

Financial Summary and MIURA Growth Strategy

November 21th, 2017 (Tue)

Daisuke Miyauchi
President & CEO
MIURA CO.,LTD.

The Best Partner of
Energy, Water and Environment



Contents

1	Company Profile	2
2	FY2017 2nd Quarter Summary Overview	4
3	Profit Share and Stock	14
4	Domestic Strategy <District heating and cooling using once-through boiler>	16
5	Reference	26

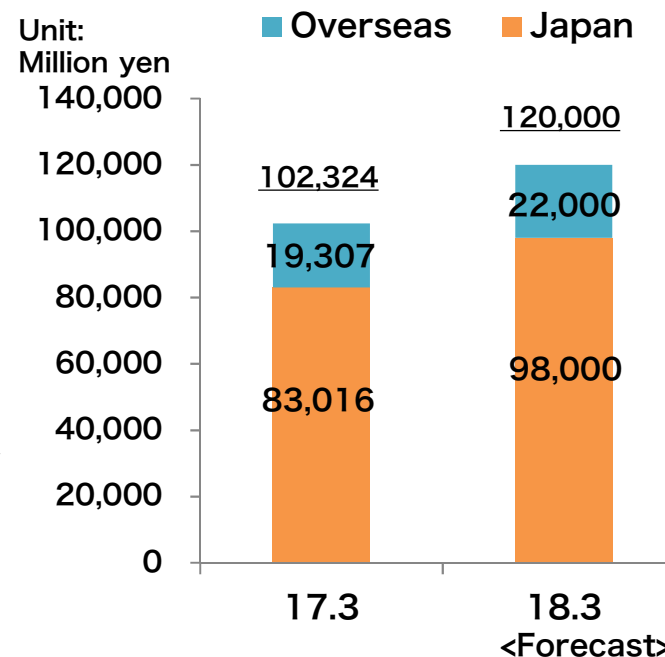
Caution

Each value mentioned in this document is based on the information currently available and the actual results may be changed and differ from what is stated herein, due to forthcoming various factors. The utmost care has been taken to provide the information publicized in this document. However, MIURA shall not be held responsible for any damages resulting from the information publicized in this document.

1. Company Profile

Name	MIURA CO.,LTD.
Location	7 Horie, Matsuyama, Ehime
Established	May 1959
Group company (MIURA CO.,LTD. Included)	Japan: 13 Overseas: 15 ※ As of September 30 th , 2017
Employees	Group total: 5,421 (1,443 employees overseas included)
Business	Manufacturing, sale, and maintenance of equipment
Rating	“A” maintained as of October 2017 (Publicized by Rating and Investment Information, Inc.)

【Consolidated Net Sales】



<IFRS>	Unit	FY2016	FY2017 forecast (Revised)	FY2017 forecast (Before)
Revenue	Million yen	102,324	120,000	110,000
Operating profit	Million yen	12,401	14,000	11,800
Profit before income taxes	Million yen	12,898	14,300	12,600
Profit attributable to owners of parent	Million yen	9,012	9,700	8,700
Basic earnings per share	Yen	80.08	86.19	77.31

2. FY2017 2nd Quarter Summary Overview

Result

[Unit: Million yen]

<IFRS>	FY2016 2 nd	FY2017 2 nd	FY2017 forecast (revised)
Revenue	46,793	55,156	120,000
Cost of revenue	27,236	32,569	71,200
Selling, general and administrative expenses	13,901	16,280	35,600
Other income	299	416	800
Other expenses	175	31	—
Operating profit	5,778	6,692	14,000
Profit before income taxes	5,664	6,909	14,300
Profit attributable to owners of parent	3,836	4,794	(Full year) 9,700

Overview of financial summary

Japan

Boilers and related equipment and food processing equipment staying good
Laundry business joined

Small once-through boiler & related equipment: Good in steel/chemical industries

Marine equipment: Decrease in income due to decrease in both medium/small shipbuilding and overseas order reception

Laundry: Good due to foreign tourist increase, etc.

Overseas

Sale increased due to replacement with gas-fired boiler in China

China: Sale increased mainly in feed and corrugated cardboard industries

Sales keep good progress in Korea, Taiwan, & ASEAN regions.

Analysis

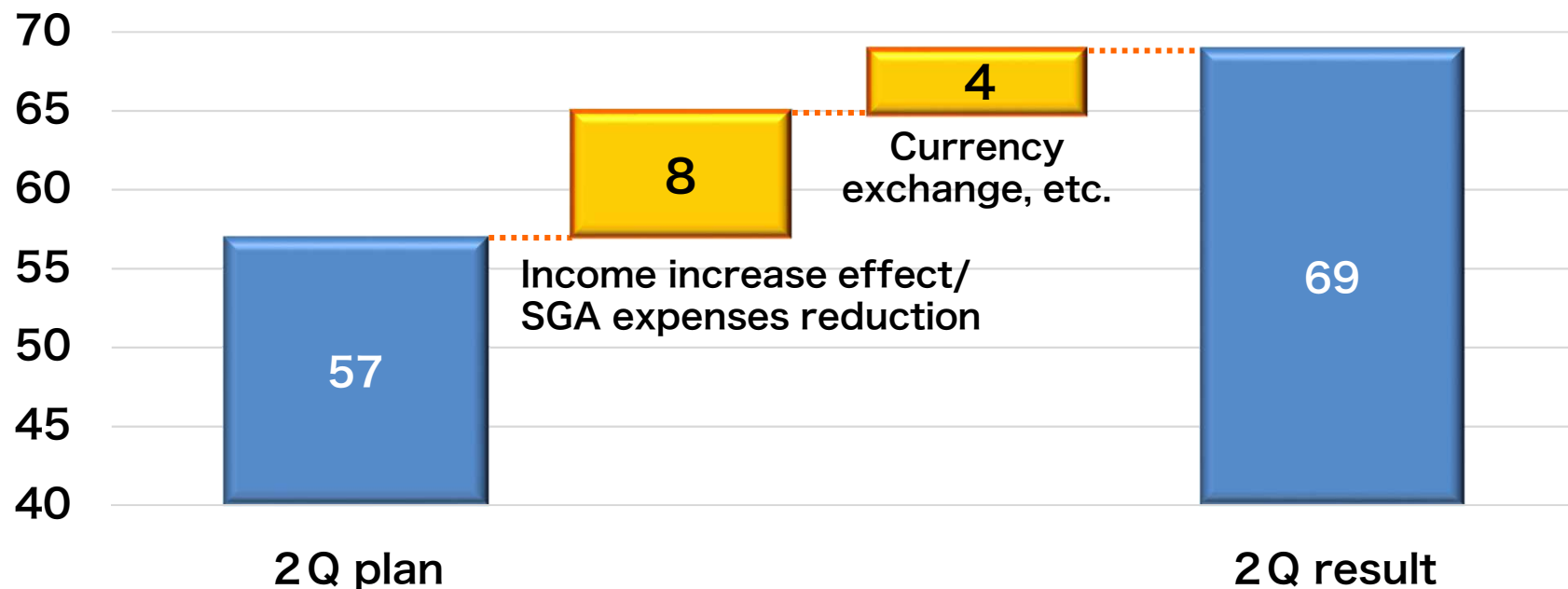
[Unit: Million yen]

	2 Q plan	2 Q result
Revenue	51,000	55,156
Operating profit	5,300	6,692
Profit before income taxes	5,700	6,909
Profit attributable to owners of parent	3,800	4,794

Unit:

