



Overview of Results for FY2018

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)



May 16, 2018

KANEMATSU CORPORATION

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

1. Overview of results for FY2018

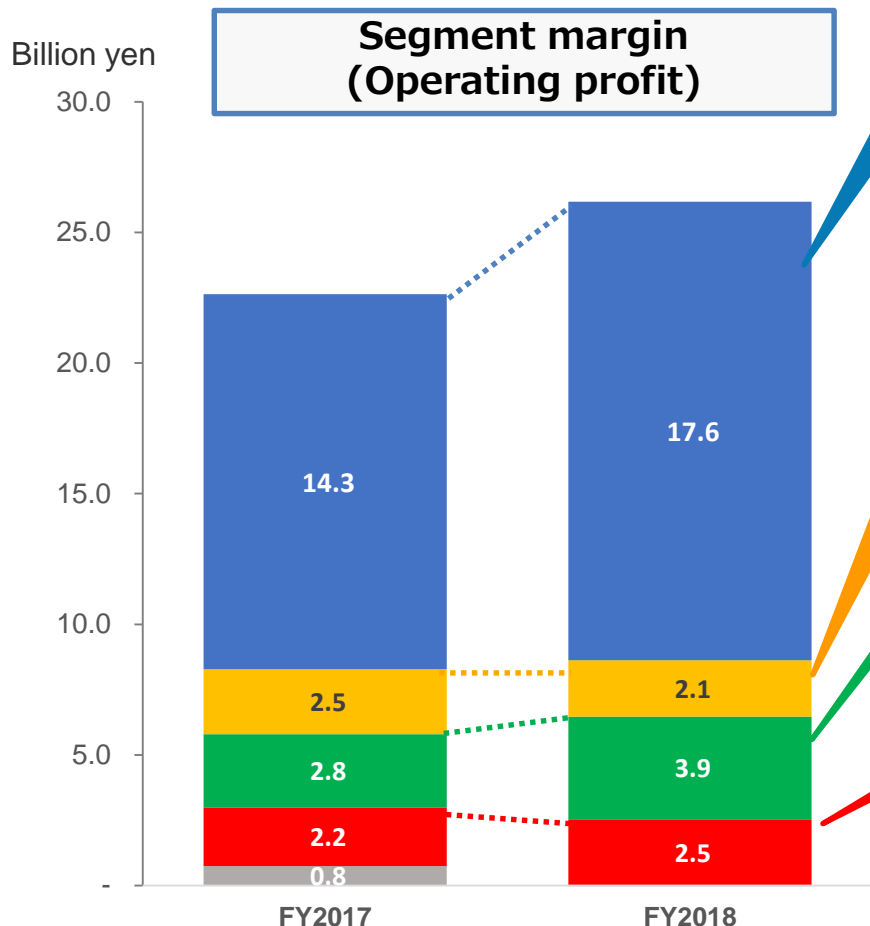
1-1. FY2018 Highlight (P/L)

✓ Both revenue and profit increased. Profit for the year (attributable to owners of parent) increased by 8.3 billion yen year on year.

(Unit: billion yen)	FY2017	FY2018	Year-on-year change
Revenue	675.6	714.8	39.2
Gross profit	100.1	106.4	6.2
Operating profit	22.6	26.2	3.5
Finance income (costs)	(2.8)	(1.7)	1.1
Share of profit (loss) of investmens accounted for using the equity method	(2.0)	1.6	3.6
Profit before tax	17.9	26.0	8.2
Profit for the year attributable to owner of the parent	8.0	16.3	8.3

1-2. FY2018 Highlight (Segment margin)

✓ Operating profit increased by 3.5 billion yen, mainly in the Electronics & Devices and Steel, Materials & Plant Segments.



Electronics & Devices

Increase in revenue and profit

In the ICT solutions business, transactions mainly with the manufacturing and service industries remained strong. The mobile business also remained strong, reflecting synergies from the integration of mobile phone sales agent subsidiaries. The semiconductor manufacturing equipment business improved year on year, driven by the expansion of sales to China.

Foods & Grain

Increase in revenue and decline in profit

The food business continued to grow. The meat products business slowed down in the second half of the year. The foodstuff business remained almost flat.

Steel, Materials & Plant

Increase in revenue and profit

The oilfield tubing business improved significantly in North America, given the higher oil prices. The functional chemicals and the plant and infrastructure businesses also continued to grow.

Motor Vehicles & Aerospace

Increase in revenue and profit

The motor vehicles and parts business for the Middle and Near East remained steady. The aerospace business maintained strong performance, mainly attributable to the strong performance of transactions of aerospace-related products and aircraft parts.

1-3. FY2018 Highlight (B/S)

- ✓ The equity ratio increased due to an increase in retained earnings.
- ✓ The net debt-equity ratio remained low at the range of 0.5 times.
- ✓ Return on equity improved substantially, to 15.1%.

