

Annual Results Briefing for Fiscal Year 2016 (Apr. – Mar. 2017)

amaze!ⁱⁿ
YamazeN.
驚きは、山善の中にある。

May 25th 2017

 **YAMAZEN CORPORATION**

AGENDA

I. Annual Results Overview

II. “ **ONE**X**T** **YAMAZEN** 2018 ”

Medium-term Management Plan and Topics

III. Fiscal Year 2017 Forecast

IV. Dividend Policy



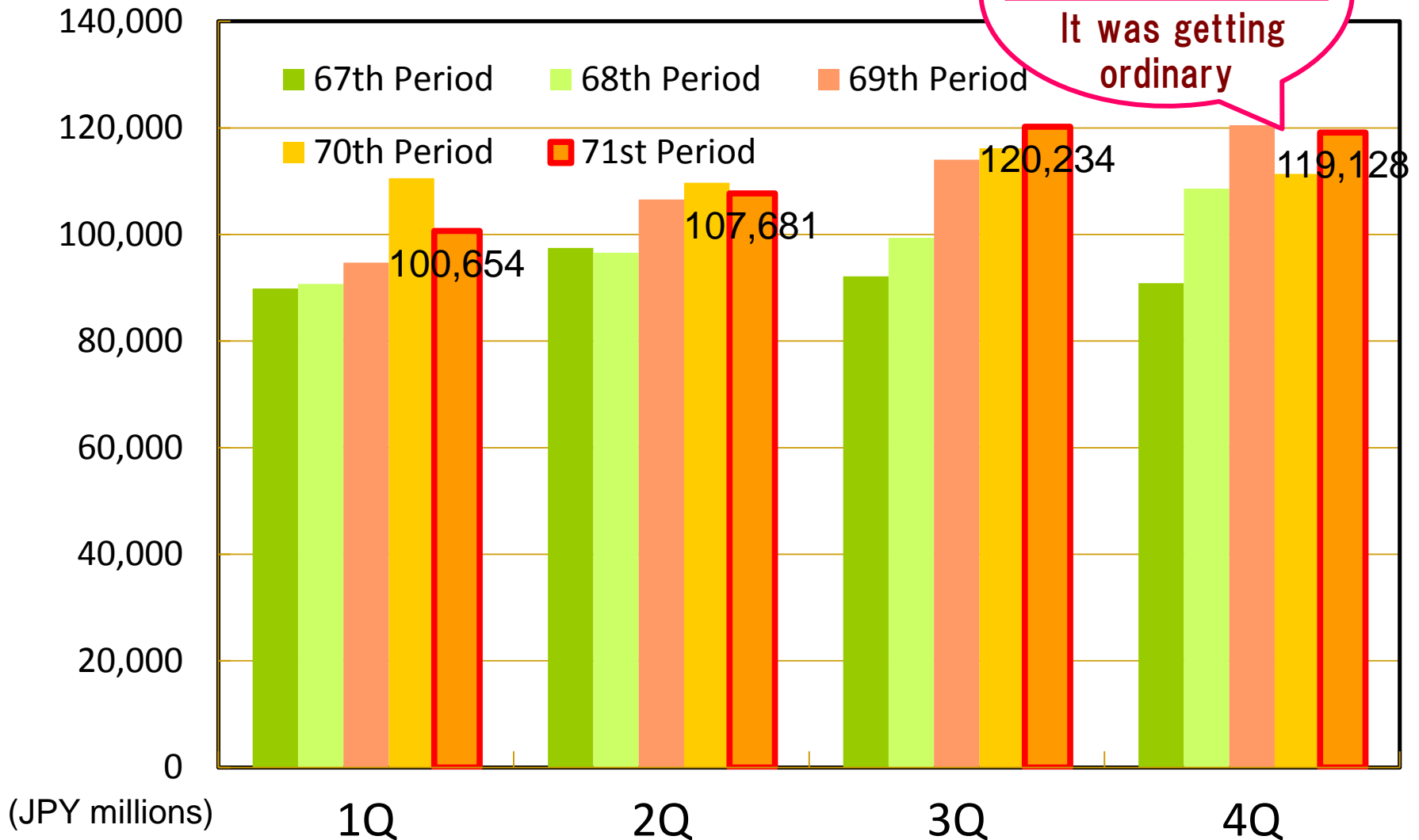
I. Annual Results Overview

Consolidated Income Statements

(JPY millions)	FY2015 (70 th Period)	FY2016 (71 st Period)	YoY %	Announced Plan	Ratio to Plan %
Net Sales	447,774	447,698	- 0.0	460,000	97.3
Gross profit	57,542	57,906	0.6	—	—
(G P %)	(12.9%)	(12.9%)	(0.0)		
SGA expenses	44,284	44,793	1.1	—	—
Operating income	13,258	13,113	- 1.1	13,300	98.6
Non-operating Income	245	- 182	—	—	—
Ordinary income	13,503	12,931	- 4.2	13,600	95.1
Extraordinary Income	156	75	—	—	—
Profit attributable to owners of parent	9,192	8,518	- 7.3	8,700	97.9

➤ Sales nearly equal to 70th period that records high.

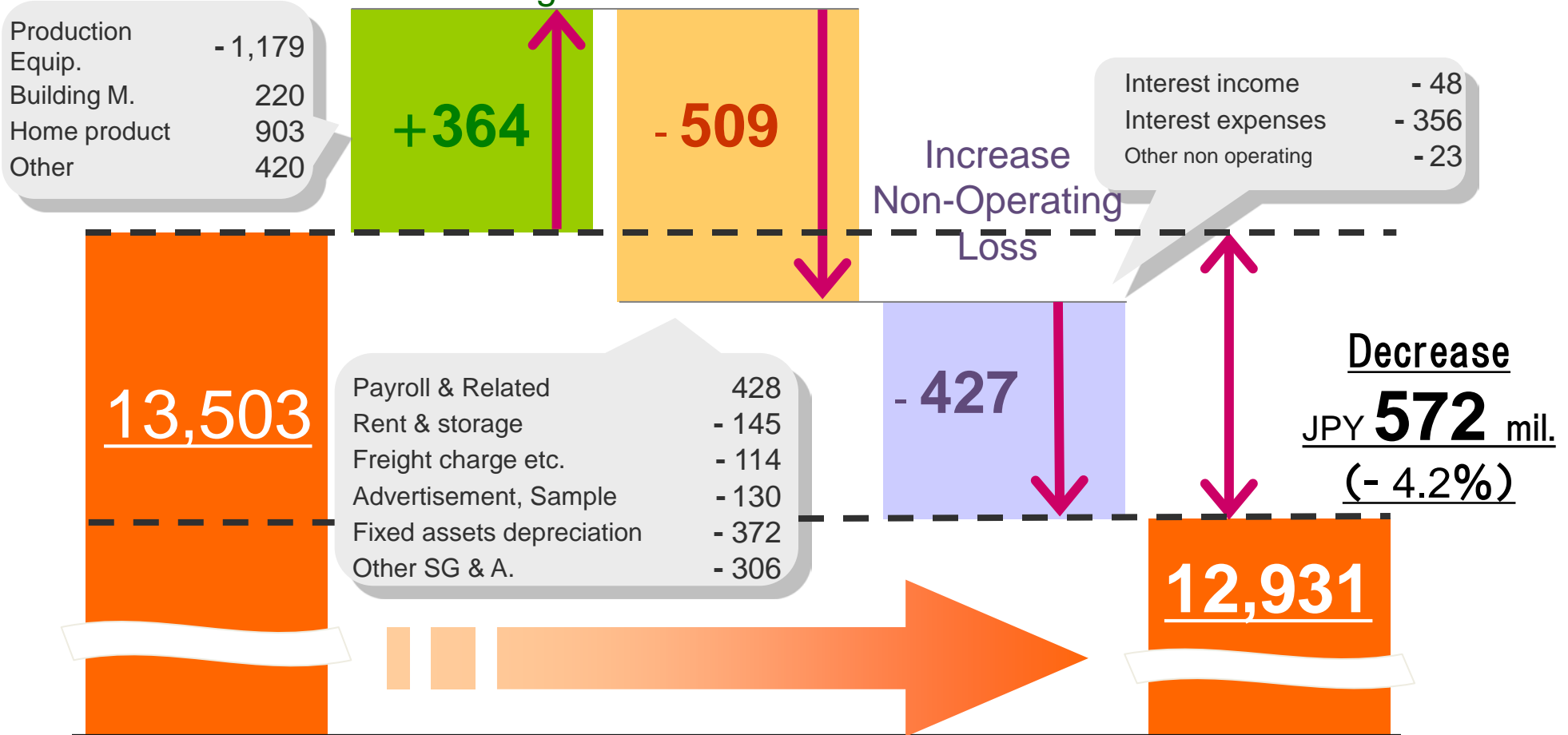
Trend of sales (past 5 years)



