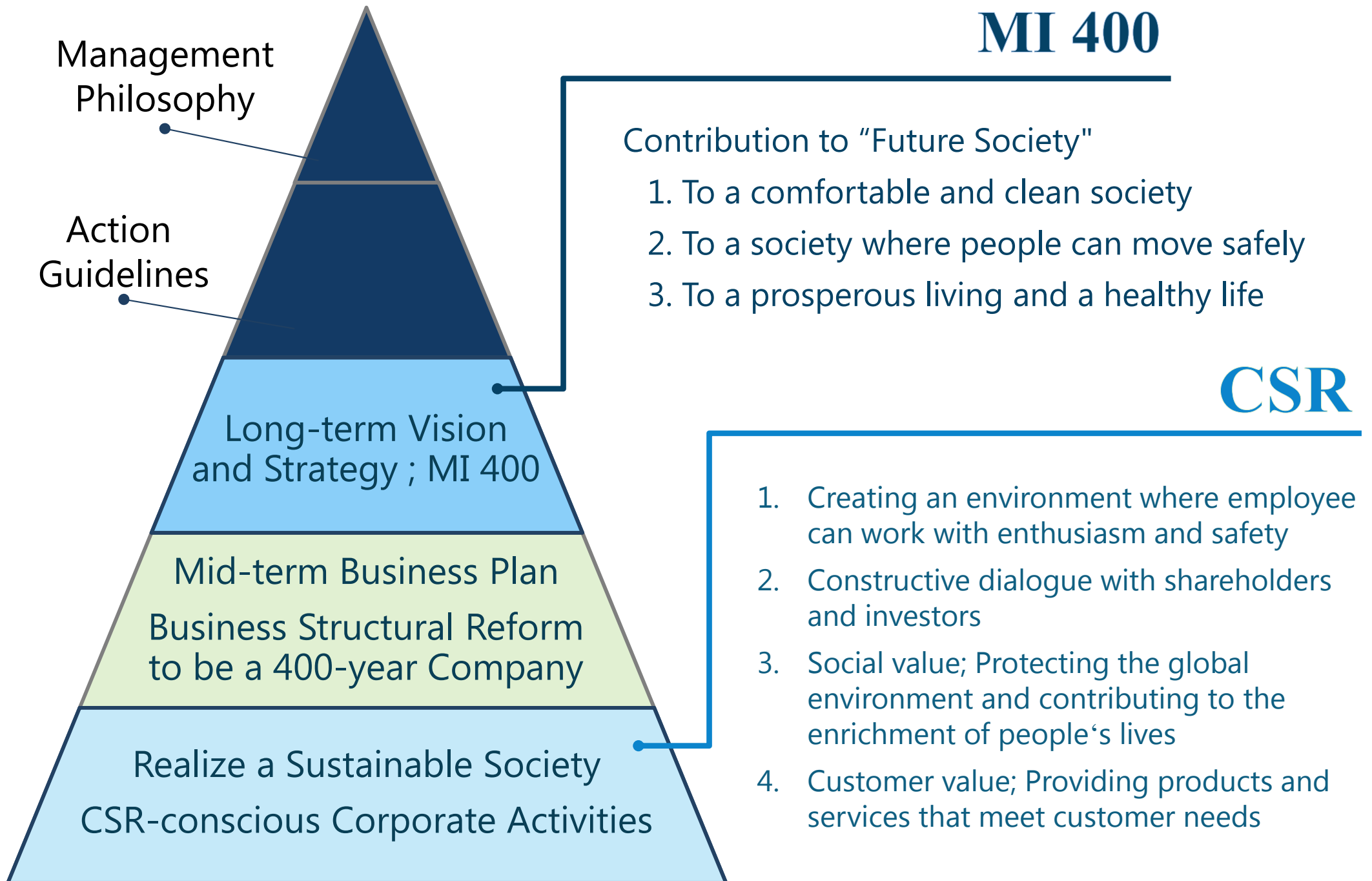


# Mid-term Management Plan FY2019-2021

MORIROKU HOLDINGS COMPANY, LTD.

Presentation Material for Financial Report

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| 1. Group Philosophy and Long-term Vision                | Page; 2-3   |
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## Management Philosophy

Moriroku Group will create high value with its future-oriented creativity and advanced technologies, while contributing to the global society.

