

# Create Your Future

**FY17/12**

## **Results Briefing**

**February 23, 2018**

**Sodick Co.,Ltd.**

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# Consolidated Results for FY17/12

- ✓ The Company has 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. The year ending December 31, 2017 (FY17/12) is an irregular accounting period of transition that covers nine months.

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

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

	Jan-Mar	FY17/3				FY17/12		
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
Companies closing accounts in March		12 months				9 months		
Companies closing accounts in December		12 months				12 months		

(2) Period covered by the consolidated figures for the purpose of comparison

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

- 2016: Group-wide; January-December 2016
- 2017: Group-wide; January-December 2017

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

**\* For figures for the purpose of comparison, see pages 14-17.**

## **I. FY17/12 Financial Results Summary**



# Financial Results Highlights (on a Financial Report Basis) **Sodick**

- ✓ Thanks to large increase in the number of EDMs sold mainly in China, both net sales and income significantly surpassed projections at the beginning of the period.
- ✓ Operating income margin largely improved thanks to increase in the number of products sold. (million yen)

	FY17/3		FY17/12		FY17/12 Projections at the beginning of the period
	Actual	Income margin	Actual	Income margin	
Net sales	61,812	-	65,604	-	55,800
Gross profit	22,494	36.4%	23,159	35.3%	-
Operating income	5,236	8.5%	7,490	11.4%	5,300
Ordinary income	4,620	7.5%	7,910	12.1%	5,200
Net income	3,644	5.9%	5,736	8.7%	3,700
ROE	7.4%		11.1%		
Average exchange rate over the period	USD	108.34 yen		111.69 yen	105.00 yen
	EUR	118.74 yen		128.55 yen	116.00 yen
	CNY	16.32 yen		16.62 yen	15.80 yen
	THB	3.08 yen		3.33 yen	3.16 yen

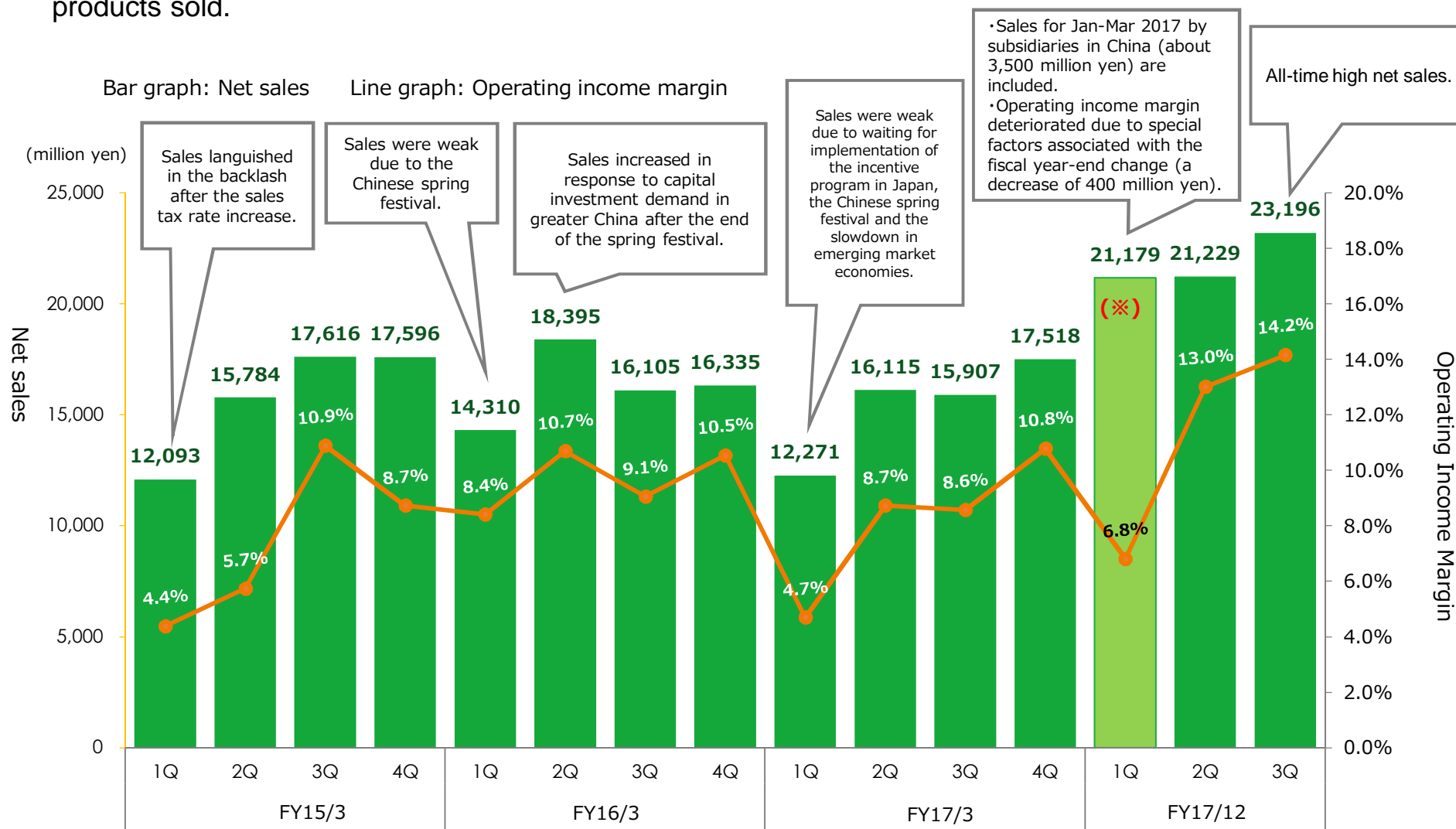
* Reference information	Exchange rate at end of December 2017	USD: 113.00 yen	EUR: 134.94 yen	CNY: 17.29 yen	THB: 3.45 yen
	Exchange rate at end of March 2017	USD: 112.19 yen	EUR: 119.79 yen	CNY: 16.76 yen	THB: 3.26 yen

\* Due to the fiscal year-end change, FY17/12 consolidated financial results comprise 9 months (from April to December 2017) of results for companies whose fiscal year ends on March 31, and 12 months (from January to December 2017) of results for those whose fiscal year ends on December 31, resulting in irregular settlement of accounts. Accordingly, changes compared to the preceding fiscal year are not provided.

\* Impact of the fiscal year-end change: A decrease of approximately 400 million yen in operating income.

## Ratio of operating income to net sales (Quarterly: on a financial report basis)

- ✓ Thanks to sales growth in China, net sales for 3Q were 23,196 million yen, a record high on a quarterly basis.
- ✓ Income margin which was high in 2Q continued to remain high in 3Q at 14.2%, supported by a larger number of products sold.



(\*) 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) **Sodick**

(million yen)

		FY17/3 Actual	FY17/12 Actual
Net sales	Machine tool segment	43,355	47,559
	Industrial machinery segment	9,366	9,981
	Food processing machinery segment	3,429	3,467
	Other segments	5,661	4,596
		61,812	65,604
Segment income	Machine tool segment	6,213	7,478
	Industrial machinery segment	617	976
	Food processing machinery segment	159	178
	Other segments	859	847
		7,851	9,481
Adjustment amounts		-2,614	-1,991
Total operating income		5,236	7,490

## Machine tool segment

- ✓ In China, both orders received and sales jumped much more than initially projected and helped drive earnings growth, thanks to high demand from the automotive industry where the shift to electric vehicles was accelerating and the smartphone industry where more and more sophisticated models were produced, prompted by the increasing sophistication and automation of manufacturing as well as the government's subsidy policies.  
Despite some transactions negatively affected by a shortage of major components stemming from a surge in demand, demand from a wide range of industries has continued to be brisk in China even after the early fall when we usually see a demand decrease in the country.
- ✓ In Japan, demand mainly from the automotive industry were strong, due partly to the manufacturing subsidy program.
- ✓ In North America, demand appeared to be somewhat losing its momentum, but started recovering towards the end of the fiscal year.
- ✓ In Europe (Germany, Italy, etc.), demand from the automotive and aerospace industries remained solid.
- ✓ In other countries and regions in Asia, demand from the automotive and semiconductor industries picked up gradually.

## Industrial machinery segment

- ✓ Demand for machinery for the production of high added-value components such as connectors and sensors for automobiles and optical lenses for smartphones and vehicle mounted cameras was strong mainly in China, Asia and Japan.
- ✓ Demand for silicon molding machines used in the manufacture of water-resistant smartphones also remained solid.

## Food processing machinery segment

- ✓ Capital investment demand for high-quality noodle making equipment was steady.
- ✓ Demand from industries other than the noodle making industry, such as the confectionery companies and manufacturers of packaging materials for precooked rice as well as demand for automation equipment also increased.
- ✓ As a result of the completion of acceptance inspection of a number of projects in the third quarter, net sales were almost in line with initial projection.
- ✓ Segment income did not increase as much as expected, due to one-off costs for establishing a new product.

