



OKUMA Corporation

Second Quarter

Fiscal Year 2011 Financial Results



November 7, 2011

Part 1 Second Quarter Fiscal Year 2011 Financial Results

- Summary of Financial Results
- Orders/Sales
- Comparison of Balance Sheets
- Cash Flows/Capital Investments

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Part 3 Major Strategies for Fiscal Year 2011

- Machine Tool Market Conditions
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Part 1

Second Quarter Fiscal Year 2011 Financial Results

Highlights and Issues for the Future

➤ **Machine tool demand:**

Despite concern about a global economic slowdown, machine tool demand robustly increased during the first half of FY 2011. As a result of sharp appreciation of the yen and changing global economic environment after August 2011, recent machine tool demand is showing signs of uncertainty.

➤ **OKUMA orders and sales:**

In the background of steady machine tool demand, expanded production volume, and increased orders and sales—

Consolidated orders: ¥69.7 billion (+36% compared to last year)

Consolidated sales: ¥64.4 billion (+51% compared to last year)

➤ **Profits:**

Despite an appreciated yen, volume efficiency by bigger orders and sales, better productivity of machining and assembly, lower costs, etc resulted in improved profits. Operating profits reached ¥3.7 billion.

Highlights and Issues for the Future

➤ **Operational Efficiency tactics:**

While keeping expense down, production volumes were pushed up, lead-times shortened, ¥3.2 billion in OCF (operating cash flow) were generated, and net cash reached ¥10.8 billion—all of which support the company's stronger financial position.

➤ **Strategies for the Future:**

The OKUMA group will accelerate the implementation of strategies for “GLOBAL 70” amid uncertain economic trends and the appreciating yen, and further increase orders and sales in the 2nd-half FY 2011 by enhancing our strengths.

Forecast of business results for fiscal year 2011:

Consolidated sales: ¥132.0 billion (+31% compared to last year)
(28 Apr 11 forecast: ¥125.0 billion)

Consolidated operating profit: ¥8.5 billion (+295% compared to last year)
(28 Apr 11 forecast: ¥7.0 billion)

[Summary of Financial Results]



(Reference)

	FY 2010			FY 2011				28 Apr 11 Forecast for Mid FY 2011 (¥100 million)
	1Q	2Q	Midterm Total	1Q	2Q	Midterm Total	% Change (Compared to Mid. FY2010)	
	(¥100 million)	(¥100 million)	(¥100 million)	(¥100 million)	(¥100 million)	(¥100 million)		
Net sales	165.4	261.3	426.7	294.8	349.5	644.3	51.0%	610.0
Operating profit	△17.1	1.5	△15.6	14.5	22.5	37.0	—	27.0
Ordinary profit	△18.5	△2.2	△20.7	13.5	17.6	31.2	—	22.0
Net profit	△24.3	△8.1	△32.3	8.7	13.0	21.7	—	15.0

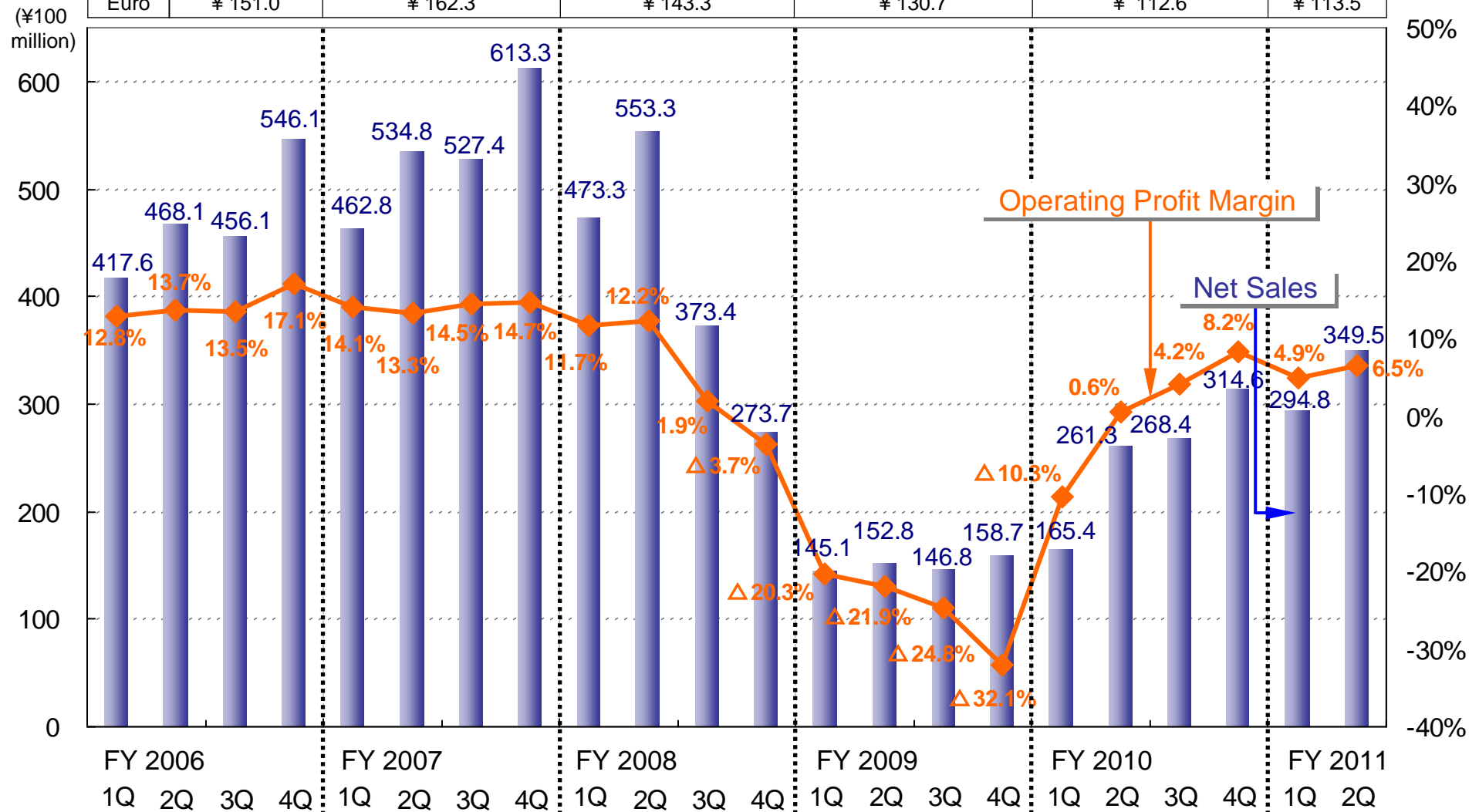
Exchange rate	Actual rate for the 1st half of FY2011	US\$1 = ¥79.2	1 Euro = ¥113.5
	Actual rate for the 1st half of FY2010	US\$1 = ¥88.2	1 Euro = ¥ 113.1
Effects of exchange rate fluctuations (operating profit)		US\$ = △¥1.6 billion	Euro = ¥0.03 billion
(Reference) Assumed Rates for FY2011 as of 28 Apr. 2011		US\$1 = ¥ 83.0	1 Euro = ¥ 119.0

