

Current Statement of Management



23th June, 2016



This datum is based on the data as of March 31, 2016. The opinion and forecast described here is based on our judgment at that time and may possibly be changed without notice.

Main Subject

1. Change in Business Result
2. Forecast for the Fiscal Year
Ended March 31, 2017
3. Mid-Term Management Plan
Process report

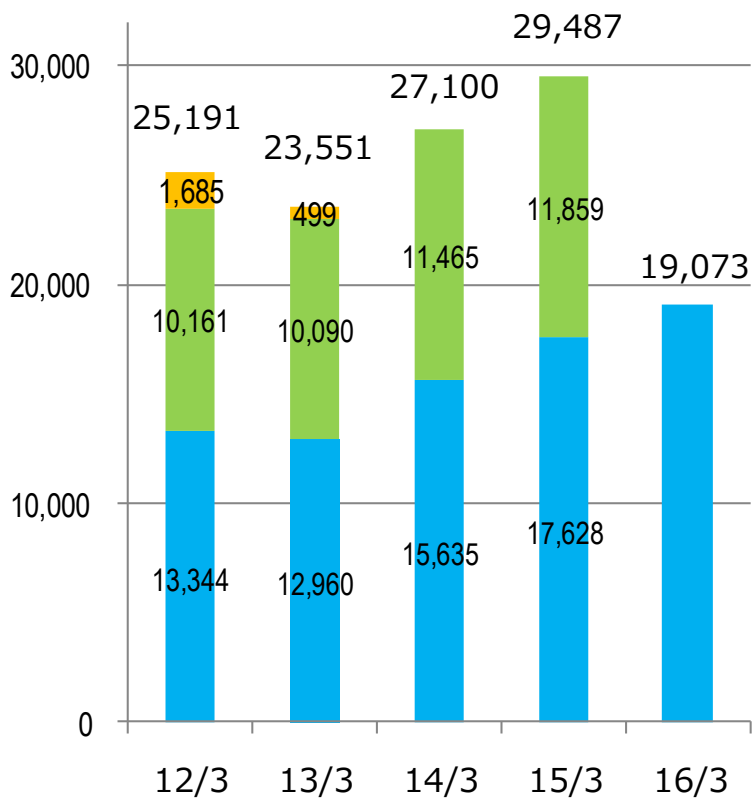
1. Change in Business Result

1-1 Transition of Financial Results (Consolidated)

Net Sales

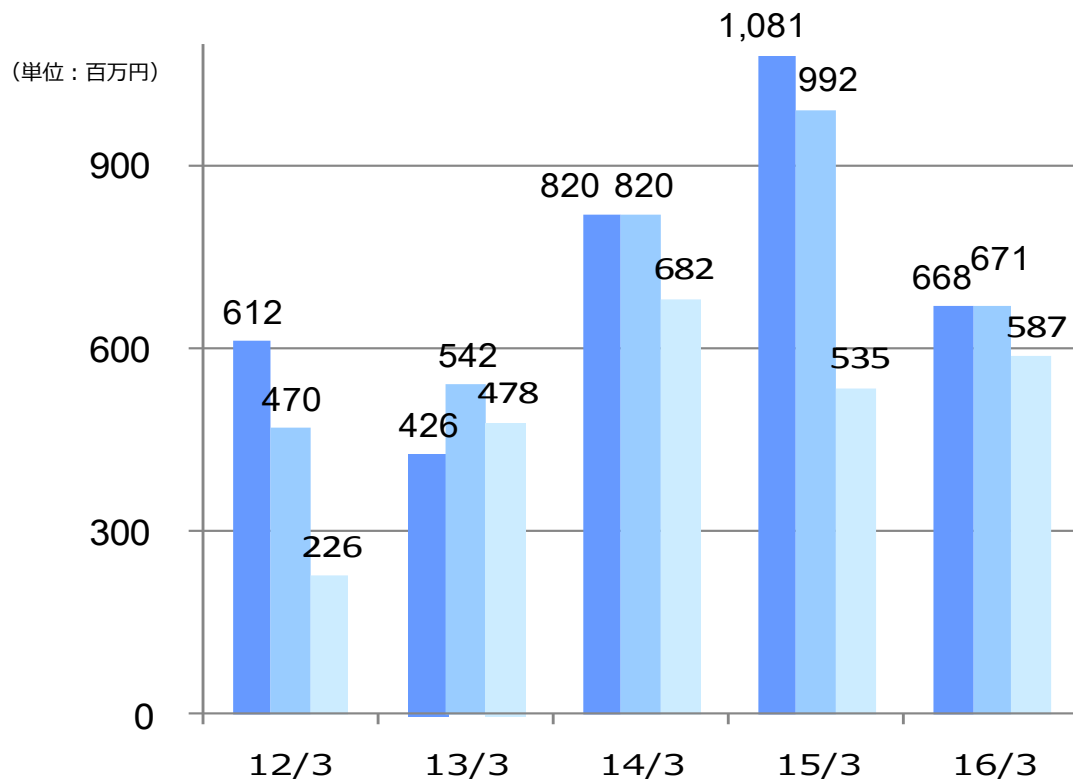
(Million Yen)

