

Briefing on Financial Statements for the Year Ended March 2017



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1. Business performance for Fiscal Year Ended March 31, 2017

(1) Business Results

Overview of FY2017/3

[Net sales] +1.0bn yen (+2.3%) YoY; +1.1bn yen (+2.6%) vs. revised forecast on Nov. 11

The Japanese, European and U.S. markets made progress generally as planned.

In the Chinese market, orders received from auto parts-related sectors and others recovered from the end of the year.

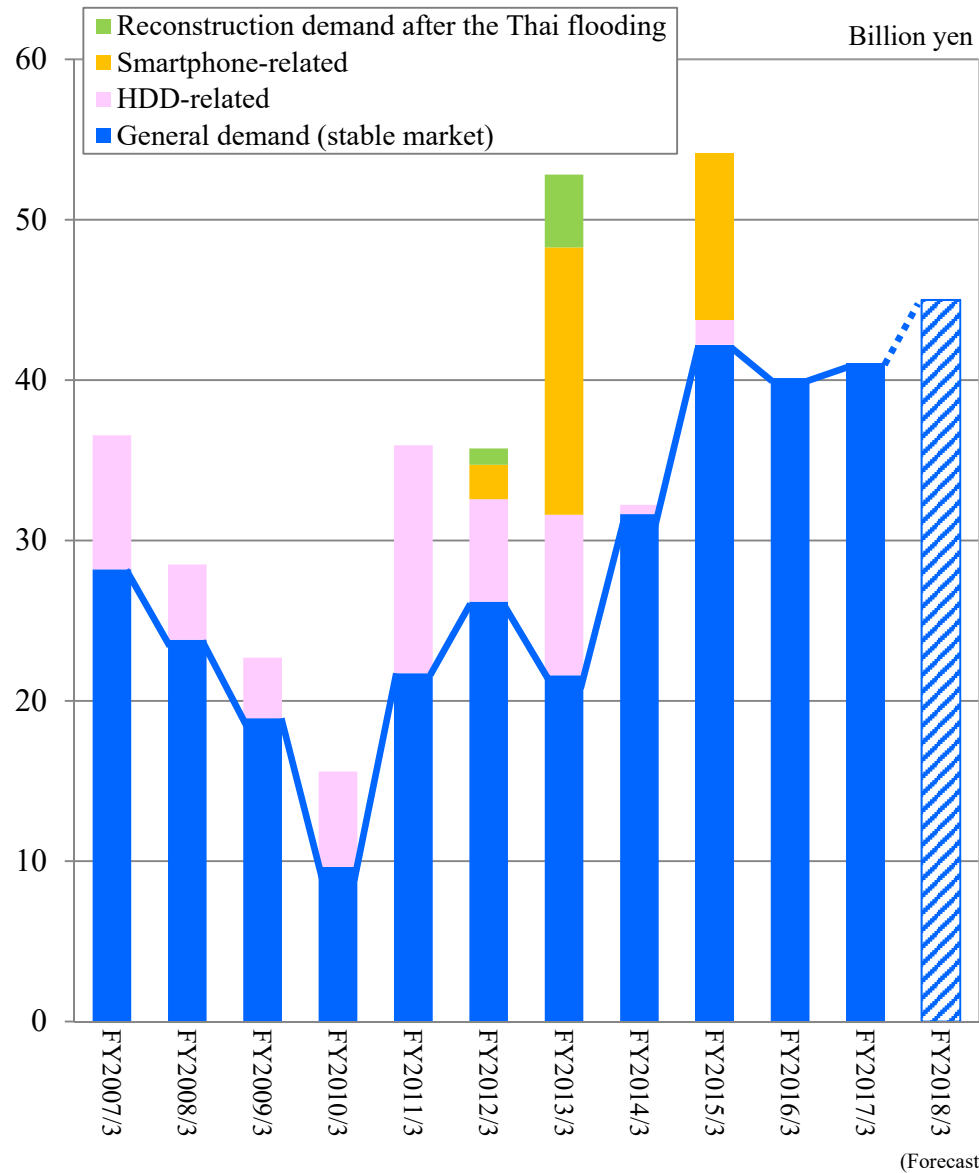
[Net income] +1.7bn yen (+199.8%) YoY; +0.4bn yen (+19.5%) vs. revised forecast on Nov. 11

The cost rate recovered due to the end of production adjustment in the previous fiscal year. Operating income and ordinary income declined from the forecasts on Nov. 11 due to the posting of valuation losses on some raw materials in the third quarter. A gain of approx. 900mn yen on sales of Shinshu Factory is recorded in extraordinary income.

Billion yen

	FY2013/3 (2012/4 - 2013/3)	FY2014/3 (2013/4 - 2014/3)	FY2015/3 (2014/4 - 2015/3)	FY2016/3 (2015/4 - 2016/3)	FY2017/3 (2016/4 - 2017/3)		
					Full-year	Year-on-Year	Difference from revised forecasts (on Nov. 11)
Net sales	52.8	32.2	54.1	40.1	41.1	+1.0	+1.1
Gross profit	14.7	7.1	14.2	9.0	9.6	+0.6	--
(Gross profit margin)	(27.8%)	(22.0%)	(26.3%)	(22.3%)	(23.5%)	(+1.2%)	(--)
Operating income	8.4	1.2	7.3	2.1	3.1	+1.0	-0.4
(Operating income margin)	(16.0%)	(3.7%)	(13.4%)	(5.3%)	(7.5%)	(+2.2%)	(-1.1%)
Ordinary income	6.8	1.9	7.7	1.1	2.8	+1.7	-0.2
(Ordinary income margin)	(12.9%)	(6.0%)	(14.3%)	(2.7%)	(6.9%)	(+4.2%)	(-0.6%)
Net income	4.2	0.3	5.3	0.9	2.6	+1.7	+0.4
(Net income margin)	(8.0%)	(1.1%)	(9.8%)	(2.2%)	(6.4%)	(+4.2%)	(+0.9%)
Net income per share (excluding treasury shares)	57.2 yen	4.7 yen	74.4 yen	13.0 yen	41.9 yen	+28.9 yen	+7.0 yen

