



CSR REPORT 2017

Corporate Philosophy

1. Customer First

We are committed to supplying our customers with products of superior quality and features in response to their needs while continuing to strive for more competitive costs and improved customer services.

2. Development of New Technology

We focus on manufacturing excellence with a competitive edge in the global market while pursuing more advanced technology.

3. Maximizing Human Capital

We are committed to creating a pleasant and vigorous work environment, embracing a diverse workforce with various talents to achieve their full potential.

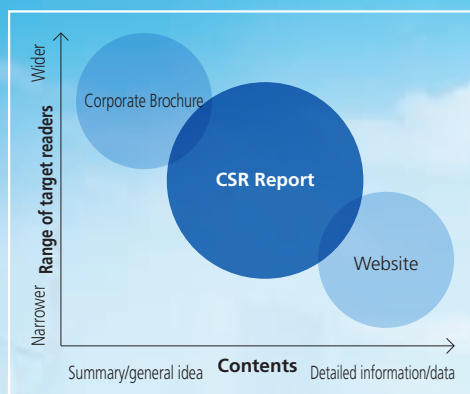
4. Challenge for the Future

We welcome any challenge with passion and creativity to respond confidently to ever-changing world markets.

5. Contribution to Society

Our management that is based on compliance contributes on progress of society through the business activities with environmental consideration.

Communication Map



Editorial Policy

Purpose

The CSR Report is formulated to facilitate stakeholders to deepen their understanding of the various activities by the Company.

Period of Application

The period of application is stated as fiscal 2016 (April 1, 2016 to March 31, 2017), however, some matters relate to outside the period.

Scope of Application

The scope of application is stated as Mitsubishi Steel Mfg. Co., Ltd., however, it also applies to some Group companies.

Importance and Completeness

Issues of high importance in the Mitsubishi Steel Group and in society are reported in the "CSR Report 2017." For more detailed information, please visit our website.



About Mitsubishi Steel **P3**

- History of Mitsubishi Steel P3
- Mitsubishi Steel Meets the Needs of the Future ... P5



Aims of Mitsubishi Steel **P7**

- President's Message P7



Coexisting with Society **P10**

- Creating Value Together with Society ... P10
- Corporate Governance P11
- With the Environment P13
- With Society P15



Corporate and Financial Information **P17**

- Company Overview, Directors and Officers, Network ... P17
- Environment and Labor-Related Data, Financial Highlights ... P18



History of Mitsubishi Steel

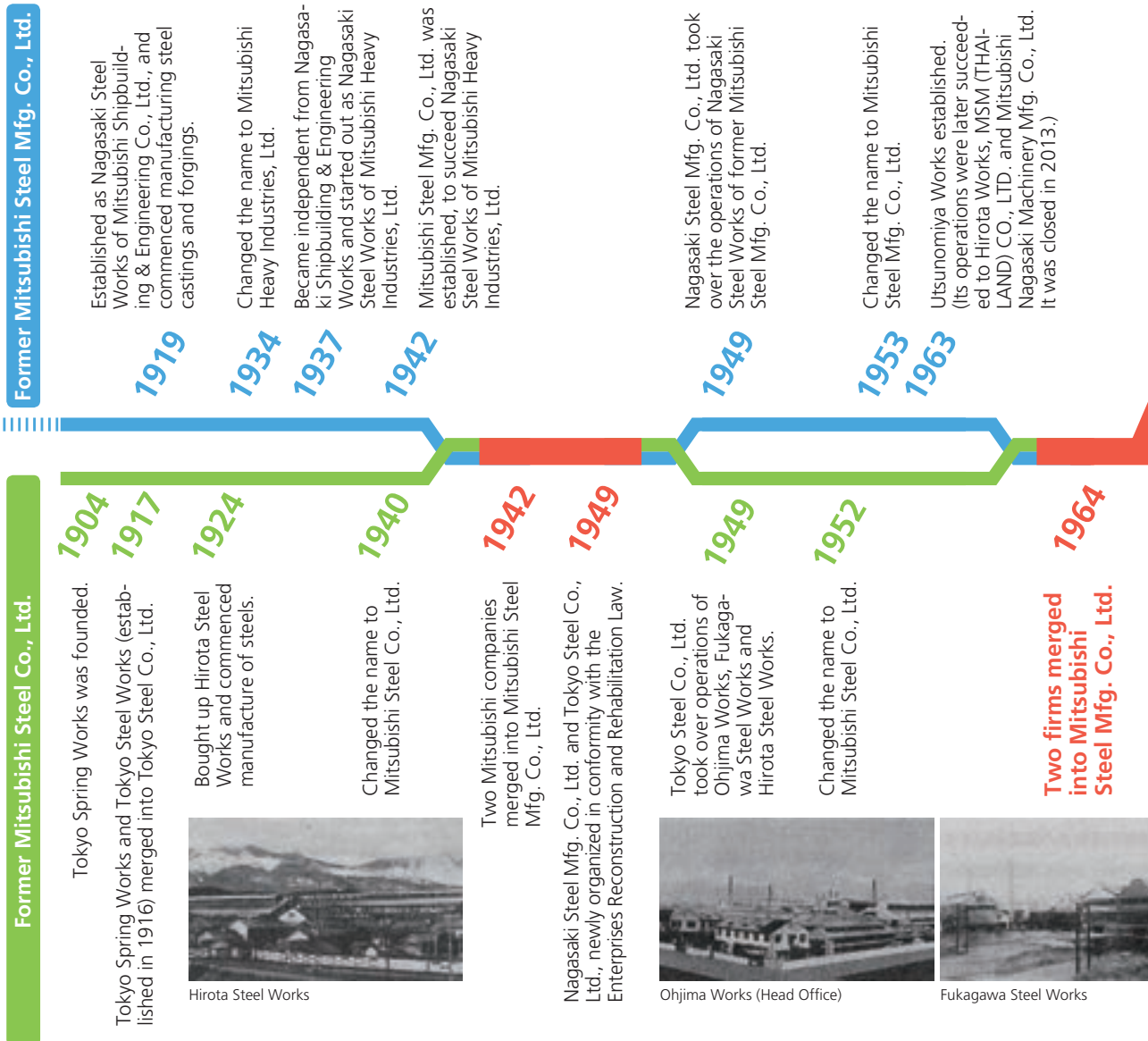
Shift from "Processing Special Steel" to "Creating Added Value from Materials"

The history of the Mitsubishi Steel Group began with Tokyo Spring Works, the first spring manufacturer in Japan, established in 1904. Since then, in the course of a history of over 100 years, we have advanced as a company "Processing Special Steel."

