



# Fiscal 2009 Results Briefing

May 26, 2010

期待を超える



## YAMAZEN CORPORATION

Toru Yoshii, CEO/President Yamazen Corporation

# AGENDA

- I. Fiscal 2009 (Term 64) Earnings Highlights
- II. Growth Value Plan (re)15 Review
- III. VISTA-3S:  
Our New Mid-Term Management Plan
- IV. Fiscal 2010 Earnings Forecasts
- V. Corporate Governance  
& Shareholder Returns

## I. Fiscal 2009 (Term 64) Earnings Highlights

1. Consolidated Statement  
of Income for Fiscal 2009
2. Factors Affecting Profit Performance
3. Departmental Sales (Consolidated)
4. Departmental Overview
5. Balance Sheets (Consolidated)
6. Financial Position & Cash Flow



# Consolidated Statement of Income for Fiscal 2009 (1)

## Consolidated Income Statement

(¥ millions)	Fiscal 2008 (Term 63)	Fiscal 2009 (Term 64)	YOY (%)	Published targets (adjusted)	Ratio to target
Sales	325,947	<b>241,410</b>	△ 25.9	230,000	5.0
Gross margin	38,034	<b>30,018</b>	△ 21.1	—	—
SGA expenses	31,226	<b>29,182</b>	△ 6.5	—	—
Operating income	6,807	<b>836</b>	△ 87.7	1,130	△ 26.0
Ordinary income	7,152	<b>955</b>	△ 86.6	1,000	△ 4.5
Extraordinary profit	1	<b>1</b>	—	—	—
Extraordinary loss	337	<b>30</b>	△ 91.0	—	—
Net profit	3,791	<b>438</b>	△ 88.4	430	1.9

- While stagnant capital expenditure and production in the domestic economy led to poor sales of producer goods, robust demand for consumer goods enabled Yamazen to return to profitability.

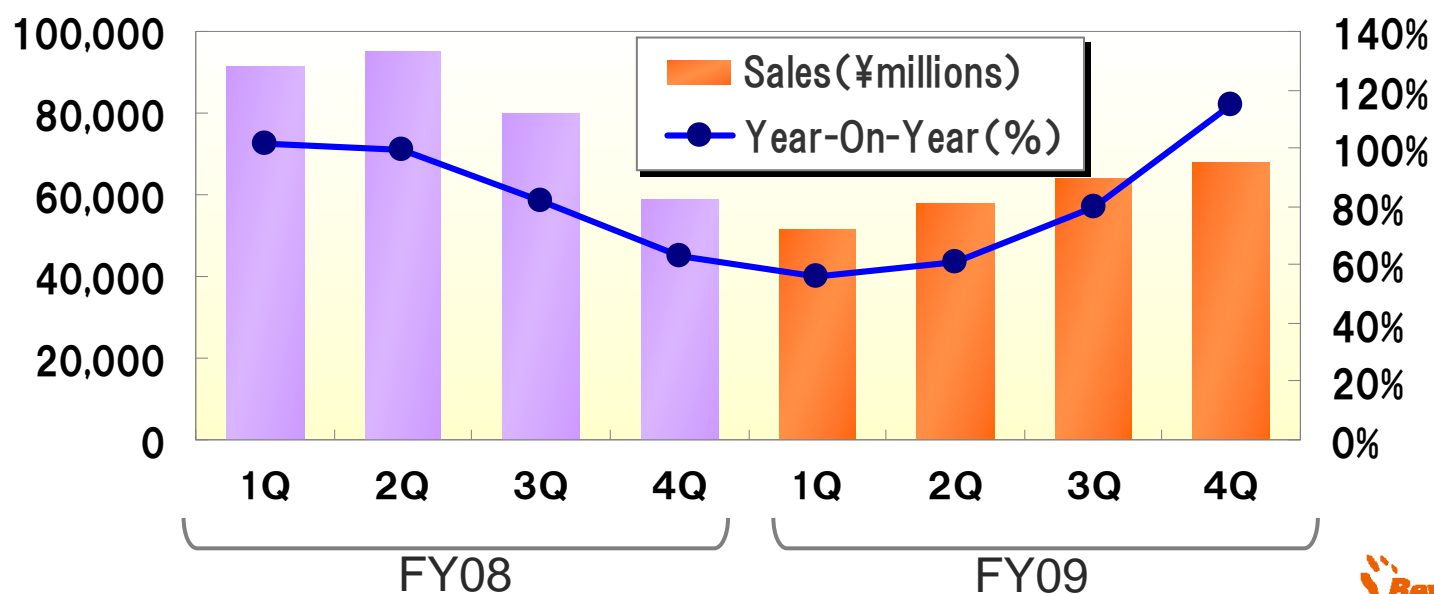




## Consolidated Statement of Income for Fiscal 2009 (2)

### ■ Quarterly Fluctuations

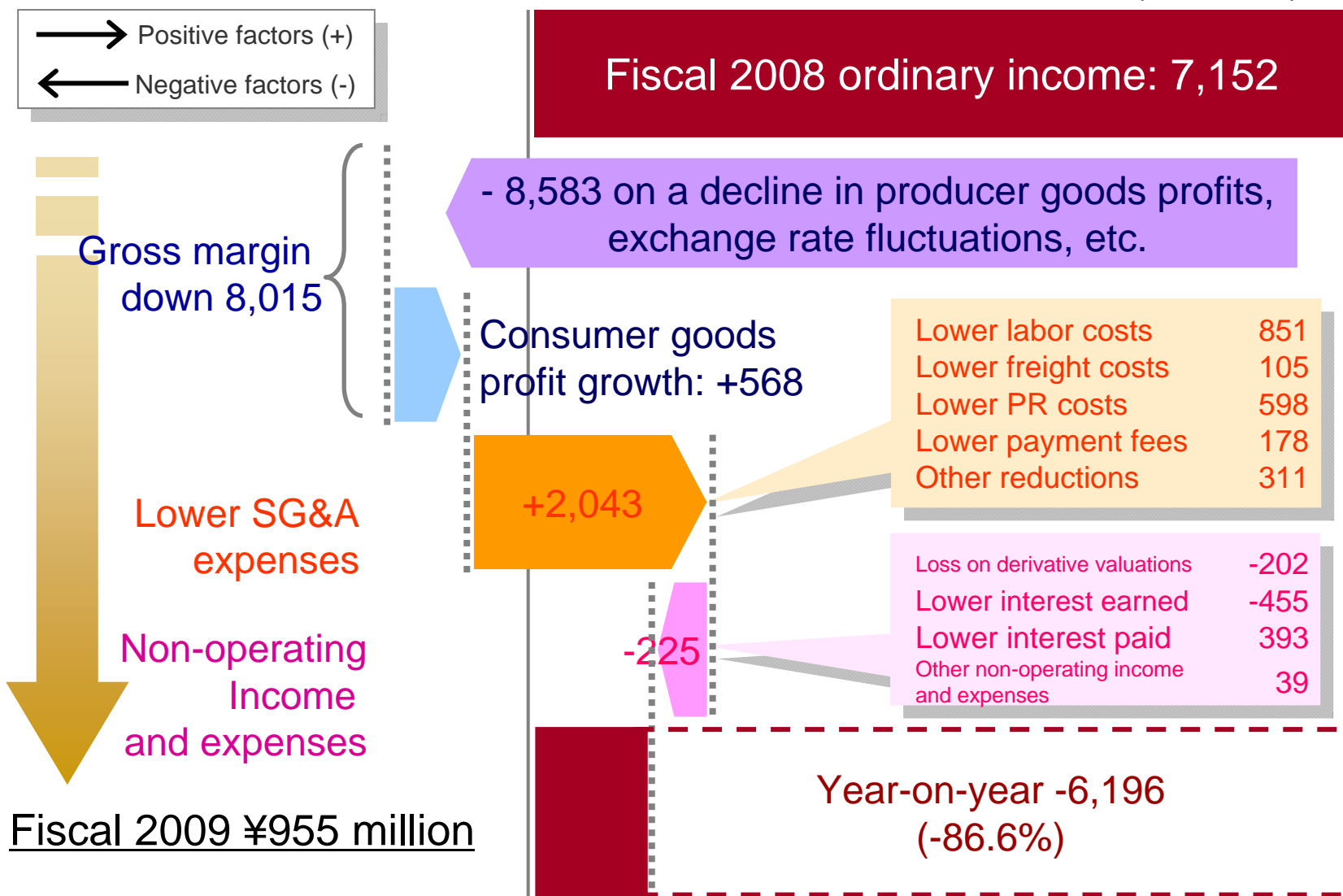
(¥ millions)	1Q 2009 4-6	2Q 2009 7-9	3Q 2009 10-12	4Q 2010 1-3
Sales	51,506	57,994	63,801	68,109
Operating income	△ 1,071	464	398	1,045
Ordinary income	△ 1,123	241	593	1,244
Net profit	△ 737	78	311	786





