

# *Mid-Term Business Plan*

*2009-2011*

*“Undisputed Top Position”*



### **Disclaimer Regarding Forward-looking Statements**

**Any statements in this document, other than those of historical fact, are forward-looking statements about the future performance of Eizo and its group companies, which are based on management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts.**

- I Review of Previous Mid-Term Plan (2006-2008)
- II Direction for Coming Mid-Term Plan
- III Mid-Term Plan (2009-2011)
  - 1. Overview
  - 2. Selling, General & Administrative Expenses
  - 3. R&D
  - 4. Business Plan (by Product & Business Unit)
  - 5. Policy on Return to Shareholders

Note: “08F” appearing in this presentation means “Financial Year 2008”

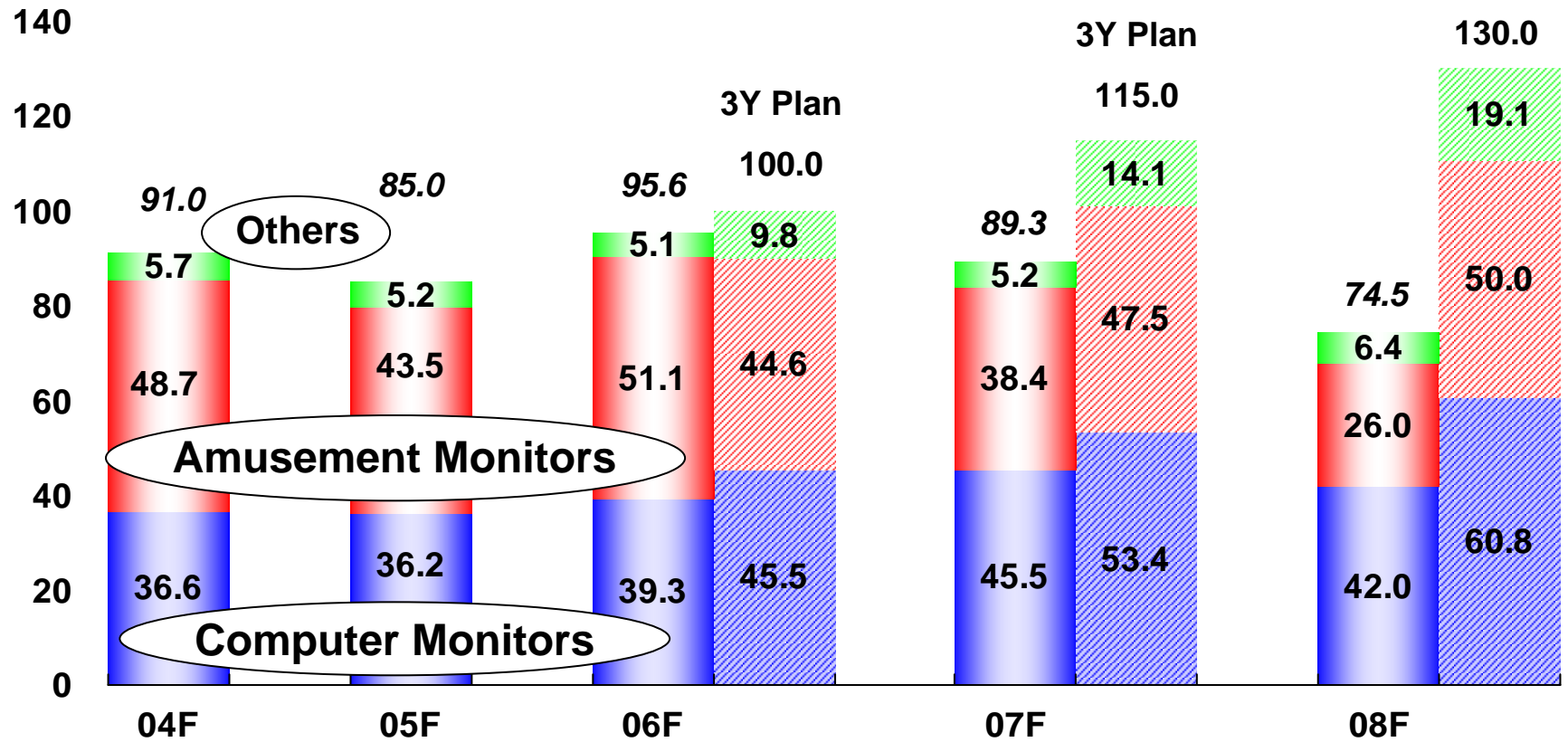
# I Review of Previous Mid-Term Plan (2006-2008)

## II Direction for Coming Mid-Term Plan

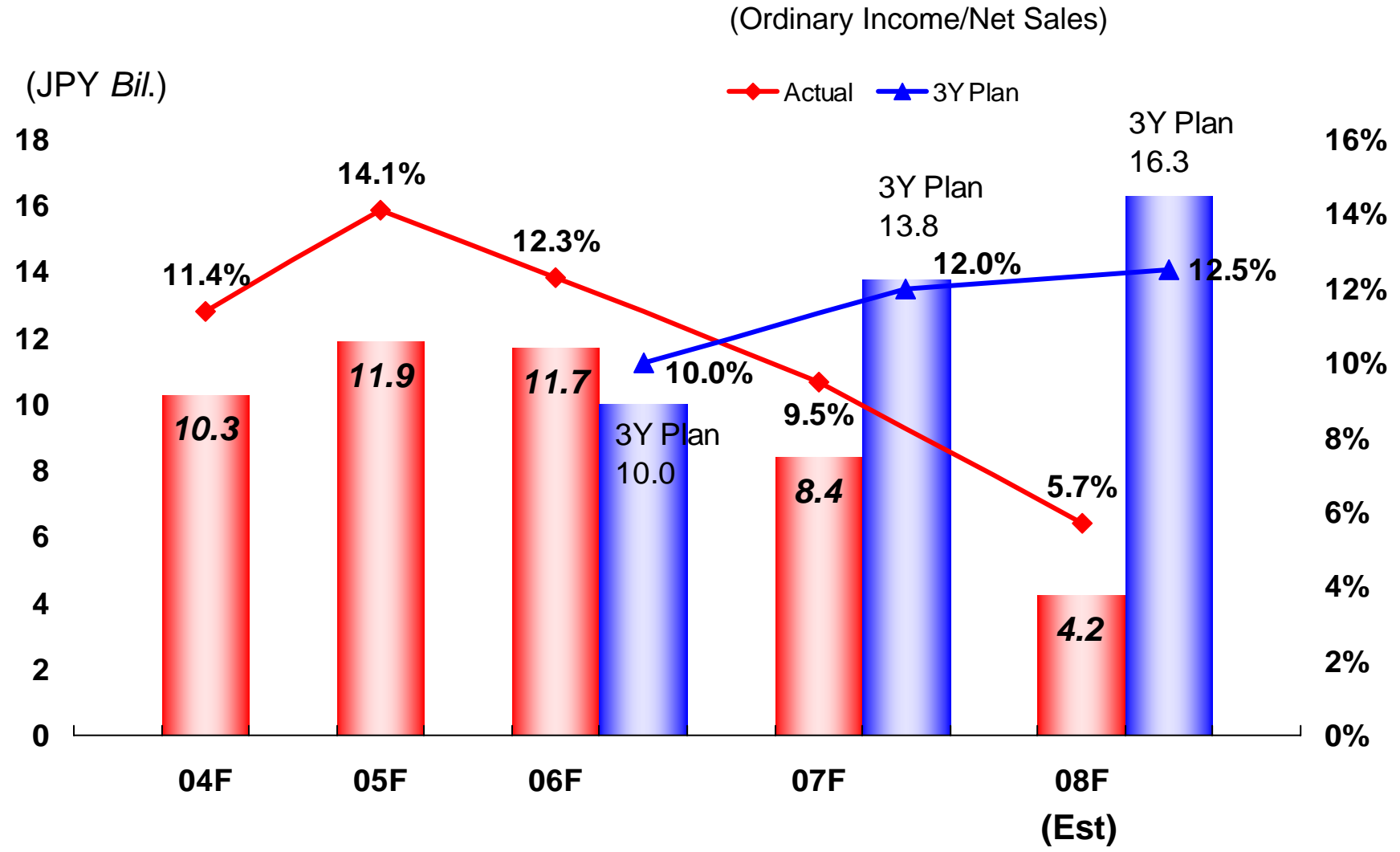
## III Mid-Term Plan (2009-2011)

# I-1 Review of Mid-Term Plan (2006-2008) - Net Sales

(JPY Bil.)



# I-2 Review of Mid-Term Plan (2006-2008) - Ordinary Income



## General LCD Monitors

- Expanded product line-up of widescreen monitors
- Introduced HDMI inputs
- Commenced “EcoView” series



## Graphic Arts Market

- Maintained #1 position
- Expanded presence in software proofing market
- Expanded the series range to include high-end amateurs



## Medical Market

- Achieved #1 position
- Widened product line-up for PACS (Picture Archiving Communication Systems), Ultrasound, etc...
- Total quality control software solutions
- Acquired the medical monitor business of Siemens A&D, and entered the Modality market



## Air Traffic Control (ATC) Market

- Entered the ATC market through the acquisition of Tech Source, Inc.
- Acquired the ATC monitor business of eg-electronic GmbH
- Pursued synergy between ATC monitors & General LCD monitors



## Industrial Market

- Acquired the industrial monitor business of eg-electronic GmbH
- Expanded existing EIZO business into the industrial market

## Amusement Monitors

- Developed new graphics engine for high-resolution motion picture
- Larger size monitors for greater impact
- Improved the strength of software R&D
- Entered Pachinko-slot market
- Maintained #1 position





I Review of Previous Mid-Term Plan  
(2006-2008)

**II Direction for Coming Mid-Term Plan**

III Mid-Term Plan (2009-2011)

# II-1 Completed & Coming Mid-Term Plan

Achieve 3<sup>rd</sup> Mid-Term Plan for further future growth

## 1<sup>st</sup> Mid-Term Plan (’03 - ’05)

“Evolving, Exploring,  
Innovating”

- Growth in vertical markets
- Commence direct sales
- Reorganization of mfg. subsidiaries

