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Meidensha Corporation  
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(Stock code: 6508, First Section, Tokyo Stock Exchange;  
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**New Medium-term Management Plan 「V120」**  
**～ Make and Innovate the Future by R&D and IoT ～**

Meidensha Corporation (Representative Director and President: Yuji Hamasaki) has commenced the Medium-term Management Plan 「V120」, a three-year plan that will be enacted from fiscal 2015 to fiscal 2017.

**Introduction**

During the previous Medium-term Management Plan Power 5 Phase III (FY2012 to 2014), the Meiden Group set forth the stance of advancing our “Power of Manufacturing Excellence” aiming for a new level of growth for the Meiden Group, based on which continual efforts were made to revise and strengthen key measures such as the expansion of growth businesses and overseas business, and have produced steady results.

**<Status of achievement of POWER 5 Phase III>**

- Expansion of growth businesses (motors and inverters for electric vehicles, photovoltaic power conversion devices, etc.)
- Achieve a recovery in business results, get on track to new growth (achieved net sales target of 230 billion yen in fiscal 2014)
- Aim for a further jump in overseas business (overseas net sales ratio of 24% in fiscal 2014)

In terms of the Meiden Group’s operating environment, in the Japanese market, there will likely be considerable downsizing in the infrastructure market in the future due to factors such as the falling population in Japan and financial difficulties on national and regional levels, and market needs and challenges are also undergoing significant changes due to factors including power system reform and a revision of the power supply composition by the government.

In the overseas market, emerging economies, particularly those in Asia, are expected to achieve growth over the medium to long term, which will support firm demand in the infrastructure market for local power companies, water supply and sewerage systems, railways, etc.

In light of these conditions, the Meiden Group launched the New Medium-term Management Plan V120 as a growth strategy in order to both strengthen the earnings base for our businesses in Japan and expand growth of overseas business. The Meiden Group will celebrate its 120th anniversary in fiscal 2017, which is the final year of V120. Through the implementation of V120, we aim to accelerate momentum for new growth and further expand our corporate value.

The main contents of V120 are as follows.

## Overview of the New Medium-term Management Plan V120

### 1. The V120 concept

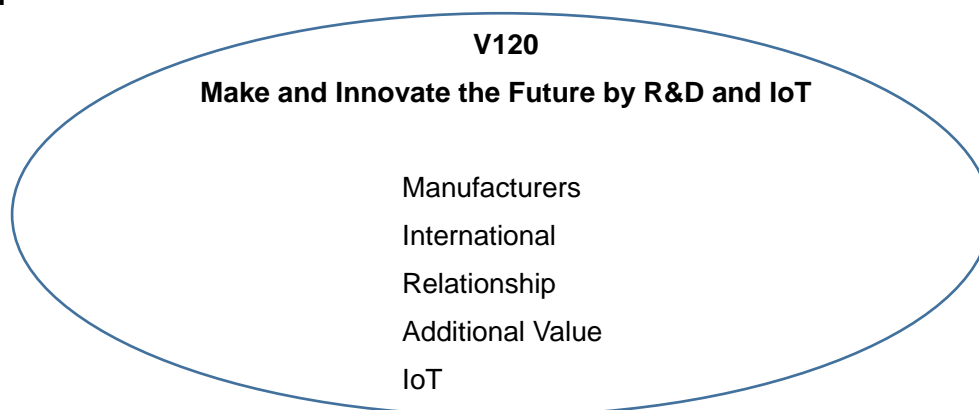
◇**Vision: Heavy electric machinery manufacturer that continually grows and develops while supporting the future of social infrastructure**

◇**Origin of the name of the plan:**

**Growth vision for the 120th anniversary (2017)**

In V120, we will focus on enhancing the competitiveness of our products, namely heavy electrical products that are the source of the Meiden Group's strength, as we create a cycle that enables continual growth in Japan and overseas.

