

TSE 1st Section, Code No. 6143

Create Your Future



Fiscal Year Ending March 31, 2016
Third Quarter

Results Briefing



February 10, 2016

Sodick Co.,Ltd.

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

- ✓ Higher sales and earnings, with sales of ¥48,811 million (+7.3% compared with the year-earlier period) and operating income of ¥4,630 million (+38.0% compared with the year-earlier period).
- ✓ Strong performance of machine tool operations driving financial results.
- ✓ Gross profit margins improved through productivity improvements and reductions in procurement costs.

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 aerospace related applications.
- ✓ Affected by the tapering in China's growth rate, a general sense of slowing was apparent in China and other emerging country markets.
- ✓ Projections for full-year financial results were revised in light of the latest trends in performance and in future demand.
Net sales of ¥64,500 million (–¥4,500 million compared with pre-revision amount), and operating income of ¥5,600 million (+¥500 million compared with pre-revision amount) are expected.

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



Financial Results Highlights



- ✓ Fiscal year ending March 31, 2016 third quarter sales increased 7.3% from the year-earlier period.
- ✓ Turning to profits, improvements in production efficiency and reductions in procurement costs contributed to the improvement in gross profit margins (+2.7% from the year-earlier period).

(In million yen)

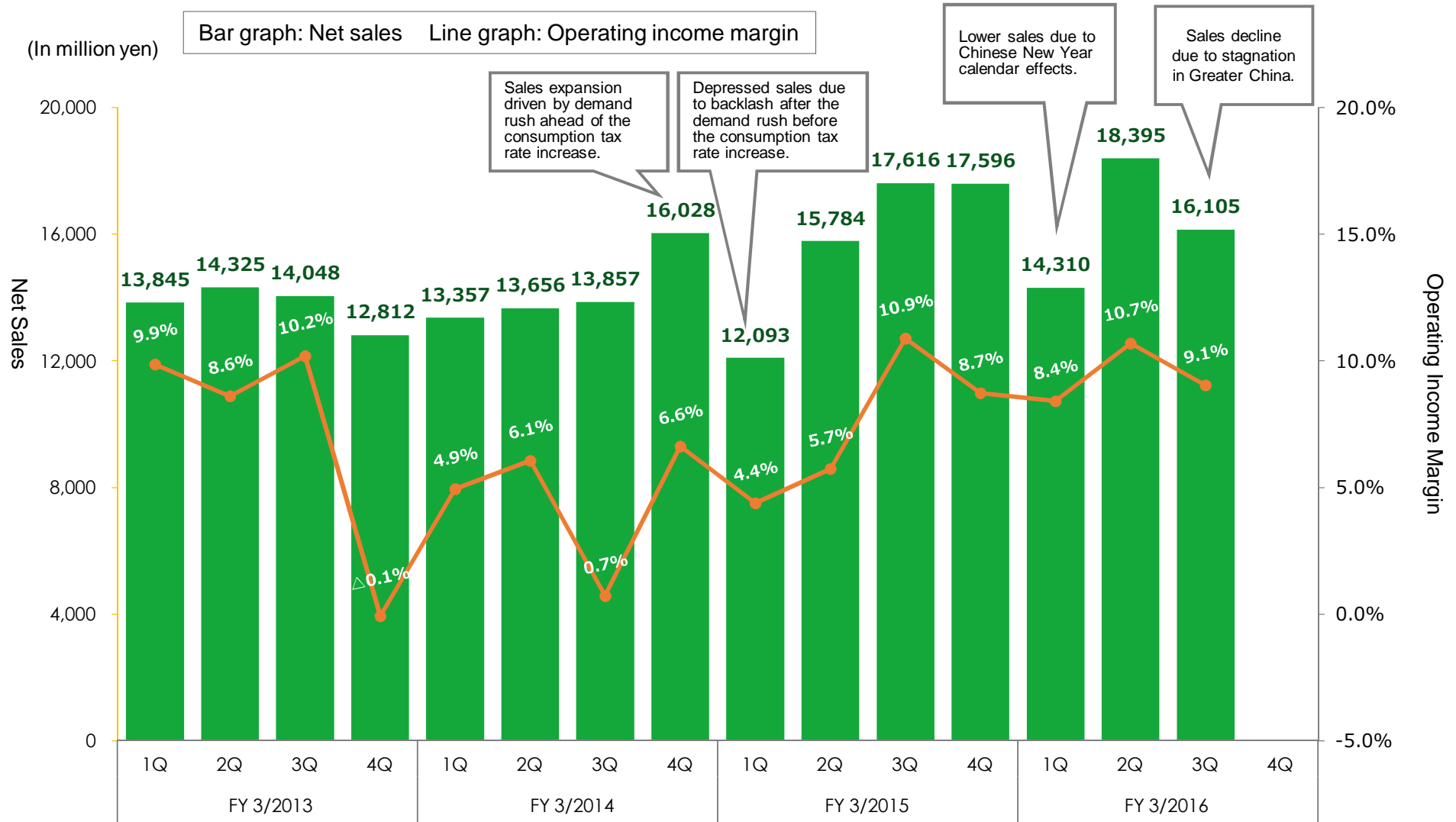
	3Q FY ended March 2015		3Q FY ending March 2016		Compared with the year-earlier period		FY ending March 2016 Projection
	Actual	Earnings margin	Actual	Earnings margin	Amount	Rate of change	
Net Sales	45,494	-	48,811	-	3,316	7.3%	64,500
Gross Margin	15,101	33.2%	17,532	35.9%	2,431	16.1%	-
Operating Income	3,355	7.4%	4,630	9.5%	1,275	38.0%	5,600
Ordinary Income	4,066	8.9%	4,356	8.9%	290	7.1%	5,100
Net Income	2,880	6.3%	3,420	7.0%	539	18.7%	4,100
Comprehensive Income	5,640		2,338				
Period average foreign exchange rate	USD	106.73 yen		121.74 yen			120.00 yen
	EUR	140.21 yen		134.41 yen			132.80 yen
	CNY	16.71 yen		19.31 yen			19.21 yen
	THB	3.29 yen		3.51 yen			3.46 yen

