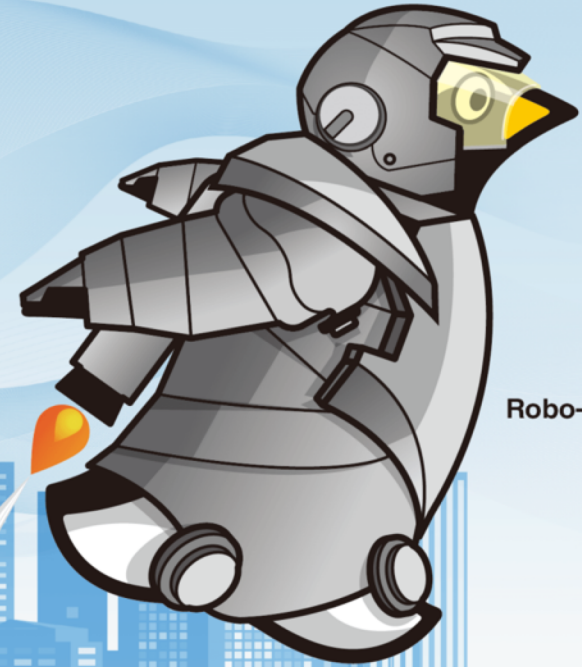




TOP kun



Robo-TOP kun

Taisei Oncho Group New Midterm Management Plan (the 68th term – the 70th term: FY2018 – FY2020)

# Taisei Oncho @ **Version UP** Plan

(Taisei Oncho Upgrade Plan)

**TAISEI ONCHO CO.,LTD.**

# 1. Company's Mission / Management Philosophy

---

## *Company's Mission*

**“Customer FIRST!”**

## *Management Philosophy*

**TAISEI ONCHO Group promises,  
through its “Trust” and “Sincerity”,  
to continue to be the company selected by the society in  
terms of “Human Assets” and “Technology”**

**TAISEI ONCHO CO.,LTD.**

## 2. Previous midterm management plan review

### The final annual target has been achieved ahead of schedule

with selective order acquiring, risk control strengthening and withdrawal from unprofitable businesses.

| Midterm management plan<br>[Numerical Targets]                          | FY ending<br>March 2016<br>Result | FY ending<br>March 2017<br>Result | FY ending<br>March 2018<br>Result | Evaluation |
|---|-----------------------------------|-----------------------------------|-----------------------------------|------------|
| (i) Operating Profit<br>(Consolidated)<br><b>2 bil. yen</b>             | 17.1                              | 23.0                              | 25.3                              | ◎          |
| (ii) Personnel cost<br>efficiency (Non-<br>consolidated)<br><b>1.65</b> | 1.70                              | 1.69                              | 1.73                              | ◎          |
| (iii) ROE (Consolidated)<br><b>6.0%</b>                                 | 6.2                               | 9.6                               | 8.6                               | ◎          |

\* Personnel cost efficiency = Added value / Input personnel cost

### 3. Concept of the new midterm management plan

We will continuously upgrade the company itself to an "Attractive Company" aiming at two future visions, "Corporate Value Increase" and "Restoration to the Community".

#### Positioning of the Plan

- The compilation of 10 years' growth strategy, "Decade Strategy 2020" (2011 – 2020)
- Response to the drastically changing external environment (economic trends or manpower constraints)
- Further enhancement of the internal environment (productivity, technical capabilities, sales capabilities or corporate governance)



**Corporate Value Increase**



**Restoration to the Community**

Upgrade to an **“Attractive Company”!**

### 3. Future vision (i) Corporate value increase

We will aim for the corporate value increase by achieving the financial target such as sales and profit until FY 2020 to activate the investing activity looking ahead to the future market environment and with timely and appropriate IR/PR activity and capital policy.

Market Cap  
**2.5**  
bil. yen



### 3. Future vision (ii) Restoration to the community

We will aim to increase the average salary level by 10% by FY 2020 through securing the target achievements aiming at securing high-level human resources and cyclical restoration to the domestic economy.



## 4. Priority subjects

We set up the priority subjects in 3 fields of competitive power, productivity and corporate value to connect them with quantitative results.

I



### **Competitive** power improvement

- i. Strengthening of customer base and direct order
- ii. Cost competitiveness strengthening and procurement network
- iii. Technical capability strengthening

II



### **Productivity** improvement

- i. Work style reform promotion
- ii. Investment expansion in productivity improvement

III



### **Corporate value** improvement

- i. Improvement of recognition degree and corporate brand
- ii. Corporate governance strengthening



## 4. ① Competitive power improvement

### (i) Customer base and direct order strengthening

We will improve our appeal power to customers by providing scrupulous services to end users and expanding the range of services.

- ① End user sales strengthening
- ② Service strengthening, including electric and architecture fields





## 4. ① Competitive power improvement

### (ii) Cost competitiveness strengthening and procurement network expansion

We will improve the cost competitive power by restructuring and strengthening the cost control function.

- ① Cost control department restructuring and strengthening
- ② Expansion of equipment supplying distributors and partnership strengthening
- ③ Subcontractors expansion and business relationship strengthening



## 4. ① Competitive power improvement

### (iii) Technical capability strengthening

We will improve the customer satisfaction rating by strengthening our technical capability in preparation for the tide of next-generation technology.

- ① **Strengthening of the approach to the cases that require the advanced technology, such as an advanced medical facility or district heating and cooling**
- ② **Approach to the new technologies utilizing ICT or IoT**
- ③ **Technical training system improvement, including subcontractors**

## 4. ① Productivity improvement

### (i) Work style reform promotion

We will promote the institutional and systemic restructuring to generate the maximum productivity with the minimum manpower responding to the escalating shortage of engineers.

- ① Establishment of a next-generation personnel system (expansion of the telework and introduction of the talent management system)
- ② Visualization, standardization and systemization of the operation
- ③ Strategic BPO and strengthening of effective employment of foreigners



## 4. ① Productivity improvement

### (ii) Investment expansion in productivity improvement

We will maximize capital efficiency and improve productivity by setting the investment budget in ICT/IoT development, M&A and technology development (5 bil. yen for 3 years).

- ① Investment expansion in ICT/IoT fields
- ② Development of the new investees and business partners both at home and abroad
- ③ R&D investment both at home and abroad (industry–university joint research or outsourcing to other companies)





## 4. Ⅲ Corporate value improvement

### (i) Improvement of recognition and corporate brand

We will improve the corporate value by establishing the brand image broadly appealing the company's presence.

- ① Step-up of the listed market in the future
- ② Corporate branding establishment
- ③ Expansion and strengthening of IR/PR
- ④ Dividend policy establishment



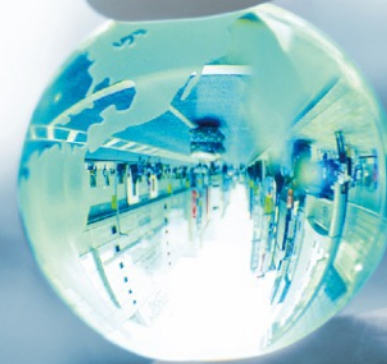
## 4. ③ Corporate value improvement



### (ii) Corporate governance strengthening

We will further enhance corporate governance to realize fair and transparent management to the stakeholders.

- ① Corporate governance code enhancement
- ② Establishment of the internal institutions according to a nominating committee and remuneration committee
- ③ Risk control strengthening over the overseas subsidiaries



# 5. Quantitative target of new midterm management plan

We will secure performance as a compilation of "Human resources development = Improvement of the productivity per employee", a main theme of our growth strategy of "Decade Strategy 2020".

