

**Presentation of Financial Results
for the Fiscal Year Ended
March 31,2018**

(Supplemental Material for Consolidated
Financial Highlights)

May 17,2018

SMC Corporation

FY17 Financial Results Conference

For the 12 months ended on March 31, 2018

May 17, 2018

SMC Corporation

Katsunori Maruyama, President

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FY17 Consolidated Financial Summary

- Orders kept firm tone in all regions and industries throughout the year. The semiconductor and the portable terminals were the driving force, and orders from the automobiles and the machine tools related industry were steady. We had a tight situation for some parts procurement and some products supply.
- Net sales and income increased on the quantity basis. Coupled with rationalization and cost reduction efforts, the amount of net sales and income increased from the previous year.
- Net sales increase: 21%, Operating income increase: 36%, Ordinary income increase: 33%
- The annual dividend per share is 400 yen. (The Term end dividend per share is 200 yen.)

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FY17 Consolidated Financial Summary Part 1

	FY2016	FY2017	FY2017			
	Results	Plan	Results	Growth rate against Plan	year-on-year % change	FOREX rate impact
Net sales (Sales to external customers of overseas)	487.6 (327.9)	550.0 (379.0)	591.0 (402.8)	+7% +6%	+21% +23%	(+19.9)
Operating income (Operating margin)	141.1 (28.9%)	170.0 (30.9%)	192.4 (32.6%)	+13%	+36%	(+11.9)
Ordinary income	148.2	180.0	196.8	+9%	+33%	(+8.2)
Net income ^{*1}	113.0	130.0	136.8	+5%	+21%	
FOREX Rate(US\$)	¥108.38	¥110.00	¥110.85			
(€)	¥118.79	¥126.00	¥129.63			
Capital expenditures(tangible/intangible)	21.6	35.5	23.6	▲33%	+9%	
Depreciation expenses (tangible/intangible)	14.2	15.3	15.2	▲0%	+7%	
R&D expenses	19.1	20.0	20.2	+1%	+6%	
*1 Net Income attributable to SMC Corporation						
(Unit: Billions of yen)						
The annual dividend per share	300 yen		400 yen			

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FY17 Consolidated Financial Summary Part 2

	FY2016	FY2017			
	Results	Results	year-on-year % change	Change	Change excluding effects of FOREX rates
Net asset value	1,030.3	1,150.4	+12%	+120.1	(+112.8)
Current assets (of which: Inventories)	835.9 (179.1)	964.0 (205.6)	+15% (+15%)	+128.1 (+26.5)	(+120.0) (+25.8)
Fixed assets	356.5	396.7	+11%	+40.2	(+39.2)
Equity ratio	86.2%	84.3%		▲1.9	
Equity per share	15,292 yen	17,067 yen	+12%	+1,775 yen	(+1,667 yen)
Term end FOREX rate(US\$)	¥112.20	¥106.27			
(€)	¥119.78	¥130.58			

(Unit: Billions of yen)

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SMC Market Share Trend (SMC Estimation)

- ◆ Point: The market share in each region has shown increasing tendency, mainly for the semiconductor equipment, the portable terminals and the automobiles industry!

	'13	'14	'15	'16	'17
Rate(¥/\$)	(100.17)	(109.76)	(120.14)	(108.38)	(110.85)
Japan	64	65	65	65	65
North America	21	22	23	24	25
Europe	19	20	20	20	21
Asia/Oceania	44	46	46	47	48
Global Total	32	33	34	35	36

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Current Order Situation (FY17=100)

【Fixed FOREX Rates】

	FY17	'17/3Q	'17/4Q	'18/04	Current situation	
Consolidated	Electrical machinery	100	101	104	110	Firm tone in Japan, recovery in China and Korea
	Automobile	100	101	102	107	Going well in China
	Machine tools	100	101	100	111	Going well in China and Taiwan
	Food	100	99	105	110	Going well in Japan, Europe and China
	Medical	100	98	106	104	Firm tone in Japan and the US
	Other	100	104	104	103	
Japan	100	104	105	104	Firm tone in the semiconductor, however, slowdown in the automobile industry	
North America	100	98	105	95	Decrease in the semiconductor, slowdown in the automobile industry	
Europe	100	102	109	106	Maintain a high level in all industries	
Asia & Oceania	100	101	99	118	Going well in the semiconductor, the automobile and the machine tools industry	
Consolidated	100	102	103	109		

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Order Situation in April 2018 (Region/Industry)

