



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

ISEKI & CO., LTD.
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November 15, 2016



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Fiscal Year Ending December, 2016
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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.

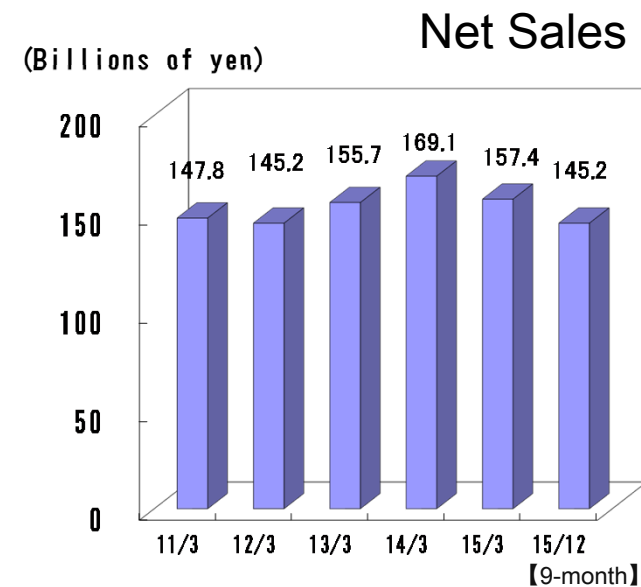
Consolidation period (Restated basis)

	FY 2015				FY 2016			
	Jan-Mar	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 Jun. are consolidated in the 3rd quarter.)



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



Outline of Third Quarter Business Performance

(JPY bn, %)

Item	3Q of FY ended Dec.2015 Restated basis		3Q of FY ending Dec.2016 Actual		y o y change (Restated basis)
		%		%	
Net Sales	117.7	100.0	118.4	100.0	0.7
Domestic	93.0	79.0	91.9	77.6	(1.1)
Overseas	24.7	21.0	26.5	22.4	1.8
Operating Income	1.1	0.9	2.8	2.4	1.7
Ordinary Income	0.9	0.8	1.6	1.4	0.7
Profit attributable to owners of parent			0.7	0.6	
exchange rate	US\$	119.9	109.6		(10.3)
	Euro	135.8	122.9		(12.9)

Breakdown of Domestic Sales

(JPY bn,)

		3Q of FY ended Dec.2015 Restated basis	3Q of FY ending Dec.2016 Actual	y o y change (Restated basis)		
					Note	
Agricultural Machinery Related	Agricultural Machinery	Cultivating & Mowing Machinery	22.7	21.3	(1.4)	Tractors : (1.6)
		Planting Machinery	7.8	7.4	(0.4)	Rice transplanters : (0.6) Transplanters : +0. 2
		Harvesting & Processing Machinery	14.2	14.3	0.1	Combine harvesters : (0.4) Rice husker : +0. 3
		Total	44.7	43.0	(1.7)	
		Farming Implements	13.8	14.9	1.1	
		Spare parts	10.5	10.9	0.4	
		Repair fees	3.6	3.9	0.3	
		Total	27.9	29.7	1.8	
	Total		72.6	72.7	0.1	
	Construction of Facilities		4.6	4.3	(0.3)	
Others		15.8	14.9	(0.9)		
Total		93.0	91.9	(1.1)		

Breakdown of Overseas Sales

(JPY bn.)

