



Overview of Results for the first half of FY2019

Note: The forward-looking statements in this material, including plans, forecasts, and strategies of the Group, reflect judgments that the Company made based on information available at the time the material was prepared and include risks and uncertainties. Because of changes in the business environment, the emergence of unknown risks, among other factors, actual results could be significantly different from the forward-looking statements. Since the figures above are rounded off to the nearest 1 billion yen, the sum of each item and the total may differ

* FY2018 (the fiscal year ended March 31, 2018)

* FY2019 (the fiscal year ended March 31, 2019)



November 6, 2018
KANEMATSU CORPORATION

<http://www.kanematsu.co.jp/>

1. Results for the first half of FY2019

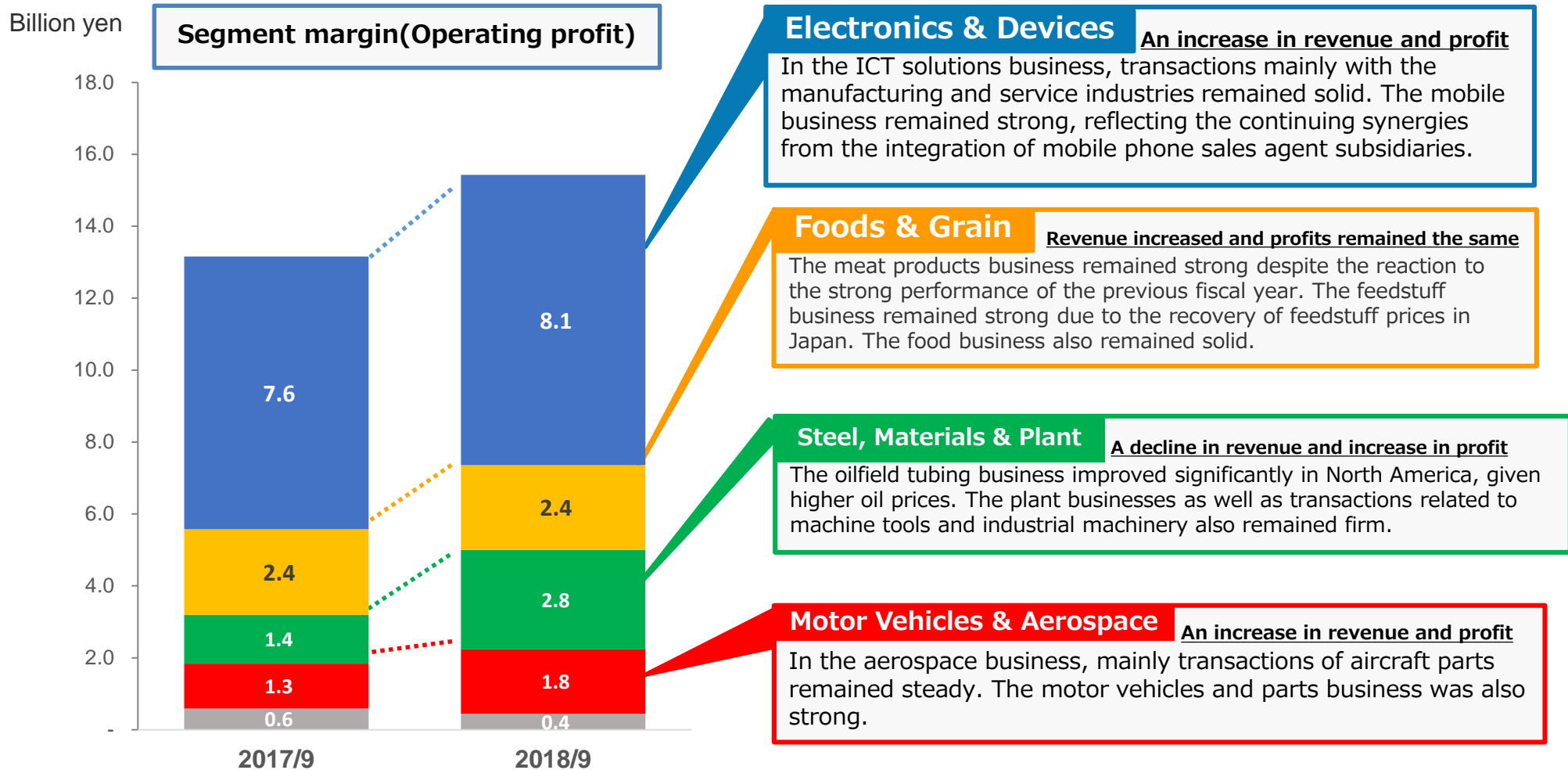
1-1. 1H of FY2019 Highlight (P/L)

✓ Revenue and profits increased, with profit attributable to owners of the parent increasing 18.5% year on year.

(Unit: billion yen)	1H of FY2018 results	1H of FY2019 results	Change
Revenue	335.2	357.5	22.2
Gross profit	50.9	54.1	3.2
Operating profit	13.1	15.5	2.3
Finance income (costs)	(0.6)	(0.7)	(0.1)
Share of profit (loss) of investmens accounted for using the equity method	0.3	0.1	(0.3)
Profit before tax	12.8	14.8	2.0
Profit for the year attributable to owner of the parent	6.8	8.1	1.3

1-2. 1H of FY2019 Highlight (segment margin)

✓ Increased 2.3 billion yen driven by the Steel, Materials & Plant segment.



1-3. 1H of FY2019 Highlight (B/S)

- ✓ The equity ratio increased due to the increase in retained earnings.
- ✓ The net debt-equity ratio remained healthy at the range of 0.5 times.

