

# The 4<sup>th</sup> Midium – Term Management plan (April 2013～March 2016)

May 13, 2013

KOMORI CORPORATION

## The 3<sup>rd</sup> Midterm Management Plan(April 2010~March 2013) – Review

### Issue

- Failure to achieve target on sales/operating income

Target sales :120 billion yen ⇒ Actual sales : 69.8 billion yen

➤ Mainly due to lower sales result in overseas countries under unfavorable exchange rate, rapid and significant shrinkage of market scale in offset printing press.

- Delayed in countermeasures against drastic change of market environment (transformation of business structure /price competitiveness).

### Achievement

- Turned into black figure in operating income and strengthened foundation toward future growth

➤ Improved break-even point by cost reduction

FY March 2010 89.5 billion yen ⇒ FY March 2013 68.0 billion yen

➤ Expanded line-up of GL40 series

➤ Succeeded in sales expansion of H-UV(launched in overseas countries)

➤ Increased order intake in security printing press business

➤ Improved Service business revenue

## The 4<sup>th</sup> Midterm Management plan “Planned Change”

### 「Transformation of business structure」

#### Realize transformation of business structure with offset printing press as core business

- ① Strengthen base of offset printing press business  
(improve share in domestic market, reinforce sales in emerging countries)
- ② Establish base for monetizing new businesses (security printing press for overseas countries, DPS, PE)

### 「Transformation of business category」

#### Expand marketing activities to peripheral equipments, materials, software, for diversified revenue stream

- ① Progress PESP business (in each businesses for Offset printing presses, DPS, security printing press, PE)


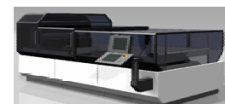
### 「Reformation of revenue structure」

#### Improve profitability of existing business and invest to new businesses

- ① Renovate manufacturing for high-mix low(varied)-volume production
- ② Improve cost competitiveness with operation in China plant and SG&A control
- ③ Utilize ICT for improved efficiency specifically on indirect work processes

# Outline of the 4<sup>th</sup> Midterm Management Plan

## “Transformation of business structure and business category”

Target March 2016		Area on product (business or technology)	
Sales 100billion yen		Existing product	New product
Operating income 8billion yen (8%)			
Area on market	Existing market	<u>① Offset printing press (core business)</u>  *Sales target March 2013 : 63.9billion yen ⇒ March 2016 72.0billion yen  	<u>③ DPS (New product development)</u>  *Sales target March 2013 : 0.5billion yen ⇒ March 2016 :11.0billion yen  
		<u>72.0%</u>	<u>11.0%</u>
	New market	<u>② Security printing press (Market development)</u>  *Sales target March 2013 : 5.3billion yen ⇒ March 2016 : 14.0billion yen  	<u>④ PE・Precision equipments (Diversification)</u>  *Sales target March 2013 0.05billion yen ⇒ March 2016 3.0billion yen  
		<u>14.0%</u>	<u>3.0%</u>

### PESP business

(category reformation)

\*Sales target

March 2016 10.0billion yen

※included in numbers  
of each businesses\_\_

## Reinforce base of Offset printing press business

Sales target : 63.9billion yen (Mar 2013)  $\Rightarrow$  72.0billion (Mar 2016)

- Improve share in mature markets (Japan, Europe, USA)
  - Expand sales of high added value presses (H-UV, GLX40, GLX40RP)
  - Enhance solution proposal covering peripheral equipments, materials, supplies
- Reinforce sales operation in emerging markets (mainly China, India, Indonesia)
  - Increase sales of strategic model/differentiated model (H-UV, LA37, GL40, GL44)
- Strengthen sales on presses for package printing
  - Promote press for package printing with reinforced sales structure



## Monetize new business : DPS business (Digital Printing System)

Sales target : 0.5billion yen(March 2013)  $\Rightarrow$  11.0billion yen(March 2016)

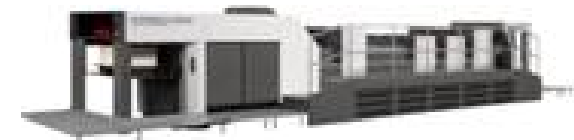
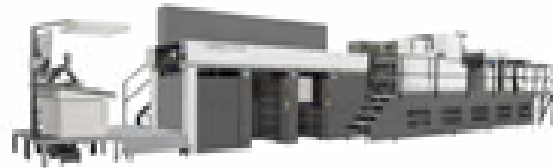
- Expand sales of POD worldwide
- Launch IS29 developed jointly with KM
- Commercialize digital printing press with Landa's nano technology
- Establish service/customer support structure



## Monetize new business : Security printing press business

Sales target : 5.3billion yen (March 2013)⇒ 14.0billion yen (March 2016)

- Develop strategic model
- Reinforce solution proposal forming alliance with De La Rue and peripheral equipments suppliers
- Improve cost competitiveness
- Reinforce service structure

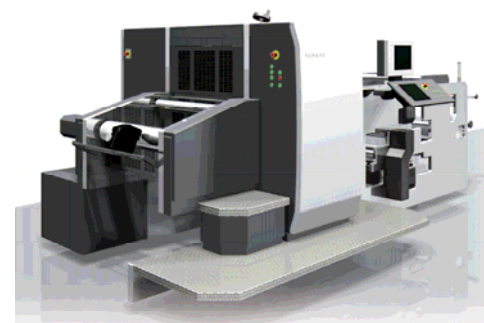
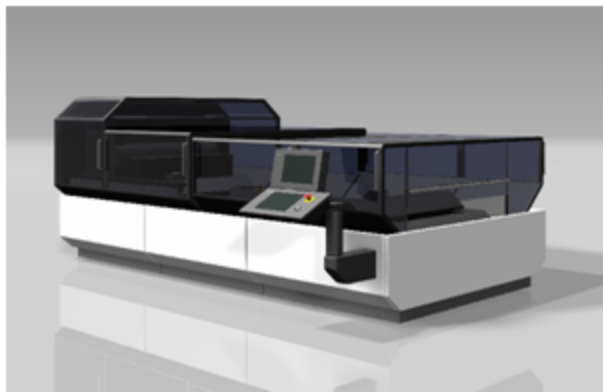




## Monetize new business : PE/Precision equipments business

Sales target : 0.05billion yen (March 2013)  $\Rightarrow$  0.3billion yen (March 2016)

- Commercialize PEPIO series for fine line printing on touch panels
- Develop technology for the market in super fine line printing etc
- Shorten development speed by co-development and alliances





## Progress PESP business :

### Category transformation in marketing

Sales target : 10.0billion yen (March 2016)

※total sales amount included in the numbers of each businesses

### Diversify revenue stream with sales activities extended to peripheral equipments, materials, software, services

#### ➤ Develop PESP products

Progress developments of new products matching to customer needs, driven by KGC in closer coordination with sales and service departments.

#### ➤ Enhance sales of supplies (K-Supply)

#### ➤ Enrich solution proposal in combination with various products and implement account managements

## The 4<sup>th</sup> Midterm Management plan “Planned Change” (April 2013~March 2016)

### Transformation of business structure

#### Composite businesses

- Security printing press
- Digital Printing System
- PE ▪ Precision equipments

### Transformation of business category

#### Solution proposal

- Progress PESP business

### Renovation of revenue structure

#### Improve profitability

- Renovate of manufacturing
- Improve cost competitiveness
- Use ICT effectively

Reborn at 90<sup>th</sup> anniversary year to become quality company again,  
by creating businesses with enhanced “Kando” (beyond expectations)  
extended to customers



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