# Factors Affecting Profit Performance

(¥ millions)





## Departmental Sales (Consolidated)

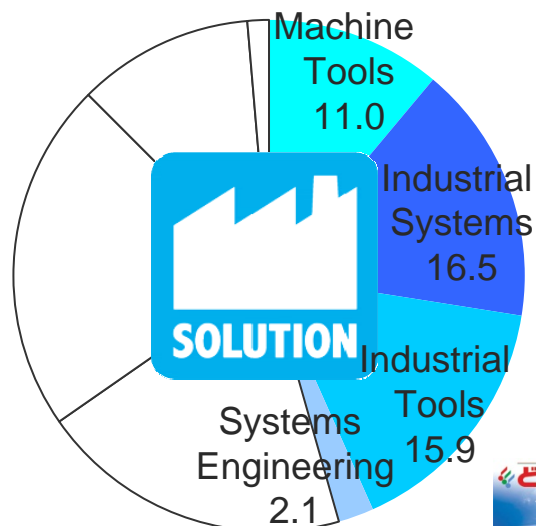
(¥ millions)	Fiscal 2008 (Term 63)	Fiscal 2009 (Term 64)	YOY (%)	Published targets (adjusted)	Ratio to target
Machine Tools	68,340	<b>26,529</b>	△ 61.2	24,000	10.5
Industrial Systems	55,455	<b>39,754</b>	△ 28.3	39,000	1.9
Industrial Tools	54,833	<b>38,382</b>	△ 30.0	37,000	3.7
System Engineering	8,505	<b>5,101</b>	△ 40.0	4,500	13.4
(Total producer goods)	187,135	<b>109,769</b>	△ 41.3	104,500	5.0
Housing Equipment, Materials	47,494	<b>47,751</b>	0.5	45,500	4.9
Home Products	52,128	<b>53,941</b>	3.5	54,500	△ 1.0
(Total consumer goods)	99,622	<b>101,692</b>	2.1	100,000	1.7
International Operations	35,337	<b>26,774</b>	△ 24.2	22,500	19.0
Other departments	3,851	<b>3,173</b>	△ 17.6	3,000	5.8
Total	325,947	<b>241,410</b>	△ 25.9	230,000	5.0





# Departmental Overview (1)

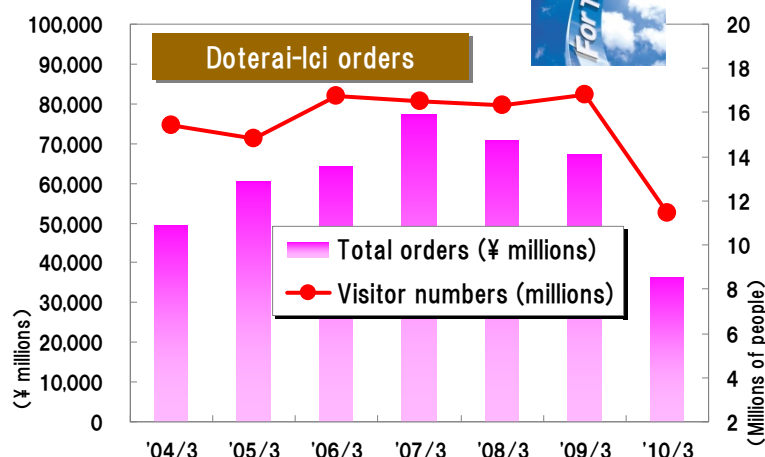
## Production Equipment and Materials Business



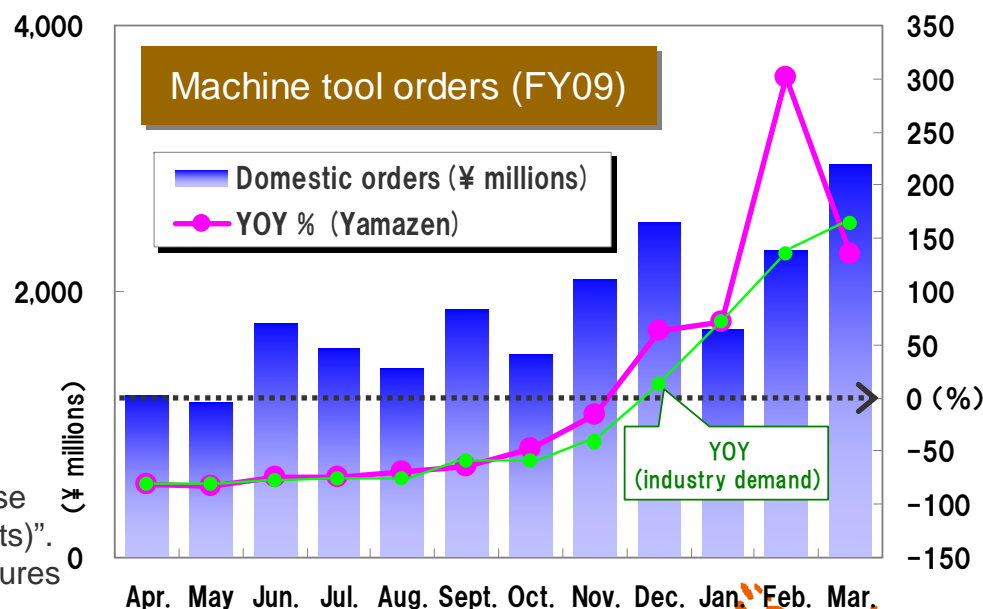
Sales **¥109,769M** (Down **41.3%**)

Profits\* **¥344M** (Margin **0.3%**)

- Revenues, profits decreased as capex cuts and major production adjustments continued across all sectors, including the auto industry, Yamazen's main market
- ❑ December saw an upswing in machine tools orders that boosted peripheral devices, but the outlook for the future remains unclear



\* Note: These operating profit (margin) figures follow those listed in our 1Q "Segment Data (business profit forecasts)". Please note that the formula used to calculate these figures changed in fiscal 2008.



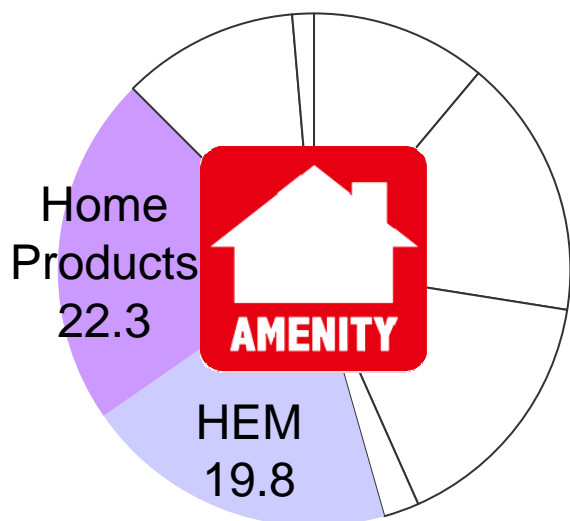
**Beyond Expectation**





## Departmental Overview (2)

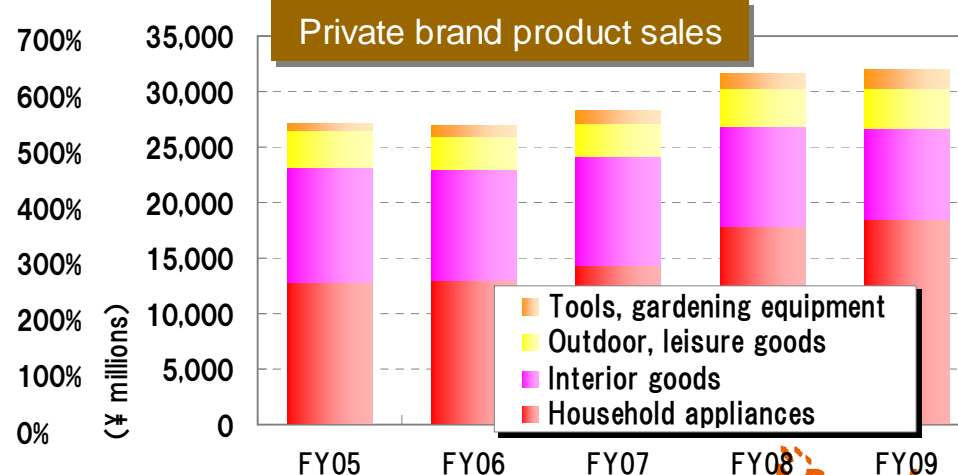
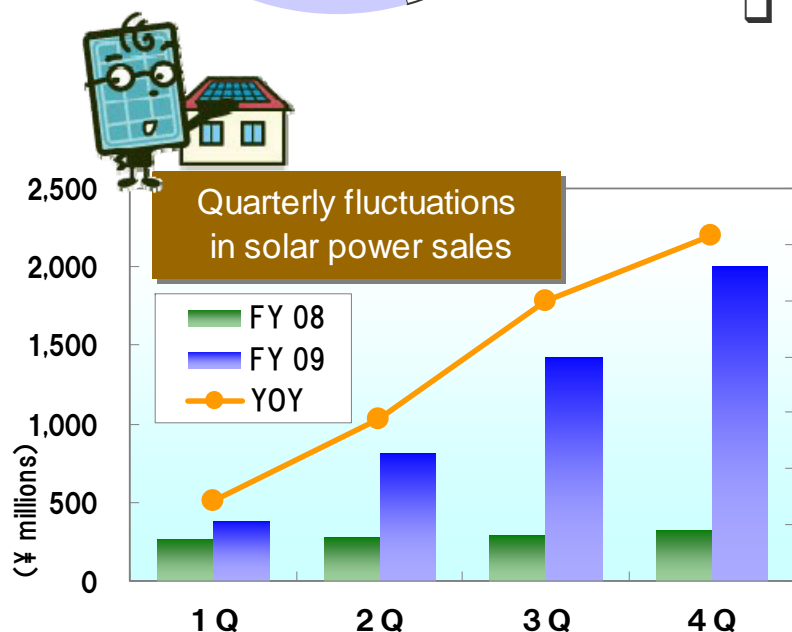
### Consumer Goods



