

Looking Back on FY2014

I'm pleased to report that all of the Minebea Group's business units posted improved results in FY2014. Amid stable economic growth in North America and Asia, our machined component and LED backlight businesses logged strong growth, while our electronic devices and components business achieved improved profitability. As a result, compared with the previous year, our sales surged 34.8% in FY2014 to 500,676 million yen, while our operating income rose 86.7% to 60,101 million yen and our net income increased 91.0% to 39,887 million yen. Our sales, operating income, and net income were all record highs for the Group. We achieved these results by continuing and furthering our commitment to "manufacturing with sincerity," the basic belief sustaining the Minebea Group.

To solidify the management foundation on which this success is based, and aim for even greater growth in the future, it is critical for the Minebea Group to implement CSR in accordance with our basic management policy, the Five Principles. I feel that it's especially important for a company doing business in global markets to bolster its CSR management. In FY2014, we expanded to overseas sites an ISO 26000*-based CSR analysis program which we had conducted in Japan in FY2013. We coordinated the analysis with CSR Officers at each site to confirm the current status of our initiatives and identify issues we need to address. Additionally, following a stakeholder dialogue program in FY2012 at the Karuizawa Plant, we held a dialogue at the Yonago Plant attended by the mayor of Yonago City and his fellow citizens. We continue to listen carefully to our stakeholders and respond to their needs and expectations of Minebea.

As we strengthen our CSR management, I feel that it's also important to realize our core belief of "manufacturing with sincerity" by making contributions to society through product development and manufacturing. To reaffirm this commitment across the Group, we newly added the principle of "Creation of social value through products" to the Minebea Group's CSR Implementation Principles.

As a precision components manufacturer, we will create new value for society by actively developing highly reliable, energy-efficient products and making them widely available.



Yoshihisa Kainuma
Representative Director
President and Chief Executive Officer
Minebea Co., Ltd.

A stylized black ink signature of Yoshihisa Kainuma.

New "Five Arrows" Point to the Next Stage of Development

Since November 2013, we have been implementing the "Five Arrows" strategy as a way to uncover the future needs of society and further expand our business. We nearly achieved the strategic targets for the ball bearing and measuring components business units during FY2014. We therefore formulated a new "Five Arrows" strategy which we will strive to achieve as part of our Medium-term Business Plan.

To execute the new "Five Arrows" strategy and provide new value to society through the development and manufacture of products, we must remain a step ahead of our customers, uncover their latent needs as quickly as possible, and then act. One of the Minebea Group's biggest advantages is our broad array of sophisticated technologies, from core technologies to ultra-precision machining capabilities and assembly technologies. I'm confident that we can deliver a wide range of "only-one" value by linking our proprietary product development and manufacturing capabilities with the exact needs of society

through our customers. It will also be critical for us to maximize synergies between the independent initiatives of each department and generate total vertical and horizontal capabilities. This will also help us uncover the future needs of society and create new value.

In the ball bearing and motor fields, for example, automobile downsizing and energy efficiency are two needs that continue to grow. Our Group has always been a leader in manufacturing miniature, high-quality products. We can leverage these strengths to offer new functions, raise performance and expand into new applications. In the EMS and lighting products fields, we are making new proposals for “Smart Lighting.” Our strategy is more than just replacing traditional incandescent, fluorescent, and halogen lights with LEDs. We are raising the convenience and energy efficiency of lighting by combining light guide plate technology, which we fostered through LED backlights, with wireless technologies to automatically adjust the direction, range, and brightness of lights. In the measuring and aircraft components fields, we acquired Sartorius Mechatronics T&H GmbH (Germany) and its subsidiaries, while newly adding CEROBEAR GmbH (Germany), a leading manufacturer and seller of specialty ceramics bearings and hybrid bearings, to the our Group. We plan to uncover new needs even faster through these types of M&As and by maximizing the synergy between our organizations.

Adopting a “Change to Grow” Approach to Ensure We Build a Foundation for Our 100th Anniversary

When I was appointed CEO in April 2009, I made a promise to build a foundation for our 100th anniversary. As medium- and long-term targets towards building that foundation, we’re aiming to achieve sales of 1 trillion yen or operating income of 100 billion yen by 2020. We need to change to achieve these targets. We need to let go of our past successes and notions of common sense, our ways of thinking, ways of doing business, and change everything, including our products.

This is what I mean by “Change to Grow.” I pledge to promote “Change to Grow” within the company by remaining sensitive to the changes of the times. Each of our employees also needs to sense this need for change and growth so that we can speedily respond to the needs of society and our customers. Rallying around the corporate message we created for the company’s 60th anniversary, “Passion to Exceed Precision,” we will all strive for change and growth with a passionate sense of mission.

This report explains our business activities and CSR activities from many different perspectives. I look forward to hearing the opinions of our readers.

*ISO 26000: An international standard for social responsibility. The goal for organizations is not to receive certification, but rather to use the standard to effectively implement social responsibility.

The New “Five Arrows” Strategy

