

Contribution to Enhancing Corporate Value

MANGA SPECIAL CONTENTS

Internal Logic VS. External Perceptions

In response to the wave of corporate governance reforms, an increasing number of Japanese companies are seeking to increase corporate value. However, it is a fact that many companies view their corporate value through their own eyes, lacking an objective understanding of it, as well as the information infrastructure necessary for an objective evaluation.

In this section, we will introduce the issues faced by these companies in a cartoon set at a fictitious company, Rise Co., Ltd. We hope this cartoon will serve as a demonstration of the Avant Group's efforts to increase corporate value at its clients.



Rise Co., Ltd.

Japanese comprehensive materials manufacturer, established in 1927, it has 2,700 employees. Traditionally strong in the glass materials field, but in recent years Rise has been seeking to diversify its operations and reduce dependence on specific fields.



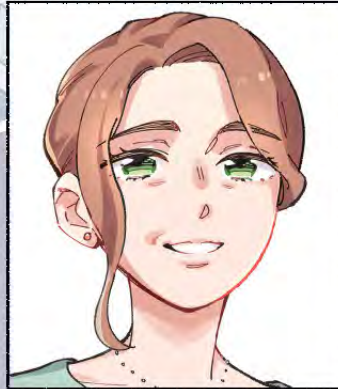
President Yuzo Yamatani

Worked in the sales field, appointed President and Representative Director 3 years ago.



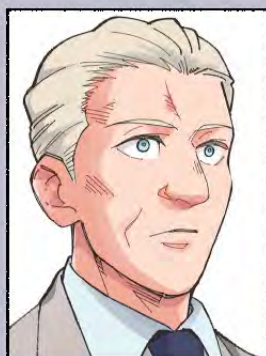
CFO Ayumu Ohashi

Joined Rise as a new graduate, appointed CFO one year ago after working for regional offices and the accounting department



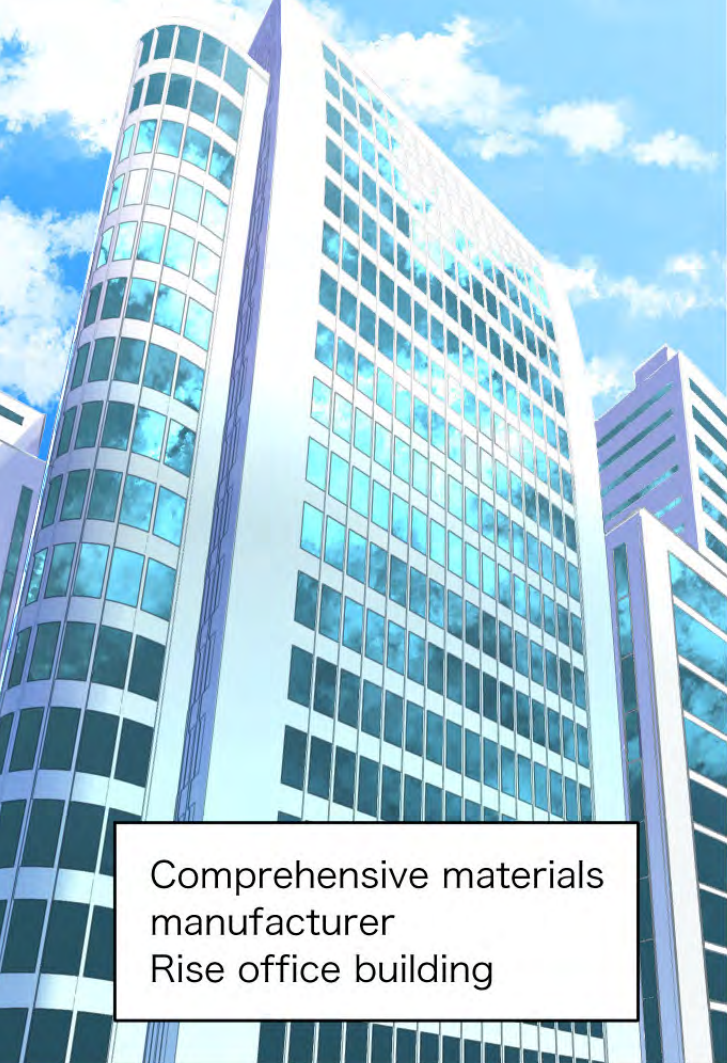
Louise Taguchi

Born to a French father and a Japanese mother in Japan. Studied in France during university days and obtained an MBA in the United States. Recently appointed as Outside Director of Rise



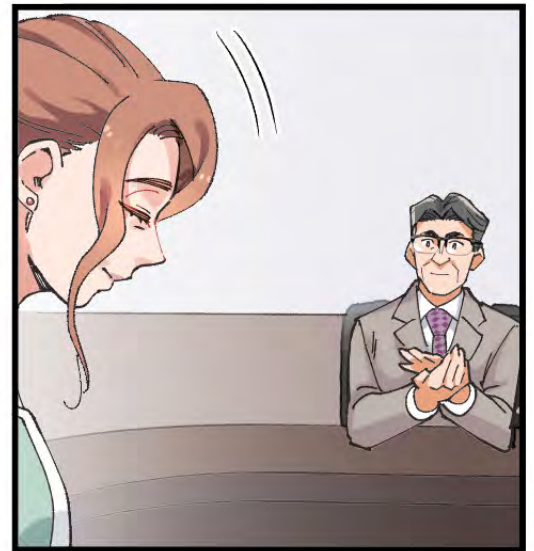
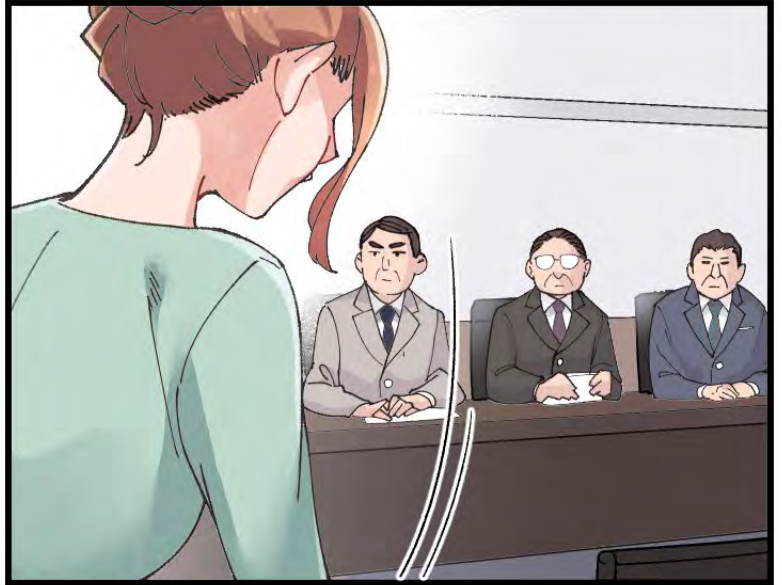
Rainbow Investment