■ Sales by division / vs announced plan

(JPY millions / %)	FY2015 (70 th Period)	FY2016 (71 st Period)	YoY(%)	Announced plan	Ratio to plan (%)
Machine Tools	142,037	133,250	- 6.2	136,000	98.0
Industrial Tools & Equipment	148,564	150,938	1.6	157,000	96.1
System Engineering	17,515	17,997	2.8	17,000	105.9
(Total) Production Equip.	308,117	302,187	- 1.9	310,000	97.5
Building Materials	56,419	58,171	3.1	63,000	92.3
Home Products	75,169	79,151	5.3	80,000	98.9
(Total) Consumer goods	131,589	137,323	4.4	143,000	96.0
Other	8,067	8,188	1.5	7,000	117.0
Total	447,774	447,698	- 0.0	460,000	97.3

(JPY millions)

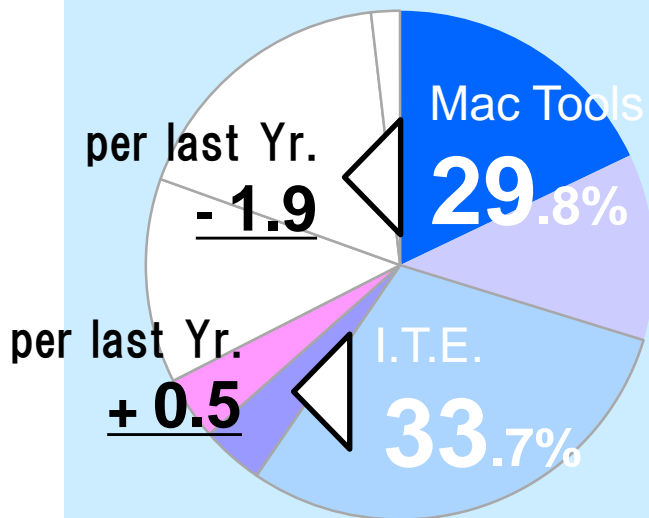


Ordinary Income
Mar. 2016

Ordinary Income
Mar. 2017

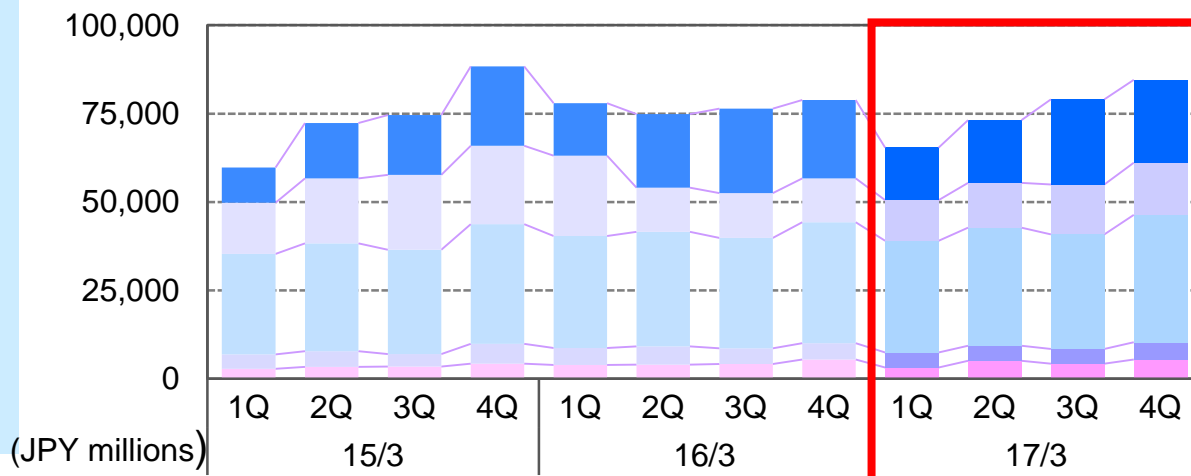
(JPY millions)			FY2015	FY2016(Mar. 2017)		
Production Equipment	Production Equipment	S a l e s	308,117	302,187	(YoY)	- 1.9%
		Operating Income	11,086	10,373	Profit %	3.4%

Sales by Division



- Under the Head of Production Equipment, consolidate domestic business unit and overseas business unit.
- Total 9 regional H.Q., 5 in Japan and 4 in Overseas.

Quarterly sales trend in past 3 years



Sales by Division

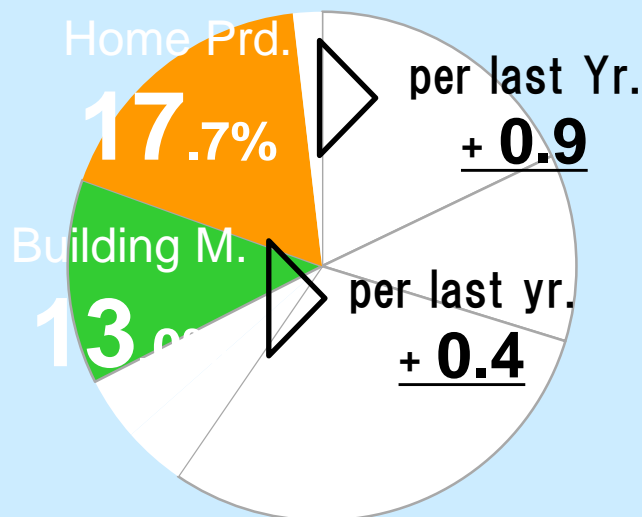
(JPY millions)			FY2015	FY2016 (Mar. 2017)		
Production equipment	Machine Tools	(Domestic)	81,746	80,121	(YoY)	- 2.0%
		(Overseas)	60,291	53,129	(YoY)	- 11.9%
		T o t a l	142,037	133,250	(YoY)	- 6.2%
	Industrial Tools & Equipment	(Domestic)	129,456	133,358	(YoY)	3.0%
		(Overseas)	19,108	17,580	(YoY)	- 8.0%
		T o t a l	148,564	150,938	(YoY)	1.6%
	System Engineering		17,515	17,997	(YoY)	2.8%
	T o t a l		308,117	302,187	(YoY)	- 1.9%

- ❑ Machine Tools (Domestic) ; Sales decrease than previous year. The tendency of the investment seems getting cautiously because of uncertainty for future business conditions.
- ❑ Machine Tools (Overseas) ; Continuous economic slowdown in China market. But the demand for machine tools for EMS grew and orders getting increased from the 2nd half of the fiscal year..
- ❑ Industrial Tool & Equip ; The sales of cutting tools, measuring instruments etc. were getting gradually upward.

