

Sodick Group: Long-term Vision “Next Stage 2026 ~Toward Further Growth~”

Long-term Vision “Next Stage 2026 ~Toward Further Growth~”



A long-term vision to cover the period up to 2026 when the Company will celebrate its 50th anniversary

Operating environment surrounding the Company

- Changes in the automotive industry (shift to next-generation vehicles, automated driving, etc.)
- Evolution of IoT and AI technologies (smart factory, automated plant, labor saving manufacturing facilities)
- Expansion of communication network (5G, big data, highly functional smartphones)
- Sophistication of *monozukuri* (manufacturing) in emerging countries
- Tightening of environmental regulations (reducing CO2 emissions)
- Shrinking workforce due to dwindling birthrate and an aging population
- Soaring labor costs, etc.



Management policy

Based on the spirit of “Create (So),” “Implement (di),” and “Overcome difficulties (ck),” further improve the Company’s technologies, promote application of those technologies to new product lines and contribute to building a sustainable society through *monozukuri*



Electrical discharge machines (EDMs)



Machining centers



Metal 3D printers



Injection molding machines



Light metal injection molding machines



Noodle making machines



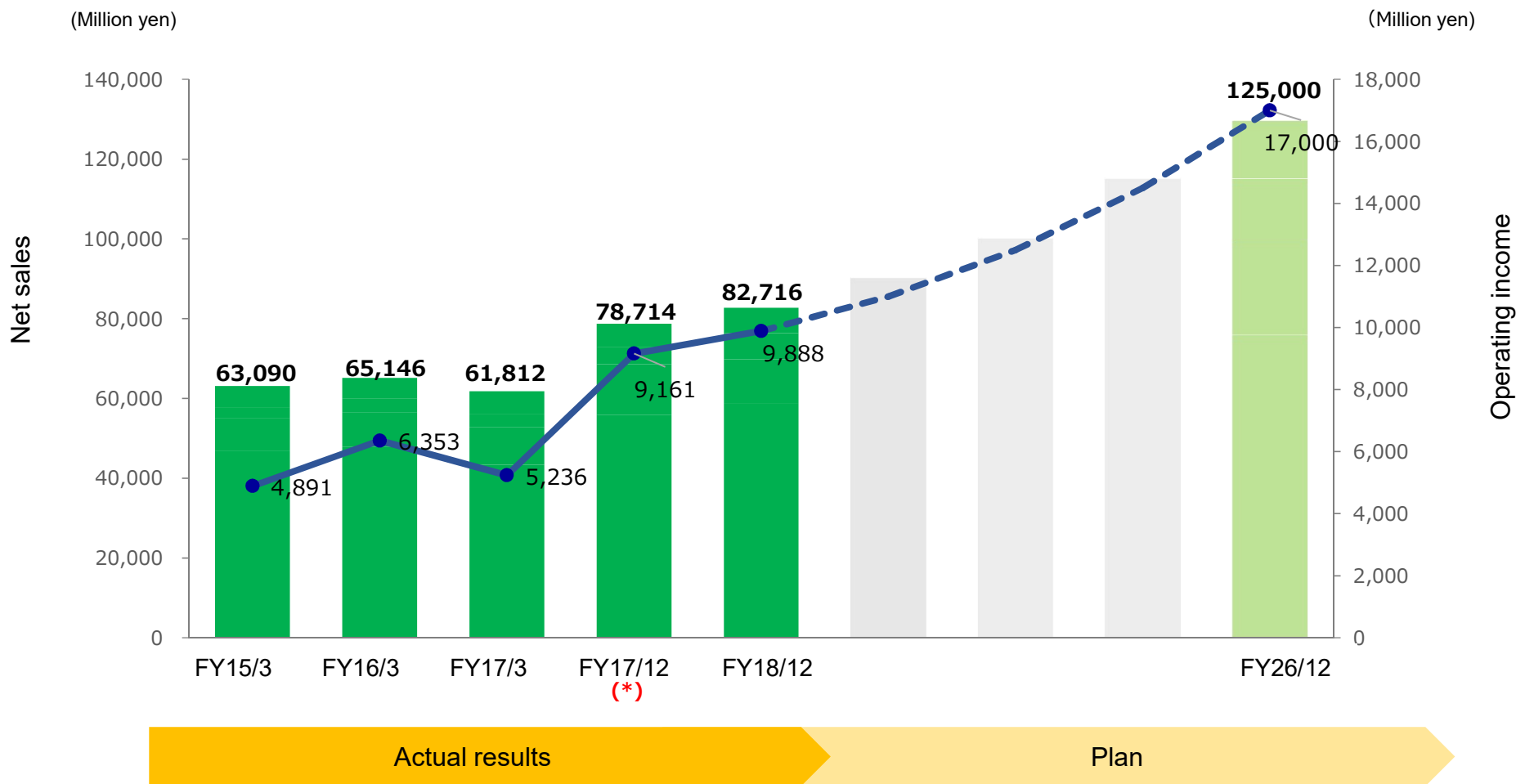
Sterile-packed cooked rice production systems

