

Happy life with **TENMA**



**TENMA**

**第3次中期経営計画**

**天馬株式会社**

## Plastic Molding Manufacturer

**Original Brand Product**



**OEM Business**

- Housewares
- Storage cases
- Kitchen supplies
- Sanitation products, etc.

Successful in two business forms

- OA equipment parts
- Home appliance parts
- Vehicle components
- Media cases, etc.

Category-Leading Consumer Brand Company

In Asian growth markets, top global companies select TENMA as their partner

**"Fits" brand: More than 100 million units sold**



**CAGR: 5.9% (Past 10 Fiscal Years)**



- The final year of the 2nd Medium-Term Management Plan (Year-end March 2021) was affected by COVID-19, and fell below the target.
- However, withdrawal from unprofitable businesses was largely completed during the period of the 2nd Medium-Term Management Plan, thus improving profitability.
- As for the business environment, we will review our growth strategy from a long-term perspective to adjust to accelerated social transformations caused by COVID-19.

**2nd Medium-Term Management Plan**

	2019/3	2020/3	2021/3	2021/3 Goal
	Actual performance			
Net Sales (M JPY)	84,765	85,762	73,639	91,000
Operating Profit (M JPY)	2,349	3,065	2,892	4,500
Operating Profit ratio (%)	2.8	3.6	3.9	5.0

**COVID-19 influence**

**[Main strategies of the 2nd Medium-Term Management Plan]**

**Active global investment**  
(Responding to business opportunities to expand overseas)

**+**

**Improve profitability of original brand business in Japan**

## Outline of Management Strategy (Qualitative Goals)

- Further development of injection molding technology and peripheral technologies such as dies
  - Promotion of Global Strategy
    - Expanding original brand business in China
    - Active investment in Vietnam and Thailand
  - Profitability reform in original brand business
  - Automation in the manufacturing processes
  - Strengthen human assets at overseas subsidiaries
- Number of customer complaints =>48% reduction from FY18 to FY20
  - Vietnam: Completion of Noi Bai Plant  
Thailand: Expansion of Platinburi Plant
  - Development of high value-added products
  - Promote automation projects throughout the company  
=>Introduction of robots at six plants
  - Local employees from Indonesia and Vietnam were accepted as trainees at HQ

# Vision and Positioning of the New Medium-Term Management Plan

## Our roadmap to become a 100-year company

In 2049, TENMA will celebrate its 100 year anniversary. Aiming to be a "100-year company", TENMA Group has renewed its effort to visualize the "ideal image" of what it needs to become, as well as the necessary steps to get there, from a long-term perspective of 10 and 20 years.

**"Transformation period" to achieve our "ideal image"**



**The 3rd Medium-Term Management Plan**

**The 4th Medium Term Plan**

**The 5th Medium Term Plan**

### [Ideal Image]

#### Long-term Vision

Improving our Lives and the Environment Through Coexistence with Plastic

#### Long-term Goal

(Targets for Fiscal Year 2031)

<b>Net sales</b> 110 billion yen	<b>Operating profit</b> 9 billion yen
<b>ROE</b> 9% or more	<b>ROIC</b> 9% or more

## Improving Our Lives and the Environment Through Coexistence with Plastic

### Approach to Environmental Problems

Address social issues as  
a resin molding manufacturer

### Business Development and Evolution

Enjoy the fruits of our business  
growth with all stakeholders

### Employee Growth and Happiness

Become a company offering  
opportunities and satisfaction

## 3rd Medium-Term Management Plan (Fiscal Year 2022 to 2024)

[Basic Positioning] "transformation period" toward achieving our "ideal image"

### Basic Policy 1 Promoting sustainable management

- ▶ **"Sustainability Office"** (newly established in May 2021) to lead sustainable management based on our emphasis on **E (Environment) · S (Society) · G (Governance)**
- ▶ Among the 17 goals covered by SDGs, TENMA has selected **6 items related to our business** to use as company-wide guidelines for activities to realize our vision.



