Presentation of Financial Results for the Fiscal Year Ended March 31,2014

(Supplemental Material for Consolidated Financial Highlights)

May 19,2014

SMC Corporation

FY2013 Results Briefing Conference

For the 12 months ended on March 31th, 2014

May 19, 2014

SMC Corporation

Katsunori Maruyama, President

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Summary of Consolidated Results of FY13

- Orders have shown recovering tendency in all regions.
- In the 1st half, orders slowed down in Asia and Europe, however, in the full year, orders had firm tone in all regions.
- Sales and income increased mainly because of the weak yen effect and rationalization.
- Net sales increase: 22%, Operating income increase 35%, Ordinary income increase: 29%
- Annual dividend per share is 170 yen.
  (Term-end dividend per share is 90 yen.)

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Consolidated Results Summary of FY13 Part 1

	FY12	FY13	FY14			
	Result	Plan	Result	Growth rate against Plan	year-on-year % change	Gain from weaker yen
Net sales (Overseas net sales)	323.1 (204.0)	375.0 (252.0)	395.3 (267.0)	+5% +6%	+22% +31%	(+46.6)
Operating income (Operating income ratio)	78.0 (24.1%)	97.0 (25.9%)	105.1 (26.6%)	+8%	+35%	(+18.0)
Ordinary income	93.7	105.0	121.0	+15%	+29%	
Net income	64.2	73.0	86.3	+18%	+34%	
Average exchange rate(US$)	¥82.92	¥97.00	¥100.17			
(€)	¥106.78	¥128.00	¥134.22			
Investment	18.3	25.5	22.5	▲12%	+23%	
Depreciation expense for tangible fixed assets	10.4	12.5	12.1	▲3%	+16%	
R&D spending	13.7	15.2	15.5	+2%	+13%	

(Unit: Billion yen)

Annual dividend per share	150 yen	160 yen	170 yen	

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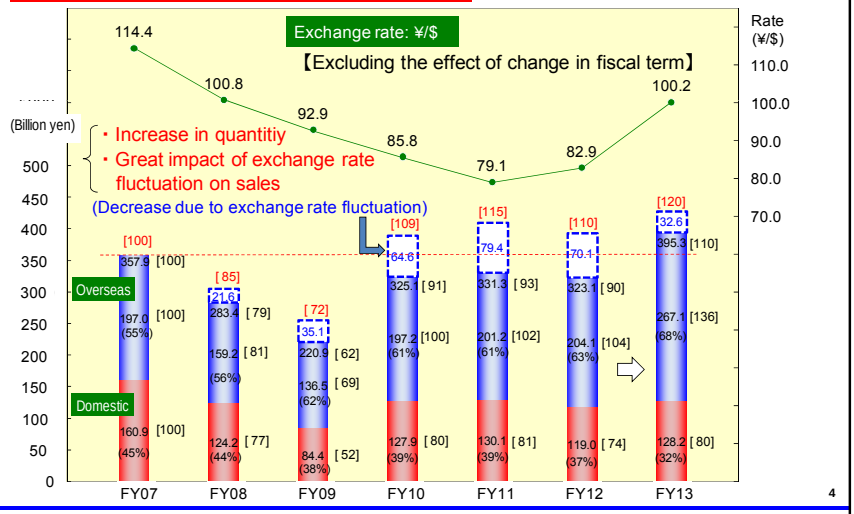
SMC Corporation FY13 Full Year Results Briefing Conference May 19 , 2014

Consolidated Sales Trend (FY07=100: Fixed Ex. rate)



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SMC Corporation FY13 Full Year Results Briefing Conference May 19 , 2014

Consolidated Results Summary of FY13 Part 2

	FY12	FY13			
	Result	Result	Growth rate against FY12	Growth amount	Excluding impact of exchange rate
Net asset value	689.3	785.5	+14%	+96.1	(+ 55.2)
Current assets	580.5	677.0	+17%	+96.4	(+ 59.3)
(Inventories)	(184.4)	(194.2)	(+5%)	(+9.8)	(+ 4.1)
Fixed assets	263.4	289.8	+10%	+26.3	(+ 22.1)
Equity ratio	81.5%	81.0%		▲0.5%	
Equity per share	10,031 yen	11,599 yen	+16%	+1,568 yen	(+962 yen)
Term-end exchange rate(US$)	¥93.99	¥102.92			
(€)	¥120.65	¥141.61			

(Unit: Billion yen)

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SMC Market Share Trend (SMC Estimation)

◆Point: SMC share has kept increasing tendency in each region mainly in the semiconductor and automobile industry.

	SMC Share		
	'11	'12	'13
Rate($/¥)	(79.07)	(82.92)	(100.17)
Japan	62	63	64
North America	18	19	21
Europe	18	17	19
Asia/Oceania	44	44	44
Global Total	32	32	32
Global Total($/¥:100.17)	30	31	32

☆ Excluding the impact of exchange rate fluctuation

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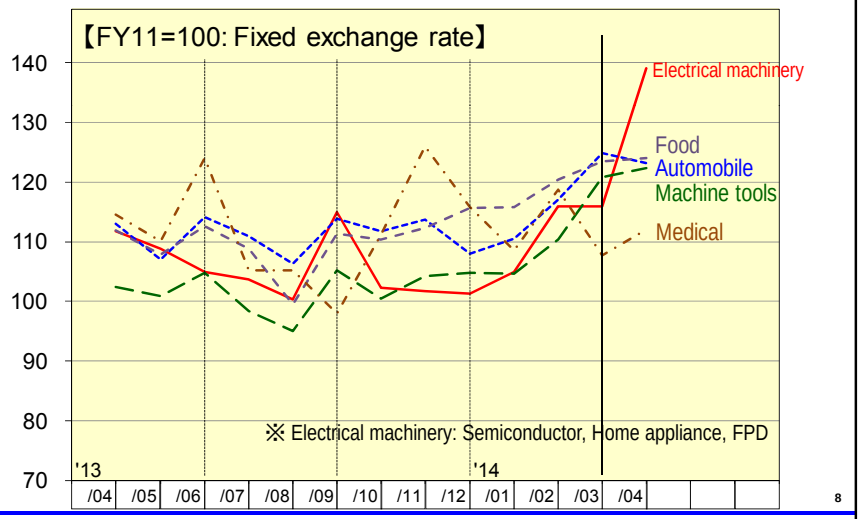
Current Order Situation (FY11=100)

