

Current State of Management



June 20, 2013



This datum is based on the data as of March 31, 2013. The opinion and forecast described here is based on our judgment at that time and may possibly be changed without notice.

Subject

1. Highlight for the Fiscal Year Ended March 31, 2013
2. Business Strategies
3. Forecast for the Fiscal Year Ended March 31, 2014

1. Highlight for the Fiscal Year Ended
March 31, 2013

1-1 Financial Highlights

◆ Sales decreased, but net income increased

Sales decreased due to downsized business of Hinges and plummeted sales to OA equipment and PC related markets at Precision Springs. Operating income dropped year on year, while ordinary income increased reflecting an exchange gain recorded from weaker yen. Net income jumped 111% year on year due primarily to an extraordinary income recorded for received insurance payment for our Thai factory.

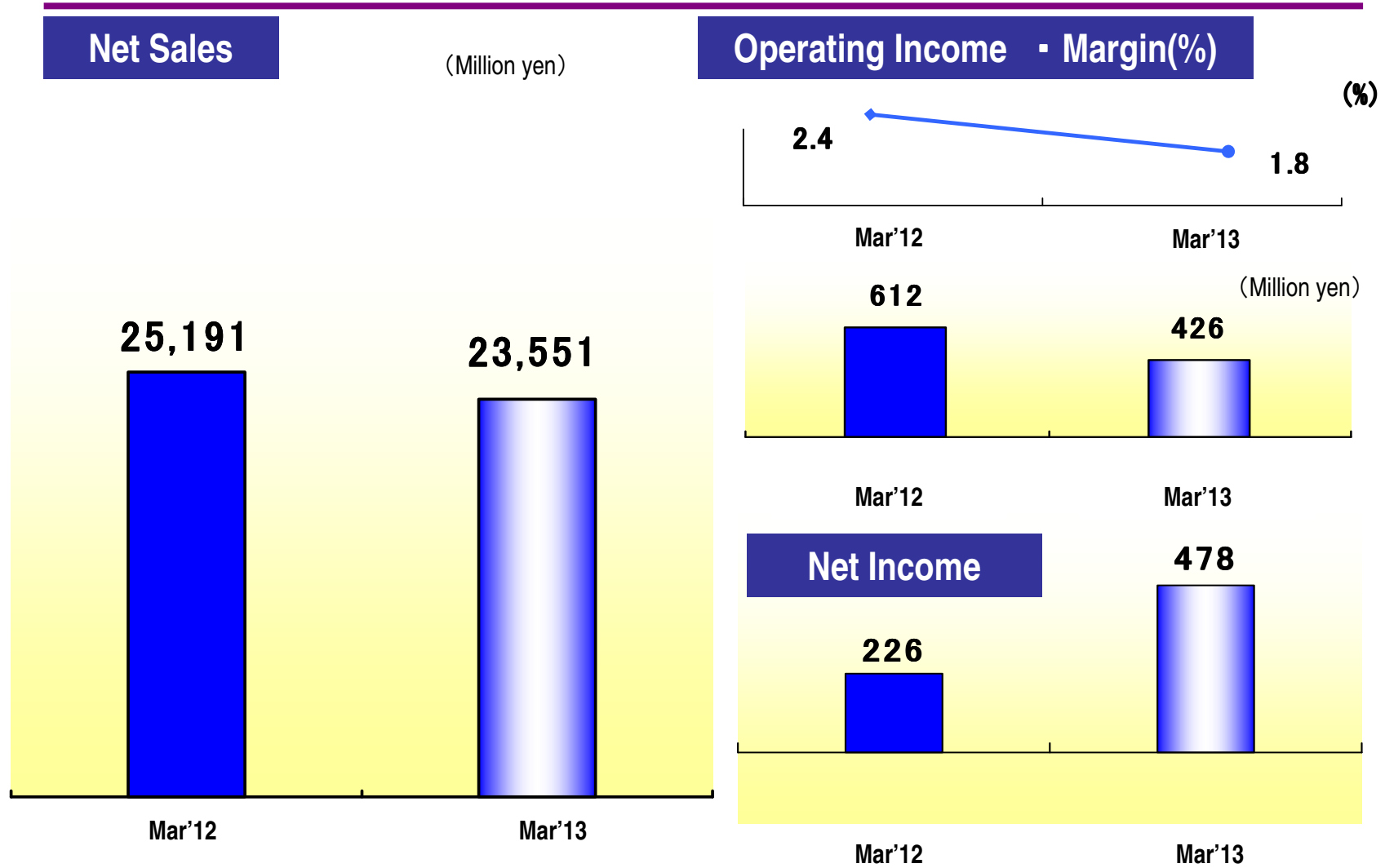
◆ Increased sales to automotive market

Sales to automotive industry grew compared to the previous fiscal year in both Japan and overseas. For the overseas markets, sales in Thailand and Vietnam increased largely.