## 2<sup>nd</sup> Mid-Term Plan (’06 - ’08)

“Compelling Differentiation”

- #1 in the Medical Market
- Entered the ATC Market
- Build up global R&D & production systems through M&A

## 3<sup>rd</sup> Mid-Term Plan (’09 - ’11)

“Undisputed Top Position”

- #1 in strategic vertical markets
- Commence development of the Industrial market
- Revision for leaner & more effective corporate operation

## II-2 Direction for Coming Mid-Term Plan

Environment

### Product

- Ecology
- Cost saving solutions
- Application diversification

### Market

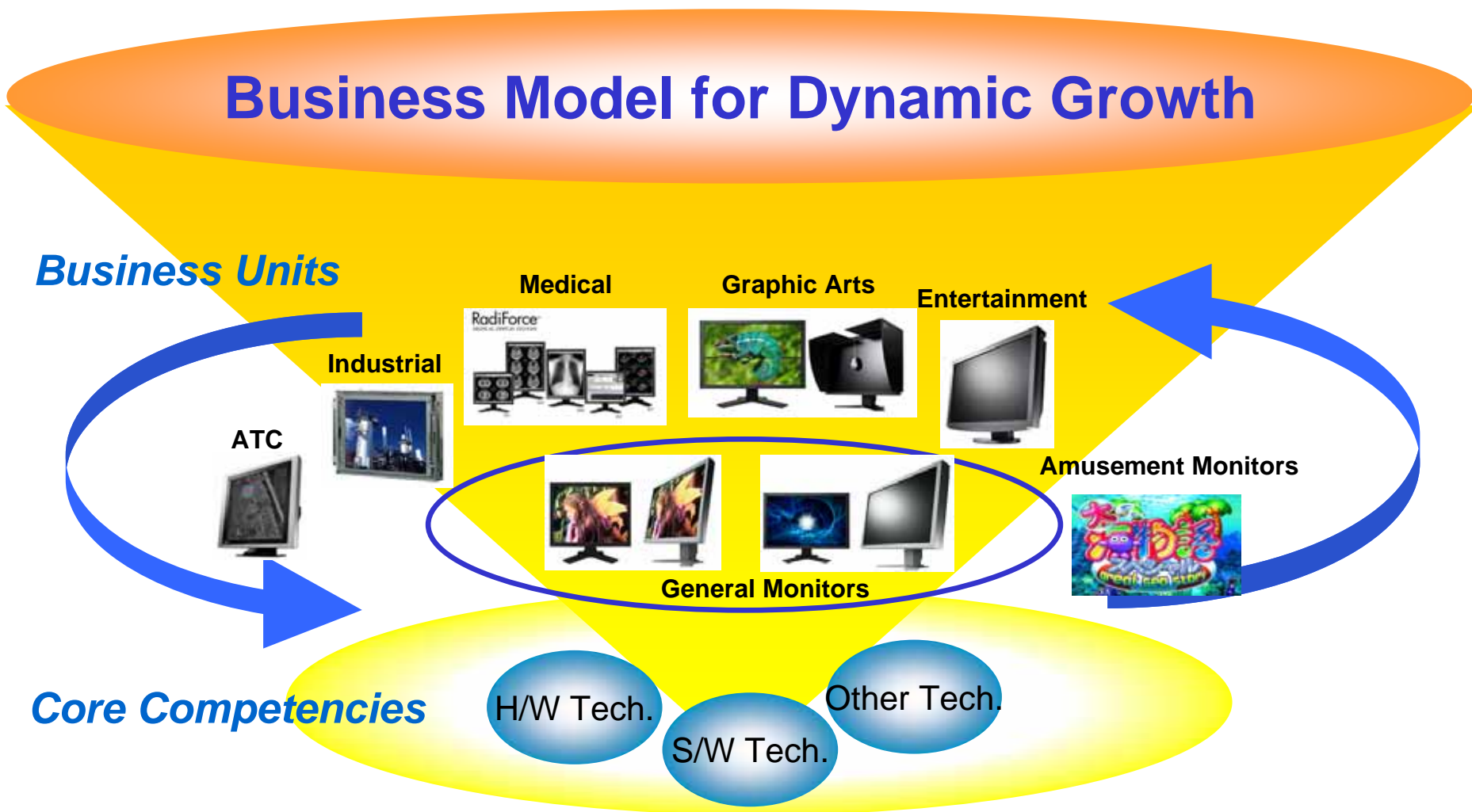
- Financial panic, Global recession, Yen appreciation
- Highly competitive
- Survival of the fittest

Direction for Mid-Term Plan

**Focus on silver lining in the tough financial & market environment**

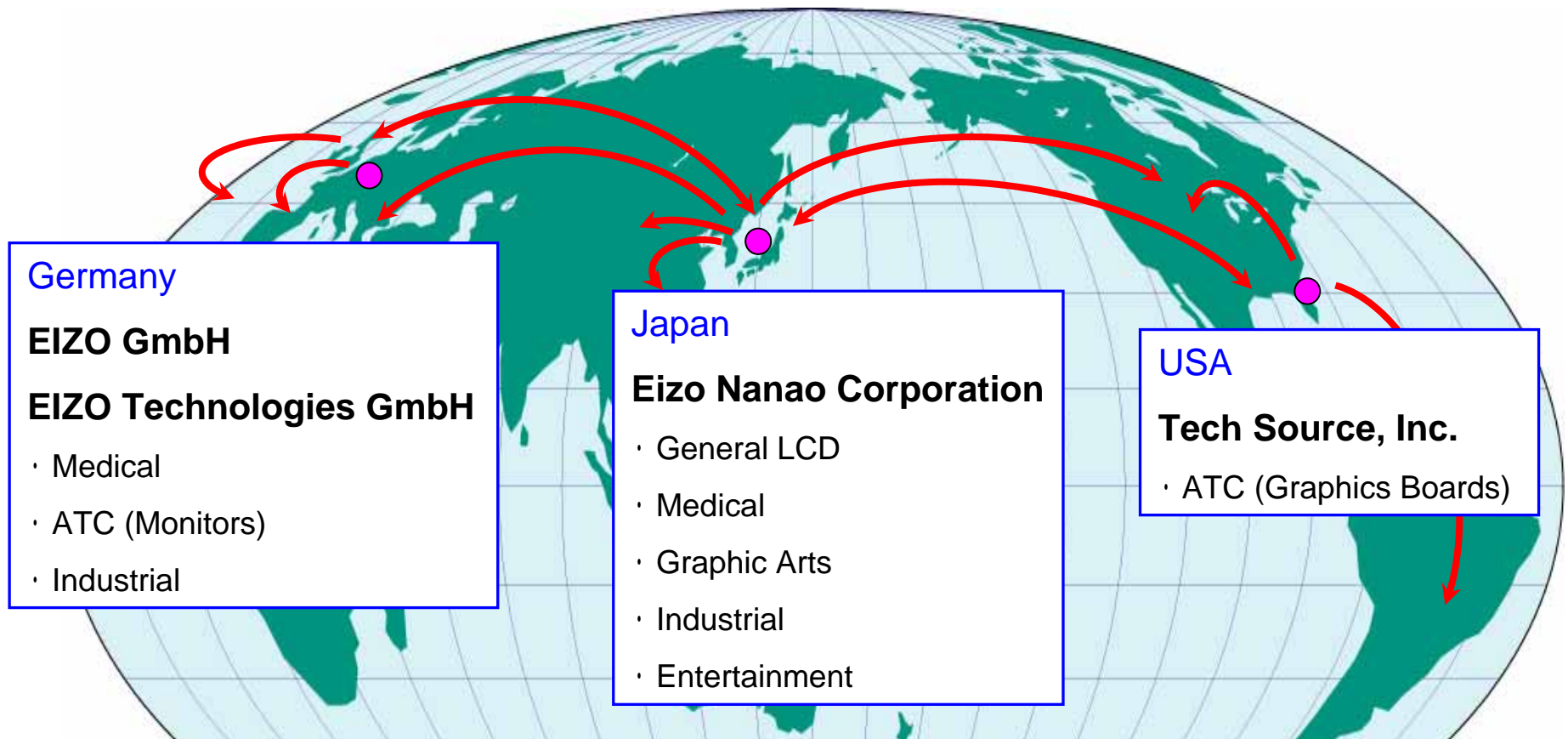
1. Cement #1 position in the Medical & Graphic Arts markets
2. Aim for deep penetration into the ATC & Industrial markets
3. Maintain the position of #1 supplier of Amusement monitors
4. Develop new business fields. M&A if necessary.

**“Undisputed Top Position”**



Note: "H/W" means "Hardware", "S/W" means "Software".

# II-4 Global R&D and Production



- 100% own R&D, 100% own Production
- Maximize synergy from global R&D
- Optimize global production system for markets / customers

I Review of Previous Mid-Term Plan  
(2006-2008)

