

Our Steel, Your Future



FY2022/3 Financial Results Briefing Materials













May 2022

Yamato Kogyo Co., Ltd.

TSE Prime (Corporation code: 5444)

Abbreviations, Fiscal Years, Conversion Rates

● Abbreviations

	Thailand	SYS	Siam Yamato Steel Co., Ltd.
	United States	NYS	Nucor-Yamato Steel Company
	United States	ASA	Arkansas Steel Associates, LLC
	Bahrain	SULB	Sulb Company BSC(c)
	Saudi Arabia	Saudi Sulb	United Sulb Company (Saudi Sulb) LLC
	Vietnam	PY VINA	POSCO YAMATO VINA STEEL JOINT STOCK COMPANY
	South Korea	YKS	YK Steel Corporation
	United States	YKA	Yamato Kogyo America, Inc.
	United States	YHC	Yamato Holding Corporation
	United States	YK(USA)	Yamato Kogyo (U.S.A.) Corporation
	Bahrain	Bahrain Venture	United Steel Company ("Sulb") Bahrain Venture Co.W.L.L.
	South Korea	YKH	Yamato Korea Holdings Co., Ltd.

● Fiscal years

	Fiscal year (FY)	FY2021	Q1	Q2	Q3	Q4
Parent, Japanese subsidiaries & affiliates	April to March	Apr 2021-Mar 2022 (FY2022/3)	2021 Apr-Jun	2021 Jul-Sep	2021 Oct-Dec	2022 Jan-Mar
Foreign subsidiaries & affiliates	January to December	January to December 2021 (FY2021/12)	2021 Jan-Mar	2021 Apr-Jun	2021 Jul-Sep	2021 Oct-Dec

● Conversion rates

		Yen/Dollar	Yen/Baht	Won/Yen
Statements of Income	Jan-Dec average	110.39 (106.44)	3.44 (3.40)	10.37 (11.09)
	Next fiscal year forecast	123.20	3.67	9.93
Balance Sheets	Dec. 31, 2021	115.02	3.43	10.31
	Dec. 31, 2022 forecast Mar. 31, 2023 forecast	125.00	3.71	9.84

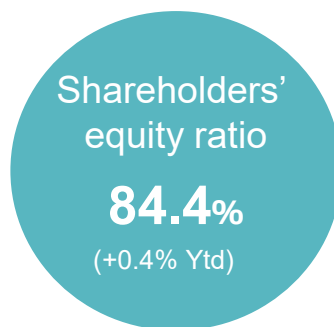
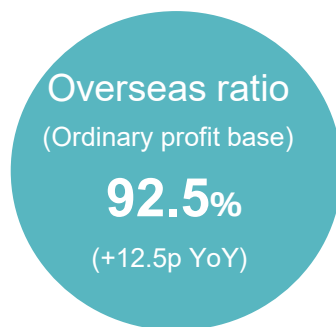
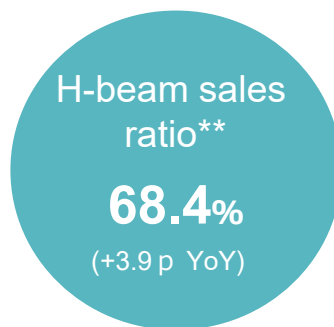
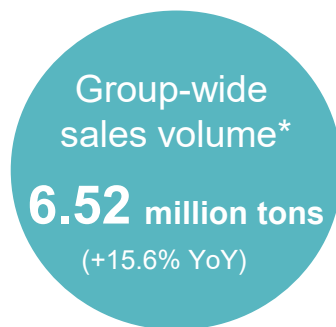
Note: comparable figures for the prior period are shown in parentheses

Table of Contents

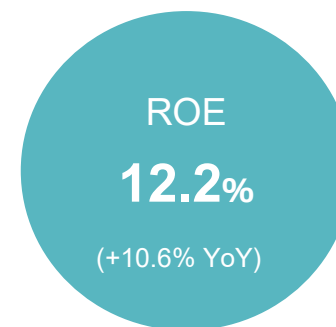
- Financial Highlights
- I FY2022/3 Financial Results Overview
- II FY2023/3 Forecast
- III Shareholder Return and Topics
- IV Medium- to Long-Term Business Outlook and Investment Strategy

Financial Highlights: FY2022/3

Business KPI



Financial KPI



* Simple sum of the sales volume of the group companies. Including semi-finished products, DRI, and intragroup transactions

** Ratio of H-beam sales to products excluding semi-finished products and DRI



I

FY2022/3 Financial Results Overview

FY2022/3 Financial Results Overview

- The recovery from COVID-19 in the demand for H-beam and other steel products used in civil engineering and construction has been stronger or weaker, depending on the country/region. In addition, selling prices remained strong due to the tightening of supply and demand for steel products caused by China's export restraint measures and reduced crude steel production and the high scrap prices.
- In terms of profits, the steel business (Thailand)/SYS contributed to improved profitability and increased operating profit by easing of the competitive environment in the export market. In addition, US/NYS drove ordinary profit growth backed by strong demand for structural steel. Ordinary profit and net profit reached record highs.

(100 million yen)	FY2021/3	FY2022/3		YoY		Versus most recent forecast Change (yen)
		Most recent forecast (2022/1/31)	Results	Change (yen)	Change (%)	
Net sales	1,360	1,500	1,500	140	10.3%	0
Steel (Japan)	399	–	573	174	43.6%	–
Steel (S. Korea)*	338	–	–	(338)	–	–
Steel (Thailand)	521	–	824	303	58.1%	–
Trackwork Materials	80	–	71	(8)	(10.8%)	–
Operating profit	100	135	132	32	32.7%	(3)
Steel (Japan)	32	–	23	(8)	(27.3%)	–
Steel (S. Korea)*	25	–	–	(25)	–	–
Steel (Thailand)	56	–	127	70	125.3%	–
Trackwork Materials	8	–	5	(3)	(36.4)	–
Ordinary profit	215	560	576	360	167.3%	16
Equity in earnings of affiliates	85	–	403	318	373.5%	–
Profit attributable to owners of parent	49	385	399	349	700.8%	14
Operating profit margin	7.4%	9.0%	8.9%	1.4%	–	(0.1pp)
Ordinary profit margin	15.9%	37.3%	38.4%	22.5%	–	1.1pp

*Converted from a subsidiary to an equity-method affiliate in September 2020.

FY2022/3 Results Overview (by Quarter)

- Sales increased in Q4 compared to Q3, and profits remained mostly at a high level.
- Compared to the same period of the previous year, the growth in business results for 4Q is distinct. Earnings increased significantly due to improvements in the market environment at overseas bases and expansion of metal margins. Profitability of the steel business (Japan) was also on a recovering trend.

(100 million yen)	FY2021/3				FY2022/3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	382	459	245	272	328	349	400	423
Steel (Japan)	92	102	100	104	116	134	159	164
Steel (S. Korea)	118	219*	—	—	—	—	—	—
Steel (Thailand)	149	111	121	138	188	187	216	233
Trackwork Materials	17	22	20	20	16	21	17	17
Operating profit	30	37	18	13	16	21	47	47
Steel (Japan)	10	8	7	4	2	3	9	9
Steel (S. Korea)	6	18*	—	—	—	—	—	—
Steel (Thailand)	16	14	14	12	18	21	43	44
Trackwork Materials	1	2	2	1	1	3	1	0
Ordinary profit	74	54	45	40	83	128	185	180
Equity in earnings of affiliates	35	13	26	8	63	101	124	115
Profit (loss) attributable to owners of parent	51	(31)	29	1	55	93	129	120
Operating profit margin	8.0%	8.2%	7.6%	4.9%	4.9%	6.1%	11.9%	11.2%
Ordinary profit margin	19.5%	11.9%	18.5%	14.9%	25.3%	36.7%	46.2%	42.6%

