

# Vision 2030

## New Initiatives for Further Improvement of Corporate Value

# New Initiatives to Realize the Vision 2030

(announced in November 2023)

Vision 2030:

**A company that achieves and solidifies its position as the global leader (volume and profitability) in structural steel, and continues to embrace challenges in new business areas**

## Ongoing efforts to realize carbon neutrality and a circular economy

- Improvement of environmental superiority by electric furnace through accelerated introduction of green technology/energy
- Collaboration with companies owning cutting-edge technologies, joint R&D with universities, etc.

## Strengthening of core structural steel business

- Expansion of sales in growing regions such as Asia (establishing new mills, strengthening competitiveness of existing mills)
- Maintaining and enhancing profitability through advanced operation know-how and cutting-edge technologies

## Entry into new steel, infrastructure, and green business areas

- Expansion of product portfolio besides structural steel, strengthening of value chain, and acquisition of technology
- Active M&A in Japan and overseas

Development and securing of professional personnel carrying on new initiatives

**Creation of new value and contribution to the realization of a rich society as a global company**

# Road Map to Achieve Vision 2030

- Assess investment opportunities carefully but take a medium- to long-term perspective and respond to such opportunities proactively and boldly.
- Support growth investments with agile financial strategies leveraging a solid financial base.

**Total investment**  
250 to 300 billion yen

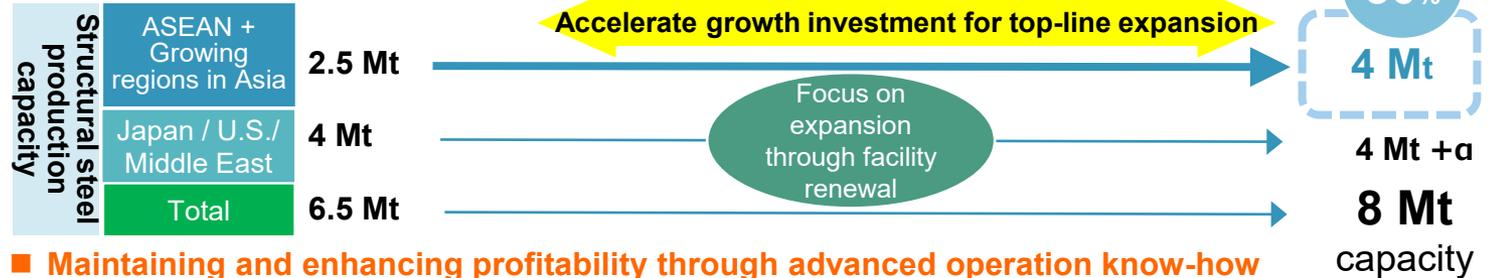
FY22/3 to FY24/3

FY25/3 to FY27/3

FY28/3 to FY30/3

Investment size **60 billion yen** → **140 billion yen**

- Expansion of sales in growing regions including Asia



- Maintaining and enhancing profitability through advanced operation know-how and cutting-edge technologies

Enhance differentiation and competitiveness through value-added improvements

- Expansion of product portfolio besides structural steel, strengthening of value chain, acquisition of technologies, and proactive M&A

Investment size **50 to 100 billion yen**

New business area selection → Commercialize by upfront investments

Growth investment

Strengthening of core structural steel business

Entry into new business areas

Financial strategy

Maintain ROE of 10% or more & support growth investment flexibly

# New Investments to Strengthen Core Businesses

- Invest strategically to solidify our position as the global leader in the structural steel market with a share of approx. 30% in the global market (excluding China, which is outside our target).
- Promote organic growth at existing locations along with M&A for new locations.

Investments to achieve Vision 2030

60 billion yen

140 billion yen

FY25/3

FY26/3 to FY27/3

FY28/3 to FY30/3

Strengthen competitiveness of existing mills

110 billion yen

Japan

United States

Thailand  
Vietnam

Middle East

Straighteners and SVCs

Renewal of rolling lines and heating furnaces, enhancement of logistics functions

Renewal of heating furnace and introduction of the latest facilities

Conversion of electric furnace to direct current

Renewal of rolling lines

Expansion of small & medium-sized rolling lines

Expansion of rolling lines

Expansion of large-scale rolling lines, etc.