## Other segments

- ✓ Precision mold and precision molding operations as well as sale of ceramics were strong.

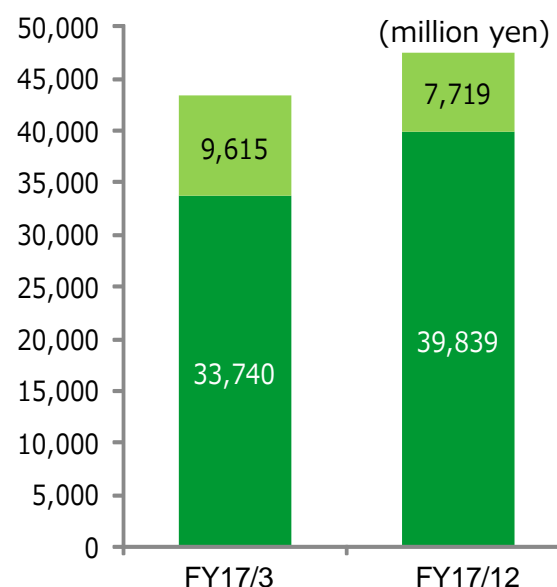
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# Net Sales by Segment (on a Financial Report Basis) **Sodick**

- ✓ Maintenance services and consumables, a stable source of cash, account for about 15% of total net sales.

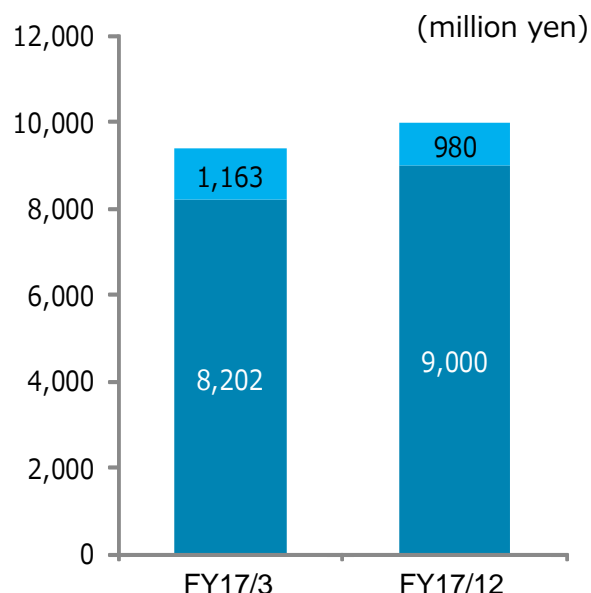
## Machine tool segment

■ Maintenance services and consumables  
■ Machine tool sales



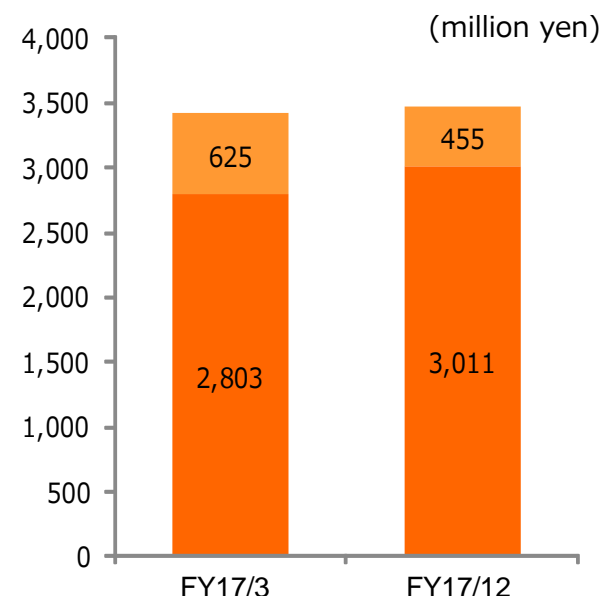
## Industrial machinery segment

■ Maintenance services and consumables  
■ Industrial machinery sales



## Food processing machinery segment

■ Maintenance services and consumables  
■ Food processing machinery sales



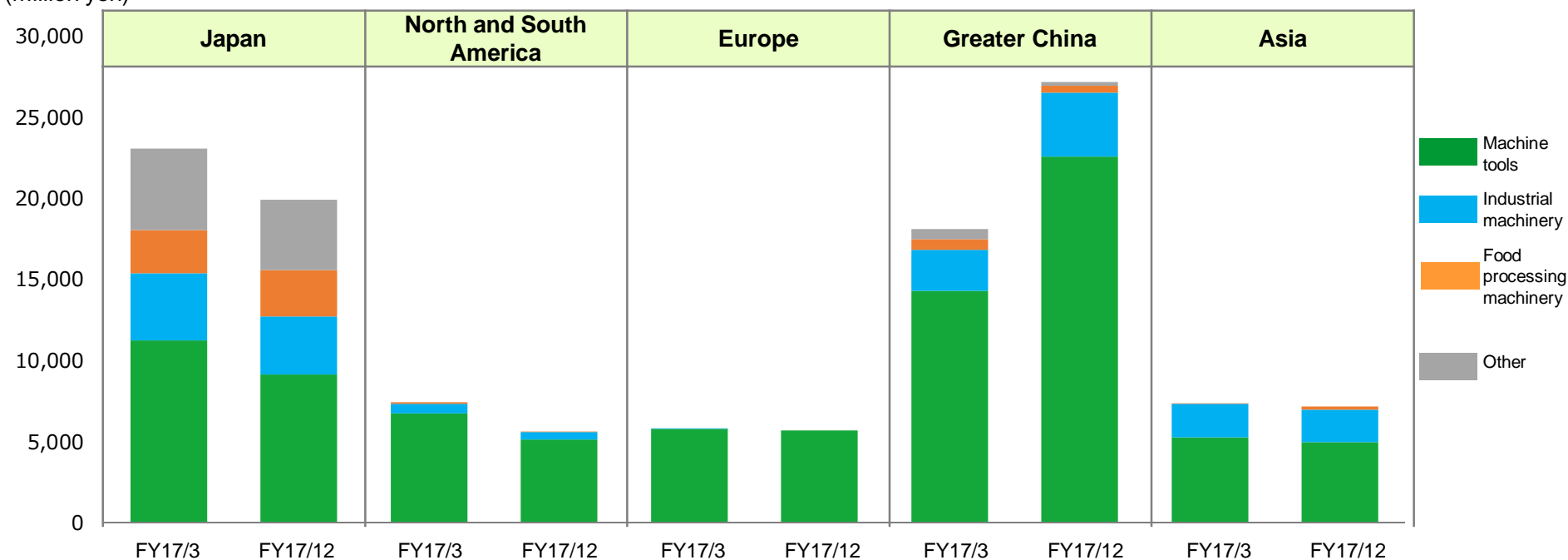
Machine tools segment	FY17/3	FY17/12	Industrial machinery Segment	FY17/3	FY17/12	Food processing machinery segment	FY17/3	FY17/12
Machine tools sales	33,740	39,839	Injection molding machine sales	8,202	9,000	Food processing machinery sales	2,803	3,011
Maintenance service and consumables	9,615	7,719	Maintenance service and consumables	1,163	980	Maintenance service and consumables	625	455
<b>Total</b>	<b>43,355</b>	<b>47,559</b>	<b>Total</b>	<b>9,366</b>	<b>9,981</b>	<b>Total</b>	<b>3,429</b>	<b>3,467</b>

\* Due to the fiscal year-end change, FY17/12 consolidated financial results comprise 9 months (from April to December 2017) of results for companies whose fiscal year ends on March 31, and 12 months (from January to December 2017) of results for those whose fiscal year ends on December 31, resulting in irregular settlement of accounts.



