

AIDA

The Mid-term Management Plan

FY2015 ~ FY2017 (April 2014~March 2017)

Looking Ahead to AIDA's 100th Anniversary



AIDA ENGINEERING, LTD.

The Mid-term Management Plan: Toward AIDA's 100th Anniversary (March 2017)



Corporate Philosophy

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

FY2008~FY2011
Mid-term
Management Plan

The initial plan through
FY2012 was
suspended in FY2011.

Diversify Products and
Enhance Global Systems

FY2012~FY2014
Mid-term
Management Plan

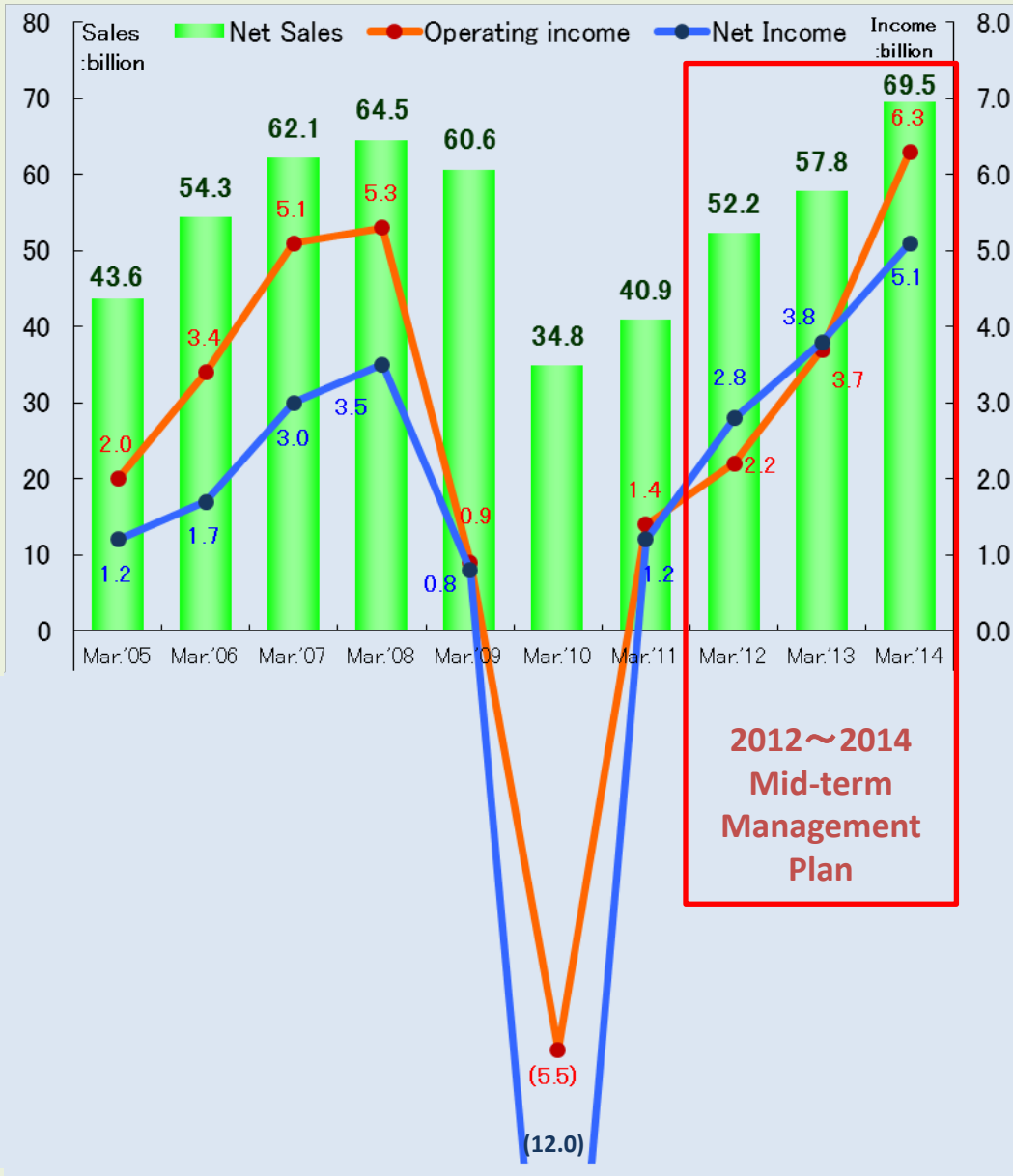
Achieve Sustainable
Growth as a Global
Company

