

# ***“THE AIDA PLAN 523”***

## The Mid-Term

## Management Plan

FY2017 - FY2019 (April 2017~March 2020)

### New Challenges for the AIDA's Next Century

**May 12, 2017**

**AIDA ENGINEERING, LTD.**

# The New Mid-Term Management Plan New Challenges for the AIDA's Next Century

## 【Corporate Philosophy】

AIDA will grow as a forming systems builder and continue its contribution to people and community.

## 【 Vision 】

As a leading global company, we will strive to protect the environment, reduce energy consumption and develop technologies.

## 【Basic Policy】

AIDA Group personnel, sales agents, cooperating companies, suppliers, and everyone who supports AIDA Group will all work together as a team to achieve mutual continued growth.

# The Business Environment for the AIDA Group

## Automotive Market

- Moderate growth of new car sales globally.
- Emerging countries will drive global growth.

## Competitors

- Competition is becoming more intense globally
- The strength of European competitors lies in automation that meets the specifications of the European and US markets, and they are continuing to expand their market share in China.
- Competitors from emerging countries lead in terms of price competitiveness, and they are also improving their servo technology.

## Customer Trends

- Production of EVs and lightweight vehicles is accelerating.
- Moving towards automated press systems.
- Automotive mega-suppliers are gaining strength globally.
- OEMs in emerging countries are growing.

## Suppliers

- 3<sup>rd</sup>-party automation suppliers are becoming more prevalent.
- The price of materials such as steel plate are rising.

## AIDA's Strengths

### Eng.

- Superior servo press technology.
- Comprehensive metalforming engineering capabilities.
- Wide range of press products.

### Mfg.

- Optimized production at 5 global facilities.
- Global co-manufacturing at the 5 facilities.

### Sales

- Office networks in 19 countries.
- Market channel to European customers.

### Service

- Countless decades of delivering presses to our customers.
- A global Service organization.

### Admin.

- Strong financial base.
- Flexible fund management globally.

## AIDA's Challenges

- Standardization of products and drawings.
- Bolstered R&D of controls and automation systems
- Improved capability to accommodate European specs.

- Standardization of parts.
- Increased in-house production at overseas facilities and improved quality.

- Strengthening application engineering and the proposing of solutions to customers.
- Expanding our non-Japanese customer base.

- Strengthening our modernization and preventive maintenance business.
- Service personnel human resource development.

- Strengthening our global governance system.
- Global implementation of a single ERP system.
- Development of global personnel.

## Actions to Achieve the New Mid-Term Management Plan

Based on the business environment changes and issues recognized in the prior Mid-Term Management Plan, the AIDA Group will promote the New Mid-Term Management Plan using the slogan “New Challenges For The Next Century.”

AIDA will target sustained growth by promoting the following measures.

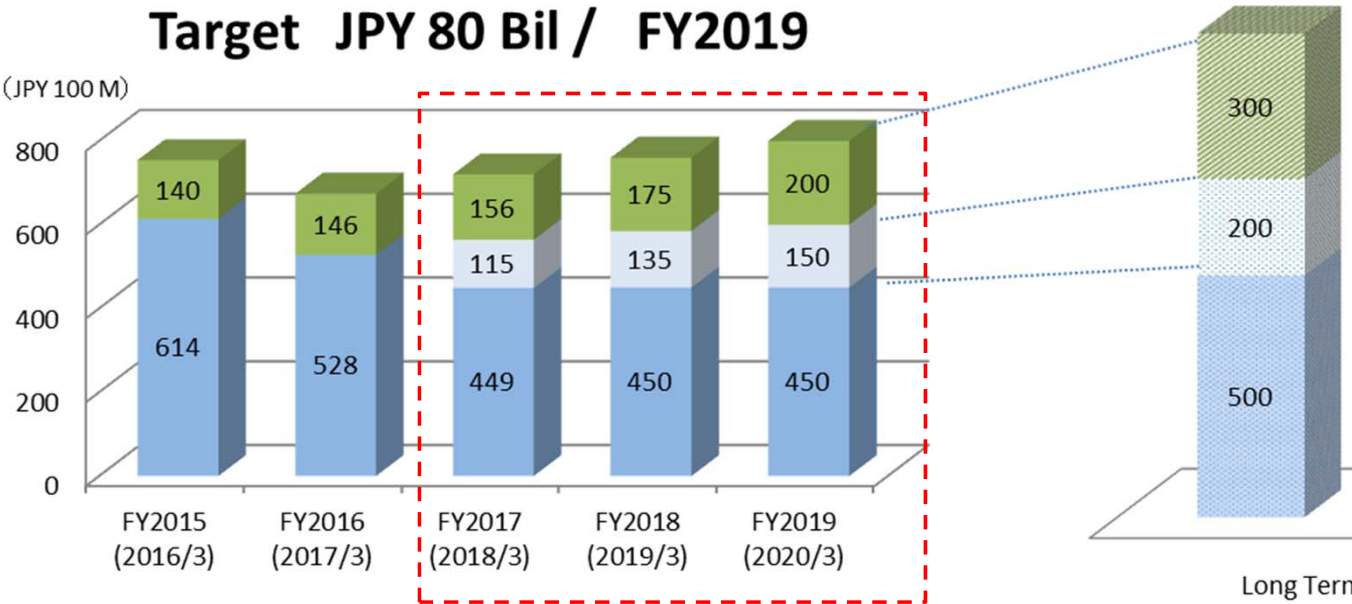
•Crucial Strategies:

