

2Q FY2016

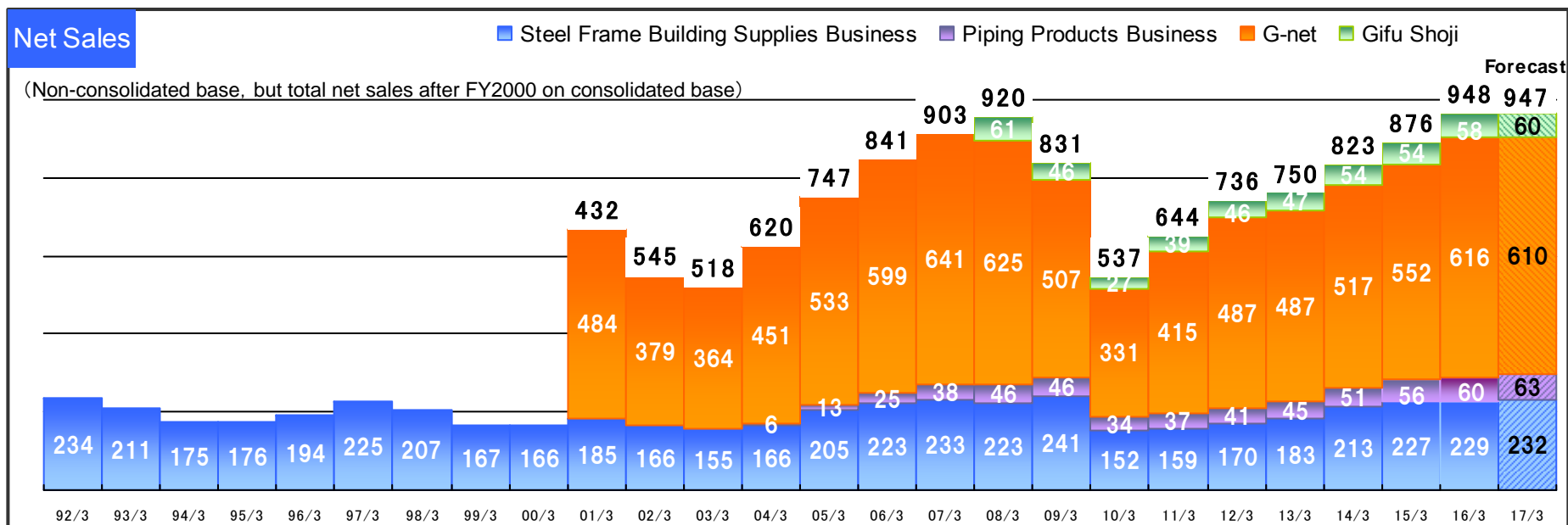
Earnings Presentation

November 2016

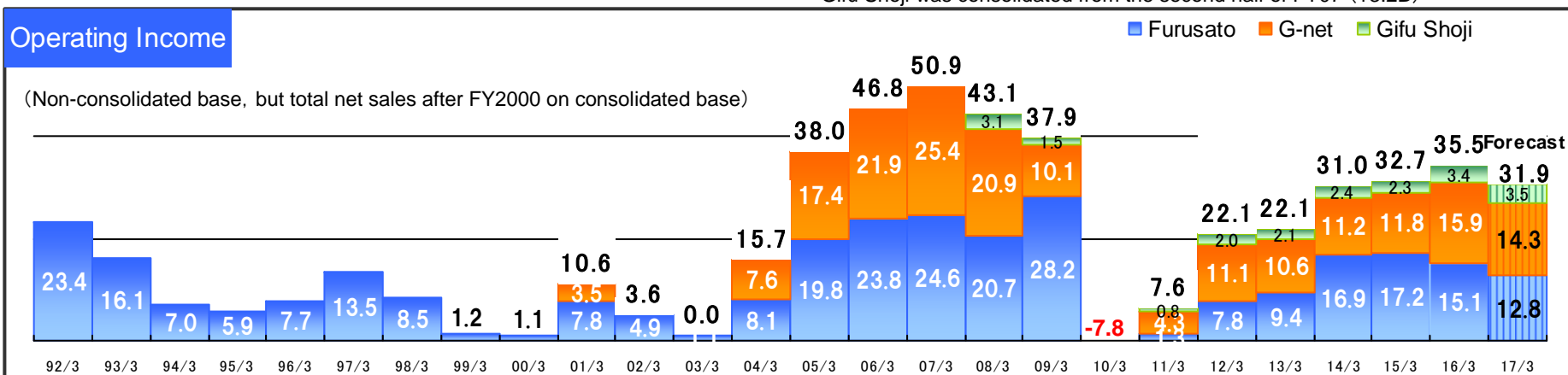
**FURUSATO**  
Furusato Industries, Ltd.

# Net Sales and Operating Income Trend

Rounded down to the nearest 100 million yen



\* G-net was consolidated from the second half of FY00 (¥24.6B),  
Gifu Shoji was consolidated from the second half of FY07 (¥3.2B)



# Consolidated Financial Summary

Rounded down to the nearest 100 million yen

FY16	July-Sept. Result	Y-o-Y % Change	Apr.-Sept. Result	Y-o-Y % Change	Apr.-Sept. Forecast	v.s. Forecast
Net sales	23,008	(4.9)%	44,059	(3.4)%	44,650	98.7%
Gross profit	3,354	(2.0)%	6,202	(3.1)%	6,205	99.9%
Gross profit margin	14.6%	+0.5P	14.1%	+0.1P	13.9%	+0.2P
SG&A expenses	2,459	+1.2%	4,934	+2.1%	4,980	99.1%
Operating income	895	(10.0)%	1,267	(19.2)%	1,225	103.5%
Ordinary income	956	(10.3)%	1,402	(18.9)%	1,350	103.9%
Net income attributable to owners of parent	623	(7.2)%	918	(14.8)%	870	105.6%

