

Investor Presentation

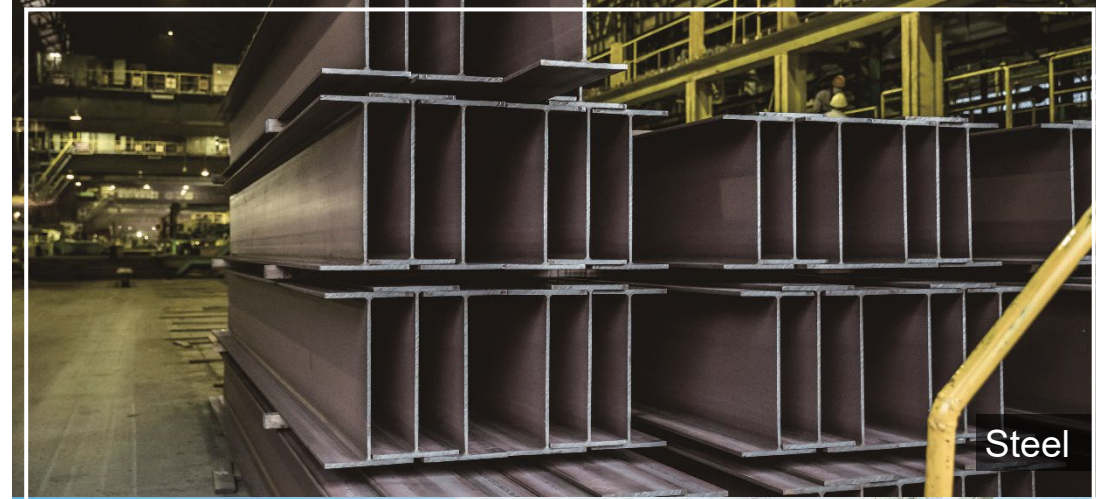
# An Introduction to Yamato Kogyo

Our Steel, Your Future

**Yamato**

TSE Prime Market (Securities Code: 5444)

Feb 2024





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# Yamato Kogyo Overview

## 01 Company Introduction

### About us

Listed company name:	Yamato Kogyo Co., Ltd. (holding company manages domestic and foreign group operating companies)
Industry sector:	Iron and steel manufacturing company
Established:	November 8, 1944
Capital:	7.99 billion yen

### Consolidated financial results for the fiscal year ending March 2023

Net sales:	180.4 billion yen
Ordinary profit:	90.5 billion yen
Profit attributable to owners of parent:	65.3 billion yen
ROS (ordinary profit as a percentage of sales)	50.2%
Annual dividend per share:	300 yen
Interim dividend	150 yen
Year-end dividend	150 yen



**Yamato** Yamato Kogyo Co., Ltd.

**Yamato** Yamato Steel Co., Ltd.

**Yamato** Yamato Trackwork System Co., Ltd.

**NUCOR**  
NUCOR-YAMATO

**SYSS**  
SIAM YAMATO STEEL

**ASA**  
ARKANSAS  
STEEL ASSOCIATES, LLC  
SEASIDE, ARKANSAS

**YK** YK Steel Corp.

**suho**

**posco Yamato**  
VINA STEEL



## Aggressive overseas expansion

forms the core of our growth strategy



The Group uses environmentally friendly electric arc furnaces



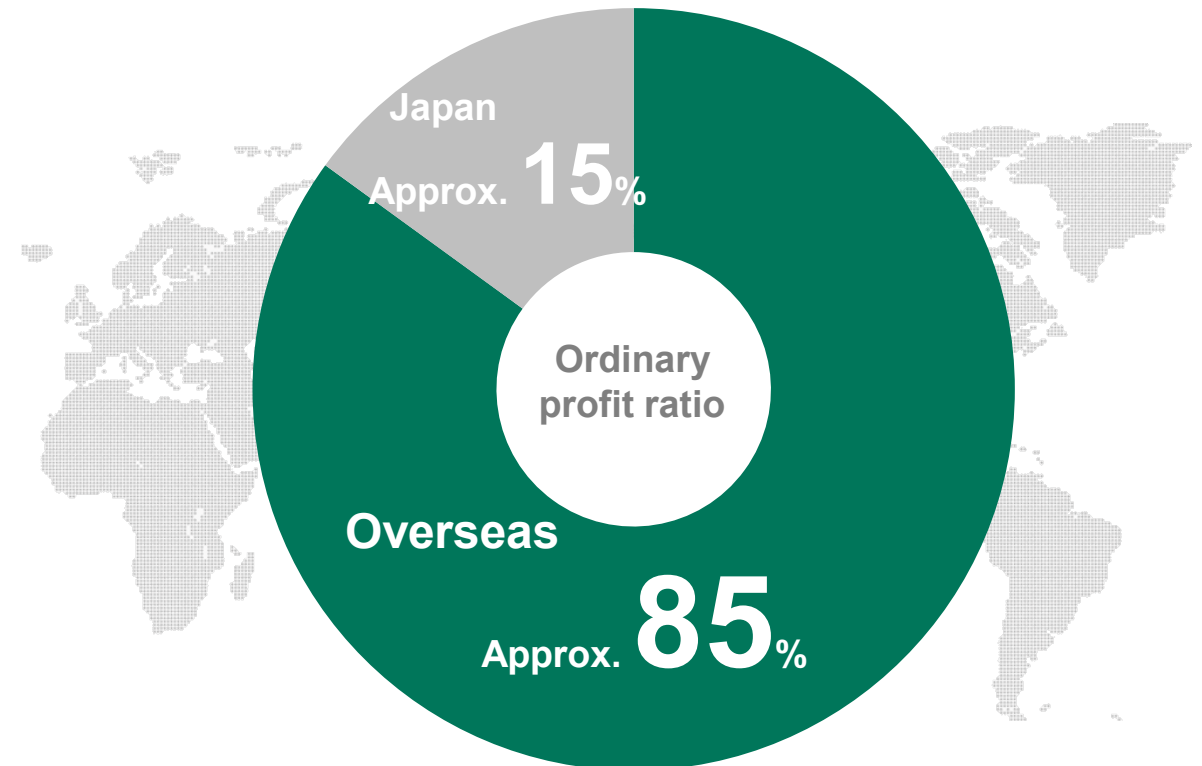
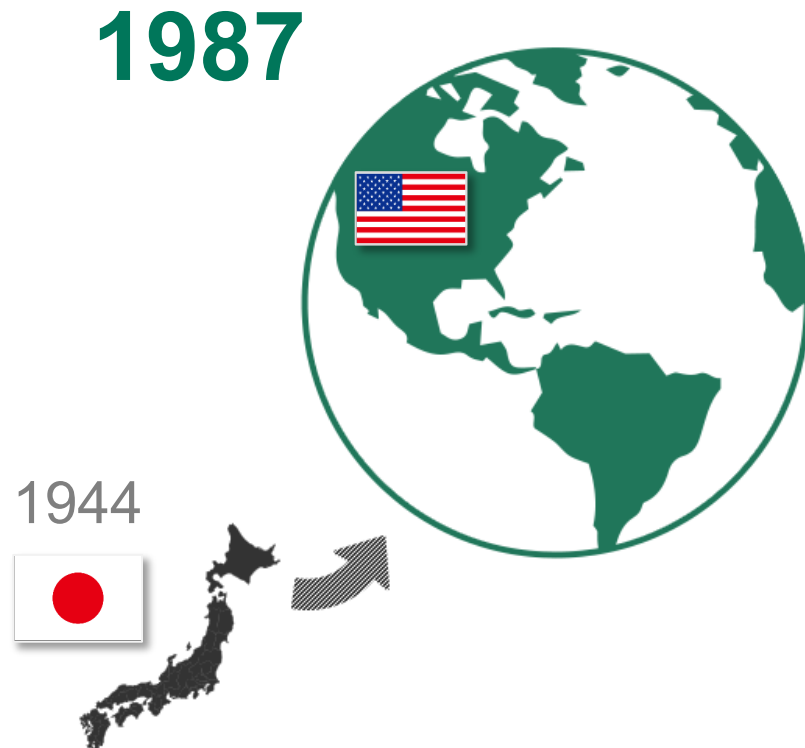
Its mainstay products are H-beams  
used in the construction of buildings and factories