FY2015~FY2017
Mid-term
Management Plan

Enhance
Foundation for
Further Growth
Looking ahead
to AIDA's 100th
Anniversary

**March
2017:
AIDA's 100th
Anniversary**

Review of the Prior Mid-term Management Plan: Performance Results



Performance Targets

(Years ended March 31)

Net Sales:

More than ¥ 65.0 billion by 2014
 ⇒ Results: **¥ 69.5 billion**
 as of 2014 (**Record High**)

Operating Income Ratio:

More than 8% by 2014
 ⇒ Results: **9.1%** as of 2014

Dividend Payout Ratio:

Around 30% through the period
 ⇒ Results: 29.9% as of 2012
 30.3% as of 2013
 29.8% as of 2014

Review of the Prior Mid-term Management Plan: FY2012 ~ FY2014 (April 2011 ~ March 2014)



SLOGAN

“As a forming system builder, we will strike a balance between ‘innovation’ and ‘continued sustainable growth as a global corporation’ and we will expand as a corporate group that is trusted by society.”

Key Policies

Creating Customers

- (1) Focusing on growing markets
- (2) Upgrading and expanding innovative products.

Increasing Value-Added Content

- (1) Focusing on strong products (high market share and high profitability) and profitable business
- (2) Improved productivity = improved inventory asset turnover ratio and higher overseas production ratio

RESULTS

Creating Customers

Expanded customer base

- (1) Increased automotive-related customers in America and Europe
- (2) Expanded business in emerging countries such as Mexico, Thailand, Indonesia, etc.
- (3) Upgraded and product lineup of Servo press. Expanded sales of servo tandem lines

Increasing Value-Added Content

Increased sales and profits for four consecutive years

- (1) Though we experienced a slump in the domestic market for general-purpose presses and high-speed precision presses, our service business expanded 150% compared with FY2011
- (2) Inventory asset turnover ratio:
3.0 as of FY 2011 ⇒ 4.9 as of FY 2014
Overseas production ratio:
29% as of FY 2011 ⇒ 44% as of FY 2014

Review of the Prior Mid-term Management Plan FY2012 ~ FY2014 (April 2011 ~ March 2014)



	FY2012	FY2013	FY2014
Product Development	<p>Our "High-Capacity Low-Speed, High Torque Servo Motors" won the "2011 Cho Monozukuri Innovative Parts and Components Award" from Nikkan Kogyo Shinbun.</p>	<p>Our "Large Servo Transfer Press System" won the "2012 Ten Greatest Innovations Prize" from Nikkan Kogyo Shinbun.</p>	<ul style="list-style-type: none">• Started selling the new "DSF-C1-A Series" servo presses• Our "High-Performance Servo Progressive System" won the "2013 Ten Greatest Innovations Prize" from Nikkan Kogyo Shinbun.
Manufacturing	<p>Started production at our new Aida Press Machinery Systems Co., Ltd., plant in Nantong, China</p>	<p>Expanded the factory and increased the equipment and machinery in Malaysia</p>	<ul style="list-style-type: none">• Upgraded our new Production Control System in Japan• Started internalizing thermal stress relieving processes by installing new ovens in Japan and Italy.• Expanded the factory in Italy
Sales and Service	<p>Established Sales and Service offices in Vietnam, Morocco and Russia.</p>	<p>Established a Sales and Service office in Nanjing, China.</p>	<ul style="list-style-type: none">• Established a Sales and Service office and a Service facility in Brazil• Established a Service facility in Indonesia• Relocated and expanded the Mexico office• Succeeded in converting a general-purpose press into a servo press

New Mid-term Management Plan: Our Corporate Vision & Basic Policies



Vision Statement

As a cutting-edge corporation that supports manufacturing, we will further develop and pursue environmentally friendly and energy-saving products.

