



FY2010 3rd Quarter Results and Outlook

February 4th, 2011



About Future Projections

- ◆ This material contains targets, plans, etc, concerning the future of Mori Seiki and the Mori Seiki Group. All predictions concerning the future are judgments and assumptions based on information available to Mori Seiki at the time of writing. There is a possibility that the actual future results may differ significantly from these forecasts, due to changes in management policy or changes in external factors.
There are many factors which contain elements of uncertainty or the possibility of fluctuation, including the following:
 - Fluctuations in exchange rates
 - Changes to the laws, regulations and government policies in the markets where Mori Seiki conducts its business
 - Mori Seiki's ability to develop and sell new products in a timely fashion
 - Instability of governments in the markets where Mori Seiki conducts its business



Summary

Acc. Sales 784 Bill ¥ OP Δ 54 Bill ¥
3Q Sales 318 Bill ¥ OP 4 Bill ¥

- 3Q result turns into black after 8 quarters
- Order (as reported to JMTBA) exceeds 10 Bill Yen/ Month
- Continuous improvement of productivity / improvement of produced units
- X class shows strong order / full-scale production in factory
- Alliance with DMG / Establishment of a global production base



Consolidated Income Statement

(Million Yen)	FY2009			FY2010		
	1st Half	1-3Q	Full Year	1st Half	1-3Q	Full Year. E
Net sales	31,090	45,350	66,402	46,590	78,360	120,000
Operating profit	-14,656	-22,343	-26,933	-5,740	-5,366	1,000
Operating margin	-47.1%	-49.3%	-40.6%	-12.3%	-6.8%	0.8%
Ordinary profit	-14,885	-22,342	-26,599	-6,305	-6,032	1,000
Ordinary margin	-47.9%	-49.3%	-40.1%	-13.5%	-7.7%	0.8%
Net profit	-15,744	-23,466	-34,693	-6,108	-5,895	1,000
Exchange rate (1USD=)	95.5	93.6	92.8	88.9	86.8	86.4
Exchange rate (1EUR=)	133,2	133.0	131.2	113.8	113.3	112.5

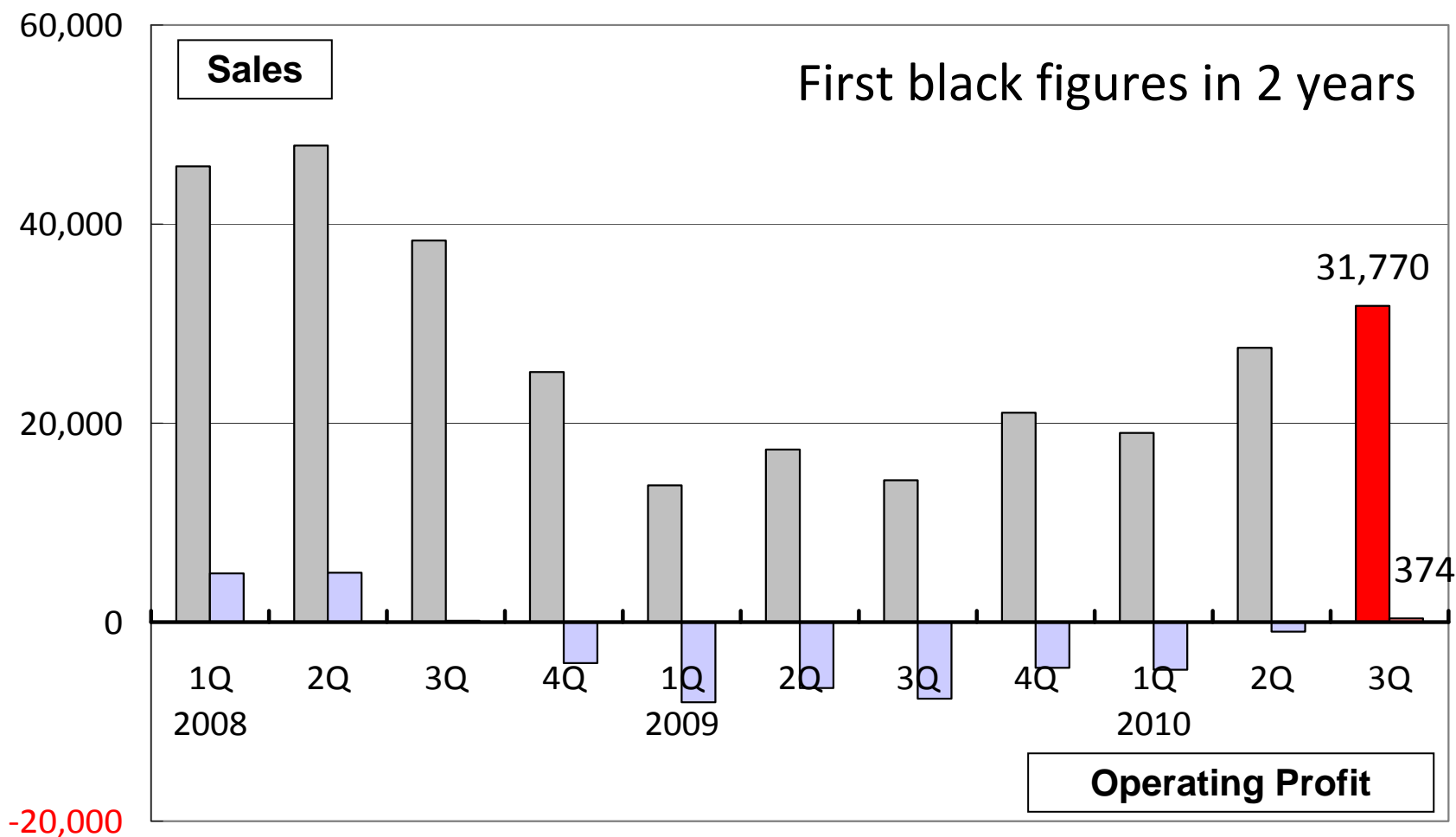
※3Q Actual Rate (1US\$=82.6Yen, 1Euro=112.3Yen)