(Unit: billion yen)	FY2018 results	1H of FY2019 results
Total Assets	519.9	528.9
Shareholders' equity (Note 1)	116.0	122.7
BPS(yen) (Note 2)	1,378	1,469
Equity ratio(Note 3)	22.3%	23.2%

(Unit: billion yen)	FY2018 results	1H of FY2019 results
Gross Interest-bearing debt	137.3	137.9
Net interest-bearing debt	59.0	62.7
Net debt-equity ratio (Note 4)	0.51 times	0.51 times

(Note 1) Shareholder's equity = Total equity attribute to owners of the parent

(Note 2) The Company conducted the consolidation of shares of its common stock at a rate of one share for every five shares on October 1, 2017. BPS was calculated based on the assumption that the consolidation of shares was conducted at the beginning of the previous fiscal year

(Note 3) Equity ratio = Shareholder's equity / Total assets

(Note 4) Net debt-equity ratio = Net interest-bearing debt / Equity capital

2. FY2019 forecast

2-1. FY2019 forecast

✓ Steady progress is expected for the achievement of estimates announced at the beginning of the term.

(Unit : billion yen)	1H of FY2019 results	FY2019 forecast	Progress
Revenue	357.5	760.0	47.0%
Operating profit	15.5	30.0	51.5%
Profit before tax	14.8	29.0	51.1%
Profit attributable to owners of the parent	8.1	16.5	49.1%

2-2. FY2019 forecast (segment margin)

✓ Operating profit is expected to remain steady, driven by Electronics & Devices.

(Unit : billion yen)	1H of FY2019 results	FY2019 Forecast	Progress
Electronics & Devices	8.1	17.5	46.1%
Foods & Grain	2.4	4.0	59.0%
Steel, Materials & Plant	2.8	5.0	55.3%
Motor Vehicles & Aerospace	1.8	2.5	71.5%
Other	0.4	1.0	46.8%
Total	15.5	30.0	51.5%

2-3. FY2019 forecast (segment margin breakdown)

Forecast for segment operating profit

(Unit : billion yen)	1H of FY2019 results	FY2019 forecast	Progress
ICT solution	4.7	10.0	47%
Mobile	3.1	6.0	52%
Others	0.2	1.5	16%
Electronics & Devices	8.1	17.5	46%
Foods, Meat	1.0	1.7	56%
Feedstuff, Grain	1.1	2.3	47%
Others	0.3	0.0	-
Foods & Grain	2.4	4.0	59%
Machine tools, Industrial Machinery	0.8	1.6	47%
Overseas	1.1	1.4	75%
Chemicals, Energy & Others	1.0	2.0	49%
Steel, Materials & Plant	2.8	5.0	55%
Aerospace	1.0	1.0	97%
Motor Vehicles & Parts	0.4	0.9	47%
Others	0.4	0.6	67%
Motor Vehicles & Aerospace	1.8	2.5	72%
Others	0.5	1.0	47%
Total	15.5	30.0	52%

Profits are concentrated in the second half because there are acceptance inspections at the end of the term. Results as estimated are anticipated.

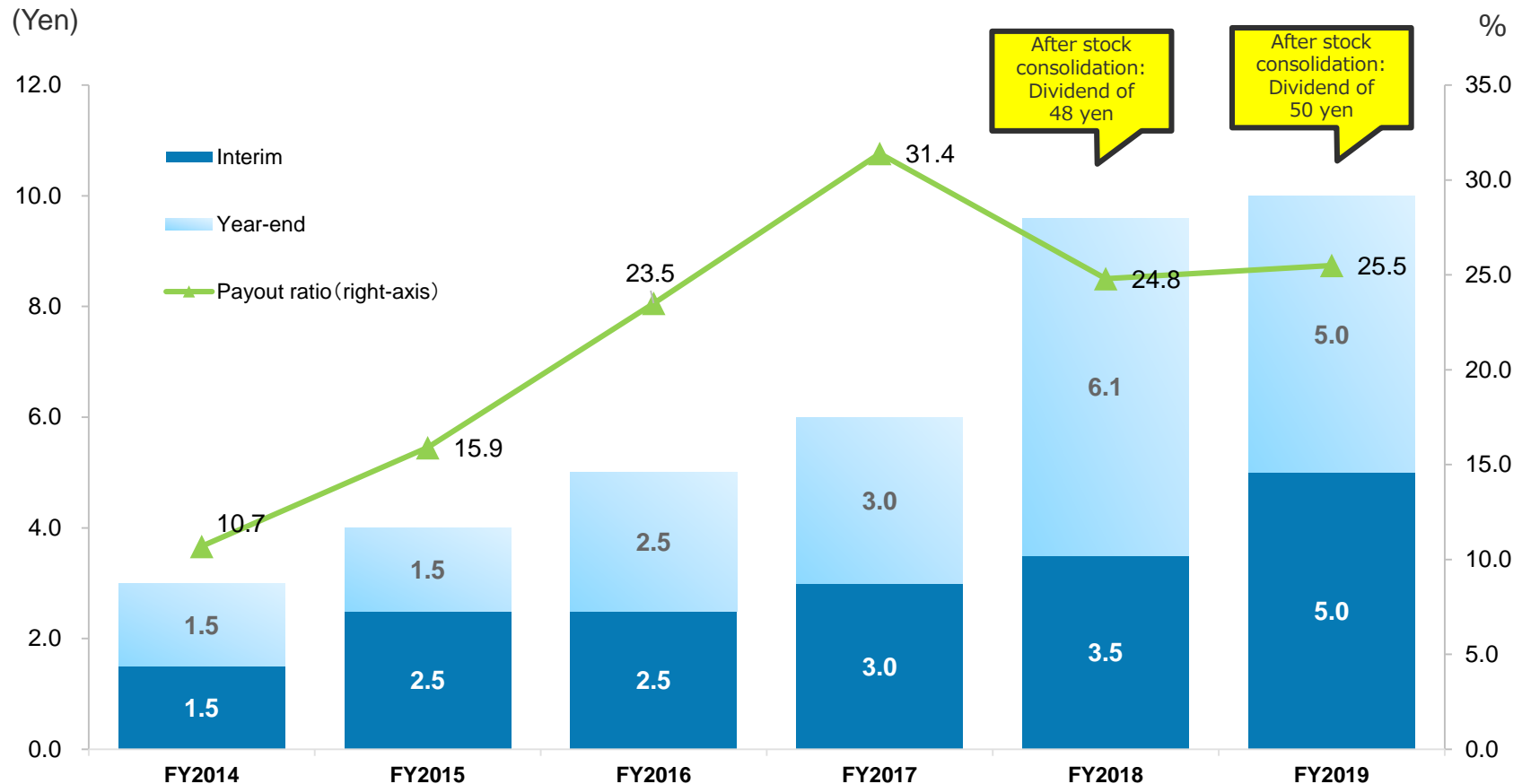
Results almost as estimated are anticipated, though depending on fluctuations in the feedstuff and meat prices.