■ Precision springs ■ Plastic ■ Other



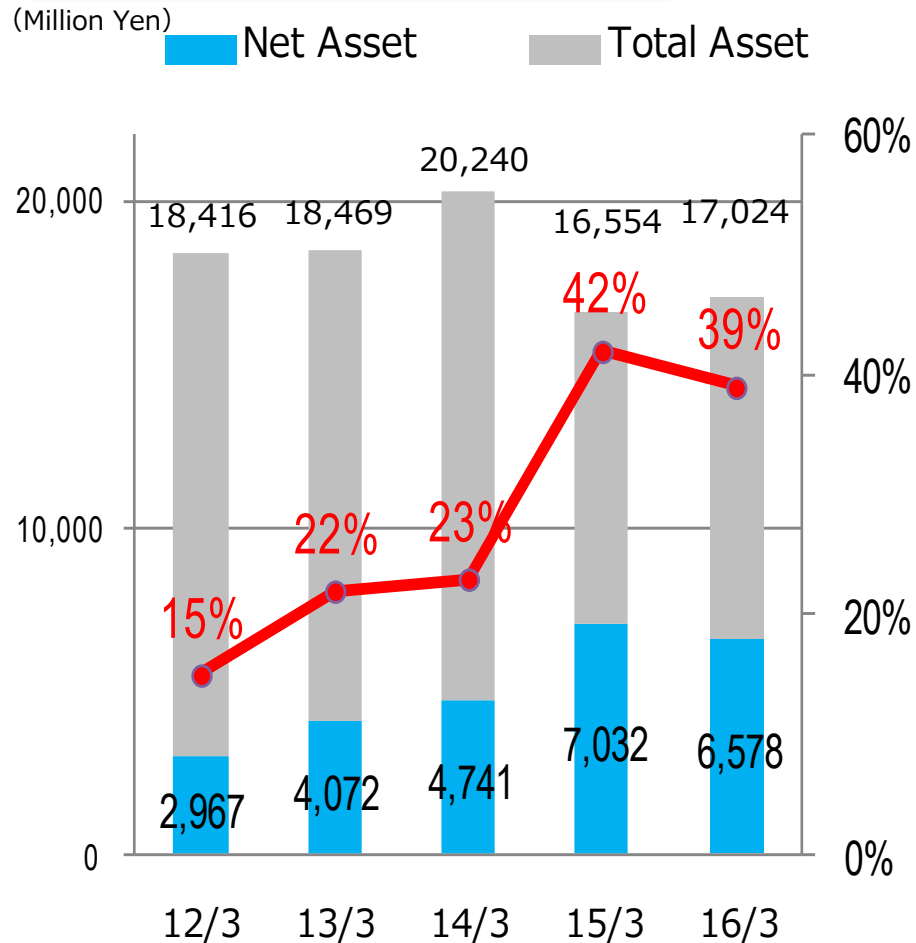
Operating·Ordinary·Net Income

■ Operating Income ■ Ordinary Income ■ Net Income

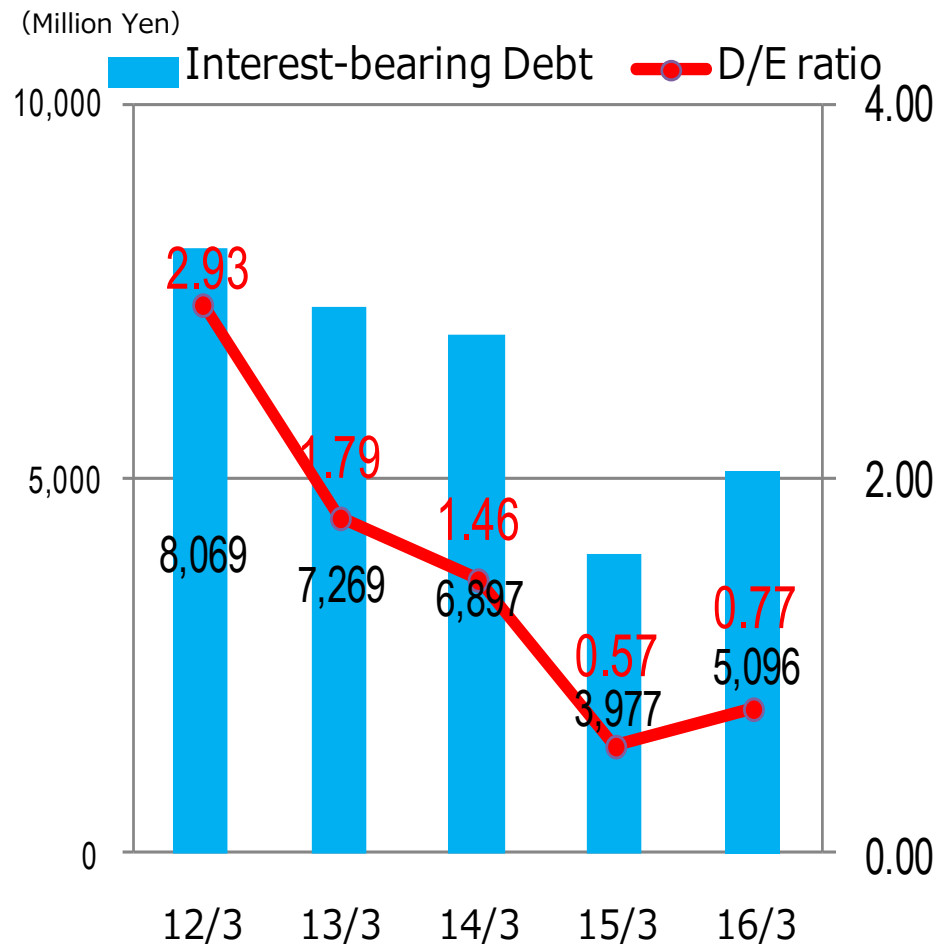


1-2 Transition of Asset Performance (Consolidated)

