

Overview of Result for the end of FY2012



KANEMATSU CORPORATION

May 15th, 2013

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 100 million yen, the sum of each item and the total may differ.

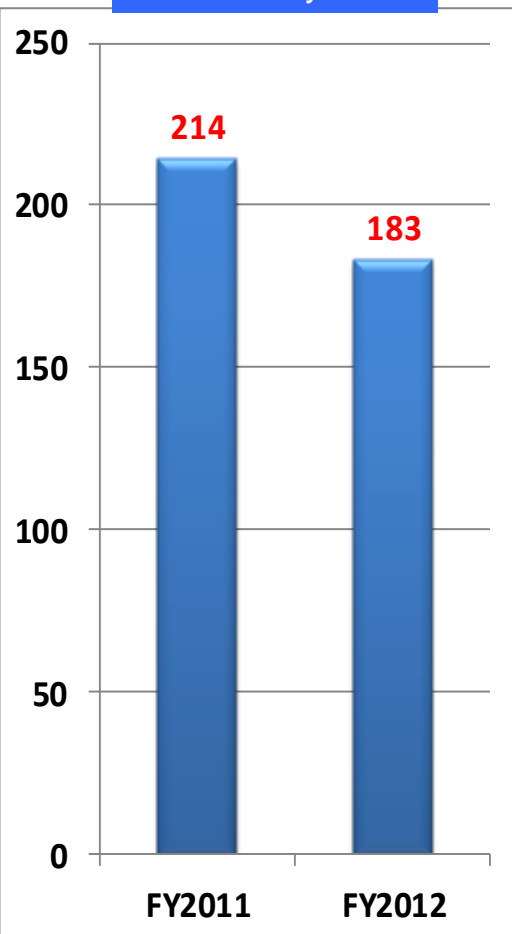
1. Overview of Results for the end of FY2012 Page 3
2. Review of “*S-Project*” Page 14
3. Medium-Term Business Plan Page 18
~Jump to next stage leading to the future ~
4. Appendix Page 38

1

Overview of Results for the end of FY2012

Financial Summary (P/L)

Operating income:
100 million yen

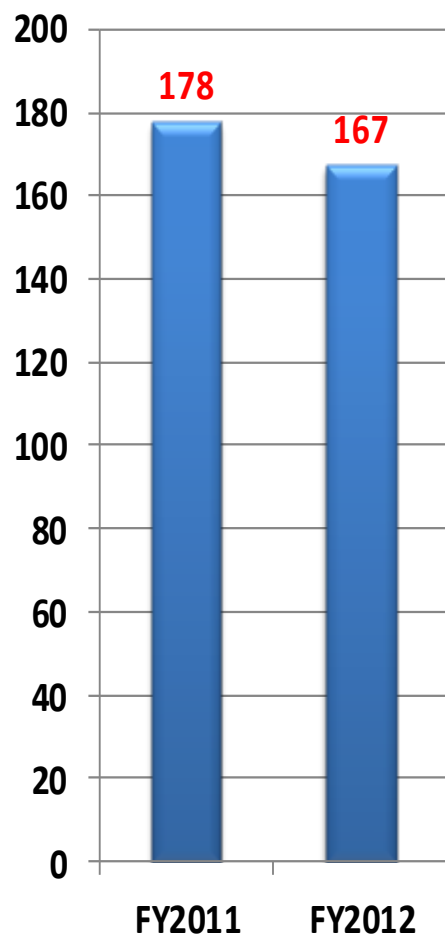


(100 million yen)	FY2011	FY2012	Change	Change (%)
Net Sales	10,064	10,192	129	1%
Gross trading profit	809	800	-9	-1%
SG&A	595	618	23	4%
personal expenses	318	335	17	5%
Non personal expenses	277	283	6	2%
Operating income	214	183	-32	-15%

- Net sales and gross trading profit were almost unchanged from the previous year.
- Operating income declined due to higher SG&A expenses as a result of upfront investment in business expansion.

Overview of results (P/L)

Ordinary income:
100 million yen



(100 million yen)	FY2011	FY2012	Change	Change(%)
Non-operating income & loss	-37	-16	21	—
Financial balance	-28	-22	6	—
Dividend received	8	8	0	—
Interest received	5	5	0	—
Interest paid	-41	-35	6	—
Gain on equity-method investment	3	2	-1	—
Exchange Gain or loss	-6	9	15	—
others	-5	-5	0	—
Ordinary income	178	167	-10	-6%

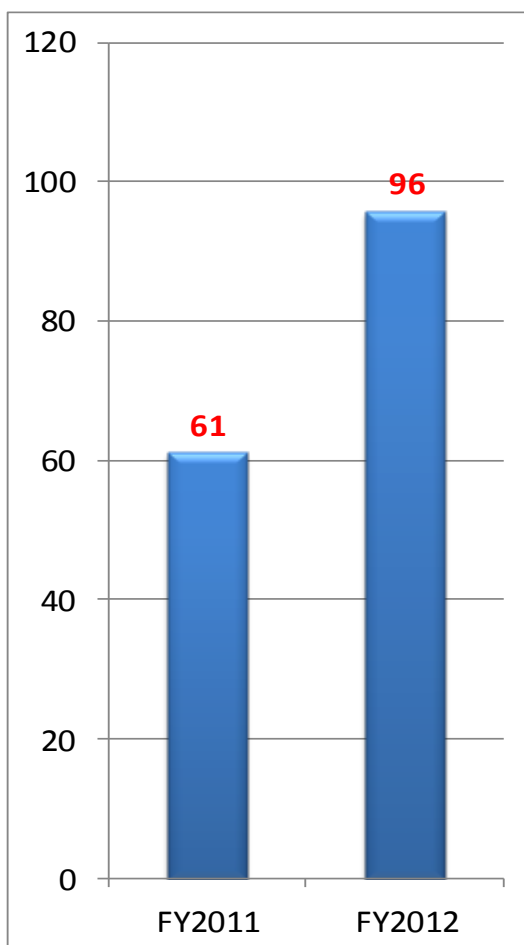
Core earnings (※)	190	165	-25	-13%
-------------------	-----	-----	-----	------

(※) Core earnings = Operating income + Reserve for doubtful accounts + Dividends received + Net interest received (paid) + Gain on equity-method investment

■ Non-operating income improved due to a foreign exchange gain and an increase in interest received

Overview of results (P/L)

Net income:
100 million yen



(100 million yen)	FY2011	FY2012	Change	Change(%)
Net extraordinary gain and loss	-42	1	43	-
Extraordinary gain	3	33	30	-
Extraordinary loss	-45	-32	13	-
Income before income taxes	135	168	33	24%
Income taxes	-60	-56	4	-
Minority interests	-14	-16	-2	-
Net income	61	96	35	57%

- A net extraordinary gain of ¥100 million was posted due to the recording of extraordinary gains such as a gain on the sale of investments in securities, which outweighed the posting of extraordinary losses such as a loss on the disposal of fixed assets. Net income increased.

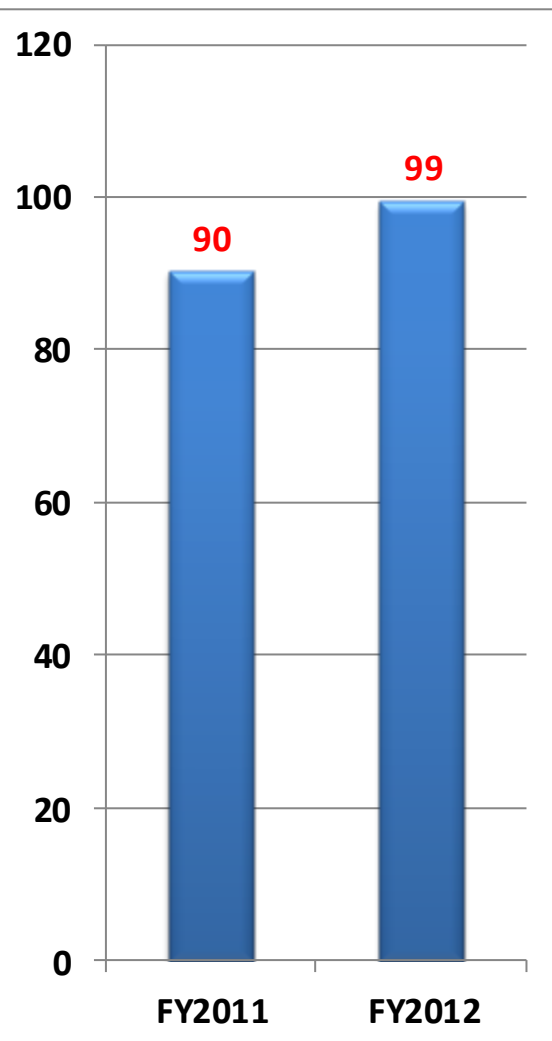


Overview of results (segments)

