

# Current Statement of Management



24<sup>th</sup> June, 2015



This datum is based on the data as of March 31, 2015. The opinion and forecast described here is based on our judgment at that time and may possibly be changed without notice.

# Main Subject

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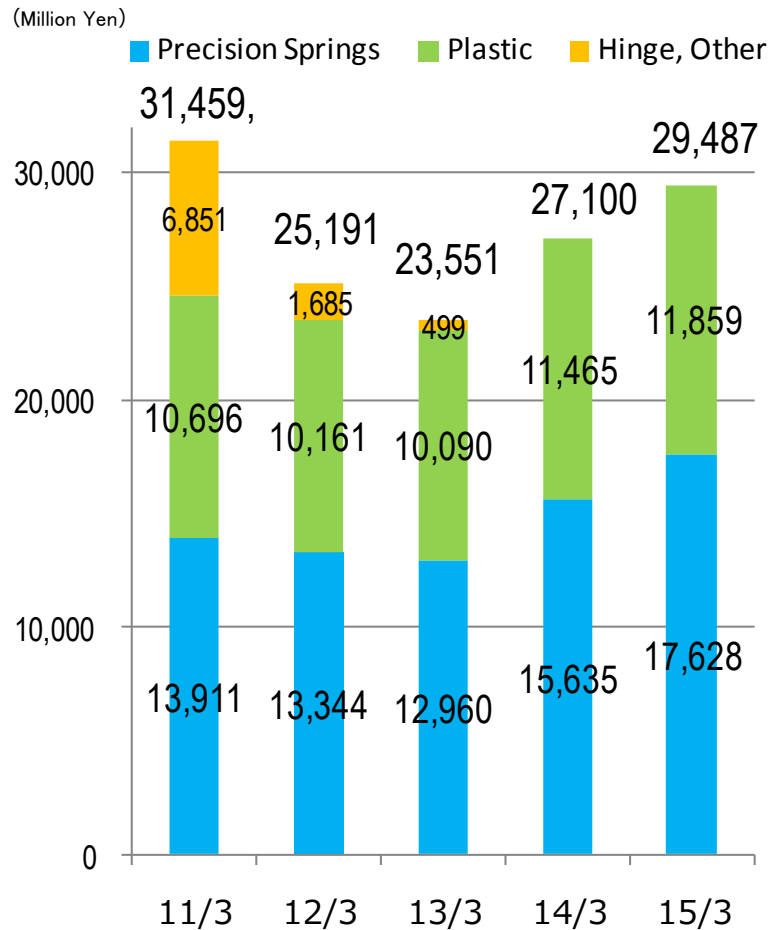
1. Changes in Business Result
2. Forecast for the Fiscal Year Ended  
March 31, 2015
3. Mid-term Management Plan  
~ Breakthrough to 2020~

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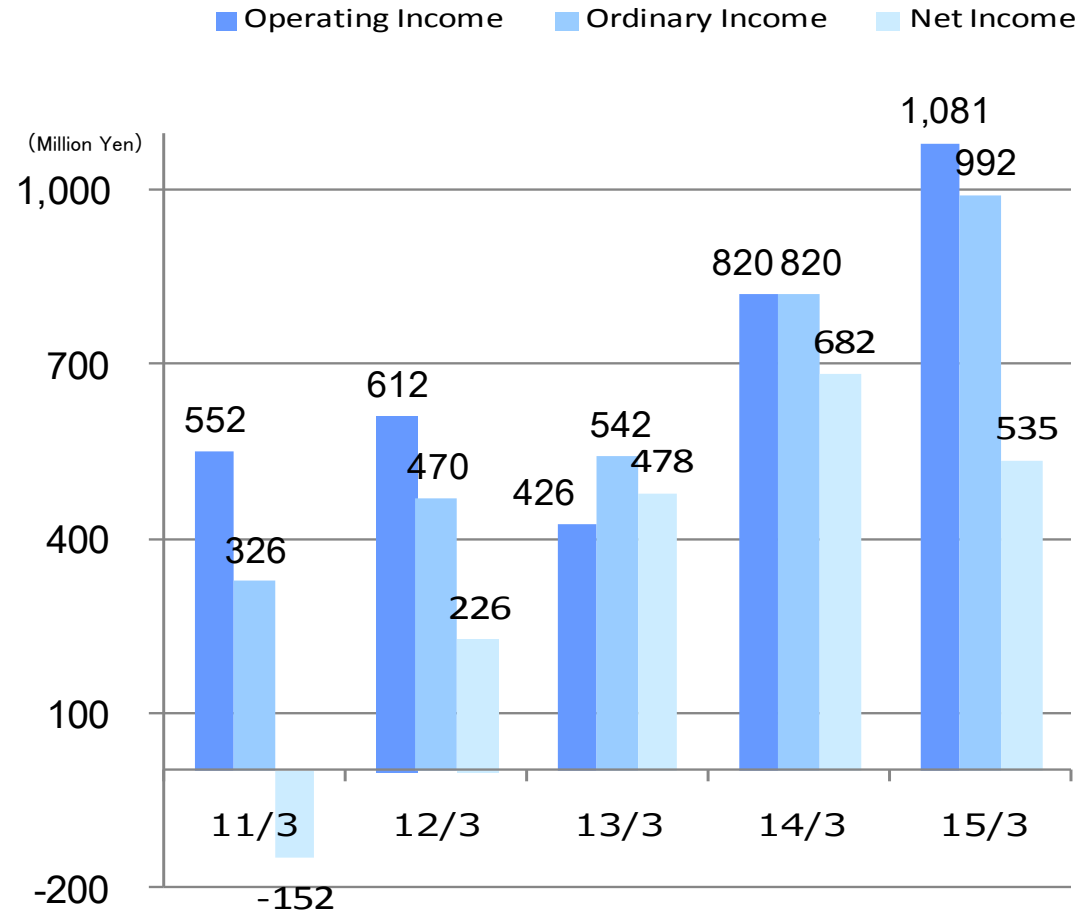
# 1. Changes in Business Results

