

TSE 1st Section, Code No. 6143

Create Your Future



Fiscal Year Ending March 31, 2016

Second Quarter

Results Briefing



November 12, 2015

Sodick Co.,Ltd.

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

- ✓ Higher sales and earnings, with sales of ¥32,705 million (+17.3% compared with the year-earlier period) and operating income of ¥3,170 million (+120.7% compared with the year-earlier period).
- ✓ Strong performance of machine tool operations driving financial results.
- ✓ Productivity gains with improved cost of sales ratio connecting to enhanced gross margin.
- ✓ Despite sales revenues slightly short of first-half financial results projections, earnings exceed projections by a wide margin.

Fiscal Year Ending March 31, 2016 – Full-year Financial Results Projections

- ✓ The outlook for the markets of industrialized countries (Japan, North America, and Europe) is for sustained favorable performances based on robust capital investment demand for automotive and aviation related applications.
- ✓ The outlook for the markets of emerging economies, including China, is affected by the slowing Chinese economy, with an overall sense of deceleration and uncertain prospects.
- ✓ The Group will continue with its proactive sales and marketing activities including the launch of new products with a view to attain the full-year plan.
- ✓ Full-year financial results projections are held steady due to multiple uncertain factors such as the slowing Chinese economy and higher interest rates expected in the U.S., associated with stagnant markets in the emerging economies.

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



Financial Results Highlights



- ✓ Fiscal year ending March 31, 2016 second quarter sales increased 17.3% from the year-earlier period.
- ✓ Earnings reflect increased gross margin with contributions from improved cost-of-sales ratio due to productivity growth.

An earnings level above first-half financial results projections was attained.

(In million yen)

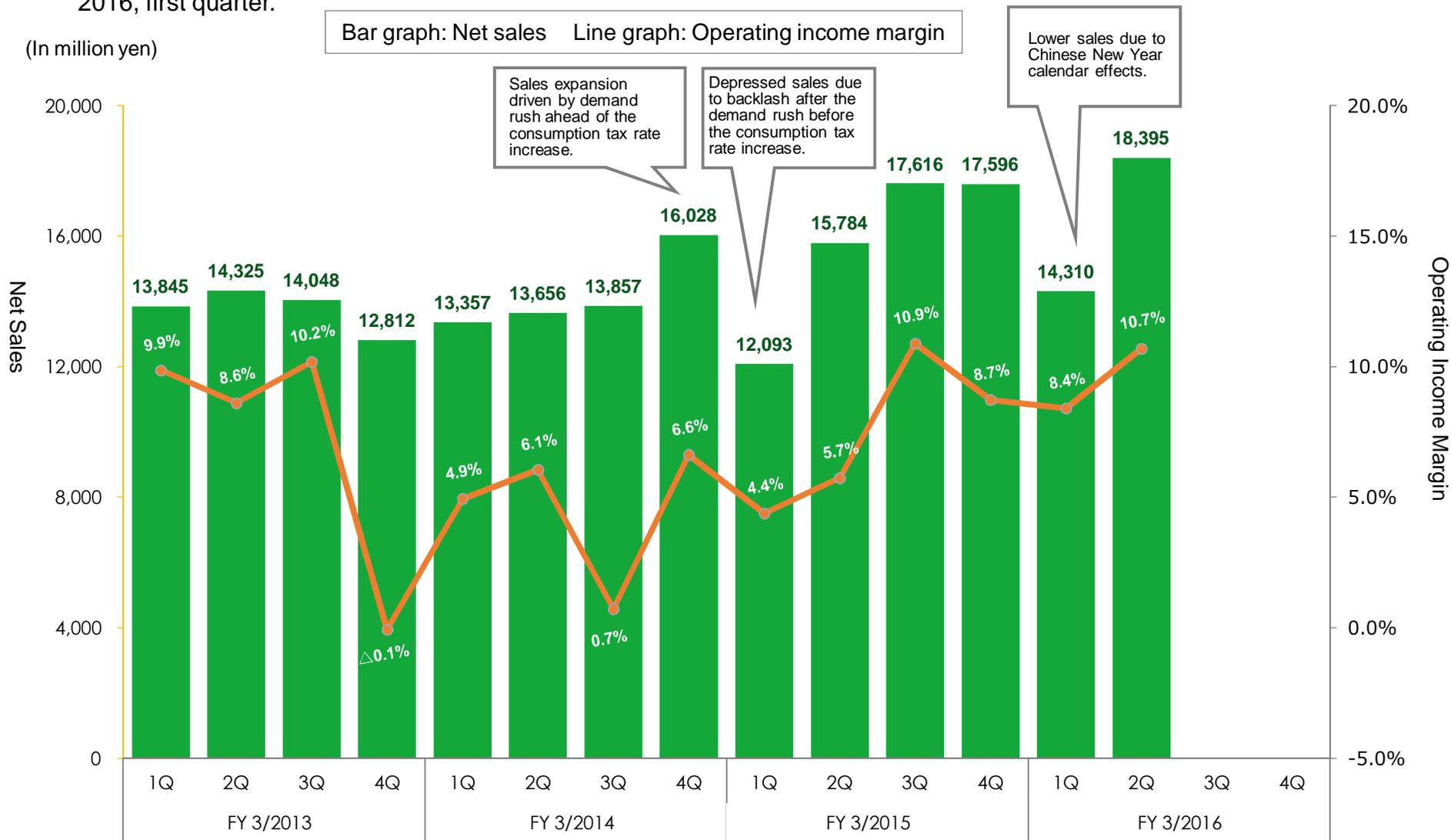
	2Q FY ended March 2015		2Q FY ending March 2016		Compared with the year-earlier period		FY ending March 2016 Projection
	Actual	Earnings margin	Actual	Earnings margin	Amount	Rate of change	
Net Sales	27,878	-	32,705	-	4,827	17.3%	69,000
Gross Margin	9,009	32.3%	11,708	35.8%	2,698	29.9%	-
Operating Income	1,436	5.2%	3,170	9.7%	1,734	120.7%	5,100
Ordinary Income	1,363	4.9%	3,132	9.6%	1,768	129.7%	4,700
Net Income	915	3.3%	2,604	8.0%	1,688	184.5%	3,600
Comprehensive Income	1,052		1,941				
Period average foreign exchange rate	USD EUR CNY THB	103.01 yen 138.90 yen 16.65 yen 3.19 yen		121.87 yen 135.11 yen 19.32 yen 3.57 yen			119.27 yen 133.65 yen 19.01 yen 3.69 yen