【April 2018】

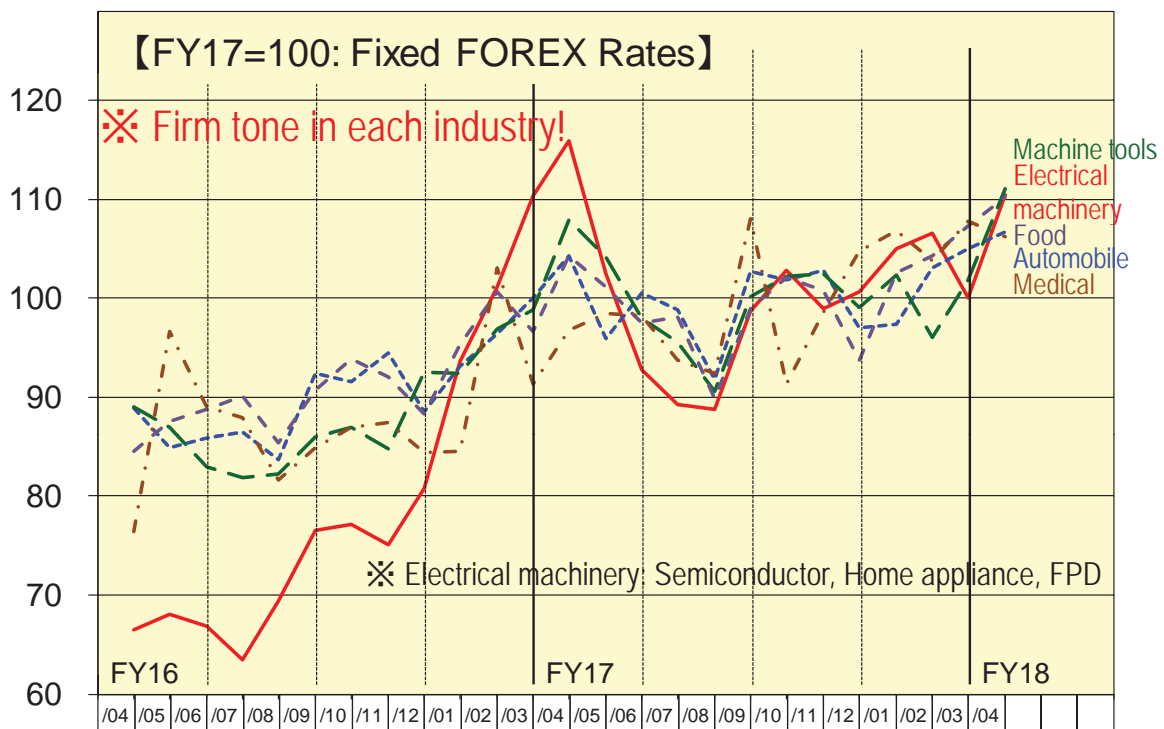
	Electrical machinery	Automobile	Machine tools	Food	Medical	Other	Total
Japan							
North America							
Europe							
Asia & Oceania							
Global Total							

Year-on-Year % change

~+5	+5~	±1	~-5	-5~

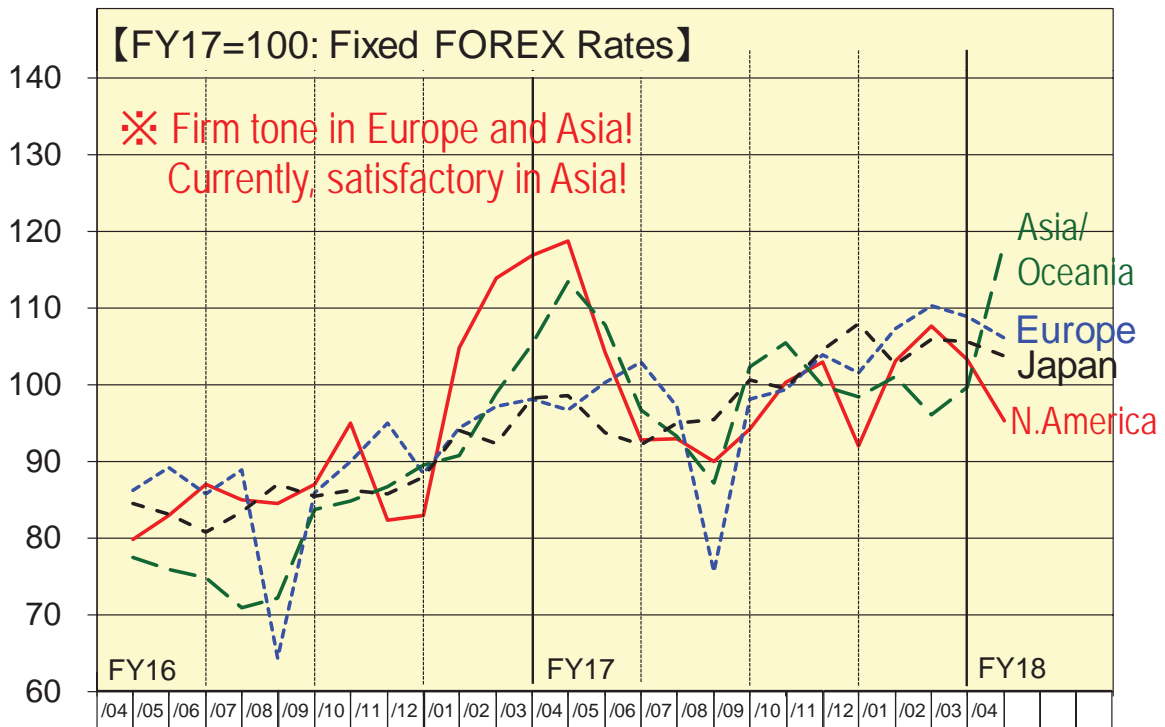
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Consolidated Orders Trend By Industry (FY17=100)



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Consolidated Orders Trend By Region (FY17=100)



Pneumatic Demand Environment

- ★ Local production has accelerated mainly in the emerging countries. Against the background of the need for factory automation, the pneumatic demand has expanded!

【Points to note】

- 【1】 The current toward IoT, Smart Factories, Cloud Computing
The flash storage, 5G communication technology revolution
- 【2】 The request for environment friendly products
The current toward Electric Vehicles
Energy-saving, resource-saving, space-saving products
- 【3】 The new market, the distribution types and the competition are diversified.