An activist fund based in New York, USA. Known for conducting thorough research and making aggressive proposals to improve corporate value. Operates globally, projects are often entrusted to a local specialist for investigation



First Conference Room

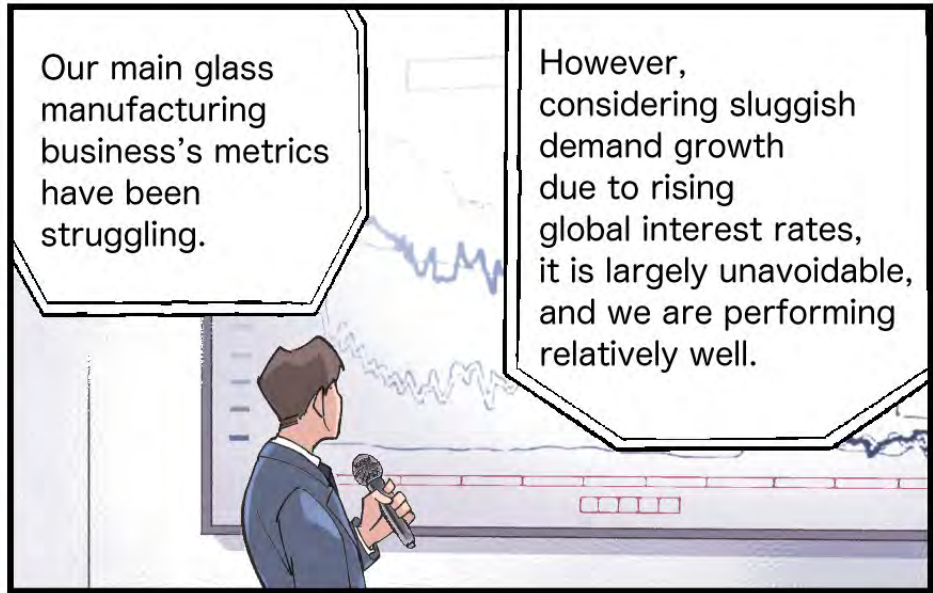






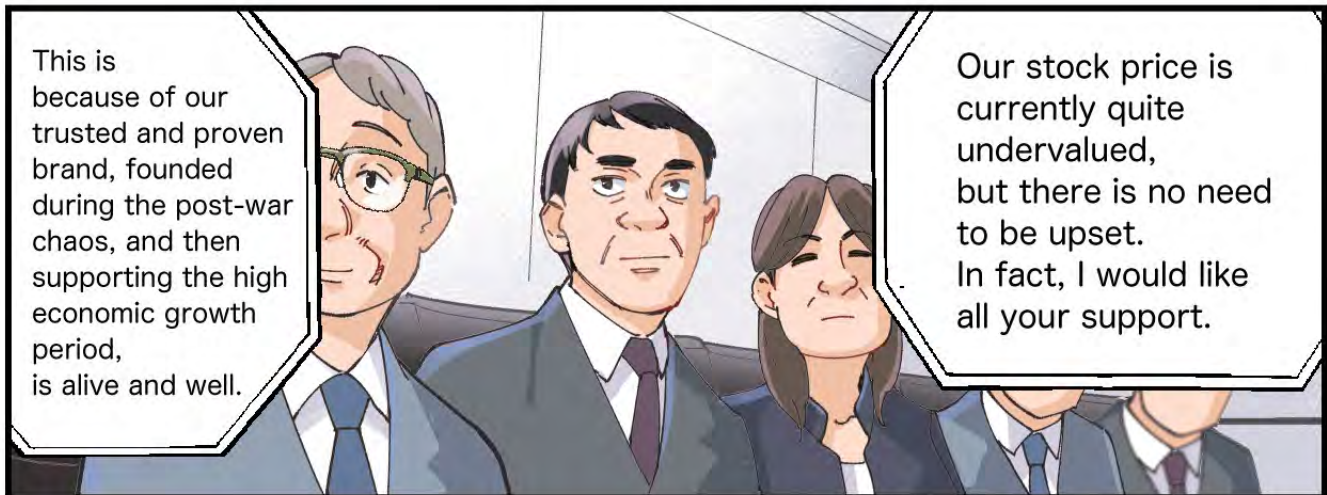
Our main glass manufacturing business's metrics have been struggling.

However, considering sluggish demand growth due to rising global interest rates, it is largely unavoidable, and we are performing relatively well.



This is because of our trusted and proven brand, founded during the post-war chaos, and then supporting the high economic growth period, is alive and well.

Our stock price is currently quite undervalued, but there is no need to be upset. In fact, I would like all your support.



If you are doing things properly, the stock price...

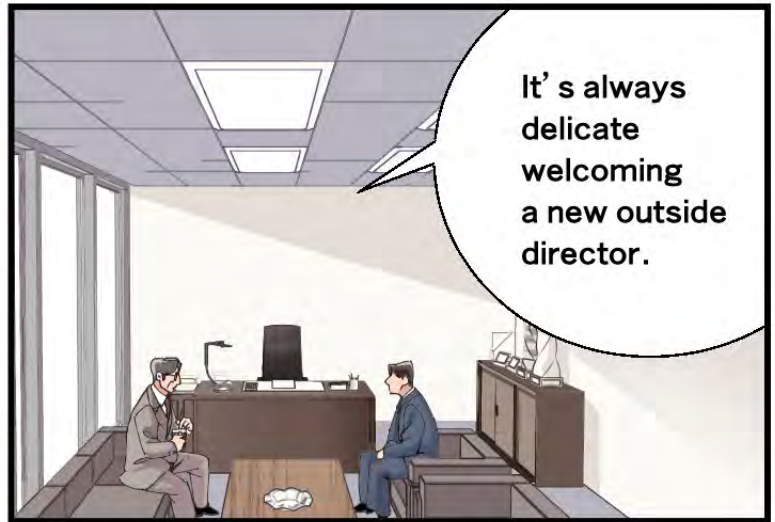


...will come naturally.





You know,



It's always delicate welcoming a new outside director.



I'm glad she looks like a calm person.

I don't think she'll make difficult requests.



Yes, I think so too.



But I don't want to be distracted. There will be a financial report at the next board of directors meeting.

To avoid doubts on the day, I'll do what I can ahead of it.

