MinebeaMitsumi
Passion to Create Value through Difference

Business Results

Fiscal Year Ended March 31, 2017

MinebeaMitsumi Inc.

May 9, 2017

Contents

1. Financial Results

2. Policy and Strategy

Financial Results

Hiromi Yoda
Director, Senior Managing Executive Officer

Summary of Consolidated Business Results

Net sales and net income hit record highs

(Millions of yen)	FY3/16 Full Year	FY3/17 Full Year	Change YoY	FY3/17 February Forecast	
				Full Year	VS. Forecast
Net sales	609,814	638,926	+4.8%	630,000	101.4%
Operating income	51,438	49,015	-4.7%	48,000	102.1%
Ordinary income	46,661	48,393	+3.7%	47,000	103.0%
Income attributable to owners of the parent	36,386	41,146	+13.1%	38,000	108.3%
Net income per share (yen)	97.26	107.33	+10.4%	99.12	108.3%

Foreign exchange rates	FY3/16 Full Year	FY3/17 Full Year
US$	¥120.78	¥108.76
Euro	¥132.75	¥119.34
Thai Baht	¥3.46	¥3.09
Chinese RMB	¥19.03	¥16.18

Summary of Consolidated Business Results for 4Q

MITSUMI consolidation boosts sales and profits

(Millions of yen)	FY3/16	FY3/17		Change	
	4Q	3Q	4Q	YoY	QoQ
Net sales	135,599	167,375	196,418	+44.9%	+17.4%
Operating income	8,536	16,120	14,300	+67.5%	-11.3%
Ordinary income	8,215	15,857	13,621	+65.8%	-14.1%
Income attributable to owners of the parent	6,802	12,167	16,233	+138.7%	+33.4%
Net income per share (yen)	18.17	32.44	39.65	+118.2%	+22.2%

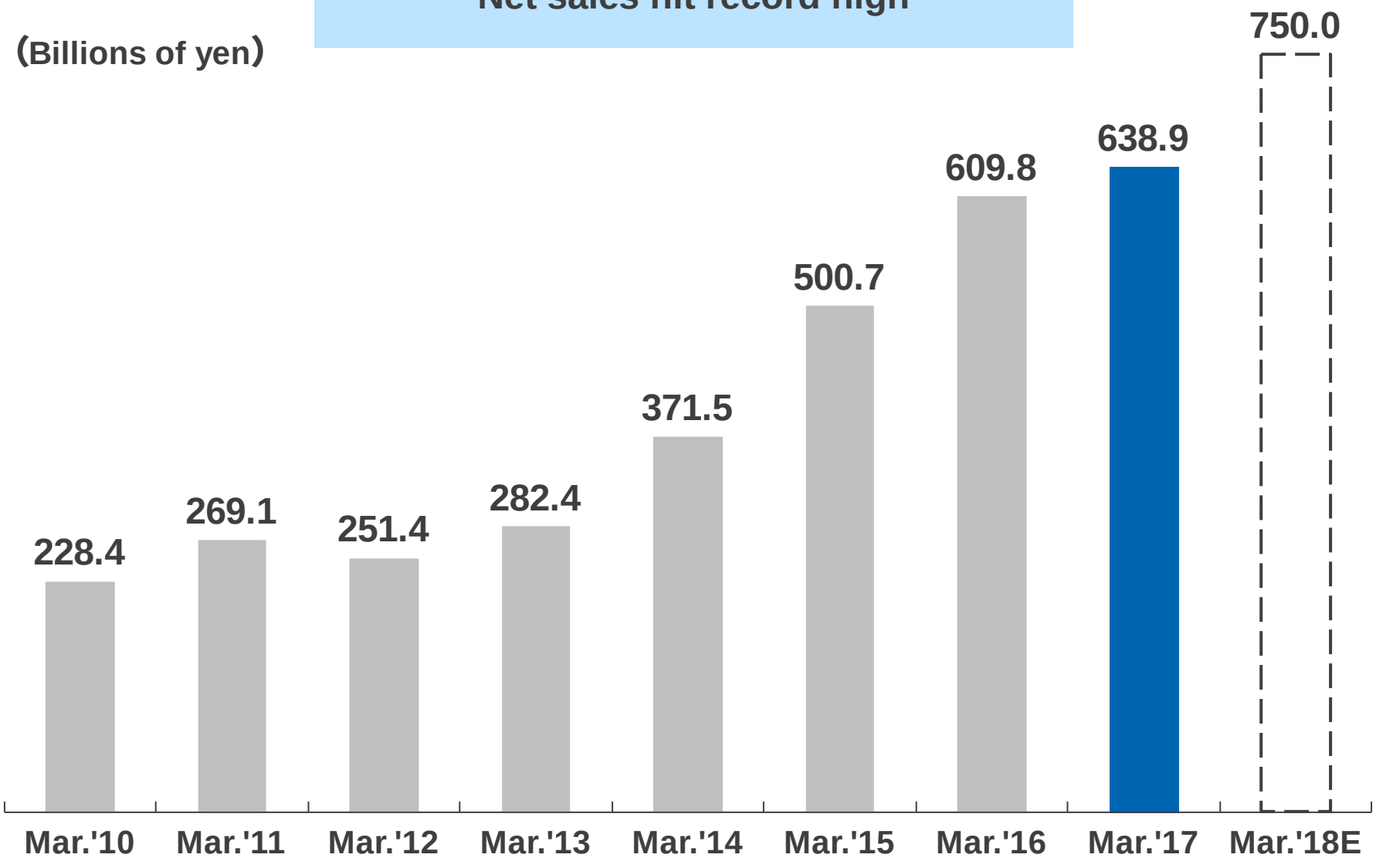
Foreign exchange rates	FY3/16 4Q	FY3/17 3Q	FY3/17 4Q
US$	¥118.37	¥106.13	¥114.29
Euro	¥129.35	¥116.04	¥121.14
Thai Baht	¥3.30	¥3.02	¥3.24
Chinese RMB	¥18.06	¥15.62	¥16.54

Net Sales

Yearly

Net sales hit record high

(Billions of yen)

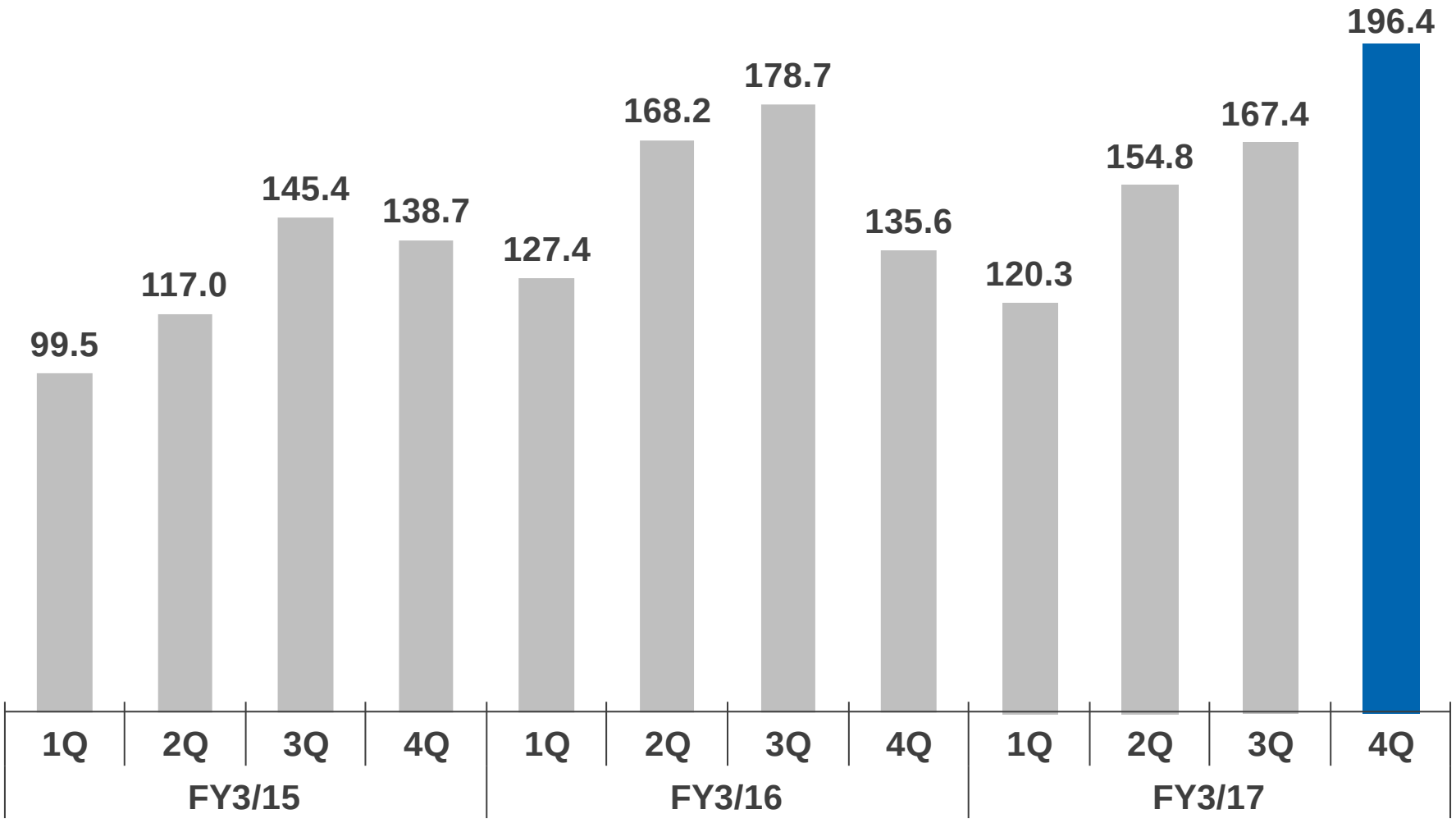


Net Sales

Quarterly

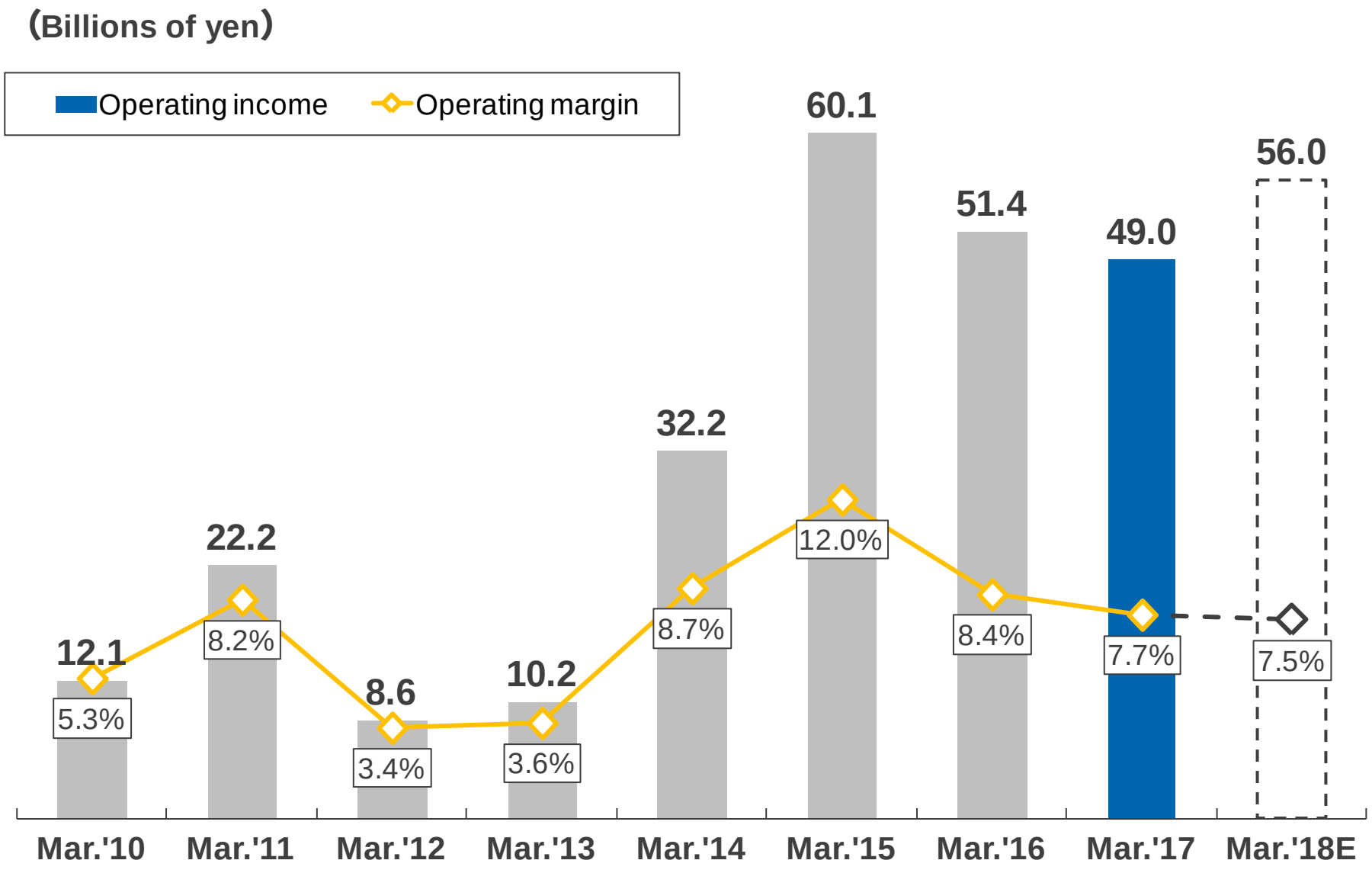
(Billions of yen)

