Presentation of Financial Results for the Fiscal Year Ended March 31,2015

(Supplemental Material for Consolidated Financial Highlights)

May 19,2015

SMC Corporation

FY2014 Results Briefing Conference

For the 12 months ended on March 31th, 2015

May 19, 2014

SMC Corporation

Katsunori Maruyama, President

Summary of Consolidated Results of FY14

- Orders have shown increasing tendency in all regions.
- In the 1st quarter, orders had firm tone in all regions. In the 2nd quarter, orders slowed down in Asia and Europe. However, in the 2nd half, orders increased in all regions.
- Sales and income increased mainly because of the weak yen effect and rationalization.
- Net sales increase: 16%, Operating income increase: 21%, Ordinary income increase: 31%
  (Excluding the effect of exchange rate fluctuation) Net sales increase: 11%, Operating income increase: 10%, Ordinary income increase: 11%
- Annual dividend per share is 190 yen. (Term end dividend per share is 100 yen.)

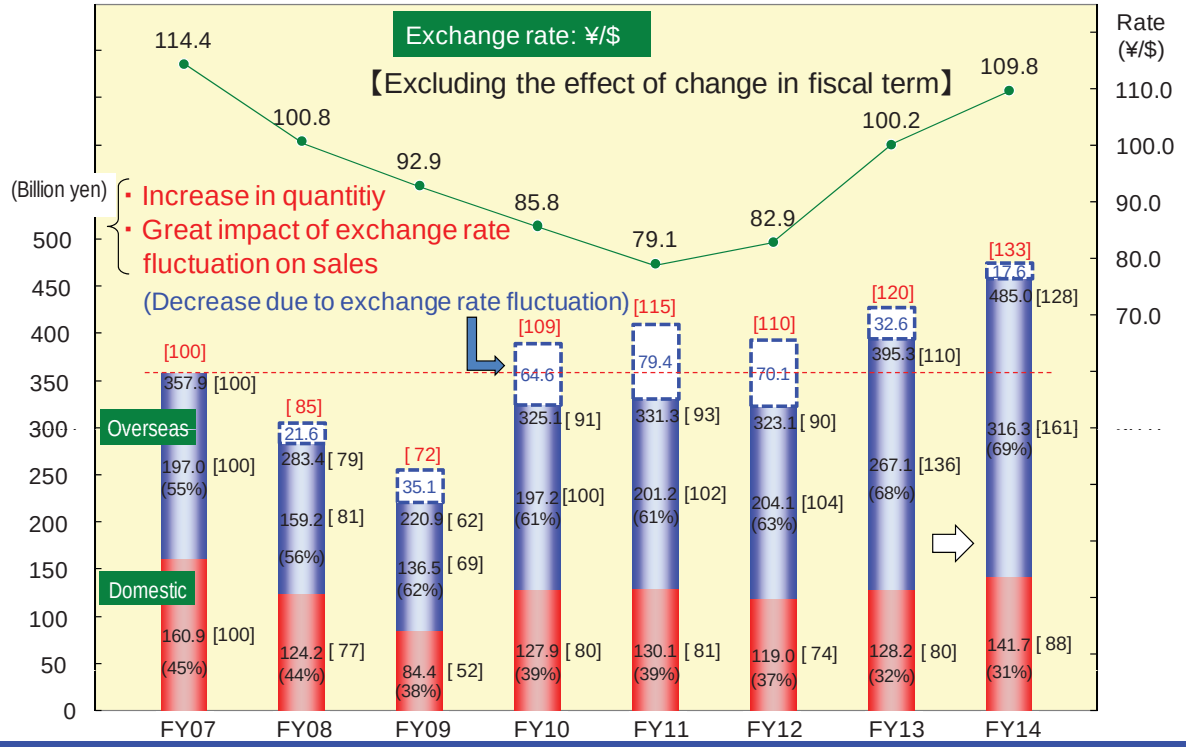
Consolidated Results Summary of FY14 Part 1

	FY13	FY14	FY14			
	Result	Plan	Result	Growth rate against Plan	year-on-year % change	Gain from weaker yen
Net sales	395.3	435.0	458.0	+5%	+16%	(+19.9)
(of which: Overseas net sales)	(267.0)	(295.0)	(316.3)	+7%	+18%	
Operating income	105.1	120.0	127.6	+6%	+21%	(+11.5)
(Operating income ratio)	(26.6%)	(27.6%)	(27.9%)			
Ordinary income	121.0	134.0	158.8	+19%	+31%	(+25.0)
Net income	86.3	95.0	109.5	+15%	+27%	
Exchange rate(US$)	¥100.17	¥105.00	¥109.76			
(€)	¥134.22	¥140.00	¥138.69			
Investment	22.5	26.0	28.6	+10%	+27%	
Depreciation expense for tangible fixed assets	12.1	13.1	13.1	+0%	+8%	
R&D spending	15.5	17.8	17.6	▲1%	+13%	

(Unit: Billion yen)

Annual dividend per share	170 yen	180 yen	190 yen			

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



Consolidated Results Summary of FY14 Part 2

	FY13	FY14			
	Result	Result	year-on-year % change	Growth amount	Growth amount excluding impact of exchange rate
Net asset value	785.5	921.4	+17%	+135.9	(+ 92.1)
Current assets	677.0	802.2	+19%	+125.2	(+ 83.0)
(of which: Inventories)	(194.2)	(194.5)	(+0%)	(+0.3)	(▲11.3)
Fixed assets	289.8	326.7	+13%	+36.8	(+ 29.9)
Equity ratio	81.0%	81.4%		+0.4%	
Equity per share	11,599 yen	13,682 yen	+18%	+2,082 yen	(+1,430 yen)
Term end exchange rate(US$)	¥102.92	¥120.27			
(€)	¥141.61	¥130.41			

(Unit: Billion yen)

SMC Market Share Trend (SMC Estimation)

◆Point: SMC share has shown increasing tendency in each region, mainly in the semiconductor equipment, portable terminals and automobiles.

