

**FY2016-2020**

**Mid-term Business Plan**

**“ Value Creation 2020 ”**

**PUNCH SPIRIT**

~ Return to the founder's spirit ~

March 11, 2016



**PUNCH INDUSTRY CO., LTD.**

(Security code : 6165)

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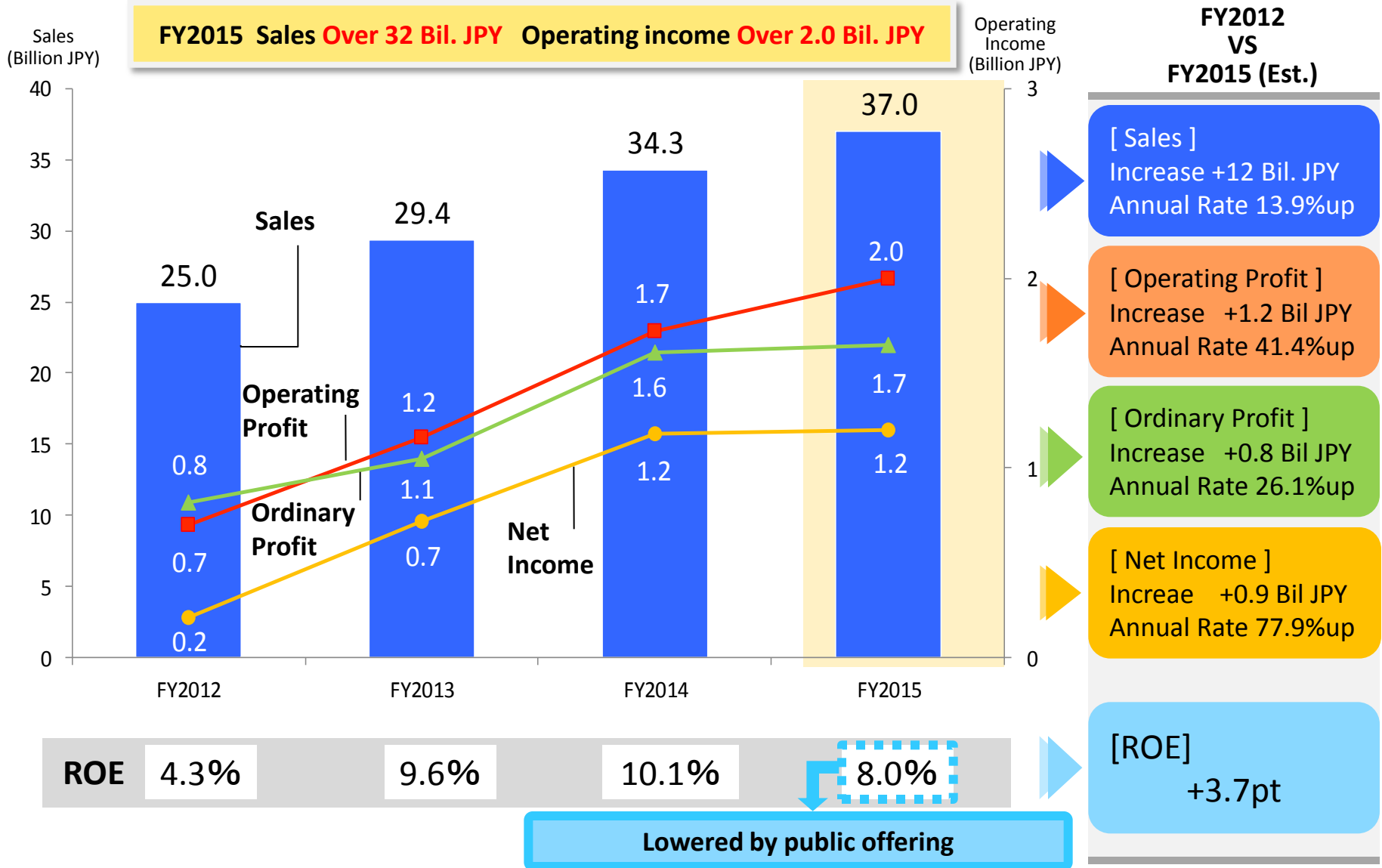
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- Review of “ Value Creation 15 ”
- “ Value Creation 2020 ”
  - ◆ Outline
  - ◆ Policy
  - ◆ Management Objectives
- Top Message



# Review of “Value Creation 15”

# Performance results



# Evaluation of Priority Initiatives

## Globalization

Expansion to India, SEA,  
Europe and Americas

- ◎ Implemented M&A - Acquired production capacity and markets (South East Asia)
- ◎ Secured sales channels (Europe)
- ◎ Established a business foundation (India)

## Expansion of new markets

Entry to undeveloped  
markets

- ◎ Acquired AS9100
- ◎ Implemented marketing at the new markets
- ◎ Clarified target customers in the new field

## Conversion to a high profitability business model

Reform of profitability

- ◎ Established R&D system (China and Japan)
- ◎ Expanded sales of high-value-added products (Japan)
- ◎ Expanded line-up and sales of strategic products (China)
- ◎ Expanded cemented carbide products business (SEA)

## Impact of FX Rate fluctuation

### [ Sales ]

- Achieved target a year advance
- Boosted sales amount in JPY



### [ Profit ]

- Slightly short to target
- Depressed profitability in export





# Outline of Value Creation 2020



# Linkage of Priority Initiatives of “Value Creation”

## Value Creation 15

Globalization

Expansion of new markets

Conversion to a high profitability business model

## Value Creation 2020 “what Punch Group wants itself to be in 2020”

Establishment of 5-pole sales system

- Establishment of solid sales system in Europe and Americas
- Capturing Globalized customers

Improvement of Customer service

- Supported by the customers
- Improvement of technical capabilities

Promotion of high profitability business with reinforcement of R&D

- Expansion of high-value-added products
- Cost reduction (Manufacturing reform)

Reform of working style

- Improvement of operational efficiency
- Optimal work-life balance
- Realization of diversity

**PUNCH SPIRIT**

# What's Punch Spirit?

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## ***PUNCH SPIRIT***

= Return to the founder's spirit =

### **Challenge**

Through “Challenge” to unexplored field, achieve self-development and contribute to the society.

### **Imaginative & Innovative**

Exert our “Imaginative and Innovative” powers on every job and overcome difficulties persistently toward the realization of our dreams.

