

# Fiscal 2011 Results Briefing



期待を超える

May 30, 2012



**YAMAZEN CORPORATION**



# AGENDA

- I. Fiscal 2011 (Term 66) Earnings Highlights
- II. Progress status of  
the VISTA-3S Medium-term Business Plan
- III. Fiscal 2012 Earnings Forecasts
- IV. Shareholder Returns



# I. Fiscal 2011 (Term 66) Earnings Highlights

1. Consolidated Statement  
of Income for Fiscal 2011
2. Factors Affecting Profit Performance
3. Departmental Overview
4. Balance Sheets (Consolidated)
5. Financial Position & Cash Flow
6. Topics



## Consolidated Statement of Income for Fiscal 2011 (1)

### Consolidated Income Statement

(¥ millions)	Fiscal 2010 (Term 65)	Fiscal 2011 (Term 66)	YOY (%)	Published targets (adjusted)	Ratio to target
Sales	323,703	<b>372,830</b>	15.2	358,000	104.1
Gross margin	39,992	<b>47,571</b>	19.0	—	—
(Gross margin ratio)	(12.4%)	<b>(12.8%)</b>	(+0.4)		
SGA expenses	32,576	<b>37,043</b>	14.0	—	—
Operating income	7,415	<b>10,528</b>	42.0	9,300	113.2
Ordinary income	7,623	<b>11,155</b>	46.3	9,800	113.8
Extraordinary profit	103	<b>7</b>	△92.4	—	—
Extraordinary loss	951	<b>2,633</b>	—	—	—
Net profit	4,363	<b>4,933</b>	13.1	5,700	87.0

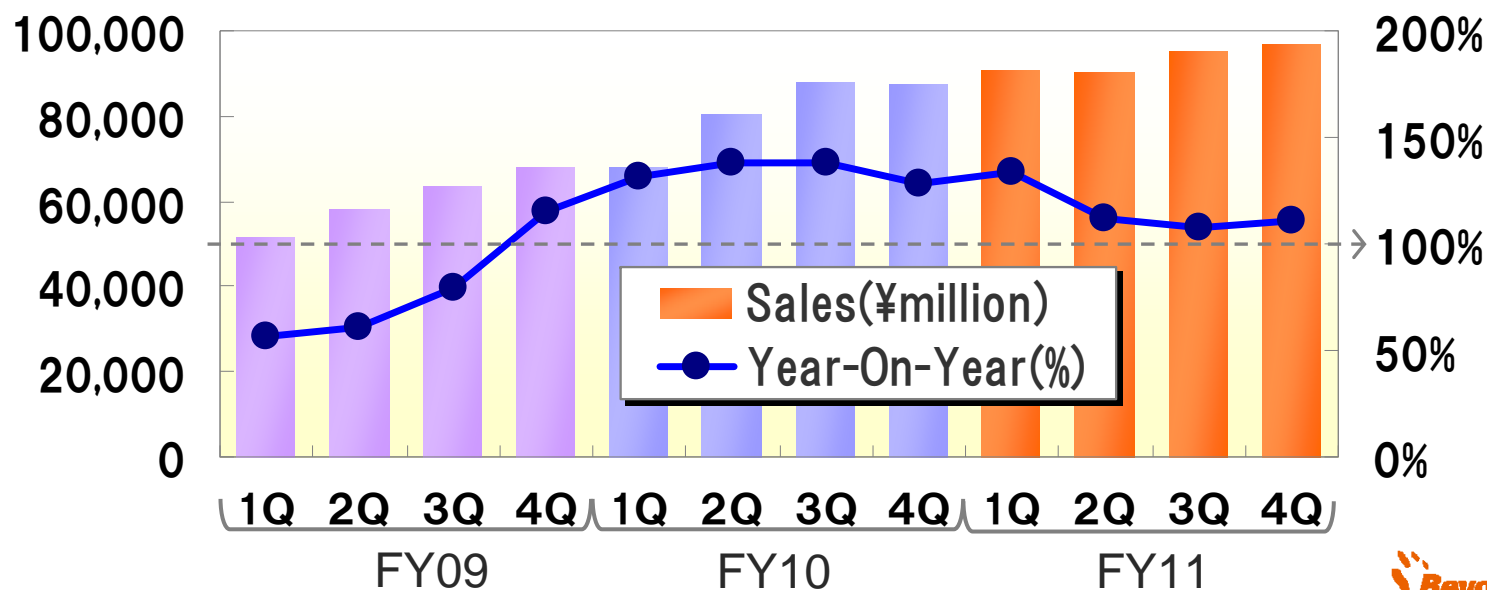
- Domestic and overseas demand for capital goods recovered gently. Also observed was stronger demand for consumer goods driven by demand for energy-saving goods.



# Consolidated Statement of Income for Fiscal 2011 (2)

## Quarterly Fluctuations

(¥ millions)	1Q 2011 4-6	2Q 2011 7-9	3Q 2011 10-12	4Q 2012 1-3
Sales	90,969	90,043	94,970	96,846
Operating income	2,817	2,558	2,881	2,270
Ordinary income	2,940	2,635	3,085	2,494
Net profit	1,816	1,493	1,747	△ 123





## Consolidated Statement of Income for Fiscal 2011 (3)

### ■ Sales by department (actual results vs. published targets)

(¥ millions)	Fiscal 2010 (Term 65)	Fiscal 2011 (Term 66)	YOY (%)	Published targets (adjusted)	Ratio to target
Machine Tools	39,583	<b>51,495</b>	30.1	47,000	109.6
Industrial Systems	47,644	<b>53,676</b>	12.7	52,000	103.2
Industrial Tools	48,172	<b>53,835</b>	11.8	52,000	103.5
(Total producer goods)	135,400	<b>159,006</b>	17.4	151,000	105.3
Housing Equipment, Materials	50,645	<b>50,519</b>	△ 0.2	52,500	96.2
Home Products	60,455	<b>77,104</b>	27.5	72,500	106.4
(Total consumer goods)	111,101	<b>127,623</b>	14.9	125,000	102.1
International Operations	73,697	<b>79,950</b>	8.5	76,300	104.7
(Total overseas producer goods)	73,697	<b>79,950</b>	8.5	76,300	104.7
Other departments	3,504	<b>6,249</b>	78.3	5,700	109.6
Total	323,703	<b>372,830</b>	15.2	358,000	104.1

Expectation



# Factors Affecting Profit Performance

(¥ millions)

**Fiscal 2010**

**¥7,623 million**

Higher gross profit  
(a profit-boosting factor)

Higher SG&A  
(a profit-reducing factor)

Non-operating income  
(a profit-boosting factor)

**Fiscal 2011**

**¥11,155 million**

**(YOY change: + ¥3,532 million)**

Domestic consumer goods	2,160
Home products	3,017
Overseas (producer goods sold to overseas)	1,980
Others	420

7,579

4,467

420

Payroll-related	2,280
Freight	802
Lease & storage	593
Allowance for doubtful accounts	334
Fees paid	224
Increases in travel/transportation expenses	141
Other factors resulting in increase	90

Decreases in loss on derivative revaluation	384
Increases in interest income	97
Increases in interest expenses	▲240
Other changes affecting non-operating income	178

For reference: (1) Gain (loss) on valuation of derivatives: ¥333 million in unrealized gain on derivatives in FY2011, against unrealized loss of ¥50 million in FY2010 – an improvement of ¥384 million.

(2) Effect on ordinary income, of newly consolidated subsidiaries and realigned year-end book closing date by subsidiaries in China: +¥163 million





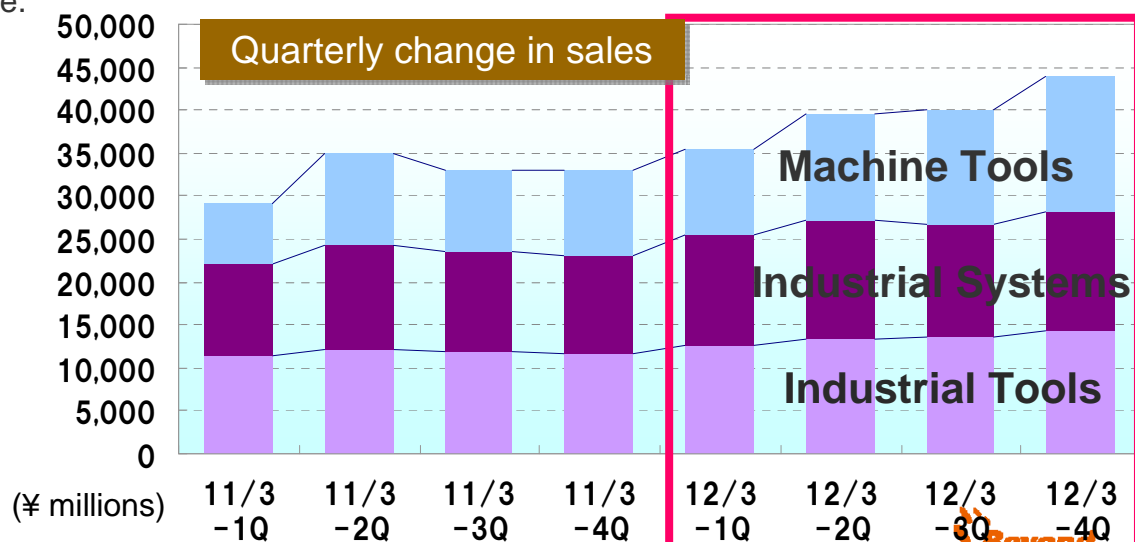
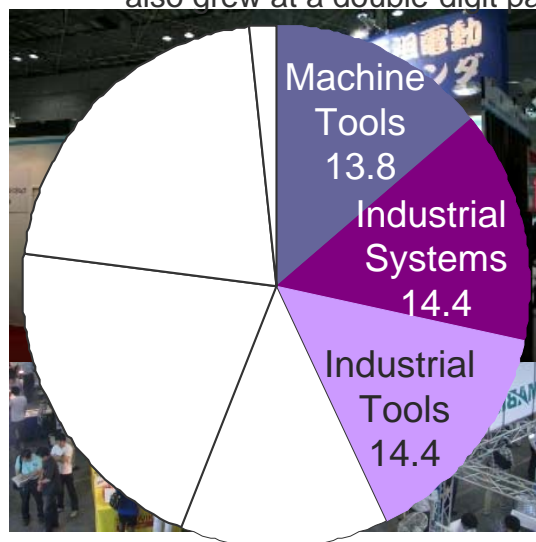
# Departmental Overview (1)