### Basic Policy 2 Building a foundation for growth

- ▶ Review our resource allocation and focus on **building a foundation for long-term growth** for the TENMA Group, especially in R&D and DX areas.

# 3rd Medium-Term Management Plan Corporate Strategy

Through the promotion of these strategies,  
facilitate **"transformation"** as the basis for achieving our "ideal image"



**Strategy (1)** Development of Human Assets

**Strategy (2)** Address Environmental Issues

**Strategy (3)** Strengthen Corporate Governance

[Basic Policy 1]  
Promoting sustainable management



**Strategy (4)** Promotion of DX and Factory Automation

**Strategy (5)** Promotion of R&D

**Strategy (6)** Expand Business Areas

[Basic Policy 2]  
Building a foundation for growth



## Strategy (1)

## Development of Human Assets

**Strengthen development of “Human Assets” which is the source of competitiveness**

### **1) Efforts to promote a variety of human resource**

- **Respect for diversity:** Provide a workplace where all employees can demonstrate their abilities, regardless of gender, age or nationality.
- **Personnel system reform:** Fair treatment and evaluation according to each individual’s ability and responsibility
- **Work style reform:** Making it possible to select work styles according to different life stages (Introduction of telework and flextime systems, etc.)

### **2) Efforts to improve employee satisfaction**

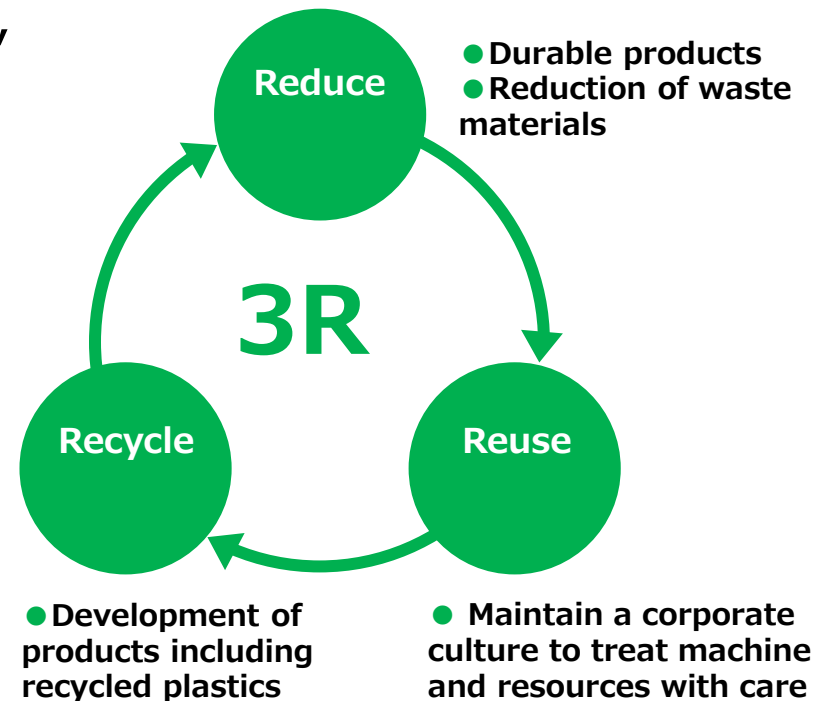
- **Improving the work environment of employees**
- **Establishment of a system to promote non-regular employees to regular employees**
- **Enhancing the Corporate Brand Value of “TENMA Group” (Improve company loyalty and the status of our employees)**

## Strategy (2)

## Address Environmental Issues

### Promoting the 3R activity of plastics as a leading company in resin molding

- To make more effective use of plastics, develop products including **Recycled Plastics**
- Research the use of **Bioplastics** for our products



## Strategy (3)

## Strengthen Corporate Governance

- Non-mandatory **Nomination and Compensation Committee** established in November 2020
  - => Ensure a more objective process for nomination and compensation
- **The ratio of independent outside directors** shall be at least 1/3 in consideration for further improvement
  - =>to engage in objective and vigorous board discussions
  - =>to achieve transparent and effective board of directors
- Established **Internal Control Office**
  - =>Strengthen control of overseas subsidiaries, review regulations and ensure consistency throughout the company
- Improving the efficiency of auditing operations through **IT investment**