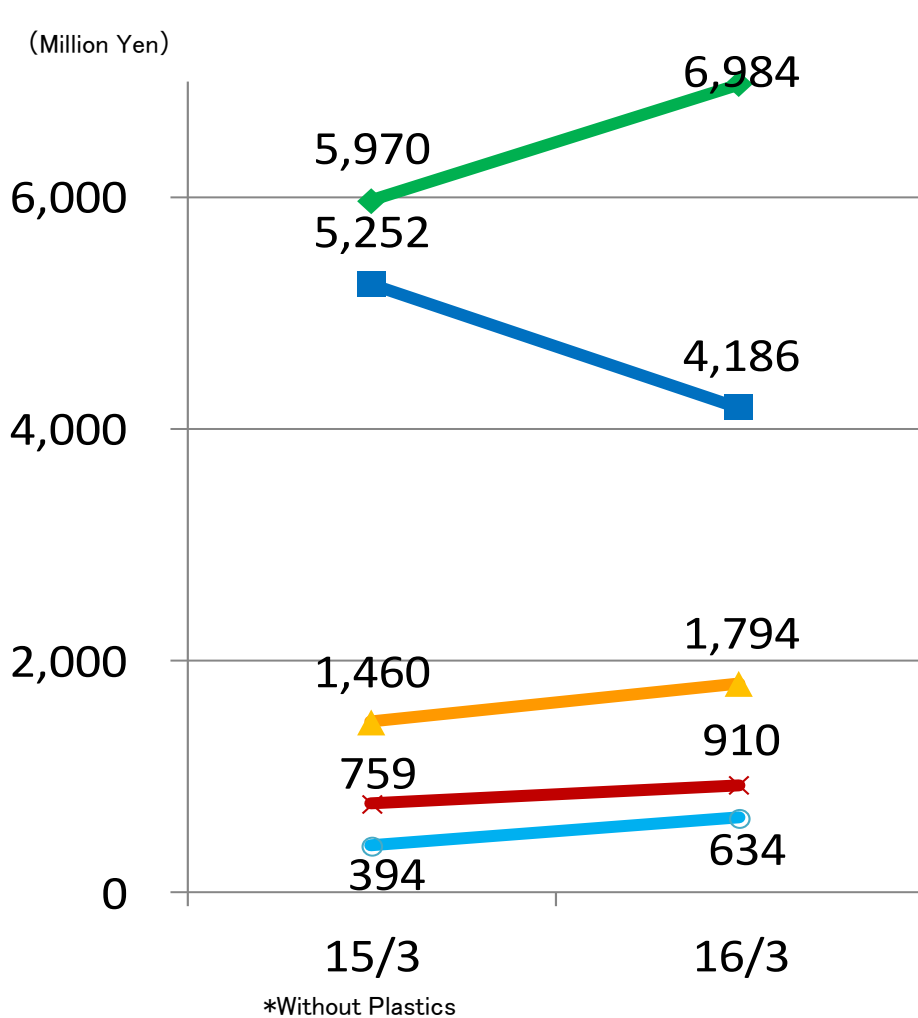
Total Asset, Net asset



Interest-bearing Debt



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

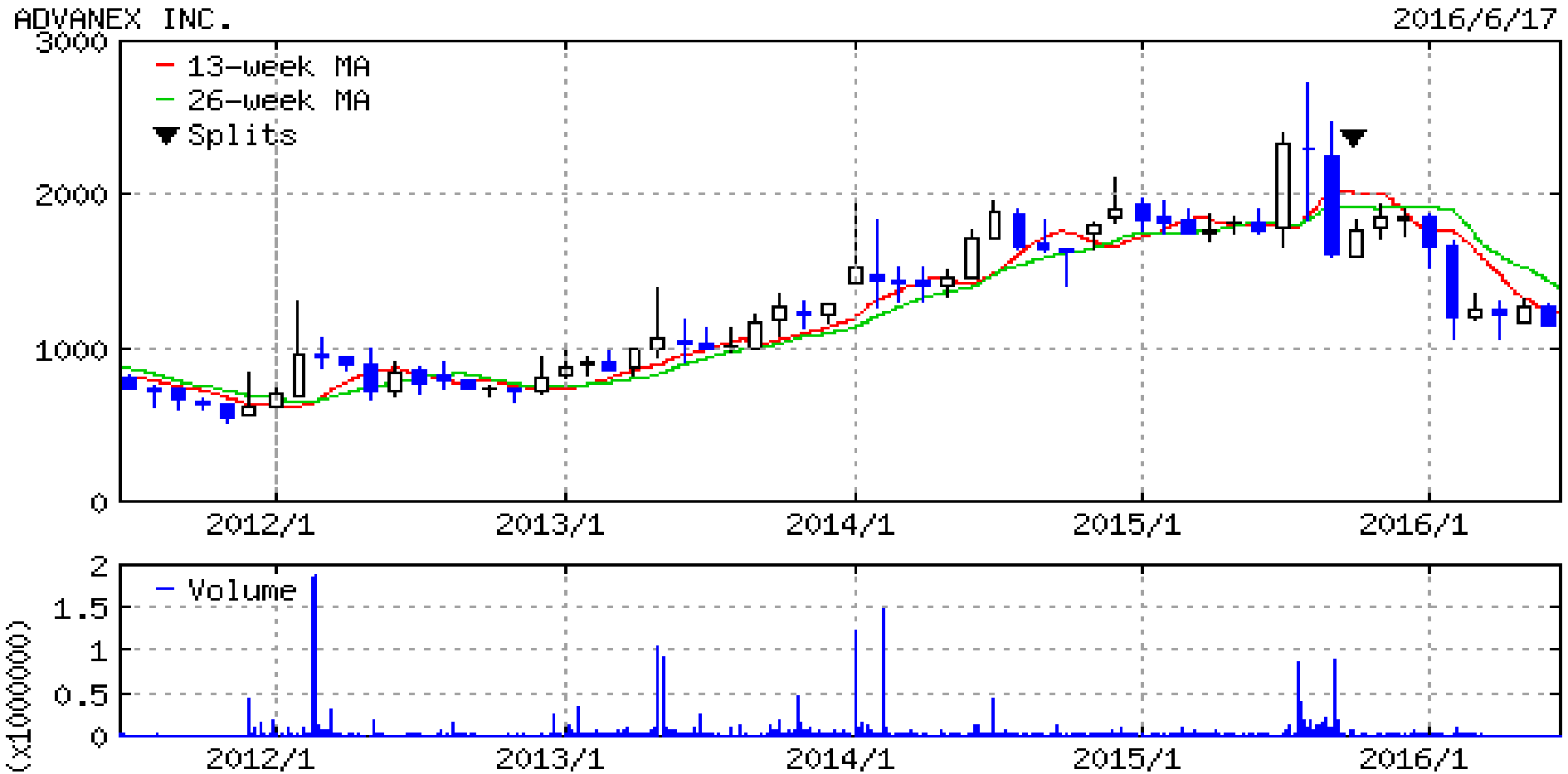


- Automotive : 7.0 bn. yen(+ 17%)
 Increased in Thai, Americas and Japan.
- OA equipment : 4.2bn. yen(▲20%)
 Decreased in Japan, especially.
- Medical : 1.8bn. yen(+ 23%)
 Increased in UK and Japan.
- Household : 0.9bn. yen(+ 20%)
 Increased in Americas.
- Aviation : 0.6bn. yen(+ 61%)
 Increased in Europe and Americas.

1-4 Transition for Share price (5 years)

(JPY/Share)

2016/6/17



(C) 2016 Yahoo Japan Corporation.

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

2. Forecast for the Fiscal Year Ended March 31, 2017

2-1 Forecast for the Fiscal Year Ended Mar 31, 2017

- ◆ **FY2017 is the year to jump up for the future**
There are a lot of preparation act for next year,
Establishment and Preparation of new factory,
Market portfolio change of deep drawing,
Die mould production for Automotive,
Many quality inspection, and so on
- ◆ **Sales and Operation income forecasted to increase thanks to Automotive and Medical**
- ◆ **Dividend forecasted ¥40 per share, which is ¥5 higher than the previous fiscal year**

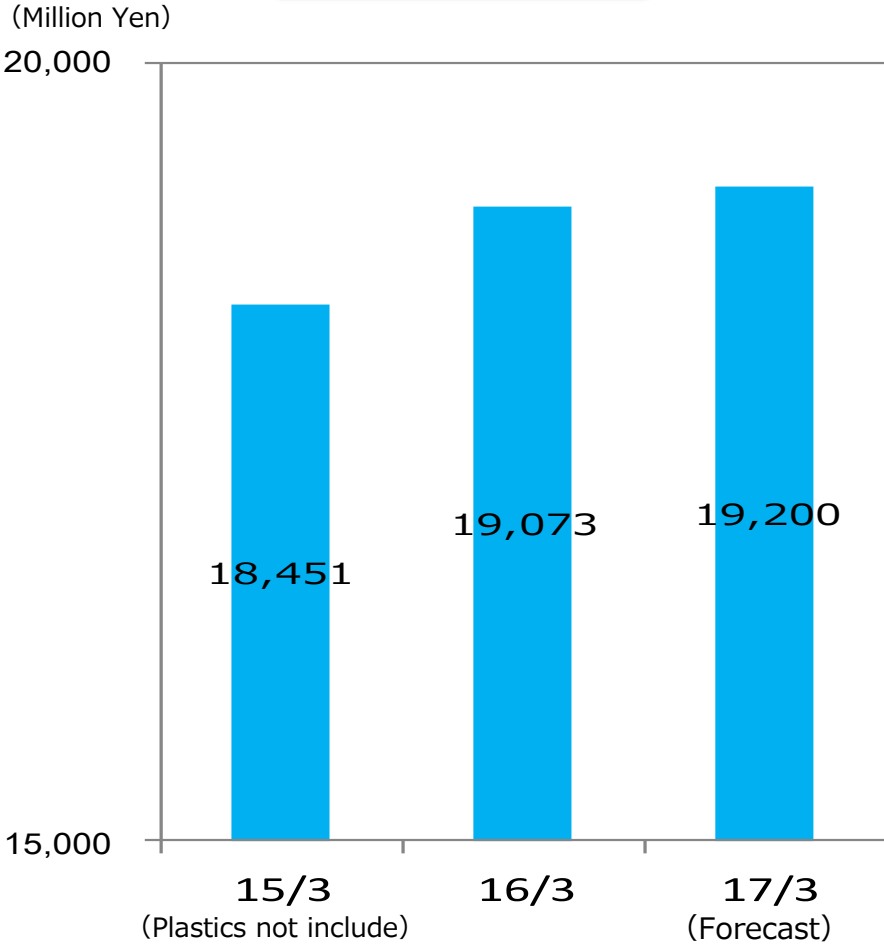
2-2 Forecast for FY2017 (Consolidated)

