

Financial Strategy

Place importance on investment efficiency, coordinating with the business strategies to improve our corporate value



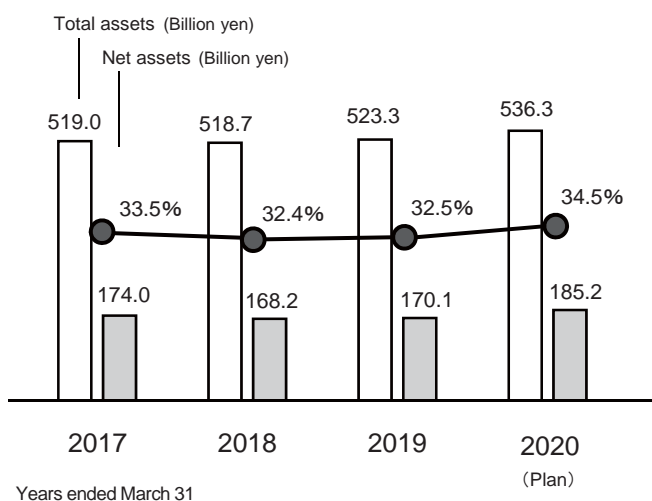
Takashi Oshima
Director and Senior Executive Officer,
Senior General Manager of Corporate Planning & Control Sector

Mitsui Kinzoku Group upholds the vision of becoming by 2024 a “company that continually creates and develops growth products and businesses in our three core business segments (Engineered Materials, Metals, and Automotive parts).” As a step toward realizing this vision, during the period of the “16 Medium-Term Plan,” we actively made investments with a focus on the Engineered Materials business where there is a strong need for new product development. Furthermore, in order to underpin the metals business that is affected by changes in currency exchange rates and the global market price for nonferrous metals, we conducted and completed a large-scale renovation, in advance, of the Kamioka hydropower generator equipment that is expected to contribute toward improving our earnings from FY2019.

The consolidated equity ratio for the end of FY2018, which was the final fiscal year of the “16 Medium-Term Plan,” was 32.5%, which fell short of the 37.0% that was initially planned. We feel an ever stronger need to strengthen our financial structure, since we are a company that receives significant impact from changes such as in the currency exchange rate and the nonferrous metals market rate, as well as in the trends of the electrical materials market for smartphones, which sees a high turnover in product cycles and dynamic fluctuations in market conditions.

We will strive to achieve a consolidated equity ratio of 40%, which is one of our management goals for FY2021, by maintaining our financial discipline as we strengthen our management foundation achieved by drawing in the benefits from the initiatives that we have implemented thus far through the “19 Medium-Term Plan” and by executing our growth strategy.

Trends in consolidated equity ratio



Years ended March 31

Asset procurement policy

In order to prepare for dramatic changes, such as in the market situation as well as the exchange rate and prices for nonferrous metals, we will secure a certain level of liquidity on hand so that we will be able to conduct stable business operations. Meanwhile, as our “19 Medium-Term Plan” includes plans for making active equipment investments with a focus on the engineered materials business, we will strive toward the advantageous procurement of capital in a timely manner in accordance to funding needs, while taking consideration of various factors including the financial situation and the interest rate levels.

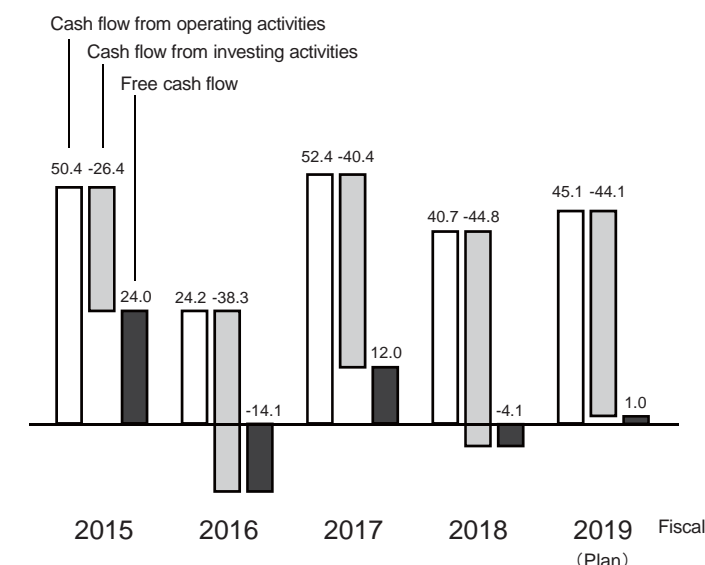
Management that places awareness on capital efficiency

As we strive toward “Transform the growth foundation to achieve vision for 2024” which is the slogan in the “19 Medium-Term Plan,” we will strengthen business monitoring by not only using the traditional management index, but also evaluating each segment using ROIC (consolidated return on invested capital), and seek to achieve our goal of 10% for the FY2021 ROE (consolidated return on equity).

