

# Results for the Fiscal Year Ended March 31, 2014



**May 23, 2014**



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

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1. Operating Results for the Fiscal Year Ended  
March 31, 2014
2. Forecast for the Fiscal Year Ended March 31, 2015
3. Business Strategies

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# 1. Operating Results for the Fiscal Year Ended March 31, 2014

## 1-1 Consolidated Financial Results for the Fiscal Year Ended March 2014

(Million yen)

(Million yen)	Year ended Mar. '13 Full year	Year ended Mar. '14 Full year	Y to Y Change	
			Amount	Ratio
Net Sales	23,551	27,100	3,549	15.1%
Gross Profit	4,798	5,840	1,042	21.7%
Operating Income	426	820	393	92.1%
Operating Income ratio	1.8%	3.0%	(1.2%)	-
Ordinary Income	542	820	278	51.3%
Net Income	478	682	204	42.8%

## 1-2 Highlight

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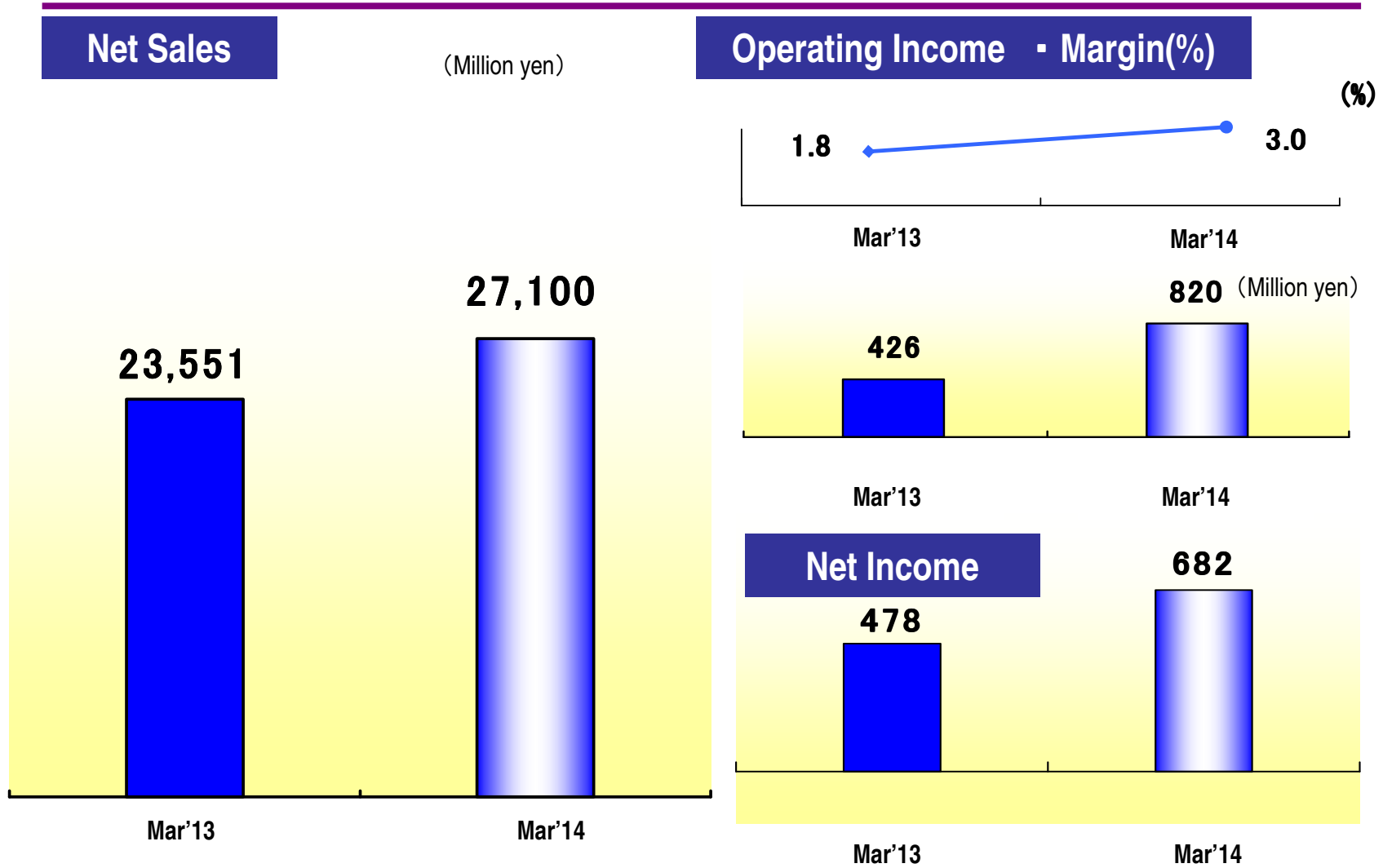
### ◆ Increased sales for the overseas market

