



# Quarterly Results Briefing for Fiscal 2012

November 15, 2012



## AGENDA

- I. Quarterly Results Overview  
for the 2nd quarter of fiscal 2012
- II. Progress towards VISTA-3S targets
- III. Earnings Forecasts for Fiscal 2012
- IV. Shareholder Returns

# I. Quarterly Results Overview for the 2nd quarter of fiscal 2012

1. Consolidated financial results for the 2nd quarter of fiscal 2012
2. Factors in ordinary income growth/decline
3. Departmental breakdown of earnings results
4. Departmental overview
5. Financial position and cash flow



## Consolidated financial results for the 2Q of fiscal 2012(1)

### ■ Consolidated Income Statement

(¥ million)	FY2011 (2Q)	FY2012 (2Q)	YOY (%)	Published targets	Ratio to target
Net sales	181,012	<b>187,361</b>	3.5	186,000	100.7
Gross profit	23,489	<b>23,560</b>	0.3	—	—
(Gross profit margin)	(13.0%)	<b>(12.6%)</b>	(Δ0.4)		
Operating expenses	18,113	<b>18,179</b>	0.4	—	—
Operating income/loss	5,376	<b>5,380</b>	0.1	5,500	97.8
Ordinary income/loss	5,575	<b>5,641</b>	1.2	5,700	98.9
Extraordinary profit	0	<b>3</b>	—	—	—
Extraordinary loss	94	<b>239</b>	154.6	—	—
Net profit/loss (quarterly)	3,309	<b>3,364</b>	1.7	3,350	100.4

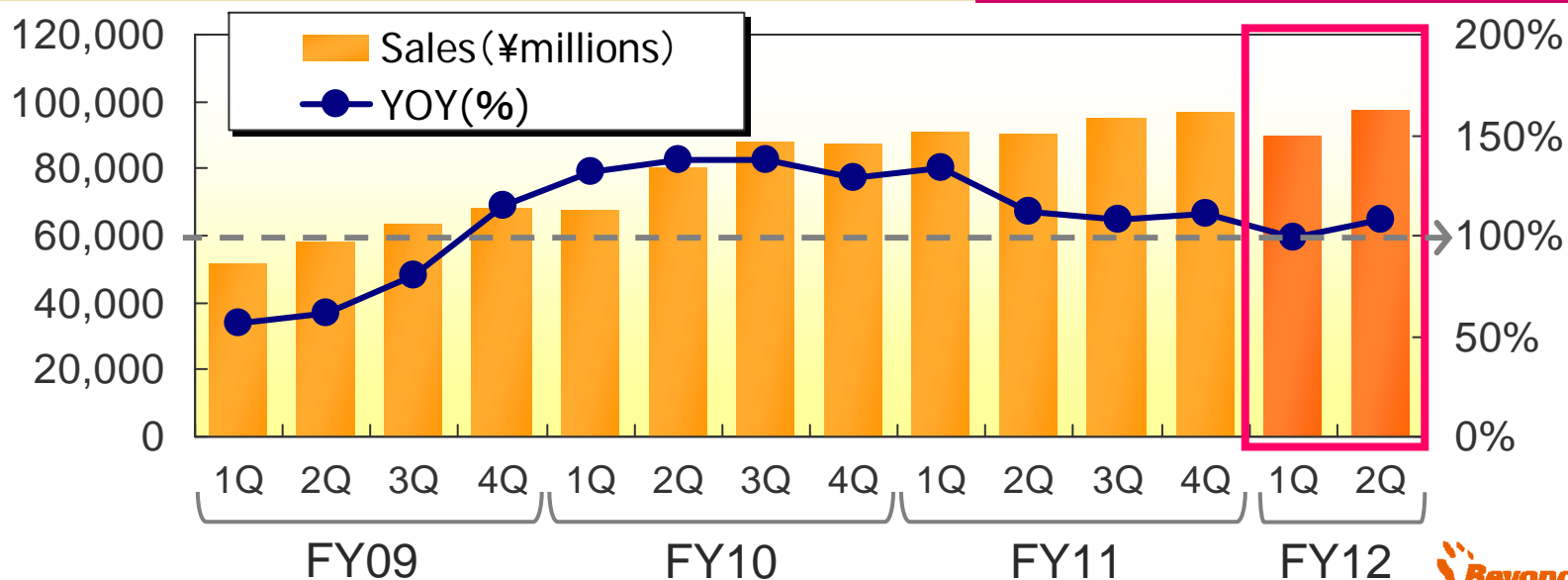
- Modest YOY increase in sales and profits brought by strong production equipment sales in Japan/overseas, despite weaker sales in consumer goods.



# Consolidated financial results for the 2Q of fiscal 2012(2)

## ■ Quarterly sales trends (for the past 30 months)

(¥ million)	3Q 2011 10-12	4Q 2012 1-3	1Q 2012 4-6	2Q 2012 7-9
Net sales	94,970	96,846	89,880	97,481
Operating income/loss	2,881	2,270	2,357	3,023
Ordinary income/loss	3,085	2,494	2,540	3,101
Net profit/loss (quarterly)	1,747	△ 123	1,564	1,800





# Factors in ordinary income growth/decline

**5,575**

Ordinary Income (Sept. 2011)\*

(¥ millions)

