Presentation of Financial Results for the Fiscal Year Ended March 31,2017

(Supplemental Material for Consolidated Financial Highlights)

May 16,2017

SMC Corporation

FY16 Financial Results Conference

For 12 months ended on March 31, 2017

May 16, 2017

SMC Corporation

Katsunori Maruyama, President

FY16 Consolidated Financial Summary

- Orders from the semiconductor equipment and portable terminals increased in Japan, the US and Asia. Orders from the automobile related industry increased in Europe and the Americas.
- Net sales and income increased on the quantity basis. Despite yen's appreciation effects, the amount of net sales and income increased due to rationalization and cost reduction efforts.
- Net sales increase: 3%, Operating income increase: 5%, Ordinary income increase: 15%
- The annual dividend per share is 300 yen. (Term end dividend per share is 200 yen.)

FY16 Consolidated Financial Summary Part 1

	FY2015	FY2016	FY2016			
	Results	Plan	Results	Growth rate against Plan	year-on-year % change	FOREX rate impact
Net sales	475.6	470.0	487.6	+4%	+3%	(▲43.1)
(Sales to external customers of overseas)	(321.1)	(315.0)	(327.9)	+4%	+2%	
Operating income	134.2	130.0	141.1	+9%	+5%	(▲17.4)
(Operating margin)	(28.2%)	(27.7%)	(28.9%)			
Ordinary income	129.1	135.0	148.2	+10%	+15%	(▲6.2)
Net income*1	92.1	100.0	113.0	+13%	+23%	
FOREX Rate(US$)	¥120.14	¥108.00	¥108.38			
(€)	¥132.59	¥119.00	¥118.79			
Capital expenditures (tangible/intangible)	25.3	25.5	21.6	▲15%	▲15%	
Depreciation expenses (tangible/intangible)	14.8	14.8	14.2	▲4%	▲4%	
R&D expenses	18.4	19.0	19.1	+1%	+4%	

*1 Net Income attributable to SMC Corporation

(Unit: Billions of yen)

The annual dividend per share	200 yen	200 yen	300 yen

FY16 Consolidated Financial Summary Part 2

	FY2015	FY2016			
	Results	Results	year-on-year % change	Change	Change excluding effecs of FOREX rates
Net asset value	941.8	1,030.3	+9%	+88.5	(+108.6)
Current assets	747.1	835.9	+12%	+88.8	(+108.7)
(of which: Inventories)	(182.5)	(179.1)	(▲2%)	(▲3.3)	(+0.3)
Fixed assets	373.0	356.5	▲4%	▲16.5	(▲12.9)
Equity ratio	83.9%	86.2%		+2.3	+2.3
Equity per share	13,981 yen	15,292 yen	+9%	+1,311 yen	(+1,611 yen)
Term end FOREX rate(US$)	¥112.69	¥112.20			
(€)	¥127.57	¥119.78			

(Unit: Billions of yen)

SMC Market Share Trend (SMC Estimation)

◆Point: SMC share shows increasing tendency in each region, mainly in the semiconductor equipment, portable terminals and automobile industry!

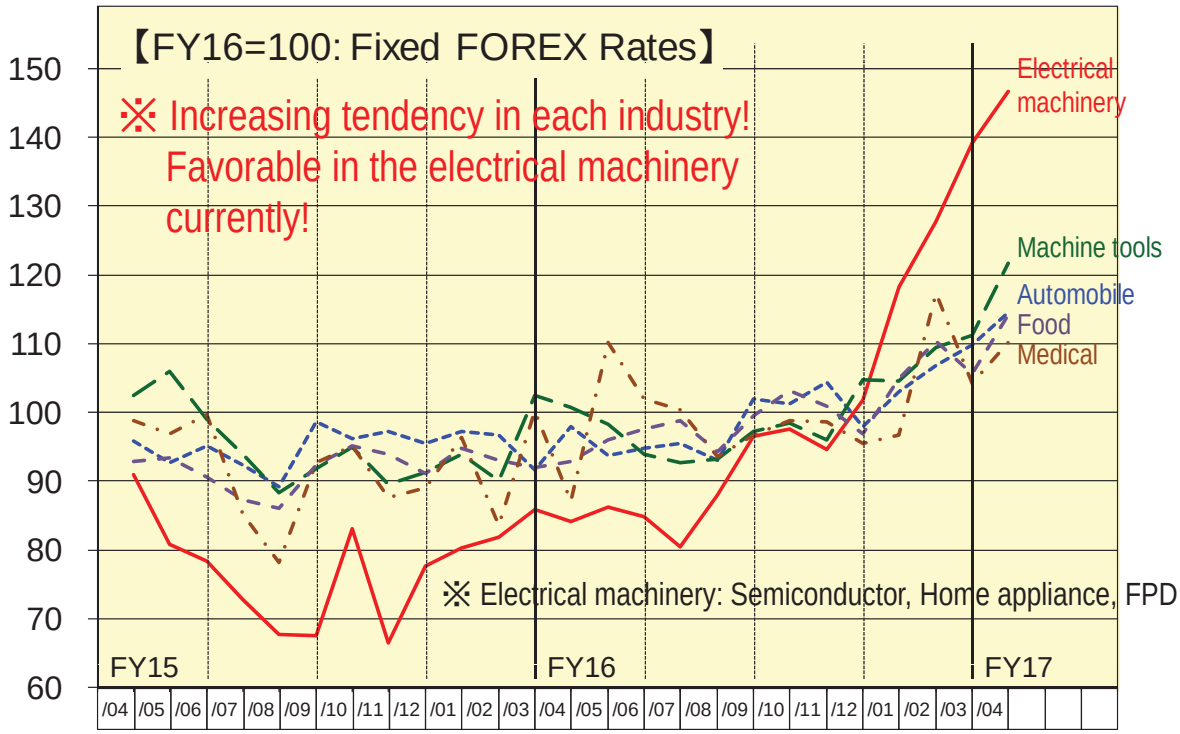
	'12	'13	'14	'15	'16
FOREX Rate(¥/$)	(82.92)	(100.17)	(109.76)	(120.14)	(108.38)
Japan	63	64	65	65	65
North America	19	21	22	23	24
Europe	17	19	20	20	20
Asia/Oceania	44	44	46	46	47
Global Total	32	32	33	34	35
☆ Excluding effects of FOREX Rate: Global Total(¥/$:108.38)	31	32	33	34	35

