

# The 4th Medium-term Management Plan

(April 1,2013~March 31,2016)


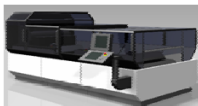

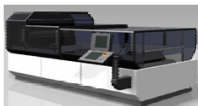
## Summary of progress



May 13, 2014  
KOMORI Corporation

# Summary of the 4<sup>th</sup> Midterm Plan

## “Planned Change of business structure and business category”

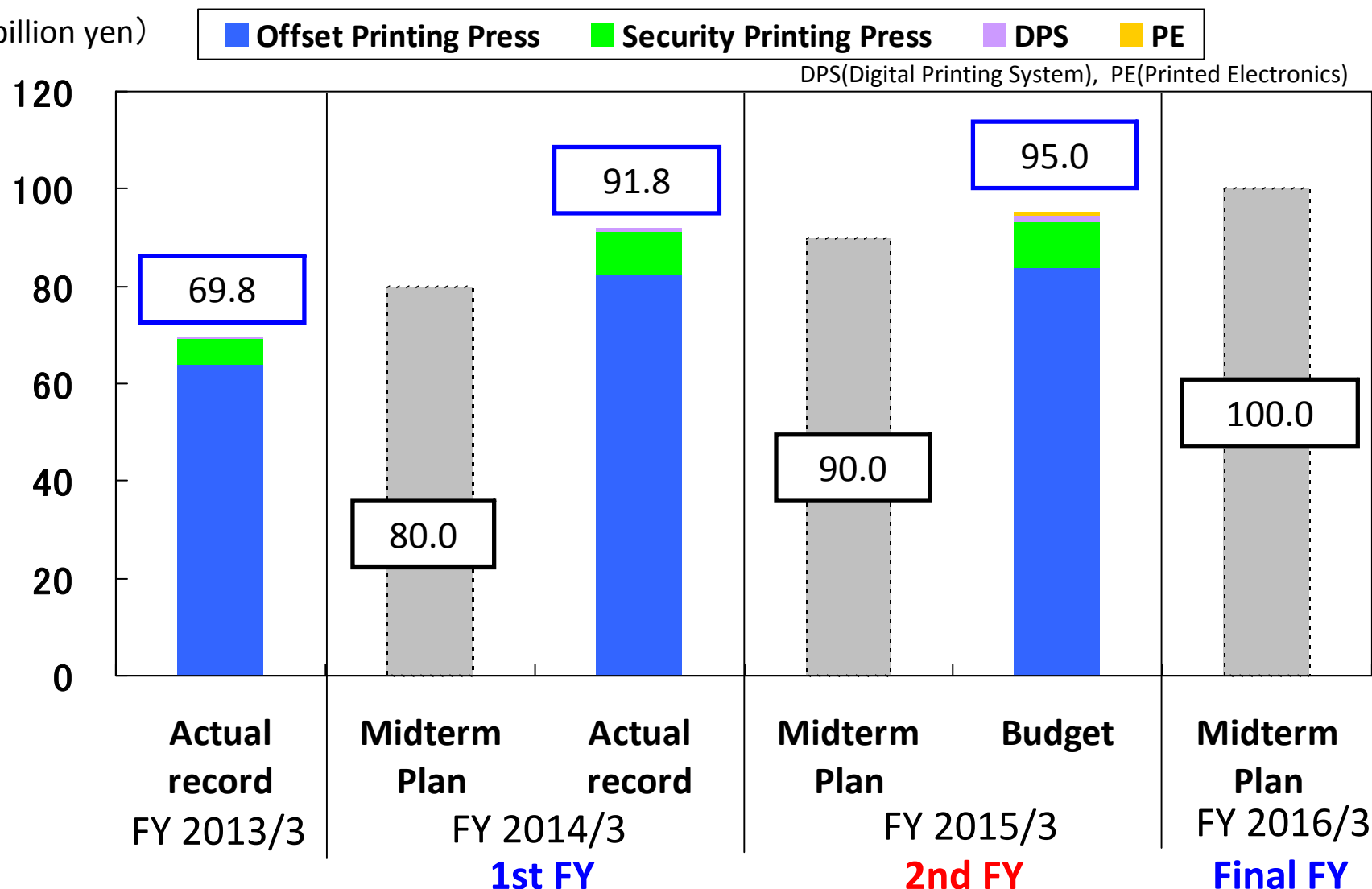
FY 2016/3 Sales target <u>100billion yen</u> Operating Profit <u>8billion yen (8%)</u>		Area on product (business or technology)	
		Existing product	New product
Area on market	Existing market	<b>① Offset printing press (core business)</b> *Sales target FY 2013/3 63.9 billion yen ⇒FY 2016/3 72.0 billion yen <b>FY 2014/3 82.4 billion yen</b>  <b>72.0%</b>	<b>③ DPS (New product development)</b> *Sales target FY 2013/3 0.5 billion yen ⇒FY 2016/3 11.0 billion yen <b>FY 2014/3 0.5 billion yen</b>  <b>11.0%</b>
	New market	<b>② Security printing press (Market development)</b> *Sales target FY 2013/3 5.3 billion yen ⇒FY 2016/3 14.0 billion yen <b>FY 2014/3 8.9 billion yen</b>  <b>14.0%</b>	<b>④ PE・Precision equipments (Diversification)</b> *Sales target FY 2013/3 0.05 billion yen ⇒FY 2016/3 3.0 billion yen <b>FY 2014/3 0.05 billion yen</b>  <b>3.0%</b>
		<b>PESP business</b> (category reformation) *Sales target FY 2016/3 10.0 billion yen <b>FY 2014/3 8.6 billion yen</b> ※included in numbers of each businesses	