## Long-term vision

## MI 400 : Moriroku Innovation 400

Aiming to be a global corporate group that contributes to society through proprietary technologies

### Mid-term plans

#### MI 400 1<sup>st</sup> Stage

Business Structural Reform to be a 400-year Company

#### 2<sup>nd</sup> Stage

Dec. 2017  
Listing on TSE  
First Section

10th

11th

12th

FY 2019-2021

13th

14th

15th

FY2013-2021

FY2022-2030

400-year Company

1663

2063

# Summary of the Mid-term Management Plan (FY2019-2021)

## Slogan

# MOVING FORWARD WITH MI400

2021

Building a management base that can win global markets by anticipating changes in the business environment, creating new businesses, and continuing to take on the challenge of innovation

## Three Basic Strategies

### 1) Strengthening of management base;

Enhancement of corporate value as a listed company

- Accelerate business innovations by strengthening the global management base
- Responding to changes in the global environment and contributing to a prosperous lifestyle
- Optimize the business portfolio and build the foundation for new businesses

### 2) Value added creation;

Development and commercialization of new technologies to innovate the mobility society

- Challenge to new technologies and products for next-generation mobility  
(Collaboration with group companies and partner companies)

### 3) Business structural reform;

Realizing a new business foundation that meets future society's needs

- To establish new production technologies that anticipate changes in the environment
- Acceleration of business globalization and localization

## Target Indicators

## KGI (Key Goal Indicator)

Performance Targets (FY2021)  Budgeted exchange rate 1USD = 110 JPN	Net sales	200 billion yen or more
	Operating Income Margin	5.0% or more
	ROE	9.0% or more
Stable Returns	Shareholder Return Ratio	30% or more
Strategic Investment 3 years total	Investment	35 billion yen 10 billion yen to strategic business

## Factor for achieving KGI

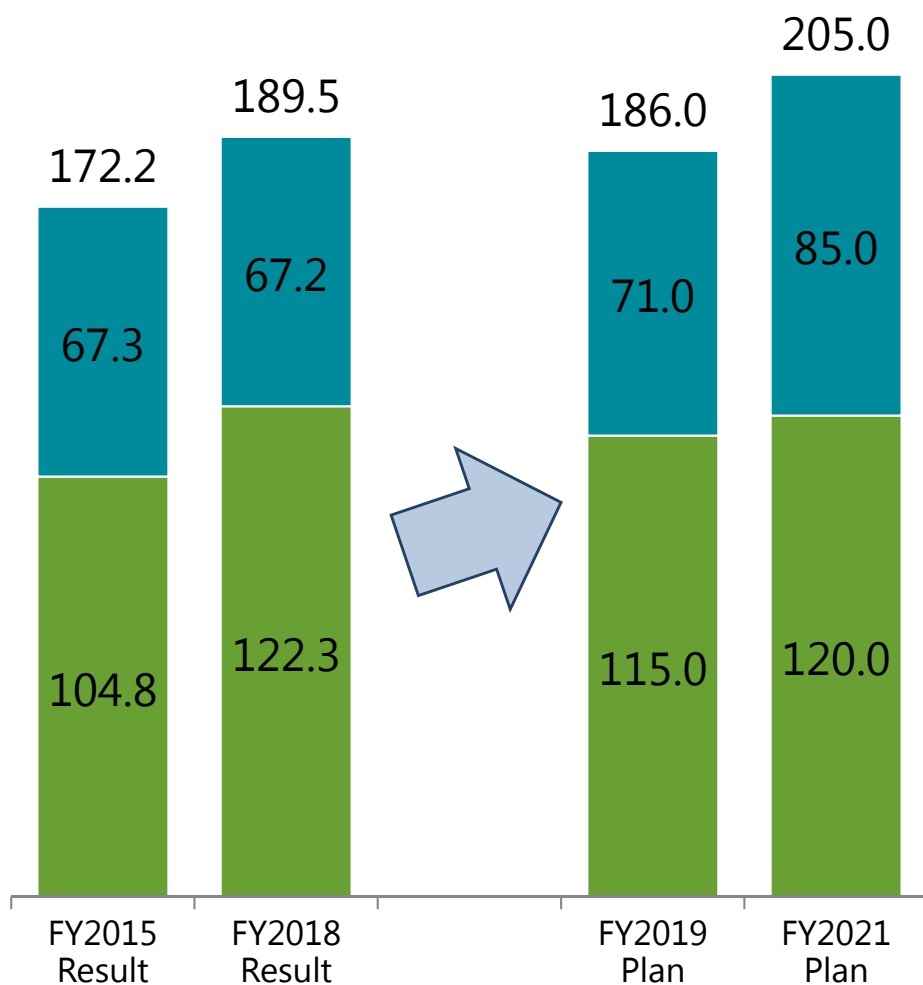
## KPI (Key Performance Indicator)