# 1-1 Transition of Financial Results(Consolidated)

## Net Sales

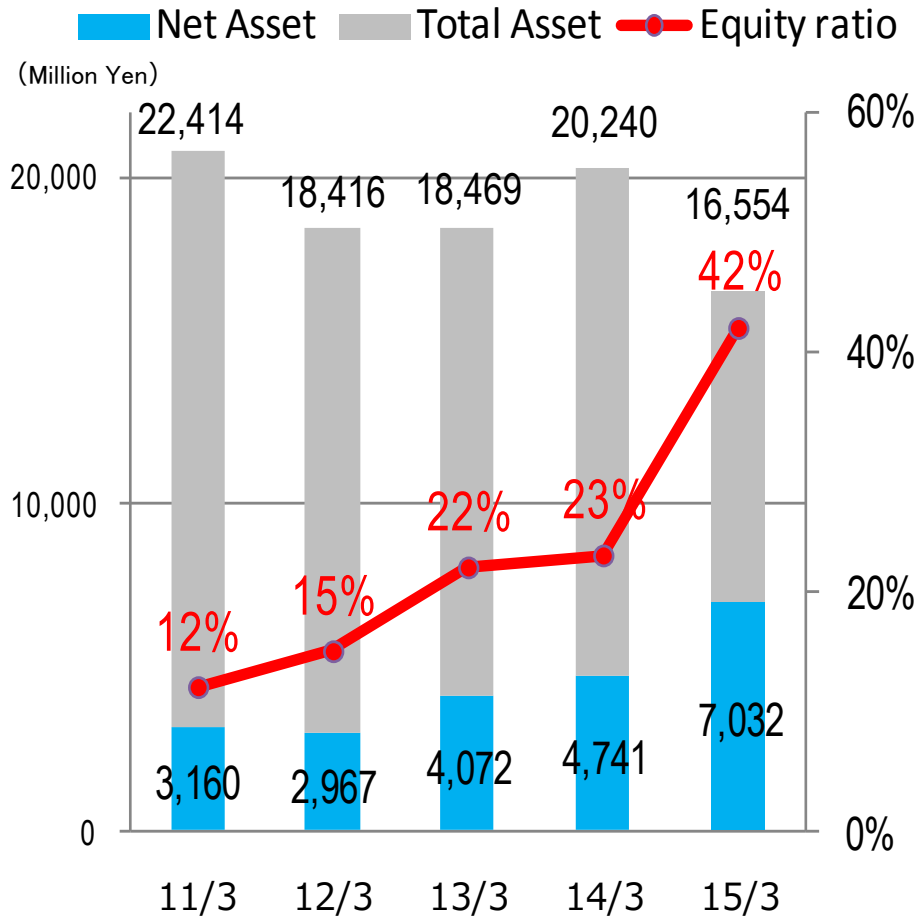


## Operating ▪ Ordinary ▪ Net Income

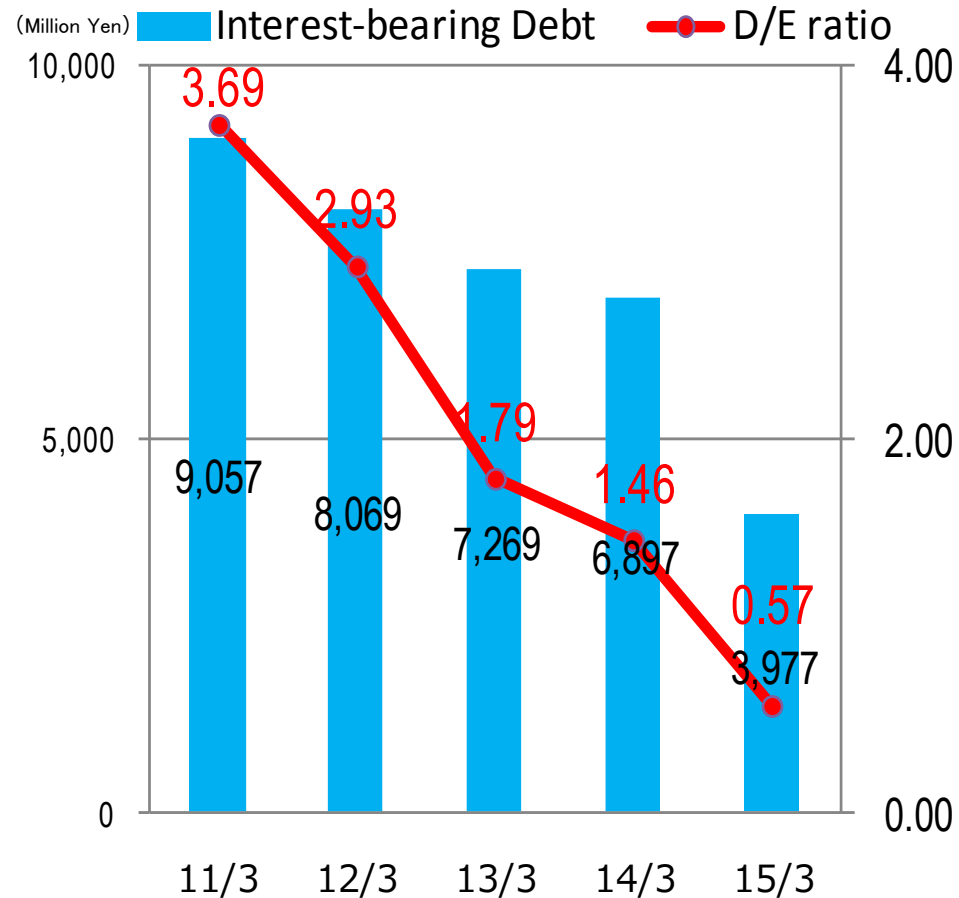


# 1-2 Transition of Asset Performance (Consolidated)

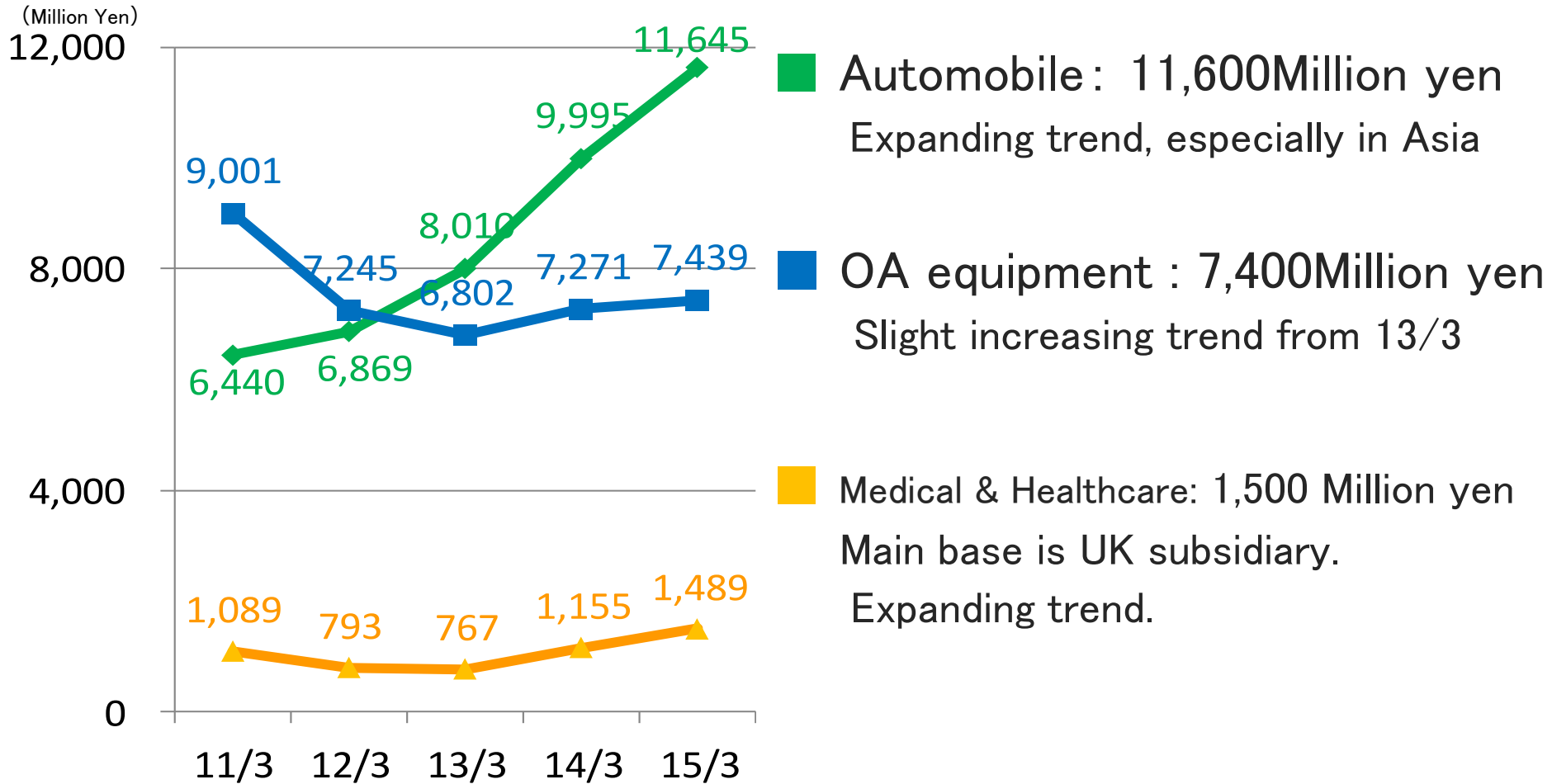
## Total Asset, Net Asset



## Interest-bearing Debt



# 1-3 Transition of Net Sales of Priority Market (Consolidated)

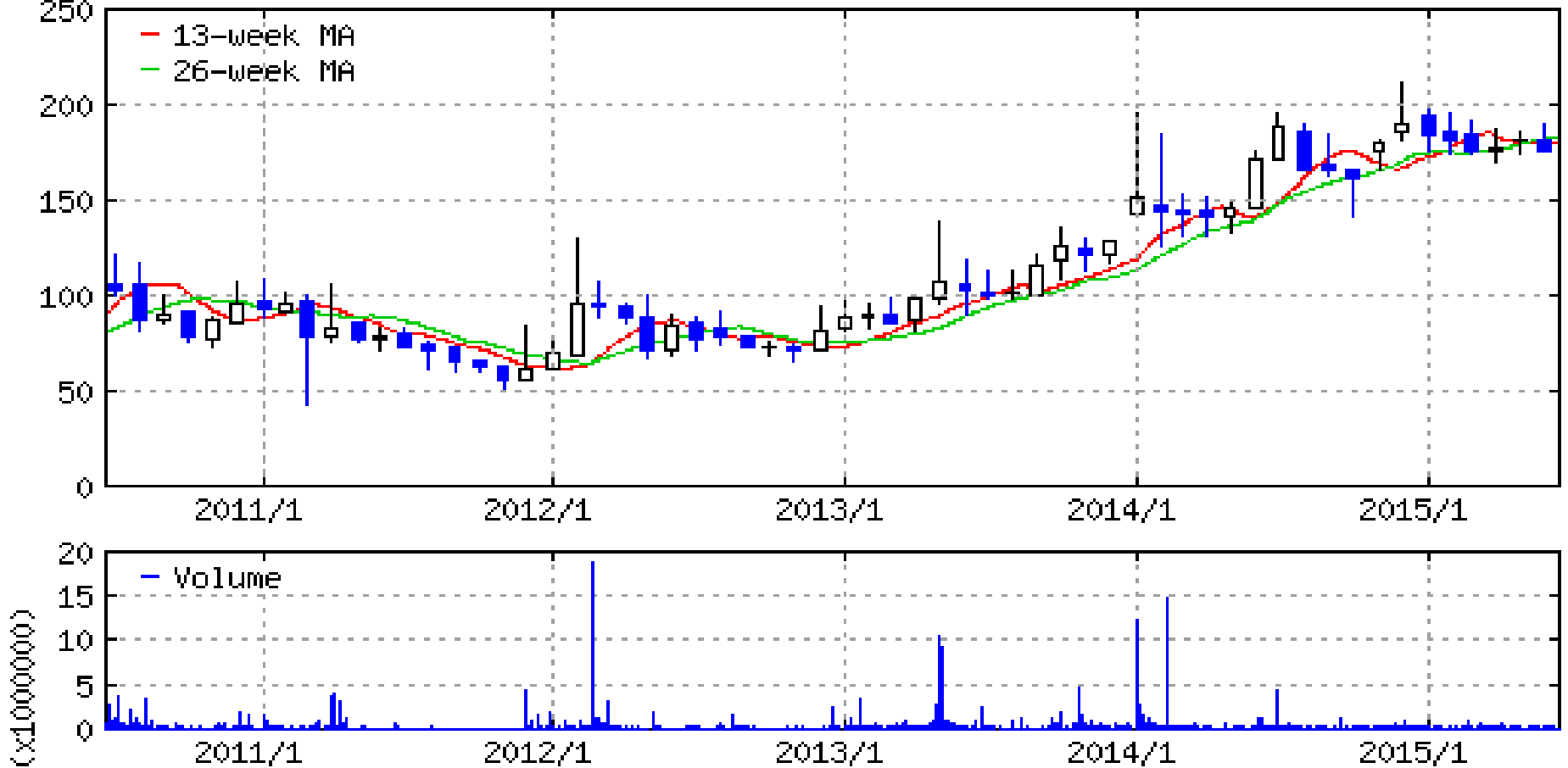


# 1-4 Transition for Share Price(5 years)

(JPY/Share)

ADVANEX INC.