In domestic market, sales decreased due to our customers' production shift to overseas and downsized business of Hinges, while sales increased mainly thanks to the weaker yen for the overseas market. The sales to automotive markets increased in both of Precision Springs and Plastics. In addition to that, sales to OA and AV equipment market in China and Asia, sales to medical equipment market in the UK and sales to housing related market in the US increased.

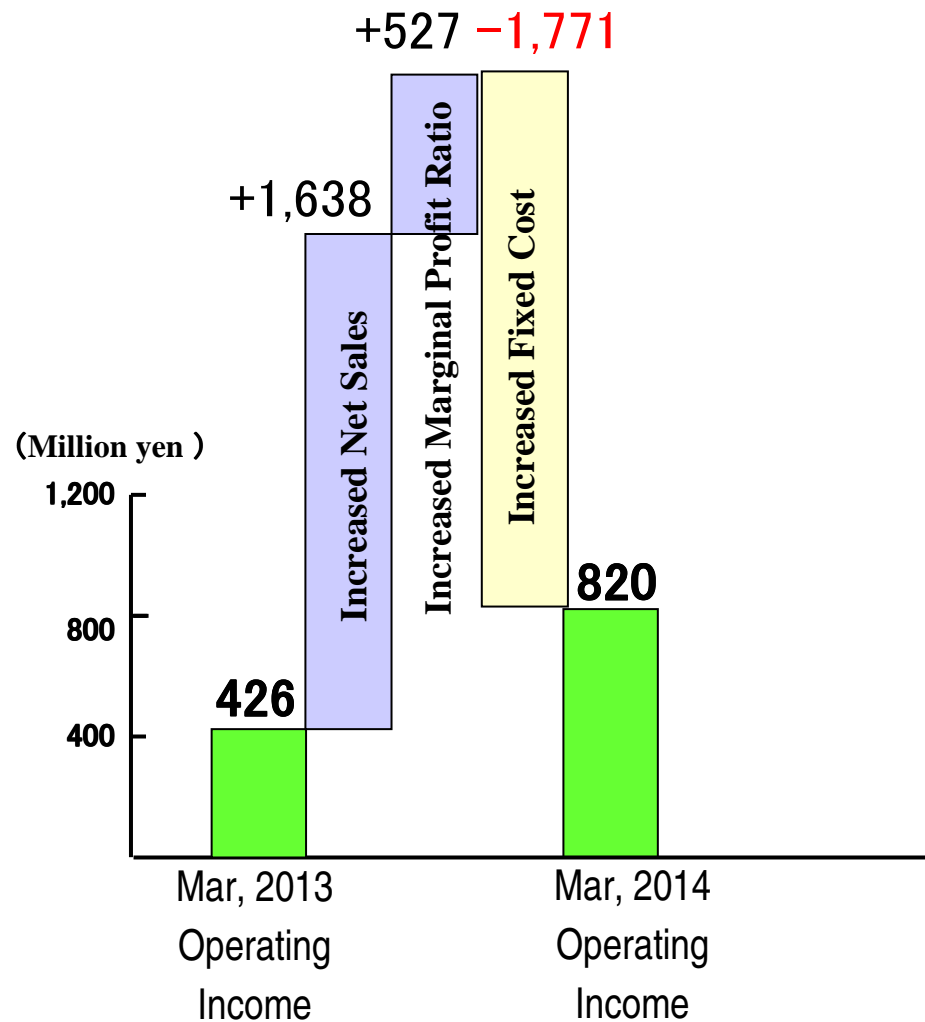
### ◆ Increased operating income for both Precision Springs and Plastics

Operating income in domestic Precision Spring business increased due to the cost reduction year on year. In Plastics, both sales and operating income in domestic market decreased year on year, while those increased in overseas market. As a result, operating income increased year on year. Ordinary income and net income were also improved year on year.