## Production Equipment and Materials Business

(¥ millions)	Fiscal 2010(Term 65)		Fiscal 2011(Term 66)		
	S a l e s	Operating income	S a l e s	Operating income	operating margin of
Machine Tools	39,583	877	<b>51,495</b>	<b>1,688</b>	3.3%
Industrial Systems	47,644	875	<b>53,676</b>	<b>1,204</b>	2.2%
Industrial Tools	48,172	984	<b>53,835</b>	<b>1,283</b>	2.4%
(Total producer goods)	135,400	2,737	<b>159,006</b>	<b>4,176</b>	2.6%

➤ The factory capacity utilization rate rose as auto production restored. Capital investment saw gradual recovery.

- ❑ Domestic orders for machine tools (full-year) bounced back to the ¥50 billion line. Cutting tools and accessories also grew at a double-digit pace.





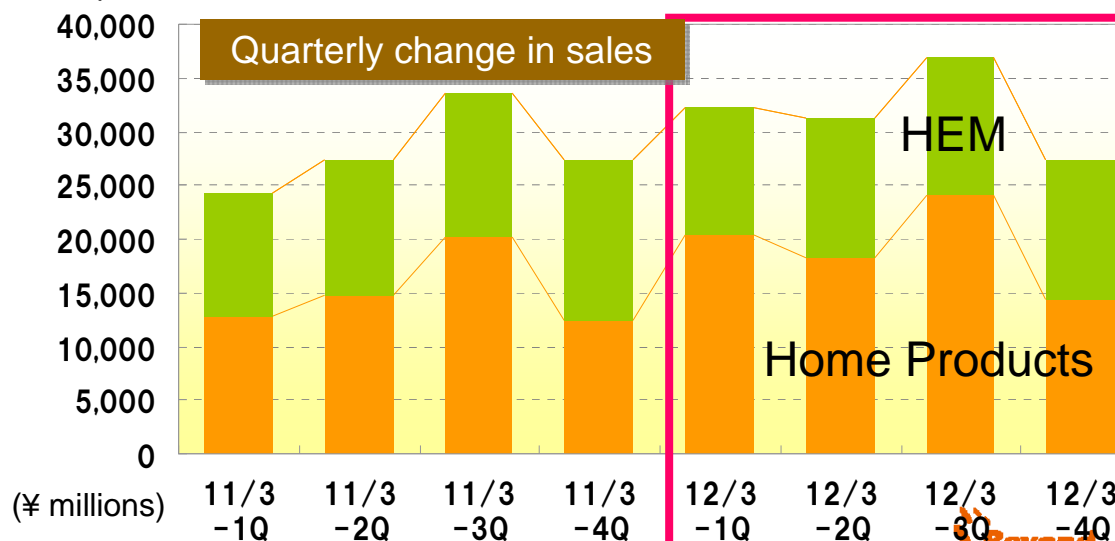


# Departmental Overview (2)

## Consumer Goods

(¥ millions)	Fiscal 2010(Term 65)		Fiscal 2011(Term 66)		
	S a l e s	Operating income	S a l e s	Operating income	operating margin of
Housing Equipment, Materials	50,645	1,357	<b>50,519</b>	<b>1,118</b>	2.2%
Home Products	60,455	2,232	<b>77,104</b>	<b>3,570</b>	4.6%
(Total consumer goods)	111,101	3,589	<b>127,623</b>	<b>4,688</b>	3.6%

- Housing Equipment & Materials was buoyed by brisk sales of gas appliances.
- Record sales by Home Products on strong demand for products addressing energy conservation, disaster preparedness and digital terrestrial TV broadcasting (7 straight years of consistent sales growth)



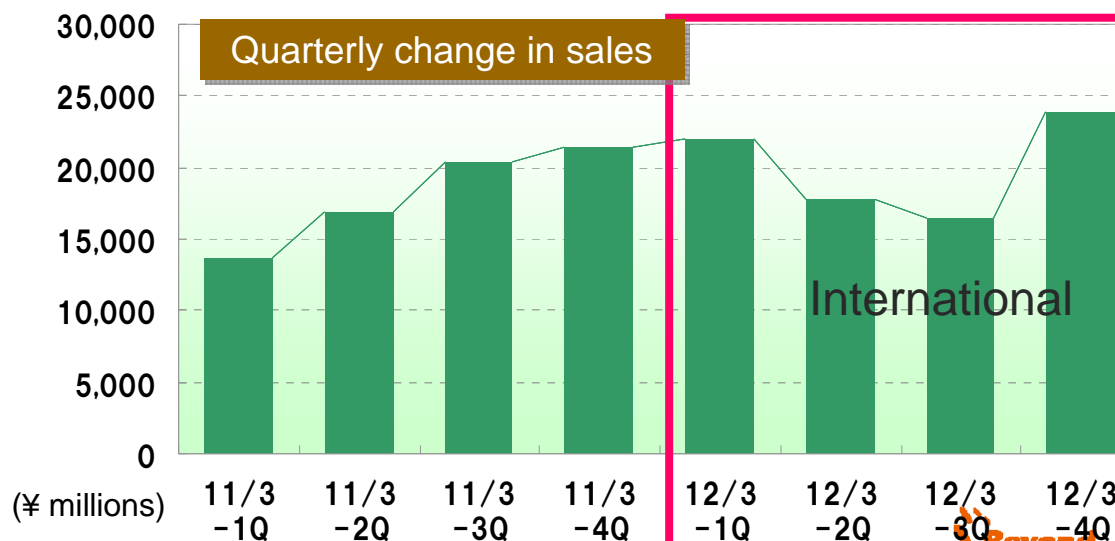
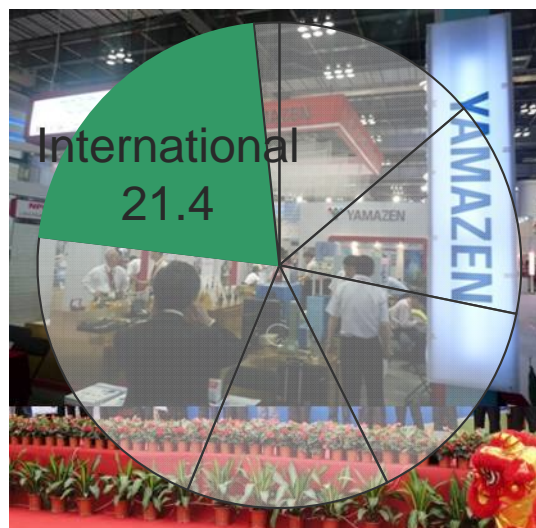


## Departmental Overview (3)

### Production Equipment and Materials Business (International)

(¥ millions)	Fiscal 2010(Term 65)		Fiscal 2011(Term 66)		
	S a l e s	Operating i n c o m e	S a l e s	Operating i n c o m e	operating margin of
International Operations	73,697	3,634	<b>79,950</b>	<b>3,919</b>	4.9%
(Total overseas producer goods)	73,697	3,634	<b>79,950</b>	<b>3,919</b>	4.9%

