

# MIURA Co., Ltd., Financial Summary and MIURA Growth Strategy

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May 25<sup>th</sup> and 26<sup>th</sup> , 2016

MIURA Co., Ltd.,  
President & CEO Daisuke MIYAUCHI

熱・水・環境のベストパートナー



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### Attention

The future prospects of the business results, etc., described in this material is based on information that the Company has acquired as of the announcement date of financial report, and there is a possibility that actual business results, etc., will be materially different depending on various factors. Please note that although the Company has made careful efforts to ensure the accuracy of the content of this document, we assume no responsibility for any damage arising from use of this data.

# 1. Company Profile

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熱・水・環境のベストパートナー

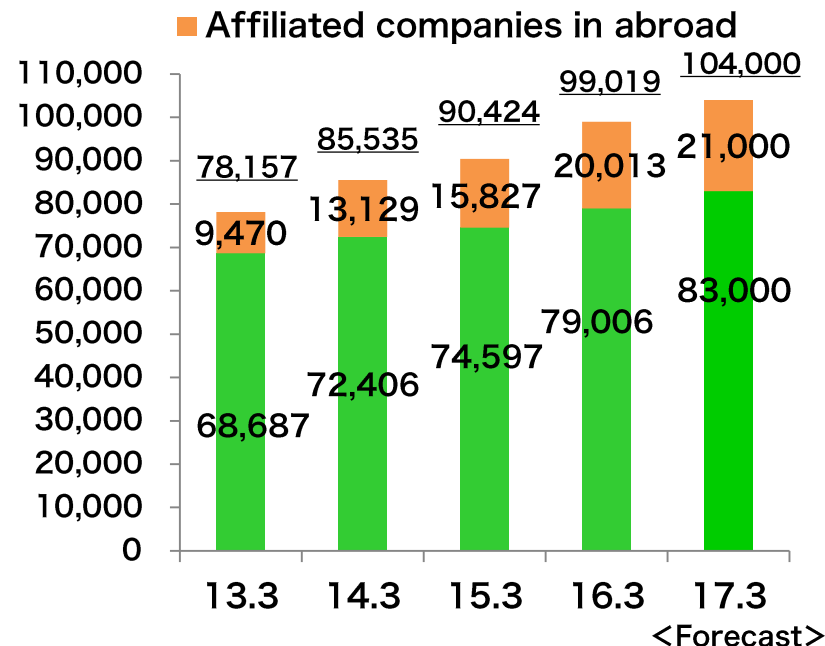


## Company Information

Location	7 Horie, Matsuyama, Ehime, 799-2696 Japan
Established	May 1st 1959
Group Company	Japan 8 companies (Includes 5 consolidated companies) Abroad 14 companies (Includes 8 consolidated companies) ※ As of March 31 <sup>st</sup> 2016
Employees	Consolidated 4,665 employees Group Total 4,774 employees (Includes 1,269 employees in abroad)
Business	Manufacturing, Sales and Maintenance of Equipment
Rating	A Rating (Rating and Investment Information, Inc.)

## 【Consolidated Net Sales】

Unit : Million of yen



	Unit	FY2014	FY2015	FY2016 (Forecast)
Net Sales	Million yen	90,424	99,019	104,000
Ordinary Income	Million yen	10,799	10,887	11,400
Net Income	Million yen	7,464	7,476	7,800
Capital Ratio	%	79.5	78.4	—
Net Assets per Share	Yen	915.75	947.00	—



## 2. FY2015 Summary Overview

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## Consolidated Result

[Unit: Million of yen]

	FY2014	FY2015	FY2016 - Forecast
Net Sales	90,424	99,019	104,000
Cost of Goods Sold	53,380	58,825	61,600
SG & A expenses	28,032	29,974	32,000
Operating Profit	9,011	10,220	10,400
Ordinary Profit	10,799	10,887	11,400
Net Income	7,464	7,476	7,800

## Overview of Financial Summary

**Domestic** Boilers, related equipment, and Marine boilers are in good demand

- Increased sales in chemical and paper industries
- Increased Marine product (Ballast water management system) sales

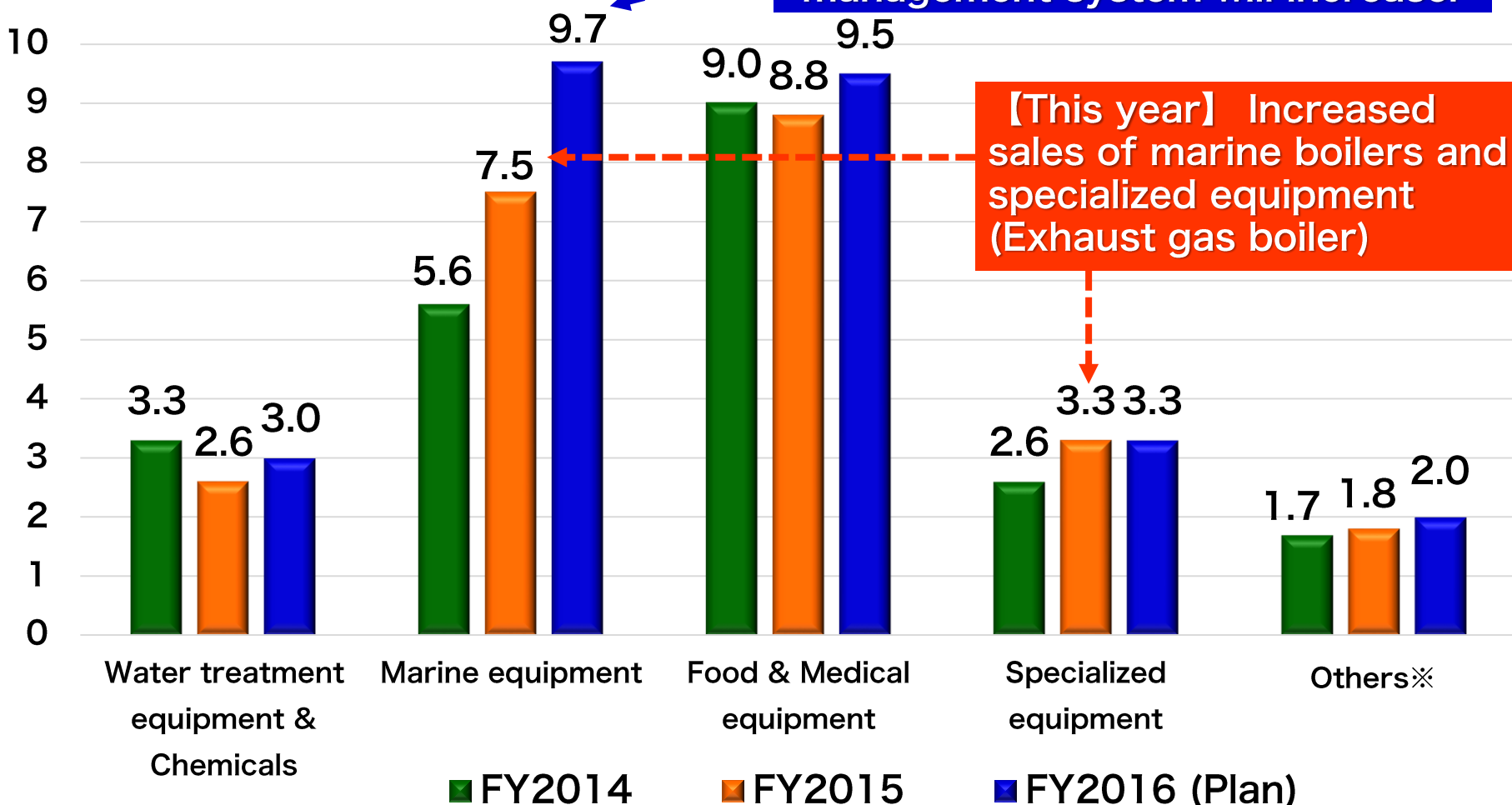
**Overseas** Proactive sales in China, South Korea and the US, Yen depreciation

- Switch from coal-fired boilers in China, Increased sales for Chaebol in South Korea
- Expand our maintenance network, Selling maintenance contracts to major companies

Increased personnel expensive and research funds for ballast management system and new products