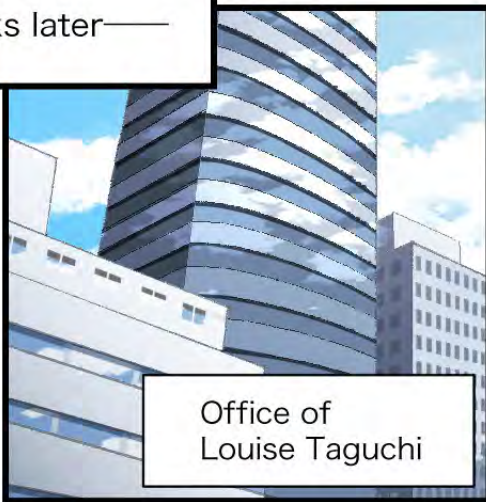


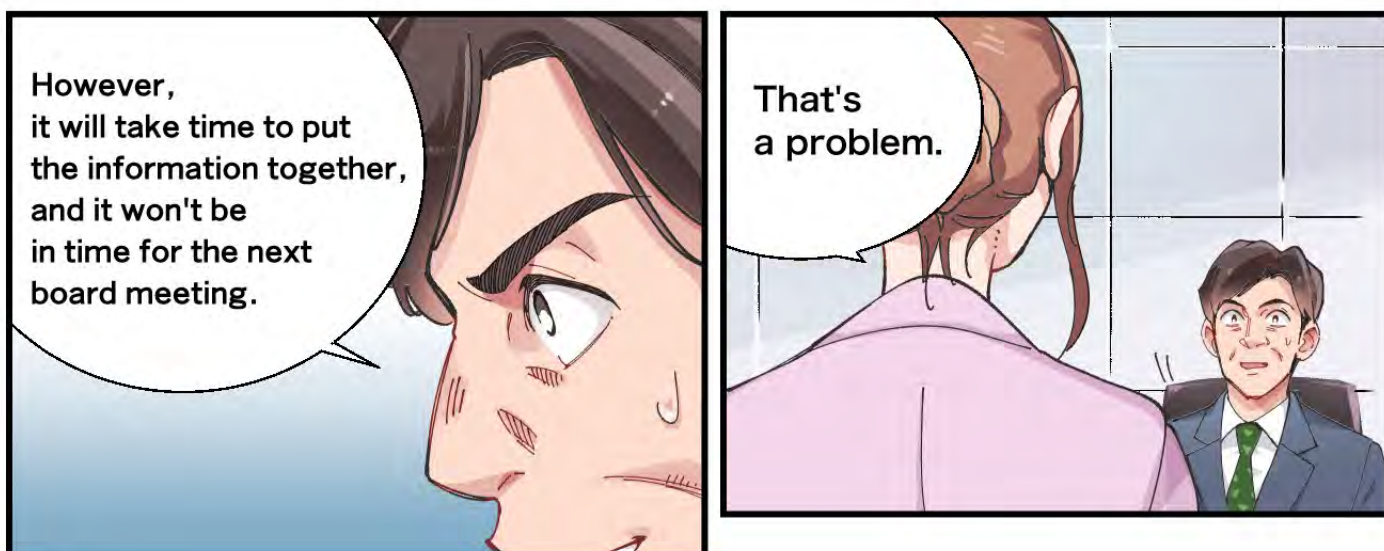
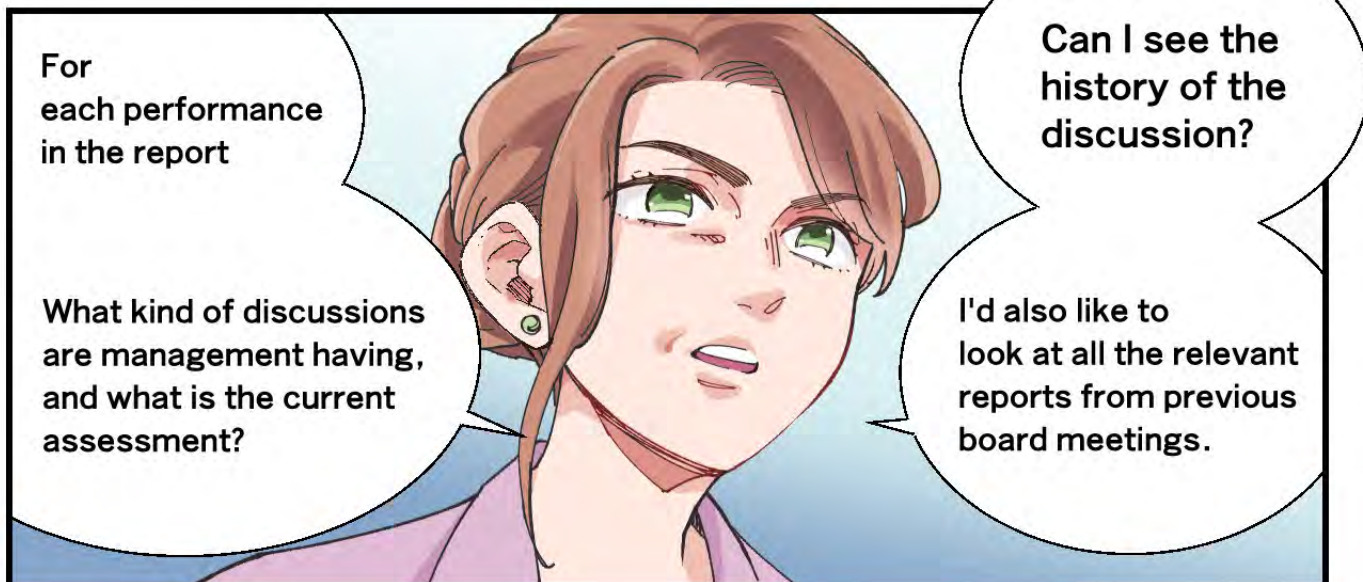
Please do.