KPI (Indicator)		FY2018 Result	FY2019 Plan	FY2021 Plan
Resin-treated Product Business	Net Sales	122.3 billion yen	115.0 billion yen	120.0 billion yen
	Operating Income (Margin)	7.5 billion yen (6.2%)	7.5 billion yen (6.5%)	8.5 billion yen (7.1%)
Chemicals Business	Net Sales	67.2 billion yen	71 billion yen	85 billion yen
	Operating Income (Margin)	1.1 billion yen (1.8%)	1.5 billion yen (2.1%)	2.5 billion yen (2.9%)

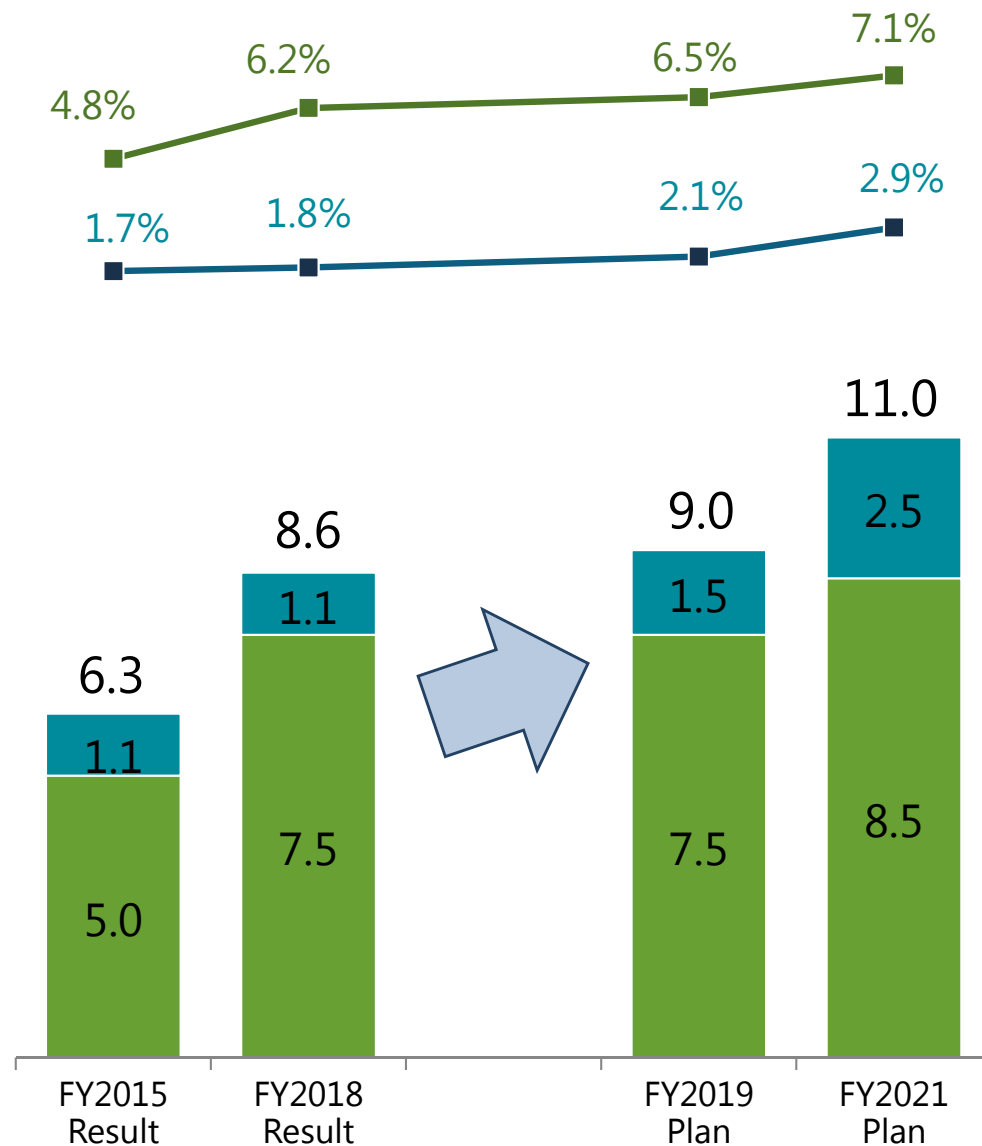
# Mid-term Management Plan: Sales and Operating Income

