



Overview of results for FY2017

(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.

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

* FY2017 (the fiscal year ended March 31, 2017)

May 16, 2017

KANEMATSU CORPORATION

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

Overview of results for FY2017

1-1. FY2017 Highlight (P/L)

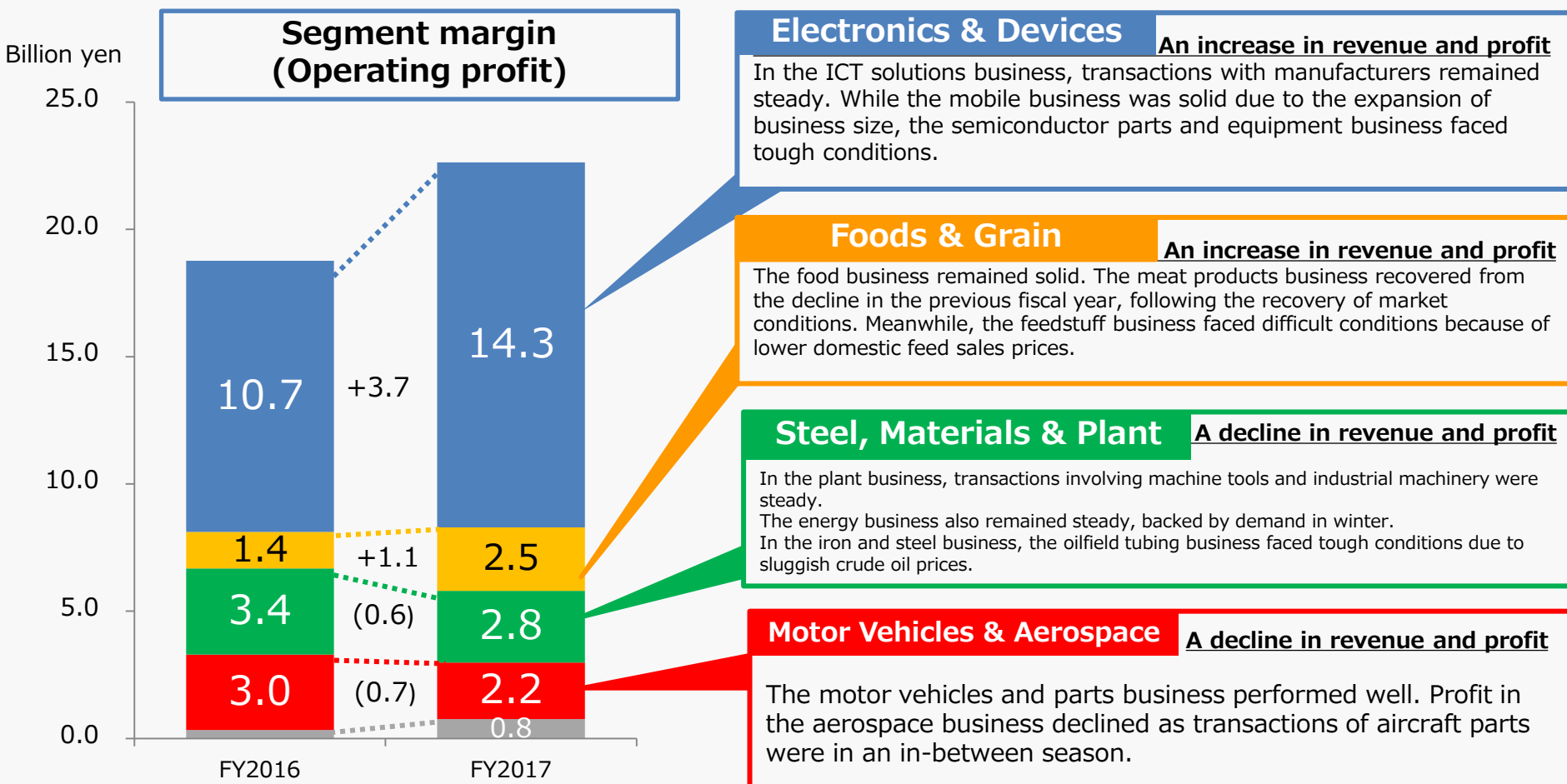
- ✓ Operating profit increased 3.9 billion yen from the previous fiscal year.
- ✓ Profit for the year declined 0.9 billion yen year on year due to the posting of financial costs with the fair market valuation of investments and the share of loss of investments accounted for using the equity method associated.

(Unit: Billion yen)	FY2016	FY2017	Year-on-year change
Revenue	668.4	675.6	7.2
Gross profit	86.2	100.1	13.9
Operating profit	18.8	22.6	3.9
Finance income (costs)	(1.3)	(2.8)	(1.4)
Share of profit (loss) of investments accounted for using the equity method	0.7	(2.0)	(2.7)
Profit before tax	18.1	17.9	(0.2)
Profit for the year	10.8	10.3	(0.5)
Profit for the year attributable to owner of the parent	9.0	8.0	(0.9)

1-2. FY2017 Highlight (Segment margin)



Electronics & Devices remained steady. Foods & Grain recovered from the decline in the previous fiscal year.



1-3. FY2017 Highlight (B/S)

- ✓ Shareholders' equity exceeded 100 billion yen thanks to an increase in retained earnings and an increase in other components of equity due to rising stock prices.
- ✓ The net D/E ratio remained low at 0.5 times.

(Unit: Billion yen)	FY2016 results	FY2017 results	(Unit: Billion yen)	FY2016 results	FY2017 results
Total assets	443.6	479.7	Gross interest-bearing debt	136.9	133.8
Net assets	120.7	129.9	Net interest-bearing debt	48.8	55.4
Shareholders' Equity (Note 1)	91.6	100.4	Net D/E ratio (Note 3)	0.53times	0.55times
Net assets per share (yen)	217.7	238.4	<div> <div>R O E</div> <div>9.9%</div> <div>8.4%</div> </div>		
Equity ratio (Note 2)	20.6%	20.9%			

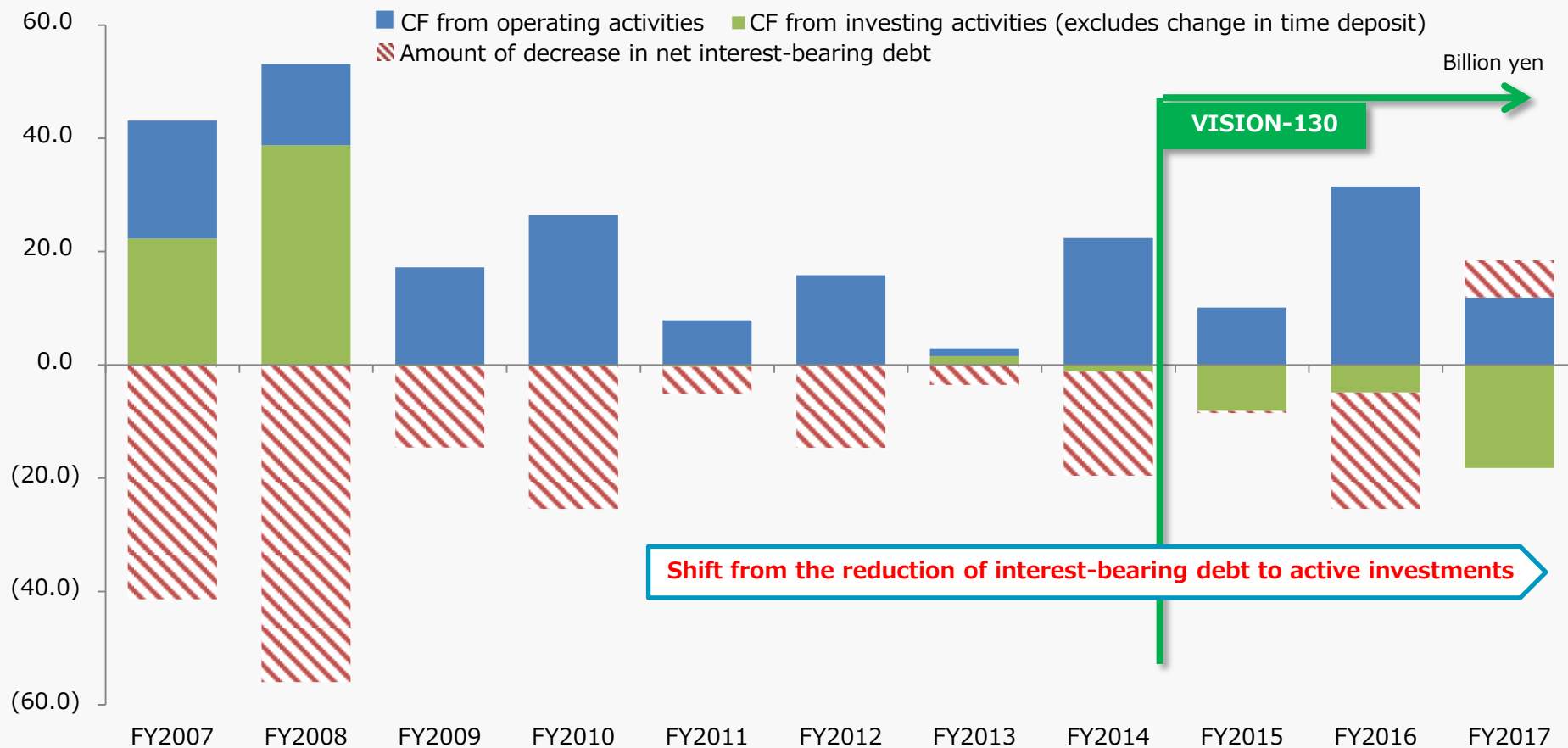
(Note 1) Shareholder's equity = Total equity attribute to owners of the parent

(Note 2) Equity ratio = Shareholder's equity / Total assets

(Note 3) Net debt-equity ratio = Net interest-bearing debt / Equity capital

1-4. FY2017 Highlight (C/F)

- ✓ Net cash used in investing activities stood at 14.7 billion yen, mainly reflecting the acquisition of Diamondtelecom, Inc. on April 1.



