MinebeaMitsumi
Passion to Create Value through Difference

Business Results

Fiscal Year Ended March 31, 2018

MinebeaMitsumi Inc.

May 8, 2018

Today's Agenda

1. Financial Results

2. Policy and Strategy

Financial Results

Katsuhiko Yoshida
Managing Executive Officer

Summary of Consolidated Business Results

Net sales as well as operating, ordinary, and net income totals for full year hit record highs

(Millions of yen)	FY3/17 Full Year	FY3/18 Full Year	Change YoY	FY3/18 Forecast (February 2018 Forecast) Full Year	FY3/18 Forecast (February 2018 Forecast) VS. Forecast
Net sales	638,926	879,139	+37.6%	850,000	103.4%
Operating income	49,015	79,162	+61.5%	80,000	99.0%
Ordinary income	48,393	78,038	+61.3%	79,500	98.2%
Income attributable to owners of the parent	41,146	59,382	+44.3%	62,000	95.8%
Net income per share (yen)	107.33	141.14	+31.5%	147.37	95.8%

Foreign Exchange Rates	FY3/17 Full Year	FY3/18 Full Year
US$	¥108.76	¥111.19
Euro	¥119.34	¥129.36
Thai Baht	¥3.09	¥3.35
Chinese RMB	¥16.18	¥16.70

Summary of Consolidated Business Results for 4Q

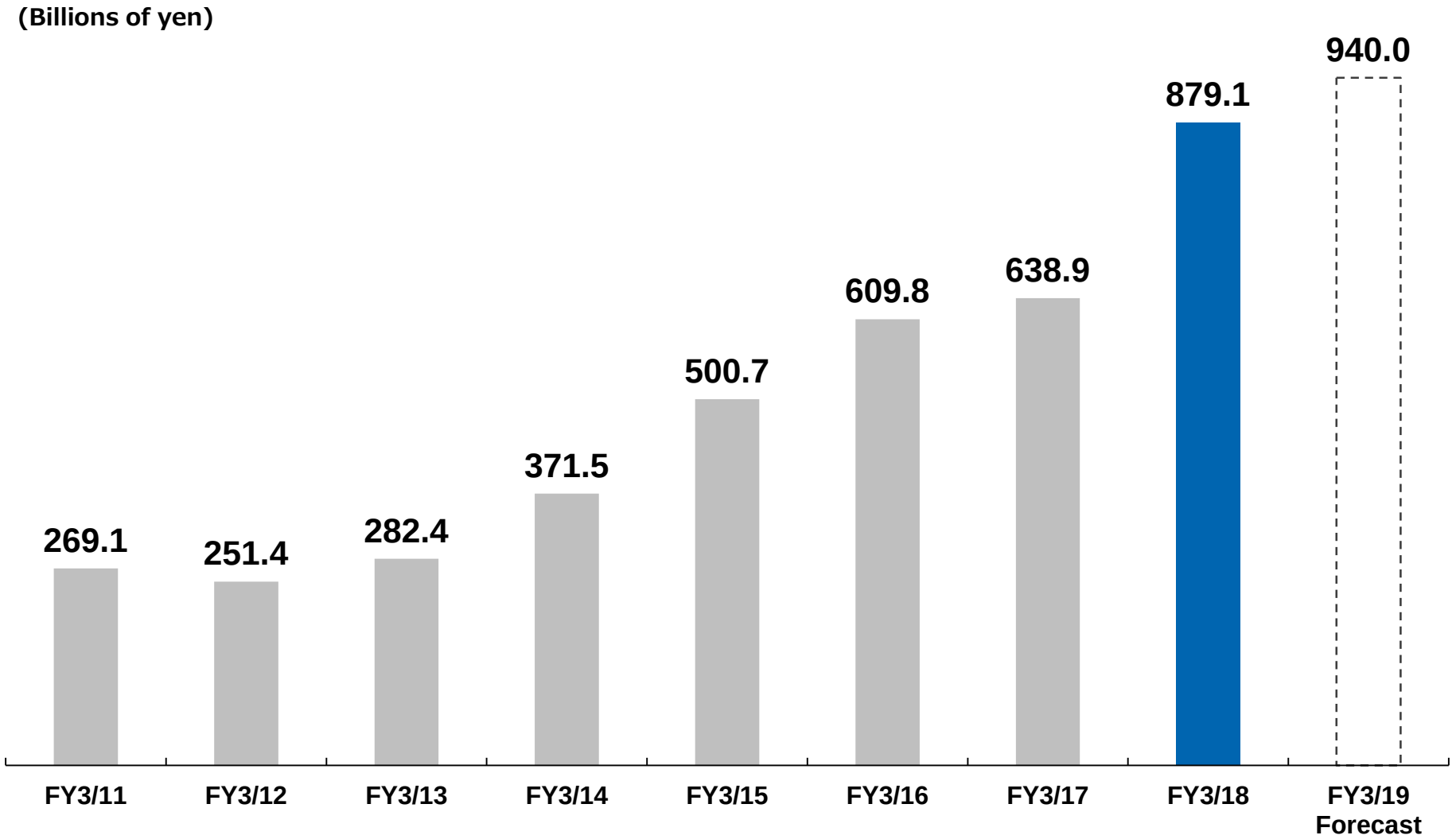
Net sales hit 4Q record highs

(Millions of yen)	FY3/17	FY3/18		Change	
	4Q	3Q	4Q	YoY	QoQ
Net sales	196,418	225,900	224,211	+14.1%	-0.7%
Operating income	14,300	22,437	14,773	+3.3%	-34.2%
Ordinary income	13,621	22,353	13,522	-0.7%	-39.5%
Income attributable to owners of the parent	16,233	17,278	7,827	-51.8%	-54.7%
Net income per share (yen)	39.65	41.22	18.67	-52.9%	-54.7%

Foreign Exchange Rates	FY3/17 4Q	FY3/18 3Q	FY3/18 4Q
US$	¥114.29	¥112.65	¥109.72
Euro	¥121.14	¥132.47	¥133.77
Thai Baht	¥3.24	¥3.41	¥3.45
Chinese RMB	¥16.54	¥16.95	¥17.16

