

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

**ISEKI & CO., LTD.**  
Noriyuki Kimura, President  
November 14, 2014

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# Points of Attention of Our Quarterly Financial Results

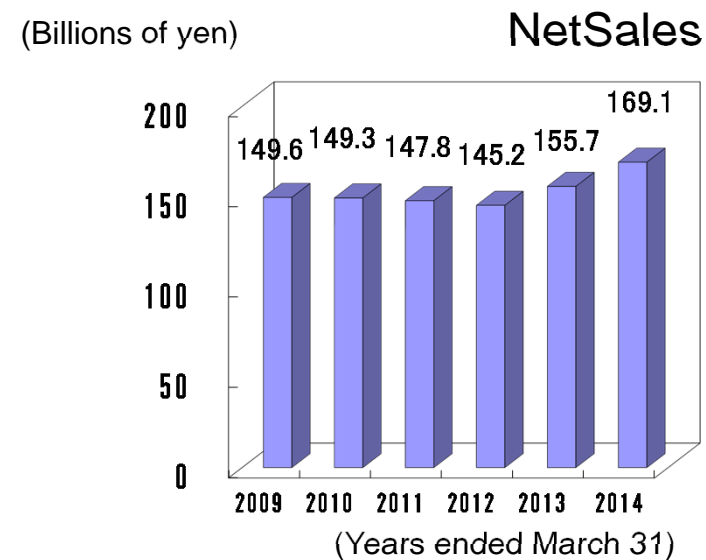
## Fiscal term of each consolidated company

	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, Subsidiary in France: 2*	1 <sup>st</sup> Quarter			2 <sup>nd</sup> Quarter			3 <sup>rd</sup> Quarter			4 <sup>th</sup> Quarter					
b ISEKI & CO., LTD. Manufacturing/parts related: 7 Other consolidated subsidiaries: 3				1 <sup>st</sup> Quarter			2 <sup>nd</sup> Quarter			3 <sup>rd</sup> Quarter			4 <sup>th</sup> Quarter		
				1 <sup>st</sup> Quarter a Jan. - Mar. b Apr. - Jun.			2 <sup>nd</sup> Quarter a Apr. - Jun. b Jul. - Sep.			3 <sup>rd</sup> Quarter a Jul. - Sep. b Oct. - Dec.			4 <sup>th</sup> Quarter a Oct. - Dec. b Jan. - Mar.		

\*September settlement



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



# Outline of Second Quarter Business Performance

(JPY bn, %)

Item	Apr. - Sep. 2012	Apr. - Sep. 2013		Apr. - Sep. 2014		Difference	Apr. - Sep. 2014 Forecast*	Difference
			%		%			
Net Sales	80.4	82.5	100.0	82.4	100.0	(0.1)	83.0	(0.6)
(Domestic)	69.4	69.4	84.1	71.4	86.7	2.0	72.0	(0.6)
(Overseas)	11.0	13.1	15.9	11.0	13.3	(2.1)	11.0	0
Gross Profit	25.3	25.8	31.3	23.5	28.6	(2.3)	25.0	(1.5)
S. G. & A. Expenses	21.2	21.6	26.2	22.5	27.3	0.9	22.2	0.3
Operating Income	4.1	4.2	5.1	1.0	1.3	(3.2)	2.8	(1.8)
Ordinary Income	3.8	4.9	5.9	1.5	1.8	(3.4)	2.6	(1.1)
Net Income	3.0	3.2	3.9	1.3	1.6	(1.9)	1.3	0

Note: Domestic sales companies, etc.

Note: ISEKI & Co., Ltd./Domestic manufacturing companies, etc.

Cumulative total: Jan.-Jun.

Cumulative total: Apr.-Sep.

\* 15/Apr. – Sep. Forecast  
announced on May 14



# Breakdown of Domestic Sales

(JPY bn, %)

		Apr. - Sep. 2012	Apr. - Sep. 2013	Apr. - Sep. 2014	Difference		Apr. - Sep. 2014 Forecast*	Difference	
						Note			
Agriculture Related Business	Agricultural Machinery	Cultivating & Mowing Machinery	18.2	19.1	19.0	(0.1)	High-clearance multipurpose vehicle: (0.1)	19.2	(0.2)
		Planting Machinery	7.8	7.7	6.6	(1.1)	Rice transplanters: (1.1)	6.6	0
		Harvesting & Processing Machinery	7.7	7.7	8.9	1.2	Combine harvesters: +0.9	9.3	(0.4)
		<b>Total</b>	<b>33.7</b>	<b>34.5</b>	<b>34.5</b>	<b>0</b>		<b>35.1</b>	<b>(0.6)</b>
		Farming Implements	9.8	12.0	11.1	(0.9)		11.3	(0.2)
		Parts	6.7	6.6	7.1	0.5		7.0	0.1
		Construction of Facilities	5.5	2.2	4.0	1.8	Large facilities: +1.4	4.0	0
		Other Agriculture Related	13.6	14.1	14.7	0.6		14.6	0.1
		<b>Total</b>	<b>69.3</b>	<b>69.4</b>	<b>71.4</b>	<b>2.0</b>		<b>72.0</b>	<b>(0.6)</b>
		Other Business Total	0.1	0.0	0.0	0		0	0.0
	<b>Total</b>	<b>69.4</b>	<b>69.4</b>	<b>71.4</b>	<b>2.0</b>		<b>72.0</b>	<b>(0.6)</b>	

