

TOYO TANSO

– Value Up Challenge 2022 –

Reference Material for New Medium-Term Management Plan (2018-2022)

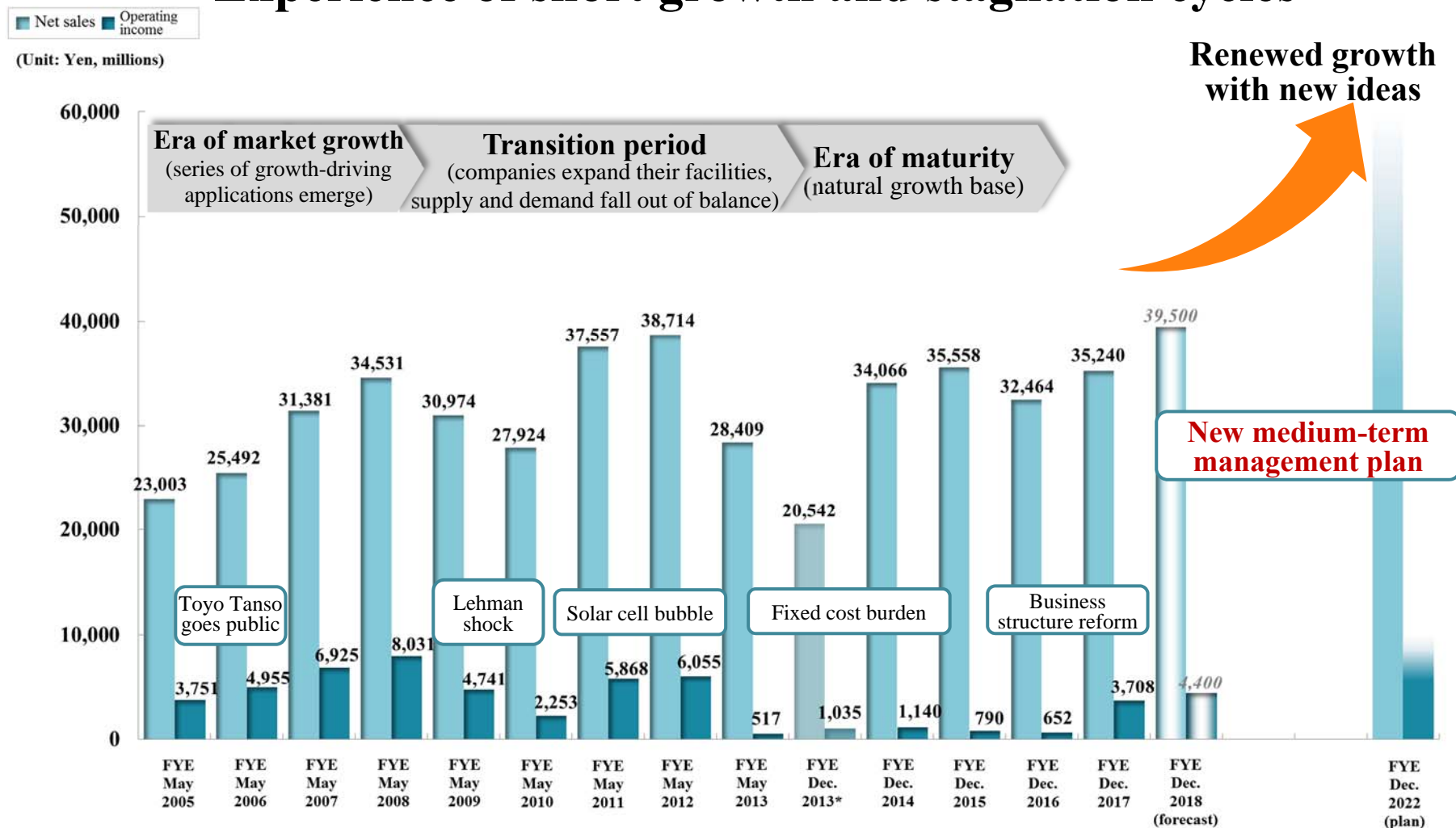
February 14, 2018
Toyo Tanso Co., Ltd.

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1. Opening: A Look Back

—Experience of short growth and stagnation cycles—

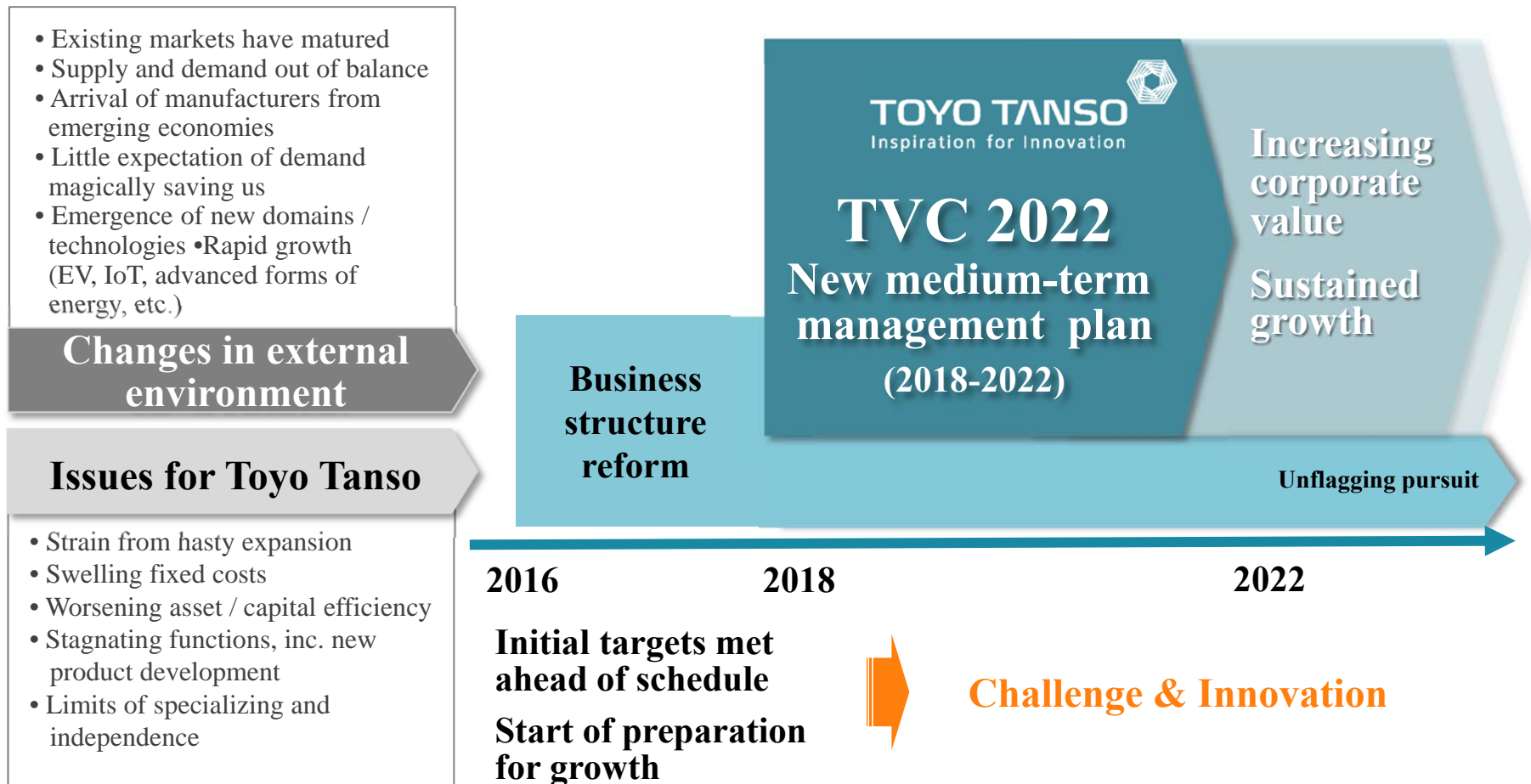


*End of accounting period changed from May 31 to December 31 starting with the fiscal year ended December 31, 2013. Therefore the fiscal year ended December 31, 2013 was an irregular 7-month fiscal year.