(JPY millions, %)	FY2015 (Mar. 2016)	FY2016 (Mar. 2017)	
	S a l e s	S a l e s	Achievement
Osaka Regional H.Q.	62,827	61,892	99%
Higashi Nippon Regional H.Q.	79,477	82,320	104%
Nagoya Regional H.Q.	39,926	39,645	99%
Kyushu Regional H.Q.	16,531	16,920	102%
Hiroshima Regional H.Q.	12,941	12,725	98%
U.S.A. Regional H.Q.	12,354	12,085	98%
Taiwan Regional H.Q.	20,801	11,369	55%
China Regional H.Q.	27,299	24,387	89%
ASEAN Regional H.Q.	18,931	21,285	112%

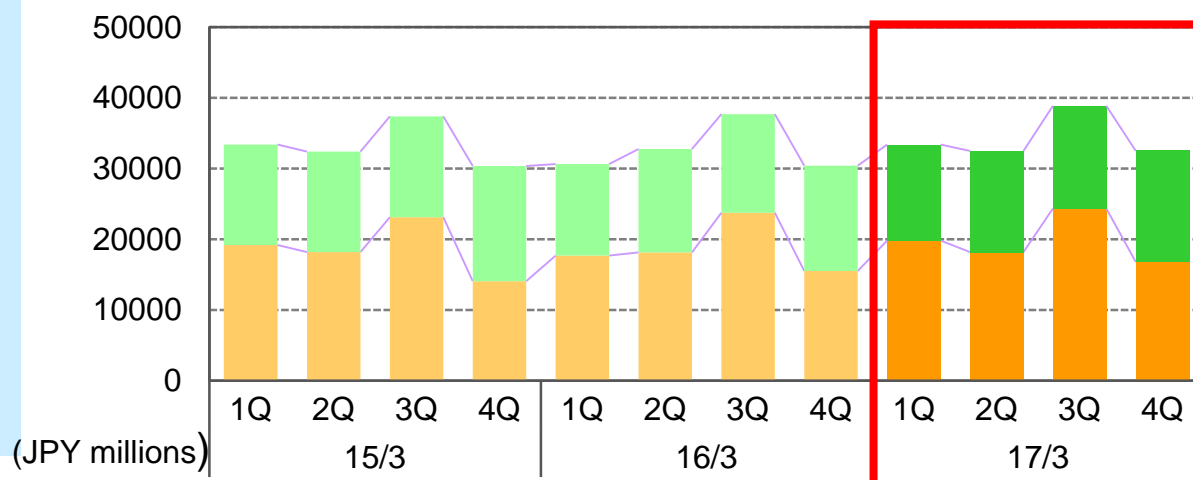
(JPY millions)			FY2015	FY2016(Mar. 2017)		
Consumer Goods	Building Materials	Sales	56,419	58,171	(YoY)	3.1%
		Operating Income	1,360	1,434	Profit %	2.5%
	Home Products	Sales	75,169	79,151	(YoY)	5.3%
		Operating Income	2,511	2,797	Profit %	3.5%

Sales by Division



- Building M. : Sales recovered in water related items and air conditioning systems.
- Home Prd. : Sales of seasonal items suffers by mild climate, but other items performed well.

Quarterly sales trend in past 3 years





Production Equip.

Machine Tools Div.

Industrial Tool & Equip. Div.

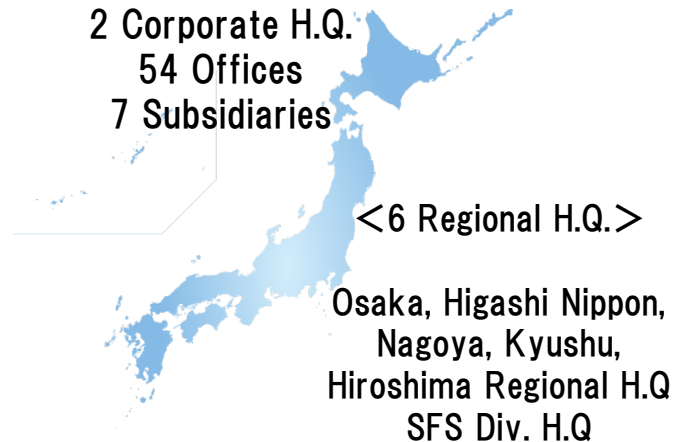
Consumer Goods

Building Material Div.

Home Products Div.

Japan domestic

2 Corporate H.Q.
54 Offices
7 Subsidiaries

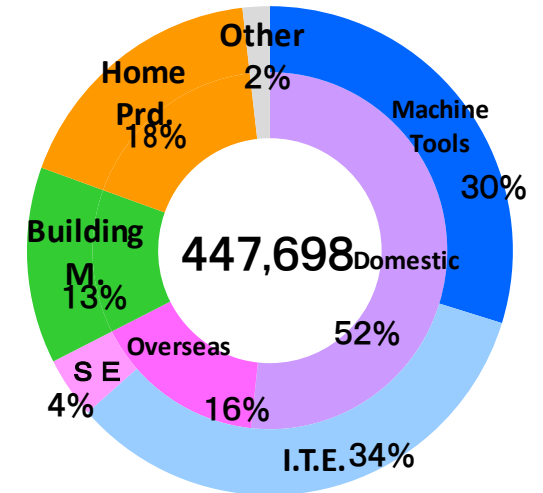


Overseas

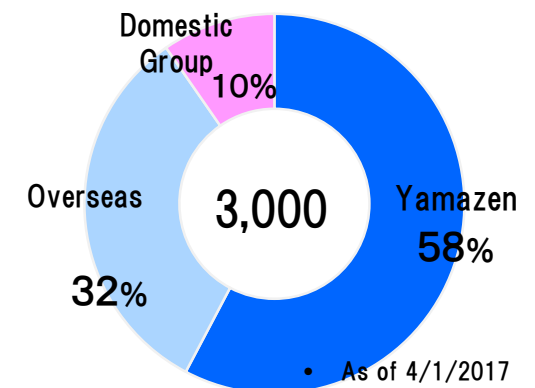
16 Countries
18 Subsidiaries
68 Offices



Share of Sales



Share of Staff



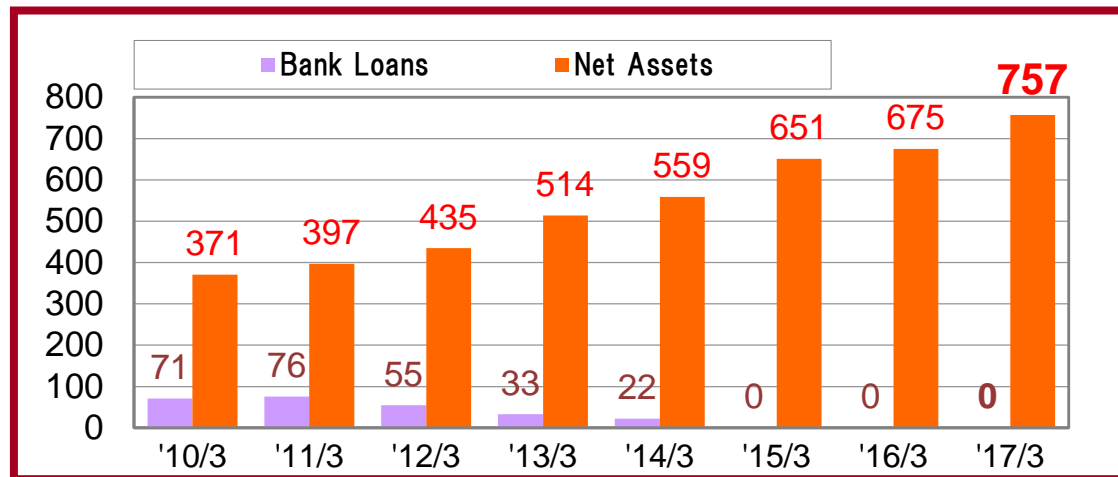
• As of 4/1/2017
• Incl. Non-Consolidated etc.

