

Results for the First Half of Fiscal Year Ended March 31, 2016



Nov 19, 2015



This datum is based on the data as of September 30, 2015. The opinion and forecast described here is based on our judgment at that time and may possibly be changed without notice.

Subject

1. Operating Results for the First Half of Fiscal Year Ended March 31, 2016
2. Forecast for the Year Ended March 31, 2016
3. Business Strategies
4. (Reference: Performance comparison including Daiichi Kasei HD)

1. Operating Results for the First Half of Fiscal Year Ended March 31, 2016.

1-1. Summary of Financial Results for the Six Months Ended Sep 2015

(Million Yen, %)

| | FY2015 1H | | FY2016 1H | Y to Y change (Without Daiichi Kasei HD) | |
|------------------|-------------------|--------------------------|--------------|---|---------------|
| | Financial Results | Without Daiichi Kasei HD | | Amount | Ratio |
| Net Sales | 14,262 | 8,891 | 9,924 | +1,033 | +11.6% |
| Operating Income | 502 | 306 | 366 | +59 | +19.5% |
| Operating Margin | 3.5% | 3.5% | 3.7% | +0.2% | - |
| Ordinary Income | 434 | 184 | 353 | +168 | +91.6% |
| Net Income | 318 | 198 | 237 | +39 | +19.9% |

1-2. Highlight

- ◆ **Net sales and income decreased year on year due to disposition of Plastics business (took place on March 31, 2015.) Yet when Plastics business is excluded, both net sales and income increased year on year.**
- ◆ **When compared with forecasts, net sales, operating income, ordinary income and net income all exceeded the original forecasts.**

1-2. Highlight

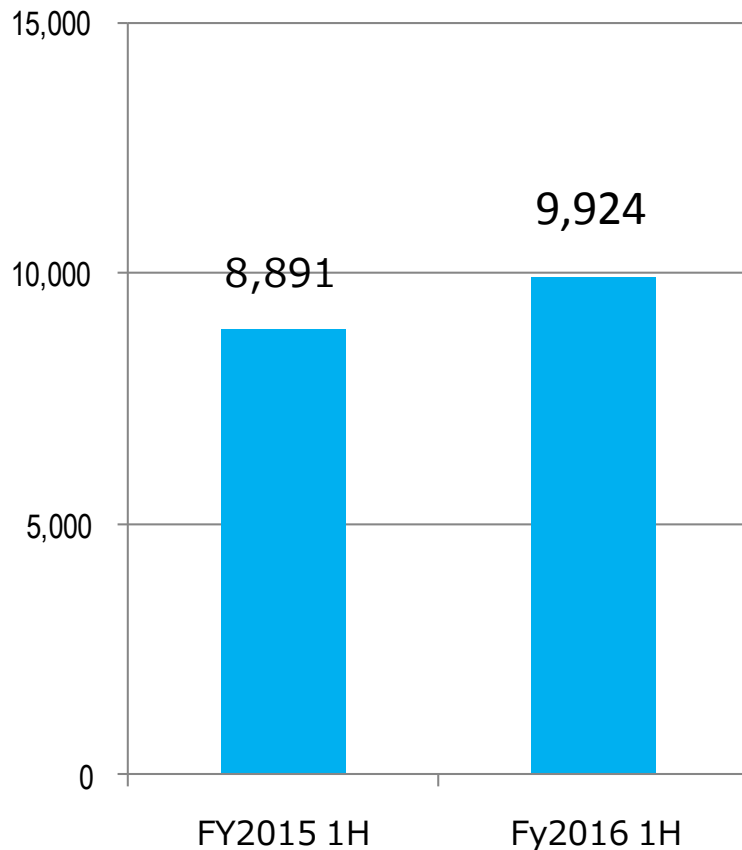
Highlights based on year on year comparison excluding business performance of Daiichi Kasei Holdings Co., Ltd.

- ◆ **Net sales increased 12% year on year thanks to grown sales to much focused automotive and medical areas**
- ◆ **Japan had difficult times due to incurred costs of reorganization of operations. Overseas business (Americas, Europe and Asia) contributed to earnings:**
Operating income increased 20% year on year
Ordinary income increased 92% year on year
Net income increased 20% year on year

3-2. Trend of Sales and Income (performance comparison without Daiichi Kasei HD)

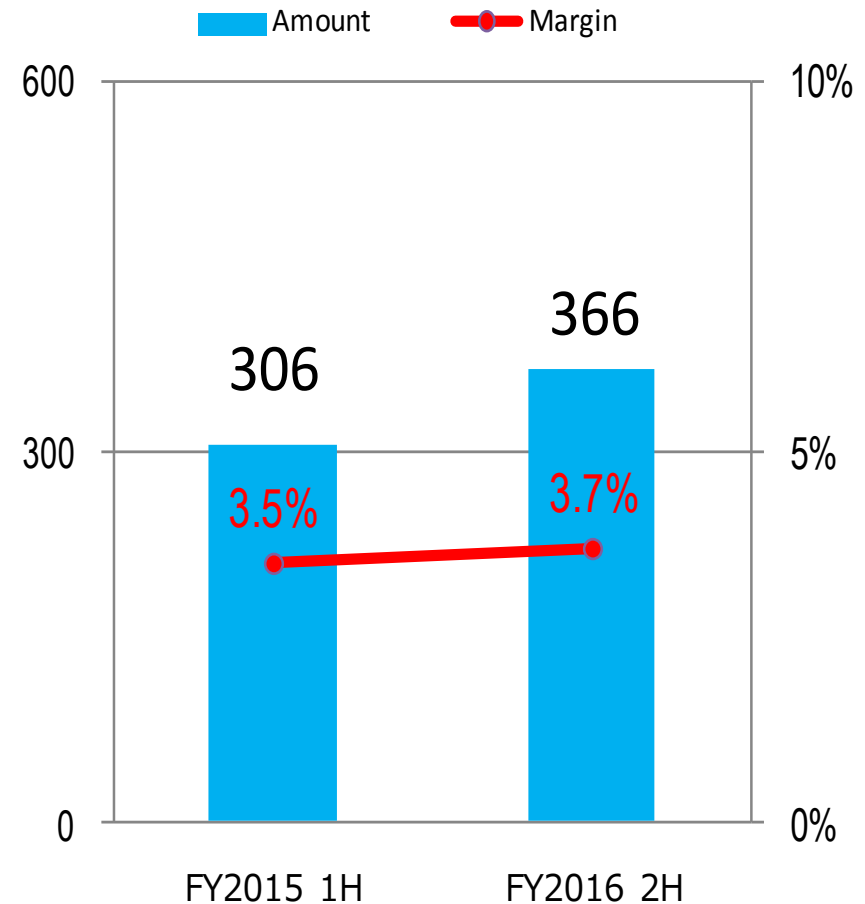
Net Sales

(Million yen)