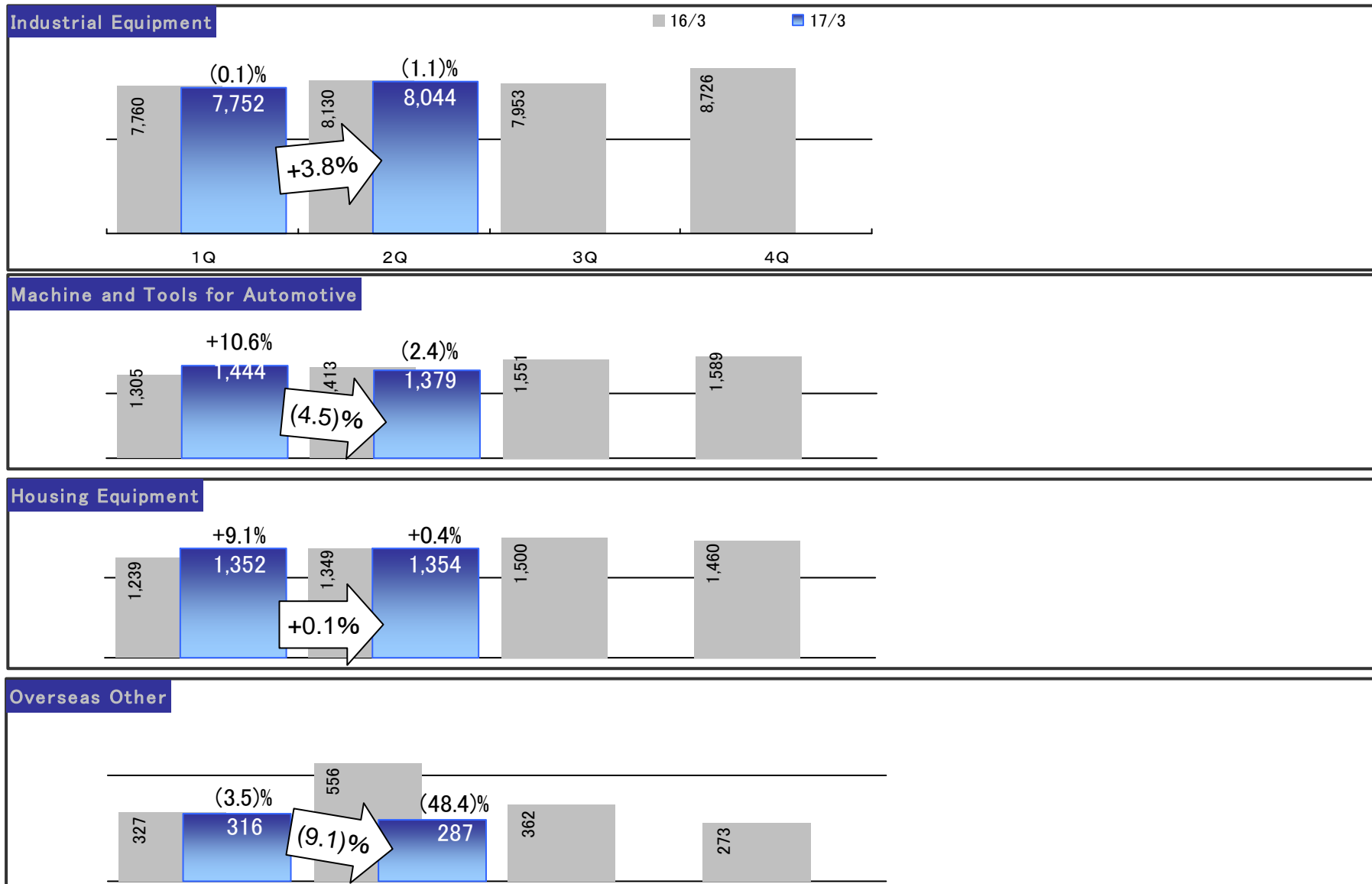
# Net Sales by Segment

Rounded down to the nearest 100 million yen

FY16 Net Sales	July–Sept. Result	Y-o-Y % Change	Apr.–Sept. Result	Y-o-Y % Change	Apr.–Sept. Forecast	v.s. Forecast
<b>Equipment·Tools</b>	11,065	(3.4)%	21,930	(0.7)%	22,720	96.5%
Industrial Equipment	8,044	(1.1)%	15,796	(0.6)%	16,500	95.7%
Machine and Tools for Automotive	1,379	(2.4)%	2,823	+3.8%	2,850	99.1%
Housing Equipment	1,354	+0.4%	2,706	+4.5%	2,550	106.1%
Overseas · Others	287	(48.4)%	603	(31.8)%	820	73.6%
<b>Machine·Facility</b>	4,466	(15.8)%	8,053	(13.8)%	8,000	100.7%
Machine Tool	3,576	(14.1)%	6,592	(9.8)%	6,300	104.6%
Factory Automation	889	(22.2)%	1,460	(28.3)%	1,700	85.9%
<b>Construction·Piping Products</b>	7,476	+0.4%	14,075	(0.9)%	13,930	101.0%
Steel Frame Building Supplies	5,924	(1.1)%	11,122	(2.0)%	11,000	101.1%
Piping Products	1,551	+6.3%	2,952	+3.7%	2,930	100.8%
<b>Total sales</b>	23,008	(4.9)%	44,059	(3.4)%	44,650	98.7%

# Segment Breakdown: Sales Equipment and Tools Business

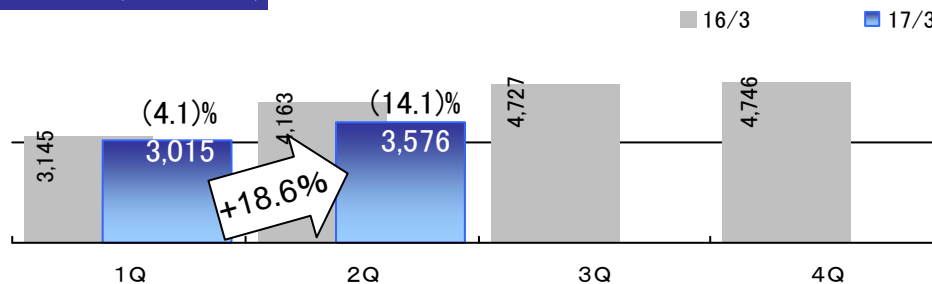
Rounded down to the nearest million yen  
(%=Y-o-Y % change)



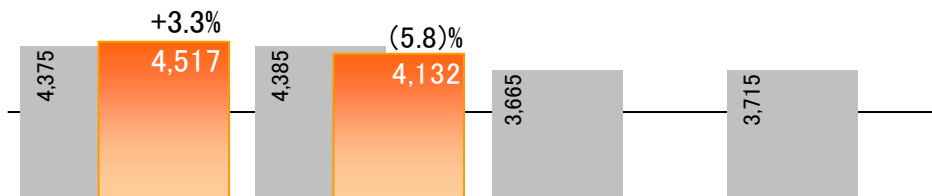
# Segment Breakdown: Sales and Orders Machine and Facility Business

Rounded down to the nearest million yen  
(%=Y-o-Y % change)

