



MORI SEIKI

THE MACHINE TOOL COMPANY

FYE 3/31/2005 Financial Results

May 9, 2005

This document includes future projections and other forward-looking statements on business performance, plans, and other related information. The information is based on certain assumptions and judgments on the economic environment, business policies, and other factors at the time each document was prepared. In view of the element of uncertainty inherent in various factors, the actual results and performance may be different from the projections and forward-looking statements in this material.



1. FYE 3/31/2005 Financial Results

Strong Demand/Large Increase in Revenue and Profit

- **Achieved highest sales results**
- **Sales increased by 39.5% compared to that of last term**
- **4.4 times larger sales profit compared to that of last year**
- **Brisk order environment**
- **Improved operation indicators**



Results of Large Increase in Revenue and Profit

Results Summary (Consolidated)

(¥Million)	FYE3/31/2004	FYE3/31/2005		
		Results	Increase	YOY
Sales	87,557	122,166	34,609	+39.5%
Operating Profit	2,401	10,517	8,116	4.4 times
(Operating Margin)	2.7%	8.6%	-	-
Ordinary Profit	1,850	10,504	8,654	5.7 times
(Ordinary Margin)	2.1%	8.6%	-	-
Pretax Profit	821	10,004	9,183	12.2 times
Net Profit	712	9,381	8,669	13.2 times
(Conversion) 1US\$= Rate) 1EUR=	(¥ 112.73) (¥ 132.57)	(¥ 107.58) (¥ 135.68)		



Profit is Increasing Rapidly Every Quarter

(Consolidated quarterly results)

(¥Million)	FYE 3/31/2005				
	First	Second	Third	Fourth	Annual
Sales	21,790	31,521	32,415	36,440	122,166
Operating Profit	704	2,397	2,885	4,531	10,517
(Operating Margin)	3.23%	7.60%	8.90%	12.43%	8.61%
Ordinary Profit	782	2,383	2,926	4,413	10,504
(Ordinary Margin)	3.59%	7.56%	9.03%	12.11%	8.60%



Simple and Sturdy Balance Sheet

Major Changes in Balance Sheet (Consolidated)

(¥Million)	3/31/2004		3/31/2005		(¥Million)	3/31/2004		3/31/2005	
	Results	Results	Difference	Results		Results	Difference		
Assets					Liabilities				
Current Assets	55,575	63,699	8,123		Current Liabilities	14,336	22,742	8,405	
Cash & Deposits	15,968	12,775	-3,193		Trade Payable	6,466	8,199	1,733	
Receivables	20,352	27,765	7,413		Current Portion of LT Debts	2,584	5,084	2,500	
Inventories	17,621	21,069	3,448		Accounts payable	3,373	4,496	1,123	
Other	1,634	2,090	456		Other	1,913	4,963	3,050	
Fixed Assets	66,589	71,931	5,342		Long-term Liabilities	20,857	16,290	-4,567	
Buildings	25,668	26,972	1,304		Long-term Debts	17,792	12,708	-5,084	
Equipment	7,013	7,633	620		Other	3,065	3,582	517	
Land	20,886	21,672	786		Minority Interests	59	156	96	
Other	13,022	15,654	2,632		Shareholders' Equity	86,911	96,442	9,530	
Total Assets	122,165	135,631	13,465		Total Liabilities & Equity	122,165	135,631	13,465	
(Conversion 1US\$= Rate) 1EUR=)	(¥105.64)	(¥107.32)			(Conversion 1US\$= Rate) 1EUR=)	(¥105.64)	(¥107.32)		
	(¥128.79)	(¥138.75)				(¥128.79)	(¥138.75)		

Long-term Debts has been steadily decreasing. Profit and cash & deposits can cover increased working funds and increased fixed assets.



Sufficient Operating Cash Flow

Statements of Cash Flow (Consolidated)

(¥100Million)	FYE	FYE
	3/31/2004	3/31/2005
	Annual	Annual
Cash Flow (Operating activities)	45	69
Cash Flow (Investing activities)	-36	-70
Cash Flow (Financing activities)	69	-24
(Effect of exchange rate changes on cash and cash equivalents)	-1	-1
Increase (decrease) in cash and cash equivalents	77	-27
Cash and cash equivalents at beginning of year	84	160
(Decrease in cash and cash equivalents resulting from the exclusion of subsidiaries from consolidation)	-1	-5
Cash and cash equivalents at the end of the year	160	128

Improving Turnover Ratios

Turnover ratio & Equity Ratio (Consolidated)

(Months)	FYE3/31/2004	FYE3/31/2005	
	Results	Results	Difference
Receivables	2.79 mo. →	2.73 mo.	-0.06 mo.
Inventories	2.42 mo. ↘	2.07 mo.	-0.35 mo.
Payables	0.89 mo. →	0.81 mo.	-0.08 mo.
Fixed Assets	7.75 mo. ↘	5.88 mo.	-1.87 mo.
Borrowings	2.79 mo. ↘	1.88 mo.	-0.91 mo.
Equity Ratio	71.14% →	71.11%	-0.03%

Indexes for inventories, payables, and borrowings were improved although the business operation is expanding.

