

2020 Mid-term Management Plan (2018-2020)

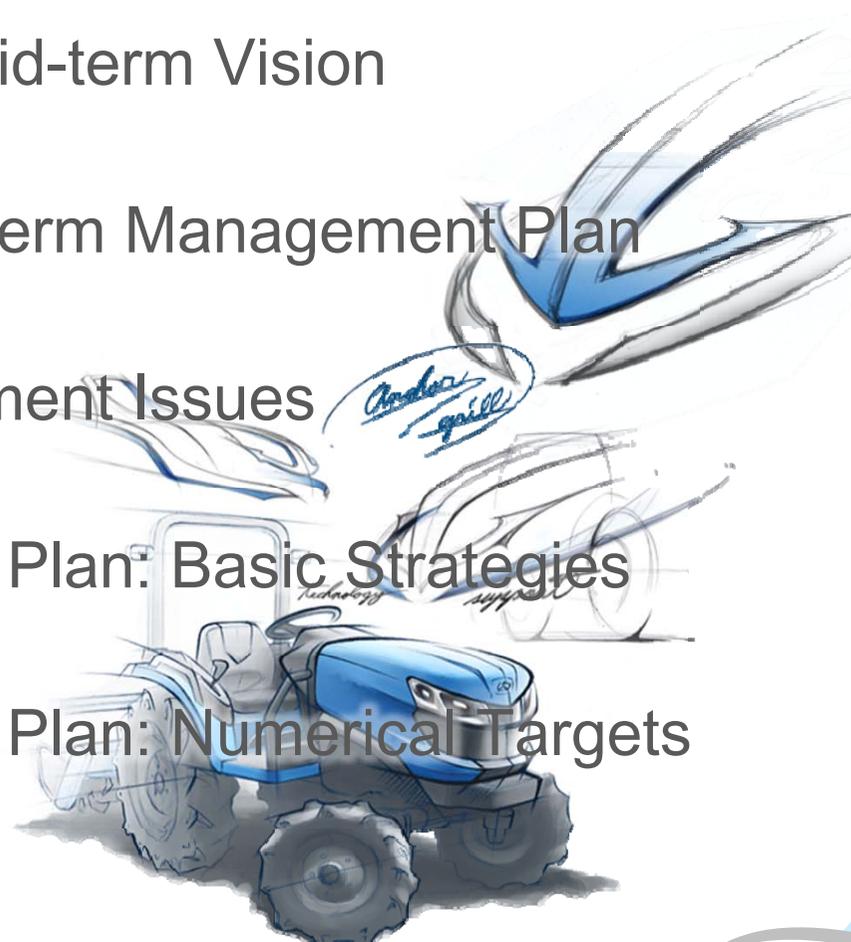
ISEKI & CO., LTD.

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1. Corporate Philosophy and Mid-Term Vision

Corporate Philosophy

We are contributing to agriculture both in Japan and throughout the world by...

“Delivering the products that satisfy customers”

Mid-term Vision

2025 marks 100th anniversary of ISEKI Group

To establish a firm position both in domestic and world market

2. Positioning of the 2020 Mid-Term Management Plan

Revision of the current Mid-term Management Plan (2016-2020)

To ensure the process of attaining our target, we reviewed our strategies for the remaining 3 years in light of changes in the business environment