2. FY2018 forecast

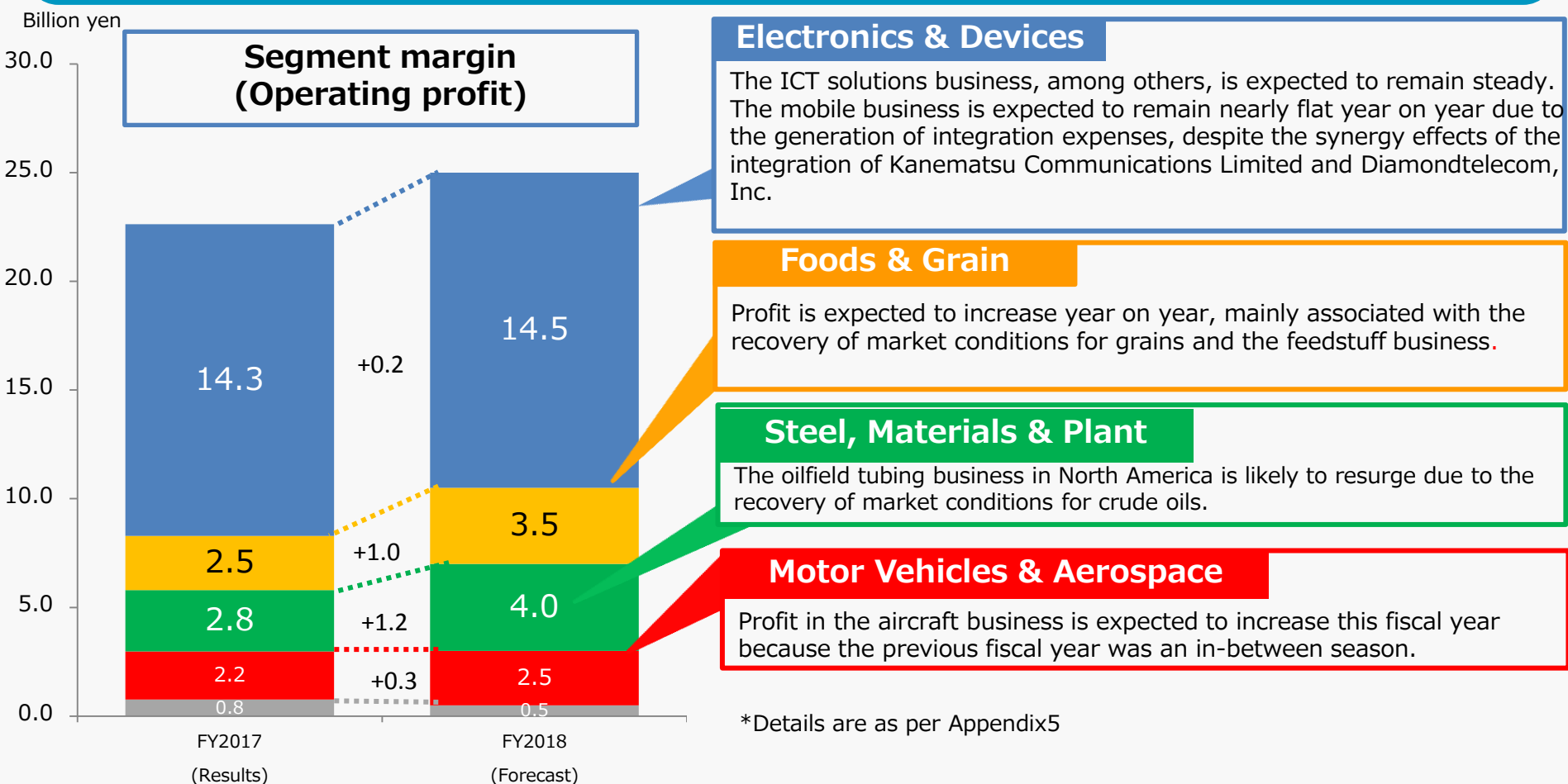
2-1. FY2018 forecast

- ✓ Operating profit is expected to remain steady.
- ✓ Profits before tax are also expected to increase due to the absence of temporary financial costs and the share of loss of entities accounted for using the equity method, which were posted in FY2017.

(Unit: billion yen)	FY2017 results	FY2018 forecast	Change
Revenue	675.6	700.0	24.4
Operating Profit	22.6	25.0	2.4
Profit before tax	17.9	23.5	5.6
Profit for the year attributable to owners of the parent	8.0	12.0	4.0

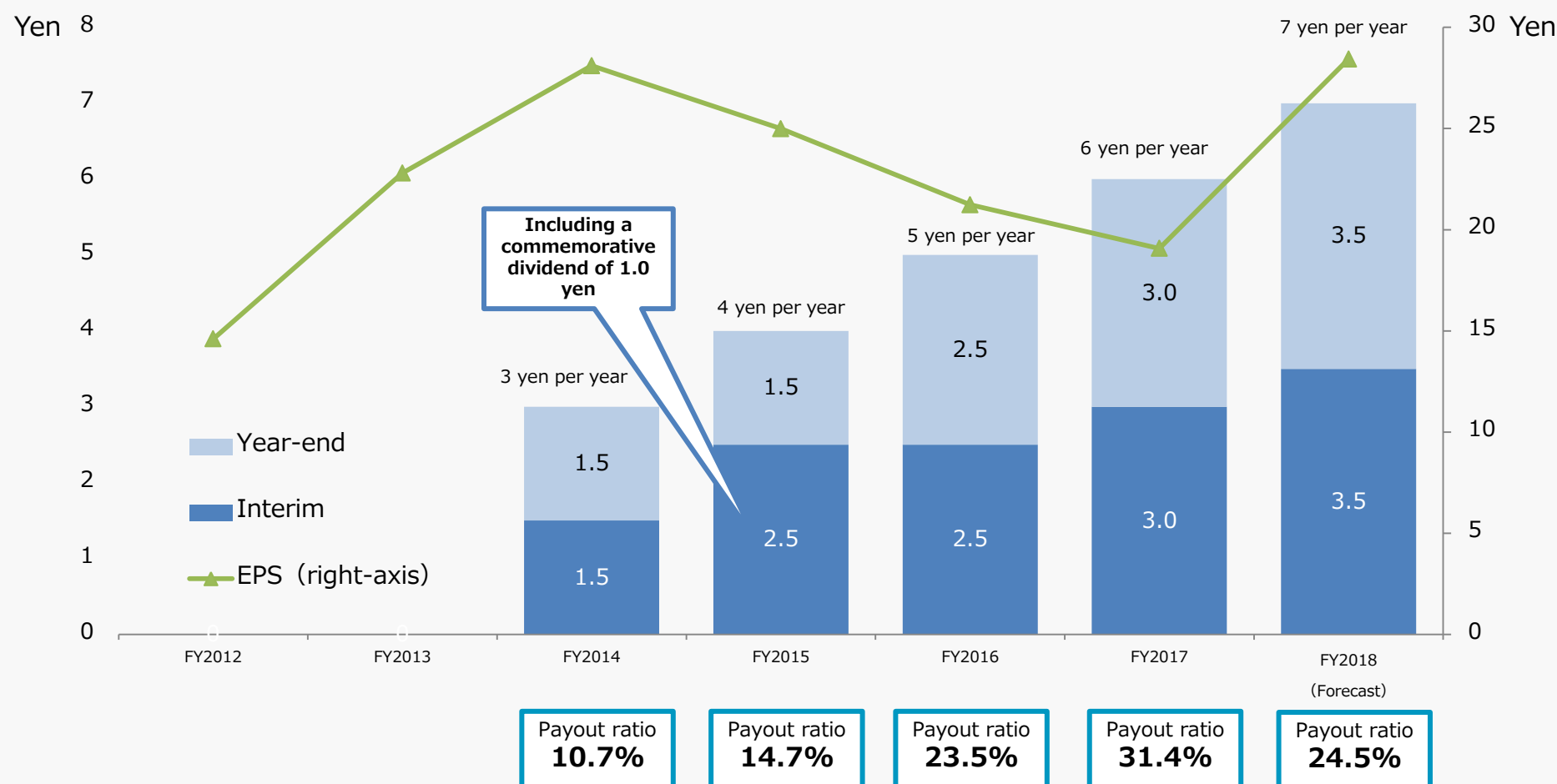
2-2. FY2018 forecast (Segment margin)

- ✓ In Electronics & Devices, the ICT solutions business, among others, is expected to remain strong.
- ✓ Profit is also expected to increase in other segments.



2-3. FY2018 forecast Dividends

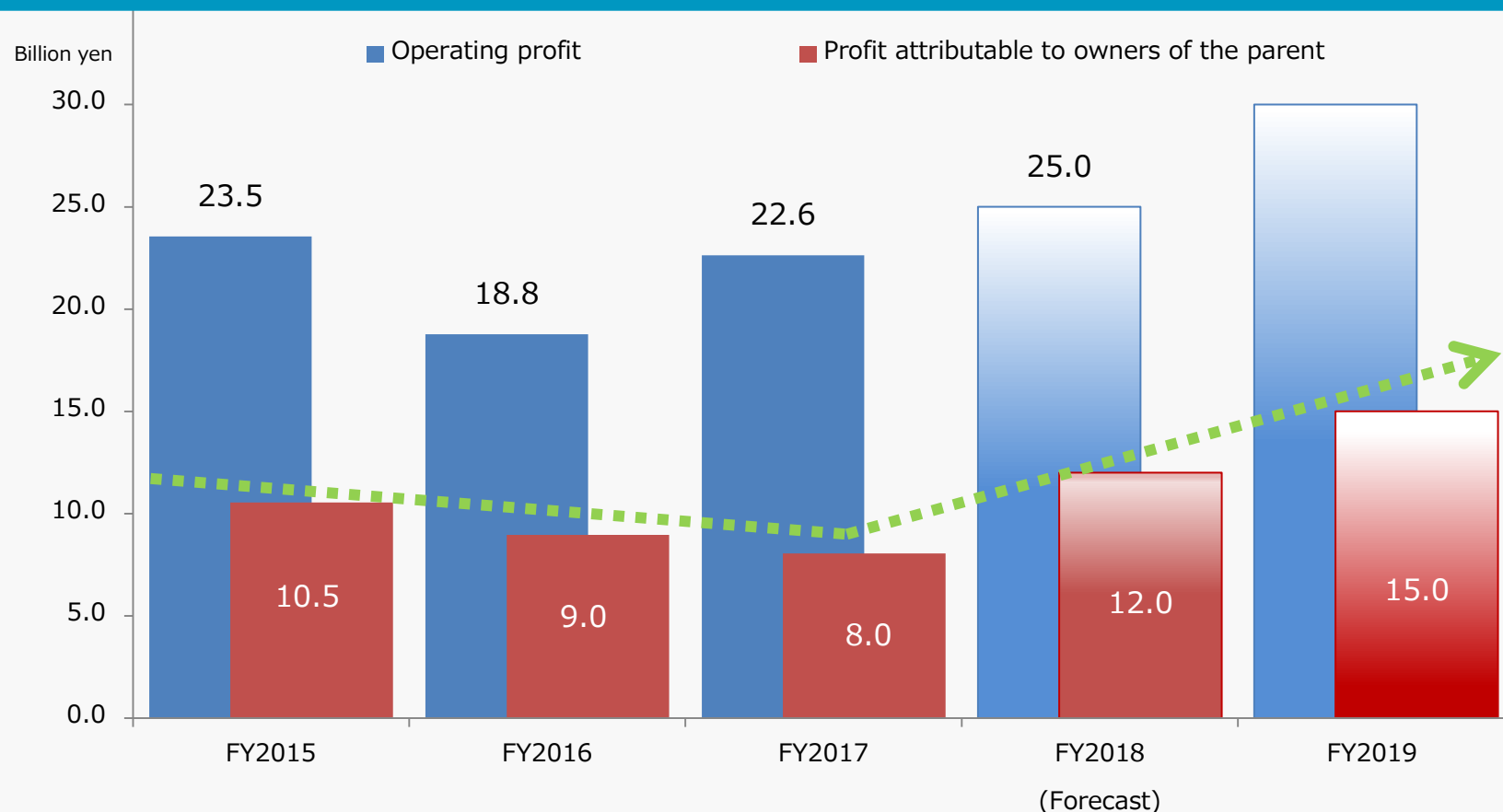
- ✓ Pay stable and continuous dividends, with a consolidated dividend payout ratio of 25% as the goal.
- ✓ Plan to pay an annual dividend of 7 yen per share in FY2018.