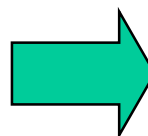
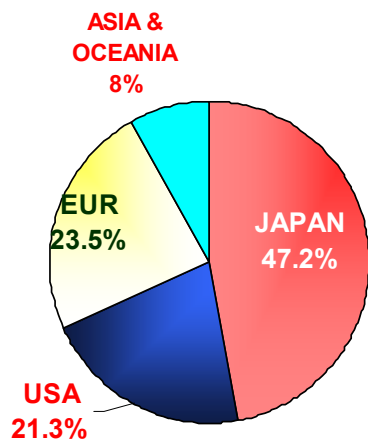
Structure Resistant to Fluctuation in Currency

Sales by Region

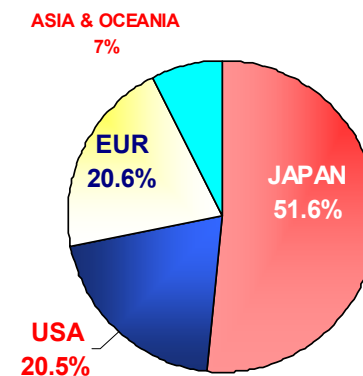
(¥Million)	JAPAN	USA	EUR	ASIA & OCEANIA	TOTAL
FYE3/31/2005	63,021	25,034	25,108	9,004	122,166
Sales FYE3/31/2004	41,322	18,619	20,589	7,027	87,557
YOY	+52.5%	+34.5%	+21.9%	+28.1%	+39.5%

※Segment : Overseas sales base

FYE3/31/2004 Annual



FYE3/31/2005 Annual

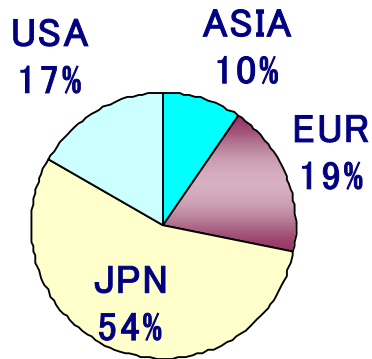




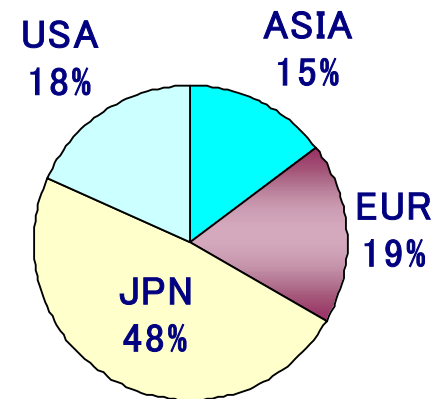
54% of Sales were in the Japanese Market; of Those 5% and 1% were Installed in Asia and USA

Machine Sales vs. Installation by Region (4/2004-3/2005, Actual)

Machines Sold by Region



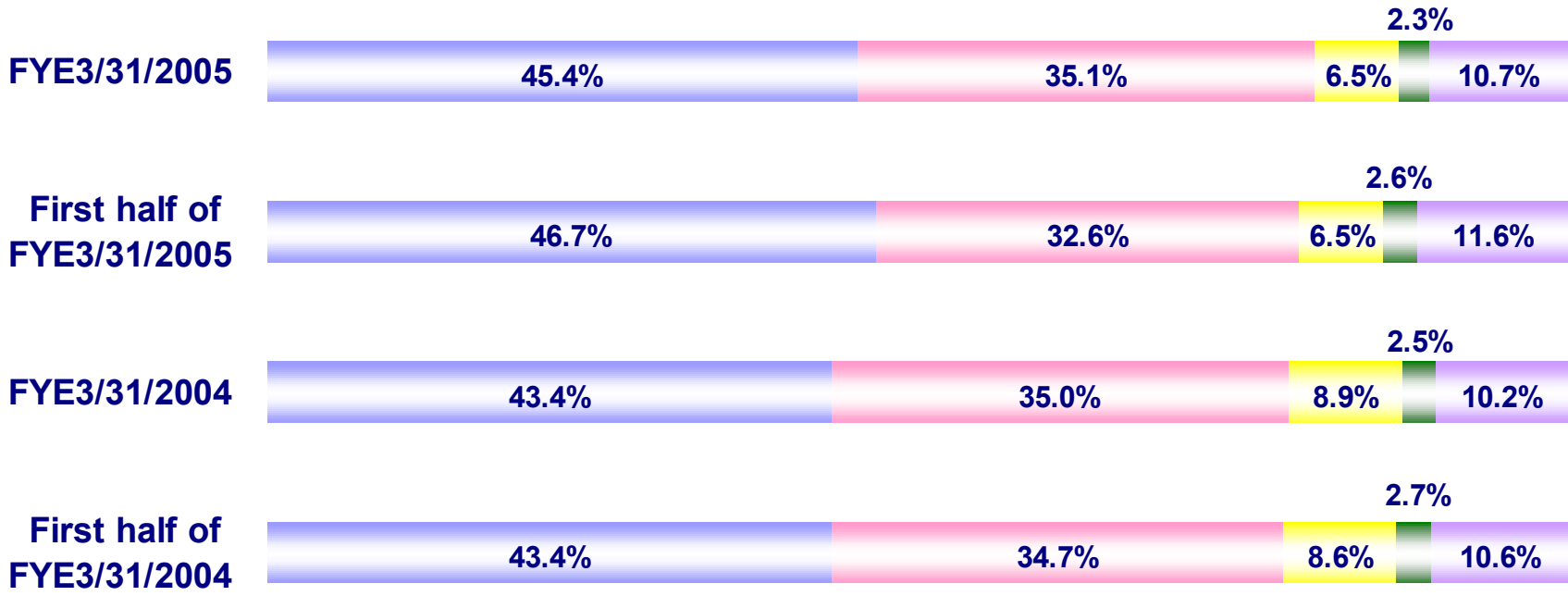
Machines Installed by Region





Increasing Sales of the NL Series (Increased sales of CNC lathes)

