

Nissin Electric to Establish a New Production Company in Myanmar to Launch the Contract Manufacturing Business of Industrial Equipment and Parts

— Promoting Optimal Local Production and Sales to Accelerate the Expansion of Order Taking and Market Share —

Nissin Electric Co., Ltd. today announced that Nissin Electric (Thailand) Co., Ltd., one of the group companies, will establish Nissin Electric Myanmar Co., Ltd. (tentative name) in June 2019 to expand the Industrial Equipment and Parts Contract Manufacturing Business (“Equipment and Parts Business”) and establish the foundation of the Power System Equipment Business of the Nissin Electric Group in Myanmar. Nissin Electric Myanmar will start operation in March 2020, and will become the third production company following those in Thailand and Vietnam for the group’s Equipment and Parts Business.

Nissin Electric (Thailand) will supervise the business operations and technology development in the ASEAN and India regions, while Nissin Electric Vietnam Co., Ltd. and Nissin Electric Myanmar will provide the foothold to enter the local markets in the respective countries. The characteristics of these companies (difference in labor costs, type of production) will be fully utilized to attain optimal local production and sales and achieve net sales of 10 billion yen in the Equipment and Parts Business by FY2020.

Recently, the investment environment in Myanmar has been improving. The industry in Myanmar is expected to grow significantly in the ASEAN region. Many Japanese-affiliated companies have launched operations in the country because the labor costs are very low and inexpensive labor can be secured. The demand for equipment and parts from Japanese-affiliated companies is expected to increase. Meanwhile, demand for electricity has been growing due to the economic development. The Myanmar government aims to fully electrify the country by 2030 (electrification rate: 40% in FY2018). Investment in the power distribution field is expected to increase, and the demand for power system equipment is expected to expand.

[Objectives of Launching Operations in Myanmar]

1. Expand the Equipment and Parts Business (third production company following those in Thailand and Vietnam)

① Increase the competitiveness of the Equipment and Parts Business

Nissin Electric Myanmar will undertake the fabrication (of metal parts whose production is difficult to automate, such as mounting structure and welded parts) from Nissin Electric (Thailand) and Nissin Electric Vietnam, by taking full advantage of inexpensive labor in Myanmar and thereby expanding the overall order taking of the group.

② Supply parts and equipment to Japanese-affiliated companies operating in Myanmar

Nissin Electric Myanmar will offer parts and plant auxiliary equipment to Japanese-affiliated equipment manufacturers operating in Myanmar, whose economy has been developing. It will also supply construction steel materials and parts, whose demand is expected to expand in line with the economic development.

2. Seek Opportunities to Enter the Power System Equipment Market in Myanmar

Nissin Electric Myanmar will set up sales offices and cooperate with local companies to quickly identify opportunities to meet the growing needs for power system equipment in Myanmar. The company will provide a foothold to enter the power system equipment market, which is expected to expand.

[Profile of the New Company]

Name: Nissin Electric Myanmar Co., Ltd. (tentative name)

Representative: Hideki Amagai, President (Managing Executive Officer of Nissin Electric Co., Ltd., President of Nissin Electric (Thailand) Co., Ltd.)

Location: Thilawa special economic zone industrial park (about 20 km southeast of Yangon)

Establishment: June 2019 (planned)

Capital: US\$1.5 million (165 million yen)^{*1} *US\$1 = 110 yen

Ownership: Nissin Electric (Thailand) Co., Ltd.: 55%; Nissin Electric Co., Ltd.: 40%; others: 5%

Items of business: Fabrication of equipment and parts and manufacture of electrical equipment