### **Open & Honest**

Create “Open and Honest” workplace through esteeming the individuality and the diversity of everyone of our team members.



## Toward “The World’s Punch”

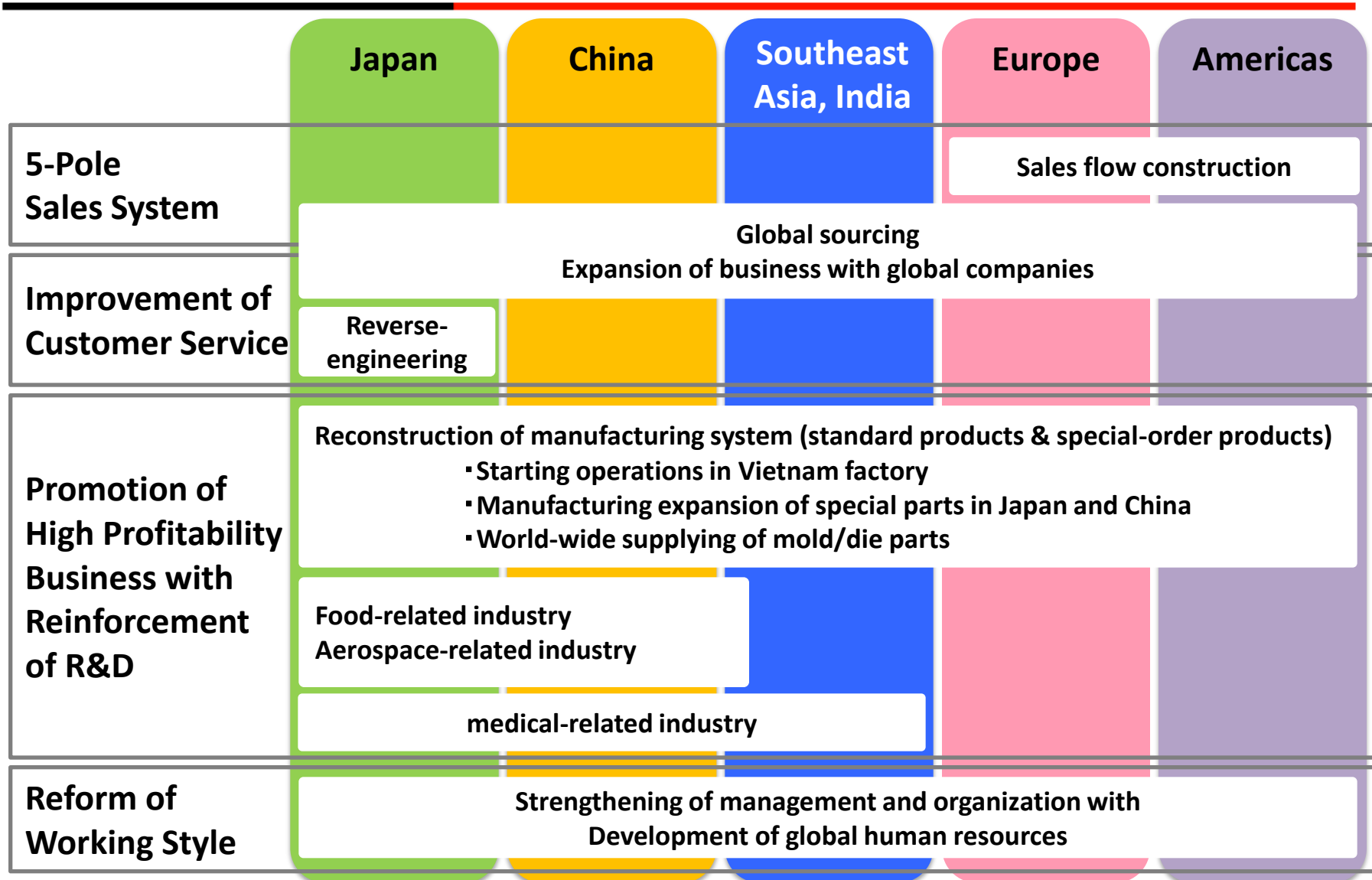
Construction of World 5-Pole System  
Japan, China, Southeast Asia & India, Europe, Americas

■ Reform of self-Consciousness  
“Manufacturing” “Sales”

■ Reform of System  
“Working style” “HR system”

■ Reform of “Corporate culture”