100 million yen

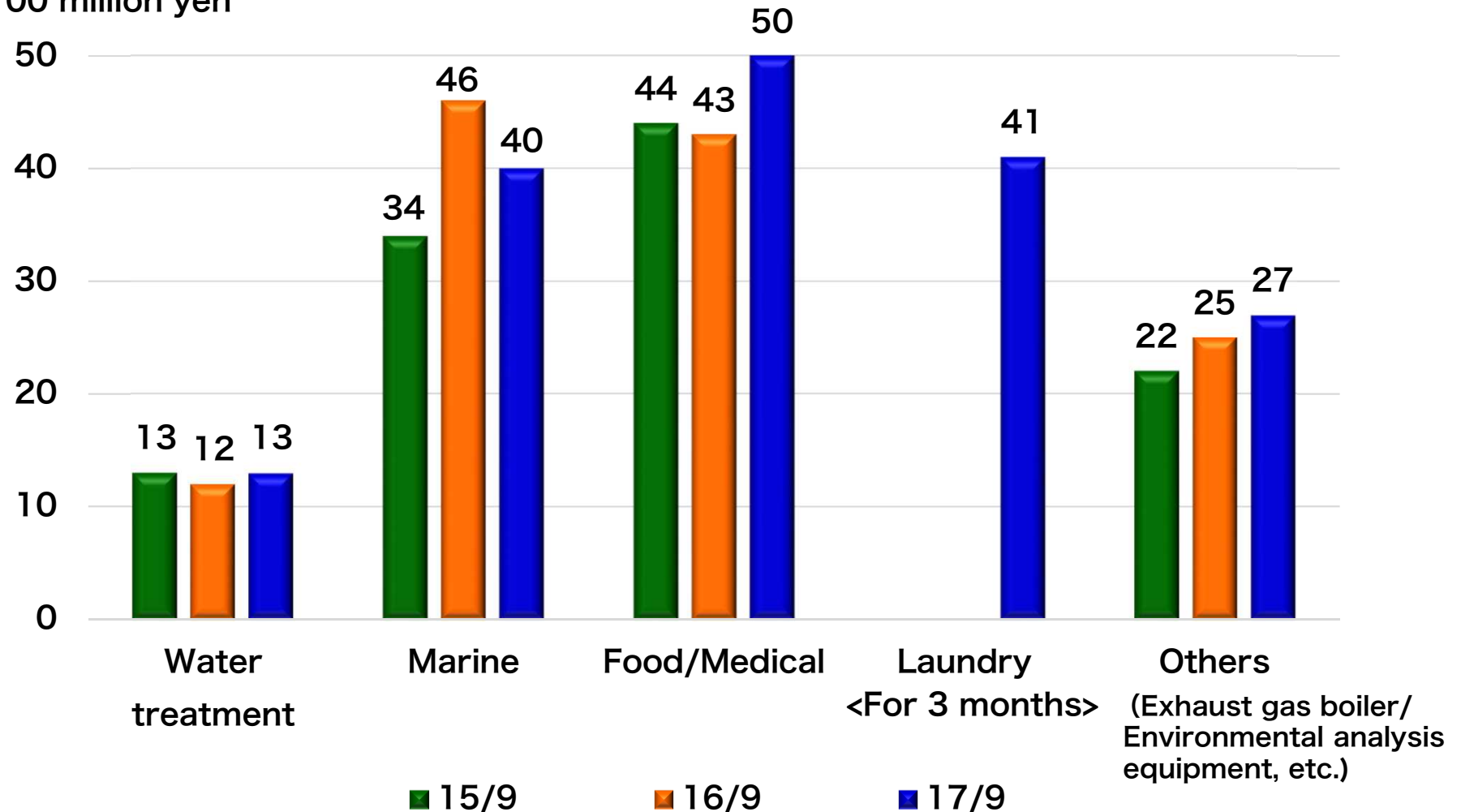
Factors behind profit increase (pretax profit)



Domestic sales

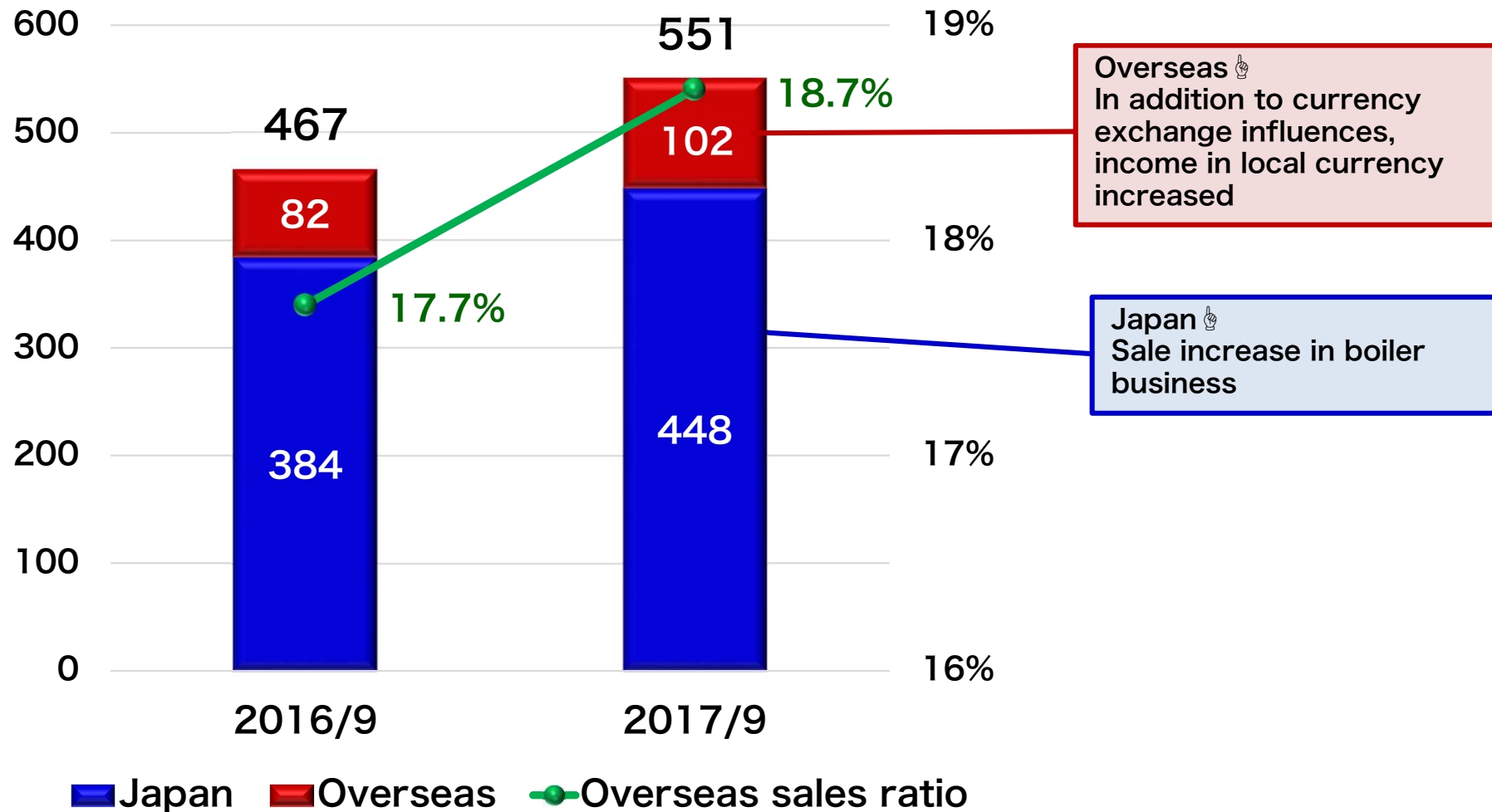
Unit:

100 million yen



Domestic/overseas sales (IFRS)

