

1st Half Results Briefing for Fiscal Year 2015 (Apr. – Sep. 2015)

November 19th, 2015



AGENDA

- I . 1st Half Results Overview
- II . “A.A.15”: Medium-term Management Plan
- III . Fiscal Year 2015 Forecast
- IV . Corporate Governance
- V . Dividend Policy

I . 1st Half Results Overview

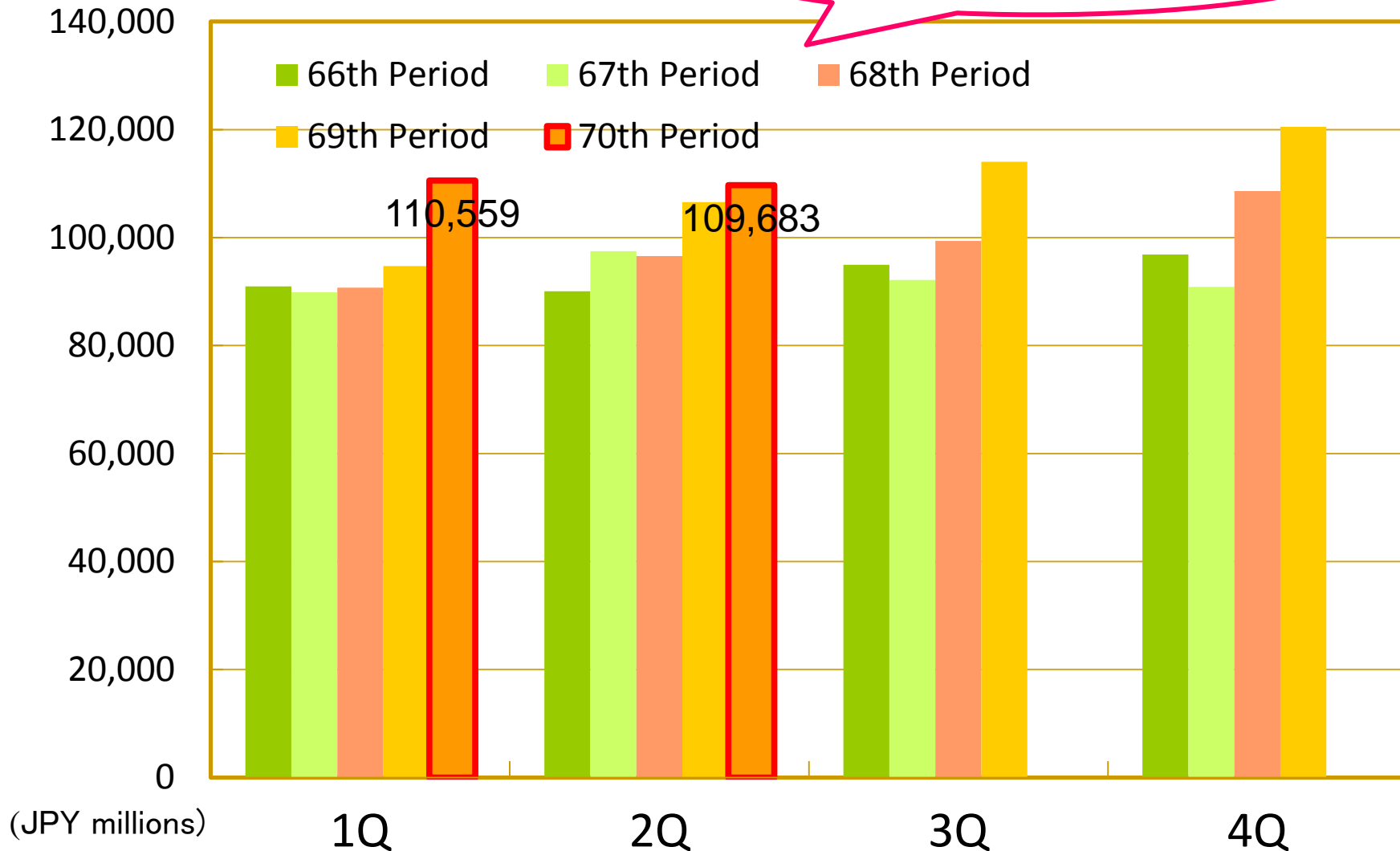
■ Consolidated Income Statements

(JPY millions)	FY2014(2Q)	FY2015(2Q)	Y o Y %	Announced Plan	Ratio to Plan %
Net Sales	201,265	220,243	9.4	215,000	102.4
Gross profit (G P %)	25,739 (12.8%)	28,502 (12.9%)	10.7 (0.1)	—	—
SGA expenses	21,049	22,123	5.1	—	—
Operating income	4,689	6,378	36.0	5,650	112.9
Non-operating Income	119	214	78.8	—	—
Ordinary income	4,809	6,593	37.1	5,800	113.7
Extraordinary Income	1	135	—	—	—
Profit attributable to owners of parent	3,086	4,428	43.5	3,650	121.3

➤ All Sales, Operating, Ordinary and Net Incomes are record high as 2Q accumulated.

