

Advanced Components & Materials

Basic Policy of Fiscal 2021 Medium-Term Management Plan

Under our Fiscal 2021 Medium-Term Management Plan, we will work to address the megatrends of urbanization, the declining birthrate and aging population, serious environmental problems, and technological advances. Having identified key growth areas—automobiles, factory automation (FA) and robots, medical devices, and rolling stock—we will focus on “reaping the benefits of investments,” “concentrating our resources,” and “generating synergies between businesses.”

Fiscal 2019 Performance

Magnetic Materials and Power Electronics

In magnetic materials, sales of rare earth magnets for industrial machinery-related applications were impacted by a sharp decline in demand for FA equipment and robots, while demand for automotive electronic components was also down. In addition, overall sales of magnetic materials including ferrite magnets declined year on year due to lower sales of automotive electronic components.

In power electronics materials, we reported an increase in sales of soft magnetic materials and their applied products for use in electrical vehicles. However, sales of amorphous metals for use in transformers and some components for consumer products declined. Meanwhile, we enjoyed an increase in demand for ceramics products for use in automotive electronic components and medical and security-related devices. As a result, overall sales of power electronics remained mostly unchanged from those of the previous year.

Adjusted operating income declined due to a decrease in demand for magnetic materials. We incurred an impairment loss in the magnetic materials business, stemming mainly from changes in the business environment and our reassessment of the future profitability of the rare earth magnet business. As a result, operating income declined year on year.

Wires, Cables, and Related Products

In this segment, we enjoyed an increase in sales of medical tubes and cables on the back of higher demand. However,

sales of electric wires and cables for rolling stock decreased as large-scale projects entered the off-season, and sales of magnet wires decreased due to falling demand for both automotive and industrial applications. Demand for electric wires and cables for devices, mainly for FA/robot applications, also fell. As a result, overall sales of wires, cables, and related products decreased year on year.

In automotive components, demand for both automotive electronic components and brake hoses decreased due to a decline in new vehicle unit sales globally.

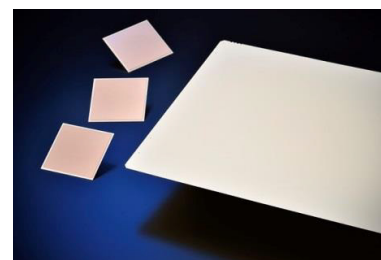
Adjusted operating income decreased due mainly to lower demand.

		FY2019 results
Magnetic materials and power electronics	Revenues	¥116.8 billion
	Adjusted operating income	¥1.4 billion
	Adjusted operating margin	1.2%
	ROIC	0.9%
Wires, cables, and related products	Revenues	¥213.3 billion
	Adjusted operating income	¥6.7 billion
	Adjusted operating margin	3.1%
	ROIC	5.0%
Total*	Revenues	¥330.1 billion
	Adjusted operating income	¥8.1 billion
	Adjusted operating margin	2.5%
	ROIC	2.5%

*Simple sum before eliminating intersegment revenues



Medical cables and tubes



SiN substrates