



# FY2011 1<sup>st</sup> Quarter Results and Outlook

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July 29<sup>th</sup>, 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



# Key Messages

## FY2011 Q1 Results

Sales 28.8 Bil JPY    Operating Loss 1.3 Bil JPY

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- Monthly order forges ahead; Domestic demands are on recovery  
1Q Order 41.4 Bil JPY (year on year growth 58.5%)
- Backlog increased to 53.5 Bil JPY as of June end
- X class order exceeds 30% of total volume
- Sales and service with DMG planned to start in Europe from September
- North American factory ground-breaking ceremony; operation start planned for summer 2012

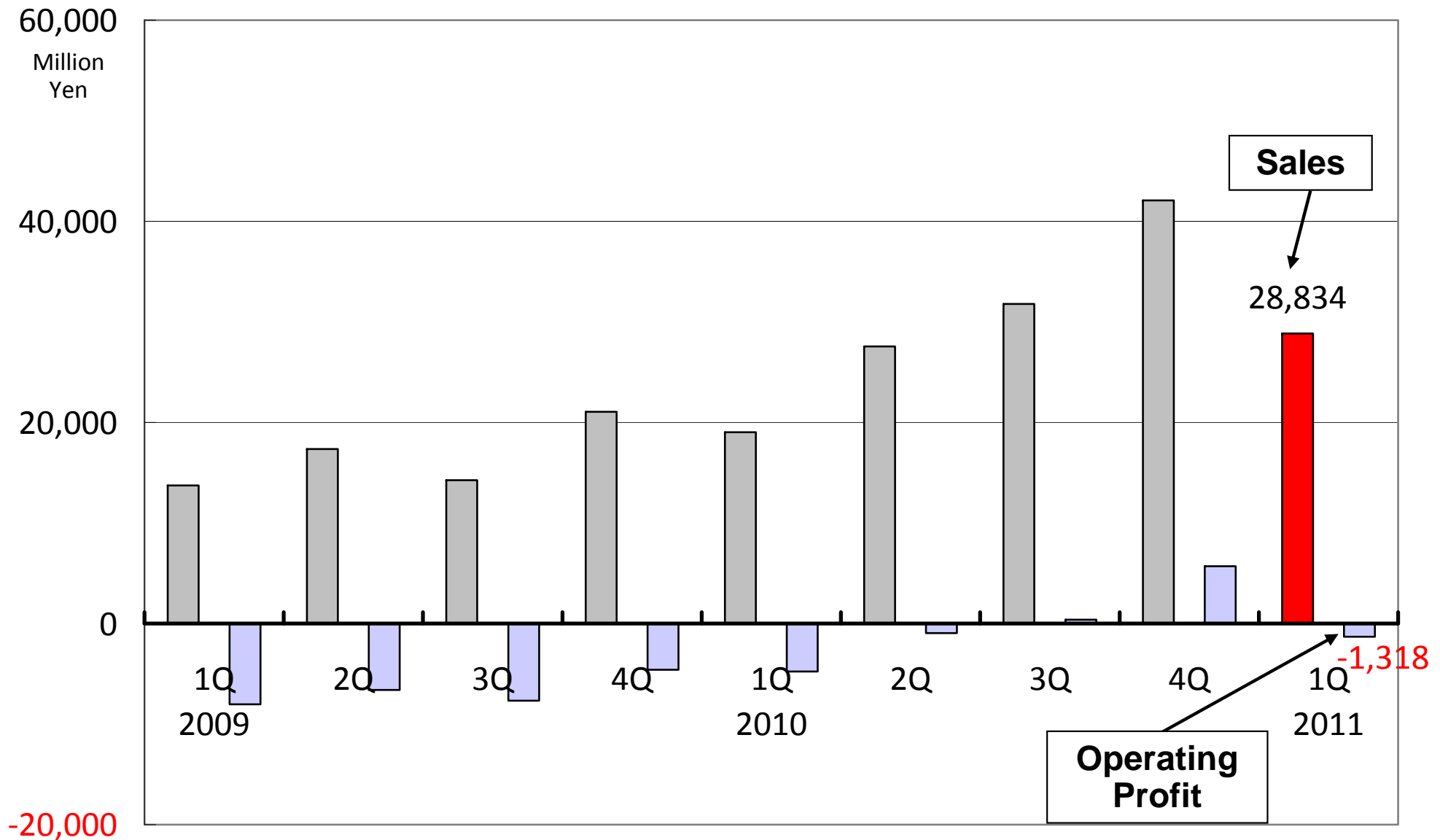


# Consolidated Income Statement

(Million Yen)	FY2010	FY2011			
	1Q	1Q	2Q Forecast	1st Half Forecast	Full Year Forecast
Net sales	19,026	28,834	40,166	69,000	145,000
Operating profit	-4,777	-1,318	4,318	3,000	8,000
Operating margin	-25.1%	-4.6%	10.8%	4.3%	5.5%
Ordinary profit	-5,644	-1,290	3,790	2,500	7,000
Ordinary margin	-29.7%	-4.5%	9.4%	3.6%	4.8%
Net profit	-5,510	-1,267	3,767	2,500	7,000



# Consolidated Sales / Operating Profit





# Consolidated Balance Sheet

(Million Yen)

2011/6/30 Total Asset 179,784

Cash, 4,963	Accounts payable, 11,334
Account receivables, 25,555	Debt, 59,117
Inventories, 45,224	(Financial liabilities) 56,534 (Convertible bonds) 2,583
Long-term tangible assets, 54,978	Other liabilities, 17,919
Other assets, 49,064	Net assets, 91,413
	(Paid-in capital) 94,995 (Revenue provisions) -1,898 (Others) -1,684

Net Debt 54,154  
Shareholder's equity ratio 50.0%

2011/3/31 Total Asset 171,949

Cash, 7,418	Accounts payable, 11,451
Account receivables, 32,085	Debt, 47,755
Inventories, 38,836	(Financial liabilities) 45,172 (Convertible bonds) 2,583
Long-term tangible assets, 54,421	Other liabilities, 17,415
Other assets, 39,189	Net assets, 95,328
	(Paid-in capital) 94,995 (Revenue provisions) 1,365 (Others) -1,032

