

1 “Revitalize2020” New Medium-Term Management Plan

Toyo Denki Group today announced revisions to the “Next 100: Beyond 100 years, Ver.2” medium-term management plan announced on July 12, 2016 as described below, in the light of changing business conditions and hurdles that need to be addressed since the previous announcement and the newly developed “Revitalize 2020” medium-term management plan that will come to an end in the fiscal year ending May 31, 2022.

Gist

Based on the fundamental policy under the “Next 100” medium-term management plan, while Toyo Denki Seizo K.K. (hereinafter “Toyo Denki”) has promoted reinforcements to its management foundations by taking actions such as commencing operation of the new Shiga Ryuo Plant in June 2018 to commemorate the 100th anniversary of its founding, Toyo Denki still has hurdles that need to be addressed; i.e., improving profitability and accelerating product development. Starting from the results achieved and the hurdles that remain under the “Next 100” plan, as well as are view of its business resources at the 100th anniversary of its founding, Toyo Denki has decided to develop the new “Revitalize 2020” four-year medium-term management plan, which targets 2020 for its nearest goal.

Toyo Denki will improve its earning power based on the fundamental policy of this new plan and take a new step towards establishing a strong operating system that generates steady profits.

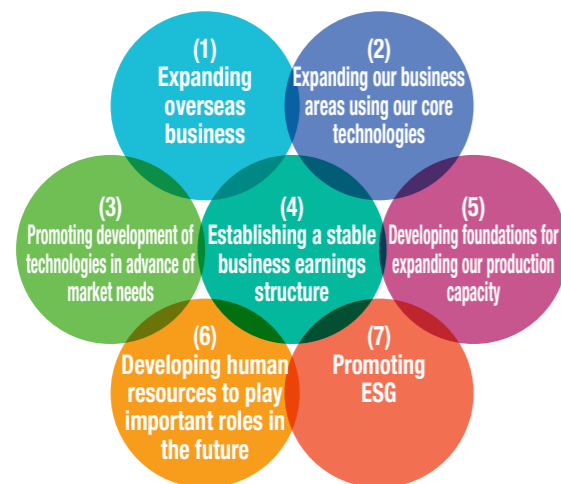
Long-term Vision

We will contribute to realizing a social infrastructure system that is friendly to the global environment by providing high-quality products that combine the excellent motor drive technologies we have cultivated since our founding and advanced breakthrough technologies worldwide based on our solid business foundations.

Fundamental Policy

Toyo Denki Group will establish a strong operating system that generates steady profits by strengthening its organizational power and promptly providing high-quality products to our customers.

In the first two years (from the fiscal year ending May 31, 2019 to the fiscal year ending May 31, 2020), which we regard as a period for strengthening our base, we will focus on the pressing issue of improving our profitability. In the latter two years (from the fiscal year ending May 31, 2021 to the fiscal year ending May 31, 2022), which we regard as a period for achieving growth to realize net sales of more than 47 billion yen, we will focus on strategically developing our businesses, including new business alliances and M&As, inside and outside Japan.



Numerical Management Targets (Consolidated)

In order to aggressively promote actions for the medium-term management plan listed above, we will add equity in profit of unconsolidated subsidiaries and affiliates, ROE (Return on Equity) and dividend payout ratio to targets.

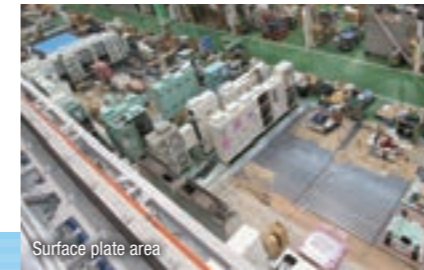
	(Unit: Billions of yen)		
	Fiscal year ended May 31, 2018 (Results)	Fiscal year ending May 31, 2020 (Plan)	Fiscal year ending May 31, 2022 (Plan)
Corporate			
Net sales	42.527	43.0	Over 47.0
Operating income (Operating margin)	0.366 0.9%	0.9 2.1%	2 4.3%
Ordinary income	0.515	1.1	2.4
Net income	0.692	0.7	1.6
Equity in profit of unconsolidated subsidiaries and affiliates	0.116	0.12	0.4
ROE (Return on Equity)	2.7%	3.3%	5.0%
Dividend payout ratio	^(Note) 68.2%	30.0%	30.0%

Segment net sales			
Transportation Systems	27.949	29.0	31.0
Industrial Systems	11.769	13.0	15.0
Information Equipment Systems	2.801	1.0	1.0

(Note) For the fiscal year ended May 31, 2018, we will pay a commemorative dividend of 20 yen per share to mark the 100th anniversary of our founding in addition to the regular dividend of 30 yen per share. Dividend payout ratio for the fiscal year ended May 31, 2017 was 24.2%.



