



# Overview of results for FY2016

**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.

\* FY2015 (the fiscal year ended March 31, 2015)

\* FY2016 (the fiscal year ended March 31, 2016)

**May 17, 2016**

**KANEMATSU CORPORATION**

**For more information**

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

## Overview of results for FY2016

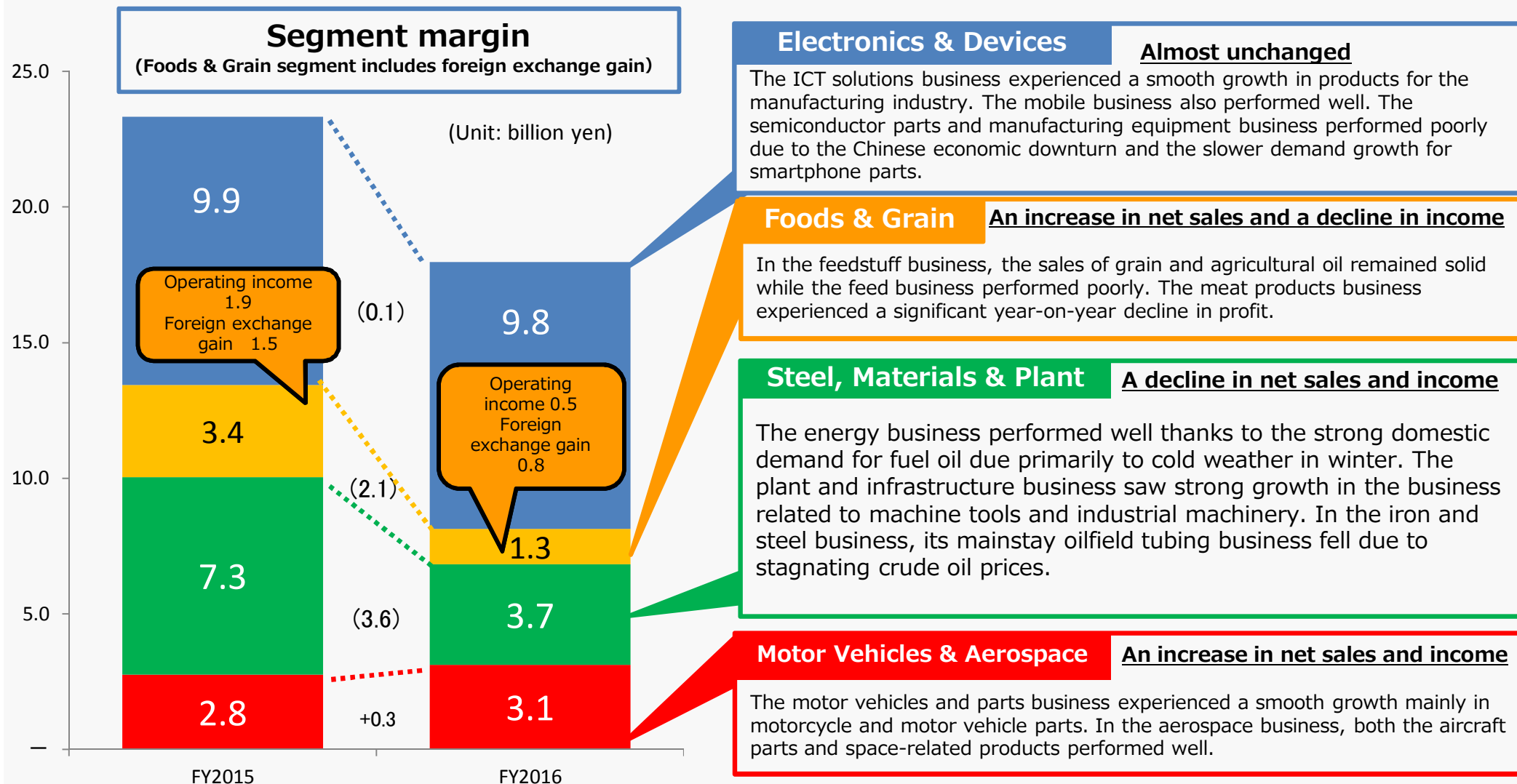
# 1-1. FY2016 Highlight (P/L)

- ✓ Net income declined 18.1% year on year.
- ✓ Net income reached 9.4 billion yen, despite declines in sales and profits.

(Unit: billion yen)	FY2015	FY2016	Year-on-year change
<b>Net Sales</b>	<b>1,117.1</b>	<b>1,062.8</b>	<b>(54.3)</b>
Gross trading profit	91.4	88.9	(2.6)
Operating income	22.1	17.2	(4.9)
Ordinary income	22.9	17.1	(5.8)
Income before income taxes	23.3	16.8	(6.5)
<b>Net income</b>	<b>11.5</b>	<b>9.4</b>	<b>(2.1)</b>

# 1-2. FY2016 Highlight (Segment margin)

✓ Operating income declined as Foods & Grain and Steel, Materials & Plant remained sluggish.



# 1-3. FY2016 Highlight (B/S)

- ✓ Shareholders' equity increased, attributable to accumulated earnings. The equity ratio exceeded 21%.
- ✓ The net D/E ratio fell to 0.5 times.

(Unit:billion yen)	3/2015 results	3/2016 results	(Unit:billion yen)	3/2015 results	3/2016 results
Total assets	459.0	439.4	Gross interest-bearing debt	136.1	135.2
Net assets	118.7	121.9	Net interest-bearing debt	67.6	47.1
Shareholders' Equity (Note 1)	90.1	93.3	Net D/E ratio (Note 3)	0.8 times	0.5 times
BPS(yen)	214.1	221.6	<div>R O E</div> <div>14.2%      10.2%</div>		
Equity ratio (Note 2)	19.6%	21.2%			

(Note 1) Shareholder's equity = Total net assets - Minority interests  
 (Note 2) Equity ratio = Shareholder's equity / Total assets  
 (Note 3) Net debt-equity ratio = Net interest-bearing debt / Equity capital

## FY2017 forecasts

## 2-1. FY2017 forecasts (P/L)

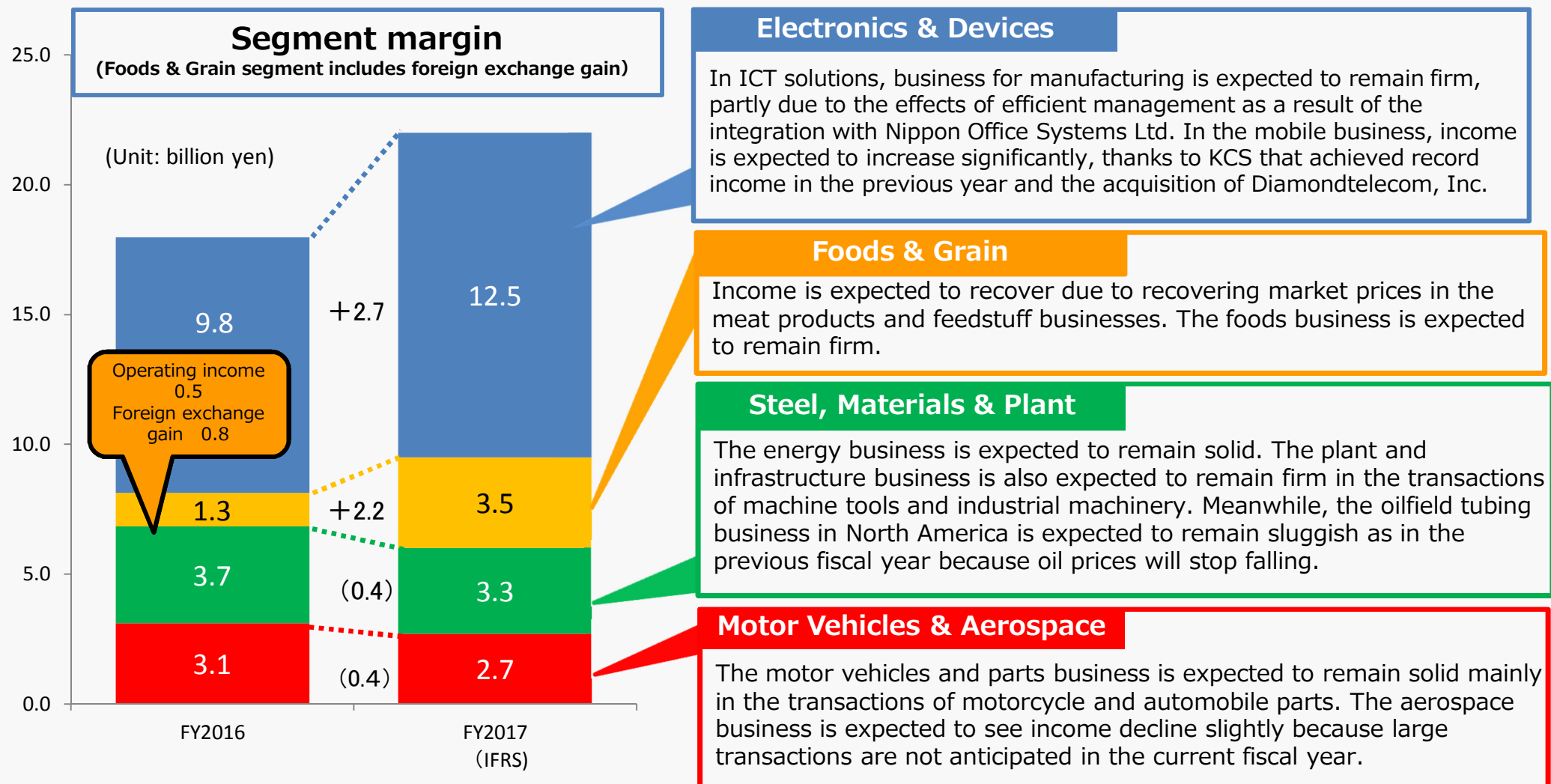
- ✓ Both sales and profits are expected to increase in the IFRS and Japanese accounting standards.
- ✓ Income from operating activities will improve 1.0 billion yen from operating income based on Japanese accounting standards. This increase is mainly due to the termination of the amortization of goodwill.

<Japanese Accounting Standards> (Unit: billion yen)	FY2016 results	FY2017 forecasts
<b>Net sales</b>	1,062.8	1,250.0
<b>Operating income</b>	17.2	21.0
① Amortization of goodwill	(0.8)	(1.6)
② Financial account balance and the others	(0.8)	(1.2)
③ Equity in earnings of affiliated companies	0.6	0.6
<b>Ordinary income</b>	17.1	20.5
④ Extraordinary gains/loss	(0.3)	(1.0)
Income before income taxes and non-controlling interests	16.8	19.5
<b>Net income</b>	9.4	10.5

<IFRS> (Unit:billion yen)	FY2017 forecasts
<b>Net sales</b> (Japanese Accounting Standards)	1,250.0
<b>Operating income</b> (Japanese Accounting Standards)	21.0
① Twemination of amortization of goodwill	+1.6
④ Extraordinary gains/loss and others	(0.6)
<b>Profit from operating activities (IFRS)</b>	22.0
② Financial account balance and the others	(1.6)
③ Equity in earnings of affiliated companies	0.6
<b>Profit before tax</b>	21.0
<b>Net income</b>	11.5

## 2-2. FY2017 forecasts (Segments)

- ✓ Operating income is expected to remain firm in Electronics & Devices partly due to the effects of acquisitions.
- ✓ In Foods & Grain, which was sluggish in the previous fiscal year, the meat products business is expected to recover.





