

TSE 1st Section, Code No. 6143

Create Your Future



Fiscal Year Ending March 31, 2016
First Quarter

Results Briefing

August 7, 2016

Sodick Co.,Ltd.

Key Points	3
I . Fiscal Year Ending March 31, 2016 First Quarter Financial Results Summary	4
II . Fiscal Year Ending March 31, 2016 Full-Year Financial Results Projections	12
(Reference Materials)	15

Fiscal Year Ending March 31, 2016 – First Quarter Financial Results

- ✓ Sales up 18.3% from the year-earlier period.
(Depressed sales in the year-earlier period due to backlash after the demand rush before the consumption tax rate increase.)
- ✓ Higher gross margin reflecting improved cost-of-sales ratio due to productivity growth.
- ✓ Ordinary income buoyed by ¥130 million in recognized foreign exchange gains from the depreciation of the yen.
- ✓ Higher net income includes ¥400 million income tax adjustment (approximate) due to revised amount resulting from tax effect accounting.

Fiscal Year Ending March 31, 2016 – Full-Year Projections

- ✓ Outlook for increased corporate capital investment and demand growth amid largely favorable domestic and overseas market environment.
- ✓ Sales expected to grow 9.4% from the year earlier to ¥69,000 million.
- ✓ Operating income to gain a marginal 4.3% from the year earlier, reflecting higher R&D expenditure for future business expansion.
- ✓ Net income for the period revised up ¥400 million compared with initial plan due to revised amount resulting from tax effect accounting.

**I . Fiscal Year Ending March 31, 2016
First Quarter Financial Results Summary**



Financial Results Highlights



- ✓ Fiscal year ending March 31, 2016 first quarter sales increased 18.3% from the year-earlier period.
- ✓ Earnings reflect increased gross margin with contributions from improved cost-of-sales ratio due to productivity growth.
- ✓ Higher net income includes approximately ¥400 million in income tax adjustment due to revised amount resulting from tax effect accounting.

(In million yen)

	1Q FY ended March 2015		1Q FY ending March 2016		Compared with the year-earlier period		FY ending March 2016 Projection
	Actual	Earnings margin	Actual	Earnings margin	Amount	Rate of change	
Net Sales	12,093	-	14,310	-	2,216	18.3%	69,000
Gross Margin	4,202	34.7%	5,446	38.1%	1,244	29.6%	-
Operating Income	530	4.4%	1,203	8.4%	673	127.0%	5,100
Ordinary Income	223	1.9%	1,347	9.4%	1,123	502.1%	4,700
Net Income	168	1.4%	1,497	10.5%	1,329	790.0%	3,600
Comprehensive Income	-538		1,738				
Period average foreign exchange rate	USD EUR CNY THB	102.17 yen 140.07 yen 16.90 yen 3.15 yen		121.43 yen 134.21 yen 19.08 yen 3.66 yen			119.27 yen 133.65 yen 19.01 yen 3.69 yen

