

# YAMASHIN-FILTER CORP.

## Financial Results

Aug. 4, 2015  
<Code: 6240>

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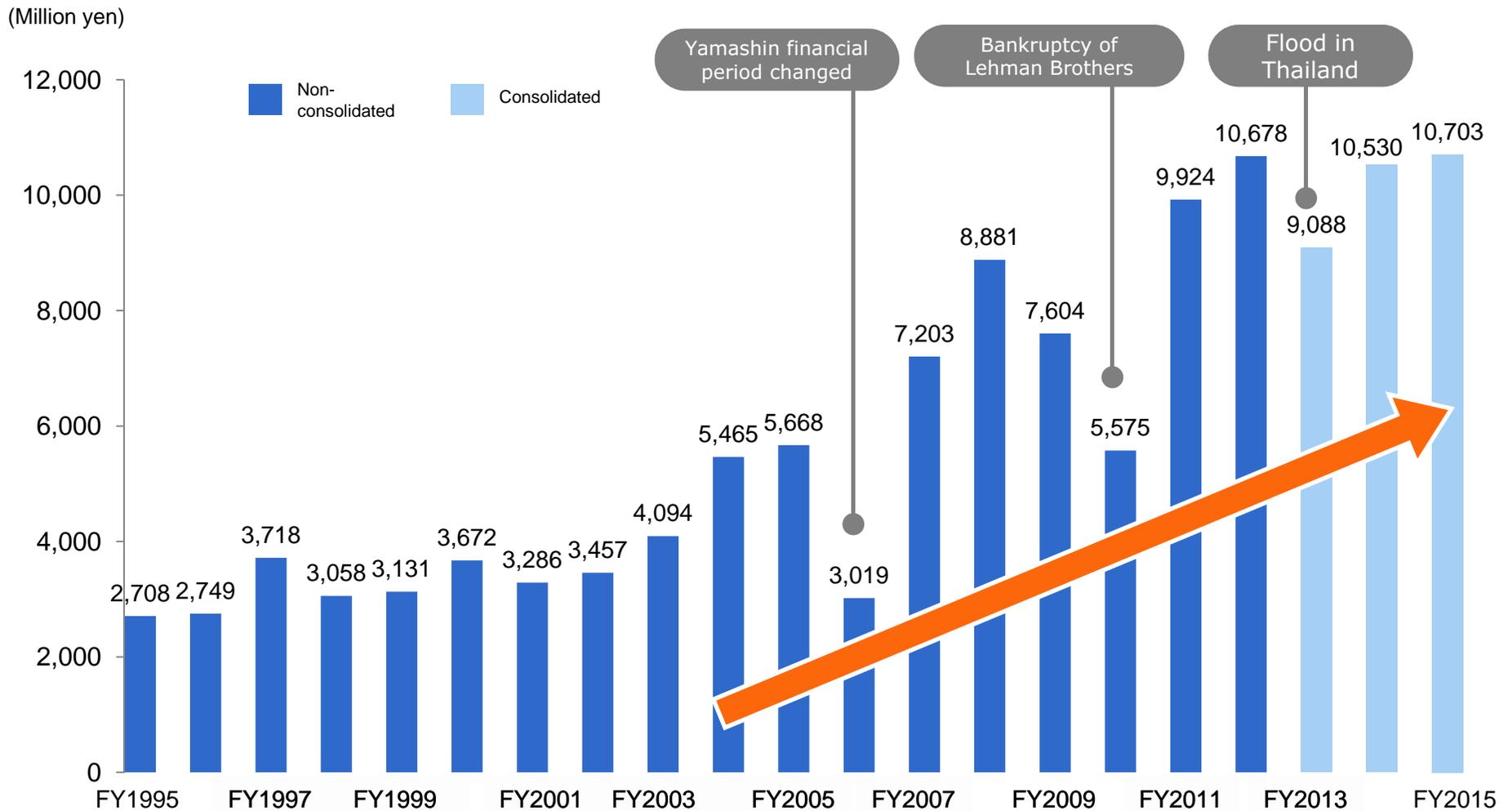
# I . Financial Results for FY2016 Q1

# I . Introduction

# About YAMASHIN-FILTER (1) Increase in sales



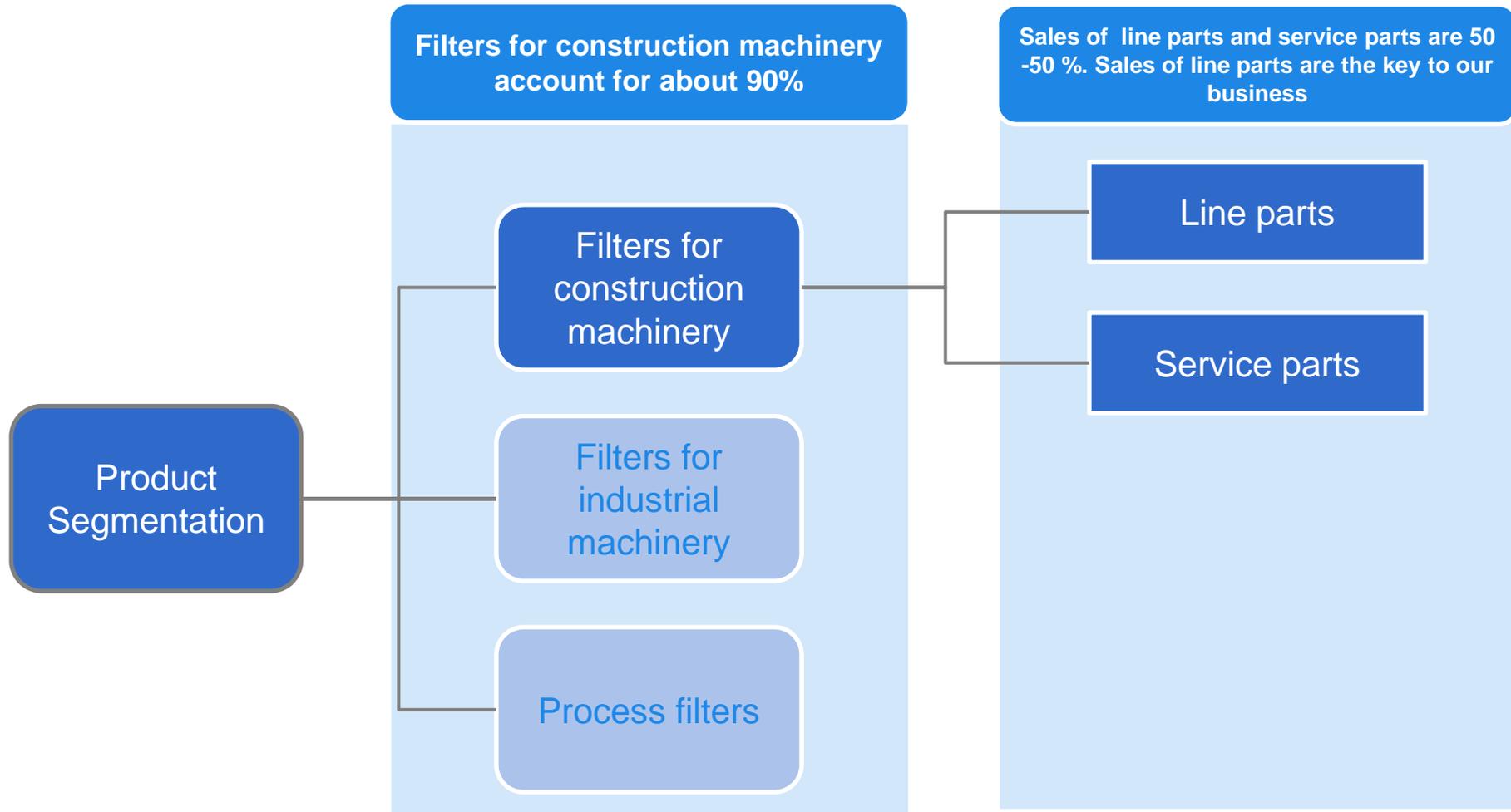
■ **“A Decade of Progress”**  
 Consolidated net sales exceeded ¥10 billion by capturing the demand in emerging countries since 2002



