

Special Feature: Value that Generates a Competitive Advantage

[Sources of the Sanwa Group's Value Creation]



Service



Multi-Product Sales



Globalization

Based on its mission of offering products and services that provide safety, security, and convenience to further contribute to the prosperity of society, the Sanwa Group will be executing various strategies and continuing to grow. The sources of the value creation that will support this growth are the characteristics and strengths that are unique to the Sanwa Group, which we describe as our "service business," a "multi-product sales strategy," and "globalization." By organically combining these strengths, we will deliver even more value to society.

Strengthen Service Segments and Expand Business Model

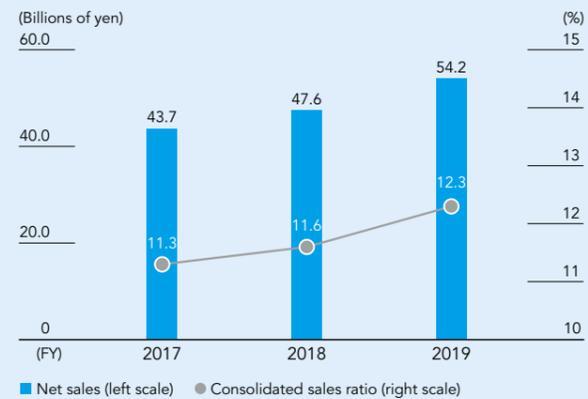


Service

Fiscal 2019 Service Business Net Sales (Consolidated)

¥54.2 billion

Service Business Net Sales

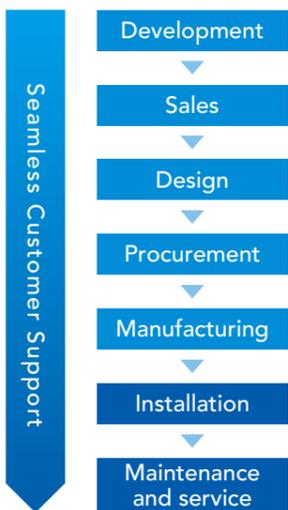


The Sanwa Group supports our customers at every stage, from product development through sales, design, procurement, manufacturing, installation, maintenance and service. In Japan, in particular, we have established a business model based on our capabilities in the areas of installation and maintenance, and this model has already become a driver for future growth.

Installation quality is obviously critical. However, when a product manufacturer also assumes responsibility for ensuring installation ability and managing progress, it increases the value delivered to its customers, such as general contractors and building firms. In addition, by handling repairs and service after completion of installation by a highly specialized manufacturer, we are able to provide added value to the end users.

In buildings, shutters and doors play critical roles in controlling entry to prevent crime and protecting against fires and other disasters, and constitute access systems, while installation and service serve as an important key for delivering products to customers and ensuring that they can use them with peace of mind, on a day-to-day basis.

By expanding the service business, the Sanwa Group aims to further enhance safety, security, and convenience, in order to protect human lives and societal infrastructure from fires and other disasters.



Japan

In Japan, our sophisticated nationwide network, which is centered on Sanwa Shutter Corporation, constitutes a powerful infrastructure.

In 2016, a partial amendment to the Building Standards Act came into force, introducing a periodic inspection report system for fire prevention equipment, such as fireproof shutters and doors. Full-scale implementation of the measures began in fiscal 2019, and we have been aiming to further reinforce and expand our operations in this area. For example, we have been striving to attract new maintenance customers, and to secure and train qualified personnel. We have also been doing our utmost for recovery from natural disasters, which have become a frequent occurrence in recent years, and will continue to contribute to the maintenance of societal infrastructure in this way.



North America



Our sales structure in the North American market mainly involves selling through a network of about 400 distributors and several thousands of dealers, rather than directly to customers. However, by also being able to perform installation and service, we are strongly cementing our presence there.

As a key measure, we have restructured NS, a direct sales division centered on Canada's CDS, and placed it under the control of the door division. In addition, we will be working to further expand our service business while endeavoring to expand the number of automatic door plants through M&As, and to attract more incoming orders for services such as periodic inspections, and boosting our capabilities in this area.