# Overseas Expansion & Ordinary Profit Margin

## 01 Company Introduction

Yamato Kogyo was one of the first Japanese electric furnace steel manufacturers\* to pursue **overseas expansion** back in the 1980s.

\*A company that melts down scrap steel using an electric arc furnace to recycle it into new steel products.



\*Fiscal year ended March 31, 2023



# Yamato Kogyo Group Overseas Expansion

## 01 Company Introduction

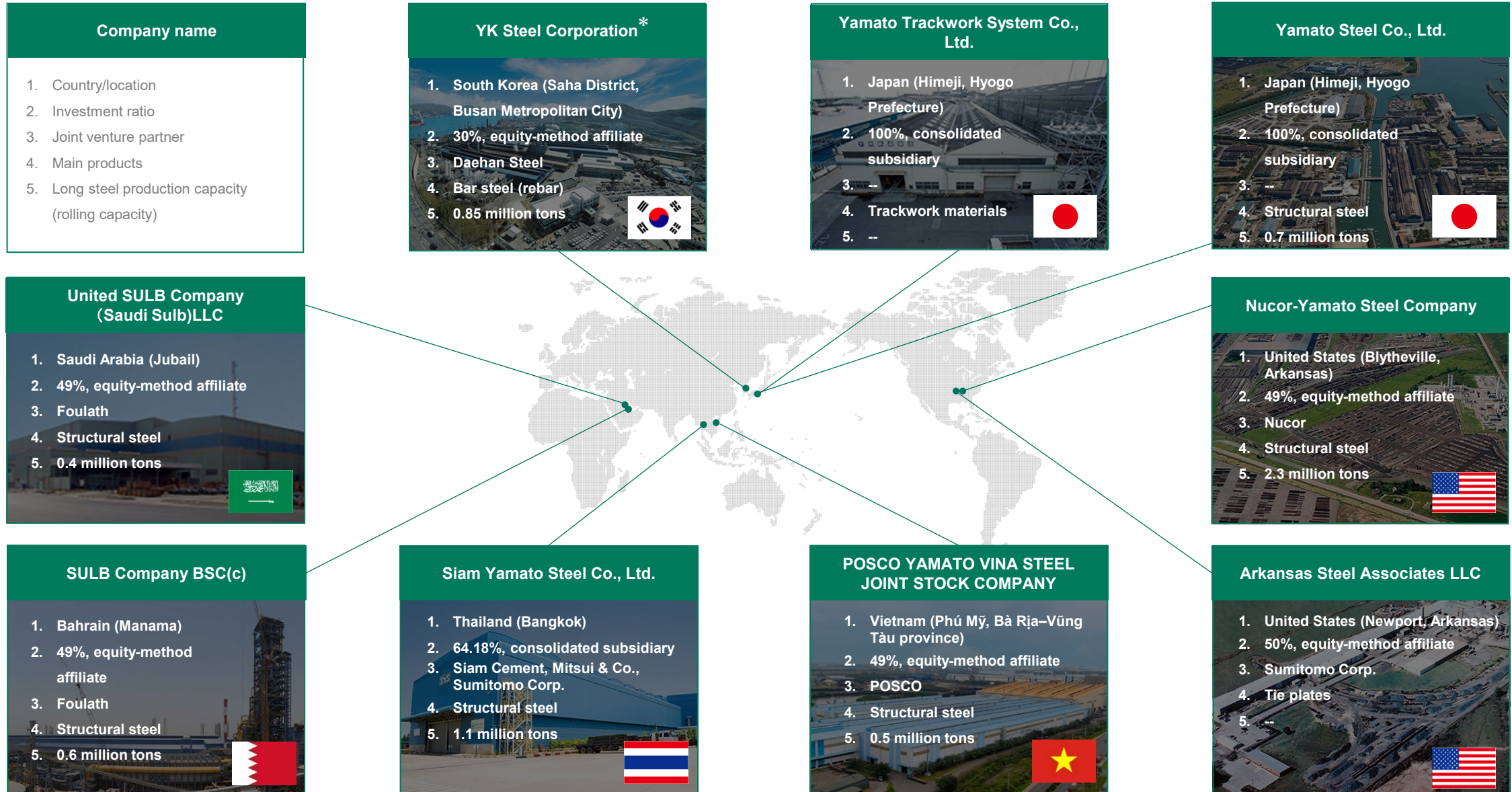
Yamato Kogyo Group manufactures and sells steel products in **seven countries** around the world, with a focus on steel products for construction.

Approximately 4,400 employees group-wide (includes equity-method affiliates)



# Manufacturing Locations

## 01 Company Introduction



\*Aiming to strengthen the relationship between YKS and joint venture partner Daehan Steel, in August 2021 Yamato Kogyo decreased its stake from 49% (51% Daehan Steel) to 30% (70% Daehan Steel).