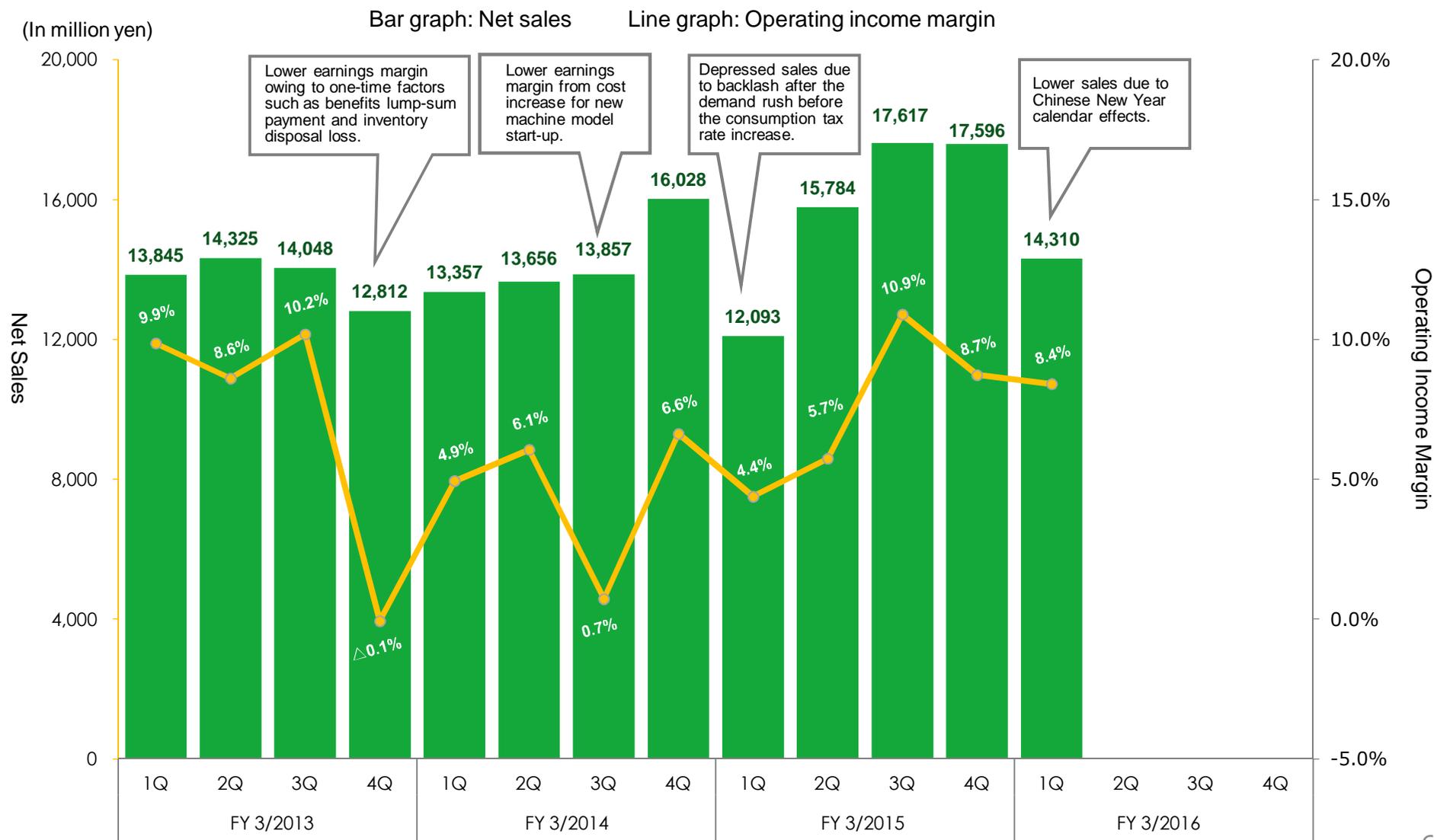
Note:
Supplementary
information

FY 3/2016 1Q end - Foreign exchange rates
FY 3/2015 1Q end - Foreign exchange rates

USD: 122.45 yen EUR: 137.23 yen CNY: 19.36 yen THB: 3.62 yen
USD: 101.36 yen EUR: 138.31 yen CNY: 16.59 yen THB: 3.12 yen

Sales-to-operating-income Ratio (Quarterly)

- ✓ Fiscal year ending March 31, 2016 first quarter sales and operating income increased compared with the results of the year-earlier period.
- ✓ First quarter sales lower compared with fiscal year ended March 31, 2015 fourth quarter sales due to Chinese New Year calendar effects.