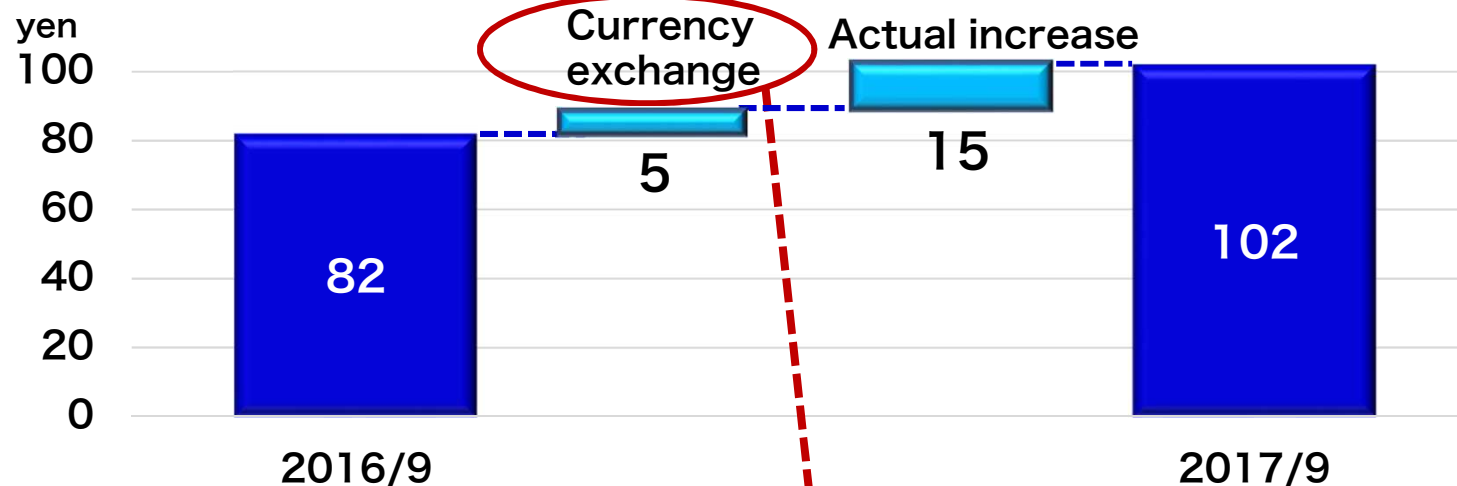
Unit: 100
million yen



Factor analysis of overseas sales increase

Unit: 100 million yen

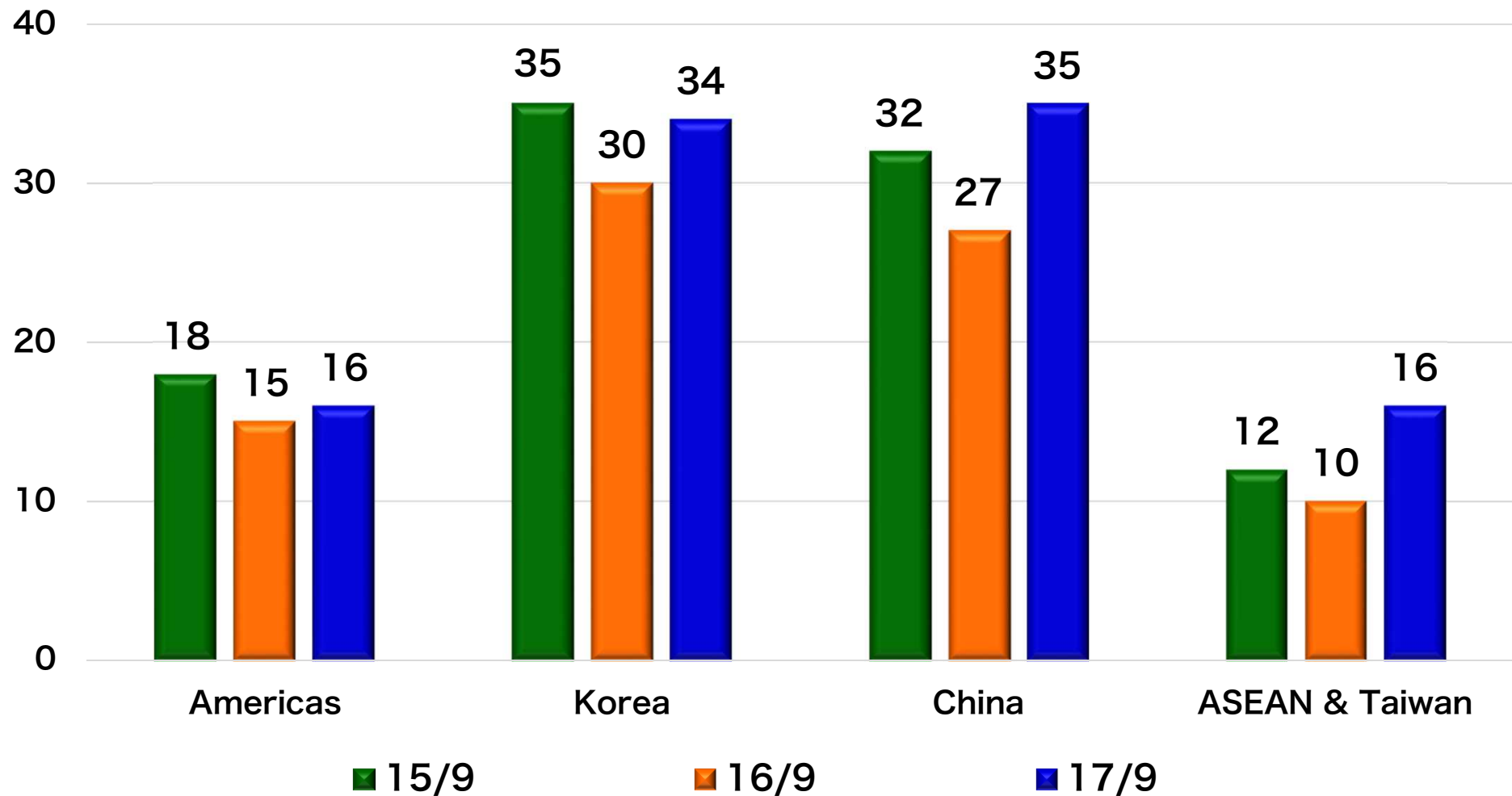
Apart from currency exchange influence, overseas sale increasing actually



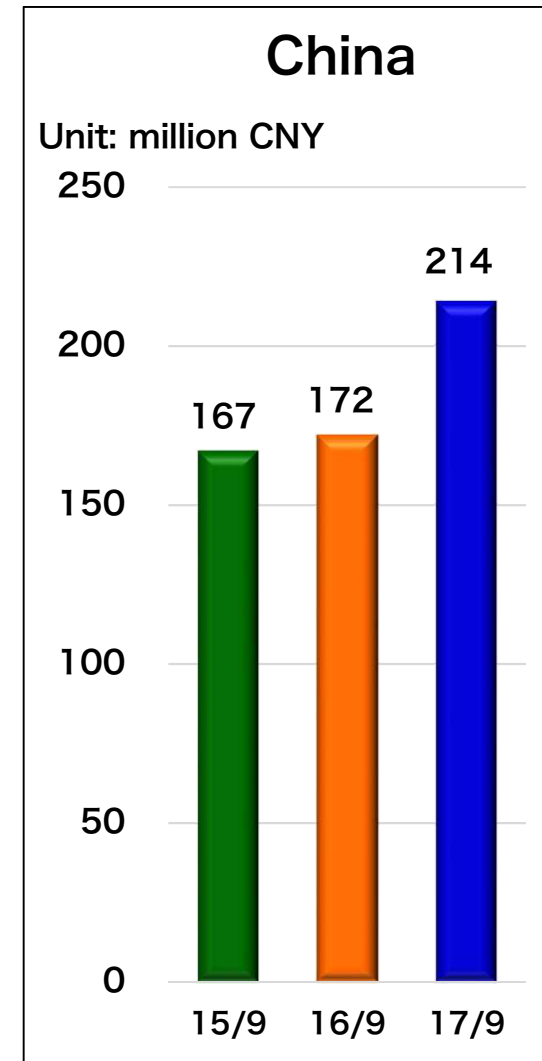
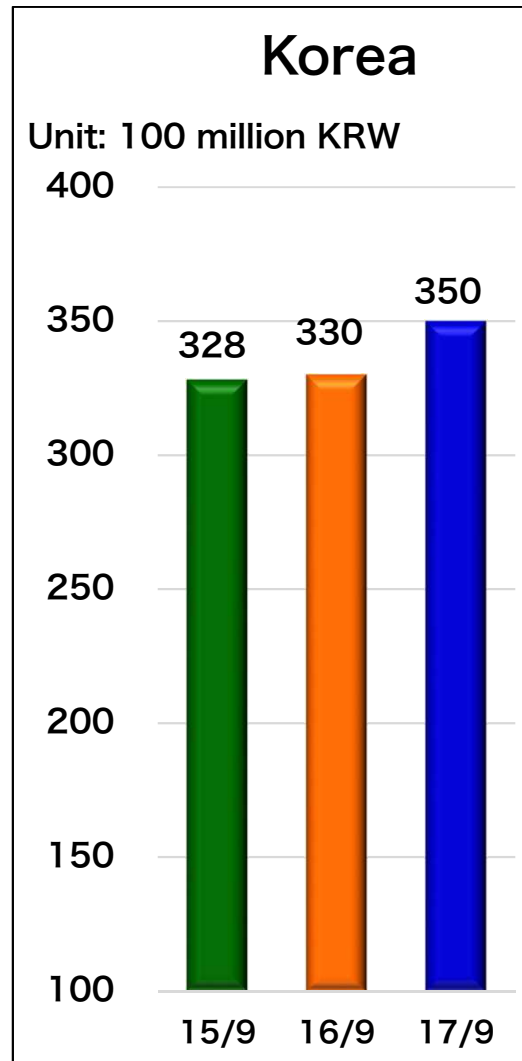
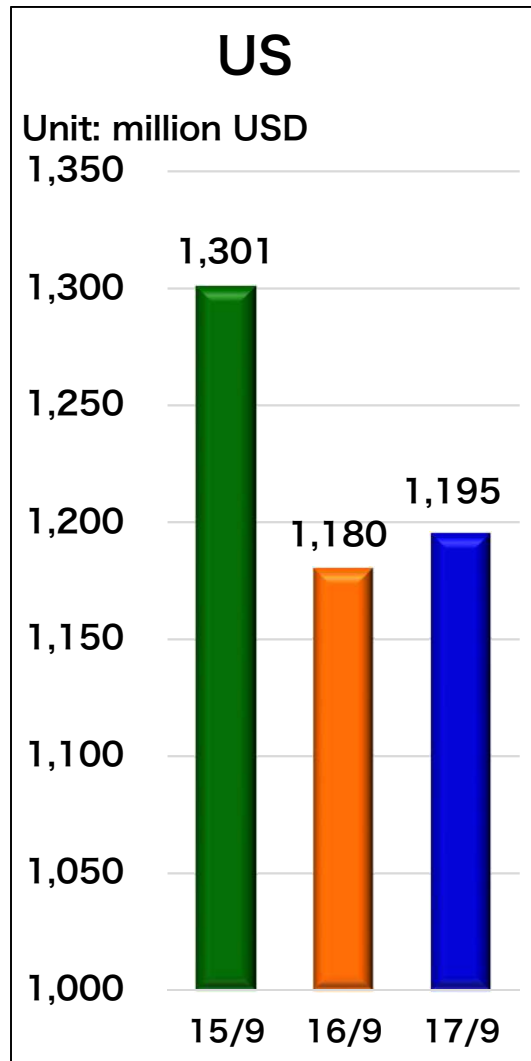
Average exchange rate	FY2016 2Q	FY2017 2Q	Increase rate	FY2017 plan
USD	105.20	111.04	5.6%	105.00
CAD	81.10	85.58	5.5%	78.00
CNY	15.92	16.42	3.1%	15.40
KRW (100 W)	9.22	9.83	6.6%	9.10
IDR (100 Rp)	0.80	0.84	5.0%	0.80
NTD	3.28	3.67	11.9%	3.30
BRL	31.18	34.83	11.7%	32.50
THB	3.00	3.28	9.3%	2.90