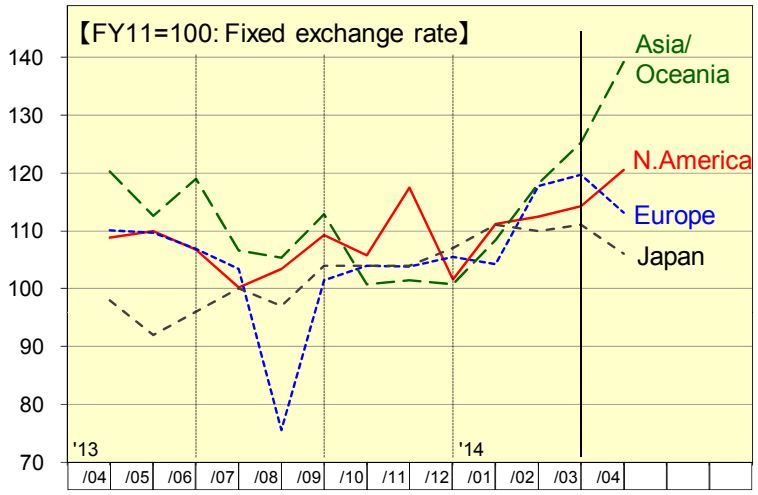
【Fixed exchange rate】

		FY11	FY12	FY13	April, 2014	Incoming order situation in April, 2014
Consolidated	Electrical machinery	100	91	107	139	Increasing in CN and TW
	Automobile	100	104	113	123	Increasing in US and CN
	Machine tools	100	97	104	123	Increasing in US and CN
	Food	100	102	112	124	Increasing in US, DE and CN
	Medical	100	109	112	112	Increasing in CN
	Other	100	103	105	110	
Japan		100	94	101	106	Recovering tendency, leveling off currently
North America		100	102	108	120	Increasing tendency in the automobile industry
Europe		100	98	105	111	Weak tone in April
Asia & Oceania		100	104	111	139	Increasing tendency in the electrical machinery and automobile industry
Consolidated		100	99	106	120	

Consolidated Orders Trend By Industry (FY11=100)



Consolidated Orders Trend By Region (FY11=100)



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Pneumatic Demand Environment

☆ We expect the stable growth against the background of the demand for factory automation in the emerging countries!

Annual growth rate for the last 20 years:
SMC consolidated sales / World pneumatic demand(7.0% / 4.2%)

【Points of Attention】

【1】The borderless and liberalized market and the demand shift is moving forward.

【2】Yen's depreciation is accelerated and the global financial market becomes unstable.

【3】Slower growth in BRICs and the rise of new emerging nations (Czech, Turkey, Thailand, Indonesia etc.)

【4】Vertical specialization of production and local procurement is accelerated. (Distribution channels are diversified, accompanied by acceleration of distributors shifts.)

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Focused Measures for FY14

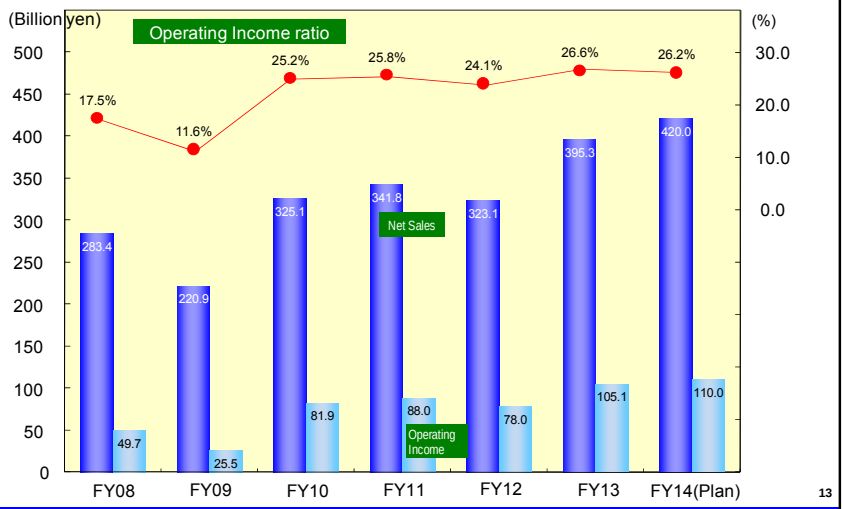
☆ Continue promoting rationalization and restructuring for competition in the globalized market!

- Supply products with appropriate quality and price, which fulfill the global market requirements
- Reinforce global production and supply chain
- Reform production methods and review the VE/VA system and realize its effects
- Introduce new product equipment for the future, and continue investing in BRICs
- Reinforce information network for global cooperation

Forecast for Our Performance in FY14

	FY12	FY13		FY14	
	Result	Result	year-on-year % change	Forecast	year-on-year % change
Net sales (Overseas net sales)	323.1 (204.0)	395.3 (267.0)	+22% +31%	420.0 (283.5)	+6% +6%
Operating income (Operating income ratio)	78.0 (24.1%)	105.1 (26.6%)	+35%	110.0 (26.2%)	+5%
Ordinary income	93.7	121.0	+29%	115.0	▲5%
Net income	64.2	86.3	+34%	82.0	▲5%
Exchange rate(US$) (€)	¥82.92 ¥106.78	¥100.17 ¥134.22		¥100.00 ¥140.00	
Investment	18.3	22.5	+23%	26.0	+15%
Depreciation expense for tangible fixed assets	10.4	12.1	+16%	13.5	+11%
R&D spending	13.7	15.5	+13%	15.8	+2%
					(Unit: Billion yen)
Annual dividend per share	150 yen	170 yen		180 yen	

Sales and Operating Income Trend (Fiscal Year)



Summary

【1】We expect that the demand will keep firm tone in the emerging countries, and in the automobiles and mobile phones related industries. Combined with fixed yen's depreciation, FY14 annual sales will increase from the previous period.