Financial Results by Segment



(In million yen)

		1Q FY ended March 2015	1Q FY ending March 2016	Compared with the year-earlier period	
		Actual	Actual	(Amount)	(Change)
Net Sales	● Machine Tool Operations	9,038	10,376	1,337	14.8%
	● Industrial Machinery Operations	1,634	2,040	406	24.8%
	● Food Processing Machinery Operations	440	617	177	40.3%
	● Other Operations	980	1,275	295	30.1%
		12,093	14,310	2,216	18.3%
Segment Income	● Machine Tool Operations	1,279	1,526	246	19.3%
	● Industrial Machinery Operations	17	61	44	259.1%
	● Food Processing Machinery Operations	-55	61	116	-
	● Other Operations	42	245	202	470.8%
		1,283	1,893	610	47.5%
Adjustments		-753	-690	63	-
Operating Income – Total		530	1,203	673	127.0%

Machine Tool Operations

- ✓ Domestic demand for automotive and smartphone applications favorable, additionally aided by effects of government subsidies, etc.
- ✓ Overseas demand robust centered on automotive, aircraft, medical equipment, and smartphone applications.
- ✓ Southeast Asia affected by weak automotive demand conditions.
- ✓ Both sales and earnings post higher results.

Industrial Machinery Operations

- ✓ Domestic demand conditions solid for automotive and smartphone applications.
- ✓ Weak sales in Asia including Greater China amid intense price competition.

Food Processing Machinery Operations

- ✓ Capital investment demand for machinery for higher-quality noodle products.
- ✓ Improved earnings margins from highly profitable big-ticket projects.

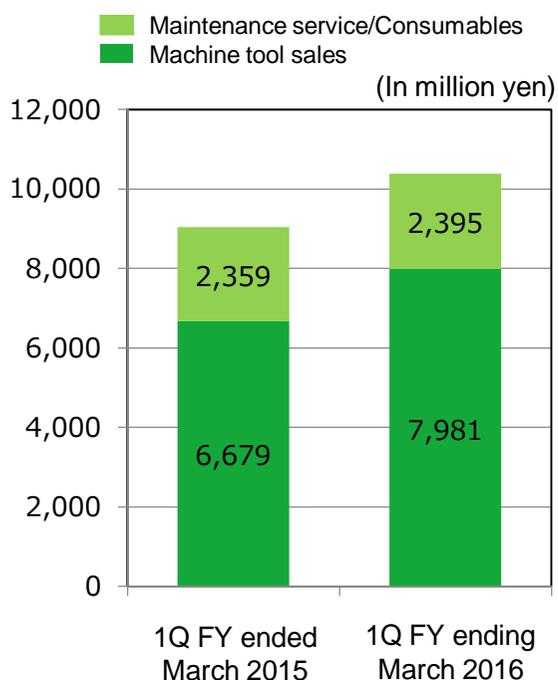
Other Operations

- ✓ Favorable external sales of ceramics.
- ✓ Precision molds and precision molding operations performing to plan.

