

Financial Result and MIURA Growth Strategy

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The Best Partner of
Energy, Water and Environment



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Attention

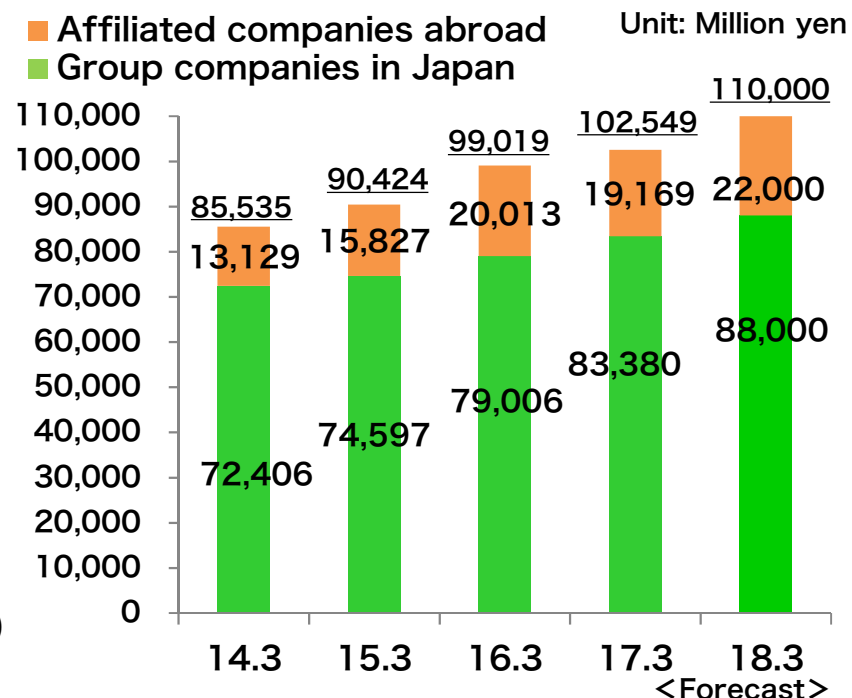
The future prospects of the business results, etc., described in this material is based on information that the Company has acquired as of the announcement date of financial report, and there is a possibility that actual business results, etc., will be materially different depending on various factors. 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 Information

Company Information

Location	7 Horie, Matsuyama, Ehime
Established	May, 1959
Group Company	Japan: 9 (8 consolidated companies included) Abroad: 14 (10 consolidated companies included) ※As of March 31, 2017
Employees	Consolidated: 4,950 Group Total: 5,013 (1,392 employees abroad included)
Business	Manufacturing, sale, and maintenance of equipment
Rating	“A” (Rating and Investment Information, Inc.)

【Consolidated Net Sales】



	Unit	FY2015	FY2016	FY2017 (Forecast)
Net sales	Million Yen	99,019	102,549	110,000
Operating income	Million Yen	10,220	10,577	11,800
Pretax profit	Million Yen	11,080	11,833	12,600
Net income	Million Yen	7,476	8,163	8,700
Capital ratio	%	78.4	78.2	—
Net assets per share	Yen	947.00	993.18	—

2. FY2016 Summary Overview

Consolidated Result

[Unit: Million yen]

	FY2015	FY2016	FY2017 (Forecast)
Net sales	99,019	102,549	110,000
Cost of goods sold	58,825	60,865	64,900
SG & A expenses	29,974	31,105	33,300
Operating profit	10,220	10,577	11,800
Pretax profit	10,887	11,913	12,600
Net income	7,476	8,163	8,700

Overview of Financial Summary

Japan

Boiler, related equipment, and ballast water management system going well

- Sales increase due to boiler replacement in food industry
- Sales increase of marine equipment (e.g. Ballast water management system)

Overse

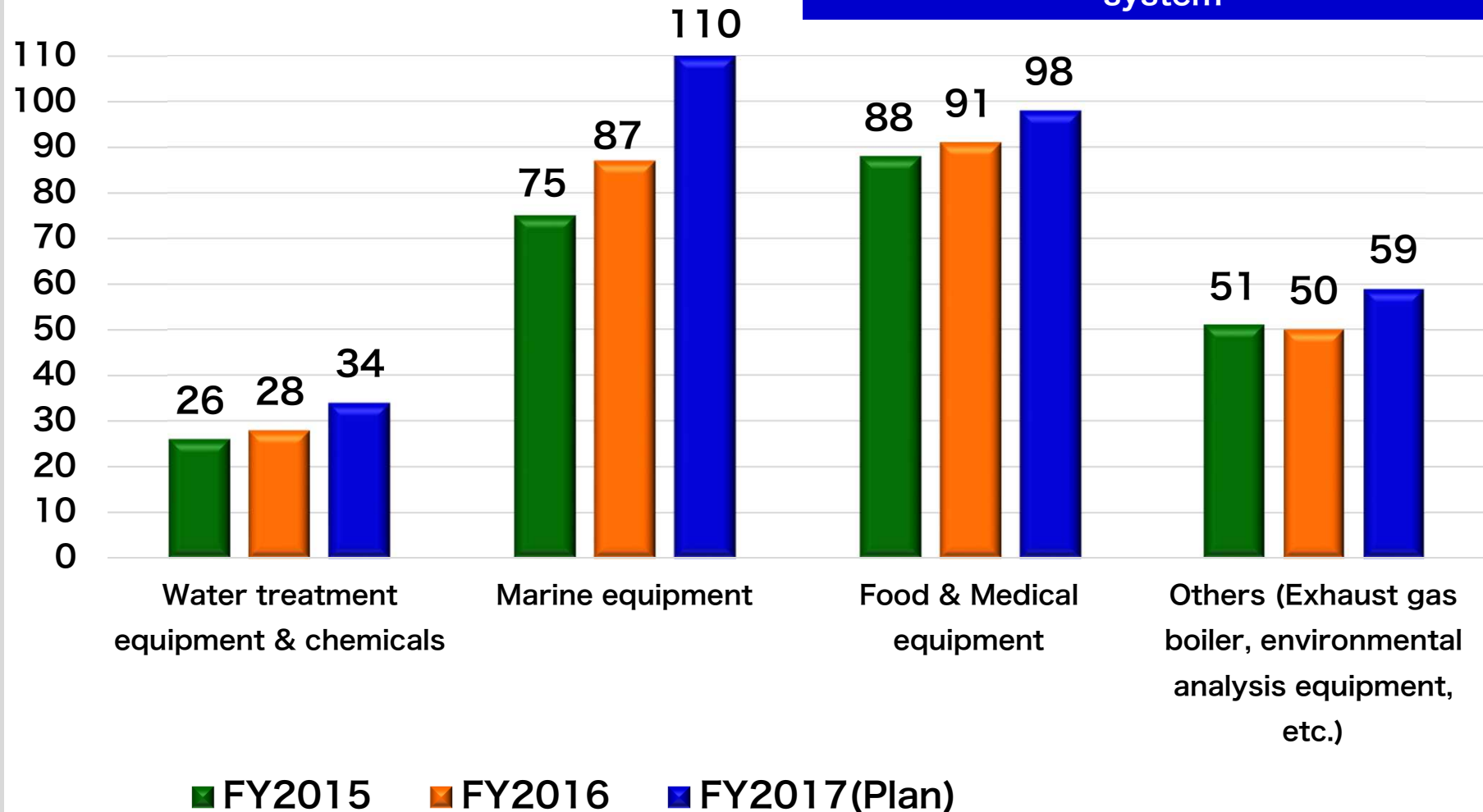
High-yen effect and stagnation in US and Taiwan

- Coal-fired boiler replacement in China and sales expand to Chaebol in Korea
- Lack of big installation project in US and Taiwan

Increase of personnel expenses due to staff addition and research expenses related to new products such as BWMS

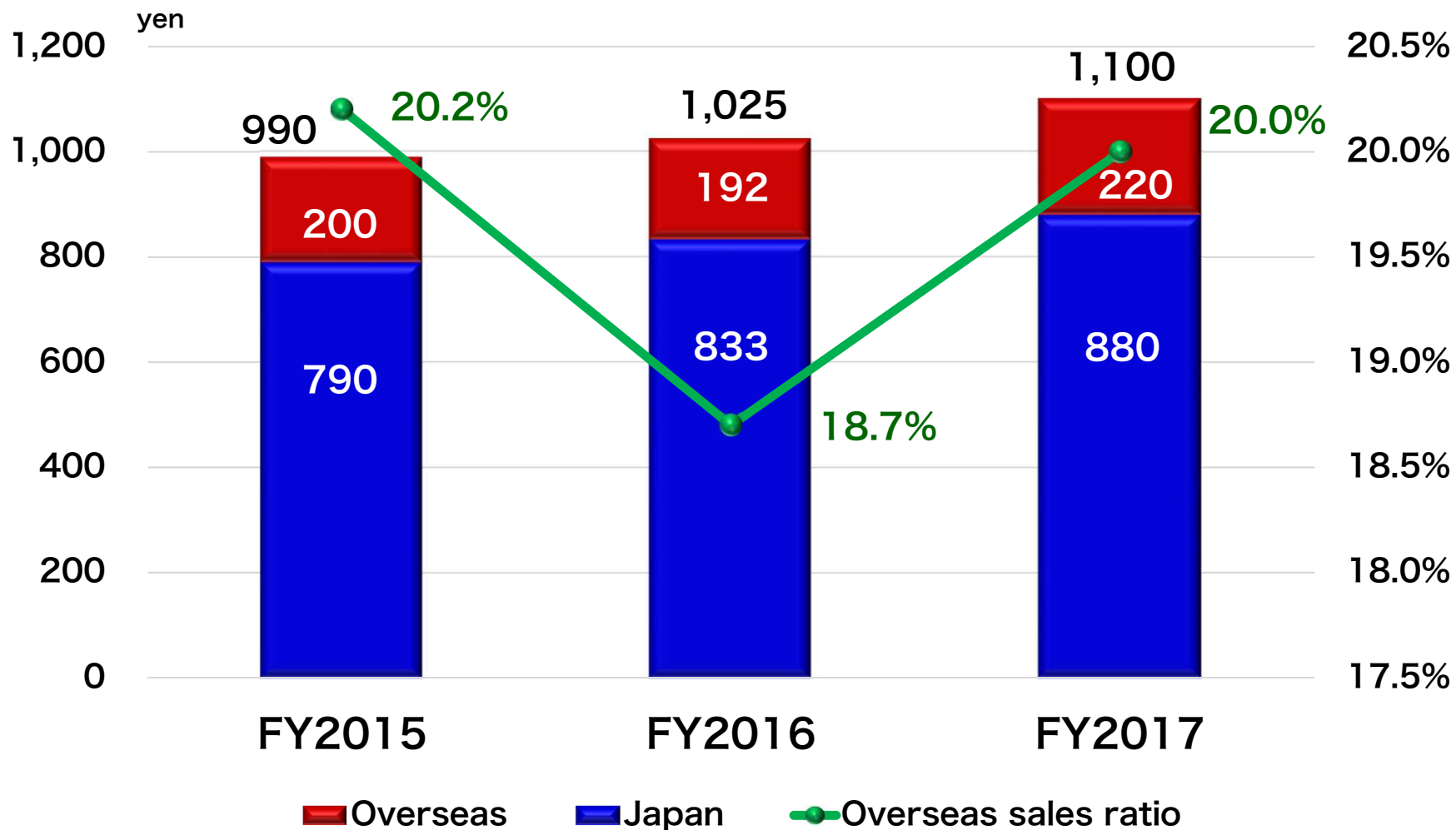
Analysis of Japan Domestic Sales

Unit: Hundred
million yen



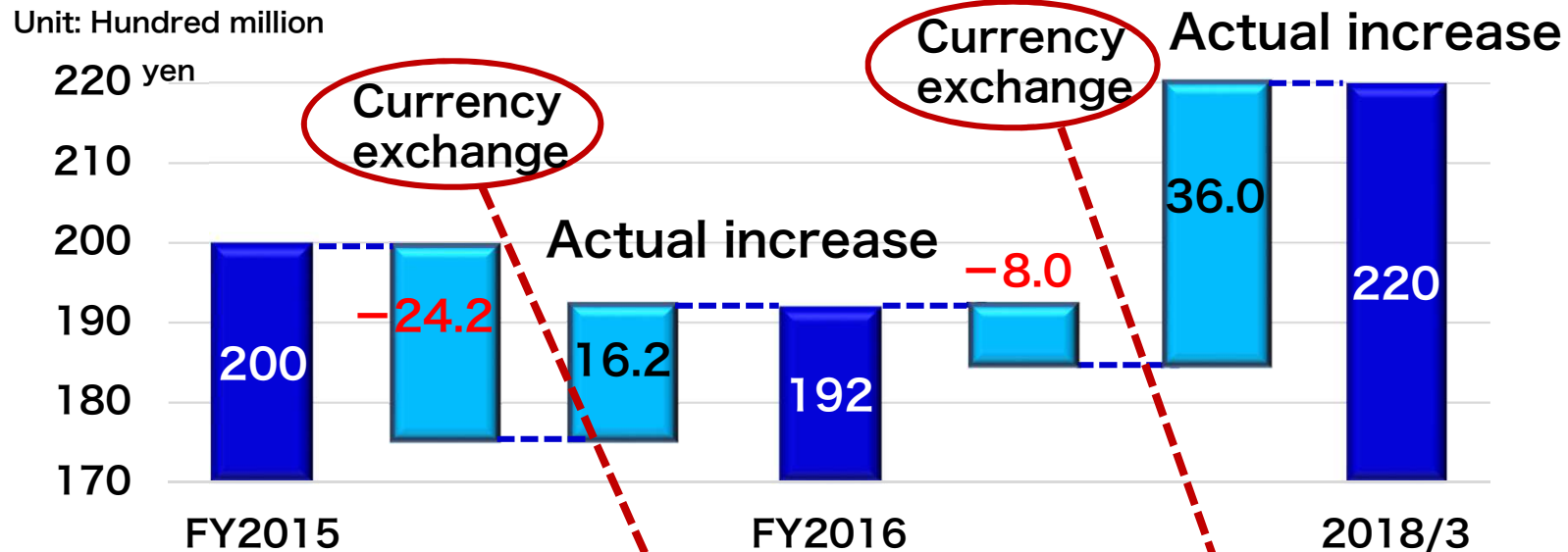
Overseas Sales

Unit: Hundred million



Factor analysis of overseas sales increase

Despite currency exchange influence, overseas sale has increased actually

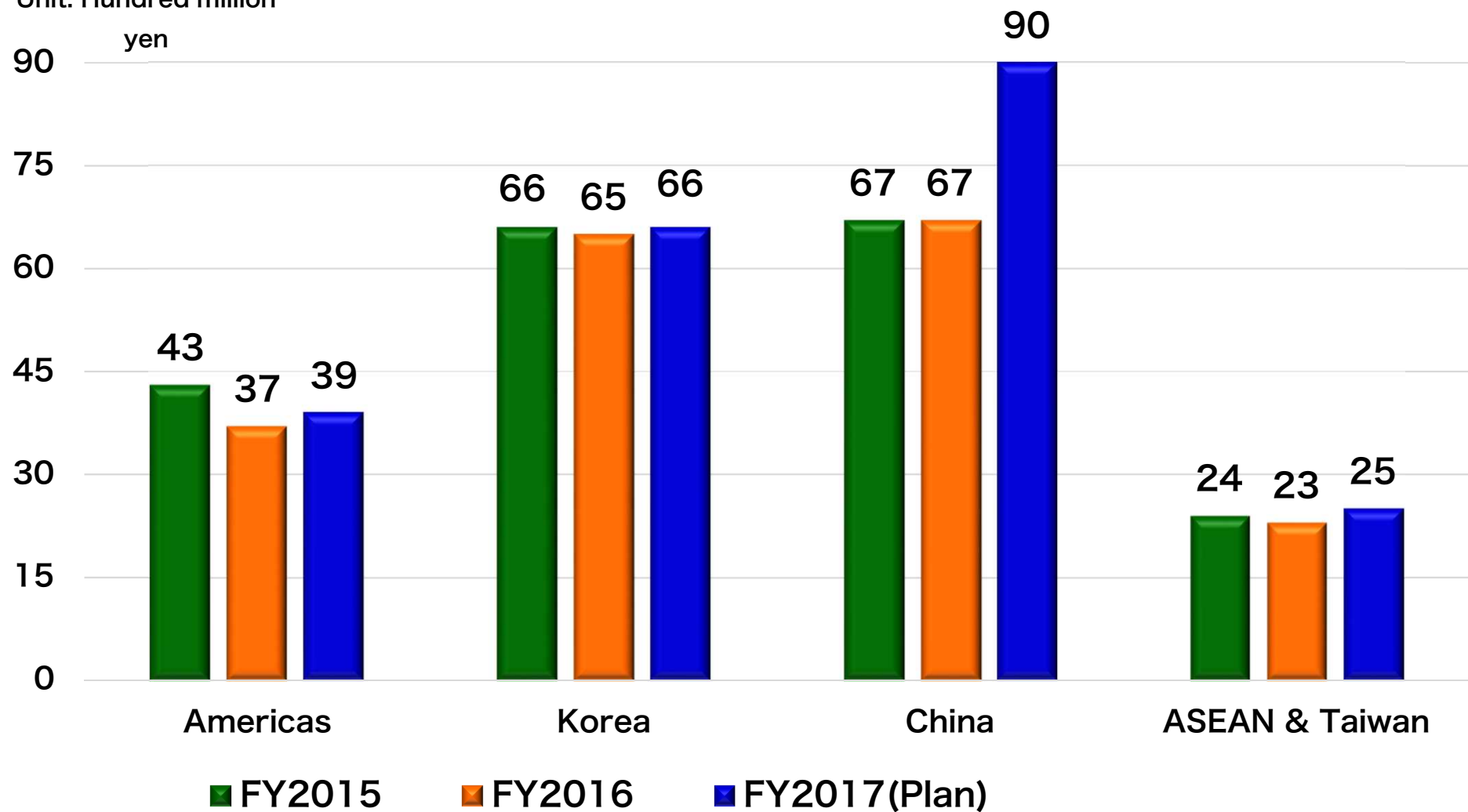


Average exchange rate	FY2015	FY2016	Year-over - year	FY2017 plan	Year-over - year
USD	120.15	108.34	90.2%	105.00	96.9%
CAD	91.84	82.50	89.8%	78.00	94.5%
CNY	18.86	16.10	85.4%	15.40	95.7%
KRW (100 Won)	10.42	9.45	90.7%	9.10	96.3%
IDR (100 Rp)	0.89	0.82	92.1%	0.80	97.6%
NTD	3.75	3.42	91.2%	3.30	96.5%