2. Overview of New Medium-Term Management Plan TVC 2022

(1) Its Significance

–Transitioning from business structure reform to growth strategy–

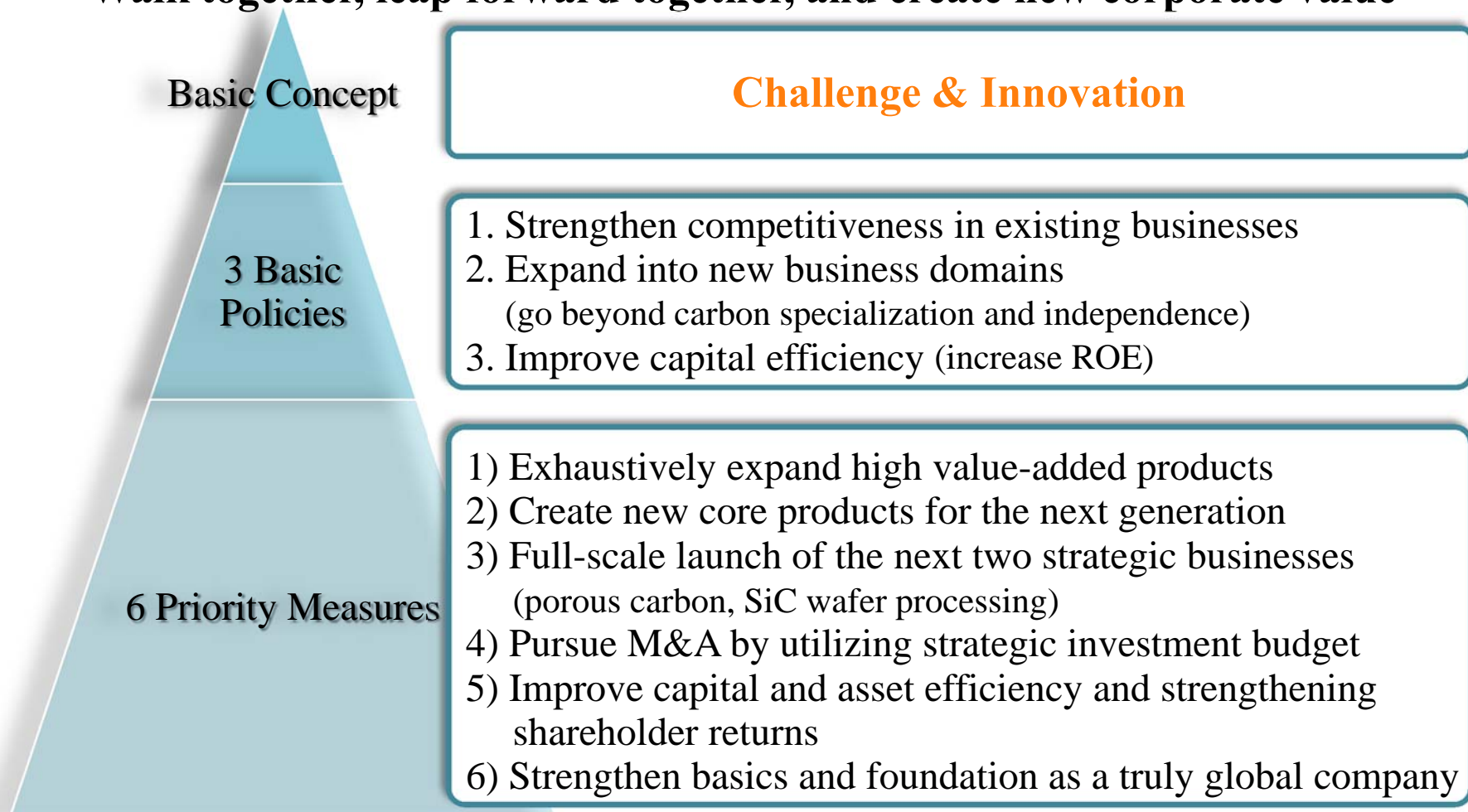


2. Overview of New Medium-Term Management Plan TVC 2022

(2) Basic Concept

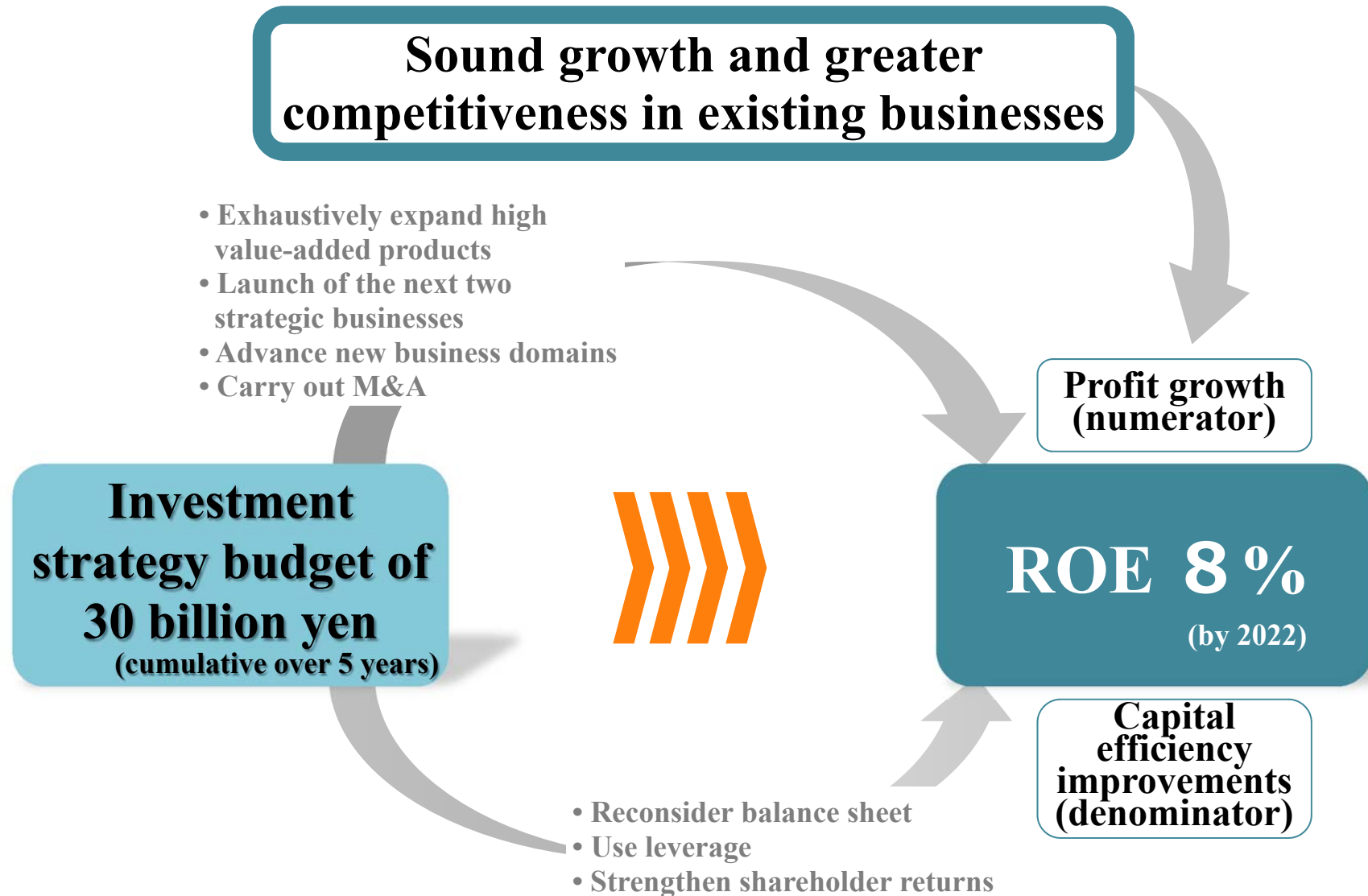
New Medium-Term Management Plan TVC 2022 (Toyo Tanso Value Up Challenge 2022)