2015/6/19



(C) 2015 Yahoo Japan Corporation.

<http://stocks.finance.yahoo.co.jp>

# 1-5. Disposal of Plastics Business

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Transfer all the holding shares of Daiichi Kasei Holdings., Co., Ltd. to ABICO Group of Taiwan.

(As of March 31, 2015)

Purpose: Focus management resources on profitable Precision spring business to accelerate our growth strategy to become comprehensive metalworking manufacturer.

Detail: 49% of shares of subsidiary which operates plastic business was transferred to ABICO group of Taiwan in July 2014. The remaining 51% of shares will also be transferred to ABICO group. All the plastic business except insert molding is now disposed as it is not our core business.

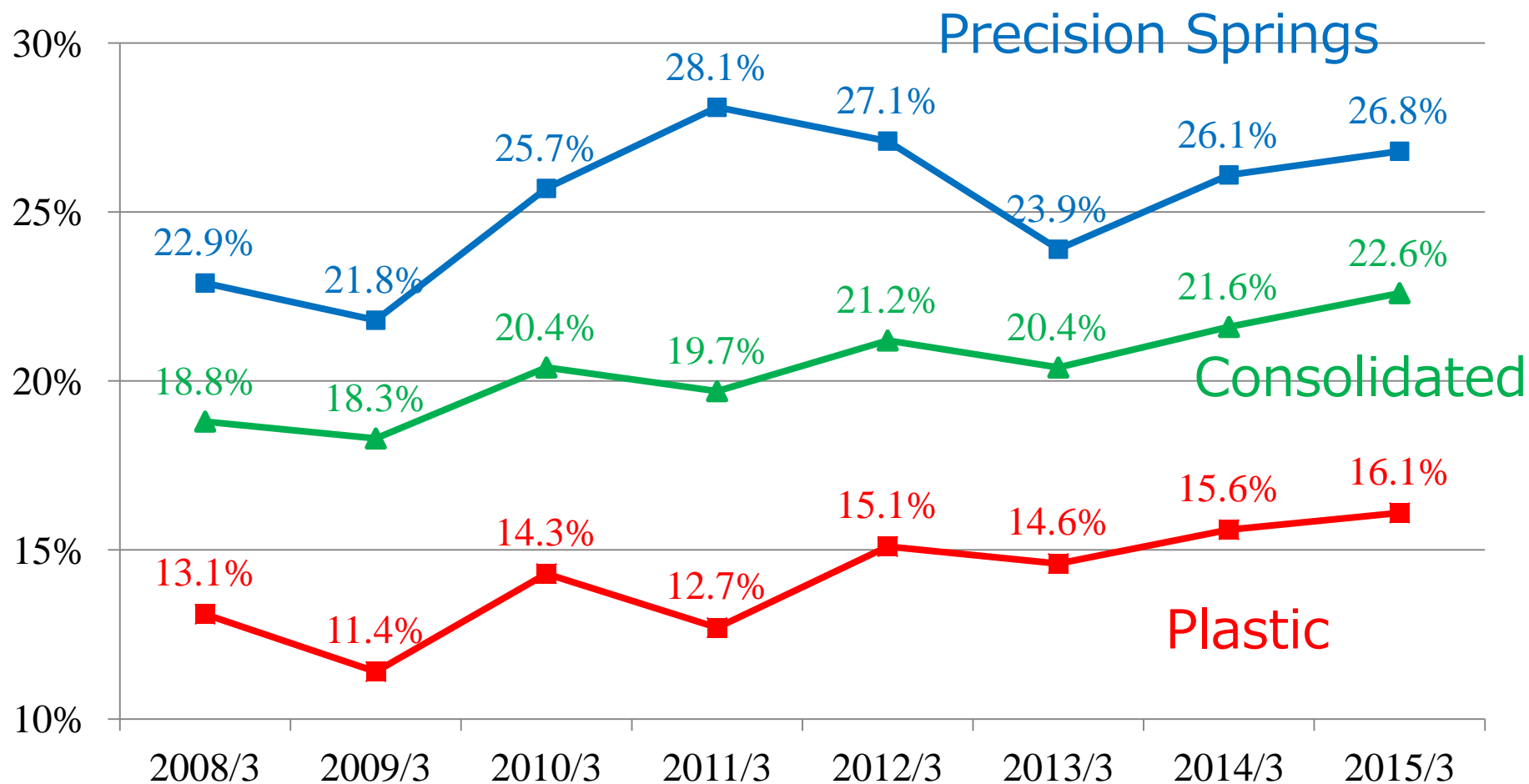
Disposal price: 20 billion yen



Founded in 1965 in Taiwan. Currently owns 15 production bases and 20 sales bases worldwide and has more than 15,000 employees.



# 1-6 Comparison of Profitability(gross profit margin)



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## 2. Forecast for the Fiscal Year Ended March 31, 2015

## 2-1 Forecast for the Fiscal Year Ended March 31, 2016

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### ■ Sales forecasted to decrease due to selling of Plastic business

Although sales will decrease to a considerable extent due to the selling of plastic business (Business transfer to ABICO group), Precision springs will increase continually thanks to increased business for automotive market. Sales in Asia and Europe will increase.

### ■ Operating margin forecasted to increase while its amount decrease

Operating margin will increase from 3.7% to 4.4% thanks to increased sales of high profit products (Medical equipments, etc) and cost reduction, etc.

### ■ Net income expected to exceed the result in previous term

### ■ Dividend forecasted ¥3.5 per share, which is ¥0.5 higher than the previous fiscal year.

(If it is calculated in consideration of share consolidation, the dividend is ¥35)

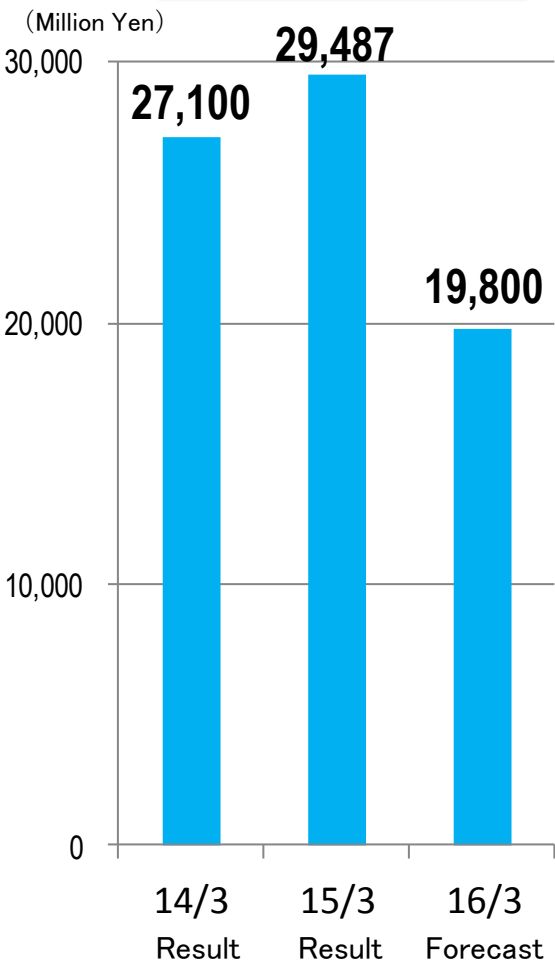
## 2-2 Forecast for the Fiscal Year Ended (Consolidated)

(Million Yen)