	'12	'13	'14	'14
Rate(¥/$)	(82.92)	(100.17)	(109.76) ⇨	(120.27)
Japan	63	64	65	
North America	19	21	22	
Europe	17	19	20	
Asia/Oceania	44	44	46	
Global Total	32	32	33 ⇨	34
Global Total($/¥:109.76)	30	32	33	

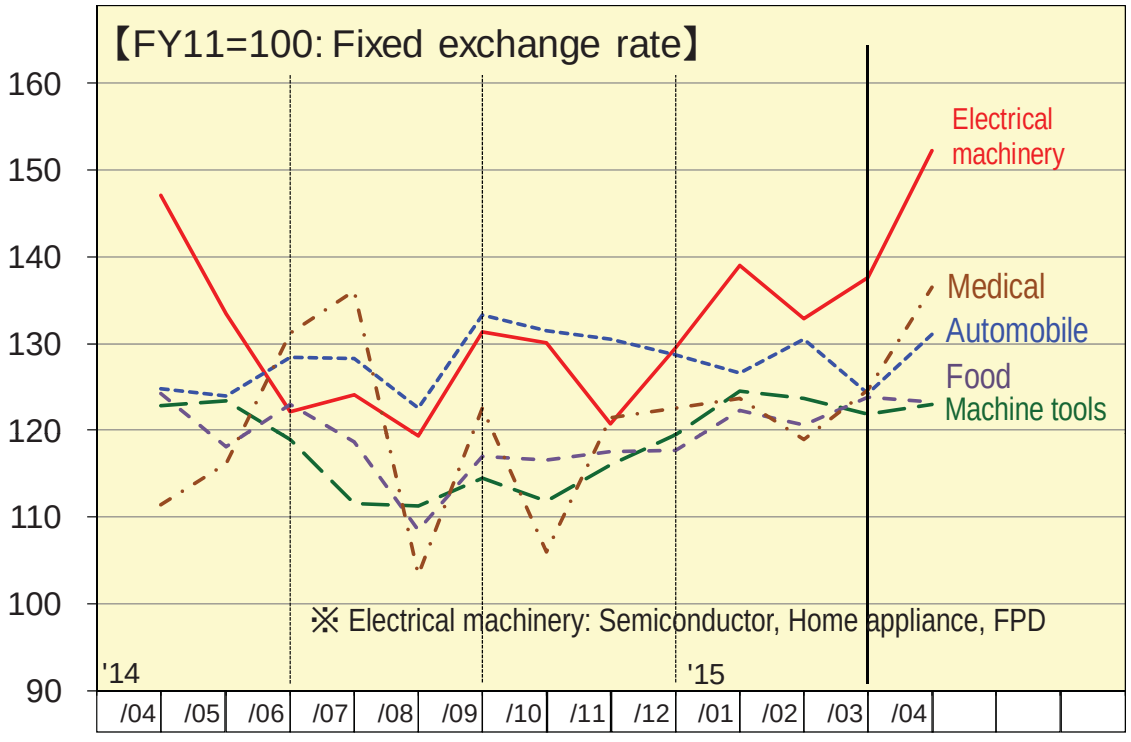
☆ Excluding the impact of exchange rate fluctuation

Current Order Situation (FY11=100)