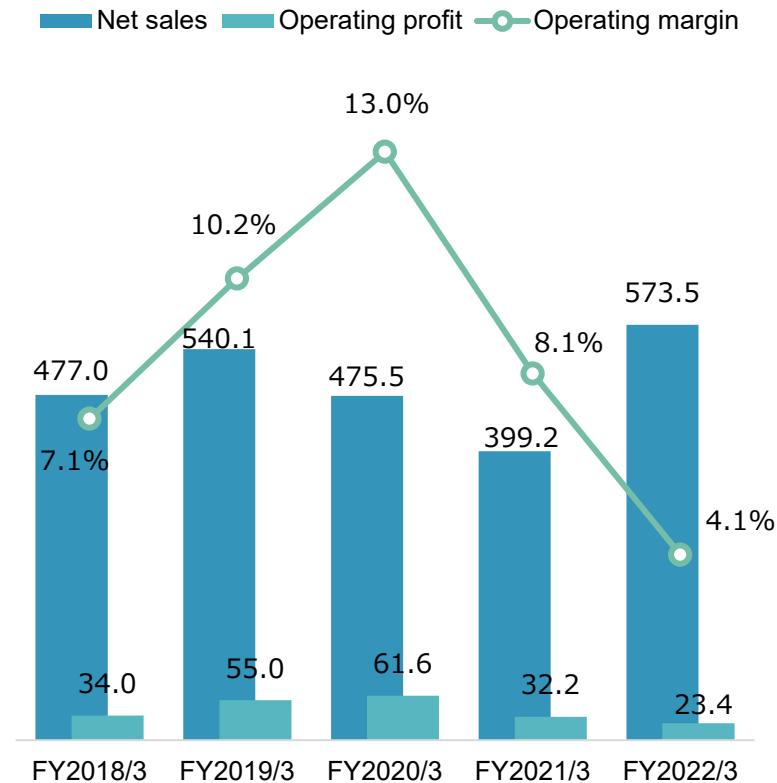
*Five months from Apr to Aug (converted from a subsidiary to an equity-method affiliate in September 2021).

Results Overview by Segment (1) Steel (Japan)

- Despite the lack of strength in the recovery of domestic demand for structural steel, while blast-furnace manufacturers focused on sales of steel sheet/plate, we actively worked to develop new customers, and sales volume increased year on year.
- Profitability is gradually recovering, although profits declined as the phase of cost increases before they can be transferred to product prices continued.

Historical results

(100 million yen)



Profit change factors

- Business environment
 - ✓ Although manufacturers continue to have the stance of raising prices, the pace of increase in selling prices is sluggish due to lack of momentum in cargo movements in the market.
 - ✓ Blast-furnace manufacturers continue to have the stance of focusing on steel sheet/plate.
 - ✓ In addition to high scrap prices, prices for ferro alloys, fuels, etc. continued to be on the rise.
- Yamato Steel
 - ✓ We strove to develop new customers proactively and orders for H-beams for projects were strong. Sales volume increased 14.0% to 564K tons.
 - ✓ The metal margin stayed on a recovery trend thanks to efforts to boost selling prices primarily by revising size and steel-grade extras pricing, and tightening market inventories.

10K tons K ¥/ton	FY2021/3				FY2022/3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales volume	11.5	13.1	12.6	12.3	12.9	13.7	15.1	14.7
Metal margin	50.5	46.0	42.8	39.3	37.2	40.8	44.9	48.4

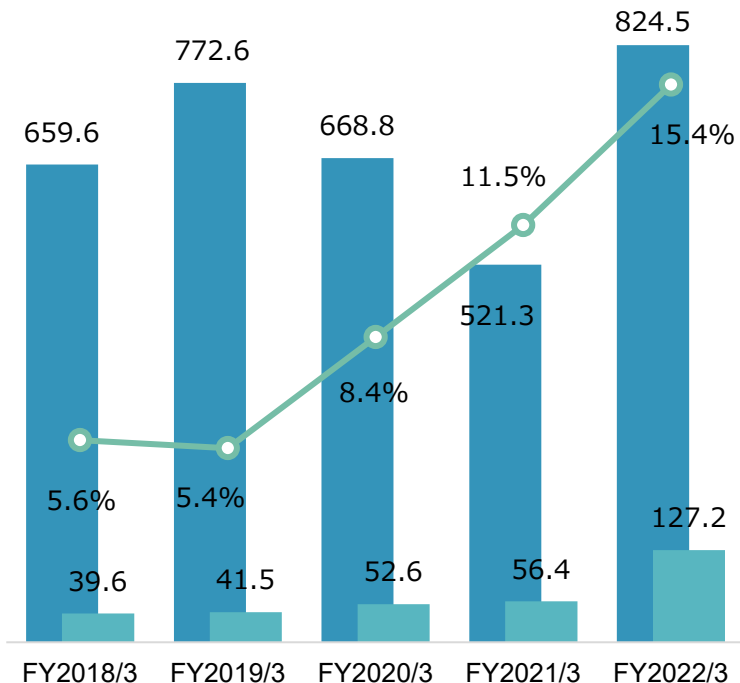
Results Overview by Segment (2) Steel (Thailand)

- Demand for structural steel in Thailand is driven by large-scale public investment, but construction activities are stagnant due to the effects of the resurgence of COVID-19. On the other hand, the competitive environment in the export market eased as pressure from exports from Chinese and South Korean steel makers diminished. Sales volume was up year on year thanks to efforts to expand market share in exports.
- Although scrap prices remain high, thanks to increased selling prices and increased volumes of export sales, both sales and profit increased year on year.

Historical results

(100 million yen)

■ Net sales ■ Operating profit ○ Operating margin



Profit change factors

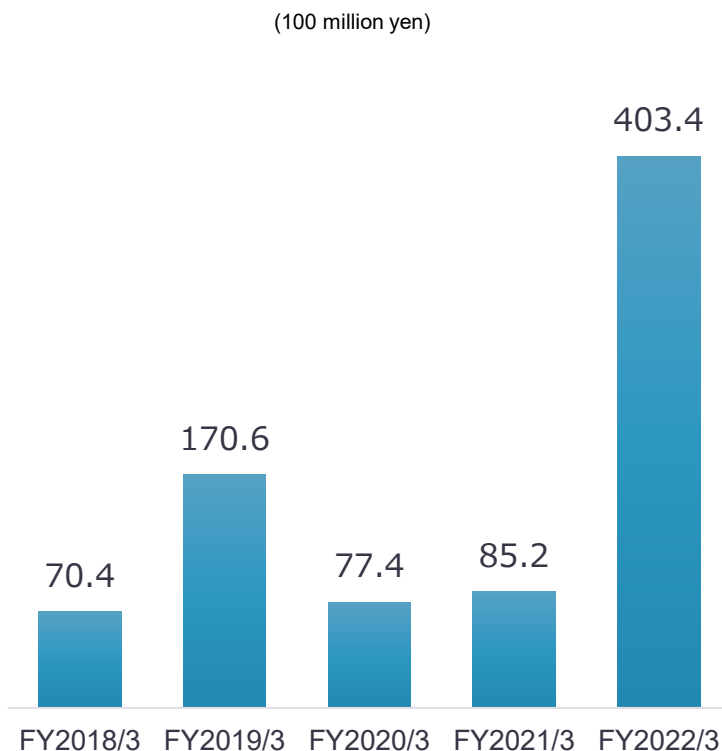
- Business environment
 - ✓ Demand for structural steel slowed down both inside and outside the country as infections surged again.
 - ✓ Due to less export pressure from Chinese manufactures owing to Chinese export restraint measures and reduction of crude steel production, and the decrease on South Korean manufacturers' exports to ASEAN, the environment of the export market improved significantly in the second half.
- Siam Yamato Steel (SYS)
 - ✓ As the export market's competitive environment improved, SYS worked on expanding market share. Sales volume amounted to 870K tons, up 22% year on year.
 - ✓ Although scrap prices continued to rise, the metal margin improved significantly due to the improvement in export prices. Also helped by increasing sales volume, profit was also up year on year.

10K tons, K B/ton	FY2021/3				FY2022/3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales volume (Including semi-finished products)	20.6	15.5	16.8	18.8	24.1	21.0	20.9	21.4
Metal margin	12.5	13.3	12.4	11.7	11.1	12.3	17.2	16.9

Equity-Method Affiliates

- Selling prices increased and margins grew due to improvements in the market environment. Performance exceeded the previous year at all bases, and Equity-method earnings was 4.7 times higher than the previous year.
- By region, in the US, the volume and metal margin expanded against the backdrop of continued strong non-residential construction demand, and profit was up sharply year on year. In the Middle East, the market environment improved with such as reduced pressure from imported products and spread of selling price rises, and efforts for both manufacturing and sales also turned out well, to secure a profit. In Asia, trends remained steady thanks to higher selling prices in both Vietnam and South Korea.