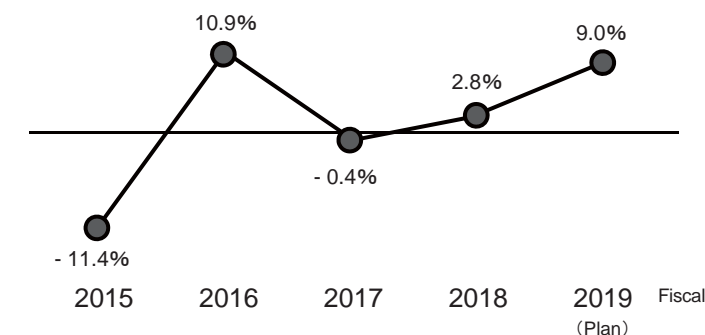
Dividend policy

Our dividend policy is based on the appropriate distribution of profits according to our business performance, while also ensuring that we hold back what is needed for the future of our business foundation. Specifically, while we will return profits with the aim of realizing a consolidated payout ratio of 20% in accordance with the company’s dividend policy that was announced on May 9, 2018, we will also place importance on providing continuous and stable dividends. As such, we aim to provide dividends at a rate of 2.5% DOE (consolidated dividend on equity). In the future, we will review our shareholder return policy in accordance with the level of progress that we achieve in strengthening our management foundation and in improving our financial condition.

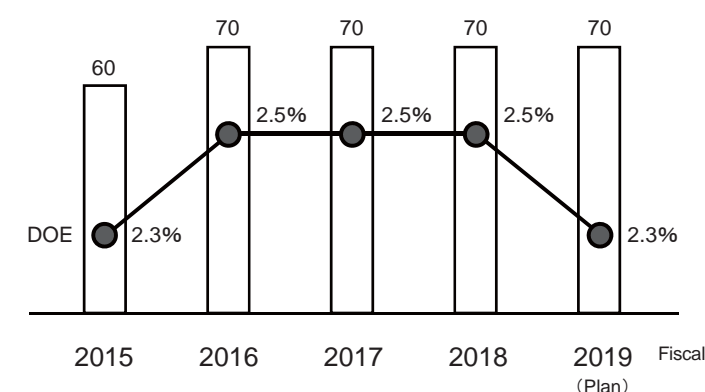
Cash flow (Billion yen)



Trends in ROE



Trends in consolidated dividend on equity (Yen)



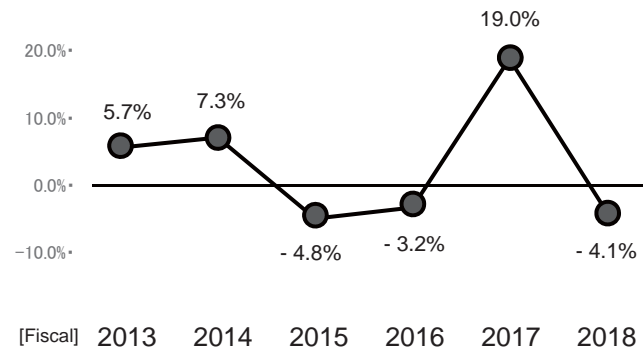
※ We executed a 1-for-10 consolidation of shares, which came into force on October 1, 2017. Shares from before FY2017 are being provided the dividend amount per share in accordance with the standard after the share consolidation.

Financial Highlights

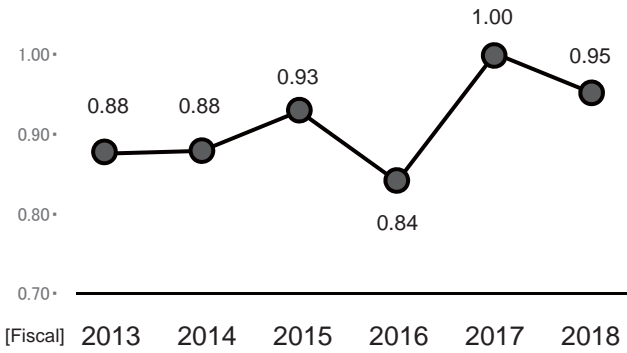
Trends in major financial indexes in the “13 Medium-Term Plan” and the “16 Medium-Term Plan,” and the planned values in the “19 Medium-Term Plan”