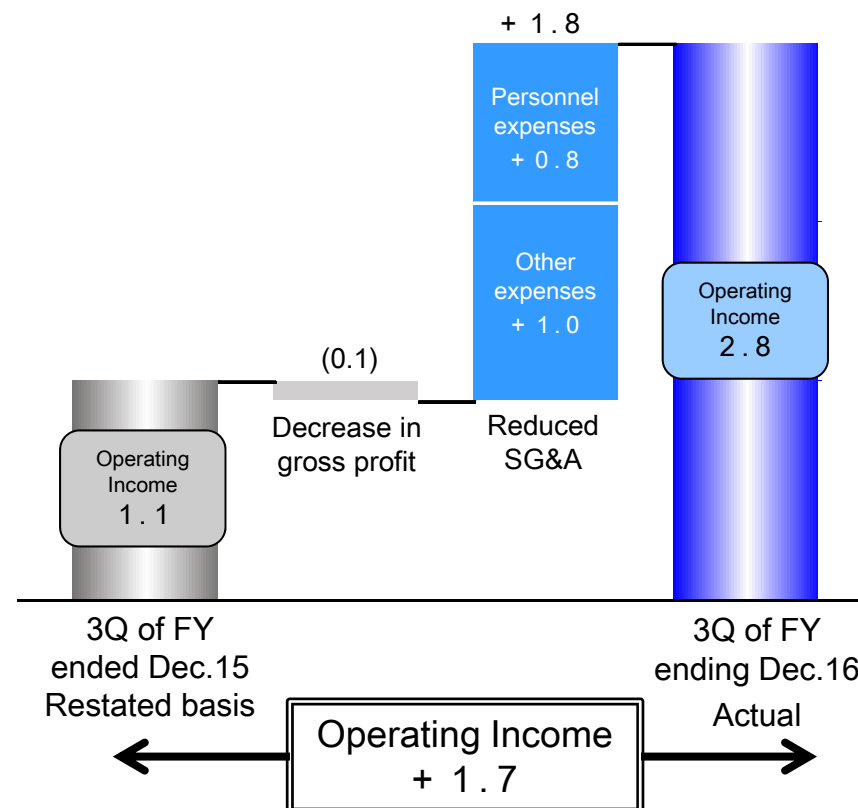
	3Q of FY ended Dec.2015 Restated basis	3Q of FY ending Dec.2016 Actual	y o y Change (Restated basis)	Note
North America	9.6	9.4	(0.2)	Tractors : (0.3) Lawn mowers : +0.1
Europe	9.3	7.5	(1.8)	Tractors : (0.5) Lawn mowers : (1.3)
China	1.0	2.4	1.4	Tractors : +0.6 Rice transplanters : +0.9
ASEAN	1.0	2.5	1.5	Tractors : +1.3 Rice transplanters : +0.1
Others	1.4	1.6	0.2	Tractors : +0.1 Rice transplanters : +0.2
Product Sales Total	22.3	23.4	1.1	
Parts & Others	2.4	3.1	0.7	
Total	24.7	26.5	1.8	
Overseas Sales incl. Chinese Businesses	31.2	30.9	(0.3)	
Ratio of overseas net sales	25.1%	25.2%		

Operating Income

(JPY bn, %)

Item	3Q of FY ended Dec.15 Restated basis	3Q of FY ending Dec.16 Actual	y o y Change (Restated basis)
Net Sales	117.7	118.4	0.7
Gross Profit	34.7	34.6	(0.1)
Gross Profit Margin	29.5%	29.2%	(0.3%)
S.G&A.Expenses	33.6	31.8	(1.8)
personnel expenses	19.4	18.6	(0.8)
Other expenses	14.2	13.2	(1.0)
Operating Income	1.1	2.8	1.7

【 Factors of YoY change(JPYbn,)】



【 Effects of forex move(JPYbn,)】

Net sales	Cost of sales	S.G&A.Expenses	Operating Income
(1.9)	+ 1.2	+ 0.2	(0.5)

Ordinary Income and Net Income

(JPY bn.)

	3Q of FY ended Dec.15 Restated basis	3Q of FY ending Dec.16 Actual	y o y change (Restated basis)
Operating Income	1.1	2.8	1.7
Balance of Financial Income	(0.5)	(0.5)	-
Other Non-operating Income	0.3	(0.7)	(1.0)
Ordinary Income	0.9	1.6	0.7
Extraordinary Income	0.4	1.2	0.8
Extraordinary Losses	(0.6)	(1.3)	(0.7)
Income before Income Taxes	0.7	1.5	0.8
Taxes, Deferred Taxes		(0.8)	
Profit (Loss) attributable to owners of parent		0.7	

【 Factors of year-on year change 】

Non-operating Income	
exchange losses	(0.5)
Share of loss of entities accounted for using equity method	(0.5)

Extraordinary Income	
Gain on sales of investment securities	+0.9
Loss on disaster	(1.1)
Posting of a surcharge in the same period last year	+0.3