\*15/Apr.-Sep. Forecast announced on May 14



# Breakdown of Overseas Sales

(JPY bn)

	Apr. - Sep. 2012	Apr. - Sep. 2013	Apr. - Sep. 2014	Difference	Note	Apr. - Sep. 2014 Forecast*	Difference
North America	2.7	4.9	4.7	(0.2)	Tractors: (0.1) Lawn mowers: (0.1)	5.0	(0.3)
Europe	2.1	1.9	3.8	1.9	Tractors: +0.8 Lawn mowers: +1.1	3.7	0.1
China*	4.3	4.7	0.7	(4.0)	Rice Transplanters: (3.8) Planters: (0.2)	0.7	0
Asia except China	0.6	0.5	0.3	(0.2)	Tractors: (0.3) Combine harvesters: +0.1	0.3	0
Oceania	0.3	0.2	0.4	0.2	Tractors: +0.2	0.5	(0.1)
Products Total	10.0	12.2	9.9	(2.3)		10.2	(0.3)
Parts & Others	1.0	0.9	1.1	0.2		0.8	0.3
Total	11.0	13.1	11.0	(2.1)		11.0	0

\* China: Sales of Iseki-Changzhou Mfg. has been not included since Apr. -Sept./15 due to exclusion from consolidation

\* 15/Apr.-Sep. Forecast announced on May 14



# Operating Income

(JPY bn, %)

Item	Apr. - Sep. 2012	Apr. - Sep. 2013		Apr. - Sep. 2014		Difference	Apr. - Sep. 2014 Forecast*	Difference
			%		%			
Net Sales	80.4	82.5	100.0	82.4	100.0	(0.1)	83.0	(0.6)
Cost of Sales	55.1	56.7	68.7	58.9	71.4	2.2	58.0	0.9
Gross Profit	25.3	25.8	31.3	23.5	28.6	(2.3)	25.0	(1.5)
S. G. & A. Expenses	21.2	21.6	26.2	22.5	27.3	0.9	22.2	0.3
Operating Income	4.1	4.2	5.1	1.0	1.3	(3.2)	2.8	(1.8)

\*15/Apr.-Sep. Forecast: Forecast announced on May 14

## [Operating income, Factors of YoY change]

- Decreased gross income by decline in domestic sales from Apr. to Sep. : (1.7)
  - Decreased gross income by exclusion of Chinese subsidiary from consolidation : (0.9)
  - Increased S.G.&A. expenses (personnel expenses, sales promotion expenses, etc.) : (0.9)
  - Others : +0.3
- 
- (3.2)



# Ordinary Income and Net Income

(JPY bn, %)

	Apr. - Sep. 2012	Apr. - Sep. 2013	Apr. - Sep. 2014	Difference	Apr. - Sep. 2014 Forecast*	Difference
Operating Income	4.1	4.2	1.0	(3.2)	2.8	(1.8)
Net Financial Income	(0.4)	(0.4)	(0.3)	0.1	(0.3)	0
Other Non-operating Income	0.1	1.1	0.8	(0.3)	0.1	0.7
Ordinary Income	3.8	4.9	1.5	(3.4)	2.6	(1.1)
Extraordinary Income	0.2	0.1	1.4	1.3	0.7	0.7
Extraordinary Losses	(0.2)	(0.1)	(0.2)	(0.1)	(0.2)	0
Income before Income Taxes	3.8	4.9	2.7	(2.2)	3.1	(0.4)
Taxes, Deferred Taxes	(0.8)	(1.7)	(1.4)	0.3	(1.8)	0.4
Net Income	3.0	3.2	1.3	(1.9)	1.3	0

\*15/Apr-Sep Forecast: Forecast announced on May 14

\*Ordinary Income, Factors of YoY change

[Other non-operating income]	Foreign exchange gain or loss	:(0.6)
	Others	:+0.4
[Extraordinary income]	Gain on change in equity, etc.	:+0.6
	Negative goodwill	:+0.8
	Others	:(0.1)

# Balance Sheet

(JPY bn, %)

