Dash 2015 New Mid-Term Management Plan

July 12, 2012

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TOYODENKI

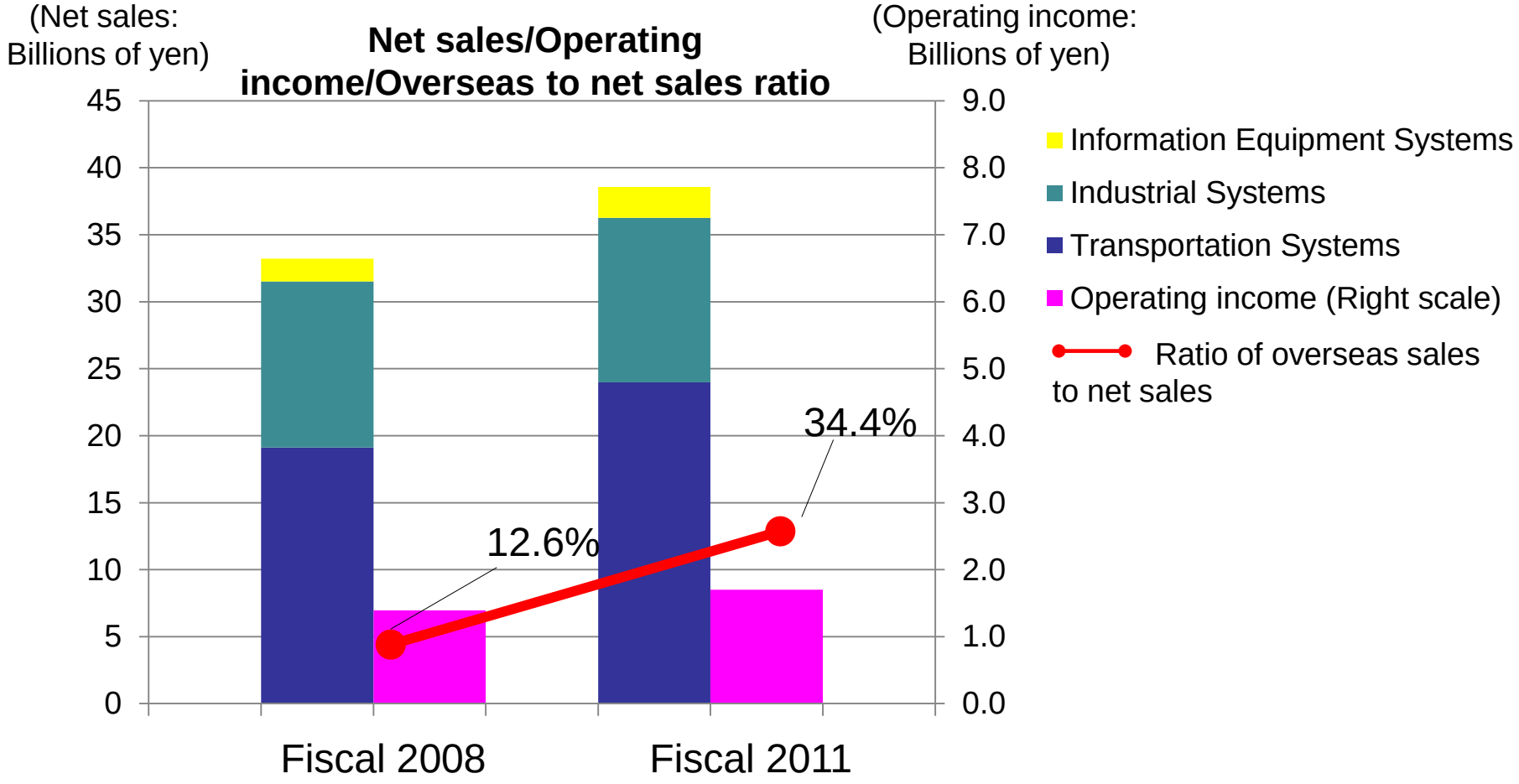
Previous Mid-Term Management Plan Forecasts and Results

(Billions of yen)