# About YAMASHIN-FILTER (2) Sales composition



- A sound customer base has been established for both line parts and service parts, mainly for construction machinery filters



# Outline of financial results

- For FY2015, achieved growth in sales and profits despite the downward revision to the initial plan
- For FY2016 Q1, sales and profits decreased compared with FY 2015 Q1, due to weakness of the Chinese market
- For FY2016, aim to increase sales by 6% YoY by introducing new line parts and strengthening sales activity of service parts

## FY2015 actual results

Sales and profits increased mainly because of the strong performance of filters for hydraulic excavators despite weakness of the Chinese market

## FY 2016 Q1 actual results

Sales and profits decreased due to weakness of the Chinese market

## FY2016 Budget

Amid challenging market conditions, aim for higher sales by strengthening sales of line parts and service parts

## **II . FY2016 Q1 Actual Results**

# Summary

Sales and profits were lower than the previous corresponding period, due to reactionary fall after last year's rush demand associated with the exhaust gas regulations in Japan, as well as the slowdown of the Chinese market

(Million yen)	FY2015 Q1	FY2016 Q1	FY2016 Q1	Increase/decrease	
	Actual	Budget	Actual	Amount	%
Net sales	2,761	2,768	2,558	△ 202	△ 7.3%
Operating income	341	144	88	△ 253	△ 74.2%
Net income	217	82	64	△ 152	△ 70.3%
ROE (%)*	17.5%	5.2%	4.1%	-	-

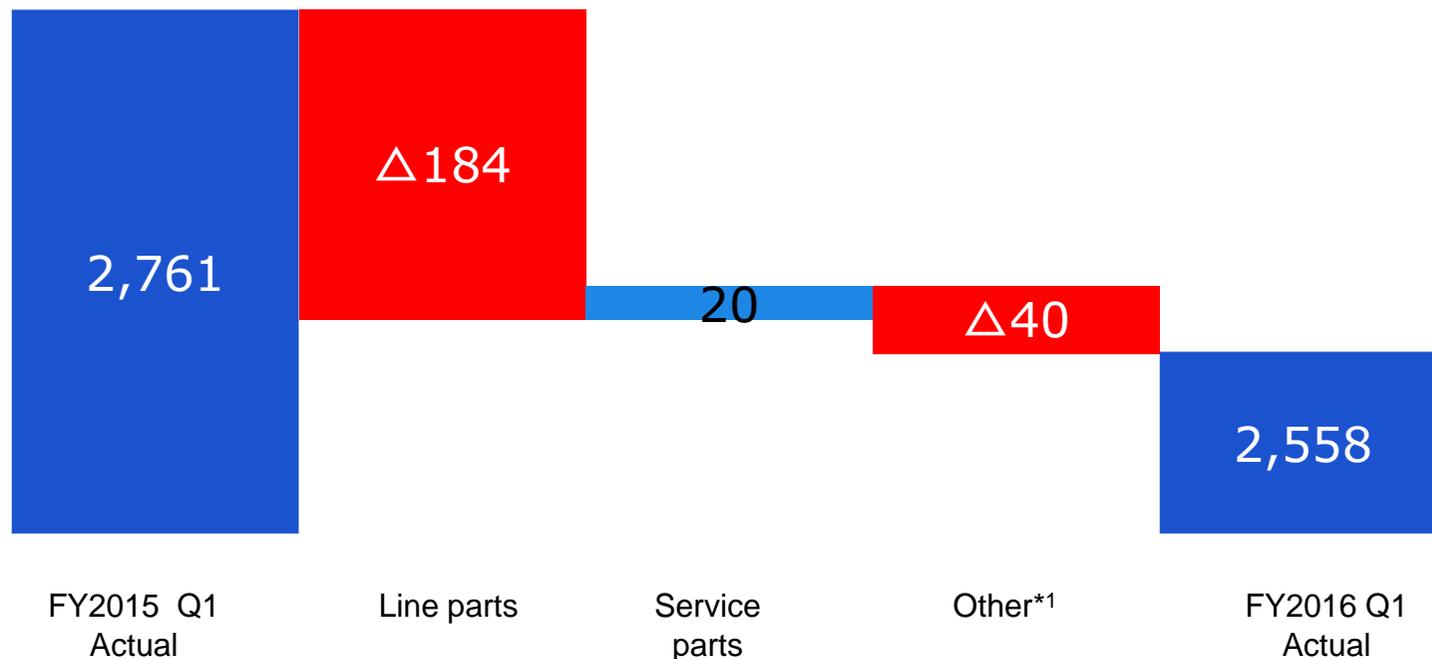
\*ROE: To calculate ROE, the amount of the Q1 net income is annualized.