II Direction for Coming Mid-Term Plan

**III Mid-Term Plan (2009-2011)**

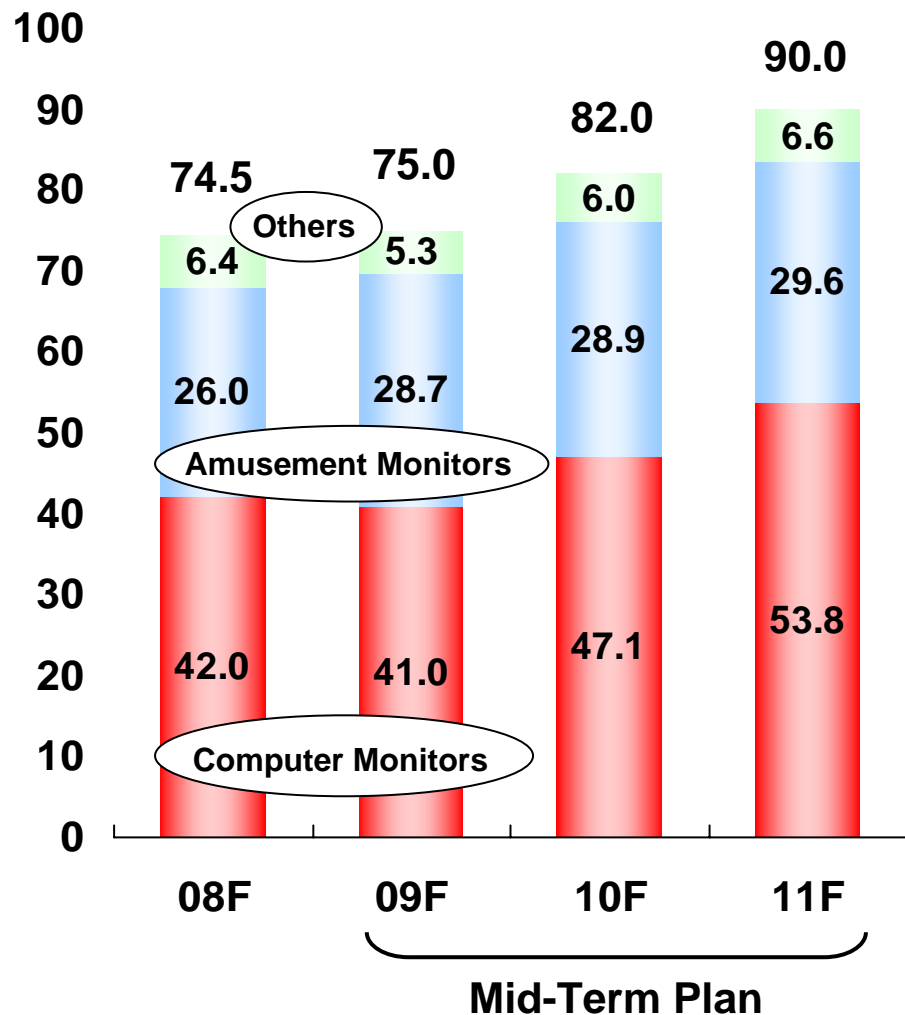
(JPY *Bil.*)

	08F	09F	10F	11F
Net Sales	74.5	75.0	82.0	90.0
Operating Income	4.3	5.0	6.4	9.0
Ordinary Income	4.2	5.0	6.4	9.0
Net Income	0.6	3.0	3.8	5.4
Operating Income/ Net Sales	5.8%	6.7%	7.8%	10.0%

- Net Sales & Operating Income 2011: JPY **90.0 *Bil.*** & JPY **9.0 *Bil.***
- Average Net Sales Growth Rate (2008-2011): **7%**

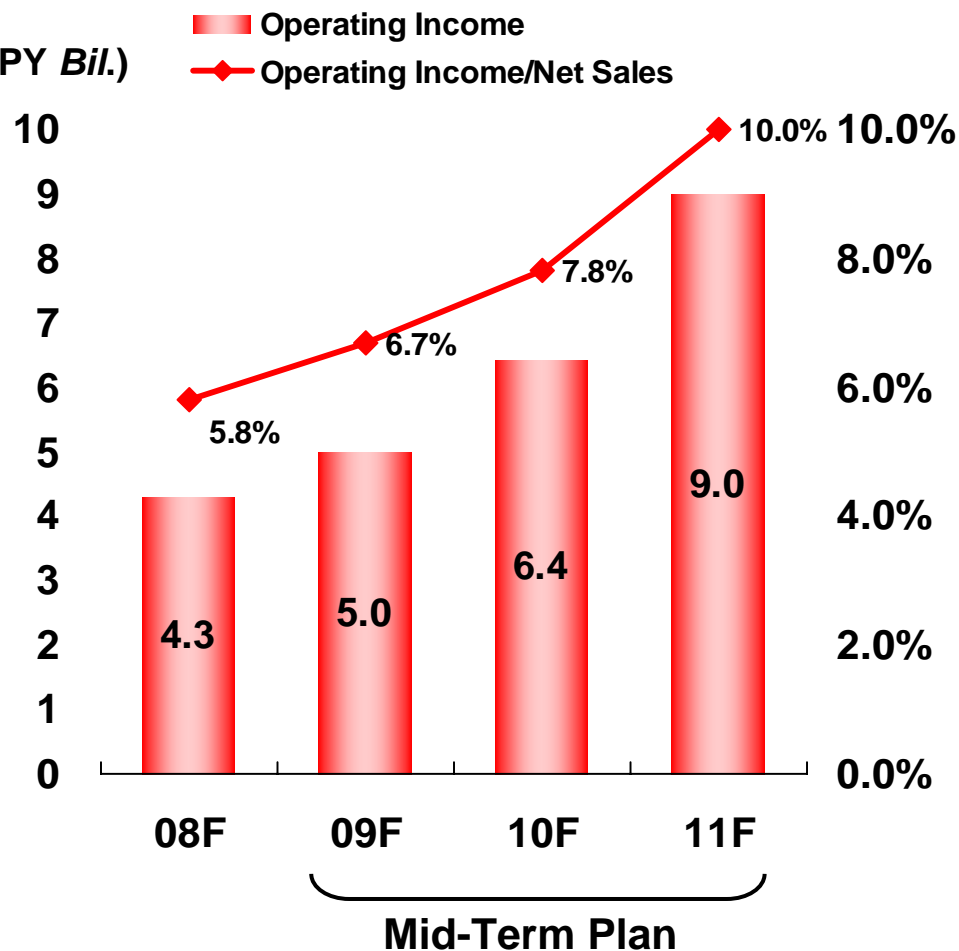
## Net Sales

(JPY Bil.)



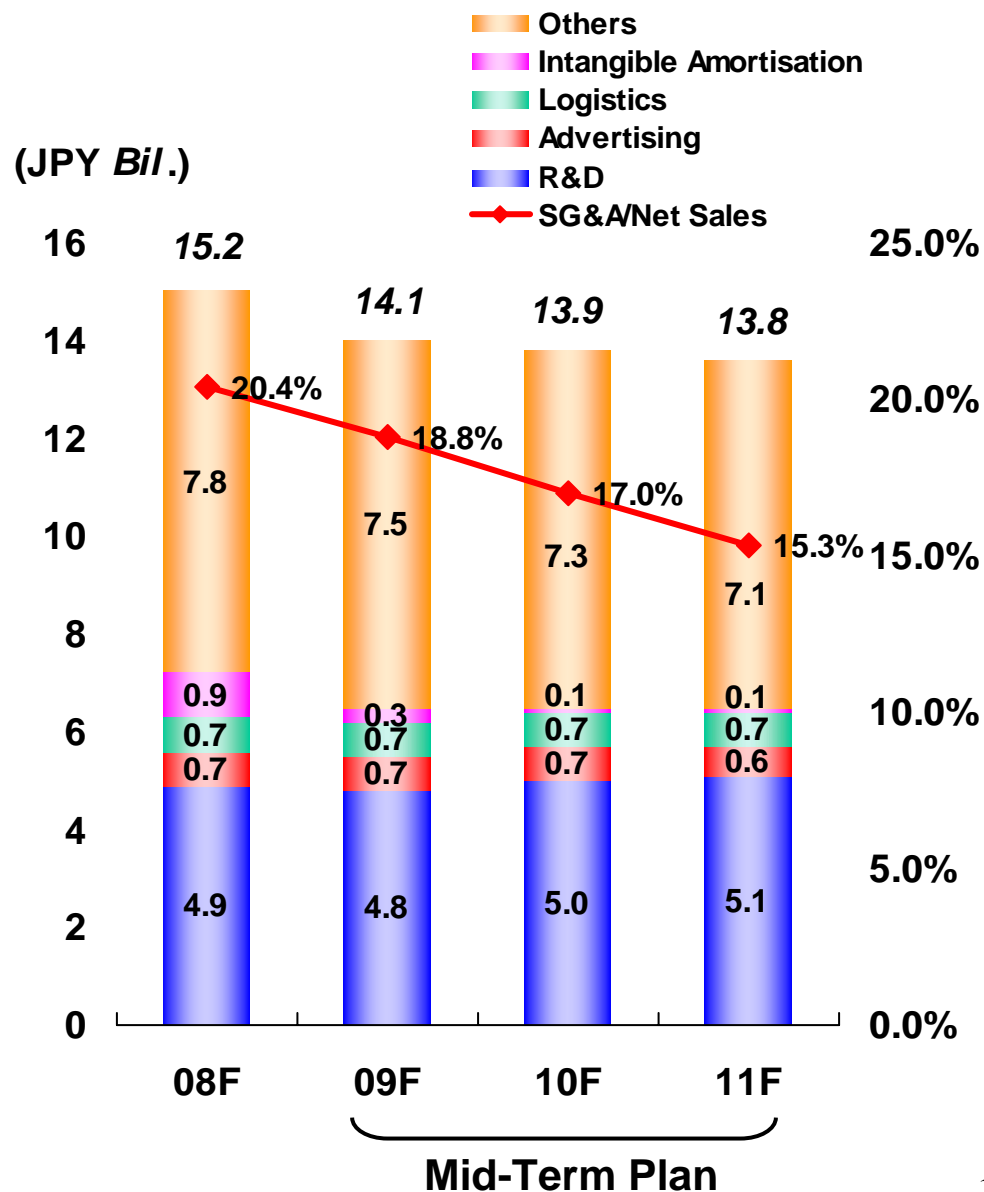
## Operating Income

(JPY Bil.)