<Breakdown>

<p>YOY change <u>+65</u></p>	<b>Gross margin Up (Positive factors)</b>	<b>+ 70</b>	<b>485</b> Higher profits by the Domestic Producer Goods Business
			<b>3</b> Higher profits by the Overseas Producer Goods Business
			<b>▲ 8</b> Lower profits by Housing Equipment & Materials
			<b>▲ 497</b> Lower profits by the Home Products Business
			<b>86</b> Others
	<b>Higher SG&amp;A (Negative factors)</b>	<b>▲ 66</b>	<b>▲ 277</b> Increase in payroll and related costs
			<b>▲ 79</b> Increase in freight costs
			<b>350</b> Decrease in additional provisions to doubtful account allowances
			<b>▲ 102</b> Increase in fees paid
			<b>43</b> Decrease in other SG&A costs
<b>Non-operating Income/loss (Positive factors)</b>	<b>+ 61</b>	<b>76</b> <b>Gains on the valuation of derivatives</b>	
		<b>24</b> <b>Increase in interest income</b>	
		<b>16</b> Decrease in interest paid	
		<b>▲ 56</b> Other non-operating income/loss	
<b>5,641</b>	<b>Ordinary Income (September 2012)</b>		

\* In the previous fiscal year, which ended on March 31, 2012, the fiscal year of subsidiaries in China (Shanghai and Shenzhen) was re-aligned to that of Yamazen Japan. Accordingly, the consolidated operating results of the previous fiscal year, shown above, represent the profit/loss of the nine-month period (Jan. 2011–Sept. 2011) on a pro forma basis, including a ¥212 million increase for the Jan. 2011–March 2011 period.





## Departmental Sales (Consolidated)

(\*As announced at the beginning of the fiscal year)

(¥ million;%)	Fiscal 2011 (2Q)	Fiscal 2012 (2Q)	YOY (%)	Published targets*	Ratio to target
M a c h i n e T o o l s	22,402	<b>25,594</b>	14.2	25,500	100.4
I n d u s t r i a l T o o l s & E q u i p m e n t	52,598	<b>55,511</b>	5.5	53,500	103.8
( T o t a l ) Domestic producer goods	75,000	<b>81,106</b>	8.1	79,000	102.7
International Operations	39,704	<b>42,738</b>	7.6	40,000	106.8
(Total) producer goods	114,704	<b>123,844</b>	8.0	119,000	104.0
H o u s i n g E q u i p m e n t, M a t e r i a l s	24,763	<b>24,867</b>	0.4	25,000	99.5
H o m e P r o d u c t s	38,596	<b>35,361</b>	△ 8.4	39,000	90.7
(Total) Consumer goods	63,360	<b>60,229</b>	△ 4.9	64,000	94.1
Other departments	2,946	<b>3,287</b>	11.5	3,000	109.5
T o t a l	181,012	<b>187,361</b>	3.5	186,000	100.7



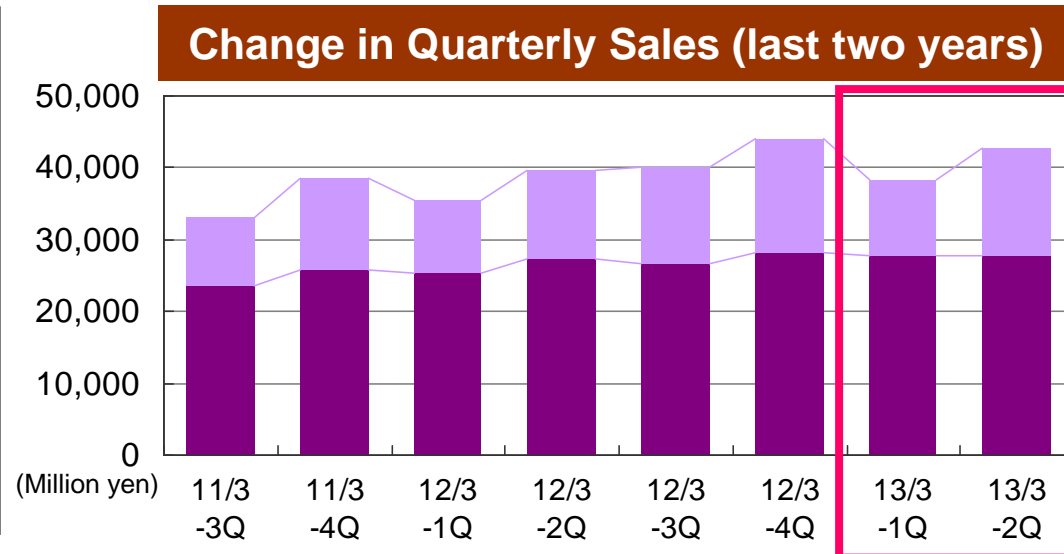
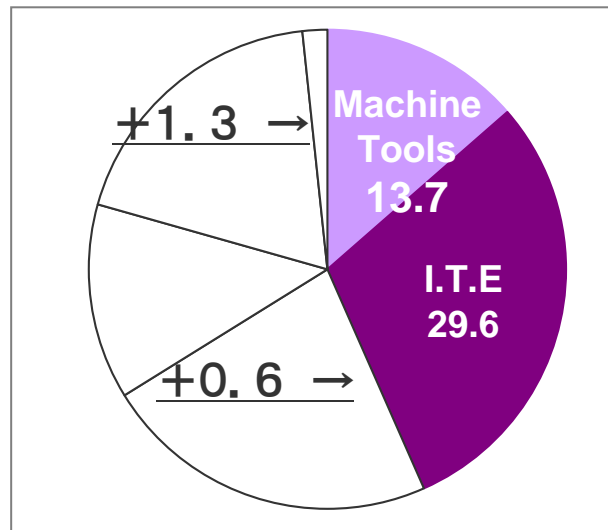
# Departmental Overview (1)

## Production Equipment and Materials Business

(¥ million;%)		FY2011(2Q)		FY2012(2Q)	
Producer goods	Machine Tools (Domestic)	Sales	22,402	<b>25,594</b>	YOY change 14.2%
		Operating income	661	<b>918</b>	Profit margin 3.6%
	Industrial Tools & Equipment (Domestic)	Sales	52,598	<b>55,511</b>	YOY change 5.5%
		Operating income	1,281	<b>1,354</b>	Profit margin 2.4%



- ❑ Machine Tools posted higher sales/profit on solid equipment sales to the auto sector.
- ❑ Industrial Tools & Equipment saw a modest increase in sales/profit driven mainly by sales of cutting tools and measuring equipment on the back of a rise in production by manufacturers and post-quake reconstruction demand.







