

Chapter III Strategies by Business

MITSUMI Business

Outstanding R&D resources and extensive product portfolio for IoT-related devices



Major products

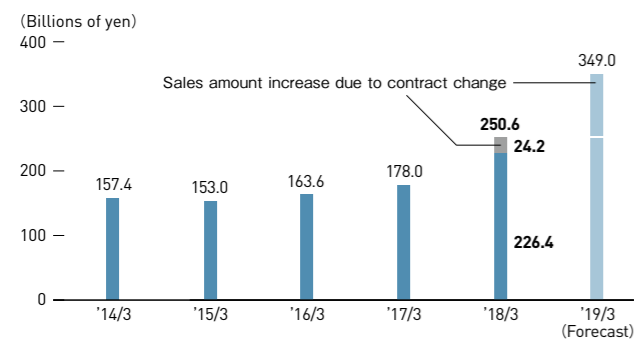
- Precision components
- Mechanical components
- Optical devices
- Automotive products
- Power supply components
- Semiconductors

Overview of the fiscal year ended March 2018

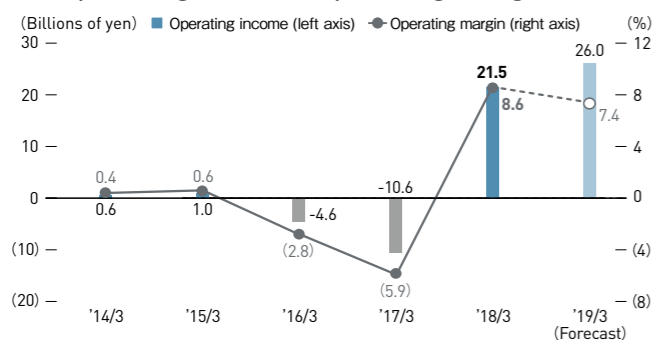
MITSUMI business highlights

<p>Net sales up</p> <p>40% YoY</p>	<p>Operating income up</p> <p>Approximately</p> <p>¥20.0 billion YoY</p>	<p>ROIC</p> <p>Approximately</p> <p>18%</p>	<p>Significantly improved</p> <p>per capita productivity</p> <p>(Comparison with before business integration)</p>
<p>Headcount of development engineers</p> <p>Approximately 50%</p> <p>(Percentage share from MITSUMI business overall excluding manufacturing)</p>	<p>Generation of synergies</p> <p>with Minebea businesses</p>	<p>Great enhancement</p> <p>of product portfolio</p>	<p>Numerous new products</p> <p>for the next generation are planned</p>

Net sales



Operating income/operating margin



Overview of the fiscal year

Positioned as a third pillar of profitability

Strong performance was achieved across all products: precision components including connectors and switches, optical devices including camera actuators, power supply components, mechanical components mainly for OEM business, automotive products including communication modules, and semi-conductor devices. In addition to having made substantial improvements with respect to productivity across the business overall, shipments of products were significantly higher, particularly for new game consoles during the peak demand period, and sales of camera actuators for major customers also increased.

As a result, net sales finished at 250.6 billion yen and operating income finished at 21.5 billion yen, which, even when using the realistic comparison of including the period before the business integration, constitutes large increases in sales and income. (Previous fiscal year results stated for the MITSUMI business are for the period from the date of business integration on January 27, 2017, to March 31, 2017.)

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

- *1 Figures for fiscal years 2014/3 to 2016/3 are results of the former MITSUMI ELECTRIC prior to the business integration.
- *2 The figure for 2017/3 is a pro forma figure assuming the consolidation with MITSUMI ELECTRIC had been completed at the beginning of the fiscal year.
- *3 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

Increases in sales and income are expected as the result of synergies

Creating significant synergies utilizing the overall scale of MinebeaMitsumi, we will work to enhance our competitiveness and further boost performance. As greater functionality is

brought to smartphone-related products such as camera actuators, we will maintain quality while increasing productivity in an effort to further increase sales. As for game console-related products, we will pursue greater productivity and work to boost performance. In our automotive products such as antennas, communication modules and connectors, we will concentrate on further expansion of sales while increasing our lineup through new product development, and by reducing costs, such as material and logistics costs.

