



1Q FY18/12
Results Briefing

May 11, 2018

Sodick Co., Ltd.

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Consolidated Accounting Period for FY17/12 (Previous FY)



✓ Sodick changed its fiscal year-end from March 31 to December 31, effective from FY2017, thereby eliminating the three-month difference between the parent's year-end and year-ends of its subsidiaries in China. Accordingly, the year ended December 31, 2017 (FY17/12) was an irregular accounting period of transition that covered nine months.

(1) Period included in the consolidated results for 1Q FY17/12 (on a financial report basis)

- Companies closing accounts in March: April-June 2017
- Companies closing accounts in December (7 subsidiaries in China): January-June 2017

	FY17/12			FY18/12				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
		1Q	2Q	3Q	1Q	2Q	3Q	4Q
Companies closing accounts in March		3 months			3 months			
Companies closing accounts in December	6 months				3 months			

(2) Period covered by the consolidated figures for the purpose of comparison (Figures for the purpose of comparison: **Adjusted**)

- 2017: Group-wide; January-March 2017
- 2018: Group-wide; January-March 2018

	FY17/12			FY18/12				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
		1Q	2Q	3Q	1Q	2Q	3Q	4Q
Companies closing accounts in March								
Companies closing accounts in December								

*** See pages 12 to 15 for “Figures for the purpose of comparison”.**

I. 1Q FY18/12 Financial Results Summary

Financial Results Highlights (on a Financial Report Basis)



- ✓ Although the Chinese New Year holiday partially affected manufacturing and sales, both orders and sales continued to be robust after the holiday.
- ✓ Gross profits margin improved due to steady sales of EDMs and growing sales of high precision machinery.

	1Q FY17/12		1Q FY18/12		FY18/12 Full-year Projection
	Actual	Income margin	Actual	Income margin	
Net sales	21,179	–	18,385	–	81,000
Gross profit	7,249	34.2%	6,772	36.8%	–
Operating income	1,442	6.8%	2,227	12.1%	8,000
Ordinary income	1,639	7.7%	1,947	10.6%	8,000
Net income	1,137	5.4%	1,324	7.2%	5,700

(million yen)

Average exchange rate over the period	USD	111.09 yen		108.22 yen		112.00 yen
	EUR	122.26 yen		133.14 yen		132.00 yen
	CNY	16.39 yen		17.05 yen		16.90 yen
	THB	3.24 yen		3.43 yen		3.40 yen

* Reference information	Exchange rate at end of March 2018	USD: 106.24 yen	EUR: 130.52 yen	CNY: 16.92 yen	THB: 3.40 yen
	Exchange rate at end of June 2017	USD: 112.00 yen	EUR: 127.97 yen	CNY: 16.49 yen	THB: 3.29 yen

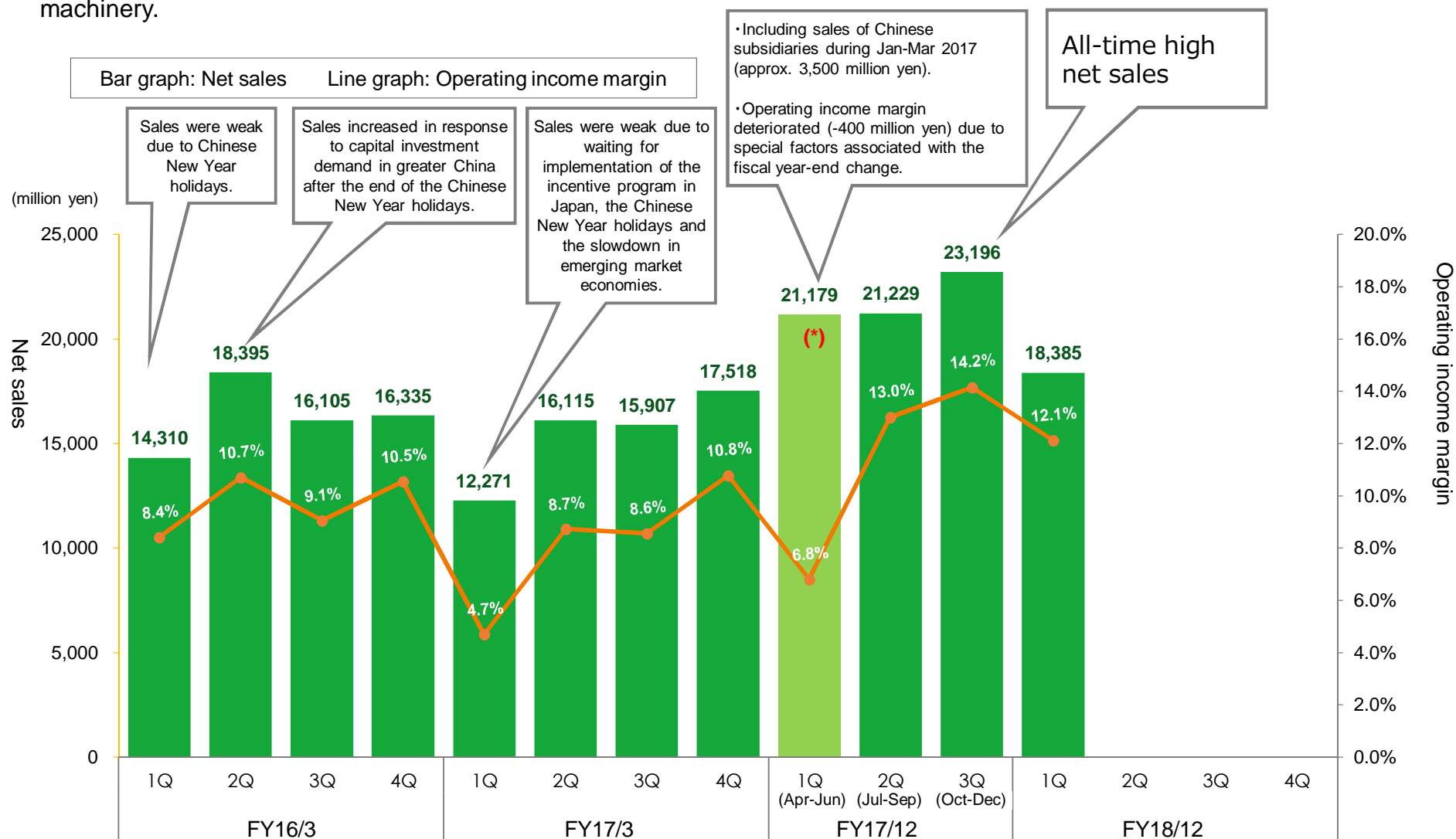
* Due to the fiscal year-end change, 1Q FY17/12 was an irregular accounting period covering 3 months (from April to June 2017) for companies whose fiscal year ends on March 31, and 6 months (from January to June 2017) for those whose fiscal year ends on December 31. Accordingly, changes compared to the same quarter in the preceding fiscal year are not provided.