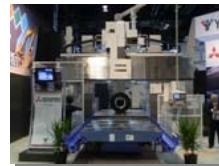
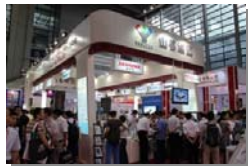
# Departmental Overview (3)

## Production Equipment and Materials Business(International)

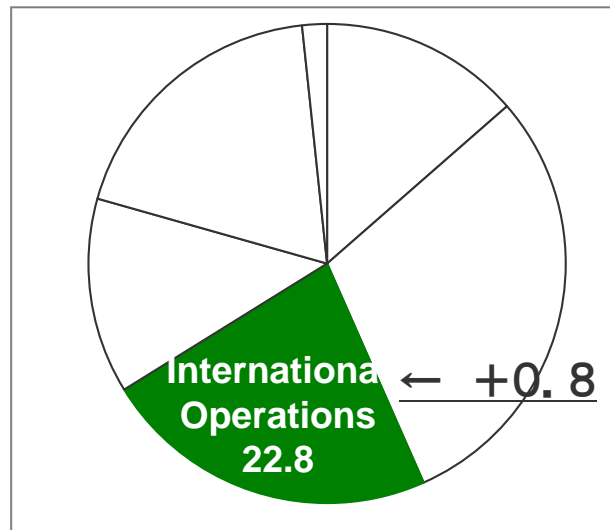
(¥ million;%)		FY2011(2Q)		FY2012(2Q)	
P · G ·	International Operations (Overseas)	S a l e s	39,704	<b>42,738</b>	YOY change 7.6%
		Operating income	2,068	<b>2,170</b>	Profit margin 5.0%



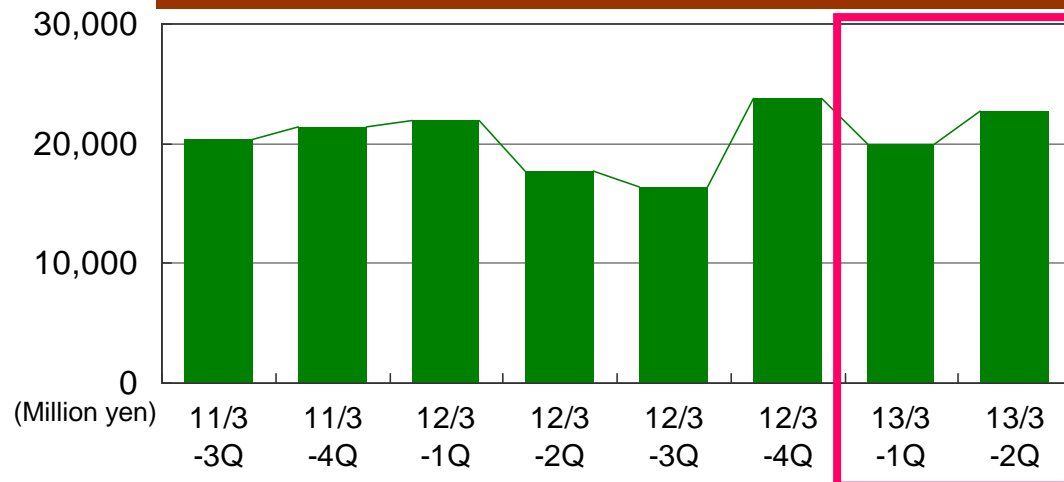
Higher sales/profit attributable to strong shipments to Thailand (reconstruction needs), EMS, and North America (for the cutting of auto parts), which also contributed to a rise in the incremental sales of peripheral industrial tools and equipment beyond machine tools



No direct impact was seen on Yamazen's business in China due to the anti-Japan protests in China, but future indirect impact is unclear.



Change in Quarterly Sales (last two years)