3. Current Status and Management Issues

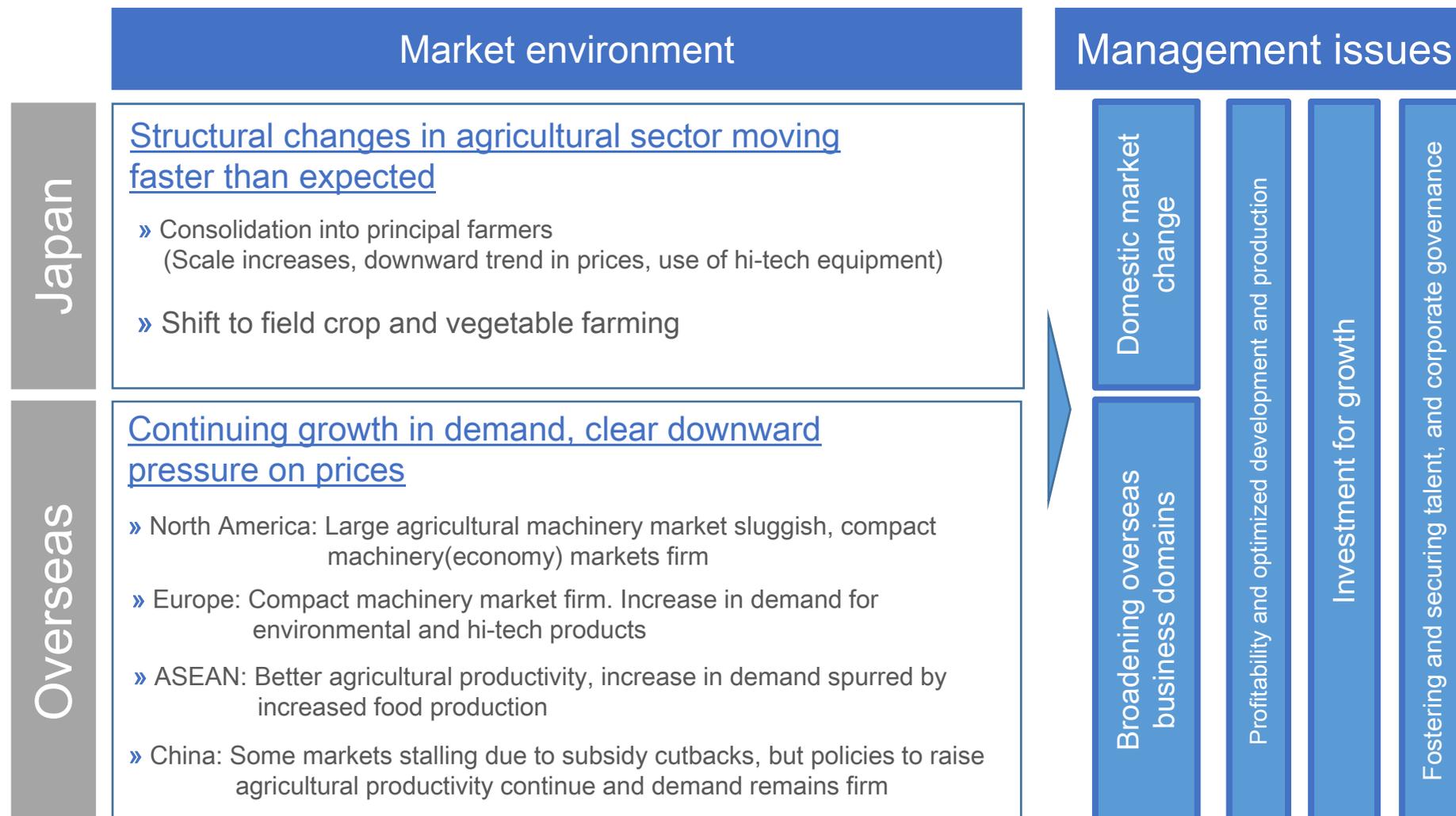
Results for the past 3 years

(JPY bn, %)

		FY ended Dec. 2015	FY ended Dec. 2016	FY ended Dec. 2017
		Restated figures*	Actual	Actual
Net sales		156.8	153.1	158.4
	Domestic	125.4	121.0	123.1
	Overseas	31.4	32.1	35.3
Operating income		0.2	2.5	4.0
Ordinary income		0.4	1.6	4.2
Profit attributable to owners of parent			0.9	2.8
Exchange rate	US\$	119.9	108.6	112.1
	Euro	134.9	120.1	126.8

* Due to a change of fiscal period, figures for the fiscal year ended December 2015 are adjusted to that for a 12-month period.