※4Q Assumed Rate (1US\$=85.0Yen, 1Euro=110.0Yen)



Sales / Operating Profit

Million yen





Consolidated Balance Sheet



2010/12/31 Total 153,258

2010/3/31 Total 144,166

(Million Yen)

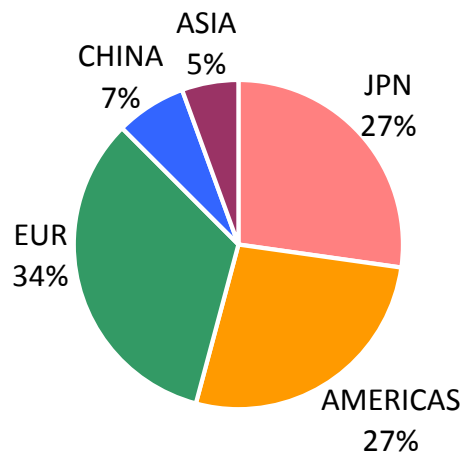
Cash 6,921	Accounts payable 10,521
Account receivables 22,668	Loan Payable 33,320
Inventories 37,709	Other short-term liabilities 11,967
Other Short-term assets 8,224	long-term liabilities 7,920
Long-term tangible assets 54,299	Net assets 89,530 (Shareholders' equity) 89,157 (Other) 373
Other long-term assets 23,437	
Net Debt	26,399
ND/Equity	29.6%
Shareholder's equity ratio	56.7%

Cash 7,516	Accounts payable 6,087
Account receivables 16,665	Loan Payable 18,550
Inventories 33,059	Other short-term liabilities 12,929
Other Short-term assets 5,493	long-term liabilities 7,882
Long-term tangible assets 57,657	Net assets 98,717 (Shareholders' equity) 97,271 (Other) 1,446
Other long-term assets 23,776	
Net Debt	11,034
ND/Equity	11.3%
Shareholders' equity ratio	66.8%

