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Toyo Denki Seizo Announces New Medium-Term Management Plan—“Next 100”

Tokyo, Japan, July 10, 2014—Toyo Denki Seizo K.K. (hereinafter Toyo Denki) today announced that it has formulated a new medium-term management plan that will see the Company through the fiscal year ending May 31, 2017. The new management plan—titled “Next 100” in reference to the next 100 years and beyond—positions the Company to respond to changing business conditions and hurdles that need to be addressed since the previous “Dash 2015” management plan (covering the period from June 1, 2012 to May 31, 2015) was announced on July 11, 2012.

The “Next 100” management plan builds on the foundations of the “Dash 2015” plan to place the Company on course for further growth in realizing its long-term corporate vision. Under the management plan, Toyo Denki will actively pursue initiatives based on the core strategies outlined below.

1. Long-Term Vision

The Toyo Denki Group will contribute to the realization of an environmental-compatibility-based society through global business development by fusing advanced breakthrough technologies together with the excellent motor drive technologies it has cultivated since its foundation.

2. Fundamental Policy

The Toyo Denki Group is committed to drastically improving its corporate value while thoroughly strengthening its management foundation, in order to become a Group well adapted to the new era in view of 2018, the 100th anniversary of its foundation, and beyond.

Aiming to strengthen the management foundation as a 50 billion yen company in three years under the slogan: “Beyond the 100-Year Mark”

- (a) Strengthen international competitiveness
- (b) Build a stable business earnings structure
- (c) Restructure production system
- (d) Promote development of technology
- (e) Establish new businesses
- (f) Train human resources to support global development

3. Main Strategies

- (a) Strengthen international competitiveness
 - Promote business centered on the Group’s bases in overseas markets in China, the U.S., South Korea, India, and Taiwan
 - Build up the brand and expand business through bases in Southeast Asia
 - Utilize alliances to cultivate new markets
- (b) Build a stable business earnings structure
 - Expand its share in Japan’s Mothers market
 - Stabilize earnings potential in Industrial Systems segment
- (c) Restructure production system
 - Expand production capacity and establish global production system as Toyo Denki in view of

its 100th year and beyond

- Strengthen global quality control systems, including supplier management
- Reorganize backbone systems
- (d) Promote development of technology
 - Proactively utilize young human resources with an eye to achieving fresh ideas
 - Train advanced engineers through active secondment to research institutions such as universities
- (e) Establish new businesses
 - Promote businesses in distributed power sources and electrification
- (f) Train human resources to support global development
 - Procure next-generation human resources and capacity-development systems
 - Establish working and living environments that the promotion and development of global business
- (g) Promote CSR activities

4. Numerical Management Targets (Consolidated)

The numerical targets for the fiscal year ending May 31, 2017 are as follows.

		(Billions of yen)		
	Fiscal 2013		Fiscal 2016 Forecast	
Net sales	34.95	➔	50.0	
Operating income (%)	1.07 (3.1%)		3.0 (6%)	
Ordinary income	1.03		3.2	
Net income	0.64		1.9	
Overseas sales (%)	12.83 (36.7%)		25.0 (50%)	
Segment net sales				
Transportation Systems	22.20			31.0
Industrial Systems	10.92			16.0
Information Equipment Systems	1.83			3.0