

# Results for the Fiscal Year Ended March 31, 2015



May 26, 2015



This datum is based on the data as of March 31, 2014. 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 Fiscal Year Ended March 31, 2015
2. Forecast for the Fiscal Year Ended March 31, 2016
3. Business Strategies

---

# 1. Operating Results for the Fiscal Year Ended March 31, 2015

# 1-1 Highlight

---

## ◆ Sales increased thanks to the increased business for automotive markets.

The sales to automotive markets, which is one of our main target markets, had a double-digit growth year on year.

The sales to “Medical and healthcare equipment” increased greatly.

## ◆ Operating Income increased greatly in Precision Springs and decreased in Plastics.

The operating income for Precision Springs increased 58.9% year on year thanks to increased sales in Asia and UK.

Segment income in Plastics decreased due to decreased sales in Malaysia.

## ◆ Net Income decreased due to the increased minority interests in subsidiaries.

Net Income decreased due to the extraordinary loss for the amount of estimation for repairing construction of the land the Company owns in Fukushima and the increased minority interests in subsidiaries (Daiichi Kasei HD CO.,LTD.).

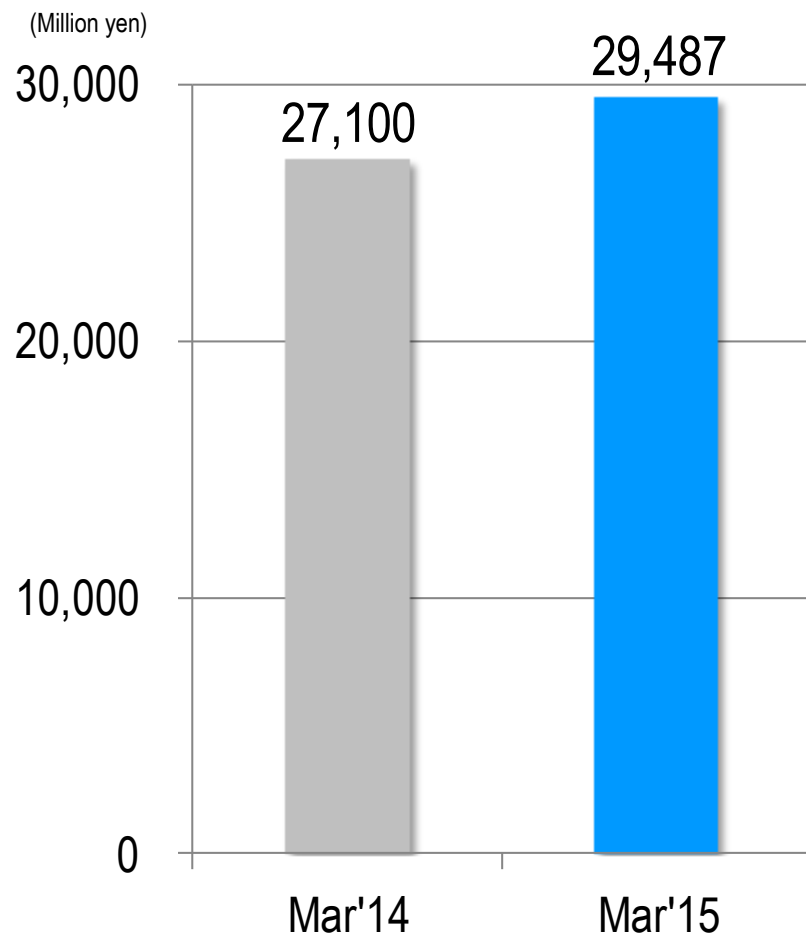
## 1-2 Consolidated Financial Results for the Fiscal Year Ended March 2015

(Million yen, %)

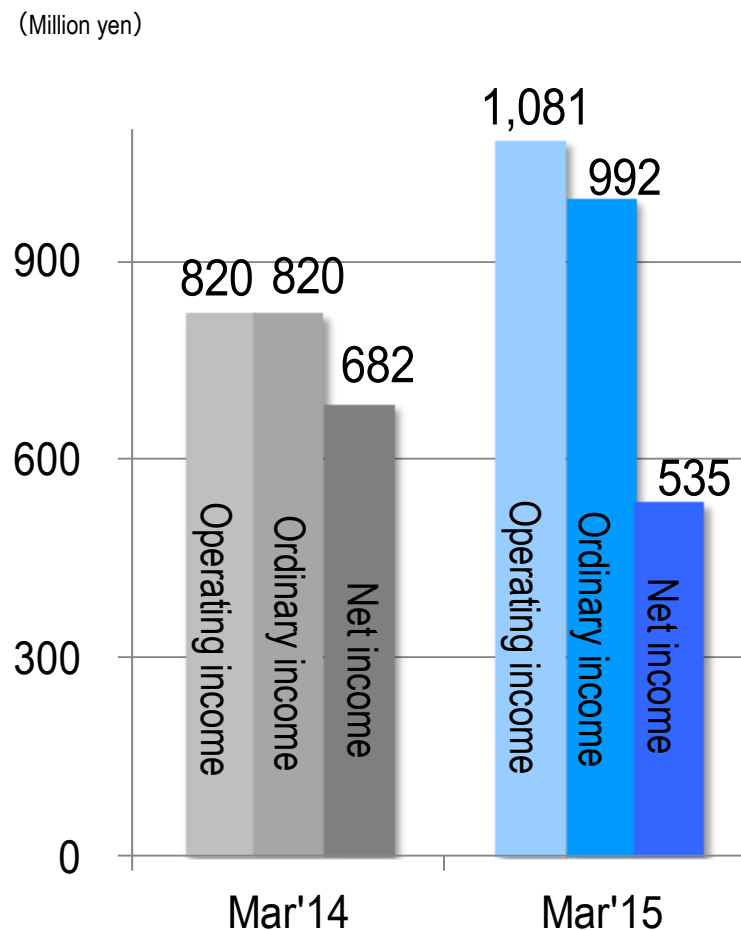
	Year ended Mar. '14 Full Year	Year ended Mar. '15 Full Year	Y to Y Change	
			Amount	Ratio
Net Sales	27,100	29,487	2,387	8.8%
Gross Profit	5,840	6,652	812	13.9%
Operating Income	820	1,081	261	31.8%
Operating Margin	3.0%	3.7%	0.7%	-
Ordinary Income	820	992	172	21.0%
Net Income	682	535	△147	△21.6%

## 1-3 Trend of Sales and Income (Consolidated)

### Net Sales



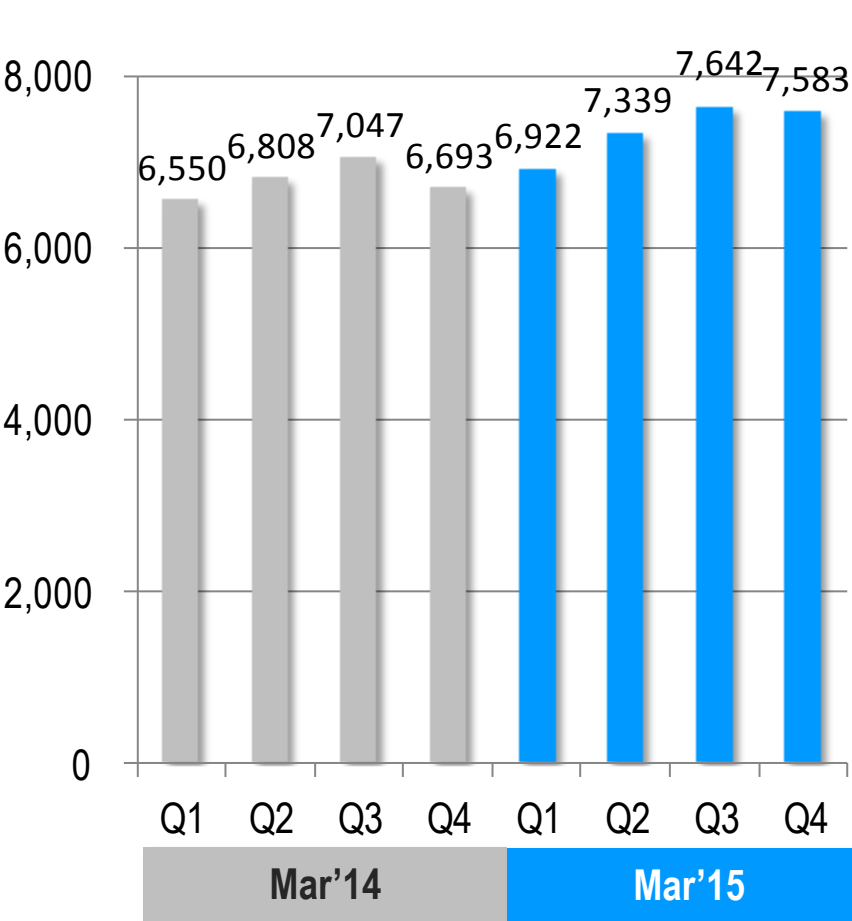
### Income (Operating • Ordinary • Net)



