

# **TSUDA**

## Vision 2025

**TSUDA**

### Management Slogan

**Contribute to our customers through sincere and dedicated manufacturing and aim to achieve developments while existing in harmony with society.**

### Management Philosophy

1. Achieve new developments that contribute to customers while existing in harmony with society.
2. Establish a corporate environment that functions through employees and for employees.
3. Reinvigorate and reinforce our manufacturing capabilities with a focus on our core technologies and products
4. Boldly take on new business challenges.

## Conducting Group-wide efforts to achieve growth and expansion

小笠原 節



Takashi Ogasawara  
President Director

Six years have passed since the launch of our Global Medium-term Management Plan. During this period, the automobile industry, together with the economy in general, has undergone changes at a pace exceeding all forecasts.

With support from our customers, our suppliers, and many others, we have continued to strengthen our manufacturing capabilities and expand our businesses worldwide. We have realized growth in our businesses in terms of both scale and range.

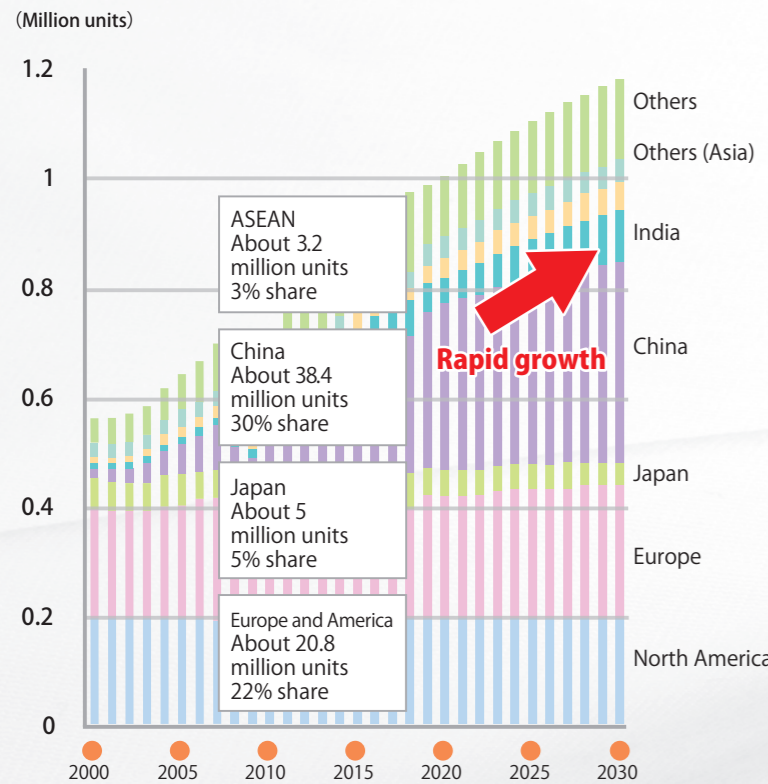
We are laying the groundwork to transform ourselves into a truly global corporation to achieve the goals set forth in our medium-term plan.

We are aiming to realize further growth and expansion on a timing that will contribute to all of our stakeholders in the near future. Right now, it is crucial for us to establish goals to combine the strengths of the members of the TSUDA Group and achieve even greater growth, going above and beyond the plans for each of our companies. I would like to define "TSUDA Vision 2025" in these pages and strive to bring the TSUDA Group together to realize a brighter future.

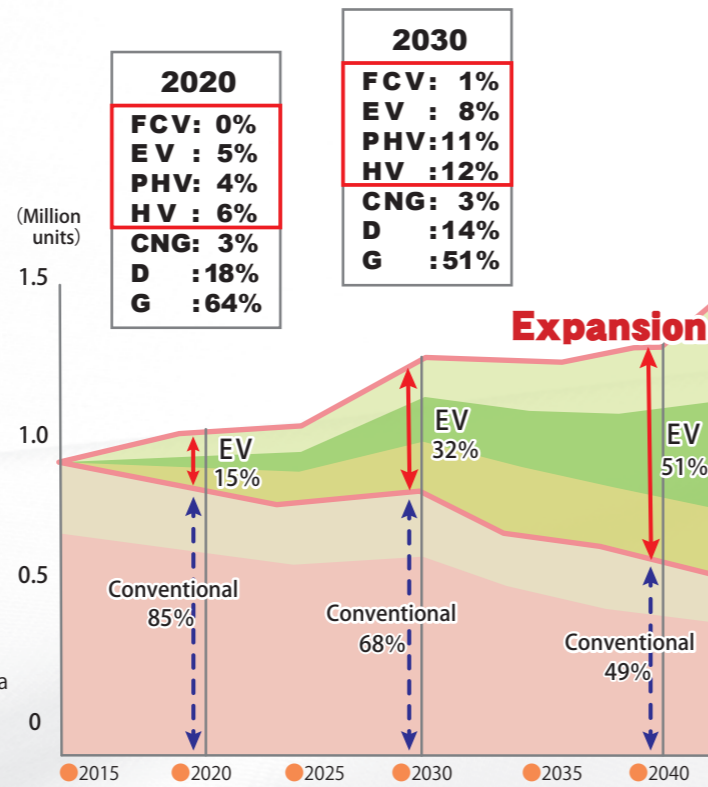
April 2019

# 1. Future forecasts

Global automobile market trends



Long-term forecasts for powertrains



# 2. Changes in the business environment

Forging and machining business



- ★ Forging and machining business
- More cars are becoming electric vehicle
- Companies from other industries are joining the market
- Changes in customers and competitors
- Fewer parts in electric cars
- Lower workload

