

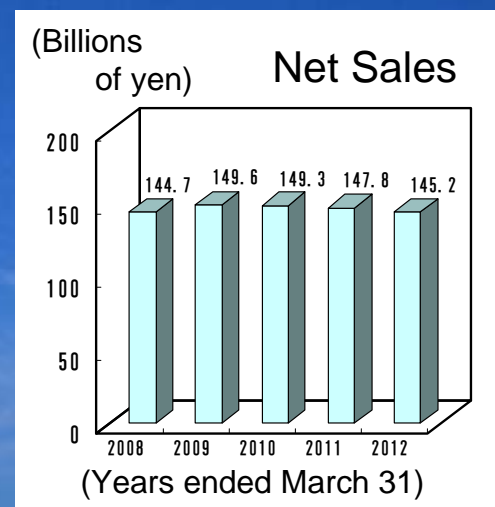
# Financial Results for the Second Quarter Fiscal Year Ending March 2013 Investor Relations Presentation Materials

ISEKI & CO., LTD.  
Noriyuki Kimura, President  
November 16, 2012



1. Outline of Financial Results for the Second Quarter Fiscal Year Ending March, 2013
2. Recent Development in Domestic and Overseas Markets
3. Performance Forecast for the Fiscal Year Ending March, 2013
4. Topics

# 1. Outline of Financial Results for the Second Quarter Fiscal Year Ending March, 2013



# Outline of Second Quarter Business Performance

(JPY bn, %)

Item	10/ Apr.-Sep.	11/ Apr.-Sep.		12/ Apr.-Sep.		Change	12/ Apr.-Sep. Forecast	Change
			%		%			
Net Sales	75.4	72.4	100.0	80.4	100.0	8.0	78.5	1.9
(Domestic)	66.3	61.1	84.4	69.4	86.3	8.3	67.7	1.7
(Overseas)	9.1	11.3	15.6	11.0	13.7	(0.3)	10.8	0.2
Gross Profit	23.8	23.4	32.4	25.3	31.5	1.9	24.3	1.0
S. G. & A. Expenses	21.5	20.8	28.8	21.2	26.4	0.4	21.5	(0.3)
Operating Income	2.3	2.6	3.6	4.1	5.1	1.5	2.8	1.3
Ordinary Income	1.8	2.4	3.4	3.8	4.8	1.4	2.6	1.2
Net Income	0.1	1.8	2.5	3.0	3.8	1.2	1.8	1.2

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

Cumulative total: Jan.- Jun.

\* 13/Mar. 2Q Forecast:

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

Cumulative total: Apr.-Sep.

Announced on August 8.

# Breakdown of Domestic Sales

(JPY bn)

		10/ Apr.-Sep.	11/ Apr.-Sep.	12/ Apr.-Sep.	Change		12/ Apr.-Sep. Forecast*	Change	
					Note				
Agriculture Related Business	Agricultural Machinery	Cultivating & Mowing Machinery	16.0	17.1	18.2	1.1	Tractors: +0.8 Tillers: +0.3	18.2	0
		Planting Machinery	8.4	7.2	7.8	0.6	Rice transplanters:+ 0.7 Transplanters: (0.1)	7.8	0
		Harvesting & Processing Machinery	7.7	6.4	7.7	1.3	Combine harvesters: +0.8 Drying Machine:+0.5	7.7	0
	Total		32.1	30.7	33.7	3.0		33.7	0
	Parts & Farming Implements		16.9	15.6	16.5	0.9	Farming Implements :+0.4 Parts :+0.5	16.6	(0.1)
	Construction of Facilities		3.8	1.5	5.5	4.0		4.0	1.5
	Other Agriculture Related		13.4	13.2	13.6	0.4		13.3	0.3
	Total		66.2	61.0	69.3	8.3		67.6	1.7
Other Business Total		0.1	0.1	0.1	0		0.1	0	
Total		66.3	61.1	69.4	8.3		67.7	1.7	

\* 13/Mar. 2Q Forecast: Announced on August 8.