Note: Supplementary information

FY 3/2016 2Q end - Foreign exchange rates	USD: 119.96 yen	EUR: 134.97 yen	CNY: 19.73 yen	THB: 3.29 yen
FY 3/2015 2Q end - Foreign exchange rates	USD: 109.45 yen	EUR: 138.87 yen	CNY: 16.32 yen	THB: 3.38 yen

Sales-to-operating-income Ratio (Quarterly)

- ✓ Fiscal year ending March 31, 2016 second quarter sales and operating income increased compared with the results of the year-earlier period.
- ✓ Strong sales growth due to favorable domestic and China-bound shipments compared with the fiscal year ending March 31, 2016, first quarter.



Financial Results by Segment



(In million yen)

		2Q FY ended March 2015	2Q FY ending March 2016	Compared with the year-earlier period	
		Actual	Actual	(Amount)	(Change)
Net Sales	● Machine Tool Operations	20,533	24,367	3,833	18.7%
	● Industrial Machinery Operations	3,858	4,139	280	7.3%
	● Food Processing Machinery Operations	1,052	1,474	422	40.1%
	● Other Operations	2,433	2,724	291	12.0%
		27,878	32,705	4,827	17.3%
Segment Income	● Machine Tool Operations	2,580	3,611	1,031	40.0%
	● Industrial Machinery Operations	31	67	36	117.2%
	● Food Processing Machinery Operations	-121	222	343	-
	● Other Operations	319	482	162	50.6%
		2,810	4,383	1,572	56.0%
Adjustments		-1,373	-1,212	161	-
Operating Income – Total		1,436	3,170	1,734	120.7%

Machine Tool Operations

- ✓ Domestic conditions, aided by the effects of the government's subsidy measures, etc., sustained favorable performances of automotive and smartphone-related applications.
- ✓ North America and Europe mark solid demand for automotive, aviation, and medical equipment related applications.
- ✓ Active demand from Greater China for smartphone-related and car-mounted connector products.
- ✓ Southeast Asia shows slower demand for automotive applications.
- ✓ Both sales and operating income post higher results.

Industrial Machinery Operations

- ✓ Active domestic automotive demand for high-precision automobile parts applications.
- ✓ Sales growth in Asia including Greater China struggling compared with plan due to intense price competition.

Food Processing Machinery Operations

- ✓ Active capital investment demand for quality enhancements in cooked noodles.
- ✓ Overseas demand also on a growth path.

Other Operations

- ✓ Solid performance of external sales of linear motors.
- ✓ Precision molds and precision molding operations also performing to plan.

Segment Sales Breakdown

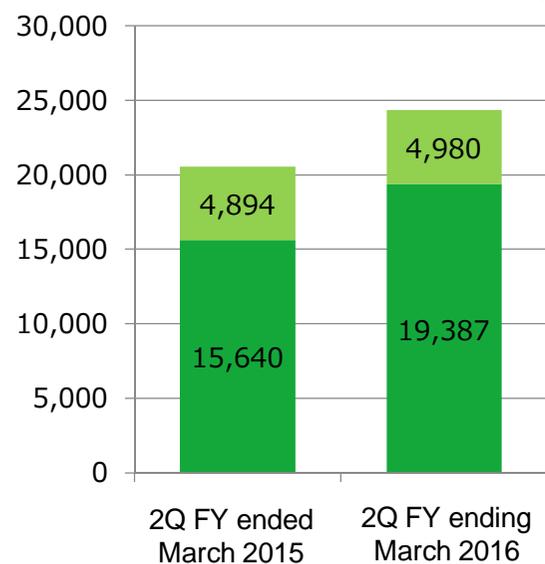


✓ Maintenance services and consumables, both steady cash spinners, account for almost 20% of sales.