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



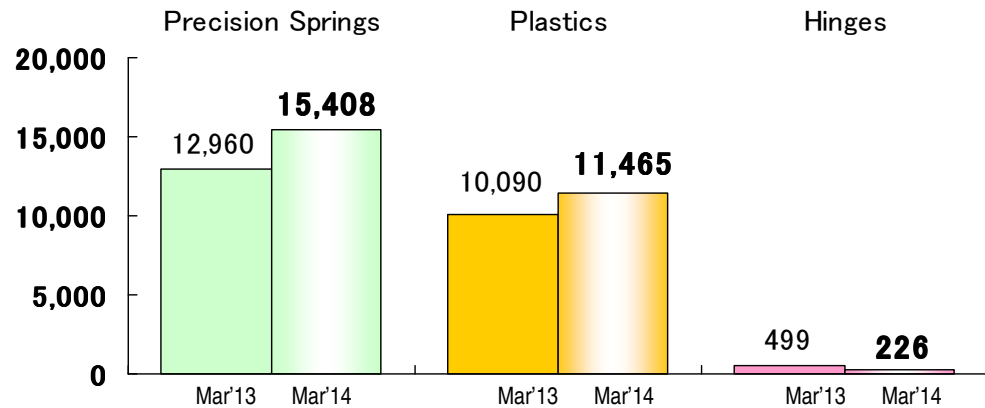
# 1-4 Analysis of Increase and Decrease of Operating Income



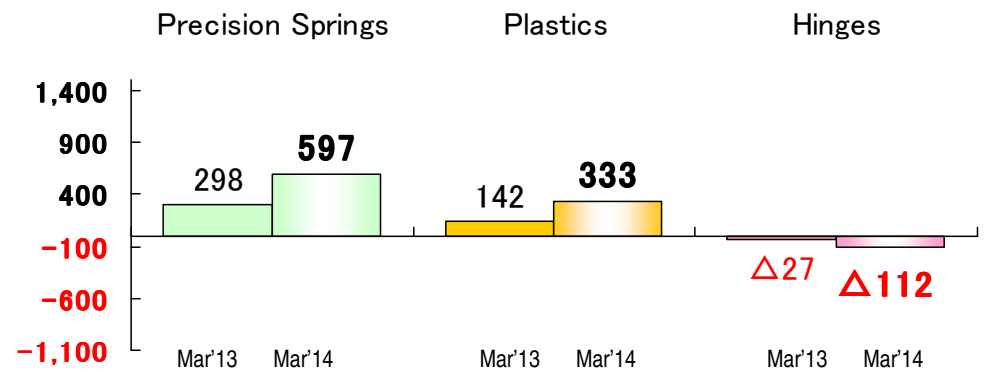
Operating income increased 394 million yen year on year. Increase of 1,638 million yen was caused by sales increase mainly due to weaker yen and sales recovery for Precision Springs in Japan and UK. In addition to that, the operating income increased 527 million yen because marginal profit ratio was improved in domestic Precision Springs and Plastics in Asia. On the other hand, decrease of 1,771 million yen was recorded by increased fixed cost mainly due to weaker yen, increased labor cost in Japan, UK, USA, China and Asia, and increased cost for launch of Changzhou factory.

# 1-5 Net Sales and Operating Income by Business Segment

## Net Sales



## Operating Income



### Precision Springs

- In domestic market, sales to automotive industry increased. It went into the black due to improved gross margin caused by cost reduction.
  - In overseas markets, sales to both automotive and OA equipment markets grew in China and Asia. Sales to medical equipment market increased in the UK.
- < Sales : +18.9%, Operating Income : increase of ¥298 million >

### Plastics

- In Japan, sales decreased as our customers shifted their productions to overseas.
  - In overseas markets, sales to AV equipment related markets went up in Malaysia and automotive sales increased in China and Vietnam.
  - Although income declined in Japan, it increased largely in Asia.
- < Sales : +13.6%, Operating Income : increase of ¥ 190 million >