3. Current Status and Management Issues



4. 2020 Mid-term Management Plan: Basic Strategies

Keyword: *Henkaku* (Change)

「変革」

Ensuring management transparency

Commitment to earnings

4. 2020 Mid-Term Management Plan: Basic Strategies

5 basic strategies:

- 1 Strengthen responsiveness to drastic changes in agriculture in Japan

- 2 Expand overseas businesses

- 3 Strengthen profitability by optimizing development & production

- 4 Make active capital investment for growth

- 5 Enhance corporate value by reinforcing personnel & corporate governance

4. 2020 Mid-term Management Plan: Basic Strategies

»» 1 Strengthen responsiveness to drastic changes in agriculture in Japan

» “Block strategy”: Develop sales and services into wider area

Amid decline in farming population and increases in the number of large-scale farming, shift to a wide-area sales and service with large-scale maintenance centers at the core

» Strengthen proposal and follow-up support

Personnel training tailored to market needs

» Overhaul revenue and cost structure

Business strategies to adapt to market change

Expand sales, boost gross profit margin and cut operating expenses

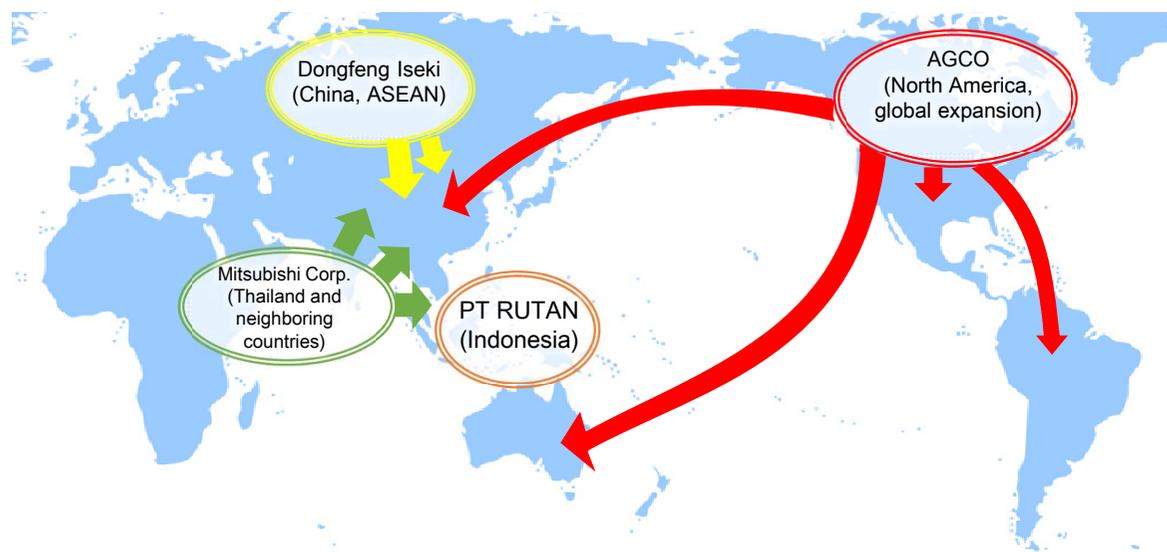
» Strengthen product development

Low prices, hi-tech, and vegetable-cultivation machinery

4. 2020 Mid-term Management Plan: Basic Strategies

➤➤ 2 Expand overseas businesses

» Expand business through enhanced cooperation with strategic partners



» Develop and launch products that match market needs

Also encourage local product development and procurement at overseas subsidiaries