Note: Supplementary information
 FY 3/2016 3Q end - Foreign exchange rates USD: 120.61 yen EUR: 131.77 yen CNY: 18.96 yen THB: 3.34 yen
 FY 3/2015 3Q end - Foreign exchange rates USD: 120.55 yen EUR: 146.54 yen CNY: 17.73 yen THB: 3.67 yen

*The projected financial results for the full year ending March 31, 2016 have been revised. Please see page 16 for details.

Sales-to-operating-income Ratio (Quarterly)

- ✓ During the third quarter ending March 31, 2016, net sales and the operating income margin were lower from the same period the year earlier due to stagnation in Greater China that began later in the quarter. However, the operating income margin still remained healthy due to other factors including a decline in cost percentages.



Financial Results by Segment



(In million yen)

		3Q FY ended March 2015	3Q FY ending March 2016	Compared with the year-earlier period	
		Actual	Actual	(Amount)	(Change)
Net Sales	● Machine Tool Operations	34,287	36,588	2,301	6.7%
	● Industrial Machinery Operations	5,884	6,289	405	6.9%
	● Food Processing Machinery Operations	1,539	2,033	493	32.1%
	● Other Operations	3,783	3,900	116	3.1%
		45,494	48,811	3,316	7.3%
Segment Income	● Machine Tool Operations	4,990	5,366	376	7.5%
	● Industrial Machinery Operations	91	103	11	12.6%
	● Food Processing Machinery Operations	-154	292	447	-
	● Other Operations	503	691	187	37.3%
		5,430	6,454	1,023	18.8%
Adjustments		-2,075	-1,823	252	-12.1%
Operating Income – Total		3,355	4,630	1,275	38.0%

Machine Tool Operations

- ✓ In Japan, the market remained robust focused on automotive-related applications, with government subsidy policies also making an impact.
- ✓ Demand remained solid in North America and Europe for automotive, aerospace, and medical equipment-related machinery applications.
- ✓ Demand for automotive, smartphone, and connector equipment slowed in China and Southeast Asian countries.
- ✓ Both sales and operating income post higher results.

Industrial Machinery Operations

- ✓ Demand in Japan was strong for high-precision installed parts and lenses for automotive applications, but demand for smartphone applications showed signs of a lull.
- ✓ Sales growth in the Asian region 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.
- ✓ Demand showed signs of growth overseas, mainly in the Asian and North American regions.

