4 billion yen and 42.7 billion yen, respectively.

Since the third quarter, the acquired companies C&A Tool Engineering (C&A) and Mach Aero Group (Mach Aero) entered the scope of consolidation.

Notes to charts of "Net sales" and "Operating income/operating margin"

* Figures for periods up through the fiscal year ended March 2018 are based on JGAAP, and forecast for the fiscal year ending March 2019 are based on IFRS.

Outlook for the next fiscal year

Major increases in sales and income are accelerating growth

As for ball bearings, our main products, in conjunction with rising worldwide demand we will develop a framework for substantial

production gains which involve improving productivity and undertaking capital expenditure, while also continuing to actively expand sales to the automotive and other industries. Moreover, in the rod-end and fastener realm we will further enhance our competitive strengths by improving productivity, increasing sales centered on small and medium-sized aircraft, and leveraging acquisition synergies.

Seven Spears strategy (Machined Components business)

Seven Spears strategy (1) Bearings

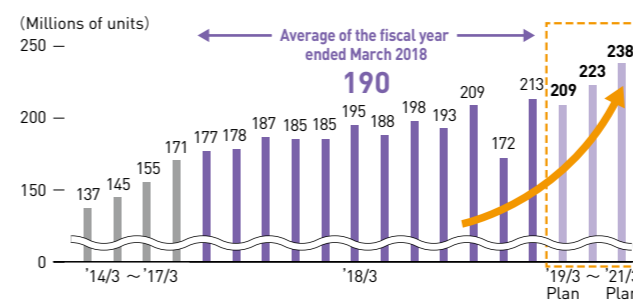
Ball bearings: to the next growth stage

Whereas external sales of ball bearings had been growing at an annual rate of between 5% and 7%, the annual rate of growth has accelerated to 10% from the fiscal year ended March 2017 onward. The Company's ultra-high quality, ultra-precision bearings are being used in the areas of business driving demand, which include automotive, cooling fans for data centers, high-end household electrical appliances, and small robots (drones, etc.), amid a shift to increasingly high performance in terms of energy savings and safety in those business areas. We are also actively moving ahead to expand production capacity given the robust demand. Going forward, we will further strengthen our earnings base, leveraging our overwhelming competitive advantages in the market, particularly in terms of our quality and product supply capabilities.

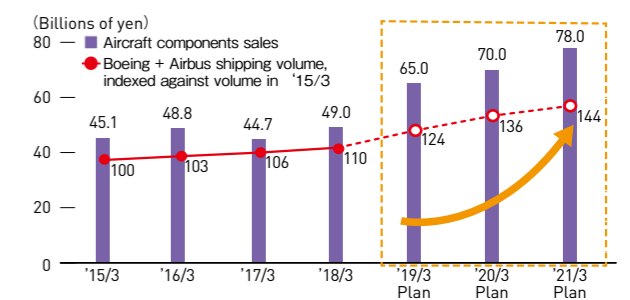
Aircraft components: improved profitability, and synergies from acquisition to drive growth way up

In the worldwide aircraft market, we anticipate consistent growth over the long term given mega-trends that include increasing passenger numbers and improvements in fuel efficiency. With respect to aircraft components, we are developing production frameworks capable of consistently supplying high-quality products in the three geographic markets of Europe, North America and Asia (Japan, Thailand, India) amid demands for safety and substantial durability sufficient to withstand harsh environments in terms of high temperatures, speeds and loads. Going forward, we will continue to forge ahead in strengthening production frameworks on a global basis, while also pursuing robust growth drawing on synergies with acquired entities C&A and Mach Aero.

External sales volume of ball bearings



Aircraft components sales plans



Towards the future

Consistent growth and portfolio expansion to continue substantially driving results

A basic strategy of the Machined Components business, which has been the Company's core business since its founding, is to maintain consistent and permanent growth while maximizing growth areas by expanding the business portfolio. To such ends, we have been increasingly fortifying the business of miniature and small-sized ball bearings which already boasts overwhelming competitive advantages in the market, while taking steps to further strengthen the earnings base by actively arranging M&As with aims that include acquiring new technologies and expanding the business portfolio.

This has included M&A deals involving two overseas companies carried out in the fiscal year ended March 2018. One of the companies, C&A of the U.S., owns 3D printing technologies and

technologies for fabricating special metals, looking toward the medical and aircraft fields. The other company, Mach Aero of France, owns operations involving engines and rotors for the aircraft market. Moreover, both companies are likely to bring substantial top-line synergies with respect to the Company's location strategy.

Going forward, we will further develop the Machined Components business, while aiming to create multifaceted synergies globally.



C&A Tool Engineering, Inc.



Mach Aero Breigny Rectification SAS