# Breakdown of Overseas Sales

(JPY bn)

	10/ Apr. - Sep.	11/ Apr. - Sep.	12/ Apr. - Sep.	Change	Note	12/ Apr. - Sep. Forecast*	Change
North America	2.8	2.8	2.7	(0.1)	Tractors: (0.1)	2.8	(0.1)
Europe	2.6	3.0	2.1	(0.9)	Tractors: (0.8) Mowers: (0.1)	2.0	0.1
China*	2.1	4.3	4.3	0		4.5	(0.2)
Other Asia	0.3	0.1	0.6	0.5	Tractors: +0.1 Combine harvesters: +0.4	0.6	0
Oceania	0.3	0.3	0.3	0		0.2	0.1
Products Total	8.1	10.5	10.0	(0.5)		10.1	(0.1)
Parts & Others	1.0	0.8	1.0	0.2		0.7	0.3
Total	9.1	11.3	11.0	(0.3)		10.8	0.2

\* Sales in China are actual results (Jan. – Jun.)

\* 13/Mar. 2Q Forecast: Announced on August 8.

# Operating Income

(JPY bn, %)

Item	10/ Apr. - Sep.	11/ Apr. - Sep.		12/ Apr. - Sep.		Change	12/ Apr. - Sep. Forecast*	Change
			%		%			
Net Sales	75.4	72.4	100.0	80.4	100.0	8.0	78.5	1.9
Cost of G. S.	51.6	49.0	67.6	55.1	68.5	6.1	54.2	0.9
Gross Profit	23.8	23.4	32.4	25.3	31.5	1.9	24.3	1.0
S. G. & A. Expenses	21.5	20.8	28.8	21.2	26.4	0.4	21.5	(0.3)
Operating Income	2.3	2.6	3.6	4.1	5.1	1.5	2.8	1.3

\*Factors of YoY change

[Gross Profit]	• Increased gross income by increased revenue	:+1.9
[S.G.& A Expenses]	• Increased S.G.& A Expenses (personnel expenses +0.2. distribution cost (0.1) other expenses +0.3)	:+0.4

\* 13/Mar. 2Q Forecast: Announced on August 8.

# Ordinary Income and Net Income

(JPY bn)

	10/ Apr.-Sep.	11/ Apr.-Sep.	12/ Apr.-Sep.	Change	12/ Apr.-Sep. Forecast*	Change
Operating Income	2.3	2.6	4.1	1.5	2.8	1.3
Net Financial Income	(0.5)	(0.4)	(0.4)	0	(0.4)	0
Other Non-operating Income	0	0.2	0.1	(0.1)	0.2	(0.1)
Ordinary Income	1.8	2.4	3.8	1.4	2.6	1.2
Extraordinary Gains	0	0	0.2	0.2	0.1	0.1
Extraordinary Losses	(1.0)	(0.3)	(0.2)	0.1	(0.1)	(0.1)
Income before Income Taxes	0.8	2.1	3.8	1.7	2.6	1.2
Taxes, Deferred Taxes	(0.7)	(0.3)	(0.8)	(0.5)	(0.8)	0.0
Net Income	0.1	1.8	3.0	1.2	1.8	1.2

\* Factors of YoY change

[Other non-operating income]	Elimination of reversal of loss on disaster of the previous period, etc	: (0.1)
[Extraordinary gains]	Compensation received related to earthquake	: +0.17
[Extraordinary losses]	Elimination of extraordinary losses for change of retirement benefit system	: +0.25
	Restoration cost of fire at paint facility of Iseki-Matsuyama Mfg. Co., Ltd.	: (0.09)
	Loss on sales and retirement of noncurrent assets, etc.	: (0.04)

\* 13/Mar. 2Q Forecast: Announced on August 8.