Net Debt 40,337  
Shareholder's equity ratio 54.6%

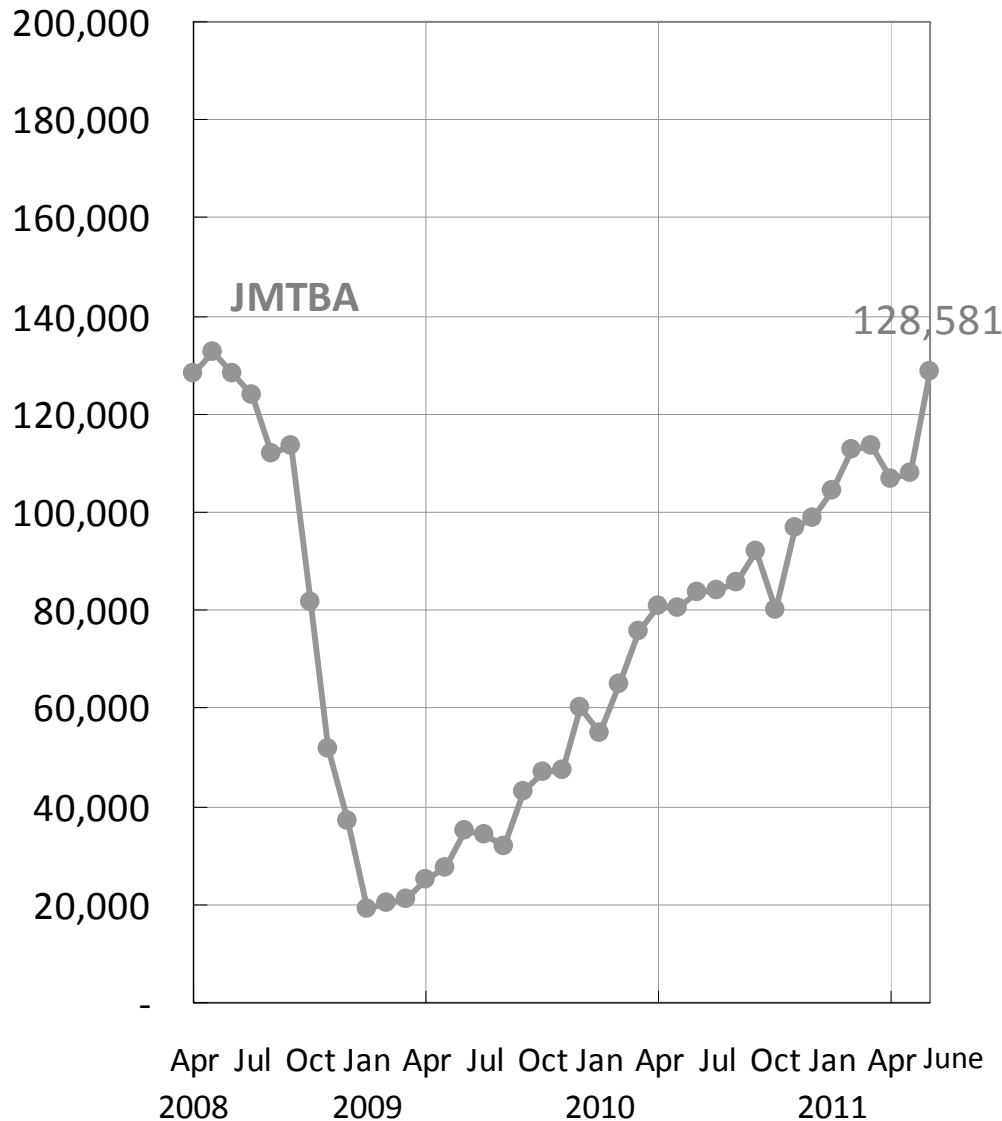




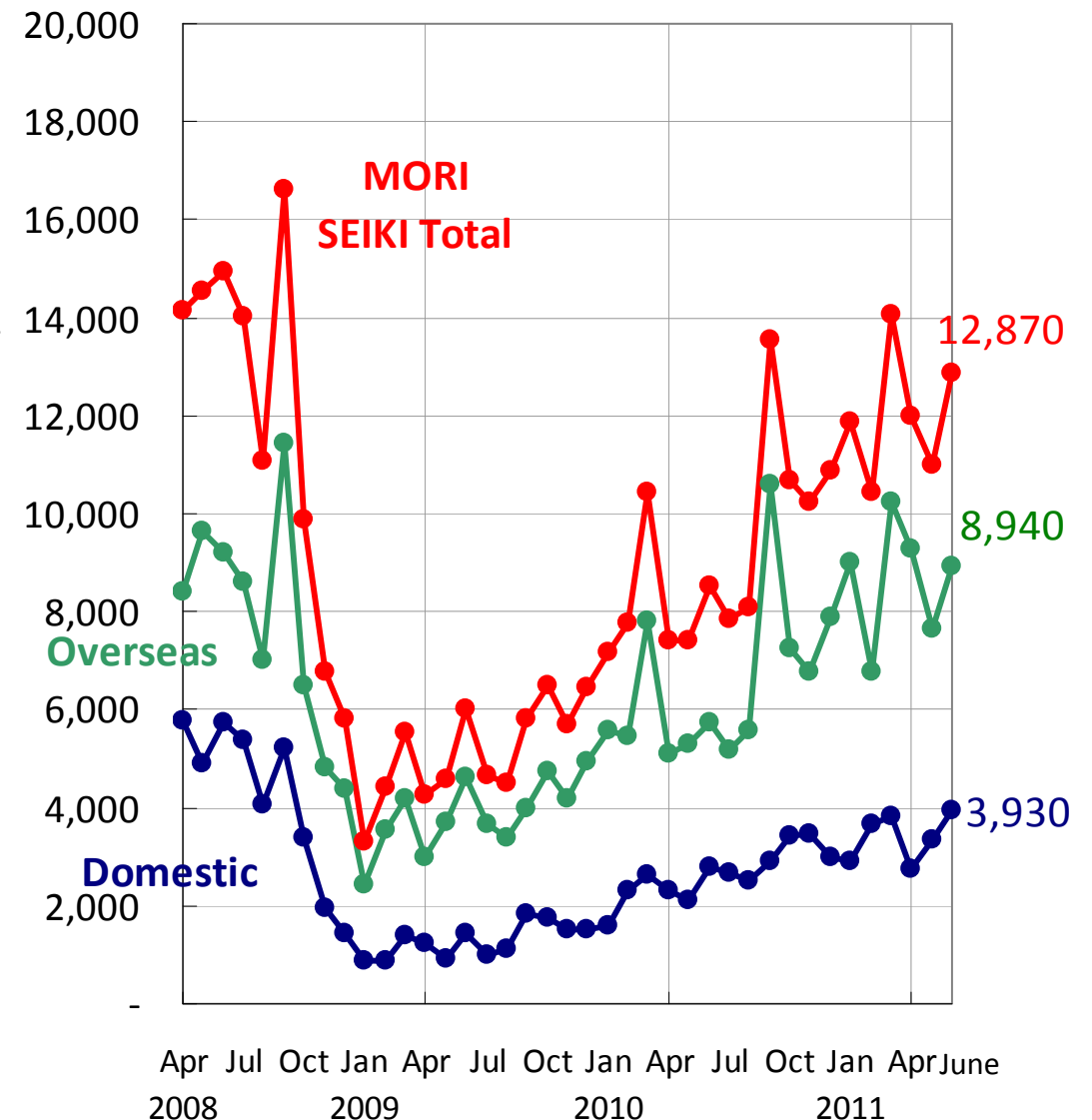
# JMTBA / Mori Seiki Orders

(Million Yen)

