

**Company
Profile**

**Core
product**

**'19/3
Financial
Summary**



Target

**Arch2020
Progress**

**Management
Policy**

2018/4-2019/3

オカダ アイオン 株式会社

2019/5/15

Financial Results for the 60th Fiscal Year
Managing Director : Nobuo Maenishi

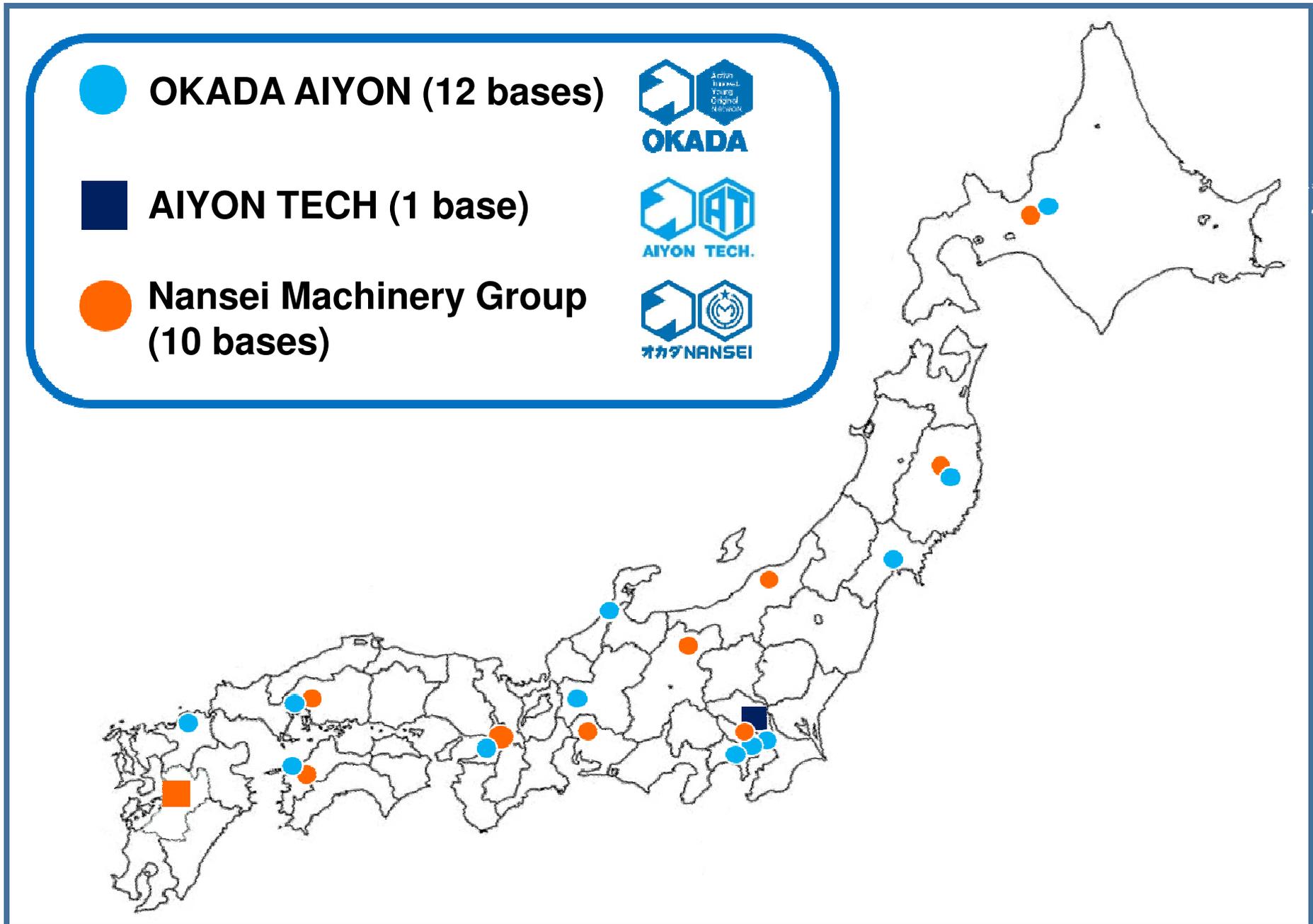
Corporate Profile

(As of the end FY3/19)



Company name	OKADA AIYON CORPORATION
Founded	July 1938 (established: 1960)
Head office	4-1-18 Kaigan-dori, Minato-ku, Osaka-shi, Osaka
Market	TSE 1st section (6294)
Capital stock	2,221 million yen
Net sales	17,866 million yen
Business content	Manufacture, sale and repair of construction and forestry machinery
Number of employees	432 (As of March 31, 2019)
Fiscal year end	March 31
Total number of shares outstanding	8,378,700 shares