Establish new mills

90 billion yen

Indonesia

Asia region  
(Leading candidate: India)

Structural steel mill (M&A)

Acquire new location in growing markets

# Strengthening of Core Businesses – Existing Locations



## Japan Strengthen functions to build a structure for increasing production

### Rolling line-related investment: Approx. 30 billion yen

- Renewal of straighteners: Completed in June 2024 (approx. 5 billion yen)
  - Renewal of rolling mills (introduction of DX): Scheduled to be operational mid-2027
  - Other automation installation works: Sequentially from FY2024 to FY2027
  - Renewal of heating furnace (CN-compatible): Scheduled to be operational mid-2029
- (approx. 25 billion yen)

### ⇒ Production capacity will increase by 20% after all renewals

(Other expected effects: Expansion of production varieties, quality improvement, yield improvement, unit consumption reduction, labor saving)

## Enhancement of logistics functions

- **Build own domestic coastal vessels** (499 G/T ship, approx. 1,500 tons) : Scheduled to begin operations in mid-2025 (To be used for transportation of products and steel scrap.)
  - ✓ Shifting from land transport to marine transport as part of efforts to address truck driver shortage called “2024 problem”
  - ✓ Addressing the shortage of vessels due to business closures by aging ship owners
- **Strengthen collaboration with Hyoki Kaiun:** Started discussions on a capital alliance and business alliance (announced on October 31, 2024)
  - ✓ **Reinforcement of marine transportation** : Increase the ratio of marine transportation and create more efficient shipping system.
  - ✓ **Improved efficiency of steel scrap transportation** : Build a nationwide procurement network to ensure stable supply.
  - ✓ **Efficient use of human resources and facilities** : Secure human resources and improve facility efficiency by leveraging knowledge and experience of both companies.
  - ✓ **Strengthening of capital ties** : Further solidify the cooperative relationship and consider strengthening the capital alliance.

# Strengthening of Core Businesses – New Location



## Indonesia M&A brings 3 million tons capacity to ASEAN - Capturing growing demand through intra-group synergies -

### Smooth start

- PMI was implemented as planned, also completing the 100-day plan under the new structure. Autonomous operations are now underway.
- Started collaboration in manufacturing, sales and purchasing to achieve synergies with Thailand/SYS and Vietnam/PY VINA.
- Results for the current fiscal year are expected to be strong, as initially projected.

### Outlook for the Indonesian Market

- Demand for structural steel is expected to increase on the back of economic growth driven by population growth.

(From 980K tons in 2023 to 1250K tons in 2028)

\*Analysis by Yamato Kogyo (excluding the impact of the capital relocation)

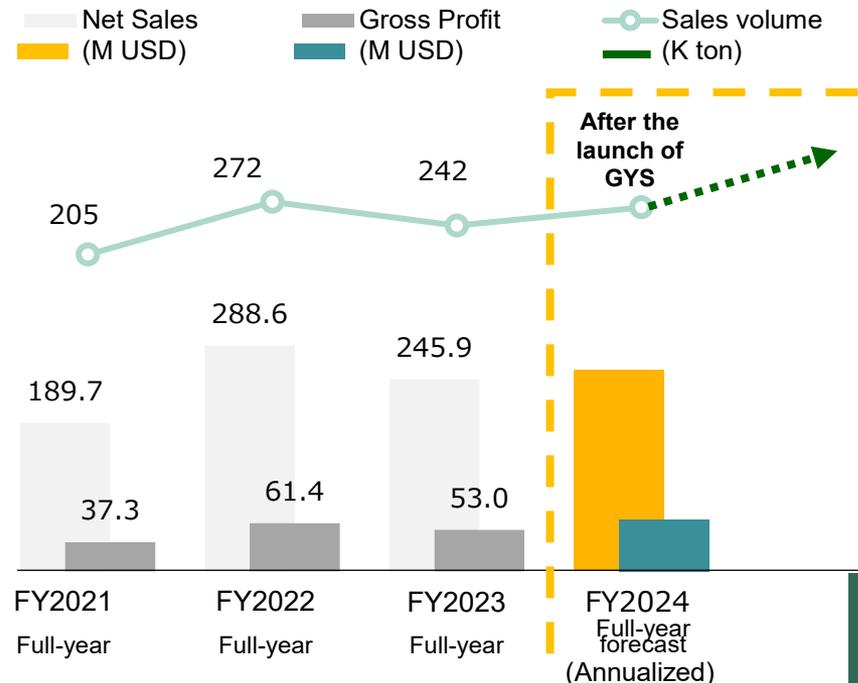
- The government decided to extend anti-dumping measures on Chinese products for another 5 years, maintaining additional tariff rate of 11.93%.