Europe

Novoferm Group acquired Norsud of France in 2016, and Bolton Gate Services Ltd. (BGS) of the U.K. in 2018. These acquisitions allowed us to expand our operations to the industrial doors business area, in addition to the areas in which we have been operating our service business.

Going forward, we will be strengthening and leveraging synergies from our sales and service network, which encompasses Norsud, BGS, and Horton UK, in order to further reinforce our service structure across Europe, mainly in the realm of industrial doors, which require frequent maintenance.



Total Solutions from Multi-Product Sales

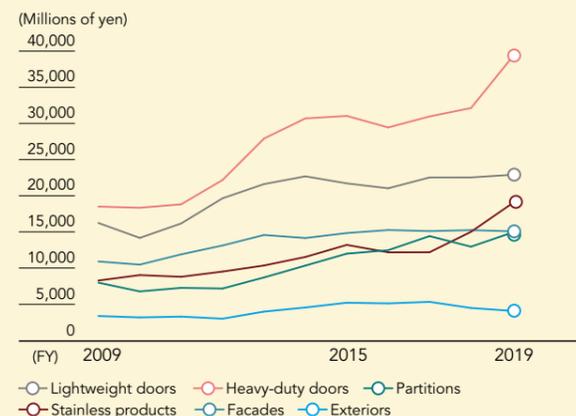


Multi-Product Sales

Fiscal 2019 Non-Shutter Sales Ratio (on a domestic, consolidated basis)

78.8%

Sales Trend in the Non-Shutter Business

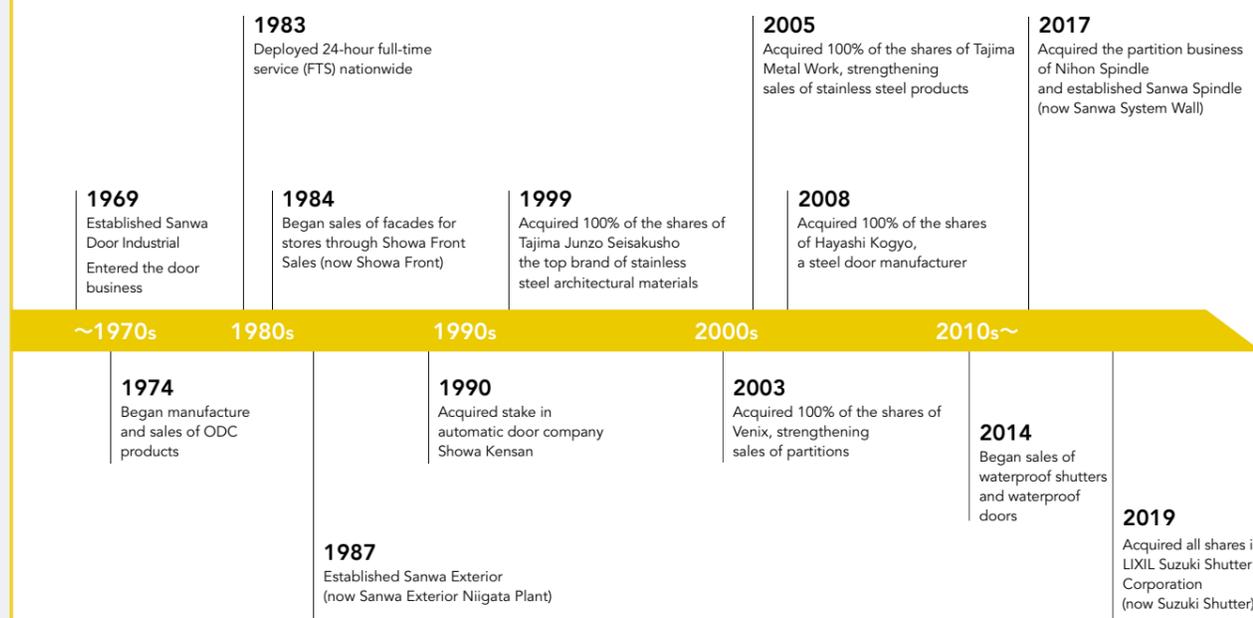


* Non-shutter sales ratio: Domestic consolidated net sales excluding net sales of heavy-duty and lightweight shutters/Domestic consolidated net sales x 100