Net Sales

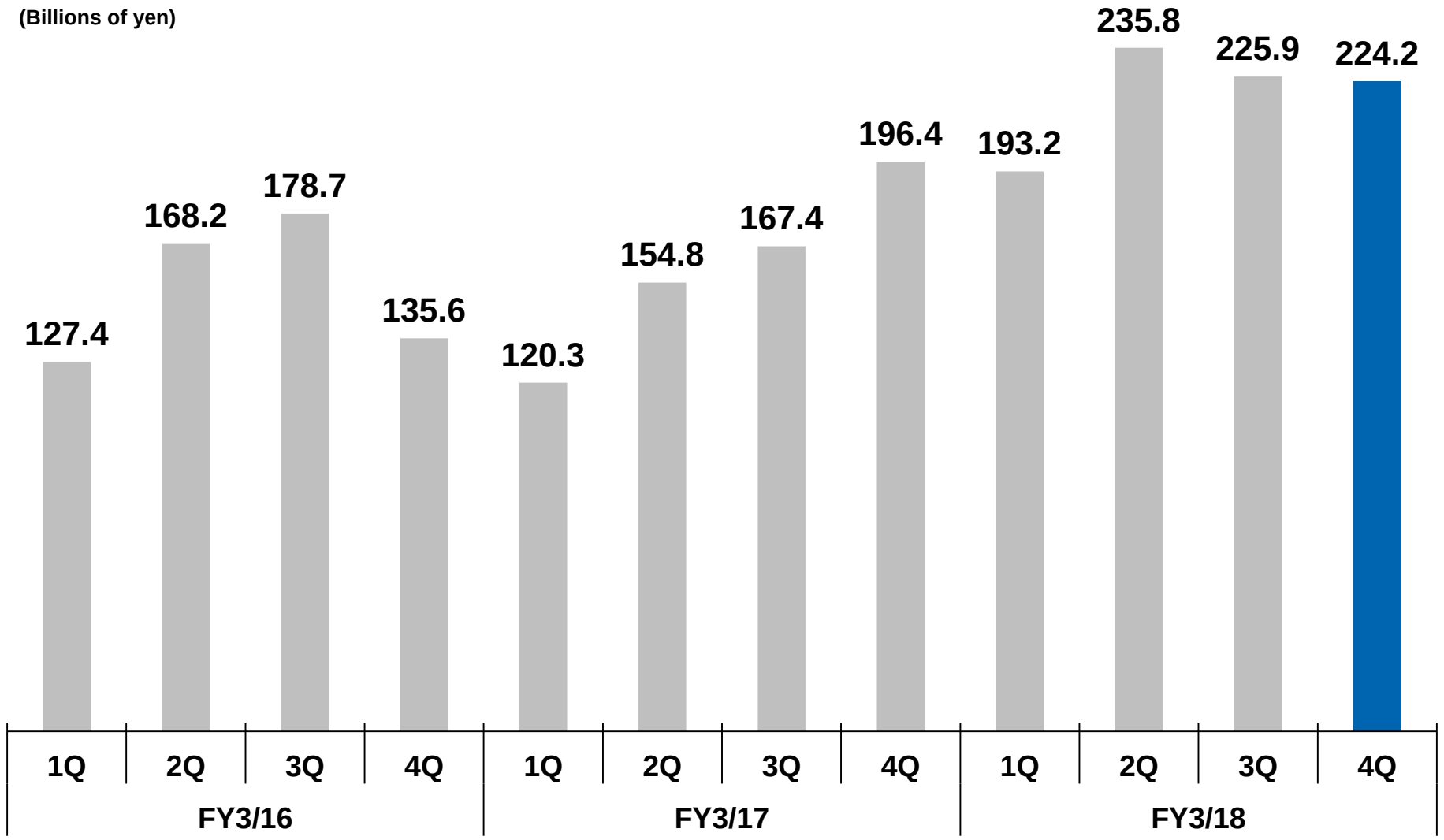
Yearly



*JGAAP until FY3/18, IFRS for FY3/19

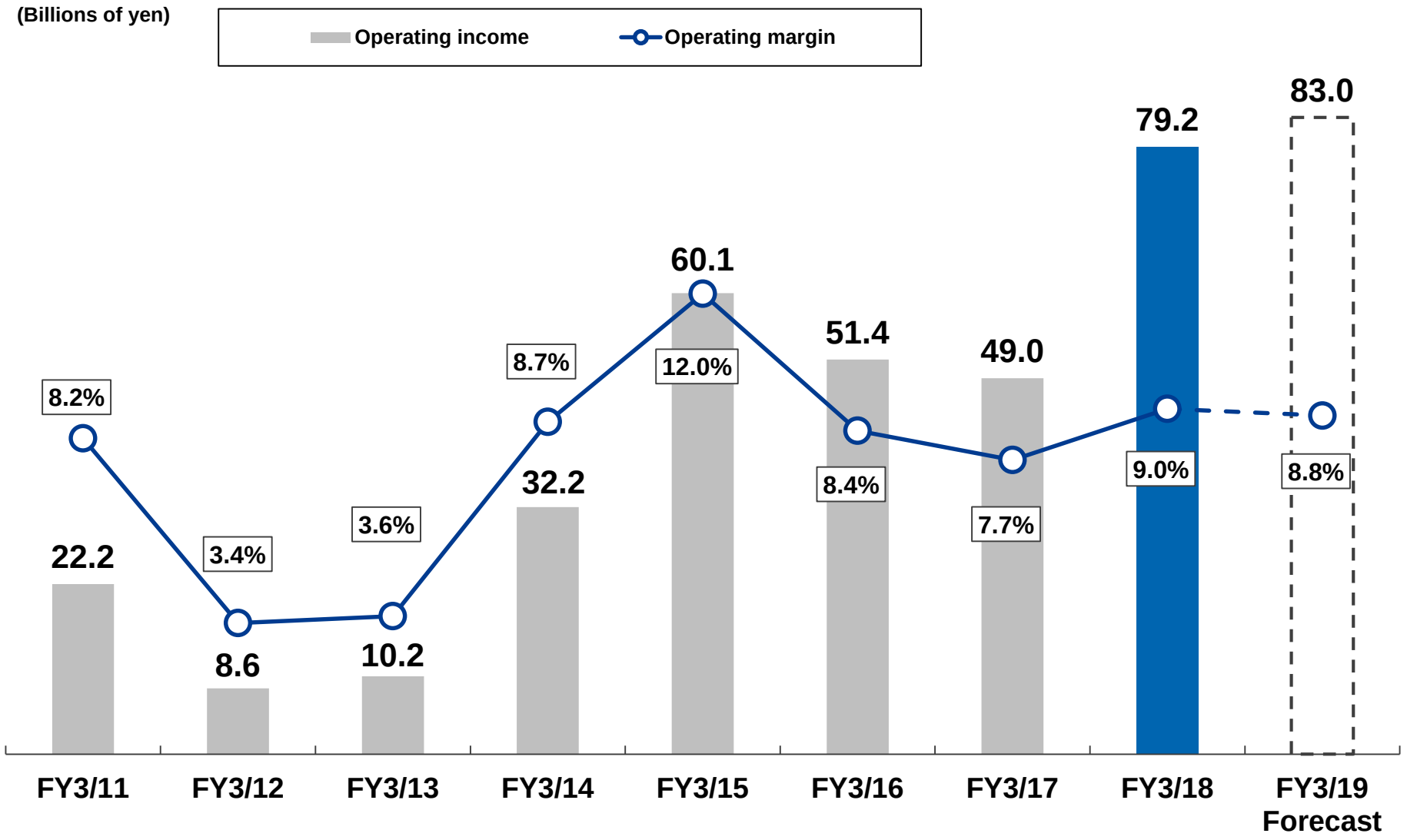
Net Sales

Quarterly



Operating Income

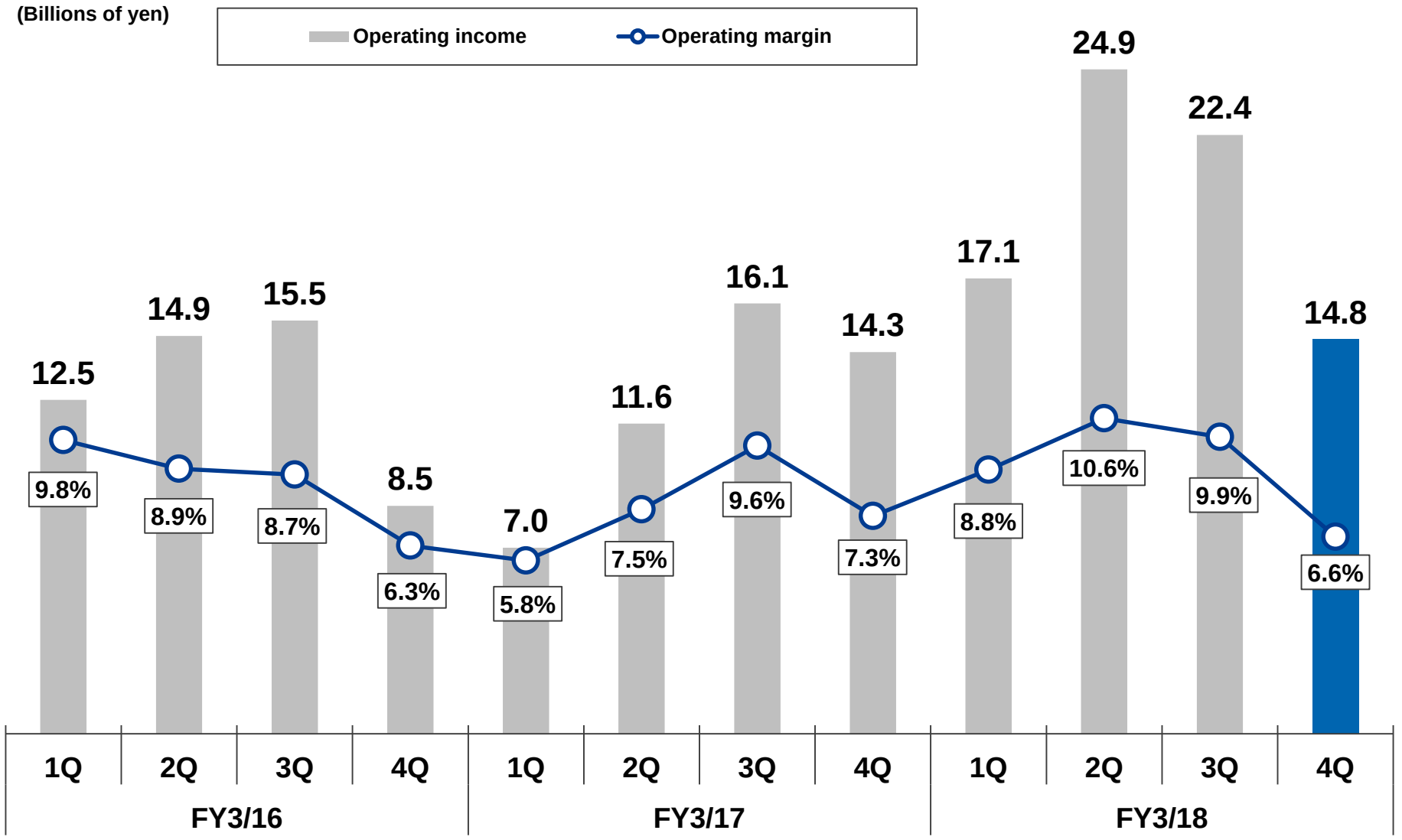
Yearly



*JGAAP until FY3/18, IFRS for FY3/19

Operating Income

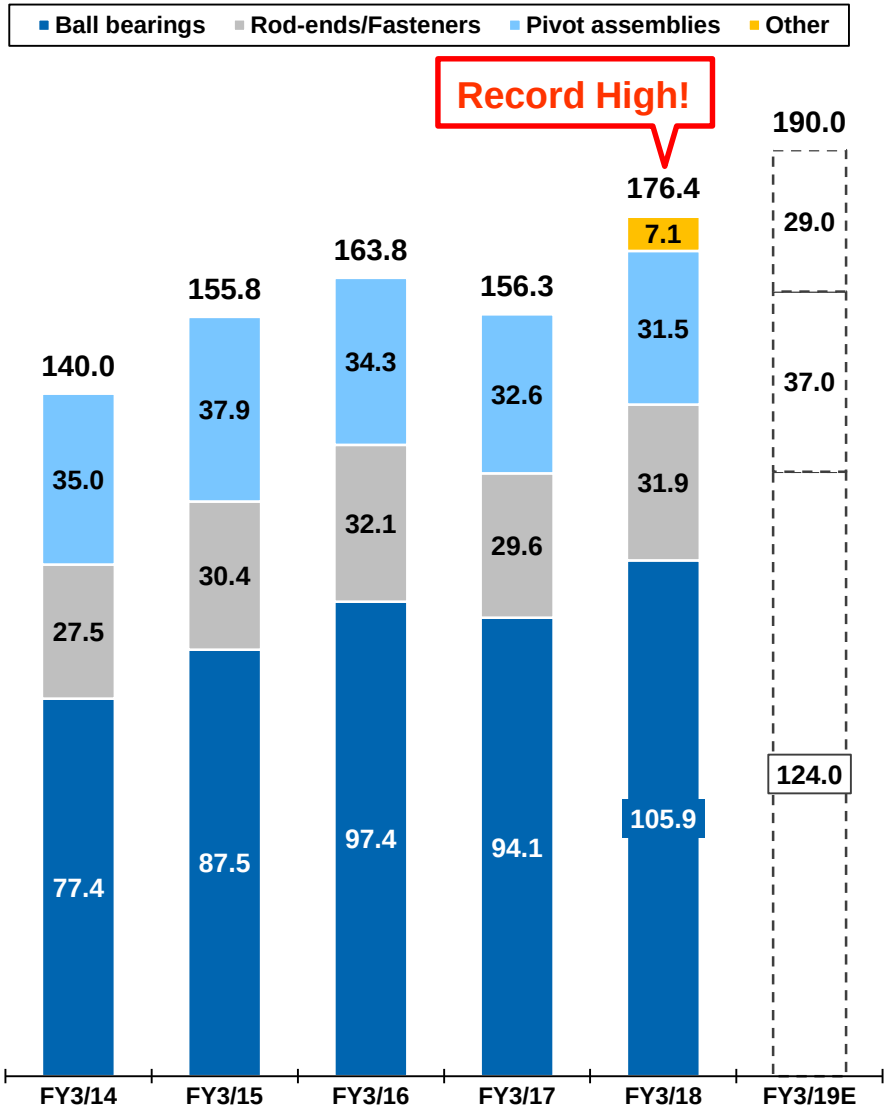
Quarterly



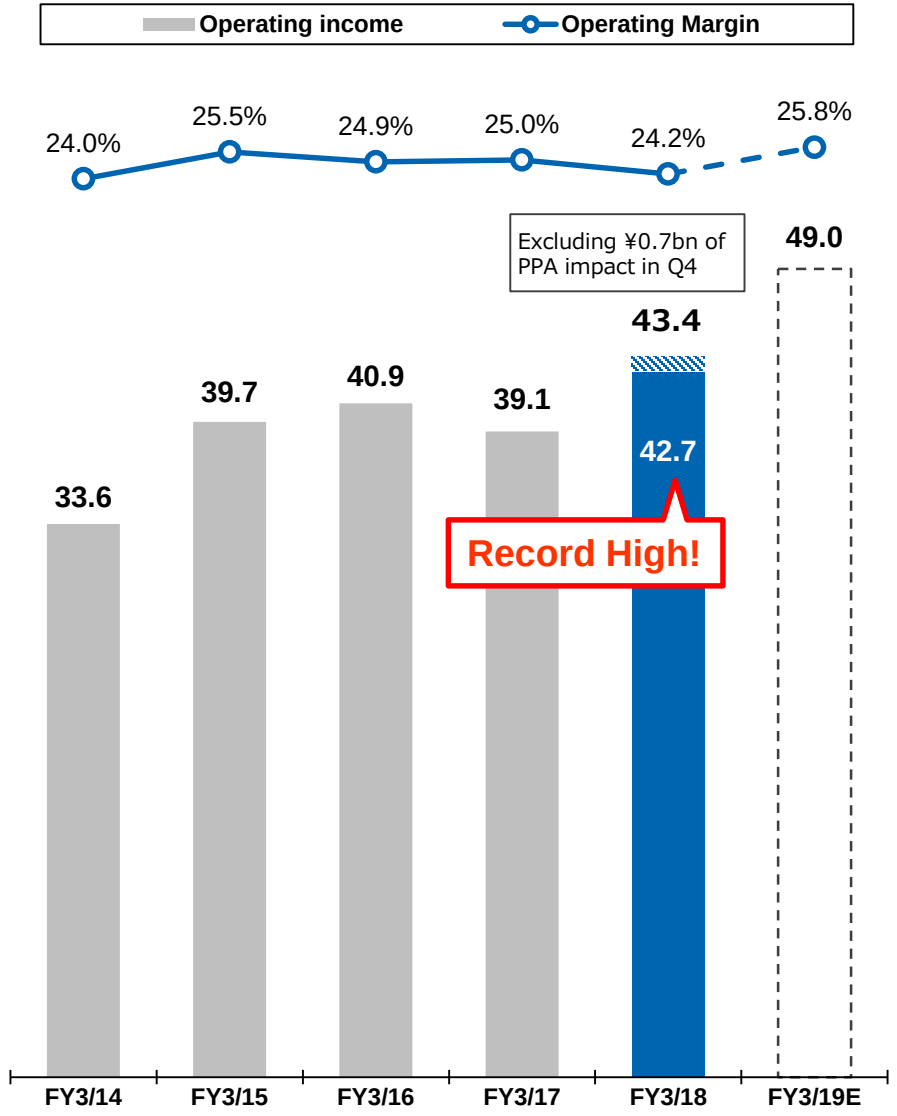
Machined Components

Yearly

Net sales (Billions of yen)



Operating income (Billions of yen)

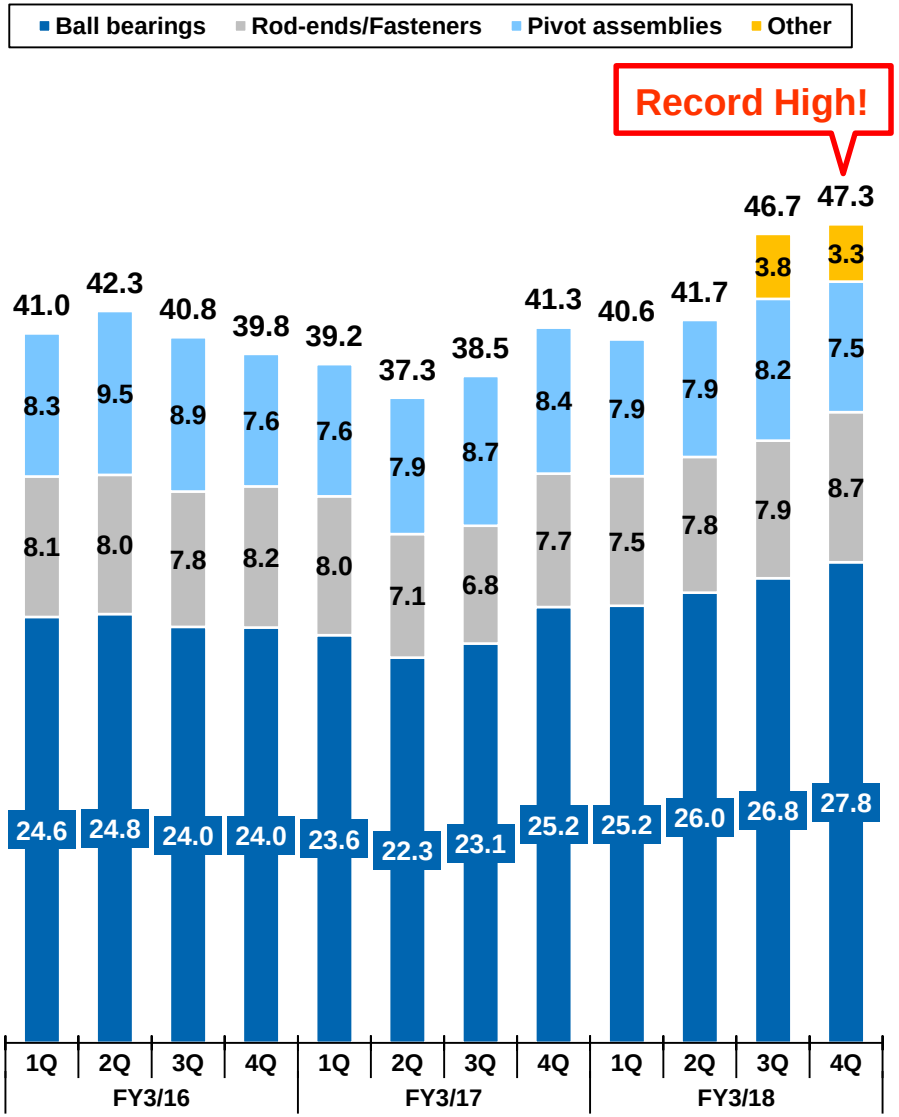


*JGAAP until FY3/18, IFRS for FY3/19

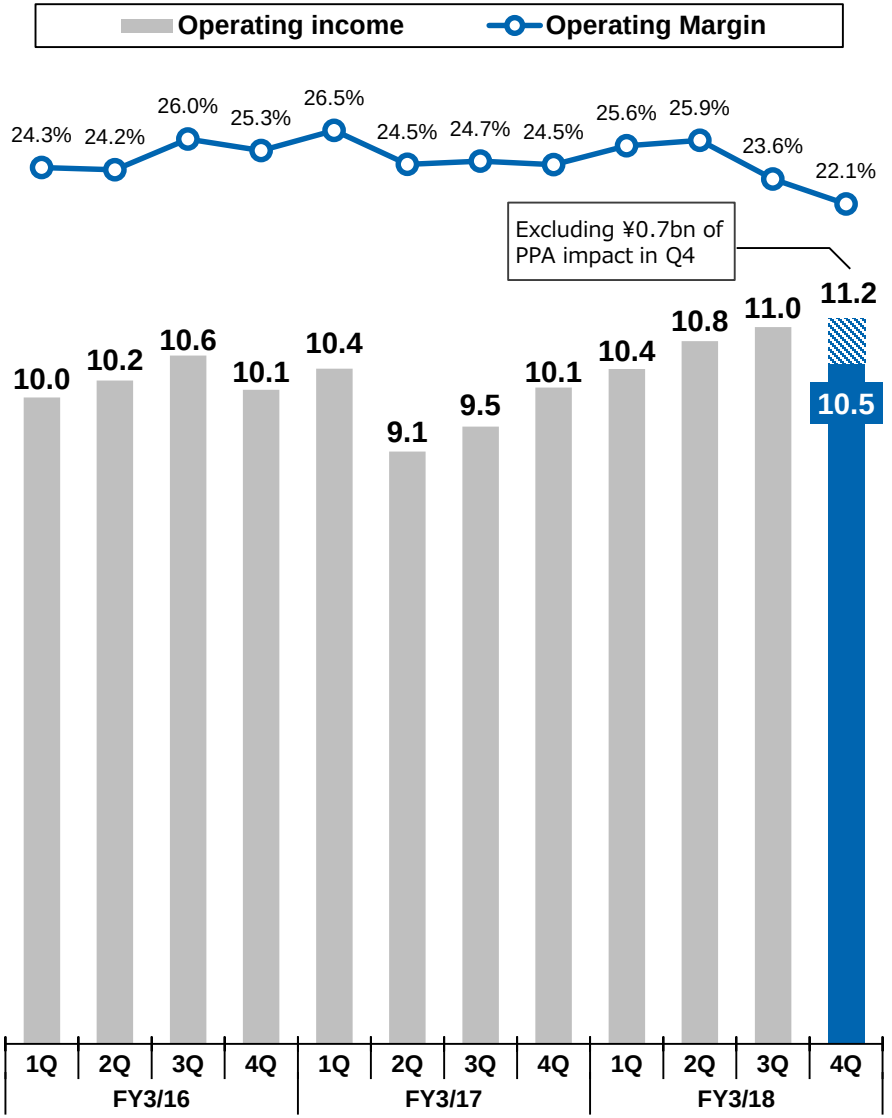
Machined Components

Quarterly

Net sales (Billions of yen)



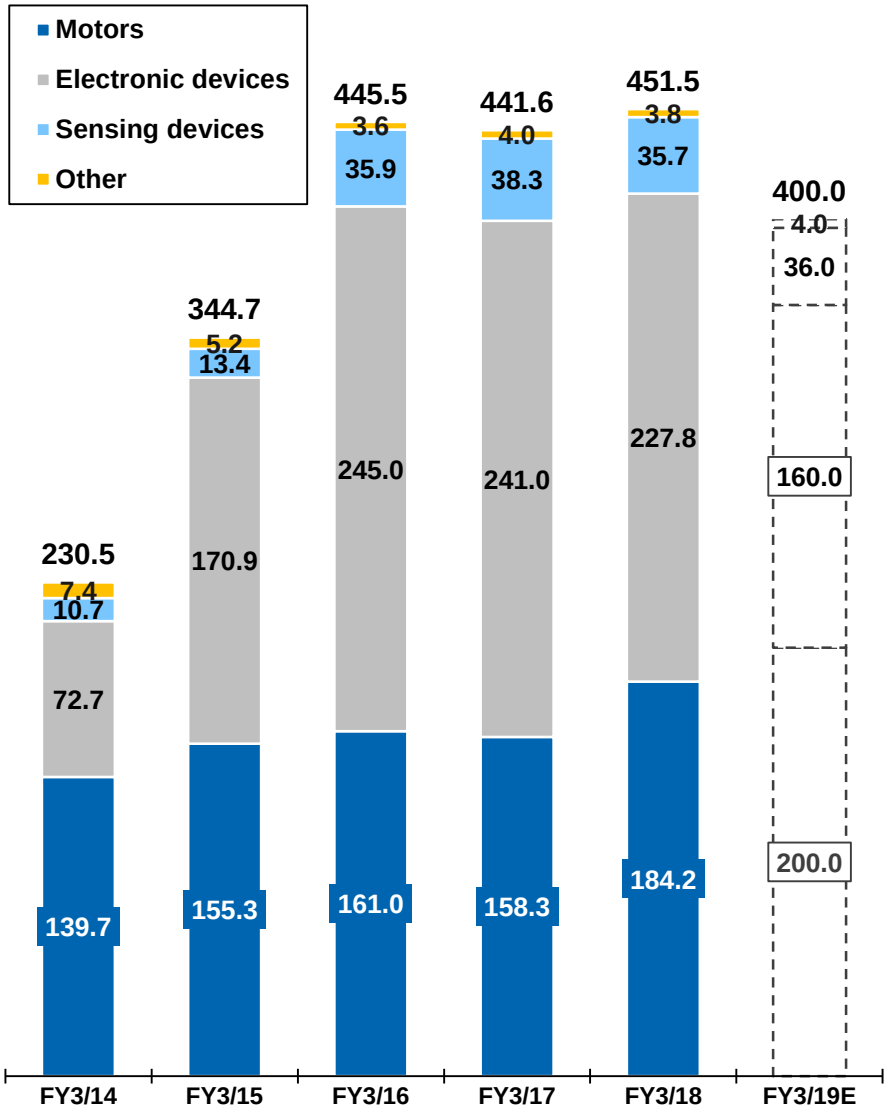
Operating income (Billions of yen)



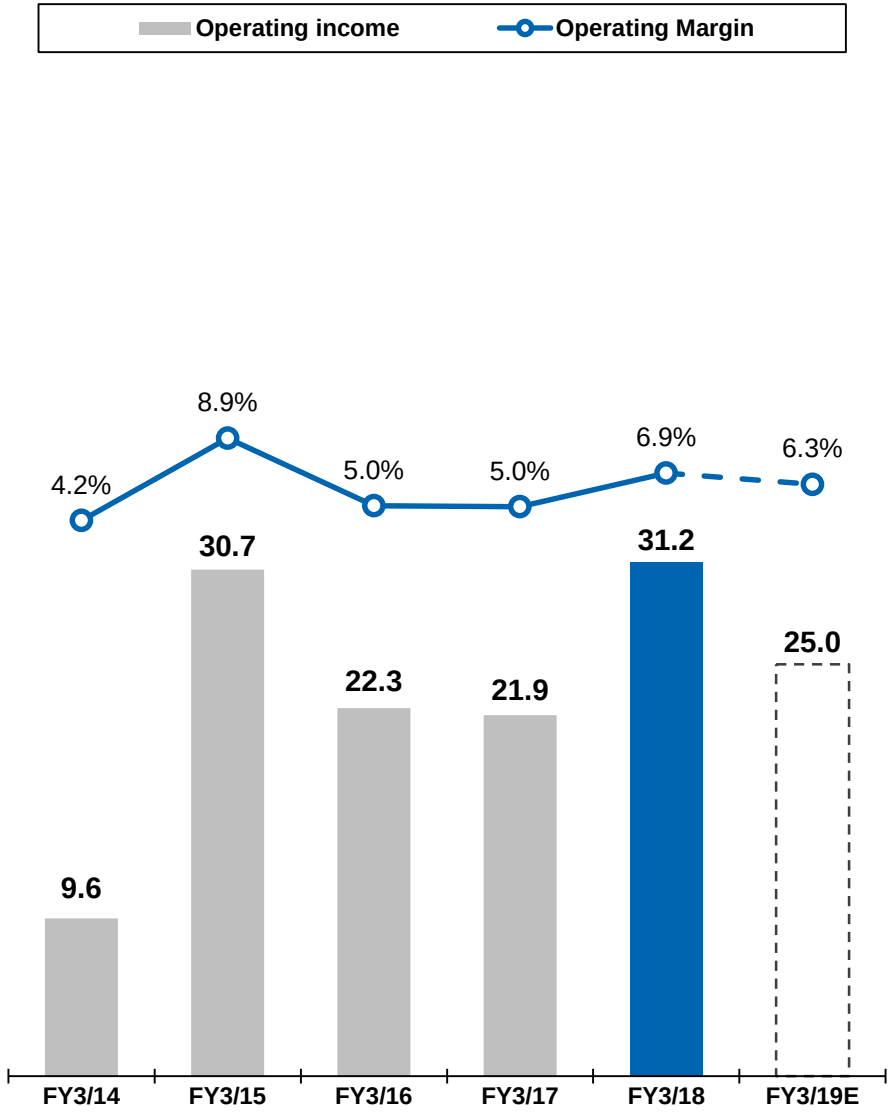
Electronic Devices & Components

Yearly

Net sales (Billions of yen)



Operating income (Billions of yen)