Balance Sheet

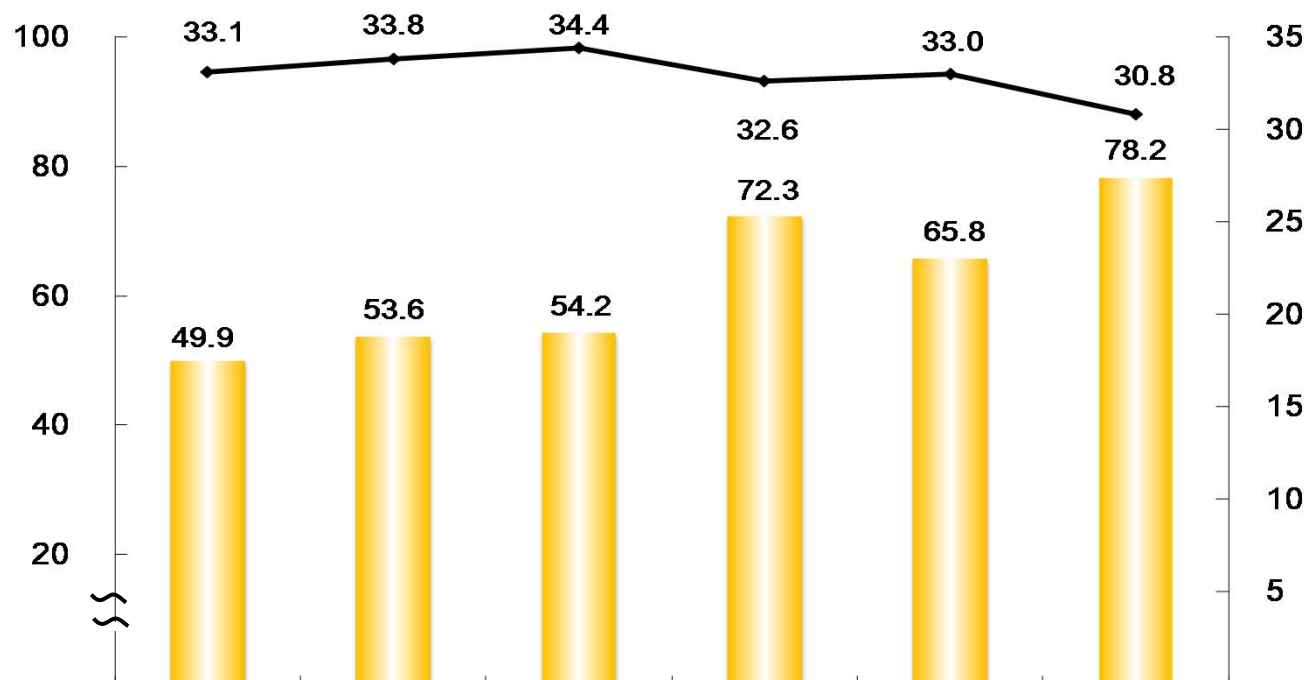
(JPY bn)

	As of Sep.15	As of Sep.16	y o y change		As of Sep.15	As of Sep.16	y o y change
Cash & Deposits	7.7	14.5	6.8	Accounts Payables	39.6	40.2	0.6
Accounts Receivables	32.9	33.6	0.7	Interest Bearing Liabilities	72.3	78.2	5.9
Inventories	48.8	47.2	(1.6)	Other Liabilities	26.0	24.1	(1.9)
(Merchandise and finished goods)	41.9	40.0	(1.9)	Total Liabilities	137.9	142.5	4.6
Other Current Assets	3.5	3.8	0.3	Net Assets	69.2	65.8	(3.4)
Total Current Assets	92.9	99.1	6.2	(Retained earnings)	14.3	13.9	(0.4)
Non-current Assets	96.6	97.8	1.2	(Valuation difference on available-for-sale securities)	2.4	0.5	(1.9)
Investments and other assets	17.6	11.4	(6.2)	(Foreign currency translation adjustment)	1.8	0.3	(1.5)
Total Non-current Assets	114.2	109.2	(5.0)	Total Liabilities and Net Assets	207.1	208.3	1.2
Total Assets	207.1	208.3	1.2				

Interest Bearing Liabilities & Equity Ratio

Balance of Interest Bearing Liabilities (JPY bn)

Equity Ratio (%)



	Sep.2012	Sep.2013	Sep.2014	Sep.2015	Dec.2015	Sep.2016
loan payable, corporate bond	43.8	46.9	46.2	63.1	56.7	69.7
Lease obligations	6.1	6.7	8.0	9.2	9.1	8.5
Total	49.9	53.6	54.2	72.3	65.8	78.2
D/E Ratio	0.83	0.81	0.79	1.05	0.97	1.19

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



2.Recent Development in Domestic and Overseas Markets

Co-developed with female farmers for the 2nd time
Tiller “*Chocopuchi*” (Available since Dec.2016)