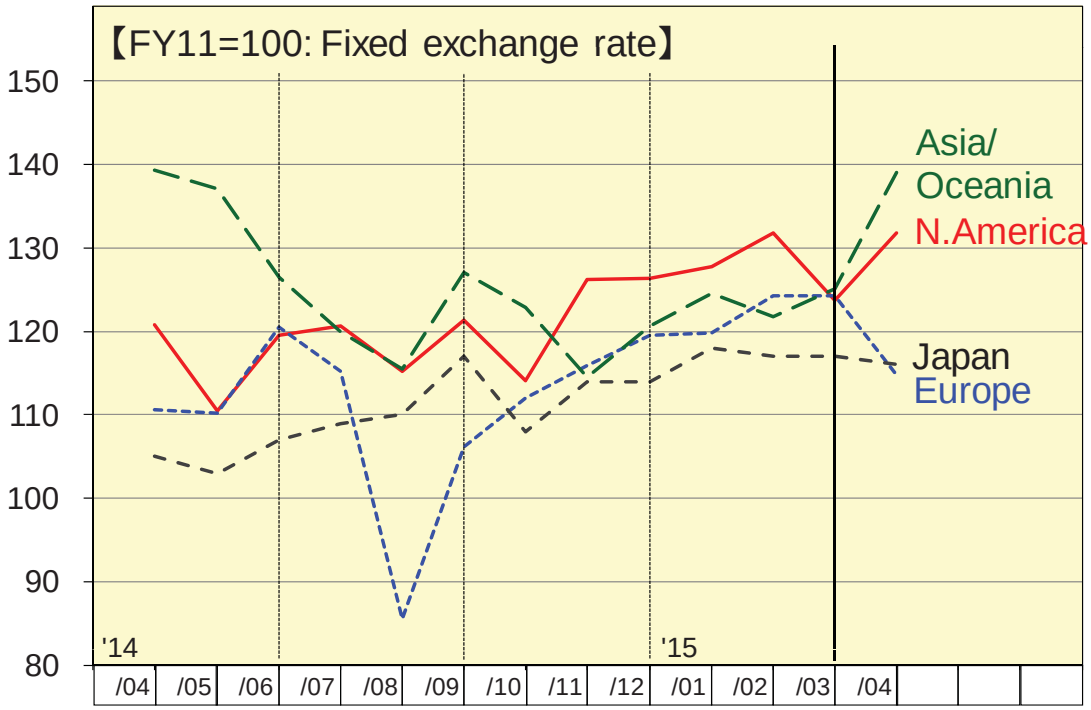
【Fixed exchange rate】

		FY13	FY14	'14/3Q	/4Q	'15/04	'15/04 incoming order situation
Consolidated	Electrical machinery	110	130	127	136	151	Increase in US, KR and CN
	Automobile	113	127	129	127	130	Increase in DE and CN
	Machine tools	104	118	116	123	123	Increase in CN and HK
	Food	113	119	118	123	124	Increase in US and CN
	Medical	111	121	117	124	137	Increase in JP, US and CN
	Other	101	105	103	111	109	
Japan		103	111	112	117	116	Increasing tendency, however, leveling off currently
North America		108	122	122	128	132	Increase in the electrical machinery and medical industry
Europe		105	114	116	123	115	Increase in the automobile industry
Asia & Oceania		111	125	120	124	139	Increase in the electrical machinery and autoblie industry
Consolidated		106	118	117	122	126	

Consolidated Orders Trend By Industry (FY11=100)



Consolidated Orders Trend By Region (FY11=100)



Pneumatic Demand Environment

☆ Against the background of rise of personnel expenses and the request for quality improvement, the demand for factory automation increases. Therefore, there is large room for increase in the pneumatic demand!

【Attentions】

【1】The exchange rate fluctuation intensifies, and the financial market becomes unstable.

【2】Slower growth in the emerging market, mainly in China

【3】Japanese market recovery

Focused Measures for FY15

☆ Continue promoting rationalization and restructuring, aiming to further improve performance!

【1】Increase sales, reinforce sales competitiveness

【2】Reinforce global production, develop mobility corresponding to the change

【3】Develop products with appropriate quality and price

【4】Increase domestic and foreign investment for the future
Production equipment, R&D, Sales force

【5】Reinforce information network for global cooperation

Premises for FY15 Performance Forecast

【1】The demand has firm tone in the emerging countries, and in the automobiles and the semiconductors related industry. Though a break is seen currently, we expect that we will keep the present pace throughout this fiscal year.

【2】We assume the yen/dollar exchange to be 115 yen for FY15, supposing that the current yen's depreciation will swing back a little by taking account of a risk that the yen will be appreciated.

【3】We expect that inflation of our performance caused by the yen's depreciation will be offset in this period.

Forecast for Our Performance in FY15

	FY13	FY14		FY15	
	Result	Result	year-on-year % change	Forecast	year-on-year % change
Net sales (of which: Overseas net sales)	395.3 (267.0)	458.0 (316.3)	+16% +18%	485.0 (338.0)	+6% +7%
Operating income (Operating income ratio)	105.1 (26.6%)	127.6 (27.9%)	+21%	133.0 (27.4%)	+4%
Ordinary income	121.0	158.8	+31%	140.0	▲12%
Net income	86.3	109.5	+27%	100.0	▲9%
Exchange rate(US$) (€)	¥100.17 ¥134.22	¥109.76 ¥138.69		¥115.00 ¥125.00	
Investment	22.5	28.6	+27%	52.0	+81%
Depreciation expense for tangible fixed assets	12.1	13.1	+8%	15.2	+16%
R&D spending	15.5	17.6	+13%	18.5	+5%
					(Unit: Billion yen)
Annual dividend per share	170 yen	190 yen		200 yen	

Summary

【1】There is large room for increase in pneumatic demand. Therefore, we expect the stable growth from now on.

【2】We will make preparations for the future, aiming to further improve performance.

- Be thorough with streamlining and cost reduction activities
- Invest in equipment, research and human resources which are required for our continued growth

【3】We will focus on securing a stable “return to stockholders”. It is the first requirement for social contribution and meeting expectation of investors that we improve enterprise value by expanding our performance.

◆ We will pursue strengthening our management foundations and improving business efficiency.

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.

Results Announcement for the Fiscal Year Ended March 31,2015

SMC Corporation

Ikuji Usui, Executive Managing Director

May 19,2015

Actual achievement-Highlights

	Mar.2014		Mar.2015			
	Monetary value	Ratio to net sales	Monetary value	Ratio to net sales	Increase/decrease	Ratio to previous term
Net sales	395.3		**458.0**		62.7	15.9%
Cost of sales	207.7	52.6%	**234.5**	**51.2%**	26.7	12.9%
Gross profit	187.5	47.4%	**223.5**	**48.8%**	35.9	19.2%
Selling,general,& administrative expenses	82.3	20.8%	**95.8**	**20.9%**	13.4	16.3%
Operating income	105.1	26.6%	**127.6**	**27.9%**	22.5	21.4%
Ordinary income	121.0	30.6%	**158.8**	**34.7%**	37.7	31.2%
Net income	86.3	21.8%	**109.5**	**23.9%**	23.2	27.0%

Exchange rate(yen)

