akebono New Frontier 30 - 2016

Akebono has established a new midterm business plan, "akebono New Frontier 30 – 2016 (aNF30-2016)" ending with fiscal 2018. Goals of the new midterm plan include 1) rebuilding North American operations, 2) establishing global networks based on product-based business units, and 3) expanding high performance brake business and recreating European operations. By achieving these goals, Akebono aims to return to a sound financial condition and facilitate sustainable growth.

2013-2015

aNF30-2013 Midterm Business Plan

Business Plan New aNF30-2016 Midterm Business Plan

2016-2018

Future Vision Global30

Building a foundation for achieving Global30

- Technology differentiation
 Drastic cost reductions
- Acceleration of globalization in Japan, North America, Europe and Asia

By introducing product-based business units and deploying them globally, we aim to take on new fields and rebuild our management foundations Long-term Goals
- Achieve Global30

Fiscal 2020 Goals

- Operating income of 10%

aNF30-2016 Fundamental Strategies

Shift priority from achieving sales targets to sustainable growth

- 1 Rebuilding North American operations
- 2 Establishing global networks based on product-based business units
- 3 | Expanding high performance brake business and recreating European operations

Return to a sound financial condition

Financial Targets

	FY2015	aNF30-2016		
(Billions of yen)	Actual	FY2016	FY2017	FY2018
Net sales	281.3	271.3	265.0	255.0
Operating income	(3.8)	1.6	8.0	10.0
Profit (loss) attributable to owners of parent	(19.5)	0.2	3.0	5.0
Equity ratio	11.6%	12.3%	14.1%	16.6%
Net D/E ratio	4.2	4.0	3.5	2.9
Free cash flow	(2.6)	1.4	2.0	3.5

1 Rebuilding the North American Operations

Regain customer trust and return to profitability

Initiative 1
Rebuild ABC foundation

- Strengthened management and organizational improvements led by Akebono Brake Corporation

Stronger cost management

Increase productivity

Initiative 2

Initiative 3

- Necessary adjustments to sales and purchasing prices
- Utilization of Mexico Plant
 - Strengthen foundations with a return to fundamentals in terms of safety, quality and lead times

2 | Establishing Global Networks Based on Product-based Business Units

- Establish product-based business units responsible for sales, R&D, purchasing, production, manufacturing engineering and other functions
- Establish a global strategy through enhanced regional marketing functions
- Carry out a global product strategy based on the concept of standardization and topping (S+t)
- Rationalization effects achieved through global purchasing activities

Business	Main products
High Performance	High performance disc brakes, brake pads
Foundation Brakes	Disc brakes, drum brakes, mechanical parts, etc.
Infrastructure and Mobility	Products for rolling stock, industrial machinery and sensors
Friction	Brake pads, lining and other friction materials
Aftermarket	Brake pads, linings and other aftermarket parts

3 Expanding High Performance Brake Business and Recreating European Operations

- Strengthen high performance brake development structure centered in Europe
- Strengthen integrated production of high performance aluminum caliper brakes at Slovakia Plant

R&D Strategy	Absolute commitment to differentiated products, light weight, high performance, enhanced design and high quality
Sales Strategy	Expand on technologies gained through business in Europe, especially with premium German automakers, to develop and increase sales of high performance products to other companies

High Performance Brake Business Structure



Return to a Sound Financial Condition

Initiative 1 Control Investment	CAPEX ¥18.6 billion (Fiscal 2015 actual) Annual CAPEX amount ¥15.0 billion maximum
Initiative 2 Reduce SG&A*	SG&A* sales ratio in Japan 14.5% (Fiscal 2015 actual) 12% by Fiscal 2018
Initiative 3 Prioritize R&D	Shift priority from application R&D to advanced R&D Reduce R&D costs to ¥10.0 billion by Fiscal 2018

 $\ensuremath{^{*}\text{Selling}}$, general and administrative expenses

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