# Analysis of factors for increase/decrease in sales



- Sales of service parts were strong; those of line parts sharply decreased due to slowdown of the Chinese market

(Million yen)

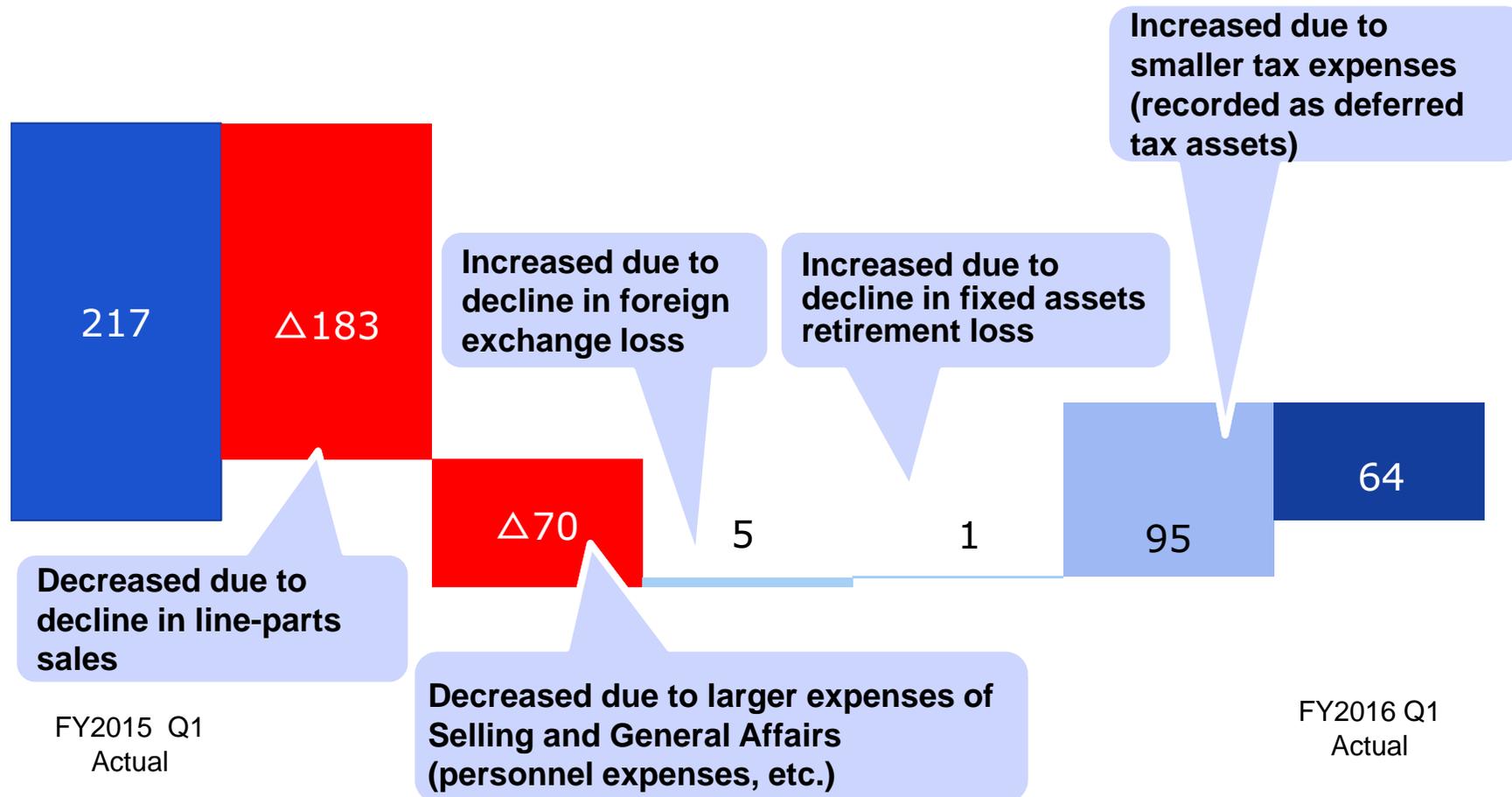


\*1: Others include consolidation adjustments (due to different accounting periods within the group, foreign exchange loss/gain), and sales of products other than construction machinery.

# Analysis of factors for increase/decrease in net income

- Net income decreased by 70.3% YoY mainly due to decrease in sales

(Million yen)



# Sales by Product

- Sales of service parts were strong; those of line parts sharply decreased due to slowdown of the Chinese market

(Million yen)	FY2015	FY2016	FY2016	Increase/decrease	
	Q1	Q1	Q1	Amount	%
	Actual	Budget	Actual		
Construction Machinery Filters	2,398	2,528	2,235	△ 163	△ 6.8%
Line parts	1,145	1,223	961	△ 184	△ 16.1%
Service parts	1,253	1,304	1,273	20	1.6%
Others* <sup>1</sup>	363	240	323	△ 40	△ 10.9%
Total of sales	2,761	2,768	2,558	△ 202	△ 7.3%

\*1: Others include consolidation adjustments (due to different accounting periods within the group, foreign exchange loss/gain), and sales of products other than construction machinery.