[Summary of Financial Results] Quarterly Trends



【Actual exchange rate】

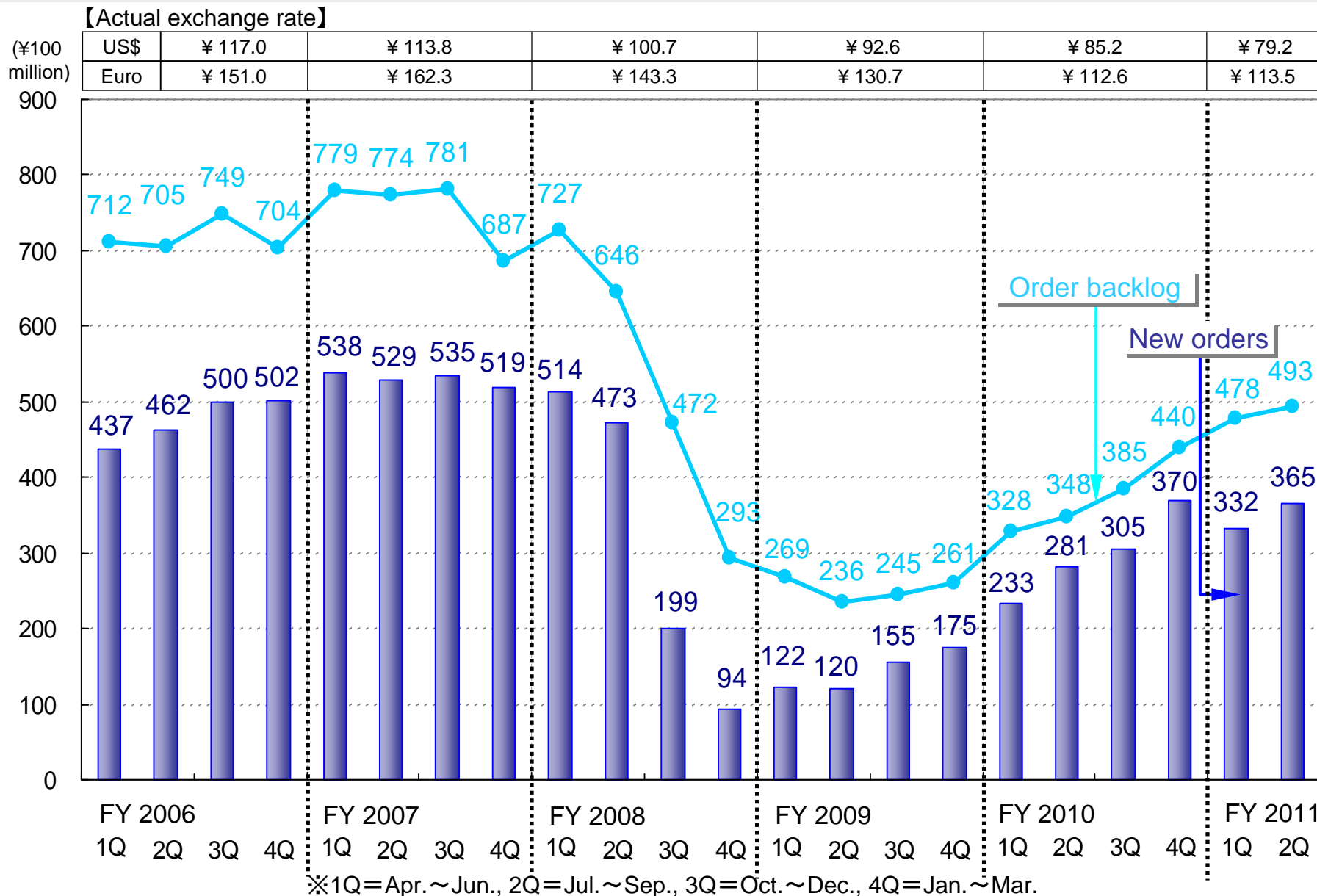
US\$	¥ 117.0	¥ 113.8	¥ 100.7	¥ 92.6	¥ 85.2	¥ 79.2
Euro	¥ 151.0	¥ 162.3	¥ 143.3	¥ 130.7	¥ 112.6	¥ 113.5



※1Q=Apr.~Jun., 2Q=Jul.~Sep., 3Q=Oct.~Dec., 4Q=Jan.~Mar.

Note: Actual exchange rate in these materials means the average rate and it is used for foreign currency translation in our consolidated financial statements

