

**TOKO-  
TON SPIRIT**  
NEEDS & ECOLOGY & DEVOTION  
TOTAL COMMITMENT

**FY2011-FY2013**

**Three-year Management Plan**

**The Next Stage 11**

 **OSG CORPORATION**

January, 2011

**OSG CORPORATION**

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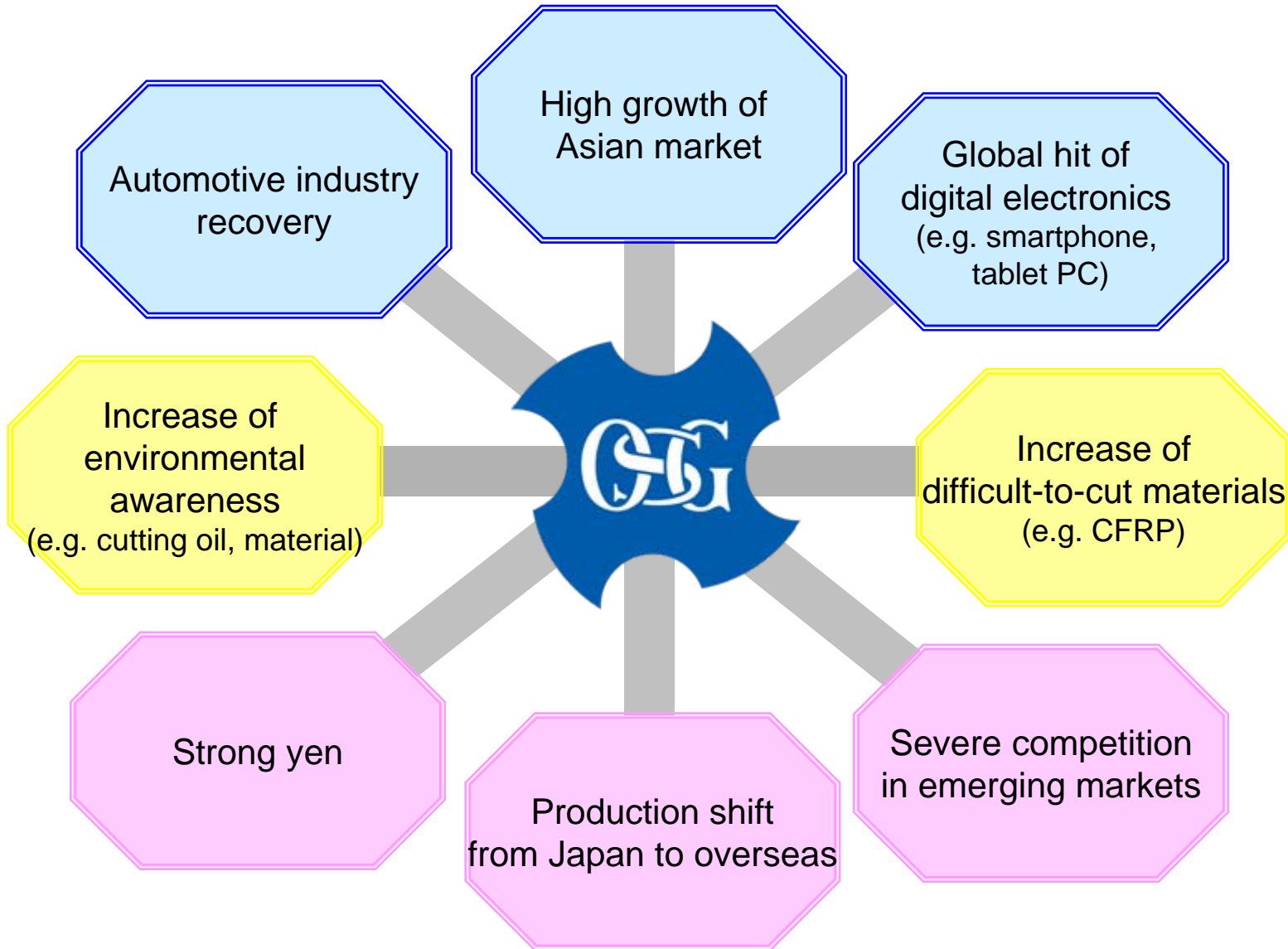
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# Business Environment



# Management Vision

## Long-term Vision

OSG aims at **the global top manufacturer of hole-making cutting tools** and offers total solution to customers.