(2) Sales situation breakdown

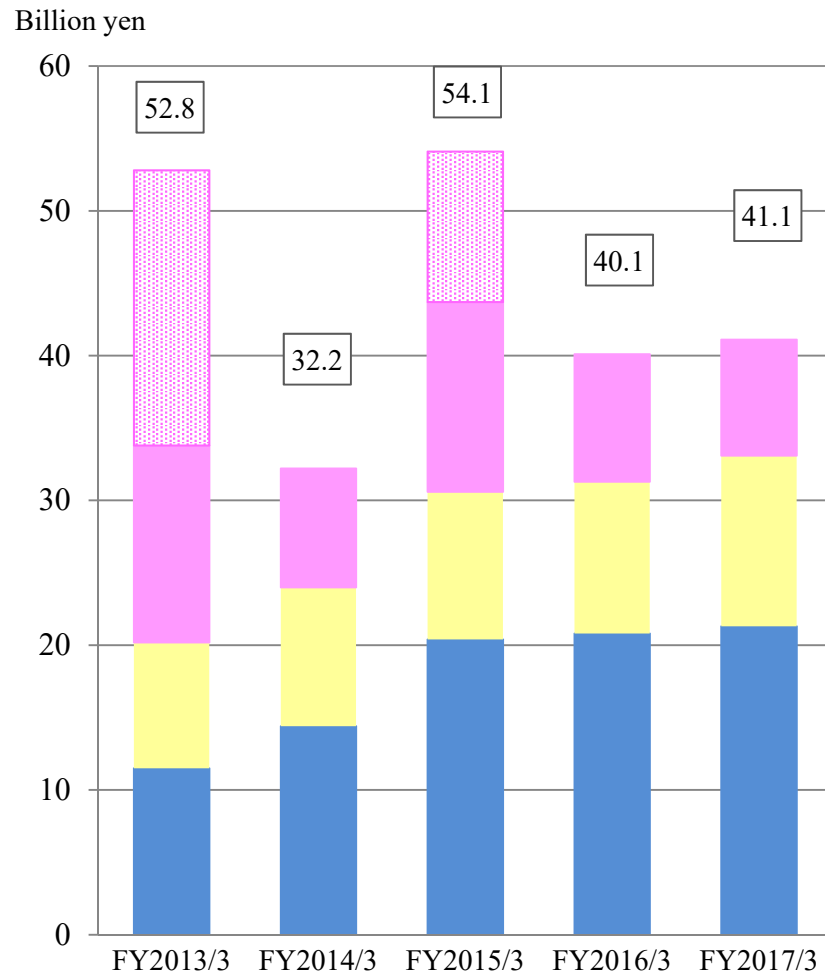


- Started to sell products for smartphones in FY2012/3. (Future orders are uncertain)
- HDD-related, the declining utilization rate hit bottom and showed signs of a rebound. (Reconstruction demand after the Thai flooding was in FY2012/3 and FY2013/3.)
- Launched new products for auto parts in the 3Q of FY2014/3 to boost sales.

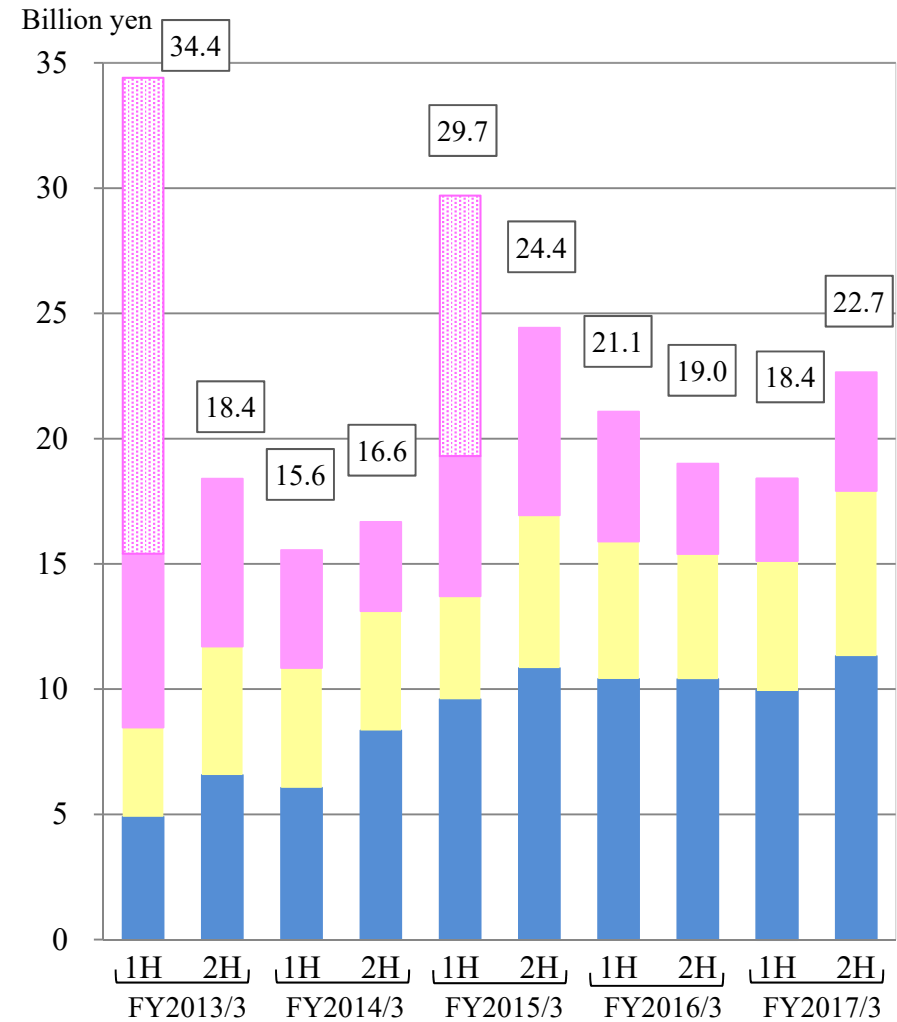
(3) Net Sales by Business Segment

- IT
- Other (hydraulic and pneumatic equipment, medical equipment and others)
- Automobile