–Walk together, leap forward together, and create new corporate value–



2. Overview of New Medium-Term Management Plan TVC 2022

(3) Quantitative Targets

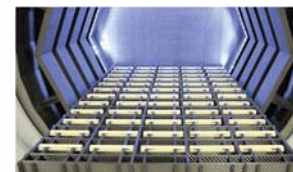


3. Key Policies / Strategies (1) Expand Existing Core Businesses - Directions for Business Development

<Take a decisive lead>

- Exhaustively expand high value-added products
Use large-scale facility upgrades and technological innovation to ensure overwhelming advantage

SiC-coated graphite products



C/C composite products

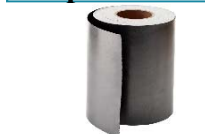
<Newly expand>

- Assertively advance into new applications (transport machinery, energy devices...)
- Actively promote M&A, alliances

Carbon products for mechanical applications



Graphite sheet products



Carbon products for electrical applications

<Optimize>

- Strengthen competitiveness through productivity improvements, production technology innovation
- Optimize production locations, globalize
- Also be aware of changes in industry structure

Special graphite products



Carbon products for electrical applications



Carbon products for mechanical applications



3. Key Policies / Strategies (1) Expand Existing Core Businesses –Basic Policy by Product

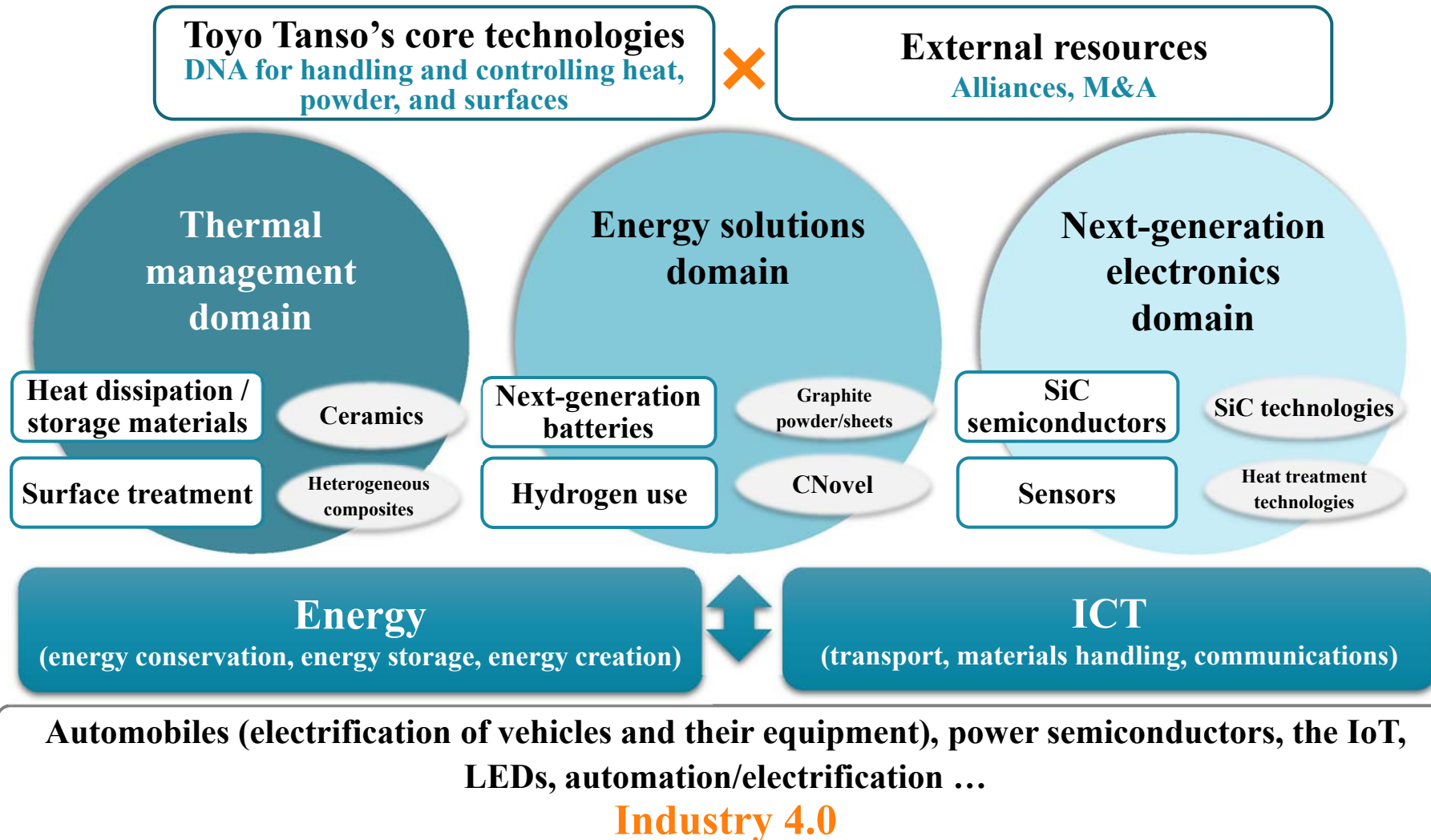
Special graphite products	<ul style="list-style-type: none"> • Maximize use of current facilities, improve productivity • Strengthen competitiveness with an awareness of changes in industry structure 	Achieve sound growth Strengthen earnings
Carbon products for mechanical applications	<ul style="list-style-type: none"> • Use technological innovation to actively expand into new growth applications (automobiles, railroad, etc.) • Also pursue opportunities for alliances, M&A 	Expand new applications Expand globally
Carbon products for electrical applications	<ul style="list-style-type: none"> • Optimize, enhance global business system • Expand new applications, pursue M&A in light of industry maturity 	Deepen global operations Expand new applications
SiC-coated graphite products	<ul style="list-style-type: none"> • Make exhaustive efforts in concert with semiconductor advances, innovation • Expand in both scale and competitiveness with facility upgrades and technological innovation 	Exhaustively expand major-focus products
C/C composite products	<ul style="list-style-type: none"> • Expand in both scale and competitiveness with facility upgrades and technological innovation • Cultivate new applications 	Exhaustively expand major-focus products
Graphite sheet products	<ul style="list-style-type: none"> • Use competitiveness of new factories, strengthen earnings • Actively develop new applications (energy, life sciences, etc.) 	Increase added value Expand new applications

Nuclear power (outside framework of medium-term business plan)

Taking advantage of our position as the only business with a track record supplying high-temperature reactor-pebble-bed modules (HTR-PM) in China, strengthen and advance approach to subsequent large projects in Poland, US, Indonesia, Russia, etc.