Quarterly net sales hit record high



Operating Income

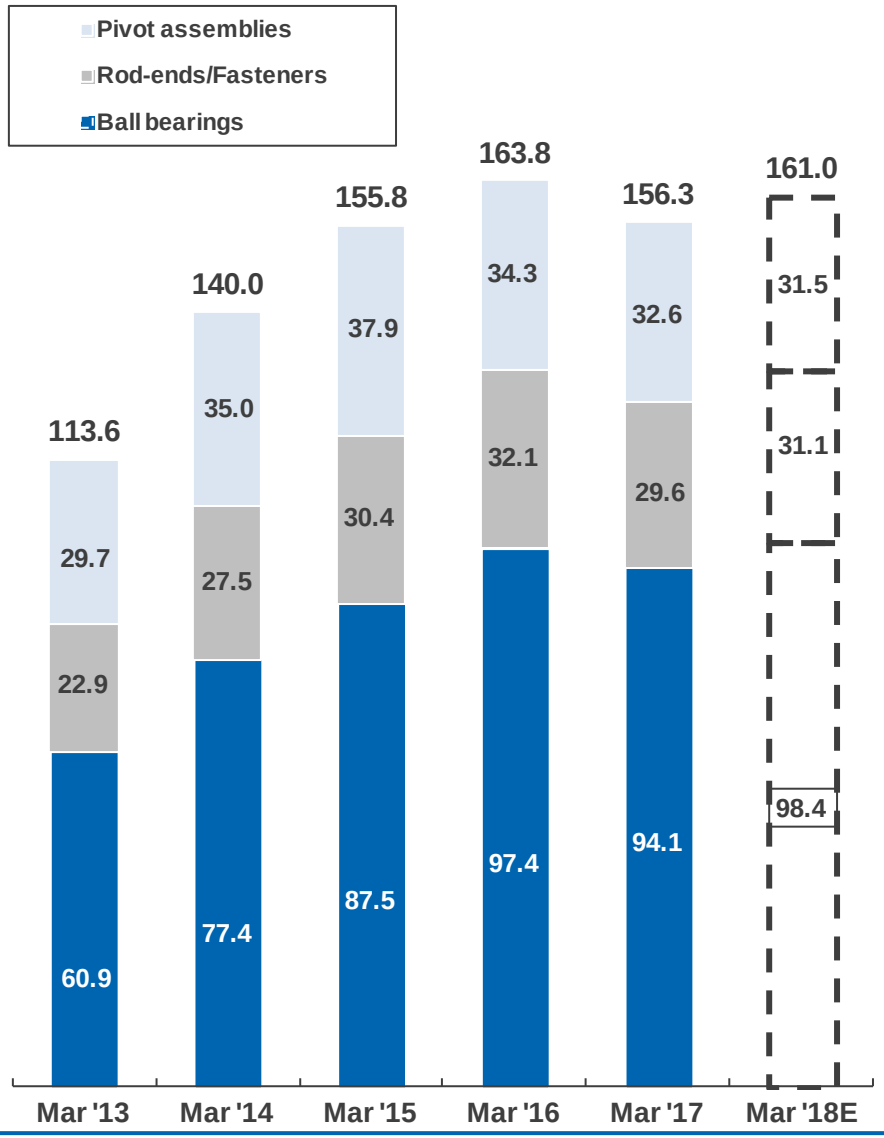
Yearly



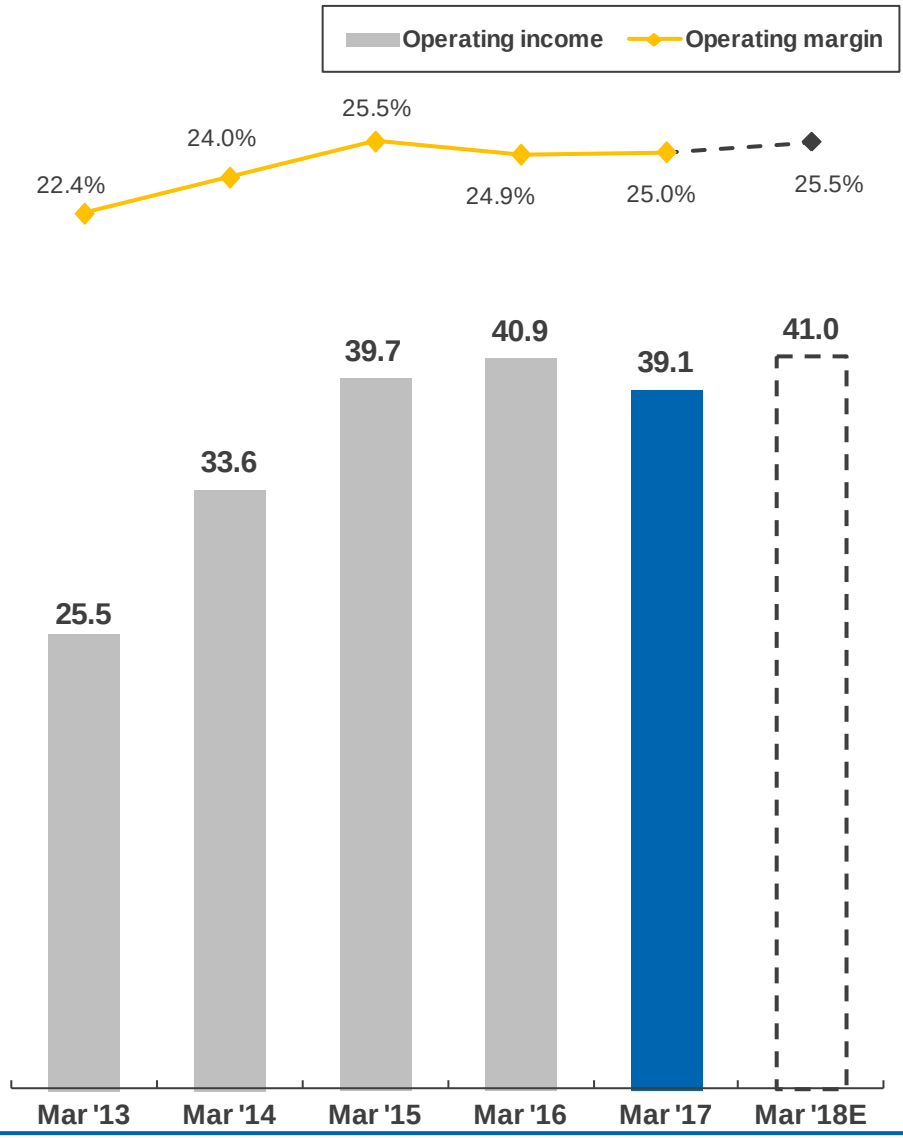
Machined Components

Yearly

Net sales (Billions of yen)



Operating income (Billions of yen)

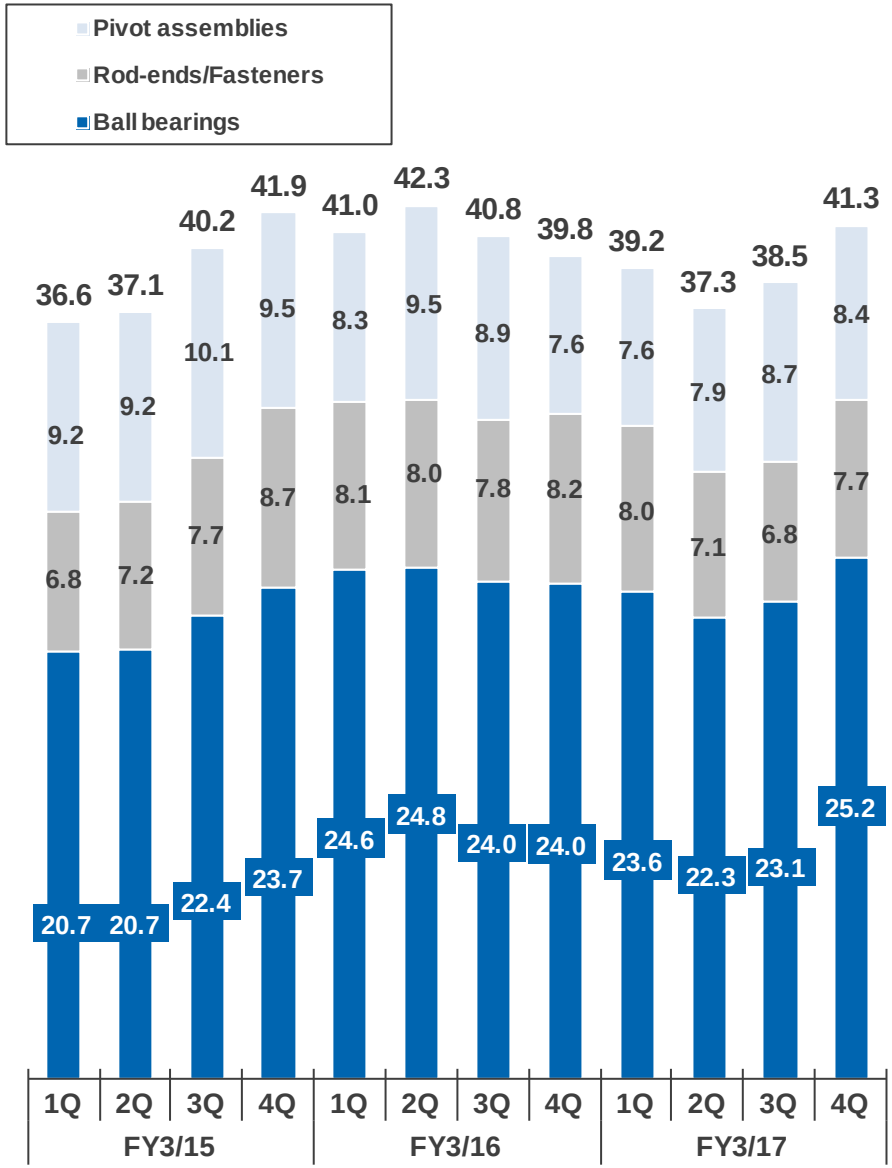


*Due to minor changes in segment classification from FY3/16, FY3/15 numbers are also adjusted for comparison.

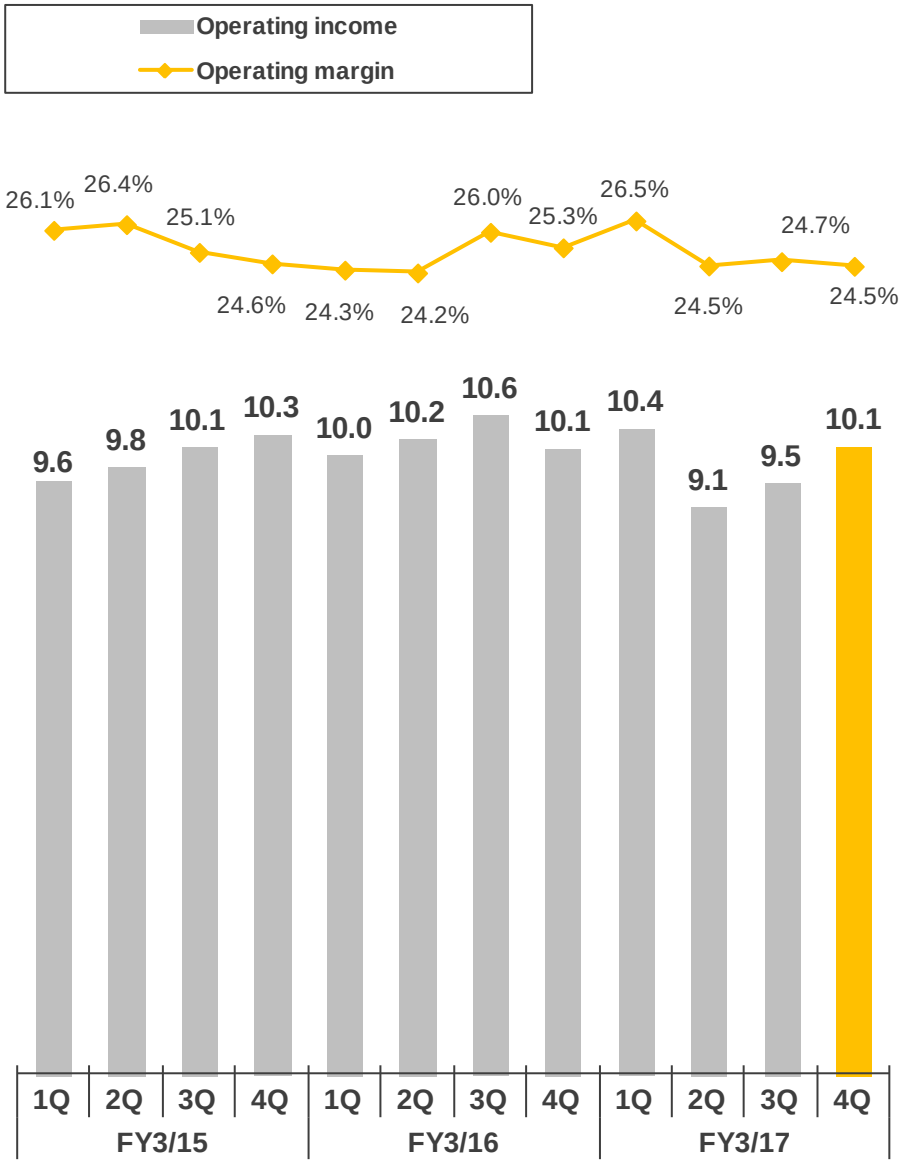
Machined Components

Quarterly

Net sales (Billions of yen)



Operating income (Billions of yen)

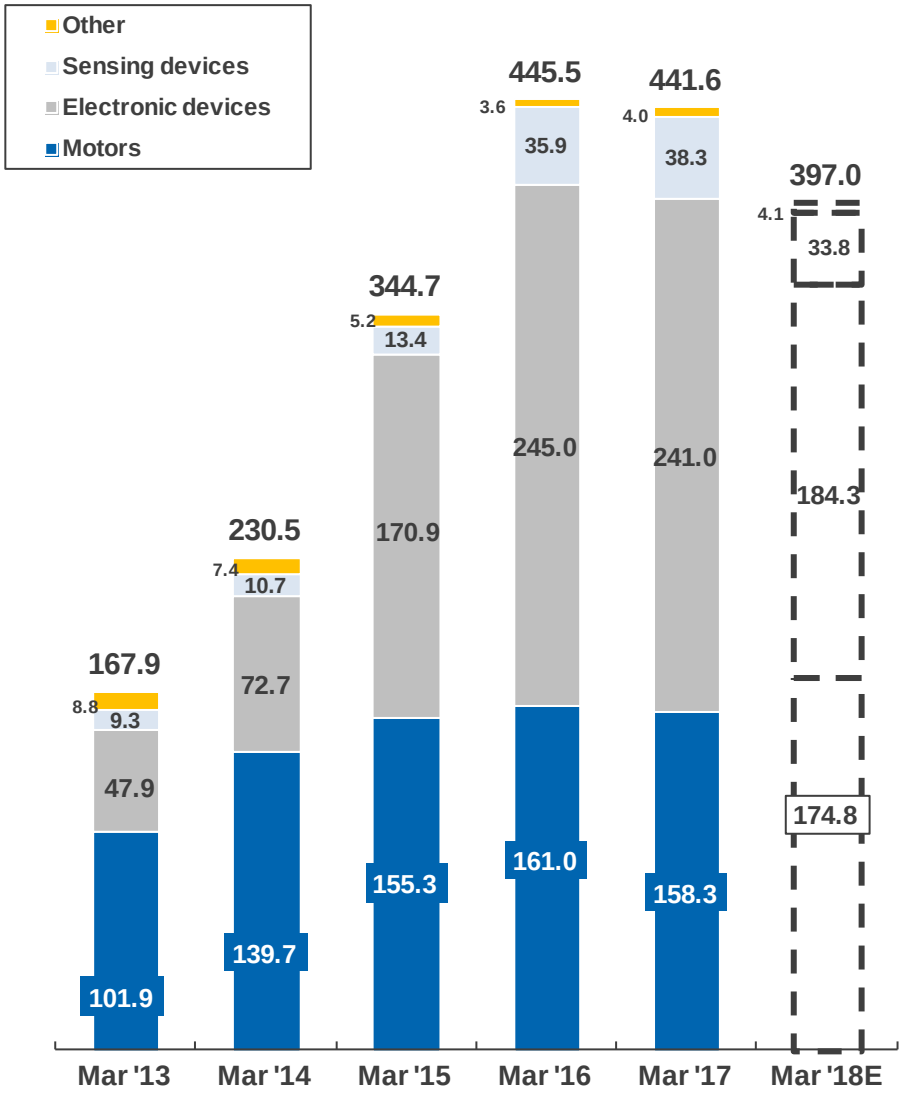


*Due to minor changes in segment classification from FY3/16, FY3/15 numbers are also adjusted for comparison.

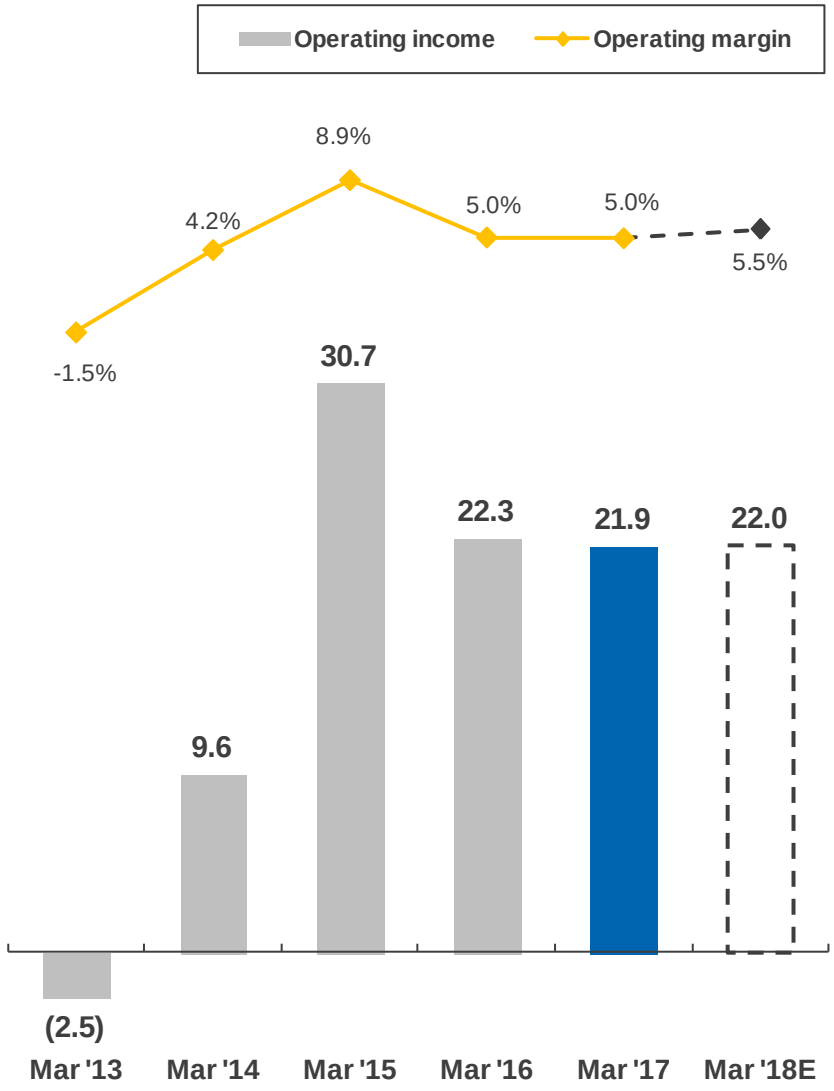
Electronic Devices & Components

Yearly

Net sales (Billions of yen)



Operating income (Billions of yen)

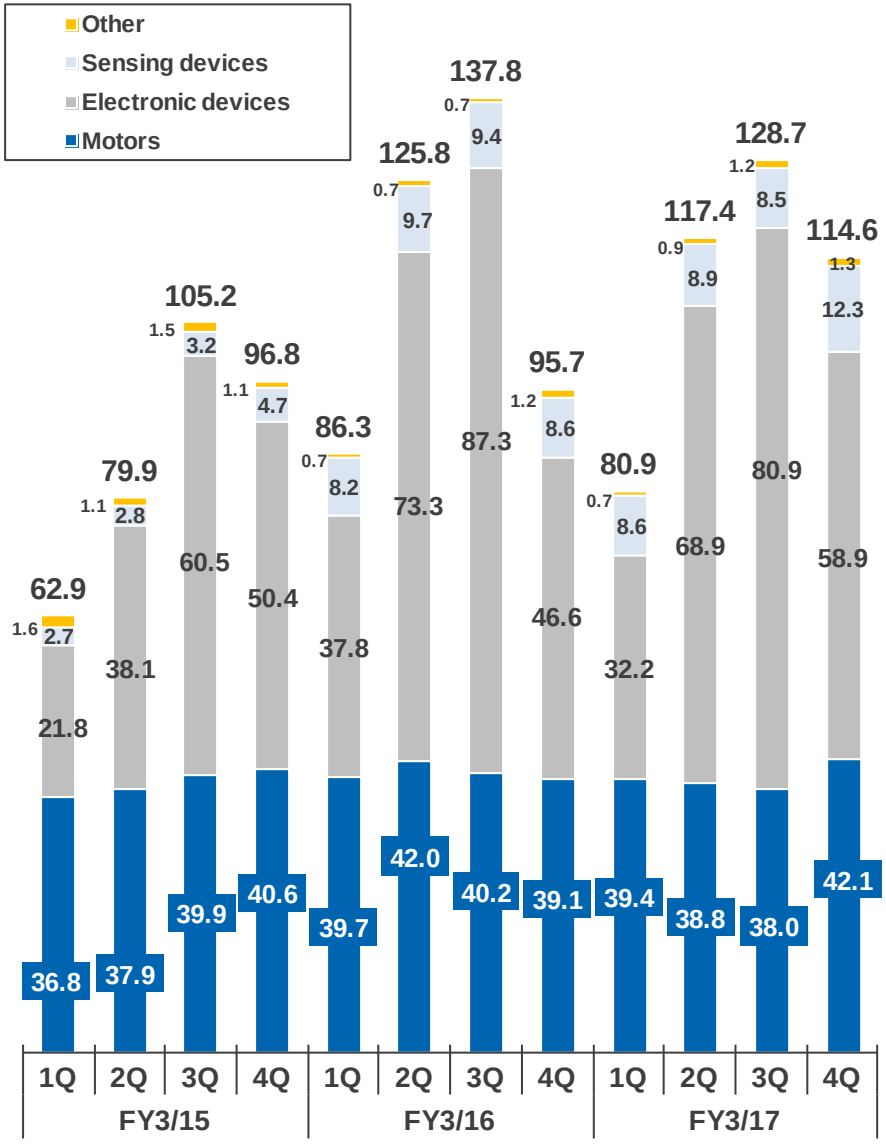


*Due to minor changes in segment classification from FY3/16, FY3/15 numbers are also adjusted for comparison.