[Orders/Sales] Quarterly Orders and Order Backlog

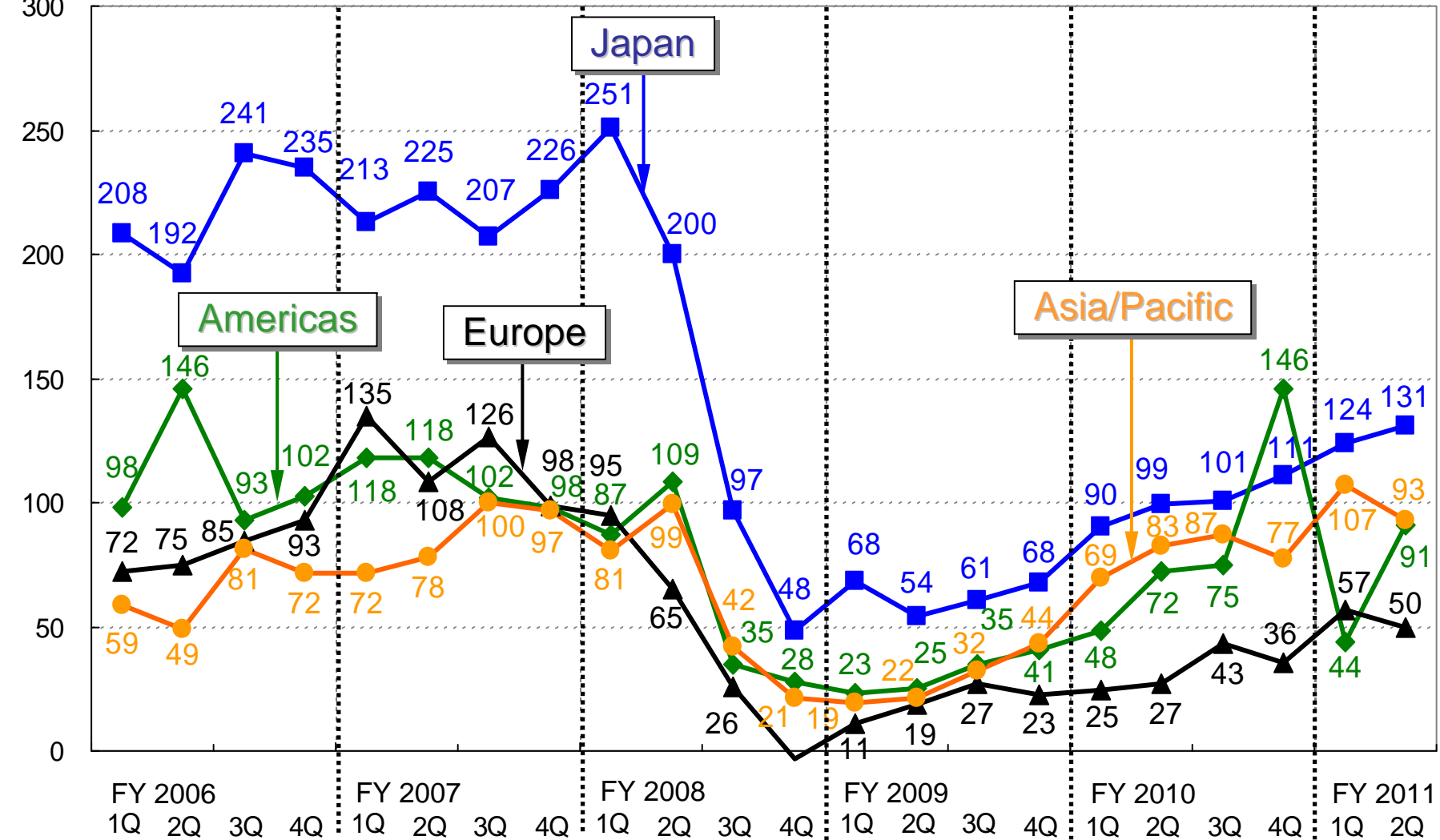


[Orders/Sales] Quarterly Orders by Geographic Region



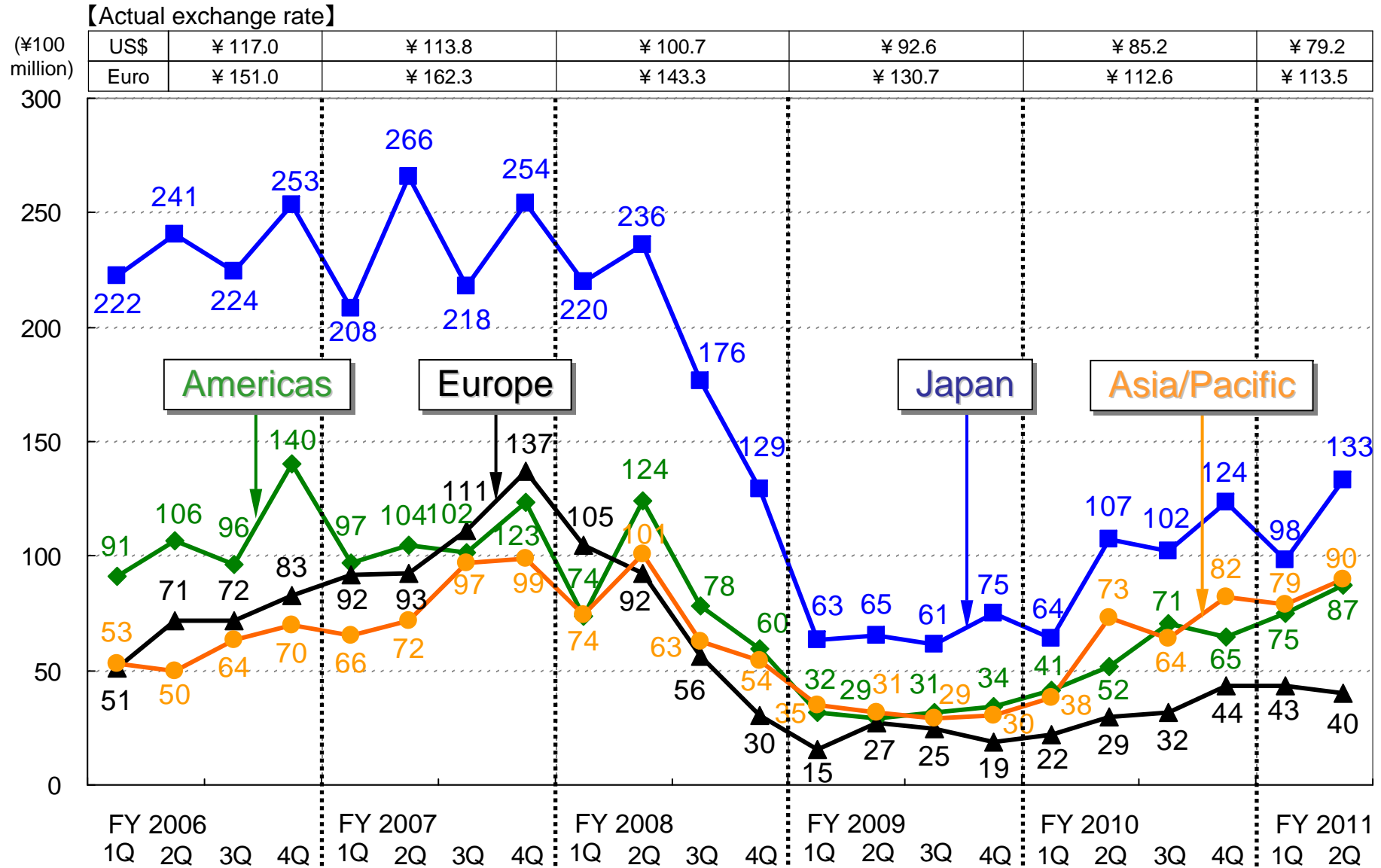
【Actual exchange rate】

(¥100 million)	US\$	¥ 117.0	¥ 113.8	¥ 100.7	¥ 92.6	¥ 85.2	¥ 79.2
	Euro	¥ 151.0	¥ 162.3	¥ 143.3	¥ 130.7	¥ 112.6	¥ 113.5



※1Q=Apr.~Jun., 2Q=Jul.~Sep., 3Q=Oct.~Dec., 4Q=Jan.~Mar.

[Orders/Sales] Quarterly Sales by Geographic Region



※1Q=Apr.~Jun., 2Q=Jul.~Sep., 3Q=Oct.~Dec., 4Q=Jan.~Mar.

[Orders/Sales]

New Orders, Net Sales and Order backlog by Product Category



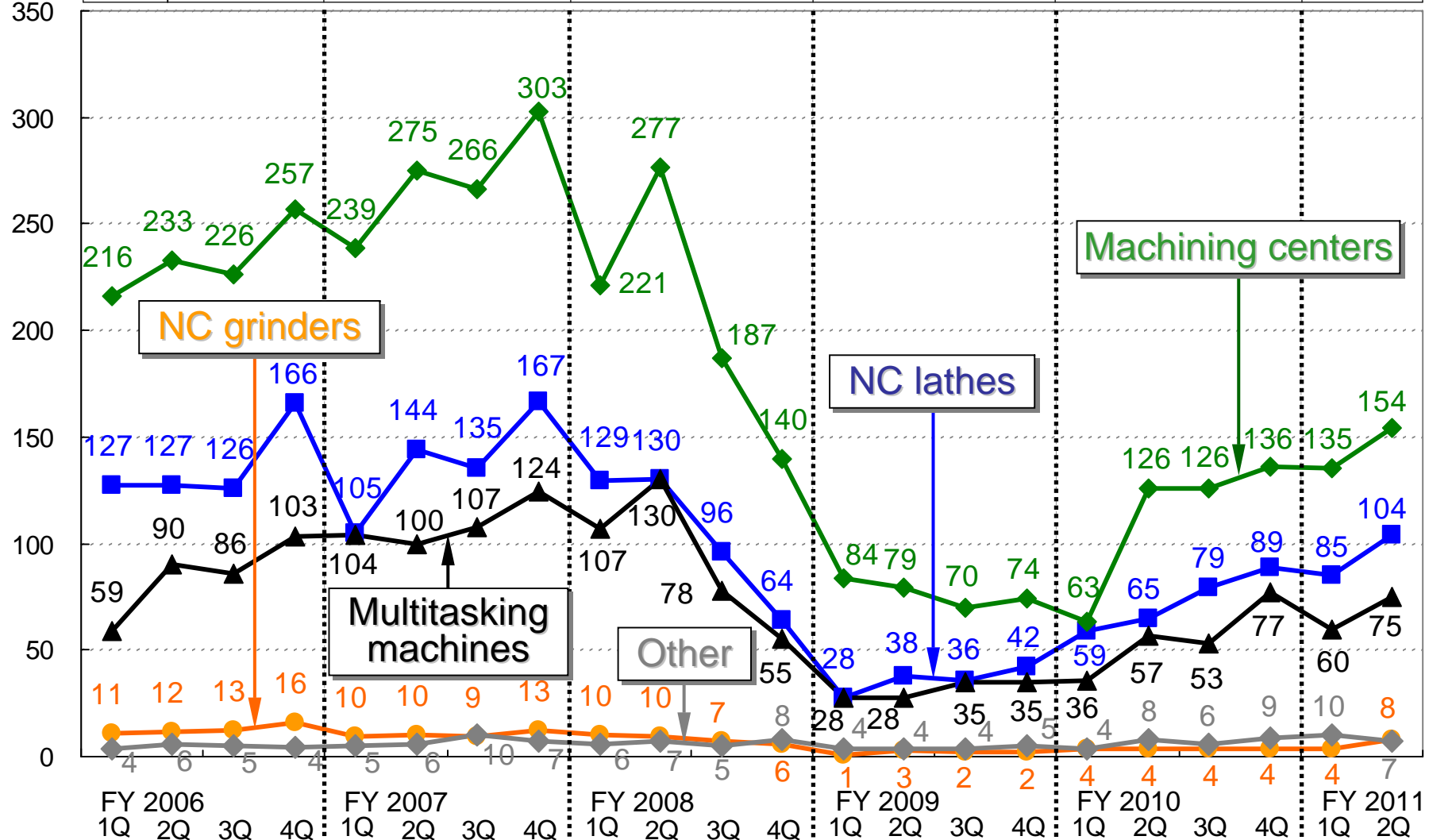
	New orders			Net sales			Order backlog		
	FY 2010 Midterm Total	FY 2011 Midterm Total	% Change	FY 2010 Midterm Total	FY 2011 Midterm Total	% Change	FY 2010 Midterm Total	FY 2011 Midterm Total	% Change
	(¥100 million)	(¥100 million)		(¥100 million)	(¥100 million)		(¥100 million)	(¥100 million)	
NC lathes	151	229	52%	124	189	52%	85	146	72%
Machining centers	238	302	27%	189	289	53%	192	247	29%
Multitasking machines	102	134	31%	93	136	46%	54	68	28%
NC grinders	7	16		8	13		6	19	
Other	17	16		12	17		11	12	
Total	514	697	36%	427	644	51%	348	493	42%