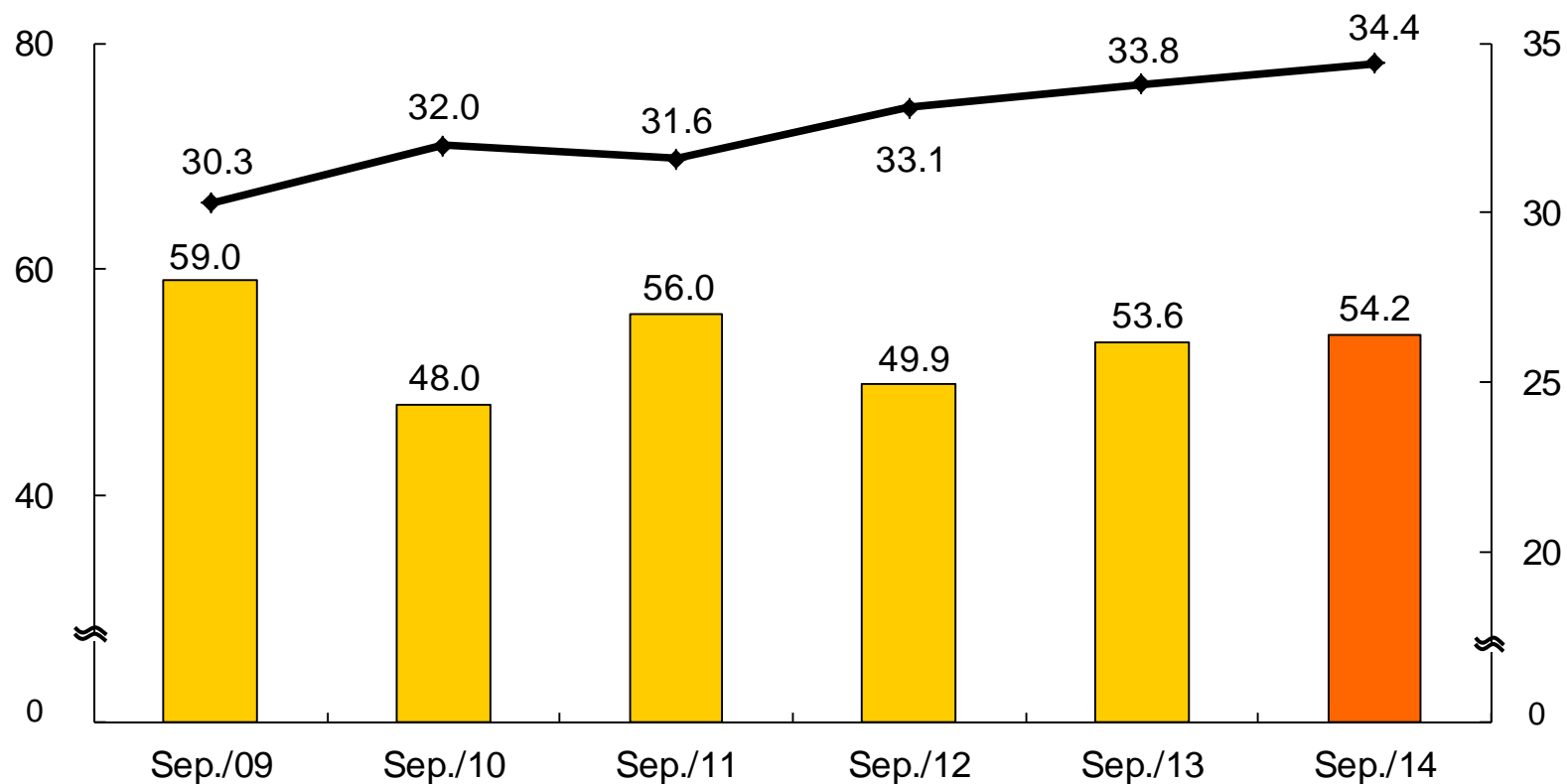
Item	Sep./12	Sep./13	Sep./14	Difference	Mar./14
Cash/Deposits	8.8	7.0	7.9	0.9	8.2
Accounts Receivables	36.4	41.6	29.7	(11.9)	41.6
Inventories	39.4	44.6	45.1	0.5	43.3
(Product Inventory)	25.4	27.4	28.6	1.2	26.1
Other Current Assets	2.8	3.1	4.4	1.3	4.6
Noncurrent Assets	89.6	95.8	108.3	12.5	99.9
<b>Total Assets</b>	<b>177.0</b>	<b>192.1</b>	<b>195.4</b>	<b>3.3</b>	<b>197.6</b>
Accounts Payables	44.4	45.5	43.3	(2.2)	47.5
Debts/Bonds	43.8	47.0	46.2	(0.8)	44.4
Other Liabilities	28.6	33.1	36.9	3.8	37.0
(Total Liabilities)	116.8	125.6	126.4	0.8	128.9
<b>Net Assets</b>	<b>60.2</b>	<b>66.5</b>	<b>69.0</b>	<b>2.5</b>	<b>68.7</b>
(Retained Earnings)	10.6	14.0	17.3	3.3	17.2
<b>Total Liabilities and Net Assets</b>	<b>177.0</b>	<b>192.1</b>	<b>195.4</b>	<b>3.3</b>	<b>197.6</b>



# Interest Bearing Liabilities & Equity Ratio

Balance of Interest Bearing Liabilities (JPY bn)

Equity Ratio (%)



	Sep./09	Sep./10	Sep./11	Sep./12	Sep./13	Sep./14
D/E Ratio	1.08	0.87	1.00	0.83	0.81	0.79

Note: D/E Ratio= Interest bearing liabilities/Net assets      Lease liabilities have been included since Sep./09