Current Order Situation (FY16=100)

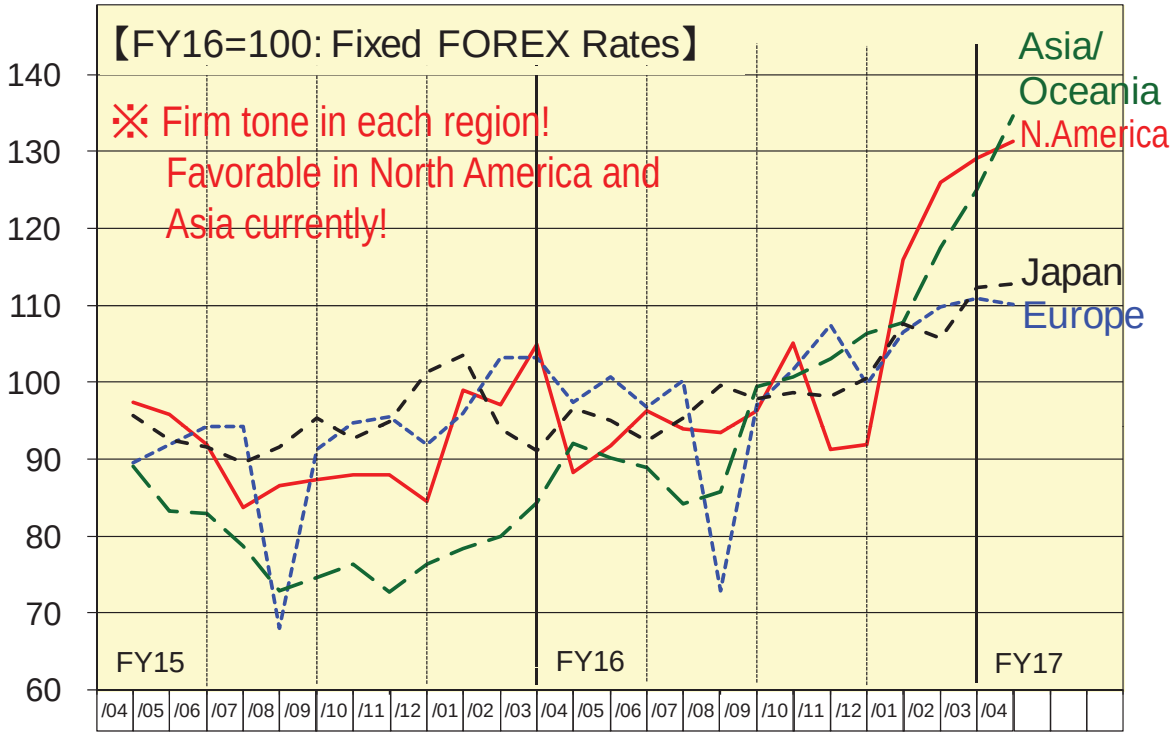
【Fixed FOREX Rates】

		FY16	'16/3Q	'16/4Q	'17/04	Current situation
Consolidated	Electrical machinery	100	98	129	147	Favorable in Japan, the US, China and Korea
	Automobile	100	101	107	115	Increase in Europe and America and China
	Machine tools	100	100	108	122	Favorable for Japan, China and Korea
	Food	100	100	107	114	Favorable in Europe and China
	Medical	100	98	106	110	Favorable in the US and China
	Other	100	99	110	108	
Japan		100	99	109	113	Iecrease in the semiconductor and portable terminals
North America		100	96	124	131	Iecrease in the semiconductor and automobile industry
Europe		100	103	109	110	Firm tone in the automobile and food industry
Asia & Oceania		100	103	117	134	Iecrease in the semiconductor, automobile and portable terminals
Consolidated		100	101	114	124	

Consolidated Orders Trend By Industry (FY16=100)



Consolidated Orders Trend By Region (FY16=100)



Pneumatic Demand Environment

☆ Against the background of local production trends mainly in the emerging countries and the request for quality improvement, the demand for factory automation shows expanding tendency!