Sales Breakdown (Consolidated)



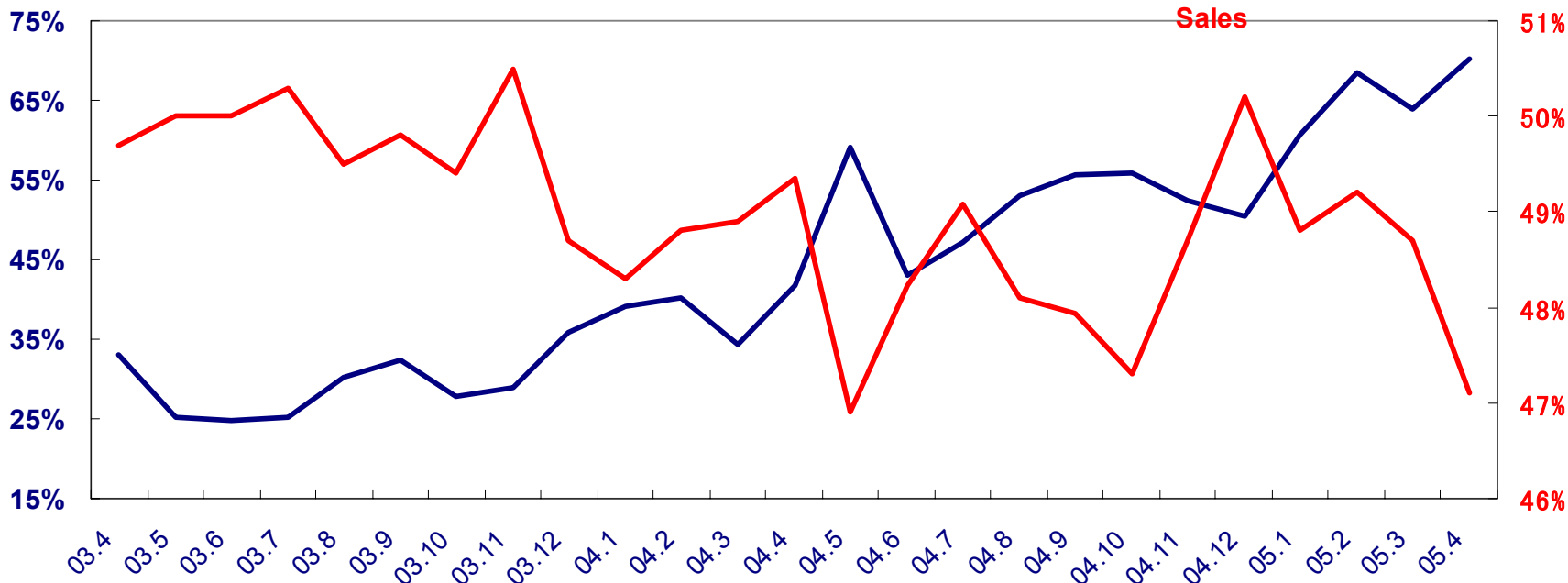
- Machining Center
- CNC Lathe
- Multi-Axis Turning Center
- Grinding Machine
- Service, Parts & Others