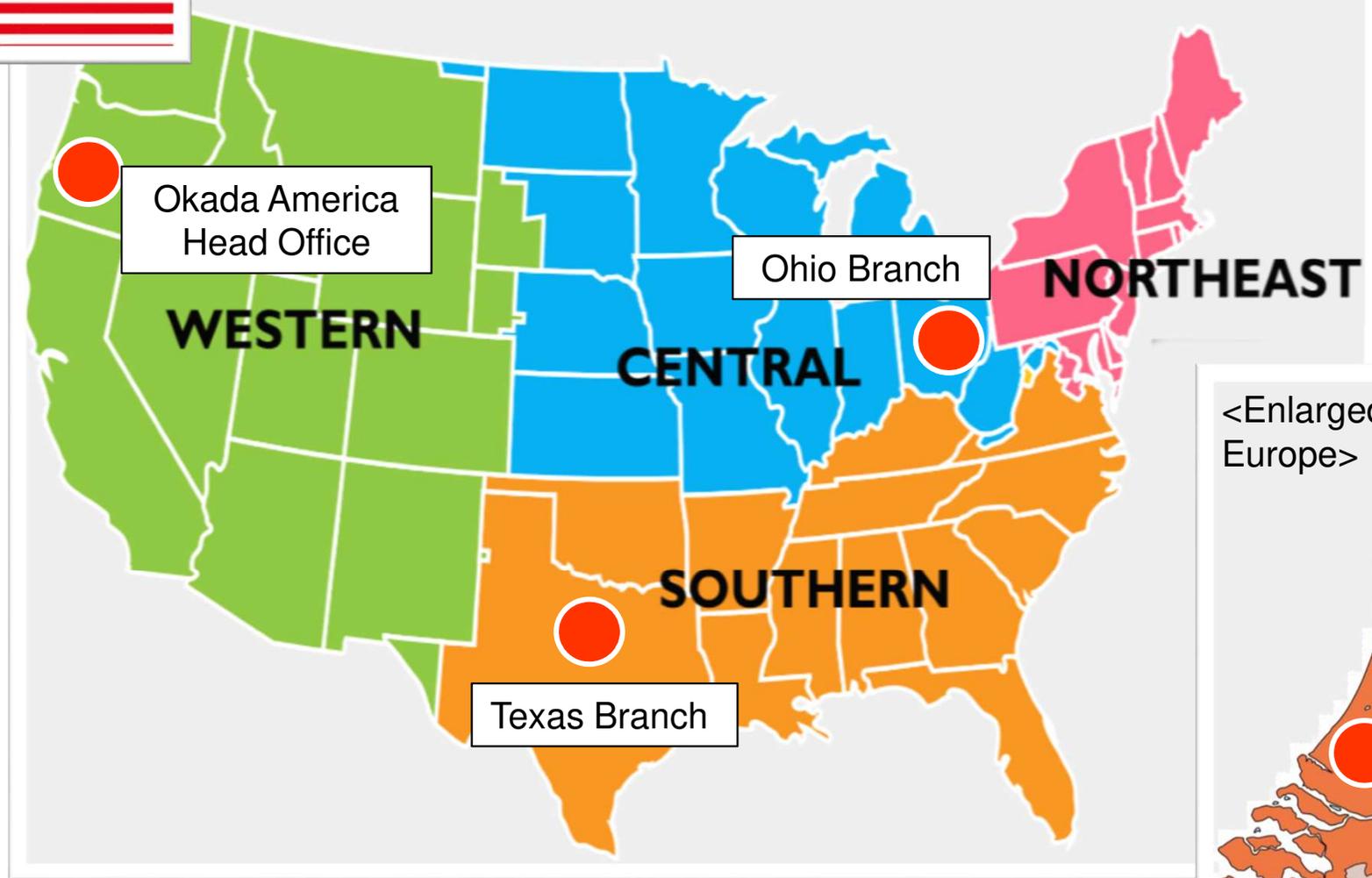
Domestic Business Bases



Overseas Business Bases



<Map of North America>

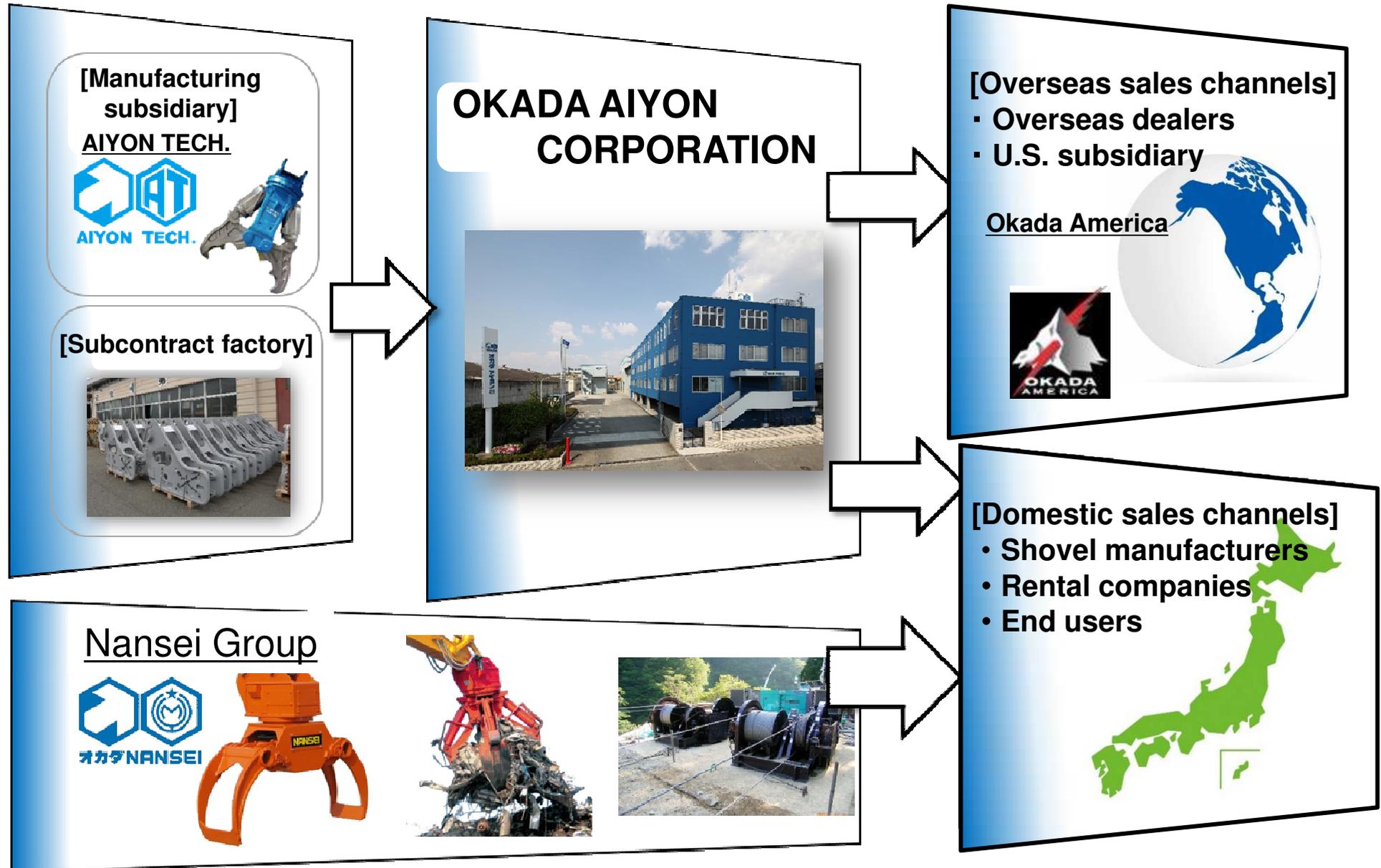


<Enlarged view of Europe>



Business Overview

<Manufacturing and Procurement> <Development, sales, and repair>

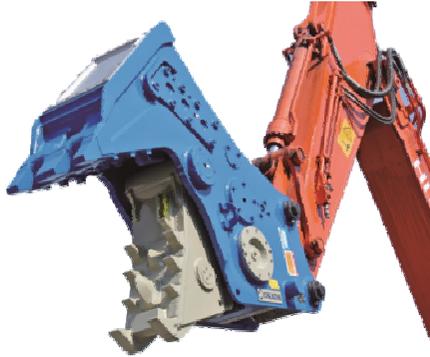


Main products

Demolition attachment
(Tip of hydraulic shovels)