KCR605W

KM27BDW

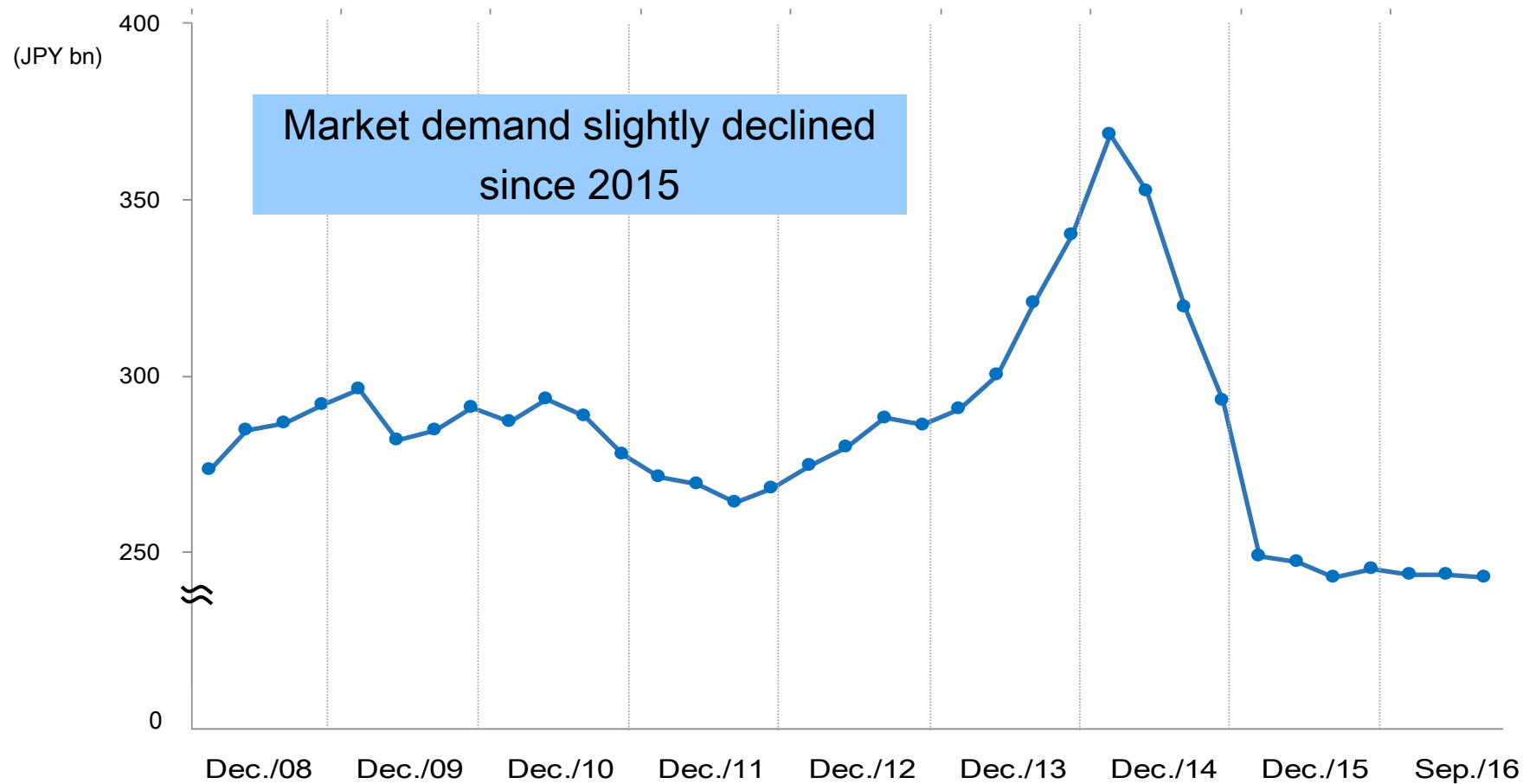
KM17W



Trend Of Domestic Market and Our Sales Result

Domestic industry shipment

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



Situation of Domestic Sales

Agriculture Related Business

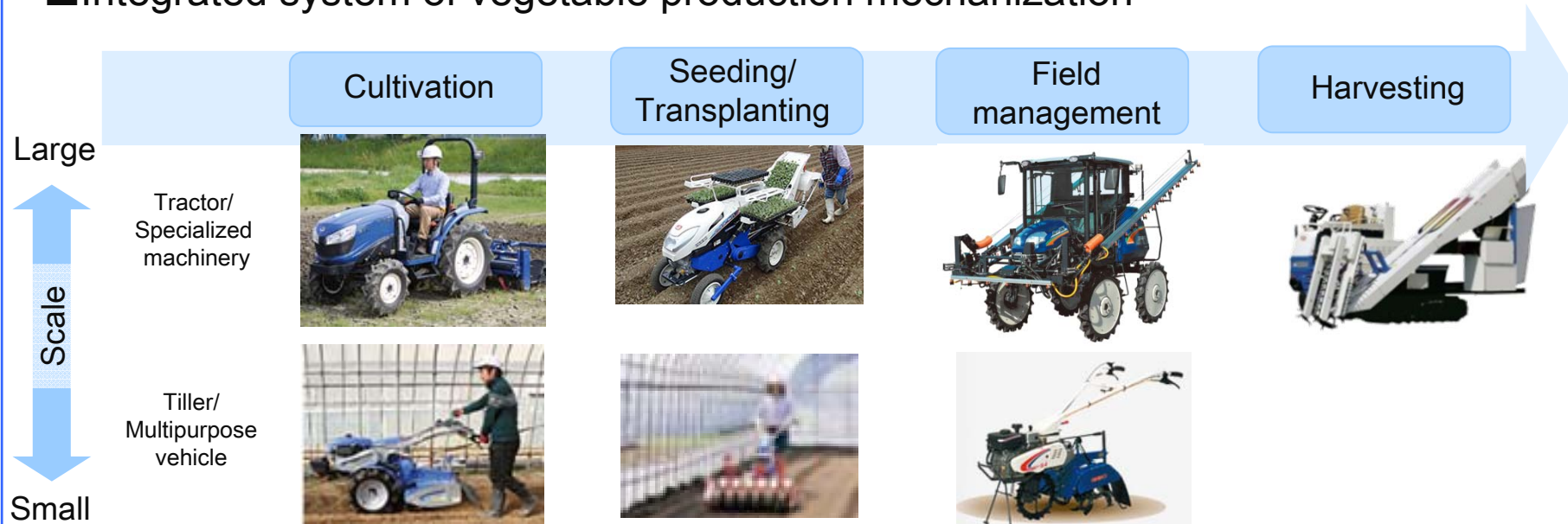
(JPY bn)

