



## Our Operations in China

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**Susumu Fujisawa  
Director in charge of China Operations**

# Outline of Shanghai Operations

Company Name: Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.

Established: April 20, 1994

Capital: Rmb 1,583 million  
(¥ 25 billion/ US\$ 190 million)

Total Investment: Rmb 3,638 million  
(¥ 58 billion/ US\$ 440 million)

Number of Employees: 4,272

Principal Products:  
Miniature and small-sized ball bearings,  
integral-shaft ball bearings, direct-current  
(DC) and alternating-current (AC) fan  
motors, measuring components

Net Sales: Rmb 2 billion  
(¥ 30 billion / US\$ 240 million)  
Exports: 95% of net sales



*Capital, Total Investment, Number of Employees: As of March 31, 2002/ based on the exchange rate on March 31, 2002*

*Net Sales: Forecast for fiscal year ending March 31, 2003/ based on the average exchange rate from April to December 2002*

# Minebea Group Information

Company Name: Minebea Co., Ltd.  
 Established: July 16, 1951  
 Capital: ¥ 68,259 million  
 (US\$ 510 million)  
 Total Investment: ¥ 350,037 million  
 (US\$ 2,640 million)  
 Number of Employees: 43,729  
 Principal Products:  
 Miniature and small-sized ball bearings, various small precision motors, machinery components, electronic devices and components  
 Net Sales: ¥ 272,000 million  
 (US\$ 2,220 million)  
 Operating Income: ¥ 21,500 million  
 (US\$ 1,750 million)

*Capital, Total Investment, Number of Employees: As of March 31, 2002/ based on the exchange rate on March 31, 2002*  
*Net Sales, Operating Income: Forecast for fiscal year ending March 31, 2003/ based on the average exchange rate from April to December 2002*

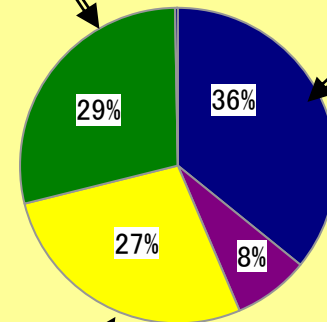
## Breakdown of Net Sales

### Other Electronic Devices and Components

PC keyboards (share 25%)  
 Electronic devices  
 Switching power supplies  
 Speakers

### Bearing-Related Products

Miniature and small-sized ball bearings (share 60%)  
 Rod-end & Spherical bearings (share 60%)  
 Pivot assemblies (share 70%)

