



Financial Results for the First Quarter Fiscal Year Ending December 2016 Investor Relations Presentation Materials

ISEKI & CO., LTD.
Shirou Tomiyasu,
Director & Senior managing executive officer
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Ending December, 2016
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Remarks on year-on year comparison

As a transitory treatment, 9-month results are consolidated for fiscal 2015.

Consolidation period (Financial report basis)

	Jan-Mar	FY 2015			FY 2016			
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Companies that have adopted Mar.31 as the fiscal year-end ISEKI & CO.,LTD and others								
Companies that have adopted Dec.31 as the fiscal year-end Domestic sales companies & others								

Consolidation period(Restated basis)

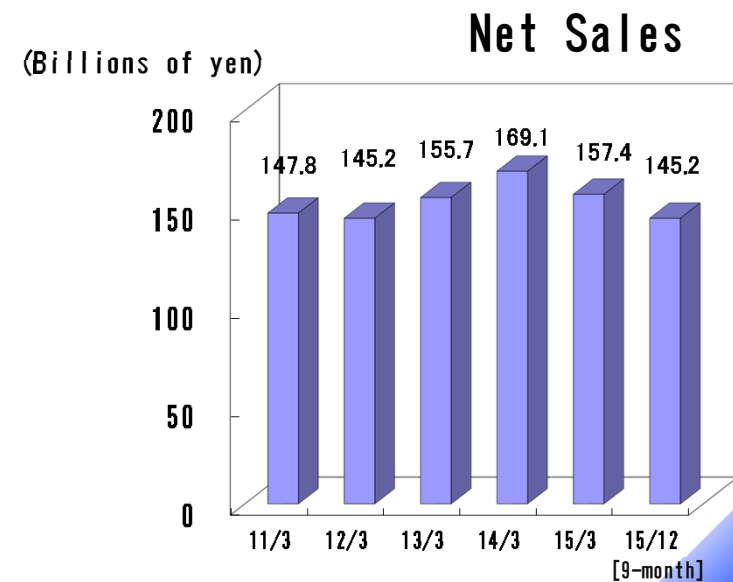
	Jan-Mar	FY 2015			FY 2016			
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Companies that have adopted Mar.31 as the fiscal year-end ISEKI & CO.,LTD and others								
Companies that have adopted Dec.31 as the fiscal year-end Domestic sales companies & others								

Note: The subsidiary in France only adopts the end of September as its fiscal year end.

(The results from Oct. to Dec. are posted for the 1st quarter.)



1. Outline of Financial Results of the First Quarter Fiscal Year Ending December, 2016



Outline of First Quarter Business Performance

(JPY bn, %)

Item	1Q of FY ended Dec.15 Restated basis		1Q of FY ending Dec.16 Actual		y o y change (Restated basis)	1Q of FY ending Dec.16 Target	Diff. (Target/ Actual)
		%		%			
Net Sales	35.6	100.0	37.7	100.0	2.1	38.7	(1.0)
(Domestic)	26.9	75.6	28.2	74.8	1.3	29.0	(0.8)
(Overseas)	8.7	24.4	9.5	25.2	0.8	9.7	(0.2)
Operating Income	(2.0)	(5.6)	(0.4)	(1.1)	1.6	(0.5)	0.1
Ordinary Income	(2.3)	(6.5)	(0.7)	(1.9)	1.6	(0.5)	(0.2)
Profit (Loss) attributable to owners of parent			(0.6)	-		(0.5)	(0.1)

* 1st Quarter Dec.16 Average actual forex rate : ¥117.3 to the US\$, ¥128.1 to the Euro

Breakdown of Domestic Sales

(JPY bn)

		1Q of FY ended Dec.15 Restated basis	1Q of FY ending Dec.16 Actual	y o y Change (Restated basis)		1Q of FY ending Dec.16 Target	Diff. (Target/ Actual)	
					Note			
Agriculture Related Business	Agricultural Machinery	Cultivating & Mowing Machinery	7.7	7.7	0.0		8.6	(0.9)
		Planting Machinery	2.7	2.4	(0.3)	Rice transplanters:(0.3)	2.8	(0.4)
		Harvesting & Processing Machinery	3.0	3.0	0.0		3.3	(0.3)
	Total		13.4	13.1	(0.3)		14.7	(1.6)
	Farming Implements		3.8	4.4	0.6		4.5	(0.1)
	Parts		2.5	2.7	0.2		2.6	0.1
	Construction of Facilities		0.9	2.1	1.2		1.0	1.1
	Other Agriculture Related		6.3	5.9	(0.4)		6.2	(0.3)
	Total		26.9	28.2	1.3		29.0	(0.8)