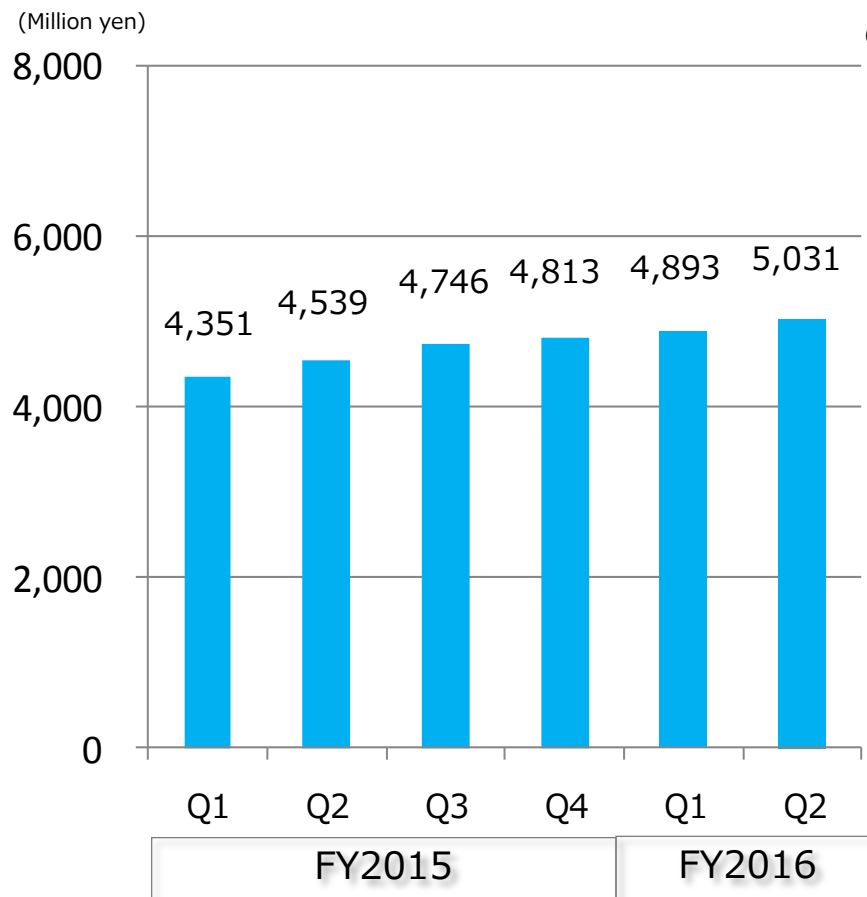
Operating income

(Million yen)

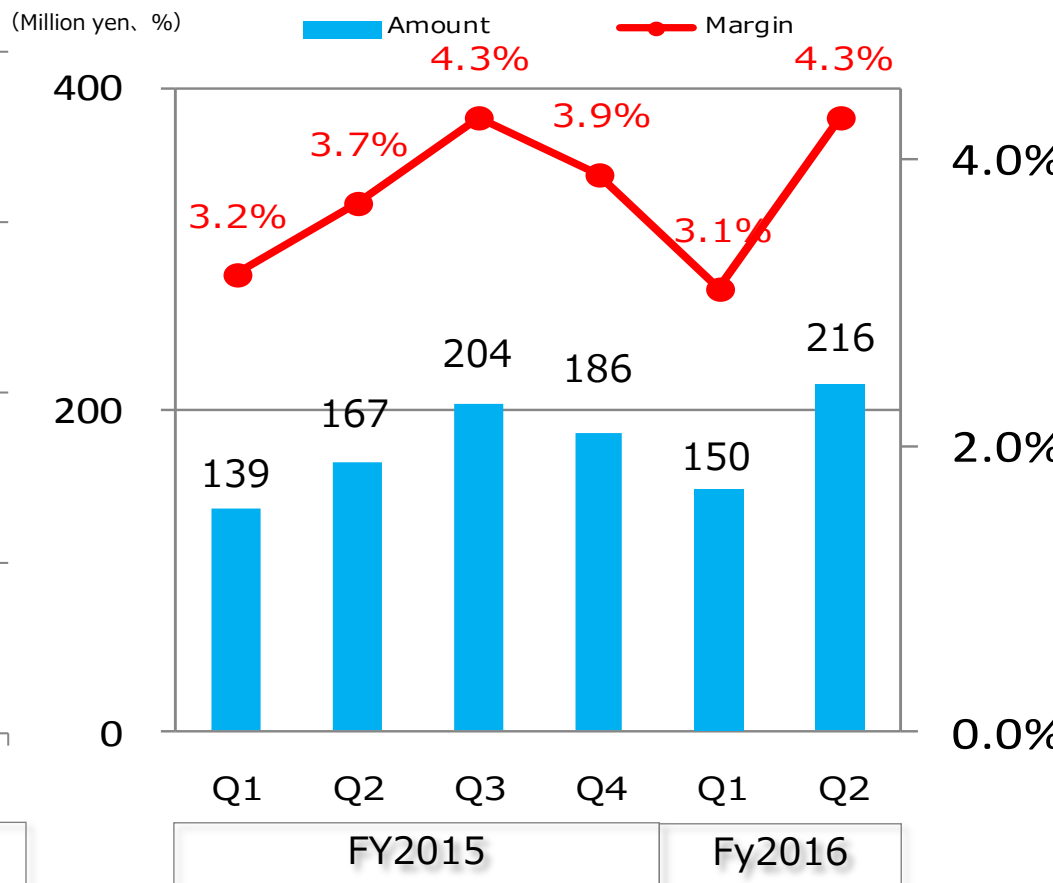


3-3. Quarterly Transition of Sales and Income (Performance comparison without Daiichi Kasei HD)

Net Sales

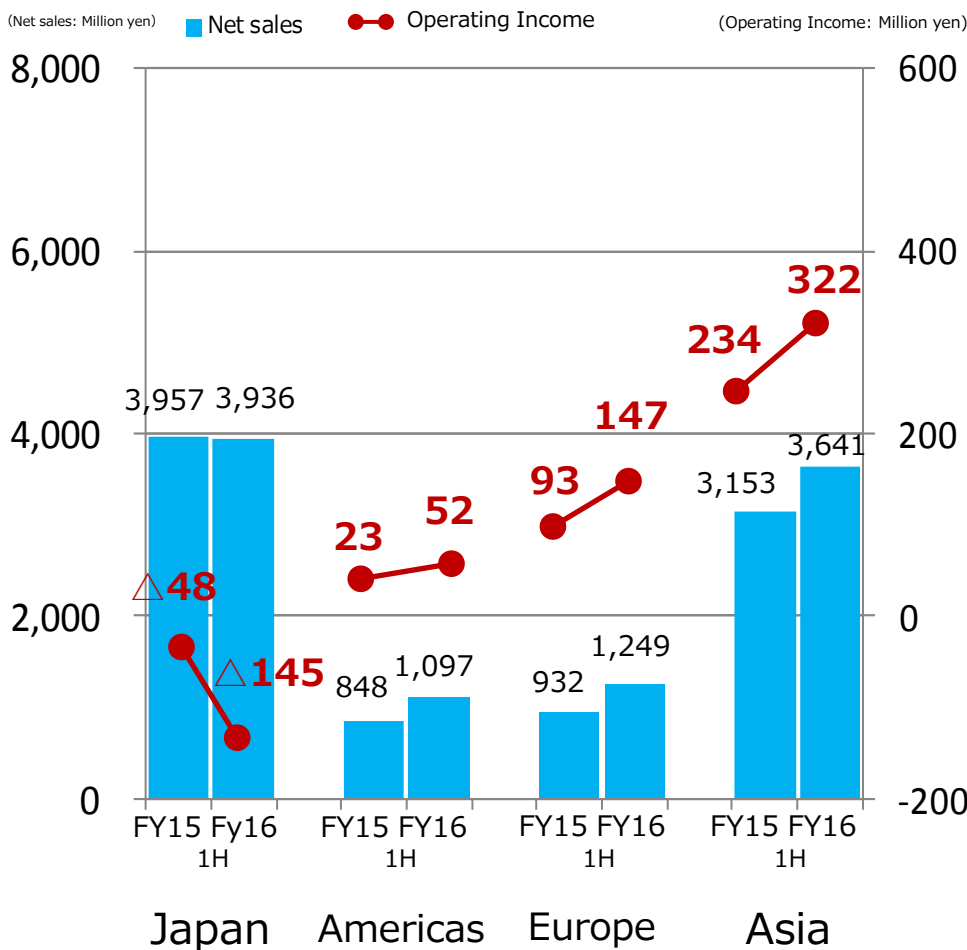


Operating Income



3-4. Net Sales and Operating Income by Geographical Segment(Performance comparison without Daiichi Kasei HD)

Net Sales/ Operating Income



Factors for change from the previous period

Japan Net Sales:3,936M, Operating Income:(145M)

- Although sales to automotive went strong, sales and earnings deteriorated due to worsened sales to OA equipment, product mix and increased fixed costs.