Shift lever business



- ★ Shift Lever business
- Technology progressing for automated driving and parking
- Trend toward SBW and high-performance electrical control
- Drop in mechanical gearshifts

Conventional

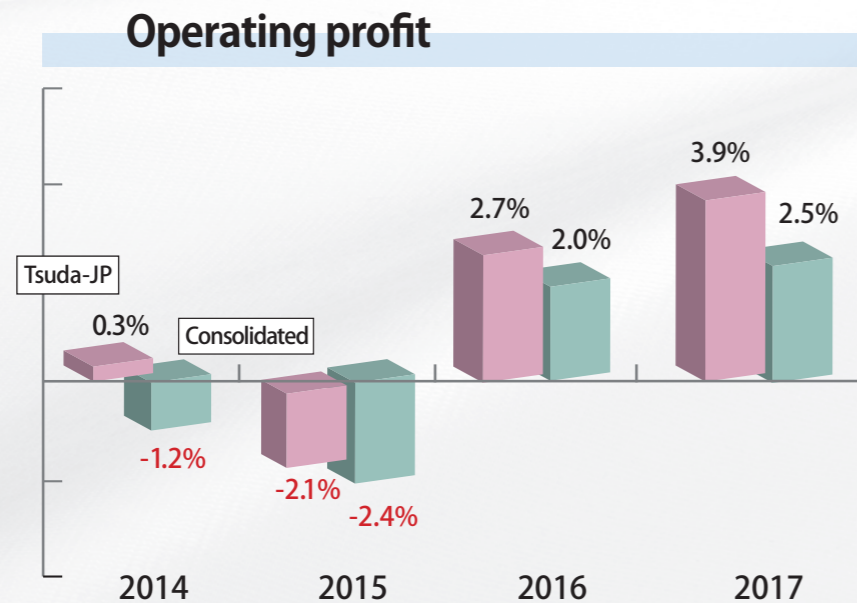
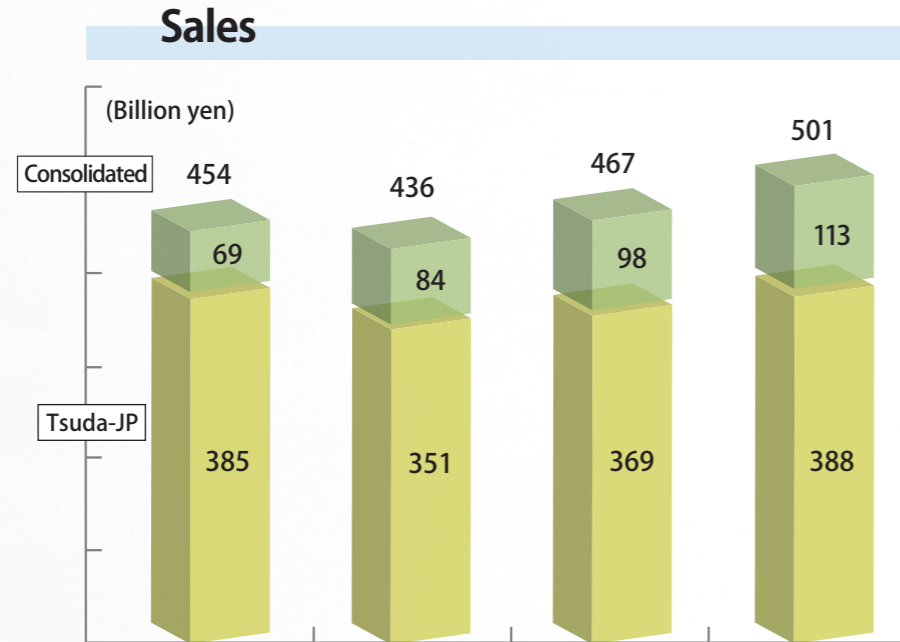
EV