## JMTBA



## Mori Seiki

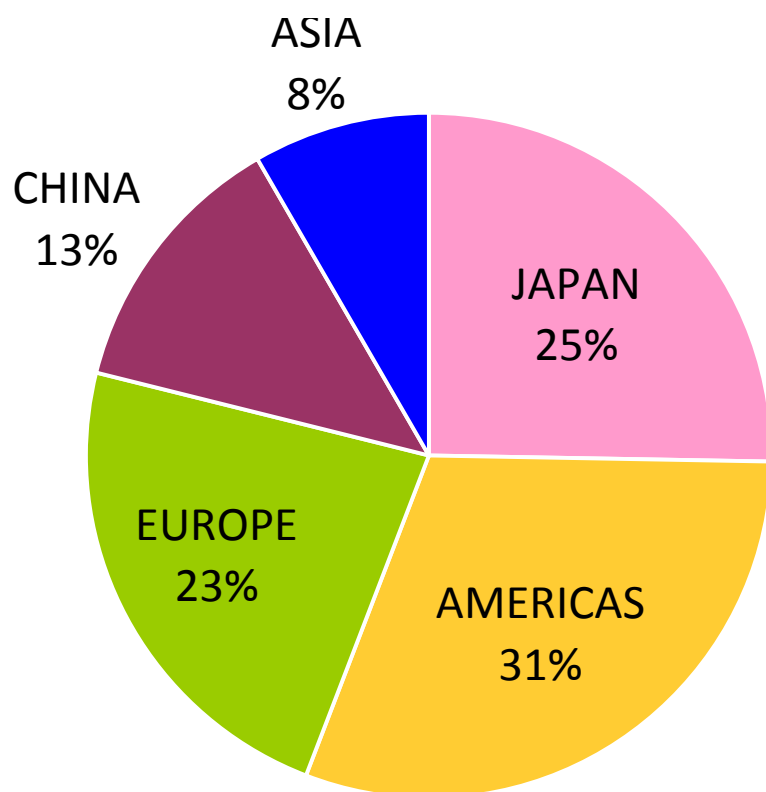




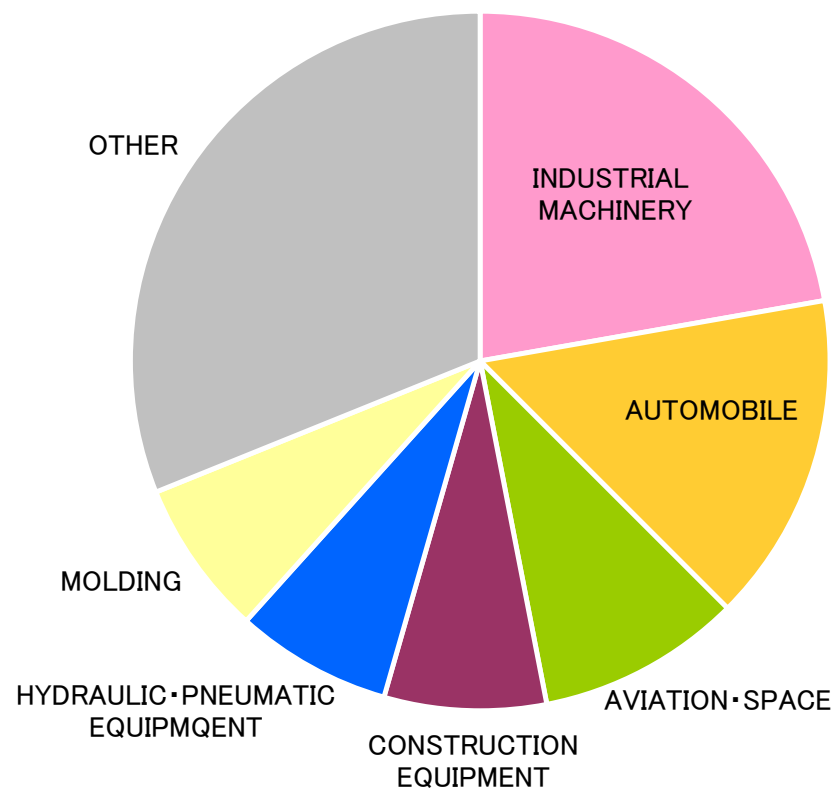
# Order Breakdown – (Region/Industry)

(※Machine Body Price Only, Amount Base)

FY2011 1Q  
By Region



FY2011 1Q  
By Industry

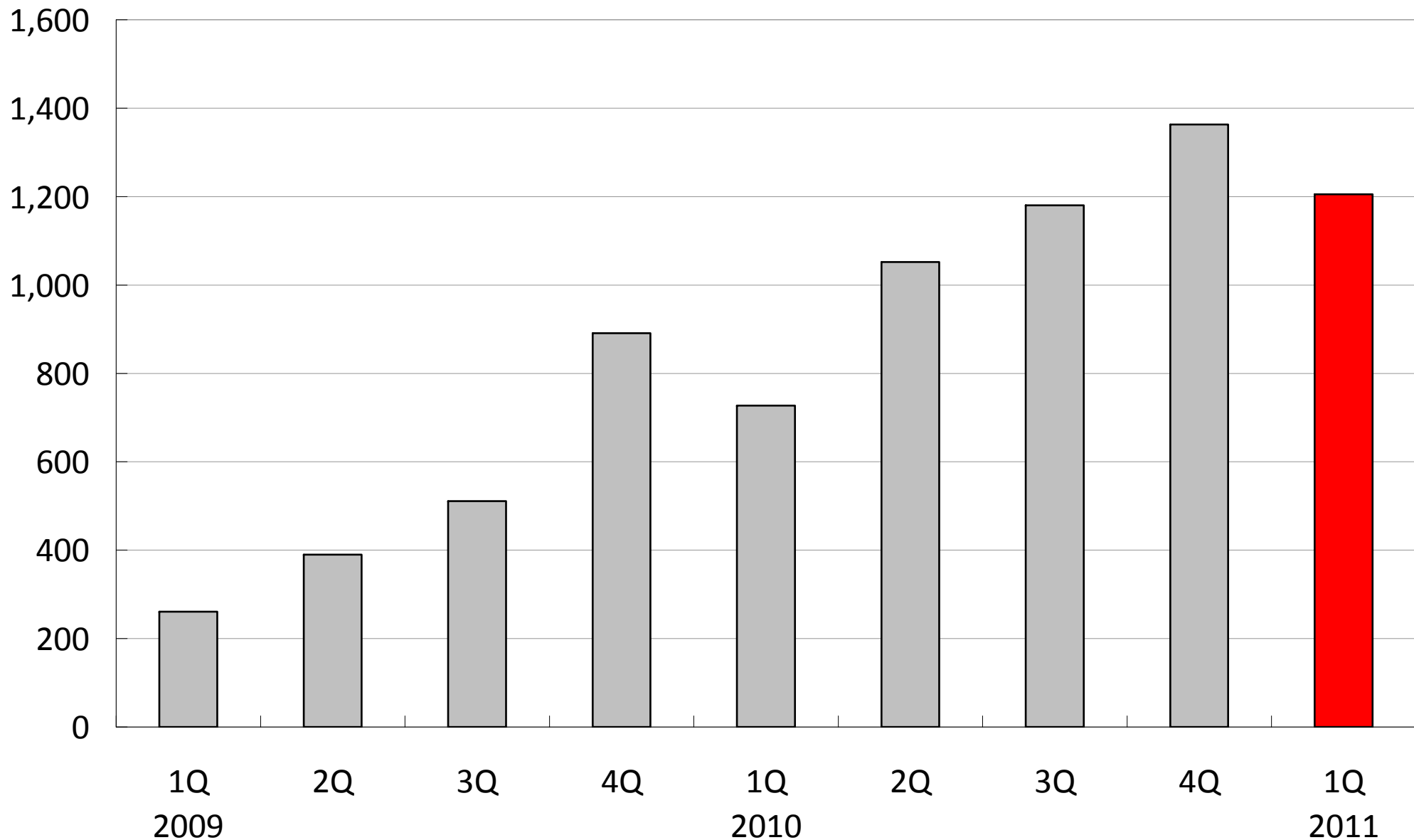


(※AMERICAS:USA, Canada, Mexico, Argentina, Brazil EUROPE: Europe, Russia, Africa, Middle east)