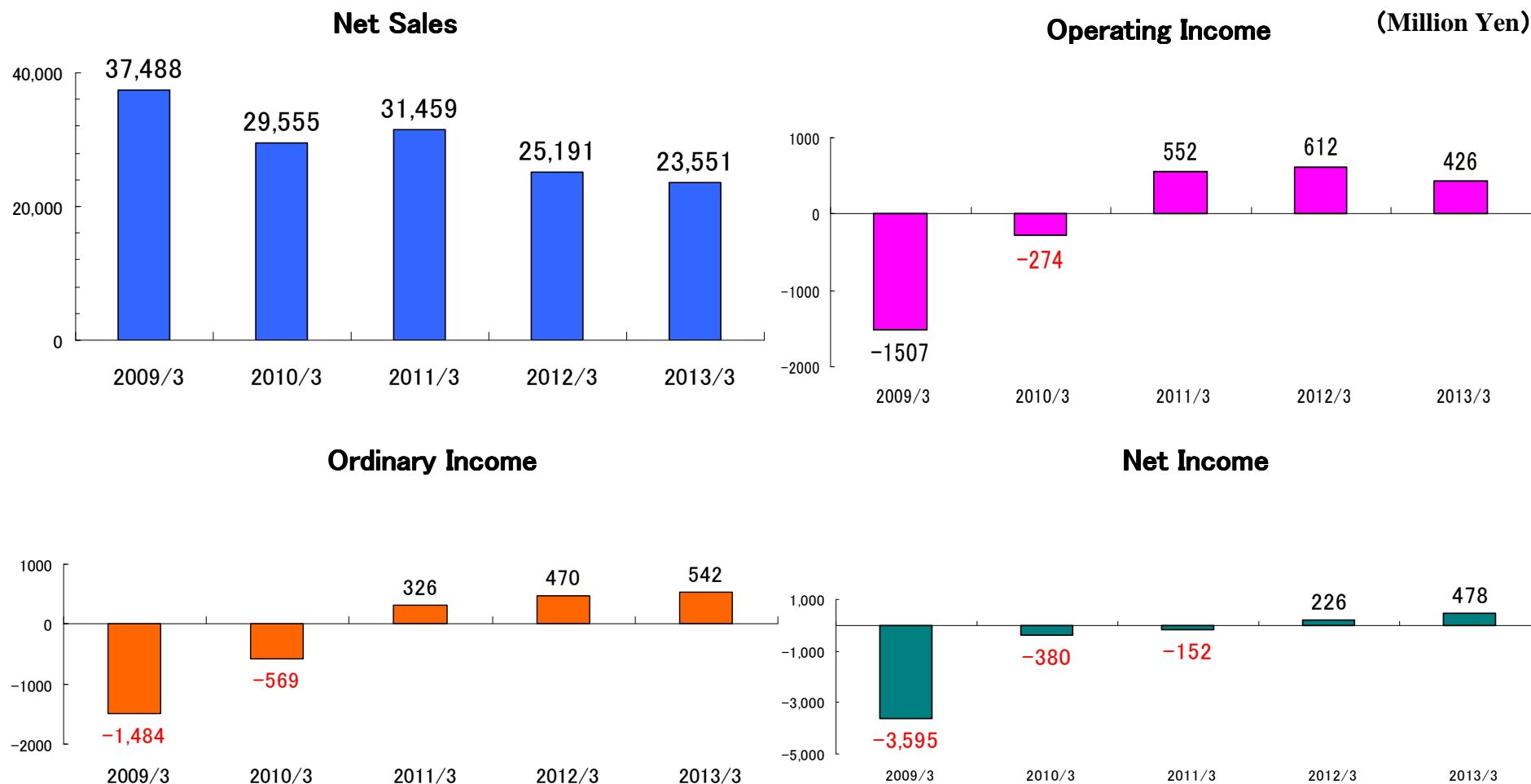
◆ Dividend recovered for the first time in six years

One yen of dividend per share is to be realized due to 2 consecutive years' surplus for net income.