Global top market share  
in taps, end mills,  
drills, and rolling dies

20% of operating  
profit margin

## Three-year Vision

OSG aims at **the key global player with 100 billion yen in sales** by expanding global business.

# Business Strategy

## Basic Strategy

By enhancing competitiveness of taps, OSG will generate profit stably and invest on growing products (carbide tools) and growing markets for accelerating future growth.

## Focused Policy

### Promotion of Three “Expansion”

#### 1. Expansion of industrial markets

Market development in focused industrial markets

#### 2. Expansion of order in take in Asian market

Customer satisfaction enhancement by investing resources on R&D, production, sales, and after-sales service capabilities

#### 3. Expansion of product lineup

More effective total solution offering by new product lineup

# Focused Policy

## 1. **Expansion** of industrial markets

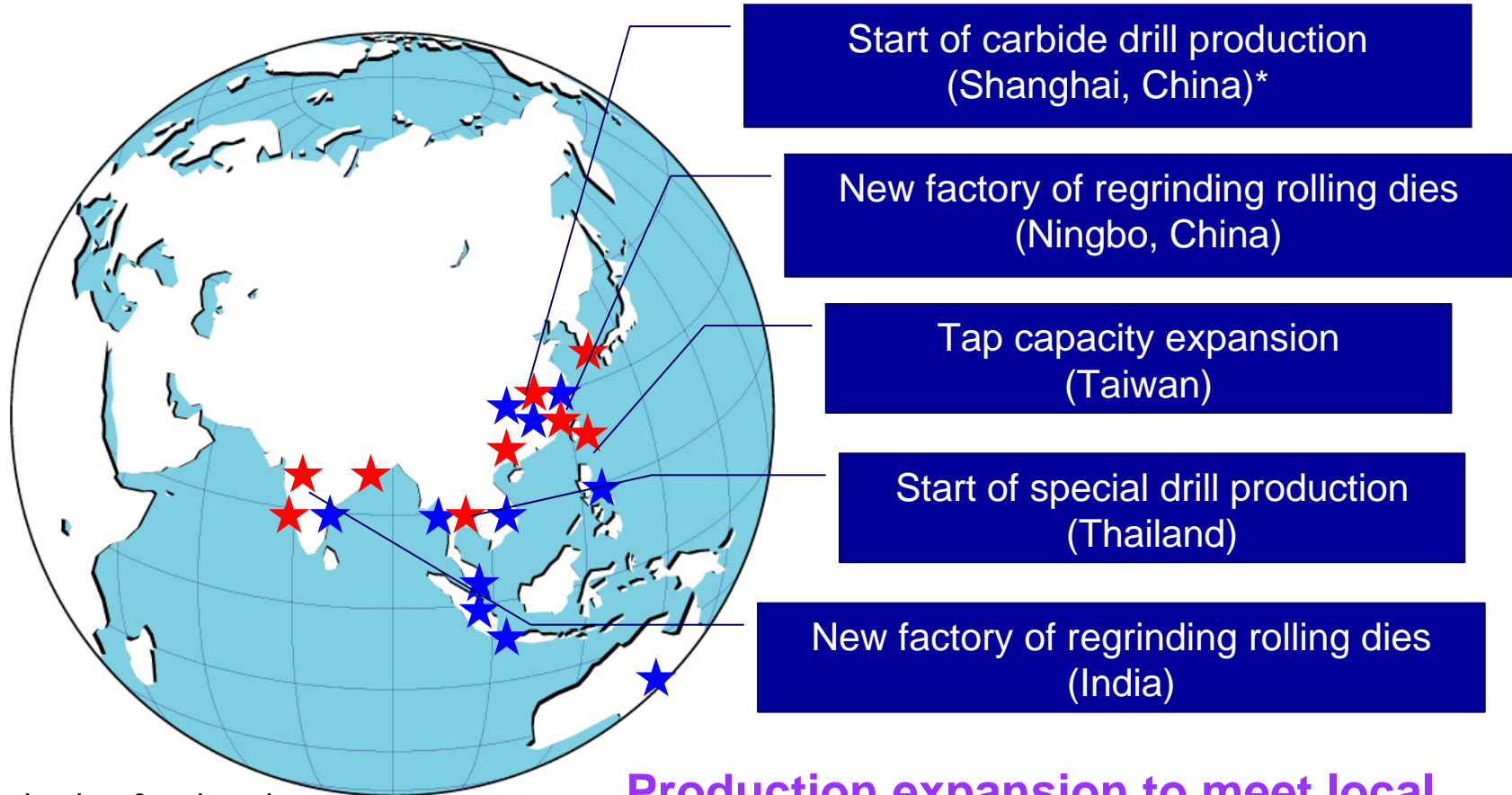




**Development of growing industrial markets**

# Focused Policy

## 2. Expansion of order in take in Asian market

\* Factory expansion scheduling during FY2011



-  Production & sales sites
-  Sales sites

**Production expansion to meet local customers' demands**

# Focused Policy

## 3. Expansion of product lineup

Existing products

Solid tools



New products