## Sales (billion yen)

- Chemicals business
- Resin-treated product business



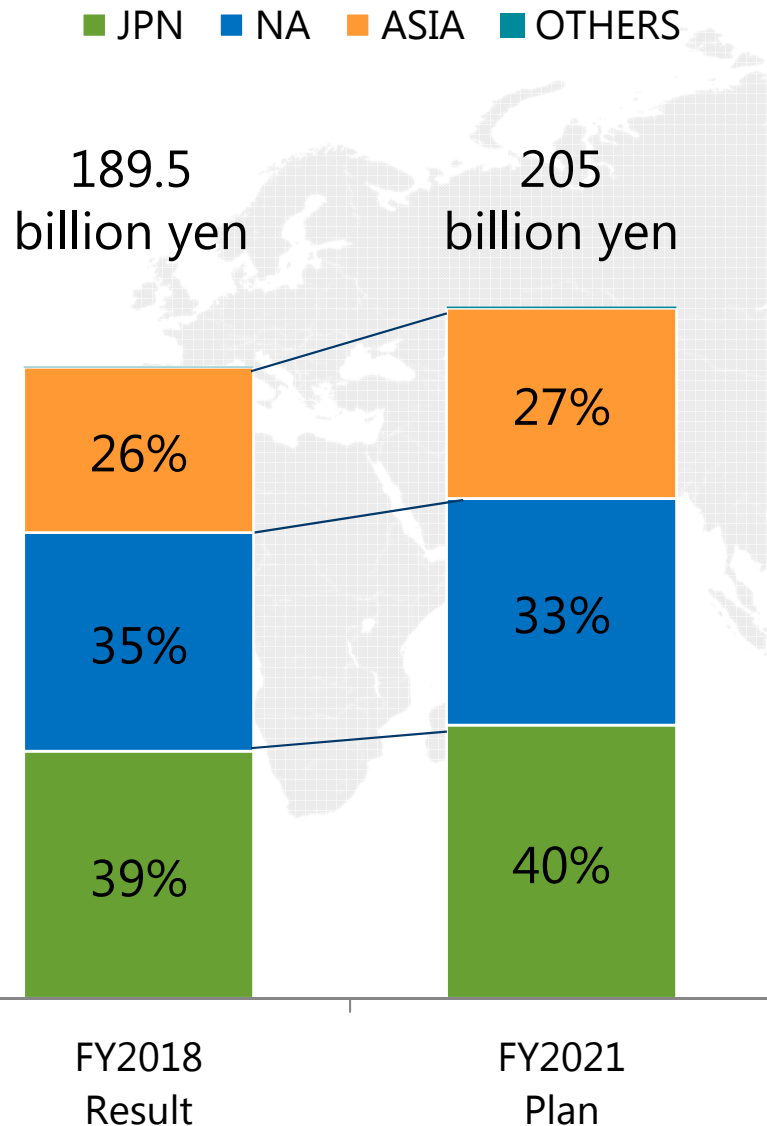
## Operating Income (billion yen) / Margin (%)





## Sales by Geographic Segment

Expansion Opportunity mainly in Asia and China



## Major points for the increase in sales

### Resin-treated product business

THI: Expanding orders for local models by reinforcing R&D

NA: Slightly reduce in the U.S. due to changes in production models  
Increasing production in Mexico due to the start of production of new models

### Chemicals business

CHN: Expansion of business in inland areas

ASEAN: Strengthening sales activities at new Indonesian bases  
Business expansion in the consumer products (Multi-layer film)

JPN: Strengthening manufacturing businesses  
(Original resin compounds, Consignment of chemical synthesis)

## Investment

## Strategic Investment of 10.0 billion yen ( 3 years )

	FY16-18 Result	FY19-21 Plan
Capital Expenditures	31 billion yen	35 billion yen
R&D expenses	7.5 billion yen	8.7 billion yen
Total	38.6 billion yen	43.7 billion yen
Depreciations	23.1 billion yen	27 billion yen