[Orders/Sales] Quarterly Sales by Product Category



【Actual exchange rate】

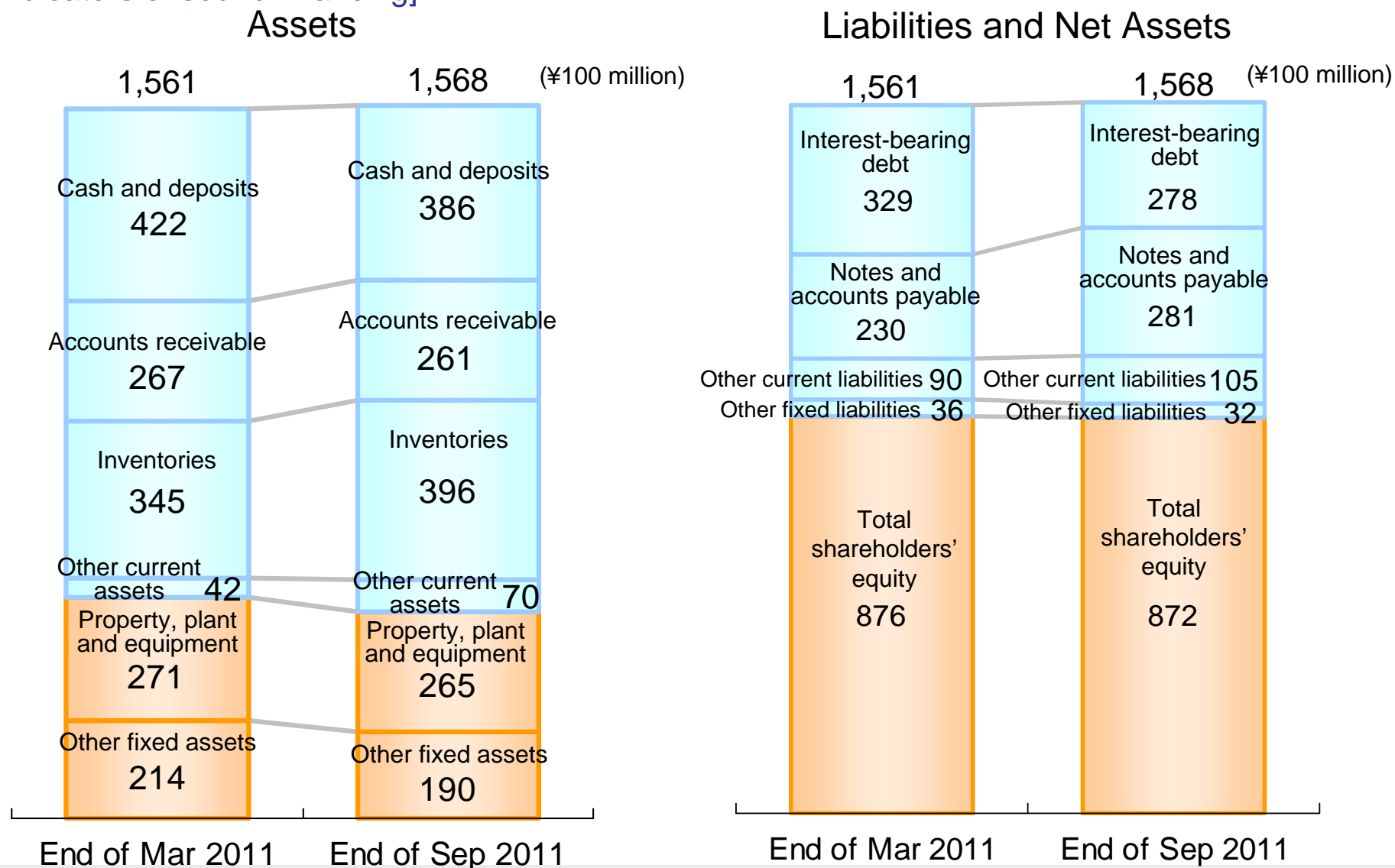
(¥100 million)	US\$	¥ 117.0	¥ 113.8	¥ 100.7	¥ 92.6	¥ 85.2	¥ 79.2
	Euro	¥ 151.0	¥ 162.3	¥ 143.3	¥ 130.7	¥ 112.6	¥ 113.5



※1Q=Apr.~Jun., 2Q=Jul.~Sep., 3Q=Oct.~Dec., 4Q=Jan.~Mar.

[Comparison of Balance Sheets]

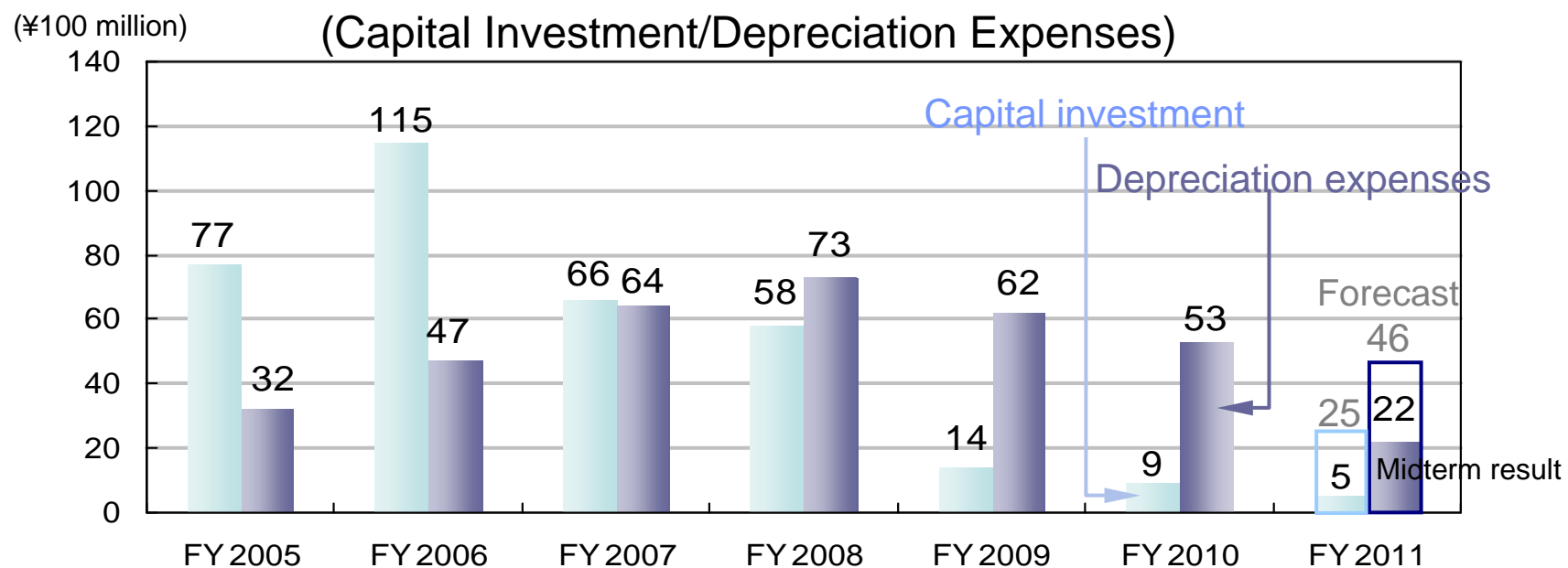
- Operating Cash Flow (OCF): ¥3.2 billion, Net cash: ¥10.8 billion
[indicators of sound financing]



[Cash Flows/Capital Investments]



	FY 2010 Midterm	FY 2011 Midterm
	(¥100 million)	(¥100 million)
Cash flow from operating activities	23	32
Cash flow from investing activities	12	△8
Cash flow from financing activities	19	△54
Cash and cash equivalents at end of fiscal year	394	364



Part 2

Forecast of Business Results for Fiscal Year 2011

[Forecast of Business Results for Fiscal Year 2011]



- Net sales: ¥132.0 billion, (+31% compared to previous fiscal year)
(Revised)
- Operating profit: ¥8.5 billion, (+295% compared to previous fiscal year)
(Revised)
- Dividends: 1st half: ¥ 3.0, 2nd half: ¥ 3.0 (planned)

	FY 2010 (Results)		FY 2011 (Forecast)		
	(¥100 million)	(%)	(¥100 million)	(%)	Amount of change (¥100 million)
Net sales	1,009.7		1,320.0		+310.3
Operating profit	21.5	2.1%	85.0	6.4%	+63.5
Ordinary profit	13.3	1.3%	75.0	5.7%	+61.7
Net profit	6.1	0.6%	58.0	4.4%	+51.9

Exchange rate	Actual rate for the 1st half of FY2011	US\$1 = ¥79.2	1 Euro = ¥113.5
	Assumed rate for the 2nd half of FY2011	US\$1 = ¥77.0	1 Euro = ¥105.0
	Assumed Rates for FY2011 as of 31 Oct. 2011	US\$1 = ¥78.0	1 Euro = ¥109.0
	(Reference) Assumed Rates for FY2011 as of 28 Apr. 2011	US\$1 = ¥83.0	1 Euro = ¥119.0

