

The 8th Medium-term Management Plan

The Nippon Chemi-Con Group has outlined and is implementing our 8th Medium-term Management Plan, which covers the three-year period between April 2017 (FY2017) and March 2020 (FY2019).

▶ Medium-term Target

Establishment of a Robust Management Platform through Business Structure Transformation toward the 90th Anniversary - Deepening Management Innovation -

▶ Numerical Goals for the Final Year

| | | | | | |
|----------------------------|------------------------|-------------------------|------------|--|-----------|
| Net sales | 140 billion yen | Operating income margin | 6% | ROE | 8% |
| Total asset turnover ratio | 1.0 | Equity ratio | 50% | (Assumed exchange rate: 110yen to the US dollar) | |

▶ Fundamental Strategy

Offering services that delight our customers and creating new values that satisfy genuine demands of customers

▶ Key Measures

- 1 Clarification of growth strategies
- 2 Reinforcement of earnings structure
- 3 Strengthening corporate governance
- 4 Enhancing customers' satisfaction through quality first and speedy business management
- 5 Creating a vibrant corporate culture and fostering human resources for ten years ahead

▶ Slogan and Logo

Slogan STAND UP AND STAND OUT



The slogan and logo mark adopted for our 8th Medium-term Management Plan were both determined based on an open call for submissions to all companies in the Nippon Chemi-Con Group. The internal open call resulted in 3,386 submissions from domestic and overseas employees.

▶ Progress of numerical goals

Initial year results (FY2017) are as follows.

| | | | | | |
|----------------------------|--------------------------|-------------------------|--------------|---|----------------|
| Net sales | 133.3 billion yen | Operating income margin | 4.4% | ROE | (28.6)% |
| Total asset turnover ratio | 0.93 | Equity ratio | 34.3% | (Average exchange rate: 110.85yen to the US dollar) | |

▶ The 8th Medium-term Management Plan Positioning and Initiatives

Towards our 90th anniversary

To achieve the Nippon Chemi-Con Group's long-term goals: "Sustainable Corporate Growth and Improvement of Medium and Long-Term Corporate Value: E.C.O. Solution 2000." Viewing our 90th anniversary in 2021 as a turning point, we are aiming to build the platform that will enable us to grow into a company with 200 billion in annual sales. E.C.O. represents: **E**nergy, **C**apacitor, and number **0**ne.

Advancing industrial and social infrastructure development

Various devices now connect to the internet, bringing about major changes to lifestyles and business. The dissemination of wearable devices, the application of big data, the advanced development of artificial intelligence (AI) and robots, the commercialization and operation of IoT-compatible devices. Innovation aimed at realizing a more enriched society is occurring in a broad range of fields, sparking a movement being referred to as the 4th industrial revolution.

■ For the latest information on Nippon Chemi-Con's medium-term management plan, please see the website on the right.



http://www.chemi-con.co.jp/e/ir/man_plan.html

Amid such an environment, manufacturing industries around the world are seeing the strategic implementation of enhancements. In the future, the use of IT in manufacturing industries will expand and we expect to see a global trend towards industrial and social infrastructure development.

Initiatives in various countries related to enhancing domestic manufacturing

Europe

industry 4.0

China

Made in
China 2025

Japan

Society 5.0
CPS/IoT

Asia

Smart City

North America

Industrial
Internet

Building a platform for growth

The Nippon Chemi-Con Group is addressing such trends in society by taking a medium- to long-term perspective that focuses on corporate structural reforms and the review of our business portfolio. In our 7th Medium-term Management Plan (FY2014-FY2016), we launched Management Innovation (MI) activities, promoted speedy management decisions by adopting a business management structure, and worked to improve our financial structure. At the same time, we linked Productivity Innovation (PI) activities and Strategic Innovation (SI) activities to promote overall optimization as we worked towards building a platform for corporate growth. To ensure our ability for medium and long-term growth, we worked to increase the ratio of sales for products targeting the automotive electronics industry. As a result, the percentage of net sales represented by these products increased by eight points over the last three years.

Steps towards dynamic growth

The 8th Medium-term Management Plan builds on the corporate structure improvements made through initiatives undertaken in our previous Medium-term Management Plan while promoting further business structure reforms that will enable us to shift towards a growth trajectory.

Amid the current 4th industrial revolution, the key to our corporate growth will be to identify future growth markets and technology trends and make timely investments that lead to sales growth.

Of the five strategic markets ^(Note) targeted by the Nippon Chemi-Con Group, during the period of the 8th Medium-term Management Plan we anticipate particularly significant growth in three markets: automotive electronics, industrial equipment, and home appliances.

We will attack these markets by effectively injecting management resources and solidifying an unwavering position as the No. 1 supplier.

Enhancing our growth potential

We will aim for a high rate of growth that outperforms the market by focusing management resources on domains, customers, and regions identified by market research as having strong growth potential.

We will combine this with the functions of the business management system we adopted in April 2016 to clarify roadmaps for each business and strengthen strategy progress management.

As initiatives aimed at expanding operations, including the creation of new businesses, we are effectively utilizing industry-academic partnerships and alliances with other companies to promote the accelerated commercialization and profit realization for retained technology.

Enhancing our profitability

To enhance our profitability, we will pursue high value-added products and services through innovation activities that strengthen our product development capabilities and solution activities that strengthen our proposal capabilities.

In addition to enhancing our cost planning capabilities and fundamental reforms to production processes, we will pursue cost reductions by promoting location-optimal production for global markets.

Reinforcing safety, quality, and legal compliance

We will strengthen corporate governance by reinforcing safety, quality, and legal compliance and enhancing our risk management. We also will continue promoting cash flow management, a stable financial structure, and enhance policies for affiliate companies.

Improving customer satisfaction

We will offer services that satisfy our customers to elevate our status as a business partner.

In addition to further enhancing our new product development capabilities, we will promote automotive electronics quality throughout the company with the focus on quality first. We will improve customer satisfaction by providing not only product performance but also a level of added value to quality and the supply chain that is unique to a No. 1 supplier.

Management that promotes personnel development and opportunities

The Nippon Chemi-Con Group works to build an energetic corporate culture and to develop the personnel who will lead operations 10 years down the road. Our 8th Medium-term Management Plan outlines policies for evaluating and valuing personnel who take on challenges and who are able to take action. This is part of our commitment to fostering a diverse corporate culture. Both in Japan and overseas, we are conducting aggressive hiring in order to solidify local management and establish HR systems that are in line with future needs.

*Note: Automotive electronics market, industrial equipment market, new energy market, home appliance market, and ICT market.