# Machines in Production (Consolidated)

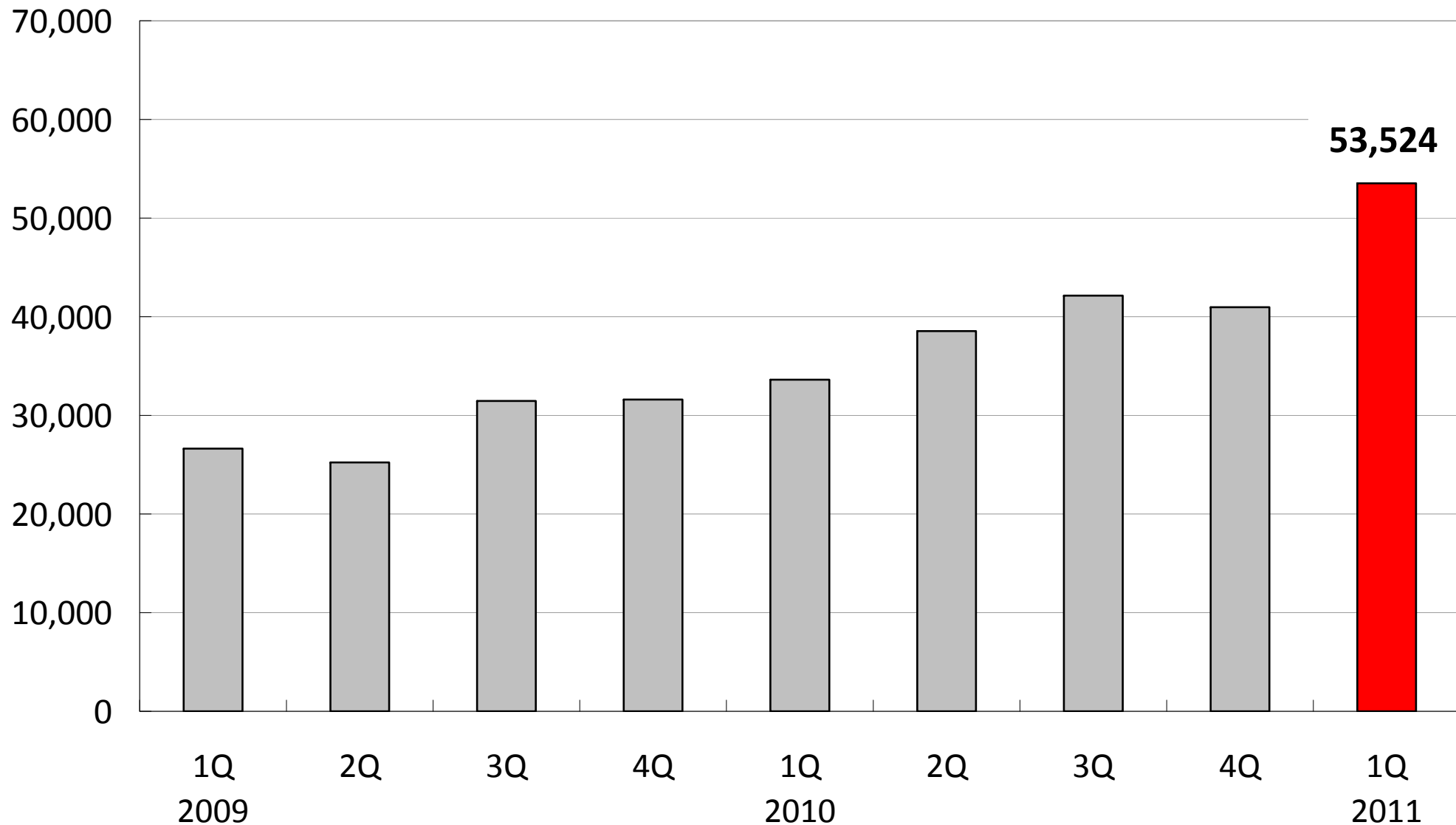
(Units)





# Backlog (Consolidated)

(Million Yen)