(Million yen)

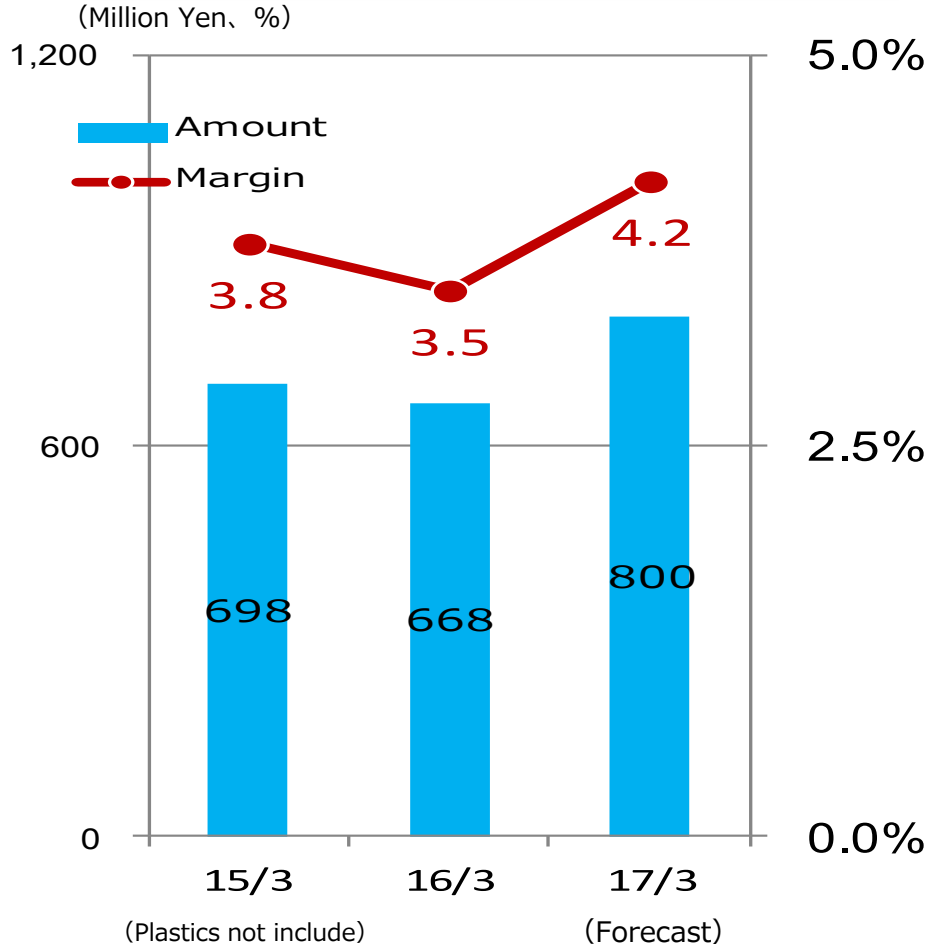
	FY2016 (Result)	FY2017 (Forecast)	Y to Y change	
	Full year	Full year	Amount	%
Net Sales	19,073	19,200	+127	+0.7%
Operating Income	668	800	+132	+19.7%
Operating Margin	3.5%	4.2%	-	-
Ordinary Income	671	800	+129	+19.1%
Net Income <small>Attributable to owner of the parents</small>	587	600	+13	+2.1%

2-3 Transition of Sales and Income (Plastics not included)

Net Sales



Operation Income/margin



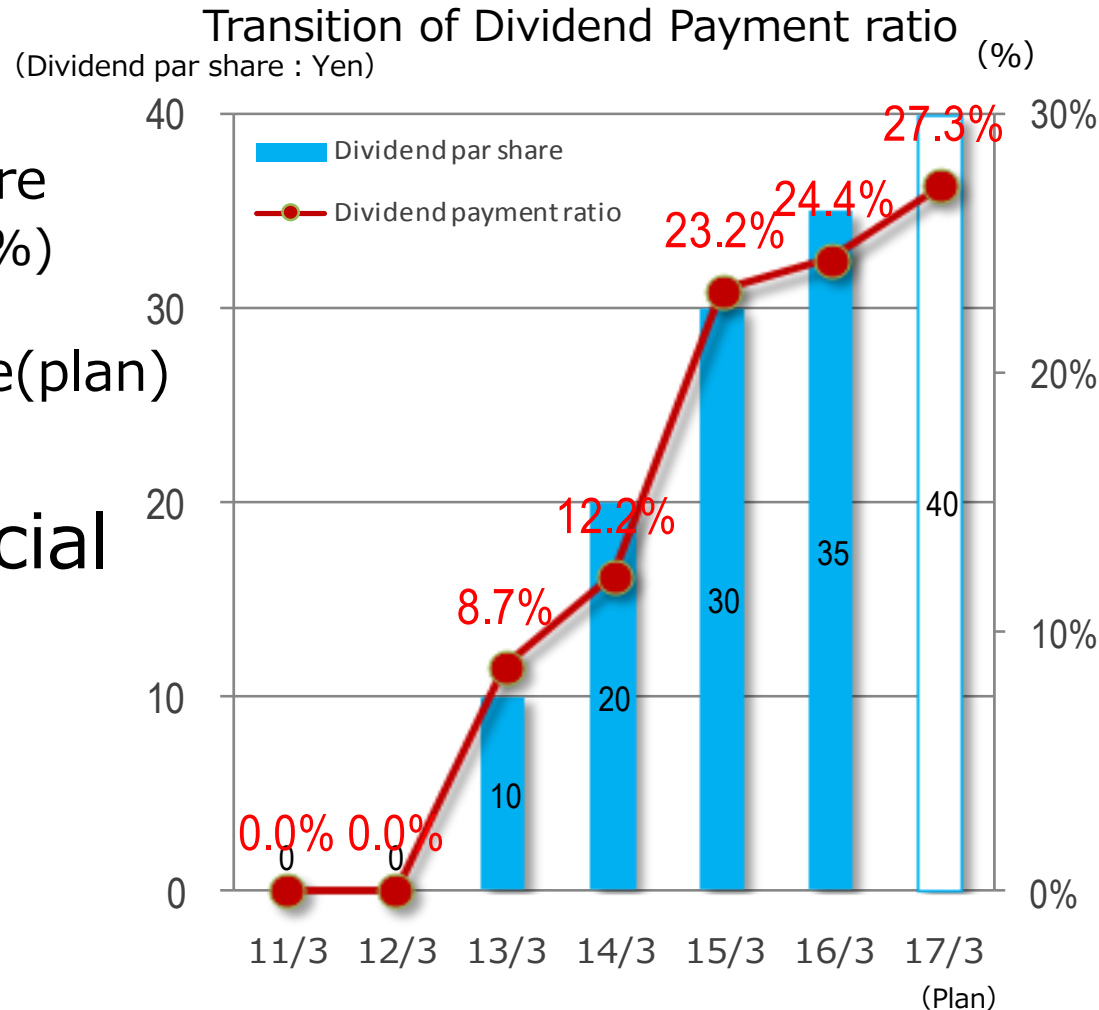
2-4 Shareholder Return

1) Dividend

- Mar, 2016: ¥35 yen per share
(Dividend payment ratio 24.4%)
- Mar, 2017: 40 yen par share(plan)
(27.3%)