3. Progress in VISION-130

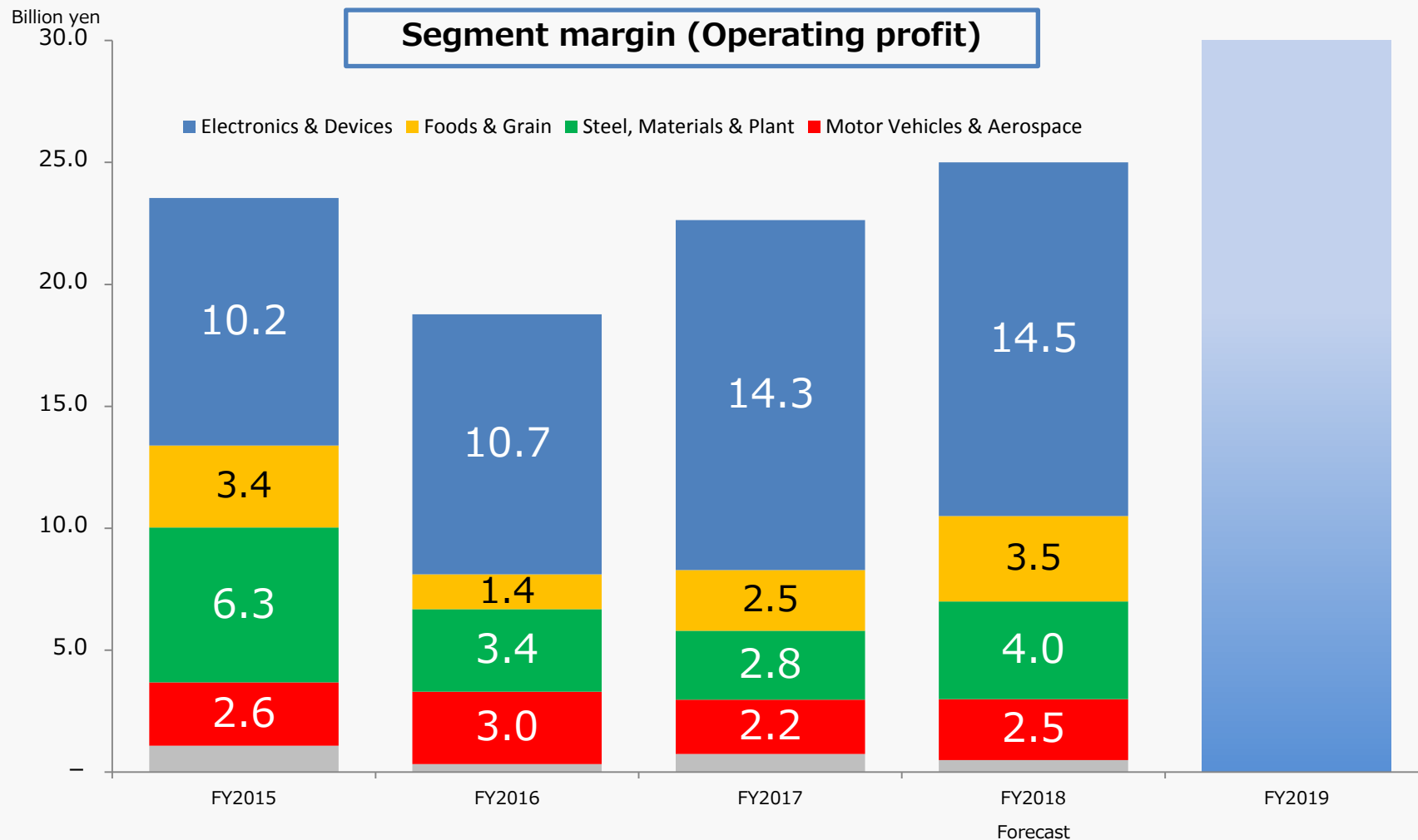
3-1. Progress in VISION-130 (P/L)

- ✓ Operating profit recovered from the decline in FY2016.
- ✓ The fall in profit attributable to owners of the parent was due to temporary factors, and we aim to expand business steadily from FY2018 (the fourth year).



3-2. Progress in VISION-130 (segment margin)

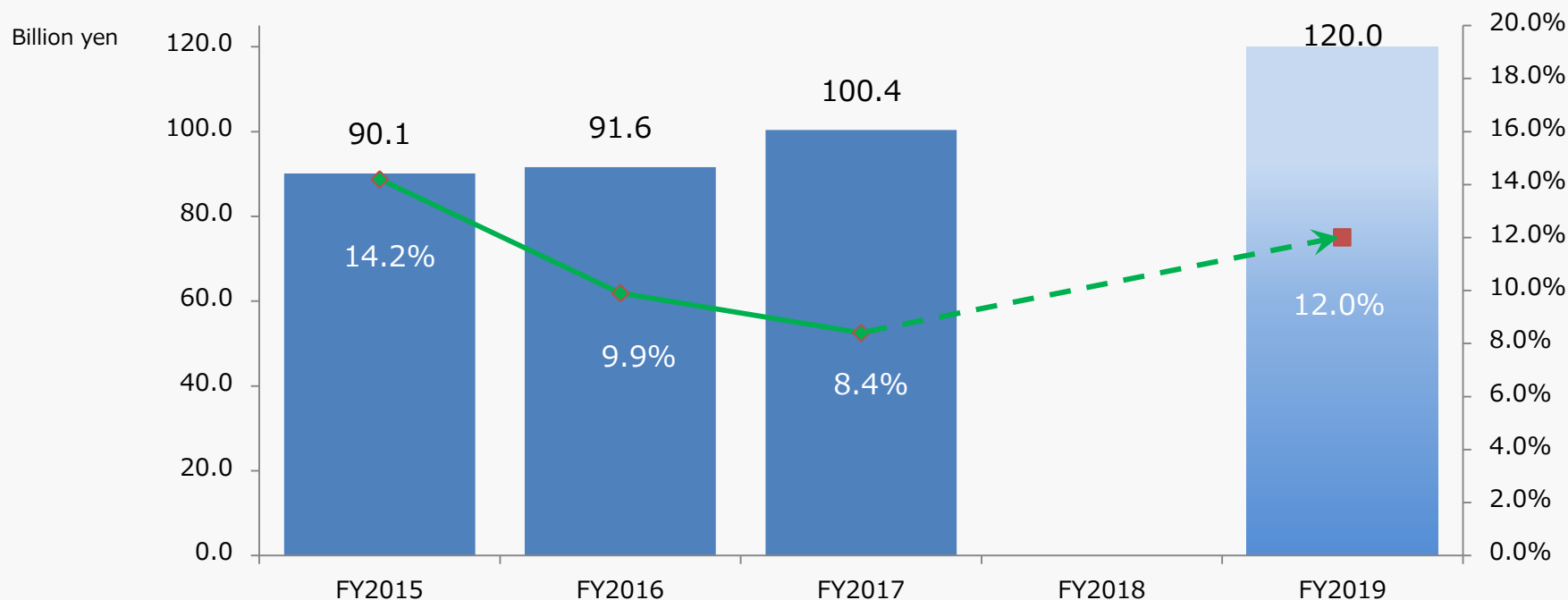
✓ We will increase profit with a focus on Electronics & Devices.



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

	FY2015 (results of 1st year)	FY2016 (results of 2nd year)	FY2017 (results of 3rd year)	FY2019 (VISION-130 target)
Shareholders' equity* (billion yen)	90.1	91.6	100.4	120.0
Net debt-equity ratio (times)	0.75	0.53	0.55	Under 1.0
ROE	14.2%	9.9%	8.4%	12.0%

*Shareholder's equity is Total equity attribute to owners of the parent



3-4. Progress in VISION-130 (investment results)

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

(Unit: Billion yen)	VISION-130		
	FY2015	FY2016	FY2017
Electronics & Devices	4.8	2.4	13.4
Foods & Grain	0.4	2.0	0.2
Steel, Materials & Plant	0.0	0.0	0.0
Motor Vehicles & Aerospace	0.5	0.0	1.8
Others	0.0	0.3	0.1
Fixed assets etc.	3.2	(0.5)	(0.8)
CF from investing activities	8.9	4.2	14.7

Electronics & Devices

<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>

FY2016: Invested in Alfa Group Inc. (0.4 billion yen).

FY2017: Acquired Diamondtelecom, Inc. (17.4 billion yen).

<Technical support (camera-related business)>

FY2015: Kanematsu-NNK Corporation (now Kanematsu Sustech Corporation) became a subsidiary (1.5 billion yen).

Underwrote convertible bonds and preferred shares of Kantatsu (total 2.5 billion yen).