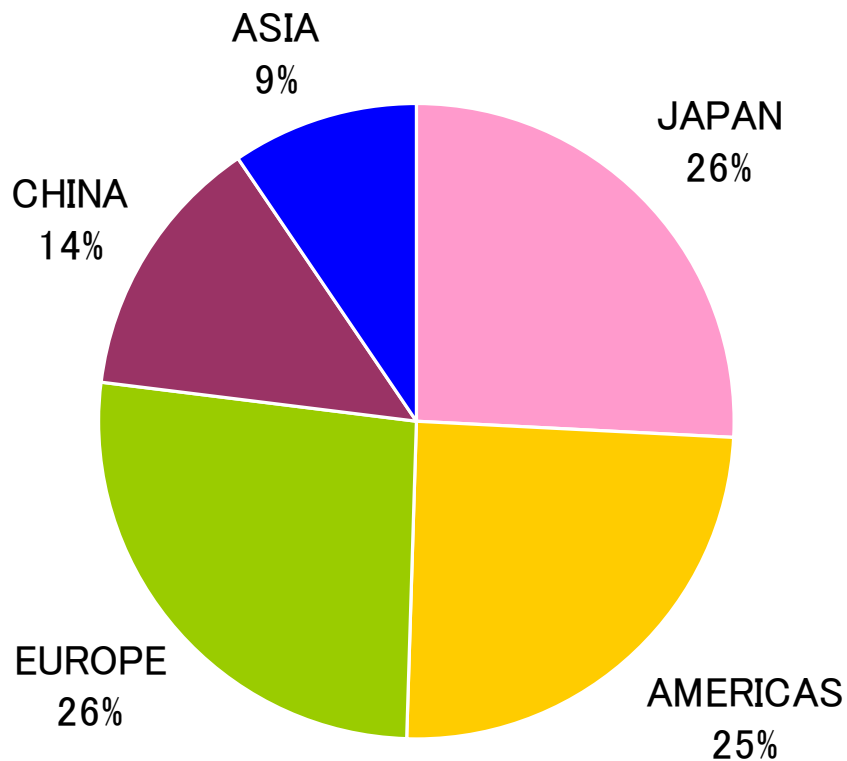




# Breakdown of Backlog (Consolidated)/ 2Q Sales Forecast

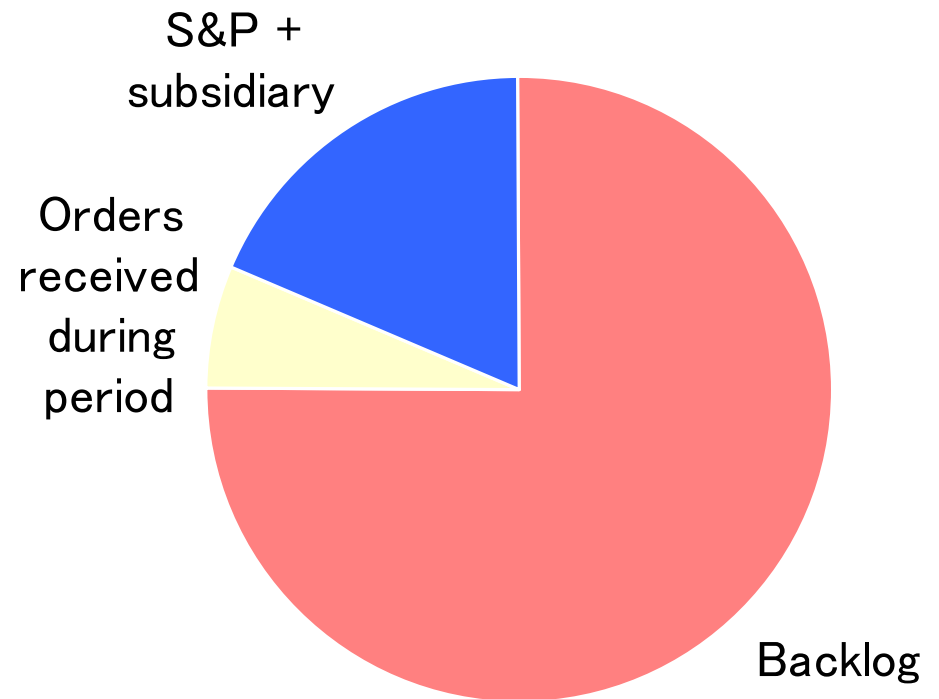
(Amount Base)