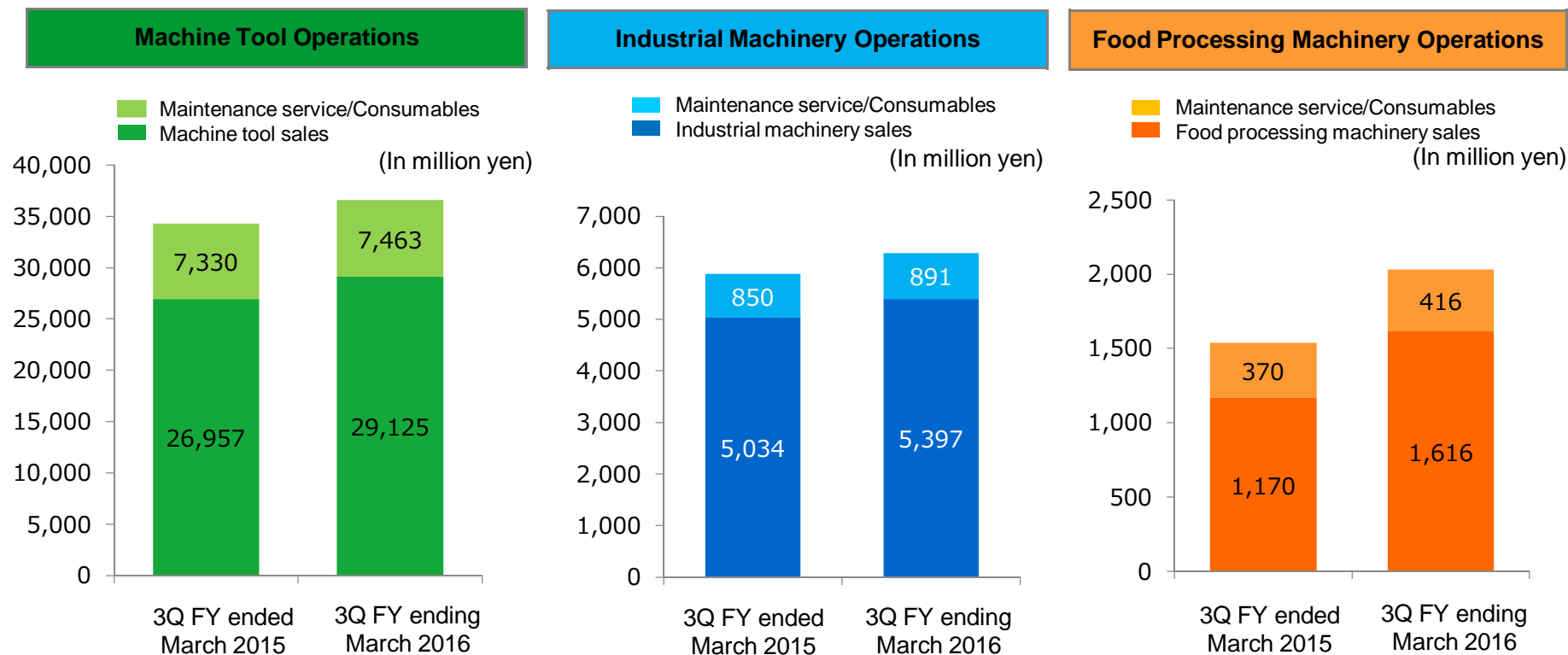
Other Operations

- ✓ Solid performance of external sales of linear motors.
- ✓ Demand brisk in precision molds and precision molding operations, especially for automotive applications.

Segment Sales Breakdown



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



Machine Tool Operations	3Q FY ended March 2015	3Q FY ending March 2016
Machine tool sales	26,957	29,125
Maintenance services/Consumables	7,330	7,463
Total	34,287	36,588

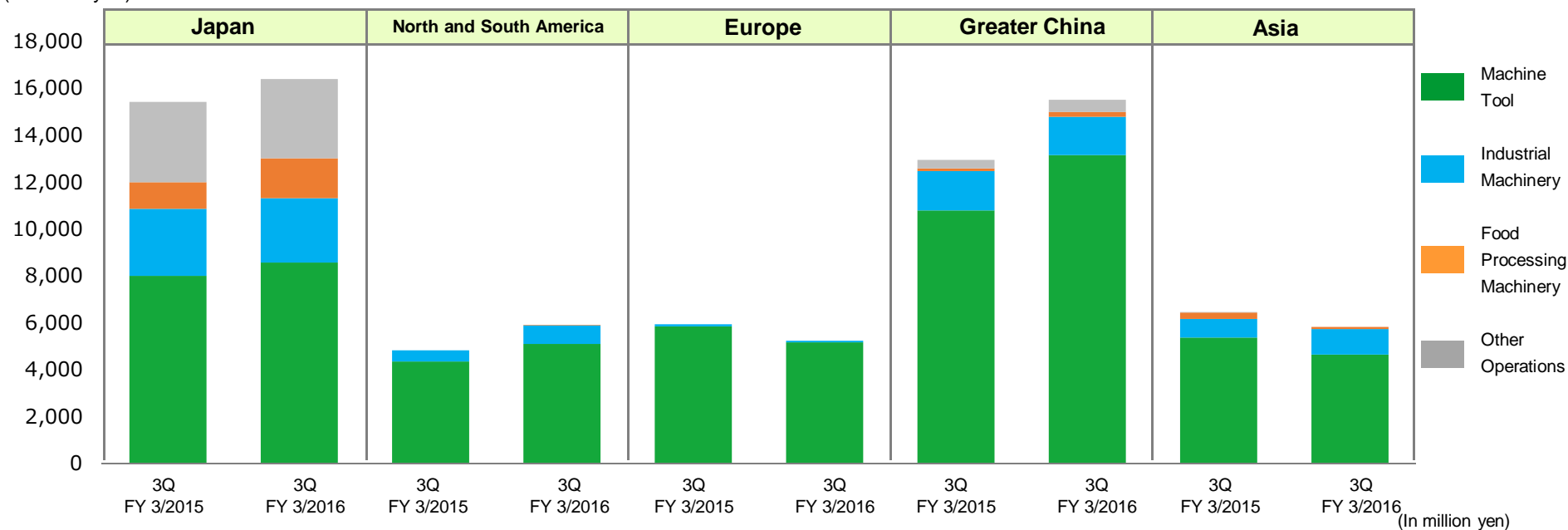
Industrial Machinery Operations	3Q FY ended March 2015	3Q FY ending March 2016
Injection molding machine sales	5,034	5,397
Maintenance services/Consumables	850	891
Total	5,884	6,289