Sales **¥101,692M** (Up **2.1%**)

Profits **¥3,437M** (Margin **3.4%**)

- Housing Equipment & Materials revenues increased on the effects of our Green Ball Project (eco-friendly products promotions) despite continued contraction in the housing market
  - ❑ Upsurge in solar power, Eco Cute water heating systems
- Home Products sales reached record highs despite deflation and the effects of a cool summer, warm winter
  - ❑ Fan sales of 1.98 million units, heaters sales of 2.45 million units; 59.4% growth in sales of original products (private brands included)





## Departmental Overview (3)

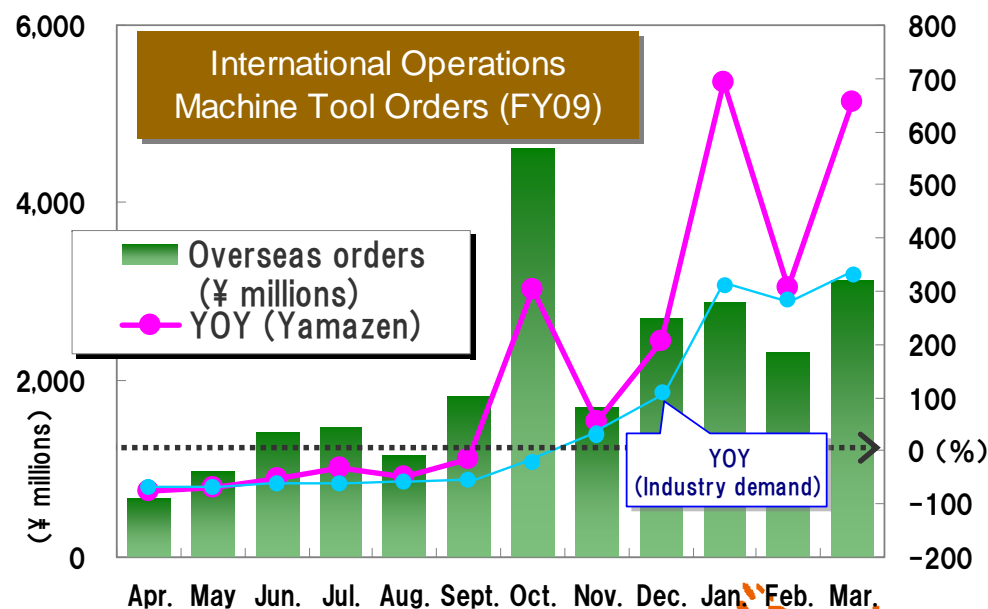
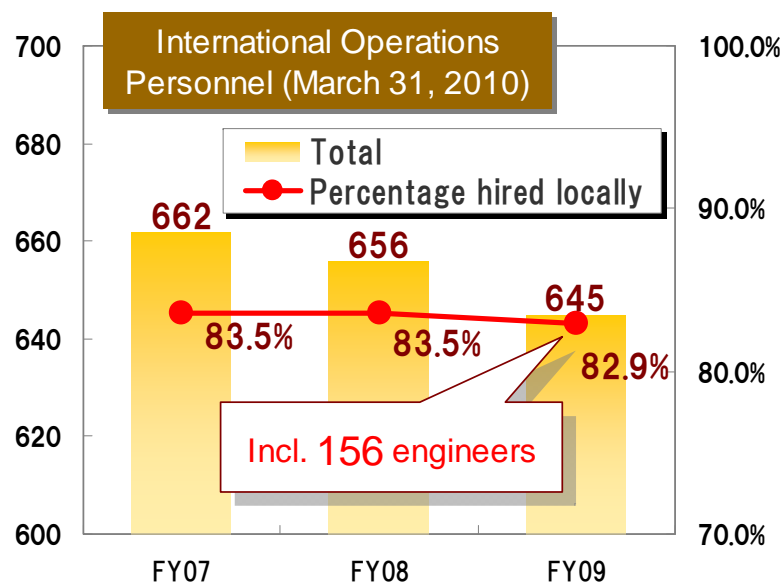
### Production Equipment and Materials Business(International)



Sales **¥26,774M** (Down **24.2%**)

Profits **-¥78M** (Margin **—%**)

- There are clear signs of economic recovery in China and the ASEAN countries. Orders picked up in the second half, approaching peak levels in 4Q
- ❑ Sales (both in volume, value) of major product lines were up on last year

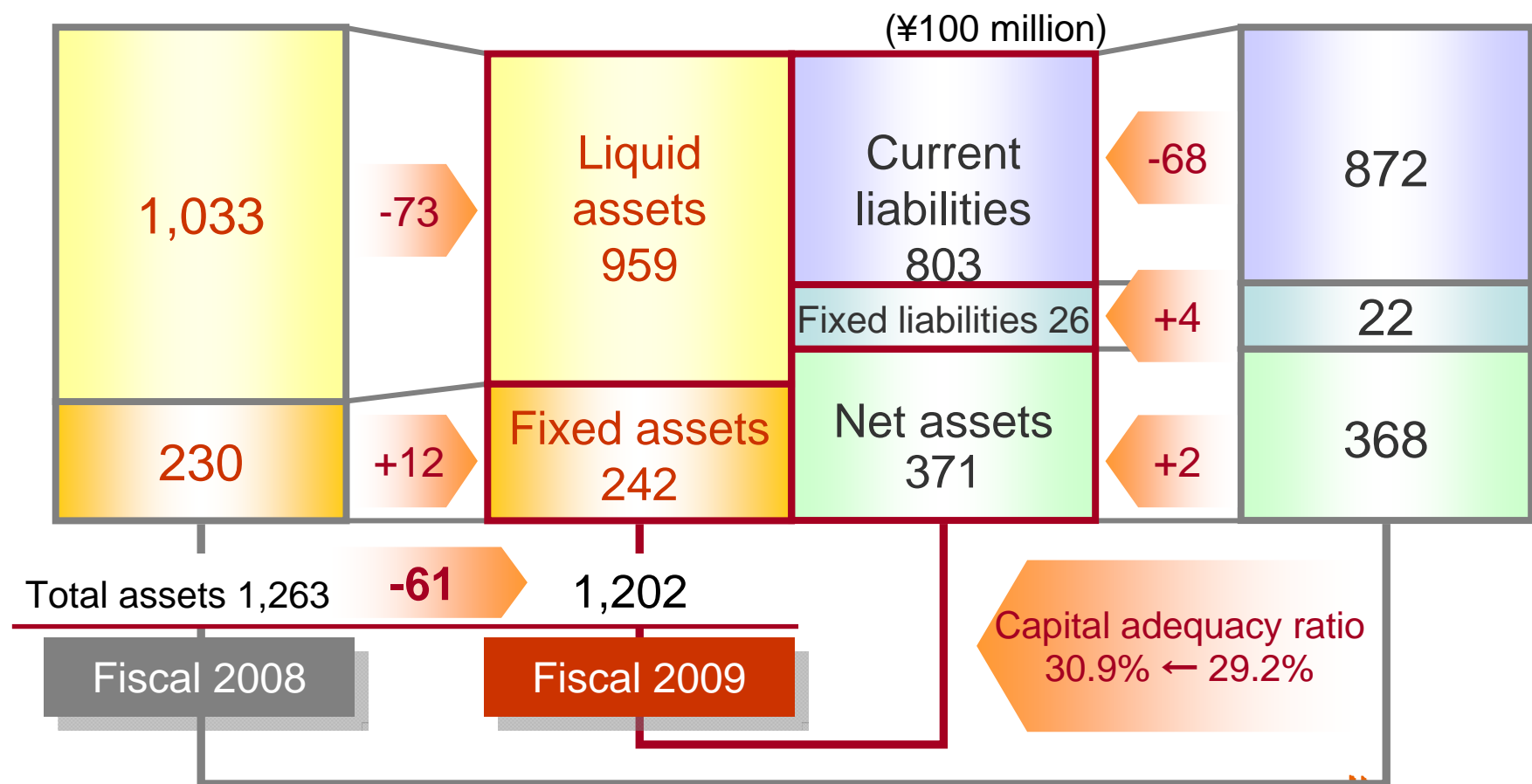


## Balance Sheet (Consolidated)

- Total assets down on decreases in receivables, inventory reductions, etc. to boost capital adequacy ratio

