

# Financial Results for the Fiscal Year Ended March 2013 Investor Relations Presentation Materials

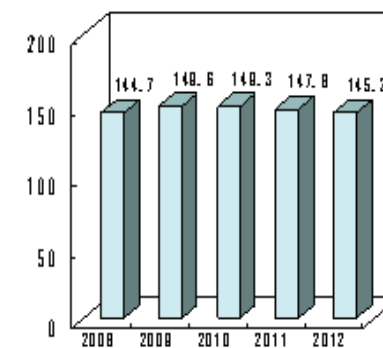
ISEKI & CO., LTD.  
Noriyuki Kimura, President  
May 17, 2013



1. Outline of Financial Results for the Fiscal Year Ended March, 2013
2. Recent Development in Domestic and Overseas Markets
3. Performance Forecast for the Fiscal Year Ending March, 2014
4. Topics

# 1. Outline of Financial Results for the Fiscal Year Ended March, 2013

(Billions of yen) **NetSales**



(Years ended March 31)

# Outline of Business Performance

(JPY bn, %)

Item	11/Mar.	12/Mar.		13/Mar.		Change	13/Mar. Forecast *	Change
			%		%			
Net Sales	147.8	145.2	100.0	155.7	100.0	10.5	155.0	0.7
(Domestic)	128.7	123.8	85.3	133.0	85.5	9.2	132.5	0.5
(Overseas)	19.1	21.4	14.7	22.7	14.5	1.3	22.5	0.2
Gross Profit	46.2	46.4	32.0	48.1	30.9	1.7	49.1	(1.0)
S. G. & A. Expenses	43.4	42.2	29.0	43.0	27.6	0.8	43.6	(0.6)
Operating Income	2.8	4.2	2.9	5.1	3.3	0.9	5.5	(0.4)
Ordinary Income	2.0	3.9	2.7	5.4	3.5	1.5	5.5	(0.1)
Net Income	(0.9)	2.7	1.9	4.0	2.6	1.3	4.1	(0.1)

■ Company average forex rate (13/Mar.): 1 US \$=¥ 82, 1Euro=¥105

\* Forecast announced on Feb.8.

# Breakdown of Domestic Sales

(JPY bn)

		11/Mar.	12/Mar.	13/Mar.	Change	Note	13/Mar. Forecast*	Change	
Agriculture Related Business	Agricultural Machinery	Cultivating & Mowing Machinery	26.7	27.5	29.0	1.5	Tractors :+1.2 Others :+0.3	29.2	(0.2)
		Planting Machinery	11.6	10.4	11.3	0.9	Rice transplanters:+0.8 Others:+0.1	11.1	0.2
		Harvesting & Processing Machinery	25.5	25.9	26.8	0.9	Com bine harvesters:+0.4 Drying Maching and others:+0.5	26.7	0.1
		<b>Total</b>	<b>63.8</b>	<b>63.8</b>	<b>67.1</b>	<b>3.3</b>		<b>67.0</b>	<b>0.1</b>
	Parts & Farming Implements	31.0	30.4	32.1	1.7		31.6	0.5	
	Construction of Facilities	8.7	4.7	7.8	3.1		8.1	(0.3)	
	Other Agriculture Related	25.1	24.8	25.9	1.1		25.7	0.2	
	<b>Total</b>	<b>128.6</b>	<b>123.7</b>	<b>132.9</b>	<b>9.2</b>		<b>132.4</b>	<b>0.5</b>	
	Other Business Total	0.1	0.1	0.1	0		0.1	0	
	<b>Total</b>	<b>128.7</b>	<b>123.8</b>	<b>133.0</b>	<b>9.2</b>		<b>132.5</b>	<b>0.5</b>	

\* Forecast announced on Feb.8.