Seven Spears strategy (MITSUMI business)

Seven Spears strategy (3) to (7)

- (3) Sensors
- (4) Connectors/switches
- (5) Power supply components
- (6) Wireless/communications/software
- (7) Analog semiconductors

Contributed to stabilizing profitability of MITSUMI business

The Seven Spears products are defined as those that: (1) belong to a large market, (2) belong to a market that has permanence, (3) represent a niche area leveraging MinebeaMitsumi's core technologies, and (4) generate synergies among the Seven Spears. Five of the Seven Spears belong to the MITSUMI business, and are in areas of business that will grow substantially going forward.

For instance, the size of the market is estimated at 2 trillion yen annually for connectors, which are key devices particularly for accelerating communications. In that market, the high-speed transmission products for automobile such as FAKRA are currently generating rapidly increasing demand, and require super precise machining technology that we are strongest in. Moreover, we are able to create multi-function devices offering connectivity by combining connectors with wireless technologies owned by MITSUMI, such as those involving 6LoWPAN and nodes, and by adding sensors and actuators (combination of motors and mechanical components) to such devices we are able to develop solutions-oriented products.

In so doing, we will create new business opportunities by enhancing our competitive strengths of the individual Spears and making progress through the INTEGRATION of respective synergies.

Initiatives of each area

- (3) Sensors**
Centering on strain gauge and MEMS sensor technology
 - Explore possibilities of temperature/environment sensors
 - Expand business for key IoT components employing strain gauges
- (4) Connectors/switches**
Key words are ultra-precision/water-proof
 - Increase market share for water-proof tactile switches
 - Significantly expand portfolio centered around automotive high-speed transmission products
- (5) Power supply components**
Gaining a commanding position in the IoT era with high reliability/high functionality
 - New markets: Develop micro converters for the electricity and power storage markets
 - Existing markets: Expand sales by pursuing smaller products and products that support higher frequencies in the areas of lighting, telecommunications, household electrical appliance, and other markets
- (6) Wireless/communications/software**
Expand sales in the market, particularly in automotive products and respond to IoT
 - Quickly develop next-generation communication antennas for connected cars and promote sales/receive orders (TCU antennas, etc.)
 - Utilize India/Slovakia plants
- (7) Analog semiconductors**
Analog semiconductors - the gateway to IoT
 - Expand sales of high value-added products targeting the industrial/housing equipment market
 - Increase share in the car infotainment market
 - Focus on high value-added products (ADC + IGBT)

Towards the future

The INTEGRATION of Seven Spears products to generate business opportunities for the entire Group

A major growth driver of the MITSUMI business is currently the area of optical devices centered on camera actuators and mechanical components particularly for game consoles. Going forward, we will continue maximizing profitability by aggressively expanding sales in both of our businesses.

Meanwhile, we are well aware that the key challenge of the MITSUMI business from the perspective of absolute permanence of business is that of facilitating robust growth of the future core businesses encompassing the Seven Spears product groups: sensors; connectors/switches; power sources; wireless/communications/software and; analog semiconductors. As such, the basic strategy of the MITSUMI business involves strengthening the Seven Spears products using cash generated from optical devices and mechanical components as a growth resource. This will be achieved through (1)

organic growth, (2) development of the new products encompassing these businesses, and (3) performing M&A of companies thought to be able to effectively utilize these businesses. With respect to the Seven Spears products, it is crucial that we create new business opportunities by enhancing our competitive strengths in the individual Spears and making progress through the INTEGRATION of respective synergies.

Positive outcomes have already started to emerge in the wake of the business integration. One example of this is the synergies that have emerged with the Electronic Devices and Components business with respect to products such as MINEGE™ high-sensitivity strain gauge film (page 28), and bed sensor systems (pages 4 and 32). In addition, we hope to raise MinebeaMitsumi's profitability amid plans to successively launch many new product groups.

Going forward, we will engage in innovative business initiatives that contribute to the IoT community particularly in terms of smart cities, healthcare and robotics, drawing on research and development resources including the MITSUMI business segment's overriding strengths particularly involving high-frequency technology and wireless communications technology.