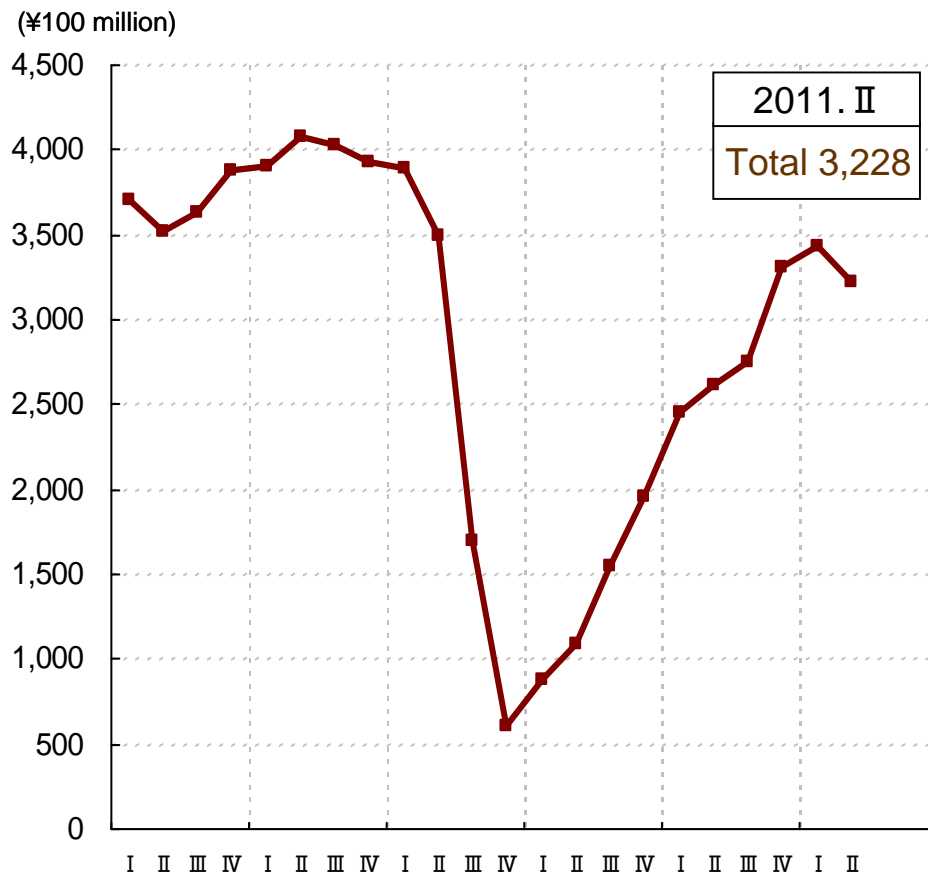
Part 3

Major Strategies for Fiscal Year 2011

[Machine Tool Market Conditions] JMTBA/OKUMA Orders

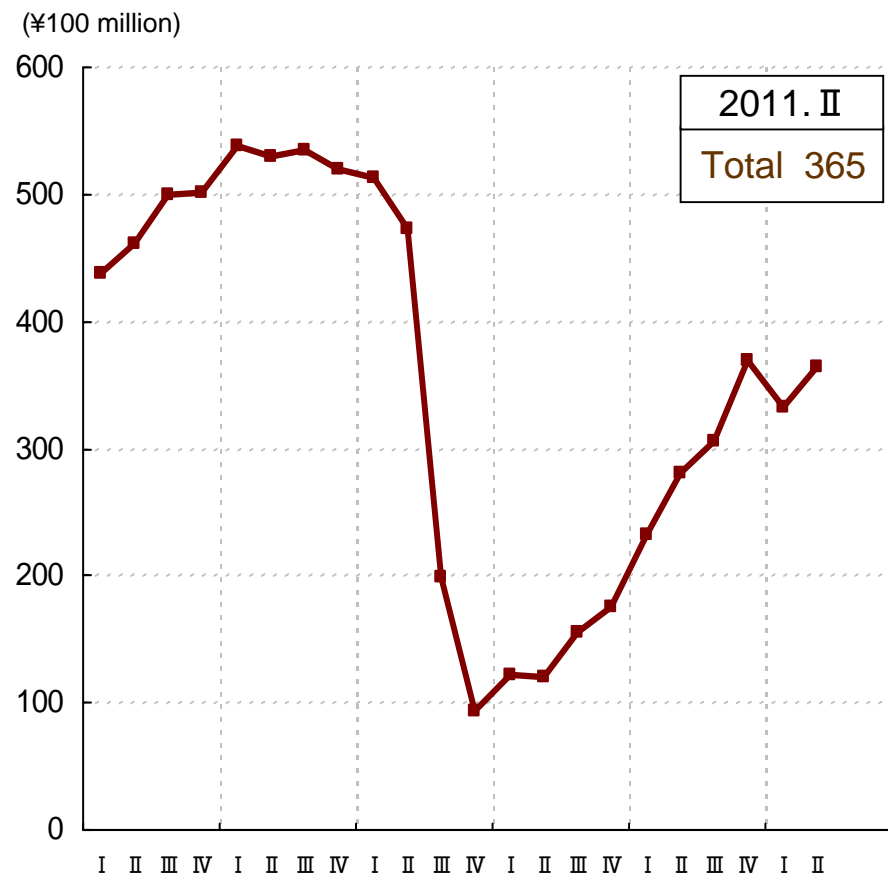


JMTBA



FY	2006	2007	2008	2009	2010	2011 1-2Q
Total	14,746	15,939	9,690	5,471	11,136	6,664

OKUMA Corporation (consolidated)

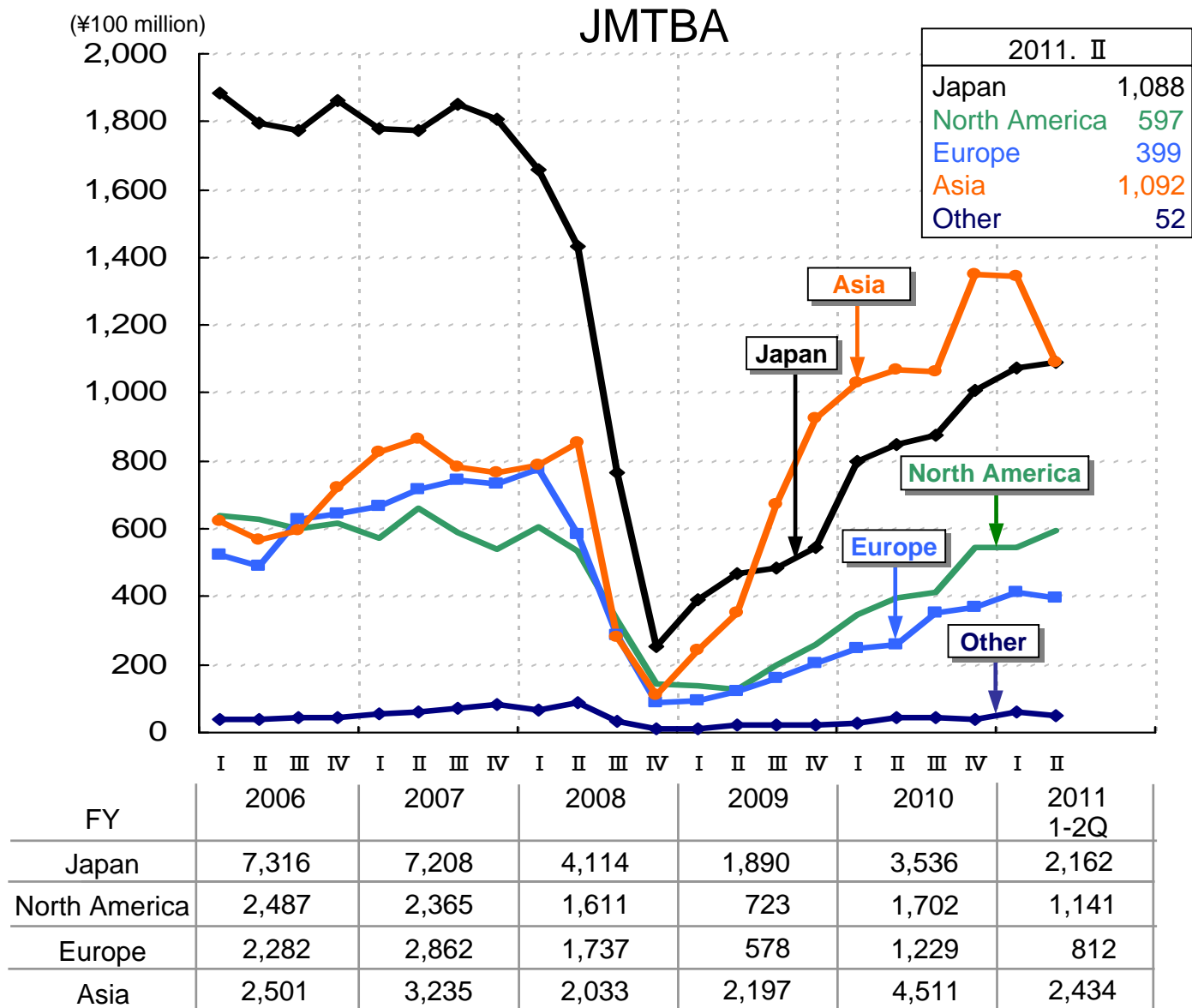


FY	2006	2007	2008	2009	2010	2011 1-2Q
Total	1,900	2,121	1,280	572	1,189	697

Source: Japan Machine Tool Builders' Association (JMTBA)

※ I = Apr. ~ Jun., II = Jul. ~ Sep., III = Oct. ~ Dec., IV = Jan. ~ Mar.