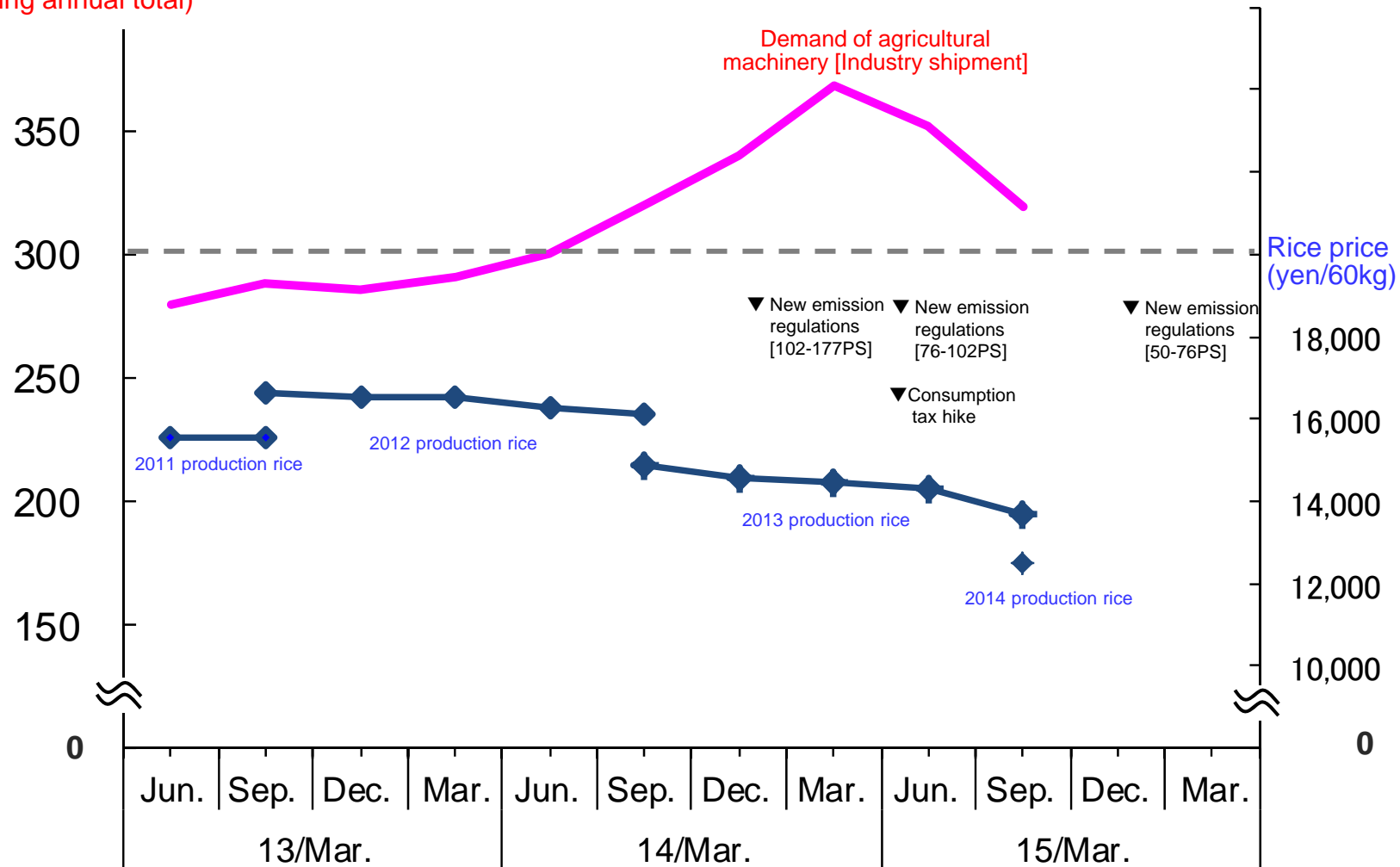
## 2. Recent Development in Domestic and Overseas Markets



90<sup>th</sup> Anniversary Commemorative Special  
Machines HFC Series for domestic  
3 row, 4 row combine harvesters

# Trends in Domestic Agricultural Machinery Market

Demand of 9 principal products in whole industry (moving annual total)



