



**For the Fiscal Year Ended March 2017**

# ***SOFT99 corporation***

## **Financial Results Briefing**

May 31, 2017

- This presentation and our responses during the subsequent question and answer session includes forecasts, expectations, assessments, plans and strategies concerning the future.
- The description and statements based on these future projections include demand fluctuation of products, economic trends, weather and other risks and uncertainties.
- All the description and statements based on the future projections mentioned in this presentation and our responses during the subsequent question and answer session are based on information available on the date of this presentation, and we assume no obligation to update such description and statements.
- In addition, such description and statements do not constitute a guarantee of future results and actual results may substantively differ from our current expectations. These differences could be caused by many factors.

# I: Outline of Corporate Group

# Corporate Profile



## **SOFT99 corporation**

Establishment	October 28, 1954
Capital	¥2,310,056,000
Representative	President and CEO Hideaki Tanaka
No. of employees	199 (as of March 31, 2017)
Principal business	Manufacturing and sale of chemical products for car care and home care

### History of our principal products

1969  
"HANNERI WAX"



1978  
"BODY PAINT"



1987  
"TINET"



1993  
"GLACO ROLL ON"



1995  
"ATELIER 99"



1999  
"FUKUPIKA WET"



2006  
"SHAMPOO FOR GLASSES"



# Subsidiaries and Affiliates



Company name	Location	Stated capital or contribution	Percentage of our ownership of voting rights	Relationship
AION Co., Ltd. 	Chuo-ku, Osaka	¥482 mil.	100.0%	Financial assistance and real estate leasing Interlocking directors
ASMO Co., Ltd. 	Chuo-ku, Osaka	¥80 mil.	100.0%	Financial assistance and real estate leasing Interlocking directors
Shanghai SOFT99 Chemical Co., Ltd. 	Shanghai, People's Republic of China	US\$5,650 k	100.0%	Interlocking directors
SOFT99 autoservice Co., Ltd. 	Chuo-ku, Osaka	¥50 mil.	100.0%	Financial assistance and real estate leasing Interlocking directors
KURASHIKIKAKU Co., Ltd. 	Koto-ku, Tokyo	¥50 mil.	100.0%	Interlocking directors and real estate leasing
Arise Inc. 	Chuo-ku, Osaka	¥50 mil.	100.0%	Financial assistance and real estate leasing Interlocking directors
Orange Japan Inc. 	Koto-ku, Tokyo	¥30 mil.	100.0%	Financial assistance and real estate leasing Interlocking directors
ANTERIA Co., Ltd. 	Chuo-ku, Osaka	¥10 mil.	100.0%	Financial assistance and real estate leasing

# Outline of Operating Segments



Fine Chemicals	Car care products (general/pro use)	 <b>SOFT99 corporation</b>	
	Home care products		
	Foreign operations		 Shanghai SOFT99 Chemical Co., Ltd.
	Import and sale of foreign car care products		 ANTERIA Co., Ltd.
	Planning, development and sale of TPMS		 Orange Japan Inc.
Porous Materials	Industrial materials division	 AION Co., Ltd.	
	Consumables division		
Services	Auto service business	 SOFT99 autoservice Co., Ltd.	
	Driving school business	 ASMO Co., Ltd.	
	Planning and sale of household products	 KURASHIKIKAKU Co., Ltd.	
Real-Estate Related	Real-estate leasing business	 <b>SOFT99 corporation</b>	
	Bathhouse business		
	Support for preventative long-term care		 Arise Inc.

## II: Outline of Consolidated Results

## Consolidated Results (Profit and loss: Year-on-year comparison)

- Net sales increased owing to strong performance of fine chemicals and porous materials segments.
- Operating profit marked the highest level since going public owing to the increase in profit for all segments.
- Net income before income taxes decreased mainly due to the effect of extraordinary loss recorded as a result of dissolving employees' pension plan.

(In millions of yen)

	March 2016	March 2017	Year-on-year changes	Year-on-year % changes
<b>Net sales</b>	22,052	<b>22,369</b>	+316	+1.4%
Gross profit	7,977	<b>8,309</b>	+332	+4.2%
Gross profit margin	(36.2%)	<b>(37.1%)</b>	(+0.9 pt)	—
Selling, general and administrative expenses	5,726	<b>5,890</b>	+163	+2.9%
<b>Operating profit</b>	2,250	<b>2,419</b>	+169	+7.5%
Operating profit margin	(10.2%)	<b>(10.8%)</b>	(+0.6 pt)	—
Ordinary profit	2,439	<b>2,597</b>	+157	+6.5%
Net income before income taxes	2,674	<b>2,485</b>	-188	-7.1%
Net income attributable to shareholders of parent company	1,774	<b>1,790</b>	+15	+0.9%

# Condensed Consolidated Cash Flow

(Year-on-year comparison)



(In millions of yen)

	March 2016	March 2017
Cash flows from operating activities	2,330	<b>2,030</b>
Cash flows from investing activities	(35)	<b>(892)</b>
Cash flows from financing activities	(308)	<b>(503)</b>
Effect of exchange rate changes on cash and cash equivalents	(0)	<b>(2)</b>
Net increase (decrease) in cash and cash equivalents	1,985	<b>631</b>
Cash and cash equivalents at the beginning of the year	12,063	<b>14,049</b>
Cash and cash equivalents at the end of the year	14,049	<b>14,680</b>

Depreciation expense	692	<b>681</b>
Capital expenditures (*)	444	<b>1,032</b>

(\*) Expenditure for purchase of property, plant and equipment

# Condensed Consolidated Balance Sheet

(Year-on-year comparison)



(In millions of yen)

	March 31, 2016	March 31, 2017	Year-on-year changes		March 31, 2016	March 31, 2017	Year-on-year changes
<b>Current Assets</b>	20,909	<b>21,887</b>	+978	<b>Current Liabilities</b>	3,209	<b>2,771</b>	-437
Cash and deposits	14,493	<b>15,136</b>	+643	Accounts payable	1,002	<b>1,054</b>	-51
Accounts receivable	3,452	<b>3,582</b>	+129	Income taxes payable	628	<b>286</b>	-341
Marketable securities	200	<b>602</b>	+401	Payables and accrued expenses	1,083	<b>1,051</b>	-32
Inventories	2,248	<b>2,189</b>	-59	Others	495	<b>379</b>	-116
Others	535	<b>376</b>	-158	<b>Non-current Liabilities</b>	3,642	<b>3,619</b>	-23
<b>Non-current Assets</b>	28,507	<b>28,782</b>	+275	<b>Total Liabilities</b>	6,851	<b>6,390</b>	-461
Property, plant and equipment	21,723	<b>21,981</b>	+257	<b>Net Assets</b>	42,565	<b>44,279</b>	+1,714
Intangible assets	154	<b>141</b>	-13	Shareholders' equity	42,358	<b>43,738</b>	+1,380
Investments and other assets	6,628	<b>6,660</b>	+31	Accumulated other comprehensive income	206	<b>540</b>	+333
<b>Assets</b>	49,417	<b>50,670</b>	+1,253	<b>Liabilities and Net Assets</b>	49,417	<b>50,670</b>	+1,253