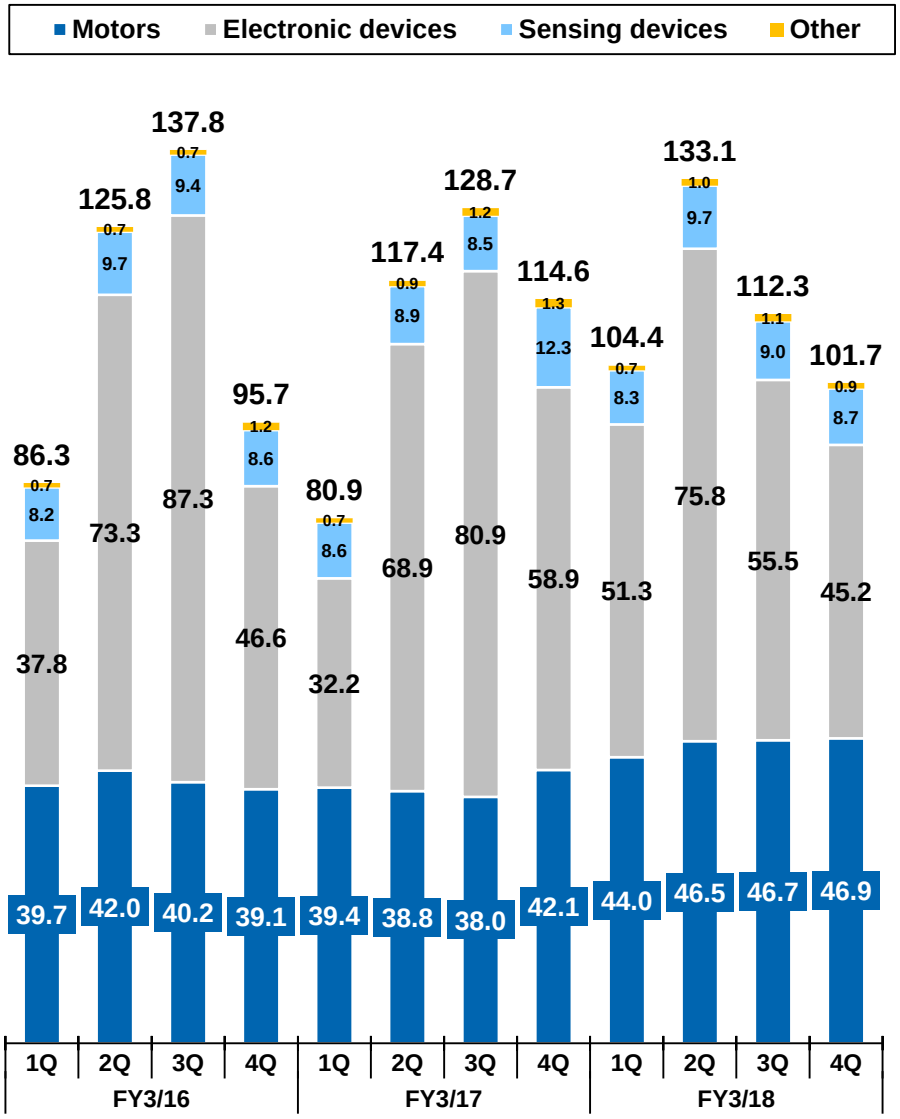


*JGAAP until FY3/18, IFRS for FY3/19

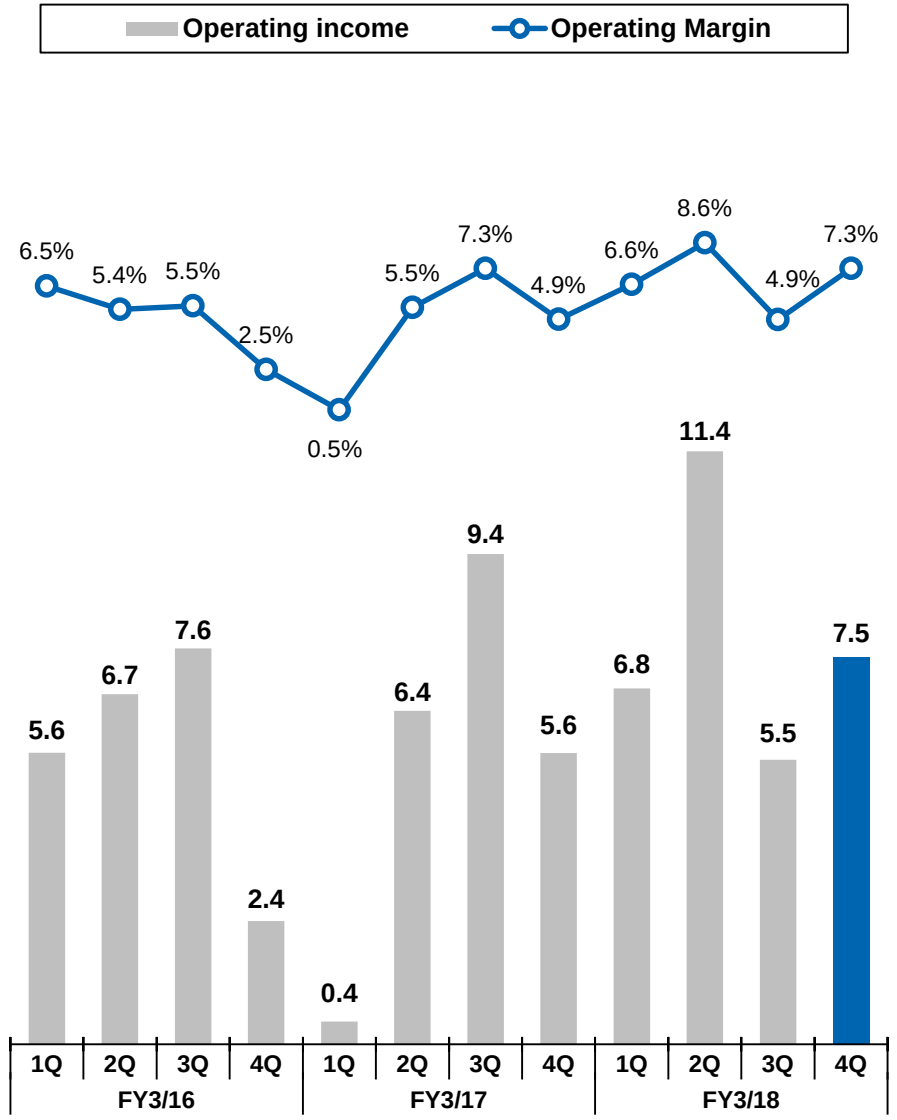
Electronic Devices & Components

Quarterly

Net sales (Billions of yen)



Operating income (Billions of yen)

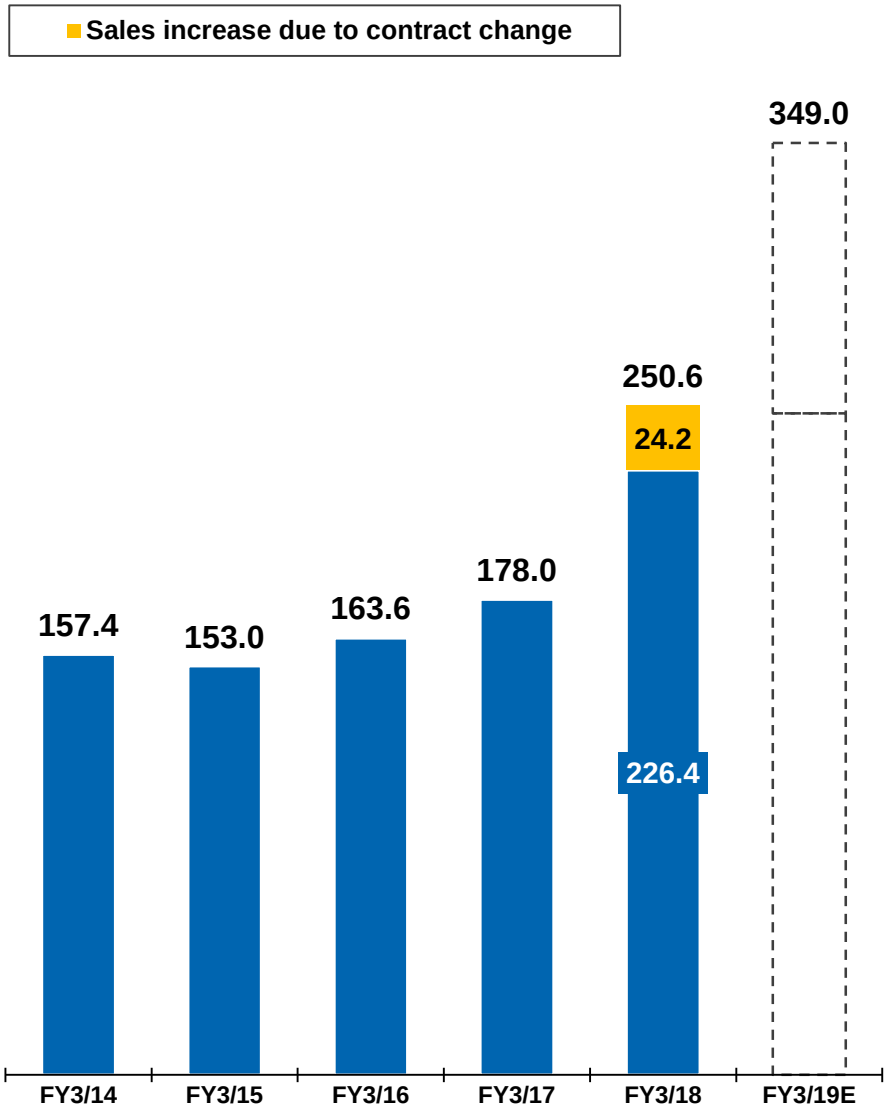


Mitsumi Business

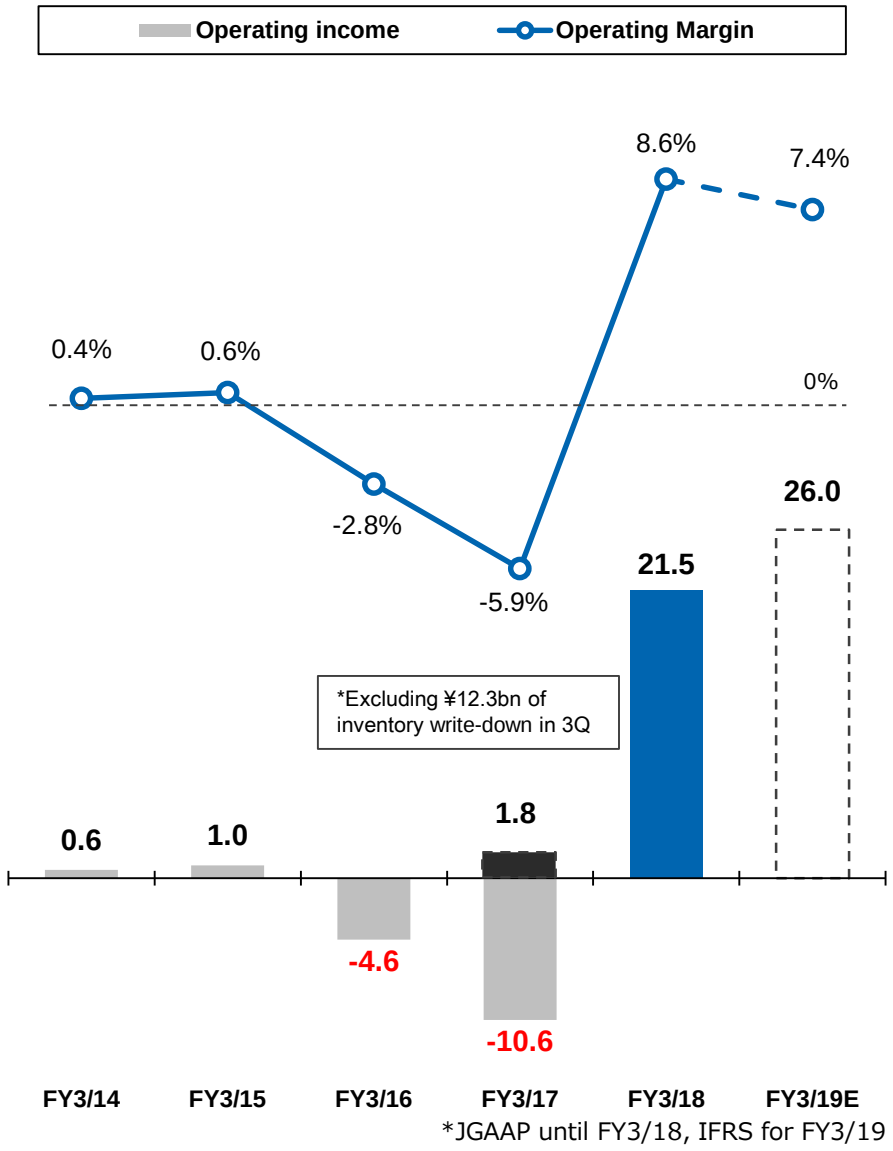
Both net sales and operating income in and before 3Q FY3/17 are pre-merger results. 4Q FY3/17 results are based on managerial accounting for the three months.

Yearly

Net sales (Billions of yen)



Operating income (Billions of yen)



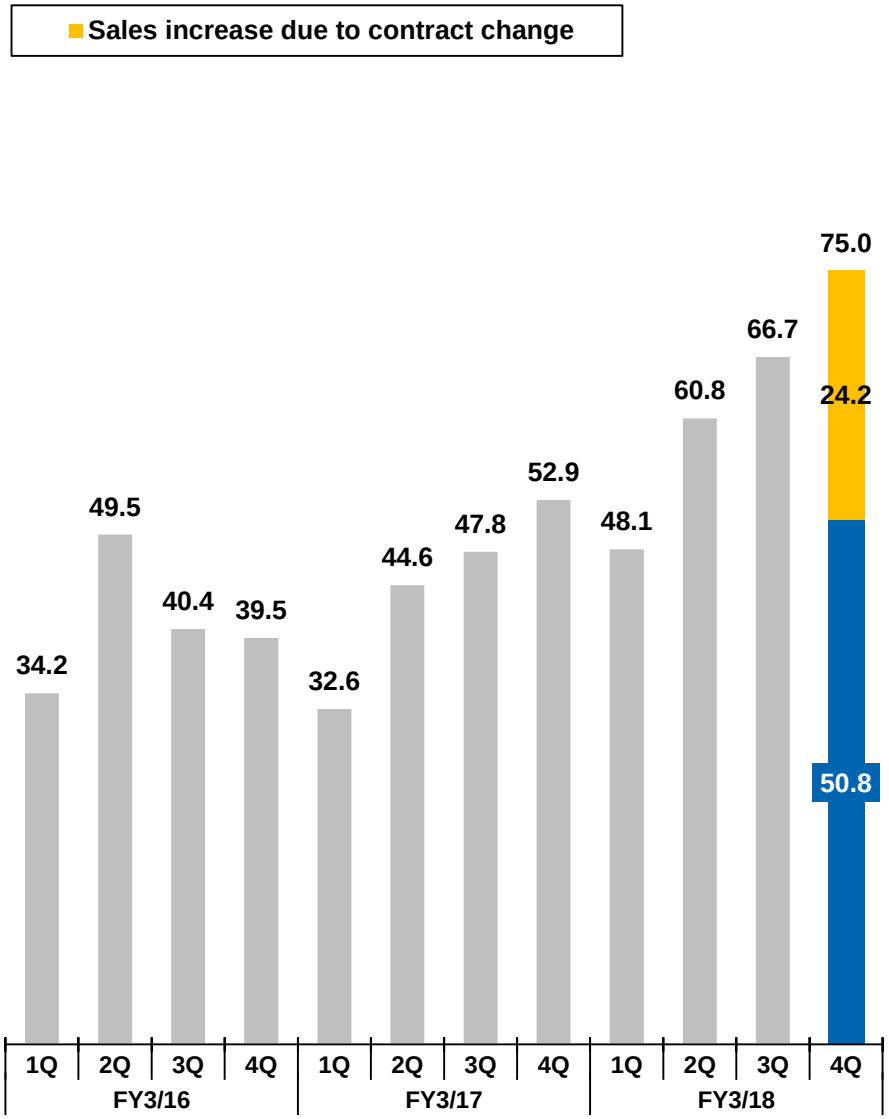
*JGAAP until FY3/18, IFRS for FY3/19

Mitsumi Business

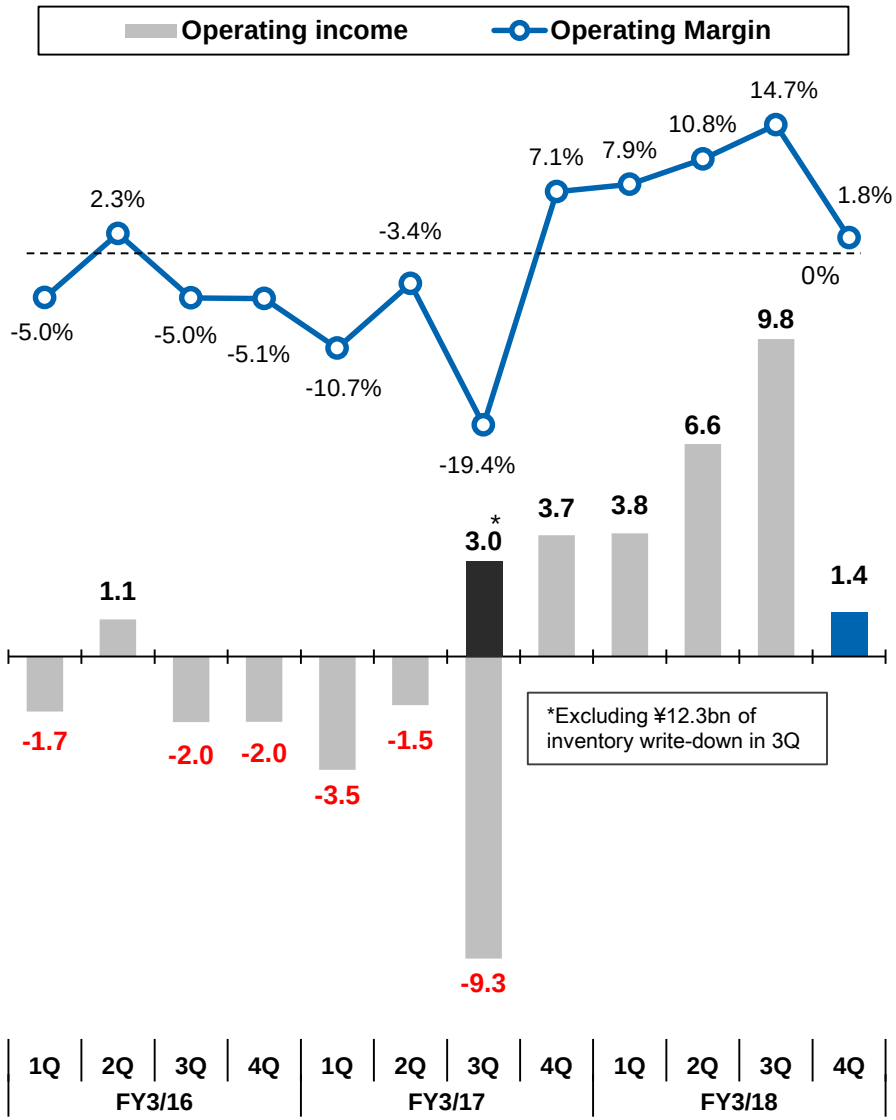
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Quarterly

Net sales (Billions of yen)



