

# Medium-Term Management Plan to Achieve the

In 2015, the year of the 70th anniversary of Daiken Corporation, we established the long-term vision, GP25, describing our ideal situation in 10 years. Fiscal 2018 is the second year of the GP25 1st Stage of the three-year midterm management plan, which will be the first step towards achievement. All employees of the Group are working together to make progress toward gradually achieving the goals.

## Basic Policy

### The first step toward an all-embracing company for building materials

- Endeavor to further strengthen current businesses and develop the foundations for new businesses as the key to growth
- Proactively develop environmental-related technologies for ecological materials, energy savings, and domestic wood utilization
- Actively introduce management resources to the priority markets of public and commercial buildings and global markets
- Maximize the synergy of manufacturer and engineering to enhance profitability
- Create a work environment where employees can work with enthusiasm and foster the human resources who will play important roles in the future
- Define diversity is as one of the management strategies, and the ability delivered by a variety of human resources is to be the engine of growth
- Strengthen governance to enhance corporate value over the medium and long term

FY2018

## Medium-Term Management Plan GP25 1st Stage Fiscal 2017 to 2019

FY2017

### Business and market strategies in the 1st Stage

#### Business strategies

##### Industrial materials business

- Development of new industrial materials
- Development of new markets and customers from the development of new applications
- Stable procurement of wood chips and comprehensive wood utilization

##### Building materials business

- Deployment of flooring and wall materials using domestic wood
- Development of new products corresponding to changes of lifestyle
- Development of energy-saving building materials
- Further use of the advantages of construction efficiency and industrial materials

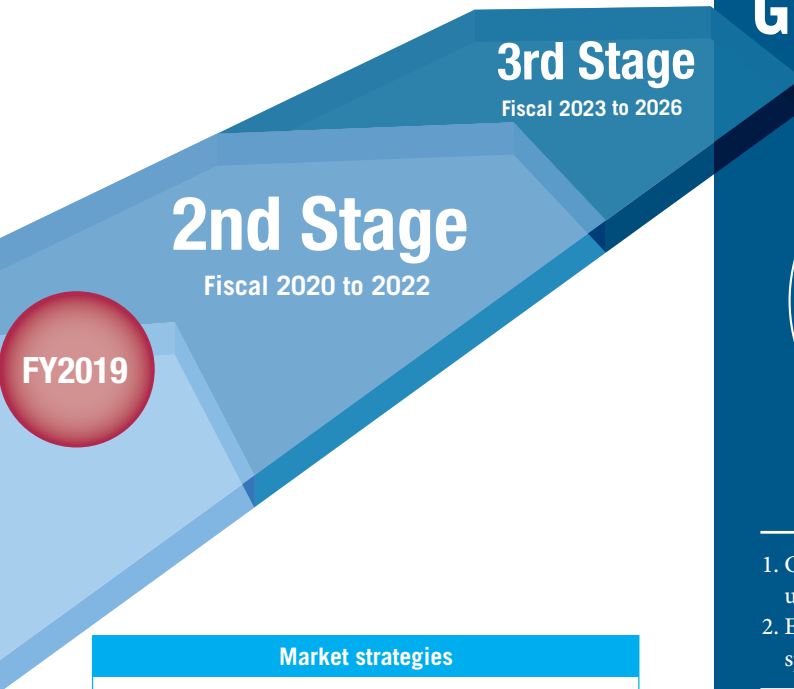
##### Engineering business

- Expansion of the construction areas and development of a combined order receipt system
- Enhance the remodeling proposal and expansion of the remodeling service area

FY2016

(¥100 million)	Benchmark Fiscal 2016 Results	GP25 1st Stage Final year Goals	1st year Fiscal 2017 Results	2nd year Fiscal 2018 Results	3rd year Fiscal 2019 Forecasts
Net sales	1,681	1,800	1,688	1,705	1,800
Operating profit	55	70	85 <small>Achieved</small>	75 <small>Achieved</small>	78
Ordinary profit	52	70	90 <small>Achieved</small>	87 <small>Achieved</small>	88
Profit attributable to owners of parent	39	43	51 <small>Achieved</small>	58 <small>Achieved</small>	59
ROE	9.8%	8% or more	11.7% <small>Achieved</small>	11.7% <small>Achieved</small>	10.5%

# GP25 Long-Term Vision



Market strategies
<b>Public and commercial buildings</b> <ul style="list-style-type: none"> <li>Development using technologies for wood and non-combustible products</li> <li>Strengthen construction ability and work force</li> </ul>
<b>Global markets</b> <ul style="list-style-type: none"> <li>Development of industrial and building materials that meet local needs</li> <li>Establishment of local manufacturing, sales, and construction systems</li> </ul>
<b>Home renovation market</b> <ul style="list-style-type: none"> <li>Proposal by TDY* for future living</li> <li>Grow in the renovation market</li> </ul>
<b>Industrial materials</b> <ul style="list-style-type: none"> <li>Expand industrial materials technology making effective use of untapped resources</li> <li>Promotion of development for the next step</li> </ul>
<b>New home market</b> <ul style="list-style-type: none"> <li>New value proposal meeting lifestyle and local community needs</li> </ul>

\* The three companies TOTO Ltd., Daiken, and YKK AP Inc.

## Business domains, markets, and sectors targeting GP25 Long-Term Vision

From the current image as a housing materials manufacturer to the following:

- Supply building materials and industrial materials for building materials as well as construction
- Expand business areas from housing to public and commercial buildings, and industrial materials
- Expand into global markets



# 2025 GP25 Long-Term Vision

## Grow/Glow Plan 25

### Grow

The Group will work to transform into an enterprise that meets the expectations of customers and markets while contributing to a better society.

### Glow

The Group will work to become an enterprise that people rate highly for its attractive working environment and as a place where employees can work positively and enthusiastically.

### Significance of Existence and Ambitions

- Contribute to the building of a sustainable society by efficiently using limited resources
- Enrich peoples' minds by creating more comfortable and secure spaces

### How we should be in 2025:

- Leading global company for industrial materials, building materials, and engineering
- Continue to challenge new business areas and grow the fourth pillar
- Earn a great reputation among professionals for consumer-oriented product development, proposal capabilities, problem-solving skills, and organizational strength
- Company culture that admires challenges, and system established to support challenges
- Governance is strengthened to support sustainable growth and improvement of medium-to long-term corporate value