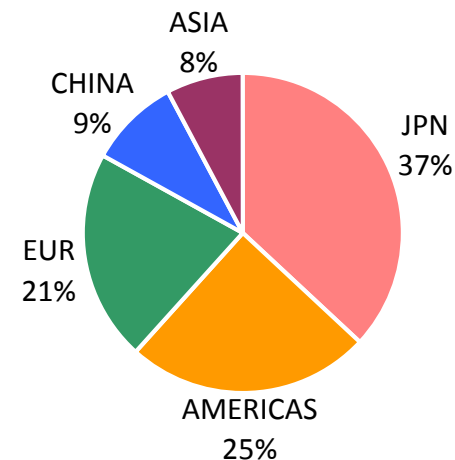


Sales – Region

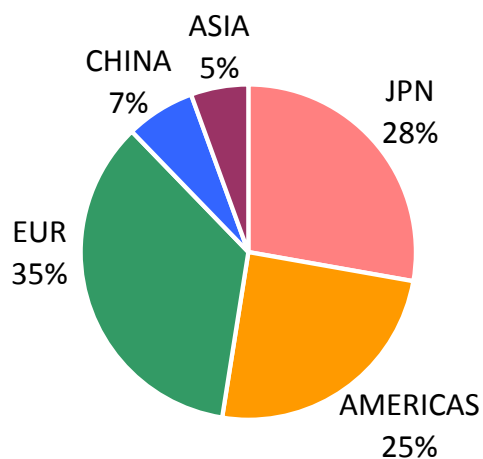
FY2009 1-3Q



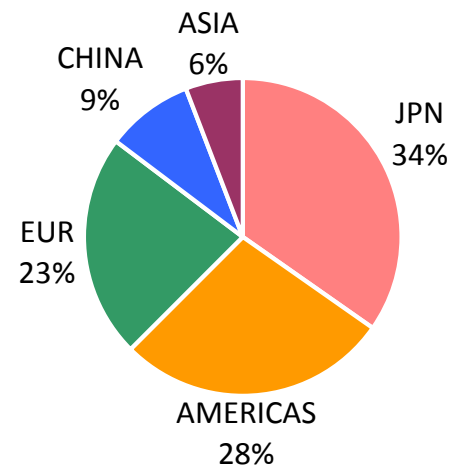