# Balance Sheet

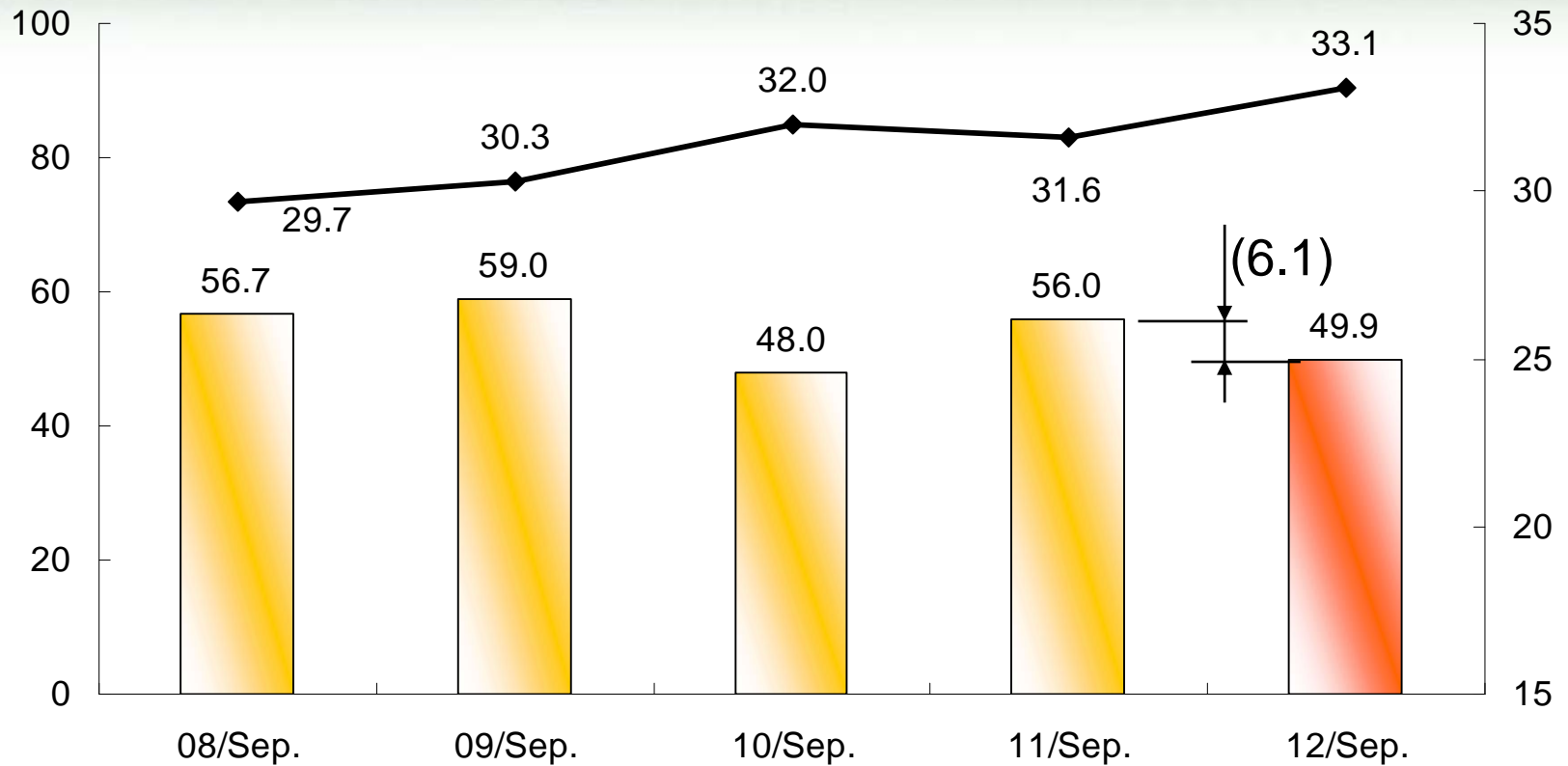
(JPY bn)

