New Medium-Term Management Plan
“NEXT 100: Beyond 100 Years”

July 11, 2014
Toyo Denki Seizo K.K.
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.

Toyo Denki in the Long-Term

A global company that continues to create technology for the realization of social infrastructure systems that help protect the global environment
新中期経営計画と基本方針

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

(Name)  “NEXT 100: Beyond 100 Years”
(June 1, 2014 – May 31, 2017.)

1. Strengthen international competitiveness
2. Build a stable business earnings structure
3. Restructure production system
4. Promote development of technology
5. Establish new businesses
6. Train human resources to support global development

Fundamental Policy
Business Area Expansion and Globalization

- Achieve net sales of ¥50 billion, and operating income of ¥3 billion by May 31, 2017
- Increase the ratio of overseas sales to net sales to 50%
Principal Measures

1. 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

2. Build a stable business earnings structure
   - Expand its share in Japan’s Mothers market
   - Stabilize earnings potential in Industrial Systems segment

3. 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
Principal Measures

4. 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

5. Establish new businesses
- Promote businesses in distributed power sources and electrification

6. 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
## Management Targets

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>Fiscal 2013</th>
<th>Fiscal 2016 Forecast</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>34.96</td>
<td>50.0</td>
<td>+15.04</td>
</tr>
<tr>
<td>Operating income</td>
<td>1.08</td>
<td>3.0</td>
<td>+1.92</td>
</tr>
<tr>
<td>Operating income margin</td>
<td>3.1%</td>
<td>6%</td>
<td>+2.9%</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>1.04</td>
<td>3.2</td>
<td>+2.16</td>
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<tr>
<td>Net income</td>
<td>0.64</td>
<td>1.9</td>
<td>+1.26</td>
</tr>
<tr>
<td>Overseas net sales</td>
<td>12.83</td>
<td>25.0</td>
<td>+12.17</td>
</tr>
<tr>
<td>Ratio of overseas sales to net sales</td>
<td>36.7%</td>
<td>50% or higher</td>
<td>+13.3% or higher</td>
</tr>
</tbody>
</table>
Management Targets by Business Segment

<table>
<thead>
<tr>
<th></th>
<th>Fiscal 2013</th>
<th>Fiscal 2016 Forecast</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>22.20</td>
<td>31.0</td>
<td>+8.8</td>
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<tr>
<td>Transportation Systems</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Systems</td>
<td>10.92</td>
<td>16.0</td>
<td>+5.08</td>
</tr>
<tr>
<td>Information Equipment Systems</td>
<td>1.83</td>
<td>3.0</td>
<td>+1.17</td>
</tr>
<tr>
<td>Adjustment&lt;sup&gt;1&lt;/sup&gt;</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>34.96</td>
<td>50.0</td>
<td>+15.04</td>
</tr>
</tbody>
</table>

<sup>1</sup> Adjustment is primarily comprised of selling, general and administrative expenses that are not allocated to each business segment.
Overseas Strategies: Transportation and Industrial Systems

(1) Establish structure to handle orders for electrical equipment for Indian railroads

(2) Strengthen activities for securing orders for electrical equipment for North American railroads

(3) Capture demand for upgrading electrical equipment for Southeast Asian railroads

(4) Strengthen activities for securing Southeast Asian orders for industrial system products

(5) Establish structure to handle orders for electrical equipment for Indian railroads

(6) Expand overseas sales of testing equipment for automobile development

Production sites
Sales and information gathering sites

Priority regions
Future target regions
Thank you for your interest.

http://www.toyodenki.co.jp

Inquiries
PR, IR, and CSR Department, Management Planning Division
Toyo Denki Seizo K.K.
Phone: 03-5202-8122
Email: contact@toyodenki.co.jp
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