# Sales by Region

- Sales in North America and Europe were strong; those in Asia decreased sharply due to slowdown of the Chinese market

(Million yen)	FY2015 Q1		FY2016 Q1		Increase/Decrease	
	Amount	%	Amount	%	Amount	%
Japan	1,395	50.5%	1,309	51.2%	△ 85	△ 6.2%
Asia	633	23.0%	401	15.7%	△ 232	△ 36.7%
North America	427	15.5%	506	19.8%	78	18.4%
Europe	265	9.6%	299	11.7%	34	13.1%
Others* <sup>1</sup> (Middle East)	39	1.4%	41	1.6%	1	5.0%
<b>Total of Sales</b>	<b>2,761</b>	<b>100.0%</b>	<b>2,558</b>	<b>100.0%</b>	<b>△ 202</b>	<b>△ 7.3%</b>

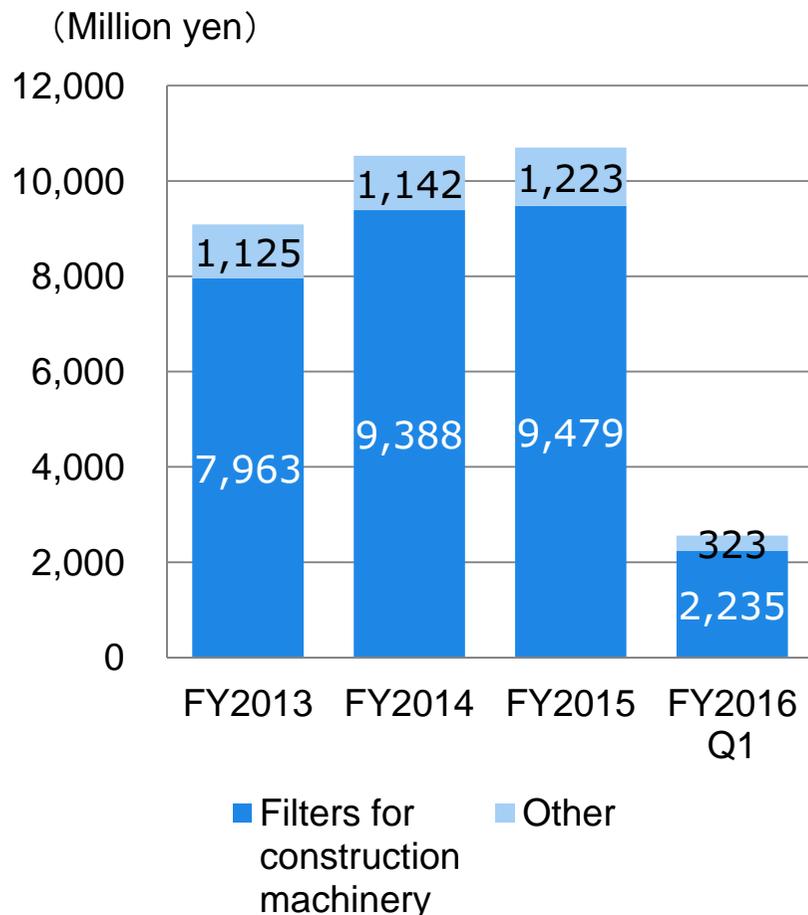
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# Changes in Sales by product and by region

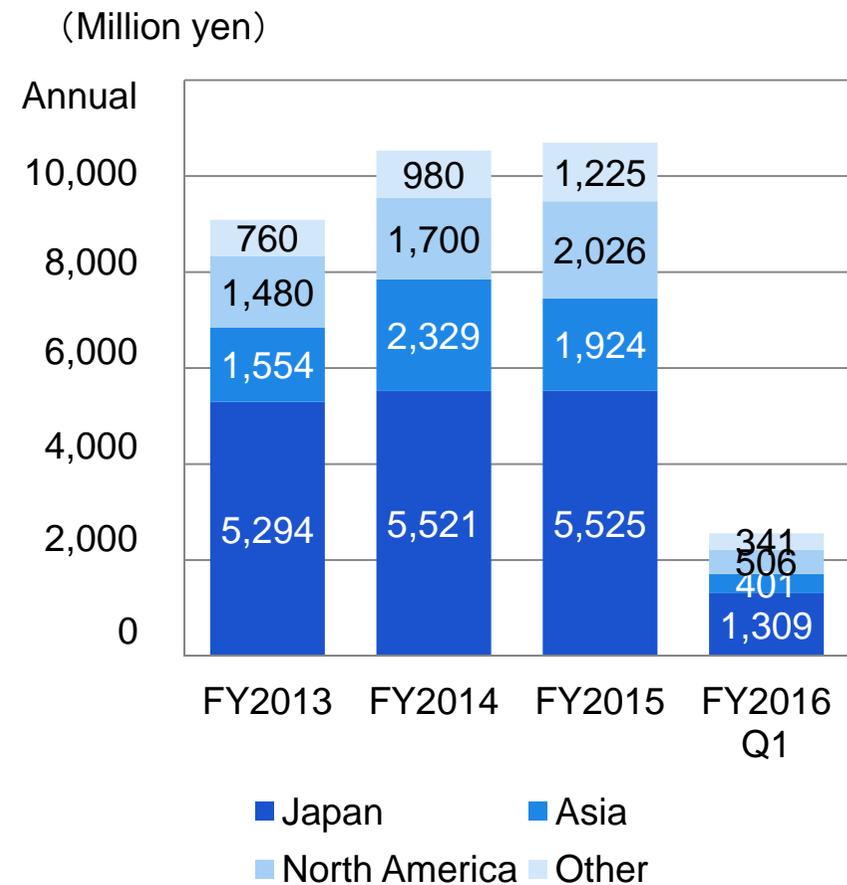


■ A broader range of orders were received from construction machinery manufacturers by enlarging the filter lineup