# Breakdown of Overseas Sales

(JPY bn)

	11/Mar.	12/Mar.	13/Mar.	Change	Note	13/Mar. Forecast*	Change
North America	5.6	5.3	6.5	1.2	Tractors: +1.1 Mowers: +0.1	6.5	0
Europe	6.8	7.2	5.3	(1.9)	Tractors: (1.4) Mowers: (0.5)	5.3	0
China*	3.3	5.7	6.7	1.0	Rice transplanters: +0.8 Transplanters: +0.2	6.9	(0.2)
Other Asia	1.1	0.9	1.5	0.6	Tractors: +0.1 Combine harvesters: +0.4 Rice transplanters: +0.1	1.4	0.1
Oceania	0.4	0.4	0.5	0.1	Tractors: +0.1	0.5	0
Products Total	17.2	19.5	20.5	1.0		20.6	(0.1)
Parts & Others	1.9	1.9	2.2	0.3		1.9	0.3
Total	19.1	21.4	22.7	1.3		22.5	0.2

\* Sales in China are actual results (Jan. – Dec.) \* Forecast announced on Feb.8.

# Operating Income

(JPY bn, %)

Item	11/ Mar.	12/ Mar.		13/ Mar.		Change	13/ Mar. Forecast*	Change
			%		%			
Net Sales	147.8	145.2	100.0	155.7	100.0	10.5	155.0	0.7
Cost of G. S.	101.6	98.8	68.0	107.6	69.1	8.8	105.9	1.7
Gross Profit	46.2	46.4	32.0	48.1	30.9	1.7	49.1	(1.0)
S. G. & A. Expenses	43.4	42.2	29.0	43.0	27.6	0.8	43.6	(0.6)
Operating Income	2.8	4.2	3.0	5.1	3.3	0.9	5.5	(0.4)

Operating income , Factors of YoY change

[Gross Profit]	• Increased gross income by increased revenue	:+1.7
[S.G.& A Expenses]	• Increased S.G.& A Expenses (personnel expenses +0.4, other expenses +0.4)	:+0.8

\*Forecast announced on Feb.8.

# Ordinary Income and Net Income

(JPY bn)

	11/Mar.	12/Mar.	13/Mar.	Change	13/Mar. Forecast*	Change
Operating Income	2.8	4.2	5.1	0.9	5.5	(0.4)
Net Financial Income	(0.9)	(0.8)	(0.7)	0.1	(0.8)	0.1
Other Non-operating Income	0.1	0.5	1.0	0.5	0.8	0.2
Ordinary Income	2.0	3.9	5.4	1.5	5.5	(0.1)
Extraordinary Gains	0.1	0.3	0.4	0.1	0.4	0
Extraordinary Losses	(1.9)	(0.5)	(0.3)	0.2	(0.3)	0
Income before Income Taxes	0.2	3.7	5.5	1.8	5.6	(0.1)
Taxes, Deferred Taxes	(1.1)	(1.0)	(1.5)	(0.5)	(1.5)	0
Net Income	(0.9)	2.7	4.0	1.3	4.1	(0.1)

## Factors of YoY change

[Net financial income]	Improved net financial income	: +0.1
[Other non-operating income]	Favorable turn of forex environment, etc.	: +0.5
Breakdown of incurred extraordinary gains or losses		
[Extraordinary gains]	Compensation income related to earthquake	: +0.21
	Fire insurance income	: +0.17
	Gain on sales and retirement of noncurrent assets	: +0.02
[Extraordinary losses]	Restoration cost of fire at paint facility of Iseki-Matsuyama Mfg. Co., Ltd.	: (0.09)
	Loss on sales and retirement of noncurrent assets, etc.	: (0.23)

\* Forecast announced on Feb.8.