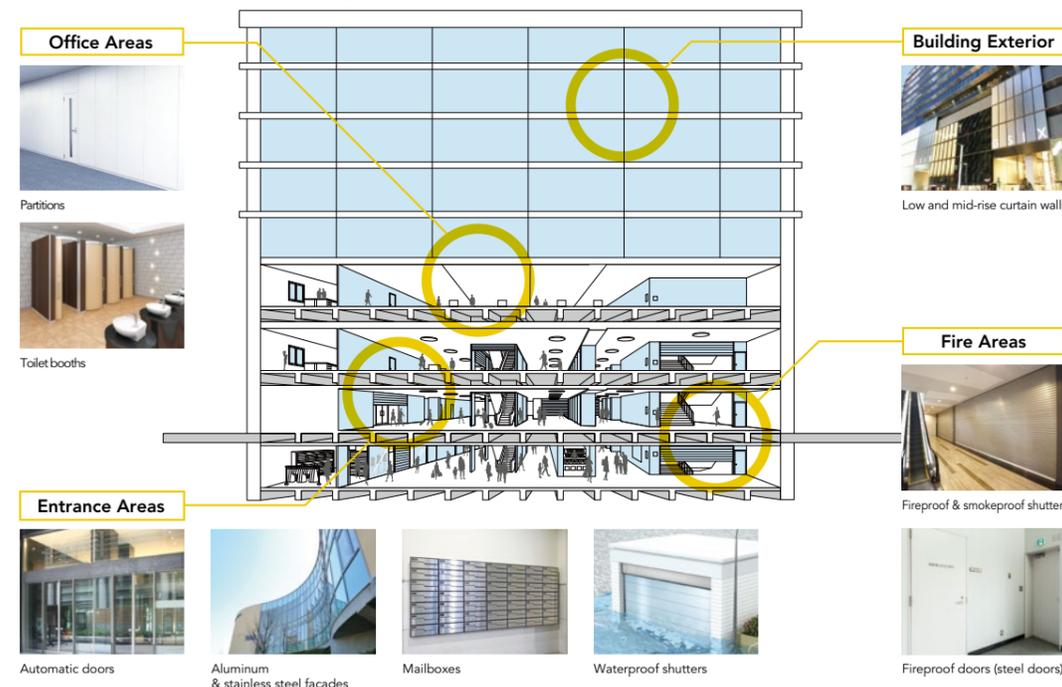
The Sanwa Group has always kept pace with the times, in order to develop products that are suited to the various situations that people experience in their lives. In the early years after our foundation, we manufactured lightweight shutters. However, we entered the door business in the late 1960s, as Japan moved into a period of intense growth. From the 1980s, we promoted the diversification of product types through M&As, acquired leading companies with a strong brand presence in each field, and worked on multi-product sales, starting with Showa Front for store fronts, Showa Kensen for automatic door engines, Venix for partitioning products, Sanwa Tajima Corporation for stainless steel products, and Sanwa System Wall for wooden school partitioning.

The Sanwa Group currently has 18 domestic subsidiaries. As a result, we are able to offer a vast range of products including shutters, steel doors, overhead doors, exteriors, automatic doors, stainless steel and aluminum facades, and partitions, and are ranked No. 1 in the industry in terms of the number of products that contribute to safe, secure, and convenient lifestyles. We aim to solve the issues faced by society through the provision of a wide variety of product groups that have been cultivated through our multi-product sales strategy.

