

Accelerating initiatives to ensure sustainable growth and to become a truly global company



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Performance for FY2019

Through the first half of the year, factors such as the demand for capital spending, and the rise in needs for the automation of production facilities led us on a good course. However, the trade conflict between the U.S. and China during the second half of the year left us with a more challenging business environment.

Despite this, we saw contributions from our new group companies in Japan, as well as a steady trend in sales from our safety and explosion protection solutions. Also, our core business, Human-Machine Interface (HMI), expanded due to the positive progress made by APEM, which we acquired in 2017, and we saw an increase in sales for our automation solutions in the Americas.

As a result, our consolidated fiscal year-end sales came to be \$565 million (up 0.5% from the previous year). However operating income and operating income margin came to be \$52 million (down 10.3% from the previous year) and 9.1% respectively. This was due to the increase in SG&A expenses from the new acquisitions as well as an acceleration of business restructuring in Japan and overseas in light of a harsher external environment.

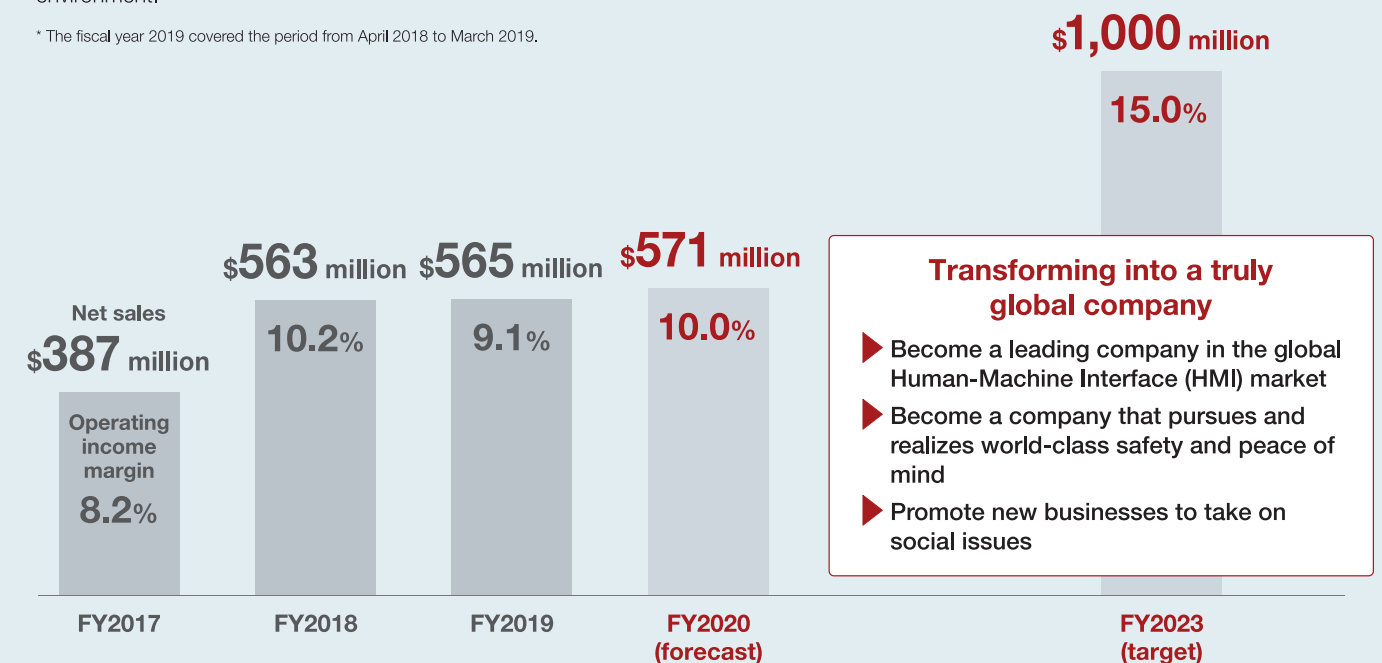
* The fiscal year 2019 covered the period from April 2018 to March 2019.

Business development

2020 will mark IDEC's 75th year in business. We will further promote expansion of our global business, enhance coordination between our group companies, and improve our global management qualities in order to achieve our FY2020 and 2023 goals. At the same time, we are accelerating our efforts to transform into a highly profitable company by prioritizing system efficiencies and enhancements.

In addition, in 2019, we established "The IDEC Way" to strengthen the "One IDEC" sense of values among our employees globally to help us achieve our mission.

In order to become a truly global company and continue our growth towards our 100th founding anniversary, each and every one of our employees is putting "The IDEC Way" into practice, striving to meet challenges and help reshape our organization towards sustainable growth and improved corporate value.