<Printer business (overseas advancement of Japanese manufacturers, etc.)>

FY2017: Acquired shares of G-Printec, Inc. jointly with AZ-Star Co., Ltd. (0.6 billion yen).

Foods & Grain

<Food market in Asia>

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

<TPP response (advancement into the overseas food market)>

- Participated in the Be Smile Project, a sixth sector business.

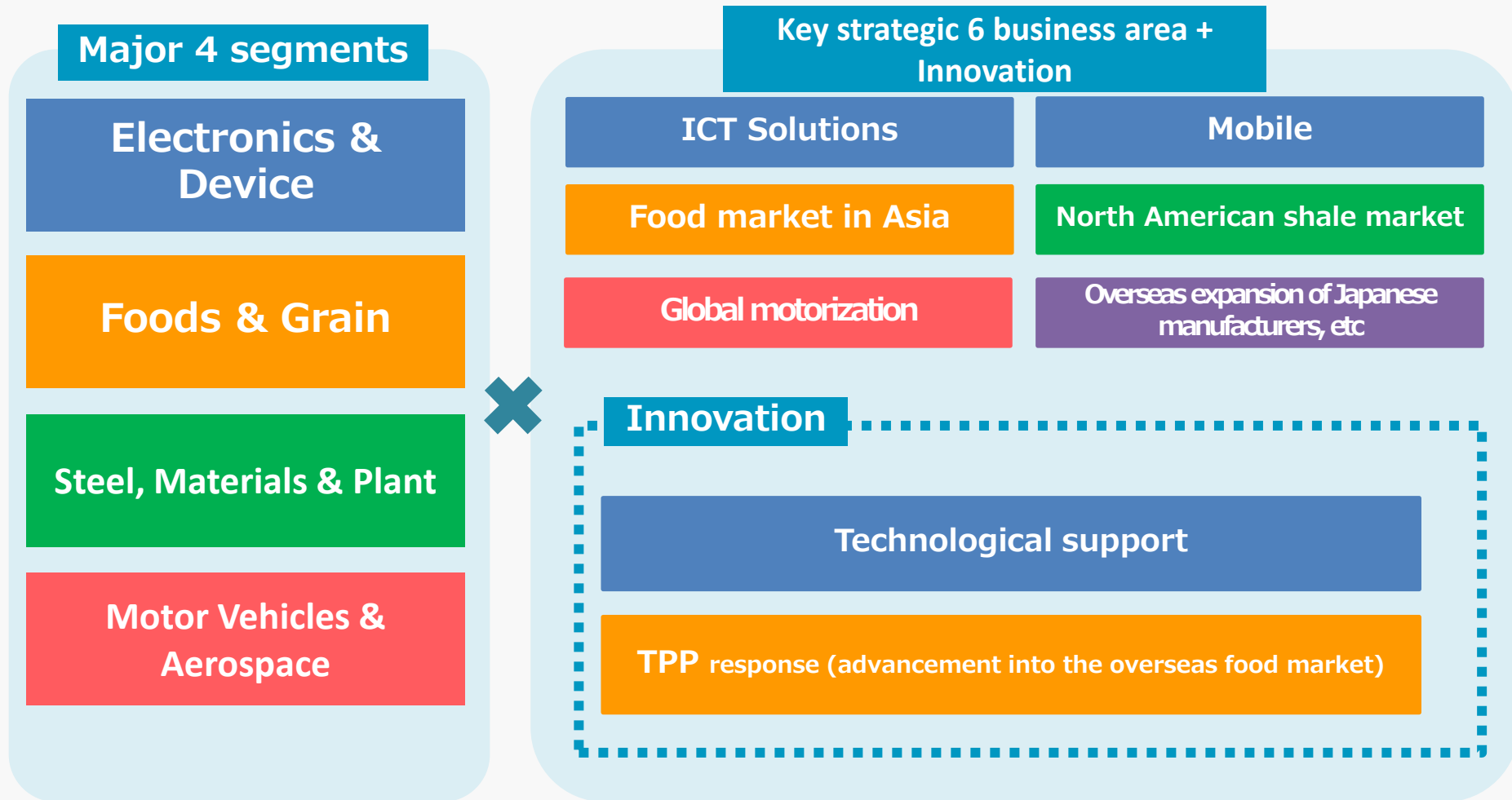
Others

<Overseas expansion of Japanese manufacturers, etc.>

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

3-5. 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.

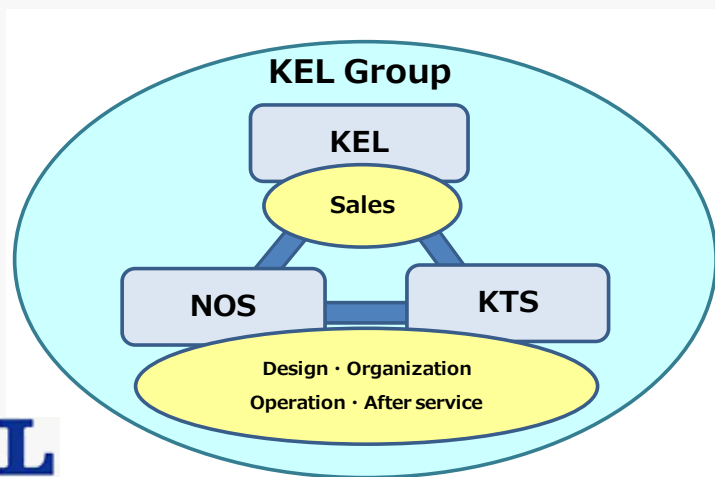


3-6. Progress in VISION-130 (Initiatives for key business areas)

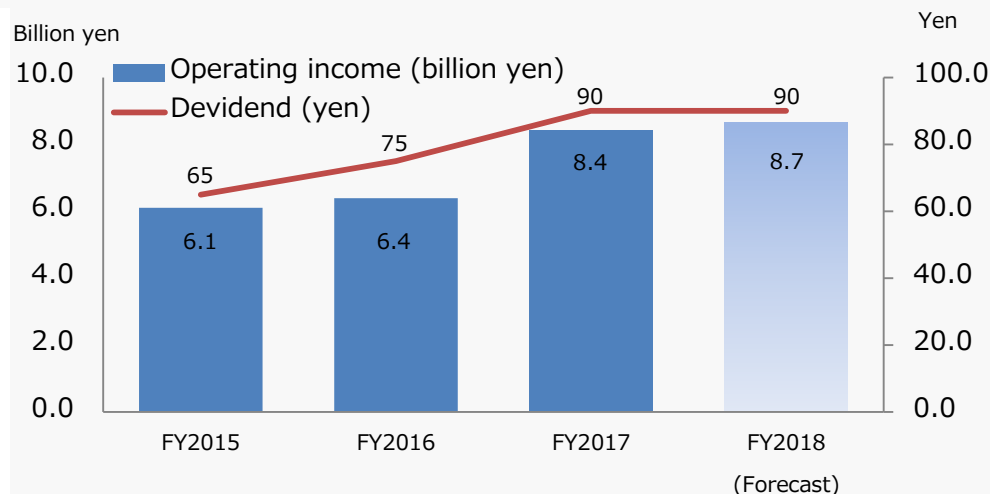
ICT solutions

✓ Promoted more efficient management through organizational restructuring within the KEL Group.

- ✓ Kanematsu Electronics Ltd. (KEL), a major subsidiary of the Company, made Nippon Office Systems Ltd. a wholly-owned subsidiary in July 2015. KEL implemented organizational restructuring including KEL Technical Service Ltd., another subsidiary, to promote integrated management as the KEL Group.
- ✓ KEL promoted the further strengthening of earning power by providing one-stop IT services ranging from design, construction, and introduction to operation and maintenance by promoting the effective use of human resources such as sales personnel and engineers through their appropriate allocation within the KEL Group.
- ✓ After announcing VISION-130, the operating profit of KEL increased steadily from 6.1 billion yen in FY2015 to 8.4 billion yen in FY2017, and the annual dividend also rose from 65 yen to 90 yen.



KEL
KANEMATSU ELECTRONICS LTD.

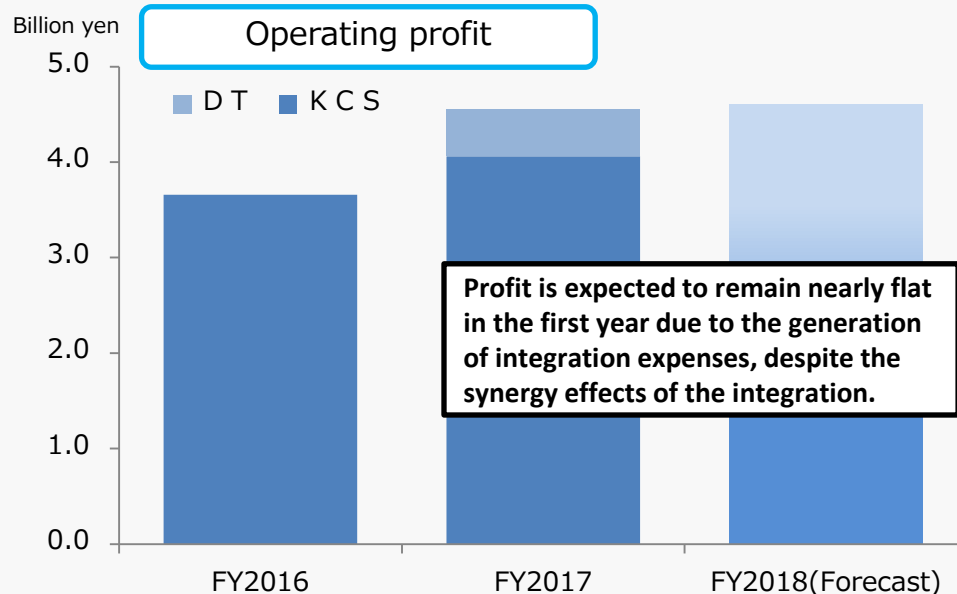
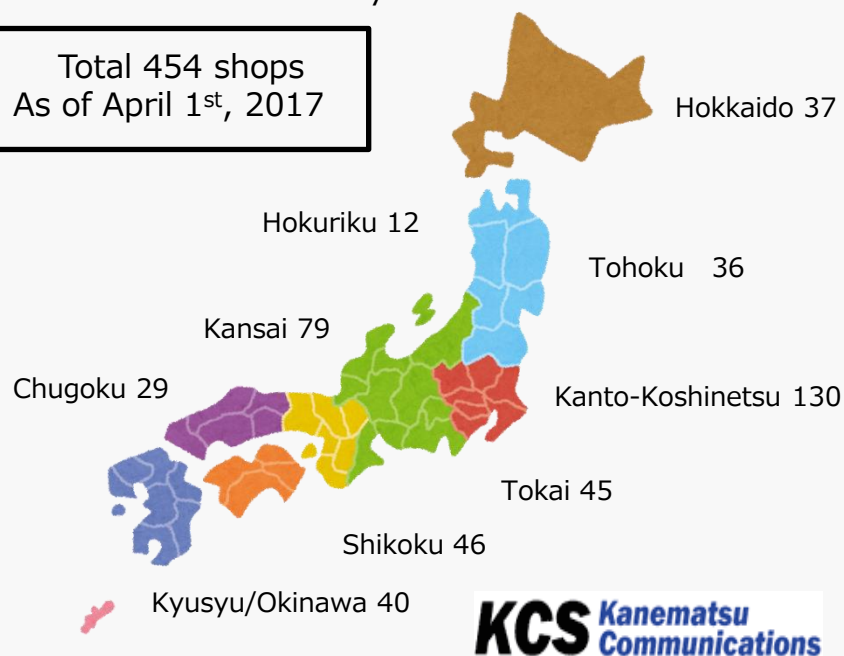