Machine Tool Operations

■ Maintenance service/Consumables
■ Machine tool sales

(In million yen)

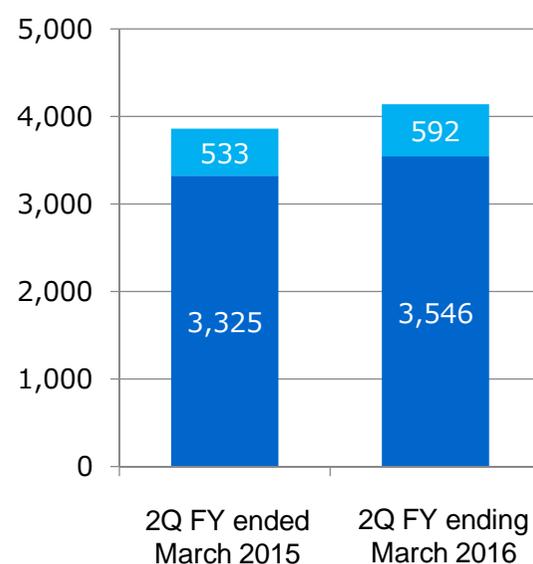


Machine Tool Operations	2Q FY ended March 2015	2Q FY ending March 2016
Machine tool sales	15,640	19,387
Maintenance services/Consumables	4,894	4,980
Total	20,533	24,367

Industrial Machinery Operations

■ Maintenance service/Consumables
■ Industrial machinery sales

(In million yen)

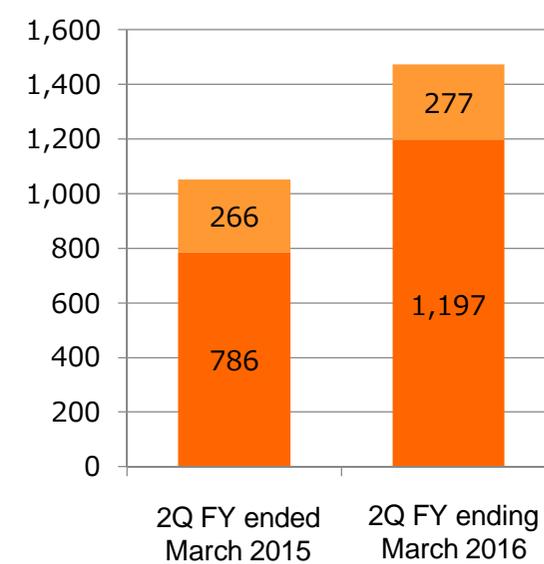


Industrial Machinery Operations	2Q FY ended March 2015	2Q FY ending March 2016
Injection molding machine sales	3,325	3,546
Maintenance services/Consumables	533	592
Total	3,858	4,139

Food Processing Machinery Operations

■ Maintenance service/Consumables
■ Food processing machinery sales

(In million yen)



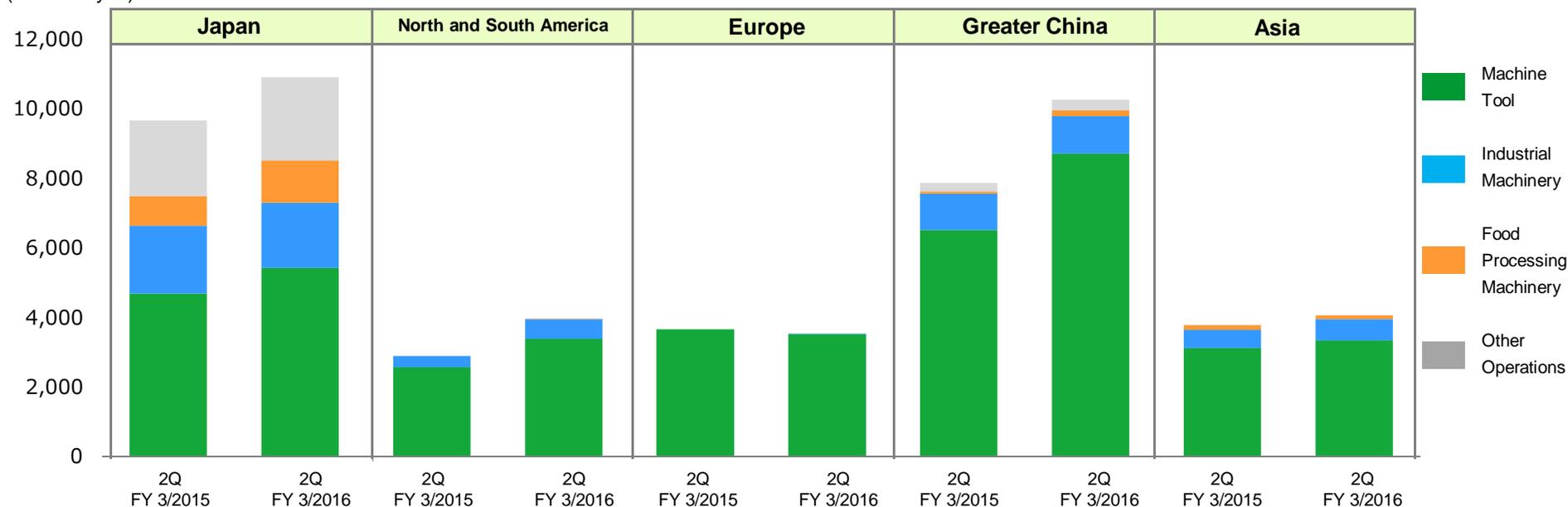
Food Processing Machinery Operations	2Q FY ended March 2015	2Q FY ending March 2016
Food processing machinery sales	786	1,197
Maintenance services/Consumables	266	277
Total	1,052	1,474

Overseas Sales Ratios Broken Down by Operation



✓ Global business development - Overseas sales ratio 66.7%

(In million yen)



(In million yen)

2Q FY 3/2015	Japan		North and South America		Europe		Greater China		Asia		Total
Machine Tool	4,689	22.8%	2,564	12.5%	3,655	17.8%	6,514	31.7%	3,110	15.1%	20,533
Industrial Machinery	1,946	50.4%	326	8.5%	26	0.7%	1,037	26.9%	522	13.5%	3,858
Food Processing Machinery	849	80.7%	0	0.0%	0	0.0%	64	6.1%	138	13.1%	1,052
Other Operations	2,183	89.7%	0	0.0%	0	0.0%	242	10.0%	7	0.3%	2,433
By region – Total	9,668	34.7%	2,890	10.4%	3,682	13.2%	7,858	28.2%	3,778	13.6%	27,878