Full-year



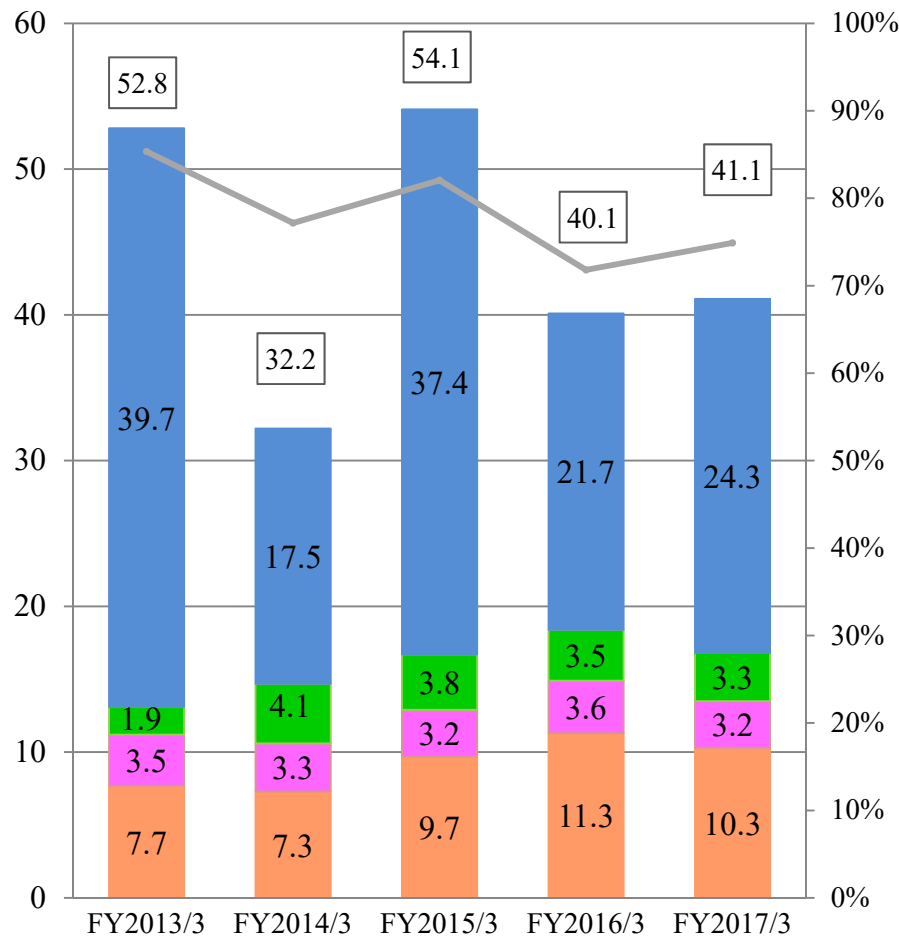
Six-month



(4) Net Sales by Geographic Segment

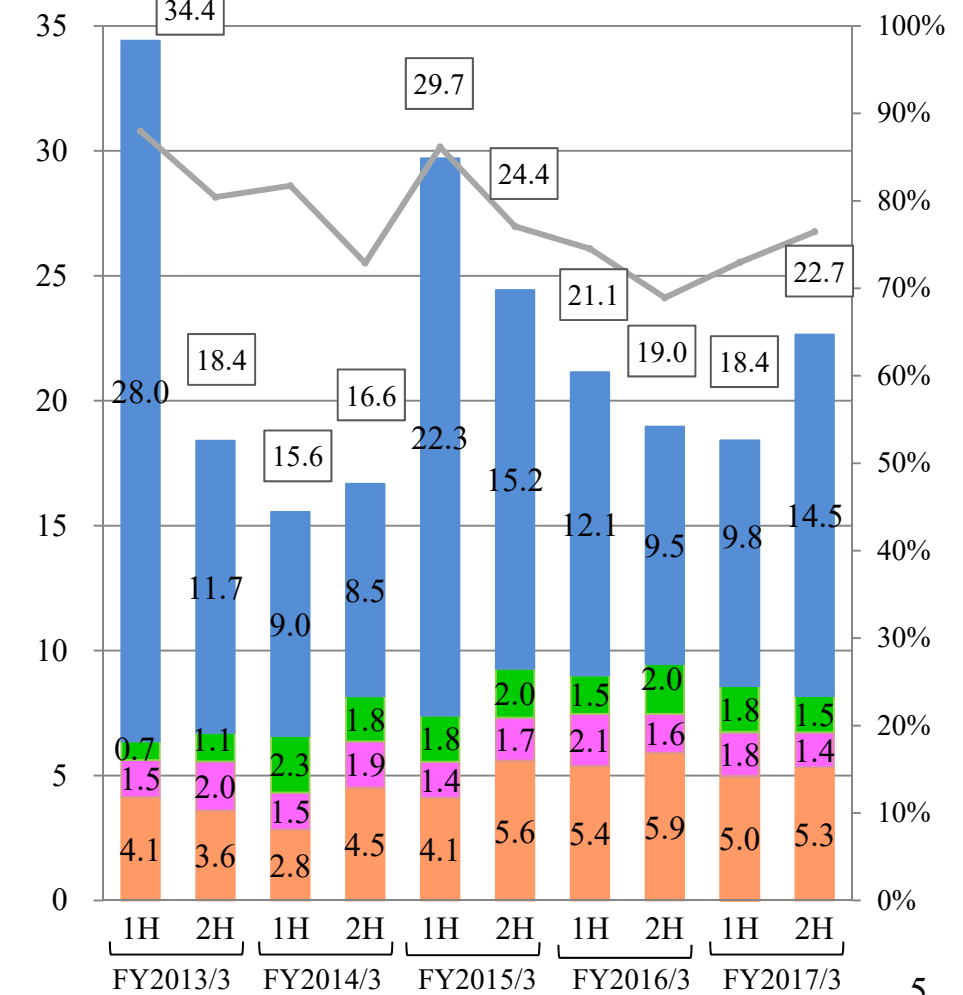
Full-year

Billion yen



Six-month

Billion yen



(5) Balance Sheets

				Billion yen
	2016/3E	2017/3E	Difference from 2016/3E	
Total assets	47.9	50.1	+2.2	
Current assets	30.7	32.5	+1.8	Note 1
Cash and deposits	4.7	4.7	-0.0	Effect of exchange rate -0.5
Trade notes and accounts receivable	5.9	9.8	+3.9	
Inventories	18.3	16.1	Note 1 -2.2	Note 2
Deferred tax assets and others	1.8	1.9	+0.1	Production machines +0.3 Sales of Shinshu factory -0.5 Depreciation and others -1.1 Effect of exchange rate -0.4
Non-current assets	17.2	17.6	+0.4	
Property, plant and equipment	9.9	8.2	Note 2 -1.7	
Intangible assets	0.7	0.6	-0.1	
Investments and other assets	6.6	8.8	Note 3 +2.2	Note 3
Total liabilities	15.3	18.7	+3.4	Valuation of investment securities +2.2
Current liabilities	14.0	16.8	+2.8	Note 4
Trade notes and accounts payable	5.9	9.6	+3.7	Effect of exchange rate -0.3
Short-term loans payable	6.1	4.2	Note 4 -1.9	
Accrued income tax and others	2.0	3.0	+1.0	Note 5
Non-current liabilities	1.3	1.9	+0.6	Purchase -3.7 (+7,254 thousand shares) Retirement + 5.4 (-10,000 thousand shares) (Capital surplus -5.4) Disposal +0.2 (-348 thousand shares)
Total net assets	32.6	31.4	-1.2	
Common stock, Capital surplus	18.2	12.8	Note 5 -5.4	
Retained earnings	15.7	17.3	+1.6	
Treasury shares	-4.8	-3.0	Note 5 +1.8	
Valuation difference on available-for-sale securities	1.8	3.3	+1.5	
Foreign currency translation adjustment and others	1.7	1.0	-0.7	
(Capital adequacy ratio)	(66.2%)	(61.1%)	(△5.1%)	

