Presentation of Financial Results for the Second Quarter Ended September 30,2015 (FY2015)

(Supplemental Material for Consolidated Financial Highlights)

November 11,2015

SMC Corporation

FY2015 1st Half Financial Results Conference

For the 6 months ended on September 30th, 2015

November 11, 2015

SMC Corporation

Katsunori Maruyama, President

FY15 1st Half Consolidated Financial Summary

- Orders have been in the adjustment phase after the 1st quarter in all regions.
- In the 1st quarter, orders had firm tone in all regions. However, in the 2nd quarter, orders slowed down, mainly in Asia.
- Sales and income increased mainly because of the weak yen effect and rationalization.
- Net sales increase: 9%, Operating income increase: 12%, Ordinary income increase: 2%

  (Excluding effects of FOREX rate fluctuation) Net sales increase: 3%, Operating income increase: 2%, Ordinary income increase: 1%
- The interim dividend per share is 100 yen.

FY15 1st Half Consolidated Financial Summary Part 1

	FY2014 1st Half Results	FY2015 1st Half Plan	FY2015 1st Half Results	Growth rate against Plan	year-on-year % change	Weak yen effect
Net sales	222.6	241.5	242.8	+1%	+9%	(+13.5)
(of which: Overseas net sales)	(153.4)	(168.0)	(170.4)	+1%	+11%	
Operating income	63.1	66.0	70.6	+7%	+12%	(+6.3)
(Operating margin)	(28.4%)	(27.3%)	(29.1%)			
Ordinary income	74.1	69.5	75.8	+9%	+2%	(+1.1)
Net income*1	52.8	49.7	53.9	+8%	+2%	
FOREX Rate(US$)	¥103.01	¥115.00	¥121.88			
(€)	¥138.90	¥125.00	¥135.10			
Capital expenditures	15.7	19.0	14.3	▲24%	▲9%	
Depreciation expenses for tangible fixed assets	6.0	7.2	7.2	+1%	+19%	
R&D expenses	8.8	9.2	9.3	+2%	+6%	
The interim dividend per share	90 yen	100 yen	100 yen			

*1 Net Income attributable to SMC Corporation

(Unit: Billions of yen)

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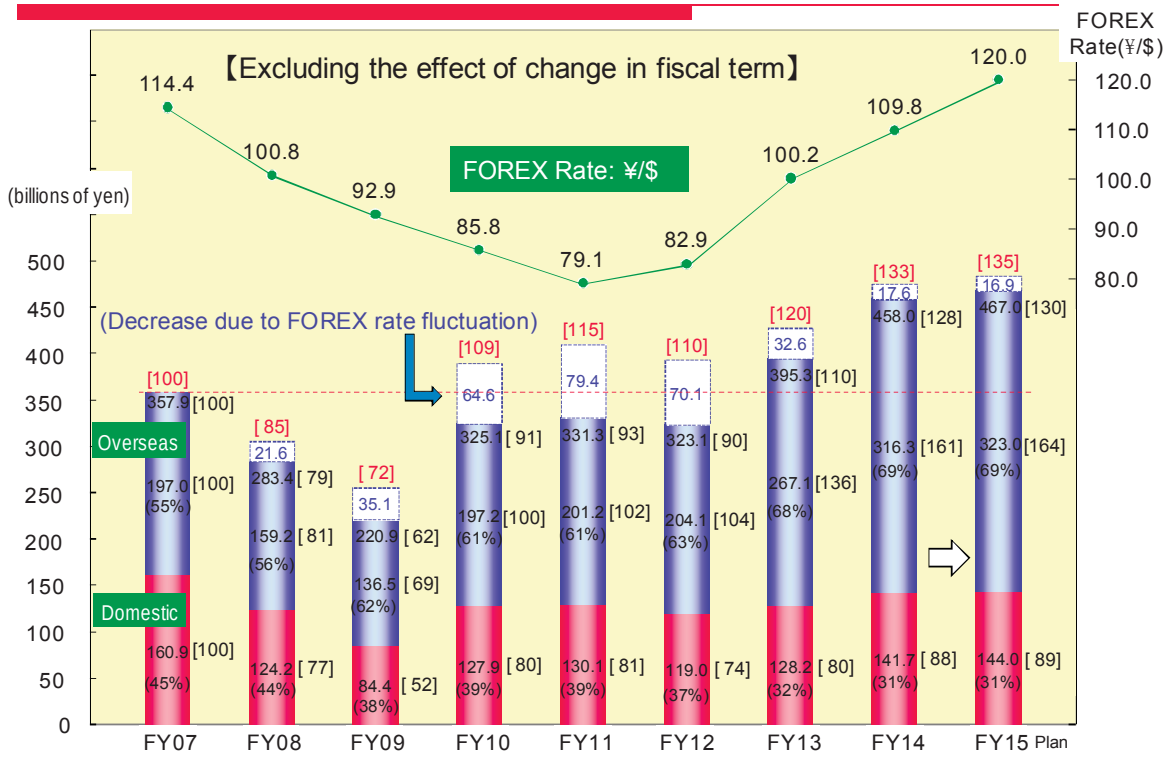
Consolidated Sales Trend (FY07=100: Fixed FOREX Rate)



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FY15 1st Half Consolidated Financial Summary Part 2