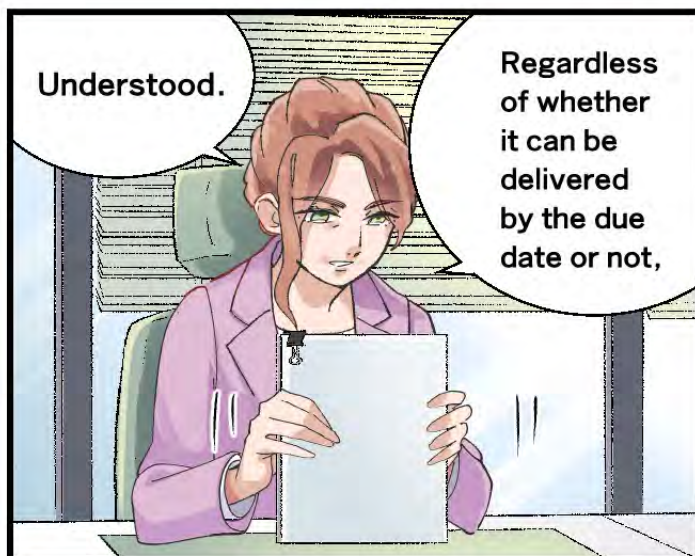
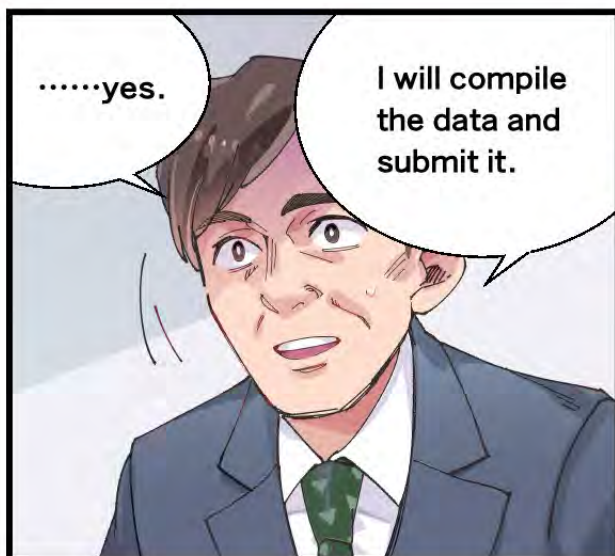
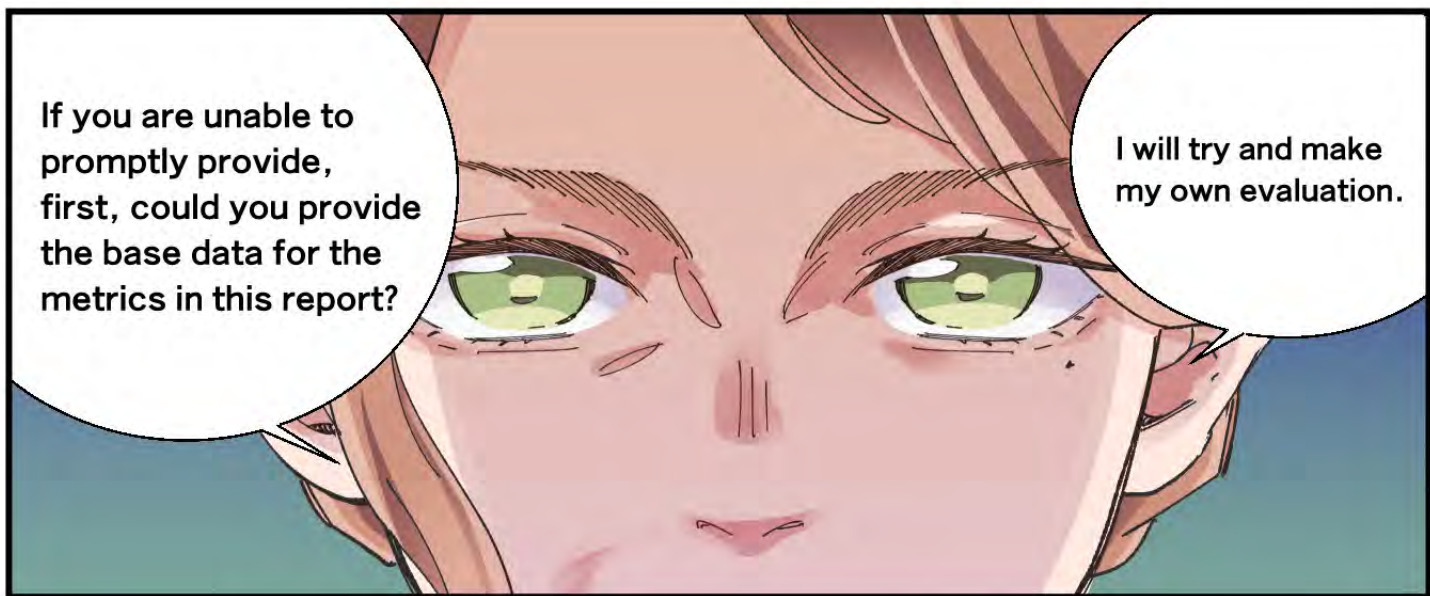
I like our customary board meetings,

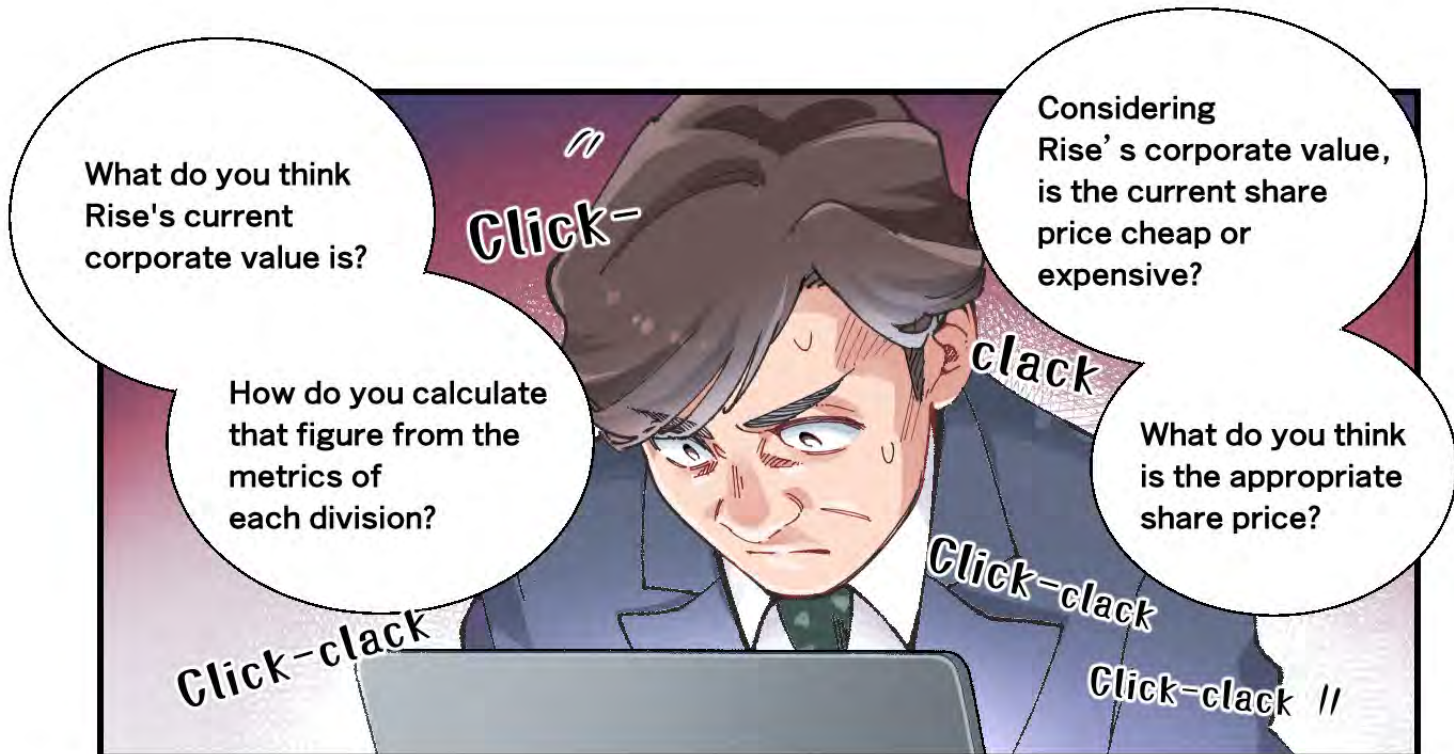
We need them finishing smoothly.

