

Disclaimer

This is an English translation of the original Japanese release.

NEWS RELEASE

February 10, 2017

Daifuku Co., Ltd. (TSE code: 6383)
Representative: Masaki Hojo, President and CEO

Daifuku to Commence New Medium-Term Business Plan

Osaka, Japan – Daifuku Co., Ltd. has announced its new medium-term business plan, *Value Innovation 2020*, which will apply for the four-year period from April 1, 2017, to March 31, 2021.

1. Outline of the New Medium-Term Business Plan

Daifuku Group's logistics systems are a vital part of the infrastructure in the distribution revolution where companies provide through e-commerce, products that meet the needs of consumers, highlighting the change from "Business to Consumer" (B2C) to "Consumer to Business" (C2B). In addition, business becomes a success or failure depending on how a company adapts to the digital revolution, such as IoT (Internet of Things) technologies. In the plan, addressing this point, Daifuku will provide the best solutions to customers, continuing sustainable healthy growth.

(1) Management targets for the final year of the plan ending March 2021

Consolidated net sales: JPY 420 billion

Operating margin: 8.0%

(2) Core policies

Provide smart logistics for customers

Daifuku provides solutions that offer value and the competitive edge required by customers, and actualize the "visualization and optimization" of logistics with advanced technologies such as IoT and AI.

Establish Airport Technologies business as the 4th core business

Daifuku enhances not only baggage handling systems, but also software for airports and airlines, following the three existing core businesses, Factory and Distribution Automation, e-Factory Automation, and Automotive Factory Automation.

Pursue best combination of localization and globalization

Along with promoting integrated affiliate management, Daifuku accelerates innovation

across the Group and establishes an optimal corporate governance that focuses on global development.

(3) Capital policy

Daifuku aims to secure ROE of 10% or higher mainly by increasing net income, with the shareholder return policy with a dividend payout ratio of 30%. Daifuku will enhance its corporate value with further growth investment in view of the future potential of the Group.

For more details on the new medium-term business plan, please refer to the separate material.

2. Review of the Current Plan, Value Innovation 2017

The plan Value Innovation 2017 ending March 31, 2017 started with the initial target of consolidated net sales of JPY 280 billion and an operating margin of 7%, however, the operating scale increased more than anticipated due to aggressive M&A, and, accordingly, the targets were revised to consolidated net sales of JPY 340 billion and operating income of JPY 21 billion, and ROE of 10% or higher was added in May 2015. The sales target is difficult to achieve as a result of the yen appreciation in 2016, however, with actual demand and orders received, Daifuku is maintaining its growth. The Group forecasts that it will be able to achieve other targets than sales, underpinned by increased efficiency in production in Japan and overseas and the return to profitability of the Airport Technologies business.

In terms of corporate governance, Daifuku, as a global company, will maintain transparent and effective corporate governance, by electing independent outside directors, establishing the Advisory Committee for nomination and remuneration of the management team chaired by an outside director, introducing a board benefit trust plan, and developing its own corporate governance guidelines.

Media contact:

Stuart Oliphant / Akihiko Oiwa

Corporate Communications Department

Daifuku Co., Ltd.

Phone: +81 (0) 3-6721-3505

Notice

All statements made in this release are future projected results in accordance with Daifuku's plans, strategies and outlook for the future. Daifuku cannot guarantee this information and advises that you not rely on this alone.

###

Value Innovation 2020

Medium-Term Business Plan (April 2017 – March 2021)

February 10, 2017

DAIFUKU

DAIFUKU CO., LTD.