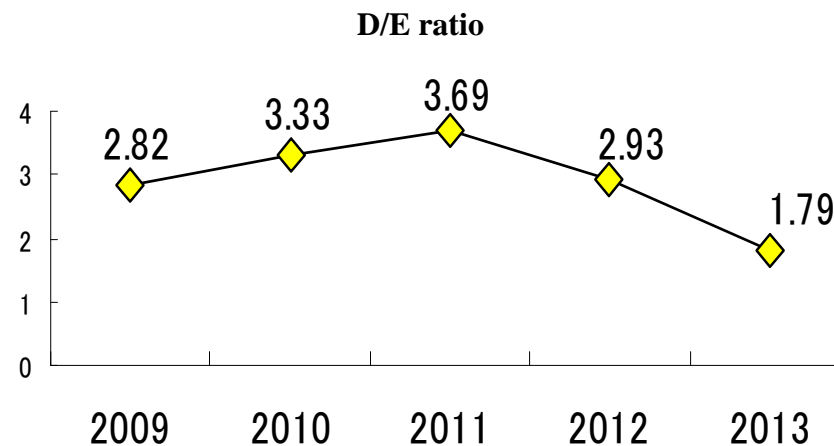
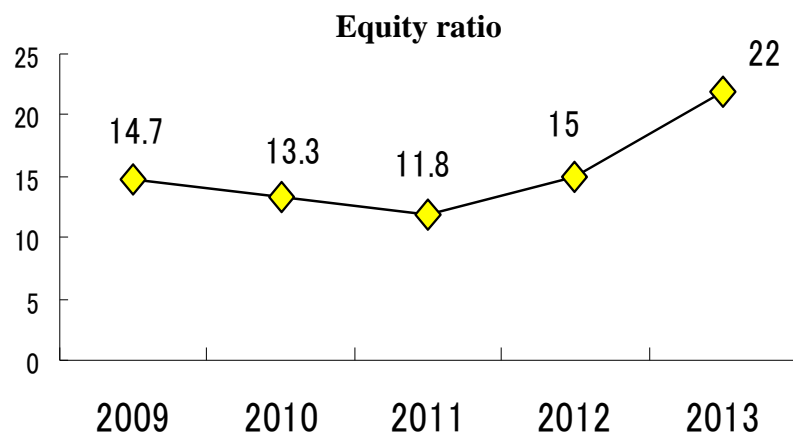
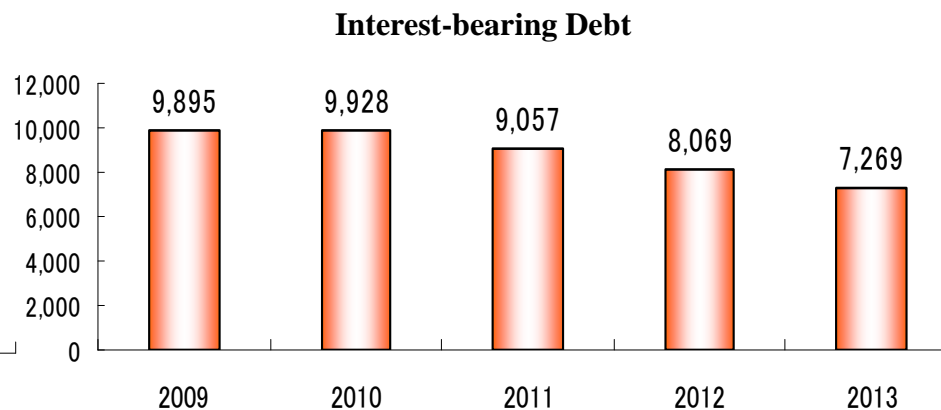
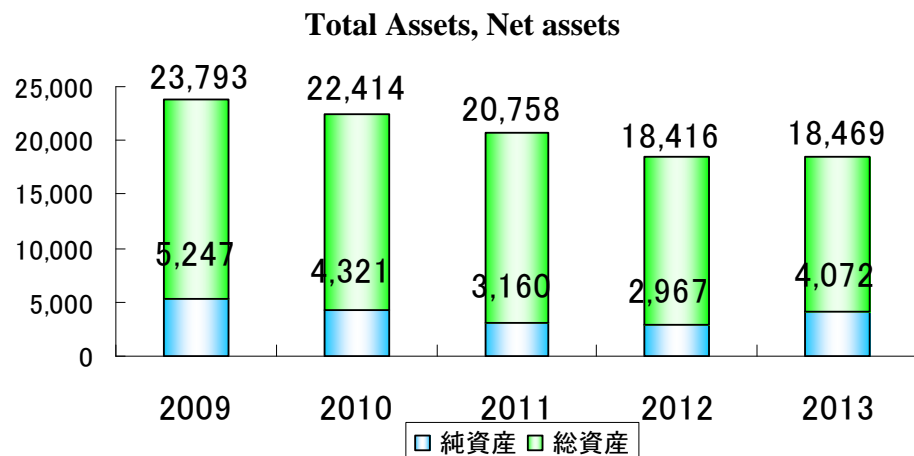
1-2 Trend of Sales and Income (Consolidated)