Focused Measures for the FY18

★ We will maintain the basic posture! We recognize the present situation that we are at a turning point in the competitive environment.

- 【1】 Reinforce the production and supply network on a global basis
- 【2】 Propose products with environment friendly, appropriate quality and price to the market
- 【3】 Reinforce information network for global cooperation among the production, sales and engineering department
- 【4】 Increase sales, reinforce and activate sales force competitiveness

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Premises for FY18 Financial Forecasts

- 【1】 We assume that the movement of sophisticated industrial structure pulled by the semiconductor industry will go on for the time being. We will promote maintaining the mobility for the future and making investment for our growth!
- 【2】 We assume the FY18 full year FOREX rate to be (JPY/USD=105, JPY/EUR=130), supposing that the yen will be appreciated.



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FY18 Financial Forecasts

	FY2016	FY2017		FY2018		
	Results	Results	year-on-year % change	Forecasts	year-on-year % change	FOREX rate impact
Net sales (Sales to external customers of overseas)	487.6 (327.9)	591.0 (402.8)	+21% +23%	610.0 (414.0)	+3% +3%	(▲8.0)
Operating income (Operating margin)	141.1 (28.9%)	192.4 (32.6%)	+36%	200.0 (32.8%)	+4%	(▲4.7)
Ordinary income	148.2	196.8	+33%	205.0	+4%	(+1.2)
Net income ^{*1}	113.0	136.8	+21%	143.0	+4%	
FOREX Rate(US\$)	¥108.38	¥110.85		¥105.00		
(€)	¥118.79	¥129.63		¥130.00		
Capital expenditures(tangible/intangible)	21.6	23.6	+9%	40.0	+69%	
Depreciation expenses (tangible/intangible)	14.2	15.2	+7%	16.8	+10%	
R&D expenses	19.1	20.2	+6%	21.3	+5%	
				(Unit: Billions of yen)		
The annual dividend per share	300 yen	400 yen				

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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, preparing for 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 "return to shareholders". We think of it as meeting the expectation of investors that we improve the enterprise value by expanding our performance, noting the corporate governance, and contribute to the society.

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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 31,2018

SMC Corporation

**Ikuji Usui,
Director and Senior
Managing Executive
Officers**

May 17,2018

SMC Corporation May 17,2018



Actual achievement-Highlights

	Mar.2017		Mar.2018			
	Monetary value	Ratio to net sales	Monetary value	Ratio to net sales	Increase/decrease	Ratio to previous term
Net sales	487.6		591.0		103.4	21.2%
Cost of sales	244.4	50.1%	286.3	48.5%	41.9	17.1%
Gross profit	243.1	49.9%	304.6	51.5%	61.5	25.3%
Selling,general,& administrative expenses	102.0	20.9%	112.2	19.0%	10.1	10.0%
Operating income	141.1	28.9%	192.4	32.6%	51.3	36.4%
Ordinary income	148.2	30.4%	196.8	33.3%	48.6	32.8%
Profit attributable to owners of parent	113.0	23.2%	136.8	23.2%	23.7	21.0%
Exchange rate(yen)						(Billions of yen)
Average	US\$	108.38	110.85			
	EUR	118.79	129.63			
	RMB	16.10	16.73			
End of the fiscal year	US\$	112.20	106.27			
	EUR	119.78	130.58			
	RMB	16.29	16.92			

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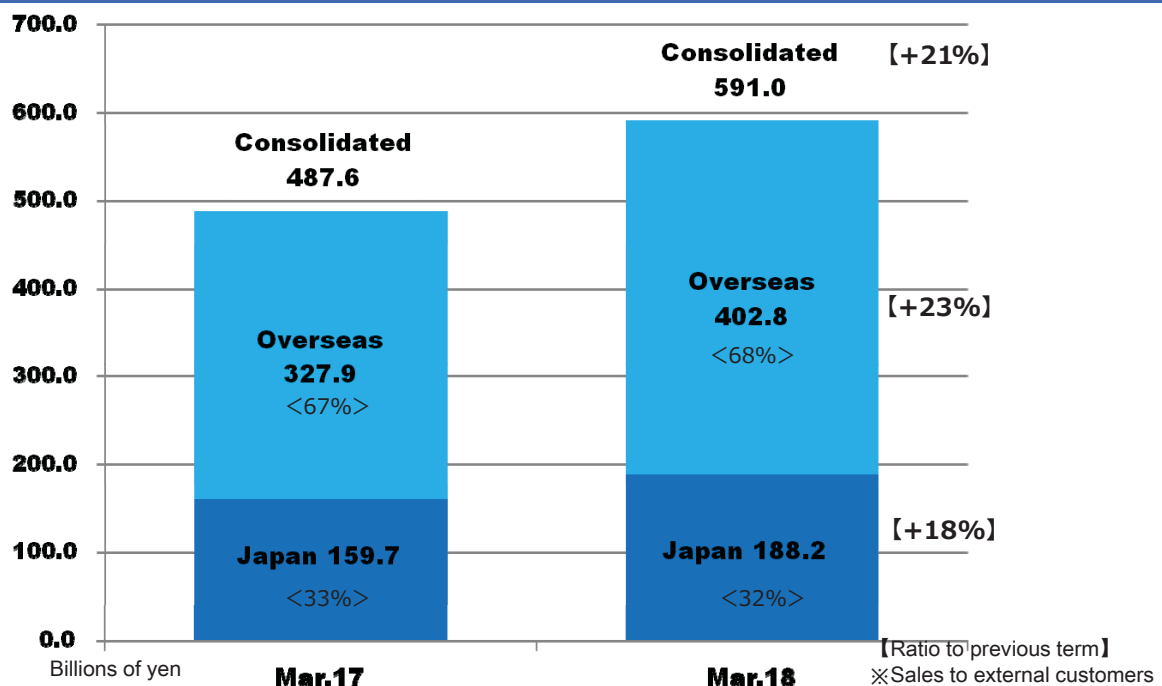
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Profit