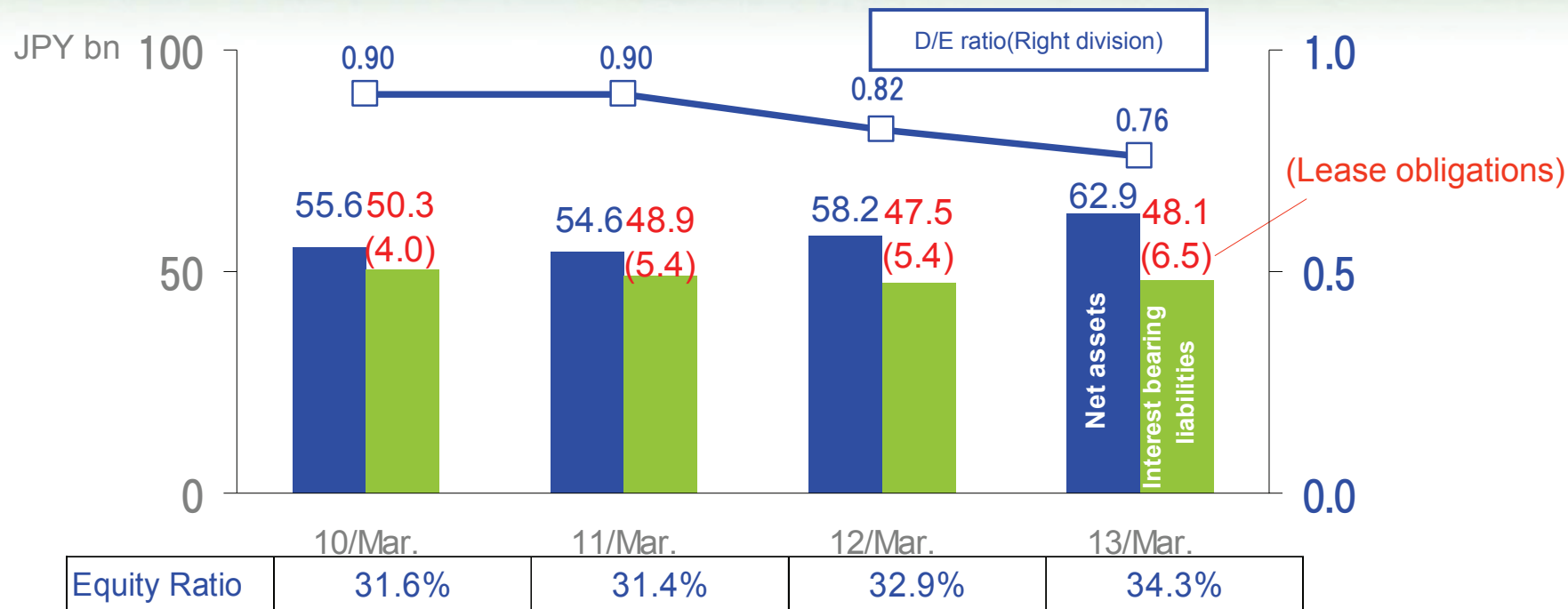
# Balance Sheet

(JPY bn)

Item	11/Mar.	12/Mar.	13/Mar.	Change
Cash/Deposits	5.7	7.1	9.3	2.2
Accounts Receivables	28.7	28.7	30.5	1.8
Inventories	41.0	42.8	42.7	(0.1)
(Product Inventory)	27.8	28.1	27.3	(0.8)
Other Current Assets	3.3	4.3	3.8	(0.5)
Noncurrent Assets	90.5	89.7	92.7	3.0
<b>Total Assets</b>	<b>169.2</b>	<b>172.6</b>	<b>179.0</b>	<b>6.4</b>
Accounts Payables	42.0	43.7	42.6	(1.1)
Debts/Borrowings	43.5	42.1	41.7	(0.4)
Other Liabilities	29.1	28.6	31.8	3.2
(Total Liabilities)	114.6	114.4	116.1	1.7
<b>Net Assets</b>	<b>54.6</b>	<b>58.2</b>	<b>62.9</b>	<b>4.7</b>
(Retained Earnings)	5.2	7.9	11.5	3.6
<b>Total Liabilities and Net Assets</b>	<b>169.2</b>	<b>172.6</b>	<b>179.0</b>	<b>6.4</b>