Breakdown of Overseas Sales

(JPY bn)

	1Q of FY ended Dec.15	1Q of FY ending Dec.16	y o y Change (Restated basis)		1Q of FY ending Dec.16	Diff. (Target/ Actual)
	Restated basis	Actual		Note	Target	
North America	3.7	2.5	(1.2)	Tractors: (1.3)	3.0	(0.5)
Europe	2.7	3.1	0.4	Tractors:+0.3	3.1	0.0
China	0.8	1.5	0.7	Rice transplanters:+0.6	1.7	(0.2)
ASEAN	0.1	0.7	0.6	Tractors:+0.5	0.2	0.5
Others	0.7	1.0	0.3	Rice transplanters:+0.3	1.0	0.0
Products Total	8.0	8.8	0.8		9.0	(0.2)
Parts & Others	0.7	0.7	0.0		0.7	0.0
Total	8.7	9.5	0.8		9.7	(0.2)

Operating Income

(JPY bn, %)

Item	1Q of FY ended Dec.15 Restated basis	1Q of FY ending Dec.16 Actual	y o y Change (Restated basis)	1Q of FY ending Dec.16 Target	Diff. (Target/ Actual)
Net Sales	35.6	37.7	2.1	38.7	(1.0)
Gross Profit	9.7	10.5	0.8	10.9	(0.4)
Gross Profit Margin	27.2	27.8	0.6	28.2	(0.4)
S.G.& A. Expenses	11.7	10.9	(0.8)	11.4	(0.5)
Operating Income	(2.0)	(0.4)	1.6	(0.5)	0.1

[year-on-year change]

Increase in gross profit resulting from an increase in sales	: 0.3	
Reduced personnel expenses	: 0.8	[Incl. SG&A : 0.4]
Reduction in other expenses	: 0.8	[Incl. SG&A : 0.4]
Others	: (0.3)	[Incl. exchange gain : (0.1)]
	<u>1.6</u>	

[Comparison with the target]

Decrease in gross profit due to the drop in sales	: (0.4)
Reduced personnel expenses	: 0.2
Reduction in other expenses	: 0.3
	<u>0.1</u>

Ordinary Income and Net Income

(JPY bn,)

	1Q of FY ended Dec.15 Restated basis	1Q of FY ending Dec.16 Actual	y o y Change (Restated basis)	1Q of FY ending Dec.16 Target	Diff. (Target/ Actual)
Operating Income	(2.0)	(0.4)	1.6	(0.5)	0.1
Balance of Financial Income	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)
Other Non-operating Income	(0.2)	(0.1)	0.1	0.1	(0.2)
Ordinary Income	(2.3)	(0.7)	1.6	(0.5)	(0.2)
Extraordinary Income	0.2	0.4	0.2	0.1	0.3
Extraordinary Losses	(0.4)		0.4	(0.1)	0.1
Income before Income Taxes	(2.5)	(0.3)	2.2	(0.5)	0.2
Taxes, Deferred Taxes		(0.3)			(0.3)
Profit (Loss) attributable to owners of parent		(0.6)		(0.5)	(0.1)

[Factors of year-on year change]

[Extraordinary Income]	Gain on sales of investment securities	: 0.4
	Posting of a surcharge in the same period last year	: 0.3

Balance Sheet

(JPY bn)

Item	As of Mar.15	As of Mar.16	y o y change	As of Dec.15
Cash/Deposits	6.6	15.2	8.6	8.8
Accounts Receivables	30.4	30.7	0.3	24.9
Inventories	47.7	49.3	1.6	47.8
(Product Inventory)	30.8	30.4	(0.4)	29.7
Other Current Assets	7.1	4.6	(2.5)	5.2
Noncurrent Assets	112.3	111.8	(0.5)	114.4
Total Assets	204.1	211.6	7.5	201.1
Accounts Payables	38.7	41.2	2.5	40.0
Debts	57.6	71.0	13.4	56.7
Other Liabilities	36.7	33.4	(3.3)	36.3
(Total Liabilities)	133.0	145.6	12.6	133.0
Net Assets	71.1	66.0	(5.1)	68.1
(Retained Earnings)	15.7	12.6	(3.1)	13.5
Total Liabilities and Net Assets	204.1	211.6	7.5	201.1