	FY2014 1st Half	FY2014	FY2015 1st Half			
	Results	Results	Results	year-on-year % change	Change	Change excluding effecs of FOREX rates
Net asset value	846.1	921.4	946.2	＋3%	＋24.7	(＋44.7)
Current assets	725.9	802.2	812.9	＋1%	＋10.6	(＋28.6)
(of which: Inventories)	(197.0)	(194.5)	(188.9)	(▲3%)	▲5.6	(▲1.4)
Fixed assets	306.3	326.7	334.7	＋2%	＋8.0	(＋12.4)
Equity ratio	81.8%	81.4%	82.3%		＋0.9%	＋1.0%
Equity per share	12,563 yen	13,682 yen	14,049 yen	＋3%	＋367 yen	(＋664 yen)
Term end FOREX rate(US$)	¥109.45	¥120.27	¥119.97			
(€)	¥138.85	¥130.41	¥134.94			

(Unit: Billions of yen)

SMC Market Share Trend (SMC Estimation)

◆Point: A break is seen in SMC share increase in each region, as the demand for the semiconductor equipment and portable terminals has become calm.

	'12	'13	'14		'15/Q1 Current
FOREX Rate(¥/$)	(82.92)	(100.17)	(109.76)		(109.76)
Japan	63	64	65		65
North America	19	21	22	⇨	22
Europe	17	19	20		20
Asia/Oceania	44	44	46		46
Global Total	32	32	33		33
Global Total(¥/$:109.76)	30	32	33		33

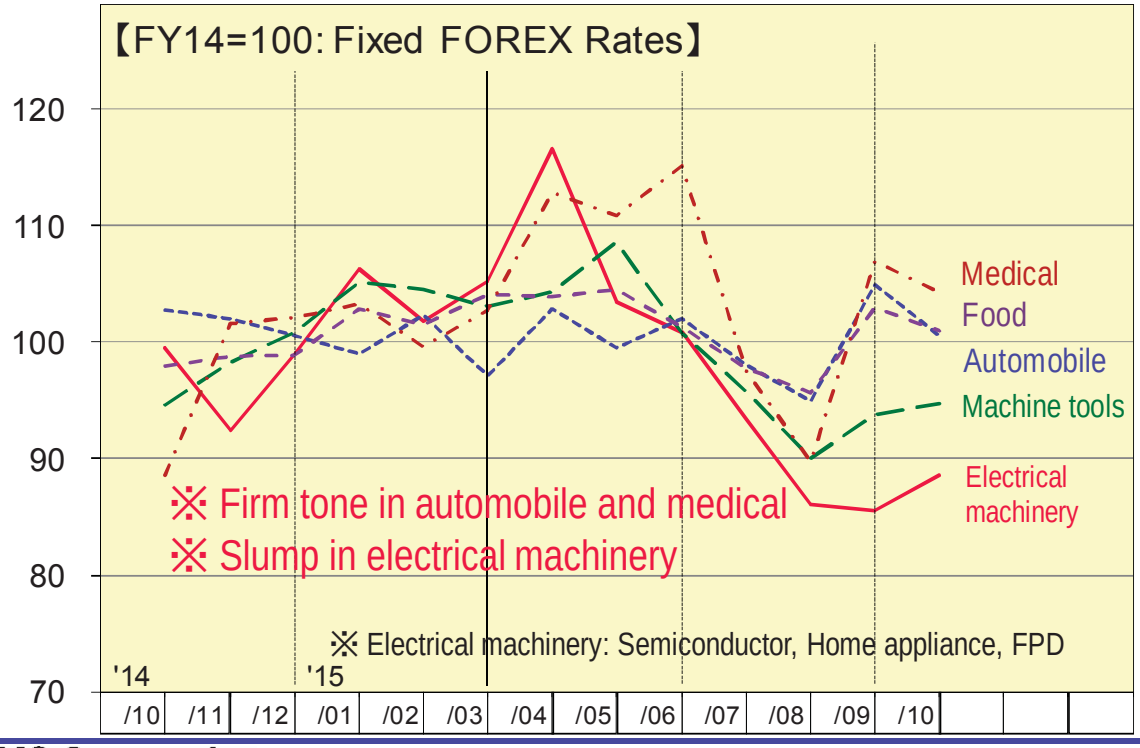
※ Current values in '15/Q1 are our estimation. Source: JFPA, NFPA, VDMA

Current Order Situation (FY14=100)