Segment Sales Breakdown

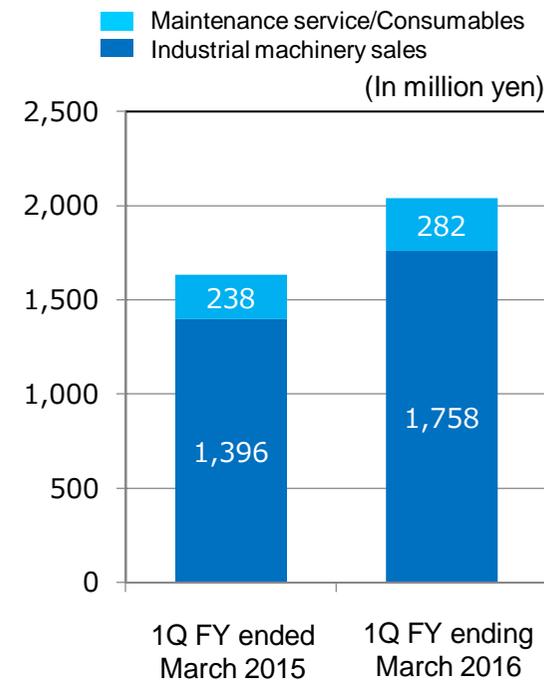


Machine Tool Operations



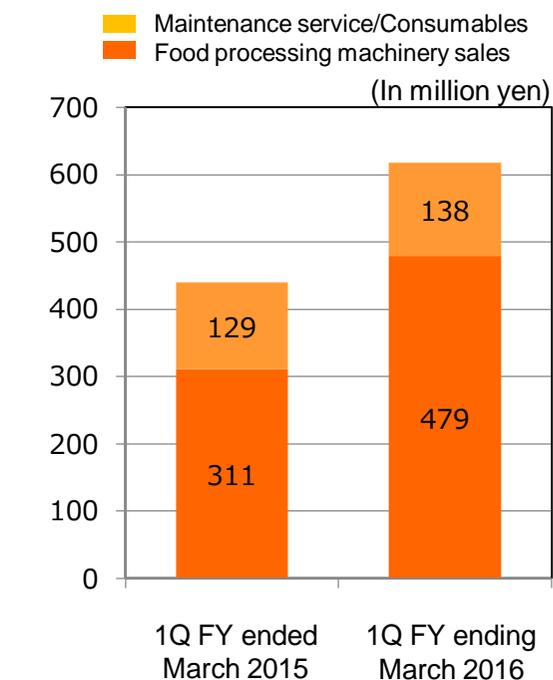
Machine Tool Operations	1Q FY ended March 2015	1Q FY ending March 2016
Machine tool sales	6,679	7,981
Maintenance services/Consumables	2,359	2,395
Total	9,038	10,376

Industrial Machinery Operations



Industrial Machinery Operations	1Q FY ended March 2015	1Q FY ending March 2016
Injection molding machine sales	1,396	1,758
Maintenance services/Consumables	238	282
Total	1,634	2,040

Food Processing Machinery Operations



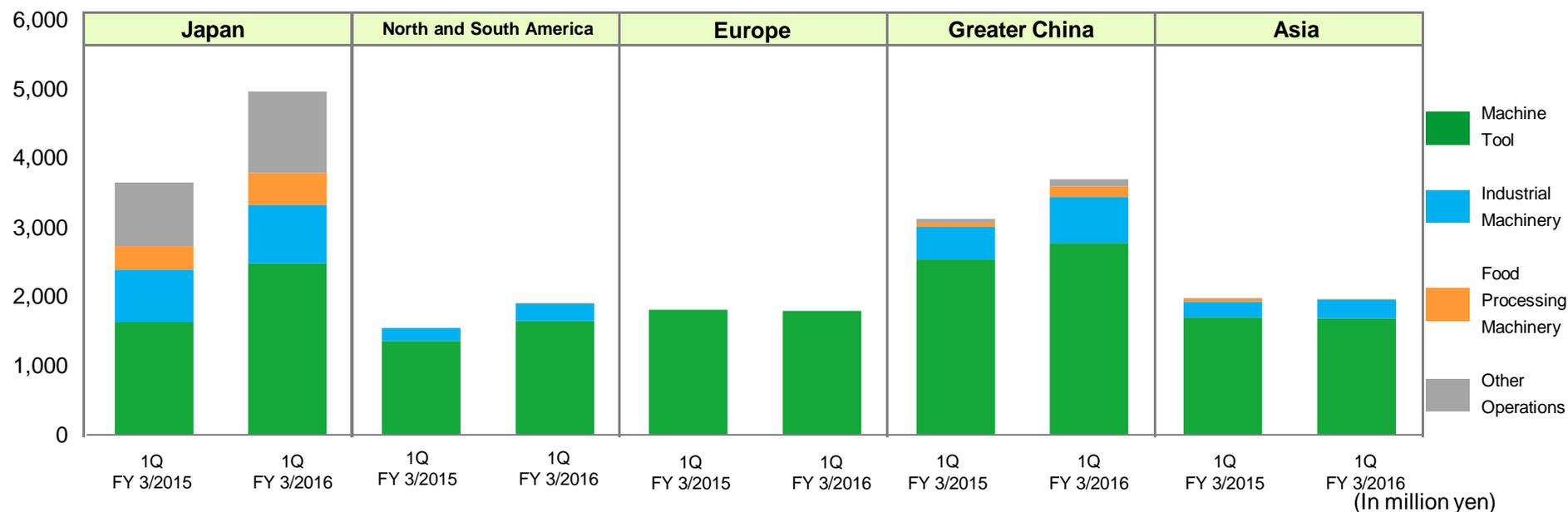
Food Processing Machinery Operations	1Q FY ended March 2015	1Q FY ending March 2016
Food processing machinery sales	311	479
Maintenance services/Consumables	129	138
Total	440	617