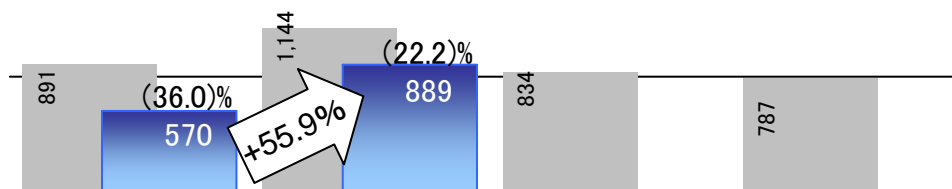
Machine Tool (Net Sales)



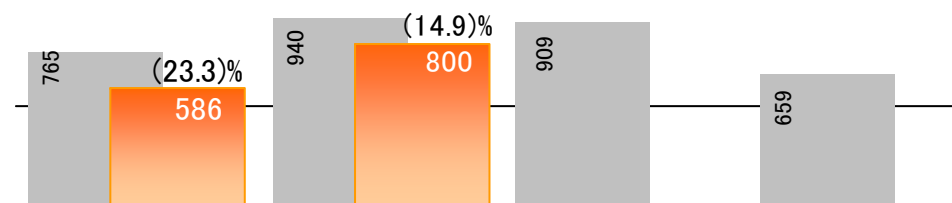
Machine Tool (Orders)



Factory Automation (Net Sales)

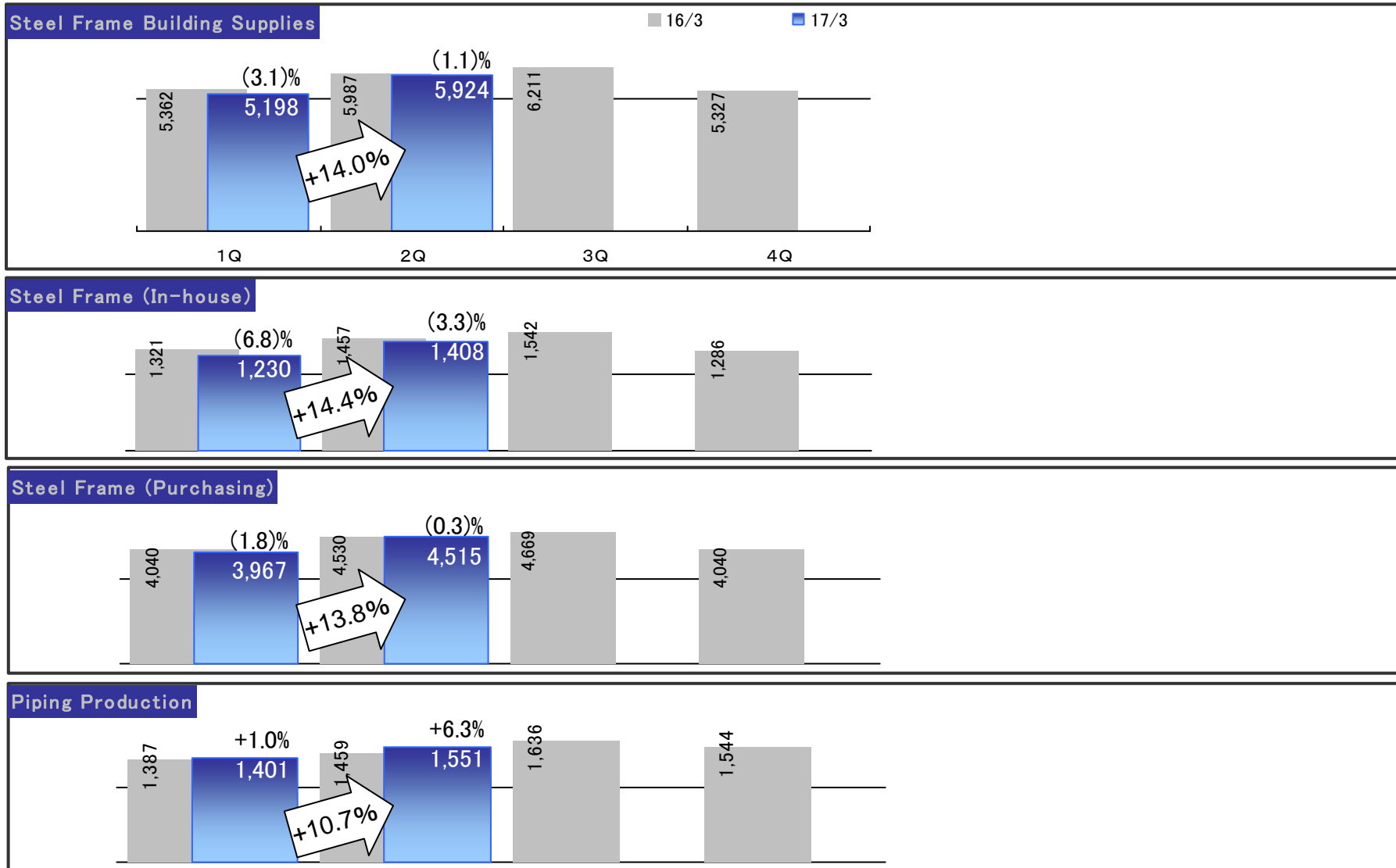


Factory Automation (Orders)



# Segment Breakdown: Sales Construction and Piping Products Business

Rounded down to the nearest million yen  
(%=Y-o-Y % change)



# Gross Profit by Segment

Rounded down to the nearest million yen

FY16	July-Sept.	Y-o-Y	Apr.-Sept.	Y-o-Y	Apr.-Sept.	v.s.
Gross Profit	Result	% Change	Result	% Change	Forecast	Forecast
<b>Equipment · Tools</b>	1,325	(2.2)%	2,582	+1.4%	2,640	97.8%
%	12.0%	+0.2P	11.8%	+0.3P	11.6%	+0.2P
<b>Machine · Facility</b>	407	(9.4)%	697	(10.0)%	645	108.1%
%	9.1%	+0.6P	8.7%	+0.4P	8.1%	+0.6P
<b>Construction · Piping Products</b>	1,622	+0.2%	2,941	(4.5)%	2,920	100.7%
%	21.7%	±0P	20.9%	(0.8)P	21.0%	(0.1)P
<b>Total gross profit</b>	3,354	(2.0)%	6,202	(3.1)%	6,205	99.9%
%	14.6%	+0.5P	14.1%	+0.1P	13.9%	+0.2P