Long-term Vision

“Next Stage 2026 ~Toward Further Growth~” (Numerical Targets)



Targeting net sales of 125,000 million yen
with operating income of 17,000 million yen by FY2026/12

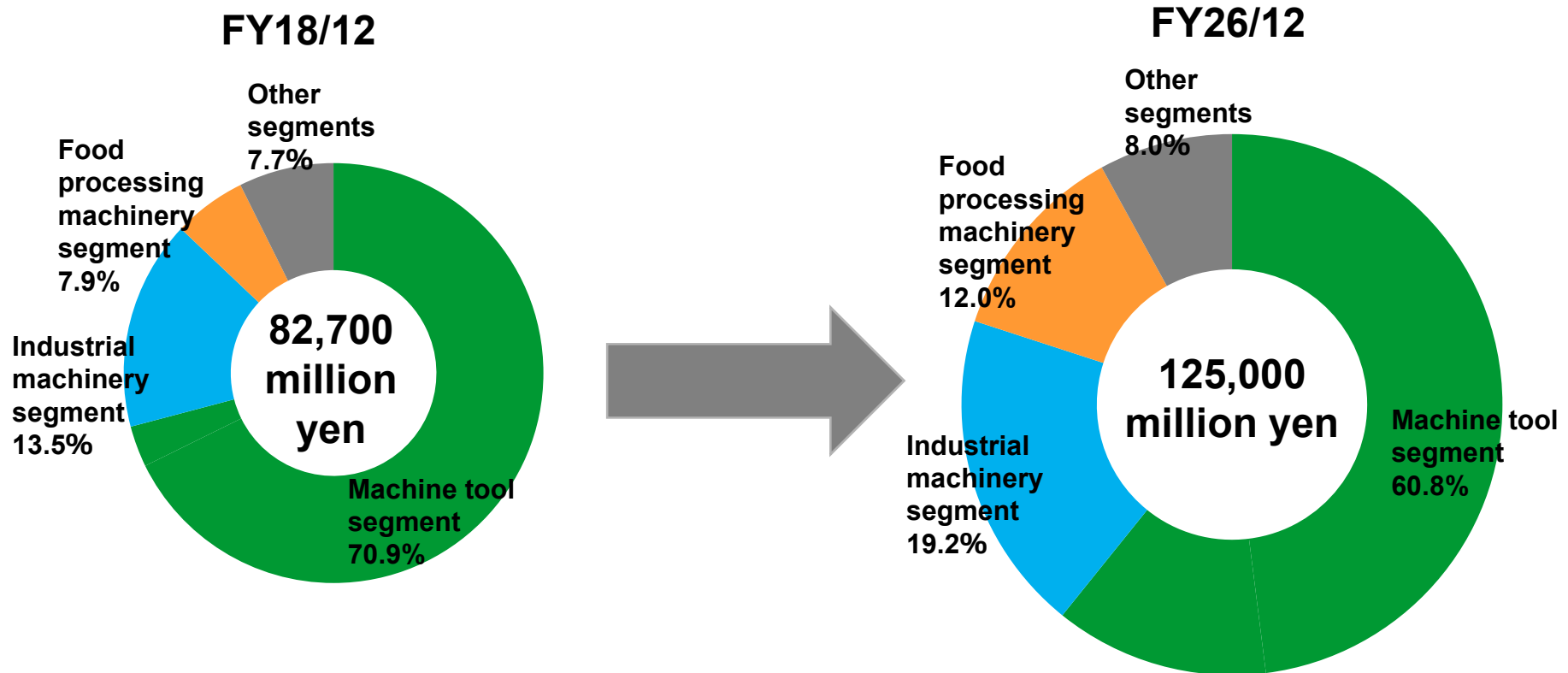


*Figures for FY17/12 are group-wide results for the period of January-December 2017 provided for the purpose of comparison. 3

Sodick Group's 2026 Goals



**Increase competitiveness of existing operations, develop product lines to drive growth and expand business.
Achieve portfolio transformation and establish a stable earnings base.**



Actual Results and Targets (by Segment)

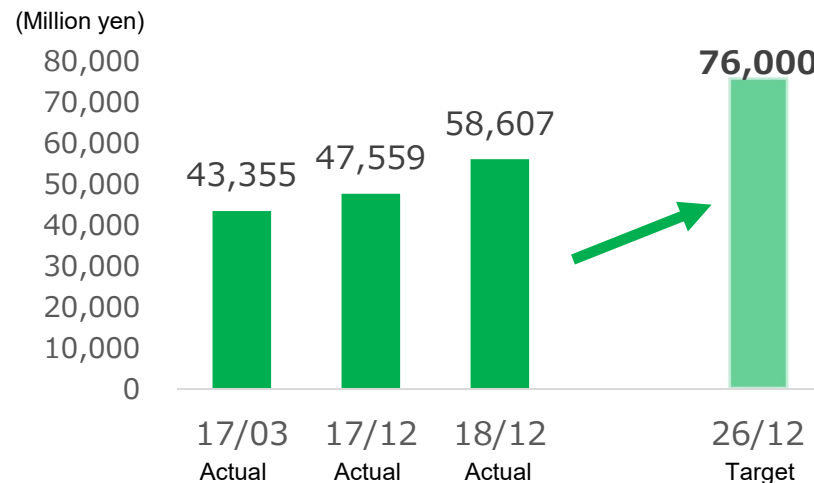