Food Processing Machinery Operations	3Q FY ended March 2015	3Q FY ending March 2016
Food processing machinery sales	1,170	1,616
Maintenance services/Consumables	370	416
Total	1,539	2,033

Overseas Sales Ratios Broken Down by Operation

✓ Global business development - Overseas sales ratio 66.4%

(In million yen)



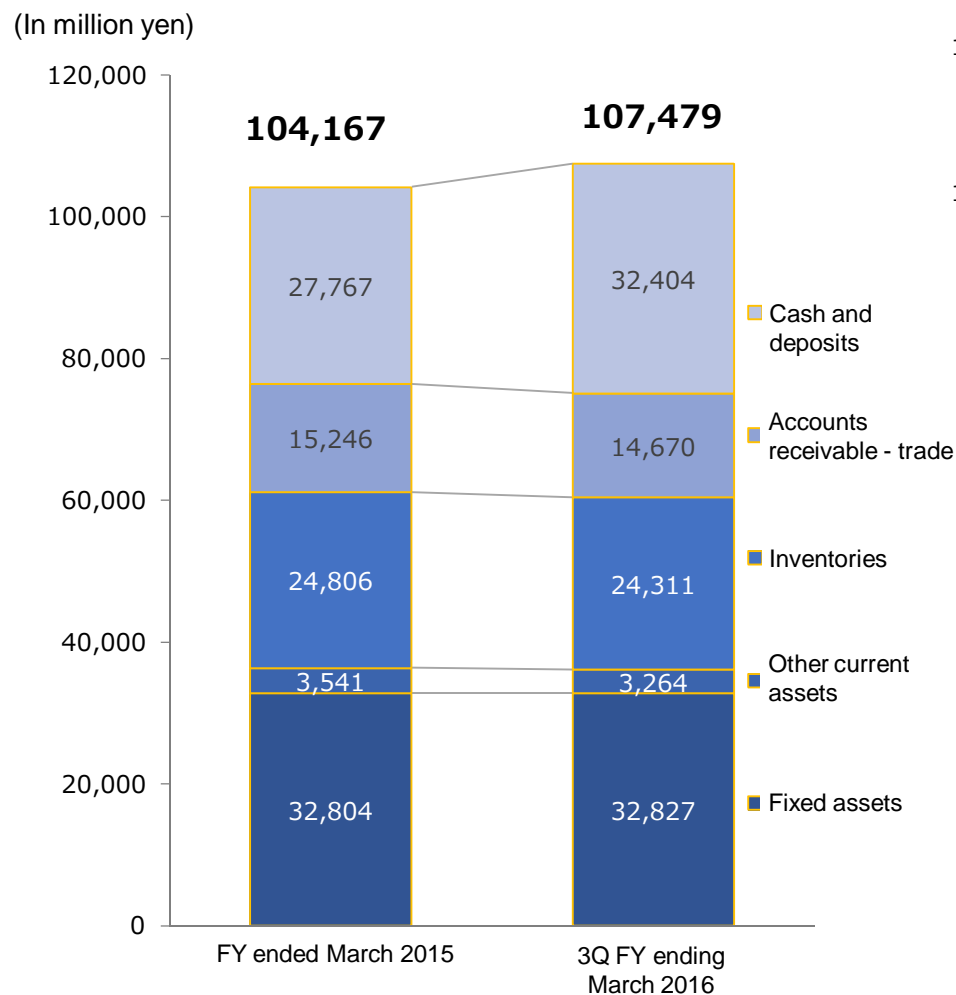
3Q FY 3/2015	Japan		North and South America		Europe		Greater China		Asia		Total
Machine Tool	7,980	23.3%	4,329	12.6%	5,841	17.0%	10,776	31.5%	5,358	15.6%	34,287
Industrial Machinery	2,858	48.6%	475	8.1%	77	1.3%	1,677	28.5%	795	13.5%	5,884
Food Processing Machinery	1,152	74.9%	0	0.0%	0	0.0%	123	8.0%	263	17.1%	1,539
Other Operations	3,414	90.3%	0	0.0%	0	0.0%	359	9.5%	9	0.2%	3,783
By region – Total	15,406	33.9%	4,805	10.6%	5,918	13.0%	12,937	28.4%	6,426	14.1%	45,494