Trend of sales (past 5 periods)

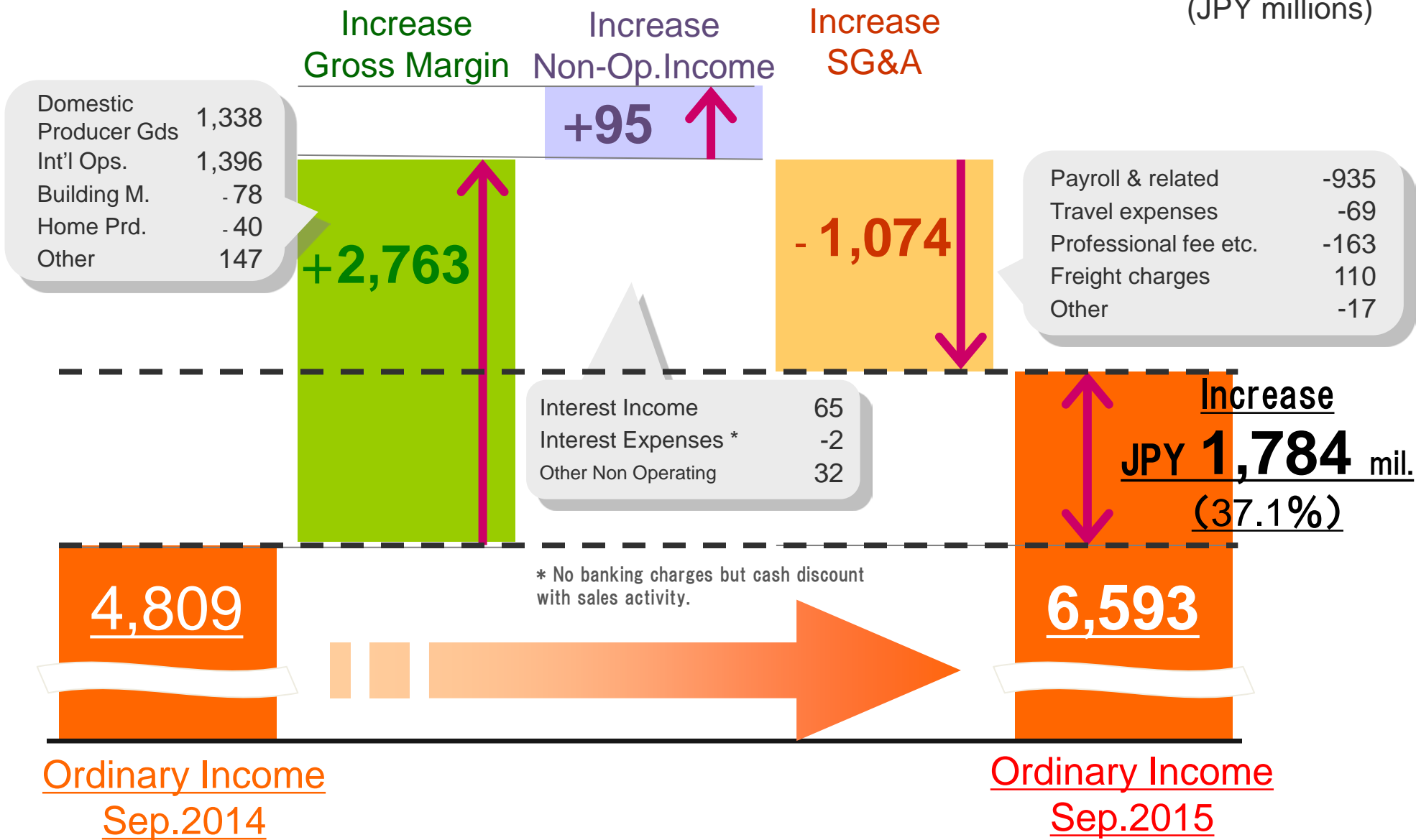
Quarterly sales over JPY 100 billion continuously for 5 quarters



■ Sales by division / vs announced plan

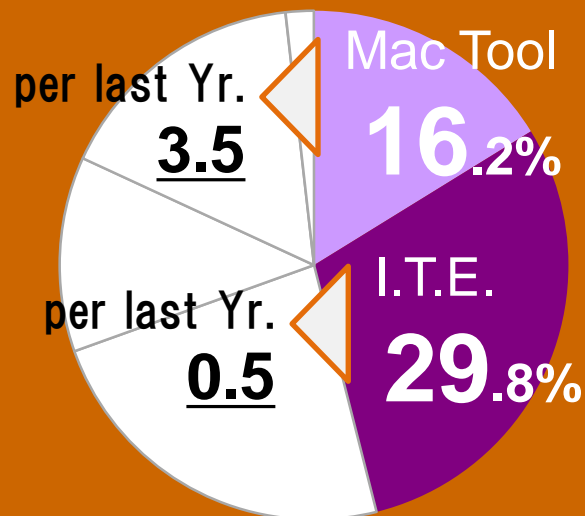
(Unit : JPY millions / %)	FY2014(2Q)	FY2015(2Q)	Y o Y %	Announced Plan	Ratio to Plan %
Machine Tools	25,626	35,648	39.1	30,000	118.8
Industrial Tools & Equipment	58,898	65,631	11.4	64,000	102.5
(Total) Domestic producer goods	84,525	101,280	19.8	94,000	107.7
International Operations	47,602	51,563	8.3	49,000	105.2
(Total) Producer goods	132,127	152,844	15.7	143,000	106.9
Building Materials	28,453	27,573	- 3.1	30,000	91.9
Home Products	37,378	35,881	- 4.0	38,000	94.4
(Total) Consumer goods	65,831	63,454	- 3.6	68,000	93.3
Other	3,306	3,944	19.3	4,000	98.6
Total	201,265	220,243	9.4	215,000	102.4

(JPY millions)