Basic Policies

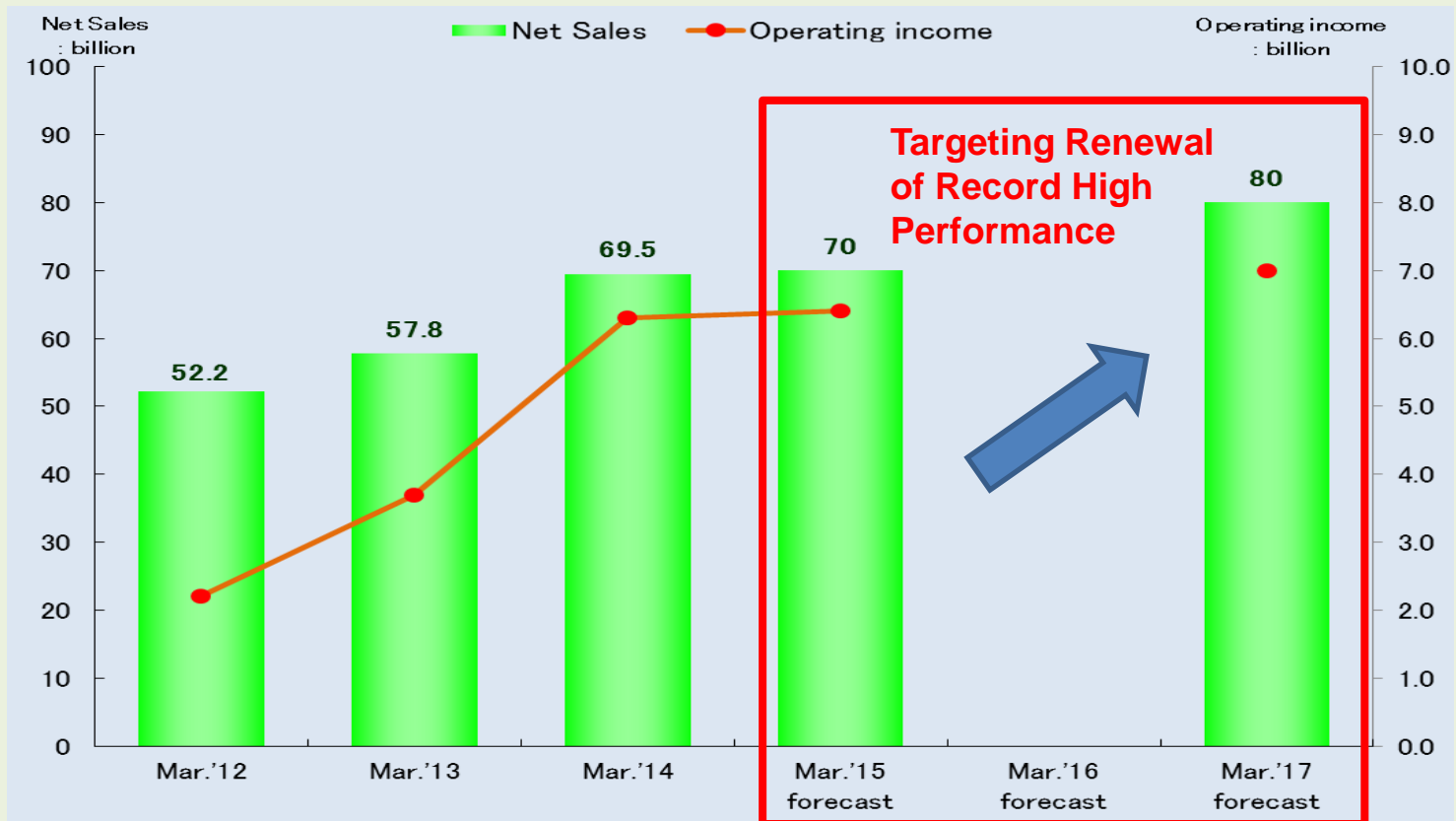
1. Put in place a solid corporate foundation that will enable even further business expansion
2. Establish AIDA as a Top Brand in the Global Marketplace
3. Pursue New Forming Technologies