## Strategy (4)

## Promotion of DX and Factory Automation

**\*Core Organization: "Digital Strategy Office"**

### Shift from operational efficiency to new business opportunities through DX promotion

#### 1 Active promotion of digital shift in production and operations

- Digitize company-wide infrastructure and establish a management foundation that can plan, execute, and evaluate business strategies by using accumulated data
- Strengthen cost competitiveness by automating product assembly and on-site logistics

#### 2 Strengthen EC strategy for our products and expand globally

- Strengthen marketing of new products by making active use of online services and develop products that accurately meet market needs
- In anticipation of EC market growth, we will use IT to expand our products globally and develop products.

#### 3 Creation of new businesses

- Strive to break away from the legacy corporate culture and take on new business opportunities outside the confines of the traditional equipment industry.
- Build new business models by using IT and leveraging domestic distribution networks and brand recognition

## Strategy (5)

### Promotion of R&D

**"Research and Development Office"** was newly established in May 2021 in the Production Division to dedicate to technological development.

#### Main Activities of "Research and Development Office"

- Establish **special molding technology and material development technology** as our elemental technologies
- **Collaborate with the Development Department, Sales Department, Technology Department, and Corporate Planning Department** to establish technology to embody functions necessary in future markets
- Promote **research activities related to upstream technologies such as materials and molds** and increase added value
- Enhance the added value of existing businesses by **strengthening decorative molding technology and robotics technology**

## Strategy (6)

### Expand Business Areas

Expand our business domain through marketing strategy and technology development

(Strategy (5))

(Strategy (4))

**“Sales Planning Dept.”** (established in May 2021) **will play a leading role in expanding our business.**

- ▶ Development of **Environment Conscious Products** (Bioplastics, etc.)
- ▶ Enter **new products** in the houseware business
- ▶ Promotion of original brand business in **ASEAN countries**
- ▶ Acquisition of mold manufacturing technology and development of **mold business**
- ▶ **Challenge to enter new markets for commercial products**  
(Logistics materials, medical equipment, drones, toys, etc.)

# 3rd Medium-Term Management Plan Business Strategy

		Classification by Region			
		Japan	China	Southeast Asia	
Classification by Business Domain	OEM Business	OA Business	→	→	◎
		Home Appliances Business	→	◎	◎
		Vehicle Business	→	-	◎
	Original Brand Business	Housewear Business	○	◎	☆
New Business	<ul style="list-style-type: none"> <li>● Medical</li> <li>● Logistics materials</li> <li>● Environment, etc</li> </ul>	☆	-	-	

◎ : Focus

○ : Maintain high market share

☆ : New Launch

→ : AS-IS

- : Not applicable

**By Business Area Strategy**

**Regional Strategies**

## Strategies by Business Domain

### OEM business

OA and home appliances business

#### Becoming a Top Manufacturer

- **Measures to increase added value**  
(Unit assembly business, decoration technology, etc.)
- **Expanding the scope of business through new technological capabilities** (Special molding technology, mold manufacturing technology, etc.)

Vehicle business

#### Focus on Southeast Asia

- Further promote our business in Southeast Asia, where we have already entered

➔ Our first step toward **global expansion**

### Original brand business (Houseware business)

#### Developing new markets, new commercial materials, and expanding overseas

- **New sales channels:** In addition to "HC (home center) route", expand sales channels to "Specialty stores", "Factory" and "EC"
- **New products:** Development of new products that can appeal to new markets
- **Overseas expansion:** Expand business in China and launch business in ASEAN countries

### New business

#### Building new business models around DX and promoting alliances

- Building a new business model with DX
- Alliances and investments in new business areas where synergies with existing businesses can be expected



## Regional Strategies

### Southeast Asia:

- Increase orders for assembly parts in OEM business
- Increase sales in home appliance and vehicle businesses which are expected to expand
- Considering establishment of a new factory
- Promotion of the houseware business