	Fiscal 2008	Fiscal 2011		
	Result	Forecast	Result	Difference
Net sales	33.2	42.0	38.5	-3.5
Operating income	1.4	3.0	1.7	-1.3
Operating income margin	4.2%	7.2%	4.4%	-2.8%
Ordinary income	1.3	3.0	1.8	-1.2
Net income	0.1	1.5	0.8	-0.7
Overseas net sales	4.2	12.6	13.2	+0.6
Ratio of overseas sales to net sales	12.7%	30.0%	34.4%	+4.4%
ROE	0.8%	10.0%	5.4%	-4.6%

Previous Mid-Term Management Plan Summary: Net Sales, Operating Income, Overseas to Net Sales Ratio

- Net sales and operating income fell short of forecasts.
- Surpassing target of 30%, ratio of overseas sales to net sales set a record high.



Previous Mid-Term Management Plan Summary: Results and Issues by Business

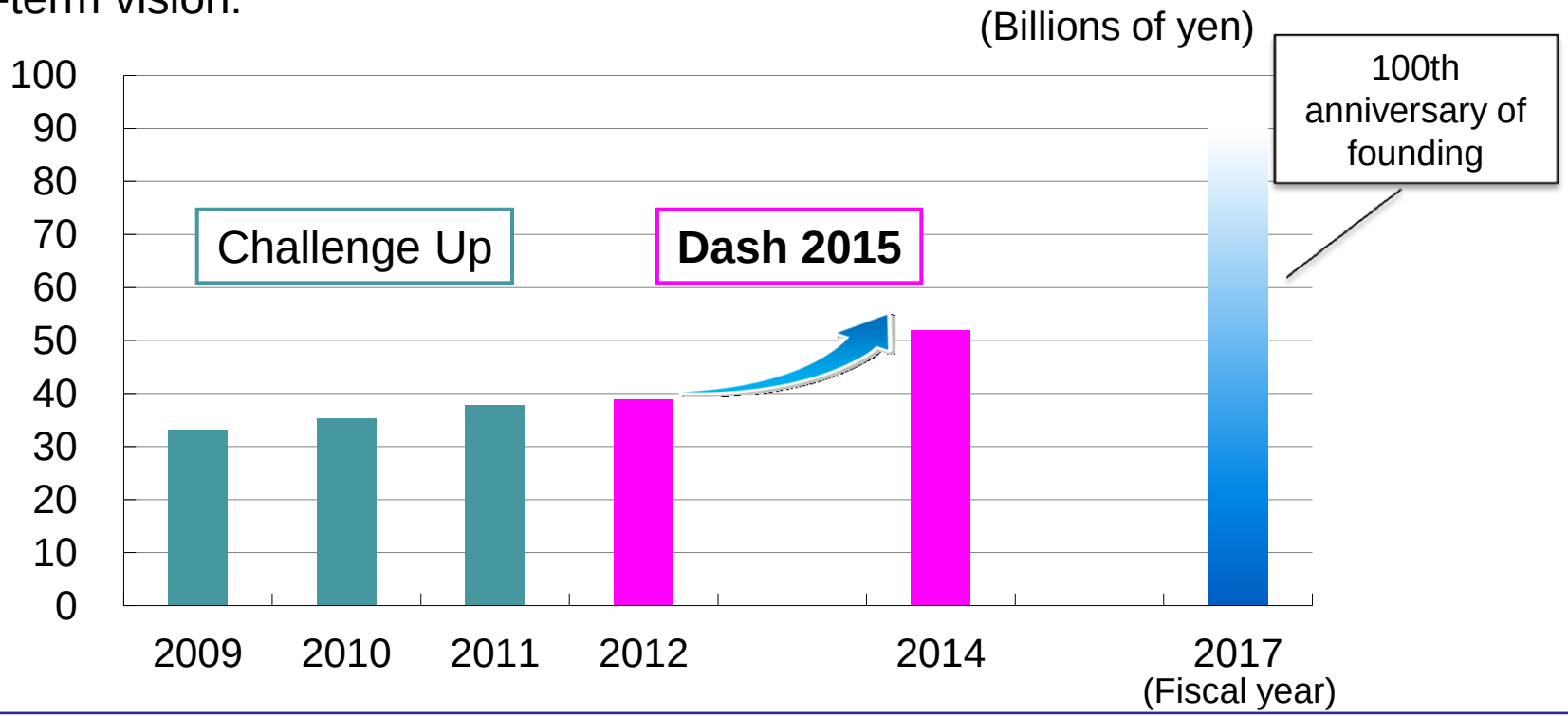
	Results	Issues
Transportation Systems	Business for overseas markets expanding as planned	Enhance structure for handling overseas orders
Industrial Systems	Recovered from bottoming out after crisis following the collapse of Lehman Brothers	Reorganize business structure to adapt to changes in market structure; markedly strengthen overseas business
Automotive vehicle electrical equipment	Began mass production of drive systems for construction machinery	Build a structure for expanding mass production base
Information Equipment Systems	Added new products in the railway station operating equipment line	Expand market for railway station operating equipment; put remote monitoring business on track