- 1) Develop markets & customers
- 2) Improve product competitiveness
- 3) Strengthen strategic business segments
- 4) Further sophistication of our global business structure
- 5) Human resource development
- 6) Establish a strong foundation for future growth (strengthen R&D and continue investment for growth).

# “The AIDA PLAN 523” Performance Targets in the The New Mid-Term Management Plan

## Target JPY 80 Bil / FY2019

(JPY 100 M)



**Long-term sales target:  
JPY100 billion.**

**Ratio by business  
segment:**

**Presses = 5  
Factory Automation (FA) = 2  
Service = 3**

**Devote resources to  
growth fields & high-  
profit fields to change  
the corporate profit  
structure.**

(¥100 MIL)

	FY2015 (2016/3)		FY2016 (2017/3)		FY2017 (2018/3)		FY2018 (2019/3)		FY2019 (2020/3)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>PRESS</b> ■	614	81%	528	79%	449	62%	450	59%	450	56%
<b>Automation (FA)</b> ■					115	16%	135	18%	150	19%
<b>Service</b> ■	140	19%	146	22%	156	22%	175	23%	200	25%
<b>TOTAL</b>	755	-	670	-	720	-	760	-	800	-

# The Mid-Term Management Plan - Basic Strategies

## Develop Markets & Customers

### Develop Global Customers (Appeal of the AIDA Brand)

- Intense focus on European & emerging country markets
- Promote mega-supplier business

- Strengthen our Int'l Sales Team
- Improve capability to meet European specifications

### Technical Marketing

- Strengthen our approach to important customers
- Bolster our ability to propose solutions to customers.
- Utilize the German Tech Center

## Improve Product Competitiveness

### Promote Servo Presses

- Functional improvements
- Expanded product lineup
- Develop Sales strategy to transition to servo presses

### Press Standardization

- ⇒ Achieve the globalization of purchasing service and shorter lead-times.

### New Materials

- Develop technologies for forming new materials like high-tensile steels and aluminum.

## Strengthen Strategic Business Segments

### Factory Automation

- Bolster automation R&D (improve capability to recommend systems)
- Strengthen ties with FA suppliers to increase sales.
- Seek new business opportunities/diversification

### Service

- Proactively invest in management resources
- Expand our modernization business
- Bolster our preventive maintenance business

# The Mid-Term Management Plan - Basic Strategies

## Sophistication of Our Global Business Structure

- Global Co-Manufacturing
- Promote in-house and local production
  - Promote further sharing of manufacturing tasks
  - Promote further unit (knock-down) production
- ⇒ Further reduce lead-times & costs

- Global Governance
- Global ERP implementation
  - Create a global management structure (order mgmt., S/N system, dwg. system, HR mgmt. system, etc.)
  - Strengthen auditing system for overseas operations

## Human Resource Development

- Global Human Resource Development
- Promote overseas work rotations
  - Promote training for overseas staff at AE in Japan

- Strategic Personnel Rotation
- Strategic medium and long-term job rotations
  - Optimized resource allocation based on our business strategy

## Strengthen Our Foundation for Growth

- Bolster R&D
- Further evolve our servo systems
  - Develop system for forming new materials
- ⇒ R&D investment target: 2% of net sales

- Investment
- Capital investments (to increase internalization & local mfg., etc.)
- ⇒ CapEx Target: 5% of Net Sales
- New business investments (expand European operations and FA-related initiatives)