* Financial impact in 1Q FY17/12 due to the fiscal year-end change (Approx. 400 million yen decrease in operating income).

Ratio of Operating Income to Net Sales (Quarterly: on a Financial Report Basis)



- ✓ Although the Chinese New Year holiday partially affected manufacturing and sales, both orders and sales continued to be robust after the holidays.
- ✓ Operating income margin remained at a high level of 12.1% owing to steady sales of EDMs and growing sales of high precision machinery.



(*) Due to irregular settlement of accounts resulting from the fiscal year-end change, figures for the April-June period of companies whose fiscal year ends on March 31 as well as those for the January-June period of companies whose fiscal year ends on December 31 are included.

Financial Results by Segment (on a Financial Report Basis)



(million yen)

		1Q FY17/12 Actual	1Q FY18/12 Actual
Net Sales	● Machine tool segment	15,841	13,366
	● Industrial machinery segment	3,266	2,424
	● Food processing machinery segment	463	1,005
	● Other segments	1,606	1,588
		21,179	18,385
Segment income	● Machine tool segment	1,510	2,361
	● Industrial machinery segment	313	148
	● Food processing machinery segment	-101	68
	● Other segments	390	308
		2,112	2,888
Adjustment amounts		-669	-660
Total operating income		1,442	2,227

Machine tool segment

- ✓ In China, although the Chinese New Year holiday partially affected manufacturing and sales, the increasing sophistication and automation of manufacturing and the government's subsidy policies boosted the performance of the segment. Both orders received and sales continued to be robust after the New Year holiday, mainly in the auto-related industries where electronics were increasingly incorporated into cars, the smartphone-related industries where more and more sophisticated models were produced, and booming semiconductor-related industries.
- ✓ In Japan, demands mainly in the automotive and semiconductor-related industries were strong.
- ✓ In North America, capital spending did not seem active in the automotive and aerospace-related industries.
- ✓ In Europe, demand from automotive and aerospace-related industries, mainly in Germany and Italy, remained solid.
- ✓ In other countries and regions in Asia, demand, mainly from the automotive and semiconductor-related industries, recovered gradually.

Industrial machinery segment

- ✓ Demand remained solid for components such as connectors and sensors for auto-related industries in Japan, China, and Asia. Demand appeared to be losing its momentum for connectors in smartphone-related industries, but counterparties on the demand side for the molding of optical lenses expanded.
- ✓ In North America, demand also remained solid mainly in the medical equipment-related industries.
- ✓ Although inquiries tended to increase, net sales were stagnant in the 1st half of the quarter due partly to the Chinese New Year holiday.

Food processing machinery segment

- ✓ Demand for high-quality noodle making equipment continued to be strong.
- ✓ Demand has been increasing both in Japan and abroad for the sterile-packed cooked rice production system.
- ✓ Because of delays in the acceptance inspection of some projects until the 2nd quarter or later, both net sales and segment income made little progress compared to the plan.