2.Recent Development in Domestic and Overseas Markets



Variable fertilizing 8-row rice transplanter
NP80-FV



Industry Shipments and Sales Result

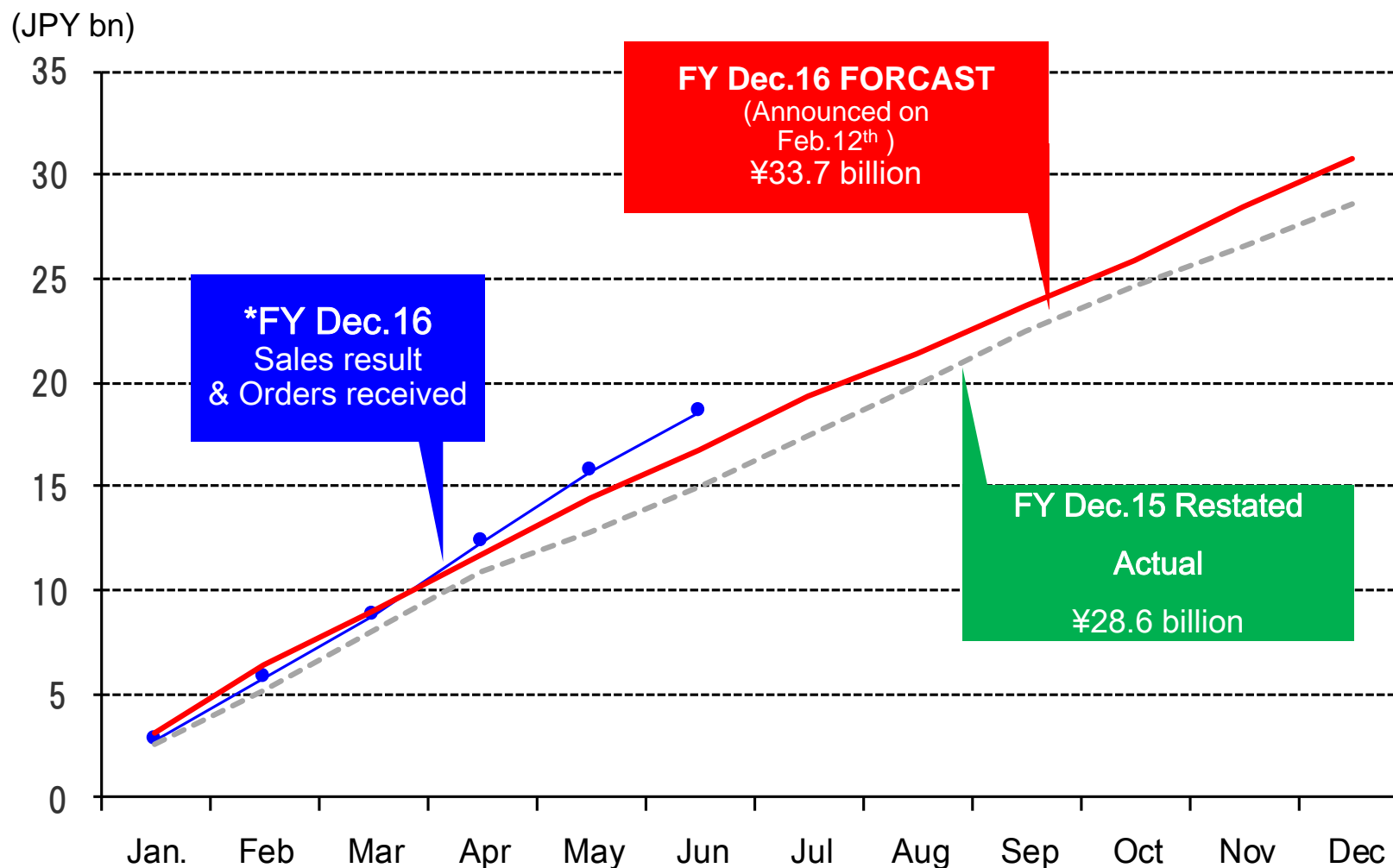
Growth rate of 9 principal products(year-on year)

(%)

		Mar.13	Mar.14	Mar.15	Sep.15	Mar.16
Industry	Shipment value	106	127	67	76	98
ISEKI	Sales Value	104	117	73	89	107

Note: The value of shipments on the above was calculated based on our standard.