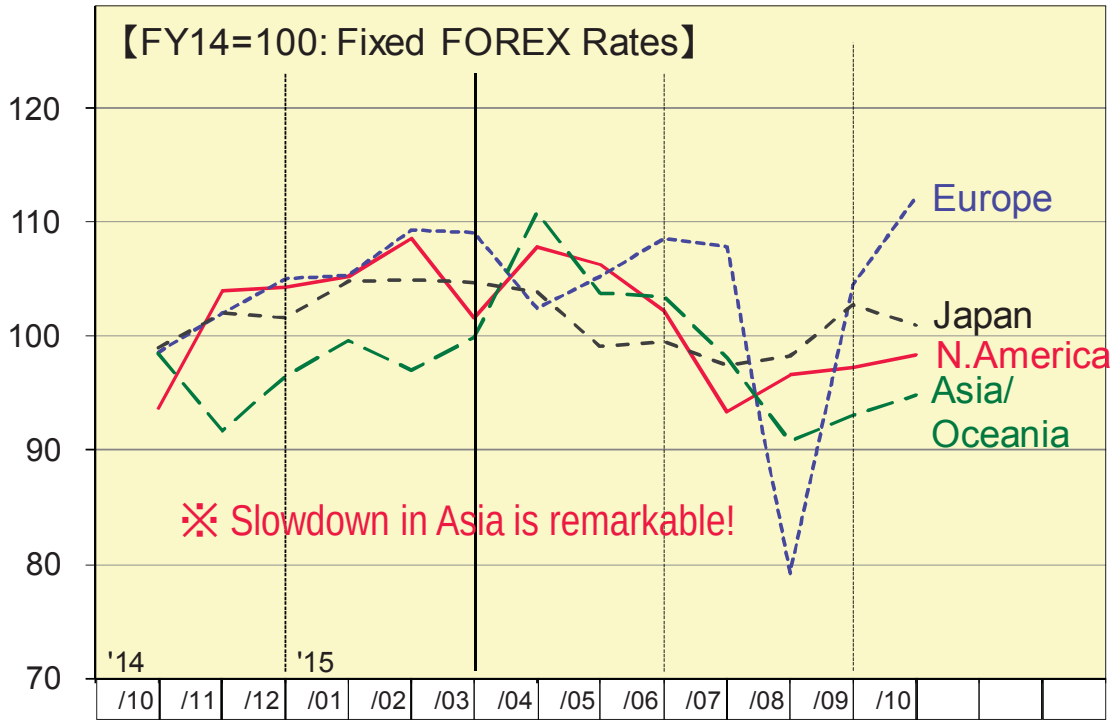
【Fixed FOREX Rates】

		FY14	FY15	'15/1Q	/2Q	'15/10	FY15 2nd half forecasts
Consolidated	Electrical machinery	100	96	107	88	89	Decrease in investment in all regions
	Automobile	100	100	101	99	101	Firm tone in Japan, Europe and America
	Machine tools	100	98	104	93	95	Level off from the 1st half
	Food	100	101	103	99	101	Level off from the 1st half
	Medical	100	105	113	98	104	Firm tone in Japan, Europe and America
	Other	100	103	103	100	108	
Japan		100	100	101	99	101	Decrease in the semiconductor and smartphone
North America		100	100	105	96	98	Decrease in the semiconductor industry
Europe		100	103	105	98	112	Firm tone in the automobile and medical industry
Asia & Oceania		100	99	106	94	95	Decrease in the electrical machinery and automobile industry
Consolidated		100	100	104	97	100	

Consolidated Orders Trend By Industry (FY14=100)



Consolidated Orders Trend By Region (FY14=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 demand structure changes and the competition intensifies as the borderless market moving forward.

【2】FOREX rates fluctuation intensifies, and the financial market becomes unstable.

【3】Slower growth in the emerging markets, mainly in China

Focused Measures for FY15 2nd Half

☆ We will increase investment for the future growth, and promote rationalization and restructuring!

【1】Increase sales, reinforce sales force's competitiveness

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

【3】Develop and propose products with appropriate quality and price to the market

【4】Reinforce information network for global cooperation

Premises for FY15 Financial Forecasts

【1】Since the 2nd quarter, the demand for semiconductor equipment and portable terminals has paused mainly in Asia. We expect that the adjustment phase will continue in the 2nd half.

【2】We assume the yen/dollar FOREX rate to be 120 yen for the full year, supposing that the current yen's depreciation will swing back a little. We expect that effects of FOREX rates, which increased after the Lehman shock, will dissipate.



FY15 Revised Financial Forecasts

	FY2014	FY2015		FY2015	
	Results	Original Forecasts	year-on-year % change	Revised Forecasts	year-on-year % change
Net sales	458.0	485.0	+6%	467.0	+2%
(of which: Overseas net sales)	(316.3)	(338.0)	+7%	(323.0)	+2%
Operating income	127.6	133.0	+4%	130.0	+2%
(Operating margin)	(27.9%)	(27.4%)		(27.8%)	
Ordinary income	158.8	140.0	▲12%	137.0	▲14%
Net income*1	109.5	100.0	▲9%	98.0	▲11%
FOREX Rate(US$)	¥109.76	¥115.00		¥120.00	
(€)	¥138.69	¥125.00		¥134.00	
Capital expenditures	28.6	52.0	+81%	40.0	+40%
Depreciation expenses for tangible fixed assets	13.1	15.2	+16%	15.5	+18%
R&D expenses	17.6	18.5	+5%	18.9	+7%
Annual dividend per share	190 yen	200 yen		200 yen	

*1 Net Income attributable to SMC Corporation

(Unit: Billions of yen)

Summary

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

【2】The economic outlook is unforeseeable. We will make preparations for the future in the severe situation indeed.

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

【3】We will focus on securing a stable “shareholder return”.
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 from now on.