### Future capital investment

- Promote investments to increase productivity of existing facilities and expand product range and maximize the utilization rate of small and medium-sized rolling lines.
- Renew aging large-sized rolling lines.

### <Reference> Performance of GYS

\*Figures for FY2021 to FY2023 represent results for GRP's Long Product business



# Strengthening of Core Businesses – Expanding to Growing Region

Candidate: New location in growing region/India

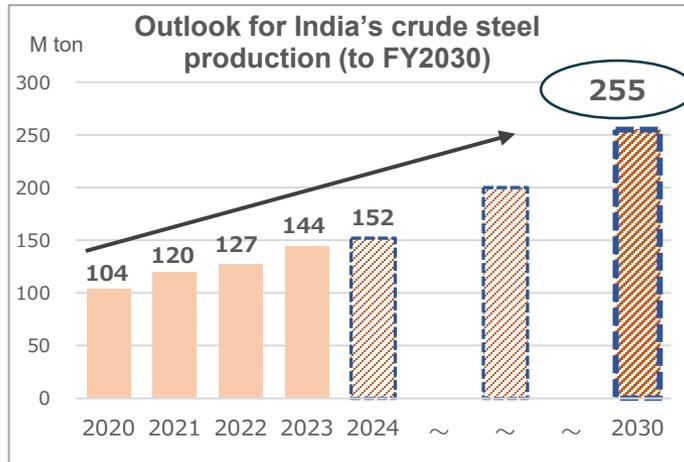


## Market Potential

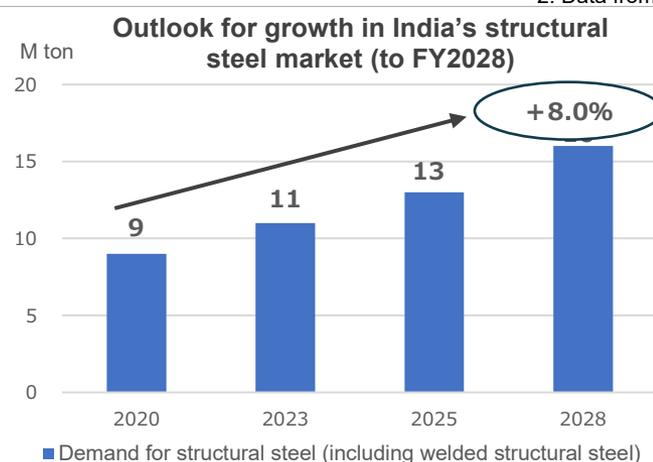
- ◆ India's crude steel production in 2023 was 140 million tons, ranking second in the world after China.\*1  
The government of India plans to increase crude steel production to 250 million tons (production capacity of 300 million tons) by 2030.
- ◆ India is a producer of iron ore. Its direct reduced iron (DRI) production in 2023 ranked first in the world at 49.3 million tons\*2. The amount of steel scrap, which is expected to increase in the future, is one of the factors to consider the country a reliable choice from the perspective of ensuring a stable source of steel.
- ◆ India's major local steel companies have been planning to successively build new blast furnaces. Meanwhile, given the country's target to achieve carbon neutrality by 2070, we will be able to demonstrate competitiveness over the medium to long term by leveraging our technical capabilities and expertise.

\*1: Data released by the World Steel Association

\*2: Data from Midrex 2023 World Direct Reduction Statistics



Source: Yamato Kogyo's own research based on the website of Ministry of Steel in India



Source: Own research by Yamato Kogyo

**Demand for structural steel in India is expected to grow to approx. 16M tons by 2028, driven by population growth, urbanization, and the government's aggressive investment in infrastructure, etc. (average growth rate: +8%/year)**