**With automobile manufacturers shifting to EVs, TSUDA will need to make swift changes in its business**

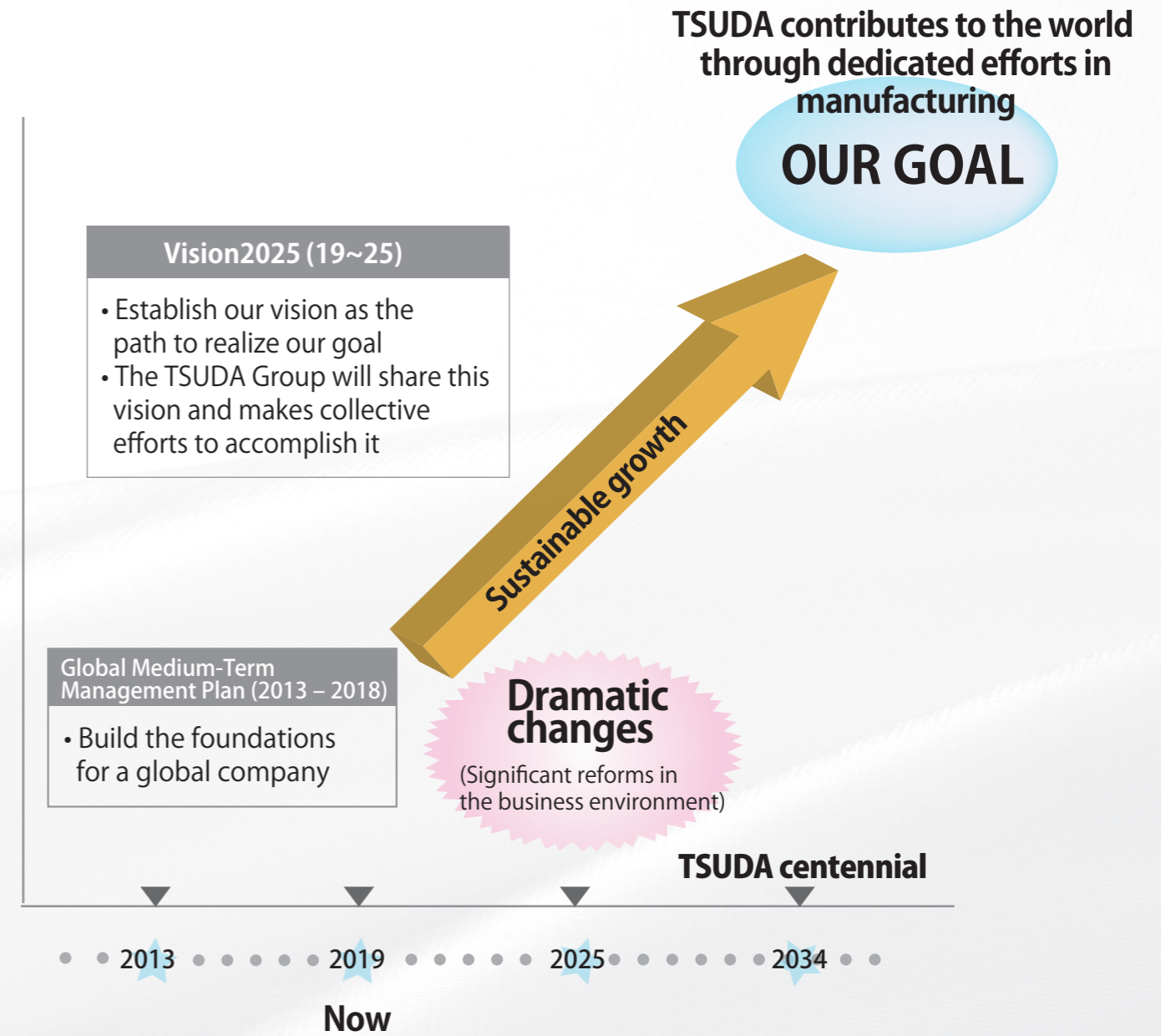
The automobile industry has reached a turning point and significant changes are forecast throughout the business environment. The global market will further expand from the growth in China and emerging countries. At the same time, stricter environmental regulations in many countries and regions will further accelerate the shift toward alternative fuel systems for powertrains, ultimately bringing about sharp increases in the market shares of automobiles that feature them. These trends will have a major impact on our business environment as well.

Changes to the configuration of cars have shaken up the playing field in terms of customers and competitors. The number of parts has significantly decreased, meaning that production has needed to be reduced for existing parts in the forging and machining business. We predict a similar fall in demand for mechanical Shift Levers within the Shift Levers business, propelled by the acceleration of the trend toward SBW due to the wider adoption of automated driving and parking systems. With an uncertain future for our core businesses, we will need to make swift changes to our business structure.