Profits are expected to remain steady because there is no anxiety factor in the second half.

Profits are concentrated in the first half due to transactions for public offices. Profits are also expected to remain firm in the second half.

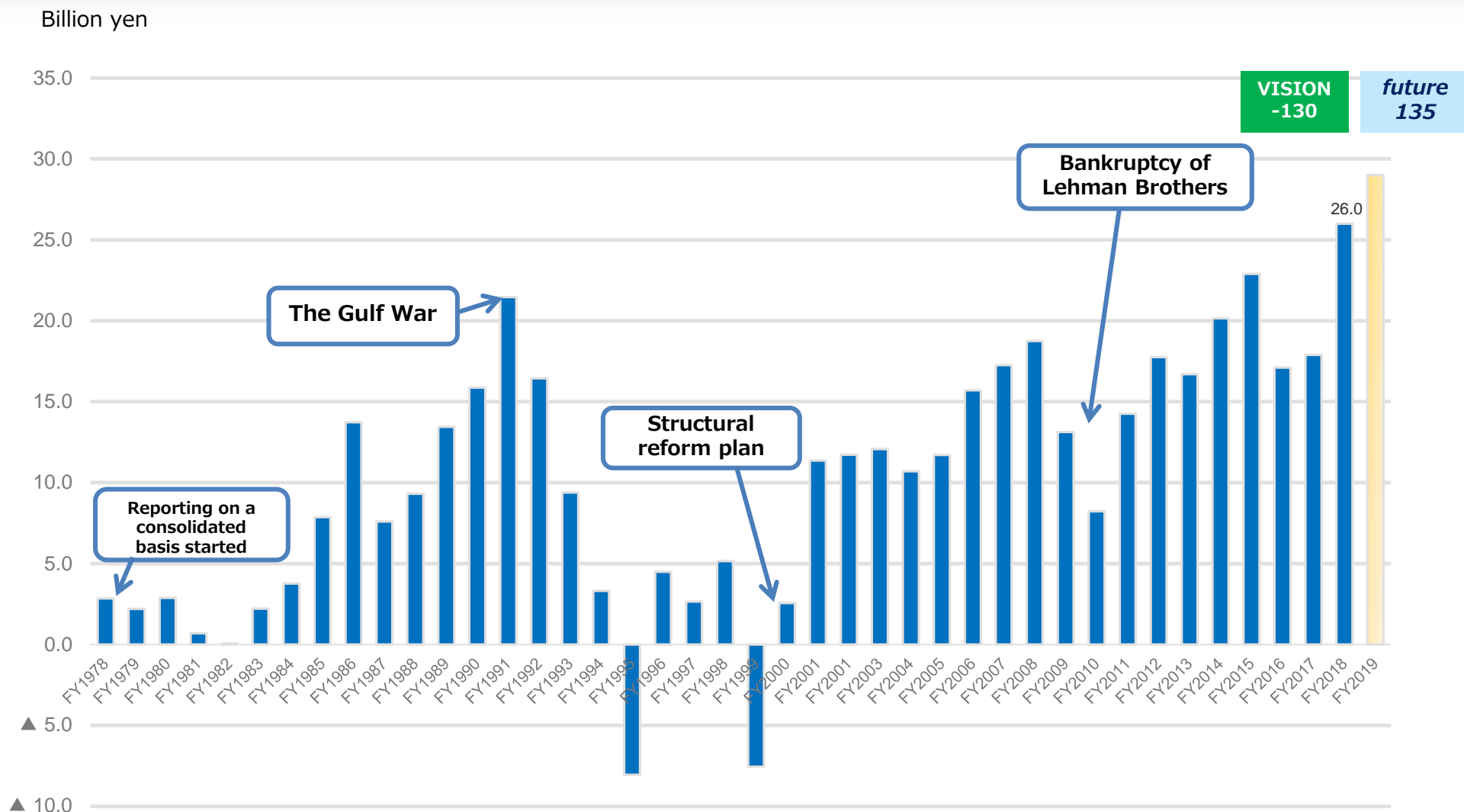
2-4. FY2018 forecast Dividends

- ✓ With the range of the total return ratio of 25%-30%, stable and continued dividend payment is conducted.
- ✓ Stable dividend payment has been continued since the fiscal year ended March 2014. An annual dividend payment of 50 yen is planned for FY2019