(Unit: Billion yen)	FY2017 results	FY2018 results
Total assets	479.7	519.9
Shareholders' Equity (Note 1)	100.4	116.0
BPS(yen) (Note 2)	1,192	1,378
Equity ratio (Note 3)	20.9%	22.3%

(Unit: Billion yen)	FY2017 results	FY2018 results
Gross interest-bearing debt	133.8	137.3
Net interest-bearing debt	55.4	59.0
Net D/E ratio (Note 4)	0.55 times	0.51 times
ROE	8.4%	15.1%

(Note 1) Shareholder's equity = Total equity attributable 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 Oct., 1, 2017. BPS is 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 / Shareholder's equity

2. FY2019 forecast

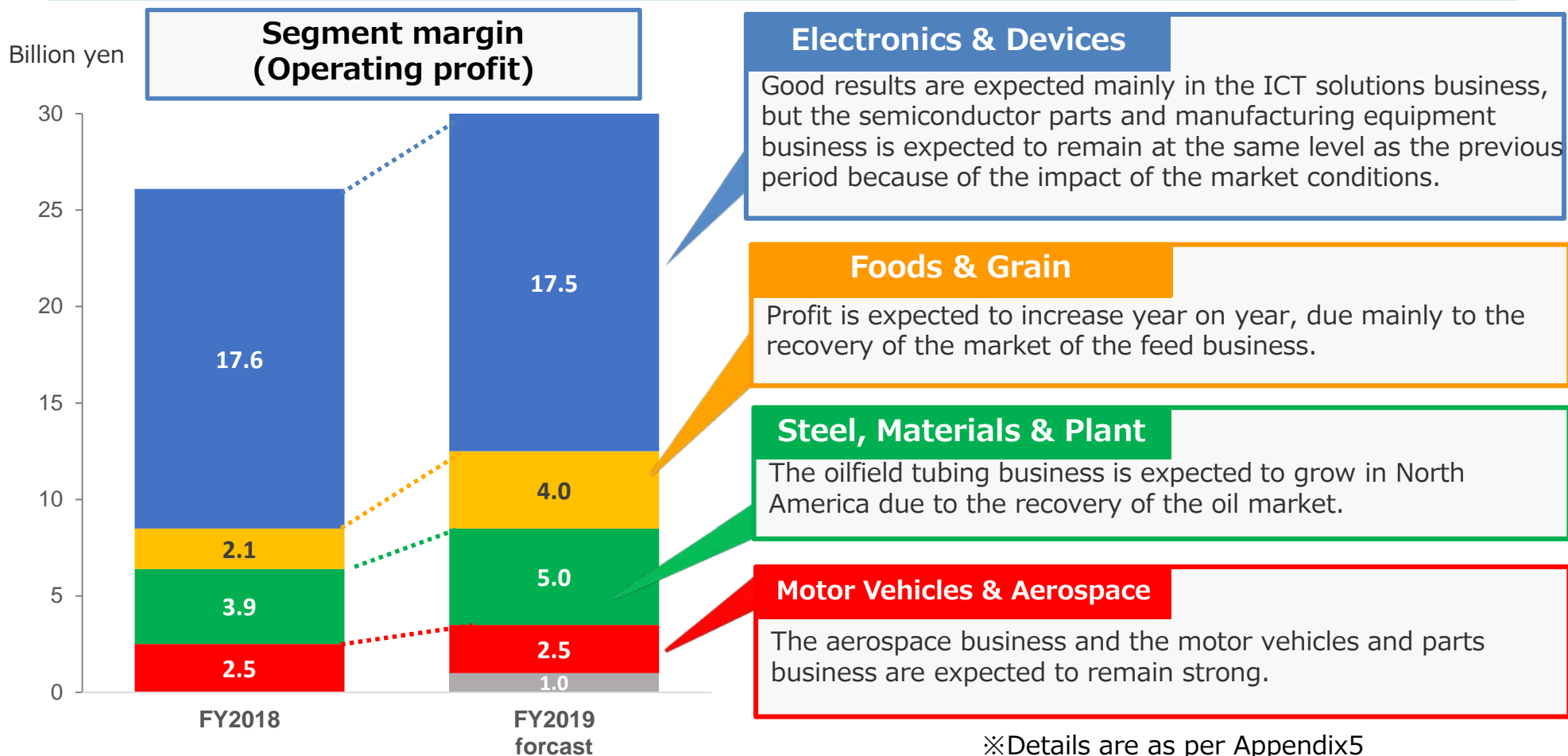
2-1. FY2019 forecast

✓ Increase in revenue and profit forecast

(Unit: billion yen)	FY2018 results	FY2019 forecast	Change
Revenue	714.8	760.0	45.2
Operating Profit	26.2	30.0	3.8
Profit before tax	26.0	29.0	3.0
Profit for the year attributable to owners of the parent	16.3	16.5	0.2