Other segments

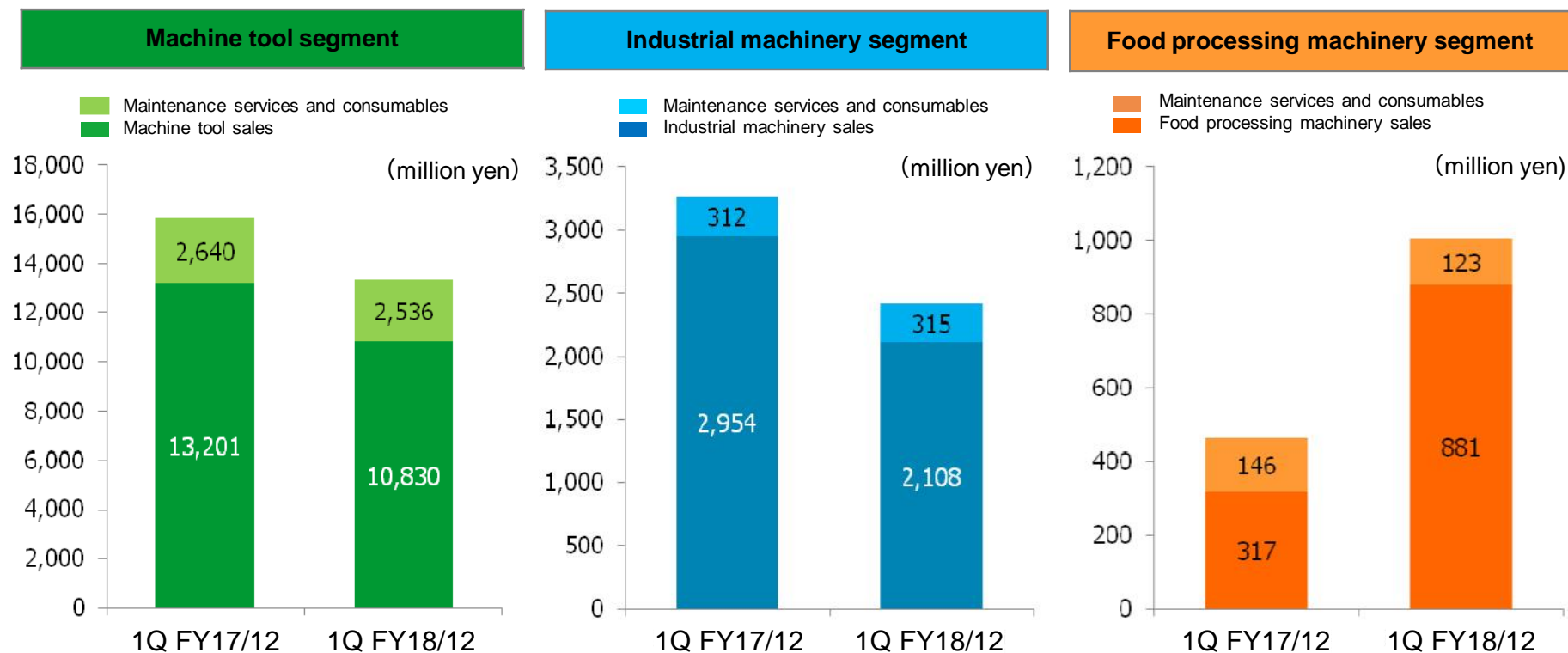
- ✓ Demand for precision mold and precision molding operations from the auto-related industries remained solid.
- ✓ Sale of ceramics mainly to the semiconductor production equipment industries remained strong.

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Net Sales by Segment (on a Financial Report Basis)



✓ Maintenance services and consumables, a stable source of cash, account for about 18% of total net sales.



Machine tool segment	1Q FY17/12	1Q FY18/12
Machine tool sales	13,201	10,830
Maintenance services and consumables	2,640	2,536
Total	15,841	13,366

Industrial machinery segment	1Q FY17/12	1Q FY18/12
Injection molding machine sales	2,954	2,108
Maintenance services and consumables	312	315
Total	3,266	2,424

Food processing machinery segment	1Q FY17/12	1Q FY18/12
Food processing machinery sales	317	881
Maintenance services and consumables	146	123
Total	463	1,005

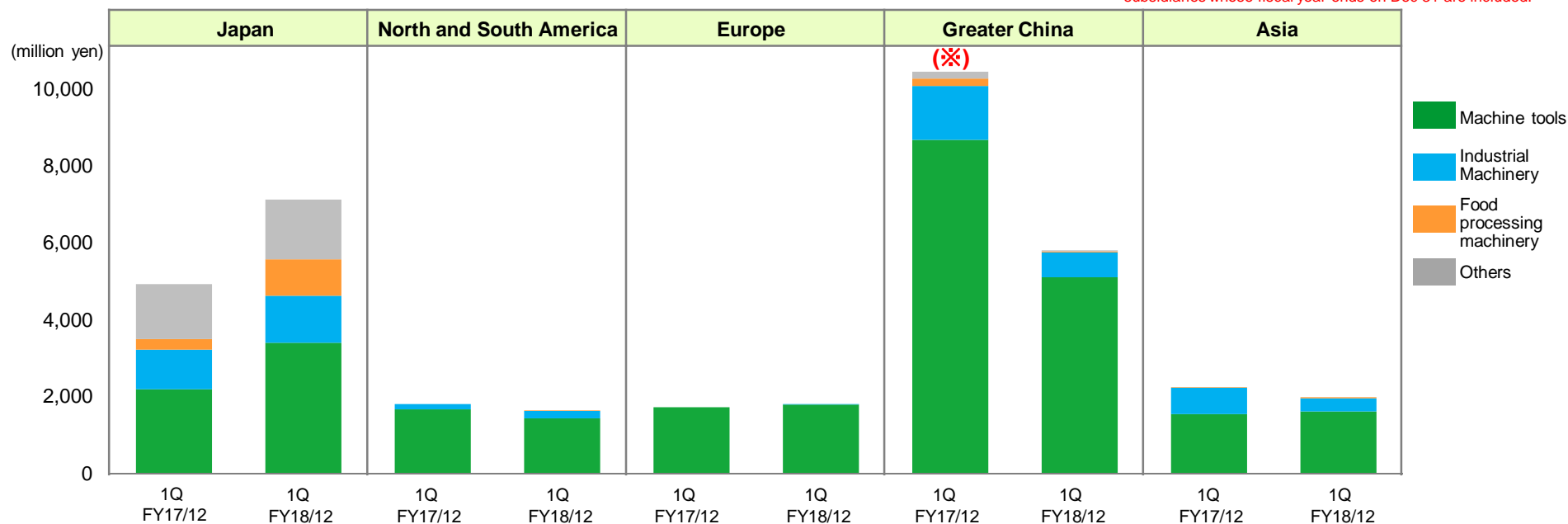
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Overseas Sales Ratio by Segment (on a Financial Report Basis)