### Hinges

- Net sales decreased as a result of downsizing of mobile phone business.
  - The loss amount increased due to fixed cost.
- < Sales : -54.7%, Operating Loss : increase of ¥ 85 million >

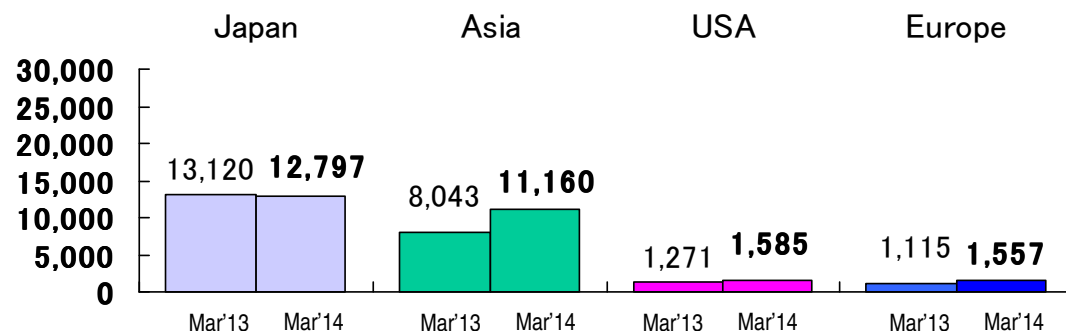


# 1-6 Net Sales and Operating Income by Geographical Segment

## Net Sales

(Million Yen)

< Factors for change from the previous year >



### Japan

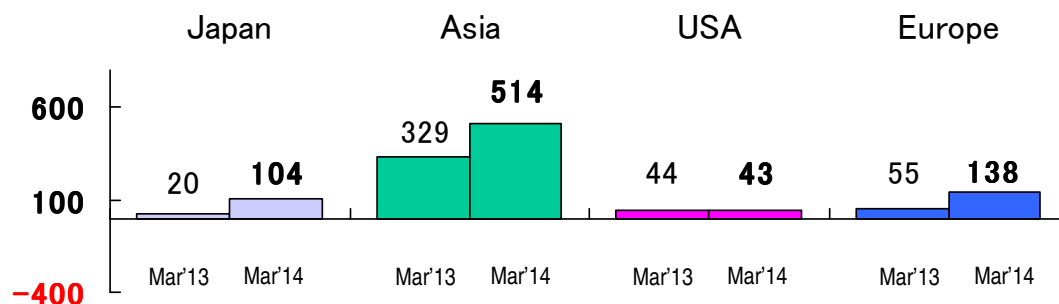
- Net sales increased in Precision Springs, however, it decreased in Plastics and Hinges.
- Precision Springs went into the black due to improved gross margin caused by cost reduction, which covered the loss in Plastics.

< Sales : -2.5%, Operating income : increase of ¥83 million >

## Operating Income

(Million Yen)

### Overseas



- In Europe, income grew due to increased sales to medical equipments .
- Sales to both automotive and AV equipment related markets grew in Asia. Although income in Precision Springs declined due to increased cost for launch of Changzhou factory and loss recorded in Singapore factory, income in Plastics increased.

< Sales : +37.1%, Operating Income : increase of ¥267million >

## 1-7 Sales by Market (Consolidated)

( Million yen)	Mar/2013		Mar/2014		Change	
	Full Year	%	Full Year	%	Amount	%
Automotive	8,010	34.0%	9,995	36.9%	1,985	24.8%
OA equipment	6,802	28.9%	7,271	26.8%	469	6.9%
AV/ Home appliance	1,344	5.7%	1,913	7.1%	569	42.3%
Household equipment	1,457	6.2%	1,908	7.0%	451	31.0%
Precision Components	1,273	5.4%	1,342	5.0%	69	5.4%
Medical and Healthcare equipment	768	3.3%	1,155	4.3%	387	50.4%
PC and PC related	851	3.6%	736	2.7%	-115	-13.5%
Mobile phone and related	717	3.0%	496	1.8%	-221	-30.8%
Others	2,328	9.9%	2,279	8.4%	-49	-2.1%
Total	23,551	100%	27,100	100%	3549	15.1%

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

## 2-1 Forecast for the Fiscal Year Ended March 31, 2015

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### ◆ Sales increase in the 2<sup>nd</sup> half of the fiscal year

Sales in Precision Springs and Plastics for the 1<sup>st</sup> half of the fiscal year will be influenced by the reaction to last-minute demand ahead of the increase of consumption tax from April 2014. Sales to automotive market will mainly increase in the 2<sup>nd</sup> half of the fiscal year.

