

Annual Results Briefing for Fiscal Year 2014 (Apr. – Mar. 2015)

May 29th 2015



AGENDA

- I . Annual Results Overview**
- II . “A.A.15”: Medium-term Management Plan**
- III . Forecast for Fiscal Year 2015**
- IV . Dividend Policy**

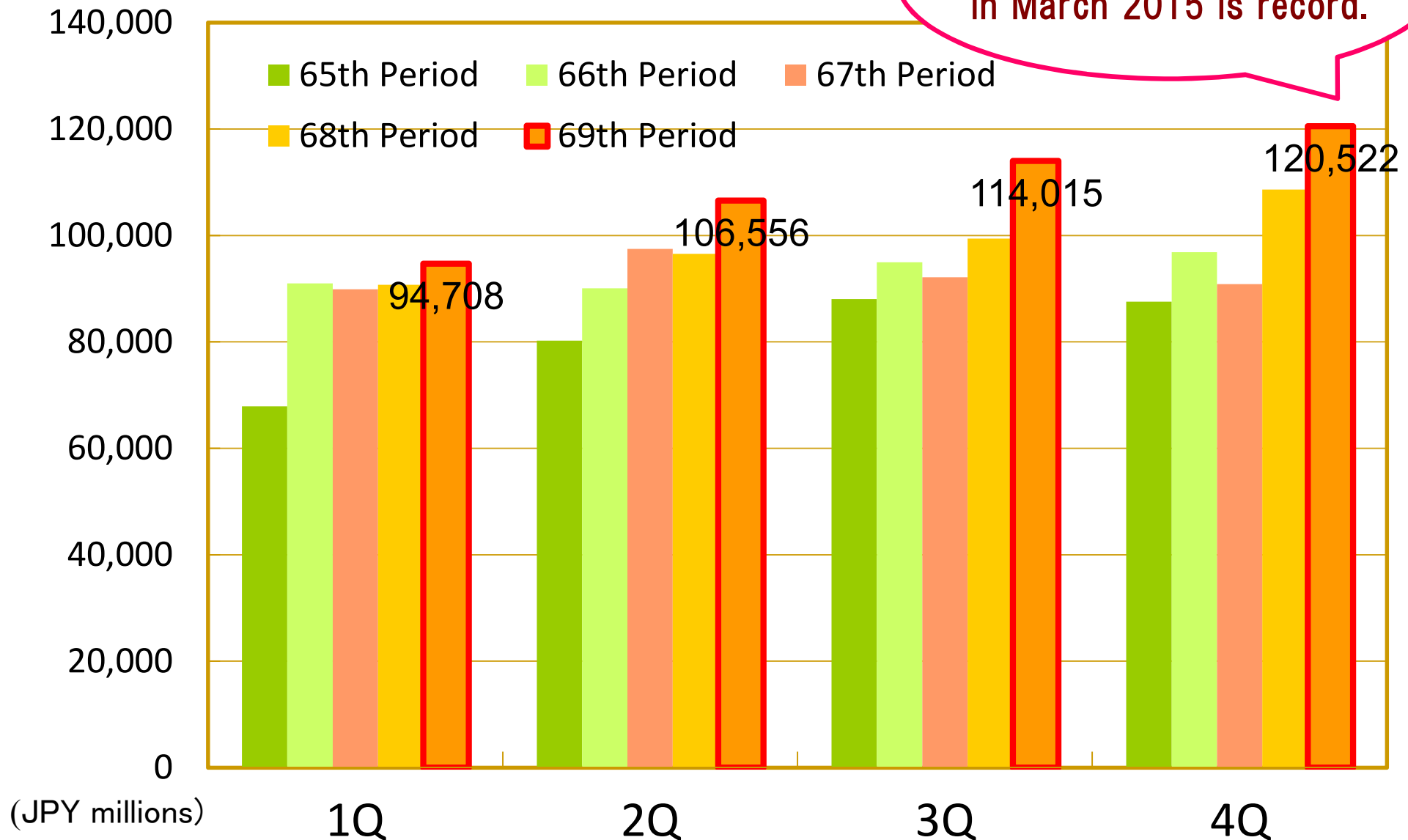
I . Annual Results Overview

Consolidated Income Statements

(JPY millions)	FY2013 (68 th Period)	FY2014 (69 th Period)	Y o Y %	Announced Plan	Ratio to Plan %
Net Sales	395,249	435,803	10.3	420,000	103.8
Gross profit (G P %)	50,208 (12.7%)	56,081 (12.9%)	11.7 (0.2)	—	—
SGA expenses	40,645	42,951	5.7	—	—
Operating income	9,562	13,130	37.3	11,300	116.2
Non-operating Income	275	200	- 27.4	—	—
Ordinary income	9,838	13,330	35.5	11,500	115.9
Extraordinary Income	- 645	- 2,517	—	—	—
Net income	5,515	5,851	6.1	7,200	81.3

- Both sales and profits are increased even there are impairment losses for logistic centers. Sales and Ordinary Incomes are record high.

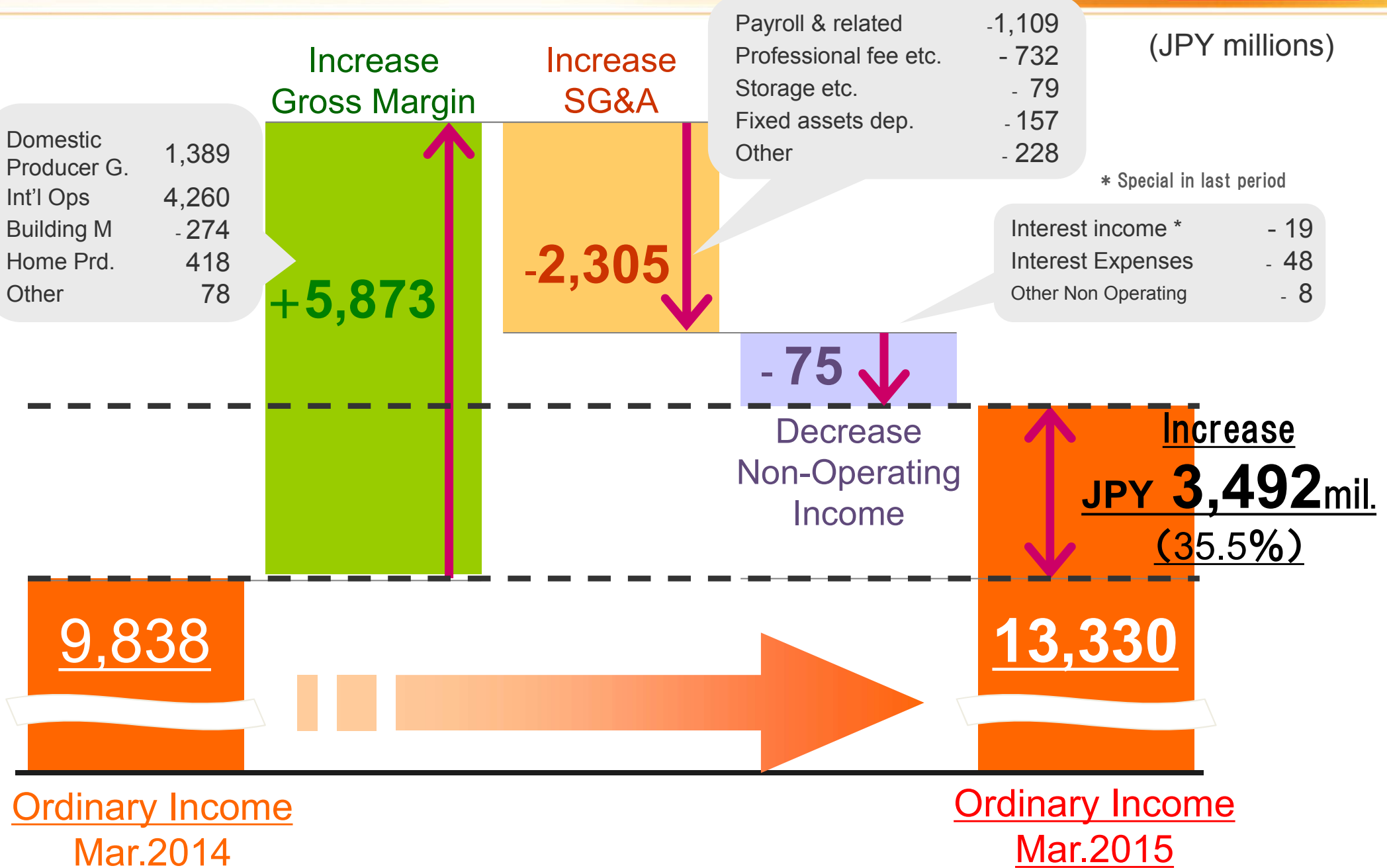
Trend of sales (past 5 years)