【Attentions】

【1】The competition has intensified globally.

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

【3】Technical innovation, such as IoT and Smart Factories
⇒ Make more reliable, stable, saving-labor, saving-space products

Focused Measures for the FY17

☆ We will keep the mobility responding to the change. We will increase investment for the future growth, and promote rationalization and restructuring!

【1】Increase sales, reinforce and activate sales force competitiveness

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

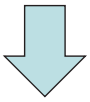
【3】Reinforce global production and supply network

【4】Reinforce information network for global cooperation, unifying the production, sales and engineering department.

Premises for FY17 Financial Forecasts

【1】The demand keeps firm tone, mainly in the semiconductor equipment, portable terminals, automobile industry and so on. However, we assume that it will ease for the FY17 2nd half.

【2】We assume FOREX rate to be (JPY/USD=105, JPY/EUR=115) for the full year, supposing that the yen will be appreciated.



FY17 Financial Forecasts

	FY2015	FY2016		FY2017		
	Results	Results	year-on-year % change	Forecasts	year-on-year % change	FOREX rate impact
Net sales	475.6	487.6	+3%	510.0	+5%	(▲9.0)
(Sales to external customers of overseas)	(321.1)	(327.9)	+2%	(343.0)	+5%	
Operating income	134.2	141.1	+5%	145.0	+3%	(▲6.4)
(Operating margin)	(28.2%)	(28.9%)		(28.4%)		
Ordinary income	129.1	148.2	+15%	150.0	+1%	(▲4.5)
Net income*1	92.1	113.0	+23%	112.0	▲1%	
FOREX Rate(US$)	¥120.14	¥108.38		¥105.00		
(€)	¥132.59	¥118.79		¥115.00		
Capital expenditures (tangible/intangible)	25.3	21.6	▲15%	35.5	+64%	
Depreciation expenses (tangible/intangible)	14.8	14.2	▲4%	15.3	+7%	
R&D expenses	18.4	19.1	+4%	20.0	+5%	

*1 Net Income attributable to SMC Corporation

(Unit: Billions of yen)

The annual dividend per share	200 yen	300 yen				

Summary

【1】We expect the stable growth in the demand for pneumatic products as a key device for the manufacturing industry.

【2】We will promote strengthening our standings against the intensified global competition.

- Exercise the mobility among the production, sales and engineering department. Be thorough with rationalization and cost reduction activities
- Invest in the new products development, equipment, research and human resources for the future growth

【3】We will focus on securing a stable and appropriate “shareholder return”. We think of it as meeting the expectation of investors that we improve the enterprise value by expanding our performance, noting corporate governance, and contribute to the society.

Notice

This document contains projections concerning the 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 31,2017

SMC Corporation

Ikuji Usui, Executive Managing Director
May 16,2017

Actual achievement-Highlights

	Mar.2016		Mar.2017			
	Monetary value	Ratio to net sales	Monetary value	Ratio to net sales	Increase/decrease	Ratio to previous term
Net sales	475.6		**487.6**		12.0	2.5%
Cost of sales	238.2	50.1%	**244.4**	**50.1%**	6.2	2.6%
Gross profit	237.3	49.9%	**243.1**	**49.9%**	5.7	2.4%
Selling,general,& administrative expenses	103.1	21.6%	**102.0**	**20.9%**	-1.1	-1.1%
Operating income	134.2	28.2%	**141.1**	**28.9%**	6.8	5.1%
Ordinary income	129.1	27.2%	**148.2**	**30.4%**	19.0	14.7%
Profit attributable to owners of parent	92.1	19.4%	**113.0**	**23.2%**	20.9	22.7%

Exchange rate(yen)

(Billions of yen)

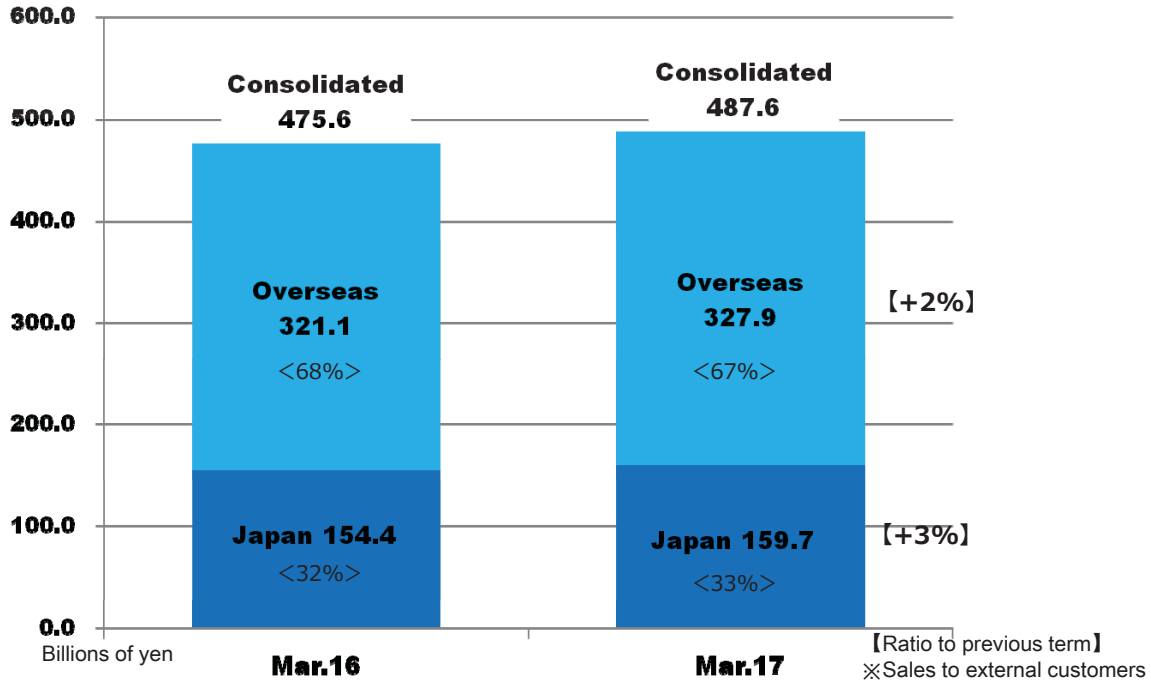
Average	US$	120.14	**108.38**
	EUR	132.59	**118.79**
End of the fisical year	US$	112.69	**112.20**
	EUR	127.57	**119.78**