Two weeks later—









A few weeks later——

Hey,
we're in trouble.

Rise Co., Ltd. -
Corporate
Planning Office

Rainbow Investment
has filed a large
shareholding report?

It seems so.
Who is
Rainbow?

RAINBOW

A well-known American
activist organization,
right?

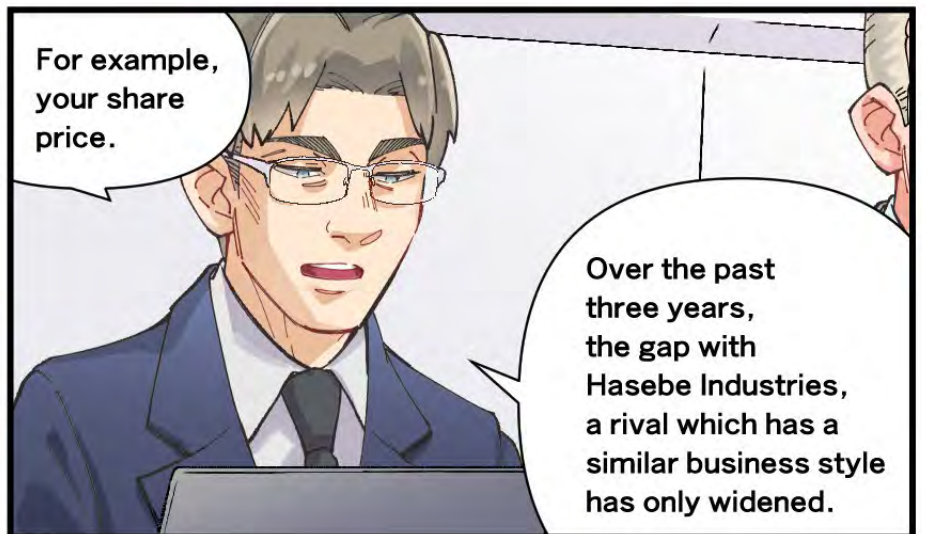
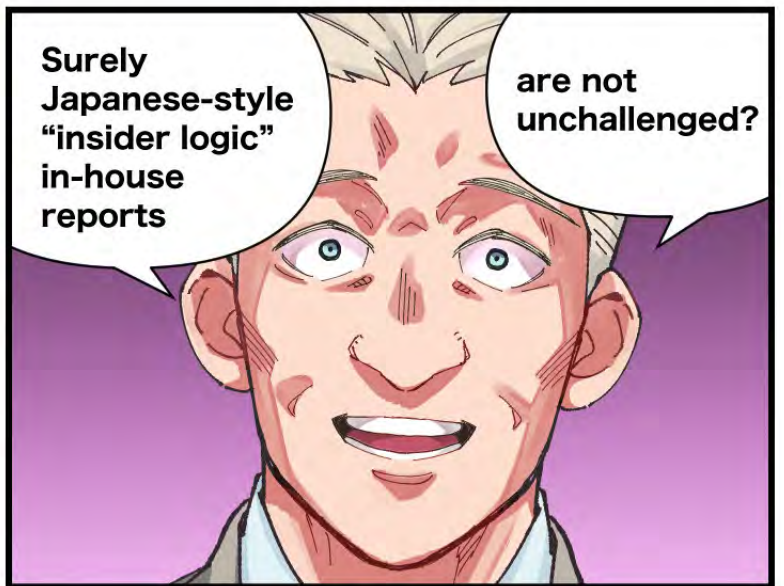
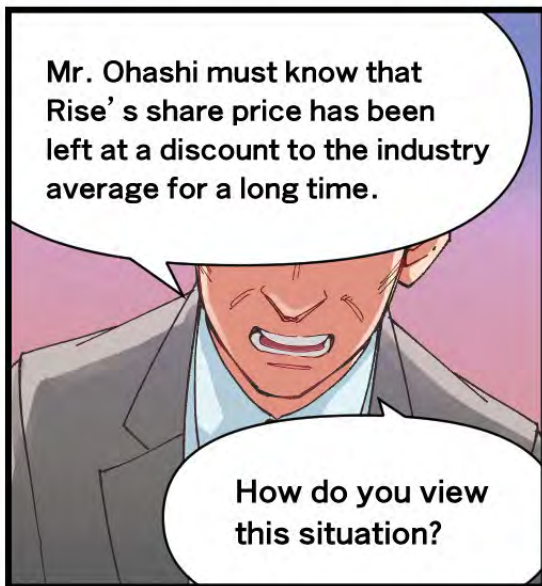
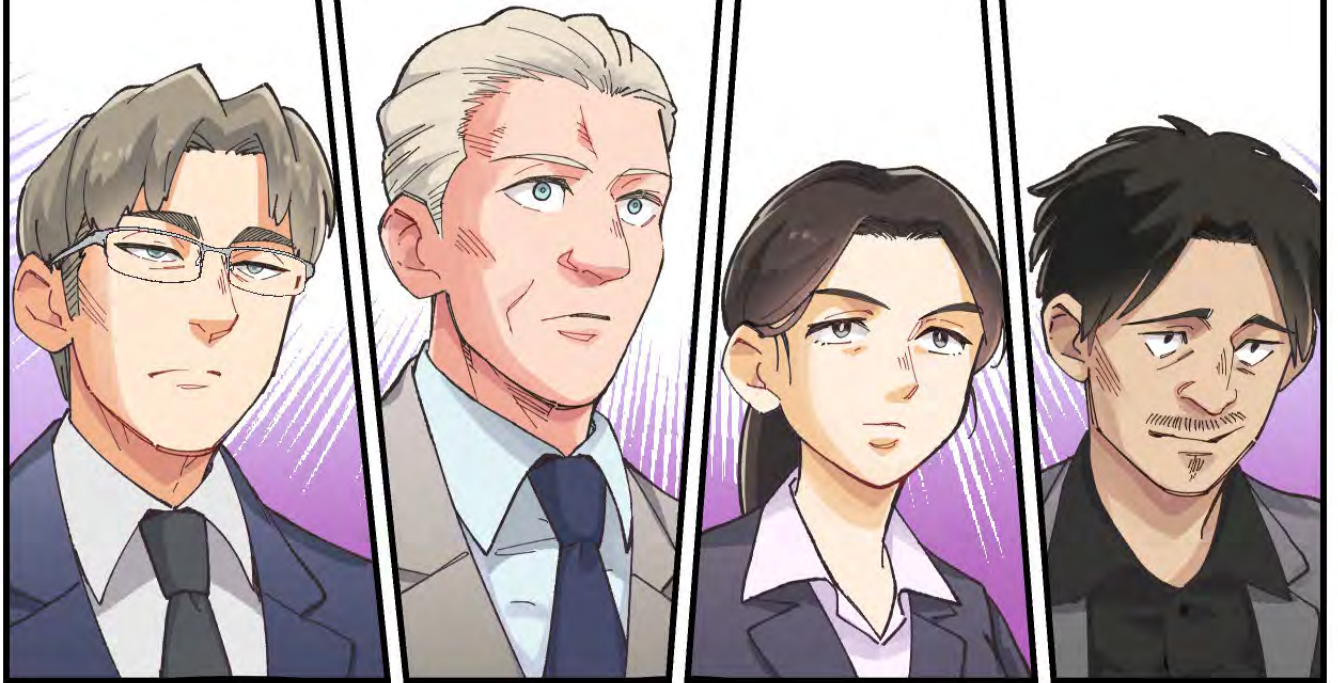
This is going to
make waves.