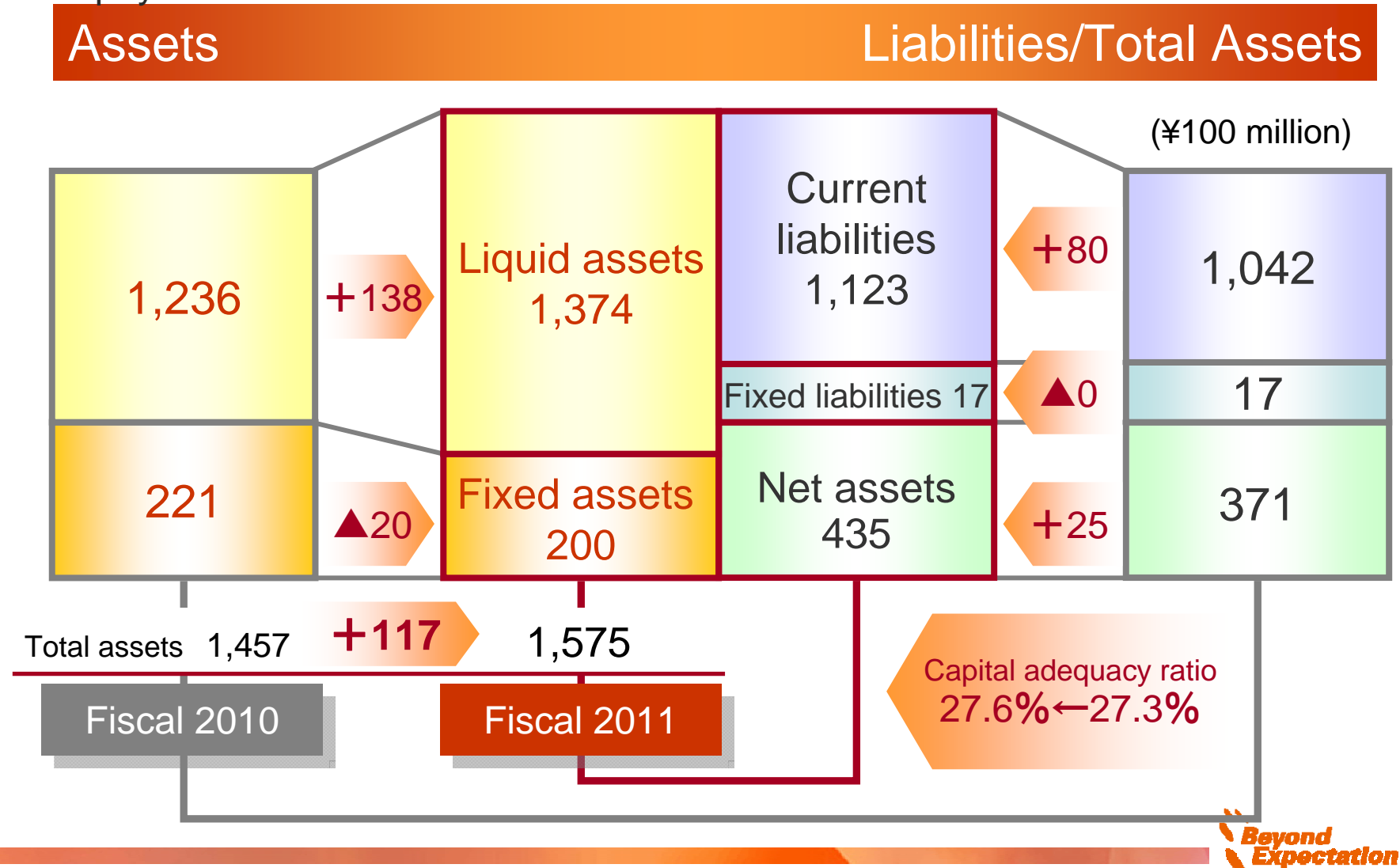
- Auto production was strong in North America (4-wheeled vehicles) and ASEAN (motorcycles). Capital investment remained firm in Greater China.
  - ❑ Higher income and earnings (for 2 consecutive years) achieved by boosting sales foundations, despite an increasingly difficult operating environment characterized by China's economic slowdown, the earthquake in Japan, flooding in Thailand, and the yen's appreciation.





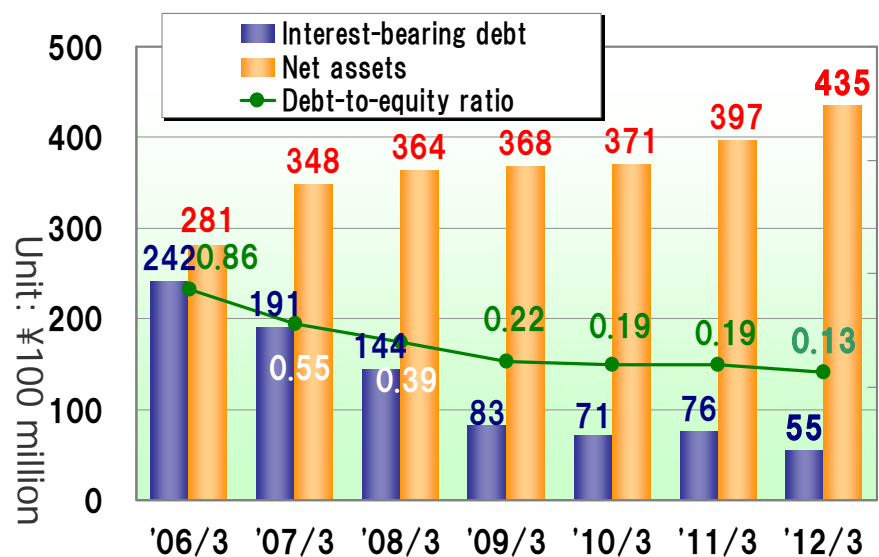
# Balance Sheet (Consolidated)

- Total assets grew on the back of higher trade receivables and trade payables

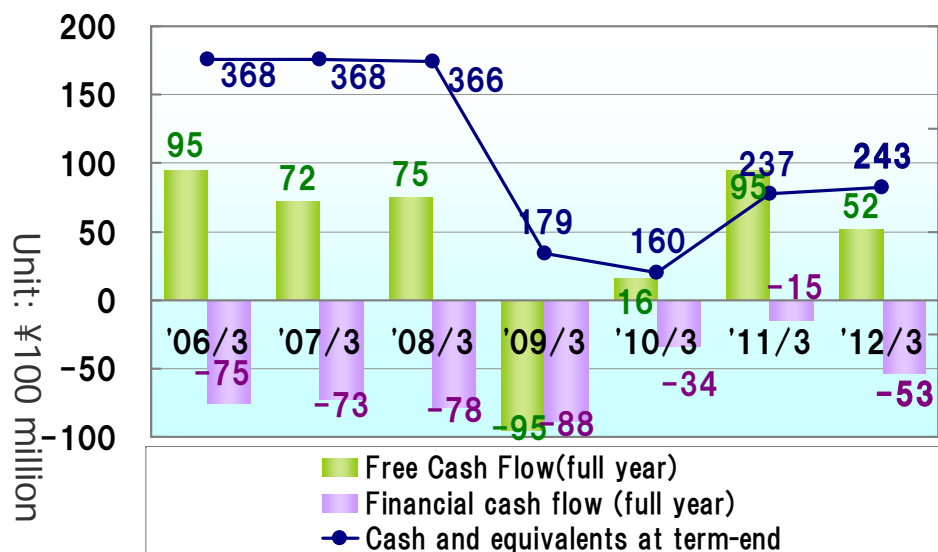




# Financial Position & Cash Flow



\*Debt-to-equity ratio = interest-bearing debts ÷ net assets



## <Financial position for operating activities>

Trade bills	25,480	(1) Trade receivables	92,861
Accounts receivable	67,381		
Bills payable	48,766	(2) Trade payables	94,504
Accounts payable	45,738		
<b>(3) Results from operating activities ((1) - (2))</b>			<b>△1,643</b>
Cash and deposits	24,398	(4) Cash and deposits net of borrowings	18,887
Borrowings	5,511		
<b>(5) Net balance ((3) + (4))</b>			<b>17,244</b>



➤ The positive net balance, even after accounting for net cash and deposits, means that Yamazen remained virtually debt-free.

\* Free cash flow = operating cash flow + investment cash flow



## Highlight (1) : Impairment loss

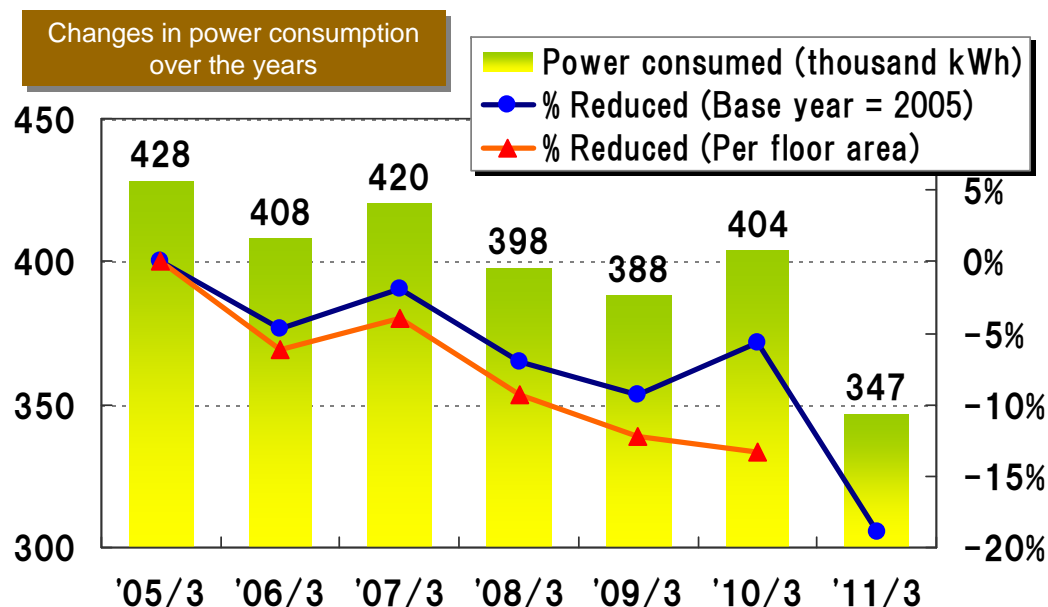
- Impairment reviews were performed on office properties in Tokyo, Nagoya and Sendai.