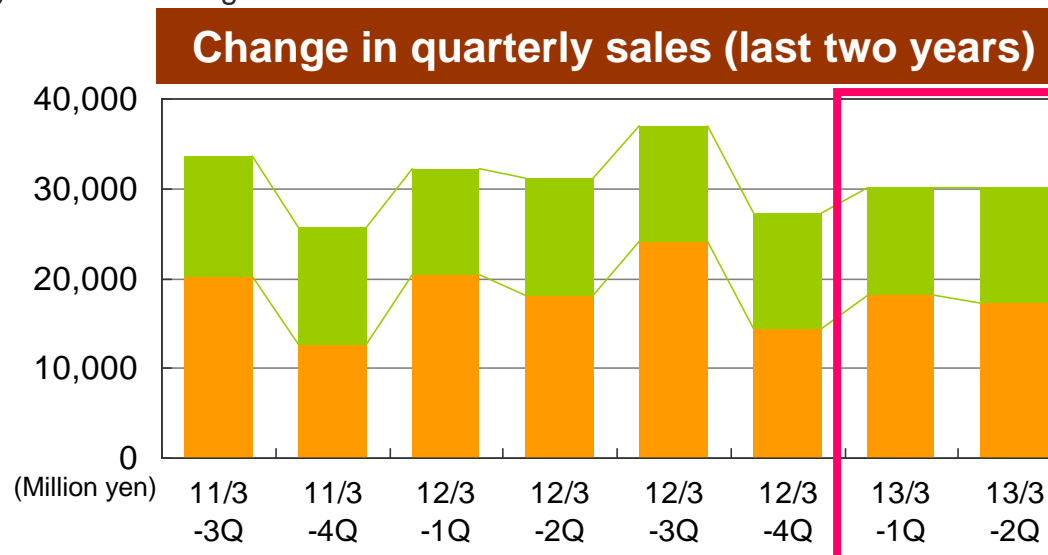
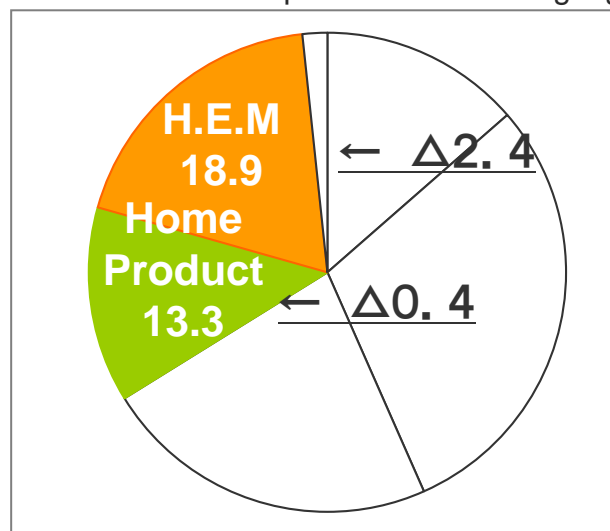
# Departmental Overview (2)

## Consumer Goods

(¥ million;%)			FY2011(2Q)		FY2012(2Q)	
Consumer Goods	H . E . M . (Domestic)	S a l e s	24,763	<b>24,867</b>	YOY change	0.4%
		Operating income	557	<b>566</b>	Profit margin	2.3%
	H o m e P r o d u c t (Domestic)	S a l e s	38,596	<b>35,361</b>	YOY change	△8.4%
		Operating income	2,125	<b>1,339</b>	Profit margin	3.8%



- H.E.M's sales/profit were on par with the previous year, as higher sales of solar power generation systems offset the diminishing sales, in the post-energy crisis period, of Eco Cute, etc., which aided the conversion to all-electric homes.
- Home Products sales/profit decreased in reaction to last year's exceptionally high transient demand for products addressing digital-broadcasting readiness and disaster readiness.





# Financial Position & Cash Flow

## Balance Sheet (consolidated)

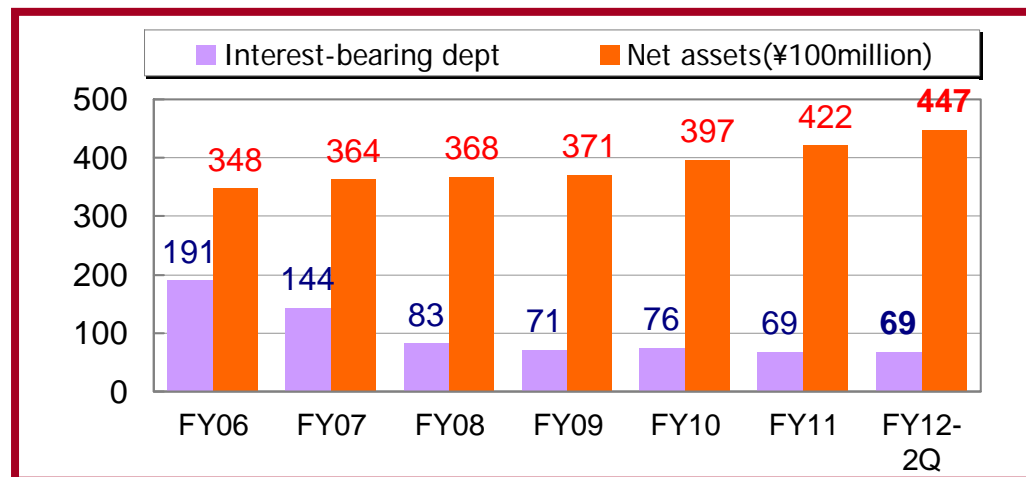
Assets	Liabilities / Total assets
Liquid assets 1,365	Current liabilities 1,087
Fixed assets 181	Fixed liabilities 11
Total assets 1,547	Net assets 447

(Sept.30,2012/¥100million)

Capital adequacy ratio  
28.9%

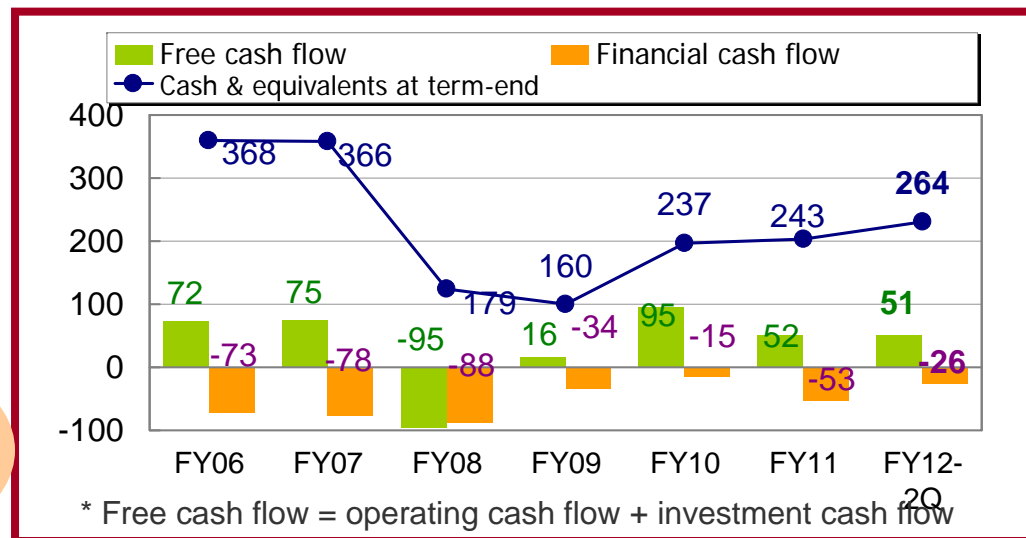
## Changes in interest-bearing debt and net assets

