



November 11, 2013

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Notice Regarding Formulation of Mid-term Management Plan, “Value Creation 15”

Punch Industry Co., Ltd. (hereinafter Punch Industry) announces that it formulated “Value Creation 15,” mid-term management plan, covering three-year period from the current fiscal year to the fiscal year 2015.

The world economy and social environment surrounding companies are changing rapidly in every situation. Structural changes of the world economy centering on emerging countries have a considerable impact on Punch Group’s business activities as we have developed our businesses mainly in Japan and China.

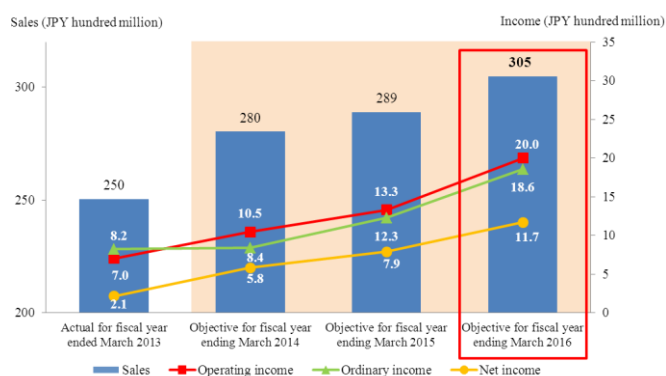
While the stage of manufacturing is shifting from Japan to China and emerging countries, the concern toward technological outflow is rising as well, we regard it is our group’s mission to provide high value added products based on technological capabilities, strength of the group and Japan, to customers all around the world.

Punch Group started “Value Creation 15,” three-year period mid-term management plan with the fiscal year ending March 2016 as the final year, in order to deploy its business on a global scale, with the aim of becoming the world-renowned Punch Industry, by corresponding to rapidly changing management environment and thoroughly sticking to Japan’s manufacturing. Under this plan, Punch Group approaches the group’s priority business challenges, globalization, expansion of new markets, and conversion to high profitability business model, with “offence (growth strategy)” and “defense (reformation of business structure and corporate culture.)” We will put our hardest effort to realize the corporate vision “aim to become the leading brand in the mold and die components industry and achieve high profitability by harnessing our competitive advantage as a comprehensive manufacturing and sales company.”

(Note) Value Creation is a title for a plan of reformation of the domestic profit structure. The mid-term management plan is titled “Value Creation 15” based on the idea of developing the plan throughout the group.

1. Business objective (Consolidated results)

We will target to achieve sales of ¥30 billion and operating income of ¥2 billion in the fiscal year ending March 2016.



2. Basic strategies of Value Creation 15

- 1) Establish business structure in markets of Southeast Asia, Europe, and America and cultivate them as much as the markets in Japan and China.
- 2) Pioneer new businesses and markets that are left untouched by marketing
- 3) Construct R&D structure in the group

3. Priority measures

1) Globalization

We will develop customer-oriented sales structure not only in Japan and China, but also in Southeast Asia, India, Europe, and America.

- Supervision and all-round support of business strategies led by Global Business Headquarters (strategic function.)
- Establish a business base in Singapore, Vietnam, Indonesia, and India using Malaysia as the core.
- Develop special order product business in markets of Europe and America leveraging automobile related business as the core.

2) Expansion of new markets

We will promote pioneering new fields and markets by making use of high technological capabilities.

- Supervision and all-round support of business strategies led by Global Business Headquarters (marketing function.)
- Taking over Chinese Midwest market utilizing Chongqing, China as a strategic base.
- Structure a base which enables horizontal development of the strategies of Japan and China in markets of Southeast Asia and India.

3) Conversion to high profitability business model

We will aim to expand sales of high value added products utilizing streamlined manufacturing system, and technological capabilities.

- Realize reformation of the domestic profit structure by Value Creation Plan which started last year.
- Establish R&D structure throughout the group. Especially, reinforce R&D, and expand product lineup in China.
- Expand carbide product business in Southeast Asia.

(Notes)

The above statements made about the future are based on the information available at the time of publication and assumptions that are deemed rational. The actual results may differ from the statements above due to a variety of factors.

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