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

(million yen)



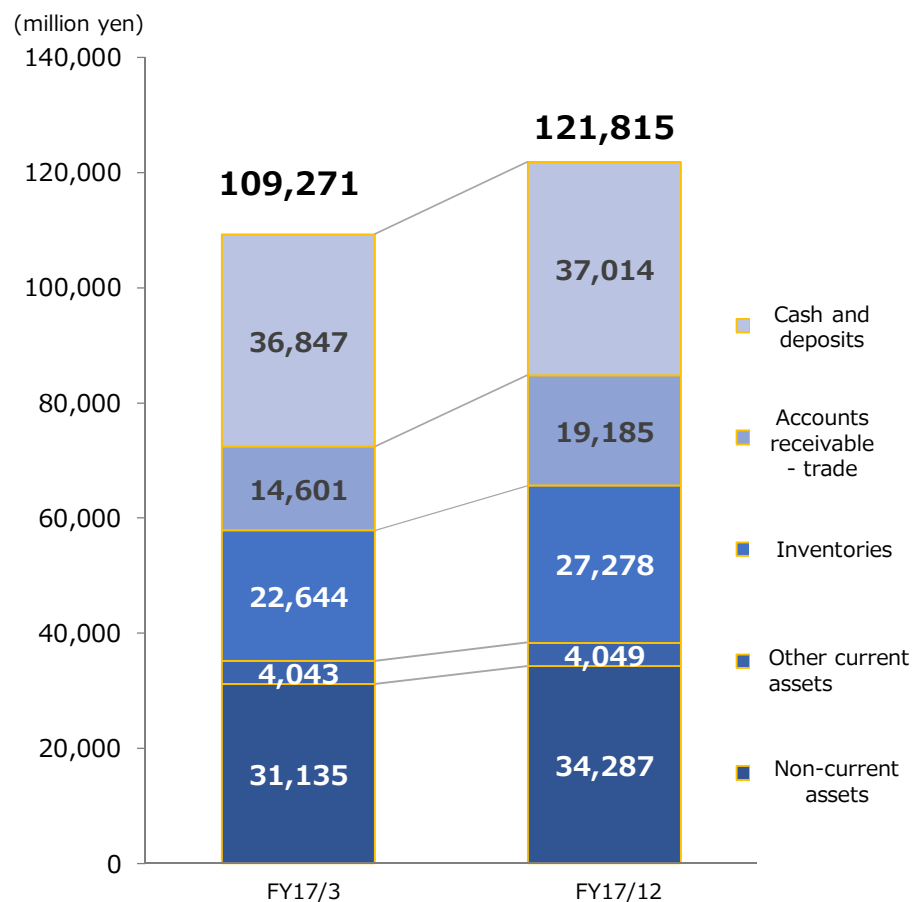
(million yen)											
FY17/3	Japan		North and South America		Europe		Greater China		Asia		Total
Machine tools	11,238	25.9%	6,742	15.6%	5,792	13.4%	14,319	33.0%	5,262	12.1%	43,355
Industrial machinery	4,163	44.5%	591	6.3%	3	0.0%	2,512	26.8%	2,095	22.4%	9,366
Food processing machinery	2,631	76.7%	109	3.2%	-	-	653	19.1%	34	1.0%	3,429
Other	5,037	89.0%	-	-	-	-	624	11.0%	-	-	5,661
By region-Total	23,071	37.3%	7,442	12.0%	5,796	9.4%	18,109	29.3%	7,392	12.0%	61,812
FY17/12	Japan		North and South America		Europe		Greater China		Asia		Total
Machine tools	9,143	19.2%	5,149	10.8%	5,702	12.0%	22,575	47.5%	4,987	10.5%	47,559
Industrial machinery	3,581	35.9%	451	4.5%	0	0.0%	3,956	39.6%	1,991	20.0%	9,981
Food processing machinery	2,844	82.1%	1	0.0%	-	-	409	11.8%	211	6.1%	3,467
Other	4,358	94.8%	-	-	-	-	238	5.2%	-	-	4,596
By region-Total	19,928	30.4%	5,603	8.5%	5,702	8.7%	27,179	41.4%	7,190	11.0%	65,604

\* Due to the fiscal year-end change, FY17/12 consolidated financial results comprise 9 months (from April to December 2017) of results for companies whose fiscal year ends on March 31, and 12 months (from January to December 2017) of results for those whose fiscal year ends on December 31, resulting in irregular settlement of accounts.

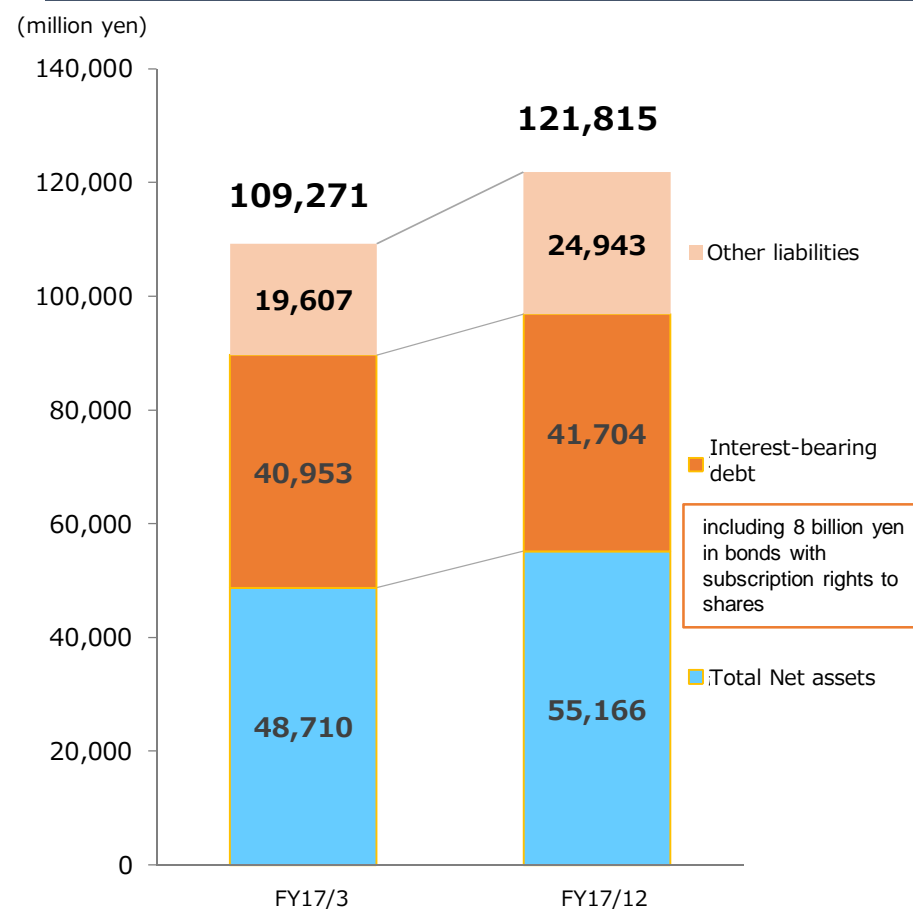
# Balance Sheet

- ✓ Accounts receivable-trade and inventories soared in line with increasing orders.
- ✓ The increase in equity steadily improved balance sheet.