Overseas sales

Unit: 100 million yen



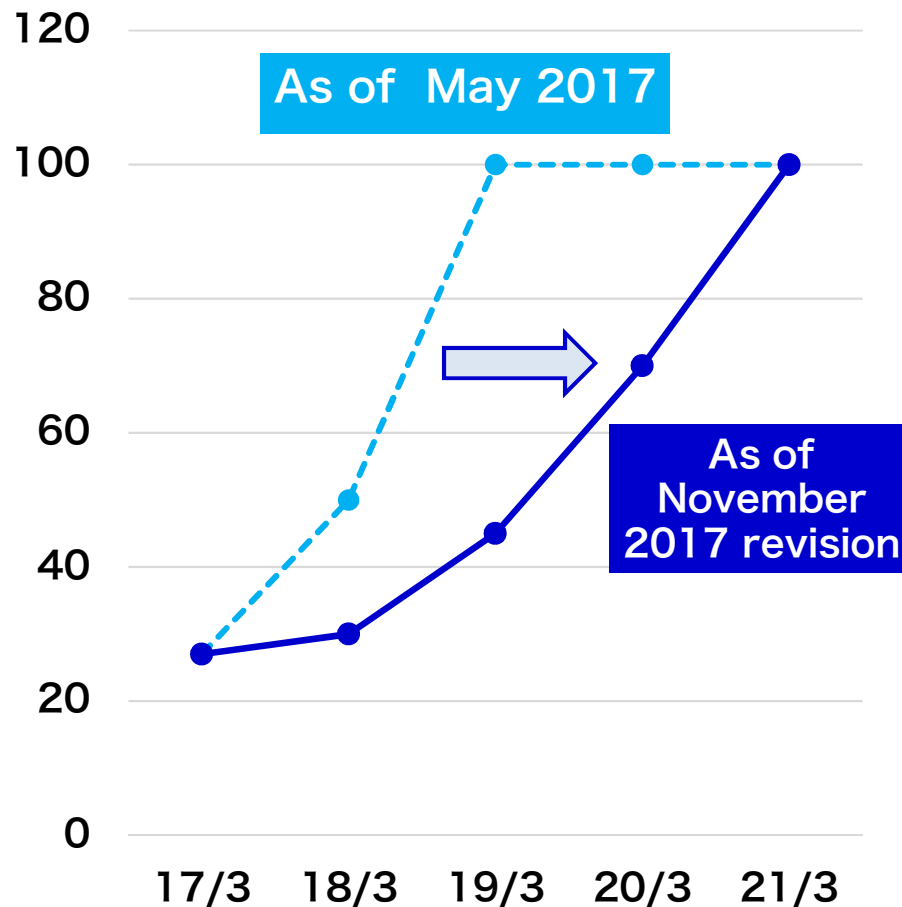
Main overseas sales (in local currency)



Sale plan revision of BWMS

Unit: 100
million yen

Ballast sale forecast



BWMS installation timing changed

(In-service vessels)
During regular inspection
from September 2017

2 year
postponement

(In-service vessels)
During regular inspection
from September 2019

USCG TA obtaining plan changed

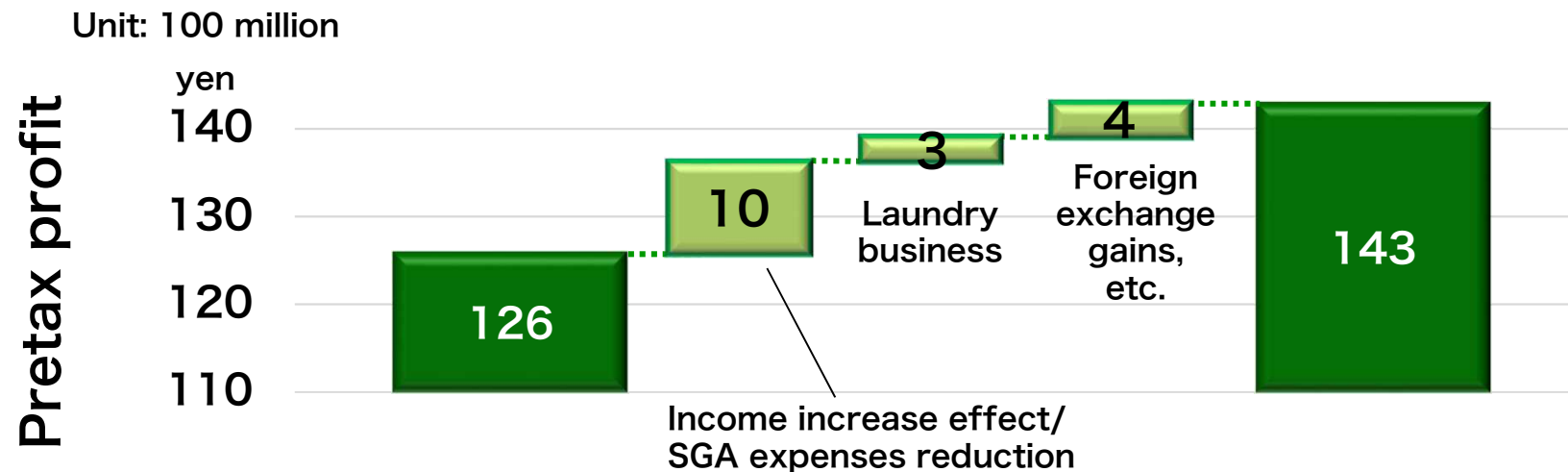
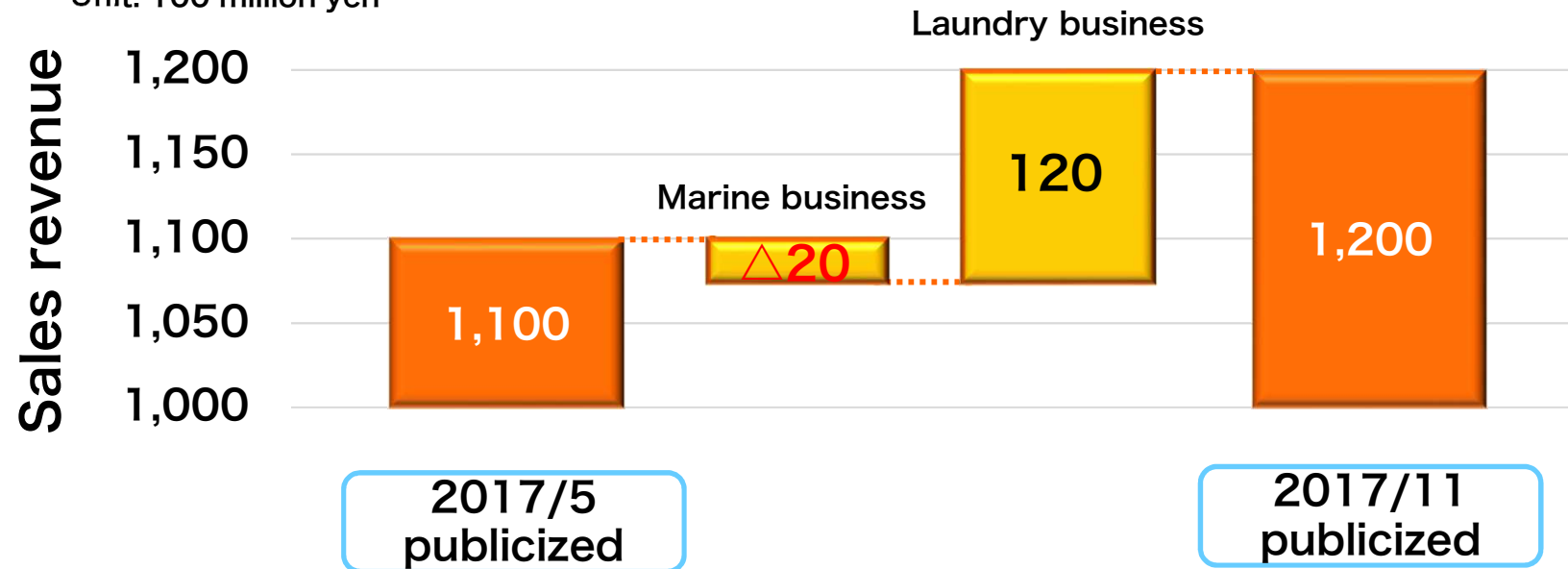
By March 2018