[Demand] Statistics from JFMMA [Rice price] Arm's length price: MAFF



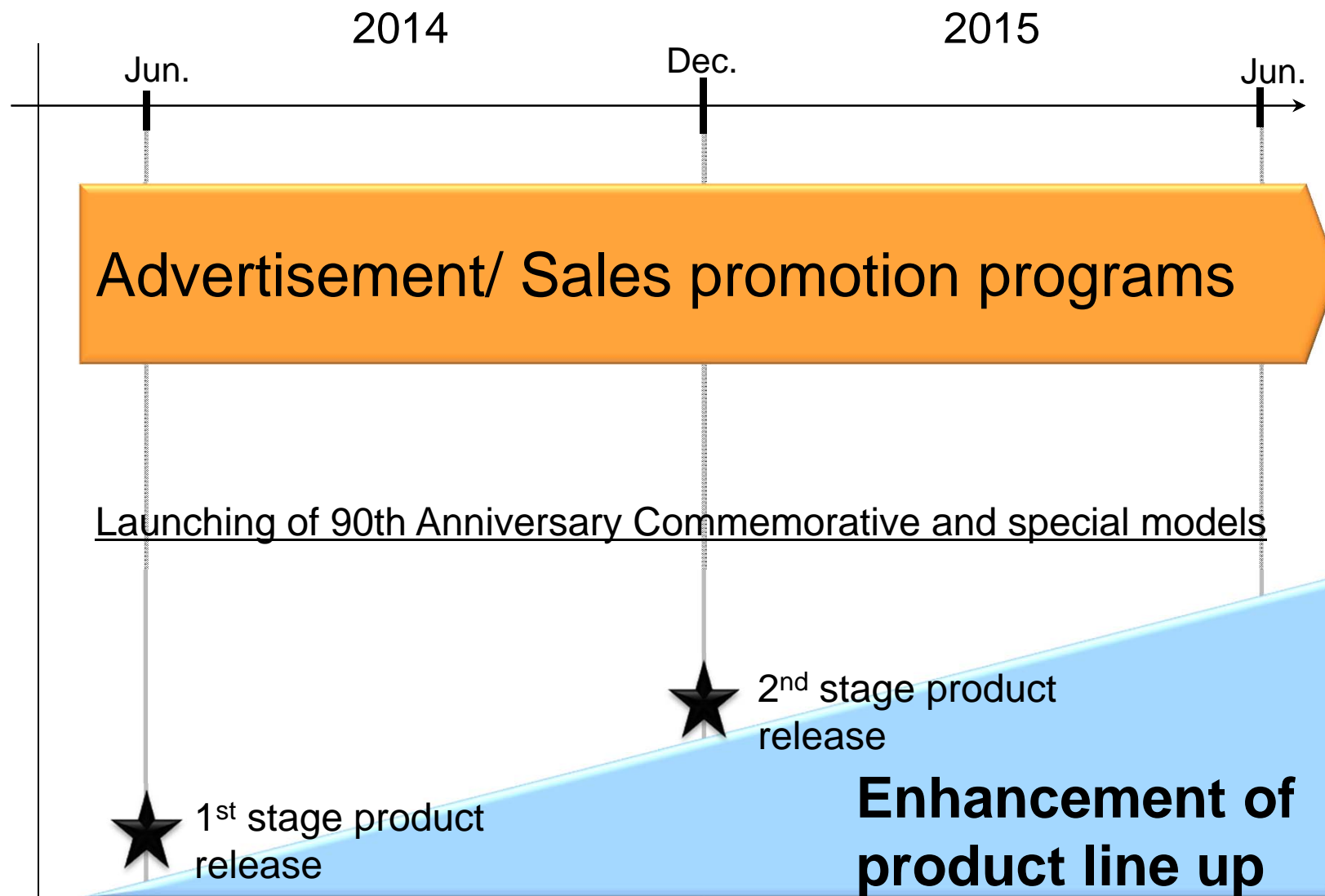
# Industry and our shipment result

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

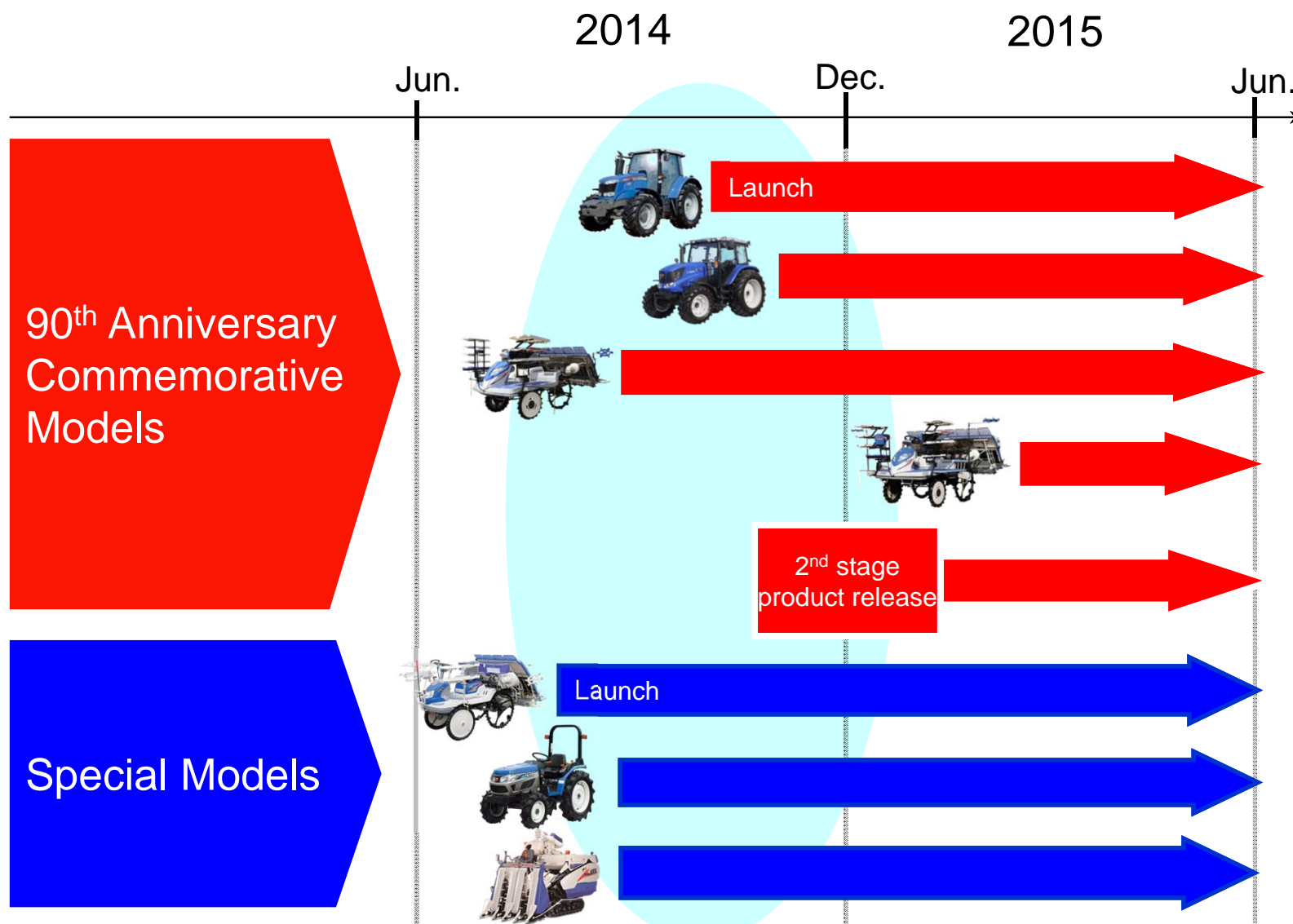
		Mar./11	Mar./12	Mar./13	Mar./14	Jun./14	Sep./14
Industry	(Shipment)	95	101	108	127	117	100
ISEKI	(Sales)	96	103	104	117	107	97