## Assets



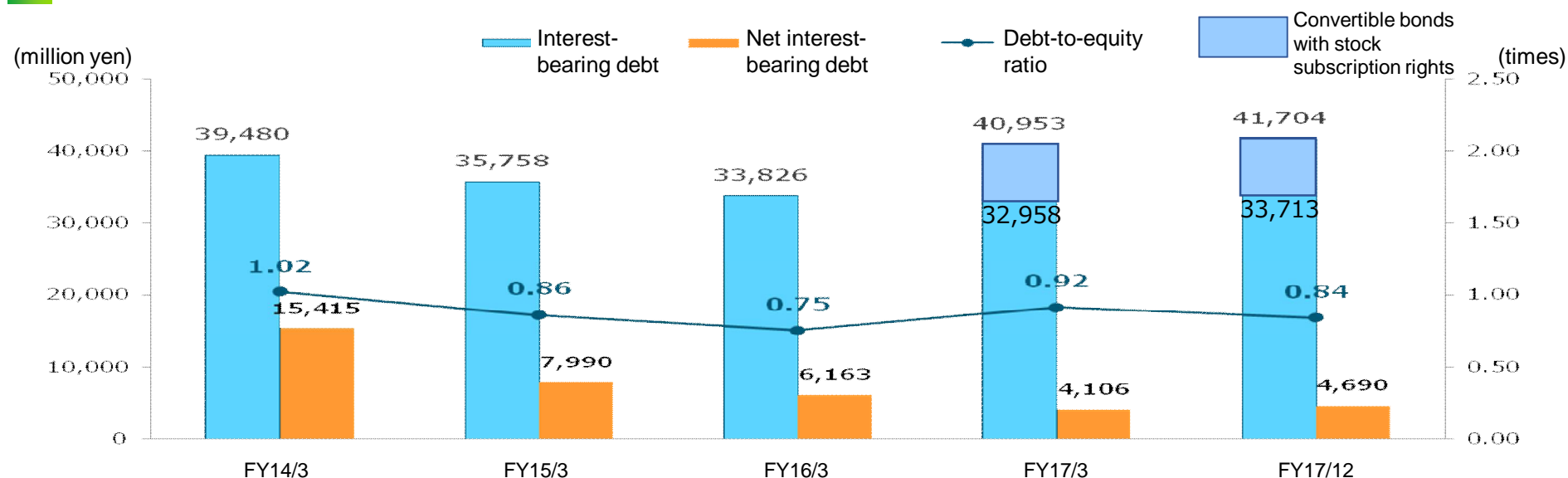
## Liabilities and net assets



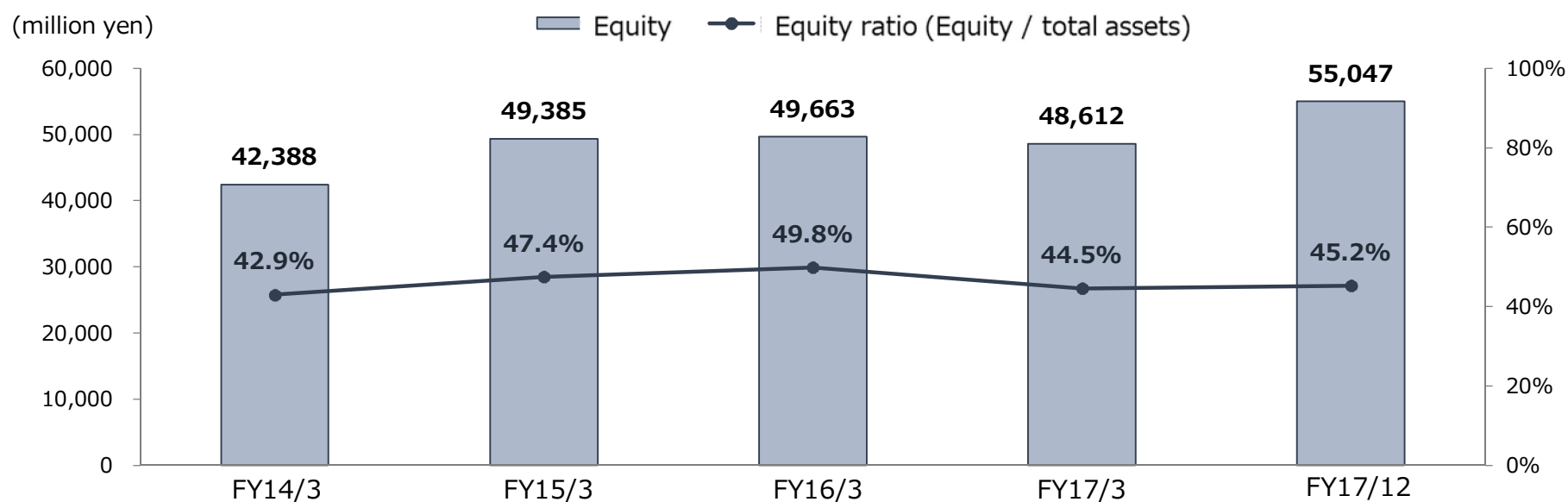
*Reference information	Exchange rate at end of December 2017	USD: 113.00 yen	EUR: 134.94 yen	CNY: 17.29 yen	THB: 3.45 yen
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# Financial Indicators

## Fluctuation in Interest-Bearing Debt, Net Interest-Bearing Debt, and the Debt-to-Equity Ratio



## Fluctuation in Equity and Equity Ratio

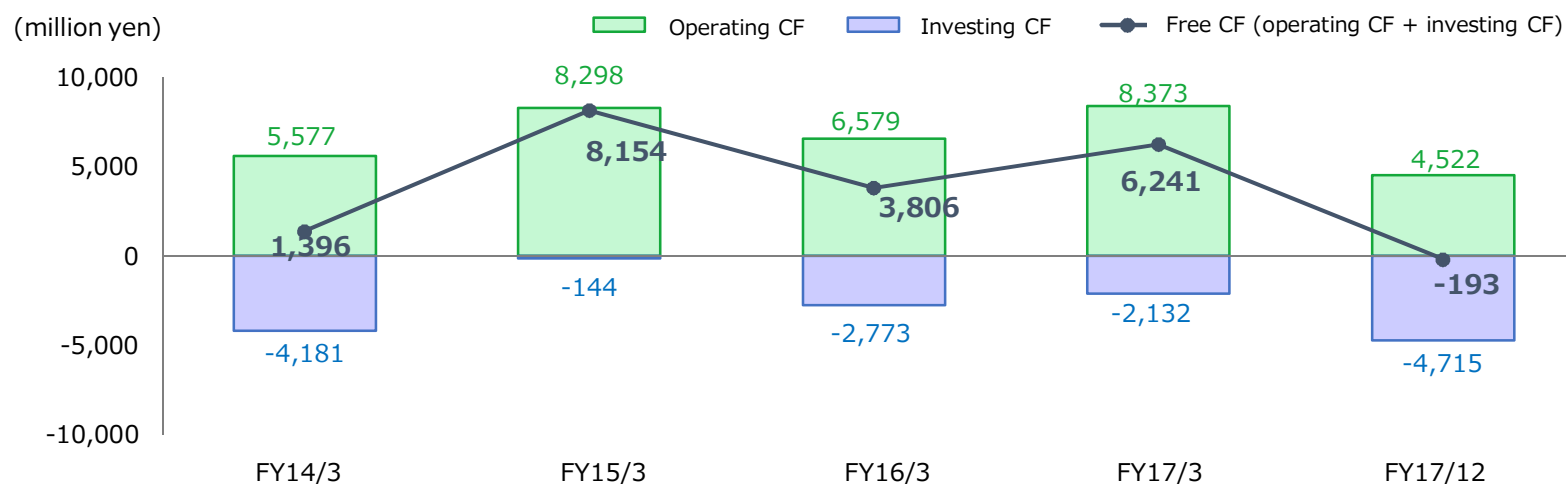


# Cash Flows

- ✓ Cash flows from investing activities soared but were largely within cash flows from operating activities, and cash on hand remained at almost the same level as the previous year.

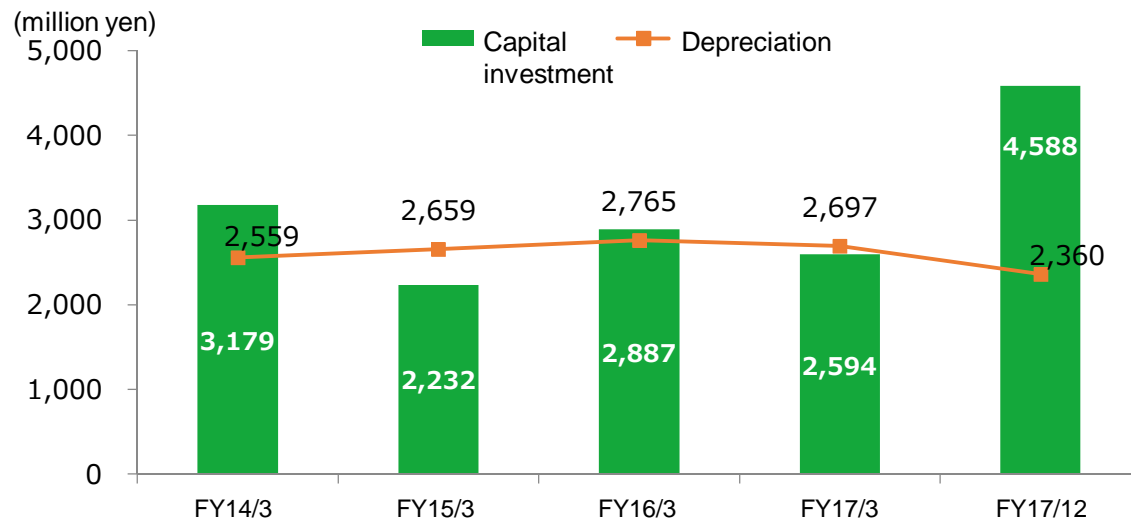
(million yen)

	FY17/3	FY17/12	Major factors for increase and decrease
Cash flows from operating activities	8,373	4,522	Increase in accounts receivable-trade: -4,200 million yen Increase in inventories: -4,100 million yen
Cash flows from investing activities	-2,132	-4,715	Purchase of property, plant and equipment: -4,200 million yen
Cash flows from financing activities	3,134	-439	Repayments of long-term loans payable
Cash and cash equivalents at end of the period	36,037	36,075	