✓ Sodick has been developing its business globally with an overseas sales ratio of 61.3%.

* Due to irregular settlement of accounts resulting from the fiscal year-end change, figures for Jan-Jun period of Chinese subsidiaries whose fiscal year ends on Dec 31 are included.



(million yen)

1Q FY17/12	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	2,200	13.9%	1,673	10.6%	1,727	10.9%	8,691	54.8%	1,548	9.8%	15,841	74.8%
Industrial machinery	1,030	31.5%	141	4.4%	0	0.0%	1,402	42.9%	692	21.2%	3,266	15.4%
Food processing machinery	272	58.8%	0	0.1%	—	—	187	40.5%	3	0.6%	463	2.2%
Others	1,426	88.8%	—	—	—	—	180	11.2%	—	—	1,606	7.6%
By-region total	4,929	23.3%	1,815	8.6%	1,728	8.2%	10,461	49.4%	2,244	10.6%	21,179	100.0%

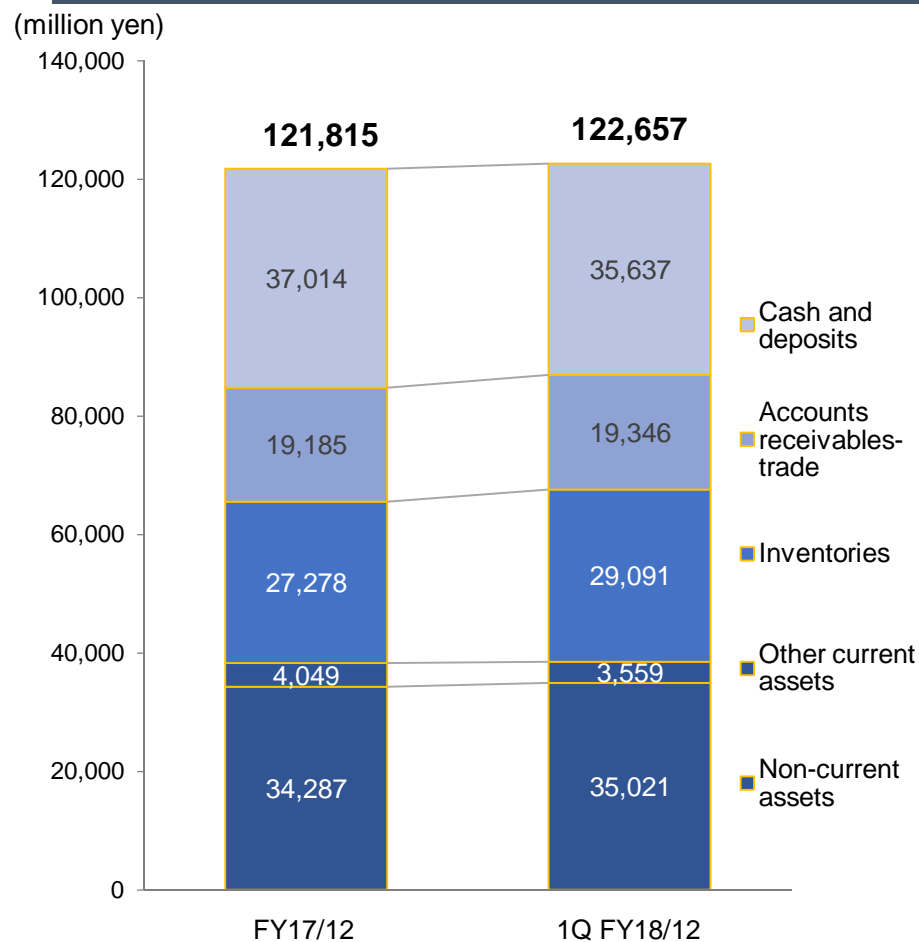
1Q FY18/12	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	3,404	25.5%	1,436	10.7%	1,796	13.4%	5,112	38.3%	1,616	12.1%	13,366	72.7%
Industrial machinery	1,218	50.3%	190	7.9%	18	0.7%	649	26.8%	347	14.3%	2,424	13.2%
Food processing machinery	955	95.1%	2	0.2%	—	—	19	1.9%	28	2.8%	1,005	5.5%
Others	1,551	97.7%	—	—	—	—	37	2.3%	—	—	1,588	8.6%
By-region total	7,129	38.7%	1,629	8.9%	1,815	9.9%	5,819	31.7%	1,991	10.8%	18,385	100.0%