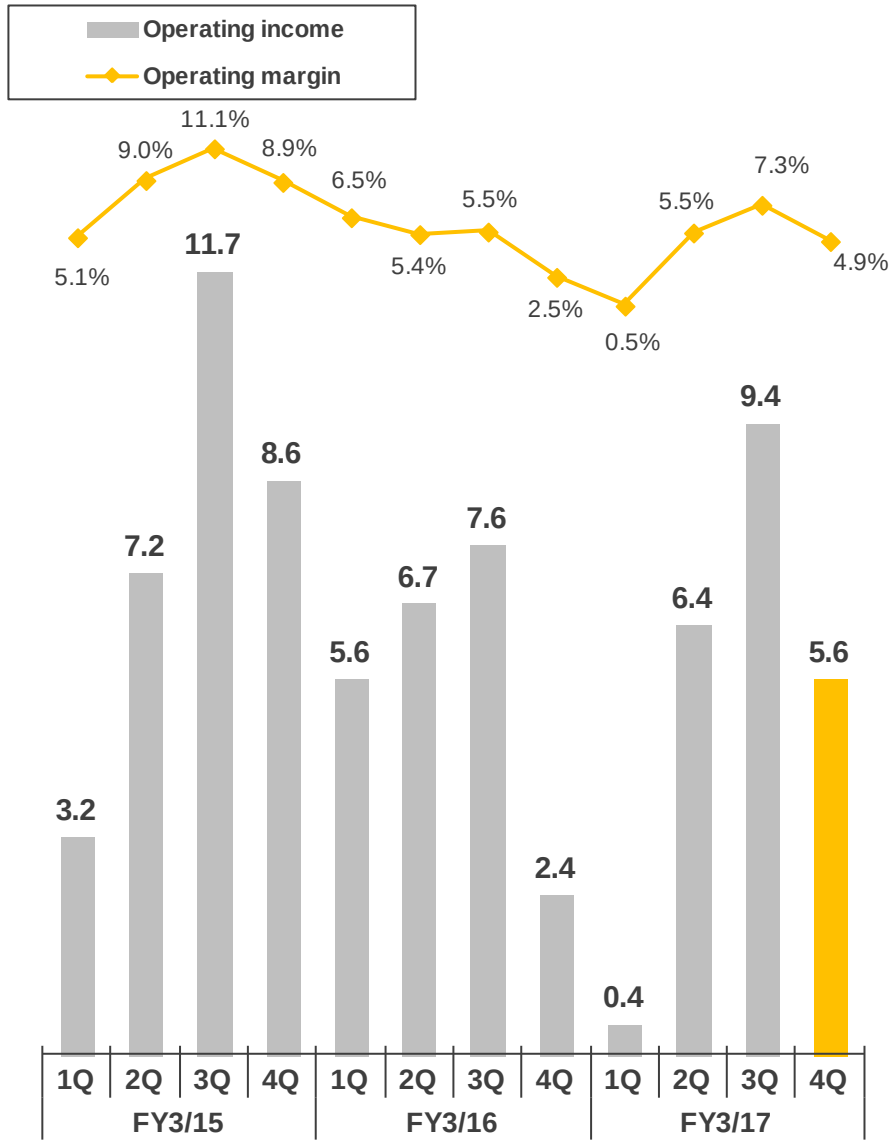
Electronic Devices & Components

Quarterly

Net sales (Billions of yen)



Operating income (Billions of yen)



*Due to minor changes in segment classification from FY3/16, FY3/15 numbers are also adjusted for comparison.

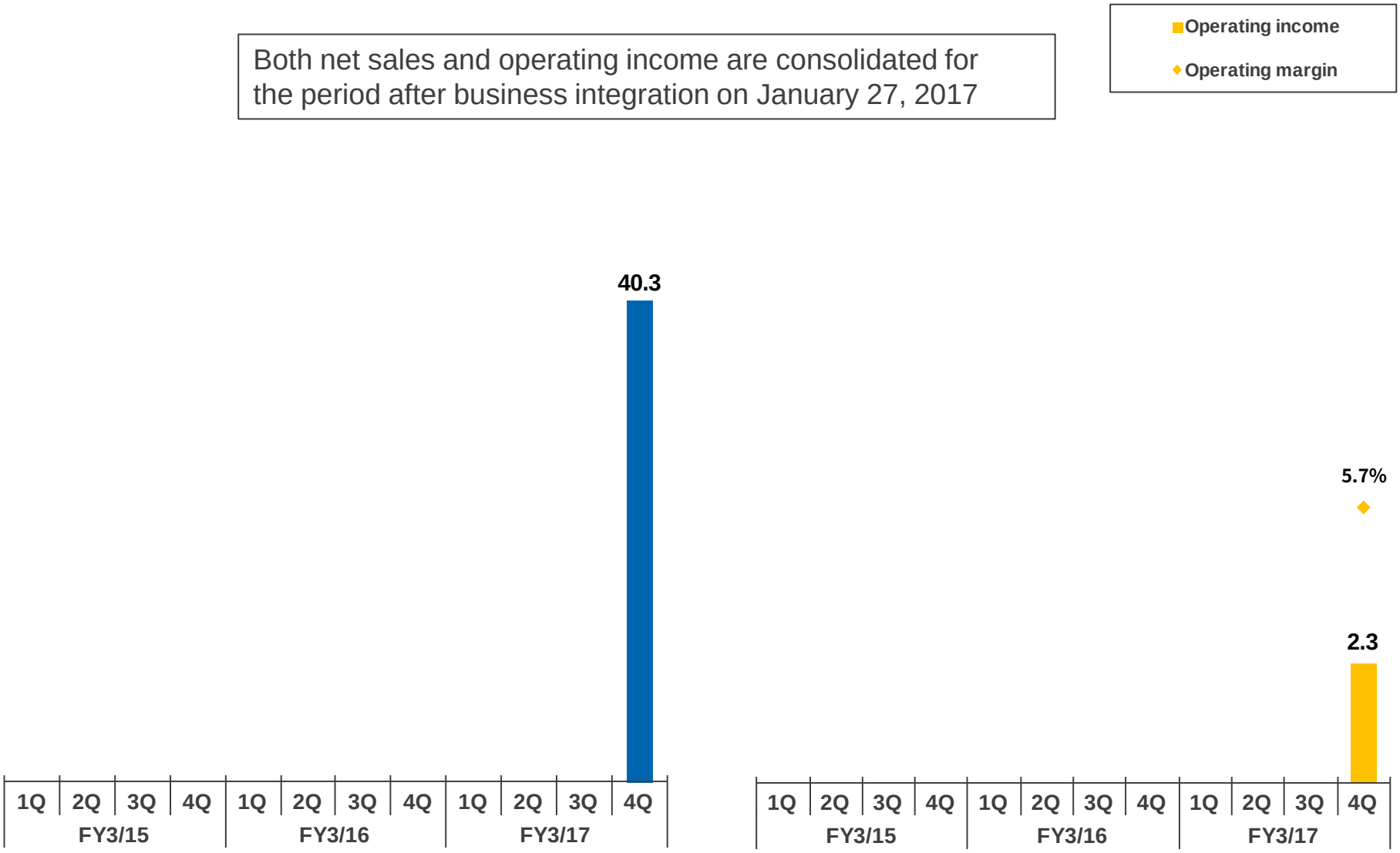
Mitsumi Business (consolidated portion in 4Q)

Quarterly

Net sales (Billions of yen)

Operating income (Billions of yen)

Both net sales and operating income are consolidated for the period after business integration on January 27, 2017

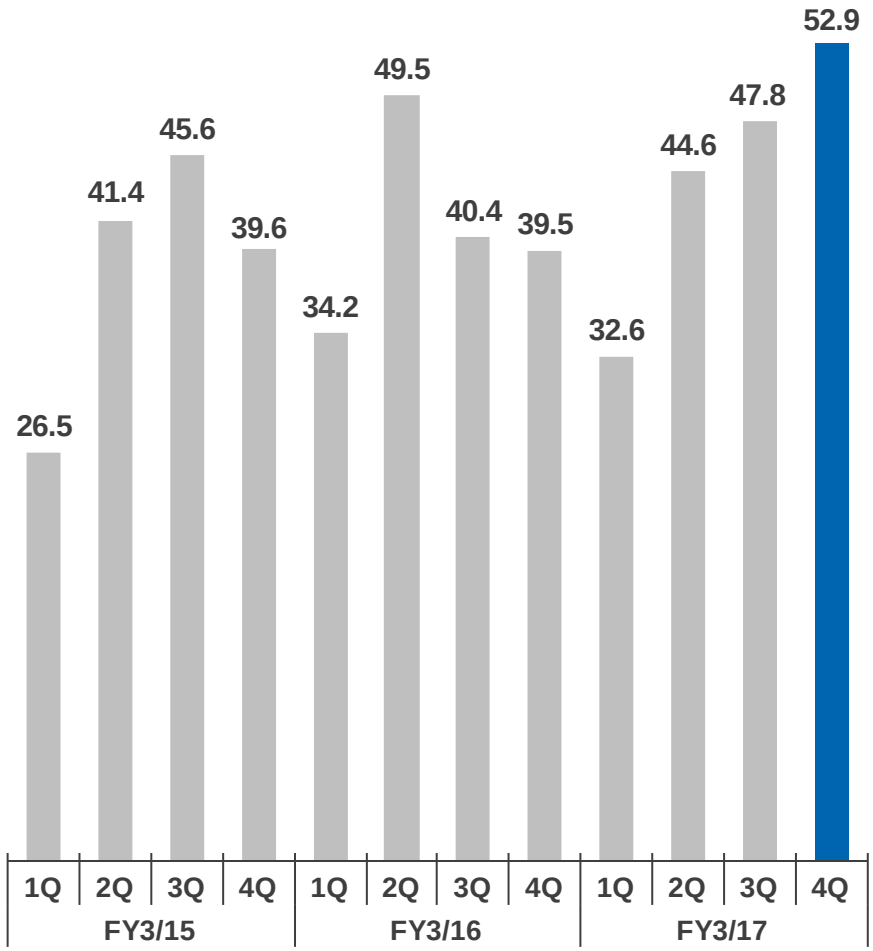


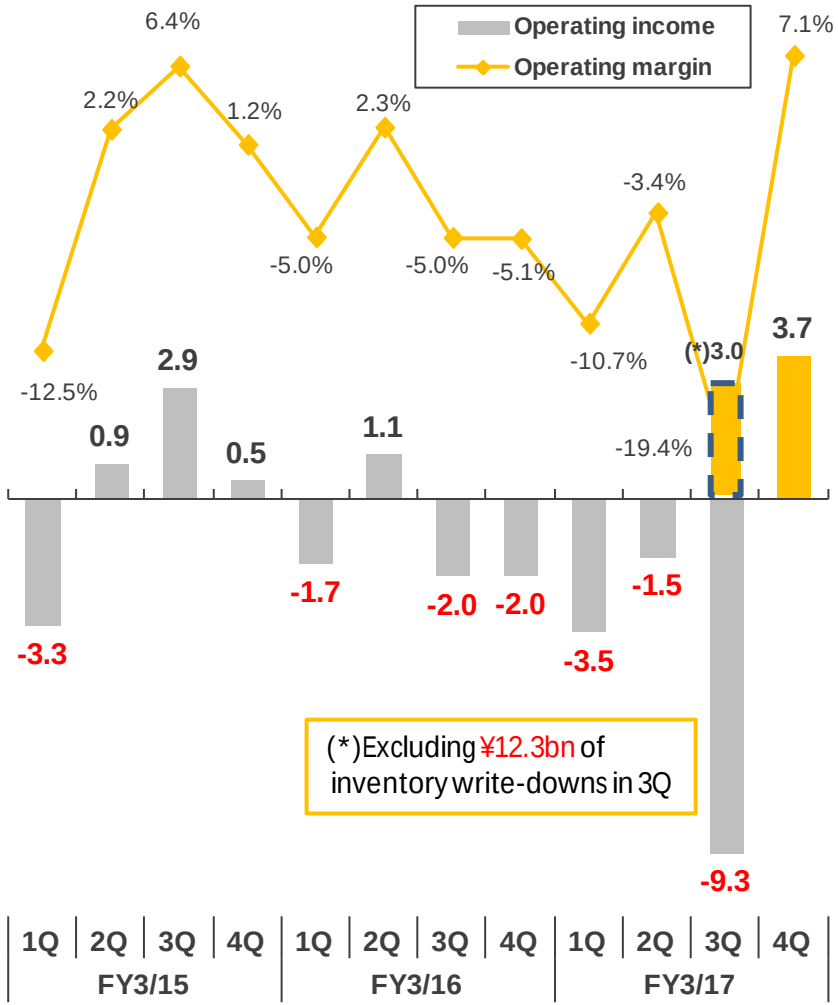
Mitsumi Business (including pre-merger) Quarterly

Net sales (Billions of yen)

Operating income (Billions of yen)

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.