# Capital Investment/Depreciation/R&D Expenses

## Fluctuation in Capital Investment/Depreciation



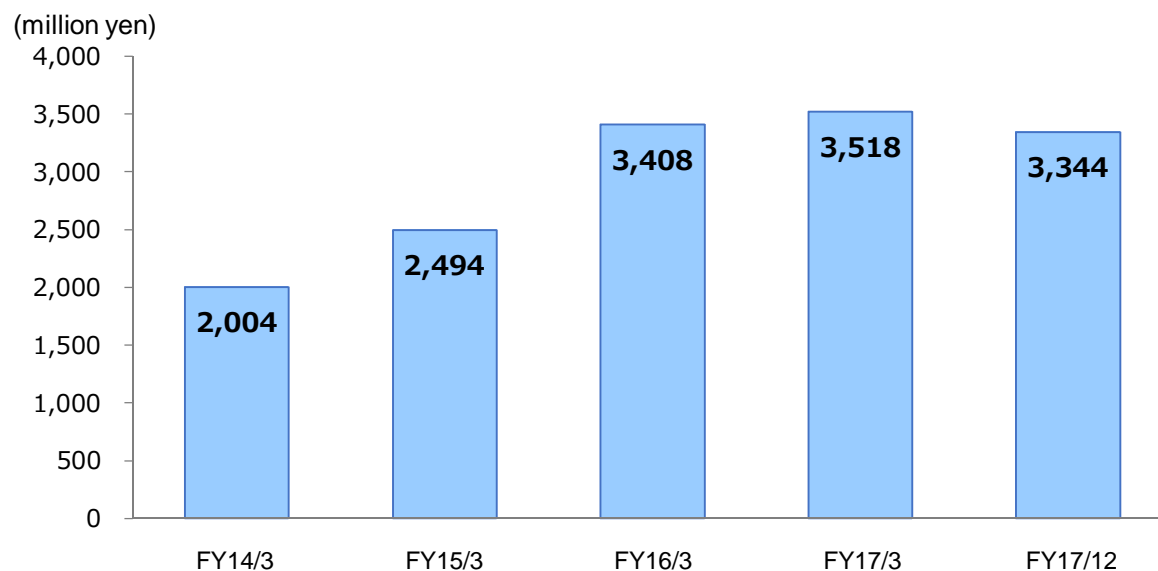
### ► Major capital investment

- ✓ Yokohama Head Office R&D building
- ✓ Kaga Plant new logistics center
- ✓ Expansion of the 2nd factory in Thailand and production equipment to strengthen production capability
- ✓ New building for sales company in the U.S.
- ✓ Production equipment for precision mold and precision molding operations

### ► Depreciation

- ✓ FY17/12 ended in a slight decline for nine months.

## Fluctuation in R&D Expenses



### ► R&D expenses

- ✓ Increase in expenses for metal 3D printer-related and other basic R&D

## II. Figures for the Purpose of Comparison

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- \* 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)

- ✓ Thanks to large increase in the number of EDMs sold mainly in Greater China, both net sales and income hit an all-time high.
- ✓ Operating income margins have largely improved from the previous fiscal year to 11.6% thanks to increase in the number of products sold.

(million yen)

	Jan-Dec 2016		Jan-Dec 2017		Increase and decrease		Jan-Dec 2017 Projections at the beginning of the period
	Actual	Income margin	Actual	Income margin	Amount	Rate	
Net sales	62,284	-	78,714	-	16,429	26.4%	67,900
Gross profit	22,410	36.0%	28,483	36.2%	6,072	27.1%	-
Operating income	5,285	8.5%	9,161	11.6%	3,876	73.3%	6,900
Ordinary income	4,452	7.1%	9,384	11.9%	4,931	110.8%	6,600
Net income	3,417	5.5%	6,664	8.5%	3,246	95.0%	4,800
Average exchange rate over the period	USD	108.78 yen		112.16 yen			105.00 yen
	EUR	120.26 yen		126.70 yen			116.00 yen
	CNY	16.32 yen		16.62 yen			15.80 yen
	THB	3.08 yen		3.31 yen			3.16 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)

**Sodick**

(million yen)

		Jan-Dec 2016	Jan-Dec 2017	Increase and decrease	
		Actual	Actual	Amount	Rate
Net sales	Machine tool segment	43,868	55,796	11,928	27.2%
	Industrial machinery segment	8,776	12,721	3,945	45.0%
	Food processing machinery segment	3,991	4,435	444	11.1%
	Other segments	5,648	5,760	112	2.0%
		62,284	78,714	16,429	26.4%
Segment income	Machine tool segment	6,188	9,300	3,111	50.3%
	Industrial machinery segment	422	1,471	1,048	248.3%
	Food processing machinery segment	407	127	-280	-68.7%
	Other segments	803	846	42	5.3%
		7,822	11,745	3,922	50.1%
Adjustment amounts		-2,537	-2,583	-45	1.8%
Total operating income		5,285	9,161	3,876	73.3%

## Machine tool segment

- ✓ In Japan, while orders received in relation to the incentive program adopted in March, 2017 contributed to sales increase, those from the automotive and smartphone industries were strong.
- ✓ In North America, demand from the automotive, aerospace and medical equipment industries that had thus far been solid somewhat lost its momentum.
- ✓ In Europe, despite slackening business in some countries such as Russia and Turkey, demand from the automotive and aerospace industries, mainly in Germany, the U.K. and Italy, remained favorable.
- ✓ In Greater China, both orders received and sales remained at a high level, thanks to high demand from the automotive industry where the shift to electric vehicles was accelerating and the smartphone industry where more and more sophisticated models were produced, prompted partly by the increasing sophistication and automation of manufacturing as well as the government's subsidy policies.
- ✓ In Asia, while demand from the automotive industry picked up gradually, mainly in Thailand and Malaysia, that from the semiconductor and smartphone industries was firm in Korea.

## Industrial machinery segment

- ✓ In Japan, in addition to steady demand for vertical injection molding machines for manufacturing automotive components, demand for machinery used in the production of high added-value components such as connectors and sensors for automobiles and optical lenses and connectors for smartphones was robust.
- ✓ In Greater China and Asia, demand for molding machines for the manufacture of optical lenses for smartphones and vehicle mounted cameras as well as that for silicon molding machines for the production of water-resistant smartphones were favorable.

## Food processing machinery segment

- ✓ Demand came for capital investment for producing higher quality noodles.
- ✓ Demand also grew outside the noodle manufacturing industry, among confectionery companies, manufacturers of packaging materials for precooked rice, etc.
- ✓ As acceptance inspections of some projects were put off until or after the third quarter, sales were sluggish.
- ✓ Segment income decreased due to one-off costs for establishing a new product, a negative segment income was recorded.

## Other segments

- ✓ Precision mold and precision molding operations as well as sale of ceramics remained strong.

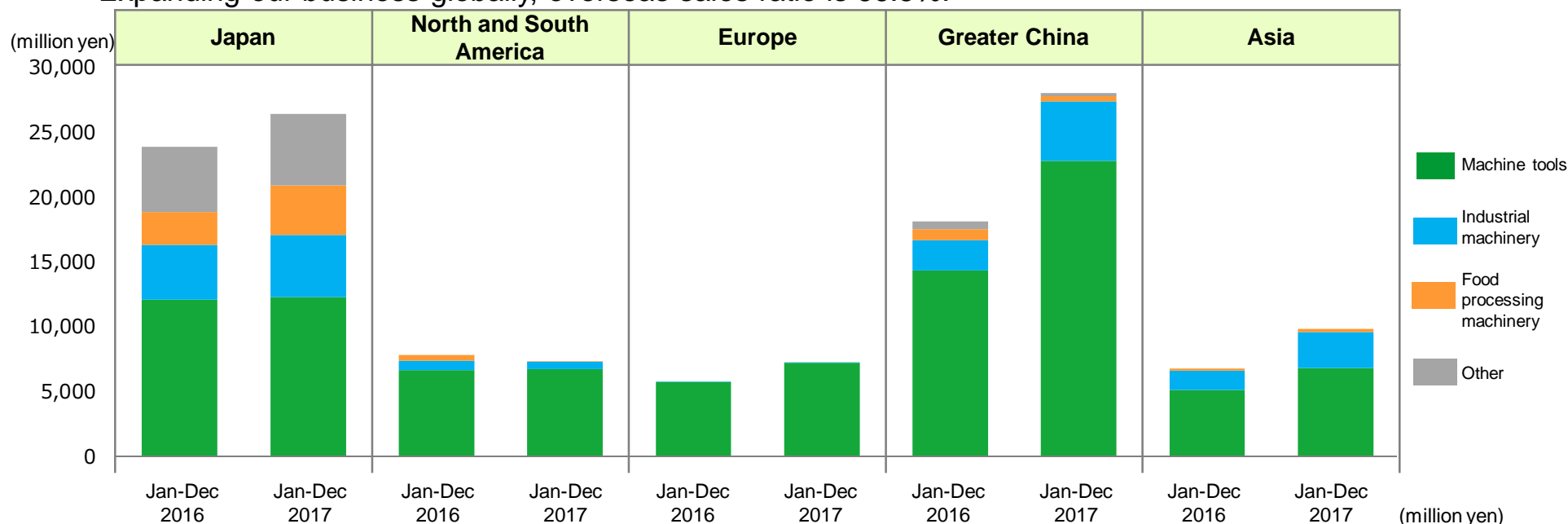
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# Overseas Sales Ratio by Segment

\* Figures for the purpose of comparison (Adjusted)

✓ Expanding our business globally, overseas sales ratio is 66.5%.