New Mid-term Management Plan: Performance Targets



Through FY2017 (ending March 2017)

Net Sales: ¥ 80 billion or higher
Operating Income: ¥ 7 billion or higher

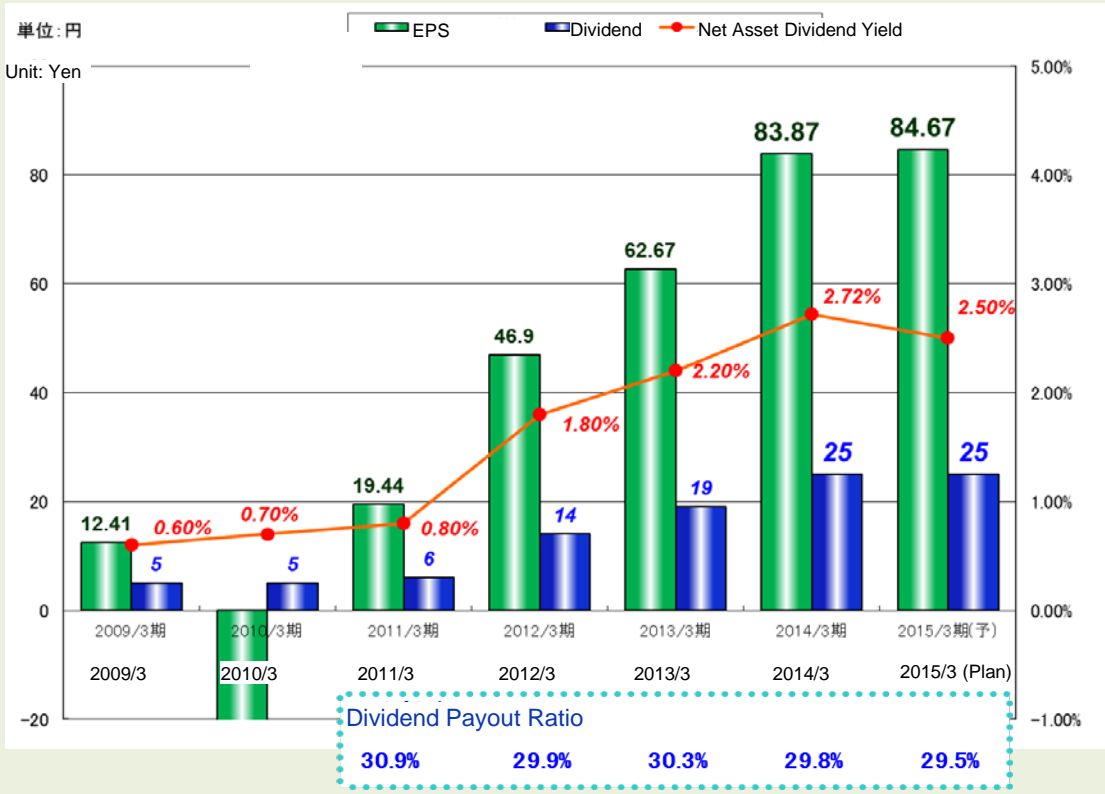


New Mid-term Management Plan: Shareholder Return



Basic Policy for Profit Distribution

AIDA comprehensively considers a stable business infrastructure and future expansion of operations, etc., and also places emphasis on the continuation of stable dividends by factoring in our dividend on equity (DOE) ratio, and AIDA's basic policy is to continue targeting a dividend payout ratio of 30% for each consolidated fiscal year based on its consolidated business results.