		2Q of FY ended Dec.15 Restated basis	2Q of FY ending Dec.16 Actual	y o y change (Restated basis)	
Agriculture Related	Agricultural Machinery	Cultivating & Mowing Machinery	22.7	21.3	(1.4)
		Planting Machinery	7.8	7.4	(0.4)
		Harvesting & Processing	14.2	14.3	0.1
		Total	44.7	43.0	(1.7)
		Farming Implements	13.8	14.9	1.1
		Parts	10.5	10.9	0.4
		Repair fees	3.6	3.9	0.3
		Total	27.9	29.7	1.8
	Total		72.6	72.7	0.1

Sales from Farming Implements, Parts and Repair fees offset the decline in sales from Agricultural Machinery

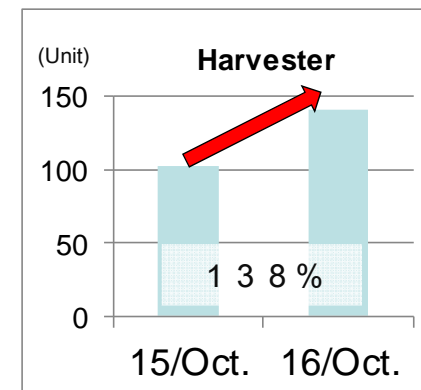
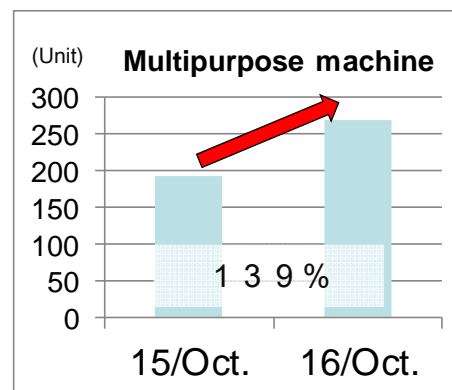
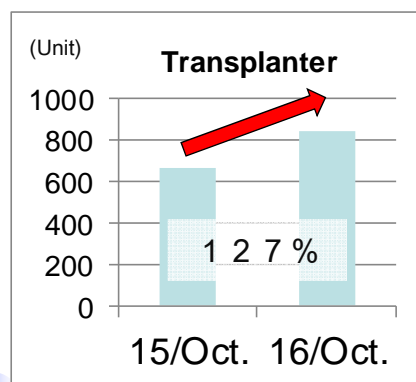
Situation of vegetable production mechanization

Integrated system of vegetable production mechanization



Sales trend of our vegetable machinery

(Annual moving total)



Tillers/Multipurpose Machines

Demand for tillers & multipurpose machinery

1 1 2 thou. units

*From Oct.2015 to Sep.2016

Full-time farmer
(Vegetable production)

Ordinary farmer
(for self-supply)