## Sales by Product



## Sales by Region

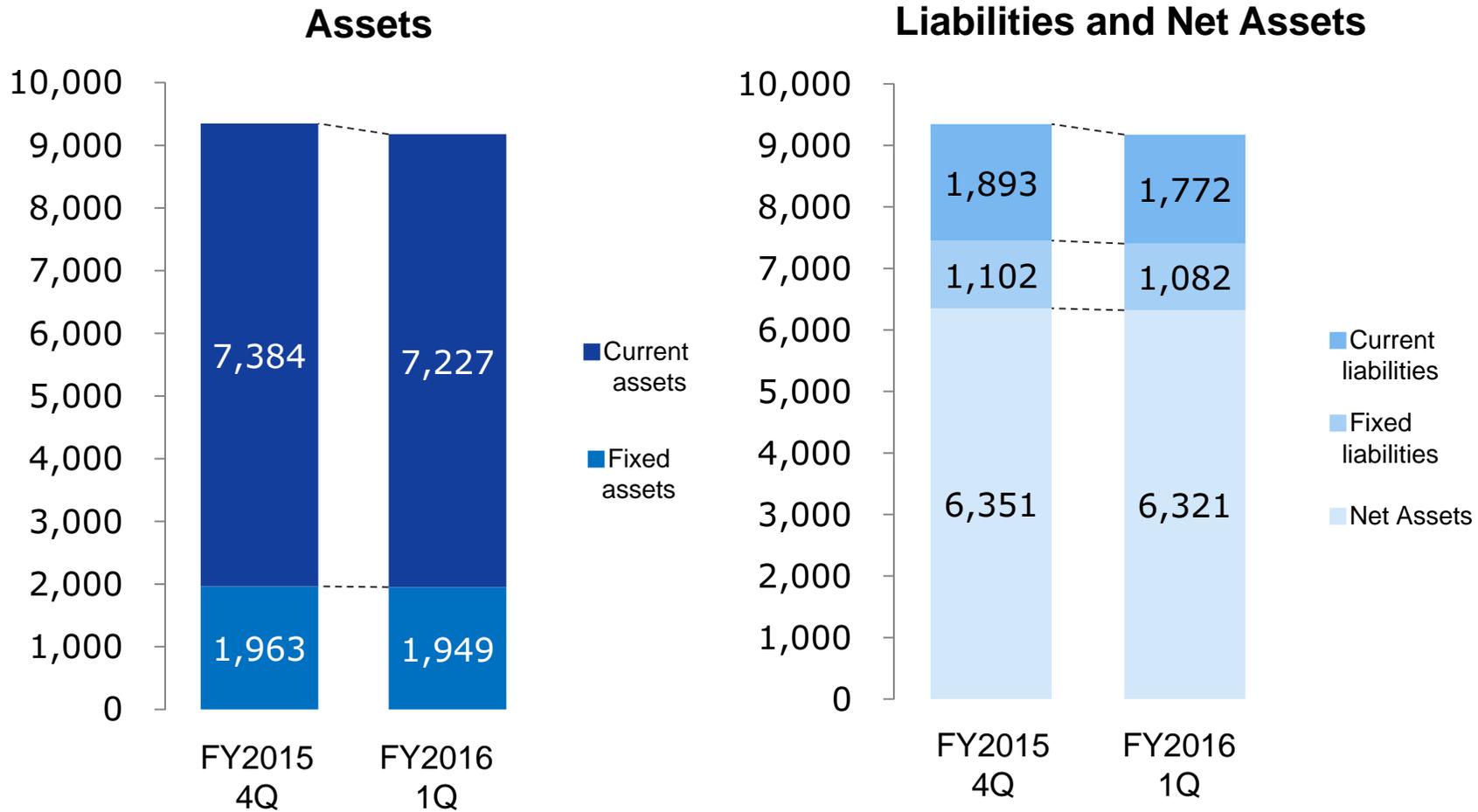


# Changes from the end of FY2015 - Comparative Balance Sheet (Summary)



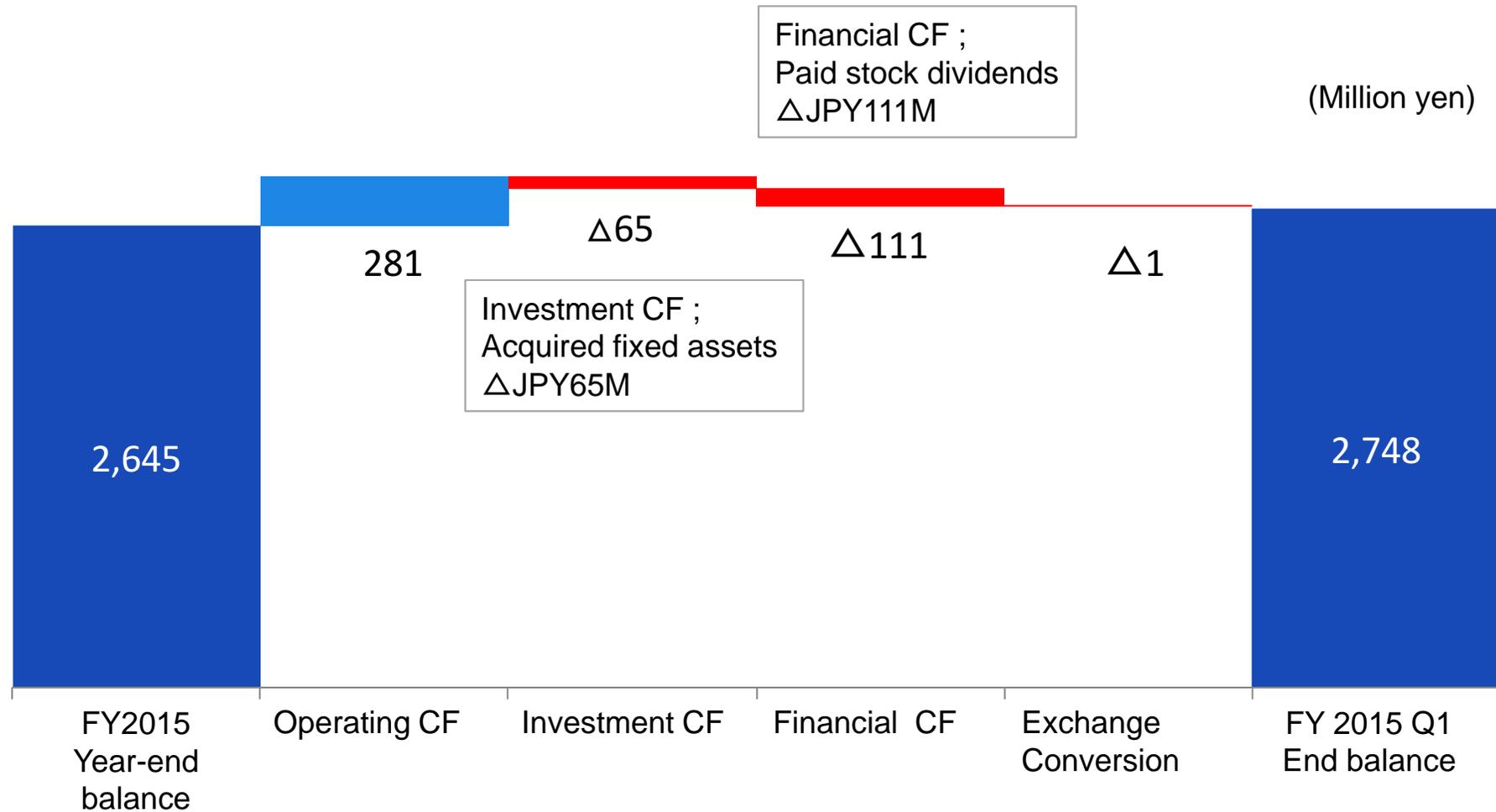
■ Capital-to-asset ratio increased by 1.0 P