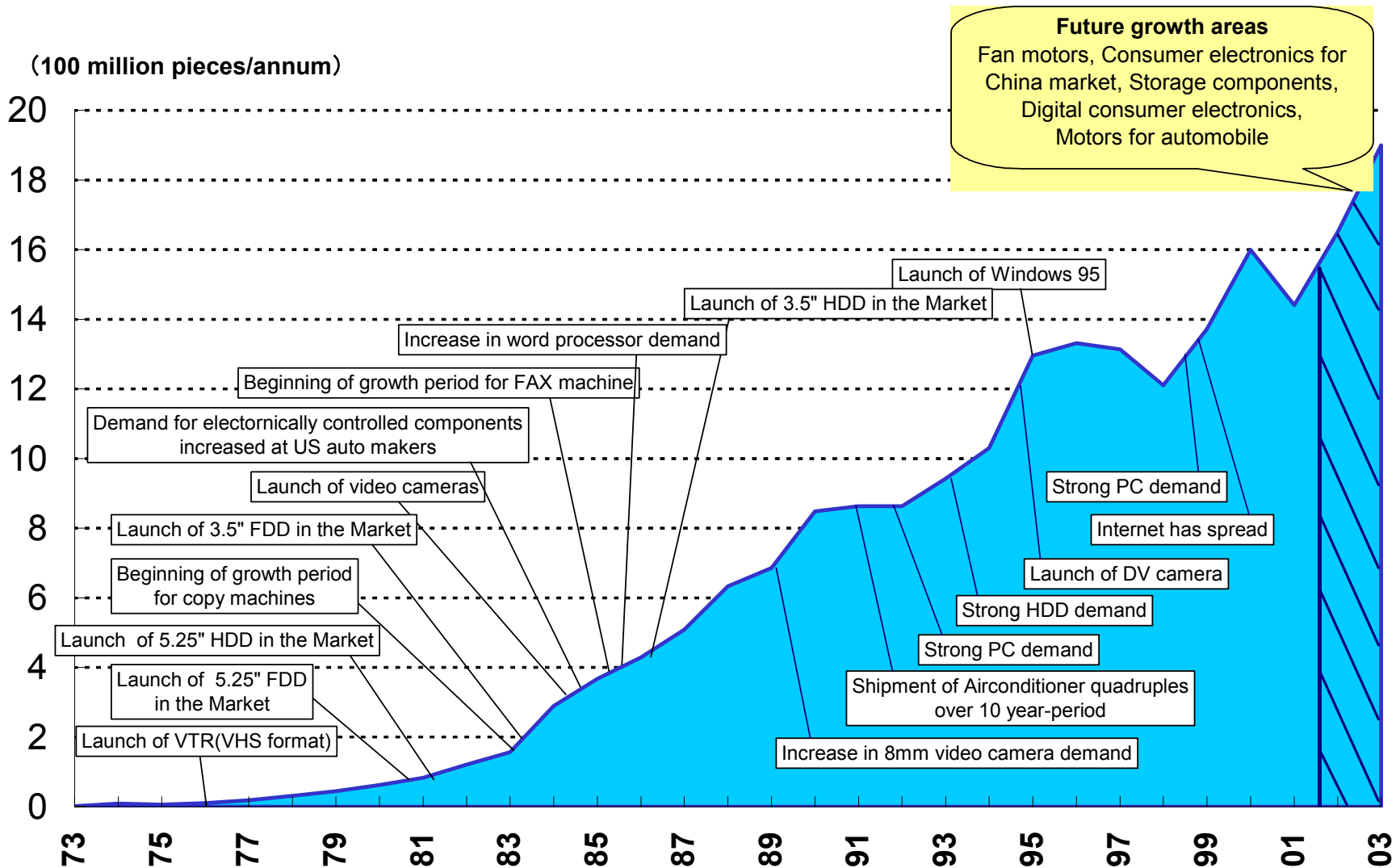


### Rotary Components

HDD spindle motors (share 25%)  
 Fan motors (share 20%)  
 Stepping motors (share 25%)

*(Net sales: results for the year ended March 31, 2002*  
*Share: global market share)*

# Minebea's Miniature & Small-Sized Ball Bearings Shipment Growth



# Minebea's Business Expansion in Asia

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- 1951 July Nippon Miniature Bearing Co., Ltd., Japan's first specialized manufacturer of miniature ball bearings, is incorporated.
- 1972 February Manufacturing subsidiary of miniature ball bearings is established in Singapore.  
⇒ **One of the first Japanese companies to begin mass production in South East Asia**
- 1980 August Manufacturing subsidiary of miniature ball bearings is established in Thailand. The subsidiary gradually expands its product line and operations.  
⇒ **One of the largest export company in Thailand**

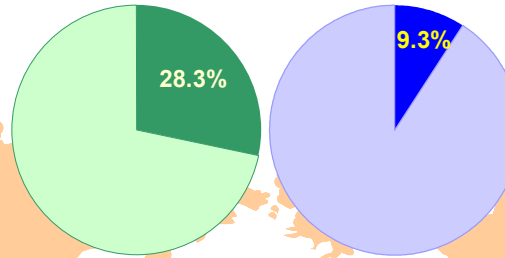
## Operations in China

- 1994 April Minebea Electronics & Hi-Tech Components (Shanghai) Ltd. is established.
- 1994 October Assembly of miniature ball bearings and DC fan motors begins.
- 1996 February Integrated production of fan motors begins.
- 1996 August Integrated production of ball bearings begins.
- 2001 October The second fan motor factory is completed. Production capacity of fan motors is doubled.  
⇒ **Expanding operations in the market of the future**

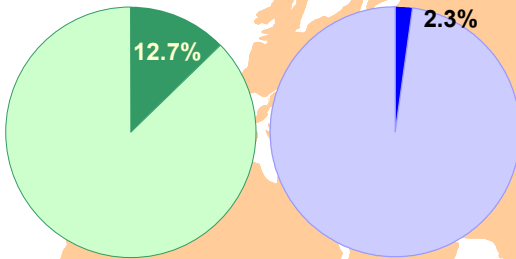
# Minebea Group's Production and Sales by Region

(April-September 2002)