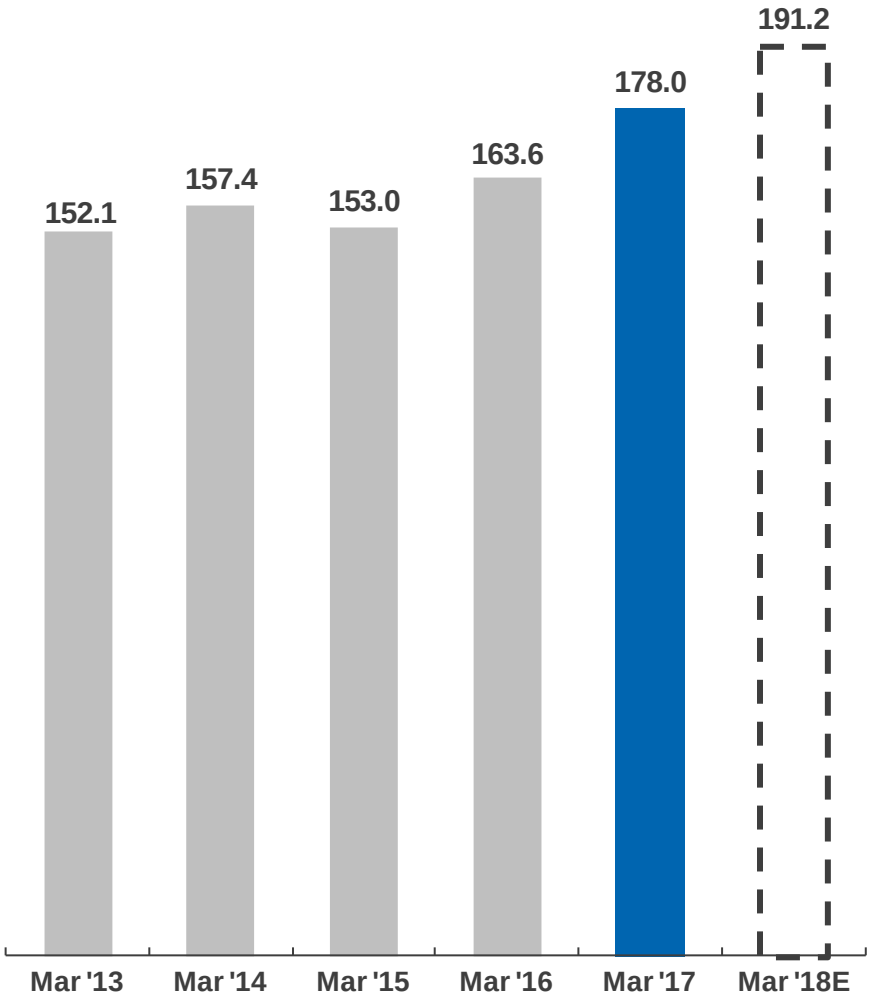
Mitsumi Business (including pre-merger)

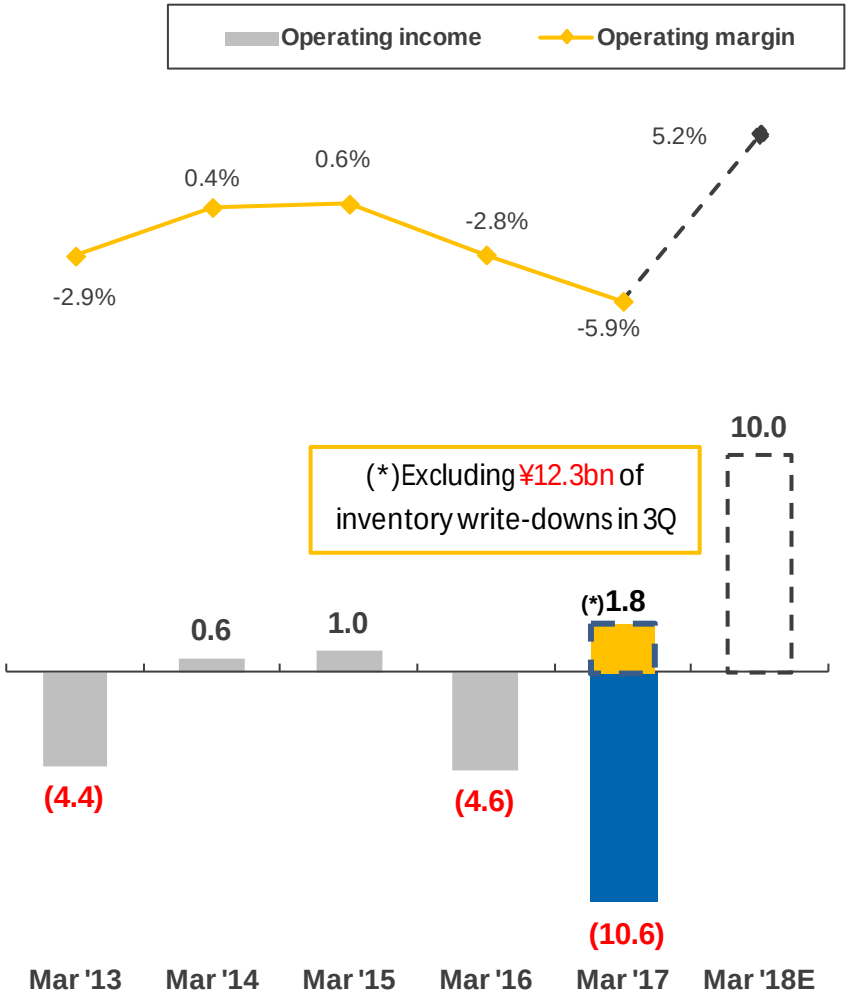
Yearly

Net sales (Billions of yen)

Operating income (Billions of yen)

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.

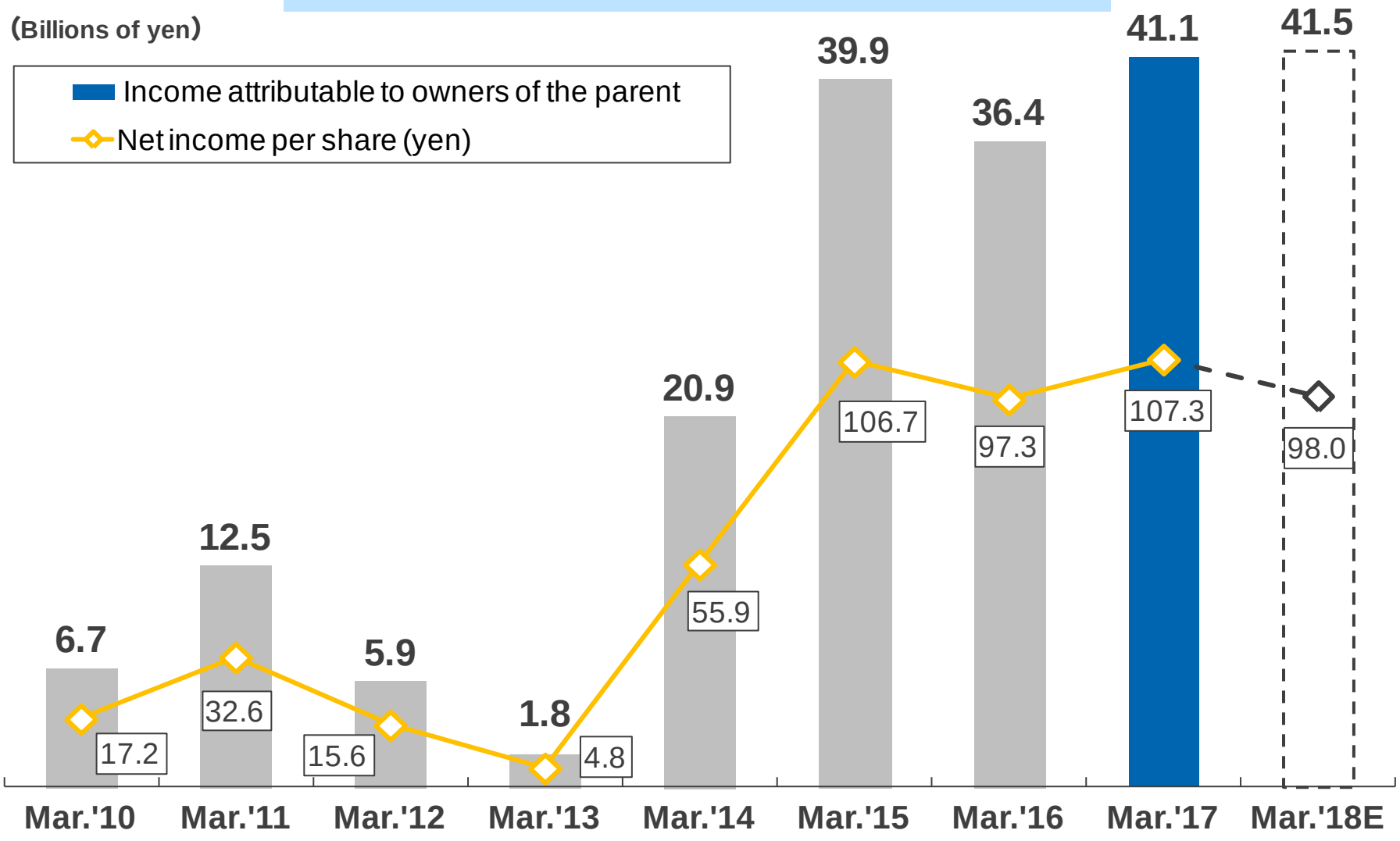




Net Income

Yearly

Net income hit record high

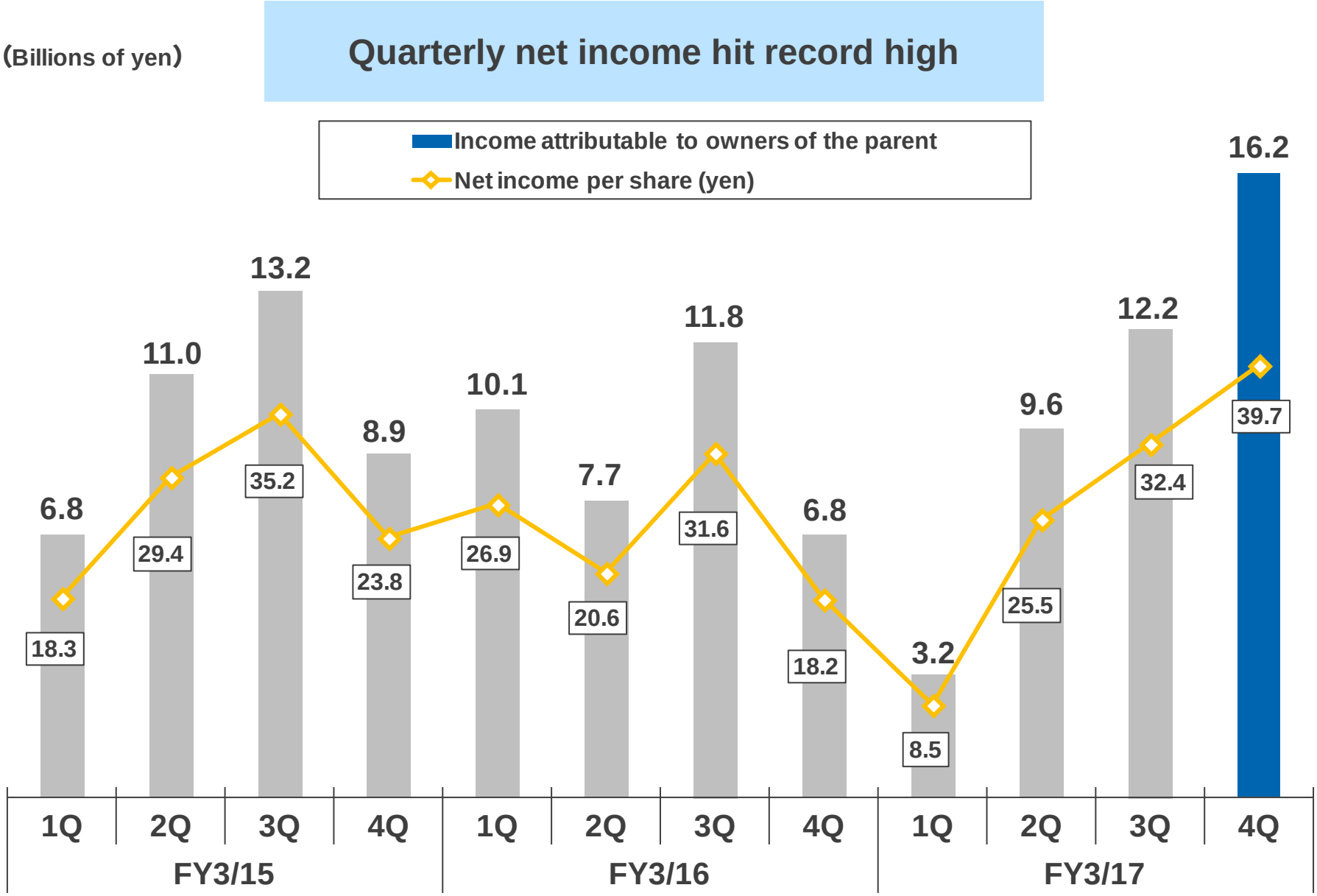


Net Income

Quarterly

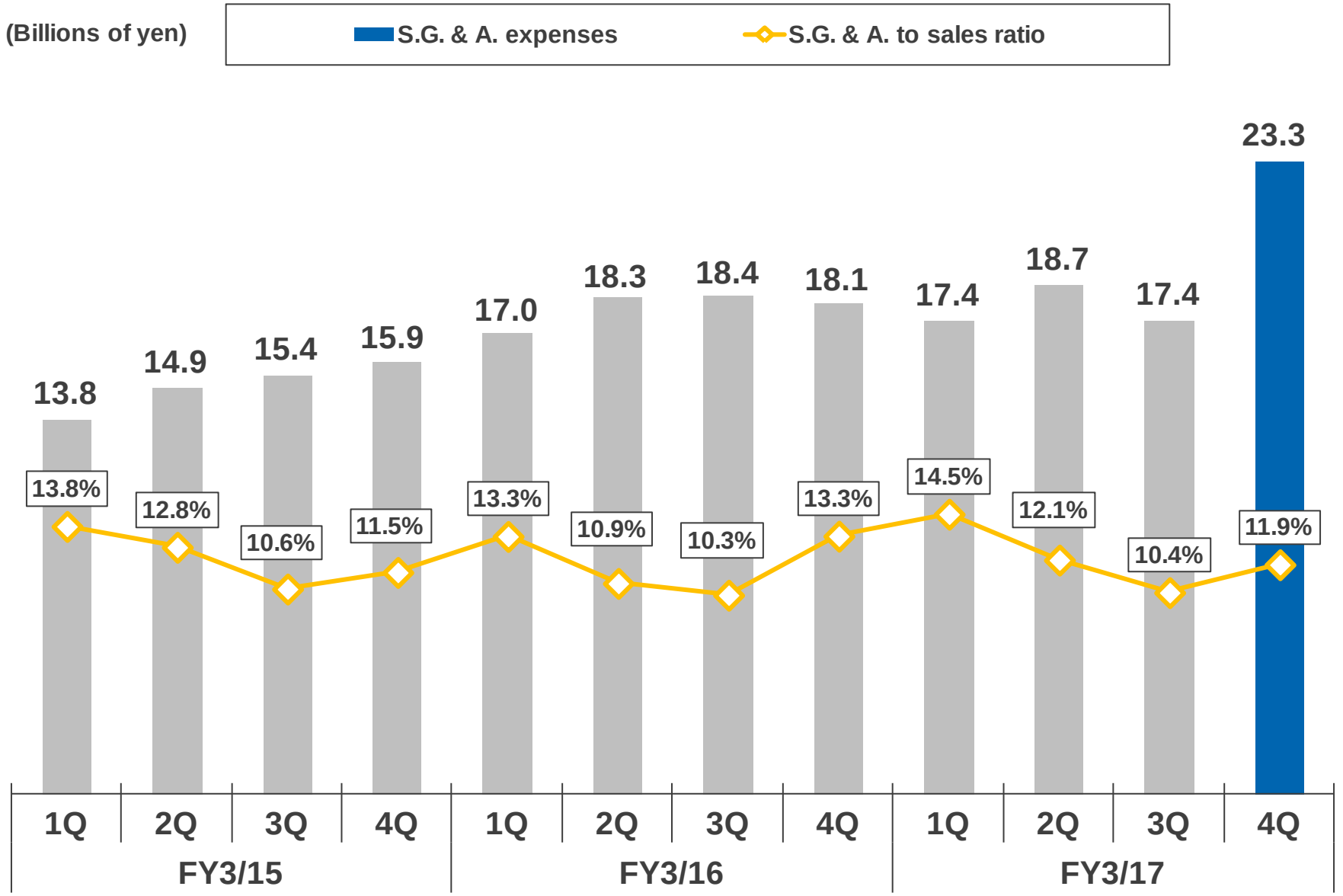
(Billions of yen)