Place	Use	Action	Category	Value (¥ millions)
Tokyo Corporate HQ 	Property for business use	Sale	Buildings & structures, etc.	783
			Land	1,647
		Subtotal		
Nagoya Regional HQ 	Property for business use	Retired	Buildings & structures	62
Sendai Branch 	Property for business use	Sale	Buildings & structures	21
Total				2,515



## Highlight (2) :Energy-saving achievement

- 14% reduction (year-on-year) and 21% reduction (year-on-year) during the requested period for energy saving.
  - ➡ Restricted use of elevators; physical removal of 1,617 fluorescent tubes
  - ➡ Installation of a highly efficient, gas-enabled heat pump airconditioning system was installed at the Osaka Corporate HQ's Building No.2)



Items	Osaka	Eastern Japan	Nagoya	Kyushu	Hiroshima	Whole company
Power consumption for FY2011 (thousand Kwh)	1,507	1,281	354	195	131	<b>3,471</b>
Power consumption FY2010 (thousand Kwh)	1,831	1,477	387	213	127	<b>4,038</b>
Reduction rate (full year)	▲17.7%	▲13.3%	▲8.5%	▲8.3%	3.2%	▲14.0%
Reduction rate (requested period from July to Sept.)	▲27.7%	▲19.4%	▲8.5%	▲2.5%	▲4.4%	▲21.1%

**Beyond Expectation**



## II . Progress status of the VISTA-3S Medium-term Business Plan

1. Vision and Mid-Term Management Policy
2. VISTA-3S Objectives
3. Strategic Goals of VISTA-3S and Progress to Date
4. VISTA-3S 3-year Targets (consolidated)

# Vision & Mid-Term Policy



Our goal is to become a specialized trading company that provides best-in-class products and offers customers a comfortable living environment!





# VISTA-3S Objectives



## 3 Strategies / 10 actions

By leveraging three key strategies, our aim is to spark innovation and to evolve into a company that combines value, impressions, specialization, technology and adaptability

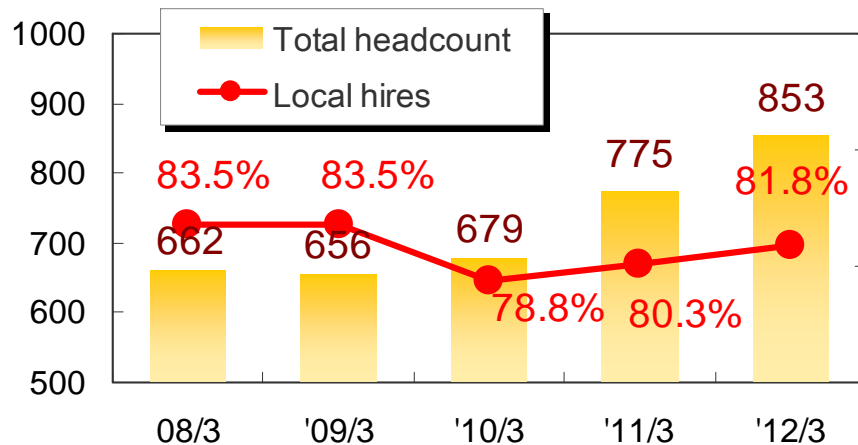




# Progress update for VISTA-3S (1): Strategy for Global Competitiveness

# 197 Engineers

- Higher presence in China and ASEAN; No. of engineers increased to 197.
  - Launch of Souzen Trading (a subsidiary of Yamazen Taiwan) in Shenzhen, a joint venture in Thailand with Citizen Machinery Miyano, and a representative office in Mexico City for Latin America.



<Metalex2011 (Thailand)>

**山善**  
メキシコに駐在員事務所  
中南米地区に海外5番目の拠点  
山善国際本部(本部) すると発表した。  
長山本政専務取締役は、同国の営業協力は、10月1日、海外5番目、これま日本社及びこの首都メキシコシティに法人を、米現地駐在員事務所を開設、客サポートを行っている。

が、今後の多様な市場に対応し、商社拡大を図っていくためには、グランド・各種機器・工業用部品を、海外に展開し、顧客のニーズに合わせたサービスを提供し、顧客の信頼を勝ち取る必要がある。山善は、今後とも海外市場の拡大を推進して、グローバルな成長を遂げることを目指している。

11月16日から19日 中国・東莞で開催  
東莞国際模具及金属加工展  
山善Gが36社製品・技術を出品

山善 山善グループ  
山善(中国)貿易有限公司  
山善(深圳)貿易有限公司

<Trade Exhibition (Dongguan)>

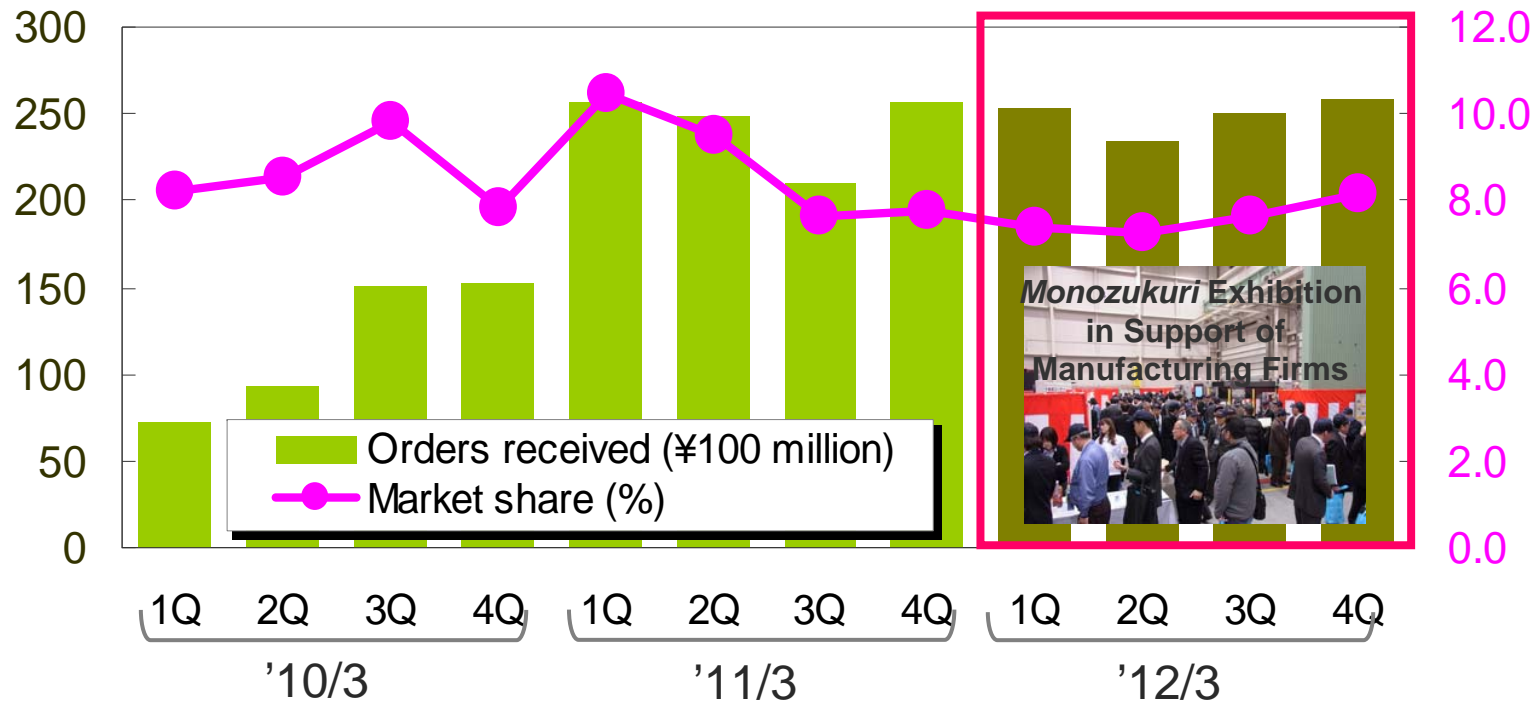
\* Articles furnished by Nihon Butsuryu Shinbun



# Progress update for VISTA-3S (2): Strategy for Specialization (a)

# 99.9 billion

- Orders received for machine tools from Japan and abroad rose to ¥99.9 billion (full year), accounting for 8%\* of the market
  - ⇒ Cutting tools (up 10% year-on-year), accessories (up 13% year-on-year) and other peripheral areas also experienced growth.



(\* Market share is based on the total orders received as reported by the JMTBA)





# Progress update for VISTA-3S (2): Strategy for Specialization (b)

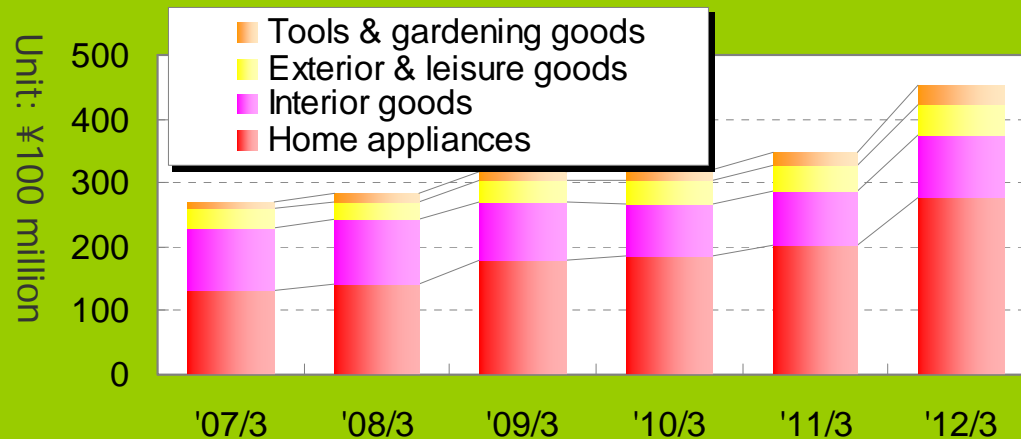
# 3.33 million

➤ Sales of private-brand products reached ¥45.0 billion

- Sold 3.33 million+ electric fans (Market share: 20%), and 830,000+ *Kotatsu* heated tables (25%) capturing the top shares