Appendix

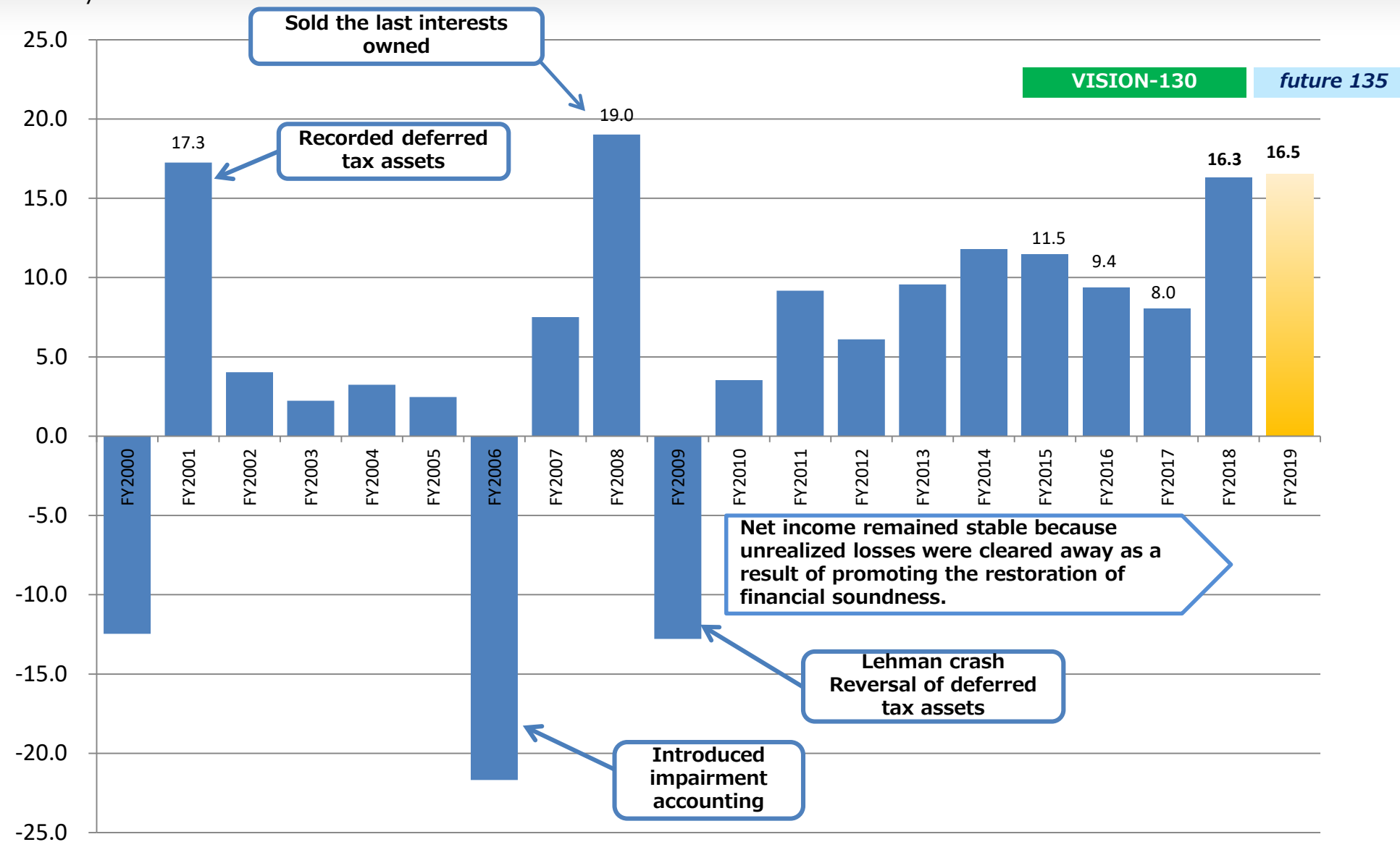
Appendix 1-1. Consolidated Ordinary income (from FY1978)