### ◆ Operating income to be recovered to ¥1 billion

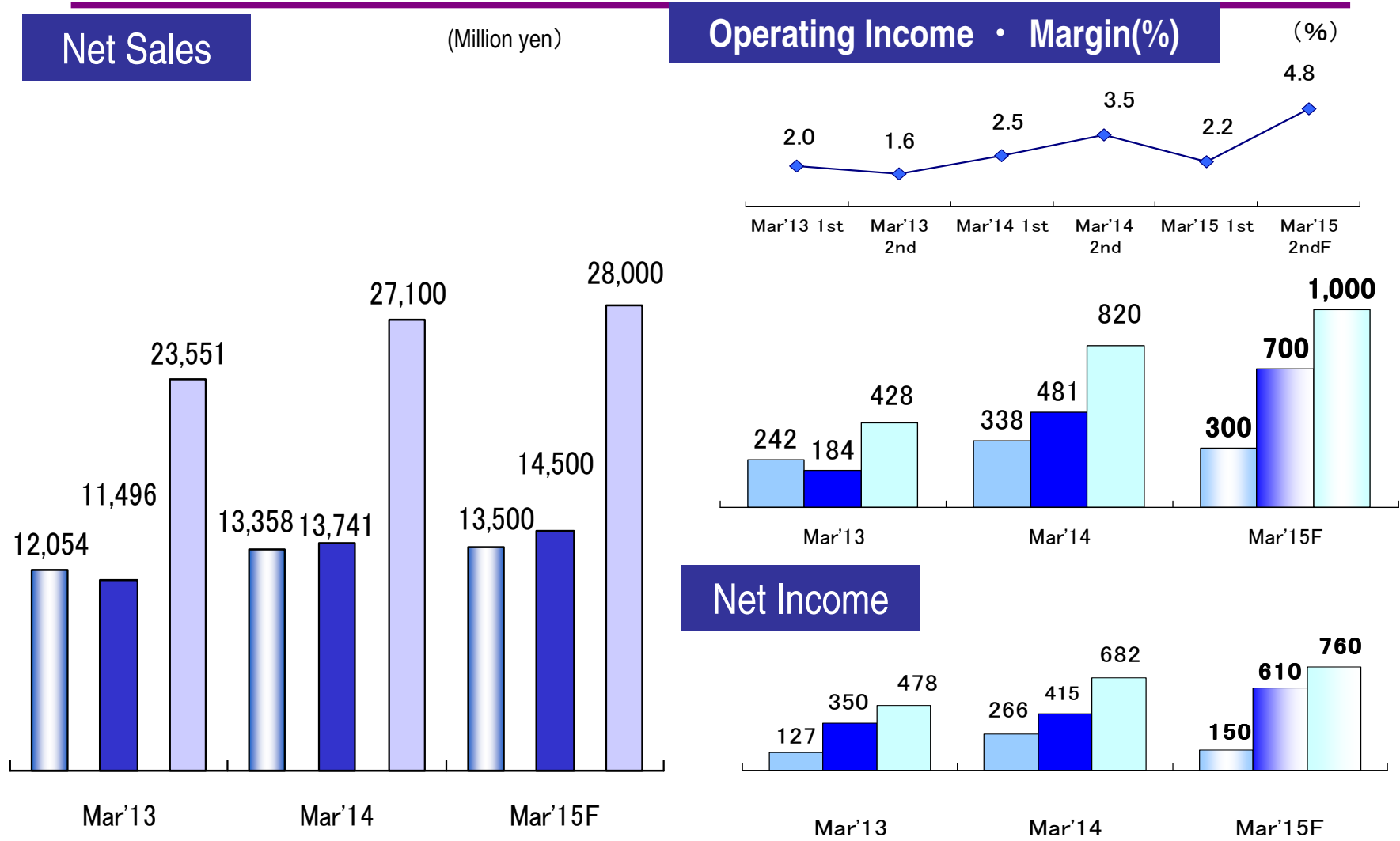
Operating income will increase 21.9% year on year due to cost reduction. Net income is forecasted to increase 11.4%. These forecasts assume an exchange rate of ¥100 to the US dollar. (Change of ¥1 to the dollar will bring about ¥ 17 million of exchange gain or loss.)