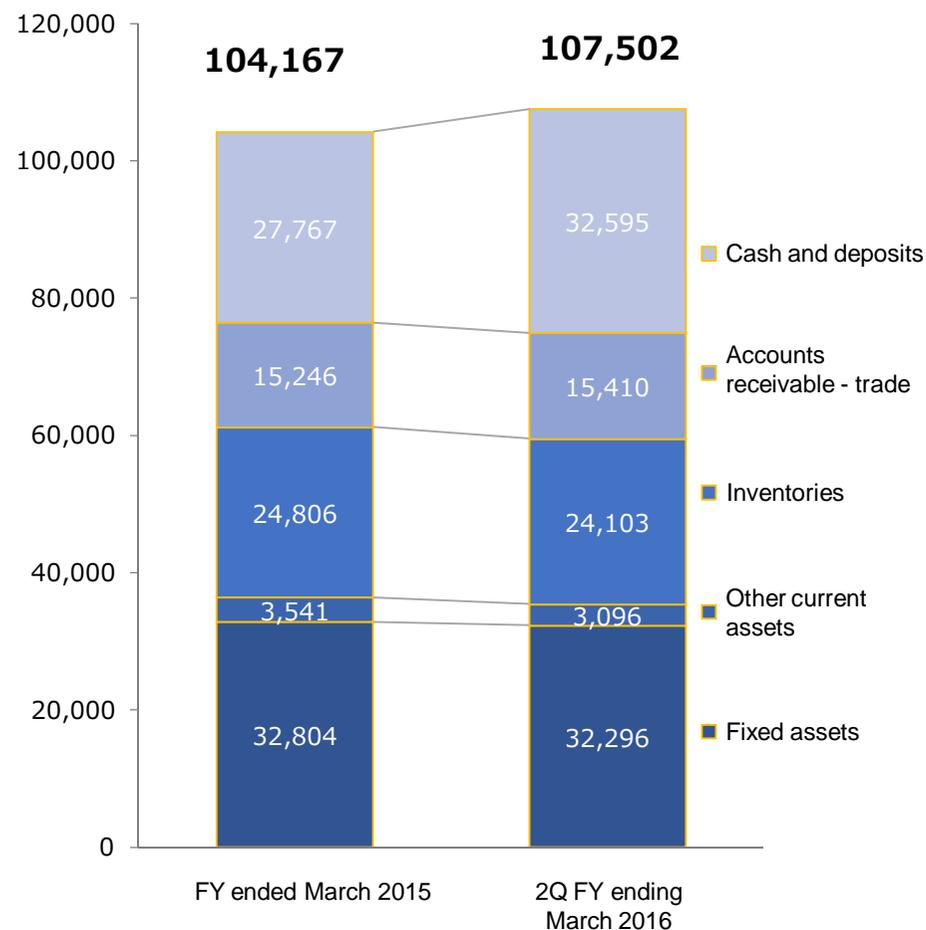
2Q FY 3/2016	Japan		North and South America		Europe		Greater China		Asia		Total
Machine Tool	5,422	22.3%	3,379	13.9%	3,520	14.4%	8,708	35.7%	3,335	13.7%	24,367
Industrial Machinery	1,873	45.3%	569	13.7%	1	0.0%	1,079	26.1%	615	14.9%	4,139
Food Processing Machinery	1,213	82.3%	3	0.2%	0	0.0%	158	10.7%	99	6.8%	1,474
Other Operations	2,396	88.0%	0	0.0%	0	0.0%	317	11.6%	11	0.4%	2,724
By region – Total	10,906	33.3%	3,951	12.1%	3,522	10.8%	10,263	31.4%	4,061	12.4%	32,705

Balance Sheet

- ✓ Interest-bearing debt and cash and deposits increased due to procurement of long-term working capital funds. Current ratio continues above 200%.
- ✓ Net interest-bearing debt marks ¥6,186 million (decreased by ¥1,804 million compared with the end of the previous fiscal year).