Quarterly net income hit record high



S.G. & A. Expenses

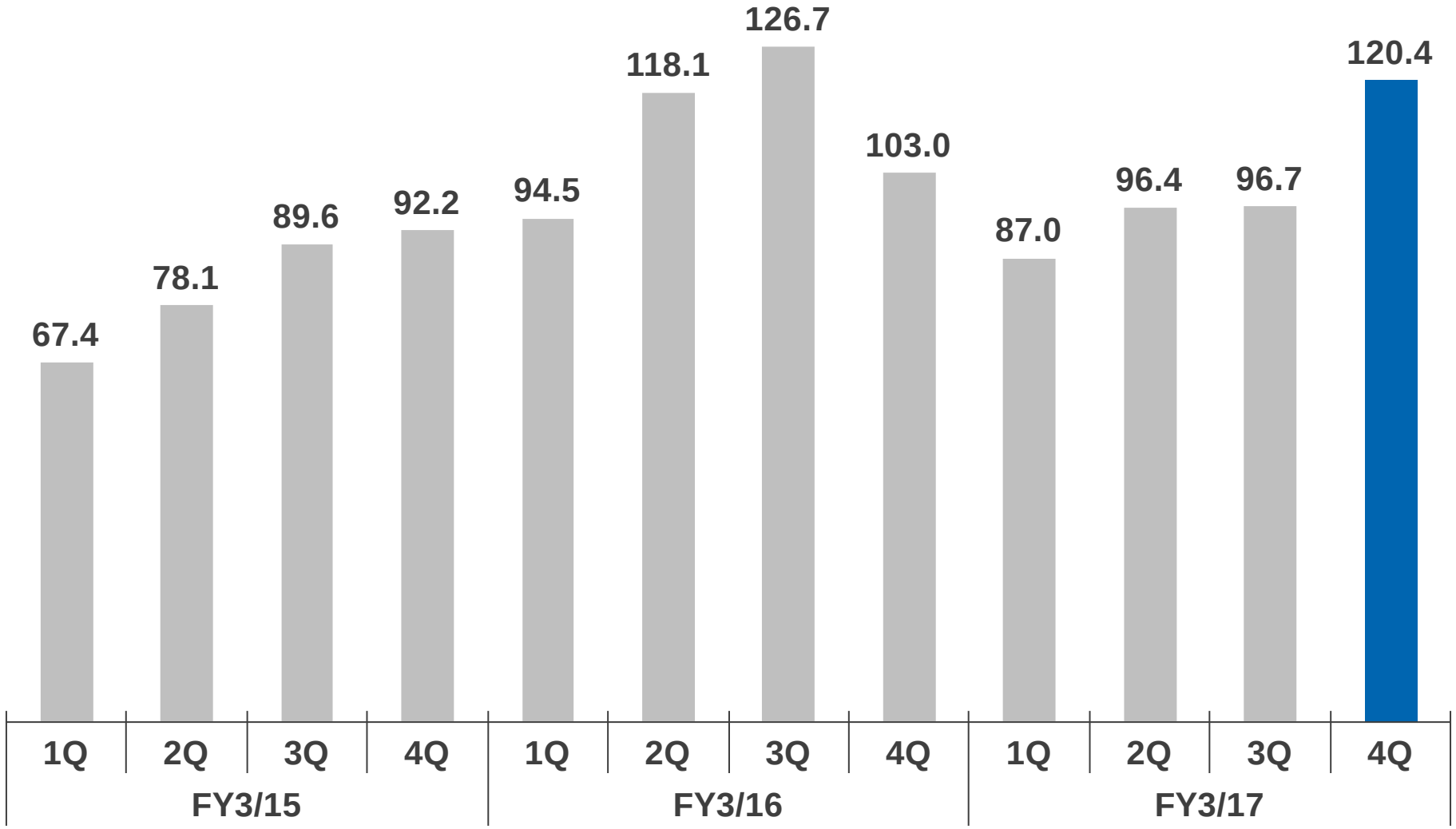
Quarterly



Inventories

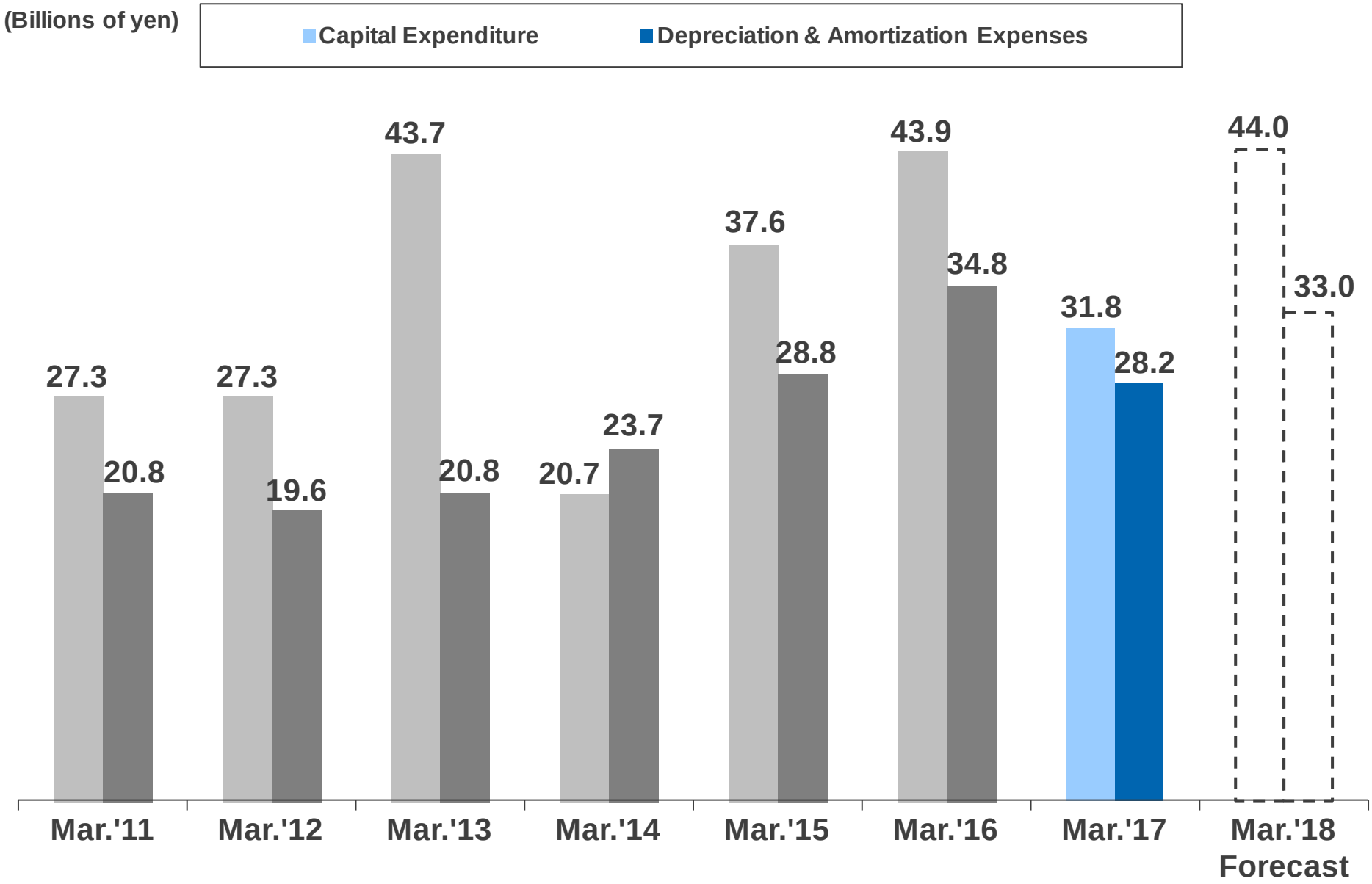
Quarterly

(Billions of yen)



Capital Expenditure & Depreciation

Yearly



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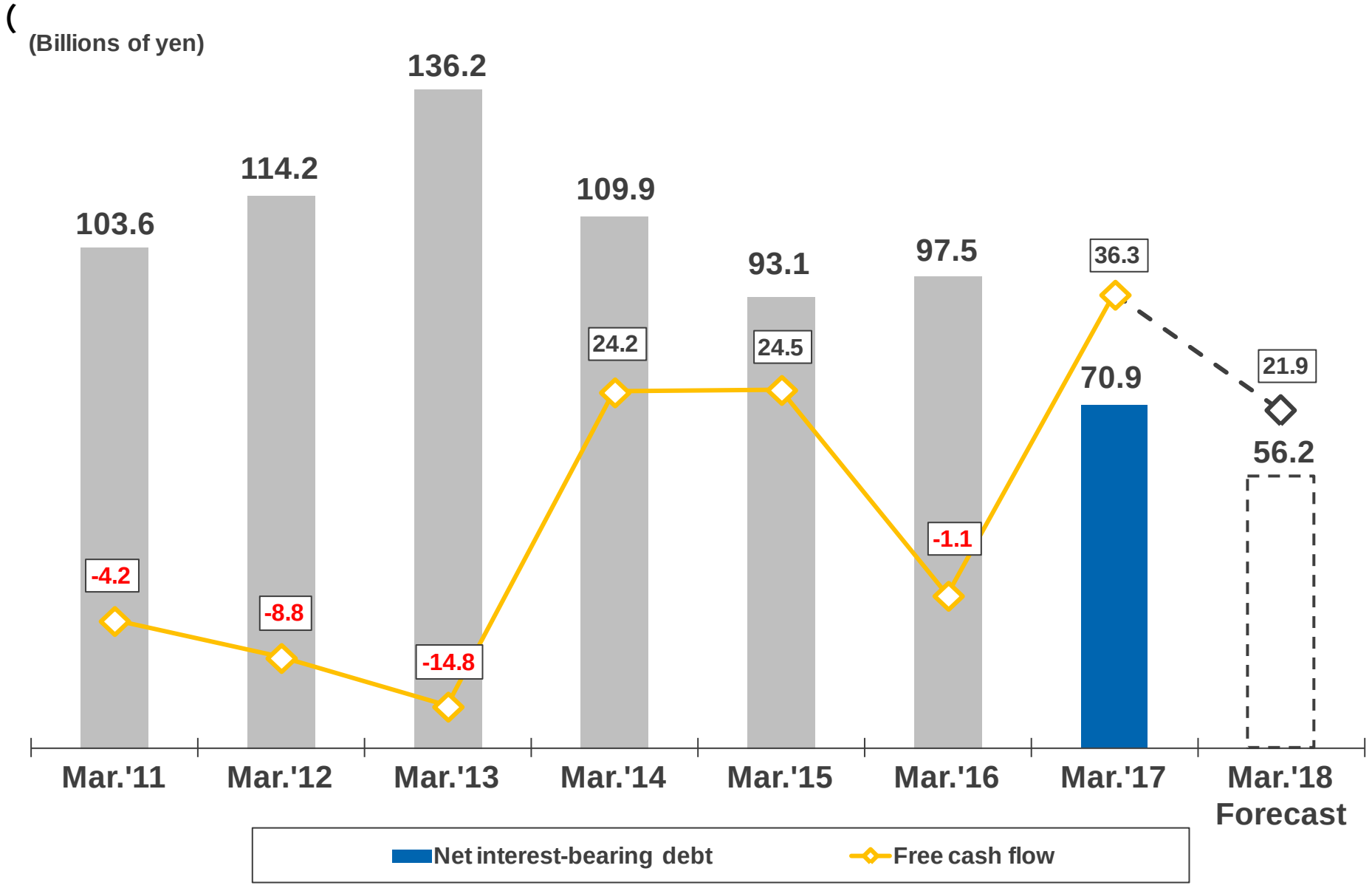
Net Interest-Bearing Debt/Free Cash Flow

Yearly



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Forecast for Fiscal Year Ending March 31, 2018

Expecting higher net sales & operating income YoY due to huge contribution from full-year consolidation of Mitsumi business

(Millions of yen)	FY3/17 Full Year	FY3/18			
		1st Half	2nd Half	Full Year	YoY
Net sales	638,926	376,400	373,600	750,000	+17.4%
Operating income	49,015	26,300	29,700	56,000	+14.2%
Ordinary income	48,393	25,800	29,200	55,000	+13.7%
Income attributable to owners of the parent*	41,146	19,400	22,100	41,500	+0.9%
Net income per share (yen)	107.33	45.83	52.20	98.03	-8.7%

Foreign exchange rates	FY3/17 Full Year	FY3/18 Full Year Assumptions
US$	¥108.76	¥105.00
Euro	¥119.34	¥115.00
Thai Baht	¥3.09	¥3.06
Chinese RMB	¥16.18	¥16.00

Forecast for Business Segment

(Millions of yen)	FY3/17 Full Year	FY3/18 1st Half	FY3/18 2nd Half	FY3/18 Full Year	FY3/18 YoY
Net sales	638,926	376,400	373,600	750,000	+17.4%
Machined components	156,310	80,200	80,800	161,000	+3.0%
Electronic devices and components	441,615	202,500	194,500	397,000	-10.1%
Mitsumi business	40,342	93,300	97,900	191,200	-
Other	658	400	400	800	+21.6%
Operating income	49,015	26,300	29,700	56,000	+14.2%
Machined components	39,147	20,100	20,900	41,000	+4.7%
Electronic devices and components	21,898	10,600	11,400	22,000	+0.5%
Mitsumi business	2,315	4,400	5,600	10,000	-
Other	(120)	(200)	(200)	(400)	X3.3
Adjustment	(14,223)	(8,600)	(8,000)	(16,600)	+16.7%

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Management Policy & Business Strategy

May 9, 2017

Yoshihisa Kainuma

Representative Director,

President and Chief Executive Officer



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Turned-around money-losing businesses
Focusing on strengthening money-earning businesses !

- Machined Components : to boost productivity to ¥50 billion OP
- Electronic Devices & Components : Motors will be #2 profit generator
- Mitsumi business : will boost bottom line by generating large profits

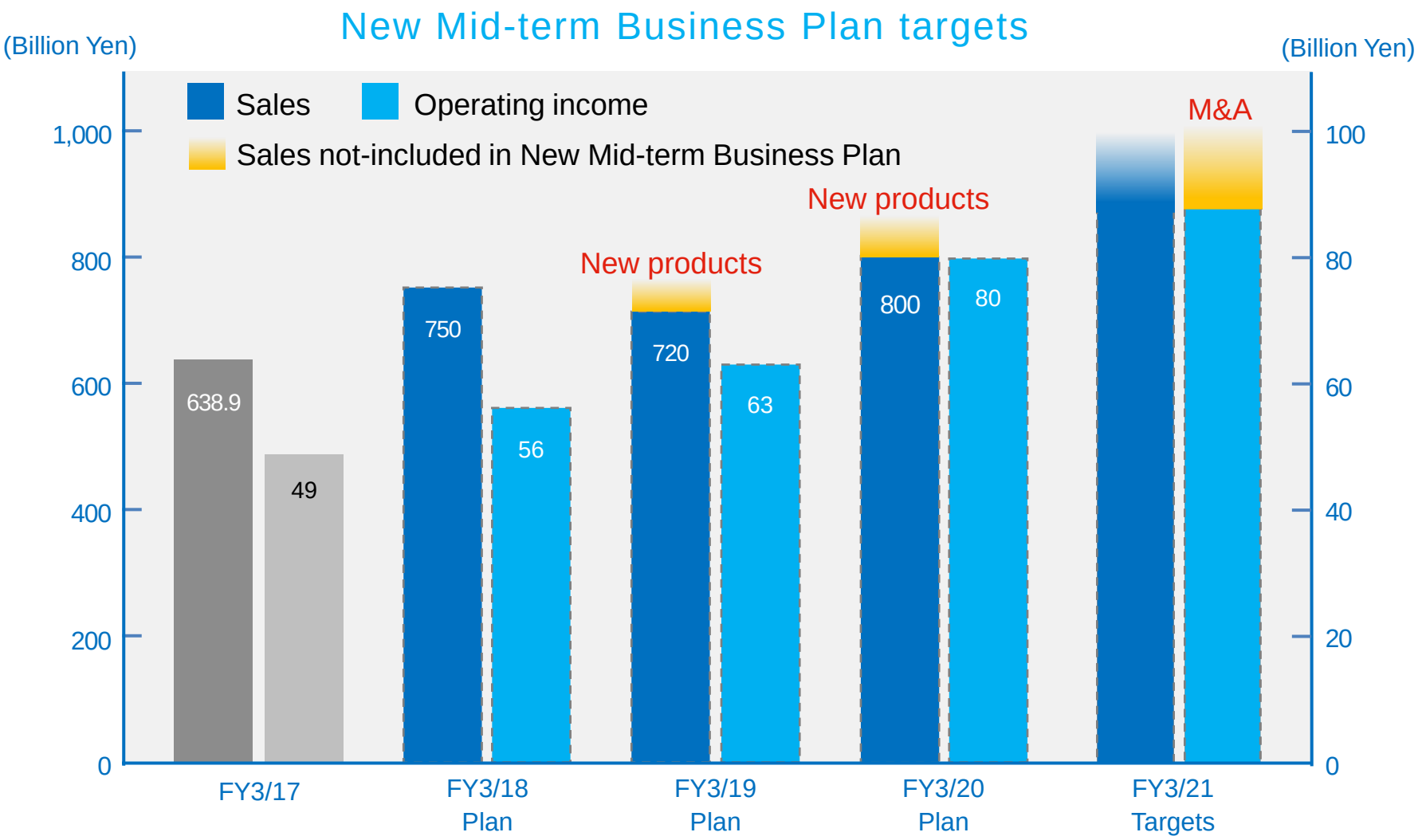
(Billion Yen)	FY3/17 Full Year	Forecast for FY3/2018			
		1st Half	2nd Half	Full Year	YoY
Net sales	638,926 Record High	376,400	373,600	750,000	+17.4%
Operating income	49,015	26,300	29,700	56,000	+14.2%
Ordinary income	48,393	25,800	29,200	55,000	+13.7%
Income attributable to owners of the parent	41,146 Record High	19,400	22,100	41,500	+0.9%
Net income / share (¥)	107.33 Record High	45.83	52.20	98.03	△8.7%

$=¥105

$=34.3 Baht


1 and/or 100 by 2020
From investor meeting presentation on May 8, 2015
Progressing as planned !
by 2020
3 Pillars including new products
w/ wireless or other technology
by 2017
Enlarge 2 pillars
by 2014
Completion of 2 pillars
Mid-to-long-term targets
1 trillion yen sales and/or 100 billion yen OP
Mid-term targets
Further advance of businesses and new products
Former Mid-term plan
achieved in 1st year
Electronic Devices & Components become 2nd pillar