Overseas sales

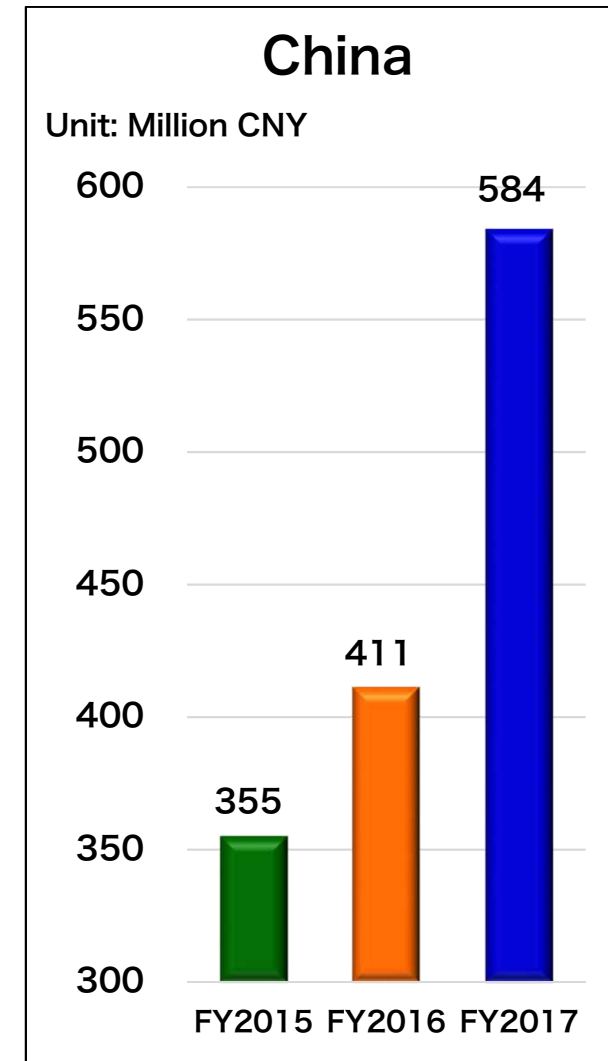
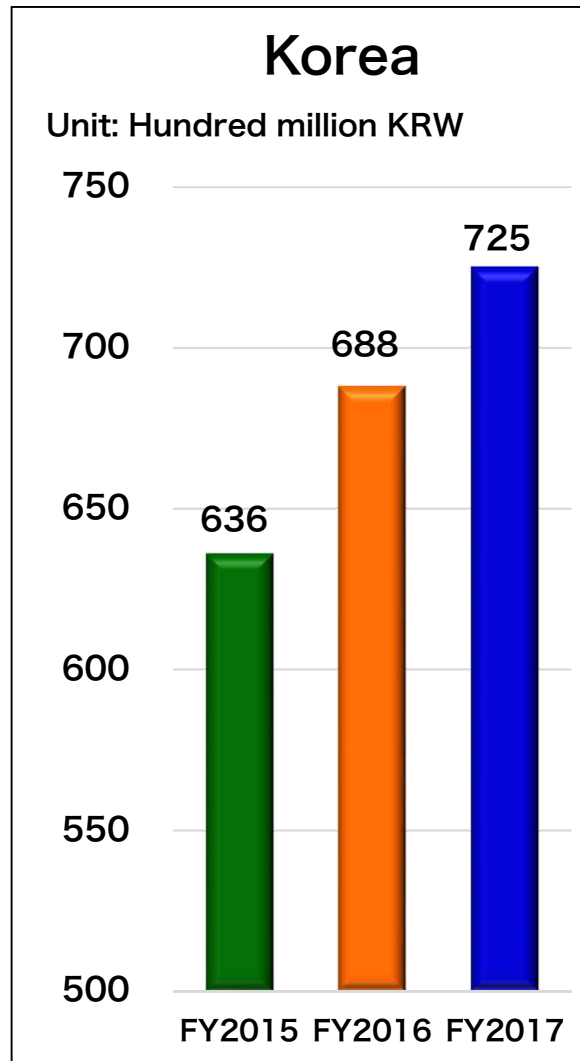
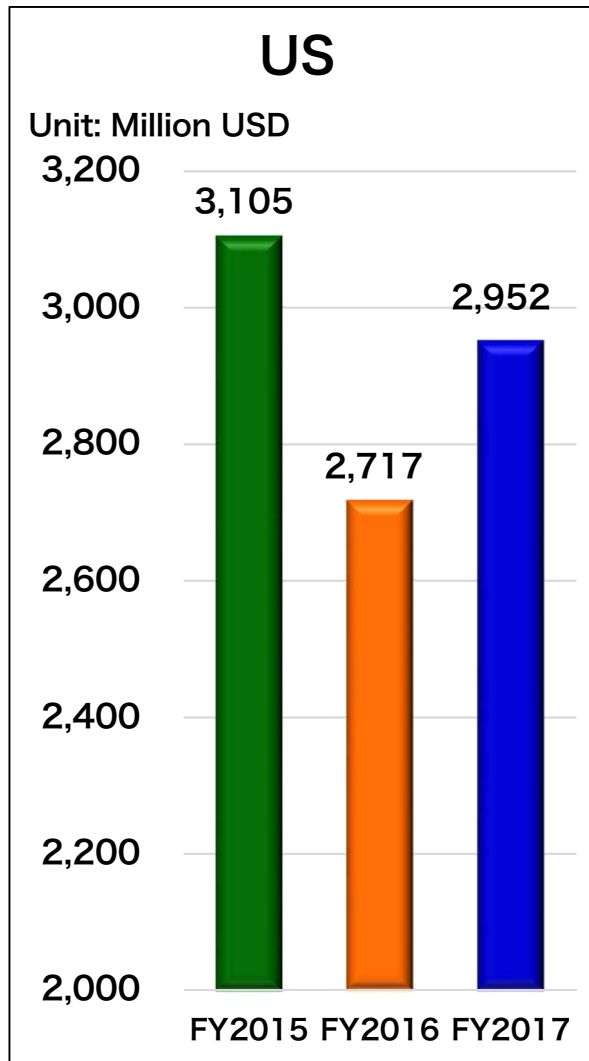
Unit: Hundred million

yen



2 FY2016 Summary Overview

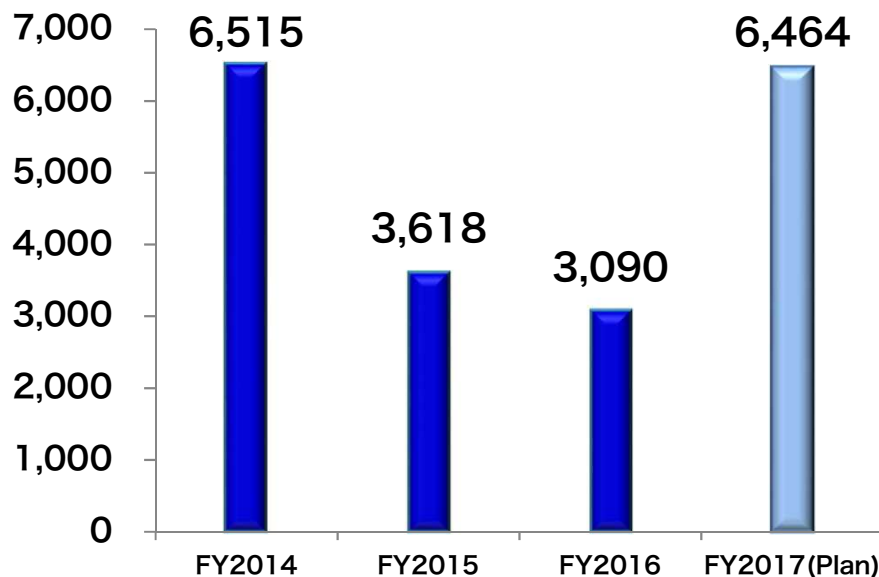
Main Overseas Sales (Based on Each Local Currency)



Business Investment

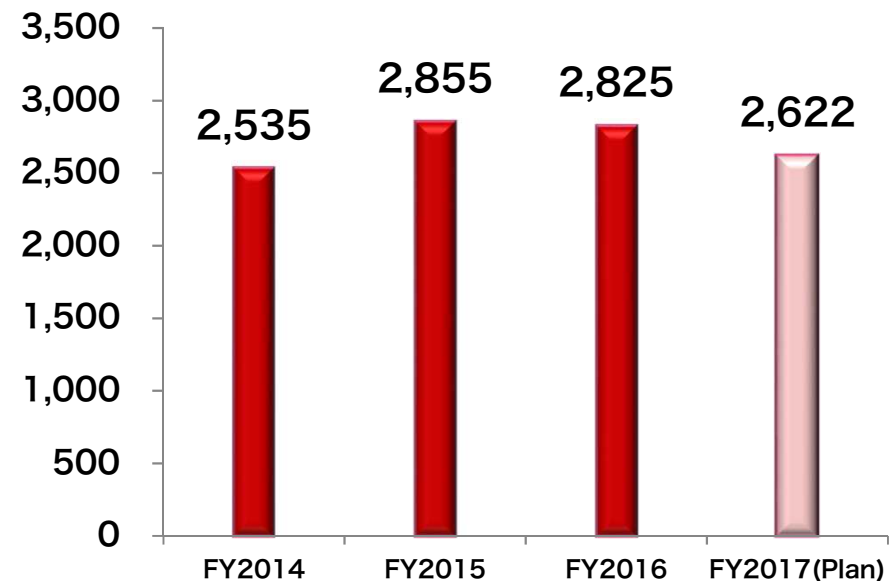
【Capital investment】

[Unit: Million yen]



【 Depreciation and amortization 】

[Unit: Million yen]



Investment examples

FY2015	FY2016	FY2017 (Plan)
<ul style="list-style-type: none"> • Branch office in Fukuoka 	<ul style="list-style-type: none"> • New HQs building 	<ul style="list-style-type: none"> • Multipurpose factory
<ul style="list-style-type: none"> • Boiler components factory 	<ul style="list-style-type: none"> • Renovation for environment analysis equipment factory 	<ul style="list-style-type: none"> • New branch building construction

3. Profit Share and Stock

3 Profit Share and Stock

- ① Sustaining **stable** dividends
- ② Targeting **30%** consolidated payout ratio

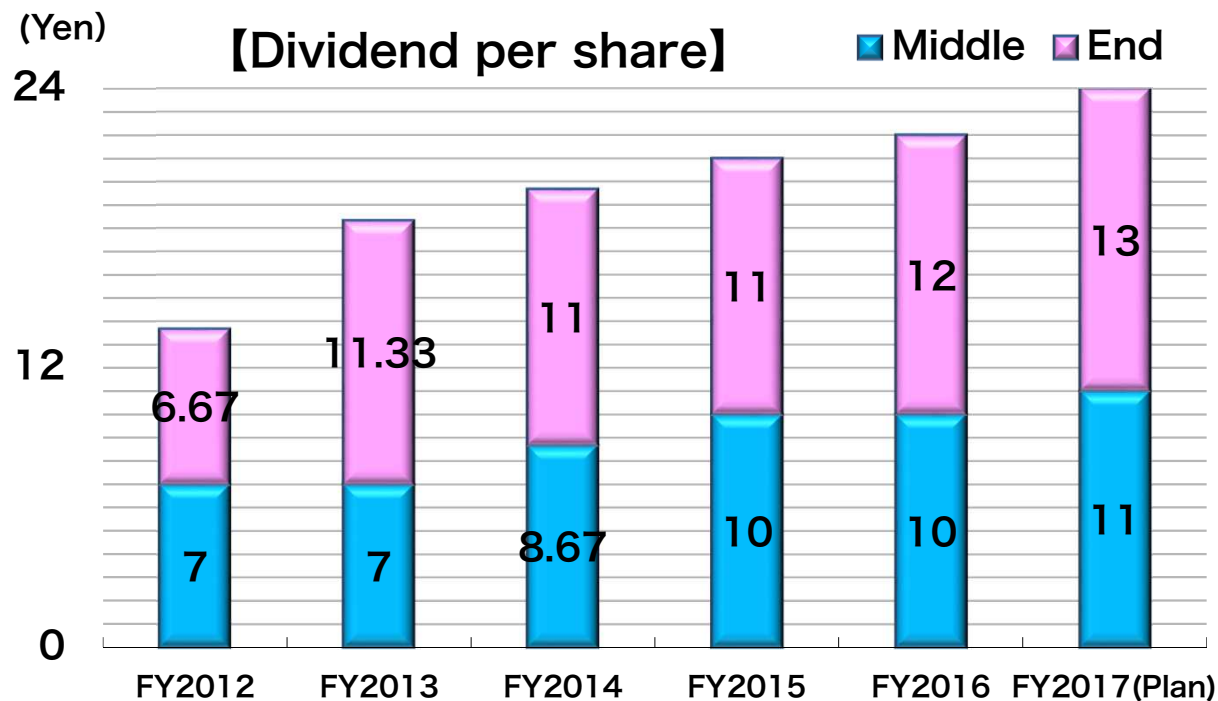


FY2016

Middle: 10 yen
 End: 12 yen
 Total: 22 yen

FY2017

Middle: 11 yen
 End: 13 yen
 Total: 24 yen - Forecast



(Reference)

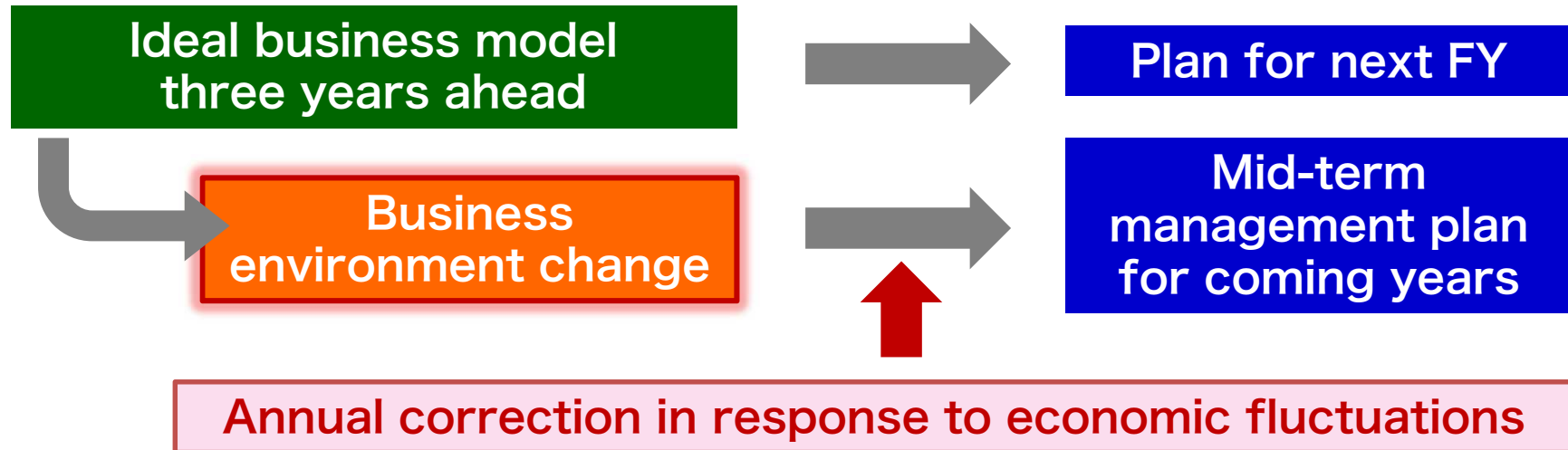
Treasury stock held

※As of March 31, 2017

- Total issued shares (treasury stock excluded)
112,502,791 shares
- Treasury stock
12,744,432 shares