Primary
Crushers



Pulverizers



Cutters



Hydraulic
breakers



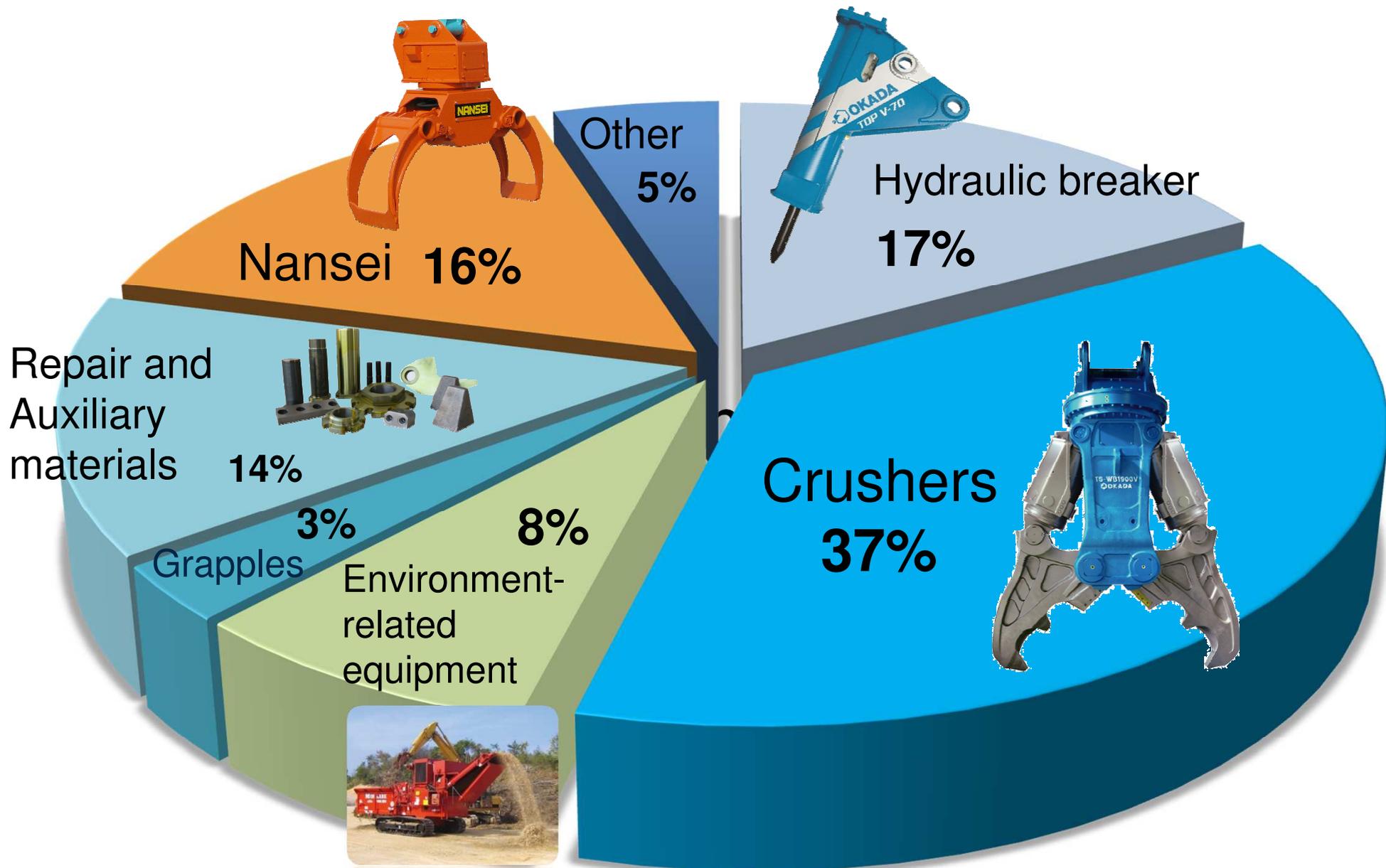
Wood Hog



Big-Bass

Environmental machinery
(Wood grinders and forestry machinery)

Sales Composition Ratio



※ Our sales composition from April 2018 to March 2019

Main Products and Domestic Shares

Prepared by our Company based on the Japan Construction Equipment Manufacturers Association's presentation
Tokyo area: Tokyo, Saitama, Chiba, Kanagawa



Primary crushers



Cutters



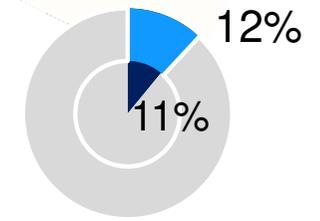
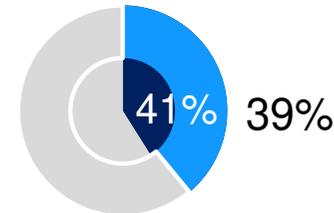
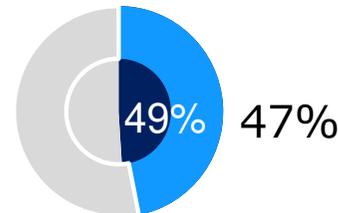
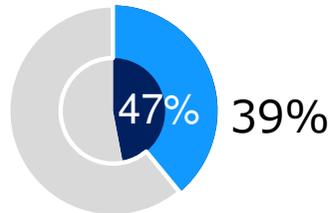
Pulverizers



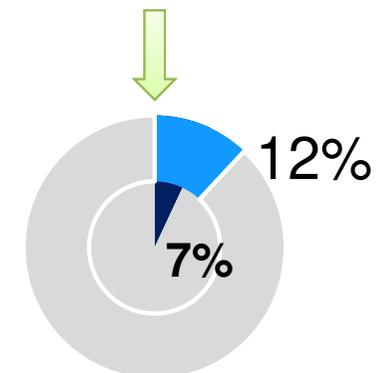
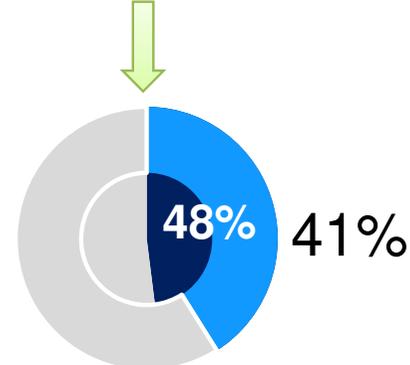
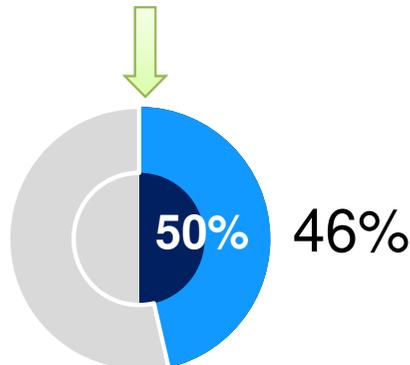
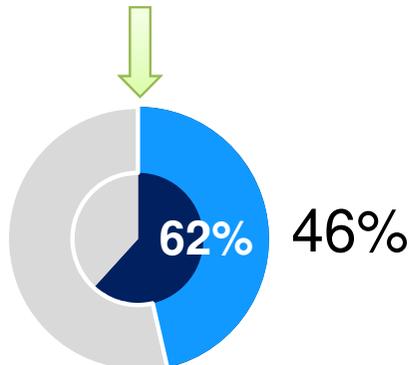
Hydraulic breakers