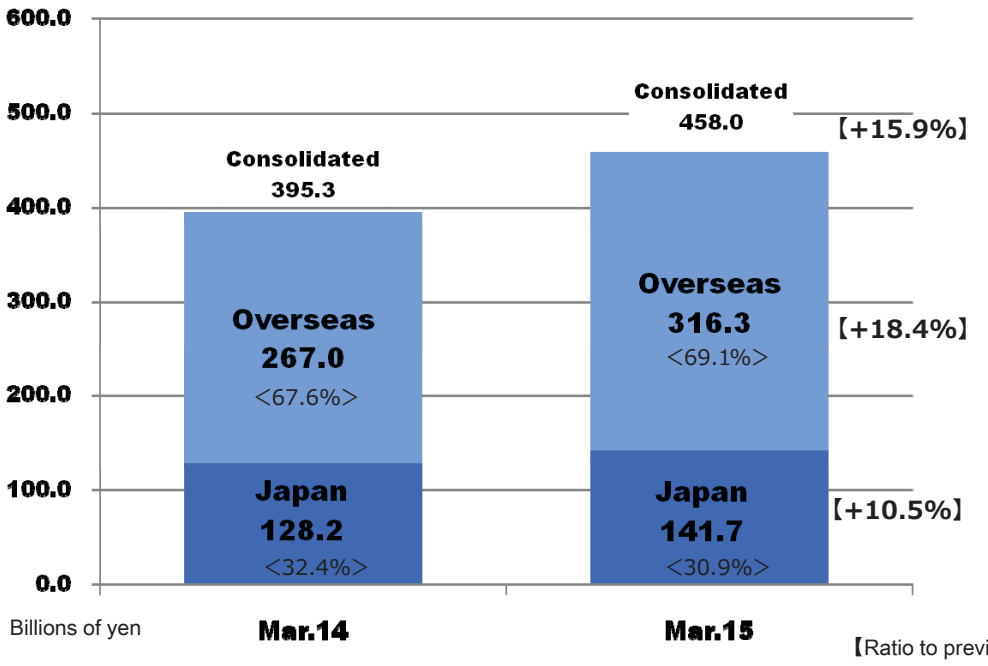
(Billions of yen)

Average	US$	100.17	**109.76**
	EUR	134.22	**138.69**
End of the fisical year	US$	102.92	**120.27**
	EUR	141.61	**130.41**

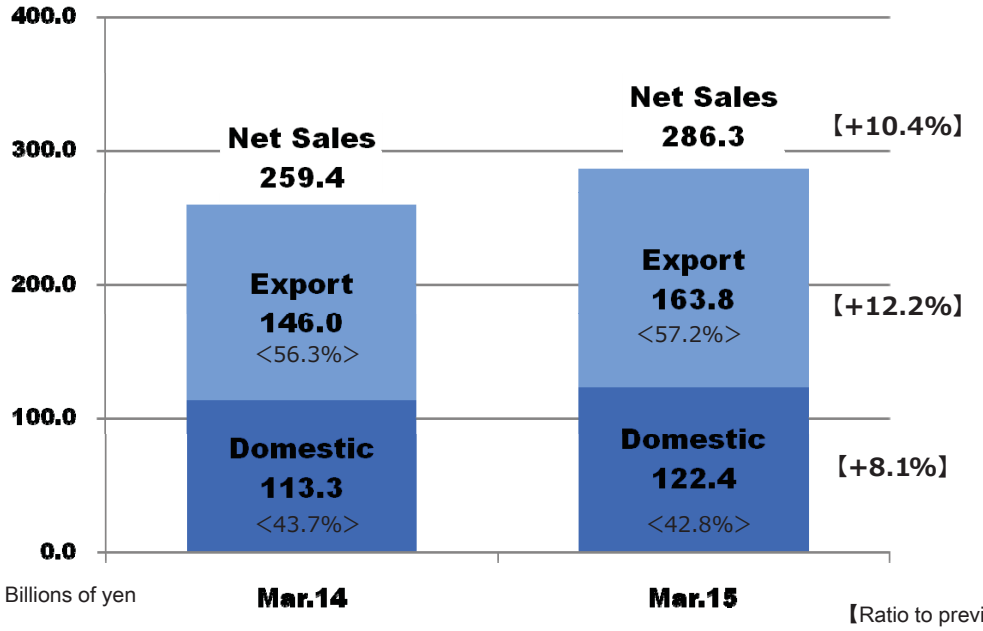
Profit

	Mar.2014		Mar.2015			
	Monetary value	Ratio to net sales	Monetary value	Ratio to net sales	Increase/decrease	Ratio to previous term
Operating income	105.1	26.6%	**127.6**	**27.9%**	22.5	21.4%
Non-Operating income	16.6	4.2%	**31.7**	**6.9%**	15.1	90.6%
Exchange gain	8.8		21.8		12.9	145.9%
Non-Operating expenses	0.7	0.2%	**0.6**	**0.1%**	-0.1	-13.9%
Ordinary income	121.0	30.6%	**158.8**	**34.7%**	37.7	31.2%
Extraordinary income	0.2	0.1%	**0.9**	**0.2%**	0.6	242.0%
Extraordinary loss	0.3	0.1%	**1.0**	**0.2%**	0.6	171.2%
Net income before tax	120.9	30.6%	**158.7**	**34.7%**	37.7	31.2%
Net income	86.3	21.8%	**109.5**	**23.9%**	23.2	27.0%

Net sales(Consolidated)



Net sales(Non-Consolidated)