1 year
delay

By March 2019

FY2017 earnings forecast revised

Unit: 100 million yen



3. Profit Share and Stock

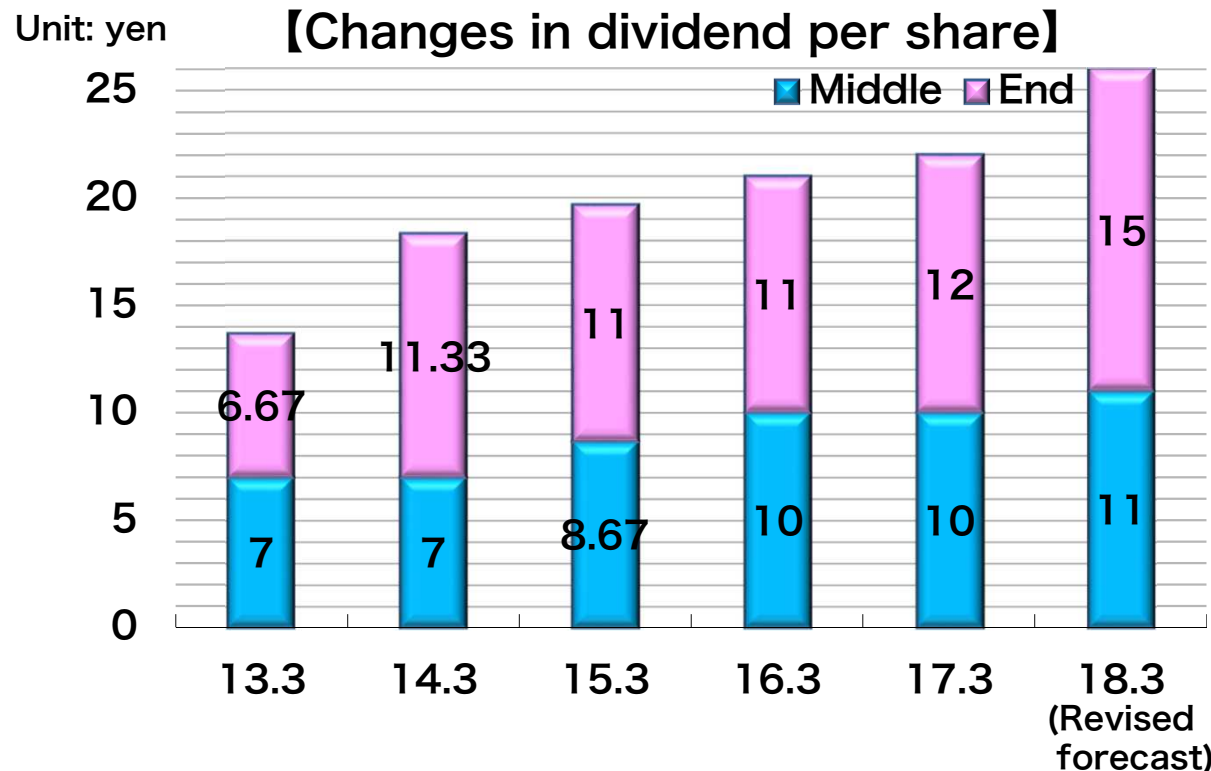
3 Profit Share and Stock

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



FY2016
 [Mid. 10 yen
 End 12 yen
 Total 22 yen

FY2017
 [Mid. 11 yen
 End 15 yen (Revised)
 Total 26 yen -Forecast



**Dividend
increase: 4 yen
(Forecast)**

(Reference)

Holdings of treasury stock

*As of September 30, 2017

- Total number of issued shares (without treasury shares)
112,546,559 shares

- Treasury share
12,744,553 shares

4. Domestic strategy

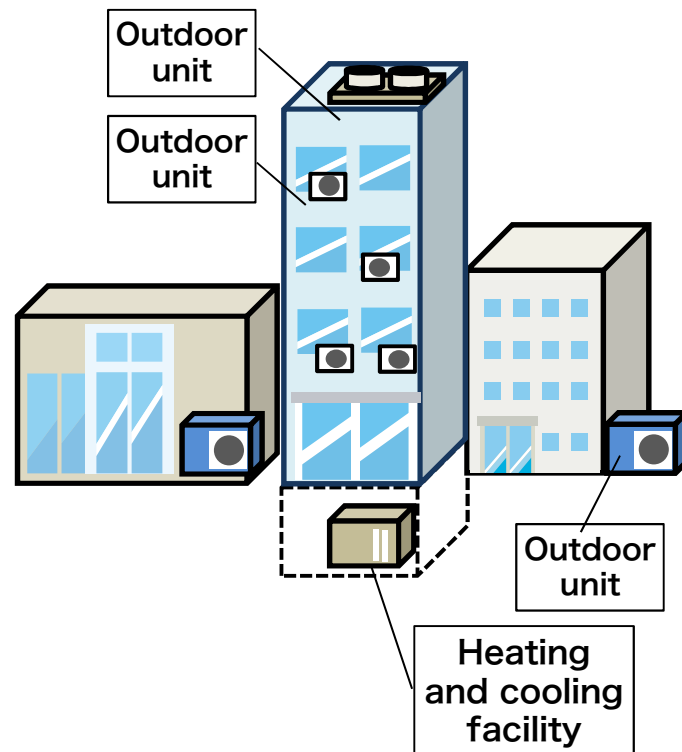
<District heating and cooling using once-through boiler>



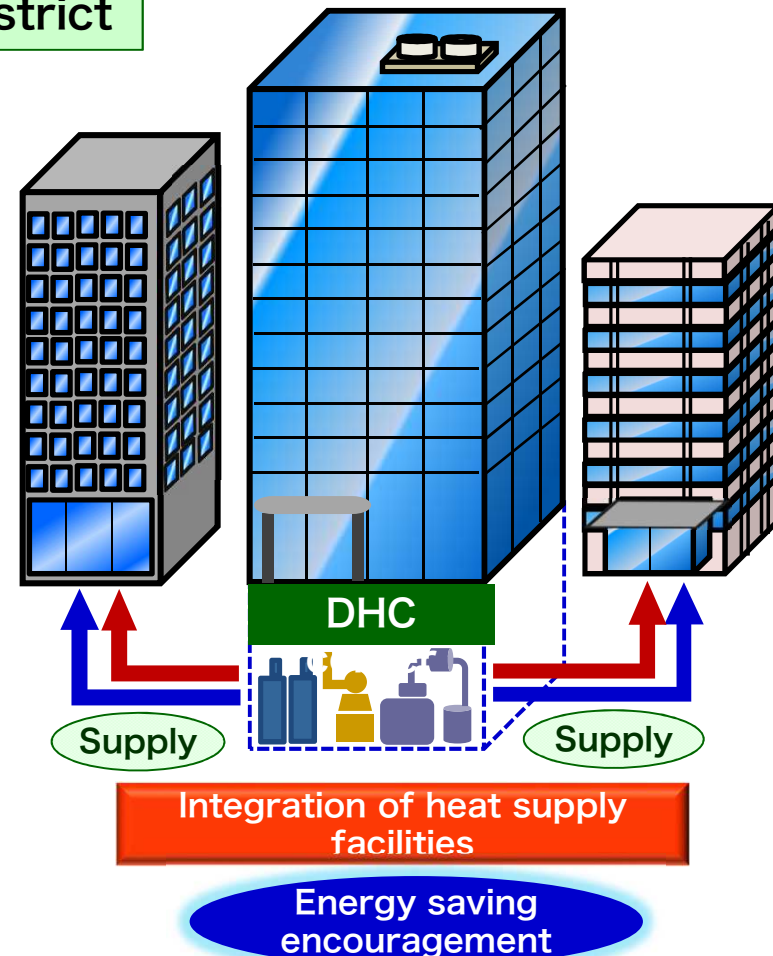
What is a district heating and cooling (DHC) system?

