

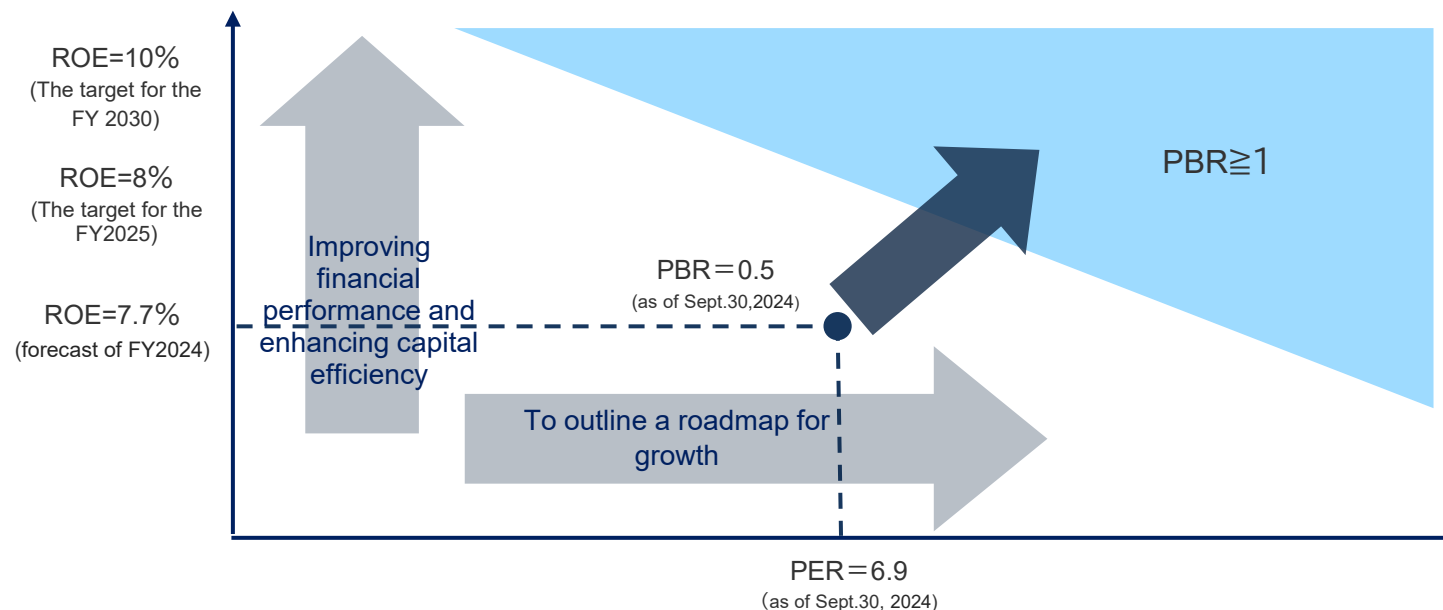
Measures to realize management with awareness of cost of capital and stock price

November 11, 2024

 **MITSUBISHI STEEL MFG. CO., LTD.**

Measures to realize management with awareness of cost of capital and stock price

By implementing various measures outlined in the "2023 Mid-term Business Plan", we aim to achieve a PBR (Price-to-Book Ratio) of one or higher.



The decline in stock price over the past few years is considered due to underperforming of financial performance. Therefore, it is crucial to focus on improving our financial performance.

Even under challenging market conditions, we will focus on strengthening our earning power to ensure profitability exceeding the cost of capital. Additionally, we will allocate generated cash towards strategic investments for sustainable growth and shareholder returns.