Historical equity in earnings of affiliates



Profit change factors

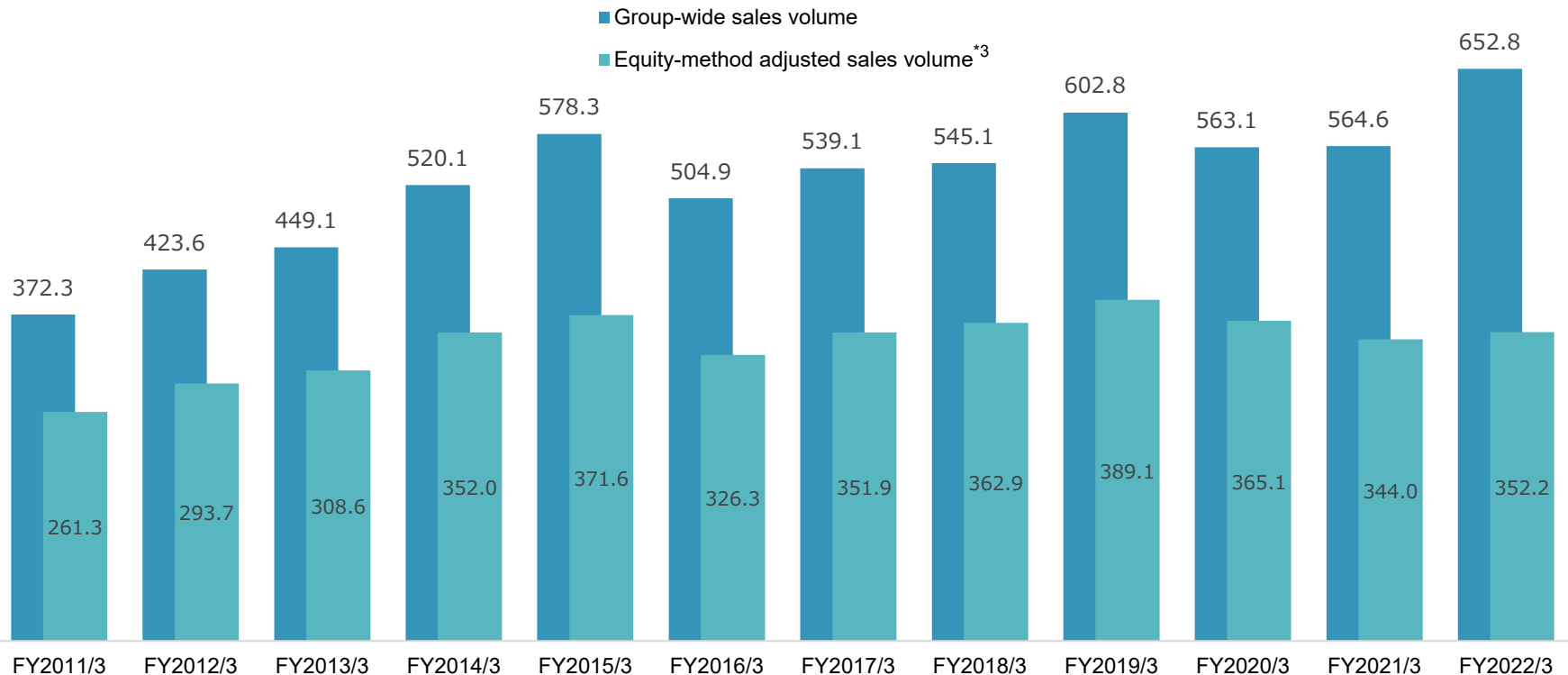
- United States ✓
 - ✓ Demand for structural steel recovered, driven by a full-scale economic recovery and strong demand for non-residential construction. We actively instigated aggressive activities to boost orders, resulting in an increase in sales volume year on year.
 - ✓ Although the price of hot-rolled coils softened, the price of structural steel, which is NYS's main product, has increased more than the increase in the scrap price. Metal margin continued to expand. Significant increase in profit year on year.
- Middle East ✓
 - ✓ Although customers were cautious about increasing inventories, the market environment improved due to the decreased pressure in imported materials from outside the GCC region and the penetration of selling price increases due to the high scrap prices.
 - ✓ Results improved year on year thanks to the focus on the profitability of orders in the GCC region and the exports needed to ensure production volume, and also thanks to efforts for cost reduction. Secured a profit.
GCC / Gulf Cooperation Council
Economic partnership among UAE, Saudi Arabia, Oman, Bahrain, Qatar and Kuwait
- Asia ✓
 - ✓ In Vietnam, demand for structural steel improved as the economy recovered but then deteriorated when infections surged again. As a result of efforts to reduce costs such as improving operations and boosting selling prices, performance results remained steady.
 - ✓ In South Korea, demand for rebars grew due to an increase in housing construction, and selling prices have risen. Results remained firm.

Historical Group-Wide Sales Volume

- Group-wide sales volume for the fiscal year increased 15.6% YoY to 6.52 million tons. Although rate of increase differs depending on the base, results were above the previous period for all bases.
- Despite the reduction in the stake held in South Korea's YKS^{*1}, the total equity-method adjusted sales volume increased 2.4% YoY to 3.52 million tons.

*1 FY2021/3: Jan-Aug: 100%, Sep-Dec: 49%
FY2022/3: Jan-Jun: 49%, Jul-Dec: 30%

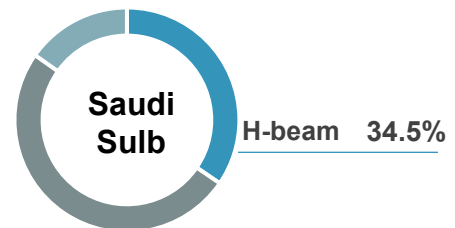
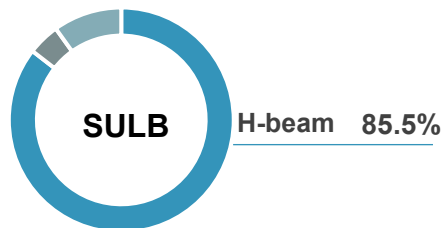
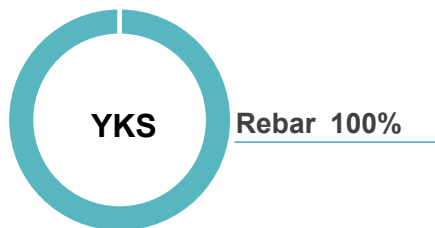
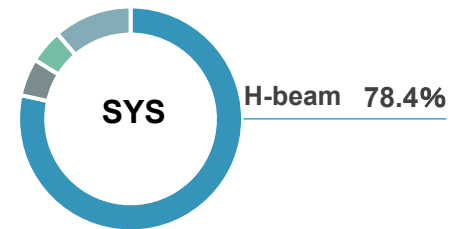
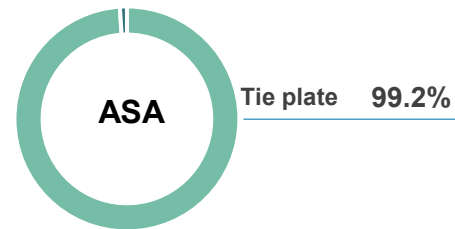
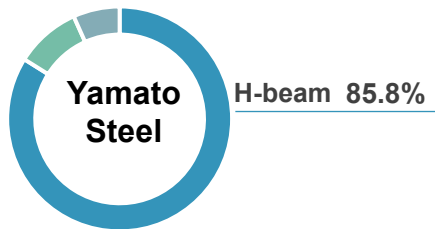
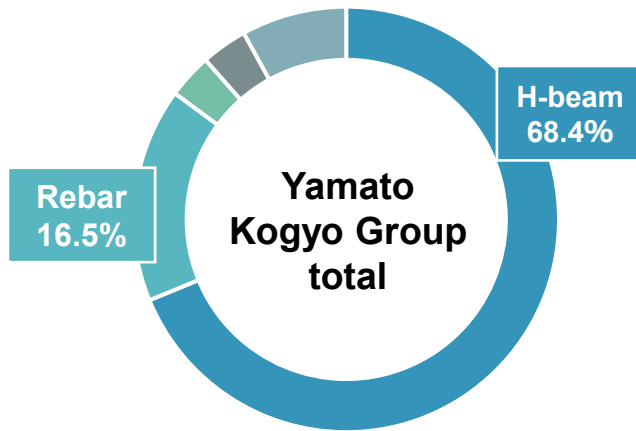
Historical group-wide sales volume*2 (10K MT)



*2 Includes semi-finished products, DRI, and intragroup transactions

*3 Calculated by multiplying each company's sales volume by the equity interest

Product Mix (FY2021 Results)



Balance Sheet

- Yamato still has zero interest-bearing debt. Shareholders' equity ratio is 84.4%.
- Total assets and total liabilities and net assets increased mainly due to the rise in steel product and raw material prices and the weaker yen.

