

# Progress of Fiscal Year 2018 Medium-term Management Plan

In fiscal 2016, the first year of the plan, we got off to a good start building a base for growth by implementing various measures, namely, expanding organic growth, remodeling the portfolio, growing through M&As, and strengthening the business base.

In fiscal 2017, the second year of the plan, we will pursue three innovations under corporate initiatives—*monozukuri* innovation, sales innovation, and R&D innovation—while aggressively making investments to expedite further expansion of organic growth.

## Fiscal Year 2018 Medium-term Management Plan

**Expand the business globally while improving profitability**

Change to be a competitive business; Challenge ourselves to meet new targets  
Achieving our goal of becoming the world's leading high-performance materials company

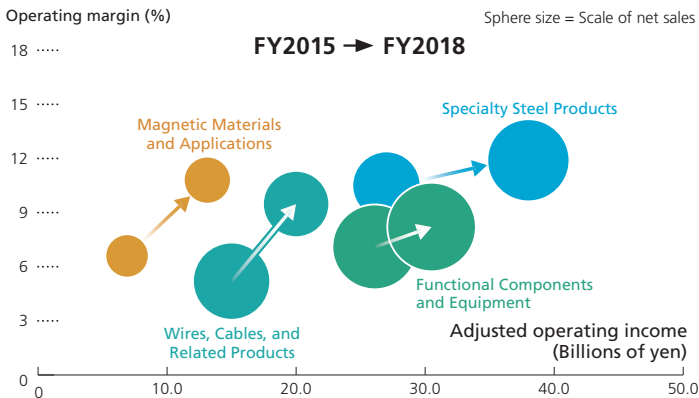
- 1** Continuous portfolio remodeling
- Concentrate on high-profit, high-growth segments
  - Use management resources efficiently

- 2** Organic growth (from capital expenditure & R&D)
- Strengthen and accelerate the pace of R&D
  - Advance the Corporate *Monozukuri* Innovation Project

- 3** Growth through M&As
- Generate synergistic benefits
  - Acquire human resources and achieve rapid commercialization

### Business Portfolio Targets

Expand business scale and domains while improving profitability



Specialty Steel Products

Strengthen the portfolio further as the core business. (Establish materials for industrial equipment as a cash cow, expand aircraft- and energy-related materials, strengthen battery materials.)

Magnetic Materials and Applications

Enhance and expand business as the core business of the xEV era.

Functional Components and Equipment

Reinforce casting components for the automobile business and develop new materials that address weight reduction.

Wires, Cables, and Related Products

Expand the reinforcement of the three focus areas (rolling stock, medical devices, automotive electronic components). Create new business value through synergies with other companies.

#### Fiscal 2018 Plan

(Projected exchange rate: 1USD=¥110)

Revenues	¥1,000.0 billion
Adjusted operating income	¥100.0 billion
EBIT	¥91.0 billion
Net income attributable to owners of the parent company	¥61.0 billion
ROA	More than 5%
ROE	More than 10%

#### Dividends

	Interim dividends	Year-end dividends	Annual dividends
FY2014	¥10	¥13	¥23
FY2015	¥13	¥13	¥26
FY2016	¥13	¥13	¥26
FY2017	¥13 (Forecast)	¥13 (Forecast)	¥26 (Forecast)

#### Three-year cumulative targets

Operating cash flow	¥290.0 billion
Investment amount (including M&As)	¥290.0 billion
R&D expenses	¥55.6 billion

The numerical targets for the fiscal 2018 plan are based on reviews of foreign exchange assumptions, raw materials prices, and demand trends. With respect to M&As, which involve numerous uncertainties, our targets, announced on April 28, 2017, are the result of conservative reviews.