## VISION-130/forecasts and progress

## 3 - 1 . Revision of VISION-130

- ✓ The target income is combined with profit from operating activities associated with the introduction of the IFRS.
- ✓ Review shareholders' equity and the net D/E ratio in line with the progress for two years.
- ✓ Specify the target value of the dividend payout ratio.

### Announcement in May, 2014

Consolidated ordinary income: 25-30 billion yen

Consolidated net income: 15 billion yen

Shareholders' Equity: 100 billion yen (ROE15%)

Net D/E ratio: Within the range of 1.0 to 2.0

Dividends at an appropriate level to reflect net income



### VISION-130 forecasts

Consolidated profit from operating activities\*: 15 billion yen

Shareholders' Equity: Over 120 billion yen (ROE12%)

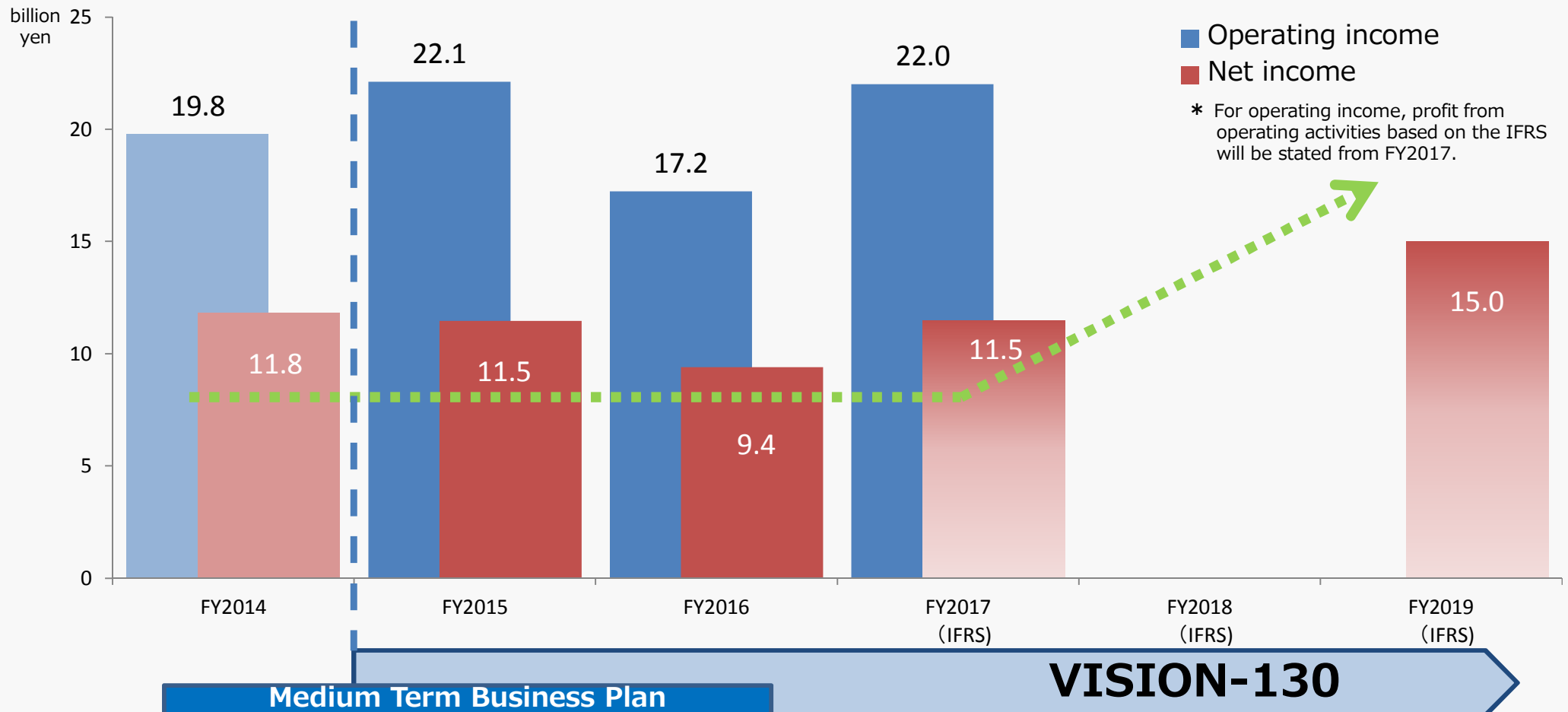
Net D/E ratio: less than 1.0

Stable and sustained payment targeting a consolidated payout ratio of 25%

\*The target income is combined with "profit from operating activities" according to IFRS introduction

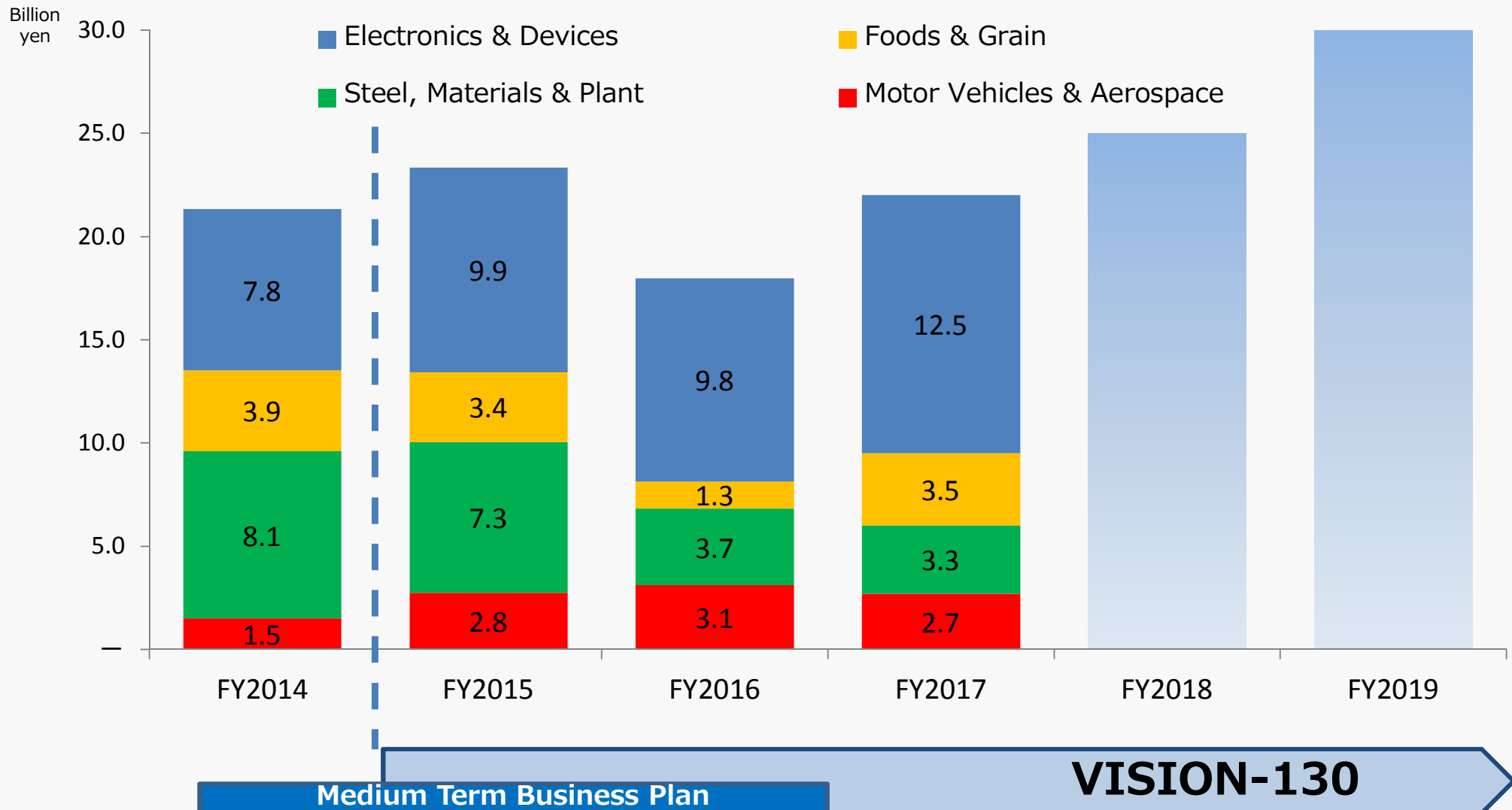
## 3-2. Progress in VISION-130 (P/L)

- ✓ Steady progress was made in FY2016 (second year), but both operating income and net income came to a temporary lull.
- ✓ In FY2017 (third year), we aim to take steady steps forward.



### 3-3. Progress in VISION-130 (Segment margin)

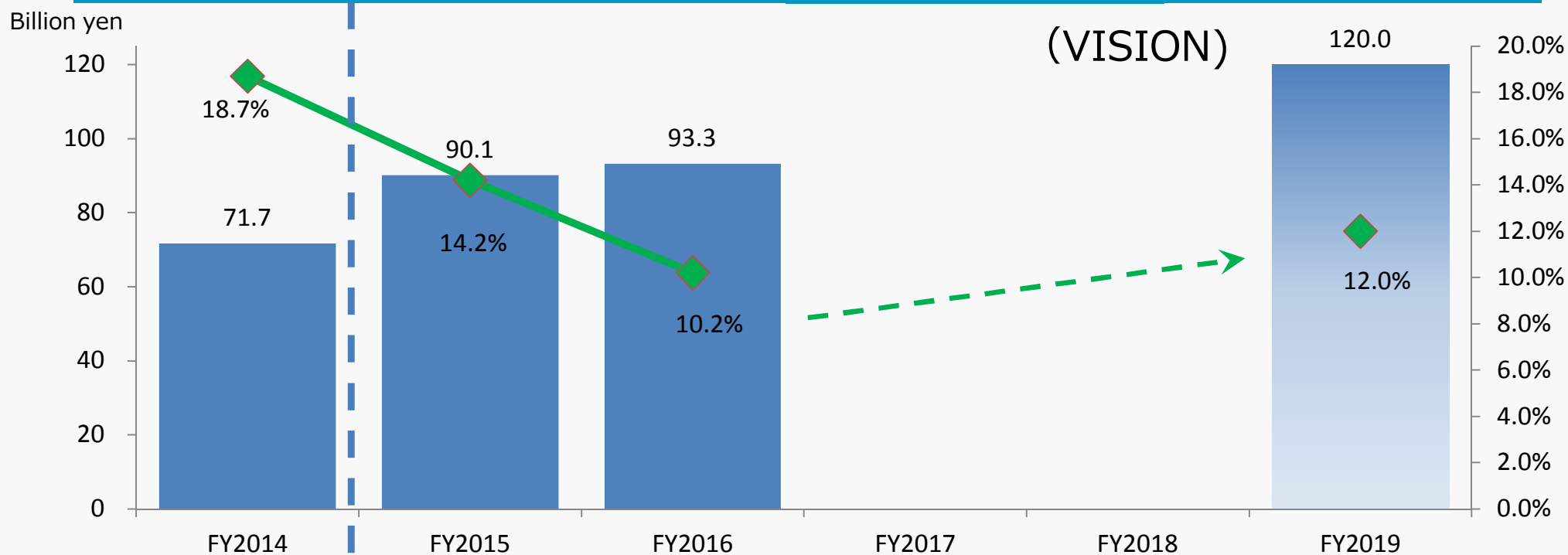
✓ Operating income\* will be expanded mainly in Electronics & Deices.