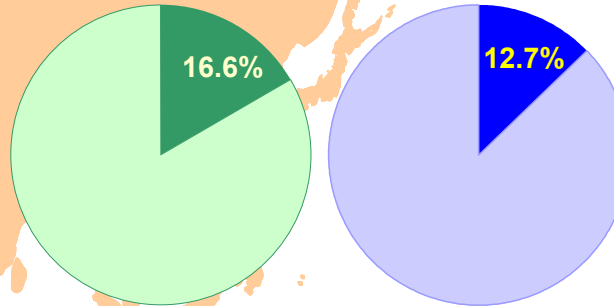
## Japan



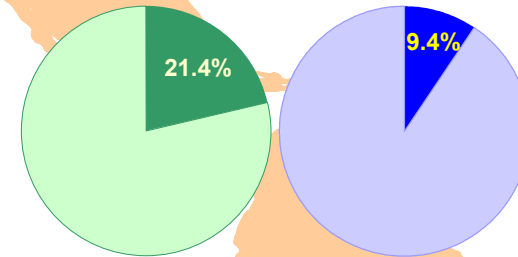
## Europe



## China



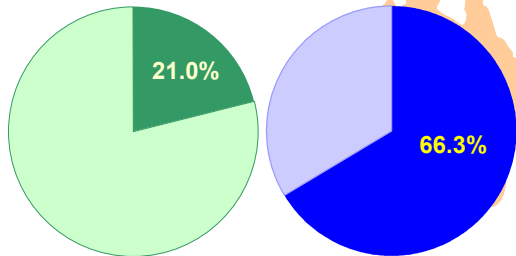
## North and South America



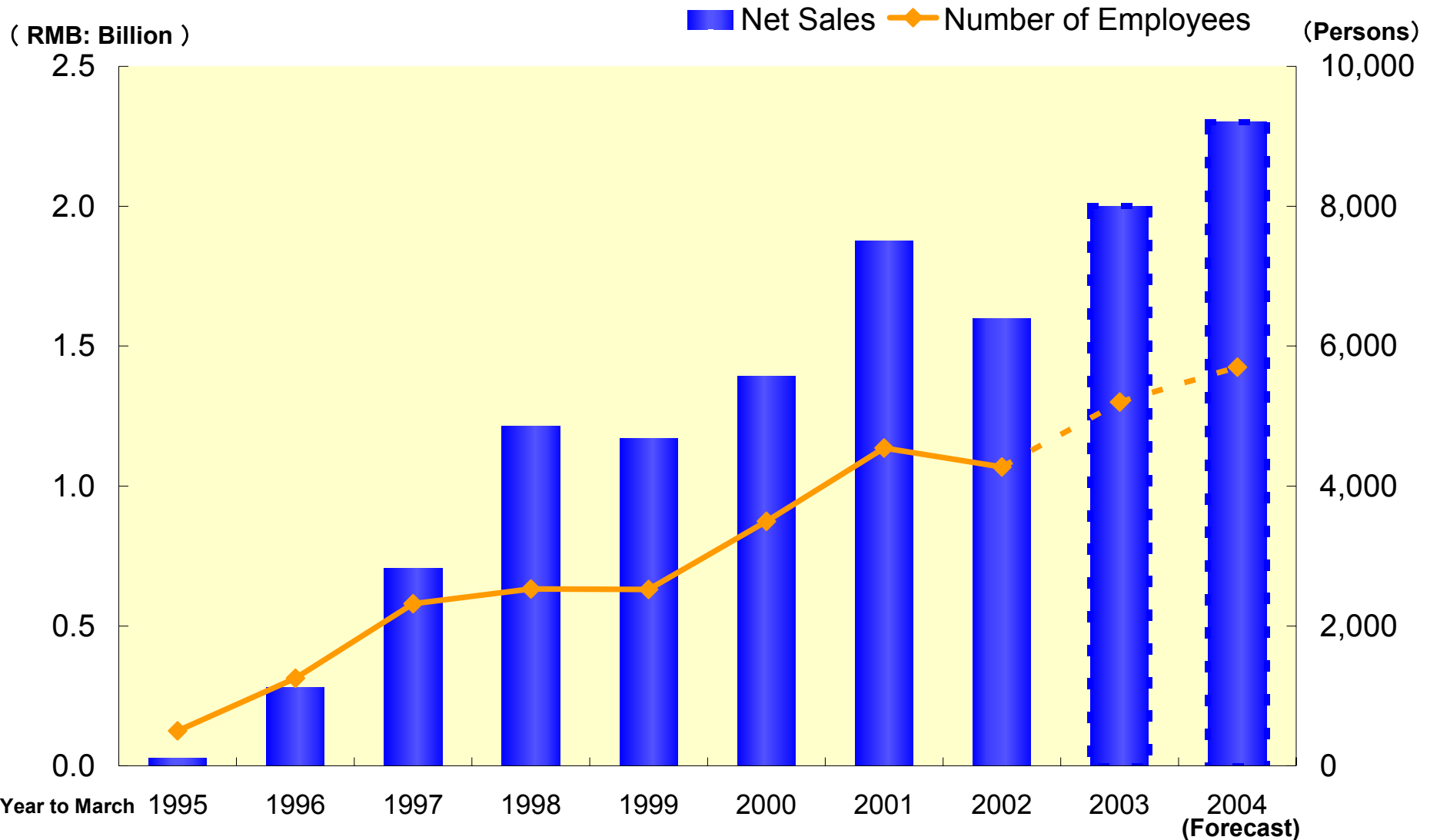
## Sales

## Production

## South East Asia



# Net Sales and Number of Employees of Shanghai Operations



# Achievements of Shanghai Operations

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- Turned profitable in fiscal year ended March 1998, the fourth year in operation.
- Selected as the first “Exemplary Company” by Shanghai City authorities in recognition of its excellent export Product Quality in May 2001.
- Total investment in 2001:  
The fourth largest among all fully-owned foreign capital companies in Shanghai; and  
The ninth largest among all foreign capital companies in Shanghai.
- Export value in 2001:  
Awarded a bronze medal among top 100 foreign export companies in Shanghai.  
Ranked eleventh among all foreign capital companies in Shanghai.



# Shanghai Factory Information

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Site area:	391,661m <sup>2</sup>
Floor space:	49,306m <sup>2</sup>
Product:	Miniature & Small-sized Ball Bearings Integral-shaft Ball Bearings
Date of Completion:	First factory: January 1995 Second factory: August 1996



Miniature & Small-sized Ball Bearings



Integral-shaft Ball Bearings

# Xicen Factory Information

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Site area:	104,173m <sup>2</sup>
Floor space:	40,897m <sup>2</sup>
Product:	Fan Motors, Measuring Components