Efforts to improve PBR (ROE×PER)

Improving ROE

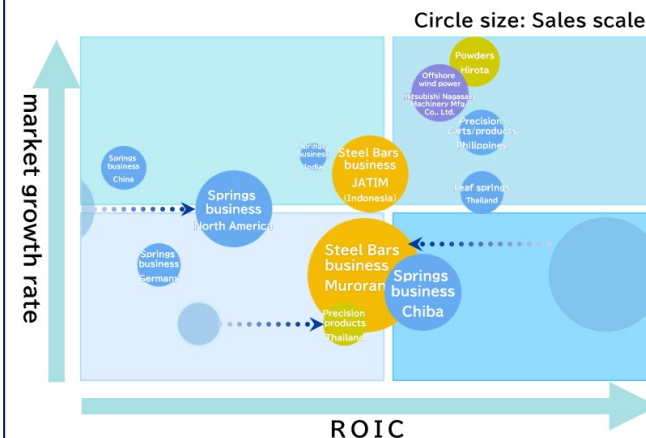
Based on our ROE level, we assume our profitability is not exceeding **our cost of capital (We recognize it as approximately 8%)**.

- Enhancing profitability
 - Enhancing core businesses and growing strategic businesses to increase profitability.
 - Promoted structural reform of overseas businesses, and our North American subsidiary, which had been posting losses for a long time, entered a stage of sustainable profitable growth.
- In order to realize management with awareness of capital efficiency, we have introduced ROIC and utilize it for resource allocation and investment decision-making.
- 【KPI】 FY2025:8%、FY2030:10%

Improving PER

- We are advancing the development of strategic businesses that focus on the keywords "environmental solution," "overseas operations," and "EV shift" to outline the path of our growth strategy.
- We will strengthen dialogue with the capital market and incorporate it into our management and disclosure practices.

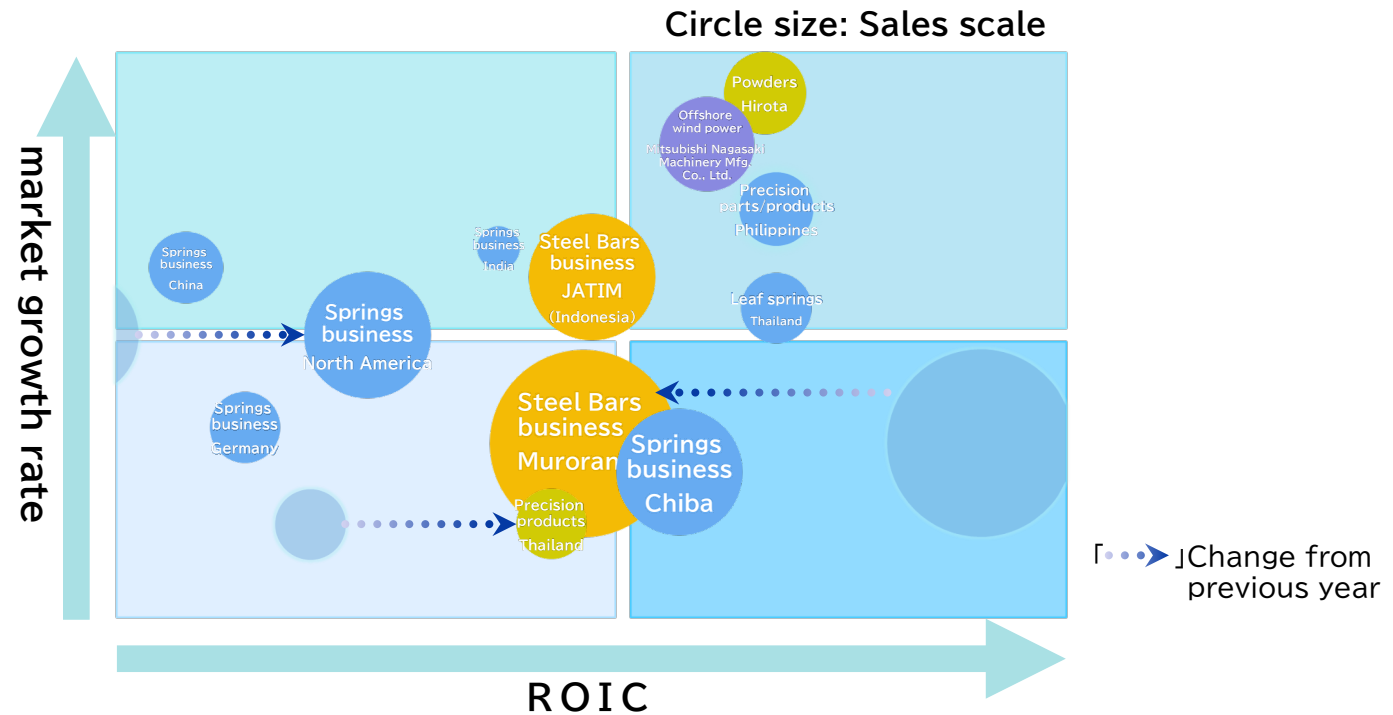
Business Segment Portfolio by Location (FY2023)