### ◆ Dividend to be forecasted ¥2 per share as same as the previous fiscal year

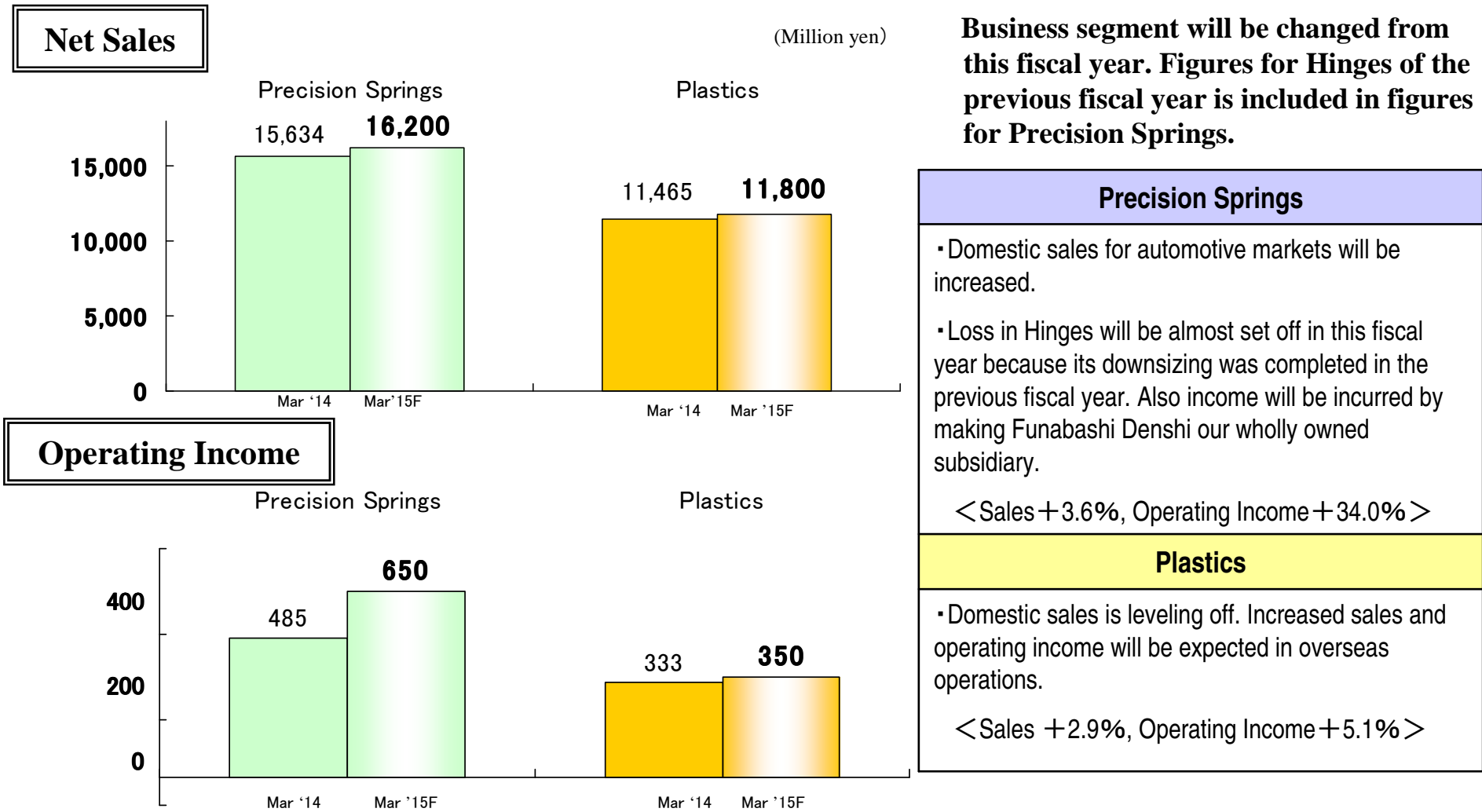
## 2-2 Forecast for FY Ended March 2015 (Consolidated)