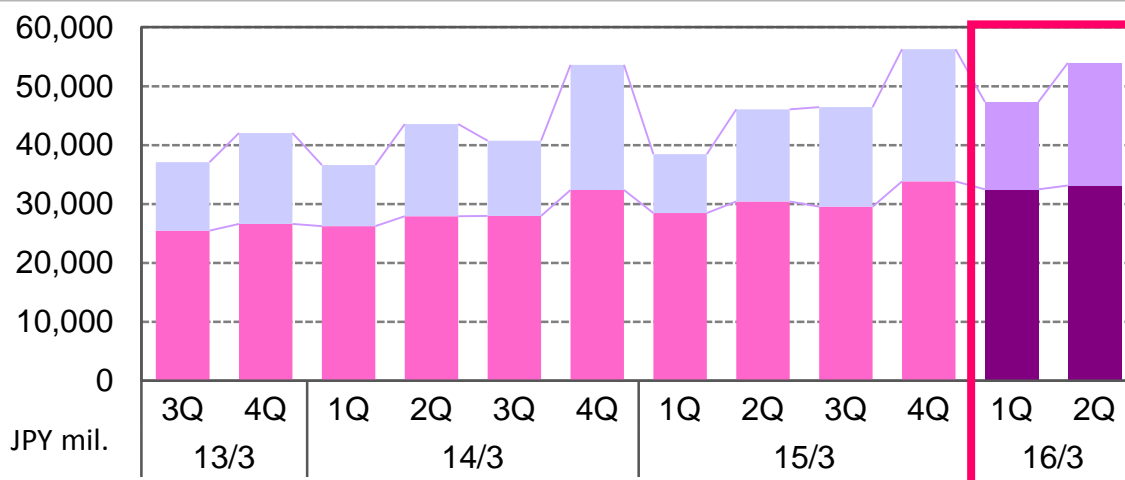
(JPY millions)		FY2014(2Q)	FY2015(2Q) Apr.-Sep.2015		
P R O D U C E R S	Machine Tools	Sales	25,626	35,648	(YoY) 39.1%
		Operating Income	791	1,613	Profit % 4.5%
	Industrial Tools & Equipment	Sales	58,898	65,631	(YoY) 11.4%
		Operating Income	1,490	1,924	Profit % 2.9%

Sales by product category



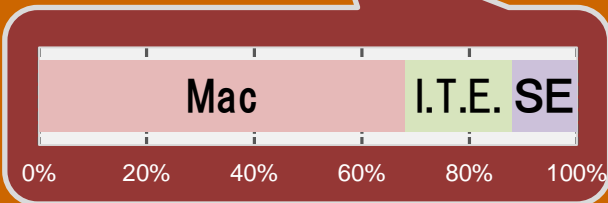
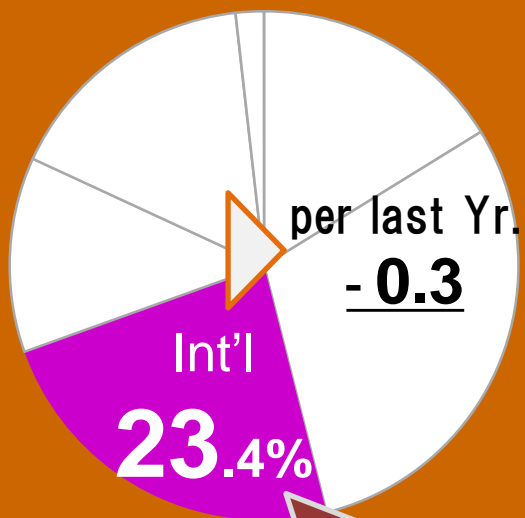
- ❑ Machine Tools; Both sales & order receiving improved much along with government subsidy.
- ❑ I.T.E.; Cutting tools, tooling, mechatronics, steel frame related equipment are steadily grew.

Quarterly sales trend in past 3 years



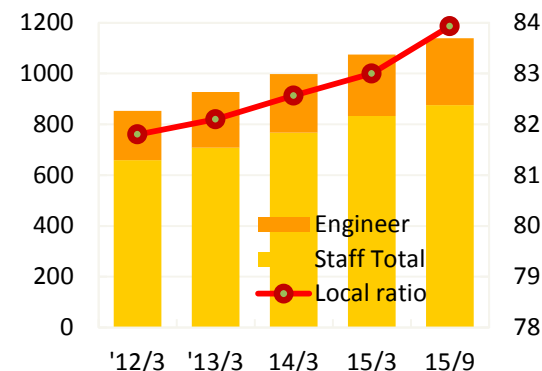
(JPY millions)		FY2014(2Q)	FY2015(2Q) Apr.-Sep.2015		
Producer Goods	International Operations	Sales	47,602	51,563 (YoY)	8.3%
		Operating Income	1,825	2,083 Profit %	4.0%