# SG&A Expenses Breakdown

Rounded down to the nearest million yen

FY16 SG&A Expenses	July-Sept. Result	Y-o-Y % Change	Apr.-Sept. Result	Y-o-Y % Change	Apr.-Sept. Forecast	v.s. Forecast
Selling expenses	361	(0.3)%	720	+4.4%	770	93.6%
General and administrative ex.	2,097	+1.5%	4,214	+1.7%	4,210	100.1%
· Personnel expenses	1,479	+2.6%	2,997	+3.0%	3,005	99.8%
· Other general and administrative expenses	618	(1.1)%	1,216	(1.2)%	1,205	101.0%
<b>Total SG&amp;A Ex.</b>	<b>2,459</b>	<b>+1.2%</b>	<b>4,934</b>	<b>+2.1%</b>	<b>4,980</b>	<b>99.1%</b>

FY16 SG&A Expenses by Segment	July-Sept. Result	Y-o-Y % Change	Apr.-Sept. Result	Y-o-Y % Change	Apr.-Sept. Forecast	v.s. Forecast
Equipment · Tools	1,020	(1.0)%	2,083	+0.9%	2,115	98.5%
Machine · Facility	263	+6.9%	511	+9.8%	480	106.5%
Construction · Piping Products	1,205	+2.1%	2,394	+1.9%	2,425	98.7%

# Operating Income by Segment

Rounded down to the nearest million yen

FY16	July-Sept.	Y-o-Y	Apr.-Sept.	Y-o-Y	Apr.-Sept.	v.s.
Operating Income	Result	% Change	Result	% Change	Forecast	Forecast
<b>Equipment · Tools</b>	304	(5.8)%	499	+3.6%	525	95.1%
%	2.8%	±0P	2.3%	+0.1P	2.3%	+0.2P
<b>Machine · Facility</b>	143	(29.2)%	186	(39.8)%	165	112.8%
%	3.2%	(0.6)P	2.3%	(1.0)P	2.1%	+0.2P
<b>Construction · Piping Products</b>	417	(4.7)%	547	(25.0)%	495	110.6%
%	5.6%	(0.3)P	3.9%	(1.2)P	3.6%	+0.3P
<b>Total gross profit</b>	895	(10.0)%	1,267	(19.2)%	1,225	103.5%
%	3.9%	(0.2)P	2.9%	(0.5)P	2.7%	+0.2P

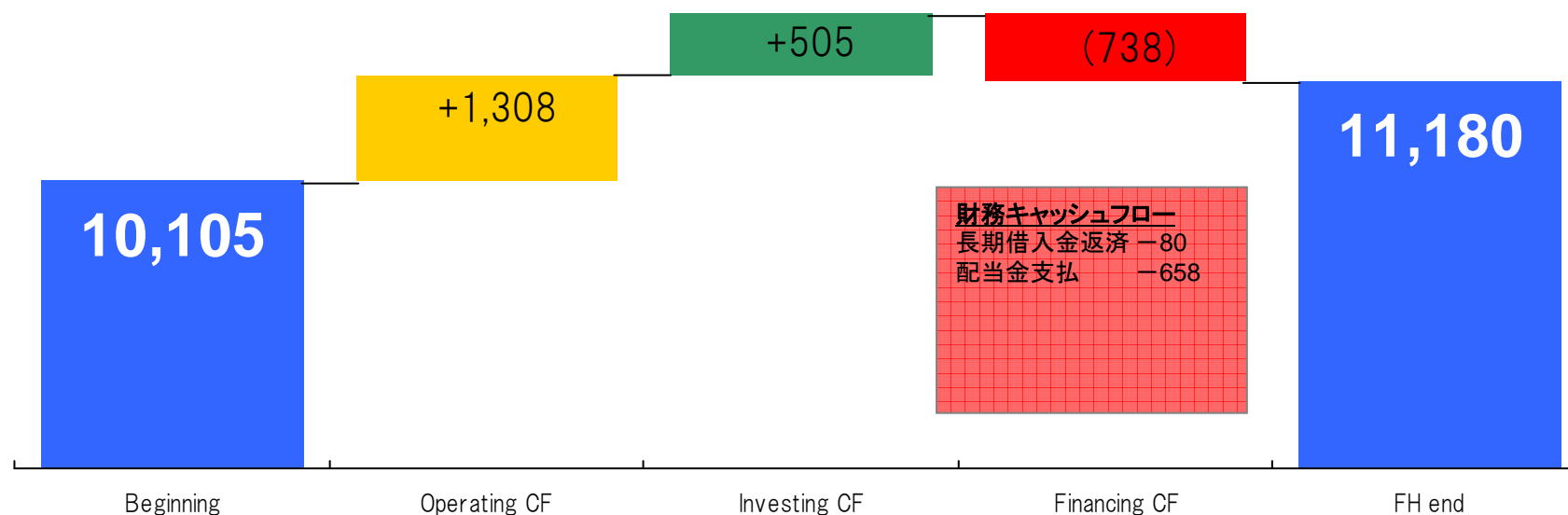
# Consolidated Operating~Net Income

Rounded down to the nearest million yen

	Apr.-Sept. Result	Major item		Y-o-Y	
		Item	Change	Change	% Change
Operating income	1,267			(301)	(19.2)%
Non-operating income	313	Purchase discount	+0	+4	+1.5%
Non-operating expenses	179	Sales discount	+5	+29	+20.1%
Ordinary income	1,402			(326)	(18.9)%
Extraordinary income	32	Gain on sales of property, plant and equipment	32	+32	-
Extraordinary loss	1	Loss on valuation of investment securities	1	(6)	(78.1)%
Income before income taxes	1,433	Income taxes	(128)	(287)	(16.7)%
Net income attributable to owners of parent	918			(158)	(14.8)%