Hobby & Home gardening



Launching of new tiller products

Market needs

Users

Needs

Farmers Women
Elderly persons

Non-farmers

Safety

Easy to handle

Development from female viewpoints

Female farmers

Full-time farmers

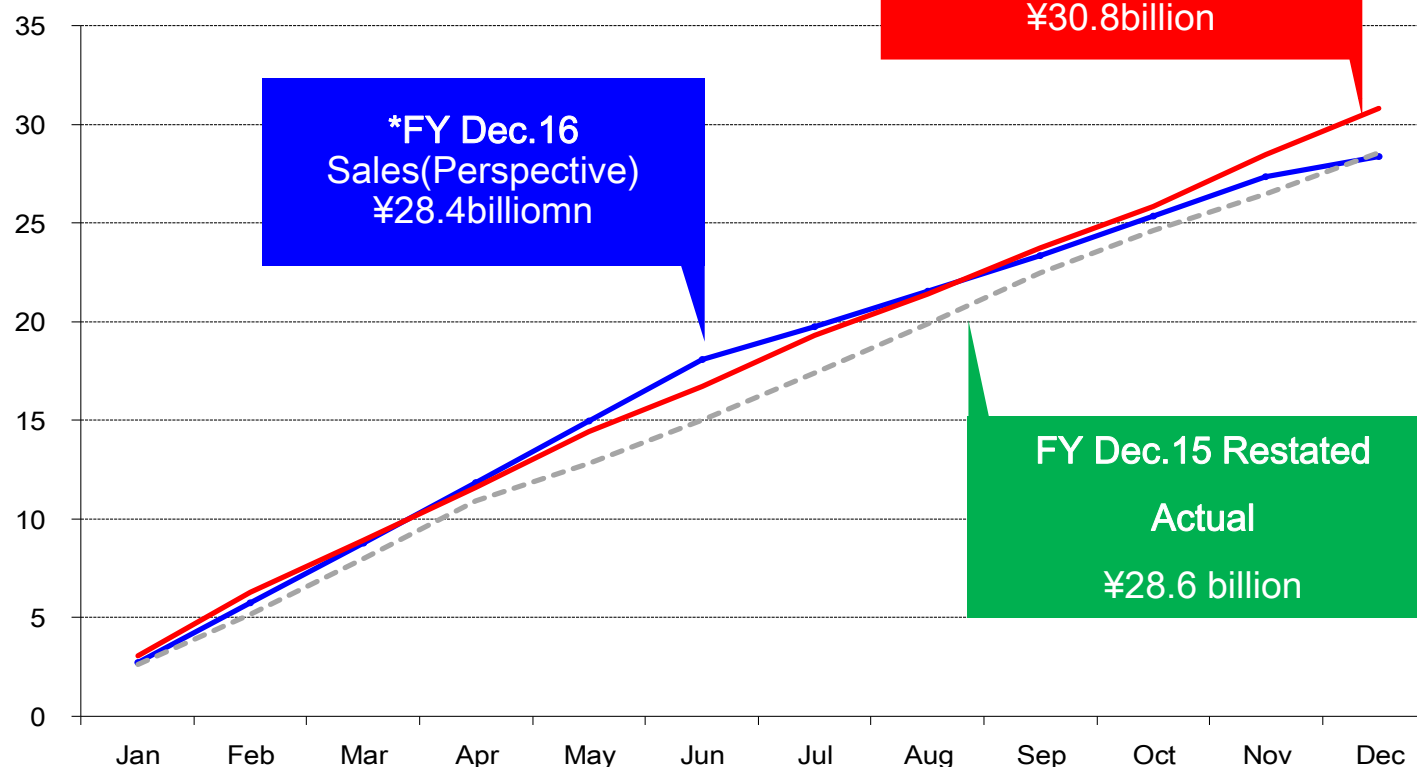


Chocopuchi

(Announced on November 4)

Recent Market Trend in Overseas

(JPY bn)



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

Market Trend (North America)

1. Market in North America

(Unit: 1000)

Category (PTOHP)	Utility Tractors (PTO 40HP or above, 100HP or below)			Compact Tractors (PTO 40HP or below)		
	USA	Canada		USA	Canada	
Jan.-Sep., 2015	45	4	49	94	10	104
Jan.-Sep., 2016	43	4	46	105	8	113
Growth rate	96%	90%	95%	112%	86%	109%

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

2. Situation of AGCO (OEM partner)

Unit sales (16/Jan.-Sep.)

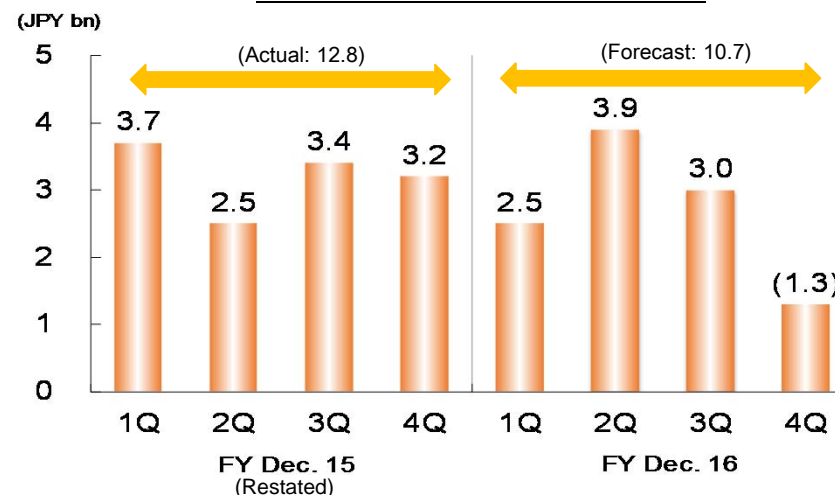
- Utility tractors: Almost in line with the previous year
- Compact tractors: Higher than last year

3. Our situation

Order & shipment (Jan. -Dec.): Lower than last year

- Although sales competition in the small-medium sized tractor is getting tougher, sales of AGCO outperformed the market.
- Sales in North America are expected to be less than last year reflecting the impact of the strong yen in addition to part of sales being posted in the next fiscal year due to partial amendments to the terms of business with AGCO.