Sales by division / vs announced plan

(Unit : JPY millions / %)	FY2013 (68 th Period)	FY2014 (69 th Period)	YoY(%)	Announced plan	Ratio to plan (%)
Machine Tools	59,982	64,944	8.3	60,000	108.2
Industrial Tools & Equipment	114,557	122,314	6.8	122,000	100.3
(Total) Domestic producer goods	174,540	187,259	7.3	182,000	102.9
International operations	74,375	107,796	44.9	93,000	115.9
(Total) Producer goods	248,915	295,055	18.5	275,000	107.3
Building materials	63,064	58,962	- 6.5	60,000	98.3
Home products	76,625	74,616	- 2.6	78,000	95.7
(Total) Consumer goods	139,689	133,578	- 4.4	138,000	96.8
Other	6,644	7,168	7.9	7,000	102.4
Total	395,249	435,803	10.3	420,000	103.8

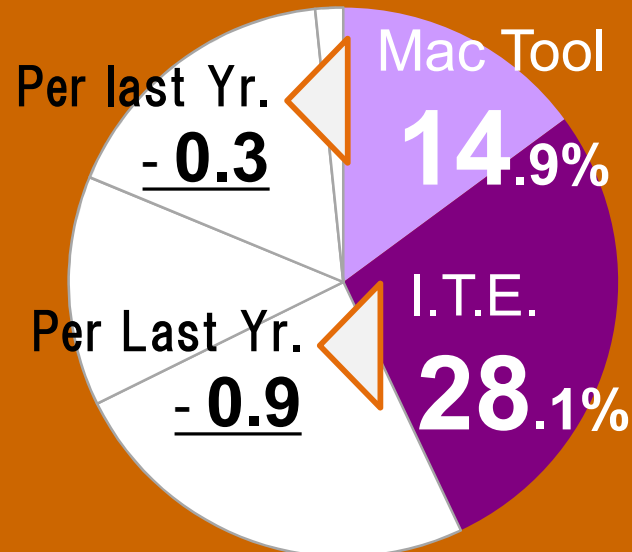
4. Positive / Negative factors of the ordinary income



5. Result by segment(1): Domestic producer goods

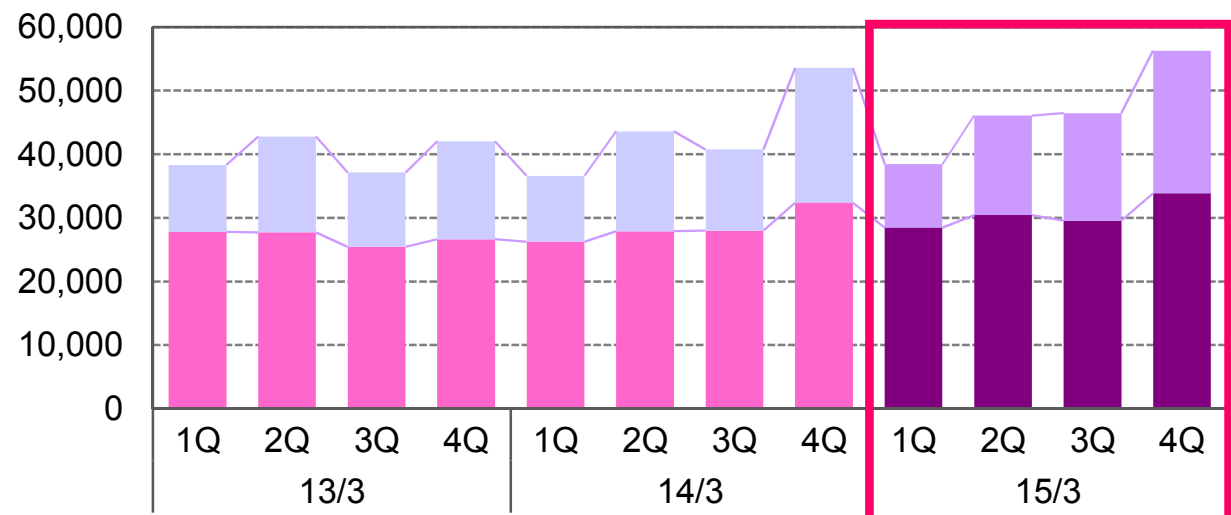
(JPY millions)			FY2013	FY2014(69 th Period)		
G P r o d u c e r s	Machine Tools	Sales	59,982	64,944	(YoY)	8.3%
		Operating Income	2,437	2,749	Profit %	4.2%
	Industrial tools & equipment	Sales	114,557	122,314	(YoY)	6.8%
		Operating Income	2,667	3,514	Profit %	2.9%

Sales by product category



- Machine Tools; Order receiving were improved for high renewal demand along with government subsidy. Capital invest for export industries were also improve orders.
- I.T.E.; Cutting tools and toolings are steadily grewed.

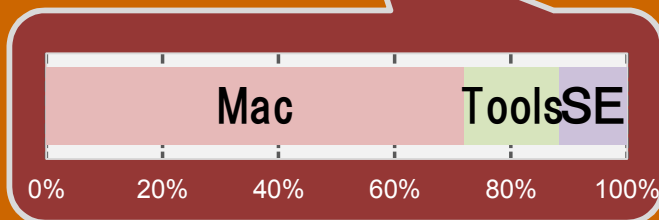
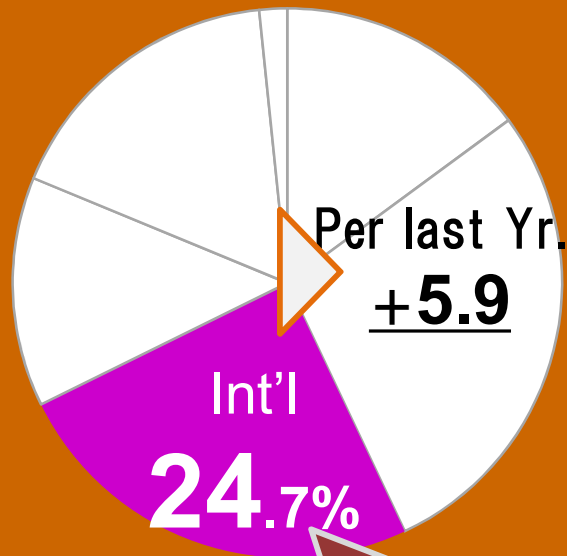
Quarterly sales trend in past 3 years



6. Result by segment (2): International operations

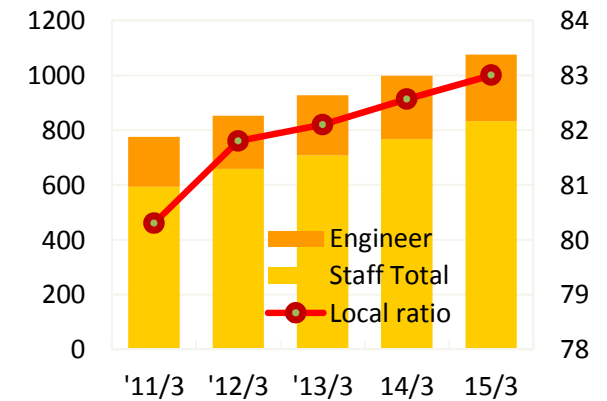
(JPY millions)			FY2013	FY2014(69 th Period)		
Producer Goods	International Operations	Sales	74,375	107,796	(YoY)	44.9%
		Operating Income	2,725	5,054	Profit %	4.7%