【2】We will try to be more thorough with streamlining and cost reduction activities.

【3】We will continue investing in equipment and human resources which are required for our continued growth.

【4】We will try our best to secure a "stable dividend".

Notice

This document contains projections concerning future performance estimated by SMC. These statements are based on information available at the time of compiling of this report and may include potential risks and unforeseen factors. Accordingly, please be aware that actual results may change considerably because of multiple economic factors that influence industrial market.

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Results Announcement for the Fiscal Year Ended March 31,2014

SMC Corporation

Ikuji Usui, Executive Managing Director
May 19,2014

Actual achievement-Highlights

	Mar.2013		Mar.2014			
	Monetary value	Ratio to net sales	Monetary value	Ratio to net sales	Increase/decrease	Ratio to previous term
Net sales	323.1		**395.3**		+72.1	+22.3%
Cost of sales	179.4	55.5%	**207.7**	**52.6%**	+28.3	+15.8%
Gross profit	143.6	44.5%	**187.5**	**47.4%**	+43.8	+30.5%
Selling,general,& administrative expenses	65.6	20.3%	**82.3**	**20.8%**	+16.6	+25.4%
Operating income	78.0	24.1%	**105.1**	**26.6%**	+27.1	+34.8%
Ordinary income	93.7	29.0%	**121.0**	**30.6%**	+27.3	+29.2%
Net income	64.2	19.9%	**86.3**	**21.8%**	+22.0	+34.3%

Exchange rate(yen)

(Billions of yen)

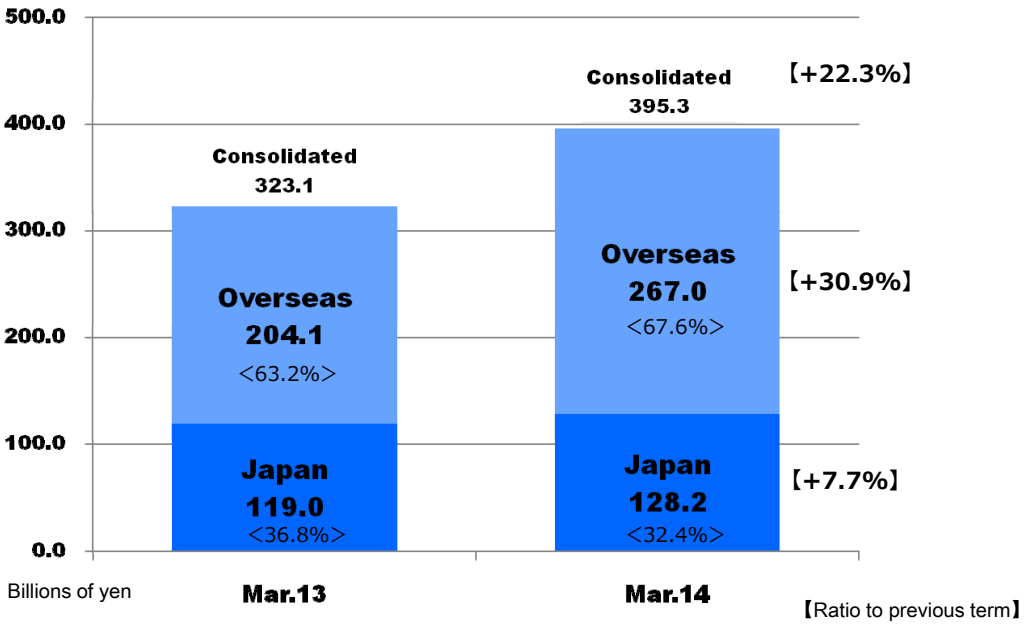
Average	US$	82.92	**100.17**
	EUR	106.78	**134.22**
End of the fisical year	US$	93.99	**102.92**
	EUR	120.65	**141.61**

Profit

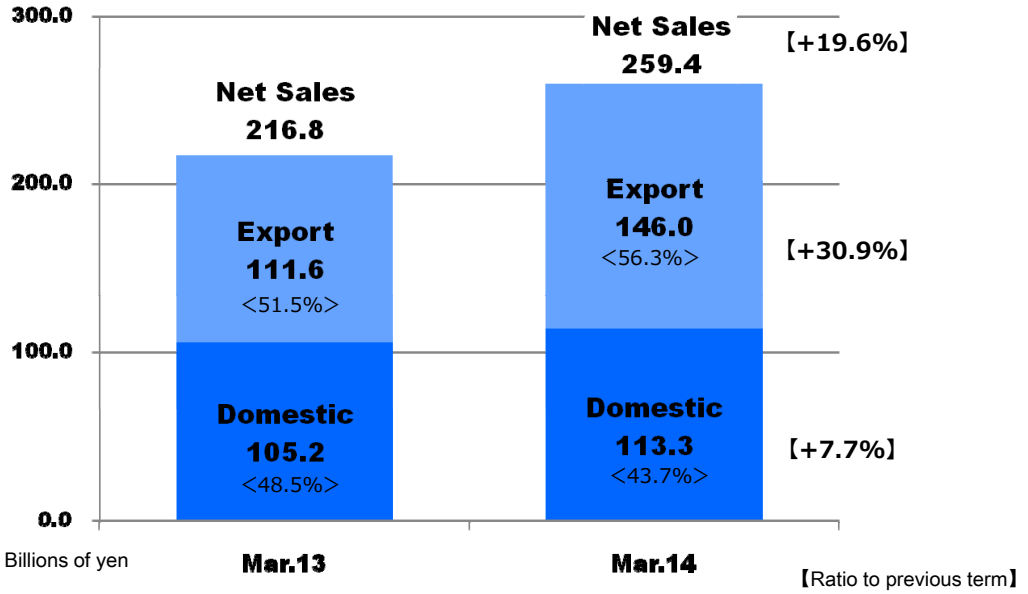
	Mar.2013		Mar.2014			
	Monetary value	Ratio to net sales	Monetary value	Ratio to net sales	Increase/decrease	Ratio to previous term
Operating income	78.0	24.1%	**105.1**	**26.6%**	+27.1	+34.8%
Non-Operating income	16.5	5.1%	**16.6**	**4.2%**	+0.1	+0.9%
Exchange gain	8.9		8.8		-0.0	-0.9%
Non-Operating expenses	0.8	0.3%	**0.7**	**0.2%**	-0.0	-7.8%
(Net financial gain)	4.3		5.2		+0.9	+21.1%
Ordinary income	93.7	29.0%	**121.0**	**30.6%**	+27.3	+29.2%
Extraordinary income	0.2	0.1%	**0.2**	**0.1%**	+0.0	+14.2%
Extraordinary loss	0.3	0.1%	**0.3**	**0.1%**	+0.0	+22.6%
Net income before tax	93.6	29.0%	**120.9**	**30.6%**	+27.3	+29.1%
Net income	64.2	19.9%	**86.3**	**21.8%**	+22.0	+34.3%