### 3. Sales and operating profit



### 4. The significance of our vision

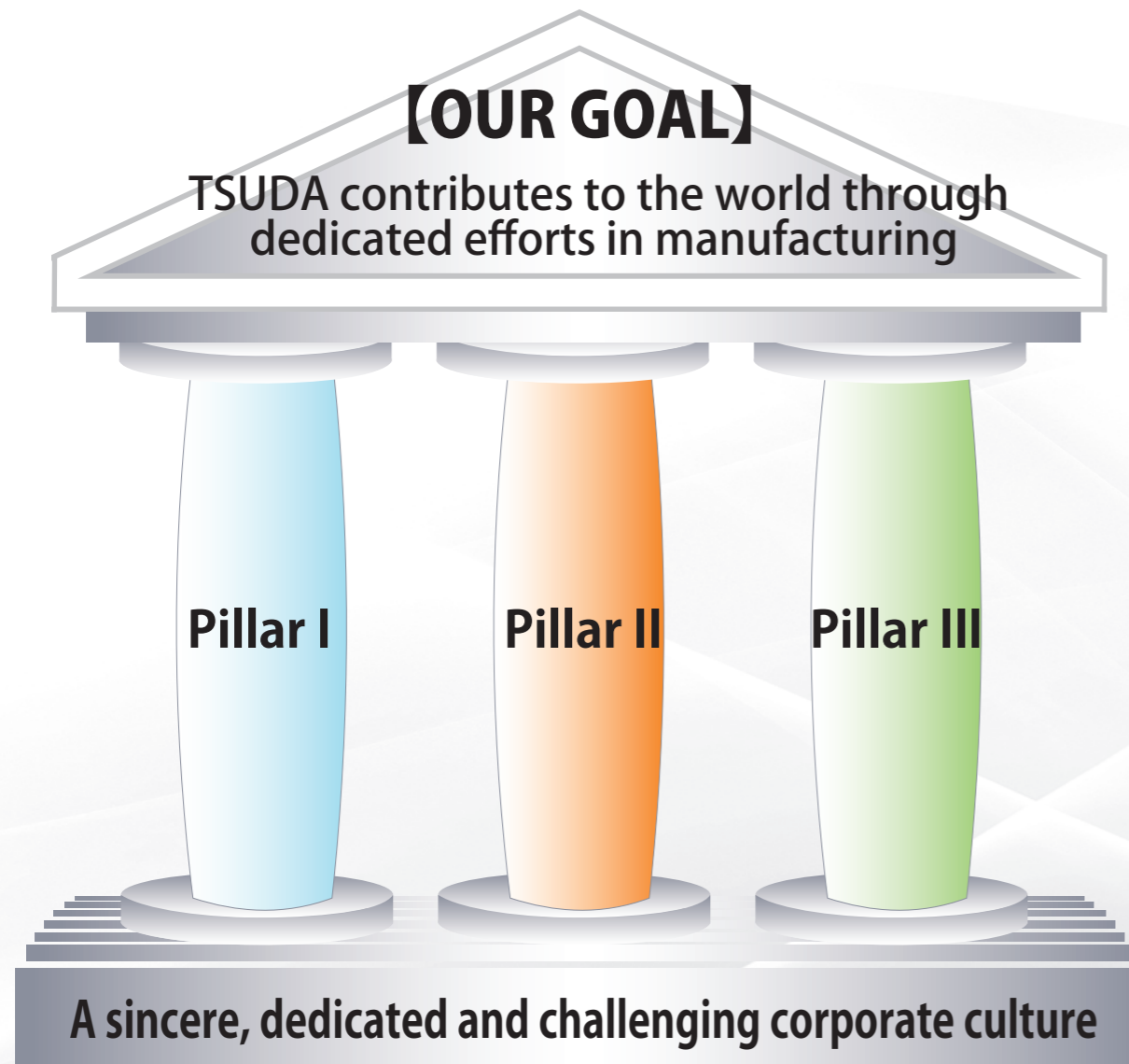


Although we have sometimes struggled in recent years to achieve growth within Japan and to generate profits at our overseas affiliates, we can see signs of steady growth in sales and operating profit for the future. In order to achieve sustainable growth, we must revise our businesses to suit market conditions and achieve self-reliance at our overseas affiliates to increase profits. These initiatives will be carried out through the strengths of all our employees, and therefore it will be crucial to conduct initiatives aimed at human resource development in our workforce.

We started our Global Medium-Term Management Plan in 2013 and have made progress in building the foundations for a global company. "TSUDA Vision 2025" serves as the milestone surviving the radical changes in the business environment and achieving a further leap forward for growth. Collective efforts from the entire TSUDA Group are essential to realize our goal. From our centenary in 2034 and beyond, we will continue to conduct initiatives with a focus on the future.

# 1. Our goal and the activity pillars

We will continue to strive to supply our overseas affiliates with the knowledge on development and production fostered within Japan. In this way, we will expand the reach of the TSUDA Group and engage in new business with a forward-looking mindset.



We set out the mission in "TSUDA Vision 2025" to further develop TSUDA's manufacturing capabilities and to contribute to the world as our direction for management. In light of this, we defined our goal of the company we wish to be in the future, as "TSUDA contributes to the world through dedicated efforts in manufacturing". With a sincere, dedicated and challenging corporate culture as our foundation, we will engage in initiatives in three main areas that will serve as the pillars to support our goal.