Balance Sheet

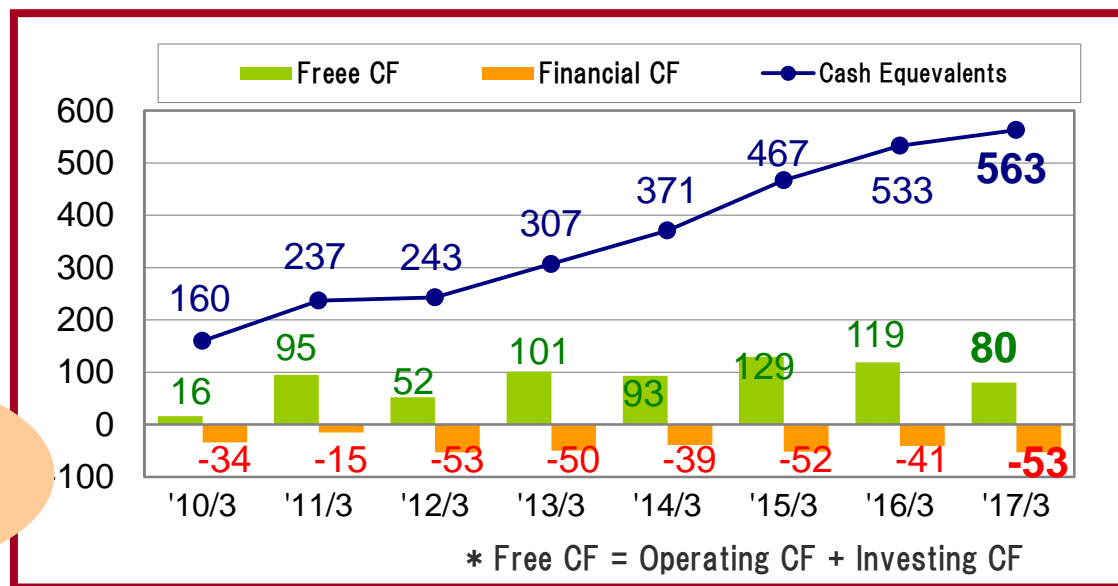
Assets	Liabilities/Net assets
Current Assets 1,903 (+79)	Current Liabilities 1,347 (+45)
Fixed Assets 292(+33)	Fixed Assets 91(- 15)
Total Assets 2,195(+111)	Net Assets 757 (+82)

Shareholder's
Equity ratio
34.4%

Changes in bank loans and net assets



Cash Flow



(As of Mar.31 2017 / JPY 100 mil.)



Ⅱ. “ **ONE**X**T** **YAMAZEN** 2018 ”

Medium-term Management Plan and Topics

Expand
the volume

Improve
value-added

Stabilize
management
foundation

amaze! in
Yamazen.

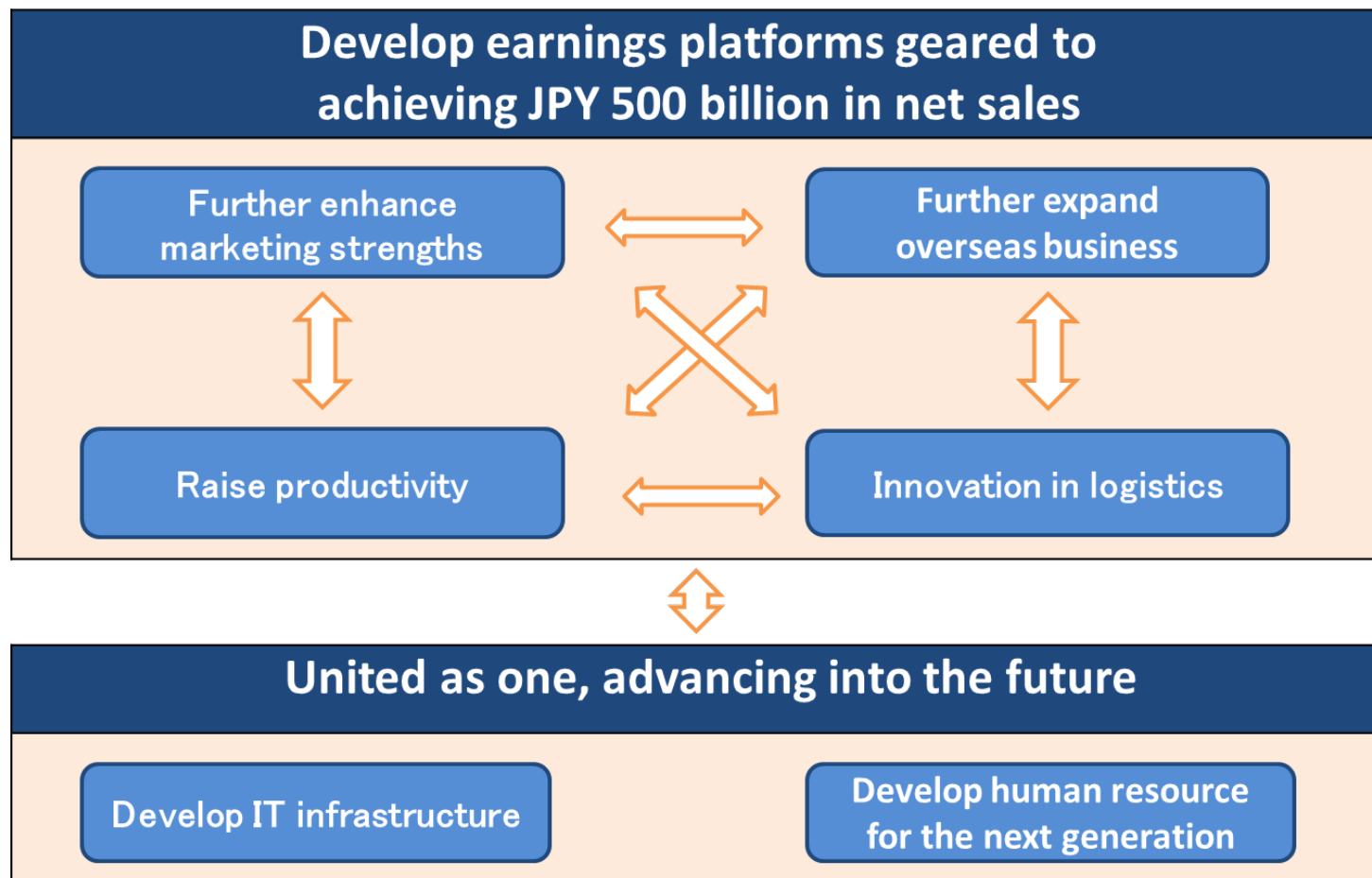
The power to amaze is in YAMAZEN.

*Beyond
Expectation*

Yamazen keep providing 'amaze' as a specialized trading company, support manufacturing and offering a comfortable living environment.