(Million yen)	FY Ended March 2014		FY Ended March 2015		1H to 1H Change (amount)		Y to Y Change (amount)	
	1H	Full Year	1H	Full Year	Amount	%	Amount	%
Net Sales	13,358	27,100	13,500	28,000	142	1.1%	900	3.3%
Operating Income	338	820	300	1,000	-38	-11.5%	180	21.9%
Operating Income ratio	2.5%	3.0%	2.2%	3.6%	-0.3%	-	0.6%	-
Ordinary Income	294	820	250	980	-44	-15.2%	160	19.4%
Net Income	266	682	150	760	-116	-43.8%	78	11.4%

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



## 2-4 Forecast for Net Sales and Operating Income by Business Segment



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## 3. Business Strategies



## 3-1 Results and Challenges (1)

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### Results for the 1<sup>st</sup> year after inauguration of President

- **Recovery of financial result and increase of dividend**

Raise of planned dividend of 1.5 yen to 2 yen per share

- **Surplus recorded in domestic Precision Springs**

Expansion of introduction of automated machine and enhancement of cost reduction

- **Development of new customers**

Started business with 33 new customers by strengthening of sales activity by area

- **Enhancement of standard products business**

Started sales through “Rakuten ” internet market

- **Execution of M&A**

Acquisition of Funabashi Electronics Co., Ltd. (April 2014)

- **Establishment of sales office in Ho Chi Minh, Vietnam (December 2013)**

## 3-1 Results and Challenges (2)

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### Challenges for the 2<sup>nd</sup> year

- **Enhancement on Precision Springs Business in Asia**

Eestablishment of Global Business Unit with China Business Promotion Office and Southeast Asian Business Promotion Office (April 2014)

- **A turn to profitability in Changzhou factory in China**

Started its operation in July 2013

- **Reconsideration of factory establishment plan in overseas**

Southeast Asia, Mexico, etc.

- **New establishment of domestic factory for automotive products**

Completion within this fiscal year is highly required. The proposed site is North Kanto region.

- **Continuation of M&A**

Expansion of business domain in metal processing field

## 3-2 Acquisition of Funabashi Electronics Co., Ltd.

Acquired the company, which has superior engineering for precision deep drawing in metal press process field on Apr. 1<sup>st</sup>. By acquiring this engineering domain, which we did not have, we have covered all the metal processing field, aiming at increase of order received.

Drawing is a metalworking process which uses tensile forces to stretch a metal sheet to cylindrical shape. This company has the advanced engineering for deep drawing, where thin metal sheet is deeply drawn to long pipe shape. On the other hand, they have a disadvantage in marketing.recently. By supplementing this disadvantage with our sales force and procurement power, we are planning to achieve the sales of 500 million yen and make it profitable within this fiscal year. We will expand this engineering to our overseas operations in future.

Location : Headquarters factory-Funabashi, Chiba, Japan  
Naruse factory-Higashi Matsushima, Miyagi, Japan  
Capital : 20 million yen  
Established : 1989  
Number of employees: 36  
Net sales : about 430 million yen (Fiscal year ended September 2013)