Balance Sheet

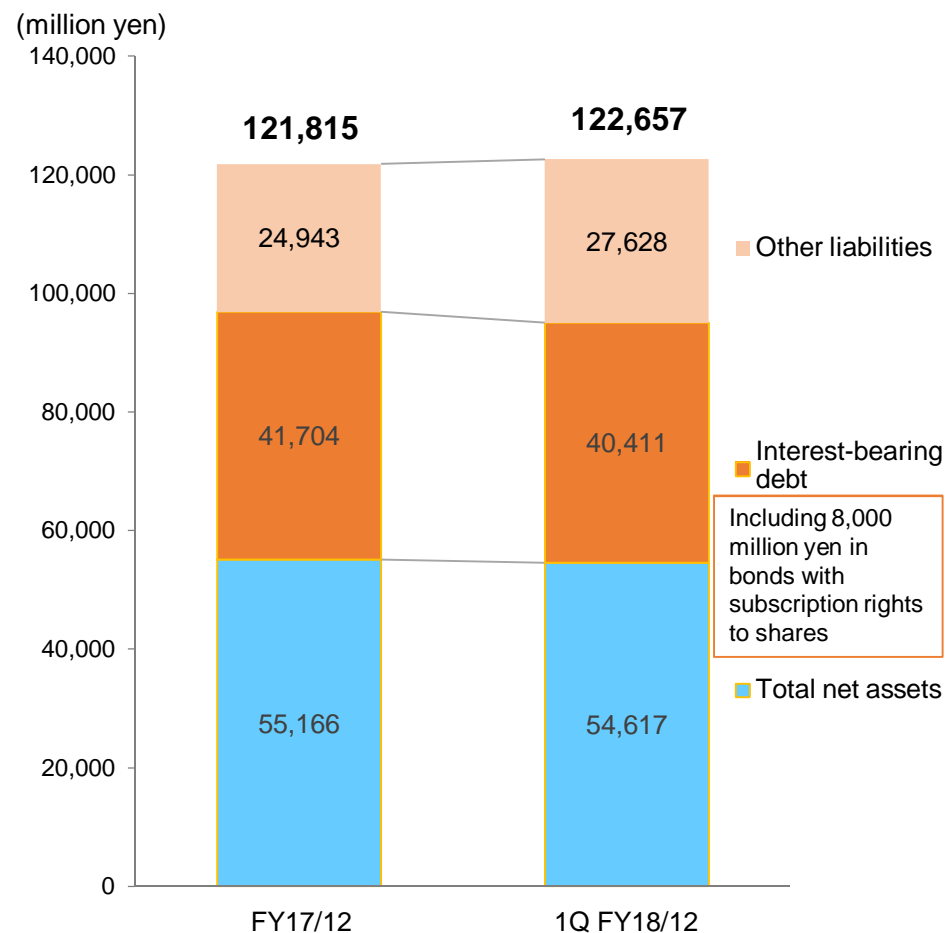


- ✓ Accounts receivable-trade and inventories rose in line with increasing orders.
- ✓ The liquidity ratio remains above 200%.

Assets



Liabilities and net assets



*Reference information Exchange rate at end of March 2018 USD: 106.24 yen EUR: 130.52 yen CNY: 16.92 yen THB: 3.40 yen
Exchange rate at end of December 2017 USD: 113.00 yen EUR: 134.94 yen CNY: 17.29 yen THB: 3.45 yen

1Q FY18/12 Topics (Exhibitions)



1 West Japan Branch Private Show 2018

Sodick held the Private Show 2018 at our Osaka Sales Office (West Japan Branch). At the show, we displayed four types of our new machines and held a “Seminar on the latest processing technologies” with the cooperation of our group companies, suppliers, and contractors. Many customers and guests visited the show, which ended successfully.



Outline of the West Japan Branch Private Show 2018

Venue: Sodick Osaka Sales Office (West Japan Branch)

Dates: Feb. 2-3, 2018 (2 days)

Products exhibited: OPM250L metal 3D printer, Wire-cut EDM AL400G, Die-sinker EDM AG40L, Ultra High-speed Milling Center UH430L, other processing samples, etc.



◀ AL400G (left)
AG40L (right)

2 Exhibiting at INTERMOLD 2018 (29th Japan Metal Stamping Technology Exhibition)

Sodick participated in INTERMOLD2018 held at INTEX Osaka, where we showcased our various cutting-edge machines under the theme “For future manufacturing.” At our booth, we also gave a demonstration on high precision processing, or molding, as well as most the advanced technologies by using our machine tool and injection molding machines, which attracted many visitors.

Outline of the INTERMOLD 2018

Venue: Intex Osaka

Dates: April 18-21, 2018 (4 days)

Products exhibited: Wire-cut EDM AL400G, eV-LINE /Electric Injection Molding Machine MS50, V-LINE Direct Casting Injection Molding Machine for Aluminum Alloy ALM450, the latest printing samples of “OPM series” Metal 3D Printers

No. of visitors: Approx. 40,000



▲ AL400G



◀ MS50

II. Figures for the Purpose of Comparison

- * These figures, which have not been audited, are provided only for the purpose of comparison.
- * Figures for the purpose of comparison are the figures adjusted after we eliminated the three-month difference between the parent's year-end and the year-ends of its subsidiaries in China so that all companies within the Group would use the same financial year.

