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# Mid-Term Business Strategy

**NEXT 30**

~ Connect, Change, Cost ~

Creation, Passion, Challenge

May 8<sup>th</sup>, 2012

President & CEO Toru Usami

# 1. The Natural Disaster-related Summary

## 2. 2011FY Review

- 1) Sales, Project, R&D Cost
- 2) BIG X Award

## 3. Mid-term Business Strategy

- 1) Growth Strategy
- 2) Business Plan

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# The Natural Disaster-related Summary ①



## After the Earthquake and Restoration

Production Line



Iwaki Office (HQ)



## The Natural Disaster-related Summary ②



### 1. Impacts from Disasters

①

- The Great East Japan Earthquake in March 2011
  - ✓ After two weeks of the earthquake, all operations were resumed even offices and factories in Iwaki city were damaged.
  - ✓ The restoration on buildings and facilities were completed during 2011FY.  
→ the restoration cost as extraordinary loss was posted in the book of 2010FY.

②

#### The Flood in Thailand in October 2011

- ✓ No damage from the flood because our factory in Thailand is located on a hill.
- ✓ Employees in Bangkok office had to evacuate from the building but no serious damage.

### 2. Impacts on the Business

#### ● Production adjustments on customers

- ✓ There was certainly a revenue reduction from our customer who was directly and/or indirectly damaged from the two disasters, however, we managed to keep all deliveries to majority of our customers without stopping their car production lines.

③

#### ● Parts procurement difficulties

- ✓ Suffered extreme difficulties in obtaining parts due to the disasters. However, deliveries to customers were set as our #1 priority even spending additional costs to keep the supply chain in place. (production adjustments, substitute parts procurement, engineering changes, Air shipments, etc)

④

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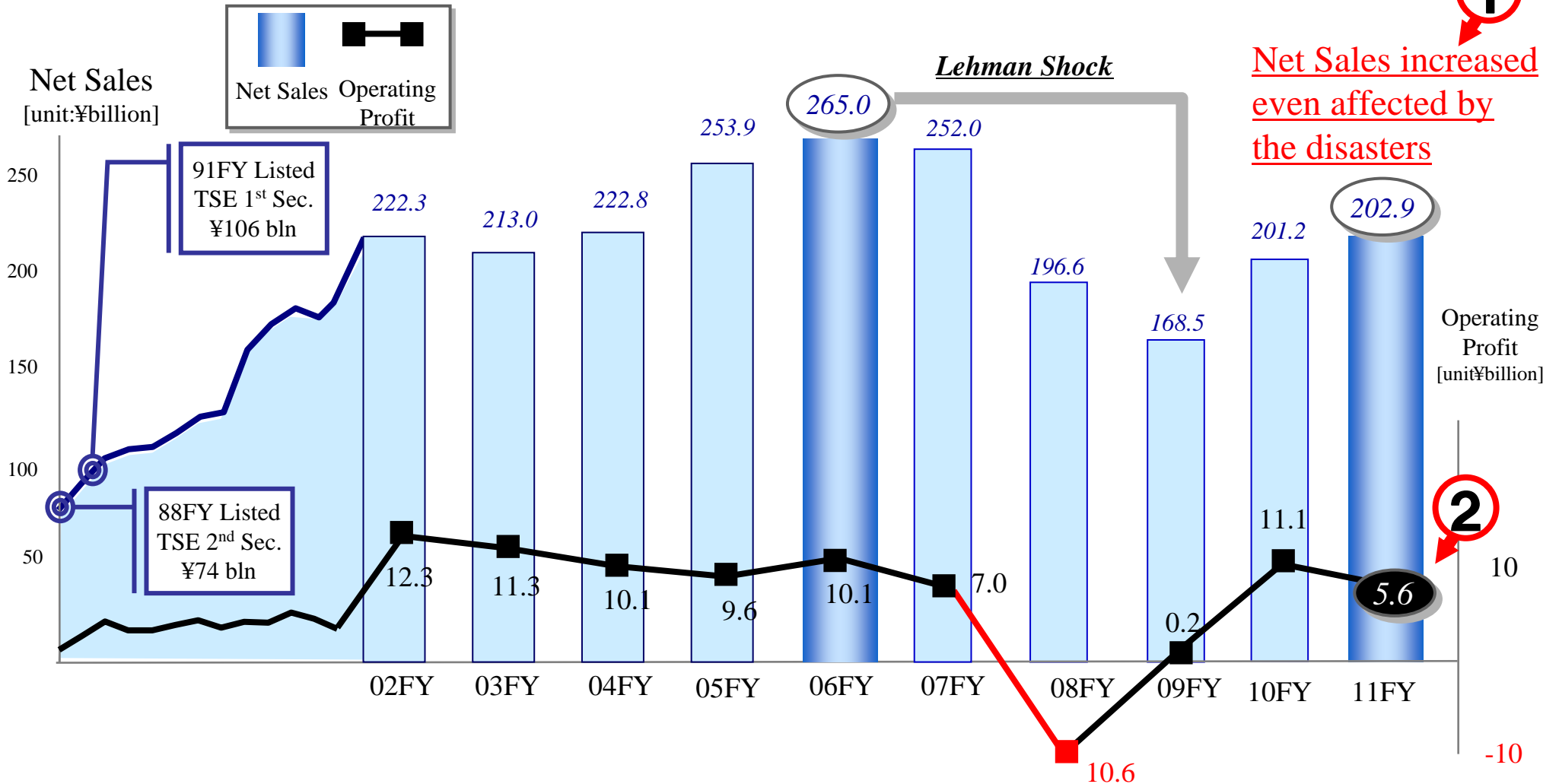
- 1) Growth Strategy
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# 2011FY Review ①