1-3 Transition of Financial Results (Consolidated)



1-4 Transition of Asset Performance



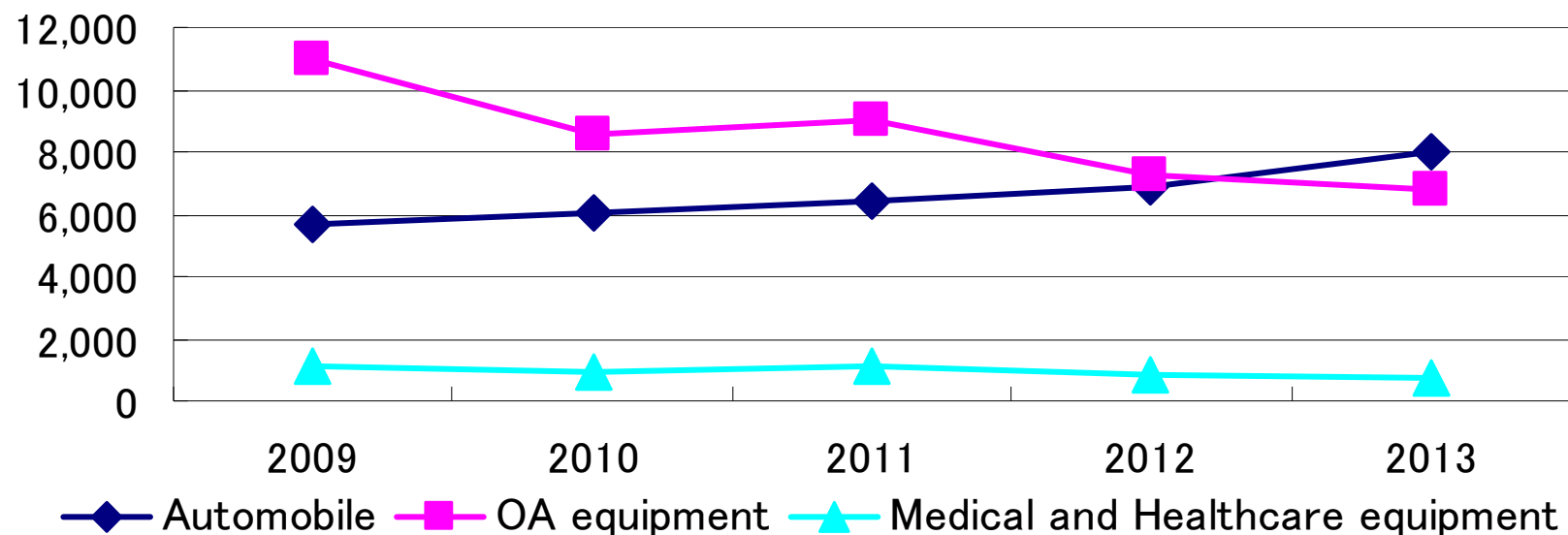
※Equity ratio = Shareholder's equity / Total Assets

※D/E ratio = Interest-bearing Debt / Shareholder's equity

1-5 Transition of Net Sales of Priority Market (Consolidated)

Automotive sales grew, reversing the sales for OA equipment

(Million Yen)



1-6 Progress of Changzhou Factory in China

Subsidiary was established in January, 2013 due to the delay of local permit. Mass production will begin this July.



Appearance of Factory

Production Area



2. Business Strategies

2-1 Medium Term Business Target

Medium term targets: Growth rate of sales 10%/year
Operating income margin 10%
FY2018 Target: Consolidated Net sales ¥40 billion
Operating income ¥4 billion

Global Expansion Plan of Advanex Group



2-2 Medium Term Business Plans (Precision Spring Business)

(1) Enhance Global Business Expansion

Asia: Start of operation of Changzhou factory in China (in July 2013), expansion of our business base in Thailand and Vietnam, construction of new factory in India and Indonesia by subsidiary in Singapore
Europe: construction of new factories in Central Europe and Eastern Europe by subsidiary in UK.
USA: Expansion of business to the entire nation by subsidiary in California (by enhancing online sales)
Expansion of the factory in Mexico and construction of new factories in the Central and south America.