# Consolidated Highlight Financial Indicators

(Year-on-year comparison)



	March 2016	March 2017	Year-on-year changes
Total assets (million yen)	49,417	<b>50,670</b>	+1,253
Net assets (million yen)	42,565	<b>44,279</b>	+1,714
Equity ratio	86.1%	<b>87.4%</b>	+1.3 <i>pt</i>
ROA (Ordinary profit/Total assets)	5.0%	<b>5.2%</b>	+0.2 <i>pt</i>
ROE (Net profit/Net assets)	4.2%	<b>4.1%</b>	-0.1 <i>pt</i>
Total asset turnover (Net sales/Total assets)	0.44	<b>0.44</b>	-0.00
Net income per share (yen)	81.60	<b>82.57</b>	+0.97
Dividends per share (yen)	18.00	<b>21.00</b>	+3.00
Dividend payout ratio	22.1%	<b>25.4%</b>	+3.3 <i>pt</i>

## III: Outline of Segment Results

## Fine Chemicals (Profit and loss: Year-on-year comparison)

- Sales of car care products for general use slightly decreased in total due to strong sales of glass care products offset by decreased sales of car-exterior care products.
- Both net sales and profit increased as a whole owing to expansion in the sales of products for professional use and in foreign operations.

(In millions of yen)	March 2016	March 2017	Year-on-year changes	Year-on-year % changes
<b>Net sales</b>	<b>10,690</b>	<b>10,806</b>	<b>+116</b>	<b>+1.1%</b>
(General use: Car-exterior care)	(2,019)	(1,938)	(-81)	(-4.0%)
(General use: Glass care)	(3,354)	(3,452)	(+97)	(+2.9%)
(General use: Repair products)	(2,212)	(2,185)	(-26)	(-1.2%)
(Professional use)	(1,317)	(1,431)	(+114)	(+8.7%)
(Home care products, etc.)	(570)	(581)	(+11)	(+1.9%)
(Foreign operations)	(947)	(1,050)	(+102)	(+10.8%)
(TPMS: Tire-Pressure Monitoring System)	(146)	(99)	(-47)	(-32.5%)
(Others) Note: Includes sales of resin containers	(121)	(67)	(-53)	(-44.4%)
<b>Gross profit</b>	<b>5,059</b>	<b>5,220</b>	<b>+160</b>	<b>+3.2%</b>
Gross profit margin	47.3%	48.3%	+1.0 pt	—
<b>Operating profit</b>	<b>1,225</b>	<b>1,305</b>	<b>+80</b>	<b>+6.6%</b>
Operating profit margin	11.5%	12.1%	+0.6 pt	—

## Porous Materials (Profit and loss: Year-on-year comparison)

- Net sales increased year-on-year in all fields.
- Domestic sales of both the industrial materials and the consumables expanded and overseas sales were also strong.
- Profit increased as a result of cost improvement through the improved utilization of factories achieved by the increase in net sales.

(In millions of yen)	March 2016	March 2017	Year-on-year changes	Year-on-year % changes
<b>Net sales</b>	<b>4,909</b>	<b>5,178</b>	<b>+268</b>	<b>+5.5%</b>
(Industrial materials)	(3,546)	(3,668)	(+122)	(+3.4%)
(Domestic)	(1,763)	(1,876)	(+113)	(+6.4%)
(Overseas)	(1,783)	(1,792)	(+9)	(+0.5%)
(Consumables)	(1,364)	(1,510)	(+146)	(+10.7%)
(Domestic)	(615)	(708)	(+93)	(+15.2%)
(Overseas)	(749)	(801)	(+52)	(+7.0%)
<b>Gross profit</b>	<b>1,561</b>	<b>1,681</b>	<b>+120</b>	<b>+7.7%</b>
Gross profit margin	31.8%	32.5%	+0.7 pt	—
<b>Operating profit</b>	<b>649</b>	<b>698</b>	<b>+48</b>	<b>+7.5%</b>
Operating profit margin	13.2%	13.5%	+0.3 pt	—

## Services (Profit and loss: Year-on-year comparison)

- In the automobile repair and sheet metal business, net sales increased owing to the increase in the level of inventories from auto dealers as a result of new business development as well as strong sales in coating and protective film installation services.
- Net sales in the driving school business grew owing to the increase in the number of students who take training courses for standard-sized and medium-sized vehicles as well as the increase in training courses for companies.
- Net sales in the business of planning and sale of household products decreased due to weak sales for the CO-OP, which is the mainstay.
- Profit increased owing to improved profits in the automobile repair and sheet metal business, although net sales in the segment as a whole decreased.

(In millions of yen)	March 2016	March 2017	Year-on-year changes	Year-on-year % changes
<b>Net sales</b>	<b>4,983</b>	<b>4,942</b>	<b>-41</b>	<b>-0.8%</b>
(Auto service)	(2,359)	(2,388)	(+28)	(+1.2%)
(Driving school)	(857)	(870)	(+12)	(+1.4%)
(Planning and sale of household products)	(1,766)	(1,683)	(-82)	(-4.7%)
<b>Gross profit</b>	<b>1,059</b>	<b>1,106</b>	<b>+46</b>	<b>+4.4%</b>
Gross profit margin	21.3%	22.4%	+1.1 pt	—
<b>Operating profit</b>	<b>102</b>	<b>144</b>	<b>+41</b>	<b>+40.3%</b>
Operating profit margin	2.1%	2.9%	+0.8 pt	—

## Real-Estate Related (Profit and loss: Year-on-year comparison)

- Net sales in real-estate leasing business decreased due to a decrease in rental revenue from tenants in connection with the reconstruction of distribution warehouse.
- In the bathhouse business, net sales and the number of customers decreased due to equipment failure in some stores.
- Net sales in the business of support for preventive long-term care grew owing to the increase in the number of registered members.
- Profit in the segment as a whole increased as a result of improvement in net sales in the business of support for preventive long-term care, although net sales in the segment as a whole decreased.