As we look toward the next 100 years, we will contribute to the progress of society by responding to changes in the world and growing into a company "Creating Added Value from Materials."



Utsunomiya Works



1965 Ohjima Works and Fukagawa Steel Works combined into as Tokyo Works.



Tokyo Works

1967 Ichikawa Works was newly established, and Magnetic Materials Unit of Ohjima Works was transferred to the Works. (In 1976, Mitsubishi Steel Mfg. Magnetic Materials Co., Ltd., which was separated from Ichikawa Work, was established. Later, its operations were partly transferred to MSM (THAILAND) CO., LTD.)

1975 Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. was established.



Mitsubishi Nagasaki Machinery Mfg. Co., Ltd.

1978 Newly established Ichikawa Springs Factory. (Consolidated to Chiba Works in 2001.)

1991 Rockwell International Suspension Systems Company U.S. was established in the U.S. (Company name changed to MSSC US INC. in 2013)

2000 Made PRECISION SPRINGS CEBU, INC. its wholly owned subsidiary. (Company name changed to MSM CEBU, INC. in 2004)

2005 Hirota Works was established, absorbing Ryokoh Casting Co., Ltd.



Hirota Works

1986 Rockwell International Suspension Systems Company was established in Canada. (Company name changed to MSSC CANADA INC. in 2013.)

1993 Newly established Chiba Works, and Springs Business Division was transferred from Tokyo Works.



Chiba Works

1994 Special Steel Bars Division of Tokyo Works was transferred to Muroran City, and its production was transferred to Mitsubishi Steel Muroran Inc.



Mitsubishi Steel Muroran Inc.

BANGKOK MAGNET CORPORATION CO., LTD. was established in Thailand. (Company name changed to MSM (THAILAND) CO., LTD. in 2000.)

2006 MSM Ningbo Spring Co., Ltd. was established in China.



MSM Ningbo Spring Co., Ltd.

PT. MSM INDONESIA was established in Indonesia.

2014 MSM SPRING INDIA PVT. LTD. was established in India.



MSM SPRING INDIA PVT. LTD.

2016 Opened Jakarta Branch of PT. MSM INDONESIA in Indonesia.

Opened Research & Development Center within Chiba Works.



Research & Development Center

MSSC MFG MEXICANA, S.A. DE C.V. was established in Mexico.



MSSC MFG MEXICANA, S.A. DE C.V.



President's Message

We will expand possibilities of materials with added value, and broadly contribute to the progress of society.

President & CEO

Motoyuki Sato



Our Mid-term Business Plan is progressing well. We clarified our future goals, which has improved employee morale and sense of urgency.

At present, conditions in the business environment surrounding the Mitsubishi Steel Group are generally favorable. There is firm demand for steel from the automotive industry, our major customers, and demand from the construction machinery industry has also recovered from the second half of 2016.

Under such circumstances, in fiscal 2016, which is the first year of our five-year Mid-term Business Plan, sales and profits both exceeded initial targets, and business performance was strong. Sales declined year-on-year owing to lower special steel product prices and other factors, but were maintained at the 100.0 billion yen level, meaning the decline in profits was limited, and the Group achieved an increase in net income attributable to owners of parent. At the time of writing, we are performing favorably so far in fiscal 2017.

In the 2016 Mid-term Business Plan, we plan to shift from "Processing Special Steel," to "Creating Added Value from Materials," over the five-year period to fiscal 2020. To achieve the goal, we will strengthen our "Processing Special Steel" business model as the strong profit center with its worldwide acceleration and the synergy between

the Special Steel Bars Business and the Springs Business. Additionally, we will create the "Creating Added Value from Materials" business model with its expansion into new industrial sectors, and make the Formed & Fabricated Products Business the third profit center.

As a result of formulating and launching the plan, and clarifying our future goals, there has been a visible improvement in employee morale and sense of urgency.

Looking back over specific initiatives implemented since the start of the plan, first, in April 2016, we organized the Research & Development in order to strengthen our research and development structure, and established "Research & Development Center" in Chiba Works. By establishing the center, which conducts integrated research and development from materials to products, we have achieved significant results this year, including the development of lighter-weighted materials for springs. Going forward, as we move to internal manufacturing of materials for formed and fabricated products, we intend to introduce vacuum induction melting (VIM) facilities in the center, and thereby support to create the "Creating Added Value from Materials" business model.

With regard to our organizational structure, we have established Corporate Planning Unit to act in a cross-sectional way to increase synergies between business segments, and have achieved results exceeding the expectations in regard to Group-wide responses to issues and the implementation of initiatives. Based on the success, we established a Sales Division as the second stage of this cross-sectional function, and to engage in sales development utilizing our comprehensive capabilities. Meanwhile, we are also making steady progress in our global expansion. In regard to building a worldwide supply chain in the Springs Business, the production of automobile stabilizer bars commenced in April 2017 at new manufacturing lines at sites in China and at our new site in Mexico. In August 2017, the production of large coil springs for construction machinery commenced at our site in India. In regard to overseas expansion in the Special Steel Bars Business, the production of special steel at a joint venture in Indonesia started in April 2017, and we are expanding sales to local Japanese manufacturers. In the second half of fiscal 2017, we will further accelerate



Opening ceremony of a factory in Mexico

the global expansion. To build a worldwide supply chain in the Springs Business, we intend to implement M&A and other initiatives in order to enter the European market. The Group aims to transition to generating profits in the Special Steel Bars Business in Indonesia, as we set the local sales of flat bar for springs with integrated production from materials to processing, and round bars for which Mitsubishi Steel holds exclusive sales rights on track.

We will focus on developing “people,” to grow and develop together with our customers as we shift to a company “Creating Added Value from Materials.”