Unit:¥100 million



## Cash Flow

Unit:¥100 million



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

## II. Progress towards VISTA-3S targets

1. VISTA-3S Objectives
2. Vista-3S Strategic Themes and Progress Reports
3. VISTA-3S 3-Year Targets
4. Future VISTA-3S initiatives



# 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



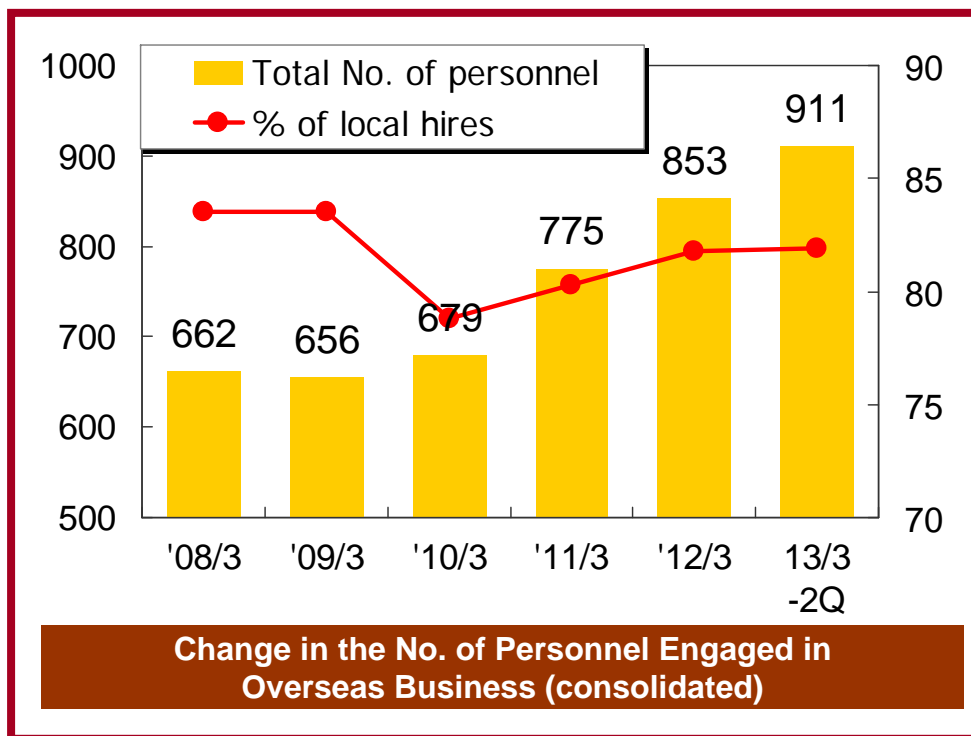


# Vista-3S Strategic Themes and Progress Reports (1)

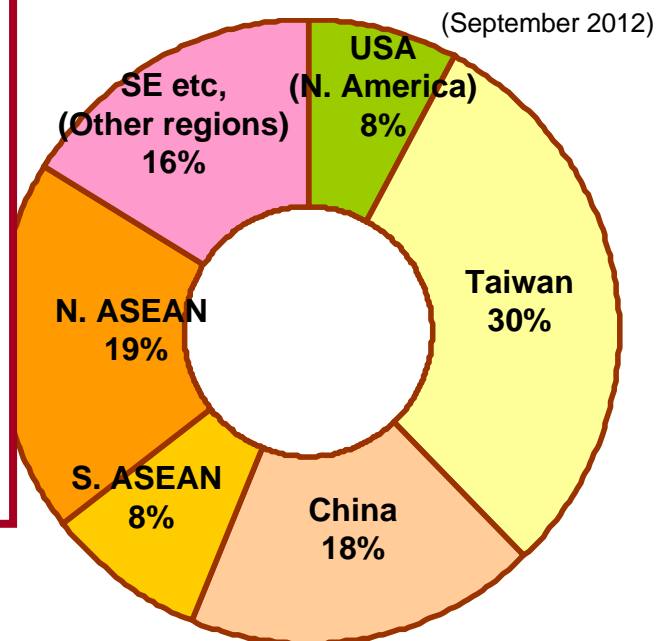


*Focused drive to be global*

- ❑ In the planned period, four local subsidiaries and two representative offices were established.
- ❑ A 30% increase in personnel; the number of engineers also rose to 200+.



## Sales by Region (consolidated)



\*S. ASEAN: Thailand, Vietnam, India and Philippines  
 \*N. ASEAN: Singapore, Malaysia and Indonesia

- ❑ Preparation for establishing sales channels for construction equipment & materials in China and Thailand to be launched by the end of the fiscal year, in addition to the existing sales channels for producer goods.