Sales by product category

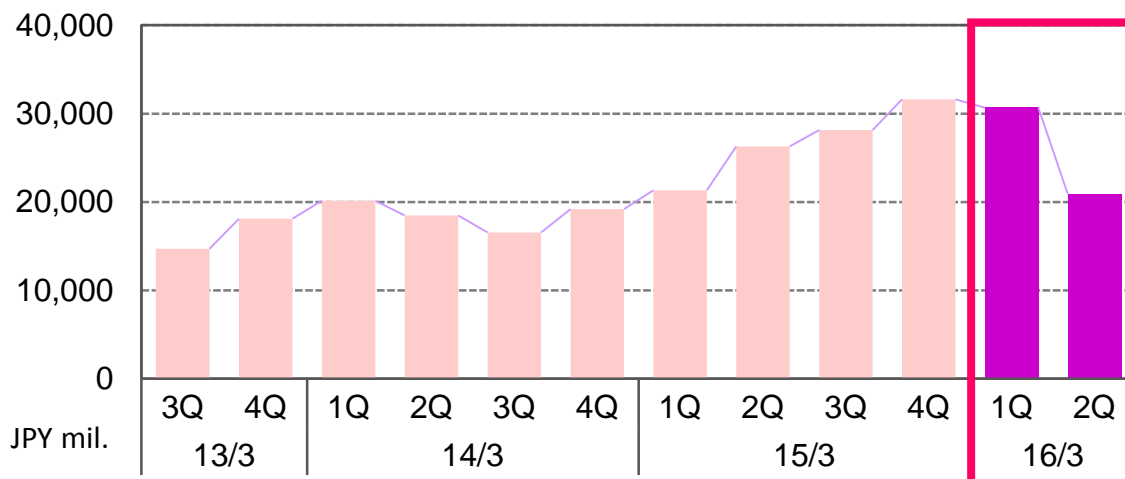


Both sales and profit are improved, with sales to EMSs that order received in last fiscal year.

Continuous increasing staffs. 263 engineers among with 1,139 staff in Int'l Ops

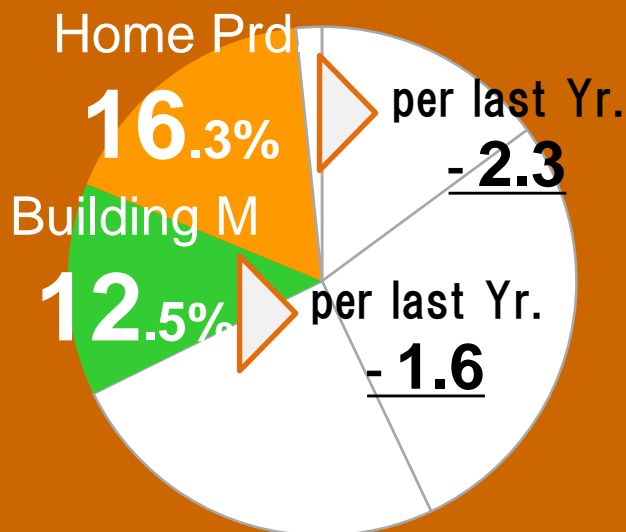


Quarterly sales trend in past 3 years



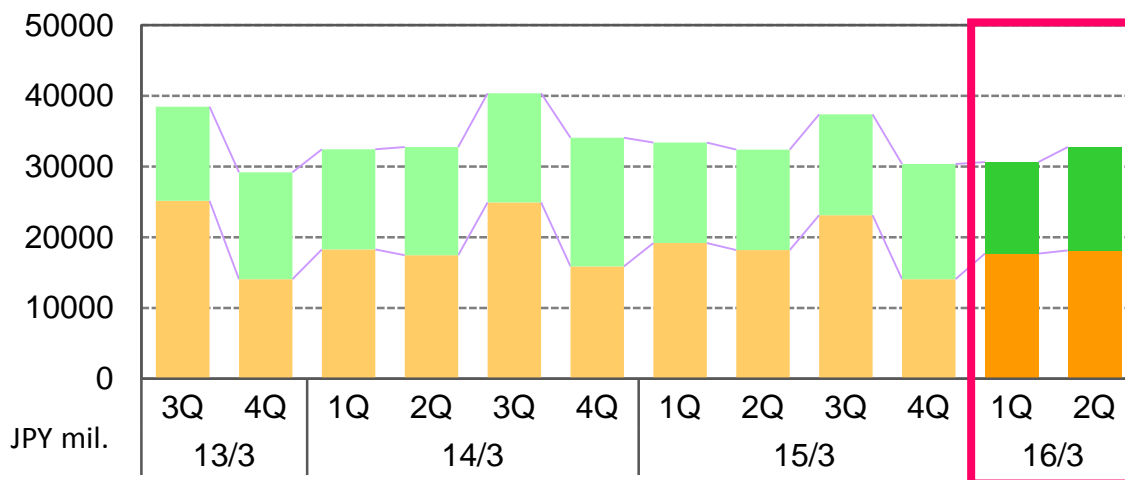
(JPY millions)		FY2014(2Q)	FY2015(2Q) Apr.-Sep.2015		
Consumer Goods	Building Materials	Sales	28,453	27,573	(YoY) -3.1%
		Operating Income	755	619	Profit % 2.2%
	Home Products	Sales	37,378	35,881	(YoY) -4.0%
		Operating Income	686	1,024	Profit % 2.9%

Sales by product category



- ❑ Building materials; Struggled. But getting recovery in main items such as kitchen, bath room & air conditioning equipment etc.
- ❑ Home products; Even sales decrease, increase profit by improve quality.

