



Financial Results for the First Quarter Fiscal Year Ending March 2015 Investor Relations Presentation Materials

ISEKI & CO., LTD.

Susumu Tada, Executive Managing Director

August 8, 2014



1. Outline of Financial Results for the First Quarter Fiscal Year Ending March, 2015
2. Recent Development in Domestic and Overseas Markets
3. Performance Forecast for the Fiscal Year Ending March, 2015
4. Topics

* Points of Attention of Our Quarterly Financial Results

Fiscal term of each consolidated company

	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
a Domestic sales companies: 12 Sales affiliated company 1, Manufacturing subsidiary in Indonesia	1 st Quarter			2 nd Quarter			3 rd Quarter			4 th Quarter					
b ISEKI & CO., LTD. Manufacturing/parts related: 7 Other consolidated subsidiaries: 3				1 st Quarter			2 nd Quarter			3 rd Quarter			4 th Quarter		
				1 st Quarter a Jan. - Mar. b Apr. - Jun.			2 nd Quarter a Apr. - Jun. b Jul. - Sep.			3 rd Quarter a Jul. - Sep. b Oct. - Dec.			4 th Quarter a Oct. - Dec. b Jan. - Mar.		

Unification of Consolidated Accounting Period

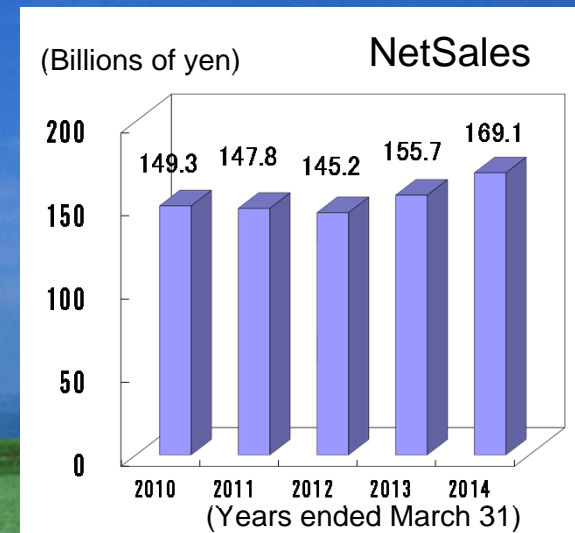
The closing date of Iseki & Co., Ltd. and other 10 consolidated companies will be unified as December 31.

Details of the change in the accounting period

Fiscal Year	Settlement	Period
FY2014 (The 91 st Term)	Unchanged	From Apr. 2014 to Mar. 2015
FY2015 (The 92 nd Term)	9 month settlement	From Apr. 2015 to Dec. 2015
FY2016 (The 93 rd Term)	Jan. – Dec. settlement	From Jan. 2016 to Dec. 2016



1. Outline of Financial Results for the First Quarter Fiscal Year Ending March, 2015



Outline of First Quarter Business Performance

(JPY bn, %)

Item	12/ Apr. - Jun.	13/ Apr. - Jun.		14/ Apr. - Jun.		Change	14/ Apr. - Jun. Plan	Change
			%		%			
Net Sales	34.0	34.8	100.0	49.2	100.0	14.4	49.0	0.2
(Domestic)	29.7	29.1	83.6	43.5	88.3	14.4	43.6	(0.1)
(Overseas)	4.3	5.7	16.4	5.7	11.7	0	5.4	0.3
Gross Profit	11.4	11.4	32.9	13.3	27.1	1.9	13.1	0.2
S. G. & A. Expenses	10.2	10.5	30.2	11.3	23.1	0.8	11.2	0.1
Operating Income	1.2	0.9	2.6	2.0	4.0	1.1	1.9	0.1
Ordinary Income	1.2	1.3	3.7	1.8	3.7	0.5	1.8	0
Net Income	1.5	1.6	4.6	1.3	2.5	(0.3)	1.2	0.1

*Domestic sales companies/Iseki-Changzhou Mfg. Co., Ltd., etc.

*ISEKI (Non-consolidated)/Domestic manufacturing companies, etc.

Cumulative total: Jan.-Mar.

Cumulative total: Apr.-Jun.