2020 goal benchmarks



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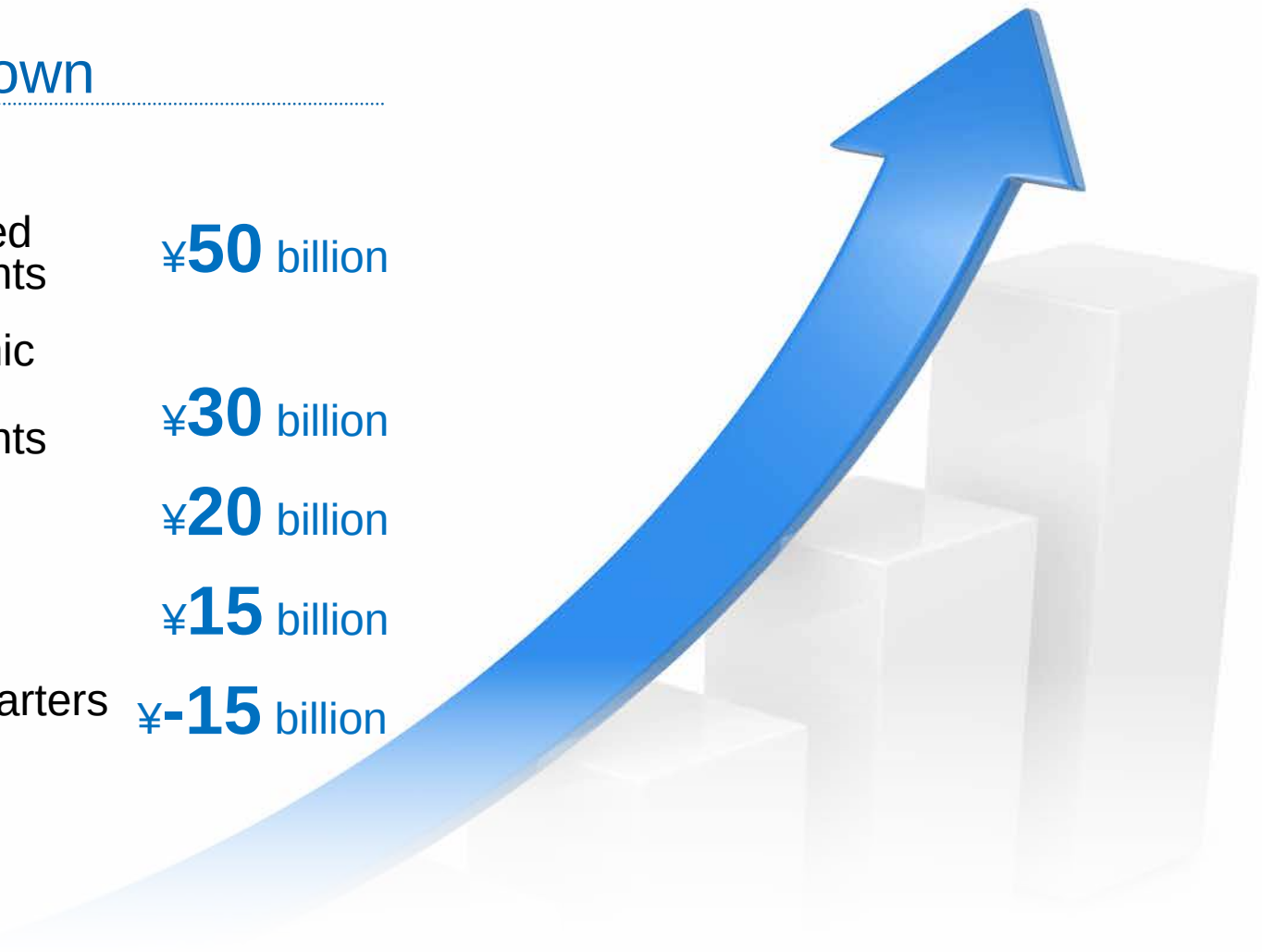
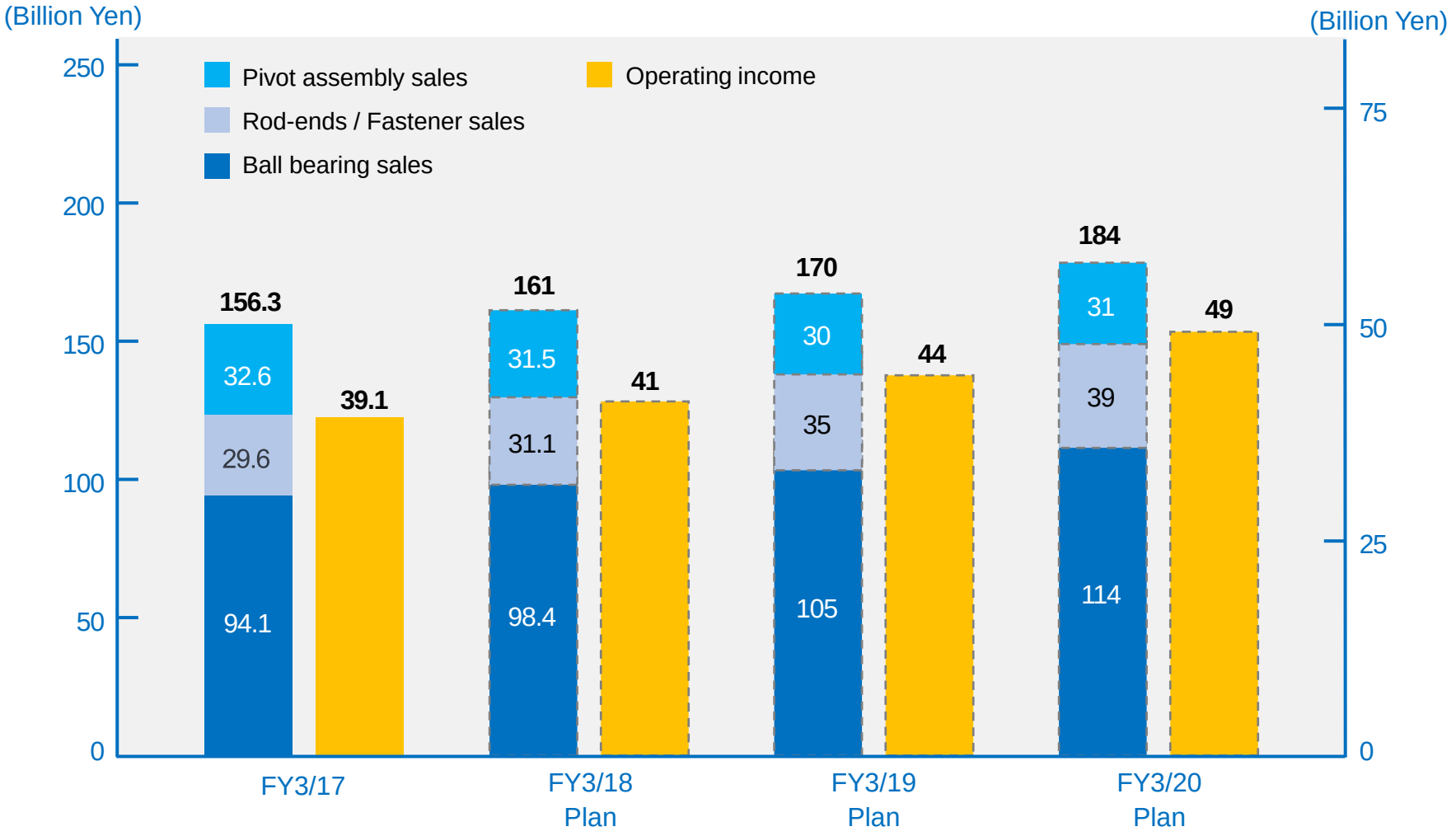
Breakdown

●Machined Components	¥**50** billion
●Electronic Devices & Components	¥**30** billion
●Mitsumi	¥**20** billion
●M&A	¥**15** billion
●Headquarters Expenses	¥**-15** billion



Aiming for ball bearing production capacity of 285 million units/month in FY 3/18

(Improving productivity to get 35 million units / mo !)

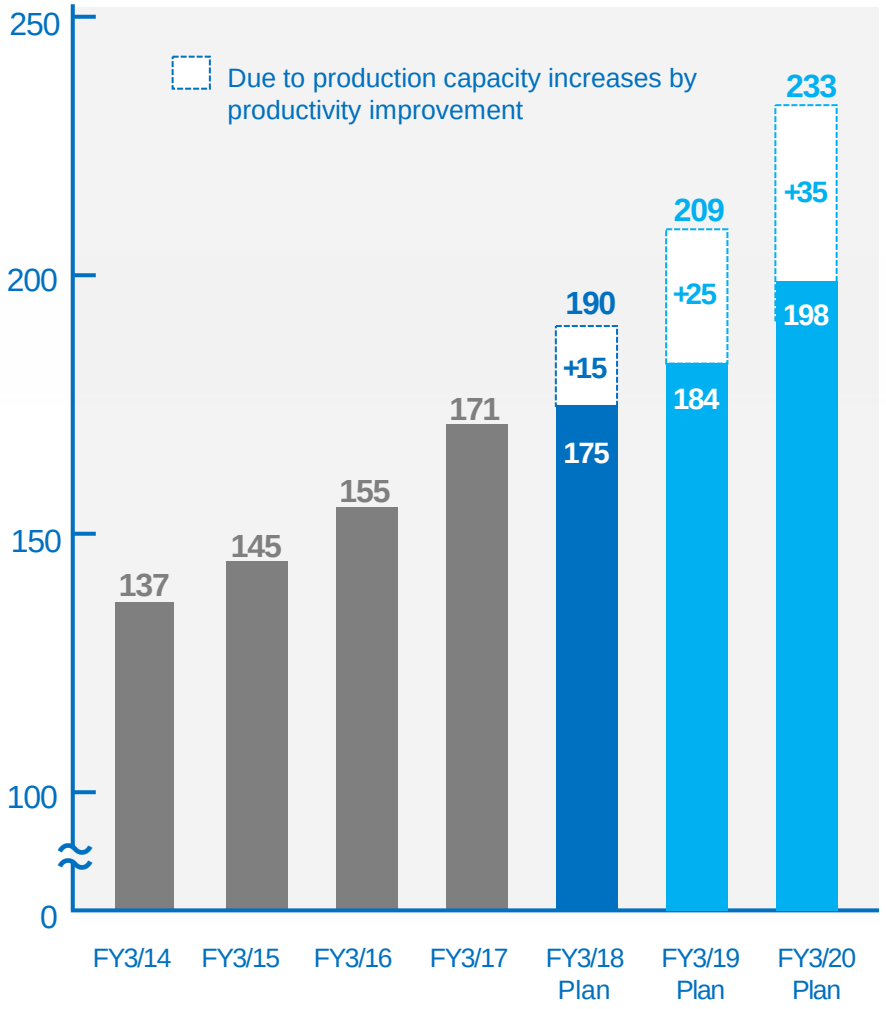


Ample room to improve profitability !

1. No sign of slowdown in external demand
2. Creating the capacity to make 285 million units/month by FY 3/18
3. Expanding sales activity further



External ball bearing shipments
(million units / month)



Environmentally friendly/ Energy saving

Exhaust Gas Recirculation
Urea-based SCR
Electronic Throttle Valve
Turbo Charger etc.



Safety

Lighting Systems
Antilock Brake System
Electronic Stability Control
etc.

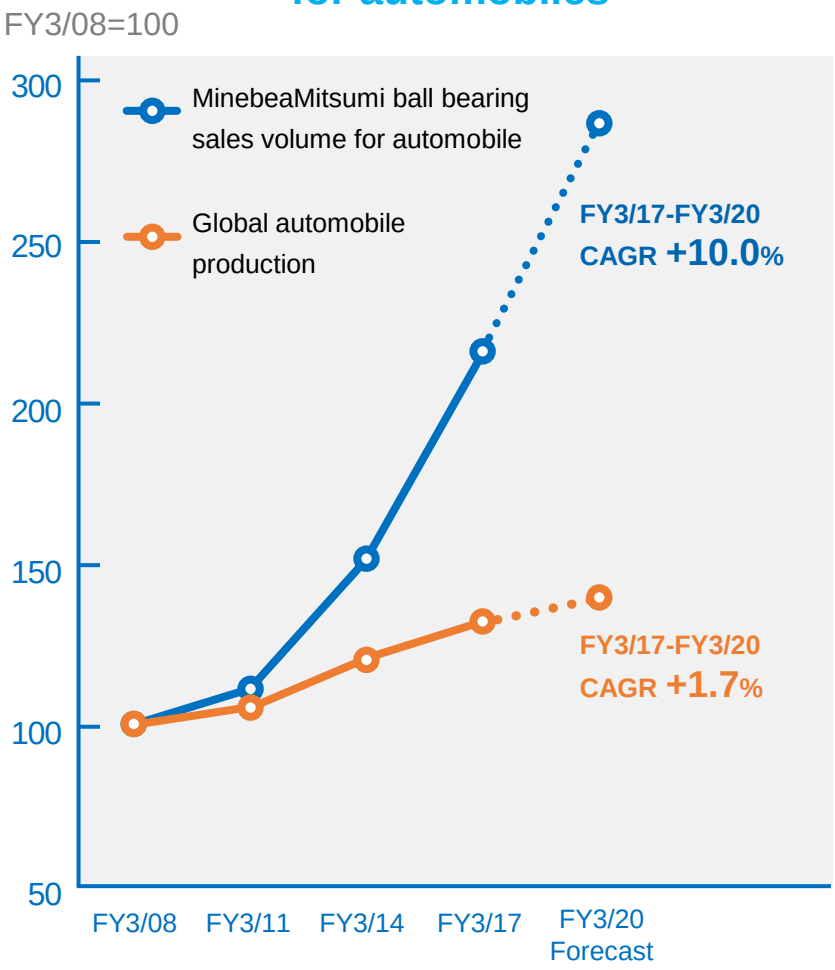


Comfort

Seat Fan
Rear Gate Opener
etc.



Growth of miniature ball bearings for automobiles



Sources : IHS, MinebeaMitsumi

Aiming to boost profitability



©Airbus

1. By changing the production system from beginning to end, we aim to double per capita productivity.

2. While super large aircraft production is falling, mid-to-small aircraft production is rising.

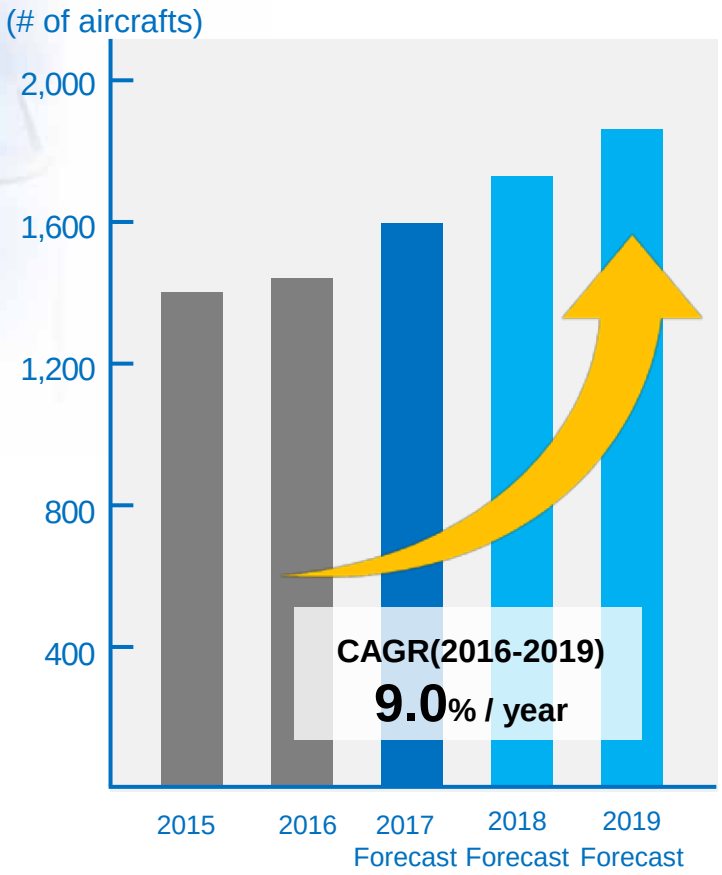
3. Trying to boost per-aircraft sales by selling more mechanical parts