3Q FY 3/2016	Japan		North and South America		Europe		Greater China		Asia		Total
Machine Tool	8,560	23.4%	5,095	13.9%	5,163	14.1%	13,137	35.9%	4,631	12.7%	36,588
Industrial Machinery	2,743	43.6%	792	12.6%	49	0.8%	1,626	25.9%	1,078	17.1%	6,289
Food Processing Machinery	1,702	83.8%	3	0.1%	0	0.0%	215	10.6%	111	5.5%	2,033
Other Operations	3,386	86.8%	0	0.0%	0	0.0%	513	13.2%	0	0.0%	3,900
By region – Total	16,392	33.6%	5,890	12.1%	5,212	10.7%	15,492	31.7%	5,822	11.9%	48,811

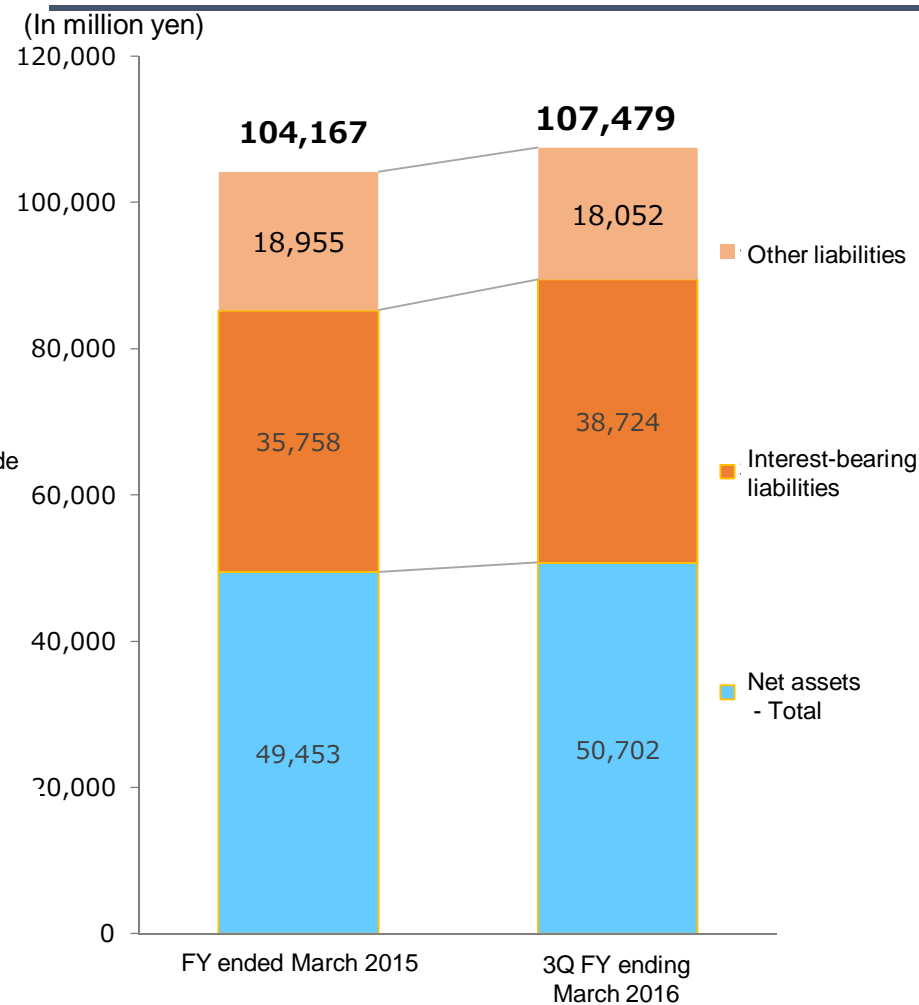
Balance Sheet

- ✓ 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 ¥6,320 million (decreased by ¥1,671 million compared with the end of the previous fiscal year).

Assets



Liabilities and Net Assets



{	FY 3/2016 3Q end - Foreign exchange rates	USD: 120.61 yen	EUR: 131.77 yen	CNY: 18.96 yen	THB: 3.34 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 METALEX THAILAND 2015 participation

The Company participated in METALEX THAILAND 2015, the largest machine tools exhibition in any ASEAN country. The Company displayed flagship products including the linear motor-driven, high-speed, high-performance die-sinker EDM "AG40L" and the metal 3D printer with linear motor-driven, one-process milling center "OPM250L."