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 Second Quarter Ended September 30,2015

SMC Corporation

Ikuji Usui, Executive Managing Director
November 11,2015

Actual achievement-Highlights

	Sep.2014		Sep.2015			
	Monetary value	Ratio to net sales	Monetary value	Ratio to net sales	Increase/decrease	Ratio to previous term
Net sales	222.6		**242.8**		20.2	9.1
Cost of sales	113.8	51.1%	**119.9**	**49.4%**	6.1	5.4
Gross profit	108.7	48.9%	**122.9**	**50.6%**	14.1	13.0
Selling,general,& administrative expenses	45.5	20.5%	**52.2**	**21.5%**	6.6	14.6
Operating income	63.1	28.4%	**70.6**	**29.1%**	7.4	11.8
Ordinary income	74.1	33.3%	**75.8**	**31.2%**	1.6	2.2
Profit attributable to owners of parent	52.8	23.7%	**53.9**	**22.2%**	1.0	2.0

(Billions of yen)

Exchange rate(yen)

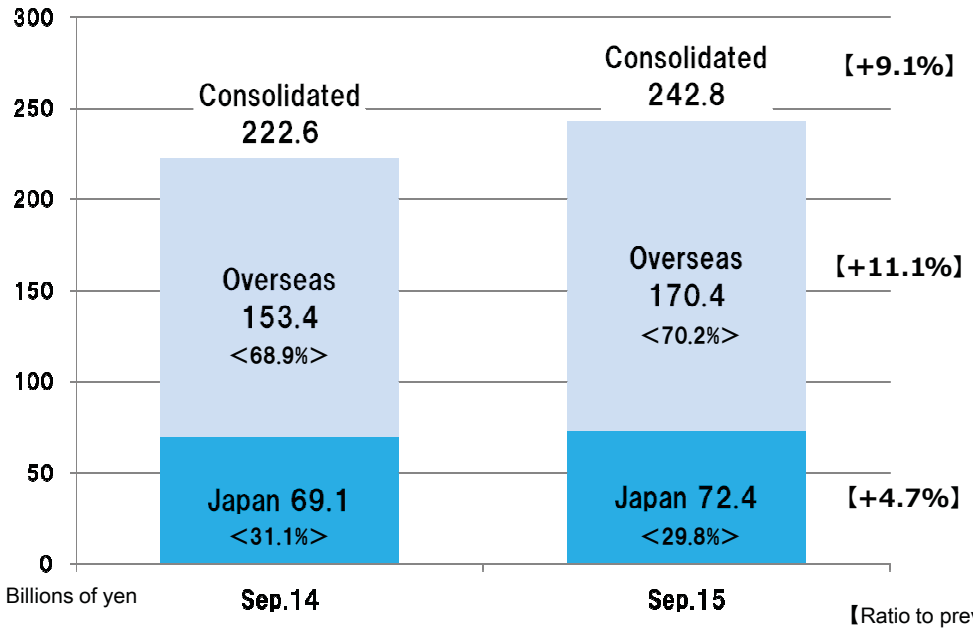
Average	US$	103.01	**121.88**
	EUR	138.90	**135.10**
End of the 2nd Quarter	US$	109.45	**119.97**
	EUR	138.85	**134.94**

Profit

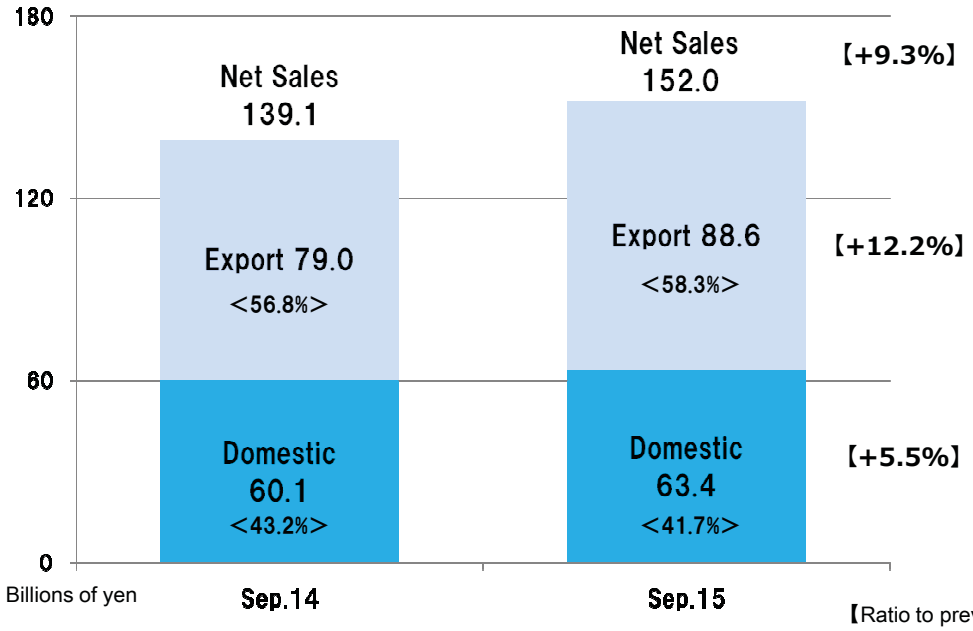
	Sep.2014 Monetary value	Sep.2015 Monetary value	Increase/decrease	Ratio to previous term
Operating income	63.1	**70.6**	7.4	11.8
Non-Operating income	11.2	**5.4**	-5.8	-51.4
Exchange gain	6.2	**0.7**	-5.5	-87.8
Non-Operating expenses	0.3	**0.3**	-0.0	-5.7
Ordinary income	74.1	**75.8**	1.6	2.2
Extraordinary income	0.8	**0.2**	-0.6	-71.6
Extraordinary loss	0.0	**0.0**	-0.0	-7.6
Net income before tax	74.9	**76.0**	1.0	1.4
Profit attributable to owners of parent	52.8	**53.9**	1.0	2.0

(Billions of yen)