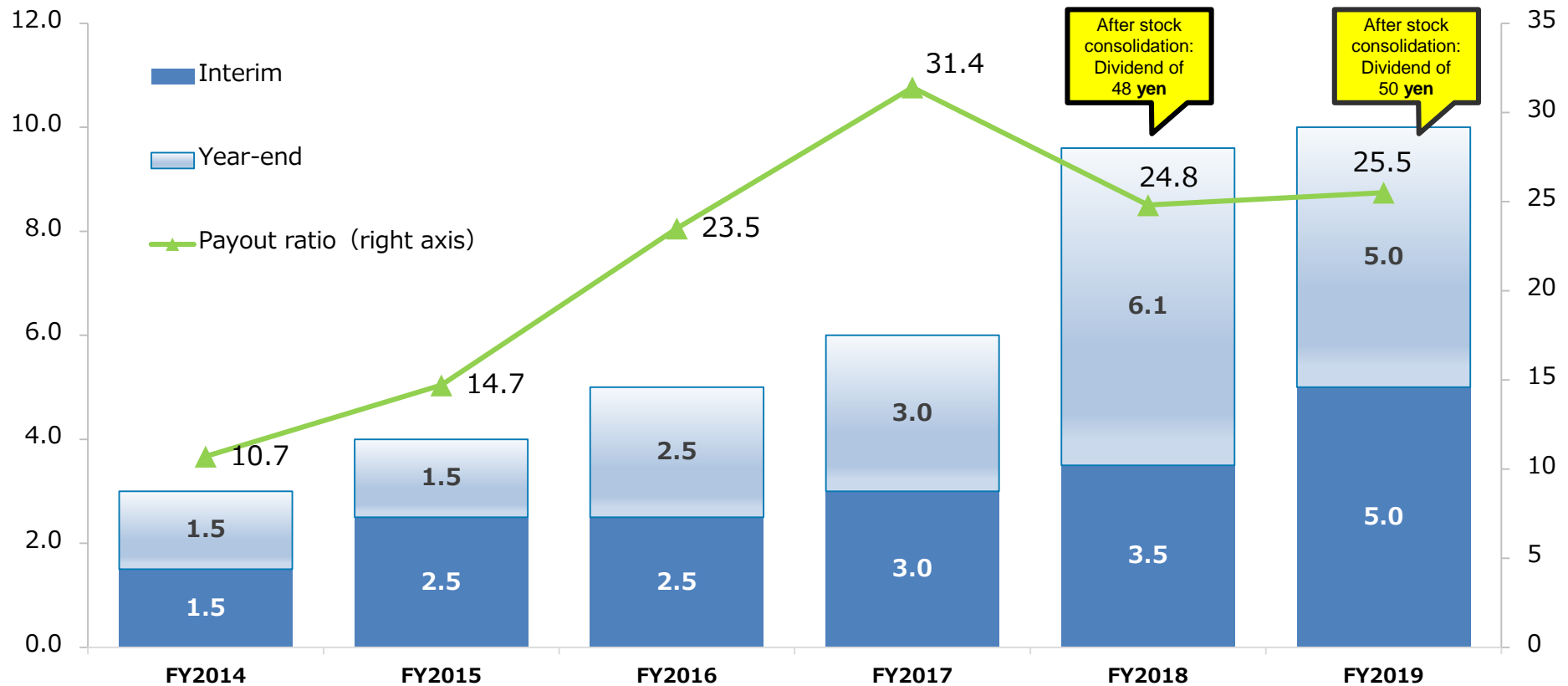
2-2. FY2019 forecast (Segment margin)

- ✓ In the food segment, a significant increase in profit is expected due to the recovery of the feed business.
- ✓ Steady performance is also expected in the other segments.