Americas Net Sales:1,097M, Operating Income:52M

- Sales and earnings increased reflecting strong sales to automotive and better sales to household equipment.
- * Historically business of Daiichi Kasei not included

Europe Net Sales:1,249M, Operating Income: 147M

- Sales and earnings increased reflecting bullish performance in profitable medical equipment and increased sales to aviation.
- * Historically business of Daiichi Kasei not included

Asia Net Sales:3,641M, Operating Income: 322M

- Sales and earnings increased reflecting increased sales to automotive and smartphone.

3-5. Net Sales by Market (Performance comparison without Daiichi kasei HD)

(Million Yen)

| | FY2015 1H | | FY2016 1H | | Change | |
|---|-----------|-------|-----------|-------|--------|--------|
| | Sales | % | Sales | % | Amount | % |
| Automotive | 2,791 | 31.4% | 3,398 | 34.2% | 607 | 21.7% |
| O A equipment | 2,554 | 28.7% | 2,374 | 23.9% | △180 | △7.0% |
| Medical and Healthcare equipment | 643 | 7.2% | 876 | 8.8% | 233 | 36.2% |
| Precision component | 520 | 5.9% | 685 | 6.9% | 165 | 31.7% |
| Household equipment | 365 | 4.1% | 444 | 4.5% | 79 | 21.6% |
| PC and PC related | 373 | 4.2% | 352 | 3.5% | △21 | △5.6% |
| AV・Home appliance | 344 | 3.9% | 279 | 2.8% | △65 | △18.9% |
| Mobile Phone and related | 327 | 3.7% | 278 | 2.8% | △49 | △15.0% |
| Aviation equipment | 145 | 1.7% | 272 | 2.7% | 127 | 87.6% |
| Others | 829 | 9.3% | 966 | 9.7% | 137 | 16.5% |
| Total | 8,891 | 100% | 9,924 | 100% | 1,033 | 11.6% |

2.Forecast for the Fiscal Year Ended March 31, 2016

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

- ◆ **Macroeconomic environment shows signs of deterioration, such as slowing Chinese economy. Yet we keep original forecasts for the full year business performance.**
- ◆ **No change to planned dividend of 35 yen per share**
*Consolidation of shares (consolidate 10 shares into 1 share)
conducted on October 1, 2015
- ◆ **Automotive and medical business continue to serve as engines of business**
Carry on with reorganization of bases in Japan in second half of the fiscal year
Saitama factory starts contributing from next term

2. Forecast for FY ended march 2016 (Consolidated)

(Million yen、%)

| | FY2016 | |
|------------------|--------------|---------------|
| | 1H(Result) | Full Year |
| Net Sales | 9,924 | 19,800 |
| Operating Income | 366 | 880 |
| (Margin) | 3.7% | 4.4% |
| Ordinary Income | 353 | 860 |
| Net Income | 237 | 550 |

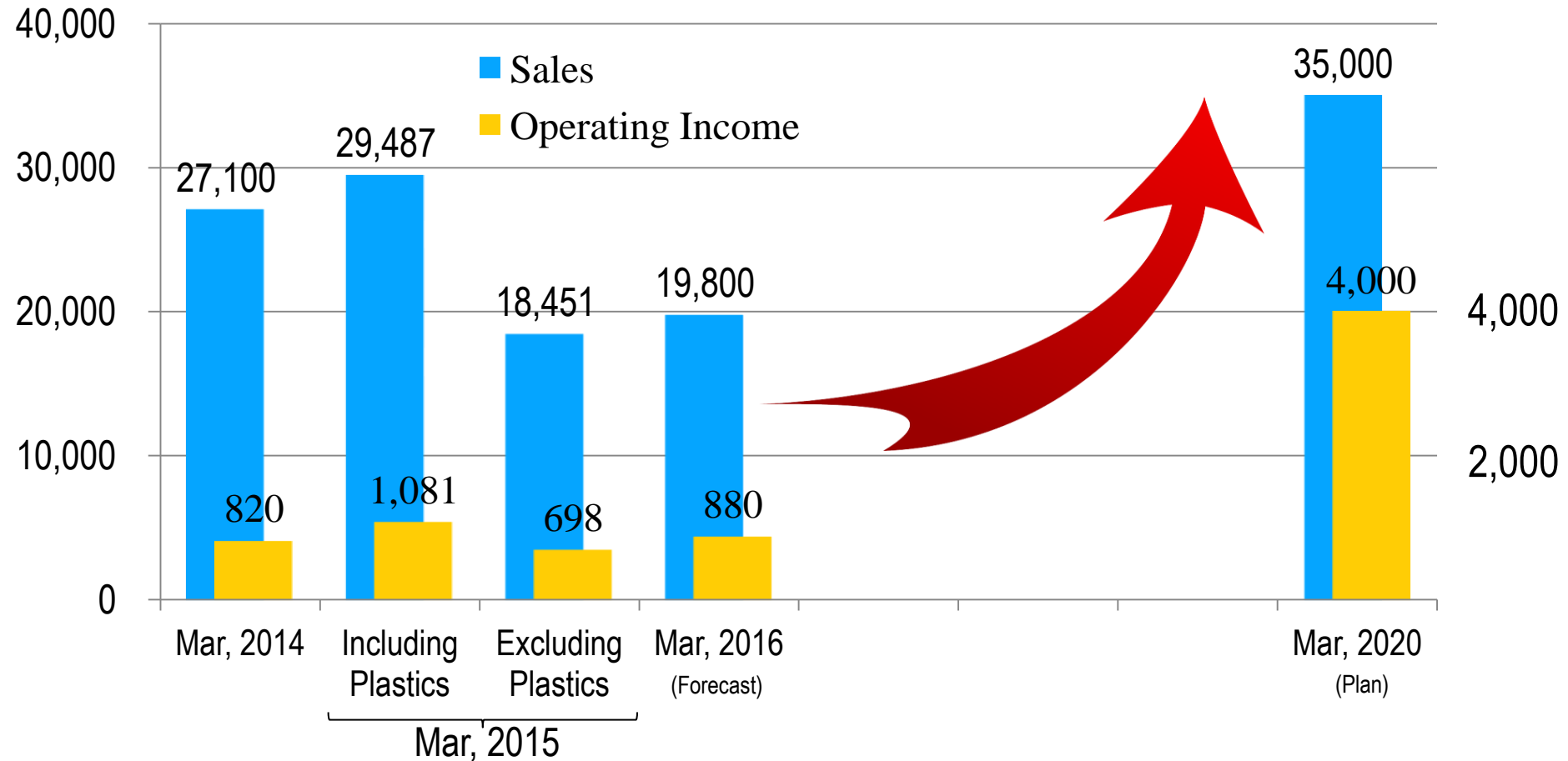
3. Business Strategies

3-1. Mid-term Performance Target

Aim for “Net sales 35B¥, OP Income 4B¥” on FY2020

(Sales: Million yen)