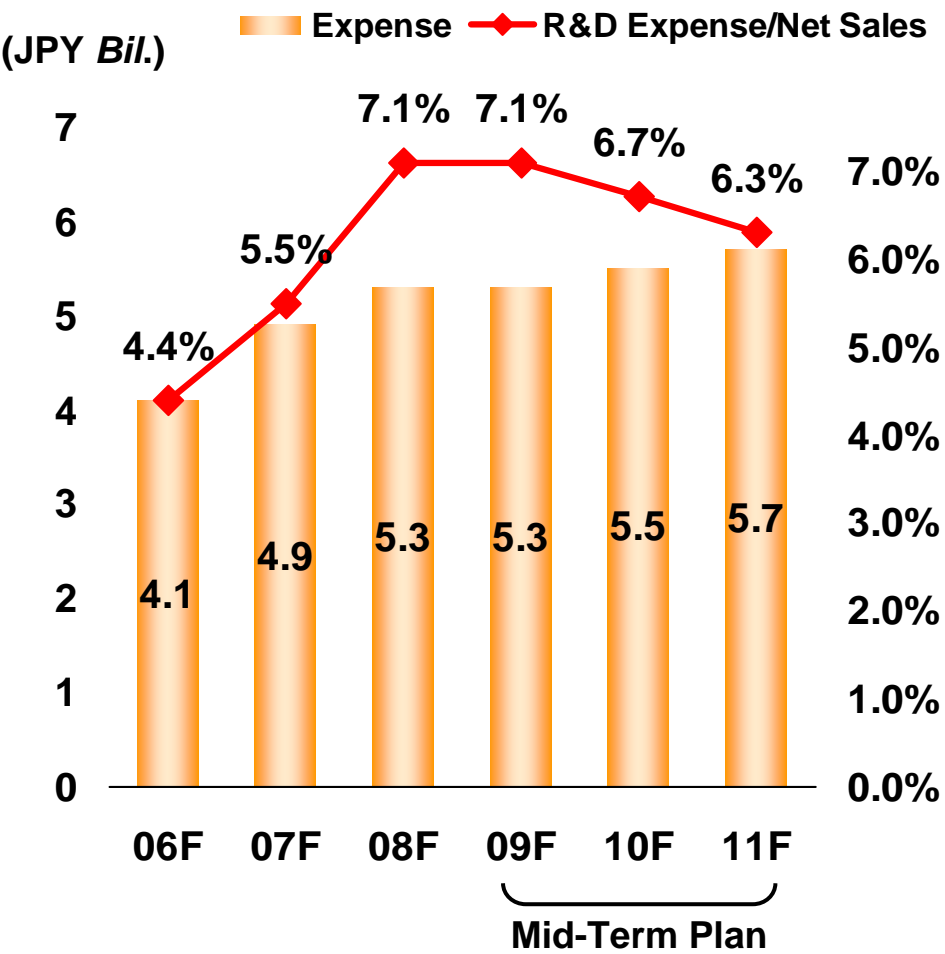


# III-2 Selling, General & Administrative Expenses



## Leaner & More Effective Operation

- Re-engineer R&D & QA processes for greater efficiency
- More effective sales promotion & advertising for brand building
- Optimize global logistics & production
- Aggressively invest in strategic business development



Note 07F: Excluding amortization of “Technology & Software (JPY 1.3 Bil.)”, a part of purchase price of Siemens Medical Monitor Business according to Japanese GAAP.

## Innovative R&D to Cement Top Position

### Computer Monitors

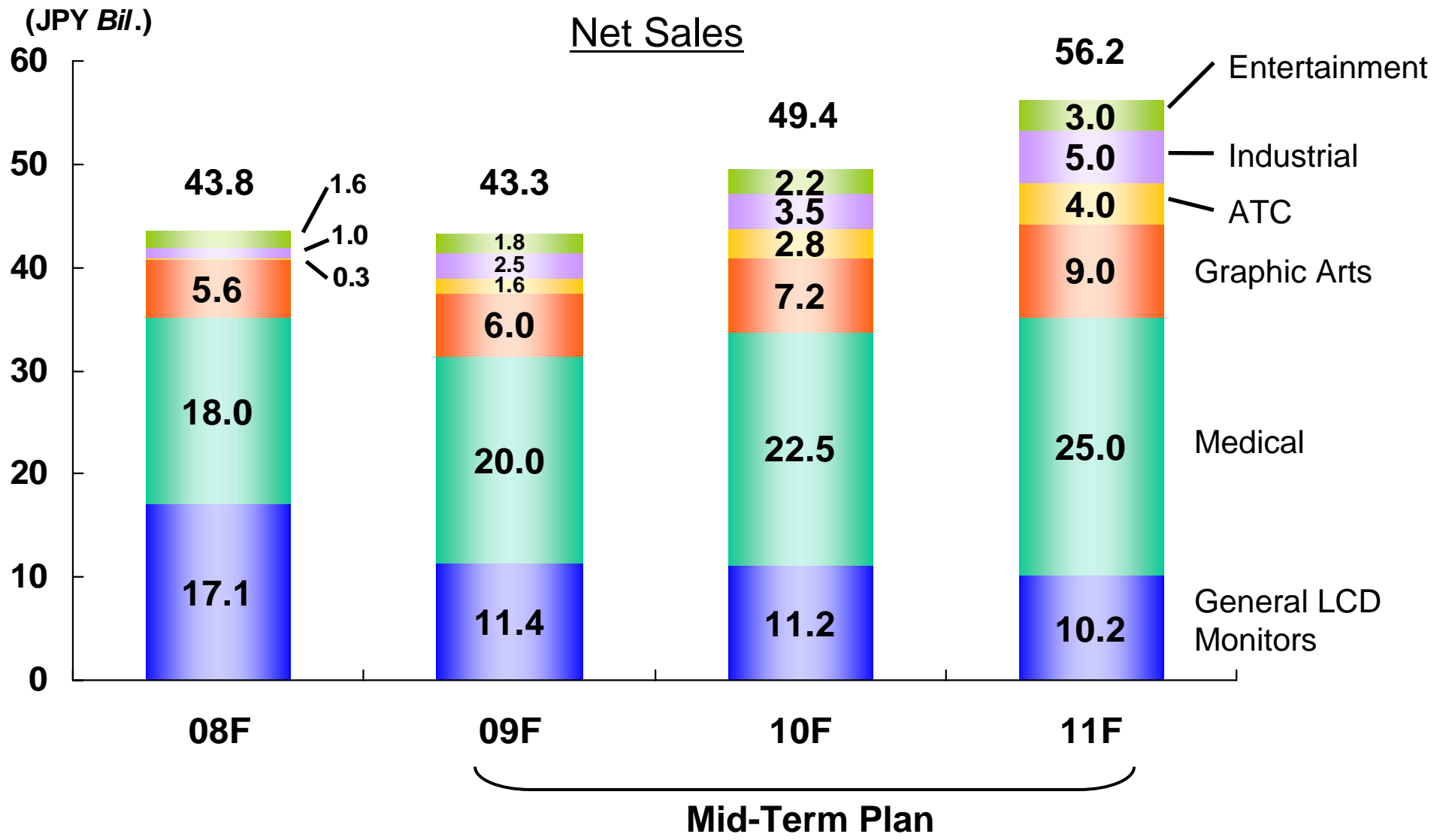
- Medical Imaging technology
  - Greater diagnostic accuracy
  - Innovate Operation environment
- Remote quality control solution to further reduce TCO
- Technology of ‘intelligent’ monitors
- Next generation graphics engine for advanced higher quality images
- Technology to offer product reliability under tougher environmental conditions

### Amusement Monitors

- New graphics engine offering vivid reality
- S/W technology enabling dynamic expression for improved play



# III-4 Net Sales for LCD Monitors - by Segment



## Reinforce Competitiveness & EIZO Brand

### Market Outlook

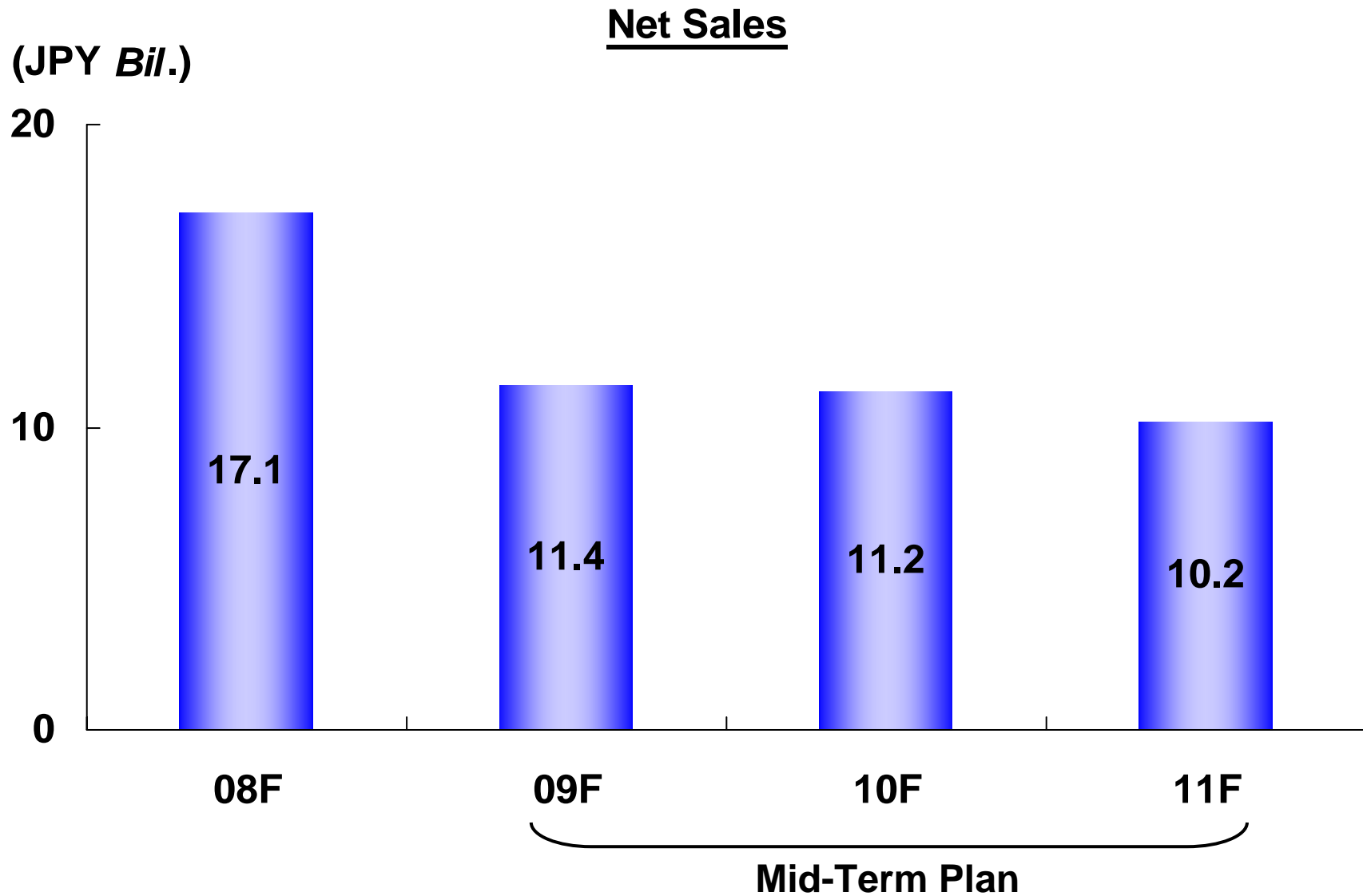
- Further growth of widescreen monitors
- Market slowdown in Japan, USA & EU
- Diversification of Usage, Workplace environment, & Specification
- Increasing ecological awareness