3-7. Progress in VISION-130 (Initiatives for key business areas)

Mobile

- ✓ **Kanematsu Communications Limited (KCS) was integrated with Diamondtelecom, Inc. (DT) on April 1, 2017 with the aim of achieving increased profit by using economies of scale.**
- ✓ KCS conducted an absorption-type merger with DT on April 1, 2017.
- ✓ The number of stores and sales units of the new KCS will be of a scale that will see it in the top class in the industry.

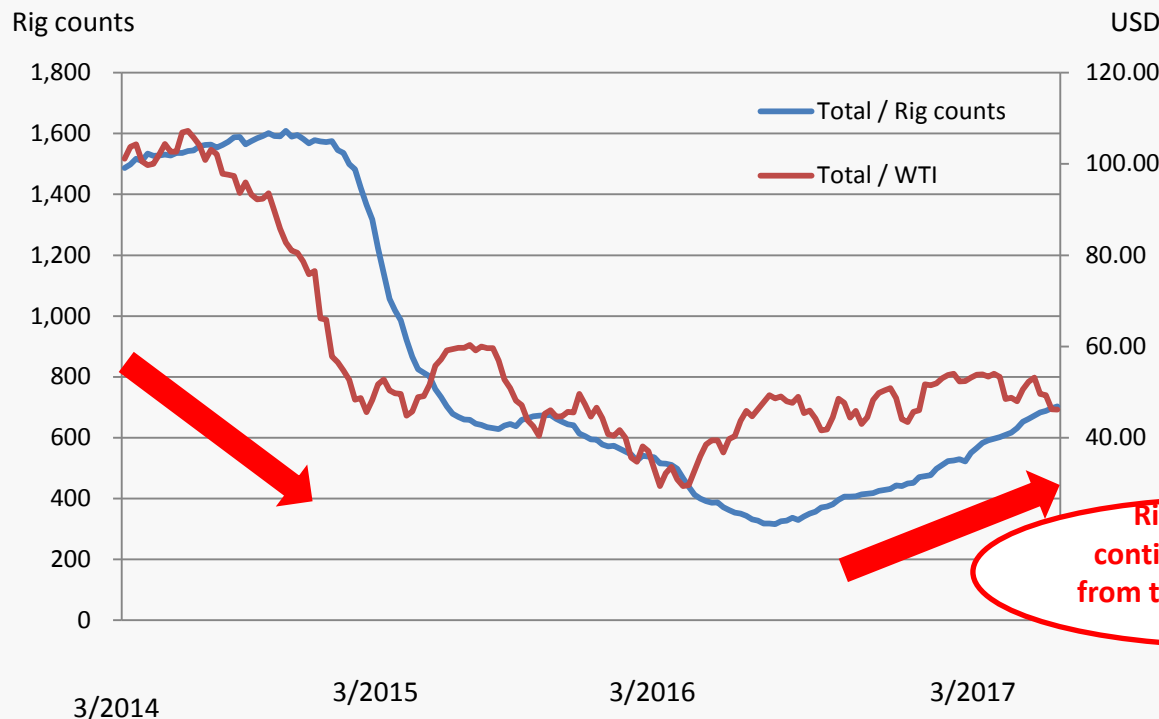
Total 454 shops
As of April 1st, 2017



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

North American shale market

- ✓ **Resurgence is anticipated associated with the recovery of market conditions.**
- ✓ The oilfield tubing business for shale companies in North America continued to face a tough battle due to a significant fall in crude oil prices after FY2015, but a recovery of orders is anticipated given a rise in rig counts after bottoming out in May 2016.



Benoit
Consistently Exceeding Customer Expectations

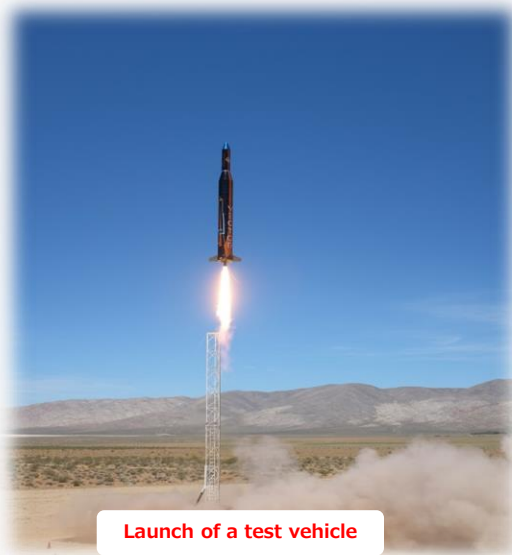


Rig counts have continued to increase from the bottom in May 2016.

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

Aerospace

- ✓ **Entered the micro launch vehicle services area based on a business collaboration with Vector in the United States.**
- ✓ We agreed to enter into a business collaboration with Vector in the United States, which engages in the development, launch and related services of small launch vehicles dedicated to micro satellites.
- ✓ Vector develops small launch vehicles for micro satellites, demand for which has been increasing in recent years, and we plan to begin providing operational launch services in 2018.
- ✓ The Company aims to expand the customer base in the space businesses by entering the vehicle launch services area based on the alliance with Vector and develop the services in the Japanese market.



Launch of a test vehicle



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

Overseas expansion of Japanese manufacturers

✓ **AZ-Star implemented the second project.**

- ✓ The Company acquired all the shares of G-Printec, Inc., a subsidiary of JVC KENWOOD Corporation, jointly with AZ-Star Co., Ltd., and took over the card printer business of G-Printec.
- ✓ The high-definition card printer market is expected to grow around the world, particularly in emerging countries, and G-Printec, which has its own retransfer technology, is expected to expand its business.
- ✓ We will promote the further expansion of business based on a collaboration between G-Printec with the design and development capabilities of card printers and the Electronics Components Business of Kanematsu with sales channels to overseas markets.

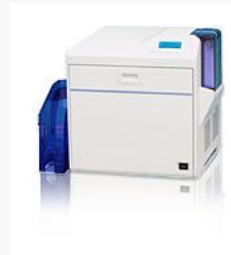
<Company Profile of G-Printec>

Corporate name: G-Printec, Inc.

Established: December 6, 2016 *Established by taking over the card printer business of JVC KENWOOD.

Number of employees: 52 (as of March 31, 2017)

Business: Development, manufacture and sale (OEM) of card printers and related equipment



<AZ-Star>

- Established in February 2015.
- It aims to incorporate growth in Asia into Japan by enhancing Japanese companies with excellent technologies and services through their expansion in Asia.

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

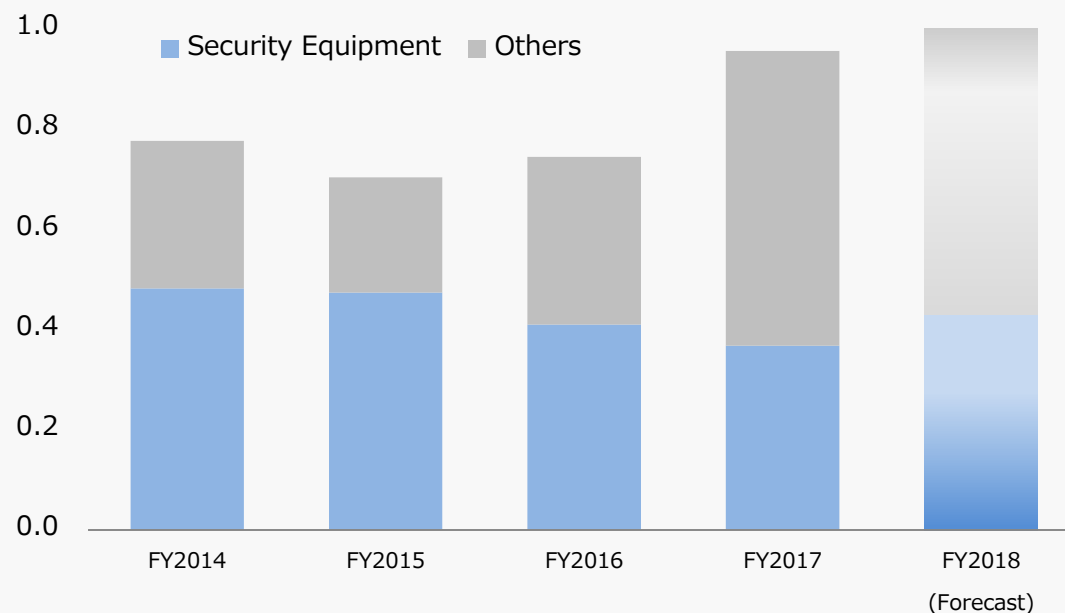
Technological support

- ✓ **Kanematsu-NNK Corporation changed its corporate name to Kanematsu Sustech Corporation with the aim of further expanding business, mainly in its mainstay security cameras business.**
- ✓ We have incorporated demand in the security camera market, which is expected to grow in the future, by making Kanematsu-NNK Corporation (now Kanematsu Sustech Corporation) into a subsidiary in December 2014.
- ✓ In FY2017, income increased from the previous fiscal year as the geo-tech (foundation improvement) business and the wood processing business also remained firm.