## Analysis of Domestic Sales

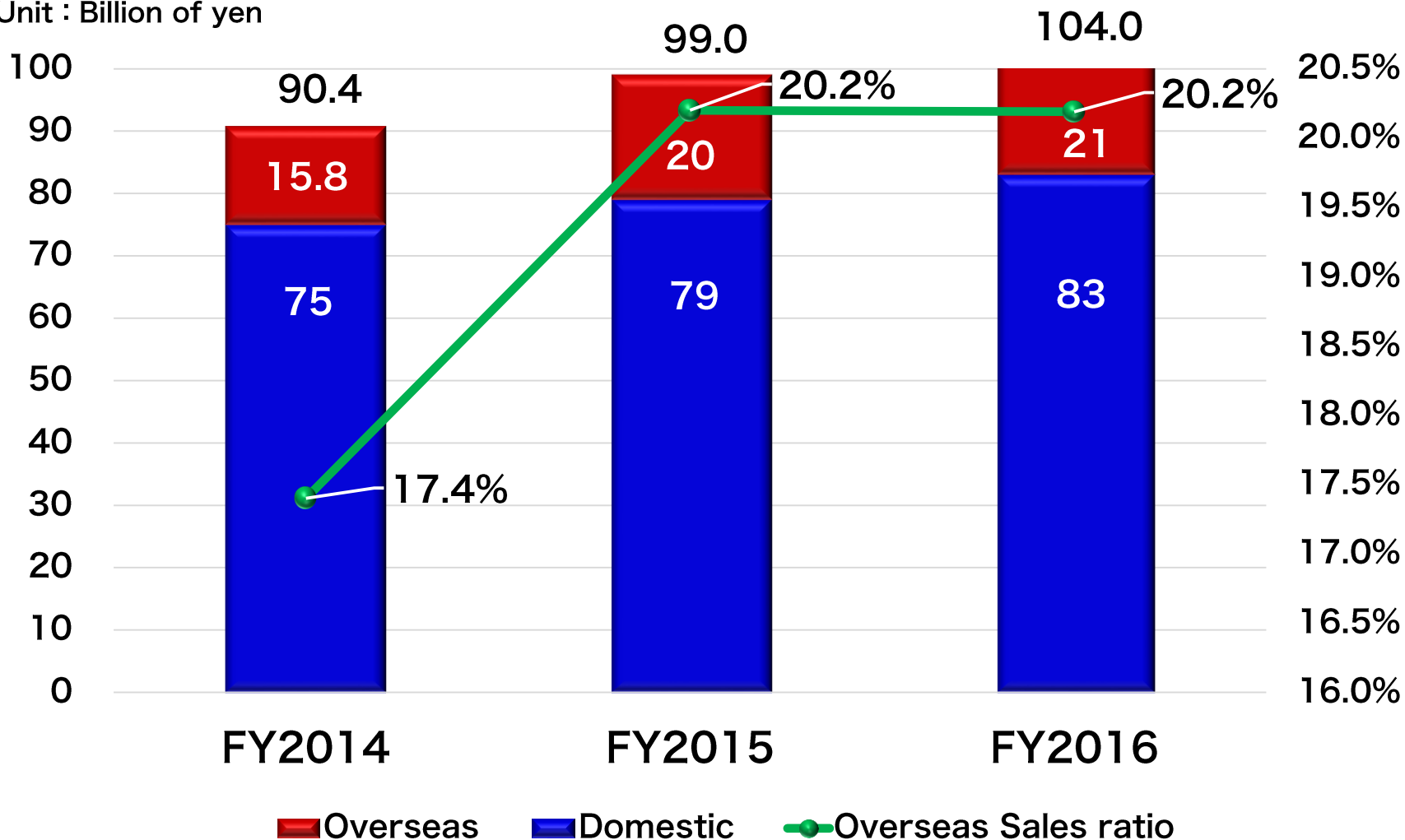
Unit : Billion of yen



※Others : New Business, Environment

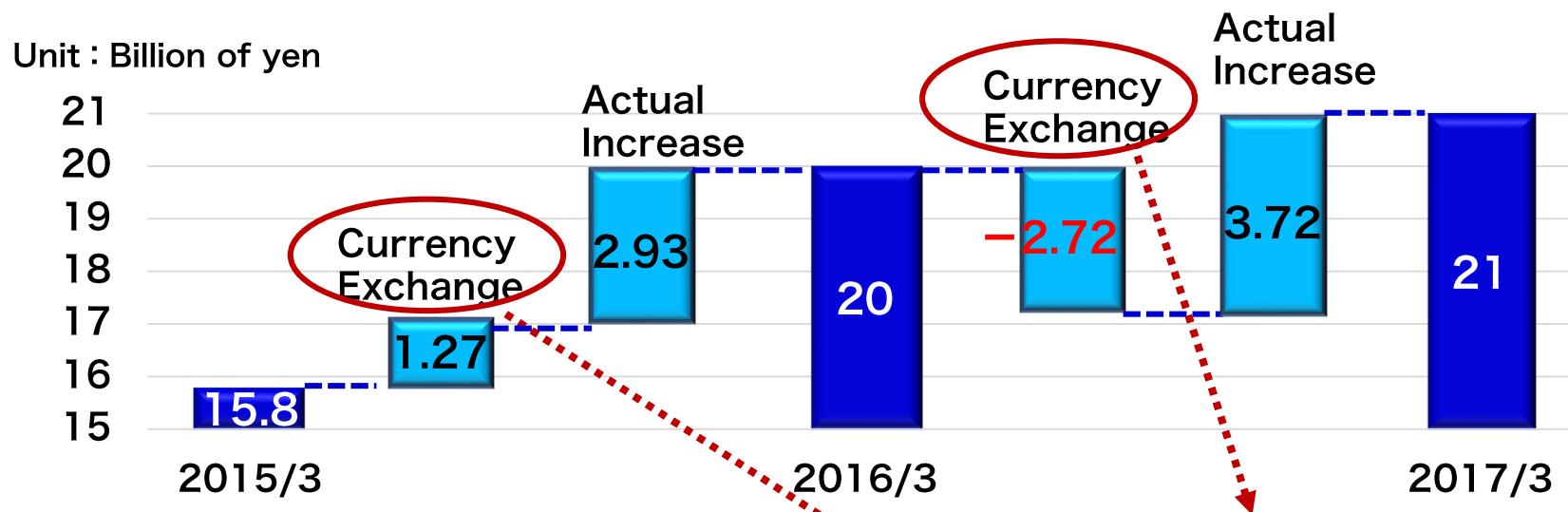
## Overseas Sales

Unit : Billion of yen



# Analysis of factors for increasing overseas sales

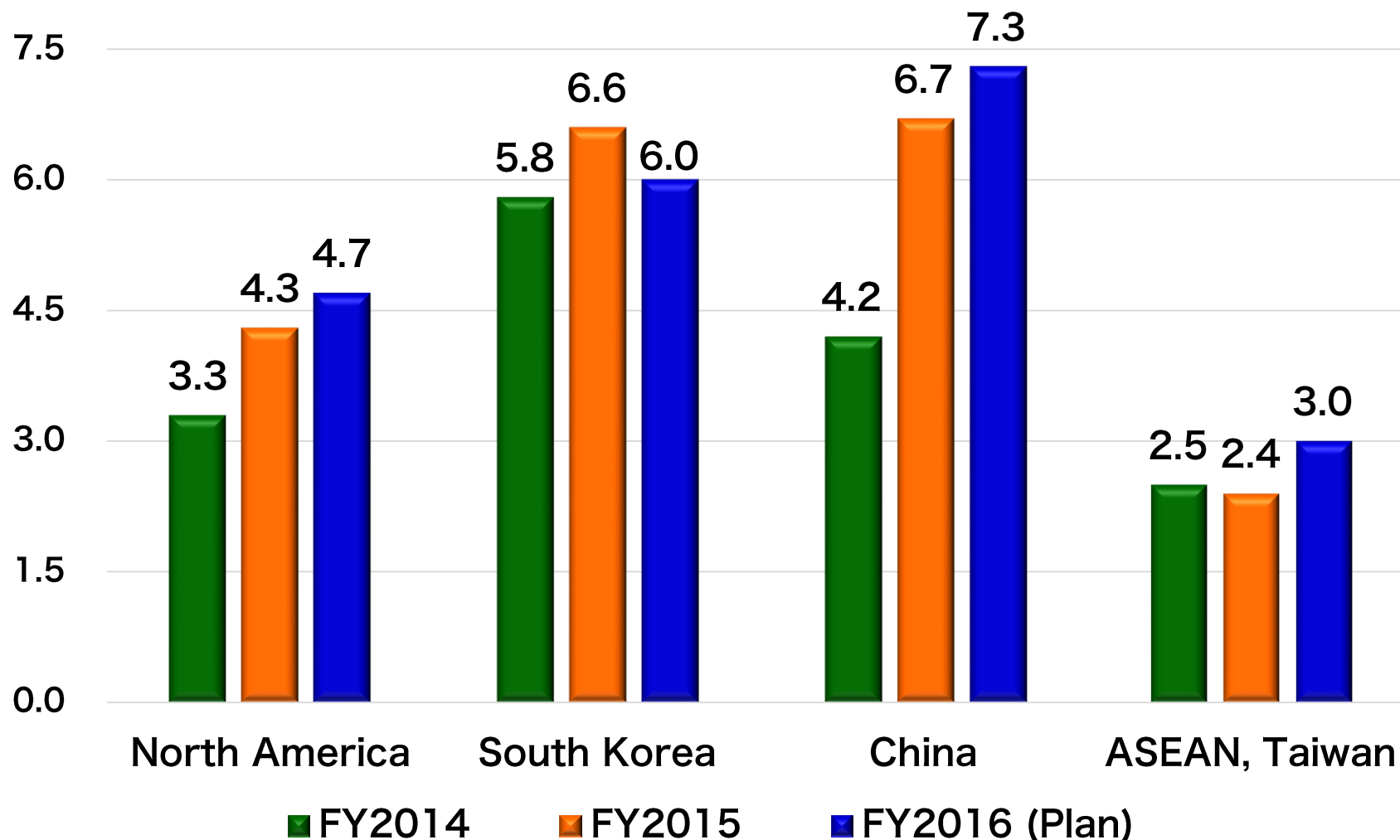
The impact of exchange rate, but overall sales increased.



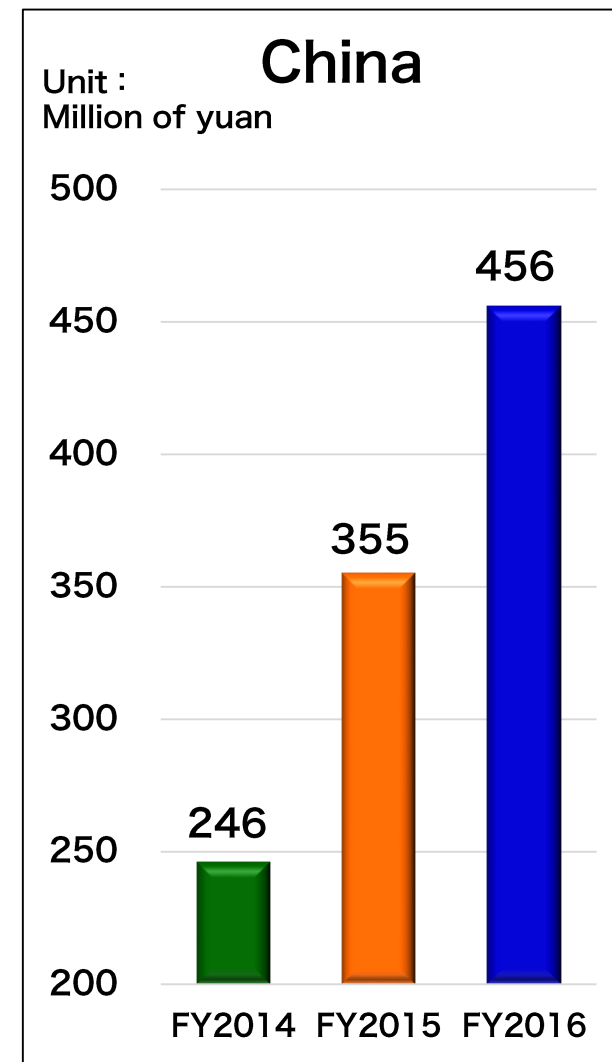
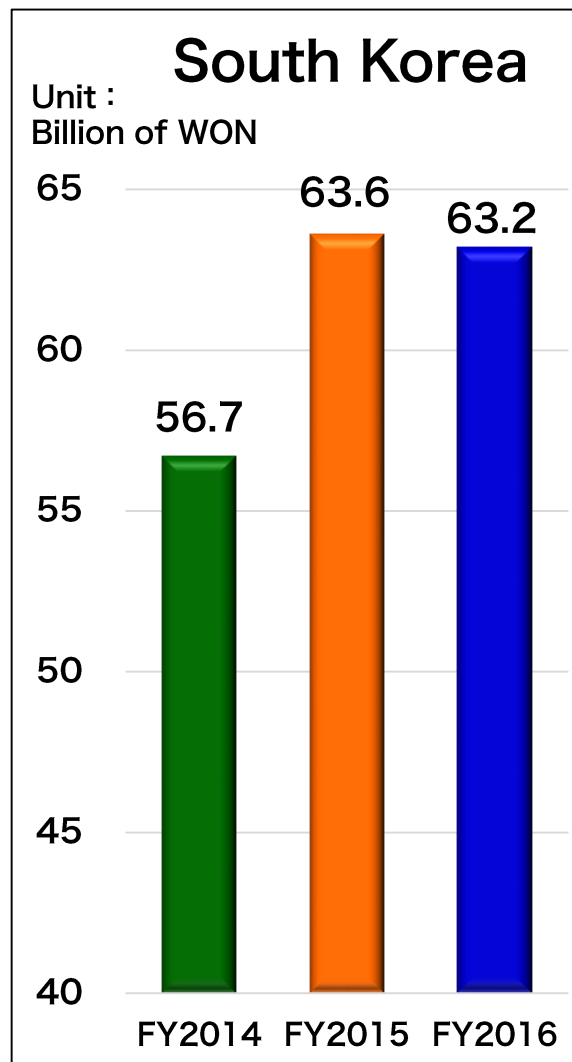
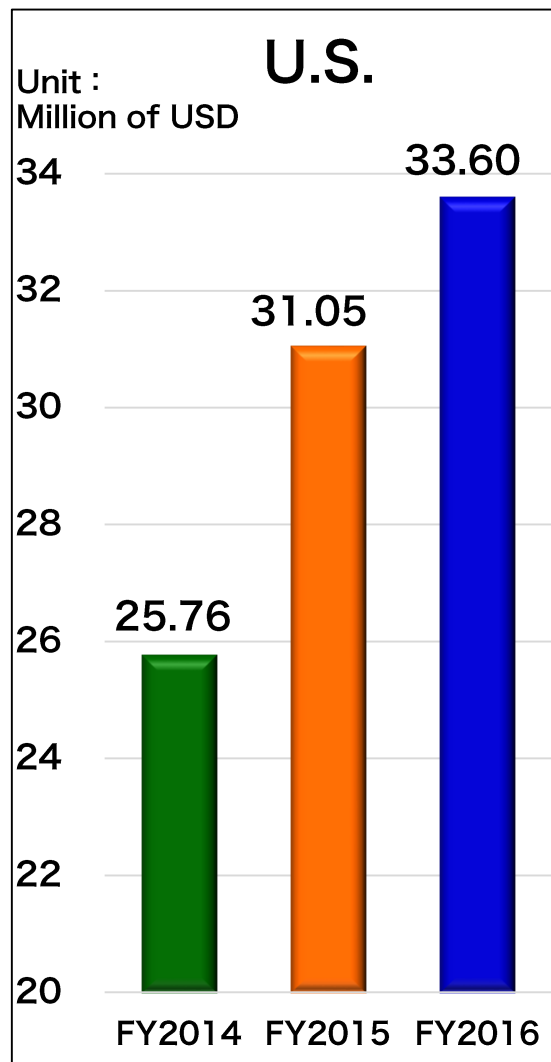
Currency exchange (average rate )	FY2014	FY2015	Planned rate in FY2016
USD	106.46	120.15	105.00
CAD	96.07	91.84	85.00
Yuan	17.26	18.86	16.00
WON (100W)	10.13	10.42	9.50
Rupiah (100Rp)	0.90	0.89	0.80
TWD	3.50	3.75	3.50