# Balance of Interest Bearing Liabilities and Planned Dividend

## 1. Balance of Interest Bearing Liabilities



## 2. Planned Dividend

	11/Mar.	12/Mar.	13/Mar.(Planned)
Year-end Dividend (yen)	0.0	1.5	3.0

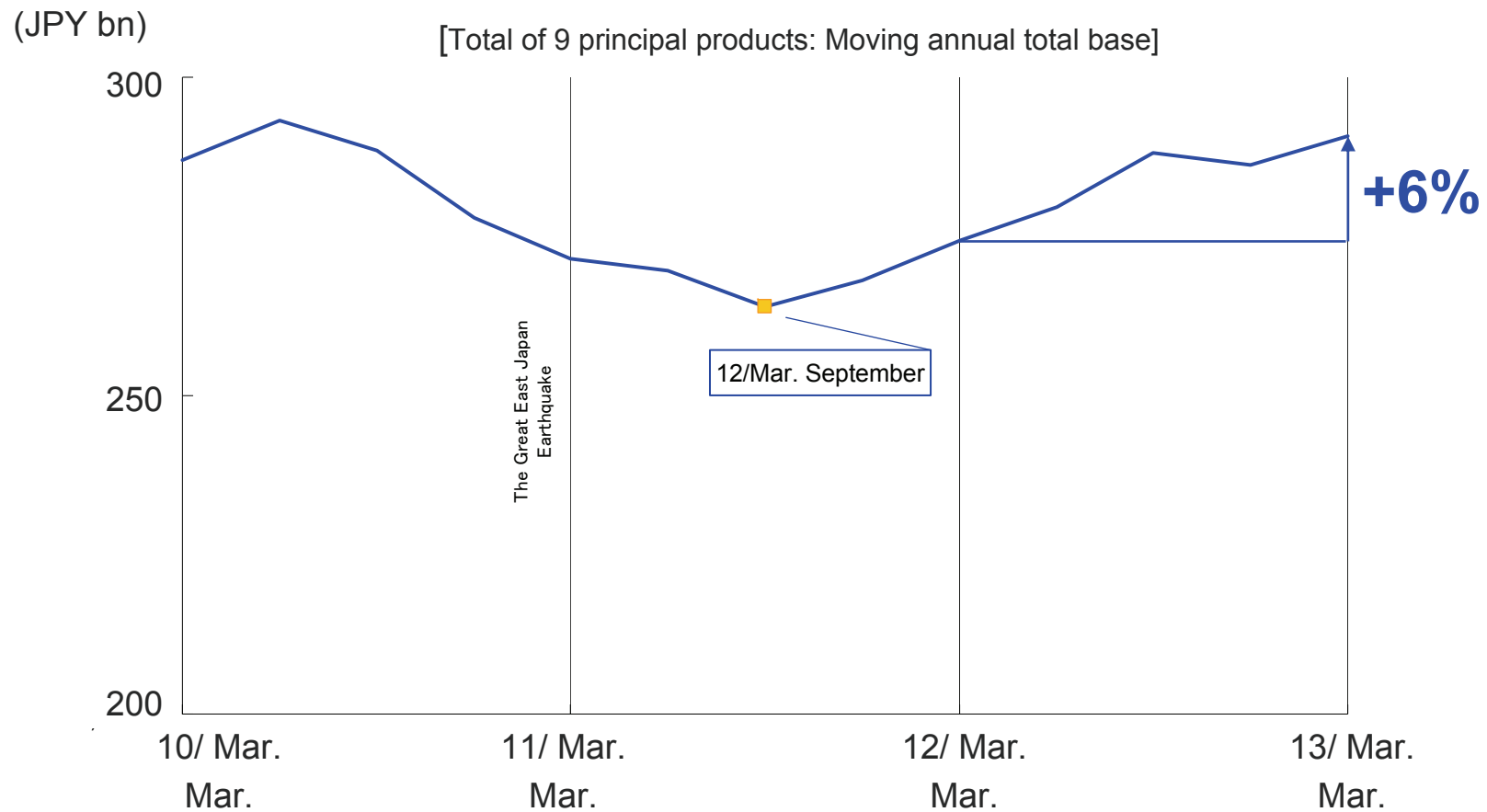
## 2. Recent Development in Domestic and Overseas Markets



Semi-crawler Tractor

# Domestic Demand for Agricultural Machinery

## 1. Trends of Domestic Demand for Agricultural Machinery



Source: [Demand]Shipping Statistics of Japan Farm Machinery Manufacturers Association