(100 million yen)	FY2011	FY2012	Change	Change(%)
Net sales	10,064	10,192	129	1%
Electronics & IT	2,531	2,737	205	8%
Foods & Foodstuff	2,921	2,879	-42	-1%
Iron & Steel	991	913	-78	-8%
Machinery & Plant	704	554	-150	-21%
Environment & Materials	2,737	2,935	199	7%
Others	179	174	-5	-3%
Operating income	214	183	-32	15%
Electronics & IT	90	99	9	10%
Foods & Foodstuff	52	32	-20	-40%
Iron & Steel	36	26	-10	-29%
Machinery & Plant	14	4	-10	-71%
Environment & Materials	20	19	-0	-2%
Others	2	2	0	39%

Overview of results (Electronics)

Operating income :
100 million yen



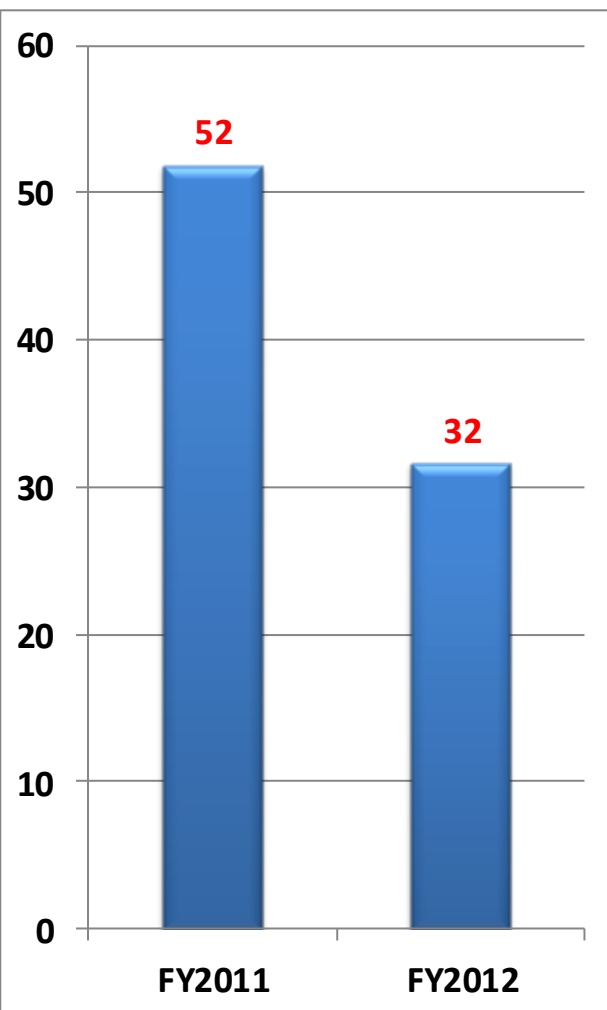
(100 million yen)	FY2011	FY2012	Change	Change(%)
Net Sales	2,531	2,737	205	8%
Gross trading profit	413	438	25	6%
Operating income	90	99	9	10%

Point of FY2012

- The ICT solutions business and the mobile solutions business performed strongly, mainly due to expansion in sales of mobile terminals and cloud computing services
- The vehicle electronics business also performed solidly, bolstered by the recovery of the U.S. economy..
- The semiconductor component and manufacturing equipment business was generally weak, with the exception of demand for smart devices.

Overview of results (Foods & Foodstuff)

Operating income:
100 million yen



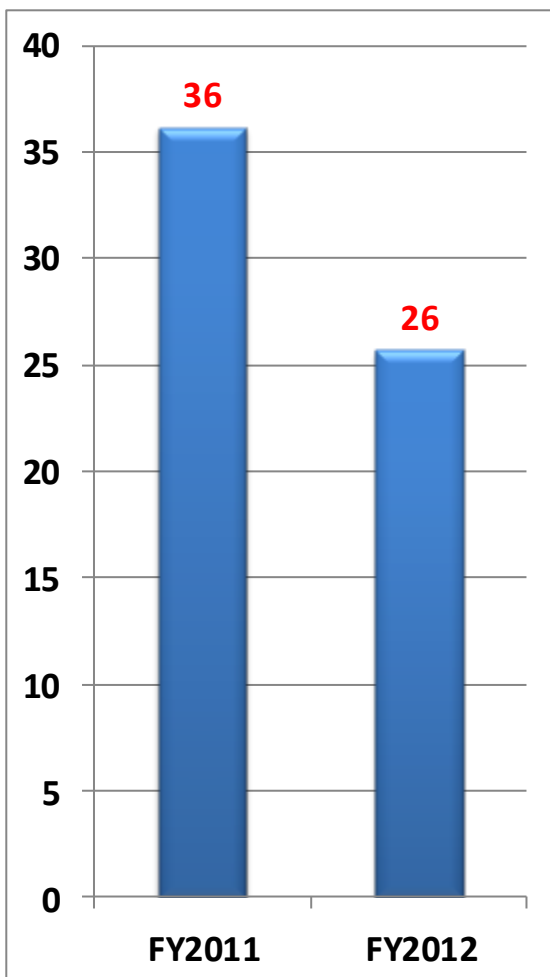
(100 million yen)	FY2011	FY2012	Change	Change(%)
Net Sales	2,921	2,879	-42	-1%
Gross trading profit	137	121	-16	-12%
Operating income	52	32	-20	-39%

Point of FY2012

- The food, meat products and foodstuffs businesses were generally lackluster.
- The meat products business was weak, partly owing to the disarray caused by the relaxation of beef import age restrictions.
- The foodstuffs business faced a difficult situation, struggling to pass through higher costs for feed and suchlike to customers in the form of higher selling prices.

Overview of results (Iron & Steel)

Operating income:
100 million yen



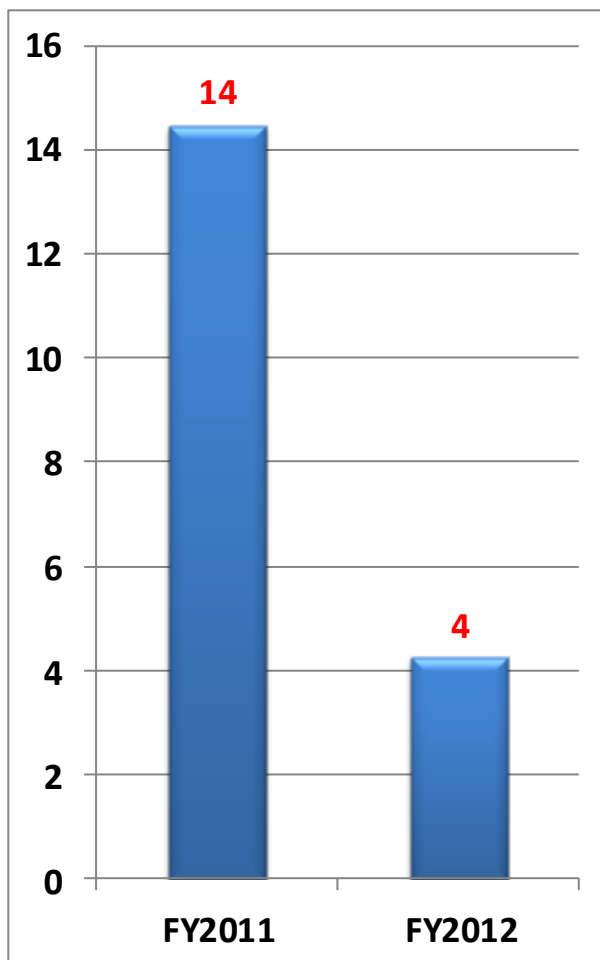
(100 million yen)	FY2011	FY2012	Change	Change(%)
Net Sales	991	913	-78	-8%
Gross trading profit	74	70	-4	-5%
Operating income	36	26	-10	-29%

Point of FY2012

- Transactions involving steel pipes for North America held firm.
- Shipments of steel sheets and iron ore to Asia stagnated.

Overview of results (Machinery & Plant)

Operating income:
100 million yen



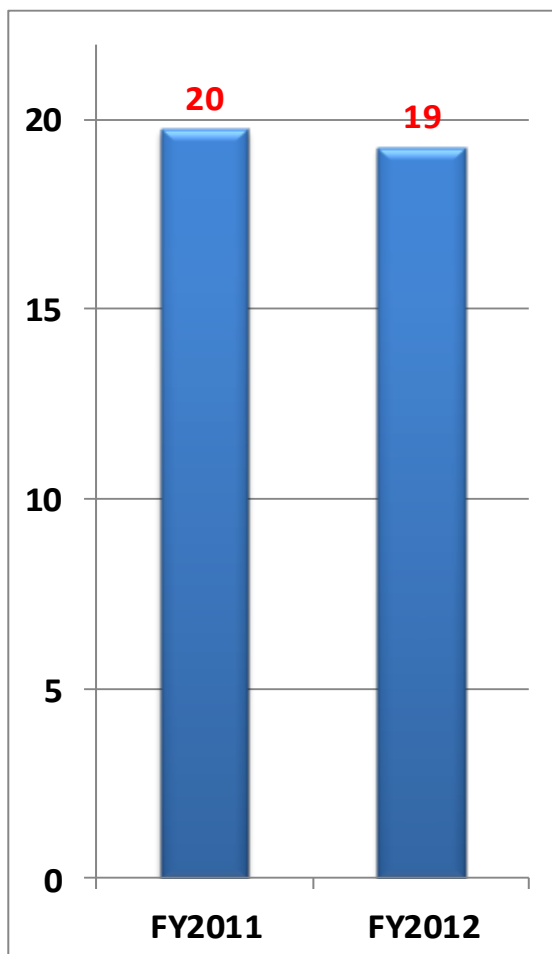
(100 million yen)	FY2011	FY2012	Change	Change(%)
Net Sales	704	554	-150	-21%
Gross trading profit	70	62	-8	-11%
Operating income	14	4	-10	-71%

Point of FY2012

- Sales of machine tools and industrial machinery were brisk, reflecting efforts to tap into demand for investment in plant and equipment and replacement demand.
- Transactions related to transportation machinery and plants were slack, especially exports to Asia.