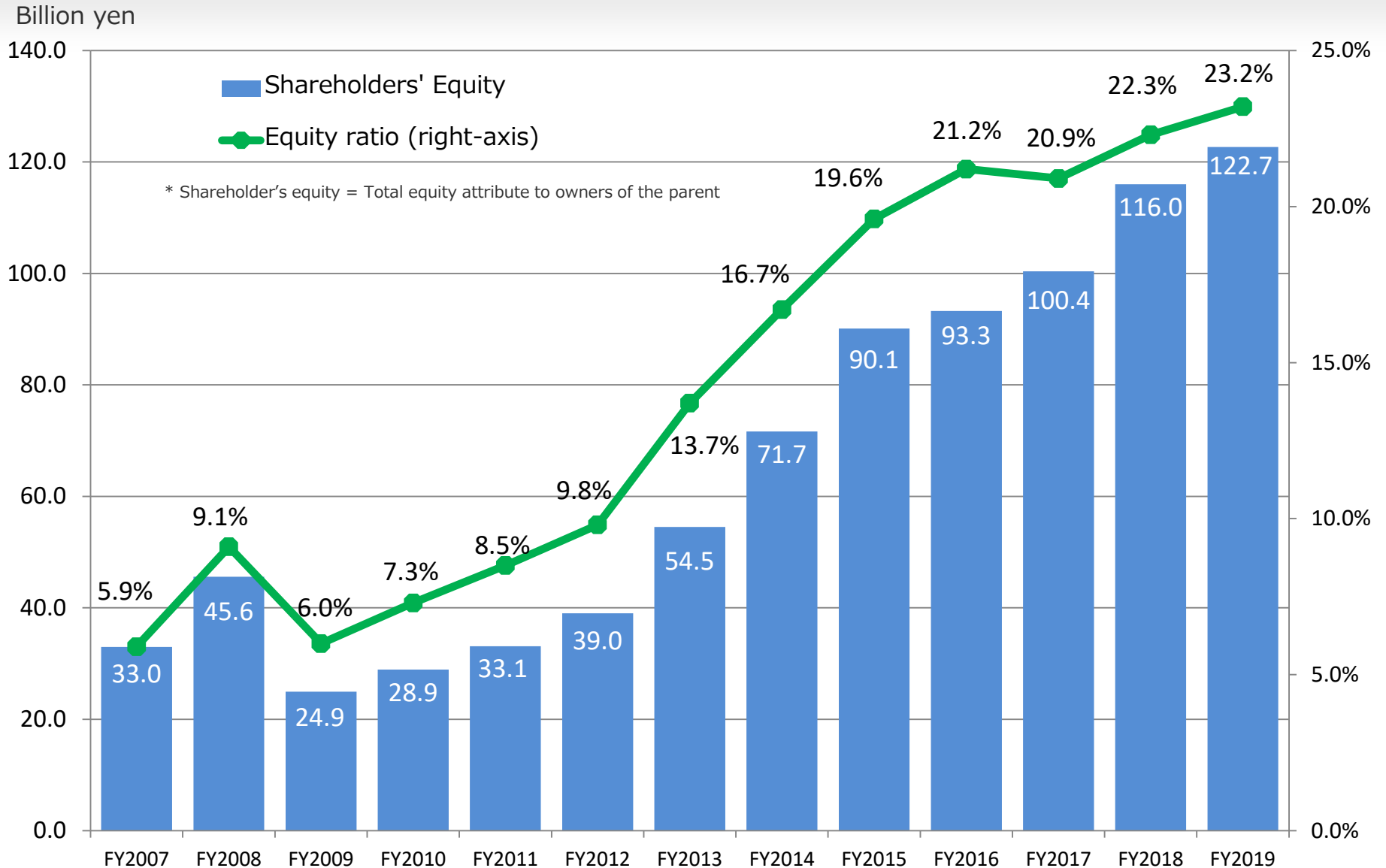
*Mentioned value is Profit before tax instead of Ordinary income from FY2017

Appendix 1 -2. Consolidated Net income (from FY2000)

