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### **Revision of VISION-130 for the Medium Term**

Kanematsu Corporation (the “Company”) announces that the Company has revised VISION-130, its medium-term management vision covering the period of five years through the 130th anniversary of its foundation.

Since the announcement of VISION 130 as its scenario for further growth toward the next stage in May 2014, the Company has steadily implemented measures for achieving the targets based on this vision. The Company revised VISION-130 partially to update it on this occasion following the conclusion of its three-year medium-term business plan in the fiscal year ended March 2016 and in response to significant changes in external conditions, including the slowdown of the Chinese economy, flagging crude oil prices, and the depreciation of the yen and high share prices caused by the economic policies known as Abenomics.

The Company aims to maintain a sound financial standing and strengthen its management foundations based on VISION-130 from this point on. At the same time, the Company will work to expand its earnings base through coexistence and joint development with its customers. The Company will strive to bolster its corporate value further through its initiatives, including investment in new undertakings, positioning VISION-130 as another challenge for Kanematsu for furthering growth and deepening operating fields where the Company has advantages. (Please refer to the attached materials for the outline of VISION-130.)

With regard to the individual measures and target figures, the Company will advance its business plans for the respective fiscal years, keeping pace with changes in the surrounding world.

\* Points to note regarding results forecasts

Results forecasts and forward-looking statements in this document are based on information available to the Company as of its announcement date and estimates based on reasonable assumptions. Please be aware that various factors may cause the actual results to differ significantly from the forecasts stated in this document.

**VISION-130**

-Kanematsu takes on another challenge for further growth-

(April 2016 ~ March 2019)

**1. Basic Concept**

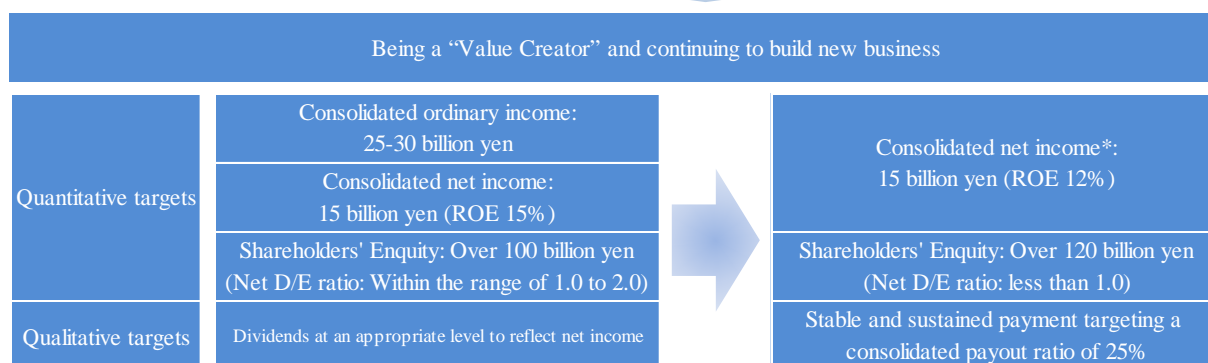
**【Management objective】: To achieve both “sustainability in financial soundness” and “expansion in revenue base”**

- ◆ In preparation for the 130<sup>th</sup> anniversary of the Company’s foundation, we are taking our strong foundation and basic principles to heart. We also strive to achieve management objectives comprising of “sustainability in financial soundness” and an “expansion in revenue base” which can be made possible through coexistence and mutual development with our business partners based on the long history of our trading business.
- ◆ We aim to achieve enhanced corporate value through deep mining of our areas of strength and further leveraging our pioneering spirit as a “value creator” to continue to develop new business while bolstering our management base.

**2. 「VISION-130」 Main points of the revision**

- ◆ Keep aiming to achieve consolidated net income of 15 billion yen by concentrating earnings targets on net income with the introduction of the International Financial Reporting Standards (IFRS) in the fiscal year ended March 2016.
- ◆ In addition, raise numerical targets for shareholders’ equity and net DER in view of the overall achievement of the numerical target for shareholders’ equity of 93.3 billion yen (and a net DER of 0.5 times) as of the end of March 2016.
- ◆ At the same time, add numerical targets as a basic concept for shareholder returns and clearly state the stable and continuous payment of cash dividends with a consolidated payout ratio of 25% as the goal.

Management objective	To achieve both “sustainability in financial soundness” and “expansion in revenue base”		
Maintaining basic concept	Focusing on trading business	Pursuing management efficiency	Aiming for coexistence and mutual development with business partners
Bolstering the management base	Sophistication of investment risk management	Strengthen corporate governance	Develop global professionals
New initiatives	establishment of a global value chain	Develop new technology and new products	Aggressive business investment and M&A activities / financing through capital markets