A system to provide air conditioning and hot water to whole buildings such as commercial facilities and apartment houses in the district

General air conditioning method in each building

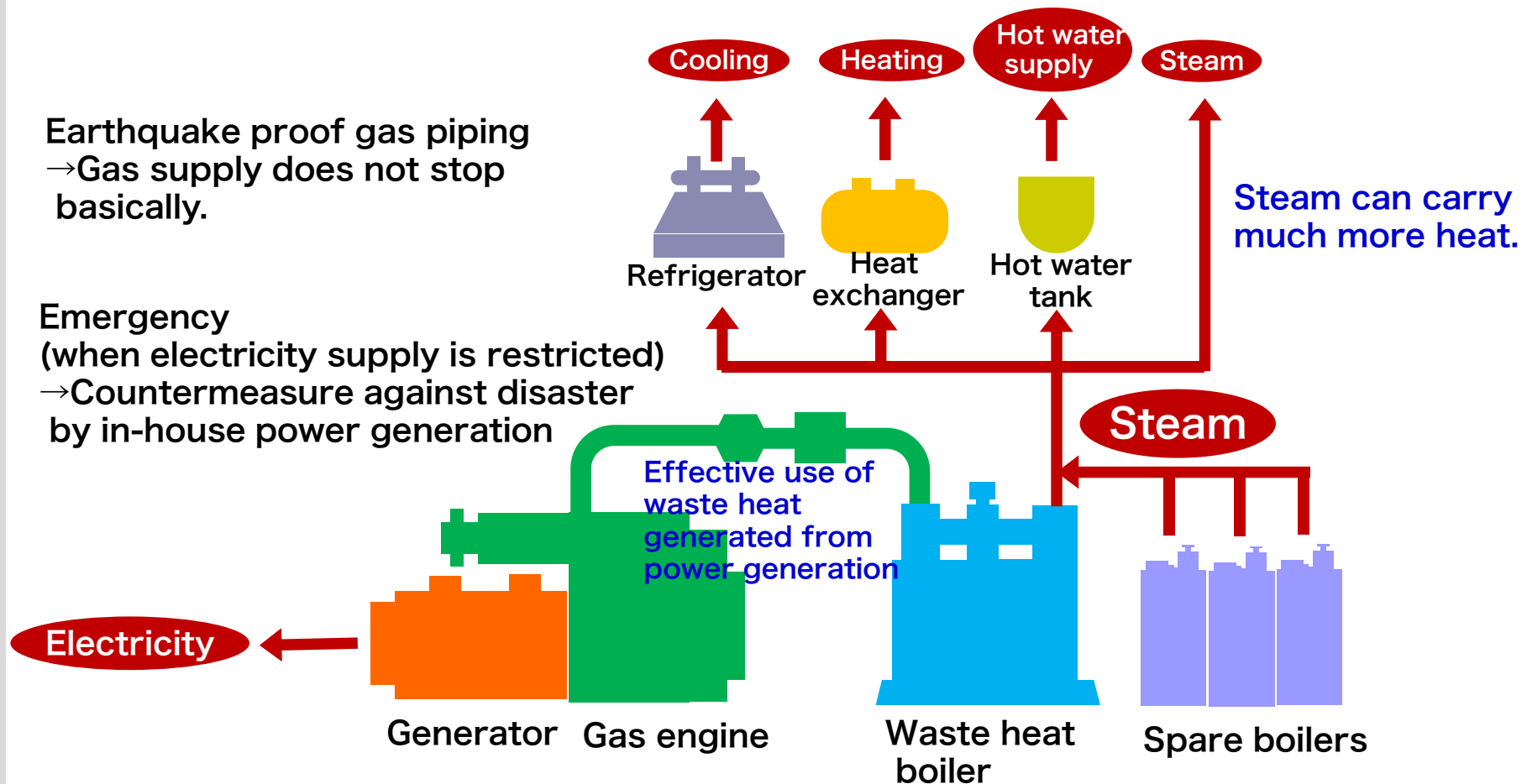


DHC method



Future of DHC

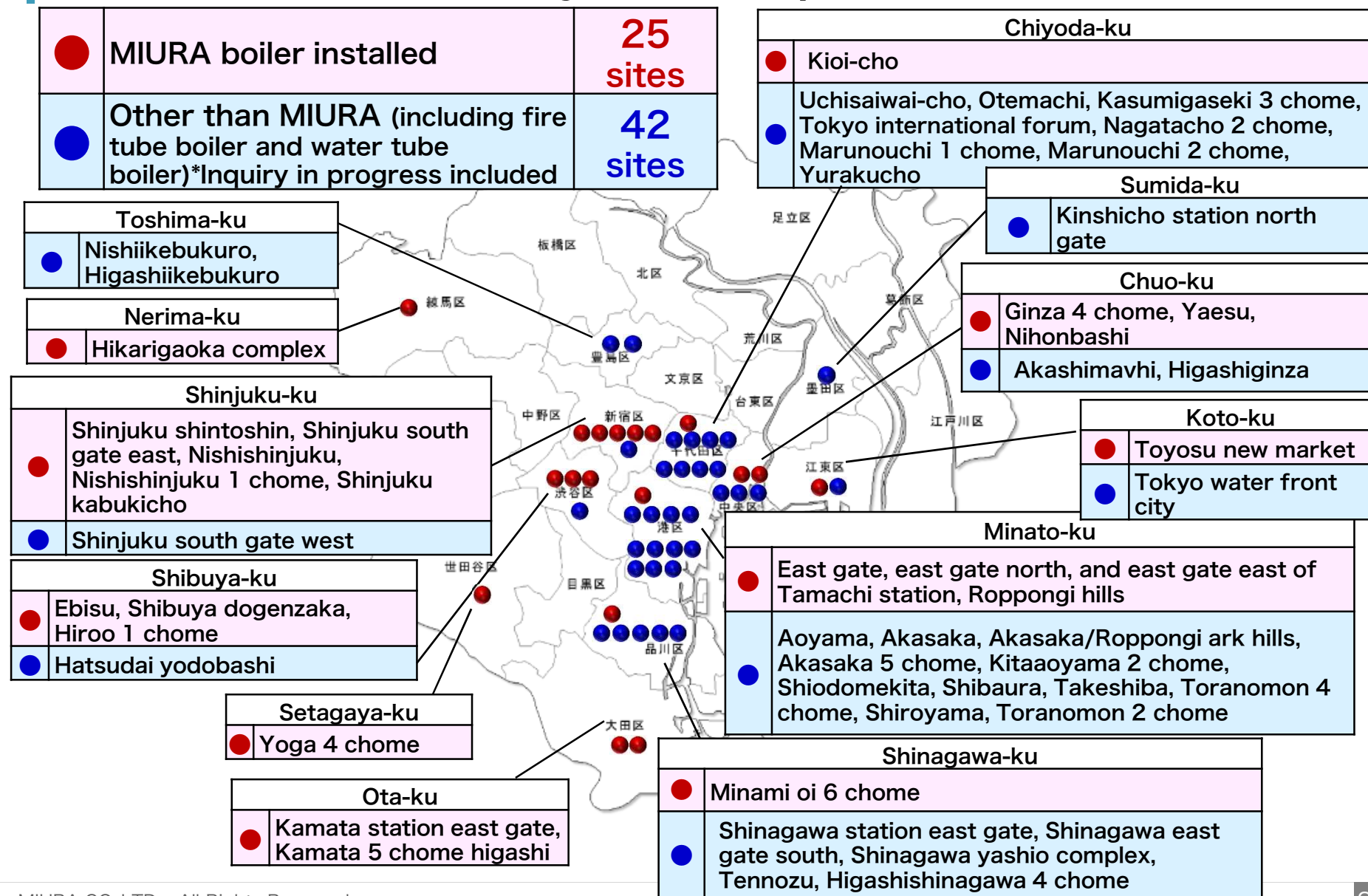
BCP (Business Continuing Plan)-attentive “Cogeneration system”