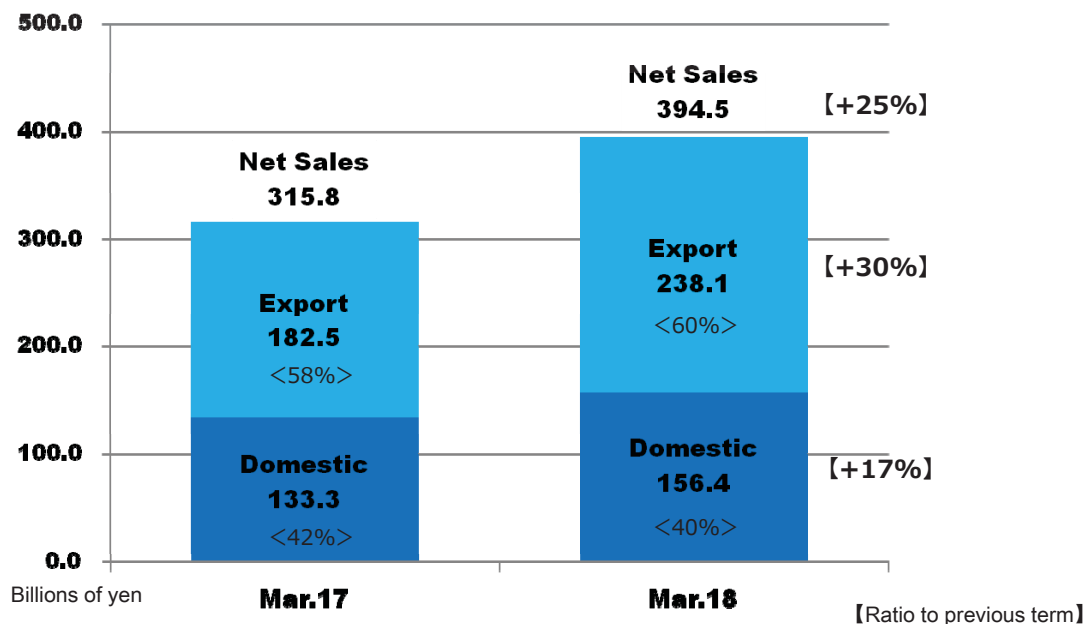
	Mar.2017		Mar.2018		Increase/decrease	Ratio to previous term
	Monetary value	Ratio to net sales	Monetary value	Ratio to net sales		
Operating income	141.1	28.9%	192.4	32.6%	51.3	36.4%
Non-Operating income	9.7	2.0%	11.7	2.0%	2.0	21.4%
Non-Operating expenses	2.5	0.5%	7.3	1.2%	4.7	185.8%
Exchange loss	2.0		6.0		3.9	193.3%
Ordinary income	148.2	30.4%	196.8	33.3%	48.6	32.8%
Extraordinary income	0.6	0.1%	0.2	0.0%	-0.3	-59.6%
Extraordinary loss	3.2	0.7%	1.0	0.2%	-2.1	-67.6%
Net income before tax	145.6	29.9%	196.0	33.2%	50.3	34.6%
Profit attributable to owners of parent	113.0	23.2%	136.8	23.2%	23.7	21.0%

(Billions of yen)

Net sales(Consolidated)



Net sales(Non-Consolidated)

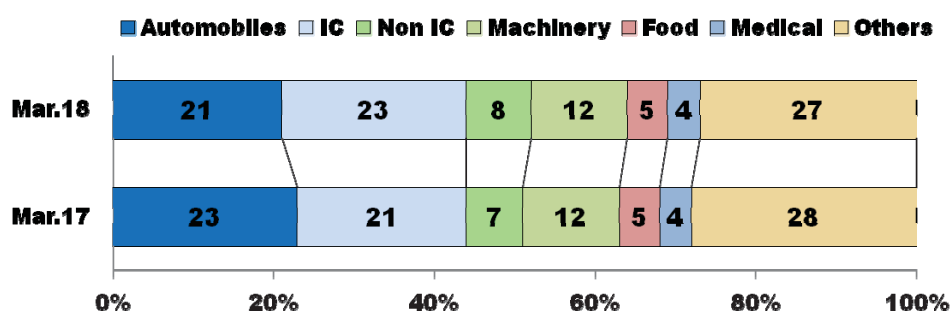


Domestic sales(Non-consolidated)

Ratio to previous term

Automobiles	IC	Non IC	Machinery	Food	Medical	Others
+8%	+34%	+28%	+19%	+7%	+13%	+12%