◇ **Slogan**



### 2. V120 Basic Policy and Key Measures

#### **[Basic Policy]**

- (1) Strengthen the earnings base of the Group's domestic business
- (2) Expand growth of overseas business
- (3) Enhance the product competitiveness  
(power transmission and distribution products, power generation products, power conversion products, and motor drive application products)

#### (1) Strengthen the earnings base of the Group's domestic business

Given the anticipated decline in demand in the Japanese infrastructure market, the Group will work on the innovation of business model to maintain and strengthen profit levels.

Strengthen capabilities for making proposals to customers and increase the value provided by strengthening the competitiveness of our products and system technologies through the use of ICT and IoT, and by strengthening integrated one-stop contracting service for the entire facilities of customers that encompasses services from equipment production to repairs, inspection, maintenance and administration, and operations management.

#### (2) Expand growth of overseas business

By making a broad entry into the social infrastructure projects of emerging countries, primarily in Asia, aims to expand the business in tandem with the countries' growth.

In addition to industrial systems and electric railways that the Meiden Group has much experience

within Southeast Asia and the Middle East, also focus on entering electric power markets overseas. Significantly increase the number of local sales and engineering personnel and work to develop quality assurance and maintenance service structures while flexibly implementing investment for growth.

### (3) Enhance the product competitiveness

Focus on enhancing the competitiveness of our products in terms of quality, originality, price, etc. for heavy electrical products including power transmission and distribution, power generation, and motors and inverters. Through these efforts, the Group will create “strong products.”

As an implementation structure to this end, we will deploy integrated business strategy that incorporates development, manufacturing, and sales in the four product Business Units (power transmission, power generation, motor drive, and electronic equipment) newly established with the organizational revision enacted on April 1, 2015.

By generating synergies through strengthened coordination between systems and products, respond to challenges and needs in the field of social infrastructure in Japan and overseas including electric power, energy, transportation, and water environment systems in order to achieve sustainable growth and development.

#### **[Key measures]**

- i) Develop new partnership
- ii) Shift resources depending on the direction of businesses
- iii) Set and implement financial targets
- iv) Strengthen corporate governance

#### i) Develop new partnership

In order to create and expand sales of “strong products,” we will actively build new partnerships with other companies in other industries, universities, research institutes, etc. in both Japan and overseas. We aim to leverage the even more efficient and speedy technological capabilities made possible through these partnerships to create competitive products and also develop markets and increase market share through the acquisition of sales channels and distribution routes.

#### ii) Shift resources depending on the direction of businesses

Consider the roles and responsibilities of each business and affiliate within the Group and determine the direction that should be taken for each business. Through these efforts, achieve an optimal allocation of human resources and other resources and strengthen the shift to growth fields.

#### iii) Set and implement financial targets

Establish a financial position capable of responding to changes in the management environment and achieving sustainable growth.

We will set financial targets aimed at enhancing the level of equity through profitability improvements, improving our ability to generate cash through improved asset efficiency, and securing financial stability through the diversification of capital procurements as the Group works together to strengthen its financial structure and achieve these targets.

#### iv) Strengthen corporate governance

By promoting initiatives aimed at strengthening corporate governance in line with the Corporate

Governance Code, we will work to further improve the efficiency of management and fairness.

In addition, through the continued implementation of IR activities (investor relations) and SR activities (shareholder relations), we will fulfill our accountability in a way that is understandable to shareholders and investors based on a further enhanced program of activities.

### **3. Strategies for each business segment**

#### **(1) Social Infrastructure Business**

##### **1) Products business**

- We will strengthen environmental technologies such as vacuum insulation technologies and fundamental technologies aimed at making products more efficient and more compact in a focused and sustained manner for the Meiden Group's core product lineup consisting of power transmission and distribution products (power transformers, switch gear and arrestors) and power generation products (engine power generators, turbine power generators and vehicle-mounted electricity generators) to further enhance the competitiveness of our products.

- In power transmission and distribution products, increase the number of local sales and engineering personnel at Meiden Singapore that serves as the supervising headquarters for the Asia region and reinforce and strengthen product and sales bases and the quality assurance and maintenance service system in the ASEAN region in order to further expand sales among overseas railway companies, the production bases of Japanese companies, and electric power companies in the ASEAN region, the Middle East, and other emerging countries.