# Consolidated Cash Flow

Rounded down to the nearest million yen



財務キャッシュフロー	
長期借入金返済	-80
配当金支払	-658

## Cash Flow major items

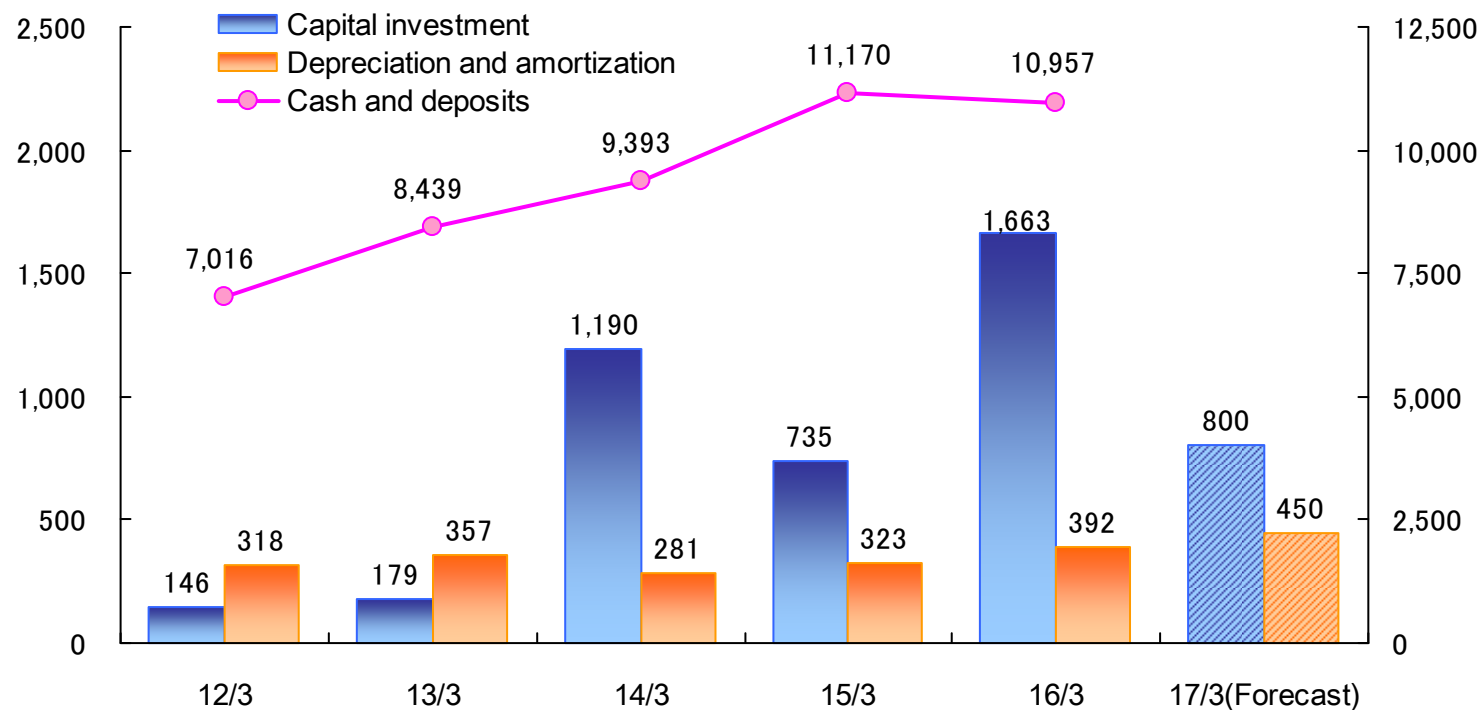
Operating CF	
Income before income tax	+1,433
Depreciation and amortization	+262
Decrease in notes and accounts receivable	+1,570
Decrease in notes and accounts payable	(1,427)
Income taxes paid	(684)

Investing CF	
Proceeds from withdrawal of time deposits	+1,052
Purchase of property, plant and equipment	(393)
Proceeds from sales of property, plant and equipment	+89
Payment for removal of noncurrent assets	(30)
Payments for guarantee deposits	(37)

Financing CF	
Repayments of long-time loans payable	(80)
Cash dividends paid	(658)

# Capital Investment Depreciation and Amortization

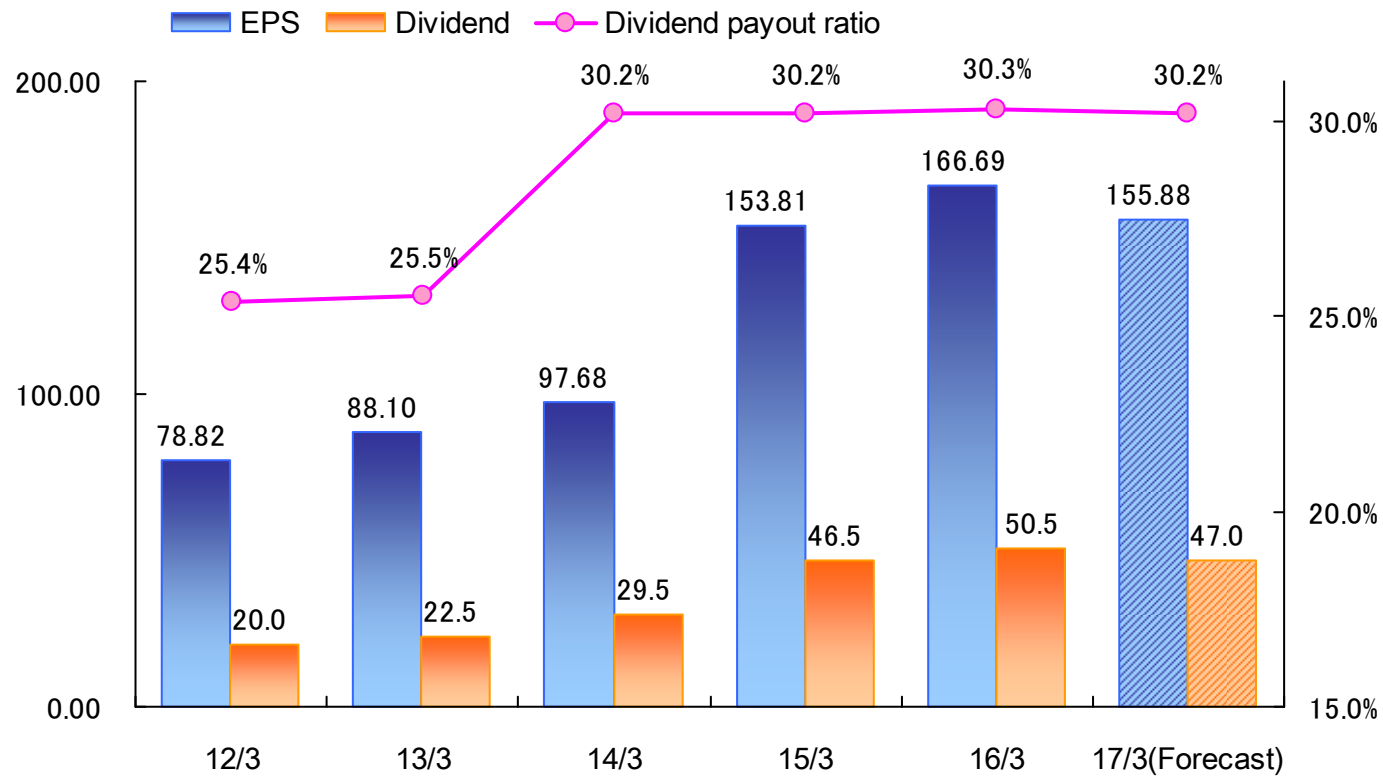
Rounded down to the nearest million yen



\* Cash and deposits at the year-end

# Returns to Shareholders

Unit : Yen



# Earnings Forecast Policy

Rounded down to the nearest million yen

FY16	Apr.-Sept. Result	Y-o-Y % Change	Oct.-Mar. Forecast	Y-o-Y % Change	Full-year Forecast	Y-o-Y % Change
Net sales	44,059	(3.4)%	50,640	+2.9%	94,700	(0.2)%
Gross profit	6,202	(3.1)%	7,047	+2.1%	13,250	(0.4)%
Gross profit margin	14.1%	+0.1P	13.9%	(0.1)P	14.0%	±0P
SG&A expenses	4,934	+2.1%	5,125	+4.3%	10,060	+3.2%
Operating income	1,267	(19.2)%	1,922	(3.3)%	3,190	(10.3)%
Ordinary income	1,402	(18.9)%	2,057	(3.2)%	3,460	(10.2)%
Net income attributable to owners of parent	918	(14.8)%	1,341	+0.2%	2,260	(6.5)%