Item	10/Sep.	11/Sep.	12/Sep.	Change	12/Mar.
Cash/Deposits	6.0	9.3	8.8	(0.5)	7.1
Accounts Receivables	30.3	31.9	36.4	4.5	28.7
Inventories	40.0	38.8	39.4	0.6	42.8
(Product Inventory)	25.8	24.9	25.4	0.5	28.1
Other Current Assets	2.6	2.4	2.8	0.4	4.3
Noncurrent Assets	89.5	90.9	89.6	(1.3)	89.7
<b>Total Assets</b>	<b>168.4</b>	<b>173.3</b>	<b>177.0</b>	<b>3.7</b>	<b>172.6</b>
Accounts Payables	42.1	38.6	44.4	5.8	43.7
Debts/Borrowings	43.6	50.7	43.7	(7.0)	42.1
Other Liabilities	27.3	27.7	28.7	1.0	28.6
<b>(Total Liabilities)</b>	<b>113.0</b>	<b>117.0</b>	<b>116.8</b>	<b>(0.2)</b>	<b>114.4</b>
<b>Net Assets</b>	<b>55.4</b>	<b>56.3</b>	<b>60.2</b>	<b>3.9</b>	<b>58.2</b>
(Retained Earnings)	6.1	7.0	10.6	3.6	7.9
<b>Total Liabilities and Net Assets</b>	<b>168.4</b>	<b>173.3</b>	<b>177.0</b>	<b>3.7</b>	<b>172.6</b>

# Interest Bearing Liabilities & Equity Ratio

Balance of interest bearing liabilities (JPY bn)

Equity Ratio (%)



	08/Sep.	09/Sep.	10/Sep.	11/Sep.	12/Sep.
D/E Ratio	1.07	1.08	0.87	1.00	0.83

\* D/E Ratio=Interest bearing liabilities/Net assets

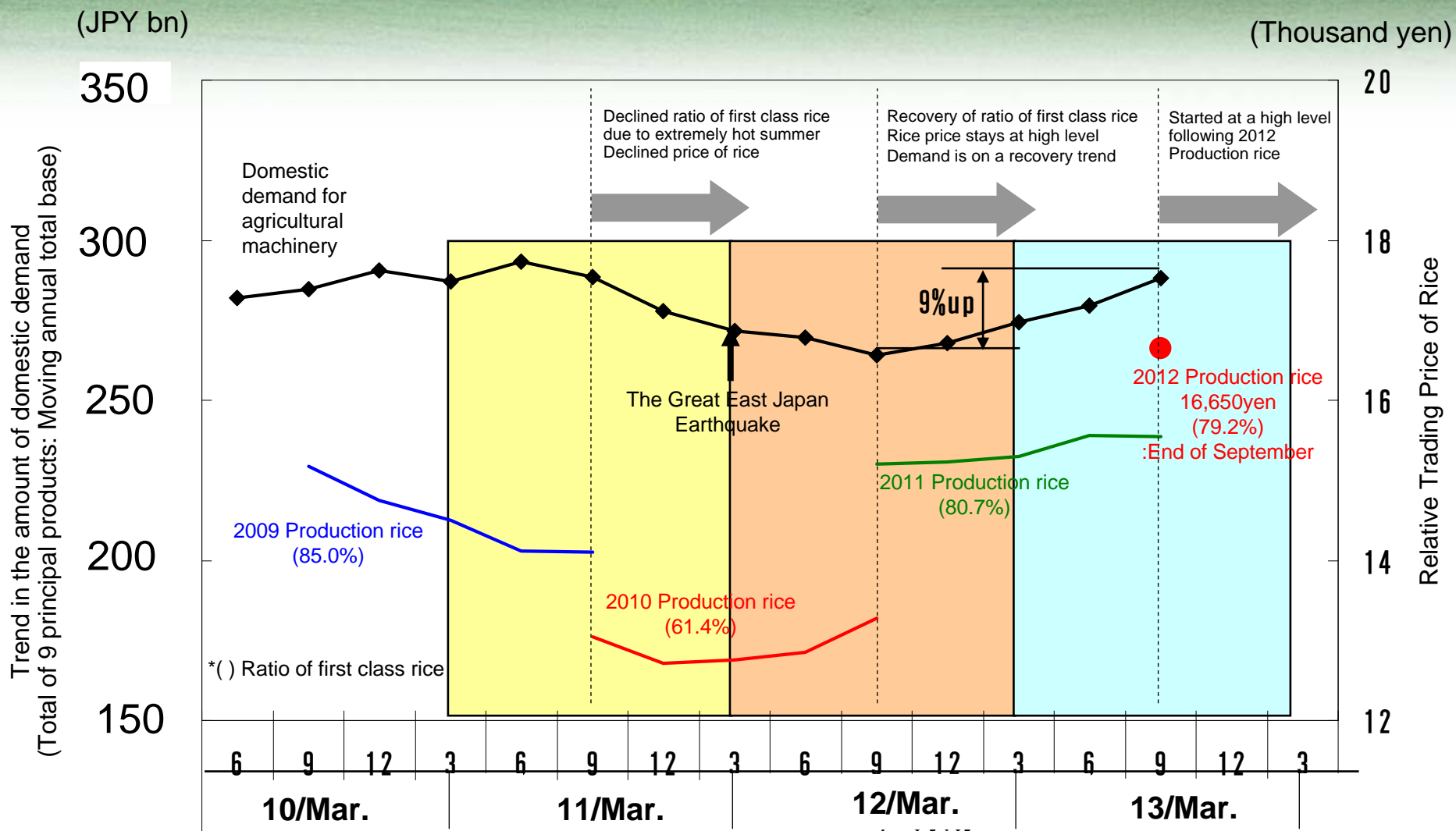
\* Lease liabilities are included after 09/Sep.