# Summary and progress of the 4<sup>th</sup> Midterm Plan

## Progress of Net Sales

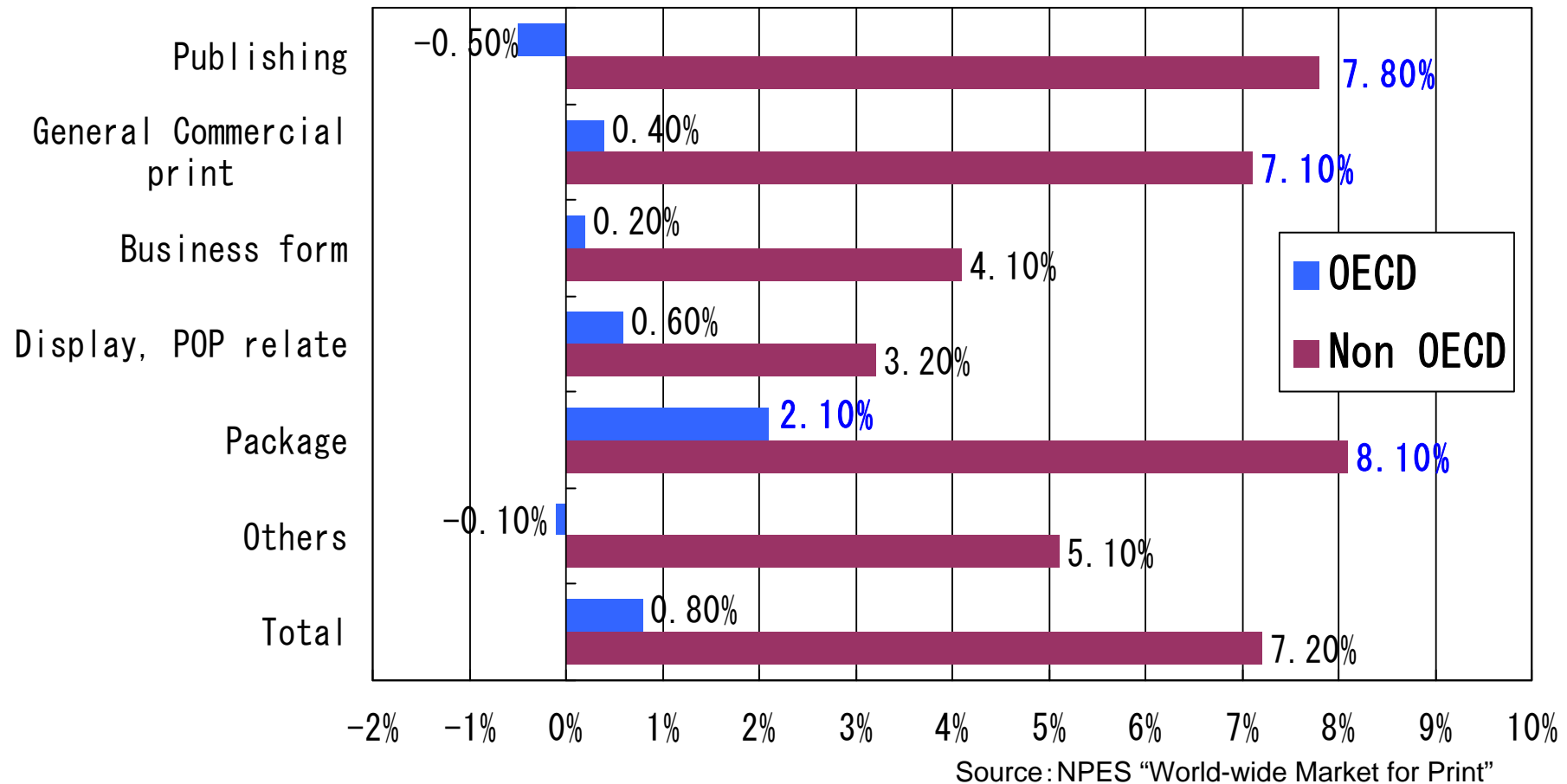
Net Sales increased dramatically in the FY 2014/3(1st FY)

(billion yen)