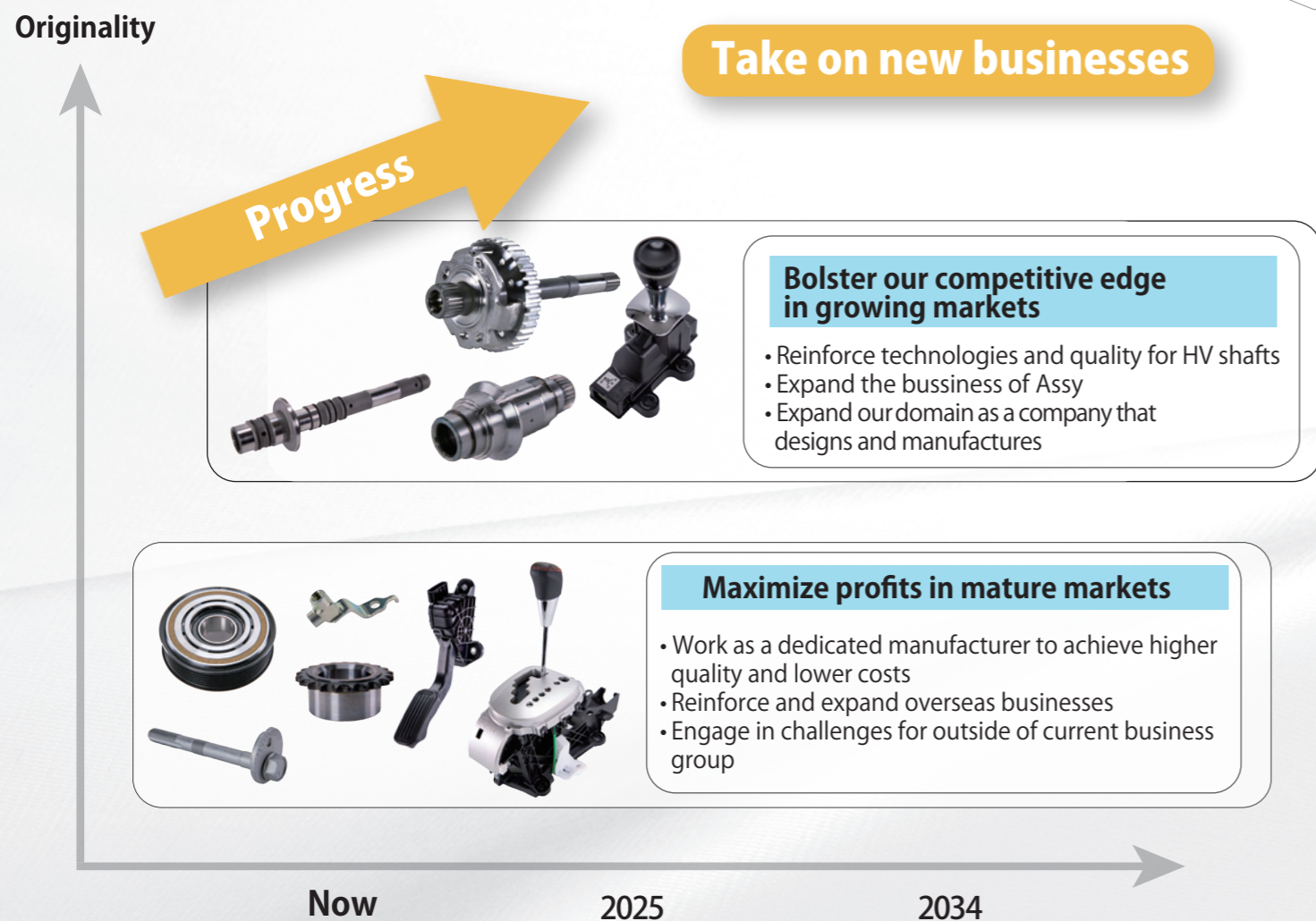
# 2. Medium-term strategies



We have defined six medium-term strategies in order to carry out the initiatives set out for our three pillars. We will incorporate these strategies into the action plans at each division and carry out specific activities to steadily make progress toward achieving our goal. It is crucial for all employees throughout the TSUDA Group to share this vision and to engage in these initiatives with passion.

### 3. Pillar I: Progress the foundations of our businesses and engage in challenging initiatives for the future

- ① Engage in initiatives to attain peak competitive strength with regard to our existing businesses that support the foundation of TSUDA as a global company
- ② Predict future trends and challenge to expand our areas of business



### Leading-edge technologies

- ◇ Utilize IT • IoT, AI, RPA
- ◇ Collaborate with other industries and academia
- ◇ New materials



**Renew productivity in existing businesses**



### New businesses

- ◇ Next-generation mobility
  - Autonomous driving, In-wheel motors
  - Drones, Flying cars
  - Delivery robots, Automated wheelchair
- ◇ Non-mobile machines

### TSUDA's strengths

- ◇ Integrated processing capabilities that can work with blanks for large or medium-sized parts
- ◇ Wide range of processes, including pressing, molding and machining
- ◇ Capability of product and process design
- ◇ Capability of in-house Die and machine manufacturing



In order to work toward expanding the range of our businesses in the future, it is essential that we make progress in maximizing profits within mature markets and continue to support the foundations of the company.

We will pursue higher quality and lower costs, as well as engage in challenges for outside of our current business group. For our businesses in growing markets, we will continue to give top priority to motor shafts, and we will further enhance our technological capabilities and quality in order to boost our competitiveness. In addition, we will undertake initiatives to expand our commercial rights to include assemblies. In the shift lever business, we will maintain our position as a company that designs and manufactures bespoke parts, while also engaging in the challenge to expand our domain of expertise through new product development.

In our initiatives for new businesses, we will utilize TSUDA's strengths as the foundation on which to expand into new areas.