# Trends in Domestic Agricultural Machinery Market

## 2. Domestic agricultural machinery shipment and effective sales of ISEKI

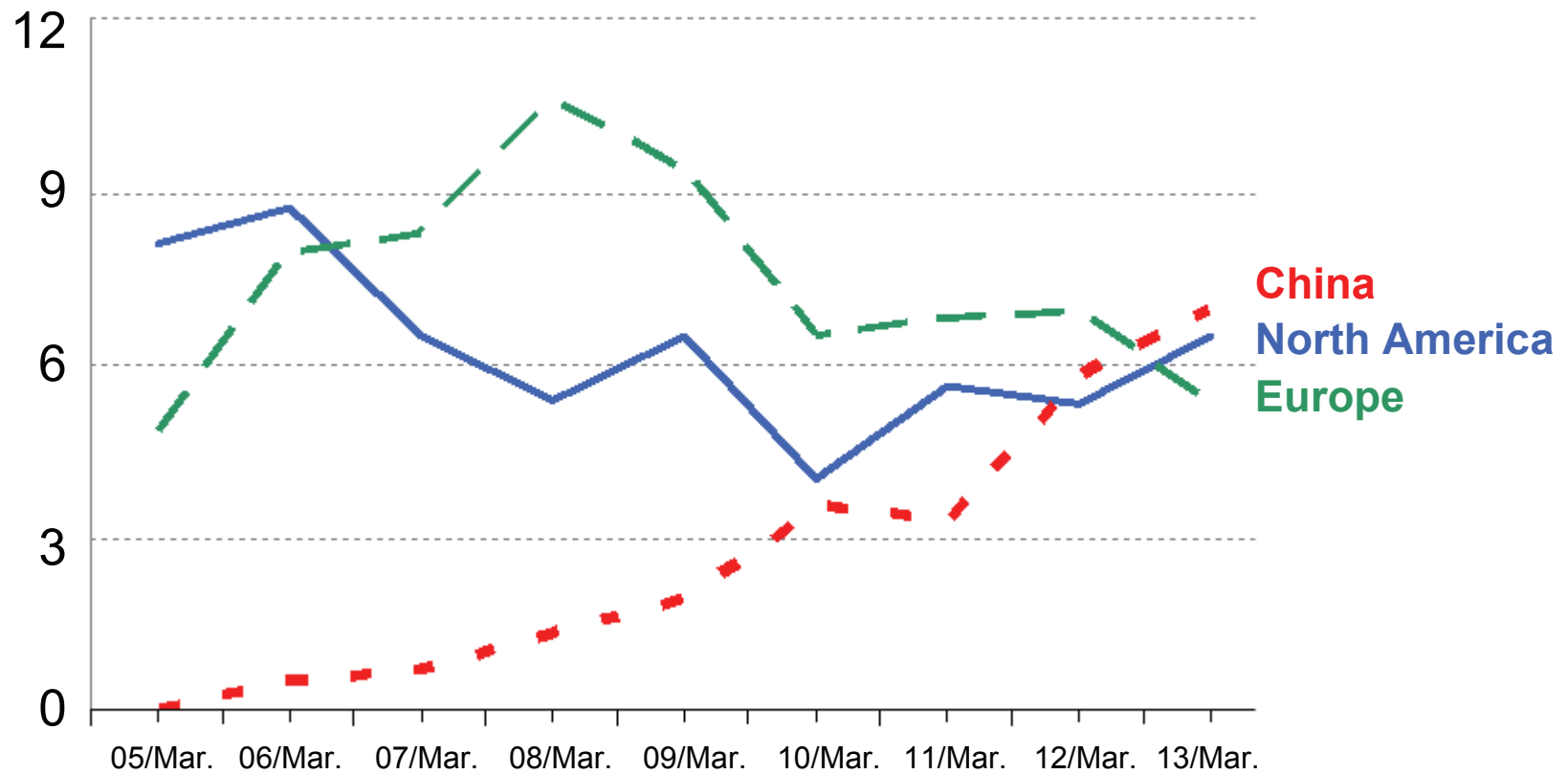
\* Total amount of 9 principal products base, Y o Y growth rate (%),  
Moving annual total.