(6) Cash flows

Billion yen

	FY2016/3 (2015/4 - 2016/3)	FY2017/3 (2016/4 - 2017/3)
Cash flows from operating activities	4.2	5.6
Income before taxes, depreciation and amortization	2.3	Note 1 4.7
Gross working capital	2.5	Note 2 2.3
Corporate and other taxes and others	-0.6	-1.4
Cash flows from investing activities	-0.9	0.9
Capital investment in factories	-0.4	-0.2
Indian subsidiary	-0.3	--
Sales of Shinshu factory	--	1.3
Purchase of investment securities and others	-0.2	Note 3 -0.2
Cash flows from financing activities	-3.5	-6.4
Short-term loans payable	-0.2	-1.6
Dividends paid	-1.1	-1.1
Purchase of treasury shares	-2.2	Note 4 -3.7
Effect of exchange rate change on cash and cash equivalents	-0.1	-0.1
Net increase (decrease) in cash and cash equivalents	-0.3	-0.0
Cash and cash equivalents at the end of the term	4.6	4.6

Note 1
Income before taxes 3.67
Depreciation and amortization 0.99

Note 2
Notes and accounts receivable -4.09
Notes and accounts payable 3.87
Inventories 1.57
Other current assets 0.98

Note 3
Payments into deposit -0.27
(until the completion of the soil contamination investigation)

Note 4
7,254 thousand shares purchased

2. Business Conditions and Outlook

(1) Outlook for Fiscal Year Ending March 31, 2018

Outlook for FY2018/3

- The domestic market will remain firm, and the European and U.S. markets are expected to grow moderately. In the Chinese market, the recovery is pronounced, and attention needs to be paid to future market trends.
- Turret lathes suitable for processing auto parts will make a positive contribution to results.
- Special demand for products for smartphones is unknown and is not reflected in the forecast.

Billion yen

	FY2017/3 (2016/4 - 2017/3)			FY2018/3 (2017/4 - 2018/3) forecasts			
	1H	2H	Full-year	1H	2H	Full-year	Year-on-Year
Net sales	18.4	22.7	41.1	24.0	21.0	45.0	+3.9
Operating income	1.5	1.6	3.1	2.7	1.8	4.5	+1.4
(Operating income margin)	(7.9%)	(7.2%)	(7.5%)	(11.3%)	(8.6%)	(10.0%)	(+2.5%)
Ordinary income	1.1	1.7	2.8	2.5	1.8	4.3	+1.5
(Ordinary income margin)	(5.7%)	(7.9%)	(6.9%)	(10.4%)	(8.6%)	(9.6%)	(+2.7%)
Net income	0.7	1.9	2.6	1.7	1.2	2.9	+0.3
(Net income margin)	(4.0%)	(8.4%)	(6.4%)	(7.1%)	(5.7%)	(6.4%)	(0.0%)
Net income per share (excluding treasury shares)	11.4 yen	31.0 yen	41.9 yen	28.3 yen	20.0 yen	48.3 yen	+6.4 yen

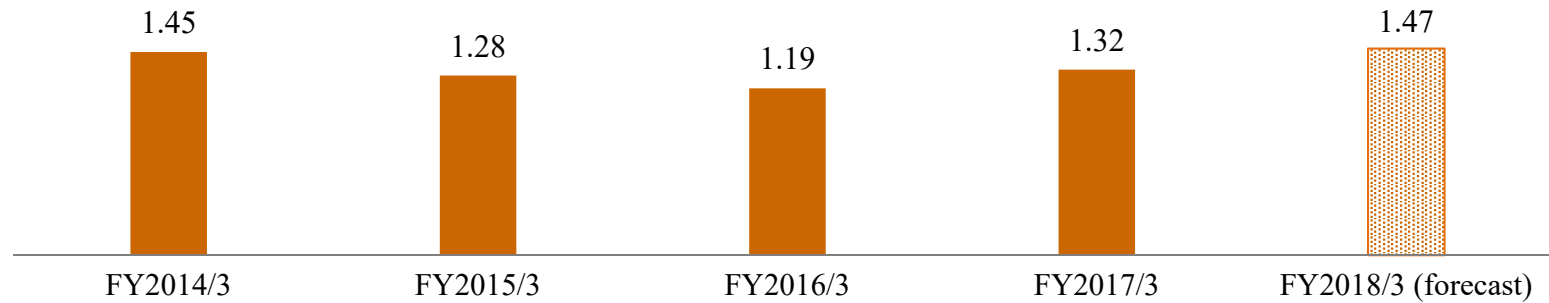
(2) New Products

		Orders start	Main target
Released in FY2017/3	Automatic lathes B038M, SS38MH-5AX	2Q of FY2017/3	IT, Automobile parts and Others
	Automatic lathes M08JL5-II	2Q of FY2017/3	Automobile parts and Others
	Automatic lathes B0386-III, M08DY-II	3Q of FY2017/3	IT, Automobile parts and Others
	Turning center TMA6JC	3Q of FY2017/3	IT, Automobile parts and Others
Scheduled for release in FY2018/3	Automatic lathes 1 model	2Q of FY2018/3	Automobile parts and Others
	Automatic lathes 4 models	2Q of FY2018/3	IT, Automobile parts and Others
	Machining center 1 model	2Q of FY2018/3	IT, Automobile parts and Others
	Automatic lathes 2 models	4Q of FY2018/3	IT, Automobile parts and Others