<Sales of private-brand products>



TV tuners for terrestrial broadcasting:  
Cumulative shipments of 800,000+



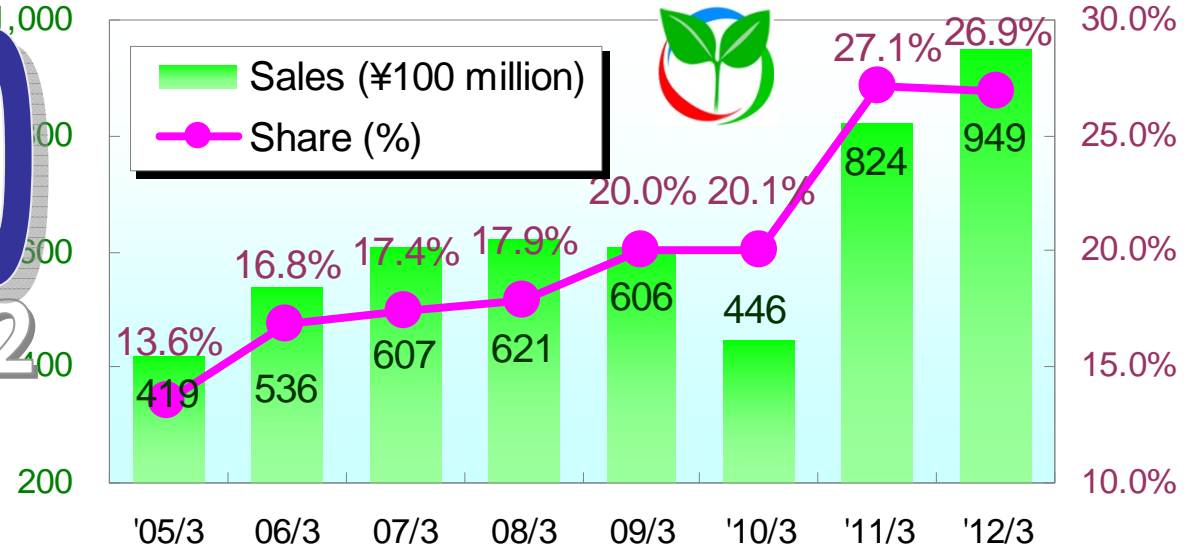
510,000+ humidifiers; 1.14 Mio+ electric carpets



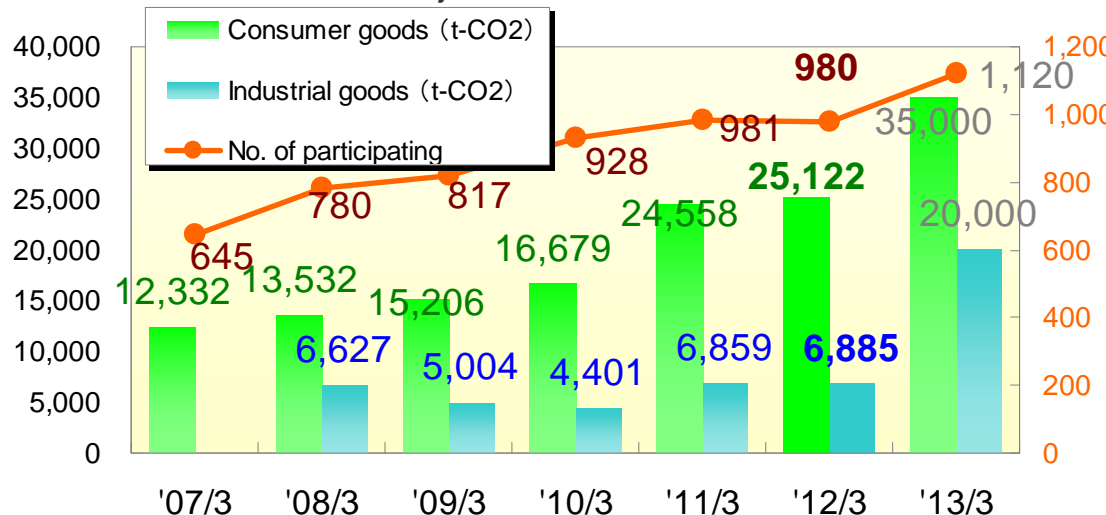
# Progress update for VISTA-3S (2): Strategy for Specialization (c)



<Sales of environmentally superior products>



<Green Ball Project Results: Actual vs. Planned>



➤ The environmentally superior product segment is poised to generate ¥100 billion+ in sales in Fiscal 2012.

➤ The Green Ball Project has reduced a total of 137,000 tons of CO<sub>2</sub> to date.

➤ Over 20,000 residential solar systems have been installed to date!

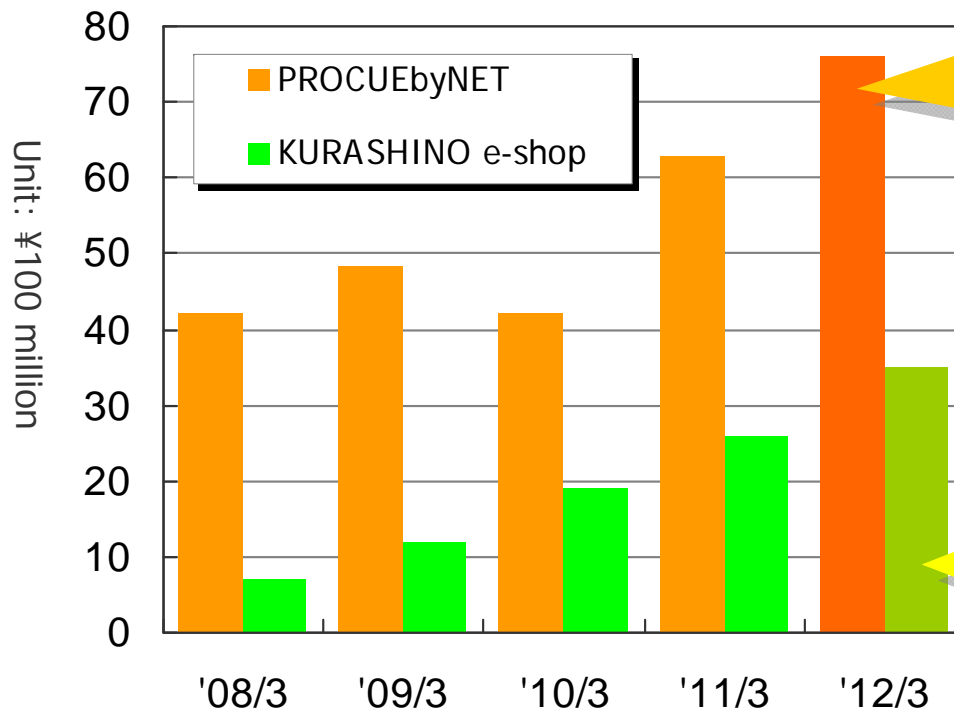




# Progress update for VISTA-3S (2): Strategy for Specialization (d)

# 110.0 billion

➤ Online sales (B2B & B2C) reached ¥11.0 billion (\*Excluding EDI transactions)



Website for PbN was revamped



No. of registered companies: 1,576

Best-selling product (quantity-wise) in Fiscal 2011: "Pet Sheets PS200R"





# Progress update for VISTA-3S (3): Organizational Strength





## VISTA-3S 3-Year Targets (consolidated) (1)

Targets planned for the 3<sup>rd</sup> year of the Medium-Term Management Plan were stated as Fiscal 2012 targets.

### Profit Targets

(¥ millions)	Fiscal 2009 (Term 64)	Fiscal 2010 (Term 65)	Fiscal 2011 (Term 66)	Fiscal 2012 (Term 67)
Sales	241,410	323,703	372,830	<b>(350,000)</b>
Operating income	836	7,415	10,528	<b>(8,500)</b>
Ordinary income	955	7,623	11,155	<b>(8,500)</b>
Net profit	438	4,363	4,933	<b>(4,800)</b>

### Key Financial Targets

(%)	Fiscal 2009 (Term 64)	Fiscal 2010 (Term 65)	Fiscal 2011 (Term 66)	Fiscal 2012 (Term 67)
Gross margin	0.3%	2.3% (Initial target 1.1%)	2.8% (Initial target 1.8%)	2.5%
Return on total assets	0.7%	5.6% (Initial target 2.3%)	6.9% (Initial target 5.0%)	5.5%
Cash flow margin	0.6%	2.6% (Initial target 1.0%)	1.3% (Initial target 1.7%)	2.5%





## VISTA-3S 3-Year Targets (consolidated) (2)

Targets planned for the 3<sup>rd</sup> year of the Medium-Term Management Plan were stated as Fiscal 2012 targets.