Jan-Dec 2016	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	12,064	27.5%	6,664	15.2%	5,702	13.0%	14,327	32.7%	5,109	11.6%	43,868	70.4%
Industrial machinery	4,221	48.1%	721	8.2%	27	0.3%	2,309	26.3%	1,497	17.1%	8,776	14.1%
Food processing machinery	2,549	63.9%	437	11.0%	-	-	847	21.2%	157	3.9%	3,991	6.4%
Other	5,023	88.9%	-	-	-	-	625	11.1%	-	-	5,648	9.1%
By region-Total	23,858	38.3%	7,822	12.6%	5,730	9.2%	18,109	29.1%	6,764	10.8%	62,284	100.0%

Jan-Dec 2017	Japan		North and South America		Europe		Greater China		Asia		Total	
Machine tools	12,291	22.0%	6,710	12.0%	7,221	12.9%	22,776	40.9%	6,796	12.2%	55,796	70.9%
Industrial machinery	4,786	37.6%	585	4.6%	0	0.0%	4,555	35.8%	2,795	22.0%	12,721	16.2%
Food processing machinery	3,790	85.5%	20	0.5%	-	-	410	9.2%	213	4.8%	4,435	5.6%
Other	5,521	95.9%	-	-	-	-	239	4.1%	-	-	5,760	7.3%
By region-Total	26,389	33.5%	7,316	9.3%	7,222	9.2%	27,981	35.5%	9,805	12.5%	78,714	100.0%

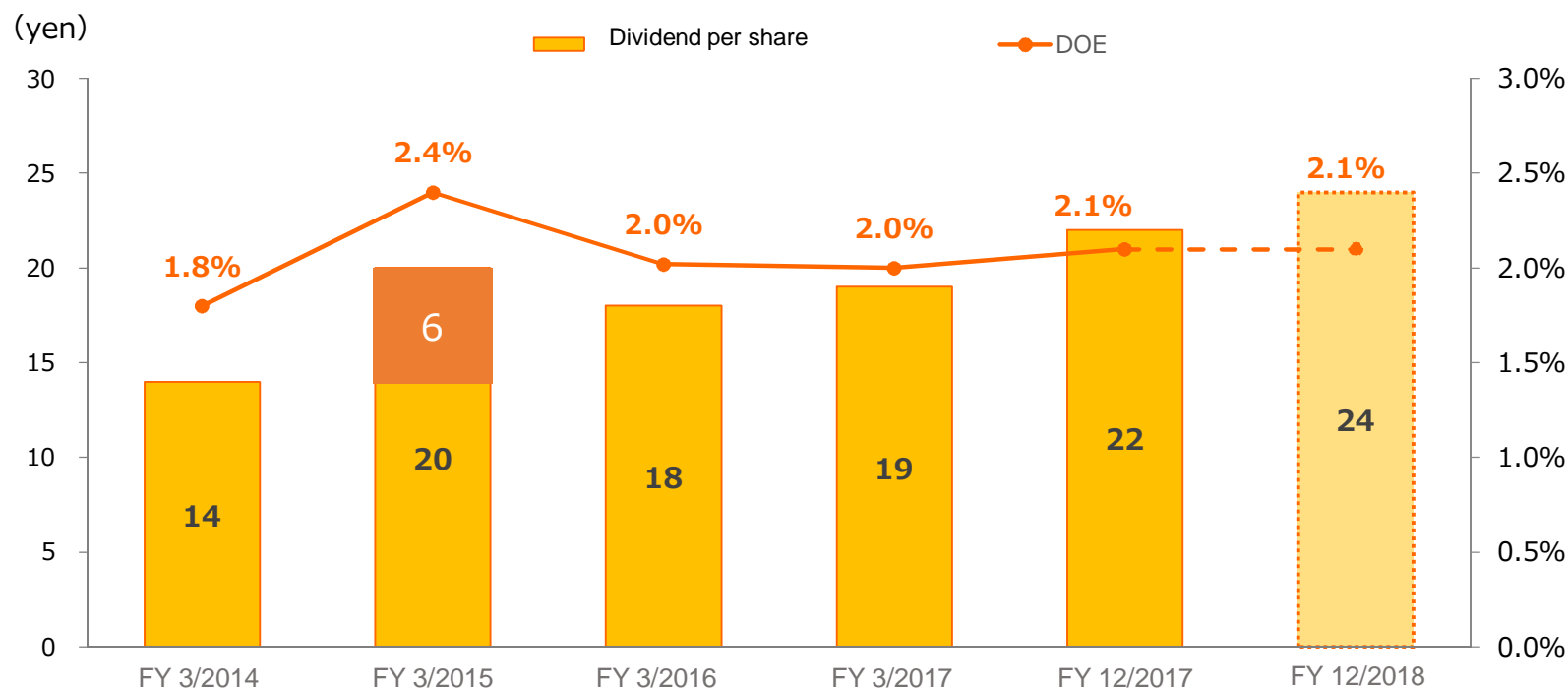
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### **III. Shareholder Return**



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

- ✓ As a dividend policy, we aim at a dividend yield on shareholders' equity of at least 2%.
- ✓ For FY2017/12, fiscal year-end dividend has been revised upward from initial projection by 2 yen to 12 yen per share. We are planning for an annual dividend of 22 yen per share (interim dividend of 10 yen, fiscal year-end dividend of 12 yen).
- ✓ For FY2018/12, we are planning for an annual dividend of 24 yen per share (interim dividend of 12 yen, fiscal year-end dividend of 12 yen).



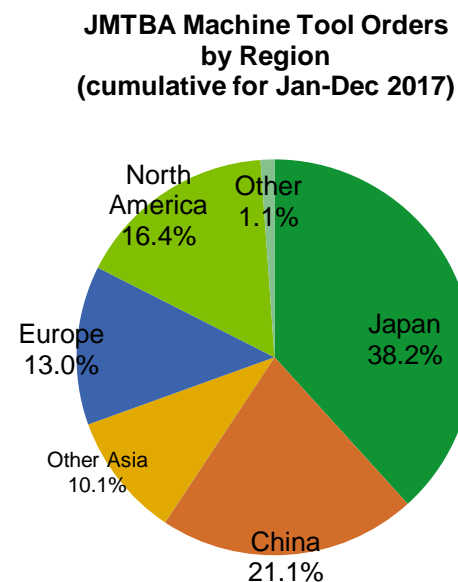
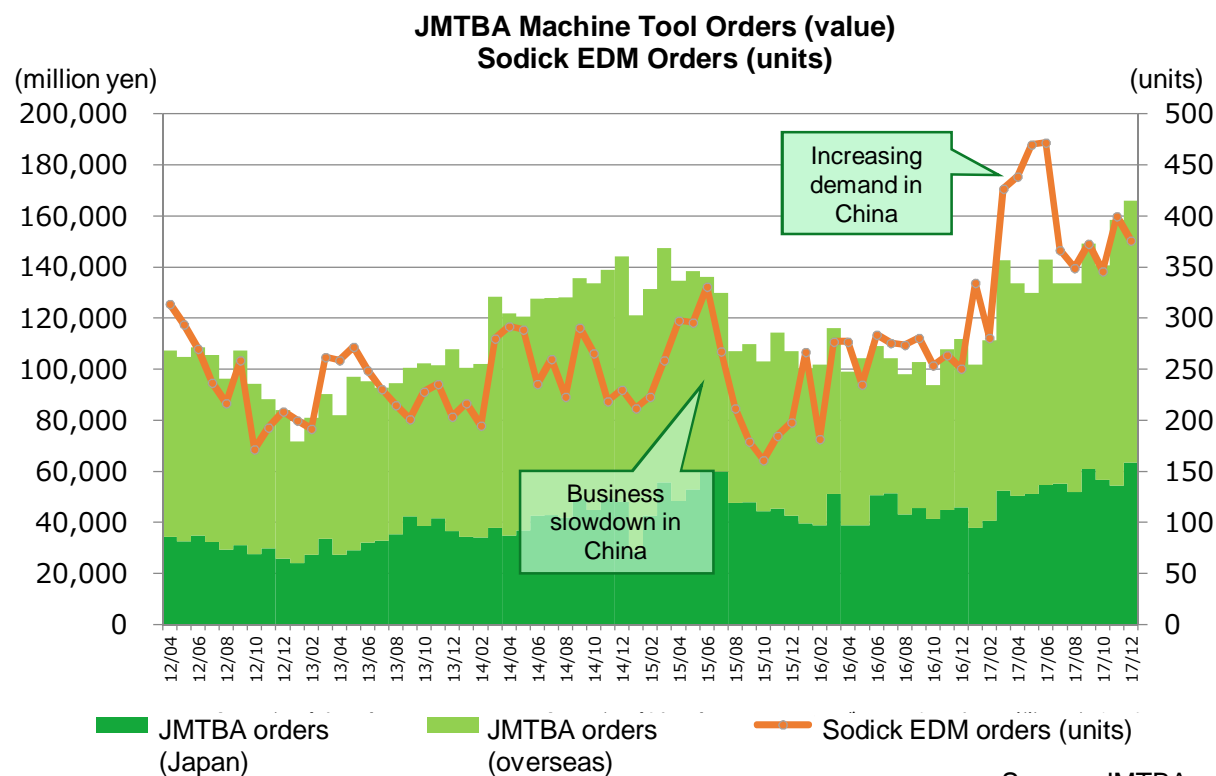
Included is a ¥6.0 dividend in commemoration of the listing of the shares of the Company on the First Section of the Tokyo Stock Exchange

## **IV. 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.



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, our largest market, are expected to increase. Net sales are likely to reach 81,000 million yen, hitting an all-time high.