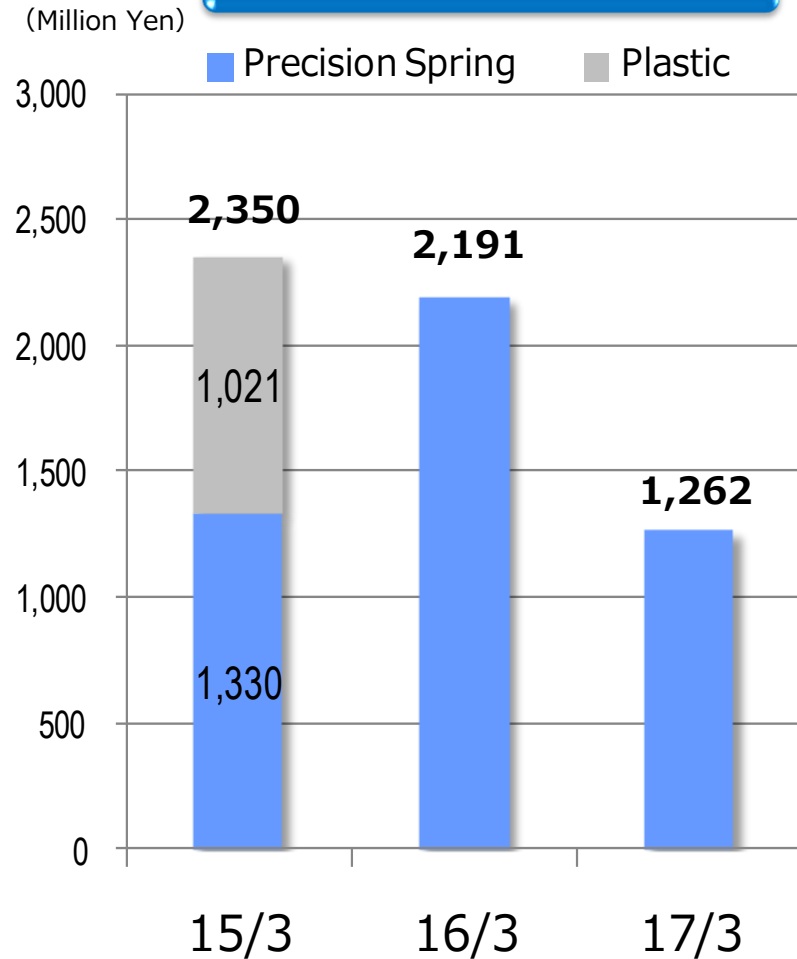
2) Shareholder's special benefit plan

- Provide QUO card to stockholder who have more than share unit.

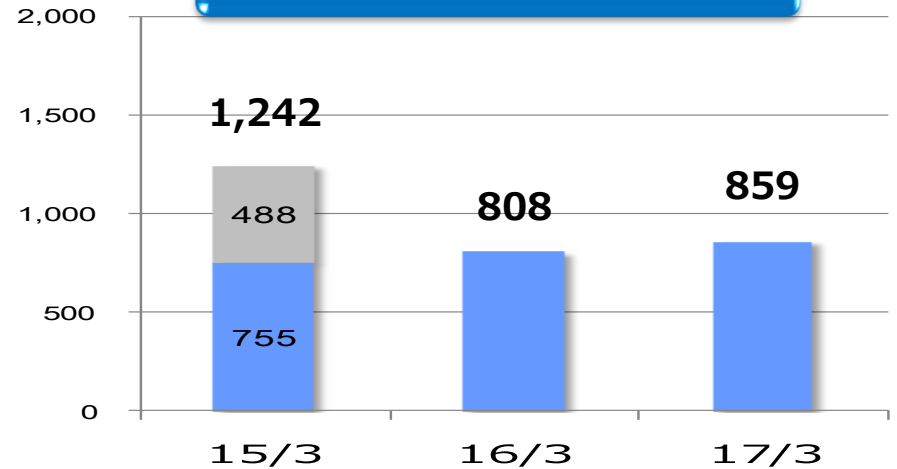


2-5 Capital Investment Plan for FY2017

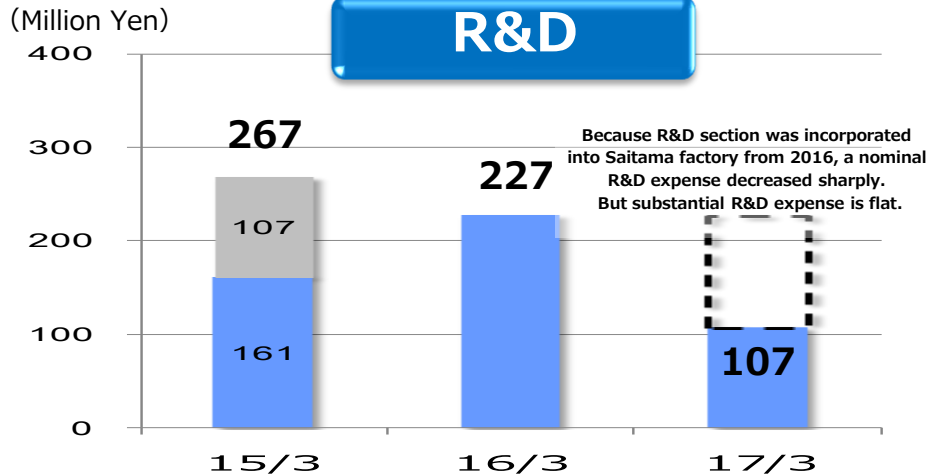
Capital Investment



Depreciation Expense



R&D



3. Mid-term management Plan Breakthrough to 2020 Process report

3-1 To achieve Mid-term Management plan

4 policies to achieve Mid-term management plan

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

- **Area Strategy** :

Active investment for expansion of global business

- **Market Strategy** :

Accelerate automotive business, together with medical and infrastructure, the three will make main pillars of our business

- **Product strategy** :