(Million yen)



# Analysis of factors for increase/decrease in cash flows

- Balance of cash and cash equivalents increased YOY



# Outline of the Market

# Outline of business environment -Macro Environment

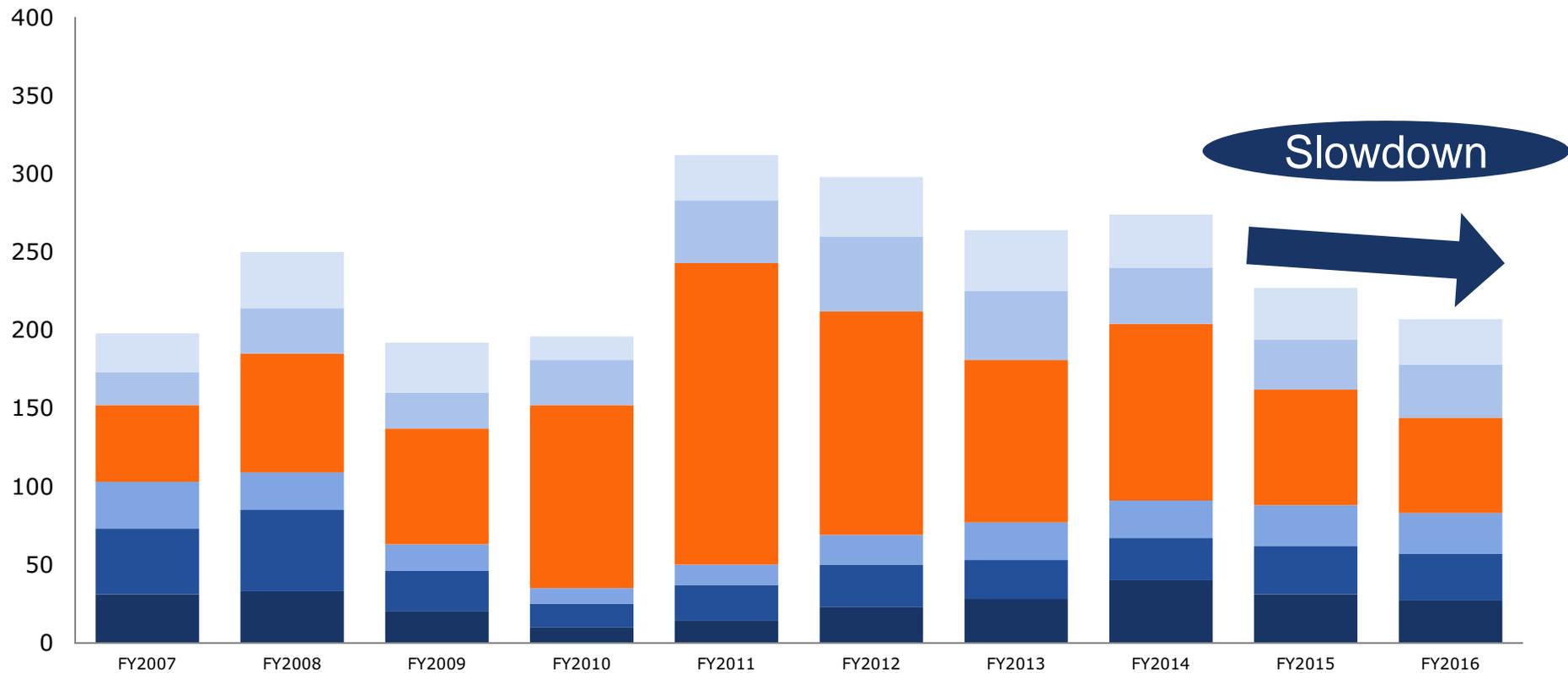


■ Demand for new machineries is decreasing mainly due to economic slowdown in China

(Thousand machines)

## Market environment – Changes in demand for New Hydraulic Excavators

■ Japan ■ Europe ■ North America ■ China ■ Asia Pacific ■ Others



(Based on Yamashin estimation using construction machinery manufacturer and industry association data)

# Demand in the construction machinery market (FY2016 Q1 Actual )

- Although the demand was stable in North America, declined in Japan and Europe, slowed down in Asia, and downturned in China/Asia

	Japan	Overseas			
		China	Asia, Oceania	North America	Europe
<b>Market environment</b>	<b>Lower than FY2015</b>	<b>Largely decreased</b>	<b>Slowed down</b>	<b>Stable (the same level as the previous year)</b>	<b>Slightly decreased</b>

**【Japan】**

Despite reconstruction work in the disaster areas of the Great East Japan Earthquake, demand decreased compared with the last year, affected by reactionary fall after last year's rush demand associated with the emission control

**【 North America】**

Remained stable though the demand for infrastructure weakened, as recovery in housing-related investment was observed