(million yen)

	FY17/12 (Apr-Dec 2017: Irregular accounts of 9 months)		FY18/12		FY17/12 (Group-wide, on a Jan-Dec basis) Actual
	Actual	Income margin	Projections	Income margin	
<b>Net sales</b>	65,604	-	<b>81,000</b>	-	78,714
<b>Operating income</b>	7,490	11.4%	<b>8,000</b>	<b>9.9%</b>	9,161
<b>Ordinary income</b>	7,910	12.1%	<b>8,000</b>	<b>9.9%</b>	9,384
<b>Net income</b>	5,736	8.7%	<b>5,700</b>	<b>7.0%</b>	6,664

Average exchange rate over the period	USD	111.69 yen		112.00 yen		111.60 yen
	EUR	128.55 yen		132.00 yen		128.50 yen
	CNY	16.62 yen		16.90 yen		16.59 yen
	THB	3.33 yen		3.40 yen		3.31 yen

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# FY18/12 Financial Results Projections by Segment



		(million yen)			
		FY17/12 (Apr-Dec)	FY18/12	FY17/12 (Group-wide, Jan-Dec)	
		Actual	Projections	Actual	
Net sales	● Machine tool segment	47,559	57,000	55,796	<b>Machine tool segment</b> <ul style="list-style-type: none"> <li>✓ In Japan, steady earnings are expected as there is a demand in replacing aging equipment.</li> <li>✓ 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.</li> <li>✓ In China, demand for high-precision tools used in the automotive and smartphone industries is projected to continue to be firm.</li> <li>✓ 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 firm.</li> </ul>
	● Industrial machinery segment	9,981	12,100	12,721	
	● Food processing machinery segment	3,467	5,900	4,435	
	● Other segments	4,596	6,000	5,760	
		65,604	81,000	78,714	
Segment income	● Machine tool segment	7,478	8,370	9,300	<b>Industrial machinery segment</b> <ul style="list-style-type: none"> <li>✓ In Japan, demand is expected to remain firm, mainly in the automotive, electronic component and semiconductor industries.</li> <li>✓ 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.</li> </ul>
	● Industrial machinery segment	976	1,000	1,471	
	● Food processing machinery segment	178	550	127	
	● Other segments	847	680	846	
		9,481	10,600	11,745	
Adjustment amounts		-1,991	-2,600	-2,583	<b>Food processing machinery segment</b> <ul style="list-style-type: none"> <li>✓ 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.</li> </ul>
Total operating income		7,490	8,000	9,161	<b>Other Segments</b> <ul style="list-style-type: none"> <li>✓ Both the high-precision dies and mold business and external sales of ceramics are expected to remain strong.</li> </ul>

\* Due to the fiscal year-end change, FY17/12 consolidated financial results comprise 9 months (from April to December 2017) of results for companies whose fiscal year ends on March 31, and 12 months (from January to December 2017) of results for those whose fiscal year ends on December 31, resulting in irregular settlement of accounts. Accordingly, changes compared to the preceding fiscal year are not provided.

✓ For FY18/12, we have the following projections by item.

<b>Facility investment</b>	<p>Facility investment is expected to be approx. 8,000 million yen.</p> <ul style="list-style-type: none"> <li>• Multi-factory at Kaga Plant: approx. 2,500 million yen</li> <li>• New building for sales office in U.K. : approx.1,000 million yen</li> <li>• Strengthening production capacity of precision mold and precision molding operations: approx. 600 million yen</li> <li>• Strengthening ceramics production capacity: approx. 800 million yen</li> </ul>
<b>Depreciation</b>	<p>Depreciation is expected to be approx. 3,300 million yen.</p>
<b>R&amp;D expenses</b>	<p>R&amp;D expenses are expected to be approx. 4,200 million yen, remaining at a high level.</p> <ul style="list-style-type: none"> <li>• Metal 3D printer-related R&amp;D</li> <li>• Development of element technologies such as new electrical discharge power units and next-generation CNCs as well as next-generation technologies</li> </ul>

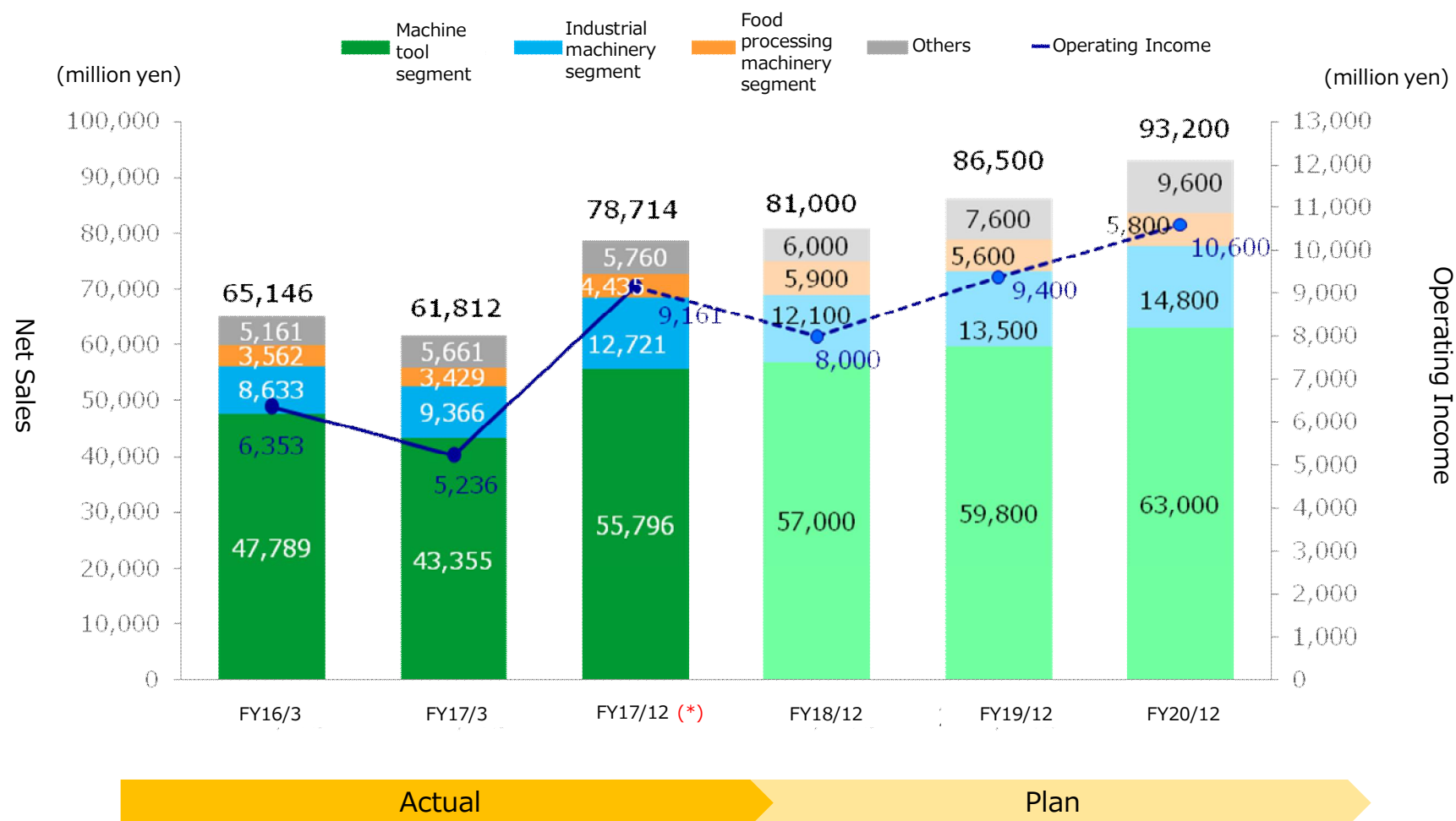


## **V. Medium and Long-term Strategies and Outlook**



# Medium-term Plan

Targeting net sales of 93,200 million yen with operating income of 10,600 million yen by FY20/12



\* Figures for FY17/12 are group-wide results for the period of January-December 2017 provided for the purpose of comparison.