# Core strategy of Value Creation 2020



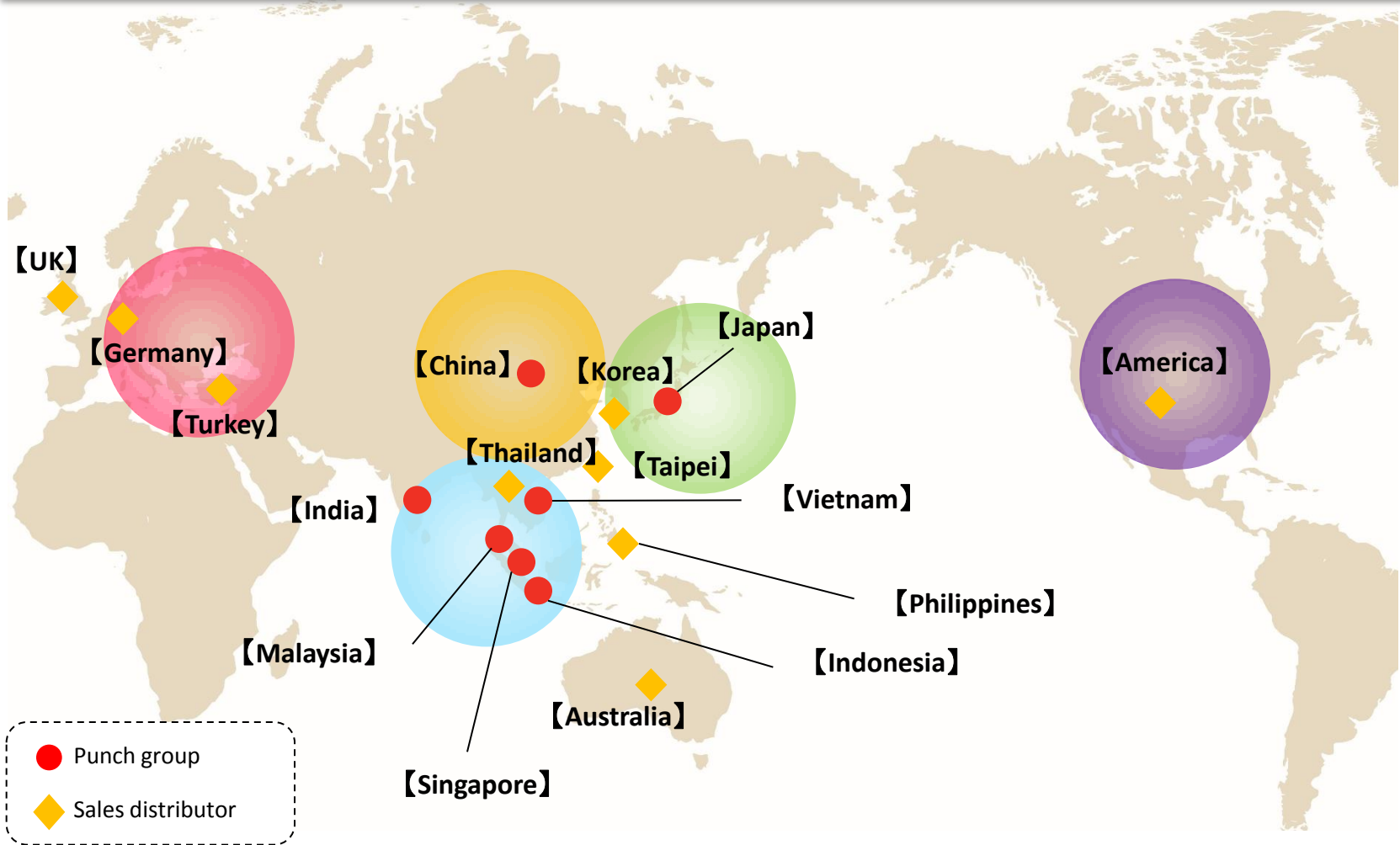


# Policy of Value Creation2020




# 5-Pole Sales System

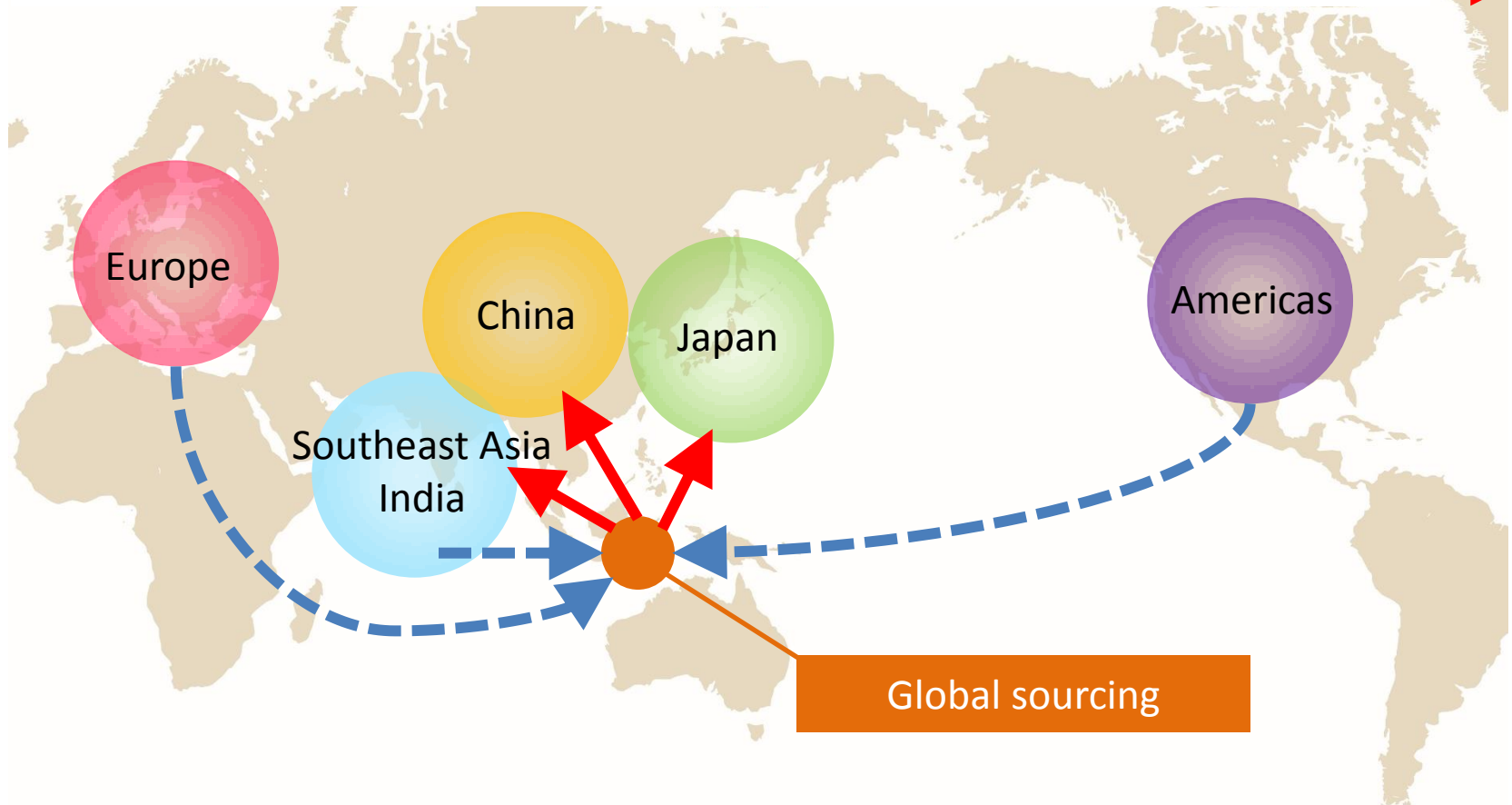
Expansion of sales base to Europe and Americas