Effective Reduction in Material Cost Ratio by the Sales of the N Series

— Sales proportion of N series within total sales — Material cost of sales ratio

"N Series" Sales/ Total Sales



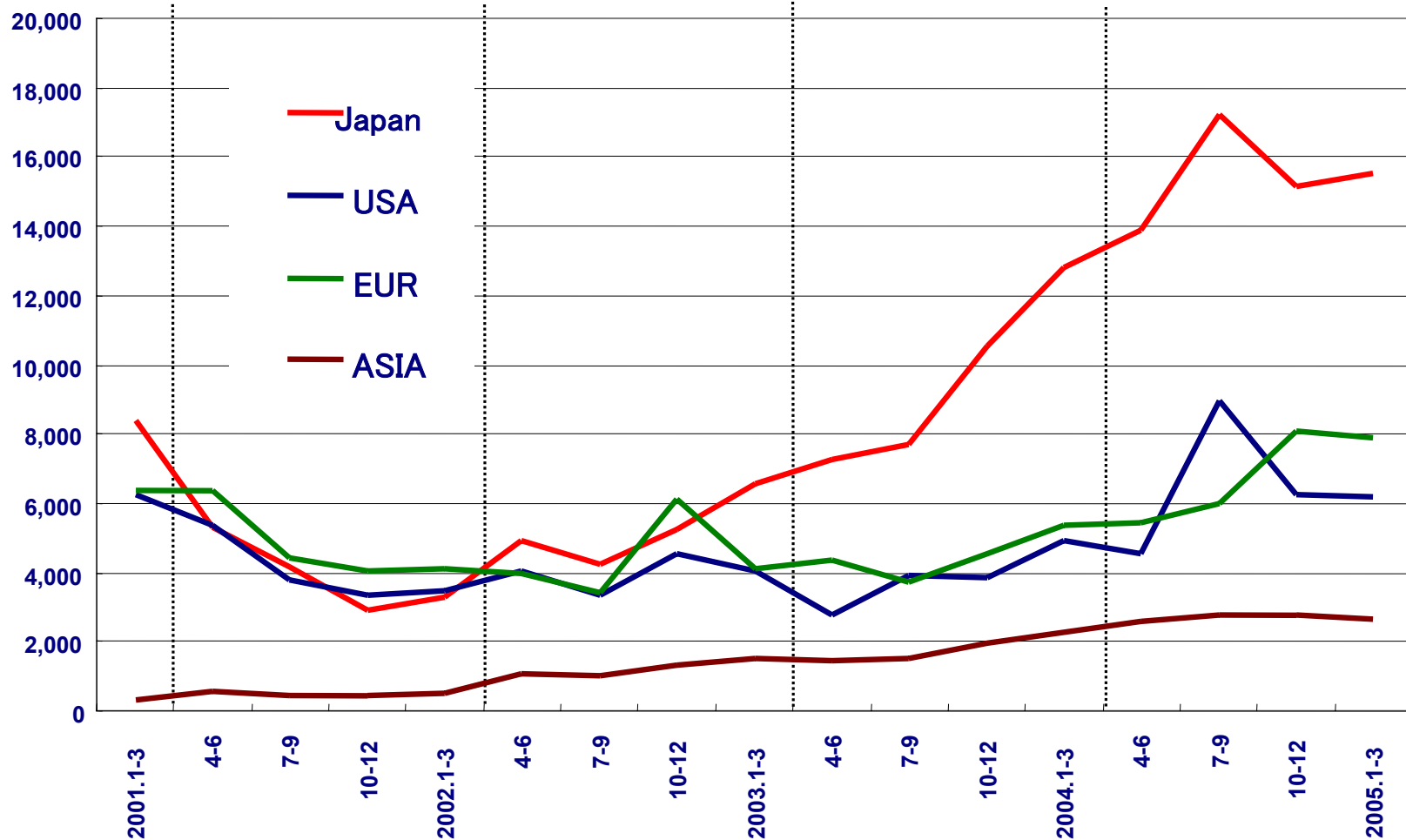
April (Preliminary figures)



Large Increase in Domestic Orders and Steady Increase in Overseas Orders

Quarterly Orders by Region

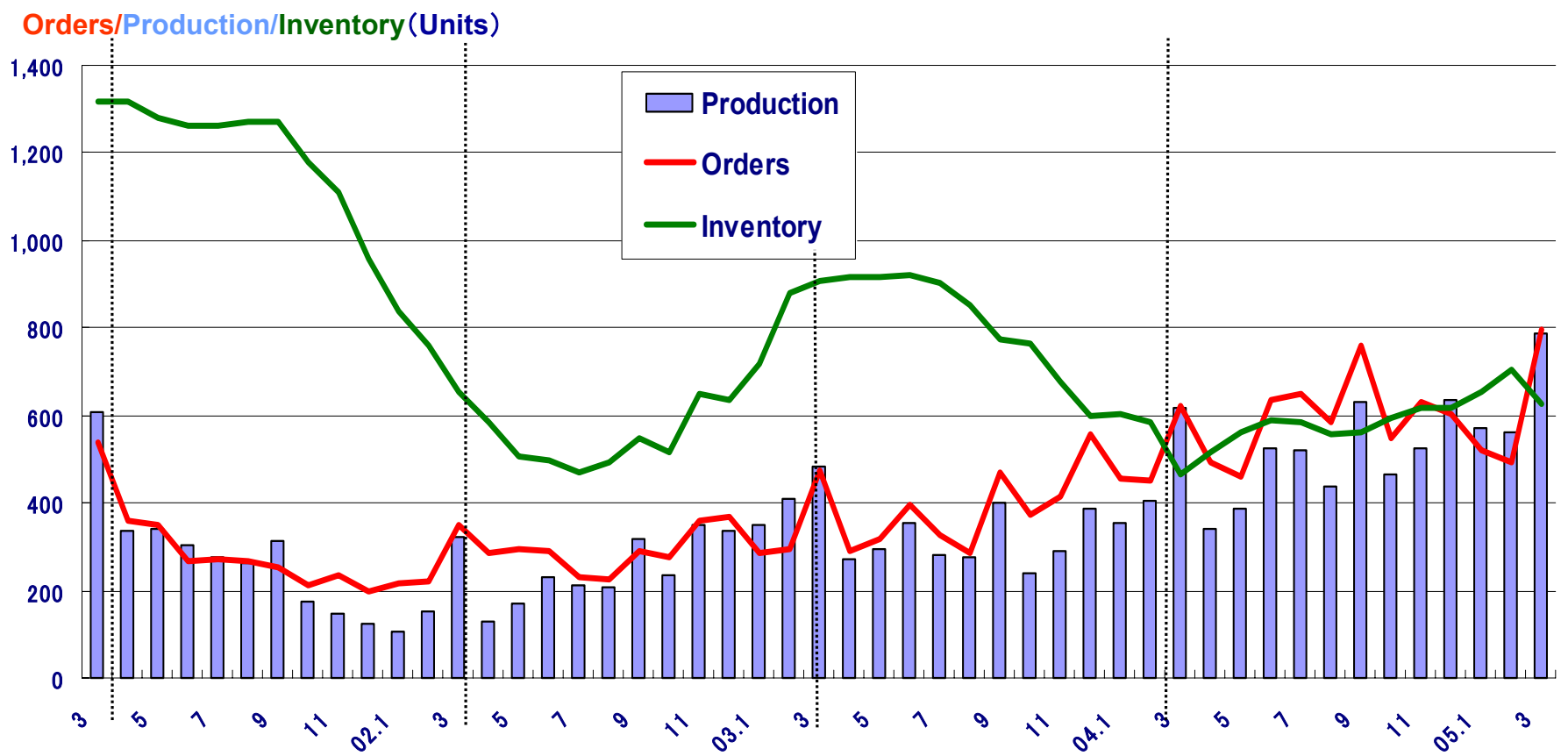
Orders (¥Million)