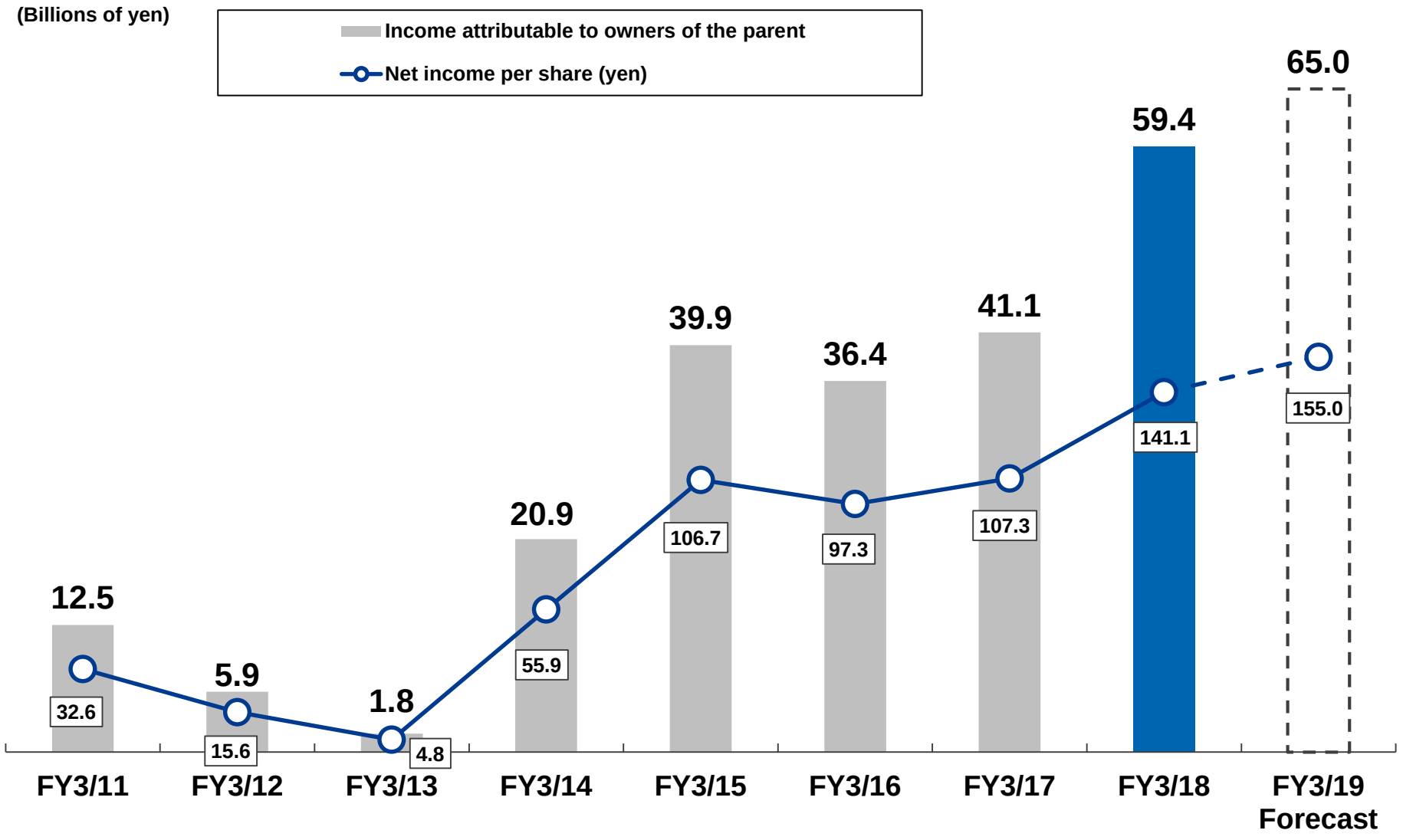
Operating income (Billions of yen)



Net Income

Yearly

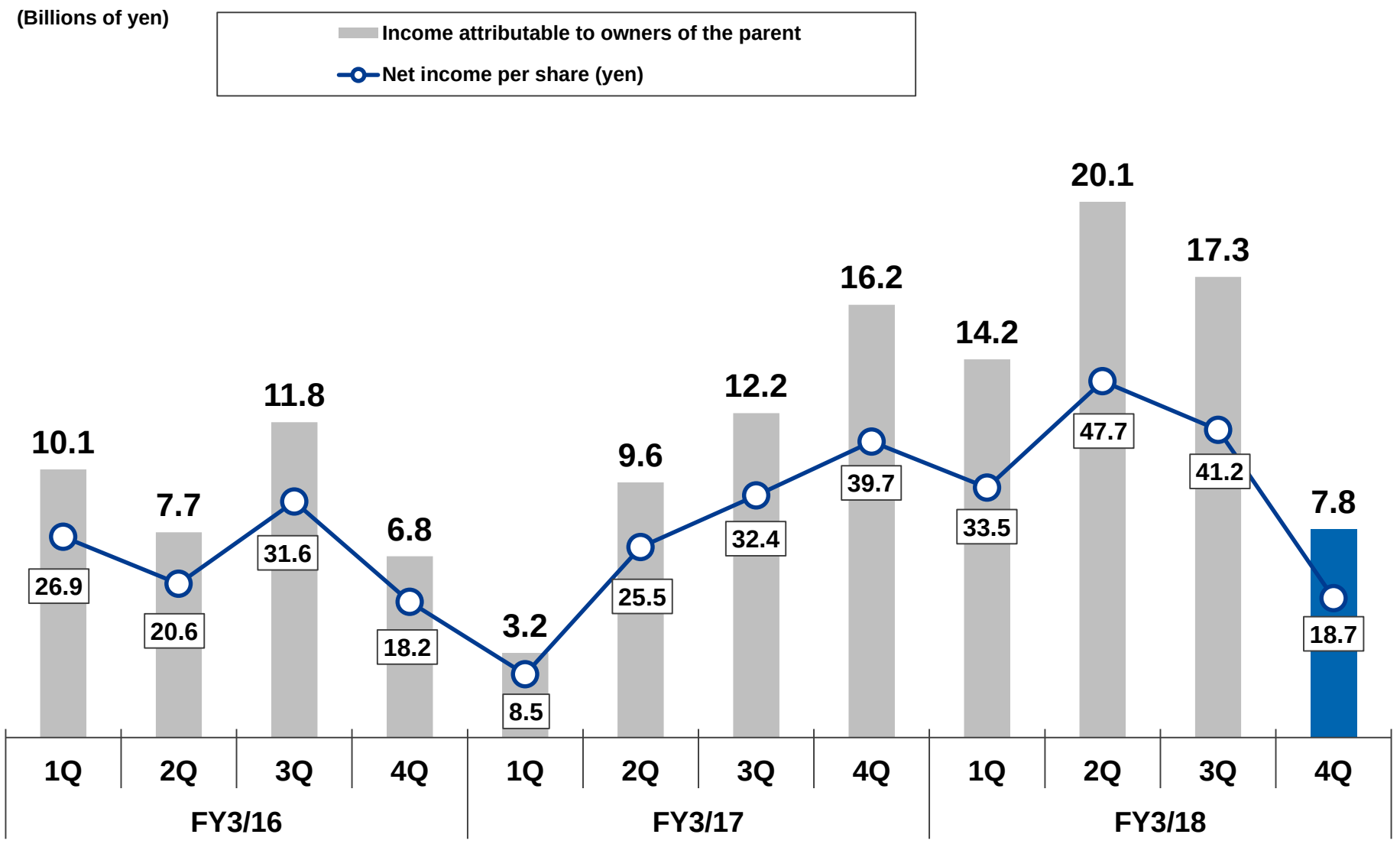
Net income hit record high



*JGAAP until FY3/18, IFRS for FY3/19

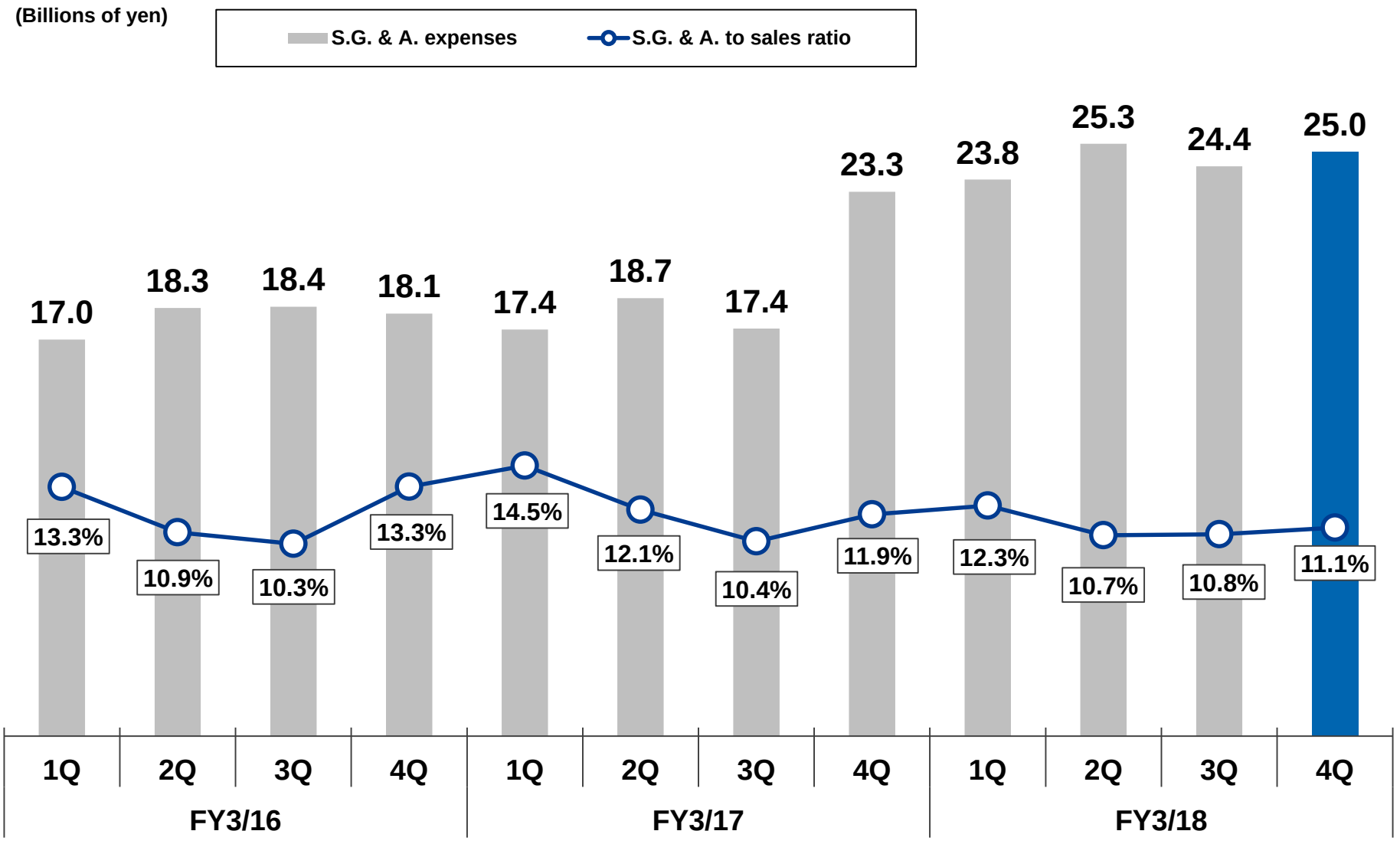
Net Income

Quarterly



S.G. & A. Expenses

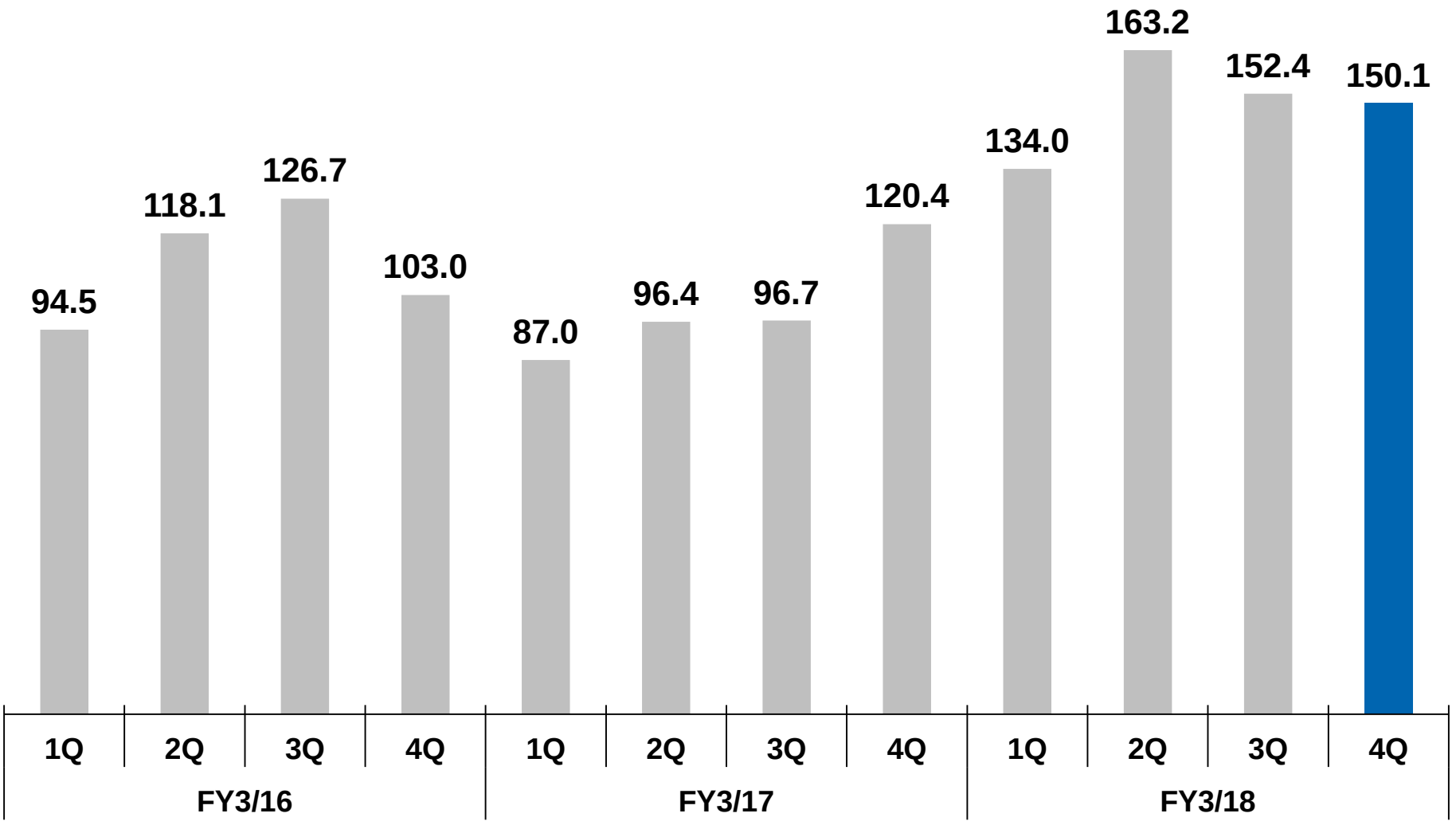
Quarterly



Inventories

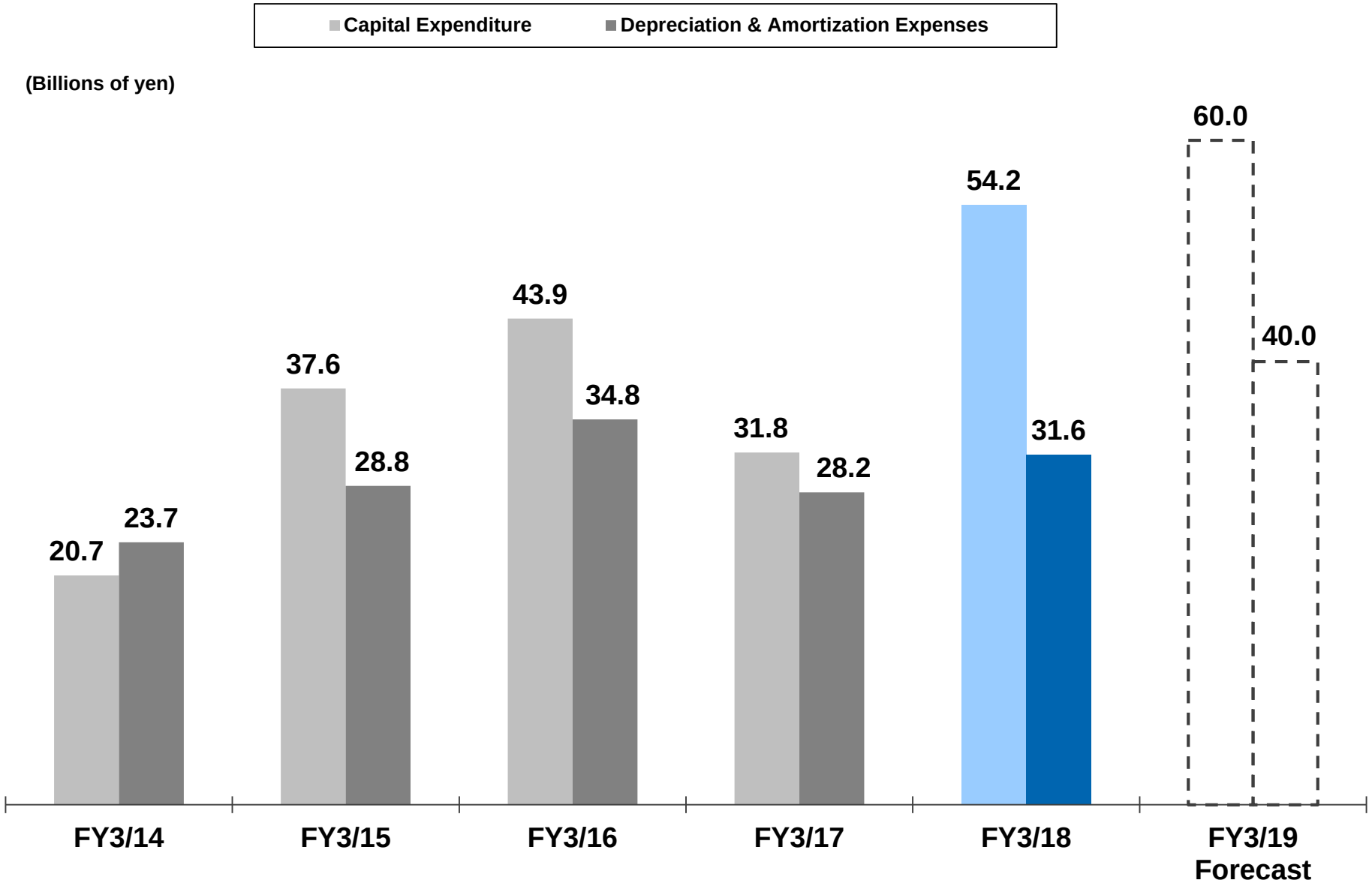
Quarterly

(Billions of yen)



