

# Overview of the Medium-Term Management Plan

Under the Fiscal Year 2021 Medium-Term Management Plan, we will build on our existing initiatives for continuous growth, while pursuing management strategies and programs that will further strengthen the “Only 1, No. 1” businesses and products that are our strength, under a vision of “Building People, Building Innovation, Building the Future,” to become a high-performance materials company supporting sustainable societies.

FY2019–FY2021

FY2013–FY2015

## FY2015 Medium-Term Management Plan

Shifted to profit-generating segments and built structures for sustainable growth

- (1) Strengthened capabilities to create new products and develop new technologies
- (2) Strengthened and accelerated global growth strategies
- (3) Established a robust operational foundation

### FY2015 results (1USD=¥120)

Revenues	¥1,017.6 billion
Adjusted operating income**1	¥76.1 billion
Adjusted operating margin	7.5%
Net income attributable to owners of the parent company	¥69.1 billion
D/E ratio	0.44 times
ROE	14.4%
Overseas sales ratio	56%

### Three-year cumulative

Operating cash flow	+¥323.9 billion
Investing cash flow	-¥155.7 billion
R&D expenses	¥56.8 billion

\*1 Adjusted operating income: Revenues – Cost of sales – Selling, general and administrative expenses

FY2016–FY2018

## FY2018 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

Action Plan

1  
Continuous portfolio remodeling

2  
Organic growth (from capital investment & R&D)

3  
Growth through M&A

### FY2018 results (1USD=¥111)

Revenues	¥1,023.4 billion
Adjusted operating income**1	¥51.4 billion
Adjusted operating margin	5.0%
EBIT	¥45.3 billion
Net income attributable to owners of the parent company	¥31.4 billion
Total assets	¥1,099.3 billion
Equity attributable to owners of the parent company	¥588.0 billion
D/E ratio	0.34 times
ROIC**2	4.1%
ROE	5.5%
CCC**3	90.7 days
Overseas sales ratio	56%
Employees	30,304

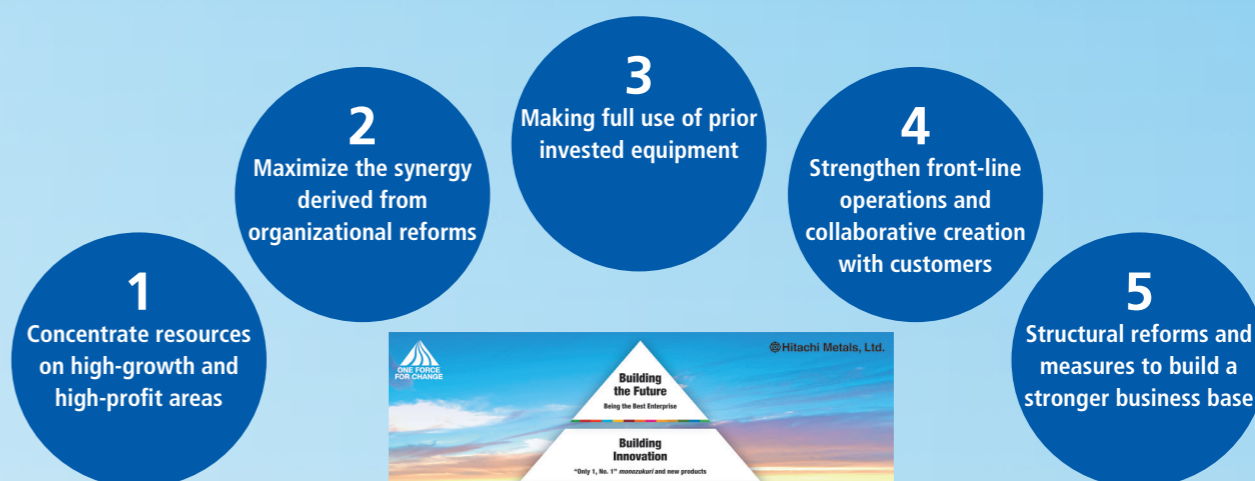
### Three-year cumulative

Operating cash flow	+¥195.1 billion
Investing cash flow	-¥207.2 billion
Capital expenditure	-¥251.0 billion
M&A and others	+¥43.8 billion
Free cash flows	-¥12.1 billion
Depreciation	¥140.0 billion
R&D expenses	¥54.3 billion

## FY2021 Medium-Term Management Plan

A high-performance materials company supporting sustainable societies  
— building people, building innovation, and building the future —

Expand “Only 1, No. 1” businesses and products



### FY2021 Plan (Projected exchange rate: 1USD=¥105)

Revenues	¥960.0 billion
Adjusted operating income**1	¥80.0 billion
Adjusted operating margin	8.3%
EBIT	¥77.0 billion
Net income attributable to owners of the parent company	¥55.5 billion
Total assets	¥1,030.0 billion
Equity attributable to owners of the parent company	¥655.0 billion
D/E ratio	0.5 times or less
ROIC**2	7.7%
ROE	8.9%
CCC**3	81.9 days
Overseas sales ratio	57%
Employees	28,500

### Three-year cumulative plan

Operating cash flow	+¥346.0 billion
Investing cash flow	-¥134.5 billion
Capital expenditure	-¥186.0 billion
M&A and others	+¥51.5 billion
Free cash flows	+¥211.5 billion
Depreciation	¥182.5 billion
R&D expenses	¥59.0 billion

\*2 Return on Invested Capital (ROIC) = Net income attributable to owners of the parent company / (Average of beginning and end-year interest-bearing debt + Average of beginning and end-year equity attributable to owners of the parent company)

\*3 Cash Conversion Cycle (CCC) = Working capital (Trade receivables + Inventories - Trade payables) / Daily average revenues