### ■ Departmental Sales Targets

(¥ millions; %)	Fiscal 2009 (Term 64)	Fiscal 2010 (Term 65)	Fiscal 2011 (Term 66)	Fiscal 2012 (Term 67)
Machine Tools	26,529	39,583	51,495	58,000
Industrial Systems (1)	39,754	47,644	53,676	58,000
Industrial Tools (2)	38,382	48,172	53,835	52,500
Industrial Tools & Equipment(1)+(2)	—	95,816	107,511	110,500
(Total domestic producer goods)	104,667	<b>135,400</b>	<b>159,006</b>	<b>168,500</b>
Housing Equipment, Materials	47,751	50,645	50,519	57,000
Home Products	53,941	60,455	77,104	66,000
(Total consumer goods)	101,692	<b>111,101</b>	<b>127,623</b>	<b>123,000</b>
International Operations	31,876	73,697	79,950	54,700
(Total overseas producer goods)	31,875	<b>73,697</b>	<b>79,950</b>	<b>54,700</b>
Other departments	3,173	3,504	6,249	3,800
Total	241,410	<b>323,703</b>	<b>372,830</b>	<b>350,000</b>



## VISTA-3S 3-Year Targets (consolidated) (3)

### Budget for Capital Investments

(¥ millions)		Fiscal 2009 (actual)	Fiscal 2010 (actual)	Fiscal 2011 (actual)	Fiscal 2012 (full-year forecast)
Property, plant and equipment	Additional investments made during the year	302	100	553	760
Intangible fixed assets	Additional investments made during the year	959	179	420	300
Subtotal for parent only		1,261	279	973	1,060
Consolidated total		1,300	380	1,226	1,300
Property, plant and equipment	Depreciation	315	310	314	300
Intangible fixed assets	Amortization	437	492	457	400
Subtotal for parent only		752	802	771	700
Consolidated total		830	900	898	800



## III . Fiscal 2012 Earnings Forecasts

1. Operating Outlook  
for Fiscal 2012 (Term 67)
2. Numerical targets  
for Fiscal 2012 (Term 67)
3. Divisional System
4. Actions for Fiscal 2012
5. Consolidated Sales Targets  
by Division: Summary



# Operating Outlook for Fiscal 2012

	Business Segment	Key Indicators	Market Outlook*	
1	Producer Goods - Domestic	Industrial Production Index Aggregate orders published by JMTBA members Orders received for semiconductor manufacturing equipment Statistics published by JMTBA	Investment induced by overseas demand is gaining further momentum. Production is expected to bounce back to the post-earthquake level for a broad spectrum of industries. Negatives include the likelihood of the higher cost of production and production cuts caused by power shortages affecting the manufacturing sector.	
2	Consumer Goods - Housing Equipment & Materials	Housing starts; Kitchen and bath shipment statistics	Housing starts are poised to make a turnaround. Demand for home remodeling will also rise. Higher investment in housing development and public works, coupled with full-strength post-quake reconstruction efforts, will drive this sector's growth. Sought-after product lines will include those addressing energy generation, energy storage and energy saving.	
3	Consumer Goods - Home Products	Propensity to consume Statistics by the Japan DIY Industry Association	The consumer confidence index is rising gradually, and so is the consumers' willingness to spend. However, bleakness prevails over employment and personal income horizons, and their uncertain outlook casts a doubt on the sustainability of strong consumer sales.	
4	Producer Goods -International	National industrial production for countries outside Japan Diffusion indexes for countries outside Japan Machine tool sales statistics published by the U.S. Association for Manufacturing Technology, among others	A strong recovery is seen in demand from the United States. Demand from China and Asia will remain virtually unchanged. A slowdown observed in overseas economies, together with the past strength of the yen, is expected to dampen exports for the time being.	



\*Based on Yamazen's own projections



## Fiscal 2012 (Term 67) Financial Targets

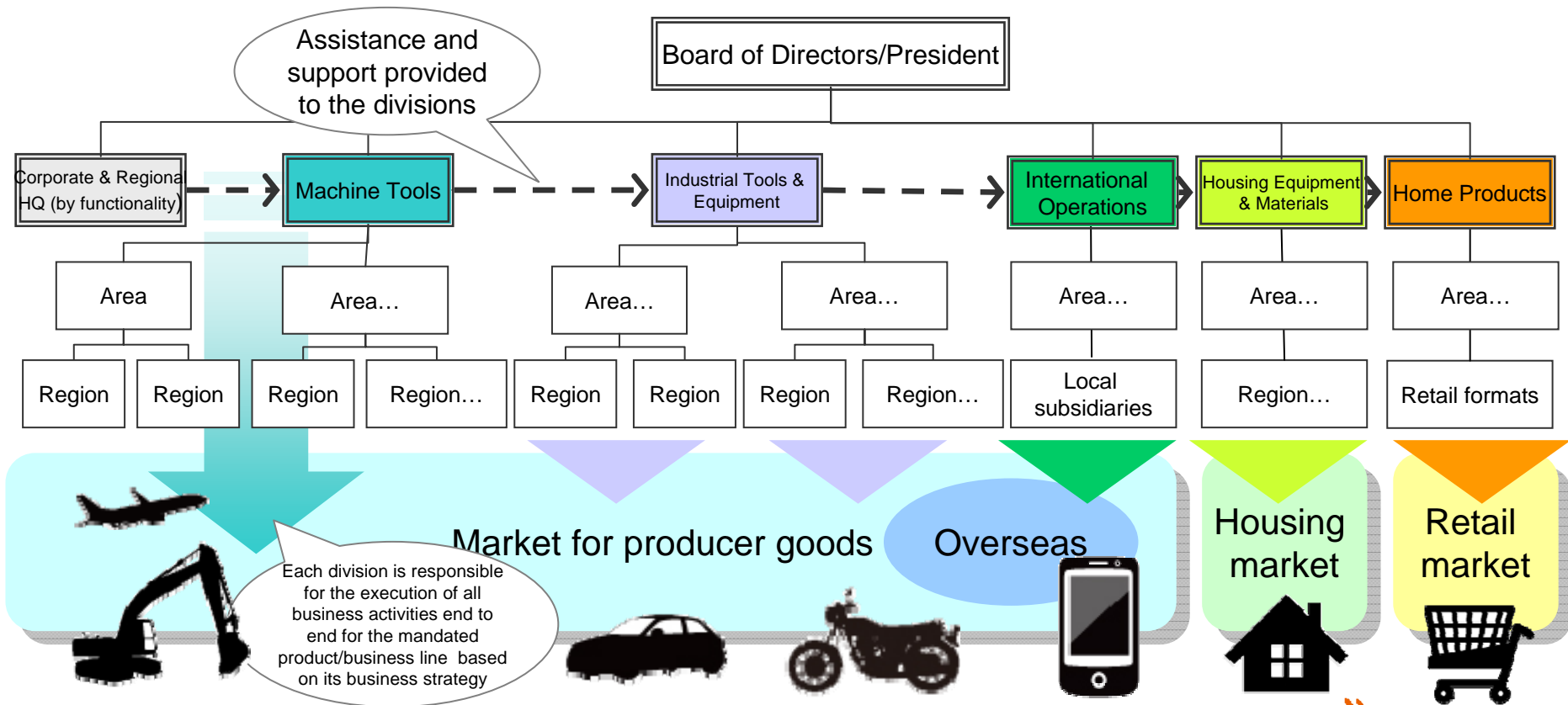
- Fiscal 2011 level of sales and profits must be secured while every attempt will be made to achieve higher sales and profits

(Unit: ¥millions)	Fiscal 2011(Term 66)		Fiscal 2012(Term 67)			
	2Q Results	Full-year Results	2Q (planned)	YOY change (%)	Full-year (planned)	YOY change (%)
Sales	181,012	372,830	<b>186,000</b>	2.8	<b>375,000</b>	0.6
[Stand-alone]	166,596	344,113	<b>174,000</b>	4.4	<b>350,000</b>	1.7
Operating income	5,376	10,528	<b>5,500</b>	2.3	<b>11,000</b>	4.5
[Stand-alone]	3,716	7,676	<b>4,300</b>	15.7	<b>8,500</b>	10.7
Ordinary income	5,575	11,155	<b>5,700</b>	2.2	<b>11,300</b>	1.3
[Stand-alone]	3,940	8,291	<b>4,500</b>	14.2	<b>8,800</b>	6.1
Net profit	3,309	4,933	<b>3,350</b>	1.2	<b>6,200</b>	25.7
[Stand-alone]	2,215	2,988	<b>2,450</b>	10.6	<b>4,800</b>	60.6



# Divisional System

- The new divisional system allows for a quick and flexible response to sudden changes in respective markets.
  - All task processes are carried out by and within the division, leading to greater organizational strengths and “on-the-spot” abilities.
- The system leads to the fostering of advanced skills and productivity required for professionals.
  - The corporate HQ and regional HQ continue to supplement the endeavors of the divisions by performing specific functions and providing assistance as before, with greater focus on proposal and planning activities.



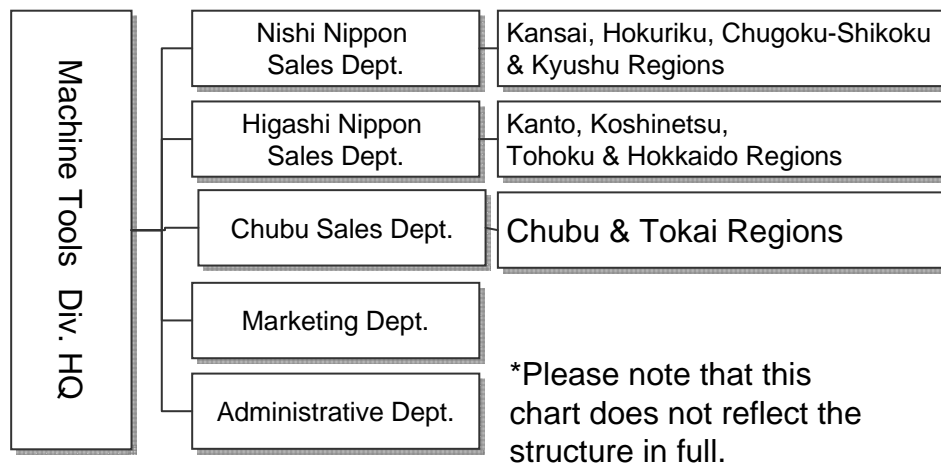


# Actions for the Current Fiscal Year (1): Producer Goods



(¥ millions)	Fiscal 2011	Fiscal 2012	
S a l e s	51,495	<b>52,000</b>	% change 1.0%
O p e r a t i n g i n c o m e	1,688	<b>1,800</b>	Operating margin 3.5%

➤ As the successor to the former Machine Tools Department, it sells machine tools and metal forming machines used primarily by domestic manufacturers.