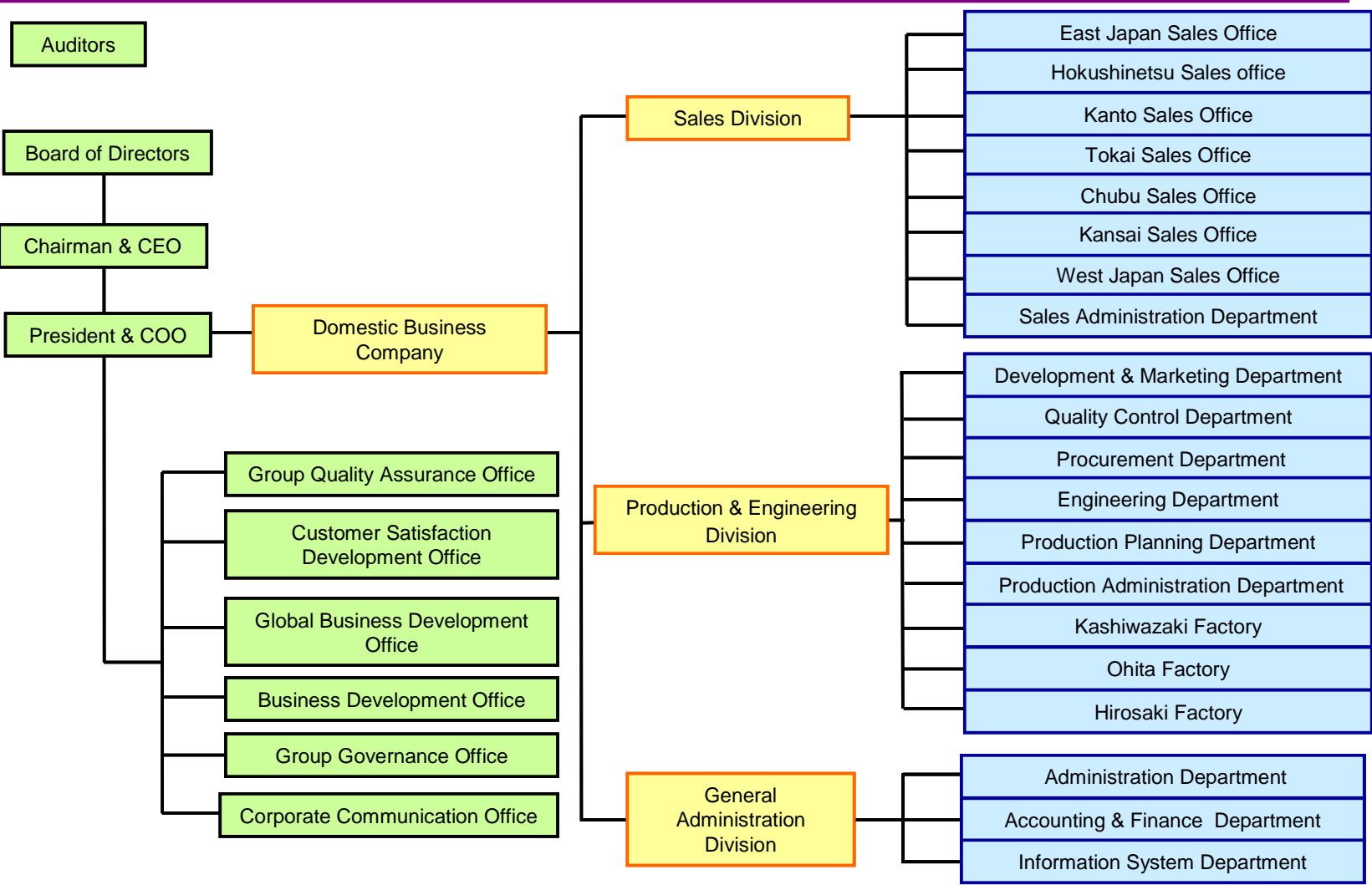
(2) Enhance Business in Japan

- Introduction of company system for the clarification of business responsibility and prompt decision-making
- Increase of sales by enhancement of area marketing and development of new customers
- Start of standard product business and increase of sales. → Growth of global sales
(Sales of 100 million yen for FY2014 and 10% of domestic sales in 3 years.)