Source: Shipping statistics of Japan Farm  
Machinery Manufacturing Association

	10/3	11/3	12/3	13/3
Industry (Shipment)	97	94	101	106
ISEKI (Effective sales)	97	97	103	104

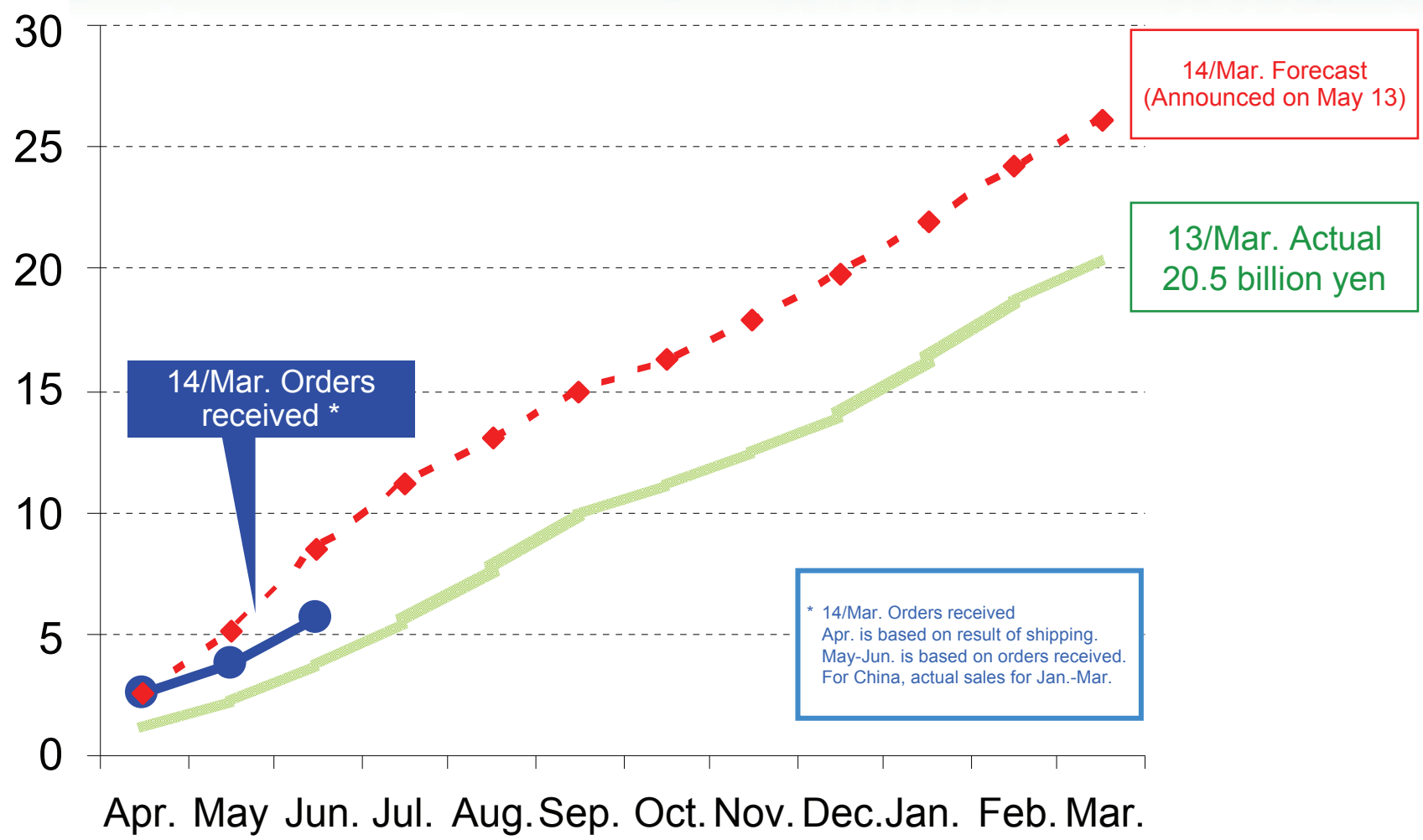
# Trend of Regional Sales of Overseas Products

(JPY bn)



# Recent Trend of Overseas Product Sales

(JPY bn)



\* 14/Mar. Orders received  
 Apr. is based on result of shipping.  
 May-Jun. is based on orders received.  
 For China, actual sales for Jan.-Mar.