Capital Expenditure & Depreciation

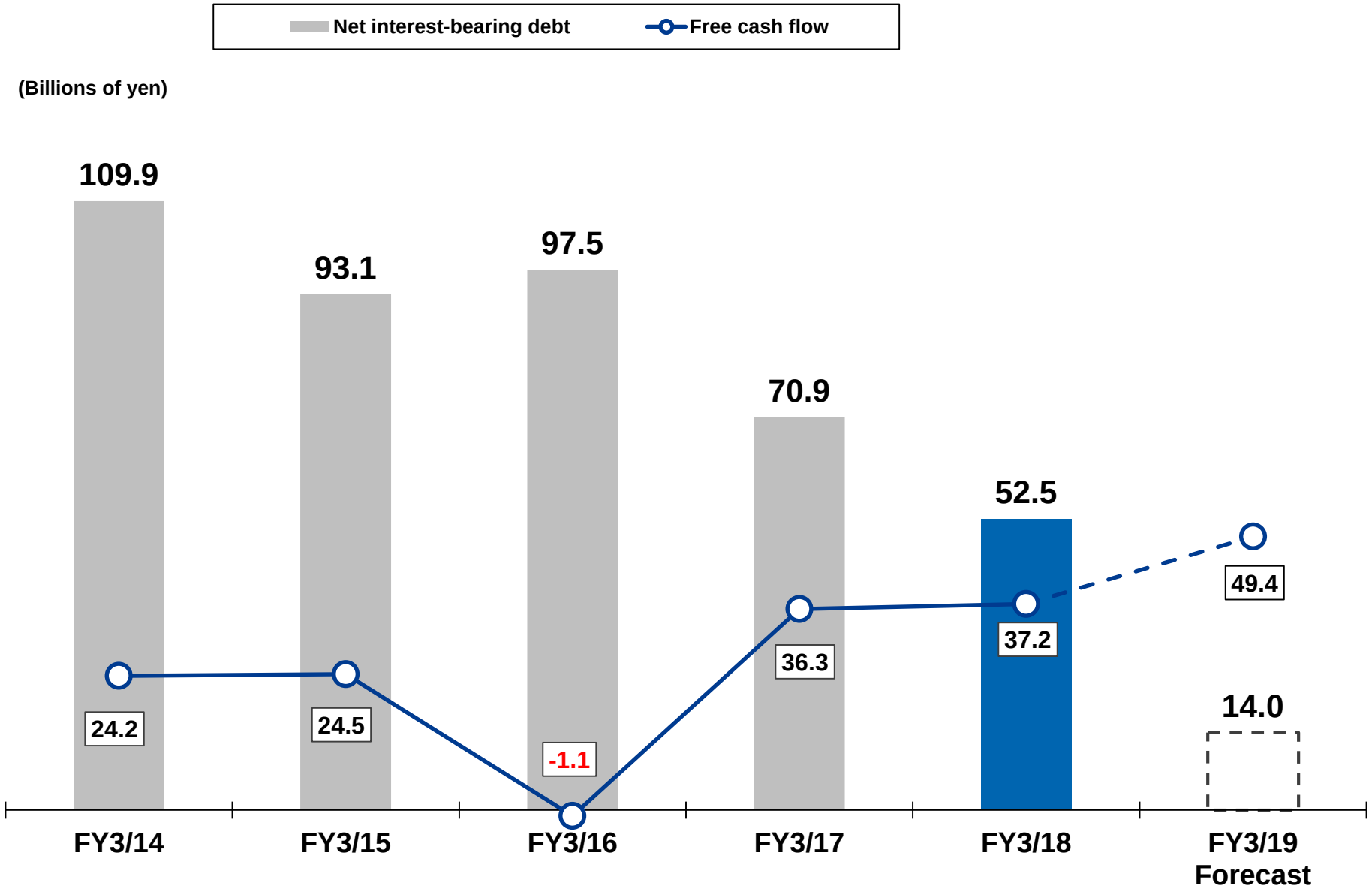
Yearly



*JGAAP until FY3/18, IFRS for FY3/19

Net Interest-Bearing Debt/Free Cash Flow

Yearly



*JGAAP until FY3/18, IFRS for FY3/19

Forecast for Fiscal Year Ending March 31, 2019

Expecting net sales, operating income & net income hit record highs

(Millions of yen)	FY3/18	FY3/19			
	Full Year	1st Half	2nd Half	Full Year	YoY
Net sales	879,139	453,800	486,200	940,000	+6.9%
Operating income	79,162	31,500	51,500	83,000	+4.8%
Ordinary income	78,038				
Income attributable to owners of the parent	59,382	24,500	40,500	65,000	+9.5%
Net income per share (yen)	141.14	58.42	96.58	155.00	+9.8%

Foreign Exchange Rates	FY3/18 Full Year	FY3/19 Full Year Assumptions
US$	¥111.19	¥105.00
Euro	¥129.36	¥130.00
Thai Baht	¥3.35	¥3.39
Chinese RMB	¥16.70	¥16.90

*JGAAP until FY3/18, IFRS for FY3/19

Forecast for Business Segment

(Millions of yen)	FY3/18 Full Year	FY3/19 1st Half	FY3/19 2nd Half	FY3/19 Full Year	FY3/19 YoY
Net sales	879,139	453,800	486,200	940,000	+6.9%
Machined components	176,391	94,500	95,500	190,000	+7.7%
Electronic devices and components	451,460	174,400	225,600	400,000	-11.4%
Mitsumi business	250,592	184,400	164,600	349,000	+39.3%
Other	695	500	500	1,000	+43.9%
Operating income	79,162	31,500	51,500	83,000	+4.8%
Machined components	42,727	23,600	25,400	49,000	+14.7%
Electronic devices and components	31,189	5,300	19,700	25,000	-19.8%
Mitsumi business	21,512	11,100	14,900	26,000	+20.9%
Other	-125	-300	-200	-500	X4.0
Adjustment	-16,140	-8,200	-8,300	-16,500	+2.2%

*JGAAP until FY3/18, IFRS for FY3/19

Shareholders Return

	FY3/17 Actual		FY3/18 Actual	
Interim dividend	7	yen/share	13	yen/share
Year-end dividend	7	yen/share	13	yen/share
Total	14	yen/share	26	yen/share

Total return ratio*, including share buyback, reached about 33%**

* Total return ratio = (total dividend + share buyback) / net income

* * Accumulated share buyback: 4,658,200 shares, 8,351,607,184 yen

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Management Policy & Business Strategy

May 8, 2018

Yoshihisa Kainuma

Representative Director, CEO & COO



Summary of Fiscal Year ended 3/18

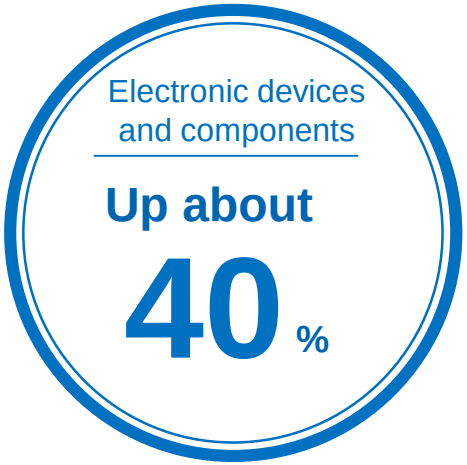
MinebeaMitsumi
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Sharp rise in operating income across all segments

Net sales, operating income, ordinary income & net income smashed previous record highs

(Record high level in ex-Minebea businesses, too)







Net income per share also up about 30%!

Irregular factors in Q4

1. PPA (C&A, Mach Aero)
2. Production cutbacks in the smartphone market
3. Inventory adjustments in the game market

Summary of Fiscal Year ending 3/19

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Kept the initial forecast conservative as usual

Key points from this fiscal year

- **Machined components profits** continue **growing** (ball bearings, rod-ends)
- **Kept smartphone volume and LED backlight yield** estimates **conservative**
- Production capacity of game console sets to **+ 50% YoY**
- **Change in sales composition**

(Drop in LED backlight sales, due to cost for customer-provided parts, will be offset by sales increase due to contract change in OEM business)

- Exchange rate estimated at **1USD = ¥105**

(Millions of yen)	FY3/18 Full Year	FY3/19 Plan			
		1st Half	2nd Half	Full Year	YoY
Net sales	879,139	**453,800**	**486,200**	**940,000**	+6.9%
Operating income	79,162	**31,500**	**51,500**	**83,000**	+4.8%
Income attributable to owners of the parent	59,382	**24,500**	**40,500**	**65,000**	+9.5%
Net income per share (yen)	141.14	**58.42**	**96.58**	**155.00**	+9.8%

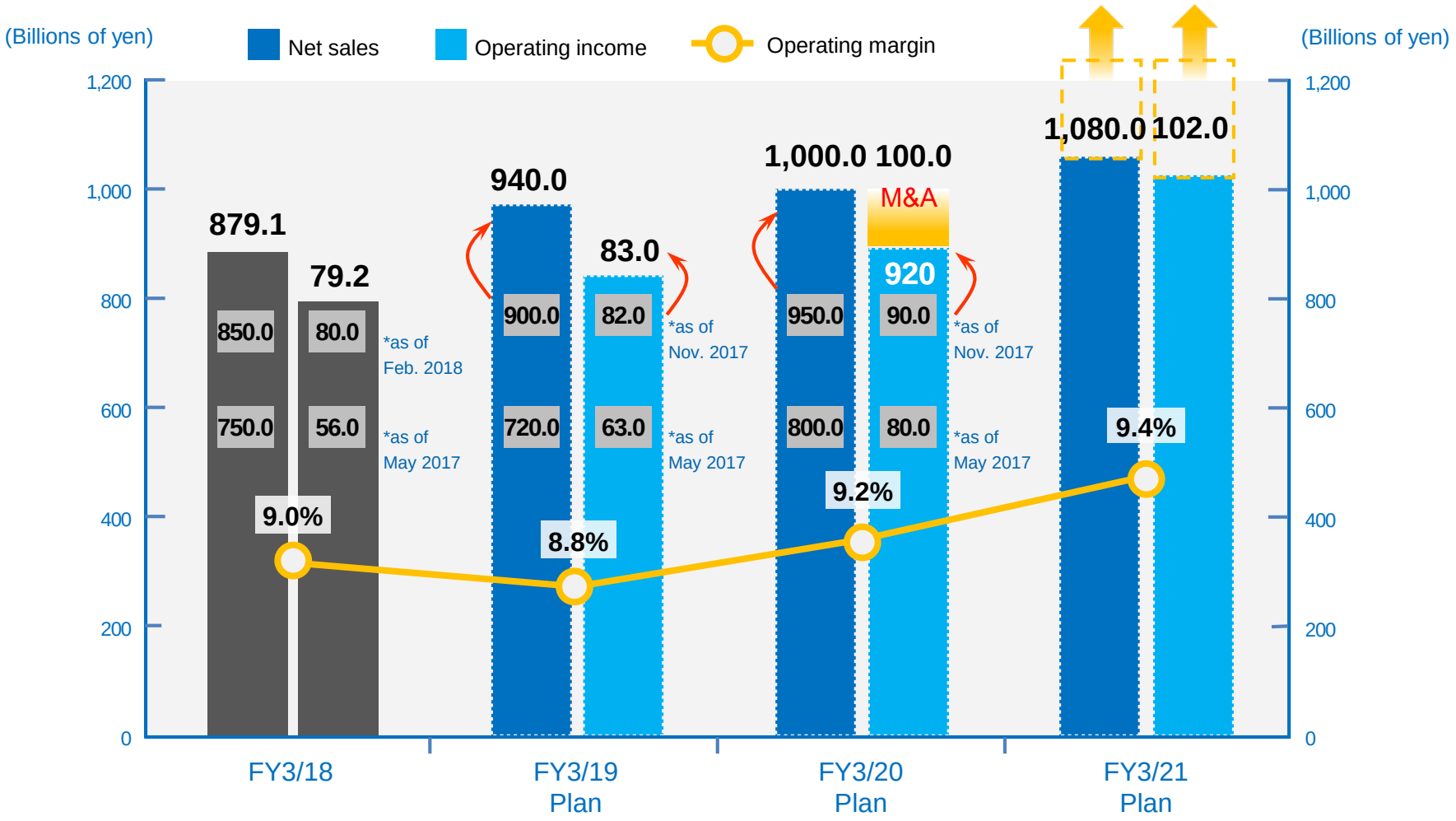
*JGAAP until FY3/18, IFRS for FY3/19

Mid-term Business Plan Targets

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Quickly achieve ¥1 trillion in sales and ¥100 billion in operating income

On top of organic growth, hunt for M&As



*JGAAP until FY3/18, IFRS for FY3/19

Machined Components Targets

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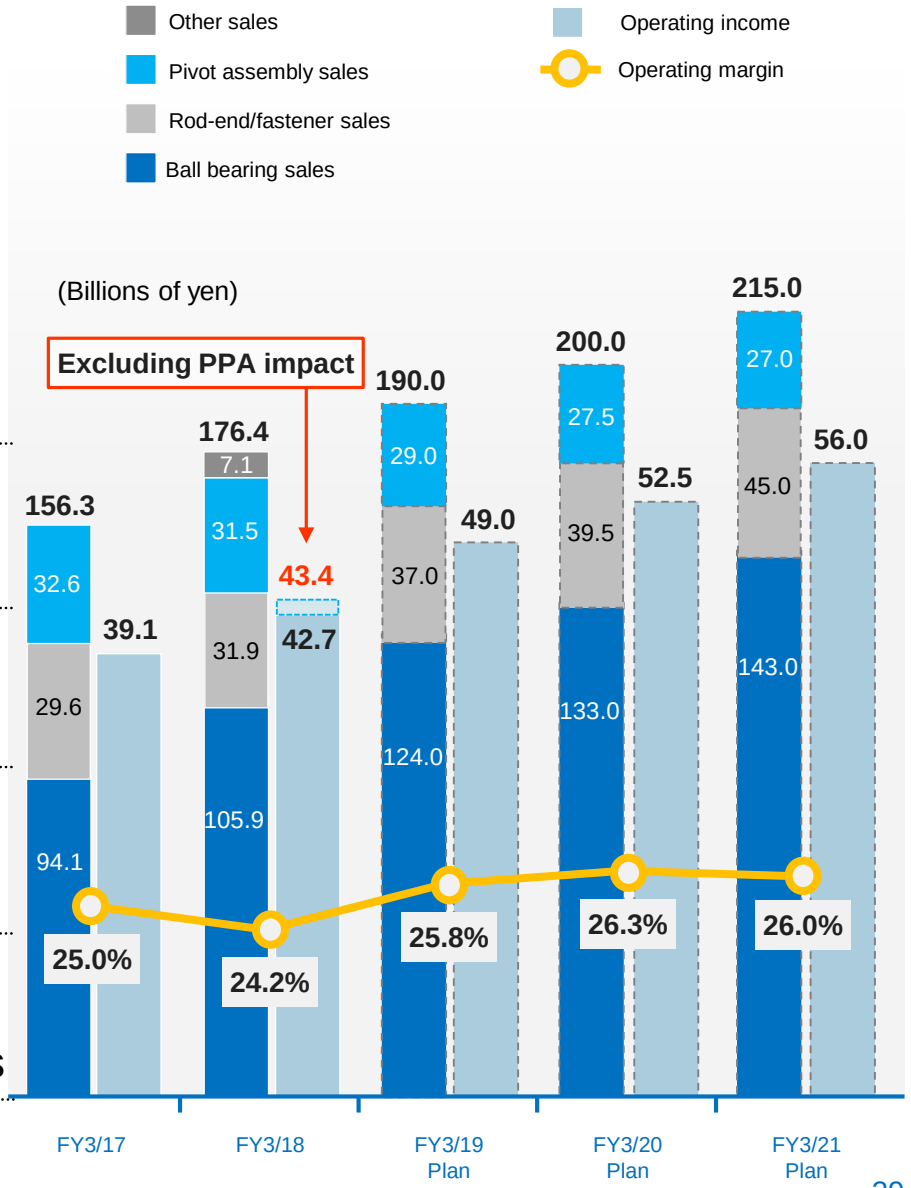
Super healthy growth for machined components

Profits were up 10% YoY last fiscal year

Maintain high growth rate this year and onward

Key Points

1. Ball bearing demand to keep growing
2. Pivot assembly decline to slow down
3. Better rod-end profits and M&A effects
4. Fasteners profitability to stabilize
5. Continue machined components-related M&As



*JGAAP until FY3/18, IFRS for FY3/19

Ball Bearing Business Strategy

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Miniature/small-sized bearings and medium- and large-sized bearings are

similar but totally different market structures!

