Daifuku achieved nearly all its management targets for the previous medium-term business plan, Value Innovation 2017. Under the new business plan, Value Innovation 2020 starting in fiscal 2017, we aim to become a truly world-leading company in material handling.

Steadily achieving goals

Aiming to become the Truly Global No. 1 under

the Value Innovation 2020 Business Plan

Value Innovation 2017 (FY2013-FY2016)

FY2012

Consolidated Sales

billion

Operating Margin

4.0%

Rating [Stable]

Global No. 2*

Themes

Business Domains

Profitability

competitors from emerging ountries entering into market

> **Operational** Efficiency

Challenges in effectively using operating resources within the Group

Brand Power

Initiatives and Results

1 Identifying new businesses and markets

- 2013: Acquired U.S.-based Wynright, to expand FA&DA business
- 2014: Acquired New Zealand-based BCS, to expand ATec business
- Served global demand for automation in the e-commerce market
- One-of-a-kind/Device businesses: BAGgate, D-PAD, CONPROSYS, audit
- 1 Increasing value added
 - Provided high-end solutions that deliver high value-added in

• Initiated use of ATec's Sym3 (3D software) for FA&DA business,

• Conducted annual employee awareness surveys, 4 times in total

• Shifted from physical-visit-based to information-based model of customer acquisition, making effective use of websites and

Offered global business training for Japan-based staff and

2 Changing the approach to customers

providing avenues for using technology across businesses

- 2 Boosting cost-competitiveness
 - Expanded non-Japan production

2 Enhancing financial integrity

• Included in the JPX-Nikkei Index 400

1 Raising employee awareness

leadership training for global staff

• Implemented bulk purchasing, standardization

1 Leveraging managerial resources

 Paid-in capital: 8 billion yen → 15 billion yen Per-share dividend: 15 yen → 42 yen

2 Bolstering global business

- Non-Japan sales ratio: 52% → 65%
- Non-Japan employee headcount: $3,742 \rightarrow 5,536$
- 3 Expanding existing business
 - Service sales ratio: 25%
 - Established retrofitting business
- 3 Strengthening businesses using ICT*
 - Real-time sharing of customer/project data, etc., across the network to help boost productivity
 - * ICT: Information & Communications Technology

3 Streamlining business operations

- Systematized Group operations
- Optimized U.S./Chinese subsidiaries
- 3 Building a new brand
- To evolve into a value innovator, established the brand message of "Always an Edge Ahead"
- Held brand briefings at affiliates and offices worldwide

FY2016

Consolidated Sales

¥320.8

billion

Operating Margin

7.2%

Rating

[Positive]

Global No. 1 **Value Innovation 2020**

FY2020 Targets (Year ending March 2021)

Consolidated Sales billion

Operating Margin

8.0%

The Truly Global No. 1

* Source: Modern Materials Handling

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