## SI: Strategic Investment / RD: R&D Expenses

SI: Expansion of sales to new customers

SI: New production line for multi-layer film with new technology

SI: Improvement of production efficiency (automation, AGV)

SI: Early Settlement accounts and strengthening of governance

RD: Strengthening R&D in Japan, North America, China and Thailand

## Outline of investment / R&D bases by region

RD: China (Guangzhou) and Thailand (Bangkok)  
New CAE and R&D functions

RD: R&D Center, (Moka)  
Development for plastic body

RD: North American R&D (Ohio)  
NA original model planning

SI: Integrate global core IT systems  
start at 12 sites in Asia by 2022  
China, Hong Kong and Singapore  
Thailand, the Philippines and Indonesia

SI: Expansion of the Mexican plant  
start in October 2020 (under construction)

SI: New plant for high-performance multilayer films  
(Shikoku Kakoh Co., Ltd., Kagawa Prefecture)

SI: New large parts painting line at Suzuka Plant  
start in January 2020 (under construction)

# Major Points of Mid-term Management Plan

## Strategy

Accelerate Business Innovations by strengthening the Global Management Base

### Three Major Targets

#### 1. Creating a working environment in which employees can grow and play an active role

- Introduction of a new personnel system based on the group HR policy (to be implemented in FY2019)
- Working environment where employees with diverse values can enhance the job career

#### 2. Strengthening governance functions to optimize the group as a whole

- Strengthening internal governance and business continuity management
- Establishment of a group compliance system and steady operation

#### 3. ESG management

- Solving global society issues through higher-dimensional CSR practices and business

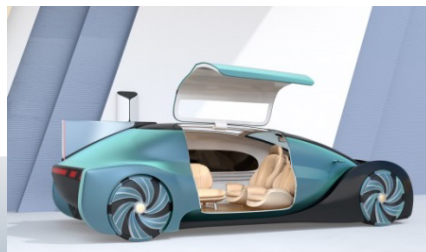
## Strategy

Responding to Changes in the Global Environment and contributing to a Prosperous Lifestyle

Investing management resources in five fields through the Resin-treated Product Business and the chemicals business



Information,  
communications and  
electronic materials



Mobility



Living environment



Fine chemicals



Medical and healthcare

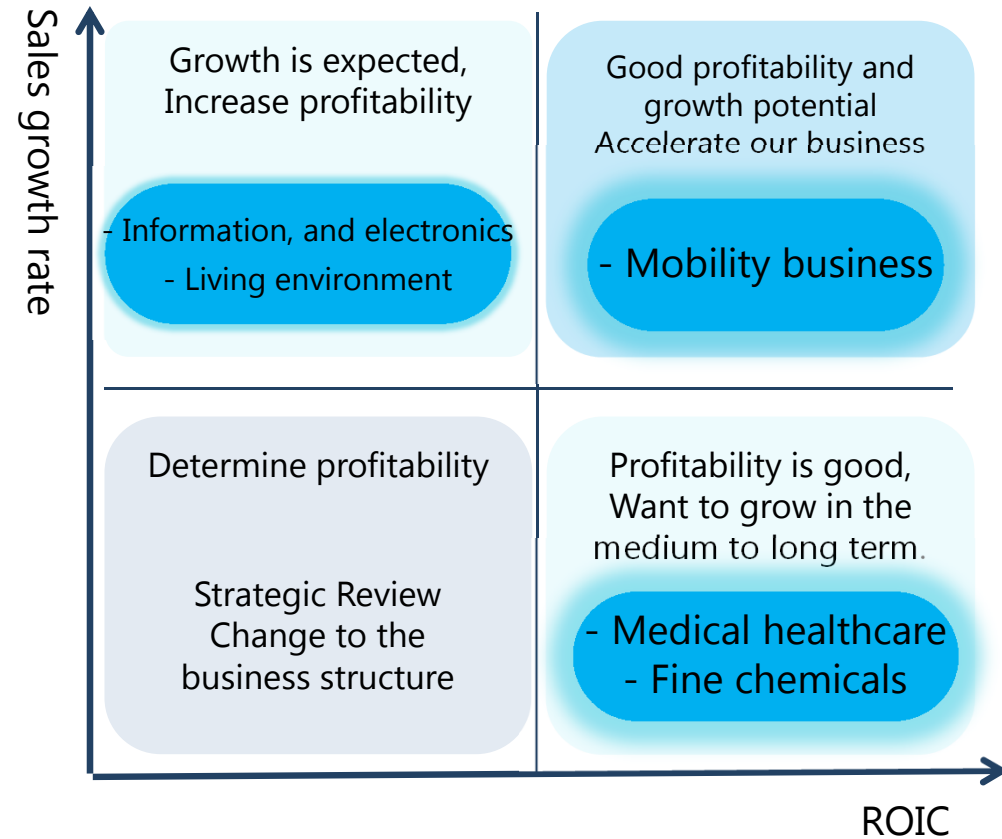
## Contribution to "Future Society"