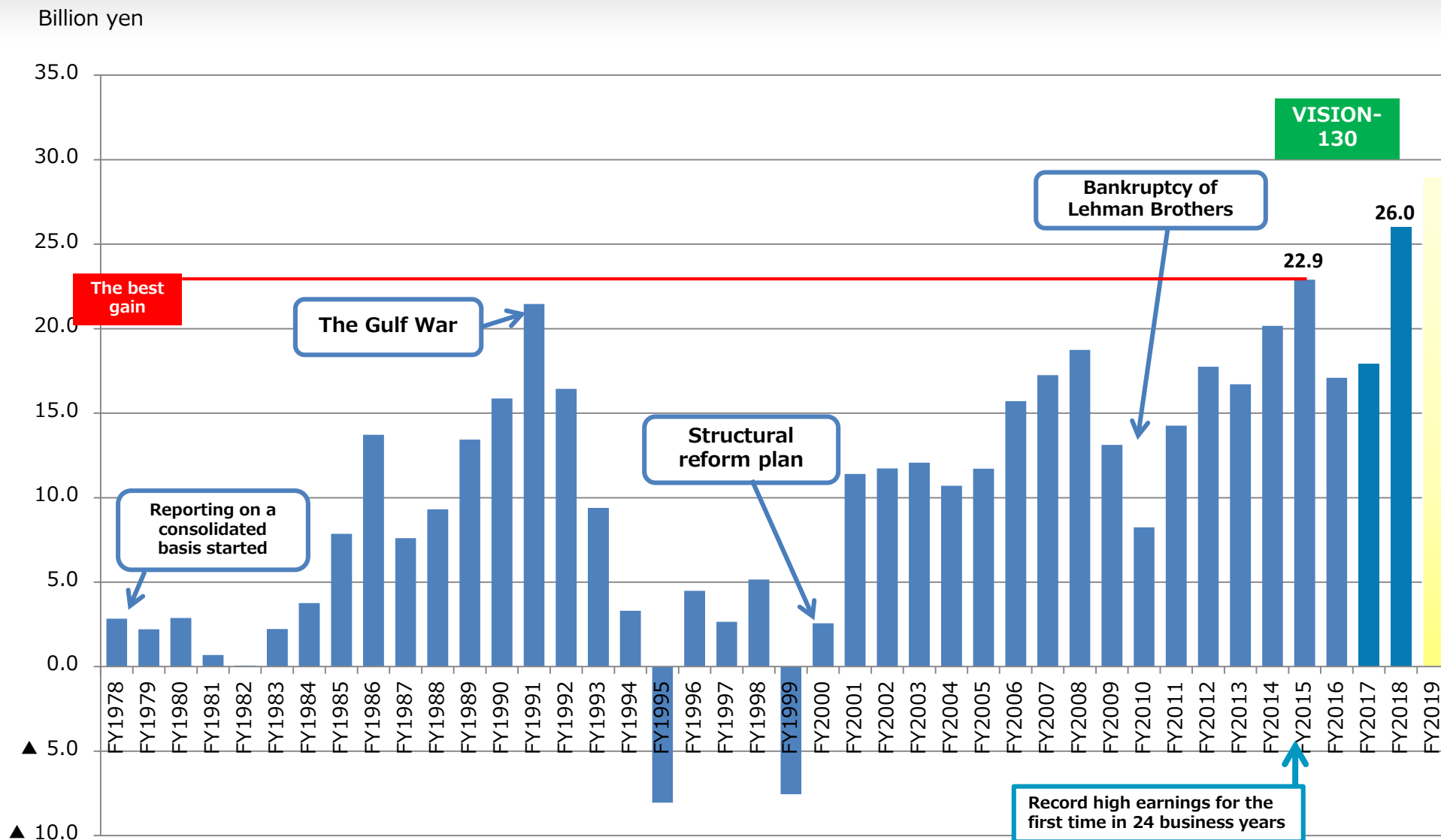
2-3. FY2019 forecast Dividends

- ✓ 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



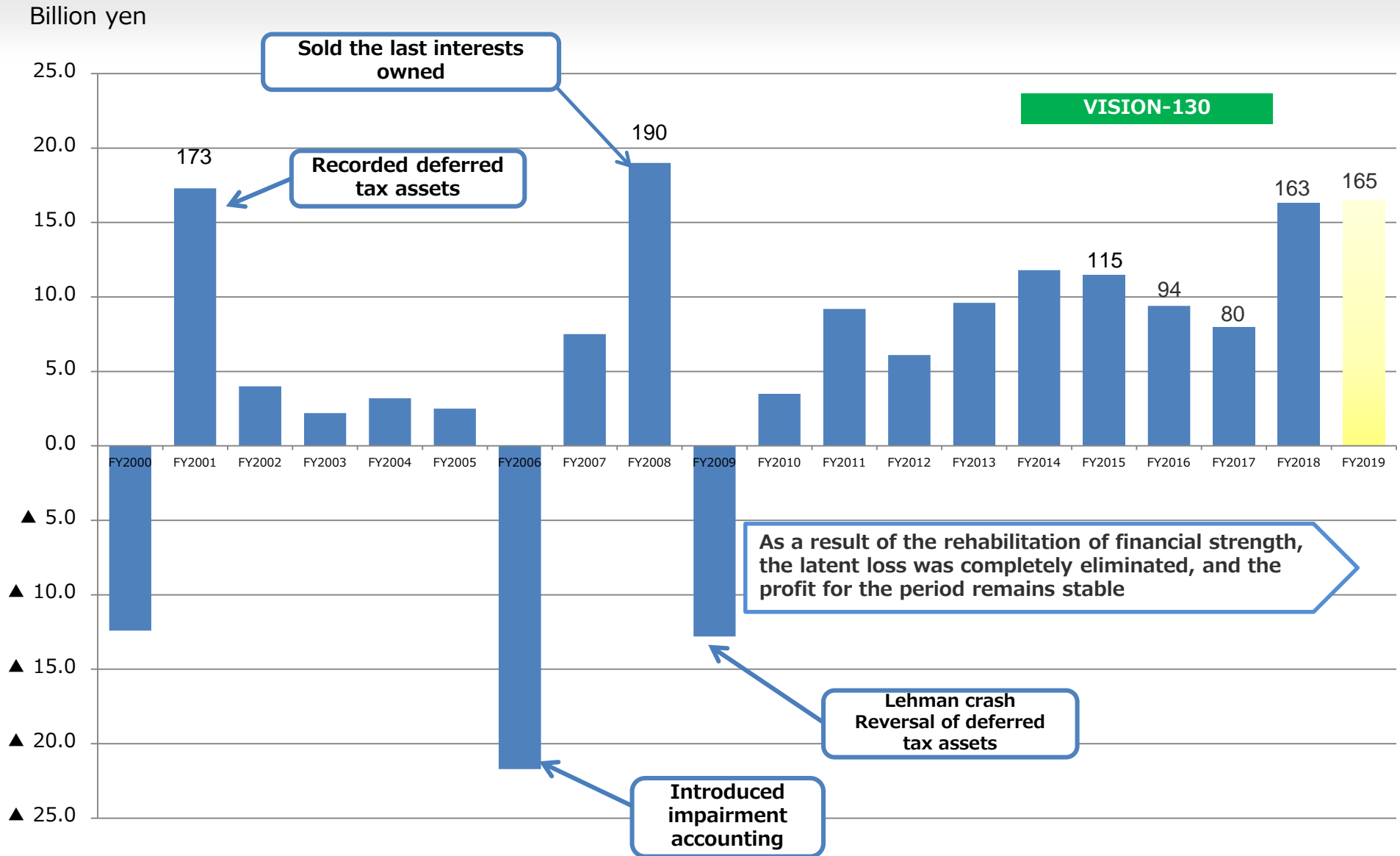
Appendix

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

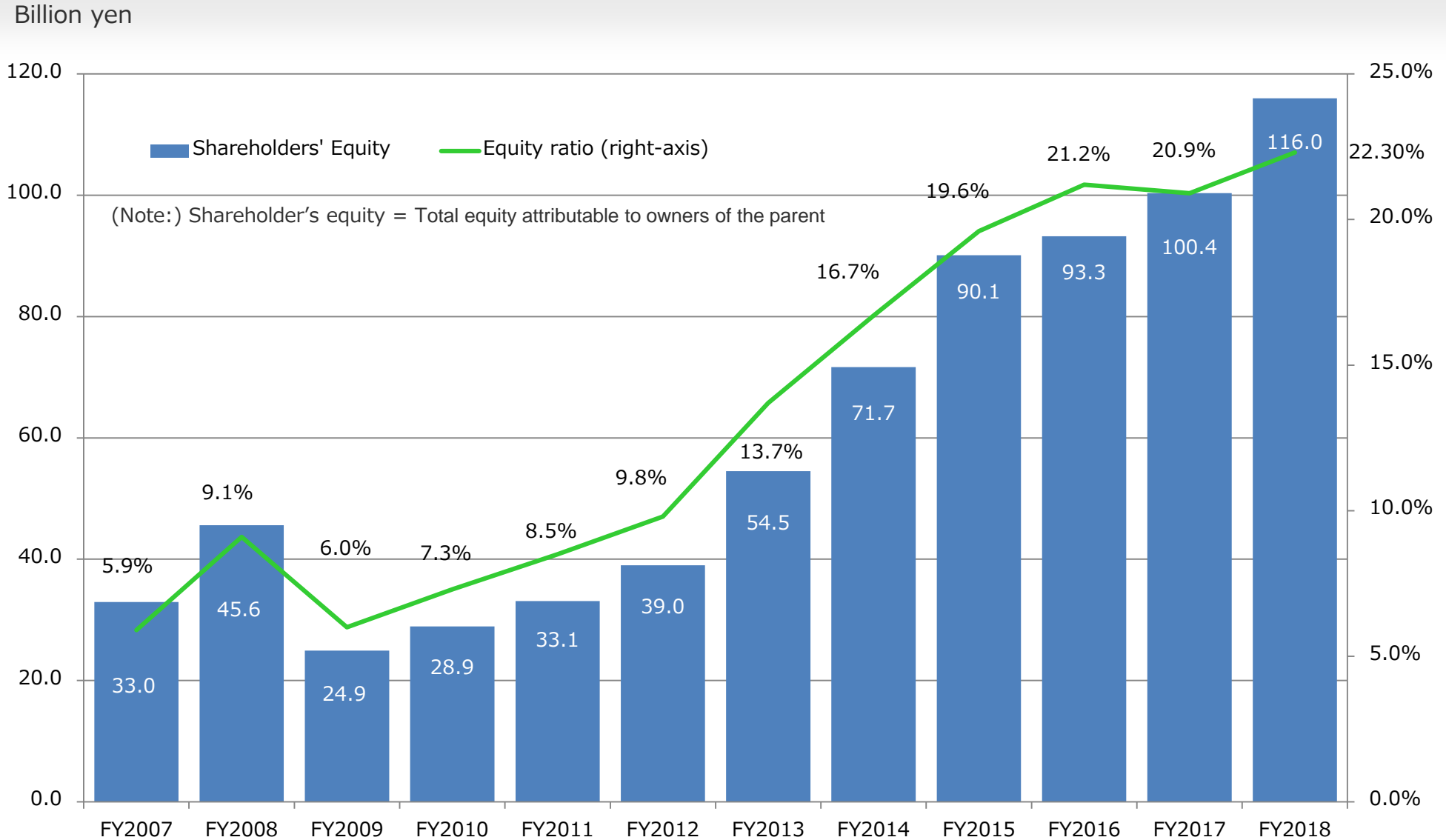


*Mentioned value is Profit before tax instead of Ordinary income from FY2017

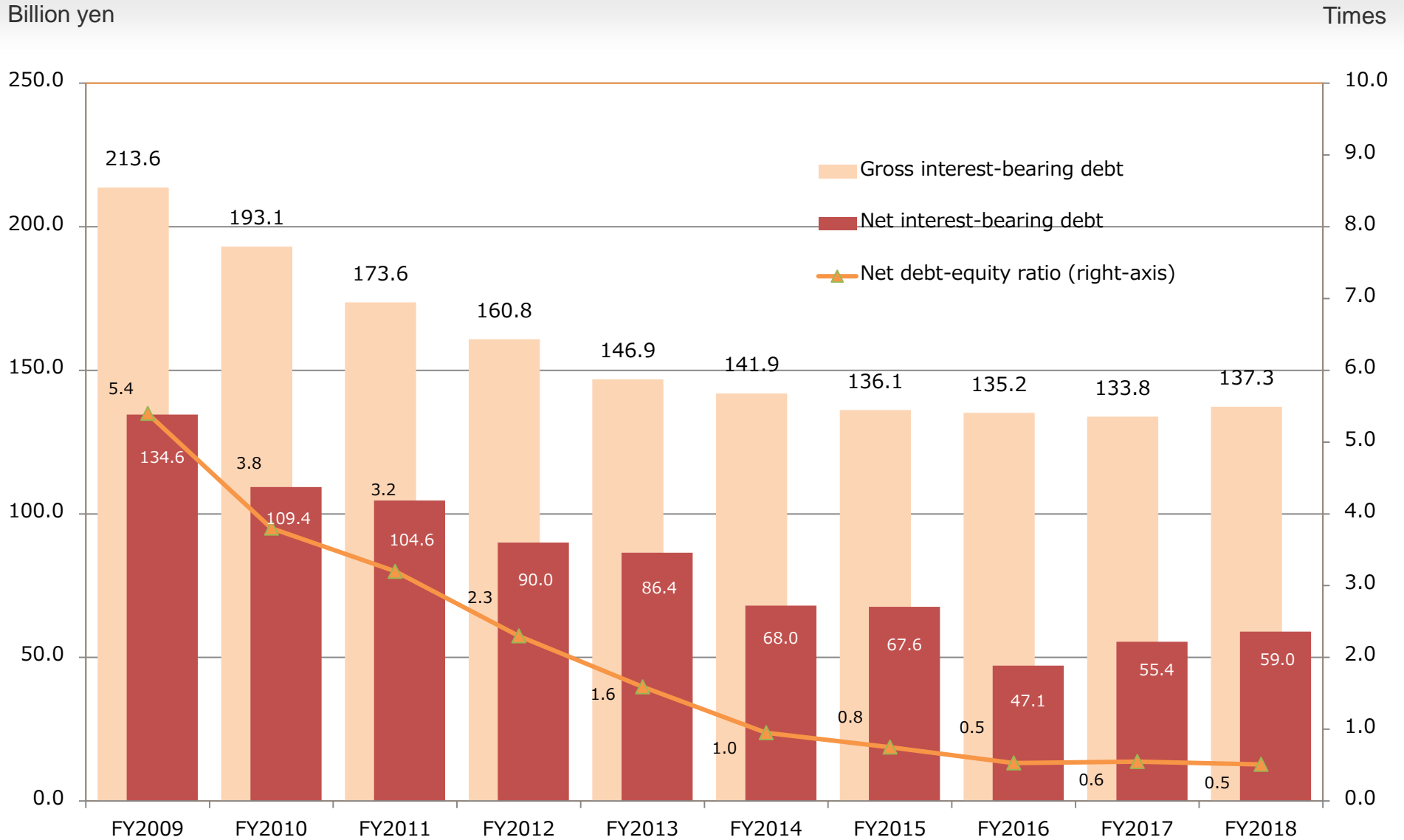
Appendix 1 -2. Consolidated Net income (from FY2000)



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 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	Kanemory Food Service Kanematsu Shintoa Foods Corp. Kanematsu Agri-Tech Corp. Kanematsu Soytech Corp. North Pet Co., Ltd.
	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 (Revenue & Operating profit)

(Unit: billion yen)	Business	Ownership ratio	FY2017		FY2018	