Net sales(Consolidated)



Net sales(Non-Consolidated)

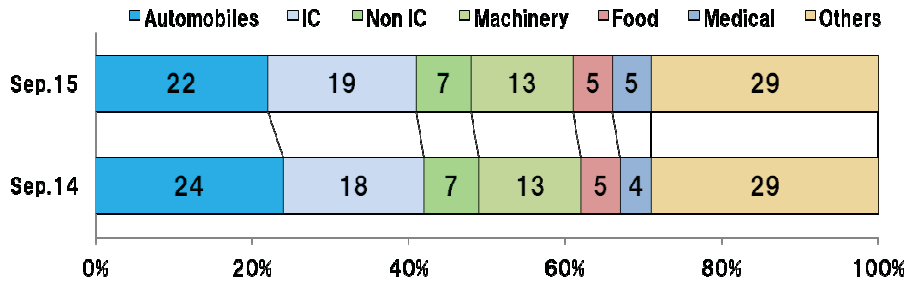


Domestic sales(Non-consolidated)

Ratio to previous term

Automobiles	IC	Non IC	Machinery	Food	Medical	Others
-1%	+15%	+6%	+5%	-1%	+16%	+5%

Component ratio per industry



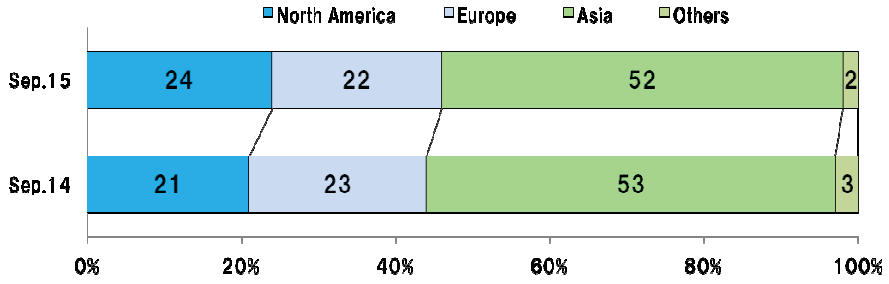
★Results in previous years of sales by prime industrial sector are subject to change retroactively as these sectors may be reviewed and the results corrected at any time.

Export sales(Non-consolidated)