# Deployment of the 90<sup>th</sup> Anniversary Campaign

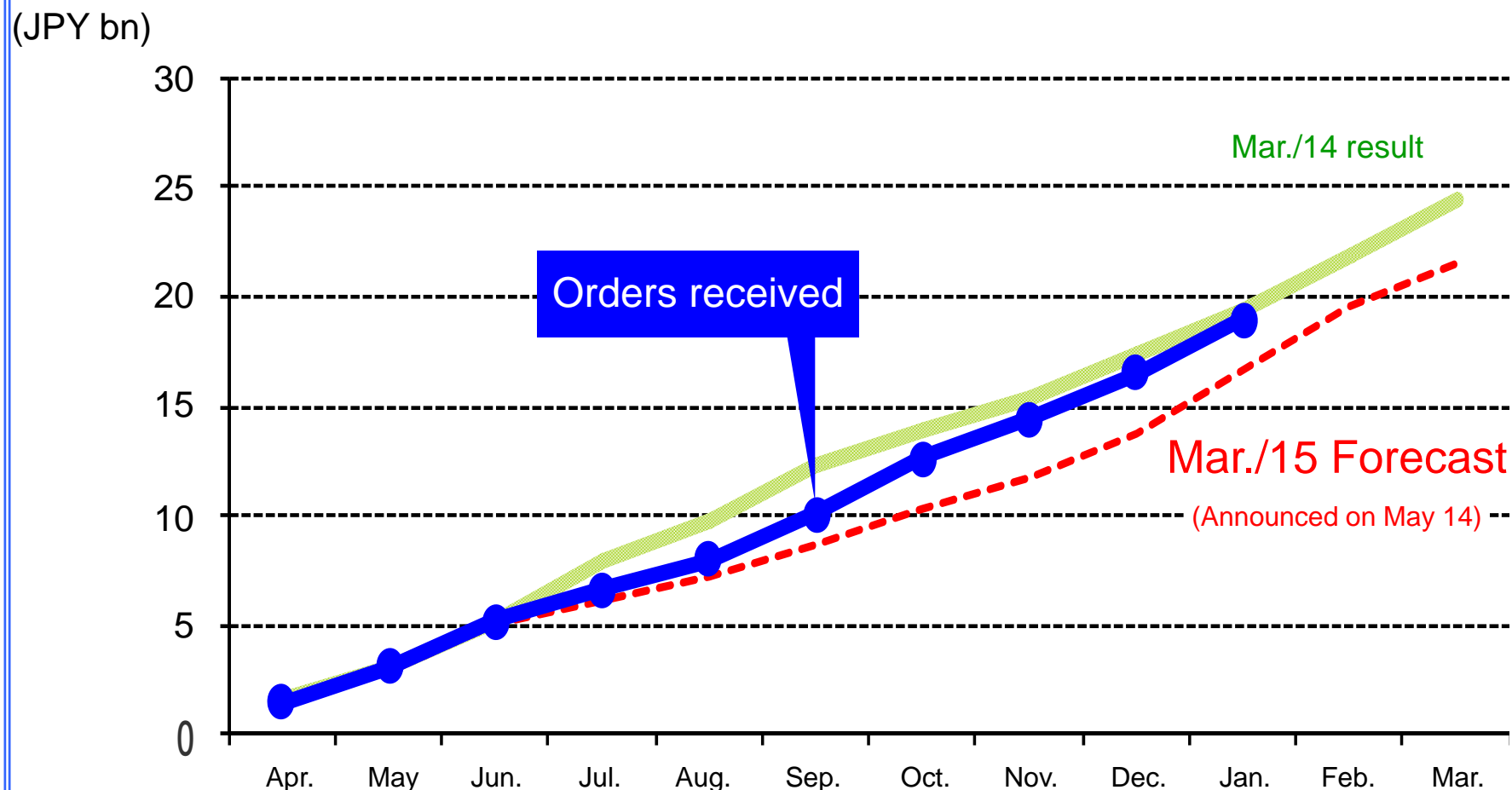


# New product launch schedule





# Recent Market Trend in Overseas



\*Note: 15/Mar. Orders received (Apr. to Jan.)

For North America, Europe, Asia other than China and Oceania, Apr.to Sep. is based on shipping results.

Oct.to Jan. is based on orders received.

For China, actual sales for Jan.to Mar. are included in Apr.to Jun consolidated results.

Sales after April are not included due to exclusion from consolidation.



# Market Trend (North America)

## 1. Trend in North America

Higher demand in both compact and utility tractors than previous year.