ONEXT YAMAZEN

2018 ひとつになって、この先へ。



ONEX**T** 2018
YAMAZEN
ひとつになって、この先へ。



Next 1 (one) Raise productivity

- Next 1-1) Enhance engineering capabilities
- Next 1-2) Further strengthen e-business operations
- Next 1-3) Continue efforts for logistical innovation
- Next 1-4) Carry out work-style reform
- Next 1-5) Reduce environmental loads



Next 2 (two) Expand overseas business

- Next 2-1) Promote global marketing
- Next 2-2) Build global supply chains

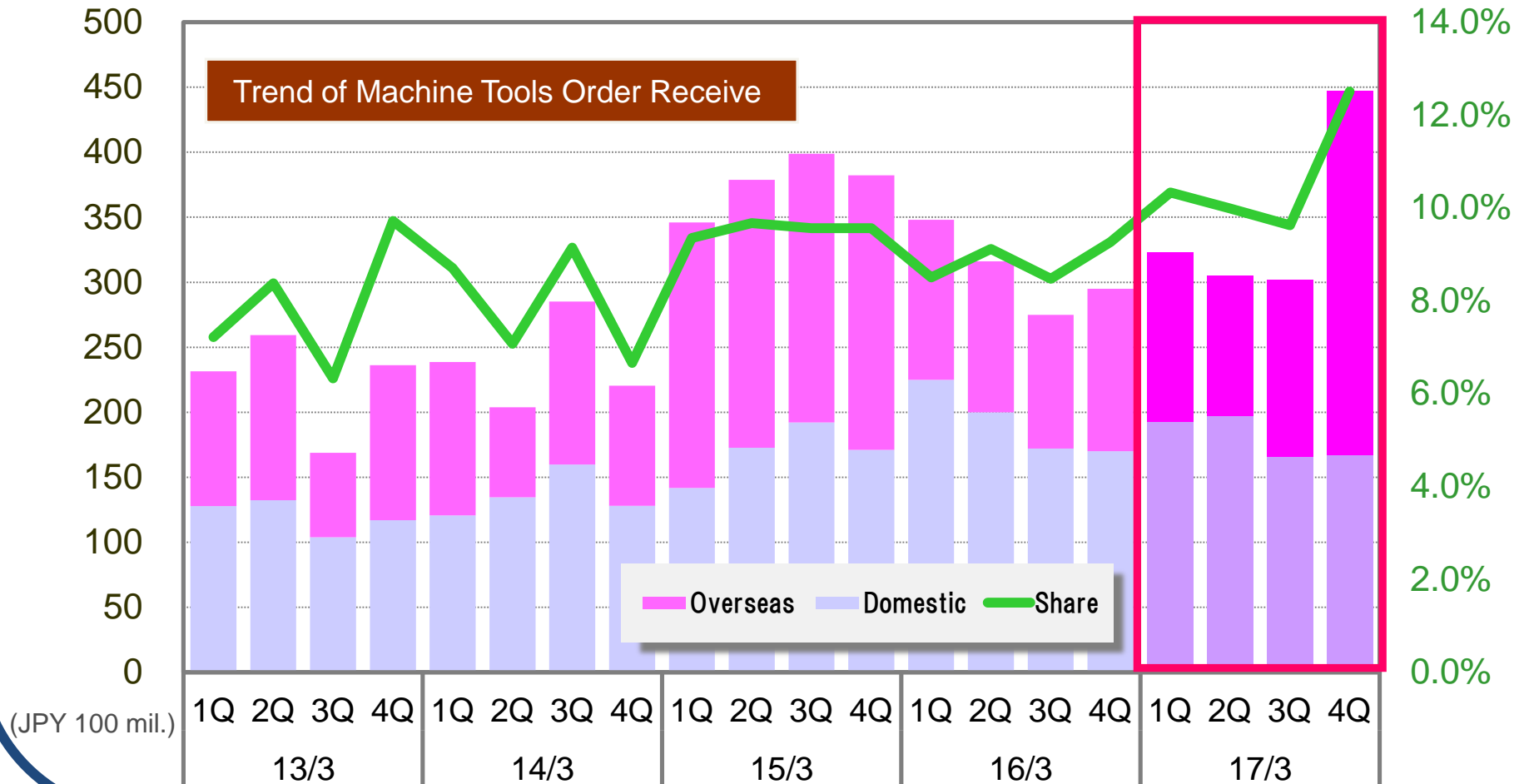


Next 3 (three) Human resource development for next generation

- Next 3-1) Draw up workforce education plans
- Next 3-2) Promote recruitment of mid-career and certified professionals
- Next 3-3) Train female managers



- Annual Machine Tools Order Receives JPY 138 billion
- 10.7% Share with JMTBA's figure



- Established Smart Factory Solutions Div. H.Q. on Apr.1st 2017.
- Wholly owned Toho Industrial Co., Ltd., the System integrator in Hiroshima on Apr.11th 2017
 - Strengthen proposal capability and technology coordinating ability.
- Comprehensive proposal for automation of deburring (finishing) processes
- Comprehensive proposal for BCP.ERS, business continuity plan
 - Offers one-stop service from consulting to install.



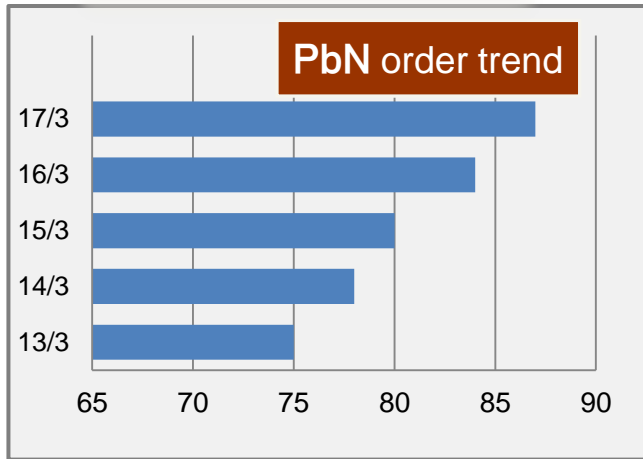
**Proposal for automation
of finishing processes**



