

Machined Components Business

Strong growth is continuing on the back of increasing structural demand, particularly for ultra-high quality products and overwhelming competitive edge

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 2019

Highlights of the Machined Components business

| | | | |
|--|---|---|--|
| <p>Net sales and operating income</p> <p>Record highs</p> | <p>Operating margin</p> <p>25%</p> | <p>ROIC</p> <p>30%</p> | <p>External sales volume of ball bearings</p> <p>200 million units or more/month achieved (+ internal sales 70 million units/month)</p> |
| <p>Production volume of ball bearings</p> <p>300 million units/month achieved</p> | <p>Many products boast overwhelmingly high market shares</p> | <p>Currently expanding the product portfolio</p> | <p>Technological innovation as a driver of growth, involving shift to electric vehicles, etc.</p> |

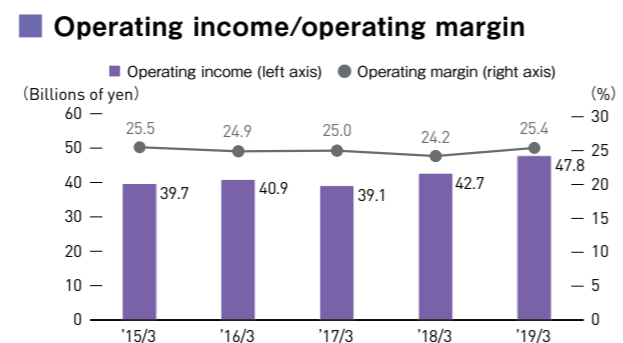
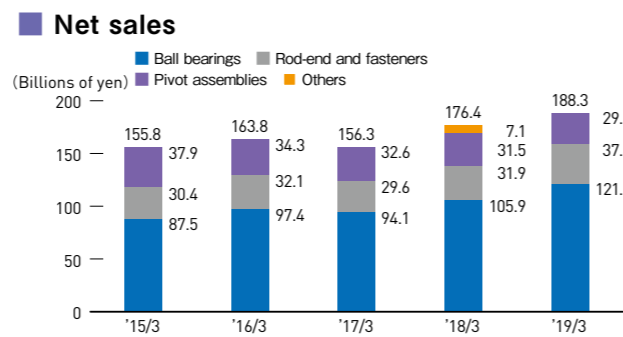
Overview of the fiscal year

Record highs with respect to both net sales and operating income

Sales of ball bearings, MinebeaMitsumi's main products, increased amid a scenario of annual external sales volume having achieved a record high of 2,347 million units due to an increase in the quantity used per vehicle accompanying growing needs with respect to enhanced functionality involving energy efficiency, safety and comfort in automobiles, despite the market-slowing effect of U.S.-China trade friction in the second half of the fiscal year.

Rod-end and fastener sales increased due to strong performance in the small and medium-sized aircraft market. Meanwhile, pivot assembly sales were down both in volume and amount due to the diminishing size of the HDD market, despite the Company having maintained a solid market share of more than 80%.

As a result, net sales and operating income for the period finished at record highs of 188.3 billion yen (up 6.7% YoY) and 47.8 billion yen (up 16.4% YoY), respectively, and operating margin was 25.4%.



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

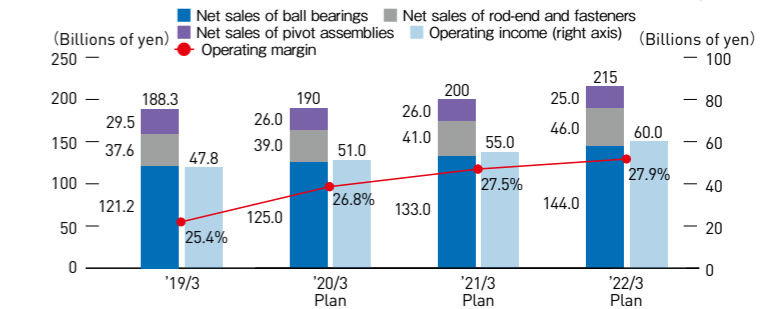
Midterm Business Plan (FY3/2020 - FY3/2022)

Key points

Demand for ultra-high quality products to keep fueling "healthy" growth

- Ball bearings external sales**
Structural demand increase for automobiles
- Ball bearings internal sales**
Ball bearings for motors making up for slowing HDD demand
- Ball bearings production**
Optimized product mix and production system to drive profit up
- Rod-end and fasteners**
Aircraft business is doing well

Numerical targets



Business involving applications for automobiles and aircraft is poised to drive growth for the next fiscal year

Prospects of the new Eight Spears strategy

Bearings

Ball bearings: continuing profit growth

Demand for bearings is being driven mainly on two fronts: by automotive applications amid a structural increase in volume due to trends of vehicle electrification and a shift to electric vehicles, and by applications entailing cooling fans for data centers amid the likelihood of growing demand involving IoT technologies. The Company's ultra-high quality, ultra-precision bearings are being used in both areas of business which have been shifting to increasingly high performance in terms of energy savings and safety.

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, while also taking steps to reduce costs.

Aircraft components: becoming a driver of growth amid a robust business environment

In the aircraft market, which is anticipated to consistently grow over the long term, our sales per aircraft have been trending higher due to a scenario where we have captured greater market share by leveraging our price competitiveness, and are also generating higher sales of high-value-added mechanical parts. Moreover, we expect to achieve sales growth exceeding that of the market due to efforts that involve creating technological synergies with C&A and Mach Aero, acquired last year, and expanding business in Asia.

Going forward, we will continue to develop a stronger industry presence by drawing on our ability to provide ultra-high quality and enhancing our global production framework.



Pivot assemblies: cash cows and maximizing profit

We will maximize our profits going forward given that we maintain a high share of the market for high-end products and have completed our capital investment.

Creating solutions that resolve social challenges

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.

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

The ball bearing business over the next 10 years

Persistently robust growth due to increasing structural demand for ultra-high quality products and our overwhelming competitive edge

Key words are:

- Automobiles**
Shift to increasingly high functionality and shift to electric vehicles
- Data centers**
5G, ADAS (Advanced Driver-Assistance Systems) and IoT
- High-end household electrical appliances**
Low noise and energy savings
- Labor savings and automation**
Medical robots and drones