		FY18/12	FY26/12
		Actual	Long-term targets
Net sales	● Machine tool segment	58,607	76,000
	● Industrial machinery segment	11,155	24,000
	● Food processing machinery segment	6,560	15,000
	● Other segments	6,392	10,000
		82,716	125,000
Segment income	● Machine tool segment	9,988	15,000
	● Industrial machinery segment	802	2,400
	● Food processing machinery segment	674	2,000
	● Other segments	1,030	1,500
		12,496	20,900
Adjustment		△ 2,607	△ 3,900
Total operating income		9,888	17,000

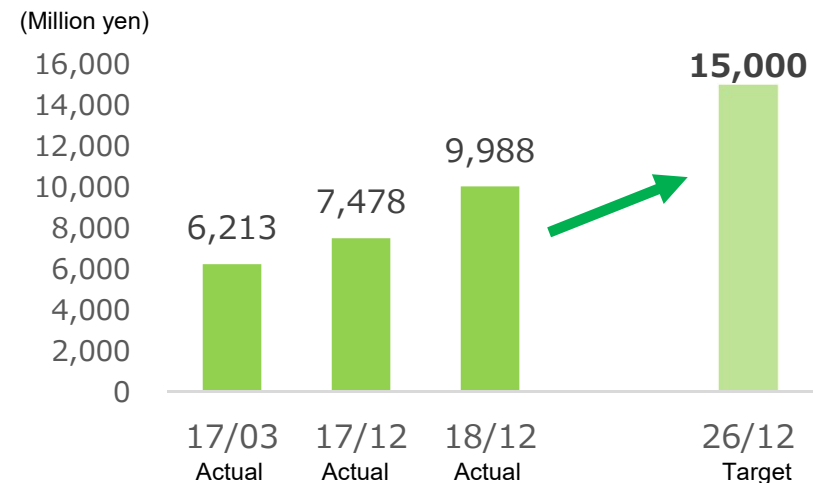
Develop product lines (metal 3D printers, precision MCs) to rank next to EDMs, broaden business areas and promote growth of core business