13 Medium-Term Plan: from FY2013 to FY2015, 16 Medium-Term Plan: from FY2016 to FY2018, 19 Medium-Term Plan: from FY2019 to FY2021

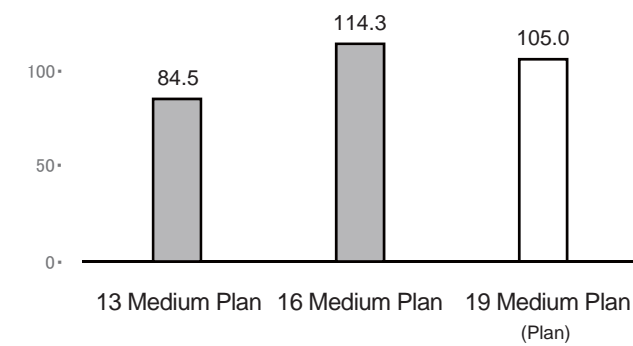
Sales growth rate



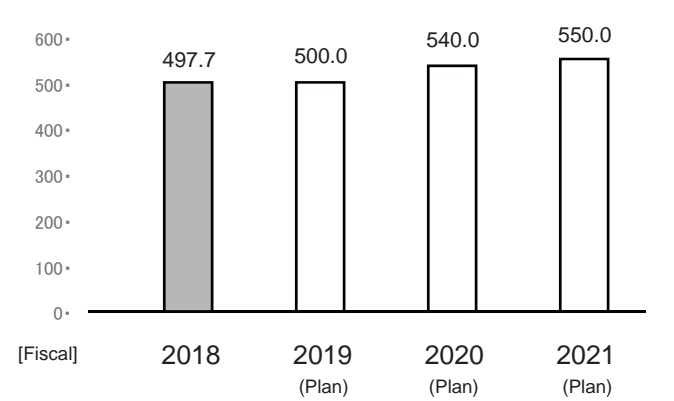
Total asset turnover ratio



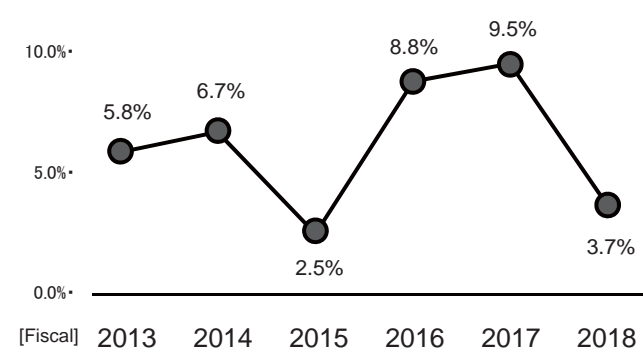
Capex (Total for 3 fiscal years)



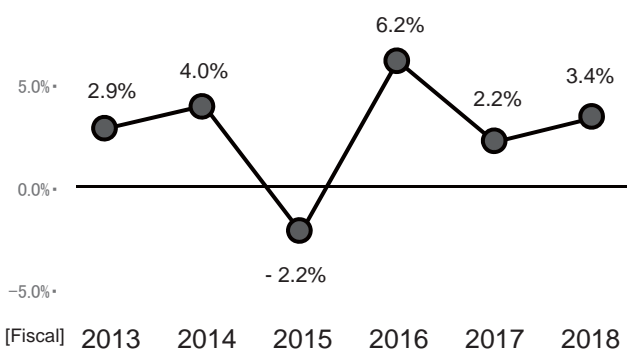
Net Sales



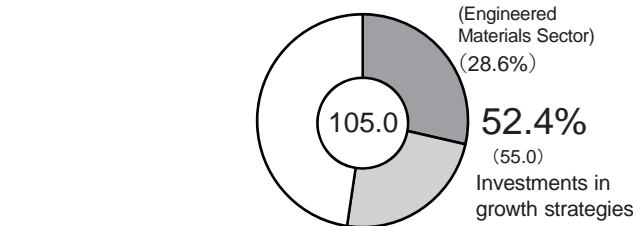
Rate of operating profit on sales



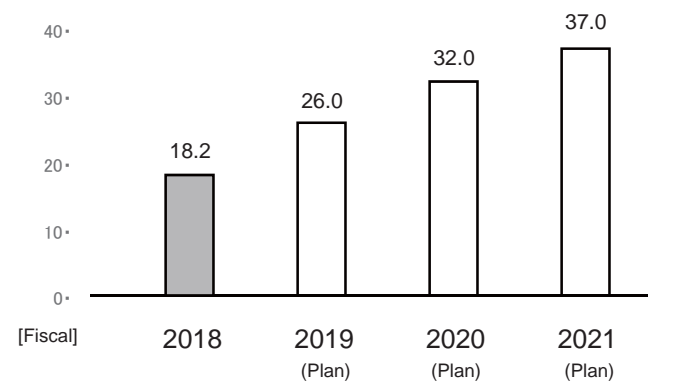
ROA (Return on assets)



