

*The Evolved 'AIDA Plan 523'*

# The Medium-Term Management Plan

FY2020 - FY2022 (April 2020~March 2023)

New Challenges in Transformative Times

August 7, 2020

AIDA ENGINEERING, LTD.

## ★ Table of Contents

1. Management Vision
2. Management Policies
3. The AIDA Group Business Environment & Societal Issues
4. The Medium-Term Management Plan: Core Strategies
5. The Medium-Term Management Plan: Strategies by Business Segment
6. Results/Plan by Major Business Segments (1)
7. Results/Plan by Major Business Segments (2)
8. Basic Policies Regarding Shareholder Returns

Take a steady long-range approach to finding solutions to universal societal issues even during times of uncertainty, such as the current global COVID-19 crisis.

## [AIDA's Management Vision]

As a leading company, AIDA will contribute to society by supporting efforts to protect the environment, reduce energy consumption, and develop new technologies.

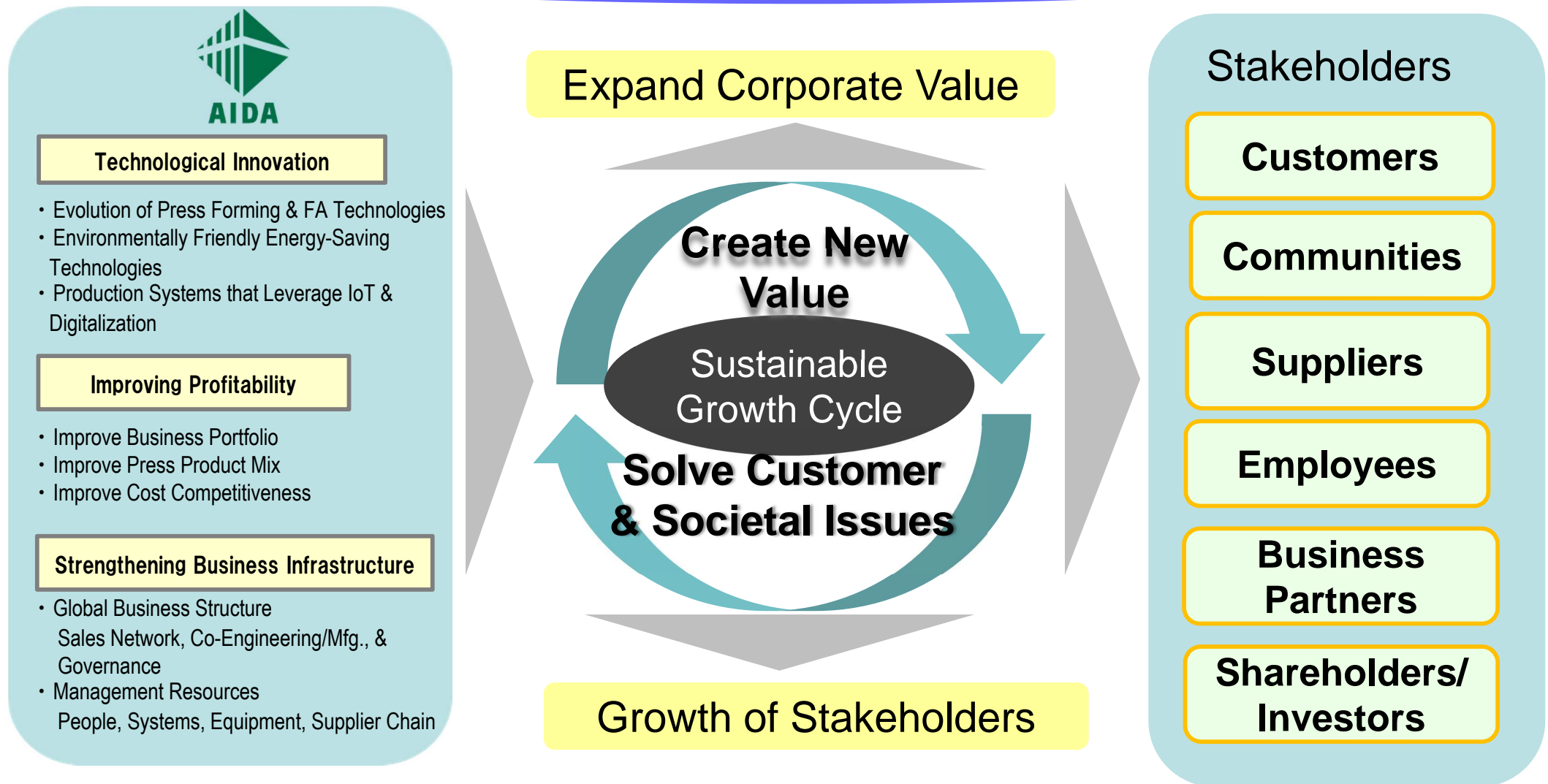
Build long-term relationships of trust with society and our stakeholders.