Value Innovation 2020

Daifuku Businesses



Factory & Distribution Automation

Storage, transport, sorting, and picking systems



e-Factory Automation

Cleanroom transport and storage systems



Automotive Factory Automation

Automobile production line systems, parts logistics systems



Airport Technologies

Airport baggage handling systems, self-service baggage check-in systems



Car Wash Machines

Car wash machines and related equipment

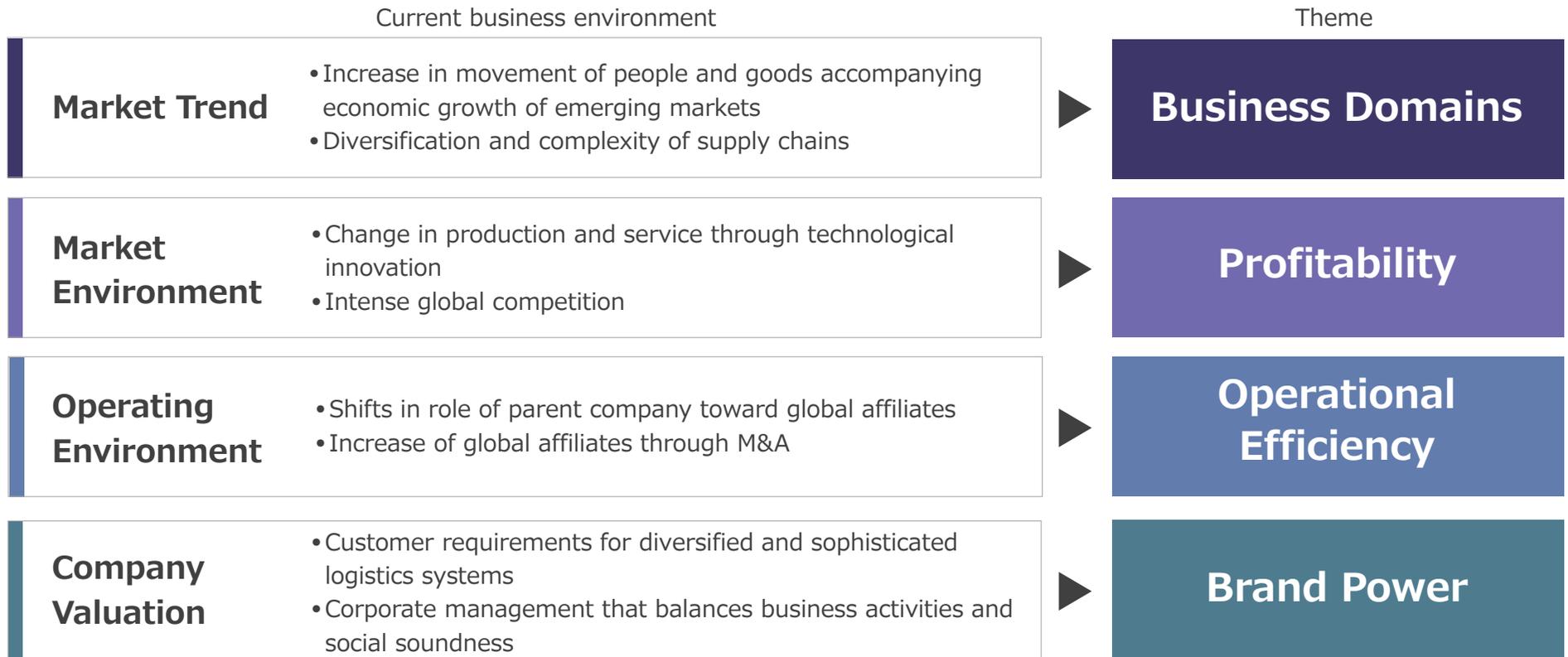


Electronics

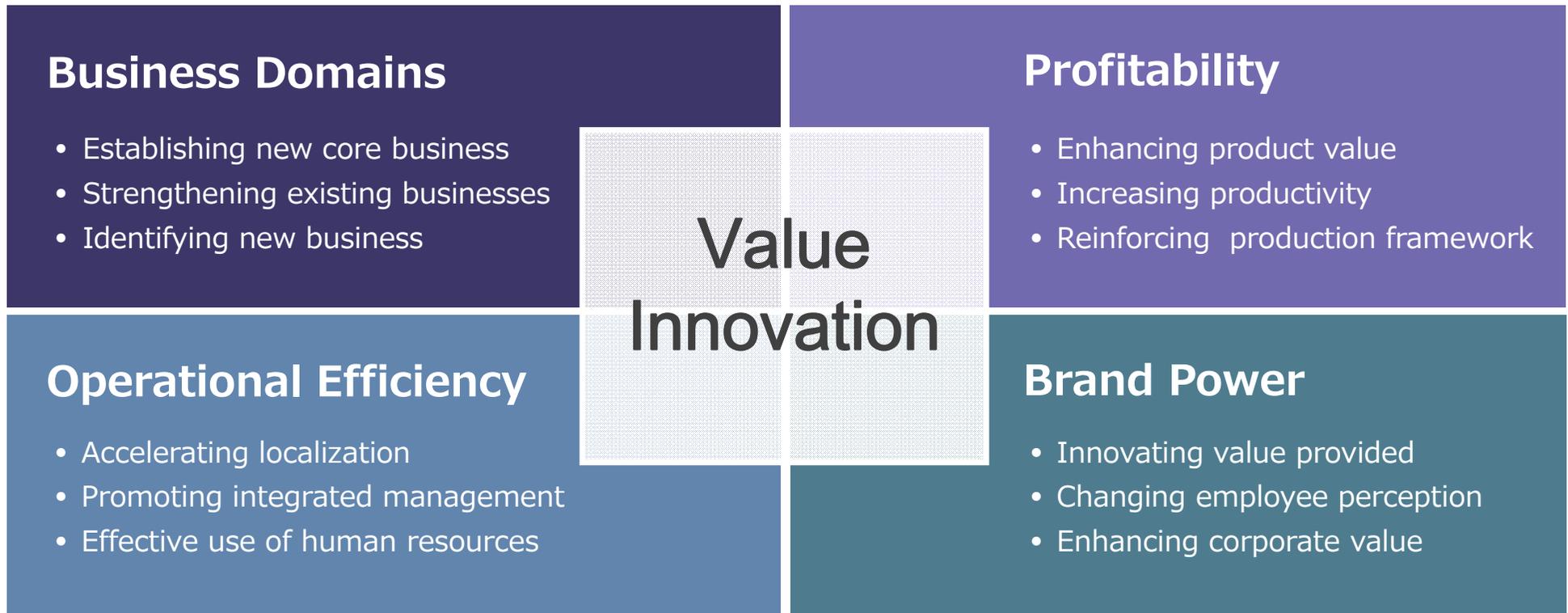
High-end industrial computers, network, and IoT solutions

IoT: Internet of Things

Current and Future Business Challenges



Themes for Medium-Term Business Plan



Business Domains

Establishing new core business

Establish Airport Technologies business as the 4th core business

- Expand business areas with rising demand from airport facilities and IT needs due to passenger increases
- Build airport operation models that service passengers as well as baggage

Reinforcing existing businesses

Enhance proposals for Smart Logistics

- Actualize the “visualization and optimization” of logistics with technologies such as IoT, ICT and AI among others
ICT: Information & Communications Technology AI: Artificial Intelligence
- Innovate service method and quality

Identifying new business

Proactively invest in fields and technologies with expected high growth

- Strengthen development of devices and software using advanced technologies
- Increase open innovation through social and business collaborations

Profitability

Enhancing product value

Develop products to provide customers a competitive edge