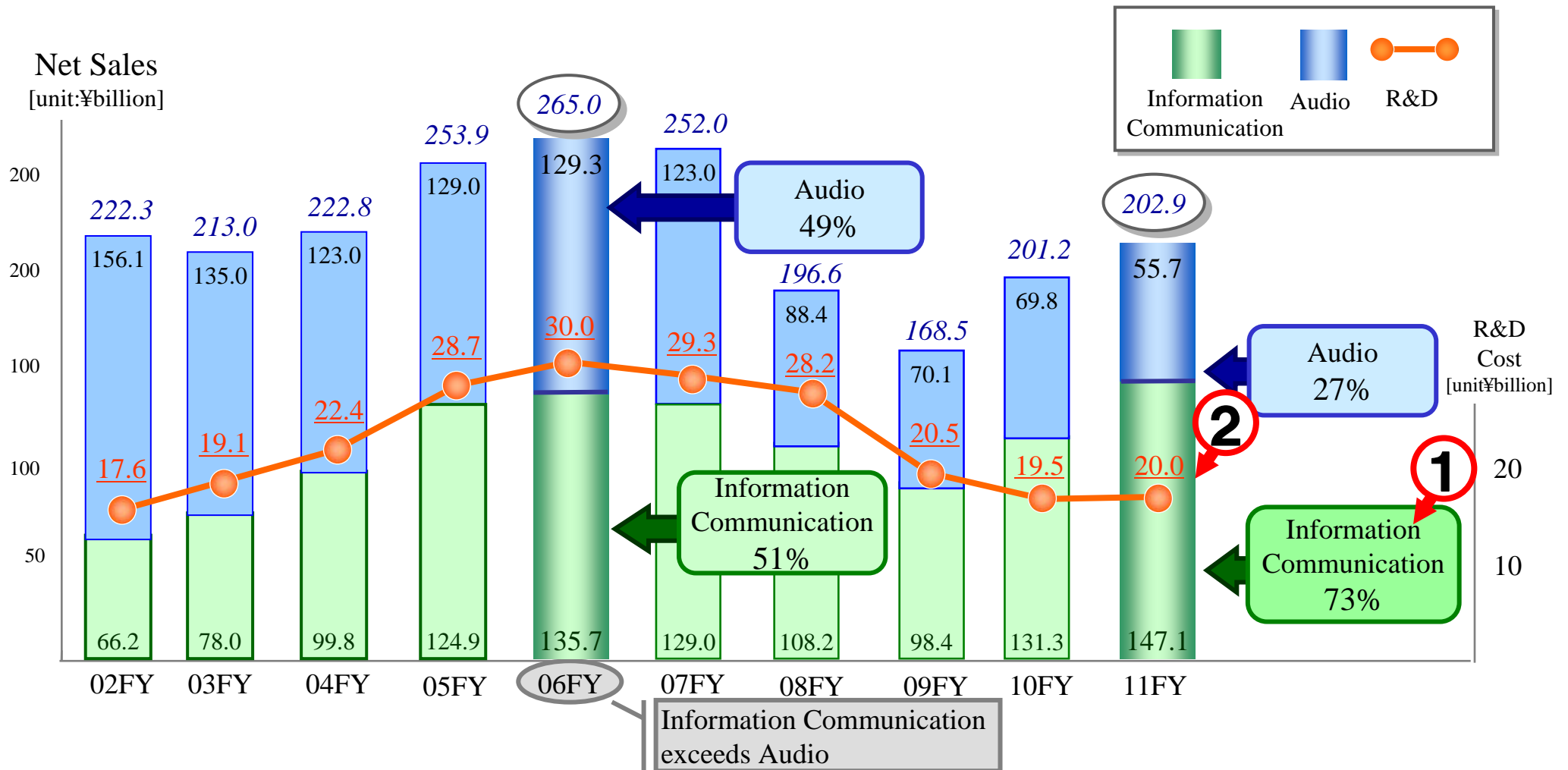
- Net Sales increased under the disasters  
 - Cost Improvement is a key for the future