			Revenue	Operating profit	Revenue	Operating profit
Kanematsu Electronics Ltd	ICT solution	58.28%	64.2	8.2	62.2	10.0
Kanematsu Communications Ltd.	Mobile	100.00%	104.1	4.1	132.0	5.9
Kanematsu Sustech Corp.	Security system etc.	52.89%	12.2	0.9	12.6	1.0
Kanematsu Shintoa Foods Corp.	Foods, Meat & Marine Products	100.00%	25.6	0.4	28.0	0.3
Kanematsu Agri-Tech Corp.	Grains, Feedstuff, Fertilizer	100.00%	12.3	0.2	11.4	0.3
Kanematsu Trading Corp.	Domestic steel, Steel materials	100.00%	8.1	0.3	9.0	0.4
Kanematsu KGK Corp.	Machine tools, Industrial machinery	97.90%	7.3	1.8	8.2	1.3
Kanematsu Petroleum Corp.	Petroleum products, Gas	100.00%	14.7	0.7	17.5	0.6
Kanematsu Chemicals Corp.	Functional chemicals	100.00%	4.9	0.7	4.1	0.6
Shintoa Corporation	Trading company	100.00%	23.8	1.1	25.1	1.3
Kanematsu USA Inc.	Overseas subsidiary	100.00%	91.4	(0.5)	104.7	1.2

Appendix 4. Subsidiaries

Number of Profitable and Non-Profitable Consolidated Subsidiaries and Affiliates

(Companies)	FY2017					FY2018					Year on year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Number of profitable Companies	39	35	10	14	98	35	34	12	10	91	(7)
Ratio (%)	93%	76%	77%	88%	84%	83%	74%	92%	77%	80%	—
Non profitable	3	11	3	2	19	7	12	1	3	23	4
Total	42	46	13	16	117	42	46	13	13	114	(3)

Profit and Loss Posted by Consolidated Subsidiaries and Affiliates

(Unit : billion yen)	FY2017					FY2018					Year on year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Sum of profit posted by profitable	10.5	0.7	0.3	0.2	11.7	12.0	1.8	1.4	0.2	15.4	3.7
Sum of loss posted by non-profitable	(0.1)	(6.5)	(2.5)	(0.0)	(9.2)	(0.2)	(0.0)	(0.0)	(0.0)	(0.2)	9.0
Total	10.4	(5.8)	(2.2)	0.2	2.6	11.8	1.8	1.4	0.2	15.2	12.6