(Operating income: Million yen)

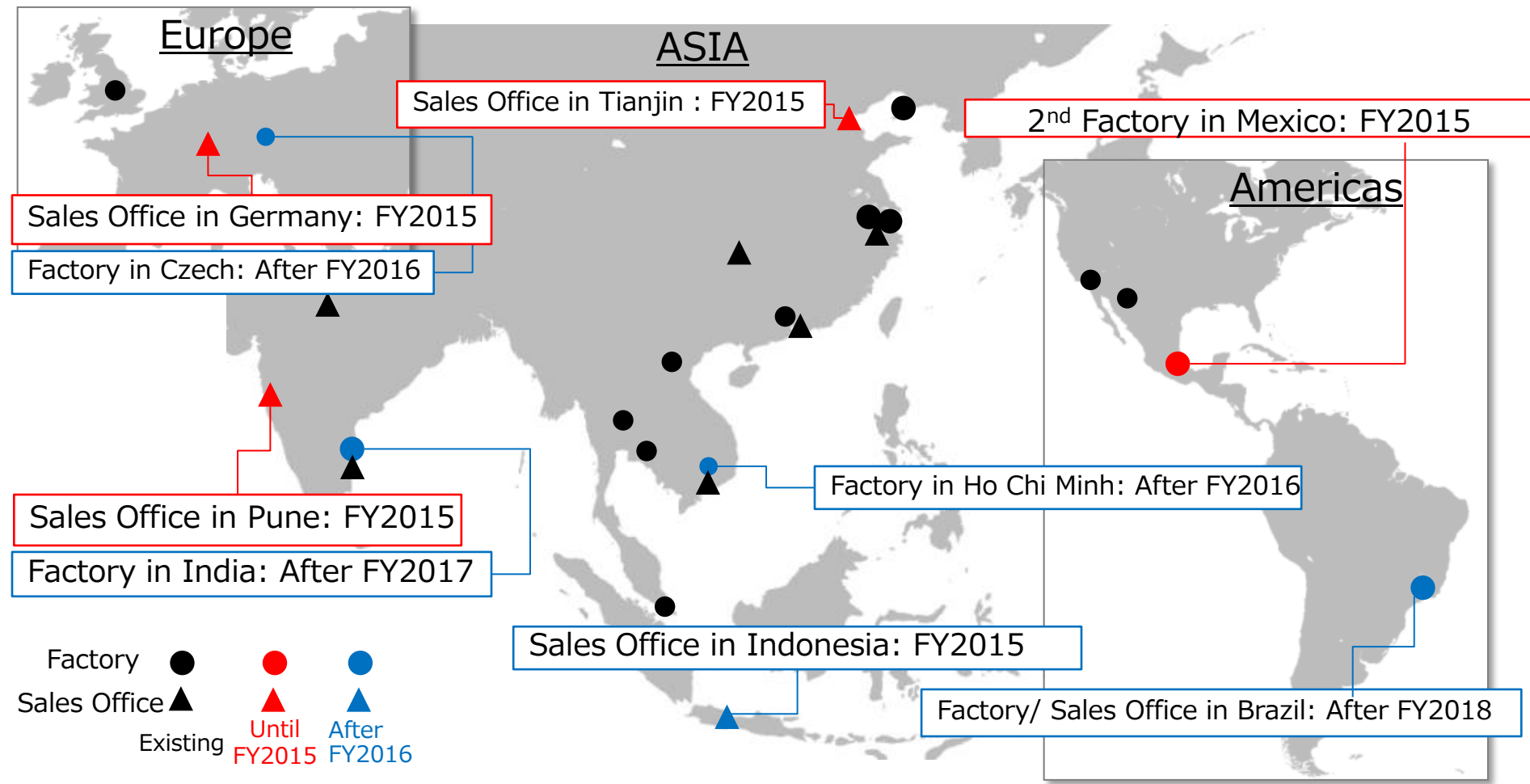


3-2. To achieve Mid-Term Management Plan

- **Area strategy**: Active investment for expansion of global business
In addition to already planned operations in Mexico, India and Germany, Tianjin China is added
 - **Market strategy**: Accelerate automotive business, together with medical and infrastructure, the three will make main three pillars of our business
Completion of Saitama factory dedicated to production of automotive parts.
Various measures to achieve net sales of ¥14 billion (automotive), ¥3.5 billion (medical) and ¥3.5 billion (infrastructure) in FY2020.
 - **Product strategy**: Promote standard product business
More orders received in infrastructure such as railway, road and housing equipment Utilize internet and trading companies.
 - **M&A**
Target small companies with outstanding technologies and companies which would contribute to expand sales channels.
-

3-3. Area Strategy : Update plan

Confirmed to open operations in Mexico, India and Germany, add Tianjin to plan.



3-4①. Automotive market: Trend and Activities

Keep up to trends in automotive industry and ride the crest of expanding demand.

Keyword/ Customer needs

Activity

Pick up

Modularization

- Same parts used in multiple car model
- Supply in various places throughout the world
- Mass Production, Consistency of quality

- Standardization, product line up
- Increase operation bases
- Support operations overseas



Automotive dedicated factory

Weight saving

- Fuel economy regulation, increasing plastic parts
- Reinforcement of plastic fastening parts
- Cost reduction, quality

- Global expansion of insert collar (Japan, China, Vietnam and Europe)
- Cost reduction through changes in production process
- Strategies on intellectual property



Insert collar

Electronization

- Electronic stability control becoming mandatory, Fuel economy regulation
- New electronic parts to meet these obligations and obligation and regulations

- Propose new shapes and functions of deep drawing and insert molding



Insert molding



Deep drawing

3-4②. Automotive market : Saitama Factory

Completion of Saitama factory, automotive dedicated smart factory



Saitama
Factory

<Schedule of Saitama factory>

2015 Nov. Completion

Dec. Equipment Delivery

2016 Jan. Operation start

2017 Jun. TS16949 acquisition

* Quality management system for Automotive parts

Delivery start for new customer

2019 Sep. Second phase of construction

2020 Mar. Sales of 3B¥

- ✓ Location: Honjo City, Saitama
- ✓ Ground area:12,000m²、 Floor area:5,000m²
- ✓ Main product: Insert collar
- ✓ Smart Factory
(Automation · Visualization · Energy saving)
- ✓ Specialized equipment for Automotive parts