①



②

## Maintain R&D cost at 10% level of Net Sales





# High Reputation from Market



1

High Reputation for Value Added Biz Model  
Received GOOD DESIGN AWARD 2011 in Japan

この大画面が、  
新しい世界へ導く。

1.43倍大画面・LED高画質  
車種専用パーフェクトセッティング  
車種専用システムアップ&リンク

車種専用大画面LEDナビ  
**New BIG X**  
新登場

GOOD DESIGN AWARD 2011

VIE-X088V 新登場 VIE-X066 新登場

## Perfect Fit

Beautiful installation = Specific installation kits for Car Models



## Perfect Setting

NAVI & SOUND settings available for each Car Model



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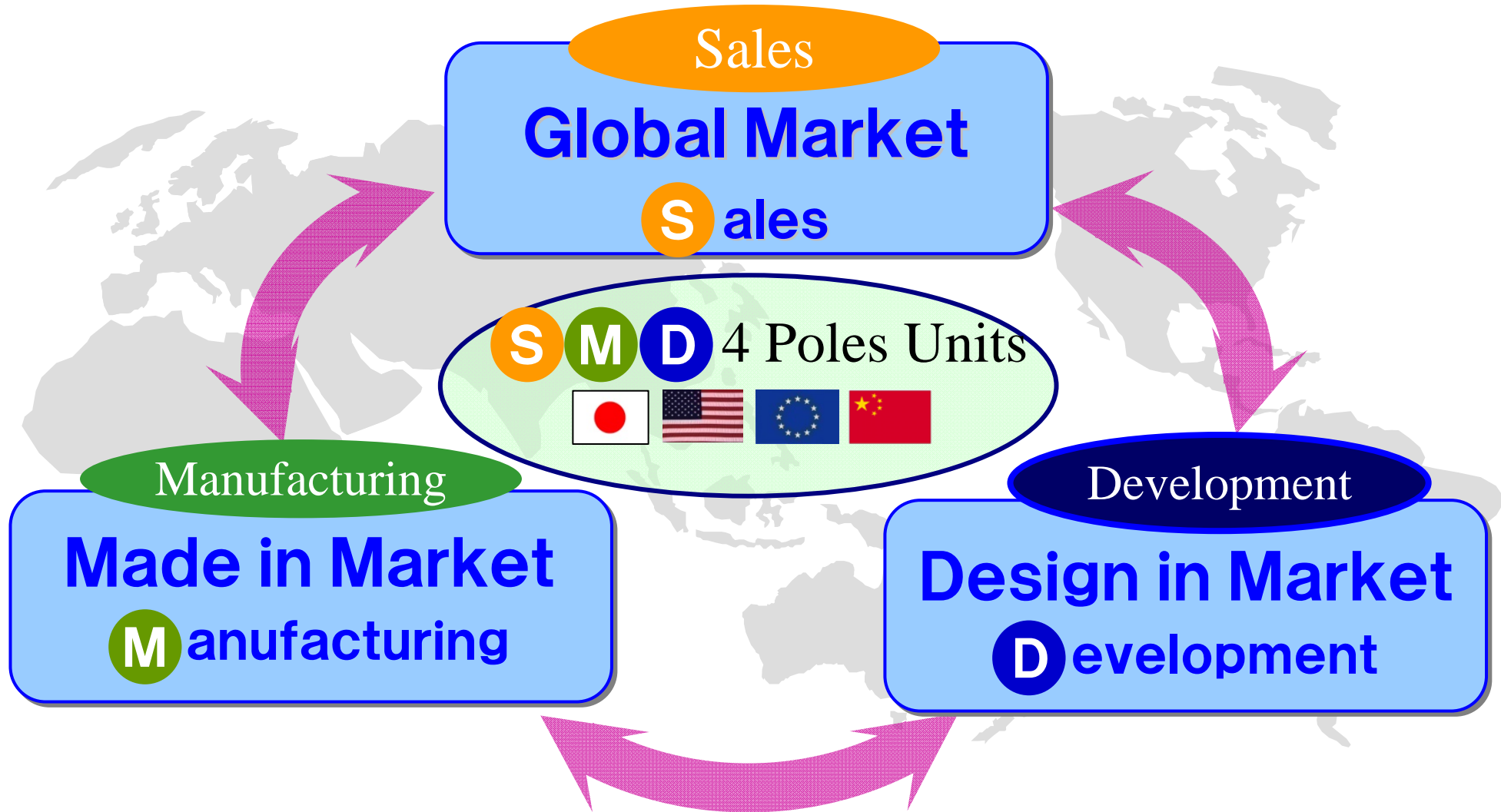
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①

Utilize Local SMD Organizations to Expand Global Market Share



# Growth Strategy : Organizations ②

①

## Aggressive Enhancement of Overseas Markets

**③ Middle East**

- ◆ Enhance Aftermarket Business
- ➔ '12/4/1 Sales Company Established in Dubai

**China / Korea**

- ◆ Continuous Expansion of OEM Biz for Global Automakers
- ◆ Expand Local OEM Biz
- ◆ Enhance Aftermarket Biz

**② U.S.A**

- ◆ Biz expansion in Cloud and Smartphone linkage
- ➔ R&D Company established in Silicon Valley on '12/04/01

**④ Brazil**

- ◆ Enhance Aftermarket Business
- ◆ Organize Distribution Channels
- ➔ Going ahead with a new partner for both production and sales

**ASEAN**

- ◆ Enhance Aftermarket Business
- ◆ Expand OEM Business
- ➔ Thai Factory restarts production from '12/09



# Growth Strategy : Market

Catch-up in Developing Countries  
Expand with Main Customers' Growth and Enhance Aftermarket Biz.