# Improvement of Customer Service (1)

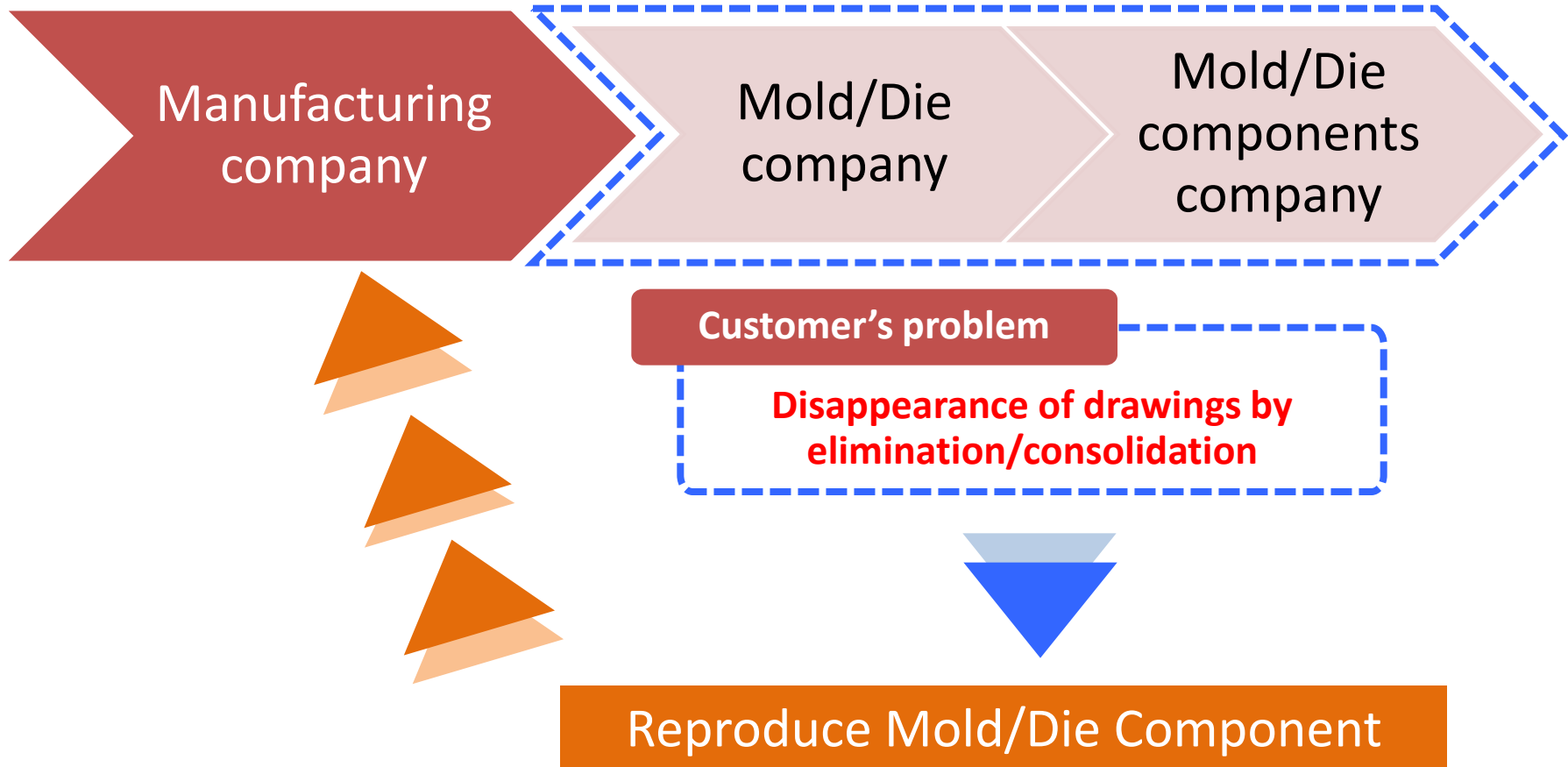
Improvement of Customer satisfaction with global sourcing

Order from Europe/Americas /Asia  Supplying from optimum production base 



# Improvement of Customer Service (2)

Resolve the customer's problem with 3D scanner (Reverse engineering)



# Promotion of High Profitability Business

Optimization of punch group production system starting from the Vietnam factory

Investment and run-up  
(FY2016-2018)

Full-scale start of Punch Group New  
Production System  
(FY2019~ )

①

Commencement of Operation of the  
Vietnam factory

①

Reinforcement of Production capacity of the  
Vietnam factory

②

Reduction of manufacturing cost in Japan

②

Transfer of Production items in Japan

③

Transfer of Production items in China

③

Reinforcement of production capability for  
special-order products in Japan

**Punch Group will realize its overwhelming high profitability  
with cost reduction and risk distribution**

# Reinforcement of R&D

More business in the growing markets and less fluctuation by economic condition

The photos in this page are images.

Food



Medical



Aerospace



Get certificates , Invest R&D and machines



# Reform of Working Style

**Strengthening the organization by the employee-oriented management.**

**Change “Manufacturing”**

Make our daily lives more convenient by providing mold and die components.

**Change “Sales methods”**

Sell more differentiated products, rather than the ones that are easy to sell.

**Change “Working styles”**

Work for the improvement of efficiency and productivity.

**Change “Corporate culture”**

Act on our own initiative to achieve the excellent company.