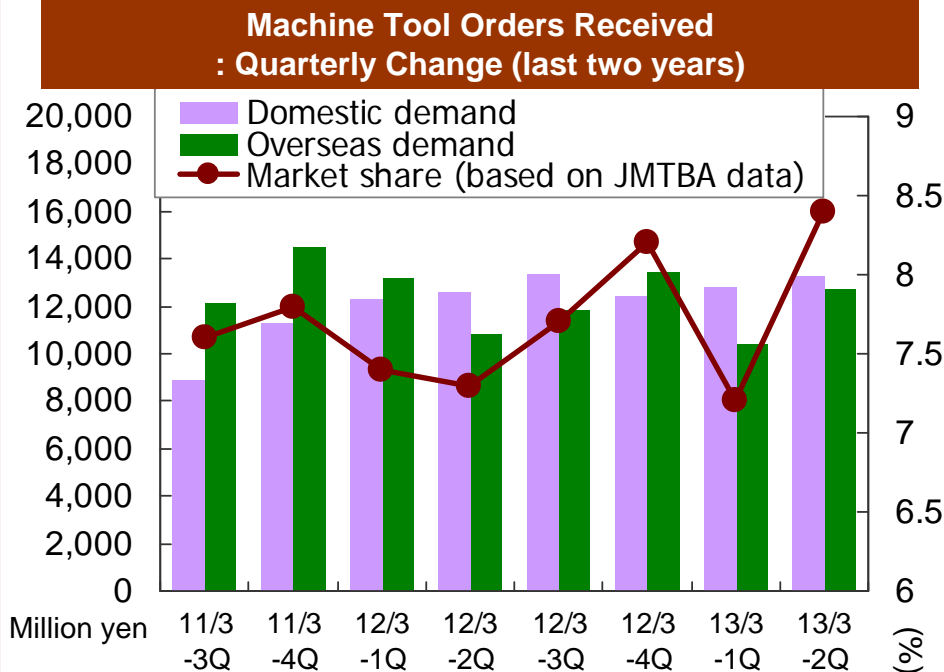


# Vista-3S Strategic Themes and Progress Reports (2): Producer Goods



*Seeking a greater market share*

- Orders received rose 4% YOY to ¥49 billion (104% YOY)
  - ➔ Accounting for 7.8% of the market (cumulative) (+0.3 pt. YOY)



## Industrial Tools & Equipment: Sales by Category

	Unit: million yen	'13/3-2Q	YOY comparison
①	Material handling equipment	<b>6,564</b>	108%
②	Mechatronics	<b>7,702</b>	99%
③	Aids for environmental improvement	<b>3,283</b>	110%
④	Cutting tools & accessories	<b>10,543</b>	106%
⑤	Measuring equipment	<b>2,688</b>	114%
⑥	Fluid machinery	<b>3,536</b>	100%
⑦	Industrial machinery & equipment	<b>13,956</b>	112%
⑧	Air conditioning equipment	<b>1,442</b>	110%
⑨	Other	<b>5,798</b>	91%
	<b>Total</b>	<b>55,511</b>	<b>105%</b>

- Products handled by Industrial Tools & Equipment were reorganized into eight key categories. Stronger ties with top-ranked makers have been fostered.





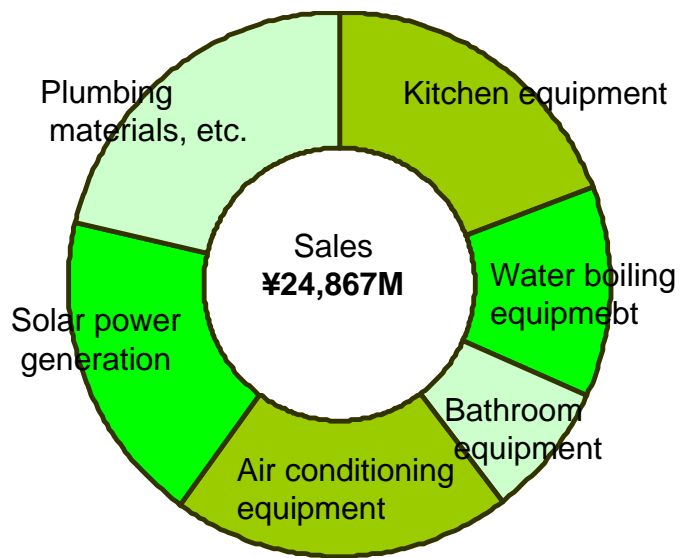
# Vista-3S Strategic Themes and Progress Reports (3): H.E.M



*Seeking a greater market share  
for the environmental business*

- ☐ Sales of environment-related products were ¥12.1B (up 1% YOY) accounting for 47% of total H.E.M sales.

## H.E.M.: Sales by Category

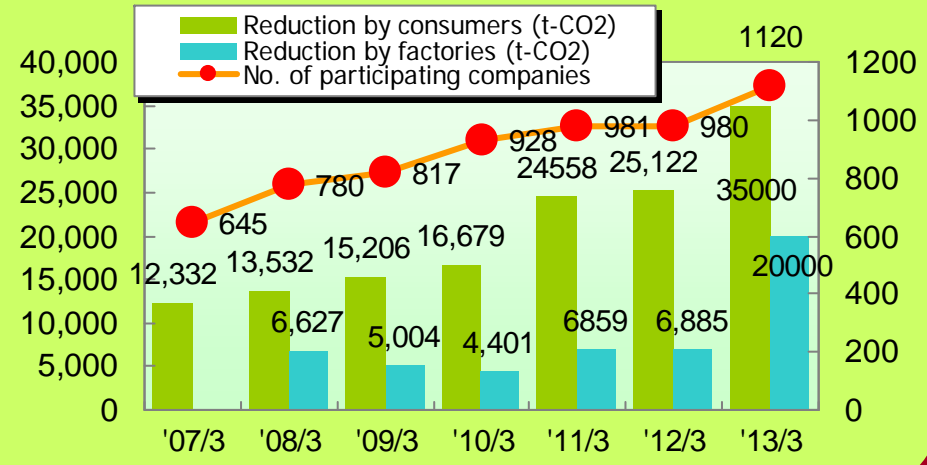


Sept. 2012 results



- ☐ Full-year target for solar power generation equipment (including systems for industrial use: 43 MW or ¥12billion (YOY increase of 50%))