## 2. Recent Development in Domestic and Overseas Markets



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# Trends of Domestic Demand for Agricultural Machinery and Trend of Relative Trading Price of Rice



Source: [Demand] Shipping Statistics of Japan Farm Machinery Manufacturers Association

[Relative Trading Price] MAFF Shippers (Preliminary)

[Ratio of first class rice] MAFF Inspection result of 2011 production rice (Preliminary, Mar. 31, 2012)

# Trends in Domestic Agricultural Machinery Market

## 1. Domestic agricultural machinery shipment and effective sales of ISEKI

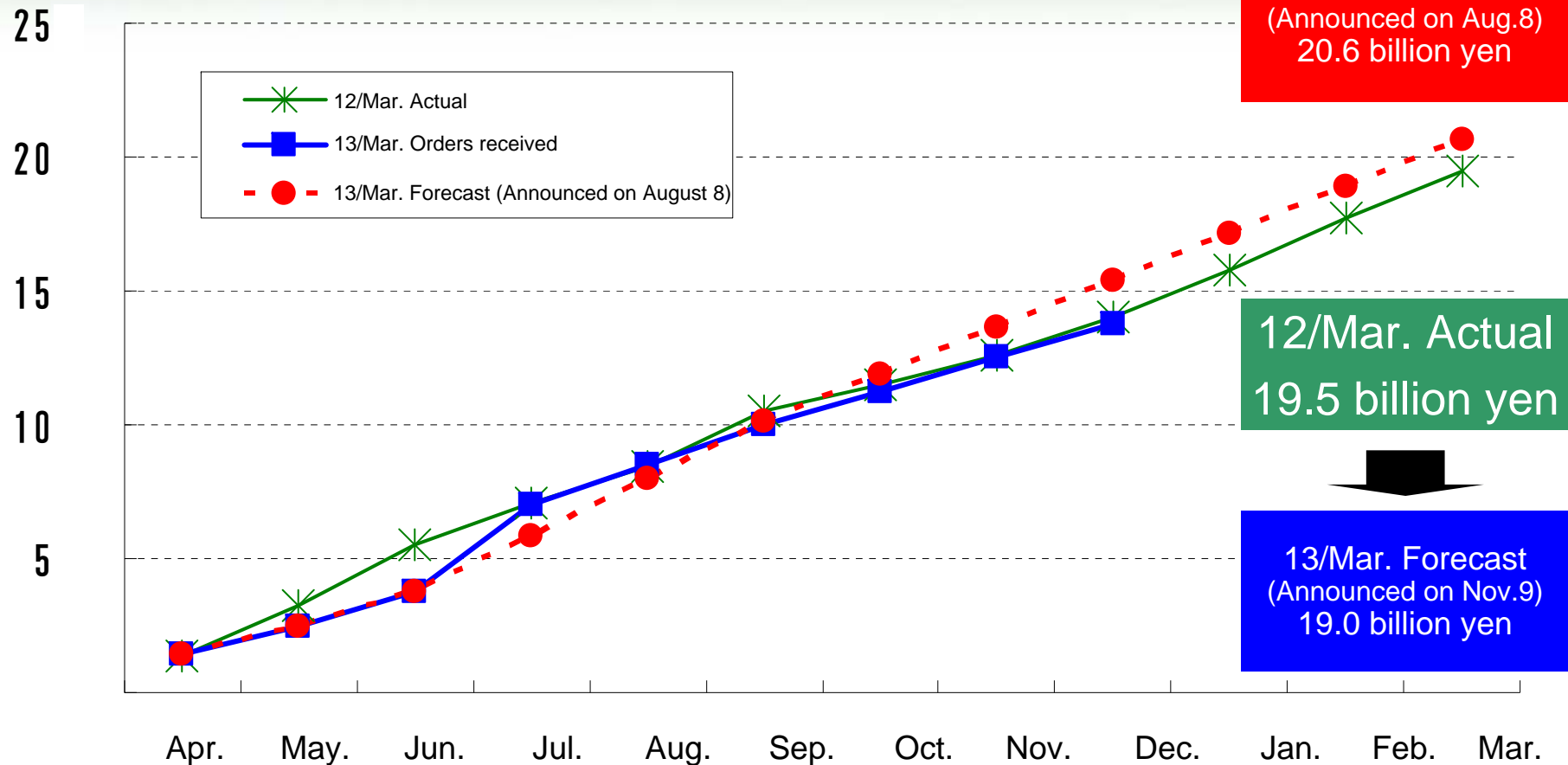
\* Total amount of 9 principal products base, Y o Y growth rate (%)

Source: Shipping statistics of Japan Farm Machinery Manufacturing Association

Moving annual total	09/Apr. - 10/Mar.	10/Apr. - 11/Mar.	11/Apr. - 12/Mar.	11/Oct. - 12/Sep.
Industry (Shipment)	97	94	101	109