# The Mid-Term Management Plan

## Basic Strategies 【Management Targets】

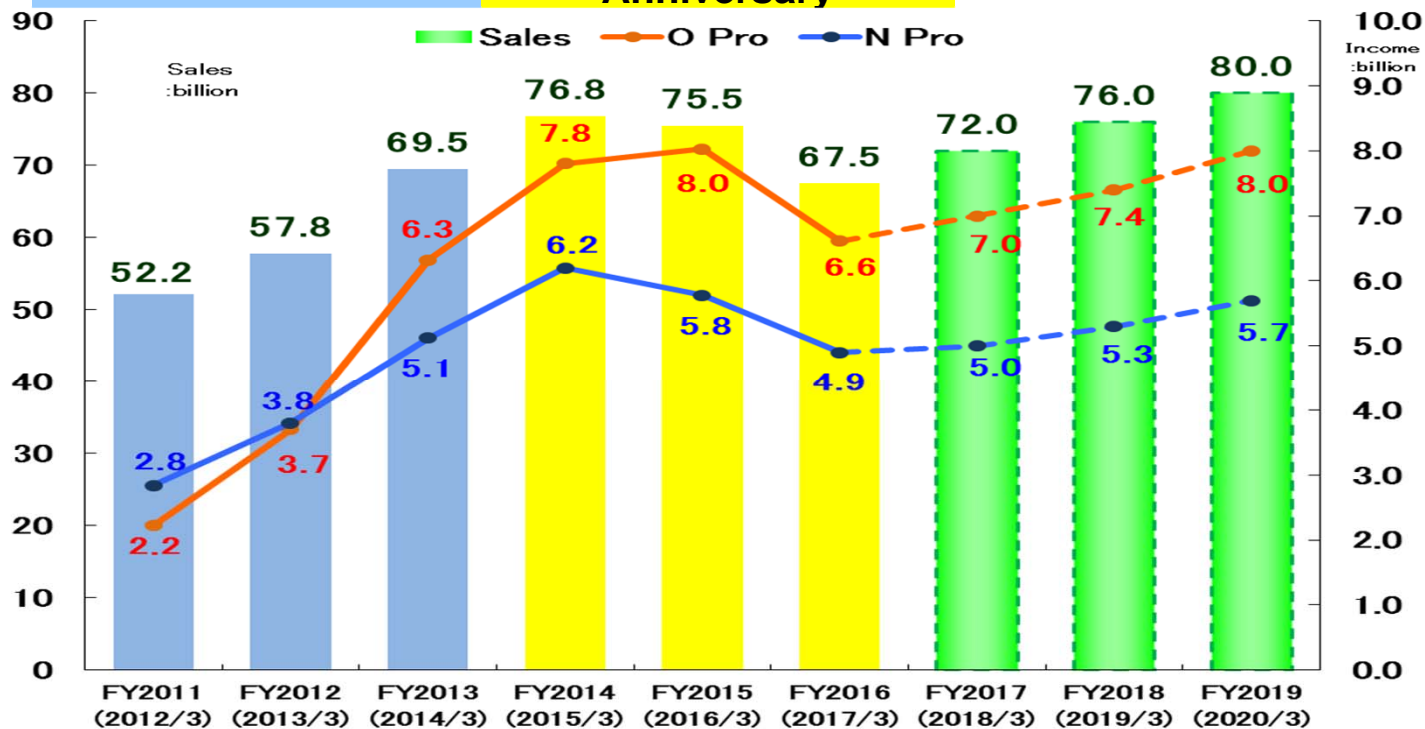
**FY2011~FY2013**  
Achieve Sustainable Growth as a Global Company

**FY2014~FY2016**  
Enhance Foundation for Further Growth While Looking Ahead to AIDA's 100<sup>th</sup> Anniversary

**FY2017~FY2019**  
New Challenges for the AIDA's Next Century

**Aim for JPY100 billion in Net Sales**

**Aim to be #1 for Servo Presses**



### 【Performance Targets】

**Sales Volume (Growth) :**  
With a basic policy of "Stable Growth," aim for new highs in net sales.

**Operating Profit (Profitability) :**  
Aim for stable operating profits of 10% or higher.

## The Mid-Term Management Plan 【Shareholder Dividends】

### Basic Profit Allocation Policy:

Our basic policy is to continue to provide stable dividends to stockholders by aiming to maintain a consolidated dividend payout ratio of 30% or higher while at the same time assuring a stable management foundation and maintaining our reserves for investments for future growth.

## Remarks

Cautions about forecast statements contained in this package.

- The information in this package contains future forecasts.
- Future forecasts contained in this document are based on the judgment of company management based on currently available information. Although the future forecasts are based on or grounded in assumptions, future economic circumstances and actual business results may differ from these assumptions.
- Although the Company or its management is stating its expectations and/or convictions regarding future results, this does not guarantee that the actual results will be close to the forecasts. Moreover, the Company does not assume any obligation to update or revise any forecasts unless otherwise stipulated by law.