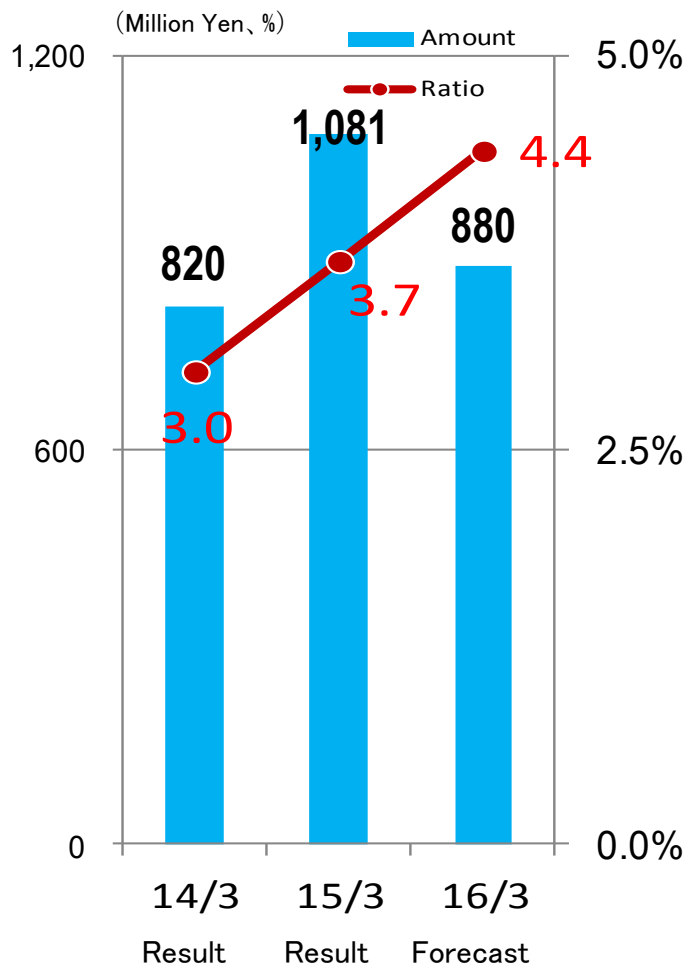
	FY Ended March 2015	FY Ended March 2016	Y to Y change	
			Amount	%
Net Sales	29,487	19,800	△9,687	△32.9%
Operating Income	1,081	880	△201	△18.6%
Operating Margin	3.7%	4.4%	0.7%	-
Ordinary Income	992	860	△132	△13.4%
Net Income	535	550	15	2.8%