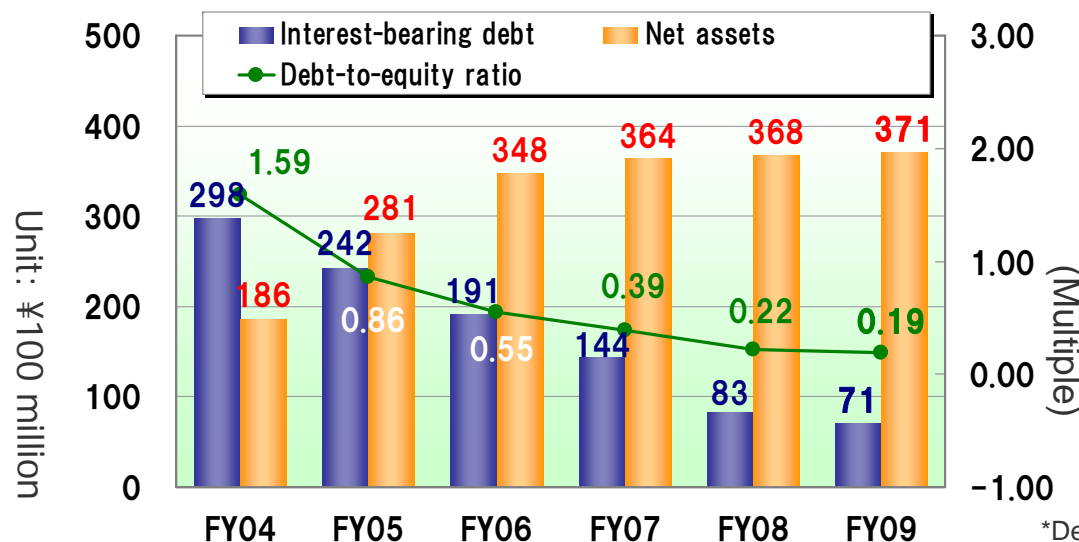
### Assets

### Liabilities/Total Assets





# Financial Position & Cash Flow



## ➤ Solid improvement in financial position

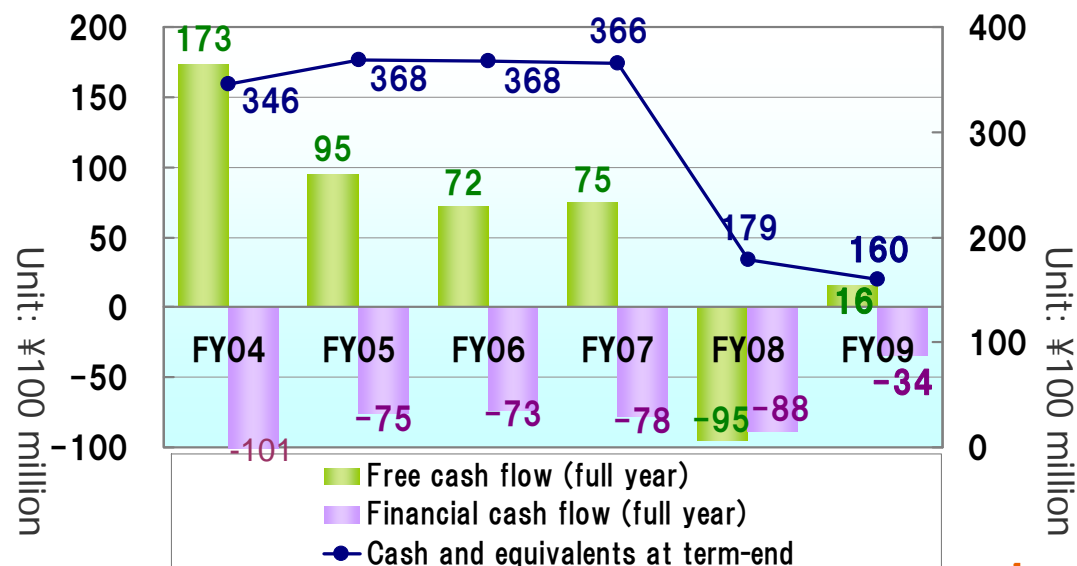
- Interest-bearing debts down 80% on fiscal 2004 levels, while net assets have doubled
- Debt-to-equity ratio up 0.19 points (or a net -0.25 points when adjusted for cash and deposits)

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

## ➤ Positive growth in free cash flow (negative in last fiscal year)

- Financial cash flow at -¥3.4 billion due to debt repayments (ongoing)

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



**beyond  
Expectation**

## II. Growth Value Plan (re) 15 Review

### 1. Review & Quantitative Results

### 2. Qualitative Results

- Environmental Business
- Internet Business
- International Sales Growth



News Digest Marketing Award  
Winner (January 2010)



# GVP re15 Review / Quantitative Results (Consolidated)

April 2007 - March 2010



Recurring profit margin: 3.4% → 0.41%  
Capital adequacy ratio: 18.3% → 30.9%  
Return on total assets: 6.9% → 0.78%

- Initial targets “frozen” in April 2009
- Total assets trimmed on reductions in accounts payable, etc.; profitability enhanced on belt-tightening measures

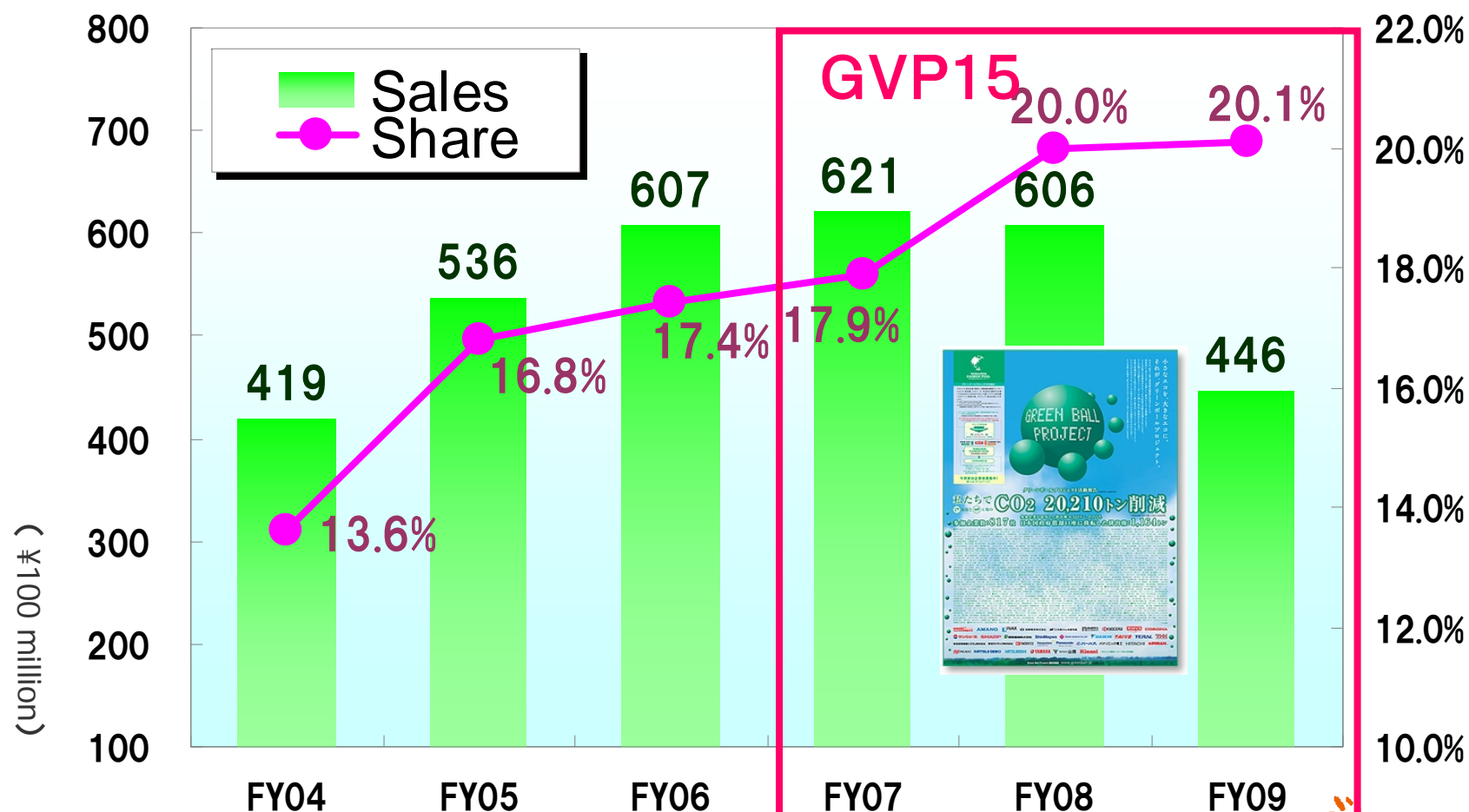
(¥ millions)	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
Sales	377,610	<b>376,852</b>	<b>325,947</b>	<b>241,410</b>
Operating income	12,317	<b>11,518</b>	<b>6,807</b>	<b>836</b>
Ordinary income	12,913	<b>11,405</b>	<b>7,152</b>	<b>955</b>
Net profit	7,506	<b>5,496</b>	<b>3,791</b>	<b>438</b>