## Overseas Sales

Unit : Billion of yen



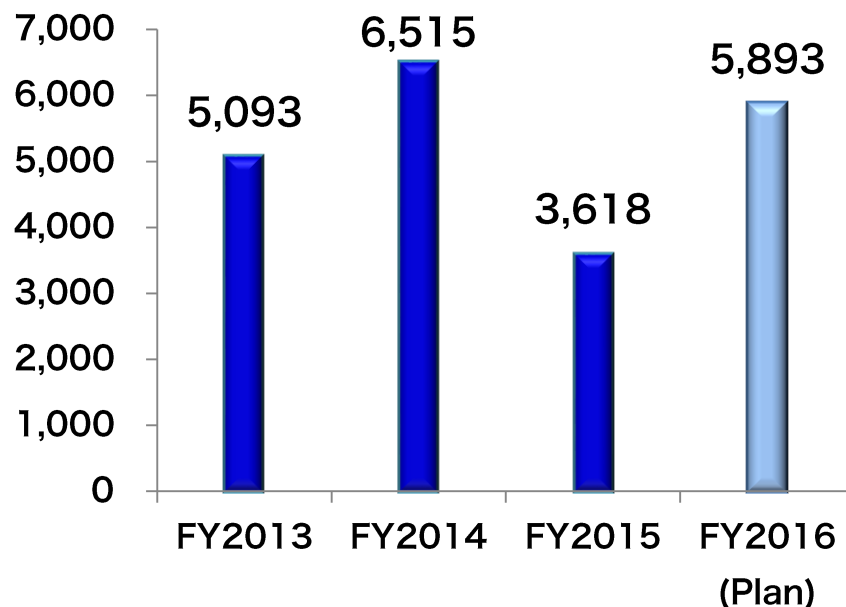
## Main Overseas Sales (Based on a local currency)



## Business Investment

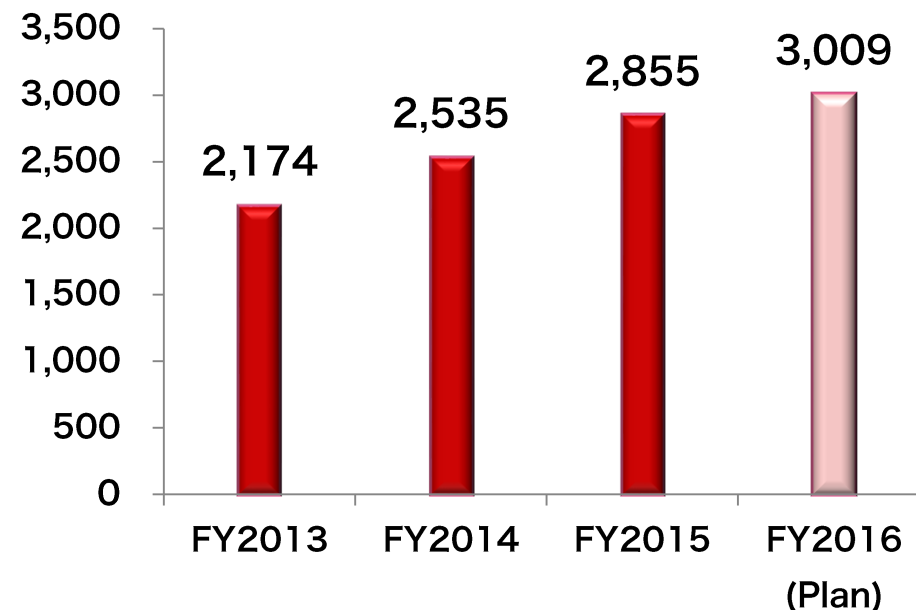
### 【Capital investment】

[Unit : Million of yen]



### 【Depreciation and amortization】

[Unit : Million of yen]



#### 【Investment for facilities in FY2014】

- Factory for marine equipment
- Factory for water treatment equipment

#### 【Investment for facilities in FY2015】

- Branch office in Fukuoka
- Factory for boiler components

#### 【Investment for facilities in FY2016】

- New building in Head Quarter
- Land acquisition for Sales office buildings
- Renovating factory for environment analysis equipment



# 3. Profit Share and Stock

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① Sustain **Stable** Dividends

② Targeting **30%** of the consolidated payout ratio

FY2015

Middle 10 yen  
End 11 yen

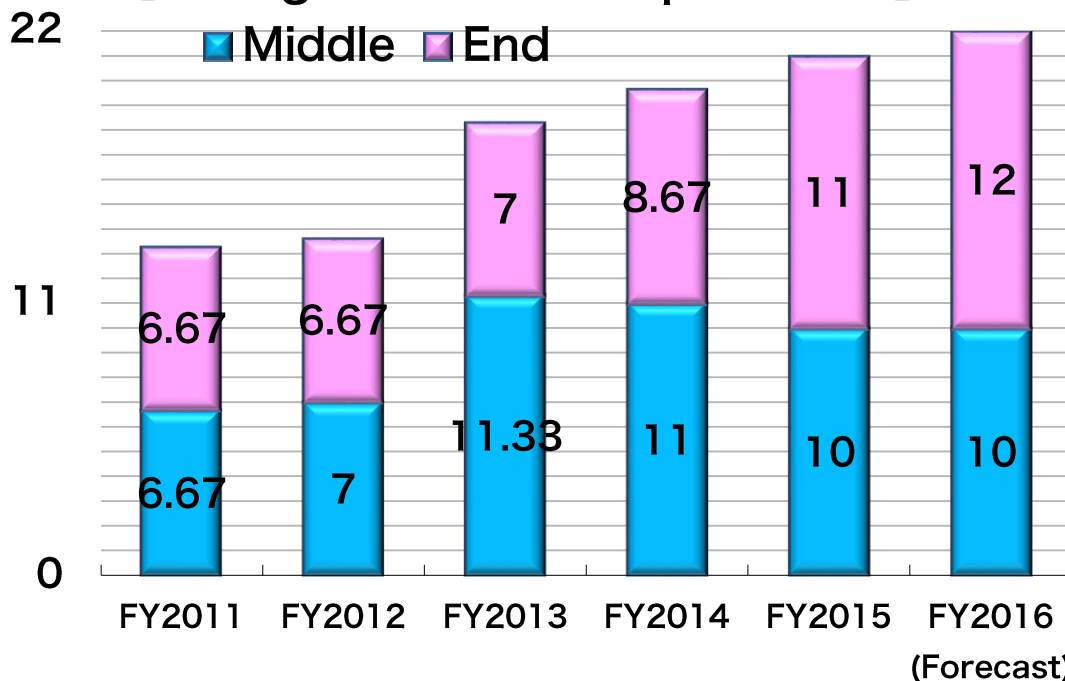
Total 21 yen

FY2016

Middle 10 yen  
End 12 yen

Total 22 yen -Forecast

(Yen) 【Changes in dividend per share】



(Reference)

Holdings of treasury stocks

※ As at March 31, 2016

- Total number of issued share (Without Treasury shares)  
112,503,347 shares
- Treasury Share  
12,787,765 shares

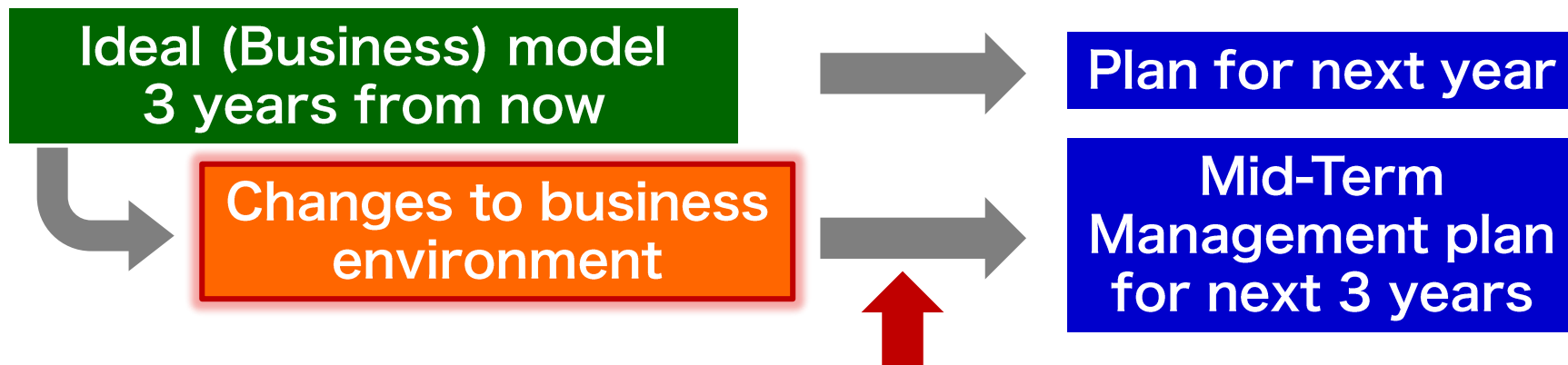
## 4. Mid-Term Management Plan

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熱・水・環境のベストパートナー



## Mid-Term Management Planning



**Yearly course corrections based on economic fluctuations.**

### Rolling Plan

To respond to business environment changes, MIURA updates its three-years Mid-Term Management plan every year.

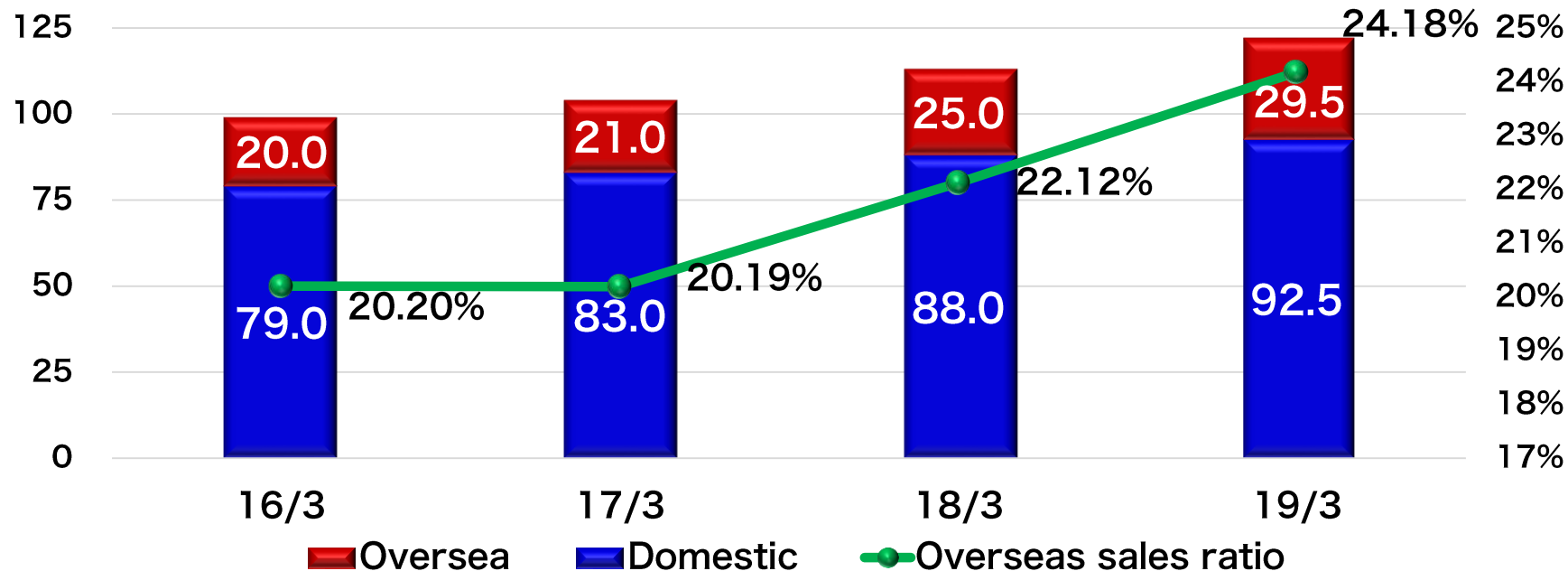
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Mid-Term Management Plan 2016	2016–2018				
Mid-Term Management Plan 2017		2017–2019			
Mid-Term Management Plan 2018			2018–2020		

# Mid-Term Management Plan for FY2016




Unit : Billion of yen

	FY 2015	FY 2016 Plan	FY 2017 Plan	FY 2018 Plan
Net sales	99.0	104	113	122
Operating profit	10.2	10.4	11.5	12.8