Component ratio per industry



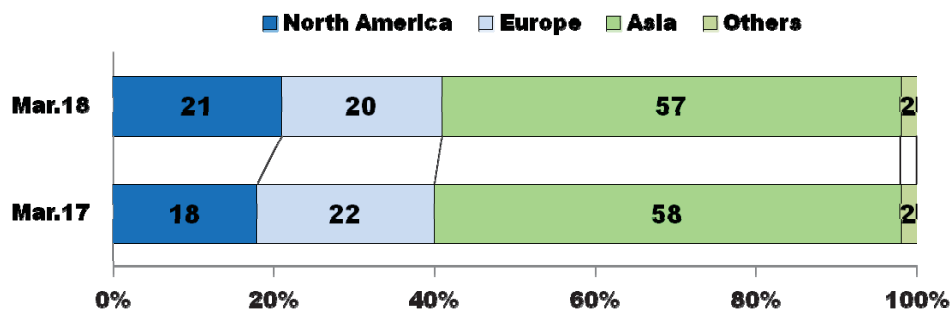
★Results in previous years of sales by prime industrial sector are subject to change retroactively as these sectors may be reviewed and the results corrected at any time.

Export sales(Non-consolidated)

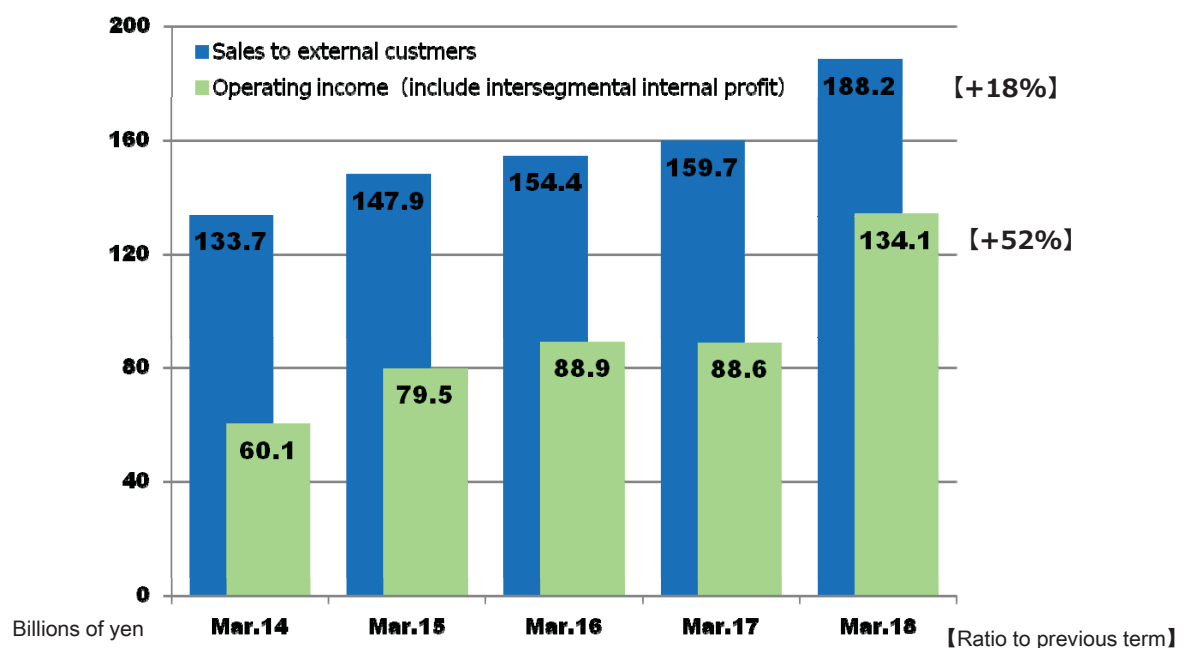
Ratio to previous term

North America	Europe	Asia	Others
+51%	+20%	+29%	+10%

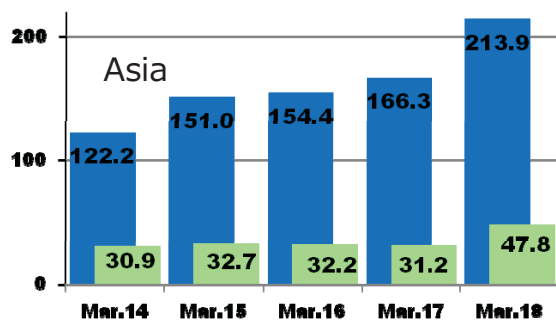
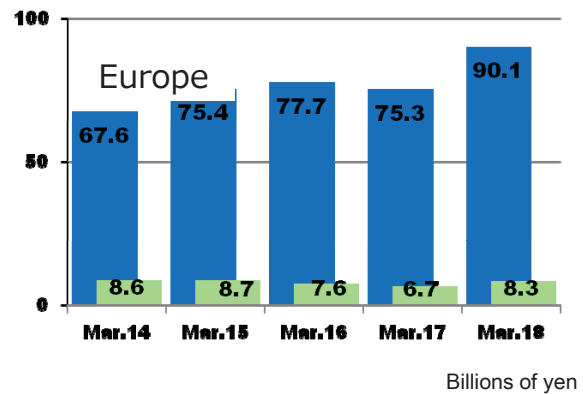
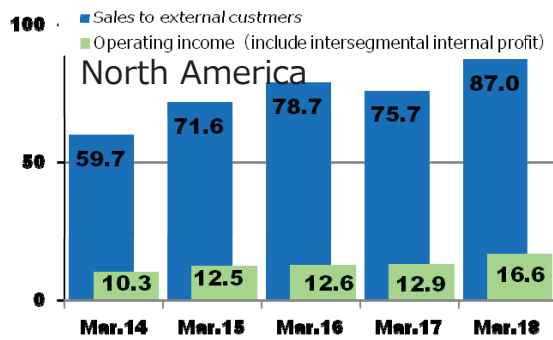
Component ratio per zone