The main customers of the Group are in the automotive industry and the construction machinery industry, and we must identify changes in social trends and environments surrounding the industries to provide products and services in response to increasingly fierce competition in global markets. The slogan of the 2016 Mid-term Business Plan, shift from “Processing Special Steel” to “Creating Added Value from Materials,” represents our aim to deepen and evolve our BtoB strategy, which is the first step for the coming 10 years, as we strive to grow and develop together with our customers by achieving the goal. Going forward, in order to capture demand in the automotive industry in particular, the Group will be required to strengthen its structure as a global supplier of suspension springs including coil springs and stabilizer bars. Therefore, it is essential that we expand our production sites globally and make our products lighter in weight, and, in parallel with the expansion of our

worldwide supply chain, we will promote the development of special steel that meets the demand for lighter-weighted products at “Research & Development Center.” In regard to the integrated local production and processing model for special steel which we focus on as Indonesia Project, we will expand sales of cost competitive flat bar on a global basis, while also expanding round bar sales, primarily in Southeast Asia, and additionally consider expanding the model in India and North America. In the Formed & Fabricated Products Business, we will implement initiatives considering M&A and business alliances, in order to build the “Creating Added Value from Materials” business model, including moving to internal manufacturing of materials by VIM. In carrying out the shift, the most significant issue will be, of course, “people.” Although there currently is the potential within the Group to build an organization that will respond to an increasing scale owing to accelerated global expansion and implementation of M&A, and maintain the corporate group with precise management, it is essential that we enhance our skills by training our human resources. Our policy will be to increase opportunities for the exchange of personnel with sites overseas, in order to develop human resources that can clarify issues our organization faces, and play an active role globally, with communication that captures essence of issues. “Research & Development Center” will also play a significant role in developing human resources with technical skills. We will focus on developing “people” to support future value creation through activities such as academic-industrial alliance activities to expand our perspectives and enhance knowledge.



Research & Development Center



Regarding the investment of management resources in line with future business expansion, we believe that we should make judgments based on more accurate risk assessments, and strengthen corporate governance accordingly. In terms of specific initiatives, an "Investment and Credit Committee" that is independent from

Operating Unit, etc. has been set up to conduct evaluations of investment and credit cases from an objective and neutral perspective. Also, a "Governance Committee" has been set up to deepen Outside Directors' understanding of business issues, and to reflect their various advices and suggestions to the management.

We will contribute to the resolution of social issues through our business, and build a trust relationship with society while enhancing our corporate value.

As mentioned above, as a BtoB company, the Group will support the businesses of its customers centering on the automobile industry and the construction machinery industry, with the aim of growing and developing along with its customers. Although the products and services we provide do not directly bring about greater convenience and prosperity for end users around the world, as we constantly pursue high standards in quality

and added value, as well as continuously and steadily fulfil our responsibility to supply to the manufacturing industry, we take pride in how our business contributes to the solution of social issues.

As chances for growth in customers' industries expand globally, the role of the Group—to use the natural resources effectively to produce and provide new value via reliable technological capabilities—will continue growing in the future. The expansion of our worldwide supply chain and our overseas sales expansion efforts such as the Indonesia project also link to our efforts to promote local employment, and has the benefit of contributing to the lives of people around the world. By solving social issues through its business activities, the Group builds a trust relationship with society while enhancing its corporate value.

The Mitsubishi Group, which we belong to, employs the basic philosophy of "The Three Corporate Principles" as the guiding principles for corporate activities. The Three Corporate Principles—"Corporate Responsibility to Society"; "Integrity and Fairness"; and "Global Understanding Through Business"—are precisely the policies that the Group has been adopting in implementing initiatives to create value. As a corporation that will grow and develop sustainably together with society, we will continue to inherit the spirit of "The Three Corporate Principles."



Material production in Indonesia

In order to continue being a company needed by society in the next century, we will inherit the challenger spirit from our founding days.

The history of the Group spans more than 100 years since its foundation in 1904. The business began with the production of springs for spinning machines, when our predecessor decided to produce their own spring materials because it was difficult to obtain imported materials, marking the start of special steel production by the amateurs. Such bold challenger spirit of "manufacturing what we need by ourselves" has been inherited as the DNA of Mitsubishi Steel, and has supported our business expansion over a long time.

In order to continue being a company needed by society in the next century, we will keep up this challenger spirit, and all employees of the Group will work together as a

team in challenging ourselves to create new value.

We hope that all stakeholders including our shareholders will look forward to seeing the Group make further advances in the days ahead.





Creating Value Together with Society

The Group has formulated the Basic CSR Policy based on our Corporate Philosophy and the Mitsubishi Steel Group Code of Conduct, and we are promoting CSR activities accordingly. The Mitsubishi Steel Group Code of Conduct is based around the six central pillars of "business activities," "compliance," "disclosure," "respect for employees," "environmental conservation," and "globalization." We are working to raise employees' awareness of CSR by releasing 11 statements regarding these areas.

Corporate Philosophy

1. Customer First
2. Development of New Technology
3. Maximizing Human Capital
4. Challenge for the Future
5. Contribution to Society

Mitsubishi Steel Group Code of Conduct

The purpose of the "Mitsubishi Steel Group Code of Conduct" is to ensure that the company is in line with expectations of society while retaining its flexibility to accommodate demands from a rapidly changing business environment to pursue sustainable global endeavors. All executives and employees of the group's companies share the responsibility to abide by the Code of Conduct.

Business Activities

1. Supply high quality and functional products along with excellent services consistently to satisfy customer needs to play a part in the progress of society.
2. Focus on developing unique and advanced technology by mobilizing various areas of expertise developed within the organization to strive for profit and improved corporate value through efficient operation.
3. Cultivate a corporate culture that encourages people to take on a challenge without fear of failure for continuous growth.
4. Dedicate ourselves to improvement of society through business conduct, tapping into the opinions of all stakeholders.

Compliance

5. Comply with the laws and regulations or code of ethics in society for transparent, fair, and equitable transactions under free competition.
6. Never be involved with destructive forces that pose a threat to peace and safety of civic society.

Disclosure

7. Disclose corporate information in a timely and appropriate manner to ensure transparency while protecting privileged information pertaining to employees and customers.

Respect for employees

8. Respect human rights, character, and the individuality of employees along with diversity in the workforce, and never discriminate on the basis of difference in characteristics.
9. Galvanize the company by fostering human resources as well as ensuring a safe and pleasant work environment.

Environmental conservation

10. Get actively involved in protecting the environment in all aspects of business activities with a heightened awareness that conservation of the global environment is one of the most crucial challenges facing mankind.

Globalization

11. Respect local culture and customs as well as comply with all international rules and local laws and regulations when conducting global business.




Basic CSR Policy


We aim to be a more reliable business by fulfilling our social mission, and we will contribute to the realization of a sustainable society through dialogue with all stakeholders, including customers, suppliers, shareholders, employees, and local communities, based on our Corporate Philosophy and the Mitsubishi Steel Group Code of Conduct.