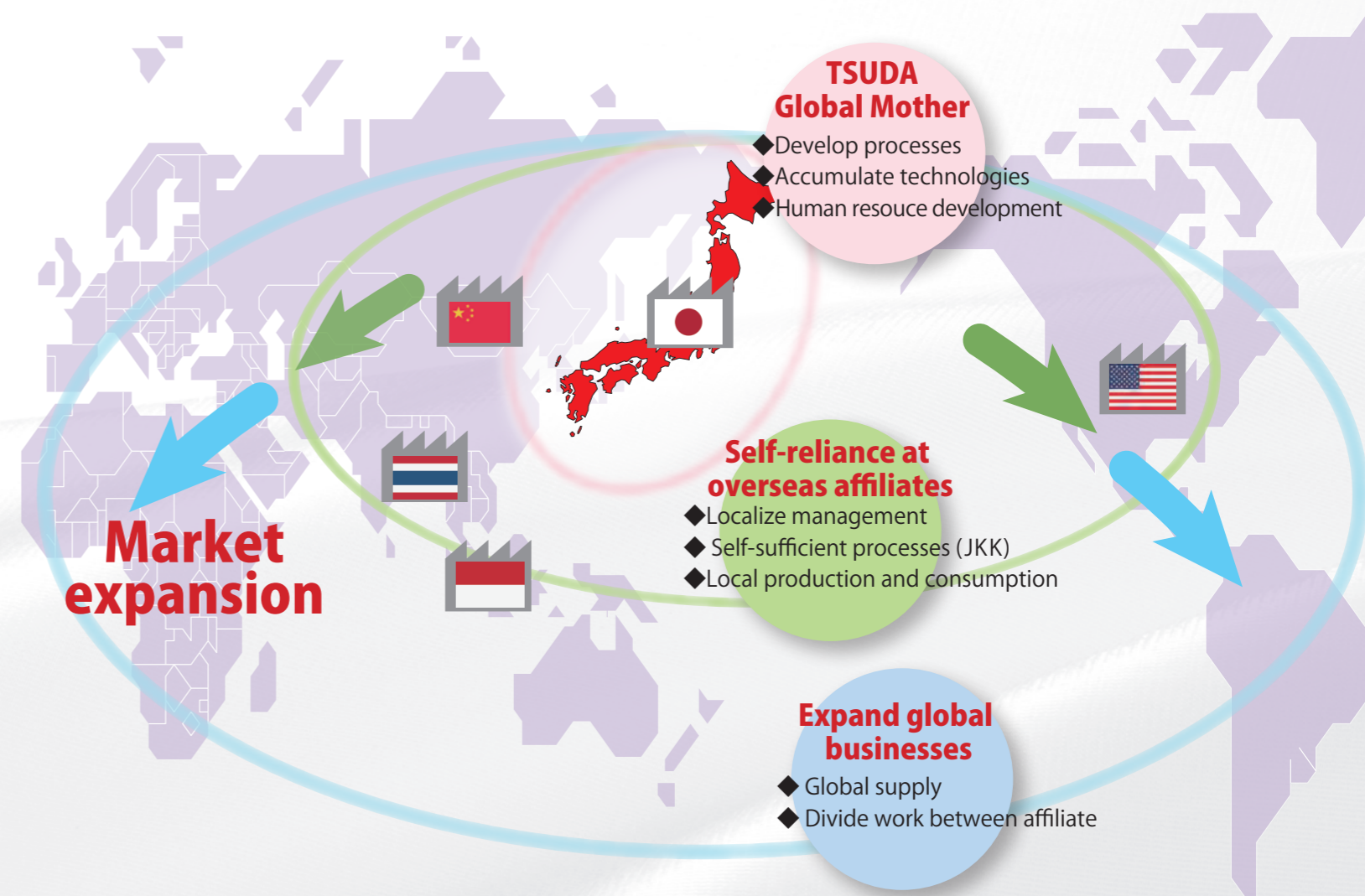
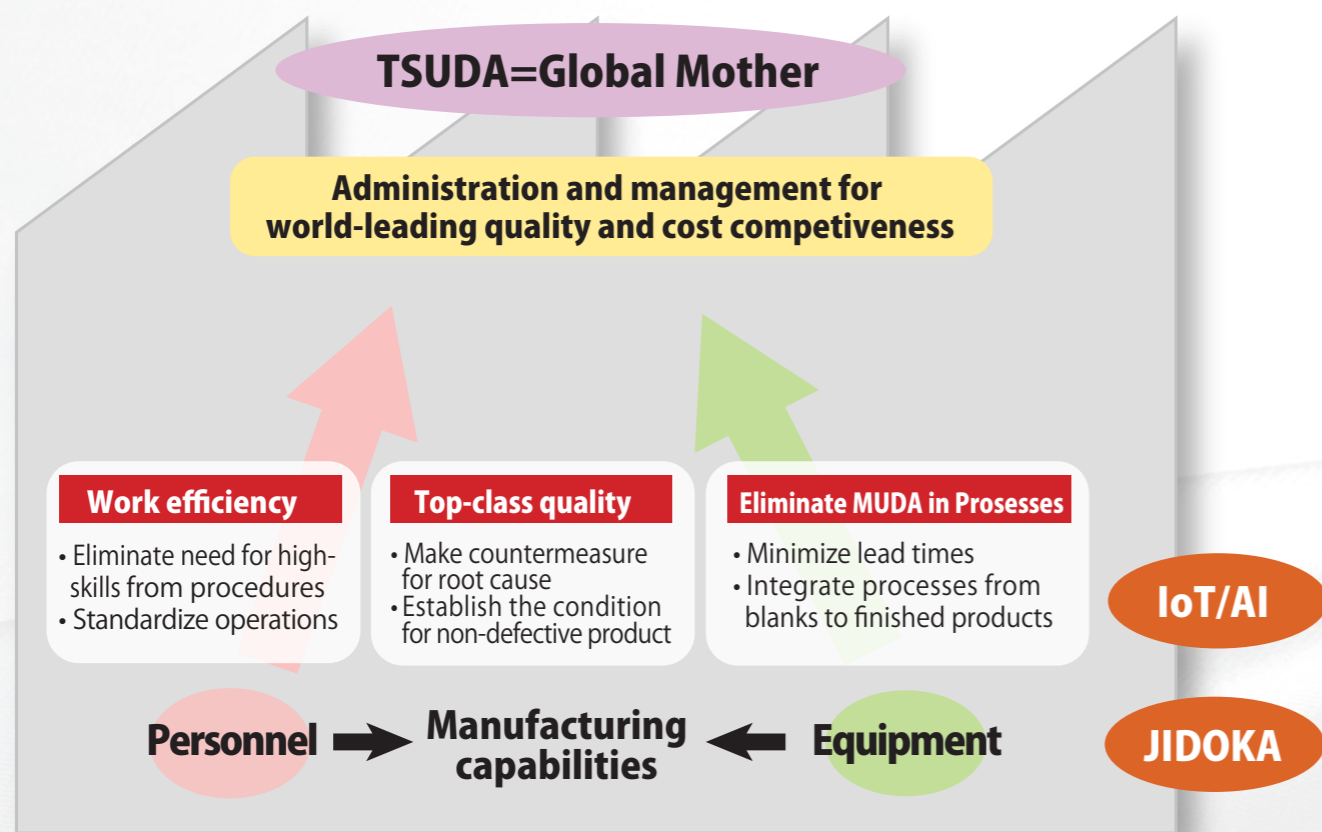
In order to achieve this, we will incorporate IoT, AI and other leading-edge technologies to reform productivity within our existing businesses.