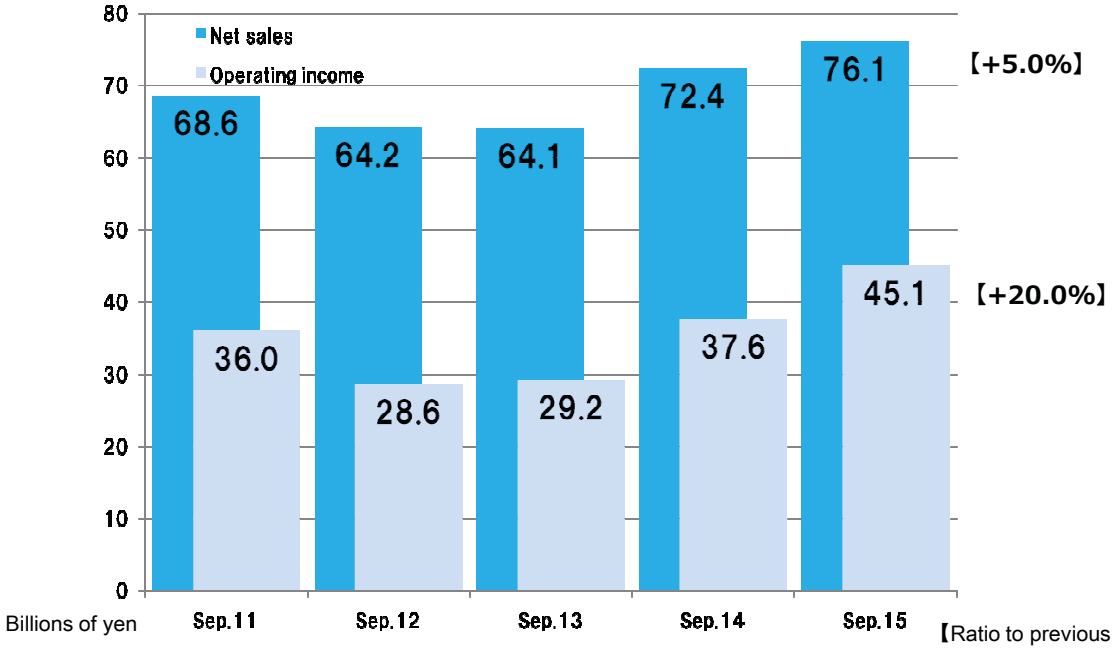
Ratio to previous term

North America	Europe	Asia	Others
+27%	+7%	+9%	-7%

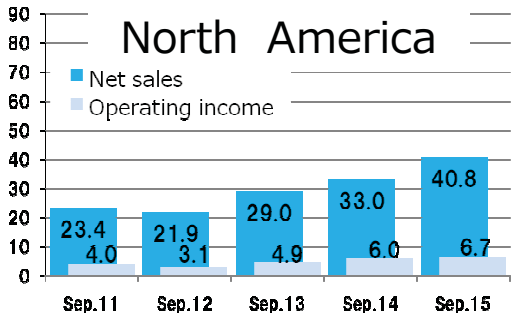
Component ratio per zone

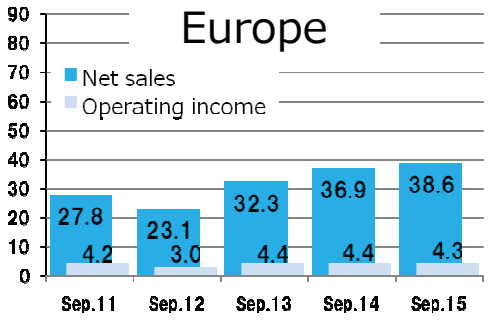


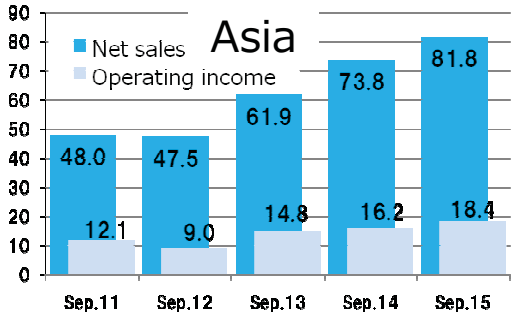
Change in net sales & Operating income - Japan



Change in net sales & Operating income - Overseas





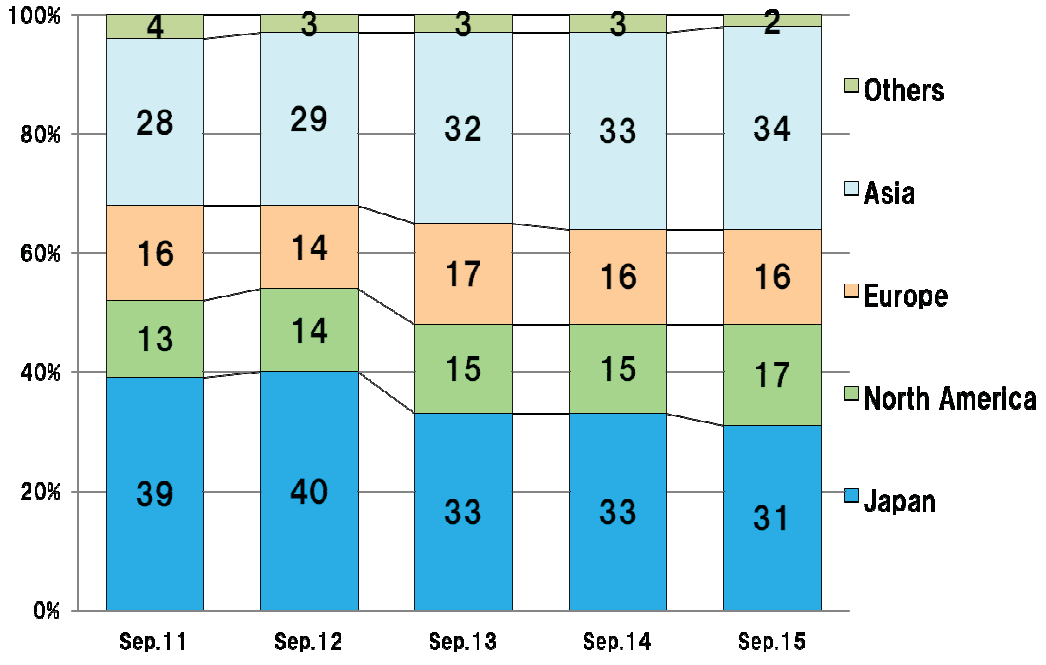


Billions of yen

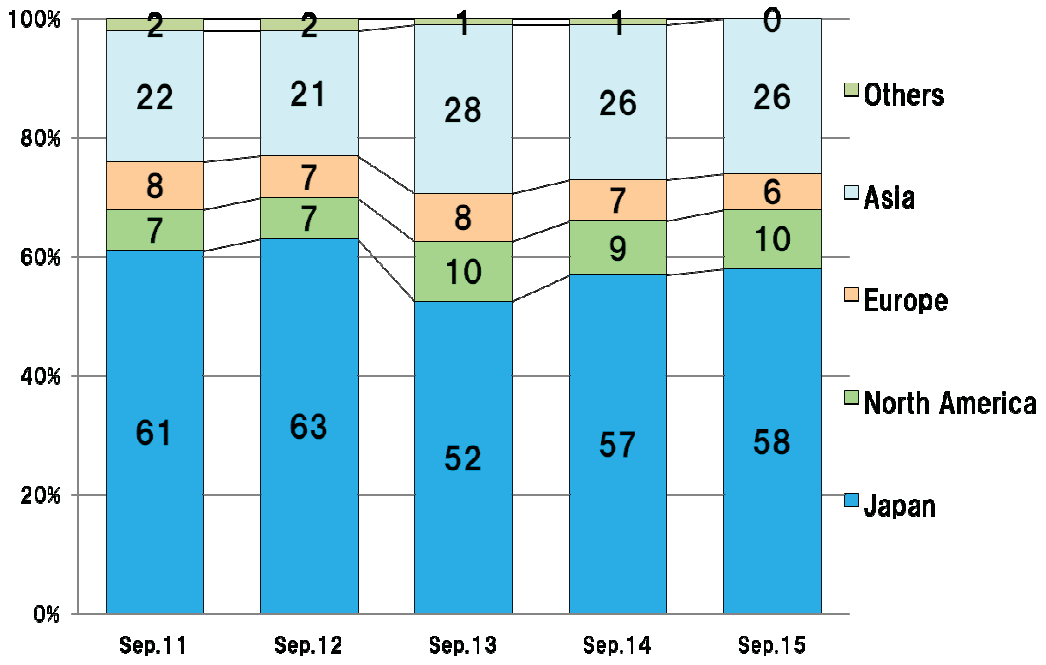
Ratio to previous term

	North America	Europe	Asia
Net sales	+23.4%	+4.6%	+10.8%
Operating income	+11.3%	-2.5%	+13.4%