The Mitsubishi Steel Group recognizes the importance of the establishment of a corporate structure that is able to respond to any changes in the business environment, and we have designated achieving sustainable global expansion by fostering competitive businesses as our basic management policy. Based on this basic policy, we are strengthening activities related to "Corporate Governance," "Environment" and "Society," so as to achieve sustainable growth together with society.


Highlights of Activities



Corporate Governance
▶ P11



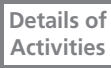
With the Environment
▶ P13



With Society
▶ P15

Please visit the "CSR Information" section of the Mitsubishi Mfg. Co., Ltd. Steel website.
<http://www.mitsubishisteel.co.jp/english/csr/>

Details of Activities





Corporate Governance

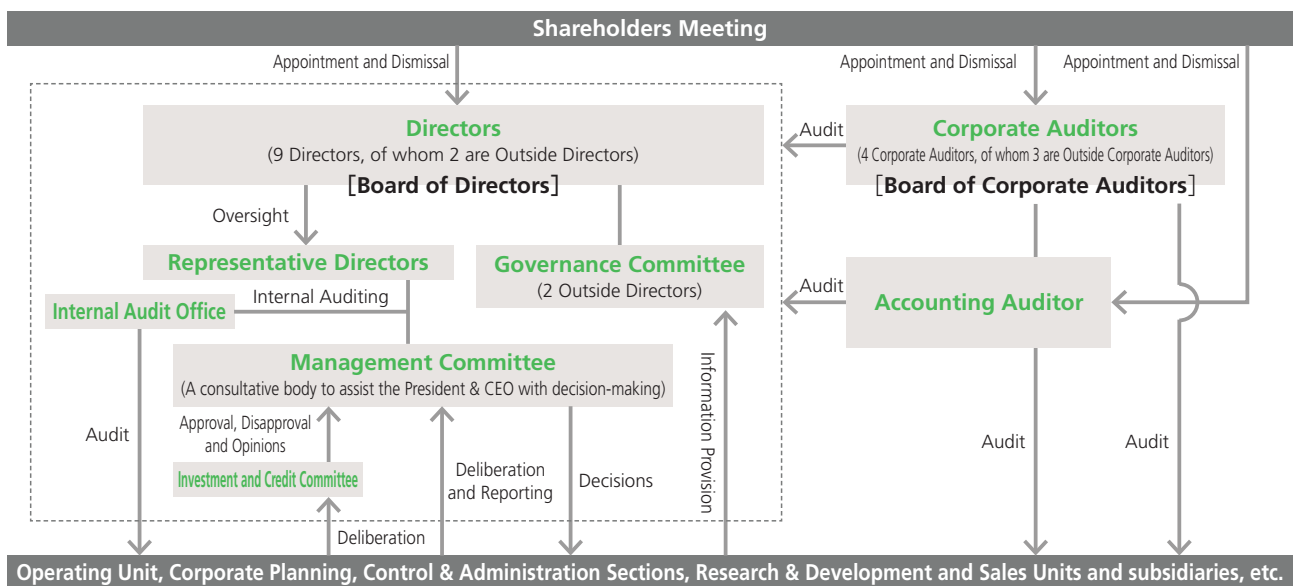
The Group recognizes the importance of the establishment of a corporate structure that is able to respond to any changes in the business environment, and we have designated “achieving sustainable global expansion by fostering competitive businesses” as our basic management policy. In order to achieve this, we recognize the importance of having comprehensive corporate governance and swift and reasonable decision-making processes, while also ensuring that we have functions for their oversight.

◆ Corporate Governance System

We released the “Basic Policy for Corporate Governance” in fiscal 2015, and we have revised the Rules of the Board of Directors in line with this. In the pursuit of efficient corporate governance, we are strengthening the oversight functions of the Board of Directors by ensuring full exchange of information and pooling of knowledge, etc. between independent Outside Directors in the Governance Committee, which is a subordinate organization of the Board of Directors.

In fiscal 2016, we established the Investment and Credit Committee, which will evaluate cases from an objective and neutral perspective as a committee independent from Operating Unit, etc., and strengthened the risk management system.

The Basic Policy for Corporate Governance is available on our website.



◆ Introduction of the Performance-linked Stock Compensation Plan

Through a resolution at the 93rd Ordinary General Meeting of Shareholders, a performance-linked stock compensation plan was introduced for Directors (excluding Outside Directors). This is to define the relation between remuneration of Directors and the Company's share value more clearly and increase motivation to enhance medium- to long-term performance and corporate value.

◆ Board of Directors Meeting Held at a Work Location

To secure opportunities for Outside Officers of the Company to obtain as much information as possible on the business activities of work locations and each Group company as well as other necessary information, the Board of Directors meeting will be held at a work location or a subsidiary of the Company once a year. The first such Board of Directors meeting was held at Mitsubishi Steel Muroran Inc. in fiscal 2016, and a factory inspection was also conducted, allowing officers to gain a deeper understanding of the Company's business.

Compliance

The Group is conducting business practices that comply with laws and social norms as indicated by the Mitsubishi Steel Group Code of Conduct.

◆ Compliance Initiatives

Compliance education

The Group is working to ensure that thorough compliance education is conducted.

During training, unique ideas are implemented so that they relate themselves to compliance issues, such as by taking examples from actual events and using them as teaching materials as appropriate to the level of training, and engaging in discussions as necessary.

Going forward, we will continue to conduct training in order to further improve awareness of compliance and ensure penetration among officers and all group employees.

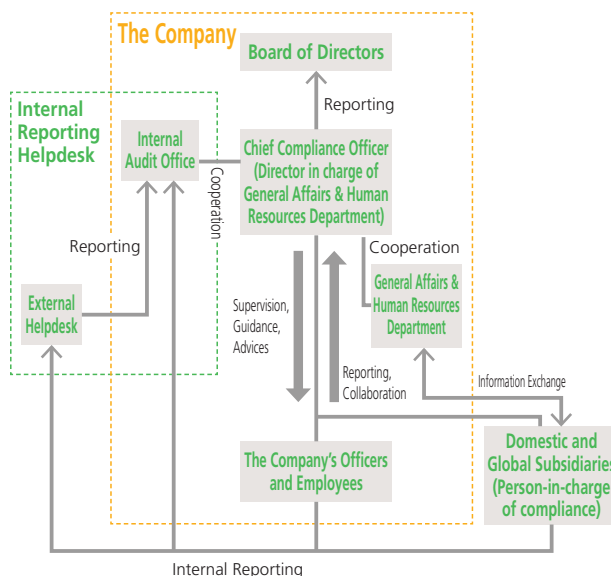
◆ Internal Reporting System

The internal reporting system utilizes internal and external helpdesks outside of the workplace to receive reports and provide advice should any of the Group's employees become aware of illegal or improper acts, or where there may be a problem and for whatever reason finds it difficult to discuss the issue in the workplace.