## Machine tool segment

- ✓ **Expand market shares in all regions**
  - ⇒ Strengthen sales of low-price "VL Series" machine models in the markets of emerging economies
  - ⇒ Expand sales of high-precision "AL Series" wire EDMs, a main product line of Sodick, in the markets of industrialized countries
- ✓ **Accelerate sales and R&D in metal 3D printers**
  - ⇒ Endeavor to increase the number of units sold by strengthening competitiveness in the mold area and tapping the parts processing market
  - ⇒ Expand markets by enhancing object forming speed, maintenance properties, and the range of materials for use with metal 3D printers
- ✓ **Reduce manufacturing costs through efficiency gains in production and making parts in common**

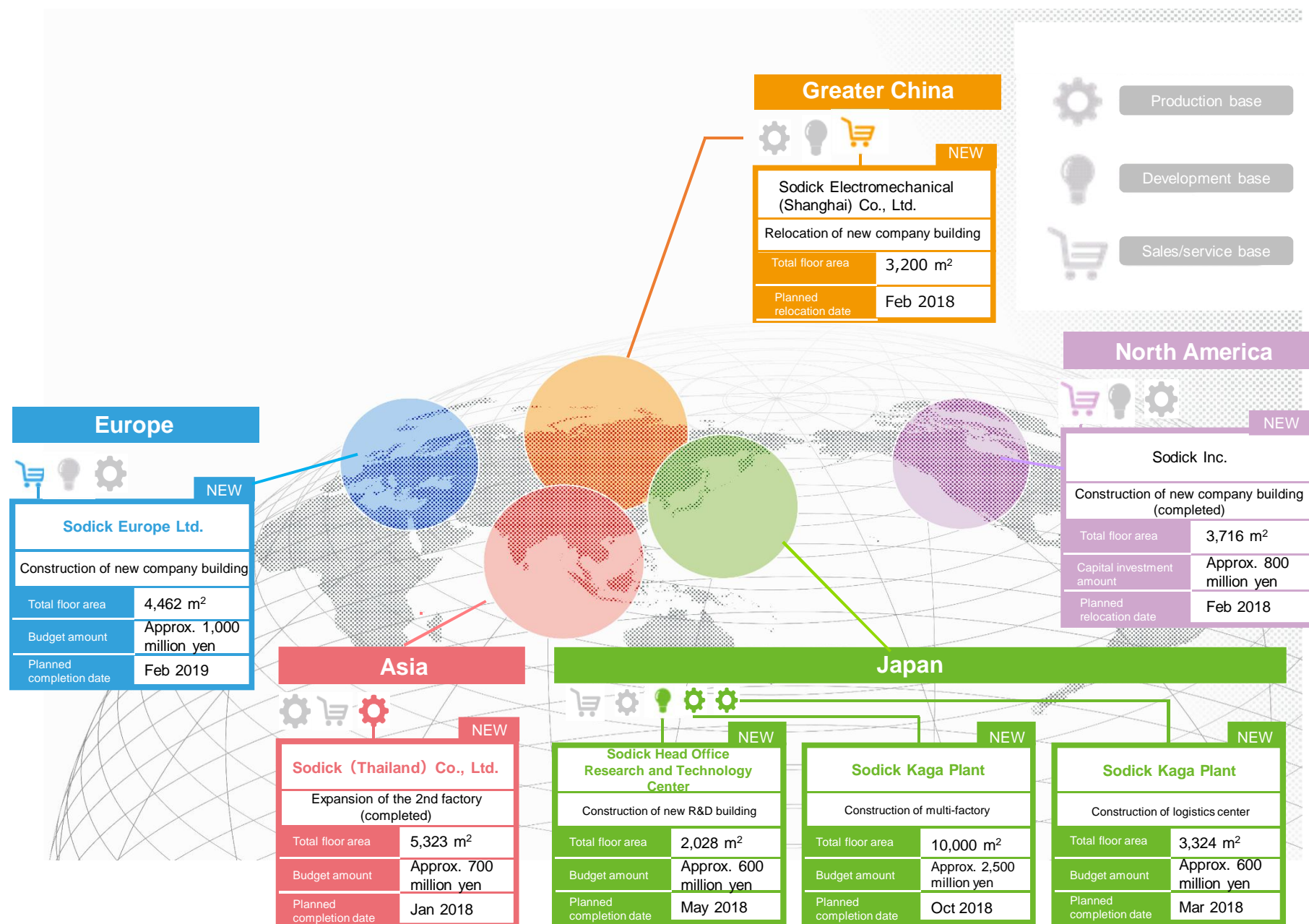
## Industrial machinery segment

- ✓ **Raise overseas sales ratio to at least 70%**
  - ⇒ Reduce manufacturing costs, restructure sales systems, and strengthen marketing
  - ⇒ Increase sales of fully-electric injection molding machines (MS Series) which are in high demand
- ✓ **Create new demand by further expanding the product line-up**
  - ⇒ Develop an injection molding machine for aluminum alloy "ALM450" into a mainstay product replacing die casting machines
  - ⇒ Increase sales of an automated production system "ICF-V" which is based on an injection molding machine "MR30" designed especially for metal 3D printers
- ✓ **Promote efforts at cost of sales reduction projects aimed at strengthening earning capacity**

## Food processing machinery segment

- ✓ **Strengthen earning capacity through plant expansion**
  - ⇒ Aim to shorten delivery time through production capacity enhancement
- ✓ **Expand overseas sales through product development for overseas markets**
- ✓ **Develop products other than noodle making machines and open up new markets for them**
  - ⇒ Strengthen sales of sterile-packed rice production system both at home and abroad

# Reinforcement of Business Bases (1)



## Reinforcement of Business Bases (2)

### **Production base**

✓ **Kaga Plant (Japan) : Construction of multi-factory and new logistics center**

⇒Construct a multi-factory capable of manufacturing a wide variety of products including EDMs, machining centers, metal 3D printers and injection molding machines, in order to establish manufacturing systems which will flexibly respond to changes in the business environment and markets.

Relocate the logistics center in Fukui to the Kaga Plant site, thereby raising the packaging and transport efficiency and promoting cost savings.

✓ **Thailand: Expansion of the 2nd factory**

⇒Expand the 2nd building of the 2nd factory, thereby increasing production capacity by around 20% and establishing production systems which will respond to larger orders received.

### **Sales base**

✓ **Sodick, Inc. (US) : Construction of new company building**

⇒Build a larger showroom for showcasing precision metal 3D printers and EDMs (double the size of the previous office) and strengthen sales systems in North America, the world largest market for molds and aerospace-related products.

✓ **Sodick Europe Ltd. (UK) : Construction of new company building**

⇒Build a larger product warehouse and a larger showroom for showcasing precision metal 3D printers and strengthen sales/service systems, thereby striving to expand market share in Europe.

✓ **Sodick Electromechanical (Shanghai) Co., Ltd. (China) : Relocation to new company building**

⇒Reinforce sales systems in the Chinese market where the number of products sold is expected to grow.

### **R&D base**

✓ **Head Office in Yokohama (Japan) : Construction of new R&D building**

⇒Facilitate precision metal 3D printer-related R&D, development of new element technologies such as new electrical discharge power units and new-generation CNCs and that of next-generation technologies.

### **Other**

✓ **Strengthen investment in human resources to increase personnel, develop human resources, improve work environment, etc. aimed at securing highly competent employees.**

**(Reference Materials)**





Sodick America  
Corporation(San Jose)

Sodick, Inc.  
(Chicago)

Shanghai Sodick  
Software Co., Ltd.

## Miyazaki Plant

## Kaga Plant

Head Office and Research and Technology Center

Sodick Europe Ltd. (U.K.)

Sodick Deutschland GmbH  
(Germany)

Sodick (Thailand) Co., Ltd.

Sodick Singapore Pte.,  
Ltd.

Sodick (H.K.) Co.,  
Ltd.

Sodick Amoy Co.,  
Ltd.

Sodick (Taiwan)  
Co., Ltd.

Suzhou Sodick  
Special Equipment  
Co., Ltd.

Fukui Plant

Sodick Korea  
Co.,Ltd.

Head Office

## Production Site

Research and Development Site

## Sales and service sites

## Participation in Major Exhibitions

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

Dates	Location		Exhibition	Notes
2018				
Feb. 20-24	Germany	Dusseldorf	METAV (International Exhibition for Metalworking Technologie)	
Apr. 3-7	Korea	Seoul	SIMTOS 2018	
Apr. 9-13	U.K.	Birmingham	MACH 2018	
Apr. 11-14	India	Mumbai	11th Die&Mold India International Exhibition	
Apr. 18-21	Japan	Osaka	Intermold Osaka	
Apr. 24-26	U.S.	Texas	Rapid	3D printer exhibition
Apr. 24-27	China	Shanghai	ChinaPlas 2018 (International Exhibition on Plastics and Rubber Industries)	
Late Apr.	Vietnam	Hanoi	MTA Hanoi	
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 HoChiMinh (International Precision Engineering, Machine Tools and Metalworking Exhibition & Conference)	
Sep. 10-15	U.S.	Chicago	IMTS2018	The world's largest machine tools trade show
Nov. 1-6	Japan	Tokyo	JIMTOF2018	The world's largest machine tools trade show



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