Billion yen

Segment margin (Operating income)

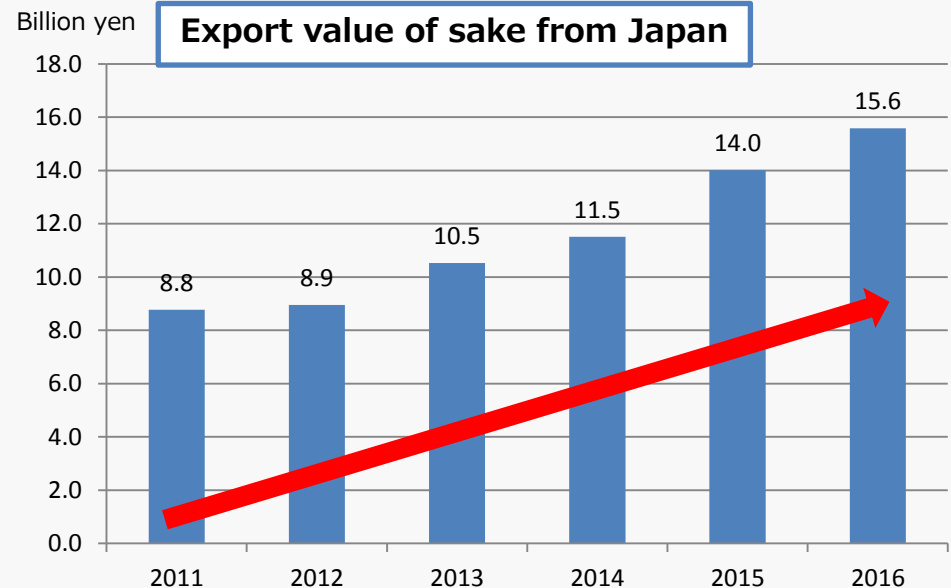


3-12. Progress in VISION-130 (Initiatives for key business areas)

Advancement into overseas food market

✓ Launched the sake export business through an E-commerce Website.

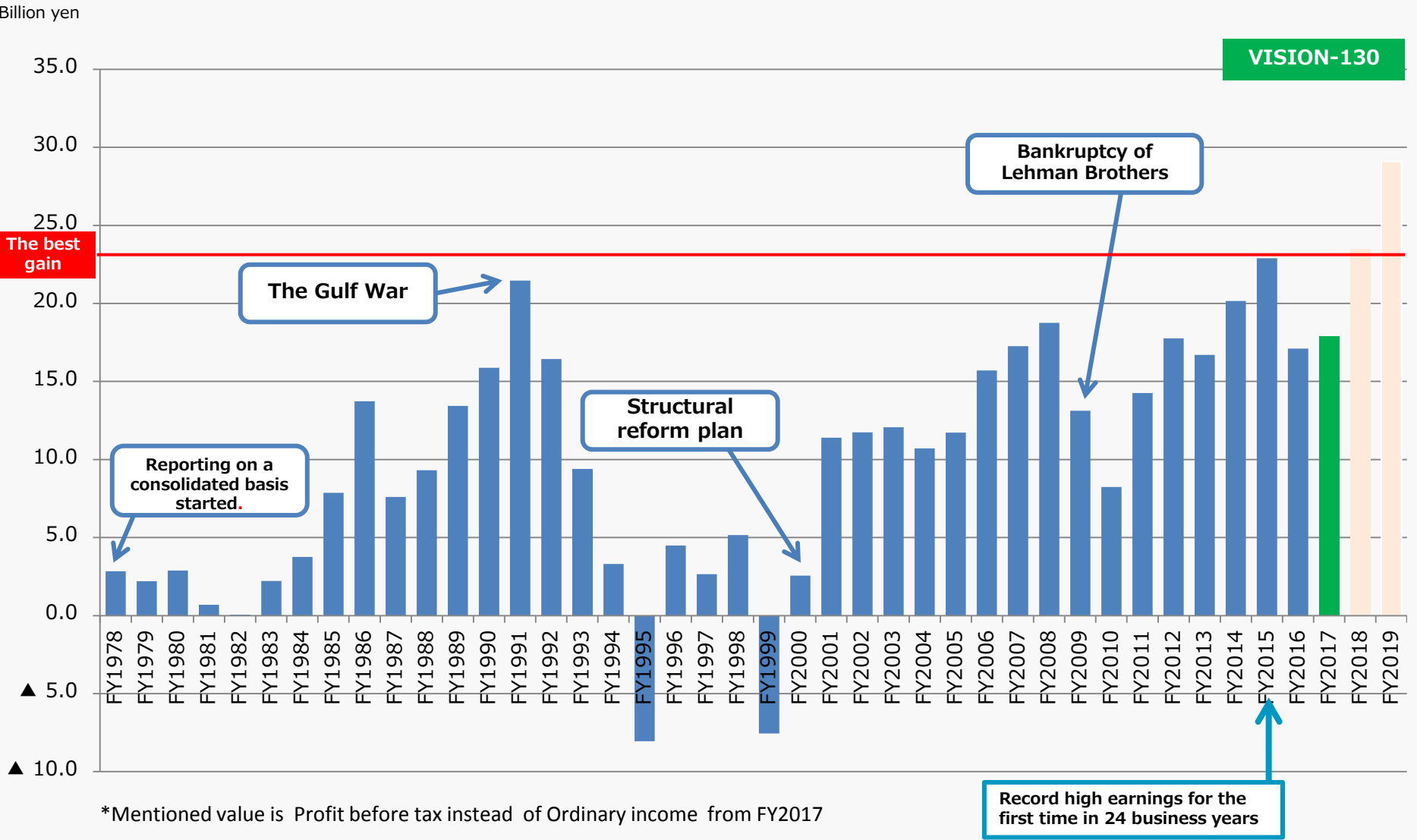
- ✓ We launched the sake export business in March 2017 by establishing "SAKE NETWORK," a cross-border e-commerce website, jointly with Monsterdiver, inc.
- ✓ The Company will support the overseas expansion of sake breweries in Japan and work to disseminate sake in overseas markets by playing a role in marketing to overseas buyers and distributing products.



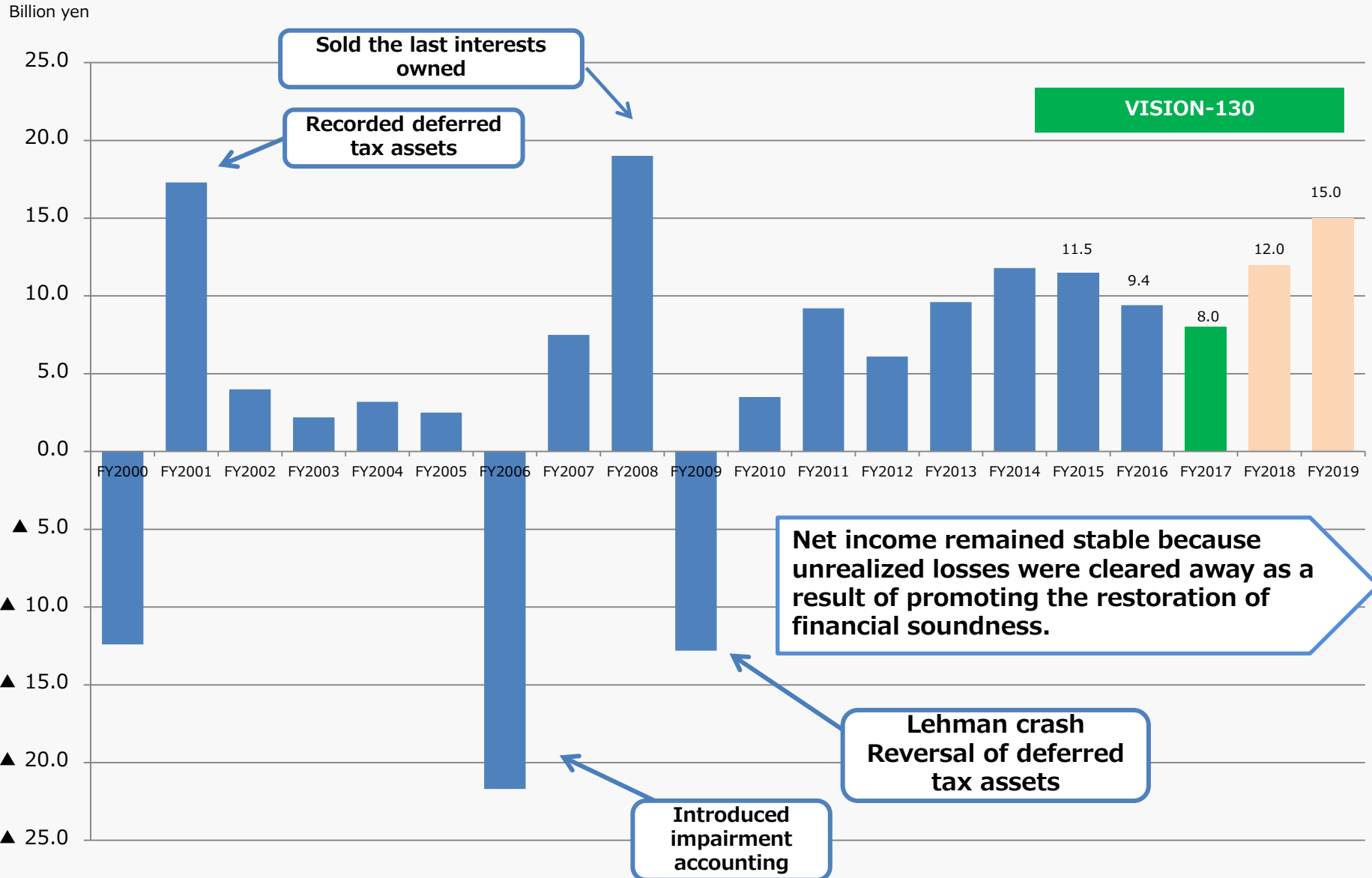
Source: Trade Statistics of Japan, Ministry of Finance

