



Financial Results for the First Quarter  
Fiscal Year Ending March 2014  
Investor Relations Presentation Materials

ISEKI & CO., LTD.

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Fiscal Year Ending March, 2014
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Ending March, 2014
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# \* Quarterly Financial Results and Seasonal Trends

## 1. Reporting period of consolidated subsidiaries

	Term end	(1st Quarter)
12 sales companies, 1 sales related company Iseki-Changzhou Mfg. Co., Ltd. PT. ISEKI INDONESIA	December 31	(Jan.-Mar.)
ISEKI & CO., LTD. and 11 other affiliates	March 31	(Apr.-Jun.)

## 2. Seasonal Trends of sales (FY Ended March 2013, Actual Results) (JPY bn)

Domestic	29.8	39.6	33.0	30.6	133.0
Overseas	4.2	6.8	4.5	7.2	22.7
Total	34.0	46.4	37.5	37.8	155.7
(%)	(22)	(30)	(25)	(24)	(100)

(Note) The sales in first quarter are lower than in other quarters.

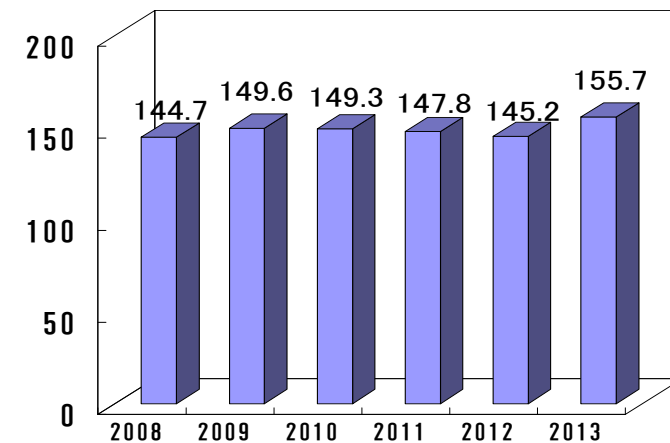




# 1. Outline of Financial Results for the First Quarter Fiscal Year Ending March, 2014

(Billions of yen)

Net Sales



(Years ended March 31)



# Outline of First Quarter Business Performance

(JPY bn, %)

Item	11/ Apr.-Jun.	12/ Apr.-Jun.		13/ Apr.-Jun.		Change	13/ Apr.-Jun. Plan	Change
			%		%			
Net Sales	32.3	34.0	100.0	34.8	100.0	0.8	37.4	(2.6)
(Domestic)	26.4	29.7	87.4	29.1	83.6	(0.6)	28.6	0.5
(Overseas)	5.9	4.3	12.5	5.7	16.4	1.4	8.8	(3.1)
Gross Profit	11.1	11.4	33.6	11.4	32.9	0	11.5	(0.1)
S. G. & A. Expenses	10.3	10.2	30.0	10.5	30.2	0.3	10.9	(0.4)
Operating Income	0.8	1.2	3.6	0.9	2.7	(0.3)	0.6	0.3
Ordinary Income	0.9	1.2	3.4	1.3	3.7	0.1	0.6	0.7
Net Income	0.9	1.5	4.3	1.6	4.6	0.1	0.6	1.0

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

Cumulative total: Jan.-Mar.

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

Cumulative total: Apr.- Jun.



# Breakdown of Domestic Sales

(JPY bn)

		11/ Apr.-Jun.	12/ Apr.-Jun.	13/ Apr.-Jun.	Change		13/ Apr.-Jun. Plan	Change
						Note		
Agriculture Related Business	Agricultural Machinery							
	Cultivating & Mowing Machinery	8.1	8.3	8.9	0.6	Tractors:+0.6	8.9	0
	Planting Machinery	2.5	2.8	2.8	0		2.8	0
	Harvesting & Processing Machinery	3.5	4.1	4.2	0.1	Combine harvesters:+0.1	4.2	0
	Total	14.1	15.2	15.9	0.7		15.9	0
	Parts & Farming Implements	6.0	6.3	6.8	0.5	Farming implements :+0.5	6.5	0.3
	Construction of Facilities	0.7	2.7	0.6	(2.1)		0.4	0.2
	Other Agriculture Related	5.6	5.5	5.8	0.3		5.8	0
Total	26.4	29.7	29.1	(0.6)		28.6	0.5	
Other Business Total	0	0	0	0		0	0	
Total	26.4	29.7	29.1	(0.6)		28.6	0.5	