### Strategy & Challenges

- Reinforce widescreen product line-up & promote differentiation
- Pursue advanced technology for new business models
- Stronger price competitiveness through the reduction of R&D expenses & production costs



# III-4 General LCD Monitors (2/2)



Undisputed #1 position as all-around medical monitor supplier

## Market Outlook

- Survival of the fittest
- Continuing growth in spite of global recession. Continued trend towards filmless diagnosis & progress of digital medical techniques

## Strategy & Challenges

- Increase collaboration between Japanese & German R&D, Production & Sales operations
- Expand Endoscope & OR PACS product line-ups

## Medical Markets

PACS

Modalities

Mammography

Clinical Review

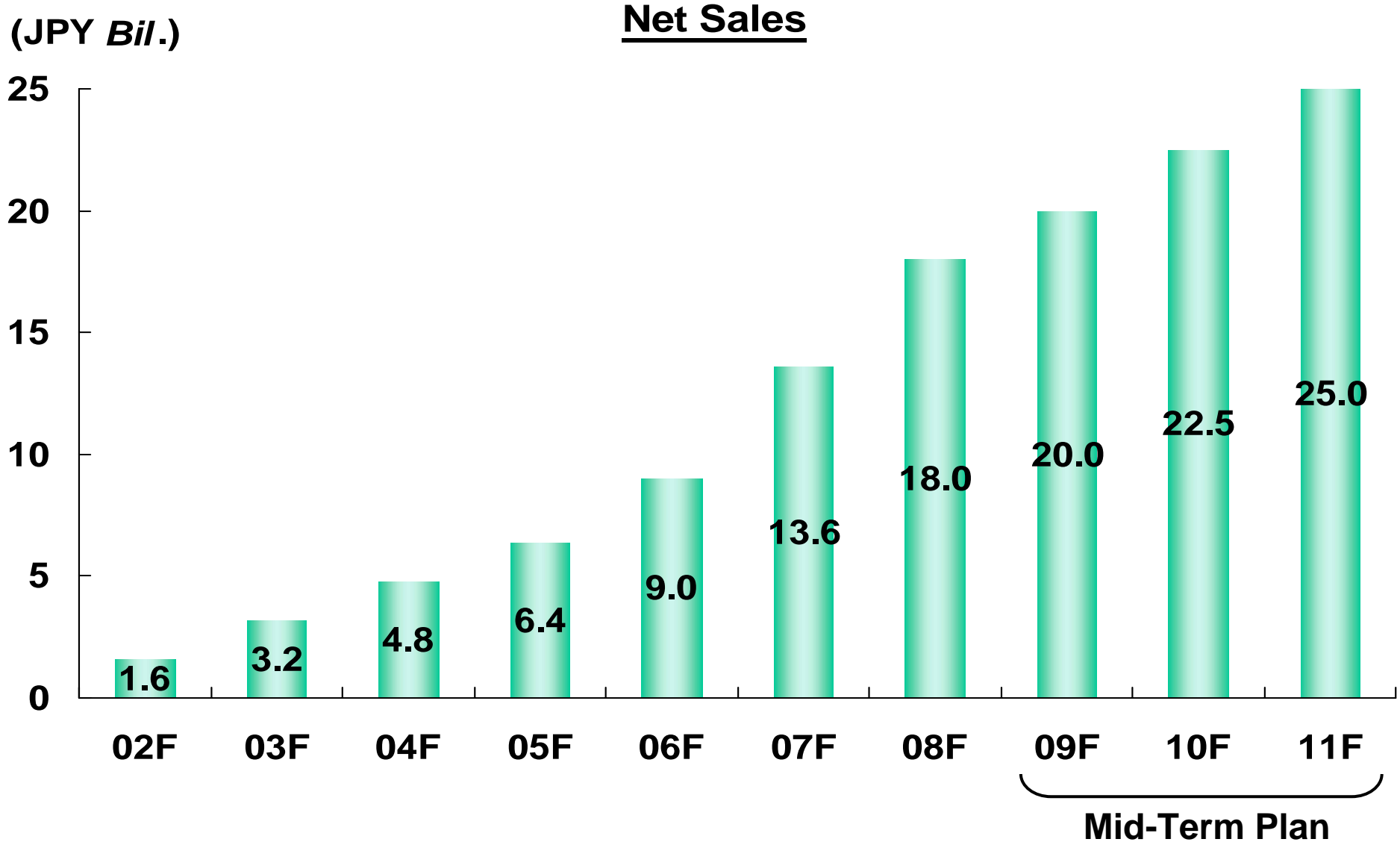
Ultrasound

Endoscope

OR PACS

Note: PACS - Picture Archiving  
Communication Systems

# III-4 Medical Market (2/2)

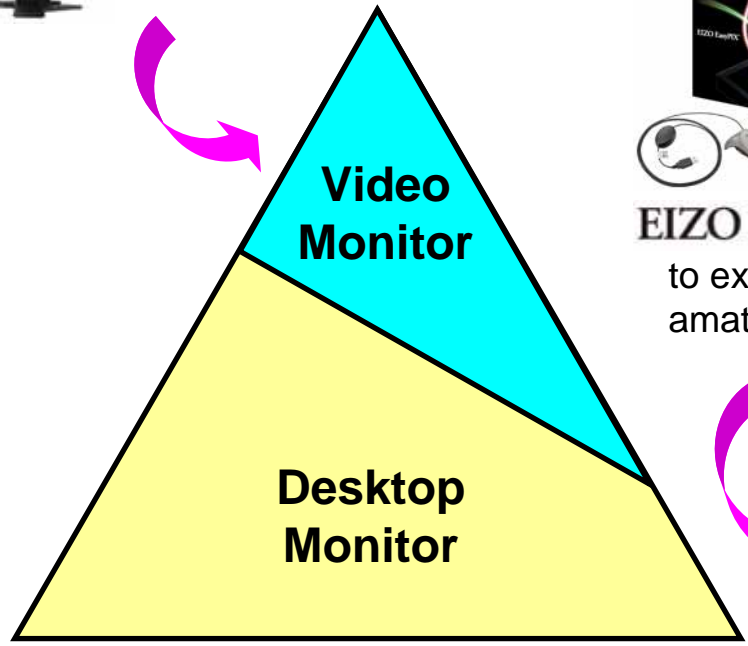


Further growth to cement #1 position

## Segments of Graphic Arts Market



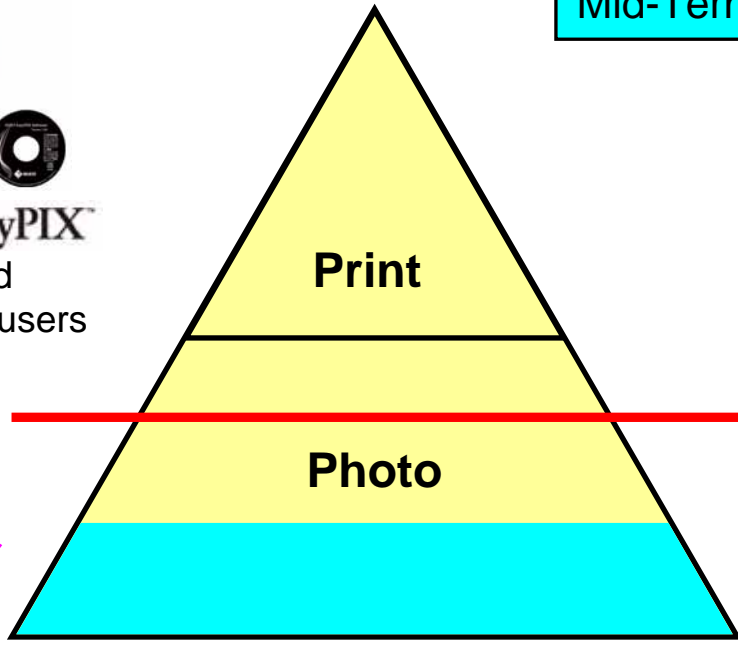
ColorEdge CG232W  
for video monitor use