Seeking to Increase Earnings Per Share and Dividend Amount

Develop Market and Customer Base

- Enhance Technical Marketing (Optimize Sales Engineering Function)
- Diversify and Expand Marketing Channels

Strengthen Products

- Upgrade and Expand AIDA Core Products
- Further Expansion of Servo Technologies
- Take on the Challenge of New Materials and New Forming Systems

Pursue Further Globalization

- Establish a Global Network System
- Develop a Global Production System
- Develop Global Human Resources

New Mid-term Management Plan: Strategic Action Plan by Business Segment



Objectives

Strategic Action Plan

Press Business

Custom-Made Presses

- Secure Competitive Edge
- Improve Profitability

- **Continue to differentiate product functions and promote standardization.**
- **Expand our servo product lineup.**
- **Reduce cost by refining our global co-manufacturing system.**

General-Purpose Presses

- Differentiate from Competitors in Emerging Countries

- **Reduce manufacturing costs by increasing the production of servo motors for general-purpose presses.**
- **Shift the production of general-purpose servo presses overseas and expand global sales.**

New Mid-term Management Plan: Strategic Action Plan by Business Segment



Objectives

Strategic Action Plan

Press Business

High-Speed
Presses

- Develop Growth Markets
- Develop the Vehicle Electronics Market

- **Boost demand in emerging countries and expand our product lineup for the markets**
- **Develop products for the eco-friendly car market**

Service
Business

- Enhance Solution Business
- Expand Service Operations in Overseas Markets

- **Develop modernization (retrofit) products. Generate demand for modernization (through servo conversions and upgrading transfer systems and automation, etc.)**
- **Expand offices and increase / develop Service personnel.**

New Mid-term Management Plan: Strategies by Geographical Regions



Japan

Business Strategy
Corporate Management

- Implement a global matrix for managing Engineering, Production, Purchasing and Administration
- Reduce manufacturing cost of servo products (motors, controls, die cushions), and promote a global supply network

Asia

Focus on Growth Markets

- Promote production of general-purpose servo presses and servo motors in Malaysia
- Strengthen marketing in local markets
- Strengthen Service operations including modernization offerings (for Japanese and local customers in China and Southeast Asia)

Global
Cooperation

Americas

Expand Market Share

- Enhance marketing to major manufacturers in the Americas
- Expand manpower and capital expenditures
⇒ Expand manufacturing capabilities (welding, machining, assembly)