Overview of results(Environment & materials)

Operating income :
100 million yen



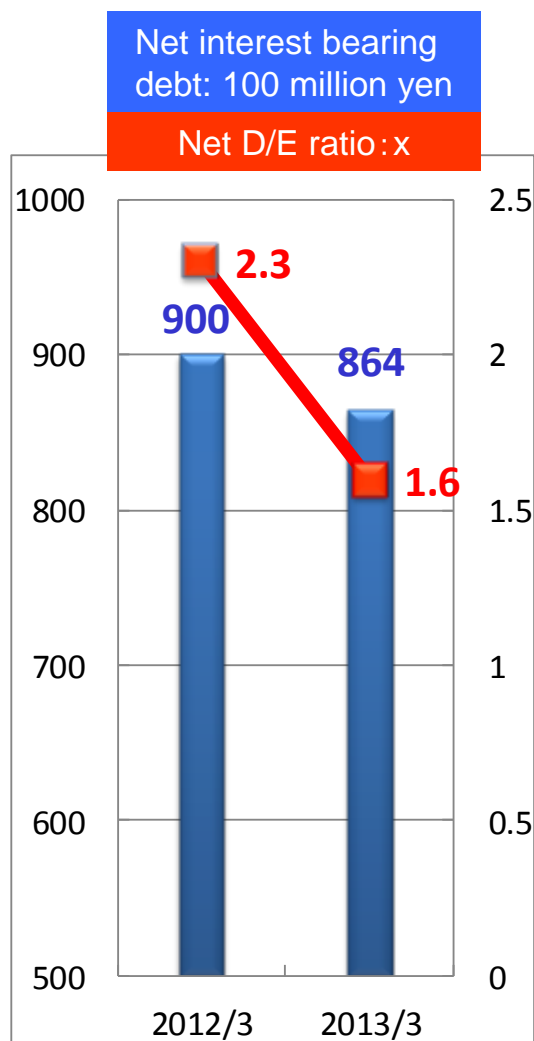
(100 million yen)	FY2011	FY2012	Change	Change(%)
Net Sales	2,737	2,935	199	7%
Gross trading profit	92	85	-7	-7%
Operating income	20	19	0	-2%

Point of FY2012

- In the energy business, heavy oil sales to power companies remained strong.
- In the chemical business, imports of raw materials for pharmaceuticals and health foods were solid. However, exports of raw materials for car batteries were slow.

Finance Summary (B/S)

Financial standing improved significantly.



(100 million yen)	2012/3	2013/3	Change	Change(%)
Total Assets	3,998	3,992	-6	0%
Net Assets	560	759	199	36%
Shareholder's Equity	390	545	155	40%
Equity ratio	9.8%	13.7%	3.9p improved	
Gross interest-bearing debt	1,608	1,469	-140	-9%
Net interest-bearing debt	900	864	-36	-4%
Net D/E ratio	2.3	1.6	+0.7	

Note 1: Shareholder's Equity = Net assets - minority interests, Note 2: Equity ratio = Equity capital / total assets
 Note 3: Net D/E ratio = Net interest-bearing debt / equity capital

- Interest-bearing debt was reduced through the repayment of debt. Shareholders' equity increased with the accumulation of retained earnings as a result of net income.

Consequently, both the equity ratio and the net D/E ratio improved significantly.

2

Review of “*S-Project*”(2010/4～2013/3)

Review of “S-Project” : Operating Results

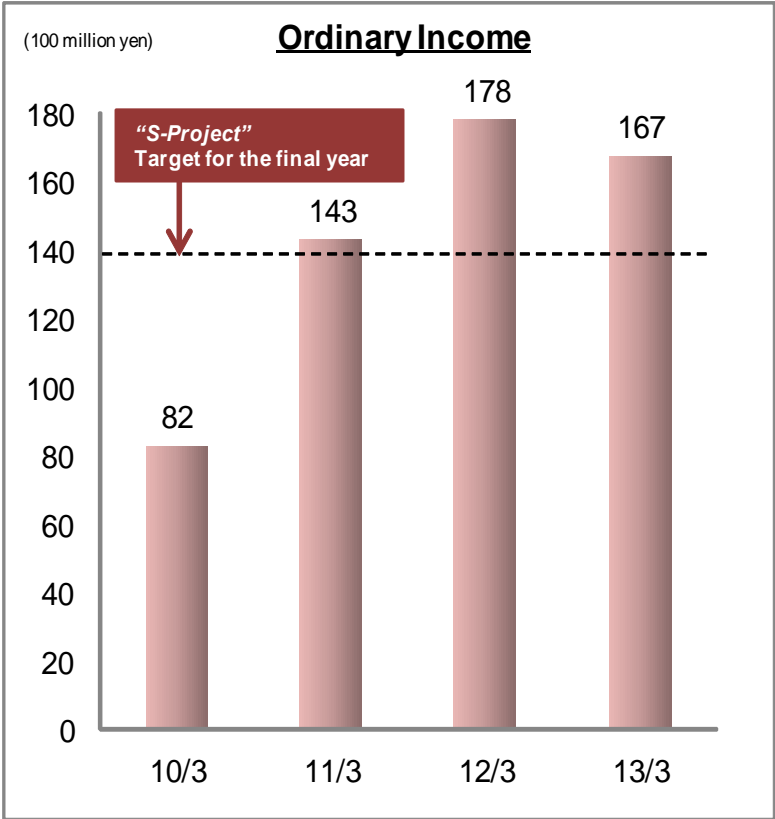
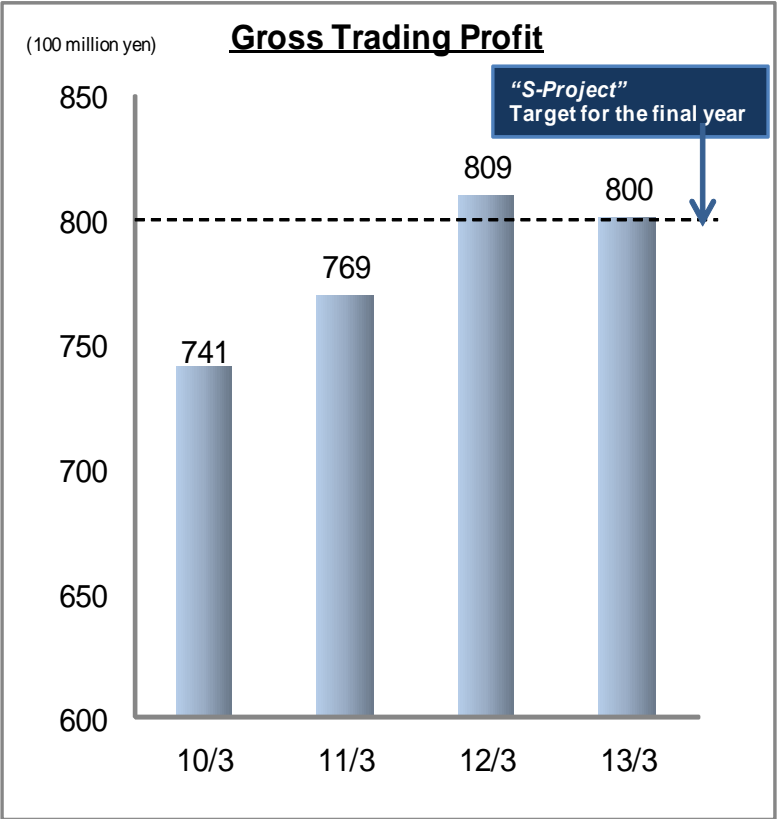
Initial Targets

- Consolidated gross trading profit 80 billion yen
- Ordinary income 14 billion yen



Results

- Consolidated gross trading profit 80 billion yen
- Ordinary income 16.7 billion yen