Quarterly sales trend in past 3 years

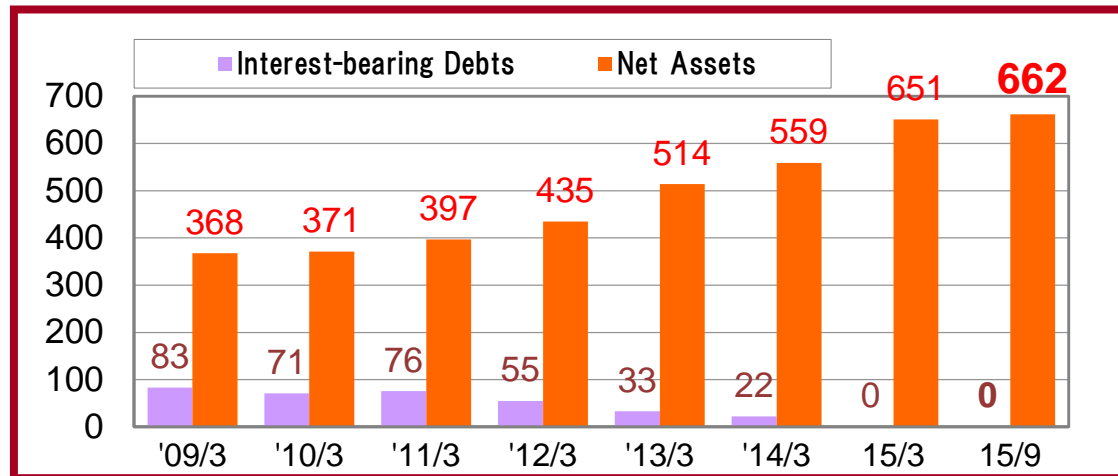


Balance sheets

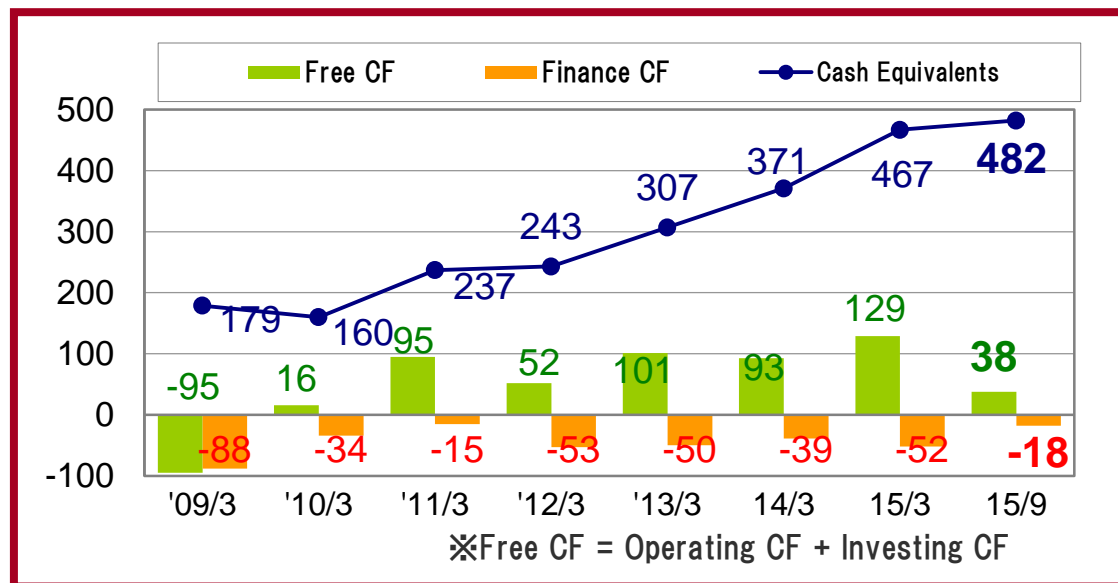
Assets	Liabilities/Net assets
Current Assets 1,734 (- 31)	Current Liabilities 1,242 (- 60)
Non-Current Assets 212(- 24)	Non-Current Liabilities 42(- 6)
	Net Assets 662(+10)
	Shareholder's Equity Ratio 33. 9%
Net Asstes 1,946(- 56)	

as of Sep.2015/ unit: JPY 100 millions

Changes in interest-bearing debts and net assets



Cash Flow



II . “A.A.15”: Medium-term Management Plan



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The power to amaze is in YAMAZEN.

We are forwarding to a specialized trading company, providing best-in-class products and offering a comfortable living environment!