(100 million yen)	FY2020/3	FY2021/3	FY2022/3	YoY chg.
Current assets	1,628	1,500	1,677	177
Cash & deposits	999	1,015	997	(18)
Trade receivables	254	176	250	73
Inventory assets	342	280	398	117
Non-current assets	2,201	2,097	2,472	374
Property, plant and equipment	722	621	597	(23)
Total Investments and other assets	1,473	1,461	1,858	396
Investment securities	473	456	562	105
Long-term time deposits	223	212	236	24
Total assets	3,830	3,597	4,149	551
Liabilities	404	339	392	52
Trade payables	109	75	110	35
Deferred tax liabilities	118	120	138	18
Net assets	3,426	3,257	3,756	498
Foreign currency translation adjustment	106	(22)	186	208
Non-controlling interests	248	237	253	15
Total liabilities and net assets	3,830	3,597	4,149	551

Surplus capacity secured for strategic expansion of facility and flexible response to M&A opportunities

Increase in trade receivables / inventory assets due to rising markets for steel product and raw materials and the rebound in demand

Financial assets* increased 3.2 billion yen from the end of the prior period to 135.5 billion yen (foreign exchange impact +10.5 billion yen)

84.4% shareholders' equity ratio

Increased mainly due to solid results and weaker yen

*Financial assets = cash and deposits + investment securities (excluding non-consolidated subsidiaries and affiliates) + long-term deposits

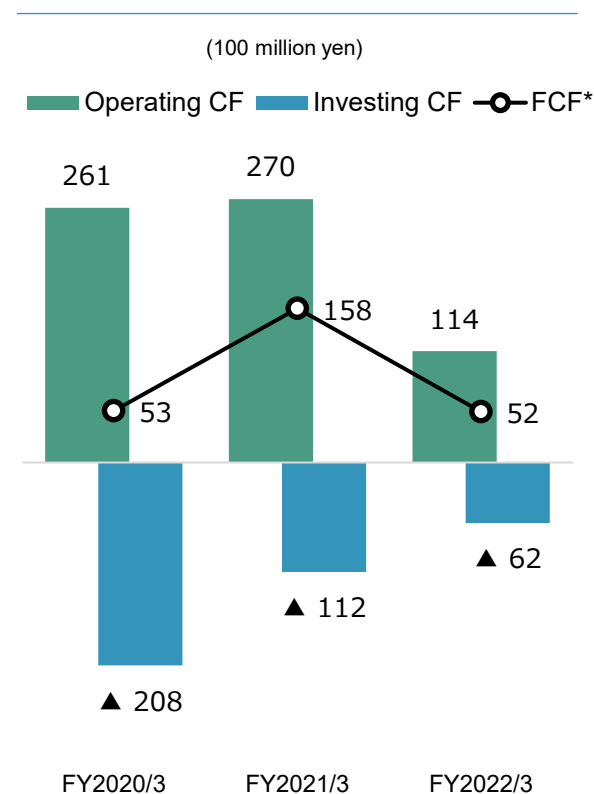
Cash Flows

- FCF decreased 10.5 billion yen YoY to 5.2 billion yen due to an increase in working capital.
- Investing cash flow recorded minus 2.1 billion yen due to disbursement related to Federal Trade Commission charges determined in the previous year in South Korea/YKS.
- Financing cash flow was minus 15.9 billion yen (an increase in outflows of 5.9 billion yen YoY) after returning profits to shareholders in the form of dividends and stock buybacks.

(100 million yen)	FY2020/3	FY2021/3	FY2022/3	YoY change
Operating CF	261	270	114	(155)
Investing cash flows (excluding changes in long term time deposits)	(208)	(112)	(62)	50
Purchase of property, plant and equipment	(99)	(50)	(34)	15
Purchase of shares of affiliates	(111)	(26)	–	26
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(4)	(21)	(16)
FCF*	53	158	52	(105)
Financing CF	(66)	(99)	(159)	(59)
Purchase of treasury shares	(0)	(25)	(68)	(43)
Dividends paid	(59)	(59)	(64)	(5)

*FCF is calculated as operating CF + investing CF (excluding changes in term deposits)

Historical free cash flow





II FY2023/3 Forecast

FY2023/3 Earnings Forecast

- Demand and prices of civil engineering and construction steel products such as H-beam are expected to remain relatively stable at this point, and the results for each base are expected to remain firm. Especially in the United States, the results of the United State/NYS are expected to exceed the level of FY2021 due to the continued strong demand for non-residential construction.
- We will keep an eye on the impact of Russia's invasion of Ukraine and the resurgence of COVID-19 on the world economy, soaring resource prices, as well as China's reduction in crude steel production and export trends in steel products.

(100 million yen)	FY2021/3	FY2022/3	FY2023/3 Forecast	YoY	
				Change	Change (%)
Net sales	1,360	1,500	1,930	430	28.6%
Operating profit	100	132	140	8	5.3%
Ordinary profit	215	576	790	214	37.0%
Equity in earnings of affiliates	85	403	—	—	—
Profit attributable to owners of parent	49	399	560	161	40.3%
Operating profit margin	7.4%	8.9%	7.3%	(1.6pp)	
Ordinary profit margin	15.9%	38.4%	40.9%	2.5pp	

* In the South Korea steel business, YKS was converted from a subsidiary to an equity-method affiliate in September 2020.

Earnings Forecast by Segment

Consolidated subsidiaries

Steel (Japan)

- Demand for structural steel is on a gradual recovery trend, centered on large-scale projects, and sales volume is expected to increase year on year.
- Due to rising raw material prices and various costs, we expect that high costs will prevail for the time being, but projecting that cost increases will be reflected in selling prices, we predict both sales and profits expected to increase year on year.

Steel (Thailand)

- Demand for structural steel is expected to increase due to the recovery of construction activities in the ASEAN region. Sales volume is expected to increase from a year earlier.
- The metal margin is expected to stabilize at a high level, although it will decline from the level in the second half of the previous year due to the high scrap prices. While the downward pressure on profitability will increase due to rising resource prices and distribution costs and so forth, we expect profit to be about the same as the previous fiscal year.

Equity-method affiliates

United States

- Passing the current rise in costs due to high raw materials prices on to selling prices has been accepted by customers, supported by strong demand.
- Although there are concerns about an increase in imports of structural steel and fabricated product, as demand for structural steel is driven by strong demand for non-residential construction, the high degree of profitability is expected to continue. Profit is expected to increase year on year.

Middle East

- It is assumed that the market environment in such things as the high price trends of products and semi-finished products will be maintained, in the context of relenting in the pressure from imported materials and high scrap prices.
- Although it is expected that it will take some time for construction activities to recover in the GCC region in earnest, the situation is that distributors are currently increasing their inventories due to the rise in prices of steel products and semi-finished products worldwide. Earnings are expected to increase year on year.

Vietnam

- There are signs of economic recovery as the lockdown measures are lifted. Construction activities and demand for structural steel as well are expected to gradually recover.
- Although it is predicted that profits will decrease year on year due to the expectation that metal margins will be squeezed by the high scrap prices, we expect to secure profit to a certain extent.

South Korea

- Leading indicators of housing construction remain favorable.
- Despite being affected by rising costs such as high raw material prices, it is expected that selling price increases will penetrate, backed by strong demand for rebars, and profits are expected to increase year on year due to growing cooperation with Daehan Steel Co., Ltd. in terms of both manufacturing and sales.