Source: AEM statistics  
(Association of Equipment Manufacturers)

(Unit: 1000)

Category (PTO HP)		2013	2014	Growth rate
		Jan.to Jun.	Jan.to Jun.	
Compact Tractors PTO (40hp or below)	USA	81	88	109%
	Canada	10	10	102%
		91	98	108%
Utility Tractors PTO (40hp or above, 100hp or below)	USA	42	45	107%
	Canada	4	4	107%
		46	49	107%

Figures have been rounded and non-adjusted

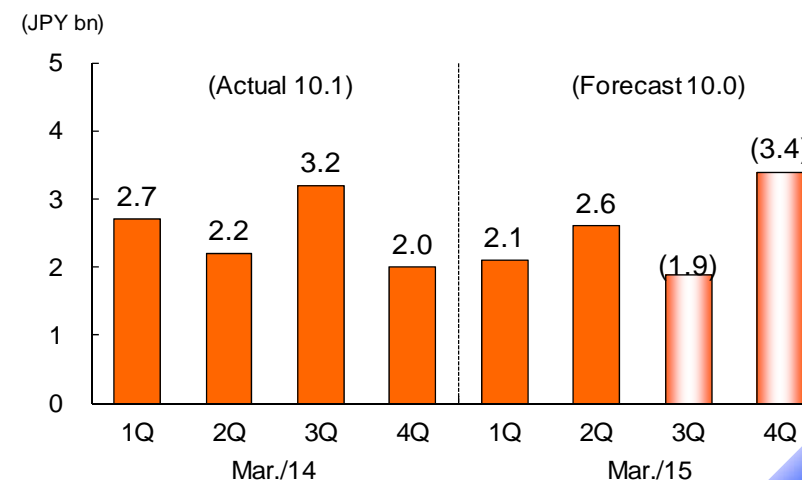
## 2. Result of Our OEM partner

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

## 3. Our situation

- While orders until second quarter shifted in line with the plan, the sales declined slightly due to a time lag of shipment.
- Orders until Oct.to Jan./15 shifted higher than our original plan.

### Trend of product sales in North America (Quarterly)



# Market Trend (Europe)

## 1. Trend in European market

German economy at a standstill and uncertain future economic outlook in all of Europe.

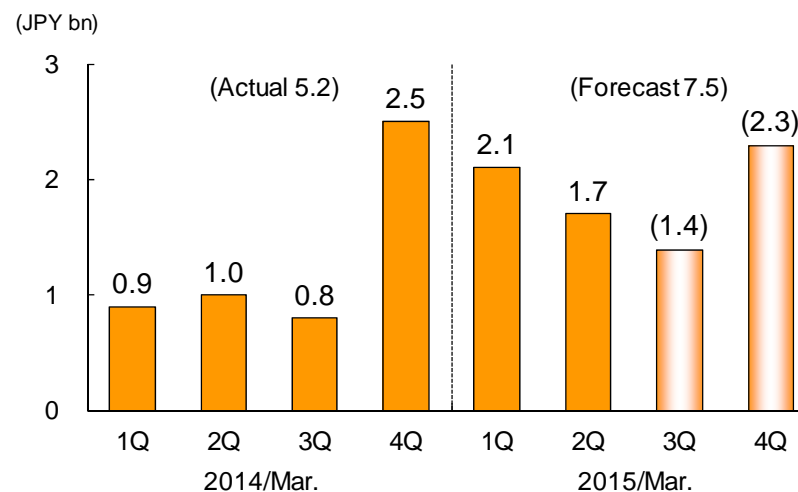
## 2. Our situation

- Sales of distributors from Jan. to Sep. shifted higher than the previous year as a whole.
- Orders from Apr. to Jan. were substantially higher than both the previous year and the plan.



We aim at further increase in sales by launching new models and developing the 90<sup>th</sup> anniversary campaign.

Trend of product sales in Europe (Quarterly)



# Market Trend (China)

## 1. Trend in Chinese Market

(billion of yuan)

	2007	2008	2009	2010	2011	2012	2013	2014
Central government subsidy	20	40	130	155	175	215	217.5	1st period 17.0 Annual 23.8 (Estimate)

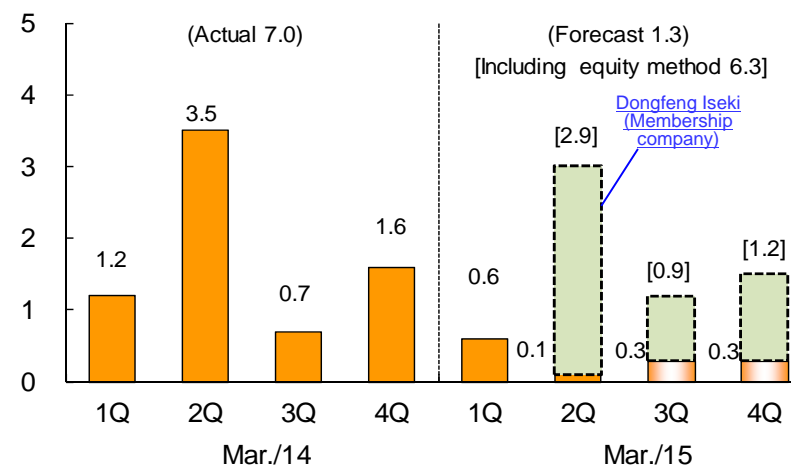
- A decrease in demand resulting from poor crops in the northeast region for 2 years running.
- Stagnant demand mainly because the announcement of the state subsidy policy was delayed and subsidy distribution policy also changed.

## 2. Our Situation

- Sales of rice transplanters from Jan. to Sep. remained sluggish. (JPY bn)
- Sales of combine harvesters shifted higher than the previous year thanks to introduction of general purpose combine harvesters.

Try to recover sales through enrichment of product lineup with new models and new types of products introduced.