1. Contributing to a comfortable and clean society
2. Contributing to a society where people can move safely
3. Contributing to a prosperous living and a healthy life

## Strategy

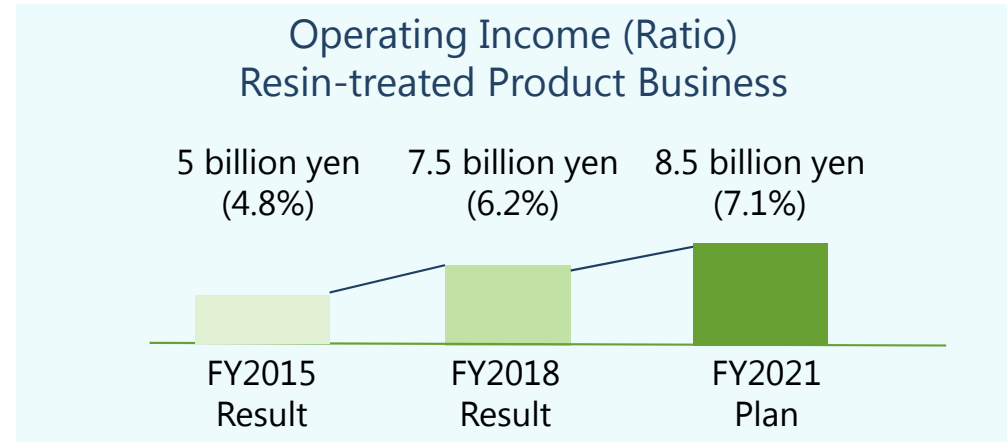
Optimize the Business Portfolio and build the Foundation for New Businesses

### Economic value evaluation of business



Portfolio Optimization  
(selection and concentration)

## ■ Mobility Business Strategy



Higher profitability by high-efficiency production

- Promote automation globally (robots and AGV)
- Improving efficiency through investment in factories such as automated warehousing (Guangzhou, Thailand)

Development of proprietary technology products

- Expansion of highly profitable businesses through unique light weight technologies
- Strengthen production system to expand business with new customers (VW)

## ■ Strategies for the Medical Healthcare Business

- New plant for high-performance multilayer films (Shikoku Kakoh Co., Ltd.)

New products widen new transactions and increases profitability



# Strategic Items: Creating added Value

## Strategy

Technologies and products for next-generation mobility

Through our unique processing, materials, and chemical technologies  
Providing value that exceeds customer expectations globally

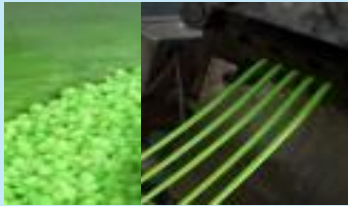
MORIROKU GROUP

MI 400 (2019-2030)