# Breakdown of Overseas Sales

(JPY bn)

	11/ Apr.-Jun.	12/ Apr.-Jun.	13/ Apr.-Jun.	Change	Note	13/ Apr.-Jun. Plan	Change
North America	1.4	1.4	2.7	1.3	Tractors: +1.3	2.9	(0.2)
Europe	1.5	0.9	0.9	0		1.1	(0.2)
China*	2.5	1.1	1.2	0.1	Transplanters:+ 0.1	4.1	(2.9)
Other Asia	0	0.2	0.3	0.1	Tractors: +0.1	0.2	0.1
Oceania	0.1	0.1	0.1	0		0.1	0
<b>Products Total</b>	<b>5.5</b>	<b>3.7</b>	<b>5.2</b>	<b>1.5</b>		<b>8.4</b>	<b>(3.2)</b>
Parts & Others	0.4	0.6	0.5	(0.1)		0.4	0.1
<b>Total</b>	<b>5.9</b>	<b>4.3</b>	<b>5.7</b>	<b>1.4</b>		<b>8.8</b>	<b>(3.1)</b>

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



# Operating Income

(JPY bn, %)

Item	11/ Apr.-Jun.	12/ Apr.-Jun.		13/ Apr.-Jun.		Change	13/ Apr.-Jun. Plan	Change
			%		%			
Net Sales	32.3	34.0	100.0	34.8	100.0	0.8	37.4	(2.6)
Cost of G. S.	21.2	22.6	66.4	23.4	67.1	0.8	25.9	(2.5)
Gross Profit	11.1	11.4	33.6	11.4	32.9	0	11.5	(0.1)
S. G. & A. Expenses	10.3	10.2	30.0	10.5	30.3	0.3	10.9	(0.4)
Operating Income	0.8	1.2	3.6	0.9	2.6	(0.3)	0.6	0.3





# Ordinary Income and Net Income

(JPY bn)

	11/ Apr.-Jun.	12/ Apr.-Jun.	13/ Apr.-Jun.	Change	13/ Apr.-Jun. Plan	Change
Operating Income	0.8	1.2	0.9	(0.3)	0.6	0.3
Net Financial Income	(0.2)	(0.2)	(0.2)	0	(0.2)	0
Other Non-operating Income	0.3	0.2	0.6	0.4	0.2	0.4
Ordinary Income	0.9	1.2	1.3	0.1	0.6	0.7
Extraordinary Gains	0	0.2	0	(0.2)	0	0
Extraordinary Losses	(0.3)	(0.1)	0	0.1	0	0
Income before Income Taxes	0.6	1.3	1.3	0	0.6	0.7
Taxes, Deferred Taxes	0.3	0.2	0.3	0.1	0	0.3
Net Income	0.9	1.5	1.6	0.1	0.6	1.0

\* Factors of YoY change

[Other non-operating income] Foreign exchange valuation gain or loss :+0.4



# Balance Sheet

(JPY bn)

Item	11/Jun.	12/Jun.	13/Jun.	Change	13/Mar.
Cash/Deposits	7.5	8.9	9.7	0.8	9.3
Accounts Receivables	32.6	36.8	38.3	1.5	30.5
Inventories	42.3	42.8	43.5	0.7	42.7
(Product Inventory)	27.6	27.3	27.6	0.3	27.3
Other Current Assets	3.2	4.6	4.2	(0.4)	3.8
Noncurrent Assets	91.3	89.3	94.3	5.0	92.7
<b>Total Assets</b>	<b>176.9</b>	<b>182.4</b>	<b>190.0</b>	<b>7.6</b>	<b>179.0</b>
Accounts Payables	38.9	45.7	42.5	(3.2)	42.6
Debts/Bonds	54.9	50.8	52.1	1.3	41.7
Other Liabilities	27.5	26.9	31.1	4.2	31.8
(Total Liabilities)	121.3	123.4	125.7	2.3	116.1
Net Assets	55.6	59.0	64.3	5.3	62.9
(Retained Earnings)	6.1	9.0	12.4	3.4	11.5
<b>Total Liabilities and Net Assets</b>	<b>176.9</b>	<b>182.4</b>	<b>190.0</b>	<b>7.6</b>	<b>179.0</b>