METALEX THAILAND 2015 Key Information

Venue location:	Bangkok, Thailand
Exhibition period:	November 18 to November 21
Exhibits:	AG40L, VL600Q, OPM250L, UH430L, GL60A, and others
Number of visitors:	73,938



2 DMP 2015 (China Dongguan International Mould, Metalworking, Plastics, Packaging & Rubber Exhibition) participation

The Company participated in DMP 2015, the largest exhibition for dies and plastic molding in the South China region. The Company displayed the linear motor-driven, high-speed, high-performance wire-cut EDM "SL400G," among other flagship products.

DMP 2015 Key Information

Venue location:	Dongguan, China
Exhibition period:	November 18 to November 21
Exhibits:	SL400G, AP250Ls, S50L, GL60A, LP20EH3, and others
Number of visitors:	Approximately 100,000



3 Open house held to celebrate 4,000 machine sales in Germany

The Company's German sales subsidiary Sodick Deutschland GmbH held a well-attended open house on December 3, 2015, to celebrate its 4,000th machine sale in Germany.

The event was graced with an AG60L finished in gold to commemorate the 4,000th sale, as well as an area devoted to authorized exhibits from various suppliers.



4 Smart Technology Event 2015 held

Sodick, Inc. (Schaumburg, Illinois, U.S.A.) held a Smart Technology Event 2015 on October 21-22, 2015.

The event featured standing exhibits of current state-of-the-art linear motor-driven EDMs and high-speed milling centers, and further enhanced the subsidiary's role as an important base for sales and service covering the broad territory comprising North America, Mexico, and Brazil.



5 Sales launch of the "AL Series" linear motor-driven, wire-cut EDMs

Sodick is launching its AL Series, a new linear motor drive-equipped wire-cut EDM product. The AL Series is a new model that follows up on the machining performance of the SL Series with further stability improvements. Furthermore, in addition to new advances on the SL Series' operating environment, visibility and usability improvements were also made by employing an up-to-date 19-inch touchscreen and a new man-machine interface.



6 Sales launch of the "TR220EH3/TR300EH3" V-LINE® medium-sized injection molding machines for high value-added objects

Following on the TR350EH3 and TR450EH3 launched in September last year with mold clamping forces of 350 and 450 tons, respectively, the Company has now developed the TR220EH3 and TR300EH3. These machines are targeted for the automotive industry, which has been accelerating its changeover from metal to plastic parts in order to improve fuel efficiency and reduce vehicle weights. These products will make it possible to mold complex, thick, and deep parts such as large lenses to be installed on cars and automobile mechanism elements.