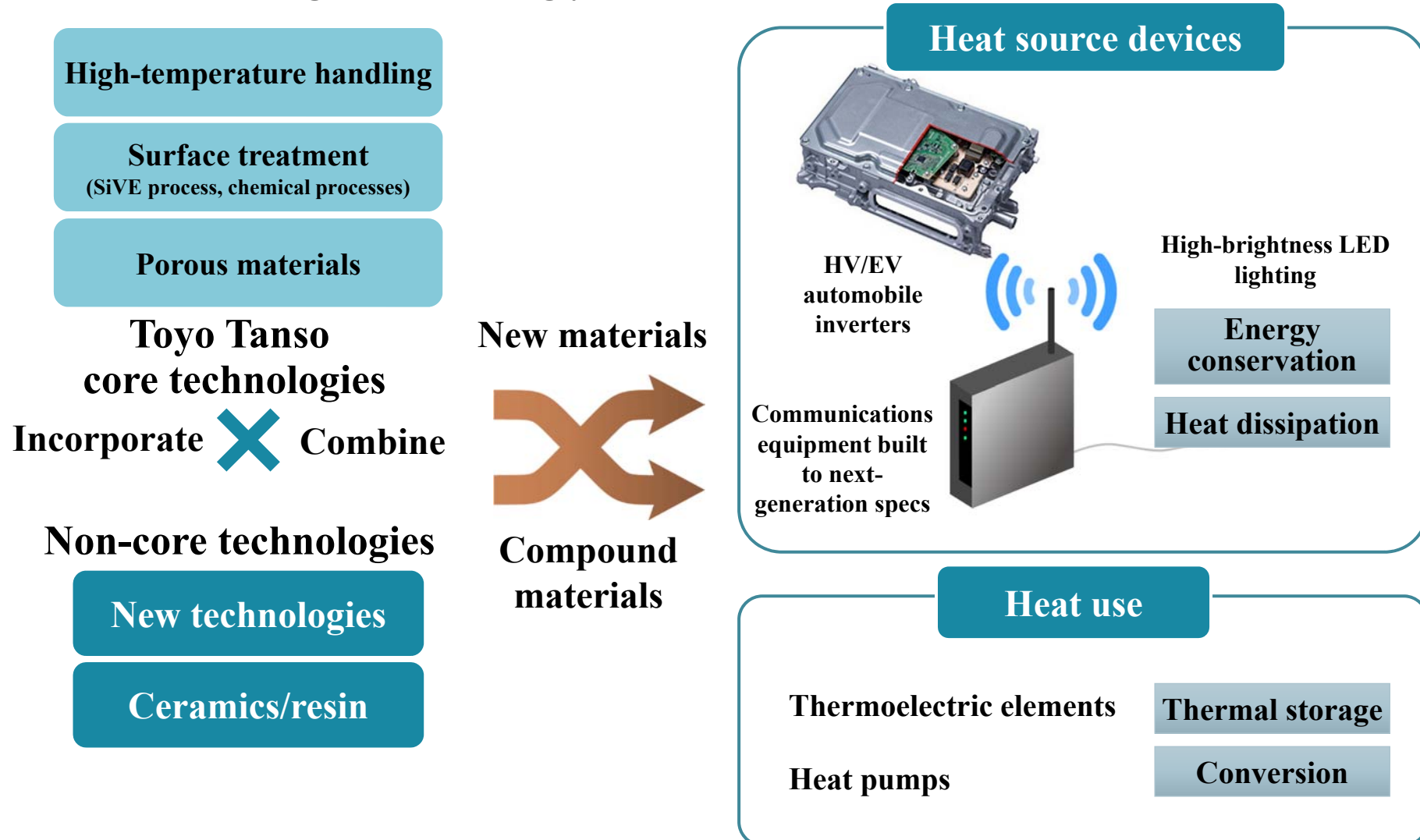
3. Key Policies / Strategies (2) Expand New Business Domains –Target Domains

– Advance into new growth domains with new materials and technologies, **without getting stuck on just carbon** –



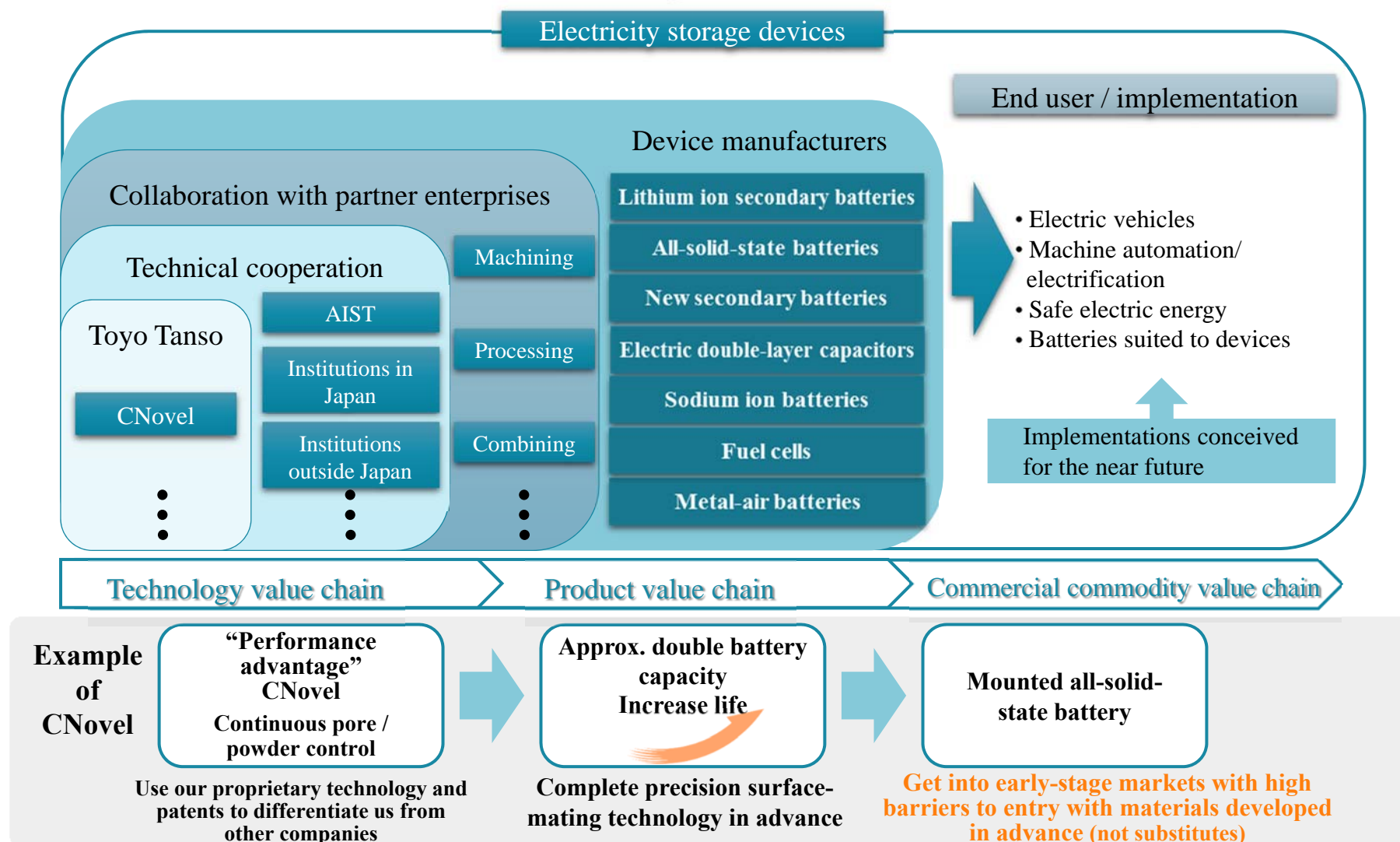
3. Key Policies / Strategies (2) Expand New Business Domains – Start of Initiatives in Thermal Management Domain