Europe

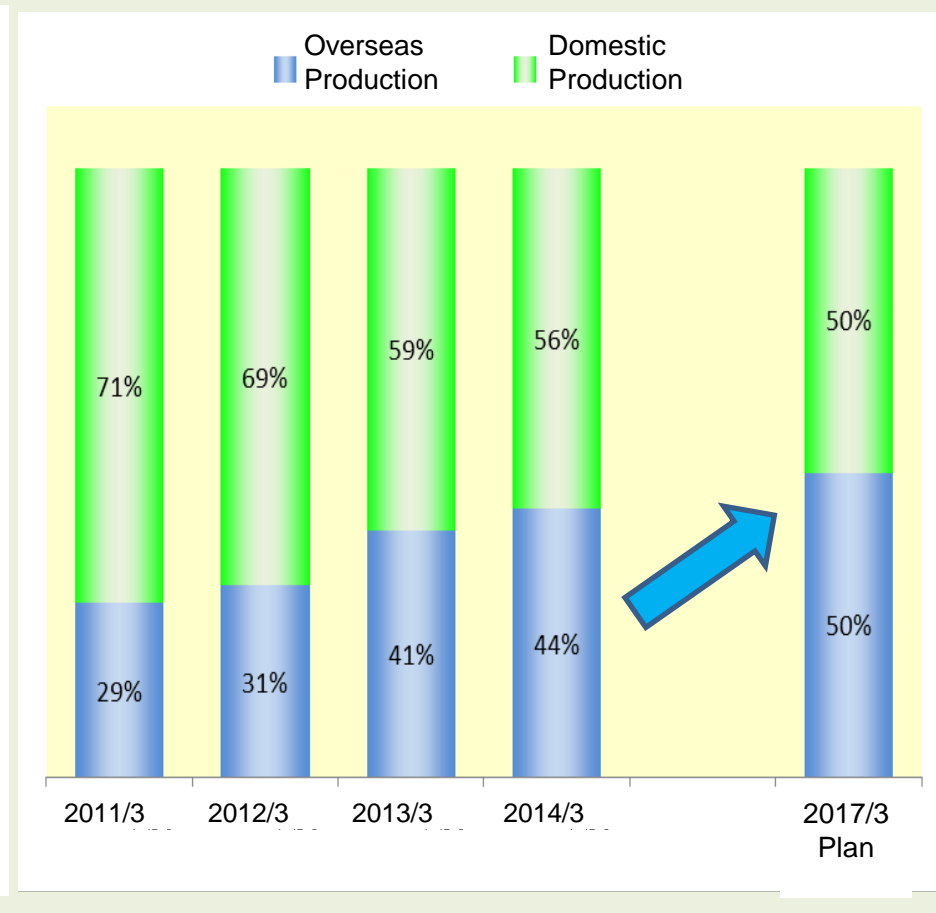
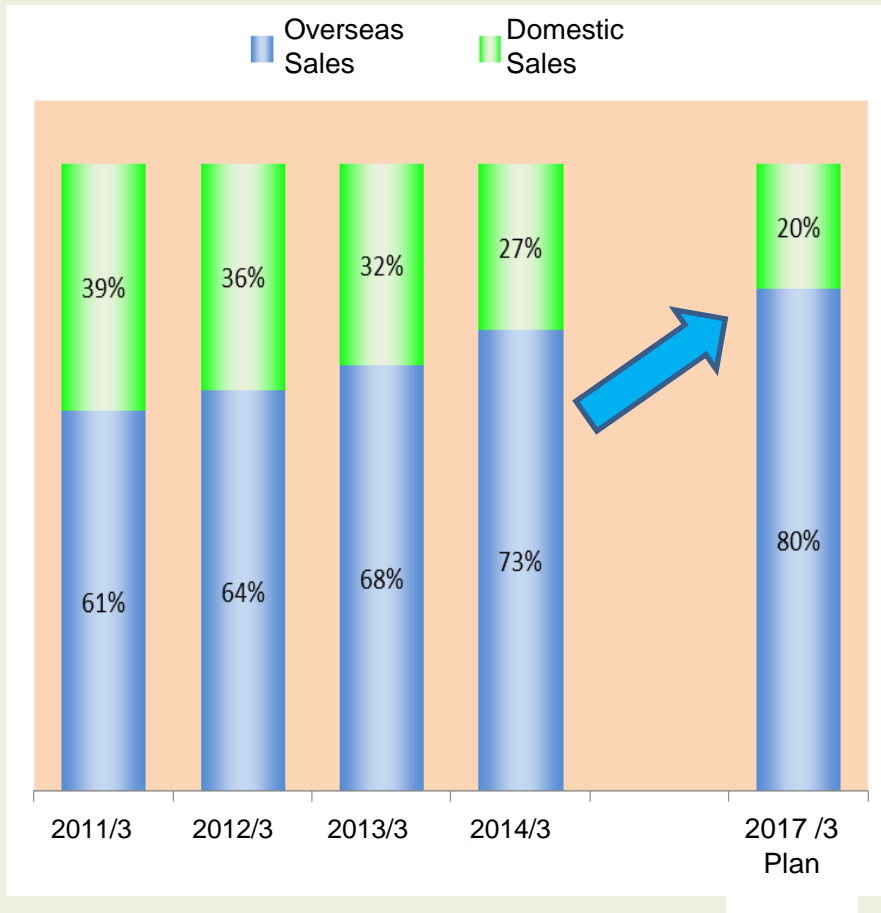
Expand Market Share

- Restructure the operation by stationing Japanese Engineering, Production Control, and Marketing managers and associates.
⇒ Change to profitable operation
- Expand capital expenditures and promote in-house production ⇒ Bolster manufacturing capabilities (welding, machining, assembly)