**Moving image**  
**(Professional video production)**



EIZO EasyPIX™  
to expand  
amateur users



**Still image**

Succeeded

New targets of this  
Mid-Term Plan

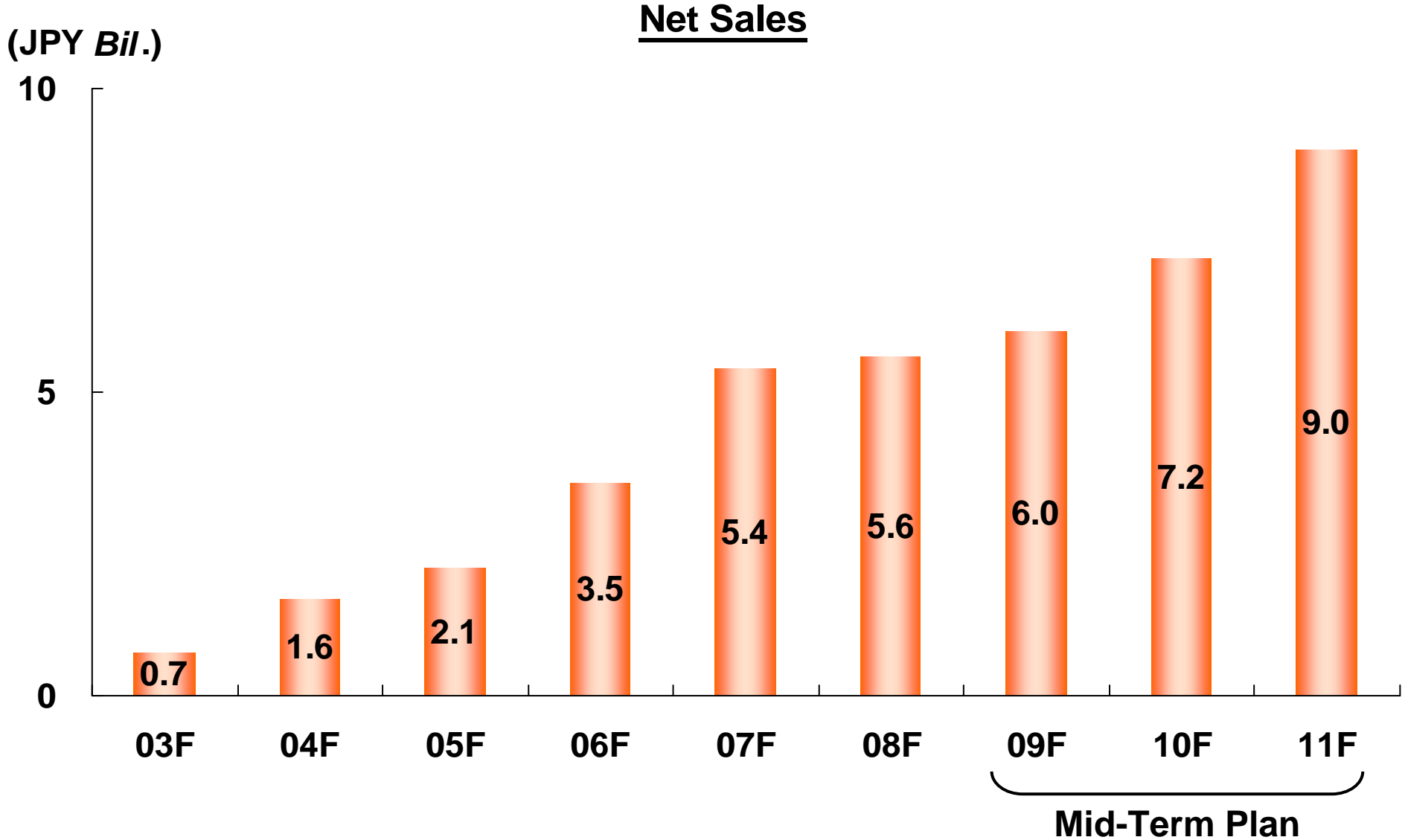
**Professional**



**Amateur**



# III-4 Graphic Arts Market (2/2)



Offer total solution for deep market penetration

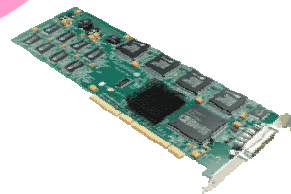


Primary Controller Monitor  
(2K x 2K)

Total ATC Solution



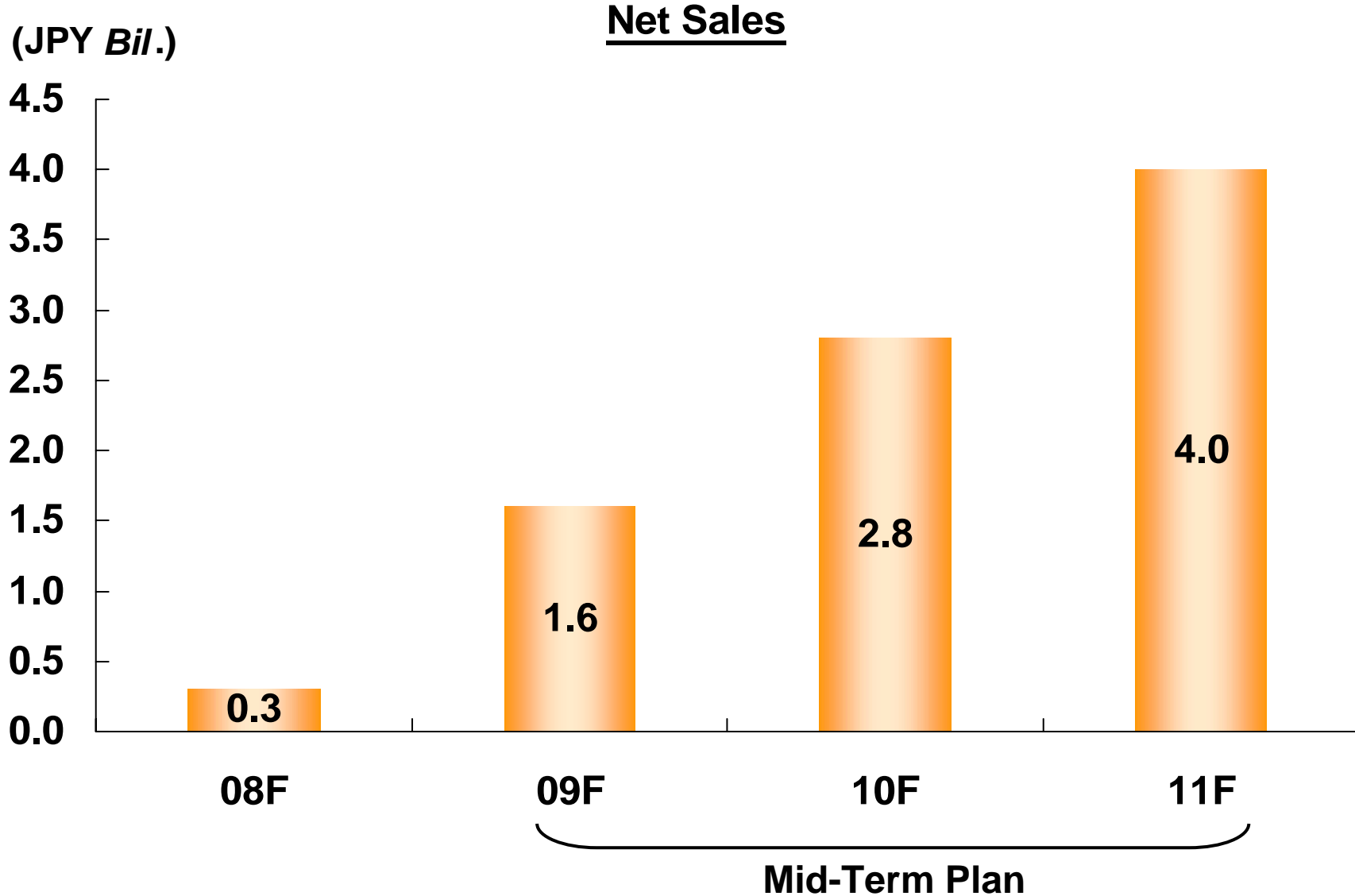
General LCD monitors  
(Secondary Monitors)



Graphics Boards,  
Digital Video Recorder



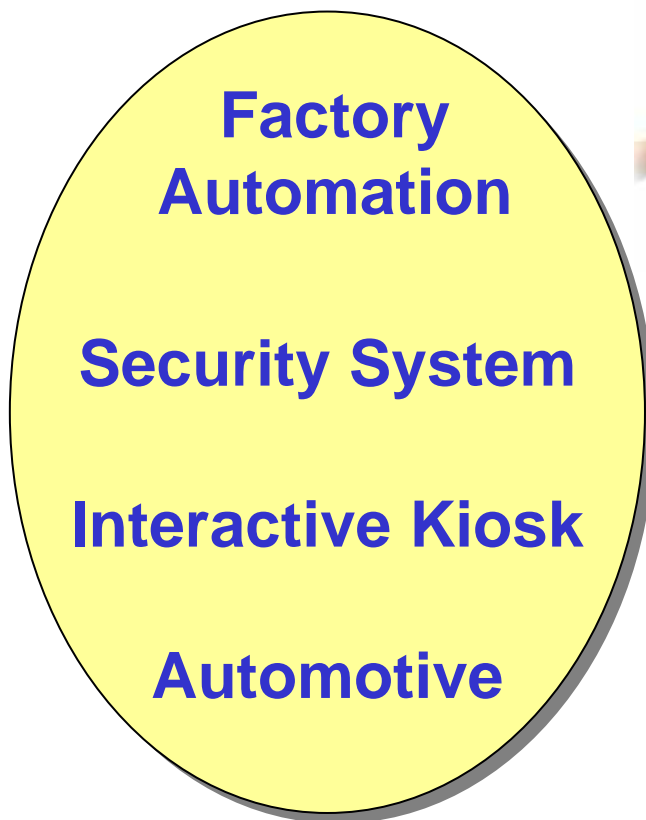
# III-4 Air Traffic Control (ATC) Market (2/2)