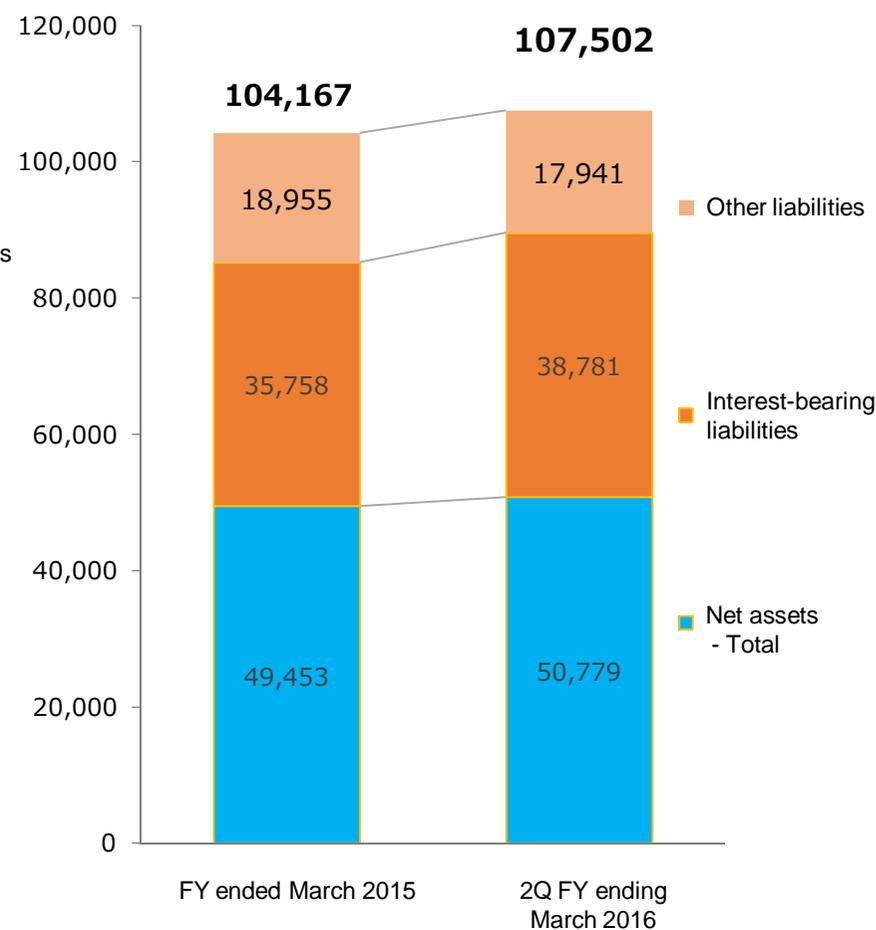
Assets

(In million yen)



Liabilities and Net Assets

(In million yen)



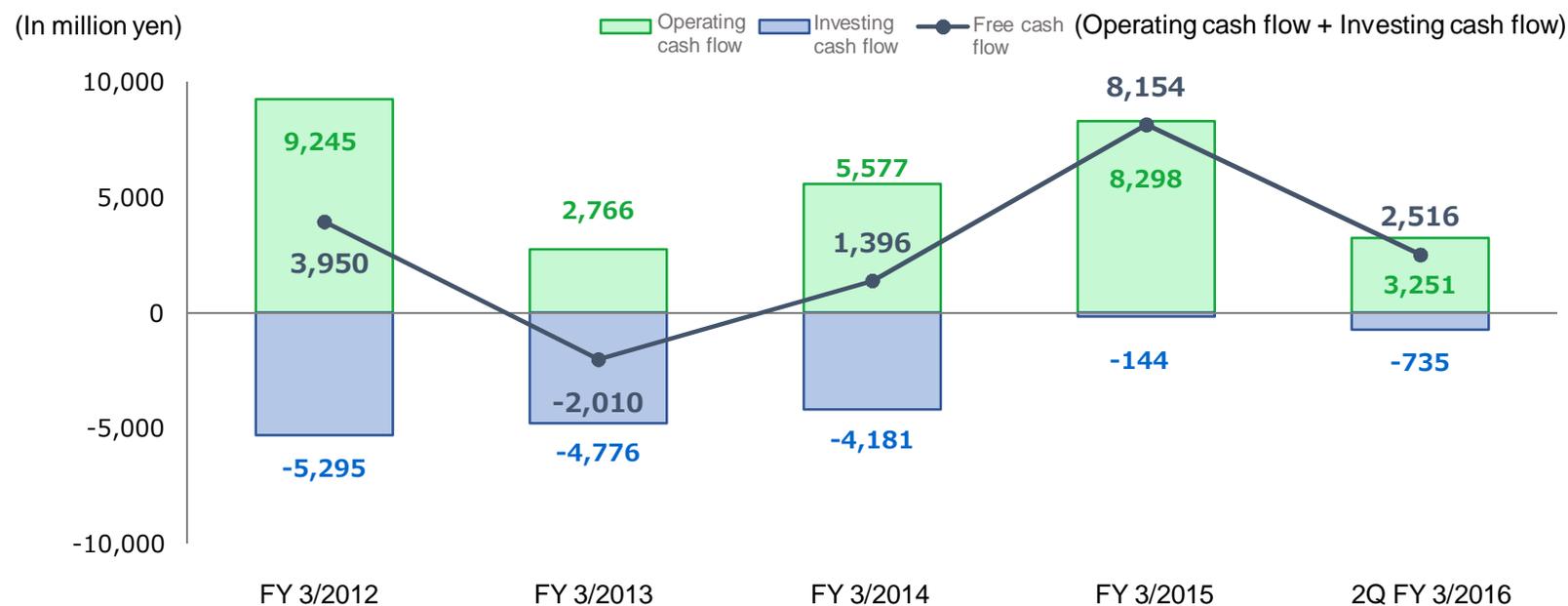
FY 3/2016 2Q end - Foreign exchange rates	USD: 119.96 yen	EUR: 134.97 yen	CNY: 19.73 yen	THB: 3.29 yen
FY 3/2015 end - Foreign exchange rates	USD: 120.17 yen	EUR: 130.32 yen	CNY: 19.35 yen	THB: 3.70 yen

Cash Flow

- ✓ Net cash provided by operating activities posts ¥3,251 million (¥603 million higher than in the year-earlier period).
- ✓ Net cash provided by financing activities increased due to procurement of long-term working capital funds.