4. Mid-Term Management Plan

Mid-Term Management Planning



Rolling plan

To respond to business environment change, MIURA updates its three-year 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		

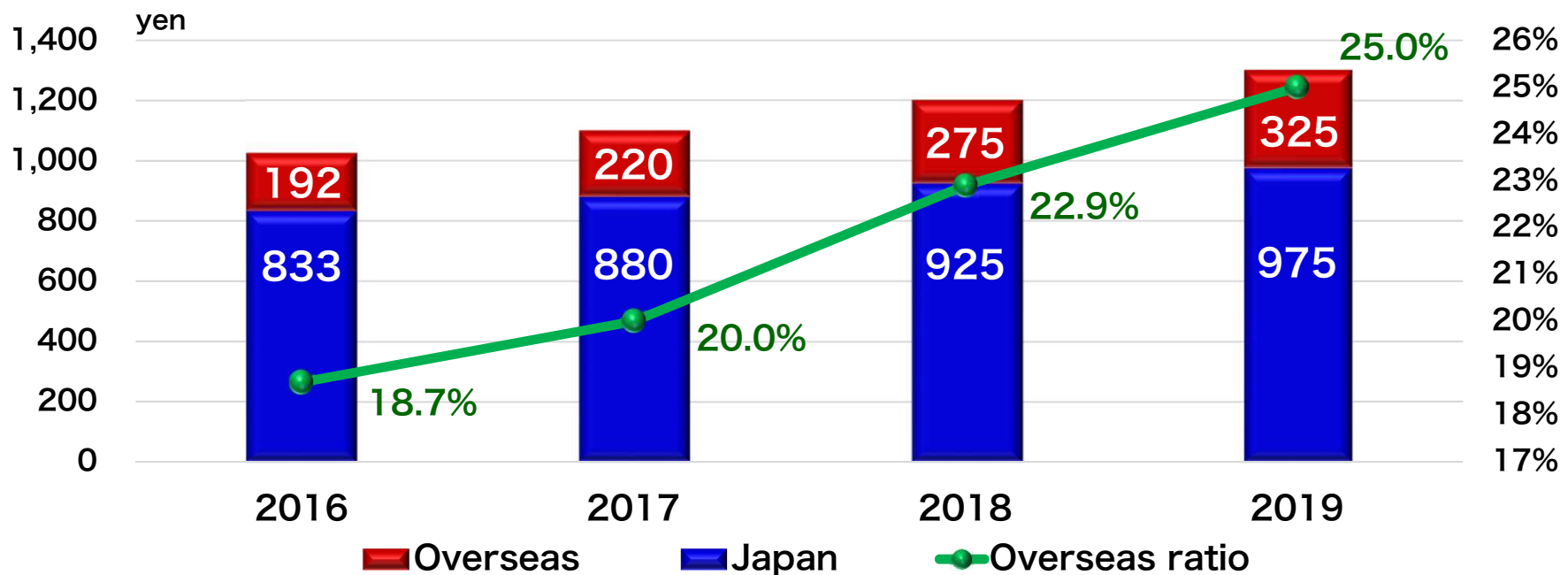
Mid-Term Management Plan for FY2017

Unit: Hundred million yen

FY	FY2016	FY2017 Plan	FY2018 Plan	FY2019 Plan
Net sales	1,025	1,100	1,200	1,300
Operating profit	105	118	130	145
Operating profit rate	10.2%	10.7%	10.8%	11.2%

※ IFRS adopted for FY2017 plan and after

Unit: Hundred million



Growth Strategy for Mid-Term Management Plan

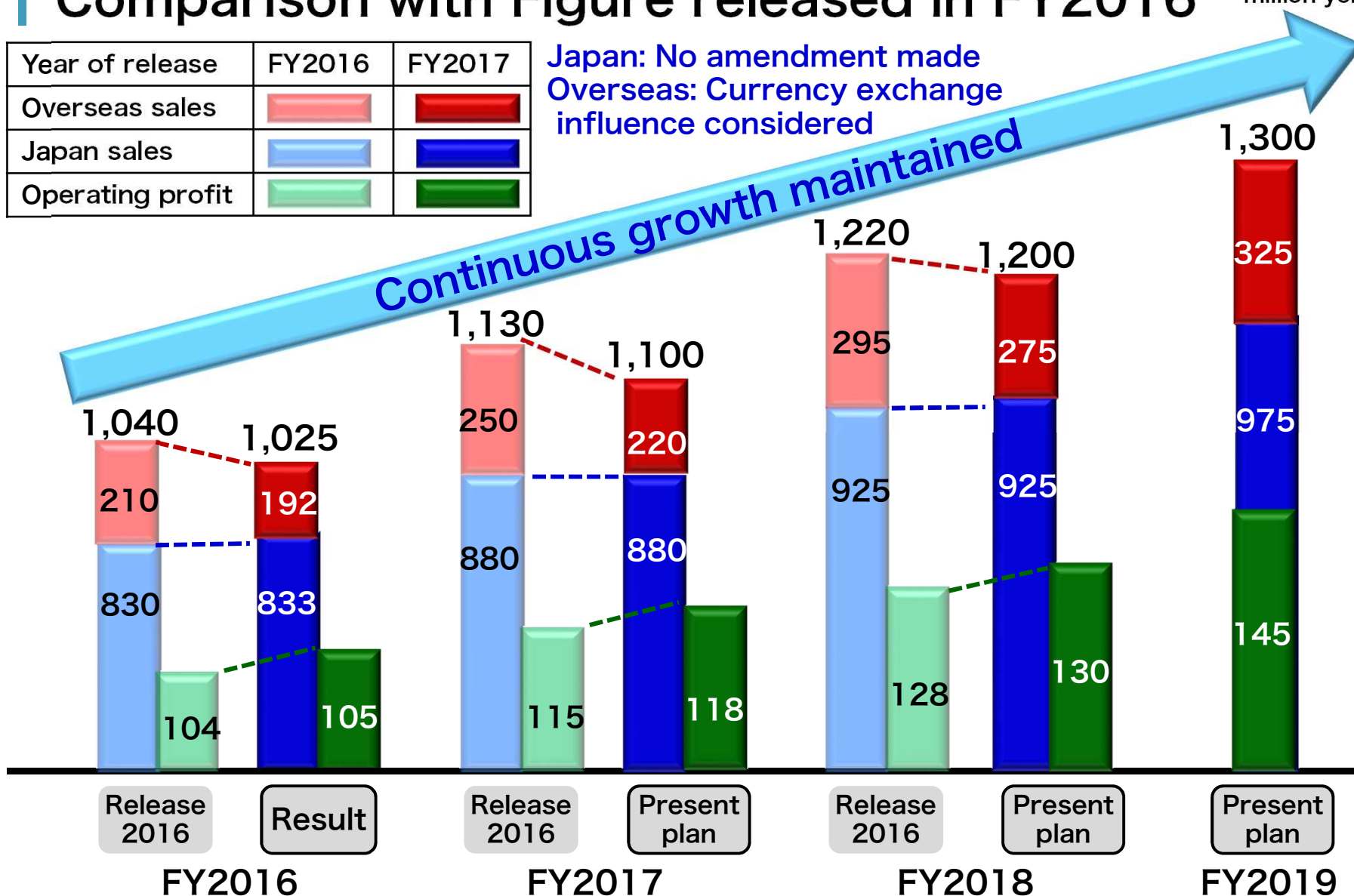
FY		FY2016	FY2017Plan	FY2018Plan	FY2019Plan
Japan	Total	833	880	925	975
	Boiler	577	579	587	600
	Water treatment equipment	28	34	36	44
	Marine equipment	87	110	138	160
	Food & Medical equipment	91	98	103	104
	Others (Special equipment, New business, Environmental business)	50	59	61	67
Overseas	Total	192	220	275	325
	Americas (US, Canada, Brazil)	37	39	46	48
	Korea	65	66	68	70
	China	67	90	135	177
	ASEAN & Taiwan	23	25	26	30
Total		1,025	1,100	1,200	1,300

Comparison with Figure released in FY2016

Unit: Hundred million yen

Year of release	FY2016	FY2017
Overseas sales		
Japan sales		
Operating profit		

Japan: No amendment made
Overseas: Currency exchange influence considered



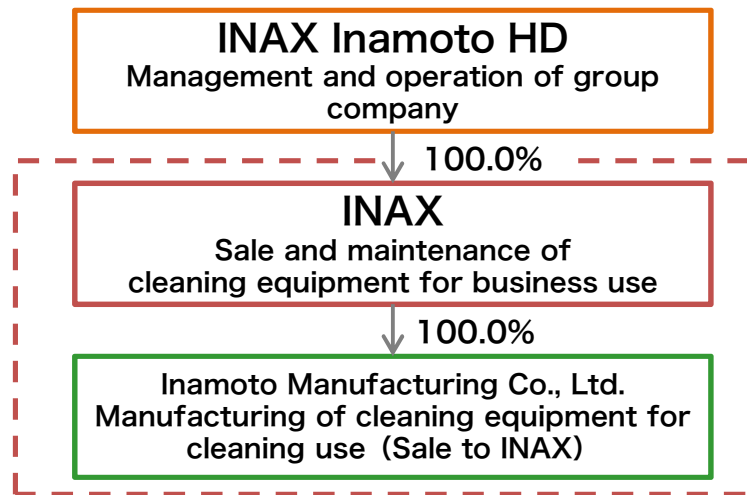
5. Subsidiary Acquisition of INAX Inamoto HD

Acquisition Target

【Company Information】

Company	INAX Inamoto HD
Location	5-1-11 Ozaki, Shinagawa, Tokyo
Established	December 2014
Business (Including Subsidiary)	Development, manufacturing, sale, maintenance, and engineering of cleaning equipment for business use

【Capital Structure】



Planning to merger with INAX as the surviving company on
July 1, 2017

【Main Products】

Tunnel Washer



Heavy Duty Washer



Large Dryer



Roll Ironer



Extractor



Compact Washer



【Market Share】

- Leading manufacturer of cleaning equipment for business use, holding the largest market share in Japan (50%) as manufacturer of heavy duty washer for business use and related products.
- In addition to production capabilities, INAX has strengths in engineering for large-scale linen supply factories and cleaning factories through proposal-based sales and the largest domestic maintenance system in Japan.

Growth Strategy of Mid-term Plan

INAX Corporation

Inamoto Manufacturing Co., Ltd.

Company Profile



President	Kazuo Sasada
Business	<ul style="list-style-type: none"> Sale of cleaning equipment for business use, maintenance, engineering , constructions such as electricity and building operations. Sale of cleaning equipment for hospitals, nursing homes, laboratories, government office, etc.
Location	Osaki, Shinagawa, Tokyo
Established	January 1970
Capital	JP Yen 100,000,000
Employee	179 (February 2017)

Company Profile



President	Kazuo Sasada
Business	<ul style="list-style-type: none"> Manufacturing washer and dryer for business use Sale and maintenance are carried out by its group company, INAX Corporation.
Location	Hakuzan, Ishikawa
Established	June 1952
Capital	JP Yen 96,300,000
Employee	144 (January 2017)

Customer

Home cleaning company

Dust control company

Linen supplier



System proposal for large-scale facilities, facility design, construction, introduction, maintenance operation, etc.

Source: Corporate website

Tunnel Washer



Large Dryer



Hakuzan, Ishikawa

Sales Results and Financial Condition of Acquired Company(Consolidated)

Due to renewal of the factories constructed during the bubble era of Japan and an increase of foreign tourists, the linen supply market has been steady, and the target company group is steadily expanding sales. Furthermore, as for FY2015, after the acquisition by Rising Japan Equity, the target company group improved profitability by improving labor productivity and reducing expenses.

(100 million of Yen)

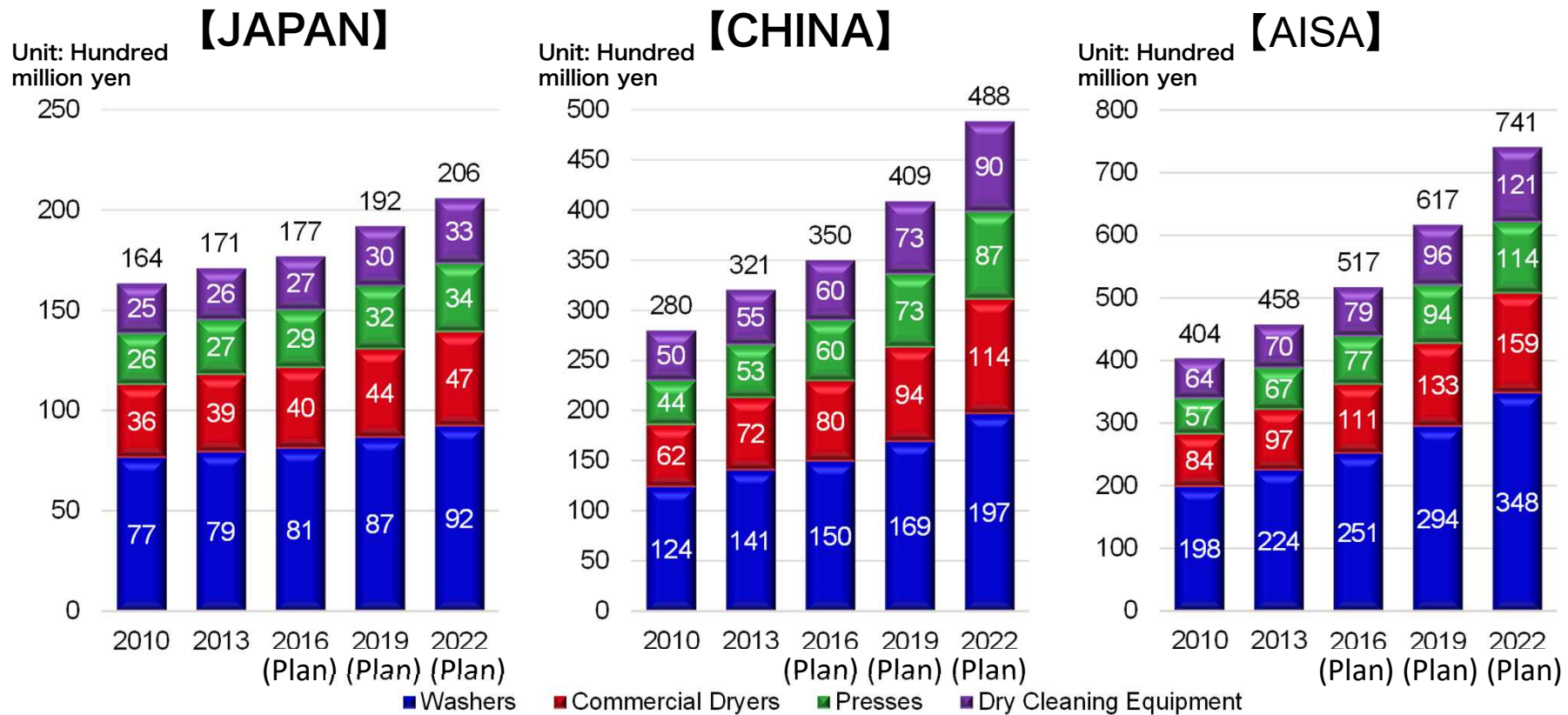
Fiscal Year	FY2015	【Reference】 FY2016 (Results of 12 months)
Consolidated net assets	34	43
Consolidated total assets	157	152
Net sales	151	188
Profit	10	17

Notes:

- Figures are truncated.
- INAX Inamoto HD plans to change the fiscal year end (the last day of the business year) from March 31 to June 30, and due to this change, FY2016 will be a 15-month account settlement from April 1 2016 to June 30, 2017.
Therefore, the financial figures of April 2016 to March 2017 (results as of the end of March 2017) stated in [Reference] are cumulative total for 12 months; because the accounting period has not finished, the audit and some consolidation adjustments have been unfinished.

Demand Trend of Cleaning Equipment for Business Use

- Due to population growth and economic growth, demand trend is upward for cleaning equipment of business use in Asia.
- The hotel linen market in Japan continues to expand due to increasing number of foreign tourists visiting Japan, by government-focused measures toward tourism developed countries.