- Differentiate systems incorporating image processing, robots, AI and digital technologies from competition
- Develop equipment and software for effective stable operation and preventive maintenance

Increasing productivity

Promote efficiency through production innovation

- Globally promote standardization and automation of small lot production
- Raise labor productivity by “visualization” using IoT and ICT

Reinforcing production framework

Strive for optimal production and procurement worldwide

- Establish and/or reinforce production sites based on global expansion
- Strengthen global supplier and field partner network

Operational Efficiency

Accelerating localization

Optimize affiliate management

- Promote autonomy of affiliate management to accelerate area-based business development
- Actively develop and appoint global talent

Promoting integrated management

Pursue best combination of localization and globalization

- Optimize the Daifuku Group governance for global development
- Foster a sense of unity across the Group by sharing management philosophy and strategy

Effective use of human resources

Strengthening HR management to bolster global business

- Cultivate next-generation leaders who drive global business development
- Further promote diversity to maximize capabilities

Brand Power

Innovating value provided

Provide Smart Logistics for customers

- Provide not only “function” but also “value”
- Supply value innovation with advanced logistics solutions

Changing employee perception

Develop Daifuku culture that values challenge

- Promote work-style reforms to achieve work-life balance
- Develop an environment to raise employees’ motivation and to be aware of their own growth