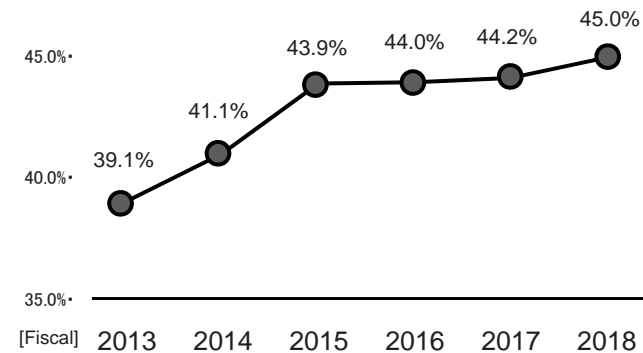
Capex in 19 Medium Plan



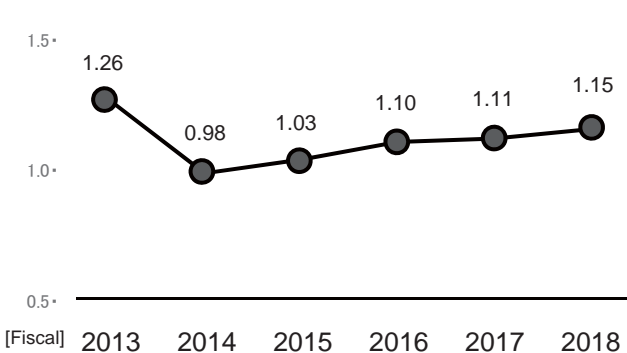
Operating profit



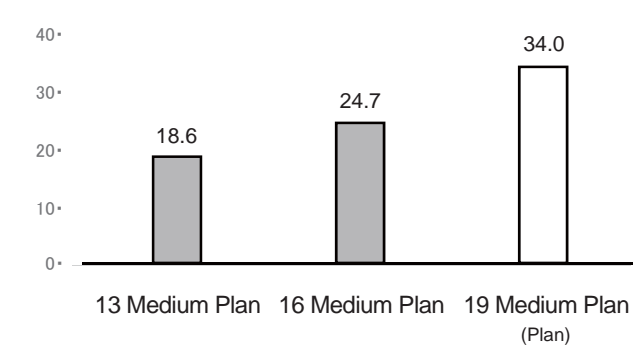
Overseas sales ratio



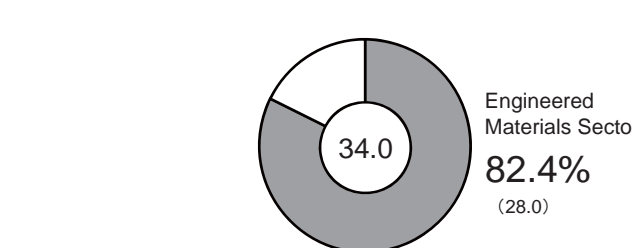
Net D/E ratio



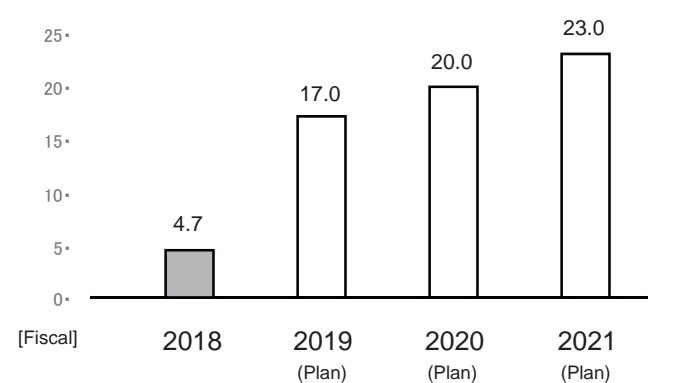
R&D expenditures (Total for 3 fiscal years)



R&D expenditures in 19 Medium Plan



Profit attributable to owners of parent



Highlights of major financial indexes for the past 11 fiscal years are listed on pages 54-55. Please refer to those pages as well.

Other figures of each business segment in the 19 medium-term business plan are listed on pages 20-27.