Note 1: Global Industry Analysts' estimate

Note 2: Displayed in JP Yen. 1 USD = JP Yen 111.4 at the exchange rate of the end of April 2017

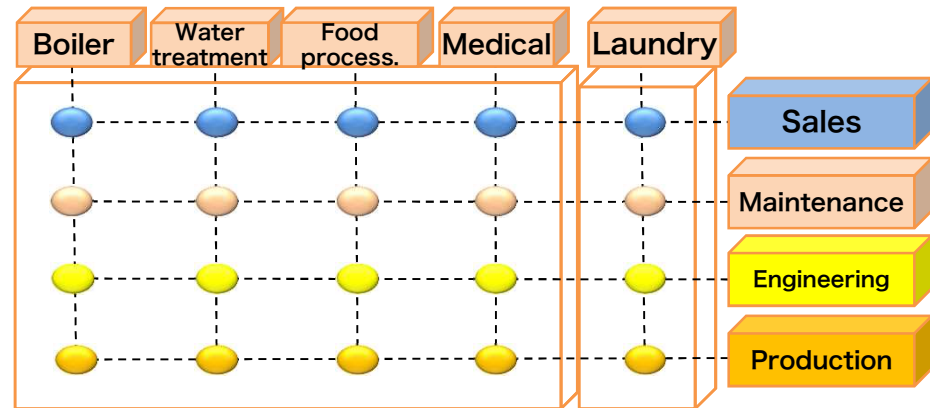
Source : COMMERCIAL LAUNDRY MACHINERY - A GLOBAL STRATEGIC BUSINESS REPORT 06/16 (Global Industry Analysts, Inc.)

Mid-Term Plan

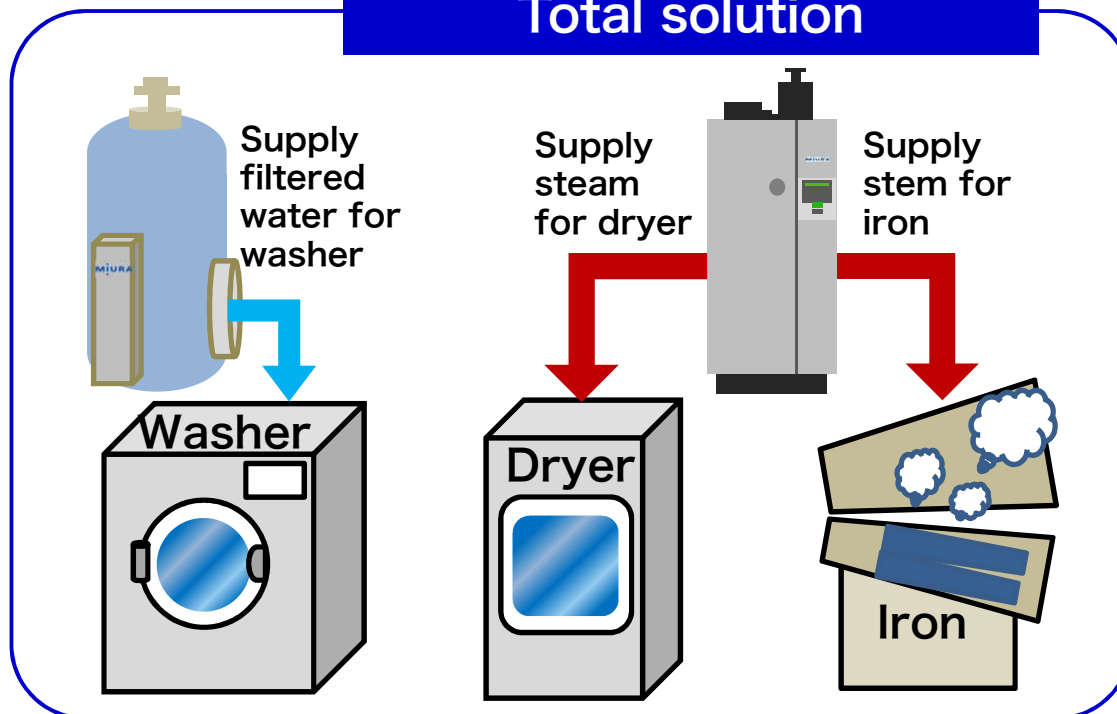
<from point to line, and then to area>

Improving the sales/maintenance system from individual customer to debit system of area or field (Organization reform)

In addition to proposing the total solution of existing products and maintenance, aiming for the total solution from the point of product development



Total solution



Proposal of total solution
One-stop maintenance



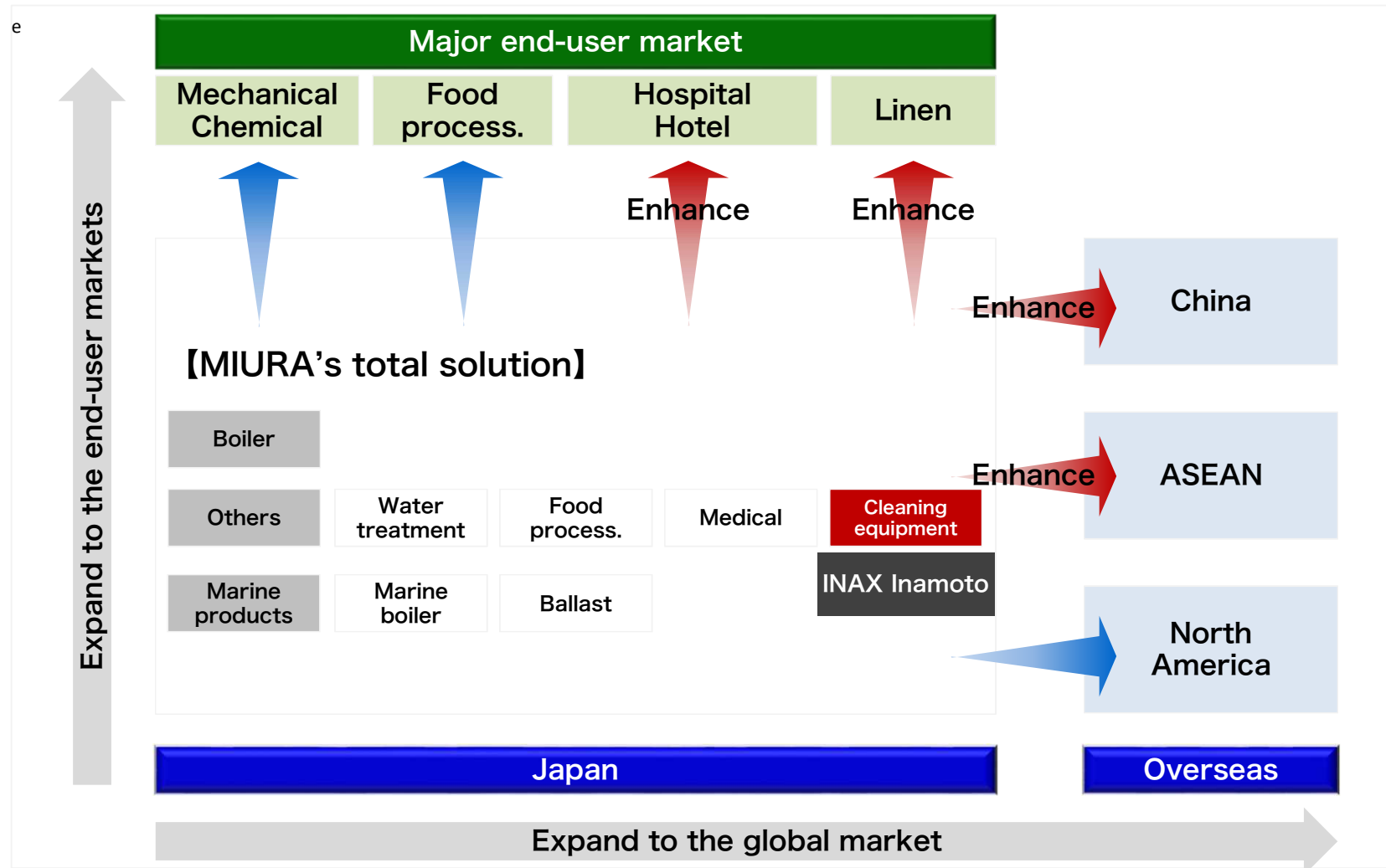
Improvement of
factory operation



Saving loss by MIURA's
total solution

Mid-Term Strategy and Strategic Positioning of Acquisition Target

Improve the product lineup, and develop solutions for the major end-user markets. Aim to expand to the overseas markets in mid-term plan.

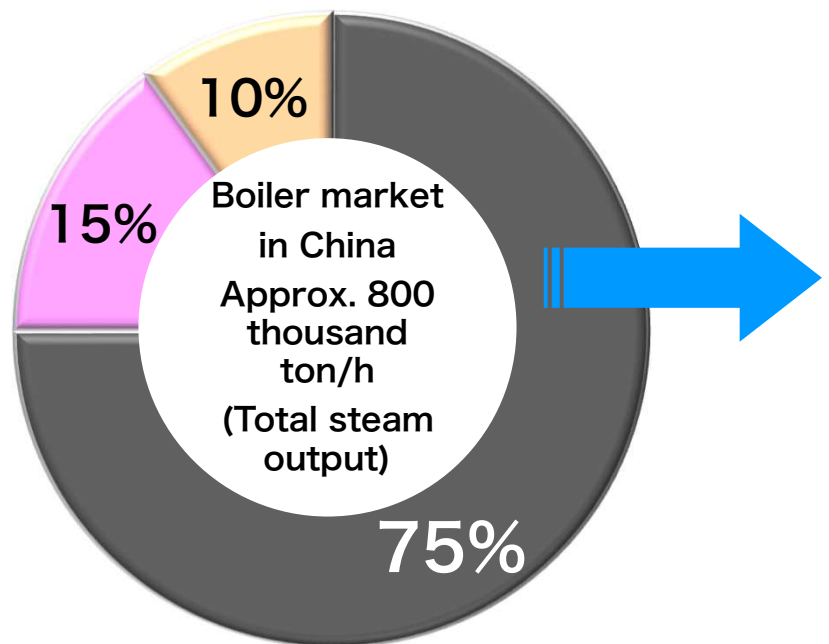


6. Coal-Fired Boiler Replacement Strategy in China

MIURA's Target

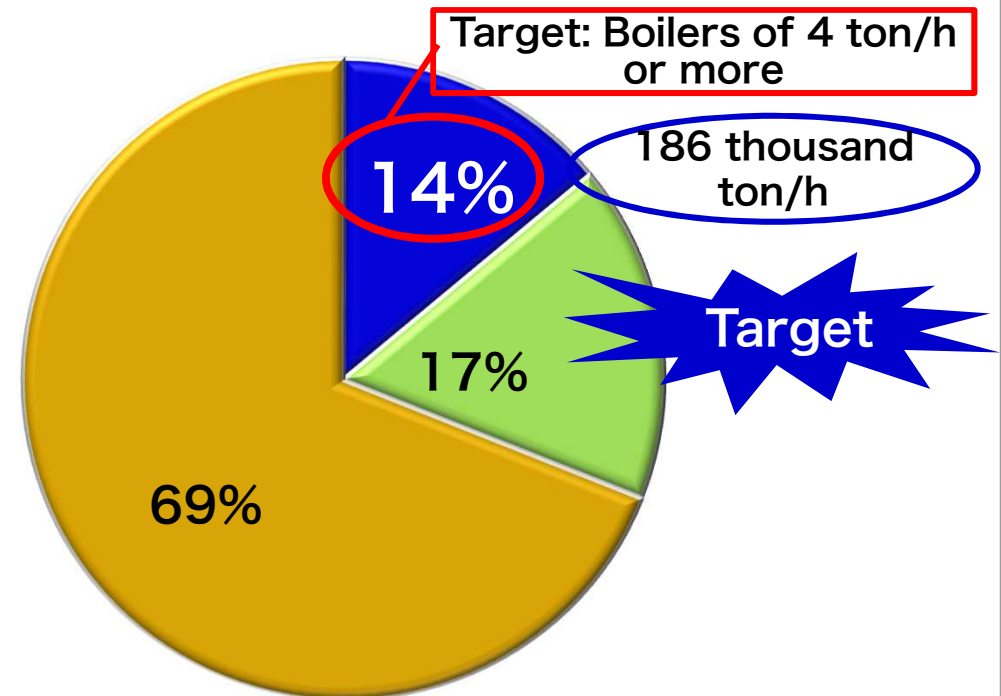
※Research conducted by MIURA INDUSTRIES (CHINA) CO.,LTD.

Boilers installed in 2015



Coal
 Gas
 Others
 E.g. oil, wood pellet

Breakdown of coal-fired boiler



■ MIURA's target

■ Restricted region

...Coal fuel is restricted but no due date for abolishment is determined.

■ Pre-restricted region

Coal-Fired Boiler Regulation

Regulation

Decides and conveys government policy to every area

November 2014

「燃煤锅炉节能环保综合提升工程实施方案」 promulgated from seven major department of the government

Based on the content, MIURA China regards 2016 to 2020 as the important period for coal-fired boiler replacement

Department of Environment has the authority to stop the production activities, for its strict control.



Gas utilization by area		MIURA China strategy
Area with almost no coal-fired boiler (e.g. Shanghai, Beijing)	→	Gas-to-gas replacement proposal
Area with coal fuel abolished within the expiration period	→	Focusing on coal-fired boiler replacement of peripheral areas
Area with legal regulation but postponed	→	Periodic visit and proposal in advance to adapt to sudden regulation tightening
Area with replacement permission to biomass (wood chip)	→	Proposal of gas-fired boiler replacement regarding several-year-later abolishment
Area with no legal regulation	→	Periodic visit and proposal in advance to get ready for promulgation

Exhaust Gas Regulation over Severe Air Polluted Areas

Northeast: Severe air polluted area but regulation delayed due to lack of gas



Regulation start/Area	NOx regulation of newly-installed gas-fired boiler	Appropriate MIURA boiler
<ul style="list-style-type: none"> 2016/Tianjin 2017(Plan)/Hebei 2017/Shanghai? 	80 mg/m ³	Low NOx Spec.
<ul style="list-style-type: none"> 2017.4/Beijing 2017/Zhengzhou, Henan 2017/Chengdu, Sichuan 	30 mg/m ³	New LX model

The regulation can be expanded regarding the areas above, shaanxi, Chongqing, and Chengdu.

Competitor

Fire-tube boiler manufacturer	Once-through boiler manufacturer
More than 1,000 companies (estimate)	Approx. 200 companies (the "once-through" populism can be an error factor.)

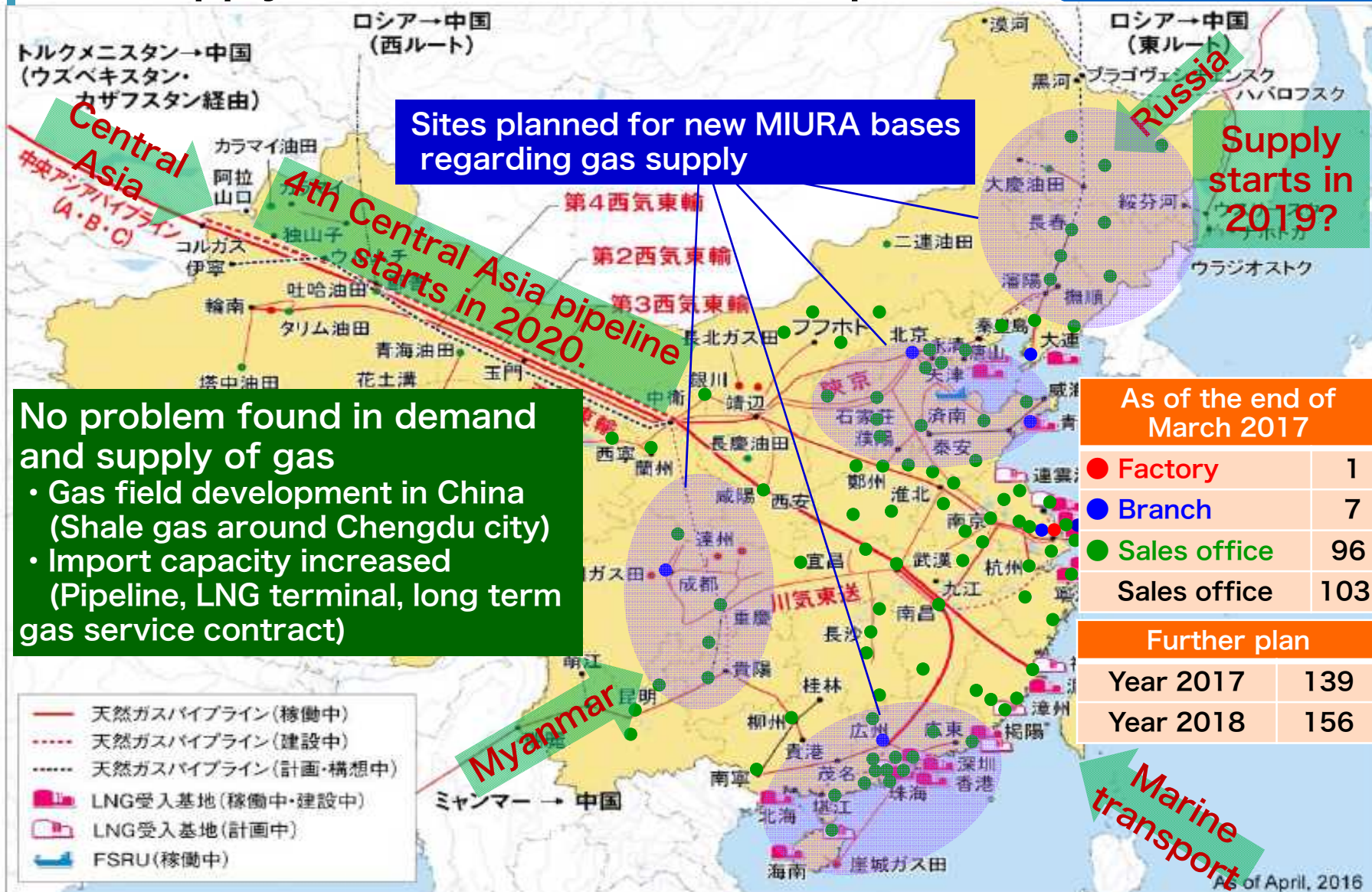
Depending on the area, MIURA encounters the above-mentioned competitors or others focusing on the area. If there are many, even nine competitors appear!