Promote standard product business

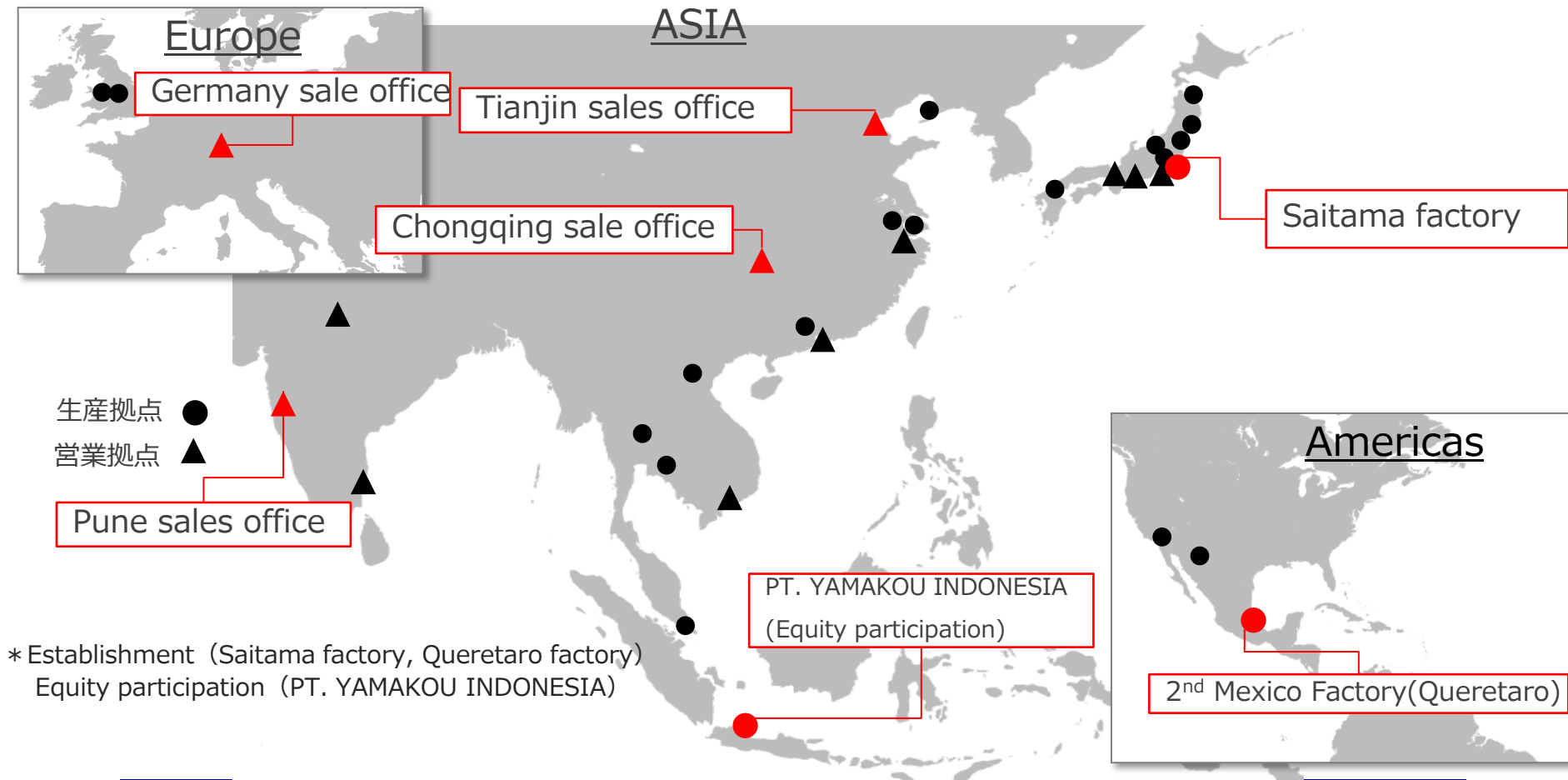
- **M&A** :

A target is small companies with outstanding technologies and companies which would contribute to expand sales channels

3-2① Area · M&A strategy

Added 3 factories* and 4 sales offices in 2016/3

Largest number of factories in the world among precision spring industry(Factory:14,Office:9)



* Establishment (Saitama factory, Queretaro factory)
Equity participation (PT. YAMAKOU INDONESIA)

3-2② Area·M&A strategy : Saitama factory



Saitama factory

Floor: 5,000m²(Room for expanding:+4,000m²)

Product: Forming(Insert collar), Deep drawing
Insert mold, Springs

Sale plan:3 bn. Yen (2019)

Operation: Jan, 2016

3-2③ Area • M&A strategy : 2nd Mexico factory



2nd Mexico factory(Queretaro)

Floor: 3,000m²(Room for expanding:+3,000m²)

Product: Wire springs

Sales plan: 0.6 bn. yen (2019)

Operation: Apr, 2016

3-2④ Area • M&A strategy : PT. YAMAKOU



PT. YAMAKOU INDONESIA

Floor: 3,400m²

Product: Precision press, Insert mold

Sales plan: 1.5bn. yen (2015)

Other: Acquired equity by 14%
on Jan, 2016



3-3① Automotive market : Trend

Make a strong showing in the three trend that Modularization, Weight saving, Electronization

Modularization (Commonalization)

Demand for local
Procurement
around the world

Weight Saving

Increasing of
Plastics parts

Electronization

Increasing of
Electronic parts,
Especially sensor

3-3② Automotive market : Modularization · Standardization

Automobile manufacture buy standard parts that were supplied at several area all over the world.

The more factory in the world, the more advantageous.



Slot sensor



Torsion



Procurement from several supplier at several area













Hard

Procurement from Advanex at several area

Easy

(Quality control, Price negotiation, Supplier qualification, Drawing change, etc.)

<p>Japan U corp. </p>	<p>North America V corp. </p>
<p>China W corp. </p>	<p>South and central America X corp. </p>
<p>South east Asia Y corp. </p>	<p>Europe Z corp. </p>

<p>Japan  </p>	<p>North America  </p>
<p>China  </p>	<p>South and central America  </p>
<p>South east Asia  </p>	<p>Europe  </p>

3-3③ Automotive market : Weight saving

Weight savings advanced for fuel efficiency

Automotive parts changed from iron to plastic for weight saving

Sales of “Insert collar” that reinforce bolting part increased



Insert collar



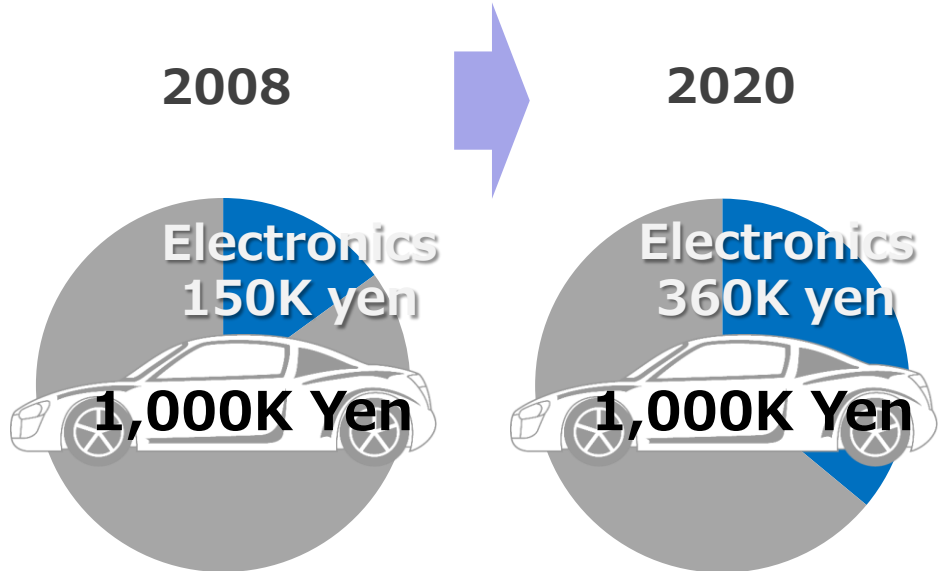
Plastic automotive parts

(Slot sensor)

3-3④ Automotive market: Electronization

Electronization advanced. Tailwind for Advanex that is strong in electronics industry originally.