ISEKI (Effective sales)	97	97	103	105

# Recent Trend of Overseas Product Sales

(JPY bn)



\*13/Mar.Orders received (Apr.-Dec.)

North America, Europe, Asia, Oceania  
China

:Apr.-Sep. is based on result of shipping, Oct.-Dec. is based on orders received  
:Actual sales for Jan.-Sep.

# Trend in Overseas Market (North America)

## 1. Trend of Compact Tractor Market in North America

•Consumer mind prefer low price

### •Compact Tractor Market in North America

\*Tractors with 50PS engines (PTO40PS) or less, and lawn mowers are not included

(Unit: 1000) \* Figures have been rounded and non-adjusted

Source:AEM statistics(Association of Equipment Manufacturers)

	11/ Jan. - Oct.	12/ Jan. - Oct.	YoY	
			Change	Growth rate
USA	74	80	6	109%
Canada	10	10	0	100%
N.America Total	84	90	6	108%

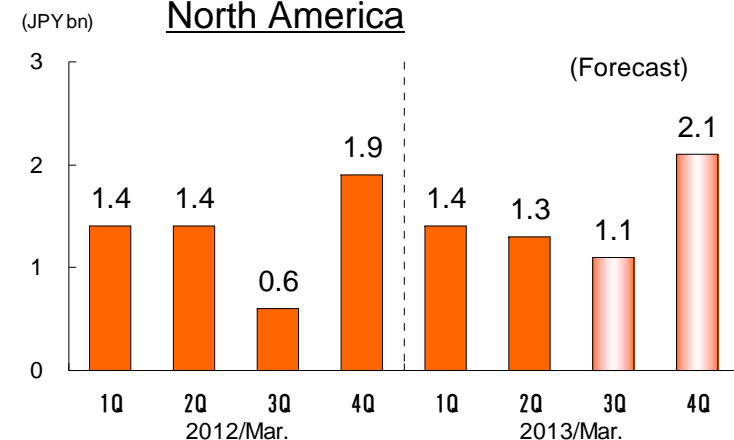
AEM estimated growth of demand in 2012 to be 103.2%

