



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

ISEKI & CO., LTD.

Eiichiro Kinoshita,

President

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The 2016 Kumamoto Earthquake

Impact on business performance

- Loss on disaster (Extraordinary losses) : ¥ 1.14 billion

(JPY billion)

	ISEKI CO., LTD.	Subsidiaries etc.,	Total
Fixed assets (Restoration expense, etc.)	0.56	0.34	0.90
Inventories (Maintenance & repair expenses, etc.)	0.09	0.02	0.11
Others (Donations for the disaster, etc.)	0.04	0.09	0.13
Total	0.69	0.45	1.14

***Gain on sales of investment securities (Extraordinary gains) : approx.¥ 1.08 billion**
 (recording of ¥ 0.97 billion in the 2nd quarter)

<Current situation of our subsidiaries in Kyushu>

- Iseki Kyushu Co., Ltd. ,a sales company covering the entire Kyushu region, has resumed normal operations since 6th May.
- Iseki-Kumamoto MFG. Co., Ltd. ,a manufacturing plant of combine harvesters, has resumed full production since 23rd May.

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			
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
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)

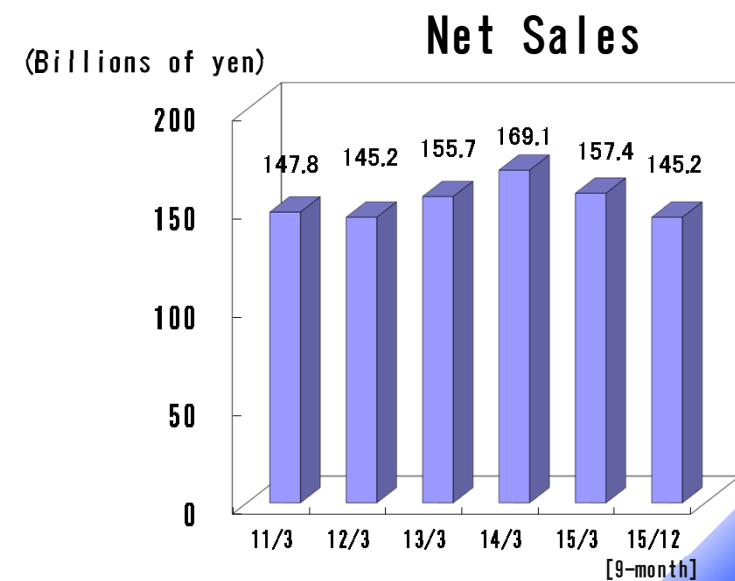
	Jan-Mar	FY 2015			FY 2016			
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Companies that have adopted Mar.31 as the fiscal year-end ISEKI & CO.,LTD and others								
Companies that have adopted Dec.31 as the fiscal year-end Domestic sales companies & others								

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

(The results from Oct. to Mar. are consolidated in the 2nd quarter.)



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



Outline of Second Quarter Business Performance

(JPY bn, %)

Item	2Q of FY ended Dec.2015 Restated basis		2Q of FY ending Dec.2016 Actual		y o y change (Restated basis)	2Q of FY ending Dec.2016 Forecast*	Diff. (forecast/ actual)
		%		%			
Net Sales	76.3	100.0	81.0	100.0	4.7	83.0	(2.0)
Domestic	60.1	78.8	61.3	75.7	1.2	64.8	(3.5)
Overseas	16.2	21.2	19.7	24.3	3.5	18.2	1.5
Operating Income	0.6	0.8	1.7	2.1	1.1	1.4	0.3
Ordinary Income	0.6	0.8	1.3	1.6	0.7	1.3	-
Profit attributable to owners of parent			0.6	0.7		0.7	(0.1)

Note: 2nd Quarter Average actual forex rate : ¥112.7 to the US\$, ¥126.2 to the Euro

* Announced on Feb.12.