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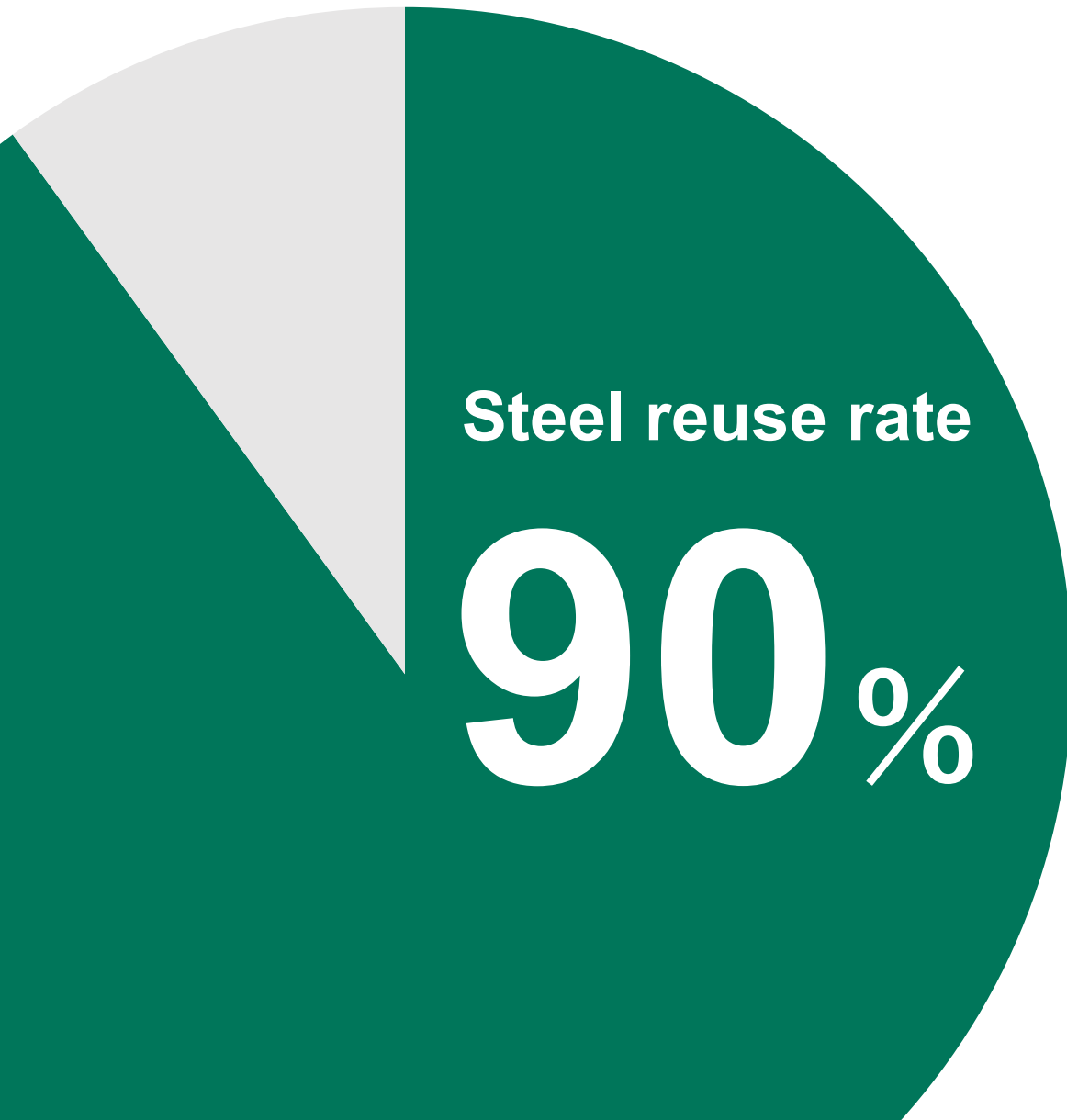
## Iron represents **35%** of the earth's mass