(In million yen)

	2Q FY ended March 2015	FY ended March 2015	2Q FY ending March 2016	Main factors of change (Compared with the year-earlier period)
Cash flows from operating activities	2,647	8,298	3,251	Higher income for the quarter before income taxes
Cash flows from investing activities	444	-144	-735	Amounts due to the acquisition of tangible/intangible fixed assets
Cash flows from financing activities	-1,953	-5,243	2,508	Increase due to procurement of long-term working capital funds
Cash and cash equivalents at the end of the period	24,959	27,396	32,229	



1 EMO MILANO 2015 participation

Sodick exhibited at the EMO MILANO 2015, held every other year, which is one of Europe's largest machine tool exhibitions. Exhibits comprised five state-of-the-art linear motor driven machines and related product groups, such as the linear motor driven wire electric discharge machine entry model "VL600Q," presented for the first time on the global stage, and the metal 3D printer "OPM250E," displayed for the first time in Europe.

EMO MILANO 2015 Key Information

Venue location:	Milan, Italy
Exhibition period:	October 5 to October 10
Exhibits:	VL600Q, OPM250E, and others
Number of visitors:	155,362



2 Mechatronics Technology Japan 2015 participation

Sodick was also present with exhibits at the Mechatronics Technology Japan 2015, one of Japan's largest machine tool exhibitions. Exhibits comprised five state-of-the-art machines and related product groups, such as the linear motor driven, ultra-high-speed milling center "UH650L" and the V-LINE® medium-sized injection molding machine "TR450EH3" for high added-value objects. Both machines are new products.

Mechatronics Technology Japan 2015 Key Information

Venue location:	Port Messe Nagoya
Exhibition period:	October 21 to October 24
Exhibits:	OPM250L, UH650L, AP3L, SL600P, TR450EH3, and others
Number of visitors:	94,124



3 Received the "2015 'CHO' MONODZUKURI Innovative Parts and Components Award, Machine Parts Award"

The Sodick PCD tool "PCD Micro Tool Nano Cutter" was awarded the "Machine Parts Award" of the "2015 'CHO' MONODZUKURI Innovative Parts and Components Award" sponsored by The Nikkan Kogyo Shimbun, Ltd.

The "Nano Cutter" enables omitting polishing processing by obtaining nano-order processing surfaces on super-hard ceramics materials, general iron and steel materials, and non-ferrous materials. Since there is little wear on tools, the Nano Cutter can be operated over long periods in unmanned processing, and has been praised for the ensuing gains in productivity.



4 Metal 3D printer "OPM250L" honored with the 2015 Good Design Award – **The Industry's First Threefold Award**

The metal 3D printer with linear motor-driven one-process milling center "OPM250L" was honored with the "2015 Good Design Award" by the Japan Institute of Design Promotion, preceded in 2014 by the "57th Greatest New Products Award" and in 2015 by the "45th Machine Design Award, Nippon Brand Award" sponsored by The Nikkan Kogyo Shimbun, Ltd.



GOOD DESIGN AWARD
2015年度受賞

5 Sales launch of the "mm03" V-LINE® direct-pressure fully-automated injection molding machine for micro-sized objects

To date, Sodick has been achieving precision molding of absolute stability and top-flight quality. Recently, Sodick newly developed the "mm03" injection molding machine which enables molding micro-sized mechanical objects across a further widened range of fields and scopes. Compared with before, this machine permits the injection molding of parts of yet higher general-purpose properties, for example, machinery elements and parts such as gears and washers as well internal and external components.



6 Sales launch of the "TR350EH3/TR450EH3" V-LINE® medium-sized injection molding machine for high value-added objects

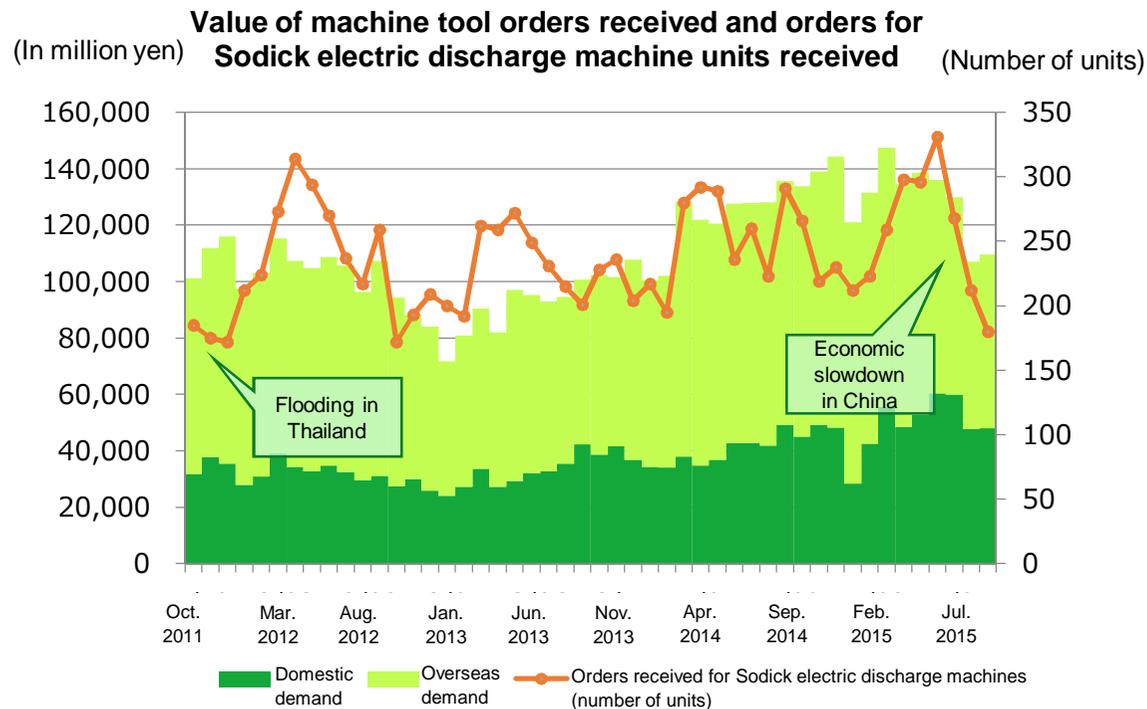
In the automotive industry, plastic parts have been replacing metal parts at an accelerating pace amid efforts to enhance the fuel economy and reduce the weight of automobiles. For the injection molding of automotive large-size lenses and objects with complex shapes, thick walls, and deep cavities, such as automotive structural components, Sodick has developed the "TR350EH3/TR450EH3" injection molding machines. Compared with before, these machines can accommodate much larger quantities for injection molding and achieve the efficient formation of objects with complex shapes, thick walls, and deep cavities. Moreover, enhanced mold opening force reduces resistance when objects are removed from the molds, enabling stable processing.