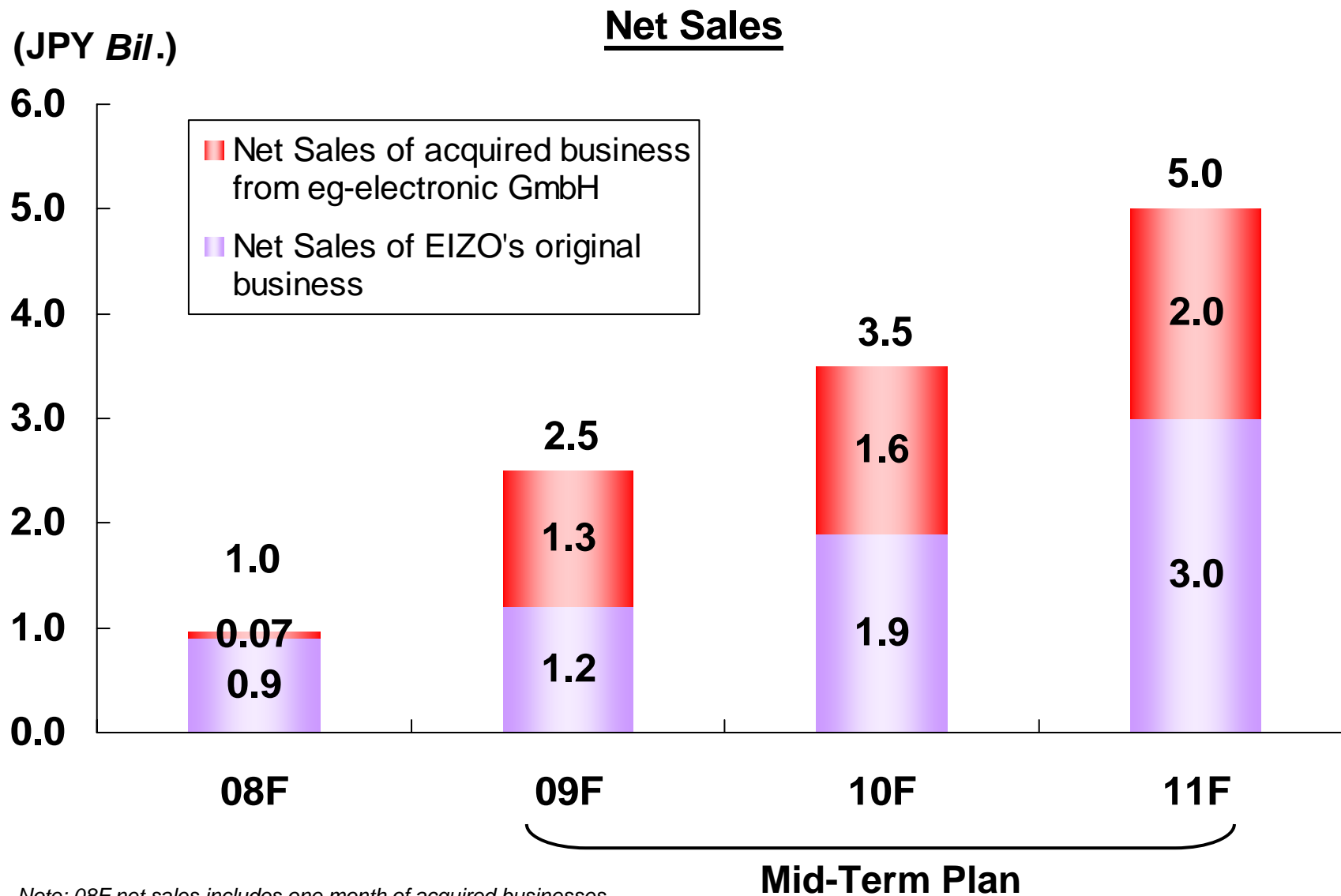
## Aggressive investment to kick-start achievement

### Strategy & Challenges

- Vertical startup through newly-organized dept. for industrial monitor
- Flexible & timely product customization taking advantage of current wide product line-up
- Flexible production systems
  - Line production
  - Cell production
  - Lot production

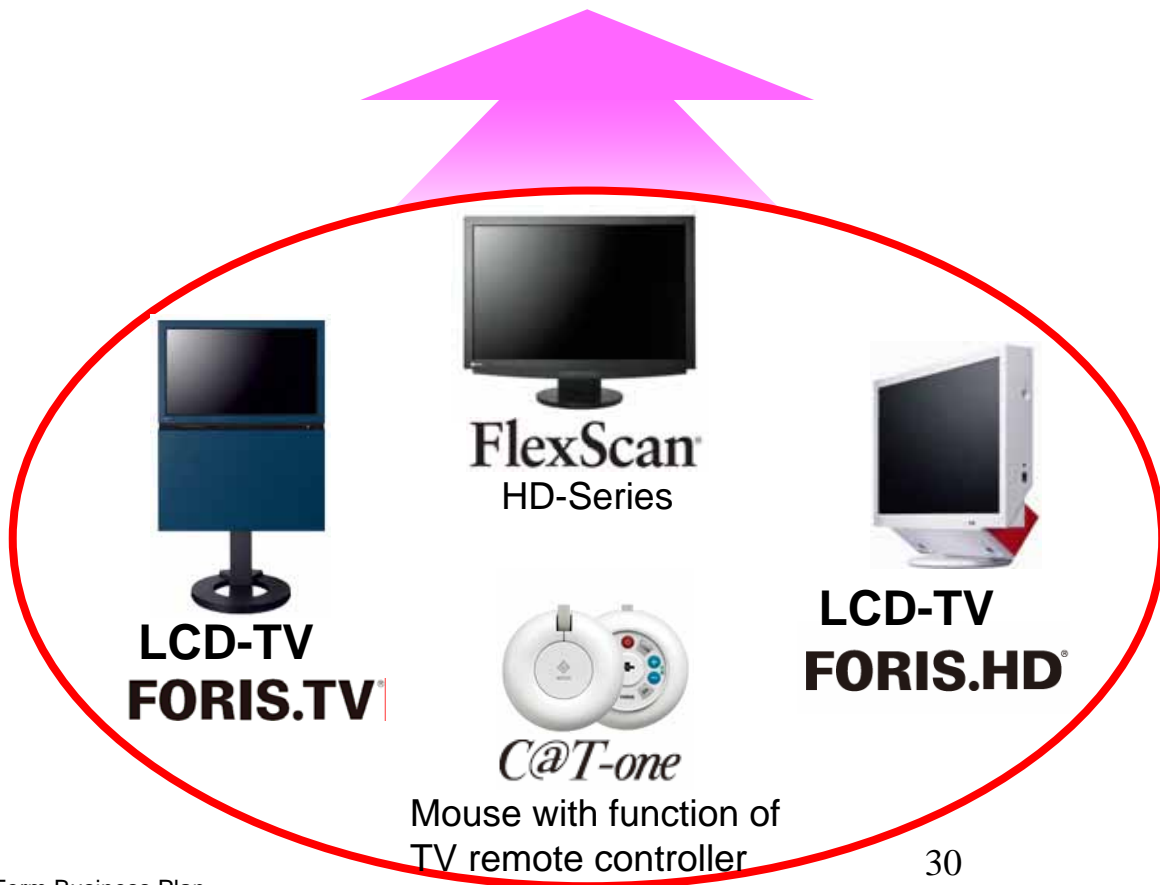


# III-4 Industrial Market (2/2)



Inspire gamers & video users with sophisticated LCD-TV technology

## NEW FORIS

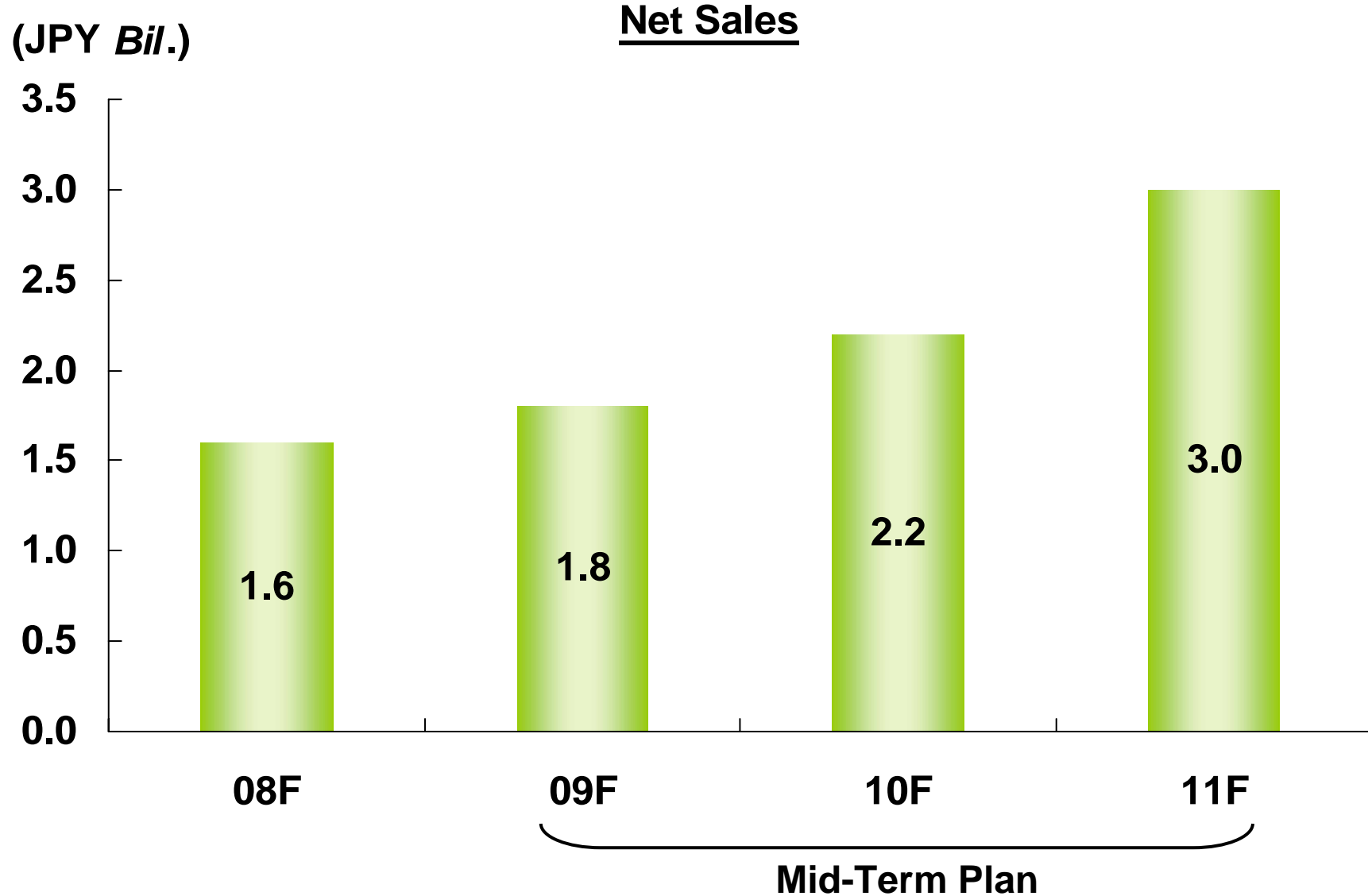


Expand “FORIS” brand to worldwide entertainment market

Apply LCD-TV technology to PC monitors

Pursue entertainment functions for gamers & video users

# III-4 Entertainment Market (2/2)



Advance S/W & H/W technologies to offer more exciting titles

### Market Outlook

- Shrinking trend of the market scale
- More sophisticated S/W development
- Diversifying elements of entertainment