Financial Results Highlights

***Figures for the purpose of comparison (Adjusted)**



(Million yen)

	Jan-Mar 2017		1Q FY18/12 (Jan-Mar 2018)		Increase/Decrease		FY18 Full-year Projection
	Actual	Income margin	Actual	Income margin	Amount	Rate	
Net sales	16,606	–	18,385	–	1,778	10.7%	81,000
Gross profit	5,829	35.1%	6,772	36.8%	943	16.2%	–
Operating income	1,391	8.4%	2,227	12.1%	836	60.1%	8,000
Ordinary income	1,338	8.1%	1,947	10.6%	608	45.5%	8,000
Net income	760	4.6%	1,324	7.3%	564	74.2%	5,700

	Ratio to sales		Ratio to sales	
Facility investments	620	3.7%	2,121	11.5%
Depreciation	686	4.1%	750	4.1%
R&D expenses	904	5.4%	910	5.0%

Average exchange rate over the period	USD	113.60 yen		108.22 yen		112.00 yen
	EUR	121.05 yen		133.14 yen		132.00 yen
	CNY	16.57 yen		17.05 yen		16.90 yen
	THB	3.24 yen		3.43 yen		3.40 yen

*** These figures, which have not been audited, are provided only for the purpose of comparison.**

Financial Results by Segment

***Figures for the purpose of comparison (Adjusted)**



(million yen)

		Jan-Mar 2017	1Q FY18/12 (Jan-Mar 2018)	Increase/Decrease	
		Actual	Actual	(Amount)	(Rate)
Net sales	● Machine tool segment	11,316	13,366	2,050	18.1%
	● Industrial machinery segment	3,072	2,424	-648	-21.1%
	● Food processing machinery segment	970	1,005	34	3.6%
	● Other segments	1,246	1,588	342	27.5%
		16,606	18,385	1,778	10.7%
Segment income	● Machine tool segment	1,522	2,361	838	55.1%
	● Industrial machinery segment	450	148	-301	-66.9%
	● Food processing machinery segment	-51	68	120	—
	● Other segments	146	308	162	110.9%
		2,067	2,888	820	39.7%
Adjusted amount		-676	-660	16	—
Total operating income		1,391	2,227	836	60.1%

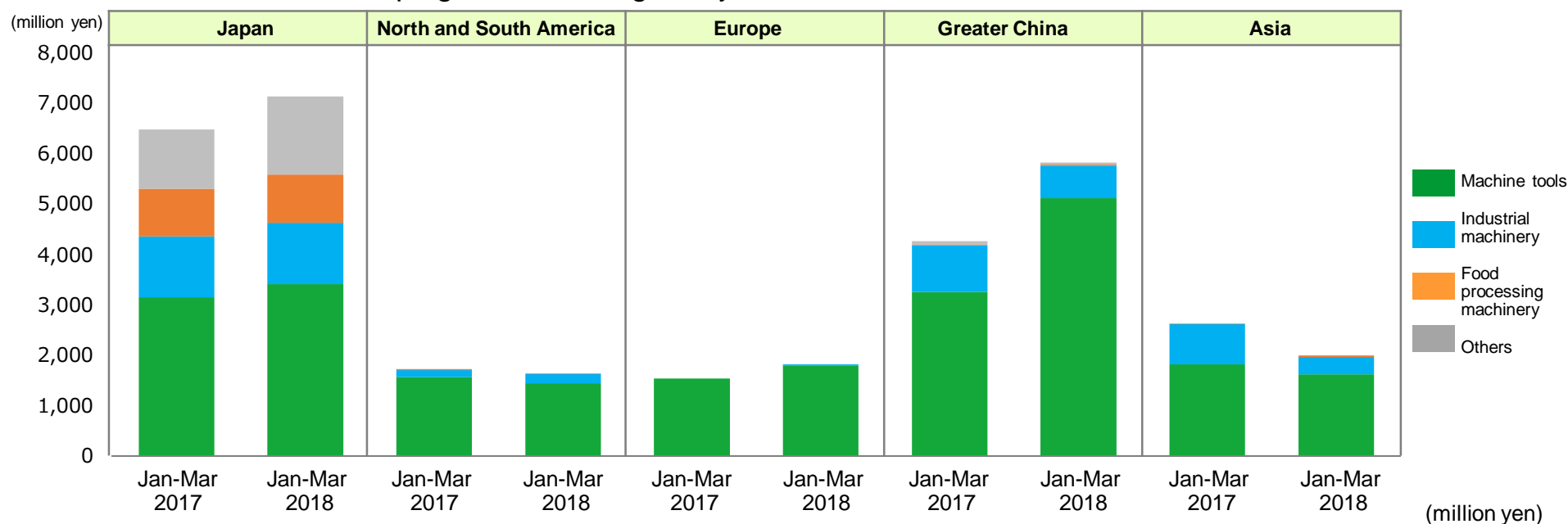
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Overseas Sales Ratio by Segment

***Figures for the purpose of comparison (Adjusted)**



✓ Sodick has been developing its business globally with an overseas sales ratio of 61.3%.