Key words/phrases:

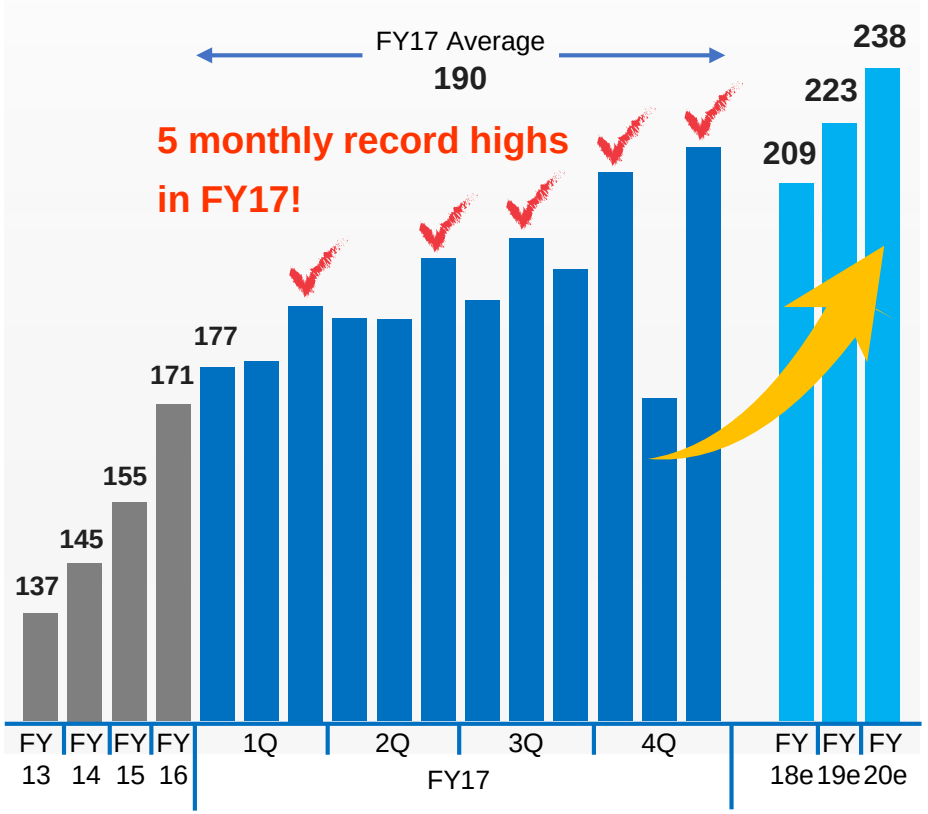
- **Automobiles**
- **Data centers**
- **Drones**
  (key safety components)
- **Industrial inverters**
  Robot controllers
  (ultra-high quality products)

Production capacity

This FY: 300 million units/month

Next FY: 315 million units/month

Ball Bearing External Shipment (millions/month)



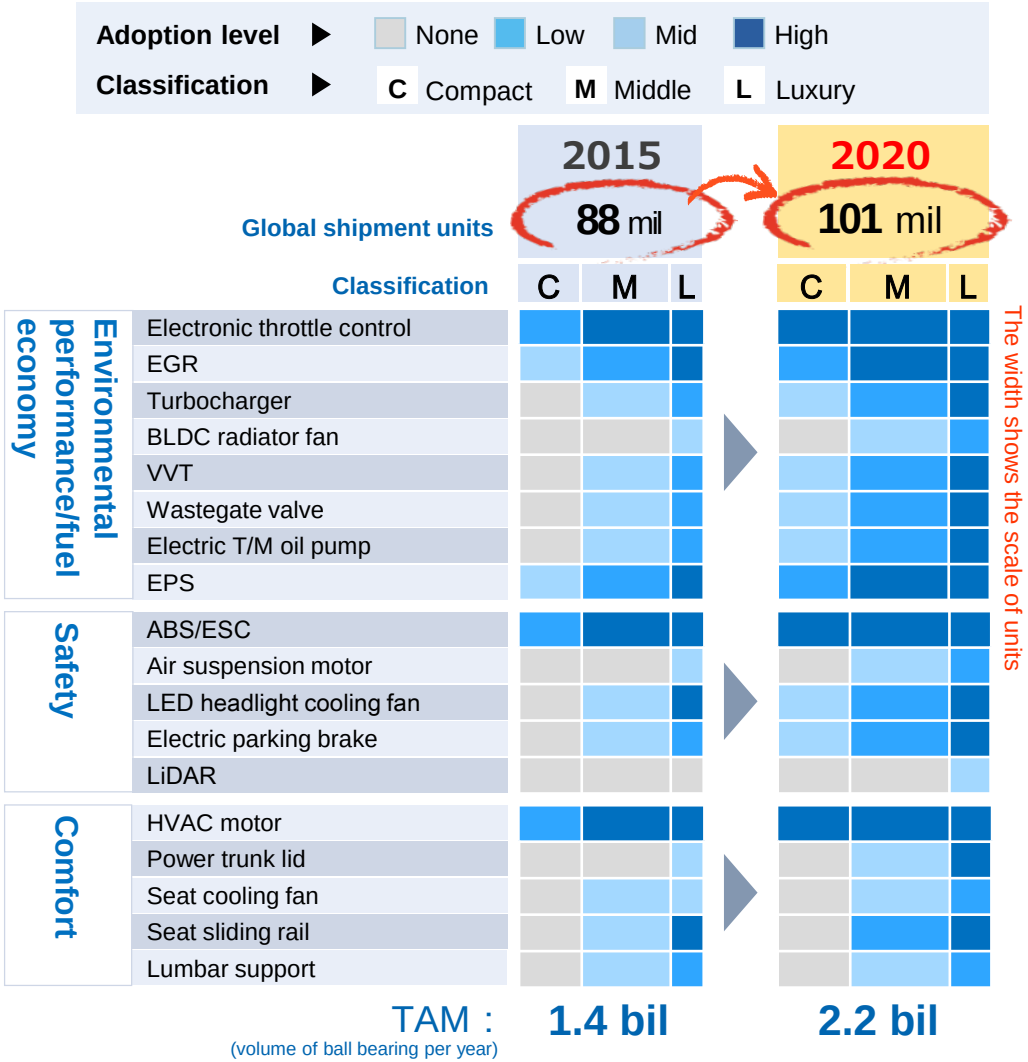
Prices are being revised for some products

Automobile Parts Adoption Rate and Global Automobile Shipment Forecasts

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1 Increase sales volumes via performance enhancement and adoption rate increase!

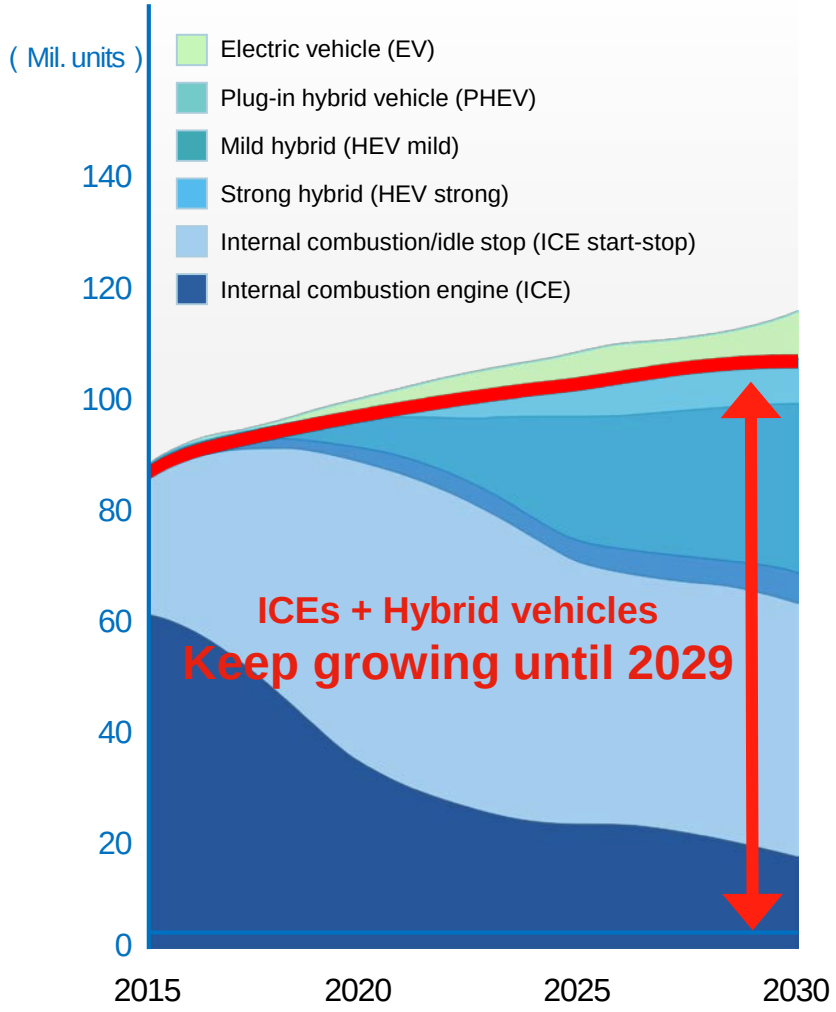
[By function] Automobile Parts Adoption Rate Forecast*



(*Only for functions employing miniature/small-sized bearings, MinebeaMitsumi forecast)

2 Increasing sales volumes via increasing number of automobile shipment!

[By powertrain] Global Automobile Shipment Forecast



(Sources: IHS Automotives, MinebeaMitsumi forecast)

Number of Bearings per Vehicle

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3 EVs to fuel sharp sales volume increase!

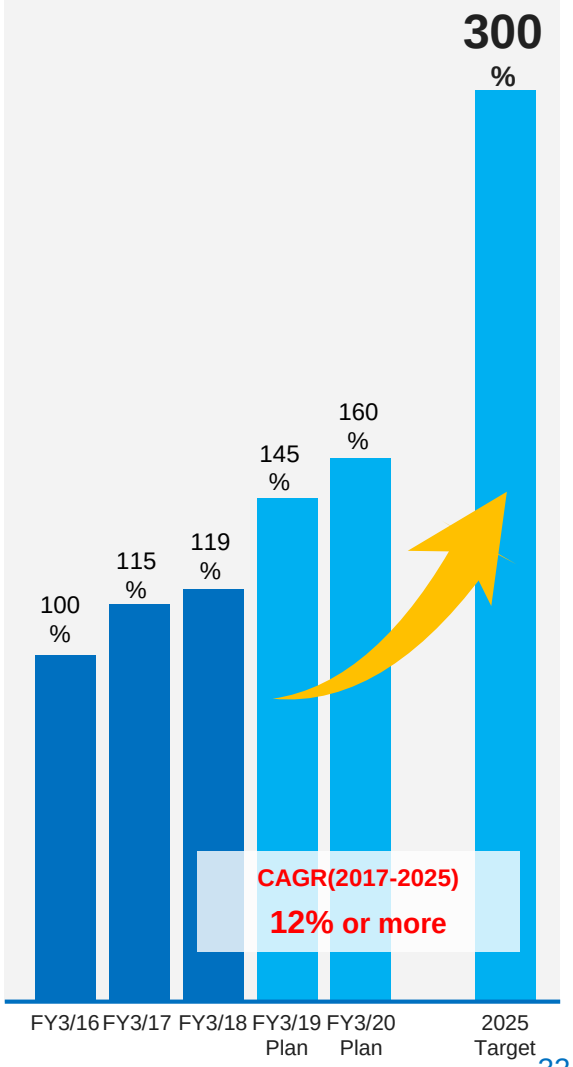
Number of miniature/small-sized bearings used per vehicle

■Functions specific to gasoline-powered cars
■Functions specific to HEVs/PHEVs/EVs

	Internal combustion engine (ICE)	Hybrid vehicle (HEV/PHEV)	Electric vehicle (EV)
Powertrain (power and drive systems)	**15**	**19**	**16**
Engine	6-10	6-10	-
Transmission	2-5	2-5	-
Battery	-	4	8
EV pumps	-	-	4
Other	3-5	3-5	3-5
Chassis (vehicle frame)	**10**	**14**	**22**
ABS/ESC (anti-skidding)	2	2	2
EPS (steering)	2	2	2
Brake/suspension	6	10	18
Body/other	**20**	**20**	**30**
Headlight	4-20	4-20	4-20
Seat (safety device, fan, etc.)	6-10	6-10	6-10
Other (air conditioner, sensors, doors, etc.)	5-10	5-10	10-20
Total	**45**	**53**	**68**

*MinebeaMitsumi data for bearings with an external diameter of 22 mm or less used in luxury cars

Automobile Ball Bearing Shipment Forecast
(sales volume, indexed against FY3/16 figures)



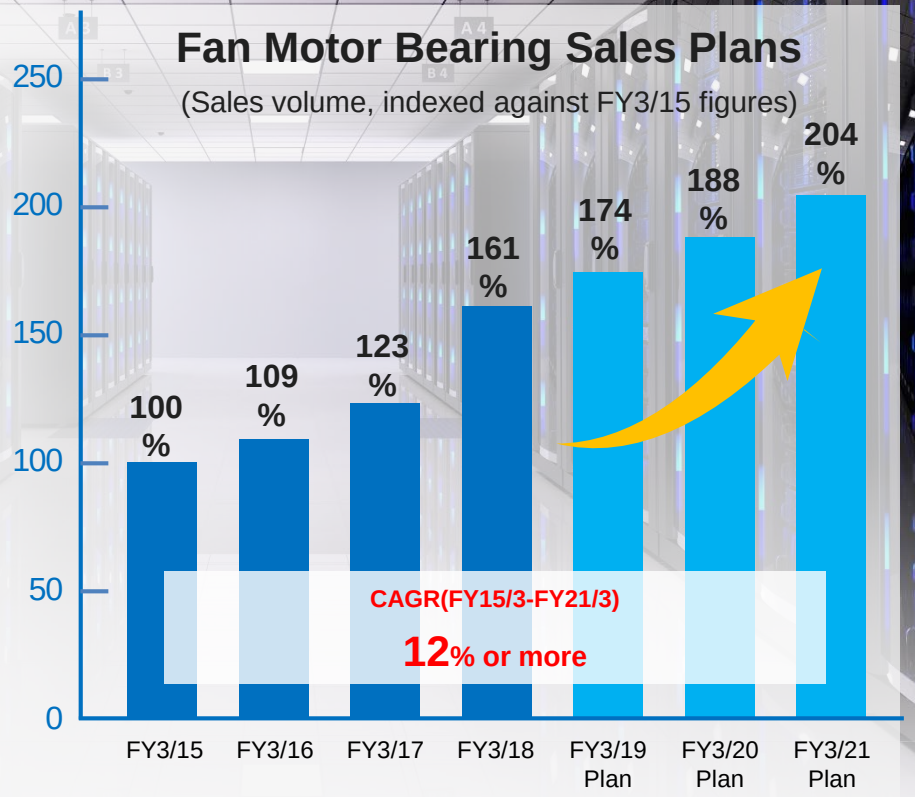
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High growth potential
due to accelerated increase in data storage capacity

1 **Explosive increase**
in storage capacity
5x in 5 years

2 **Ultra-high quality**
Operating 24/7

3 **Overwhelming**
market share
90% or more



Demand for Bearings: Drones (Unmanned Aerial Vehicles)

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Need key safety components comparable to those used in aircraft and cars

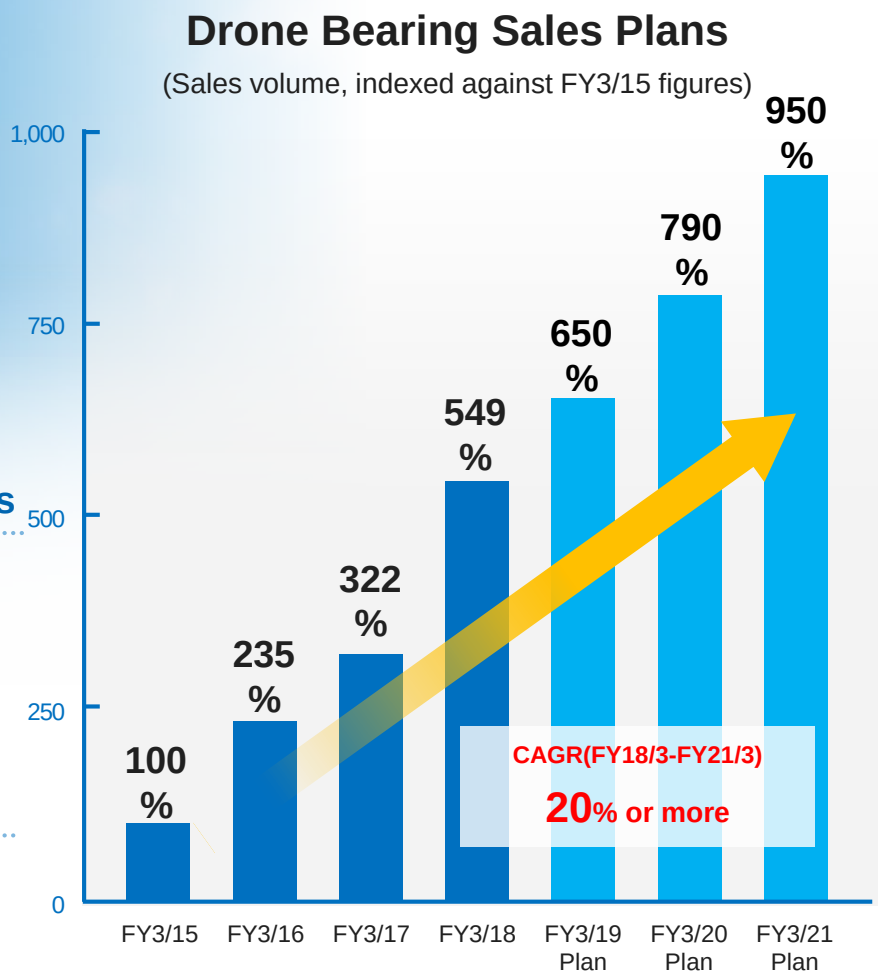


High quality requirements as key safety components

- Environmental performance (heat-resistance and other features required for use in severe environments)
- High reliability
- Small and lightweight

Overwhelming market share in growing market

- Expand industrial applications
- 90%+ market share



Aircraft Components Business Strategy

Strong demand, better profitability, and synergy from acquisition to drive growth way up



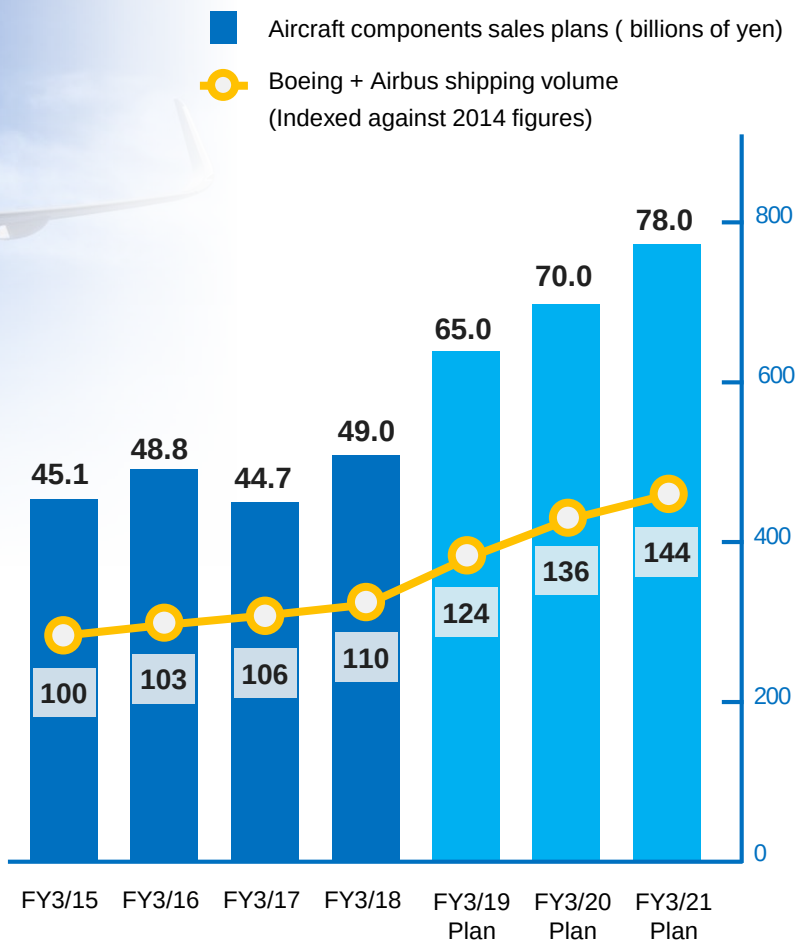
©Airbus

Further improvement in productivity

- **NHBB's profits up 35%** (FY3/18 → FY3/17)
- Rod-end productivity way up
- **Fastener profitability stable**