# 1-4 Quarterly Transition of Sales and Income (Consolidated)

## Net Sales

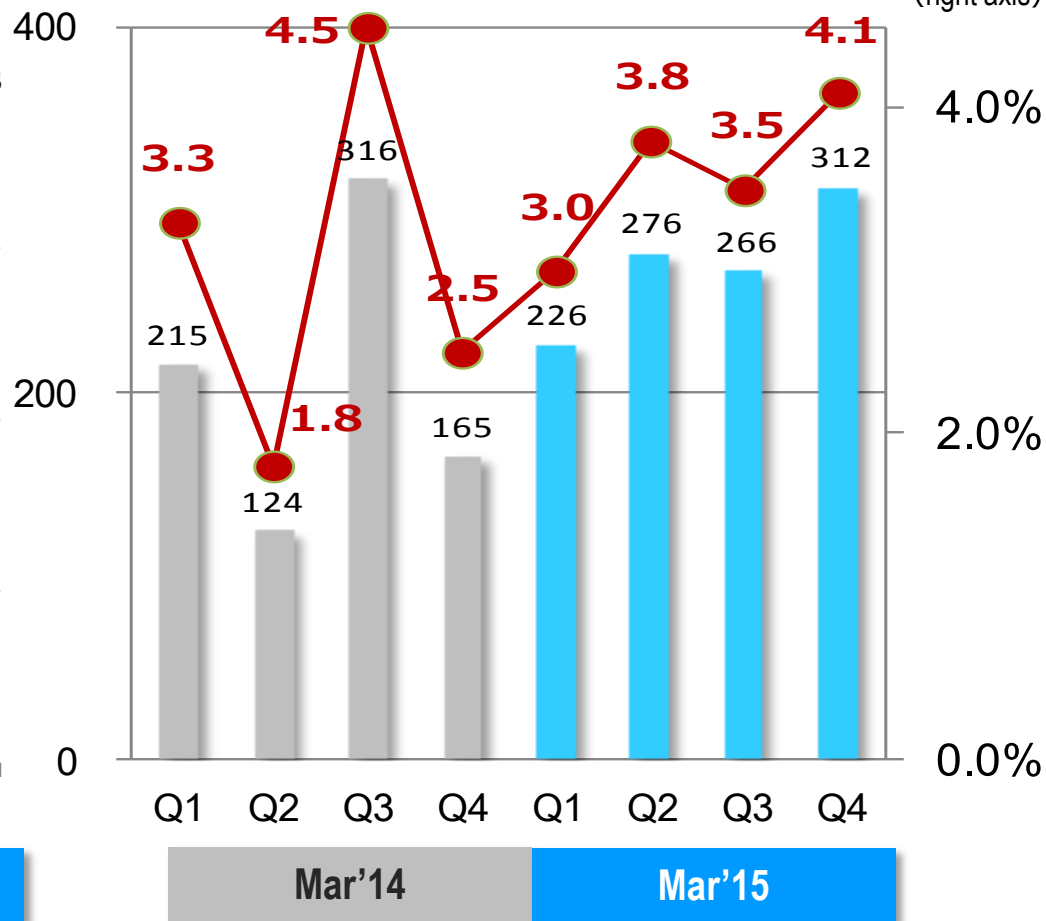
(Million yen)



## Operating Income • Margin(%)

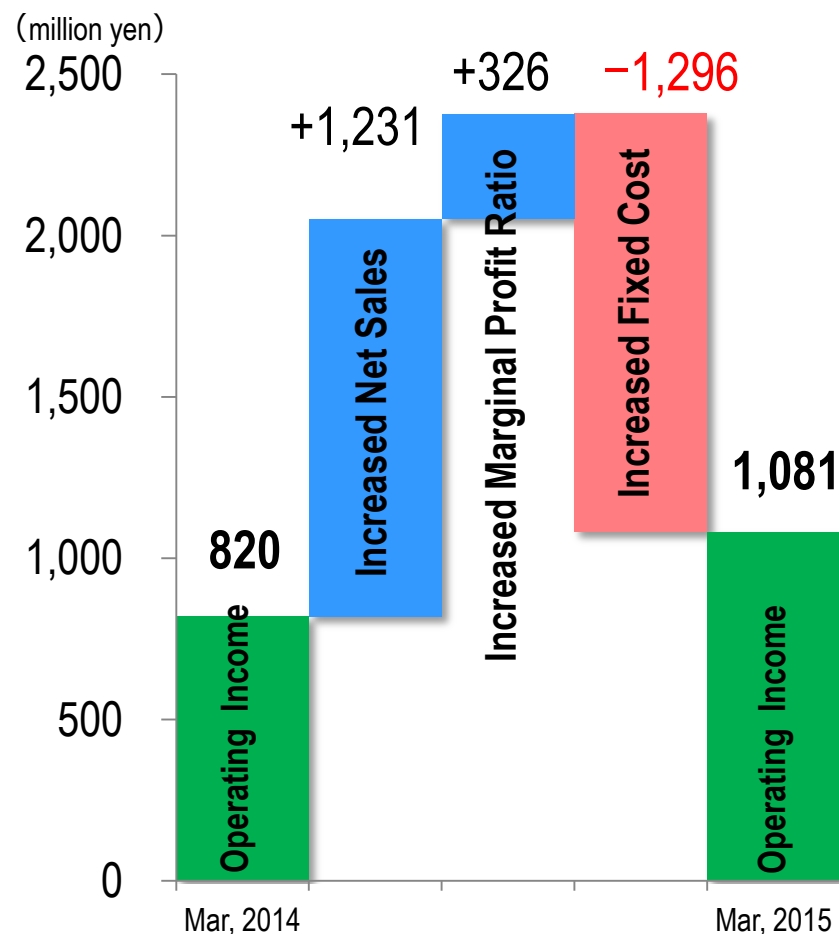
(Million yen)

Amount (left axis)  
Operating margin (right axis)