FY3/16



FY3/19



Main Products of the Nansei Group



Forestry grapple

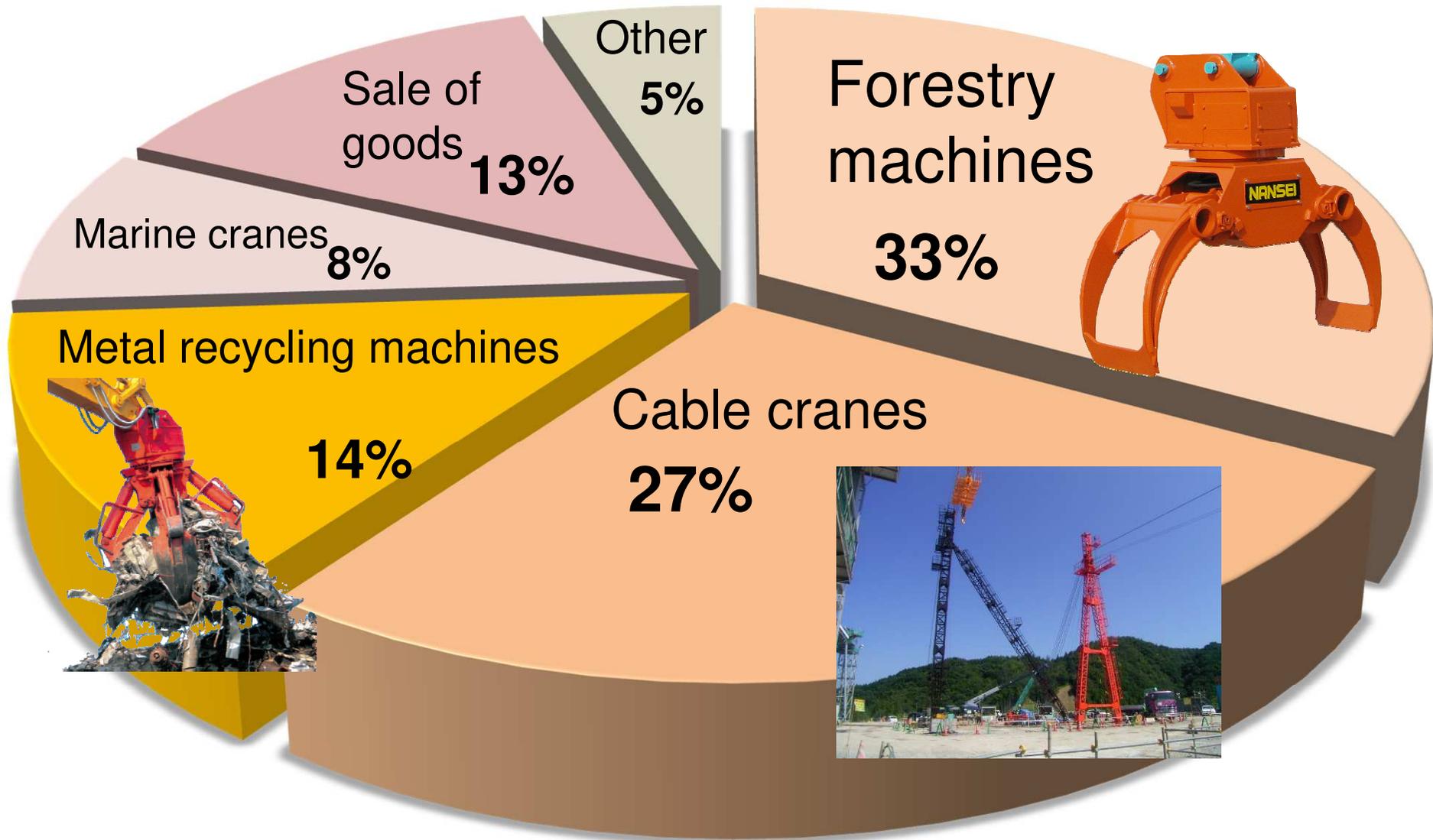


Cable crane for
dam construction



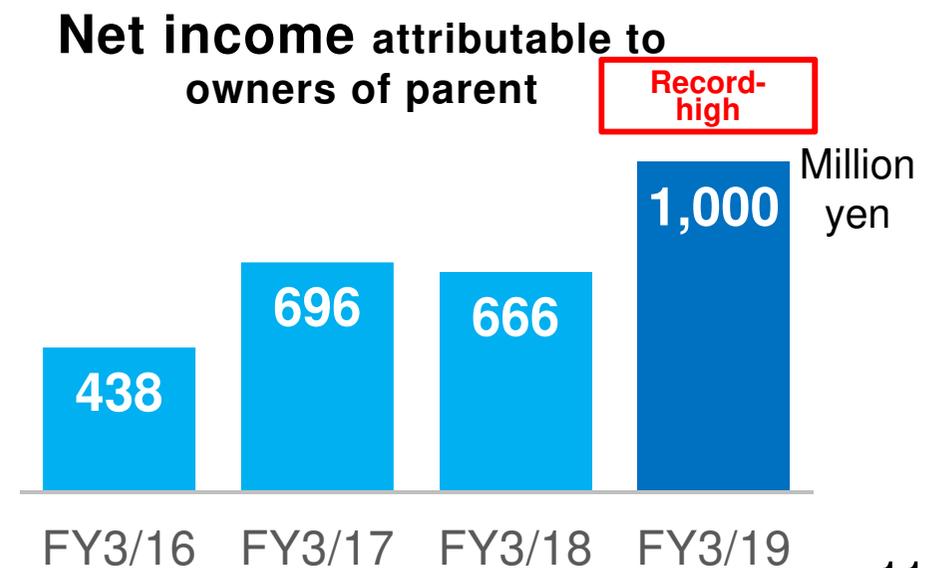
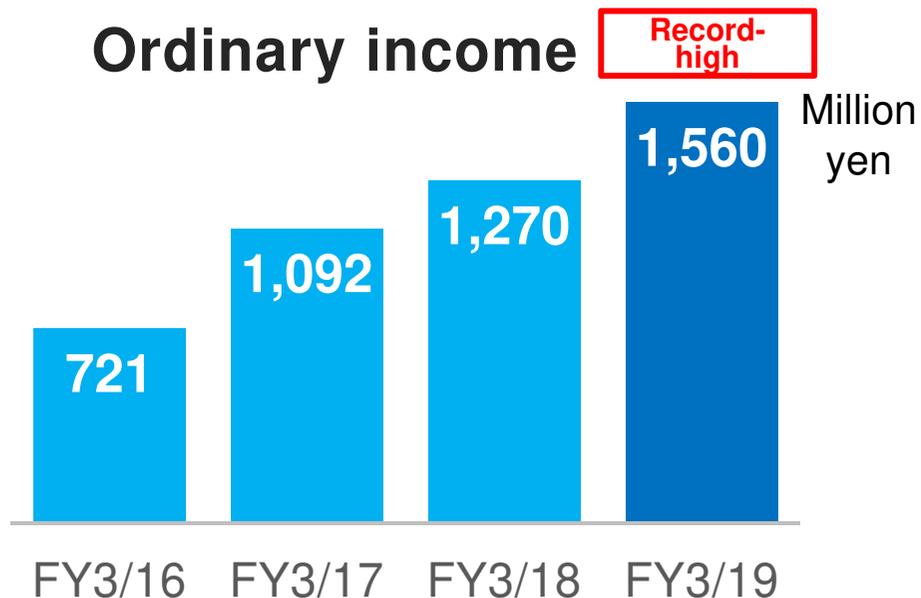
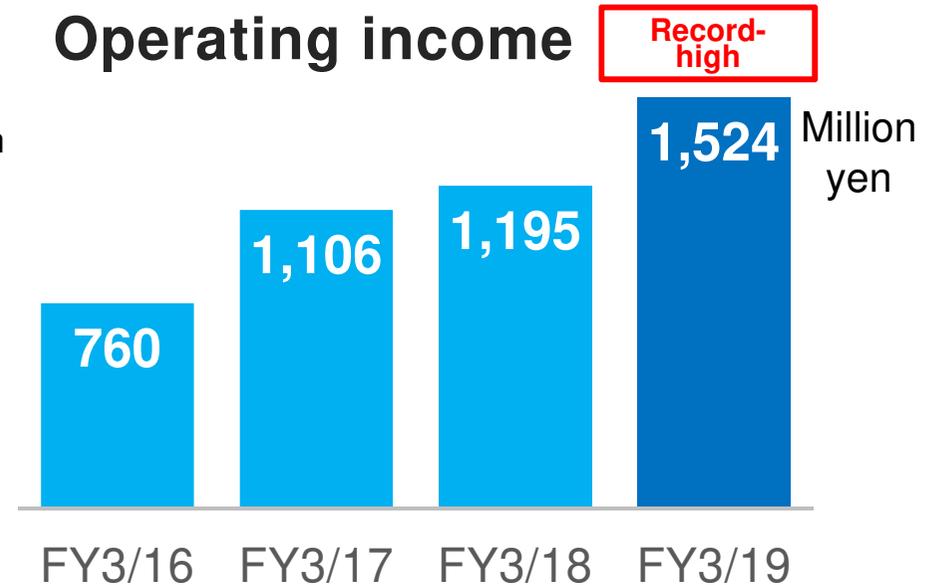
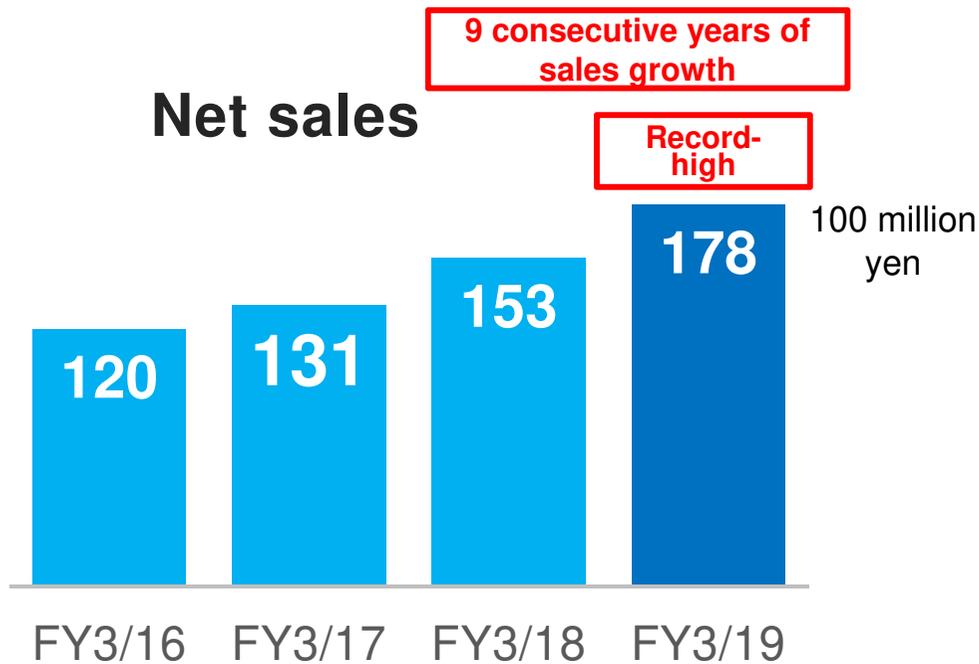
Winch