Balanced Production, Orders, and Inventory

Production, Orders & Inventory





2. FYE3/31/2006: Expected Consolidated Operation Results

Improved operation through steady progress of Mori-568PLAN

- **Expecting an 8.0% increase in sales and 14.1% increase in operating profit**
- **Expansion of shares (especially in Europe)**
- **Selling the N series/cost reduction**
- **Reinforcement of production capacity (Concentrated investment in machines)**



Sales and Profits Continue Increasing This Term

FYE3/31/2006 Annual Forecasts (Consolidated)

(¥Million)	3/31/2005	3/31/2006	
	Results	Forecasts	YOY
Sales	122,166	132,000	+8.0%
Operating Profit	10,517	12,000	+14.1%
Ordinary Profit	10,504	11,850	+12.8%
Pre-tax Profit	10,004	10,390	+3.9%
Net Profit	9,381	9,600	+2.3%
(Conversion 1US\$=	▼ (¥107.58)	▼ (¥107.00)	
Rate) 1EUR=	▼ (¥135.68)	▼ (¥128.00)	

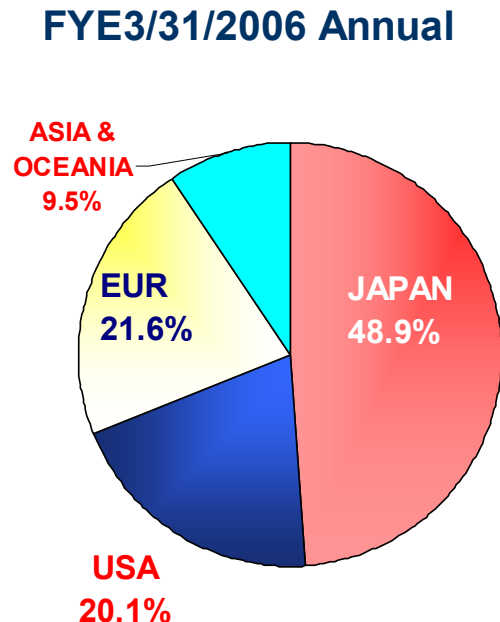
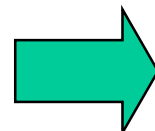
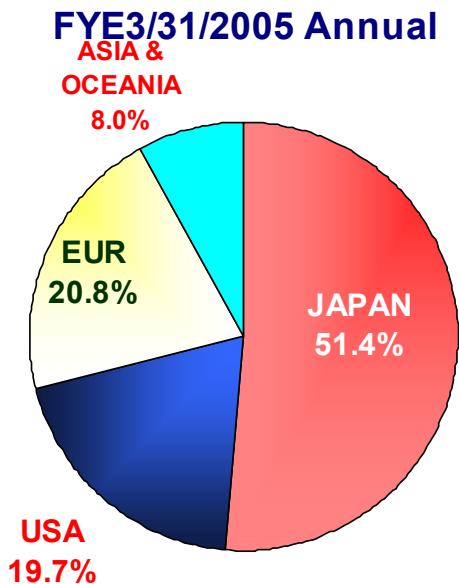


Planning Increased Sales in Europe and Asia

Sales Plan by Region

(¥Million)		JAPAN	USA	EUR	ASIA & OCEANIA	Total
	FYE3/31/2006	64,500	26,500	28,500	12,500	132,000
Sales	FYE3/31/2005	62,849	24,118	25,443	9,756	122,166
	YOY	+2.6%	+9.9%	+12.0%	+28.1%	+8.0%