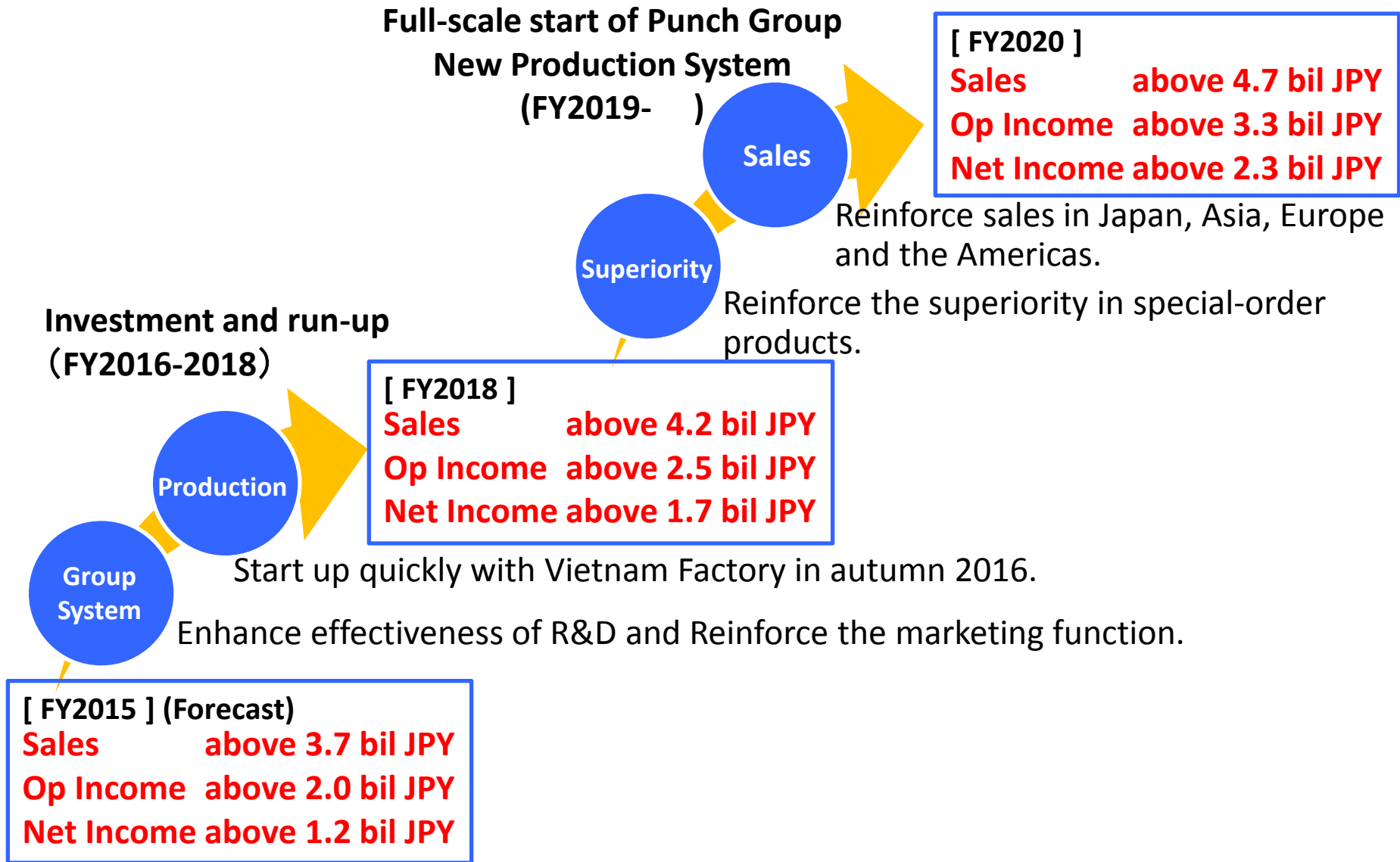
**Change “HR system”**

Enhance global HR and HR development program.

