



# **Business Results**

**First Quarter of Fiscal Year ending March 31, 2006**

**July 28, 2005**

**Minebea Co., Ltd.**

- 1. Financial Results**
- 2. Policy and Strategy**

# Financial Results

**Hiroharu Katogi**  
**Director, Managing Executive Officer**

*July 28, 2005*



# Summary of Consolidated Business Results

(Millions of yen)	Year ended Mar 05		Year ending Mar 06	Change yoy
	Q1	Q4	Q1	
Net Sales	71,324	72,491	75,690	+6.1%
Operating Income	2,802	4,450	3,010	+7.4%
Ordinary Income	1,982	3,371	2,163	+9.1%
Income before Income Taxes	1,937	1,942	830	-57.1%
Net Income	208	2,911	980	4.7X

#### Effect of FX Fluctuations

Q1 of FY Mar 05 → Q1 of FY Mar 06

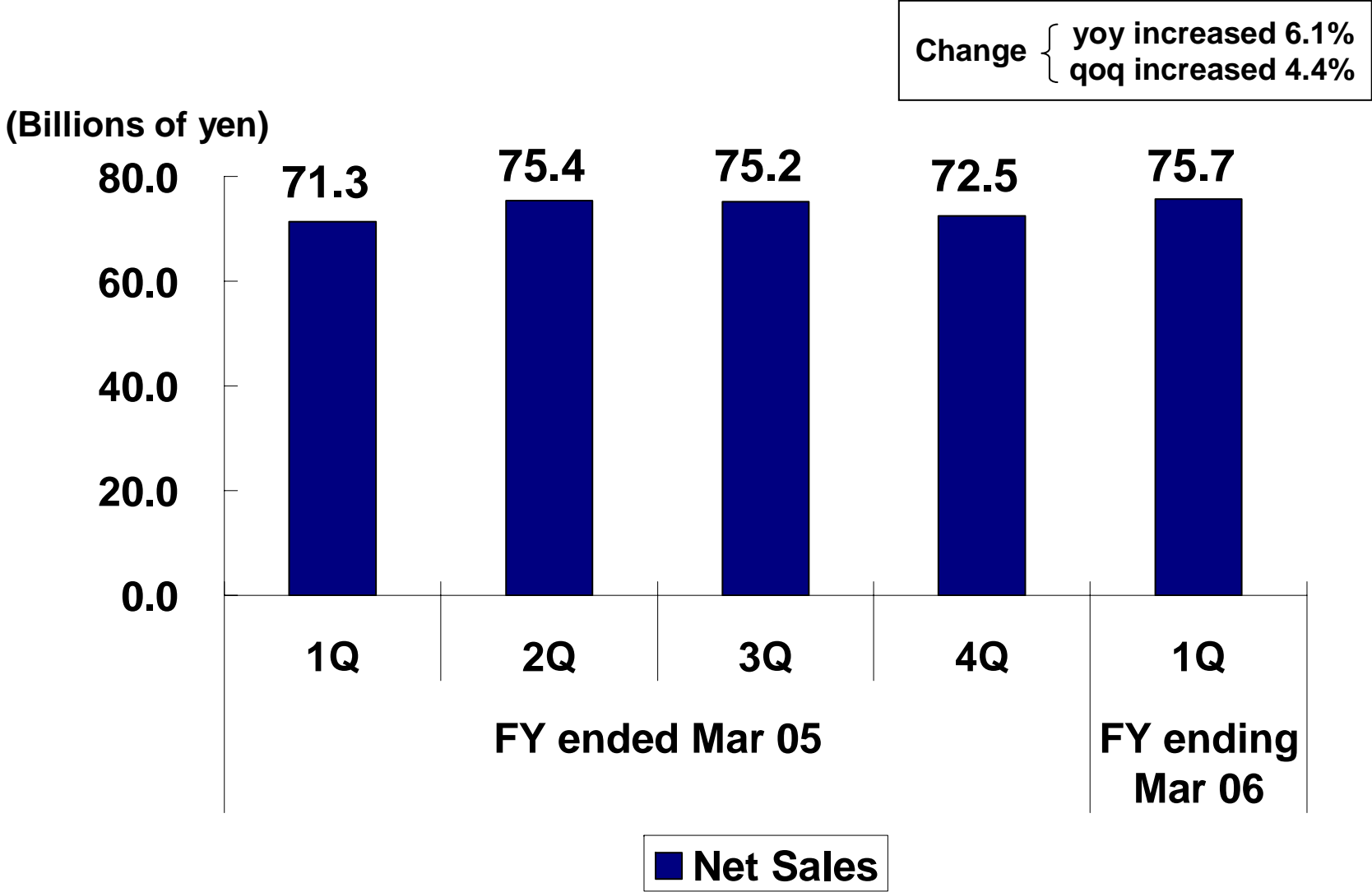
US\$ ¥108.71 → ¥107.28

Thai Baht ¥2.71 → ¥2.70

Net sales minus ¥80 million

Operating income ¥ 0.00 billion

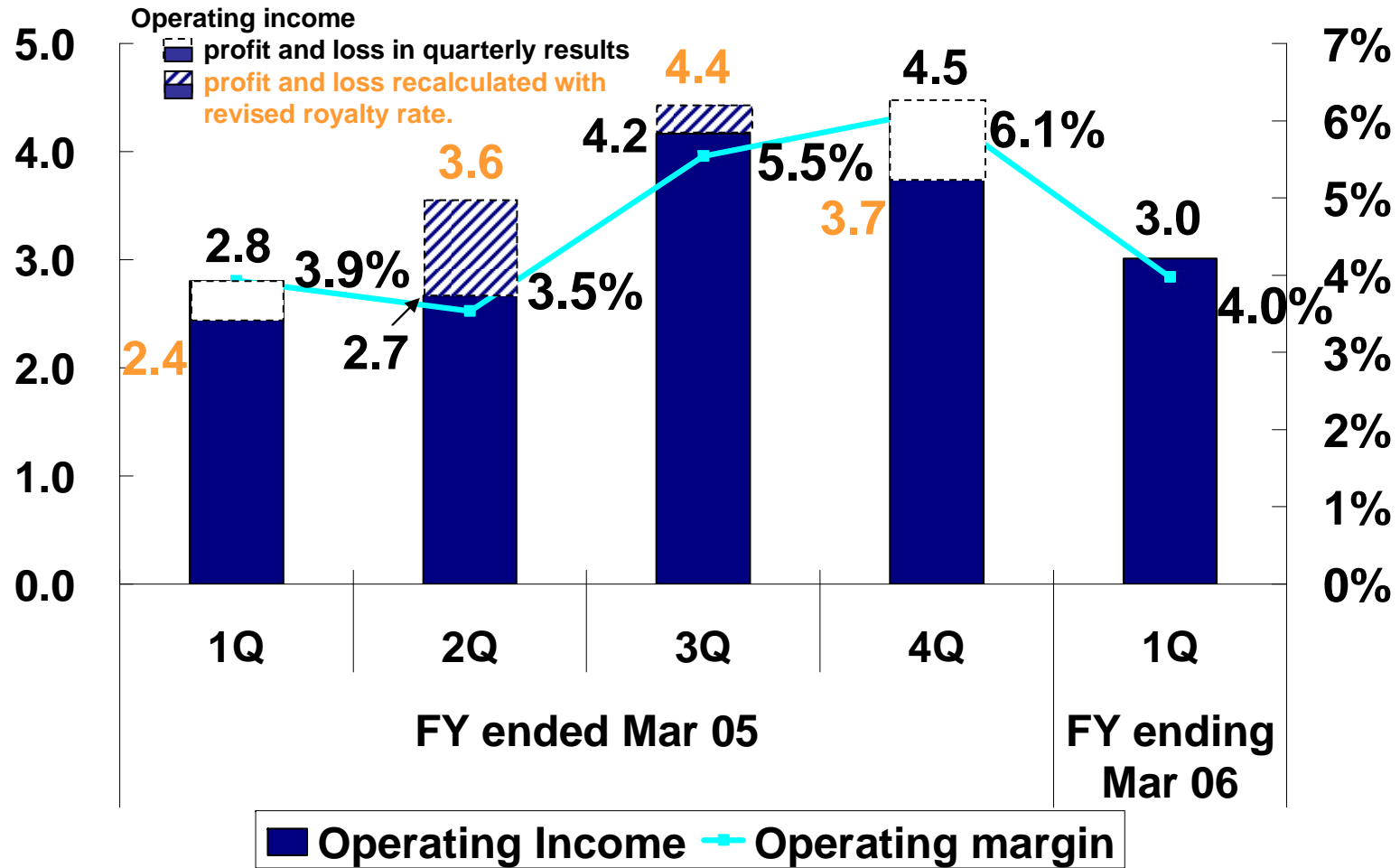
# Net Sales



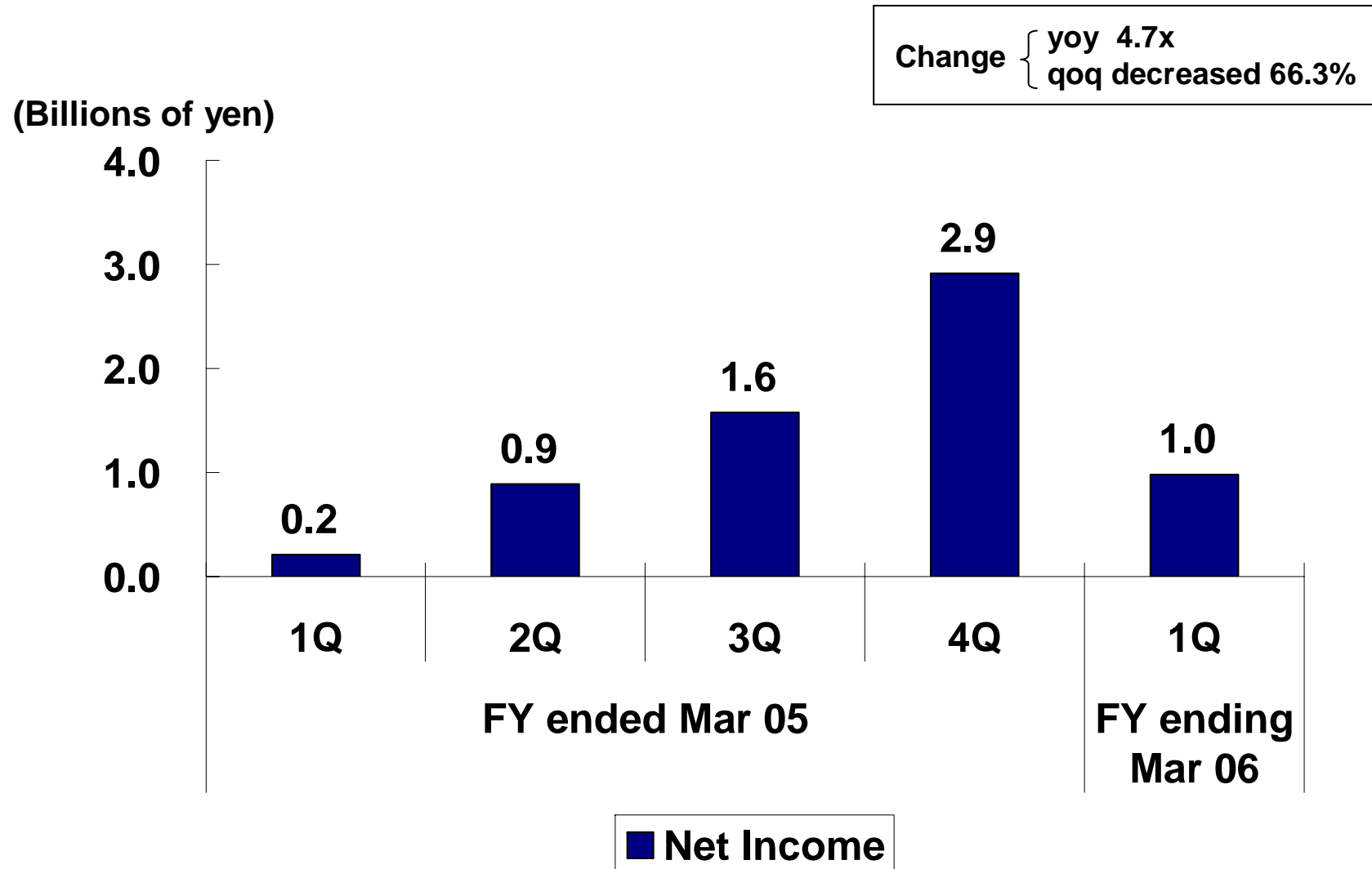
# Operating Income

Change { yoy increased 7.4% - - - in real term increased 24.7%  
 qoq decreased 32.4% - - - in real term decreased 18.1%