Sales Composition Ratio of the Nansei Group



※ Nansei Machine Group sales composition from April 2018 to March 2019

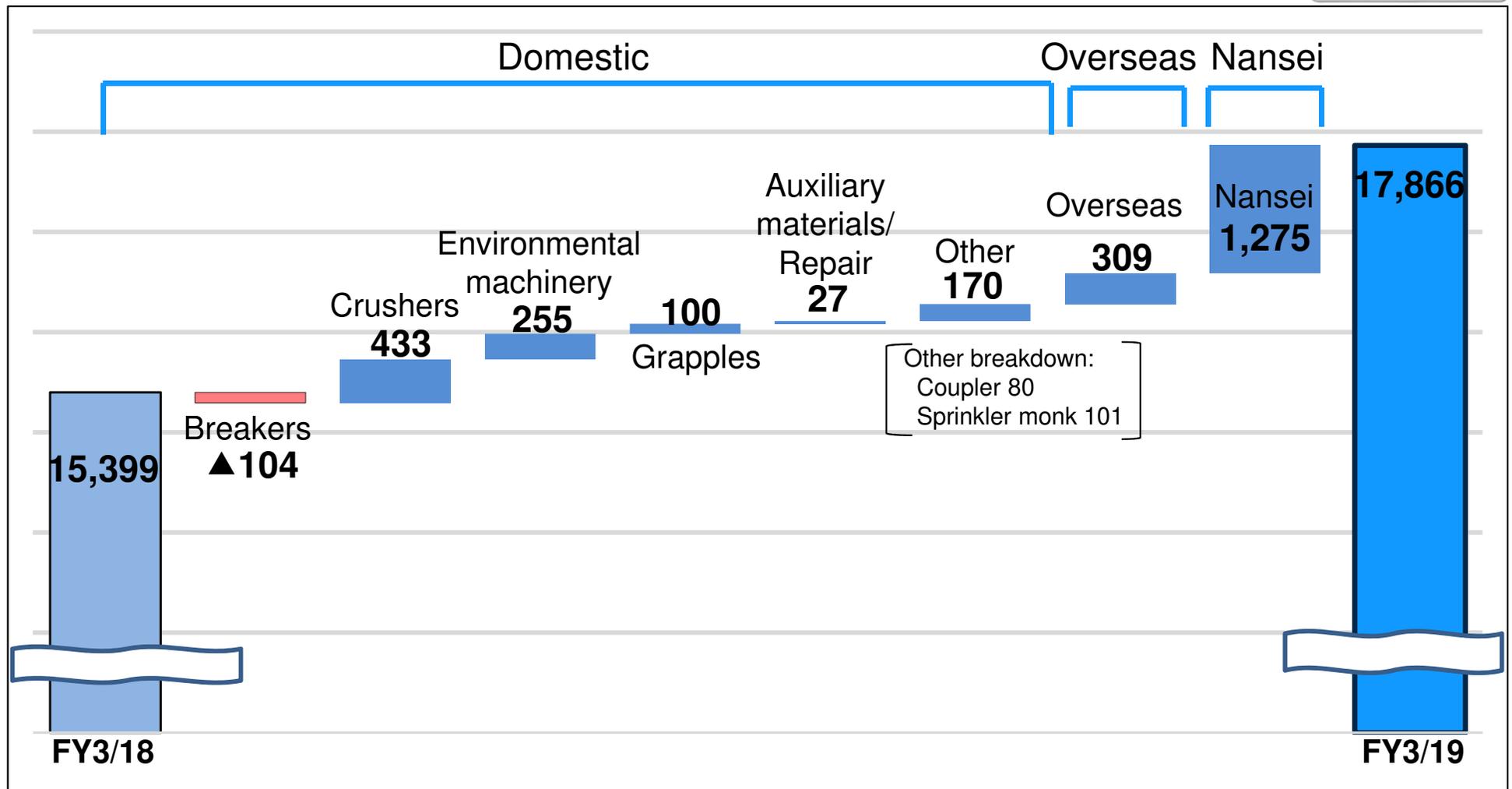
Summary of Business Results



Factors for Changes in Net Sales in FY3/19

- Against the backdrop of robust demand for redevelopment and rebuilding in Japan, Strengthening of production system contributed to strong sales of mainstay crushers.
- Overseas sales increased due to the strengthening of sales capabilities in North America and an increase in sales agencies in Europe.

(Million yen)



Sales by Product Category

(Million yen)

	FY3/17	FY3/18	FY3/19	YoY change Amount	YoY change Change(%)	Vs. FY3/17 Change(%)
Breaker	706	943	838	▲104	▲11.1	18.7
Crusher	5,480	5,875	6,309	433	7.4	15.1
Environment machinery	1,781	1,147	1,402	255	22.3	▲21.3
Grapples	569	491	591	100	20.4	3.9
Auxiliary materials/ repair	1,891	1,991	2,018	27	1.4	6.7
Other	591	667	838	171	25.6	41.7
Domestic total	11,018	11,114	11,996	882	7.9	8.9
Overseas total	2,095	2,752	3,061	309	11.2	46.1
Nansei Total	-	1,532	2,808	1,275	83.2	-
Consolidated total	13,113	15,399	17,866	2,467	16.0	36.2

Sales by Region

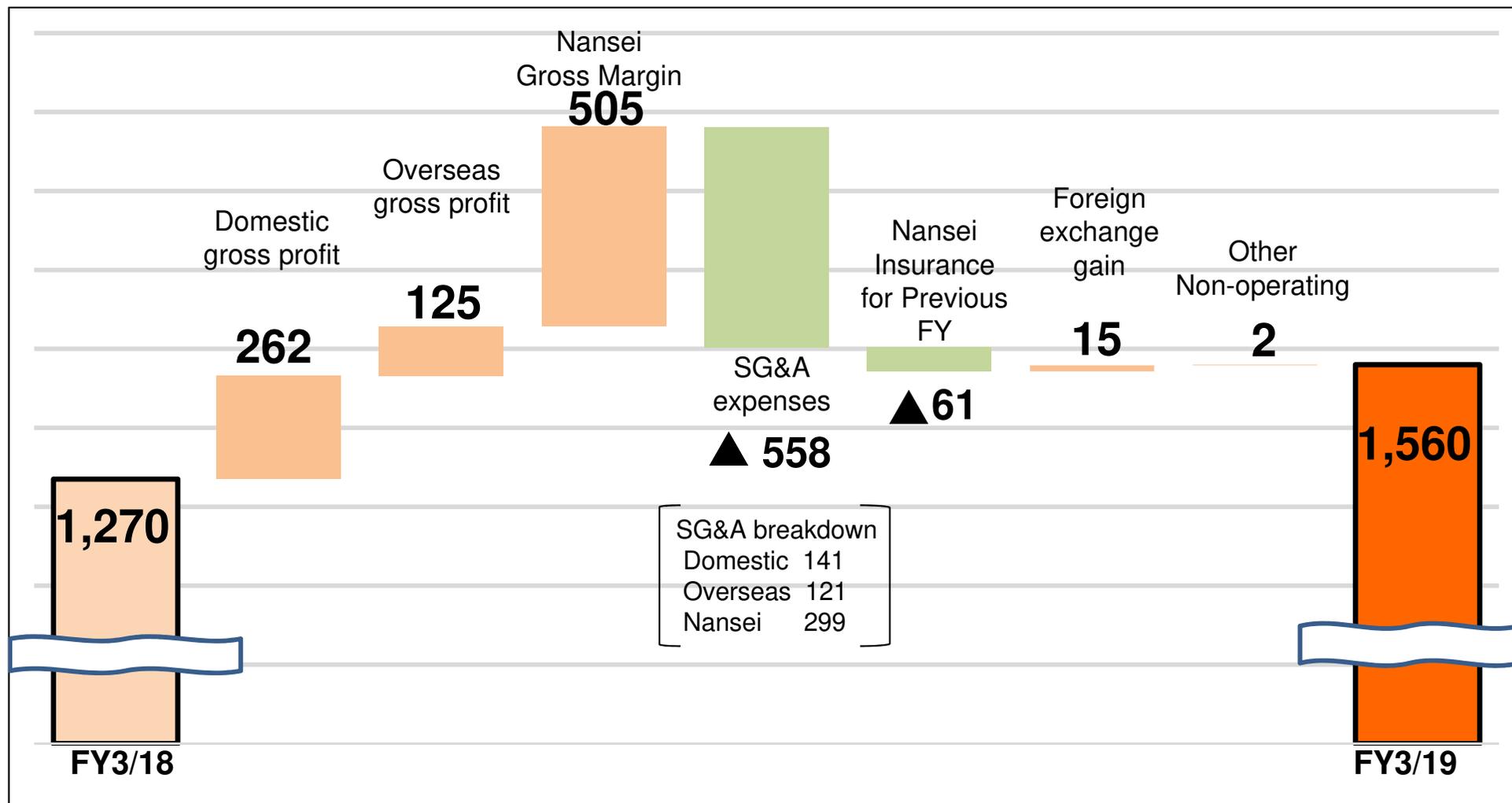
(Million yen)