# Earnings Forecast Policy

Rounded down to the nearest million yen

FY16 Equipment·Tools	Apr.–Sept. Result	Y-o-Y % Change	Oct.–Mar. Forecast	Y-o-Y % Change	Full-year Forecast	Y-o-Y % Change
<b>Net sales</b>	21,930	(0.7)%	24,489	+4.6%	46,420	+2.0%
Industrial Equipment	15,796	(0.6)%	17,703	+6.1%	33,500	+2.9%
Machine and Tools for Automotive	2,823	+3.8%	3,176	+1.1%	6,000	+2.4%
Housing Equipment	2,706	+4.5%	2,793	(5.6)%	5,500	(0.9)%
Overseas·Others	603	(31.8)%	816	(28.5)%	1,420	(6.6)%
<b>Gross profit</b>	2,582	+1.4%	2,907	+3.3%	5,490	+2.4%
%	11.8%	+0.3P	11.9%	(0.1)P	11.8%	±0P
<b>SG&amp;A expenses</b>	2,083	+0.9%	2,161	+4.1%	4,245	+2.5%
<b>Operating income</b>	499	+3.6%	745	+1.1%	1,245	+2.1%



# Earnings Forecast Policy

Rounded down to the nearest million yen

FY16 Machine·Facility	Apr.–Sept. Result	Y-o-Y % Change	Oct.–Mar. Forecast	Y-o-Y % Change	Full-year Forecast	Y-o-Y % Change
<b>Net sales</b>	8,053	(13.8)%	11,266	+1.5%	19,320	(5.5)%
Machine Tool	6,592	(9.8)%	9,347	(1.3)%	15,940	(5.0)%
Factory Automation	1,460	(28.3)%	1,919	+18.4%	3,380	(7.6)%
<b>Gross profit</b>	697	(10.0)%	847	(4.7)%	1,545	(7.1)%
%	8.7%	+0.4P	7.5%	(0.5)P	8.0%	(0.1)P
<b>SG&amp;A expenses</b>	511	+9.8%	453	(5.3)%	965	+2.2%
<b>Operating income</b>	186	(39.8)%	393	(4.0)%	580	(19.3)%