Recent Market Trend in Overseas



* Shipment result (from Jan.- Mar.) + Orders received (from Apr.-Jun.)
The results of "Parts & Others" are not included.

Market Trend (North America)

1. Market in North America

(Unit: 1000)

Category (PTO HP)	Compact Tractors (PTO 40HP or below)			Utility Tractors (PTO 40HP or above, 100hp or below)		
	USA	Canada		USA	Canada	
Jan.-Mar., 2015	18	2	20	11	1	12
Jan.-Mar., 2016	23	2	25	12	1	13
Growth rate	126%	79%	122%	103%	89%	102%

Source: Association of Equipment
Manufacturers statistics

Figures have been rounded and non-adjusted.

2. Situation of AGCO (OEM partner)

Unit sales (Jan.-Mar.)

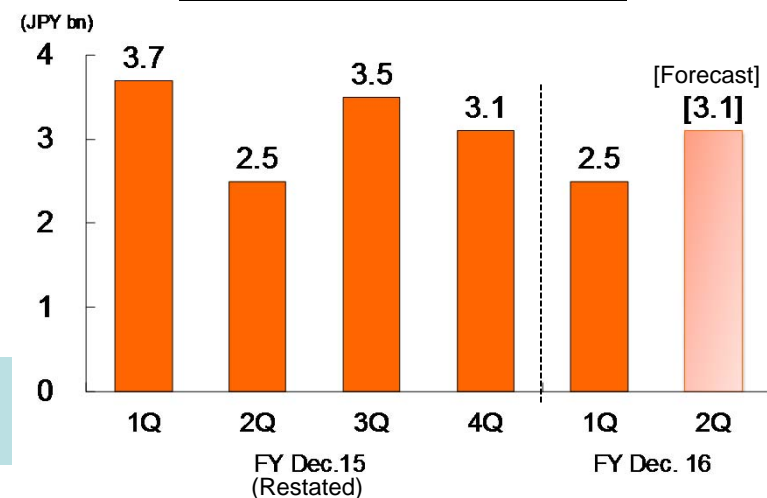
- Compact tractors: Higher than last year
- Utility tractors: Higher than last year

3. Our situation

Order & shipment (Jan.– Jun.): Stayed good since April

Since the market demand of compact tractors remains active, we try to increase our sales more.

Net Sales in North America



Market Trend (Europe)

1. Trend in European market

Sluggish demand caused by warm winter in landscaping market

2. Situation of distributors

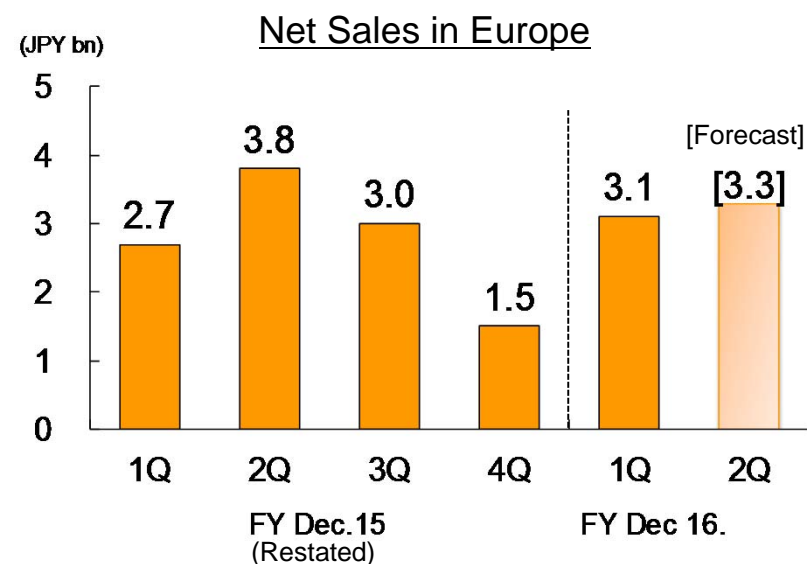
➤ Unit sales

- Distributors (from Jan.-Mar.) : Lower than last year
- ISEKI France (from Jan. – Mar.):
[Consolidated subsidiary] Lower than last year

3. Our situation

- Order & shipment (Jan. – Jun.):
In line with the plan

Running sales promotion of new products, we try to make further sales this year



Market (Thailand)

1. Trend in Thai market

Uncertain future outlook due to prolonged drought and sluggish economy

2. Situation of ISEKI (Sales) Thailand [Mitsubishi Corporation 80%, ISEKI 20% investment]

Strong sales mainly in new products(tractors) launched last year.
- Unit Sales (Jan.-Mar.): Higher than last year

3. Establishment of local subsidiary [ISEKI (THAILAND)CO.,LTD.]

A new local subsidiary, to be established in Sep. 2016, provides both sales support and after-sales services both in Thailand and across ASEAN countries.