(Billions of yen)

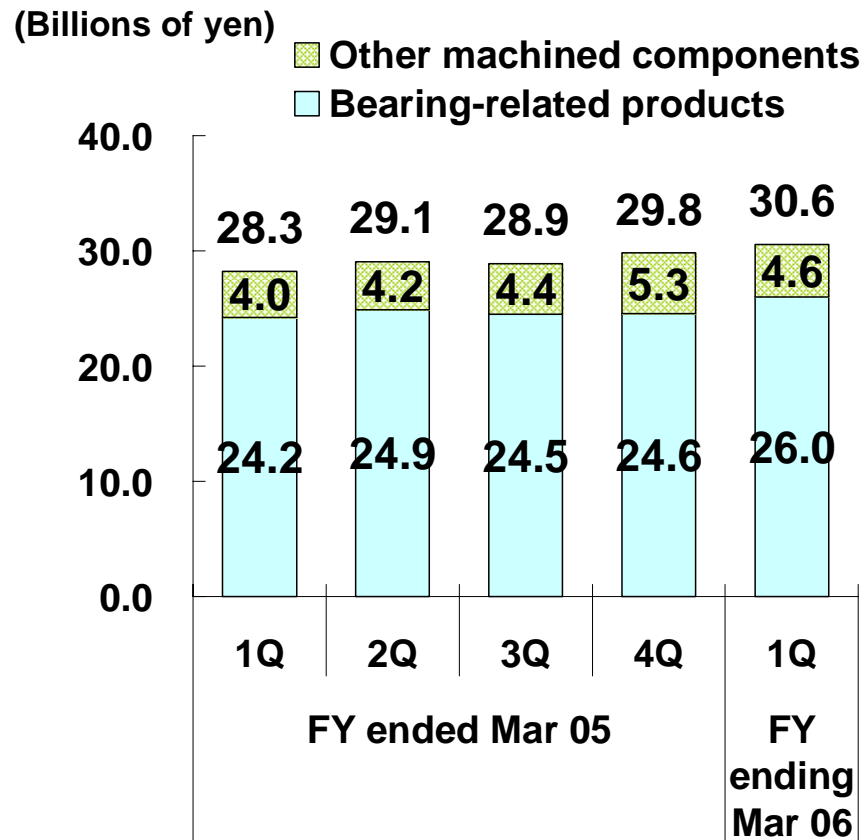


# Net Income



# Sales of Machined Components Business

Bearing-related products  
yoy increased 7.2%  
qoq increased 5.7%

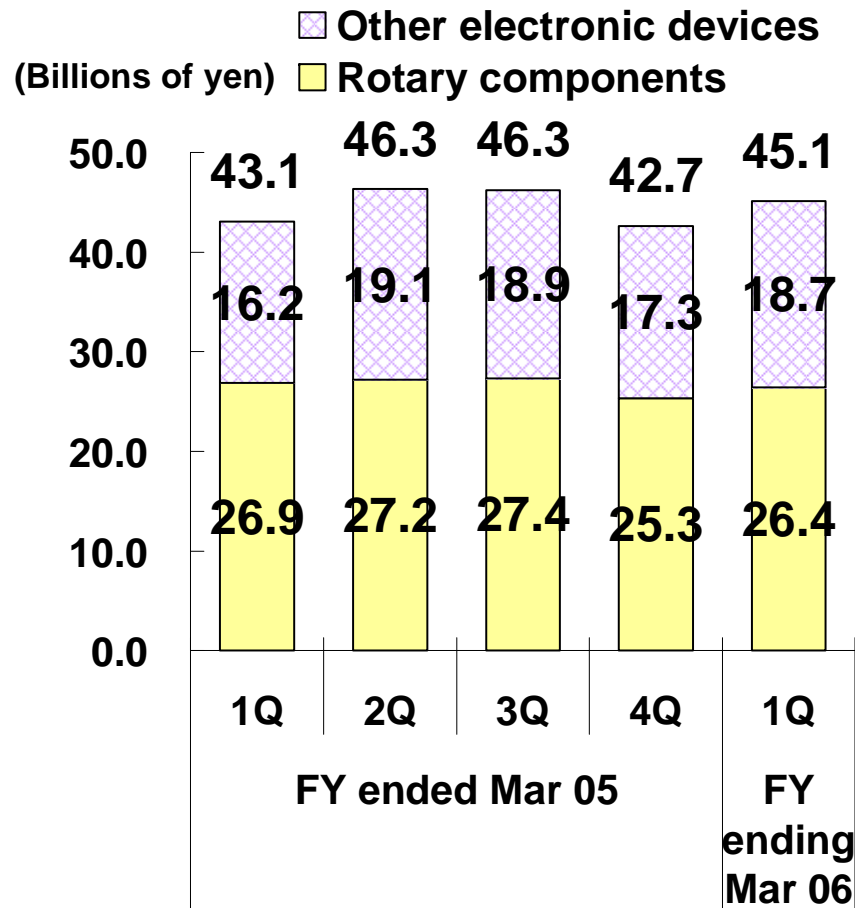


- ◆ Large increase in sales of pivot assemblies for HDD. Increased sales for 3.5 and 2.5 inch HDD.
- ◆ Favorable sales in bearings for aircrafts. Started shipment for A380 of Airbus.