Appendix 5. Consolidated segment margin break down

Forecast for segment operating profit

	(unit:billion yen)	FY2018	FY2019 forecast	Change
ICT solutions		10.0	10.0	0.0
Mobile		5.9	6.0	0.1
Others		1.7	1.5	(0.2)
Electronics & Devices		17.6	17.5	(0.1)
Foods, Meat		1.3	1.7	0.4
Feedstuff, Grain		0.5	2.3	1.8
Others		0.3	0.0	(0.3)
Foods & Grain		2.1	4.0	1.9
Machine tools, Industrial Machinery		1.3	1.6	0.3
Overseas		0.9	1.4	0.5
Functional Chemicals & Energy		1.7	2.0	0.3
Steel, Materials & Plant		3.9	5.0	1.1
Aerospace		1.2	1.0	(0.2)
Motor Vehicles & Parts		1.0	0.9	(0.1)
Others		0.3	0.6	0.3
Motor Vehicles & Aerospace		2.5	2.5	0.0
Others		(0.0)	1.0	1.0
Total		26.2	30.0	3.8

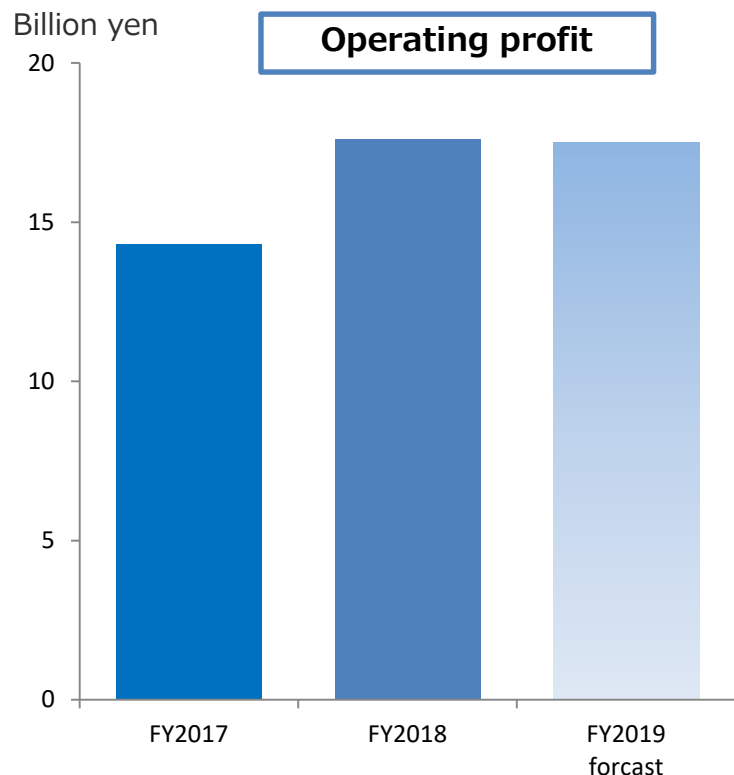
Expect the same level as the previous period as a conservative evaluation.

Expect a substantial increase in profit due to the recovery of the condition of the market.

The oilfield tubing business is expected to remain strong in the FY2019, due in part to the higher oil price.

Appendix 6-1. Segments (Electronics & Devices)

(unit:billion yen)	FY2017	FY2018	FY2019 forecast	Year on year	Change
Revenue	254.3	263.3	270.0	6.7	2.5%
Operating profit	14.3	17.6	17.5	(0.1)	(0.6%)



FY2018 results

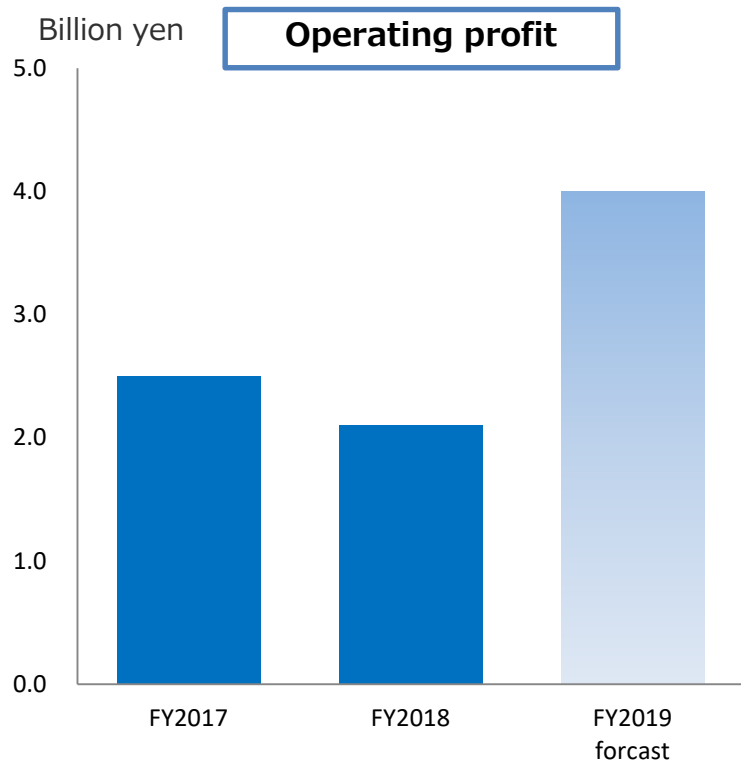
In the ICT solutions business, transactions mainly with the manufacturing and service industries remained strong. The mobile business also remained strong, reflecting synergies from the integration of mobile phone sales agent subsidiaries. The semiconductor manufacturing equipment business improved year on year, driven by the expansion of sales to China.