## 3-4. Progress in VISION-130 (B/S)

### VISION-130 targets

	FY2015 (results of 1st year)	FY2016 (results of 2nd year)	FY2019 (targets of 5th year)
Consolidated Shareholders' Equity	90.1	93.3	120.0
Net D/E ratio	0.8 times	0.5 times	Less than 1.0 time
ROE	14.2%	10.2%	12.0%

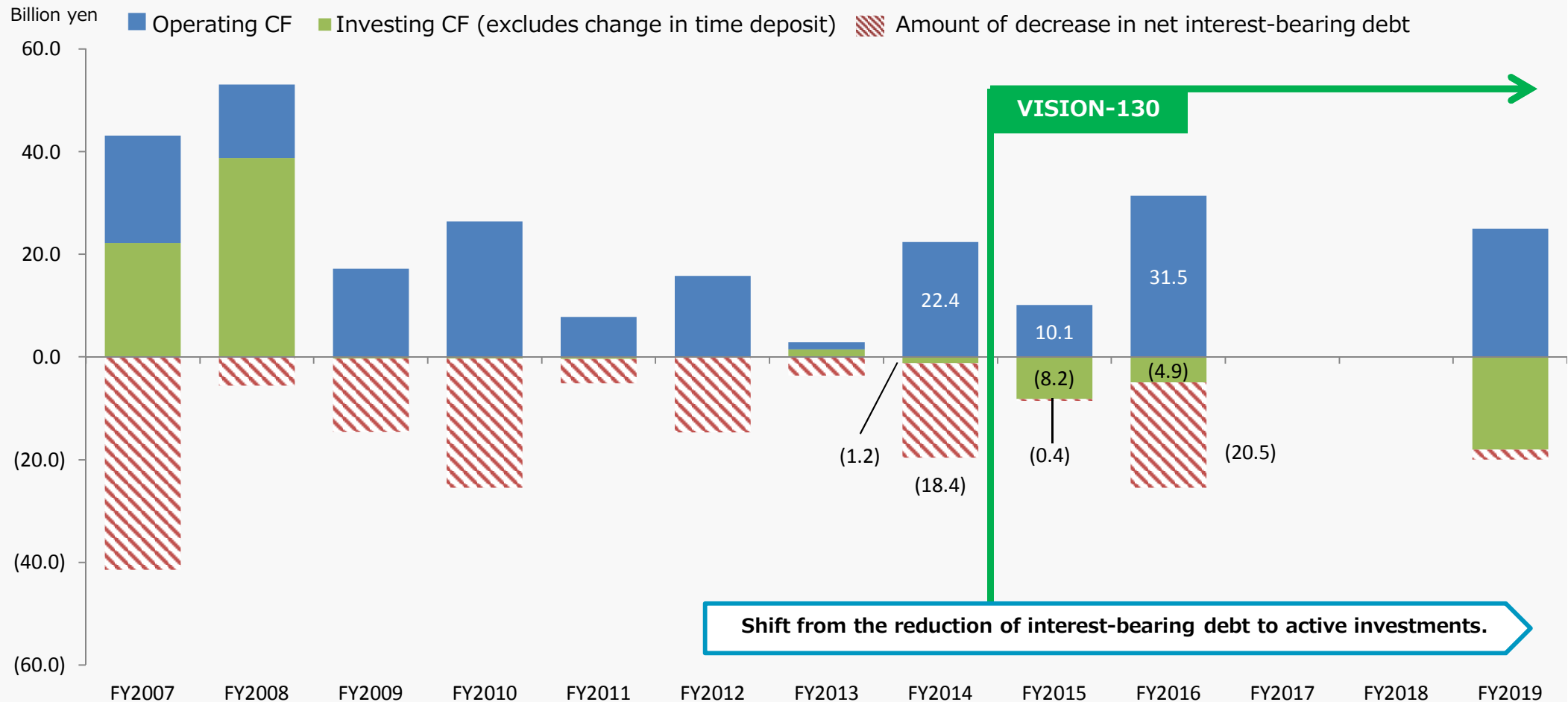


Medium Term Business Plan

VISION-130

# 3 - 5 .Progress in VISION-130 (C/F)

- ✓ Made new investments within the scope of operating cash flows, just as was done in the previous fiscal year.
- ✓ Net interest-bearing debt improved significantly due to a decline in working capital resulting from a reduction in inventory, etc.



## 3 - 6 . VISION-130 Results of Business Investment

- ✓ Made active business investments in predominantly the six key strategic business areas and for innovation.

(Unit : billion yen)	VISION-130			
	Medium Term Business Plan			FY2017
	FY2014	FY2015	FY2016	
Electronics & Devices	3.0	4.8	2.4	17.4
Foods & Grain	0.0	0.4	2.0	-
Steel, Materials & Plant	0.0	0.0	0.0	-
Motor Vehicles & Aerospace	0.0	0.5	0.0	-
Others	0.0	0.0	0.3	-
Long-term assets and the others	(1.8)	2.5	0.2	-
CF from investing activities	1.2	8.2	4.9	17.4+α

### ICT Solutions

- FY2015: Nippon Office Systems Ltd. (which became a consolidated subsidiary in FY2013) became a wholly-owned subsidiary (total 2.7 billion yen)

### Mobile

- FY2014: Acquired BD Holdings (3.0 billion yen)
- FY2016: Invested in Alpha Group Inc. (0.4 billion yen)
- FY2017: Acquired Diamondtelecom, Inc. (17.4 billion yen)

### Technical support (camera related business)

- FY2015: Kanematsu-NNK Corporation became a consolidated subsidiary (1.5 billion yen)
- Underwrote convertible bonds and preferred shares of Kantatsu (total 2.5 billion yen)

### Food market in Asia

- Developed franchise business for restaurant chains in Japan and for Indonesia.
- Strengthened cooperation with stable suppliers to increase sales of feedstuff to Asia.

### TPP Response

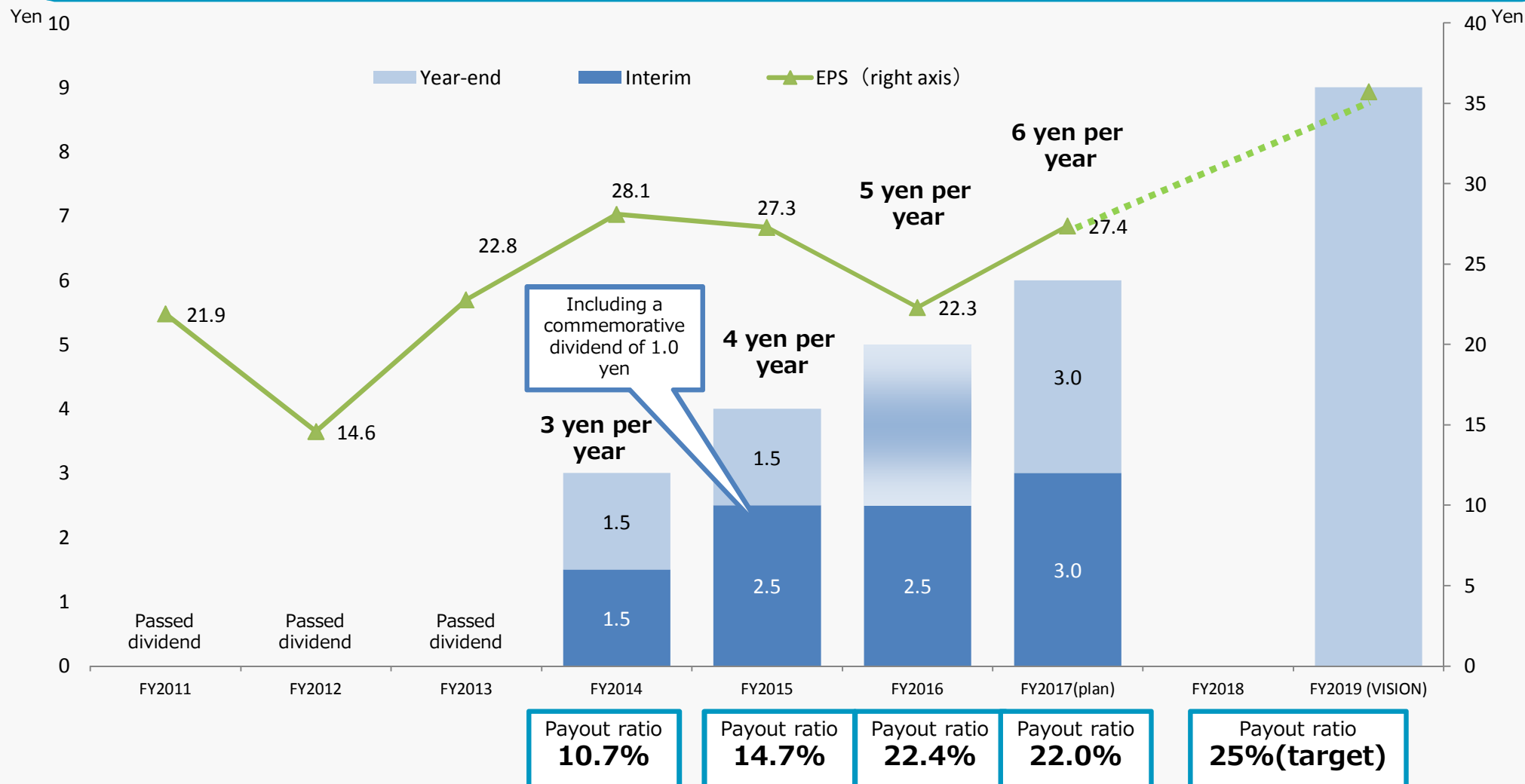
- Participated in the Be Smile Project, a sixth sector business. Invested in Farmnote, a company that conducts the computerized management of stock farms.