AA15

Amazing Act 2015

Fiscal 2015

Net Sales: JPY 450 billion
Ordinary Income: JPY15 billion

For product database enhancement

O to O Marketing

Greenball Project

Growth of Environment-related business

For Turnkey & Bridge

Tie-ups for international business deals

For next generations & overseas

Training managers

For higher productivity

Work-style reform

Higher return to investors on a consolidated basis

Higher return to investors

Integrated system for Greater China
Global Marketing

Plans to go digital at overseas locations

Overseas expansion for Industrial Tools/Equipment

To be No. 1 in specialized trading companies

Action to capture a higher market share

Hiring 1,000 local staff

Training engineers outside Japan

For enhanced mechatronics products business

More system integrators

For greater technical

consultation capabilities

More qualified personnel

For optimal logistical assets
Logistical innovation

For organizational transformation with added agility to better address changes

Building foundation to drive future growth

To lay foundations to cope with changing environments

Diversification of sales channels

III. Fiscal Year 2015 Forecast

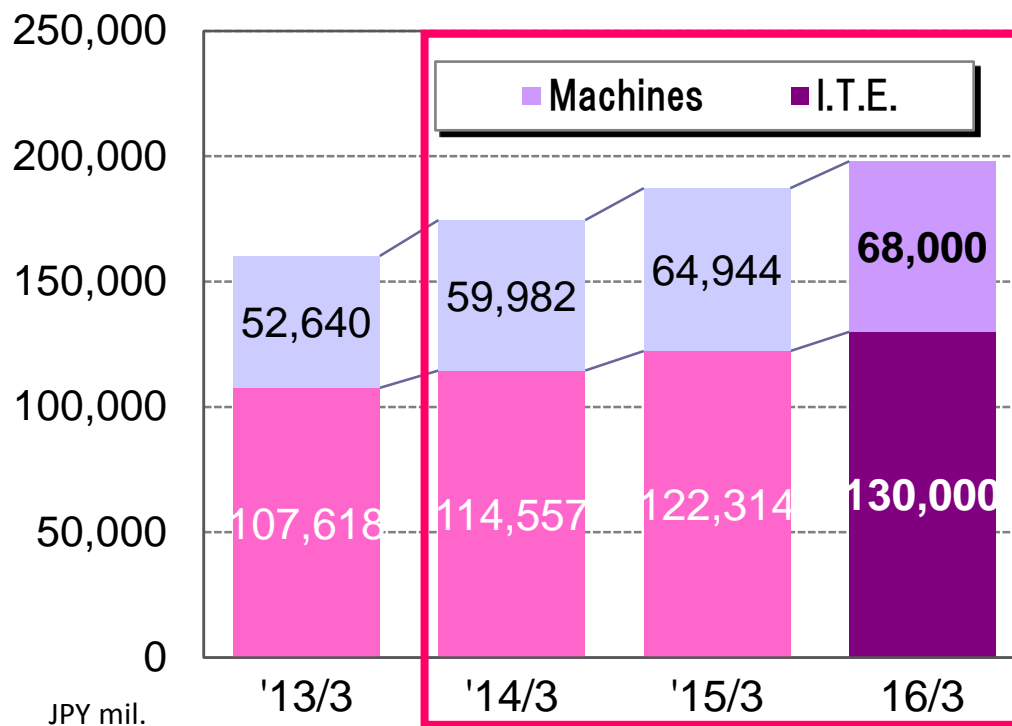
 Aims higher “sales and income” with deep-tilled in core business area.

(JPY millions)	FY2014		FY2015 (70 th Period)			
	2Q Result	Full-Yr. Result	2Q Result	YoY %	Full-Yr. Forecast	YoY %
S a l e s	201,265	435,803	220,243	9.4	445,000	2.1
Operating I n c o m e	4,689	13,130	6,378	36.0	13,300	1.3
Ordinary I n c o m e	4,809	13,330	6,593	37.1	13,500	1.3
Profit attributable to owners of parent	3,086	5,851	4,428	43.5	8,500	45.3

(JPY millions)		Sales Plan	(YoY %)	Operating Income	(YoY %)	(Profit %)
Machine Tools	10-3※	32,352	- 17.7	1,167	- 40.3	3.6
	Full Yr.	68,000	4.7	2,780	1.1	4.1
Industrial Tools & Equipment	10-3※	64,369	1.5	2,276	12.5	3.5
	Full Yr.	130,000	6.3	4,200	19.5	3.2

※ amount is calculate by full year – results of 2Q

3 year sales plan in 「A.A.15」



I.T.E. / Sales by products

	Category	'15/9	'16/3	Achievement
①	Material handlings	5,308	15,000	35%
②	Mechatronics	8,428	20,000	42%
③	Environmental improvements	3,315	8,000	41%
④	Fluid equipment	4,001	9,000	44%
⑤	Steel Frame Process. Mac	2,255	5,500	41%
⑥	Cutting tools etc.	10,487	26,000	40%
⑦	Measuring equip.	2,521	7,000	36%
⑧	Industrial equip.	11,220	30,000	37%
⑨	Air-conditioning	819	1,500	55%

Results from TOP 100 vendor

JPY mil.

(JPY millions)		Sales Plan	(YoY %)	Operating Income	(YoY %)	(Profit %)
Int'l Operations	10-3※	46,437	- 22.9	1,817	- 43.7	3.9
	Full Yr.	98,000	- 9.1	3,900	- 22.8	4.0

■ Sales by region

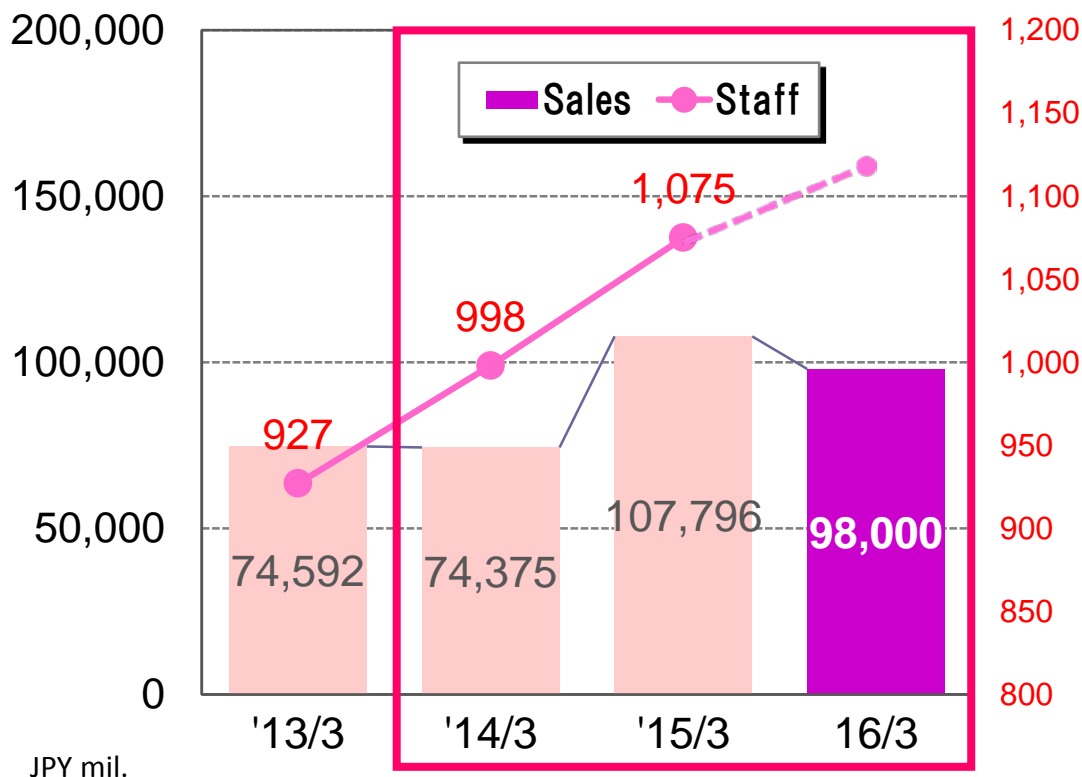
	Category	'15/9	'16/3	Achievement
①	U S A	5,713	12,000	48%
②	T a i w a n	13,230	18,000	74%
③	S . A s e a n	2,022	5,000	40%
④	N . A s e a n	7,852	16,000	49%
⑤	C h i n a	16,044	30,000	53%
⑥	SE & Other	6,702	17,000	39%