Sales by product category

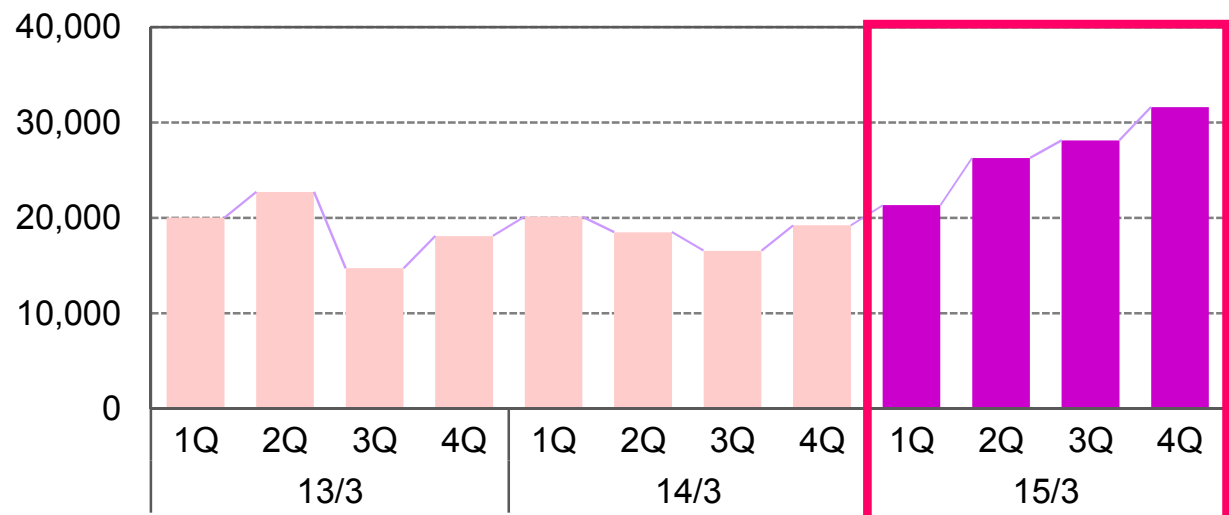


❑ Much improved in sales and profit, reflecting new order receiving from EMSs etc.

👉 Continuous increasing staffs. 242 engineers among with 1,075 staff in Int'l Operations.



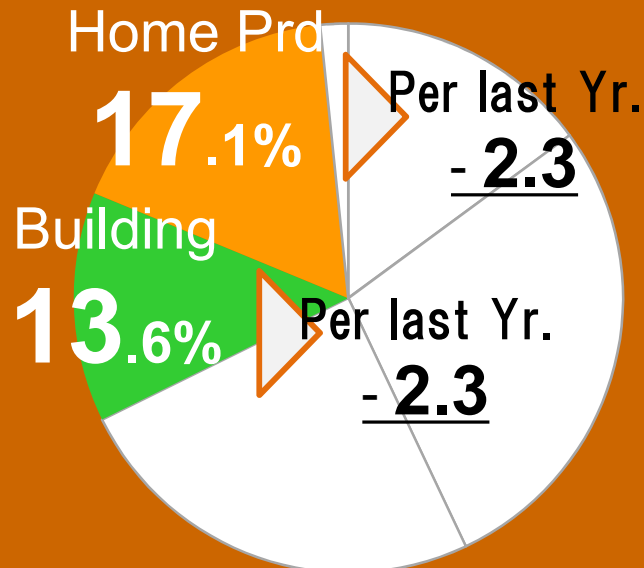
Quarterly sales trend in past 3 years



7. Result by segment(3): Consumer goods

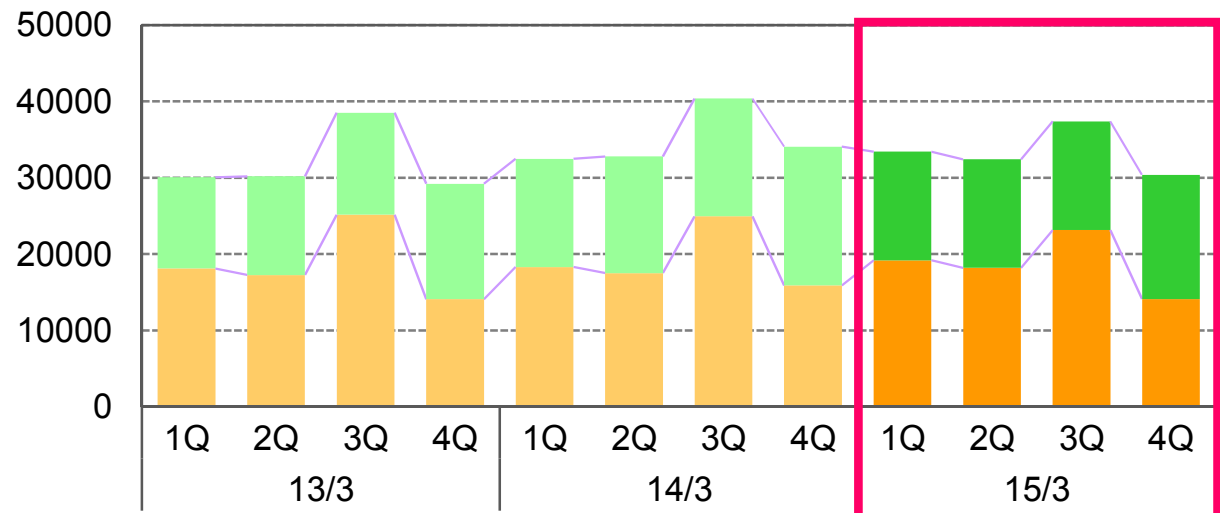
(JPY millions)			FY2013	FY2014(69 th Period)		
Consumer Goods	Building Materials	Sales	63,064	58,962	(YoY)	△6.5%
		Operating Income	2,170	1,700	Profit %	2.9%
	Home Products	Sales	76,625	74,616	(YoY)	△2.6%
		Operating Income	1,646	1,873	Profit %	2.5%

Sales by product category



- ❑ Building Materials: Struggled reflecting with slow recovery for both new house constructions and reform by tax increase.
- ❑ Home products: Even sales decrease reflecting with weak Japanese Yen, increase profit by improve quality.