FY2010 1-3Q



FY2009 3Q



FY2010 3Q



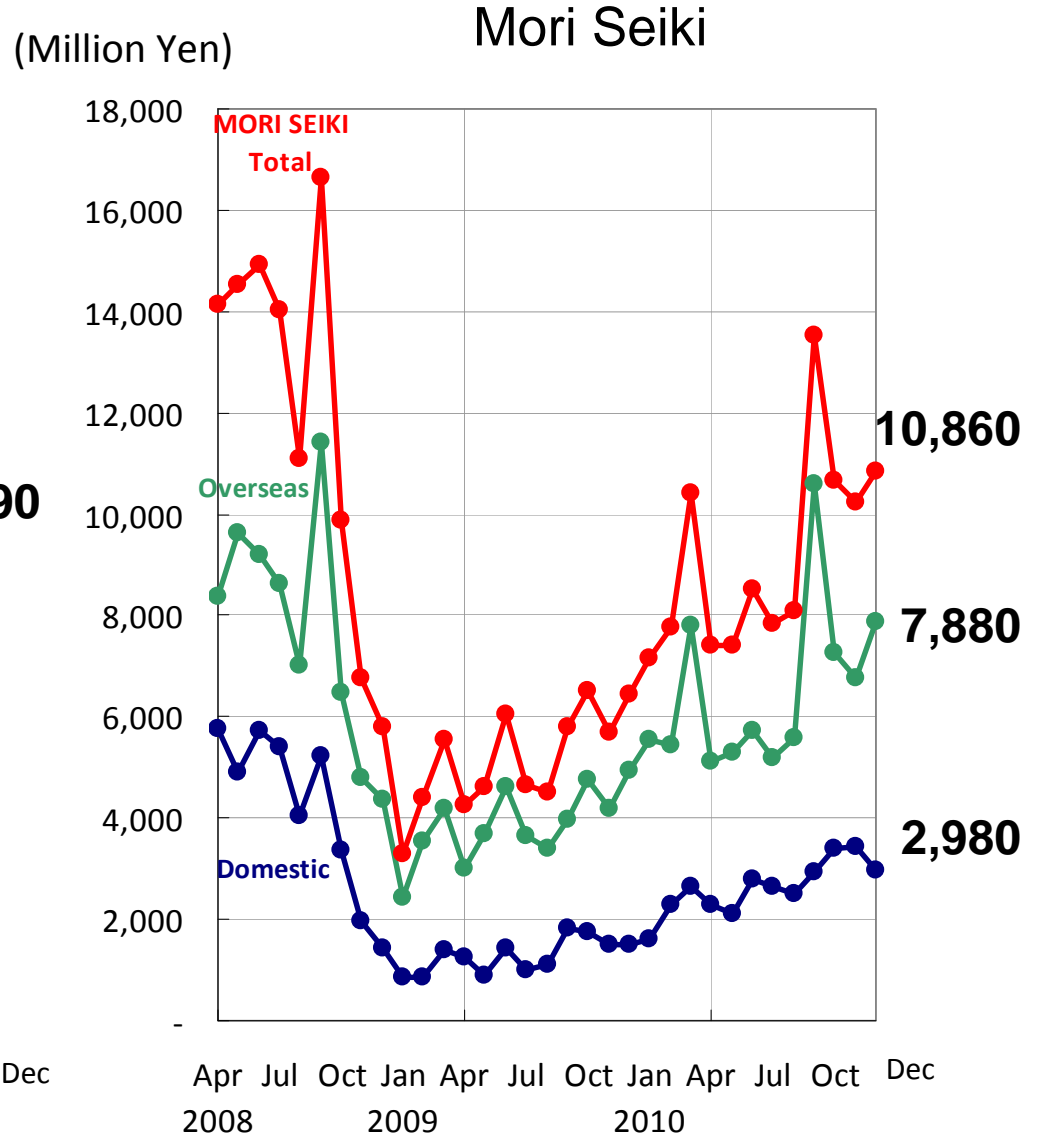
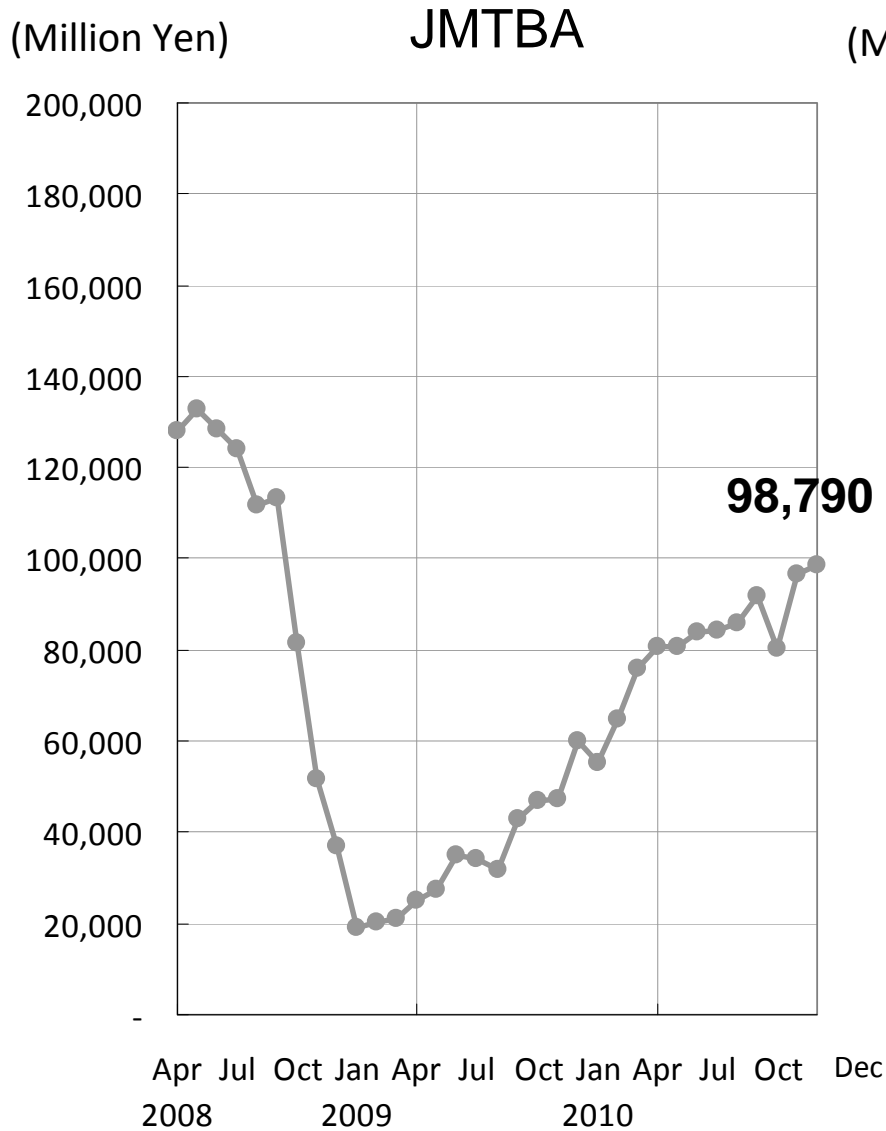
※Americas=USA、Canada・Mexico・Argentina・Brazil