4. Focusing on hard-to-process materials & value-added components



Mechanical Parts for Aircraft

Boeing & Airbus Commercial aircraft shipments

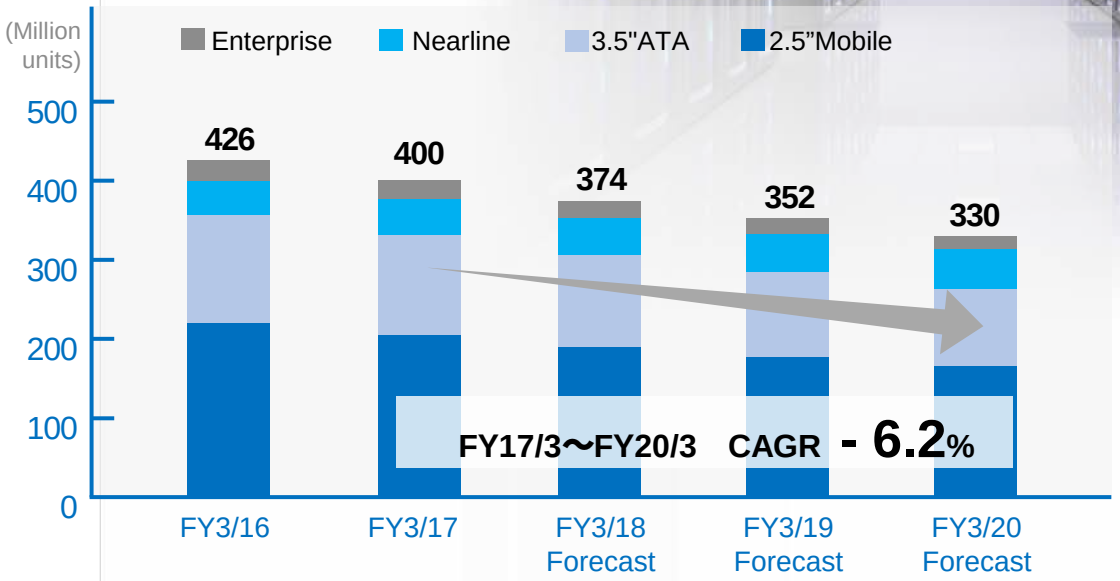


Sources : Boeing, Airbus, forecast by MinebeaMitsumi

Focusing on market share to maintain profits

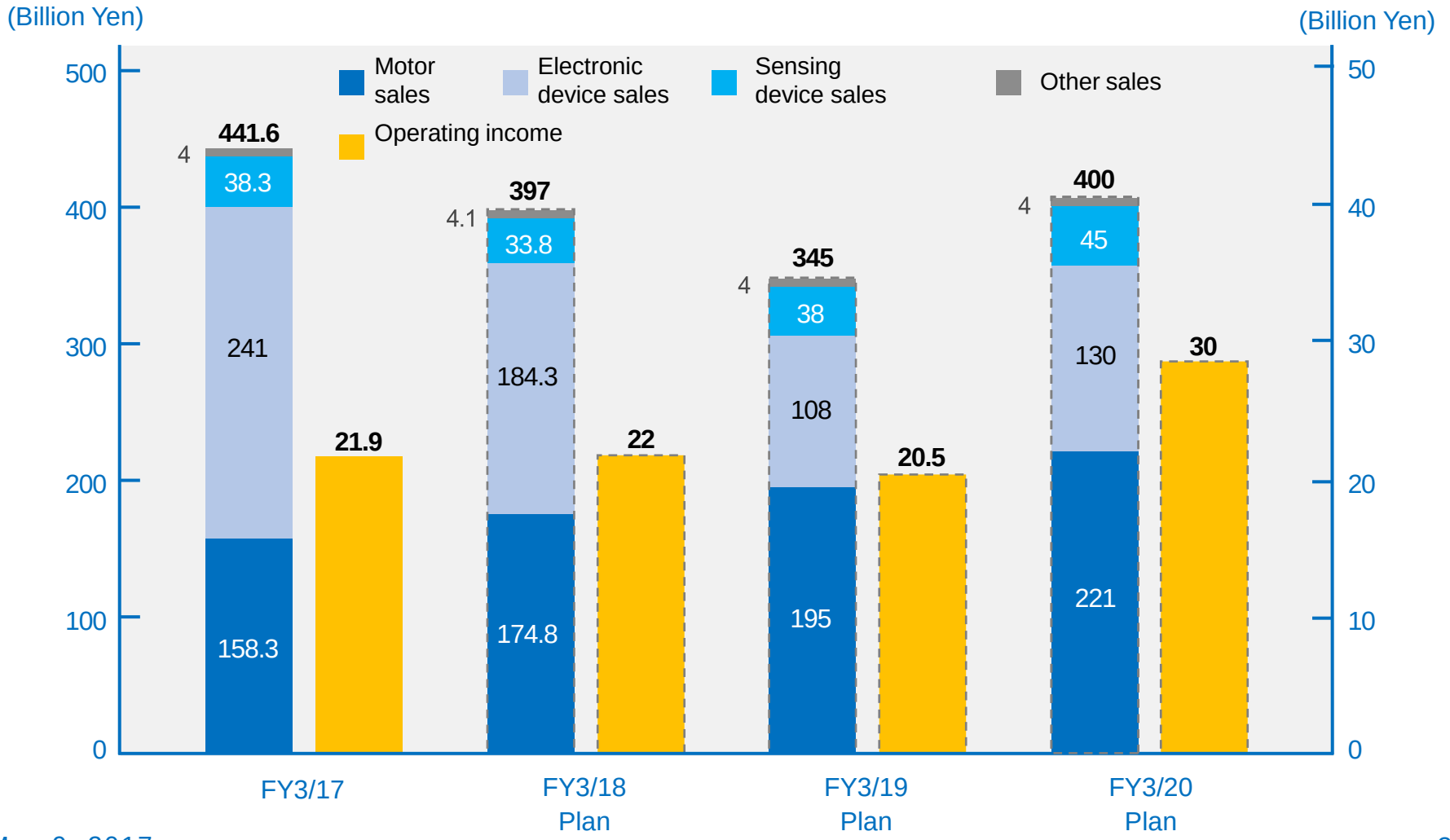
- Working in a gradually shrinking HDD market
- Taking advantage of high quality & lower production cost of ball bearings

HDD market forecast

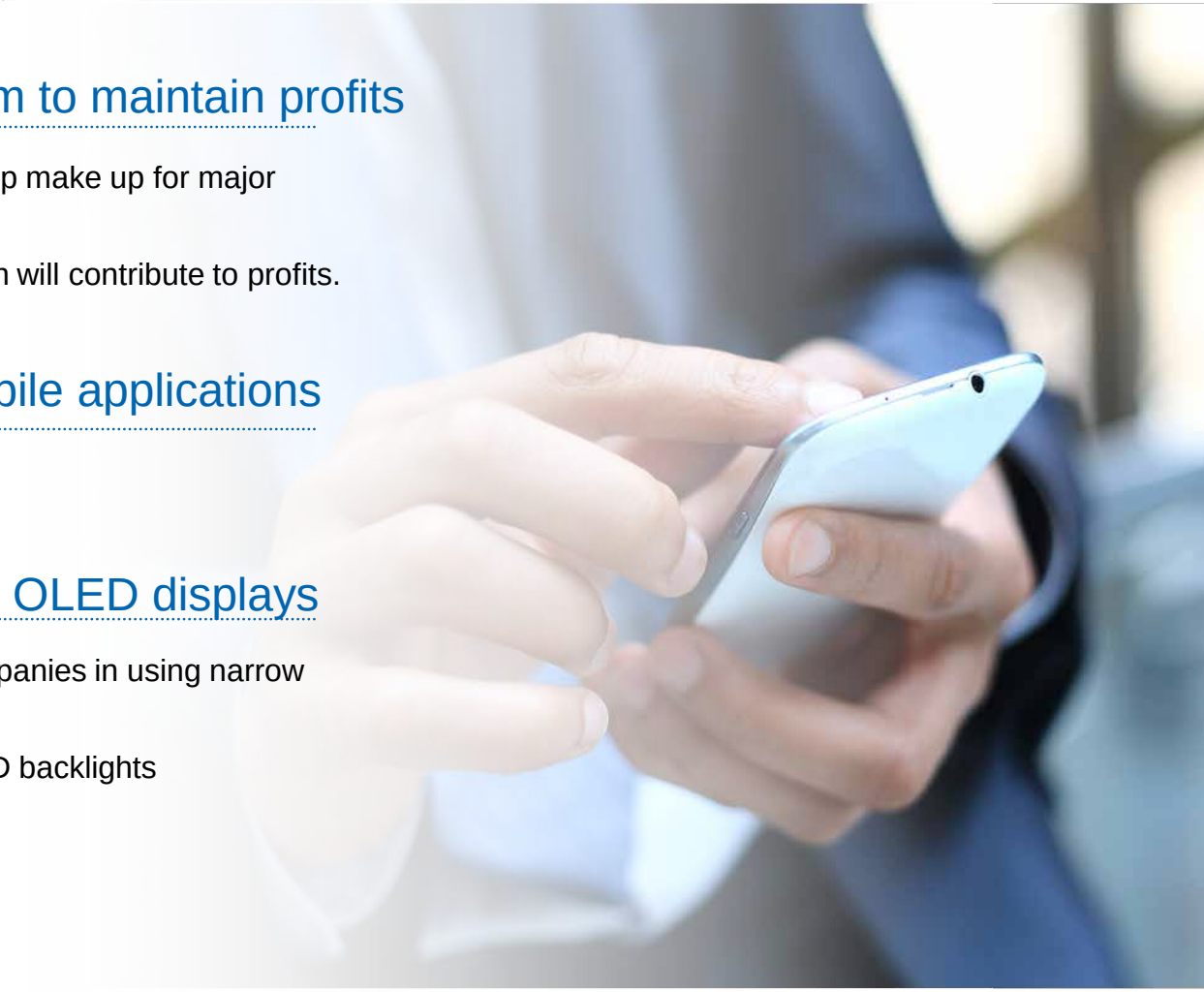


Sources : TSR, forecast by MinebeaMitsumi

Motors will drive overall growth of #2 pillar



LED backlights move to matured stage



1. Sales will decline, but aim to maintain profits

●Growing market share in China will help make up for major customer’s declining order volume.
●Completion of accelerated depreciation will contribute to profits.

2. Shifting focus to automobile applications

●Developing parts & modules(P.52)

3. Ongoing R&D to vie with OLED displays

●Moving forward with supply chain companies in using narrow bezel LED backlights
●Continuing development of curved LED backlights

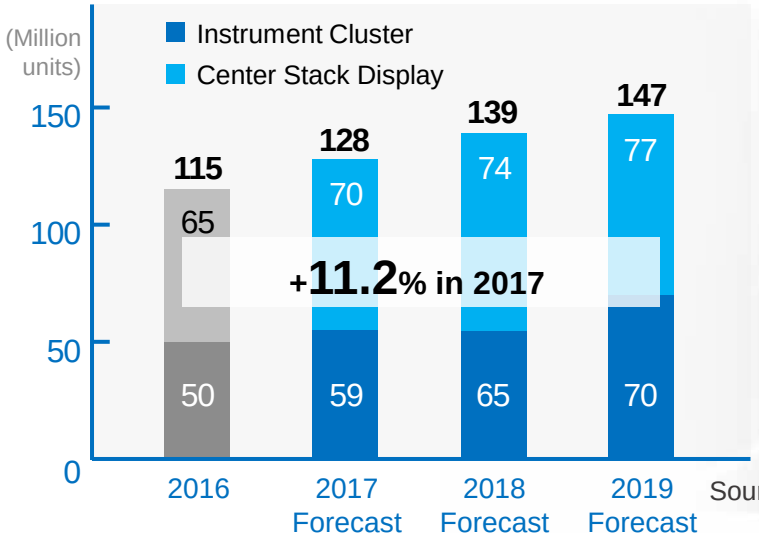
Shifting focus to automobile applications

1. Further sales expansion of high-value-added products for high-end automobiles
   (Aiming for **¥16 billion sales** in FY3/18)

2. Utilizing **new Slovakian plant** to go on line in early 2018



Growth of automobile displays



Source : IHS



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For SALIOT（LED lighting) and smart street lights

1. Aiming ¥5 billion SALIOT sales in mid-term

- Global sales network has been expanding.
- Strengthening product lineup further
- A new show room will be open in August this year.

2. Expanding smart street lights as next generation IoT products

- R&D, production & marketing tie-ups with OSRAM, Iwasaki Electric
- Fusion with Mitsumi connectivity components



Temperature / humidity sensor



Air flow sensor



Air pressure sensor



Small size camera



Millimeter-wave radar



Profit growth from automobile applications

- Focusing further on automobiles, which are utilizing more & more motors
- Pursuing niche markets and cost advantages
- Utilizing **new Slovakian plant** in operation in early 2018



BLDC Motor



PM Motor





DC Brush Motor



DC Brush Motor



PM Motor



PM Motor



Fan Motor



Fan Motor

Stable growth in pre-acquisition businesses & synergy with Sartorius MT&H

1. Stable growth in pre-acquisition businesses

●Promoting sales of passenger seat sensors for the North American automobile market and others



Seat sensors

2. Synergy with Sartorius MT&H

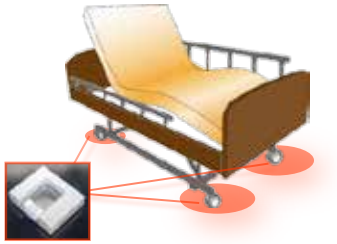
●Utilizing inhouse components
●Cross selling to expand customer base
●Utilizing Bengaluru, India plant



High-end measuring equipment

3. Building a platform of our future healthcare business

●Moving toward commercialization of medical bed sensors (will be announced soon)
●Expanding business for key IoT components employing MEMS sensors



Medical bed sensors

Becoming next pillar as profits surge this fiscal year

Impacts of integration

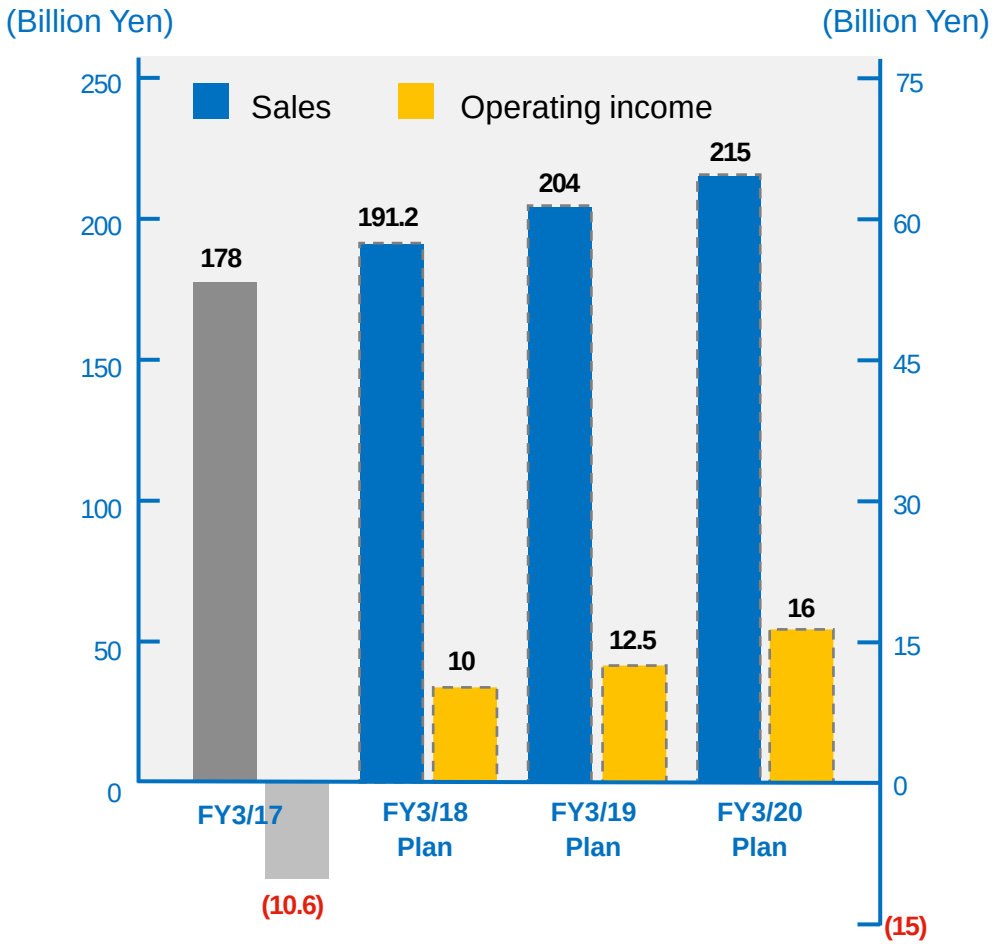
1. Highly strengthened R&D capabilities
2. Positive impact on OP

↓

No more worry on dilutive impacts on profits

Effects of share swap scheme

1. Benefits of negative goodwill and increased amount available for dividends
2. Stronger B/S
3. Smaller impacts on # of shares issued by utilizing treasury stock



* FY3/17 is managerial accounting base, not audited

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Aggressive allocation of people & resources

Core

Competitive in niche markets + Permanent

Sub-core

Innovative + Non-permanent

Non-core

Low margin or Price niche

Growth

Improving profits & Next generation product

R&D

Selection & concentration

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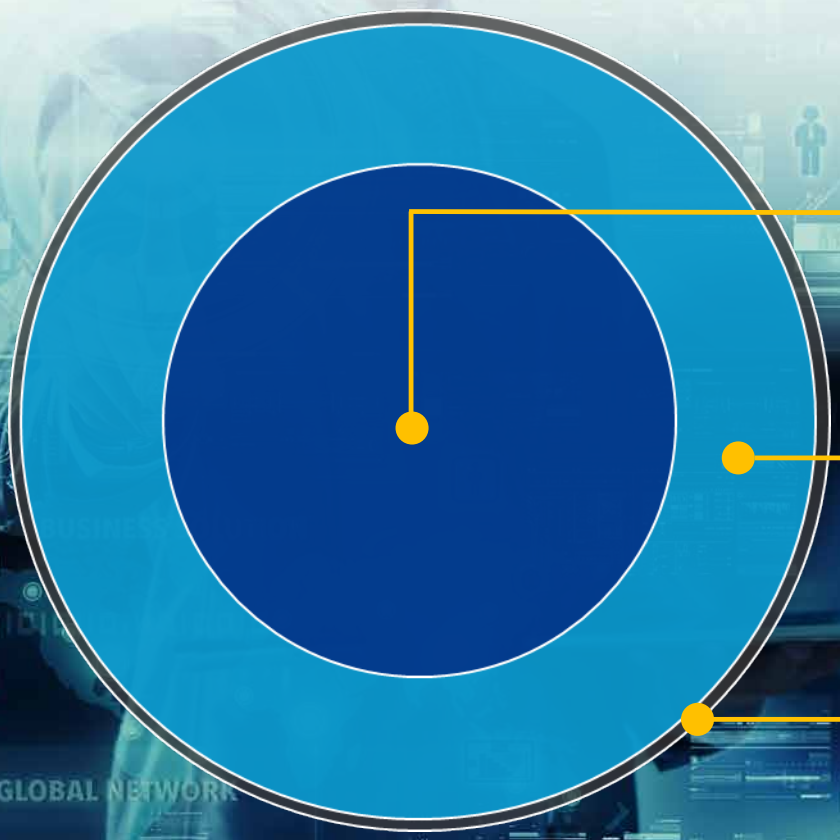
Profit sources



Core

Industry staples
Are a constant

Sub-core

Smartphone components
Game consoles
HDD components, etc.