Through the effort to make more sales by the sales company and provide sales support by the new local subsidiary, we try to expand our sales in the region.



Market Trend (Indonesia)

1. Trend in Indonesian market

Rise in demand through government tender is expected.

2. Our situation

➤ Sales

Through the agricultural machinery diffusion policy by the Indonesian government, we have received orders for tractors and walk-behind rice transplanter in 2016. (Manufactured in China)

In 2016, we try to acquire more orders than the previous year.

Market Trend (China)

1. Trend in Chinese market

(billion of yuan)

■ Government subsidy	2008	2009	2010	2011	2012	2013	2014	2015	2016
	40	130	155	175	215	217.5	238	238	1 st period 209
									Annual 237.5

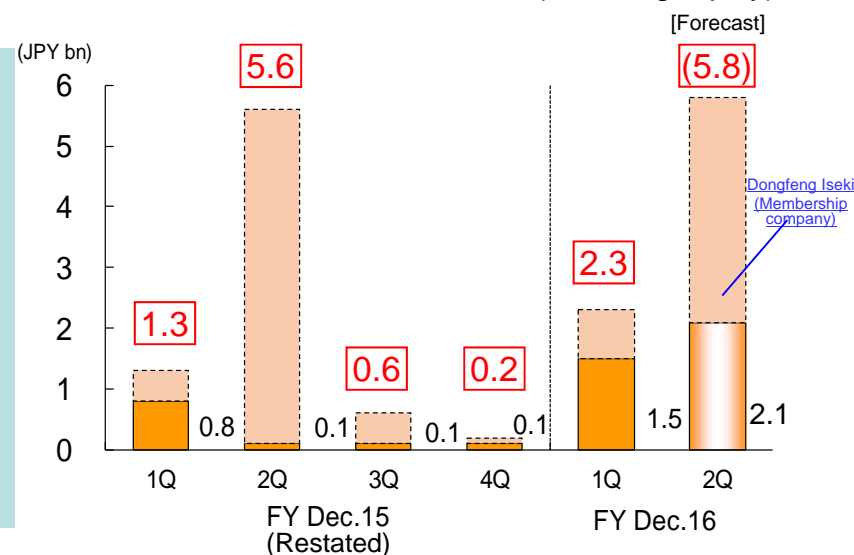
2. Situation of Dongfeng Iseki

Sales of Dongfeng Iseki (Jan.-Mar.)

*Excluding export to Southeast Asia from China

- Rice transplanters (walk-behind/ride-on)
: Higher than last year
- High-clearance multi-purpose vehicles
: Higher than last year
- Tractor (full-fledged sales)
: Got off a good start

Trend of ISEKI's sales in China (including equity)



Both rice transplanters and high-clearance vehicles keep a high level of sales. Running sales promotion of rice transplanters in a spring demand season and full-fledge sales of tractors, we try to make further sales this year.



3. Performance Forecast For the Fiscal Year Ending December, 2016



Combine harvester w/ yield sensor
HJ-S series (4-6 row harvesting)



Performance Forecast for FY ending Dec.16

1. Performance forecast

(JPY bn)

Item	FY ended Dec.15 Restated basis		FY ending Dec.16 Forecast *		y o y Change (Restated basis)	
	2Q	Full year	2Q	Full year	2Q	Full year
Net Sales	76.3	156.8	83.0	165.0	6.7	8.2
Operating Income	0.6	0.2	1.4	3.5	0.8	3.3
Ordinary Income	0.6	0.4	1.3	3.2	0.7	2.8
Profit attributable to owners of parent			0.7	1.9		

Note: Company forex rate: ¥120 to the US\$, ¥130 to the Euro

* Announced on Feb 12th

The effects of The 2016 Kumamoto Earthquake : we are currently assessing its impact and any impact on business performance in the future will be promptly disclosed as needed.