Breakdown of Domestic Sales

(JPY bn,)

		2Q of FY ended Dec.2015 Restated basis	2Q of FY ending Dec.2016 Actual	y o y change (Restated basis)		2Q of FY ending Dec.2016 Forecast*	Diff. (forecast/ actual)	
					Note			
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	16.8	15.9	(0.9)	Tractors : (0.9)	17.6	(1.7)
		Planting Machinery	6.7	6.3	(0.4)	Rice transplanters : (0.5)	6.8	(0.5)
		Harvesting & Processing Machinery	5.6	6.0	0.4	Combine harvesters : +0.1 Rice husker : +0.1	7.0	(1.0)
		Total	29.1	28.2	(0.9)		31.4	(3.2)
		Farming Implements	9.6	10.6	1.0		10.2	0.4
		Spare parts	6.3	6.6	0.3		6.5	0.1
		Repair fees	2.2	2.4	0.2		2.4	-
		Total	18.1	19.6	1.5		19.1	0.5
		Total	47.2	47.8	0.6		50.5	(2.7)
		Construction of Facilities	1.4	2.8	1.4		2.6	0.2
	Others	11.5	10.7	(0.8)		11.7	(1.0)	
	Total	60.1	61.3	1.2		64.8	(3.5)	

* Announced on Feb.12.

Breakdown of Overseas Sales

(JPY bn)

	2Q of FY ended Dec.2015 Restated basis	2Q of FY ending Dec.2016 Actual	y o y Change (Restated basis)		2Q of FY ending Dec.2016 Forecast*	Diff. (Forecast/ Actual)
				Note		
North America	6.2	6.4	0.2	Tractors: +0.1 Law n mow ers: +0.1	5.6	0.8
Europe	6.6	6.2	(0.4)	Law n mow ers: (0.3)	7.0	(0.8)
China	0.9	2.2	1.3	Tractors: +0.5 Rice transplanters: +0.9	2.1	0.1
ASEAN	0.3	2.1	1.8	Tractors: +1.3 Rice transplanters: +0.5	0.7	1.4
Others	1.0	1.2	0.2	Tractors: +0.1	1.3	(0.1)
Product Sales Total	15.0	18.1	3.1		16.7	1.4
Parts & Others	1.2	1.6	0.4	China: +0.3	1.5	0.1
Total	16.2	19.7	3.5		18.2	1.5
Overseas Sales incl. Chinese Businesses	22.1	23.7	1.6			

* Announced on Feb.12.

Operating Income

(JPY bn, %)

Item	2Q of FY ended Dec.2015 Restated basis	2Q of FY ending Dec.2016 Actual	y o y Change (Restated basis)	2Q of FY ending Dec.2016 Forecast*	Diff. (Forecast/ Actual)
Net Sales	76.3	81.0	4.7	83.0	(2.0)
Gross Profit	23.2	23.3	0.1	23.9	(0.6)
Gross Profit Margin	30.5	28.8	(1.7)	28.8	-
S.G.& A. Expenses	22.6	21.6	(1.0)	22.5	(0.9)
Operating Income	0.6	1.7	1.1	1.4	0.3

* Announced on Feb.12.

[Year-on-year change]

Increase in gross profit resulting from an increase in sales	: 1.5
Impact of the stronger yen	: (0.1)
Drop in gross profit margin due to a change in the sales mix	: (1.1)
Reduction of SG&A (Personnel expenses 0.5, Other expenses 0.5)	: 1.0
Others	: (0.2)

1.1

[Comparison with forecast]

Decrease in gross profit due to sales target unachieved	: (0.8)
Impact of foreign exchange	: (0.2)
Reduction of fixed cost (Personnel expenses 0.1, Other expenses 0.3)	: 0.4
Reduction of SG&A (Personnel expenses 0.4, Other expenses 0.5)	: 0.9

0.3

Ordinary Income and Net Income

(JPY bn,)

	2Q of FY ended Dec.2015 Restated basis	2Q of FY ending Dec.2016 Actual	y o y change (Restated basis)	2Q of FY ending Dec.2016 Forecast*	Diff. (forecast/ actual)
Operating Income	0.6	1.7	1.1	1.4	0.3
Balance of Financial Income	(0.3)	(0.3)	-	(0.3)	-
Other Non-operating Income	0.3	(0.1)	(0.4)	0.2	(0.3)
Ordinary Income	0.6	1.3	0.7	1.3	-
Extraordinary Income	0.4	1.0	0.6	0.1	0.9
Extraordinary Losses	(0.4)	(1.3)	(0.9)	(0.2)	(1.1)
Income before Income Taxes	0.6	1.0	0.4	1.2	(0.2)
Taxes, Deferred Taxes		(0.4)		(0.5)	0.1
Profit attributable to owners of parent		0.6		0.7	(0.1)