Date of Completion:	First Factory: February 1996 Second Factory: October 2001



Fan Motors



Measuring Components

# Objectives and Roles of Our Chinese Operations

- **Entry into Huge Chinese Market**
- **Risk Diversification**
- **Creation of a New Standard in Manufacturing Costs for the Minebea Group**

## Short-term Activities

- **Increase Sales in Rapidly Expanding Chinese Market**
  - Reinforce sales and service quality for customers shifting production to China
  - This fiscal year's sales in China area is forecast to increase 40% over last fiscal year
- **Increase Sales by Production Expansion and Further Cost Reduction**
  - **Ball Bearings:** Increase production capacity by 60% from 25 million per month to 40 million per month in volume.  
Further expand Minebea Group's current global market share of 60%
  - **Fan Motors:** Expand production volume from 6.5 million per month to 14 million per month by year 2005/2006.  
(including consignment production by Matsushita Motor Company)  
Target global market share of 35% by 2006
- **Construct Production System that More Effectively Utilizes Cost Competitiveness in China**
  - Founded a joint venture for keyboards with the Huan Hsin Group. A new factory is scheduled to be completed in Shanghai in May.
  - Target global market share of 40% by year 2005.
- **Strengthen Cost Competitiveness through Collaboration with Local Suppliers including Local Procurement of Material**
  - Joint development of steel products with Shanghai Bao Steel Group Corporation No.5 Steel Co., Ltd.