# Business environment of Offset Printing Press

## Growth ratio by category (2012~2017)



### 【Category in strong growth trend】

OECD countries: Package printing

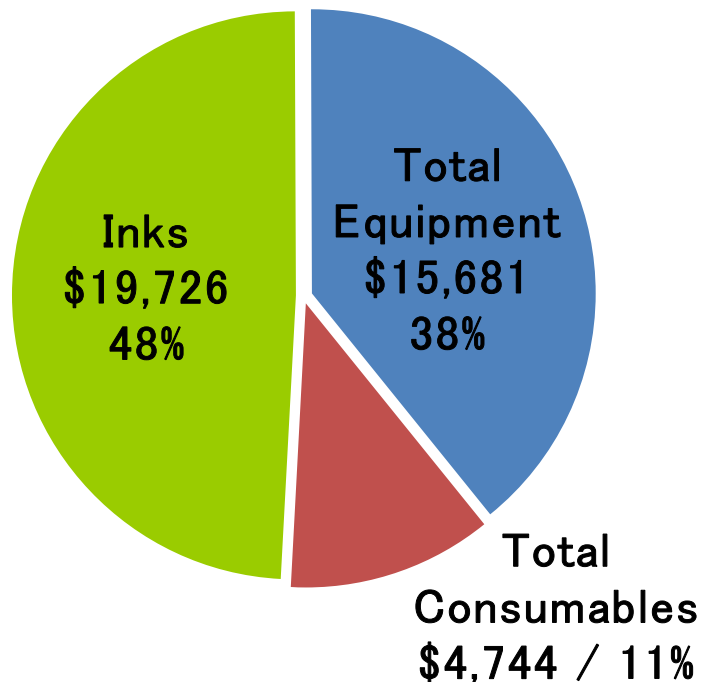
Non-OECD countries: Publishing, Commercial printing, Package printing

# Business environment of Offset Printing Press

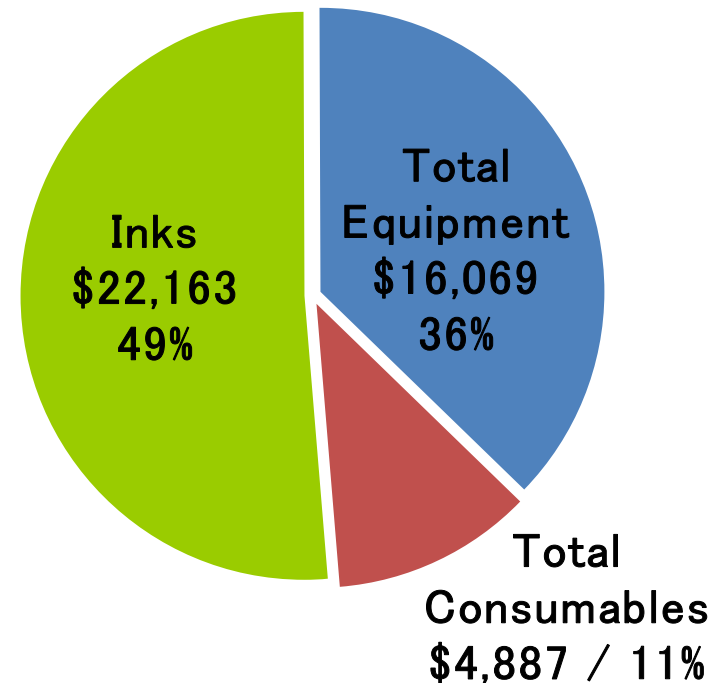
## Trend on printing equipments, materials (2012~2017)

(Unit: US\$ millions)

2012 Total: \$40,151



2017 Total: \$43,119



Source: NPES "World-wide Market for Print"

