# PRESS RELEASE

JPX
JAPAN EXCHANGE
GROUP

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#### JAPAN EXCHANGE GROUP, INC.

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日本取引所グループ プレスリリース

January 28, 2020 Tokyo Stock Exchange, Inc.

### Winners of the 8th Corporate Value Improvement Award

The following companies have been selected as winners of the Corporate Value Improvement Award for FY2019 by the Listed Company Award Selection Committee (Chairman: Kunio Ito, Specially Appointed Professor, Hitotsubashi University, Graduate School of Business Administration).

## 1. Winners of the Corporate Value Improvement Award

#### (A) Grand Prix

Company Name	Code	Sector	Market Division
KOMATSU LTD.	6301	Machinery	1st section

#### (B) Excellence Award

Company Name	Code	Sector	Market Division
Shiseido Company,Limited	4911	Chemicals	1st section
ANA HOLDINGS INC.	9202	Air Transportation	1st section
Nitori Holdings Co.,Ltd.	9843	Retail Trade	1st section

(in order of code number)

#### 2. Reason for Selection

KOMATSU LTD., Shiseido Company, Limited, ANA HOLDINGS INC. and Nitori Holdings Co., Ltd. all engaged in excellent management initiatives toward improving corporate value, aimed at creating value that exceeds capital cost.

The Grand Prix award was awarded to KOMATSU LTD for the following reasons.

1. To improve corporate value, the company's management objectives and targets are set with reference to capital cost, and are implemented continuously on a long-term basis.

> Taking into account the expected cost of shareholders' equity (around 8%), the company set

an ROE target exceeding this (10% or higher), as well as disclosing the expected cost of

capital and efforts to decrease it in an Integrated Report.

2. To improve corporate value, the company has built management structures around

capital productivity.

[Business portfolio management (new investments/divestments)]

> The company has measured NPV and EVA\* on a continued basis since the beginning

of the 2000s, and makes strategic investment choices based on capital cost with mind

to industry, geography and risk. After investing, the company measures EVA

continually to monitor how newly acquired businesses are contributing to the company.

[Management of current businesses]

> The company has utilized ROIC for financial management targets for all group

companies since FY2017.

3. The CEO personally recognizes the importance of engagement with shareholders and

other stakeholders, and actively works to achieve this.

> The CEO personally takes the lead on communication with shareholders and other

stakeholders. For the current medium term management plan, the company has taken into

account conversations with shareholders to set specific quantitative ESG targets, and

discloses those targets.

\*EVA is a registered trademark of Stern Stewart & Co.

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# **Selection Process for Corporate Value Improvement Award**

1<sup>st</sup> Round

All TSE-listed companies (approx. 3,650) are screened and companies whose ROE stably surpassed their equity capital cost over the past five years are selected (approx. 600 in FY2019).



2<sup>nd</sup> Round

A questionnaire on management goals, capital cost, and other matters is sent to the companies that have passed the 1<sup>st</sup> Round. Calculations are carried out on how far value creation has surpassed weighted average cost of capital (WACC), etc. based on a preset formula using figures, etc. in consolidated financial statements. Based on said data, 50 companies are selected and announced (on August 27, 2019) as candidates for the awards.



3<sup>rd</sup> Round

A detailed questionnaire on management approach is sent to these 50 companies and their methods for achieving sustainable value-creating growth are assessed.

Approximately three companies are selected based on the questionnaire and announced as finalists (on October 29, 2019).

4<sup>th</sup> round

The Listed Company Award Selection Committee interviews finalists' management, and feedback is gathered from investors and analysts before determining the winner (on January 28, 2020).

Selection is performed by experts forming the Listed Company Award Committee.

Chairman	Kunio Ito	Specially Appointed Professor, Hitotsubashi University, Graduate School of Business Administration		
Member	Atsuto Sawakami	Chairman and Founder, Sawakami Asset Management Inc.		
Member	Scott Callon	Chief Executive Officer and Partner, Ichigo Asset Management, Ltd.		