–Solve the problem and use the phenomenon of heat sources,
which grow increasingly hot as devices become more functional –

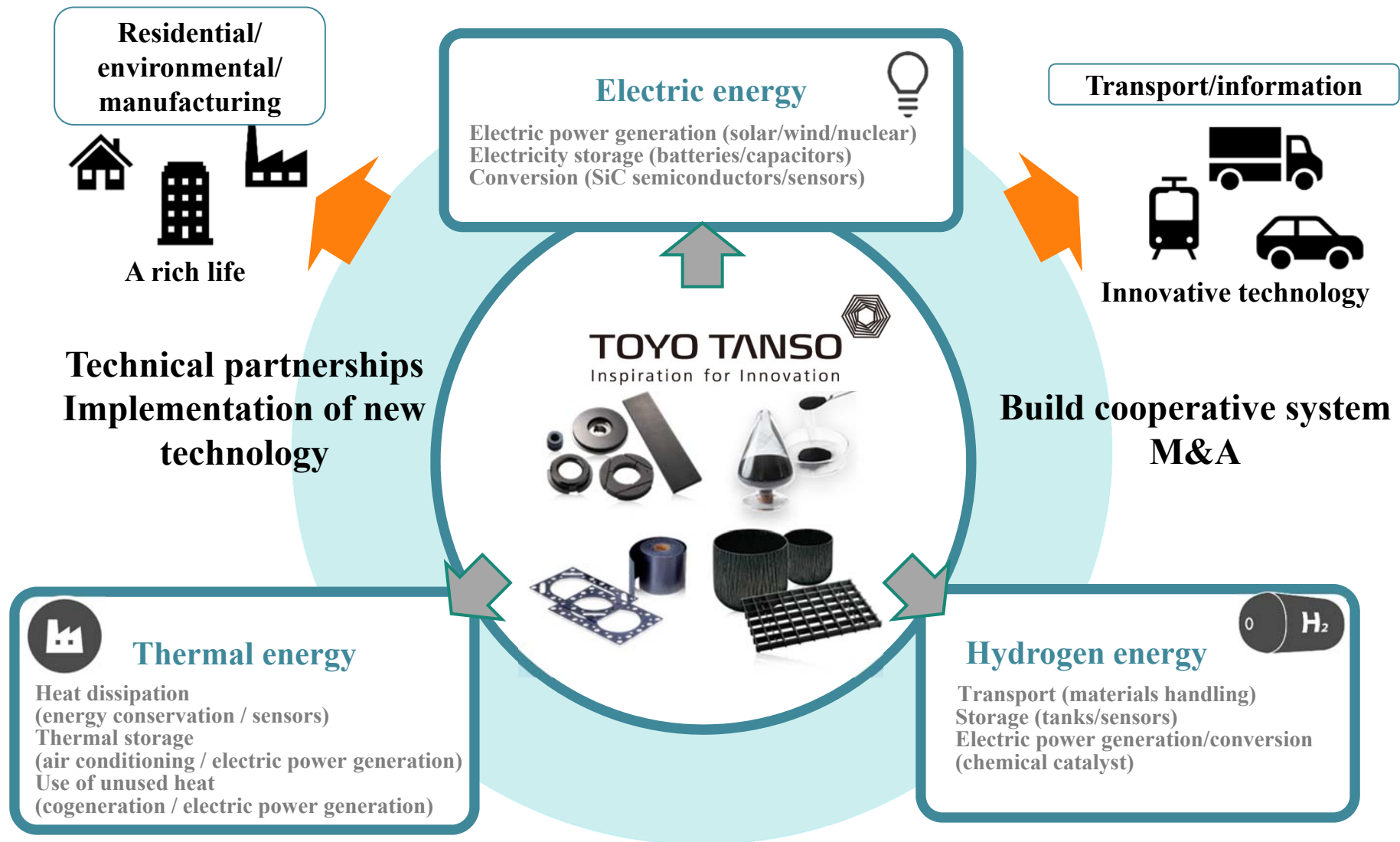


3. Key Policies / Strategies (2) Expand New Business Domains –Actively Expand into Electricity Storage Devices

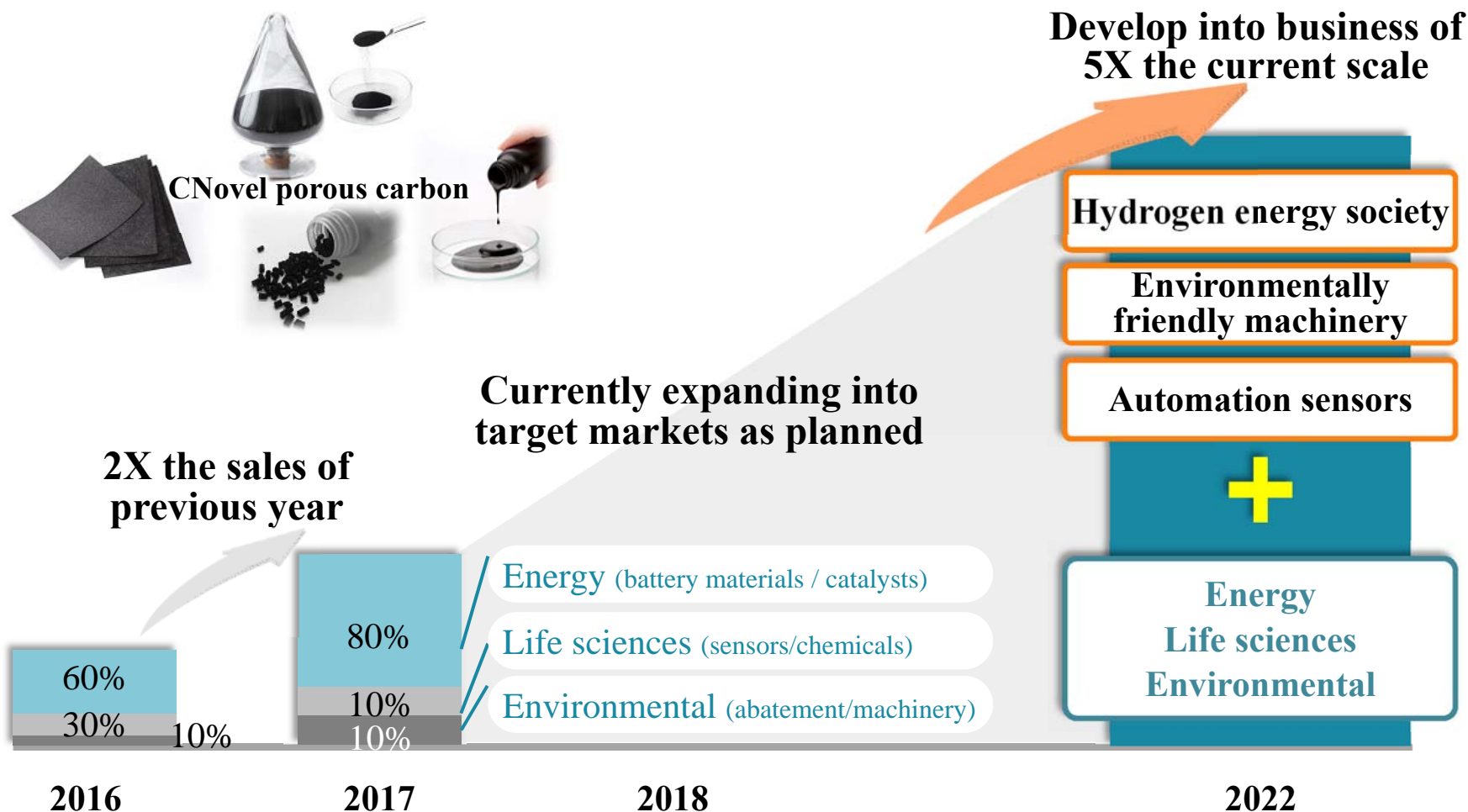
– Start taking specific initiatives with research institutes and end users, using advanced technologies and materials –



3. Key Policies / Strategies (2) Expand New Business Domains – Strengthen Collaboration Based on Energy / ICT

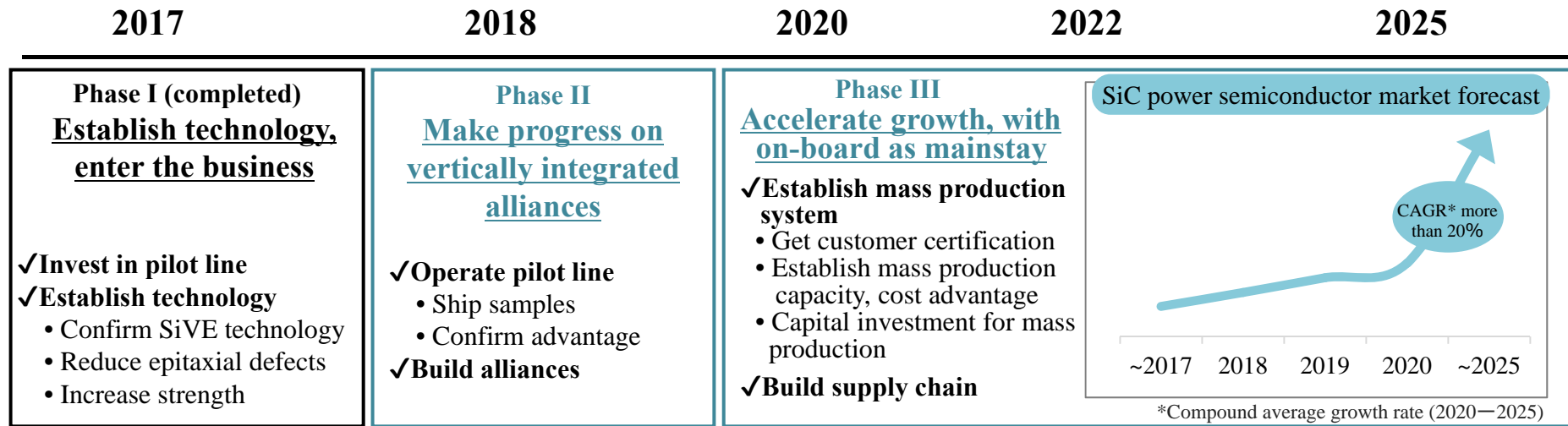


—Be early to get into growth markets that will drive new business domains and macrotrends—