» Build up and expand spare parts and after-sales businesses

4. 2020 Mid-term Management Plan: Basic Strategies

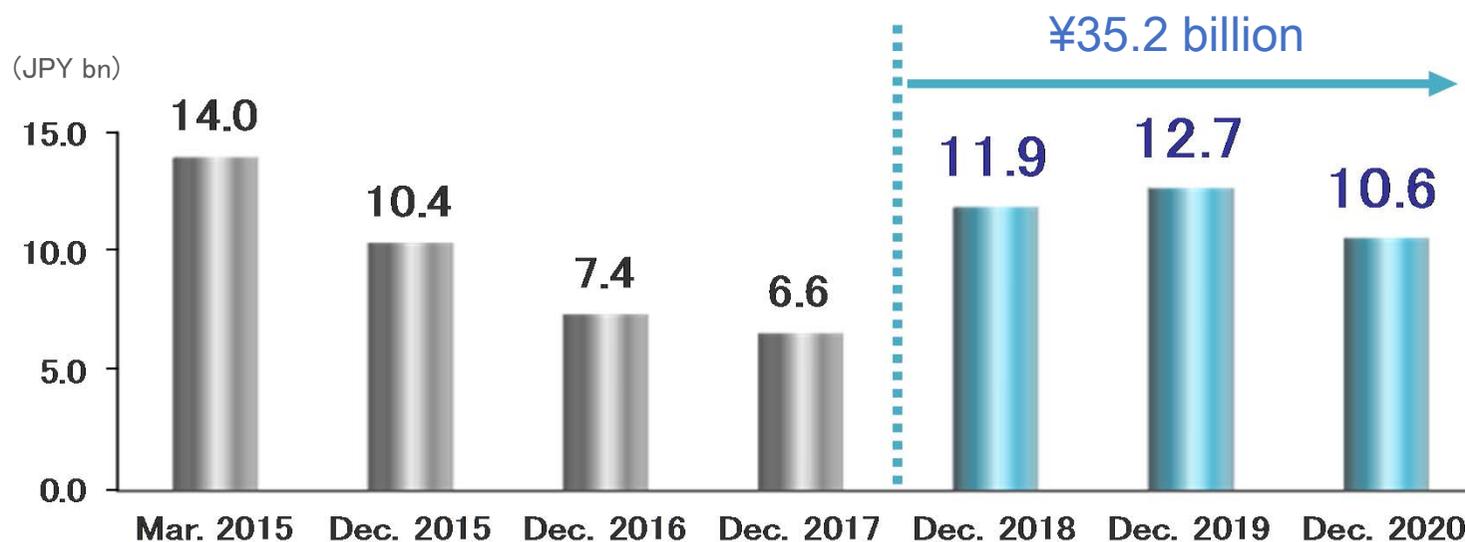
»» 3 Strengthen profitability by optimizing development and production

Strengthen responsiveness to drastic changes in agriculture in Japan and expanding overseas businesses

- » Improve profitability of products for overseas market
Led and driven by Global Strategic Products Project Management Department
- » “Good practice manufacturing” productivity reform through efficiency drive
Standardize and share designs, reduce number of models
Step up front-line and indirect operational improvement measures
- » Improve profitability and strengthen marketing capability of China business (Dongfeng Iseki)
Promote performance transparency through enhanced cooperation with Dongfeng Iseki
- » Further boost profitability of Indonesia business
- » Create systems for increased production at overseas manufacturing sites
- » Step up ability to respond to changes in production load

4. 2020 Mid-term Management Plan: Basic Strategies

4 Make active capital investment for growth



» Major investments (over 3 years)

Equipping large sales offices of domestic sales companies	:	¥8.2 billion
Production facilities (to produce new models/ to increase productivity)	:	¥15.9 billion

4. 2020 Mid-term Management Plan: Basic Strategies

5 Enhance corporate value by reinforcing personnel and corporate governance

Achieve sustainable growth

» Create human capital (personnel training)

Development	Production	Sales & Services
IETC ISEKI Basic Engineering Design Training Center	ITTC ISEKI Technical Training Center	IGTC ISEKI Global Training Center
Train young designers	Train leaders for domestic and overseas production	Develop domestic and overseas sales and services
		

» Overhaul work approaches and involve women more (create comfortable workplaces)

In a group-wide initiative, streamline operations and create women-friendly workplaces