※Segment: Technical Center in charge





Mori-568PLAN

Targets for March 2008

Mori-5: Attain a 5% share of the world market

Mori-6: Consolidated cost of sales ratio of 60%

Mori-8: Establish a system that produces a minimum of 800 machines per month



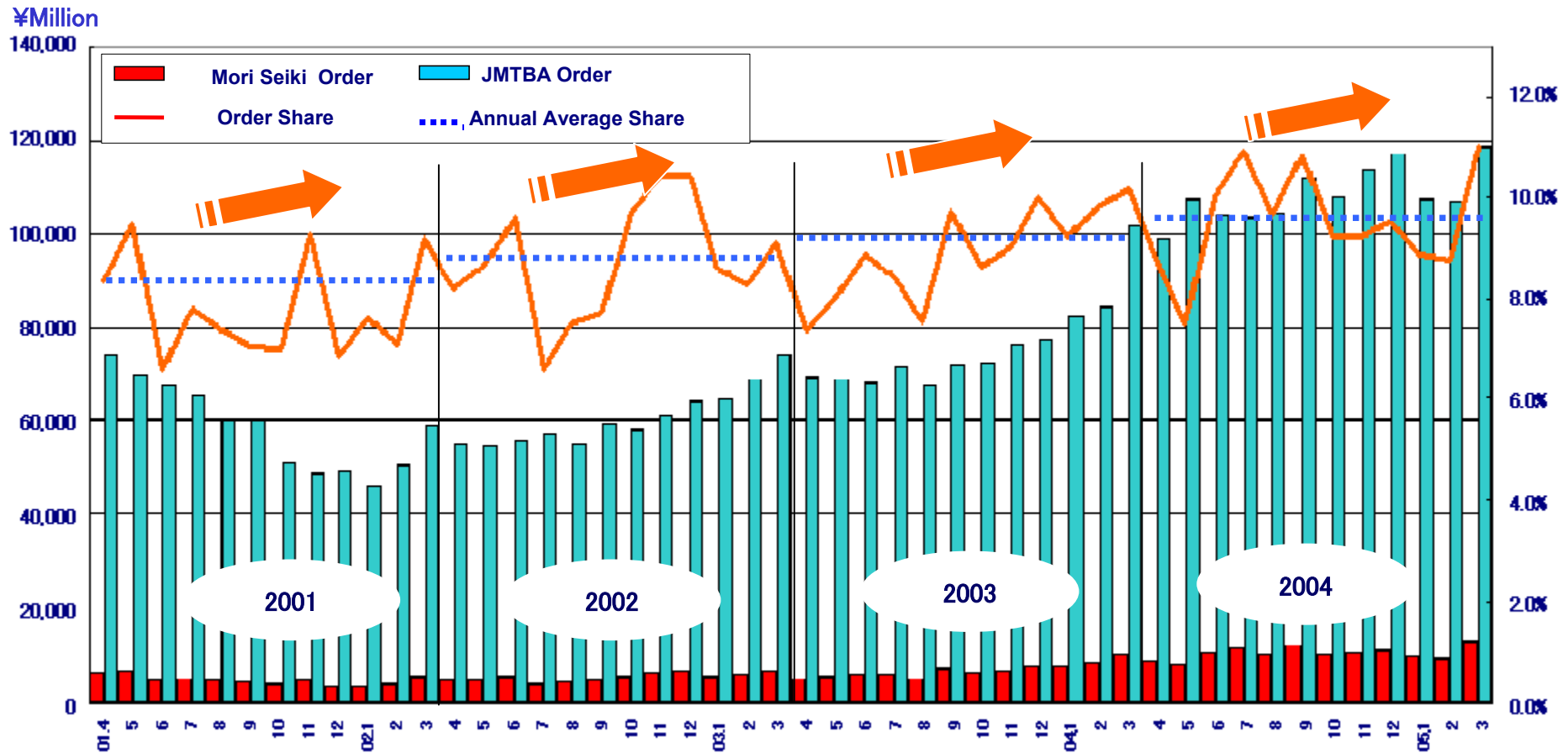
Mori-5

- **Reinforcing sales force by increasing number of employees in Europe and Asia.**
- **Expansion of sales/service network**
- **Establishment of sales teams by industry and customer**



Steadily Expanding Share

Mori Seiki's JMTBA Share (Global Market)