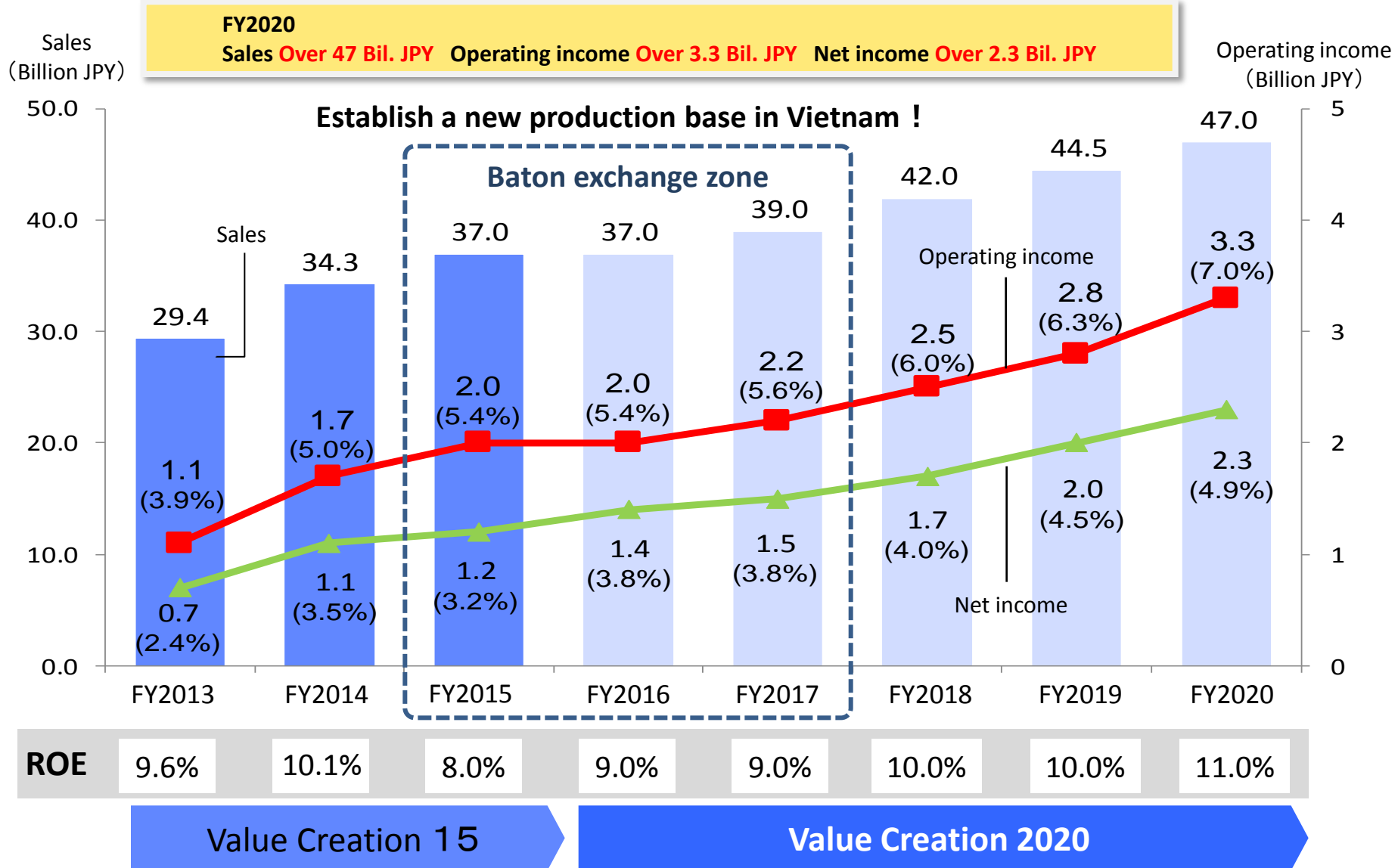


# **Value Creation 2020 Management Objectives**

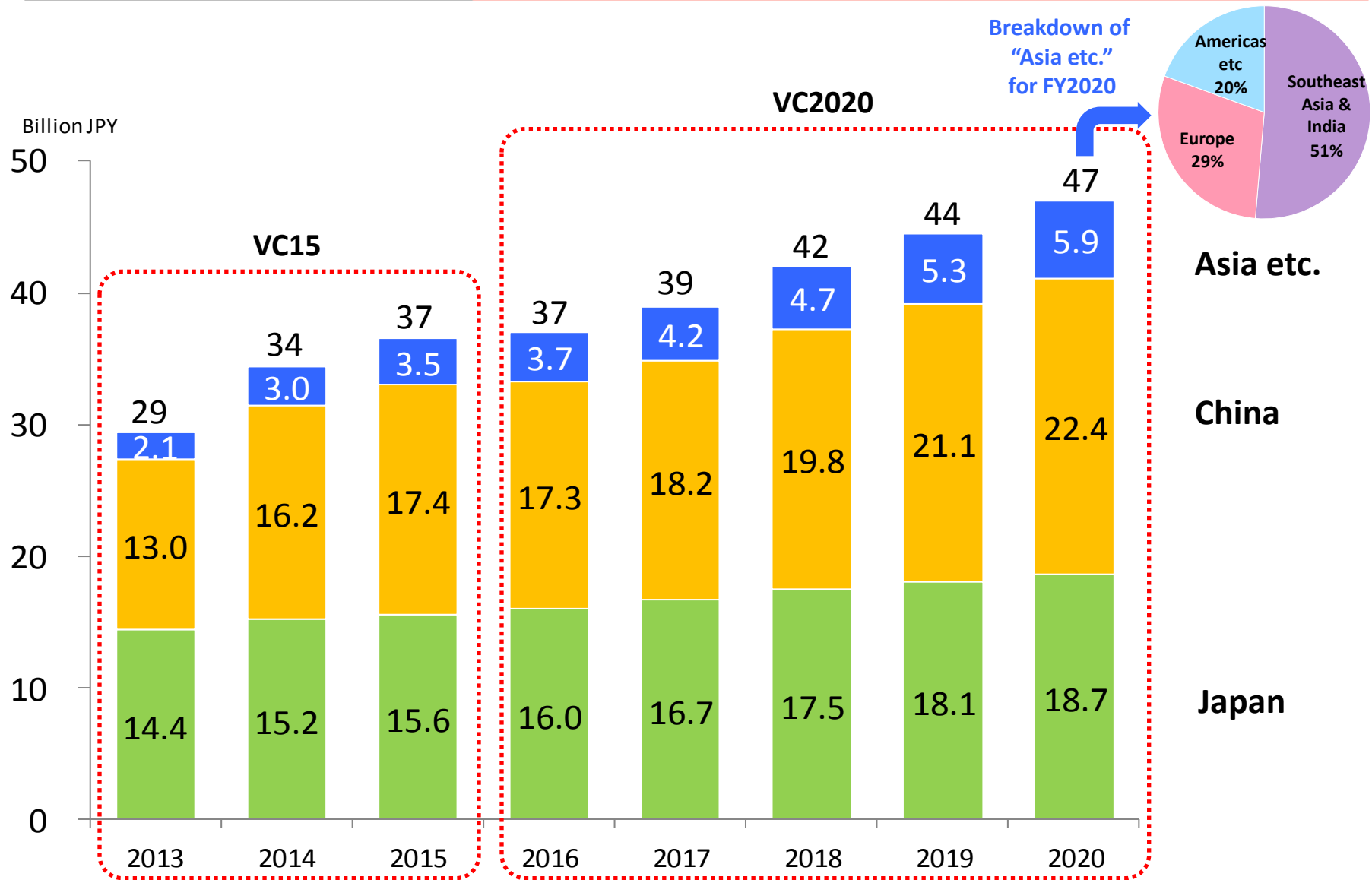
# Management Objectives (1) Sales and Income by stages



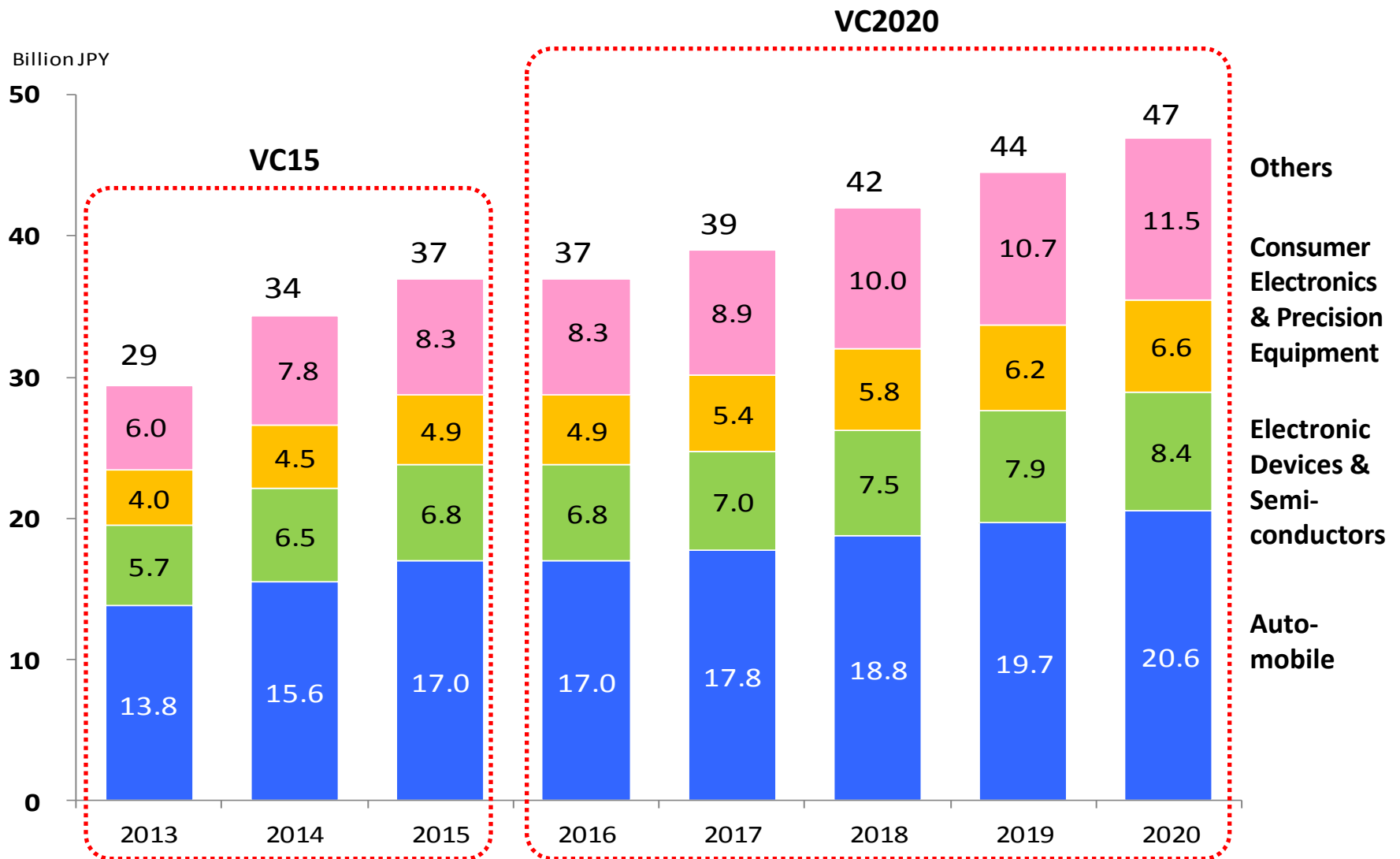
# Management Objectives (2) Sales and Income (yearly)