(Deposits) 1st. Iron at 230 billion tons  
2nd. Bauxite at 28 billion tons

**Abundant** ▶ The earth is made of iron

**Inexpensive** ▶ Steel is cheaper than any other metal

**Processable** ▶ Steel is the most easily processed metal

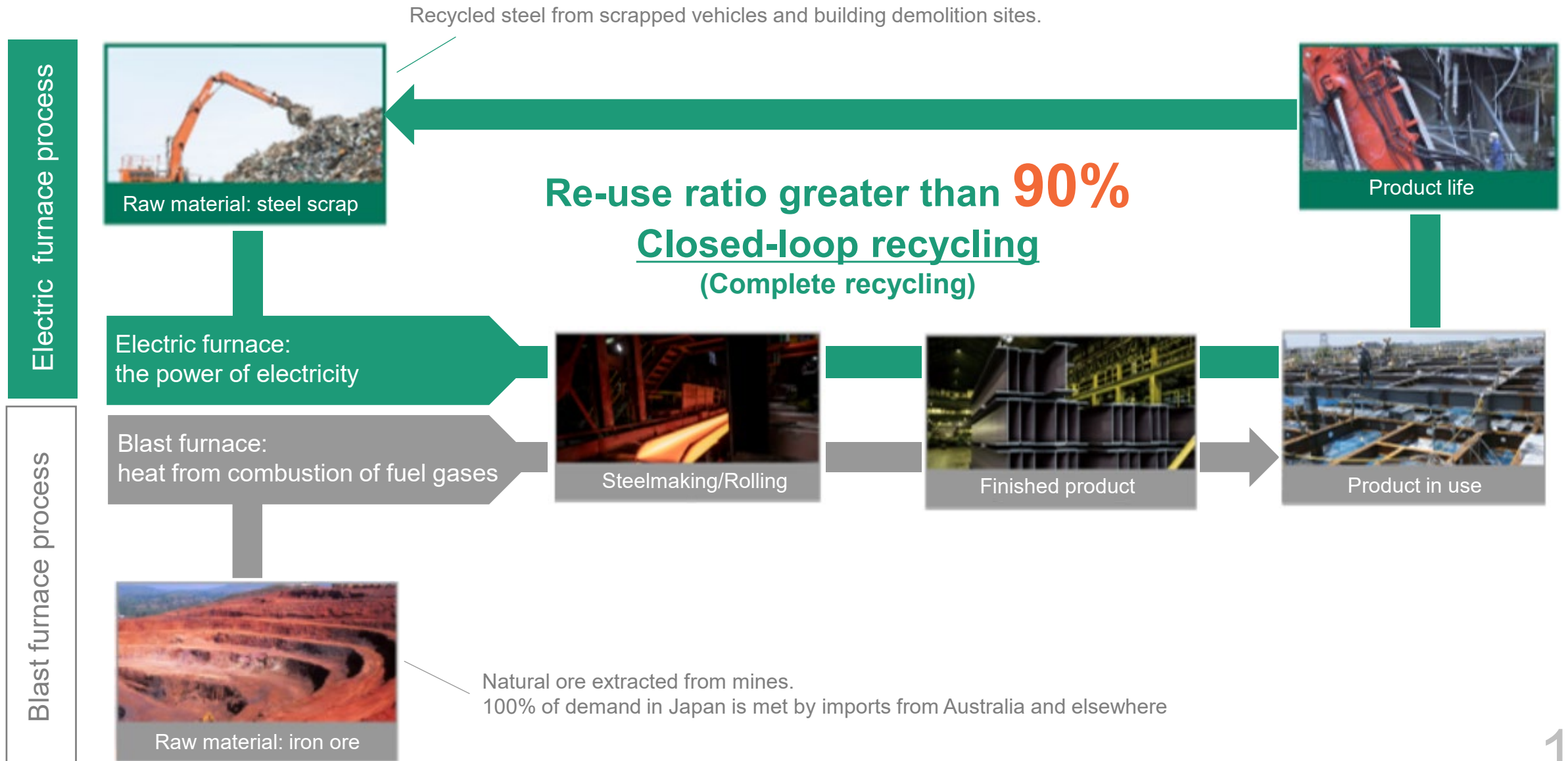


Steel is the most widely used metal, and

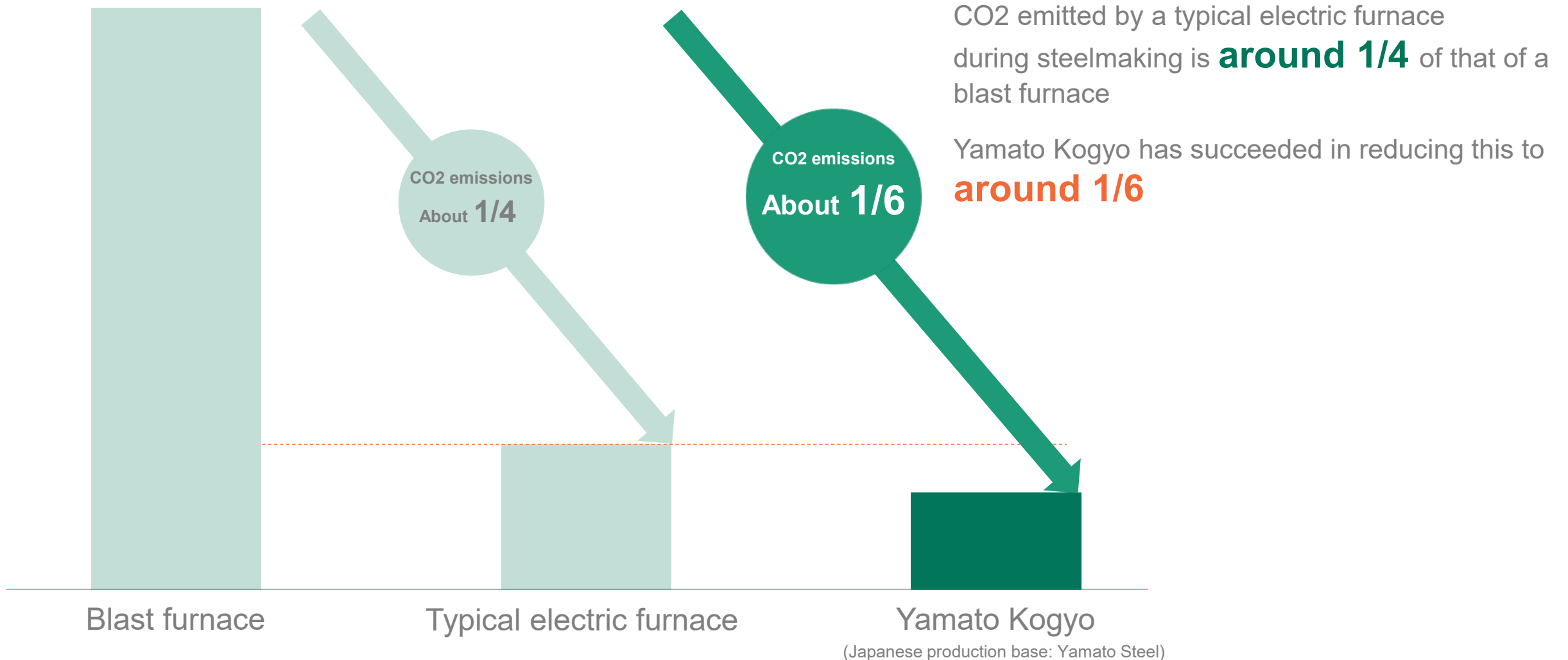
**it can be recirculated virtually indefinitely**

Steel products used in civil engineering and construction have an advantage in cost and offer a necessary strength-weight balance.

**It is unlikely that steel could be replaced by any other material.**







### Environmentally friendly

The electric furnace method is a recycling operation. Unlike the blast furnace method, it uses scrap as raw material and does not require the mining of natural resources to gather raw materials. The CO<sub>2</sub> emitted in the manufacturing process is just 1/4 the volume from a blast furnace, so this process has a lighter environmental impact.

# 01

### Adjustable production volume

Because the operation of electric furnaces can be adjusted on an hourly basis, it is possible to respond flexibly to demand conditions and customer requests.

# 02

### Smaller capital investment

In the case of building a new plant, a blast furnace investment would amount to hundreds of billions of yen to one trillion yen. In contrast, an electric furnace would only require tens of billions of yen: a smaller investment in a new facility is possible.

# 03

### Local production for local consumption

Electric furnace steelmakers mainly collect the scrap that serves as their raw material locally, and they largely sell their products locally. While some of Yamato Kogyo Group's overseas operations import some scrap, they make products from local scrap and sell their products on the local market.

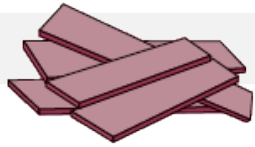
# 04

# How Steel Products Are Made

(Electric Arc Furnace / Yamato Steel Example)

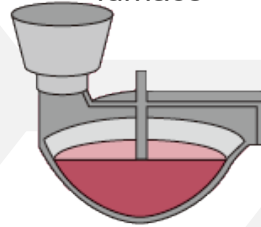
### Steelmaking process

Scrap



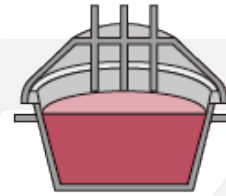
This process uses recycled steel from scrapped vehicles and demolished buildings.

Electric arc furnace



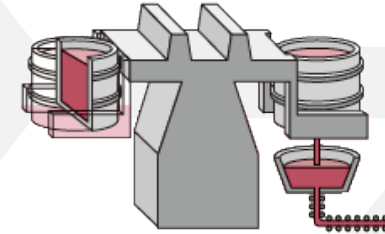
Scrap is fed into the furnace and melted using the power of electricity.