## 2-3 Transition of Sales and Income (Consolidated)

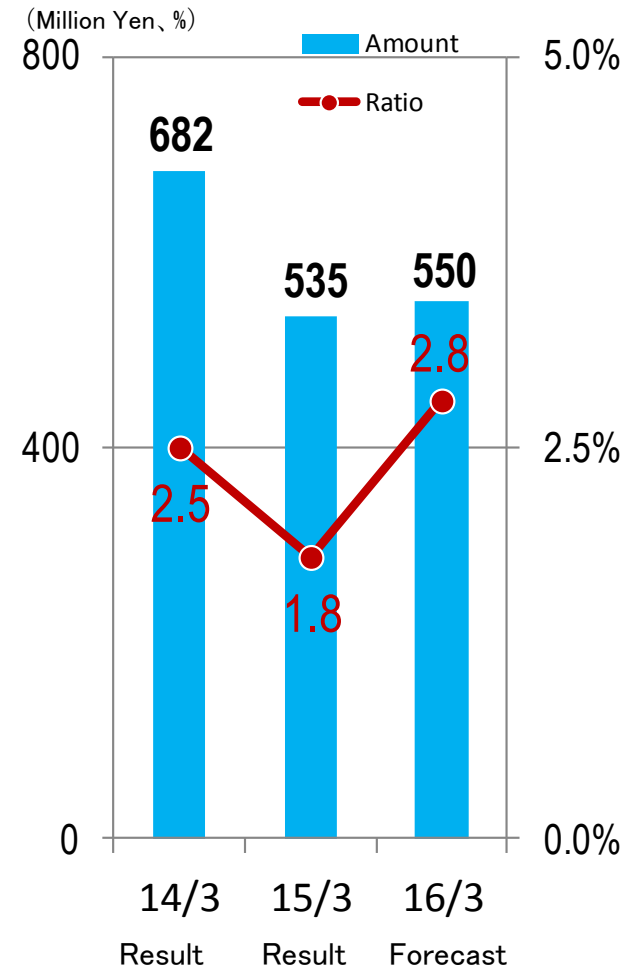
### Net Sales



### Operating Income - %

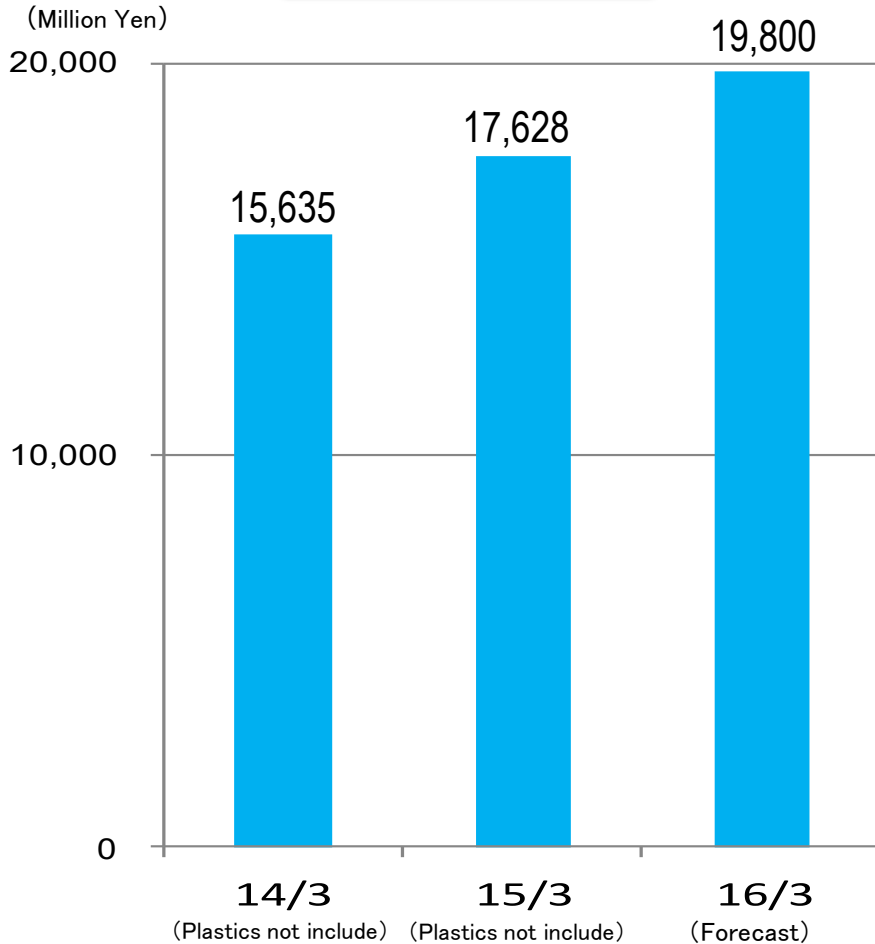


### Net Income - %

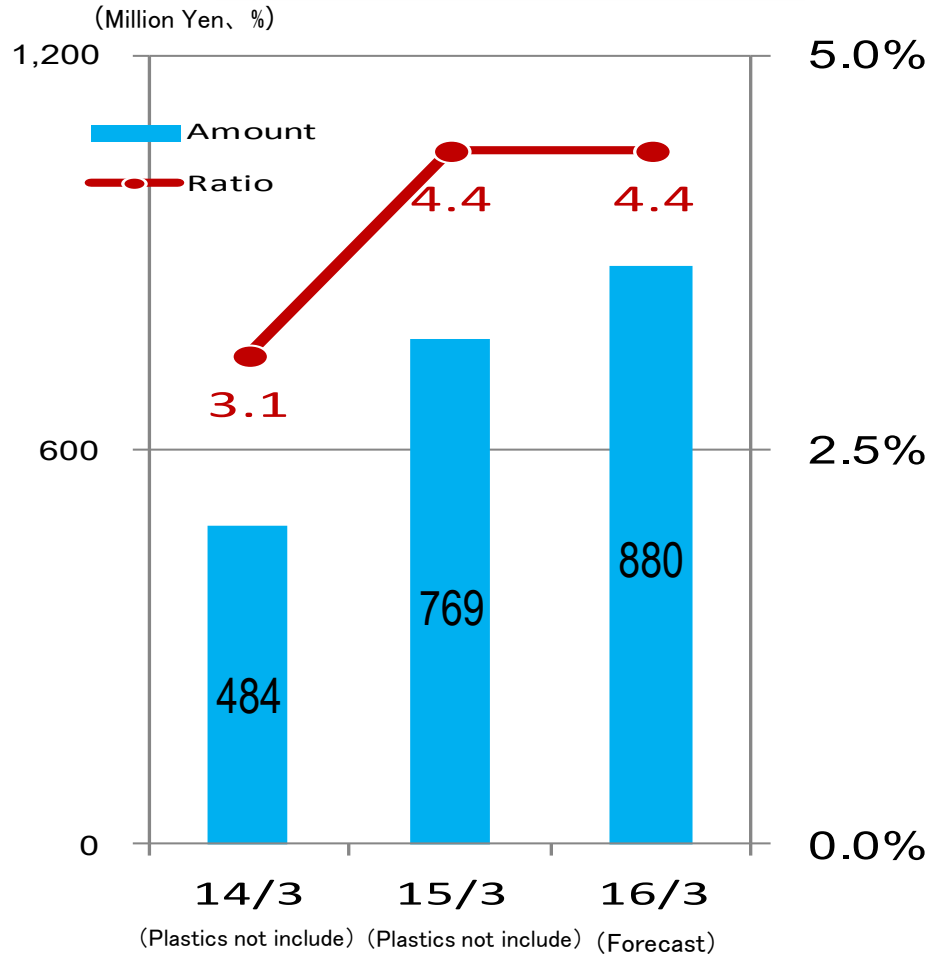


## 2-4 Transition of Sales and Income (Plastics not included)

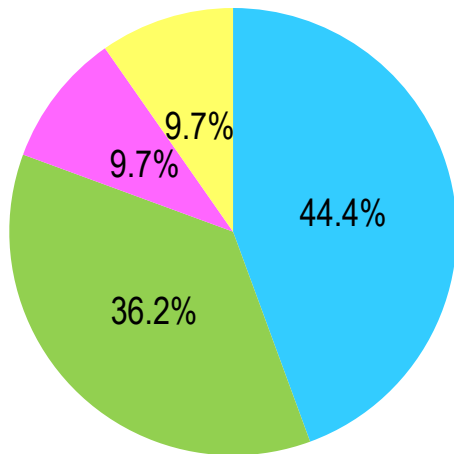
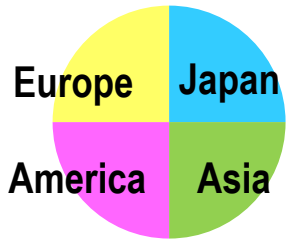
### Sales



### Operating Income - %



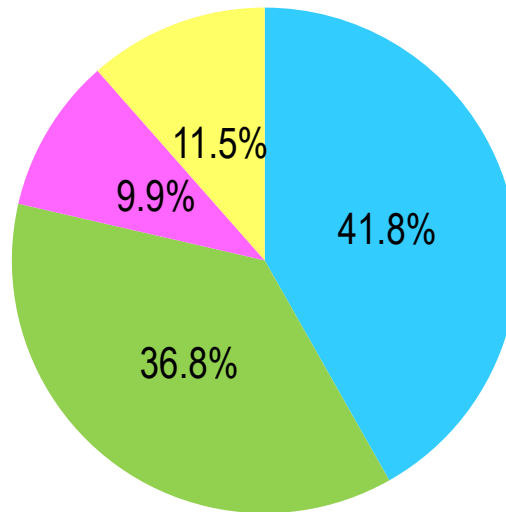
## 2-5 Transition of Sales by Geographical Segment



Mar, 2014

Net sales ¥15,635 million

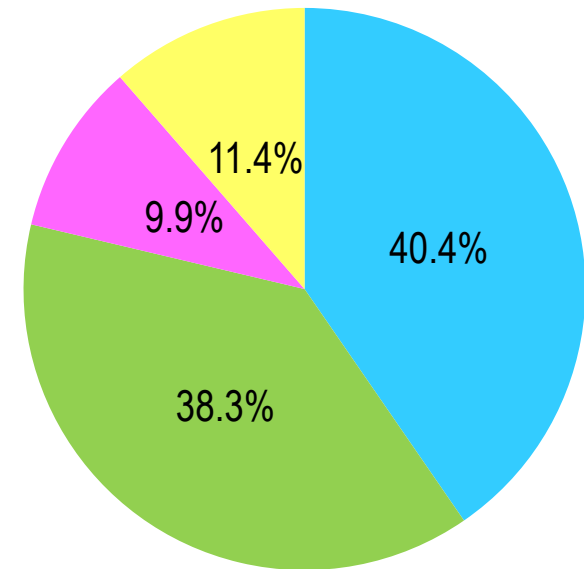
\*Excluding Plastics



Mar, 2015

¥17,628 million

\*Excluding Plastics



Mar, 2016 (Plan)

¥19,800 million

## 2-6 Shareholder Return

### 1) Dividend

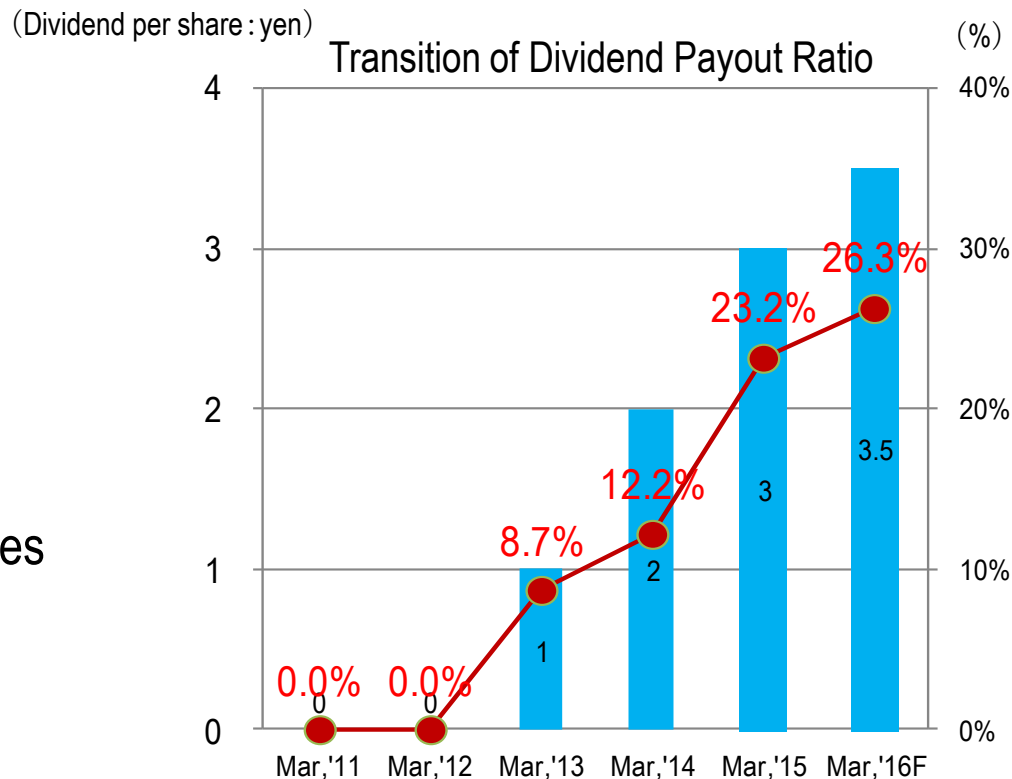
- Mar, 2015: 3 yen per share  
(Dividend payout ratio: 23.2%)
- Mar, 2016: 3.5 yen per share(plan)  
(26.3%)

### 2) Acquisition of own shares

- Implemented acquisition of own shares  
from 13<sup>th</sup> May to 15<sup>th</sup> May  
Acquired 500 thousand shares  
(Total cost: ¥91 million)

### 3) Shareholder's special benefit plan

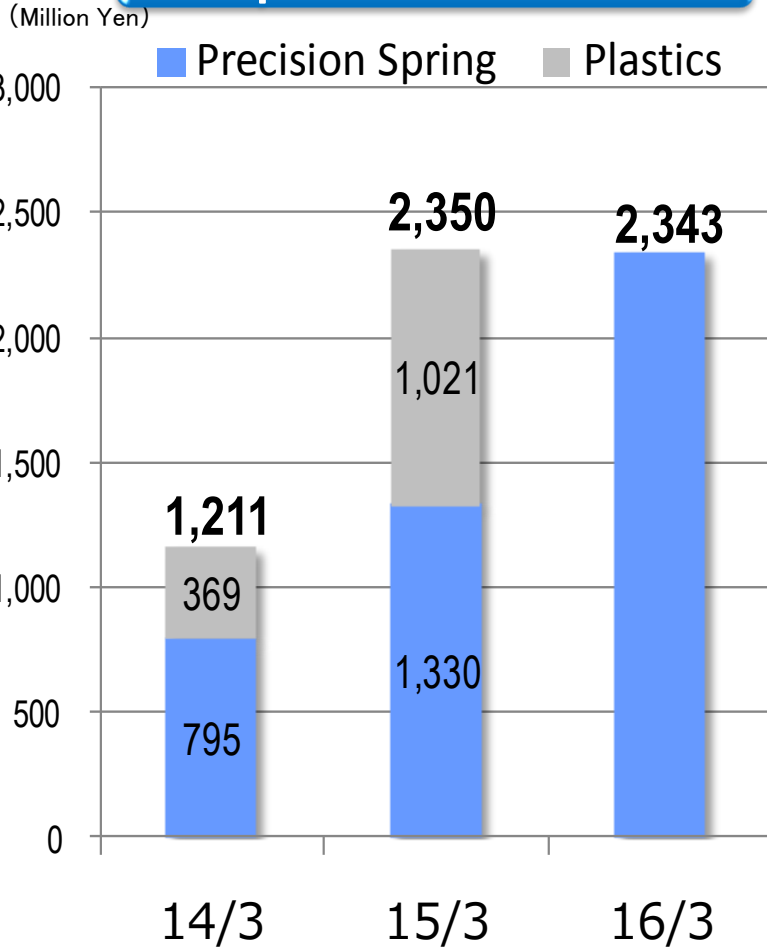
- Shareholder's special benefit plan was introduced newly from September, 2015