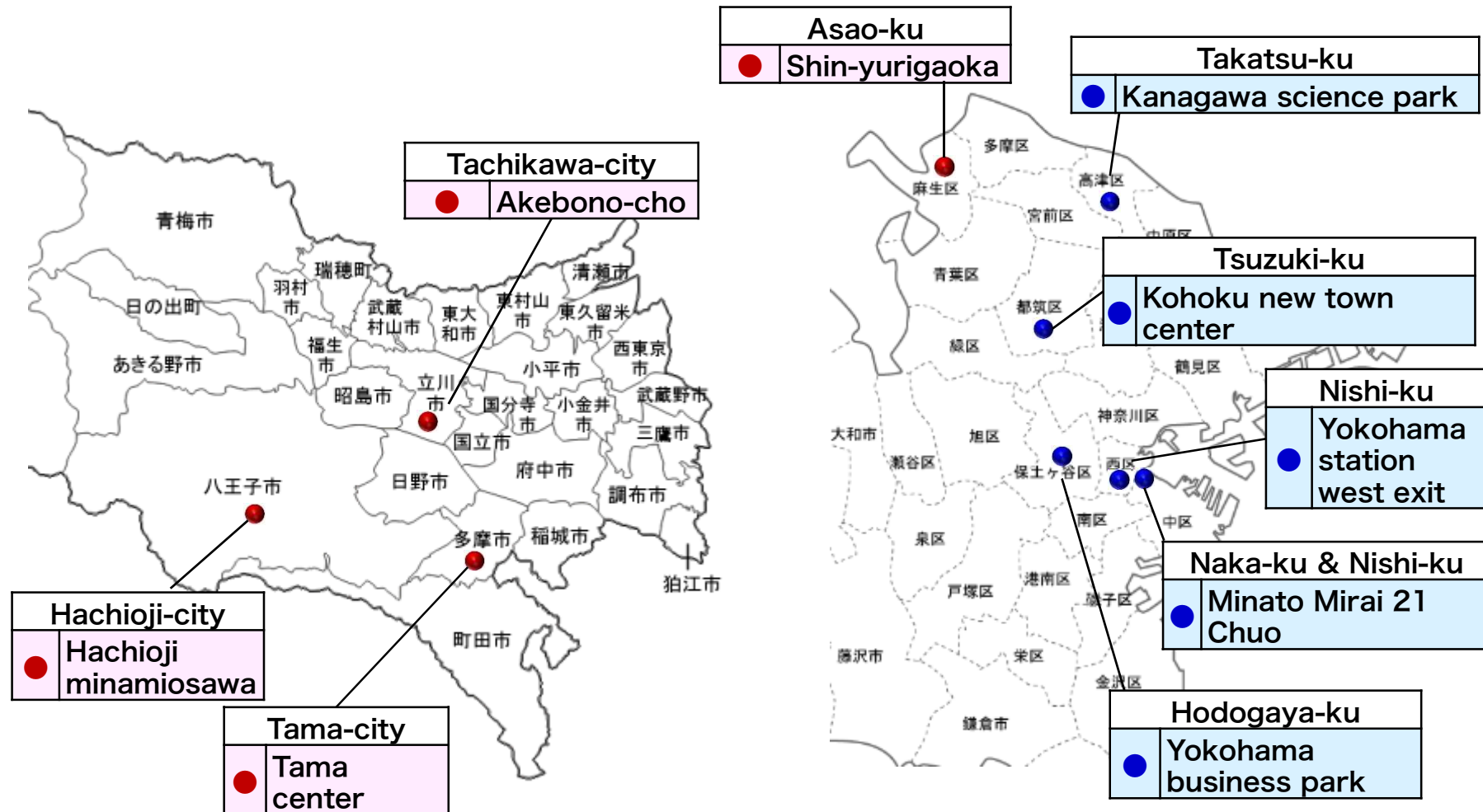
DHC around Tokyo station

(from “省エネ新時代” broadcasted on December 2013 by BS Japan corporation)

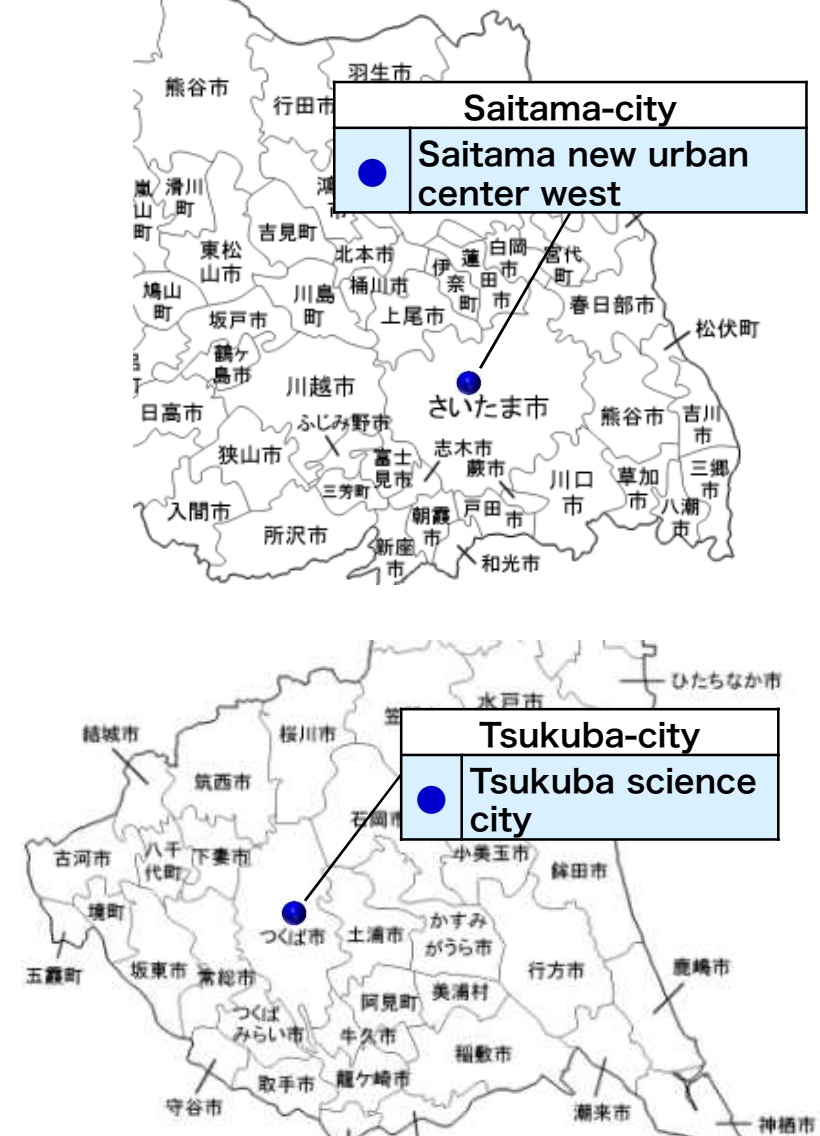
Boiler installation in Tokyo 23 ku (special wards)



Boiler installation in Tama district (Tokyo) and Kanagawa pref.

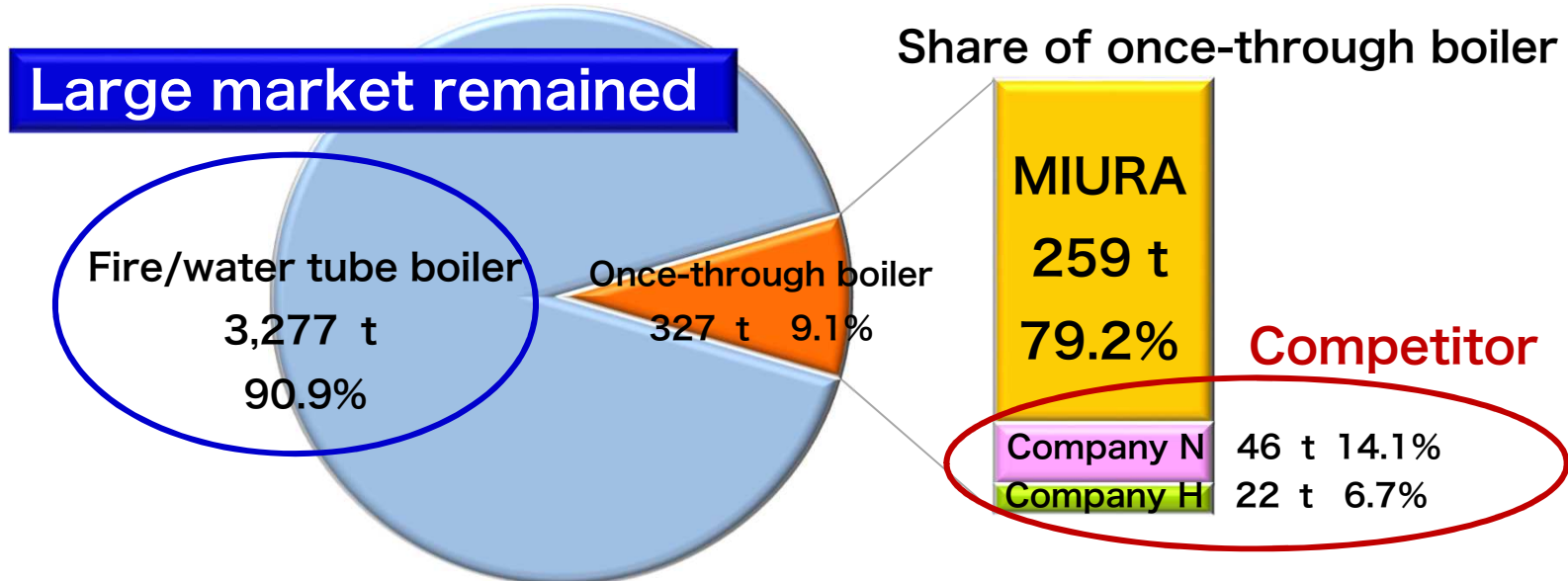


Boiler installation in Chiba, Saitama, and Ibaraki pref.