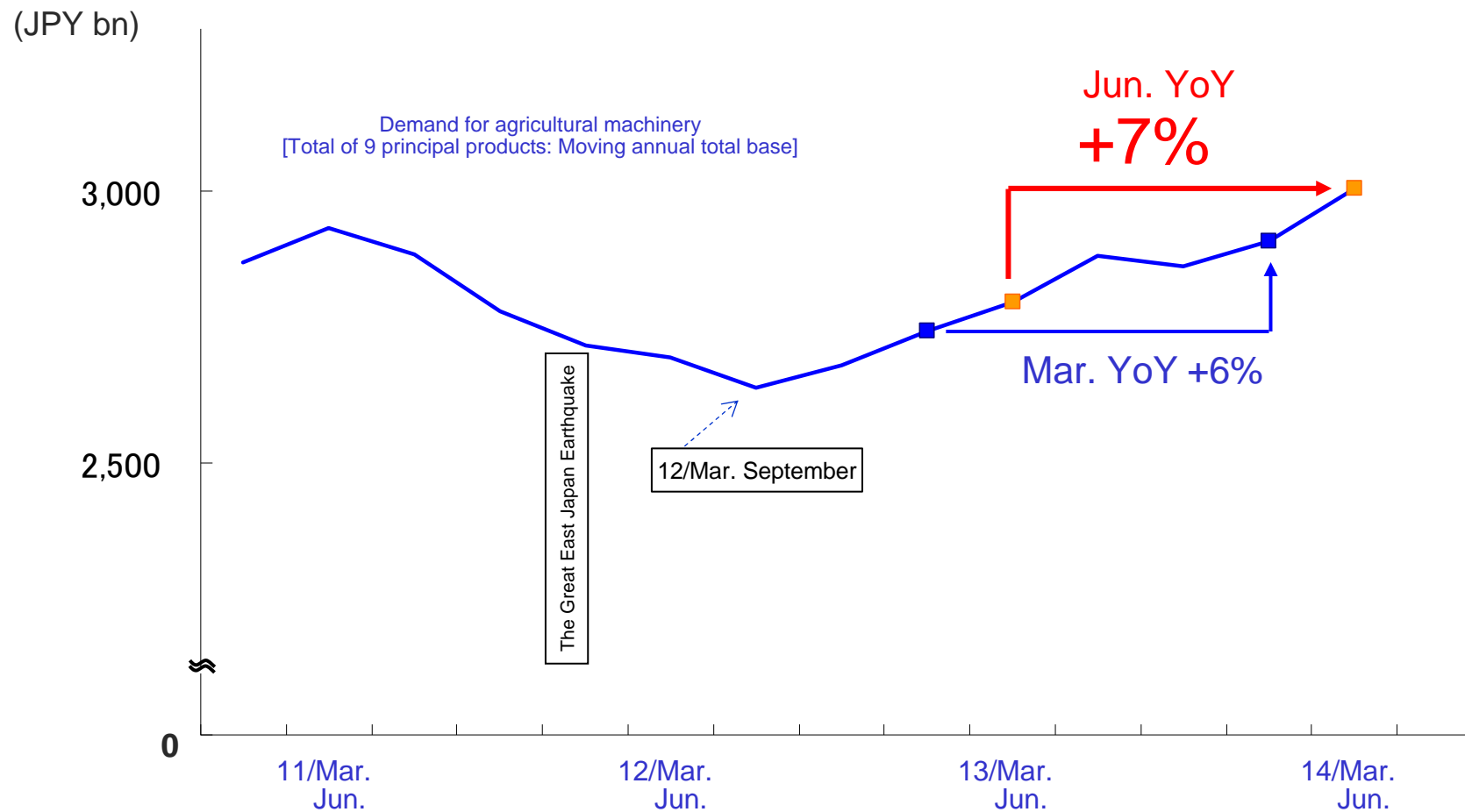
## 2.Recent Development in Domestic and Overseas Markets



New Tractor NTA, NT Series for domestic  
25~55HP



# Trends in Domestic Agricultural Machinery Market



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



# Domestic agricultural machinery shipment and effective sales of ISEKI

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

		10/Jun.	11/Jun.	12/Jun.	13/Jun.
Industry	(Shipment)	104	92	104	107
ISEKI	(Effective sales)	100	96	105	102
ISEKI	Amount of Shipment				106