**【Europe】**

Slightly decreased mainly due to a slowdown in the housing fields in France

**【Asia/Oceania】**

Slowed down except in some areas

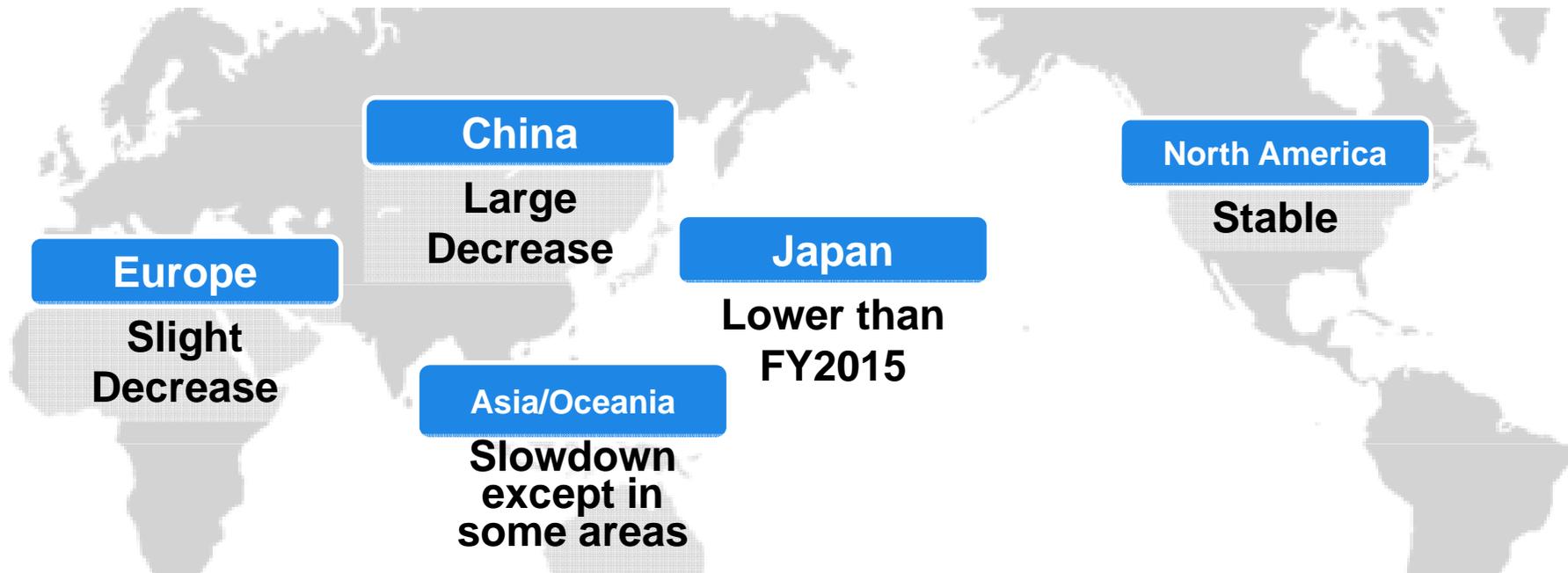
**【China】**

Largely decreased due to a downturn in the real estate investment

# Assumption for the market environment (FY2016 Outlook)

- Demand is expected to decline in each market toward end of the fiscal year

## Market Environments



【Japan】

Lower than the last year, due to lower public investment as well as reactionary fall after last year's rush demand associated with the emission control

【North America】

Stable (at the same level as the previous year) though the demand for infrastructure will weaken, as recovery in housing-related investment is expected

【Europe】

Slight decrease (situations in Greece are uncertain)

【China】

Large decrease in demand due to lower real estate investment

【Asia/Oceania】

Slowdown except in India and Thailand

# Business Forecast

# FY2016 Full-year business forecast



- Target 6% of sales growth through activities for increasing both line parts and service parts sales in a challenging business climate

(Million yen)	FY2015	FY2016	YoY	
	Actual	Forecast	Amount	%
Net sales	10,703	11,353	650	6.1%
Operating income	869	835	△34	△3.9%
Net income	430	540	110	25.6%
ROE (%)	8%	8%	-	-

# FY2016 Full-year business forecast by product



- Aim for sales growth mainly from launching new line parts such as fuel filters and engine oil filters

(Million yen)	FY2015	FY2016	Increase/Decrease	
	Actual	Forecast	Amount	%
Construction Machinery Filters	9,479	10,261	781	8.2%
Line parts	4,329	4,875	546	12.6%
Service parts	5,150	5,385	235	4.6%
Others* <sup>1</sup>	1,223	1,092	△131	△10.7%
<b>Total</b>	<b>10,703</b>	<b>11,353</b>	<b>650</b>	<b>6.1%</b>

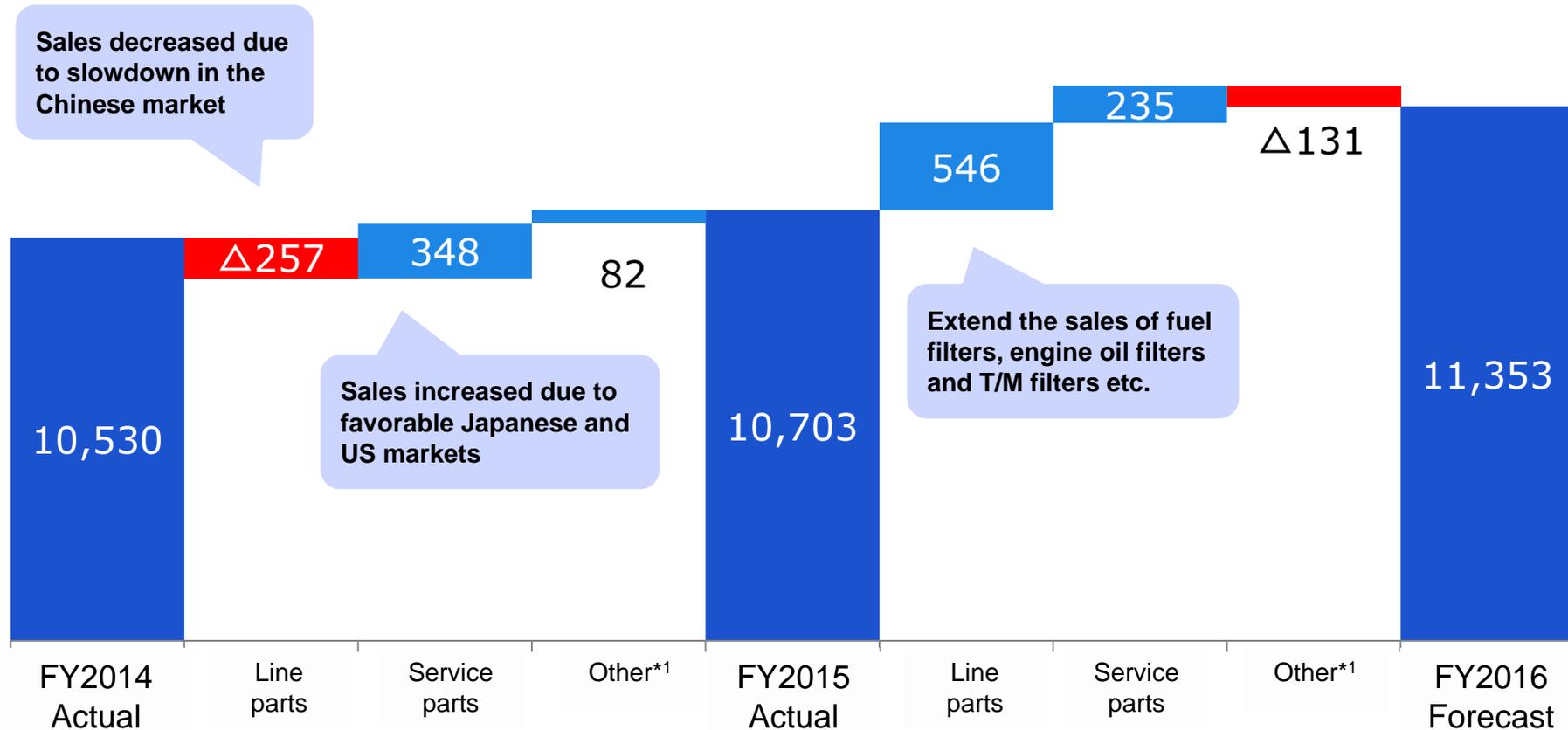
\*1: Others include consolidation adjustments (due to different accounting periods within the group, foreign exchange loss/gain), and sales of products other than construction machinery.