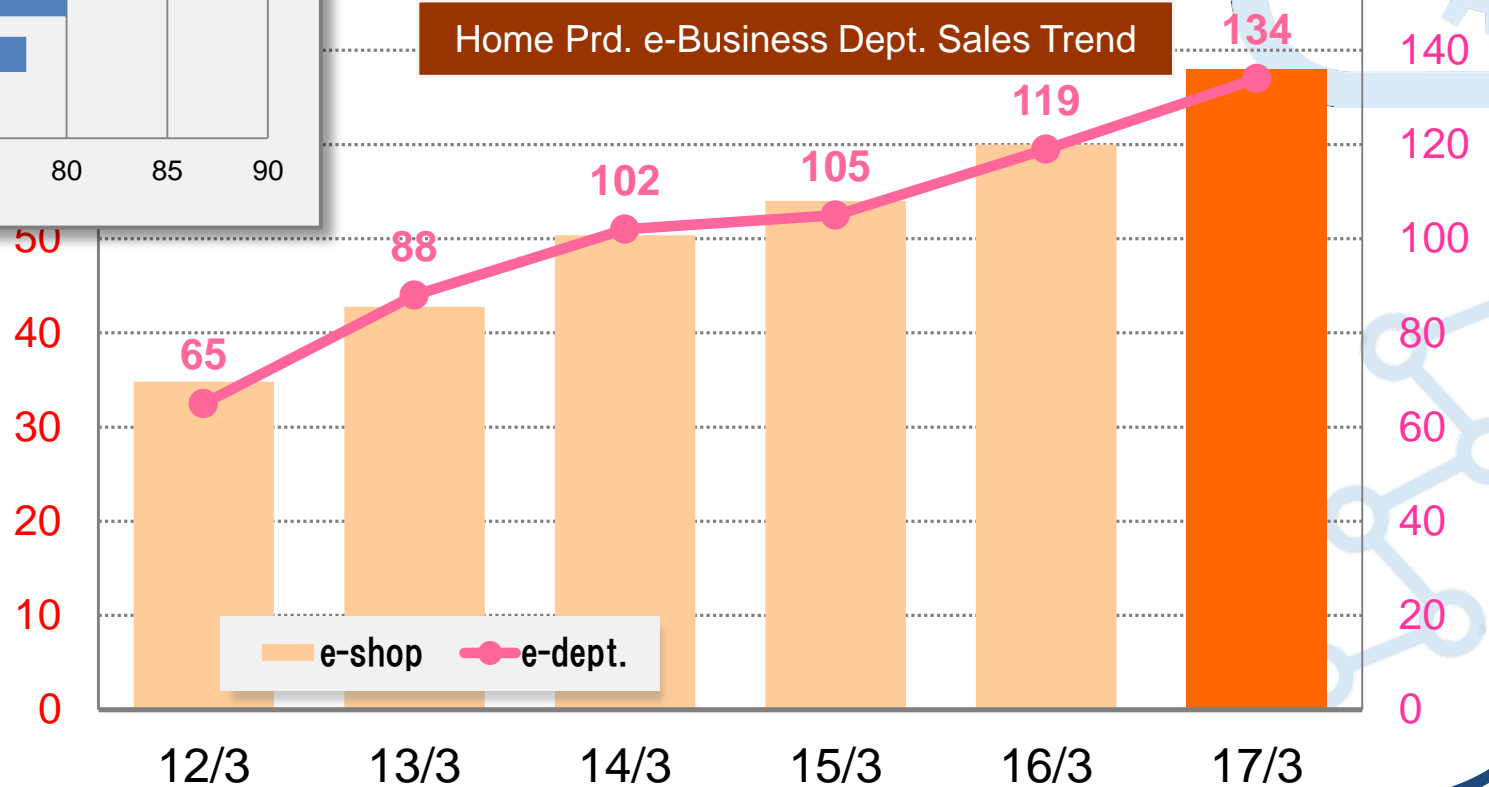
**Fuse good point
of people and robot**

BCP consulting to install

BCPERS
ビーシーパス

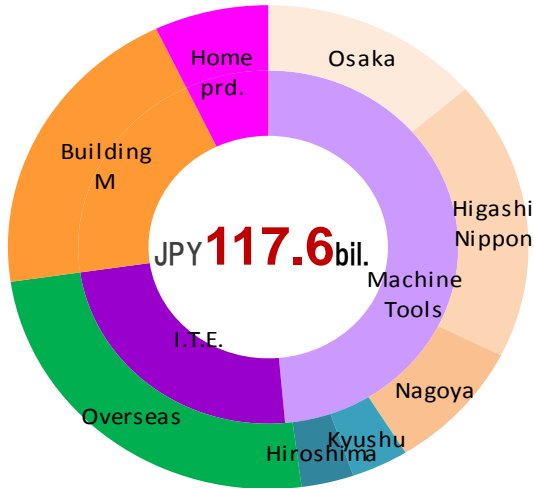


➤ Sales by KURASHINO e-shop grew for 11 consecutive years, now grossing over JPY 6.8 billion.



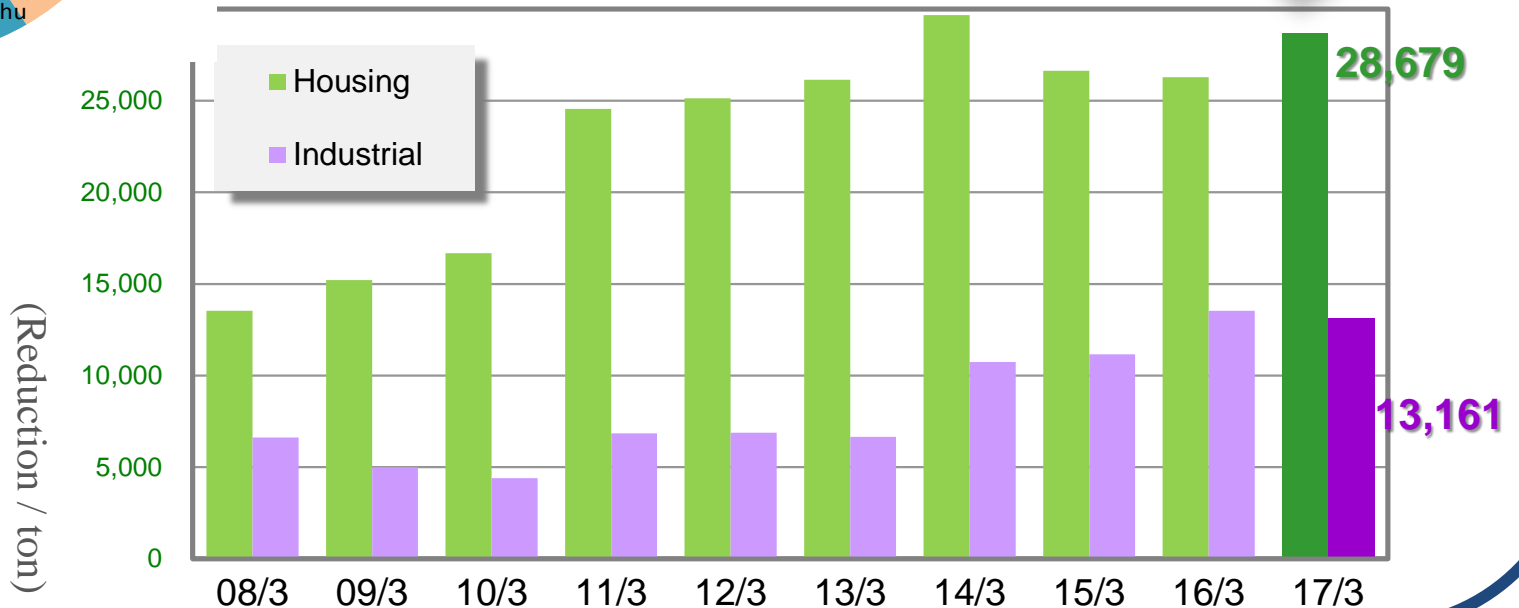
(JPY 100 mil.)

Eco-Business Sales



- Eco-Business sales becomes JPY 117 billion.
- The "carbon free company" creation project has entered the fifth year and 705 companies becomes carbon-free for 4 years.
- Total of offset credits are 45,348 tons.