Transition of Our Multi-Product Sales Strategy in Japan



Our Products for Buildings



Sanwa Group products deliver greater safety, peace of mind and comfort

Multi Products

Product Category	Japan	North America	Europe	Asia
Door openers	No. 2	No. 4		
Automatic doors	No. 3	No. 3		
Partitions & toilet booths	No. 2			
Waterproofing products				
High-speed sheet shutters	No. 1			
Industrial sectional doors	No. 1	No. 1	No. 2	
Aluminum & stainless steel facades	No. 1			
Curtain walls				
Garage doors	No. 1	No. 2	No. 2	
Steel doors	No. 1		No. 2	
Condominium doors	No. 2			
Mail boxes & delivery boxes	No. 2			
Lightweight shutters	No. 1	No. 1		
Heavy duty shutters	No. 1	No. 1		
Window shutters	No. 3			
Lightweight sliding doors	No. 1			

Note: Shown in order of market position. (Sanwa Holdings' estimates.)
* Toilet booth market

Core Products: Detached Houses, Housing Complexes, Commercial Facilities and Office Buildings, Schools, Medical and Welfare Facilities, Factories and Warehouses.

Enlarge our Presence through Globalization



Globalization

Fiscal 2019 Overseas Sales Ratio

45.4%

Overseas Sales Ratio

38.1%

FY2009

45.4%

FY2019

Overseas Employee Ratio

63.6%

FY2009

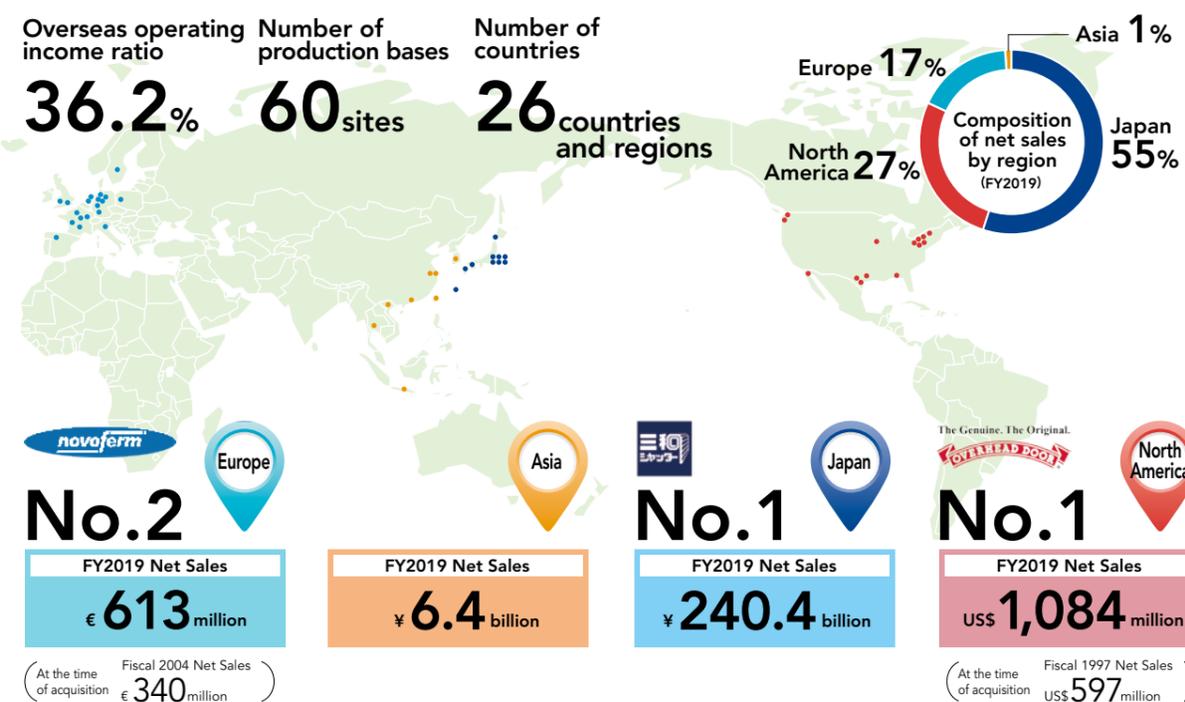
64.0%

FY2019

One of the Group's strengths is its globalization, and after venturing abroad before other Japanese companies in the industry with the establishment of Sanwa Shutter (Hong Kong) in 1986, we continued to expand overseas, and now engage in business in 26 countries and regions around the world. Our steps toward full-fledged globalization have also been marked by acquisitions such as Overhead Door Corporation (ODC), which has the top market share in North America, in 1996, and Novoferm Group (NF Group), a long-established European manufacturer of doors and shutters, in 2003.