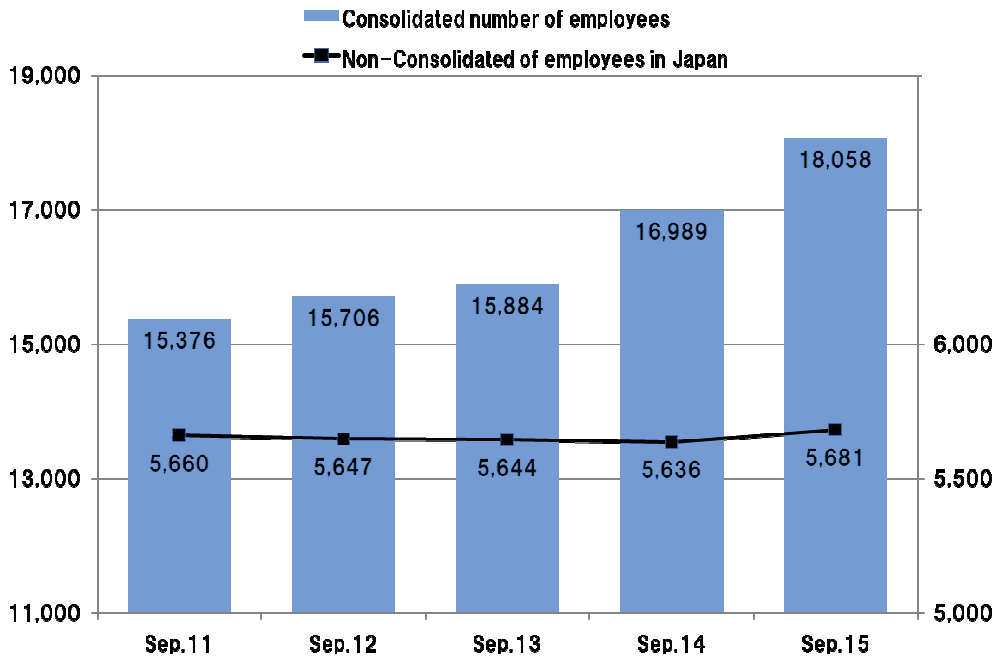
Consolidated net sales -Component ratio per zone



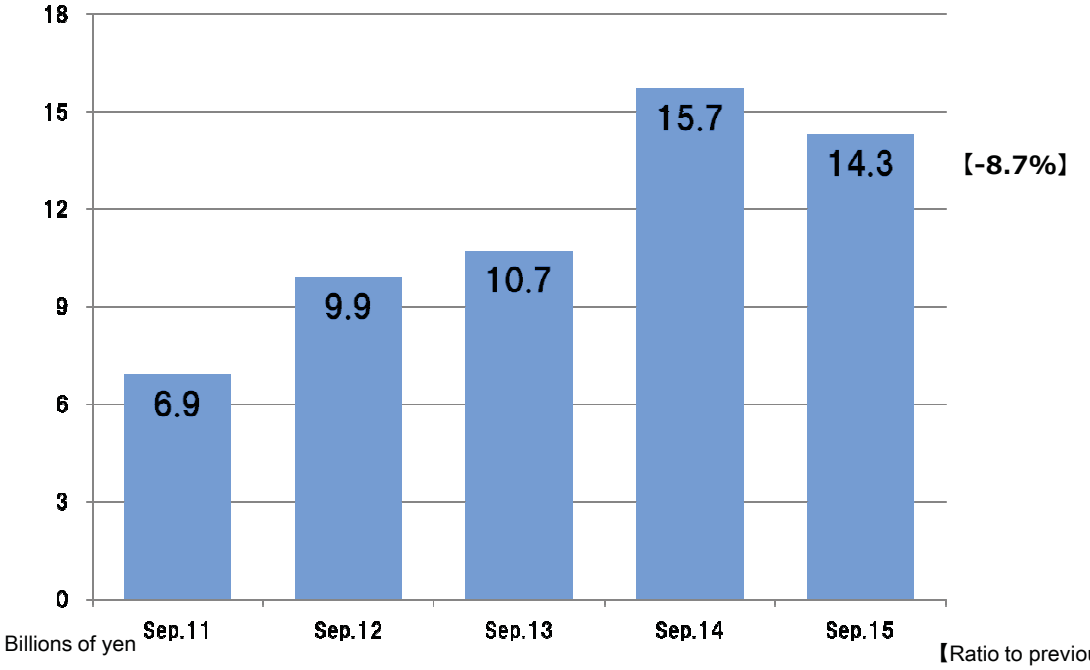
Operating Income
-Component ratio per zone



Number of employees



Capital expenditures



SMC Pneumatics(VN) Co.,Ltd.