Enhancing corporate value

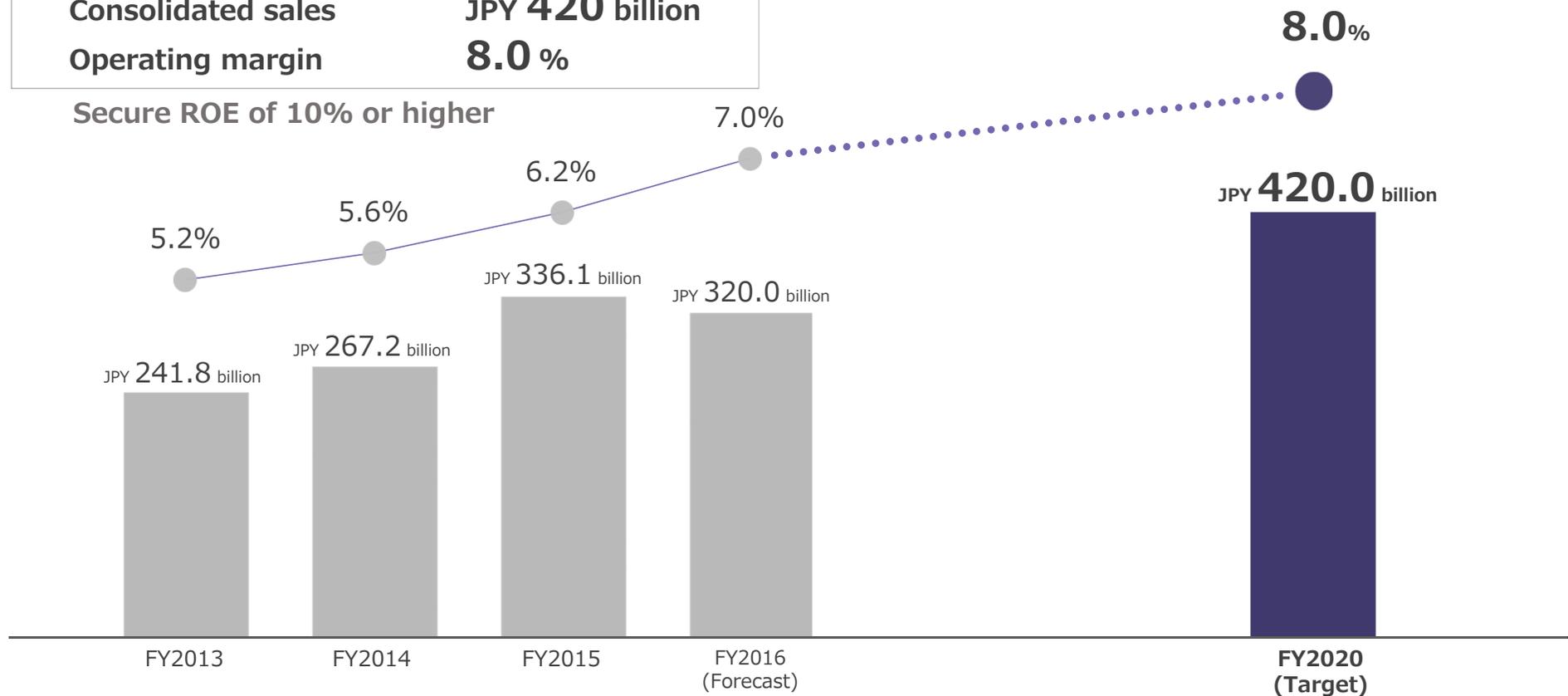
Advance Daifuku social value

- Ensure that all employees proactively fulfill corporate social responsibility with high sense of compliance and ethics
- Focus on developing eco-friendly products to reduce the environmental impact