Impact from acquisitions (C&A, Mach Aero)

- Bring profits up about **1.5 billion yen** this fiscal year
- **Enhance portfolio**
  (mechanical parts, engines, rotors, etc.)
- **High hopes for good growth of both companies**
  (including offset production)



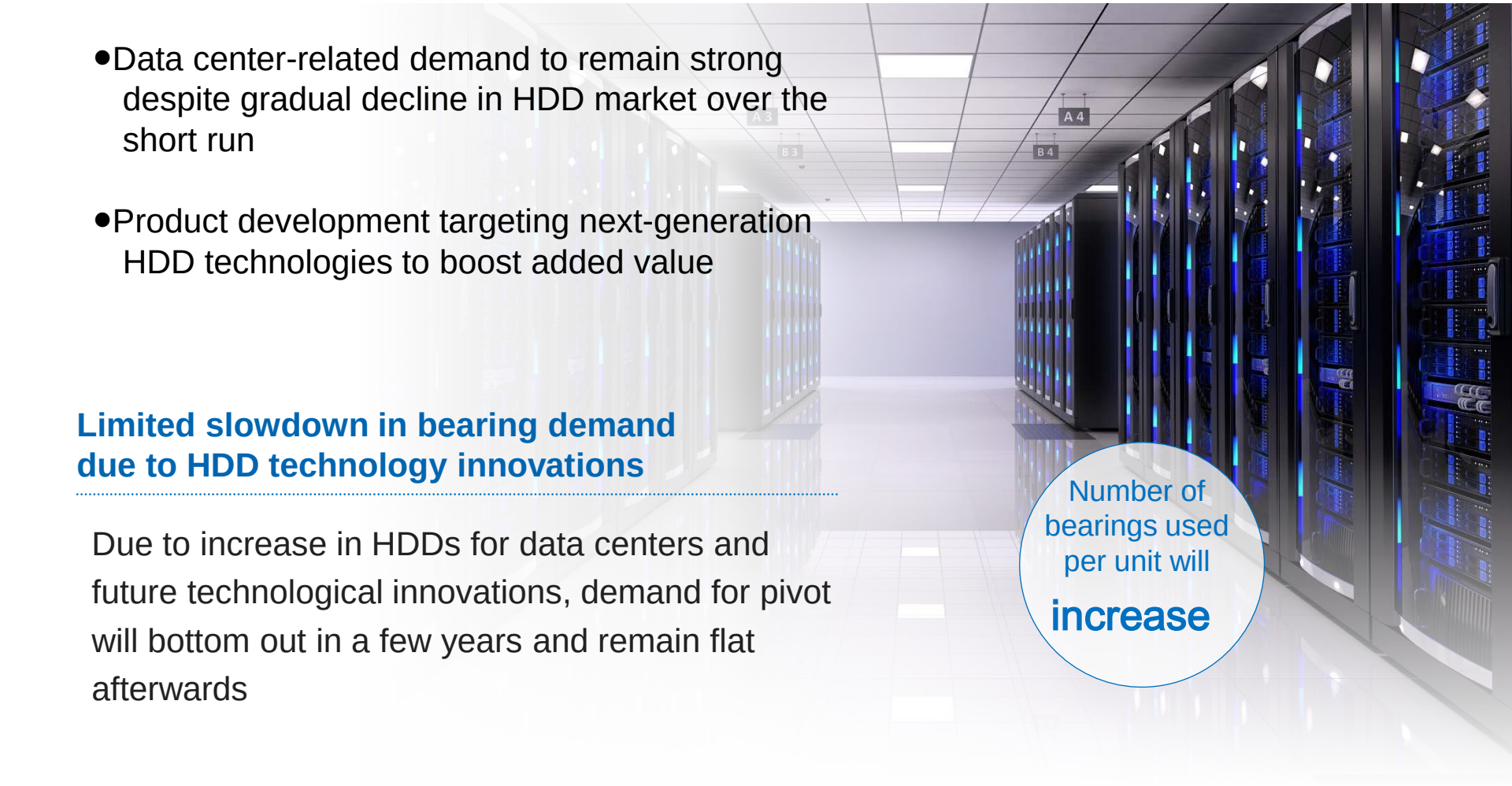
*JGAAP until FY3/18, IFRS for FY3/19

Pivot Assembly (HDD) Business Strategy

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Technological innovation leads to slower decline in pivot and limited slowdown in bearing

- Data center-related demand to remain strong despite gradual decline in HDD market over the short run
- Product development targeting next-generation HDD technologies to boost added value



Limited slowdown in bearing demand due to HDD technology innovations

Due to increase in HDDs for data centers and future technological innovations, demand for pivot will bottom out in a few years and remain flat afterwards

Number of bearings used per unit will **increase**

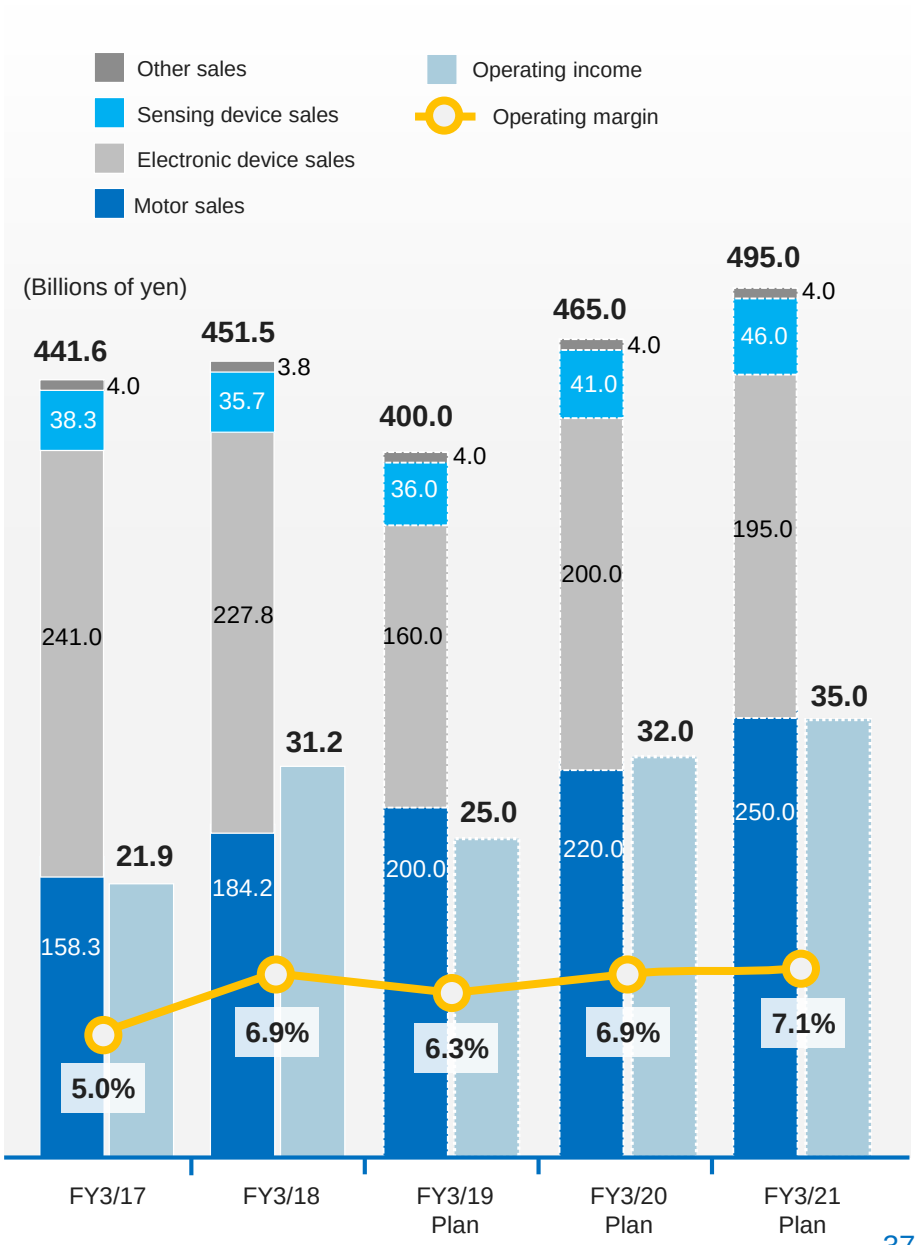
Electronic Devices and Components Targets

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Conservative forecast as usual

Key Points

1. Motor sales will grow for auto applications
2. Conservative assumption of slowdown scenario for LCD smartphone
3. Also conservatively estimated yield for the launch of new LED backlights
4. Expect to catch up in H2



*JGAAP until FY3/18, IFRS for FY3/19

Motor Business Strategy

Focus on auto applications to drive profits up

1 **Growth accelerated**
Toward ¥250 billion sales target

2 **Sales expansion in Auto**

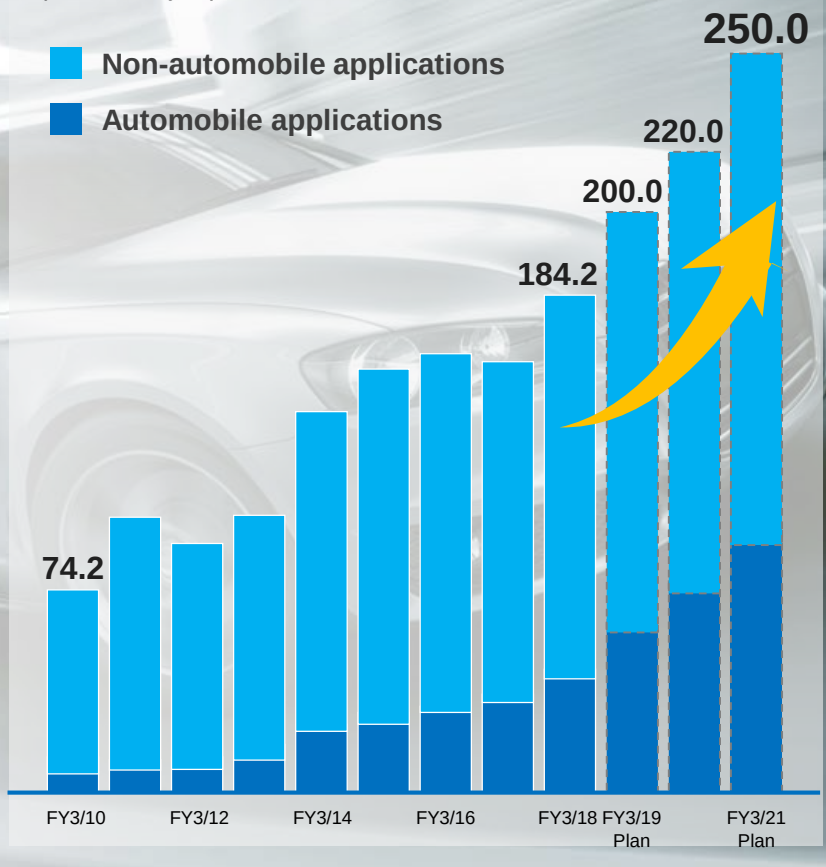
3 **Slovakia plant**
to go on line this July

4 **China technical center**
to open this October


Slovakia plant

Motor Business Sales Targets

(Billions of yen)



*JGAAP until FY3/18, IFRS for FY3/19

Open China Technical Center

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To be opened in October as our Chinese R&D base specializing in automotive products

Back-ground

1. China's increasing presence in the automobile industry
2. Increasing R&D projects for automotive products in China

Enhance local R&D capability in China with a focus on automotive motors to realize speedy mass production

Products to be developed

- **Motors (including resolvers)**
- **Bearings**
- **LED backlights**
- **Semiconductors**
- **Connectors**
- **Antennas**
- **Coils, etc.**

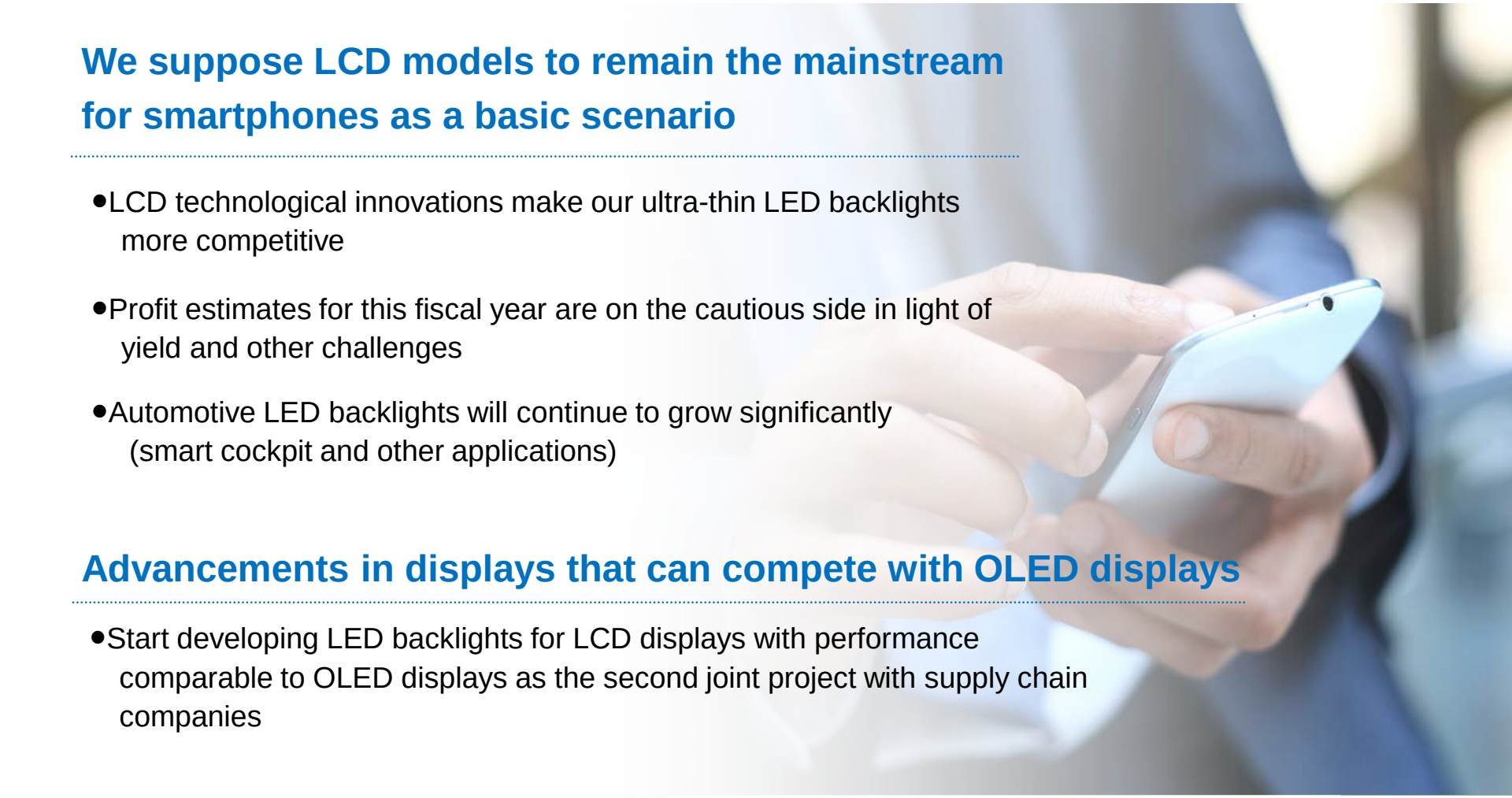
Also serves as a reliability center and show room



LED Backlight Business Strategy

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Possibility that LED backlights will be totally replaced by OLED any time soon is greatly reduced?



We suppose LCD models to remain the mainstream for smartphones as a basic scenario

- LCD technological innovations make our ultra-thin LED backlights more competitive
- Profit estimates for this fiscal year are on the cautious side in light of yield and other challenges
- Automotive LED backlights will continue to grow significantly (smart cockpit and other applications)

Advancements in displays that can compete with OLED displays

- Start developing LED backlights for LCD displays with performance comparable to OLED displays as the second joint project with supply chain companies

Take big step toward commercialization and early launch

Start delivering samples

1 Input devices

Propose new input methods (grabbing, pressing, pinching)

- Smartphones
- Wearable devices
- Watches
- Stylus pens
- Games
- Digital cameras and more

2 Automobiles

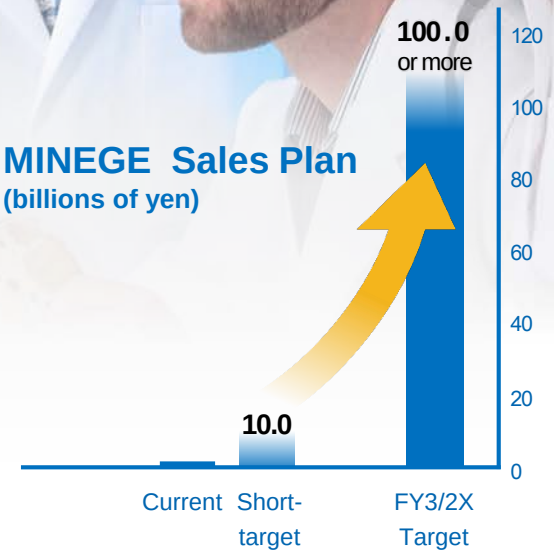
Regular inspections, monitoring consumable parts, etc.