(In millions of yen)	March 2016	March 2017	Year-on-year changes	Year-on-year % changes
<b>Net sales</b>	<b>1,468</b>	<b>1,441</b>	<b>-27</b>	<b>-1.8%</b>
(Real-estate leasing)	(370)	(364)	(-6)	(-1.6%)
(Bathhouse business)	(1,074)	(1,030)	(-44)	(-4.1%)
(Support for preventive long-term care)	(23)	(47)	(+23)	(+98.4%)
<b>Gross profit</b>	<b>296</b>	<b>301</b>	<b>+5</b>	<b>+1.7%</b>
Gross profit margin	20.2%	20.9%	+0.7 pt	—
<b>Operating profit</b>	<b>260</b>	<b>261</b>	<b>+1</b>	<b>+0.5%</b>
Operating profit margin	17.7%	18.2%	+0.5 pt	—

# Segment Information

(Comparison of net sales and operating profit by segment)



(In millions of yen)

<b>Net sales</b>	March 2016	(Composition ratio)	March 2017	(Composition ratio)	Year-on-year changes of composition ratio
Fine Chemicals	10,690	(48.5%)	<b>10,806</b>	<b>(48.3%)</b>	-0.2 pt
Porous Materials	4,909	(22.3%)	<b>5,178</b>	<b>(23.1%)</b>	+0.8 pt
Services and Real-Estate Related	6,452	(29.2%)	<b>6,383</b>	<b>(28.5%)</b>	-0.7 pt
Total	22,052	(100.0%)	<b>22,369</b>	<b>(100.0%)</b>	—

<b>Operating profit</b>	March 2016	(Composition ratio)	March 2017	(Composition ratio)	Year-on-year changes of composition ratio
Fine Chemicals	1,225	(54.4%)	<b>1,305</b>	<b>(53.9%)</b>	-0.5 pt
Porous Materials	649	(28.8%)	<b>698</b>	<b>(28.9%)</b>	+0.1 pt
Services and Real-Estate Related	363	(16.1%)	<b>406</b>	<b>(16.8%)</b>	+0.7 pt
(*) Total	2,250	(100.0%)	<b>2,419</b>	<b>(100.0%)</b>	—

(\*) Total amounts include adjustments.

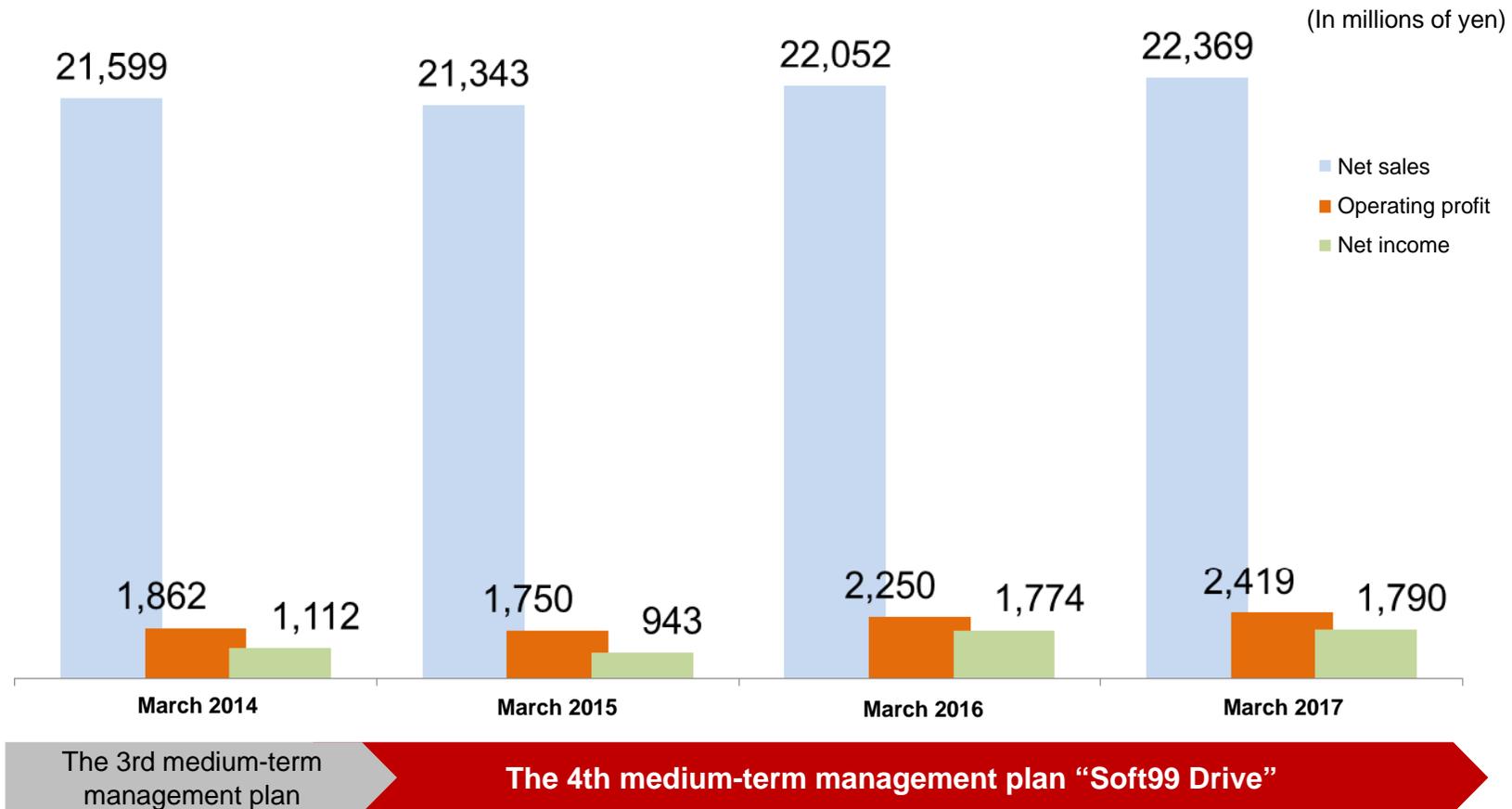
## IV: New Medium-term Management Plan

# Review of the Previous Medium-term Management Plan

(1/5: Consolidated profit and loss)



- The initial profit target for the final fiscal year was achieved, while the sales target has not been achieved. However, there are still issues with business expansion.