Breakdown of Domestic Sales

(JPY bn, %)

		12/ Apr. - Jun.	13/ Apr. - Jun.	14/ Apr. - Jun.	Change	Note	14/ Apr. - Jun. Plan	Change	
Agriculture Related Business	Agricultural Machinery	Cultivating & Mowing Machinery	8.3	8.9	11.6	2.7	Tractors: +2.4	11.7	(0.1)
		Planting Machinery	2.8	2.8	3.6	0.8	Rice transplanters: +0.7	3.6	0
		Harvesting & Processing Machinery	4.1	4.2	6.7	2.5	Combine harvesters: +1.8	6.7	0
	Total		15.2	15.9	21.9	6.0		22.0	(0.1)
	Farming Implements		3.8	4.3	7.1	2.8		7.1	0
	Parts		2.5	2.5	3.3	0.8		3.3	0
	Construction of Facilities		2.7	0.6	2.7	2.1	Large facilities: +1.4	2.7	0
	Other Agriculture Related		5.5	5.8	8.5	2.7		8.5	0
	Total		29.7	29.1	43.5	14.4		43.6	(0.1)
	Other Business Total		0	0	0	0		0	0
Total		29.7	29.1	43.5	14.4		43.6	(0.1)	

Breakdown of Overseas Sales

(JPY bn)

	12/ Apr. - Jun.	13/ Apr. - Jun.	14/ Apr. - Jun.	Change	Note	14/ Apr. - Jun. Plan	Change
North America	1.4	2.7	2.1	(0.6)	Tractors: (0.6)	2.4	(0.3)
Europe	0.9	0.9	2.1	1.2	Tractors: +0.6 Lawn mowers: +0.6	1.8	0.3
China*	1.1	1.2	0.6	(0.6)	Rice Transplanters: (0.5) Planters: (0.1)	0.6	0
Other Asia	0.2	0.3	0.2	(0.1)	Tractors: (0.1)	0.1	0.1
Oceania	0.1	0.1	0.1	0		0.1	0
Products Total	3.7	5.2	5.1	(0.1)		5.0	0.1
Parts & Others	0.6	0.5	0.6	0.1		0.4	0.2
Total	4.3	5.7	5.7	0		5.4	0.3

* Sales in China are actual results from Jan.-Mar. 2014.

Operating Income

(JPY bn, %)

Item	12/ Apr. - Jun.	13/ Apr. - Jun.		14/ Apr. - Jun.		Change	14/ Apr. - Jun. Plan	Change
			%		%			
Net Sales	34.0	34.8	100.0	49.2	100.0	14.4	49.0	0.2
Cost of G. S.	22.6	23.4	67.2	35.9	72.9	12.5	35.9	0
Gross Profit	11.4	11.4	32.8	13.3	27.1	1.9	13.1	0.2
S. G. & A. Expenses	10.2	10.5	30.2	11.3	23.1	0.8	11.2	0.1
Operating Income	1.2	0.9	2.6	2.0	4.0	1.1	1.9	0.1

[Operating income, Factors of YoY change]

- Increased gross income by increased revenue including forex gains :+3.2
 - Decreased production/shipment gross profit by decline in sales from Apr.-Jun. :(1.1)
 - Others :(0.2)
 - Increased S.G.& A. expenses :(0.8)
-
- +1.1

Ordinary Income and Net Income

(JPY bn, %)

	12/ Apr. - Jun.	13/ Apr. - Jun.	14/ Apr. - Jun.	Change	14/ Apr. - Jun. Plan	Change
Operating Income	1.2	0.9	2.0	1.1	1.9	0.1
Net Financial Income	(0.2)	(0.2)	(0.2)	0	(0.2)	0
Other Non-operating Income	0.3	0.6	0	(0.6)	0.1	(0.1)
Ordinary Income	1.2	1.3	1.8	0.5	1.8	0
Extraordinary Gains	0.2	0	0.6	0.6	0.7	(0.1)
Extraordinary Losses	(0.1)	0	0	0	0	0
Income before Income Taxes	1.3	1.3	2.4	1.1	2.5	(0.1)
Taxes, Deferred Taxes	0.2	0.3	(1.1)	(1.4)	(1.3)	0.2
Net Income	1.5	1.6	1.3	(0.3)	1.2	0.1

*Ordinary Income, Factors of YoY change

[Other non-operating income]	Foreign exchange valuation gain or loss	:(0.6)
[Extraordinary gains]	Gains from changes in stockholder equity, etc.	:+0.6
[Taxes, deferred taxes]	Increased tax burden by increased profit at sales companies, etc.	:(1.4)