# Trend in Overseas Market (North America)

## 1. Trend of Tractor Market in North America

(Unit: 1000)

hp	Compact	Utility	Agriculture use
100 or more			
40	Being supplied by ISEKI		

Class (PTO hp classification)	2011	2012	Growth rate	
Compact (40hp or below)	USA	85	92	109%
	Canada	12	12	103%
		96	104	108%
Utility (40hp or above, 100hp or below)	USA	50	54	109%
	Canada	7	7	99%
		57	61	107%

2012	2013	Growth rate
Jan.~Mar.	Jan.~Mar.	
15	16	105%
1	2	134%
17	18	108%
11	12	109%
1	1	106%
12	13	109%

Figures have been rounded and non-adjusted  
Source: AEM statistics (Association of Equipment Manufacturers)

## 2. Sales of OEM partner

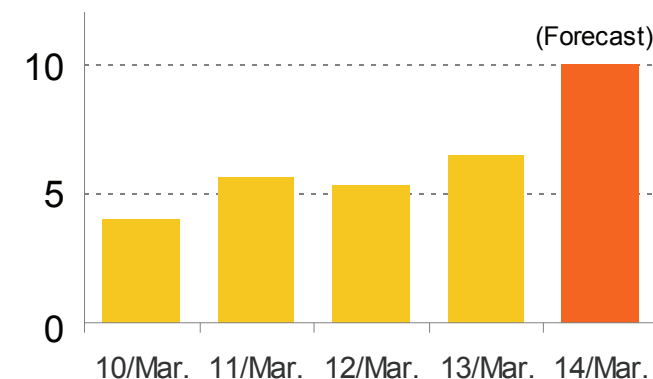
- While effective sales of compact tractors shifted higher than the same period of the previous year, the sales were somewhat behind the growth rate of the market.
- Sales of utility tractors supplied by ISEKI were started in sequence from April.

## 3. ISEKI's Sales

- Orders received for Apr.-Jul. were 180% compared with the same period of the previous year, having shifted higher than the plan due to model changed machines and favorable acceptance of utility tractors launched in last year. (Shipment was made in April).

## Trend of product sales for North America

(JPY bn)





# Trends in Overseas Market (Europe)

## 1. Trends in European Market

- Demand continued to stay at a low level since last year due to economic recession.

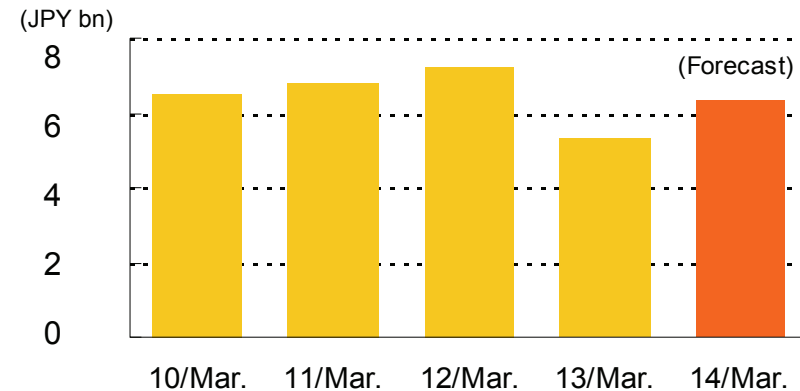
## 2. ISEKI's Sales and Strategy

- Cumulative sales units by European agents for Jan.-Mar. shifted below the previous year in Europe as a whole.
- ISEKI's orders received base remained in line with the previous year.