Improving PBR through the enhancement of corporate value is an important challenge for our company. We will continue to be conscious of capital costs and strive to promote and strengthen our efforts in this regard.

Business Portfolio Optimization

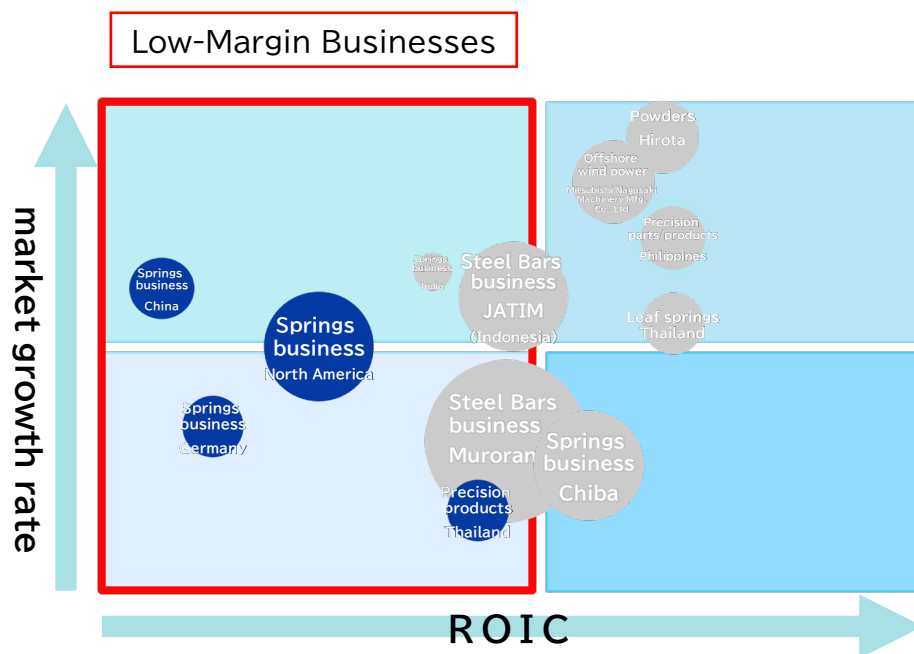
Business Segment Portfolio by Location (FY2023)



- ◆ Analyze ROIC and market growth rates by location and take measures to further increase ROIC by cultivating zones with high ROIC and market growth rates.

Initiatives for Low-Margin Businesses

Business Segment Portfolio by Location (FY2023)