Quarterly sales trend in past 3 years

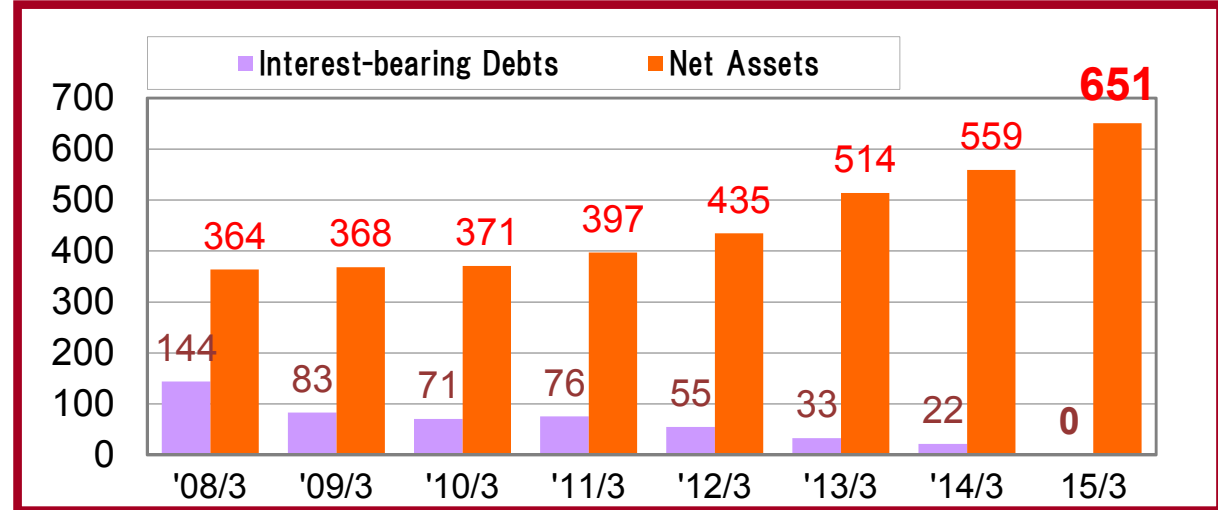


Balance sheets

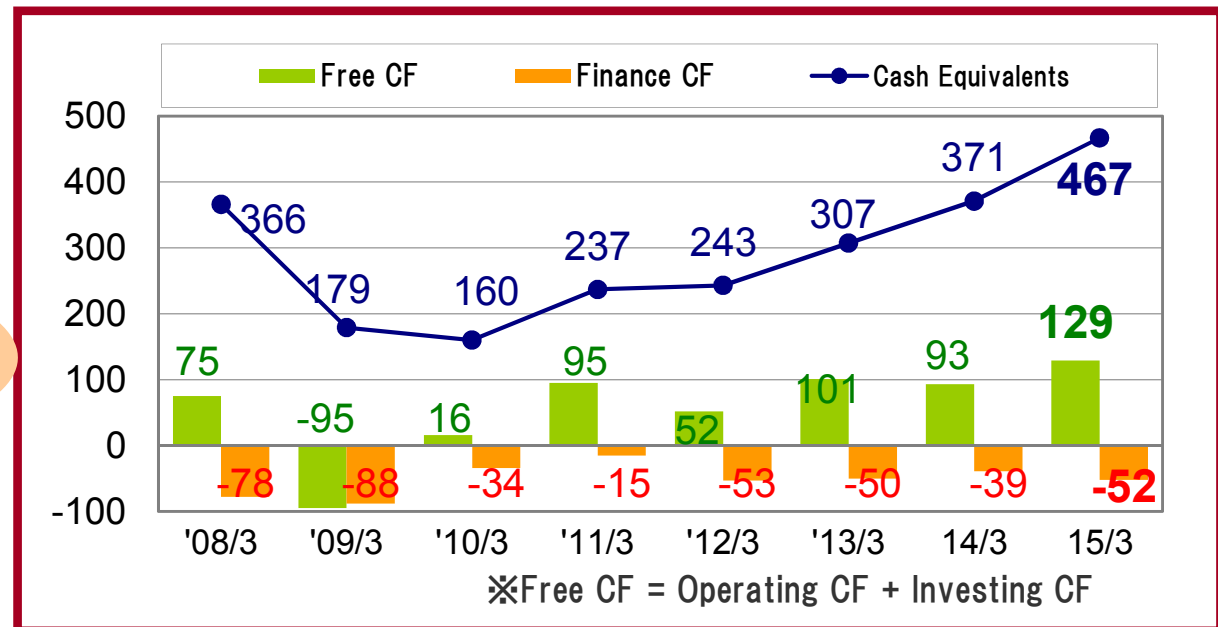
Assets	Liabilities/Net assets
Current Assets 1,765 (+207)	Current Liabilities 1,302 (+113)
Non-Current Assets 237(+4)	Non-Current Liabilities 48(+5)
Total Assets 2,003(+212)	Net Assets 651(+92) Shareholder's Equity ratio 32.4%

as of Mar.2015/ unit: JPY 100 millions

Changes in interest-bearing debts and net assets



Cash flow



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

Reform
management
systems

Improve
profitability

Strengthen
financial
position

amaze! in
YamazeN.

The power to amaze is in YAMAZEN.



*Beyond
Expectation*

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

2. “A.A.15” actions: key investment areas

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

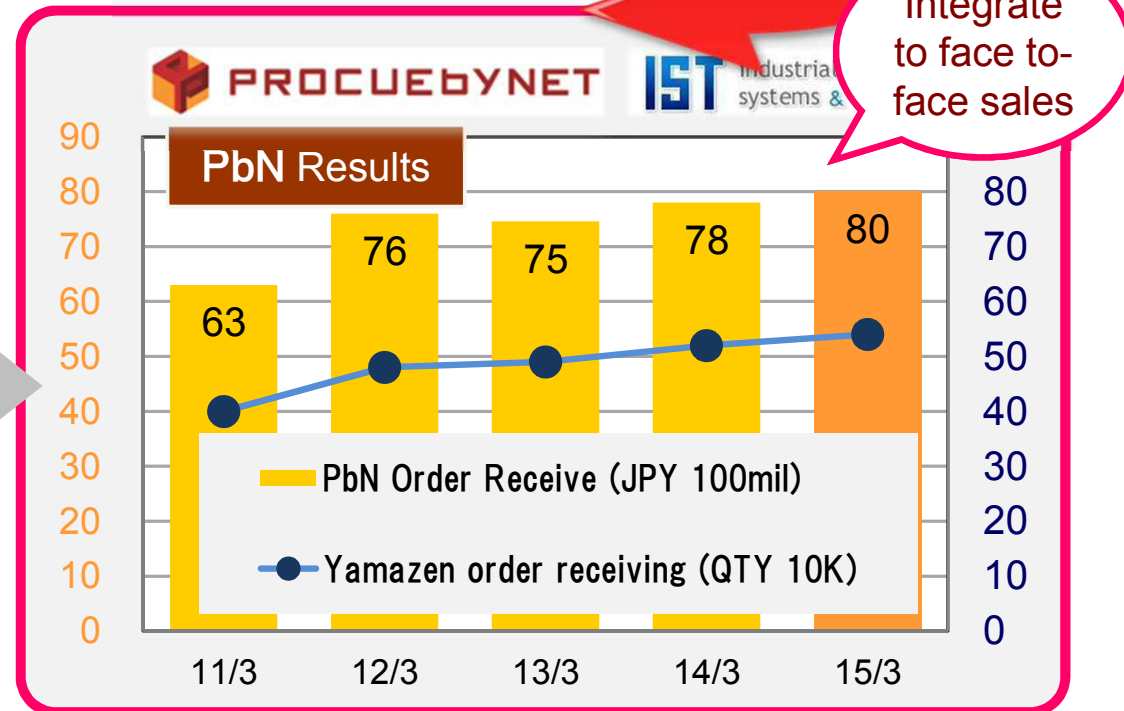
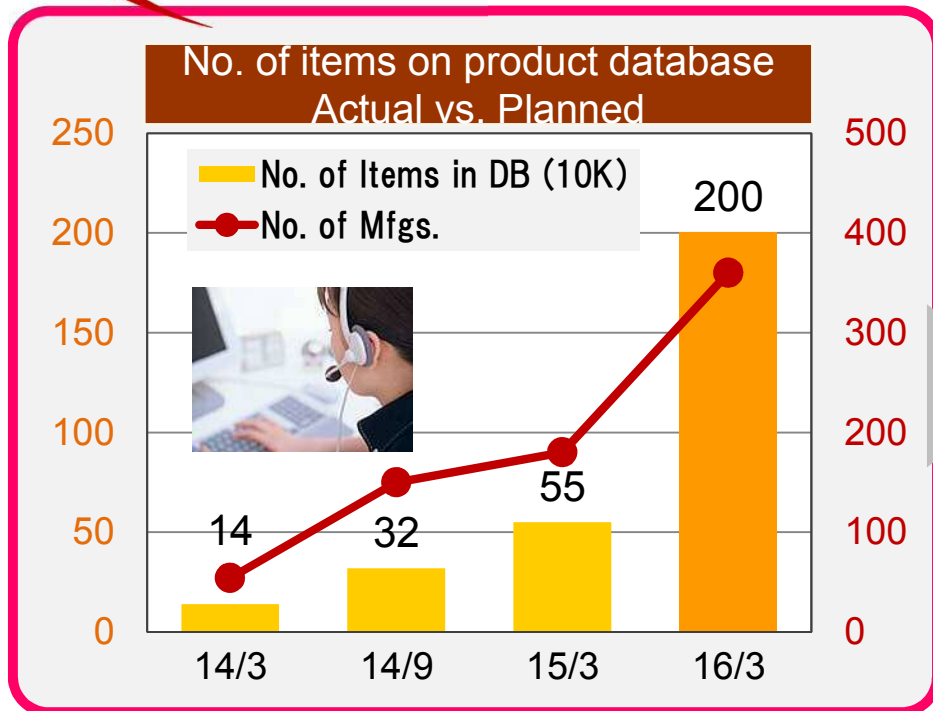
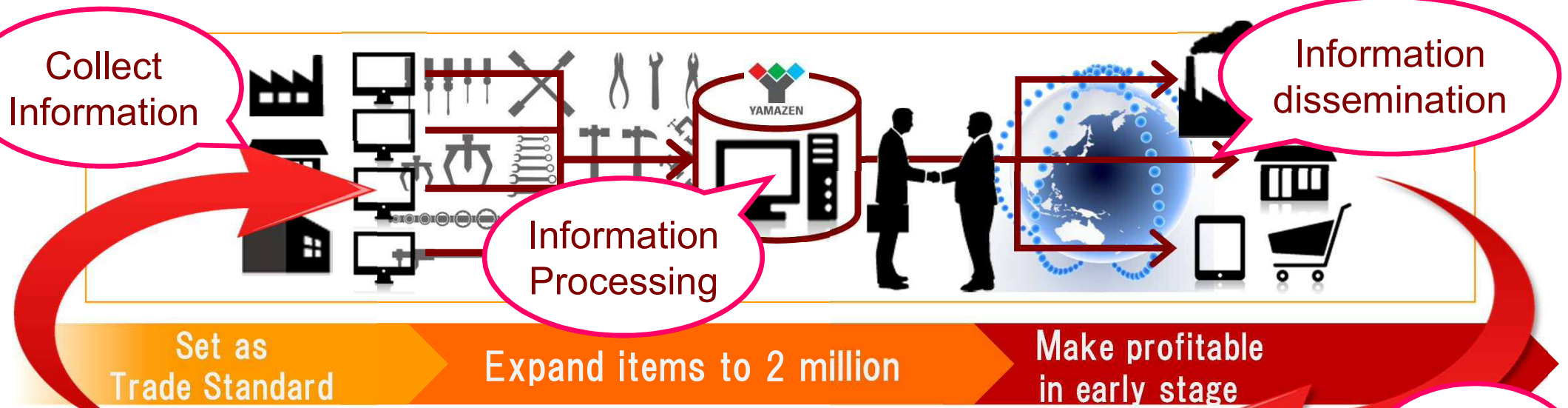
For optimal logistical assets
Logistical innovation