Appendix

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

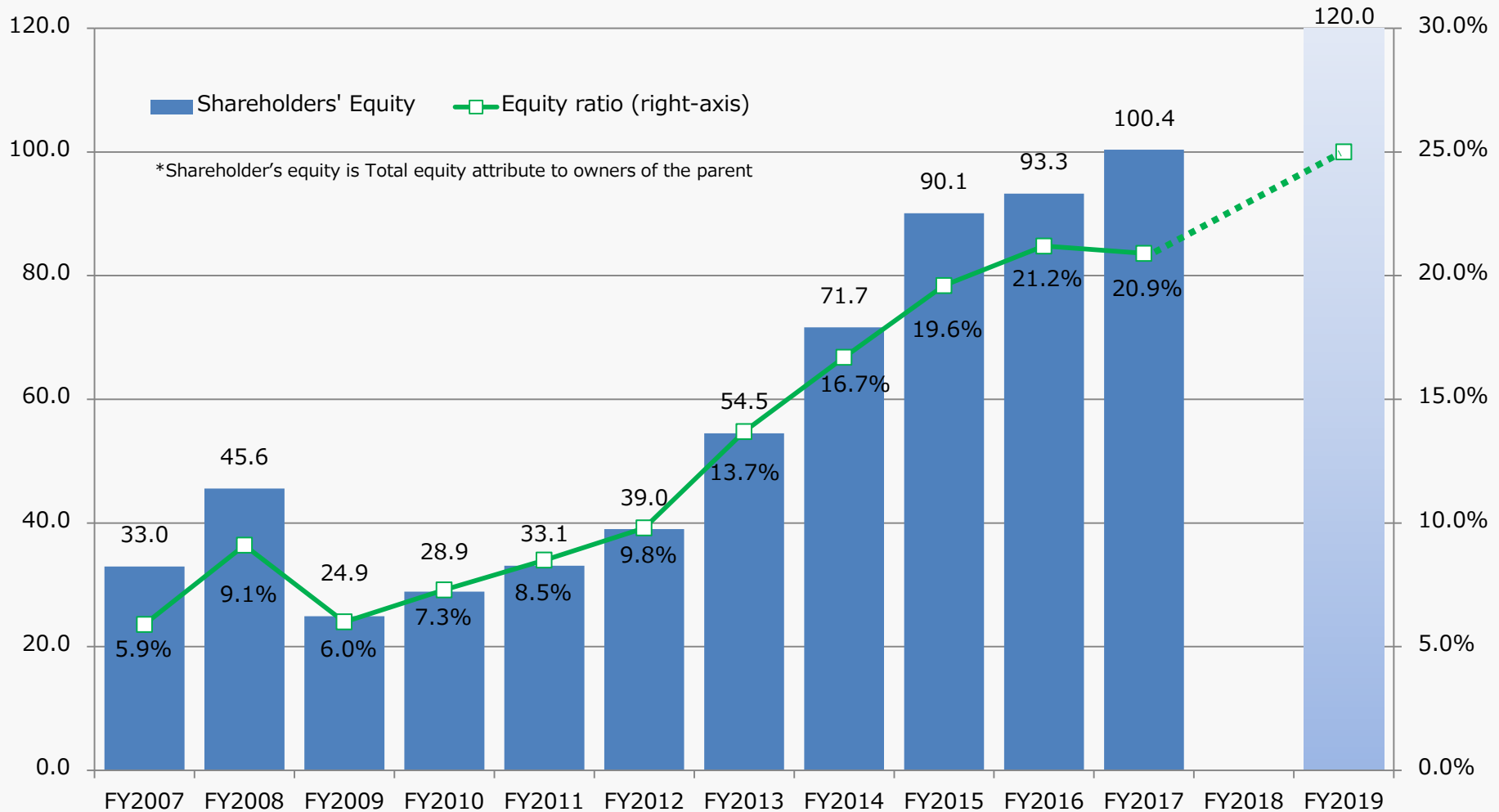


Appendix 1 -2. Consolidated Net income (from FY2000)

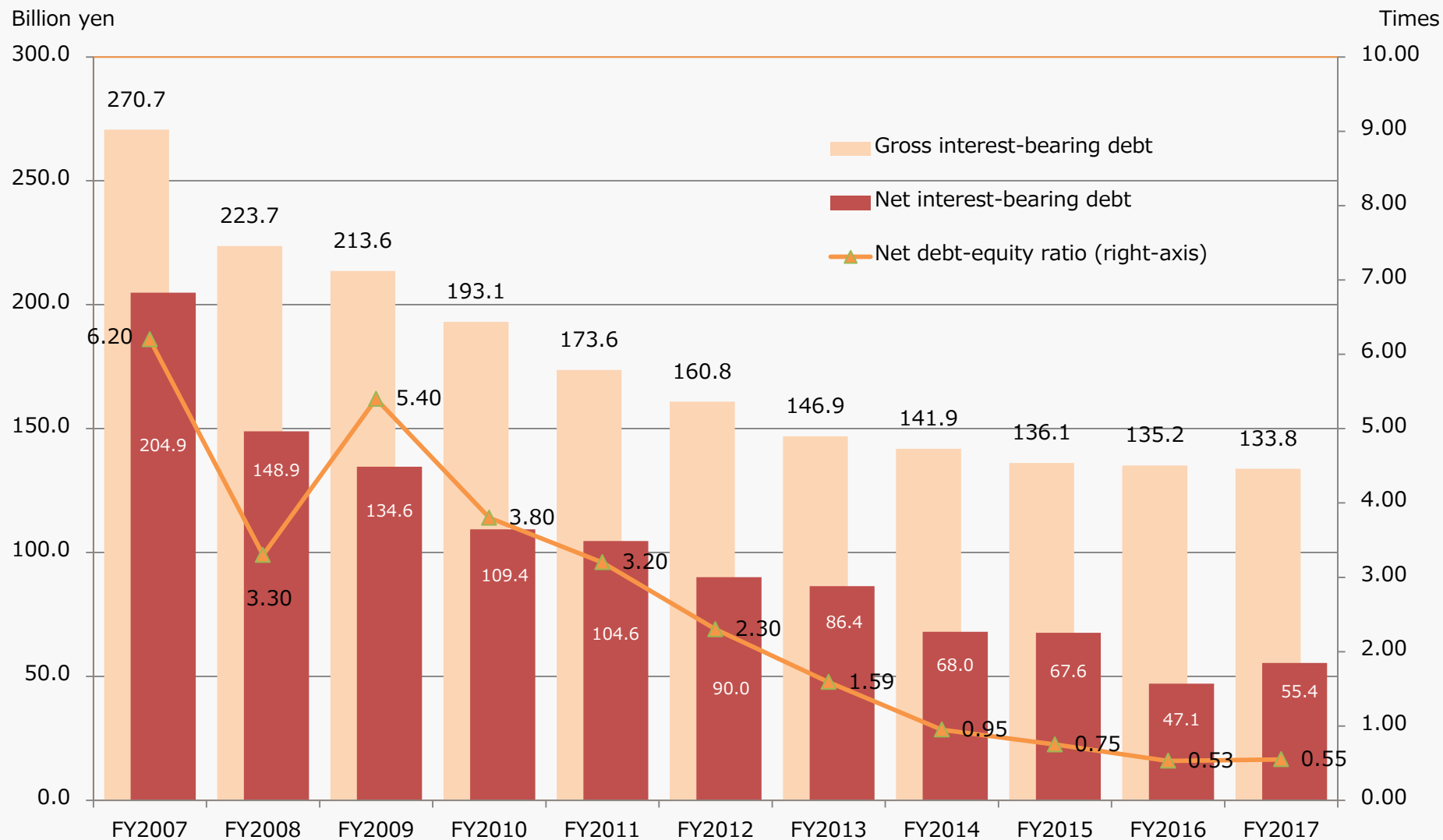


Appendix 1 - 3. Shareholders' Equity & Equity Ratio

Billion yen



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 Sustech 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 (Net sales and Ordinary income)

(Unit: billion yen)	Business	Ownership ratio	FY2016		FY2017	
			Revenue	Operating profit	Revenue	Operating profit
Kanematsu Electronics Ltd	ICT solution	58.28%	60.0	6.7	62.6	8.3
Kanematsu Communications Ltd.	Mobile	100%	115.7	3.7	103.2	4.1
Kanematsu Sustech Corp.	Security system etc.	52.88%	10.8	1.0	12.2	0.9
Kanematsu Shintoa Foods Corp.	Foods, Meat & Marine Products	100%	21.0	0.3	24.9	0.4
Kanematsu Agri-Tech Corp.	Grains, Feedstuff, Fertilizer	100%	13.5	0.1	12.3	0.2
Kanematsu Trading Corp.	Domestic steel, Steel materials	100%	6.4	0.4	8.0	0.3
Kanematsu KGK Corp.	Machine tools, Industrial machinery	97.90%	7.1	1.2	7.3	1.8
Kanematsu Petroleum Corp.	Petroleum products, Gas	100%	15.8	0.6	14.6	0.7
Kanematsu Chemicals Corp.	Functional chemicals	100%	4.8	0.6	4.8	0.7
Shintoa Corporation	Trading company	100%	32.0	1.2	23.8	1.1
Kanematsu USA Inc.	Overseas subsidiary	100%	40.8	(0.2)	33.1	(0.5)

Appendix 4. Subsidiaries

Number of Profitable and Non-Profitable Consolidated Subsidiaries and Affiliates

(Companies)	FY2016					FY2017					Year on year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Number of profitable	37	38	11	12	98	39	35	10	14	98	—
Ratio (%)	86%	81%	100%	75%	84%	93%	76%	83%	88%	84%	
Non profitable	6	9	0	4	19	3	11	2	2	18	▲ 1
Total	43	47	11	16	117	42	46	12	16	116	▲ 1

Profit and Loss Posted by Consolidated Subsidiaries and Affiliates

(Unit:billion yen)	FY2016					FY2017					Year on year
	Subsidiaries		Affiliates		Total	Subsidiaries		Affiliates		Total	
	Domestic	Overseas	Domestic	Overseas		Domestic	Overseas	Domestic	Overseas		
Sum of profit posted by	8.1	1.1	0.4	0.2	10.0	10.5	0.7	0.3	0.2	11.7	1.8
Sum of loss posted	(0.2)	(0.5)	0.0	(0.0)	(0.7)	(0.1)	(1.7)	(2.5)	(0.0)	(4.3)	(3.6)
Total	8.0	0.6	0.4	0.2	9.2	10.4	(0.9)	(2.2)	0.2	7.4	(1.8)

Appendix 5. Consolidated segment margin break down

Forecast for segment operating profit

Unit: billion yen

		FY2017	FY2018 (Forecast)	Change
	ICT solutions	8.3	8.7	0.3
	Mobile	4.5	4.5	0.0
	Others	1.5	1.4	(0.1)
Electronics & Devices		14.3	14.5	0.2
	Foods, Meat	1.4	1.2	(0.2)
	Feedstuff, Grain	0.8	1.9	1.2
	Others	0.3	0.4	0.1
Foods & Grain		2.5	3.5	1.0
	Machine tools, Industrial Machinery	1.8	1.4	(0.4)
	Overseas	(0.8)	0.7	1.5
	Functional Chemicals & Energy	1.8	1.9	0.0
Steel, Materials & Plant		2.8	4.0	1.2
	Aerospace	1.3	1.5	0.2
	Motor Vehicles & Parts	0.7	0.8	0.0
	Others	0.2	0.2	0.0
Motor Vehicles & Aerospace		2.2	2.5	0.3
Others		0.8	0.5	(0.3)
Total		22.6	25.0	2.4

Profit is expected to remain nearly flat year on year, despite expenses arising from the merger between KCS and DT.