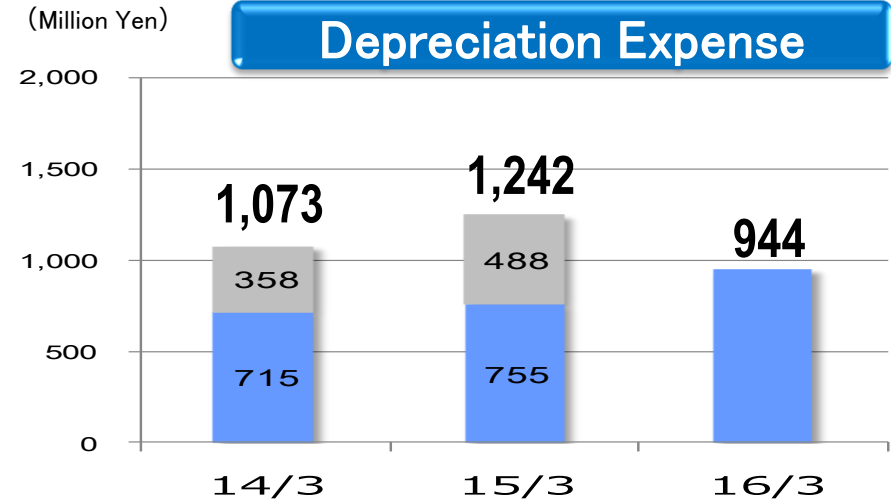


# 2-7 Capital Investment Plan for FY2016

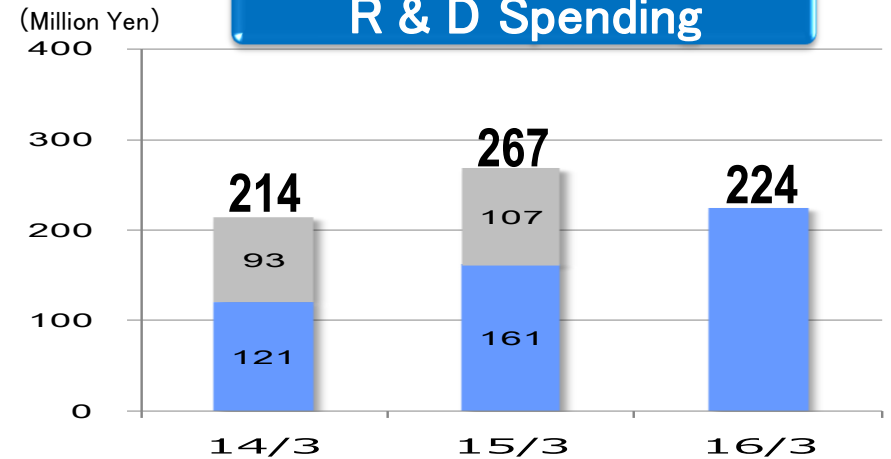
## Capital Investment



## Depreciation Expense



## R & D Spending



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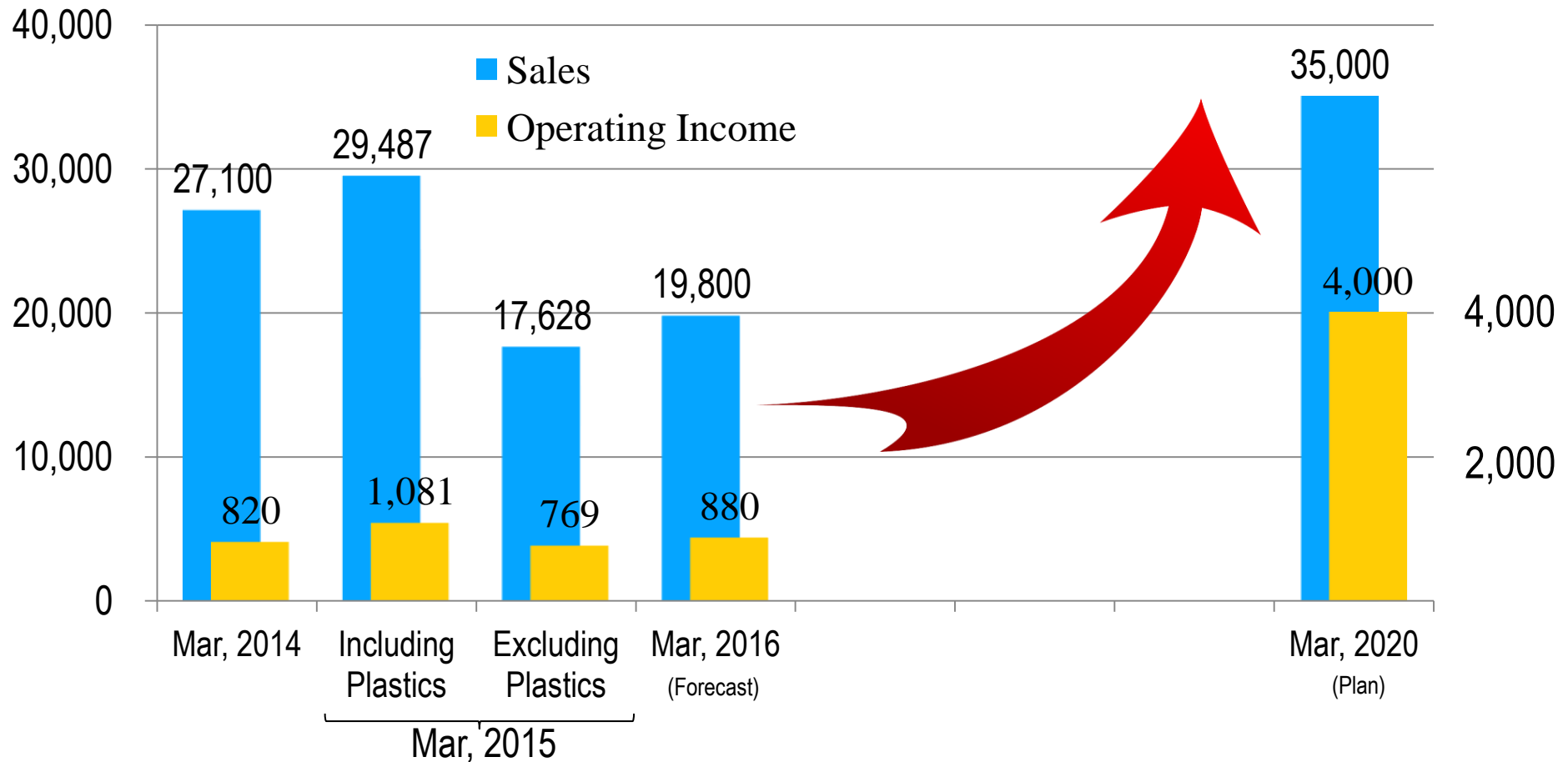
# 3. Mid-term Management Plan

## “Breakthrough to 2020”

# 3-1 Mid-term Performance Target

(Sales: Million yen)

(Operating income: Million yen)



## 3-2 To achieve Mid-Term Management Plan

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- Invest aggressively for expansion of global business

Accelerate global business operation mainly in developing countries.

- Accelerate expansion of business to automotive market and set the business to medical equipment and housing equipment markets as the third pillar

Key words for automotive business are globalization, lightweight, and digitization.

Increase sales for medical equipment and infrastructure business, which are profitable, to 20% of total sales.

- Expand standard product business

Enhance technological R&D, utilization of online sales and sales through trading companies.