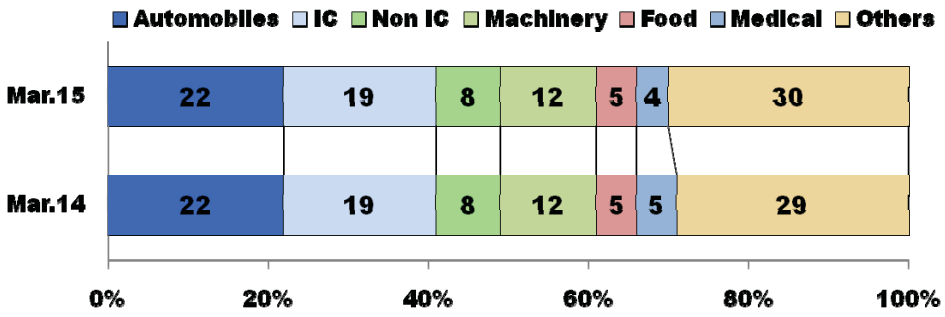


Domestic sales(Non-consolidated)

Ratio to previous term

Automobiles	IC	Non IC	Machinery	Food	Medical	Others
+8%	+9%	+13%	+10%	-2%	+6%	+8%

Component ratio per industry



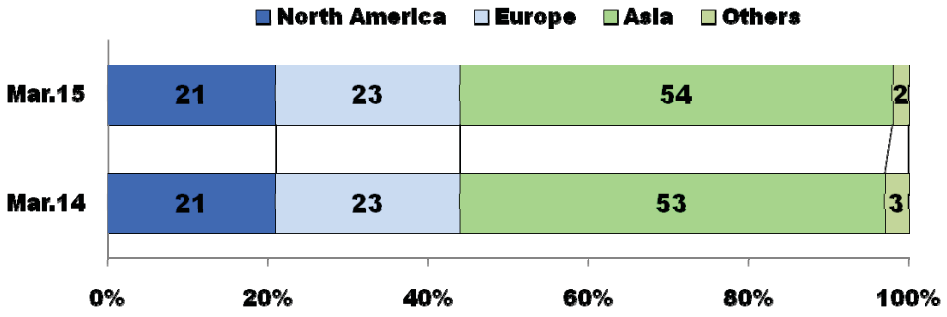
★Results in previous years of sales by prime industrial sector are subject to change retroactively as these sectors may be reviewed and the results corrected at any time.

Export sales(Non-consolidated)