Ladle furnace



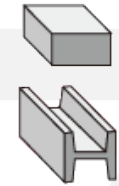
The molten steel is transferred from the electric arc furnace to a bucket-shaped ladle to remove impurities.

Bloom / beam-blank continuous casting machine



The molten steel is poured from the ladle into the mold of the continuous caster and trimmed to the shape of a long bar. Two shapes are made, depending on the final product.

Semi-finished products



These are a square-shaped bloom and a beam blank that is close to an H shape. They are then transported for the rolling process.

**Yamato Steel uses a preheating device that uses the heat discharged from the electric arc furnace to heat the scrap before it is fed into the furnace. By doing so, we conserve energy while melting down scrap.**

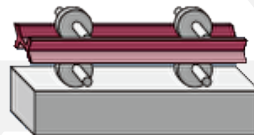
### Rolling process

Reheating furnace



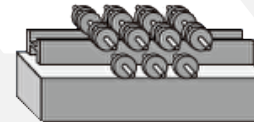
The semi-finished product is reheated to a temperature that allows it to be processed.

Rolling



The reheated semi-finished product is compressed and extended into the shape of the final product. Once the shape has been formed, it is cut to length.

Roller straightener machine



After rolling, the product is cooled once in a space called a cooling bed, and then the shape undergoes a final adjustment using a roller straightener machine.

Finished product



This method is used to manufacture long and narrow products, such as H-beam, a core product of Yamato Kogyo Group.

**Shipped to customer after inspection**

## ■ Acquiring environmental certifications / utilizing renewable energy



EcoLeaf environmental label  
Carbon Footprint  
(Japan: Yamato Steel)



Solar power generation  
(Thailand: SYS)

In addition to manufacturing environmentally friendly products that mitigate environmental footprint, the Group has **acquired environmental certifications** to enable objective assessments by customers. We are also considering measures for the gradual adoption of renewable energy, in preparation for a decarbonized society.

## ■ Sharing technical information



Engineers from the group companies gather for a technical conference each year. By sharing technical information from each location, **we are working to raise the technical capabilities of the entire group**, not just the individual locations.



Steel has long been used in a variety of products because it is strong and easy to process. Here is a representative sample of the classes of steel products.



### Structural steel

Steel with an H-shaped or angle-shaped cross-section. These products are classified as H-beam, angle, I-beam, or channel, depending on the shape of the cross-section. These products are used in a wide range of applications. They are used as the pillars and beams in huge buildings such as high-rise buildings, logistics warehouses, and bridges, and they are also used in making machinery.



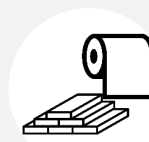
### Track and Railway Track-Accessories

Track is a term that refers to the line that trains ride on, and as a product it is called rail. Railway track refers to the structure of the railway line that is installed where the rail runs, and trackwork materials include the tie plates and spikes that fix the rail to the ground, turnouts, and other components.



### Rebar

Steel material used as the core that supports the concrete in reinforced concrete construction. It is a long, narrow bar with a knurled surface called a rib.



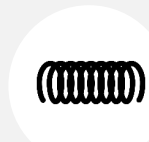
### Sheet steel (sheet, medium plate, heavy plate, extra-heavy plate)

This is steel in the form of sheets or plates. It is classified into 4 types according to its thickness: sheet, medium plate, heavy plate, and extra-heavy plate. Sheets are used for manufacturing automobile bodies, industrial equipment, and steel furniture, and plates are used in building ships and railroad vehicles, and also for construction material used in bridges and other structures.



### Sheet pile

These are steel columns with a fitting on the side. A barrier against water intrusion can be constructed by driving them into the earth and connecting the fittings. They are mainly used in seawalls for harbors and rivers and for retaining walls.



### Wire rod

These are elongated products with a cross-section ranging from 5mm to 50mm in diameter, which are shipped in the form of a coil.

Wire rod is mainly used as a material for wires, chains, springs, wire mesh, nails, bolts, and bearings.

### Steel

Japan / United States / Thailand / South Korea / Bahrain / Saudi Arabia / Vietnam

The primary product is H-beam, steel formed with an "H" cross-section. Other products are mainly steel materials used in construction, such as Sheet pile, angle steel, and bar steel.