[Non-operating Income]	Foreign exchange losses	: (0.3)
[Extraordinary Income]	Loss on disaster	: (1.1)
	Gain on sales of investment securities	: 0.8
	Absence of a surcharge recorded in the same period last year	: 0.3

Balance Sheet

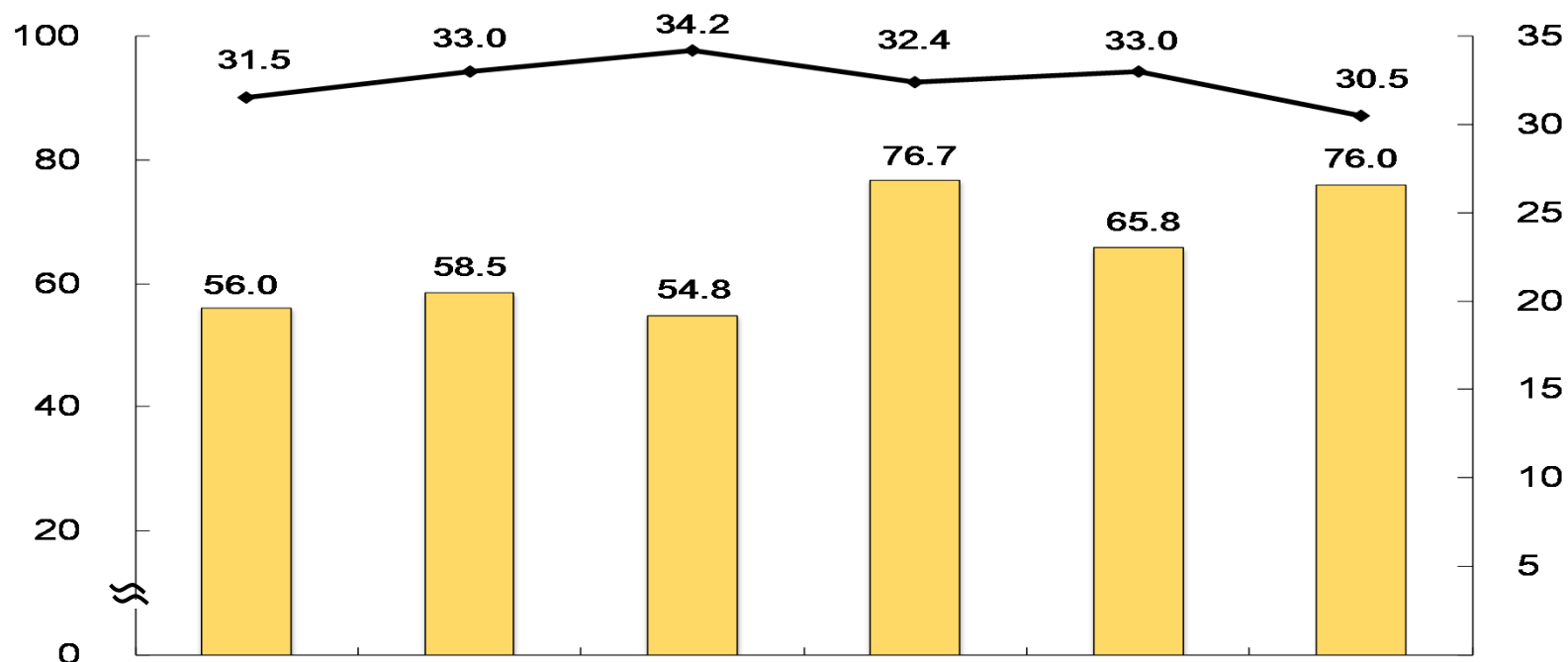
(JPY bn)