Profit

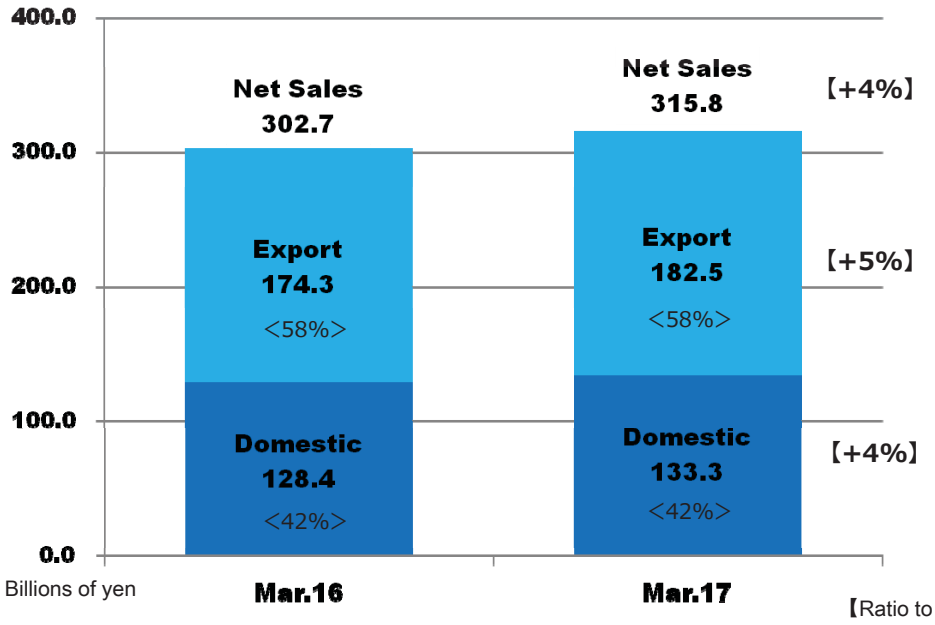
	Mar.2016		Mar.2017			
	Monetary value	Ratio to net sales	Monetary value	Ratio to net sales	Increase/decrease	Ratio to previous term
Operating income	134.2	28.2%	**141.1**	**28.9%**	6.8	5.1%
Non-Operating income	9.8	2.1%	**9.7**	**2.0%**	-0.1	-1.5%
Exchange gain	-		-		-	-
Non-Operating expenses	14.8	3.1%	**2.5**	**0.5%**	-12.3	-82.7%
Exchange loss	14.2		**2.0**		-12.1	-85.6%
Ordinary income	129.1	27.2%	**148.2**	**30.4%**	19.0	14.7%
Extraordinary income	0.4	0.1%	**0.6**	**0.1%**	0.2	56.9%
Extraordinary loss	0.2	0.1%	**3.2**	**0.7%**	2.9	1164.2%
Net income before tax	129.3	27.2%	**145.6**	**29.9%**	16.3	12.6%
Profit attributable to owners of parent	92.1	19.4%	**113.0**	**23.2%**	20.9	22.7%

(Billions of yen)

Net sales(Consolidated)



Net sales(Non-Consolidated)

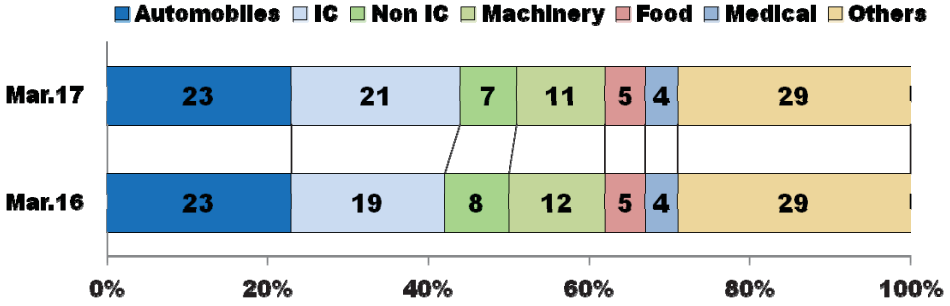


Domestic sales(Non-consolidated)