- **Respond to technical innovation**
- **Maintain competitiveness of EDMs**
- **Accelerate sales and R&Ds of metal 3D printers**
 - ⇒ Create demand through efforts to increase application to molds and parts machining, processing knowhow and metallic powder injection molding machines
 - ⇒ Promote self-manufacturing of core technologies and improve cost competitiveness
- **Increase sales of precision machining centers and meet the needs for high value-added processing**
- **Enhance marketing systems in growth markets**
 - ⇒ Enhance marketing systems in emerging markets (India, Mexico, etc.)
 - ⇒ Increase share in the West (increase sales to the automotive and aerospace industries)
- **Expand product lines such as robots that will facilitate automation and manpower reduction**
- **Optimize production systems by transforming manufacturing facilities into multi-factories**

<Net sales>



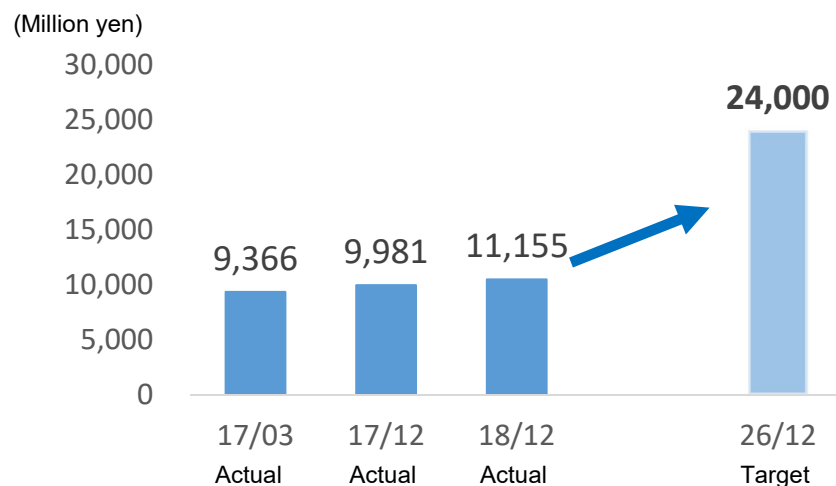
<Segment income>



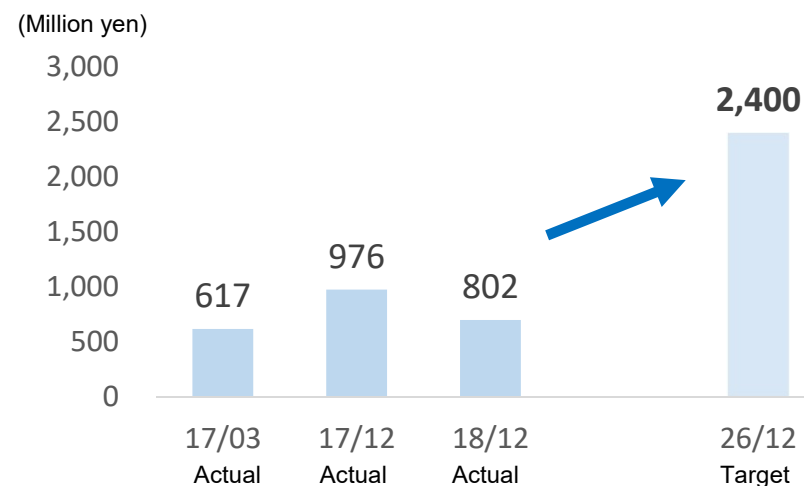
Increase unit sales and share, thereby becoming a leading company of high precision injection molding machines