Unit : Billion of yen



## Growth Strategy for Mid-Term Management Plan

		FY 2015	FY 2016 Plan	FY 2017 Plan	FY 2018 Plan
Domestic	Total	790	830	880	925
	Boiler	550	555	560	565
	Aqua	26	30	35	40
	Marine equipment	75	97	120	140 
	Food & Medical equipment	88	95	105	110
	Specialized equipment	33	33	38	45 
	Others	18	20	22	25
Overseas	Total	200	210	250	295
	North & South America	43	47	60	70
	South Korea	66	60	60	65
	China	67	73	90	110 
	ASEAN, Taiwan	24	30	40	50
Total		990	1,040	1,130	1,220

# 5. Sales Strategy for Beer Manufacturers

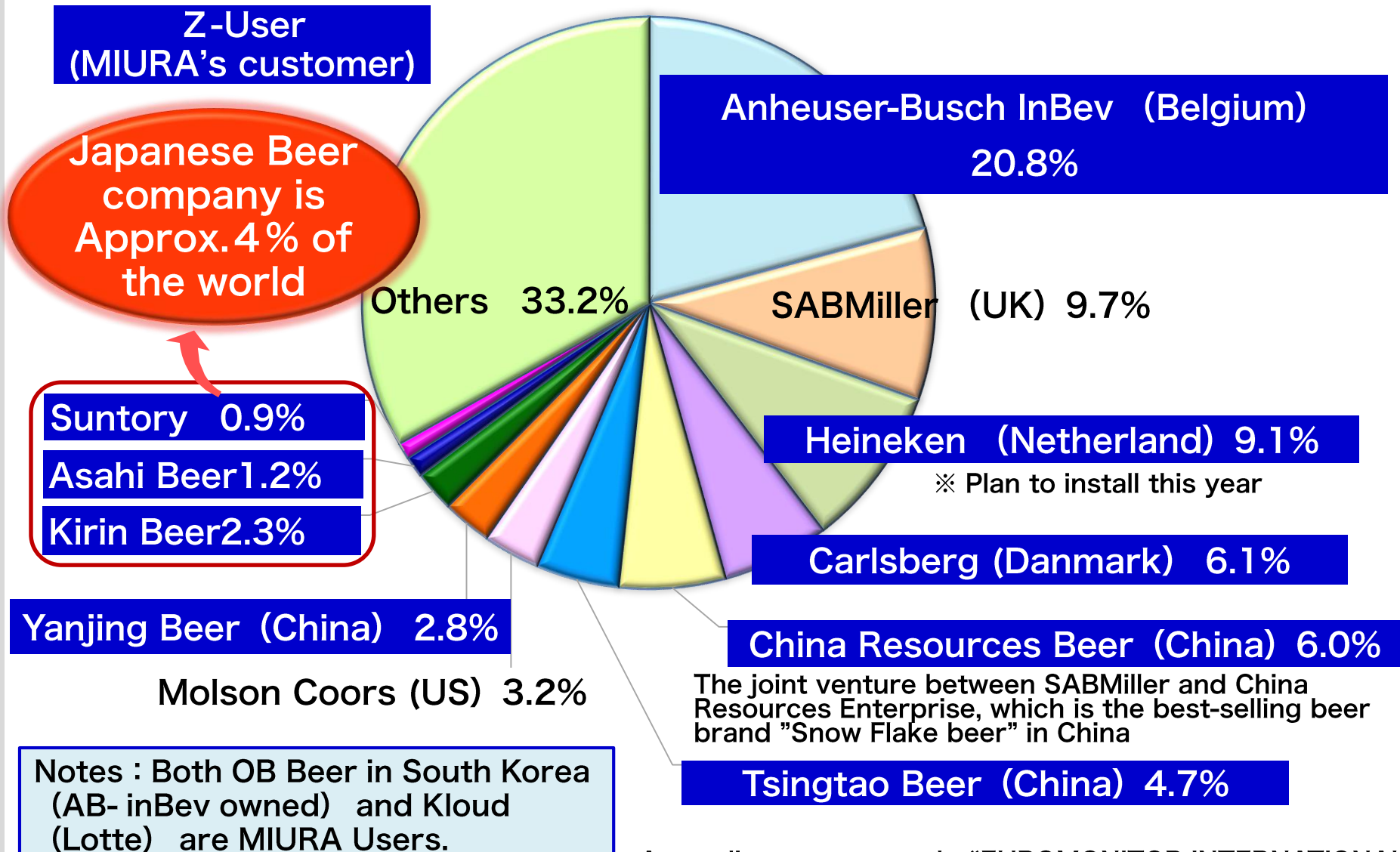
## One example of global expansion

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## World Beer Company Share (As at 2014)



According to a survey by "EUROMONITOR INTERNATIONAL"



## | Boiler Usage in Beer Factory

### Brewing process

#### ⑦ Packaging

Put the beer into  
**Cleaned Bottle.**  
After inspection, only  
passed bottles are  
shipped out.



Beer factory  
need large  
boiler system

#### ① Malting

Germinate two-row barley and  
they are turned into malt.

#### ② Mashing

Mill mash.  
Add **Hot-Water**  
and cook.

#### ③ Lautering

Filter mashed wort.

#### ④ Boiling

Add hops to wort  
and **Cook** about  
90 minutes.

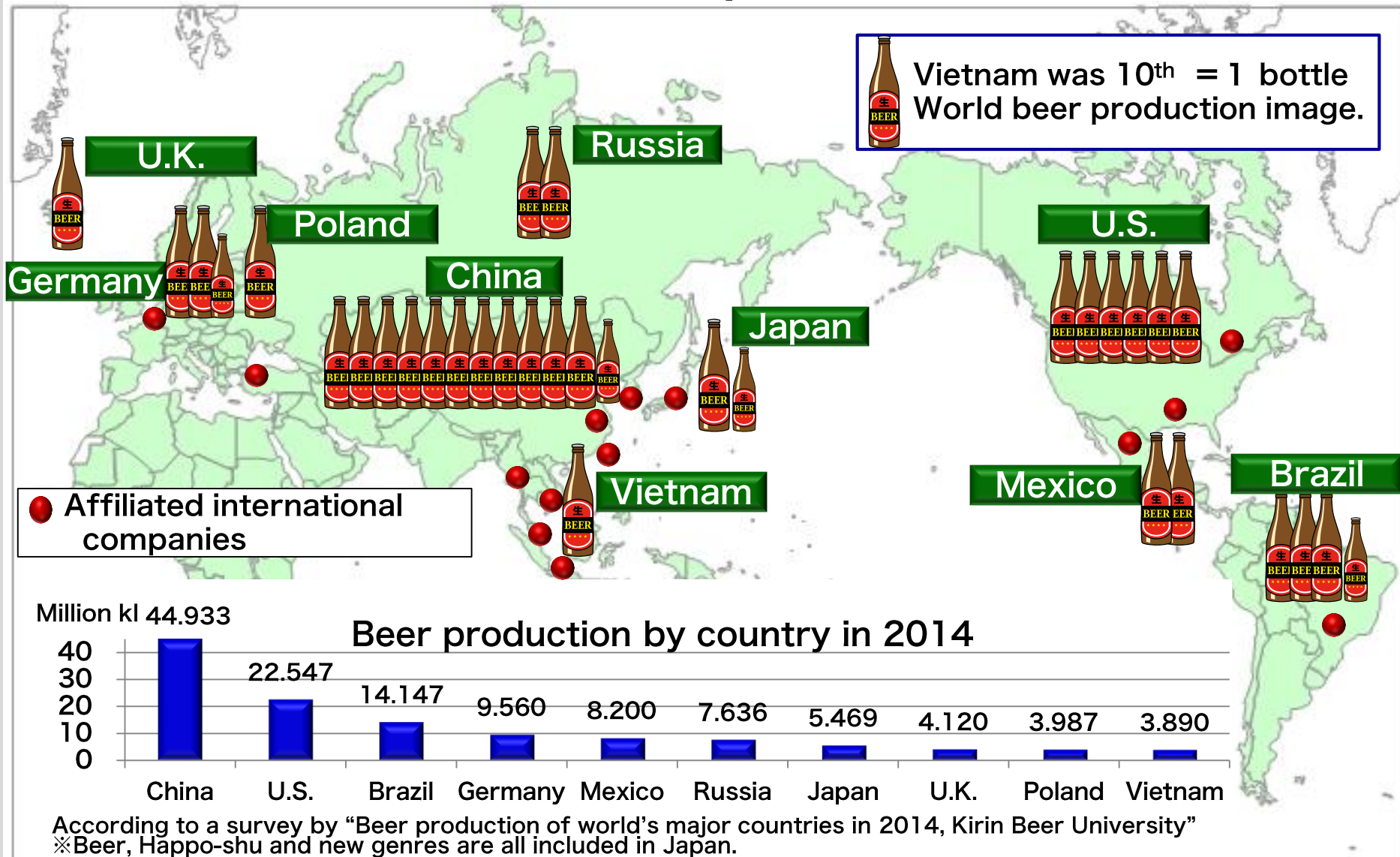
#### ⑥ Filtration

Remove hops and protein.

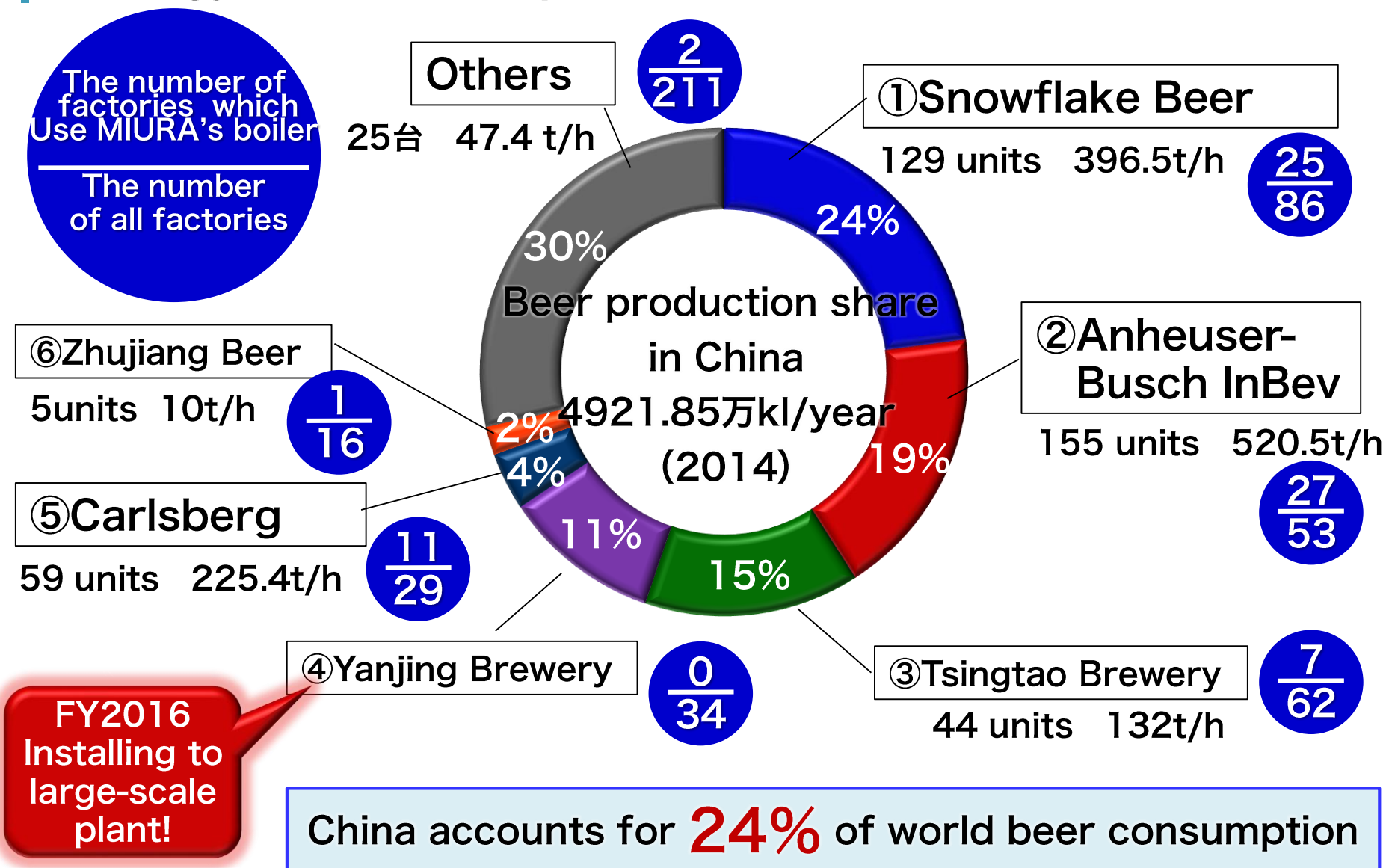
#### ⑤ Fermenting, Conditioning

Add hops into wort. Alcohol and carbon  
dioxide are generated. Being conditioned in  
the cooler tank for 1-2 months