### Overseas expansion of Japanese manufacturers, etc

- FY2016: Participated in a fund that supports business expansion in Asia (AZ-STAR)

# 3-7. VISION-130 Dividends

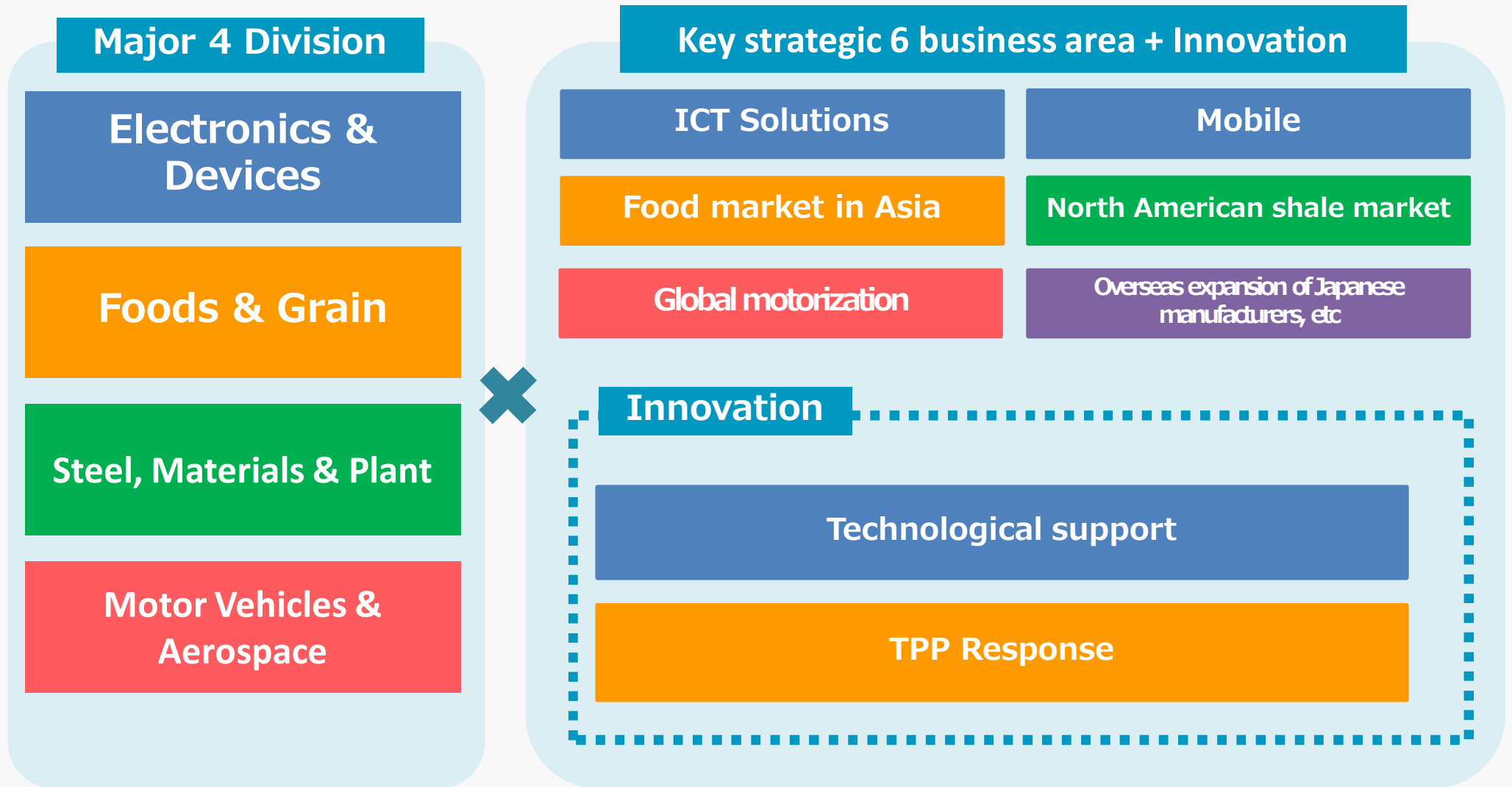
- ✓ Pay dividends stably and continuously, with the consolidated dividend payout ratio of 25% as a goal.
- ✓ Plan to pay an annual cash dividend of 6 yen per share, an increase of 1 yen, in FY2017.





## 3 - 8 . Progress in VISION-130 ( Initiatives for key business areas )

- ✓ Promote the horizontal development and deepening of businesses, with a focus on specialty areas with strengths.

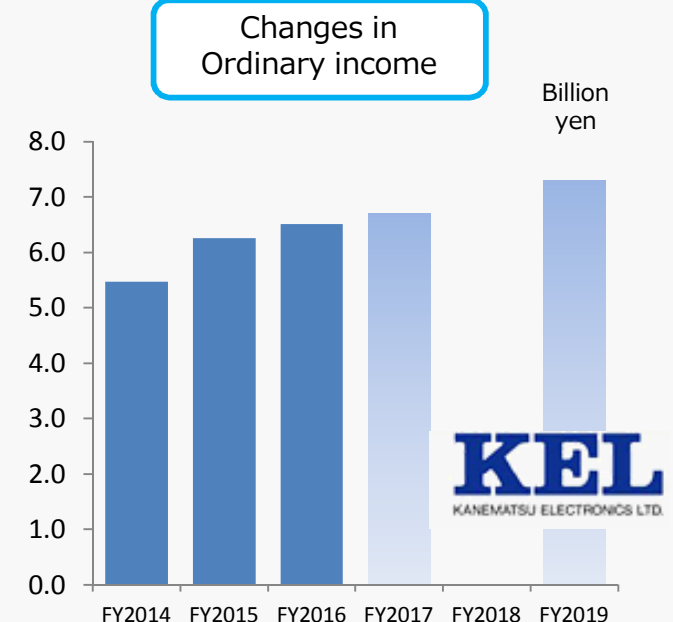
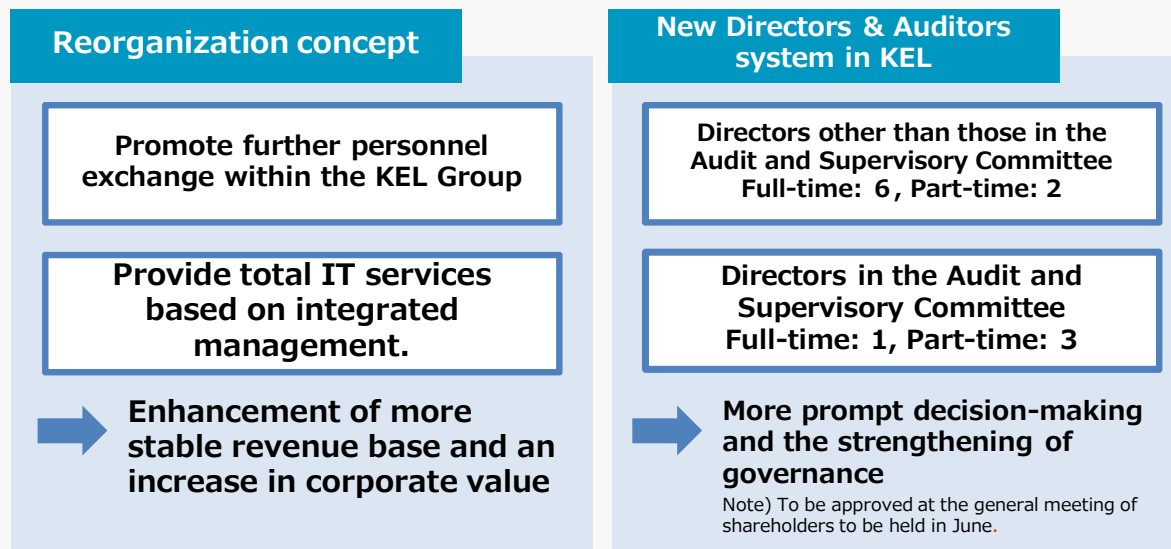


## 3 - 9 . Progress in VISION-130 ( Initiatives for key business areas )

### ICT Solutions

#### ✓ Promote more efficient management by implementing structural reforms at Nippon Office Systems Ltd. (NOS).

- ✓ Kanematsu Electronics Ltd. (KEL), a major subsidiary, made NOS its subsidiary in November 2012 through a TOB. NOS became a wholly-owned subsidiary in July 2015.
- ✓ Promote the sharing of customers of both companies and the streamlining of SE and maintenance divisions by carrying forward integration with KEL through major reorganization from April 2016 to further improve the profit margin.
- ✓ KEL also established the Audit and Supervisory Committee to realize prompt decision-making by separating supervision and the execution of business



## 3-10. Progress in VISION-130 (Initiatives for key business areas)

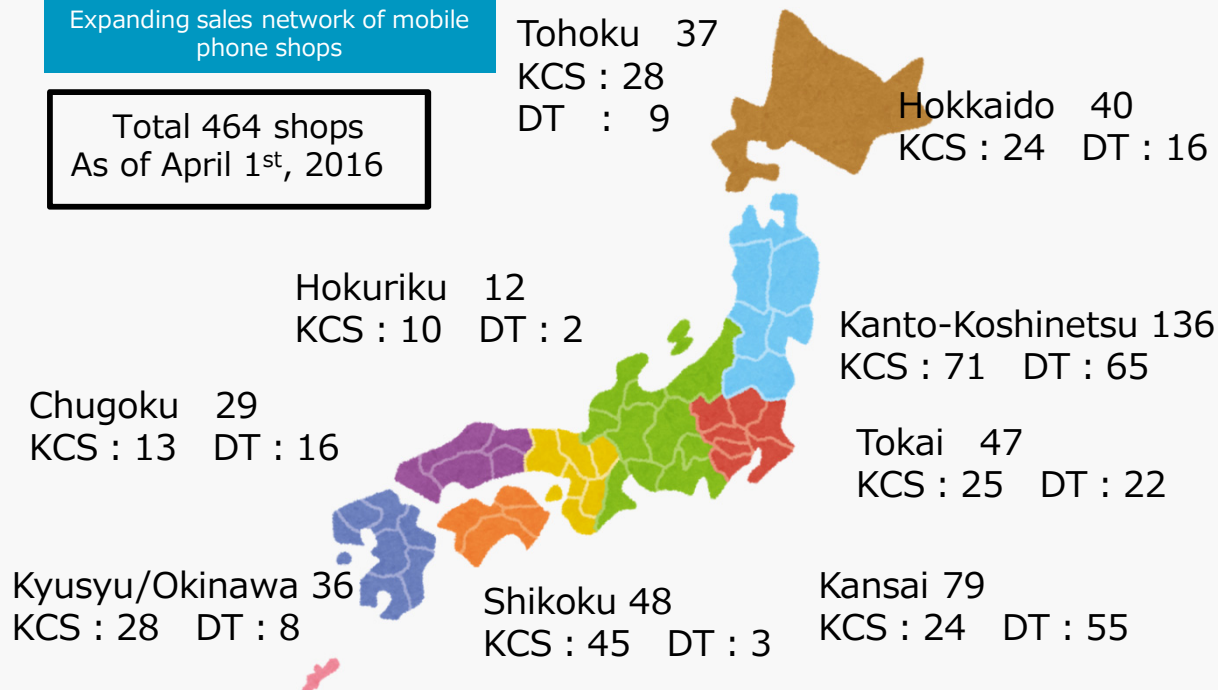
### Mobile

#### ✓ Acquired Diamondtelecom, Inc. for 17.4 billion yen to make it a wholly-owned subsidiary.

- ✓ A subsidiary of the Company merged with Diamondtelecom, Inc., a wholly-owned subsidiary of Mitsubishi Electric Corporation, on April 1, 2016 through an absorption-type merger, and Diamondtelecom, Inc. became a consolidated subsidiary.
- ✓ The total sales volume of mobile phones of Diamondtelecom, Inc. and Kanematsu Communications Ltd. (KCS) will account for one of the largest shares in the industry.