Change in net sales & Operating income - Japan



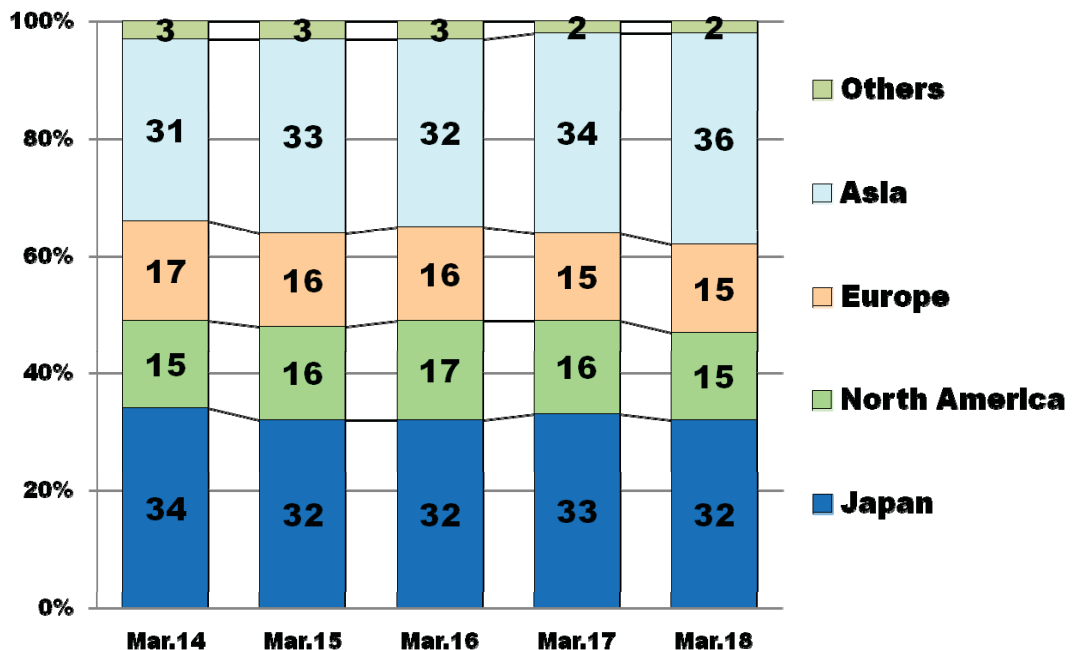
Change in net sales & Operating income - Overseas



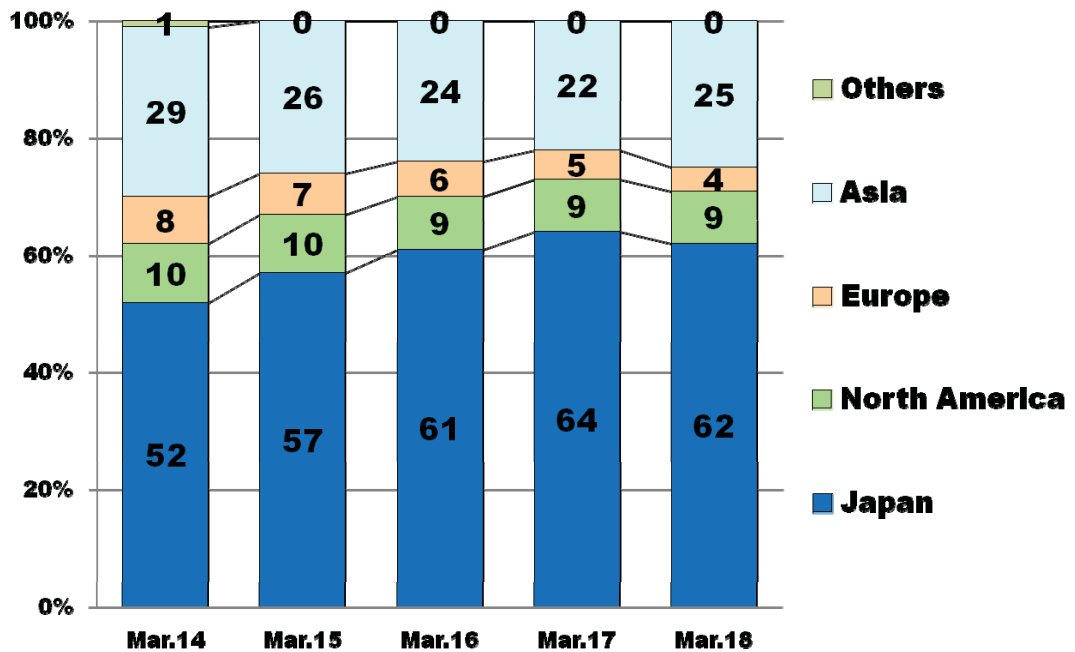
Ratio to previous term

	North America	Europe	Asia
Net sales	+15%	+20%	+29%
Operating income	+29%	+25%	+53%