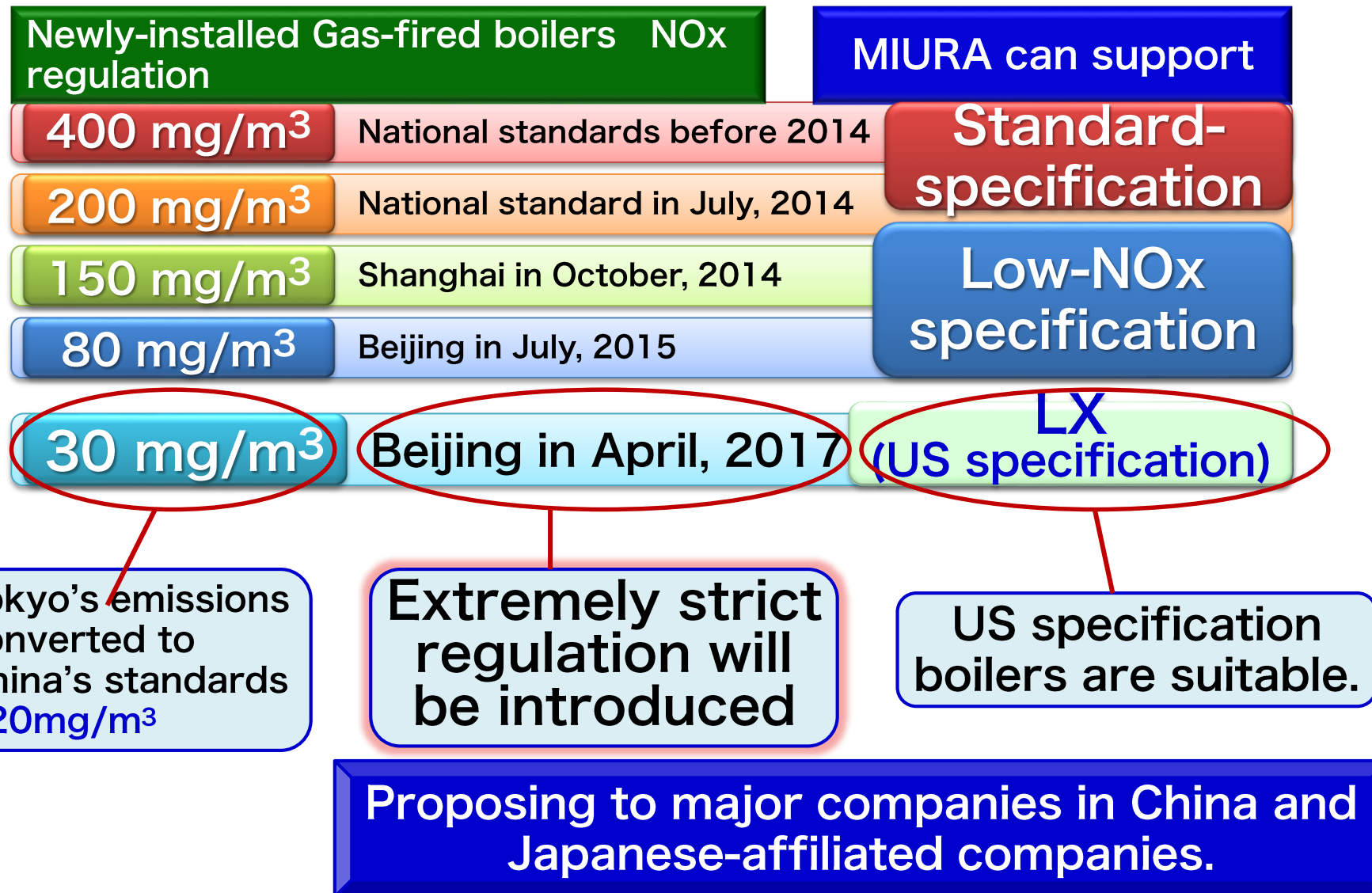
## MIURA Abroad with Beer production



## Strategy for Beer Companies in China – Sales FY2015 –

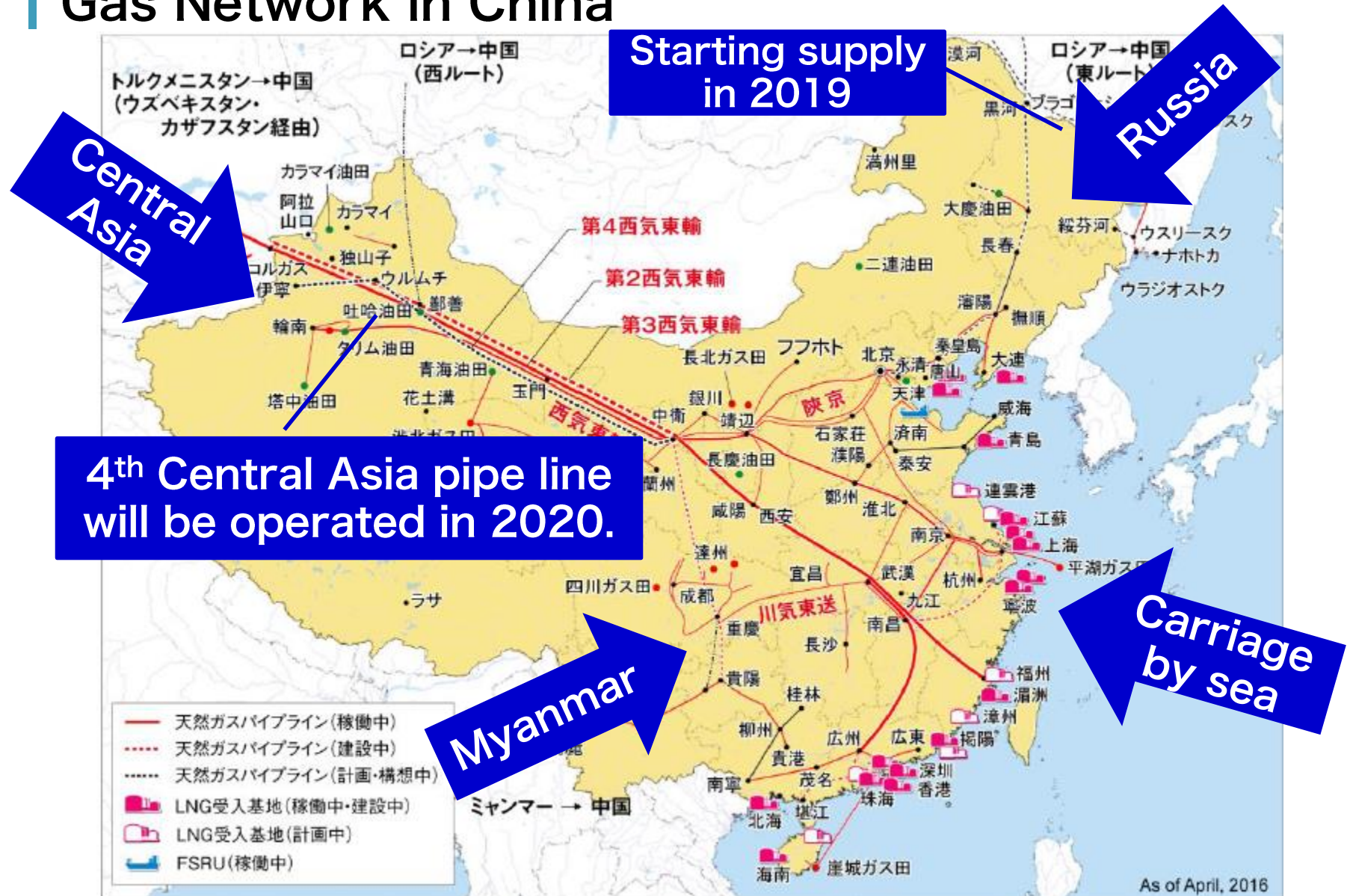


## Gas Emission regulations for Boilers





## Gas Network in China



## 6. Market Development in Brazil

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## Basic Data

	Brazil		Japan		Ratio
Population(million)	204.45	5 <sup>th</sup>	126.96	11 <sup>th</sup>	161%
Working population(million)	approx. 107	5 <sup>th</sup>	Approx. 63	9 <sup>th</sup>	248%
National land(10,000km <sup>2</sup> )	851.5	5 <sup>th</sup>	37.8	61 <sup>st</sup>	22.5 times
G D P (Billion of USD)	1,772.59	9 <sup>th</sup>	4,123.26	3 <sup>rd</sup>	30.7%

According to a survey by IMF-World Economic Outlook Databases (April 2016)  
Working population : data from global note in 2014

### Economics

The world's 9<sup>th</sup> and the largest economy among all countries in South America.

<Economic growth rate>

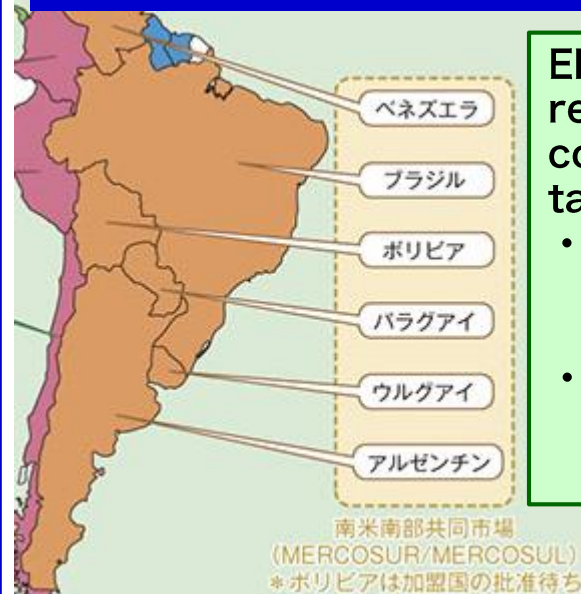
- 2014 0.1%
- 2015 ▲3.8%
- 2016 ▲2.9% - forecast

(According to "Brazil Ministry of planning, budget and management in Feb. 2016")

<Inflation rate>

- 2015 Cumulatively 10.71%
- (According to "Brazilian Institute of Geography and Statistics")

### MERCOSUR members



Eliminate intra-regional tariffs and common external tariffs

- Intra-regional population Approx. 410 million
- Intra-regional GDP approx. 4.2 trillion USD

Data from Ministry of Foreign Affairs of Japan

## MIURA BOILER BRAZIL LTD.

**This factory was newly established to strengthen our competitiveness in Brazil.**

### Factory

Location	Jundiai/Sao Paulo
Start operation	March, 2016
Site area	2,250 m <sup>2</sup>
Floor area	1,550 m <sup>2</sup>
Investment value	Approx. 5 hundred million yen



### MIURA BOILER BRAZIL LTD.

Established	April 16 <sup>th</sup> , 2012
Capital	1,200,000 R\$ (Approx. 37million yen)
Employees	22 employees
Business	Manufacturing, sales and maintenance of boilers



## | Boiler Market

### The competitive edge and strategy of MIURA Brazil

Manufacturing technology of high efficiency boilers

Technology of once-through boilers

Reduction of the fuel cost

MIURA original “MI system”

Trust in Japanese company

Working with Japanese Gas-distributing companies

Trust in Japanese high technology

Expanding supply area of L N G

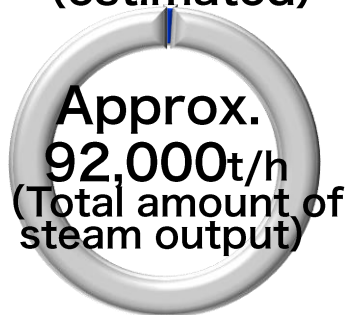
Expanding the plan of LNG introduction to local cities

The introduction of environmental regulation in Sao Paulo

Subjected as the area of Gas emission regulation in 2013

## Future Prospect

Market in Brazil  
(estimated)