EUR=Europe・Russia・Africa・Middle east

•Based on installation



JMTBA / Mori Seiki Orders

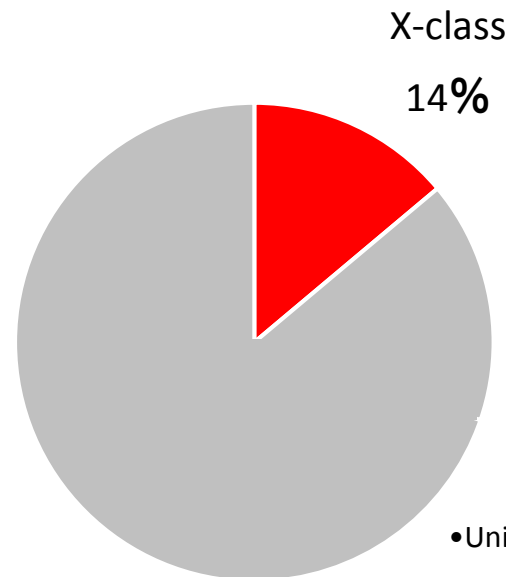




Strong Sales Start of X-class



X class portion compared to order intake total of FY2010 1-3Q



CNC
Lathes



NLX 2500/700

Vertical
MC



NVX5000

Horizontal
MC



NHX4000

Multi-Axis
Turning

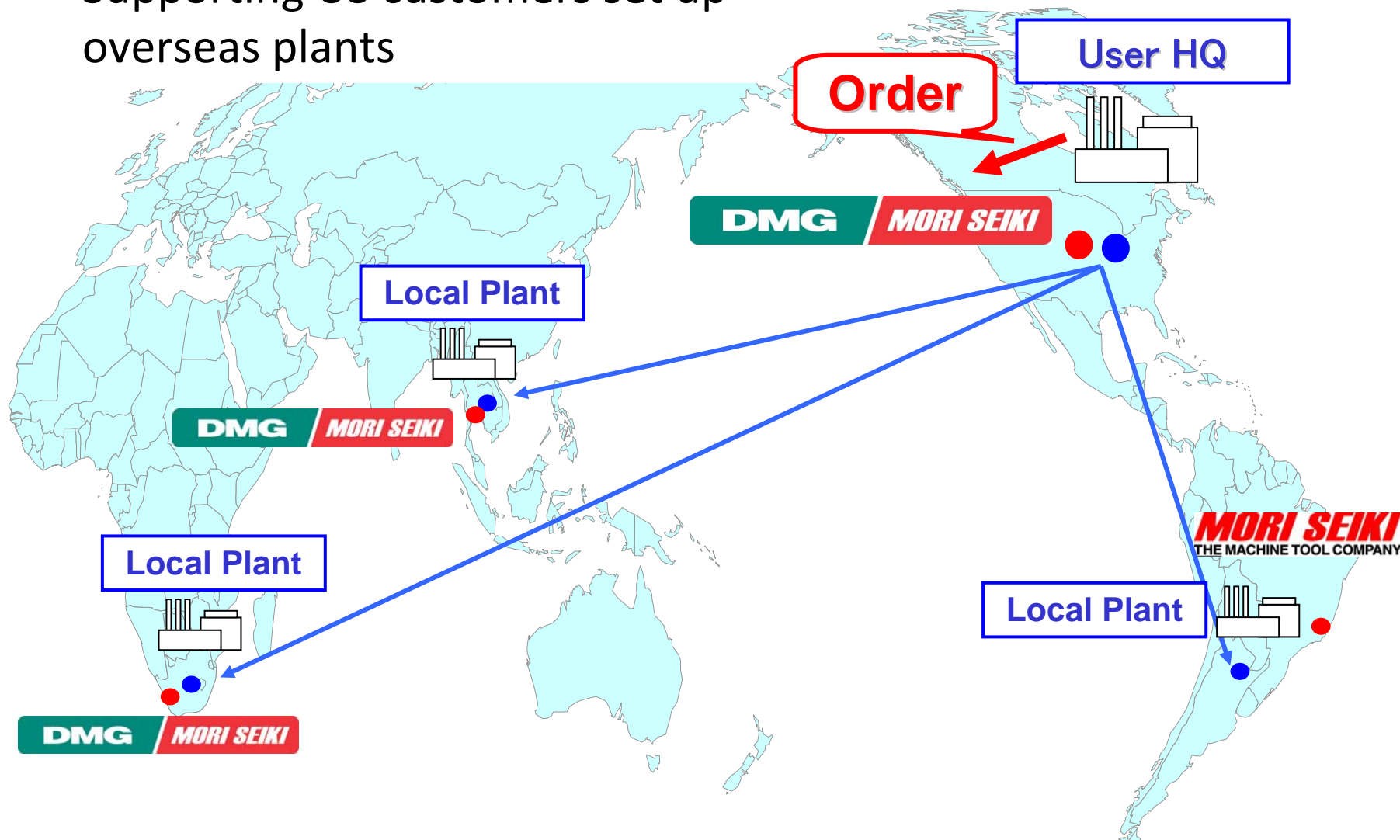


NTX2000



Network for Global Accounts

Supporting US customers set up overseas plants





Large High-Speed 5-Axis Machining Center NMB

MORI SEIKI
THE MACHINE TOOL COMPANY

NMB36100

2011/1 2 units shipment to US aerospace customer
(parts machining)