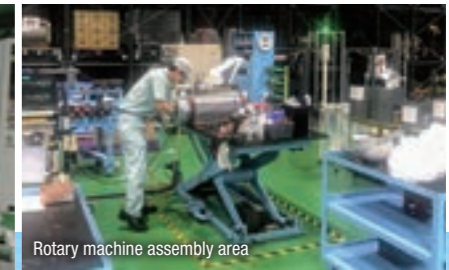
Shiga Ryuo Plant: Main entrance



Surface plate area



Control panel assembly area



Rotary machine assembly area



Cafeteria



Shiga Ryuo Plant: Overview

2 New factory “Shiga Ryuo Plant” begins operations

The “Shiga Ryuo Plant,” the new factory constructed in the Shiga Ryuo Industrial Park vicinity, has been completed. The completion ceremony was held on May 28, 2018 where many guests graced us with their presence, and operations began on June 1 of the same year.

Through the launch of the Shiga Ryuo Plant, we consolidated bases in the Industrial Systems segment that were divided between a part of the Yokohama Plant and the former Shiga Factory (Moriyama, Shiga Prefecture), thereby enabling efficient production. Furthermore, we will strengthen our research and development efforts in the new R&D building. The Yokohama Plant will be designated as the base for the Transportation Systems segment, and restructuring of production lines will be conducted with the aim of expanding production capabilities.

Going forward, in the Industrial Systems segment, production capabilities will be raised through improving the operating rate of production lines at the Shiga Ryuo Plant, and we will globally provide high-quality products that utilize our technological capabilities.

Celebration of the 100th Anniversary of Foundation

Special Report



Address by President Terashima

The Company celebrated the 100th anniversary of its founding on June 20, 2018. This was wholly attributable to the support and patronage we have received from our customers, business partners, shareholders, and industry groups over the years, and we would like to express our sincerest gratitude to them.

Going forward, keeping in mind the dignity of being a “100-year company,” the Company will continue contributing to the railway infrastructure and social infrastructure of Japan and countries all over the world.



Celebration venue



Presentation of the Company's 100-year history

Name of ceremony	Celebration of the 100th Anniversary of Toyo Denki Seizo K.K.'s Foundation
Date and time	May 16, 2018 (Wednesday), 6:00 -8:00 p.m.
Venue	Fuji Room, 3F, Imperial Hotel Tokyo
Number of participants	Around 300

A cigar case gift that came home to Toyo Denki Seizo after a century

—story delivered from the U.K. to Japan at the 100th-year turning point

One day in September 2016, out of the blue, the Company received a letter from the U.K.

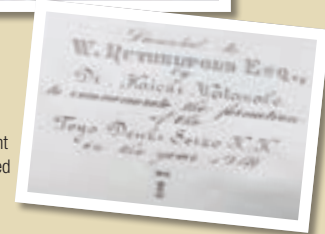
The contents of the letter were as follows: “At an auction, I bought a silver cigar case with a carved seal that was a gift from the first president of Toyo Denki Seizo, Mr. Kaichi Watanabe, to an executive of Dick Kerr & Co., Ltd. Is this a piece of memorabilia of your company? I have plans to visit Japan, and I can bring it along if you would like me to.”

As we unraveled the history of the Company, we confirmed that the cigar case was most likely a commemorative gift that our first president, President Watanabe, gave to our technical cooperation partner Dick Kerr & Co., Ltd. a hundred years ago when the Company was founded.

The letter was sent by Mr. Charles and his family, who are fans of Japanese antiques and curios. Apparently, he was mesmerized by the cigar case when he first saw it at the auction and bought it. Subsequently, he noticed the company name and name carved on the back of the case, did some research, and found the Company.



Cigar case



Name of the first president, President Watanabe, is carved on the back

There was a reason behind why he found the Company so quickly.

Even today, President Watanabe, the first president of the Company, is known as a famous technician in the U.K. As he was the designer of the cantilever structure of the Forth Bridge, which is renowned as a World Heritage Site and is also printed on the 20 pound note of Scotland, Mr. Charles recognized the name carved on the cigar case right away.

Although it is not known how President Watanabe presented the gift back in the day, or how the cigar case later ended up at the auction house, it has returned home to Toyo Denki Seizo after a century.



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