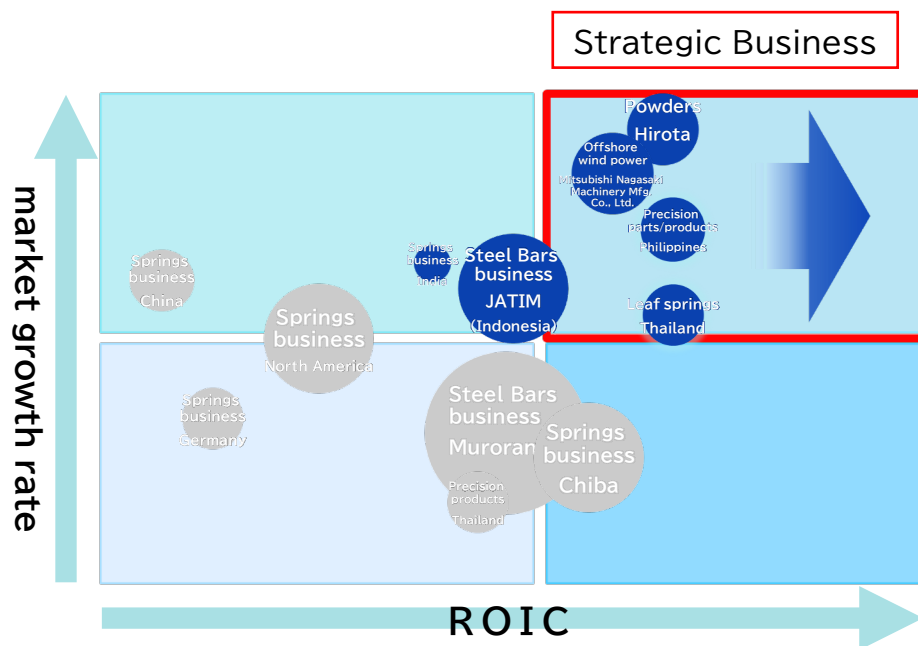
Low-Margin business initiatives and image of schedule

	2023~ (Current Mid-term business plan)	2026~	2030~
Springs business North America	Return to profitability achieved	Establishment of an optimal production system for three bases in North America	Improve earning power through sustained management improvement
Springs business China	Streamlining the product portfolio	Restructuring of design development and sales structure	Entry to local manufacturers
Springs business Germany	Examination of withdrawal and sale policy	implementation	
Precision products Thailand	Significant price increases and fixed cost reductions	Continue to further improve profitability	

- ◆ As for low-margin businesses, we will take drastic measures to improve ROIC at our bases. Of these, the spring business in North America and the precision products business in Thailand have been improving and will enter the stage of sustainable profit growth.
- ◆ We have decided to withdraw from the German spring business from the viewpoint of business portfolio optimization, and for the Chinese spring business, we will improve profitability by reviewing our product portfolio, including withdrawal from some products.

Strategic Business Initiatives

Business Segment Portfolio by Location (FY2023)



Strategic business initiatives and image of schedule

	2023~ (Current Mid-term business plan)	2026~	2030
Steel Bars business JATIM Market expansion	Capital investment to increase capacity by 40	production increase Consideration of enlarging the size of the electric furnace	
Springs for Commercial Vehicles high profitability	Investment in mass production facilities	Consideration of new overseas production sites	
India Plant Market expansion	Investment for increased production	Expanded cooperation with J/V partners, increased profit contribution	
Precision parts/products Market expansion high profitability	High-definition, high-performance hinge production Technical development of mechatronic mechanical components	Expansion of highly profitable product line	
Special Alloy Powder Market expansion high profitability	Development of high- performance powders Investment to increase production capacity	Further development to meet the needs of the next generation Increased production and phased capacity expansion	
Offshore wind power Market expansion	Introduc- tion of larger equipment	Entry into bidding for Round2-related projects	Commencement of delivery

- ◆ All of the businesses we have designated as strategic businesses have high market growth rates and high ROIC within our portfolio. We will aggressively allocate management resources to these businesses to ensure their steady growth.



Note on forward-looking statements

These materials are meant solely to provide investors with information and are not to be interpreted as solicitations. The forecasts provided in these materials are based on targets and projections and do not constitute promises or guarantees of future performance. Please refer to this information with the understanding that the Company's future performance may differ from this business outlook. While these earnings materials were prepared based on data believed to be reliable, we cannot guarantee their accuracy or reliability. The Company assumes no liability for these materials, regardless of the purpose for which they are used by investors. We encourage all investors to make their final investment decisions based on their own judgment.