New Mid-Term Management Plan

Name: Dash 2015 (June 2012 – May 2015)

Objective of the new mid-term management plan

Dash 2015 builds on the foundation laid by the Challenge Up Plan (previous mid-term management plan) to promote measures based on Toyo Denki's basic policy and put its businesses on track for greater growth in order to realize the long-term vision.



Long-Term Vision

Long-Term Vision

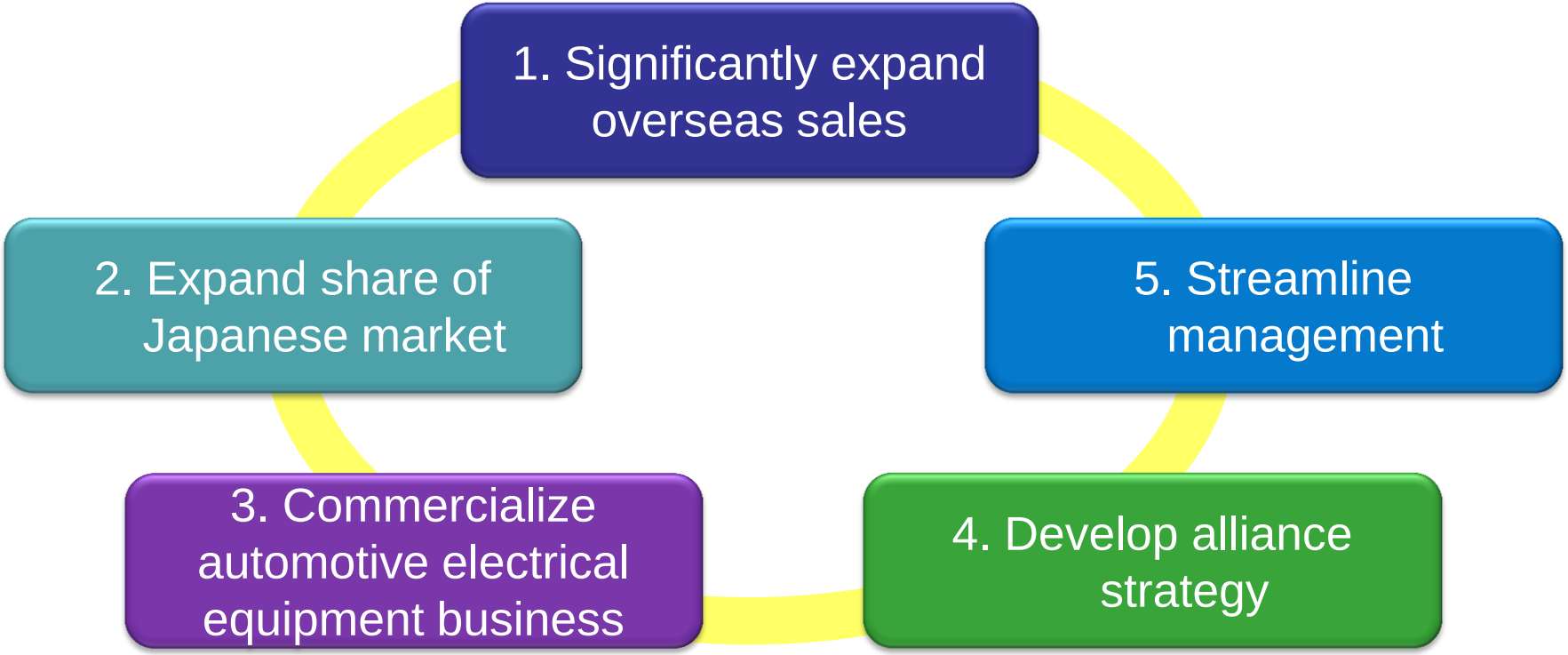
Integrating the exceptional motor drive technologies on which our company was founded with our breakthrough advanced technologies to help build environmentally friendly societies through global business development