Reports can be made by telephone, email, fax, mail, in writing, or in person, and we also accept anonymous reports.

◆ Formulation of Basic Regulations on Compliance

"Basic Regulations on Compliance" which applies throughout the Group has been formulated. The rules concerning compliance were clarified and a compliance structure was established, thereby strengthening the overall governance of the Group.



Communication with Shareholders and Investors

Public & Investor Relations Department Newly Established

In December 2016, we newly established "Public & Investor Relations Department" as a contact point to facilitate communication with shareholders and investors. In addition to holding financial results briefings for securities analysts and institutional investors regularly, we also held tours of factories and Research & Development Centers in Japan. The department will swiftly convey feedback and opinions from shareholders and investors to the management team including senior management, leading to further dialogue opportunities and better information disclosure.

Website Renewal

The Company's website has been renewed to facilitate users to deepen their understanding of the Company. Investor Relations (IR) information such as Financial Results and Company Announcement documents are published in a timely and appropriate manner on the website after they have been released. We also actively disclose information that is not subject to timely disclosures through press releases and the website. Furthermore, to make information "clear to read" and "easy to comprehend" for users, we have adapted the website to a wide range of platforms, including devices such as smartphones and tablet. We will continue providing useful information and enhance contents for all the users.



A factory tour



Website top page



Environmental Management

Building and operating an environmental management system to promote an active approach to environmental conservation initiatives.

◆ Mitsubishi Steel Group Environmental Policy

With the amendment of the 2004 version of ISO 14001 to the 2015 version, we have reviewed the Group's environmental policy.

Environmental Philosophy Get actively involved in protecting the environment in all aspects of business activities with a heightened awareness that conservation of the global environment is one of the most crucial challenges facing mankind.

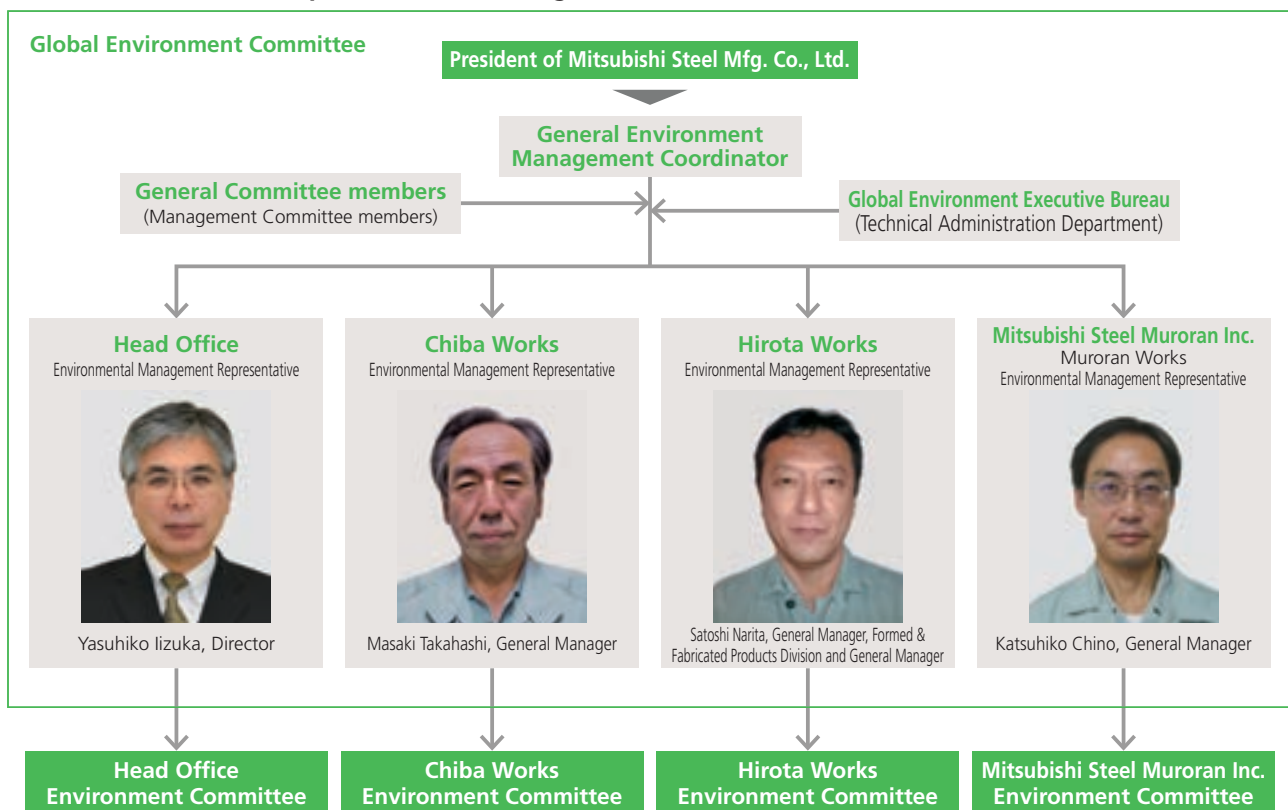
- Code of Conduct**
1. As an organization which contribute toward a sustainable society through manufacturing, take the environment into consideration at all stages of business activities including from product development and design to manufacturing.
 2. Set environmental purposes and goals based on corporate environmental policy and conduct periodic review.
 3. Engage in environmental conservation activities, such as prevention of pollution, application of sustainable resources, climate change mitigation as well as other environmental conservation, throughout all areas of business activities.
 4. Comply with environmental laws and regulations as well as other requirements which we consent.
 5. Pursue continuous improvement in environmental management system through implementation of PDCA cycle, for the better performance in environmental activity.
 6. Inform environmental policy to every member of our group through education and intra-group publication, and disclose the policy to stakeholders.