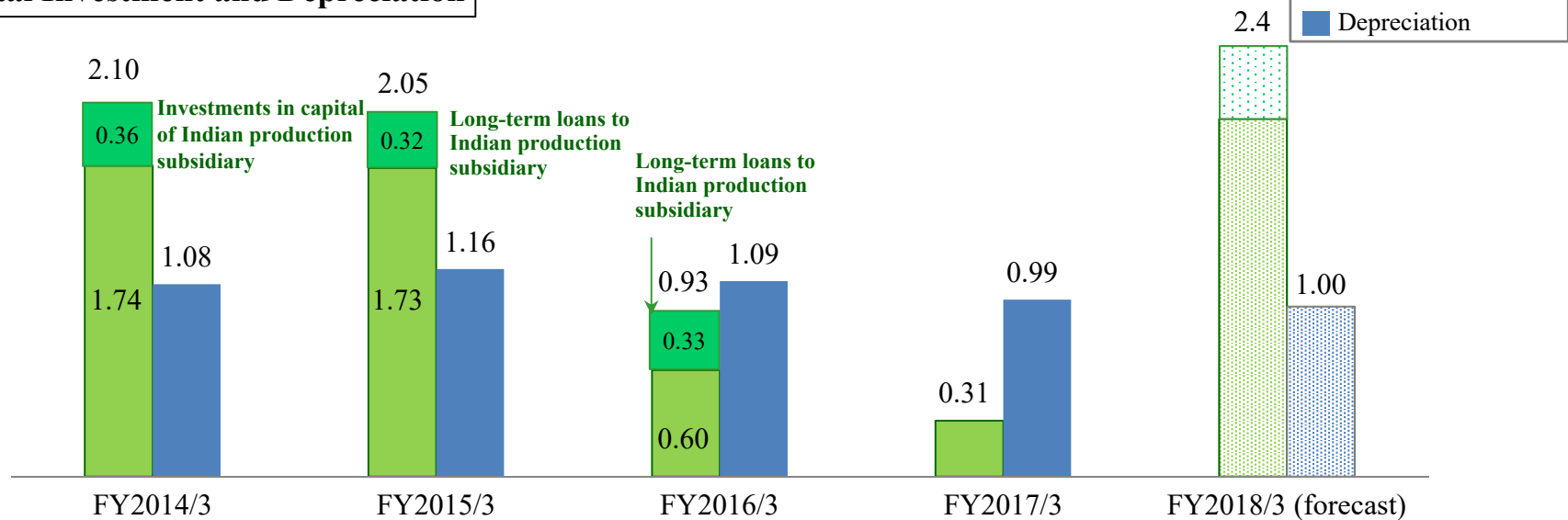
(3) R&D Expenditures, Capital Investment and Depreciation