In addition, we promote expansion into markets in India and westward by leveraging the product capacity and sales channels of Prime Meiden Limited that we invested in March 2014.

- In power generation products, we will aim for an increase in lot orders from prime mover manufacturers overseas and in Japan.

Furthermore, we will aim to capture increased replacement demand in Japan among small to medium hydroelectric plants and increase projects overseas.

##### **2) Systems business**

- By strengthening our proposal capabilities through leveraging one-stop service, we will achieve increased profits in existing fields in Japan including power, railways, water environment systems, and broadcasting. Furthermore, we will work to become promptly established in new growth areas such as integrated EMS using storage conversion devices, storage cell batteries, etc.

- We will strengthen the overseas expansion of products such as railway projects and ceramic flat membranes for sewerage treatment plants.

#### **(2) Industrial Systems Business**

##### **1) Products business**

- We will work to expand sales of specialty products that are environmentally-friendly (motors and inverters for plug-in hybrid cars, electric vehicles, elevators and forklifts as well as vacuum capacitors, etc.).

Expand the client base for motors and inverters for electric vehicles through further improvements to fundamental technologies and mass production technologies including the development of products that are more efficient and more compact.

- Work to develop new fields through the development of new technologies such as high-speed motors including a transformerless high-pressure inverter with the world's smallest volume and the world's highest efficiency that represents one of our successes in technological development.

## 2) Systems business

- We will work to improve our simulator technologies including vibration technologies in the dynamometer business and to establish model-based development support systems in order to strengthen solutions proposal capabilities as we aim to leap forward as an automotive analysis and evaluation system integrator.

## (3) Maintenance and Servicing Business

- Expand the scope of the Maintenance and Servicing Business from the past focus on electrical equipment to also include machinery equipment and strengthen integrated one-stop services for entire facilities that encompasses services from equipment production to repairs, inspection, maintenance and administration, and operations management. In doing so, we will promptly respond to needs including maintenance, management, and operations outsourcing for public facilities in Japan and the life extension of infrastructure in order to contribute to improved profitability.
- We will continue initiatives aimed at strengthening our maintenance service structure and renewable energy related maintenance services in emerging countries, particularly those in Asia.

#### 4. Financial targets

Implement the various measures of V120 in aim to achieve net sales of 270 billion yen, operating income of 14 billion yen, ordinary income of 13.5 billion yen, and net income of 9 billion yen by fiscal 2017, which is the final year of V120.

In order to achieve more efficient management, we will set the targets of an ROE of at least 10% and an ROA of at least 5% on an operating income basis as we aim to establish a solid financial position.

[Financial targets (consolidated)]

(Unit: 100 million yen)

	FY 2014 results	FY 2015 estimate	FY 2017 target
Net sales	2,302	2,350	2,700
Operating income	111	115	140
Ordinary income	105	110	135
Net income	68	75	90

ROE	At least 10% in FY 2017	
ROA	At least 5% in FY 2017	
Capital investments	88	Cumulative amount of at least 28.0 billion yen over three years
Growth investment budget	-	Cumulative amount of at least 12.0 billion yen over three years
R&D expenses	102	Cumulative amount of at least 30.0 billion yen over three years

Overseas sales ratio	At least 30%
Consolidated dividend payout ratio	Aim for 30%

\*ROA is based on operating income

[Targets by segment]

(Unit: 100 million yen)

		FY 2014 results	FY 2015 estimate	FY 2017 target
Social Infrastructure Systems	Net sales	1,410	1,450	1,660
	Operating income	64	65	77
Industrial Systems	Net sales	554	560	630
	Operating income	29	32	40
Maintenance Service	Net sales	297	300	340
	Operating income	25	26	32
Real Estate	Net sales	32	33	34
	Operating income	12	12	12
Other (including eliminations)	Net sales	8	7	36
	Operating income	(20)	(20)	(21)
Total	Net sales	2,302	2,350	2,700
	Operating income	111	115	140