Toyo Denki in the Long-Term

A global company that continues to create technology designed to support environmentally friendly societies

Basic Policy

Marking the 100th anniversary of its founding in 2018, Toyo Denki is focused on dramatically increasing its corporate value by markedly strengthening the management base in order to create a corporate group that is suited to a new age.



Principal Measures

1 Establish structure for promoting global business

- Further develop markets in China, the US, South Korea, and Taiwan
- Maintain marketing bases in India and Southeast Asia
- Expand existing overseas production bases and establish new bases
- Strengthen alliances

2 Develop and promote new businesses

- Quickly establish a mass production structure for automotive electrical equipment
- Enter new business sectors that are relevant to the trends toward electrification and compliance with environmental standards

3 Develop new products and technologies

- Develop new strategic products
- Reorganize and expand R&D division
- Acquire international certifications and qualifications

4 Reduce costs, enhance quality and reliability

- Implement drastic cost reduction measures throughout production and administrative divisions
- Boost capacity to create cash by improving asset efficiency
- Strengthen quality control system

5 Promote CSR

- Establish regular CSR activities and expand areas of CSR focus

6 Create dynamic corporate culture

- Maintain comfortable workplace environment
- Retain next-generation human resources and develop skills
- Build systems

Management Targets

(Billions of yen)

	Fiscal 2011	Fiscal 2014 (Forecast)	Difference
Net sales	38.5	52.0	+13.5
Operating income	1.7	3.6	+1.9
Operating income margin	4.4%	7%	+2.6%
Ordinary income	1.8	3.6	+1.8
Net income	0.8	1.8	+1.0
Overseas net sales	13.2	26.0	+12.8
Ratio of overseas sales to net sales	34.4%	50% or higher	+15.6% or higher
ROE	5.4%	8% or higher	+2.6% or higher