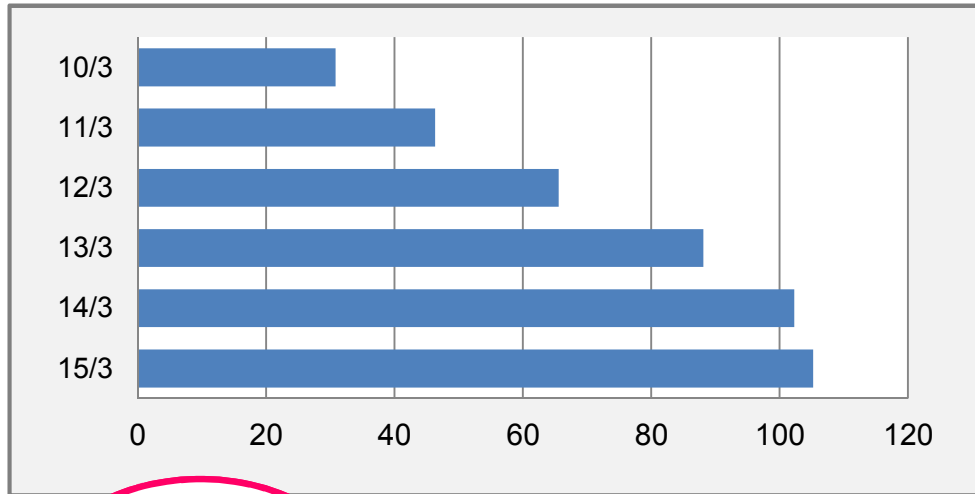
For organizational transformation
with added agility to better
address changes

Building foundation to drive
future growth

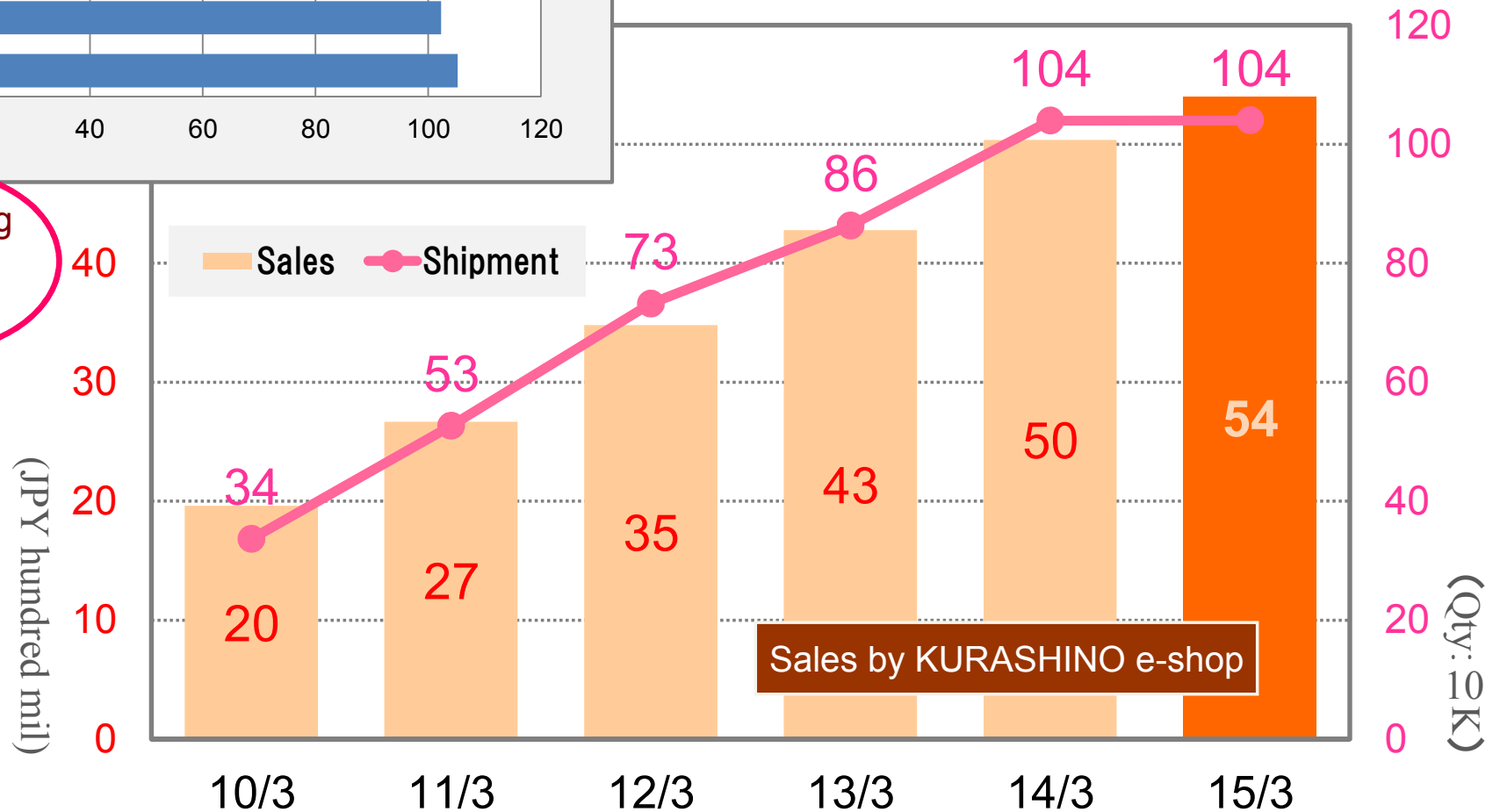
To lay foundations to cope with
changing environments

