

# Medium- to Long-Term Plan

## Entering into a new chapter as a global company

As part of the growth and globalization strategy, IDEC acquired the APEM Group in March 2017. This acquisition enables us to expand our key product lineups of control devices, including industrial switches, and to expedite penetration into global markets. After strengthening our major product lines through acquisition integration, we will focus on developing products and solutions that meet a broad range of customer requirements as our industry undergoes radical changes with the advancement of IoT and robot technologies.

Our marketing strategies include aiming at selective industries where we already have an advantage and which we believe offer potential growth. Such focused effort will strengthen our established business segments and improve profitability. Also our firm commitment to addressing social challenges with our agriculture solutions and safety technology-embedded collaborative robot systems will lead to growth in new business sectors.

In the fiscal year 2018, with APEM joining the IDEC Group, we begin our march toward achieving our long-term sales goal of ¥100 billion and operating income margin of 15%.

### Mikio Funaki

Senior Executive Vice President



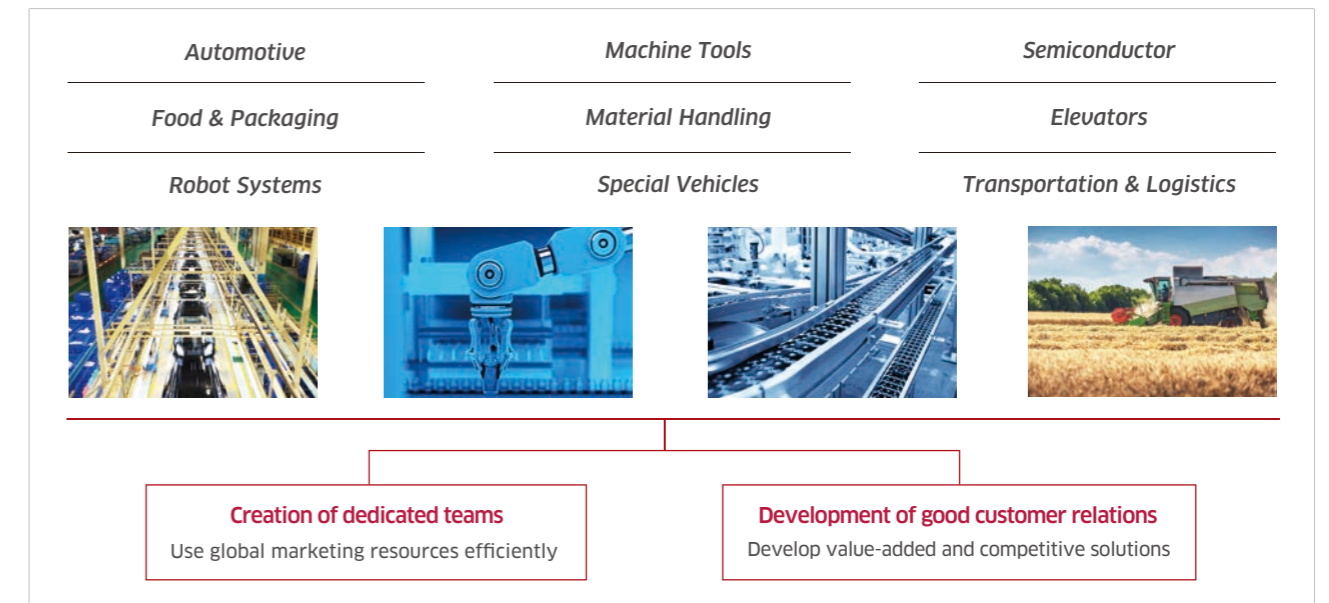
## Medium- to Long-Term Targets

	Fiscal Year 2017	Plan for Fiscal Year 2018	Longer-Term Targets
Net sales	¥ 43.4 billion	¥ 55.5 billion	¥ 100.0 billion
EBITDA (Note 1)	11.0%	14.1%	At least 20.0%
Operating income margin (Note 2)	8.2%	10.8%	At least 15.0%
Overseas sales ratio	35.7%	50.5%	At least 60.0%

(Note 1) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA): Operating income + Depreciation + Goodwill amortization  
 (Note 2) Operating income margin: Operating income margin before goodwill amortization owing to the arbitrary application of International Financial Reporting Standards (IFRS) from the fiscal year ending March 31, 2020.