Item	As of Jun.15	As of Jun.16	y o y change		As of Jun.15	As of Jun.16	y o y change
Cash & Deposits	8.2	13.8	5.6	Accounts Payables	40.4	42.9	2.5
Accounts Receivables	36.0	34.6	(1.4)	Interest Bearing Liabilities	76.7	76.0	(0.7)
Inventories	50.8	47.0	(3.8)	Other Liabilities	25.0	25.4	0.4
(Merchandise and finished goods)	43.8	39.9	(3.9)	Total Liabilities	142.1	144.3	2.2
Other Current Assets	4.8	4.9	0.1	Net Assets	70.6	65.7	(4.9)
Total Current Assets	99.8	100.3	0.5	(Retained earnings)	15.1	13.7	(1.4)
Non-current Assets	94.7	97.9	3.2	(Valuation difference on available-for-sale securities)	3.2	0.3	(2.9)
Investments and other assets	18.2	11.8	(6.4)	(Foreign currency translation adjustment)	1.6	0.5	(1.1)
Total Non-current Assets	112.9	109.7	(3.2)	Total Liabilities and Net Assets	212.7	210.0	(2.7)
Total Assets	212.7	210.0	(2.7)				

Interest Bearing Liabilities & Equity Ratio

Balance of Interest Bearing Liabilities (JPY bn)

Equity Ratio (%)



	Jun.2012	Jun.2013	Jun.2014	Jun.2015	Dec.2015	Jun.2016
loan payable, corporate bond	50.8	52.0	46.9	67.6	56.7	67.5
Lease obligations	5.2	6.5	7.9	9.1	9.1	8.5
Total	56.0	58.5	54.8	76.7	65.8	76.0
D/E Ratio	0.95	0.91	0.80	1.09	0.97	1.16

Note: D/E Ratio= Interest bearing liabilities(incl. Lease liabilities) / Net assets



2.Recent Development in Domestic and Overseas Markets



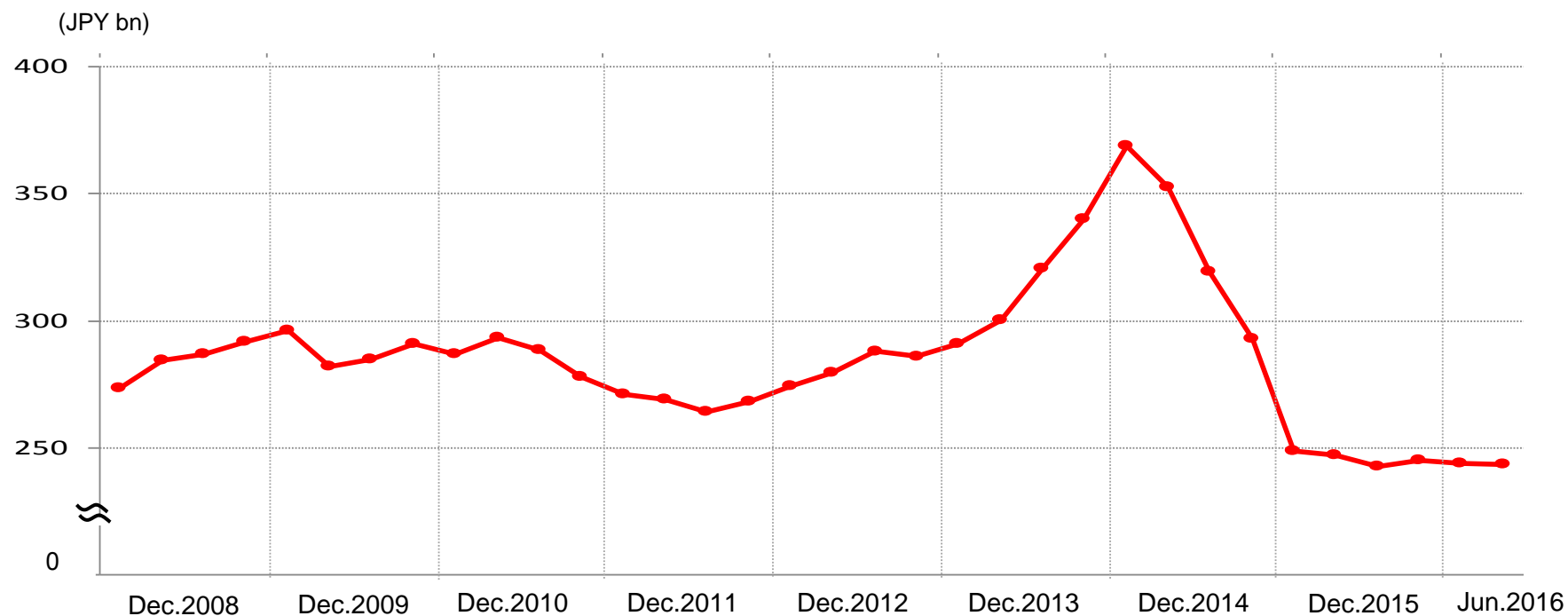
New Tractor for Domestic Market
“RESPA RTS Series” (18.5- 25.0PS)