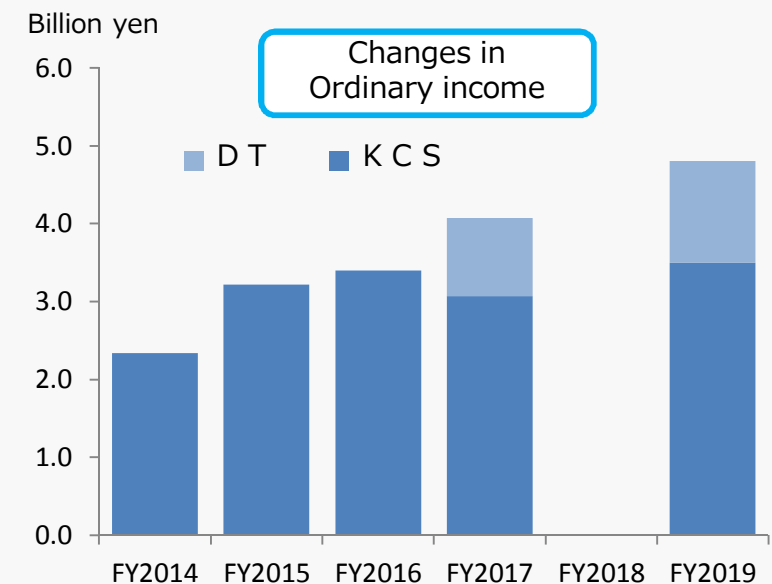
Expanding sales network of mobile phone shops

Total 464 shops  
As of April 1<sup>st</sup>, 2016



**KCS** Kanematsu Communications

**DT** Diamondtelecom

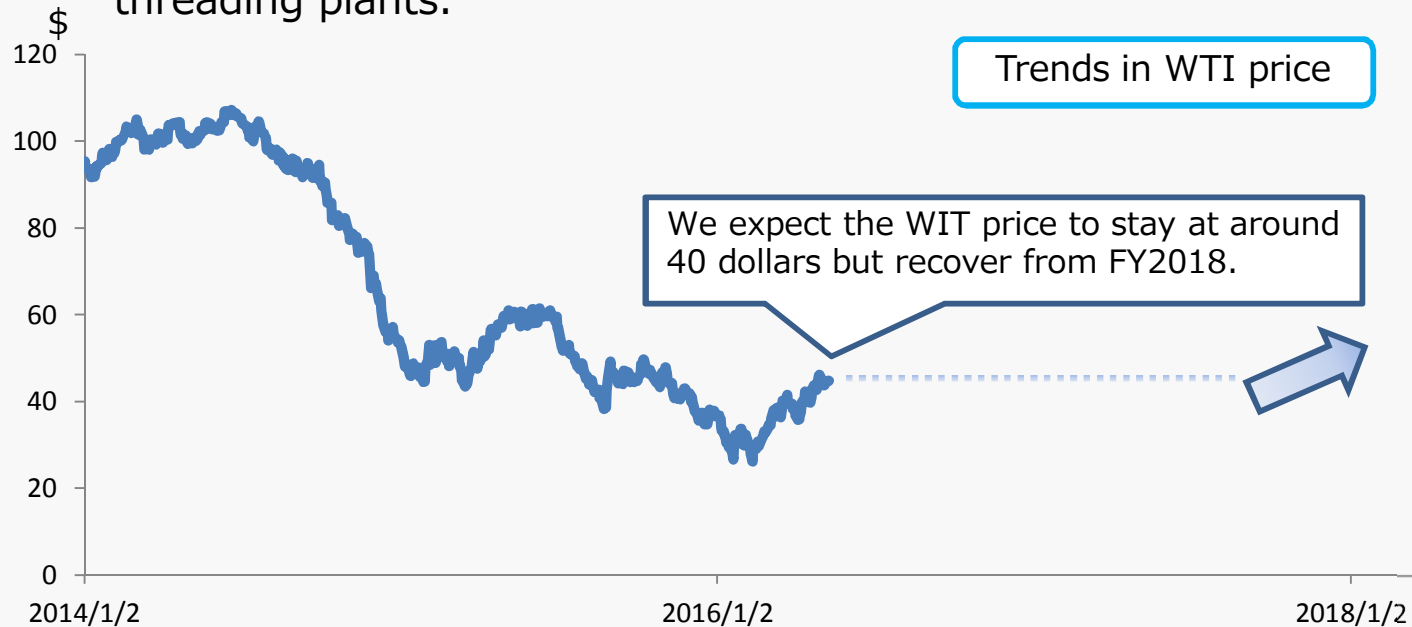


## 3-11. Progress in VISION-130 ( Initiatives for key business areas )

### North American shale market

#### ✓ The oilfield tubing business remained weak due to falling crude oil prices.

- ✓ The oilfield tubing business for the North American shale market suffered a significant decline in income due to the large drop in crude oil prices.
- ✓ Because the WTI price and rig count also remain low, it will be difficult for orders to recover in FY2017, and thus they are expected to remain weak.
- ✓ Given the current situation, the Company is waiting for the recovery of supply-demand situation by cutting back personnel through layoffs at one of its oilfield tubular threading plants.



## 3-12. Progress in VISION-130 ( Initiatives for key business areas )

### Aerospace business

#### ✓ Acquired the sales agency rights of Cessna Citation series for public offices in Japan.

- ✓ Acquired the sales agency rights for the Citation series, the best-selling jets made by Cessna Aircraft Company, for public offices in Japan. This acquisition was the result of the favorable evaluation of the deliveries of flight inspection aircraft and search and rescue aircraft to the Ministry of Defense, and helicopters to the National Police Agency.
- ✓ Expect demand for replacements of aging aircraft from public offices



The Cessna Citation series Sovereign+

	Accepting order results	Partners
Oct., 2015	Delivered three flight inspection aircrafts based on the fuselage of the Citation series	For the Ministry of Land, Infrastructure, Transport and Tourism, Cessna Aircraft Company
Nov., 2015	Received orders for two additional aircrafts and plan to deliver them in 2017	For the Ministry of Land, Infrastructure, Transport and Tourism, Cessna Aircraft Company
May, 2016	Received new orders for two helicopters (Cumulative total orders received from the National Police Agency and the Metropolitan Police Department: 30)	For the National Police Agency, Finmeccanica (former Agusta)

#### Other initiatives for Aerospace business

- Acting as a sales agent in Japan for new C series jetliners of Bombardier, for which Delta Air lines recently announced a plan to purchase 125 jetliners for 1 trillion yen.
- In addition to the existing lineup of parts for Boeing's 737, started handling rotatable components for the Airbus 320 as part of its aircraft rotatable business in Europe.

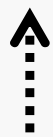
## 3-13. Progress in VISION-130 ( Initiatives for key business areas )

Overseas expansion of Japanese manufacturers, etc.

- ✓ Establishment of Corporate Investment Fund for Business Expansion in Asia, and the implementation of the first investment project

### Fund for first project (6.8 billion yen)

[KG 0.7 billion yen] [Aozora Bank 3 billion yen] [Tokyo Star Bank 3 billion yen]



Management & Operation

[Investment advisor]  
Chiang Pin-kung,  
Supreme advisor, CTBC



(Fund operating company)

Investment

Kanematsu Corp. (10%)

Tokyo Star Bank (40%)

Aozora Bank (40%)

ES Networks (10%)

### Implementation of first project

June 2015

Acquired all shares in Premier Financial Services Co., Ltd.

- Provide auto loans and the guarantee of vehicle portions to 27,000 member stores across Japan.
- February 2016: Made business alliance with Eastern Commercial Leasing (ECL), a local partner.
- May 2016: Plan to underwrite capital increase through private placement

### <AZ-Star>

- Established in Feb., 2015
- Aim to incorporate growth in Asia into Japan by activating excellent technologies and services of Japanese companies through their advancement into Asia.

# 3-14. Progress in VISION-130 (Initiatives for key business areas)

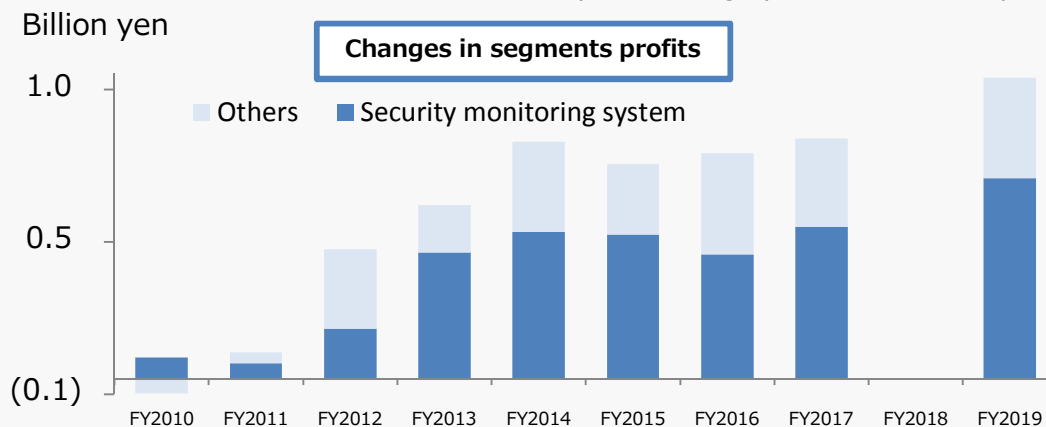
## Technological support/Camera related business

- ✓ **Security monitoring system (Kanematsu-NKK Corp.) expanded.**
- ✓ **The micro lens unit business (Kantatsu Co., Ltd.) expanded.**

### Kanematsu-NKK Corporation



- The first section of the Tokyo Stock exchange (Security code:7961)
- Kanematsu's ownership ratio:52.8%
- Business segments : Geo-tech(ground reinforcement) , Wood & Housing Materials , Security monitoring system, Petroleum product



- April 2016 : New Medium Term Business plan started
- June 2016 : Determined the resumption of dividend 2.5 yen
- Oct., 2016 : Change the company name to Kanematsu SUSTECH Corporation (Support our Society with Technology)

### **Kantatsu**

#### Design and manufacture of micro lens units



- Main office : Yaita, Tochigi
- Overseas offices : China, Taiwan
- Kanematsu's ownership ratio : 27.8% (affiliated company)
- All processes from product development and design to manufacture are performed in-house.

➔ **One of the top manufacturers of micro lens units for mobile phones**

#### The market expanded with the rise of smartphones

##### Smartphone · Camera

Increasing demand

High-pixel

**Kantatsu**  
boasts high technological capabilities and product level

- Underwriting preferred stock in March 2016

➔ **Seek to further expand the business through positive investment to increase production capacity**



## 3-15. Progress in VISION-130 ( Initiatives for key business areas )

### TPP Response

#### ✓ Participating in the Be Smile Project, the sixth sector industry.

- ✓ Be Smile Project is a sixth sector business company that was established by Kamichiku, a company engaging in the livestock business in Kyushu, A-Five, a fund for the sixth sector business, four business companies, and financial institutions.
- ✓ Seek to distinguish products from those imported from overseas by setting up and expanding its own sales networks in Japan and overseas, and by increasing the number of livestock by conducting all the operations in the sixth sector industry from breeding and fattening (primary industry) to cutting and packing (secondary industry) and food services (tertiary industry) in preparation for the full-fledged introduction of the TPP.
- ✓ The Company aims to expand the sales of mixed feed in Japan, which will be adversely affected by the TPP, and the sales of imported stock farm products that will be aided by the TPP.



#### The others business for TPP response

- Invested in Farmnote, an IT venture company that develops and provides "Farmnote," a cloud cattle population management system.  
⇒ Helps visualize the management of livestock farms.
- Farms involved with the Be Smile Project have already decided to adopt our products.
- Developing products for pigs with a leading hog farmer.