Indexable tools  
(insert chips)



**== Offering of more effective total solution to customers**

# Business Strategy

## Sales Strategy

### Reinforcement of end-user oriented business

- Strengthen the cooperation between Japan and overseas operations
- Promote turnkey business
- Expand sales to aerospace industry in North America
- Reinforce sales structure in South Asia
- Expand sales of taps in Europe

# Business Strategy

## Production Strategy

Production capacity expansion of growing products in growing markets

- Expand global production capacity of taps
- Start production of tools for aerospace industry in North America
- Expand production capacity in China and South Asia
- Enhance cost competitiveness by cost reduction activities

# Business Strategy

## R&D Strategy

Promotion of product development focusing on the selected industrial markets

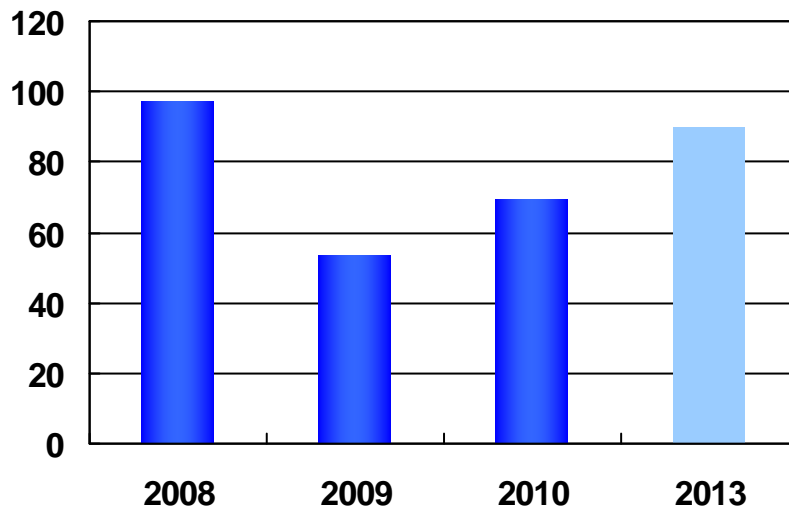
- Expand product lineup of OSG PHOENIX series
- Expand product lineup for machining precision parts
- Develop basic technology (material, coating, and grinding technology)
- Make full use of R&D Center in China

# Management Target

## Management Target for FY2013

Consolidated net sales	90 billion yen
Consolidated operating profit	15 billion yen

(bill yen) Consolidated net sales



(bill yen) Consolidated operating profit