Diversification of sales channels



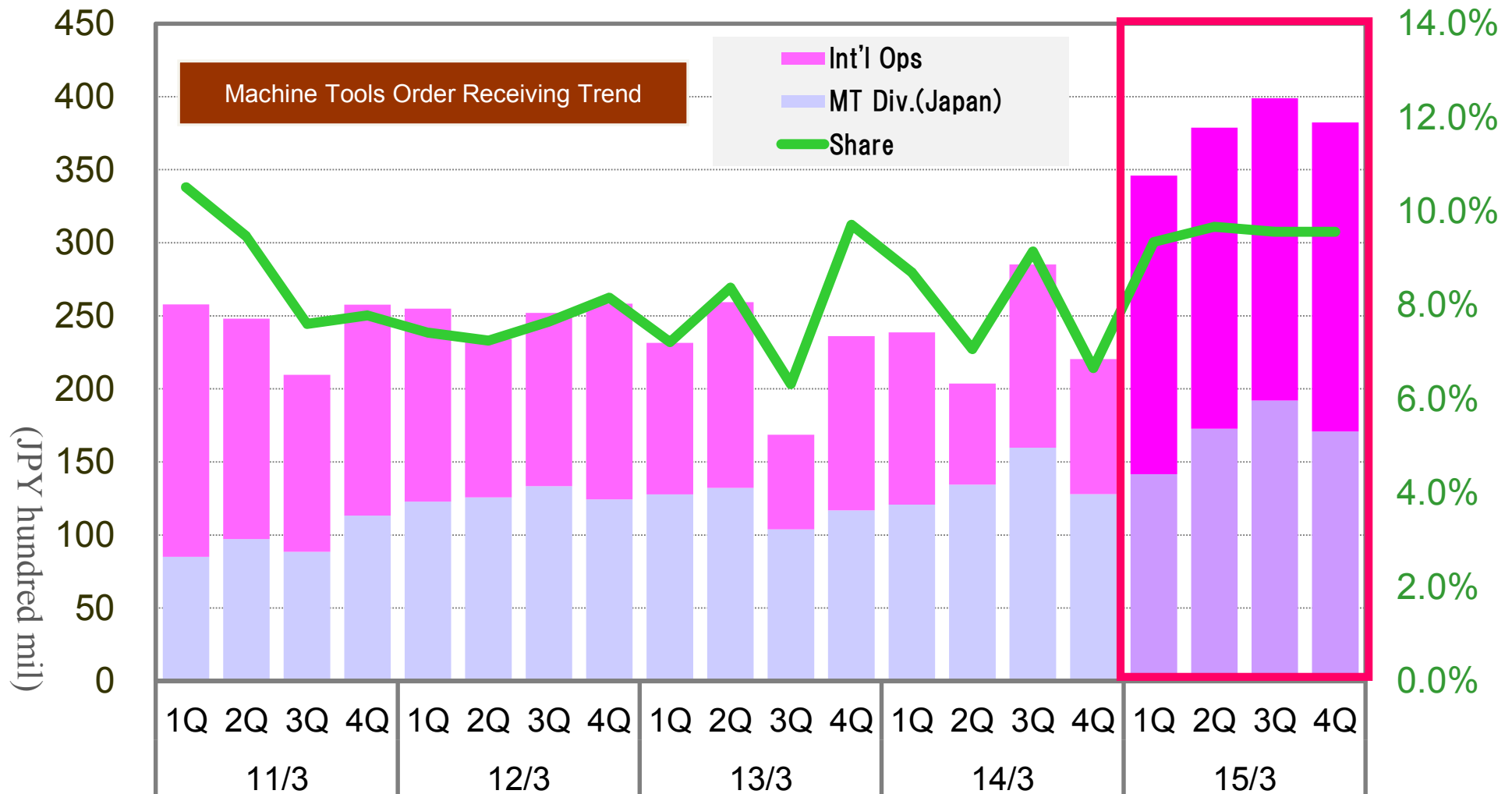


Sales by KURASHINO e-shop grew for 9 consecutive years, now grossing over JPY5 billion annually.
Plans to make online sales to consumers to 20-billion-yen annually.



- Annual Machine Tools Order Receive JPY 150 billion / Market Share 9.5% (with JMTBA's figure)

➡ Enhance Product functionality in Japan and Engineering function in Overseas.



Reorganize Logistics to value-added from Strategic point of view.

⇒ Optimize functions such as delivery, storage, location by business / items.



Logis-Nagoya

New 3PL centers will be commissioned in summer time.



【Hitachi Transport System
– Atsuta Logistic center】



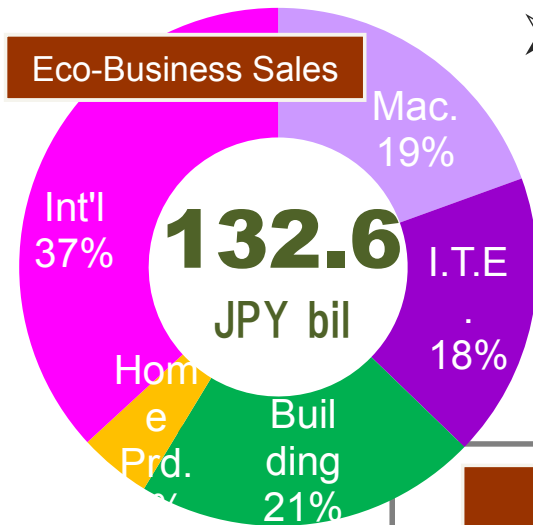
【Mitsubishi Electronics Logistics
– Central Logistic Center】

Logis-Tokyo
(I.T.E./Building/commissioned in 1993)

Logis-Nishi Nihon
(HomePrd./commissioned in 1992)



Will be moved and reorganized for further optimization



➤ Eco-Business sales over JPY 130 billion

➡ Install Solar system overs 80MW

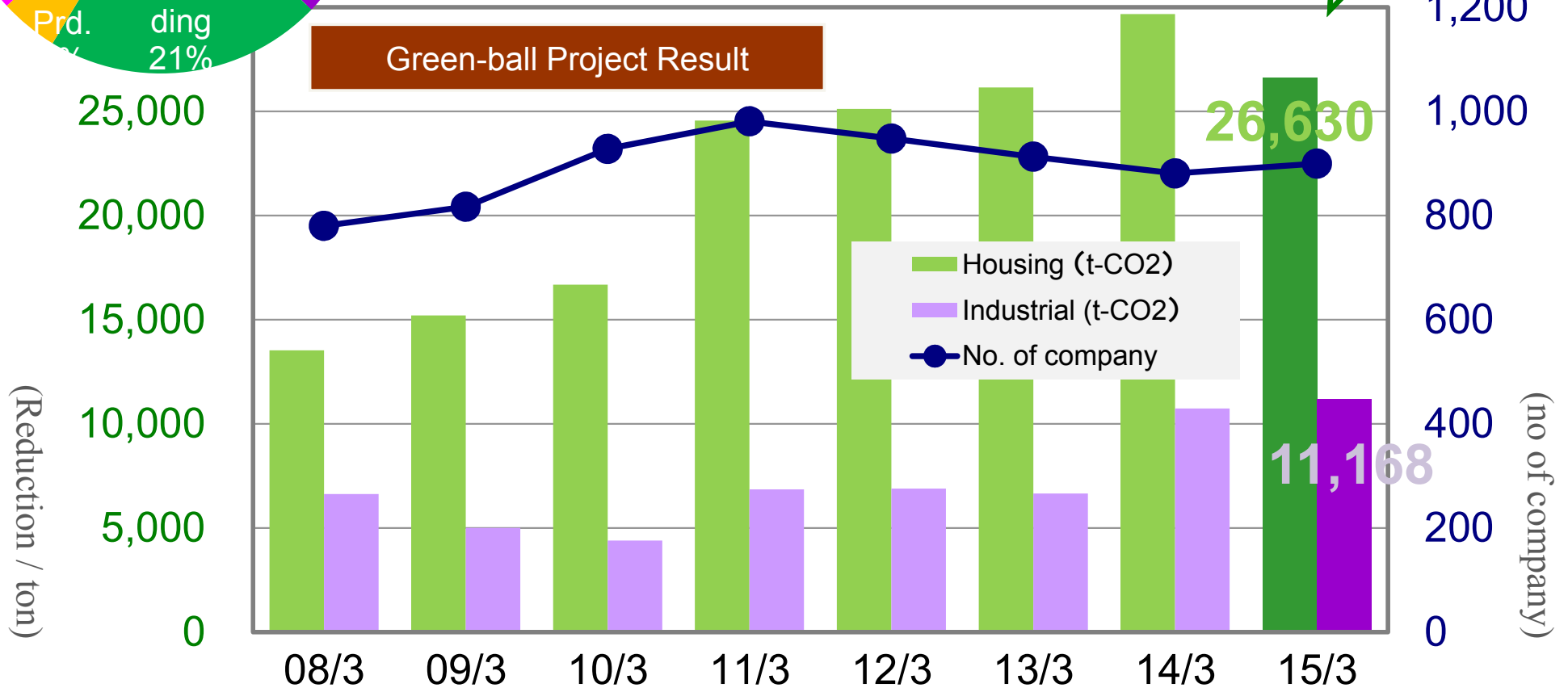
(I.T.E.+ Building Material Div. Total)

➡ Total 200 Distributors achieved to carbon-free enterprises.