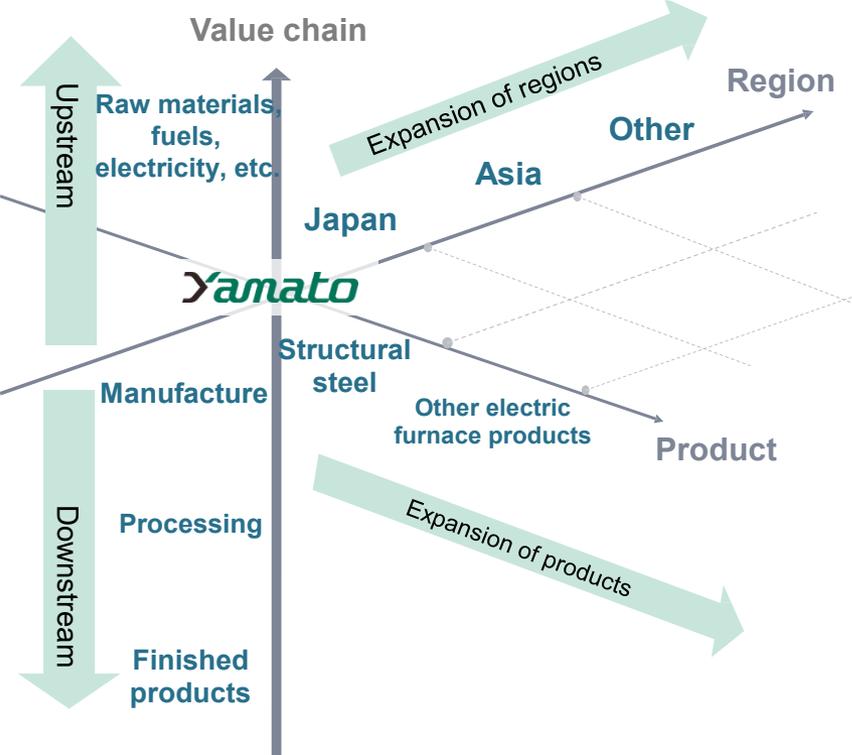
## Policy on the Review

- ◆ Promising market: Demand for structural steel is expected to grow continuously, backed by population growth and GDP growth.
- ◆ Partner strategy: Premised on a joint venture with a local company, not a stand-alone expansion, in light of the nature of the market.

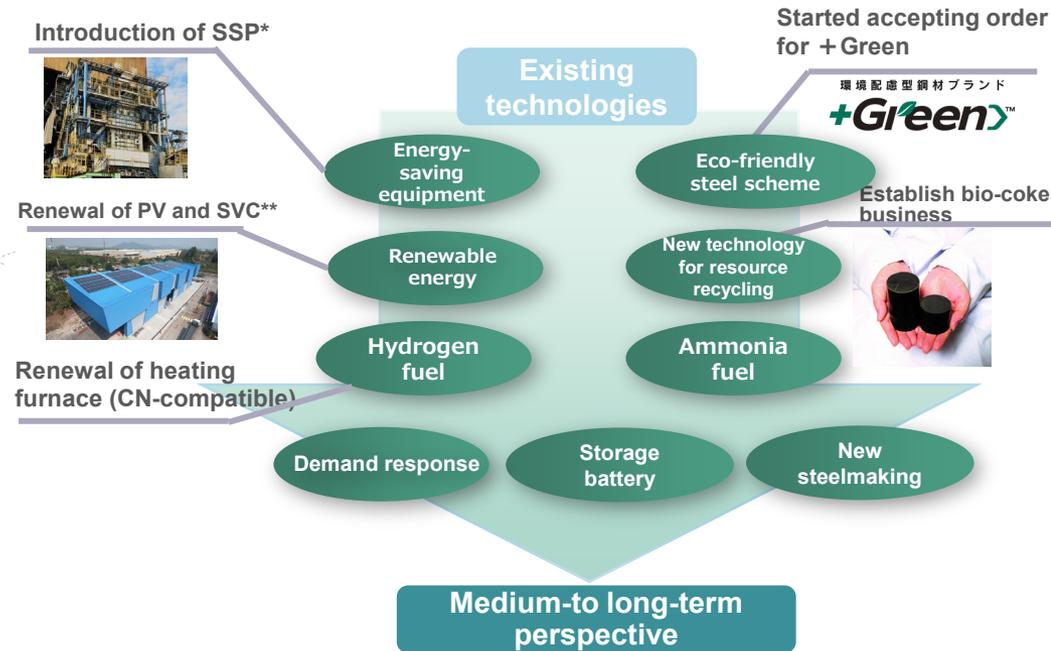
# Entry into New Business Area of Steel, Infrastructure, and Green

- We continue various studies for expanding into peripheral areas from the core structural steel business, based on three axes of region, product, and value chain (upstream/downstream).
- We steadily promote green strategies from a medium- to long-term perspective. In collaboration with Emerald, a Swiss VC in which we invested as a limited partner in January 2024, and with other research institutions, we consider conducting market research on bio-coke, CO2-free fuels, new steelmaking, storage batteries, etc., and collaborations with pioneering companies.
- We steadily promote measures to achieve carbon neutrality and a circular society, including expanding sales of eco-friendly steel products +Green, and utilizing renewable energy.