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.

Appendix 6-2. Segments (Foods & Grain)

(unit:billion yen)	FY2017	FY2018	FY2019 forecast	Year on year	Change
Revenue	227.8	231.3	260.0	28.7	12.4%
Operating profit	2.5	2.1	4.0	1.9	90.5%



FY2018 results

The food business continued to grow. The meat products business slowed down in the second half of the year. The foodstuff business remained almost flat.

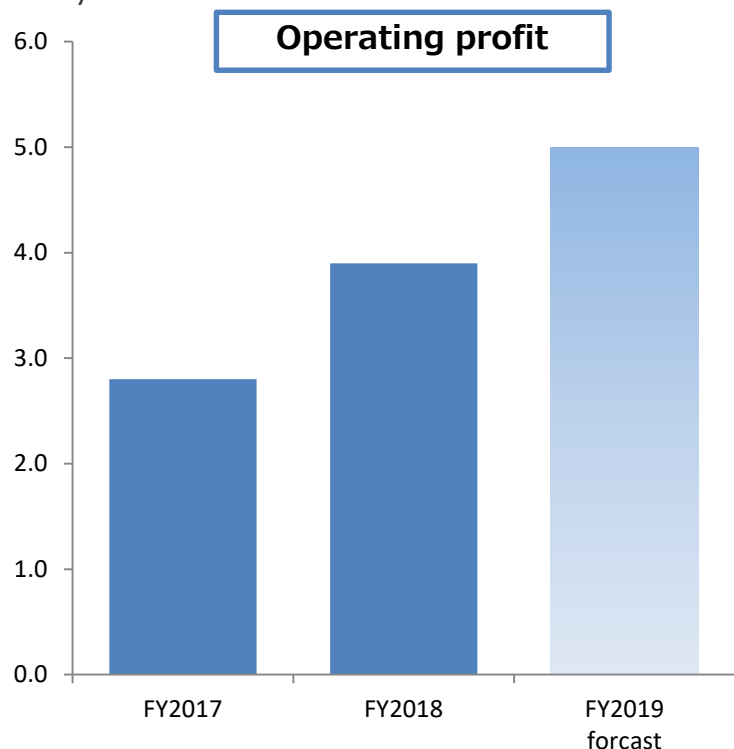
FY2019 forecast

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

Appendix 6-3 . Segments (Steel, Materials & Plant)

(unit:billion yen)	FY2017	FY2018	FY2019 forecast	Year on year	Change
Revenue	131.2	153.1	160.0	6.9	4.5%
Operating profit	2.8	3.9	5.0	1.1	28.2%

Billion yen



FY2018 results

The oilfield tubing business improved significantly in North America, given the higher oil prices. The functional chemicals and the plant and infrastructure businesses also continued to grow.

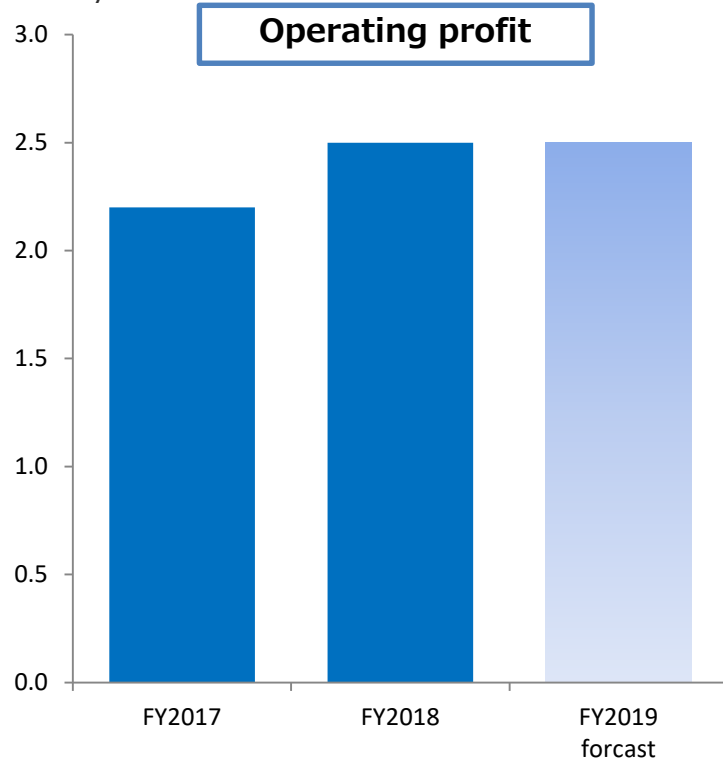
FY2019 forecast

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

Appendix 6-4. Segments (Motor Vehicles & Aerospace)

(unit: billion yen)	FY2017	FY2018	FY2019 forecast	Year on year	Change
Revenue	50.4	54.5	60.0	5.5	10.1%
Operating profit	2.2	2.5	2.5	0.0	0.0%

Billion yen



FY2018 results

The motor vehicles and parts business for the Middle and Near East remained steady. The aerospace business maintained strong performance, mainly attributable to the strong performance of transactions of aerospace-related products and aircraft parts.

FY2019 forecast

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