Net Sales in North America



Market trend (Europe)

1. Trend in European market

Market demand remains stagnant due to bad weather such as unusually long rain and dry weather

2. Situation of distributors

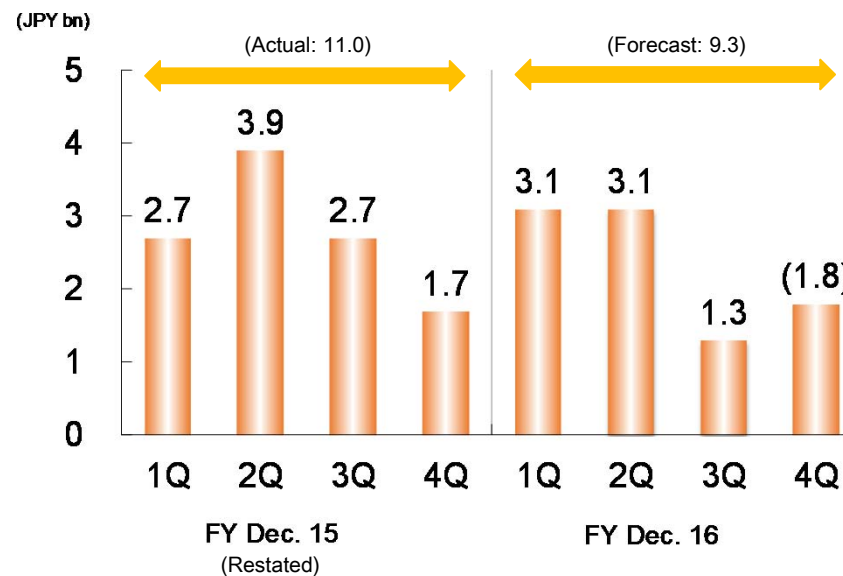
➤ Unit sales (from 16/Jan.- Sep.)

- Distributors: Lower than last year
- ISEKI France: Lower than last year
[Consolidated subsidiary]



- Sales of the distributors from Jan.- Sep. decreased due to weak demand caused by the bad weather. Current sales, however, show a recovery trend by running the winter sales campaign ahead of schedule.

Net Sales in Europe



Market Trend (Thailand)

1. Trend in Thai market

Although the market demand significantly decreased by drought, there has been a sign of recovery since the rainy season started. However, it will take some more time before the demand recovers completely considering the sluggish rice price and the uncertainty to the economy after the king of Thailand passed away.

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

ASEAN strategic tractors (launched last year)

- Effective sales (Jan.-Sep.): Higher than last year

All-purpose combine harvester (launched in August this year)



- Launching of new product (all-purpose combine), expansion of sales network, further sales volume

- New subsidiary “ISEKI(THAILAND)CO.,LTD”
(Established in Nov. as a wholly owned subsidiary)”

- Development/procurement/sales of spare parts, implements, etc.
- After-sales service support through spare parts center, etc.

Market Trend (Indonesia)

1. Trend in Indonesian market

Introduction of agricultural machinery nation-wide prompted by the government(tender)

2. Our situation of sales

We received orders for tractor and walk-behind rice transplanters this year as well.



- The number of orders exceeding the previous year

Market Trend (Indonesia)

3. Situation of production

- PT. ISEKI INDONESIA Production volume trend and our commitments

	2014Actual	2015Actual	2016(Forecast)	2017(Plan)
Production volume	1,100	3,900	7,300	8,200
Production model	North America	• Economy tractor (small)	• Economy tractor (large)	
	Europe		• Economy tractor	
	ASEAN		• ASEAN strategic tractor	
Commitments	← Focus on the production →	← Strengthen procurement →	← Bolster production control →	← Reinforce the foundations of production →

PT. ISEKI INDONESIA reaches full production

→ Establishment of “Business in Indonesia Promotion Department” on Nov.1

We will reinforce the foundations of our production in an effort to enhance productivity through optimal procurement etc.