## 1-5 Analysis of Increase and Decrease of Operating Income

### Factors for change from Mar'14



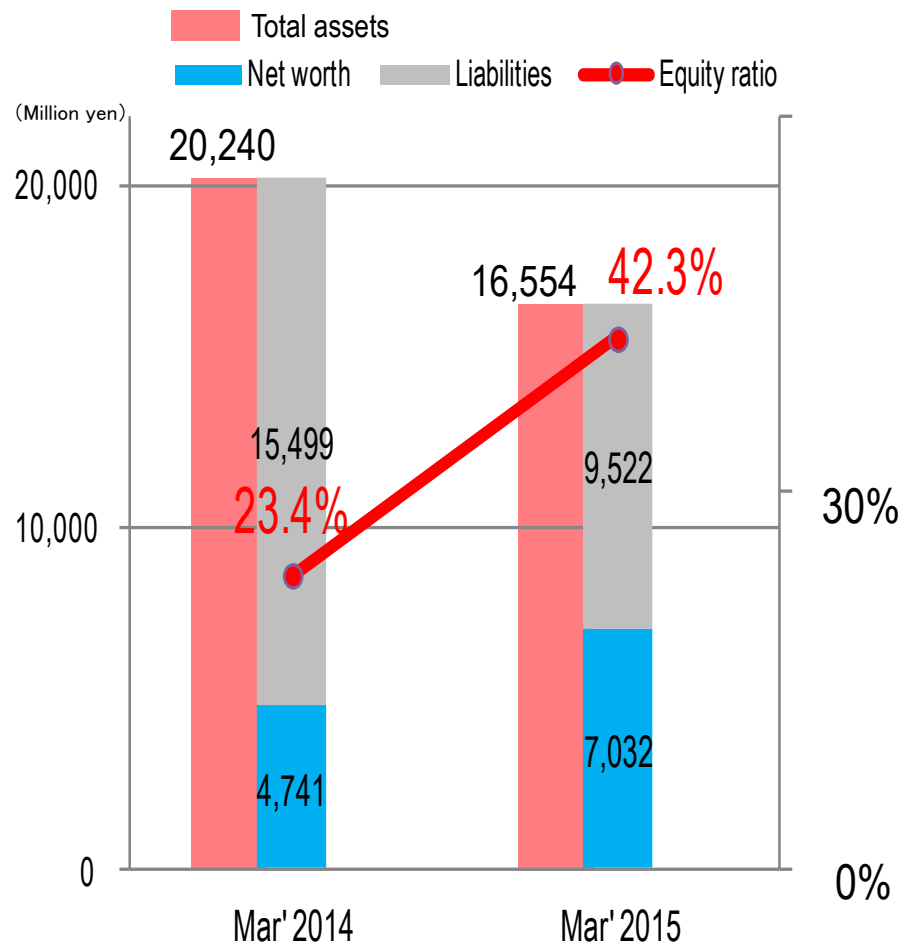
Operating income increased ¥261 million year on year

- Increased by sales increase : ¥1,231 million  
Mainly due to weaker yen and sales recovery for precision Springs in UK and Asia
- Increased by improvement of marginal profit : ¥326 million  
Mainly due to cost reduction in Spring business in China
- Decreased by increased fixed cost: -¥1.296 million  
Mainly due to weaker yen, increased labor cost in Japan, UK and increased cost caused by acquisition of Funabashi Denshi

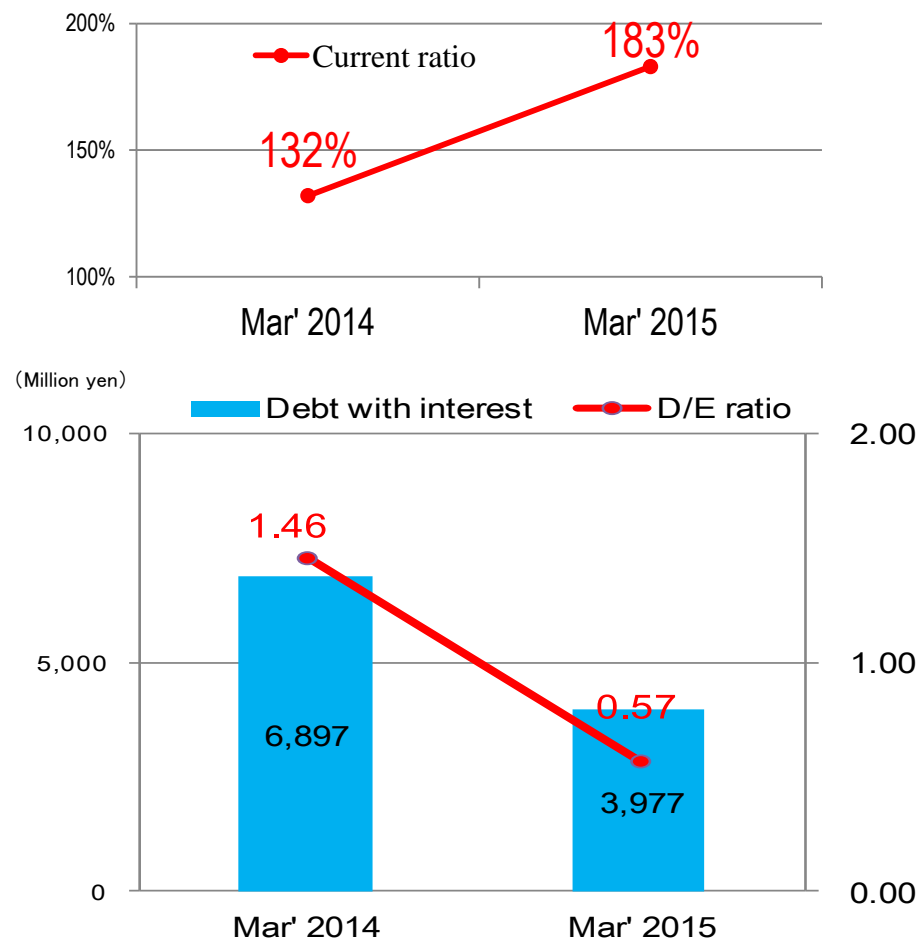


# 1-6 Transition of B/S

## Balance sheet

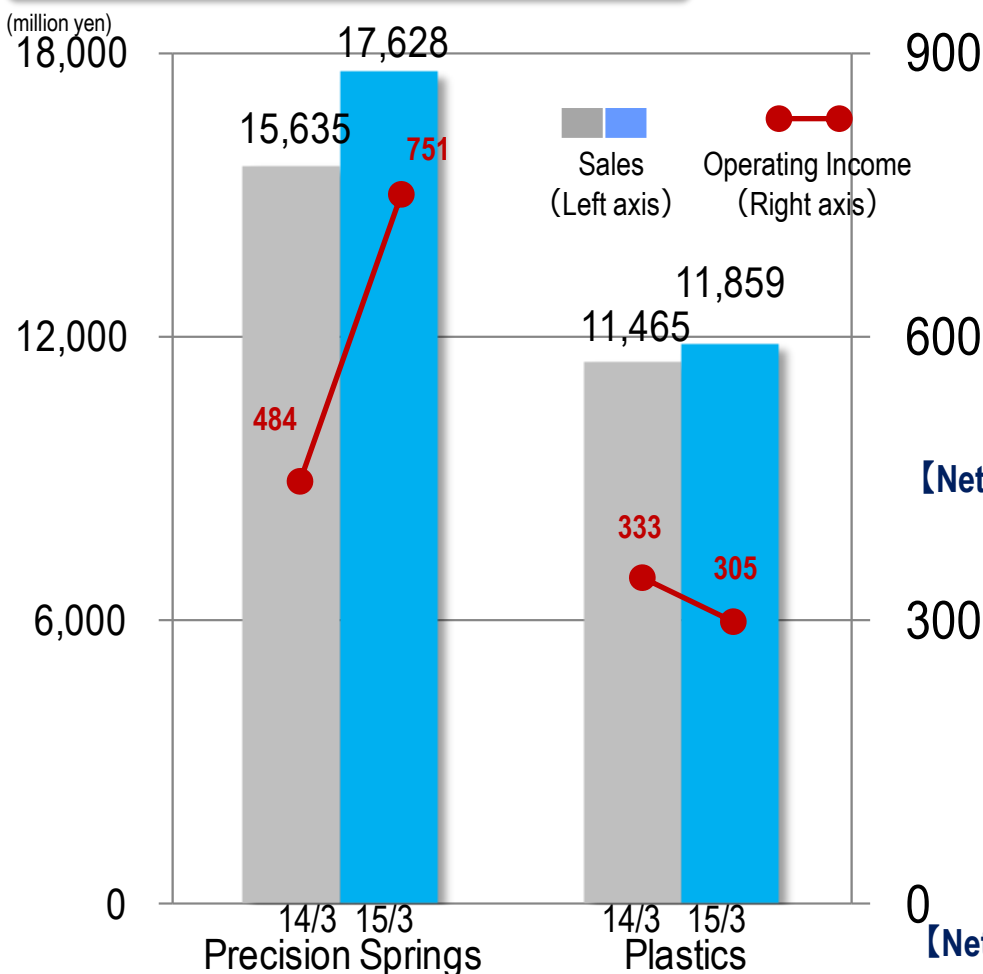


## Current ratio - Debt with interest - D/E ratio



# 1-7 Net Sales and Operating Income by Business Segment

## Net sales • Operating Income



## Factors for change from Mar'14

### Precision Springs

- In Japan, although overall sales increased as a result of acquisition of Funabashi Electronics Co., Ltd., earnings deteriorated due to increased costs such as selling, general and administrative expenses.
- In overseas, sales to automotive markets increased mainly in USA and China. In UK, sales to medical equipments increased. Earnings increased according to the increased sales.