Ratio to previous term

Automobiles	IC	Non IC	Machinery	Food	Medical	Others
+1%	+13%	0%	-4%	+7%	-3%	+5%

Component ratio per industry



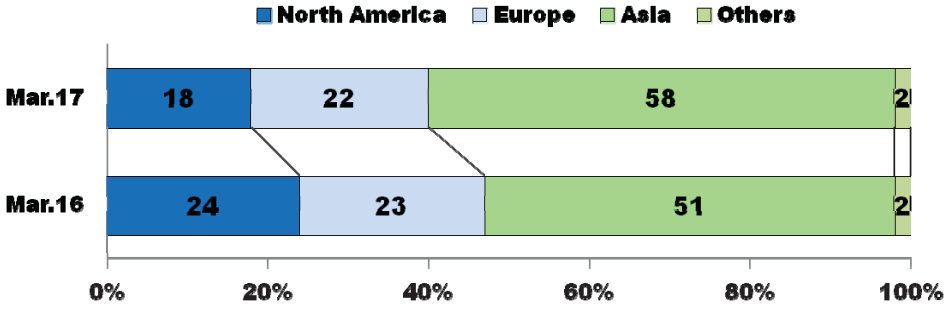
★Results in previous years of sales by prime industrial sector are subject to change retroactively as these sectors may be reviewed and the results corrected at any time.

Export sales(Non-consolidated)