	FY3/17	FY3/18	FY3/19	YoY change Amount	YoY change(%)	Vs. FY3/17 change(%)
Hokkaido	487	426	532	106	24.9	9.2
Tohoku	1,468	1,400	1,413	13	0.9	▲3.7
Kanto	3,716	3,701	3,924	223	6.0	5.6
Chubu and Hokuriku	1,321	1,351	1,592	241	17.8	20.5
Kansai	1,207	1,287	1,586	299	23.2	31.4
Chugoku/Shikoku	1,027	846	1,086	240	28.4	5.7
Kyushu	1,492	1,784	1,529	▲255	▲14.3	2.5
Others (Sales Department of the Head Office)	299	318	329	11	3.5	10.0
Japan total	11,018	11,114	11,996	882	7.9	8.9
Overseas total	2,095	2,752	3,061	309	11.2	46.1
Nansei Total	-	1,532	2,808	1,275	83.2	-
Consolidated total	13,113	15,399	17,866	2,467	16.0	36.2

Factors for Changes in Ordinary income in FY3/19

- Gross profit in Japan, overseas, and Nansei increased due to increased sales.
- SG&A expenses increased as the consolidation of Nansei helped to improve performance.

(Million yen)



Summary of Business Results

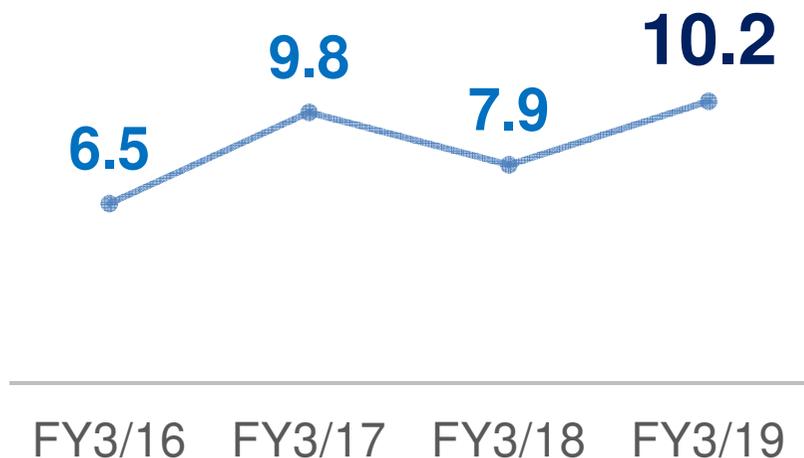
Sales growth rate (%)



Operating income margin (%)



ROE (%)



Overseas sales ratio (%)



Outline of Medium-to Long-Term Management Plan

Arch 2020 Strategy (FY3/16-FY3/21)

Triple “2”

×

Triple “10”



Triple “1”

Sales Target Triple “2”	Financial target triple “10”
<ul style="list-style-type: none">① Consolidated net sales: 2 times(¥20 billion)② Domestic shares of main products: Up 20%③ Overseas sales: 2 times	<ul style="list-style-type: none">① Sales growth rate: 10% or more② Operating income margin: 10% or more③ Return on equity (ROE): 10% or more



Company target triple “1”
<p>[Topnotch] With topnotch professionals</p> <p>[First-rate] First-rate products and services</p> <p>[No. 1] Aiming for the industry’s No.1 group</p>

Progress of Management Targets

100 million yen

	FY3/16	FY3/17	FY3/18	FY3/19		Self assessment
				Plans	Result	
Net sales	120.4	131.1	153.9	175.0	178.6	○
Domestic	97.3	110.1	111.1	114.5	119.9	○
Overseas	23.1	20.9	27.5	30.5	30.6	○
Nansei	-	-	15.3	30.0	28.0	△
Sales growth rate	0.8%	8.9%	17.4%	13.6%	16.0%	○
Operating income margin	6.3%	8.4%	7.8%	8.6%	8.5%	○
ROE	6.5%	9.8%	7.9%	9.5%	10.2%	○

FY3/20-FY3/21 Management Policy

Corporate Slogan: The three C's

**CONNECTED
CHANGE**

Further build a new connection to visualize synergy

CHALLENGE WITH CHECK

Respond to changes (change and make a change)

Have high aspirations and new challenge but don't forget to check

Basic Policy OKADA 8 Plans

Market measures	① Integration with the Nansei Group and chemical reaction
	② Increase sales and profits by increasing production capacity, including subcontracting company
	③ Secure of stability by strengthening aftermarket
	④ Further development of foreign market

Management foundation measures	⑤ Working Style Reforms - Improvement in employee satisfaction and securing of personnel
	⑥ Improve productivity and efficiency by introducing new core systems
	⑦ Strengthen long-term, sustainable human resources
	⑧ Strengthening Compliance and Risk Management

Performance Targets (FY3/21)

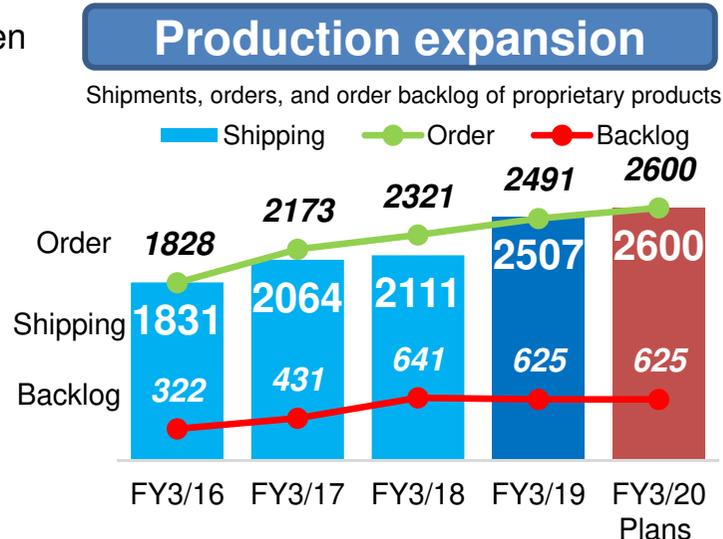
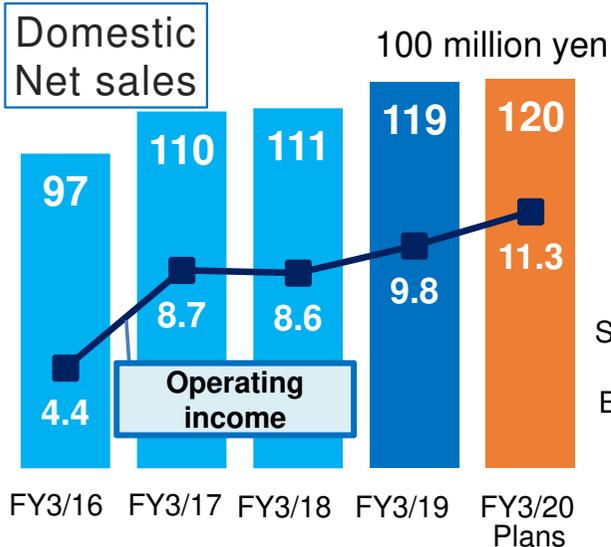
Net Sales	20 billion yen
Operating income	2 billion yen
Operating income margin	10.0%
ROE	10.8%