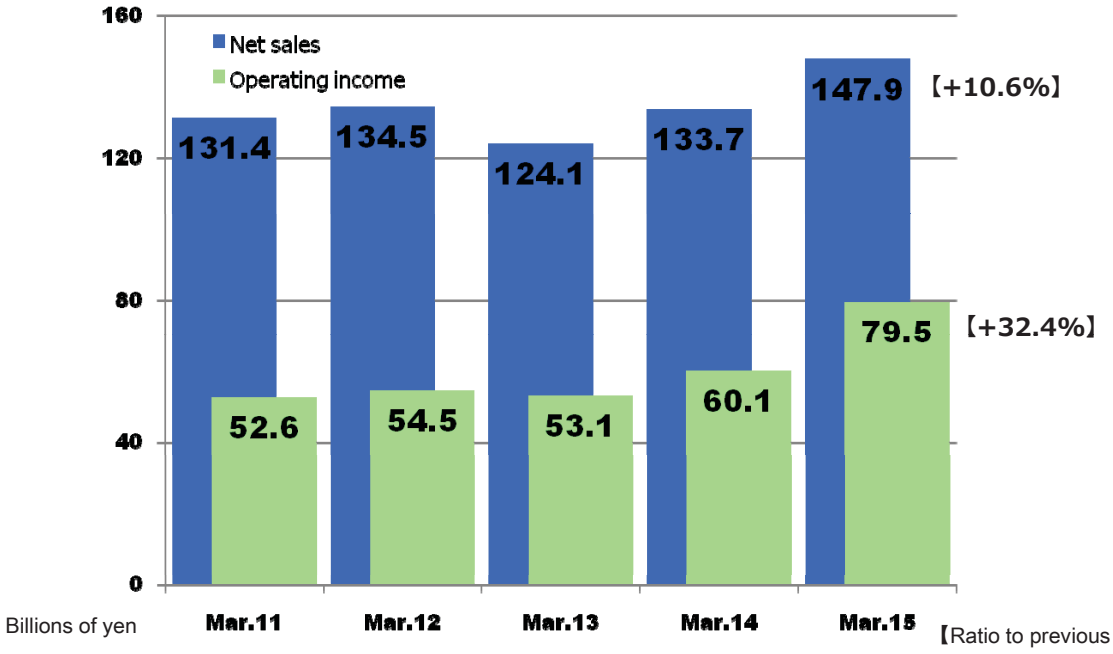
Ratio to previous term

North America	Europe	Asia	Others
+15%	+11%	+13%	-11%

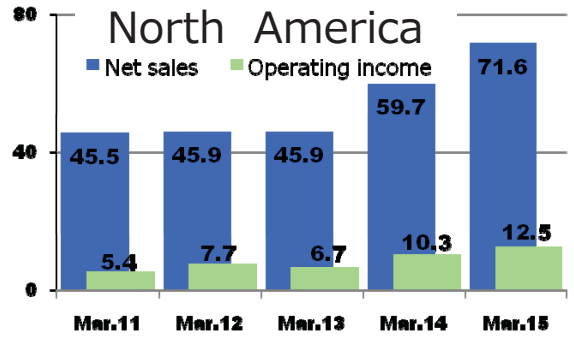
Component ratio per zone

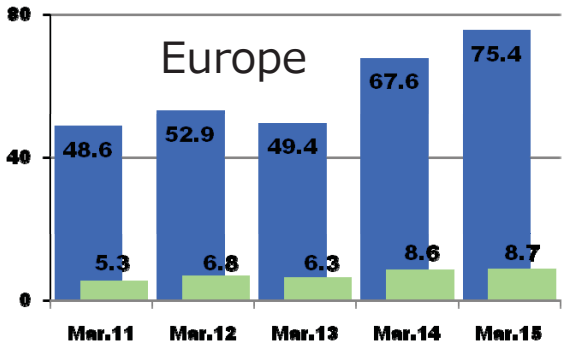


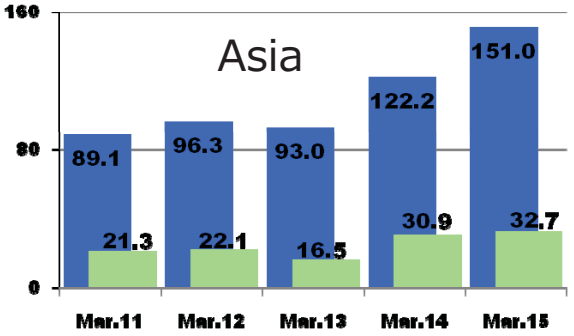
Change in net sales & Operating income - Japan



Change in net sales & Operating income - Overseas





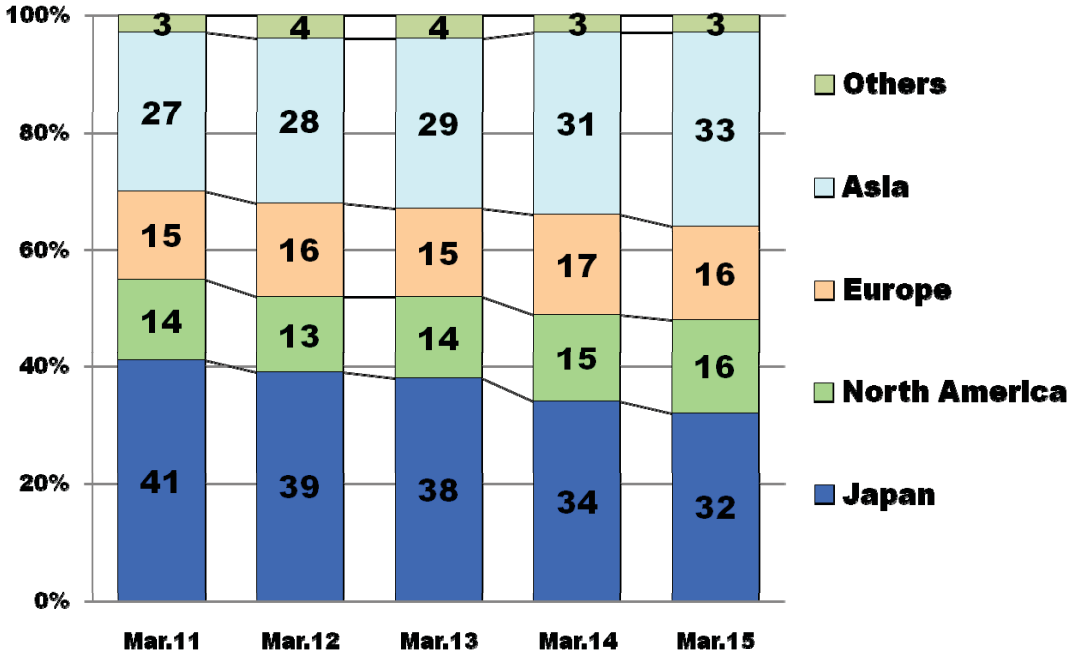


Billions of yen

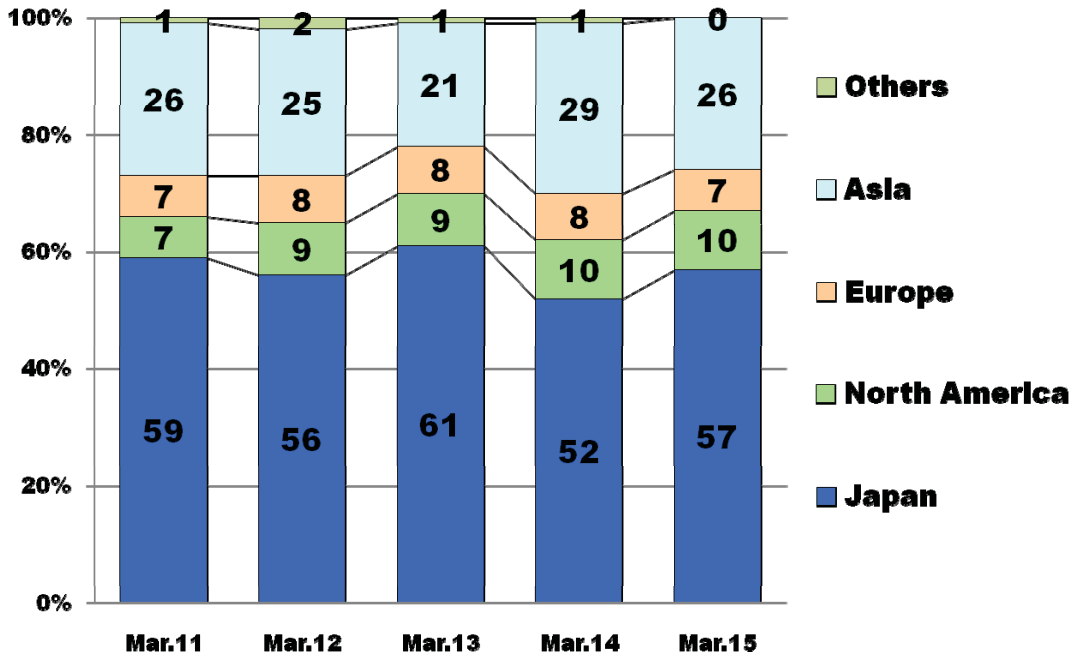
Ratio to previous term

	North America	Europe	Asia
Net sales	+19.9%	+11.4%	+23.6%
Operating income	+21.6%	+1.9%	+6.0%