Trend Of Domestic Market and Our Sales Result

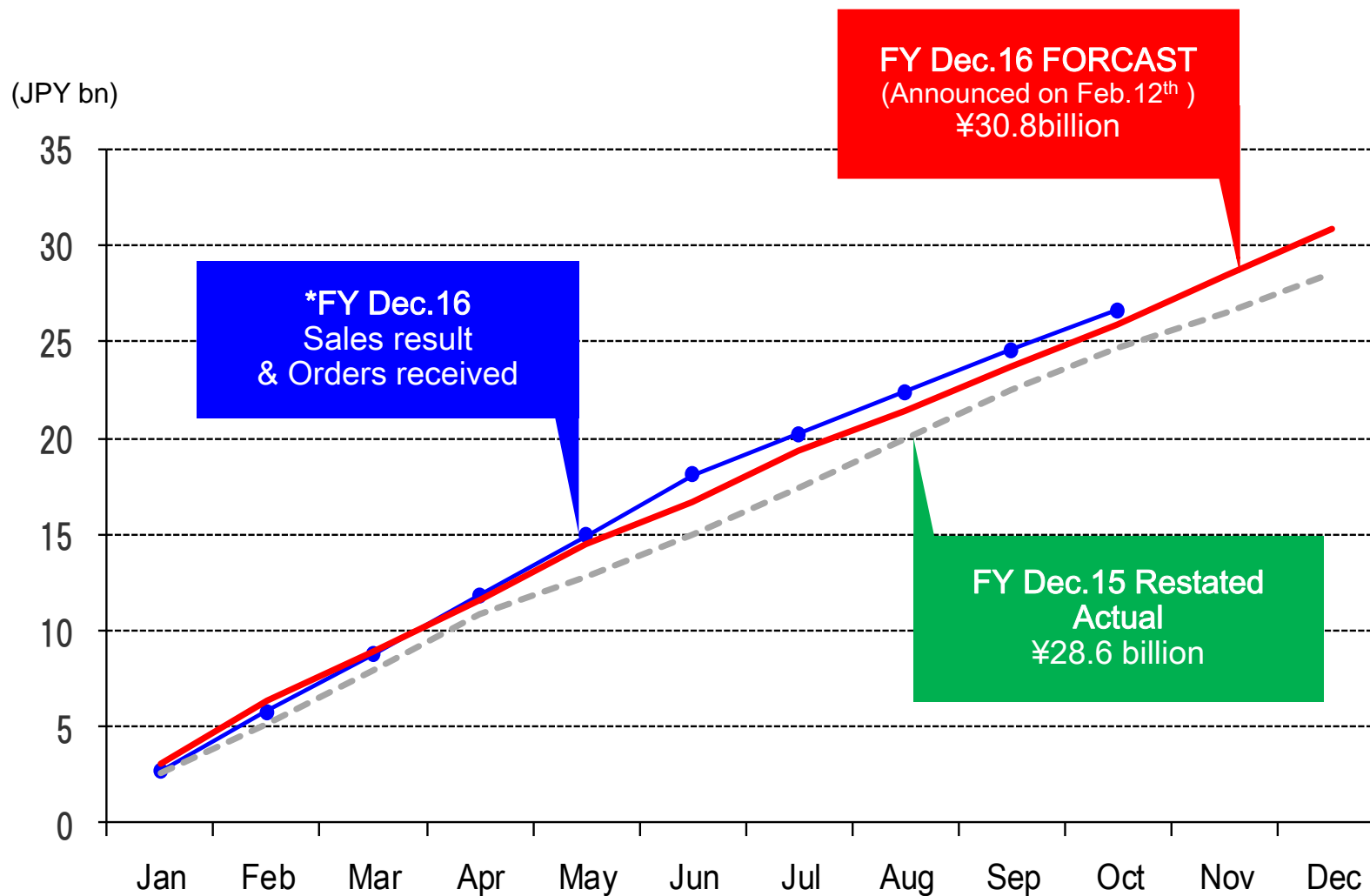
Domestic industry shipment

(9 principal machinery, moving annual total from 2008 to 2016)