Overseas Sales Ratios Broken Down by Operation



✓ Global business development - Overseas sales ratio 65.3%

(In million yen)



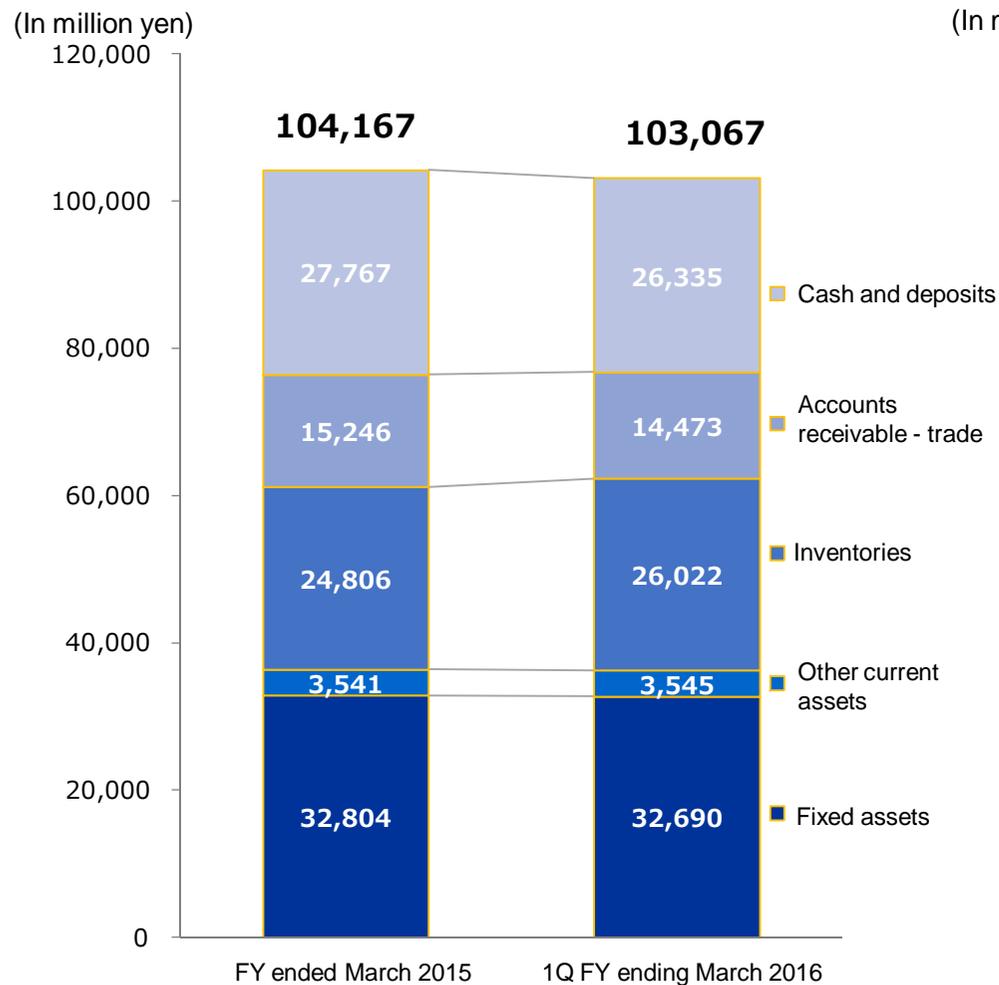
1Q FY 3/2015	Japan		North and South America		Europe		Greater China		Asia		Total
Machine Tool	1,633	18.1%	1,357	15.0%	1,807	20.0%	2,538	28.1%	1,702	18.8%	9,038
Industrial Machinery	754	46.2%	188	11.5%	0	0.0%	467	28.6%	224	13.7%	1,634
Food Processing Machinery	338	76.8%	0	0.0%	0	0.0%	61	13.9%	40	9.3%	440
Other Operations	922	94.2%	0	0.0%	0	0.0%	56	5.8%	0	0.1%	980
By region – Total	3,649	30.2%	1,545	12.8%	1,807	14.9%	3,123	25.8%	1,968	16.3%	12,093