FY2011 1Q  
By Region



Total:53.5 Billion JPY

Breakdown of  
FY2011 2Q Sales Forecast

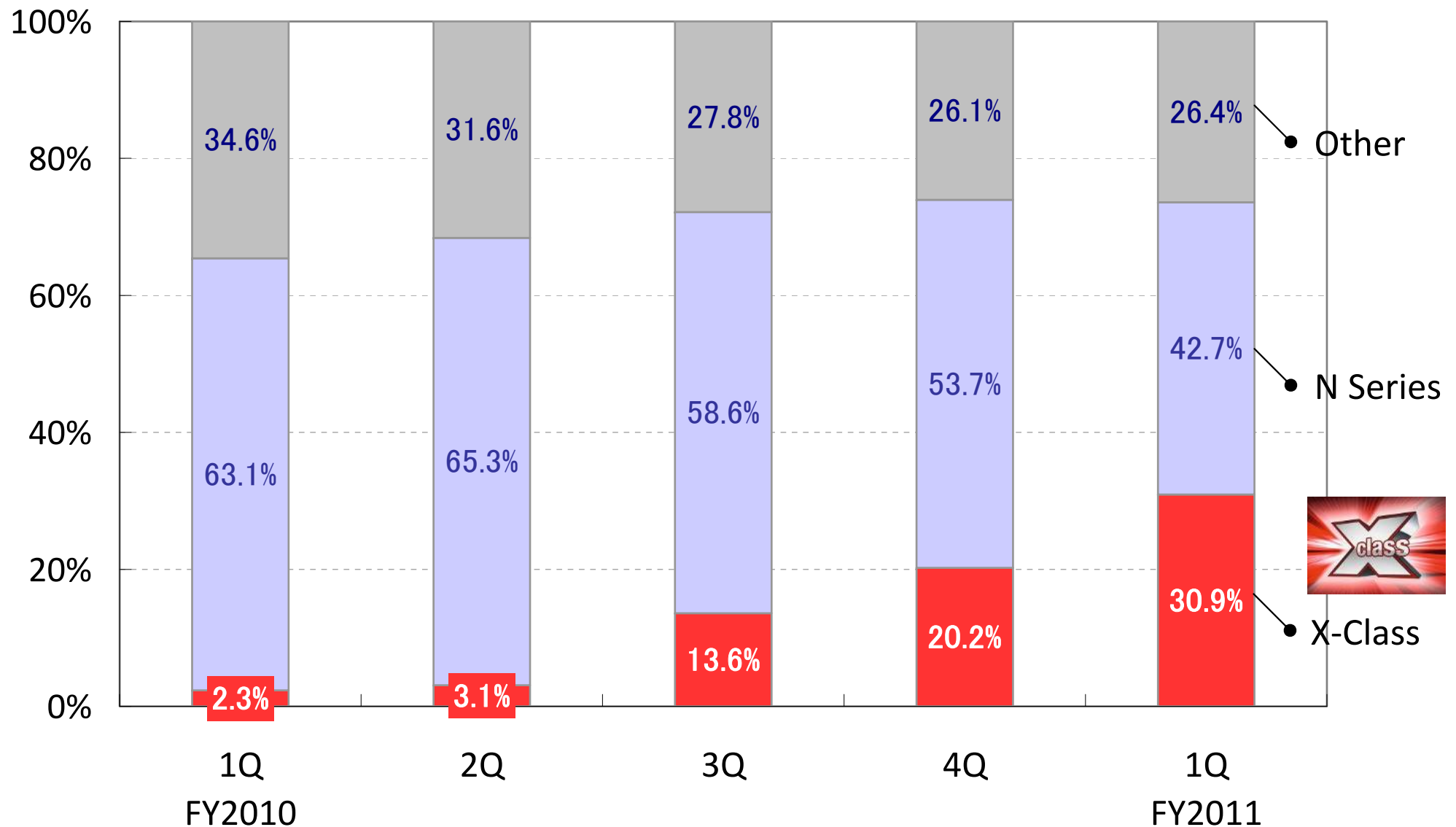


Total:40.2Billion JPY



# Order Portion of X-Class

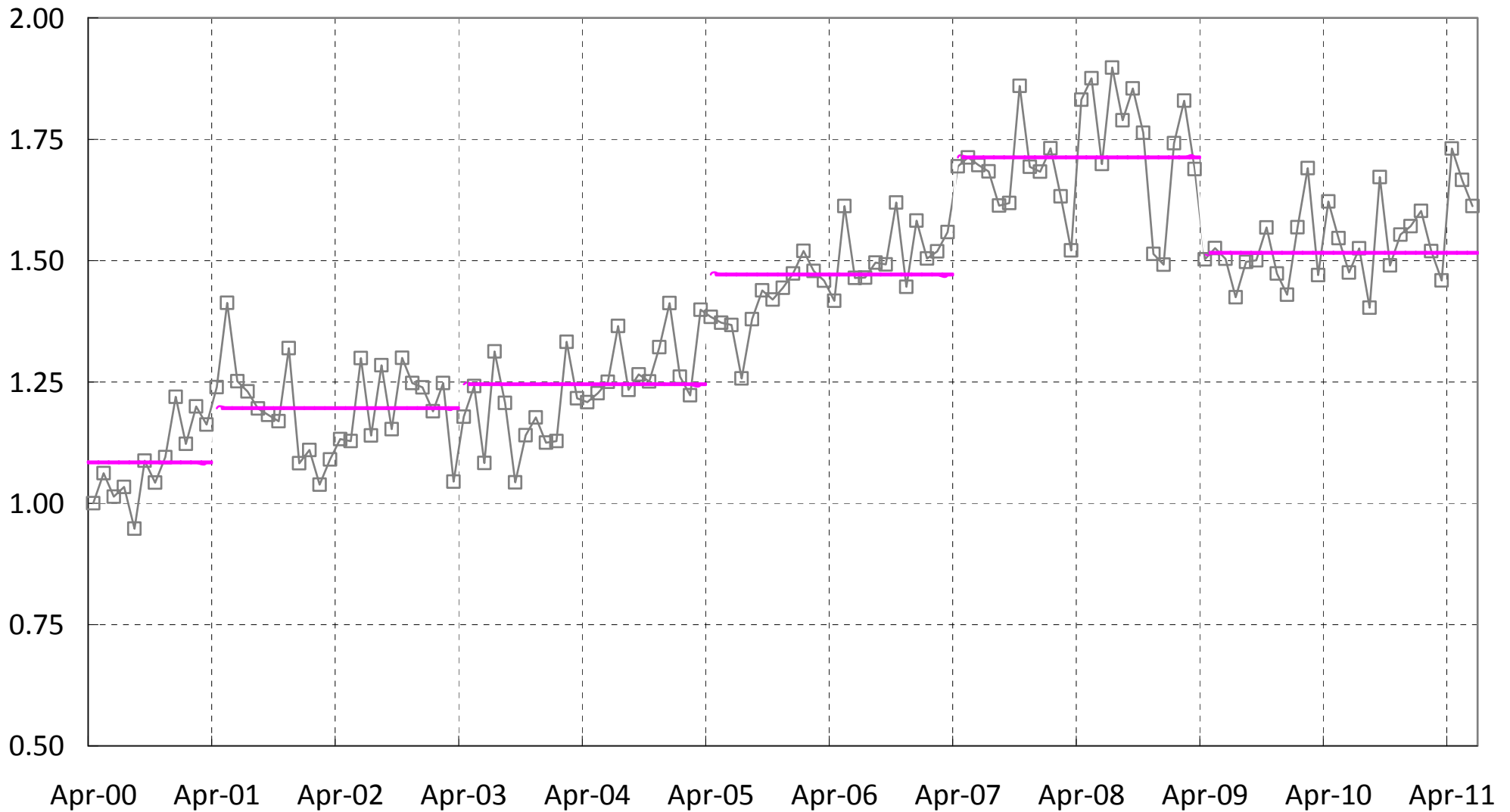
(※Machine Body Price Only、Unit Base)





# Order Price Index

(2000 Apr = 1.00, JPY)



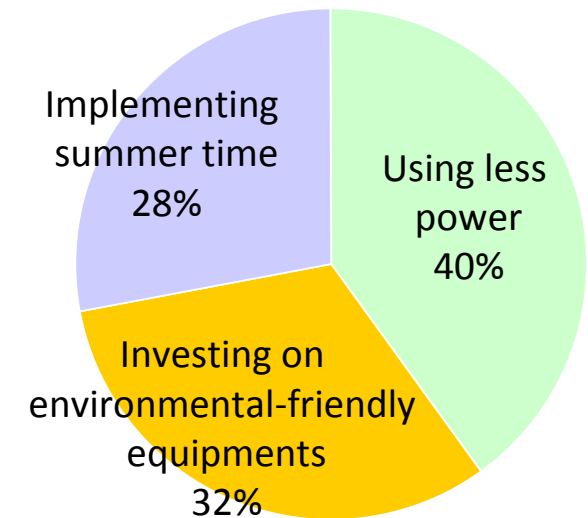


# Summer Time / 30% Saving on Electricity



Working hours	7:00~16:00 (☒except for Sales, Service Dept, Nagoya Head Office)
Period	May 6th -September 30th 2011
Purpose	To reduce electricity use To cut down on costs by utilizing existing facilities more effectively
Target	To reduce electricity consumption by 30% in all factories
<b>FY2011 1 Q Saving result</b>	<b>24.9%</b>

【Breakdown by Reduction Measure】



【Reduction Rate per Factory】

IGA	26.1%
NARA	19.1%
CHIBA	24.0%



# Bangalore TC Grand Opening

Period	2011/5/17-2011/5/20
Place	DMG / MORI SEIKI India (Bangalore Office)
Exhibited Models	20 models incl. X-class 5 models
Order Result	16 units
Visitors	ca. 445People





# Houston TC Open House



Period	2011/6/21-2011/6/23
Place	DMG / Mori Seiki USA Houston Solution Center
Building area	22,000 sq. ft.=2,040m <sup>2</sup> (Showroom=6,600 sq. ft.)
Target Customer	Energy related global companies
Main Sellers	Large lathes, multi-axis machines





# NVX5000 Series wins Machine Design Award

NVX5000 wins the "Japan Design Promotion Award" at the 41<sup>st</sup> Machine Design Award sponsored by Nikkan Kogyo Shinbun



**NVX5000/50**

## Mori Seiki and the Machine Design Award

Y2010	DMU 80P duoBLOCK	40th	40 <sup>th</sup> Memorial Award
Y2009	NMV8000 DCG	39th	Distinctive Merit Award
Y2008	NMH10000 DCG	38th	Japanese Brand Award
Y2007	NMV5000 DCG	37th	Minister of Economy, Trade and Industry Award
Y2005	NV1500 DCG	35th	Special Jury Award
Y2004	NL Series	34th	JMTBA Award
Y2003	NH5000	33rd	Special Award
Y2002	NV5000	32nd	Special Award
Y2000	FM-303	30th	Special Award



# New Models in 2Q

Model	Machine Type	Order Start
NVX5000/50	Vertical MC	2011/7
NHX5500	Horizontal MC	
NMH5000	Horizontal 5-Axis MC	2011/8
NLX3000/700	Lathe	
NHX6300	Horizontal MC	2011/9
NHX10000	Horizontal MC	
NVX7000	Vertical MC	
NZX Series	Lathe	



**NVX5000/50**



**NMH5000**



**NHX10000**



# EMO Hanover 2011

**MORI SEIKI**  
THE MACHINE TOOL COMPANY

**DMG MORI SEIKI**



**DMG & MORI SEIKI**  
**EMO Hannover**  
2011.09.19 - 09.24  
North Entry, Hall 2

- Period 2011/9/19-9/24
- Place Hanover, Germany
- Exhibited Machines 13 new machine models / 2 machines of Taiyo Koki / 1 machine with Siemens Control (Planned)
- Order Target 150 machines
- Expected Visitors 10,000