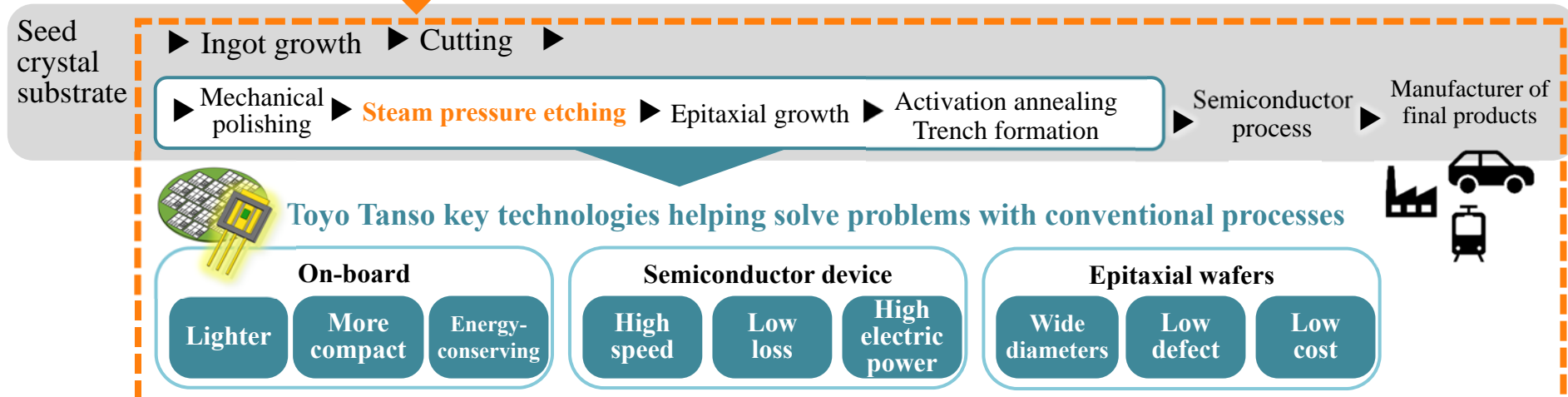


3. Key Policies / Strategies (3) Accelerate Development of Next Two Strategic Businesses — SiC Wafer Processing

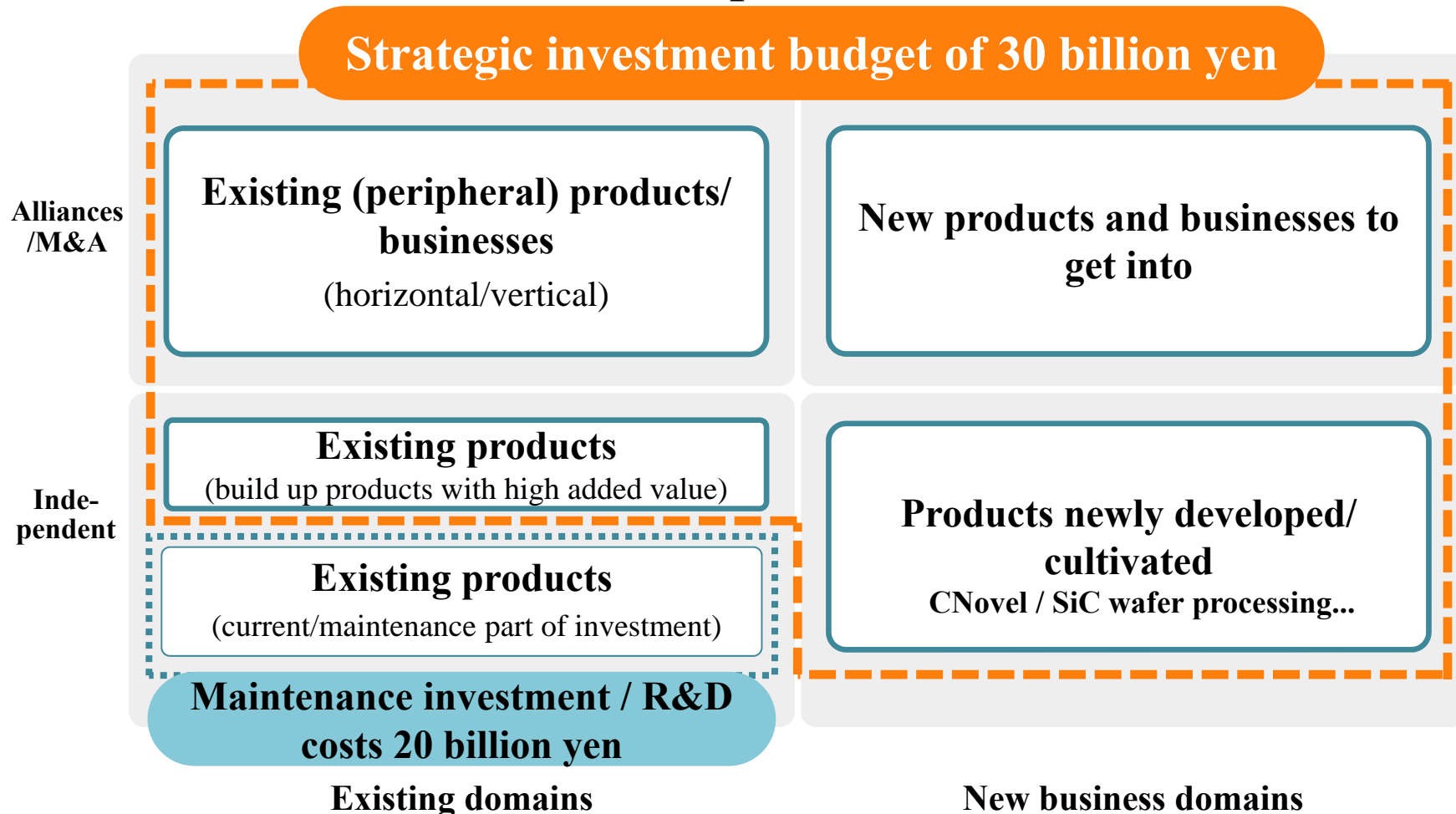
—Transition period from developmental phase to mass production phase—