Investment Plan (FY3/20-FY3/21)

Main Investment Plans	Relocation, expansion, and renovation of sales offices	Investment plans (2-years total) 2 billion yen
	Capital expenditures for plant expansion	
	Establishment and expansion of overseas bases (Europe and Asia)	
	Introduction of the ERP System	

Major Initiatives Domestic Segment

To strengthen production and expand sales bases in response to robust demand for dismantling

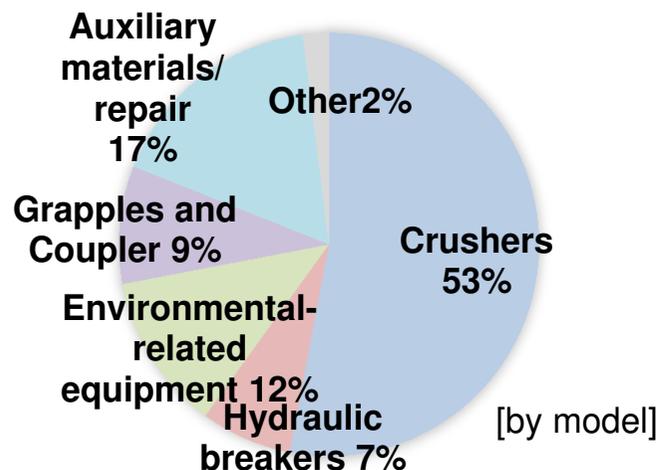


System to increase production

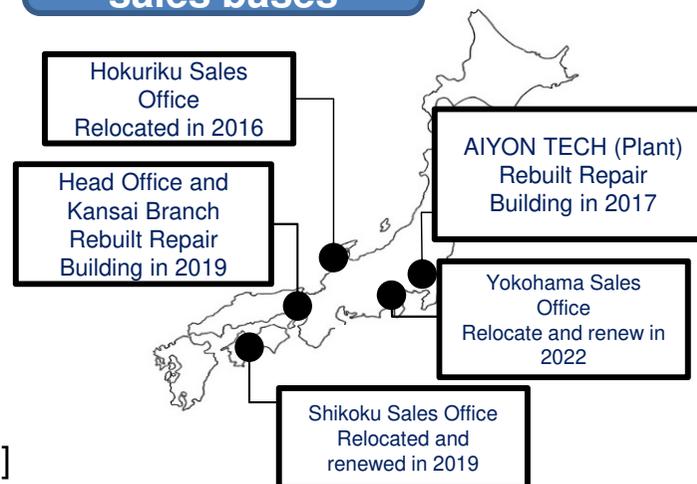
AIYON TECH Asaka Factory, which was added in FY2004, will start full-scale operation, and collaboration with partner companies will be promoted to establish a system for fiscal production of in-house products (in-house production and outsourced production). Partial cooperation with Nansei Machinery has been implemented since FY2006. Strengthen production and optimize production for the Group as a whole.

In-house products: crushers, grasping machines, couplers, sprinklers, small priests, etc.
Head Office Machinery Division and products manufactured by Iyontech Co., Ltd.

Sales Breakdown



Enhancement of sales bases



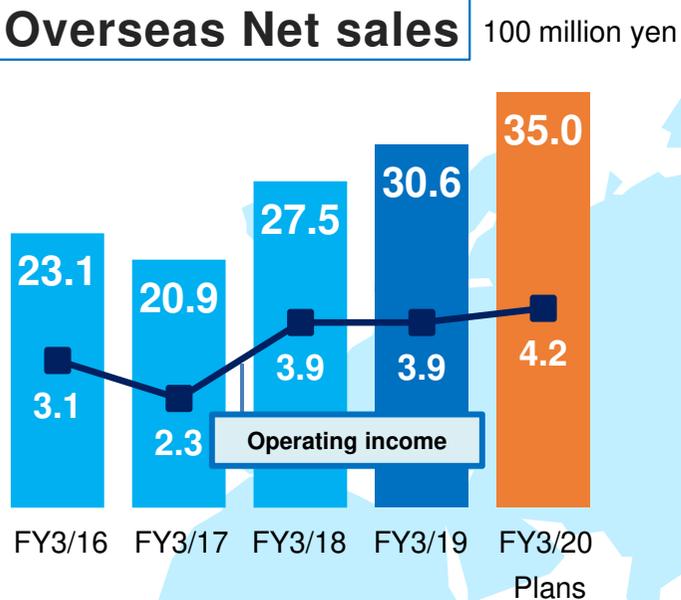
Expansion of sales and repair facilities

In response to robust demand for dismantling, the size of the crushers has been increasing, and the repair facilities at the sales offices have not been able to keep up with the demand. Therefore, the company is gradually rebuilding and expanding the facilities. The company plans to rebuild the repair buildings of its head office and Kansai branch offices and relocate its Shikoku and Yokohama sales offices between FY19 and FY20.

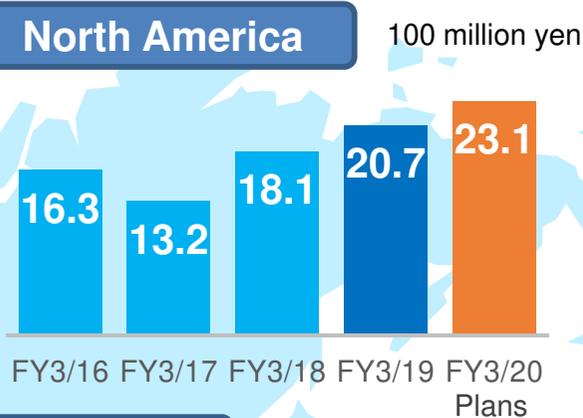
Major Initiatives Overseas Segment

Strengthen overseas business development through a tripolar system with North America, Europe, and Asia

Overseas Net sales

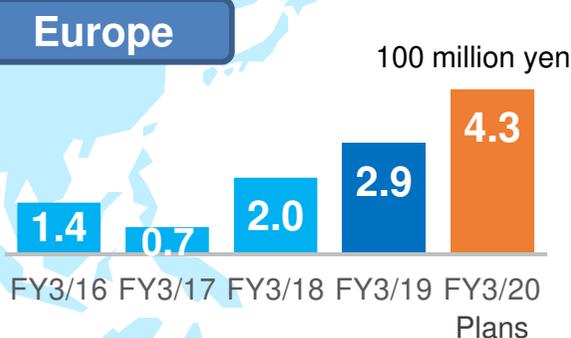


North America



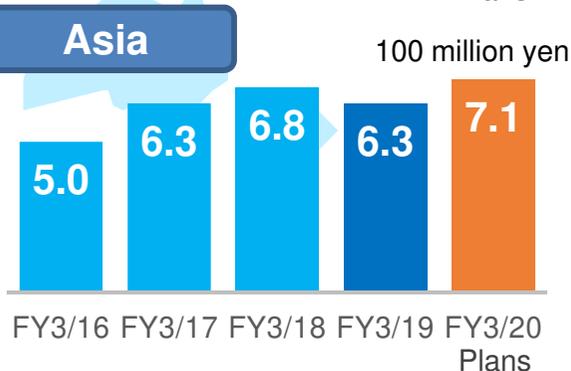
Further strengthening of sales
By strengthening its sales force and upgrading its skills, the company aims to cultivate new dealers and expand its product lineup of crushers and other products.