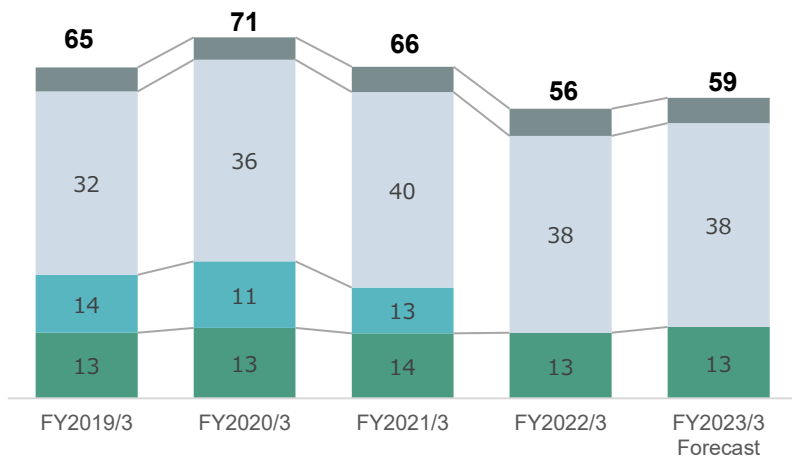
Depreciation & Capital Investment

- Capital investment for the entire group is expected to increase by about 50%. The main reason is the progress of strategic investment such as upgrades of straightener machines at Steel (Japan)/Yamato Steel. Steel (Thailand)/SYS is in the off-season for large-scale investment

Depreciation

(100 million yen)

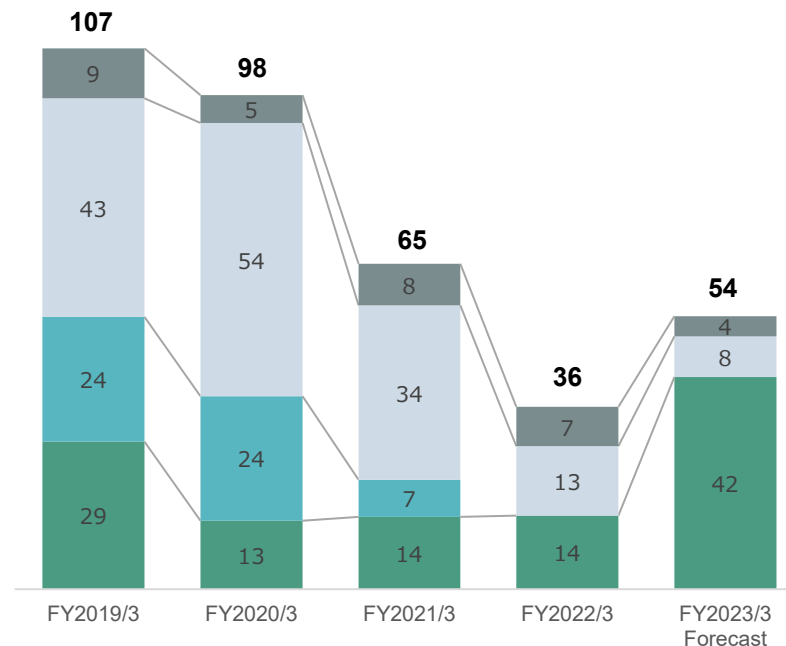
■ Japan ■ South Korea
■ Thailand ■ Other



Capital investment

(100 million yen)

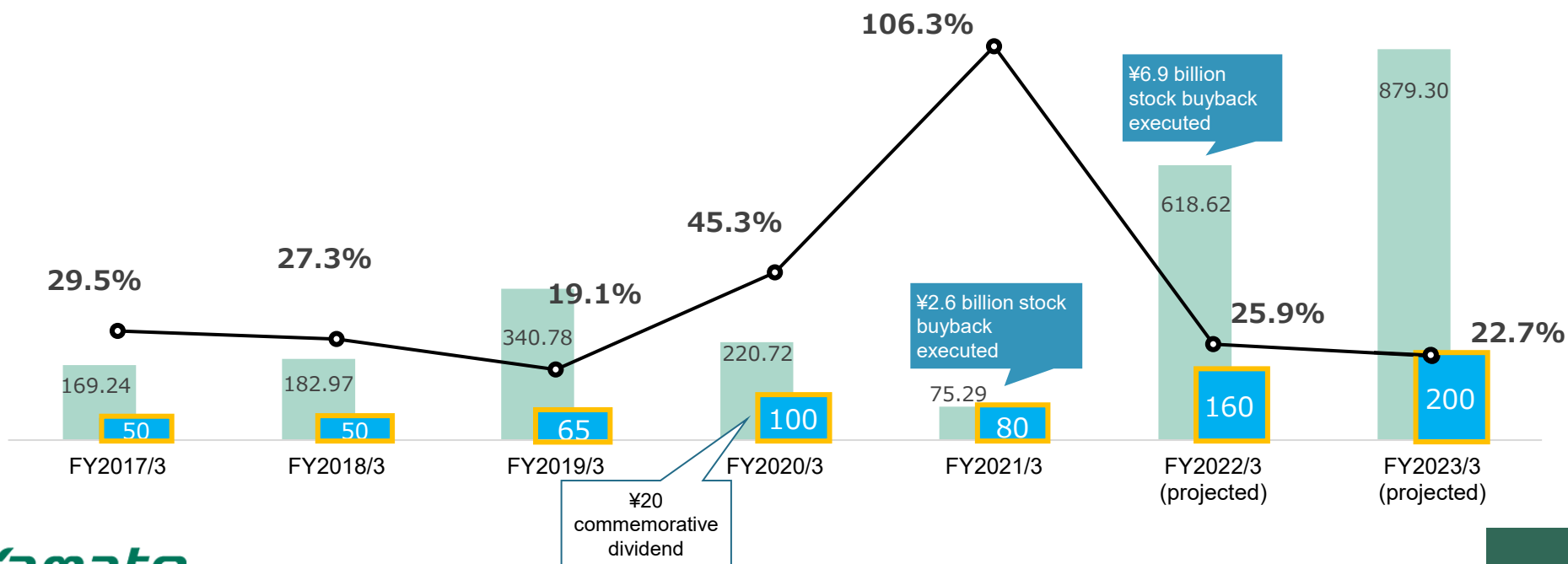
■ Japan ■ South Korea
■ Thailand ■ Other



Shareholder Return

- Our basic policy is to distribute profits according to business performance results, and we determine the dividend amount for each fiscal year targeting a consolidated dividend payout ratio of around 30%, and endeavor to maintain a continuous and stable dividend (minimum dividend amount per share is set at 50 yen per year). In FY2022/3, we plan to pay an ordinary dividend of 160 yen per share. We plan to increase the dividend by 40 yen to 200 yen per share in FY2023/3.
- From the perspective of increasing shareholder value over the medium to long term, we will consider purchasing treasury shares flexibly, taking into consideration the market environment and business investment opportunities comprehensively. In FY2022/3, we carried out purchase of 2.01 million treasury shares for 6.9 billion yen. In addition, 2.67 million treasury shares were canceled.

■ Earnings per share (yen)
 ■ Dividend per share (yen)
 —○— Dividend payout ratio (%)



Other Topics

- **Strengthening governance and ensuring diversity of the Board of Directors**

- ✓ **One female outside director is scheduled to be appointed (planned to be proposed at the Ordinary General Meeting of Shareholders on June 29)**
- ✓ **As a result, the Board of Directors will consist of 11 Directors. There will be four outside directors, including one female director.**

[Reference] Composition of the Board of Directors after the General Meeting of Shareholders (planned)



- **Support for TCFD proposal**

- ✓ **Positioning response to climate change issues as an important management issue, we have implemented various initiatives so far.**
- ✓ **Recently we have expressed our support for the TCFD proposal, and based on this proposal, we will expand the disclosure of information on business risks and business opportunities related to climate change.**

* For details, please see the Yamato Kogyo HP [CSR](#) page.