- **Manufacturing User-Friendly and Environmentally Friendly Products (E)**
- **Creating Value That Contributes to Societal Development (S)**
- **Improve Governance to Achieve Harmony with Society (G)**

Steady Efforts for 'ESG'

Improve Corporate Value through Value Creation and Societal Contributions to Achieve Sustainable Growth Together with Our Stakeholders

Overcome Uncertainty to Achieve Sustained Growth



# 3. The AIDA Group Business Environment & Societal Issues

## Growing Uncertainty

Causes of Economic Uncertainty

Economic Changes Due to the Pandemic

Economic Friction due to Hegemony Fights between Large Countries

Economic Uncertainty Due to Geopolitical Risks

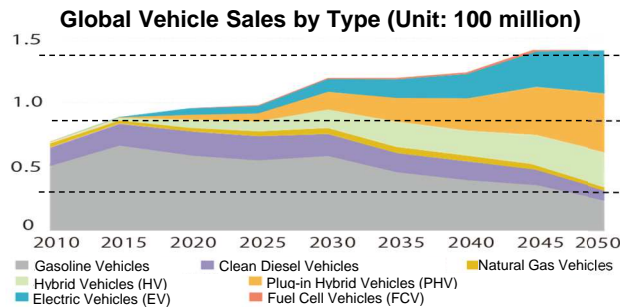
⇒ Falling Capital Investments in Automotive-Related Fields

## Universal Societal Issues

### Acceleration of C.A.S.E. in the Automotive Industry

Next-Generation Vehicles = Electrification, Lighter Weights, Self-Driving

8 times more EVs by 2030



Supported by AIDA's High-Speed Presses, High-Precision Presses, & Servo Technologies

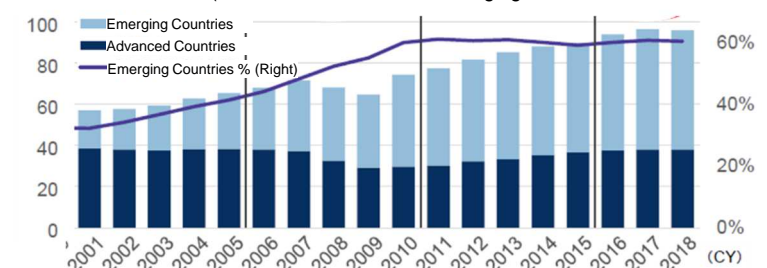
### Growth Drivers are Shifting to Emerging Countries

Japan/Eur./US Companies Expansion to Emerging Countries; Rise of Local Companies

Revamping of Global Supply Chains by Manufacturers

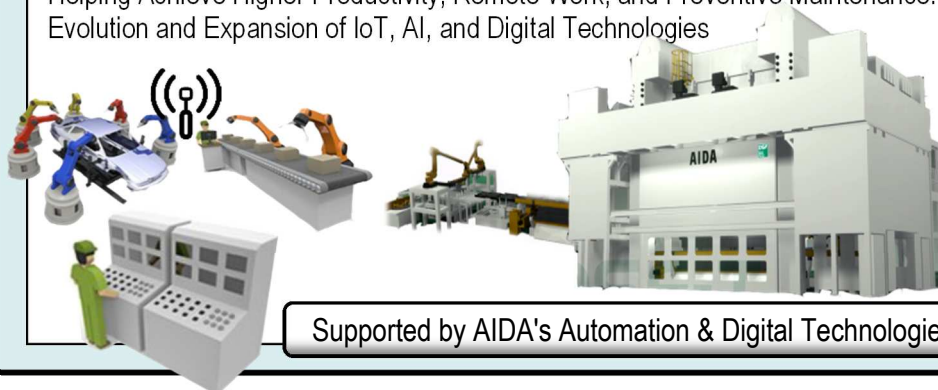
Supported by AIDA's Global Network

Vehicle Sales Trends (Advanced Countries vs. Emerging Countries)