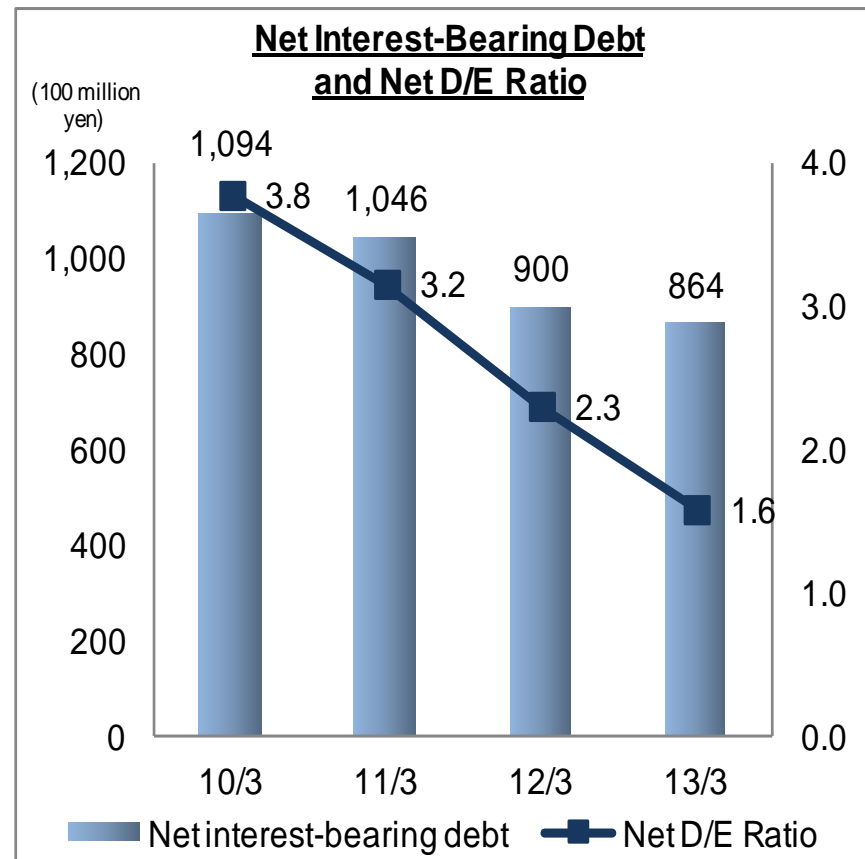
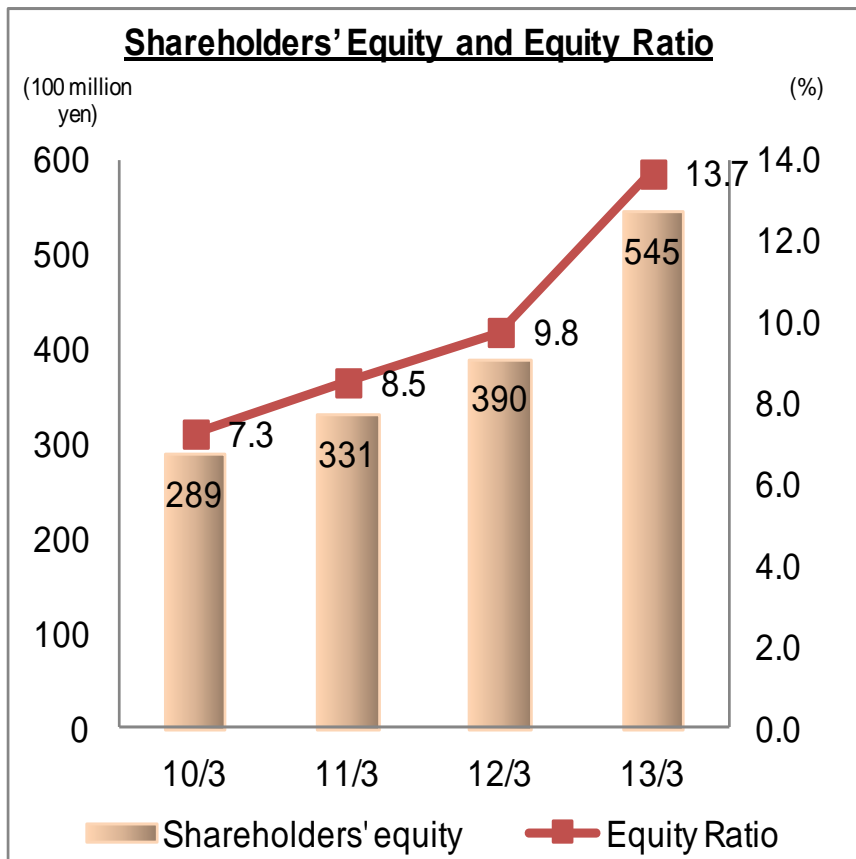
Review of “S-Project” : Financial Position

Initial Targets

- Net interest-bearing debt 84 billion yen
- Equity ratio More than 10%
- Net D/E ratio Apprx. 2.0

Results

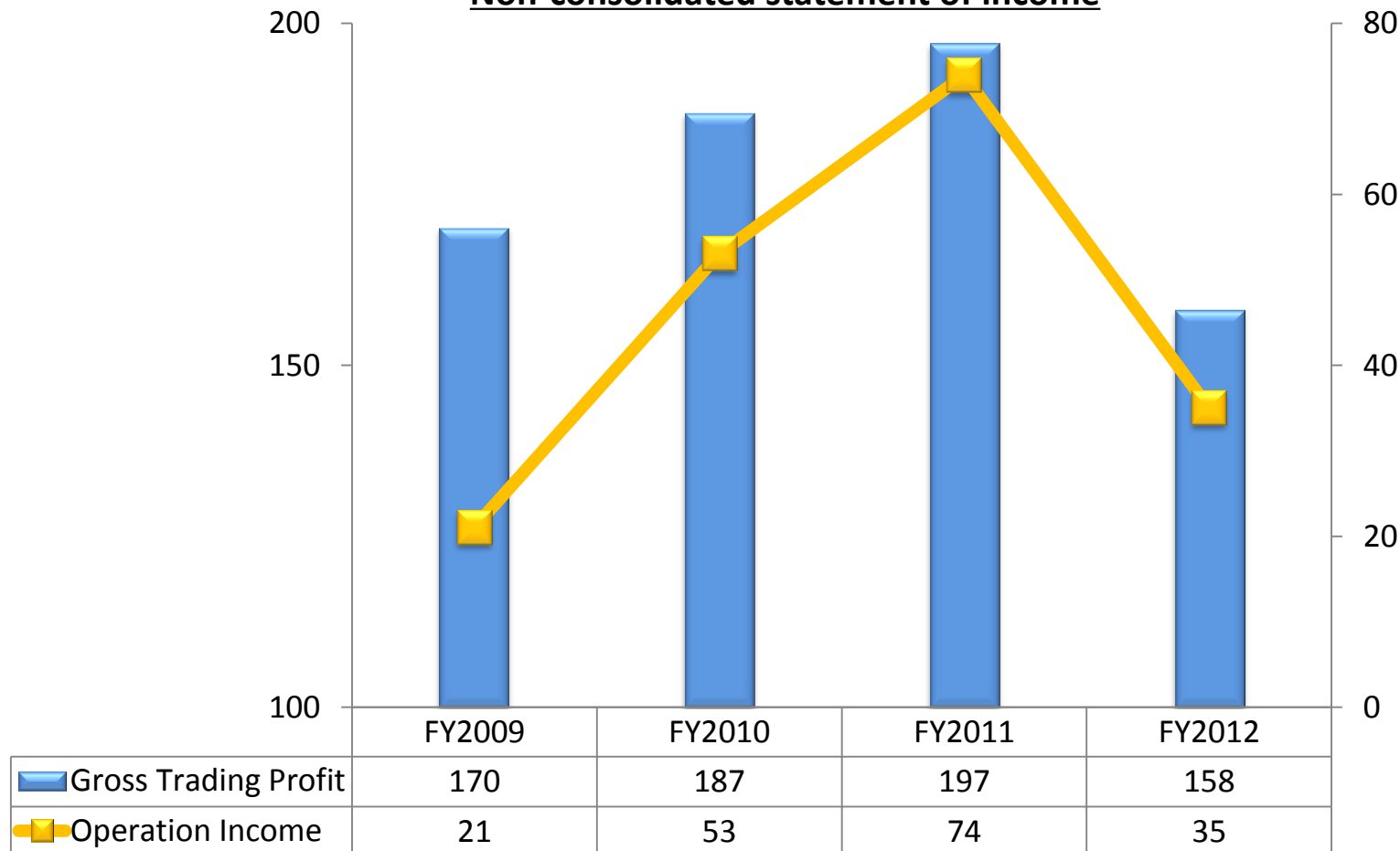
- Net interest-bearing debt 86.4 billion yen
- Equity ratio 13.7%
- Net D/E ratio 1.6



Resumption of dividends is postponed

100 million yen

Non-consolidated statement of income



3

Medium-Term Business Plan

~ Jump to next stage leading to the future ~
(2013/4 ~ 2016/3)

Summary

Medium-Term Business Plan

~Jump to next stage leading to the future~

Basic Concept

- Take a positive stance to enable rapid progress and to establish a solid growth track in preparation for the 125th anniversary.
- Continue to develop professional organizations and personnel as a business creation group, aiming for coexistence and mutual development with our business partners.
- Endeavor to consistently increase corporate value to meet the expectations of domestic and foreign stakeholders.