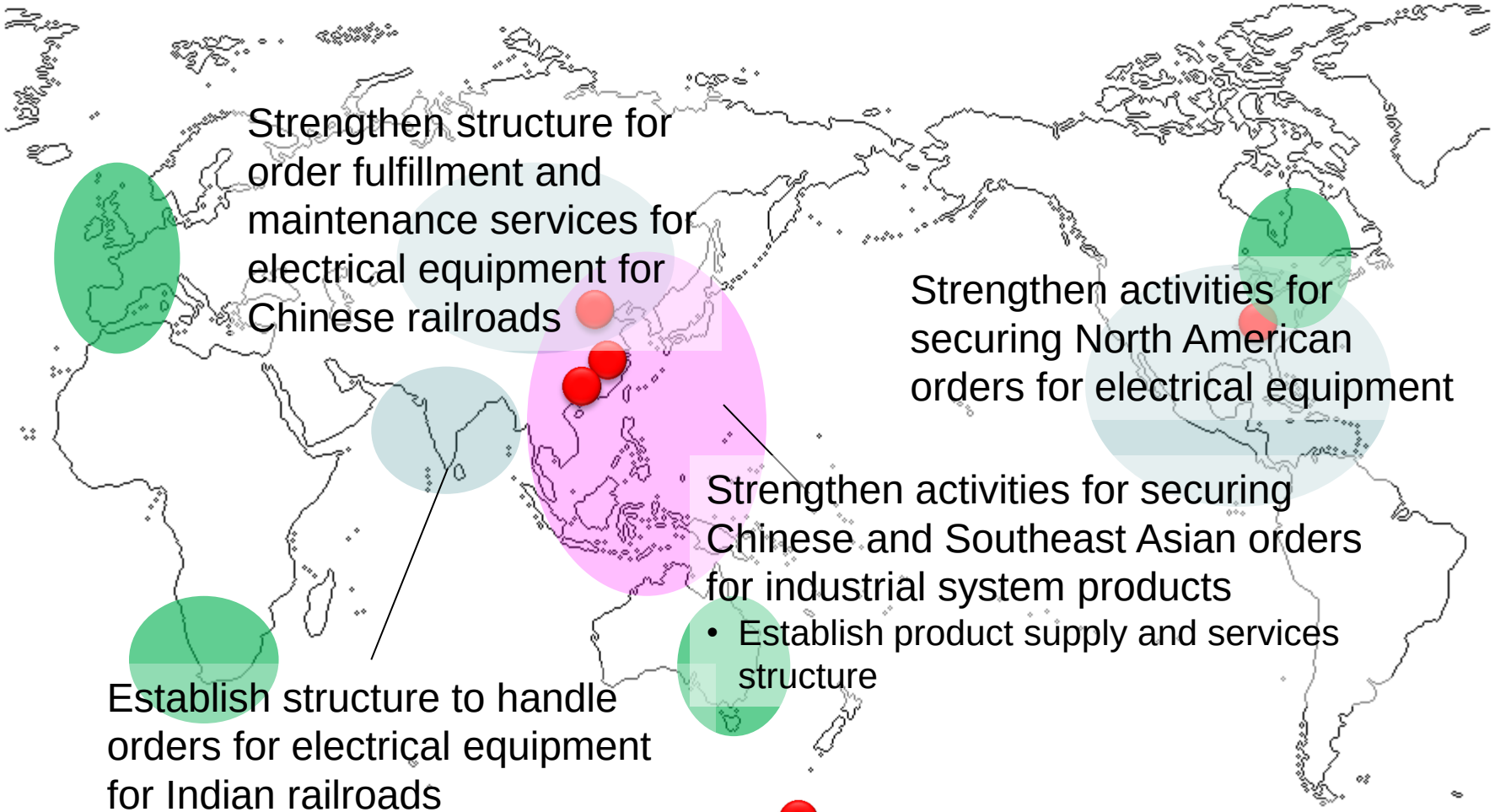
Management Targets by Business

(Billions of yen)

	Fiscal 2011		Fiscal 2014 (Forecast)	
	Net sales	Segment income	Net sales	Segment income
Transportation Systems	24.0	2.7	28.0 (+4.0)	3.5 (+0.8)
Industrial Systems	12.2	0.25	21.0 (+88)	1.55 (+1.30)
Automotive vehicle electrical equipment	0.5	(0.28)	3.0 (+2.5)	0.13 (+0.41)
Information Equipment Systems	2.3	0.66	3.0 (+0.7)	0.55 (-0.11)
Adjustment[1]	–	(1.92)	–	(2.0)
Total	38.5	1.7	52.0 (+13.5)	3.6 (+1.9)

[1]Adjustment is primarily comprised of selling, general and administrative expenses that are not allocated to each business segment..

Overseas Strategies: Transportation and Industrial Systems



Strengthen structure for order fulfillment and maintenance services for electrical equipment for Chinese railroads

Strengthen activities for securing North American orders for electrical equipment

Strengthen activities for securing Chinese and Southeast Asian orders for industrial system products

- Establish product supply and services structure

Establish structure to handle orders for electrical equipment for Indian railroads

- Set up representative office
- Utilize alliances

…Overseas bases

…Priority regions for utilizing alliances

Organizational Strategies

Toyo Denki undertook a reorganization on June 1, 2012 to enhance the Company's ability to execute Dash 2015 successfully.

- Strengthen functions that boost business strategy planning capacity and Group management capacity

  → Management Planning Division/Group Administration Office, Corporate Production Planning Division, Purchasing Center, and other departments

- Maintain and expand structure to accelerate business development overseas

  → Industry Business Unit/Global Strategy Division

- Enhance R&D structure to enhance ability to create new technologies and products

  → Research Laboratory

Thank you for your interest.

http://www.toyodenki.co.jp

Inquiries

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