

## Chapter III Initiatives for Value Creation – Strategies by Business

# Electronic Devices and Components Business

Develop new business areas by expanding portfolio and achieve consistent growth over the long-term

### Major products

Electronics devices (LED backlights for LCDs, sensing devices, etc.) HDD spindle motors Stepping motors DC motors Air movers (fan motors) Precision motors Special components



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## Overview of the fiscal year ended March 2019

### Highlights of the Electronic Devices and Components business

<p>Net sales composition</p> <p><b>44%</b></p>	<p>ROIC</p> <p><b>11%</b></p>	<p>Location strategy</p> <p><b>No.1</b></p> <p>share in numerous niche fields</p>	<p>Expansion of locations</p> <p>e.g. Slovakia plant</p>
<p>Promoting global R&amp;D</p> <p>at 5 locations worldwide</p>	<p>Currently increasing</p> <p>proportion of core businesses</p>	<p>Currently expanding</p> <p>the product portfolio</p>	<p>Technological innovation</p> <p>as a driver of growth, involving shift to electric vehicles, etc.</p>

## Overview of the fiscal year

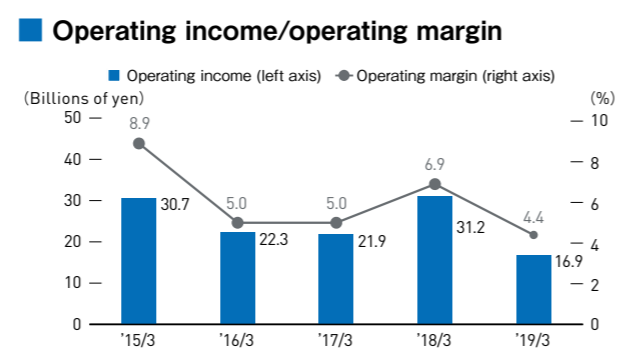
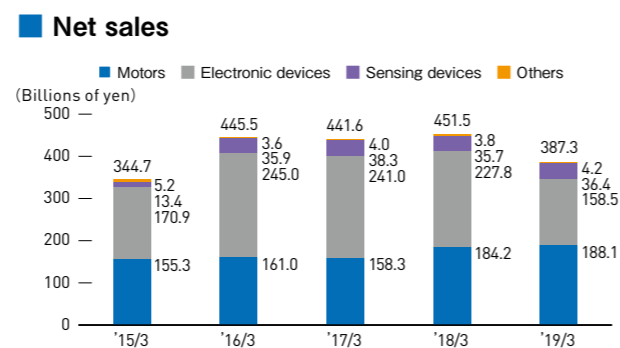
Sales and income decreased due to slowing Chinese demand and a changing product mix

Sales of stepping motors and other motors increased amid firm results particularly from products for automobiles, despite Chinese demand slowed steeply mainly for household electrical appliances and office automation equipment.

Meanwhile, sales of electronic devices decreased due to lower sales volume of end-products for LCD models of major customers, in addition to a downturn in net sales associated with fewer parts supplied for a fee.

Sales of sensing devices were firm, especially for automotive applications.

As a result, net sales were 387.3 billion yen (down 14.3% YoY), operating income was 16.9 billion yen (down 29.8% YoY), and operating margin was 4.4%. On a product basis, operating income from motors were almost on par with the previous year. Operating income from electronic devices decreased significantly, while operating income from sensing devices increased.



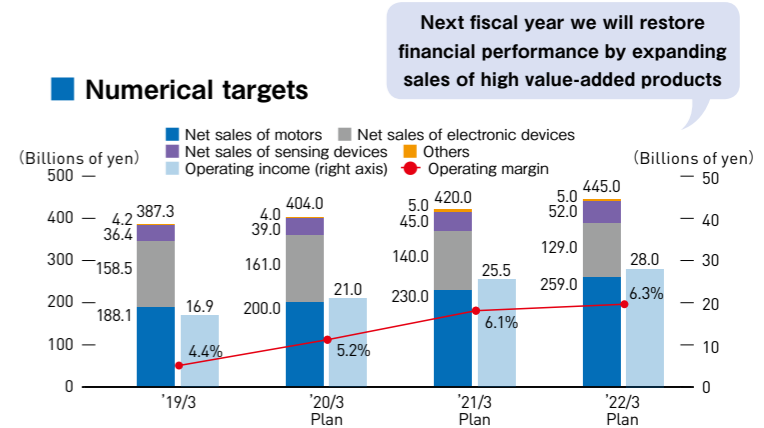
\* Figures for periods up through the fiscal year ended March 2018 are based on JGAAP, and figures for the fiscal year ended March 2019 are based on IFRS.

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

### Key points

Profits stabilizing due to a higher proportion of core businesses

- Motors for automobiles**  
Electrification and "CASE" for automobiles
- Brushless DC motors**  
Increasing high-end products to keep growth going strong
- Launching new products**  
Rolling out various new products and expanding sales
- Resonant devices**  
Initiating mass production of new products
- LED backlights**  
Conservative forecasts



Next fiscal year we will restore financial performance by expanding sales of high value-added products

## Prospects of the new Eight Spears strategy

### Motors

Establishing a robust earnings base

In the massive market for motors, MinebeaMitsumi has been honing its competitive strengths by specializing in the niche areas of "miniaturization" and "precision". Having achieved substantial growth also in terms of profitability, the business has become established as a robust platform which already acts as the second pillar of the Company's operations.

We provide our major products, comprising stepping motors, DC motors, air movers, and HDD spindle motors, across a wide range of markets for automotive, office automation, household electrical appliance, and medical applications. Accordingly, our product portfolio is resilient to changes in the external environment. For instance, we have been able to make up for slowdown in sales to a specific market by shifting to other markets.

### Sensors

Expanding the business centering on strain gauges and MEMS sensors

Of all the Eight Spear product lines, only the sensor products wield strengths of the respective Minebea and MITSUMI businesses. As such, we anticipate positive results from various business opportunities in areas that include wearables and robotics, in addition to mobile, automobile and other existing applications. We will accordingly work toward expanding this business given its important role in IoT technologies, centering on two types of sensors, each with differing approaches, namely, strain gauges boasting outstanding sensitivity, stability and fatigue life; and micro-electro-mechanical systems (MEMS) technologies applying semiconductor manufacturing technologies.

## Creating solutions that resolve social challenges

### Firmly positioning the core businesses

In the Electronic Devices and Components business, our basic strategy is to maximize profit by reinvesting cash generated from the sub-core businesses in strengthening the platform of our core businesses of motors and sensors. With the aim of achieving consistent growth over the long term, we will expand our portfolio and develop new areas of business through the INTEGRATION with other Eight Spear products.

In part of these efforts, we will expand our business operations by transferring battery protection modules of the MITSUMI business to the Electronic Device Division from the fiscal year ending March 2020, and through the INTEGRATION of such products and business expertise regarding mobile devices, such that has been accumulated by the Electronic Devices and Components business thus far. In so doing, we will lay the groundwork for future growth by pursuing inter-segment synergies.

### The motor business over the next 10 years

More business opportunities created as a result of energy-saving & labor-saving technologies and digitalization

Key words are:

- Automobiles**
  - Increase in use of actuators to improve comfort in self-driving cars
  - Stricter environmental regulations → shift to xEVs → growing demand for cooling fans
- High-end household electrical appliances**  
Further noise reduction and energy savings
- Medical and robotics**  
Electrification against a backdrop of telemedicine and automated factories
- MINEGE®**  
Use in a wide range of applications leveraging synergies with the MITSUMI business