(3) Business expansion through M&A

Seek opportunities to acquire spring manufacturers through M&A in Japan and overseas to diversify product range, customers, and markets

(Reference1) About the reform of the organization(1st April)



(Reference2) Standard product business: “Advanex original series”



TANGLESS INSERTS



COIL THREAD-R



TAMONT



DAMPERS



Top:HEXATORQ Bottom:SURETORQ



HOLD TYPE

2-3 Medium Term Business Plans (Plastic Business)

Strengthen global business and increase earnings

- Strengthen sales for automotive market
- Offset the reduction of domestic sales for OA by increase of sales in overseas.
- Expand global sales for prioritized Japanese customers.
Malaysia (AV electronics maker), Vietnam (Automotive parts maker),
China (Automotive parts maker, OA equipment maker)

Develop business in Japan

- Focus on prioritized markets and customers
Focus on customers in automotive, OA equipment, Household equipment
- Strengthen development of high value added products
High performance gear units for automobile (for rudder angle sensor), Multi function toilet seat unit, Ceramic parts for optical communication connector (Ferrules)
- Expand product sales by integrating Advanex's metal processing technology and Daiichi Kasei's plastic injection forming technology (ultra-precise insert molding)

2-4 Change of Management Structure

Rejuvenation of the President and management enforcement by cooperation of CEO and COO.

Yuichi Kato

Chairman & CEO

Birthday: February 1950 (63 years old)

[Main duties]

Future strategy for the group



Tsuneo Shibano

President & COO

Birthday: January 1960 (53 years old)

[Main duties]

Execution of short and mid term business



Inauguration date:

20th June, 2013

3. Forecast for the Fiscal Year Ended March 31, 2014

3-1 Forecast for the Fiscal Year Ended March 31, 2014

◆ **Operating income will increase due to sales recovery.**

Sales to automotive market in both Precision springs and Plastic businesses are expected to grow in Japan and overseas and sales to OA equipment market is also expected to recover in 2nd half of the fiscal year. For these factors, an increase of 11.7% for net sales is projected. Accordingly operating income will increase by 63.9% year on year.

◆ **Ordinary income and net income will decrease.**

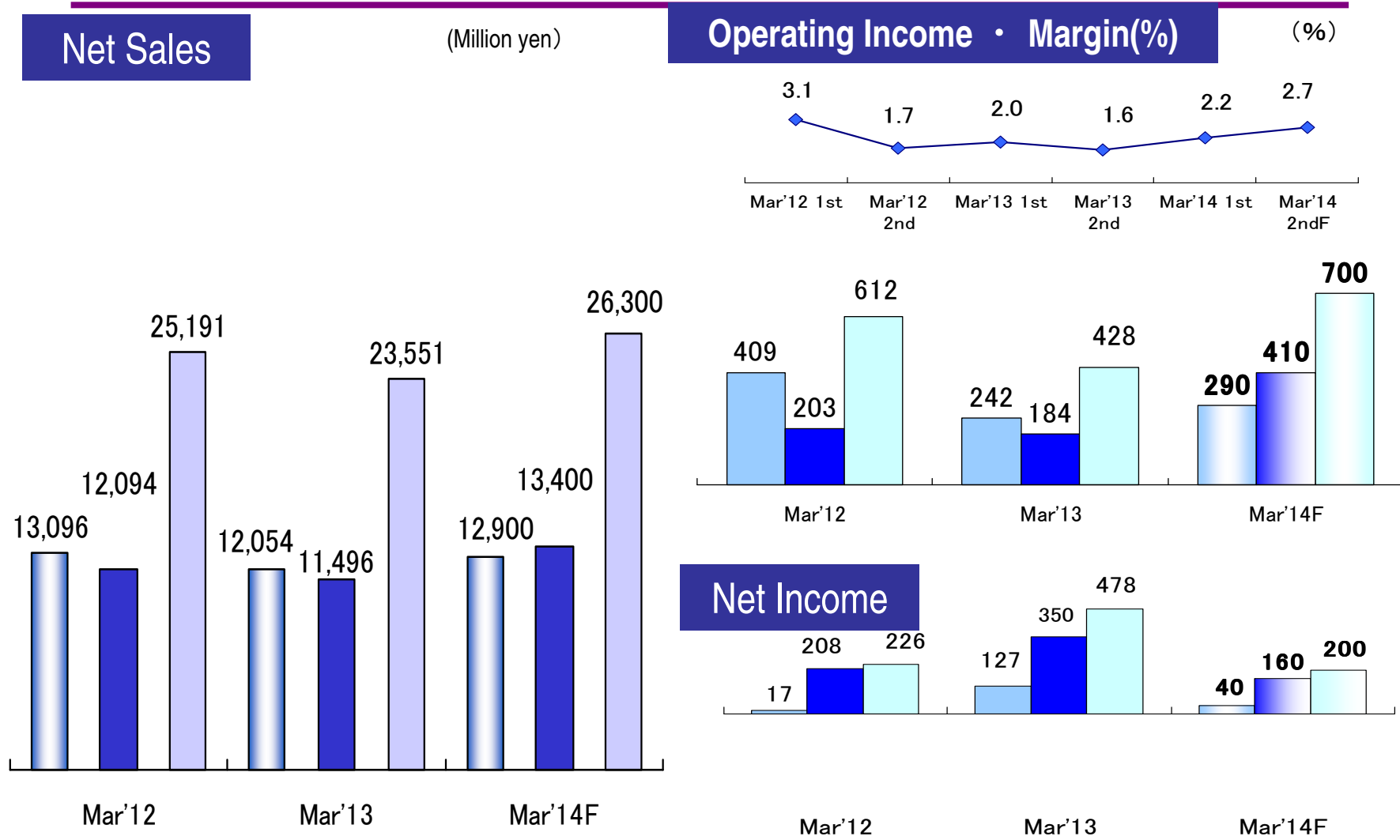
By excluding the impact of the extraordinary income of insurance payment for Thai factory and exchange gain or loss, ordinary income and net income is forecasted to decrease. These forecasts assume an exchange rate of ¥90 to the US dollar. (Change of ¥1 to the dollar will bring about ¥ 35 million of gain or loss on ordinary income.)