## ➤ Direction of new business areas



## ➤ Direction of green strategy



(\*) Single-stage furnace top scrap preheater

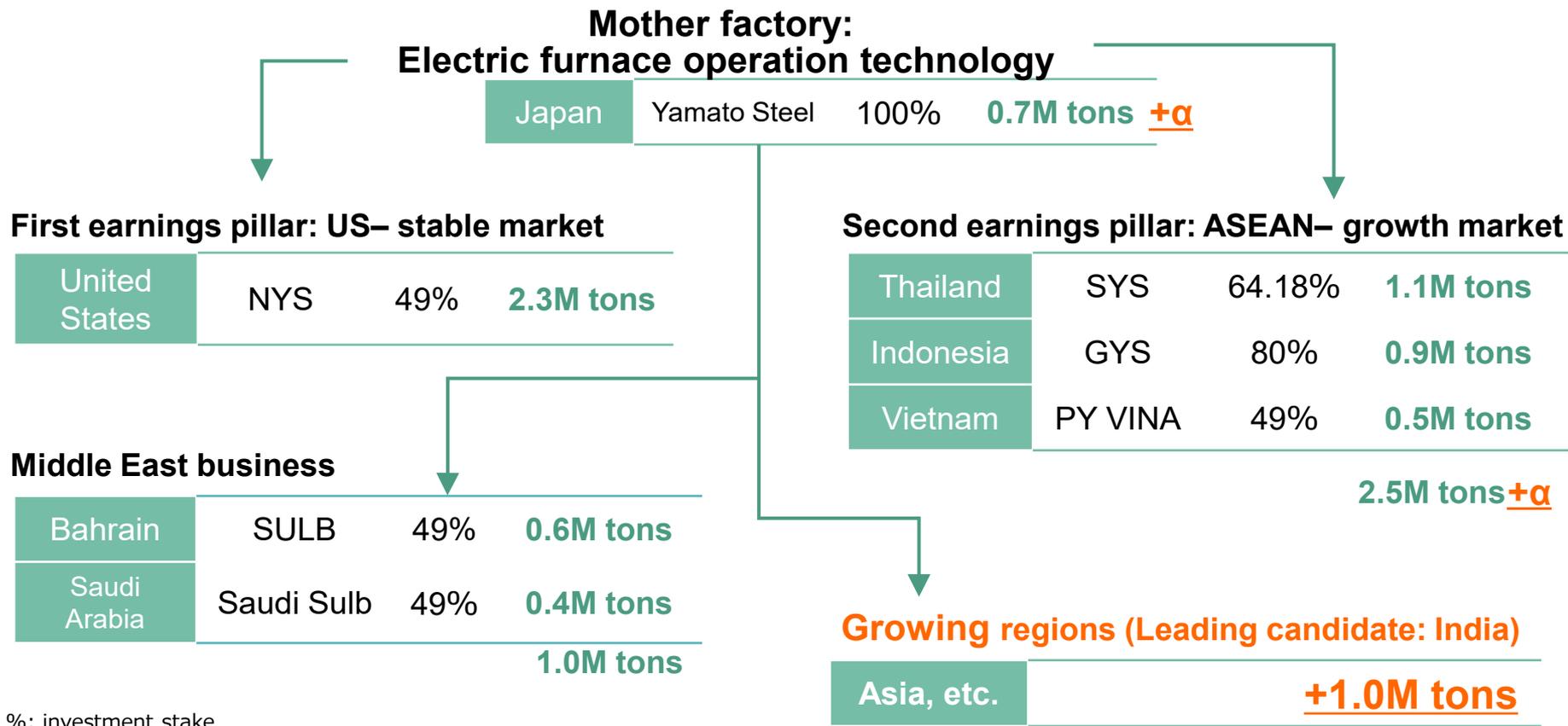
(\*\*) Static Var Compensator (compatible with renewable grid)

# <Appendix> Road Map to 8 Million Tons of Structural Steel Production Capacity

Existing production capacity: 6.5 million tons + existing expansion plan & acquisition of new locations in growing regions to realize capacity of **8 million tons**