R&D Expenditures

Billion yen



Capital Investment and Depreciation



3. Shareholder Returns

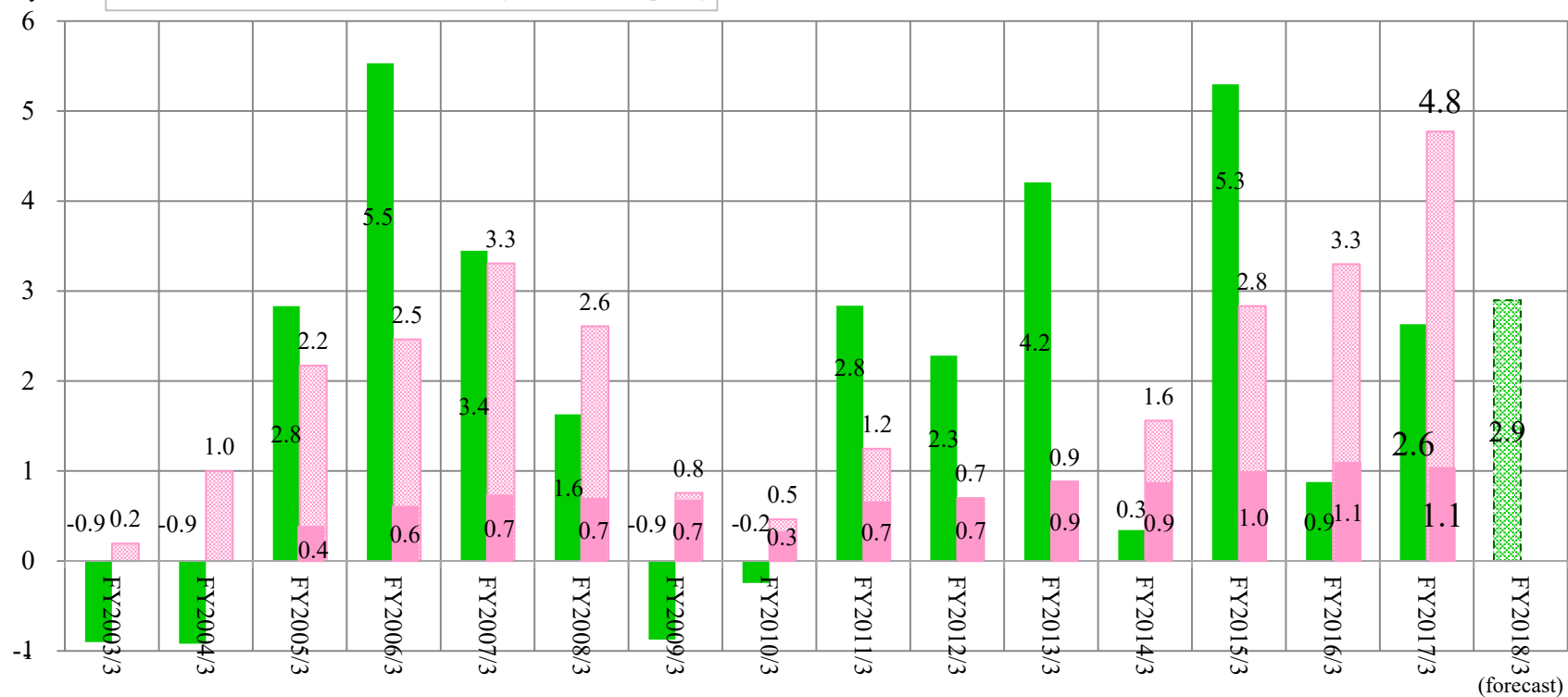
(1) Shareholder Returns

Billion yen

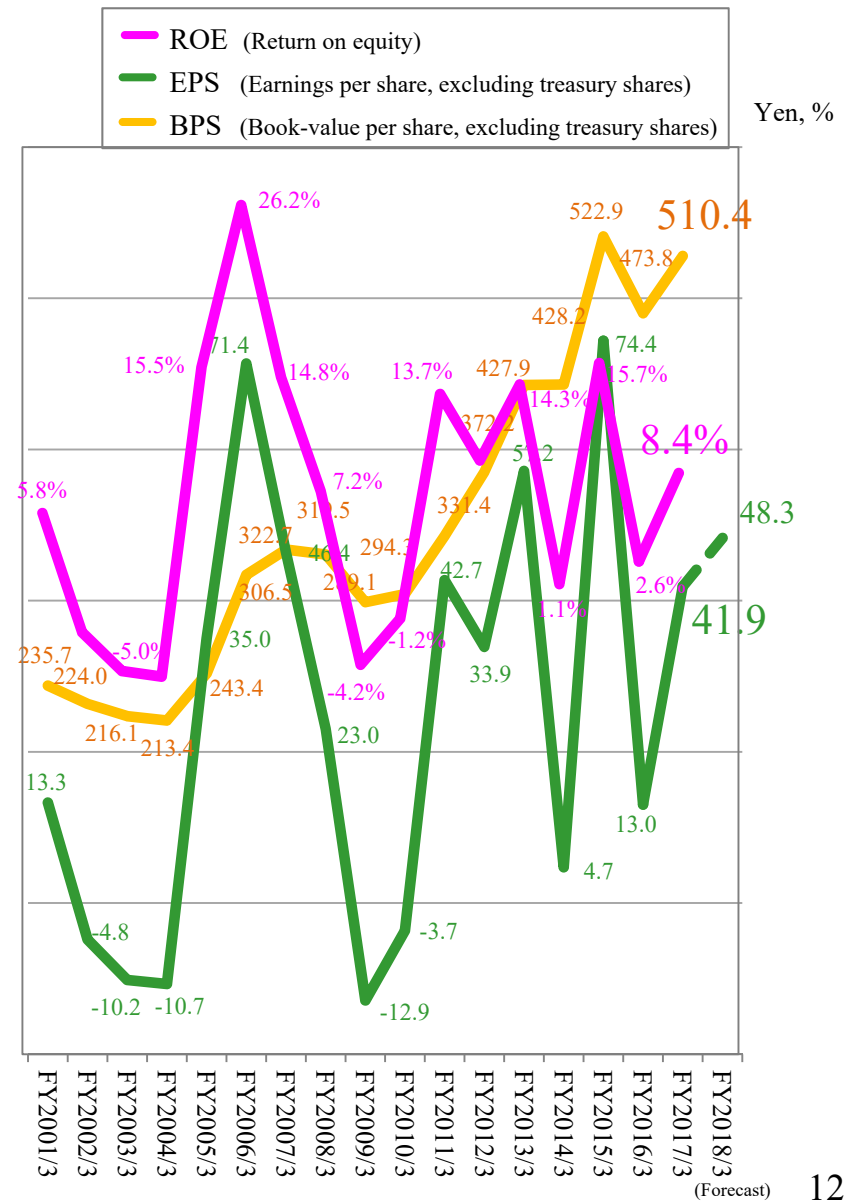
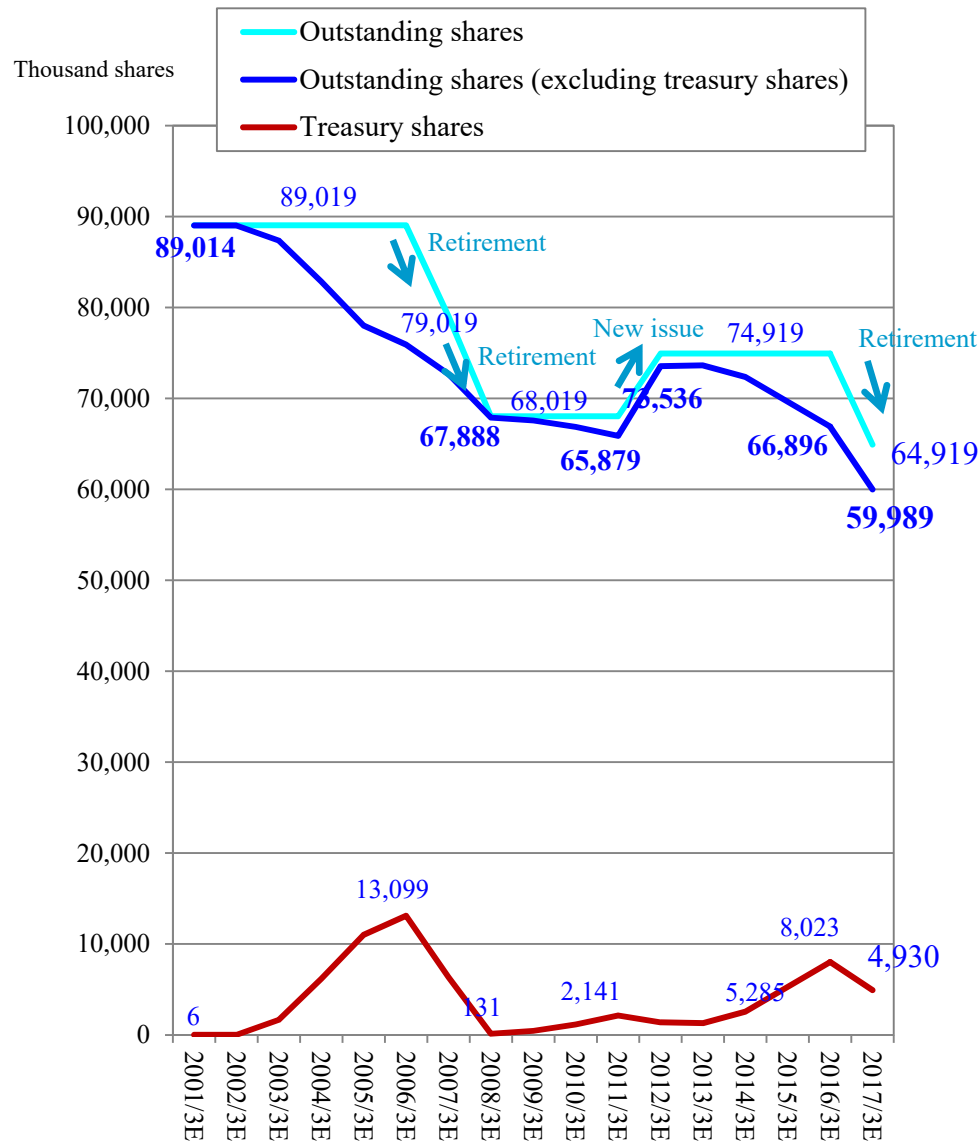
	FY03/3	FY04/3	FY05/3	FY06/3	FY07/3	FY08/3	FY09/3	FY10/3	FY11/3	FY12/3	FY13/3	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3 (forecast)
Dividends paid (Full-year per share)	0.0 (0 yen)	0.0 (0 yen)	0.4 (5 yen)	0.6 (8 yen)	0.7 (10 yen)	0.7 (10 yen)	0.7 (10 yen)	0.3 (5 yen)	0.7 (10 yen)	0.7 (10 yen)	0.9 (12 yen)	0.9 (12 yen)	1.0 (14 yen)	1.1 (16 yen)	1.1 (16 yen)	-- (16 yen)
Purchase of treasury shares	0.2	1.0	1.8	1.9	2.6	1.9	0.1	0.1	0.6	0.0	0.0	0.7	1.8	2.2	3.7	--
Total return	0.2	1.0	2.2	2.5	3.3	2.6	0.8	0.4	1.3	0.7	0.9	1.6	2.8	3.3	4.8	--
Dividend payout ratio	--	--	14.1%	11.2%	21.6%	43.4%	--	--	23.4%	29.5%	21.0%	254.2%	18.8%	122.7%	38.2%	33.1%
Total return ratio	--	--	76.7%	44.5%	95.9%	160.2%	--	--	44.0%	30.6%	21.0%	453.5%	53.5%	380.2%	181.5%	--