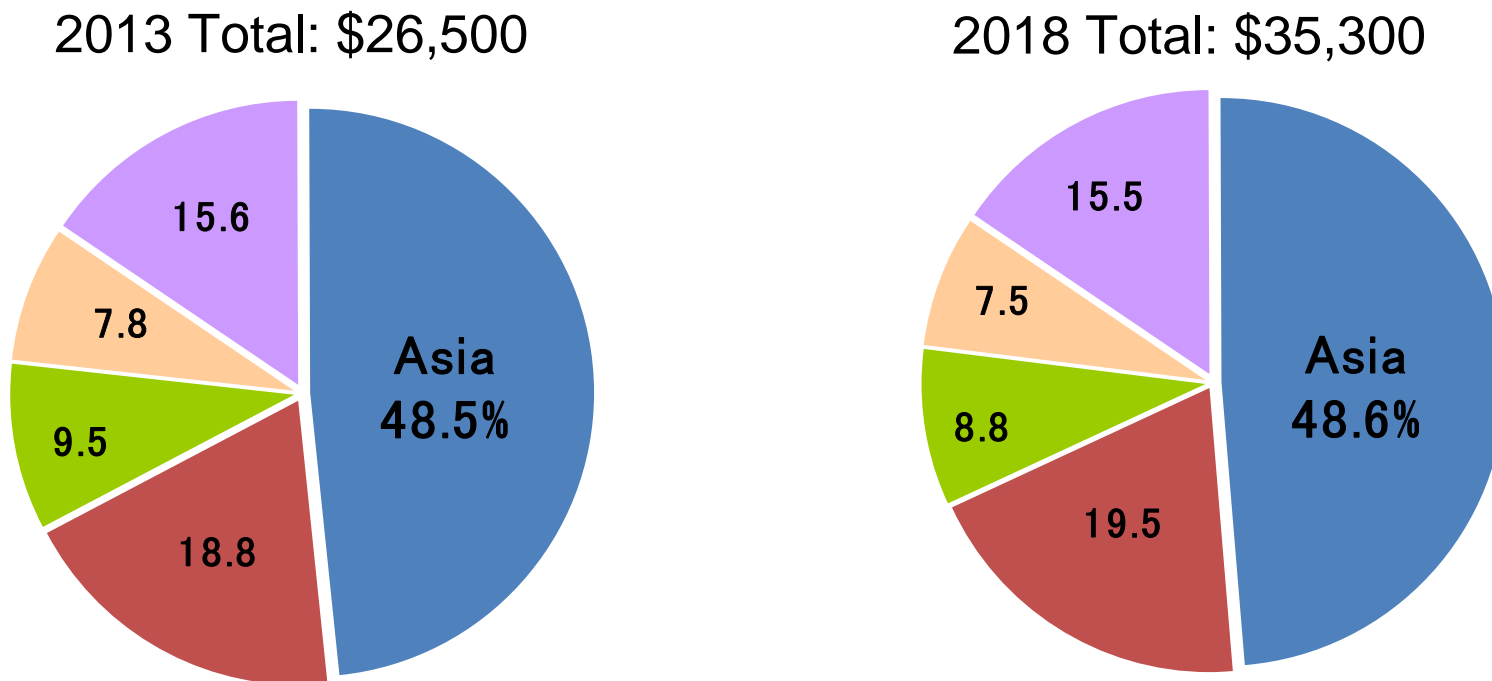
### Growth ratio forecast (2012~2017)

Total: 7.4%

(Equipments 2.5% / Consumables 3% / Ink 12.4%)

## Market trend of security printing (2013~2018)

( Unit : US\$ millions)



Source : Smithers PIRA "The Future of Global Security Printing to 2018"

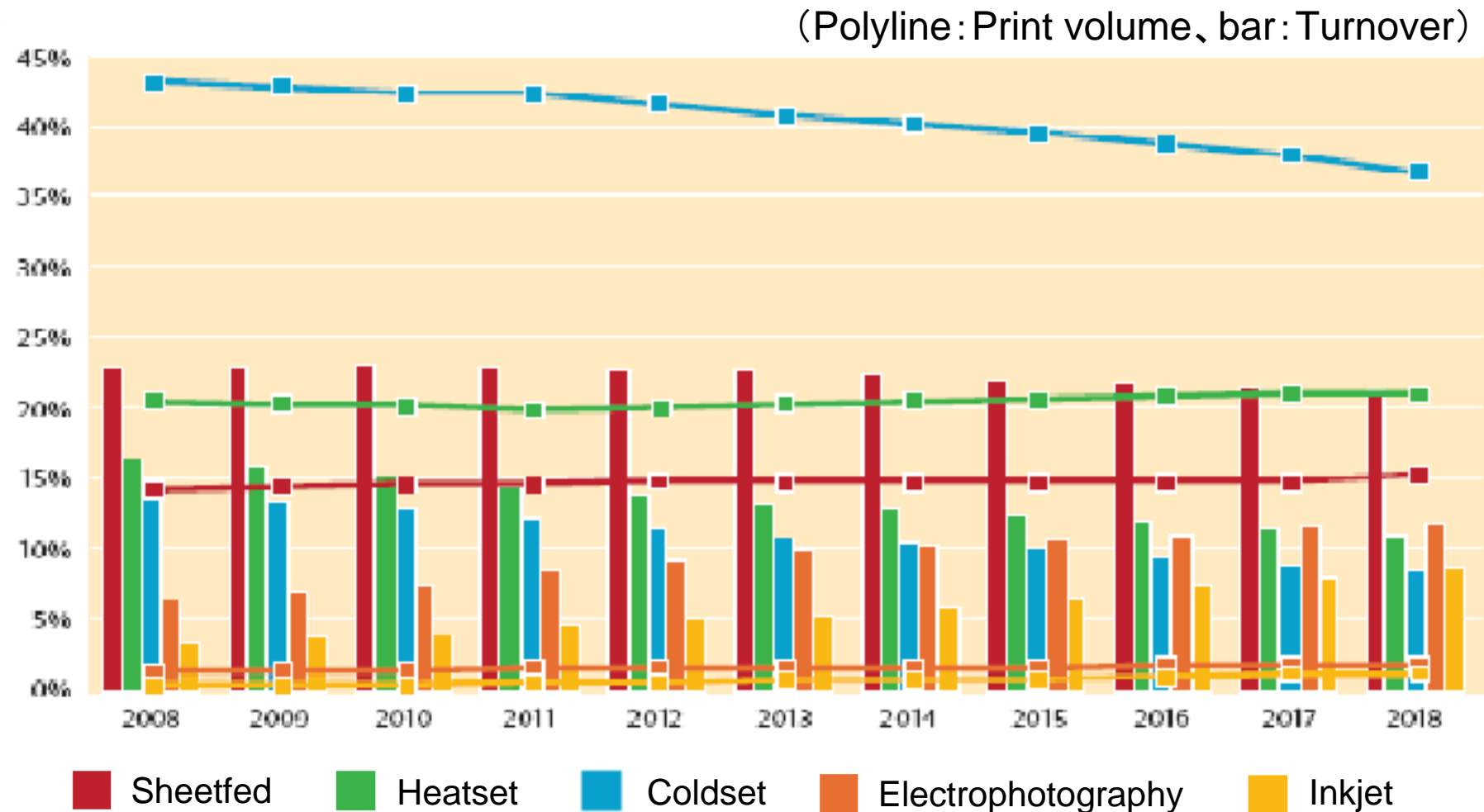
Growth ratio forecast of security printing (2013~2018)