↓ Alliance domain



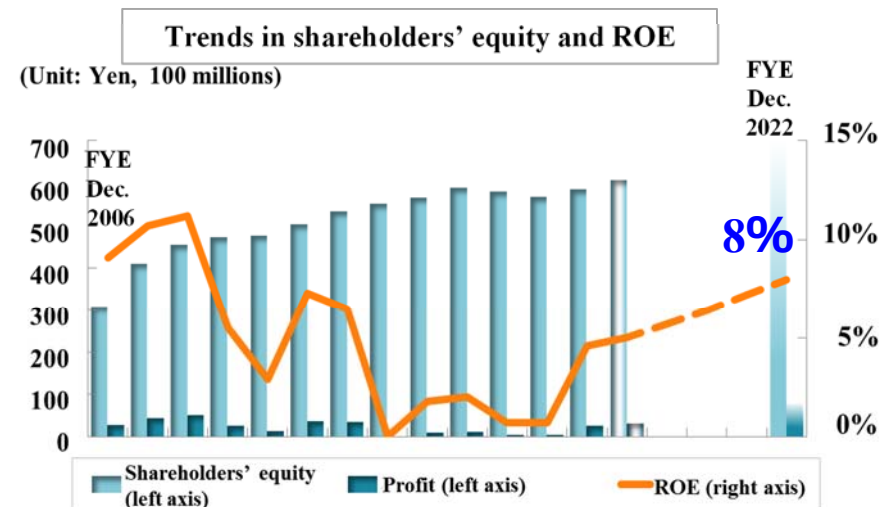
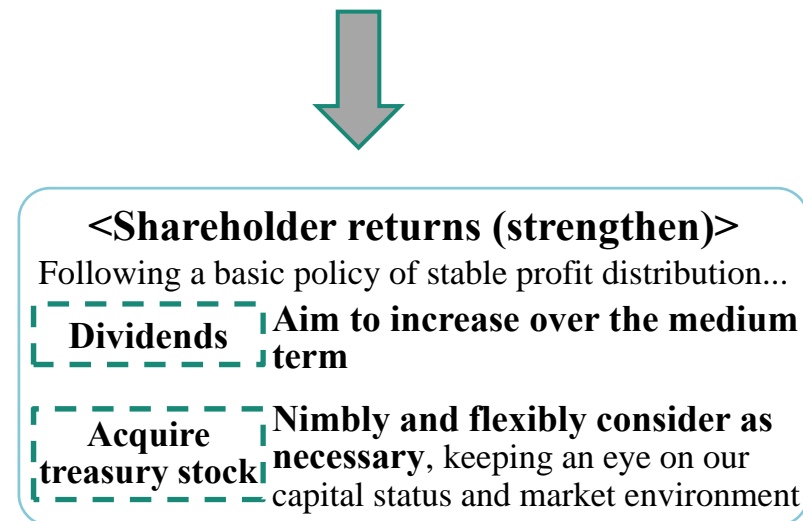
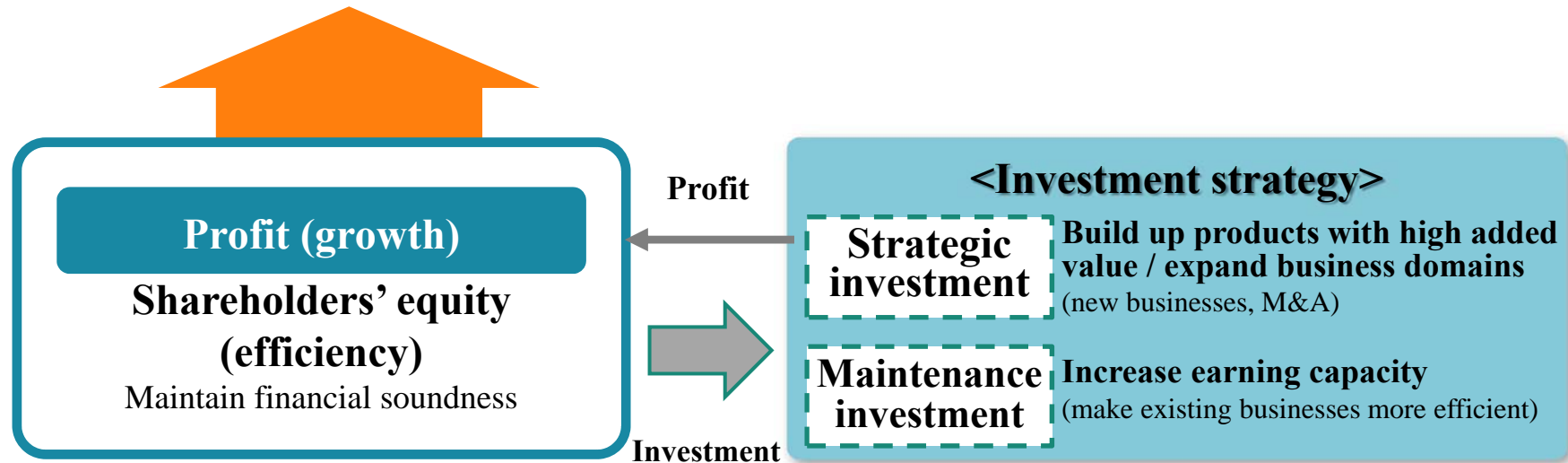
— **Total investment of 50 billion yen** * Cumulative for 2018-2022 —
Shift course from concentrating on core businesses and independence