Revised in Mar. 15, 2016

◆ Environmental Management Organization

We have created a company-wide organization with the Global Environment Committee at its core to work on environmental conservation initiatives.

■ <Mitsubishi Steel Group Environmental Organization Chart>



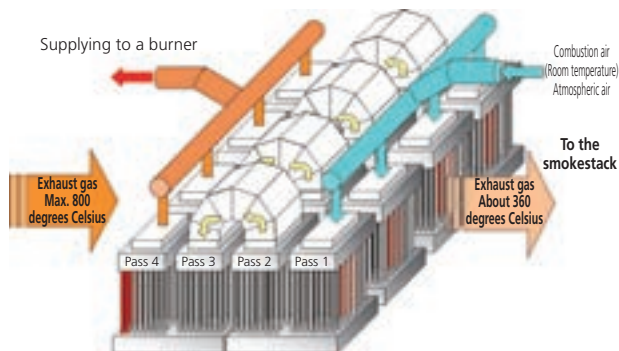
Global Warming Countermeasures

All work locations are implementing initiatives to reduce CO₂ emissions.

◆ Reducing Ignition Gas: Mitsubishi Steel Muroran Inc.

Eight pieces of recuperators (heat exchangers) for preheating furnaces in the rolling plant were updated. By exchanging heat between the air supplied to the burner and the high-temperature exhaust gas, the air temperature for combustion is raised. Through this renewal, we have improved the heat exchange efficiency by 5%, realizing a reduction in the amount of ignition gas used.

At the steel making plant, two more pieces of equipment used to preheat the ladle were updated with an energy-saving type of generator burner, continuing from last year. This time, we achieved reductions in the amount of ignition gas used in the steel making plant of 12% over the previous year's level, and of 24% over the level from two years ago.



Recuperator for preheating furnace



Equipment for preheating the ladle

◆ Improve Unit Power Consumption Rate: Chiba Works

Four aging 75kW compressors were updated, improving the discharge quantity by 10%. Furthermore, the unit control panel for compressors was updated. Removing unnecessary operations by controlling the running and stopping (loading and unloading) of a total of eight compressors that are in operation, we improved the unit power consumption rate by 5.3% (0.131kWh/Nm³ ⇒ 0.124kWh/Nm³).



Compressor



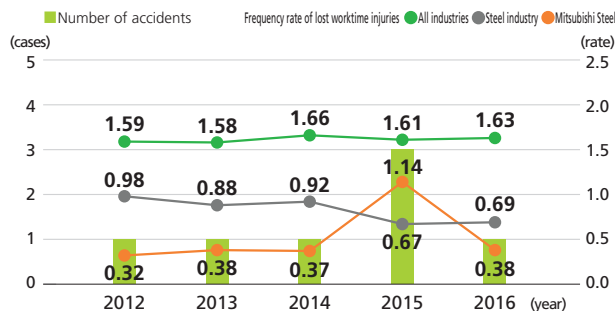
Unit control panel for compressors



Safety of Employees

Based on its concept of "Safety always comes first," the Group promotes the creation of a comfortable workplace environment that allows employees to work in safety and health.

Frequency rate of lost worktime injuries



* Frequency rate of lost worktime injuries = Ratio of number of accidents accompanied by lost worktime per one million hours
Data has been calculated as the total of Mitsubishi Steel Mfg. Co., Ltd. and Mitsubishi Steel Muroran Inc.

Patrols by Senior Management

Safety and health patrols by senior management were implemented at both domestic and global production sites. In 2017, we offered opportunities for them to have an interview with a person-in-charge—head of operations—of a manufacturing plant about safety conditions at the plant, in an effort to strengthen initiatives aimed at eradicating accidents.



Safety and health patrols by senior management

Employee Meetings for Safety Held on a Regular Basis

Meetings of the employees in charge of safety at work locations in Japan (including Group companies) are held regularly. Through cross-checking of work location conditions and the information exchange on safety initiatives, employees can share their problems and solutions, as well as work on raising safety awareness. By continuously holding the meetings, we promote the creation of an even safer working environment.

Emergency Project Activities to Counter Major Disaster

In 2017, the Group experienced a major disaster. Viewing it seriously, the Group announced "State of Safety Emergency," and started a project consisting of employees in charge of safety at the Head Office and at work locations. The project team visited all of our domestic and global production sites, verifying the conditions of safety management and promoting improvements.

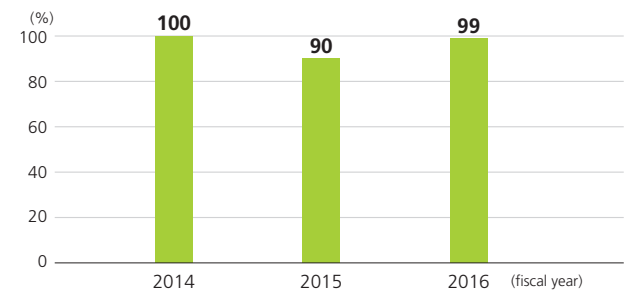
Improving Customer Satisfaction

The Sales, Manufacturing, and Quality Assurance Sections work together to contribute to the growth of society by continuing to offer products that satisfy our customers and earn their trust.

Initiatives to Improve Quality

In line with progress in global expansion, the Group's production sites have been expanding in recent years. Under such circumstances, when there are customer complaints, quality meetings are held, where employees investigate the causes of the complaints and ensure that the necessary measures are thoroughly implemented on a continuing basis. In order to ensure that we satisfy our customers and earn their trust, the Sales, Manufacturing, and Quality Assurance Units will work together to improve quality.

Change in Quality Complaint Indices*(Domestic and global Group companies)



*Quality Complaint Index: The number of complaints in FY2014 is designated as 100%.

MSM (THAILAND) CO., LTD. Received the Outstanding Quality Award

MSM (THAILAND) CO., LTD., a Group company, received the Outstanding Quality Award from Thai Nippon Seiki Co., Ltd. This award was given in recognition of no defects in quality over a long period of five years, from fiscal 2012 to fiscal 2016. A certificate of commendation was presented. The product that received the award was a magnet, used in bicycle speedometers, and many employees and local staff have cooperated on a daily basis to continuously improve its quality. MSM (THAILAND) CO., LTD. will continue its efforts to further improve quality.



Staff of MSM (THAILAND) CO., LTD.