EMO2011 Booth image

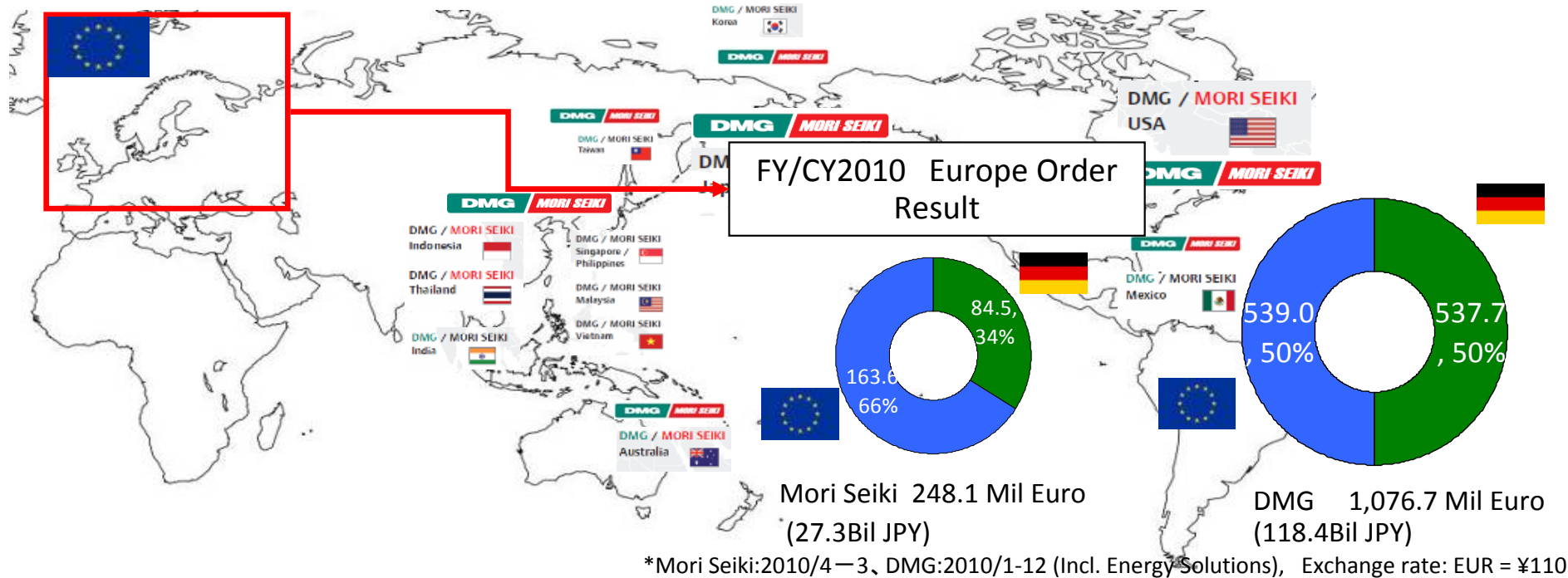


EMO2011 Booth layout



# Alliance with DMG

- Approval from the German Federal Cartel office on July 5th; start of collaboration in the European market
- Plan to establish a DMG / Mori Seiki holding and business company in Switzerland



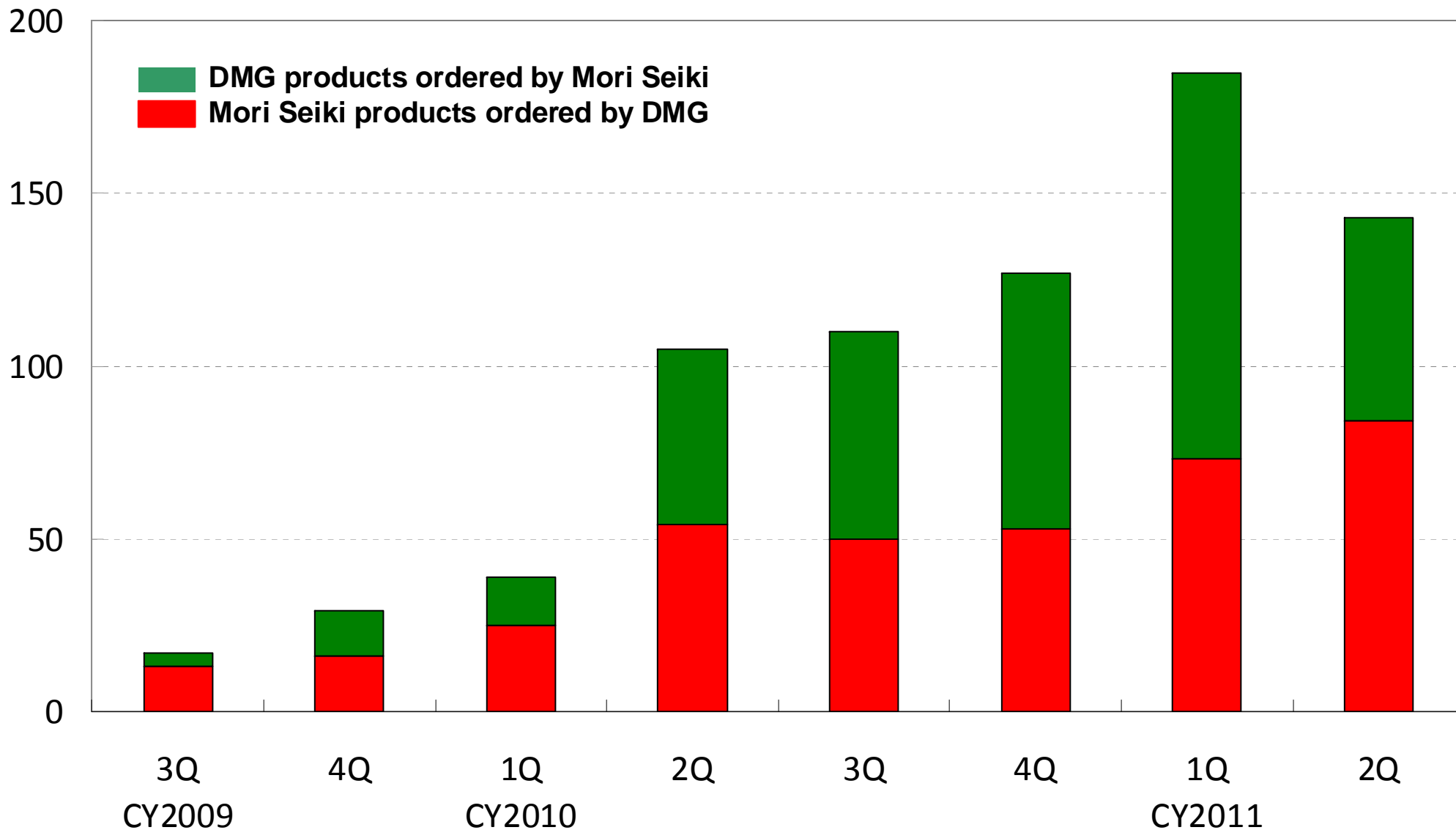
## Purpose :