3-4③Automotive market : Insert collar

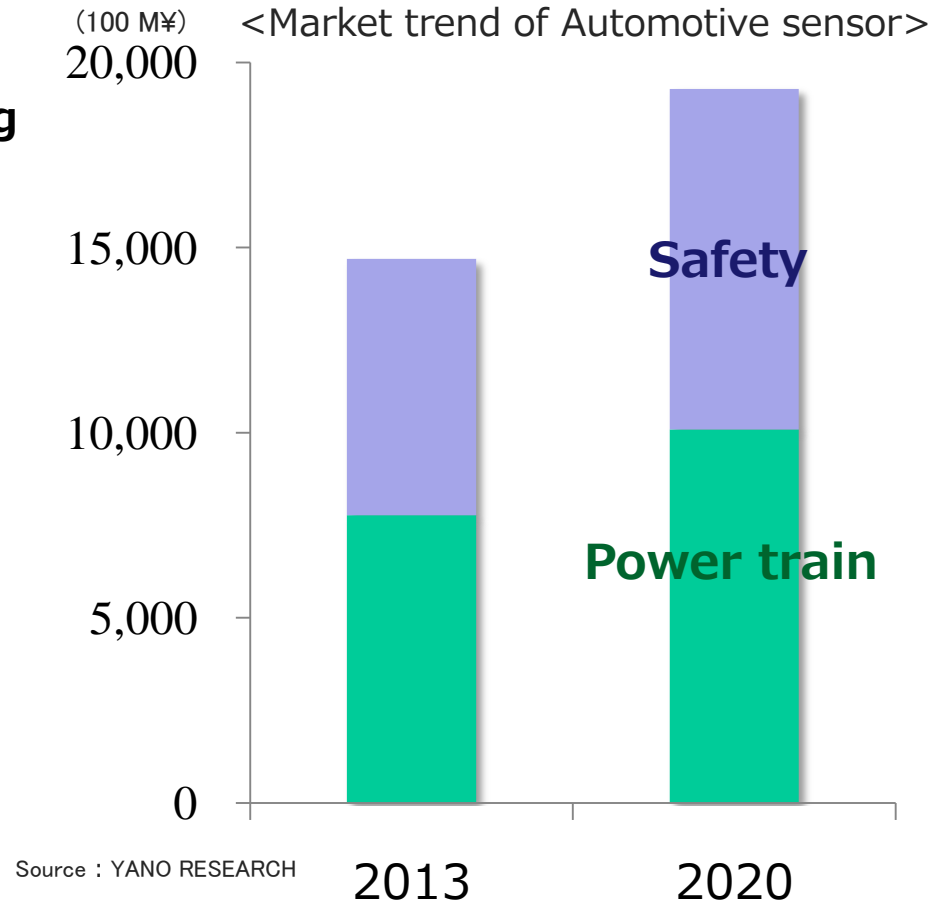
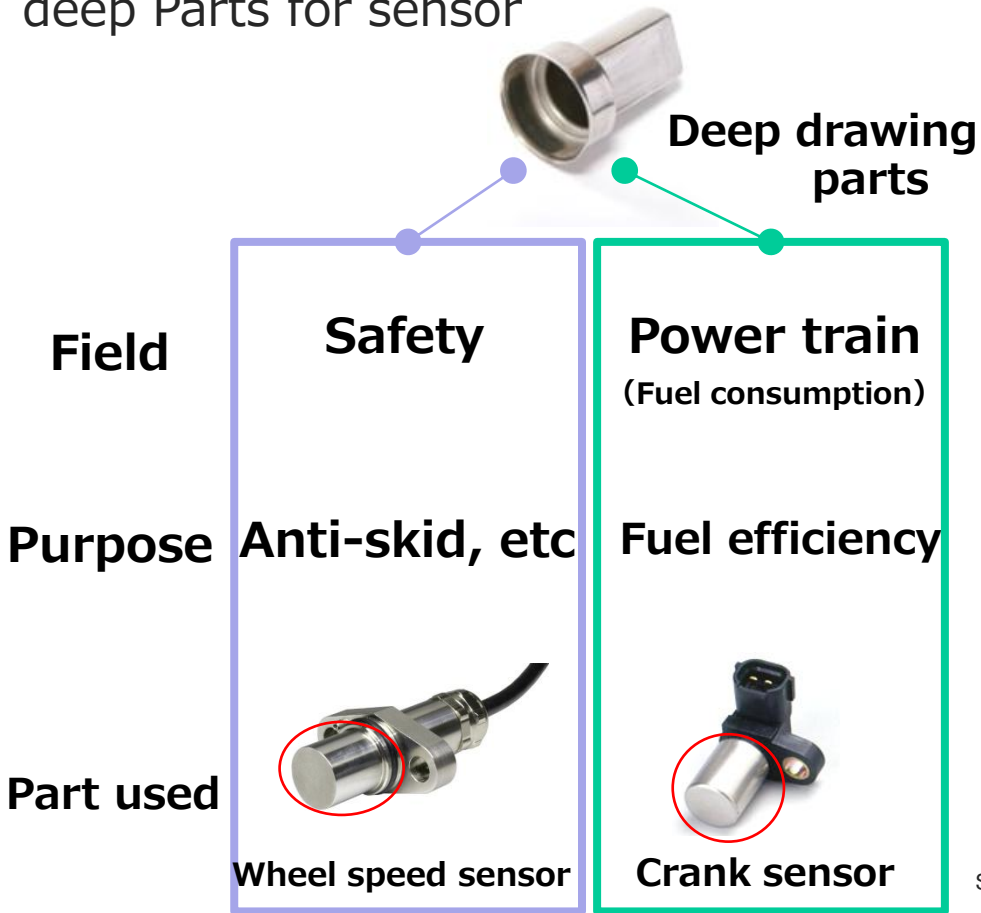
Reinforcement of plastic fastening parts
Obvious superiority such as patented technology



| | Our product | Other enterprise's product | Other enterprise's product |
|-----------------------|--|----------------------------|----------------------------|
| Processing Method | Forming | Forming | Cutting |
| Type of holes | Quadrangular prism Patented | Quadrangular pyramid | Double-cut |
| Seam | Initial tension Seaming Spring technology | Straight line | none |
| Cost | ◎ | ◎ | × |
| Vs. rotation strength | ◎ | × | ◎ |
| Resin inlet Risk | ◎ | × | ◎ |

3-4④Automotive market: Deep drawing

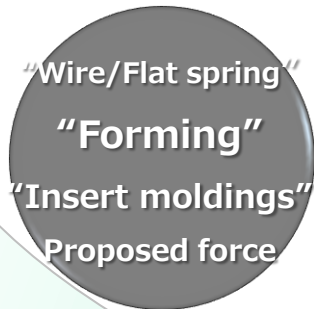
With the background of greater demand of sensors by electronization of cars to Improve fuel economy and safety level, we receive more and more orders of deep Parts for sensor



3-4⑤Automotive market : Expansion strategy

Enlarge to snowball as getting new technologies, customers, reputations.