Management Targets

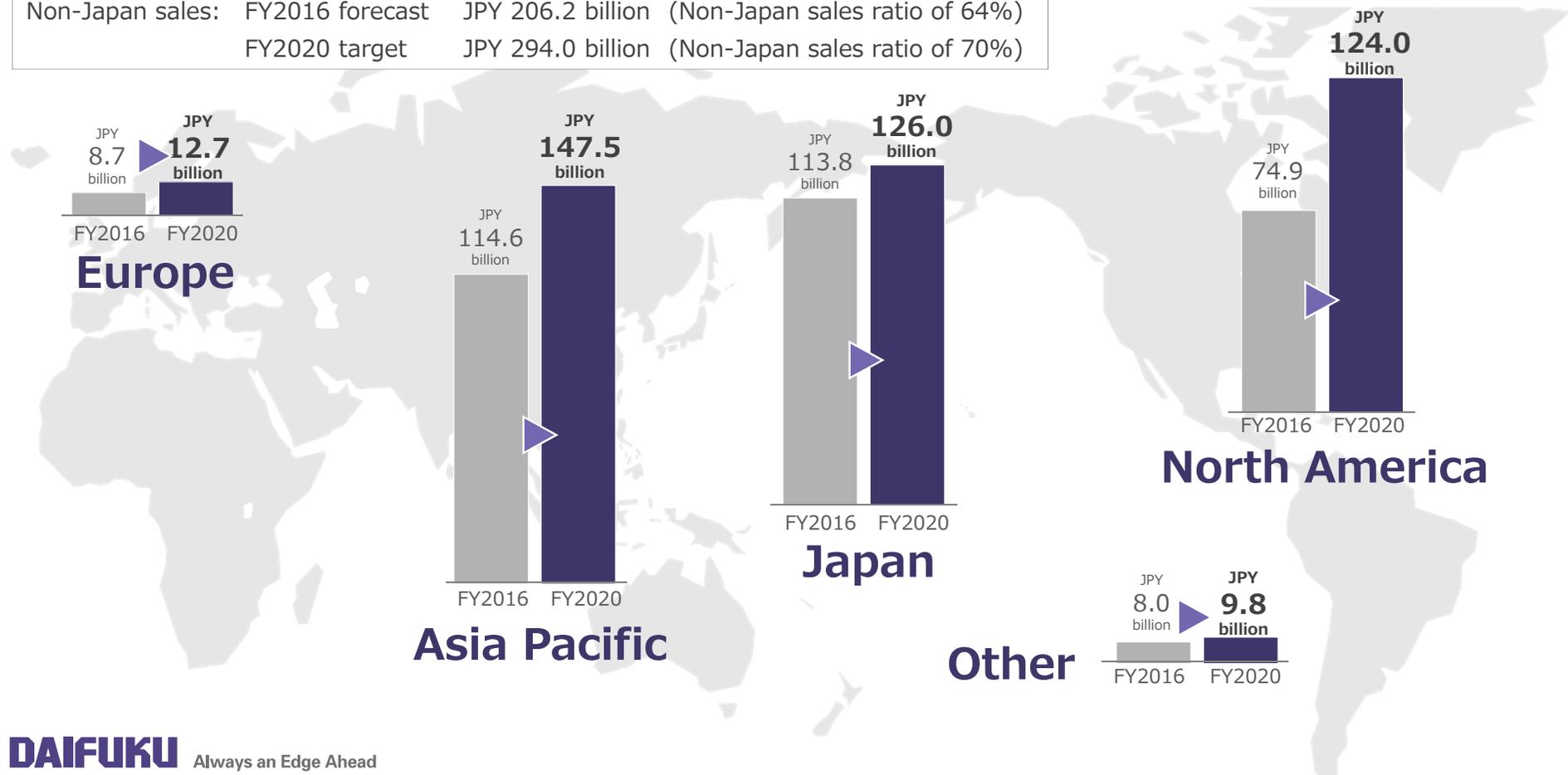
Consolidated sales	JPY 420 billion
Operating margin	8.0 %