### Acceleration of Automation/Digitalization at Production Factories

Helping Achieve Higher Productivity, Remote Work, and Preventive Maintenance. Evolution and Expansion of IoT, AI, and Digital Technologies

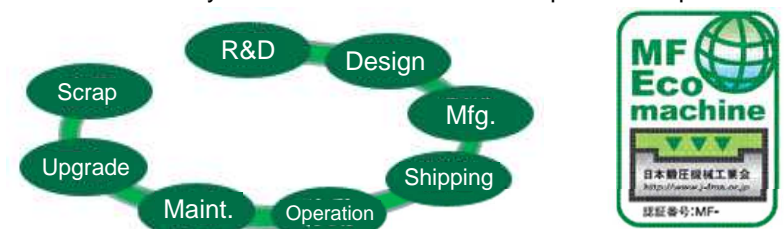


Supported by AIDA's Automation & Digital Technologies

### Urgent Need for Energy-Saving Technologies & Decarbonization in Production Factories

Penetration of "Life Cycle Assessments" concepts

⇒ Eco-friendly selection of raw materials & production processes



Supported by AIDA's Cold Forming Technologies and Materials Technologies

Issues AIDA Must Deal With



# 4. The Medium-Term Management Plan: Core Strategies

## Technological Innovation

[Improve Product Competitiveness]

[Foster/Strengthen Growth Businesses]

*Expanding AIDA's Strengths*

### Evolution of Servo Technologies

- Boost servo motor capacities & die cushions

### Evolution of High-Speed/ High-Precision Technologies

- Develop high-speed press lines

### Evolution of Technologies for New Materials

- Improve forming technologies for high-strength steels, aluminum, & CFRP

### Evolution of Maintenance Technologies

- Leverage IoT and monitoring systems.

*New Fields: Shift Our Focus from "Manufacturing" to "Value Creation"*

### Transform R&D & Sales Strategies

- Propose digital information systems
- Create value using software
- Propose automation systems
- Propose new forming systems

## Strengthening Business Infrastructure

*Establish/Bolster Infrastructure That Supports Technological Innovations*

### Strengthen Our Global Business Structure

- Strengthen organization by reorganizing subsidiaries
- Strengthen our sales networks
- Strengthen our co-engineering/co-mfg. system
- Strengthen our global governance

### Optimization of Management Resources

- Manpower development
- Shift resources to priority areas
- Global implementation of ERP system
- Strengthen safety & environmental measures
- Invest in new businesses through M&A

## Improving Profitability

*Transform our profit structure*

### Improve Business Portfolio

Improve Percentages of 3 Main Businesses-- Presses, Factory Automation, & Service

### Improve our product mix

Presses: Improve mix of midsize/large presses, high-speed presses, and gen.-purpose presses

### Improve Price Competitiveness

Revamp press production

# 5. The Medium-Term Management Plan — Strategies by Business Segment

## Press Business

Shift to Presses to Accommodate  
Next-Generation Vehicles  
→ Improve Our Product Mix

### Support for Next-Generation Vehicles

- Enhance & expand high-speed, high-precision presses for drive motors/batteries ( Garner new European and Chinese customers; enhance overseas production capabilities)
- Boost ability to accommodate lightweight materials  
(Improve technologies for forming high-strength steels, aluminum, & CFRP)

### Improve Price Competitiveness

- Narrow down presses to be used for engine-related parts
- Improve cost competitiveness of presses for forming frame members and outer panels

### Develop New Markets in Emerging Countries

- Support expansion of European/US/ Japanese customers in Asia
- Support supplier chain revisions

## Automation/FA Business

Create value by Leveraging  
Digital Technologies

### Accommodating Next-Generation Vehicles

- Improve conveyance features for high-strength steels & aluminum
- Bolster peripherals for high-speed/high-precision presses

### Leverage Simulation/3D Technologies

- Visualization of malfunction locations
- Bolster system optimization diagnostics, etc.