Cooperation with representatives holding local personal network started

出典：中国まるごと百科事典





Gas Supply Network and MIURA's Expansion

For clear, blue sky in China



Future Prospect

Gas-to-gas replacement promotion

	Coal fire	Replacement to cheap fire-tube boiler	MIURA once-through boiler
Example: Corrugated cardboard material factory	<p>Coal prohibition</p> 	 <p>Fatal to narrow-margin high-turnover management!</p> <p>Poor efficiency High gas cost</p> 	
Annual fuel cost	5 million CNY	13 million CNY	10.65 million CNY

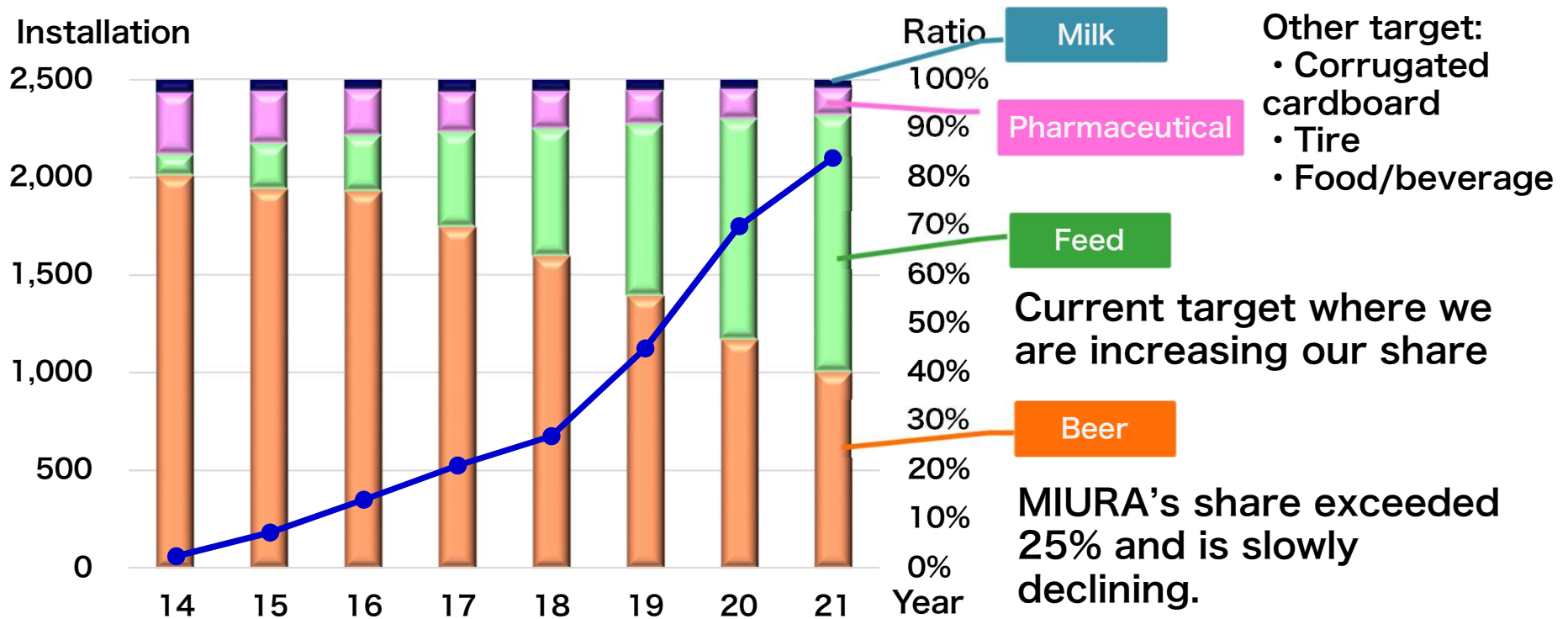
2.6 times

2.13 times

High efficiency and performance appreciated distinguish and differentiate MIURA!

Leading to another project in the same region in the same industry

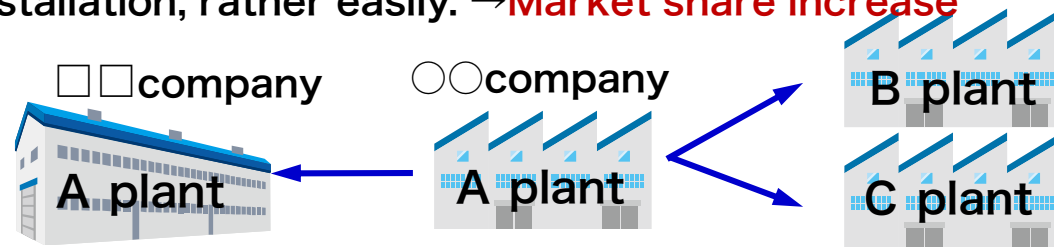
Coal-Fired Boiler Replacement and Target Industry



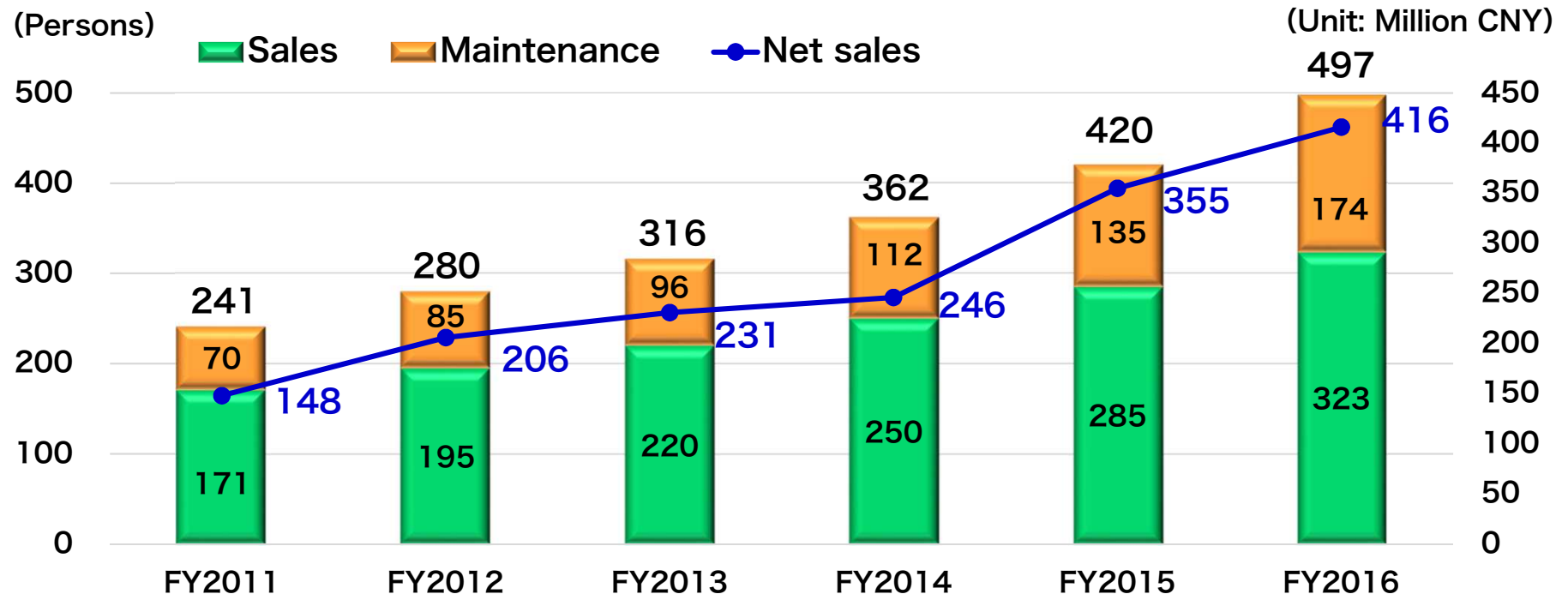
Industry study in MIURA China

- Industry-related machines and mechanism
- Easy-to-understand unit expressions
E.g. Corrugated cardboard industry: Steam consumption per 1 m²
Feed industry: Gas amount and production output per 1 t

In China, lateral spread tend to be caused - an installation at a company (factory) can lead to another installation, rather easily. → **Market share increase**



Employees and Net Sales of MIURA China



※Expats from Japan are excluded.

※Staff concerning sales and maintenance only are included.

In-need recruiting is typical in China



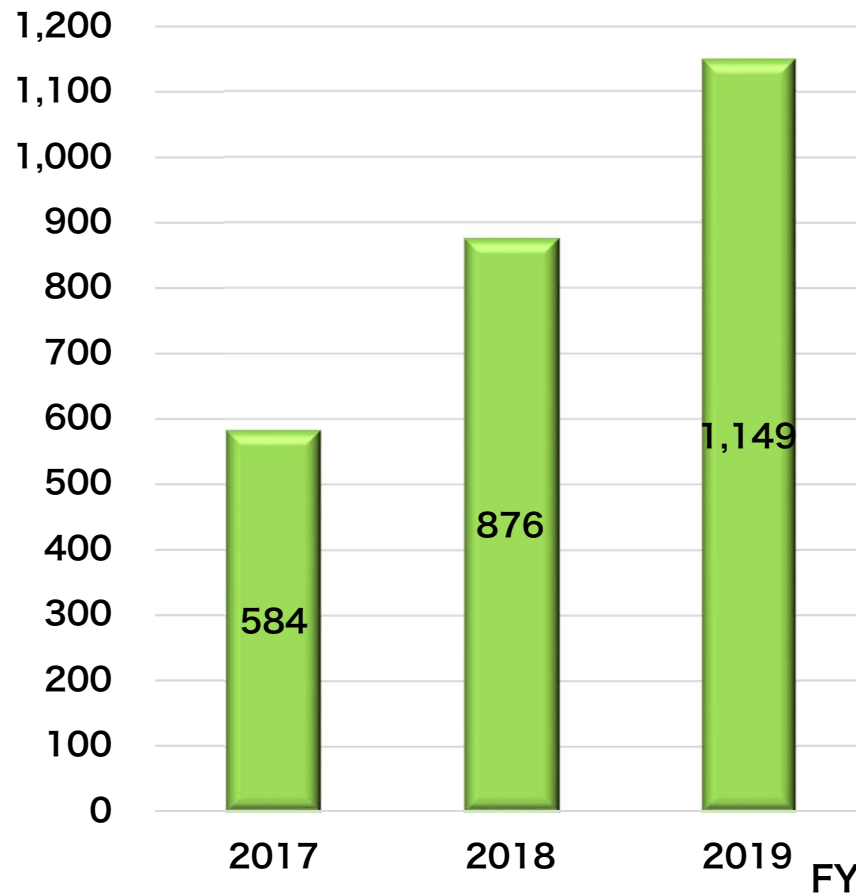
Recruiting from name-brand universities starts in FY2017

Best and brightest human resources
secured

Mid-Term Management Plan

(Unit: million
CNY)

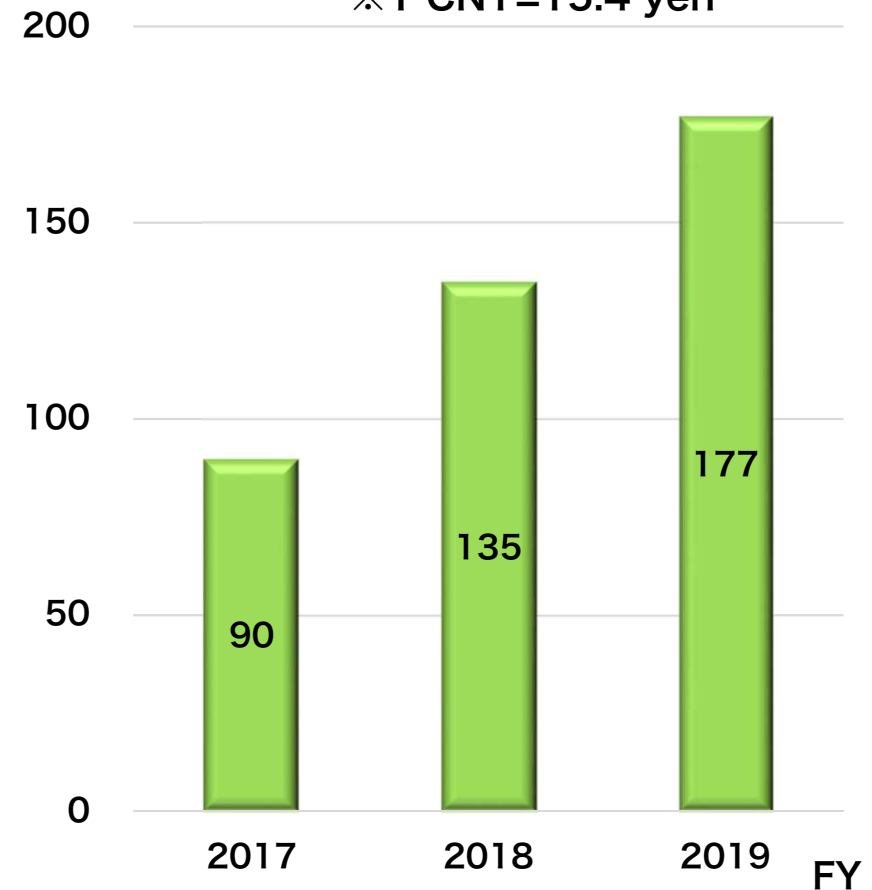
Local currency



(Unit:
Hundred
million yen)

Japanese Yen base

※1 CNY=15.4 yen



Future Tasks

Personnel development

A year later

Serving a customer by himself

Understanding policy and strategy

Understanding boiler basics, principles, and production process

Understanding cultural and institutional aspects and settling in MIURA

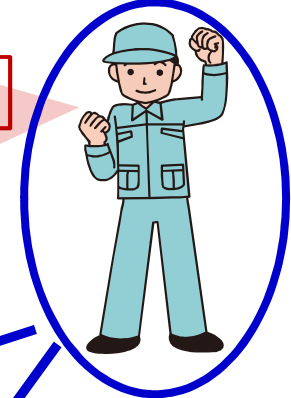
2 years later

Technical acquisition

Support from Japan

3 years later

Performance



Proposal sales

Log analysis

Analyzing operation time, feed water volume, fuel onsumption, etc. using boiler operation record

Load analysis

Grasping steam load luctuation with a load analyzer installed



Best boiler system proposal



Differentiation from competitors

High quality of Japanese product
+
Preventive maintenance



Future Tasks

ZMP contract acquisition

To get ZMP contract

Face-to-face sales

ZMP contract closing for the first year
(Inspection 3 times/year performed)



ZMP proposal at inspection report
briefing



ZMP contract next year



Aiming at
80% acquisition rate
(same as Japan)



Three advantages of ZMP
contract

High
boiler
efficiency

Vessel
and parts
assurance

Periodical
and online
maintenance

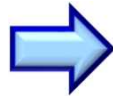
Future Prospect

Additional
education facility



Training center construction
considered

Production
capacity
enlargement



New factory construction considered

→ Area: Twice larger
Capacity: 3 to 4 times more
Approx. 5,000 to 6,000 units/year