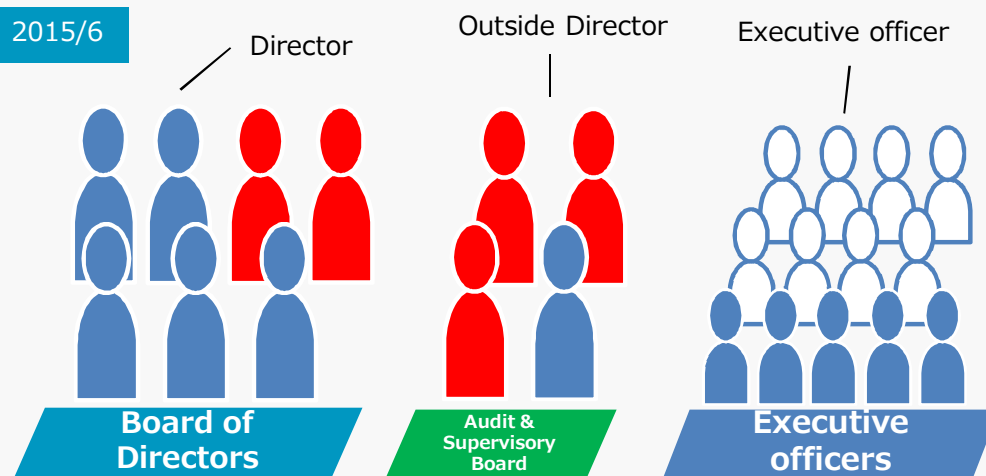


# 3-16. Progress in VISION-130 (Governance)

✓ The Head Office and the Group companies are strengthening governance.

## Efforts to strengthen governance (Head Office)

2015/6



## The Audit and Supervisory Committee established (Group companies)

### Kanematsu Electronics Ltd.

Directors other than those in the Audit and Supervisory Committee  
(Full-time 6/Part-time 2)

Directors in the Audit and Supervisory Committee (Full-time 1/Part-time 3)

### Kanematsu-NKK Corp.

Directors other than those in the Audit and Supervisory Committee (Full-time 5)

Directors in the Audit and Supervisory Committee (Full-time 1/Part-time 2)

### Hokushin Co., Ltd.

Directors other than those in the Audit and Supervisory Committee  
(Full-time 4/Part-time 1)

Directors in the Audit and Supervisory Committee (Part-time 3)

### <Kanematsu Corp. Head Office>

- The number of outside directors increased to two when we appointed a new outside director in June 2015. We also established the Nominating Committee and the Compensation Committee in April 2016 as a voluntary advisory body to strengthen our governance.

### <Group companies>

- Following approval at a general meeting of shareholders in June, listed Group companies also plan to make the switch to a company with an audit and supervisory committee to strengthen their governance.

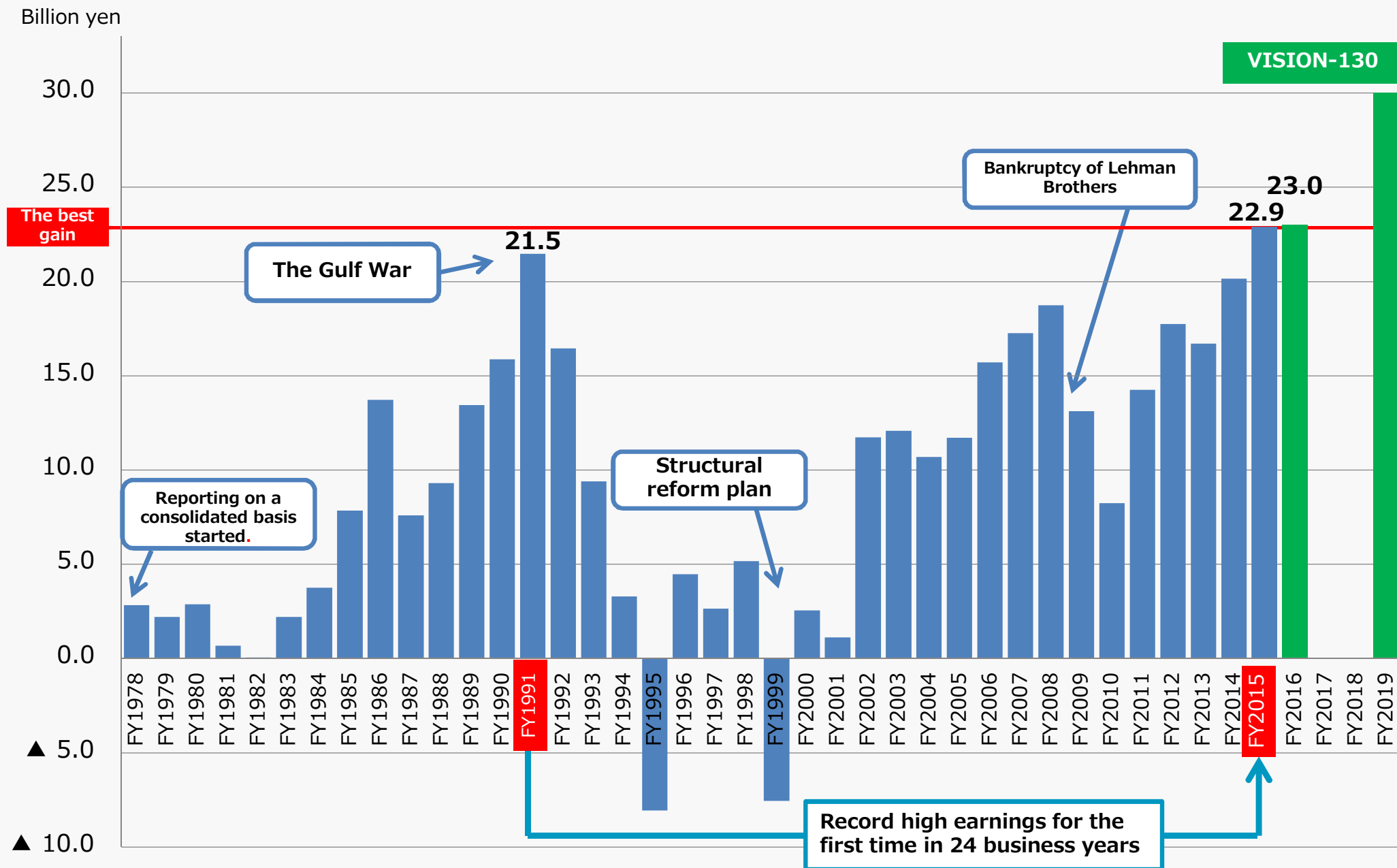
## 3-17. Progress in VISION-130 ( Direct financing from the market )

✓ Issued straight bonds for the first time in nearly 22 years in March 2016.

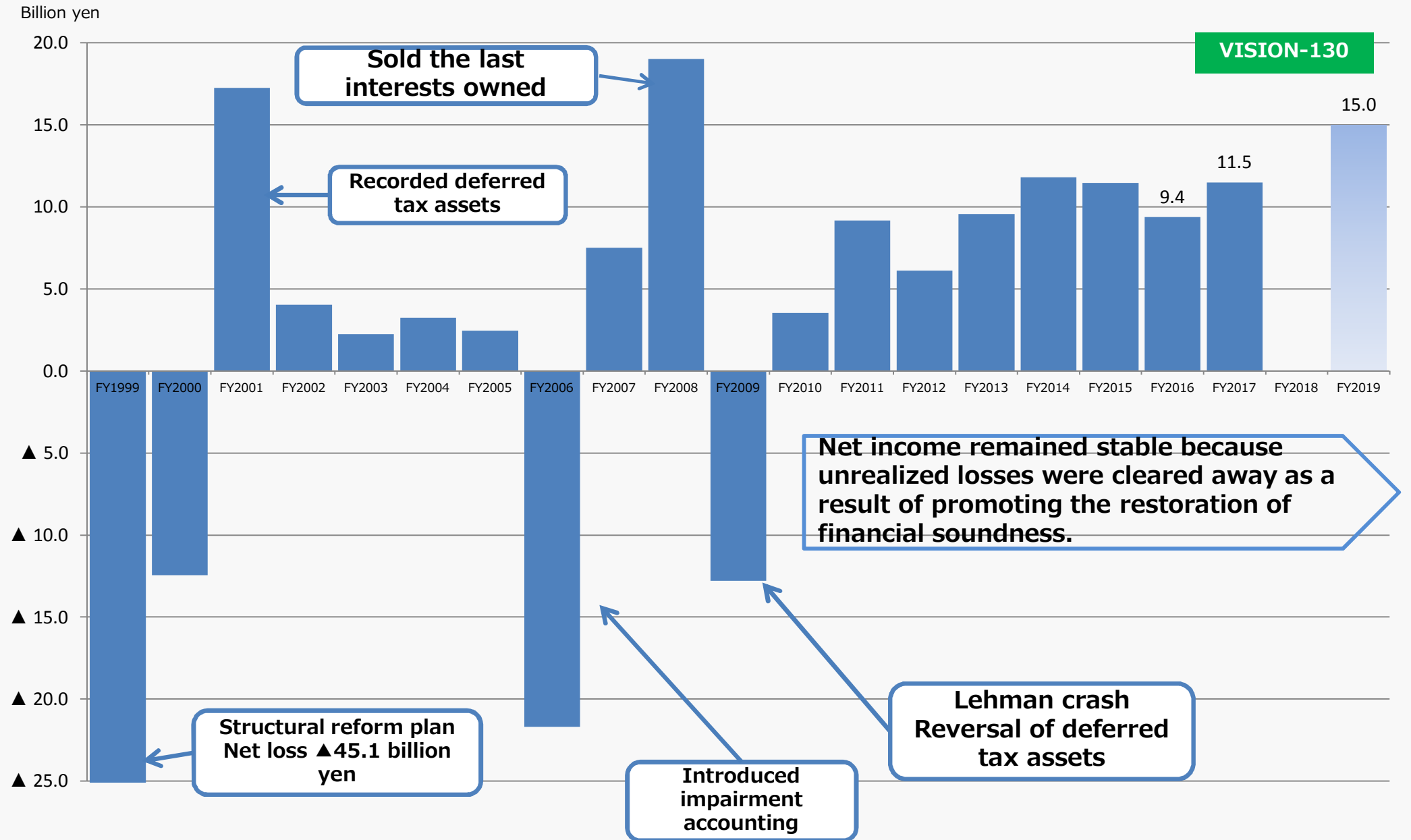
Name	First series of unsecured bonds of Kanematsu Corporation (with special agreement on limited equal priority among bonds)	Second series of unsecured bonds of Kanematsu Corporation (with special agreement on limited equal priority among bonds)
Amount	5 billion yen	5 billion yen
Rate	0.40% per year	0.64% per year
Maturity date	March 8, 2019 ( 3 -year bonds)	March 10, 2021 ( 5 -year bonds)
Date of payment	March 10, 2016	
Rating acquired	BBB (Rating and Investment Information, Inc.) BBB+ (Japan Credit Rating Agency, Ltd.)	
Co-lead managers	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Mizuho Securities Co., Ltd.	
Shelf registration	30 billion yen (by March 24, 2017) /Issued bonds 10 billion yen	