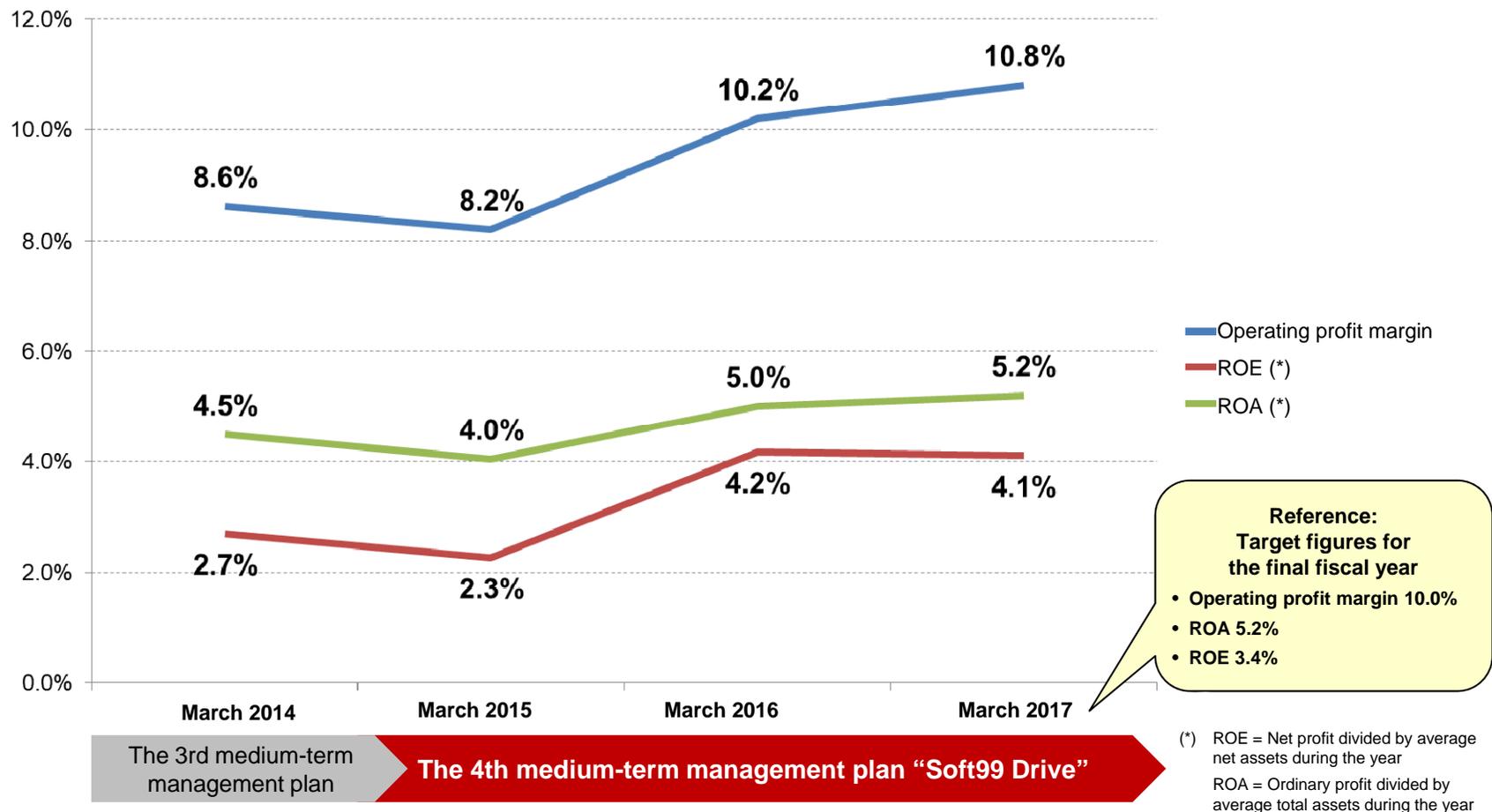


# Review of the Previous Medium-term Management Plan

(2/5: Operational efficiency indicators)



■ In connection with improvement in the operating profit margin, ROA and ROE also show signs of improvement. Target figures for the final fiscal year have been achieved.



# Review of the Previous Medium-term Management Plan

(3/5: Profit and loss by segment)



- Both net sales and profit increased in all operating segments.
- Porous materials drove the growth.

(In millions of yen)

Operating Segments	Net sales			Operating profit		
	The 3rd medium-term management plan March 2014	The 4th medium-term management plan March 2017	Changes	The 3rd medium-term management plan March 2014	The 4th medium-term management plan March 2017	Changes
Fine Chemicals	10,648	10,806	+158	1,202	1,305	+103
Porous Materials	4,669	5,178	+508	485	698	+212
Services	4,887	4,942	+54	9	144	+134
Real Estate	1,393	1,441	+48	154	261	+107
(Adjustments)	—	—	—	10	9	-0
<b>Total</b>	<b>21,599</b>	<b>22,369</b>	<b>+769</b>	<b>1,862</b>	<b>2,419</b>	<b>+557</b>

# Review of the Previous Medium-term Management Plan



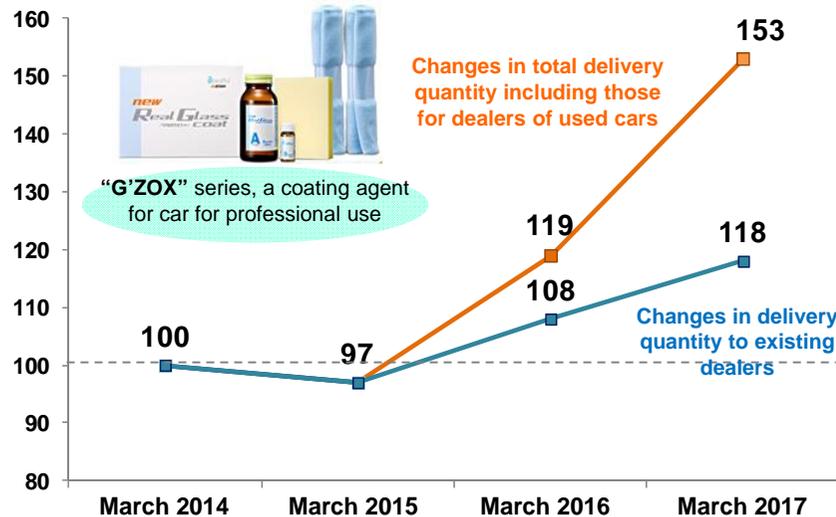
(4/5: Topics (1))

## ■ Topics of fine chemicals segment

- ✓ Car care products for general use: Sales of car-exterior care and repair products stagnated but the sales of glass care product lines under the brand of “Glaco” expanded.
- ✓ Car care products for professional use: Sales channel of coating agent products under the in-house brand expanded.
- ✓ Overseas sales: Sales in Europe expanded. Sales of products sold exclusively in Asia were strengthened.
- ✓ Home care products: Sales of products related to care products for glasses were strengthened and their sales channels were expanded.
- ✓ TPMS (Tire-Pressure Monitoring System): Commenced planning, development and sales

### Changes in sales volume of coating products for professional use under the in-house brand

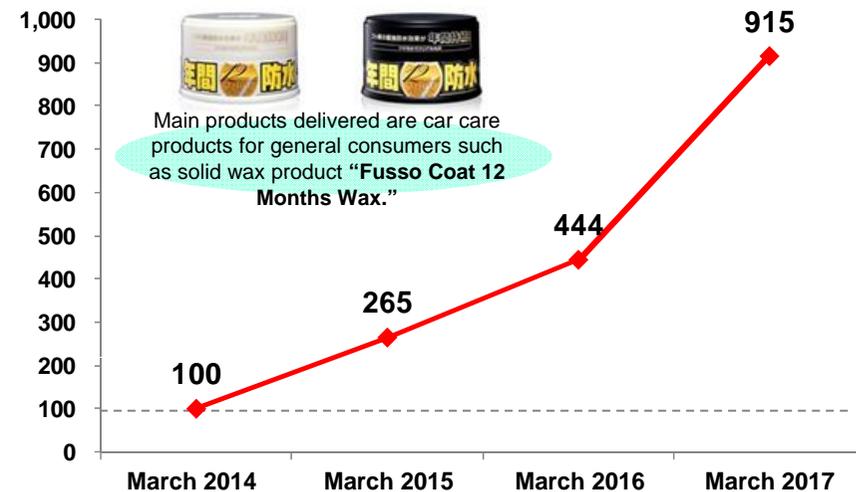
(Presented as indices assuming the results for March 2014 as 100)



- ⇒ Introduction of products for dealers of used cars commenced from the fiscal year ended March 2016.
- ⇒ Delivery to dealers of used cars commenced officially from the fiscal year ended March 2017.