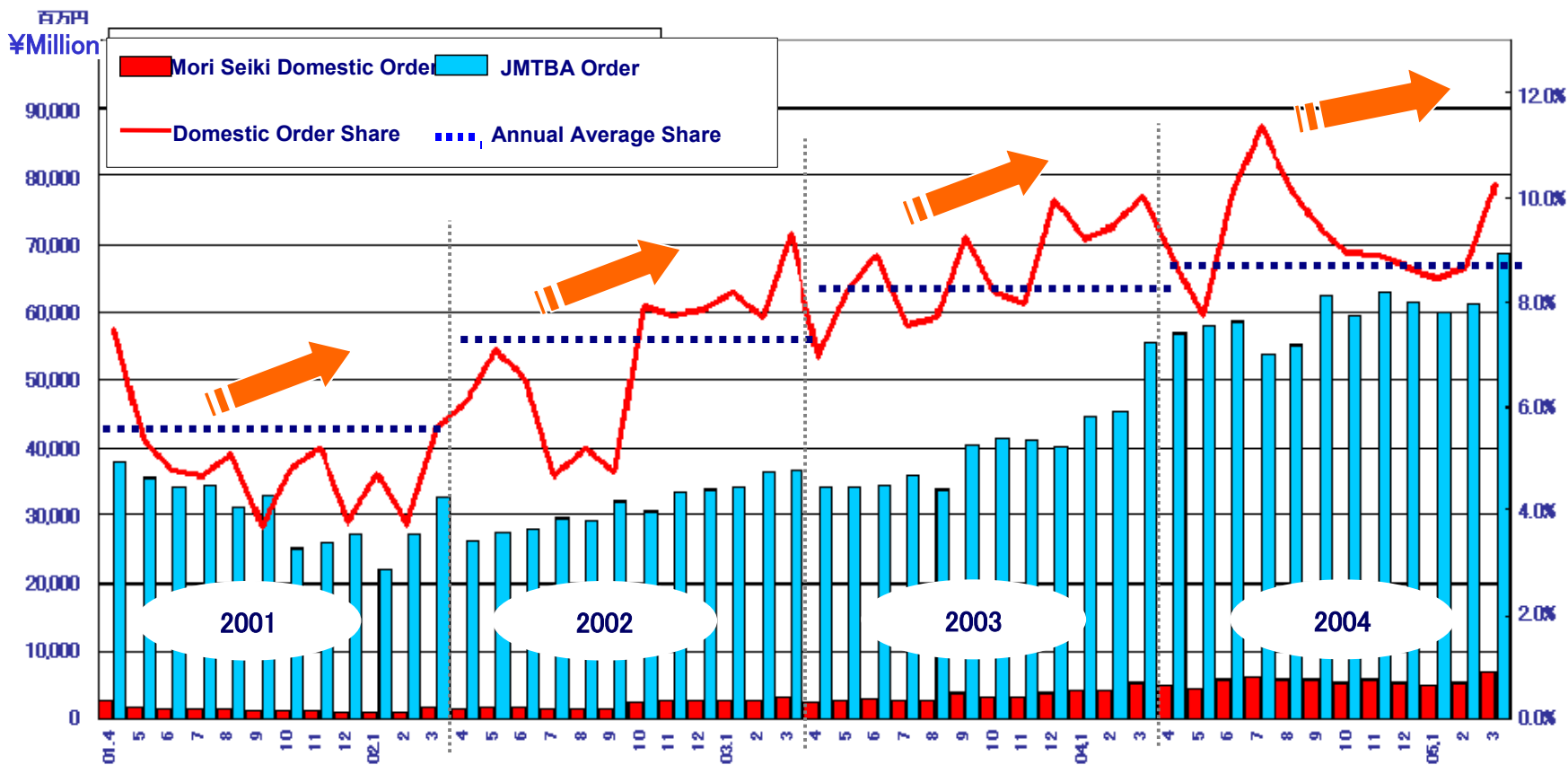




Doubled Domestic Share

(compared to that of FY2001)

Mori Seiki's JMTBA Share (Domestic Market)





New Sales Base in Europe Near Paris/Airport





Reinforcing Sales force

Current

FY2007

Europe

Approx.

180 employees ⇒

Approx.

300 employees

Asia

Approx.

130 employees ⇒

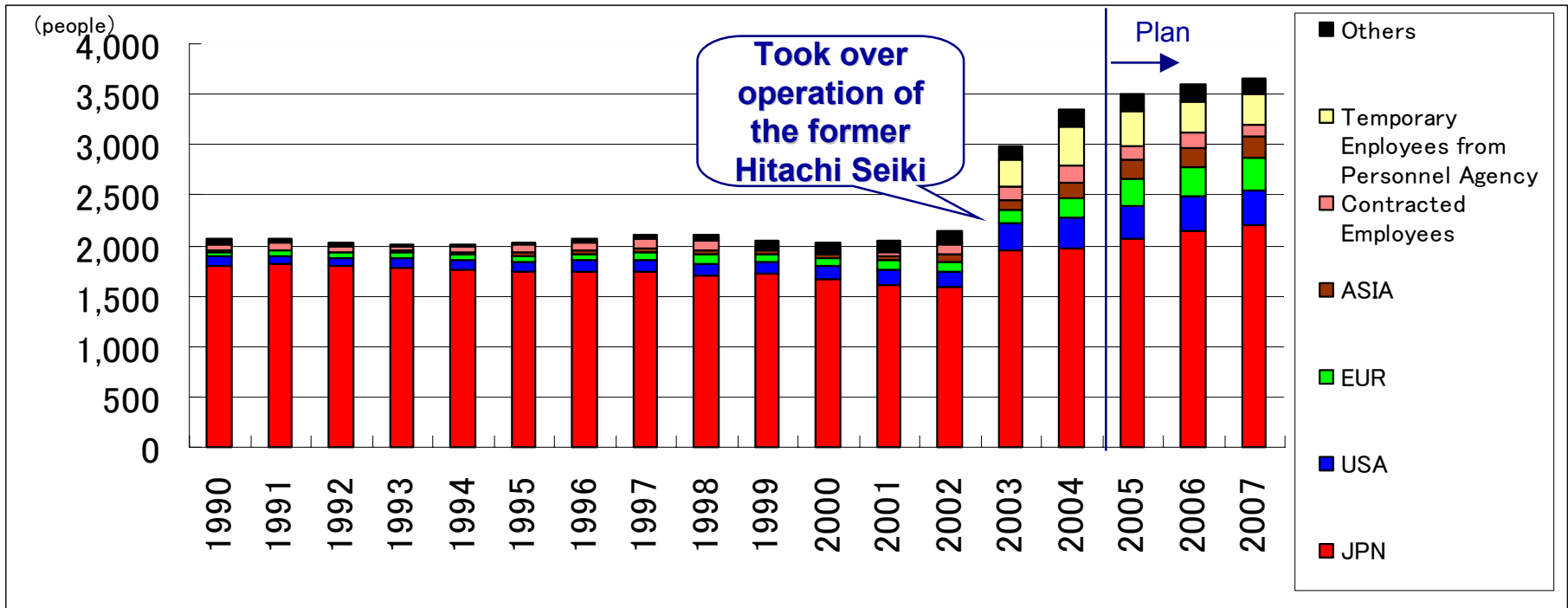
Approx.