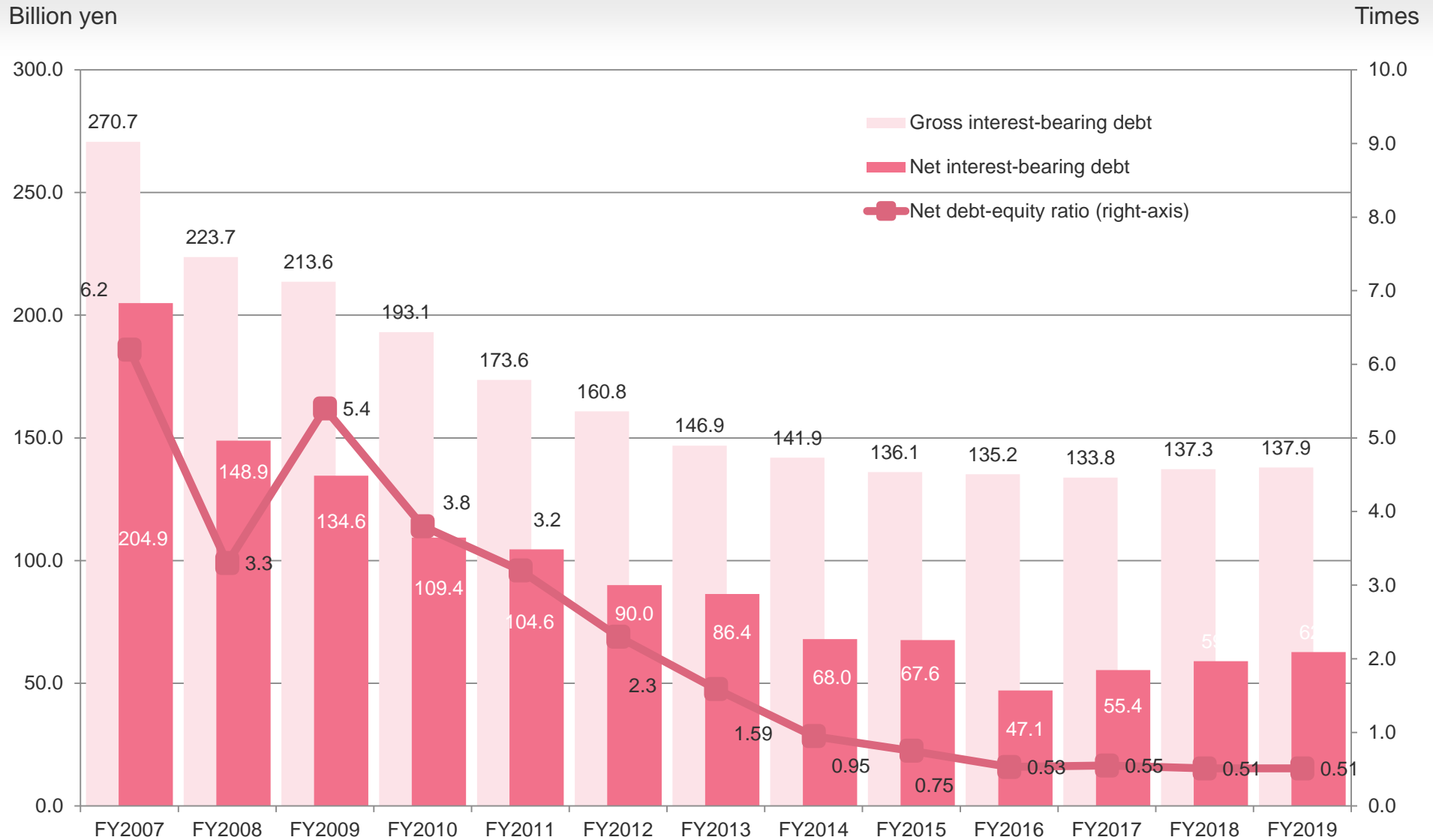
Billion yen



Appendix 1 - 3 . Shareholders' Equity & Equity Ratio



Appendix 1 -4. Interest-bearing debt & Net debt-equity ratio



Appendix 2. Outline of Kanematsu Group

Segment	Main business	Main products	Major subsidiaries
Electronics & Devices	Semiconductor Parts & Equipment	Semiconductor / electronics parts, Electronic modules / materials, Semiconductor	Kanematsu Electronics Ltd. Kanematsu Communications Ltd. Kanematsu Susteck Corporation Kanematsu Futuretech Solutions Corp. Kanematsu Advanced Materials
	Industrial electronics & Electronics materials	Printer equipment, Electronic modules	
	ICT Solutions & Mobile Solutions	System solutions , Communication equipment / parts, Mobile communications terminals, Mobile content, / mobile advertisement	
	Security system	Security Monitoring Camera, video recorder, security related equipment	
Foods & Grain	Foods	Canned/frozen/dried fruits, coffee, cocoa, sugar, sesame, peanuts, various beans, wines, process foods, and others	Kanematsu Shintoa Foods Corp. Kanemory Food Service Kanematsu Agri-Tech Corp. Kanematsu Soytech Corp.
	Meat & Marine Products	All meat ,seafood	
	Grains, Feedstuff, Fertilizer and Pet Products	Barley, wheat, rice, soybeans, processed foods, feed, fertilizer, pet foods and others	
Steel, Materials & Plant	Steel trading	Surface-treated steel plates, seamless piping	Steel Service Oilfield Tubular Benoit Premium Threading Kanematsu Trading Corp. Kanematsu Petroleum Corp. Kanematsu Chemical Corp. Kanematsu Wellness Corp Kanematsu KGK Corp.
	Special steel trading	Stainless, special steel wire rods, long steel products	
	Domestic steel/Steel materials	Steel products, iron ore, cokes	
	Crude oil, Petroleum products and gas	Crude oil, petroleum products, LPG, carbon credit trading	
	Functional chemicals, Life sciences	Battery materials, fertilizer materials, adhesive materials, solvents, Pharmaceuticals, pharmaceutical intermediates, functional food materials, nutritional supplements	
	Plant & Vessels	Various plants, ODA, telecommunications projects, optical fibers, electronic power projects	
	Machine Tools and Industrial Machinery	Machine tools, industrial machinery	
Motor vehicles & Aerospace	Motor Vehicles & parts	Automobiles, Motorcycles and related parts, Precision-Forged Cast Products	Kanematsu Aerospace Corp. Shintoa Corp. KG Aircraft Rotables Co., Ltd.
	Aerospace	Aircraft, Helicopters, Satellites, Components and parts	

Appendix 3 . Subsidiaries and Affiliates (Net sales and Ordinary income)

(Unit: billion yen)	Business	Ownership ratio	1H of FY2018		1H of FY2019	
			Revenue	Operating profit	Revenue	Operating profit
Kanematsu Electronics Ltd	ICT solution	58.28%	29.4	4.3	32.9	4.8
Kanematsu Communications Ltd.	Mobile	100.00%	58.2	2.4	62.6	3.1
Kanematsu Sustech Corp.	Security system etc.	52.89%	6.3	0.5	6.1	0.4
Kanematsu Shintoa Foods Corp.	Foods, Meat & Marine Products	100.00%	13.9	0.2	13.8	0.1
Kanematsu Agri-Tech Corp.	Grains, Feedstuff, Fertilizer	100.00%	5.8	0.1	6.1	0.1
Kanematsu Trading Corp.	Domestic steel, Steel materials	100.00%	4.4	0.2	5.0	0.2
Kanematsu KGK Corp.	Machine tools, Industrial machinery	97.90%	3.1	0.3	4.7	0.8
Kanematsu Petroleum Corp.	Petroleum products, Gas	100.00%	7.8	0.2	9.2	0.1
Kanematsu Chemicals Corp.	Functional chemicals	100.00%	2.0	0.3	2.2	0.3
Shintoa Corporation	Trading company	100.00%	12.3	0.6	20.1	1.0
Kanematsu USA Inc.	Overseas subsidiary	100.00%	51.4	0.6	54.9	1.3

