

We enhance our group's strengths to further grow  
as a company and improve our presence.



Masayuki Shibata  
President & CEO  
Suzuki Metal Industry Co., Ltd.

Spring has come and I cordially wish you having a prosperous year!

Last year the world's economy progressed steadily as a whole due to the stable growth of the U.S. economy and the restoration of the European economy, although the recovery of the Japanese economy was sluggish.

The Suzuki Metal Industry Group has completed the first upgrade of the production facilities at the Narashino plant as planned and worked steadily on the reform of the production structure inside and outside of Japan. We have acquired a British shaped steel wire manufacturer, KTS Wire Limited, last January. And furthermore, we are in a process to strengthen the capacity to produce products for the automotive industry in China in an attempt to expand production sites abroad.

As a result of the contribution of the sales of the subsidiaries in Europe that are continuously yielding favorable results, the 2<sup>nd</sup> quarter of FY2014 consolidated sales of the Suzuki Metal Industry group was 30.134 billion yen and net income before tax was 1.485 billion yen. As for the forecast for the yearly profits, we expect sales to be 60 billion yen and net income before tax to be 3 billion yen, representing increases in income and profit in comparison with FY2013, as released earlier.

The global economy is expected to gradually continue expanding mainly in the advanced countries this year. While in the developing countries, there are some risks that would bring down the economy, such as the political situation in Eastern Europe and the slower growth of the Chinese economy. The Japanese economy is expected to recover gradually in part due to the fall in crude oil prices, while the effects of the raised consumption tax rate will be contained. Based on the global view, the Suzuki Metal Industry Group will pay constant attention to the market trends inside and outside of Japan. We further strengthen horizontal coordination—the coordination with the group companies in terms of staff and technology—, and the vertical coordination—the coordination with the material manufacturers (\*refer to the “Recent Major News” section). We strive to maintain and expand its market share, investing in essential management resources so as to prepare a flexible structure that can meet the requirements promptly and accurately. We proactively promote the diversification of the sources of profits by developing new market areas. And we focus to improve its corporate value and secure reliable profit sources.

Particularly, the Suzuki Metal Industry Group will work on the following challenges this year for a better presence in the market.

## 1. Further strengthening global businesses

The global automotive market continues to expand with certainty while the competition further intensifies. The Suzuki Metal Industry Group will proactively and decisively invest in management resources and secure demand in accordance with the trends. The Suzuki Metal Industry Group will strive to expand sales from Europe and Japanese transplants by vigorously continuing with the implementation of the measures to improve the production capacity for products in the automotive industry in the Narashino plant and manufacturing sites abroad. And as group wide action, we are implanting Suzuki Garphyttan Wire (Suzhou, China) and Suzuki Garphyttan Corp. (South Bend, U.S.) the manufacturing skills and know-how that have been cultivated in the Narashino plant to meet customer needs. In addition, the Suzuki Metal Industry Group will provide appropriate products that meet the needs in accordance with the trends of compact but high powered automotive engines. In the Southeast Asia market, we have already implemented high-quality spring production facilities at Thai Special Wire Co., Ltd., (TSW) and are diligently increasing the values of our products, and we will plan further development to enhance our position in the global market.

## 2. Steadily strengthening of the domestic business infrastructure

Last year, the first phase of upgrade completed in the Narashino plant, as planned initially. We are planning on the second phase upgrade for this year and on the upgrade of pickling facilities, which has been a long-standing challenge, the measures to improve the productivity of the assembly lines in the PC plants, and enhancement of the capacity of the special wire plants. We will also start a full-fledged upgrade renovation for the stainless business (Suzuki Sumiden Stainless Steel Wire Co., Ltd.). We will build a system that is appropriate for the group's mother plant with the technologies we have acquired in the past and the state-of-the-art technologies combined.

Regarding product development, we will constantly provide the market with distinct products such as higher tensile spring materials, super fine wires and special wire for medical purposes. The development is based on the integrated technical development approach from raw materials to finished products, patenting, drawing and plating technology. We have steadily been enhancing our technical strengths to that end as well.

We always emphasize on CSR and continue to improve compliance and internal audit activity. We take measures for global environmental conservation. We are vigorously engaged in community activity. We promote safety policy as our corporate principle.

With regard to human resource development which is fundamental in achieving corporate growth, we are continuously and proactively enriching the training programs. We are vigorously activating the communication among staff under the philosophy "manufacturing products is cultivating human" to aim our employees for strong personnel in mentally as well as physically. Thus we can change adversaries to opportunities with the slogan of "Honesty, Diligence, and Thoroughness."

More and more new products have been developed in the manufacturing industry year after year. Manufacturing facilities and methods have also evolved too. In order for us to compete in such period, all we can do is to constantly improve our onsite performance, quality management, which we consider as the brand strength, to propose better solutions to our valued customers. We will further enhance this brand strength that our predecessors have developed over many years and hand it over to the next generation.

Once again, I wish you all good health and prosperity.

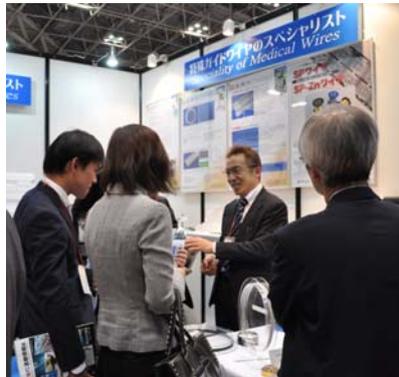
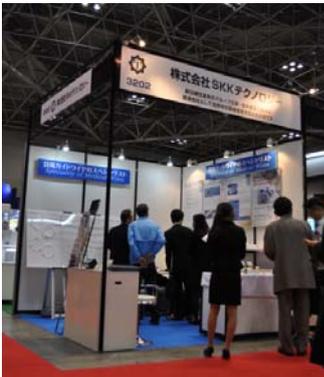
## Acquisition and Subsidization of a British Shaped Steel Wire Manufacturer KTS Wire Limited (January 2014)

Through our group company SG, we acquired and subsidized a British shaped steel wire manufacturer KTS. KTS is a shaped steel wire manufacturer based in the city of Leeds, West Yorkshire, UK, with annual sales of approximately 1 billion yen that manufactures and sells shaped steel wires for automobile parts, beds, home electric appliances, domestic products, and many other wide-ranging purposes. We can expect synergistic effects in terms of technology and sales.



## Participation in the MEDTEC Japan 2014 (April 9, 2014-April 11, 2014)

Our group company SKK Technology participated in MEDTEC Japan 2014, a major medical-care-related exhibition held in Japan to advertise our special wire products for medical purposes. Participation in a medical-care related exhibition was the first attempt for our group. We are planning to develop demand in the medical care market making use of our super fine wire manufacturing technology to increase sales to three times as much as the current sales in about three years.



We have launched a new brand for the Bar & Wire Rod Department with Group companies of Nippon Steel & Sumitomo Metal   
(October 1, 2014)

We have launched SteelLinC, a new brand for the Bar & Wire Rod Department with Group companies of Nippon Steel & Sumitomo Metal. SteelLinC is the first effort in the industry mainly to strengthen the partnerships between business entities and their customers. SteelLinC will allow customers to select best products throughout a whole manufacturing process from bar & wire rod production thru finished products. As SteelLinC member, we strongly support our customers to solve processing challenges and to shorten and improve the efficiency of the product development process by integrating the base metals to process manufacturing under the one brand concept.

\*Nippon Steel & Sumitomo Metal's website "SteelLinC" <http://www.nssmc.com/en/steelin/>