# Sales transition by regions



# Sales transition by industries



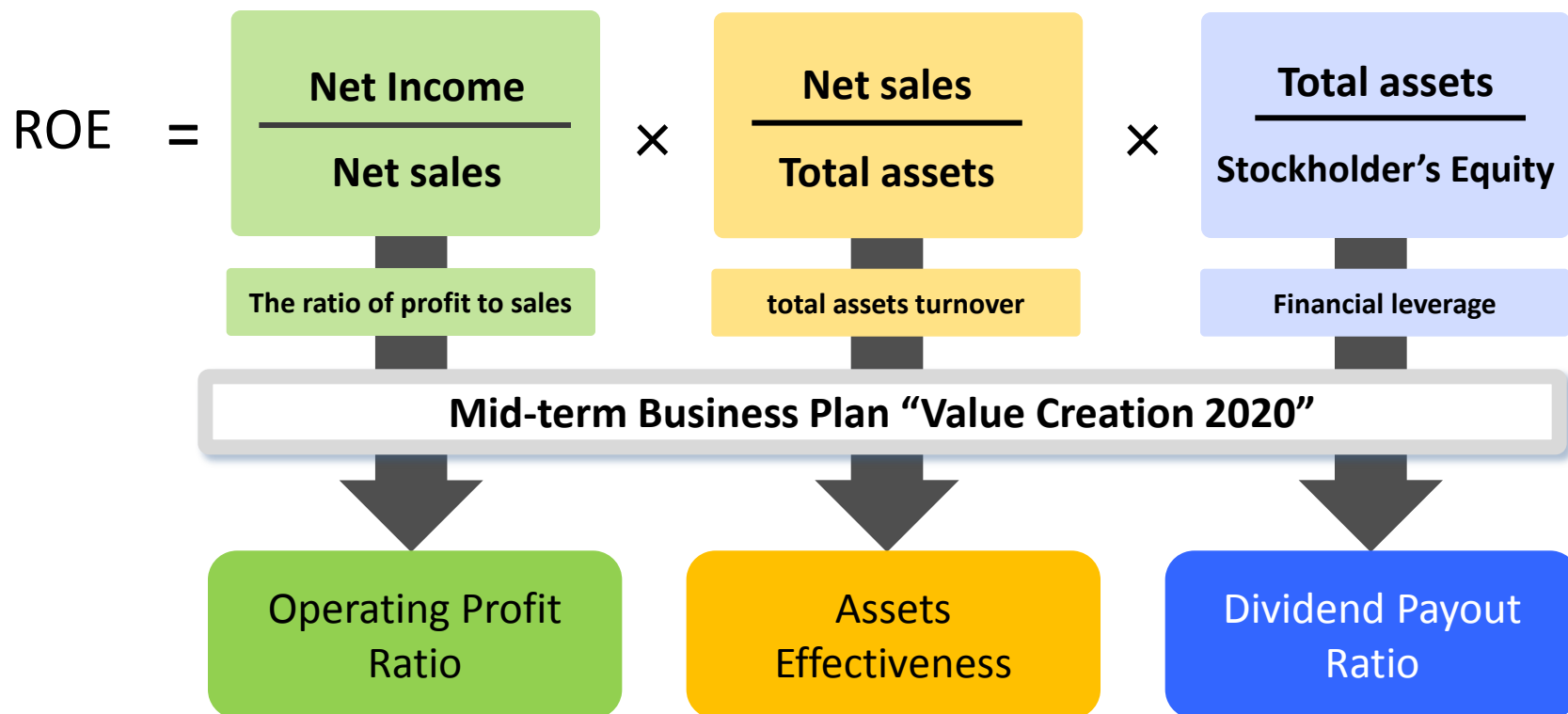
A large, stylized graphic in the background. It features a grey hand with white outlines, holding a grey gear with white outlines. The hand is positioned as if grasping the gear. The text "Top Message" is overlaid on the right side of the hand.

# Top Message



# The Policy of the Return to Shareholders

To realize sustainable increase of corporate value



## [ Basic Policy for Dividend ]

In addition to the stable and continuous dividends, targeting 30% as a consolidated payout ratio based on the performance.