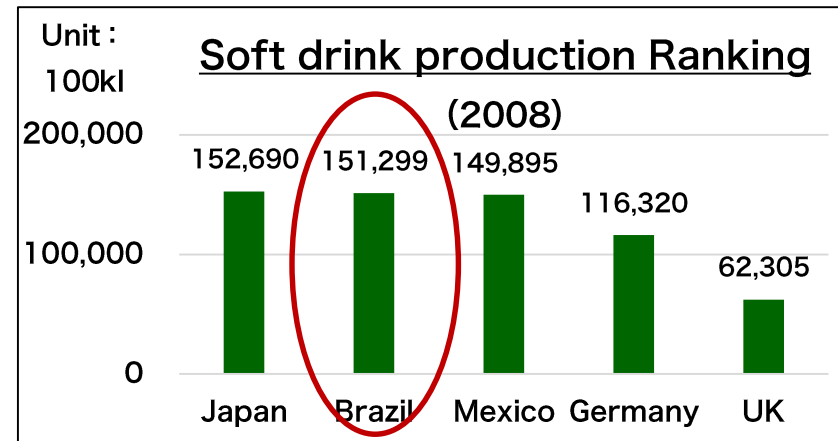
<Target>

Proposing  
energy  
conservation  
solution  
to Beverage  
industry

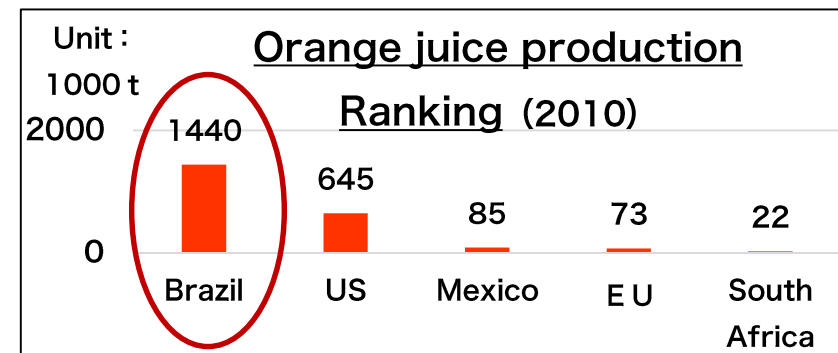
MIURA  
40%



The world's 3<sup>rd</sup> –  
largest Beer producer



Oshiete! SekaiRankingu 2016~Sekai no Toukei-  
教えて！世界ランキング2016~世界の統計~



Reference : USDA 「World Markets and Trade」 (At 65 Degrees Brix)

**We'll make the products for energy, water and  
environment of the world's best price and quality ever!**

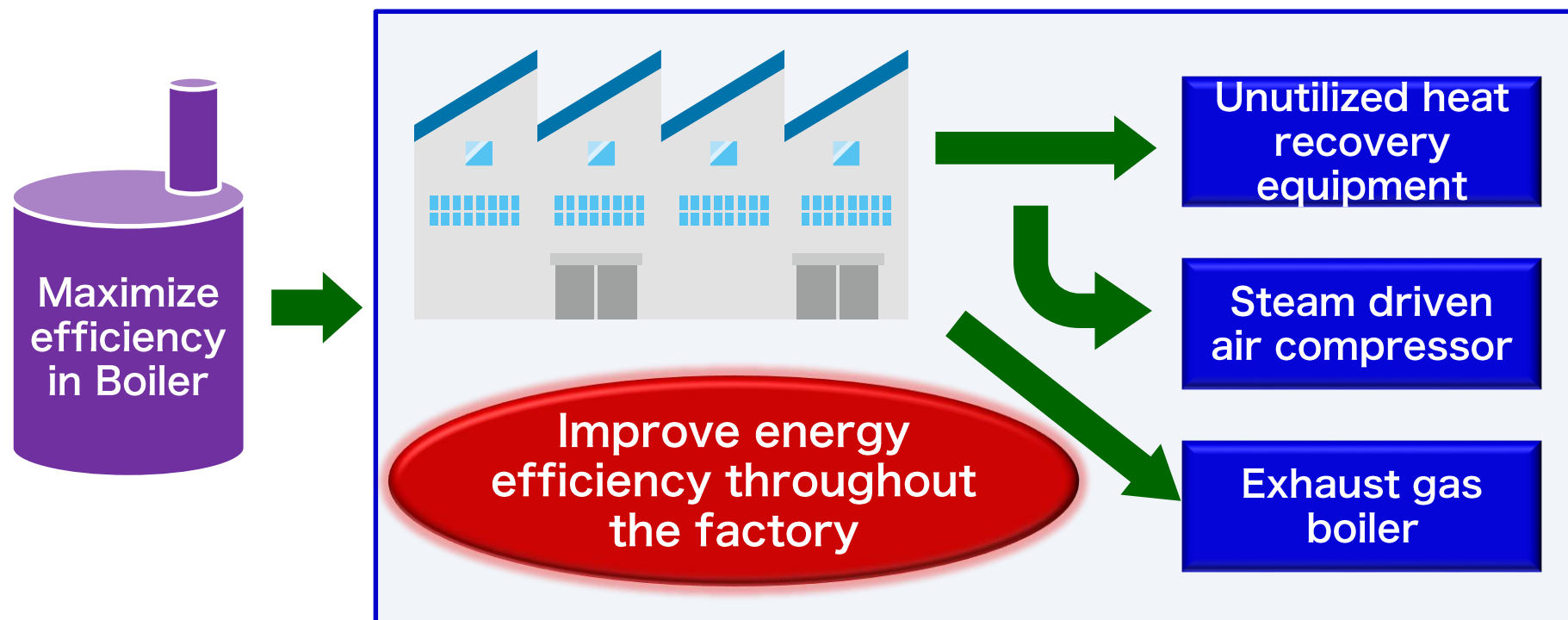
# 7. Domestic Sales Strategy

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# What will we offer for the matured market in Japan?



Except  
Boilers

Water treatment  
equipment

Food processing  
equipment

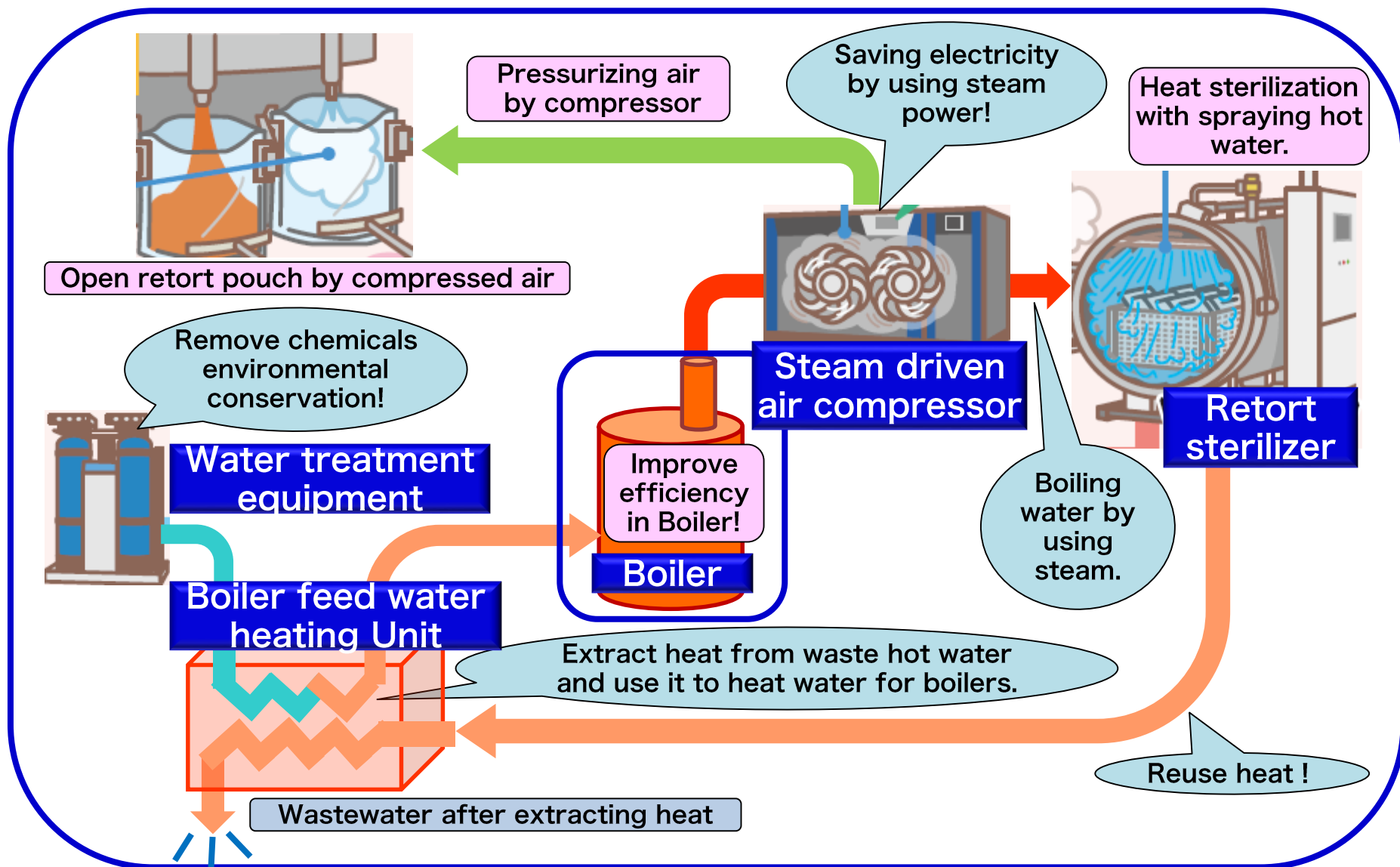
Medical  
equipment

Marine  
equipment

Marine boilers

Ballast water  
management system

## Improving energy efficiency in factories for retort curry



## Ballast Management Convention

As of May 6 <sup>th</sup> , 2016	Necessary Condition	Present
Ratifying countries	30 countries	49 countries
Percentage of shipping tonnage capability of ratifies	35%	34.97%
Likely to Ratify	Finland (0.14%) 、 Peru (0.04%)	

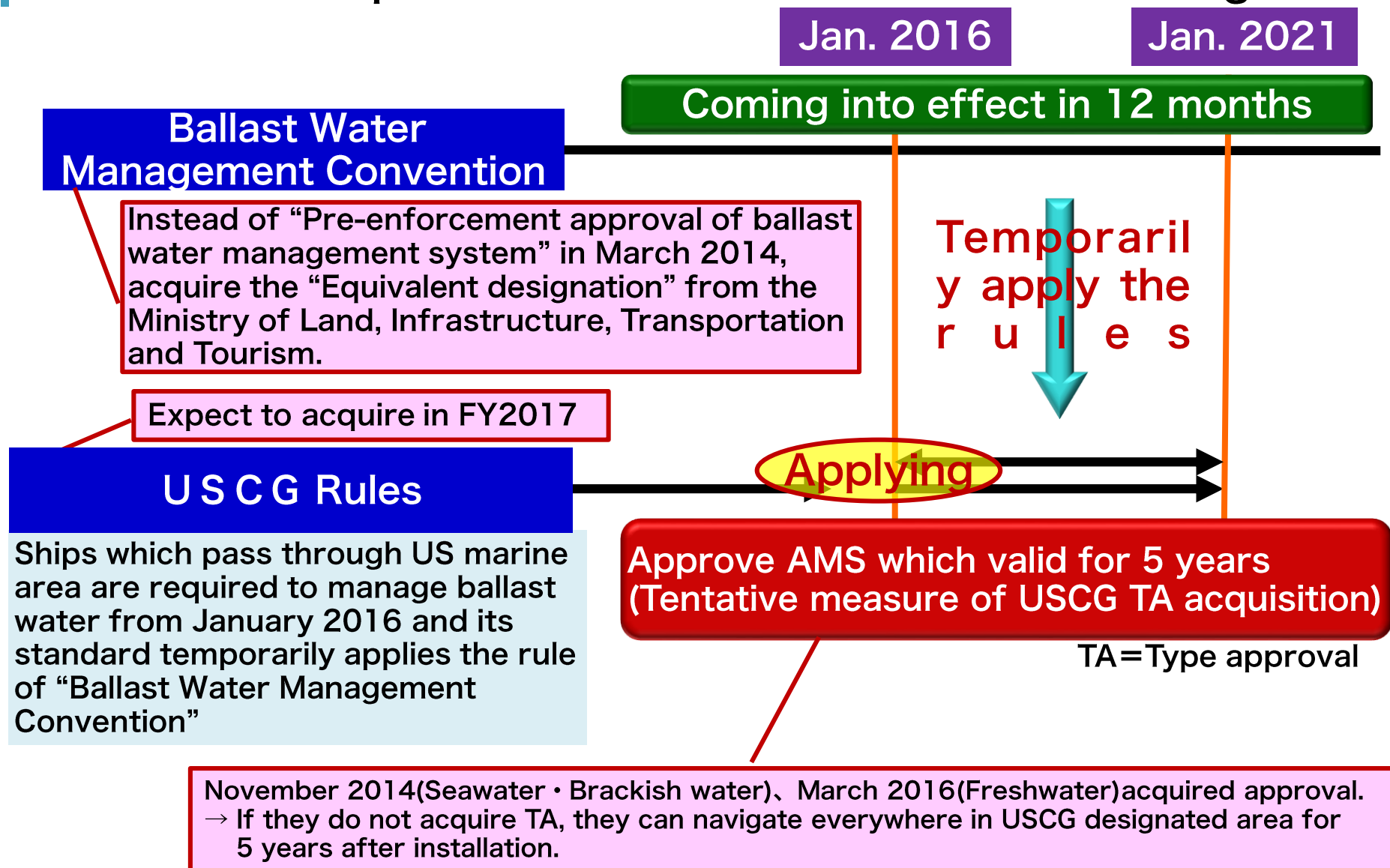
If they ratify the convention, the total percentage is 34.97%.  
 Remaining 0.03% to meet the necessary condition!  
 Expect to meet the necessary condition in 2016  
 →Coming into effect in 12 months