3. Key Policies / Strategies

(5) Capital Policy and Shareholder Returns Policy

Grow profit and expand shareholder returns, aiming to achieve **8% ROE**



3. Key Policies / Strategies

(6) Strengthen Basics and Foundation as a Truly global company

Vision and targets

1. Establish “global business management system”

Corporate governance, risk compliance, CSR, global resources (HR, IT)

Measures

Strengthen corporate governance system

- Establish and enhance global business management system
- Reconsider global compliance / risk management system
- Develop human resources for global business

2. Lower costs to achieve earnings targets / become a high-productivity business / secure the “competitive advantage”

Promote cost reductions and operational improvements

- Build Group-collaborative system for procurement / external expenditures
- Reconsider Group employees and personnel cost control system
- Promote labor savings / BPR by making advanced use of IT

3. Cultivate a “corporate culture brimming over with trust and building together”

Continually enhance customer and employee satisfaction
Raise organizational invigoration index

Reform corporate culture

- Promote reform of employee awareness and behavior
- Promote work style innovation and build a safe working environment that gives peace of mind
- Promote diversity and career design
- Practice long-term HR development

4. Contribute to becoming the “Industry’s No. 1 in Customer Satisfaction”

Global quality assurance system putting the highest priority on product quality and safety

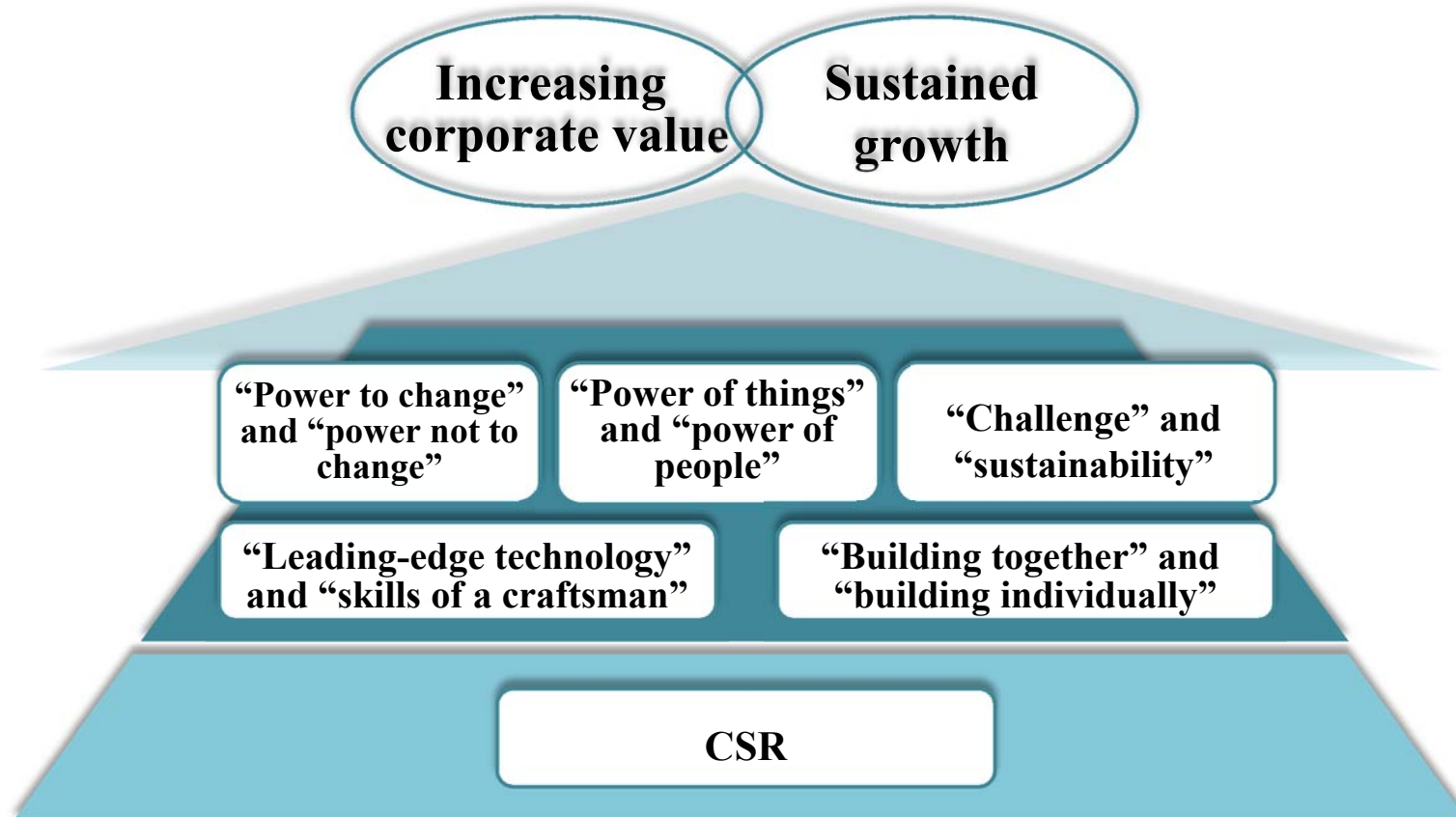
Strengthen global quality control system

- Establish Group quality control system
- Establish global quality control standards

4. Closing: What We Should Value



Becoming an enterprise with value to all its stakeholders and society



TOYO TANSO



Inspiration for Innovation

(Note) Business forecasts, plans, etc. contained herein were based on information and assumptions of economic conditions, etc. available at the time of writing. Actual business results may vary from forecasts, plans, etc. because of a wide range of factors going forward.

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