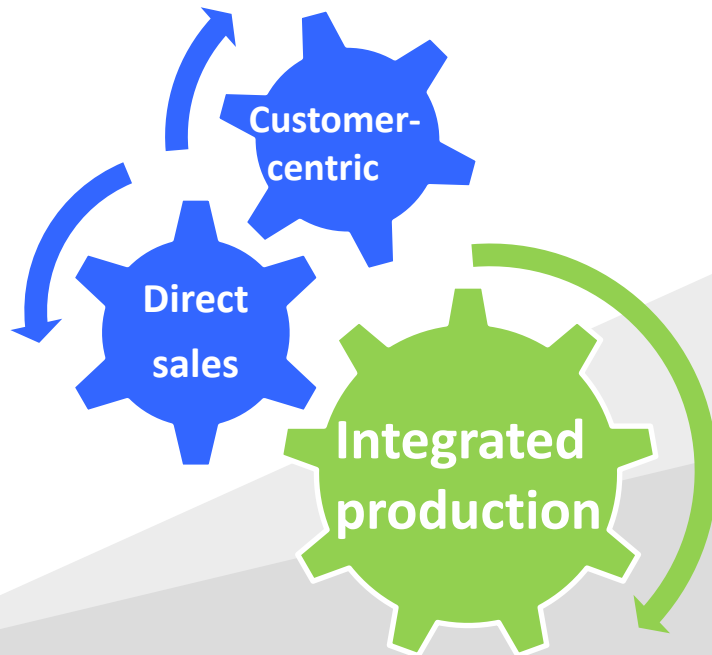
# The Company's CSR policy and Corporate Vision

## The Company's CSR policy

Punch Industry pursues CSR-oriented management that continually supports manufacturing worldwide.

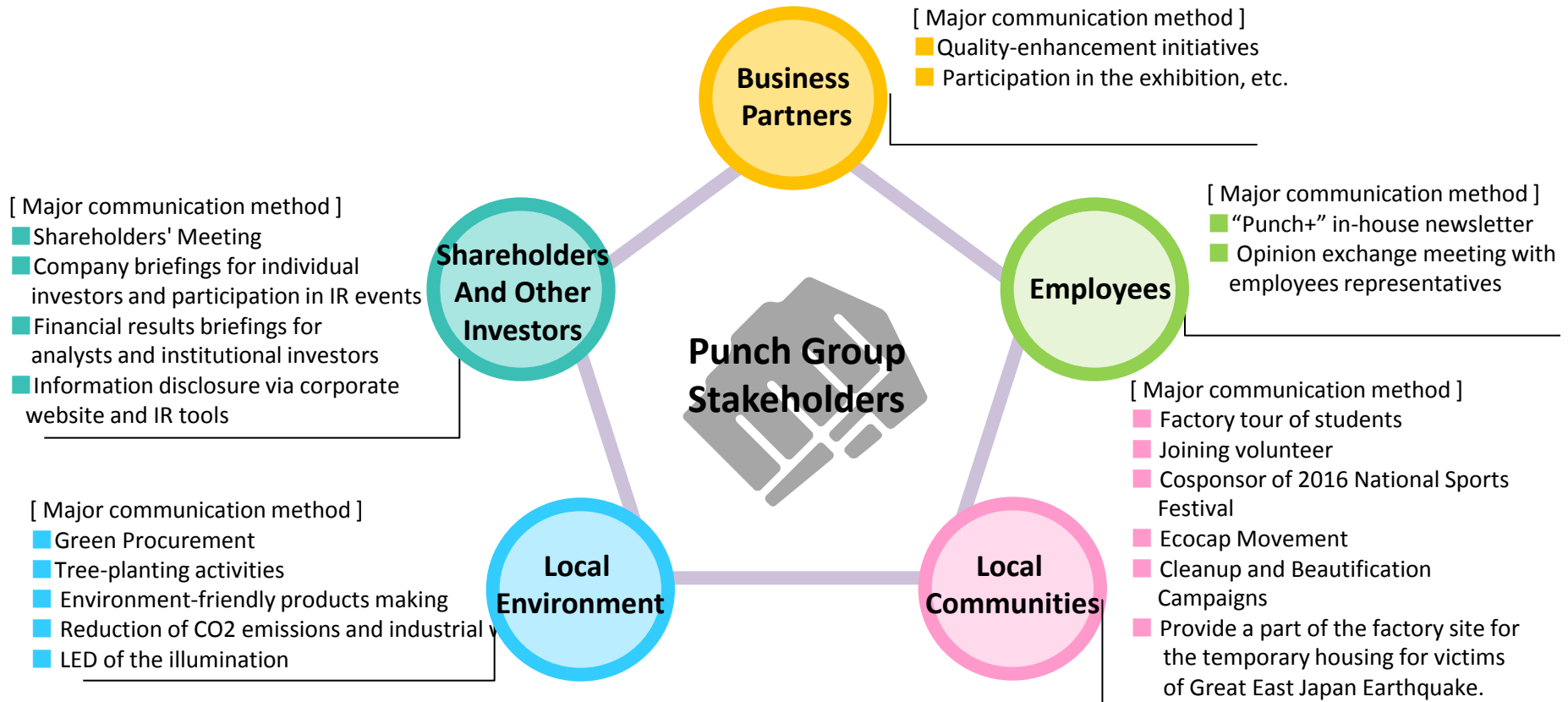
## Corporate Vision

## Toward a global Punch Industry



We aim to become the leading brand in the mold and die components industry and achieve high profitability by leveraging our competitive advantage as a comprehensive manufacturing and sales company.

# Communication with Stake holders



Company briefings for individual investors



Tree-planting activities



Ecocap Movement



Volunteer activity in Kitakami city marathon

# Activities for the reinforcement of the corporate governance

## The best corporate governance system for Punch Group

1) Separate “management” and “monitoring & supervising”

2) Support the quick and radical decision-making of management

3) Strive as one to raise the corporate value



# Thank you for your time



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## **Disclaimer Regarding Forward-Looking Statements**

This report contains forward-looking statements regarding Punch Industry's future plans, strategies, and forecasts. Such statements are not based on historical fact, but are expectations, estimates, and forecasts based on information currently available. These expectations, estimates, and forecasts involve many potential risks and uncertainties, including changes to the economy, exchange rate variations, changes in the competitive environment, the outcome of current or future litigation, or the continued usefulness of capital procurement. As a result, actual business results may differ materially from these statements. Accordingly, investors are cautioned not to place undue reliance on forward-looking statements. Punch Industry is not obliged to amend these forward-looking statements based on new information or future events.