(Billions of yen)

Net sales(Consolidated)



Net sales(Non-Consolidated)

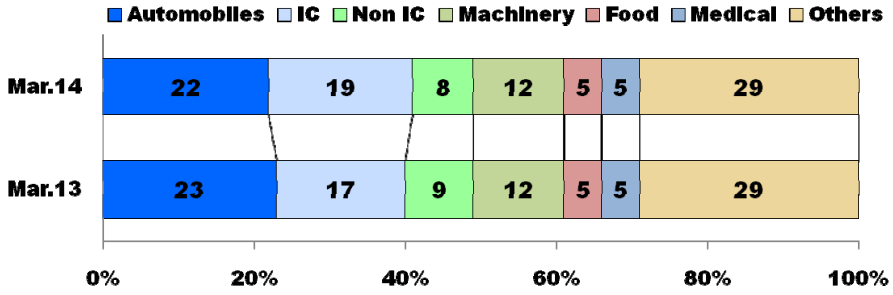


Domestic sales(Non-consolidated)

Ratio to previous term

Automobiles	IC	Non IC	Machinery	Food	Medical	Others
+5%	+21%	-6%	+3%	+8%	+7%	+9%

Component ratio per industry



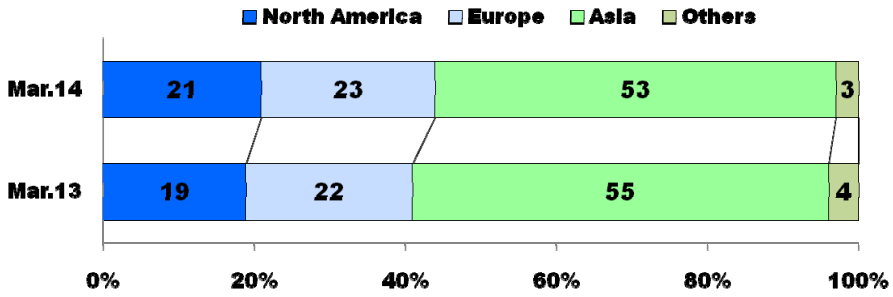
★Results in previous years of sales by prime industrial sector are subject to change retroactively as these sectors may be reviewed and the results corrected at any time.

Export sales(Non-consolidated)