■ Sales by department

	Category	'15/9	'16/3	Achievement
①	Machines	35,592	63,000	56%
②	I . T . E .	10,379	21,000	49%
③	SE & Other	5,592	14,000	40%

JPY mil.

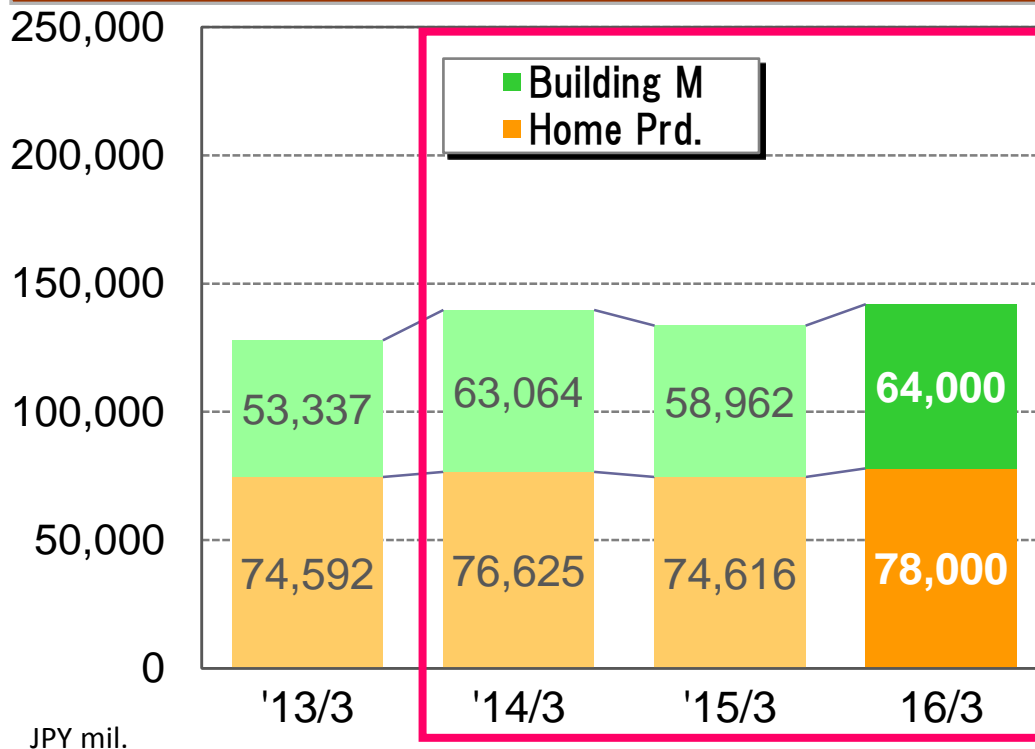
3 year sales & staff plan in 「A.A.15」



JPY mil.

(JPY millions)		Sales Plan	(YoY %)	Operating Income	(YoY %)	(Profit %)
Building Materials	10-3※	36,427	19.4	1,361	44.2	3.7
	Full Yr.	64,000	8.5	1,980	16.5	3.1
Home Products	10-3※	42,119	13.1	1,206	1.8	2.9
	Full Yr.	78,000	4.5	2,230	19.1	2.9

3 year sales plan in 「A.A.15」



■ Building M / sales by products

	Category	'15/9	'16/3	Achievement
①	Kitchen, Bathroom	11,186	25,000	45%
②	Air conditioning	10,604	27,000	39%
③	Materials etc.	5,783	12,000	48%

■ Home Prd. / private brand sales

	Category	'15/9	'16/3	Achievement
①	Home appliances	11,893	26,970	44%
②	Interior, Furniture	4,130	9,450	44%
③	Exterior, Leisure	3,862	6,670	58%
④	Tools, Gardening	2,144	4,110	52%

(JPY million)		Producer Goods			Consumer Goods		Other	Total
		Machines	I . T . E .	Int'l Ops	Building M	Home Prd.		
S a l e s	FY 2014	64,944	122,314	107,796	58,962	74,616	7,168	435,803
	FY 2015	68,000	130,000	98,000	64,000	78,000	7,000	445,000
	Y o Y	104.7%	106.3%	90.9%	108.5%	104.5%	97.6%	102.1%
O p e r a t i n g P r o f i t	FY 2014	2,749	3,514	5,054	1,700	1,873	-1,761	13,130
	(profit %)	4.2%	2.9%	4.6%	2.9%	2.5%	—	3.0%
	FY 2015	2,780	4,200	3,900	1,980	2,230	-1,790	13,300
	(profit %)	4.1%	3.2%	4.0%	3.1%	2.9%	—	3.0%
	Y o Y	101.1%	119.5%	77.2%	116.5%	119.1%	—	101.3%
	(up/down)	-0.1	0.3	-0.7	0.2	0.4	—	+0.0