## Progress in the "Green Ball Project"







# Vista-3S Strategic Themes and Progress Reports (4): Home Products

**VISTA3S**  
2010.4~2013.3

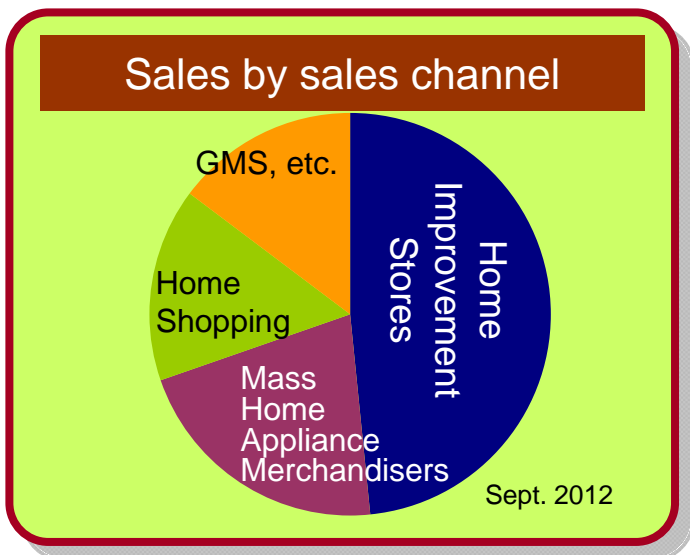
Product development capabilities



Electric fans  
3.14 million units  
(+160,000)



Kotatsu heated tables  
49,000 units (planned)



**Home Products: Sales by product category**

	(¥Millions)	'13/3-2Q	YOY change
①	<b>Home appliances &amp; electrical goods</b>	<b>18,816</b>	97%
②	<b>Interior goods</b>	<b>5,991</b>	84%
③	<b>Gardening &amp; exterior goods</b>	<b>3,094</b>	116%
④	<b>Leisure &amp; sports</b>	<b>3,052</b>	96%
⑤	<b>Tools</b>	<b>2,702</b>	81%
⑥	<b>Home products, etc.</b>	<b>1,703</b>	59%
	<b>Total</b>	<b>35,361</b>	<b>92%</b>

**PB/NB Breakdown**

YOY change 80%

YOY change 100%



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

### Profit Targets

(¥ millions)	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Sales	241,410	323,703	372,830	<b>375,000</b>
Operating income	836	7,415	10,528	<b>11,000</b>
Ordinary income	955	7,623	11,155	<b>11,300</b>
Net profit	438	4,363	4,933	<b>6,200</b>

### Key Financial Targets

(\*Fiscal year-end target)

(%)	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012(2Q)
Gross margin	0.3%	2.3% (*1.1%)	2.8% (*2.2%)	<b>2.9%</b> (*2.5%)
Return on total assets	0.7%	5.6% (*2.3%)	6.9% (*5.0%)	Progress up to Sept <b>2012:3.4%</b> (*5.5%)
Cash flow margin	0.6%	2.6% (*1.0%)	1.3% (*1.7%)	<b>2.4%</b> (*2.5%)

Expectation



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

### ■ Departmental Sales Targets

(¥ millions; %)	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Growth rate (Base year: 2009)
Machine Tools	26,529	39,583	51,495	52,000	196%
Industrial Tools & Equipment	78,136	95,816	107,511	110,000	141%
(Total)	104,667	<b>135,400</b>	<b>159,006</b>	<b>162,000</b>	<b>155%</b>
Domestic producer goods					
International Operations	31,876	73,697	79,950	80,000	251%
(Total) producer goods	136,541	<b>209,096</b>	<b>238,956</b>	<b>242,000</b>	<b>177%</b>
Housing Equipment, Materials	47,751	50,645	50,519	51,000	107%
Home Products	53,941	60,455	77,104	76,000	141%
(Total) Consumer goods	101,692	<b>111,101</b>	<b>127,623</b>	<b>127,000</b>	<b>125%</b>
Other departments	3,173	3,504	6,249	6,000	189%
T o t a l	241,410	<b>323,703</b>	<b>372,830</b>	<b>375,000</b>	<b>155%</b>

### III. Earnings forecasts for fiscal 2012

1. Earnings forecasts for fiscal 2012
2. Divisional sales targets





## Fiscal 2012 Financial Targets

- The same level of sales/profits as the previous year must be secured while every attempt will be made to exceed the previous year's results.