◆ **Dividend is expected to be increased by 0.5 yen per share to 1.5 yen.**

3-2 Forecast for FY Ended March 2014 (Consolidated)

(Million yen)	FY Ended March 2013		FY Ended March 2014		1H to 1H Change (amount)		Y to Y Change (amount)	
	1H	Full Year	1H	Full Year	Amount	%	Amount	%
Net Sales	12,054	23,551	12,900	26,300	846	7.0%	2,749	11.7%
Operating Income	242	426	290	700	48	19.7%	274	63.9%
Operating Income ratio	2.0%	1.8%	2.2%	2.7%	0.2%	-	0.9%	-
Ordinary Income	95	542	150	430	55	57.0%	-112	-20.7%
Net Income	127	478	40	200	-87	-68.7%	-278	-58.2%

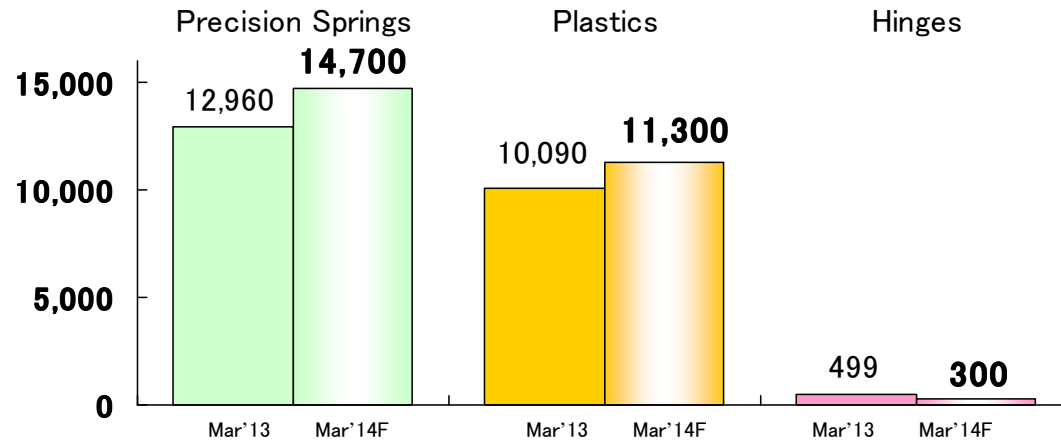
3-3 Transition of Sales and Income (Consolidated)



3-4 Net Sales and Operating Income by Business Segment

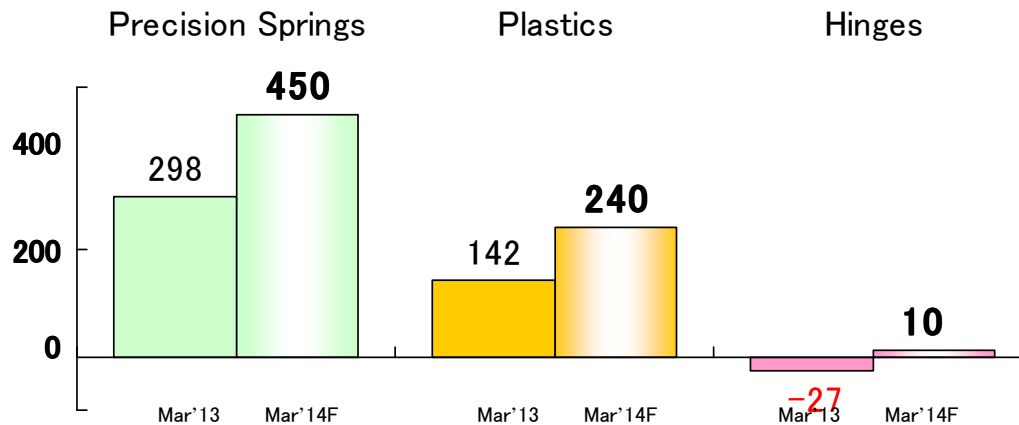
Net Sales

(Million yen)