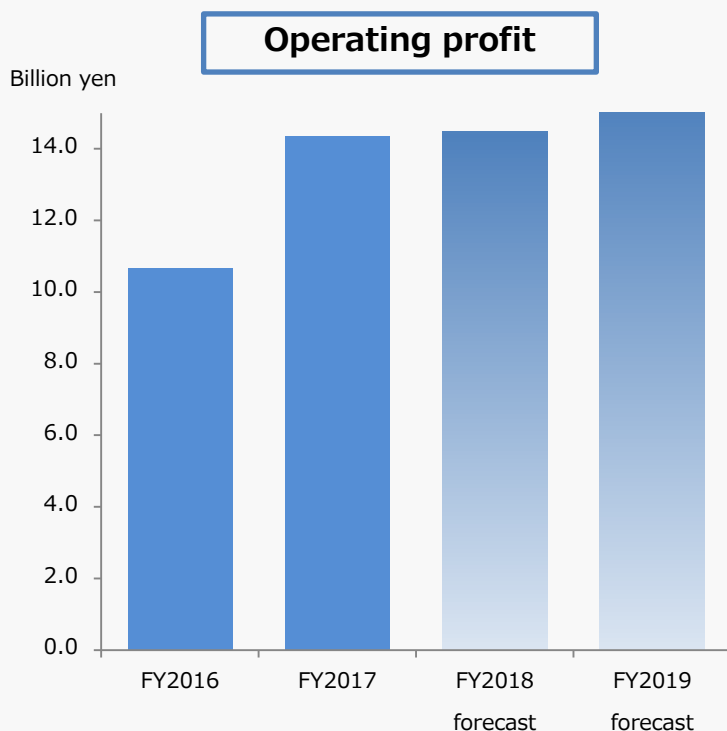
Profit is expected to increase year on year associated with the recovery of market conditions.

Profit is expected to increase year on year associated with the recovery of market conditions.

The oilfield tubing business in North America, etc. is expected to resurge due to the recovery of crude oil market conditions.

Appendix 6-1. Segments (Electronics & Devices)

(Unit: billion yen))	FY2016	FY2017	FY2018 Forecast	Year on year	Change
Revenue	235.0	254.3	260.0	5.7	2.2%
Operating profit	10.7	14.3	14.5	0.2	1.4%



FY2017 results

In the ICT solutions business, transactions with manufacturers remained steady. While the mobile business was solid due to the expansion of business size, the semiconductor parts and equipment business faced tough conditions.

FY2018 forecast

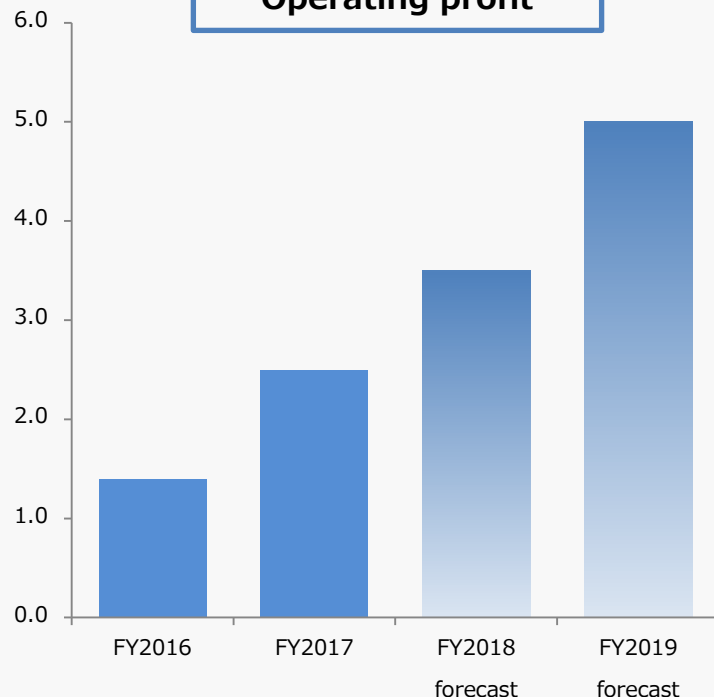
The ICT solutions business, among others, is expected to remain steady.
The mobile business is expected to remain nearly flat year on year due to the generation of integration expenses, despite the synergy effects of the integration of Kanematsu Communications Limited and Diamondtelecom, Inc.

Appendix 6-2. Segments (Foods & Grain)

(Unit: billion yen))	FY2016	FY2017	FY2018 Forecast	Year on year	Change
Revenue	222.6	227.8	230.0	2.2	1.0%
Operating profit	1.4	2.5	3.5	1.0	40.0%

Billion yen

Operating profit



FY2017 results

The food business remained solid. The meat products business recovered from the decline in the previous fiscal year, following the recovery of market conditions. Meanwhile, the feedstuff business faced difficult conditions because of lower domestic feed sales prices.

FY2018 forecast

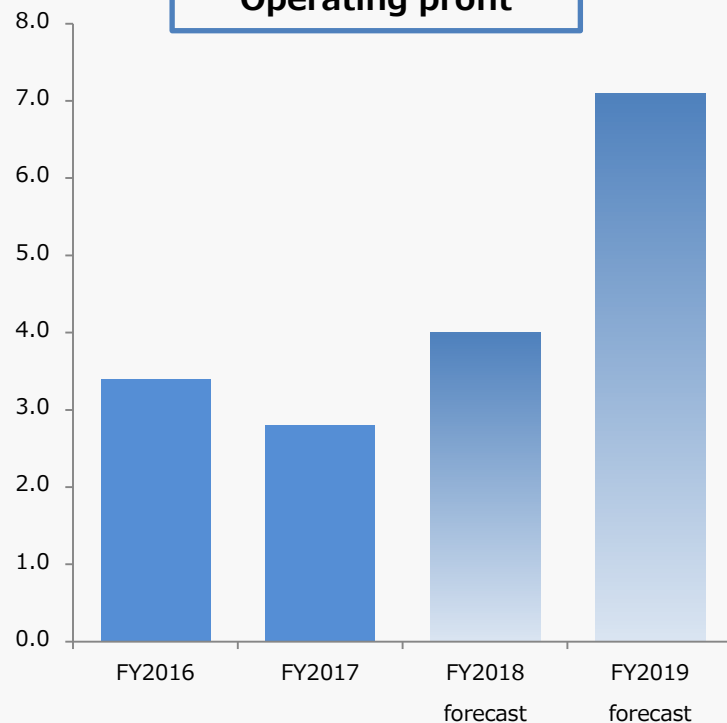
Profit is expected to increase year on year, mainly associated with the recovery of market conditions for grains and the feedstuff business.

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

(Unit: billion yen))	FY2016	FY2017	FY2018 Forecast	Year on year	Change
Revenue	135.3	131.2	150.0	18.8	14.3%
Operating profit	3.4	2.8	4.0	1.2	42.9%

Billion yen

Operating profit



FY2017 results

In the plant business, transactions involving machine tools and industrial machinery were steady. The energy business also remained steady, backed by demand in winter. In the iron and steel business, the oilfield tubing business faced tough conditions due to sluggish crude oil prices.

FY2018 forecast

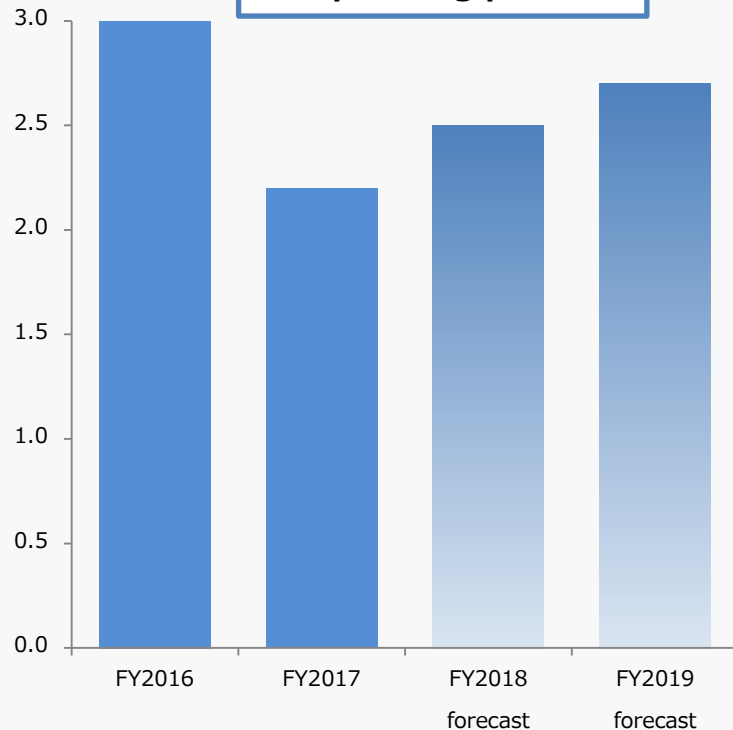
The oilfield tubing business in North America is likely to resurge due to the recovery of market conditions for crude oils. In the plant and infrastructure business, profit is expected to decline in transactions involving machine tools and industrial machinery in response to strong performance in the previous fiscal year.

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

(Unit: billion yen))	FY2016	FY2017	FY2018 Forecast	Year on year	Change
Revenue	63.8	50.4	50.0	(0.4)	(0.8%)
Operating profit	3.0	2.2	2.5	0.3	13.6%

Billion yen

Operating profit



FY2017 results

The motor vehicles and parts business performed well. Profit in the aerospace business declined as transactions of aircraft parts were in an in-between season.

FY2018 forecast

Profit in the aircraft business is expected to increase this fiscal year because the previous fiscal year was an in-between season.