Priority Measures

- (1) Strengthen the global value chain in anticipation of evolving needs.**
- (2) Increase consolidated earnings strength through integration of the Group's capabilities, mutual collaboration and effective allocation of resources**
- (3) Build robust finances unaffected by economic circumstances**
- (4) Develop global professionals**
- (5) Resume dividend payments and achieve constant dividend payments.**

Main Focusing Area

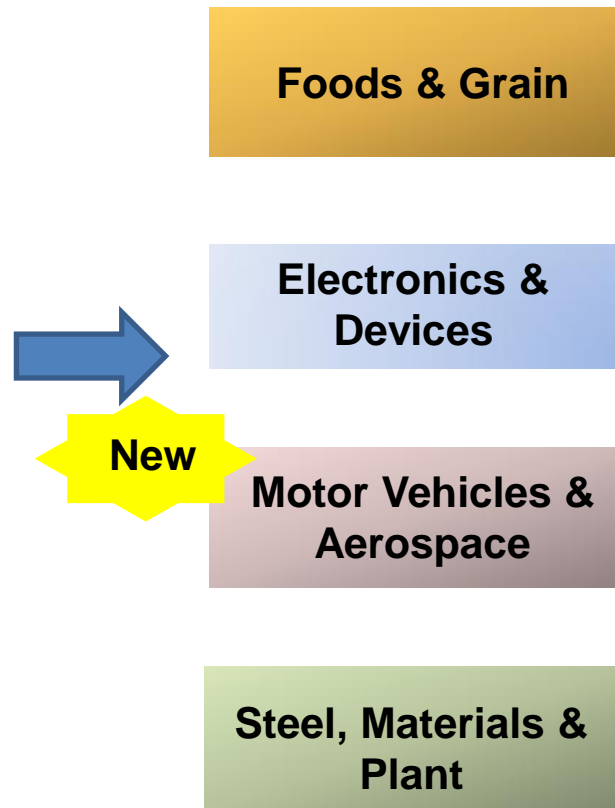
- ① **Global expansion of the food and grain business**
- ② **Enlargement of the electronics, devices and ICT businesses**
- ③ **Strengthening of the automotive and mechanical parts business**
- ④ **New cultivation of the energy, materials and infrastructure markets**

Organization

Before reorganization



After reorganization



Quantitative Targets(fiscal year ending March 2016)

- Consolidated ordinary income: 20 bilion yen
- Consolidated net income: 10 billion yen
- Net D/E ratio: Within the range of 1.0 to 2.0

Outlook for the Three-Year Period

<Sales & Income>

(100 million yen)

	Fisical Year Ended March 2013	Medium-Term Business Plan			From Fisical Year Ended March 2013	
		Fisical Year Ended March 2014	Fisical Year Ended March 2015	Fisical Year Ended March 2016	Change	Change (%)
Net Sales	10,192	10,500	11,000	11,500	1,308	12.8%
Gross Trading Profit	800	840	880	920	120	15.0%
Operation Income	183	190	205	220	37	20.5%
Ordinary Income	167	170	190	200	33	19.7%
Net Income	96	60	80	100	4	4.6%

<Financial Indicators>

(100 million yen)

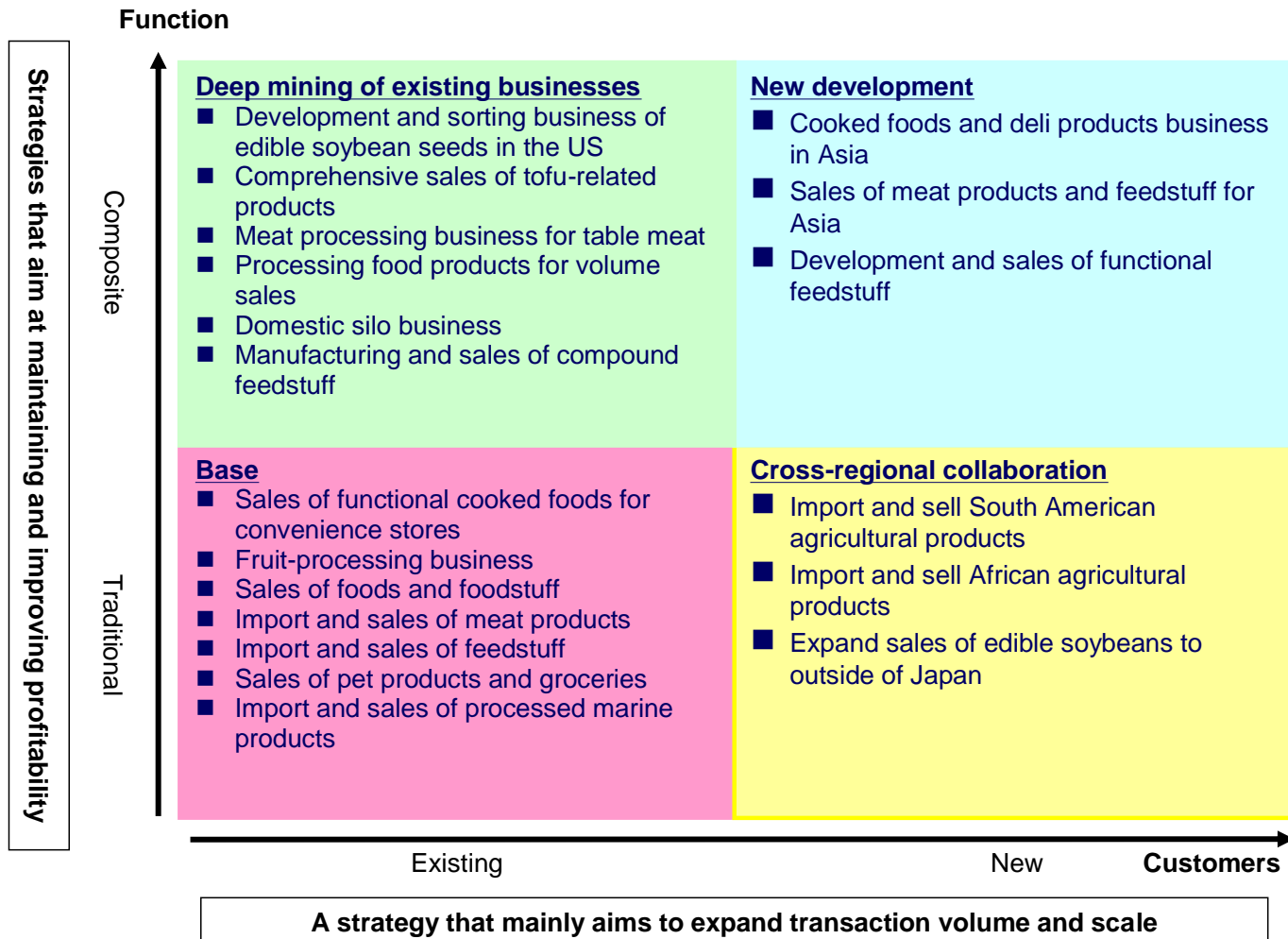
	End of March 2013	Medium-Term Business Plan			From End of March 2013	
		End of March 2014	End of March 2015	End of March 2016	Change	Change (%)
Total Assets	3,992	4,190	4,270	4,440	448	11.2%
Shareholder's Equity	545	603	670	749	204	37.4%
Equity ratio (%)	13.7	14.4	15.7	16.9	3.2pt improved	—
Gross- interest-bearing debt	1,469	1,469	1,469	1,469	0	0.0%
Gross D/E ratio	2.7	2.4	2.2	2.0	0.7pt improved	—
Net interest-bearing debt	864	810	760	710	△ 154	-17.9%
Net D/E ratio	1.6	1.3	1.1	1.0	0.6pt improved	—

Segment-Based Measures

Strategies

- ☆ **With “Secure, Safe and Stable” as the theme, build a solid value chain that starts with procuring raw materials to processing and to shipping as well as rigorously manage traceability.**
- ☆ **Accelerate investment in the Asian area where improvements in diet and eating habits are expected.**
- ☆ **Diversify production sites for raw materials and secure a powerful source of supply in response to the changing needs of the global market and promote expanding multilateral transaction volume.**