(¥ millions)	Fiscal 2011		Fiscal 2012			
	2Q result	Full-year result	2Q result	Change (%)	Full-year (planned)	Change (%)
Sales	181,012	372,830	<b>187,361</b>	3.5	<b>375,000</b>	0.6
[Stand-alone]	166,596	344,113	<b>170,583</b>	2.4	<b>350,000</b>	1.7
Operating income	5,376	10,528	<b>5,380</b>	0.1	<b>11,000</b>	4.5
[Stand-alone]	3,716	7,676	<b>3,597</b>	△ 3.2	<b>8,500</b>	10.7
Ordinary income	5,575	11,155	<b>5,641</b>	1.2	<b>11,300</b>	1.3
[Stand-alone]	3,940	8,291	<b>3,896</b>	△ 1.1	<b>8,800</b>	6.1
Net profit	3,309	4,933	<b>3,364</b>	1.7	<b>6,200</b>	25.7
[Stand-alone]	2,215	2,988	<b>2,149</b>	△ 3.0	<b>4,800</b>	60.6



## 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>2,000</b>	Operating margin	3.8%	18.5%
	Industrial Tools & Equipment (Japan)	S a l e s	107,511	<b>110,000</b>	% of total sales	29.3%	2.3%
		Operating income	2,488	<b>3,000</b>	Operating margin	2.7%	20.6%
	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>3,750</b>	Operating margin	4.7%	△ 4.3%
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>1,300</b>	Operating margin	2.5%	16.3%
	Home Products	S a l e s	77,104	<b>76,000</b>	% of total sales	20.3%	△ 1.4%
		Operating income	3,570	<b>3,100</b>	Operating margin	4.1%	△ 13.2%
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	△ 2,256	<b>△ 2,150</b>	Operating margin	—	—	
Total	S a l e s	372,830	<b>375,000</b>	% of total sales	100.0%	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

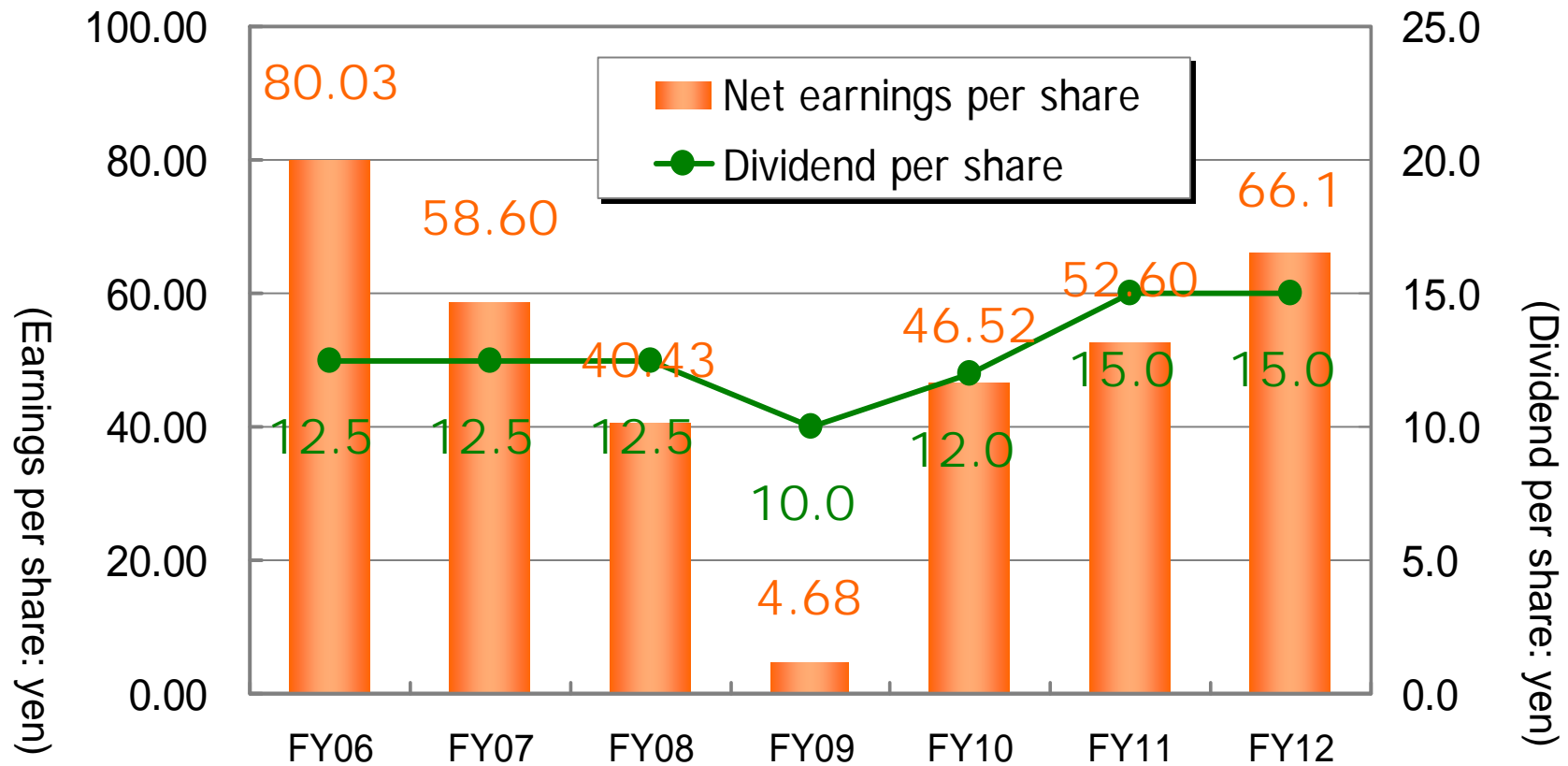
		FY08	FY09	FY10	FY11	FY12 (est.)
Consolidated payout ratio		30.9%	213.7%	25.8%	28.5%	22.7%
Cash Dividends	Interim	¥5.0	¥5.0	¥5.0	¥7.0	¥7.0
	Year-end	¥7.5	¥5.0	¥7.0	¥8.0	¥8.0





## Current Term Dividends

- A consolidated payout ratio of 22.7% is planned.
- Annual cash dividends are to be raised to 15.0 yen (7.0 yen for the interim period and 8.0 for the year-end) .





# YAMAZEN CORPORATION

## Inquiries

- Contact information for inquiries relating to particular meetings
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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/>).

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