3 FA/Industrial Equipment

Sensing devices for elements requiring high rigidity

- Machine tools
- Robotics
- And more
- Molding machines
- Press machines

Atsugi plant to go on line (Oct. 2018)



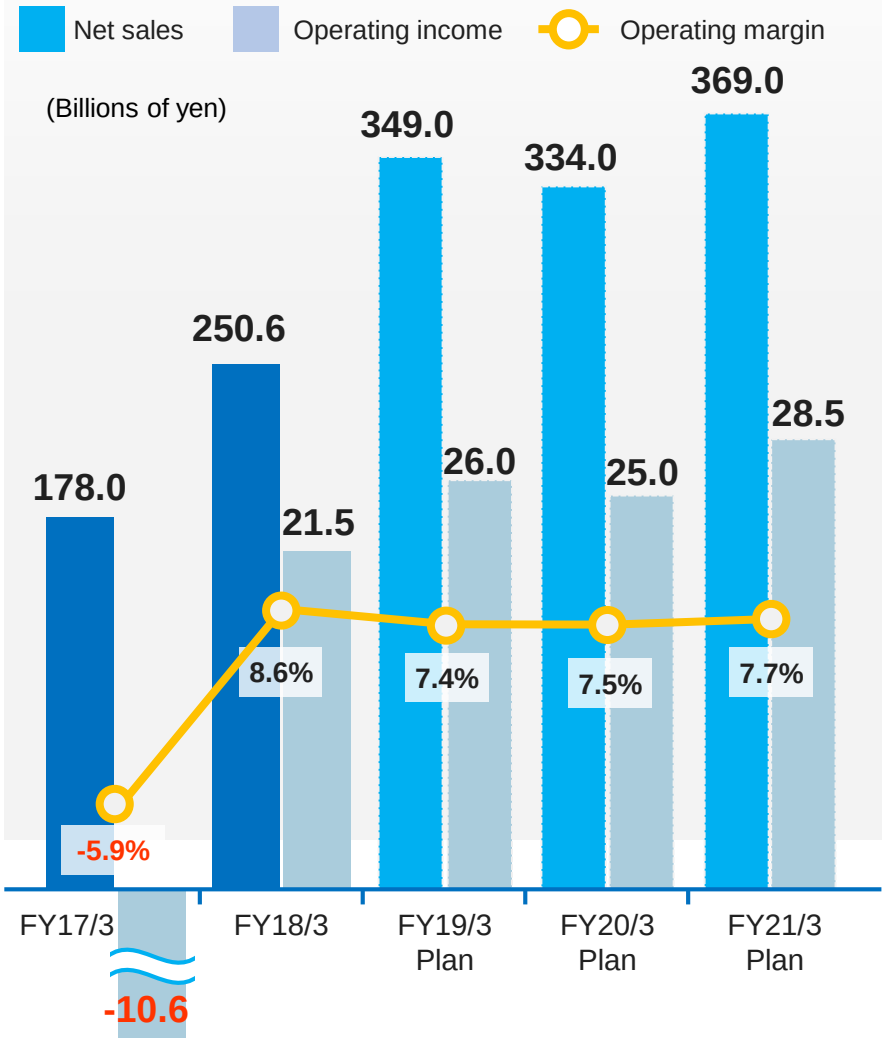
Mitsumi Business Targets

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Improved productivity of 7 Spears products and sub-core businesses will drive profits up strongly

Key Points

1. Conservatively estimated OIS sales units for this fiscal year despite big boost in production capacity
2. Game consoles in step with market growth
3. Improve productivity and boost sales for Mitsumi core business
4. Launch a number of new products



*Sales increase due to contract change in OEM business since 4Q of FY3/18

*JGAAP until FY3/18, IFRS for FY3/19

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Strong profitability via big boosts in productivity and increase in production capacity this fiscal year





Optical Devices

- Already increased production lines by 50% to boost capacity this fiscal year
  (Do everything possible to ensure production launch)
- Expand automation and in-house parts production
- Expand sales in China and make effective use of Cambodia plant

Number of OIS lines
Up **50%**

Expand customer base

Mechanical Parts

- Production increases for major customers and synergy from in-house parts production will continue to drive growth this fiscal year
- Bring in orders for new OEM products

Production capacity
Up **50%**

Many **New products**

Mitsumi Core Business Strategy

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Improve productivity and cut costs to further enhance profitability

Precision Parts

Switches
Increase market share for **waterproof tactile switches**

Coils
Promote sales for automobile applications and expand sales channels for EV applications

Connectors
Significantly expand portfolio centered around **automotive high-speed transmission products**



Significantly enhance portfolio

Power supplies

New markets
Sell **micro converters** for the electricity and power storage markets

Existing markets
Promote sales of small, high frequency products in the lighting, telecommunications, home appliance, and other markets



Expand customer base

Automotive parts

Antennas
Quickly develop next-generation communication antennas for connected cars (**TCU antennas**, etc.) and promote sales/get orders

Battery protection modules
Build design, production, and sales capability targeting the EV market



Technological innovations

Semiconductors

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)**



Strengthen sales
・ Automotive ・ ADC ・ IGBT

Other numerous new product lines

- **Resonant devices**
  - ・Start mass production for mobile and wearable applications this fiscal year
  - ・Enter the automobile and health care markets
- **Voice recognition/AI speakers**
- **Robotics for agricultural and logistics applications**

and many more

Total for new product lines
FY3/21 Sales target
¥10 billion

New Product Trio

Big leap forward with New Product Trio



SALIOT

- Proven track record in Japan, **positive feedback**
- Exhibited at “Light + Building 2018”, the world's largest trade show for lighting and architectural technologies
- Expand sales in China, Thailand, and Cambodia

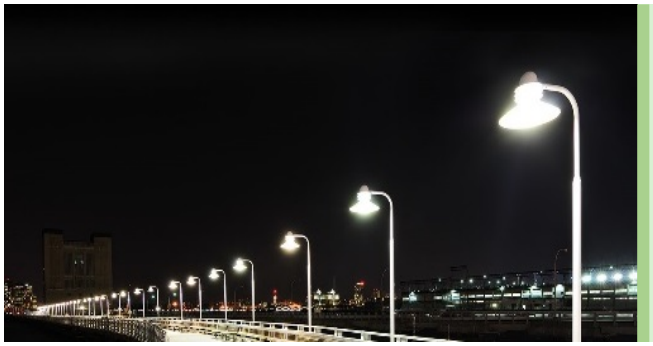
In high demand



Bed sensor

- Start selling jointly with Ricoh (planned for July 2018)
- **Find more partners** and **build a global sales network**

To be released in July



Smart city

- Started **billing business** in Cambodia
- Plan to start **external sales** by fall
- Step up on global marketing (**China, Thailand, Cambodia, Philippines, Slovakia, etc.**)

Started billing

Mid-term Business Plan: Targets by Segment

Raised mid-term targets for all segments

Machined Components

FY3/21 operating income target

¥56.0 billion

Increase monthly ball bearing production to

315 million units

ASAP

Electronic Devices and Components

FY3/21 operating income target

¥35.0 billion

Motor business sales growth rate

10% or more

Key revenue source

Mitsumi Business

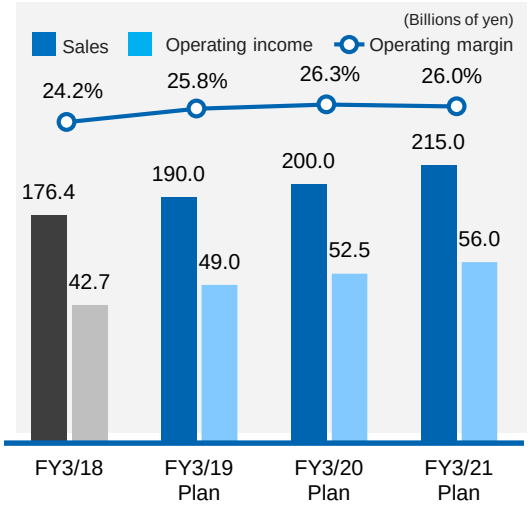
FY3/21 operating income target

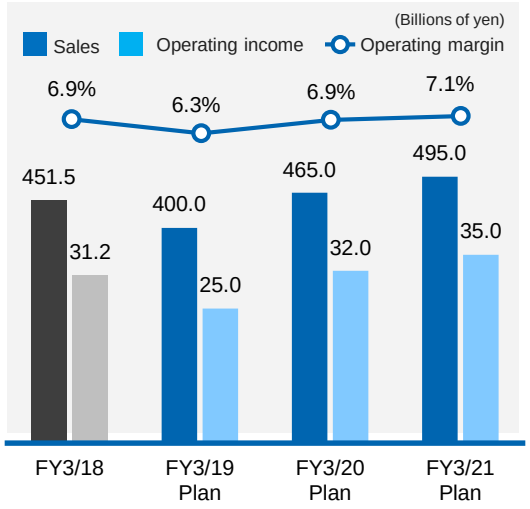
¥28.5 billion

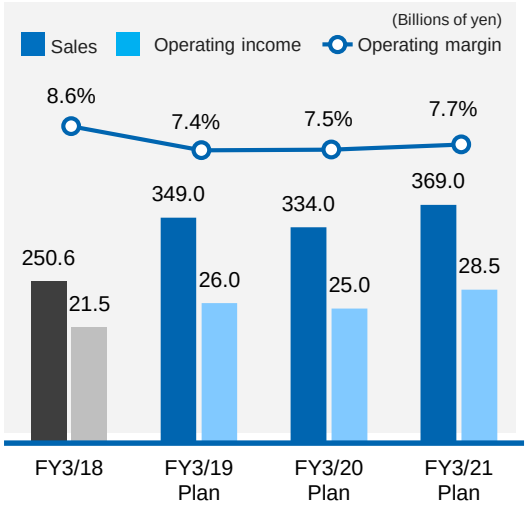
Operating income growth rate

+30% or more

FY3/18 vs. FY3/21 (forecast)



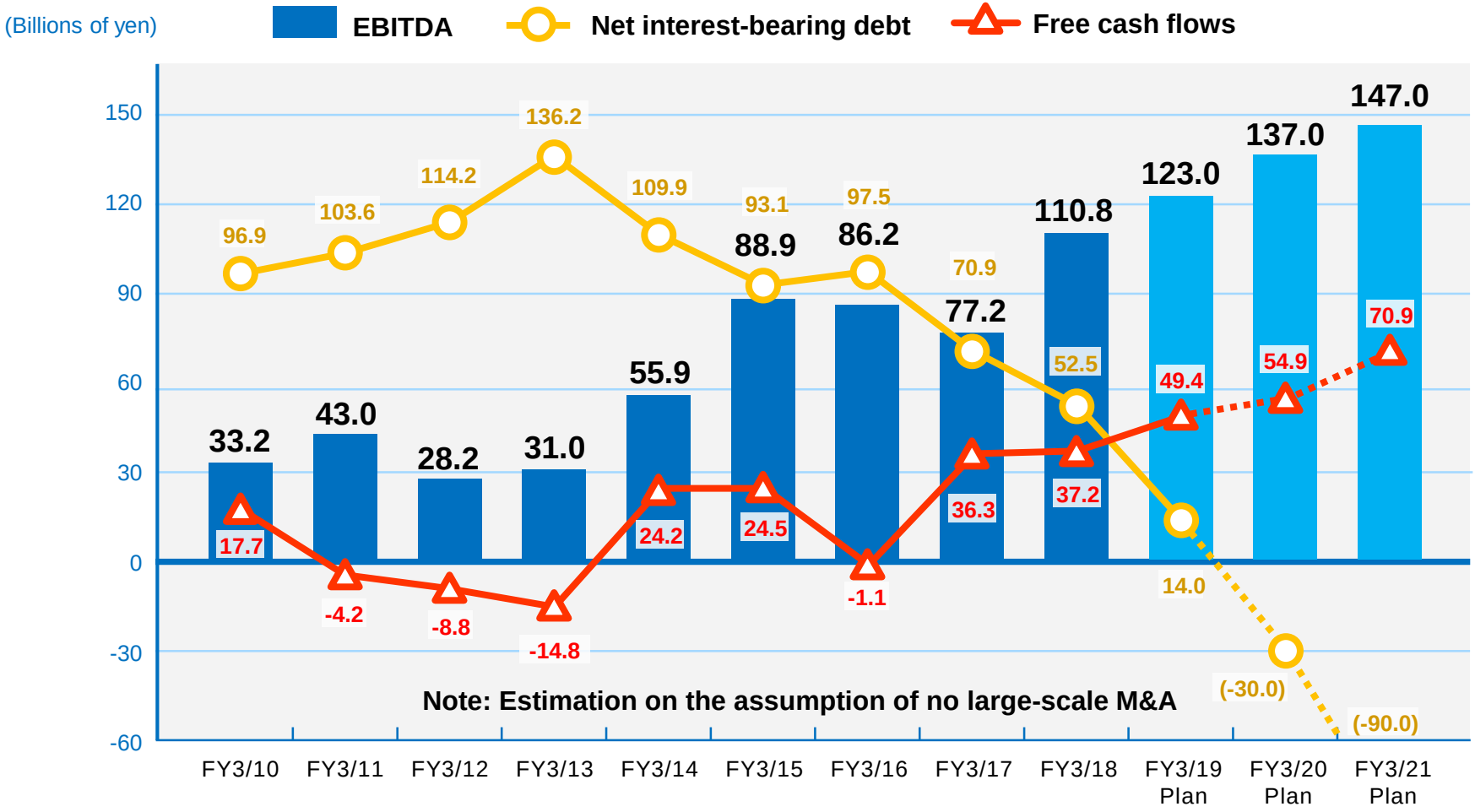




Other adjustments: -¥17.0 billion in FY3/19, ¥-17.5 billion in FY3/20, -¥17.5 billion in FY3/21

*JGAAP until FY3/18, IFRS for FY3/19

Cash-generating capabilities backed by high profitability



*JGAAP until FY3/18, IFRS for FY3/19

Shareholder Return Policy

Profit-sharing Policy

In using the free cash flow generated by following our mid-term business plan, we will **give priority to growth investing**, including M&As in Japan and overseas. At the same time we aim to pay steady dividends to our shareholders at a **payout ratio of around 20%**. We will also look at **flexible share buyback** with an eye to maintaining an optimal balance with growth investing to enhance capital efficiency.

Dividend Forecast

We will decide the amount at a **payout ratio of** around **20%**.

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Any statements in this presentation which are not historical are future projections based on certain assumptions and executive judgments 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 but are not limited to: (i) changes in economic conditions or demand trends related to MinebeaMitsumi's business operations; (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.

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Reference

Operating Policies and Goals

Passion to Create Value through Difference

Create new value from extraordinary difference



Net sales **¥1 trillion**
and/or
Operating income
¥100 billion

Operating margin
10%

ROE
15%
or higher

Close-up on Our Value Creation Equation

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Our value creation equation

Strengthen core businesses × Diversify business and establish niche (7 spears) × Mix & match* to create synergy = **Sustainable growth of MinebeaMitsumi**

*Mix & match means “combining" rather than “simple gathering“ and integrating and utilizing the company's proprietary technologies to evolve the "seven spears" and to create synergies in various fields by combining the advanced products of the "seven spears."

Non-financial capital to build up strength

Intellectual capital

- Ultra-precision machining technology
- Comprehensive manufacturing, engineering, development, and sales capability
- M&A capability/PMI

Human capital

- Global human resources
- Women's empowerment
- Skilled workers/engineers

Instrumental capital

- Vertically-integrated manufacturing
- Global operation
- Accumulated manufacturing know-how

Value chain

- R&D
- Orders
- Production design
- Procurement
- Production
- Sales/CS
- Feedback

Business strategy

- Mid-term business plan
- 7 spears strategy
- ESG/SDGs

Financial capital

- Profitability from numerous No. 1 products (net sales, profit, EPS)
- Aggressive capital investments
- Financial balance via leverage
- Ability to generate cash and debt capacity for big M&As
- Flexible shareholder return policy

Environmental/social value created

- Mass production with minimum environmental footprint
- Creating environmentally friendly products
- Using IoT to help build smart industry
- Turn farmers in emerging markets into hi-tech industry workers
- Empowering women worldwide



Economic value created

- Environmentally friendly products
- Numerous No.1 products
- High operating margin
- Ability to generate cash backed by high profitability
- ROE



Fundamental philosophy

- Highly transparent operation based on the Five Principles, our corporate credo
- Passion to Create Value through Difference
- Commitment to manufacturing

ESG: Aiming to be an indispensable company for society

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We will contribute to the environment and society through our business with various products that help reducing energy consumption.

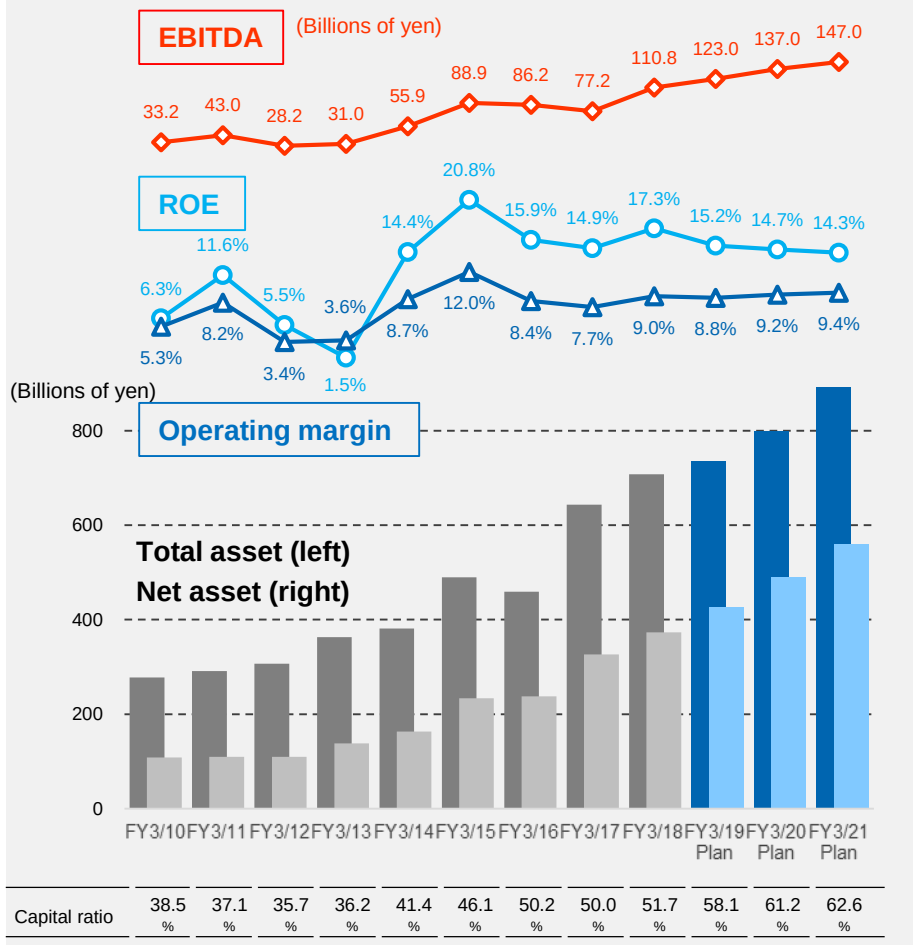


Financial discipline and KPI target

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Making growth investment (including M&A) the first priority, utilize generated cash to strengthen financial structure and for shareholders return with keeping financial discipline

Cash and financial discipline



	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19 Plan	FY3/20 Plan	FY3/21 Plan
Capital ratio	38.5%	37.1%	35.7%	36.2%	41.4%	46.1%	50.2%	50.0%	51.7%	58.1%	61.2%	62.6%

FY3/19 onward, ROE = Net income / Net asset, Equity ratio = Net asset / Total asset

KPI Target

①ROE	15% or more
②Operating margin	10%
③EBITDA margin	15%
④Net D/E ratio	0.2 times
⑤Equity ratio	50% or more

Equity Spread