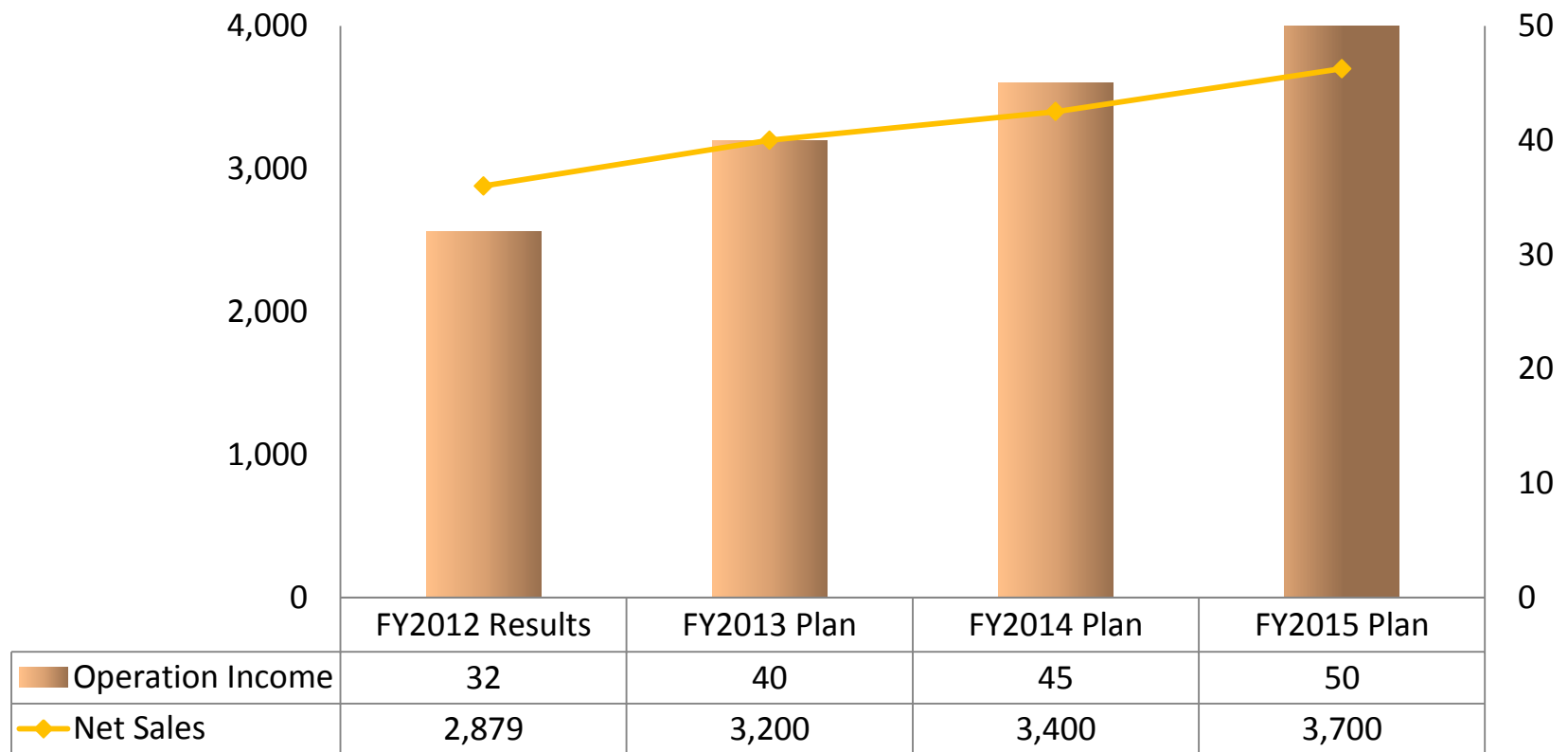
Four Business Categories



Targets

Net Sales / Operation Income

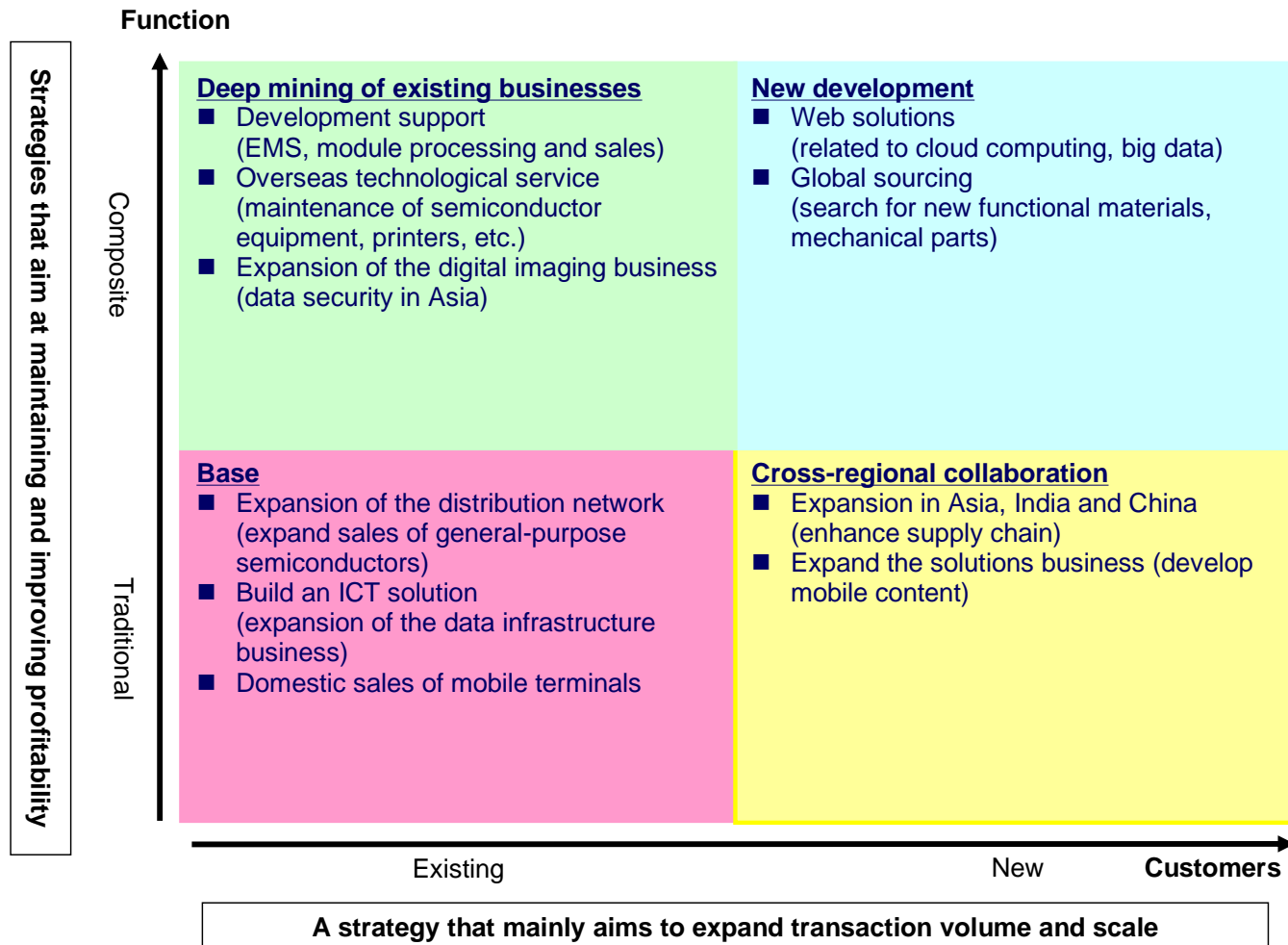
(100 million yen)



Strategies

- ☆ **Global expansion of the system integration business**
- ☆ **Expand the mobile system and terminal sales business and improve market share**
- ☆ **Build a globally-based comprehensive structure (procurement/processing/sales) in the device business**
- ☆ **Strengthen initiatives aimed at cutting-edge companies in Asia, Europe and the Americas from the development stage**