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

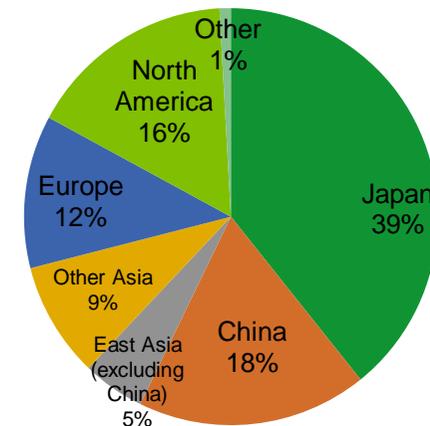


- ✓ In the markets of the industrialized countries (Japan, North America, and Europe), capital investment demand for automotive and aviation related applications remains solid. The outlook is for sustained favorable performances.
- ✓ The markets of emerging economies, including China, display decelerating growth overall as the effects of the slowdown in the Chinese economy come to bear. The outlook appears uncertain.



Source: Japan Machine Tool Builders' Association

Regional composition of machine tool orders received
(Cumulative total for the January - September 2015 period)



Source: Japan Machine Tool Builders' Association

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

- ✓ Full-year financial results projections are currently being held steady given uncertainty about the direction of markets due to factors such as weak demand prevailing in emerging economies along with the economic slowdown in China.
- ✓ In the second half, aggressive marketing activities including sales of new machine models will continue with a view to attaining the full-year projections.

(In million yen)

	FY ended March 2015		2Q FY ending March 2016		Full year ending March 2016		Compared with the year earlier		Attainment ratio (Full-year projection)
	Actual	Earnings margin	Actual	Earnings margin	Projection	Rate of change	Amount	Rate of change	
Net Sales	63,090	-	32,705	-	69,000	-	5,910	9.4%	47.4%
Operating Income	4,891	7.8%	3,170	9.7%	5,100	7.4%	209	4.3%	62.2%
Ordinary Income	5,647	9.0%	3,132	9.6%	4,700	6.8%	-947	-16.8%	66.6%
Net Income for the Period	3,550	5.6%	2,604	8.0%	3,600	5.2%	50	1.4%	72.3%
Comprehensive Income	7,763		1,941						
ROE	7.7%								

Period average foreign exchange rate	USD	109.76 yen		121.87 yen		119.27 yen	
	EUR	138.69 yen		135.11 yen		133.65 yen	
	CNY	17.14 yen		19.32 yen		19.01 yen	
	THB	3.38 yen		3.57 yen		3.69 yen	

Full-Year Projections by Segment

(In million yen)

		FY ended March 2015	FY ending March 2016	FY ending March 2016	Compared with the year earlier		Attainment ratio
		Actual	2Q Actual	Full-year projection	(Amount)	(Change)	(Full-year projection)
Net Sales	● Machine Tool Operations	46,783	24,367	51,100	4,316	9.2%	47.7%
	● Industrial Machinery Operations	8,189	4,139	8,740	550	6.7%	47.4%
	● Food Processing Machinery Operations	2,790	1,474	3,420	629	22.6%	43.1%
	● Other Operations	5,326	2,724	5,740	413	7.8%	47.5%
		63,090	32,705	69,000	5,909	9.4%	47.4%
Segment Income	● Machine Tool Operations	6,795	3,611	6,100	-695	-10.2%	59.2%
	● Industrial Machinery Operations	20	67	140	119	588.9%	48.1%
	● Food Processing Machinery Operations	121	222	370	248	203.4%	60.0%
	● Other Operations	455	482	840	384	84.5%	57.4%
		7,393	4,383	7,450	56	0.8%	58.8%
Adjustments		-2,501	-1,212	-2,350	151	-	-
Operating Income – Total		4,891	3,170	5,100	208	4.3%	62.2%

Machine Tool Operations

- ✓ Despite expectations of higher sales due to strong capital investment demand in Japan, operating income is seen on a par with the year-earlier level owing to factors such as increased R&D spending for future business expansion.

Industrial Machinery Operations

- ✓ Difficult conditions are seen to continue in overseas markets for injection molding machines due to price competition driving down prices. Sales and earnings increases are expected to be marginal.

Food Processing Machinery Operations

- ✓ With ongoing improvements in income, earnings are expected to rise strongly.