CAGR (Compound Average Growth Rate) : 5.9%

# Business environment of DPS(Digital Printing System)

## Future trend of shares

(Offset vs Digital printing among whole printing market)



# Business environment – Summary

- Printing market volume in OECD countries has been in stagnation, but field of package printing is increasing. Printing market volume in non-OECD countries are growing, led by emerging countries. Overall printing market volume is in the trend of expansion.
- According to the forecast, printing market for Web presses would shrink materially in the long term, but printing market for sheet fed presses would not.
- They start to realize advantages of print production system adopting combination of Offset and Digital printing presses, in generating profit by high productivity, cost effectiveness etc.
- Growth rate of Digital Printing volume is not that impressive so far, but it would increase extensively in future, according the forecast. ( New technology like Landa's system would be a key to breakthrough.)

Under such environment, further expansion of sales can be achieved by launching Digital printing press, which will enable effective combination with Offset printing press, while sustained by stable growth in sales/profit from existing business.

- Security printing market continues to expand, particularly in emerging nations in Asia.

Expansion of sales in overseas countries is possible in security printing press business.

- It is expected that markets for peripheral equipments, materials will increase, corresponding to growth of overall printing markets.

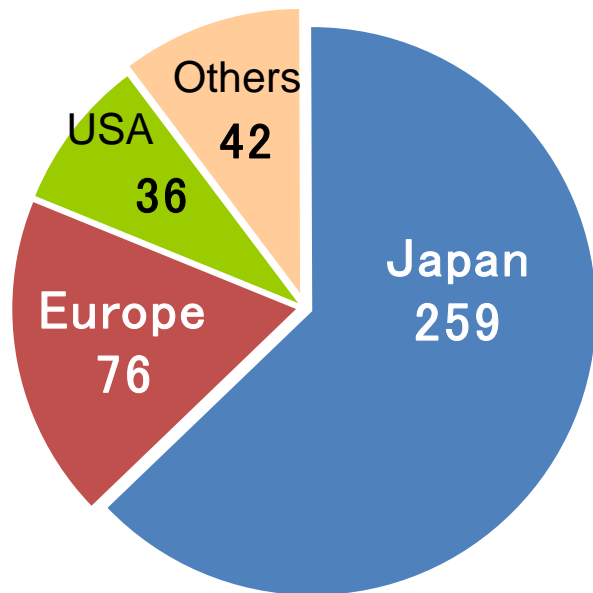
Sales of peripheral equipments, materials will be expanded in PESP business.