When operating in global markets, it is important to keep in mind that countries all have different histories, cultures, and legal regulations, and to adapt to each region's needs and attributes. To maximize post-acquisition synergies, mutual understanding and clear communication are critical. Accordingly, we endeavor to increase interest in each other's technologies and products, while engaging in collaborative development, selling one another's products, and providing mutual assistance toward opening new markets.

We will therefore continue to enlarge our presence, in order to establish ourselves as the top brand and as a major global player in the access systems industry, and thereby offer safety, security, and convenience all over the world.



Notes: 1. The sales figures for each region include internal sales
2. The exchange rates for fiscal 2019 were \$1: ¥109.24 and €1: ¥122.15

North America



1996: Acquired Overhead Door Corporation
2009: Acquired Wayne Dalton Corporation
2011: Acquired Creative Door Services of Canada
2012: Acquired DCI and ADA
2013: Acquired TAC
2014: Acquired HAO (currently DSC)
2018: Acquired LUX ODC

ODC, which we acquired in 1996, boasts a top-tier market share in North America and will mark its 100th anniversary in 2021. In 2009, in the wake of the financial crisis, we also acquired our competitor, Wayne Dalton, thereby establishing a solid position in the garage door market.

Moving into the 2010s, in 2011 we acquired Creative Door Services (CDS), which installs and services automatic doors in Canada, and later purchased distributors that handle installation work. As such, we expanded our service business to match the respective regions and businesses. Looking forward, we will continue to maintain and expand our core businesses, while also broadening our business domains through entry into adjacent fields.

Europe



2003: Acquired Novoferm Group
2014: Acquired Alpha Deuren of the Netherlands
2016: Acquired Norsud of France
2017: Acquired additional shares in Novoferm UK, making it a wholly-owned subsidiary
2018: Acquired BGS of the U.K.
2019: Acquired Robust AB of Sweden

NF Group, which we acquired in 2003, is a long-established manufacturer that traces its history back to 1955. With Germany as its main hub, it has manufacturing bases and distribution networks throughout Europe, and has achieved the number-two market share. Entering the 2010s, we rapidly expanded our industrial-use product business through the acquisition of Alpha Deuren, while the subsequent purchases of Norsud and BGS allowed us to further strengthen our sales and service network.

More recently, in 2019, we snapped up Robust AB, which is engaged in the hinged doors business in Sweden, Norway, and the U.K. This move allowed us to advance into regions in which we still only have a small share of the market. Going forward, we will be pursuing synergies arising from integration with the companies we have acquired, and aggressively expanding our industrial doors business and service business, in order to establish a larger presence in the European market.

Asia



1986: Established Sanwa Shutter (Hong Kong)
1988: Established An-Ho Metal Industrial in Taiwan
1991: Established Sun Metal in Thailand
1996: Established Sanwamas Metal Industry in Indonesia
2005: Established Novoferm (Shanghai)
2006: Established Shanghai Baosteel-Sanwa Door
2008: Established Vina-Sanwa in Vietnam
2019: Acquired Suzuki Shutter (Hong Kong)

The Sanwa Group also operates in Asia, including the ASEAN nations and China. However, we have not based our strategy on the acquisition of local companies, as we have in Europe and North America. Instead, we have established joint ventures (JVs) with local capital. This means that it is necessary for us to perform tasks such as establishing distribution channels and training installers by ourselves. For this reason, we are currently focused on establishing a foundation in each market. We are also taking on the challenge of expanding commercial opportunities across Asia, and are ready to move forward to the next stage. For example, we are promoting further localization and strengthening cooperation among Group companies.