**【Net sales: +12.7%、 Segment income: increase of ¥285 million】**

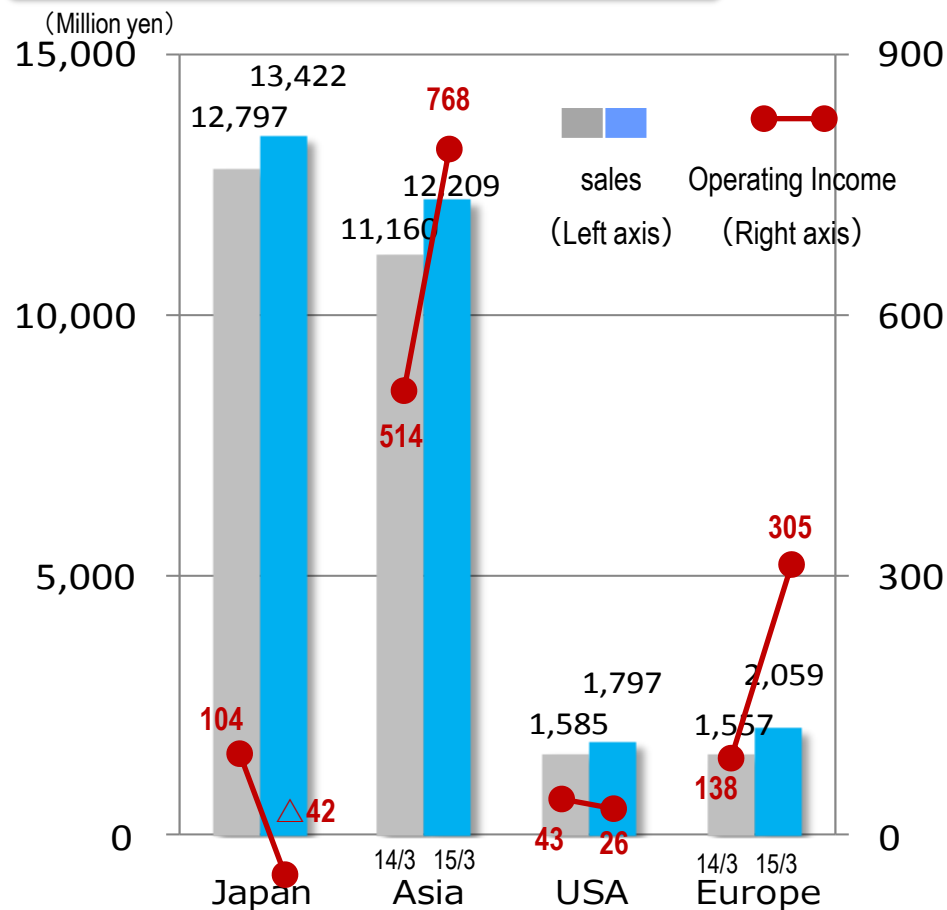
### Plastics

- In Japan, sales to household appliances increased.
- In overseas, sales to AV equipment related markets decreased in Malaysia while sales to automotive markets increased in China and Vietnam.
- As a result, segment income decreased due to decreased sales in Malaysia.

**【Net sales: +3.4%、 Segment income: decrease of ¥27 million】**

# 1-8 Net Sales and Operating Income by Geographical Segment

## Net sales • Operating Income



## Factors for change from Mar'14

### Japan

- Net sales increased as a result of acquisition of Funabashi Electrics Co., Ltd.
- Losses are recorded in Precision Springs due to deteriorated earnings at Funabashi and increased costs such as selling, general and administrative expenses at Advanex Inc.

**【Net sales: +4.9%、 Segment income: decrease of ¥146 million】**

### Overseas

- In Europe, income grew due to increased sales to medical equipments .
- In Asia, automotive sales increased in China and Vietnam while sales decreased in Malaysia. Earnings increased in Precision Springs while it decreased in Plastics.

**【Net sales: +12.3%、 Segment income: increase of ¥404 million】**

# 1-9 Sales by Market (Consolidated)

(Million yen)

	Mar' 14		Mar' 15		Change	
	Full year	%	Full year	%	Amount	%
Automotive	9,995	36.9%	11,645	39.5%	1,650	16.5%
OA equipment	7,271	26.8%	7,439	25.2%	168	2.3%
Household equipment	1,908	7.0%	2,123	7.2%	215	11.3%
AV/Home appliance	1,913	7.1%	1,574	5.3%	△339	△17.7%
Precision Components	1,342	5.0%	1,550	5.3%	208	15.5%
Medical and Healthcare equipment	1,155	4.3%	1,488	5.0%	333	28.8%
PC and PC related	736	2.7%	795	2.7%	59	8.0%
Mobile phone and related	496	1.8%	688	2.3%	192	38.7%
Others	2,279	8.4%	2,184	7.4%	△95	△4.2%
Tota	27,100	100%	29,487	100%	2,388	8.8%

---

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

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

---

### ■ 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)

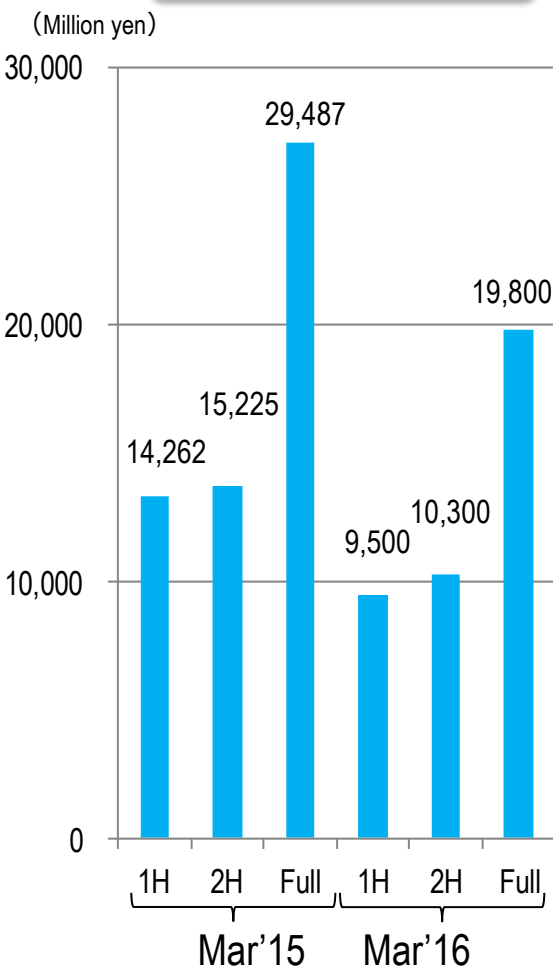
## 2-2 Forecast for FY Ended March 2016 (Consolidated)

(Million yen)