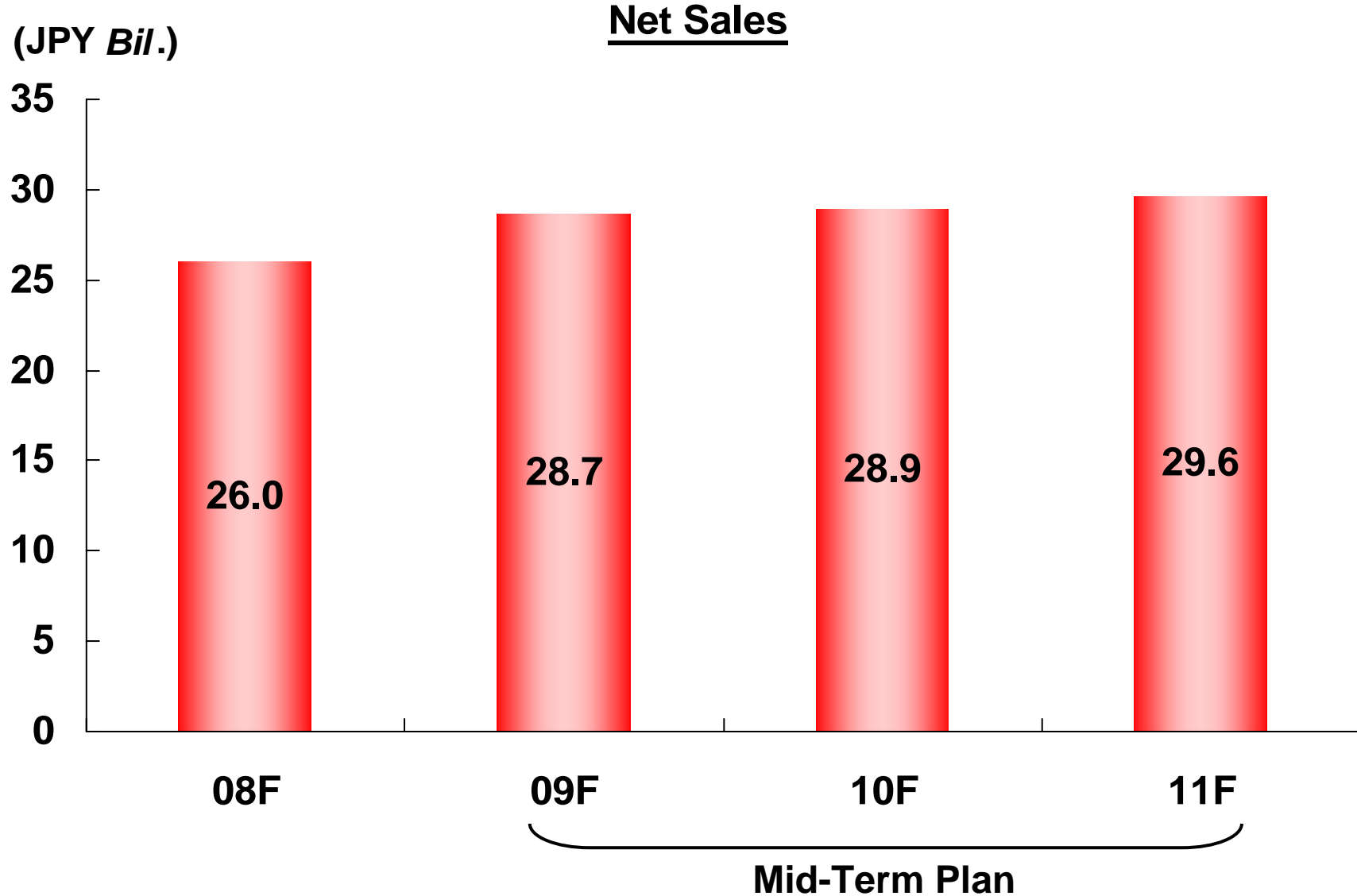
### Strategy & Challenges

- Reinforce the relationship with business partners
- Develop high performance H/W with the latest devices
- Reinforce the power of S/W development and release many more quality titles

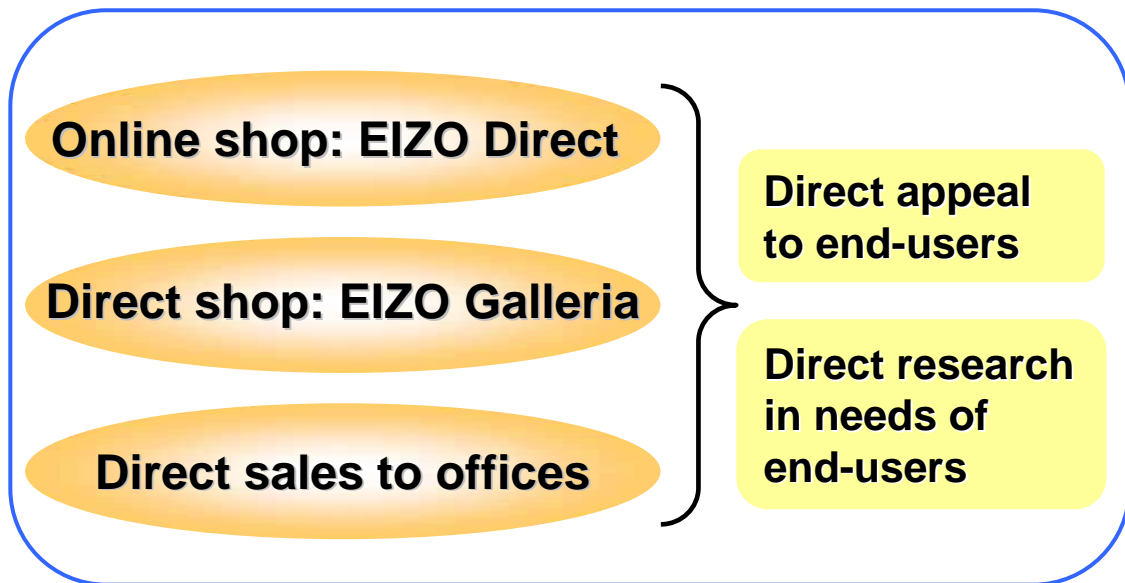




# III-4 Amusement Monitors (2/2)



## Increase direct sales by improved website interface



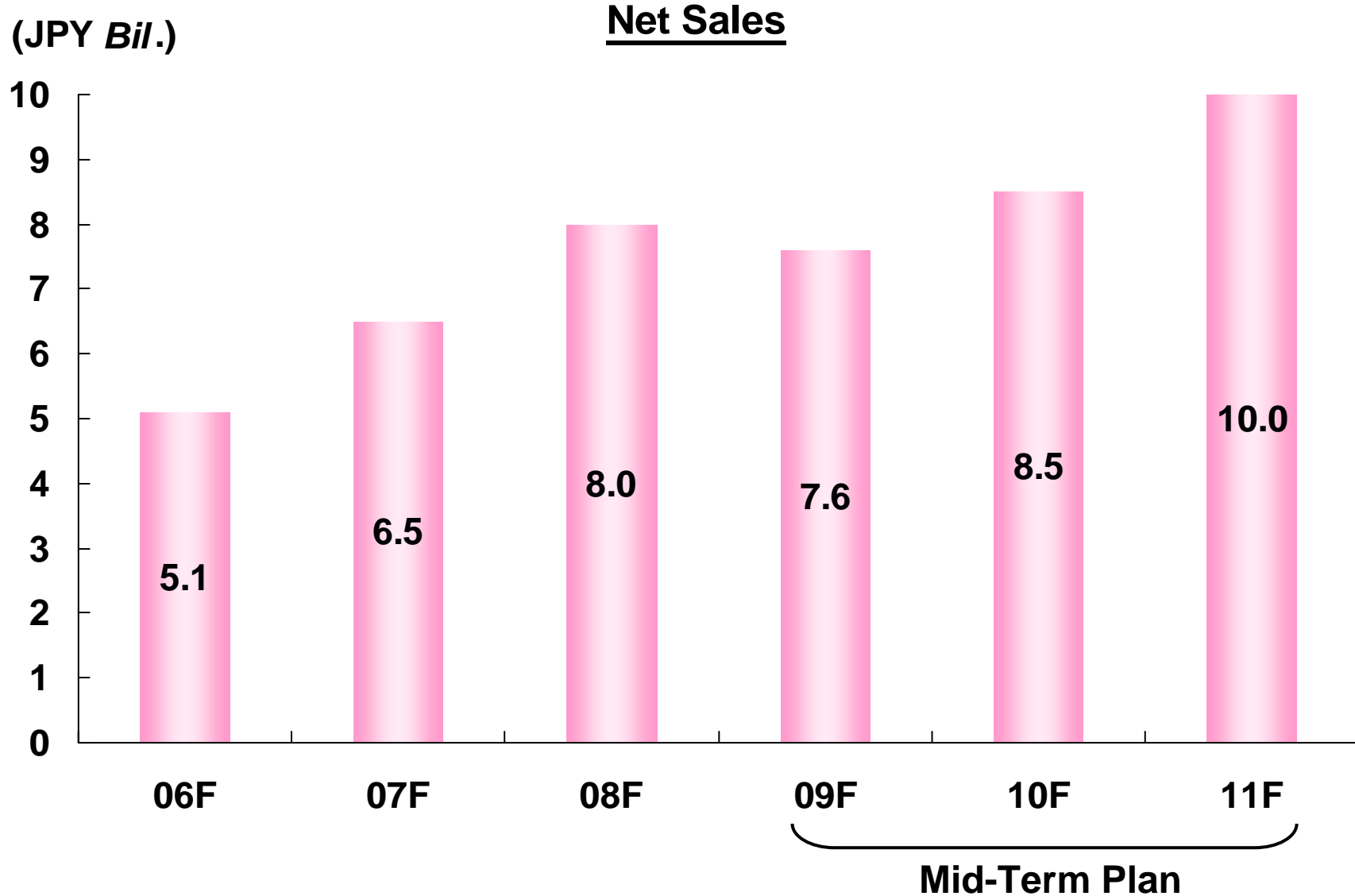
Online shop: EIZO Direct

**More competitive pricing**

**More active business model**

**More attractive products**

# III-4 Direct Sales (2/2)



## III-5 Policy on Return to Shareholders

- We will return profits to shareholders with a well-balanced judgment on areas such as investment in R&D, facilities, and infrastructure for future growth and expansion.
- We will strive hard to strengthen our financial base in order to achieve the profit return target of 30% to 40% of Net Income for shareholders.