Non-core

Low sales
Low margin
Low growth potential

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The 7 Spears



1. Bearings
2. Motors
3. Sensors
4. Connectors/Switches
5. Power supplies
6. Wireless/Telecommunications /Software
7. Analog semiconductors

Centering on strain gauge and MEMS sensor technology

- Exploring possibilities of temperature/environment sensors
- Expanding business for key IoT components employing strain gauges

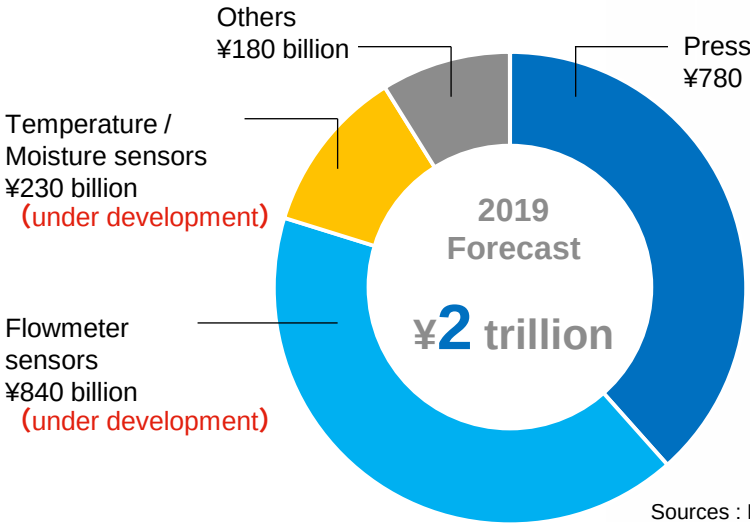

Strain gauges


Gauge pressure sensors


Air pressure sensors


Pressure sensors

Temperature/environment sensor market (forecast)



Sources : Fuji Chimera Research institute

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Key words are ultra-precision / water-proof

- Taking advantage of ultra-precision machining

-Targeting hard-to-process components –

- Focusing on high-speed transmission (automobiles & USB Type-C)


USB Type-C

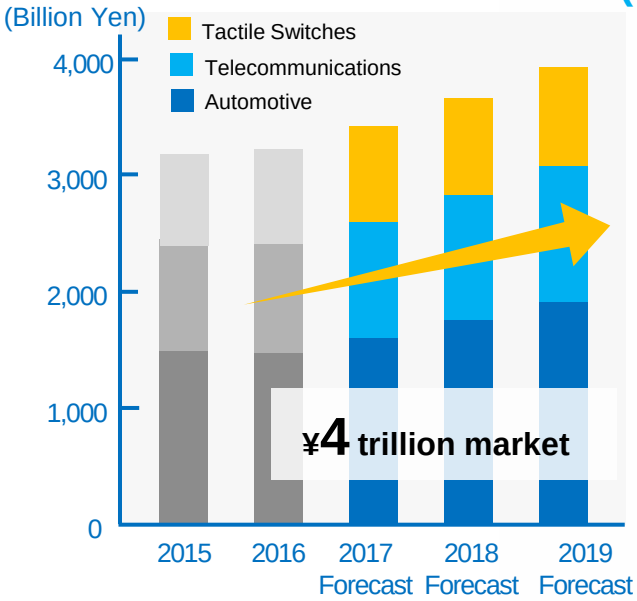

Automobile Connectors (HSD)


Automobile Connectors (FAKRA)


Automobile Connectors (USCAR-30)


Tactile Switches

Connector/Switch market (forecast)



Source : Sangyo-Joho Limited

Win the IoT era with high-quality / high-function

- Focus on lower than 70W products (quality / reliability)
- Build sales by exploring existing markets
- Optimize factory portfolio



AC adapters for information equipment

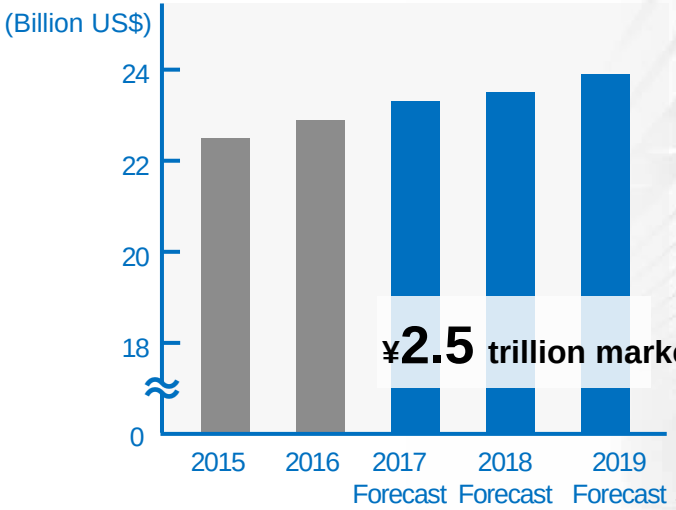


AC chargers for Li-ion battery pack



Power supplies for BD/DVD recorders

Switching power supply market (forecast)



Source : EMJ

Growth with automobile applications and responding to IoT

- Aim to capture market for combined components of ADAS (advanced driver assistance system)
- R&D of next generation antennas
- Utilize India / Slovakia factories

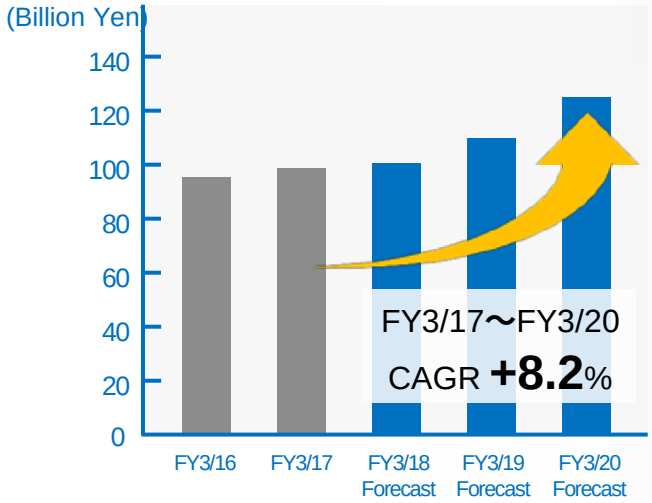

Shark fin antennas


Bluetooth modules


GPS antennas


HD-PLC adapters

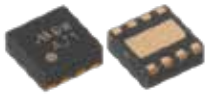
Antenna market (forecast)



Source : Mark Lines Co., forecasts by MinebeaMitsumi

Analog semiconductors - the IoT entrance and exit ways

- Focus on high-value-added products (such as ADC, etc.)
- Accelerate R&D of next generation products
- Strengthen power semiconductor foundry operations



Protection ICs for Li-ion batteries



AC/DC converter ICs



Analog front-end ICs

Market size in 2016

- Battery ICs ¥**35** billion
- Power Supply ICs ¥**370** billion
- MEMS sensors ¥**1,600** billion

Source: MinebeaMitsumi

Improve our competitive edge by boosting productivity across the board and developing new products with an eye to the risk of a shrinking market

Optical devices

1. Expand OISs & VCMs for Chinese customers
2. Consider producing some products in Cambodia



Mechanical components

1. Consider producing some products in Cambodia
2. IoT hybrid component R&D and sales



Developing high value-added solutions that combine input, conversion/control, and output devices

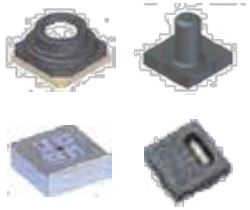
Product lineup

Input devices

- Strain gauges



- MEMS sensors
  - Pressure
  - Atmospheric
  - Air flow
  - Temperature / humidity
  - Proximity, body (object) detection
  - 6-axis force

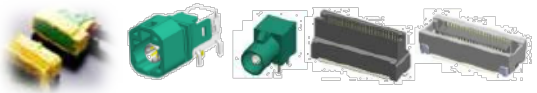


- Camera modules
- Antennas



Conversion/control devices

- Inverter circuits
- Driver circuits
- IC for power supply
- IC for protecting battery
- Switching power supply
- Wireless telecommunications
- Connectors



Output devices

- Motors
- Actuators
- Haptic devices
- LED backlights



- Lighting devices
- Bearings

Development of small actuators by sharing core technologies

Small actuators

●Linear actuators

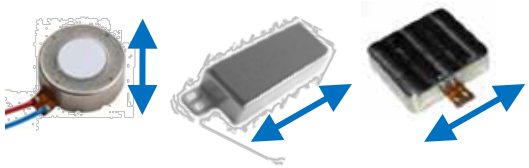
- Sharing core technologies for health care actuators
- Circular, Rectangular, Square

Electric toothbrush



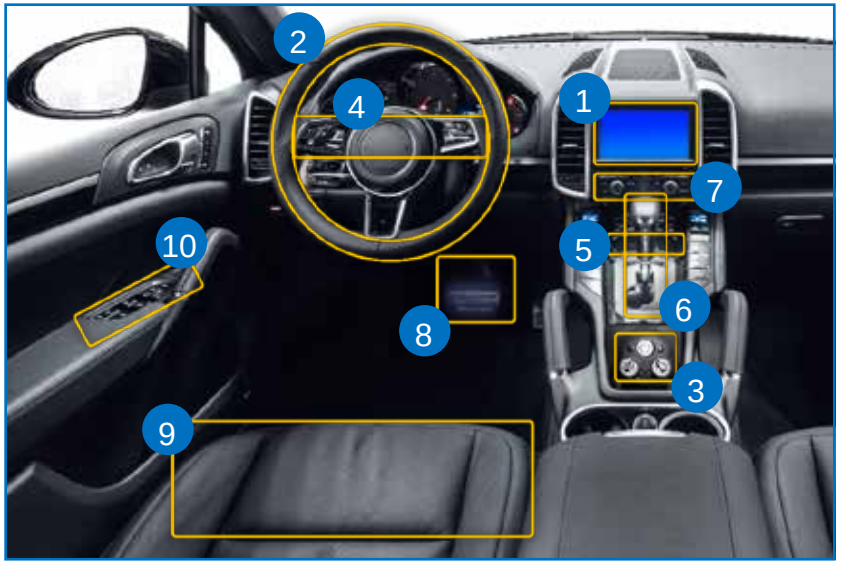
Beauty devices





Vibration elements	Haptics	Uniaxial variable Actuators
●Automotive ●Healthcare	●Automotive ●Consume products	●Automotive ●Consume products

Use in automobiles



1. Infotainment
2. Steering wheel
3. Air conditioner switch
4. Multifunction switch on Steering wheel
5. Touch pad
6. Shift lever
7. Rotary switch
8. Accelerator /Brake pedal
9. Seat (Cushion, Back rest)
10. Window switch

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Boost automobile device business via fusion with Minebea and Mitsumi technology/products



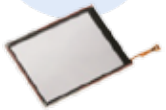
Strain gauges



Actuators



LED backlights



Connectors



Aim to expand as key IoT components

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Many R&D projects enhanced by fusion with Mitsumi's technology/products are currently in the works !



Main target markets for IoT products

Automobile

Healthcare

Infrastructure

New devices which connect people to things and things to things can become pillar #3.

1. Use of cash

- Current net interest-bearing debt level is appropriate.
- Priority for cash usage is on growth (capital expenditures, M&As).
- Next priority is returning cash to investors.

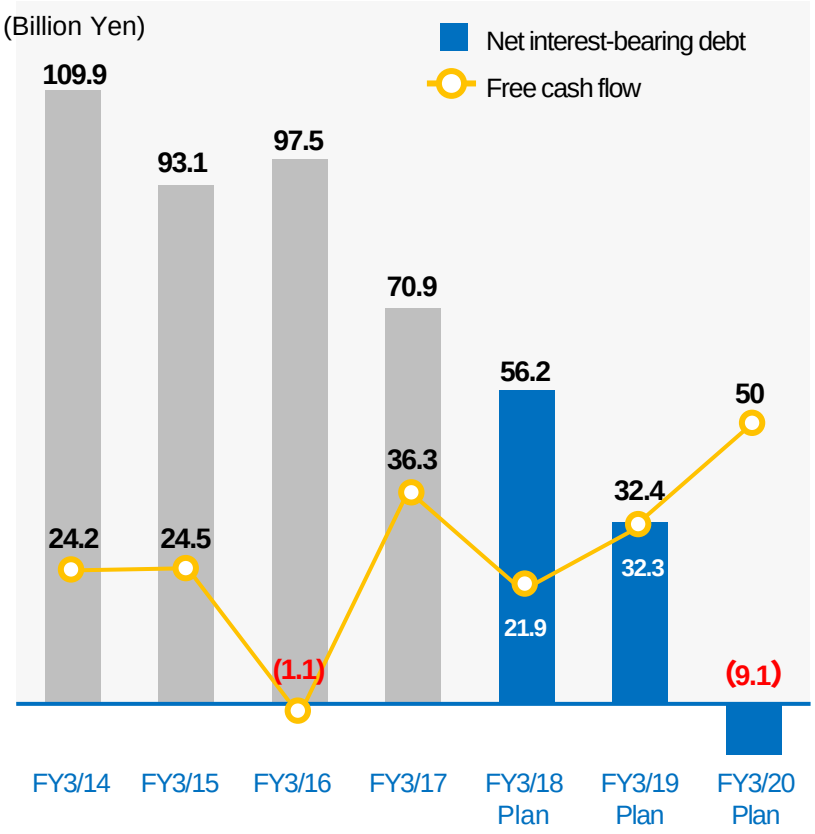
2. Dividend policy

- FY3/2017 Interim ¥**7**/share, Year-end ¥**7**/share, Total ¥**14**/share
(About a 20% payout ratio, excluding non-cash negative goodwill)
- FY3/2018(forecast) Interim ¥**10**/share, Year-end ¥**10**/share, Total ¥**20**/share
(Aiming for about a 20% payout ratio)

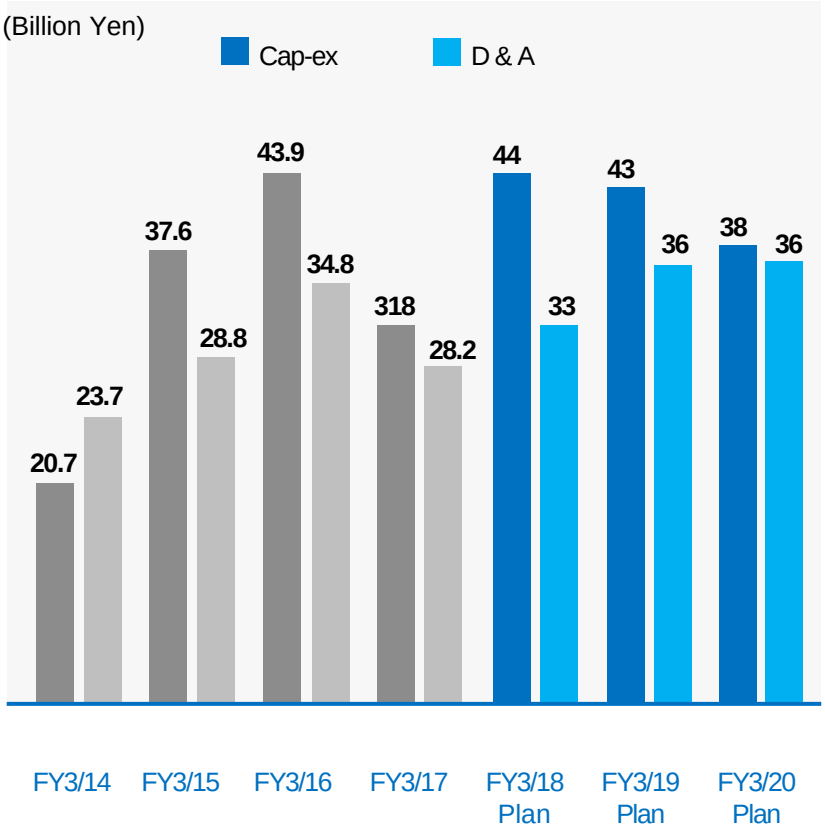
3. Share buyback (announced on February 13, 2017)

- Number of shares: Up to 12 million shares
(equal to 2.82% of total issued shares excluding treasury stock)
- Amount: Up to 15.0 billion yen
- Period: From February 14, 2017 to September 22, 2017

Net interest-bearing debt & Free cash flow plan



Capital expenditures & Depreciation & amortization plan



Toward FY3/2021 targets, aiming to capture additional profit sources

1. Aiming for M&As that will boost machined components business

2. Will explore M&A and alliance opportunities in specific fields and with an eye to particular targets

Business Results

MinebeaMitsumi Inc.

http://www.minebeamitsumi.com/

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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