# Sales of Electronic devices and Components Business

Rotary components  
 Change yoy decreased 1.5%, qoq increased 4.4%  
 Other electronic devices  
 Change yoy increased 15.2%, qoq increased 7.8%

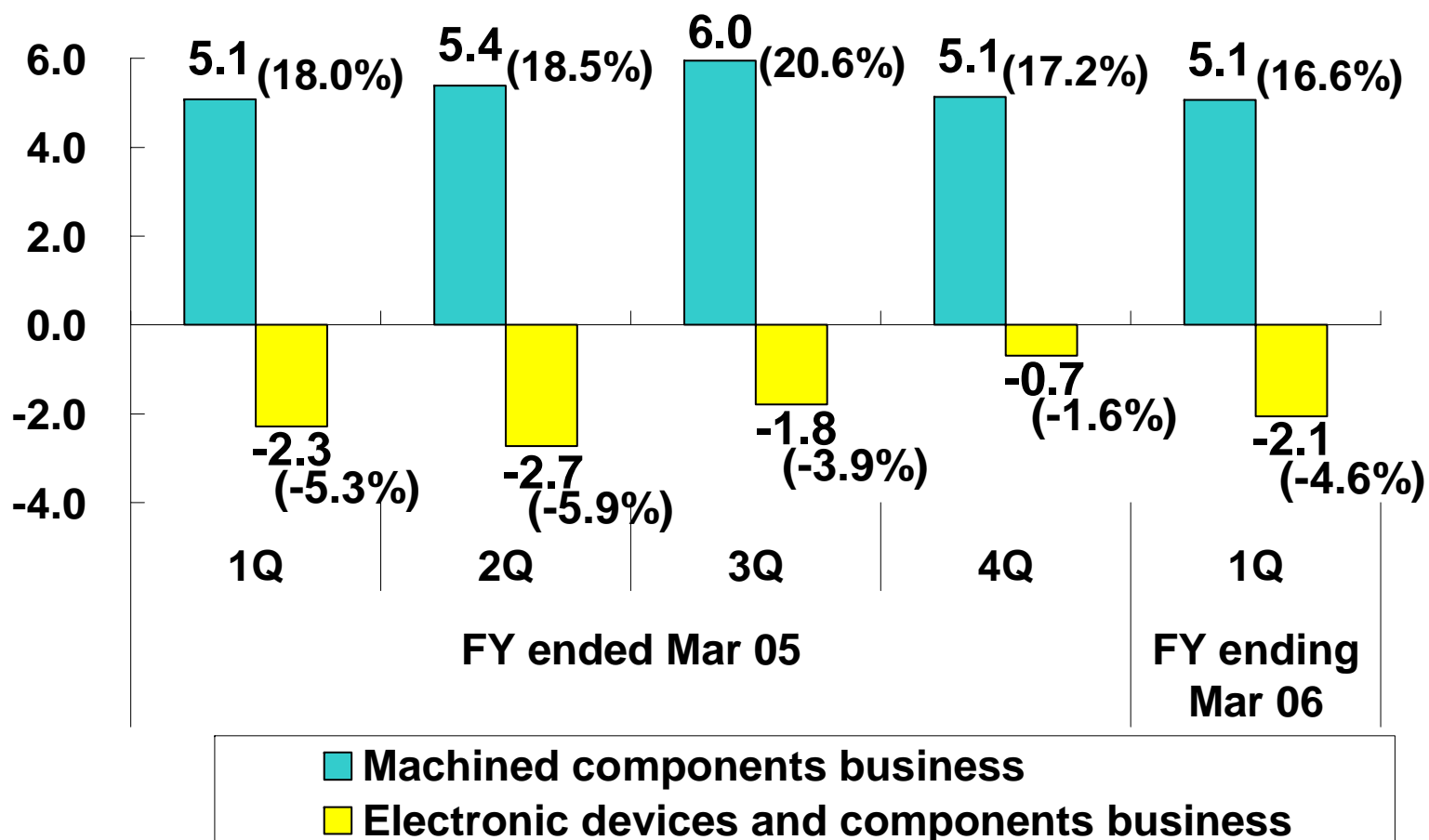


- ◆ Expanded sales of fan motors for PC.
- ◆ Increased sales of backlights due to recovery of demand for mobile phones and start of new model.
- ◆ Due to decline of market share, shipment of HDD spindle motors remained low.

# Operating Income

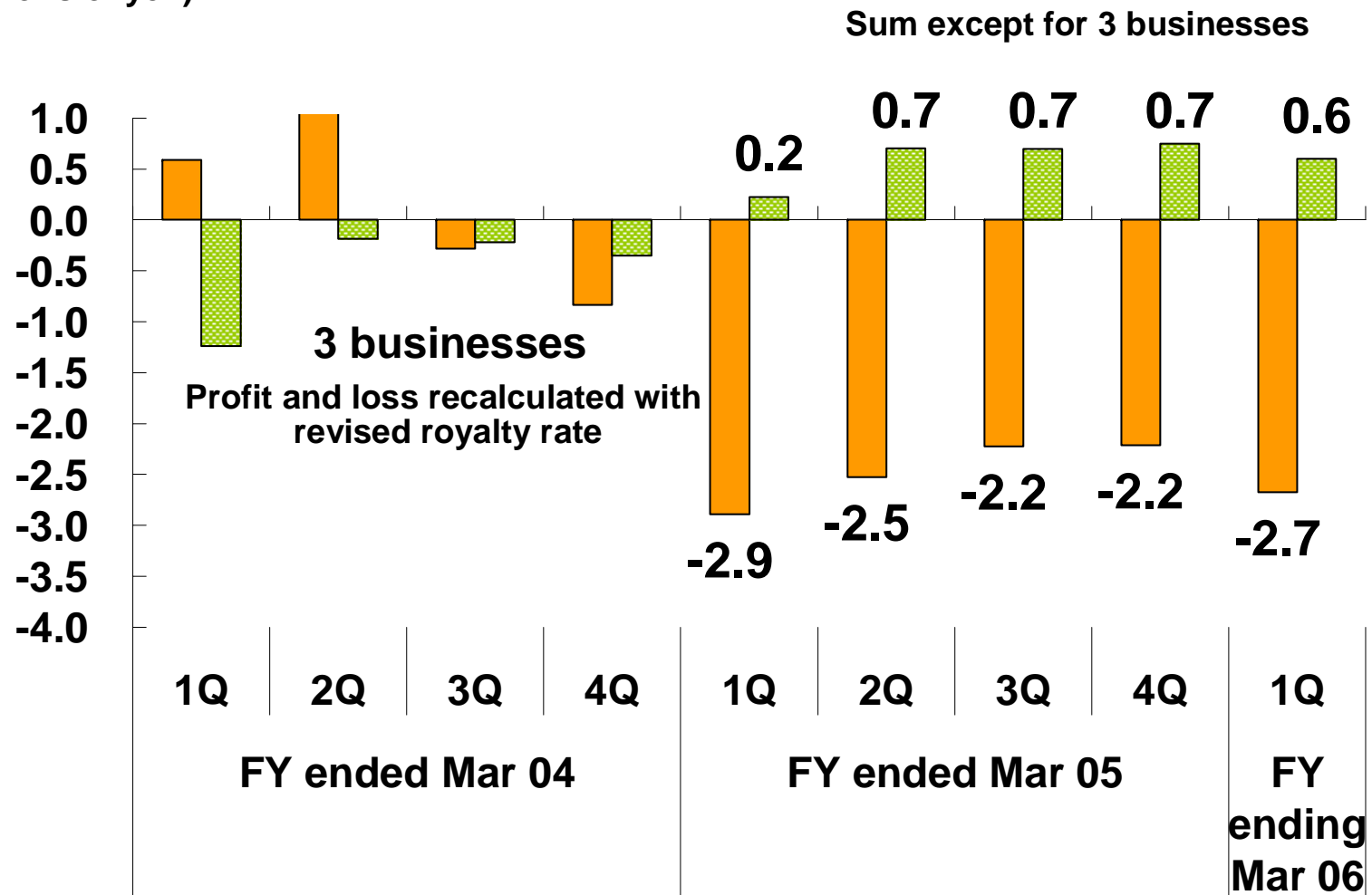
(Billions of yen)