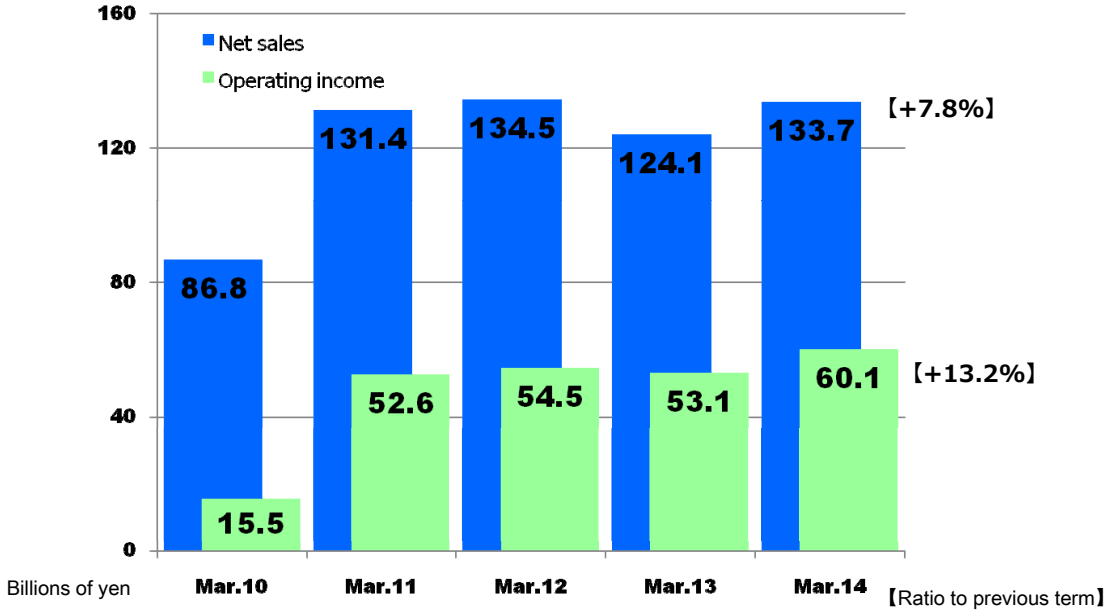
Ratio to previous term

North America	Europe	Asia	Others
+40%	+35%	+27%	+9%

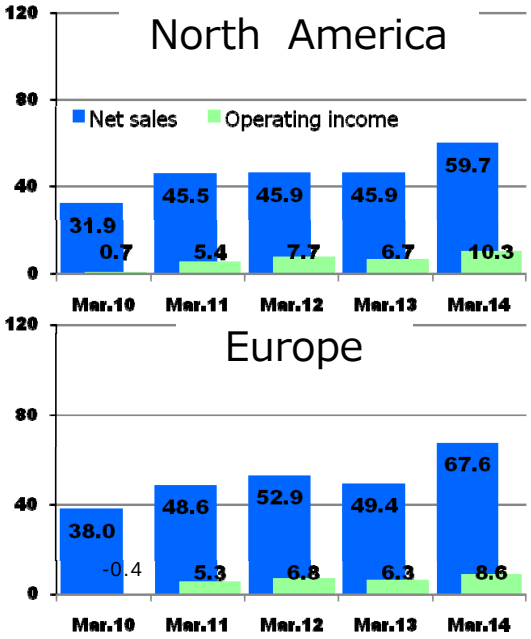
Component ratio per zone

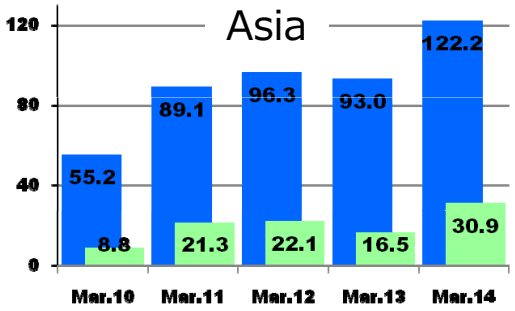


Change in net sales & Operating income - Japan



Change in net sales & Operating income - Overseas



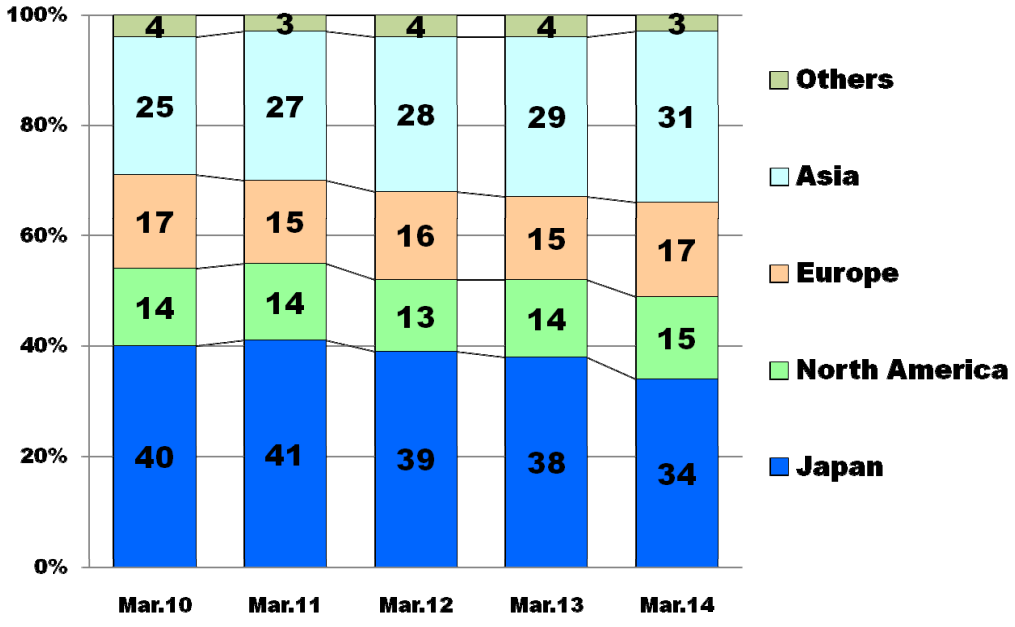


Billions of yen

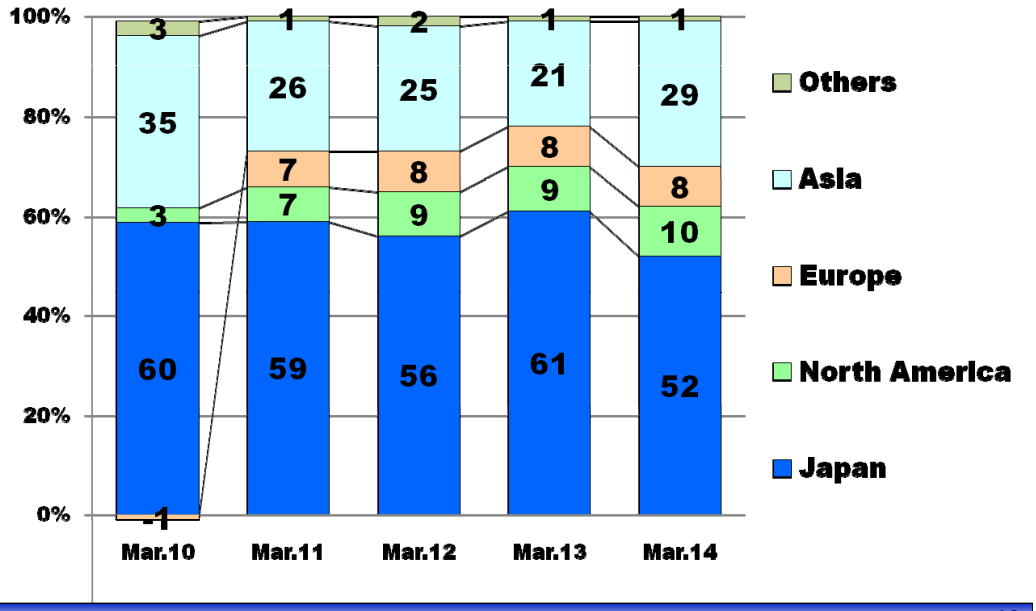
Ratio to previous term

	North America	Europe	Asia
Net sales	+30.1%	+37.0%	+31.4%
Operating income	+53.8%	+36.4%	+87.4%