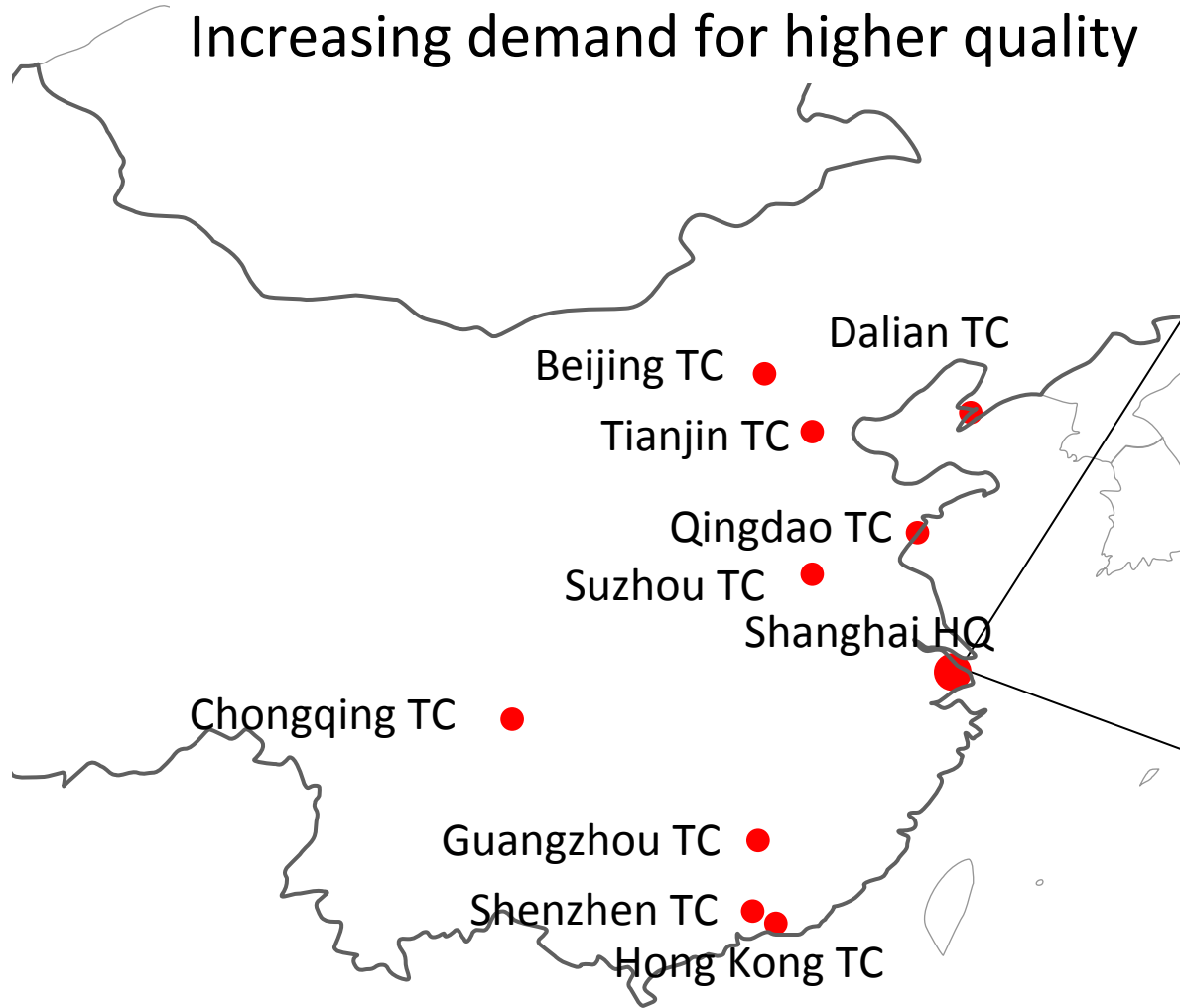


NMB36100



Sales Expansion in China

Increasing demand for higher quality



MORI SEIKI Shanghai HQ



DMG Shanghai Plant



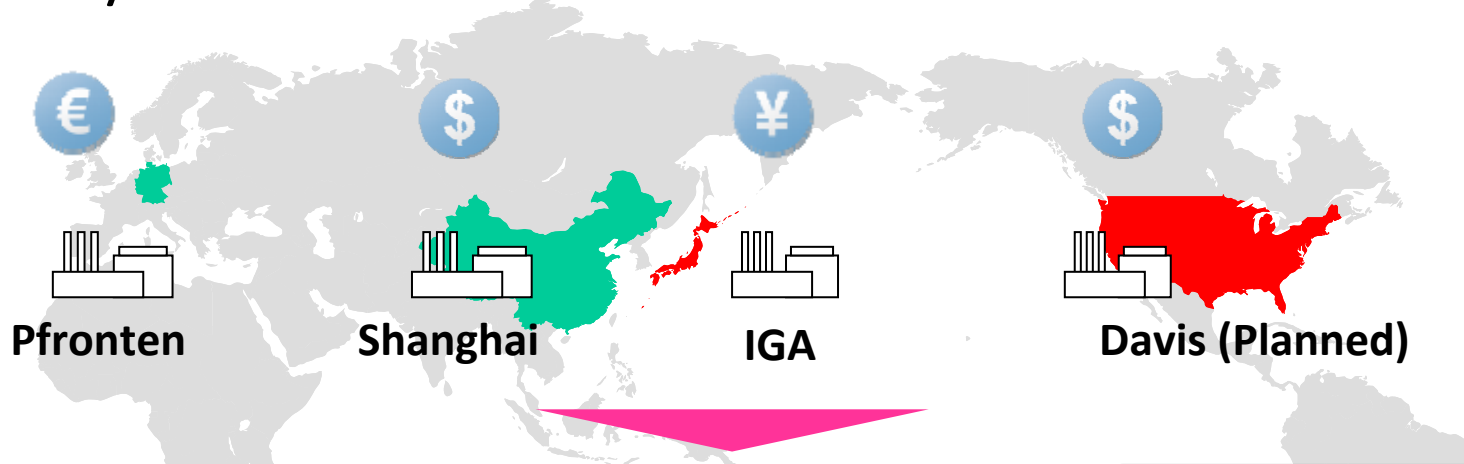
Outline for New Factory in US



- **MORI SEIKI Technical Center**

Location	Davis, California (USA)
Ground-floor Area	69,000m ²
Grand Opening	July, 2012
Total Investment	Approx. 50 Bill Yen
Production Item	X-Class
Production Capacity	80 units/m
Employee	200

Development and Production of DMG/Mori Seiki Machines



Pfronten

Shanghai

IGA

Davis (Planned)

1. Shorter delivery time
2. Reduced transportation cost
3. Minimized fluctuation risk between foreign currencies



NHX4000



DuraTurn 310eco



DuraVertical 635eco

Dura Eco New Design Plan
(2011/7 Shipment-)





DMG Pfronten Exhibition



Days: 2011 /2 /1 ~ 5

Place: DECKEL MAHO Pfronten GmbH

Models on Display :

MORISEIKI	NHX4000
	NVX5080