The impact of the last-minute demand surge before the consumption tax hike diminishing, market demand has been flat to be ¥ 240 - 250 billion.

Recent Market Trend in Overseas



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

Market Trend (North America)

1. Market in North America

(Unit: 1000)

Category (PTO HP)	Utility Tractors (PTO 40HP or above, 100hp or below)			Compact Tractors (PTO 40HP or below)		
	USA	Canada		USA	Canada	
Jan.-Jun., 2015	29	3	31	62	7	69
Jan.-Jun., 2016	28	2	31	70	6	76
Growth rate	99%	91%	98%	113%	84%	110%

Source: Association of Equipment Manufacturers statistics
Figures have been rounded and non-adjusted.

2. Situation of AGCO (OEM partner)

Unit sales (Jan.- Jun.)

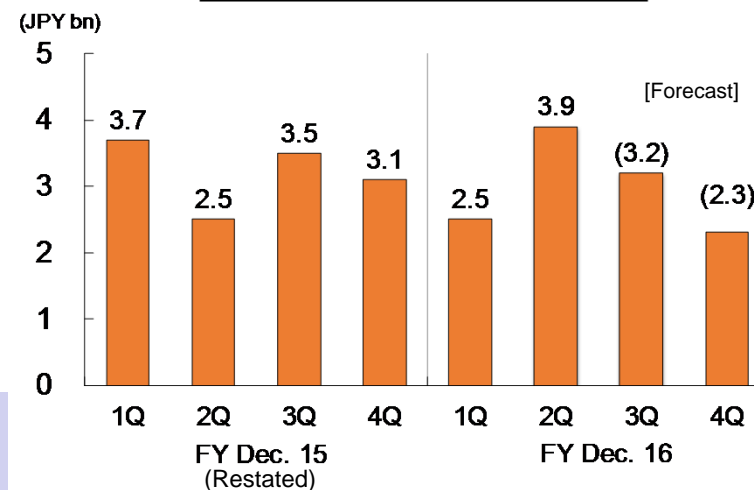
- Utility tractors : higher than last year
- Compact tractors : higher than last year

3. Our situation

Order & shipment (Jan.-Oct.): higher than last year

*Both compact and utility tractors outperformed the market.
We will try to make further sales.*

Net Sales in North America



Market Trend (Europe)

1. Trend in European Market

Whole market : downside risks caused by the UK's decision to leave the EU
Landscaping market: weak demand due to bad weather

2. Situation of distributors

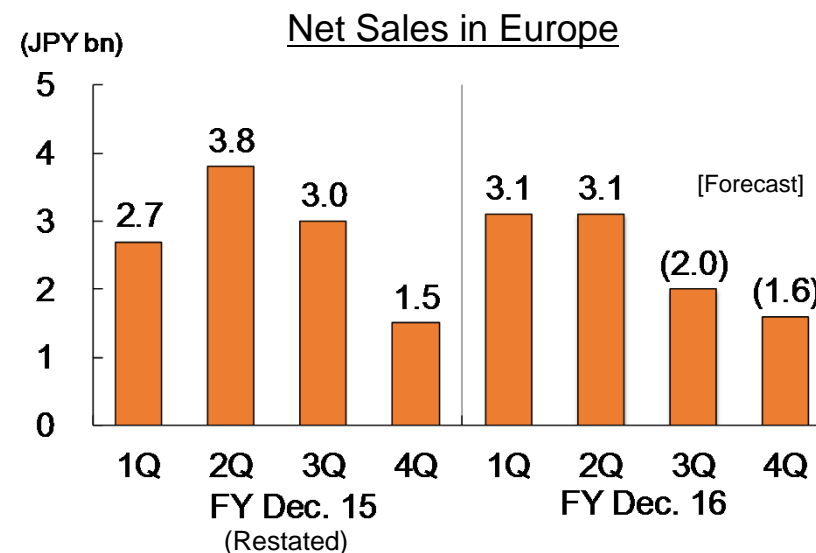
➤ Unit sales (Jan.-Jun.)

