

Cable Materials Company

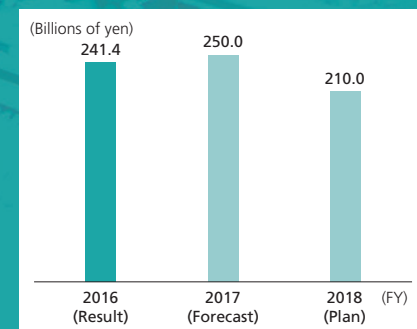
Basic policy of medium-term management plan

Change to a high-profit structure by strengthening core products and expanding growth areas

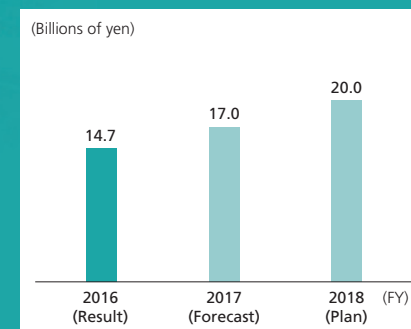
- Enhance competitiveness of core products through technical innovation
- Concentrate injection of managerial resources into three growth areas
- Seek synergies with other companies in the xEV and FA areas

Progress vis-à-vis numerical targets

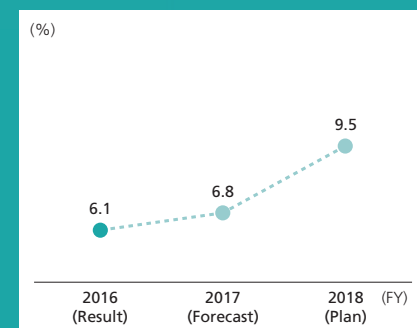
Revenues



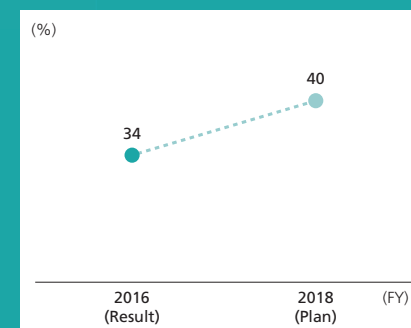
Adjusted operating income



Adjusted operating margin



Overseas sales ratio



Investment plans

Investment amount: ¥22.0 billion (cumulative total for FY2016–FY2018)

Investment in growth

- Strengthen the rolling stock and medical devices fields, also keeping M&As in mind
- Enhance an innovative wire and cable manufacturing line (Scheduled for operation in the 2H of FY2017)
- Strengthen global supply system for automotive electronic components

Strengthening core products

- Introduce a new continuous casting and rolling line (Scheduled for operation in Apr. 2018)
- Introduce an innovative production line for magnet wires (Scheduled for operation in the 1H of FY2018)



Kazuya Murakami
President of the Cable Materials Company

Progress of medium-term plan

Growth fields (rolling stock, medical devices, and automotive electronic components)

Progress

In the process of strengthening our profit structure through portfolio remodeling, we are concentrating injection of managerial resources in the three growth areas of rolling stock, medical devices, and automotive electronic components. In rolling stock, we expanded production facilities in China, commenced mass production of harnesses in the Czech Republic, and worked in other ways to reinforce our global supply system and solution sales system. In medical devices, we started mass production with the opening of a new plant at HTP-Meds, LLC, which we acquired in February 2016. In automotive electronic components, we introduced new production lines for sensors and harnesses in Japan and Mexico.

Future priorities

With multiple railway construction projects planned around the world, we expect the rolling stock market to grow an average of 3% annually over the next 20 years. In this field, we will strengthen our manufacturing bases for the global market while expanding sales by reinforcing our consulting capabilities centered on products and solutions. In medical devices, where we anticipate average annual market growth of 5% through 2021, we will expand our tube business and enhance cost competitiveness of probe cables by deploying the strengths of HTP-Meds, LLC in such areas as tubes with irregular forms and pressure-resistant braiding tubes. In

automotive electronic components, we will focus on electric parking brake (EPB) harnesses integrated with ABS, where we distinguish ourselves from the competition, while expediting development of new sensors. We will also actively strengthen our global supply system for electronic components by reinforcing bases in Mexico, Thailand, and China.

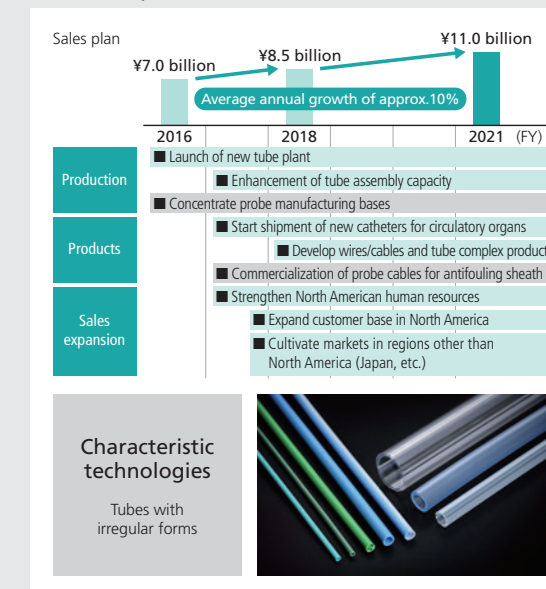
Core products

Progress and future priorities

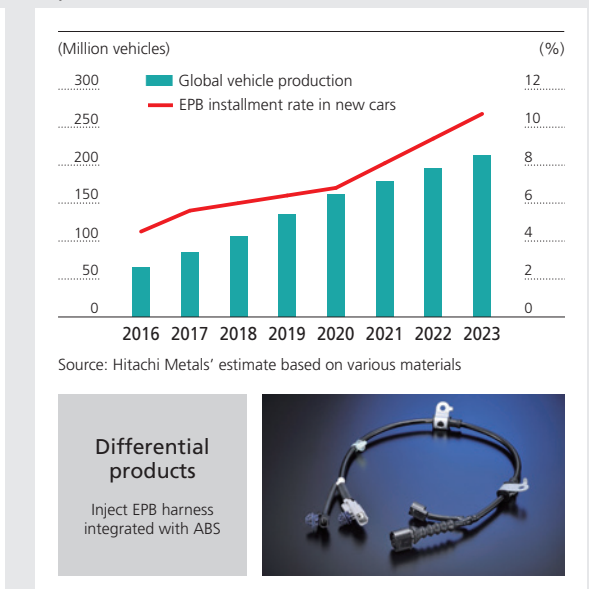
Our core products include wires and cables for construction and electronics, as well as magnet wires and brake hoses. Seeking to strengthen competitiveness through manufacturing process innovation, we will introduce a new continuous casting and rolling line and an innovative magnet wire production line, both featuring the latest IoT-based control technologies.

The new continuous casting and rolling line, scheduled to start operation in April 2018, will enable full-scale mass production of HiFC™, our proprietary high-performance pure copper. It will also lead to significant improvements in energy efficiency and productivity. Meanwhile, we will exploit the features of magnet wire—which contributes to motors' higher voltage, smaller size, lighter weight, and longer life—to expand our business in the xEV market. In addition, we aim to generate synergies with the Magnetic Materials Company, which also targets the xEV market.

Business expansion in the medical devices field



Expand the EPB harness business



Comparison of sales between FY2016 and FY2018

Sales targets in growth fields (rolling stock, medical devices, and automotive electronic components)
¥44.5 billion (FY2016) ▶ ¥53.5 billion (FY2018)