### Japan

- Enhancement of research and development activities
- Reorganization of logistics network
- Accumulation of factory automation know-how
- Development of EC business

### China:

- Acquisition of mold manufacturing capability
- Entering the OEM business in new fields
- Increase market share in the original brand business

## Investment Strategy

Total investment for 3 years

**18 billion yen**

- ▶ Infrastructure: 10.8 bil yen
- ▶ Strengthening Profitability 5.0 bil yen
- ▶ Business Expansion: 2.2 bil yen

\*Regarding the investment to strengthen profitability and business expansion, carefully review the balance of risk and return on each deal.

\*Consider the cost of capital when making new investments. Be disciplined to keep ROIC improvement in mind when making decisions.

## Capital Policy

As an effort to increase corporate value, continuously return profits to shareholders through capital policies.

Dividend policy ▶

Dividends on Equity (DOE)  
2.5% or more

Purchase of treasury stock ▶

• To return profits to shareholders, over 10 billion yen should be used for purchase of treasury stock

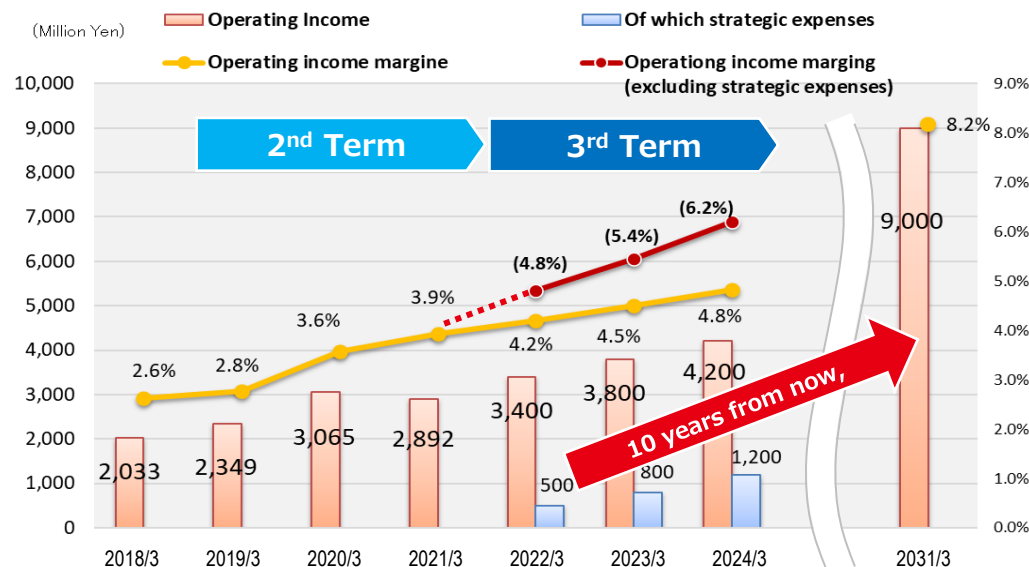
=>of which the total amount was 2 billion yen, as announced publicly on August 7, 2020 (Repurchase period: Until August 10, 21)