Distributors : lower than last year

ISEKI France S.A.S : lower than last year
[Consolidated subsidiary]

3. Our situation

Order & shipment (Jan. -Oct.):
almost the same with the previous year



Although there is a concern of an economic downturn in the entire market, we make efforts to achieve our sales target by actively promoting new product (e.g. economy tractors) and making full use of the parts distribution center at ISEKI France S.A.S.

Market (Thailand)

1. Trend in Thai market

Whole economy : recovery trend with the economy of automobile industry bottoming out

Demand of agricultural machinery : a sign of farm income increase thanks to the rise of farm product prices and recovery from a long-term drought.

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

Strong sales of new products launched last year

➤ Unit Sales of tractors (Jan.-Jun.): higher than last year

Sales of combine harvesters started in August this year.

We will make further sales through new product launch (e.g. combine harvesters), sales promotion by our sales company and sales network expansion.

ISEKI THAILAND ,a new subsidiary will be established in Oct. and start developing, procuring and distributing parts and farming implements.

Market Trend (Indonesia)

1. Trend in Indonesian market

The promotion run by the Indonesian government to spread agricultural machinery throughout the country boosting market demand

2. Our situation

➤ Sales

Received orders for tractors and walk-behind rice transplanters this year again
 (Produced in our manufacturing site in China)



*We already acquired more orders than the previous year.
 We will further promote to get orders also in the second half.*

Market Trend (China)

1. Trend in Chinese market

■ Government subsidy

2008	2009	2010	2011	2012	2013	2014	2015	2016	
4.0	13.0	15.5	17.5	21.5	21.7	23.8	23.8	1st period	22.8
								Annual	Not yet announced

(Yuan bn)

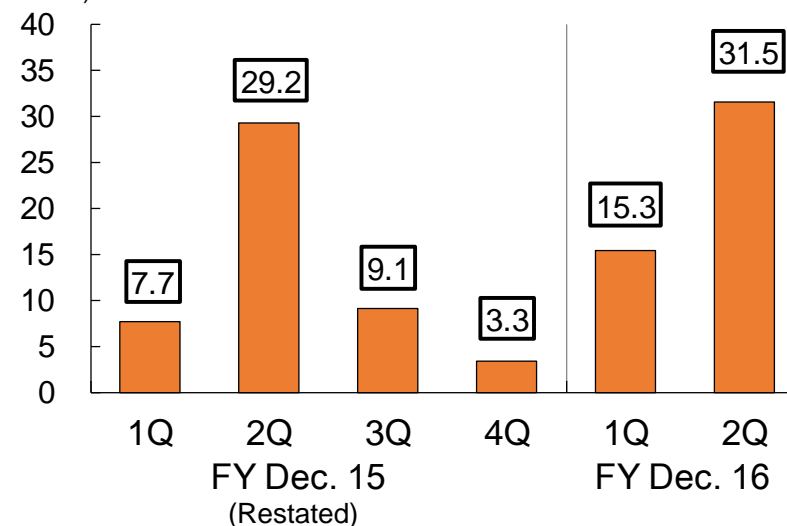
2. Situation of Dongfeng Iseki

Sales of Dongfeng Iseki (Jan. - June.)

*Excluding export to Southeast Asia from China

- Rice transplanters : higher than last year (walk-behind & ride-on)
- Pest control machine : higher than last year
- Tractors : Got off a good start

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



The sales of rice transplanters and tractors remain robust.

We will focus on sales of combine harvesters for the autumn demand season.