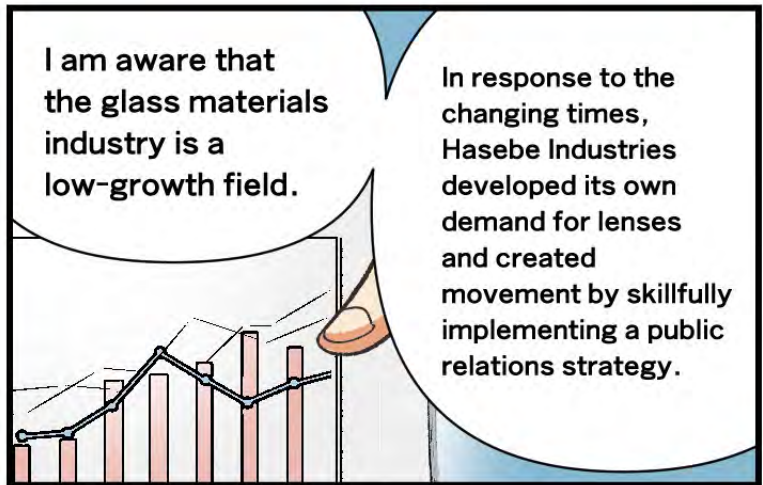
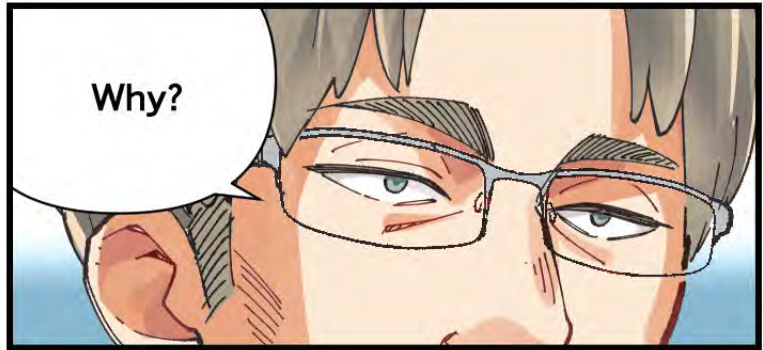
They have already
requested a
meeting with our
management.