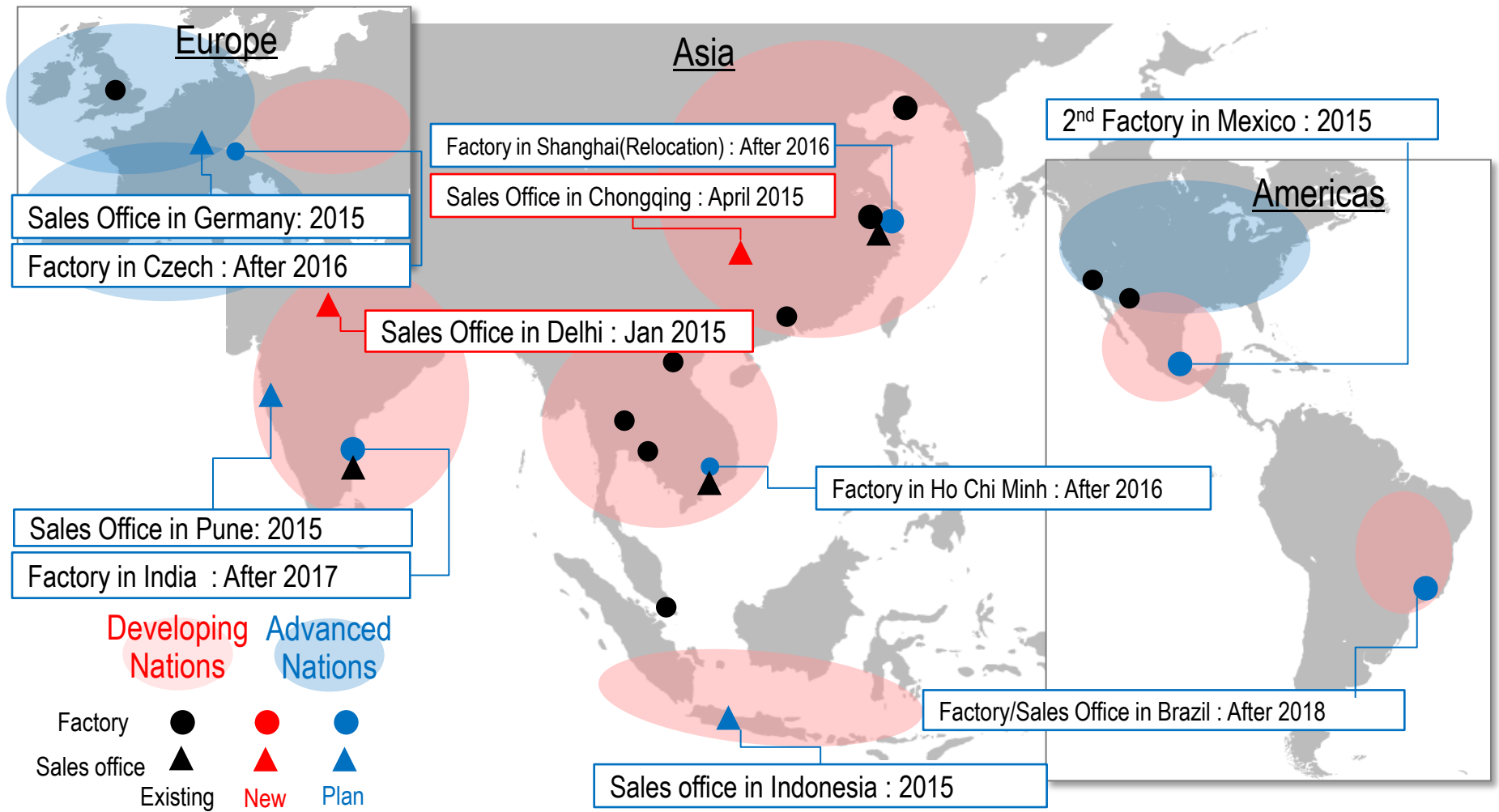
- M&A strategy

The target is a company which has an innovative technology and synergy with our sales, proposal ability and technology.

# 3-3 Progress Situation Of Mid Term Management Plan

	Mar, 2015(result)	Mar,2016(Plan)
<b>Area Strategy</b>	<ul style="list-style-type: none"> <li>▪ Opening Sales office                             <ul style="list-style-type: none"> <li>- Delhi (India)</li> <li>- Chongqing (China)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Opening Sales office                             <ul style="list-style-type: none"> <li>- Pune (3<sup>rd</sup> office in India)</li> <li>- Indonesia</li> <li>- Germany</li> </ul> </li> <li>▪ New factory                             <ul style="list-style-type: none"> <li>- Mexico</li> </ul> </li> </ul>
<b>Market Strategy</b>	<ul style="list-style-type: none"> <li>▪ Auto: Construction of Saitama factory started</li> <li>▪ Medical: Increased sales in U.K.</li> <li>▪ Infrastructure: Order for housing market</li> </ul>	<ul style="list-style-type: none"> <li>▪ Auto: Launch of production at Saitama</li> <li>▪ Medical: Expanding in U.K./ Prospecting potential customer in Rising nations</li> <li>▪ Infrastructure: Order for railway market</li> </ul>
<b>Product Strategy</b>	<ul style="list-style-type: none"> <li>▪ Sales expansion of Tangless insert</li> <li>▪ Standard products business                             <ul style="list-style-type: none"> <li>- Started online sales</li> <li>- Prepared General Catalog(3100 products)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Sales of Deep Drawing for Automobile/ Medical</li> <li>▪ Standard products business                             <ul style="list-style-type: none"> <li>- Effective use of Trading company/ Export</li> <li>(- Web sales activity by own HP)</li> </ul> </li> </ul>
<b>M&amp;A</b>	<ul style="list-style-type: none"> <li>▪ Acquisition of Funabashi Electronics</li> <li>▪ Disposal of Plastic Business</li> </ul>	<p>(Acquisition of small company of high processing technology)</p> <p>(Acquisition of oversea company/ factory)</p>

# 3-4 Area Strategy



# (Local offices in Delhi and Chongqing)

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**Name:** India Liaison Office –Delhi  
**Address:** 2<sup>nd</sup> Floor, Universal  
Business Trade Tower

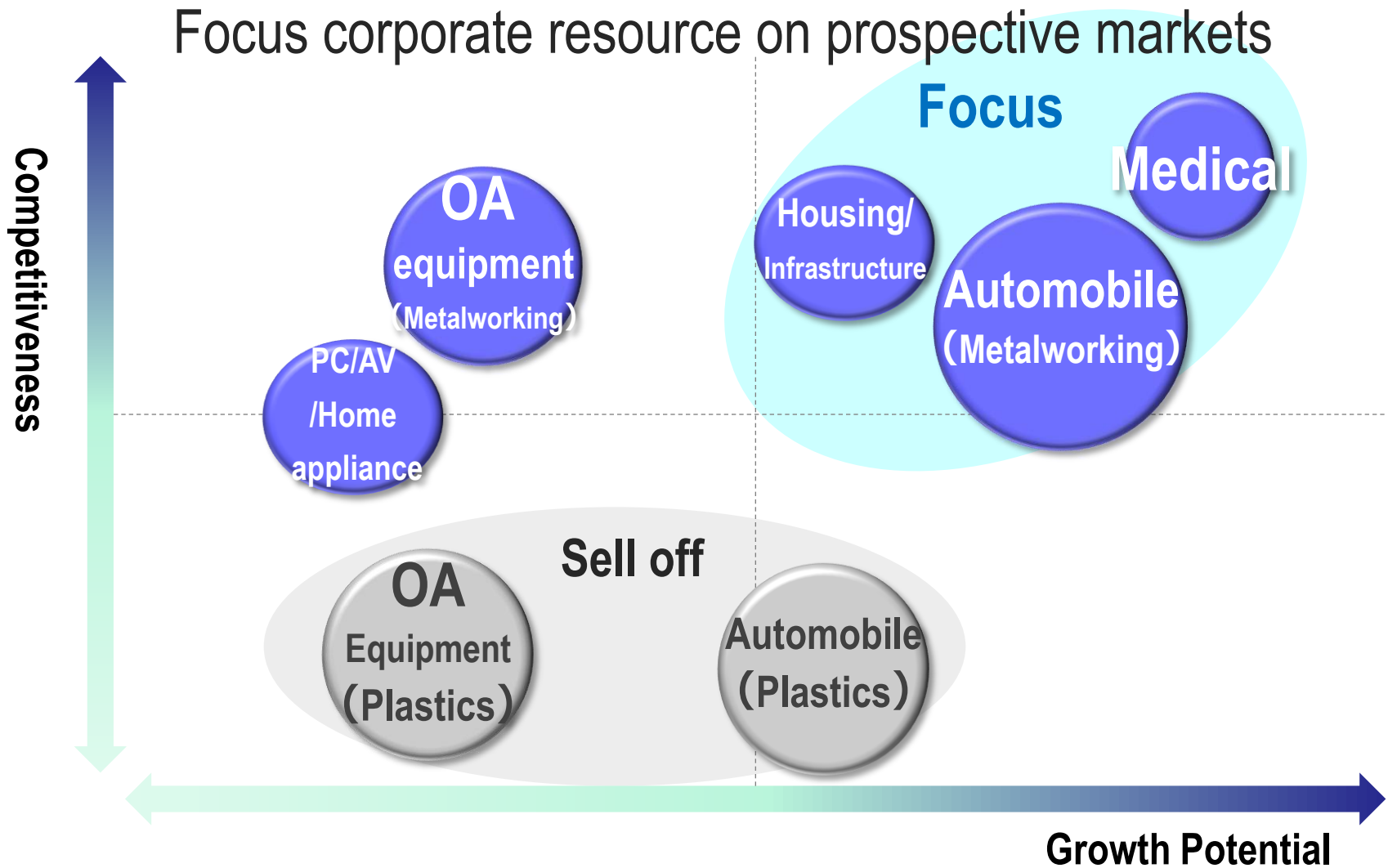


**Name:** Chongqing Liaison Office  
**Address:** New north zone,  
Chongqing city, China

A Delhi office building

A Chongqing Office building

## 3-5 Market Strategy





## 3-5 Market strategy: ①Automobile market



Conceptional drawing

### Saitama Factory

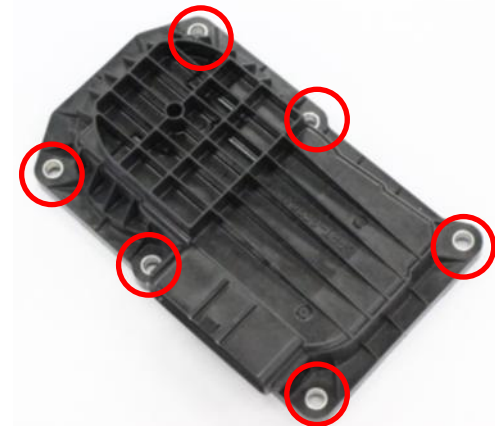
- ✓ Location: Honjo city, Saitama Prefecture
- ✓ Land area: 12,000m<sup>2</sup>、
- ✓ Floor area: :5,000m<sup>2</sup>
- ✓ Expected completion day: Oct, 2015
- ✓ Beginning of Operation: Jan, 2016
- ✓ Main product: Insert collars
- ✓ Concept: Smart factory  
(Automation・Manpower saving)



Insert Collar

According to increasing of plastic material,  
a demand of Insert Collar is increasing

【Example of use: Electrical throttle position sensor】



# (Construction situation of Saitama factory)

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Southeast  
(May. 28)

Panoramic view  
(May. 20)



1<sup>st</sup> floor(May 28)



Shinto  
ceremony  
(Feb.23)

# 3-5 Market strategy: ② Medical market

The center of medical business is Japan and UK  
Strengthen sales activity in Asia & Americas.