Chemicals business

Compound production

Development of functional resin materials



Resin-treated Product Business

Molding production

Development of lightweight parts



Automotive parts

Related business

Automotive materials

Related business

Providing solutions to secure mobility

Development of high-rigidity, lightweight parts



Contributing to  
future society

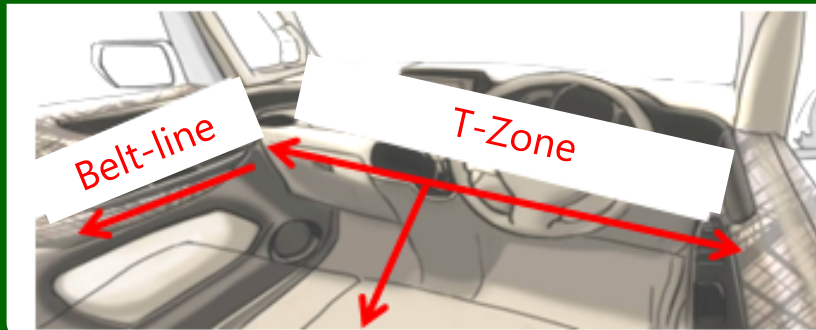
# Strategic Items: Creating added Value

## Strategy

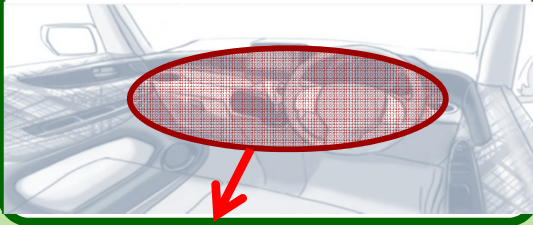
Technologies and products for next-generation mobility

Challenge to the whole resin body (light weight)

### From T Zone to Belt-line



### T zone



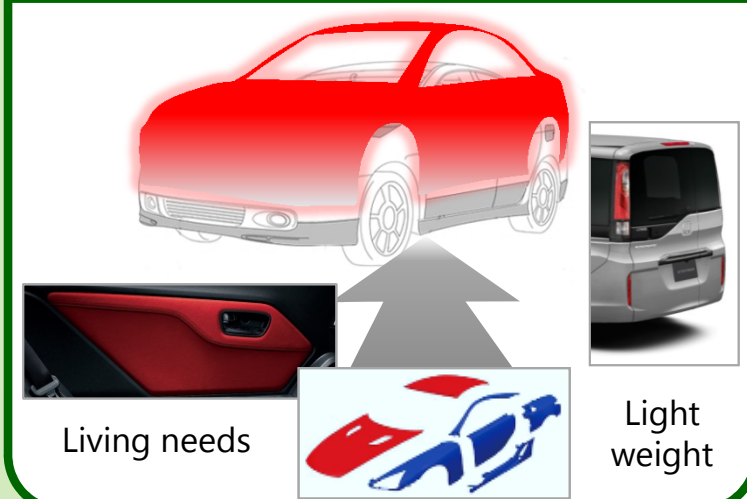
Utilizing our expertise  
development of instrument panels

- ✓ Strengthening the development of new products
- ✓ Accelerating efforts to reduce weight
- ✓ Establish mass-production technology

✓ Proposals for center panel including side and rear section

Further Strengthen  
New Product Development

### To the whole body



Practical realization from 2023 to 2026

Other category parts  
Solution for weight reduction

- ✓ Resinization of the whole body
- ✓ CFRP (carbon fiber reinforced plastics)