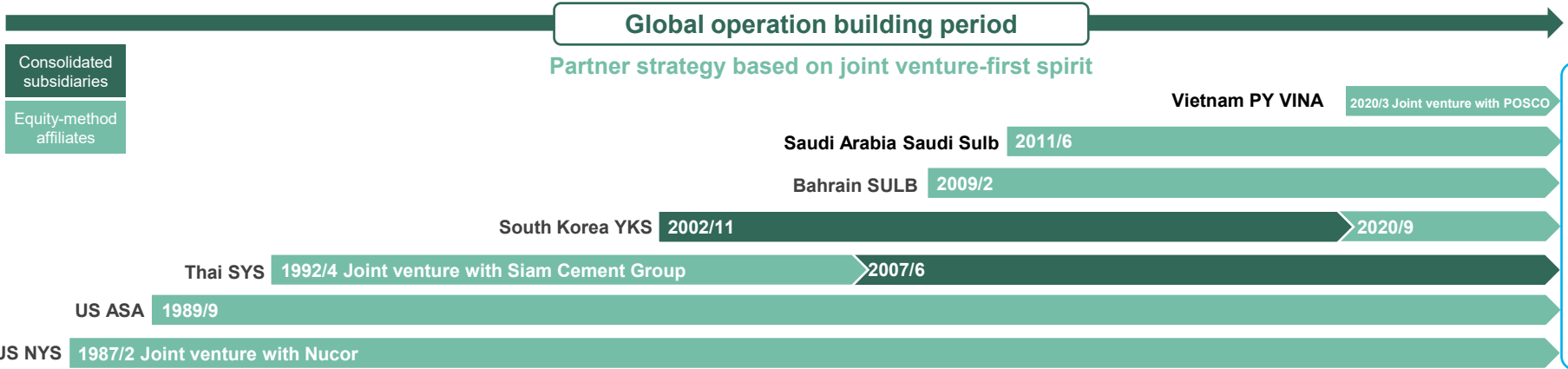
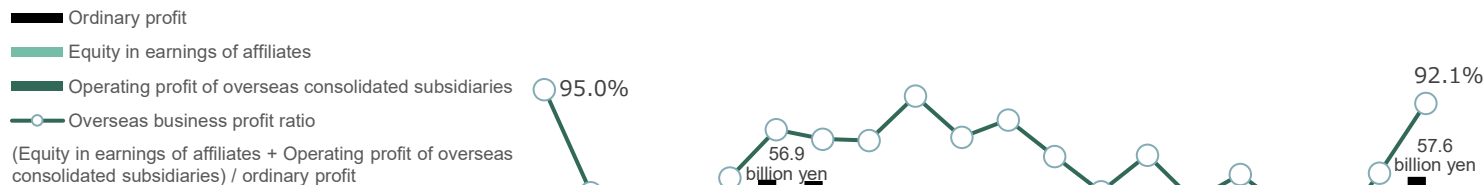
IV

Medium- to Long-Term Business Outlook and Investment Strategy

Recognition of Present Status (1) Looking Back on Global Expansion

- Starting with the expansion into the United States in 1987, we expanded our bases in Asia and the Middle East and built a global business model.
- Deployed mainly as a joint venture with a local company. Allocation of roles with Yamato Kogyo for technical know-how and partner companies with local familiarity for management know-how
- Overseas business contributes to profit expansion as a source of earning a majority of consolidated ordinary profit

Long-term trends such as ordinary profit

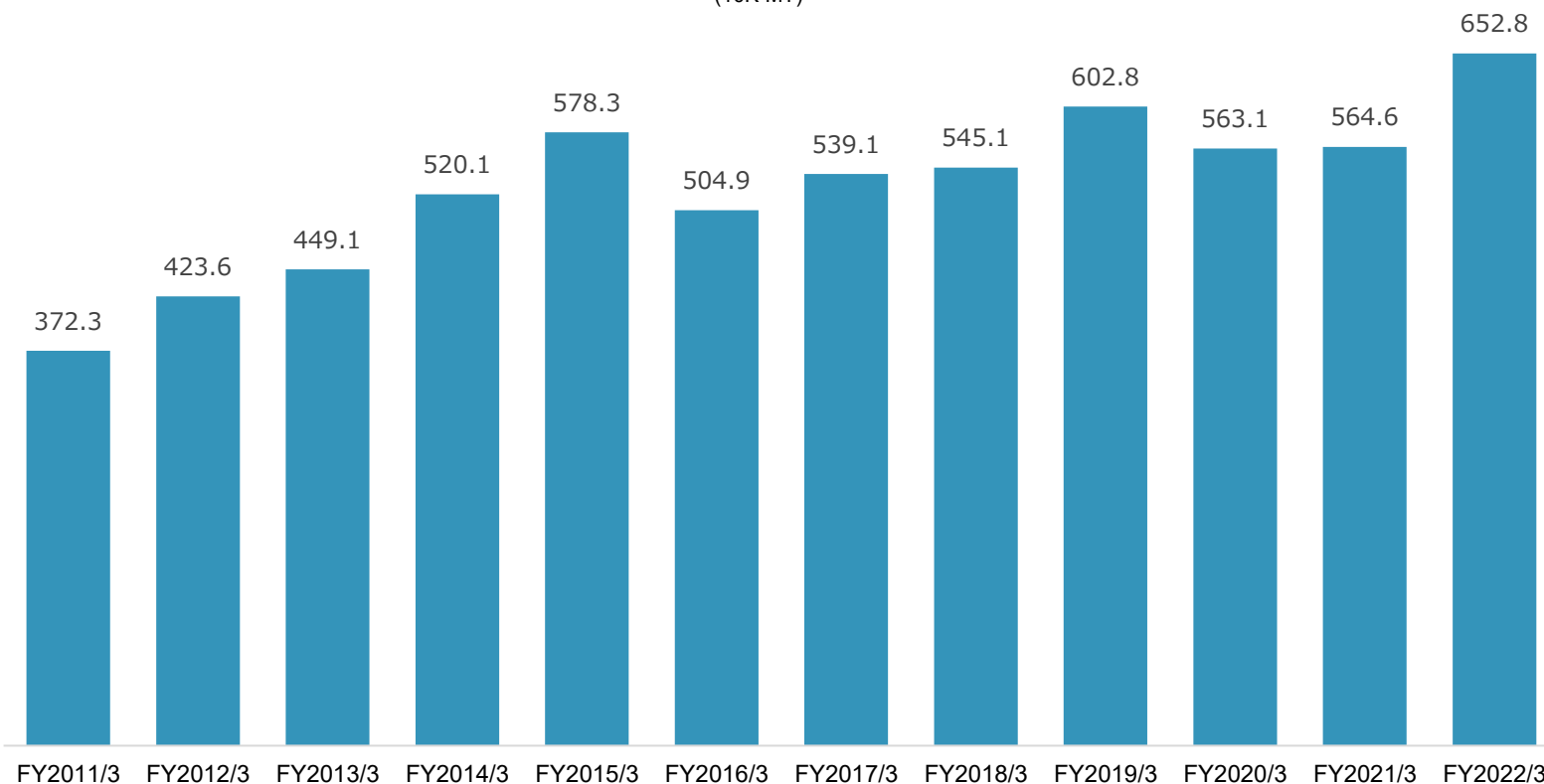


Recognition of Present Status (2) Historical Group-Wide Sales Volume

- Group-wide sales volume for FY2022/3 increased 15.0% YoY to 6.52 million tons. Set a new all time high
- Group-wide sales volume increased 1.5 times in past 10 fiscal years. Achieving quantitative growth by capturing global demand while domestic demand for steel products has peaked

Historical group-wide sales volume*

(10K MT)