We will also conduct other initiatives, such as collaborating with other industries and academia, as well as utilizing new materials, in order to enter into the markets for next-generation mobility and non-mobile machines.

These initiatives require that we acquire significant resources, and we will conduct business reforms within our managerial departments toward this.

## 4. Pillar II: Achieve globally competitive manufacturing

- ③ Reinforce our manufacturing capabilities to realize a high-profit corporate structure
- ④ Achieve self-reliance at overseas affiliate with a view to expanding our global business



In order to reinforce our manufacturing capabilities, we must enhance the quality of our personnel and equipment.

- Improve work efficiency by eliminate need for high-skills from procedures and by standardizing operations.
- Achieve top-class quality by establishing the condition for non-defective product.
- Eliminate MUDA in processes by minimizing lead times.

We will achieve these initiatives through employing cutting-edge technologies and utilizing JIDOKA, with an aim of realizing world-leading quality and cost competitiveness.

We will also work to define global standards for administration and management that can lead these initiatives to success.

The TSUDA Group must develop a foundation on which to further expand its global businesses in order to achieve sustainable growth. To this end, it is essential for all overseas affiliate to operate in a self-reliance.

TSUDA (Japan) will reinforce its role as a global Mother by developing processes, accumulating technologies and human resource development, and it will proactively support the overseas affiliate. We will advance the development of self-reliance at overseas affiliate by focusing on localizing management, attaining self-sufficient processes and realizing local production and consumption. Through these activities, we will achieve globally competitive manufacturing.

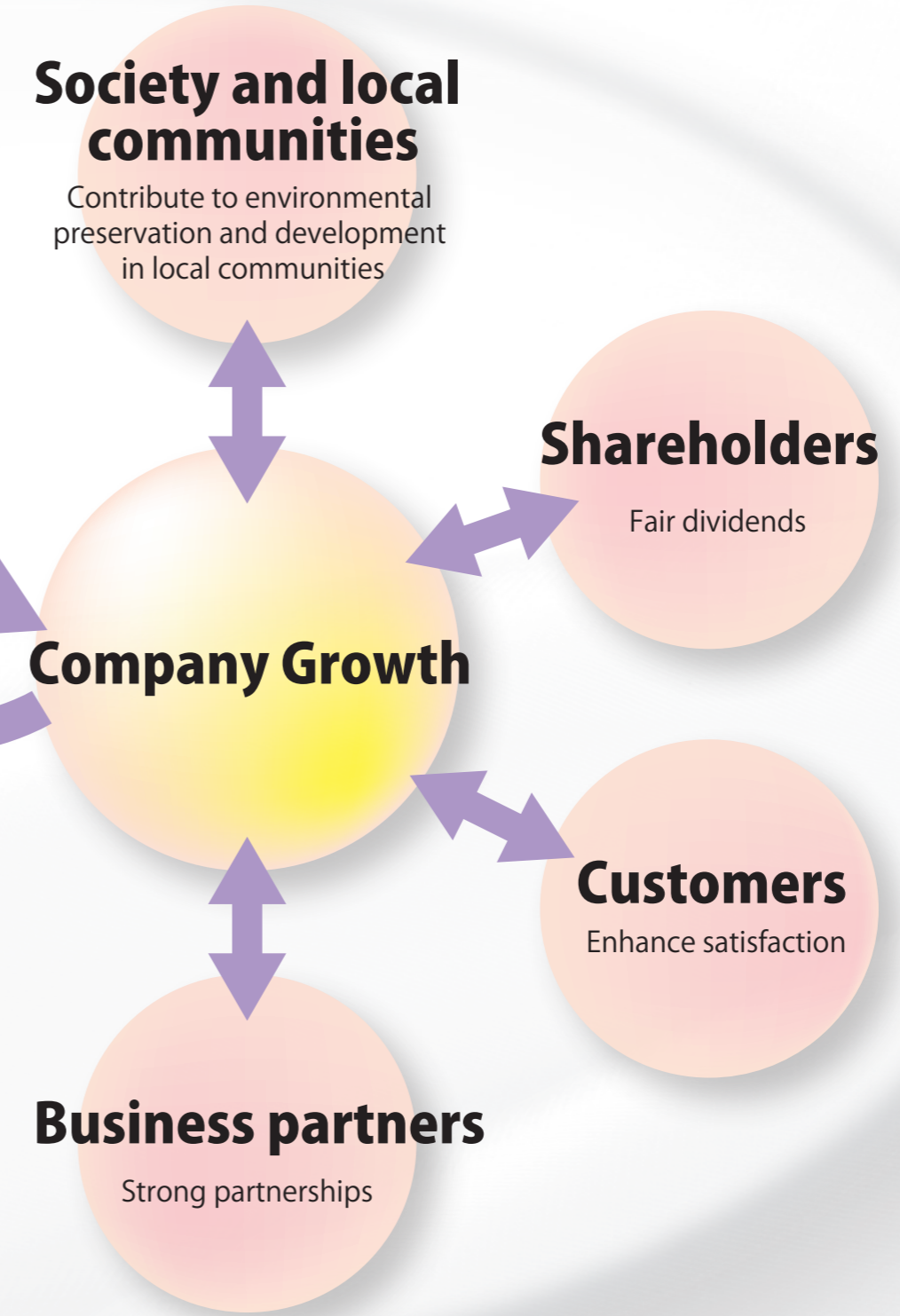
### 5. Pillar III: Contribute to society and bring happiness to employees