# Injection of New Products for domestic market



185~235HP



77~97HP



25~55HP



21.5~23.5HP



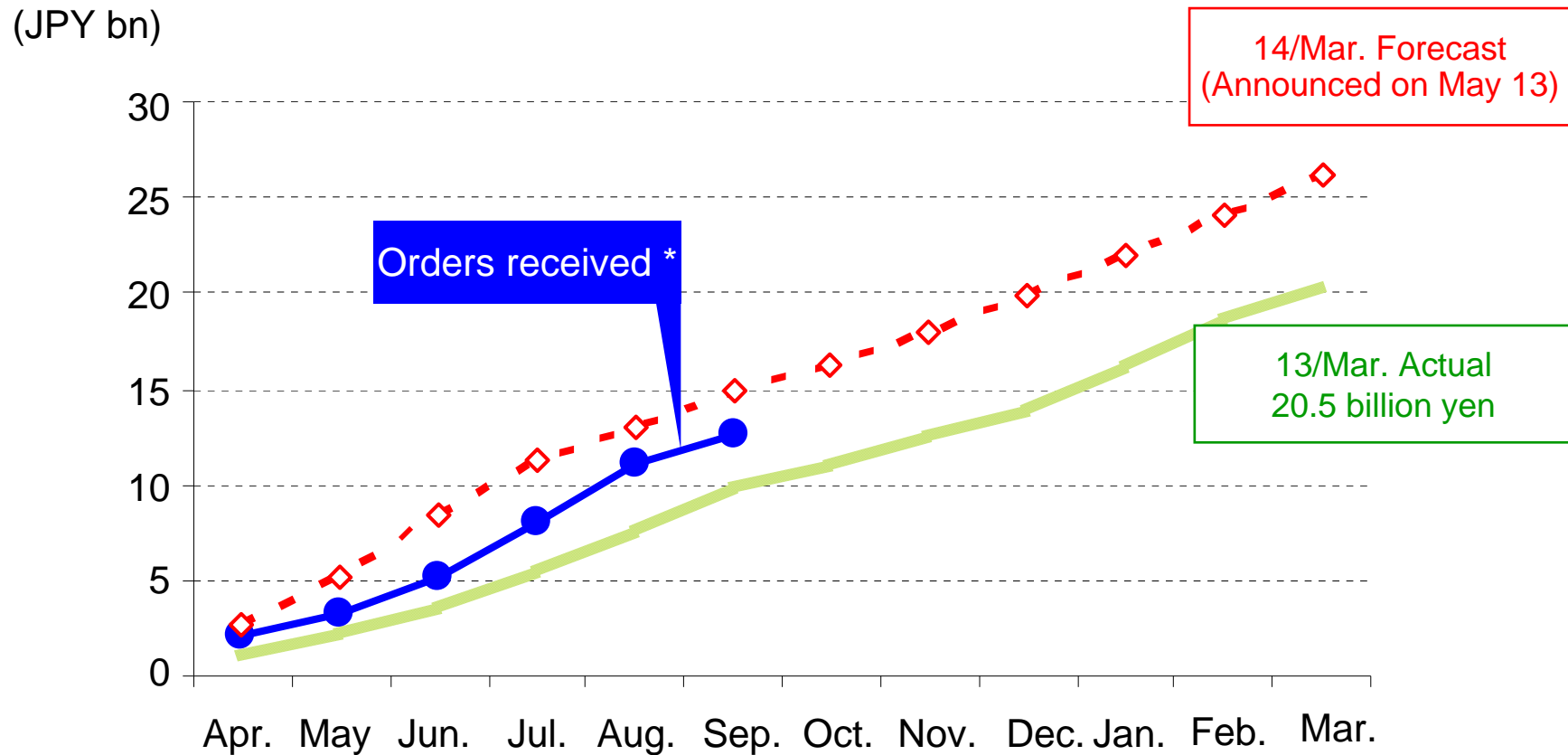
16.5~18.5HP

## Model Change of Each Tractor Class

24 models have been injected from 16HP~235HP.



# Recent Trend of Overseas Product Sales



\* 14/Mar. Orders received (Apr.~Sep.)  
 North America, Europe, Asia except China, Oceania: Apr.-Jun. is based on result of shipping, Jul.-Sep. is based on orders received.  
 China: Actual sales for Jan.-Jun.



# Trend in Overseas Market (North America)

## 1. Trend of Tractor Market in North America

Trend of economic recovery in North America. Demand for both compact tractors and utility tractors shifted higher than the previous year.