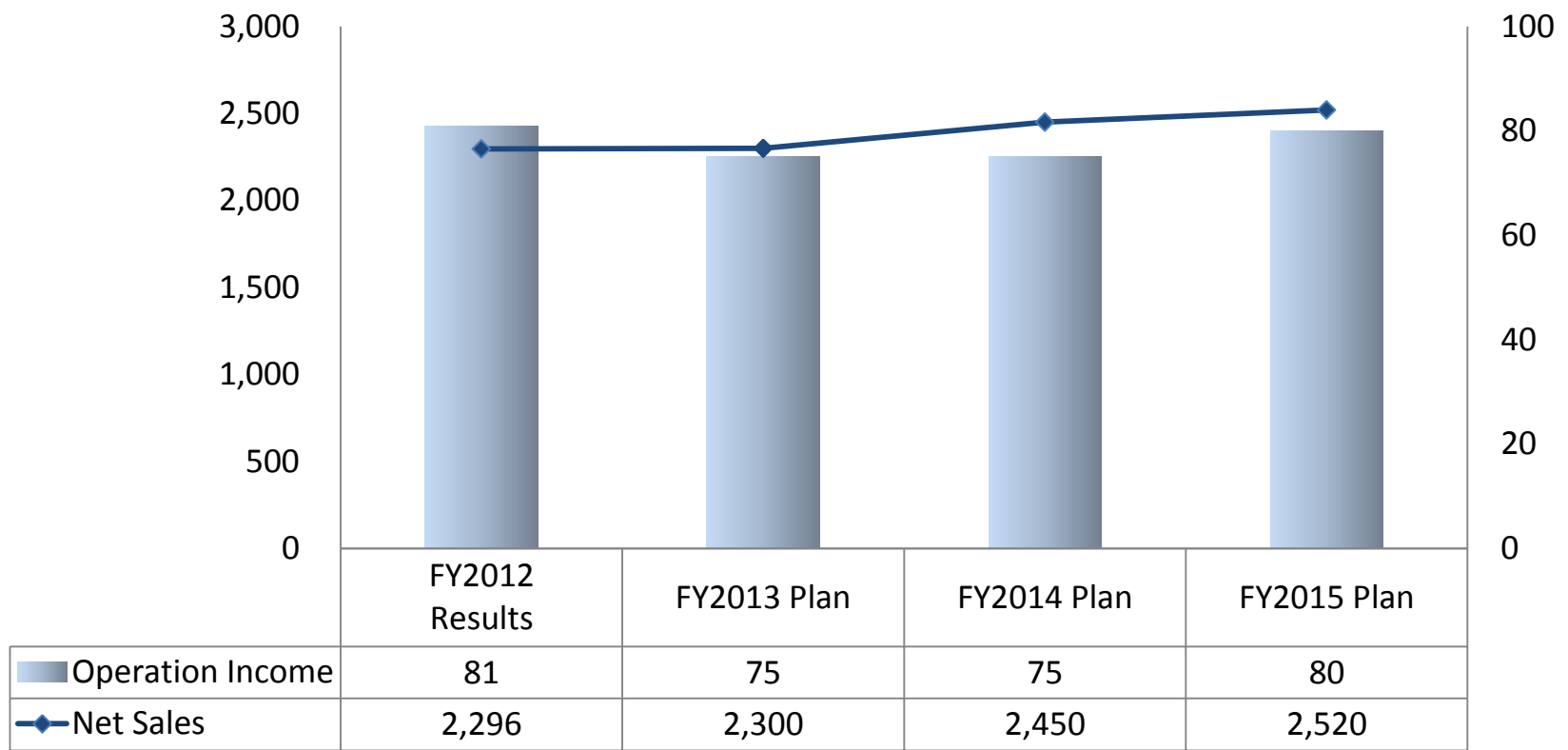
Four Business Categories



Targets

(100 million yen)

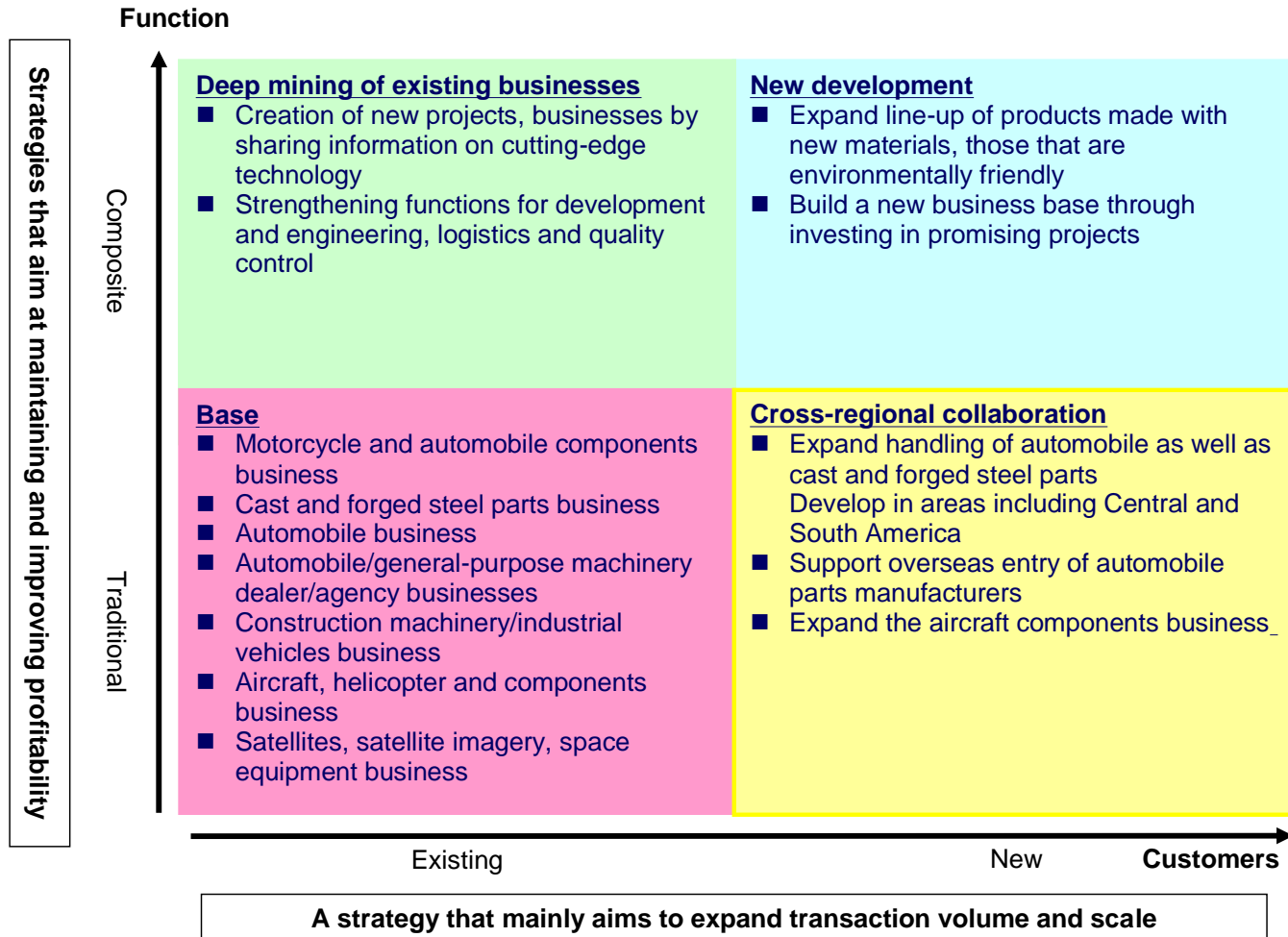
Net Sales / Operation Income



Strategies

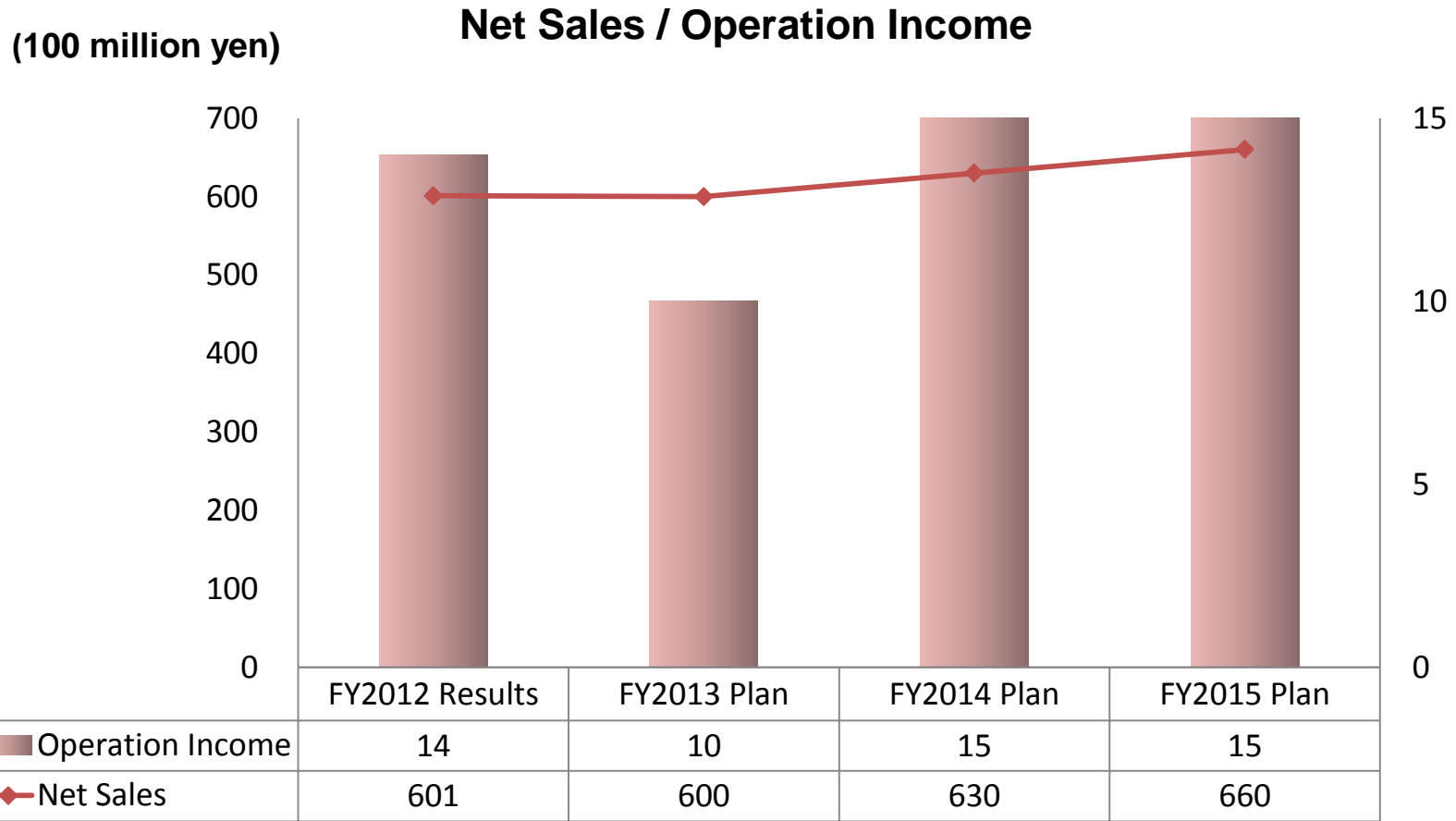
- ☆ Build a global supply chain in the worldwide motorcycle and automobile markets that are growing and multi-polarizing
- ☆ Create new businesses through the sharing of information on cutting-edge technology that spreads from the field of aerospace to that of automobiles
- ☆ Expand businesses in aircraft, helicopters, satellites, satellite components and parts and aircraft components