Note: Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31 in every fiscal year.
 Note: Exchange rate (1 U.S. dollar): FY2017 (¥112.20), FY2018 (¥106.27), FY2019 (¥111.01), FY2020 (¥105.00), FY2023 (¥100.00)

Our fundamental strategies to achieve our medium- to long-term growth targets

1 [Core businesses] Further expansion of our global businesses

- Develop product strategies and improve synergy with APEM to lead us closer to achieving top position in the global HMI market
- Increase market share through the global sales of products that adopt push-in connectors
- Develop Indian market to further sales expansion in the Asia Pacific region
- Accelerate global deployment of Safety2.0 and Vision Zero initiatives, and develop products and human resources that can help ensure safety and peace of mind
- Implement a global marketing platform and an operations model to maximize the platform
- Accelerate initiatives to increase profitability, and improve quality, lead time and productivity

2 [New businesses] Enhanced coordination between our Group companies

- Expand a collaborative safety robot system which incorporates collaborative robots and IDEC's safety-related devices
- Propose store solutions focused on automation throughout the entire supply chain
- Drive change from mega solar to self-consumption solar power and energy management systems in the environmental energy-related business

3 [Management base] Improvement of management quality on a global level

- Establish a global human resources management system
- Develop training and secure human resources that drive corporate reform
- Implement work style reforms to achieve a better "life-work balance"
- Improve productivity through the promotion of diversity
- Develop organizations that can strengthen our global business system

1 Further global expansion in our core businesses

Drawing on the knowledge and know-how in Factory Automation (FA) that we have cultivated over many years, we are focusing on 9 industries in which the IDEC Group has strengths and is expected to grow in the future. We will strengthen our core businesses by providing a broad range of solutions and driving regional strategies to expand our global business in these industries.

We are promoting digital marketing in order to improve efficiency and improve sales. This involves gathering and analyzing customer attributes and behavioral data to be shared to provide information and services that meet their needs.

In addition to these initiatives, as of 2019 we will release a variety of control devices that make use of new wiring methods and push-in connectors. These connectors are highly reliable, offer space savings and reduce wiring work. This will lead to an expansion of our global share as well as an improvement in convenience and safety at manufacturing sites.

We are also working to transform the company to be truly profitable. This includes optimizing our logistics system and manufacturing bases, automating and streamlining production, and cutting costs by reorganizing our materials and reducing the amount of parts involved. We are also making overall improvements in quality, lead times and productivity.



Regional Strategies

Americas

- Expand Automation and Safety sales through introduction of renewed products and solution enhancements
- Strengthen IDEC-APEM synergy to expand HMI product solutions with a broadened customer base
- Optimize opportunity generation through digital marketing
- Maximize presence through focusing on selling solutions to key verticals

EMEA (Europe, Middle East, Africa)

- Drive switches, indicators and components growth through APEM's various sales channels
- Build IDEC product growth around a core of safety products
- Further develop the IDEC brand via exhibitions & digital marketing
- Continue to prioritise OEM customers in selected vertical industries
- Optimize distribution and add more sales channels especially for IDEC products

Japan

- Revolutionize panels by leveraging push-in technology and new services
- Further strengthen Safety business by promoting Collaborative Safety (Safety2.0) and ANSHIN concept
- Emphasize promotion of HMI products by leveraging APEM products
- Focus on key vertical industries
- Launch innovative IoT solutions for specific applications

Asia Pacific

- Expand presence geographically especially in India and Indonesia
- Focus on key verticals such as Automotive and Machine Tools
- Enhance collaboration with channel partners
- Strengthen technical support and local staff education
- Optimize operation in Asia Pacific region

Greater China

- Provide solutions to industries impacted by China manufacturing 2025 initiative
- Introduce new products designed for the Chinese market
- Reorganize the sales network and enhance collaboration with our sales partners
- Enhanced response for standardization of machine safety in China and safety needs
- Enhancement of customer service by strengthening technical support

2 Expansion of new businesses by improving coordination between our group companies

By improving coordination between our group companies and putting their respective strengths to work, we are able to engage in a wide variety of new businesses.

We are driving the expansion of our collaborative safety robot system business, which incorporates collaborative robots with IDEC's own safety-related devices, optimal vision sensors, AI, automatic guided vehicles and others. By promoting the utilization of control and safety technologies, we are creating new value for society, and contributing towards resolving a multitude of issues.



3 Improvement of management quality on a global level

As a manufacturer, we feel that there is not only an essential need to improve product quality, but we also believe in improving management quality through our CSR activities.

We are proactively building a global human resources management system, training and securing employees that drive corporate reform. This includes improvement in work-styles that support a better life-work balance, while establishing a diverse corporate environment.

By improving both products and management quality, we can achieve improvements in our company, maximizing our corporate value.