Suzhou factory in China

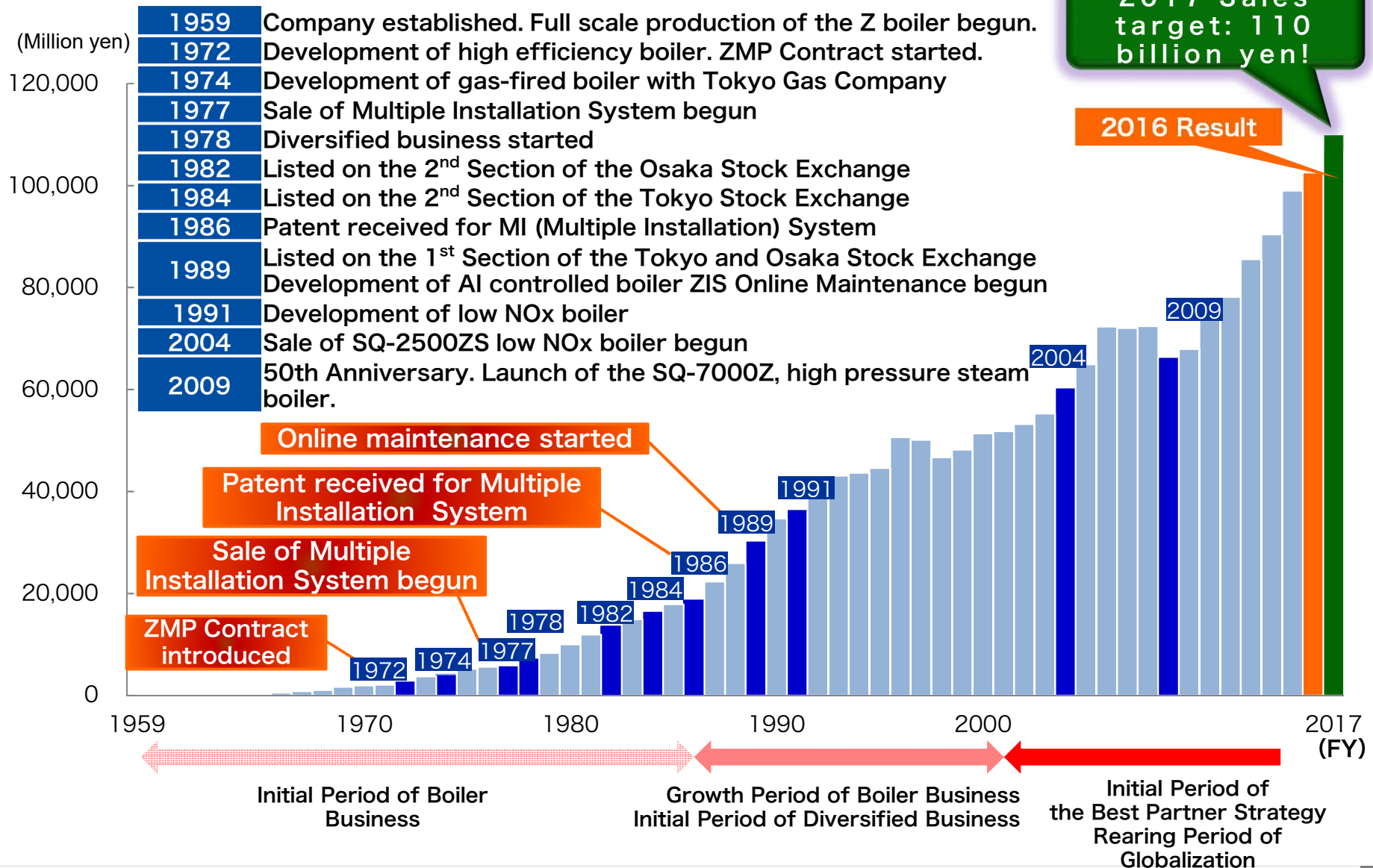


Training scene in Japan

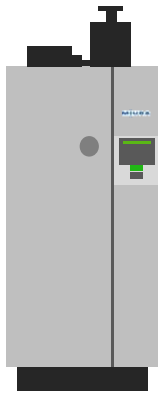
7. Reference



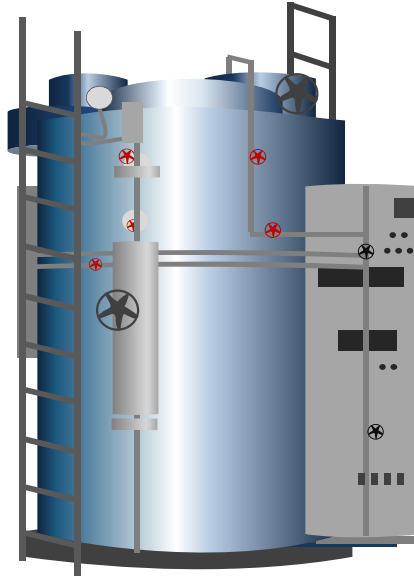
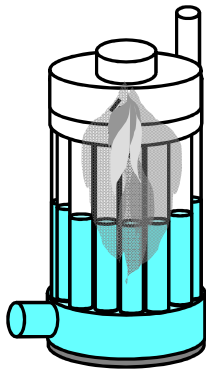
History



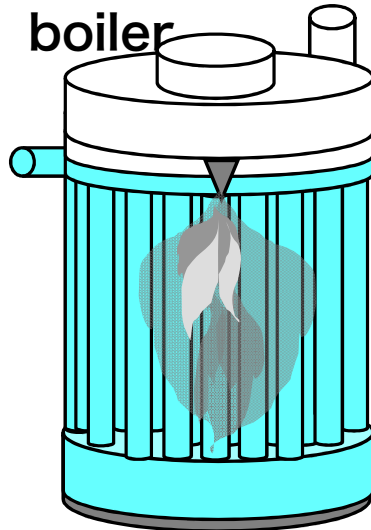
| Types of Boilers ~ Same capacity ~



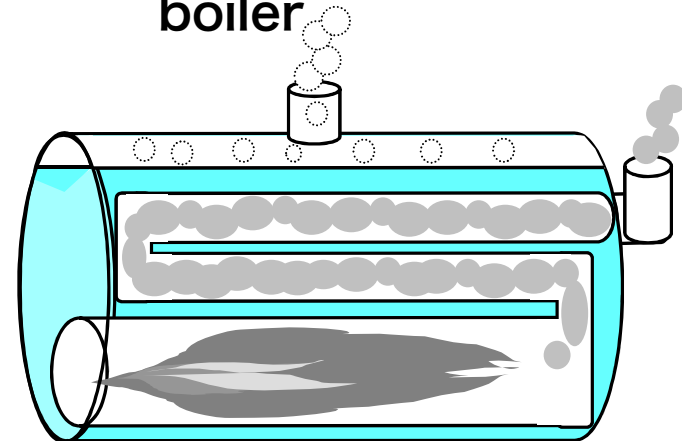
Once-through
boiler




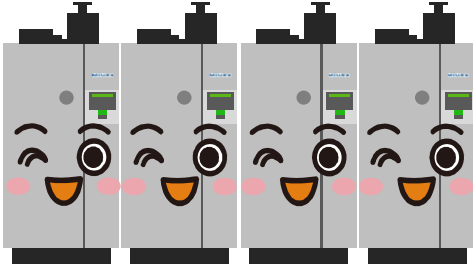
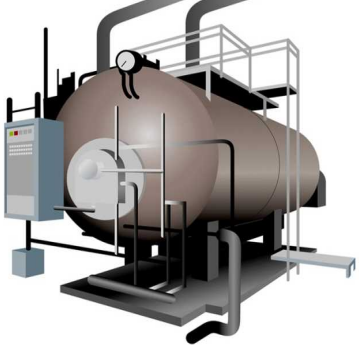

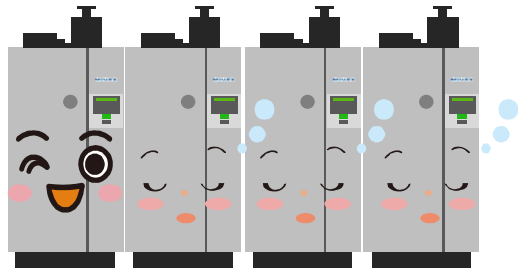

Water Tube
boiler



Fire Tube
boiler



Merit of Once-through Boiler

	Human activities	MI system (Multiple installation)	Large boiler
Daytime: High load		 Once-through boilers	 Fire tube boiler
Night time: Low load		 Only required number of boiler in operation ◎ Higher efficiency	 Operation regardless of load × Poor efficiency

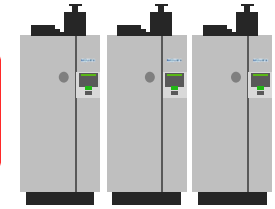
MIURA MI (Multiple Installation) System

Provides steam of required amount when needed, reducing operation costs and emission of CO₂ and NO_x.

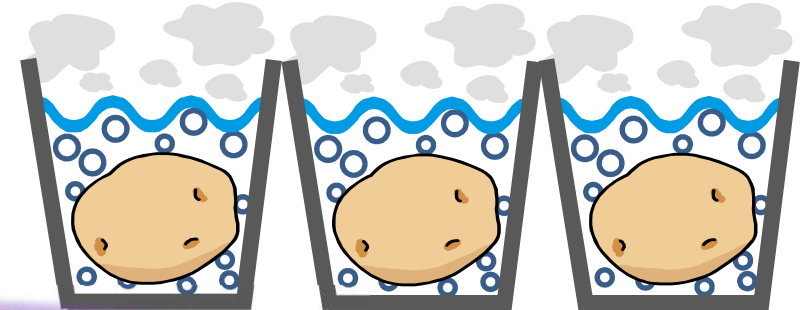
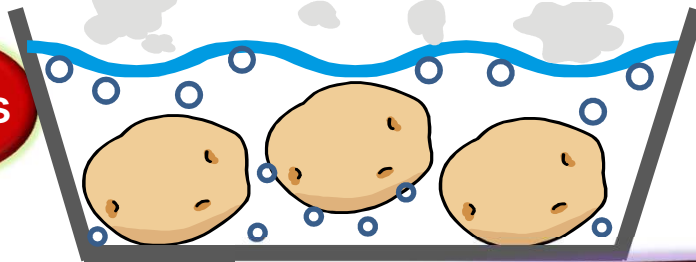
One large capacity boiler



Small capacity boilers in MI system

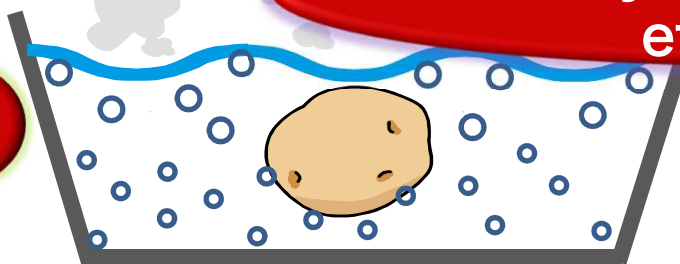


3 pcs



Why is MI system efficient?

1 pc



Same water content even if the number of potatoes reduced

Water content reduced when the number of potatoes reduced

Energy Saving

Space Saving

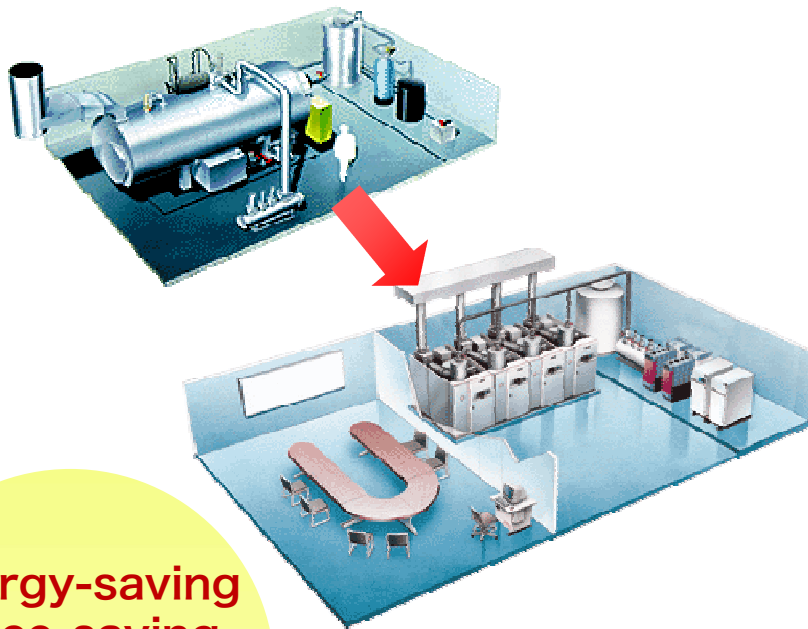
Labor Saving

Low pollution

In 1986 M I system patented

M I system (Multiple Installation system)

Once-through boiler design makes energy savings a reality.

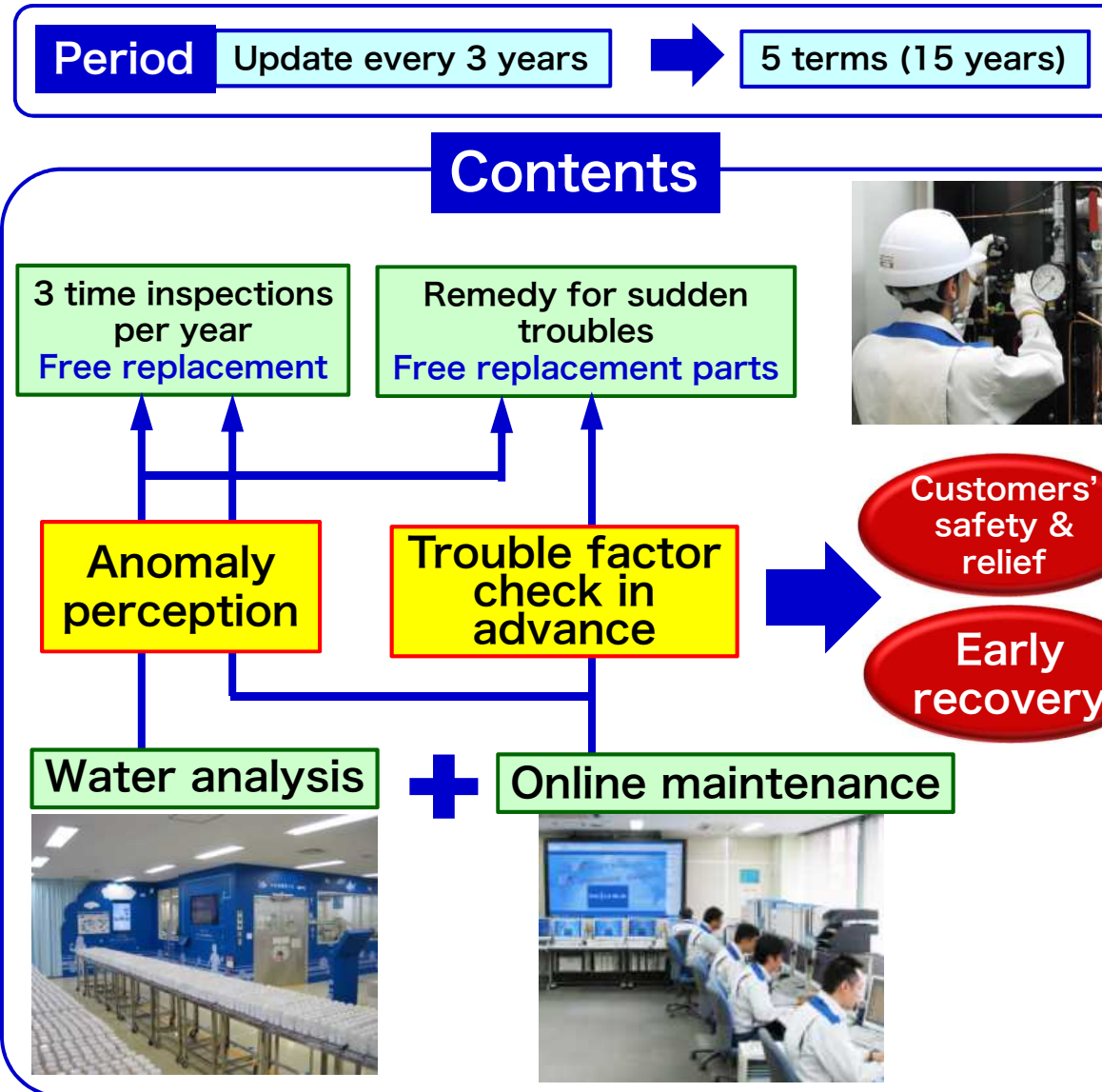


- Energy-saving
- Space-saving
- Labor-saving
- Low pollution



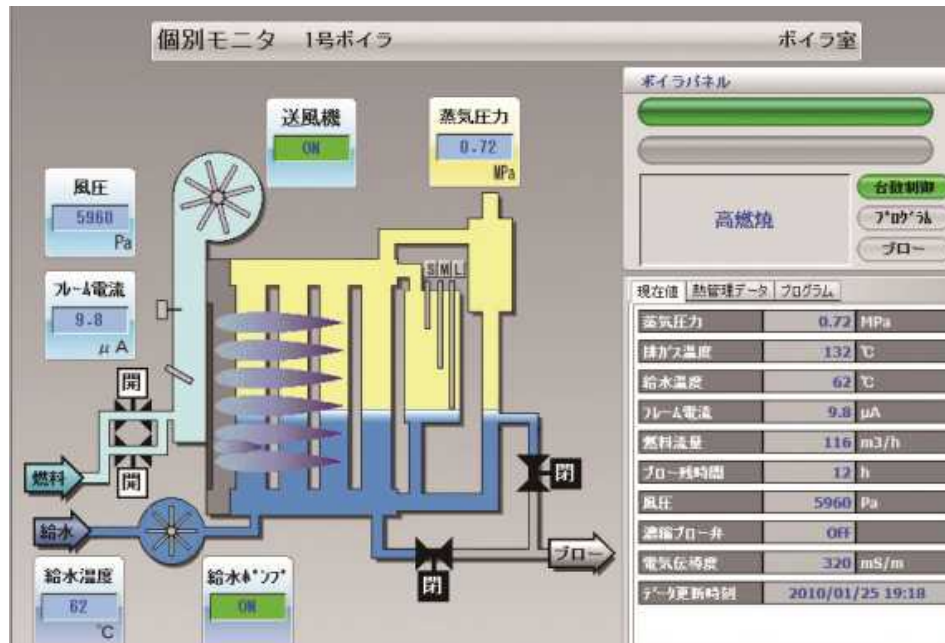
Provide steam when needed and only when needed, low operation costs and reduction of CO₂ and NO_x.