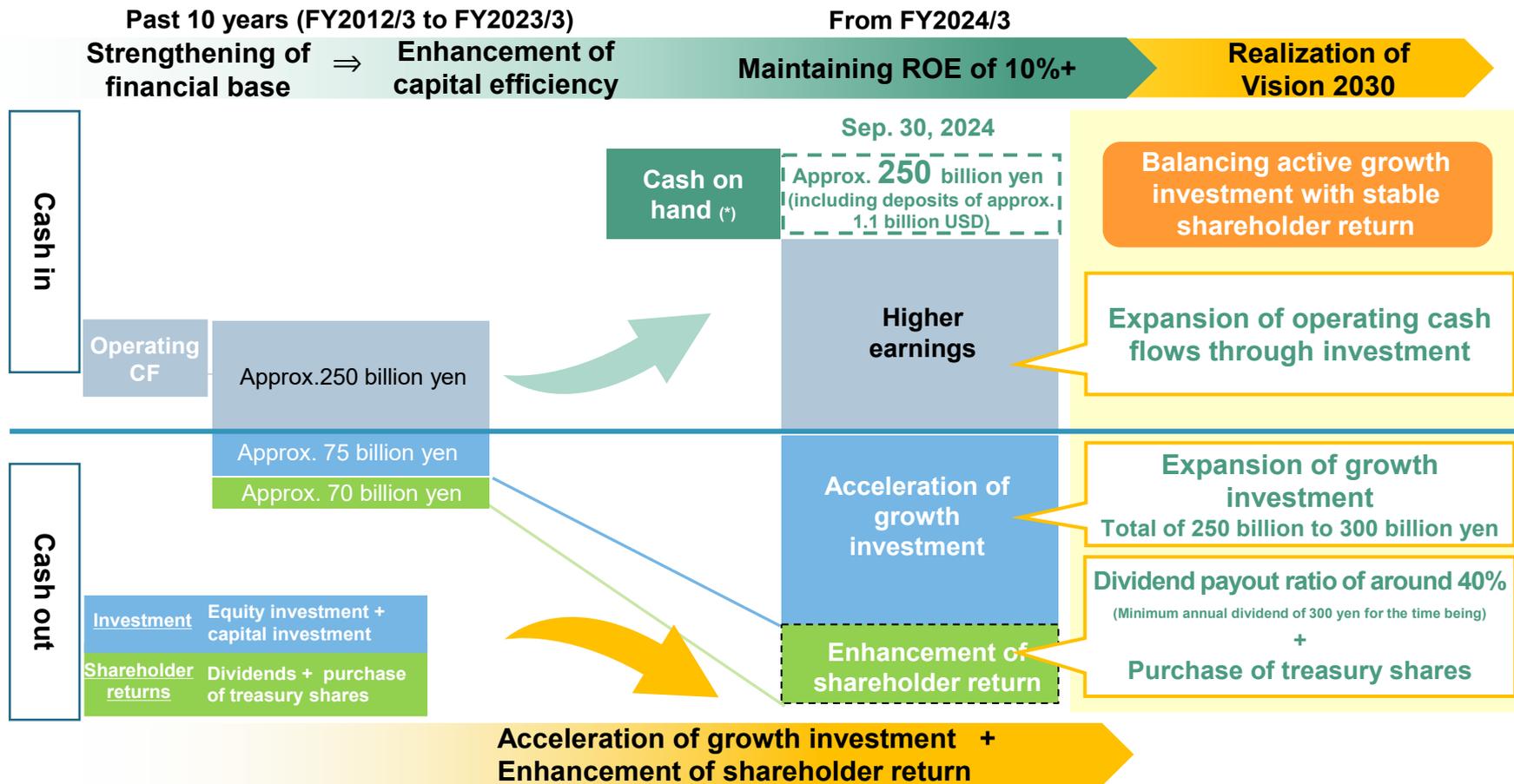
▶ **The global leader in structural steel, with approx. 30% share in the global structural steel market (excluding the Chinese market, which is outside our target market)**

※Estimate by Yamato Kogyo



%: investment stake  
tons: production (rolling) capacity

# Strategic Cash Allocation for Enhancement of Corporate Value



$$\text{ROE} = \text{Profit margin} \times \text{Asset turnover} \times \text{Financial leverage}$$

- Increase the value-added
- Expand business areas
- Accelerate growth investment
- Enhance shareholder returns

**Growth strategies are interlinked.**