Checker pin for semiconductor substrate



One-segment antenna for smart phone

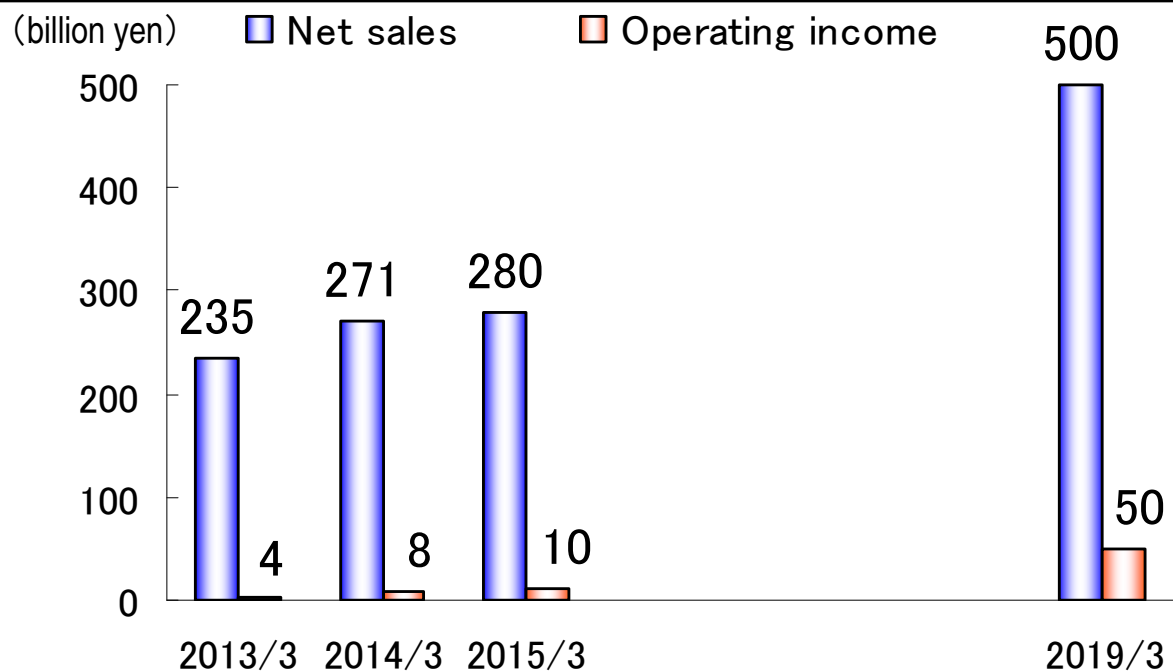
### 3-3 Medium Term Business Target

**Medium Term Target: FY ended March 2019**

**Consolidated Net sales: ¥ 50 billion**

**Operating income: ¥ 5 billion**

**( Growth rate of sales: 10%/year, Operating income margin: 10% )**



## 3-4 Medium Term Key Business Plan (1)

### Precision Springs

#### (1) Promotion of Global Business Development

Asia: Reinforcement of Vietnam factory (Expansion of Hanoi factory, new establishment of Ho Chi Minh factory)

To build a new factory in Southeast Asia, establish sales office in India

Europe: New entries to Central Europe and Eastern Europe

US: Business development all over the US (Enhancement of online sales), Establishment of the 2<sup>nd</sup> factory in Mexico to further grow business in the Central and South America.

#### (2) Expansion of business for automotive market

- New establishment of a factory exclusively focused on the automotive industry (in North Kanto region)
- Main product is fastening product for automobile (Insert collar)
- Expansion of business with Japanese and German customers



Insert Collar

#### (3) Expansion of standard products business

- Aiming at increasing order received for customized products from the newly acquired customer in standard product business
- Direct sales through web site, sales through trading company, exports, etc. (Sales target: 10% of net sales)

#### (4) Expansion of business domain by M&A

- Medical, housing related and FA field (Assembly machine, etc)

## 3-4 Medium Term Key Business Plan (2)

### Plastics

#### (1) Enhancement of profit base in overseas

- Expansion of global sales for Japanese leading customers

To increase the order received for globally expanded business in customers

Malaysia (AV home electric manufacturer)

Vietnam (Automotive components manufacturer)

China (Automotive components, OA equipment manufacturer)

#### (2) Enhancement of product development for value-added products

- Focus Narrowing the target market and customer

Focus on leading customers in automotive, OA equipment, housing related market

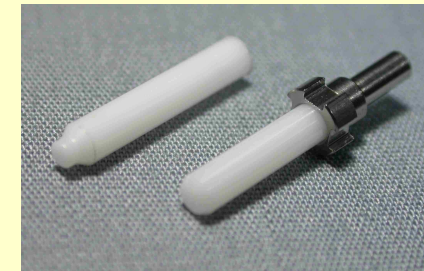
- Enhancement of product development for high value-added products

High-performance gear unit for automobile (Sensor)

New braking system for automobile

High-functioning toilet seat unit

Ceramic connector for optical communication



Ceramic connector



ADVANCEX

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