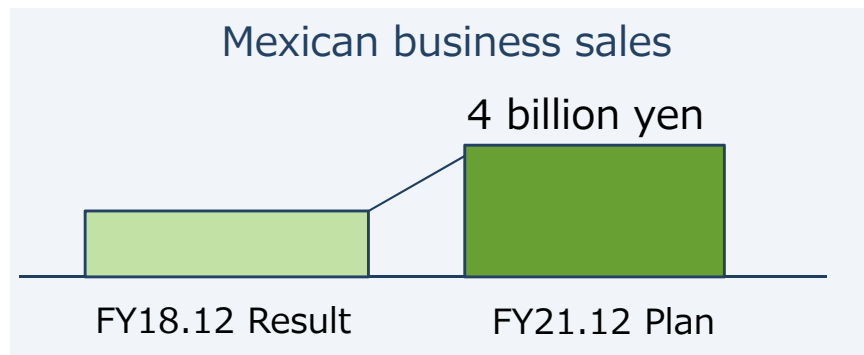
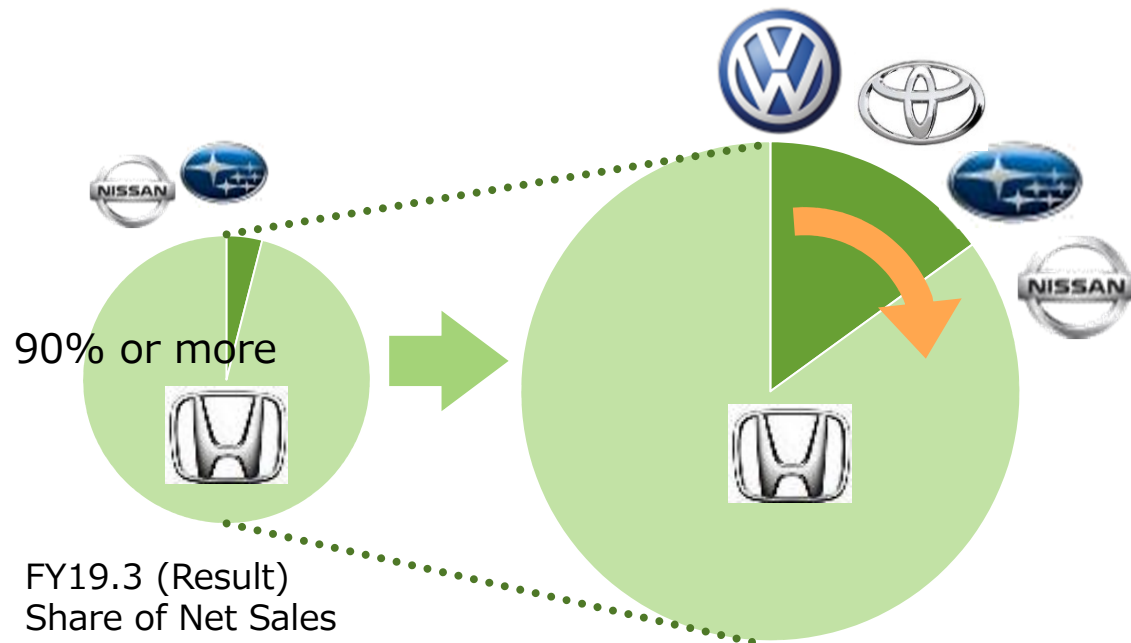
Parts strategy to meet the needs of  
living interior for automatic driving



## Strategy

New Production Technologies that anticipate Changes in the Environment

- Expansion of sales to other automobile manufacturers
- Expansion of share in automobile parts industry



## Business expansion with VW

Started mass production of new models at the Mexican plant at FY2020



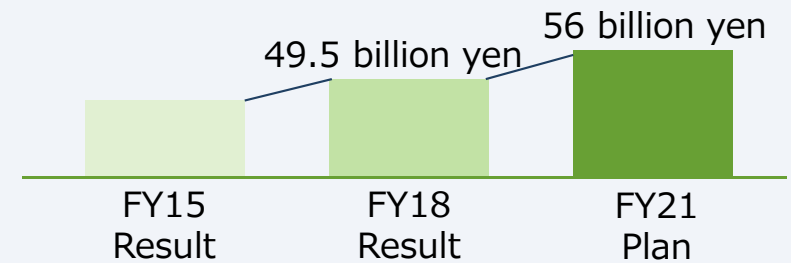
# Strategic Items: Business Structural Reform

## Strategy

Acceleration of business globalization and localization

Focus on China and Asia,  
which are expected to grow.

Sales results and plans in China and Asia



China

Start of operation  
Wuhan 2<sup>nd</sup> plant  
in 2018

Resin business

China

Expansion of sales of  
automotive Parts  
in Chengdu

Chemicals business

India

Start of operation  
India 2<sup>nd</sup> plant  
in 2018

Resin business

India

Expansion of sales of  
fine chemicals and  
electrical chemicals

Chemicals business

Vietnam

Expansion of sales of  
processed foods  
and resin materials

Chemicals business

Philippines

Development of  
new parts using  
unique technologies

Resin business

Thailand

Acceleration of  
factory automation  
using painting robot

Resin business

Thailand

Expansion of  
packaging materials  
and films business

Chemicals business

## MI 400 : Moriroku Innovation 400

Aiming to be a global corporate group that  
contributes to society through proprietary technologies

### Precaution

This material was prepared to help you understand us and is not intended to solicit investment in us. This document is prepared with care to ensure accuracy, but it does not guarantee completeness. We shall not be liable for any failure or damage caused by the information in this document. The forward-looking statements and forecasts contained in this report are based on information available at the time of preparation, and include potential risks and uncertainties. Accordingly, actual results may differ from the forward-looking statements referred to or stated in the forward-looking statements due to various factors such as changes in the business environment.