What is ZMP Contract?



Online Maintenance

Maintaining high profitability with “IoT” for 27 years



Remote monitoring

Monitoring

User

Troubleshooting via Telephone (Data collection/analysis)

Approx. 57,000 units under contract
*Including equipment other than boiler (As of April 2017)

Visit

Trouble factor grasped

Preparation in advance

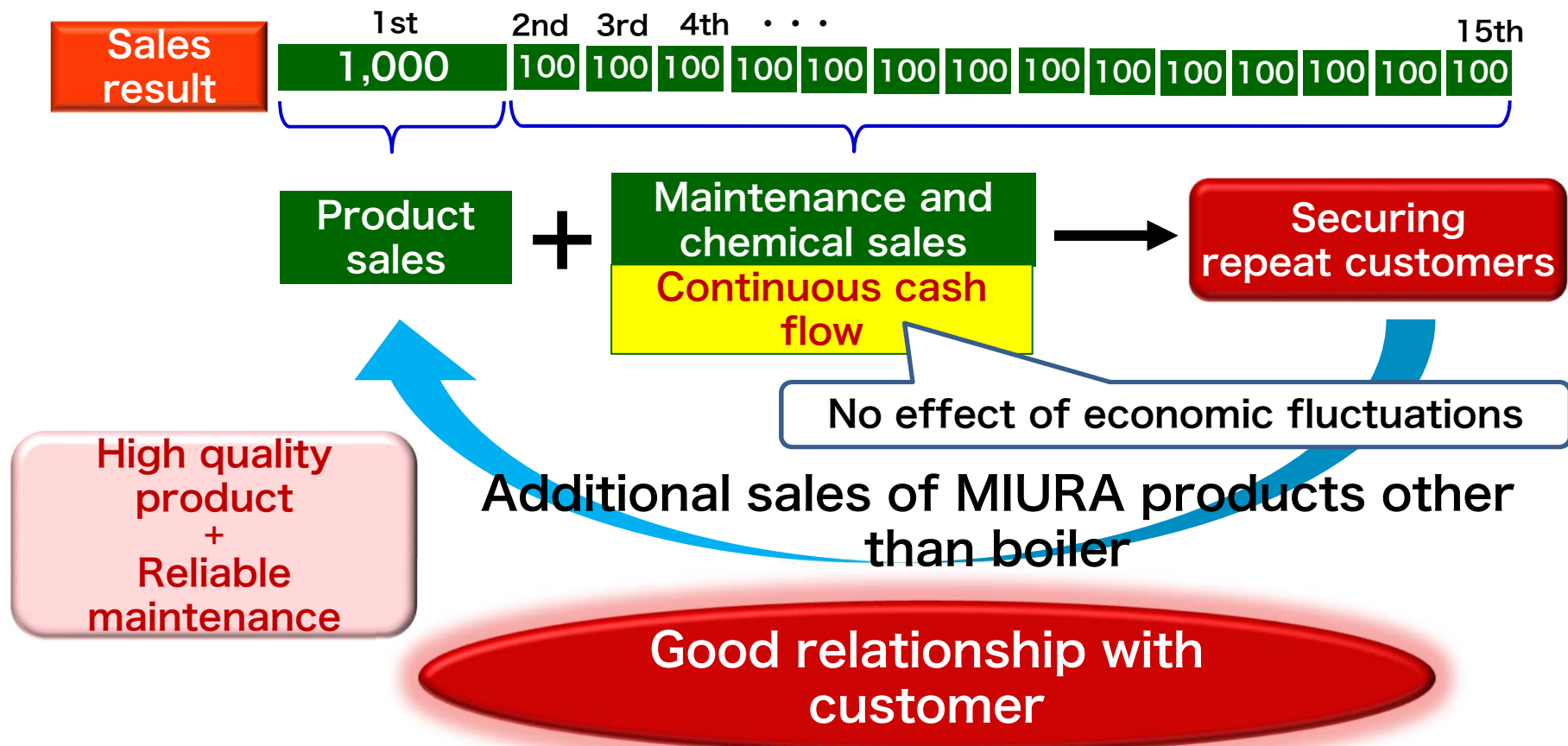
Early recovery

Much more effective, easier maintenance work

Boiler Lifespan and MIURA Business Model

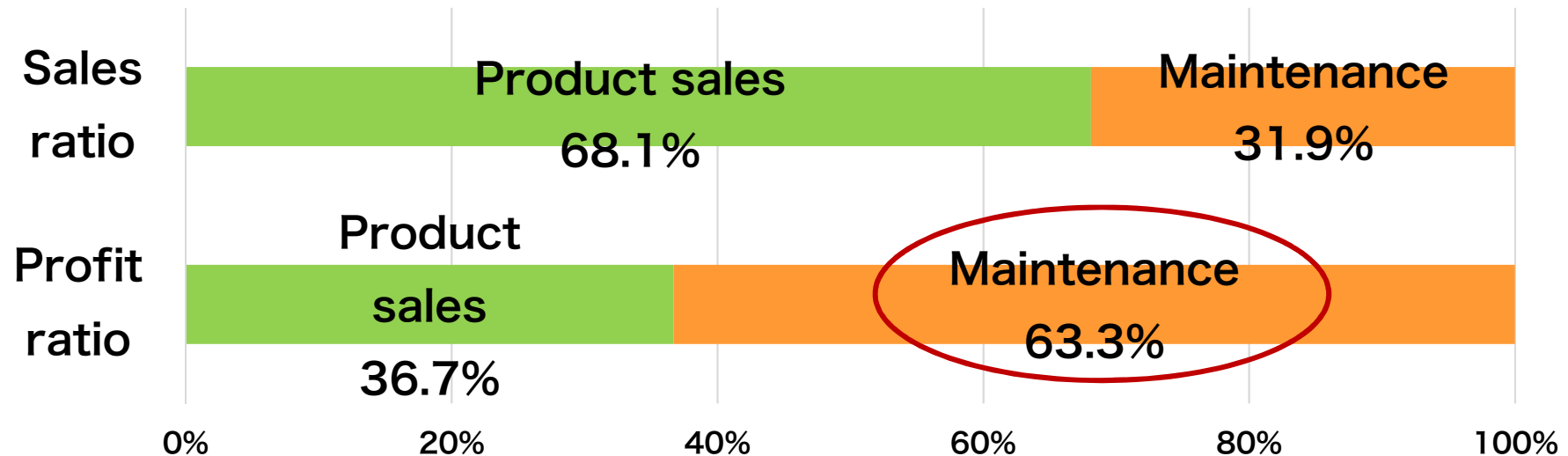
Not only the product sales, but maintenance & consumables sales

Assuming a boiler has a lifespan of 15 years,



Maintenance Brings Profits

*The whole MIURA group as of March, 2017



MIURA Maintenance Network

Offices

Approx. 100 offices

Service Engineers

Approx. 1,150 engineers



Mid & Long Term Management Strategy

Domestic

① Total solution

- Improving energy efficiency all over the factory & plant all equipped with MIURA products achieving one-stop maintenance

② BWMS

- Obtaining USCG type approval
- Aiming at 10 billion sales of FY 2018
- Taking full advantages of our technology, maintenance, and customers' trust in MIURA

Overseas

① Beer-company strategy

- Appealing advantages of MI system and suggesting energy-saving boiler system
- Globalizing MIURA boiler while increasing installation

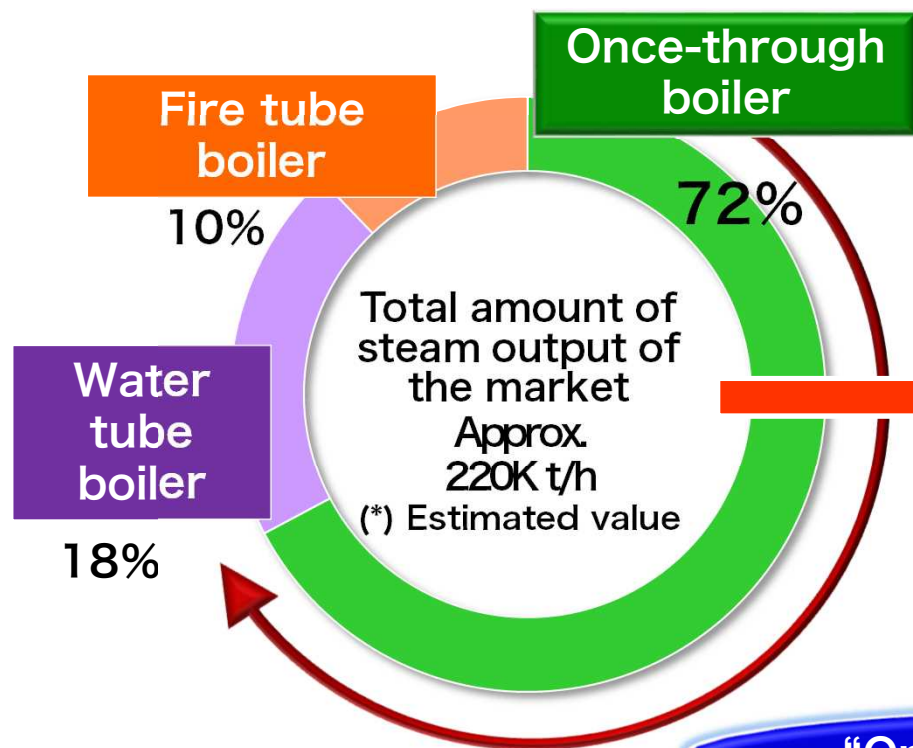
② Coal-fired boiler replacement in China

- Introducing gas-fired boiler technology in Japan to meet legal requirements on the fuel shift from coal to gas regarding serious air pollution in China which have been tightened
- Expanding maintenance network to provide maintenance as in Japan

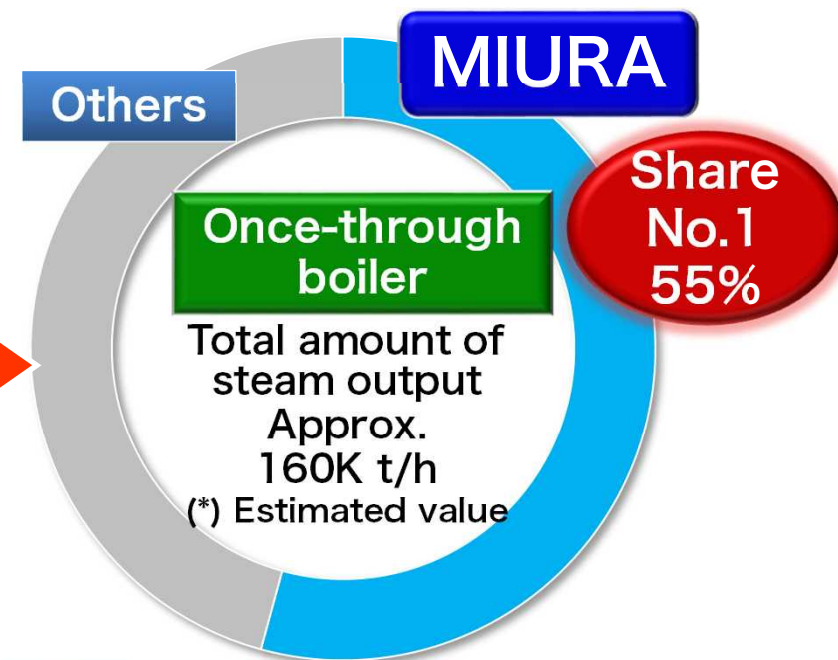
Domestic share

*Boilers for power generation excluded

Domestic boiler market



Domestic once-through boiler market



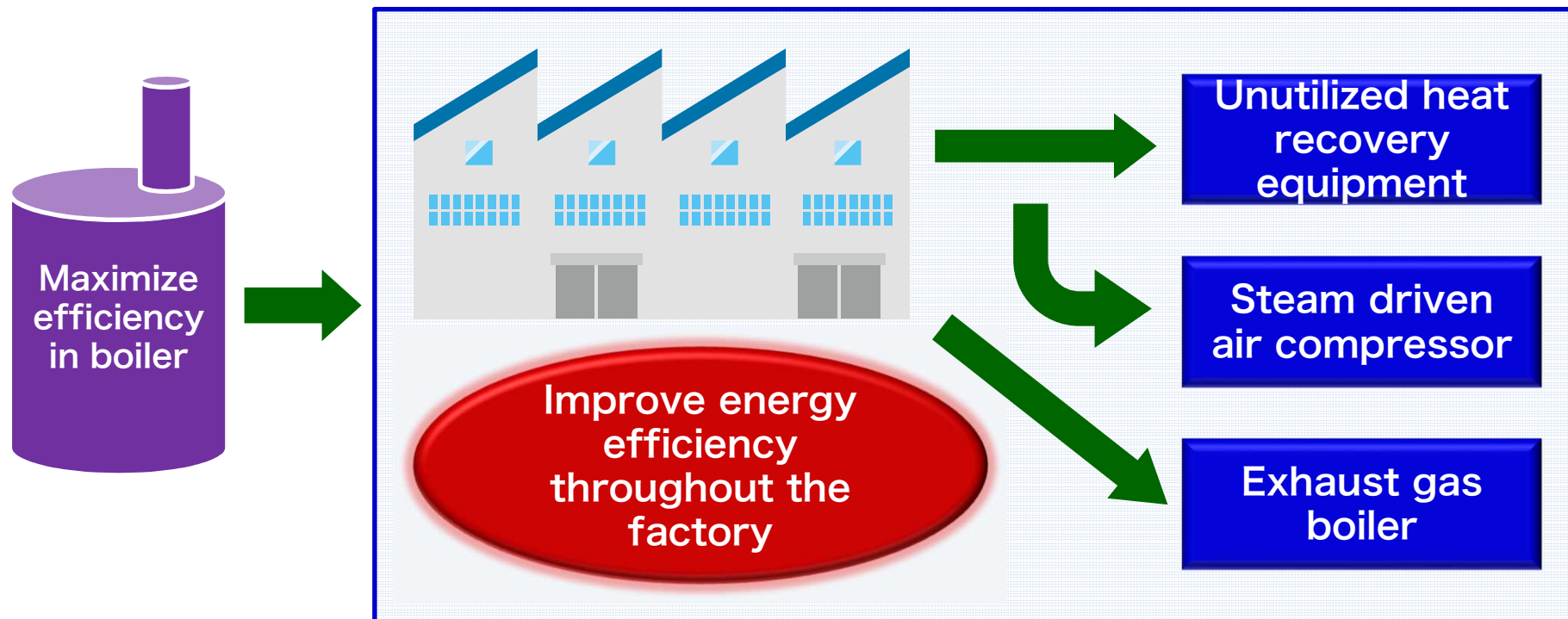
“Once-through-ism” movement

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 that.

What will we offer for the matured market in Japan?