* Exchange Rate USD 1 = JPY121.87(AR) for 1st Half results, 120 for 2nd half plan

IV. Corporate Governance

V . Dividend Policy

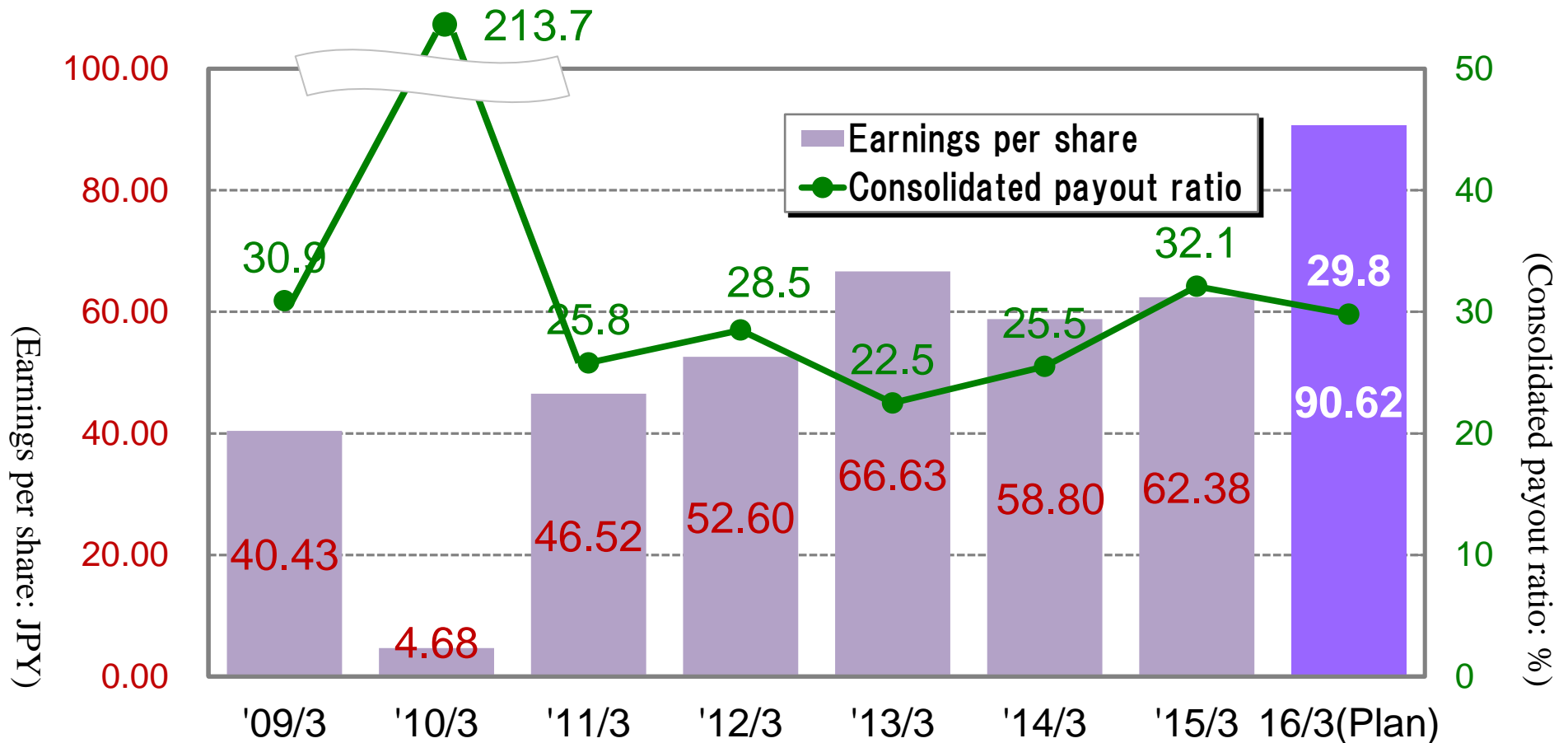
□ Our policy for the profit distribution

- △ We, YAMAZEN strives to stable return to our shareholders, considering our income level, while strengthening our financial foundation and elevating profitability. In line with the above policy, we will **gradually raise the consolidated payout ratio** until **30%** in the last year of our current Mid.-term Management Plan.
- △ We will invest our retained earnings for the enhancement of shareholder equity and for the sustainable growth of our business. We keep to meet the shareholders needs through our med - long term growth and boosting corporate value.

■ Dividend Trend

		'09/3	'10/3	'11/3	'12/3	'13/3	'14/3	'15/3	'16/3 (plan)
Consolidated payout ratio (%)		30.9	213.7	25.8	28.5	22.5	25.5	32.1	29.8
Cash dividends (JPY)	Interim	5.0	5.0	5.0	7.0	7.0	7.0	8.0	12.0
	Yr.-end	7.5	5.0	7.0	8.0	8.0	8.0	12.0	15.0

- Planned dividend payout ratio (consolidated) is 29.8%
- Amount **increase** to JPY 12.0 (interim) + JPY 15.0 (Year-end) = JPY 27.0 (Annual)





□ **Contact information for individual meetings.**

- △ Public & Investor Relations Department.
- △ E-mail to info06@yamazen.co.jp
- △ For any other inquiries related to investor relations, please use the inquiry form on the corporate website (<http://www.yamazen.co.jp/english>)

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