- To develop new customers through DMG's strong sales network in Europe
- To transit to a sales system suitable for the sales & service of high value-added machines
- To enhance machining technology, training, maintenance function for customers
- To reduce SGA cost



# Alliance with DMG

(Units) Order in Collaboration Markets (units)





# Alliance with DMG

- DMG starts to produce machines based on Mori Seiki products in Germany
- Machine models: NTX1000 (DMG model name: CTX alpha TC) and NHX4000

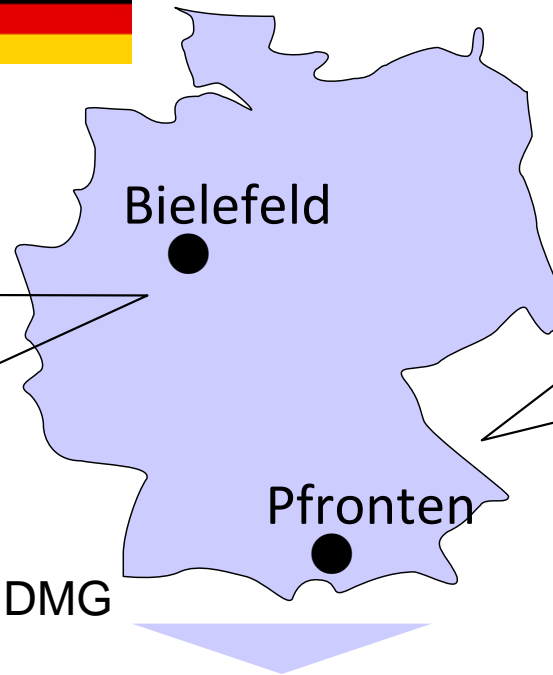


Scale by  
Magnescale



**NTX1000 (CTX alpha TC)**

Siemens version designed by DMG



**NHX4000**

Siemens version designed by DMG  
Planned usage of Magnescale

- Standardization of machine platform
- Acceleration of global production



# Magnescale

FY2011 1Q result: Sales 2.4Bil JPY

Result on annual schedule

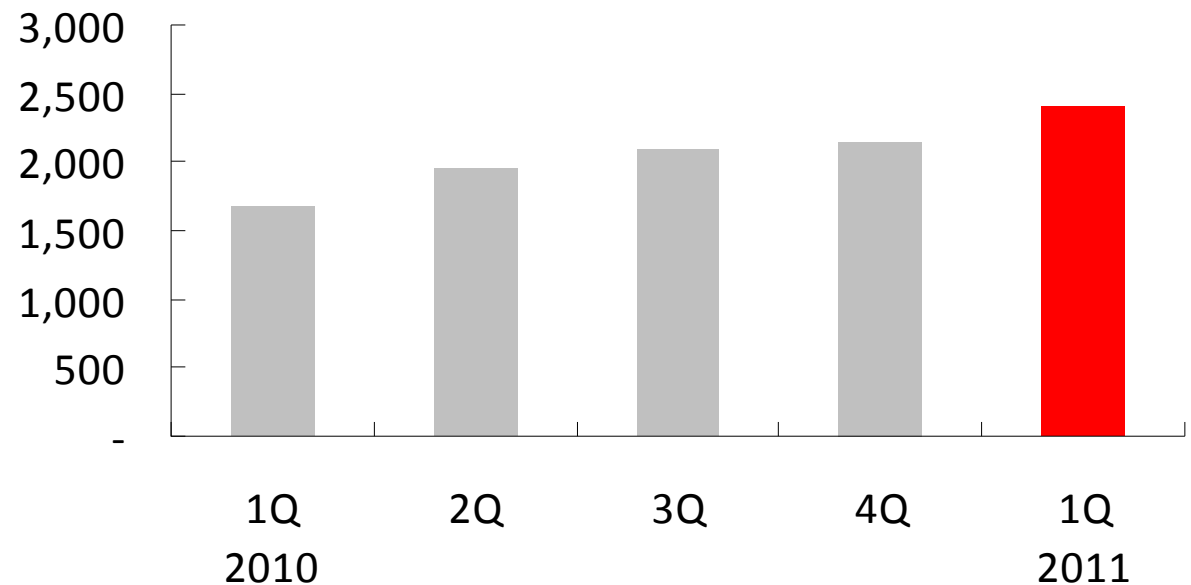
RS87

(will be used for NMV,NT,NTX)



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Sale Result





# Appendix

(Million Yen)	FY2010 1Q		FY2011 1Q		FY2011 Forecast	
				(Y/Y)		(Y/Y)
Net sales	19,026	28,834	51.6%		145,000	20.4%
Japan domestic	7,029	10,094	43.6%		51,100	17.2%
Overseas	11,997	18,740	56.2%		93,900	22.3%
Americas	4,419	7,736	75.1%		36,900	20.2%
Europe	4,009	6,855	71.0%		34,000	32.0%
Asia(Incl. China)	3,568	4,148	16.3%		23,000	12.9%
Operating profit	-4,777	-1,318	-		8,000	-
Ordinary profit	-5,644	-1,290	-		7,000	-
Net profit	-5,510	-1,267	-		7,000	-
CAPEX	737	1,786	142.3%		7,000	52.2%
Depreciation	1,586	1,584	-0.1%		7,000	5.5%
R&D	1,272	1,272	0.0%		5,000	4.0%



# Q&A: Analyst Meeting

Q: Why were you not able to reach the 1Q target?

A: The production load was concentrated in June because assembly workers were sent to help customers from the earthquake disaster and some suppliers were late on delivery. In some cases, although the unit was completed, we were not in time to ship the machine or receive acceptance for it. As a result, we have more finished products in the inventory. Monthly production capacity has recovered to 450 units in June; so we shall be able to catch up with the production schedule in 2Q, combined with the finished products in stock.

Q: How was the cash flow situation in 1Q?

A: Operating cash flow: 0.8 Billion Yen

Although trade receivables have decreased, rise of inventories had a bigger impact.

Investing cash flow: -12 Billion Yen

Cash out occurred from purchasing additional DMG stocks and other long-term tangible assets (such as land for North American factory)

Q: Level of cash and cash equivalents seem low compared to the expected growth in sales. Do you have enough financing sources?

A: Our banks offer us a commitment line of around 65 Billion Yen (excluding funding for M&A), so the cash level should be sufficient.



# Q&A: Analyst Meeting

Q: How do you forecast production in 3Q and 4Q? From past experience, your production volume rises in 2Q and 4Q. Will this happen this year, too?

A: Equalization of production volume has been and still is our goal. Orders depend on delivery time and could be cyclical; however, we aim to stabilize production volume at around 450-480 units/month.

Q: What is your outlook on automobile related demands? In Asian countries there seem to be increases in production capacity; how is your order income at this time?

A: Automobile related demands in Japan and Asia are on the rise. There are many cases where the order is set in Japan but the machine is installed overseas.

The big 3 are doing well in America and we hear no bad news from Europe.

(Answered by: Vice President Mr. Tatsuo Kondo)



# ***MORI SEIKI***

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