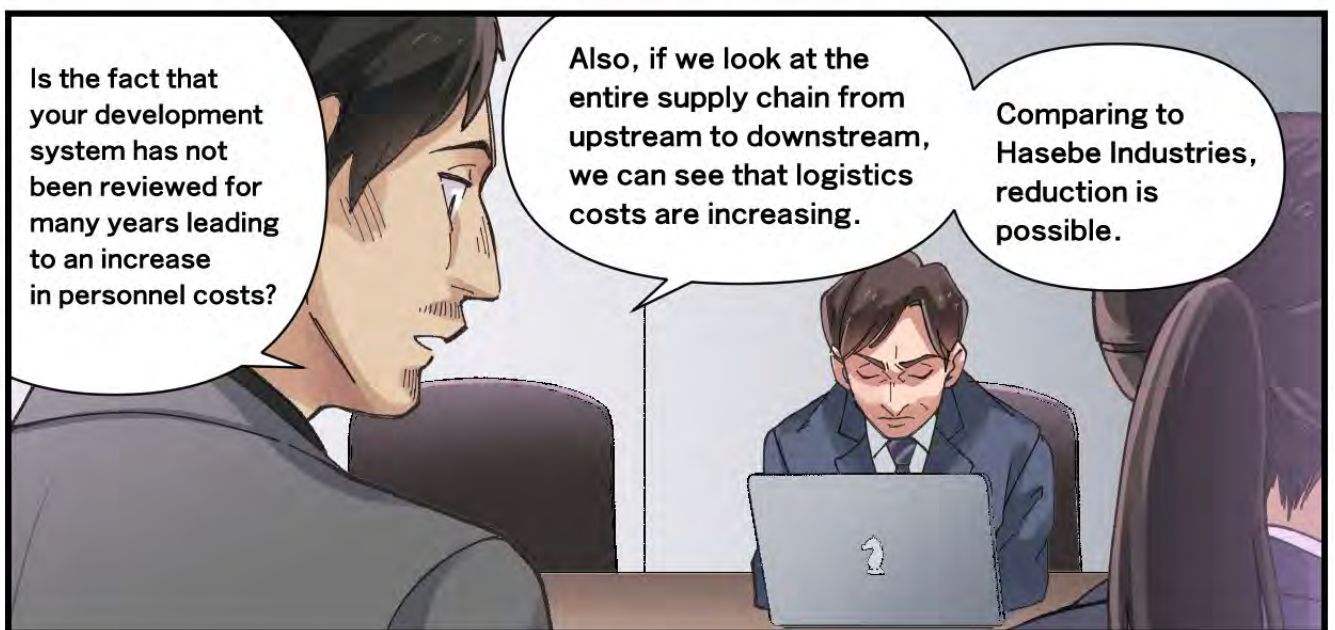
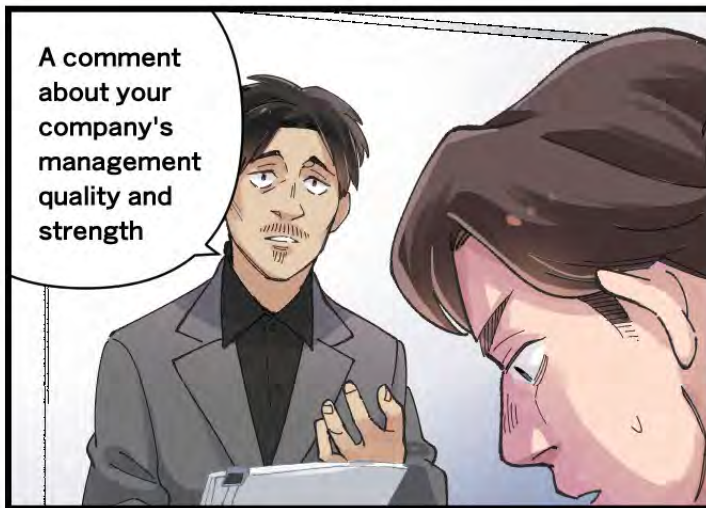
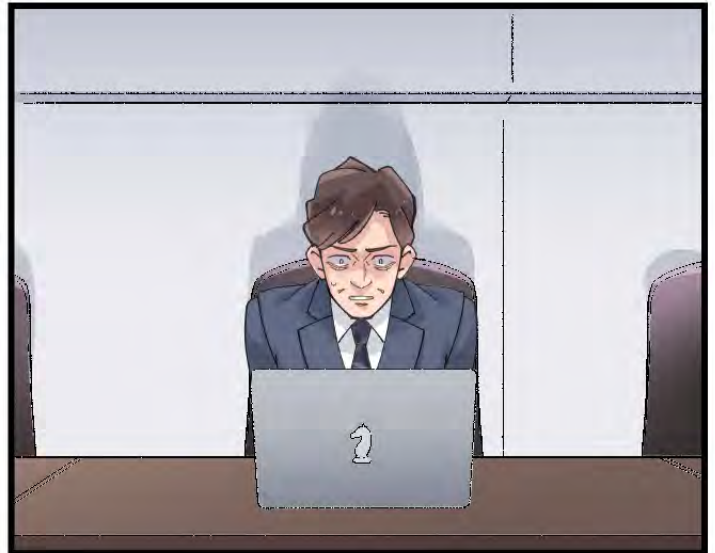
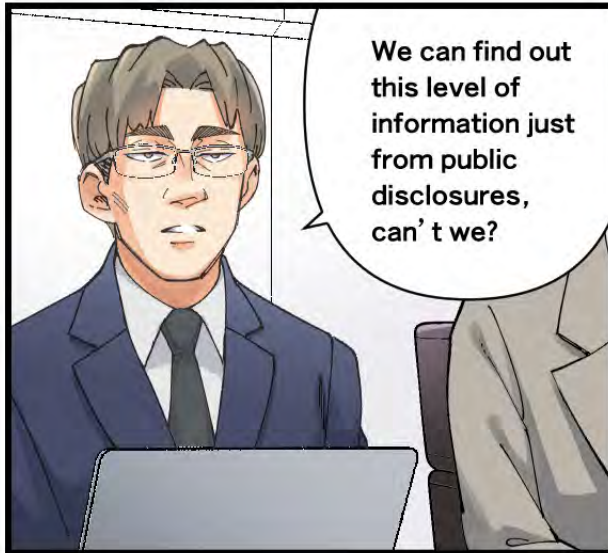
第二会議室

I was asked to
set it up.

They should be
in the boardroom
by now.









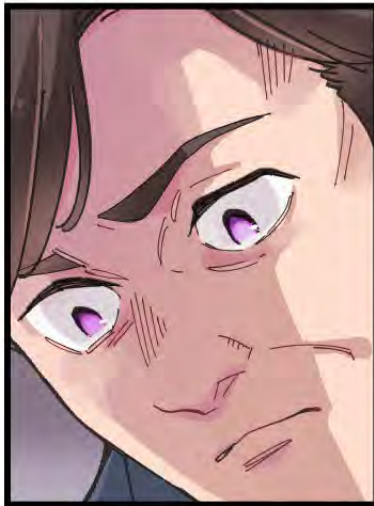
Ahem



Investors have a wide range of domestic and international connections and have the funds to spend on research.