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	21.8	23.8	23.8	1 st period 22.8
								Annual 23.74

(Yuan bn)

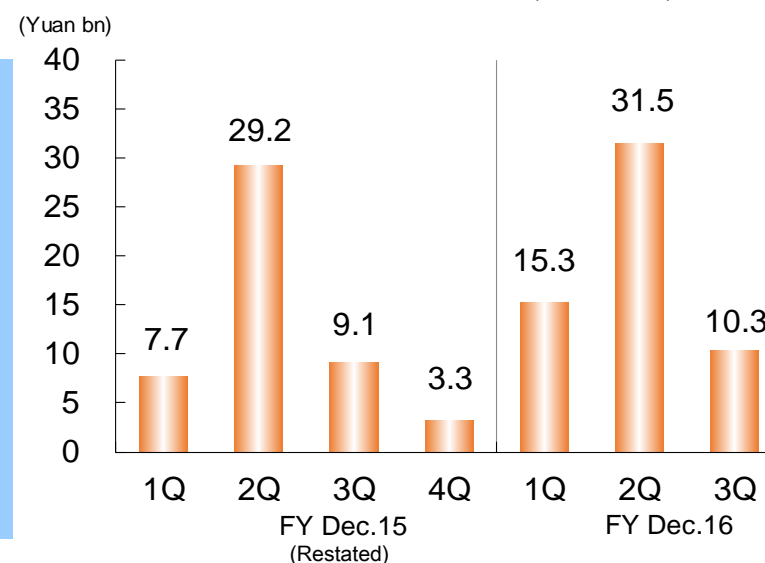
2. Situation of Dongfeng Iseki

Sales of Dongfeng Iseki (16/ Jan.-Sep.)

*Excluding export to Southeast Asia from China

- Rice transplanters : Higher than last year
(walk-behind & ride-on)
- Combine harvesters : Higher than last year
- Tractors (Full-fledged sale) : Got off a good start

Trend of ISEKI's sales in China (Yuan base)



We will increase production through establishment of the new plant whose construction will be completed in Dec. and also promote further sales expansion.



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



Variable fertilizing 8-row rice transplanter
NP80-FV



Performance Forecast for FY ending Dec.16

1. Performance forecast

(JPY bn)

Item	FY ended Dec.15 Restated basis	FY ending Dec.16		Change from	
		Previous forecast*	Latest forecast*	the same period last year	Previous forecast
Net Sales	156.8	161.5	155.5	(1.3)	(6.0)
(Domestic)	125.4	127.8	123.5	(1.9)	(4.3)
(Overseas)	31.4	33.7	32.0	0.6	(1.7)
Operating Income	0.2	3.5	2.8	2.6	(0.7)
Ordinary Income	0.4	3.2	2.0	1.6	(1.2)
Profit (loss) attributable to owners of parent		1.9	0.7		(1.2)

The foreign exchange rate assumptions for the 4th quarter: JPY105 per U.S. dollar / JPY115 per euro
 (The average foreign exchange rate assumptions for the fiscal year ending Dec.2016: JPY109 per U.S. dollar/JPY121 per euro)

* Previous forecast: Announced on Aug 10. Latest forecast: Announced on Nov 11.

2. Year-End Dividend Forecast (JPY)

	Dec./15	Dec./16(plan)
Year-End Dividend	1.5	1.5 - 3.0

< Foreign exchange sensitivity >

(Operating Income, Total period base) (JPY million)

	Foreign exchange sensitivity
US\$	12
Euro	19



4 . Topics



Intellectual Property Report

- Intellectual Property Report 2016 -



October 2016

ISEKI & CO., LTD.

~Outline of contents~

Strategic Directions of R&D

Intellectual Property Strategy

System for R&D and Intellectual Property

Contribution of Intellectual Property to Business

Situation of Intellectual Property

Establishment of Global Training Center

<Domestic business>

<Overseas business>

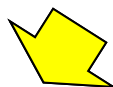
“Changes in agricultural structure”

“Development of global strategy”

Large-scale farming /
Crop conversion

China/ ASEAN
= “Growth engine”

Strengthening our capabilities to
Propose / Support

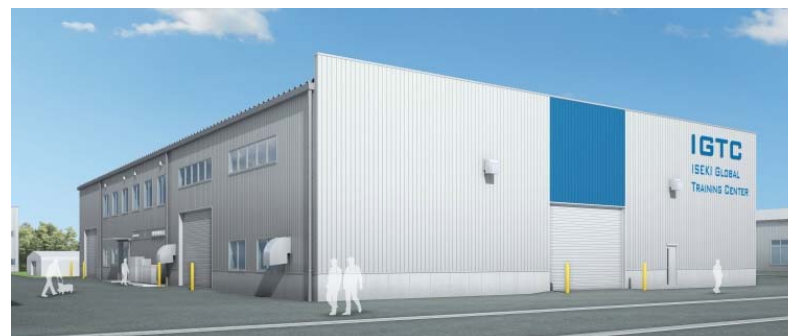


Establishment of Dream Agricultural
Research Institute (October 2015)



In Tsukuba-Mirai City/
Ibaraki Pref.

Iseki Global Training Center (IGTC)
(January 2017)



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.



安心を、未来へつなぐ食料自給率1%アップ運動
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”.