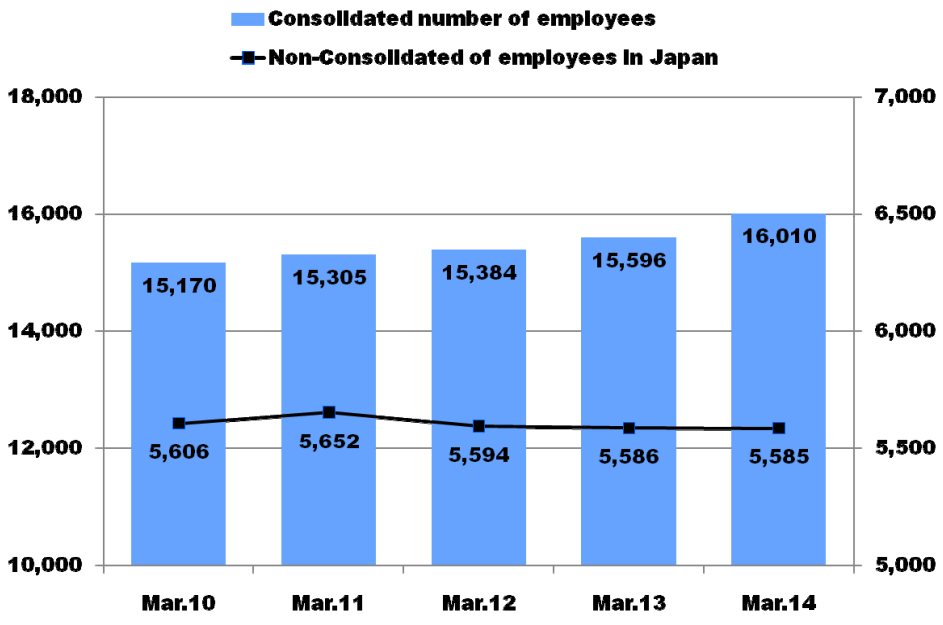
Consolidated net sales -Component ratio per zone



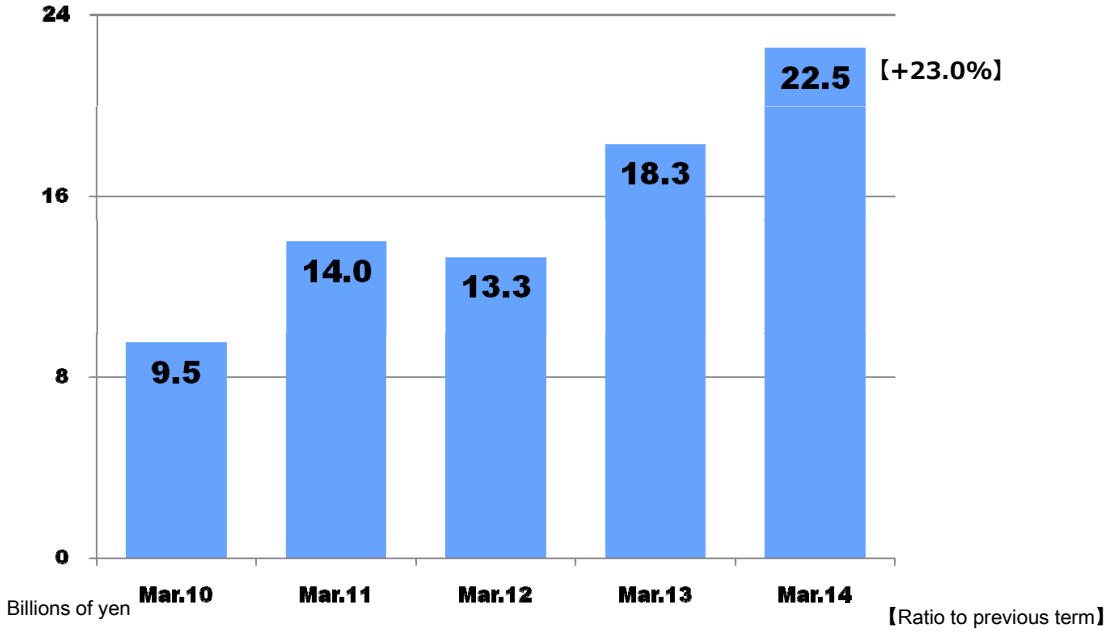
Operating Income
-Component ratio per zone



Number of employees



Capital expenditures



Shimotsuma Factory

(Started operation in June, 2013)





Expansion of Tono Factory

(Completed in September, 2013)





SMC Pneumaticos do Brasil

(Construction of the Factory and Warehouse)



Factory

Warehouse



SMC (China) Co.