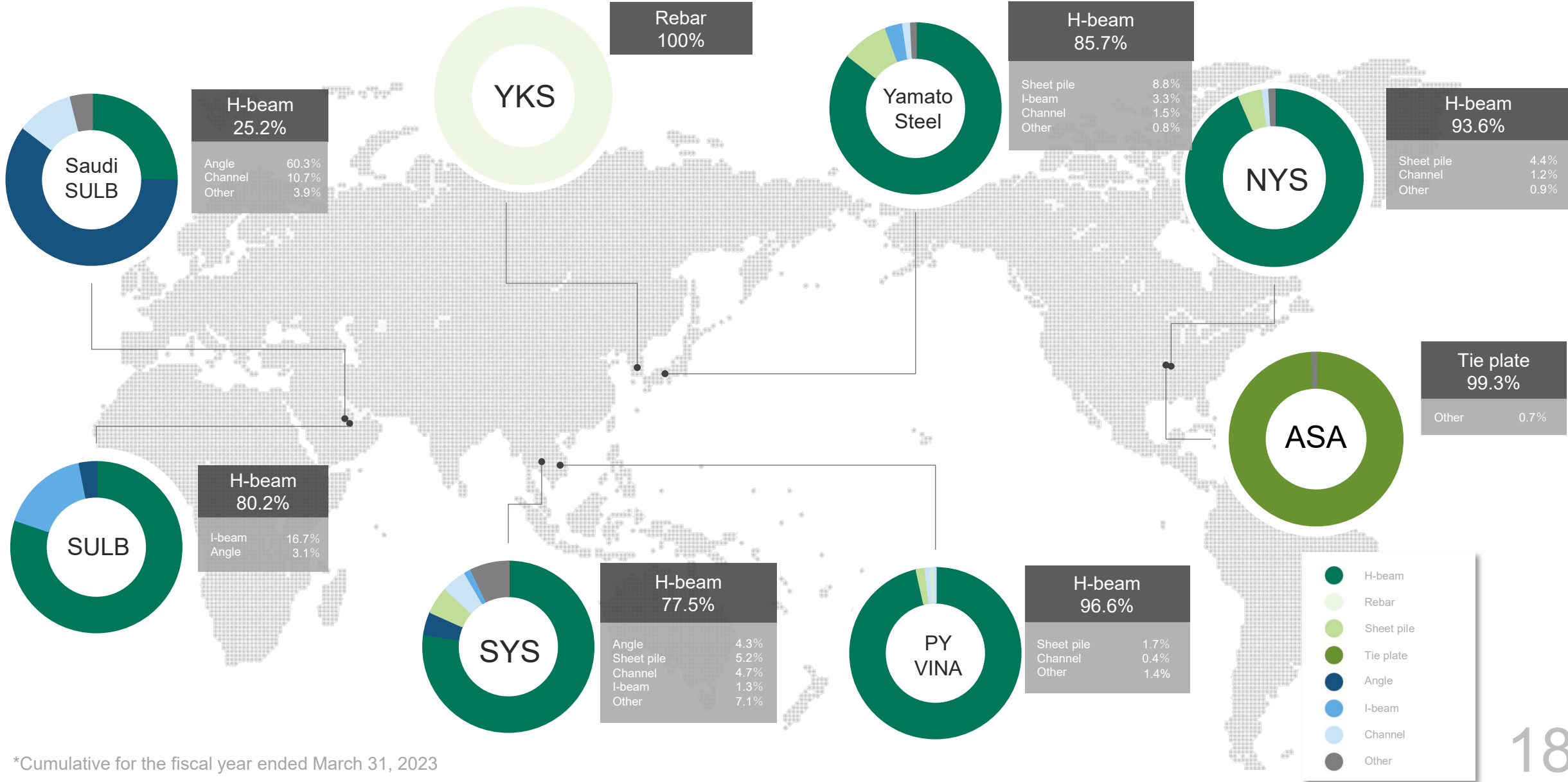
### Trackwork Accessories

Japan / United States

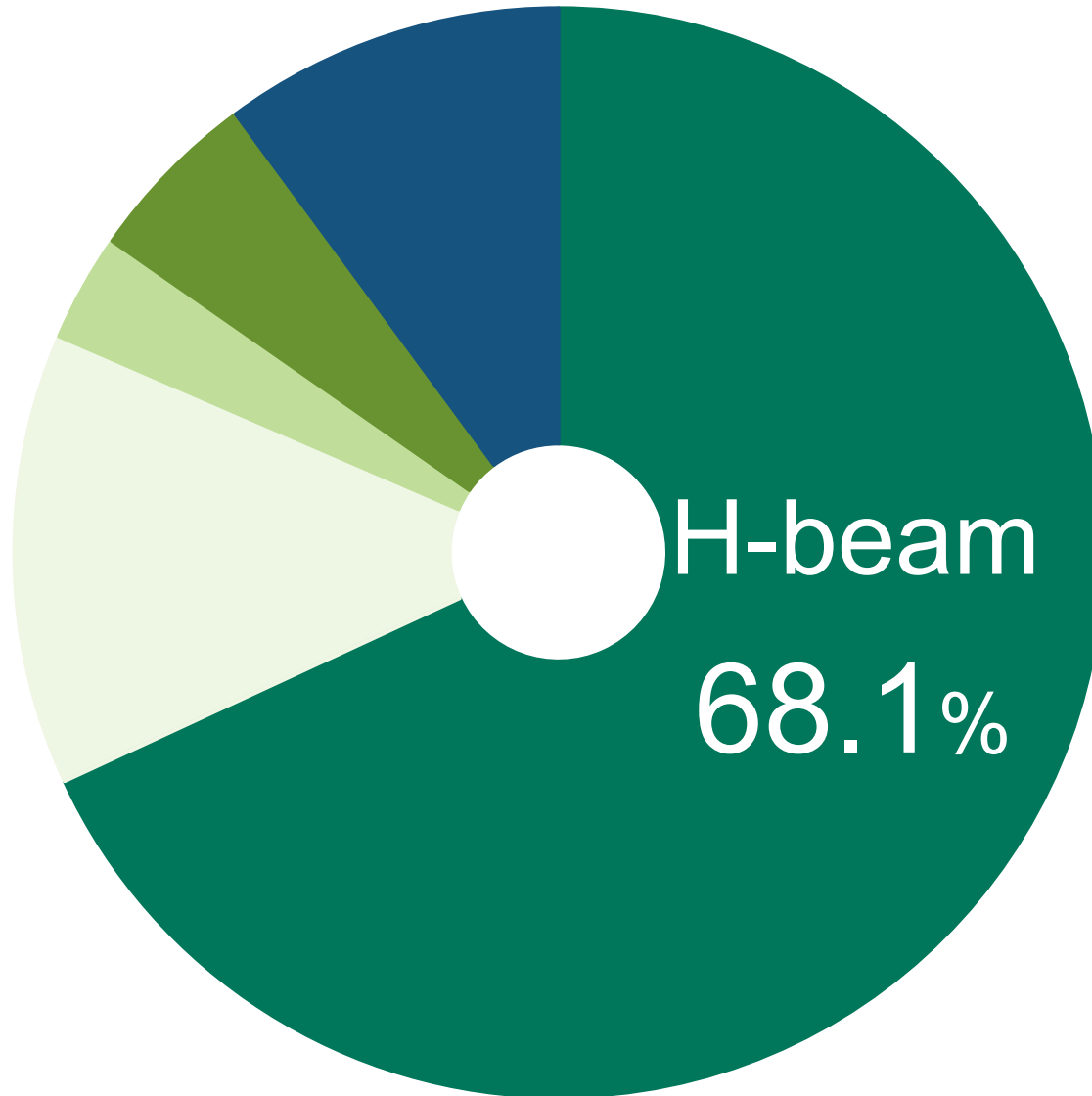
In Japan, the main product is the turnout, the equipment that branches railway lines. In the United States, the main product is the tie plate, the component for securing rails. In Japan, besides turnouts, we also produce derailment/departure prevention guards as earthquake-proofing.



# Product Mix by Location



\*Cumulative for the fiscal year ended March 31, 2023



\*Product mix (excluding billet and bloom) based on the total sales volume of the companies, without taking the share of company ownership into account.

\*Only steel products

\*Cumulative for the fiscal year ended March 31, 2023



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We aim to have bases overseas, such as in markets where demand is solid and emerging countries where investment in infrastructure is expected to grow. While contributing to the growth of those countries, we will capture the profits generated from this growth.



As we expand overseas, we will partner with companies that are familiar with local business practices and markets, developing joint ventures together with the partner companies by injecting Yamato's manufacturing technology and the local partners' local business expertise into the joint ventures.

Nucor



United States

Nucor is the largest steel producer in the United States. Until it formed a joint venture with Yamato, Nucor had not produced H-beams. Yamato's know-how for manufacturing H-beams and Nucor's expertise on the US steel industry were put into a company: Nucor Yamato Steel. Since launched by the two companies in 1987, Nucor Yamato Steel has enjoyed steady growth in the highly competitive North American market.