**Advanex Europe Ltd.**



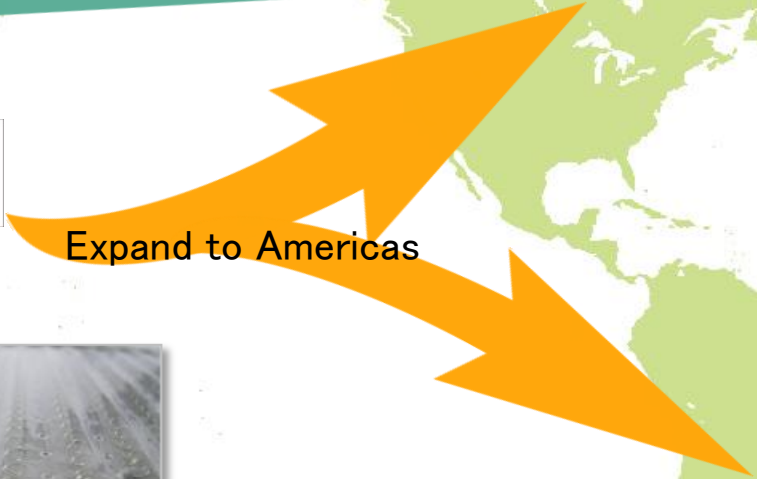
Antasthmatic



Volume counter



**Japan HQ**



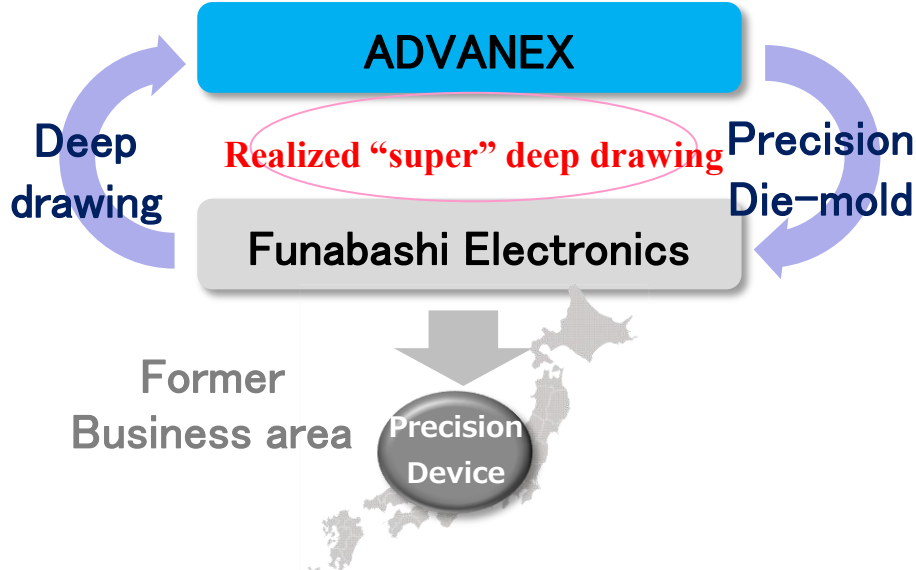
Spring for Indwelling needle

# 3-6 Product strategy: ① Deep drawing

Expand business area



Global sales structure, Proposal-based sales



Length: 35mm

Caliber:  $\phi$  0.92

"Super" Deep drawing  
(Tester pin)

1<sup>st</sup> products  
for Automobile

Took Funabashi Electronics' s Deep drawing business on 1<sup>st</sup> April.

Combined both companies technology realized "Super" Deep drawing.

Got a lot of order from automobile market by proposing deep drawing technology.

## 3-6 Product strategy: ②Tangless·insert

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Starter kit

**“Starter kit” released.  
Make it easier to try.**

Price of the kit: 4,980JPY~6,980JPY

### Contents of starter kit

- Tangless insert
- Insert tool
- Drill
- Extraction tool
- Tap



Package of Starter kit

## 3-6 Product strategy: ③LockOne



**LOCKONE**  
ロックワン

LockOne (Previous name : Tamont)

Got order from rail way and housing market.

Those convenience and durability had good evaluation.



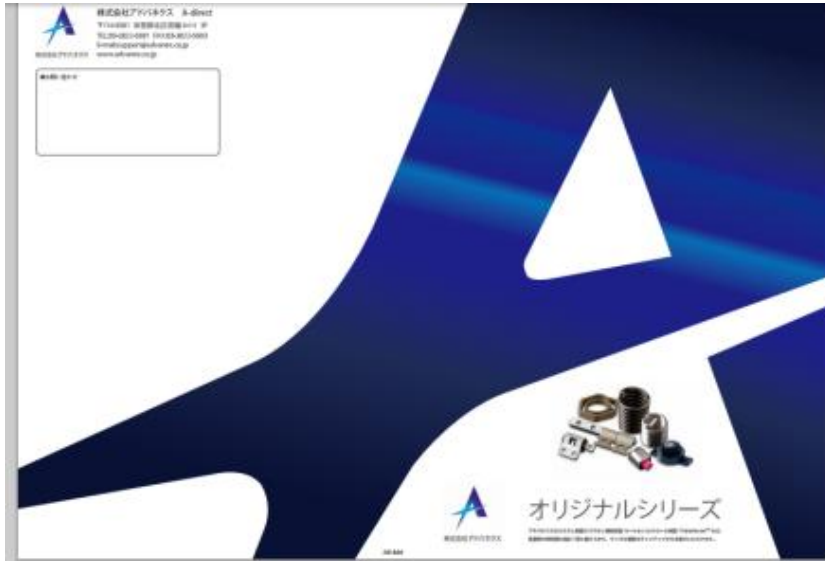
### Feature point

- Excellent durability  
(Only products that passed a official test)
- Easy to attach  
(Just attached to bolt)

### Application example

- Rail way, Road
- Building, Factory
- Sign board
- Equipment, tools

## 3-6 Product strategy: ④ Standard spring



Catalog top page

Start to sales of standard springs.  
Distribute the catalog at exhibition.  
Easy to download from HP.



ADVANEX page at Internet mail order

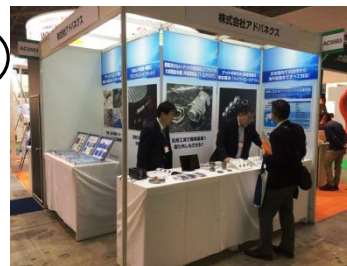
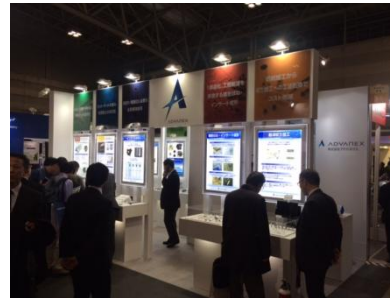
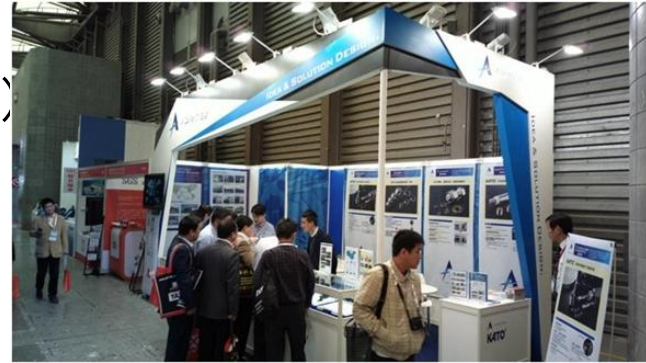
Number of series is top class in Japan.  
Improved internet mail order system.

## 3-6 Product strategy: ⑤ Attending Exhibition

### Main exhibition in 2015

- Mar . 3 Building material expo (Tokyo)
- Mar. 25 (for elementary school) (Kushiro)
- May.14 Industrial expo (Kanazawa)
- May.20 Human and automobile(Yokohama)
- May 27 Create new value expo (Osaka)
- May.28 Medical show (Yokohama)
- Jun.13 Global automotive expo (Germany)
- Jun 17 East Japan industrial expo (Kokura)
- Jun.24 Machine elemental tech expo (Tokyo)
- Jul. 2 Medical equipment creating fair (Sendai)
- Oct. 7 Machine elemental tech expo(Osaka)

**To accelerate sales of standard products,  
attending exhibition actively.**







ADVANCEX

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(CONTACT)

Advanex Inc.  
Corporate Communication Section.

TEL : 81-3 - 3822 - 5865 FAX : 81-3 - 3822 - 5873

URL : <http://www.advanex.co.jp>