### Expand into non-press-related fields

- Leverage and jointly develop REJ technologies
- Apply transfer technologies to non-press applications
- Utilize AIDA's large servo motors for non-press applications

### Obtain New Technologies via Strategic Investments

- Conduct M&A or alliance to achieve the above

## Maint./Modernization Business

Enhance Preventive Maintenance &  
Equipment Upgrades  
→ Shift from Reactive to Proactive  
Proposals

### Bolster Our Preventive Maintenance Services

- Promote 'visualization' of parts replacement timing and costs.
- Equip presses with IoT and monitoring systems.  
→ To ascertain and visualize the press status

### Boost Productivity Via Equipment Enhancements

- Add new systems to old lines
- Utilize digital maintenance systems
- Expand proposal-based sales efforts that boost productivity

### Strengthen Capabilities and Assure Resources

- Prepare modernization/Service facilities
- Allocate manpower to Service Dept.
- Bolster ability to deal with European customers

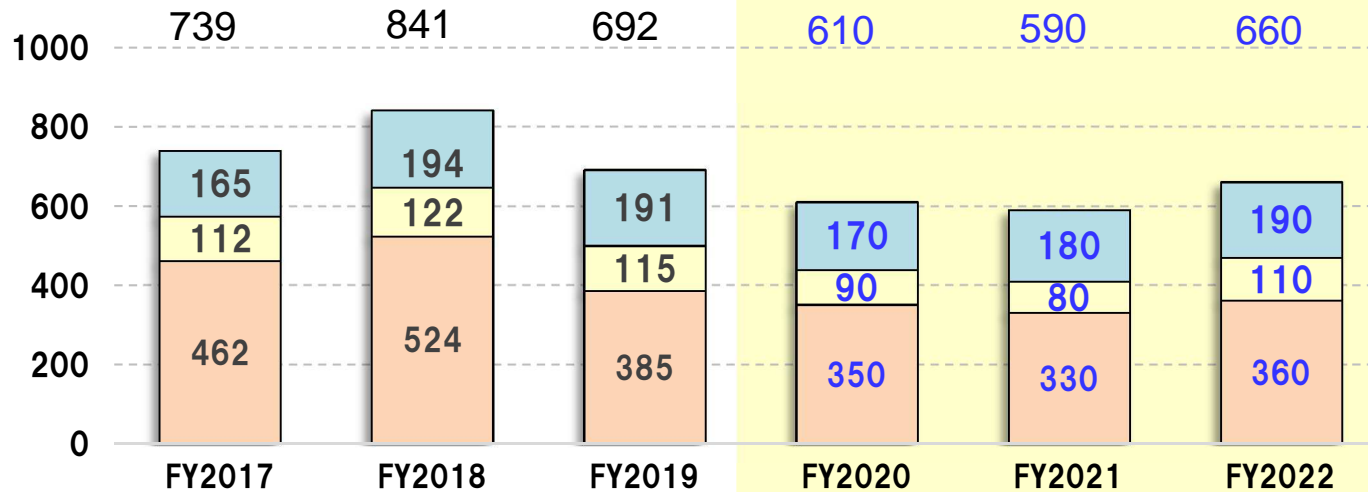
(100 million JPY)

		Results			Plan		
		FY2017 (2018/03)	FY2018 (2019/03)	FY2019 (2020/03)	FY2020 (2021/03)	FY2021 (2022/03)	FY2022 (2023/03)
Press Business	Sales	462	524	385	350	330	360
	Operating Income	29.7	25.7	15.2	3.6	3.3	18.0
	Operating Income %	6%	5%	4%	1%	1%	5%
Automation/ FA Business	Sales	112	122	115	90	80	110
	Operating Income	▲2.0	▲8.0	2.9	0.9	1.6	5.5
	Operating Income %	▲2%	▲7%	2%	1%	2%	5%
Maintenance/ Modernization Business	Sales	165	194	191	170	180	190
	Operating Income	35.5	37.9	43.7	28.1	30.6	34.2
	Operating Income %	22%	20%	23%	17%	17%	18%
Total		739	841	692	610	590	660
		63	56	62	33	36	58
		8.5%	6.6%	8.9%	5.3%	6.0%	8.7%