Expectation



## GVP re15 Qualitative Results (1): Environmental Business

- Company-wide sales of eco-friendly products hit ¥44.6 billion for a market share in the 20% range
- 928 companies are participating in the Green Ball Project (GBP), with 3-year cumulative CO2 reductions from the GBP at 61,448 tons



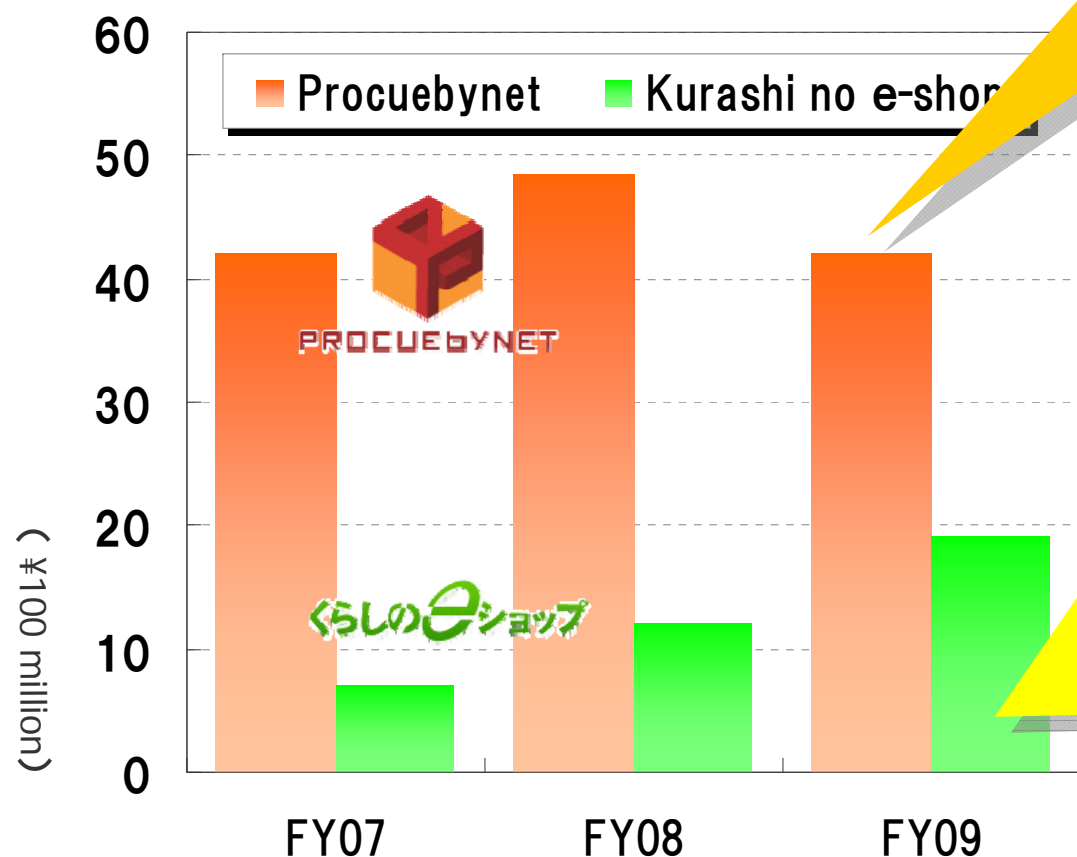
Beyond  
Expectation





## GVP re15 Qualitative Results (2): Internet Business

- Online B-to-B and B-to-C transactions hit  
¥6.1 billion (Excl. EDI transactions)
  - ➡ Supportive, supplementary data is being developed on actual business, sales routes and promotional sites expanded



“IST” - Our new online catalogue for producer goods debuts

Complete database and lineup!



“Kurasu + YAMAZEN” - our new online brand-name products shop opens



3-time winner of the Rakuten Shop of the Year Award!

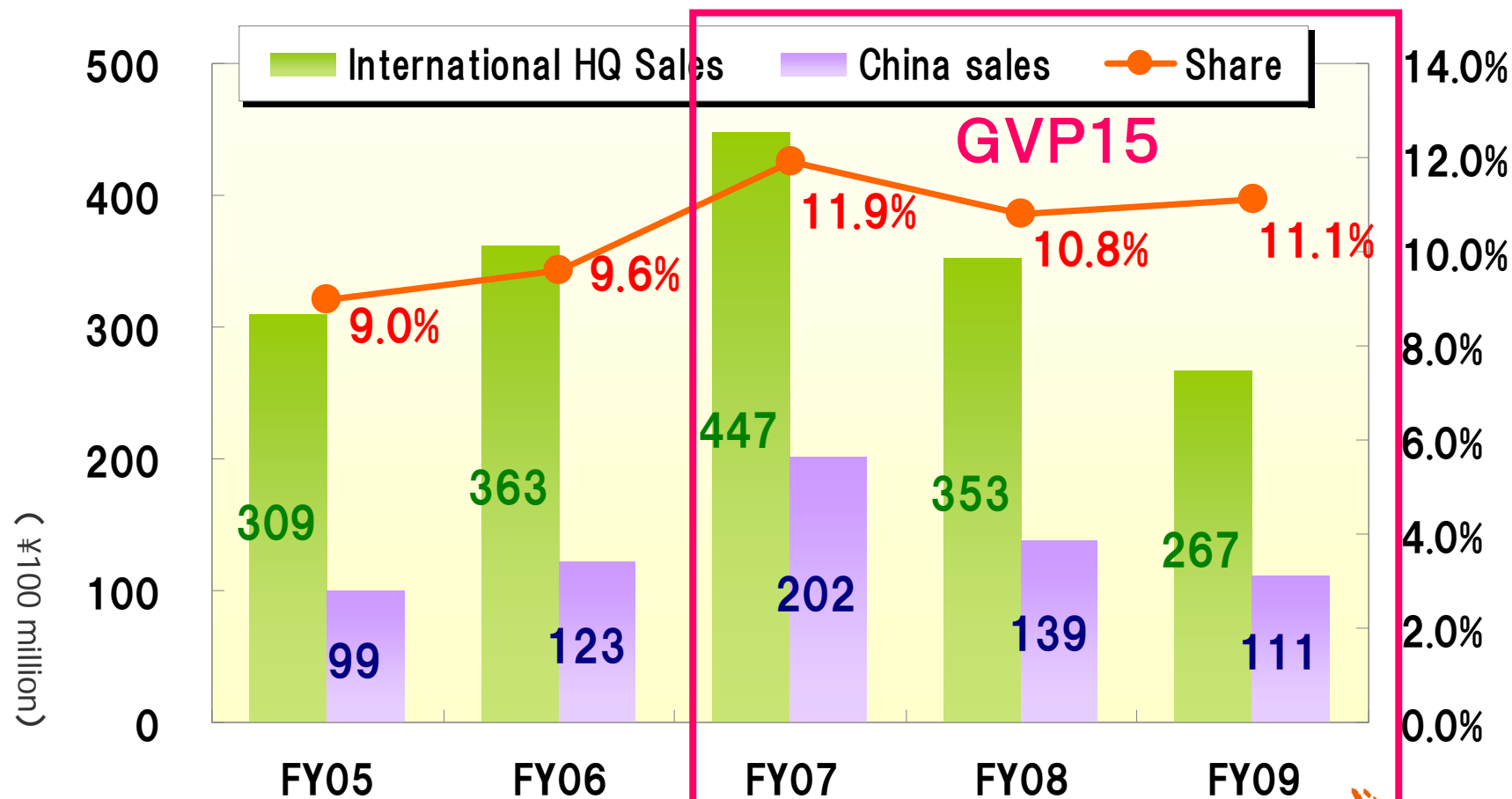
2-time winner of the Genre Award = double-year winner





