

# Financial/Non-Financial Highlights

## Highlights of Fiscal 2019 (Figures in the lower rows indicate year-on-year increases/decreases)

Revenues  
**¥881.4 billion**  
 -13.9%

The decline was due to a decrease in demand, especially for mainstay products, as well as the impact of falling raw material prices and structural reform measures.

Adjusted operating income\*<sup>1</sup>  
**¥14.4 billion**  
 -72.0%

Despite efforts to reduce fixed costs, this was the result of weakness in our main markets, as well as production adjustments aimed at optimizing inventories.

Adjusted operating margin  
**1.6%**  
 -3.4 percentage points

As a medium- to long-term guideline, we are aiming for an adjusted operating margin of 10%.

EBIT  
**-¥38.4 billion**  
 -¥83.7 billion

This was due to an impairment loss of ¥42.9 billion in the Magnetic Materials and Applications segment.

Free cash flows  
**¥49.5 billion**  
 +¥79.2 billion

This was due to an increase in operating cash inflows stemming from improvement in working capital efficiency, as well as a decrease in investment cash outflows owing to carefully selected investments in priority areas.

R&D expenses  
**¥15.9 billion**  
 -¥2.6 billion

While concentrating resources on high-growth and high-profit fields, we are continuously investing in R&D on advanced materials that contribute to sustainable growth.

ROIC\*<sup>3</sup>  
**1.7%**  
 -3.6 percentage points

As a medium- to long-term guideline, we are aiming for ROIC that exceeds the cost of capital (7.5%).

ROE\*<sup>2</sup>  
**-6.8%**  
 -12.3 percentage points

This was due to a net loss attributable to shareholders of the parent company of ¥37.6 billion stemming from an impairment loss in the Magnetic Materials and Applications segment.

CCC\*<sup>4</sup>  
**87.1 days**  
 -3.6 days

Despite a decline in revenues, we focused on optimizing inventories.

Sales ratio of key environmentally conscious products  
**20.2%**  
 -0.7 percentage points

Our objective is to improve revenue from sales of "key environmentally conscious products." Our target sales ratio for these products is 23%.

CO<sub>2</sub> emissions  
**2,319 thousand t-CO<sub>2</sub>**  
 -311 thousand t-CO<sub>2</sub>

This was due to a decline in production volume, our emphasis on energy conservation activities, and switching to alternative fuel sources.

CO<sub>2</sub> emissions per unit  
**2.631 t-CO<sub>2</sub>/million yen**  
 +2.4 points

Although we promoted energy conservation and fuel switching, the energy consumption ratio per production unit increased due to lower capacity utilization stemming from the decline in production volume.

Recycling rate  
**74.6%**  
 -3.6 percentage points

Factors here included lack of progress of recycling efforts at overseas operations.

Water usage  
**12,186 thousand m<sup>3</sup>**  
 -1,205 thousand m<sup>3</sup>

This was due to the introduction of high water-efficiency models when equipment was replaced.

Chemical substance emissions  
**235 tons**  
 -33 tons

We continue to focus on alternative paint materials and other measures to address the amount of solvents in our paints.

Percentage of positive engagement indicator evaluations in employee awareness surveys  
**53%**  
 -6 percentage points

We have set a goal of 60% for positive engagement indicator evaluations in our employee awareness surveys.

Occupational accident frequency\*<sup>5</sup>  
**0.27**  
 -0.15 point

We established the Health and Safety Promotion Department and are pursuing various initiatives, including formulating the "Guidelines for Safe Organizations."

Number of employees receiving human rights-related training  
**7,022**  
 +1,040

We regularly use e-learning to conduct human rights education and training for each level of employee to systematically raise awareness of human rights.

\*<sup>1</sup> Adjusted operating income = Revenues - Cost of sales - Selling, general and administrative expenses

\*<sup>2</sup> ROE = Net income attributable to shareholders of the parent company ÷ Average of beginning and end-year equity attributable to shareholders of the parent company × 100

\*<sup>3</sup> ROIC = Net income attributable to shareholders of the parent company ÷ (Average of beginning and end-year interest-bearing debt + Average of beginning and end-year equity attributable to shareholders of the parent company)

\*<sup>4</sup> CCC = Working capital (Trade receivables + Inventories - Trade payables) ÷ Average daily revenue

\*<sup>5</sup> Occupational accident frequency = Number of casualties due to occupational accidents ÷ Total actual working hours × 1,000,000 (calendar year)

## Percentage of Fiscal 2019 Revenues by Segment\*

### Advanced Components & Materials Division

37.4%

Magnetic Materials and Applications/Power Electronics

13.2%

Wires, Cables, and Related Products

24.2%

Revenues  
**¥881.4 billion**

Other

0.2%

Advanced Metals Division

62.4%

Specialty Steel Products

28.4%

Functional Components and Equipment

34.0%

### Advanced Metals Division

Revenues  
**¥550.3 billion**

Adjusted operating income  
**¥4.6 billion**

### Advanced Components & Materials Division

Revenues  
**¥330.1 billion**

Adjusted operating income  
**¥8.1 billion**

\* As of April 1, 2019, soft magnetic and materials and applied products were transferred from the Specialty Steel Products segment to the Magnetic Materials and Applications segment, and the name of the Magnetic Materials and Applications segment was changed to the Magnetic Materials and Applications/Power Electronics segment.

\* Division results are simple totals prior to eliminations for intersegment transactions.

## Scope of Operations by Region in Fiscal 2019

Number of employees

**29,805**

-499

Overseas sales ratio

**54%**

-2 percentage points

### Europe

Revenues **¥44.5 billion**  
 Number of employees **159**

### China

Revenues **¥63.4 billion**  
 Number of employees **3,077**

### North America

Revenues **¥245.3 billion**  
 Number of employees **7,253**

### Other Asia

Revenues **¥102.8 billion**  
 Number of employees **5,538**

### Japan

Revenues **¥405.4 billion**  
 Number of employees **13,778**

### Other

Revenues **¥20.0 billion**  
 Number of employees **—**