\*Net profit attributable to owners of parent

### 3. VISION-130 / Progress over the two years

#### (1) Changes in economic conditions

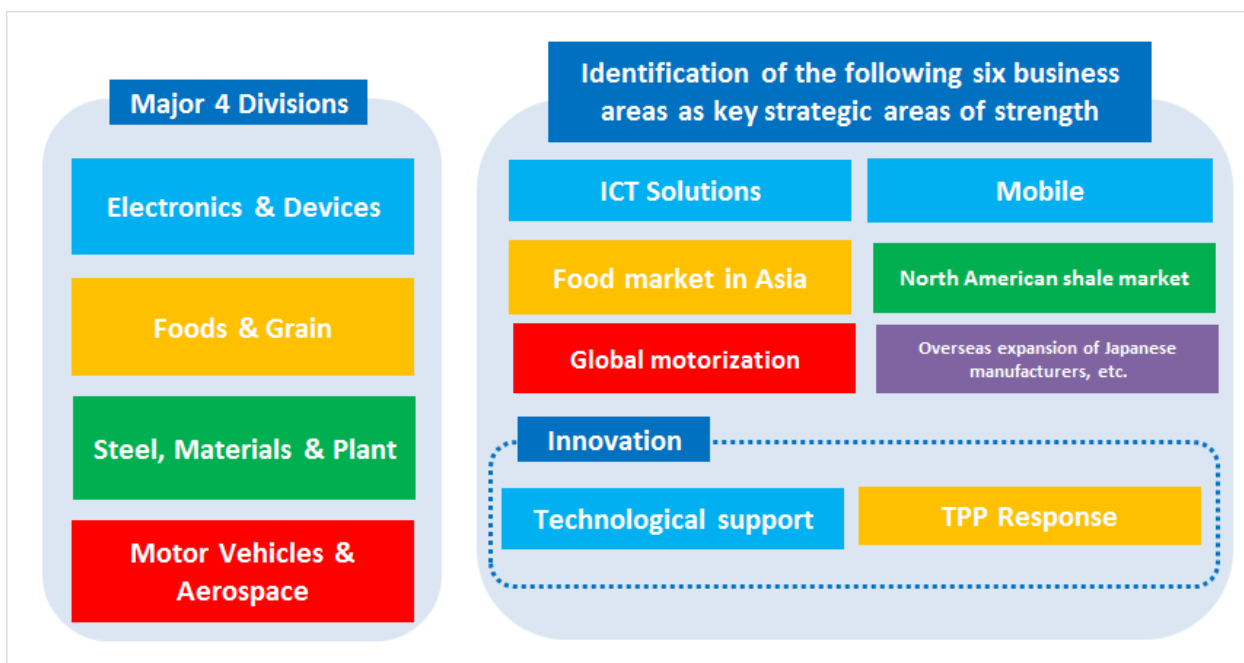
- ◆ The world economy initially remained strong, supported by brisk demand in emerging nations in Asia, including China, and interest rate hikes that commenced in the United States, which had moved out of a financial crisis.
- ◆ The Japanese economy also showed a steady pace owing to the appreciation of the yen and share prices, with Abenomics and the decision to hold the Olympic Games in Tokyo as following winds.
- ◆ In the meantime, economic conditions became unstable from 2015 under the adverse effects of factors including a sense of uncertainty about the Chinese economy, which had led the world economy, declines in quotations on commodities, such as crude oil prices, and geopolitical risks.

#### (2) Measures taken by the Group

- ◆ Under these conditions, the Company took measures based on its policies of having no risk assets and aiming to expand its earnings base through coexistence and joint development with its customers.
- ◆ The Company made a switch to aggressive management and expanded its business scale with active investment in six priority fields, including the conversion of Nippon Office Systems Ltd. into a wholly owned subsidiary of Kanematsu Electronics Ltd. in the ICT solutions business and the acquisition of Diamondtelecom, Inc. in the mobile business.
- ◆ In addition, as efforts to develop new technologies and products, the Company commenced measures for addressing new fields of commitment, including technical assistance, such as the expansion of related operations through the conversion of Kanematsu-NNK Corporation into a consolidated subsidiary, and functional enhancement in the food field for responding to the Trans-Pacific Partnership (TPP).

◆As management measures, the Company continued with initiatives to bolster its management foundations, including the establishment of business investment criteria, the introduction of executive officers and outside directors, and the establishment of a program for dispatching young employees overseas.

In addition, as a financial strategy, the Company issued straight bonds for the first time in about 20 years in an attempt to diversify its methods of raising funds.



#### 4. VISION-130/Toward the final fiscal year (fiscal year ending March 2019)

##### (1) Economic outlook

- ◆The world economy is assumed to remain in a situation where it is affected by factors including the uncertain Chinese economy, low commodity quotations, such as crude oil prices, and geopolitical risks. The favorable U.S. economy, however, is expected drive the world economy and lead it to a firm recovery.
- ◆The Japanese economy is anticipated to head toward a firm state overall thanks to monetary policies including the policy of negative interest rates, even though factors for temporary concern exist.

##### (2) Policies for measures to be taken by the Group

- ◆Continue aiming to expand earnings by promoting the establishment of a global value chain, the development of new technologies and products, and aggressive business investment and M&A activities in six priority fields and two new fields of commitment.
- ◆Anticipate an earnings base that will expand steadily for the global motorization and camera-related businesses.
- ◆Expect growth to surpass targets in the ICT solutions and mobile businesses by pursuing synergy and efficient management further in businesses in which the Company invested in accordance with VISION-130.
- ◆Increase the level of specialization in the fields of the Asian food markets and TPP

responses by dividing the Foods & Grain segment into the two segments of foods and foodstuffs in April 2016. At the same time, work to plow businesses deep by strengthening relationships with customers.

- ◆ Take into account stagnation under the effects of a crude oil price decline for the North American shale market.

<Image of changes in consolidated net income>