FY2012 3.1B¥



BCP

(Multi supplier)

Production in rising country

Weight saving (aluminum, plastic)

Electronization (safety, fuel consumption)

a

Trend of Automotive field

Modularization

FY2015 6.2B¥



FY2020 14.0B¥

Established reputation in the automotive market
(acquisition "prefer supplier")

"Deep drawing"

Standard products

(E-commerce/ via trading company)

M&A

Western, Chinese customer

3-5①Medical market: The reason to focus medical market

Total medical expenses are rapidly increasing among advanced and emerging countries
Many advantages exist in medical area, expectation is high in long term

Positive element

| | |
|--------------------------|----------------------------|
| High revenue | Growing world population |
| Long life cycle | Increasing medical expense |
| Disposal | Market stability |
| Million unites per order | Growing Self care market |

Feature point of our products

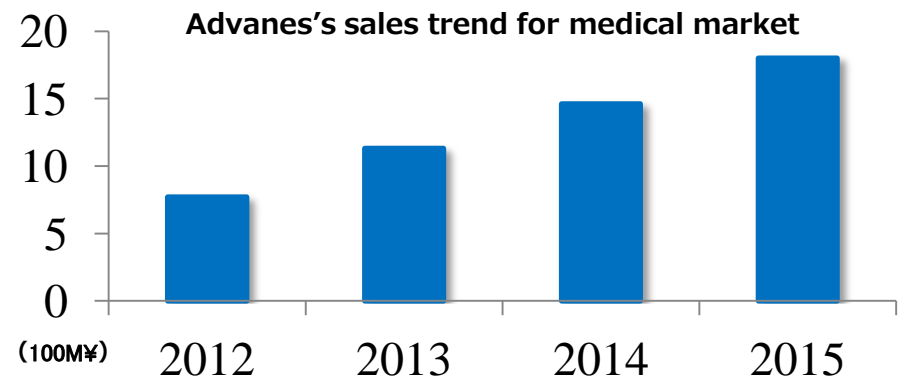
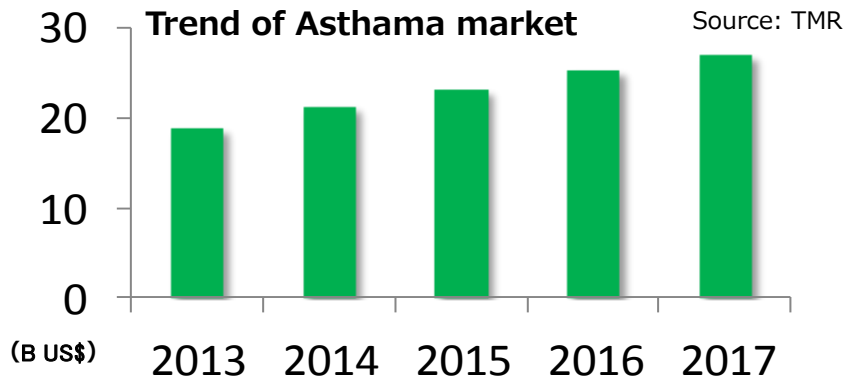
Market

Negative element

Development costs



Long term test period

Planning stop risk



3-5②Medical Market : The feature point of main products

Self-care and simple medication are rapidly spreading. Self care kit with our precision spring component is selling more backed by market expansion

| | | |
|---------------------|---|--|
| Finished Product |  Suction drug |  Automatic syringe |
| Target | Asthama | Diabetes , etc |
| Feature point | Inject a dose of medicine Self treatment Easy to carry Disposal | Automatically stick a needle and inject medicine Self treatment Easy to carry Disposal |
| Supply from Advanex | Press spring | Press spring, Torsion spring, Deep drawing |
| Production area | Spread to Americas from Europe | Spread to Asia from Europe |
| Market volume | World wide | World wide |

3-6 Standard products strategy : Nut locking "LockOne"

Highly evaluated for user-friendliness and durability, orders received from various areas
Clear advantage in adaptation to various shape and materials



Railway field

- Already adopted by multiple railway company
- Connecting parts of railroad tracks



LockOne

- Rated top in vibration durability test
- Easy to attach and set up



Housing equipment

- Orders received in Japan and overseas



Road infrastructure

- Attaching parts of road signs



Online marketing

- Opened online shop in Rakuten Ichiba
- Coordinate with trading companies and consultants



ADVANCEX

(CONTACT)

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Corporate Communication Section

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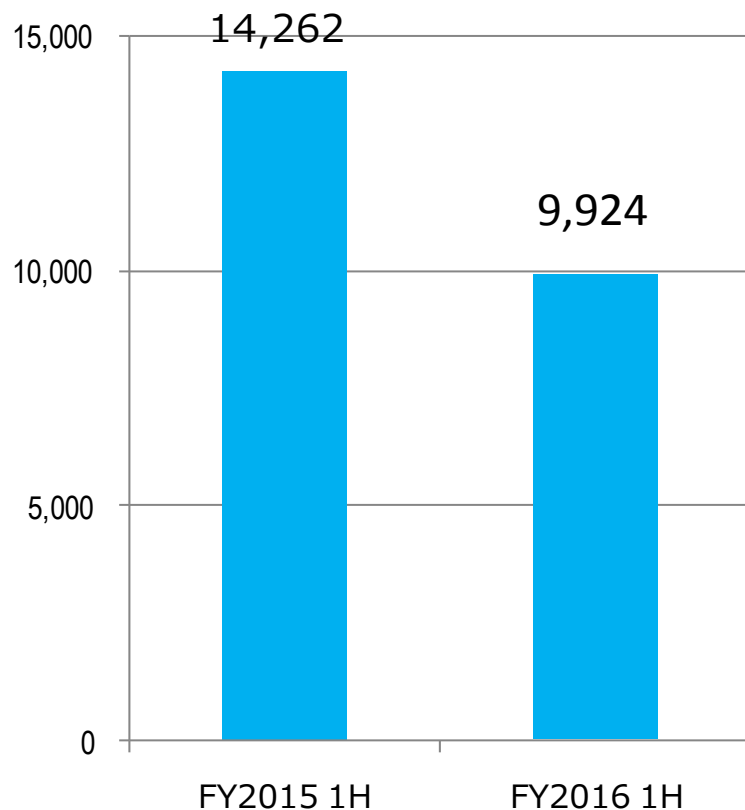
URL : <http://www.advanex.co.jp>

4. (Reference: Performance comparison including Daiichi Kasei HD)

4-1. Comparison of Sales and Income (Consolidated)

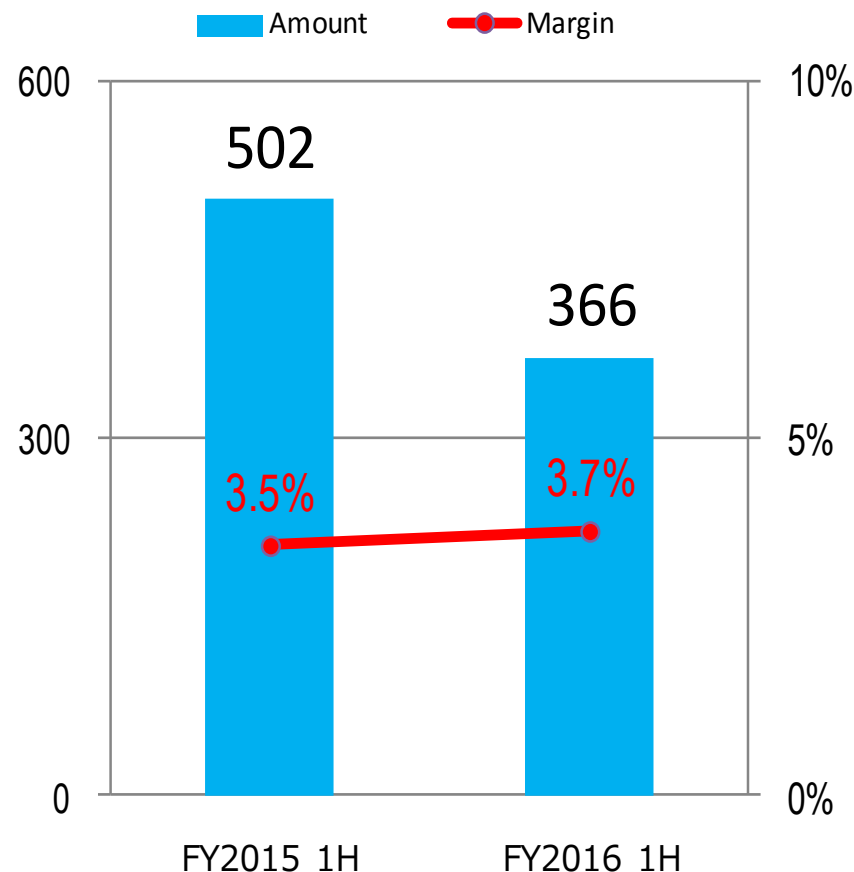
Net Sales

(Million Yen)