- ❑ Collaborative events such as the “*Monozukuri* Exhibition in Support of Manufacturing Firms” showcasing multiple manufacturers and their production know-how and expertise will be rolled out
  - ➔ To better respond to demand for precision equipment and highly efficient equipment and to uncover and expand potential needs
- ❑ Key business locations are established and sales teams are deployed appropriately from a broader perspective to allow for a greater concentration of information and to boost proposal capabilities.

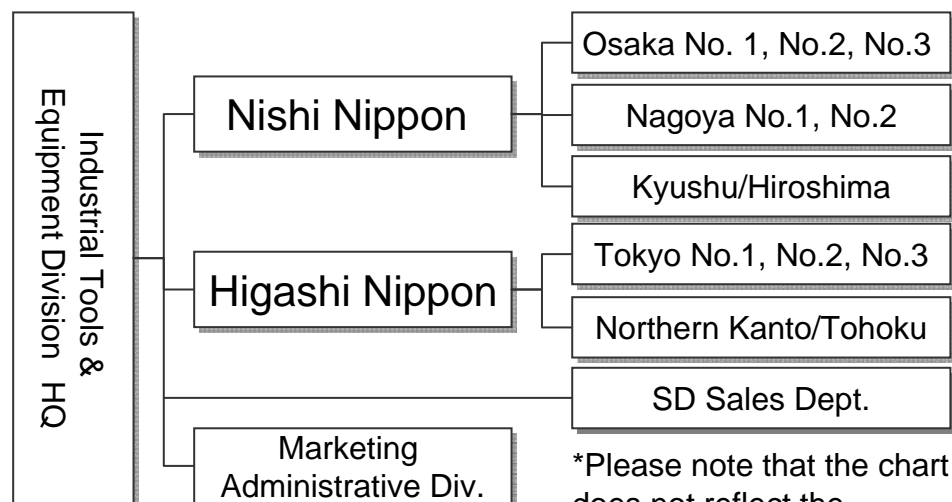


## Actions for the Current Fiscal Year (2): Producer Goods



(¥ millions)	Fiscal 2011	Fiscal 2012	
S a l e s	107,511	<b>108,000</b>	% change 0.5%
O p e r a t i n g i n c o m e	2,487	<b>3,100</b>	Operating margin 2.9%

- This division took over the tasks performed by the former Industrial Systems division HQ and the Industrial Tools Dept. It is engaged in sales of industrial equipment, peripheral tools and consumables for industrial equipment, elemental machining parts and logistical machines in factories, etc., for which the primary end-users are manufacturers.



\*Please note that the chart does not reflect the structure in full.

	Category	12/3	13/3 (planned)
(1)	Material handling	12,280	<b>13,500</b>
(2)	Mechatronics	15,662	<b>16,000</b>
(3)	Environmental improvement aids	6,221	<b>6,400</b>
(4)	Cutting tools & accessories	20,594	<b>21,000</b>
(5)	Measuring equipment	5,049	<b>5,200</b>
(6)	Fluid machinery	6,839	<b>7,200</b>
(7)	Industrial machinery & equipment	25,641	<b>26,000</b>
(8)	Air-conditioning equipment	2,254	<b>2,500</b>
(9)	Others	12,973	<b>10,200</b>

(Unit: ¥ millions)



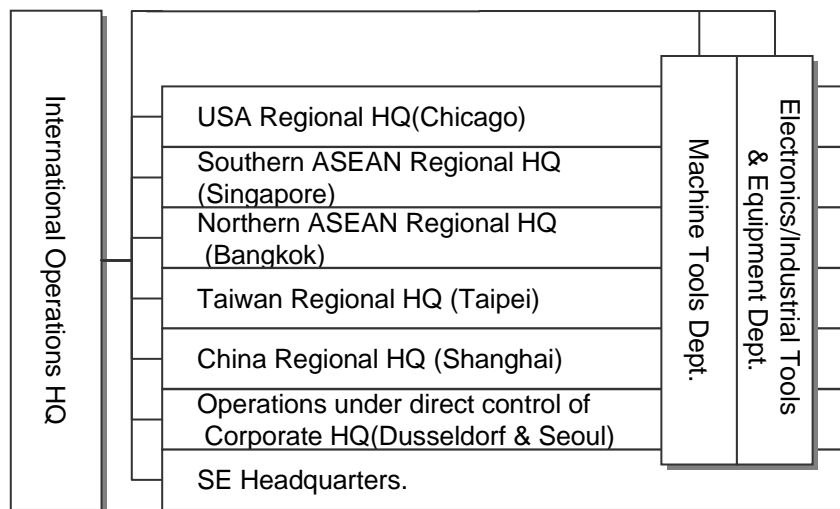


## Actions for the Current Fiscal Year (3): Producer Goods



(¥ millions)	Fiscal 2011	Fiscal 2012	
S a l e s	79,950	<b>80,000</b>	% change 0.1%
O p e r a t i n g i n c o m e	3,919	<b>3,600</b>	Operating margin 4.5%

- The division inherited the organization and functionality of the former International Operations HQ. It is responsible for exports and sales of producer goods (machine-tools, industrial tools & equipment) for overseas markets. It also administers oversight of overseas offices and subsidiaries.



- ❑ Action to achieve balanced operations
  - ➔ Activities to increase sales channels to reach greater industrial sectors; combined with the creation of additional service and business locations, these actions aim at promoting stable, locally oriented operations underscored by well-balanced sales and servicing (engineering) capabilities.
- ❑ Action to come up with a more unified sales strategy and to achieve higher sales (in terms of volume) through active exchanges within and between regional H.Qs.
  - ➔ Industrial tools and equipment: The sales and delivery mechanism for cutting & measuring tools + mechatronic products will be enhanced.

\*Please note that the chart does not reflect the structure in full.

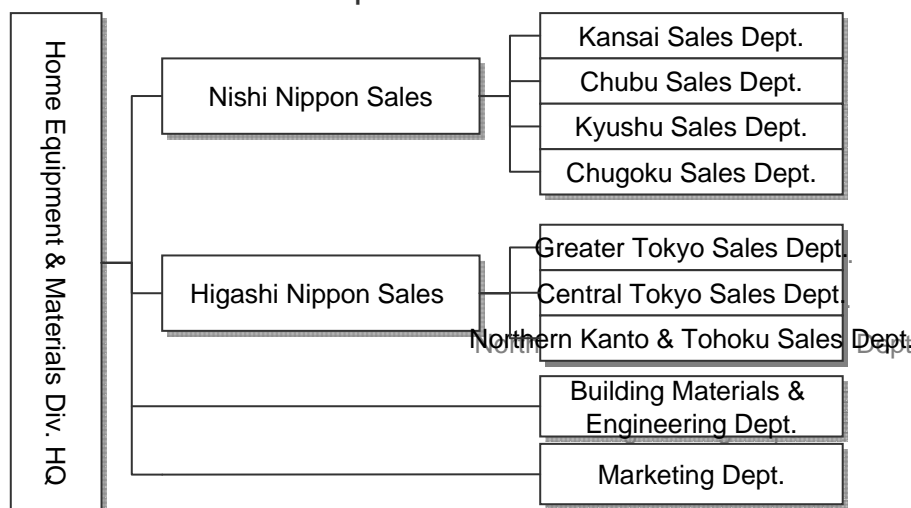


# Actions for the Current Fiscal Year (4): Consumer Goods



(¥ millions)	Fiscal 2011	Fiscal 2012	
S a l e s	50,519	<b>51,000</b>	% change 1.0%
O p e r a t i n g i n c o m e	1,118	<b>1,250</b>	Operating margin 2.5%

➤ This successor to the former Housing Equipment and Materials Dept. is in charge of selling housing equipment, air conditioning equipment, construction materials and other materials, in addition to the assembly/set-up thereof, to meet the needs of building, housing and equipment construction companies.



- ❑ Stepped-up activities to make greater inroads into growth fields and markets
  - ➔ For residential solar power systems, the division targets ¥10 billion in sales. Sales and installation structures for industrial solar power generation systems will be developed.
  - ➔ Creation of a preparatory team for overseas procurement and sales activities
- ❑ Focused efforts to broaden the product range to address remodeling needs and to enhance housing equipment line geared to the needs of the elderly
  - ➔ Exploration of new sales channels via volume merchandisers and the Internet
  - ➔ Sales launch of prefabricated bathrooms modules designed for the handicapped and the elderly

\*Please note that the chart does not reflect the structure in full.