Balance Sheet

(JPY bn, %)

Item	12/Jun.	13/Jun.	14/Jun.	Change	14/Mar.
Cash/Deposits	8.9	9.7	9.8	0.1	8.2
Accounts Receivables	36.8	38.3	34.3	(4.0)	41.6
Inventories	42.8	43.5	41.8	(1.7)	43.3
(Product Inventory)	27.3	27.6	25.1	(2.5)	26.1
Other Current Assets	4.6	4.2	4.1	0	4.6
Noncurrent Assets	89.3	94.3	106.1	11.8	99.9
Total Assets	182.4	190.0	196.1	6.1	197.6
Accounts Payables	45.7	42.5	46.1	3.6	47.5
Debts/Bonds	50.8	52.1	46.9	(5.2)	44.4
Other Liabilities	26.9	31.1	34.4	3.3	37.0
(Total Liabilities)	123.4	125.7	127.4	1.7	128.9
Net Assets	59.0	64.3	68.7	4.3	68.7
(Retained Earnings)	9.0	12.4	17.2	4.8	17.2
Total Liabilities and Net Assets	182.4	190.0	196.1	6.1	197.6

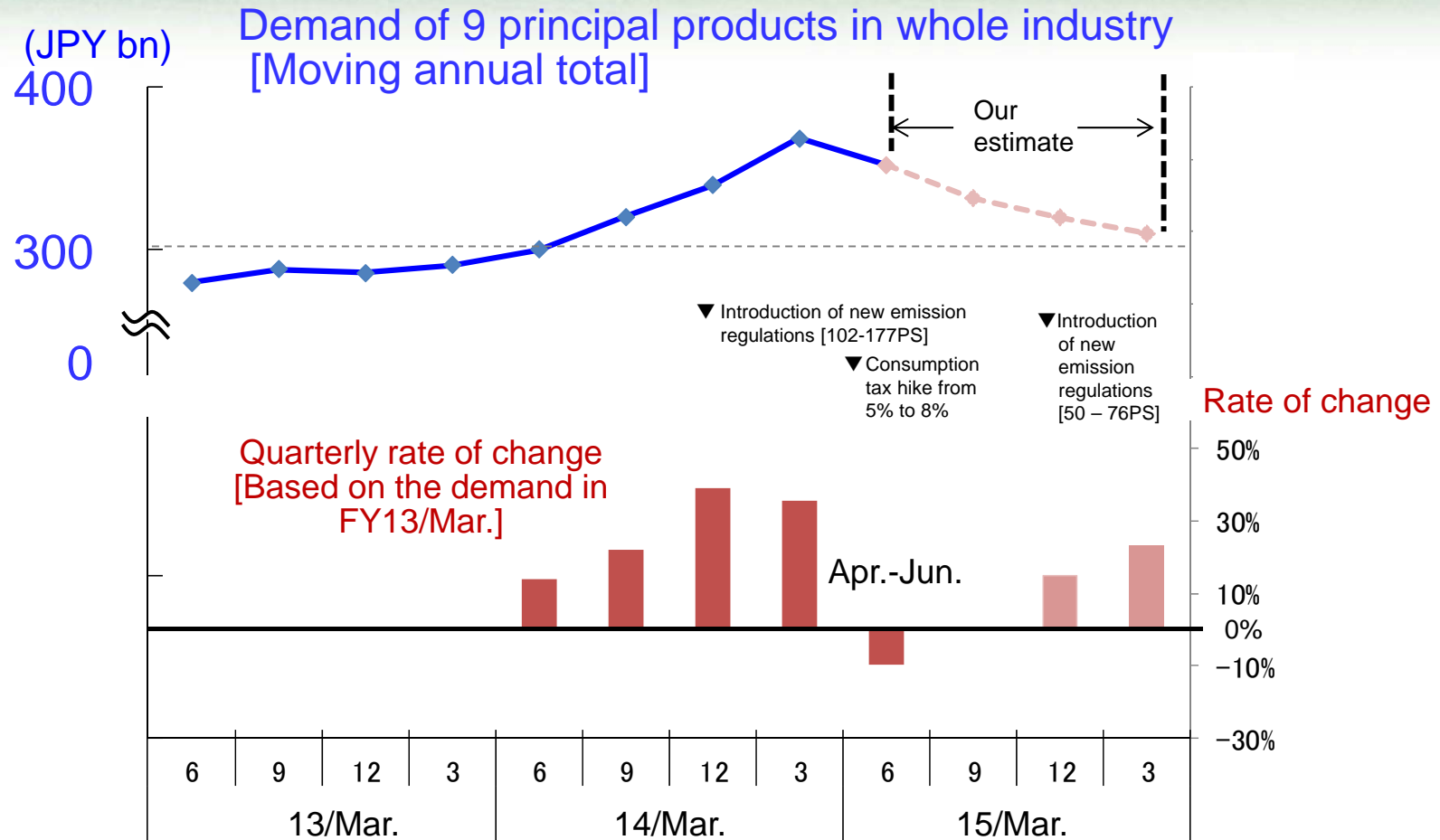


2. Recent Development in Domestic and Overseas Markets



New Model Tractor TJV3, TJW Series for domestic
62 to 120 HP

Trends in Domestic Agricultural Machinery Market



Industry and our shipment result

Y o Y growth rate of 9 principal products (Amount, Moving annual total) (%)

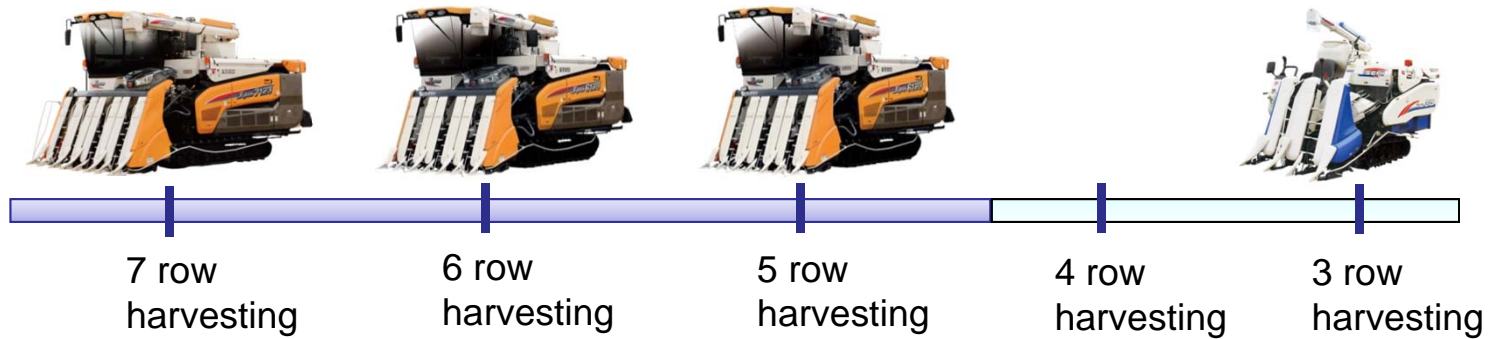
		12/Jun.	13/Jun.	14/Jun.
Industry	(Shipment)	104	107	117
ISEKI	(Shipment)	102	106	111

Introduction of 90th Anniversary New Model (2013 – 2014)