## GVP re15 Qualitative Results (3): International Sales Growth

- Six overseas subsidiaries and 11 offshore offices in five years
  - ➡ Sales infrastructure under development to meet demand, expand range of services available in each area
- More than 900 new corporate clients (accounts) overseas in three years



Beyond  
Expectation

### III. VISTA-3S Our New Mid-Term Management Plan

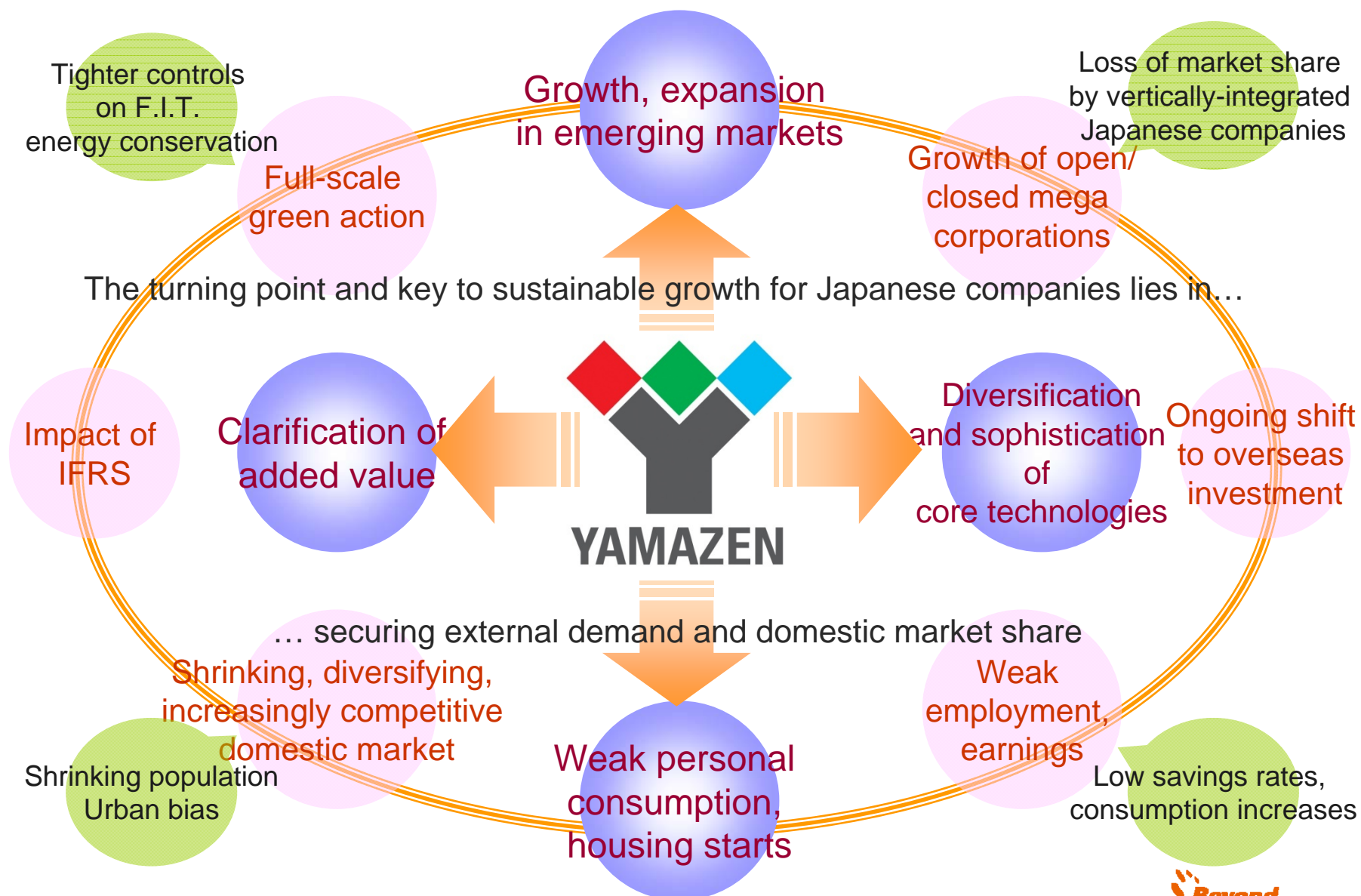
1. Vision and Mid-Term Policy
2. Macro-Environment and Future Directions
3. VISTA-3S Objectives
4. VISTA-3S Strategies
5. VISTA-3S 3-Year Targets (Consolidated)



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



# Macro-Environment & Future Directions





## 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







## S-I: Global Competitiveness/ Global Network

Focus on  
quality

1. Offer borderless, one-stop solutions to customers throughout the world



2. Enhance engineering functions and sales network to establish high quality services



Leverage  
company  
strengths

3. Leverage strengths as fabless trading company to tap into new foreign markets, develop new products



### World Network

YAMAZEN INC. (Illinois)  
VEGA TOOL CORPORATION (Illinois)  
PLUSTECH INC. (Illinois)  
YAMAZEN CO.LTD. (Taipei)  
YAMAZEN (SINGAPORE) PTE.LTD. (Singapore)  
YAMAZEN (MALAYSIA) SDN. BHD. (Kuala Lumpur)  
PT YAMAZEN INDONESIA (Jakarta)  
YAMAZEN (THAILAND) CO.LTD. (Bangkok)  
YAMAZEN THAI ENGINEERING CO.LTD. (Bangkok)  
YAMAZEN (VIETNAM) CO.LTD. (Ho Chi Minh)  
YAMAZEN MACHINERY & TOOLS INDIA PRIVATE LTD. (Delhi)  
YAMAZEN (SHANGHAI) TRADING CO.LTD. (Shanghai)  
YAMAZEN (SHENZHEN) TRADING CO.LTD. (Shenzhen)  
YAMAZEN HONG KONG LIMITED (Hong Kong)  
YAMAZEN (KOREA) LIMITED (Seoul)  
YAMAZEN EUROPE GmbH (Stuttgart)



YAMAZEN CORPORATION

Nihon Butsuryu Shimbun, Asia edition







## S-II: Specialization/ Market Share/ Internet

### Distribution initiatives

4. Aim to secure leading share of domestic/foreign machine tool orders



5. Aim to secure leading share of peripheral equipment transactions in the domestic market

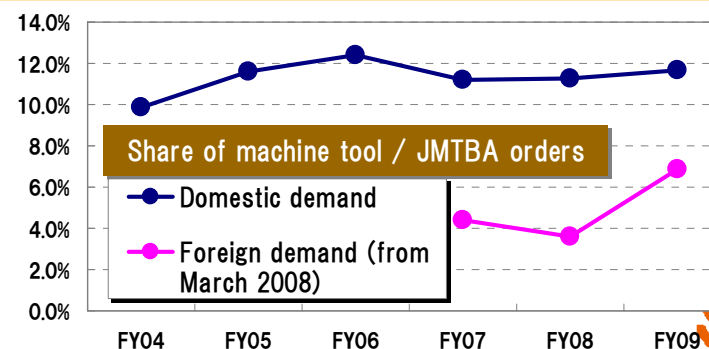


6. Aim to become the category leader for private brand products in the consumer market. Target of 3% in-store share at major customers