[Machine Tool Market Conditions] Demand by Geographic Region



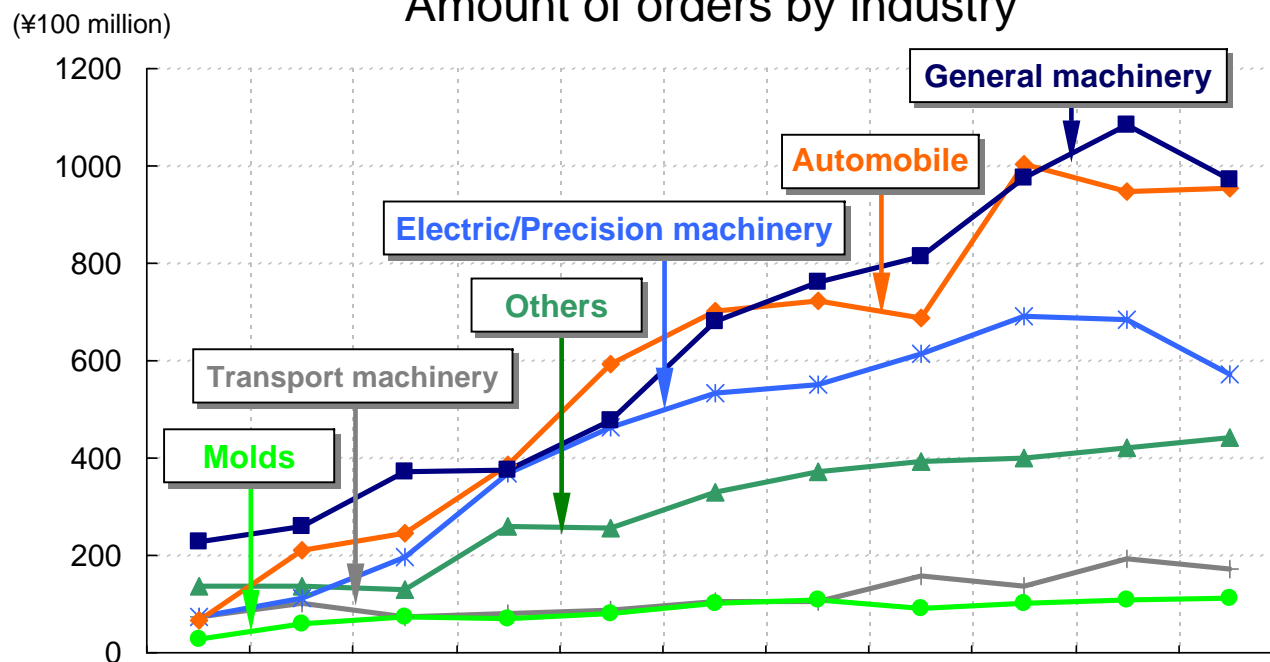
Source: Japan Machine Tool Builders' Association (JMTBA)

※ I = Apr.~Jun., II = Jul.~Sep., III = Oct.~Dec., IV = Jan.~Mar.

[Machine Tool Market Conditions] Demand by Industry



JMTBA
Amount of orders by industry



Percentage of orders by industry for Apr-Sep 2011 (Apr-Sep 2010)

	Japan Machine Tool Builders' Association	OKUMA Corporation (reference)
General machinery	31% (29%)	56% (56%)
Automobile	29% (28%)	27% (27%)
Electric/Precision machinery	19% (21%)	6% (6%)
Transport machinery	5% (4%)	9% (8%)
Molds	3% (4%)	Included in General machinery
Others	13% (14%)	2% (3%)

	2009 Jan-Mar	2009 Apr-Jun	2009 Jul-Sep	2009 Oct-Dec	2010 Jan-Mar	2010 Apr-Jun	2010 Jul-Sep	2010 Oct-Dec	2011 Jan-Mar	2011 Apr-Jun	2011 Jul-Sep	Type of industry
General machinery	227	258	372	376	477	680	762	812	974	1,085	973	Construction machinery, industrial machinery etc.
Automobile	65	210	244	387	593	700	723	688	1,005	946	954	Cars, trucks, motorcycles, etc.
Electric/Precision machinery	73	111	196	369	463	535	550	614	691	683	572	TVs, OA equipment, semiconductor/LCD production equipment etc.
Transport machinery	74	102	74	82	87	106	106	159	139	191	173	Railcars, Aerospace, Ships etc.
Die/Molds	28	58	74	71	80	100	107	92	101	108	112	Die/Mold
Others	136	138	131	259	257	331	371	392	398	423	443	Iron and steel, Metalware, Public, etc.

Source: Japan Machine Tool Builders' Association (JMTBA)

Accelerate GLOBAL 70 strategies to effectively handle super-strong yen and changing market conditions

- Secure advanced-markets demand through strong OKUMA sales network
- Cultivate new markets and customers in growing Asian/emerging countries

■ GLOBAL SALES Strategies

[Transfer strong sales network developed in advanced-markets in emerging-markets as well]

- Strengthen sales and service bases in Asia

■ PREMIUM PRODUCT Strategies

[Further strengthen OKUMA strengths]

- Strengthen “Only-One” products and technologies

■ GLOBAL COST Strategies

[Strengthen domestic production, increase overseas production]

- Further develop self-contained start-to-finish production
- Strengthen overseas production (China, Taiwan)

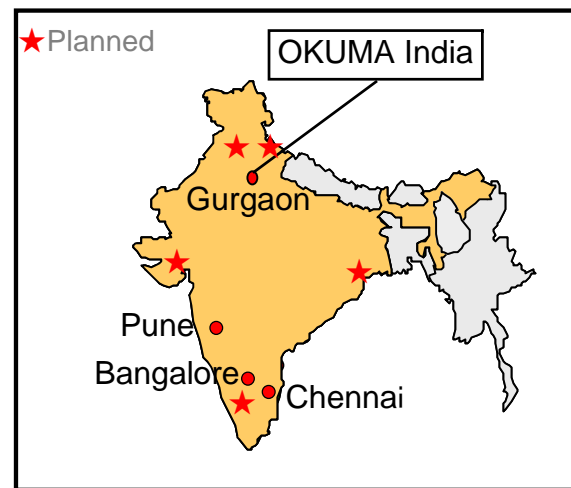
Strengthen sales and service bases in Asia/emerging markets.

China



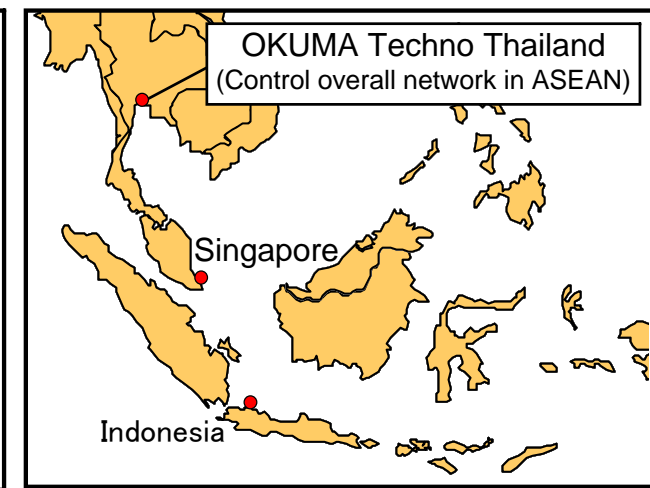
- Established sales and service bases in Xian.
- Strengthen support system of FMS to meet a growing demand for automation.

India



- Strengthen sales and service bases.
- Strengthen dealer networks.

ASEAN



- Establish an overseas affiliated company in Indonesia.