Reduction of CO2

37,798ton

Credit Transfer
15,108ton



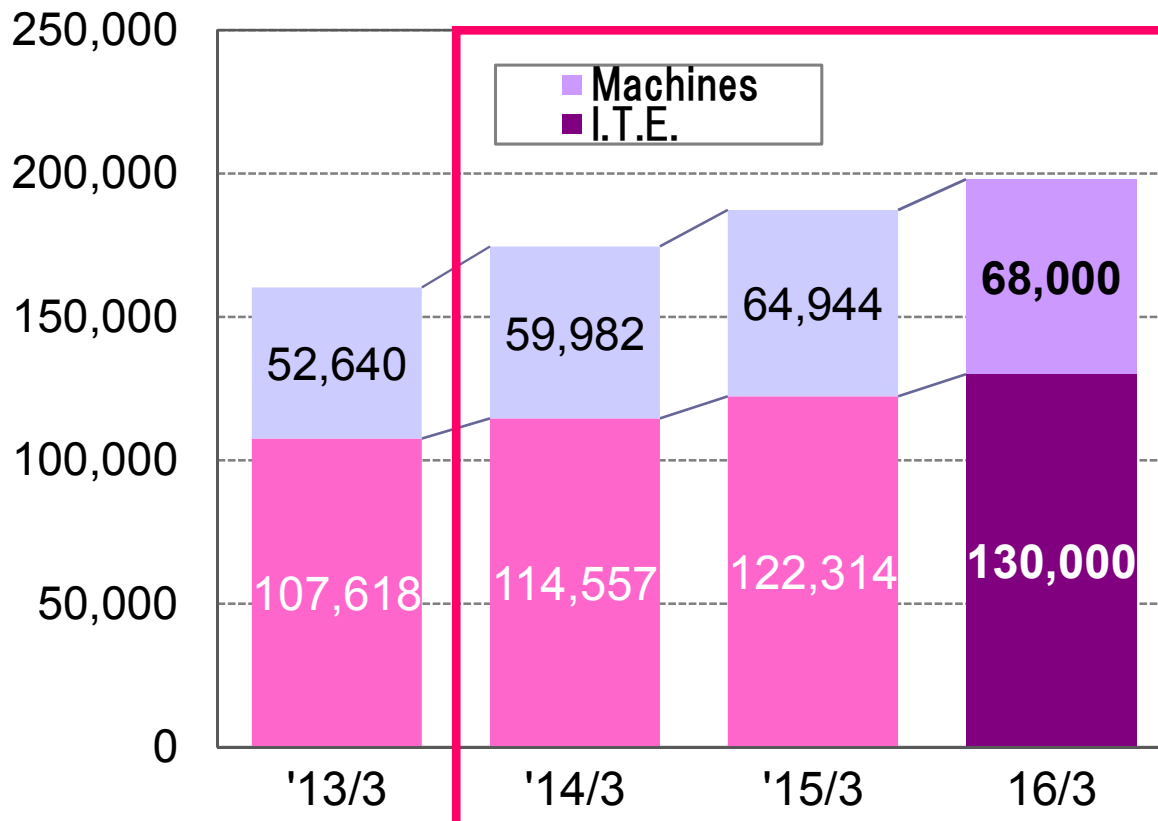
III . Annual Forecast for Fiscal 2015

 Aims higher “sales and income” based on steadily demands in producer goods and recovery in consumer goods..

(JPY millions)	FY2014		FY2015 (70 th Period)			
	2Q Result	Full-Yr. Result	2Q Forecast	YoY %	Full-Yr. Forecast	YoY %
S a l e s	201,265	435,803	215,000	6.8	445,000	2.1
Operating Income	4,689	13,130	5,650	20.5	13,300	1.3
Ordinary Income	4,809	13,330	5,800	20.6	13,500	1.3
Net Income	3,086	5,851	3,650	18.3	8,500	45.3

(JPY millions)		Sales Plan	(YoY %)	Operating Income	(YoY %)
Machine Tools	68,000	4.7%	2,780	1.1%	4.1%
Ind. Tools & Equip	130,000	6.3%	4,200	19.5%	3.2%

3 year sales plan in 「A.A.15」



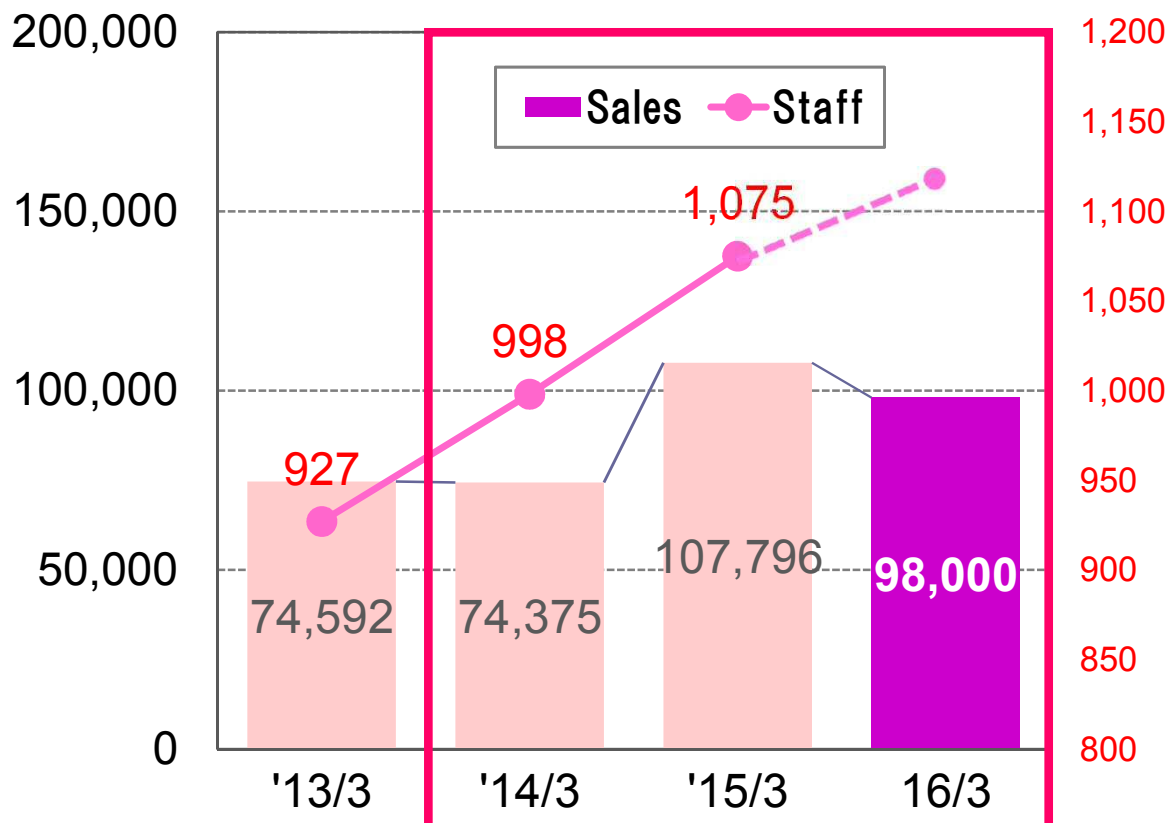
I.T.E. / Sales by products

	Category	'15/3	'16/3	YoY
①	Material handlings	13,690	15,000	110%
②	Mechatronics	16,620	20,000	120%
③	Environmental improvements	7,070	8,000	113%
④	Fluid equipment	8,020	9,000	112%
⑤	Steel Frame Process. Mac	4,780	5,500	115%
⑥	Cutting tools etc.	22,640	26,000	115%
⑦	Measuring equip.	6,010	7,000	116%
⑧	Industrial equip.	28,860	30,000	104%
⑨	Air-conditioning	1,390	1,500	107%
⑩	Others	13,180	8,000	61%

3. Fiscal 2015 Business Plan (3): International operations

(JPY millions)		Sales Plan	(YoY %)	Operating Income	(YoY %)
Int'l Operations	98,000	- 9.1%	3,900	- 22.8%	4.0%

3 year sales & staff plan in 「A.A.15」



Sales by region

	Category	'15/3	'16/3	YoY
①	U S A	9,941	11,000	111%
②	T a i w a n	31,046	22,000	71%
③	S . A s e a n	7,476	6,500	87%
④	N . A s e a n	14,016	15,500	111%
⑤	C h i n a	30,514	26,500	87%
⑥	SE & Other	14,803	16,500	111%