(100 million JPY)

## Sales

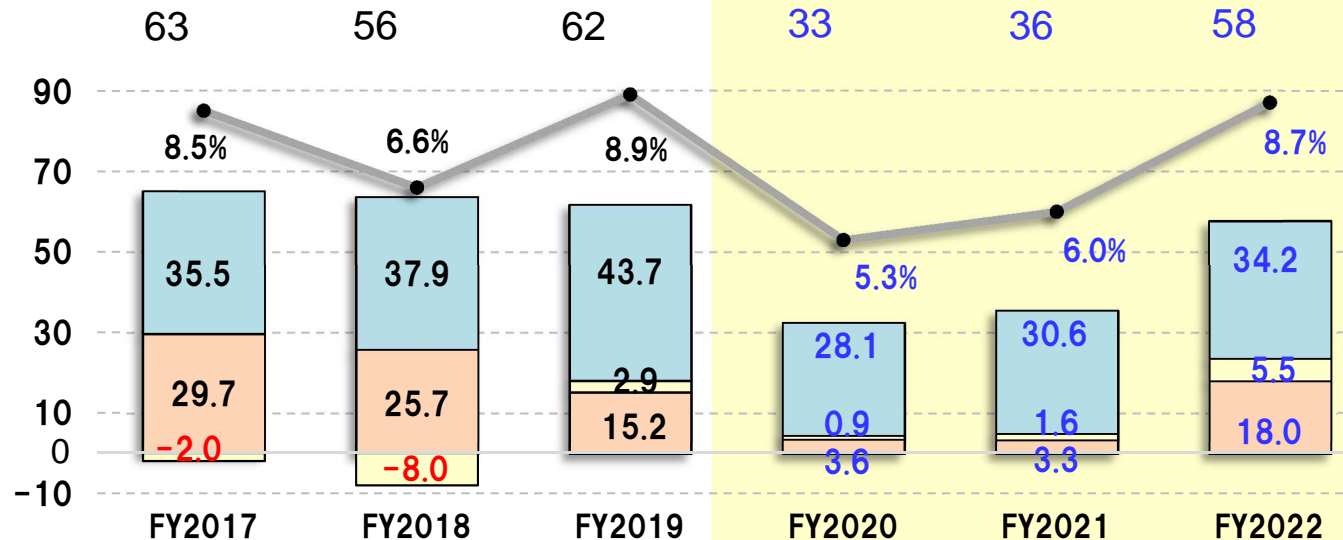


Press orders are sluggish for the time being due to falling capital investments triggered by COVID-19.

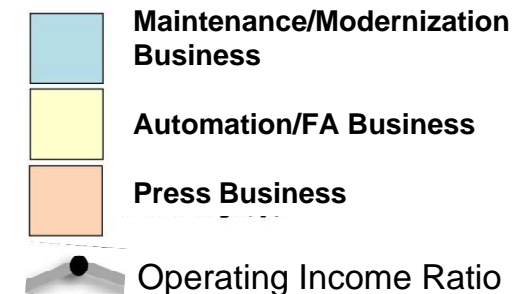
Order intake will recover by ascertaining mid/long-term capital investment needs (C.A.S.E., automation, environment, etc.)

(100 million JPY)

## Operating Income



At the same time, improve profitability by transforming our profit structure (business portfolio and product mix).