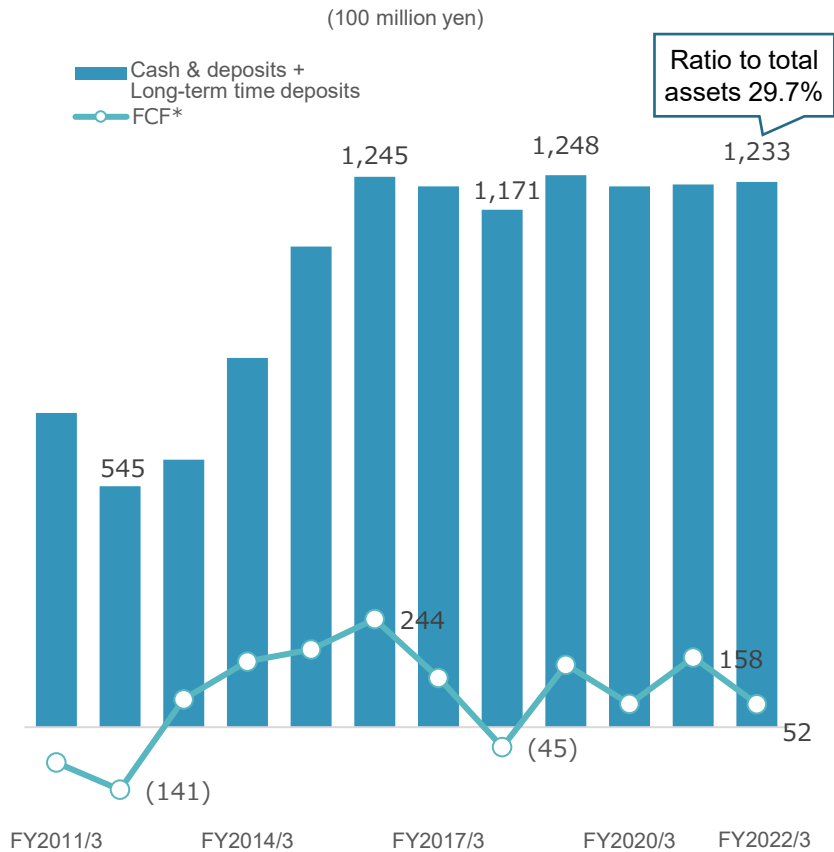


* Includes semi-finished products, DRI, and intragroup transactions

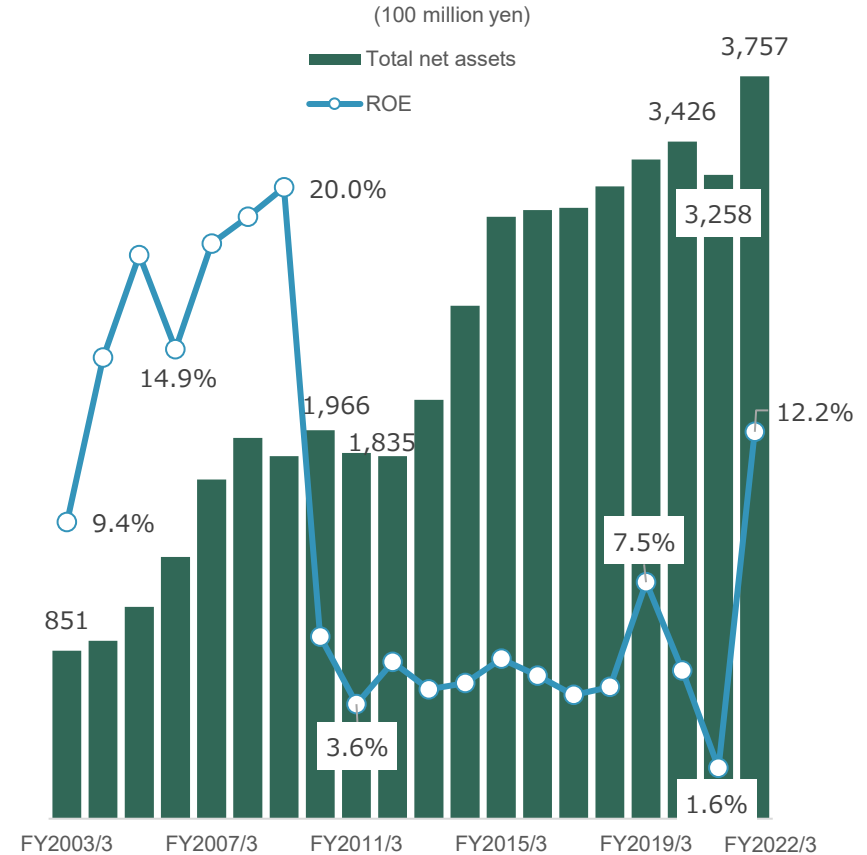
Recognition of Present Status (3) Robust Financial Resource and Decline of Capital Efficiency

- **Cash:** The financial structure is strong due to solid management. Continue debt-free management and accumulate cash on hand up to one-third of total assets
- **ROE:** It has remained at a low level since the Lehman Crisis due to the expansion of equity capital. However, in FY2022/3, due to the impact of purchase of treasury shares in addition to a significant increase in profits, a rapid recovery to over 12% was achieved.

Cash accumulation status



Changes in equity capital and ROE

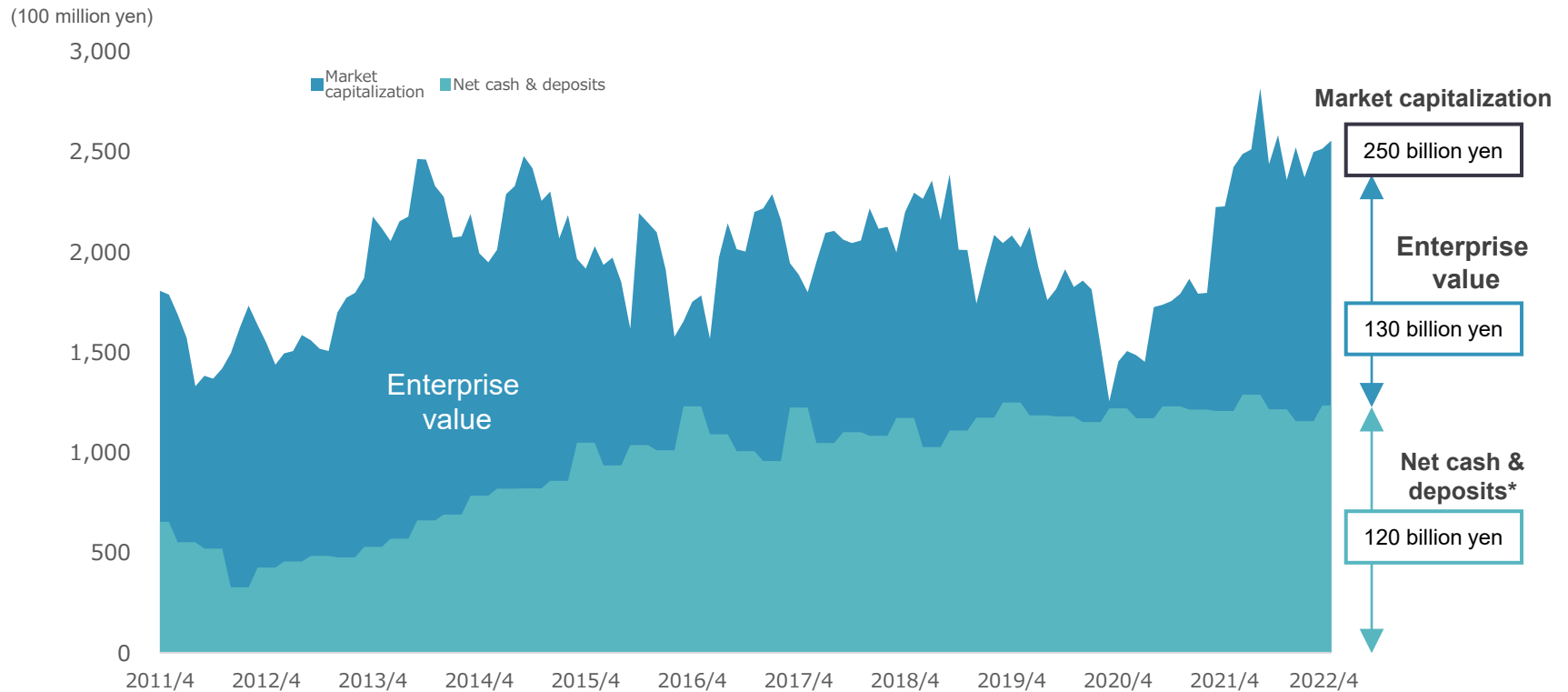


*FCF = operating CF + investing CF (excluding changes in term deposits)

Recognition of Present Status (4) Evaluation from Market

- Currently, our enterprise value is about 130 billion yen. This is about twice the EBITDA of the most recent period.
- Our highest enterprise value since 2000 is 280 billion yen (2007/9), and the lowest is 3.1 billion yen (2020/3). During this period, profits have been steadily accumulated, but the evaluation from the capital market is sluggish.