Jan-Mar 2017	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	3,149	27.8%	1,570	13.9%	1,534	13.6%	3,252	28.7%	1,810	16.0%	11,316	68.1%
Industrial machinery	1,205	39.3%	133	4.3%	—	—	925	30.1%	808	26.3%	3,072	18.5%
Food processing machinery	946	97.6%	18	1.9%	—	—	4	0.4%	1	0.1%	970	5.8%
Others	1,171	94.0%	—	—	—	—	74	6.0%	—	—	1,246	7.5%
By-region total	6,472	39.0%	1,722	10.4%	1,534	9.2%	4,256	25.6%	2,620	15.8%	16,606	

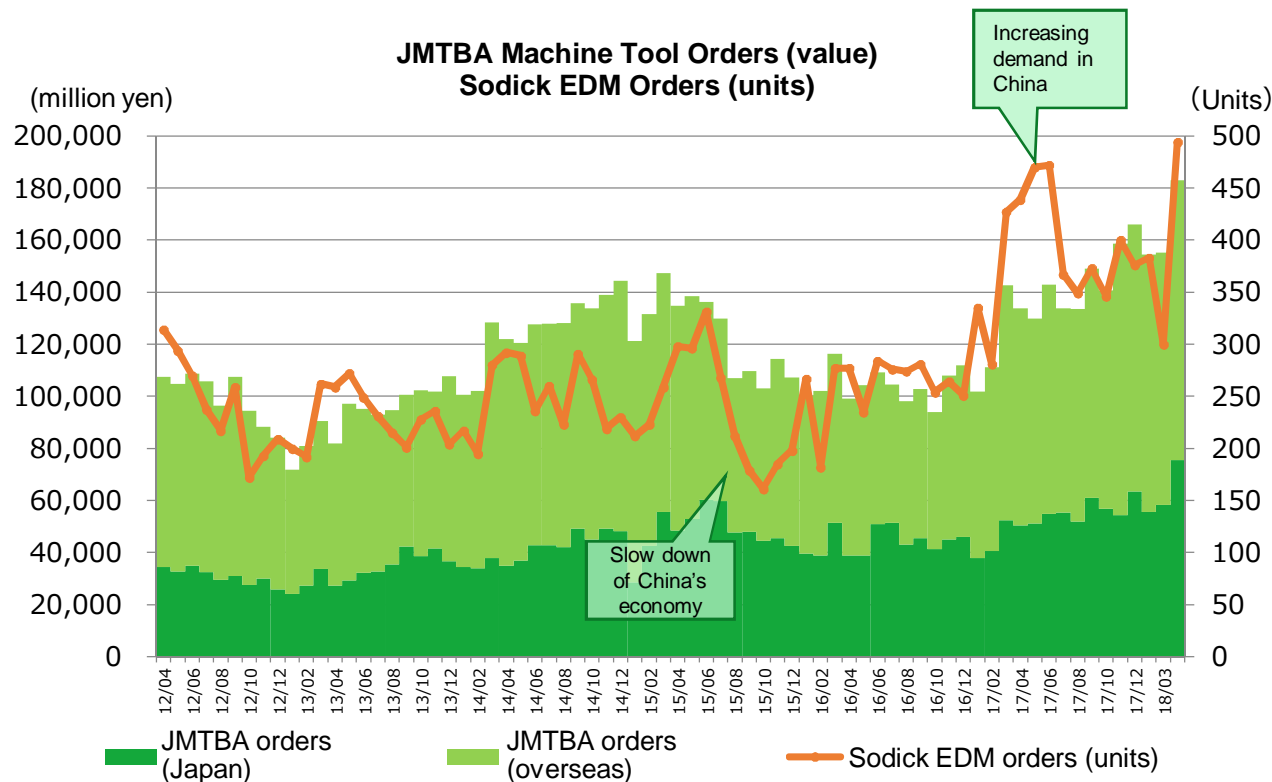
1Q FY18/12 (Jan-Mar 2018)	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	3,404	25.5%	1,436	10.7%	1,796	13.4%	5,112	38.3%	1,616	12.1%	13,366	72.7%
Industrial machinery	1,218	50.3%	190	7.9%	18	0.7%	649	26.8%	347	14.3%	2,424	13.2%
Food processing machinery	955	95.1%	2	0.2%	—	—	19	1.9%	28	2.8%	1,005	5.5%
Others	1,551	97.7%	—	—	—	—	37	2.3%	—	—	1,588	8.6%
By-region total	7,129	38.7%	1,629	8.9%	1,815	9.9%	5,819	31.7%	1,991	10.8%	18,385	100.0%

* These figures, which have not been audited, are provided only for the purpose of comparison.

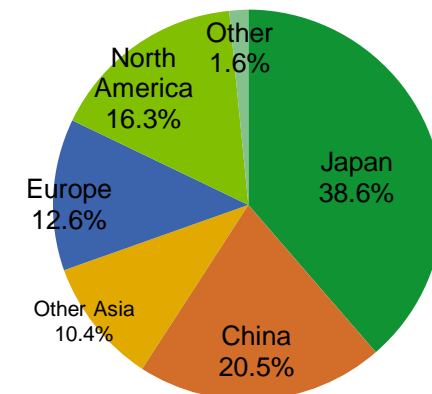
III. FY18/12 Financial Results Projections

Market Environment

- ✓ Japan: We expect sustained solid demand due to the government subsidy programs and replacement demand due to facility aging.
- ✓ North America: Bolstered by the corporate tax cuts, capital investment demand is expected to increase mainly in the automotive, aerospace and medical equipment industries.
- ✓ Europe: There is uncertainty about the future because of the Brexit issue and slower growth in demand in countries such as Russia and Turkey, but demand in the automotive and aerospace industries is expected to remain firm.
- ✓ China: Demand for high precision machinery is forecast to continue increasing, spurred by growing needs for automation on the back of the sophistication of manufacturing and a surge in personnel expenses.
- ✓ Asia: Demand mainly from the auto-related industries is expected to continue to be picking up in Thailand and Malaysia, etc. while that from the smartphone and semiconductor industries is likely to remain brisk in Korea.