Low priced tractors grew

## 2. ISEKI's Sales

- Effective sales of the OEM partner for Jan.-Oct. shifted higher than the same period of the previous year due to permeated sales promotion measures that were stepped up since July. Also, the growth rate of sales shifted higher than the market's growth rate.
- In orders received base, ISEKI's sales for Apr.-Dec. (Apr.-Sep. was shipping base) shifted higher than the previous period due to a temporary increase of inventory of the OEM partner to cope with the emission control in North America that will start in January 2013.

### Trend of product sales for North America



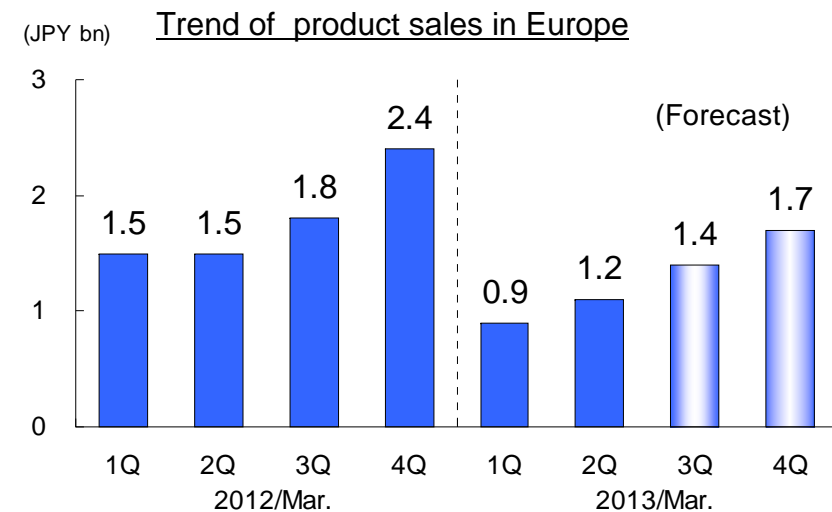
# Trends in Overseas Market (Europe)

## 1. Trends in European Market

- In landscape market for professionals, demand for machinery was deteriorated due to budget cut under economic recession.
- Regarding small agricultural machinery market and consumer market, consumer mind has been weakened, leading to a trend for lower prices.

## 2. ISEKI's Sales

- Cumulative sales units for Jan.-Sep. in entire Europe of tractors and riding mowers shifted below the previous year.
- ISEKI's orders received base for Apr.-Dec. (Apr.-Sep. was shipping) shifted below the previous year except for UK due to trend to refrain from purchasing in either France, Germany or Belgium.





# Trends in Overseas Markets (China)

## 1. Trend in Chinese Market

- Trend of subsidy for agricultural promotion

(billion of yuan)

	2007	2008	2009	2010	2011	2012
Central government subsidy	2.0	4.0	13.0	15.5	17.5	20.0
(billion yen, yuan/13 yen)	26.0	52.0	169.0	201.5	227.5	260.0

## 2. ISEKI's Sales

- Sales of rice transplanters for Jan.-Mar. trended inactive due to delayed announcement of the subsidy policy, etc., which led to delayed sales compared to the previous year.
- Having made a push in Apr.-Jun., the accumulated total for Jan.-Jun. was in line with the previous year.