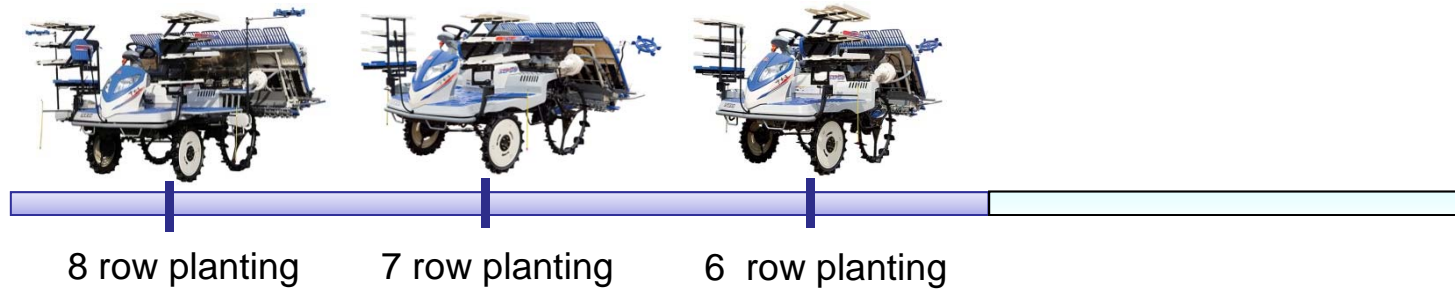
Tractors



Combine harvesters



Rice transplanters



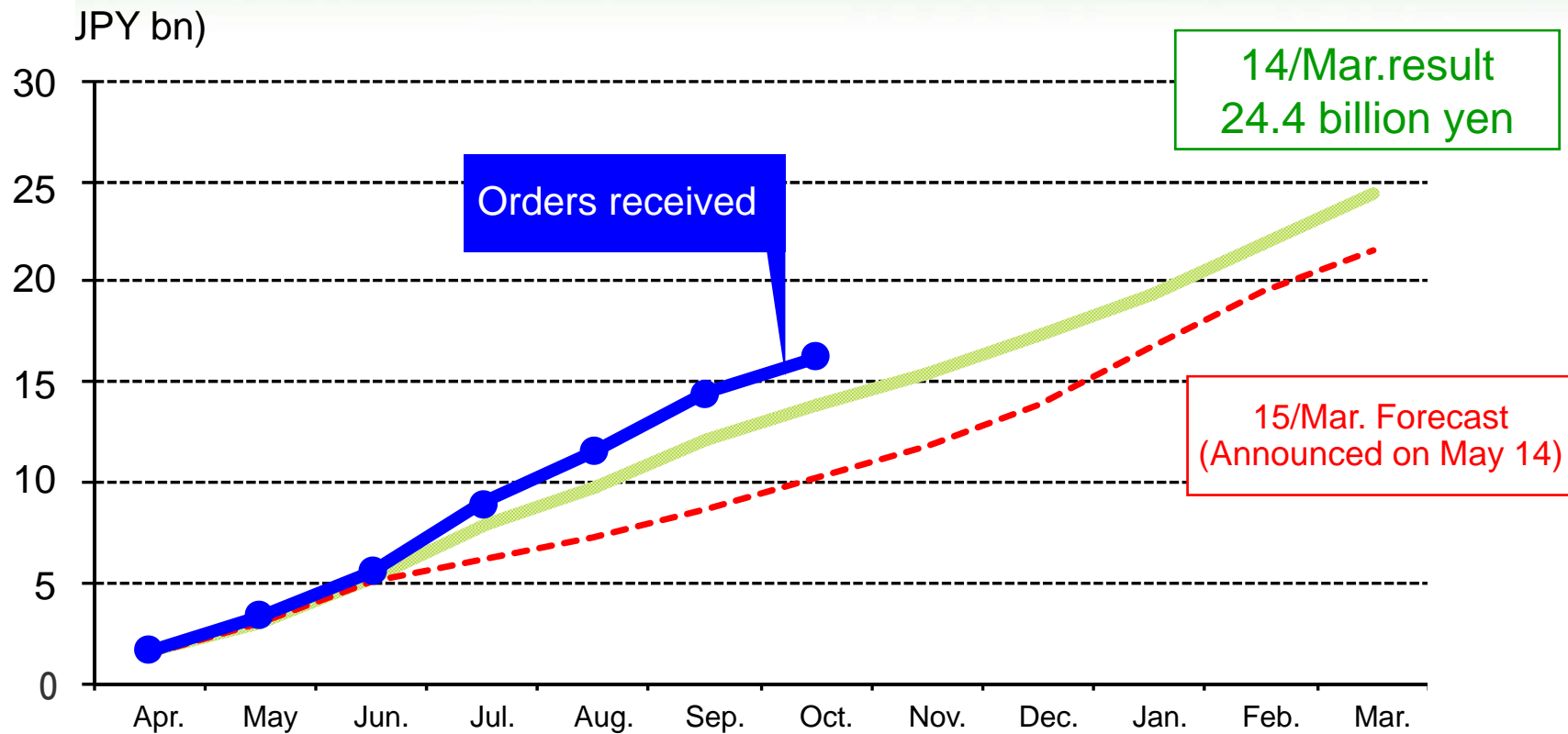
← Large Machinery →

The 90th Anniversary Campaign

<Launch of the 90th anniversary special machines>



Recent Market Trend in Overseas



* 15/Mar. Orders received (Apr. ~ Oct.)

Apr.-Jun. is based on result of shipping. Jul.-Oct. is based on orders received.

For China, actual sales for Jan.-Mar. before exclusion of the local subsidiary from consolidation are stated for Apr.-Jun.



Market Trend (North America)

1. Trend of Tractor Market in North America

Demand for both compact and utility tractors shifted higher than that of the previous year.