Secure ROE of 10% or higher



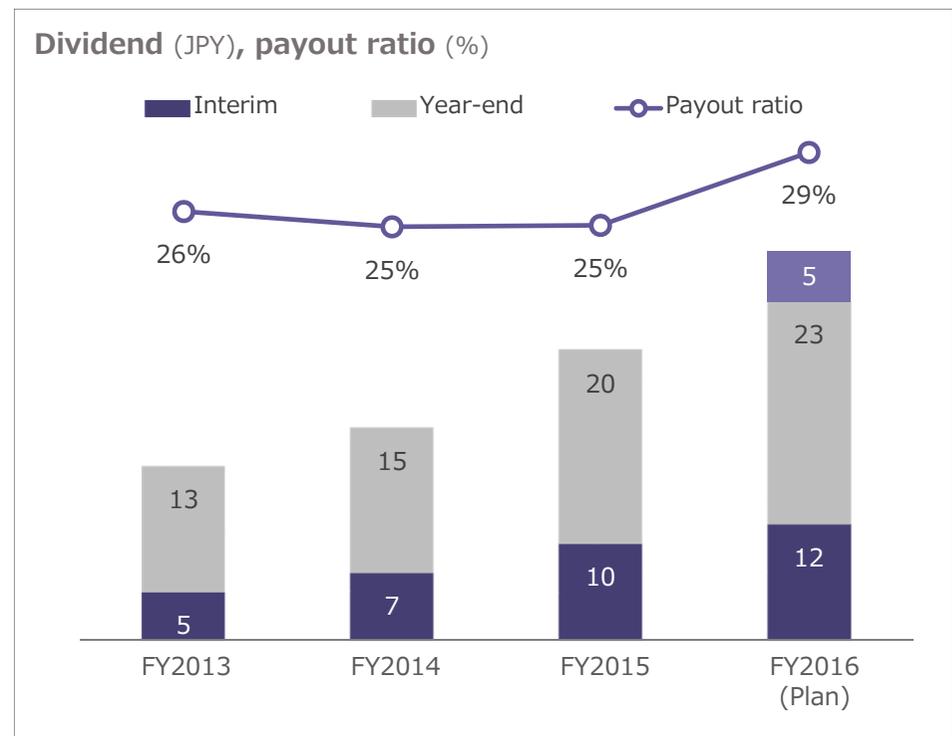
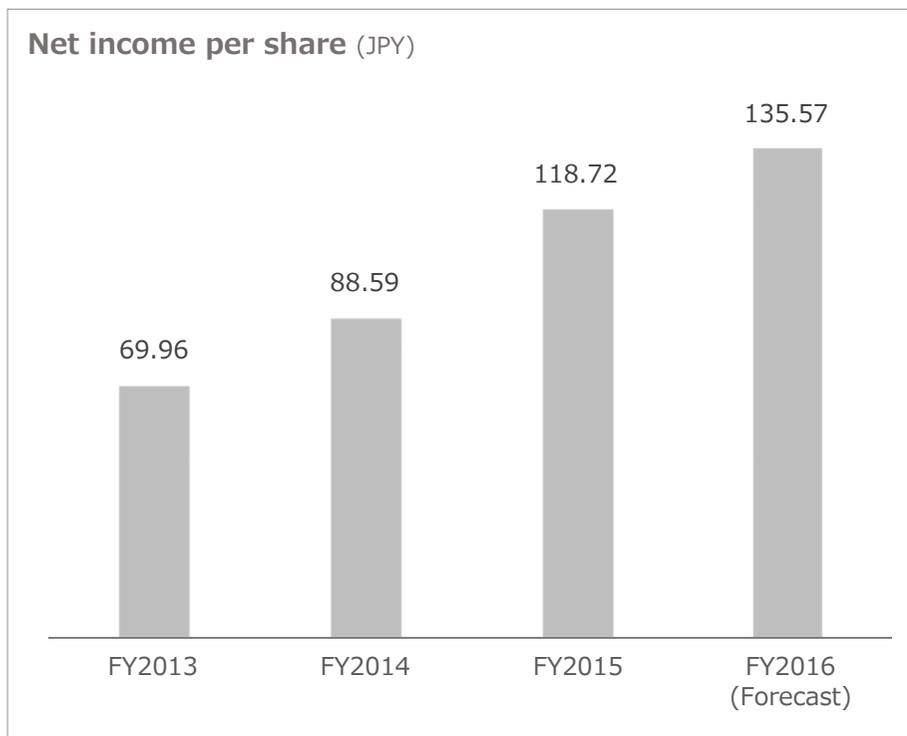
Sales by Region (Reference)

Non-Japan sales: FY2016 forecast JPY 206.2 billion (Non-Japan sales ratio of 64%)
FY2020 target JPY 294.0 billion (Non-Japan sales ratio of 70%)



Shareholder Return Policy (Reference)

In the medium-term business plan, Value Innovation 2020, Daifuku continues to aim for a consolidated dividend payout ratio of 30% and enhancement of corporate value through growth investment.



Management Philosophy (Reference)

Company Creed



Hini Arata

Today we are doing better than we were yesterday.
Tomorrow we will be growing ahead of where we are today.

Management Philosophy

1. Provide the best solutions to benefit the global markets and the development of society.
2. Focus on healthy, growth-driven global management under a diverse and positive corporate culture.

Brand Proposition

Value Innovator

Brand Message

Always an Edge Ahead

DAIFUKU

Always an Edge Ahead

Cautionary Statement with Respect to Forward-Looking Statements

The strategies, beliefs and plans related to future business performance as described in this document are not established facts. They are business prospects based on the assumptions and beliefs of the management team judging from the most current information, and therefore, these prospects are subject to potential risks and uncertainties. Due to various crucial factors, actual results may differ materially from these forward-looking statements. These crucial factors that may adversely affect performance include 1) consumer trends and economic conditions in the Daifuku Group's operating environment; 2) the effect of yen exchange rates on sales, assets and liabilities denominated in U.S. dollars and other currencies; 3) the tightening of laws and regulations regarding safety and other matters that may lead to higher costs or sales restrictions; and 4) the impact of natural disasters and intentional threats, war, acts of terrorism, strikes, and plagues. Moreover, there are other factors that may adversely affect the Group's performance.