# Analysis of factors for increase/decrease in sales



- Aim for sales growth mainly from launching new line parts such as fuel filters and engine oil filters

(Million yen)



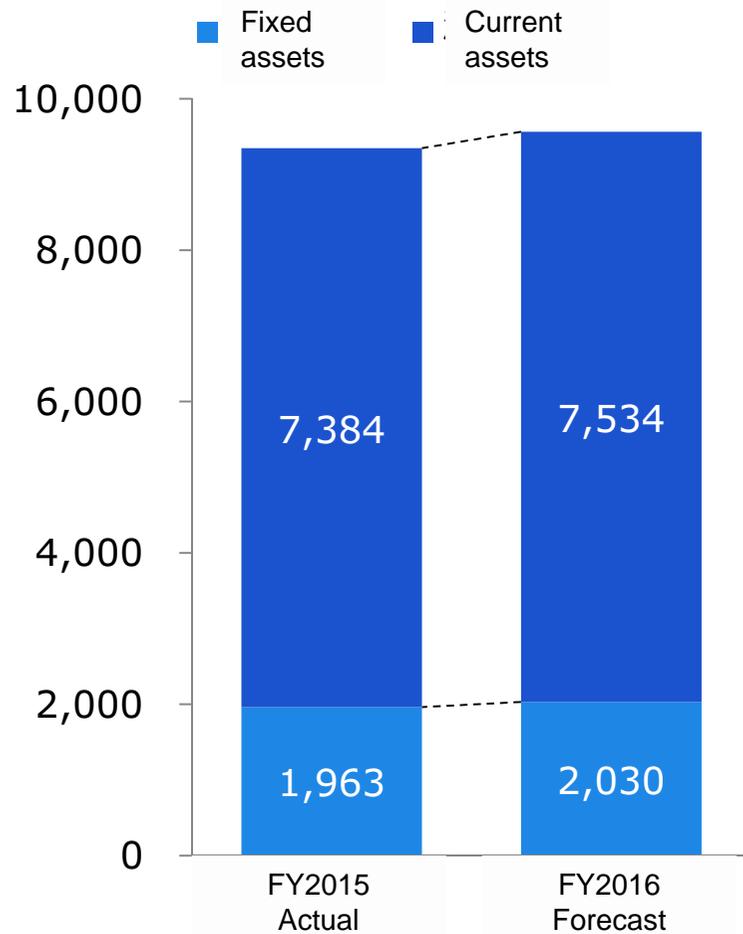
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# Comparative Balance Sheet (Summary)

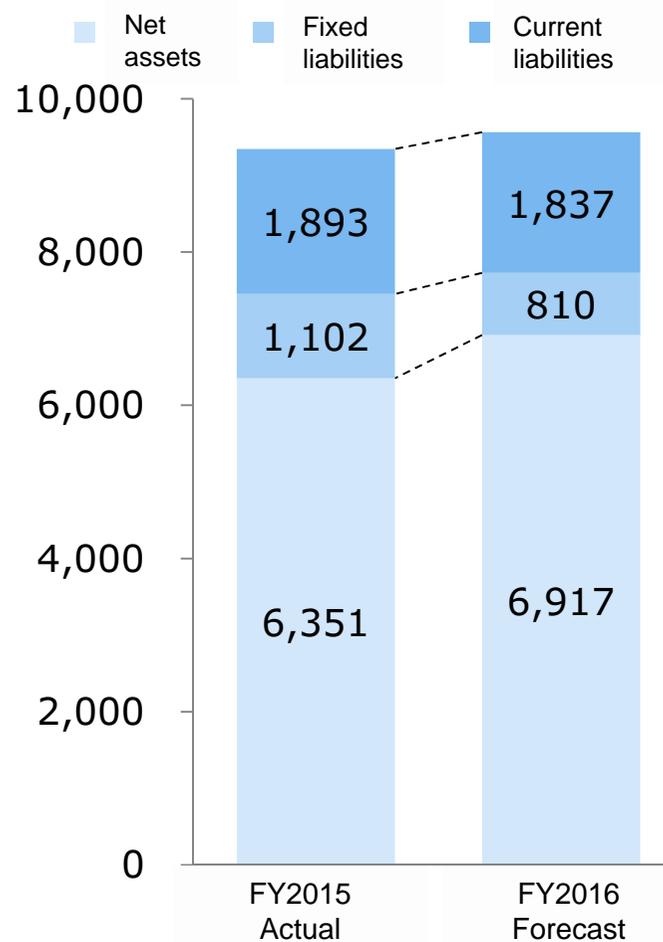


■ Due to the stock listing, market capitalization exceeds net assets with increasing frequency

## Assets



## Liabilities and net assets



(Million yen)

### 【Reference】

(Million yen)	July 30, 2015 Closing price
Market cap	6,847
PBR	1.08x

- This material contains forward-looking statements based on information available at the time of this material was prepared. Actual results may differ from the forecasts due to various factors such as market trends and business conditions etc.,

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