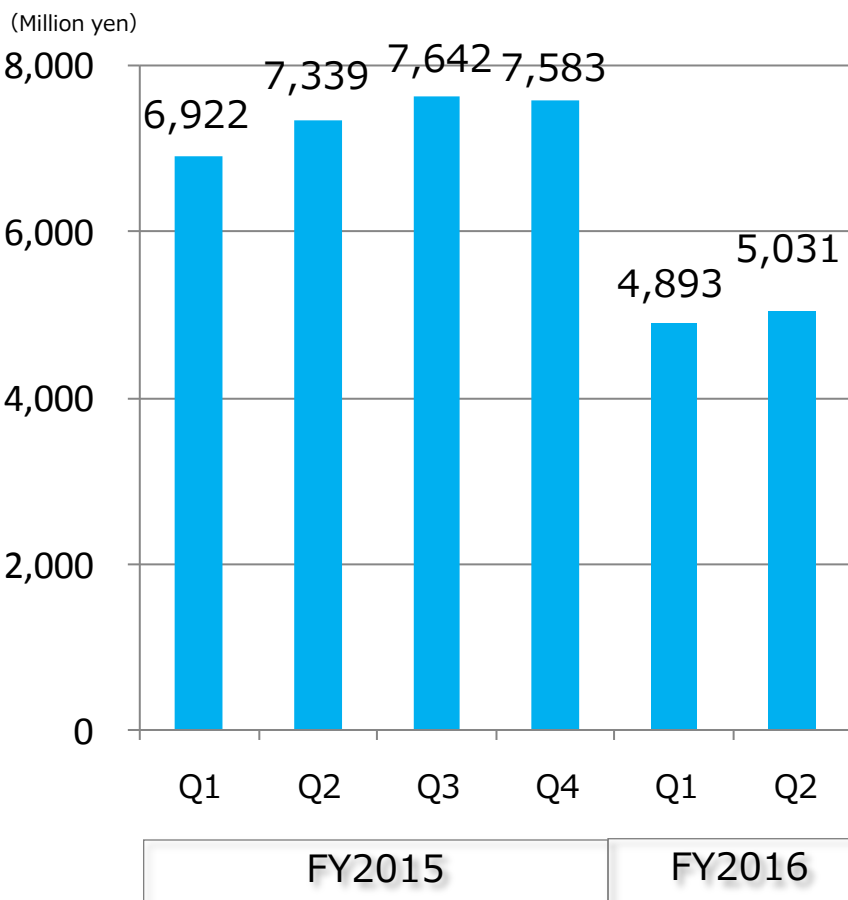
Operating Income

(Million Yen)

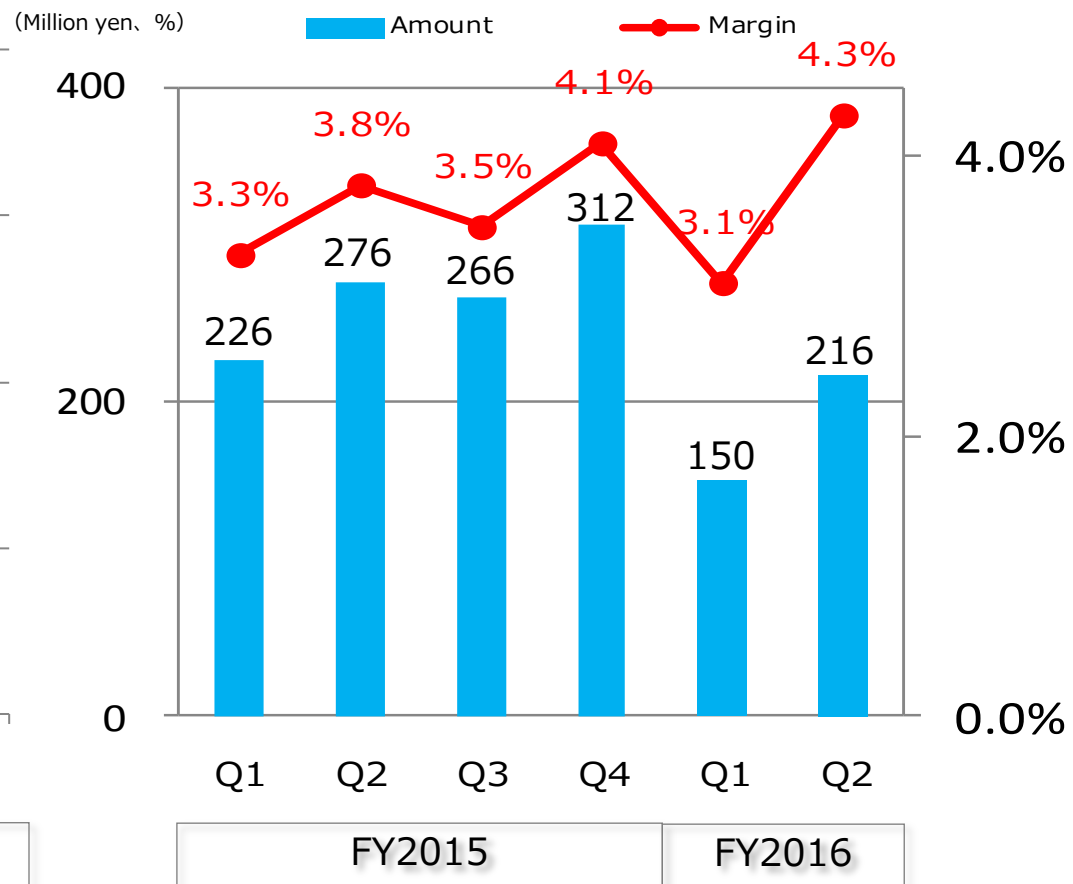


4-2. Quarterly Transition of Sales and Income (Consolidated)