Source: AEM statistics :(Association of Equipment Manufacturers)

(Unit: 1000)

Class (PTO hp classification)		2012	2013	Growth rate
		Jan.-Jun.	Jan.-Jun.	
Compact (40hp or below)	USA	50	56	111%
	Canada	6	7	113%
		56	63	111%
Utility (40hp or above, 100hp or below)	USA	27	28	105%
	Canada	3	3	95%
		30	31	104%

Figures have been rounded and non-adjusted

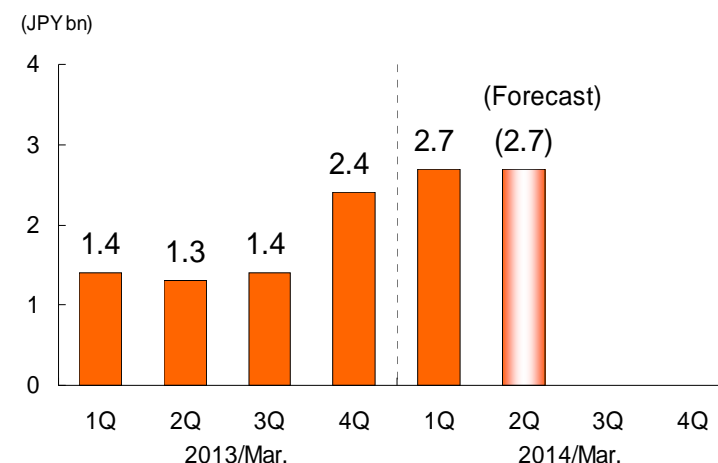
## 2. Sales of OEM partner

- Sales of compact tractors were behind the market trend.
- Sales of utility tractors supplied by ISEKI were started in sequence from May.

## 3. ISEKI's Sales

Orders received for Apr.-Sep. shifted higher than both previous year and the plan due to model changed machines and favorable acceptance of utility tractors newly launched in last year.

Trend of product sales for North America





# Trends in Overseas Market (Europe)

## 1. Trends in European Market

Demand continued to stay at a low level since last year due to economic recession.

Uncertain prospect for economic recovery and increased tax revenue in Euro zone.

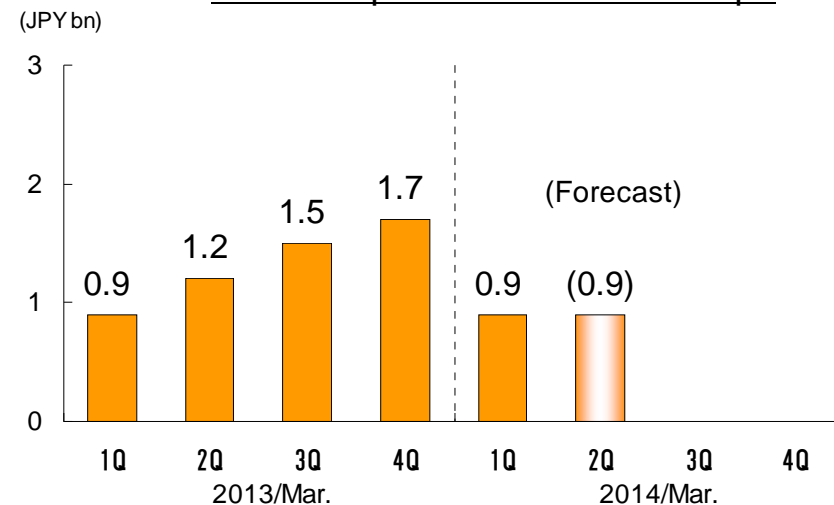
## 2. ISEKI's Sales

- Cumulative sales units by European agents for Jan.-May. shifted below the previous year in Europe as a whole.  
Inventory adjustment took place in France and UK.
- ISEKI's orders received shifted below the level of the previous year.



Recovery of shipment is expected by injection of new products through model change, etc.

Trend of product sales for Europe



# Trends in Overseas Markets (China)

## 1. Trend in Chinese Market

### 1) Trend of subsidy for agricultural promotion

- Increased central government subsidy

1st Period: 20 billion yuan

(1st Period, Previous year: 13 billion yuan, Annual 21.5 billion yuan)

- Continuation of agricultural mechanization
- Expansion of target crops/machine type

### 2) Trend by region (province)

Fraud preventive measures : Delayed announcement of the subsidy policy  
Change to direct payment to farmers

Damage by weather : Last year, farmer income was reduced due to typhoon damage in North Eastern Region (North Eastern Region where we find many walking-type rice transplanters).