**<FY2016>**  
 Including installed  
 and backlog of  
 orders  
 Approx. 300 units



**<FY2018-Plan>**  
 Installed 720 units  
 Sales estimate  
 10 billion yen

# Certification acquisition schedule of Ballast water management



## 8. Reference

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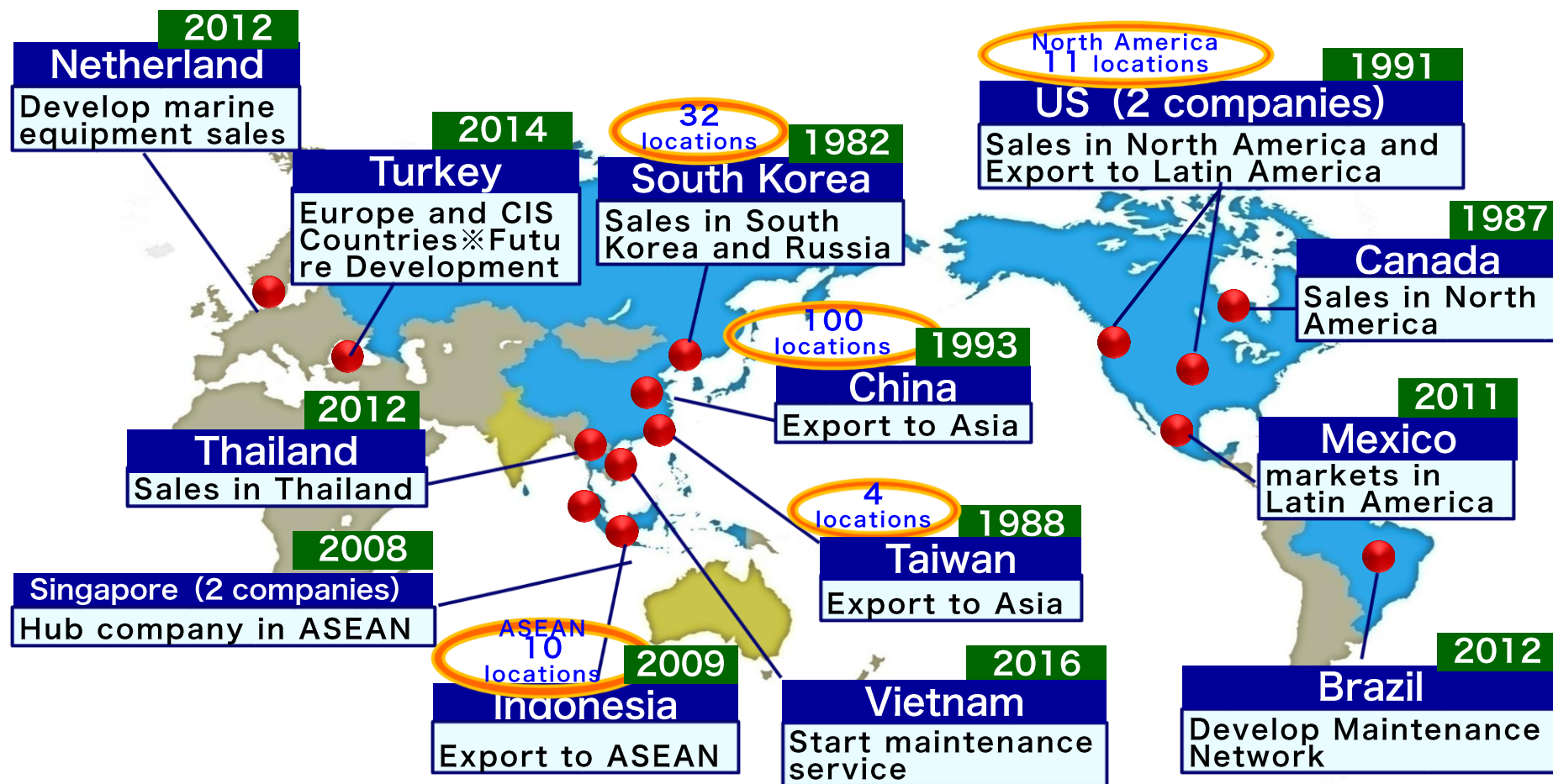
熱・水・環境のベストパートナー





Appropriate location production and sales • Global Sales and Maintenance network

15 companies, 6 factories, Sales and Maintenance in 19 countries



※CIS Countries : Commonwealth of Independent States, Republic of Azerbaijan, Republic of Armenia, Republic of Uzbekistan, Republic of Kazakhstan, Kirghiz Republic, Republic of Tadzhikistan, Republic of Turkmenistan, Republic of Belarus, Republic of Moldova, Russia(Turkmenistan and Moldova are associate countries)

# Boiler market share

\*Based on Steam Volume

**MIURA 40%**

Japan  
Approx.  
**220K t/h**  
(Total amount of steam output)

**1.3%**

China  
Approx.  
**800K t/h**  
(Total amount of steam output)

**1%**

US  
Approx.  
**430K t/h**  
(Total amount of steam output)

**2%**

ASEAN  
Approx.  
**175K t/h**  
(Total amount of steam output)

**8.5%**

South Korea  
Approx.  
**140K t/h**  
(Total amount of steam output)

80% of the market is Coal-fired boilers which is rapidly switching over to natural gas.

Mainly Large, Low efficiency boilers

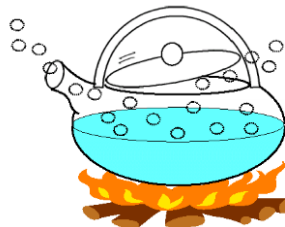
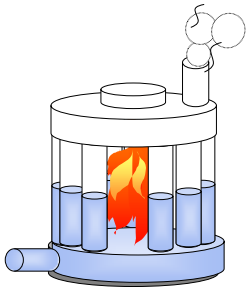
## What is a Boiler?

Equipment which generates steam.  
It is **necessary** for factories, schools,  
hospitals and high-rise buildings.

### Uses

Heating, or process based power  
generation, sanitation etc...

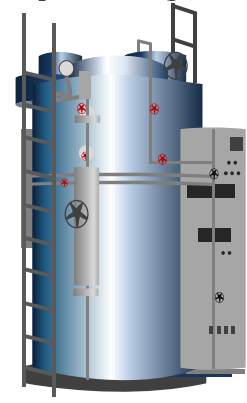
※ Same principal as a kettle.



## 【Types of boilers ~ Same capacity ~】



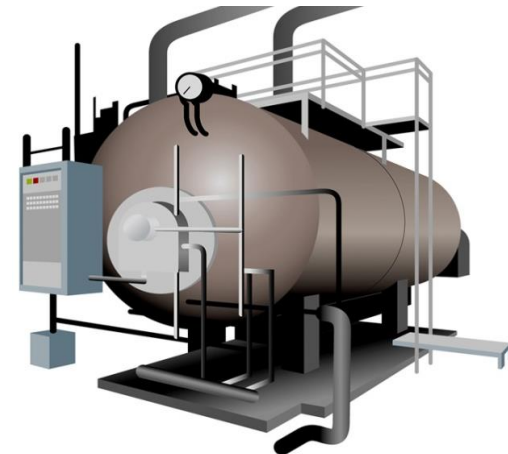
Once-through Boiler



Water Tube Boiler

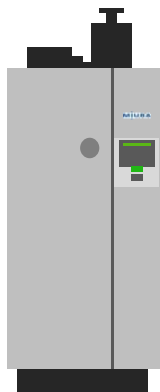
## 【Steam Advantages】

- Five times more energy than hot water
- Compressible
- Easily acquired since it uses water
- Recyclable – Water to steam to water
- Sanitary

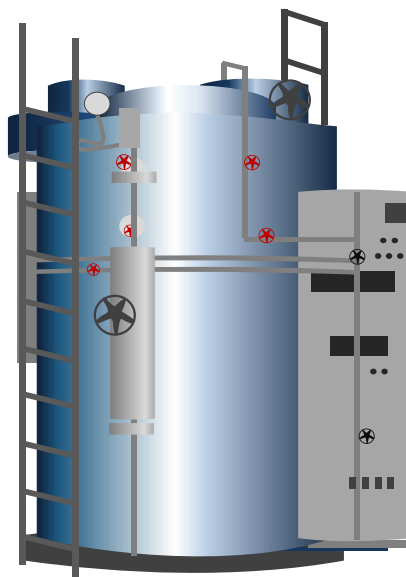
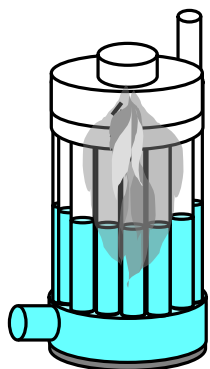


Fire Tube Boiler

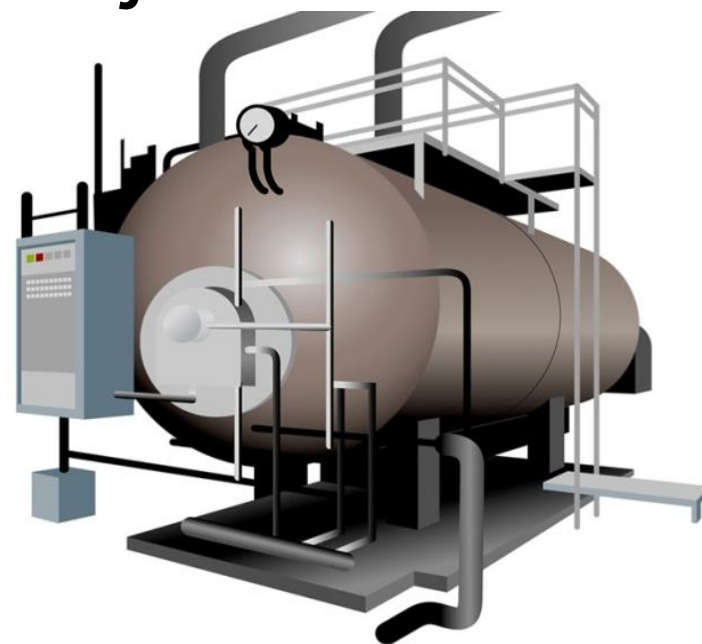
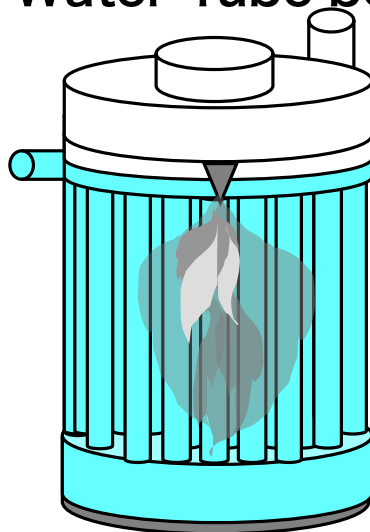
## Types of Boilers ~ Same capacity ~