### Changes in sales volume of car care products for Europe

(Presented as indices assuming the results for March 2014 as 100)



- ⇒ Delivery to new destinations such as Poland, UK and Ukraine expanded.

# Review of the Previous Medium-term Management Plan

## (5/5: Topics (2))

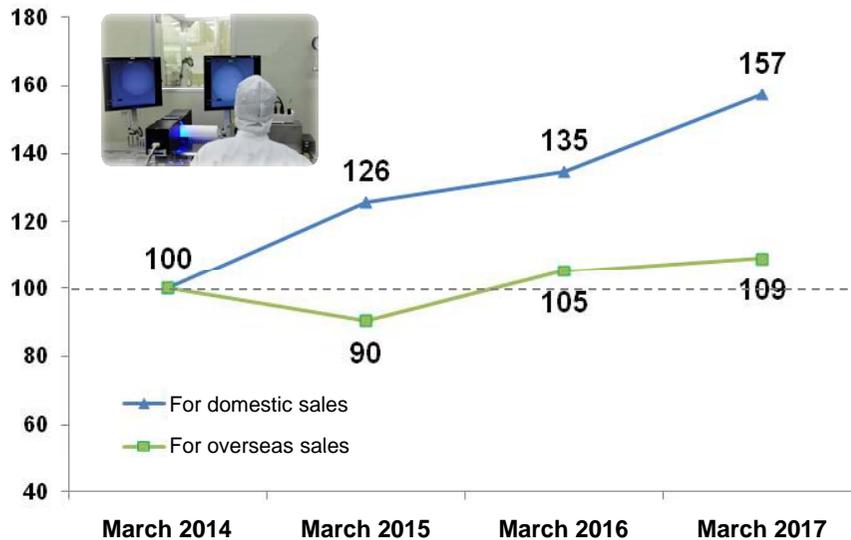


### ■ Topics of porous materials segment

- ✓ Industrial materials: Sales of products for cleaning semiconductors for domestic sales expanded and sales of water-absorbing agent products for medical use commenced officially.
- ✓ Consumables: Sales of home care products for domestic sales and car care products expanded.

**Changes in sales volume of industrial materials  
(for semiconductor use)**

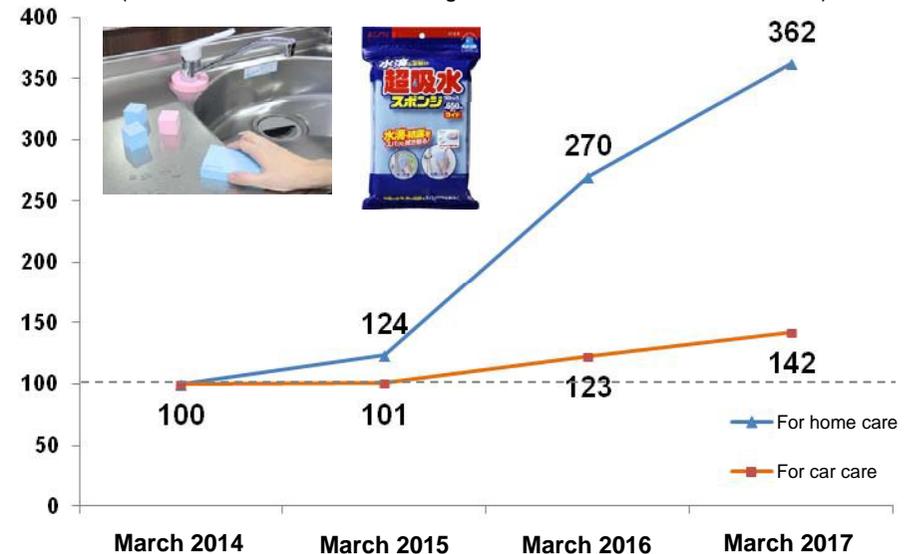
(Presented as indices assuming the results for March 2014 as 100)



⇒ Introduction of products with high precision and high cleanliness into newly constructed lines of major manufacturers was accelerated as a result of starting the sales proposals of such products.

**Changes in sales volume of consumables  
(for domestic sales)**

(Presented as indices assuming the results for March 2014 as 100)



⇒ For home care: Introduction of products expanded after they were mentioned in TV programs.  
 ⇒ For car care: Sales areas expanded through cooperation with the fine chemicals segment.

# Awareness of the Business Environment Surrounding our Group (1/2)



- The target markets of our operating segments are classified into three fields of “automotive,” “industrial” and “living.”
- While the automotive and the industrial fields are the core business in current sales, it is necessary to operate the business through the operating segments.

## Classification of our product and service offerings

		Operating Segments			
		Fine Chemicals	Porous Materials	Services	Real Estate
Target markets	Automotive field	<ul style="list-style-type: none"> <li>✓ Products for general use</li> <li>✓ Products for professional use</li> <li>✓ Foreign operations</li> <li>✓ Planning and sale of TPMS</li> <li>✓ Import and sale of car care products</li> <li>✓ Planning and sale of product packaging</li> </ul>	<ul style="list-style-type: none"> <li>✓ Functional porous body such as PVA (Consumables)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Automobile sheet metal and repair</li> <li>✓ Driving school</li> </ul>	—
	Industrial field	<ul style="list-style-type: none"> <li>✓ Surface modification technology and products</li> </ul>	<ul style="list-style-type: none"> <li>✓ Functional porous body such as PVA (Industrial materials)</li> </ul>	—	—
	Living field	<ul style="list-style-type: none"> <li>✓ Household products, etc.</li> <li>✓ Planning and sale of product packaging</li> </ul>	<ul style="list-style-type: none"> <li>✓ Functional porous body such as PVA (Consumables)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Planning and sale of household products</li> </ul>	<ul style="list-style-type: none"> <li>✓ Real-estate leasing</li> <li>✓ Operation of bathhouses</li> <li>✓ Support for preventative long-term care</li> </ul>

(Note)  : Current core business with large net sales

# Awareness of the Business Environment Surrounding our Group (2/2)



- In recent years, there have been major changes in the automotive field, and this movement is expected to grow in the future.
- In the industrial field, further competition is expected to intensify in existing markets.