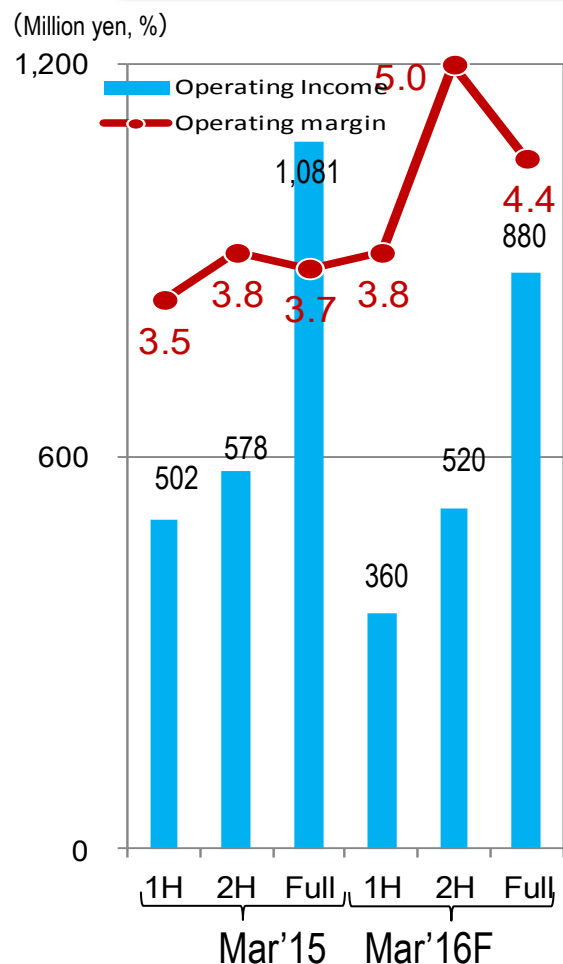
	FY Ended March 2015		FY Ended March 2016		1H to 1H Change (amount)		Y to Y change (amount)	
	1H	Full Year	1H	Full Year	Amount	%	Amount	%
Net Sales	14,262	29,487	9,500	19,800	△4,762	△33.4%	△9,687	△32.9%
Operating Income	502	1,081	360	880	△142	△28.4%	△201	△18.6%
Operating Margin	3.5%	3.7%	3.8%	4.4%	0.3%	-	0.7%	-
Ordinary Income	434	992	350	860	△84	△19.4%	△132	△13.4%
Net Income	318	535	210	550	△108	△34.1%	15	2.8%