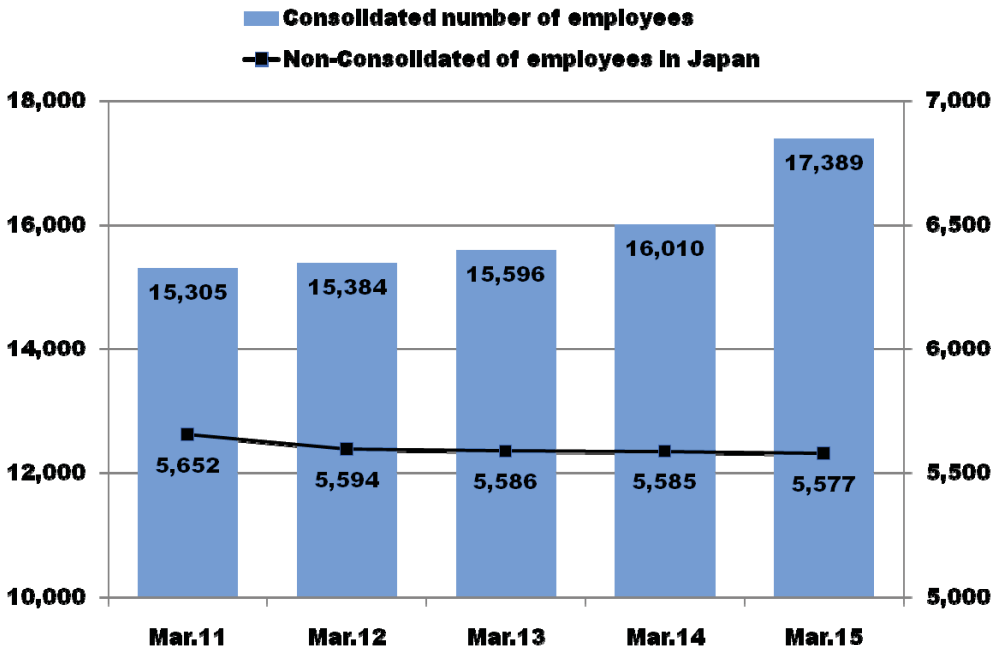
Consolidated net sales -Component ratio per zone



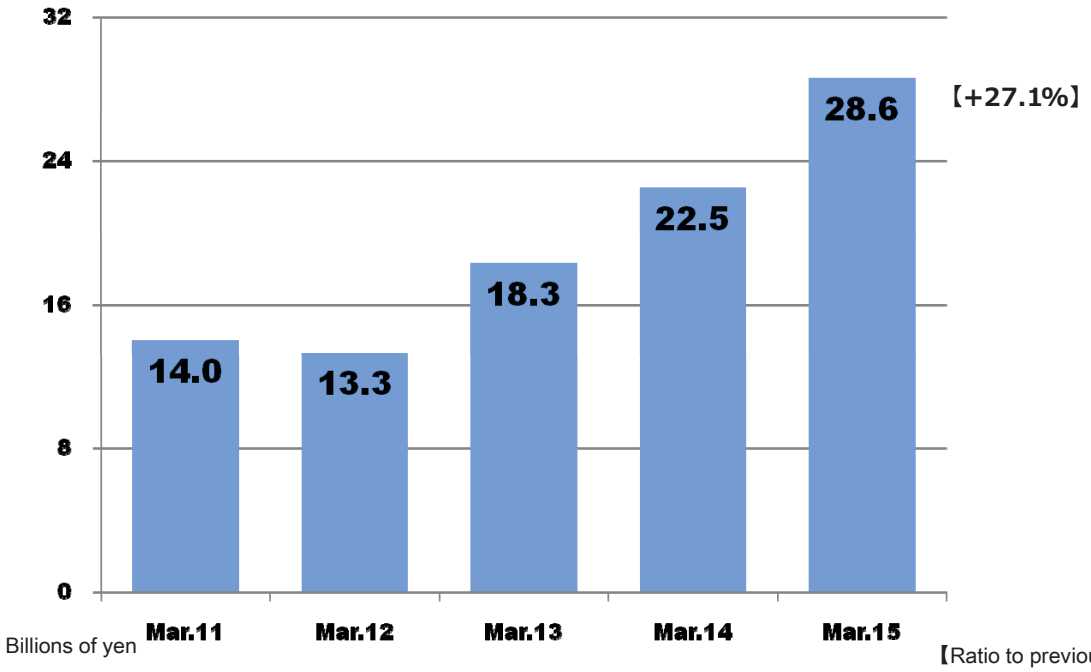
Operating Income
-Component ratio per zone



Number of employees



Capital expenditures



SMC (Thailand)

(Construction of the Factory and Warehouse)



Factory

Warehouse



SMC Industrial Automation CZ





SMC Pneumaticos do Brasil

(Construction of the Factory and Warehouse)



