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To Whom It May Concern:

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Representative: Seigo Hanji, Chairman and CEO
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Notification on Progress and Revisions to the Mid-Term Business Plan

This is to inform you that DAIDO METAL CO., LTD. has made the following revisions to the target in Stage 2 (FY2015 to FY2017) of the Mid-Term Business Plan (FY2012 to FY2017) entitled “Together to the Top” announced in February 2012. Note that visions and basic policies of the Midterm Management Plan remain the same as the initial plan.

Description

1. Visions of the Midterm Business Plan

To acquire the top share in the global market for all fields of plain bearings and strive to make the Daido Metal Group a company with a global presence.

2. Overview of the Midterm Business Plan “Together To The Top”

Basic policies of the Midterm Business Plan:

Under the slogan of “All the Employees of the Daido Metal Group Shall Work Together to the Top of All Fields,” Stage 1, from FY2012 to FY2014, is set as a period to build a business foundation for achieving the top share, and Stage 2, from FY2015 to FY2017, is set as a period to acquire the top global market share in all of the related fields.

Goal of Stage 2:

To acquire the top global market shares in all the fields of plain bearings.

- To maintain and further expand the top global market share of plain bearings for automobile engines and low-speed marine engines
- To acquire the top global market share of plain bearings for mid-to-high-speed marine and industrial engines
- To acquire the top global market share of plain bearings for small turbo engines
- To acquire the top global market share of polymer bearings and bearings for industrial high-speed rotating machinery

- To establish a global management structure

3. Major milestones of Stage 1 of the Midterm Business Plan (FY2012 - FY2014)

[Establishment of global structure in production, distribution and development]

- (1) Established the global production structure
Expanded and started operations of the third plant of DYNA METAL CO., LTD. (Thailand), the second Plant of DAIDO PRECISION METAL (Suzhou) CO.,LTD., the second plant of DAIDO METAL CZECH s.r.o., and the second plant of PT.DAIDO METAL INDONESIA. Transferred and started operations of the plating factory of DONGSUNG METAL CO., LTD. (Korea). Established and started operations of DAIDO INDUSTRIAL BEARINGS JAPAN CO., LTD. and DAIDO METAL Mexico S.A. de C.V.
- (2) Improved the global distribution structure
Established DAIDO METAL Mexico Distribution S.A. de C.V. Moved the head office functions of DAIDO METAL U.S.A. INC. (USA) from Bellefontaine, Ohio to a suburb of Detroit, Michigan.
- (3) Established the global development structure
Established European Technical Center (to provide designing, development and technical services) in the Czech Republic.

[Cultivation and reinforcement of non-auto industries]

- (1) Reinforced and newly established non-automotive business sectors
Newly established the TMBS department in the Second Co. (Turbo Machinery Special Bearings Business) and the Fourth Co. (Metallic Self-Lubricating Bearings Business).
* “Co.” is the abbreviation for Internal Company.

4. Specific measures in Stage 2 to achieve the Midterm Business Plan (FY2015 - FY2017)

- (1) Environmental Measures
 - To realize “Environmentally friendly production,” “Environmentally friendly products”and “Products that contribute to the environment.”
- (2) Production
 - To launch a business of automobile engine bearings in India and a business of truck engine bearings in Russia
 - To reinforce production capacity of bimetal (bearing material)
- (3) Distribution
 - To further reinforce the organizational structure in Japan and overseas in order to establish a global sales structure.
 - To develop sales channels in non-auto fields and increase the number of sales representatives for expanding sales
- (4) Development
 - To strengthen overseas development bases and improve the organizational structure.
 - To strengthen research and development functions in order to maintain superiority in technology
 - To develop new products and new businesses
- (5) Finance
 - To establish a solid financial base to acquire an “A” rating

5. Management Target

[Target after revision]

| | Last year of Stage 1 - FY2014 - [Estimate] | Last year of Stage 2 - FY2017 - [Target] |
|------------------|---|--|
| Sales | 80 billion yen (80 billion yen) | 111 billion yen [39% increase from the FY2014 estimate] |
| Operating profit | 7.8 billion yen (11.2 billion yen or higher) | More than 16.7 billion yen [114% increase from the FY2014 estimate] |
| Operating margin | 9.8% (14% or higher) | 15% or higher |

* Figures in parentheses () are the initial target values for the final year of Stage 1.

* The target values in the final year of Stage 2 (FY2017) remain the same.

The operating results in the final year of Stage 1 (FY2014) are expected to achieve the initial sales target. However, operating profit is expected to be lower than the initial target due to the influence of deteriorating market conditions of non-auto bearings (such as bearings for marine engines) as well as the cost increase in line with up-front investment in DAIDO METAL Mexico S.A. DE C.V., etc.

Although the target management values of future performance incorporate possible risk factors at the time of announcement, the actual results, etc. may differ materially from the target due to various factors such as economic conditions of Japan and overseas, fluctuations in material prices, competition with other companies, changes in technology and impact from foreign exchange rate fluctuations.

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