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

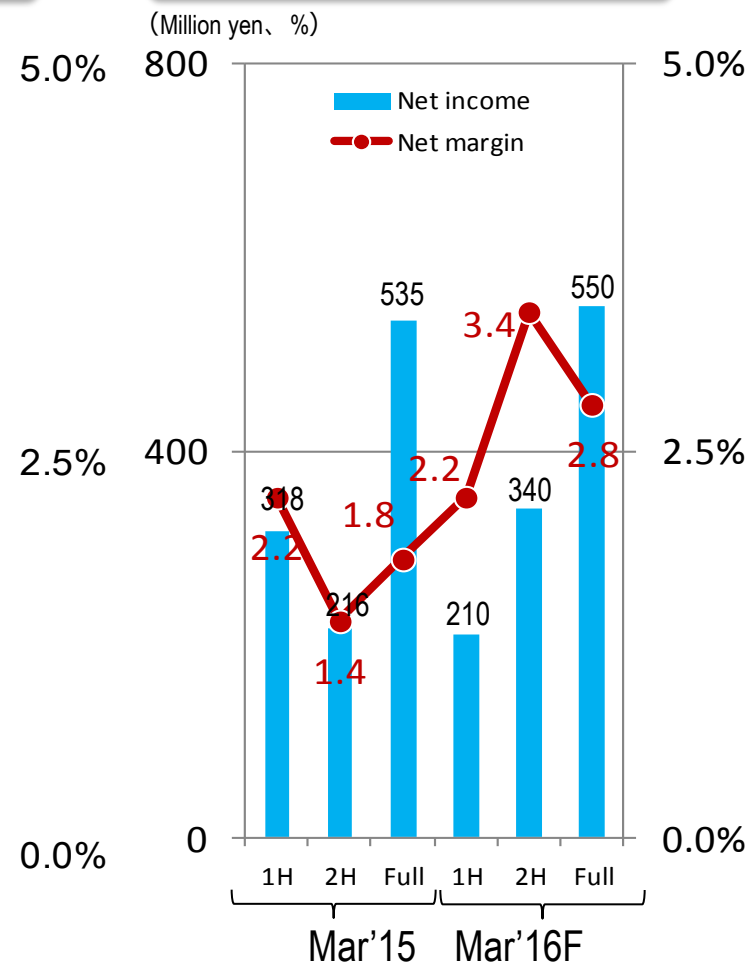
### Net Sales



### Operating Income · %

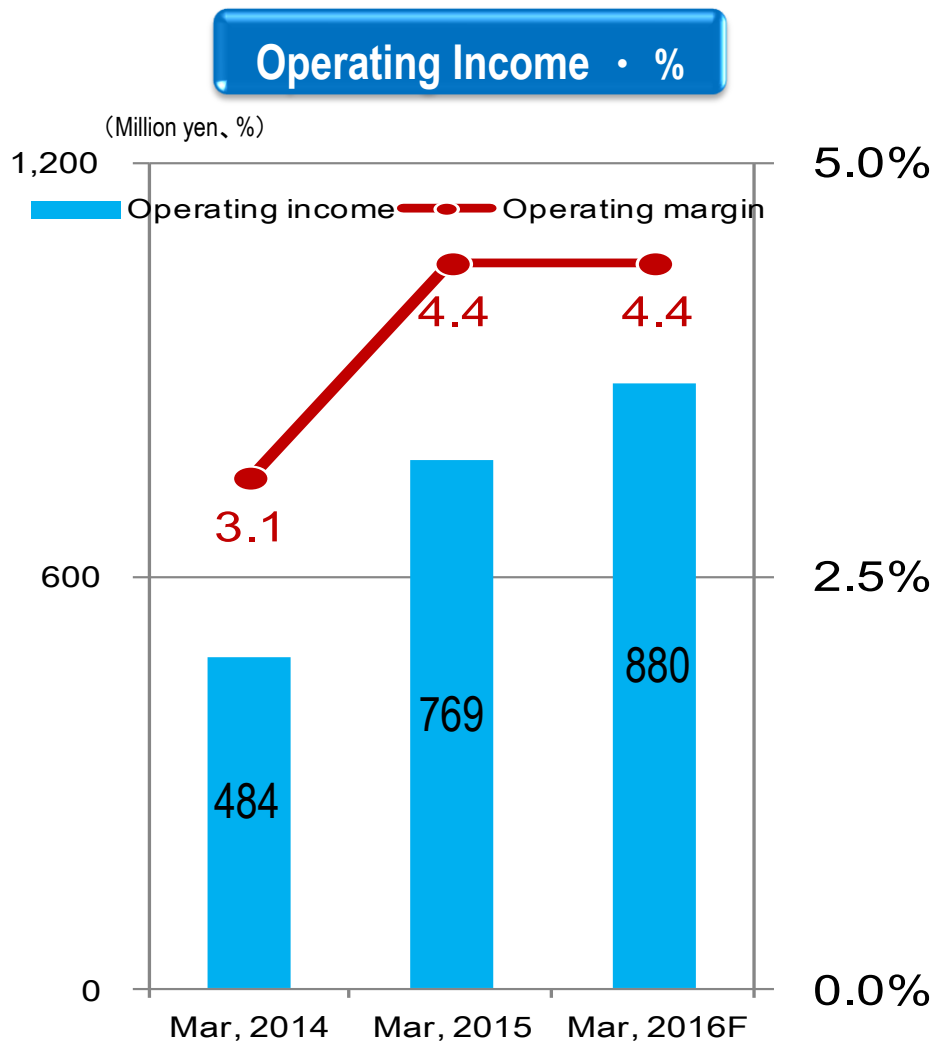
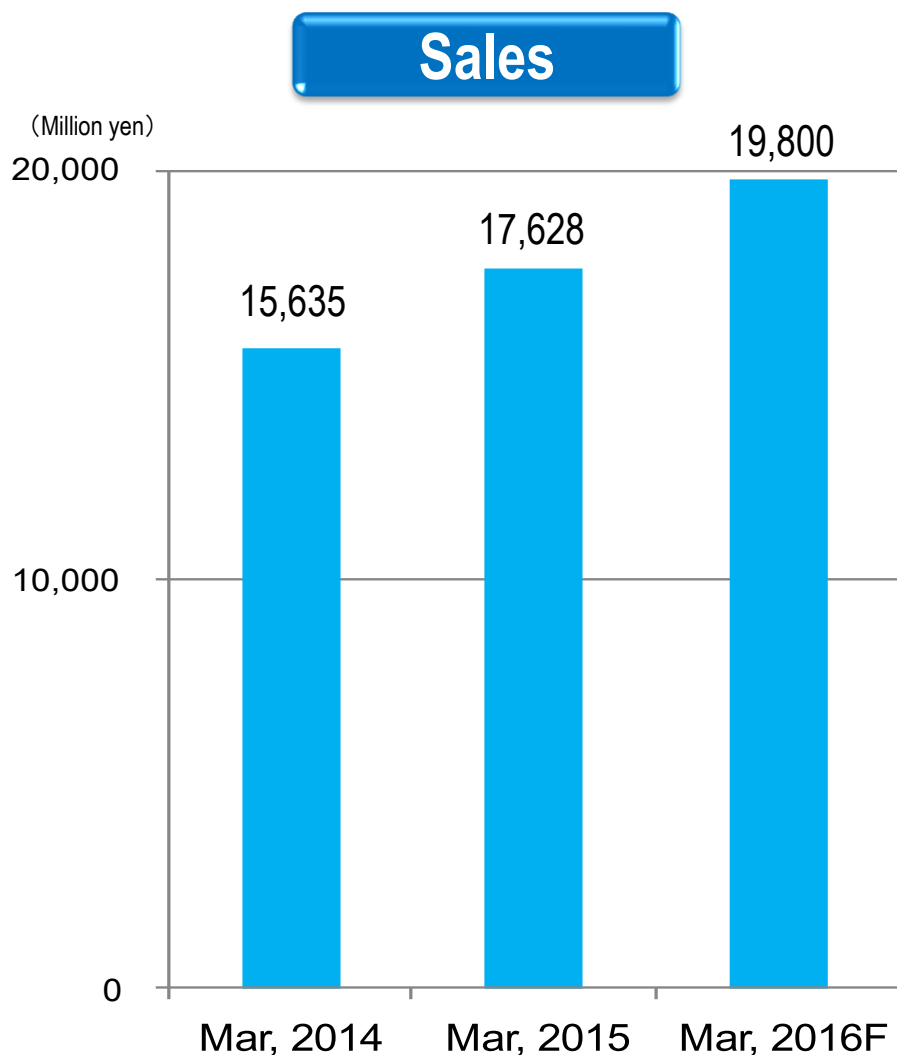


### Net Income · %



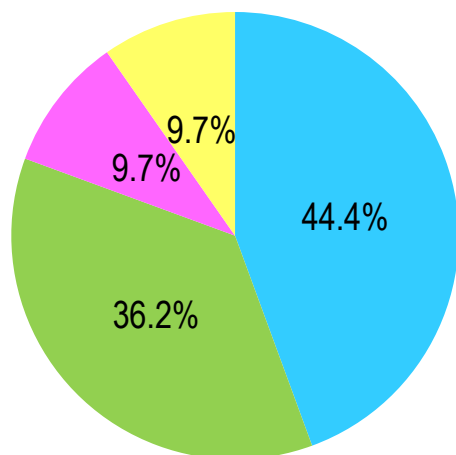
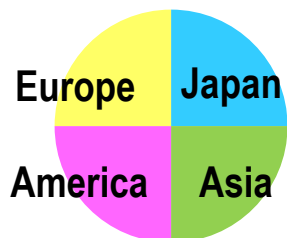