Siam Cement



Thailand

Siam Cement is the biggest family conglomerate in Thailand. Although the company had entered the steel industry prior to a joint venture with Yamato, it had not produced structural steel, thus seeking a partner with the technology for manufacturing these products. Meanwhile, Yamato was considering an expansion in Southeast Asia to respond to the expected increase in demand for structural steel. The two companies, aligned in the vision for the new business, launched Siam Yamato Steel, which is now the largest producer of structural steel in Thailand. It has contributed to the widespread availability of structural steel products on the Southeast Asian market.

Daehan Steel



South Korea

Daehan Steel is a company with a long history in the steel industry in South Korea. Yamato operated YK Steel as a wholly-owned subsidiary until August 2020. Still, in order to further strengthen competitiveness and enhance profitability, we welcomed Daehan Steel as a strategic partner that is knowledgeable about the country's steel industry to operate YK Steel as a joint venture.

Foulath



Bahrain

Saudi Arabia

Foulath is a holding company dedicated to the steel industry that is owned by Gulf Investment Corporation, which was formed with equal investments from the six Gulf states. This is a partner that is extremely knowledgeable about business practices in the Middle East.

POSCO



Vietnam

POSCO is the largest steel producer in South Korea. It has been engaged in manufacturing a variety of steel products, such as sheet steel, in countries around the world, and it is one of the world's leading companies. POSCO YAMATO VINA STEEL was established as a joint venture with an investment from not only Yamato but also from SYS, which is knowledgeable about the Southeast Asian market. The joint venture is maximizing the synergies of the three companies to capture demand in Vietnam.

# Expanding Our Manufacturing Locations

Building on the demand we have captured in Japan, we are developing manufacturing bases in countries where the demand for steel can be expected to experience further growth.