# 3rd Medium-Term Management Plan: Performance Goals and Management Indicators



## Goals

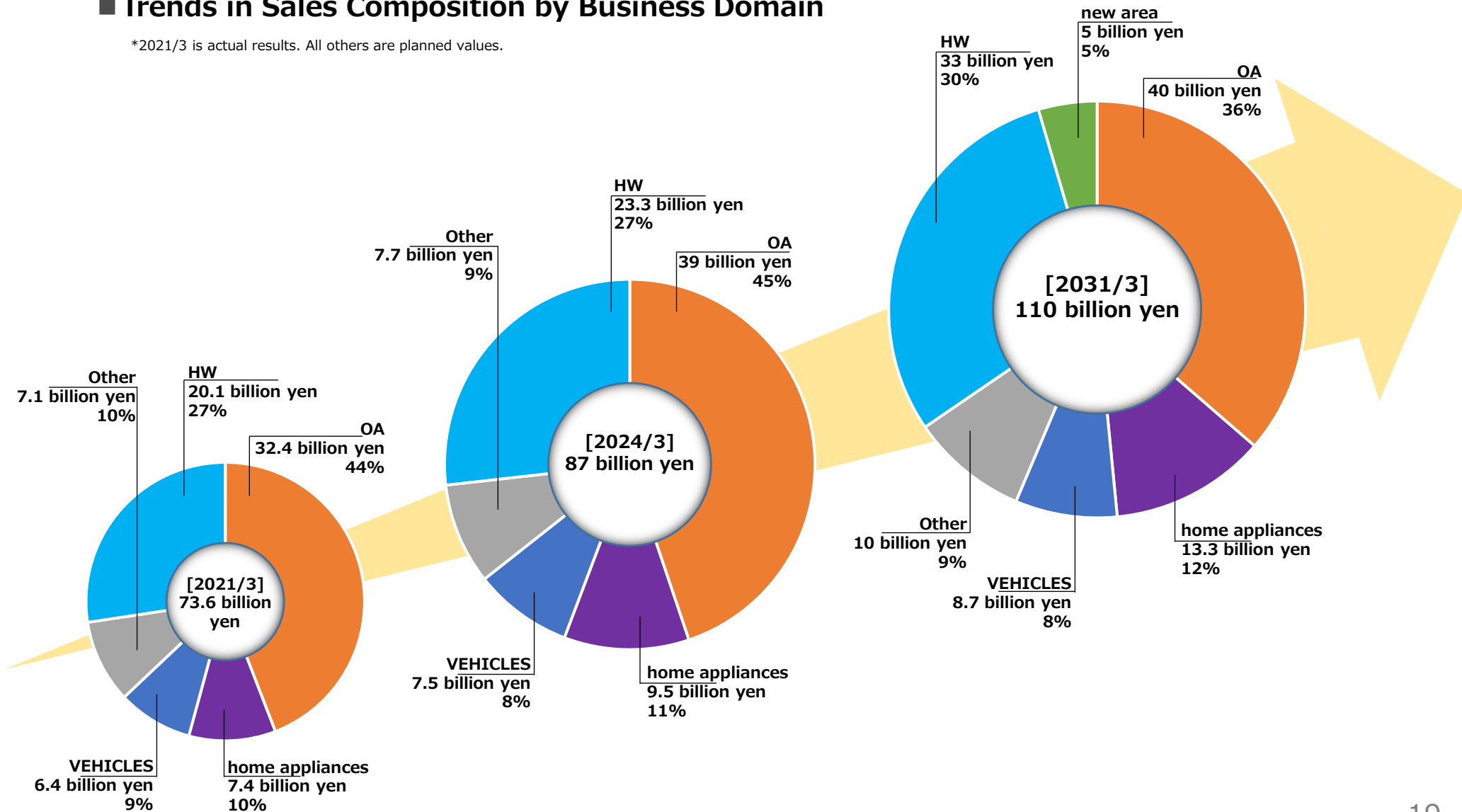
	Results of the Second Medium-Term Management Plan			Third Medium-Term Management Plan		
	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
<b>Net sales</b> (million yen)	84,765	85,762	73,639	<b>81,000</b>	<b>84,500</b>	<b>87,000</b>
<b>Operating income</b> (million yen)	2,349	3,065	2,892	<b>3,400</b>	<b>3,800</b>	<b>4,200</b>
<b>Operating income excluding strategic expenses</b> (million yen)	-	-	-	<b>3,900</b>	<b>4,600</b>	<b>5,400</b>
<b>Operating income margin</b> (%)	2.8	3.6	3.9	<b>4.2</b>	<b>4.5</b>	<b>4.8</b>
<b>Operating income margin [excluding strategic expenses]</b> (%)	-	-	-	<b>4.8</b>	<b>5.4</b>	<b>6.2</b>