[GLOBAL 70] GLOBAL SALES Strategies

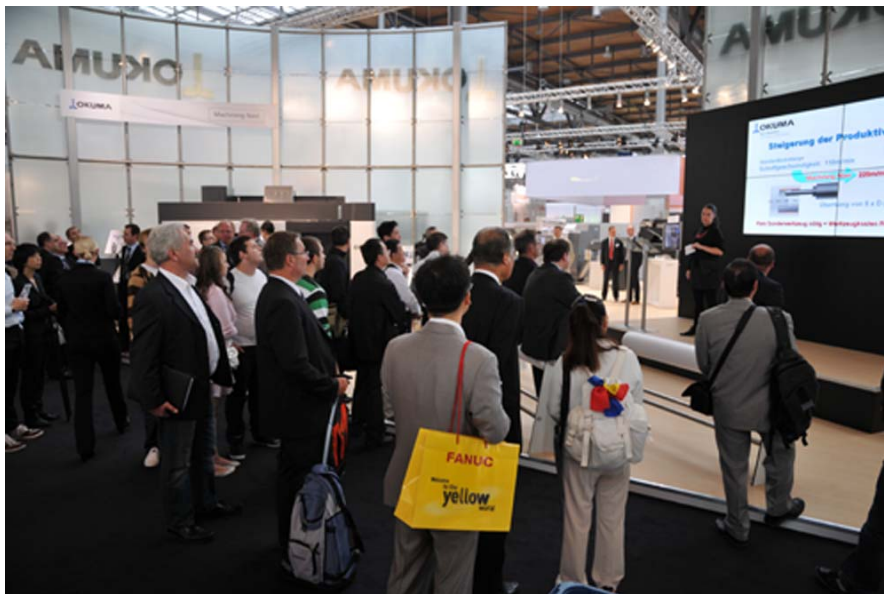


Strengthen/spread OKUMA brand recognition in both advanced and emerging markets

- Promotions based on OKUMA's differential advantage with its innovative (original) NC systems
- Further penetrate domestic/overseas markets through effective trade show demonstrations

[OKUMA Intelligent Technology presentations featuring “Machining Navi”]

EMO 2011



19-24 Sep (Hannover, Germany)

OKUMA Machine Fair 2011



25-28 Oct (OKUMA Japan headquarters)

[GLOBAL 70] PREMIUM PRODUCT Strategies



Strengthen product line-up of highly competitive 5-axis machines, multitasking machines and double columns

NEW



MULTUS B200 II

NEW



MULTUS B300 II



MULTUS B400



MULTUS B750

NEW



Blade Cutting Machine

[Horizontal Multitasking Machine]

[5-axis Machine]



M-33TU

[5-axis Small MC]



VTM-80YB

NEW



VTM-1200YB

[5-axis Vertical Multitasking Machine]



MU-400VA



MU-500VA

[5-axis VMC]



MILLAC-800VH



MILLAC-1000VH

[5-axis MC]



M-853PF



MCR-BIII (5-sided application)

**[Double-Column
Machining Center]**

“Premium designing—has begun”

- Strengthening the OKUMA brand through promoting advanced designs of high quality and highly functional machines



**Horizontal Multitasking Machine
MULTUS B300 II**



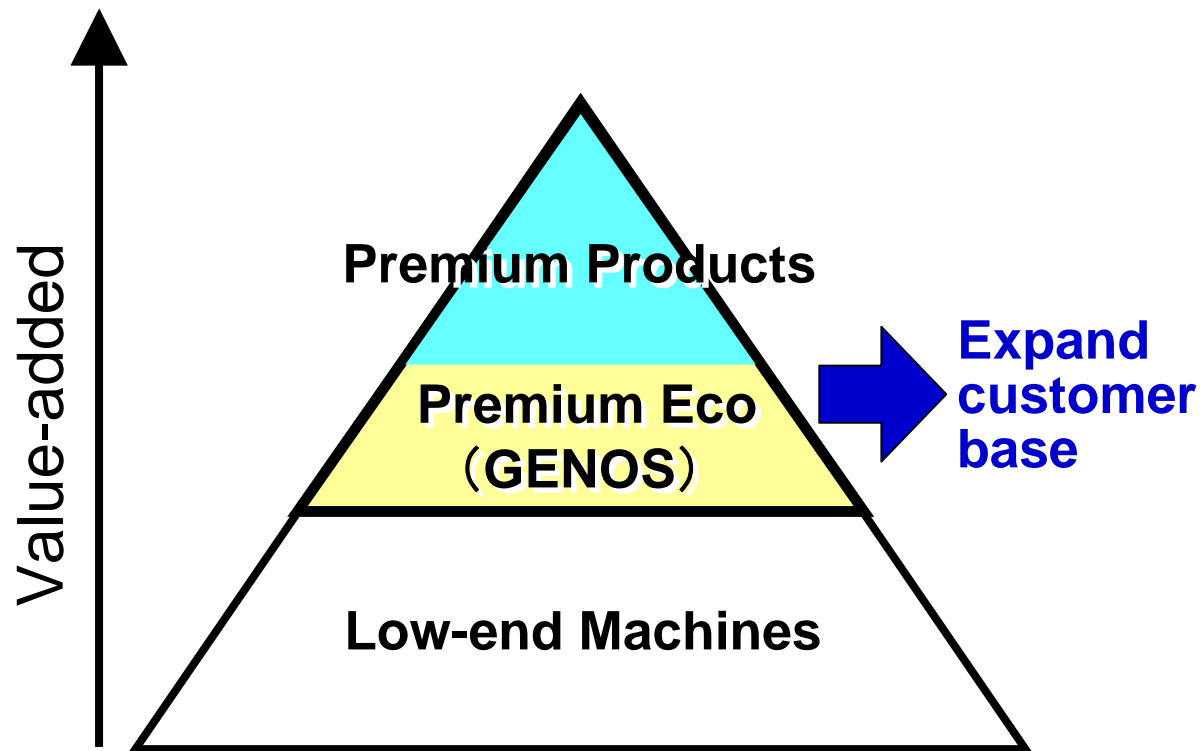
**Vertical Multitasking Machine
VTM-1200YB**

[GLOBAL 70] PREMIUM PRODUCT Strategies



Expand customer base by Premium Eco “GENOS”

- Launching 16 models including NC lathes and Vertical Machining Centers



NEW GENOS L300H-MY



Released NC lathe with multitasking cutting capability

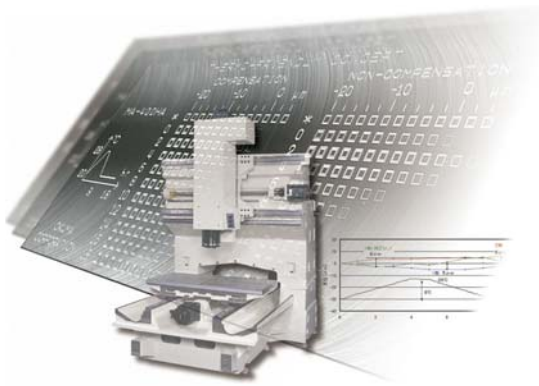
Further strengthen OKUMA's Intelligent Technologies

[Thermo-Friendly Concept]



Thermal deformation control

- Designed to respond to heat in certain (manageable) directions, with compensation for highly stable accuracy over long, continuous runs.

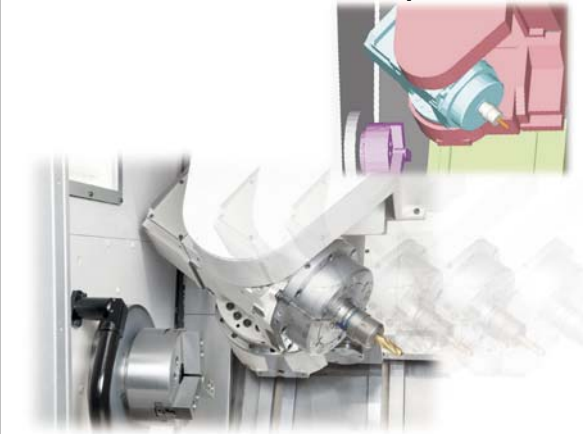


[Collision Avoidance System]



Collision prevention

- Prevent collisions in automatic or manual mode.
- Provide risk-free protection for the machine and great confidence for the operator.

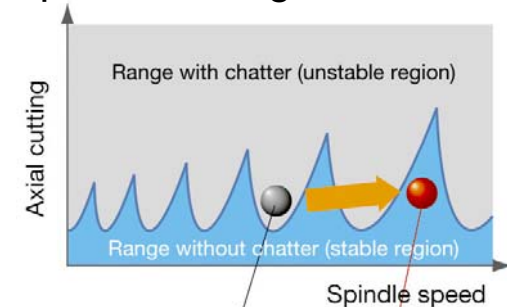


[Machining Navi]



Eliminates chatter*

- Quickly search optimal cutting conditions.
- Operator can easily select optimal cutting conditions.