Green Ball Project Result



■ Business Plan


(JPY millions)	FY2015 (Mar.2016, result)	FY2016 (Mar.2017, result)	FY2017 (Mar.2018, announced)	FY2018 (Mar.2019, original plan)
S a l e s	447,774	447,698	480,000	500,000
Operating Income	13,258	13,113	14,000	14,700
Ordinary Income	13,503	12,931	14,300	15,000
Profit attributable to owners of parent	9,192	8,518	9,300	10,000

■ Major Financial Ratio

	FY2015 (Mar.2016, result)	FY2016 (Mar.2017, result)	FY2017 (Mar.2018, announced)	FY2018 (Mar.2019, original plan)
Return On Assets	6.5%	6.1%	6.4%	6.5%
Capital Turnover Ratio	2.2	2.09	2.16	2.17
Cash Flow Margin Ratio	3.4%	2.5%	3.3%	3.5%



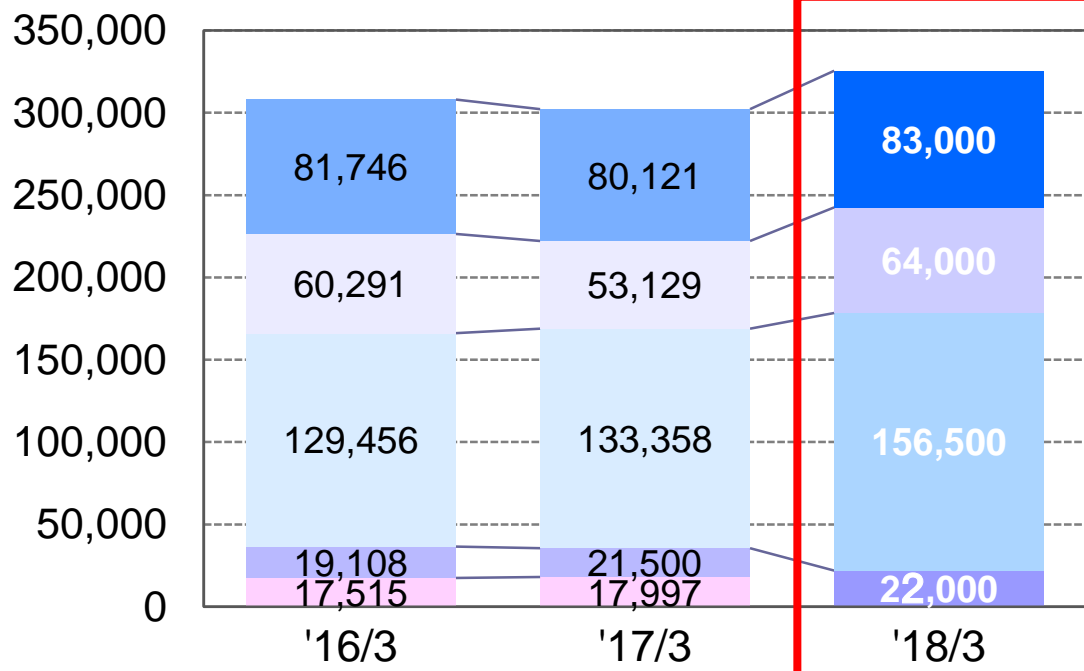
III. Fiscal Year 2017 Forecast

 Challenge to the target as the 2nd year of “**ONEXT YAMAZEN 2018**”!

(JPY millions)	FY2016 (Mar.2017)		FY2017 (Mar.2018)			
	2Q Result	Full-Yr. Result	2Q Forecast	YoY %	Full-Yr. Forecast	YoY %
S a l e s	208,335	447,698	230,000	10.4	480,000	7.2
Operating Income	5,132	13,113	6,200	20.8	14,000	6.8
Ordinary Income	5,105	12,931	6,300	23.4	14,300	10.6
Profit attributable to owners of parent	3,379	8,518	4,200	24.3	9,300	9.2

(JPY millions)		Sales Plan	(Y o Y)	Operating Income	(Y o Y)	(Profit %)
Production Equip.		325,500	7.7	11,300	+ 8.9	3.5

Production Equip. 3 yr. Sales Trend



(JPY millions)

I.T.E.(Domestic)
Top 100 vendor sales plan

	Category	'17/3	'18/3	YoY
①	Material handlings	11,050	12,520	113%
②	Mechatronics	13,150	14,595	111%
③	Environmental improvements	6,198	6,910	111%
④	Fluid equipment	7,796	7,490	96%
⑤	Steel Frame Process. Mac	5,712	6,390	112%
⑥	Cutting tools	15,155	15,670	103%
⑦	Tooling etc.	6,735	7,000	104%
⑧	Measuring equip.	5,226	5,570	107%
⑨	Industrial equip.	23,512	25,765	110%
⑩	Air-conditioning	1,743	1,900	109%

(JPY millions)

(JPY millions, %)	FY2016 (Mar.2017)		FY2017 (Mar.2018)	
	S a l e s	S a l e s	S a l e s	(YoY)
Osaka Regional H.Q.	56,892	59,210	104%	
Higashi Nippon Regional H.Q.	79,725	82,690	104%	
Nagoya Regional H.Q.	37,752	39,180	104%	
Kyushu Regional H.Q.	16,920	17,880	106%	
Hiroshima Regional H.Q.	12,724	13,040	102%	
S F S D i v . H . Q .	26,911	27,500	102%	
U.S.A. Regional H.Q.	12,085	13,622	113%	
Taiwan Regional H.Q.	11,369	17,861	157%	
China Regional H.Q.	25,140	29,082	116%	
ASEAN Regional H.Q.	21,285	23,205	109%	

※ Recalculate the Mar. 2017 result with establish SFS Div. H.Q. in Apr. 2017.

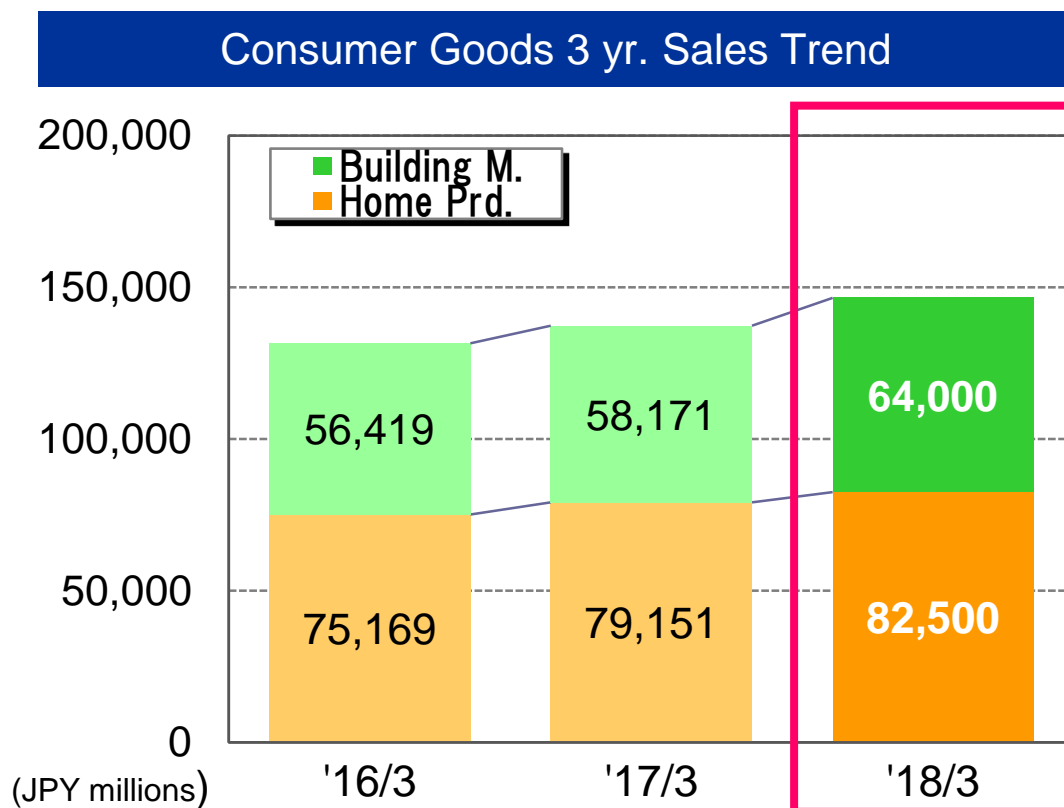
(JPY millions)		Sales Plan	(Y o Y)	Operating Income	(Y o Y)	(Profit %)
Building Material		64,000	10.0	1,700	18.5	2.7
Home Products		82,500	4.2	2,800	0.1	3.4