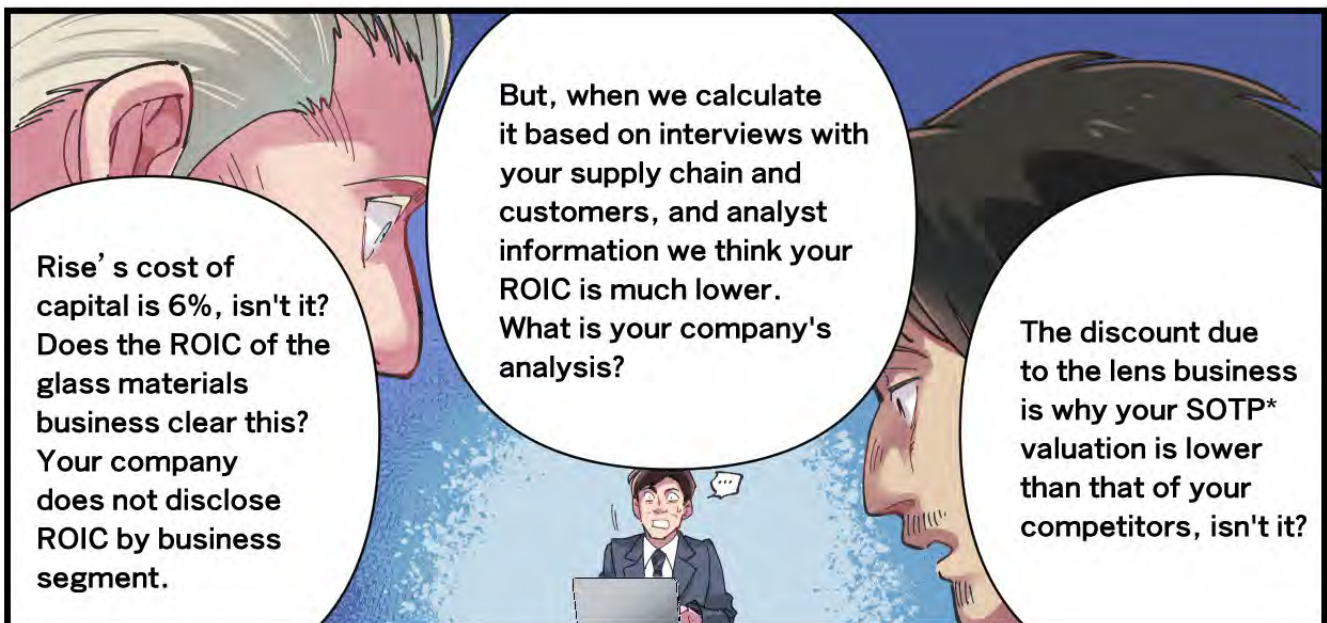
We not only investigate global industry maps and demand trends, but also talk to industry groups, analysts, regulatory authorities, and customers.

We analyze our findings by comparing it with published corporate financial data, and can explain the performance of companies by linking them to real world trends



So far, is there anything you can answer immediately?

If you don't have any, there is just one question I will ask now, and we will wait for your other responses.

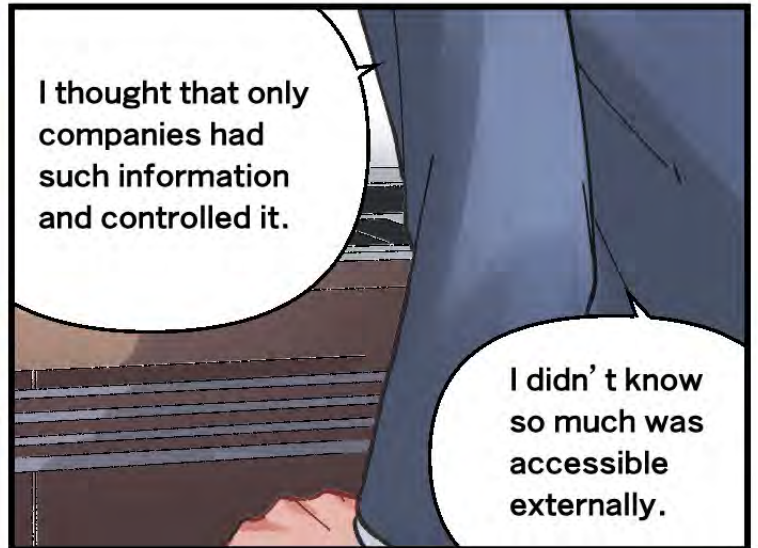


Rise's cost of capital is 6%, isn't it? Does the ROIC of the glass materials business clear this? Your company does not disclose ROIC by business segment.

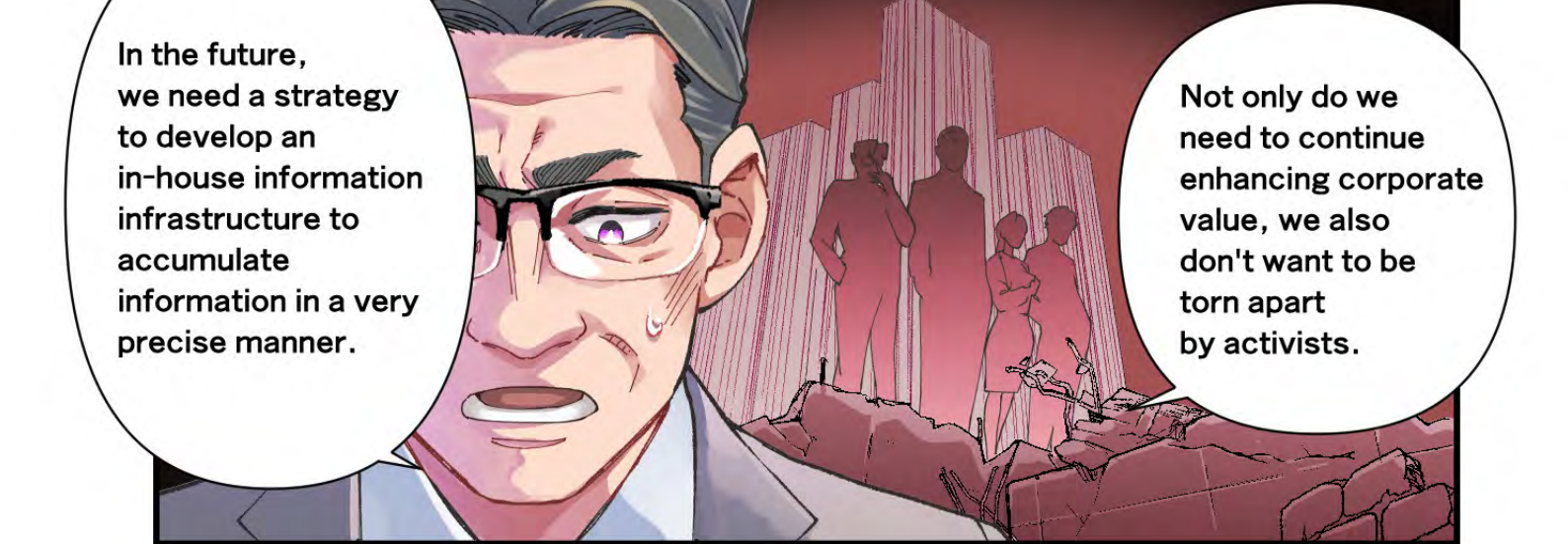
But, when we calculate it based on interviews with your supply chain and customers, and analyst information we think your ROIC is much lower. What is your company's analysis?

The discount due to the lens business is why your SOTP* valuation is lower than that of your competitors, isn't it?

* SOTP: Sum of the parts









In the future,
we need a strategy
to develop an
in-house information
infrastructure to
accumulate
information in a very
precise manner.

Not only do we
need to continue
enhancing corporate
value, we also
don't want to be
torn apart
by activists.



Let's seize
this opportunity
to reform
our thinking
and stance!

Hmmm



If only we had a partner
who could take us
one step further.

What
shall we do?