Appendix 4. Subsidiaries

Number of Profitable and Non-Profitable Consolidated Subsidiaries and Affiliates

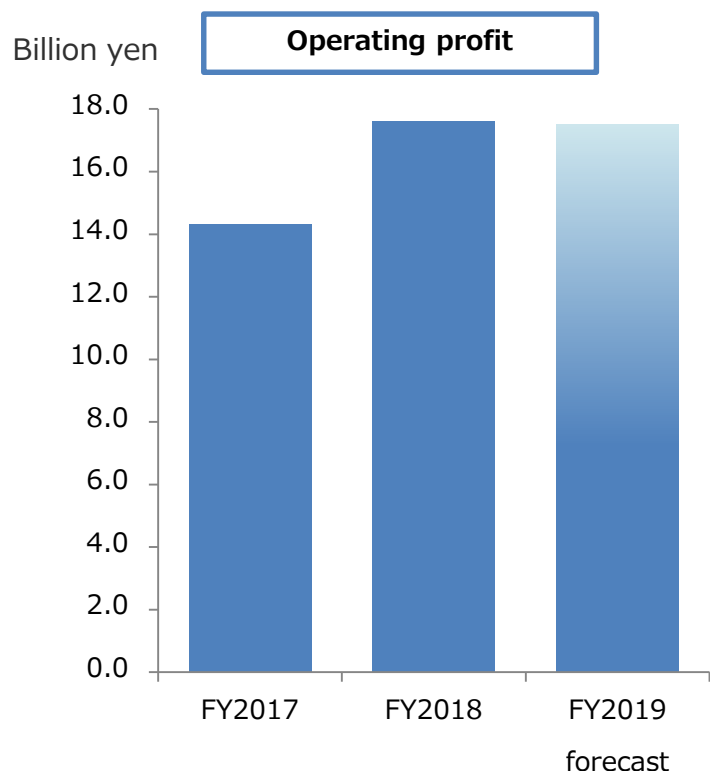
(Companies)	1H of FY2018					1H of FY2019					Year on year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Number of profitable Companies	34	30	11	11	86	38	31	10	10	89	+ 3
Ratio (%)	83%	65%	85%	69%	74%	91%	66%	71%	71%	76%	-
Non profitable	7	16	2	5	30	4	16	4	4	28	(2)
Total	41	46	13	16	116	42	47	14	14	117	+ 1

Profit and Loss Posted by Consolidated Subsidiaries and Affiliates

(Unit : billion yen)	1H of FY2018					1H of FY2019					Year on year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Sum of profit posted by profitable	4.7	1.1	0.2	0.1	6.1	6.1	1.1	0.1	0.2	7.4	+1.3
Sum of loss posted by non-profitable	(0.0)	(0.1)	(0.0)	(0.0)	(0.2)	(0.1)	(0.3)	(0.2)	(0.0)	(0.6)	(0.4)
Total	4.7	1.0	0.2	0.1	6.0	5.9	0.8	(0.1)	0.2	6.8	+0.9

Appendix5-1. Segments (Electronics & Devices)

(Unit: billion yen)	FY2018		FY2019		Change	
	(1H of results)	(results)	(1H of results)	(forecast)	(1H of results)	full-year
Revenue	120.7	263.3	127.8	270.0	7.1	6.7
Operating profit	7.6	17.6	8.1	17.5	0.5	(0.1)



1H of FY2019 results

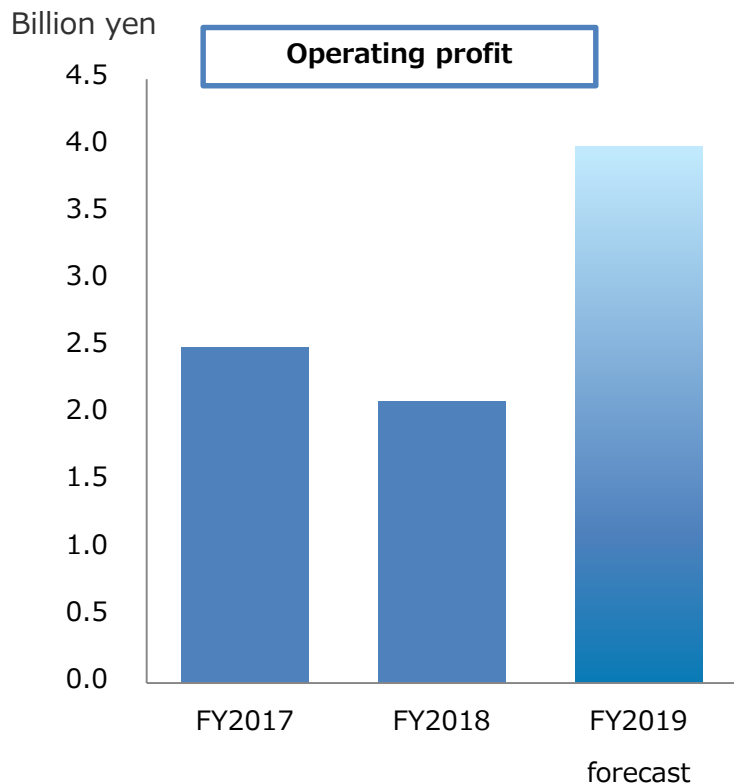
In the ICT solutions business, transactions mainly with the manufacturing and service industries remained solid. The mobile business remained strong, reflecting the continuing synergies from the integration of mobile phone sales agent subsidiaries.

FY2019 forecast

Good results are expected mainly in the ICT solutions business, but the semiconductor parts and manufacturing equipment business is expected to remain at the same level as the previous period because of the impact of the market conditions.