Billion yen

■ Net income ■ Total return ratio(■ Dividends paid)



(2) Acquisition of Treasury Stock



(Forecast)

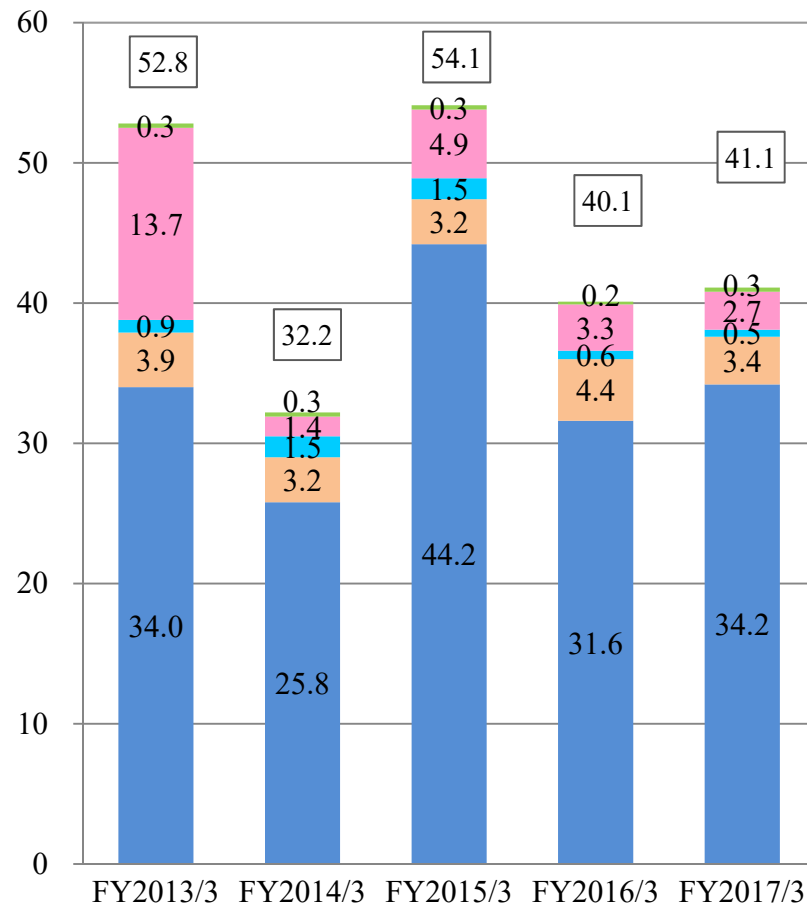
4. Reference

Net Sales by Machinery Category

- Other businesses
- Rolling machines and specialized machines
- Machining centers
- Grinding machines
- Automatic lathes