	NLX2500MC / 700
	NZL2500Y/600
DMG/MORISEIKI	:CTX delta 4000 TC
	TX alpha 450 TC



DMU 60 / 80 eVo
linear



CTX delta
4000 TC



CTX alpha 450 TC



NHX4000



Innovation Days - X class & DMG -

Days : 2011/2/10 ~ 12

Place : MORI SEIKI IGA Campus

Display : 31Units(schedule)
(incl. New Models 11Units)
(DMG Machines 6Units)

Order Target : 90Units 1.6Bill ¥

Attendance (E) : 5,000people



NLX2500SY/700



DMU50 eco



DuraTurn 310eco



LASERTEC 40 Shape



Launch of New Models (4Q)

	Release
NTX2000/1500	2011/1
NZL6000	2011/2
NMH5000	2011/3



NTX2000



NZL6000



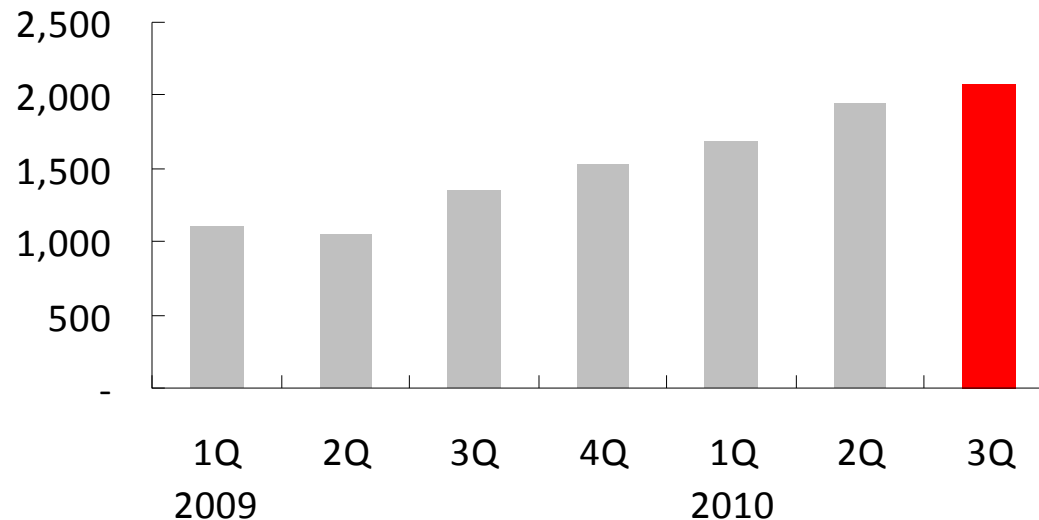
NMH5000



Magnescale

- 3Q sales continues to grow
Operating income remains black as in 2Q
- Sales go on as scheduled to reach 7.5 Bill Yen sales in 2010
- Launch of RS87 Thin design Rotary scale Numerous inquires from machine tool builders
- Shipping to Mori Seiki increases (Std. feature on horizontal MC NHX)