( ) Operating margin



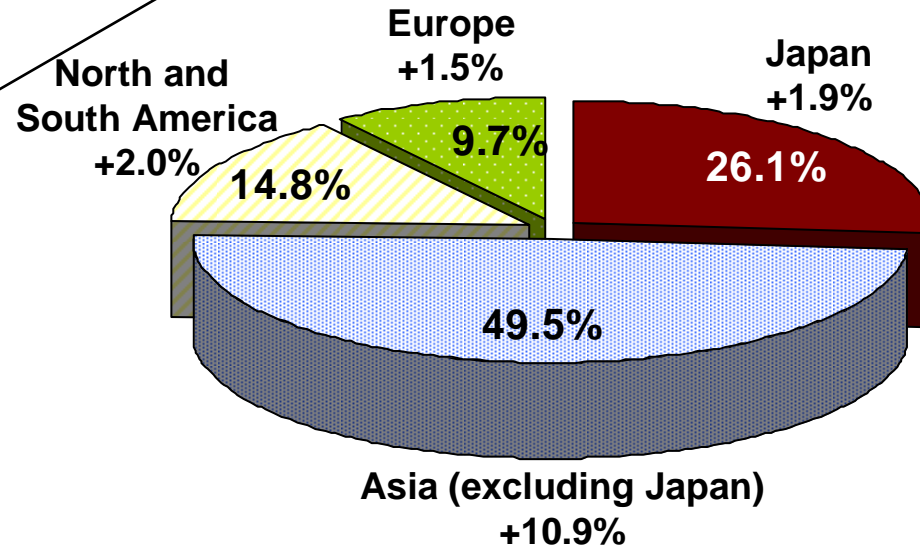
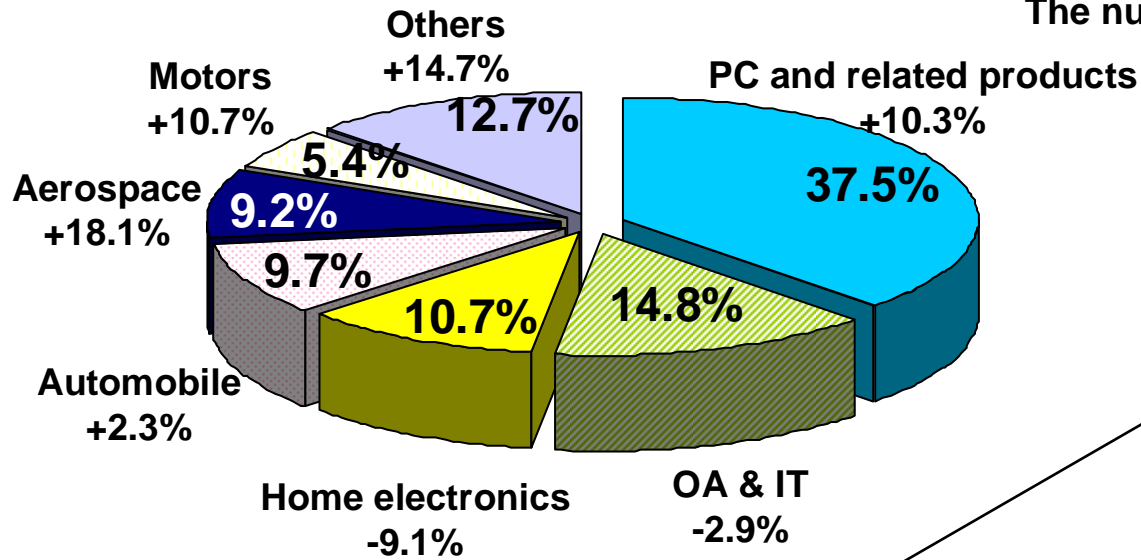
# Operating Income of 3 Businesses

(Billions of yen)