Factory3 Bldg. No.13. and Factory4 Bldg.No.4

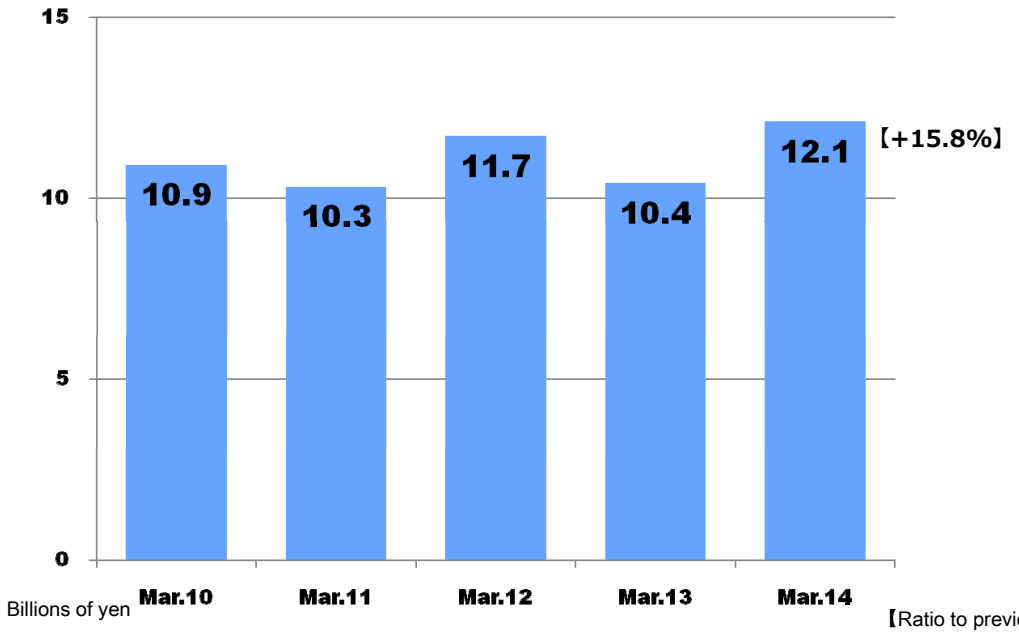


Factory3 Bldg. No.13

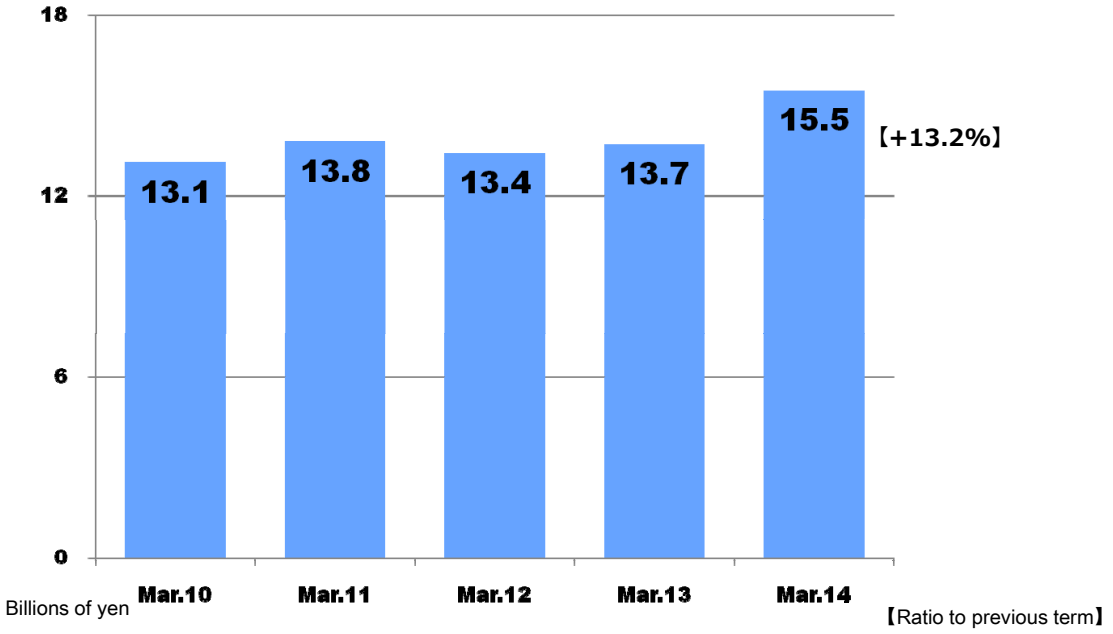
Factory4 Bldg. No.4



Depreciation



Research & development expense



Consolidated financial statements forecast for the year ending March,2015

(Billions of yen)

	Mar.2014 Monetary value	Mar.2015 (Forecast) Monetary value	Ratio to previous term
Net sales	395.3	420.0	+6%
Domestic	128.2	136.5	+6%
Overseas	267.0	283.5	+6%
Operating income	105.1	110.0	+5%
Ordinary income	121.0	115.0	-5%
Net income	86.3	82.0	-5%
Average Exchange rate(yen)			
US$	100.17	100.00	-0%
EURO	134.22	140.00	+4%

This document contains projections concerning future performance estimates of SMC. These statements are information available at the time of the compiling of this report and may include potential risks and unforeseen factors. Accordingly, Please be aware that actual results may change considerably according to multiple factors that influences the industrial market.