A cost proportion of electronics parts
(In the case of the automobile cost is 1 million yen)



* In the case of HEV, The proportion of electronics parts cost is
2008 47%, 2020 67%

Source: Nikkei business

Electronics parts




- Crank sensor
- Car speed sensor
- O2 sensor
- Slot sensor
- Knocking sensor
- Accelerator sensor

Products for Electronics parts

- Deep drawing
- Compression spring
- Torsion spring
- Plate spring
- Insert mold

3-4 Medical market: Main products

A demand of self care kit is increasing backed by changing global environment, world economy, Demographic composition.

Finished Product			
	Suction drug	Automatic syringe	Automatic blood collection device
Supply from Advanex	Press spring	Press spring, Torsion spring, Deep drawing	Press spring

Increased Asthma patient
(World wide)

Pollen increase
(Acceleration of plant growing)

Global warming
Carbon dioxide increase

Increased diabetes patient
(China, Asia etc.)

Changed dietary style
(Increased meat consumption)

Increased income in rising countries
Increased the middle class

Recommendation of self-medication
(mainly developed countries)

Pressure on the National budget

An aging society
Decreased tax revenue

3-5① Standard product : LockOne

Falling prevention nut "LockOne". Our original standard product.

Example used (Subway)



LockOne



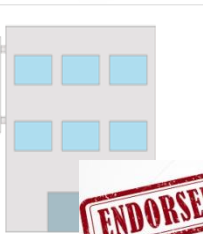
3-5② Standard product : Sales strategy

Got the greatest evaluation at Railway technical research institute
 Try to get endorsement in other industry



Railway

Railway institute



Testing situation



Housing

Housing institute

Express way

Express way institute

Electric power

Electric power institute

Total evaluation by the research institute(8 point)

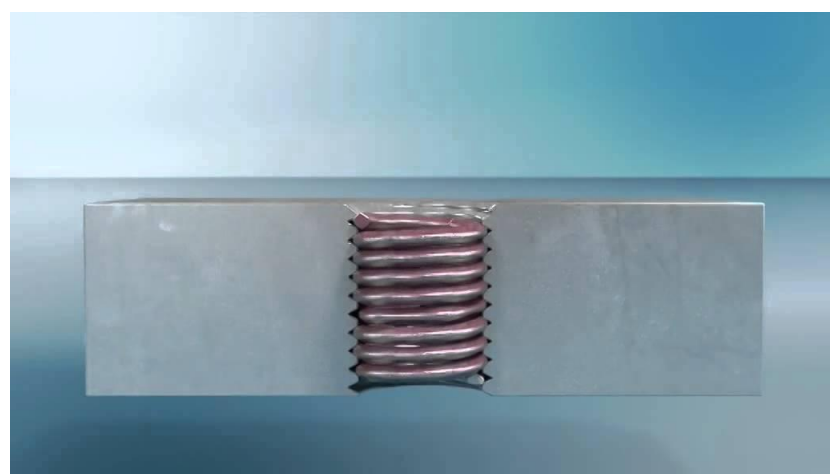
	Advanex	A corp.	Bcorp.	Ccorp.
Score	7.0	4.5	4.0	0.0

3-5③ Standard product : Tangless insert

Reinforce thread of softer material



Tangless insert and
Insertion tool



Cut sample



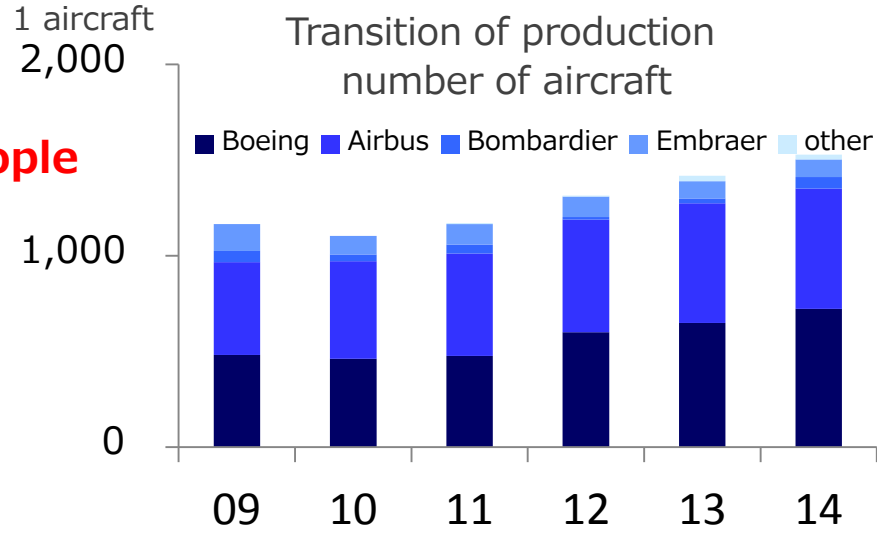
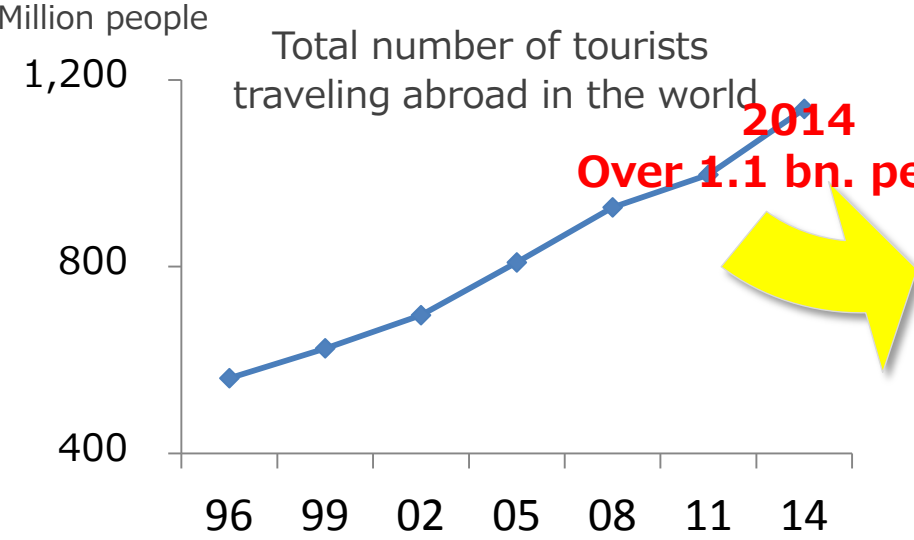
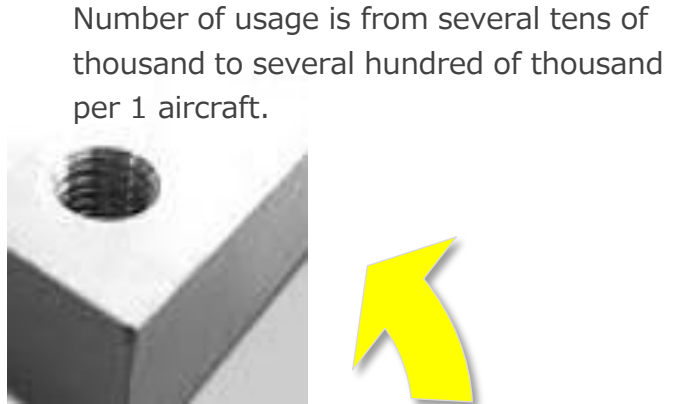
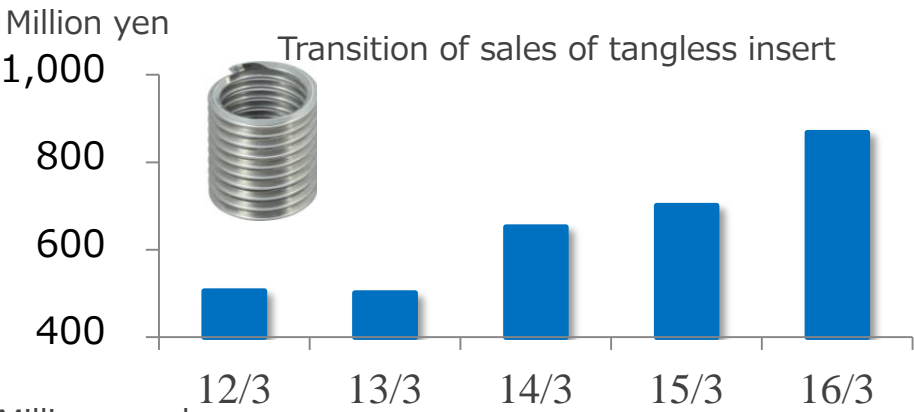
Before insert