# Sales by User Industry and by Region

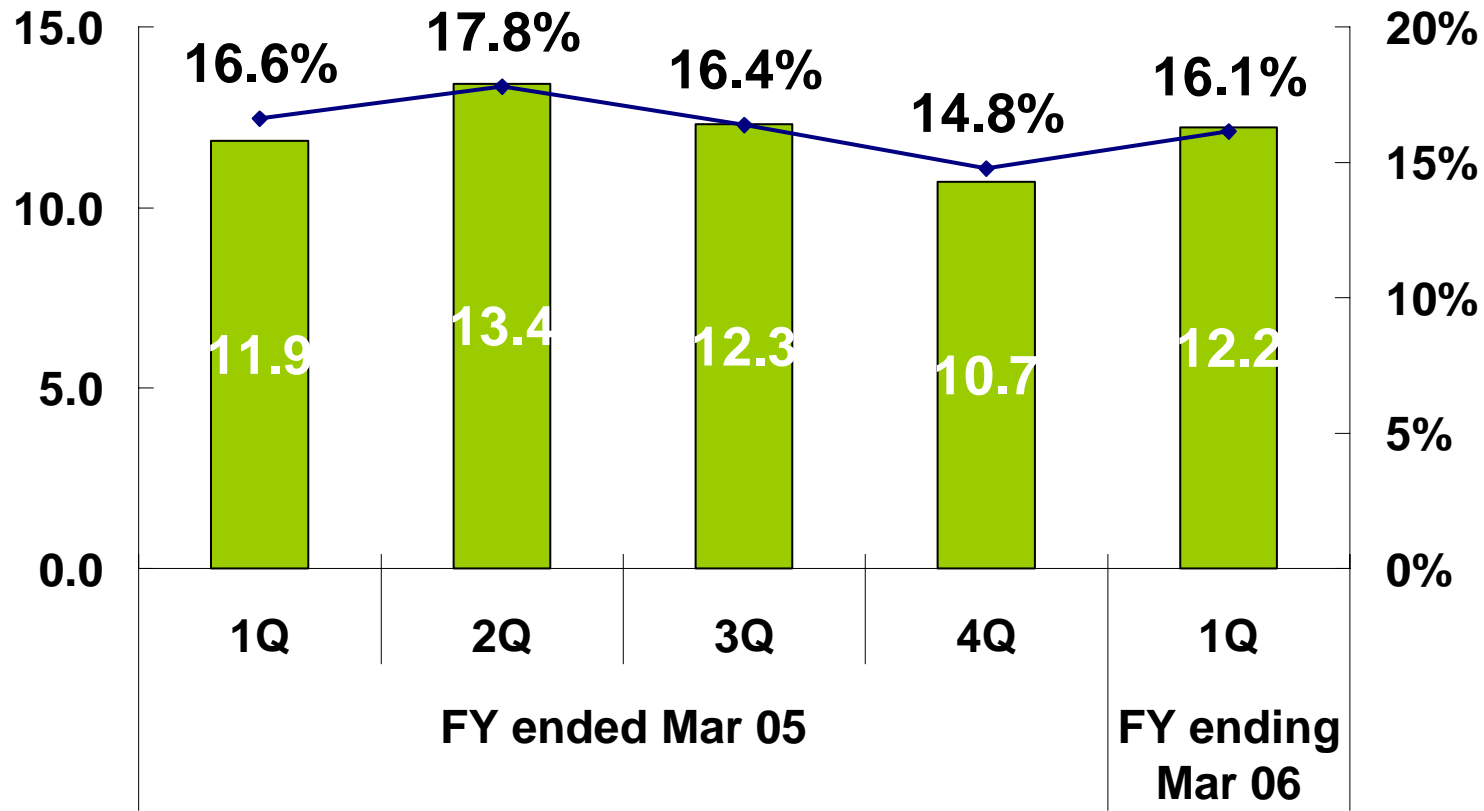
The number inside the circle is sales %.  
The number outside the circle is the change yoy.



# S.G. & A. Expenses

Target of FY ending Mar 06 below 16%

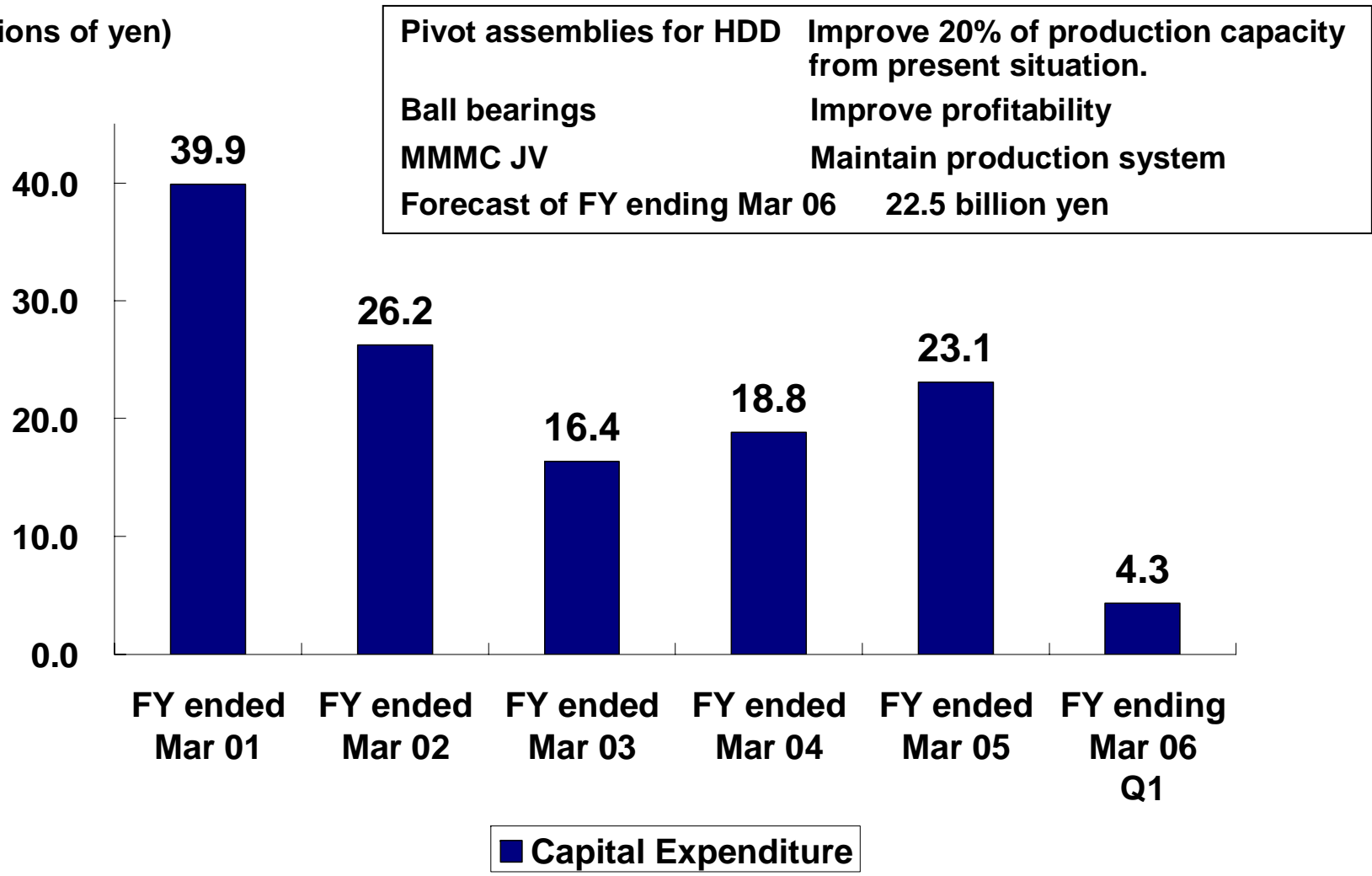
(Billions of yen)