■ Building M / sales plan by item category

	Category	'17/3	'18/3	YoY
①	Kitchen, bathroom	25,429	28,000	110%
②	Air conditioning etc.	20,892	23,000	110%
③	Materials etc.	11,850	13,000	110%

■ Home Prd. / PB sales plan

	Category	'17/3	'18/3	増減率
①	Home appliances	25,199	26,650	106%
②	Interior	9,598	10,500	109%
③	Exterior, leisure	7,984	7,200	90%
④	Tools, gardening	3,326	3,900	117%



(JPY millions)		Production Equipment	Consumer Goods		Other	Total
			Building M	Home Prd.		
S a l e s	FY2016 Result	302,187	58,171	79,151	8,188	447,698
	FY2017 Plan	325,500	64,000	82,500	8,000	480,000
	(YoY)	107.7%	110.0%	104.2%	97.7%	107.2%
O p e r a t i n g P r o f i t	FY2016 Result	10,373	1,434	2,797	-1,493	13,113
	(Profit %)	3.4%	2.5%	3.5%	—	2.9%
	FY2017 Plan	11,300	1,700	2,800	-1,800	14,000
	(Profit %)	3.5%	2.7%	3.4%	—	2.9%
	(YoY)	108.9%	118.5%	100.1%	—	106.8%
	(Up / Down)	+0.1	+0.2	-0.1	—	±0.0

* Exchange Rate USD1 = JPY 108.34 for FY2016 result (AR), JPY110 for FY2017 plan



V . Dividend Policy

■ Dividend Trend

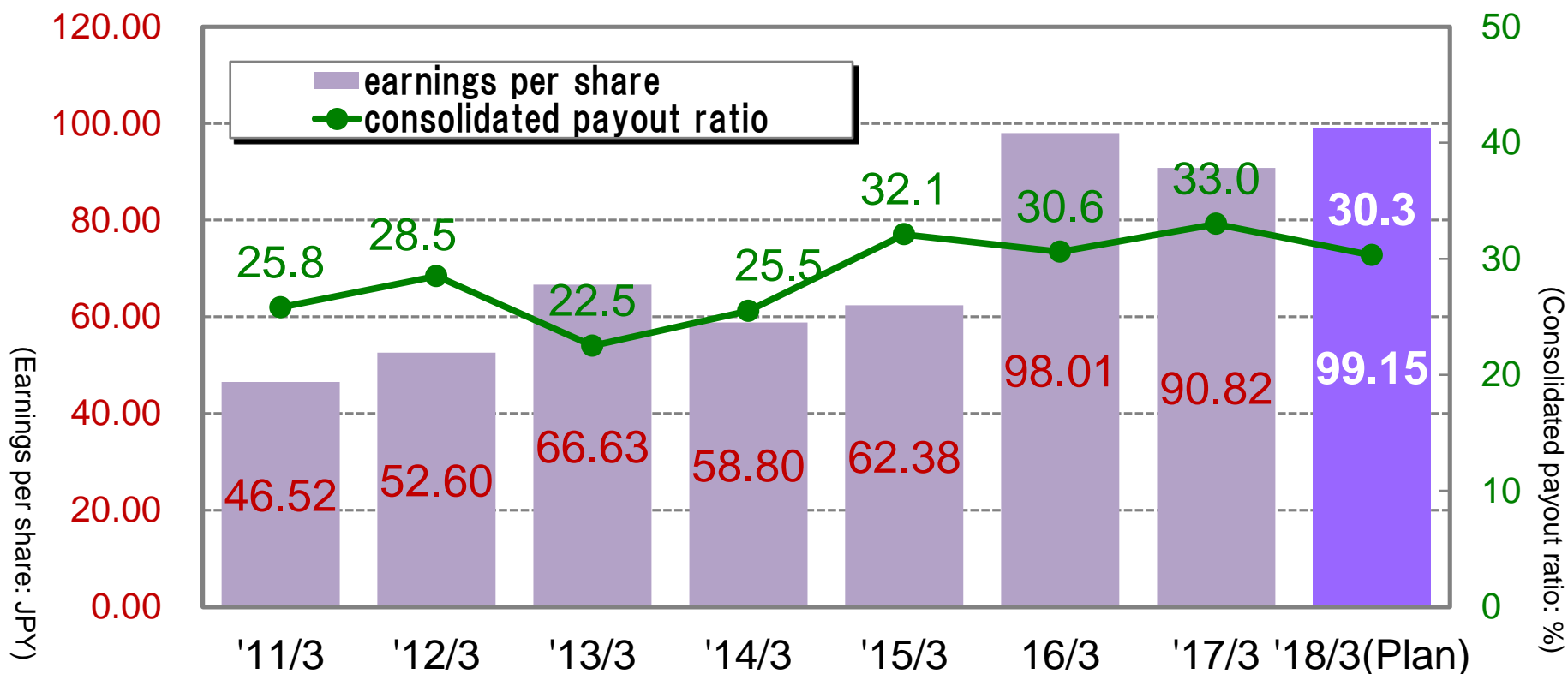
* Includes special / commemorative dividends

		'11/3	'12/3	'13/3	'14/3	'15/3	'16/3	'17/3	'18/3 (plan)
Consolidated payout ratio (%)		25.8	28.5	22.5	25.5	32.1	30.6	33.0	30.3
Cash dividends (JPY)	Interim	5.0	7.0	7.0	7.0	8.0	12.0	*13.5	13.0
	Yr.-end	7.0	8.0	8.0	8.0	12.0	*18.0	*16.5	17.0

□ Profit Distribution Policy

- △ The basic policy is to establish a stable financial base and improve profitability and to return profits taking into consideration the profit level, based on stable dividends to shareholders.
- △ In the current 3-year medium-term management plan, we will pay a dividend payout ratio of 30% and strive to further improve the dividend level.
- △ 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.

- Plan to pay a dividend of JPY 30 per share annually (interim dividend of JPY 13, year-end dividend of JPY 17) with incorporate a commemorative dividend of JPY 3 in the FY2016 (Mar.2017) into ordinary dividends.
- Plan to earnings per share JPY 99.15 and consolidated payout ratio 30.3%.



Index		Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017
Increase in Net Sales	(%)	6.7	10.3	2.7	- 0.0
Ratio of operating income to net sales	(%)	2.4	3.0	3.0	2.9
R O A	(%)	5.6	6.9	6.5	6.1
R O E	(%)	10.3	9.7	13.9	11.9
M a r k e t capitalization	(JPY bil.)	63.9	92.6	80.2	94.0
Shareholders' equity ratio	(%)	31.2	32.4	32.3	34.4
Capital Turnover Ratio		2.33	2.30	2.19	2.09
Cash Flow Margin Ratio	(%)	3.3	4.1	3.4	2.5
Increase in Stock Price	(%)	10.2	44.9	-13.3	17.2

Management Philosophy

Management of Fostering Personnel

Energize personnel, while fostering self-thinking and virtuous employees.

Management of Breaking Through

To challenge, innovate and create

Management of Trust

To respond to the needs and expectations of society and contribute to team

Employee Conduct

To develop self-discipline and ability through fundamental rules and principles

To fulfill our duties, and deepen trust through teamwork and mutual responsibility

To actively encourage a bright and creative workplace



□ Contact information for individual meetings.

- △ IR & PR 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/>)

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