### Online business expansion

7. Double B-to-B and B-to-C online transactions



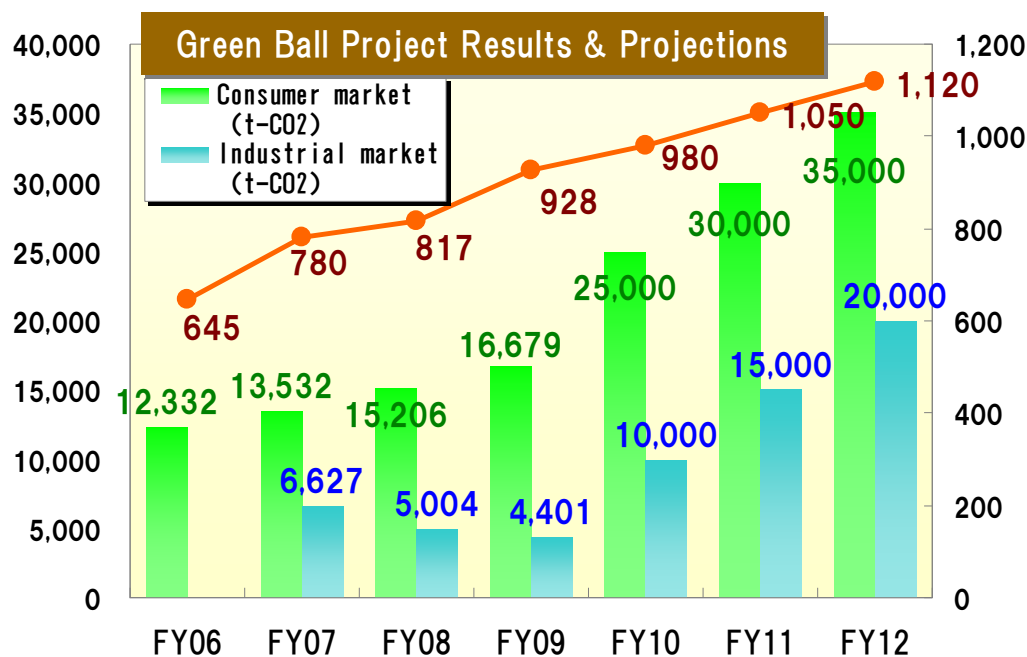
*Beyond Expectation*



## S-II: Specialization/ Eco-friendly Business

Green  
action

8. Increase eco-friendly product sales share to 25%.  
Aim to become the domestic market leader in  
energy-saving products, solar power and Eco  
Cute sectors



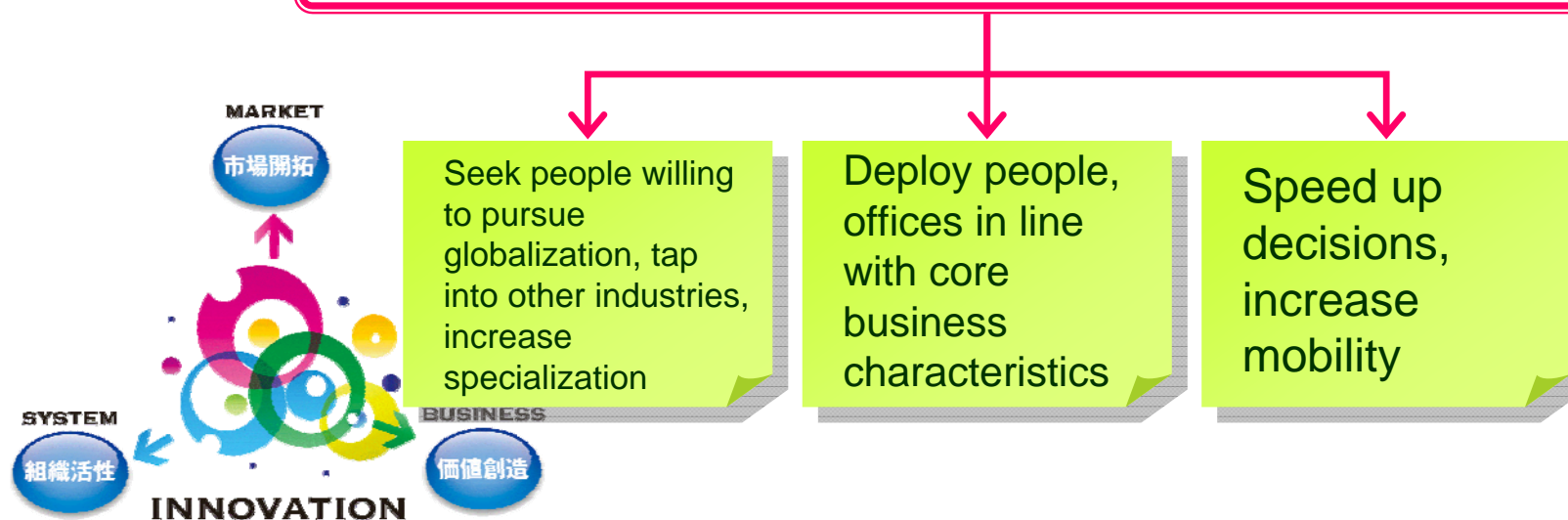


## S-III: Organizational Strength/ Business/ Infrastructure Development

Break into  
new markets

9. Develop highly-skilled, knowledgeable human resources at home and abroad and the IT infrastructure needed to support this process

10. Restructure company businesses in line with markets and needs





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

### Profit Targets

(¥ millions)	Fiscal 2009 (Term 64)	Fiscal 2010 (Term 65)	Fiscal 2011 (Term 66)	Fiscal 2012 (Term 67)
Sales	241,410	<b>270,000</b>	<b>300,000</b>	<b>350,000</b>
Operating income	836	<b>3,000</b>	<b>5,500</b>	<b>8,500</b>
Ordinary income	955	<b>3,000</b>	<b>5,500</b>	<b>8,500</b>
Net profit	438	<b>1,650</b>	<b>3,000</b>	<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%	1.1%	1.8%	2.5%
Return on total assets	0.7%	2.3%	3.9%	5.5%
Cash flow margin	0.6%	1.0%	1.7%	2.5%



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

### ■ Departmental Sales Targets

(¥ millions; %)	Fiscal 2009 (Term 64)	Fiscal 2010 (Term 65)	Fiscal 2011 (Term 66)	Fiscal 2012 (Term 67)
Machine Tools	26,529	28,000	40,000	58,000
Industrial Systems	39,754	46,000	51,000	58,000
Industrial Tools	38,382	45,000	48,000	52,500
(Total domestic producer goods)	104,667	<b>119,000</b>	<b>139,000</b>	<b>168,500</b>
Housing Equipment, Materials	47,751	49,000	51,000	57,000
Home Products	53,941	57,000	60,000	66,000
(Total consumer goods)	101,692	<b>106,000</b>	<b>111,000</b>	<b>123,000</b>
International Operations	26,774	34,500	37,500	43,200
System Engineering	5,101	7,000	8,900	11,500
(Total overseas producer goods)	31,875	<b>41,500</b>	<b>46,400</b>	<b>54,700</b>
Other departments	3,173	3,500	3,600	3,800
Total	241,410	<b>270,000</b>	<b>300,000</b>	<b>350,000</b>

## IV. Fiscal 2010 Earnings Forecasts

1. Fiscal 2010 (Term 65) Financial Targets
2. Departmental Sales Targets (consolidated)



Business begins in earnest at the Yamazen Vietnam subsidiary (April 2010)







## Fiscal 2010 (Term 65) Financial Targets

### ■ Profit Targets

(¥ millions; %)	Fiscal 2009 (Term 64)	Fiscal 2010 1H (Sept.)	Fiscal 2010 (Term 65)	YOY (%)
Sales	241,410	130,000	<b>270,000</b>	11.8
[Stand-alone]	229,281	122,000	<b>255,000</b>	11.2
Operating income	836	1,100	<b>3,000</b>	258.9
[Stand-alone]	908	800	<b>2,400</b>	164.3
Ordinary income	955	1,200	<b>3,000</b>	214.1
[Stand-alone]	979	900	<b>2,400</b>	145.1
Net profit	438	650	<b>1,650</b>	276.7
[Stand-alone]	365	500	<b>1,300</b>	256.2





## Departmental Sales Targets (Consolidated)

(¥ millions; %)	Fiscal 2009 (Term 64)	Ratio	Fiscal 2010 (Term 65)	Ratio	YOY (%)
Machine Tools	26,529	11.0	<b>28,000</b>	10.4	5.5
Industrial Systems	39,754	16.5	<b>46,000</b>	17.0	15.7
Industrial Tools	38,382	15.9	<b>45,000</b>	16.7	17.2
(Total producer goods)	104,667	43.3	<b>119,000</b>	44.1	13.7
Housing Equipment, Materials	47,751	19.8	<b>49,000</b>	18.1	2.6
Home Products	53,941	22.3	<b>57,000</b>	21.1	5.7
(Total consumer goods)	101,692	42.1	<b>106,000</b>	39.2	4.2
International Operations	26,774	11.1	<b>34,500</b>	12.7	28.8
System Engineering	5,101	2.1	<b>7,000</b>	2.6	39.2
(Total overseas producer goods)	31,875	13.2	<b>41,500</b>	15.4	30.2
Other departments	3,173	1.3	<b>3,500</b>	1.3	10.3
Total	241,410	100.0	<b>270,000</b>	100.0	11.8

## V. Corporate Governance & Shareholder Returns

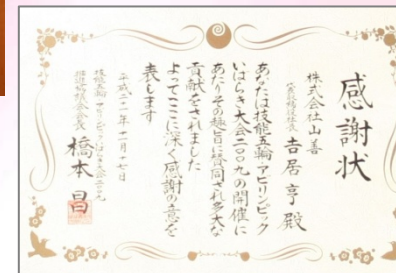
1. CSR and Corporate Governance at Yamazen
2. Shareholder Returns
3. Current Term Dividends