### 3) Rice transplanters

: Trend to shift Walking type → Riding type (regional difference)

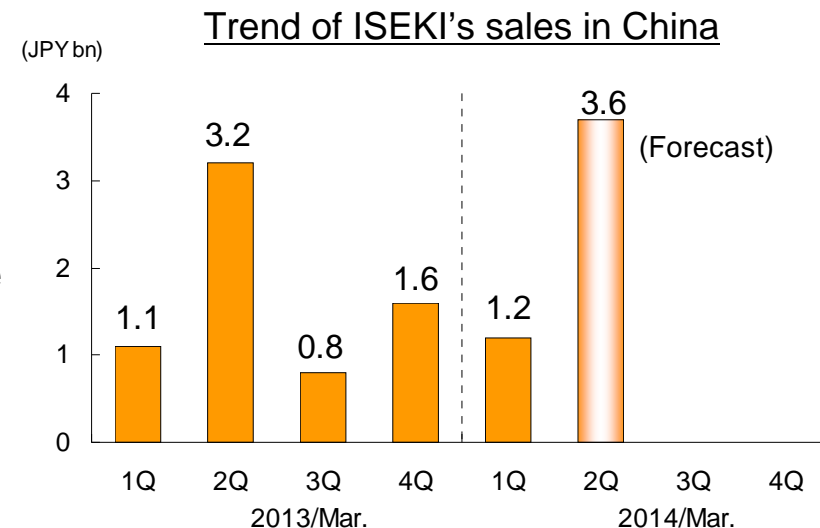


# Trends in Overseas markets (China)

## 2. ISEKI's Sales

While actual sales for Jan.-Jun. were higher than the previous year, they were behind the plan.

- Rice transplanters
  - Walking-type Tight situation
  - Riding-type Higher than the previous year
- Tobacco transplanter
  - Tight situation: Delayed announcement of the subsidy and reduced subsidy for transplanters.



Planning to regain by sales promotion of combine harvesters during demand season and rice transplanters during drop-off season.





### 3. Performance Forecast for the Fiscal Year Ending March, 2014



New Tractor TJX Series for domestic  
77~97HP



# Performance Forecast for FY14/Mar.

(JPY bn)

Item	12/Mar.		13/Mar.		14/Mar. Forecast*		Change	
	2Q Cumulative	Annual	2Q Cumulative	Annual	2Q Cumulative	Annual	2Q Cumulative	Annual
Net Sales	72.4	145.2	80.4	155.7	83.5	163.0	3.1	7.3
(Domestic)	61.1	123.8	69.4	133.0	68.0	135.0	(1.4)	2.0
(Overseas)	11.3	21.4	11.0	22.7	15.5	28.0	4.5	5.3
Operating Income	2.6	4.2	4.1	5.1	3.2	5.5	(0.9)	0.4
Ordinary Income	2.4	3.9	3.8	5.4	3.2	5.0	(0.6)	(0.4)
Net Income	1.8	2.7	3.0	4.0	1.9	3.4	(1.1)	(0.6)

Company forex rate: 1US\$=¥95,1Euro = ¥125

\* Forecast announced on May 13.



## 4. Topics



New Tractor TJA Series for overseas  
80~100HP



# Intellectual property Right

## 1. Patent assessment ratio and rank in all industries

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Patent assessment ratio	84.6%	83.7%	90.4%	89.3%	85.8%	88.5%	91.8%	91.8%	94.7%
Rank in all industries	First	First	First	First	First	First	First	Second	First

\* Patent assessment ratio= Number of decision to patent grant / (Number of decision to patent grant + Number of decision of refusal+ Number of withdrawal/ Abandonment)

## 2. Number of public patents by sector and rank

Ranked 1<sup>st</sup> for 12 years running

Sector	Agriculture and fishery							* The other special machinery				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Rank	First	First	First	First	First	First	First	First	First	First	First	First


\* Since the 2009 edition, the sector classification has been changed, and agriculture and fisheries were included in [the other special machinery sector]

Source: 2002-2013 Annual Report on Patent Policy

## 3.



=ISEKI of Technology

We incorporate patented technology into products, and display  to unique functions of ISEKI that are not provided by other companies.



# 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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