Factory

Warehouse



SMC Pneumatics Korea

Expansion of Daejeon Factory





Expansion of Shimotsuma &Yamatsuri Factory

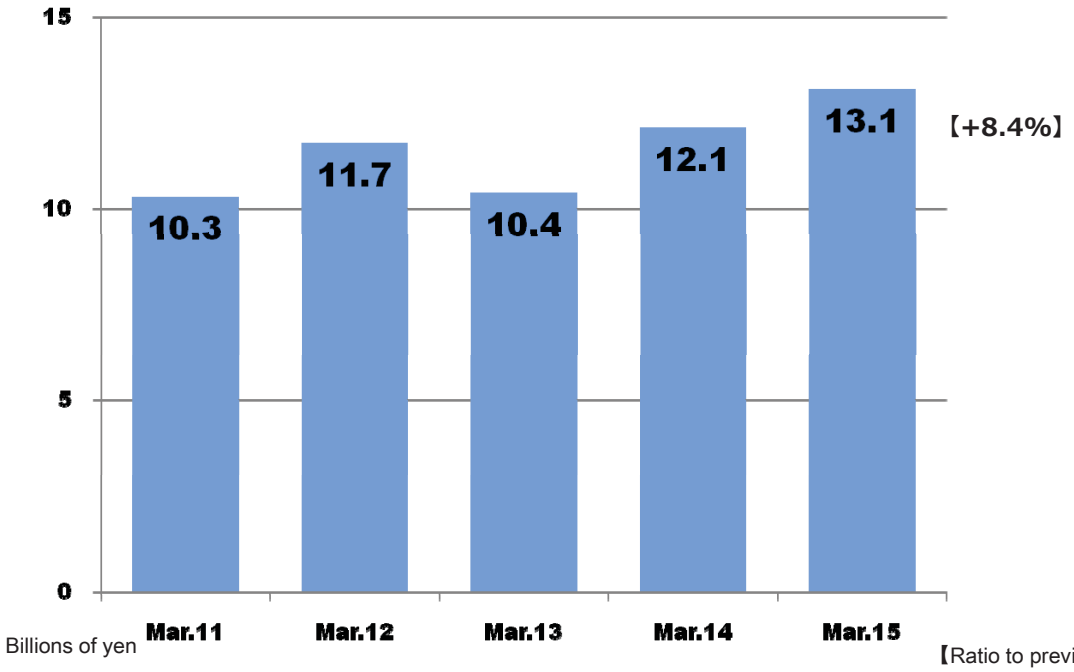


Shimotsuma Factory

Yamatsuri Factory



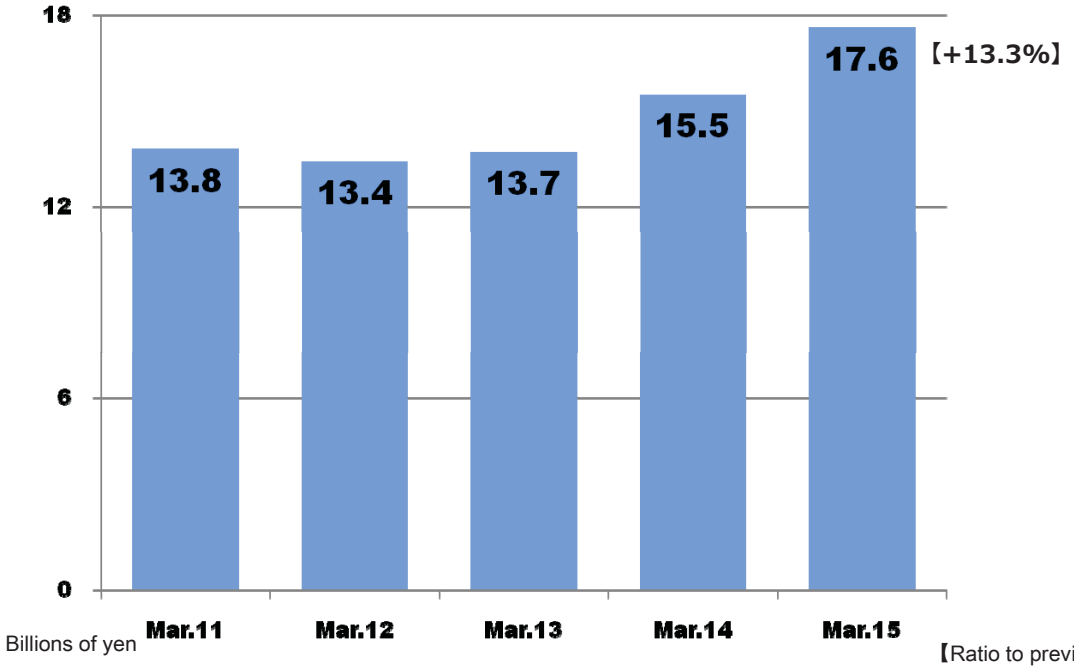
Depreciation



Billions of yen

【Ratio to previous term】

Research & development expense



Billions of yen

【Ratio to previous term】

Consolidated financial statements forecast for the year ending March,2016

(Billions of yen)

	Mar.2015 Monetary value	Mar.2016 (Forecast) Monetary value	Ratio to previous term
Net sales	**458.0**	**485.0**	**+6%**
Domestic	141.7	**147.0**	**+4%**
Overseas	316.3	**338.0**	**+7%**
Operating income	**127.6**	**133.0**	**+4%**
Ordinary income	**158.8**	**140.0**	**-12%**
Net income	**109.5**	**100.0**	**-9%**
Average Exchange rate(yen)			
US$	**109.76**	**115.00**	**+5%**
EURO	**138.69**	**125.00**	**-10%**

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.