Consolidated net sales -Component ratio per zone

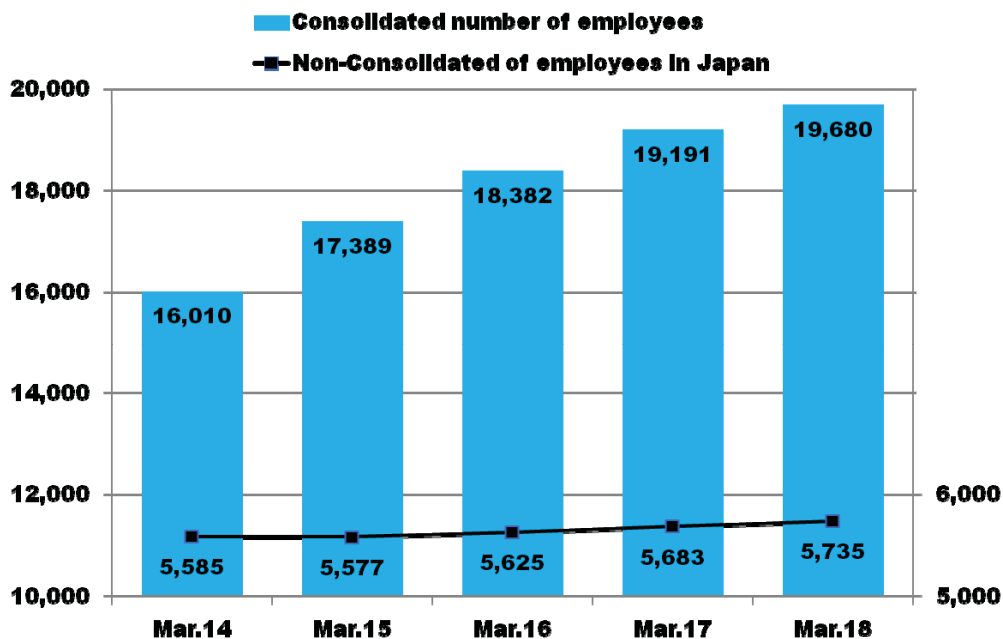


Operating Income -Component ratio per zone



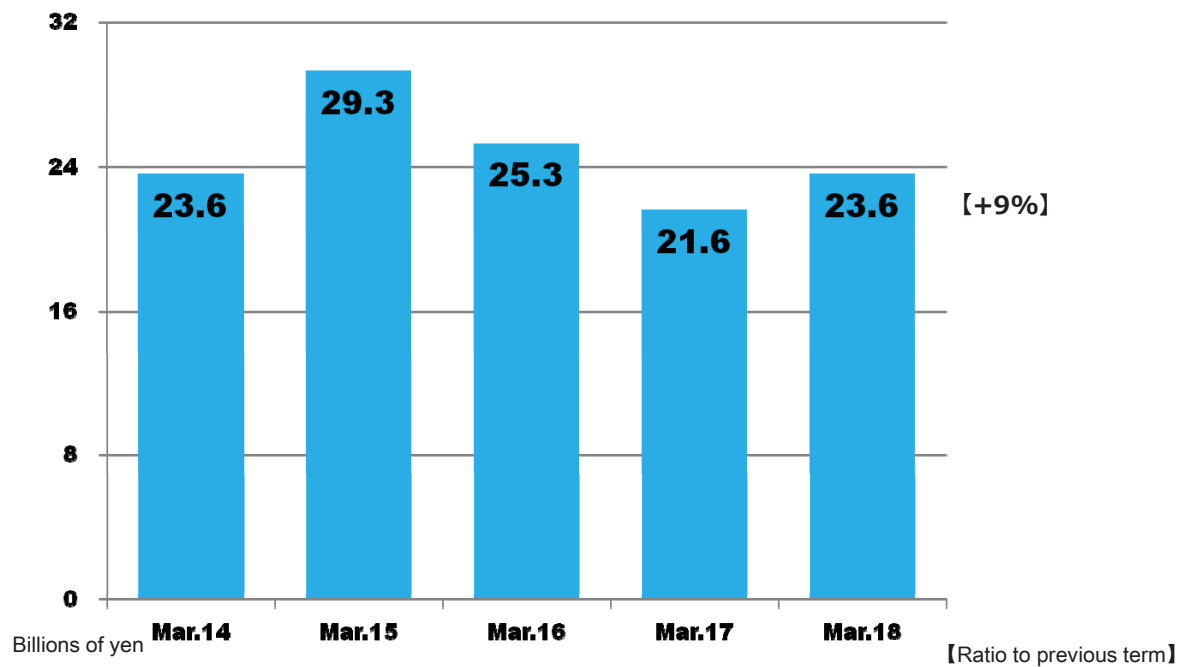
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Number of employees