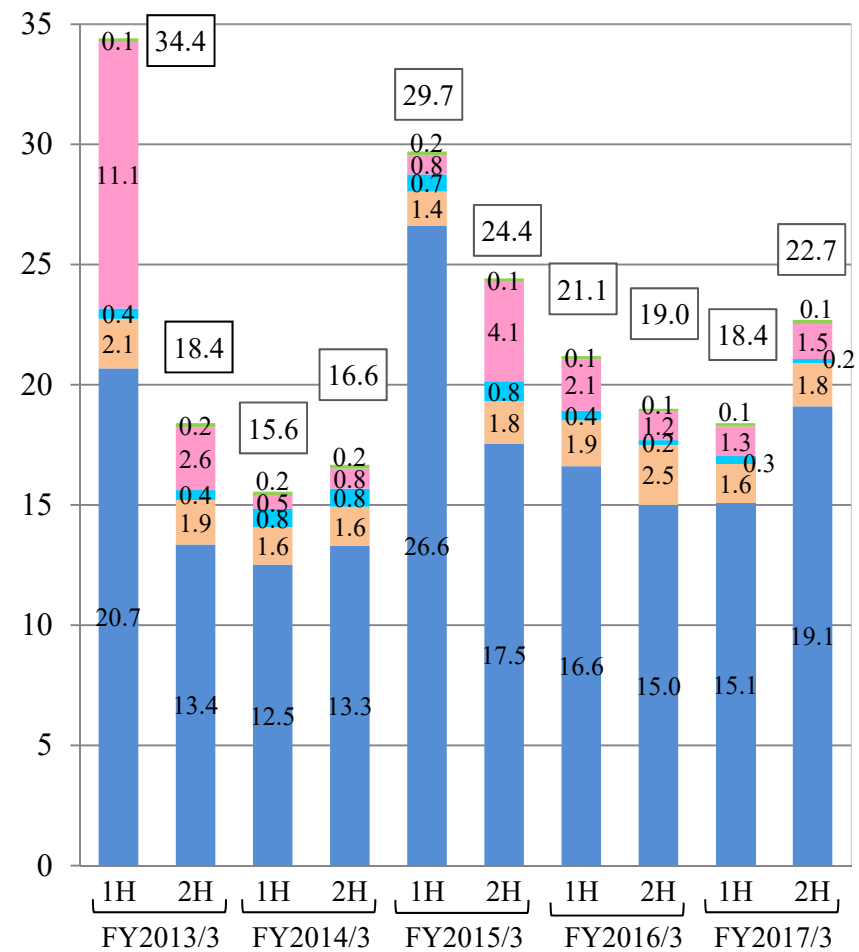
Full-year

Billion yen



Six-month

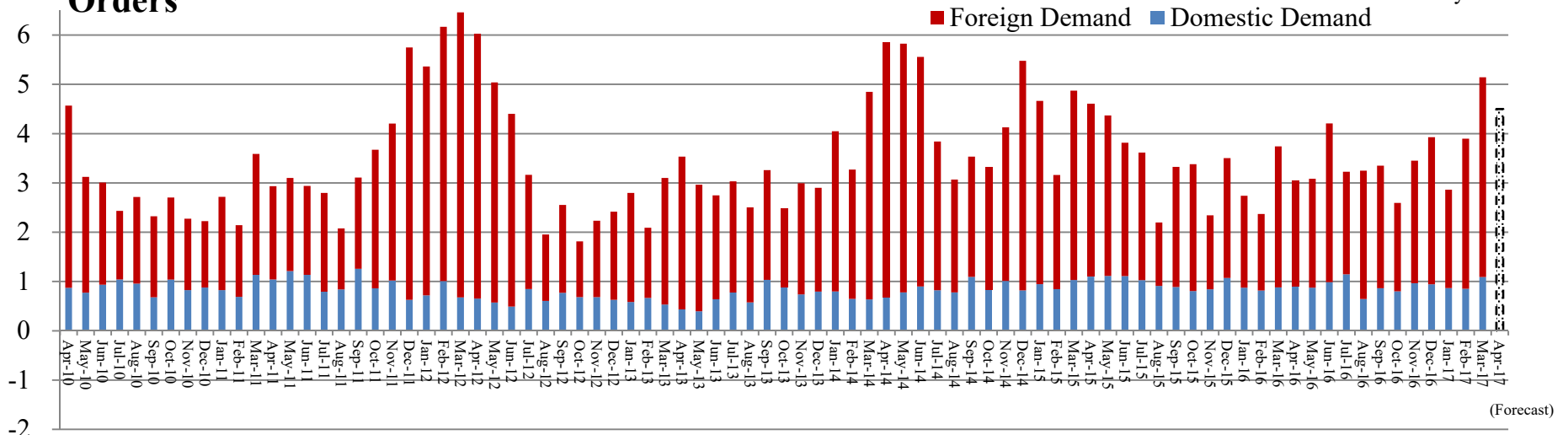
Billion yen



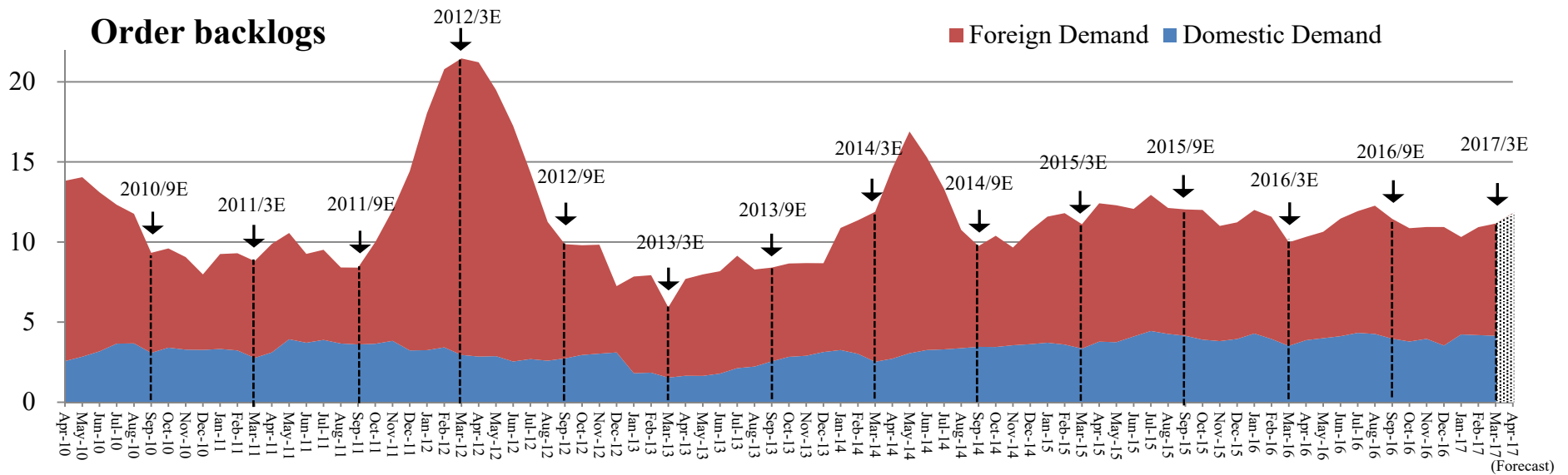
Orders Received and Order Backlogs

Orders

Billion yen

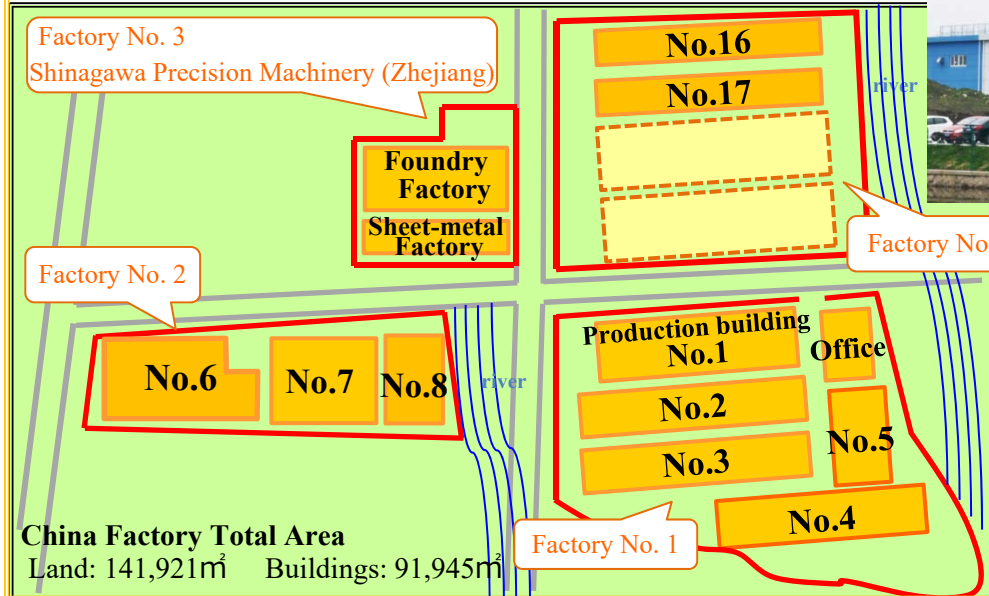


Order backlogs



Factories in China and India

【 China Factory 】



China Factory Total Area
 Land: 141,921m² Buildings: 91,945m²



India Factory
 Land: 14,695m² Building: 5,890m²



【 India Factory 】

The content in this material is premised on various assumptions and does not ensure or guarantee the realization of the planned figures and/or future policies stated herein.