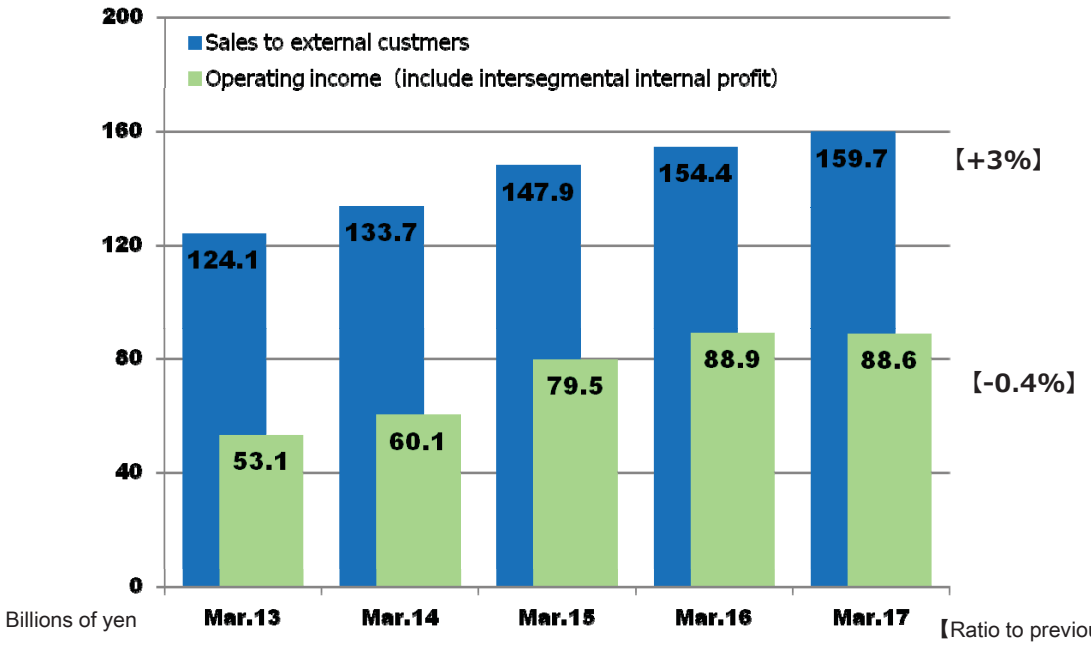
Ratio to previous term

North America	Europe	Asia	Others
-18%	-1%	+18%	+5%

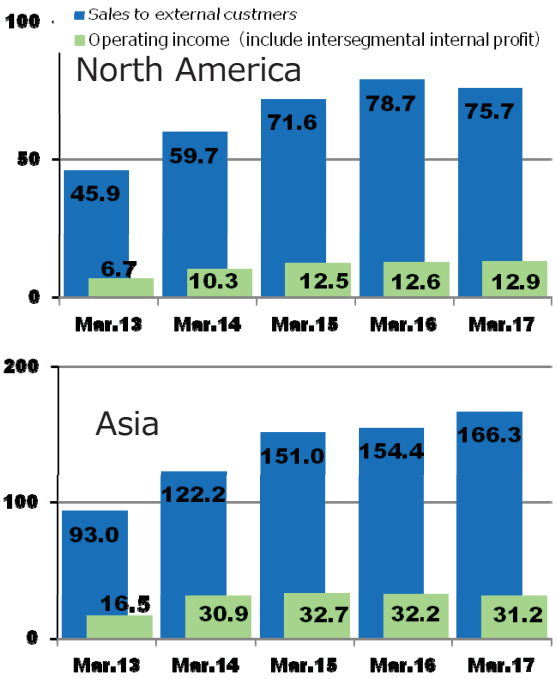
Component ratio per zone

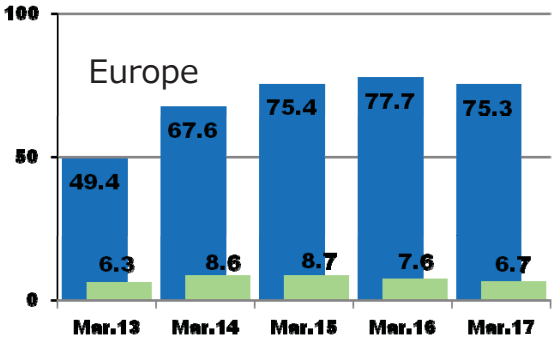


Change in net sales & Operating income - Japan



Change in net sales & Operating income - Overseas



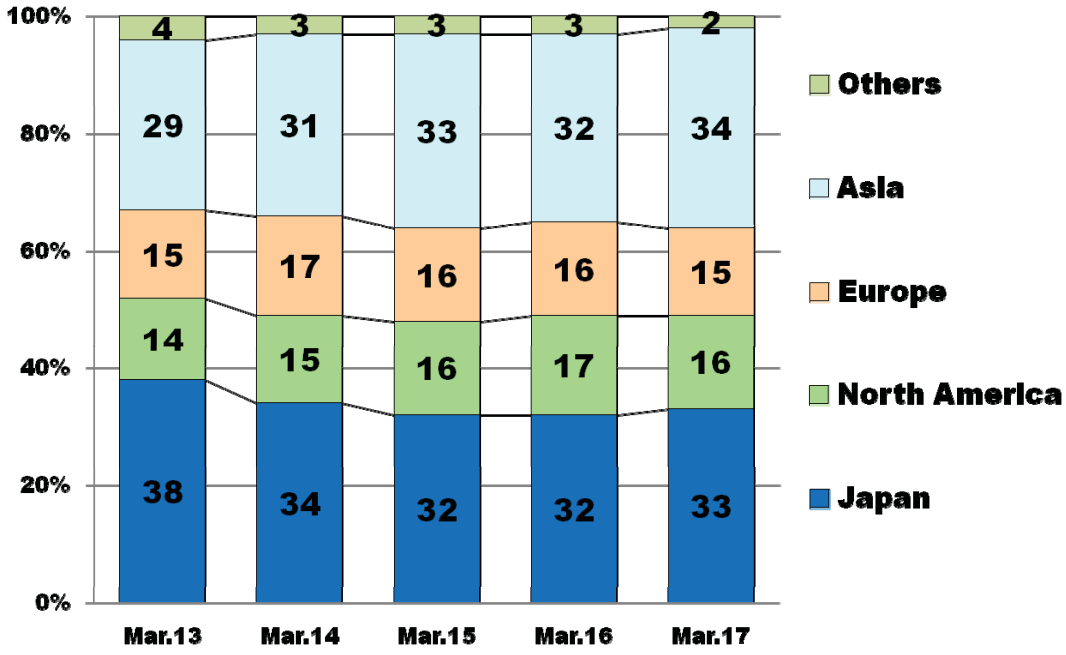