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FY2023/3

### Stability

Equity Ratio **85.6%**

Net interest-bearing debt **0 yen**

### Profitability

Net sales **180.4 billion yen**

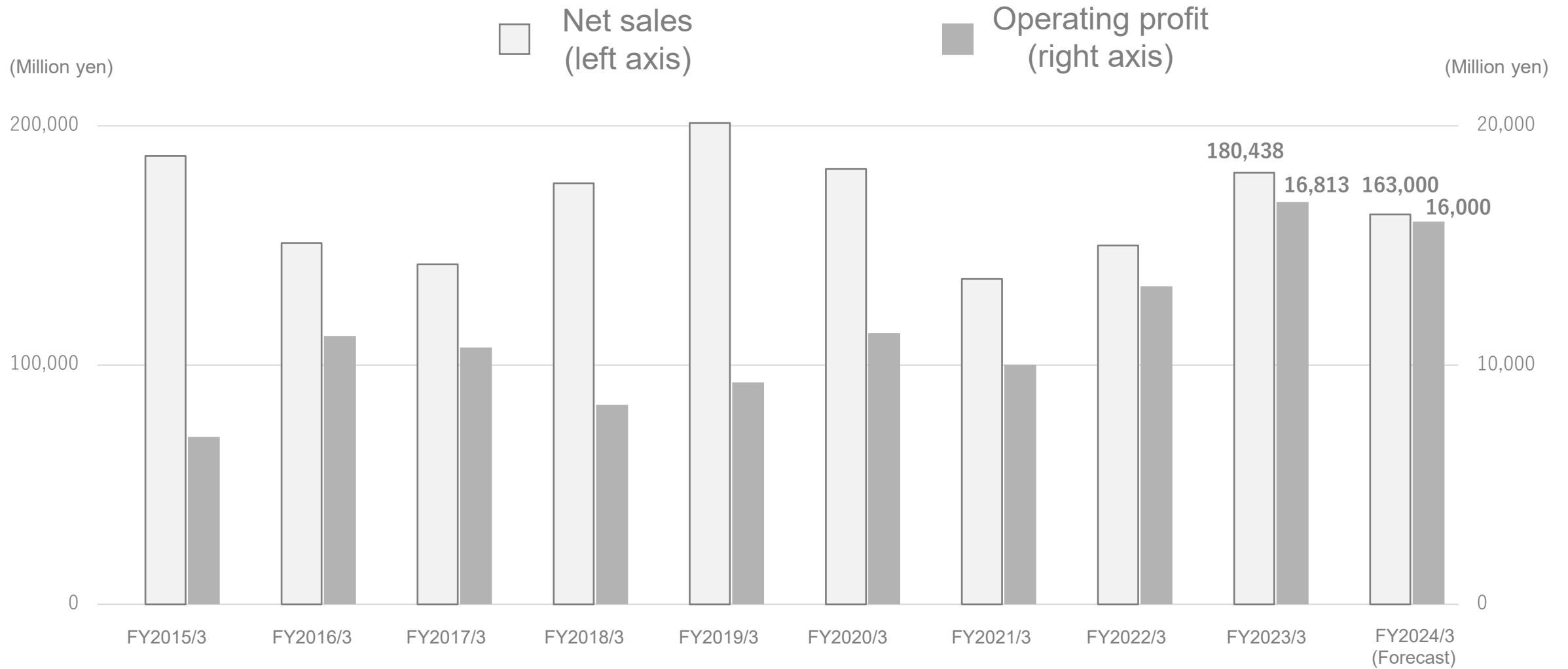
Ordinary profit **90.5 billion yen**

Ordinary profit as a percentage of sales (ROS) **50.2%**

Return on equity (ROE) **16.5%**

# Historical Consolidated Results (1)

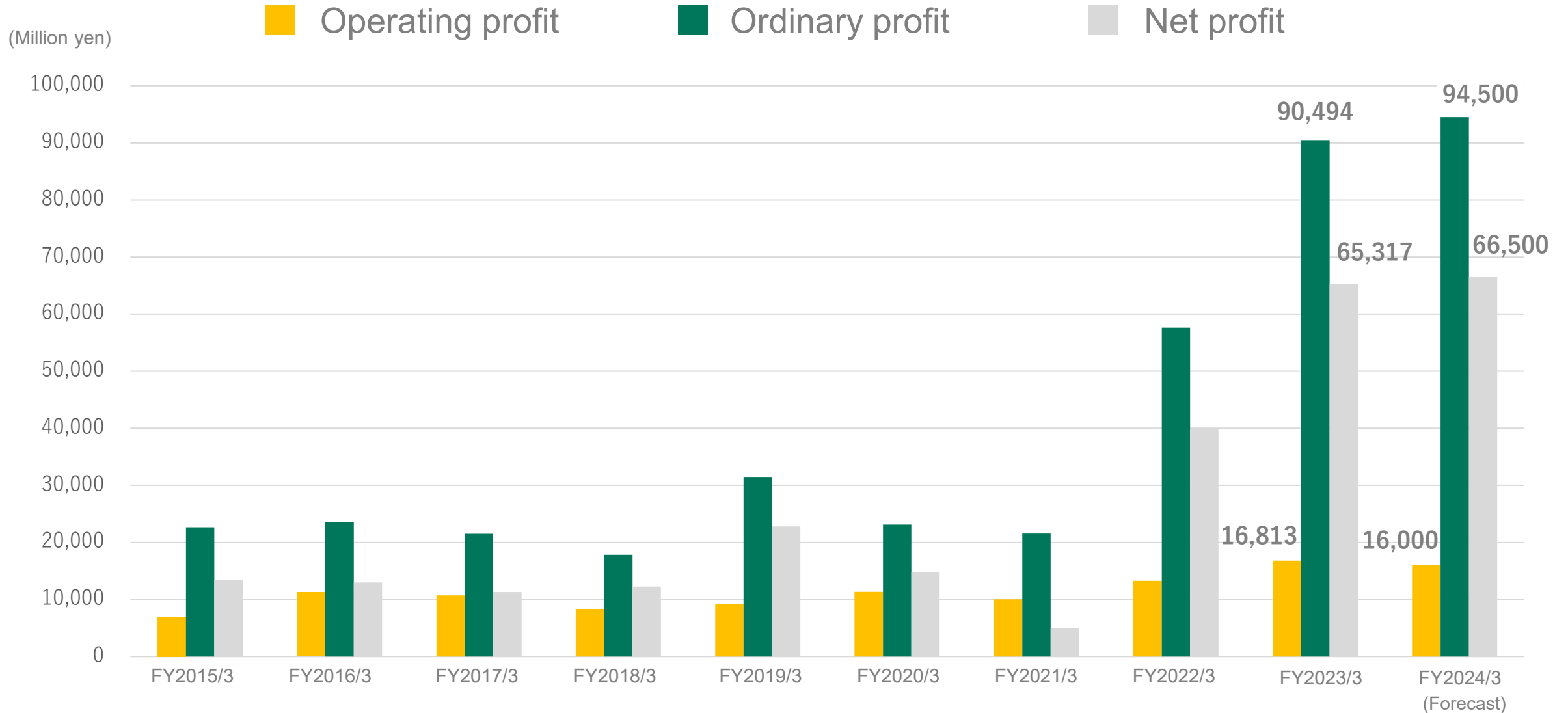
## 04 Financial Information



\* Data for FY2024/3 is the forecast as of Jan 31, 2024

# Historical Consolidated Results (2)

## 04 Financial Information



\*Data for FY2024/3 is the forecast as of Jan 31, 2024



Our basic policy is to distribute profits according to business performance. The dividend amount is decided each period with a target **consolidated dividend payout ratio of around 40%**.

We endeavor to maintain a **continuous and steady dividend**. In addition, the Company endeavors to maintain continuous and steady dividend, **with a minimum annual amount of 300 yen per share for the time being**.

### Dividend per share

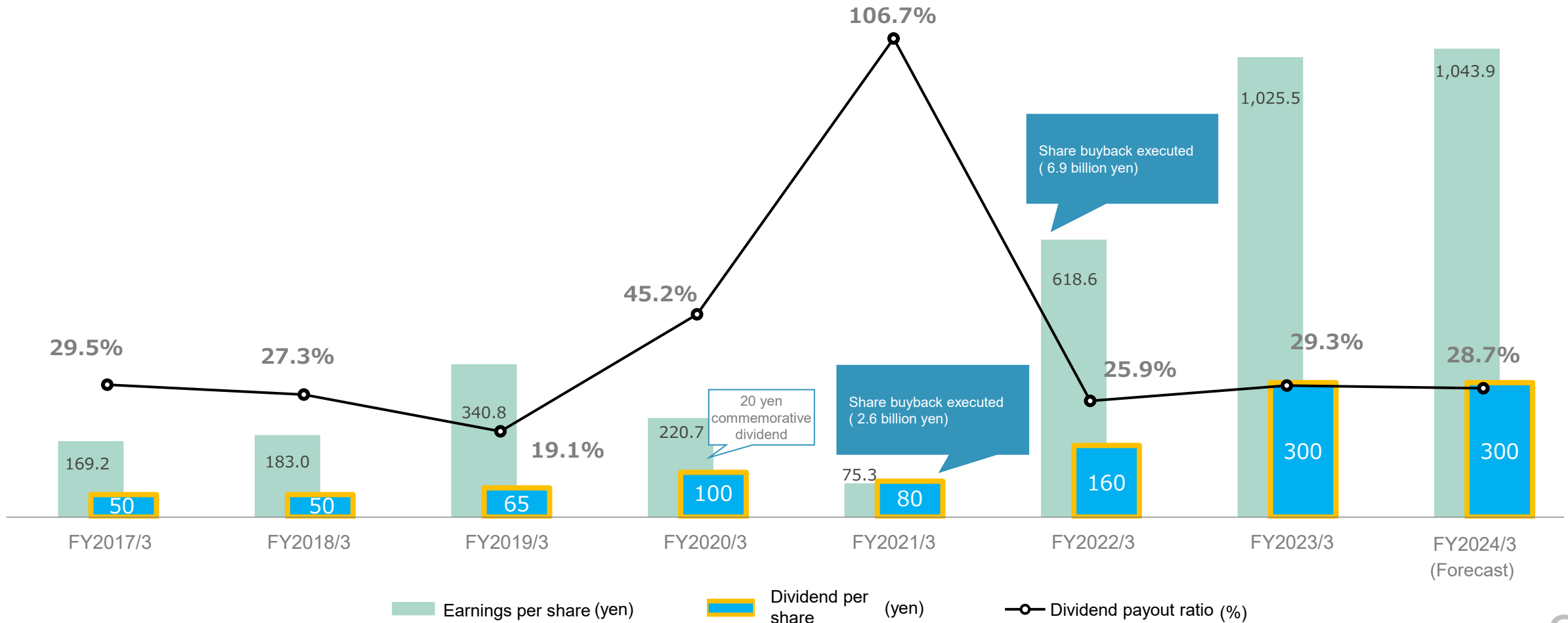
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	FY 2023		FY 2024
Interim dividend	150 yen	Actual	150 yen
Year-end dividend	150 yen	Forecast	150 yen
Annual dividend	300 yen	Forecast	300 yen

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# Shareholder Returns (2)

Historical consolidated dividend payout ratio & share buybacks



# For more information...



## CSR information

Visit the [Sustainability page](#) on Yamato Kogyo's website for more information about our CSR activities and our environmental initiatives.



## Official YouTube channel

Visit the Yamato Kogyo Group YouTube channel to view our past television commercials and other company videos. We invite you to watch the company introduction video with dynamic scenes recorded inside our plants.



- 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.
- This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Our Steel, Your Future

**Yamato**

TSE Prime Market (Securities Code: 5444)