After insert

3-5④ Standard product : Market background of Tangless insert

Sales increased due to increasing aircraft demand



Source: UNWTO

Source: JADC

3-6① Review the Mid-term management plan

Current situation that “Within expectation” and “Without expectation”

Positive situation without expectation	<ul style="list-style-type: none">• Increased sales for aviation industry
Within expectation	<ul style="list-style-type: none">• Order of deep drawing for automotive• Increased sales for automotive and medical
Negative situation without expectation	<ul style="list-style-type: none">• Decreased sales for OA equipment• Decreased sales of deep drawing for electronics industry

3-6② Review the Mid-term management plan

It will change from higher cost factory to earning one in the near future



Saitama factory Mexico 2nd factory Chiba factory Miyagi factory

...



Establishment, M&A, support launching



Quality approval, Install machines
Launch new products, Technical support



Contribute to profit, Expanding business



2014

2015

2016

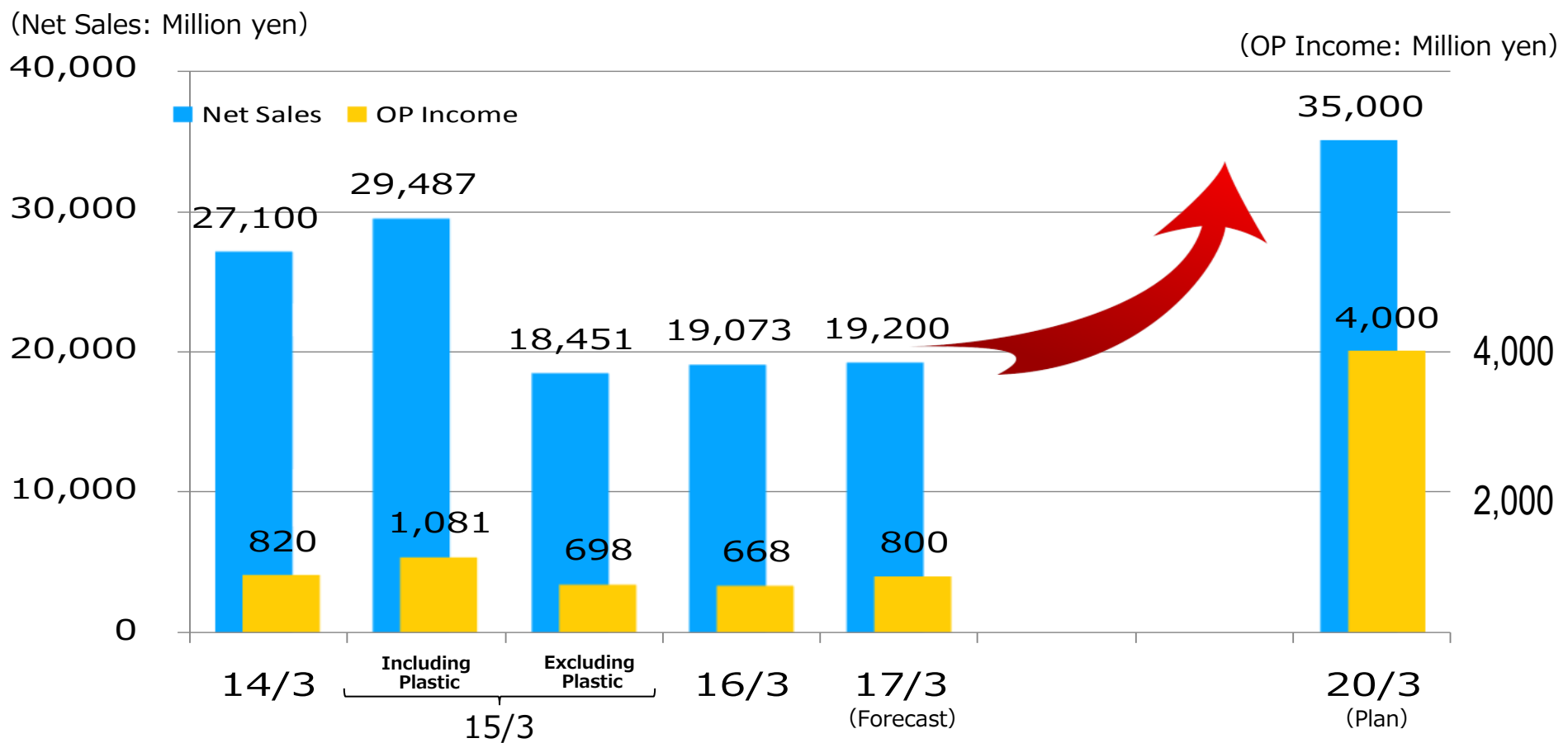
2017

2018

2019

3-6③ Review the Mid-term management plan

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





ADVANCEX

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