Improving R&D and Technological Capabilities

The Group is strengthening its research and development initiatives, which will support the Group's medium-to long-term growth, with the aim of improving technological capabilities and creating products that will meet customers' expectations.

◆ Initiatives at Research & Development Center

Research & Development Center was established within the premises of Chiba Works in April 2016, consolidating the research and development units of special steel bars, springs, as well as formed & fabricated products, which were previously separated by business. We strive to balance both research and development aimed at realizing the corporate strategy and basic research that will form seeds of future business expansion, thereby leading to creation of the future of the Group.

Basic Concept

- Promote research in line with the corporate values
- Support new businesses (Local procurement, IoT)
- Intellectual property strategy
- Activities that maximize synergies
- Academic-industrial alliance activities

At Research & Development Center, under the policy of "a one-stop development center from materials to products completed," the research and development of environmentally-friendly products is being conducted. Specific examples of products in development are as follows.

- 1) Increasing the strength of coil springs and stabilizers**
Increasing the strength of coil springs and stabilizers makes it possible to create lighter parts of automobiles, thereby leading to an improvement in fuel efficiency.
- 2) Special steel bars with crystal grains that will not coarsen at high temperatures**
It can significantly reduce the carbonizing treatment time of forged parts, thereby saving energy.
- 3) Improvement in magnetic characteristics of soft magnetic material powder for inductors**
By improving the magnetic characteristics and aiming to make inductors highly efficient, the downsizing of parts can be realized, which contributes to saving electric power.



Research & Development Center

Regional and Social Contribution

As a member of the local community, our goal is to actively communicate in order to live in harmony with society, while becoming involved in a variety of social and local contribution activities.

◆ Exchanges with Local People

Hirota Works Bon Odori gathering

Every August, the Hirota Works holds a Bon Odori gathering. This is attended not only by the employees of the Hirota Works and of partner companies, but also by local residents, making for a lively evening.



Hirota Works Bon Odori gathering

Mitsubishi Steel Nagasaki Steel Works memorial service for atomic bomb victims

The former Nagasaki Steel Works of Mitsubishi Steel Mfg. Co., Ltd. was located in Nagasaki City, Nagasaki Prefecture. Every year on August 9, a memorial service is held for the more than 1,400 former colleagues who died at work after the atomic bombing. Family members of the victims, former employees of Mitsubishi Steel Nagasaki Steel Works, employees of the Company at managerial positions, as well as the president and officers of Mitsubishi Nagasaki Machinery Mfg. Co., Ltd. participated in the memorial service.



Mitsubishi Steel Nagasaki Steel Works memorial service for atomic bomb victims



Corporate and Financial Information (As of October 1, 2017)

Corporate Profile	
Corporate Name	Mitsubishisteel MFG. Co., Ltd.
Head Office	Daiwa Tsukishima Bldg., 16-13, Tsukishima 4-chome, Chuo-ku, Tokyo, 104-8550 Japan
Established	April 1917
Founded	December 1949
Capital	¥100.3 billion
Representative	President Motoyuki Sato
Annual sales	Consolidated : ¥103.7 billion (Fiscal Year Ending March 2017)
Employees	Consolidated : 3,655 (Fiscal Year Ending March 2017)

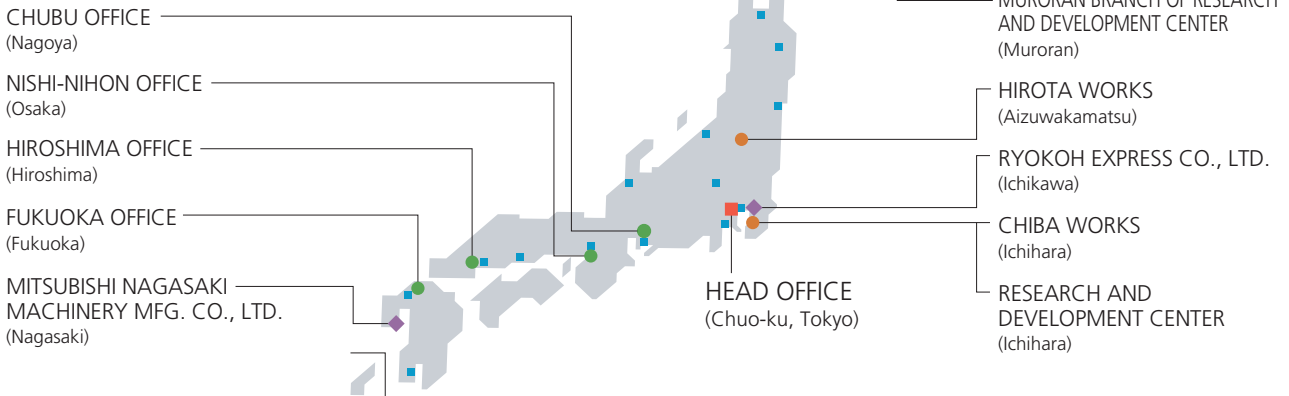
Executives			
President (Representative Director)	Motoyuki Sato	Director	Yasuhiko Iizuka
Managing Director (Representative Director)	Hiroyuki Nagata	Director	Akira Yamao
Director	Masayuki Takashima	Full-time Auditor	Hirokuni Sakamoto
Director	Akira Hishikawa	Full-time Auditor	Yoshihiro Hayasaka
Director	Hiroshi Sekine	Auditor	Shuichiro Sekine
Director	Hiroshi Amano	Auditor	Tetsuya Nakagawa
Director	Jun Takayama		

(Note) Mr. Masayuki Takashima, Mr. Akira Hishikawa, Mr. Hirokuni Sakamoto, Mr. Shuichiro Sekine and Mr. Tetsuya Nakagawa are Outside Officers as stipulated by the Companies Act. The Company has filed them as independent officers stipulated by the Tokyo Stock Exchange, Inc.