- **Increase the ratio of overseas sales to 70% or higher**
 - ⇒ Enhance marketing systems in growth markets such as Europe and India
 - ⇒ Reorganize sales structure (increase the number and improve the skills of sales staff mainly in China and Asia)
 - ⇒ Increase sales of MS Series fully-electric injection molding machines
- **Increase sales of light metal injection molding machines (for magnesium and aluminum injection molding)**
 - ⇒ Create demand through efforts to expand product lines, ensure stable molding and ease of maintenance and increase applications
- **Enhance preventive maintenance and status management solution capabilities through use of the ICF-V automatic production system, IoT and AI**
- **Strengthen marketing competitiveness by raising the ratio of overseas sales, reducing costs through the use of common parts, etc.**

<Net sales>



<Segment income>



Food Processing Machinery Segment

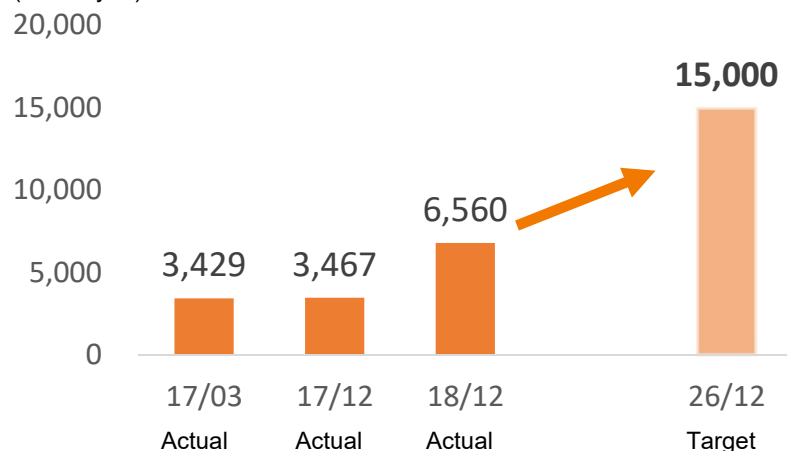


Reinforce overseas marketing and overseas production systems, thereby becoming a global manufacturer of food processing machines

- **Increase the ratio of overseas sales (noodle making machines, sterile-packed cooked rice production systems)**
 - ⇒ Develop demand for high value-added products in China and Asia
 - ⇒ Secure new and replacement orders from major food makers
- **Develop products other than noodle making machines and sterile-packed cooked rice production systems and establish sales channels for them**
 - ⇒ Put more efforts into the development of products for the home meal replacement market
 - ⇒ Introduce automated and labor saving manufacturing facilities
- **Enhance production and development systems**
 - ⇒ Automate manufacturing facilities and standardize products to reduce cost
 - ⇒ Strengthen efforts to secure food safety and security
 - ⇒ Boost production capacity at overseas factories and establish systems for supply to Chinese and Asian markets

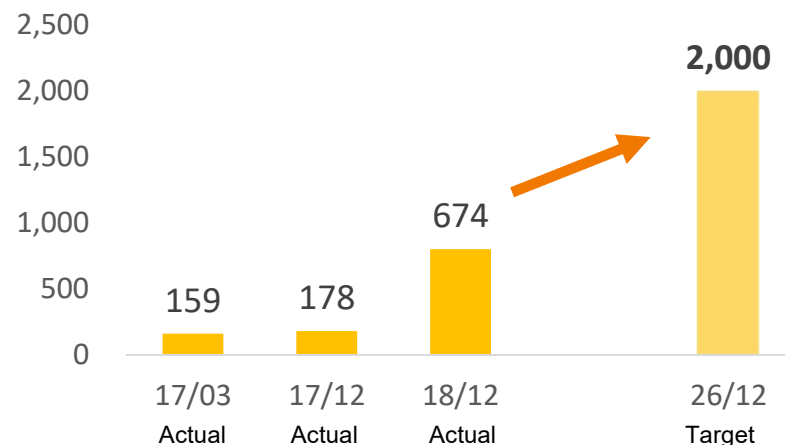
<Net sales>

(Million yen)



<Segment income>

(Million yen)



Aim to increase profitability of each operation by making use of the Group's element technologies