Consolidated Financial Highlights

SMC Corporation and subsidiaries

Years ended March 31, 2014 and 2013

Millions of yen

	Mar. 2014		Mar. 2013		*Mar. 2015 (Forecast)*		
		Compared to Mar. 2013		Compared to Mar. 2012		*Compared to Mar. 2014*	*(First Half)*
Net sales	**¥395,304**	**+22.3%**	¥323,135	-5.5%	*¥420,000*	*+6%*	*¥210,000*
Japan	**128,214**	**+7.7%**	119,048	-8.5%	*136,500*	*+6%*	*68,250*
Overseas	**267,089**	**+30.9%**	204,086	-3.6%	*283,500*	*+6%*	*141,750*
North America	**57,516**	**+30.6%**	44,040	+1.0%			
Europe	**71,119**	**+36.2%**	52,215	-6.4%			
Asia	**125,556**	**+30.5%**	96,194	-3.5%			
Others	**12,898**	**+10.8%**	11,636	-8.7%			
Gross profit	**187,509**	**+30.5%**	143,684	-9.0%			
［Ratio］	[47.4%]		[44.5%]				
Operating income	**105,153**	**+34.8%**	78,027	-11.4%	*110,000*	*+5%*	*55,000*
［Ratio］	[26.6%]		[24.1%]		*[26.2%]*		*[26.2%]*
Japan	**60,102**	**+13.2%**	53,106	-2.7%			
SMC Corporation	56,215	+12.5%	49,980	-1.8%			
Overseas	**50,883**	**+65.4%**	30,769	-19.5%			
North America	**10,343**	**+53.8%**	6,724	-12.9%			
Europe	**8,606**	**+36.4%**	6,309	-7.7%			
Asia	**30,928**	**+87.4%**	16,508	-25.4%			
Others	**1,005**	**-18.1%**	1,227	-20.2%			
Intersegment Eliminations	-5,833		−5,848				
Net financial gain	**5,242**		4,330				
Foreign exchange gains or losses	**8,888**		8,966				
Ordinary income	**121,073**	**+29.2%**	93,737	+2.6%	*115,000*	*-5%*	*57,500*
［Ratio］	[30.6%]		[29.0%]		*[27.4%]*		*[27.4%]*
Net income	**86,311**	**+34.3%**	64,270	+8.4%	*82,000*	*-5%*	*41,000*
［Ratio］	[21.8%]		[19.9%]		*[19.5%]*		*[19.5%]*
Net income per share (Yen)	**1,274.20**	**+35.9%**	937.70	+8.5%	*1,214.04*		*607.02*
ROE	**11.7%**		10.1%				
Total assets	**966,875**	**+14.6%**	844,010	+14.4%			
Inventory	**194,255**	**+5.3%**	184,417	+8.1%			
Net assets	**785,521**	**+13.9%**	689,359	+17.4%			
Equity ratio	**81.0%**		81.5%				
Net assets per share (Yen)	**11,599.87**	**+15.6%**	10,031.63	+17.5%			
Net cash provided by operating activities	**83,719**		66,977				
［Sales to cash flow ratio］	**21.2%**		20.7%				
Net cash used in investing activities	**-60,326**		-57,513				
Net cash used in financing activities	**-1,802**		-10,630				
Cash and cash equivalents at end of period	**208,577**	**+20.2%**	173,501	+9.0%			
Capital expenditures	**22,563**	**+23.0%**	18,349	+37.2%	*26,000*	*+15%*	*12,500*
Depreciation	**12,142**	**+15.8%**	10,487	-10.5%	*13,500*	*+11%*	*6,600*
R&D expense	**15,544**	**+13.2%**	13,729	+1.9%	*15,800*	*+2%*	*7,900*
Number of shares outstanding (weighted average)	**67,737,893**		68,540,213				
Number of shares outstanding (at end)	**67,543,058**		68,536,490				
Number of employees	**16,010**	**+2.7%**	15,596	+1.4%			
incl. decrease due to subsidiary exclusion from consolidated	[–]		[-]				
Number of consolidated subsidiaries	**33**		33		*33*		
incl. in Japan	3		3		*3*		
incl. in Overseas	30		30		*30*		
Number of subsidiaries that applied equity method	0		0		*0*		
Number of subsidiaries not consolidated	**34**		35		*34*		

Note: These highlights contain projections concerning the future plans, strategies and estimated performance of SMC. These figures do not include historical data but rather are based on management's projections given the information currently available. Accordingly, these projections involve unknown risks and uncertainties that may cause actual results to differ materially from the projections.

Treasury stocks are not included in number of shares outstanding (at year ended) and number of shares outstanding (weighted average.)

Non-Consolidated Financial Highlights

SMC Corporation

Years ended March 31, 2014 and 2013

Millions of yen

	Mar. 2014		Compared to Mar. 2013	Mar. 2013	Compared to Mar. 2012
Net sales	**¥259,420**		**+19.6%**	¥216,843	-7.2%
Domestic	**113,335**		**+7.7%**	105,231	-8.5%
Export	**146,085**		**+30.9%**	111,611	-5.9%
Gross profit	**85,589**		**+15.8%**	73,911	-4.6%
[Ratio]	[33.0%]			[34.1%]	
Operating income	**56,215**		**+12.5%**	49,980	-1.8%
[Ratio]	[21.7%]			[23.0%]	
Net financial gain	**1,313**			1,597	
Foreign exchange gains or losses	**6,583**			6,858	
Ordinary income	**65,522**		**+9.1%**	60,061	+18.3%
[Ratio]	[25.3%]			[27.7%]	
Net income	**44,746**		**+16.3%**	38,468	+22.5%
[Ratio]	[17.2%]			[17.7%]	
Net income per share (Yen)	**660.57**		**+17.7%**	561.25	+22.6%
ROE	**9.9%**			8.9%	
Total assets	**617,532**		**+8.2%**	570,806	+5.3%
Inventory	**91,716**		**-4.4%**	95,957	+5.6%
Net assets	**459,902**		**+3.4%**	444,840	+6.9%
Equity ratio	**74.5%**			77.9%	
Net assets per share (Yen)	**6,809.03**		**+4.9%**	6,490.56	+6.9%
Capital expenditures	**6,860**		**-15.7%**	8,141	+17.5%
Depreciation	**5,304**		**-4.3%**	5,539	-11.0%
R&D expense	**14,242**		**+12.1%**	12,702	+1.2%
Number of employees					
Employees	**5,585**		**-0.0%**	5,586	-0.1%
Temporary (average)	**2,230**		**-3.3%**	2,306	-2.1%
Sales by prime industrial sector and percentage of domestic sales					
Automobile related	**25,114**	**22%**	**+5%**	23,995	
IC related	**21,485**	**19%**	**+21%**	17,828	
Electric except IC related	**8,517**	**8%**	**-6%**	9,107	
Machinery related	**13,613**	**12%**	**+3%**	13,178	
Food related	**6,106**	**5%**	**+8%**	5,633	
Medical related	**5,107**	**5%**	**+7%**	4,762	
Others	**33,394**	**29%**	**+9%**	30,728	
Export sales by geographic location and percentage of export sales					
North America	**30,214**	**21%**	**+40%**	21,527	-10%
Europe	**33,898**	**23%**	**+35%**	25,084	-11%
Asia	**77,942**	**53%**	**+27%**	61,315	-3%
Others	**4,029**	**3%**	**+9%**	3,683	+11%
Ratio of foreign currency based sales in export sales	**56%**			48%	
Average exchange rate (Yen into foreign currency)					
USD1	**100.17**		**+20.8%**	82.92	+4.9%
EUR1	**134.22**		**+25.7%**	106.78	-2.1%
Current exchange rate (Yen into foreign currency)					
USD1	**102.92**		**+9.5%**	93.99	+14.4%
EUR1	**141.61**		**+17.4%**	120.65	+10.0%
Dividends per share (Yen)	**170.00**			150.00	

Note: Results in previous years of sales by prime industrial sector are subject to change retroactively as these sectors may be reviewed and the results corrected at any time.