New Mid-term Management Plan: Increase Overseas Production



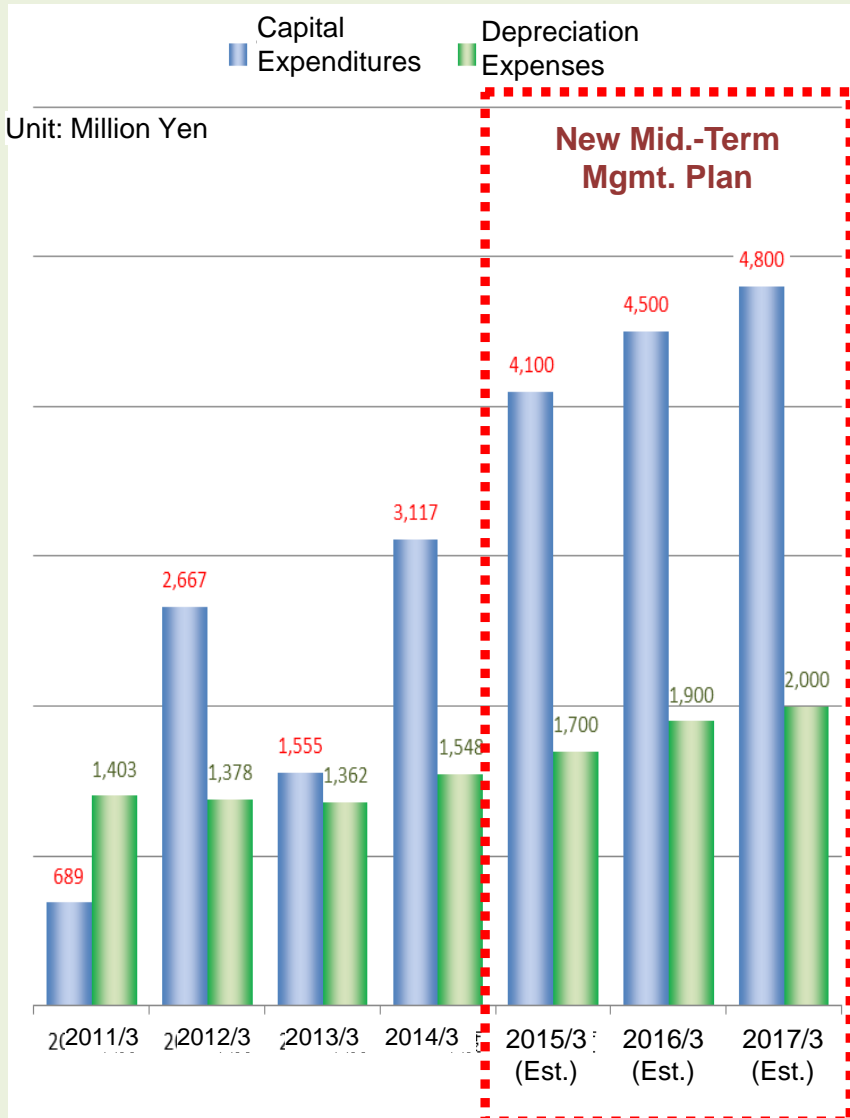
Improve the Balance between Overseas Sales and Overseas Production



While overseas sales have been increasing due to market growth in emerging countries, the domestic market has been sluggish.

Expanding overseas manufacturing capabilities is enhancing the supply network, shortening lead times, and reducing costs (production, logistics, etc.)