- **Increase profitability of precision mold and precision molding operations**

- ⇒ Reinforce cell production systems through the use of metal 3D printers and MR30 special-purpose injection molding machines

- ⇒ Establish product development systems and capture demand for precision mold and precision molding for next-generation automotive parts

- **Increase production and sales of ceramics parts**

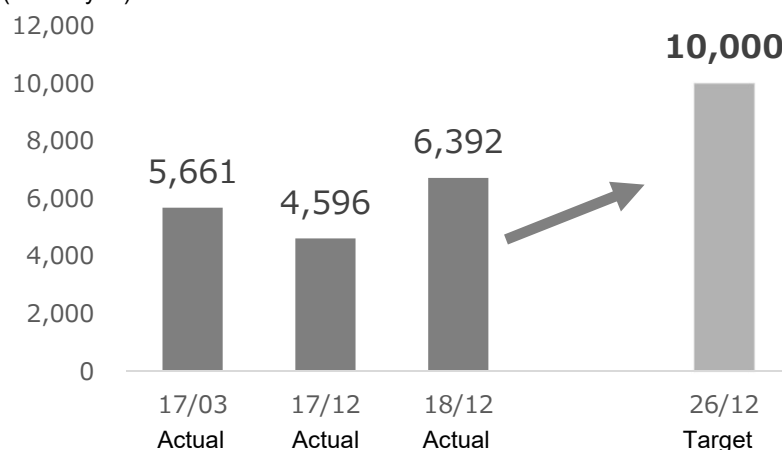
- ⇒ Increase sales of ceramics parts for semiconductor manufacturing equipment

- ⇒ Increase sales to high value-added industries

- **Increase productivity through introduction of automated systems**

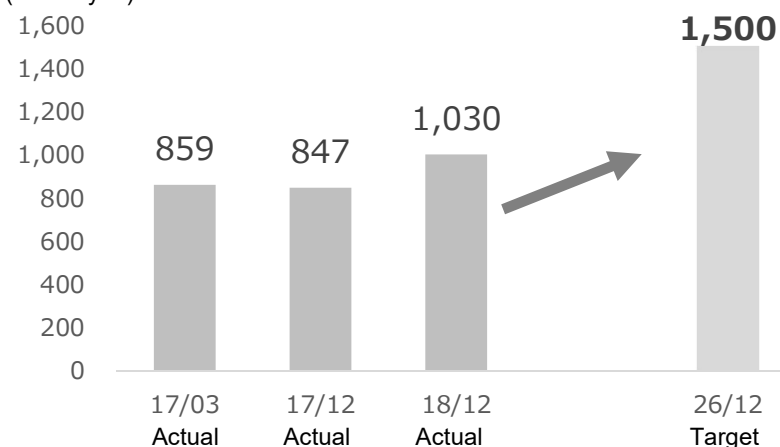
<Net sales>

(Million yen)



<Segment income>

(Million yen)



Strengthen business bases to promote sustainable growth

Corporate governance

- ✓ Upgrade the effectiveness of the Board of Directors
- ✓ Strengthen supervisory function (use independent outside directors)
- ✓ Promote diversity (appoint foreign or female directors)

Work-style reform

- ✓ Review the personnel system
Secure excellent human resources, introduce talent management system
- ✓ Cultivate diverse human resources
(Develop next-generation management team, promote active participation of women)
- ✓ Create a pleasant working environment

Organizational reform

- ✓ Rebuild business management systems
- ✓ Rebuild production and marketing systems to meet demand
⇒ Transform existing factories including overseas factories into multi-factories

Implement balanced capital allocation to achieve sustainable growth

Capital policies

- Carry out growth investment and increase profitability
- Secure necessary internal reserve, reinforce financial strength and improve management flexibility
- Provide stable and continuous returns to shareholders while taking into consideration financial results for each fiscal year



Long-term financial targets

Capital efficiency

-Consolidated ordinary income margin: 10% or higher

Financial strength

-D/E ratio: 0.5 times or lower
-Positive net cash position
-Equity ratio: about 55%

Shareholder return

-Maintain DOE of 2% or higher
-Raise payout ratio to about 30% in a phased manner

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