



February 9, 2017

Company name: Tokai Carbon Co., Ltd.

Representative: Hajime Nagasaka, President and CEO

Security code: 5301 [Tokyo Stock Exchange]

Contact: Midori Hajikano, General Manager, Corporate Planning Division

Tel.: +81-3-3746-5100

Report on Mid-Term Management Plan T-2018 (Phase2 Growth Strategy)

Tokai Carbon released “Phase 2” Growth Strategy of the Mid-Term Management Plan “T-2018” as follows.

1. Overview “T-2018”

(1) Term

3-year plan from 2016 to 2018

(2) Basic strategy

Year 2016 (“Phase 1”) was a year of structural reform comprising of business restructuring and internal mind-set change. Phase 2 launched from 2017 which the focus is the growth for post T-2018.

(3) T-2018 Target figures (achieve in FY2018)

Sales : JPY 110,000 million

Operating income : JPY 9,000 million

ROS : 8% and above

ROIC : 6% and above

2. Review “Phase 1” (FY2016)

All the business restructuring plans have been taken place as planned. Company regained a good business structure for the future profitability after heavy financial loss due to those construct rural reforming measures done in 2016. Internal mind-set change is a challenge for the company to continuously focus on for the remaining “T-2018” period.

3. Overview “Phase 2” (FY2017, 2018)

(1) Regaining business

Graphite Electrodes and Fine Carbon business will follow up the restructuring measures made at “Phase 1” for further cost cutting and for higher production efficiency.

(2) Growth business

The Company will attempt to achieve self-sustaining growth in other businesses including carbon black business based on the current business structure.

(3) M&A

For sustainable growth, on top of achieving (1) and (2) mentioned above, we are closely looking for a non-organic growth as M&A . We have provided JPY 50,000 million as a strategic investment frame for that future growth. The M&A will not only be the carbon related business but also include the business area as electrical components and automobile related.

4. Raising entity value for mid-long term

To contribute to the sustainable development of the society by improving the entity value over mid- long term, the Company believes that returning profits to its shareholders is an important management task. The company will set 30% as a basic level of dividend payout ratio as well as stableness, taking into account the performance and outlook of each term, as well as investment plan and cash flow conditions.

End of notice