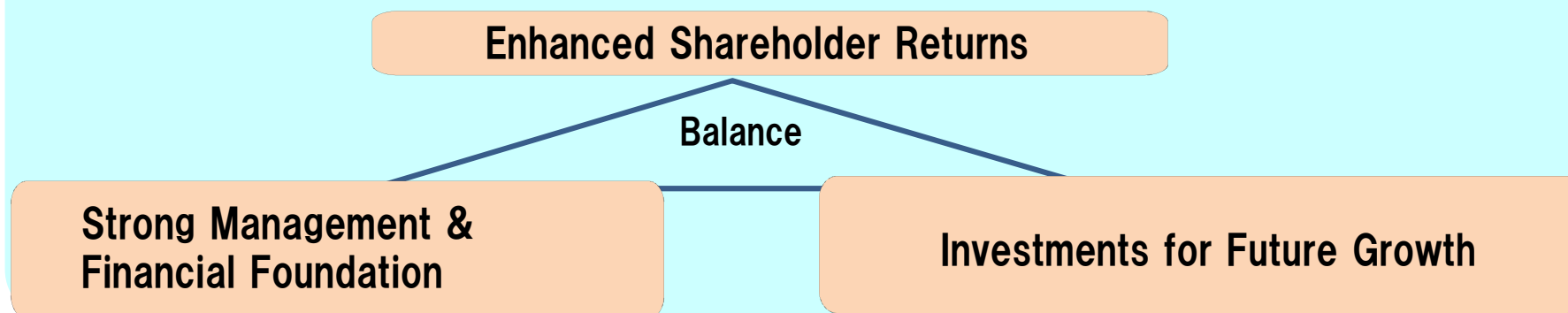
Results

Plan

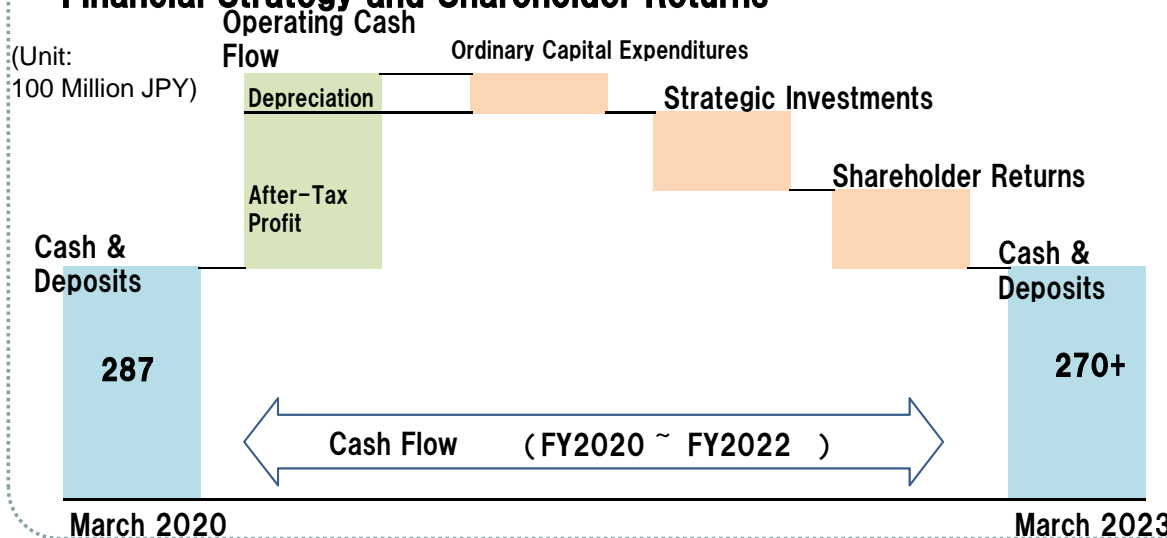
## [Basic Policy]

Our basic policy is to continue to provide stable returns to shareholders by aiming to maintain a consolidated dividend payout ratio of 40% while at the same time assuring a strong management and financial foundation, and investments for future growth.

⇒ This is consistent with our management policy to “Achieve sustainable growth together with our stakeholders.”



## Financial Strategy and Shareholder Returns



### Utilize Operating Cash Flow for Strategic Investments and Shareholder Returns

We will prioritize ordinary Cap-ex amounts that are equivalent to the depreciation amount (Approx. 20/Year)

### Maintain Reserves for ① Working Capital & ② Disaster Recovery

- ① 3 months sales of press and FA = 120
- ② Factory Rebuilding/Employee Salaries = 150

Current fiscal year and future forecasts/plans/projections contained in this document are based on the judgment of company management based on currently available information. Although the future forecasts/plans/projections are based on or grounded in hypothetical 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 these expectations or convictions will be realized, nor does it 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.

August 2020  
AIDA ENGINEERING, LTD.