

Human resources strategy / Financial strategy



We will strive to enhance our human and financial capital to support our catch-up strategy in order to realize our “Vision for 2030.”

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Human Resources Strategy

What is your basic approach to human resources and how do you manage them?

Human resources are the source of our business growth and competitiveness. Therefore, we consider the development and management of human resources to be an important management theme. We are working to realize an appealing workplace as one of our materialities (important issues) identified in our view of the sustainable development of society and the long-term enhancement of our Group’s corporate value. Our goal is to foster a culture of continuous challenge that is not confined to preconceived notions. To strengthen and expand our human capital, we are working on themes such as improving occupational health and safety in the workplace, diversity and inclusion, creating a supportive working environment, human resource development, and recruitment.

The Human Resources Committee was established in October 2023 to discuss human resources issues from a company-wide and management perspective. The President serves as the chairperson, and the General Managers, Division Managers and other Officers designated by the President attend.

In principle, meetings are held twice a year, but in FY2023, 7 meetings were held to discuss and confirm new measures.

What are the key points of specific measures to enhance human capital?

The Human Resources Committee discusses issues related to the expansion of human capital and the state of human resource systems and operations. As part of this effort, we have introduced new initiatives, such as a posting system in which each department publicly recruits the personnel it needs within the company, and a career challenge system in which employees themselves show their interest and move to the department of their choice.

Additionally, as the mobility of human resources increases throughout society, it is necessary to make the workplace itself attractive in order to secure excellent human resources. For this reason, we conduct an annual employee satisfaction survey to understand the current situation and areas requiring improvement, and then take measures to improve employee engagement, such as improving compensation, including pay raises, and conducting training for evaluators to appropriately perform personnel evaluations.

In addition to hiring new graduates, we are actively promoting mid-career recruiting in divisions where we have not been able to secure the necessary personnel for the Medium-term Management Plan and budget. In order to support the realization of our “Vision for 2030” by enhancing our human capital, we will continue to implement various initiatives while monitoring the situation.

Financial Strategy

What are your thoughts on strengthening your business portfolio?

The Titanium Business, which is the ancestral business of our Group and remains at the core of our business, is susceptible to market conditions, although market expansion is expected over the medium to long term. In this sense, building a business portfolio that can achieve stable profits exceeding capital costs is always an important issue for our Group. Catalyst and Chemicals Businesses are businesses that utilize intermediate materials and technologies obtained from the titanium smelting process, and we can expect growth in the future. We intend to expand and stabilize profits by expanding these businesses. In addition, as for porous titanium materials (WEBTi), which are currently being commercialized as a new materials business, we intend to develop them into our 4th earnings pillar by making timely capital investments in response to market turnarounds to establish a supply system.

Please tell us about the progress of the quantitative targets set in the Medium-term Management Plan.

In the Titanium Business, although net sales increased in FY2023 supported by strong demand for aircrafts, profit declined from the previous fiscal year owing to the loss of the profit boost from product inventory sales before cost increases, which contributed to the previous fiscal year’s profit. Net sales and profits in the Catalyst and Chemicals Businesses decreased year on year owing to severe market conditions such as prolonged economic stagnation in China. However, owing in part to the depreciation of the yen, operating profit for FY2023 exceeded the target for the FY2023-2025 Medium-term Management Plan. At present, the Titanium Business is performing relatively well, but in the Catalyst and Chemicals Businesses, it is expected to take a little longer for sales to fully recover, and operating profit for FY2024 is expected to fall below the Medium-term Management Plan target.

What measures will you take to increase corporate value?

As a material manufacturer, our Titanium Business and many other divisions tend to have large assets such as equipment and inventories, so it is important to improve capital efficiency. While the WACC (Weighted Average Cost of Capital) estimated by Capital Asset Pricing Model (CAPM) was 6.7%, ROIC (Return on Invested Capital) for the entire company was 8.3% in FY2022 and 3.9% in FY2023, indicating that we have not been able to consistently achieve earnings that exceed the cost of capital. For this reason, we use ROIC as a management indicator to expand profits, improve profitability, and improve asset utilization efficiency. To expand profits and improve profit margins, we are focusing on continuous efforts to expand sales, optimize price levels, and reduce costs in each division. At the same time, regarding the improvement of the efficiency of asset utilization, not only each division but also the management divisions of the entire company are actively involved in improving asset management and management related to the examination and follow-up of capital investment projects in order to control and reduce inventories, and to carefully select and efficiently implement capital investments. At the same time, we are committed to making investments necessary for future growth in a timely manner while carefully assessing risks and earnings prospects. In recent years, we have been making and implementing investment decisions to increase catalyst capacity at the Chigasaki Plant, construct the 5th nickel powder plant within the Wakamatsu Plant, increase titanium sponge production capacity by 3,000 tons per year in the Titanium Business, and construct a WEBTi mass production plant. The funds required for these investments are financed from our own funds and borrowings from financial institutions, while being aware of financial discipline.

We determine shareholder returns based on our basic policy to pay dividends in line with business performance, with a payout ratio of 30% as a guide, while also considering the funding needs for capital investments and our financial condition at that time.