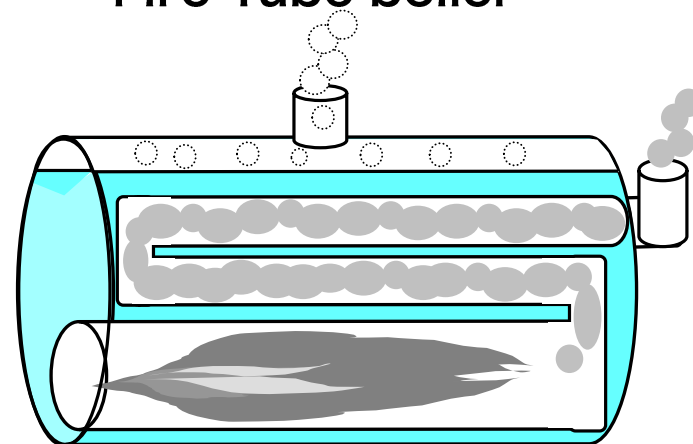
Once-through boiler



Water Tube boiler



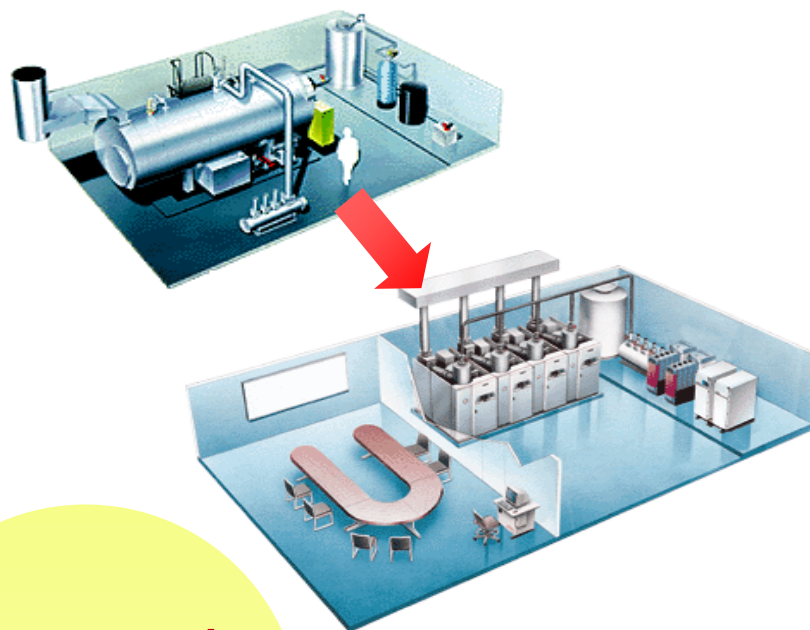
Fire Tube boiler



In 1986 M I system patented

**M I system** (Multiple Installation system)

Once-through boiler design makes energy savings a reality.



- Energy-saving
- Space-saving
- Labor-saving
- Low pollution

Provide steam when needed and only when needed, low operation costs and reduction of CO<sub>2</sub> and NOx.



## Example: Energy savings and CO<sub>2</sub> reduction with once-through Gas Boiler < ANA Hotel Matsuyama >

Fire Tube Boiler



Once-through Boiler MI system

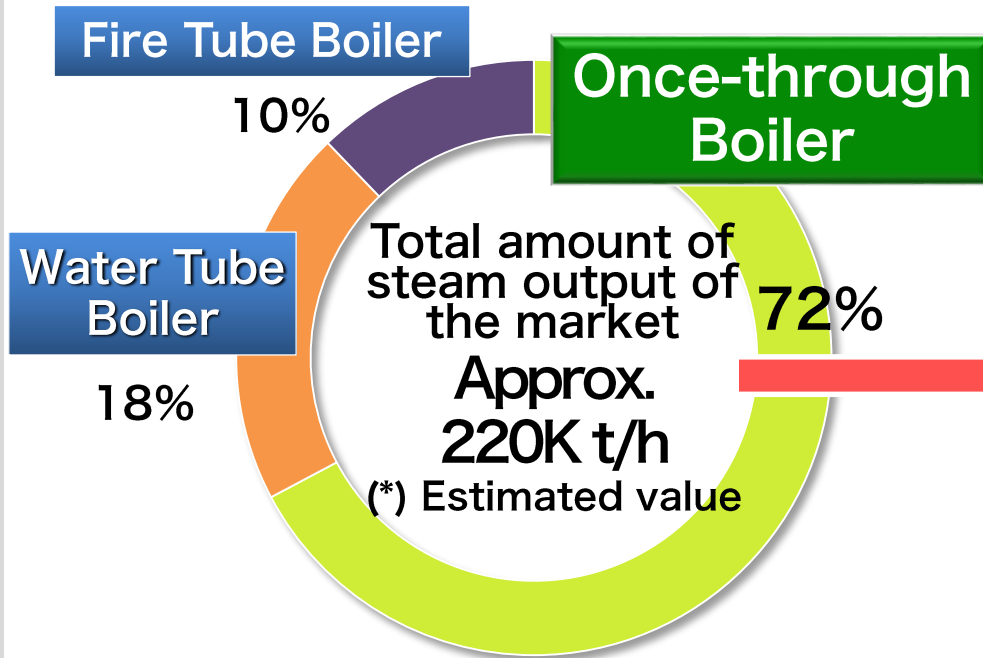


### Effect

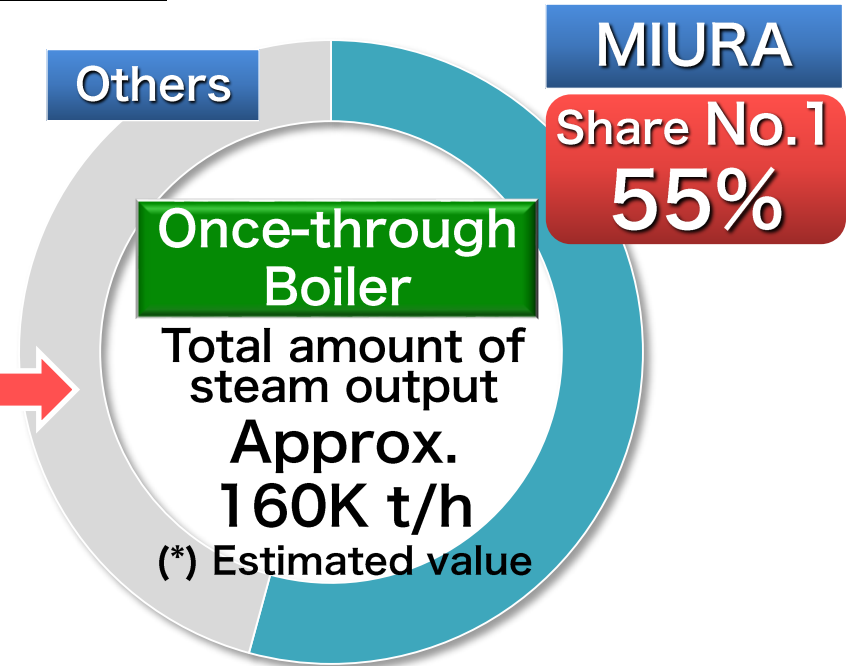
① Efficiency of boiler	61.0% → 90.5%
② CO <sub>2</sub> Emission	49.3% Cut
③ Labor – saving	MIURA maintenance contract
④ Space – saving	Approx. 50% Reduction

# Boiler market in Japan

## Domestic Boiler Market



## Domestic Once-through boiler market



### Competitors

- NIPPON THERMOENER CO., LTD
- IHI PACKAGED BOILER CO.,LTD
- Hirakawa Corporation
- SAMSON CO.,LTD.
- Kawasaki Thermal Engineering Co., Ltd.
- YOSHIMINE CO.,LTD.

(Note) The share of once-through boilers is based on MIURA's investigation and the actual results may differ from them.

# MIURA Business Model

## The Customer-based business model with total power

- ◆ Develop environmental friendly products.

**Technology  
(Product  
Competitive**



The Japanese Society of Mechanical Engineers-Medals for Distinguished Engineers Award



National Innovation Award

**Sales  
Capabilities**



**Maintenance  
skill**



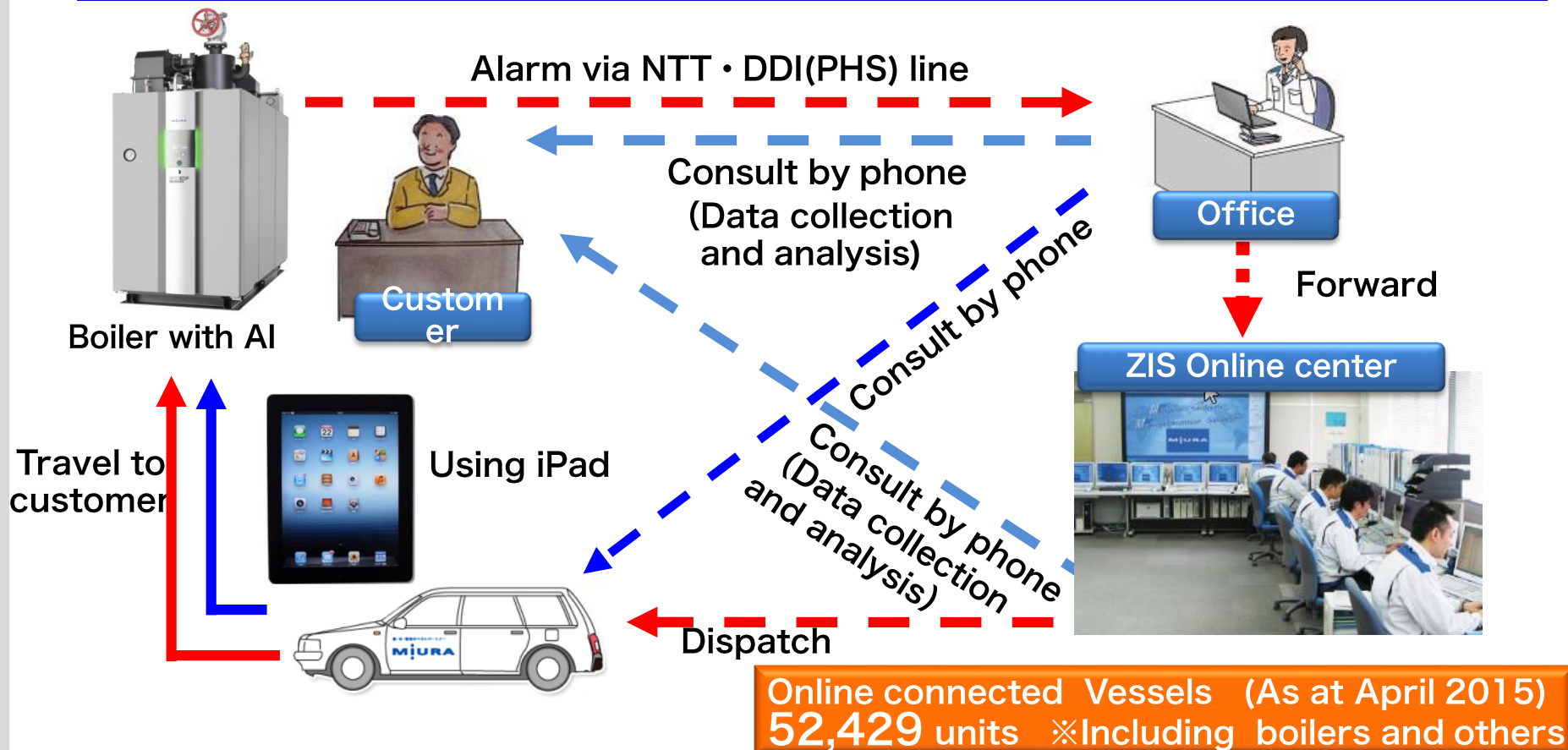
- ◆ Offer problem solving solutions.

- ◆ "Scheduled Maintenance" to maintain boilers' performance.



In 1989 Started Online Maintenance system

## Maintenance Service with high-tech tools



- ① Efficient Maintenance
- ② Improve work place for Service Engineer

## MIURA Maintenance Network

Offices

Approx. 100 offices

Service Engineers

Approx. 1,000 engineers



- Head Quarter, Division
- Branch, Sales office

Your best partner for **Energy**, **Water**, and **Environment**

Assist the customers by conserving energy and improving the environment around the world.



We will make products for energy, water and environment at the best value and quality ever!

# Thank you.

熱・水・環境のベストパートナー



Contact

MIURA Co., Ltd.  
Management Planning Department

TEL 089-979-7045

FAX 089-979-7011

URL <http://www.miuraz.co.jp>