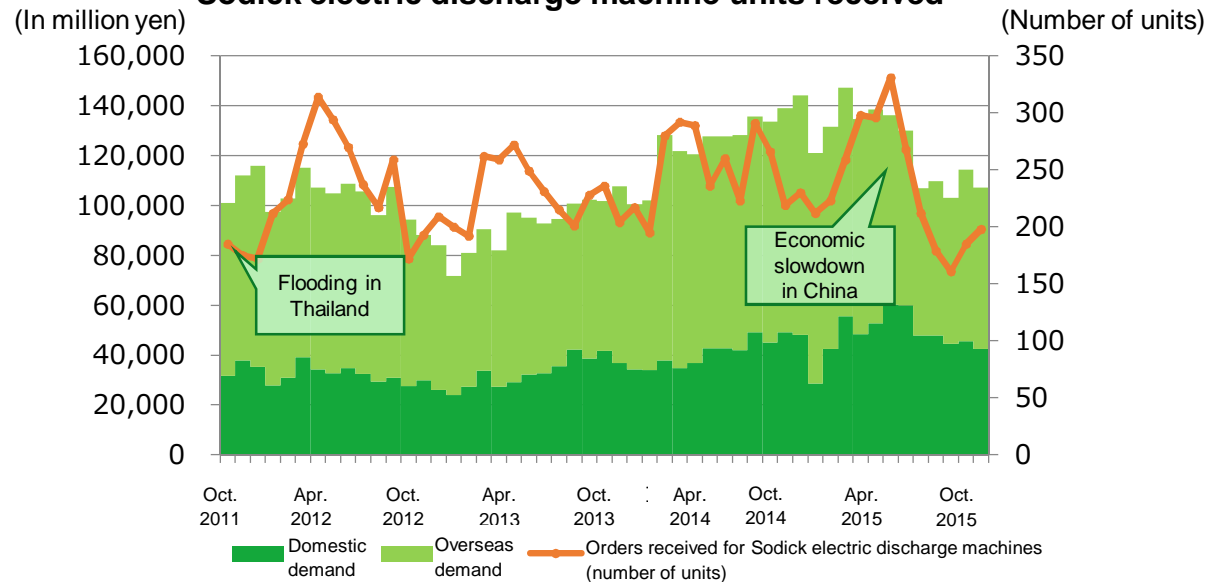


**II . Fiscal Year Ending March 31, 2016
Full-year Financial Results Projections**



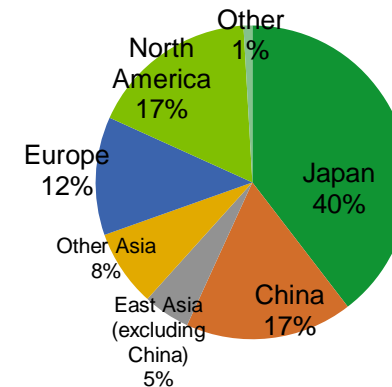
- ✓ In the markets of the industrialized countries (Japan, North America, and Europe), capital investment demand for automotive and aerospace related applications remains solid. The outlook is for sustained favorable performances.
- ✓ Affected by the tapering in China's growth rate, a general sense of slowing was apparent in China and other emerging country markets. The outlook appears uncertain.
- ✓ Main causes for future concern include a dip in emerging country currency due to the interest rates increase in the U.S., a decline in crude oil and other resource prices, and geopolitical risks in the Middle East and elsewhere.

Value of machine tool orders received and orders for Sodick electric discharge machine units received



Source: Japan Machine Tool Builders' Association

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



Source: Japan Machine Tool Builders' Association

Revisions to Projected Financial Results for the FY Ending March 31, 2016 **Sodick**

- ✓ Demand in China and emerging country markets stagnated and the demand environment is expected to remain harsh. For these reasons, net sales are projected to decline ¥4,500 million.
- ✓ As for profits, productivity improvements and reductions in procurement costs contributed to upward revisions in operating income, ordinary income, and current net income.

	FY ending March 2016 (Pre-revision)		FY ending March 2016 (Post-revision)		Increase or decrease	
	Projection	Earnings margin	Projection	Earnings margin	Amount	Rate of change
Net Sales	69,000	-	64,500	-	-4,500	-6.5%
Operating Income	5,100	7.4%	5,600	8.7%	500	9.8%
Ordinary Income	4,700	6.8%	5,100	7.9%	400	8.5%
Net Income for the Period	3,600	5.2%	4,100	6.4%	500	13.9%
Comprehensive Income (reference)						
ROE						

Foreign exchange rate	USD	119.27 yen		120.00 yen		
	EUR	133.65 yen		132.80 yen		
	CNY	19.01 yen		19.21 yen		
	THB	3.69 yen		3.46 yen		

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

- ✓ Both sales and income are expected to increase for the full year ending March 31, 2016, compared to the end of the previous fiscal year.
- ✓ Order acceptances and sales are expected to remain harsh during the fourth quarter, and a drop in operating income margins for the quarter compared to the third quarter (sum total) is forecast. However, operating income margin for the full year is forecast to increase +0.9% compared to the end of the previous fiscal year.

(In million yen)

	FY ended March 2015		3Q 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	Earnings margin	Amount	Rate of change	
Net Sales	63,090	-	48,811	-	64,500	-	1,410	2.2%	75.7%
Operating Income	4,891	7.8%	4,630	9.5%	5,600	8.7%	709	14.5%	82.7%
Ordinary Income	5,647	9.0%	4,356	8.9%	5,100	7.9%	-547	-9.7%	85.4%
Net Income for the Period	3,550	5.6%	3,420	7.0%	4,100	6.4%	550	15.5%	83.4%
Comprehensive Income	7,763		2,338						
ROE	7.7%								

Period average foreign exchange rate	USD	109.76 yen		121.74 yen		120.00 yen	
	EUR	138.69 yen		134.41 yen		132.80 yen	
	CNY	17.14 yen		19.31 yen		19.21 yen	
	THB	3.38 yen		3.51 yen		3.46 yen	

***The projected financial results for the full year ending March 31, 2016 have been revised.**

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	3Q Actual	Full-year projection	(Amount)	(Change)	(Full-year projection)
Net Sales	Machine Tool Operations	46,783	36,588	47,600	816	1.7%	76.9%
	Industrial Machinery Operations	8,189	6,289	8,200	10	0.1%	76.7%
	Food Processing Machinery Operations	2,790	2,033	3,500	709	25.4%	58.1%
	Other Operations	5,326	3,900	5,200	-126	-2.4%	75.0%
		63,090	48,811	64,500	1,409	2.2%	75.7%
Segment Income	Machine Tool Operations	6,795	5,366	6,550	-245	-3.6%	81.9%
	Industrial Machinery Operations	20	103	130	109	539.7%	79.3%
	Food Processing Machinery Operations	121	292	470	348	285.4%	62.3%
	Other Operations	455	691	900	444	97.7%	76.8%
		7,393	6,454	8,050	656	8.9%	80.2%
Adjustments		-2,501	-1,823	-2,450	51	-	-
Operating Income – Total		4,891	4,630	5,600	708	14.5%	82.7%

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.
- ✓ There is a concentration of items scheduled to be delivered in the fourth quarter.