Source: AEM statistics
(Association of Equipment Manufacturers)

2. Result of Our OEM partner

- The sales of both compact and utility tractors from Jan. - Jun. shifted higher than that of the previous year.

3. Our situation

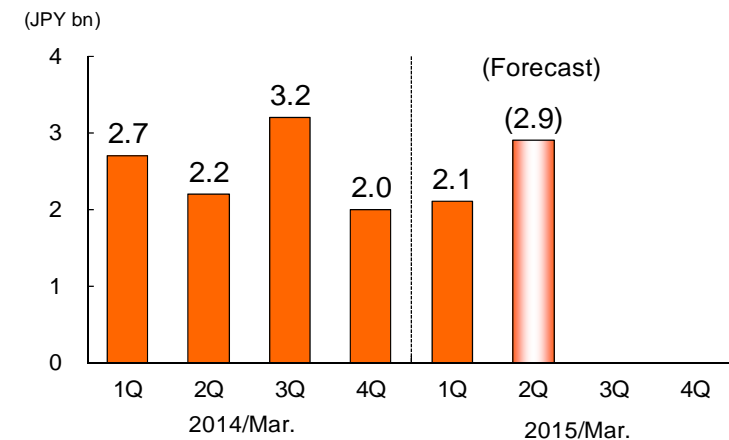
Shipment from Apr. -June. fell short of the same period in the previous year mainly because the effect of launching utility tractors has been weakened.

- Orders until October shifted higher than our original plan thanks to the growth of sales of utility tractors.

(Unit: 1000)

Category (PTO HP)		2013	2014	Growth rate
		Jan.-Jun.	Jan.-Jun.	
Compact Tractors PTO (40hp or below)	USA	56	59	107%
	Canada	7	7	100%
		63	66	106%
Utility Tractors PTO (40hp or above, 100hp or below)	USA	28	29	104%
	Canada	3	3	106%
		31	32	104%

Trend of product sales in North America



Market Trend (Europe)

1. Outline

While demand in last winter was sluggish due to warm winter, spring season had a favorable start blessed by good weather.

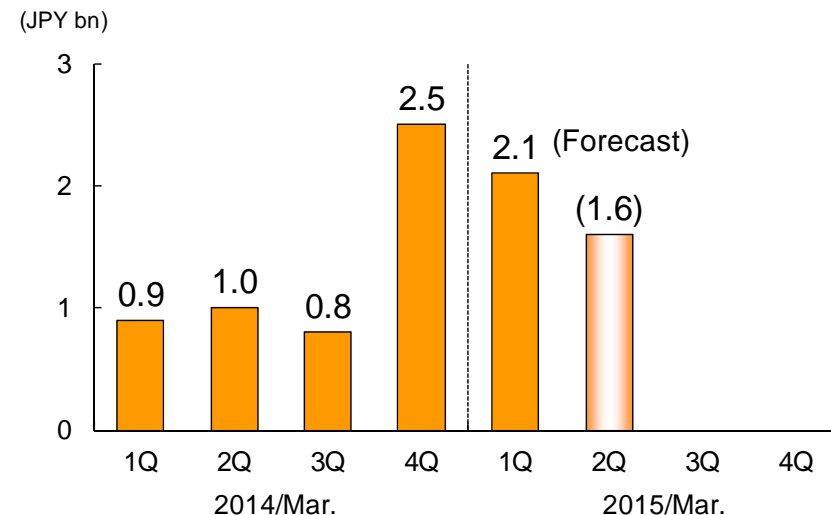
2. Our Situation

- Sales of distributors for Jan. - May shifted higher than the previous year as a whole.
- Our orders also shifted higher than both the previous year and the original plan.



We expect an increase in sales from the previous year by launching new models and their sales promotional programs as well as rolling out 90th anniversary campaign.