Net Sales

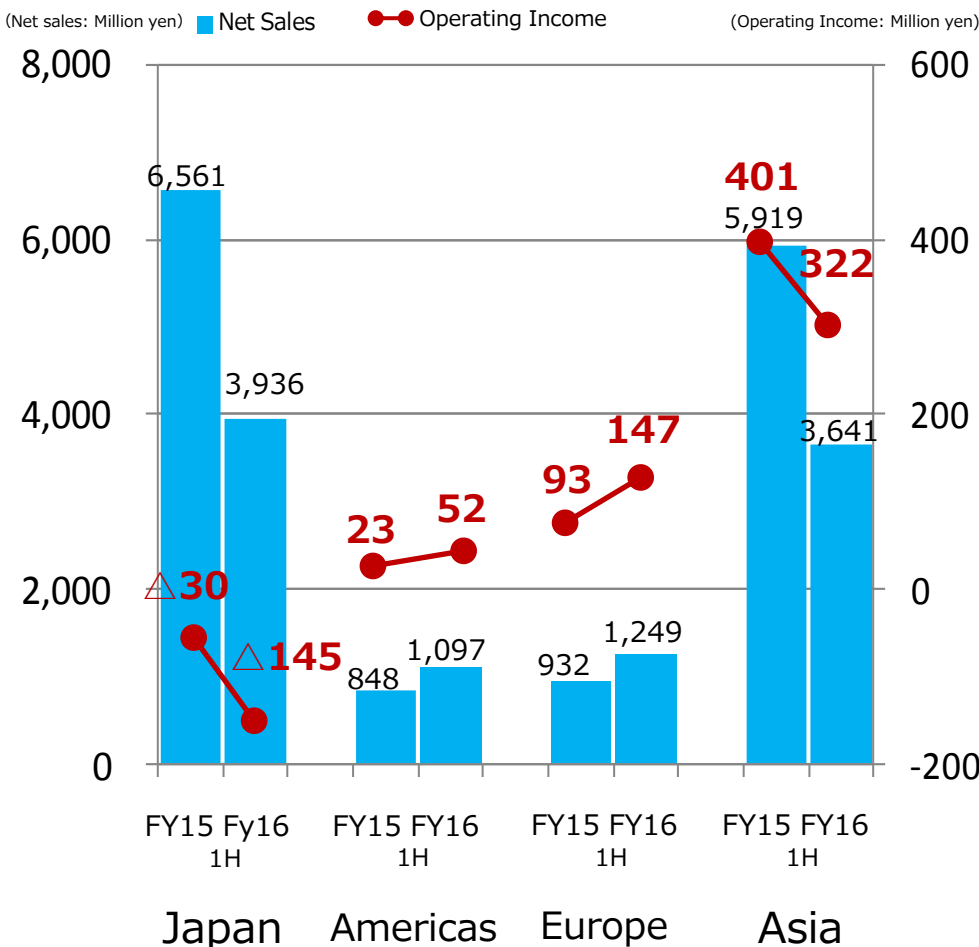


Operating Income



4-3. Net sales and Operating Income by Geographical Segment

Net sales/ Operating Income



Factors for change from the previous period

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- Both sales and earnings dropped due to major part of plastic business being out of scope from consolidation, worsening product mix and increased fix costs.

Americas Net Sales:1,097M, Operating Income:52M

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- Sales and earnings dropped since major part of plastic business is out of scope from consolidation.

4-4. Net Sales by Market

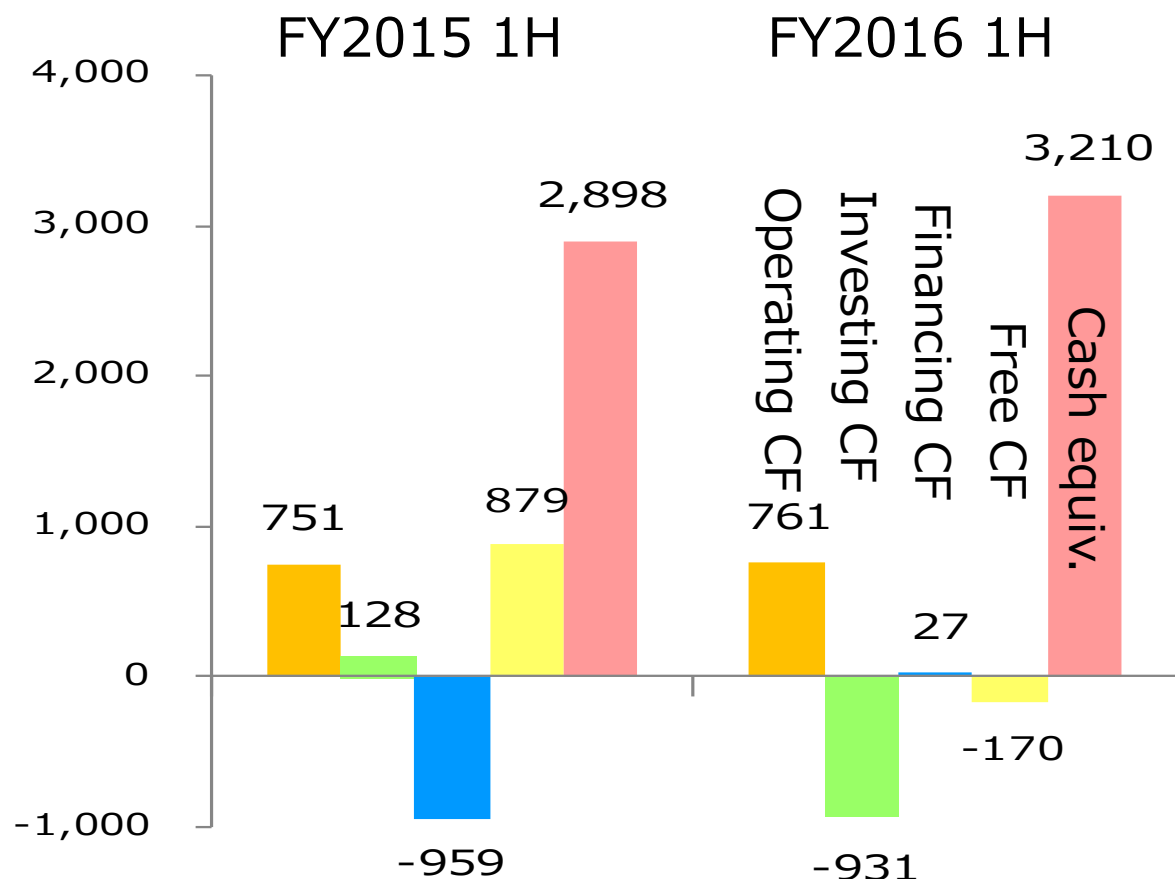
(Million Yen)

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| | Sales | % | Sales | % | Amount | % |
| Automotive | 5,390 | 37.8% | 3,398 | 34.2% | △1,992 | △37.0% |
| O A equipment | 3,712 | 26.0% | 2,374 | 23.9% | △1,338 | △36.0% |
| Medical and Healthcare equipment | 656 | 4.6% | 876 | 8.8% | 220 | 33.5% |
| Precision component | 769 | 5.7% | 685 | 6.9% | △84 | △10.9% |
| Household equipment | 926 | 6.5% | 444 | 4.5% | △482 | △52.1% |
| PC and PC related | 383 | 2.7% | 352 | 3.5% | △31 | △8.1% |
| AV・Home appliance | 866 | 6.1% | 279 | 2.8% | △587 | △67.8% |
| Mobile Phone and related | 377 | 2.3% | 278 | 2.8% | △99 | △26.3% |
| Others | 1,182 | 8.3% | 1,238 | 12.5% | 56 | 4.7% |
| Total | 14,262 | 100% | 9,924 | 100% | △4,336 | △30.4% |

4-5. Consolidated Cash Flows

Trend of CF

Status of CF for FY2015 1H



Operating CF

The fund **increased 761 million yen** due to net income recorded for the first half, fund reserve reflecting depreciation and amortization, and increase in accounts payable, etc.

Investing CF

The fund **decreased 931 million yen** by capital investment to equipment in Japan, Europe, Asia

Financing CF

The fund **increased 27 million yen** by bank borrowing. In other hand ,Acquisition of own shares was also carried out.