1Q FY 3/2016	Japan		North and South America		Europe		Greater China		Asia		Total
Machine Tool	2,477	23.9%	1,648	15.9%	1,793	17.3%	2,774	26.7%	1,682	16.2%	10,376
Industrial Machinery	849	41.6%	255	12.5%	0	0.0%	663	32.5%	272	13.4%	2,040
Food Processing Machinery	459	74.3%	3	0.5%	0	0.0%	154	25.0%	0	0.1%	617
Other Operations	1,173	92.0%	0	0.0%	0	0.0%	102	8.0%	0	0.0%	1,275
By region – Total	4,959	34.7%	1,907	13.3%	1,793	12.5%	3,693	25.8%	1,956	13.7%	14,310

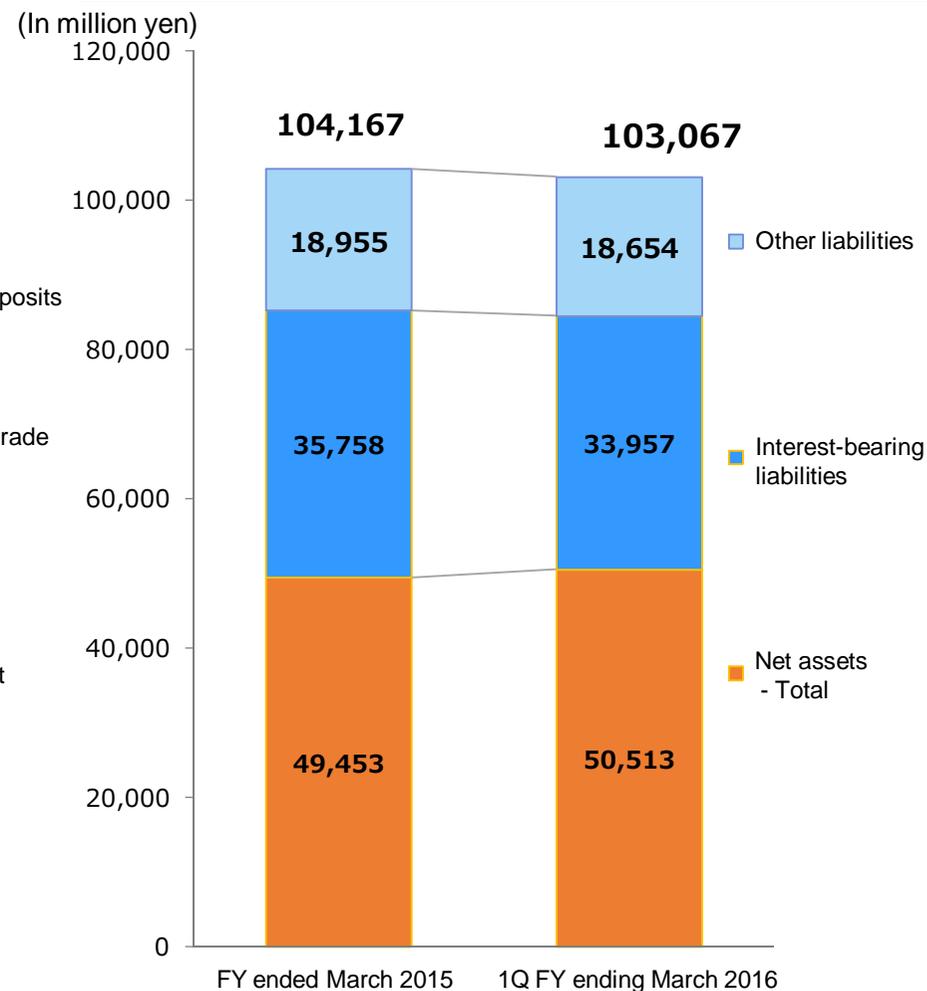
Balance Sheet



Assets



Liabilities and Net Assets



FY 3/2016 1Q end - Foreign exchange rates	USD: 122.45 yen	EUR: 137.23 yen	CNY: 19.36 yen	THB: 3.62 yen
FY 3/2015 end - Foreign exchange rates	USD: 120.17 yen	EUR: 130.32 yen	CNY: 19.35 yen	THB: 3.70 yen

1 CMIT 2015 participation

The Company participated with exhibits at China's largest machine tool exhibition held every other year. CMIT, together with EMO in Germany, IMTS in the U.S., and JIMTOF in Japan, are regarded as the world's four largest shows.

CMIT 2015 Key Information

Venue location:	Beijing, China
Exhibition period:	April 20 to April 25
Exhibits:	AG40L, AP250L, SLN400G, GL100A, S50L, and others
Number of visitors:	315,485



2 Received the 2015 "45th Machine Design Award, Nippon Brand Award"

The metal 3D printer OPM250L of the Company won in 2014 the "57th Greatest New Products Award" sponsored by The Nikkan Kogyo Shimbun, Ltd. and in 2015 the "45th Machine Design Award, Nippon Brand Award" sponsored by the same publisher.



3 Philippine-based subsidiary established