Sales to automotive in precision springs and Plastic businesses are expected to grow in Japan and overseas and sales to OA equipment is also expected to recover in the 2nd half. Sales in Hinges will decrease because of product life.

Operating Income



Income is expected to increase due to the sales increase in Precision Springs. For Plastic business, income is expected to increase in China and Asia. In Hinge business, loss is expected to be cleared due to decreased fixed cost.

3-5 Capital Investment Plan

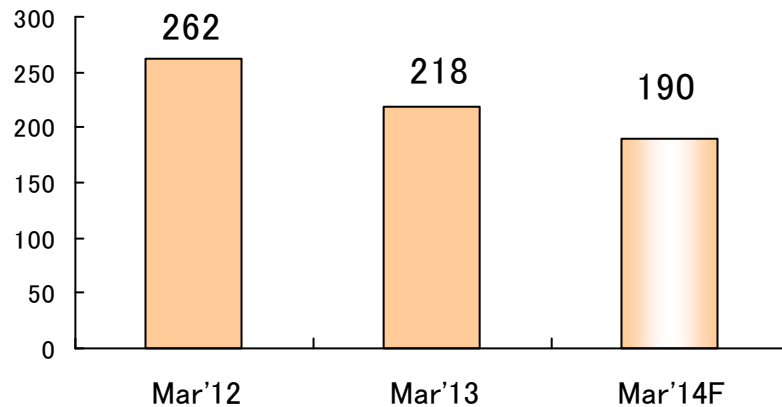
■ Capital investment to Thailand factory will be decreased compared with last term.

Capital Investment : Machines, Equipments

Japan:¥400 Million Overseas :¥630 Million

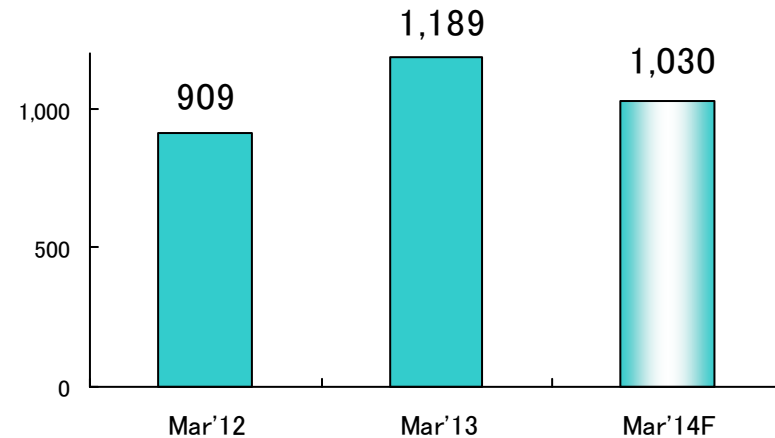
R&D spending: Reduction in Plastics Business

Research and Development Spending

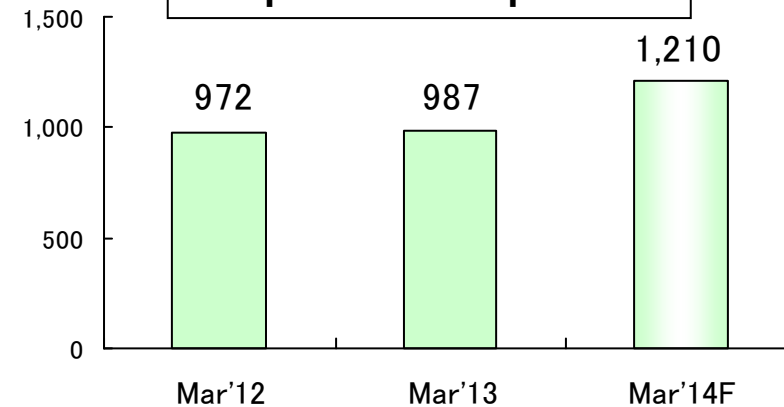


Capital Investment

(million yen)



Depreciation expenses





ADVANCEX

(CONTACT)

Advanex Inc.
Corporate Communication Dept.

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

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