Examples of changes in circumstances	
<b>Automotive field</b>	<ul style="list-style-type: none"> <li>■ <b><u>Change in car ownership form</u></b> <ul style="list-style-type: none"> <li>✓ Young people are shifting away from car usage</li> <li>✓ Polarization of needs in car ownership between urban and suburban areas</li> <li>✓ Longer ownership period</li> <li>✓ Expansion of sharing economy (Growth of car sharing market, emergence of rideshare)</li> </ul> </li> <li>■ <b><u>Change in attitudes towards car care and purchase of related products</u></b> <ul style="list-style-type: none"> <li>✓ Increased number of coated cars for professional use</li> <li>✓ Outsourcing of car beautification process (car wash and maintenance)</li> <li>✓ Deceleration of sales growth in existing retail stores (mass retailers and specialty stores) and growth of online shopping</li> <li>✓ Shift in consumer's purpose of purchasing from "possession" to "utilization"</li> </ul> </li> <li>■ <b><u>Rise of high-tech automobiles</u></b> <ul style="list-style-type: none"> <li>✓ Electrification, resinification and increase in various sensing functions</li> <li>✓ Public-private initiatives for driving support by computer and personal mobility are progressing.</li> </ul> </li> <li>■ <b><u>Globalization of motorization</u></b> <ul style="list-style-type: none"> <li>✓ Steady market expansion in emerging countries such as China, India and Southeast Asia</li> </ul> </li> </ul>
<b>Industrial field</b>	<ul style="list-style-type: none"> <li>■ <b><u>Intensified competition in high-tech related markets</u></b> <ul style="list-style-type: none"> <li>✓ Potential for growth in high-tech related markets in connection with the progress of IoT</li> <li>✓ Further refinement of needs for semiconductor cleaning technology, including actions to enhance high definition in CMP process</li> <li>✓ Decreased needs for polishing due to the shrinking of the HDD storage market</li> <li>✓ Rise of low-priced competitors including products made in China</li> </ul> </li> </ul>
<b>Living field</b>	<ul style="list-style-type: none"> <li>■ <b><u>Change in attitudes towards purchase</u></b> <ul style="list-style-type: none"> <li>✓ Shift in consumer's purpose of purchasing from "possession" to "utilization"</li> </ul> </li> </ul>

# Outline of the Fifth Medium-term Management Plan

## (1/7: Themes and vision)



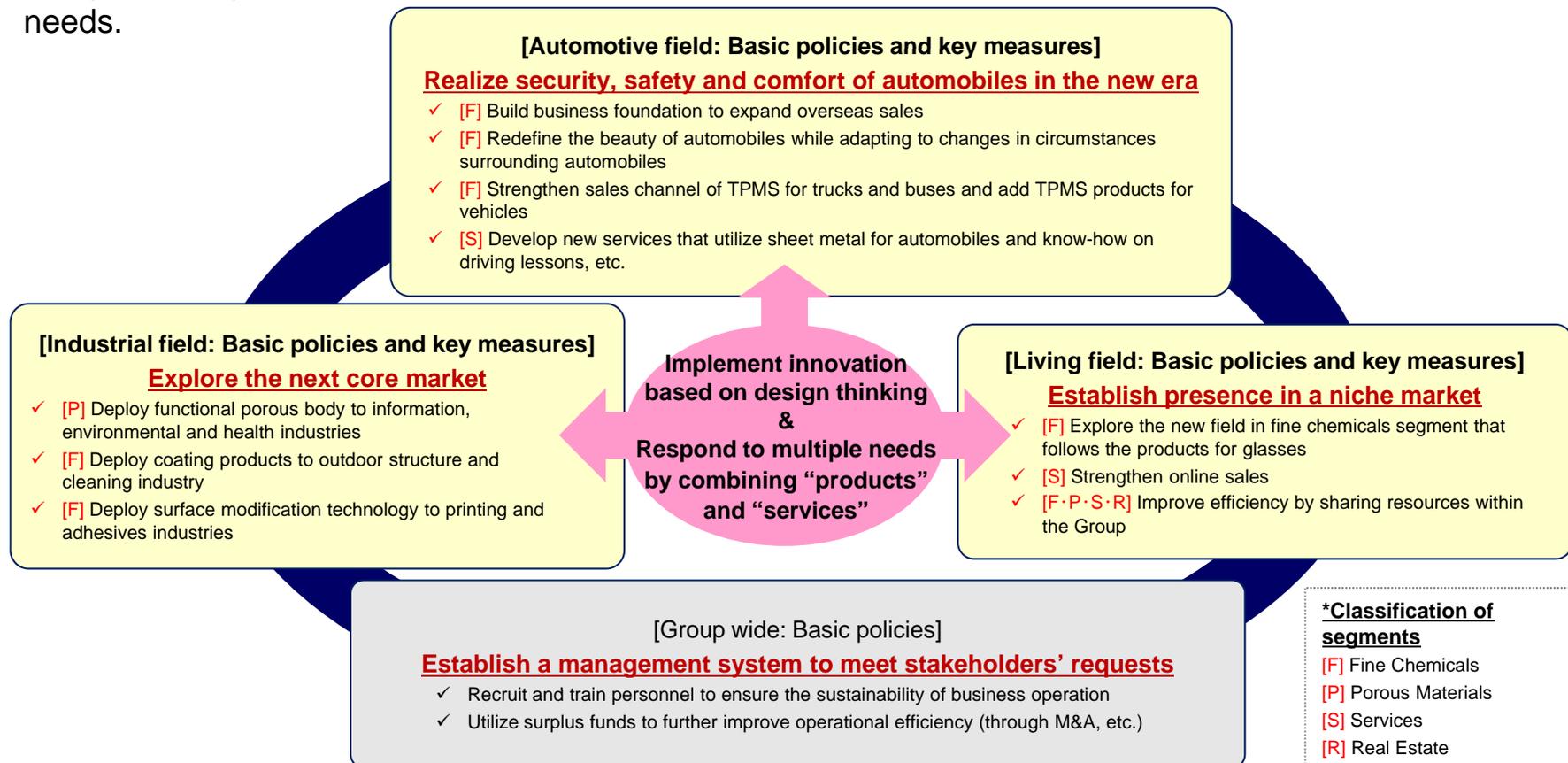
- In the new medium-term management plan, major changes in the business environment are treated as opportunities for business expansion and the period subject to this new plan is positioned as the preparatory stage for future continuous growth. In addition to promoting projects that began to yield results during the previous medium-term plan, we will also focus on shifting to and creating new markets.



# Outline of the Fifth Medium-term Management Plan (2/7: Basic management policies)



- Based on the themes and vision, we establish basic management policies for each field with the aim of creating new markets.
- In particular, for the development of products and services, we seek to implement innovation based on design thinking and not only to sell products but also provide services in order to respond to multiple needs.