## 2-4 Transition of Sales and Income (Plastics not included)



## 2-5 Transition of Sales by Geographical Segment

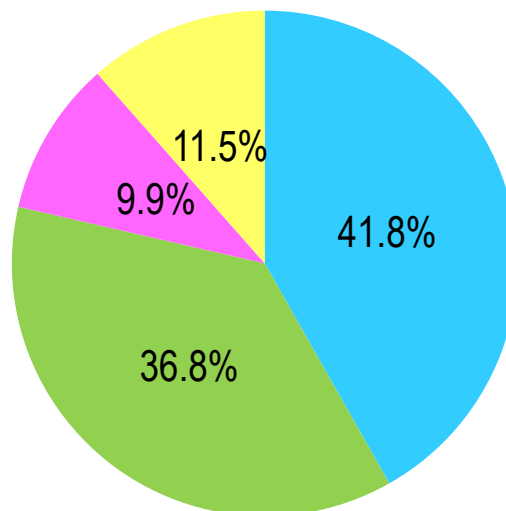
---



**Mar, 2014**

**Net sales ¥15,635 million**

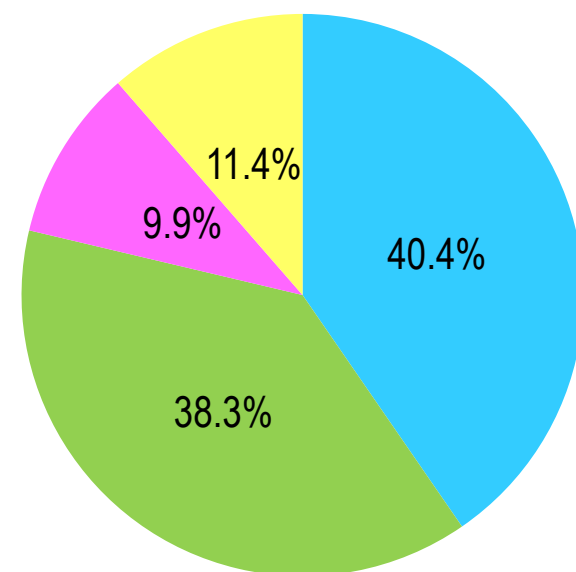
**\*Excluding Plastics**



**Mar, 2015**

**¥17,628 million**

**\*Excluding Plastics**



**Mar, 2016 (Plan)**

**¥19,800 million**

## 2-6 Shareholder Return

### 1) Dividend

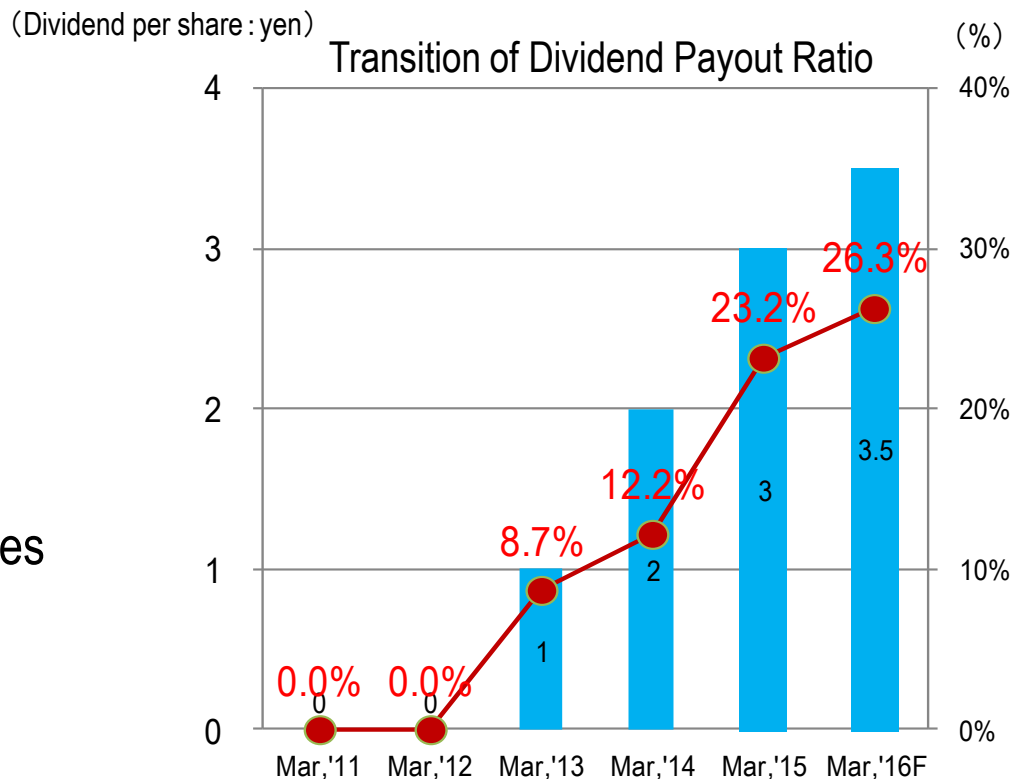
- Mar, 2015: 3 yen per share  
(Dividend payout ratio: 23.2%)
- Mar, 2016: 3.5 yen per share(plan)  
(26.3%)

### 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



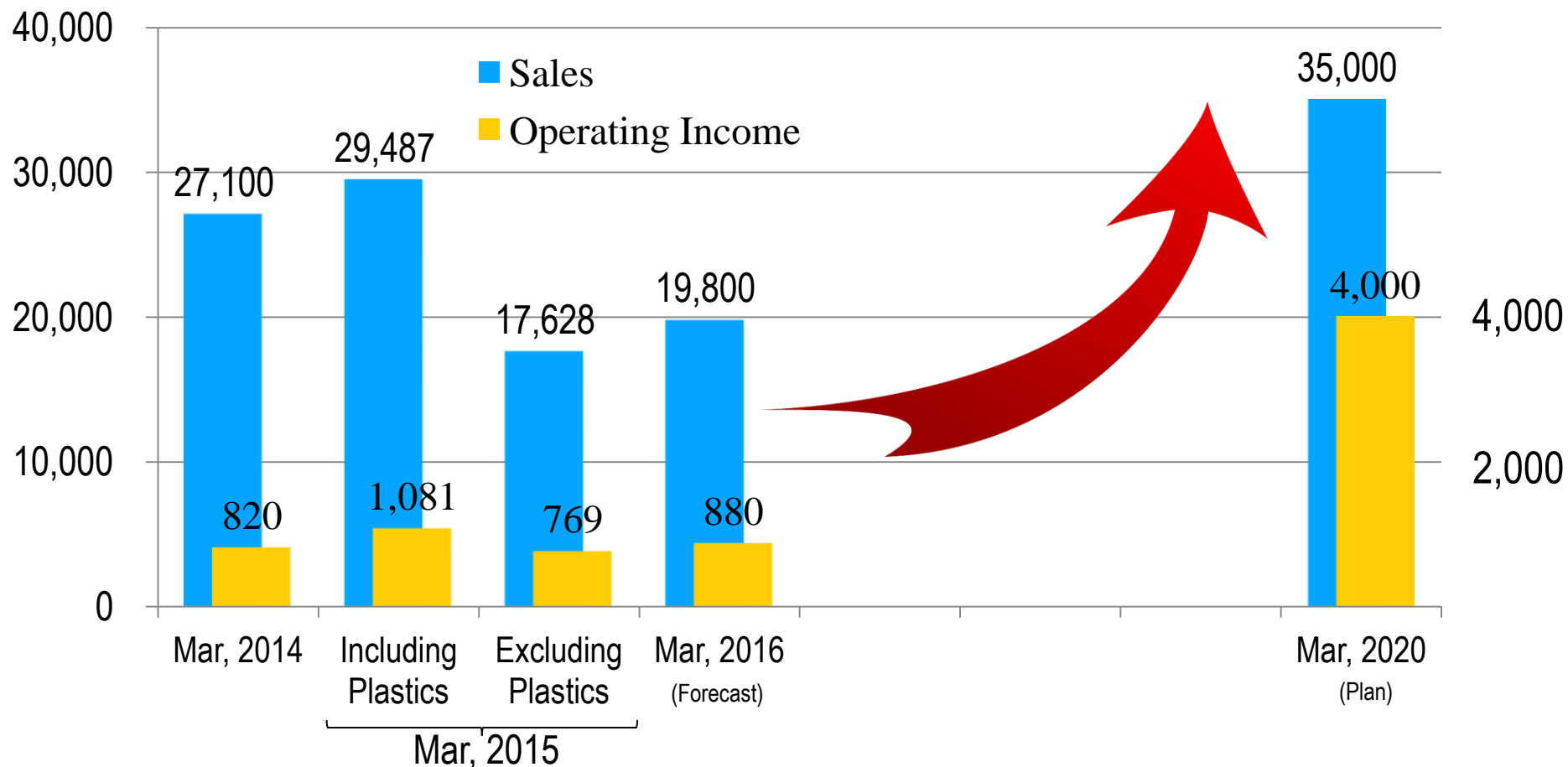
---

## 3. Business Strategies

## 3-1 Mid-term Performance Target

(Sales: Million yen)

(Operating income: Million yen)



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

---

- 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.