# Appendix

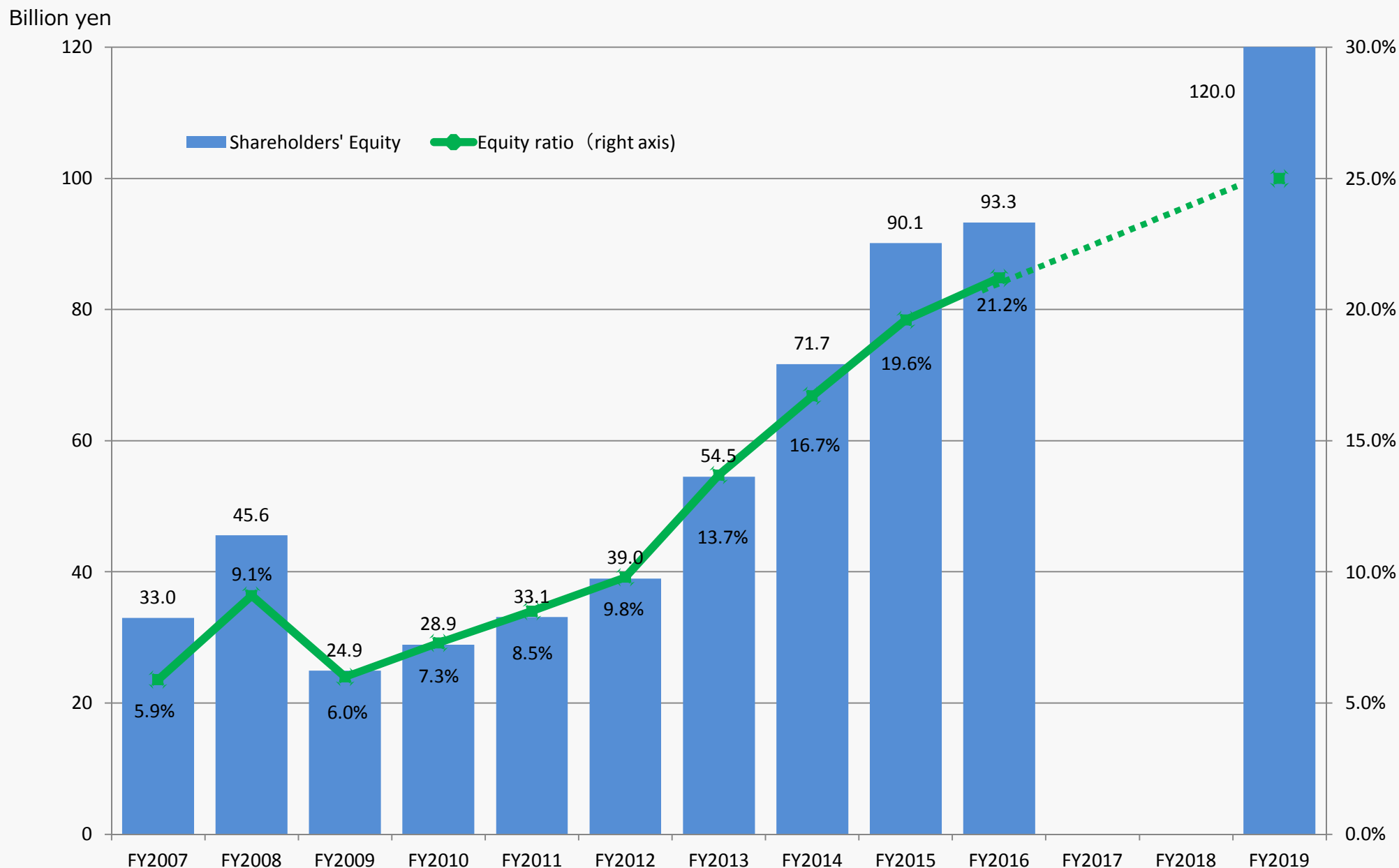
# Appendix 1-1. Consolidated Ordinary income (from FY1978)



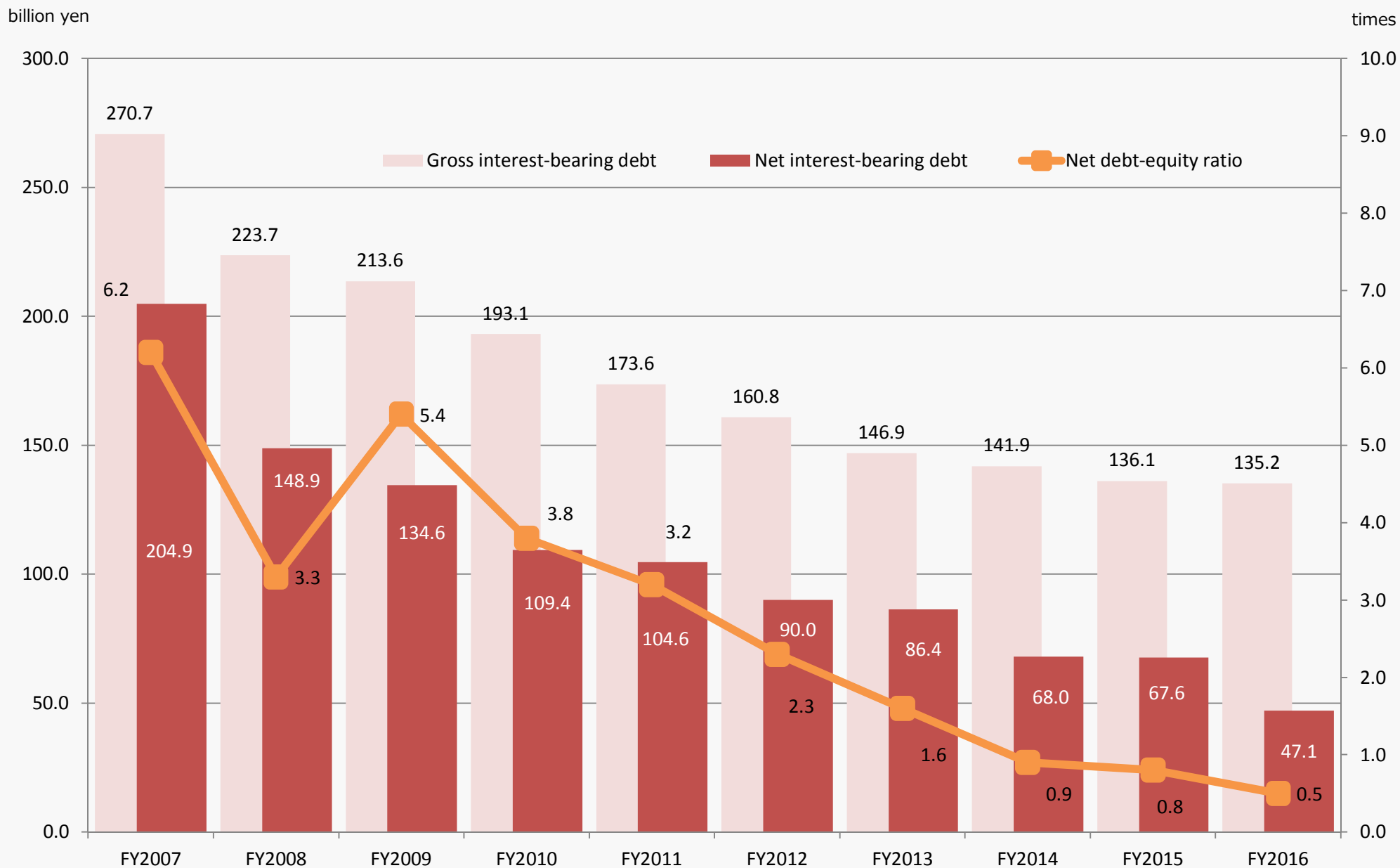
# Appendix 1 -2. Consolidated Net income (from FY1999)



# 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
<b>Electronics &amp; Devices</b>	Semiconductor Parts & Equipment	Semiconductor / electronics parts, Electronic modules / materials, Semiconductor	Kanematsu Electronics Ltd. Kanematsu Communications Ltd. Diamondtelecom Inc. Kanematsu-NNK 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	
<b>Foods &amp; Grain</b>	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	
<b>Steel, Materials &amp; Plant</b>	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	
<b>Motor vehicles &amp; Aerospace</b>	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	FY2015		FY2016	
			Net sales	Ordinary income	Net sales	Ordinary income
Kanematsu Electronics Ltd	ICT solution	58.28%	59.9	6.1	60.0	6.3
Kanematsu Communications Ltd.	Mobile	100%	134.0	3.0	139.7	3.4
Kanematsu-NNK Corp.	Security system etc.	52.88%	12.2	0.7	11.6	0.8
Kanematsu Shintoa Foods Corp.	Foods, Meat & Marine Products	100%	25.8	0.2	29.5	0.2
Kanematsu Agri-Tech Corp.	Grains, Feedstuff, Fertilizer	100%	12.8	0.2	13.5	0.1
Kanematsu Trading Corp.	Domestic steel, Steel materials	100%	40.2	0.3	33.4	0.3
Kanematsu KGK Corp.	Machine tools, Industrial machinery	97.90%	46.8	1.3	54.2	1.2
Kanematsu Petroleum Corp.	Petroleum products, Gas	100%	161.1	0.6	119.9	0.8
Kanematsu Chemicals Corp.	Functional chemicals	100%	17.8	0.4	17.1	0.6
Shintoa Corporation	Trading company	100%	95.4	1.0	95.2	1.0
Kanematsu USA Inc.	Overseas subsidiary	100%	55.2	3.3	50.0	0.3

# Appendix 4. Subsidiaries

## Number of Profitable and Non-Profitable Consolidated Subsidiaries and Affiliates

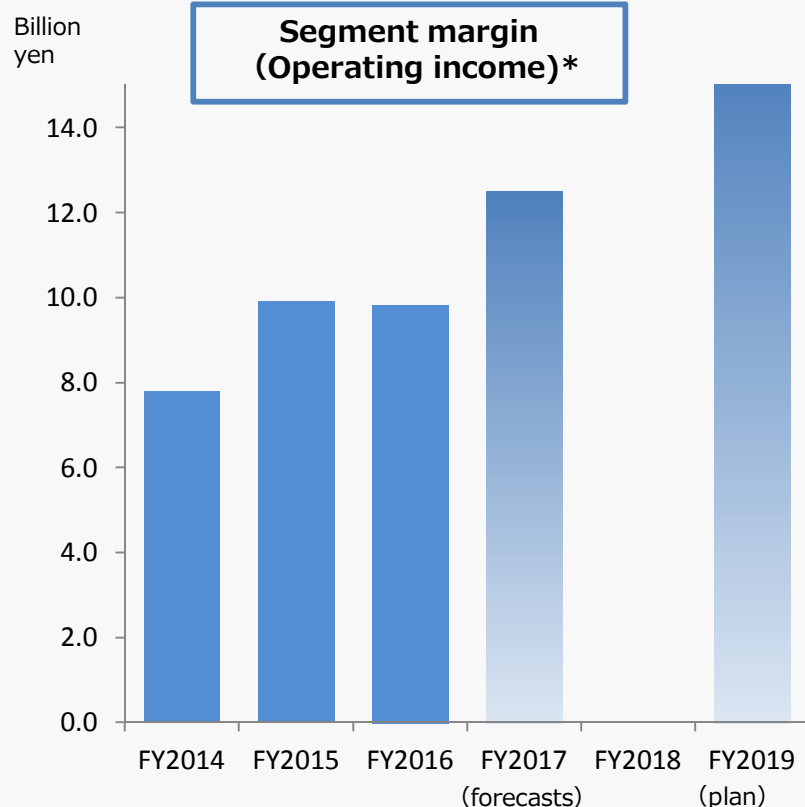
(Companies)	FY2015					FY2016					Year on year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Number of profitable	28	33	10	14	85	37	33	11	11	92	+ 7
Ratio (%)	70%	67%	83%	88%	73%	86%	70%	100%	69%	79%	
Non profitable	12	16	2	2	32	6	14	0	5	25	(7)
Total	40	49	12	16	117	43	47	11	16	117	-