■ S.G.&A. expense    ◆ S.G.&A. to sales ratio

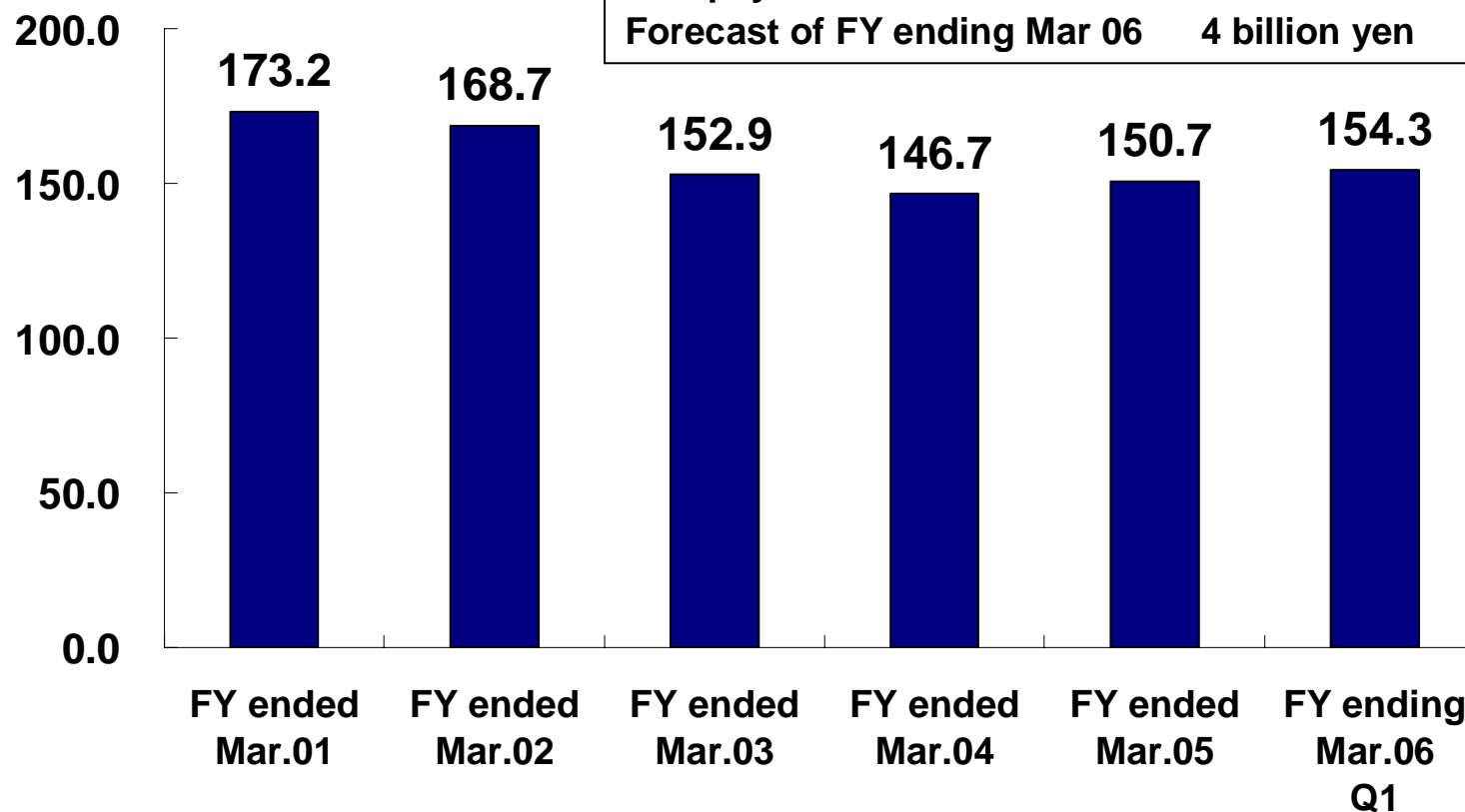
# Capital Expenditure

(Billions of yen)



# Interest-Bearing Debt

(Billions of yen)



Q1: Outflow of cash increased due to increase of accounts receivable and inventories and payment of dividends.

Forecast of FY ending Mar 06 4 billion yen

■ Net interest-bearing debt

# Outlook

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**Forecast of H1 of FY ending March 31, 2006  
(Announced in May)**

<b>(Millions of yen)</b>	<b>FY ending Mar 06 1H</b>
<b>Net Sales</b>	<b>142,000</b>
<b>Operating Income</b>	<b>7,500</b>
<b>Net Income</b>	<b>3,000</b>



# Policy and Strategy

**Takayuki Yamagishi**  
**Representative Director,**  
**President and Chief Executive Officer**

*July 28, 2005*



# Management Policy

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## **1. Take decisive actions for structural reform.**

**Reorganize manufacturing and sales divisions.**

**Build cross-sectional manufacturing organization.**

**Strengthen the Group's cross-sectional functions.**

## **2. Reinforce R&D.**

**Reinforce development of basic technologies.**

**Set up a structure that can aggregate and reorganize the Group's technologies.**

## **3. Manage with clear vision.**

**Reinforce manufacturing technology which brings advantage in the market.**

**Build product line with future technologies that capture the market's needs.**

# Purpose of Management Policy

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## 1. Reduce deficit.