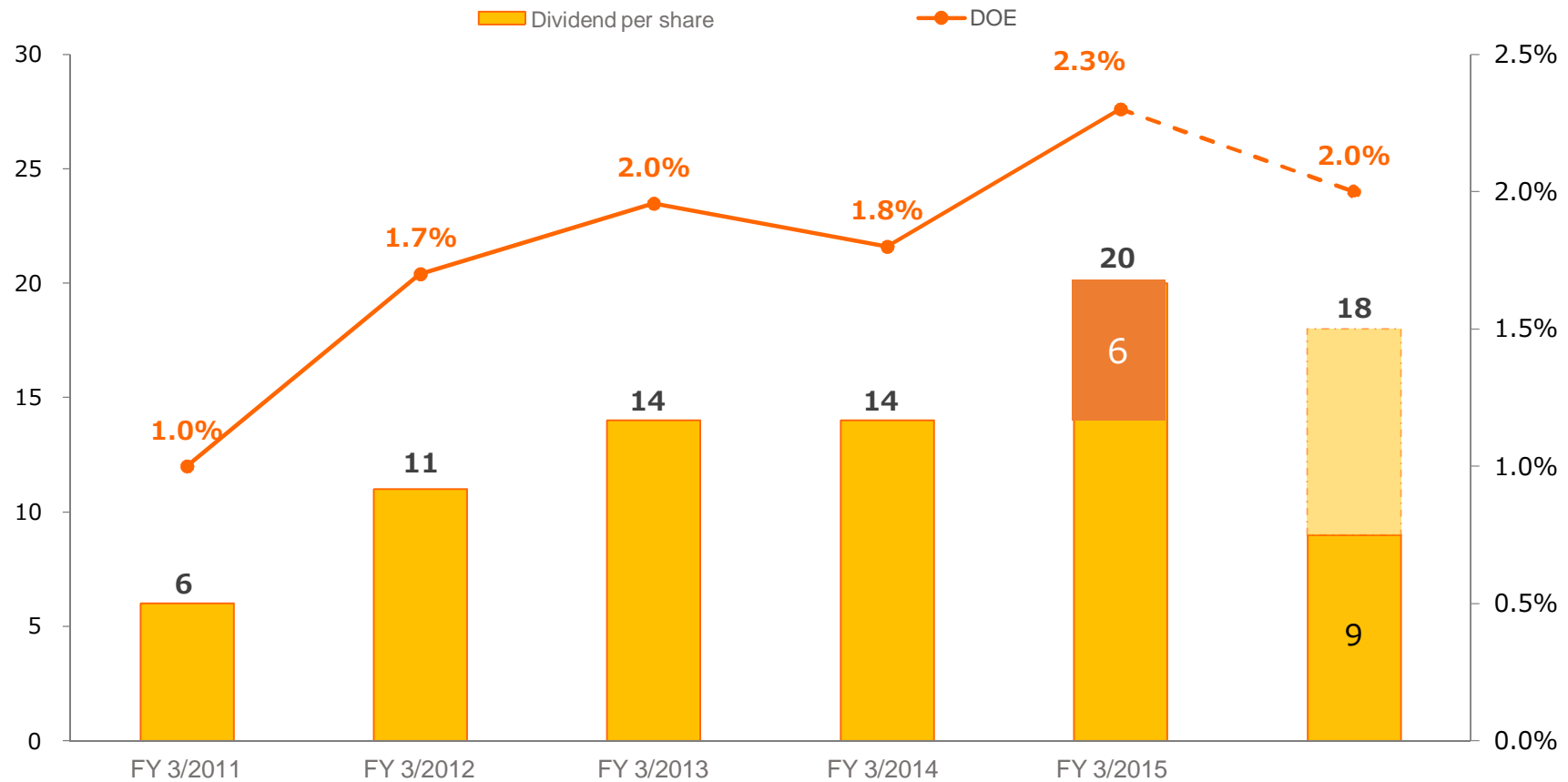
Other Operations

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

*Full-year projections by segment for the fiscal year ending March 31, 2016 have been revised.

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
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	
2016				
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)	
Apr. 6-8	Japan	Tokyo	PLASTIC JAPAN – Highly-functional Plastic Expo –	
Apr. 11-15	England	Birmingham	Mach	
Apr. 13-17	Korea	Seoul	SIMTOS 2016	
Apr. 20-23	Japan	Osaka	Inter Mold 2016	
Apr. 25-28	China	Shanghai	Chinaplas	
Apr. 26-28	Vietnam	Hanoi	MTA Hanoi 2016	

Important Notice



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Contact for inquiries concerning this documentation

Sodick Co., Ltd.

Management Administration Division

3-12-1, Nakamachidai, Tsuzuki-ku, Yokohama, Kanagawa, 224-8522 Japan

TEL: +81-45-942-3111 FAX: +81-45-943-5835