Advanced Countries

Developing Countries  
(China, ASEAN, Middle East, Brazil)

1  
OEM : Further Shares Up

2  
Aftermarket Value-added Products Strategy



- Perfect Fit
- Car Model Specific Setting

3  
① Imported vehicles  
② Locally Produced Vehicles  
Double Chances to Expand Business

Aftermarket Product Lineup Reinforcement

Middle East Enhancement Established Company

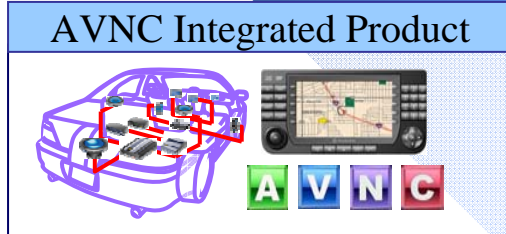
Restart Biz. in Brazil

3  
**NEXT30**  
Sales on Developing Countries  
Target: 30% on Total Sales

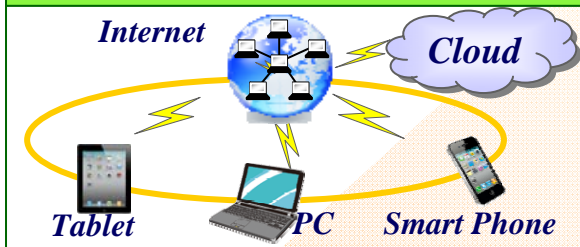
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## Integration of Mobile and Automotive Products Two Directions for Automotive Products

### Automotive Products

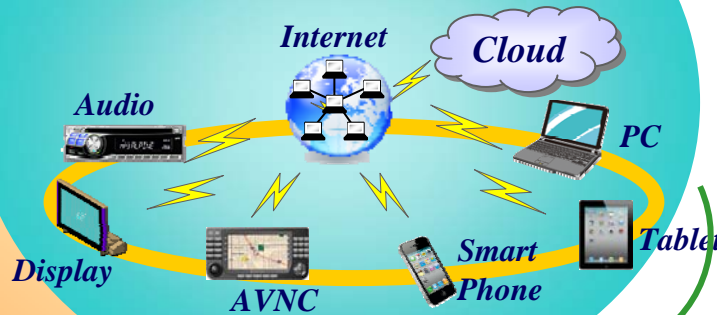


### Various Devices for Internet Access



### Mobile Devices

## Integrated Functions



2

**High Functional Automotive Product**  
Enhanced Linkage with Vehicle  
Support Safety and Comfort

Two Directions

3

**Hybrid Automotive Product**  
Reinforcement of Linkage  
with Smartphone

# Growth Strategy : Product ②

## ① Hybrid Automotive Product Strengthen on Connectivity with Cloud Applications



### ② Strengthen on development of Next Gen. Automotive Products for Cloud Systems

◆ R&D Company Established in Silicon Valley



Creating Value  
in Main Area  
of Cloud Technologies

### ③ Products for Smartphone Link

◆ Mirror Link



◆ Work with Apple Products



Works with  
iPhone



1

## Respond to Market Needs : ITS, EV, Lighter Weight

2

### EV Specific NAVI (Join Government Projects)

- ◆ Joined Nagasaki EV&ITS Project 
- ◆ Joined Keihanna Next Gen. Energy Social System Experimental Project

### EV Specific NAVI



- ECO Routes Search w/ Altitude data
- ECO Drive Assist
- Warning on Low Battery
- Display Battery Info.



### Toward Clean Energy Society

At 2012 Tokyo Auto Salon  
→ More and more Eco Cars in world-wide



TOYOTA

HONDA

VW

GM

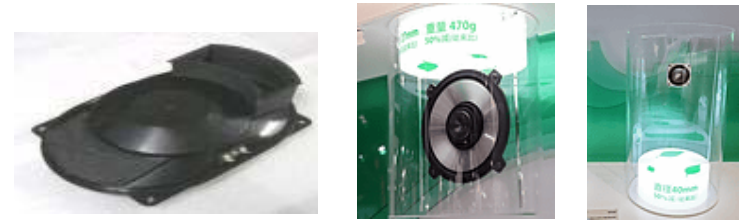
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### Green Products Development and Proposal

- Example -

Extremely Light Weight and Thinner Speakers

→ Available in Aftermarket and Proposing to OEM customers





**NEXT30 : Go for ¥250 billions Sales and OP margin 5%**

Unit:¥billion  
Net Sales

