



December 9, 2016

## **Notice of Establishment of Medium-Term Management Plan “V-plan 20”**

Noritz Corporation (hereinafter the “Company”) has established “V-plan 20,” a medium-term management plan that spans four years, from fiscal year 2017 to 2020. The gist of the plan is as follows.

### 1. Background of the establishment of the medium-term management plan

Despite economic policies implemented by the Japanese government leading to partial improvements in corporate profit, employment and income environment, the business environment surrounding the Company has been harsh due to persistently low personal consumption, as a result of factors such as the expectation of low birth rates and an ageing population. Moreover, the economic outlook overseas is uncertain due to unstable factors such as the slowing growth of the Chinese economy. Going forward, the Company expects to be exposed to more severe competition as a result of intense external changes.

The Company established the medium-term management plan, “V-plan 16,” spanning six years from fiscal year 2011 to 2016, and implemented measures to cultivate growth businesses and to enhance cost competitiveness, etc. in pursuit of the recovery in the domestic business and the expansion of the overseas business. The new medium-term management plan, “V-plan 20,” has been established to accelerate these efforts, and to handle the aforementioned changes in the business environment.

### 2. Summary of “V-plan 20”

In the newly established “V-plan 20,” the Company aims for a consolidated operating income to sales of 10% by fiscal year 2020, under the vision “Noritz Group—globally competitive.” To achieve this, the Company plans to focus its business resources onto the water heater business, one of its core businesses, aiming at profit expansion in the domestic business and further growth of the overseas business. Specifically, the Company will implement the following priority measures, and strive to achieve sustainable growth and enhance corporate value of the Group.

### 3. Priority measures for “V-plan 20”

#### (1) Group vision (our aim for fiscal year 2020)

- Noritz Group—globally competitive.
- Consolidated operating income to sales of 10%

(2) Priority measures

(a) Restructuring our business portfolio

The Company will focus its business resources onto the water heater business, one of its mainstay businesses, and enhance the sales of new competitive products, while aiming for profit improvement of the domestic business through rebuilding low-performing businesses.

(b) Enhancing profitability of domestic business

The Company plans to strengthen profit by implementing a sales model responding to the decline in the number of households, which incorporates added value to the manufacturing processes of the domestic business, and enhances the relationship between the Company and customers through its unique check-up system.

(c) Continuously expanding overseas business

With its overseas business driving further growth, the Company aims for continuous growth through methods such as developing new products that stand out and expanding its new product lineup.

(d) Reforming corporate culture

The Company will strive to reform its corporate culture and system design, with the aim to become “a corporate group that takes on challenges, unafraid of failure” in an age with an unpredictable future.

(3) Financial targets (consolidated)

(Billions of yen)

	2016 (forecast)	2020	Change from 2016
Sales	208.0	240.0	15%
Operating income	8.0	24.0	200%
Ordinary income	7.7	25.0	225%
Net income	2.7	15.0	455%
ROE	3.8%	8.0%	

Any forward-looking statement related to the Company’s financial results in this document is estimated by the Company based on information currently available, and includes risks and uncertainties. Accordingly, the Company does not guarantee the achievement of these forecasts.