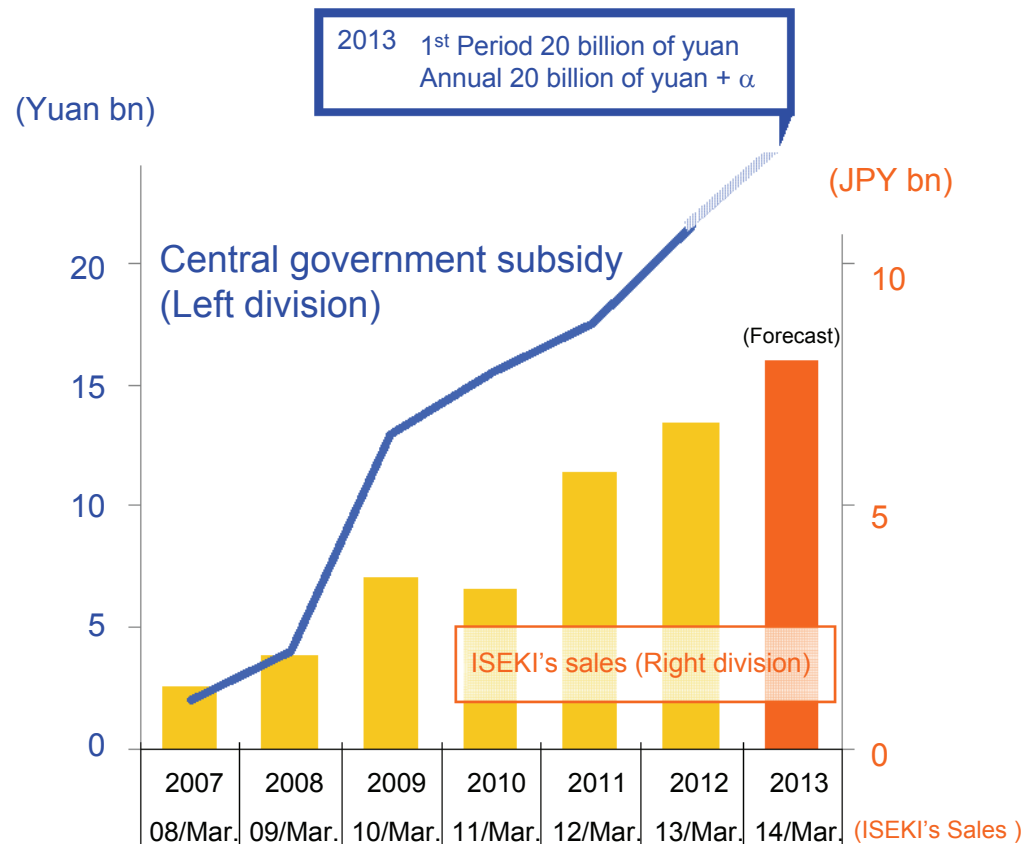
Try to expand sales by injection of new products through model change, etc.

Trend of product sales for Europe



# Trends in Overseas Markets (China)

## 1. Trend in Chinese Market



## 2. ISEKI's Sales and Strategy

While effective sales for Jan.-Mar. were higher than the previous year, the sales were behind the plan due to influence of changed requirements for grant of subsidies as well as delayed announcement of the subsidy policy following last year.

Injection of products suited for the market such as riding rice transplanters and limited sales of multi-crop combine harvesters whose expanded sales can be expected.

### 3. Performance Forecast for the Fiscal Year Ending March, 2014



Multi-crop Combine Harvester

# Performance Forecast for FY14/Mar. & Year-End Dividend Forecast

## 1. Performance Forecast for FY14/Mar. \*Forecast announced on May 13. (JPY bn)

Item	12/Mar.		13/Mar.		14/Mar. Forecast*		Change
		%		%		%	
Net Sales	145.2	100.0	155.7	100.0	163.0	100.0	7.3
(Domestic)	123.8	85.3	133.0	85.5	135.0	82.8	2.0
(Overseas)	21.4	14.7	22.7	14.5	28.0	17.2	5.3
Operating Income	4.2	2.9	5.1	3.3	5.5	3.4	0.4
Ordinary Income	3.9	2.7	5.4	3.5	5.0	3.1	(0.4)
Net Income	2.7	1.9	4.0	2.6	3.4	1.8	(0.6)

Company forex rate: 1US\$=¥95, 1Euro = ¥125 Consolidated exchange rate 1 Yuan = ¥14

## 2. Year-End Dividend Forecast

	12/Mar.	13/Mar. Planned	14/Mar. Planned
Year-End Dividend	1.50	3.00	3.00

(yen)

## 4. Topics



Utility Tractor for North America

# Opening of Production Skill/Technology Training Center

## Establishment of ISEKI Technical Training Center (ITTC) [Opening is scheduled in October]

Skill inheritance, training of global personnel to contribute in overseas production bases

[Lecturers] Educational training by Meisters

[Targets] Cooperative companies and overseas trainees in addition to group manufacturing companies both inside and outside the country.

Established in the premise of Iseki- Matsuyama Mfg. Co., Ltd.



# 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.



Increase food self sufficiency ratio 1% campaign which leads to relief in the future

**FOOD ACTION NIPPON**

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