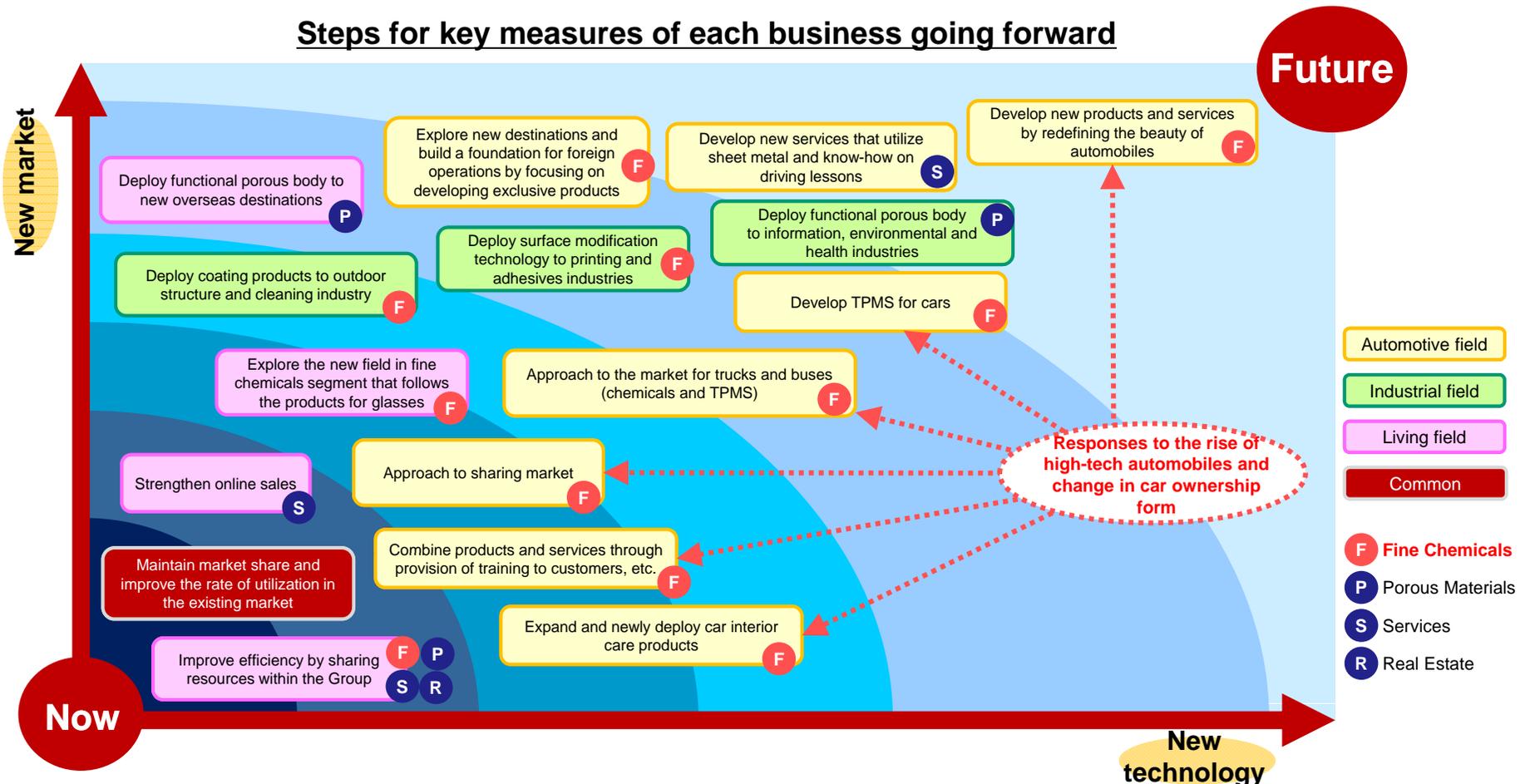


# Outline of the Fifth Medium-term Management Plan (3/7: Business development)



- Based on basic management principles, we will launch efforts and initiatives for new markets and technologies gradually, mainly in the automotive field of fine chemicals segment.

## Steps for key measures of each business going forward

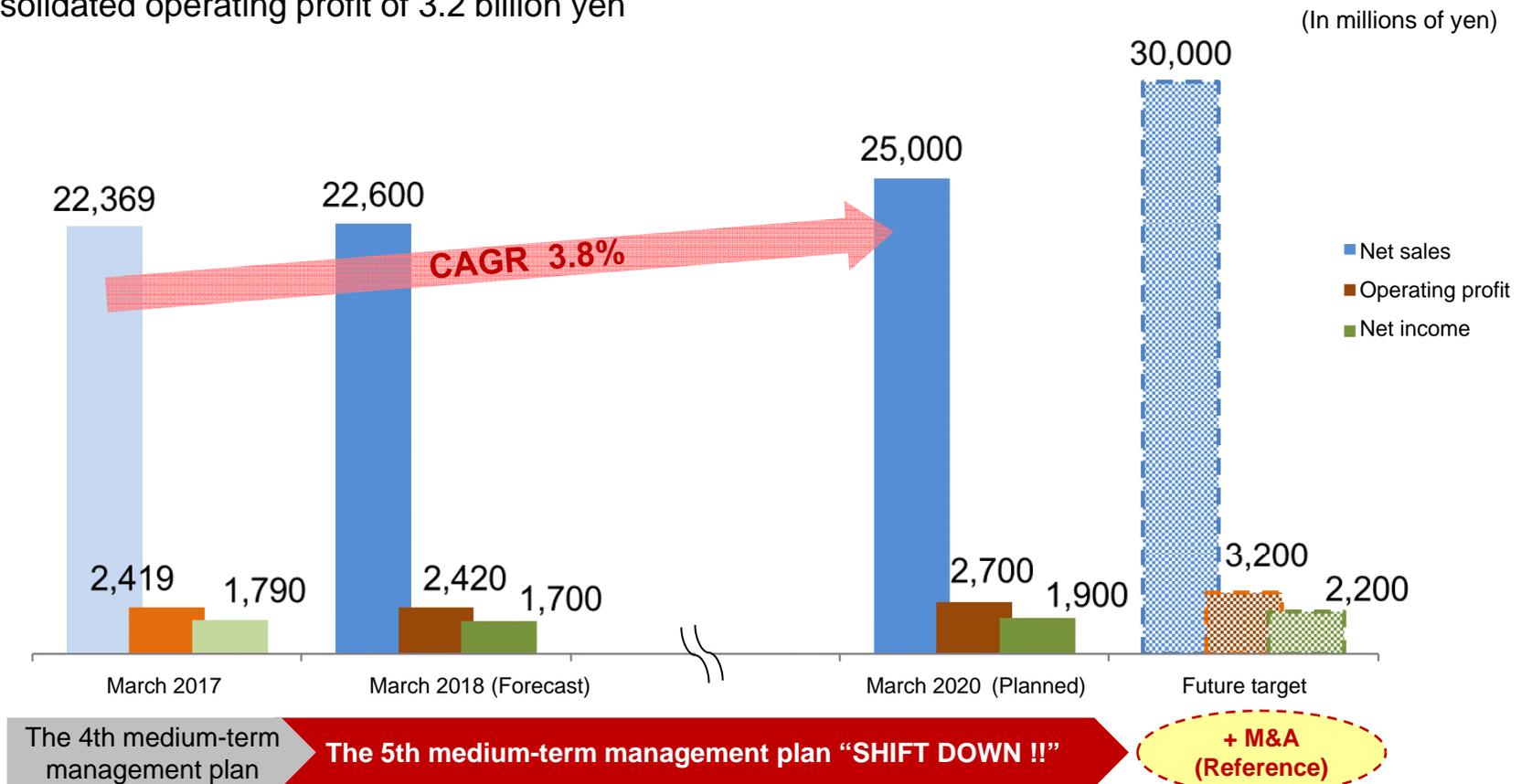


# Outline of the Fifth Medium-term Management Plan

## (4/7: Profit and loss target)



- Target of medium-term management plan for the final fiscal year: Consolidated net sales of 25 billion yen (CAGR of 3.8%) and consolidated operating profit of 2.7 billion yen
- Future target including M&A (excluded from the Plan): Consolidated net sales of 30 billion yen and consolidated operating profit of 3.2 billion yen



# Outline of the Fifth Medium-term Management Plan (5/7: Profit and loss target by segment)



- In the new medium-term management plan, we aim for growth focusing on the fine chemicals segment.