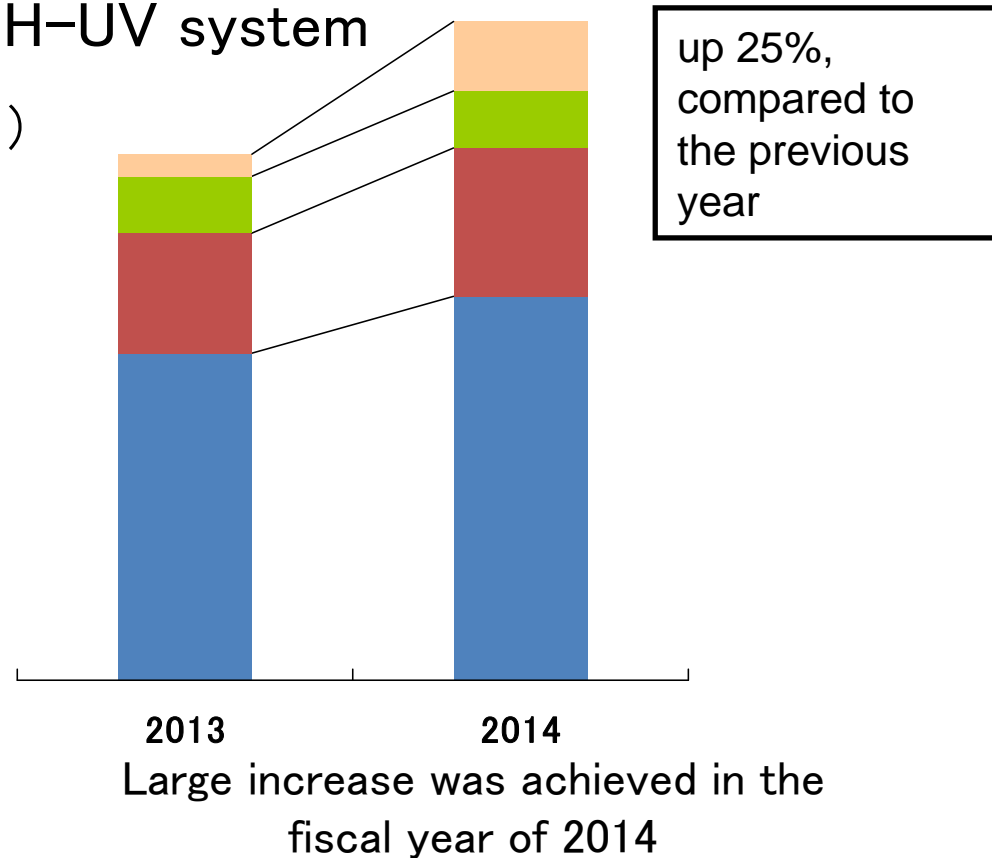
## Sales promotion strategy in advanced nations

### ■ Further sales promotion of H-UV system

H-UV Sales record (~2014/3/31)



Total: 413sets(4years)



Extending sales of H-UV system, not only for sheet-fed press, but also for web-fed press as a new product lineup.

## Sales promotion strategy in advanced nations

### ■ Development of press dedicated for package printing

#### Lithrone GX40 to print on thick paper for packages

Lithrone GL40 realized extensive reduction in make ready time/running hours, with technologies well adapted to package printings which require special color, heavy stocks etc.

New product



#### Lithrone GX40 features

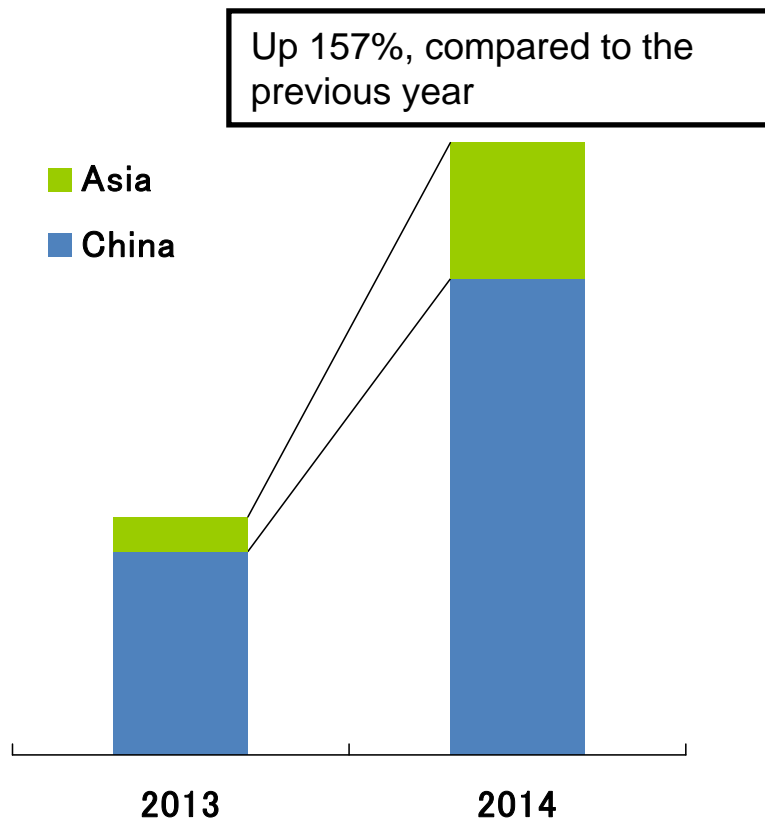
- Max. running speed :18,000sph
- Shortened make ready time by KHS-AI
- Configured to improve issues unique to package printing such as paper dust, special color, UV etc

Sales expansion in Package printing market under strong growth

## Sales expansion strategy in emerging nations(China/Asia)

### ■ Further sales promotion of Lithrone A37

#### Sales record of LA-37



#### Competitiveness on LA-37

- Competitive price range for configuration/specification
- High cost performance (Lower life-cycle cost due to reduced power consumption and materials costs.)
- Adapted to full-size(A-1) printing, enjoying space-saving by compact design



Sales expansion with strategic models matching to market needs in emerging nations.