### 1. Improvements in core business sectors

Select and focus on target industries



- Promote a collaborative robot systems integration business
- Expand IoT-platform product lineups
- Global business expansion

### 2. New businesses in high gear

- Turn fine bubble generation technology into a full-scale business venture
- Offer next-generation plant factories to lead agricultural industrialization



### 3. Reinforcement of operational foundation

- Develop human resources fit for global business to sustain growth
- Promote workplace diversity where individuals can make the most their different talents and experiences
- Improve quality of management by CSR activities



# Global Strategy



**Arnaud Mondy**  
Senior Executive Officer  
Sales & Marketing

## Acquiring APEM helps IDEC accelerate its growth

To accelerate our growth overseas, we have adjusted our organization and created regional headquarters for Europe, Americas, Asia Pacific and Greater China. In each region, we have mutualized back-office functions and strengthened our marketing and sales teams, allowing us to respond better and faster to local customers' needs. This new organization will make it easier to rotate people in the

regions and eventually, fill management positions with locally hired people. The APEM acquisition enabled IDEC to become one of the world's top companies in the HMI market. IDEC and APEM complement each other in products, geographic strengths and business models, creating many opportunities to grow IDEC Group's overall sales and profit.

## Synergy with APEM leads the IDEC Group to a new future

### 1. APEM Highlights

Year founded	1952	
Location of headquarters	France	
President	Grégory Sachnine	
Capital	10.2 million euros	
Sales	101.3 million euros (Year ended December 31, 2016)	
Business activities	Design, manufacture and sale of industrial switches, joysticks, keyboards and other products	
Company strength	Operating production and sales bases in 10 countries, APEM leverages its network of more than 130 agents in supplying products to the global market	



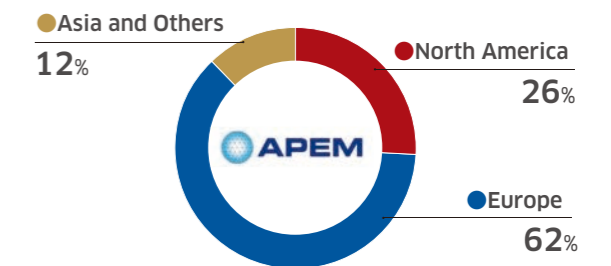
APEM management team

### 2. Anticipated synergy with APEM and IDEC

#### Global expansion of business

In Europe, we will leverage APEM's extensive sales network to drastically increase sales of IDEC products while in North America, both sales organizations will cooperate to maximize sales through their different channels and to existing customers. In Asia, IDEC sales teams will add APEM products to their portfolio and accelerate the growth of APEM in the region.

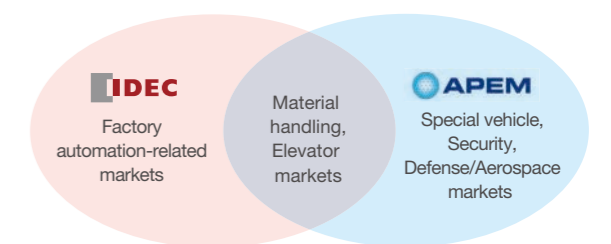
APEM's sales ratio by region  
(for the fiscal year ended December 31, 2016)



	Before APEM Acquisition	After APEM Acquisition
Ratio of Overseas Sales	35.7%	50.5% (Plan for fiscal year 2018)
Number of Global Sales Bases (Countries/Regions)	9	16
Number of Employees (Overseas Ratio)	2,222 (56%)	3,911 (75%)

#### Entry into new markets

While IDEC's main markets center on factory automation, APEM sells HMI components to a wider range of markets, including agriculture/construction special vehicles and defense/aerospace in which IDEC has little experience. Thus, APEM provides an opportunity for IDEC to enter into these new markets and more than double its market size, in addition to broadening its product lineups. This in turn leads to expanding the global market share of IDEC switches.





# Core Businesses

Providing optimal products and solutions that address prevailing needs

## Safety

### Contributing to safety at manufacturing sites

IDEC creates and proposes world-class robotic systems through the integration of collaborative robots and its strengths in safety-related products and technologies.



### High levels of safety and productivity

Leveraging technologies accumulated since its founding, IDEC develops and manufactures safety-related products, including safety switches and emergency-stop pushbutton switches that reflect its commitment to safety, reliability and ease of use.

Based on these safety products and systems, IDEC FACTORY SOLUTIONS CORPORATION provides collaborative robot systems that match the needs of its customers, contributing to improvements in quality and productivity by reducing the effects of labor shortages.