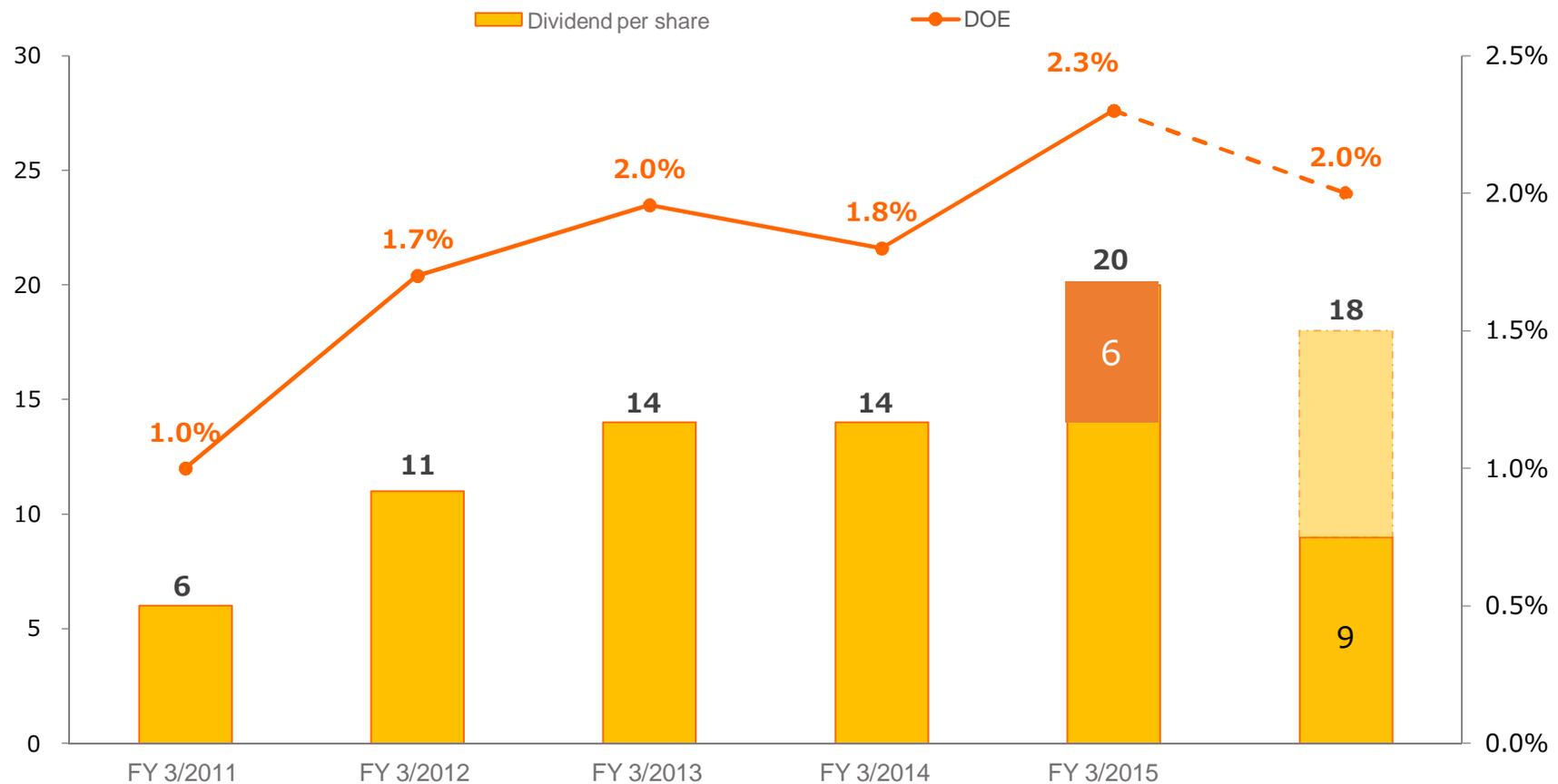
Other Operations

- ✓ External sales of linear motors as well as operations for precision molds and precision molding are expected to show sustained solid performances.

Note: For the fiscal year ending March 31, 2016, the full-year projections by segment have been partly amended.

Policies for Shareholder Returns and Dividend Projections **Sodick**

- ✓ As a dividend policy, the Company aims at a dividend yield on equity (DOE) of at least 2%.
- ✓ For the fiscal year ending March 31, 2016, an interim dividend of ¥9.0 was paid. Dividends for the full fiscal year are projected at ¥18.0 per share (interim dividend ¥9.0, year-end dividend ¥9.0).



Included is a ¥6.0 dividend in commemoration of the listing of the shares of the Company on the First Section of the Tokyo Stock Exchange

(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
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)	
Aug. 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)	One of Japan's largest machine tool exhibitions
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	
Feb. 23-27	Germany	Dusseldorf	METAV 2016 (International Exhibition for Metalworking Technologies)	
Mar. 1-4	China	Shanghai	China Machine Tool Exhibition	
Mar. 10-12	China	Shanghai	TCT + Personalize Asia 2016	
Mar. 29-Apr. 1	China	Shenzhen	SIMM 2016 (Shenzhen International Machinery Manufacturing Industry Exhibition)	

Important Notice



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This documentation contains certain future projections concerning the financial status, financial results, and operations of the Company and statements concerning plans and purposes of the Company. Readers are reminded that such forward looking statements are subject to known or unknown risks, uncertainties, and factors that may cause other actual results or the financial results of the Company to materially deviate from the stated future estimates, whether express or implied. The future estimates stated in this documentation are made on the basis of various premises concerning the Company's present and future management strategies and the future political and economic environment of the operations of the Company.

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