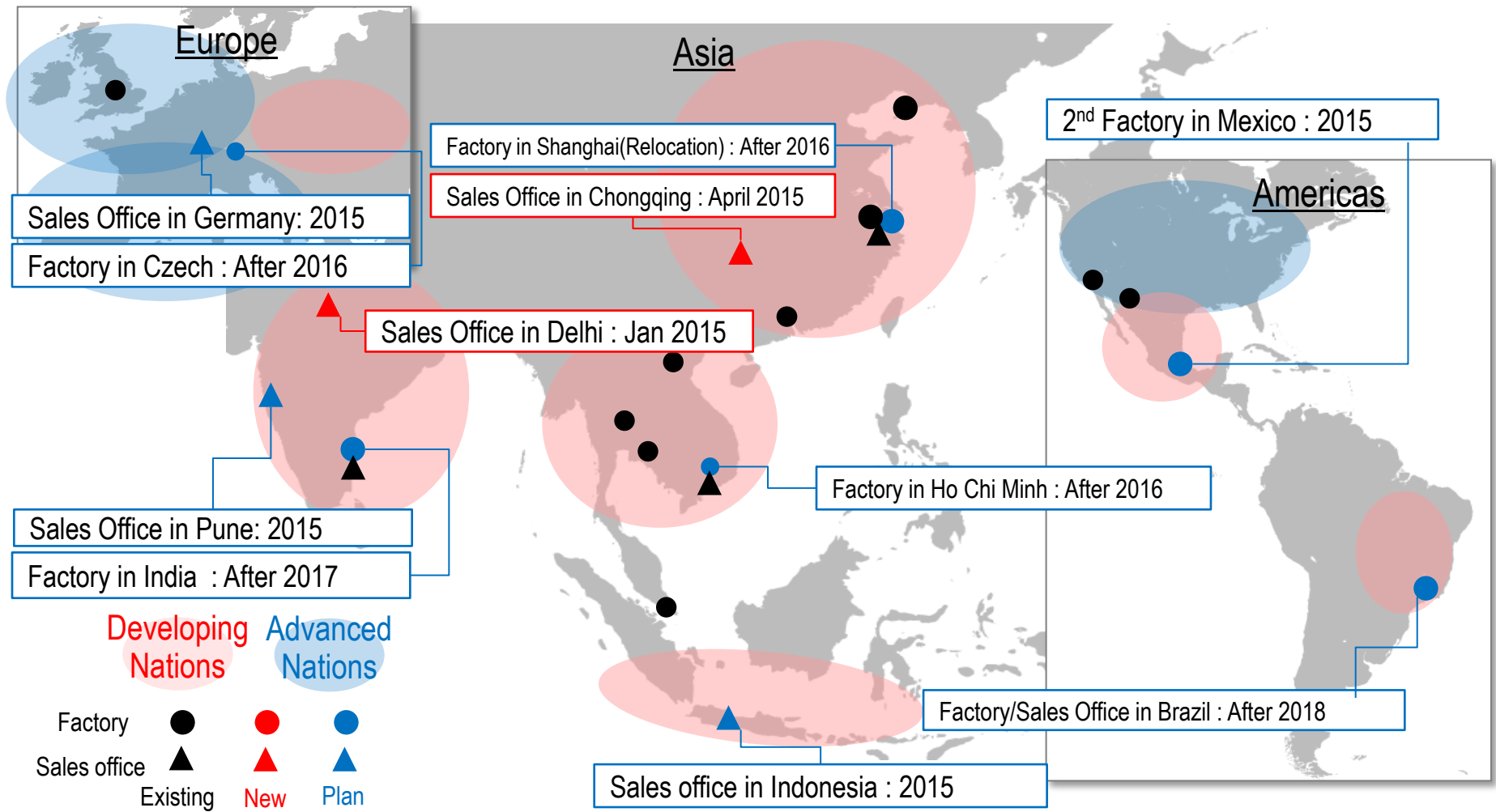
- M&A strategy

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

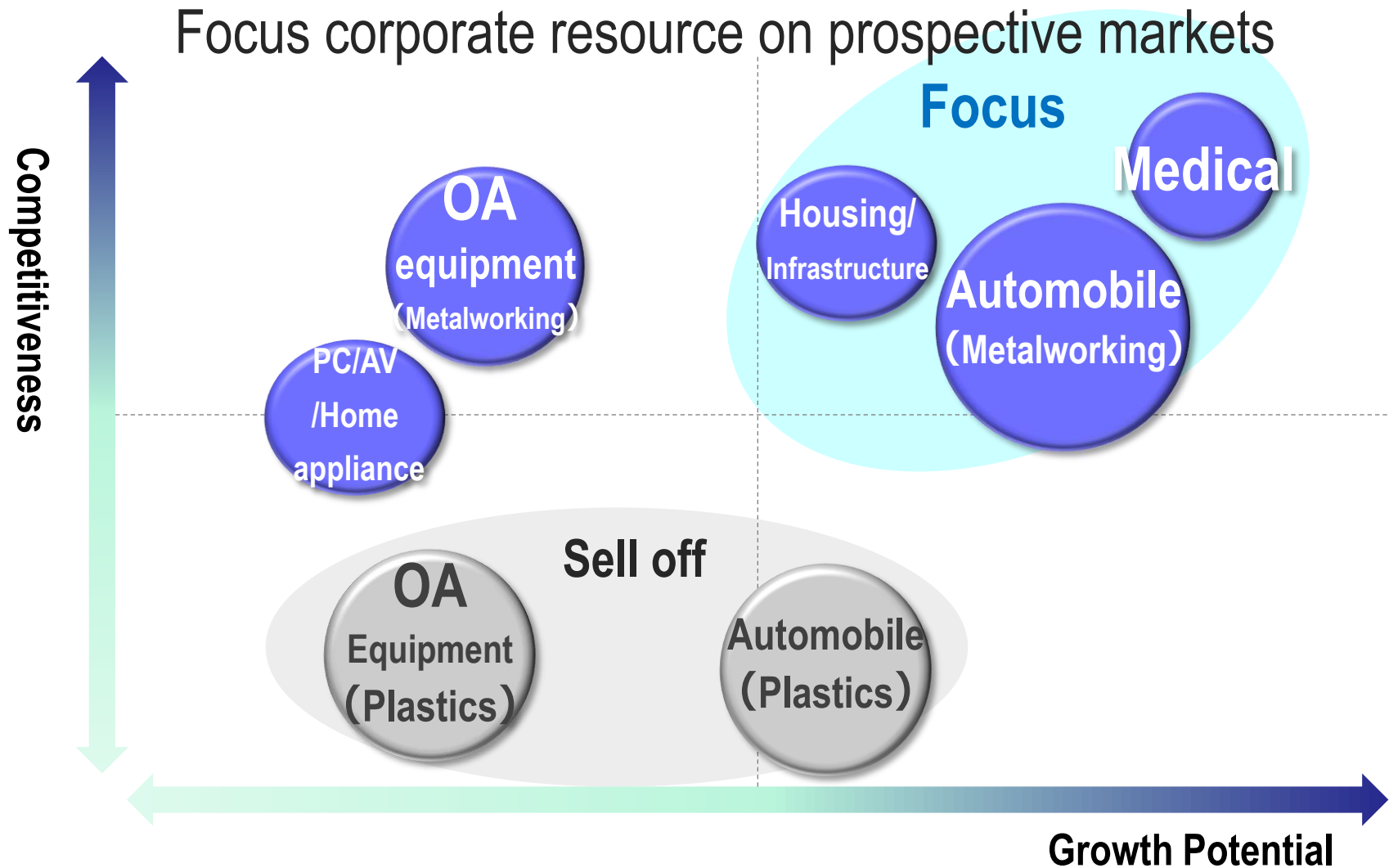
	Mar, 2015(result)	Mar,2016(Plan)
<b>Area Strategy</b>	<ul style="list-style-type: none"> <li>▪ Opening Sales office               <ul style="list-style-type: none"> <li>- Delhi (India)</li> <li>- Chongqing (China)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Opening Sales office               <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





## 3-5 Market Strategy



## 3-6 Products Strategy : Standard products

### Tangless coil thread



Launch of Sales of Starter kit



### Tamont



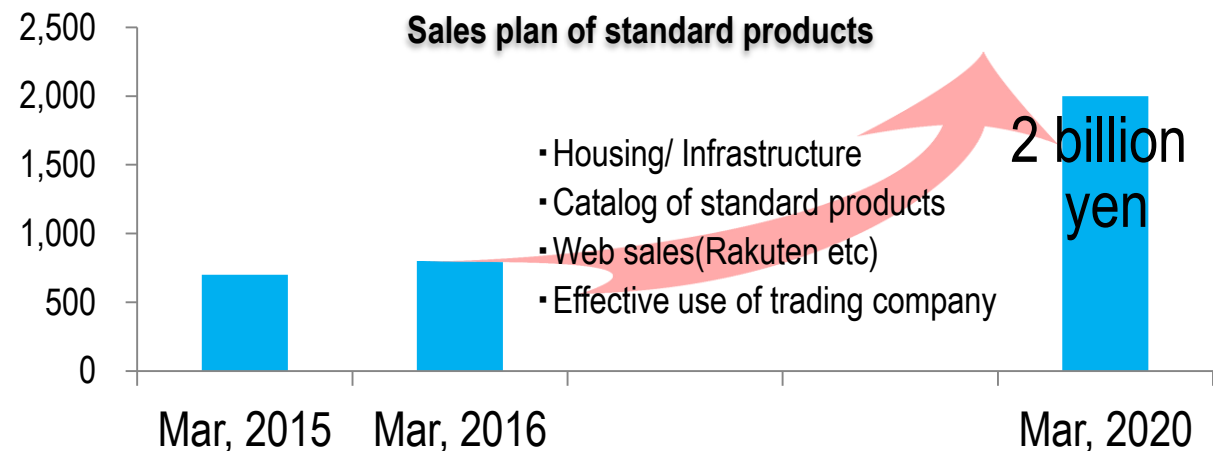
Order received in infrastructure

### Standard springs



Launch of Web Sales

(Million yen)





ADVANCEX

(CONTACT)

Advanex Inc.  
Corporate Communication Dept.

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

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