## Automation

### Releasing products that make IoT a reality

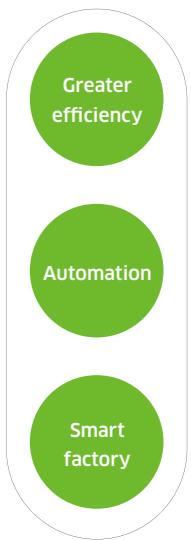
IDEC has been expanding its lineup of products, like programmable controllers that make IoT a reality in a variety of situations in our daily lives, in addition to manufacturing sites.



### Responding to current needs

The proliferation of IoT has increased needs for operating and controlling devices remotely, and ascertaining their current status.

At IDEC, we are ready to fulfill the requirements of our customers in the IoT era, having expanded our lineup of related products including programmable controllers and programmable displays with enhanced networking functionality, sensors that can identify physical objects and changes in conditions, and auto-ID systems that facilitate the traceability of items.





# New Businesses

Helping solve social issues by creating new value

## Fine Bubbles

### Creating new industries

IDEC aims to create new industries with its world-leading fine bubble generation technology. This technology is being applied to a wide range of fields, including industrial cleansing applications and agricultural water.



### Taking the lead in creating international standards

Our GalF series of fine bubble generation systems, which use a proprietary pressurized dissolution method, meet diverse needs with desktop systems for experimentation and large-flow systems for industrial use.

As a leading company that creates markets for its fine bubble products, IDEC participates in the Fine Bubble Industries Association (FBIA), which promotes fine bubble international standards and industrialization, and received International Organization for Standardization (ISO) certification for its fine bubble technologies in 2017. The Company expects to broaden the applications for its fine bubble products in a wide range of fields in the years to come.



Higher-quality  
cleanse

Cultivate  
plants

Preserve  
food

## Agriculture

### Contributing to the industrialization of agriculture

IDEC provides a total suite of next-generation agricultural solution packages, combining its control technologies, fine bubble technologies and expertise accumulated in manufacturing, all offered in a single bundle.

We encourage companies to enter the agricultural business by providing new models for profitable agricultural operations in order to make it a more compelling industry.



### Next-generation agricultural plants

IDEC offers complete support for next-generation agricultural plants that use solar power, ranging from engineering and construction to guidance on cultivating crops and developing distribution channels.

IDEC's control technologies are used to automatically control a variety of conditions for growing crops, including greenhouse temperatures, the amount of sunlight, CO<sub>2</sub> concentration and irrigation levels. These technologies help reduce labor and boost productivity, while also stabilizing and increasing harvest volumes with its fine bubble technologies.



Next-generation agricultural plant Sayo Manabiya Farm

High  
profitability

Reliable  
output

Reduction  
of labor

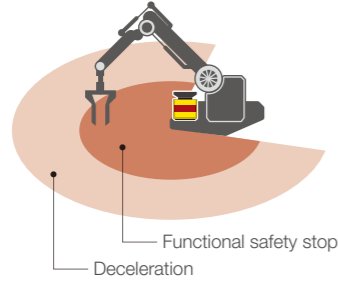


# Topics

## Products



2016 4



### Released SE2L safety laser scanners

We launched safety laser scanners to ensure the safety of people working near equipment and people who remain in hazardous areas.



2016 5

Released intrinsically-safe/flame-proof galvanic isolator made by GM International in Italy



2016 12

Released the EC2B control box, to comply with global explosion-proof standards



2016 12

### Renewal of φ30 switches

We updated the N Series/TWT Series of panel cut φ30 control units, a key product line, with new contact blocks to improve safety and reduce man-hours.



2017 2

Released the WB2F auto-ID device



2017 3

Released the HW1Z illuminated buzzer



## Events



2016 6

### Annual General Meeting of Shareholders held

IDEC held its 69th Annual General Meeting of Shareholders at the company's headquarters, and many shareholders participate in a social gathering after the end of the meeting.



2016 9

### Opened the Collaborative Safety Robot Technical Center

The center enables us to provide collaborative safety robots tailored to the needs of customers, who are considering the introduction of robots, while educating them on their use cases and how to build safe systems.



THE 7TH ROBOT AWARD  
第7回 ロボット大賞

### Received Robot award

Our three-position enabling switches won the Chairman's Award in the 7th Robot Awards sponsored by the Japan Machinery Federation for ensuring safe collaboration between people and robots.



2016 10



GOOD DESIGN AWARD  
2016年度受賞 9



Received the Good Design Award for the FC6A programmable controller

2017 3



**APEM**

Acquires the APEM Group