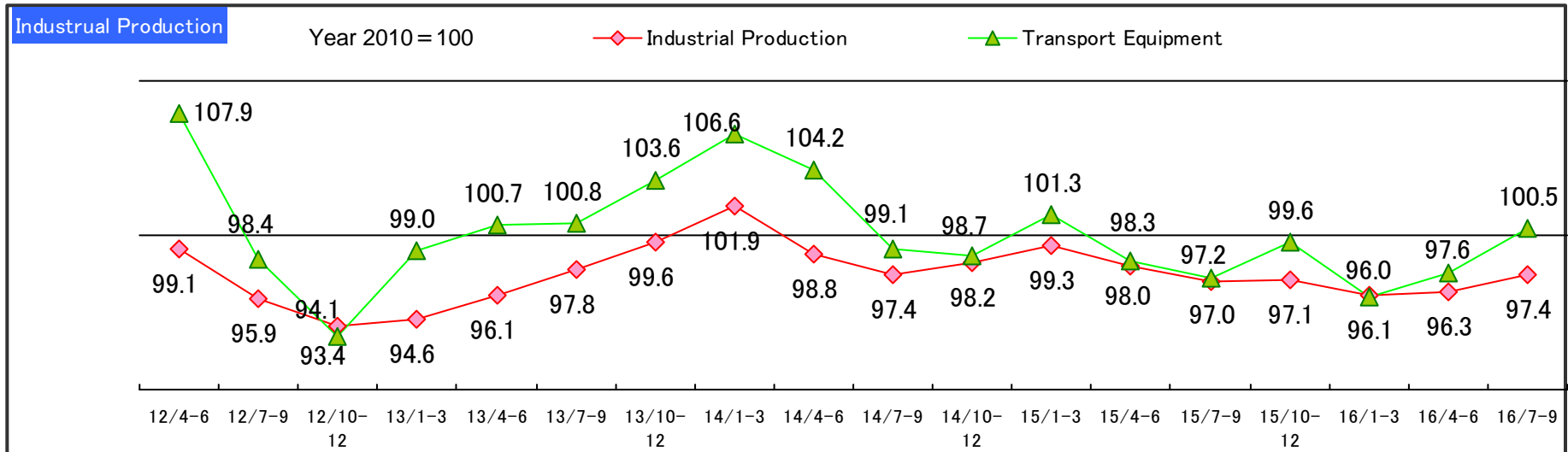
# Earnings Forecast Policy

Rounded down to the nearest million yen

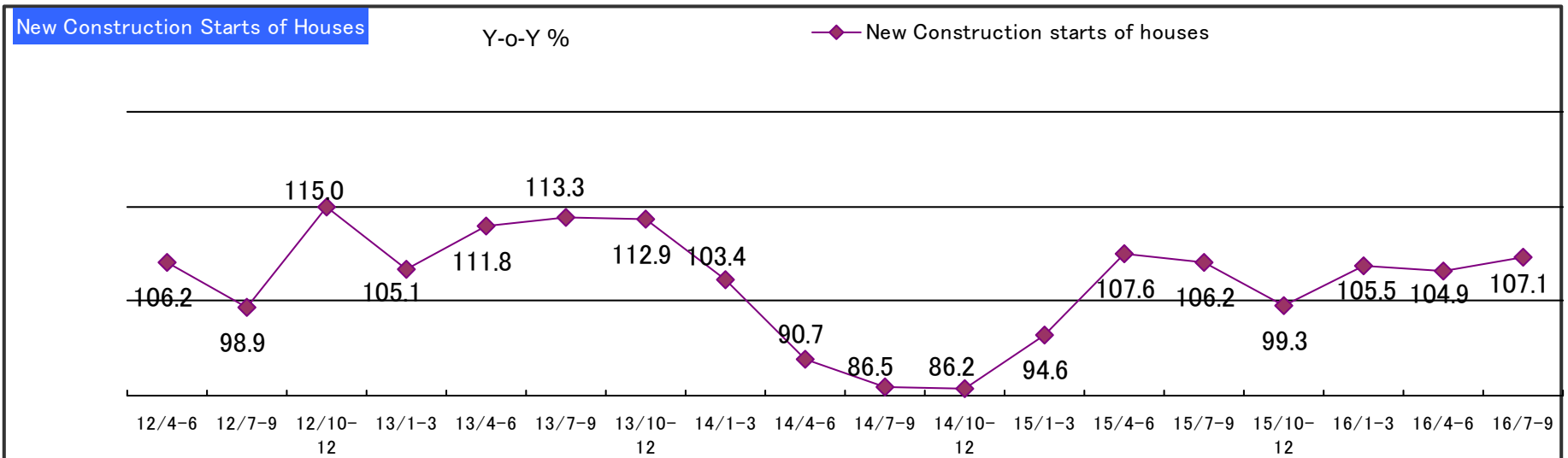
FY16 Construction· Piping Products	Apr.-Sept. Result	Y-o-Y % Change	Oct.-Mar. Forecast	Y-o-Y % Change	Full-year Forecast	Y-o-Y % Change
Net sales	14,075	(0.9)%	14,884	+1.1%	28,960	+0.2%
Steel Frame Building Supplies	11,122	(2.0)%	11,537	+0.0%	22,660	(1.0)%
Piping Products	2,952	+3.7%	3,347	+5.2%	6,300	+4.5%
Gross profit	2,941	(4.5)%	3,273	+2.3%	6,215	(1.0)%
%	20.9%	(0.8)P	22.0%	+0.3P	21.5%	(0.2)P
SG&A expenses	2,394	+1.9%	2,555	+5.7%	4,950	+3.8%
Operating income	547	(25.0)%	717	(8.1)%	1,265	(16.2)%

# Reference

# Reference: Industrial Production and New Construction Starts of Houses



(Preliminary)