New Mid-term Management Plan: Capital Expenditures and Depreciation



For Further Business Expansion

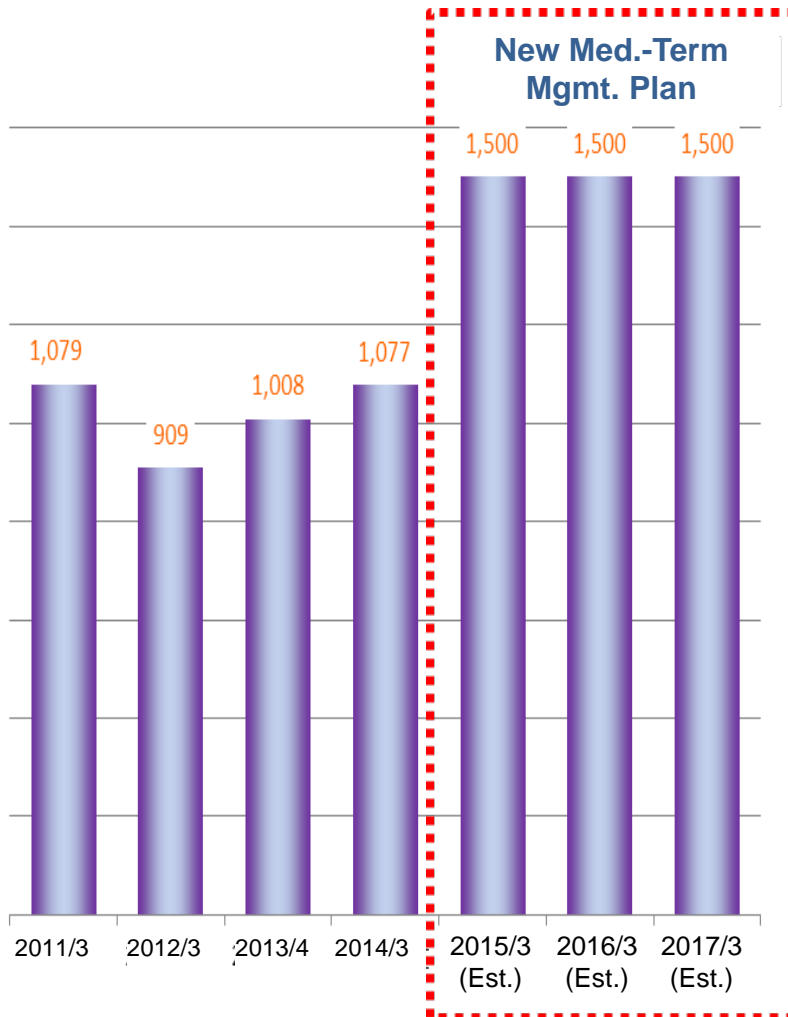
- Strengthen Production Capabilities**
 - Reconstruction of factories in Japan, including the main Sagami Factory, the Tsukui Factory, and the Shimokuzawa Factory.
 - < Construction Period: 5 years; Total Investment: 8 billion yen >
 - ⇒ Enhance the functions of main factory by revamping the layout to maximize production capabilities. This will improve the quality of components being supplied to overseas factories.
 - Installation of five horizontal boring machines in 2015:
 - Two in Japan, two in Italy, and one in the US.
 - ⇒ Promotes a global production system by enabling the sharing of machining programs between global production sites.
- Increase Value-Added Content**
 - Increase overseas production and in-house processes, such as plate-cutting, welding and thermal stress-relieving.
 - ⇒ Minimize the effects of supplier lead times. Reduce transportation costs for large components.
 - Upgrade the production control system to a single global system
 - ⇒ Pursue production at the optimal location and improve productivity by managing production capacity loading on global basis.

New Mid-term Management Plan: Further Bolster R&D



Unit: Million Yen

R&D Expenses



For the Next Generation of AIDA Products

- **Develop Next-Generation Products**
 - Enhance Servo Technologies
Develop and commercialize;
 - next-generation servo motors
 - next-generation servo control systems.
 - next-generation servo die cushions.
 - Expand our product lineup for high-speed precision presses, develop strategic products and Introduce them to the global markets
- **Take Up the Challenge of New Materials and New Forming Systems**
 - Develop forming systems for:
 - Ultra high tensile strength steels
 - High-strength aluminum
 - New materials

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 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.**

May 2014
AIDA ENGINEERING, LTD.