Trend of ISEKI's sales in China (Quarterly)



# 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 of new merchandise
  - Limited sales of all-purpose combine harvesters  
(Indonesia)
  - Limited sales of rice transplanters (Vietnam)



Increase our product lineup for further sales expansion.



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



Small Tractor for Europe  
TM3185 16HP

# Performance Forecast for FY Mar./15

## 1. Performance Forecast for FY Mar./15

(JPY bn)

Item	Mar./14	Mar./15		Different from	
		Previous forecast*	Latest forecast*	Mar./14	Previous forecast
Net Sales	169.1	165.0	159.0	(10.1)	(6.0)
(Domestic)	142.9	142.0	136.5	(6.4)	(5.5)
(Overseas)	26.2	23.0	22.5	(3.7)	(0.5)
Operating Income	7.4	5.5	2.5	(4.9)	(3.0)
Ordinary Income	8.3	5.1	2.4	(5.9)	(2.7)
Net Income	6.4	2.6	1.5	(4.9)	(1.1)

Company forex rate: ¥106 to the US\$ (Changed from ¥101), ¥135 to the Euro (Changed from ¥137)

\* Previous forecast: Announced on May 14 ,Latest forecast: Announced on November 7.

## 2. Year-End Dividend Forecast

	Mar./14	Mar./15(Planned)
Year-end Dividend	4.0	3.0 - 4.0



# Breakdown of Overseas Sales

(JPY bn)

	Mar./13	Mar./14	Mar./15		Different from	
			Previous forecast*	Latest forecast*	Mar./14	Previous forecast
Cultivating & Mowing Machinery	29.0	33.3	33.6	32.5	(0.8)	(1.1)
Planting Machinery	11.3	10.9	11.0	9.7	(1.2)	(1.3)
Harvesting & Processing Machinery	26.8	28.3	25.8	24.8	(3.5)	(1.0)
<b>Agricultural Machinery Total</b>	<b>67.1</b>	<b>72.5</b>	<b>70.4</b>	<b>67.0</b>	<b>(5.5)</b>	<b>(3.4)</b>
Farming implements	17.5	21.6	20.9	20.0	(1.6)	(0.9)
Parts	14.6	14.5	14.6	14.7	0.2	0.1
Construction of Facilities	7.8	7.7	8.4	7.6	(0.1)	(0.8)
Other Agriculture Related	25.9	26.6	27.7	27.2	0.6	(0.5)
<b>Agriculture Related Business Total</b>	<b>132.9</b>	<b>142.9</b>	<b>142.0</b>	<b>136.5</b>	<b>(6.4)</b>	<b>(5.5)</b>
Other Business Total	0.1	0	0		0	0
<b>Total</b>	<b>133.0</b>	<b>142.9</b>	<b>142.0</b>	<b>136.5</b>	<b>(6.4)</b>	<b>(5.5)</b>

\* Previous forecast: Announced on May 14, Latest forecast: Announced on November 7.





# Breakdown of Overseas Sales

(JPY bn)

	Mar./14	Mar./15		Different from	
		Previous forecast*	Latest forecast*	Mar./14	Previous forecast
North America	10.1	9.6	10.0	(0.1)	0.4
Europe	5.2	7.0	7.5	2.3	0.5
China	7.0	2.5	1.3	(5.7)	(1.2)
Asia excpt China	1.5	1.8	1.3	(0.2)	(0.5)
Oceania	0.6	0.7	0.7	0.1	0
Products Total	24.4	21.6	20.8	(3.6)	(0.8)
Parts & Others	1.8	1.4	1.7	(0.1)	0.3
Total	26.2	23.0	22.5	(3.7)	(0.5)

Company forex rate: ¥106 to the US\$ (Changed from ¥101), ¥135 to the Euro (Changed from ¥137)

\* Previous forecast: Announced on May 14, Latest forecast: Announced on November 7.



# Performance Forecast for FY Mar./15

(JPY bn)

Item	Mar./13	Mar./14	Mar./15		Different from	
			Previous forecast*	Latest forecast*	Mar./14	Previous forecast
Net Sales	155.7	169.1	165.0	159.0	(10.1)	(6.0)
Gross Income	48.1	52.7	50.9	48.3	(4.4)	(2.6)
Operating Income	5.1	7.4	5.5	2.5	(4.9)	(3.0)
Ordinary Income	5.4	8.3	5.1	2.4	(5.9)	(2.7)
Net Income	4.0	6.4	2.6	1.5	(4.9)	(1.1)

\*Previous forecast: Announced on May 14, Latest forecast: Announced on November 7.

[Operating Income Change from the previous forecast]

• Reduced gross income due to decline in domestic sales	: (1.5)
• Expenses related to the 90th Anniversary Campaign, etc.	: (0.5)
• Others	: (1.0)
	<hr/>
	(3.0)



# 4. Topics

# Topics

## 1. Domestic

- Taking part in a project to support “Nougyou-Joshi”.
- Launching a project to support “Agri-Heroes”.

## 2. Overseas

- Conversion of YVAN BEAL into a wholly owned subsidiary and starting new management set up.
- Recognition of Donfeng Iseki as a high tech company in Hubei Province [October 2014].

## 3. Technology

- Received Fiscal Year 2014 Shikoku Region Invention Award
- Received excellent award of FOOD ACTION NIPPON AWARDS [November 2014]

Note: “Nougyou-Joshi project” is a campaign, which M.A.F.F. started in 2013, to support women farmers to be more active in agricultural business by cooperation with various industries.



# 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.