**Other than
boilers**

Water
treatment
equipment

Food
processing
equipment

Medical
equipment

Laundry

**Marine
equipment**

Marine boilers

Ballast water
management
system

Ehime Prefectural Central Hospital

~Preparation for Emergencies regarding BCP (Business continuity planning)~



**Fuel selectable
boiler**



**Vacuum
cooler**



**Steam sterilizer
system**

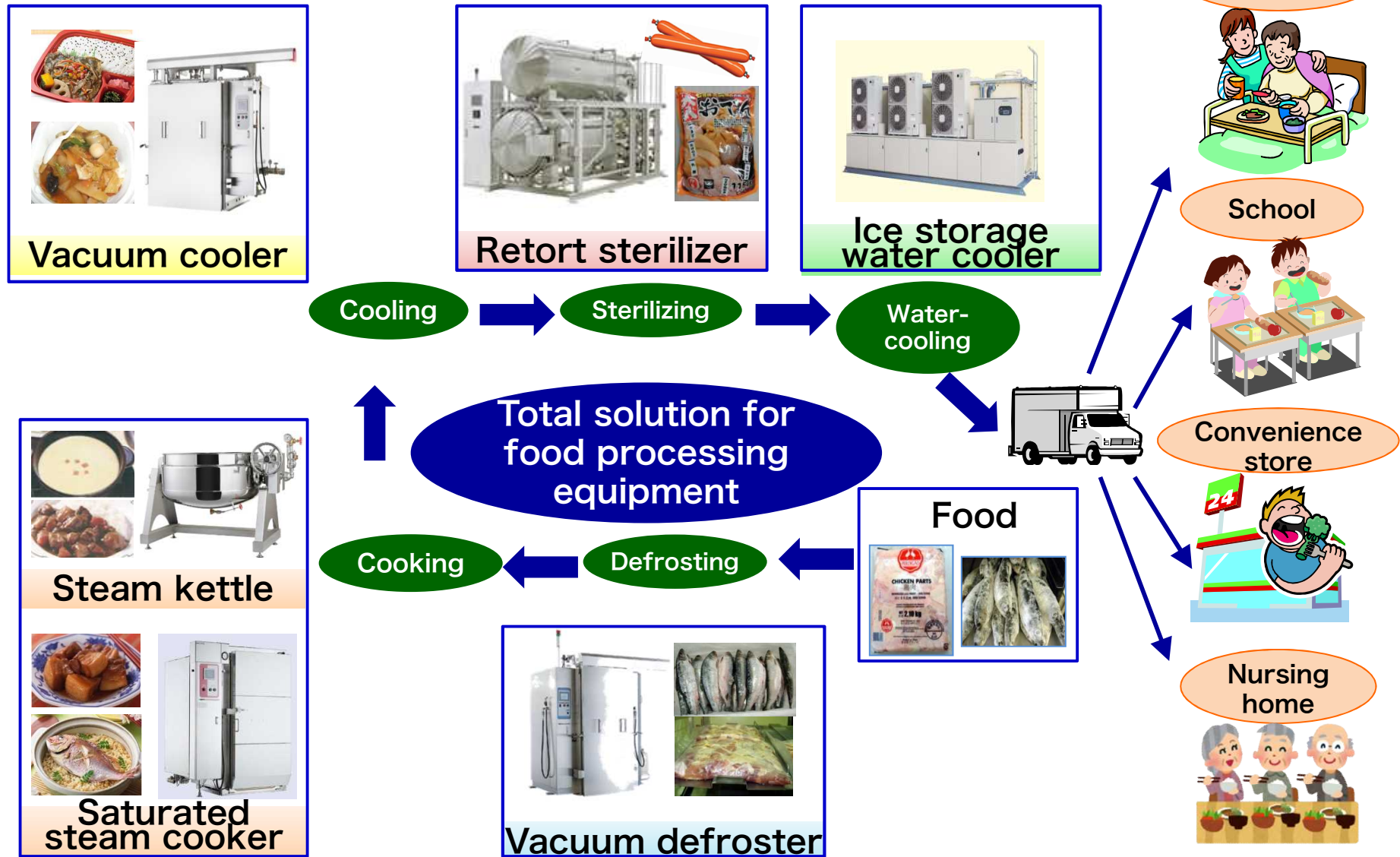


**Vacuum-boiling
washer**



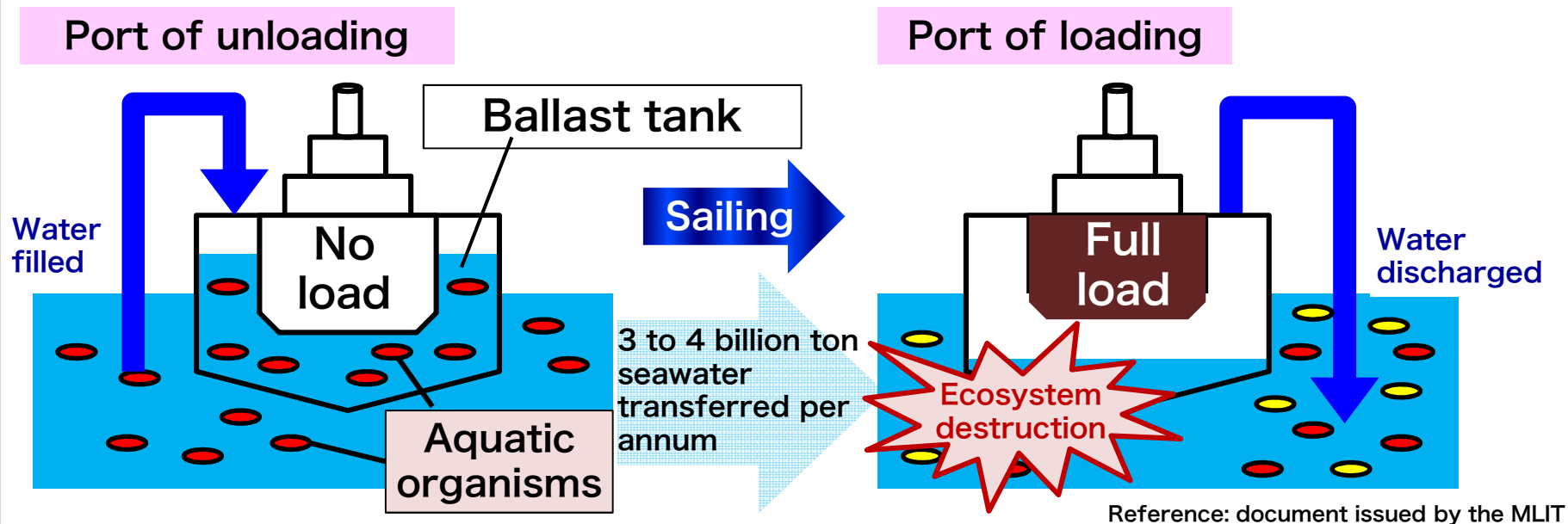
**Filtration
equipment**

Total solution in food factory



Ballast water problem “A new market born”

“Ballast water” is the seawater taken into a ship’s tank to provide stability to the ship.



Aquatic organisms transferred from the port of unloading to that of loading

Environmental problems such as ecosystem destruction

Ratification on September 8th, 2016 announced by IMO !

Ballast water management convention adopted in 2004

Approx. 170 countries of IMO members adopted

Market & Sales of the BWMS

<Market size>

Vessels in the world: 80 to 100 thousand

<MIURA's target>

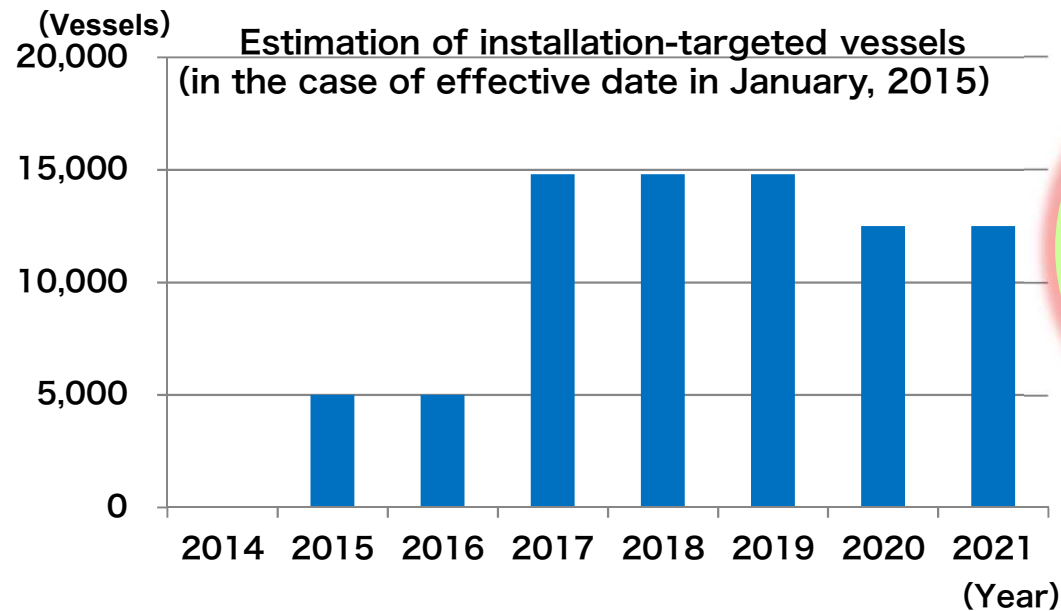
19,000 vessels

(small/medium vessels of 20 to 60 thousand DWT*)

<Plan for FY 2018>

BWMS installation: 720 units

Sales expected: 10 billion JPY



Reference: document issued by the MLIT

*DWT : Maximum weight of load (Dead Weight Tonnage)

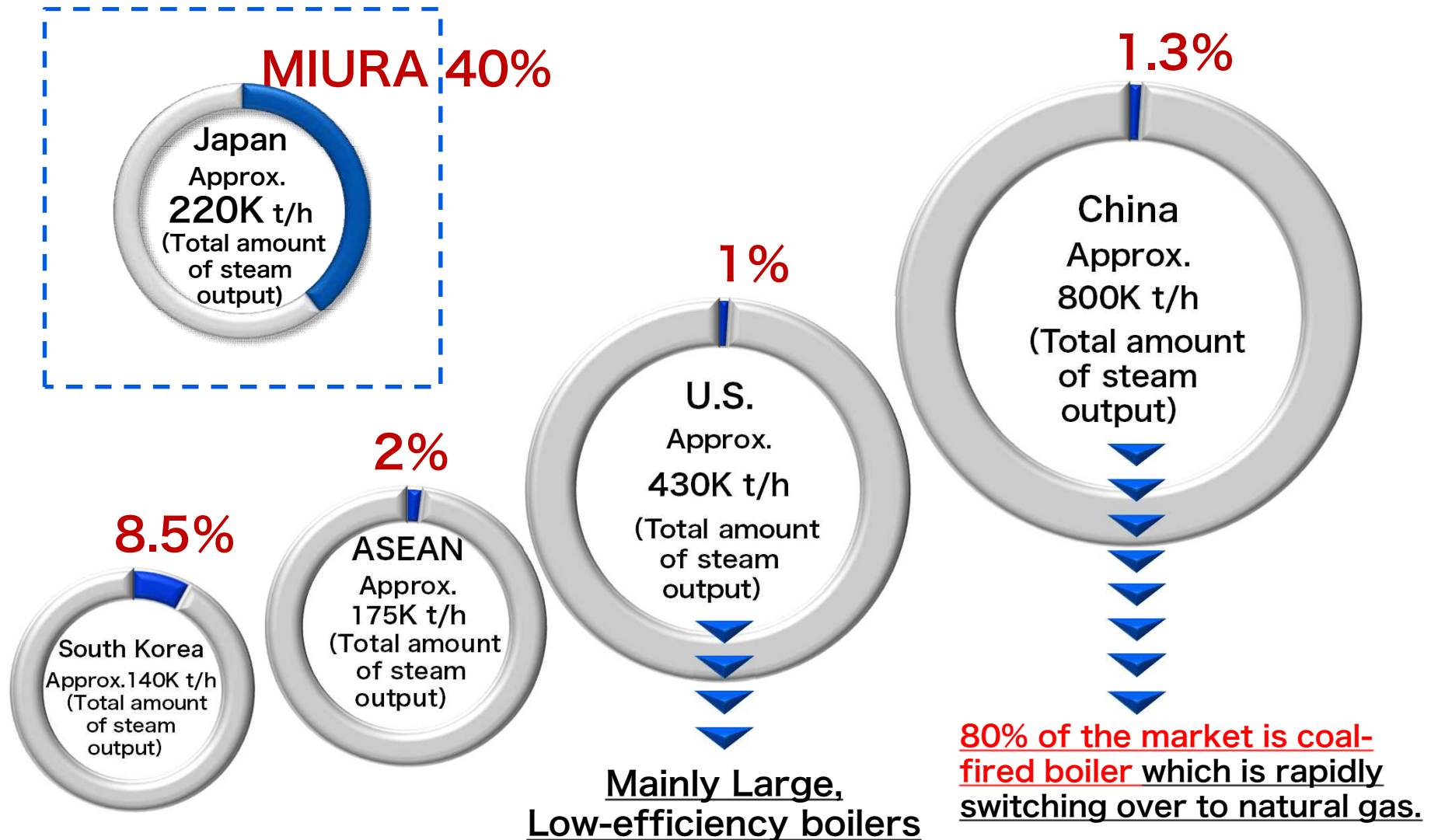
**New
market
born!**

Approx. ¥10 billion



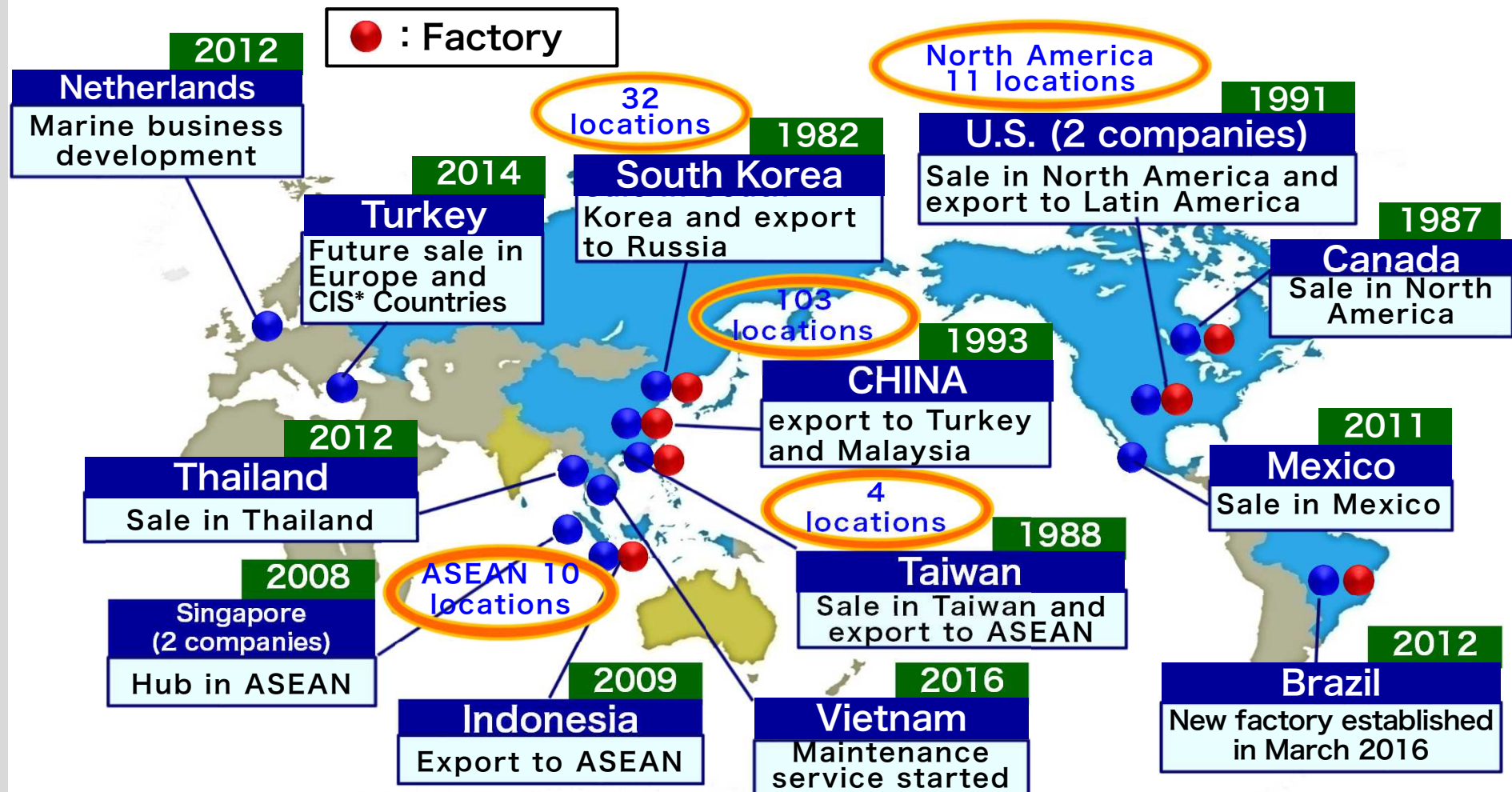
Boiler Market Share

*Based on steam volume



Appropriate location, production, and sales to establish global network

14 companies, 7 factories, Sales and Maintenance in 19 countries



*CIS Countries The abbreviation of 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).

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helping customers all over the world
in energy conservation and environmental preservation,



Georgia Factory, USA



Hojo Factory, Japan



Karawang Factory, Indonesia

to bring products with the best price and quality in the world in the
fields of energy, water, and the environment!

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Energy, Water and Environment**



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