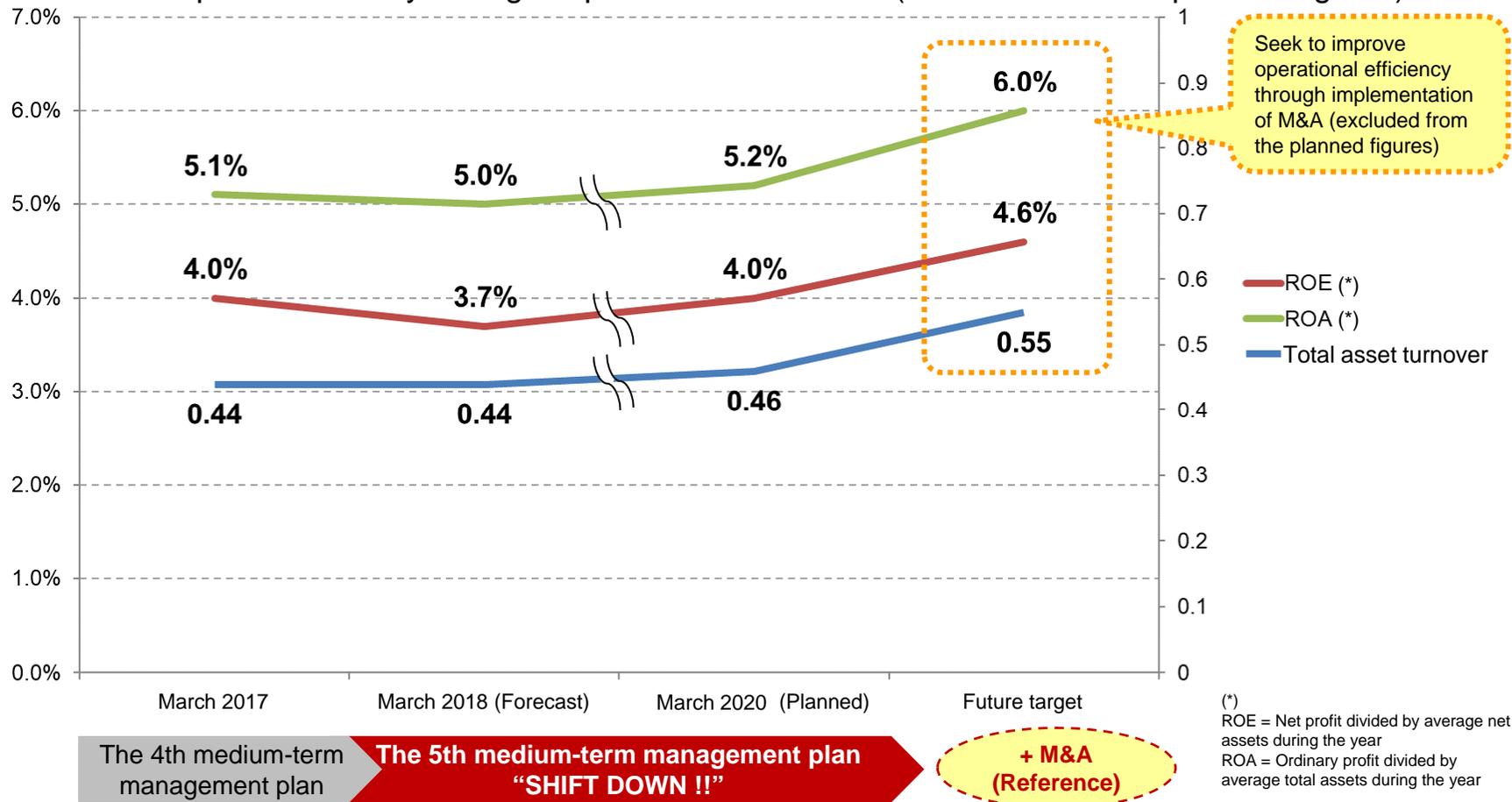
(In millions of yen)

Operating Segments	Net sales			Operating profit		
	The 4th medium-term management plan March 2017	The 5th medium-term management plan March 2020	Changes	The 4th medium-term management plan March 2017	The 5th medium-term management plan March 2020	Changes
Fine Chemicals	10,806	12,500	+1,693	1,305	1,530	+224
Porous Materials	5,178	5,600	+421	698	740	+41
Services and Real Estate	6,383	6,900	+516	405	430	+24
(Adjustment)	—	—	—	9	—	-9
<b>Total</b>	<b>22,369</b>	<b>25,000</b>	<b>+2,631</b>	<b>2,419</b>	<b>2,700</b>	<b>+281</b>

# Outline of the Fifth Medium-term Management Plan (6/7: Operational efficiency indicators)



- Target of medium-term management plan for the final fiscal year: ROA of 5.2%, ROE of 4.0%, and total asset turnover of 0.46
- Seek to further improve efficiency through implementation of M&A (excluded from the planned figures)



# Outline of the Fifth Medium-term Management Plan

## (7/7: Policy on return to shareholders)



- Our basic policy on return to shareholders is to continue stable dividend payment.
- In order to achieve a stable return to shareholders, which is directly linked to the results of the main business operation and less likely to be affected by special factors, the target return to shareholders is “20% of the operating profit” from the fiscal year ending March 2018.  
 ([Reference] Policy on return to shareholders in the previous medium-term management plan: Dividend payout ratio was 25% and target total return ratio was 30% with flexible treasury stock acquisition)
- We plan to use retained profits as investments to expand future business and strengthen management structure.

### Changes in dividend payments

	March 2012	March 2013	March 2014	March 2015	March 2016	March 2017 (Planned)	March 2018 (Forecast)
<b>Consolidated operating profit</b> (million yen)	1,908	1,955	1,862	1,750	2,250	2,419	<b>2,420</b>
<b>Consolidated net profit</b> (million yen)	1,142	1,352	1,112	943	1,774	1,790	<b>1,700</b>
<b>Total dividends</b> (million yen)	313	338	370	370	395	458	<b>480</b>
<b>Dividends per share</b> (yen)	14.5	15.5	(*)17.0	17.0	18.0	21.0	<b>22.0</b>
<b>Dividend payout ratio</b>	27.4%	24.8%	33.1%	39.1%	22.1%	25.4%	<b>28.1%</b>
<b>[Reference] Total dividends divided by operating profit</b>	16.4%	17.3%	19.9%	21.1%	17.6%	18.9%	<b>19.8%</b>

(\*) Includes commemorative dividend of 1.0 yen.

Thank you very much for  
your attention.