2. Year-End Divided Forecast

(Yen)

Dec.15	Dec.16 Plan
1.5	1.5 - 3.0



4.Topics



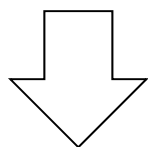
1) Establishment of a new subsidiary in Thailand

■ “ISEKI (THAILAND) CO., LTD.” to be established

(New release announced in April)

In the ASEAN region :

- Supporting the distribution of our products
& planning sales strategies
- Developing / procuring farming implements & spare parts
- Providing after-sales service & establishing parts centers



Scheduled to be
established in September,
2016

Capital	90 million baht (Approx. JPY 0.3 billion)
Ownership	100% owned by ISEKI & Co., Ltd.
Fiscal year-end	December 31
Location	Bangkok

2) New branch of Dream Agricultural Research Institute

<Strategic Base>

Dream Agricultural Research Institute

(Located in Tsukuba-Mirai City, Ibaraki Pref.)

Research & diffusion of advanced agri-business technologies

- Exhibition hall
- Demonstration farm field
- Workshop facility
- Laboratory/ seminar room

Exhibition Hall



Training Group's employees

Establishing branches in wide areas

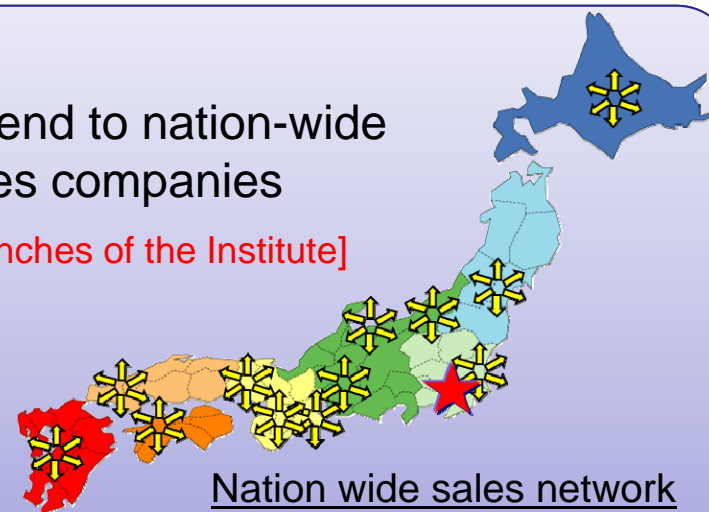
Professional experts to propose profitable farming methods to prospective farmers

[Agri-Heroes support projects]

Personnel Allocation

Extend to nation-wide sales companies

[Branches of the Institute]



Nation wide sales network

Establishment of Agri-Support Center in Kyushu

■ Our 1st branch of the Institute opened in February

“A facility in Kyushu to propose, introduce, instruct farming methods”



Yield amount of vegetables in Kyushu :
Approx. 20% of all harvested in Japan

- ▶ Enhance abilities to make proposals for vegetable farming
 - Exhibiting vegetable farming machinery
 - Planning & Hosting seminars
 - Organizing a promotion team for vegetable farming
- ▶ Adjacent demonstration farm
 - Demonstrating / proposing local farming techniques
- ▶ Proposal of advanced farming technologies & techniques

Site area	5,620m ²
Training facility	1,492m ²
Exhibition & Warehouse	1,823m ²
Farm	840m ² + 4ha (Demonstration farm)
Location	Masaki-cho, Kumamoto Pref.

3) Establishment of a new plant factory

■ Advanced research & demonstration facility opened in March

Joint research with Ehime University

2005 Joint research started (Facility in the premise of Ehime University)

2014 Launched plant growth diagnosis machine



Detail	Solar-powered greenhouse plant Plant growth diagnosis machine, environments control device
Area	500m ²
Location	Matsuyama City, Ehime Pref. ISEKI Matsuyama Mfg.Co., Ltd.)

<Plant growth diagnosis device>

Awarded “2016 Special award for development”

The Japanese Society of Agricultural Machinery and Food Engineers

Notes on the Future Forecast

- The objective of this presentation document is to provide information, and it is not intended to invite any action.
- The document has been prepared by ISEKI based on currently available information and it involves potential risks and uncertainties. The forecast may not be consistent with actual results depending on fluctuation of the economic situation and market trends.
- In using this information, investors are expected to depend on their own judgment. ISEKI is not liable for any losses incurred by investment decision made utilizing the business forecast or targets given in this document.



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