The Philippines' market has been growing driven by exporters in the electronics parts and office automation industries. The Company has established a local subsidiary to enhance its service offerings for existing customers and for the further strengthening of relations with agents and vendors who have been trading with the Company.



**II. Fiscal Year Ending March 31, 2016
Full-Year Financial Results Projections**



Fiscal Year Ending March 31, 2016 Full-Year Financial Results Projections **Sodick**

- ✓ Fiscal year ending March 31, 2016 full-year financial results projections are for sales of ¥69,000 million (+9.4% compared with the year earlier).
- ✓ Operating income is set to post marginal growth due to higher R&D expenditure for future business expansion.
- ✓ The projection for net income for the period has been revised up from the previous release dated May 14, 2015, due to a ¥400 million income tax adjustment (approximate) reflecting a revised amount resulting from tax effect accounting.

(In million yen)

	FY ended March 2015		FY ending March 2016		Compared with the year earlier	
	Actual	Earnings margin	Projection	Earnings margin	Amount	Rate of change
Net Sales	63,090	-	69,000	-	5,910	9.4%
Operating Income	4,891	7.8%	5,100	7.4%	209	4.3%
Ordinary Income	5,647	9.0%	4,700	6.8%	-947	-16.8%
Net Income for the Period	3,550	5.6%	3,600	5.2%	50	1.4%
Comprehensive Income	7,763					
ROE	7.7%					
Period average foreign exchange rate	USD EUR CNY THB	109.76 yen 138.69 yen 17.14 yen 3.38 yen		119.27 yen 133.65 yen 19.01 yen 3.69 yen		

Supplementary information: In the fiscal year ended March 31, 2015, ¥963 million in foreign exchange gains were recognized as non-operating income.

Notably, no non-operating income from foreign exchange gains has been factored into the full-year financial results projections for fiscal year ending March 31, 2016.