→  
A commendation from Ibaraki  
Prefecture for our sponsorship  
of the National Skills  
Competition: ABYLIMPIC  
(March 2010)

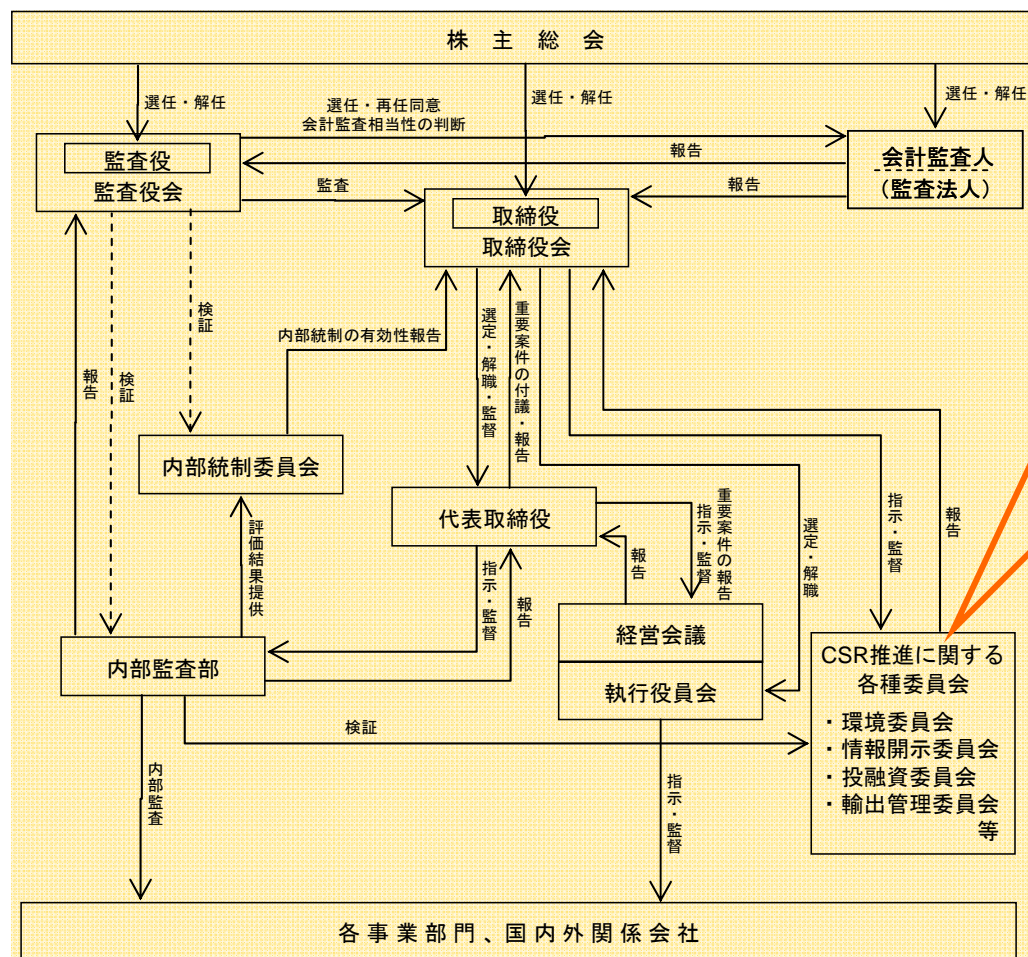


←  
Celebrating 10 years of  
ISO 14001 certification  
(March 2010)



# CSR and Corporate Governance Initiatives

- Yamazen has shifted from committee-based compliance activities to a department (job)-based system that is more closely integrated with our internal control system.



Yamazen now sponsors the National Skills Competition: ABYLIMPIC, which champions human resource training

- At the same time, we continue to conduct a wide range of progressive CSR activities so as to actively fulfill our role as a good corporate citizen

## □ 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

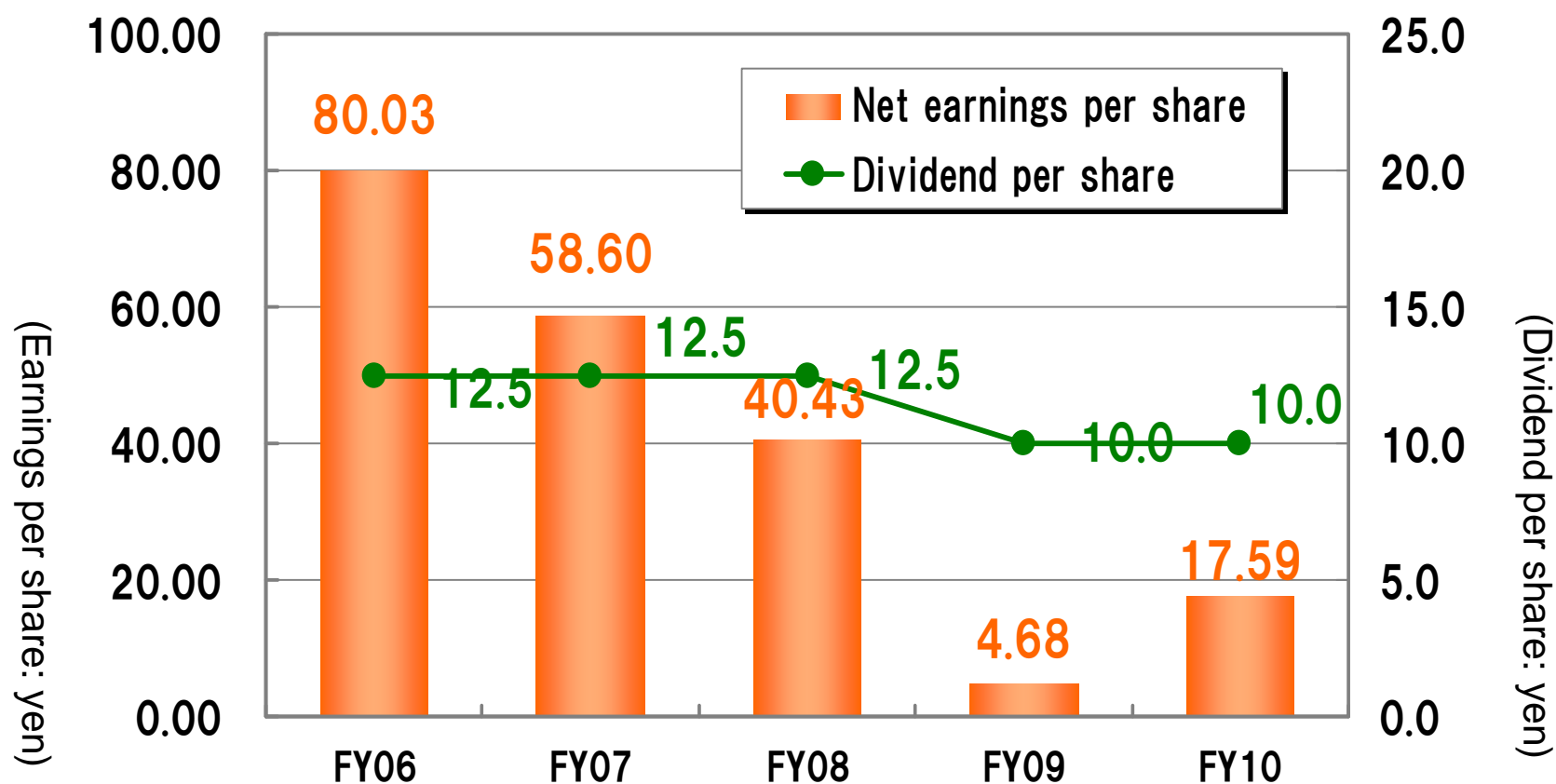
		FY06	FY07	FY08	FY09	FY10 (est.)
Consolidated payout ratio		15.6%	21.3%	30.9%	213.7%	56.9%
Cash Dividends	Interim	—	¥5.0	¥5.0	¥5.0	¥5.0
	Year-end	* ¥12.5	¥7.5	¥7.5	¥5.0	¥5.0

\* Year-end dividend of ¥10.0 + commemorative dividend of ¥2.5



## Current Term Dividends

- We aim to achieve a consolidated payout ratio of 56.9%
- Our fiscal 2010 targets are for an interim dividend of ¥5.0 and a year-end dividend of ¥5.0, or a total payout of ¥10.0 for the year





## Inquiries

### □ Contact information for inquiries relating to particular meetings

- △ Public Relations Dept., Corporate Planning Dept., Corporate Planning Headquarters
- △ E-mail: [info06@yamazen.co.jp](mailto:info06@yamazen.co.jp)
- △ 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:

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