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Capital expenditures



Vietnam Factory construction

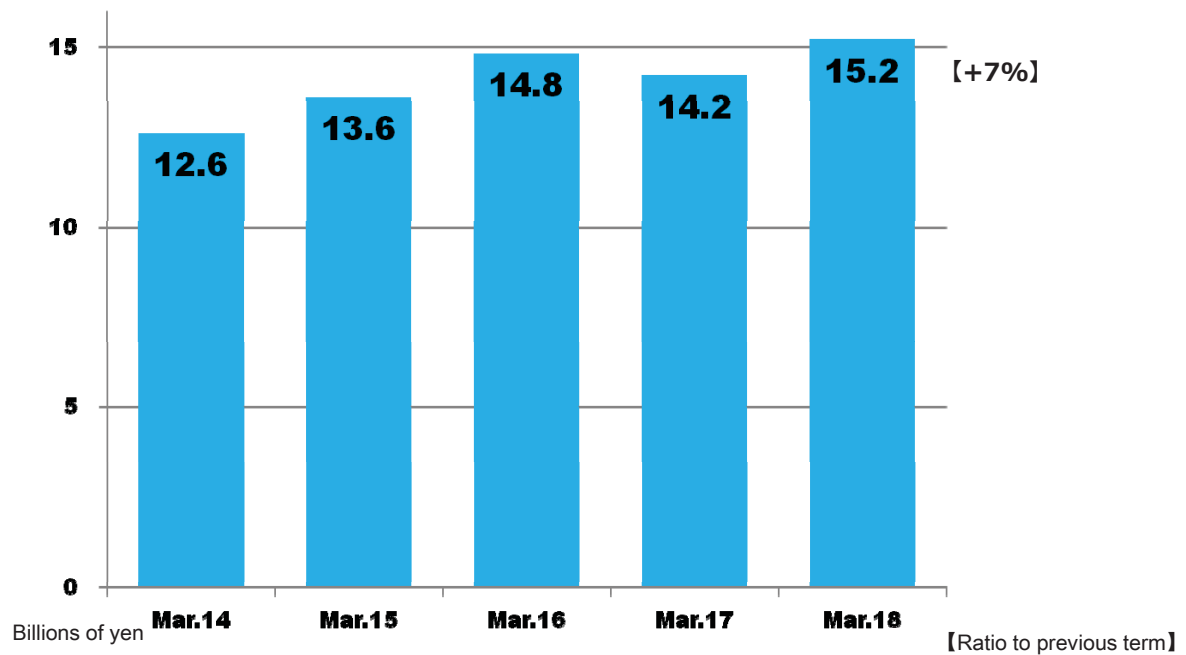


Factory1 (second construction)

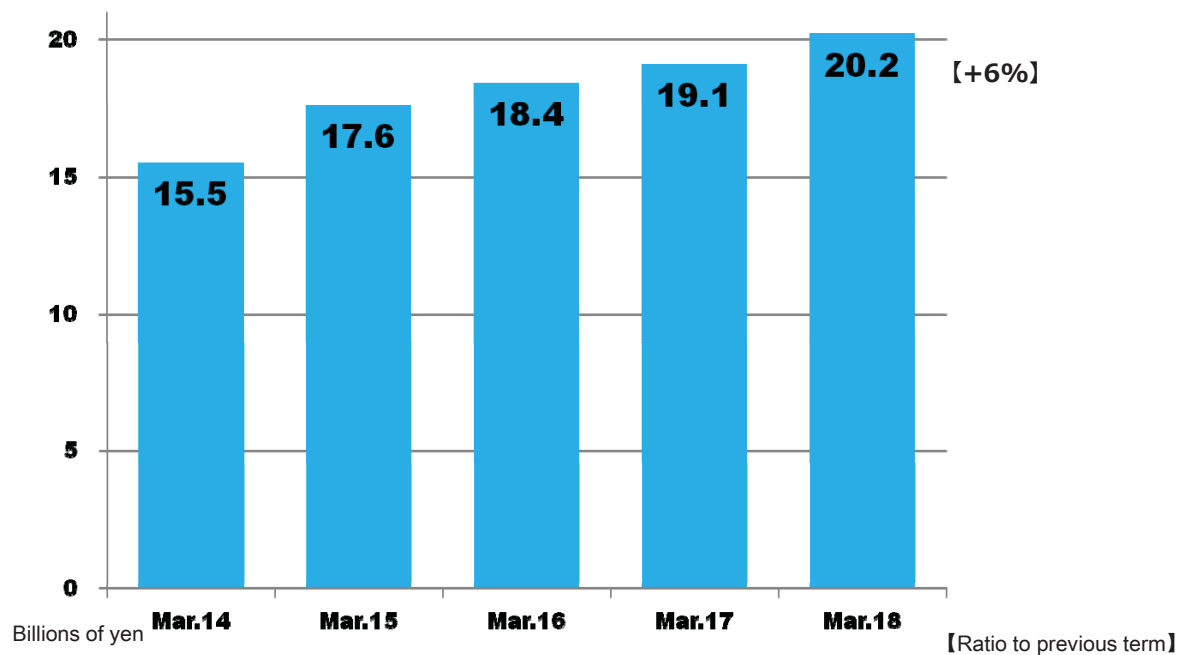


Factory2 (first construction)

Depreciation



R & D expense



Consolidated financial statements forecast for the year ending March,2019

	Mar.2018	Mar.2019 (Forecast)	
	Monetary value	Monetary value	Ratio to previous term
Net sales	591.0	610.0	+3%
Sales to external customers of domestic	188.2	196.0	+4%
Sales to external customers of overseas	402.8	414.0	+3%
Operating income	192.4	200.0	+4%
Ordinary income	196.8	205.0	+4%
Profit attributable to owners of parent	136.8	143.0	+4%
Average Exchange rate(yen)			
US\$	110.85	105.00	-5%
EURO	129.63	130.00	+0%
RMB	16.73	16.50	-1%
Capital expenditures	23.6	40.0	+69%
Depreciation	15.2	16.8	+10%
R&D expense	20.2	21.3	+5%

(Billions of yen)

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