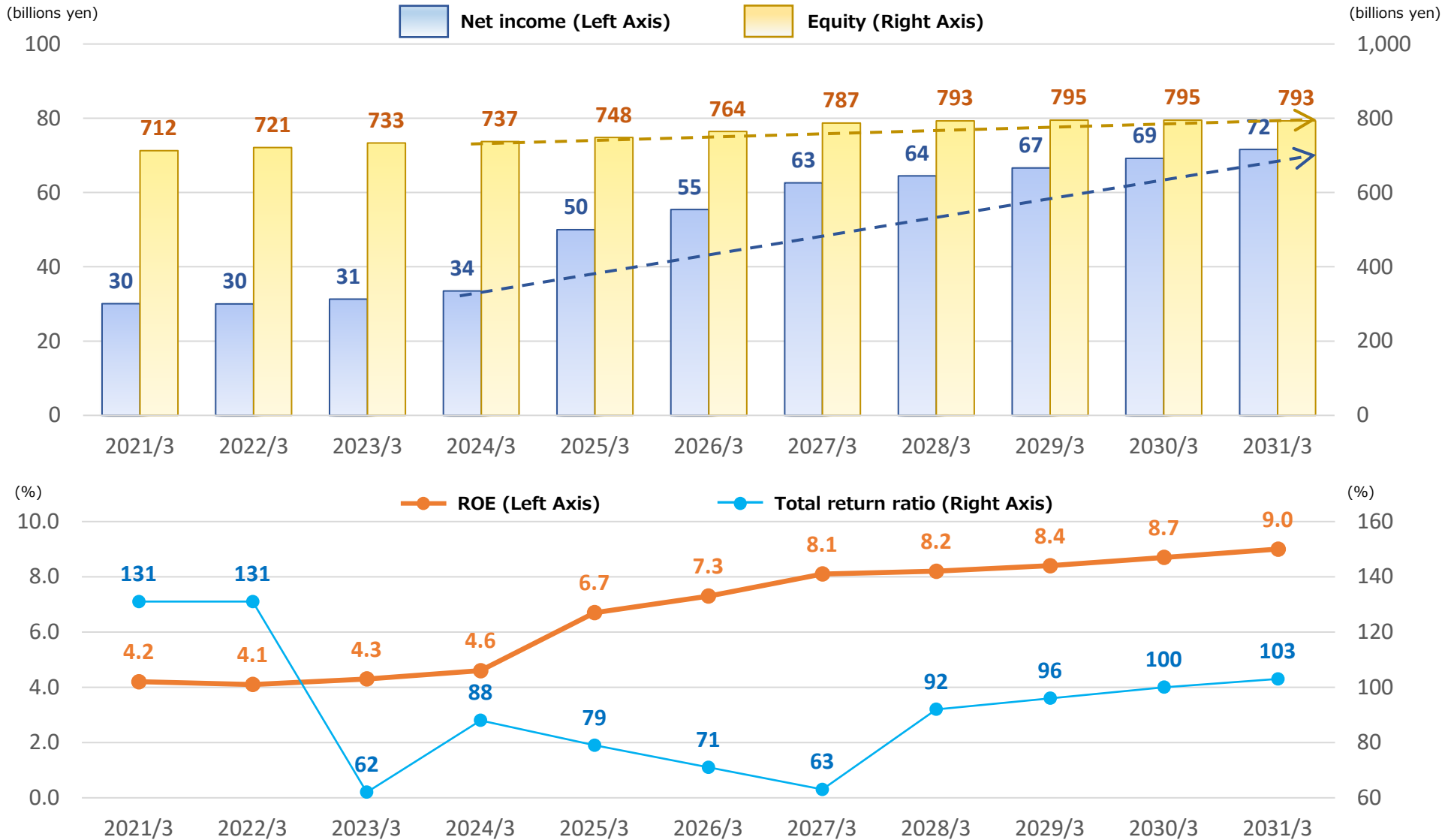
# [Reference 1] Changes in Business Portfolio

## ■ Trends in Sales Composition by Business Domain

\*2021/3 is actual results. All others are planned values.



# [Reference 2] ROE 9% Roadmap



\*2021/3 is actual results. All others are planned values.