# Factors for Minebea's Success in China

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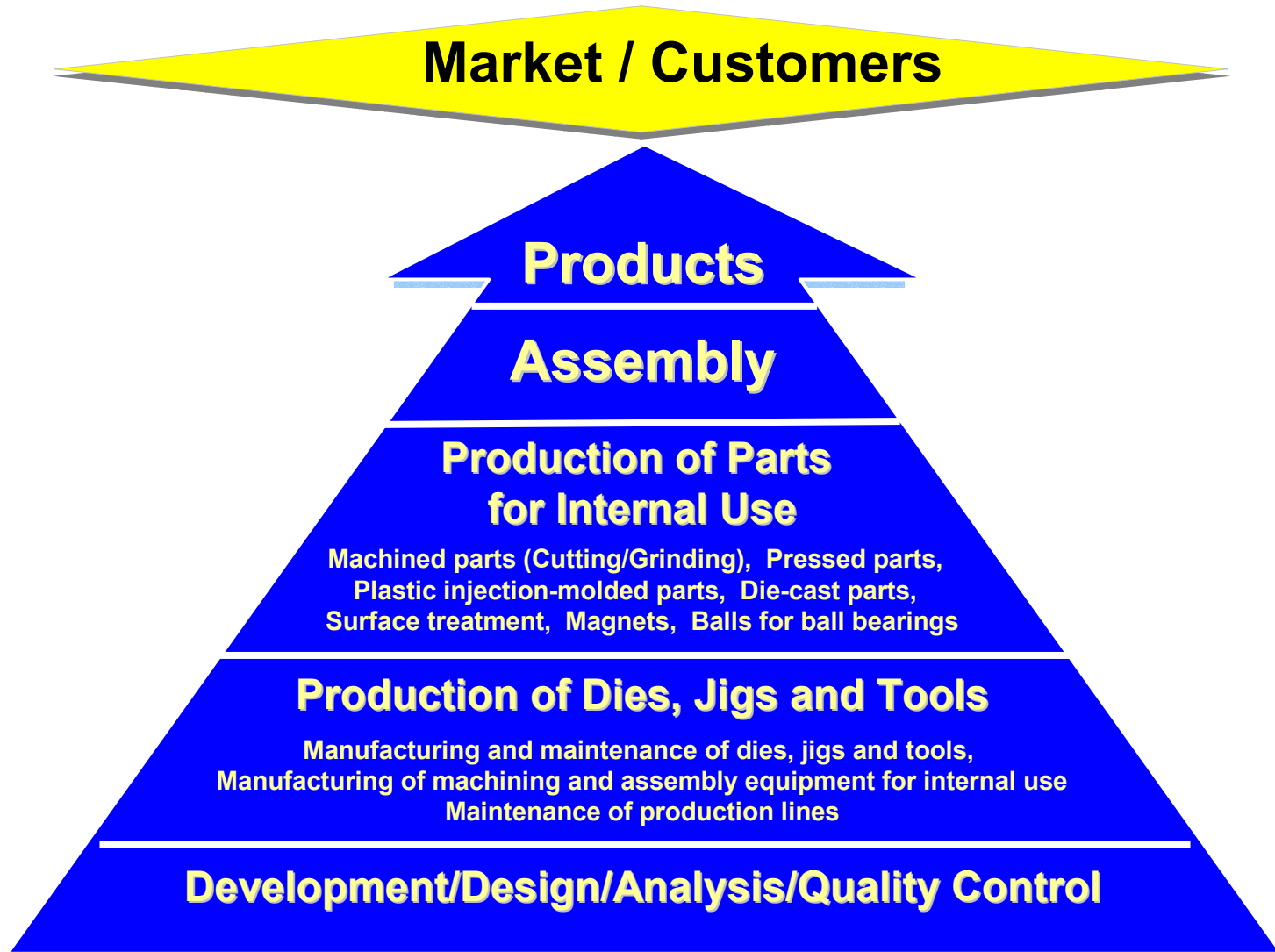
- **Unsurpassed Ultra-Precision Machining Technologies and Mass Production System**
  - Utilization of Minebea's Ultra-Precision Machining Technologies and Installation of fully automated equipment made in-house, establishing mass production of high quality and value-added products, and achieving high productivity
  - Establishing production system based on local production cost in China
- **Swift Response to Rapidly Expanding Market**
  - Implementation of effective product development and delivery system in response to customers' shift of mass production sites to China.
  - Tapping the domestic market for latent demand in China
- **Establishment of Organizational Structure which Enables Flexible Management Decision Making**
  - Close collaboration among parent plants and respective production department
  - Innovative employee training system that ensures smooth start-up of operations.
  - Prompt decision making enabled by fully-owned operations
  - Recruitment of excellent local human resources

## Studying of Successful Cases in Other Regions

*Success Factors are almost the Same Anywhere in the World, whether in Singapore, Thailand or China*

# Minebea's Vertically Integrated Manufacturing System

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# Our Operations in China

<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.