## Sales promotion strategy in emerging nations (China)

### ■ Development of Lithrone G44 for China market

Lithrone G44 is for “Web to Print” market, which is growing rapidly in China. (“Web to Print” is a printing method in which multiple print projects are placed in one common sheet.)

⇒ There is an increasing demand for such larger size in China, which enable printers to make more effective and flexible print production.



Extend areas of customers with launch of Lithrone G44  
dedicated for China

## Sales promotion strategy in emerging nations (ASEAN)

- Establish subsidiary company as a base in ASEAN nations.  
(by acquiring KM Link Pte.Ltd.,Distributor of Singapore.)

- Increase sales in Singapore, Malaysia

- Strengthen sales and service in ASEAN markets.

(Execute effective sales promotion under optimal sales strategy and improve service structure.)

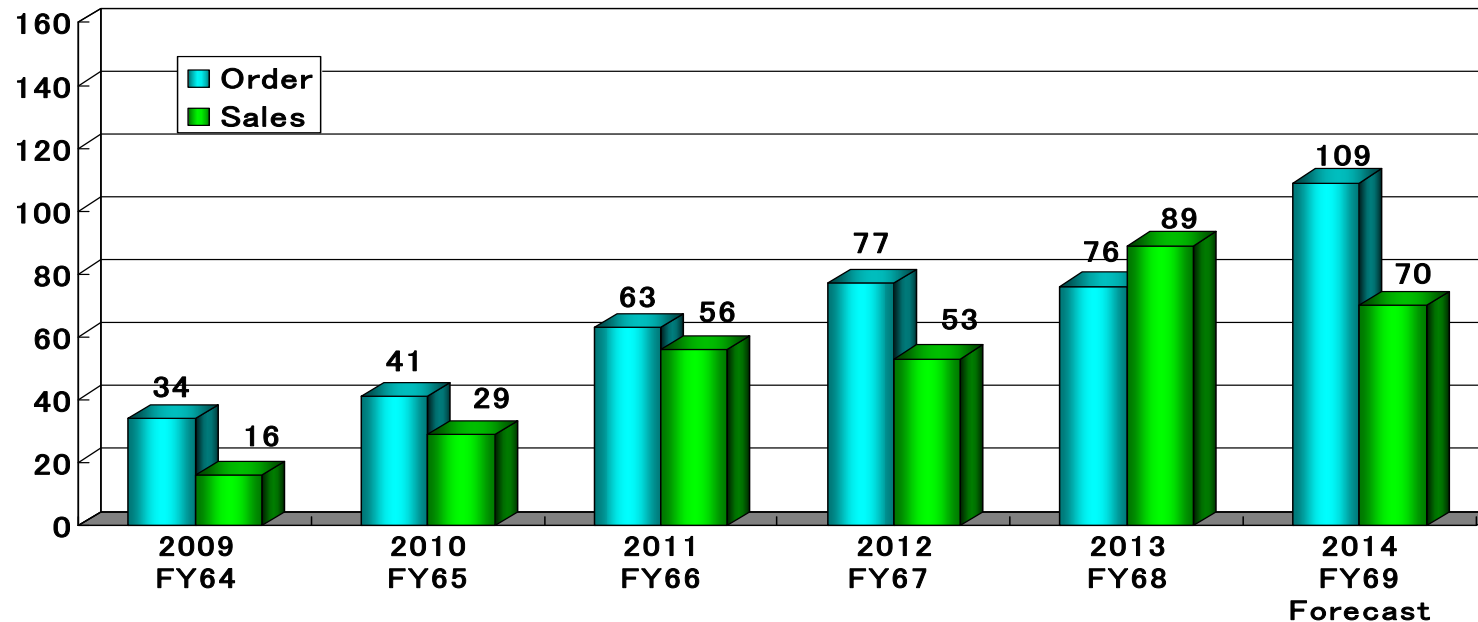
- Set up structure to progress new businesses on DPS and PESP substantially, expecting synergy effect with existing business.

Sales expansion in emerging markets in which significant growth is expected in future.

# Security Printing Press business

KOMORI

## Order/Sales Result and Forecast –



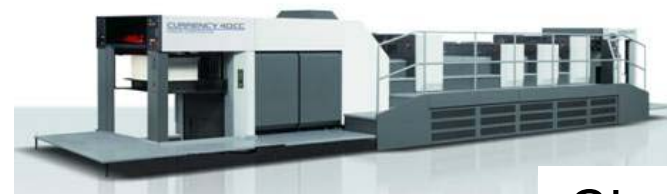
## > Developing strategic model



New  
product

LC-1232

- Double-sided offset printing press for bank note
- Suit to multicolor design



New  
product

GL-40CC

- Features employed to make both side coating

# Digital Printing Press business

KOMORI



New  
product

**Impremia IS29**

## IS29 - Competitiveness

- High quality print, equal to Offset printing
- Pre-coated paper not required
- Available on various kind of substrates (paper to emboss)
- double-sided printing
- Quick drying, suit for efficient post-press processes (print on demand)

⇒ Mass production is expected to start in 2014.