Recognition for OKUMA Innovations

[Machining Navi]



FY2010
Japan Society of Mechanical
Engineers Metal (Technology)
〈Japan〉



FY2010
MM Award 2010
〈Germany〉



2011
INNOVATION AWARD 2011
〈France〉

[5-axis Control] [Slide Way Technology] [PREX Motor]



FY2010
The Japan Society of
Precision Engineering
Numata Memorial Paper Award
〈Japan〉



FY2010
Japanese Society of
Tribologists Paper Award
〈Japan〉



2011
MM Award
〈Germany〉

OKUMA's New Control Launched “OSP-P300S” for Multitasking Machines

- Reduces next-page clicks by 80%, and key inputs by 50%.
→ Significantly reduced machining preparation time
- Strengthens competitiveness of OKUMA multitasking machines



Strengthen support of FMS / Automation Systems

- Strengthen Engineering of FMS/Automation Systems in China
- Strengthen OKUMA FMS applications
- Promote Loader Packages

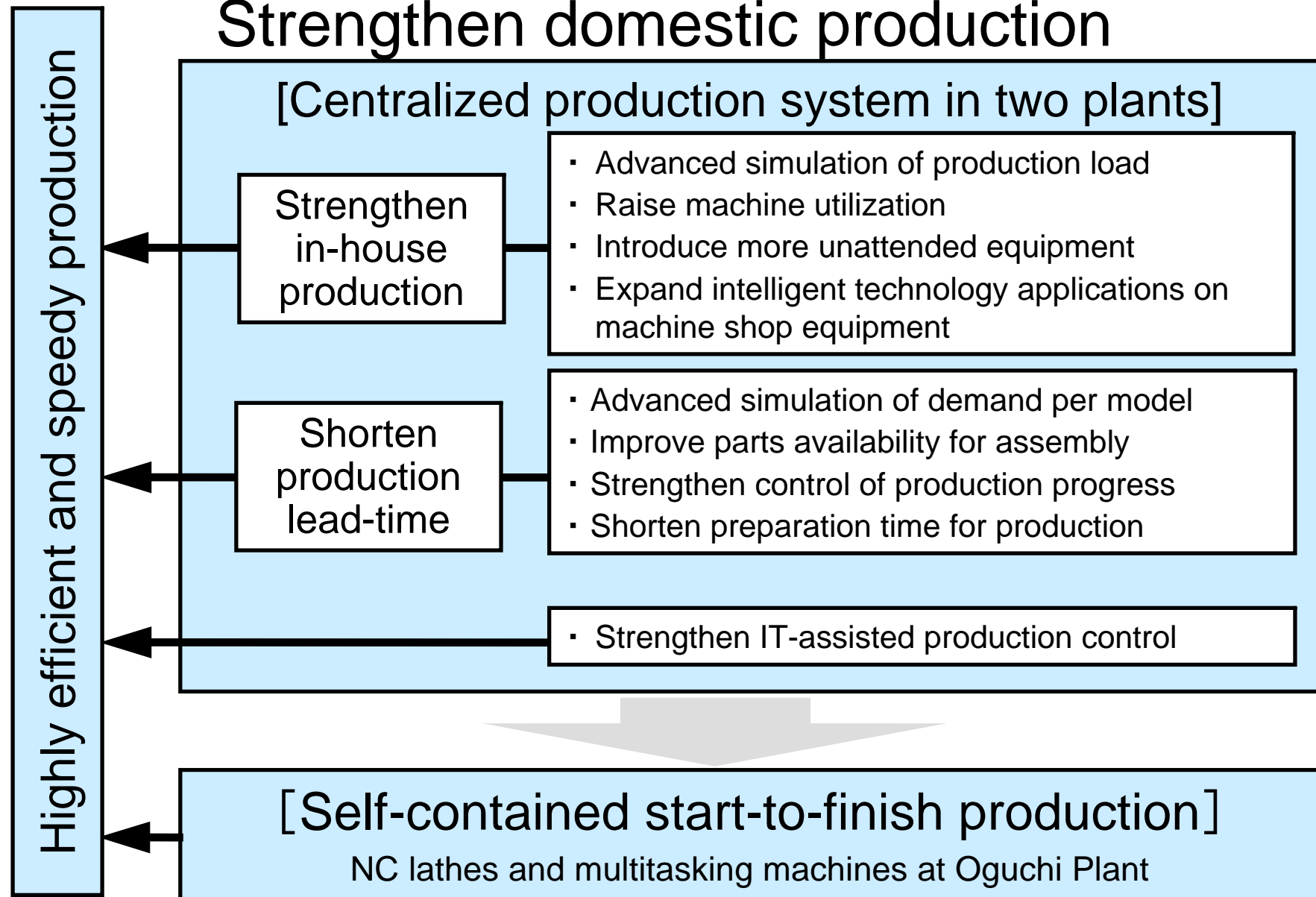


FMS: Flexible Manufacturing System



Automatic loading system

Strengthen domestic production



[GLOBAL 70] GLOBAL COST Strategies



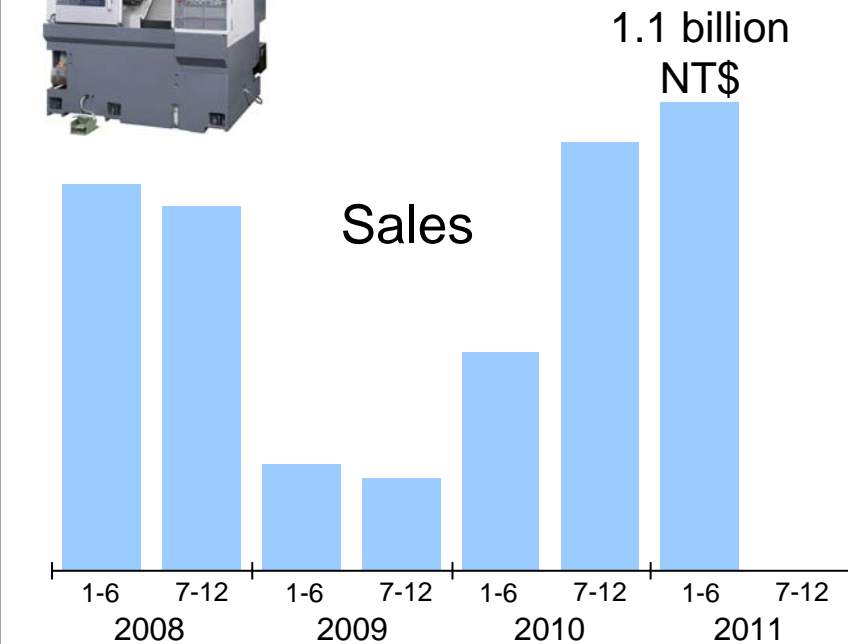
Further strengthen production that is ahead in Asia

[TOC: TATUNG-OKUMA Co.] Taiwan

- Production capability: 300units per month
- Unit production for premium products
- Shorten lead-time by new production system



Premium Eco
GENOS series



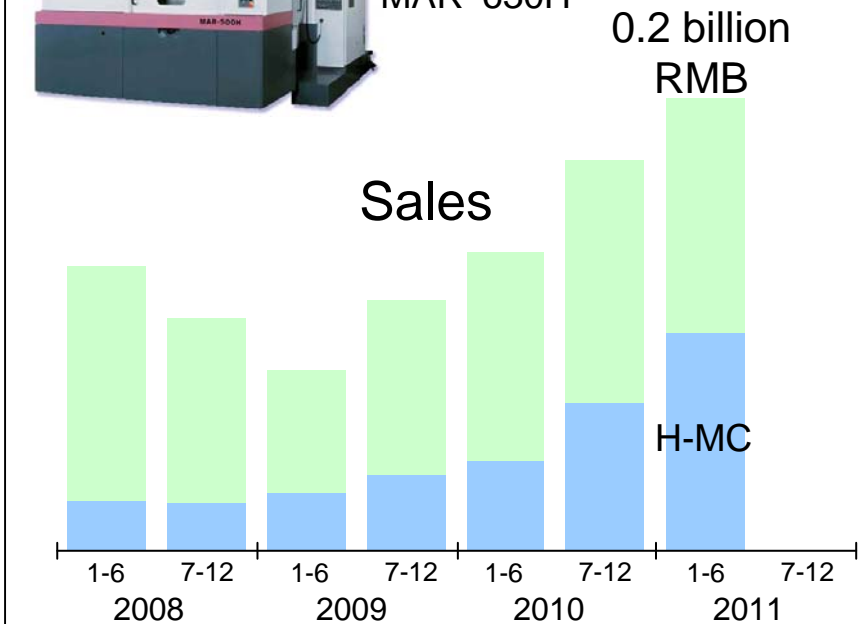
Recent exchange rate: 1NT\$ = ¥2.60

[BOC: BYJC-OKUMA] Beijing

- OKUMA's high quality production in big consumer market.
- Increase production of HMCs to meet growing need for unattended system



Horizontal MC
MAR-500H
MAR-630H



Recent exchange rate : 1 RMB = ¥12.3

Disclaimer

Notice regarding Forecasts

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