4. 2020 Mid-term Management Plan: Basic Strategies

»» 5 Enhance corporate value by reinforcing personnel and corporate governance

» Strengthen compliance with laws and regulations

Enhance compliance, including at overseas subsidiaries

Comply with Anti-Monopoly Act

Appropriately manage and handle personal information

» Corporate governance

Step up measures to reinvigorate the Board of Directors

Reduce risks through strict risk management

Ensure appropriate information dissemination following fair disclosure rules

Hold briefings for individual investors

» Strengthen CSR initiatives

Promote and strengthen activities to meet public expectations

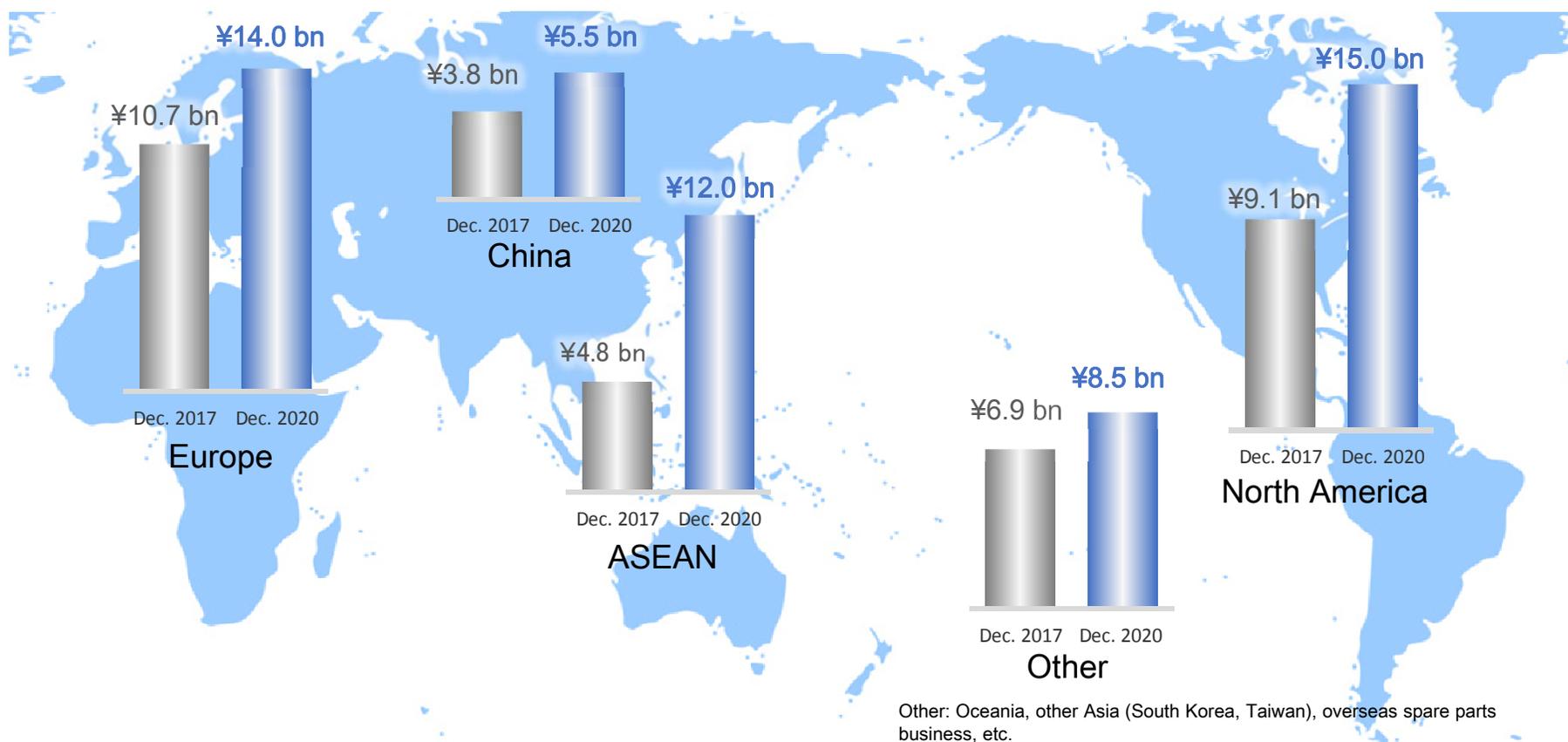
5. 2020 Mid-term Management Plan: Numerical Targets

	FY ended Dec. 2017 Actual	FY ending Dec. 2020 Targets
Expansion of business domains	Net sales (consolidated)	¥158.4 bn ⇒ ¥190.0 bn
	(Total overseas net sales ratio*)	24% ⇒ 40%
Improved profitability	Operating income (consolidated)	¥4.0 bn ⇒ ¥9.0 bn
	ROE	4.2% ⇒ 8.0% or more
Shareholder returns	Dividend per share	¥30 ⇒ ¥50

* Total overseas net sales ratio: Overseas sales ratio including equity method affiliates

5. 2020 Mid-term Management Plan: Numerical Targets

Net sales (consolidated) by overseas region (reference)



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.



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ISEKI Group supports the initiatives of the nationwide action “COOL CHOICE” by the Ministry of the Environment, encouraging “smart choices” that contribute to global warming countermeasures. As our “smart choice” suggestion, we promote the development and proliferation of “eco products” and other environment-friendly products.