Appendix5- 2. Segments (Foods & Grain)

(Unit: billion yen)	FY2018		FY2019		Change	
	(1H of results)	(results)	(1H of results)	(forecast)	(1H of results)	full-year
Revenue	114.6	231.3	121.6	260.0	7.0	28.7
Operating profit	2.4	2.1	2.4	4.0	(0.0)	1.9



1H of FY2019 results

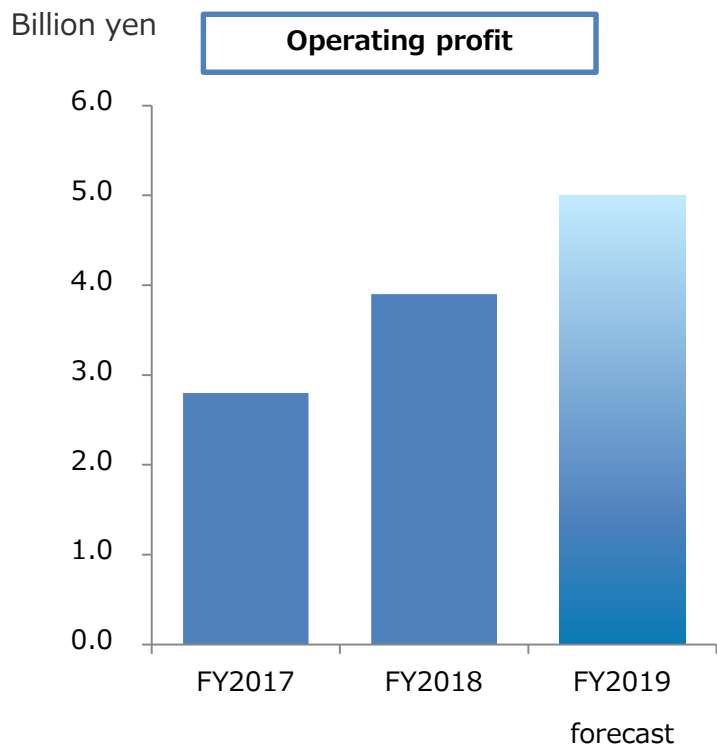
The meat products business remained strong despite the reaction to the strong performance of the previous fiscal year. The feedstuff business remained strong due to the recovery of feedstuff prices in Japan. The food business also remained solid.

FY2019 forecast

Profit is expected to increase year on year, due mainly to the recovery of the market of the feed business.

Appendix 5 - 3 . Segments (Steel, Materials & Plant)

(Unit: billion yen)	FY2018		FY2019		Change	
	(1H of results)	(results)	(1H of results)	(forecast)	(1H of results)	full-year
Revenue	69.1	153.1	68.1	160.0	(1.1)	6.9
Operating profit	1.4	3.9	2.8	5.0	1.4	1.1



1H of FY2019 results

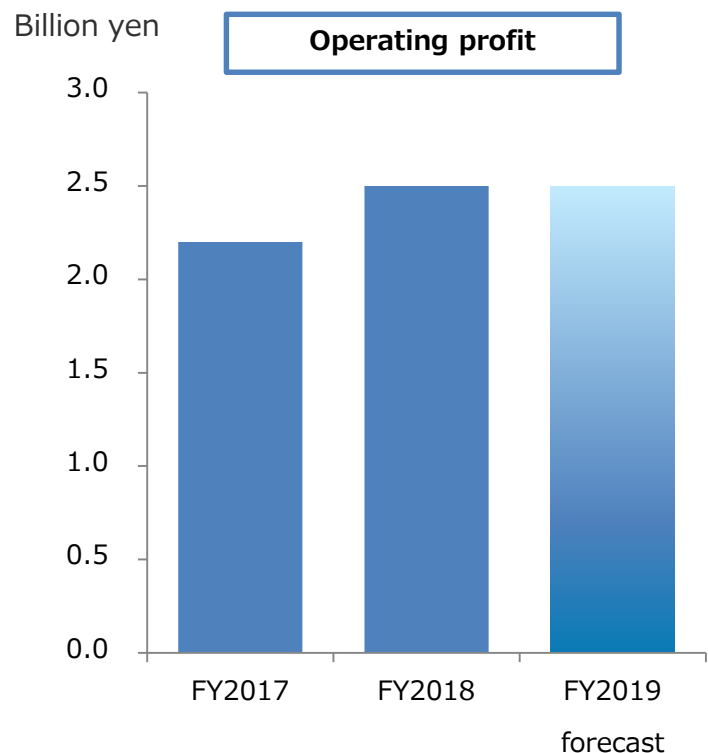
The oilfield tubing business improved significantly in North America, given higher oil prices. The plant businesses as well as transactions related to machine tools and industrial machinery also remained firm.

FY2019 forecast

The oilfield tubing business is expected to grow in North America due to the recovery of the oil market.

Appendix 5 -4. Segments (Motor Vehicles & Aerospace)

(Unit: billion yen)	FY2018		FY2019		Change	
	(1H of results)	(results)	(1H of results)	(forecast)	(1H of results)	full-year
Revenue	24.5	54.5	33.9	60.0	9.5	5.5
Operating profit	1.3	2.5	1.8	2.5	0.5	0.0



1H of FY2019 results

In the aerospace business, mainly transactions of aircraft parts remained steady. The motor vehicles and parts business was also strong.

FY2019 forecast

The aerospace business and the motor vehicles and parts business are expected to remain strong.