200 employees



Investment in Human Resources in Order to Achieve “Global One”

Trends in Employees (after 1990)





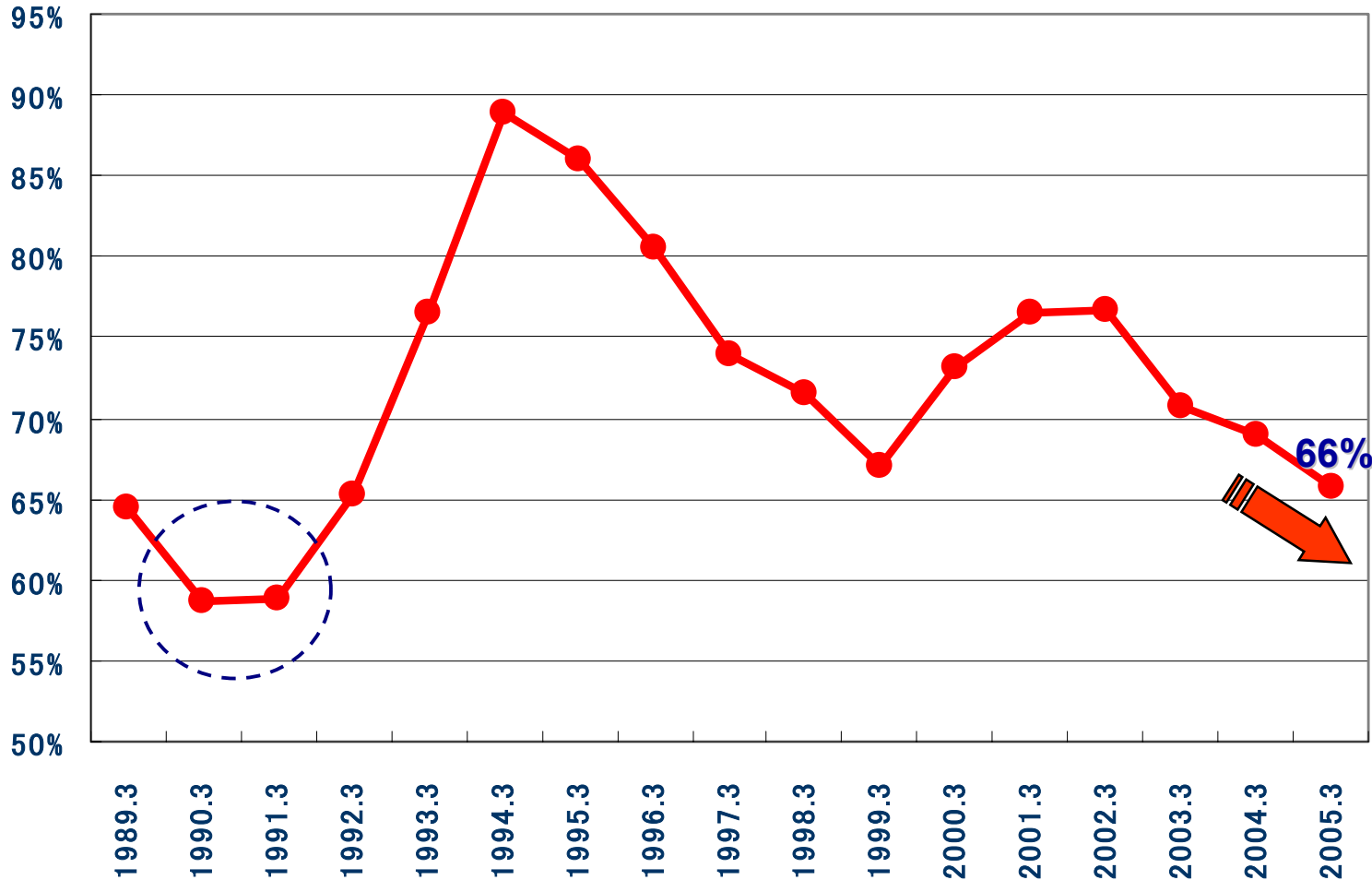
Mori-6

- 1. Gradual reduction in cost of material**
 - **Expansion of in-house manufacturing (casting test plant; heat treatment plant; increased new equipment)**
 - **Rationalization by new machine models (Rate of N Series)**
 - **Standardization of peripheral devices**
- 2. Improved productivity per person**



Target Cost of Sales Ratio of 60% (FYE3/31/2008)

Consolidated Accounting Data
Trends in Cost of Sales Ratio



Establishment of Heat Treatment Plant on the Iga Campus





Investment in Strategic Products (N series)

- ① **NL**
- ② **NV1500 DCG**
- ③ **NX**
- ④ **NT**



Mori-8

- **Increased production achieved by strengthening the Chiba Plant**
- **Improved machining capability by increased new equipment**
- **Increased rate of cell production (Rate of N series)**
- **SCM strategies cooperating with suppliers**



Showroom in the Chiba Campus (completed last year)



Thank you.