Million Yen



RS87 Thin design Rotary scale





Position of Next Mid-term Management Plan

FY2005-2007

Mori-568Plan

[Global Market
Expansion]

Mori-5:

- Expansion of
 - Strategic/Large Account
 - Overseas TC

Mori-6:

- Pursuing technological competitiveness through in-house production

Mori-8:

- Investing in plant and equipments
- Increasing effectiveness by cell production system

FY2008-2010

PQR555

[Management Quality
Improvement]

P: People

- Improvement of TOEIC and skill points

Q: Quality

- Improvement of accuracy and PPR utilization

R: Risk Management

- Strengthening export control and BCP

5: Sustainable Growth

- 55: Strengthening Profit Structure

FY2011-2013

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[Pursuing Ultra High-technology] (temporary title)

- Customer creed
 - ⇒ Supply of High-tech Function and Inspiration
 - ⇒ Improvement of Customer Value-Chain Satisfaction
- Competitive factory and sales
 - ⇒ Clarification of value added by product, factory & region
- A level higher quality
- Collaboration with DMG
 - Beginning of “value shift”



Appendix

(Million Yen)	FY2009 1-3Q	FY2010 1-3Q		FY2010 Full Year (Forecast)	
			(Y/Y)		(Y/Y)
Sales	45,350	78,360	72.8%	120,000	80.7%
Japan domestic	12,349	28,864	133.7%	43,000	125.3%
Overseas	33,001	49,496	50.0%	77,000	62.7%
Americas	12,155	19,352	59.2%	29,500	69.6%
Europe	15,146	16,759	10.6%	27,800	35.1%
Asia (Incl. China)	5,699	13,384	134.8%	19,700	110.9%
Operating profit	-22,343	-5,366	-	1,000	-
Ordinary profit	-22,342	-6,032	-	1,000	-
Net profit	-23,466	-5,895	-	1,000	-
Exchange rate 1USD=	¥93.6	¥86.8	-	¥86.4	-
Exchange rate 1EURO=	¥133.0	¥113.3	-	¥112.5	-
CAPEX	5,321	3,055	-42.6%	5,000	-26.5%
Depreciation	5,408	4,900	-9.4%	6,700	-7.7%
R&D	4,377	3,758	-14.1%	5,000	-11.2%



Q&A

Q How did the operating profit develop from 2Q to 3Q?

Although there was some cost increases due to outsourcing production and overtime work, a sales increase led to the first positive operating profit in 2 years.

Q Will the operating profit grow from 3Q to 4Q?

We expect an increase in profit based on production and sales increases, as well as an increase in unit price.

Q How do you understand your production capacity?

Despite delays in some components, the production capacity has recovered up to the 400 unit/month level. The monthly production is expected to grow further.

Q What is the purpose in starting the US factory?

It is a part of the scheme to establish a global production network together with DMG's factories in Europe and Shanghai. The main aims are to shorten lead-time, reduce transportation cost and to minimize the fluctuation risk of currencies. Above all, the effect of reducing transportation cost shall be large.



Q&A

Q What are the latest trends in the Chinese market?

The way of customer thinking is changing. Customers are gradually becoming interested in installing high-value-added machines or beginning to automate their factories, which means a good base for our machines. Mori Seiki will continue its efforts to cultivate the Chinese market.

Q What are the global market trends? In Europe the economy is said to be recovering.

Thanks to the weak Euro, Europe, especially Germany, is on good track. Aviation and hydraulic unit industries are the center of demand. The market is also positive in Italy, UK, France and Turkey. As for the US, automobile and energy customers are active; Brazil is also in good condition. The Chinese are investing a lot on infrastructure. In India, we receive more orders due to strengthened sales network. There are inquiries from Japanese customers, but overseas installation are on the rise.

Q How will the figures develop next year?

Machine tool industry associations in Japan, Germany and US are expecting a 10-15% growth against this year. Mori Seiki aims to this level as a minimum.

(Answers by Masahiko Mori, President
Tatsuo Kondo, Vice President Accounting/Finance HQ Executive Officer)



MORI SEIKI

THE MACHINE TOOL COMPANY