Expansion of Shimotsuma Factory

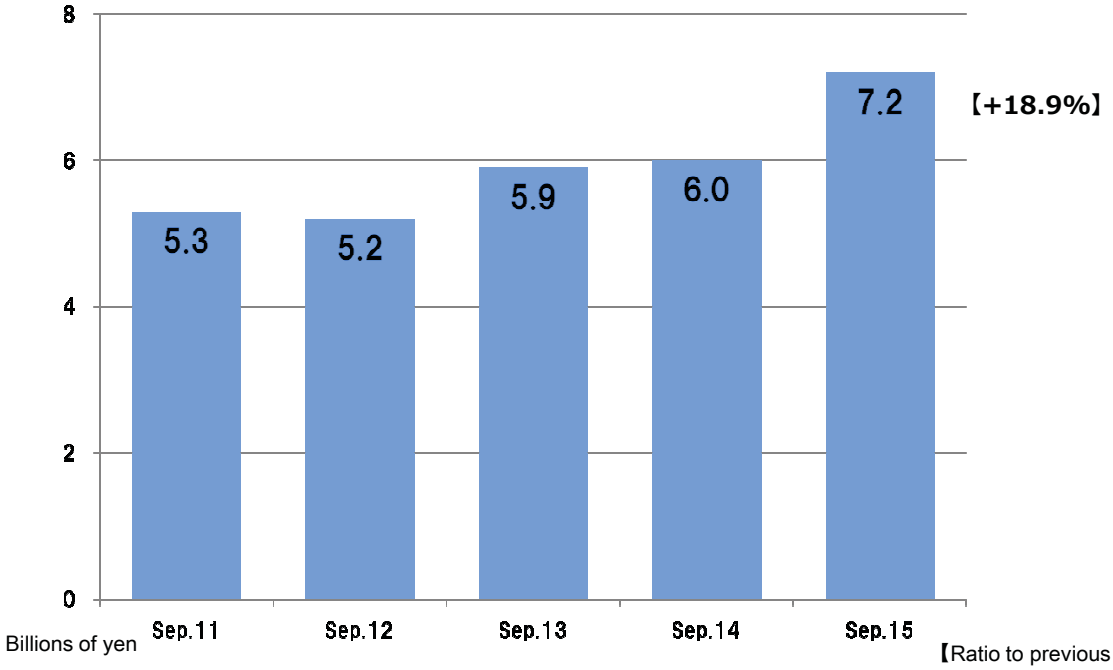




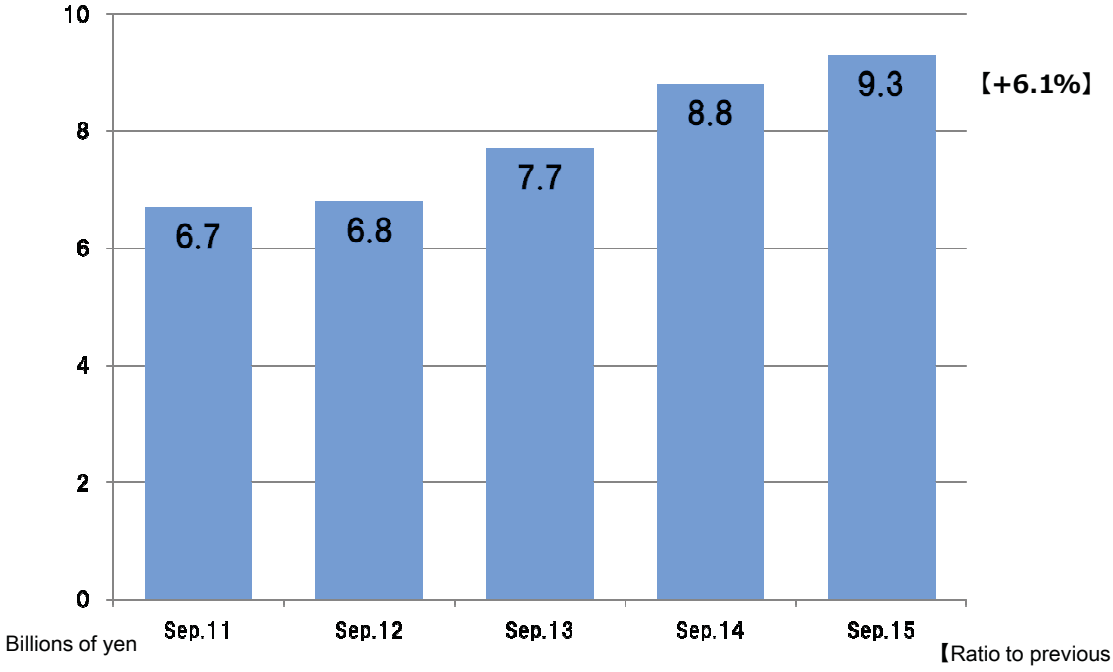
Expansion of Yamatsuri Factory



Depreciation



Research & development expense



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**	**467.0**	**+2%**
Domestic	141.7	**144.0**	**+2%**
Overseas	316.3	**323.0**	**+2%**
Operating income	**127.6**	**130.0**	**+2%**
Ordinary income	**158.8**	**137.0**	**-14%**
Profit attributable to owners of parent	**109.5**	**98.0**	**-11%**
Average Exchange rate(yen)			
US$	**109.76**	**120.00**	**+9%**
EURO	**138.69**	**134.00**	**-3%**

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.