Europe



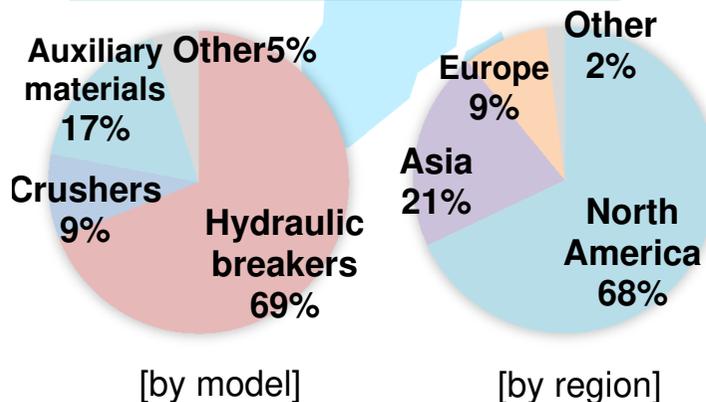
Expansion of Dutch bases
With the Dutch Representative Office established in 2007
Scheduled to become a local subsidiary in FY2007.
Accelerate development in Europe by promoting local recruitment.

Asia



Established a new base in Thailand
Established a representative office in Thailand in FY2007 to conduct market research and support for agencies in order to cultivate priority markets in Southeast Asia. Aiming to become a local subsidiary at an early stage.

Sales Breakdown

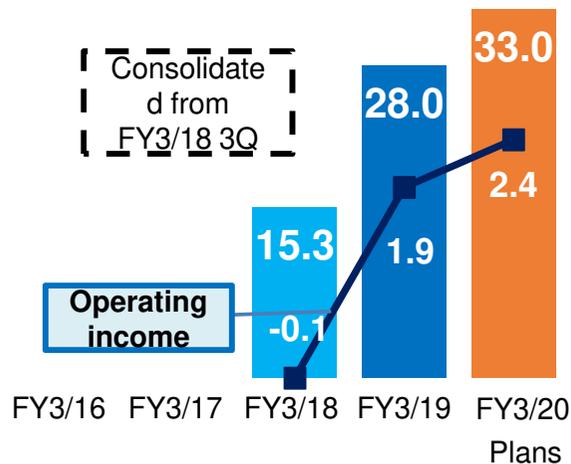


Major Initiatives Nansei Segment

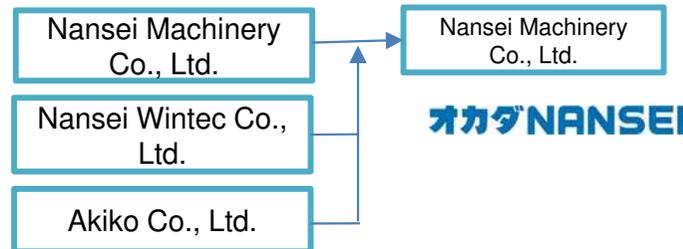
Integration of Okada and South Star to Realization of Integration Benefits through Chemical Reactions

Nansei Net sales

100 million yen



Merger of three companies



Management rationalization by merger
 With Nansei Machinery as the surviving company in April 1919
 Three Nansei Group companies merged. Future core business
 Promote management rationalization centered on the introduction of systems.
 Company name changed to "Okada NANSEI."

Review of Product and Production Systems



New grapple



New winch

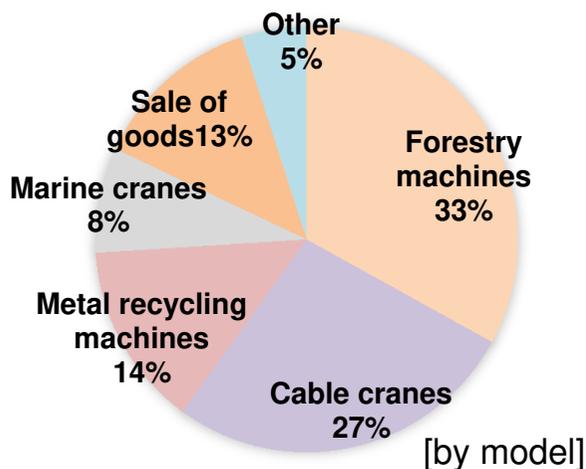
Product improvement

Improve mainstay grapples and winches to new, competitive models. Other products were also reviewed.

Review of production system

Improve productivity and profitability by introducing standard models and reviewing cost management.

Sales Breakdown



Integration and cooperation with Okada



For Southern Star products Sales cooperation

Cooperation in the manufacture of Okada products

Mutual cooperation in manufacturing and sales

Some of Okada's products are manufactured by Nansei Machinery.
 Okada Aiyon sells Nansei Machinery products in some regions to complement Nansei Machinery's sales and maintenance capabilities.

<Reference> Relationship with the Environment

Our group's mainstay machinery related to the environment

Disassembly attachment

~ Environmentally Conscious Building Dismantling Equipment ~



Forestry machines

~ Contributing to forest regeneration and forestry revitalization through improved work efficiency ~



Metal recycling machinery

~ Improving the efficiency of cargo handling operations in metal recycling factories ~



Cable crane

~ Material Handling Facilities for Hydroelectric Power Plant Construction, Disaster Prevention Works, etc... ~



Large wood crusher

~ Manufacturing of chips for biomass power generation, industrial waste treatment, etc.~



Numerical target

Progress

(Million yen)

	Medium-Term Management Plan 1st Stage			Medium-Term Management Plan 2nd Stage		
	FY3/16 Result	FY3/17 Result	FY3/18 Result	FY3/19 Result	FY3/20 Plan	FY3/21 Plan
Net sales	12,043	13,113	15,399	17,866	18,800	20,000
Operating income	760	1,106	1,195	1,524	1,750	2,000
Ordinary income	721	1,092	1,270	1,560	1,750	2,000
Net income attributable to owners of parent	438	696	666	1,000	1,120	1,280
Overseas sales	2,313	2,095	2,752	3,061	3,500	4,000
Overseas sales ratio	19.2%	16.0%	17.9%	17.1%	18.6%	20.0%

Numerical target

Comparison with plan

[Comparison with plan and initial plan]:

Upper row: Comparison with medium-term management plan (2nd stage) (prepared in 2018)

Lower row: Comparison with Initial Arch 2020 Strategy (prepared in 2015)

(Million yen)

	Medium-Term Management Plan 2nd Stage					
	FY3/19 Result	Vs. plan	FY3/20 Plan	Vs. initial Plan	FY3/21 Plan	Vs. initial Plan
Net sales	17,866	+366 +1,366	18,800	+300 +800	20,000	0 0
Operating income	1,524	+24 ▲26	1,750	+50 0	2,000	0 0
Ordinary income	1,560	+60 +10	1,750	+50 0	2,000	0 0
Net income attributable to owners of parent	1,000	+70 +50	1,120	+70 +70	1,280	+30 +80

Numerical target

Financial Indicators and Dividends

	Target	Medium-Term Management Plan 1st Stage			Medium-Term Management Plan 2nd Stage		
		FY3/16 Result	FY3/17 Result	FY3/18 Result	FY3/19 Result	FY3/20 Plan	FY3/21 Plan
Sales growth rate	10.0%	0.8%	8.9%	17.4%	16.0%	5.2%	6.4%
Operating income margin	10.0%	6.3%	8.4%	7.8%	8.5%	9.3%	10.0%
ROE	10.0%	6.5%	9.8%	7.9%	10.2%	10.5%	10.8%
Dividend payout ratio	-	34.6%	22.8%	25.3%	21.9%	20.3%	-
Dividend	-	22.00	23.00	24.00	27.00 Plan	28.00 Plan	TBD

Thank you for your attention.

Precautions

The forecasts in this document were prepared based on the information available at the time of the announcement of financial results.

Actual results may differ due to various factors in the future.