Trend of product sales for Europe



Sales Expansion in European Market

France is one of the biggest markets in Europe



Merged our distributor in France ,YVAN BEAL, into a wholly owned subsidiary

Profile of YVAN BEAL

- Company with an 85 year history. We have enjoyed a very successful working relationship for more than 40 years.
- Wide dealer network: 240 dealers in France
- Distinguished presence in France



Reinforced foundations of European business and sales expansion



Market Trend (China)

1. Trend in Chinese Market

■ Central government subsidy (billion of yuan)

2007	2008	2009	2010	2011	2012	2013	2014
20	40	130	155	175	215	217	1st period 17.0
							Annual 23.0 (Estimate)

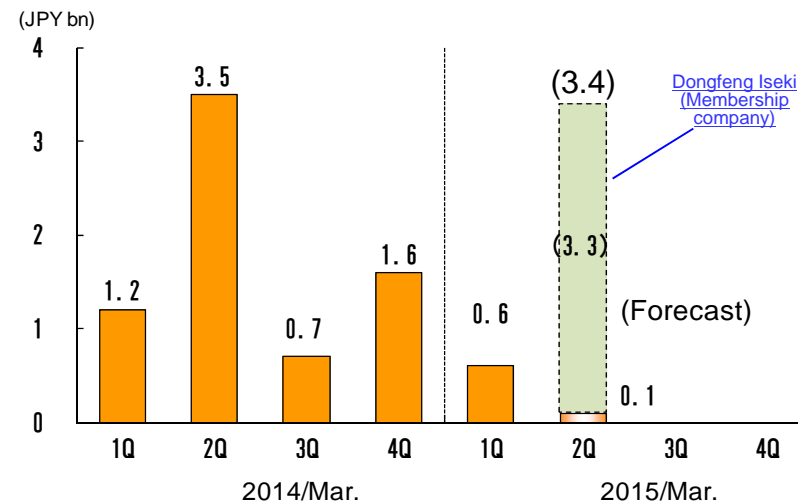
A decrease in demand resulted from poor crops in the northeast region, for 2 years running. Stagnant demand due to the delayed announcement of the state subsidy policy and changing policies

2. Our Situation

Tough immediate sales

Try to recover through sales expansion of combine harvesters in demand season, rice-transplanters in off-demand season and reinforcement of distributors.

Trend of ISEKI's sales in China



Sales Expansion in Chinese Market

Policy of Chinese government :
Fostering major domestic agricultural machinery manufactures



- 1) Completion of business integration of Iseki-Changzhou Mfg. Co., Ltd. and Dongfeng Iseki Agricultural Machinery (Hubei) Co., Ltd. (May 27).
- 2) Holding of China Business Joint Meeting (July 14-15).
- 3) Construction of new plant (Xiangyang City)
 - Signing ceremony to purchase land for manufacturing site (July 15)
 - Site space: Approx.. 0.38 M m²
 - Completion of construction : End of 2015 (Plan)
 - Machine types to be manufactured:
Combine harvesters, walk-behind rice transplanters, tractors, etc. (Plan)



Market Trends (ASEAN)

1. Our Engagement

- Sales company in Thailand
(Full-fledged operation from Jan. 2014)
- Deployment to other countries
 - Implementation of local test
(Thailand, Vietnam, Indonesia)
- Launching new merchandise
 - Limited sales of combine harvesters (Indonesia)
 - Limited sales of rice transplanters (Vietnam)



Rolling out competitive product line-up for sales expansion





3. Performance Forecast for the Fiscal Year Ending March, 2015



New Model Rice Transplanter
NP Series for domestic
5 to 8 rows planting

Performance Forecast for FY15/Mar.

(JPY bn)

Item	13/Mar.		14/Mar.		15/Mar. Forecast*		Change	
	2Q Cumulative	Annual	2Q Cumulative	Annual	2Q Cumulative	Annual	2Q Cumulative	Annual
Net Sales	80.4	155.7	82.5	169.1	83.0	165.0	0.5	(4.1)
(Domestic)	69.4	133.0	69.4	142.9	72.0	142.0	2.6	(0.9)
(Overseas)	11.0	22.7	13.1	26.2	11.0	23.0	(2.1)	(3.2)
Operating Income	4.1	5.1	4.2	7.4	2.8	5.5	(1.4)	(1.9)
Ordinary Income	3.8	5.4	4.9	8.3	2.6	5.1	(2.3)	(3.2)
Net Income	3.0	4.0	3.2	6.4	1.3	2.6	(1.9)	(3.8)

Company forex rate: 1US\$=¥101 [Unchanged], 1Euro = ¥140→ ¥ 137

* Forecast announced on August 6 .





4. Topics



New Riding Mower for Europe
SF438/450

Horticulture and plant Factory /Agricultural Machinery using ICT

Sophistication of Horticulture and plant Factory
[Non-contact plant growth measuring device]



**Jointly-developed with
Ehime university**

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

ISEKI group is partner of FOOD ACTION NIPPON.