## Profit and Loss Posted by Consolidated Subsidiaries and Affiliates

(Unit : billion yen)	FY2015					FY2016					Year on year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Sum of profit posted by	6.5	2.0	0.9	0.2	9.6	7.7	0.9	0.4	0.2	9.2	(0.4)
Sum of loss posted	(0.4)	(0.1)	(0.0)	(0.0)	(0.5)	(0.2)	(0.4)	(0.0)	(0.0)	(0.6)	(0.1)
Total	6.1	1.9	0.9	0.2	9.1	7.5	0.5	0.4	0.2	8.6	(0.5)

# Appendix5-1. Segments (Electronics & Devices)

(Unit: billion yen)	FY2015 results	FY2016 results	FY2017 forecasts	Comparison with FY2016	
				Change	Change (%)
<b>Net sales</b>	<b>276.9</b>	<b>277.9</b>	<b>400.0</b>	<b>+ 122.1</b>	<b>+ 44.0%</b>
<b>Operating income*</b>	<b>9.9</b>	<b>9.8</b>	<b>12.5</b>	<b>+ 2.7</b>	<b>+ 27.0%</b>



## FY2016 results

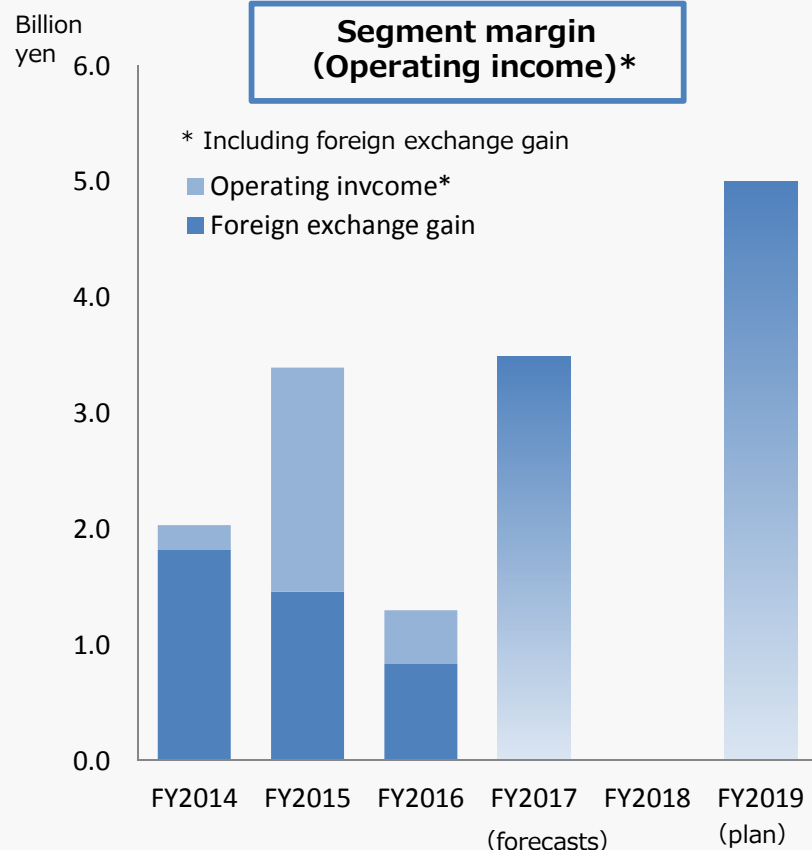
The ICT solutions business experienced a smooth growth in products for the manufacturing industry. The mobile business also performed well. The semiconductor parts and manufacturing equipment business performed poorly due to the Chinese economic downturn and the slower demand growth for smartphone parts.

## FY2017 forecasts

In ICT solutions, business for manufacturing is expected to remain firm, partly due to the effects of efficient management as a result of the integration with Nippon Office Systems Ltd. In the mobile business, income is expected to increase significantly, thanks to KCS that achieved record income in the previous year and the acquisition of Diamondtelecom, Inc.

# Appendix5- 2. Segments (Foods & Grain)

(Unit: billion yen)	FY2015 results	FY2016 results	FY2017 forecasts	Comparison with FY2016	
				Change	Change (%)
<b>Net sales</b>	<b>307.7</b>	<b>323.1</b>	<b>370.0</b>	<b>+ 46.9</b>	<b>+ 14.5%</b>
<b>Operating income*</b>	<b>3.4</b>	<b>1.3</b>	<b>3.5</b>	<b>+ 2.2</b>	<b>+ 169.2%</b>



## FY2016 results

In the feedstuff business, the sales of grain and agricultural oil remained solid while the feed business performed poorly. The meat products business experienced a significant year-on-year decline in profit.

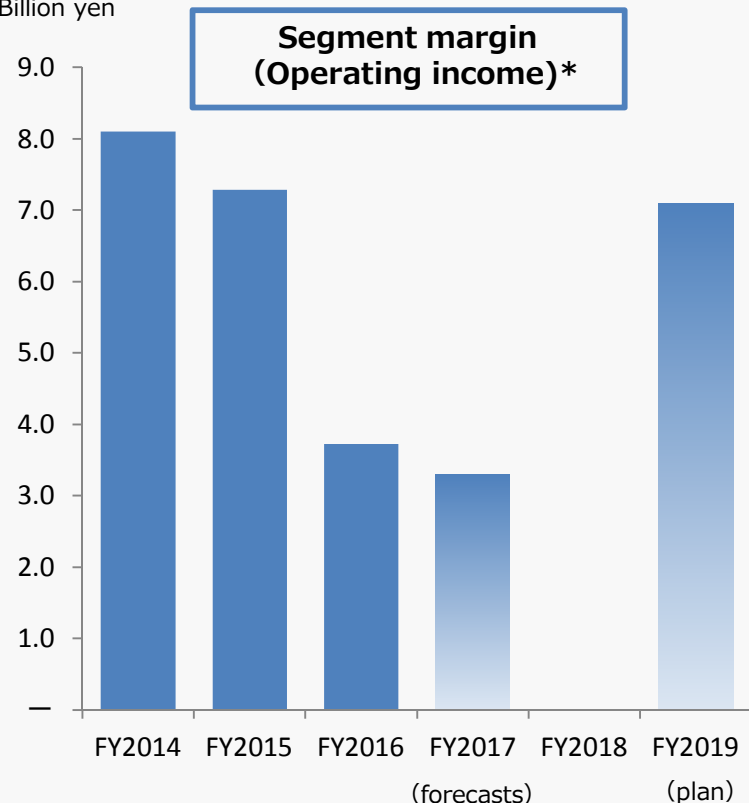
## FY2017 forecasts

Income is expected to recover due to recovering market prices in the meat products and feedstuff businesses. The foods business is expected to remain firm.

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

(Unit: billion yen)	FY2015 results	FY2016 results	FY2017 forecasts	Comparison with FY2016	
				Change	Change (%)
<b>Net sales</b>	<b>468.0</b>	<b>378.9</b>	<b>380.0</b>	<b>+ 1.1</b>	<b>+0.3%</b>
<b>Operating income*</b>	<b>7.3</b>	<b>3.7</b>	<b>3.3</b>	<b>(0.4)</b>	<b>(11.3%)</b>

Billion yen



## FY2016 results

The energy business performed well thanks to the strong domestic demand for fuel oil due primarily to cold weather in winter. The plant and infrastructure business saw strong growth in the business related to machine tools and industrial machinery. In the iron and steel business, its mainstay oilfield tubing business fell due to stagnating crude oil prices.

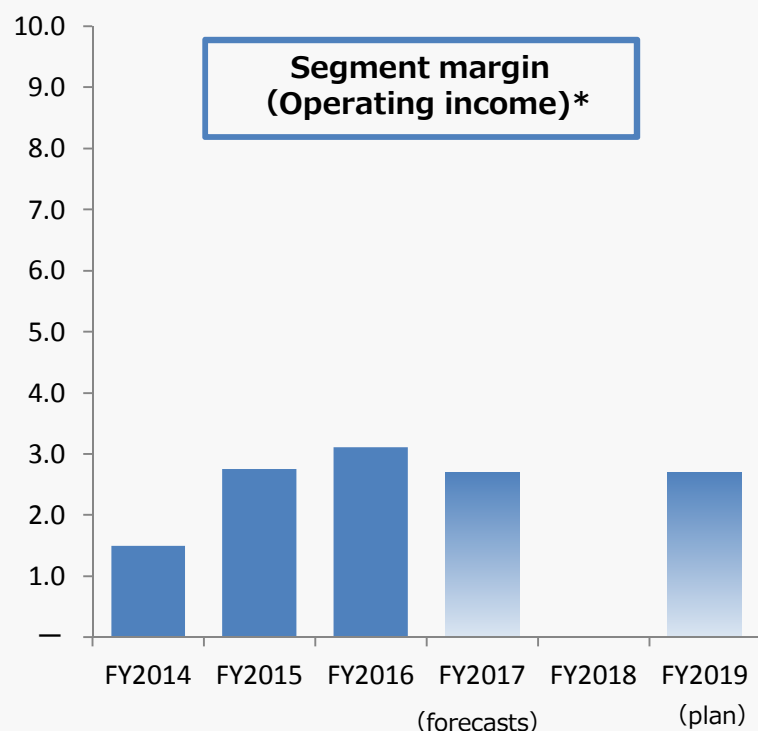
## FY2017 forecasts

The energy business is expected to remain solid. The plant and infrastructure business is also expected to remain firm in the transactions of machine tools and industrial machinery. Meanwhile, the oilfield tubing business in North America is expected to remain sluggish as in the previous fiscal year because oil prices will stop falling.

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

(Unit: billion yen)	FY2015 results	FY2016 results	FY2017 forecasts	Comparison with FY2016	
				Change	Change (%)
<b>Net sales</b>	<b>59.7</b>	<b>71.2</b>	<b>80.0</b>	<b>+ 8.8</b>	<b>+ 12.3%</b>
<b>Operating income*</b>	<b>2.8</b>	<b>3.1</b>	<b>2.7</b>	<b>(0.4)</b>	<b>△ 13.2%</b>

Billion yen



## FY2016 results

The motor vehicles and parts business experienced a smooth growth mainly in motorcycle and motor vehicle parts. In the aerospace business, both the aircraft parts and space-related products performed well.

## FY2017 forecasts

The motor vehicles and parts business is expected to remain solid mainly in the transactions of motorcycle and automobile parts. The aerospace business is expected to see income decline slightly because large transactions are not anticipated in the current fiscal year.