### 3. Performance Forecast for the Fiscal Year Ending March, 2013



Tobacco transplanter (China)

# Performance Forecast for FY13/Mar. & Year-End Dividend Forecast

## 1. Performance Forecast for FY13/Mar. (JPY bn)

Item	12/Mar.	13/Mar.		Change from	
		Previous Forecast*	Latest Forecast*	12/Mar.	Previous Forecast*
Net Sales	145.2	153.0	153.0	7.8	0
(Domestic)	123.8	131.0	132.5	8.7	1.5
(Overseas)	21.4	22.0	20.5	(0.9)	(1.5)
Operating Income	4.2	4.6	5.5	1.3	0.9
Ordinary Income	3.9	3.9	4.8	0.9	0.9
Net Income	2.7	2.7	3.2	0.5	0.5

Company forex rate: 1US\$=¥78 (Unchanged), 1Euro = ¥96→¥100(From the 3<sup>rd</sup> Quarter)

\* Previous forecast: Announced on August 8, Latest forecast: Announced on November 9

## 2. Year-End Dividend Forecast

	12/Mar.	13/Mar.	
		Previous Forecast*	Latest Forecast*
Year-End Dividend (Yen)	1.5	2.0~3.0	3.0

\* Previous forecast: Announced on May 11, Latest forecast: Announced on November 9

# Breakdown of Domestic Sales

(JPY bn)

	12/Mar.	13/Mar.		Change from	
		Previous Forecast*	Latest Forecast*	12/Mar.	Previous Forecast*
Cultivating & Mowing Machinery	27.5	29.0	29.1	1.6	0.1
Planting Machinery	10.4	11.6	10.9	0.5	(0.7)
Harvesting & Processing Machinery	25.9	26.2	27.6	1.7	1.4
Agricultural Machinery Total	63.8	66.8	67.6	3.8	0.8
Parts & Farming Implements	30.4	30.8	31.3	0.9	0.5
Construction of Facilities	4.7	7.0	7.7	3.0	0.7
Other Agriculture Related	24.8	26.3	25.8	1.0	(0.5)
Agriculture Related Business Total	123.7	130.9	132.4	8.7	1.5
Other Business Total	0.1	0.1	0.1	0	0
<b>Total</b>	<b>123.8</b>	<b>131.0</b>	<b>132.5</b>	<b>8.7</b>	<b>1.5</b>

\* Previous forecast: Announced on August 8, Latest forecast: Announced on November 9

# Breakdown of Overseas Sales

(JPY bn)

	12/Mar.	13/Mar.		Change from	
		Previous Forecast*	Latest Forecast*	12/Mar.	Previous Forecast*
North America	5.3	5.6	5.9	0.6	0.3
Europe	7.2	6.6	5.2	(2.0)	(1.4)
China	5.7	7.2	6.0	0.3	(1.2)
Other Asia	0.9	0.7	1.3	0.4	0.6
Oceania	0.4	0.5	0.6	0.2	0.1
Products Total	19.5	20.6	19.0	(0.5)	(1.6)
Parts & Others	1.9	1.4	1.5	(0.4)	0.1
Total	21.4	22.0	20.5	(0.9)	(1.5)

Company forex rate: 1US\$=¥78 (Unchanged) 1Euro = ¥96→¥100 (From the 3rd Quarter)

\* Previous forecast: Announced on August 8, Latest forecast: Announced on November 9

# 4. Topics



Cool box for raw rice

# Profile of New Company in Indonesia

## <Outline>

Name	: PT. ISEKI INDONESIA		
Main business	: Manufacturing and sales of agricultural machinery		
Main products	: Low priced tractors (Low priced products for the US and Europe, Southeast Asia)		
Scale	: [Site space] 5ha, [Building space] 2ha		
Production	: Stable period 8,000 units/year (Capacity 10,000 units/year)		
Company form	: Joint venture with PT RUTAN		
	ISEKI & CO.,LTD.	95%	
	PT RUTAN	5%	
Capital	: US\$18.75 million (equivalent to 1.5 billion yen)		Image of completion
Sales amount	: 6 billion yen (stable period)		

October 30	: Company registration
September 2013	: Completion of plant building
January 2014	: Start of production



# 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

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