Billions of yen

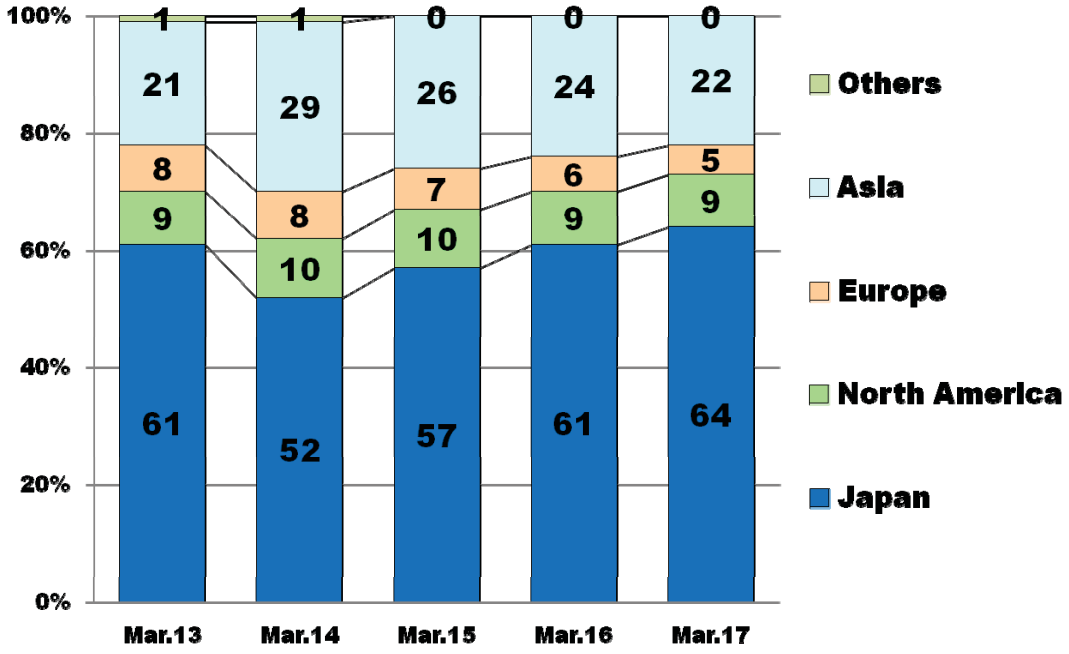
Ratio to previous term

	North America	Europe	Asia
Net sales	-4%	-3%	+8%
Operating income	+2%	-12%	-3%

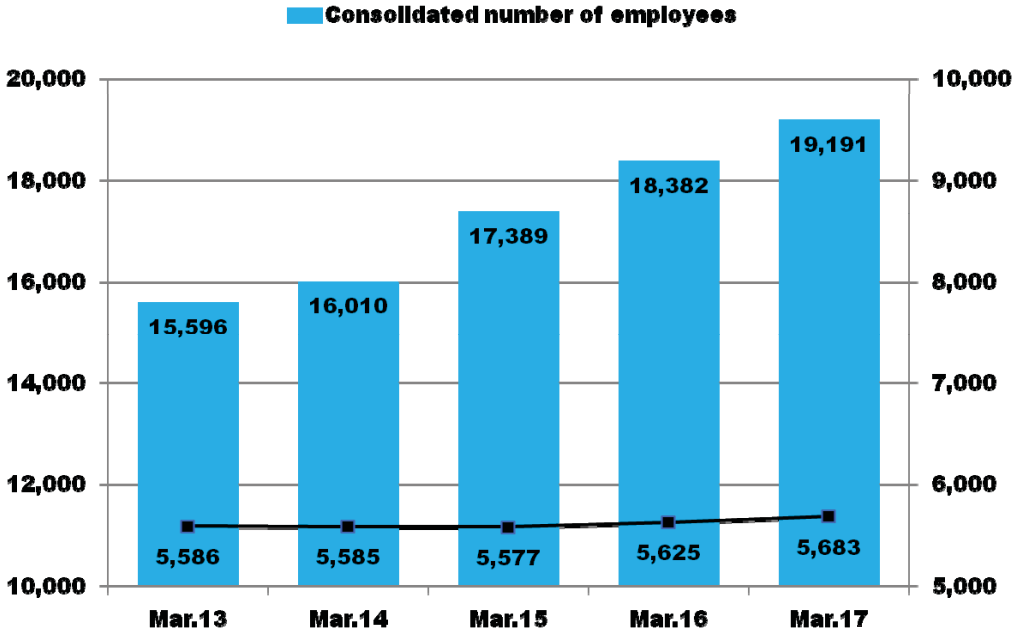
Consolidated net sales -Component ratio per zone



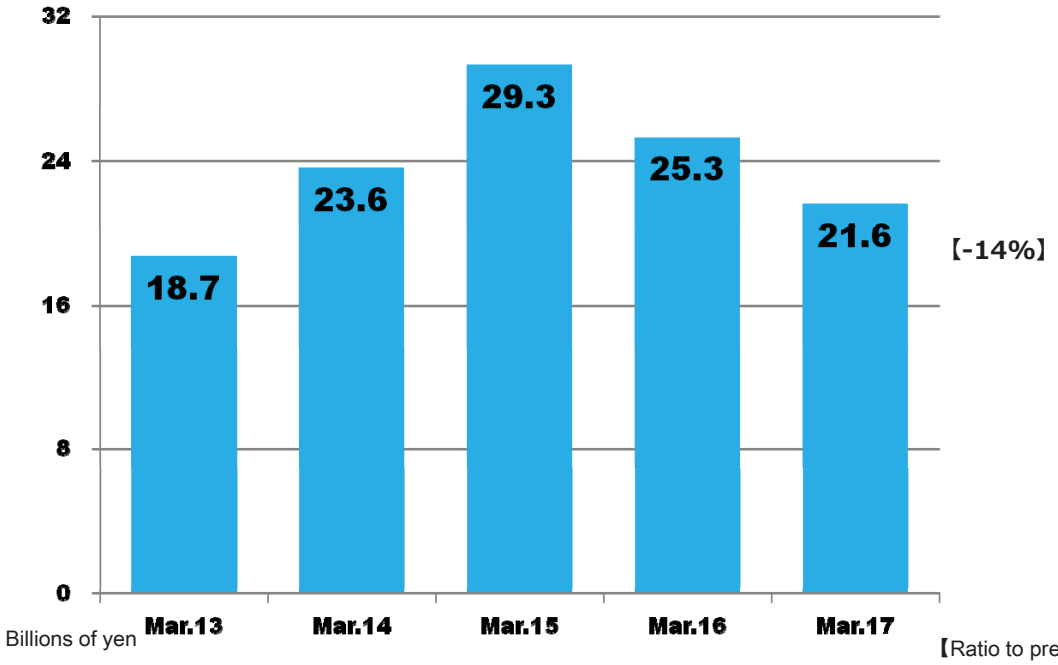
Operating Income
-Component ratio per zone