Four Business Categories



Motor Vehicles & Aerospace

Targets



Strategies

- ☆ **Boost expansion in the field of iron & steel in North American and Southeast Asian markets**
- ☆ **New development in the fields of new energy and new materials**
- ☆ **Cultivate in the fields of machine tools, industrial machinery and plants in markets in emerging countries**
- ☆ **Strengthen cooperative relationships between materials & raw materials and products as well as pursue synergy**

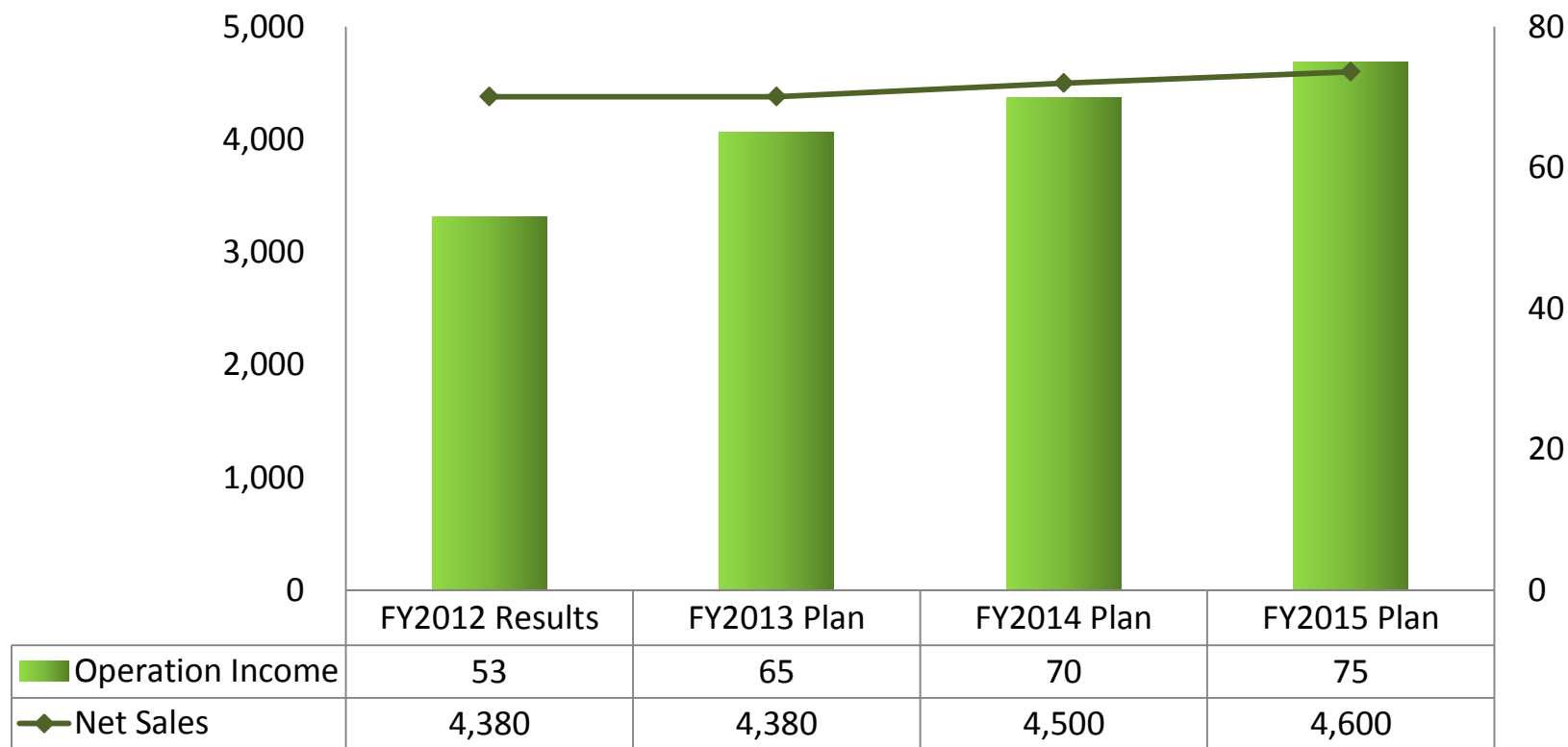
Four Business Categories



Targets

Net Sales / Operation Income

(100 million yen)



4

Appendix



Outline of Kanematsu Group

Segment	Main business	Main products	Major subsidiaries
Electronics & Devices	Semiconductor Parts & Equipment	Semiconductor / electronics parts, Electronic modules / materials, Semiconductor / LED equipments	Kanematsu Electronics Ltd. Kanematsu Communications Ltd. <i>Nippon office Systems Ltd.</i>
	OEM/ODM	Printer equipment, Electronic modules	
	ICT Solutions & Mobile Solutions	System solutions , Communication equipment / parts, Mobile communications terminals, Mobile content, / mobile advertisement	
Foods&Grain	Foods	Canned/frozen/dried fruits, coffee, cocoa, sugar, sesame, peanuts, various beans, wines, process foods, and others	Kanematsu Shintoa Foods Corp. 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	SSOT 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 & Cargo Vessels	Various plants, ODA, telecommunications projects, optical fibers, electronic power projects	
	Machine Tools and Industrial Machinery	Machine tools, industrial machinery	
Motorvehicles & Aerospace	Motor Vehicles & parts	Automobiles, Motorcycles and related parts, Precision-Forged Cast Products	Kanematsu Aerospace Corp. Shintoa Corp.
	Aerospace	Aircraft, Helicopters, Satelites, Componnents and parts	

Subsidiaries and Affiliates, and their Employees

1. Net Sales of Major Consolidated Subsidiaries

(100 million yen)	Business	Ownership ratio	FY2011	FY2012	Change
Kanematsu Electronics Ltd.	ICT Solutions	58.28%	468	451	-17
Kanematsu Communications Ltd.	Mobile communications	100%	1,076	1,212	136
Kanematsu Shintoa Foods Corp.	Food, dairy & seafood	100%	155	231	76
Kanematsu Agri-Tech Corp.	Feed & dairy	100%	123	125	2
Kanematsu Trading Corp.	Domestic steel, Steel materials	100%	441	384	-57
Kanematsu KGK Corp.	Machine tools, Industrial machinery	97.90%	398	392	-7
Kanematsu Petroleum Corp.	Petroleum products, Gas	100%	1,450	1,484	35
Kanematsu Chemicals Corp.	Functional chemicals	100%	196	184	-13
Shintoa Corporation	Trading company	100%	1,100	984	-115
Kanematsu USA Inc.	Overseas subsidiary	100%	877	944	67

2. Number of Employees

(persons)	2012/3	2013/3	Change
Parent company	795	782	-13
Consolidated Subsidiaries	3,975	4,740	765
Total	4,770	5,522	752

The number of employees equals the size of the working staff (excluding transferees from the Group to outside companies and including transferees from outside companies to the Group).

Subsidiaries

1. Number of Profitable and Non-Profitable Consolidated Subsidiaries and Affiliates

(Companies)	FY2011					FY2012					Year on Year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Number of profitable Companies	28	29	13	9	79	31	36	8	10	85	6
Ratio (%)	76%	71%	81%	69%	74%	84%	80%	67%	77%	79%	6%
Non profitable	9	12	3	4	28	6	9	4	3	22	-6
Total	37	41	16	13	107	37	45	12	13	107	0

2. Profit and Loss Posted by Consolidated Subsidiaries and Affiliates

(100 million yen)

(100 million yen)	FY2011					FY2012					Year on Year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Sum of profit posted by profitable	38	13	2	4	57	82	16	3	1	102	44
Sum of loss posted by non-profitable	-8	-1	-3	-1	-13	-7	-1	-1	-2	-10	3
Total	31	12	-0	3	45	75	15	2	-0	92	47



【memo】



【memo】



兼松株式会社

KANEMATSU CORPORATION