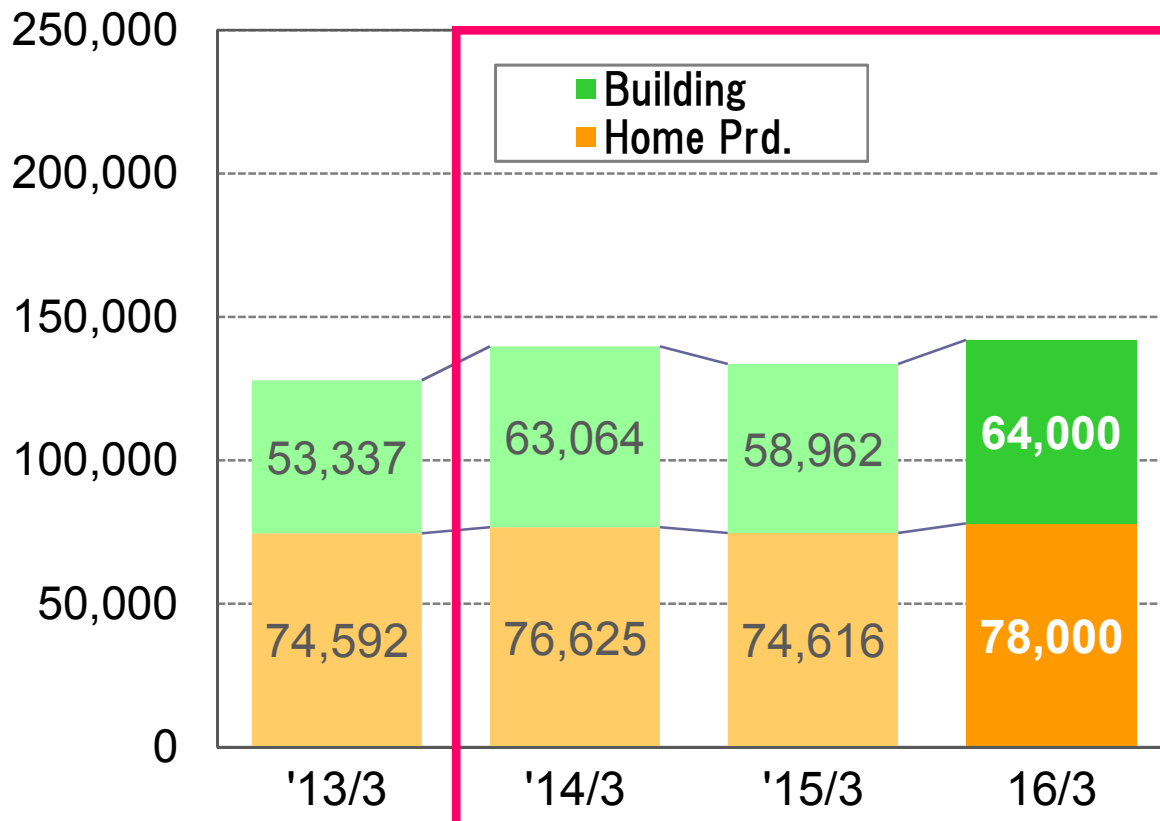
Sales by department

	Category	'15/3	'16/3	YoY
①	Machines	77,612	63,000	81%
②	I . T . E .	17,625	21,000	119%
③	SE & Other	12,559	14,400	111%

4. Fiscal 2015 Business Plan (4): Consumer goods

(JPY millions)		Sales Plan	(YoY %)	Operating Income	(YoY %)
Building Materials	64,000	8.5%	1,980	16.5%	3.1%
Home Products	78,000	4.5%	2,230	19.1%	2.9%

3 year sales plan in 「A.A.15」



■ Building M / sales by products

	Category	'15/3	'16/3	YoY
①	Kitchen, bathroom	22,540	25,000	111%
②	Air conditioning	25,448	27,000	106%
③	Materials etc.	10,973	12,000	109%

■ Home Prd. / private brand sales

	Category	'15/3	'16/3	YoY
①	Home appliances	27,301	26,970	99%
②	Interior	8,951	9,450	106%
③	Exterior, leisure	6,320	6,670	106%
④	Tools, gardening	3,485	4,110	118%

5. Business Plan by segment (summary)

(JPY million)		Producer Goods			Consumer Goods		Other	Total
		Machines	I . T . E .	Int'l Ops	Building	Home Prd.		
S a l e s	F Y 2 0 1 4	64,944	122,314	107,796	58,962	74,616	7,168	435,803
	F Y 2 0 1 5	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	F Y 2 0 1 4	2,749	3,514	5,054	1,700	1,873	- 1,761	13,130
	(profit %)	4.2%	2.9%	4.7%	2.9%	2.5%	—	3.0%
	F Y 2 0 1 5	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%	119.0%	—	101.3%
	(up/down)	- 0.1	0.3	- 0.7	0.2	0.4	—	+0.0

* Exchange Rate USD 1 = 109.8 (AR) for FY2014, 115 for FY2015 plan

IV. Dividend Policy

□ Our policy for the profit distribution

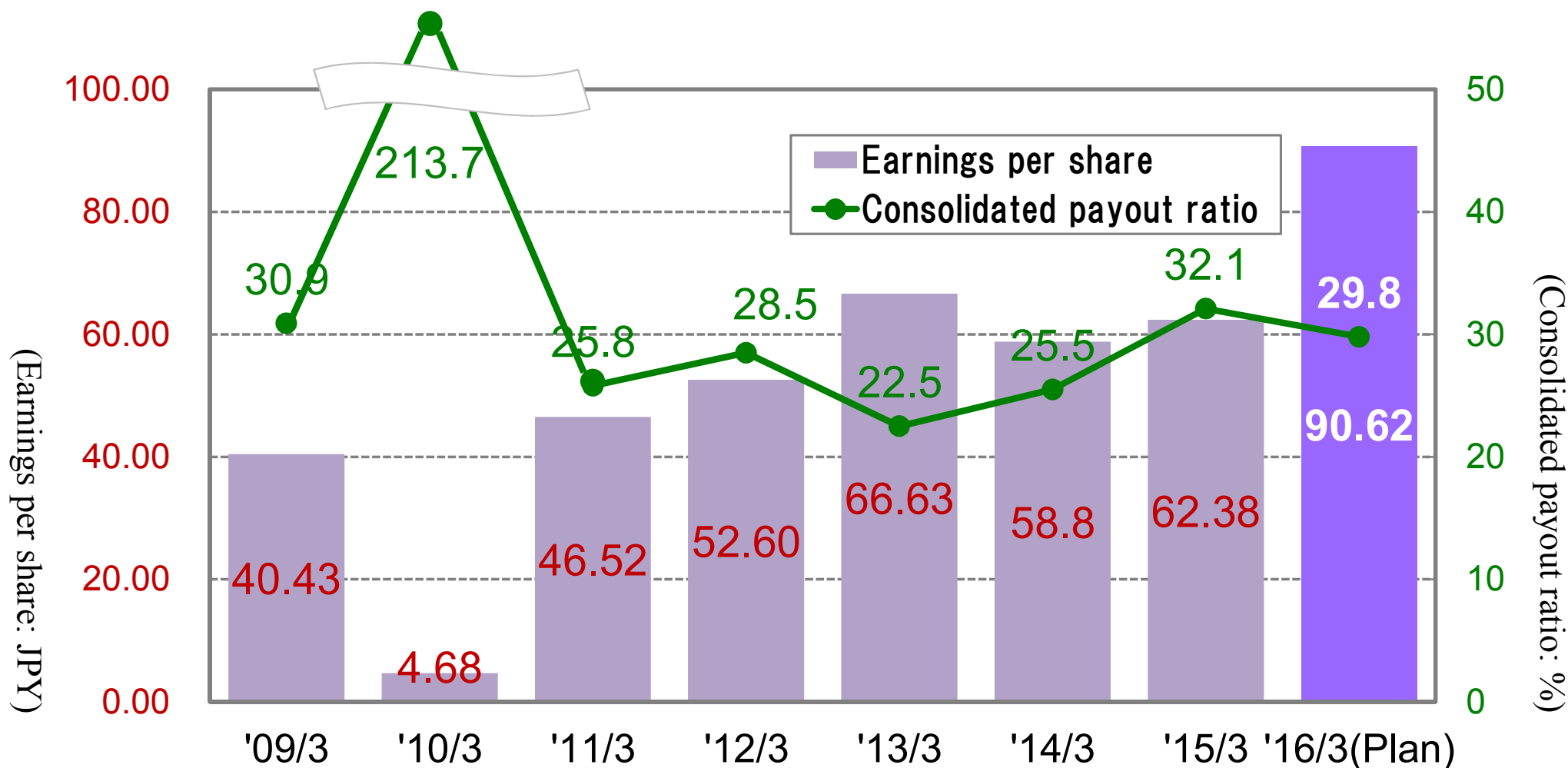
- △ We, YAMAZEN strives to stable return to our shareholders, considering our income level, while strengthening our financial foundation and elevating profitability. In line with the above policy, we will **gradually raise the consolidated payout ratio** until **30%** in the last year of our current 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

2. Dividends for current period

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



Index		FY2011	FY2012	FY2013	FY2014
P	E R	13.1	9.3	11.6	15.8
P	C F R	11.1	8.2	9.9	13.3
P	B R	1.5	1.1	1.1	1.4
Increase in Net Sales (%)		15.2	- 0.7	6.7	10.3
Ratio of operating income to net sales (%)		2.8	2.6	2.4	3.0
R	O A (%)	6.9	6.1	5.6	6.9
R	O E (%)	11.9	13.2	10.3	9.7
M a r k e t c a p i t a l i z a t i o n	(billion JPY)	64.7	58.0	63.9	92.6
Shareholders' equity r a t i o	(%)	27.6	32.1	31.2	32.4
D i v i d e n d - t o p r i c e y i e l d	(%)	2.2	2.4	2.2	2.0
I n c r e a s e i n s t o c k p r i c e	(%)	42.3	- 10.4	10.2	44.9



□ 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/>)

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YamazeN.