Full-Year Projections by Segment

(In million yen)

		FY ended March 2015	FY ending March 2016	Compared with the year-earlier period	
		Actual	Projection	(Amount)	(Change)
Net Sales	● Machine Tool Operations	46,783	49,230	2,446	5.2%
	● Industrial Machinery Operations	8,189	10,600	2,410	29.4%
	● Food Processing Machinery Operations	2,790	3,600	809	29.0%
	● Other Operations	5,326	5,570	243	4.6%
		63,090	69,000	5,909	9.4%
Segment Income	● Machine Tool Operations	6,795	6,070	-725	-10.7%
	● Industrial Machinery Operations	20	700	679	3344.6%
	● Food Processing Machinery Operations	121	220	98	80.4%
	● Other Operations	455	410	-45	-9.9%
		7,393	7,400	6	0.1%
Adjustments		-2,501	-2,300	201	-
Operating Income – Total		4,891	5,100	208	4.3%

Machine Tool Operations

- ✓ Higher sales are expected mainly from favorable domestic capital investment demand and the start of 3D printer operations. However, due to increased R&D expenditure for future business expansion, operating income is expected not to come up to the March 2015 result.

Industrial Machinery Operations

- ✓ Higher sales and earnings expected from increased overseas demand for injection molding machines.

Food Processing Machinery Operations

- ✓ Higher sales and earnings expected from the revenue recognition for big-ticket projects originally scheduled for fiscal year ended March 31, 2015.

Other Operations

- ✓ Operating income expected to decrease due to higher R&D expenditure related to elemental technology.

(Reference Materials)



Main Domestic and Overseas Sites



Information on Participation in Major Exhibitions

The Company will continue to participate in exhibitions in Japan and overseas with proactive business development activities.

Period	Location		Venue	Outline
May 12-14	U.S.A.	Massachusetts	EASTEC (Eastern States Exposition)	
May 18-23	Brazil	Sao Paulo	FEIMAFE 2015 (International Machine Tools and Integrated Manufacturing Systems Trade Fair)	
May 20-23	China	Dongguan	CHINAPLAS (The International Exhibition on Plastics and Rubber Industries)	Asia's No. 1 and the world's No. 2 exhibition related to plastics
May 20-23	Malaysia	Kuala Lumpur	Metaltech 2015	
May 25-28	China	Shanghai	DMC (Die & Mould China)	
Jun. 9-12	Japan	Tokyo	FOOMA (International Food Machinery & Technology Exhibition)	
Jun. 10-13	Indonesia	Surabaya	Machine Tools & Manufacturing Indonesia-Surabaya	
Jun. 24-27	Thailand	Bangkok	InterMold Thailand	
Jul. 7-10	Vietnam	Ho Chi Minh	MTA Vietnam (International Precision Engineering, Machine Tools and Metalworking Exhibition & Conference)	
Aug. 5-8	Indonesia	Jakarta	MTT Jakarta (International Precision Engineering, Machine Tools and Metalworking Exhibition & Conference)	
Auf. 26-29	Philippines	Manila	Philippine Die & Mold Machine Tools	
Aug. 27-29	Vietnam	Hanoi	Vietnam Manufacturing Expo 2015	
Sep. 28-Oct. 1	Canada	Toronto	CMTS2015 (The Canadian Manufacturing and Technology Show)	
Oct. 5-10	Italy	Milan	EMO (European International Machine Tool Exhibition)	One of the world's three largest machine tool exhibitions
Oct. 7-10	Japan	Nagoya	Nagoya Plastic Industrial Fair	
Oct. 8-10	Vietnam	Ho Chi Minh	METALEX VIETNAM (Vietnam's International Machine Tool & Metalworking Solutions Expo)	
Oct. 21-24	Japan	Nagoya	Mechatronics Technology Japan (MECT)	
Nov. 18-21	China	Dongguan	Dongguan DMP2014 (Dongguan International Mold and Metalworking Exhibition)	
Nov. 21-25	Thailand	Bangkok	Metalex (Thailand's International Machine Tool and Metalworking Exhibition)	
Dec. 2-5	Indonesia	Jakarta	Machine Tools Indonesia	

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