Concentrate Group's resources on improving profitability of the three loss making business.

## 2. Increase profit.

Increase sales and profit of bearing and related business.

## 3. Secure future profit.

(Reinforce rotary components business.)

Focus on high-value added products.

Expand display-peripheral component business.

# **Structural Reorganization for Realization of Management Policy**

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**Enforced on June 29 and July 1.**

- **Inaugurated New Management Structure.**
- **Introduced Business Units System 14 Business Units.**
  - Disestablished plant system : breakaway from region.
  - Integrated production and sales divisions.
- **Introduced Division System 5 Divisions**
  - Enforced Group's lateral support function.
  - Organized Group's "specialists' technology" team.

# Measures for Profit Improvement of 3 businesses (Reduce Deficit)

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## ◆ HDD Spindle Motors

Set benchmark of each parts' cost.

Seek cost cutting

Parts	Utilize Group's ultra-precision machining technologies.
Assembly	Staff reduction – review work flow.

## ◆ Keyboards

Cut costs of materials with the initiative of headquarters.

Terminate double-cost structure.

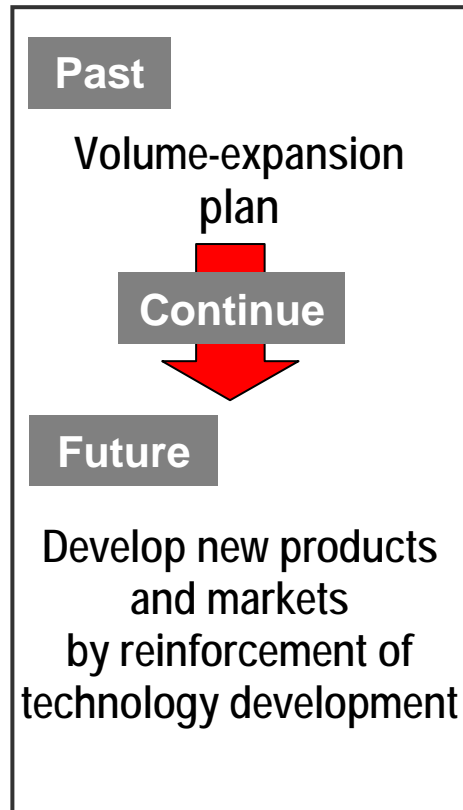
Reconsider the order-gaining strategy of high material rate models.

## ◆ Minebea-Matsushita Motor JV

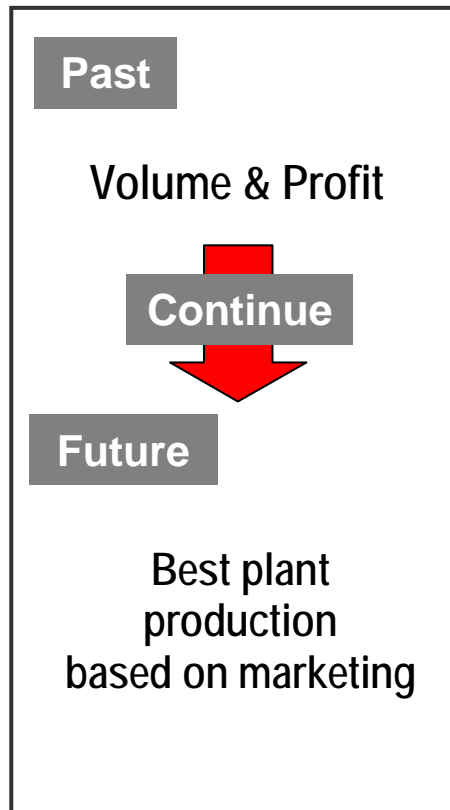
Increase efficiency with Minebea and Matsushita's design consolidation.

Shift from volume to quality.

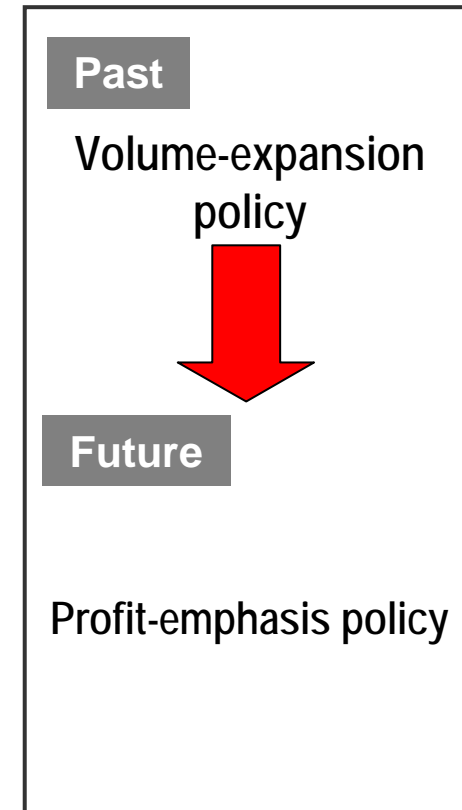
# Business Strategy by Categories (Increase Profit)



Rod-ends  
Lighting devices  
Measuring Components  
Pivot assemblies



Ball bearings



Motors  
Keyboards  
Speakers  
Fasteners

# Topics

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## ■ **Ball Bearings**

- Achieved 180 million units production and sales in June.

## ■ **Rod-End bearings**

- Started production of bearings for A380 of Airbus.
- Promoted gaining orders of bearings for B787 of Boeing.
- Gained profit under the influence of aircraft industry's favorable condition.

## ■ **Lighting Devices**

- Increased orders of high intensity LED new backlights.

# Minebea Co., Ltd.

## Business Results

<http://www.minebea.co.jp/>

Any statements in the presentation which are not an historical fact are future projections made based on certain assumptions and our management's judgment drawn from currently available information.

Please note that actual performance may vary significantly from any particular projection, due to various factors.

Factors affecting our actual performance include: (i) changes in economic indicators surrounding us or demand trends; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously. However, this is not a complete list of the factors affecting actual performance.

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July 28, 2005