- ⑤ Create a corporate environment in which TSUDA's employees can work with pride and achieve results
- ⑥ Realize a system of corporate management that wins the trust of each location

**Enhance compliance**  
(Among all stakeholders)

**Sharing our vision and enhancing satisfaction**

- ◆ Safe and comfortable working environments
- ◆ Feel growth themselves
- ◆ Diverse workstyles etc



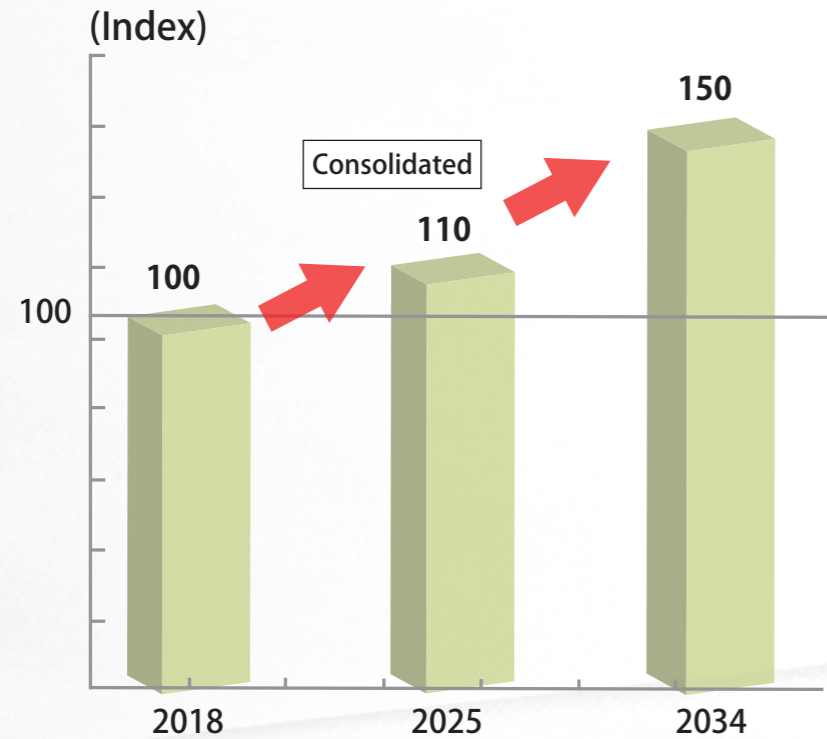
Going forward, companies will have a corporate social responsibility to bring happiness to employees as well as to contribute to all stakeholders in a harmonious relationship that promotes mutual success. We are aiming to win the trust of society and local communities through further reinforcing our efforts for compliance and environmental preservation. In addition, we will proactively engage in initiatives to reduce CO<sub>2</sub> emissions to contribute to realizing a low-carbon society.

In order for TSUDA's employees to work with pride as they achieve results, it is important that we win the trust of society and ensure that employees feel satisfaction in working in the TSUDA Group. We will develop working environments in which employees can work comfortably and engage in initiatives to human resource development, in which employees can feel themselves grow. We wish to expand as a company through the results of our employees as they work with happiness and pride. In turn, we aim to achieve happiness among our employees through our growth as a company.



Business targets for 2025 (Compared with 2018)

◆ Consolidated sales



◆ Operating profit margin, etc.

	Affiliate	2025	2034
Operating profit	Consolidated	×2	×4
	Tsuda-JP	×2	×3
Motor shaft production volume		No. 1 in Japan	
Employee satisfaction		80% or higher	

In our targets, we are aiming to enhance our revenue generation worldwide and become able to conduct strategic investments for the next-generation businesses.  
 Apart from business results, we are aiming to maintain our status as the leader for motor shaft production volume in Japan.  
 We wish to develop our products to acquire a presence in the global market in the future.  
 In addition, we are aiming to enhance employee satisfaction (ES) and to be a company in which our employees can work with happiness and pride.  
 These are ambitious and high-reaching targets, but we are certain that we can achieve them through the collective efforts of everyone in the TSUDA Group.

Together, We can build our future

As employees in the TSUDA Group, we will share a common vision and commence initiatives with the aim of becoming a great company in the future in which TSUDA contributes to the world through dedicated efforts in manufacturing.

In order to achieve this goal, we will need to carry out significant reforms and exert sustained efforts.

To this end, we will put our fundamental strategies into action by incorporating “TSUDA Vision 2025” into all areas of the company, from annual company objectives to targets for ambitious results.

We are certain we will make progress through promoting initiatives for business reforms with an appreciation for the philosophy behind the company vision, as well as for the targets to achieve and our own individual roles.

We will strive with ambition to realize a promising future for the TSUDA Group through our own efforts.



Contributes to the world through dedicated efforts in manufacturing

**TSUDA**  
Create new value