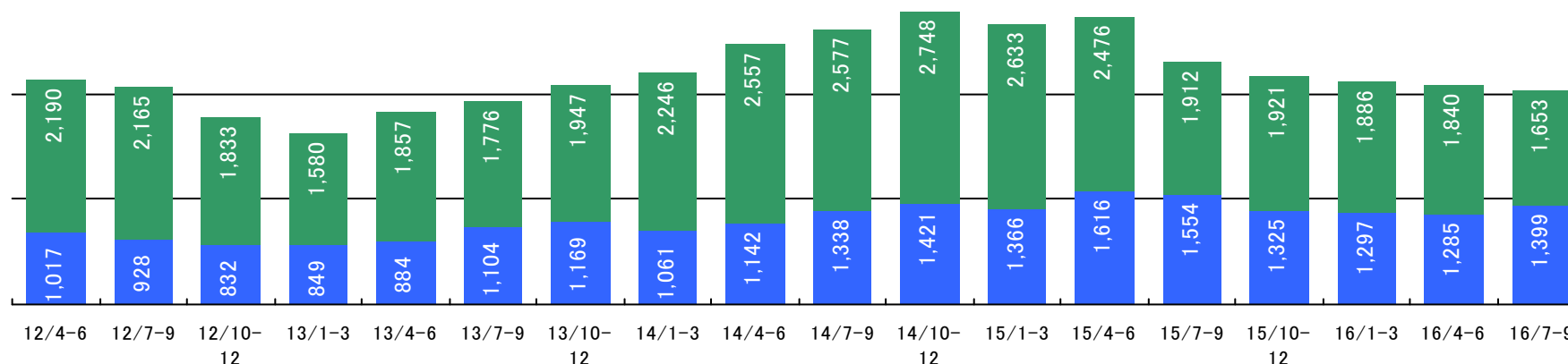
# Reference: Machine Tool Orders

Machine Tool Orders Received

Unit : ¥100M

Domestic Order

Oversea Order

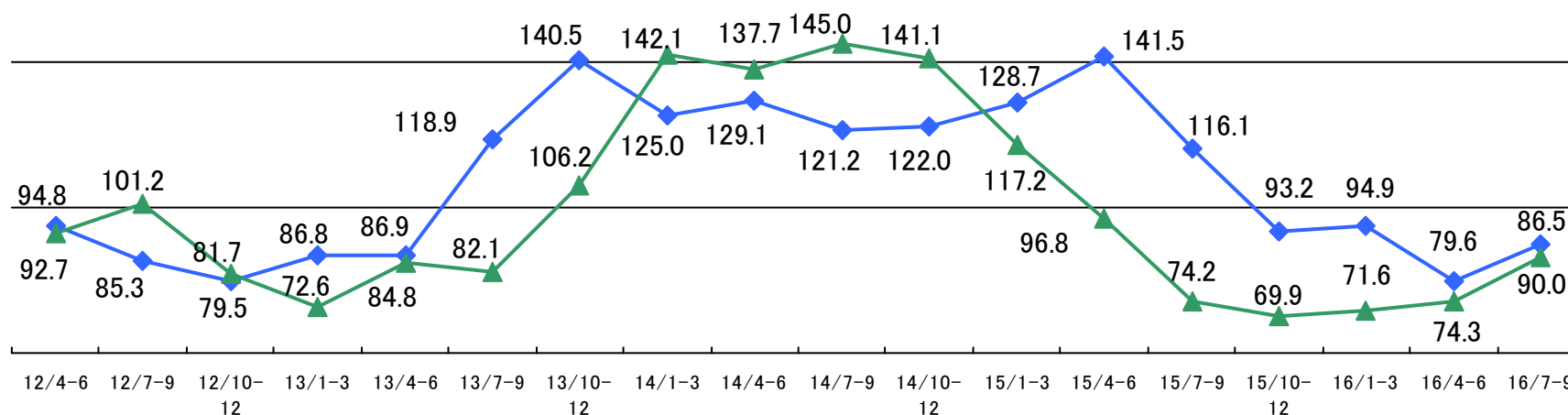


Machine Tool Orders Received Y-o-Y Trend

Y-o-Y%

Domestic Order

Oversea Order

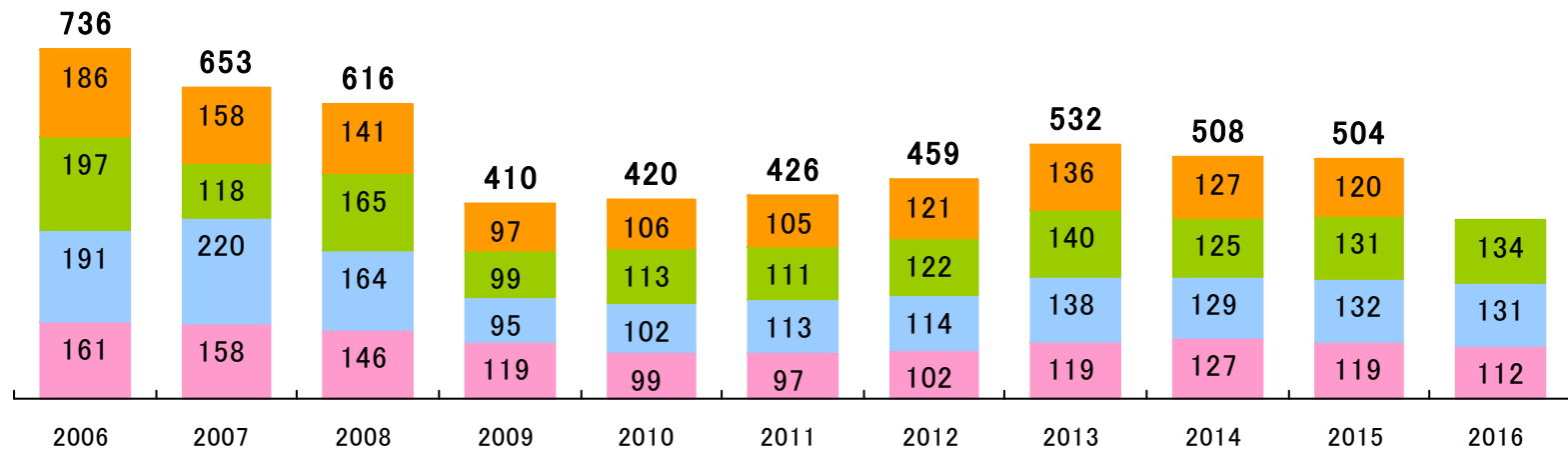


# Reference: Steel Frame Building Supplies Demand and Price Trend

Steel Frame Used for Buildings

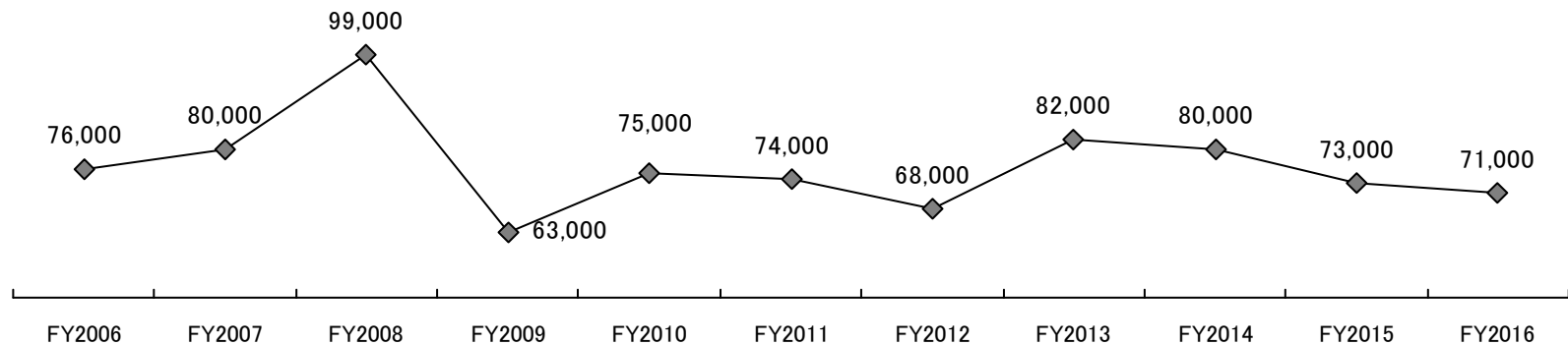
Unit : 10Kt

1Q 2Q 3Q 4Q Calendar year



Steel Product Price (H-beam)

H-beam



# Reference Non-consolidated Results—Furusato

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Rounded down to the nearest million yen

Furusato (P/L)	FY16	Y-o-Y	
	2Q	Change	%change
Net sales	14,093	(113)	(0.8)%
Gross profit	2,941	(137)	(4.5)%
SG&A expenses	2,394	+44	+1.9%
Operating income	547	(182)	(25.0)%
Ordinary income	633	(186)	(22.8)%
Net income	425	(82)	(16.3)%
Furusato (B/S)	FY16 2QE	Vs. FY15E Change	%change
Total assets	29,799	(336)	(1.1)%
Liabilities	7,537	(124)	(1.6)%
Net assets	22,261	(211)	(0.9)%
Net assets to total assets	74.7%	(+0.1P)	

# Reference Non-consolidated Results—G-net

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Rounded down to the nearest million yen

G-net (P/L)	FY16	Y-o-Y	
	2Q	Change	%change
Net sales	28,213	(1,209)	(4.1)%
Gross profit	2,852	(52)	(1.8)%
SG&A expenses	2,308	+55	+2.4%
Operating income	543	(107)	(16.5)%
Ordinary income	614	(125)	(17.0)%
Net income	394	(66)	(14.4)%
G-net (B/S)	FY16	Vs. FY15E	%change
	2QE	Change	
Total assets	25,195	(823)	(3.2)%
Liabilities	12,077	(1,216)	(9.1)%
Net assets	13,118	+393	+3.1%
Net assets to total assets	52.1%	(+3.2P)	



# Reference Non-consolidated Results—Gifu Shoji

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Rounded down to the nearest million yen

Gifu Shoji (P/L)	FY16	Y-o-Y	
	2Q	Change	%change
Net sales	2,824	+105	+3.9%
Gross profit	427	+9	+2.4%
SG&A expenses	285	+8	+2.9%
Operating income	141	+1	+1.4%
Ordinary income	173	+4	+2.9%
Net income	112	+4	+4.1%
<hr/>			
Gifu Shoji (B/S)	FY16	Vs. FY15E	%change
	2QE	Change	
Total assets	4,493	(276)	(5.8)%
Liabilities	1,478	(405)	(21.5)%
Net assets	3,015	+129	+4.5%
Net assets to total assets	67.1%	(+6.6P)	

This material is solely for information purposes and should not be construed as a solicitation. Although this material (including the financial forecasts ) has been prepared based on information currently available, Furusato does not take responsibilities for any errors and omissions pertaining to the inherent risks and uncertainties of the material presented.

**Furusato**

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