New product



**LANDA**

⇒ Mass production is expected to start in 2015.



**K-ColorSimulator**

■ Possible to make easy color matching between offset and digital printing.



**K-Station**

■ Possible to make process control on print work with combination of offset and digital printing.

Sales expansion by proposing production system adopting combination of offset printing press and digital printing press.

**Komori acquired 100% shares of Tokai Holdings Co., Ltd.**

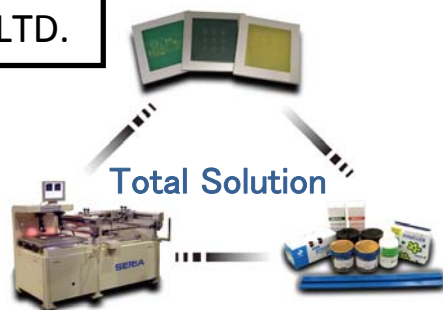
**This acquisition Komori will be able to take further step to achieve early commercialization of PE / Precision Equipments business, through fully utilizing of development capabilities of Komori but also the existing sales channel of Tokai Holdings Co., Ltd.**

- **Early launch of Gravure Offset Printing Machine (PEPIO-F20)**
- **Further sales expansion of Screen printing machine, related equipment and materials (Tokai Holdings Co., Ltd.)**



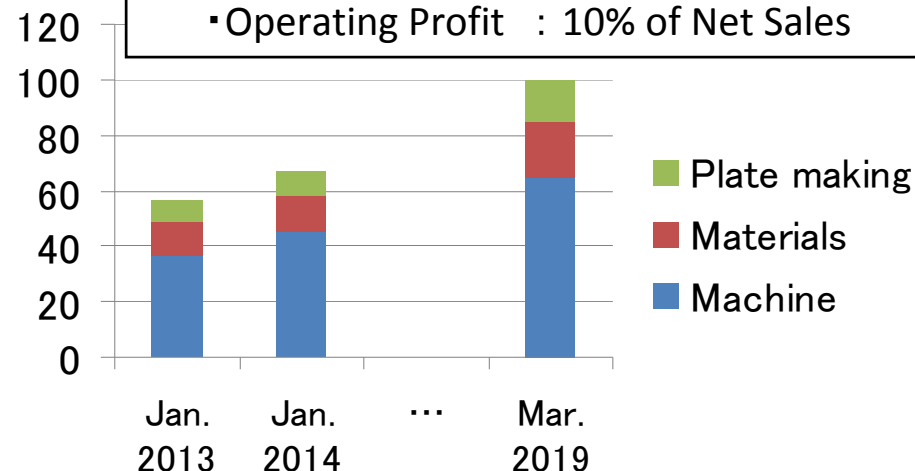
**Tokai Holdings CO., LTD.**

**New Product**



**Sales target of PE / Precision Equipments business for FY 2019/3**

- **Net Sales : 10 billion yen**
- **Operating Profit : 10% of Net Sales**



※It has not received the audit by the auditors for unlisted



# PESP(Print Engineering Service Provider) business

Sales expansion by enhancing solution proposal with wider range of PESP products.

## ■ K-Supply (printing materials such as ink, rollers, cleaning solutions etc)

### ▪ **Starting to sell ink for H-UV system**

New product

(Developed ink suit for H-UV, with know-how accumulated in Komori Graphic Center)

⇒ Users can reduce ink cost, which holds material portion in variable direct expenses at printing company.  
In the meantime, KOMORI will realize continued stable cash flow.

## ■ Extend peripheral equipments (POD, Pre-press/Post-press through OEM etc)

## ■ Progress Preventive Maintenance service (Retrofit etc)

▪ Proposing solutions to improve performance of the existing presses considering cost effectiveness.  
(For example, KHS-AI is one of solutions, which is an innovative productivity enhancement system.)

⇒ Planning ahead of such arrangements would be beneficial both to users and KOMORI in view of efficient usage of resources.

Proposing solutions to customers with combination of wide range of products and services.

# Transformation of Revenue structure

## ■ Pursue “Monozukuri” (manufacturing) innovation

- ①Develop attractive products with technologies to achieve differentiation
- ②Strengthen market analysis through researches like CS(Customer satisfaction) questionnaires, which will be considered seriously in the developments.
- ③Reduce manufacturing cost by designs to commonalize components/parts, stabilize quality, aim at perceived quality.

## ■ Improve cost competitiveness

- ①Started production at KNT (Komori Machinery (Nantong) Co., Ltd.) at own plant since February, 2014, which will expand ratio of procuring parts from overseas countries.
- ②Progress SGA20 activities  
Achieved 20% of SGA ratio against sales turnover at entity level of KOMORI corporation in Fiscal year ended 31 March, 2014.

## ■ Improve efficiency of work by making best use of ICT

- ①Not only for existing business, but also for new businesses like PESP in which sales/service systems need to be reviewed for new style of activities in solution businesses.
- ②Establishing new system on development processes.

## ■ Develop global human resource and transformation of personnel management system



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