Number of employees



Capital expenditures

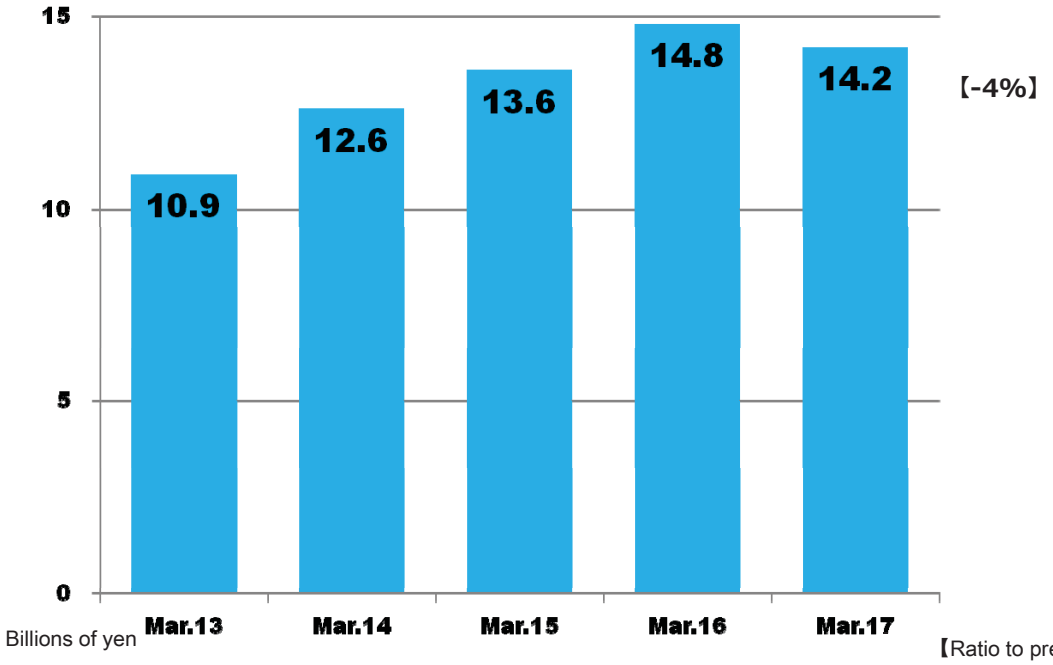


Yamatsuri Factory2

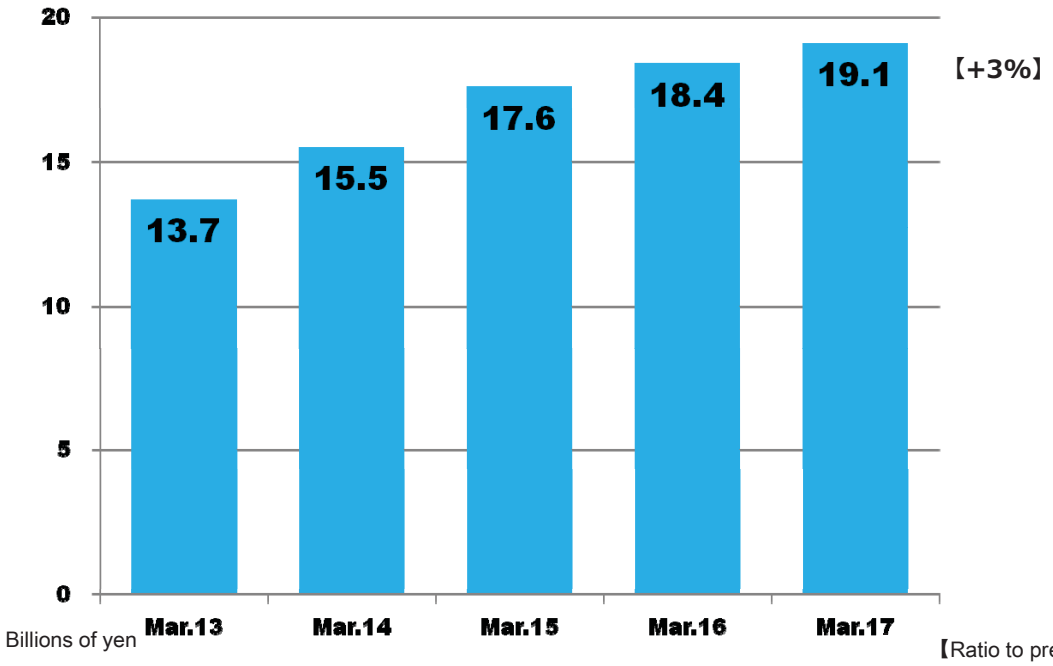
(second construction completion)



Depreciation



R & D expense



Consolidated financial statements forecast for the year ending March,2018

(Billions of yen)

	Mar.2017 Monetary value	Mar.2018 (Forecast) Monetary value	Ratio to previous term
Net sales	487.6	510.0	+5%
Sales to external customers of domestic	159.7	167.0	+5%
Sales to external customers of overseas	327.9	343.0	+5%
Operating income	141.1	145.0	+3%
Ordinary income	148.2	150.0	+1%
Profit attributable to owners of parent	113.0	112.0	-1%
Average Exchange rate(yen)			
US$	108.38	105.00	-3%
EURO	118.79	115.00	-3%
Capital expenditures	21.6	35.5	+64%
Depreciation	14.2	15.3	+7%
R&D expense	19.1	20.0	+5%

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.