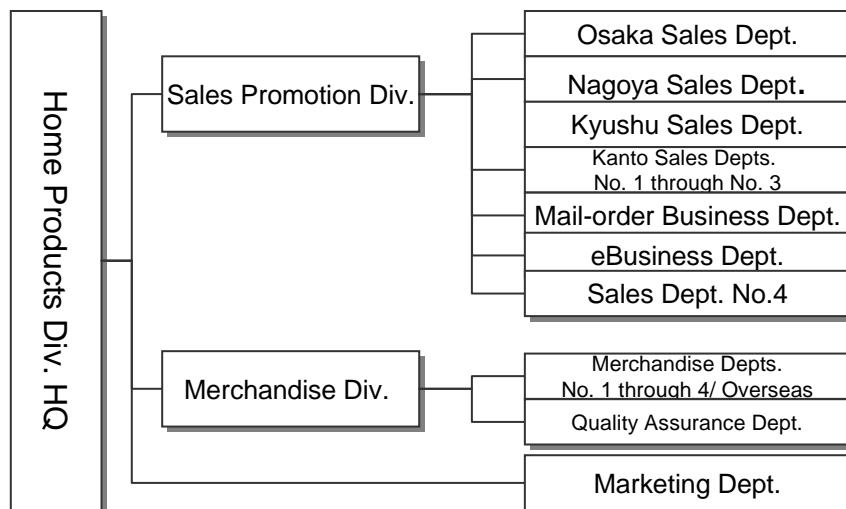


# Actions for the Current Fiscal Year (5): Consumer Goods



(¥ millions)	Fiscal 2011	Fiscal 2012	
S a l e s	77,104	<b>78,000</b>	% change 1.2%
O p e r a t i n g i n c o m e	3,570	<b>4,050</b>	Operating margin 5.2%

- Formerly known as the Home Product Division HQ, the division is responsible for the sale of home appliances and interior goods for general consumers use.



- ❑ Activities to extend the range of PB and original products
  - ➔ Sales target of 3.4 million electric fans in summer 2012; actions to enhance the summer product line and lines addressing energy saving and conservation
  - ➔ Action to strengthen product lines for consumables and those backed by product loyalty.
- ❑ Activities to drive the further growth of the Internet business and to seek new sales channels
  - ➔ ¥5 billion in sales targeted for KURASHINO e-shop
  - ➔ Product development through tie-ups with drug stores and pet shops, and the development of new sales channels

\*Please note that the chart does not reflect the structure in full.



## Consolidated Sales Targets by Division (Summary)

(¥ millions)			Fiscal 2011	Fiscal 2012		YOY	
Producer Goods	Machine Tools (Japan)	S a l e s	51,495	<b>52,000</b>	% of total sales	13.9%	1.0%
		Operating income	1,688	<b>1,800</b>	Operating margin	3.5%	6.6%
	Industrial Tools & Equipment (Japan)	S a l e s	107,511	<b>108,000</b>	% of total sales	28.8%	0.5%
		Operating income	2,487	<b>3,100</b>	Operating margin	2.9%	24.6%
	International Operations (Overseas)	S a l e s	79,950	<b>80,000</b>	% of total sales	21.3%	0.1%
		Operating income	3,919	<b>3,600</b>	Operating margin	4.5%	△ 8.1%
Consumer Goods	Housing Equipment & Materials	S a l e s	50,519	<b>51,000</b>	% of total sales	13.6%	1.0%
		Operating income	1,118	<b>1,250</b>	Operating margin	2.5%	11.8%
	Home Products	S a l e s	77,104	<b>78,000</b>	% of total sales	20.8%	1.2%
		Operating income	3,570	<b>4,050</b>	Operating margin	5.2%	13.4%
Sales/income (expenses) not any of the above divisions, Company-wide costs and adjustments, etc.	S a l e s	6,249	<b>6,000</b>	% of total sales	1.6%	△ 4.0%	
	Operating income	△ 6,647	<b>△ 2,800</b>	Operating margin	—	—	
Total	S a l e s	372,830	<b>375,000</b>	% of total sales	100%	0.6%	
	Operating income	10,528	<b>11,000</b>	Gross margin	2.9%	4.5%	



## IV. Shareholder Returns

1. Shareholder Returns
2. Current Term Dividends



# Shareholder Returns

## □ Basic Policy

- △ Yamazen is working to strengthen and enhance our corporate culture and to raise profit levels, and we are committed to returning profits to our shareholders on a regular basis, maintaining a consolidated payout ratio of around 25% that reflects current profit levels.
- △ Retained earnings are appropriated for investment that is intended to effectively promote the sustainable development of our business and enhance shareholder equity, and by increasing our corporate value through mid- to long-term growth, to meet the expectations of our shareholders.

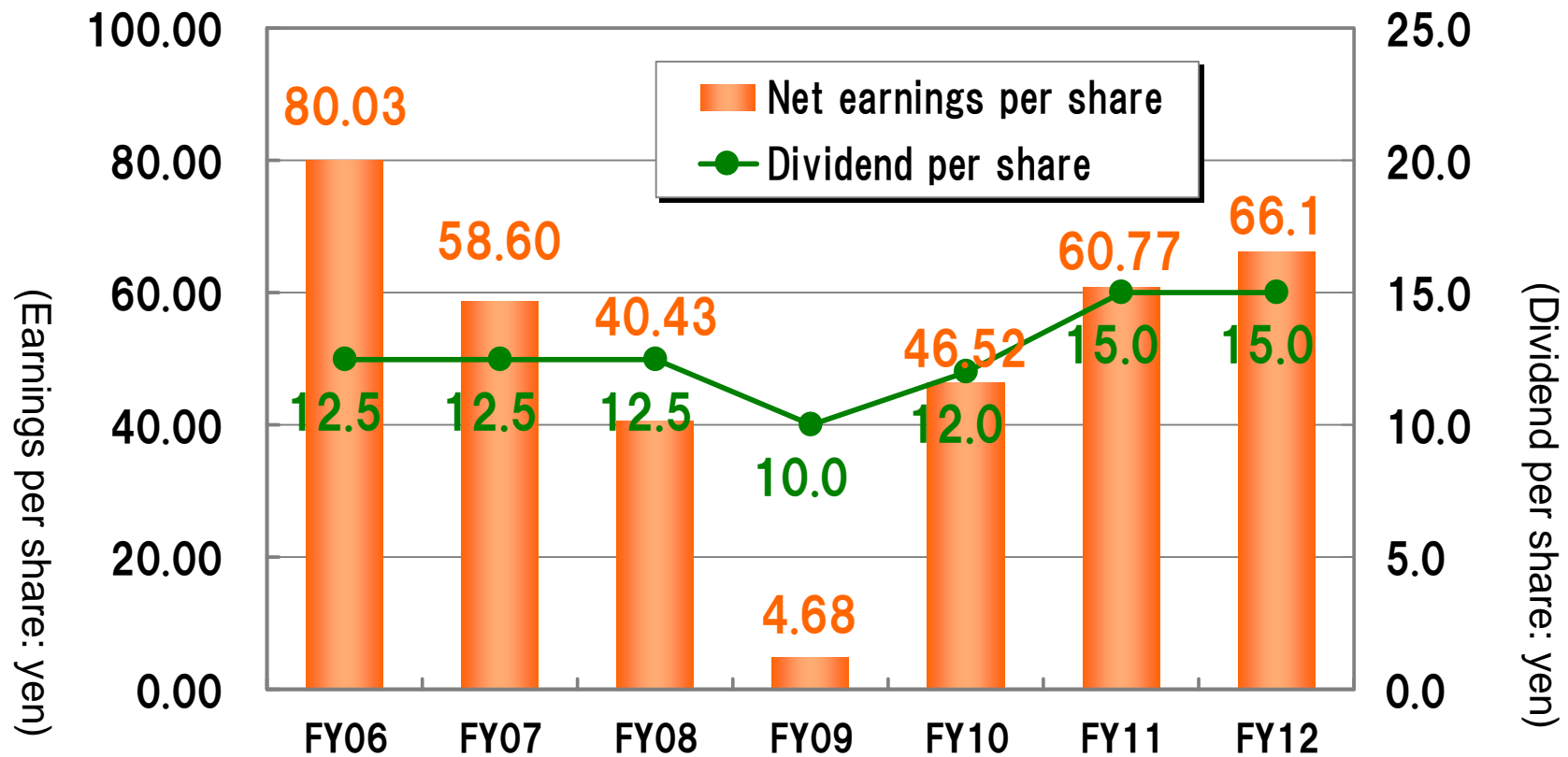
## ■ Dividend Trends

		FY07	FY08	FY09	FY10	FY11	FY12 (est.)
Consolidated payout ratio		21.3%	30.9%	213.7%	25.8%	24.7%	22.7%
Cash Dividends	Interim	¥5.0	¥5.0	¥5.0	¥5.0	¥7.0	¥7.0
	Year-end	¥7.5	¥7.5	¥5.0	¥7.0	¥8.0	¥8.0



## Current Term Dividends

- We aim to achieve a consolidated payout ratio of 22.7%
- Our fiscal 2012 targets are for an interim dividend of 7.0 yen and a year-end dividend of 8.0 yen, or a total payout of 12.0 yen for the year





# YAMAZEN CORPORATION

## Inquiries

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  - △ Please use the inquiry form provided on the company website for any other inquiries relating to Yamazen investor relations (<http://www.yamazen.co.jp/>).

Please note:

This document contains statements pertaining to future events and the business performance of this company. These statements are made on the basis of currently available information and the views and assumptions of management as of this time. Actual results may differ materially from those expressed or implied and this document is not intended to assure or guarantee that these results will be achieved by the company.