**JMTBA Machine Tool Orders by Region
(cumulative for Apr 2017 - Mar 2018)**



Source: JMTBA

Source: JMTBA

FY18/12 Financial Results Projections



- ✓ Despite income margins declining in line with an increase in fixed cost such as personnel expenses and depreciation, sales to China, the largest market, are expected to increase. Net sales are likely to reach 81,000 million yen, hitting an all-time high.

	1Q FY18/12		FY18/12 Full-year		Progress toward projection	FY17/12 (Group-wide: Jan-Dec) Actual
	Actual	Income margin	Projection	Income margin		
Net sales	18,385	–	81,000	–	22.7%	78,714
Operating income	2,227	12.1%	8,000	9.9%	27.8%	9,161
Ordinary income	1,947	10.6%	8,000	9.9%	24.3%	9,384
Net income	1,324	7.2%	5,700	7.0%	23.2%	6,664

(million yen)

Average exchange rate over the period	USD	108.22 yen		112.00 yen			112.16 yen
	EUR	133.14 yen		132.00 yen			126.70 yen
	CNY	17.05 yen		16.90 yen			16.62 yen
	THB	3.43 yen		3.40 yen			3.31 yen

FY18/12 Financial Results Projections by Segment



		FY18/12	FY18/12	Progress	(million yen)
		1Q Actual	Full-year projection	toward projection	FY17/12 (Group-wide: Jan-Dec)
					Actual
Net sales	● Machine tool segment	13,366	57,000	23.4%	55,796
	● Industrial machinery segment	2,424	12,100	20.0%	12,721
	● Food processing machinery segment	1,005	5,900	17.0%	4,435
	● Other segments	1,588	6,000	26.5%	5,760
		18,385	81,000	22.7%	78,714
Segment income	● Machine tool segment	2,361	8,370	28.2%	9,300
	● Industrial machinery segment	148	1,000	14.8%	1,471
	● Food processing machinery segment	68	550	12.4%	127
	● Other segments	308	680	45.3%	846
		2,888	10,600	27.2%	11,745
Adjustment amounts		-660	-2,600	25.4%	-2,583
Total operating income		2,227	8,000	27.8%	9,161

Machine tool segment

- ✓ In Japan, steady earnings are expected as there is a demand in replacing aging equipment.
- ✓ While capital investment demand is likely to increase in North America, due chiefly to the corporate tax cuts, such demand is expected to remain solid in Europe as well.
- ✓ In China, demand for high-precision tools used in the automotive and smartphone industries is projected to continue to be firm.
- ✓ Demand from the automotive industry in Thailand, Malaysia, etc. as well as that from the smartphone and semiconductor industries in Korea are forecast to continue to be strong.

Industrial machinery segment

- ✓ In Japan, demand is expected to remain firm, mainly in the automotive, electronic component and semiconductor industries.
- ✓ In both Greater China and Asia, there is a growing demand for high-precision machinery used for smartphone parts and connectors, and the number of orders received is expected to stay at a high level.

Food processing machinery segment

- ✓ Demand for high quality noodles is expected to remain strong. In addition, sales to food makers other than noodle manufacturers such as confectionery companies and manufacturers of packaging materials for precooked rice and delicatessens are anticipated to grow.

Other Segments

- ✓ Both the high-precision dies and mold business and external sales of ceramics are expected to remain strong.

(Reference Materials)

Domestic and Overseas Sites



Participation in Major Exhibitions

- ✓ The Company will participate in both domestic and overseas exhibitions, thereby engaging in proactive marketing.

Dates	Location		Exhibition	Notes
2018				
May 14-18	Russia	Moscow	Metalloobrabotka (international show for the machine tool and metalworking industry)	
May 16-19	Thailand	Bangkok	INTERMACH	
May 23-26	Malaysia	Kuala Lumpur	MetalTech	
Jun. 5-9	China	Shanghai	DMC2018 (International Exhibition on Die & Mould Technology and Equipment)	
Jun. 20-23	Thailand	Bangkok	Intermold/Interplus	
Jun. 26-30	China	Beijing	CIMES (China International Machine Tools & Tools Exhibition)	
Jul. 3-6	Vietnam	Ho Chi Minh	MTA Vietnam Ho Chi Minh (International Precision Engineering, Machine Tools and Metalworking Exhibition & Conference)	
Sep. 10-15	U.S.	Chicago	IMTS2018	One of the world's largest machine tools trade shows
Sep. 18-22	Germany	Stuttgart	AMB (International exhibition for metal working)	
Oct. 9-13	Italy	Milan	31.BiMu (trade fair for metal forming and cutting machines)	
Nov. 1-6	Japan	Tokyo	JIMTOF 2018	One of the world's largest machine tools trade shows
Nov. 27-30	China	Dongguan	DMP 2018 (International Mould and Metalworking, Plastics & Packaging Exhibition)	

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