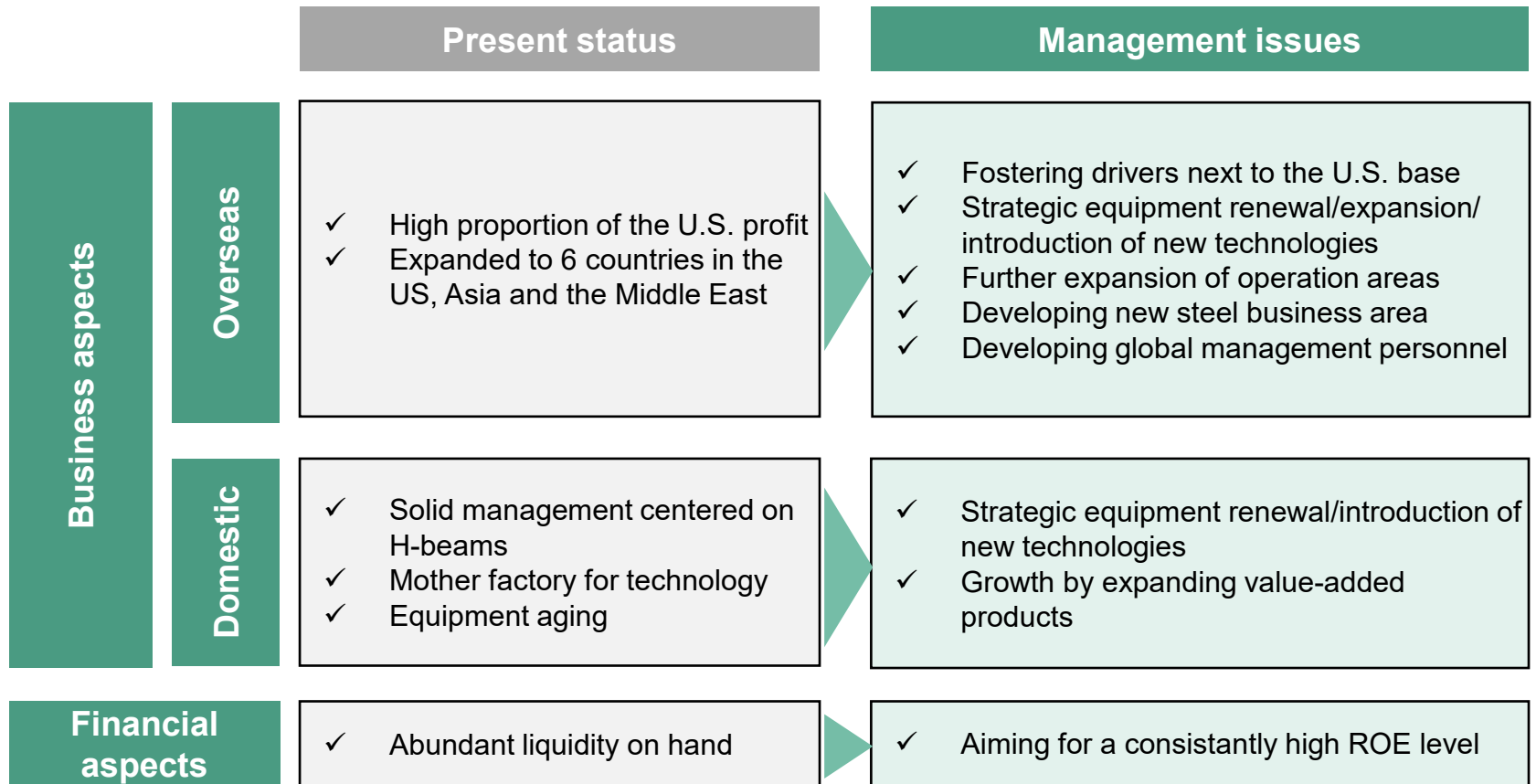
Changes in market capitalization and net cash and deposits*



* Net cash & deposits = cash & deposits + long-term time deposits – long or short term borrowings

Management Challenge

- The management challenge we face is to develop the second overseas source of earnings next to the U.S. base.
- Positioning ASEAN, where further growth is expected, as a priority region, we will nurture our second driver centering on our consolidated subsidiary, Siam Yamato. Meanwhile in Japan, we will focus on renewing equipment and strengthening our ability to disseminate technology to the overseas bases as a mother factory.
- By solving these, we aim for a consistently high ROE level.



Grand Design (Business Medium- to Long-Term Vision)

Basic policy

- 1 Expansion of global sales volume
 - Expansion of global operation areas
 - Development of local markets
 - Developing new steel business area
- 2 Increased profitability by introduction of leading edge technology
- 3 Developing highly skilled management personnel



Effective utilization of solid financial resources

KPI to focus

- Group-wide sales volume*
(FY2022/3 Results **6.52** million tons)
- Overseas ratio (based on ordinary profit)
(FY2022/3 Results **92.5%**)
- Operating profit margin
(FY2022/3 Results **8.9%**)
- ROE
(FY2022/3 Results **12.2%**)

* Includes semi-finished products, DRI, and intragroup transactions

Action Plan (1)

Basic policy

1 Expansion of global sales volume

- Expansion of global operation areas
- Development of local markets
- Developing new steel business area

2

Increased profitability by introduction of leading edge technology (overseas)

Action plan

ASEAN structural steel 3 million ton capacity construction plan

Develop ASEAN, a growth market, to be a second driver next to the United States

- Expansion of existing bases



Thailand (SYS)

Renewal of existing rolling lines
(To be mother factory for ASEAN expansion)



Vietnam (PY VINA)

Install a new small and medium-size rolling line

- Acquire a new base through M&A



Action Plan (2)

Basic policy

2

Increased profitability by introduction of leading edge technology (domestic)



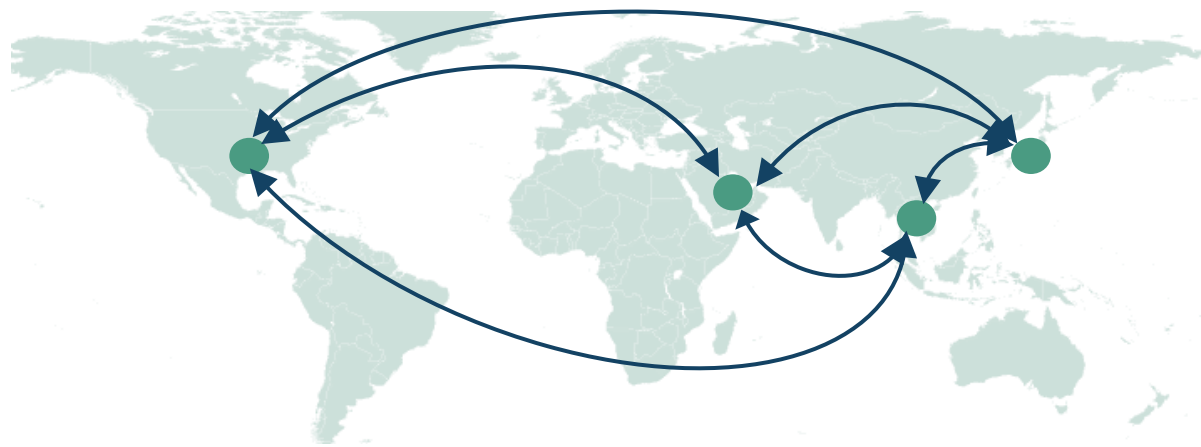
- Reinforcement of competitiveness of Yamato Steel, the mother factory, and reinforcement of ability to disseminate technology

3

Developing highly skilled management personnel



- Proactive personnel exchanges among global bases
- Increase intra-Group personnel transfers



Assumed Timeline

FY2022/3

FY2023/3

FY2024/3

FY2025/3

FY2026/3

1

Expansion of global sales volume

- Expansion of global operation areas
- Development of local markets
- Developing new steel business area

Start of full operation in Vietnam

ASEAN
Structural steel 3 million ton
capacity building

Exploration of bases other
than ASEAN

Developing new steel
business area

2

Increased profitability by introduction of leading edge technology

(Strengthening mother factory functions)

Yamato Steel Strategic equipment update

SYS Strategic equipment update

3

Developing highly skilled management personnel

Accelerating personnel exchanges among bases

Evolution of global
management

Cash Allocation Policy

Operating CF

(About **22** billion yen/year average for the last 3 years)

Expansion of operating cash flows through investment
→ To reinvestment

Shareholder return
Dividend payout ratio of around **30%** as target
+ acquisition of treasury shares

- Appropriate allocation of unused portion of operating cash flows each year
- Stable dividends and agile acquisition of treasury shares

Total investment for 5 years **110 to 120** billion yen

- ◆ Maintenance and renewal, etc. **20** billion yen
- ◆ Growth investment **90 to 100** billion yen

- Maintain existing equipment as a stable source of revenue

- Strategic capacity expansion of existing equipment
Domestic **30** billion yen
Overseas **30** billion yen

-  Yamato Steel
Renewal of existing rolling line
-  Siam Yamato Steel
Renewal of existing rolling line
-  PY VINA
Install a new small and medium-size rolling line
-  YK Steel
Transfer of plants

- M&A/ new business investment
20 to 30 billion yen

Depends on the investment project
Change of priorities

- Target area: ASEAN
- Investing in new business bases and business areas

- Environmental measures/DX investment **10** billion yen
 - Production efficiency, energy saving, labor saving
 - Low environmental load equipment
 - Environmental measures other than power consumption reduction
 - DX investment

- Working capital and emergency response funds
 - Consider at any time, including external financing

Cash on hand*

About **120** billion yen

External procurement

* Cash on hand: Cash & deposits + Long-term time deposit

Disclaimers

- The forward-looking statements including forecasts presented in this document are based on information currently available to Yamato Kogyo Group and certain assumptions deemed to be reasonable and are not intended as a promise by the Company that they will be achieved.
- Actual business performance may differ significantly due to various factors.



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