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



New High-clearance multi-purpose vehicles for Domestic Market “JKB23-CY”



Performance Forecast for FY ending Dec.16

1. Performance forecast

(JPY bn)

Item	FY ended Dec.2015 Restated basis	FY ending Dec.2016		Year-on-year Change	Change from Initial forecast
		Initial forecast*	Latest forecast**		
Net Sales	156.8	165.0	161.5	4.7	(3.5)
Domestic	125.4	131.3	127.8	2.4	(3.5)
Overseas	31.4	33.7	33.7	2.3	-
Operating Income	0.2	3.5	3.5	3.3	-
Ordinary Income	0.4	3.2	3.2	2.8	-
Profit attributable to owners of parent		1.9	1.9		-

*Announced on Feb 12 ** Announced on August 10

Note: Foreign exchange rate: ¥105 to the US\$ (revised from ¥120), ¥115 to the Euro (revised from ¥130)

2. Year-End Dividend Forecast

	FY Dec.2015	FY Dec. 2016(plan)
Year-End Dividend	1.5	1.5 - 3.0

< Foreign exchange sensitivity >

(Operating Income, 12-month total)

US\$	9	(JPY million)
Euro	18	



4 . Topics



Intellectual properties

1. Open patent per specialty field

**Ranked 1st
for 15 years
running**

Sector	Agriculture & fishery	*Other special machinery	
Year	2000 - 2006	2007 - 2013	2014
Rank	1st	1st	1st

Note: since the 2009 edition, agriculture & fisheries has been classified into "other special machinery" sector.

2. Patent allowance rate

**Ranked 1st
In all
industries**

	2012	2013	2014	2015
Patent assessment ratio	94.7%	97.0%	99.2%	97.5%
Rank in all industries	1st	1st	1st	1st

Note: patent allowance rate is calculated as follows;
 $\text{no. of patent granted} / (\text{no. of patent granted} + \text{no. of patent refused} + \text{no. of patent dismissed/ abandoned})$

Source: 2002-2016 Annual Report on Patent Policy announced by the Japan Patent Office published on June 30, 2015

Application of Intellectual Properties to Products



<Plant growth diagnosis device>

***Awarded "2016 Special award for development"
The Japanese Society of Agricultural Machinery and Food Engineers***

Industry's first product jointly developed with Ehime University

The device measures the function of photonic synthesis invisible to the human eyes while working automatically at night. It provides numerical assessment of the conditions of the plants which cannot be recognized by us, allowing us to find their disease at early stage and thus to improve their growing environment.



<Variable fertilizing rice-transplanter>

***Awarded "2016 Award for new technology"
The Japanese Society of Agricultural Machinery and Food Engineers***

Being equipped with "soil fertility sensor", "soil depth sensor" and "tablet terminal", the machine calculates soil fertility value of each paddy field by "soil fertility sensor" and the depth of plowed soil by "soil depth sensor".

Controlling the amount of fertilizer applied properly would prevent plants lodging and the fields contaminated by excessive fertilizer, which provides us efficient work at the time of harvesting.

ASEAN BUSINESS DEVELOPMENT

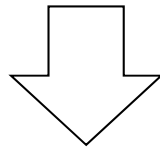
(Business expansion in Vietnam)

Signed a technology partnership agreement with VEAM corporation, a state-enterprise in Vietnam

(News released in August)

OUTLINE

- To provide technical information of ISEKI's medium-sized tractor (model NT536/548)
- To produce ISEKI brand medium-sized tractors at the manufacturing plant to be constructed by VEAM corporation.



Spreading ISEKI brands throughout the nation, we will promote further business expansion in Vietnam market.

[About VEAM corporation]

Paid-in capital	13 trillion VND (Approx. ¥ 60 billion)
Foundation	In 1990
Main business	Manufacture and sale of agricultural machinery
Relationship with ISEKI	Distributor in Vietnam, relationship started since 2014

Notes on the Future Forecast

- The objective of this presentation document is to provide information and never intends to induce any action.
- The document was created by ISEKI with 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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FOOD ACTION NIPPON

ISEKI group is a promotional partner of FOOD ACTION NIPPON.



未来の
 ために、
 いま選ぼう。

ISEKI Group joins the nationwide action called “COOL CHOICE” run by the Ministry of the Environment Government of Japan, which promotes to make “smart choices” for the global warming. As a proposal of “smart choices”, we develop and deliver environmental-friendly products like “eco products”.