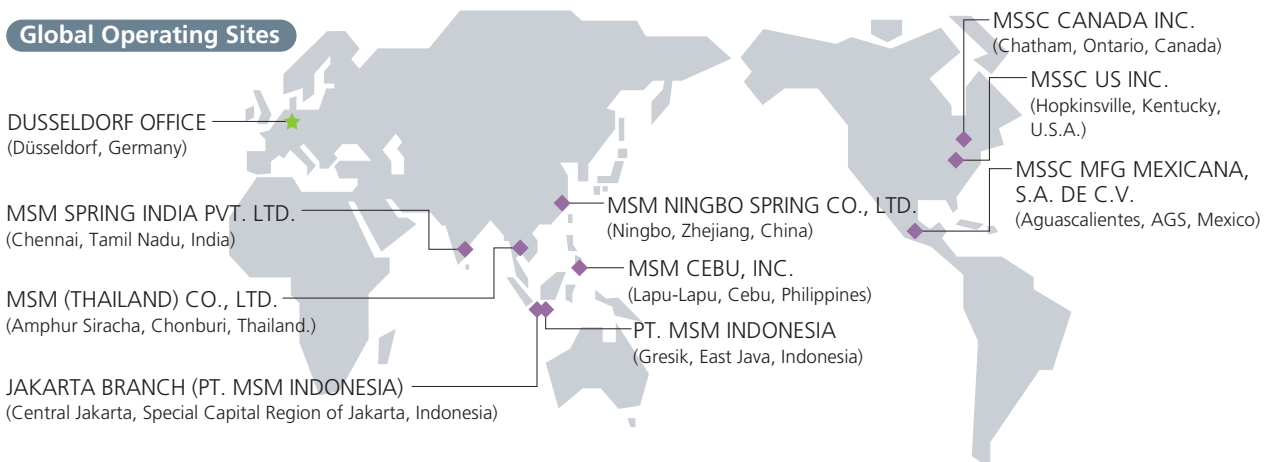
Network (Domestic and Global Operating Sites)

- Head Office
- Work locations
- Sales offices
- ★ Overseas offices
- Service centers
- ◆ Subsidiaries

Domestic Operating Sites

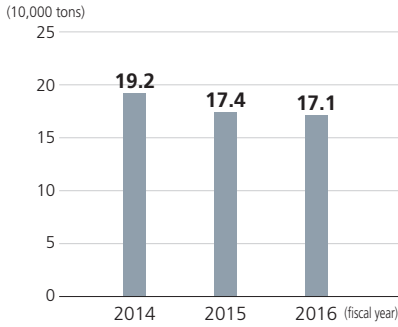


Global Operating Sites

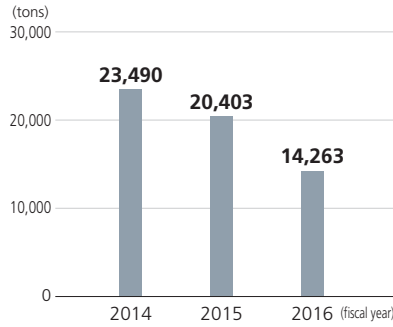


■ **Environment-Related Data** (Aggregate data of Mitsubishi Steel Mfg. Co., Ltd. and Mitsubishi Steel Muroran Inc.)

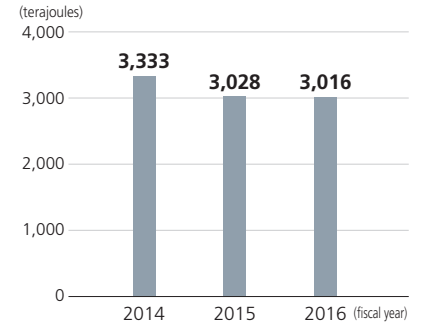
Total CO₂ emissions at domestic sites



Total volume of industrial waste

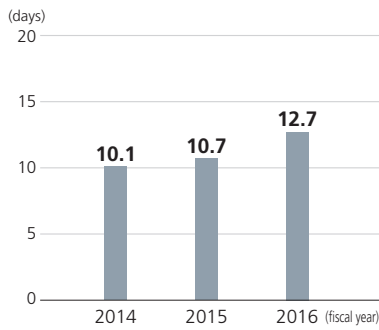


Amount of energy used

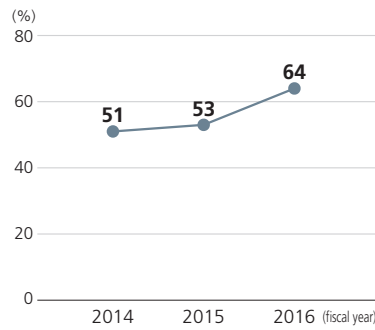


■ **Labor-Related Data** (Non-consolidated)

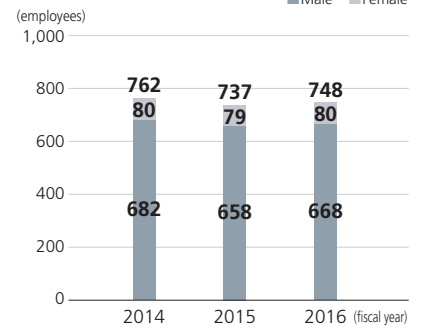
Days of paid annual leave taken



Percentage of paid annual leave taken



Number of employees



■ **Financial highlights** (Consolidated)

		FY2014	FY2015	FY2016
Financial information (billion yen)	Net sales	118.7	106.5	103.7
	Operating income	4.9	4.2	3.8
	Ordinary income	5.8	3.2	3.2
	Profit attributable to owners of parent	3.5	2.4	3.5
	Capital investment (excluding leases)	2.2	3.1	5.1
	Depreciation	3.0	3.0	3.3
	Research and development expenses	0.8	0.7	1.1
	Cash flows from operating activities	5.5	3.4	5.3
	Cash flows from investing activities	(7.0)	(2.5)	(3.3)
	Free cash flow	(1.4)	0.9	2.0
	Cash flows from financing activities	(2.0)	6.3	6.8
	Financial information (billion yen)	Total assets	123.4	122.4
Interest-bearing debt		18.7	25.9	33.7
Shareholders' equity		59.8	58.2	60.4
Financial indicators (%)	Return on equity (ROE)	6.2	4.2	5.9
	Return on assets (ROA)	2.9	2.0	2.6
	Equity ratio	48.5	47.6	44.7
Per share data (yen)	Earnings per share (EPS)	23.03	16.16	22.78
	Net assets	388.82	378.59	392.72

(Note) Amounts in "Financial information" are rounded down to the nearest 100 million yen.



MITSUBISHI STEEL MFG. CO., LTD.

HEAD OFFICE

Daiwa Tsukishima Bldg., 16-13, Tsukishima 4-chome, Chuo-ku, Tokyo, 104-8550 Japan

TEL: +81-3-3536-3111 FAX: +81-3-3533-3123

<http://www.mitsubishisteel.co.jp>