DHC market *Tokyo only; based on an internal investigation


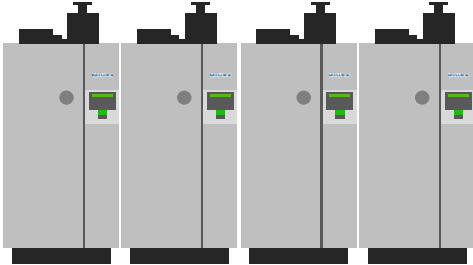
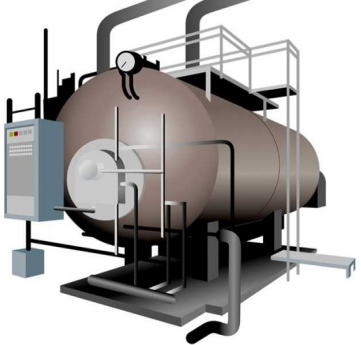

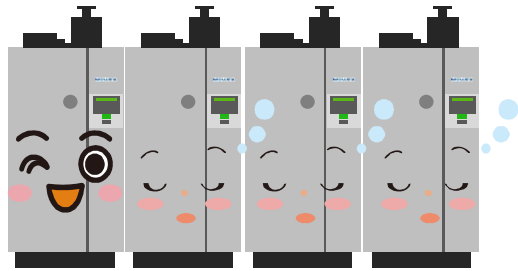
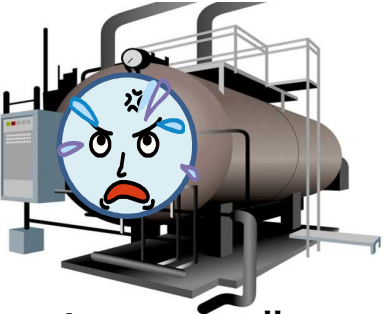
Ratio of fire/water tube boiler to once-through boiler



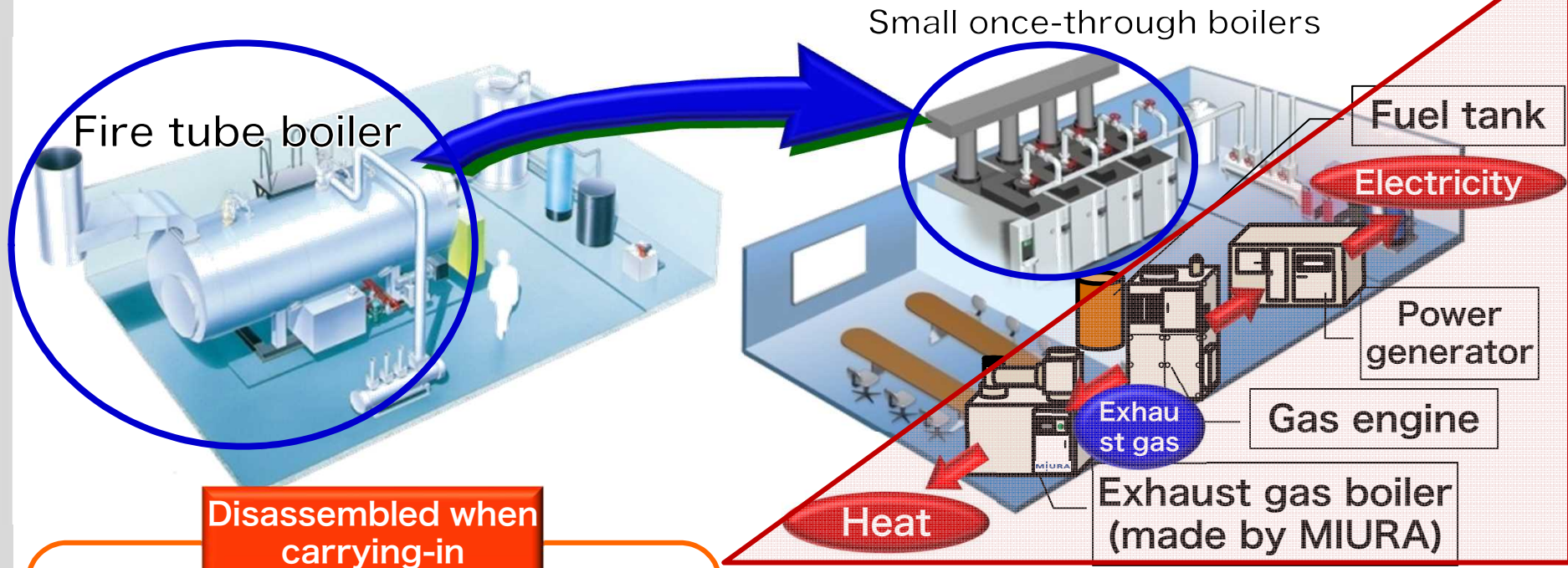
Adoption of once-through boilers



MIURA's MI system

	Condition in the building	Small boiler (MI system)	Large boiler
Daytime load: High		 Once-through boiler	 Fire tube boiler
Nighttime load: Low		 Operates as required ◎Efficient	 Operates regardless of load ×Inefficient

MIURA's MI system <Space saving>



Disassembled when
carrying-in

Cost saving



Cogeneration system installation

A system where multiple energies such as electricity and heat are taken out from one energy source and utilized

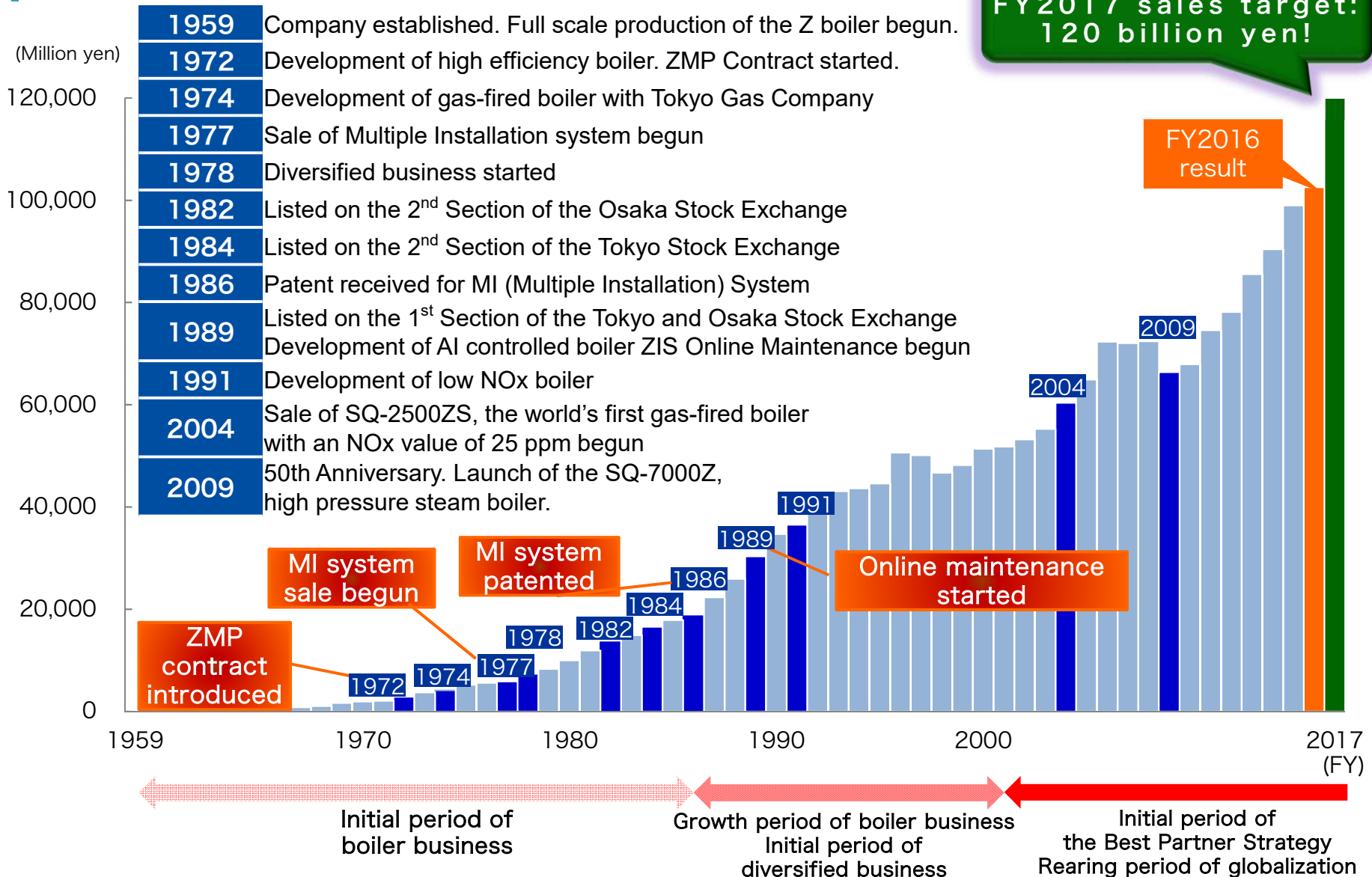
BCP after big
earthquake

CO₂
reduction

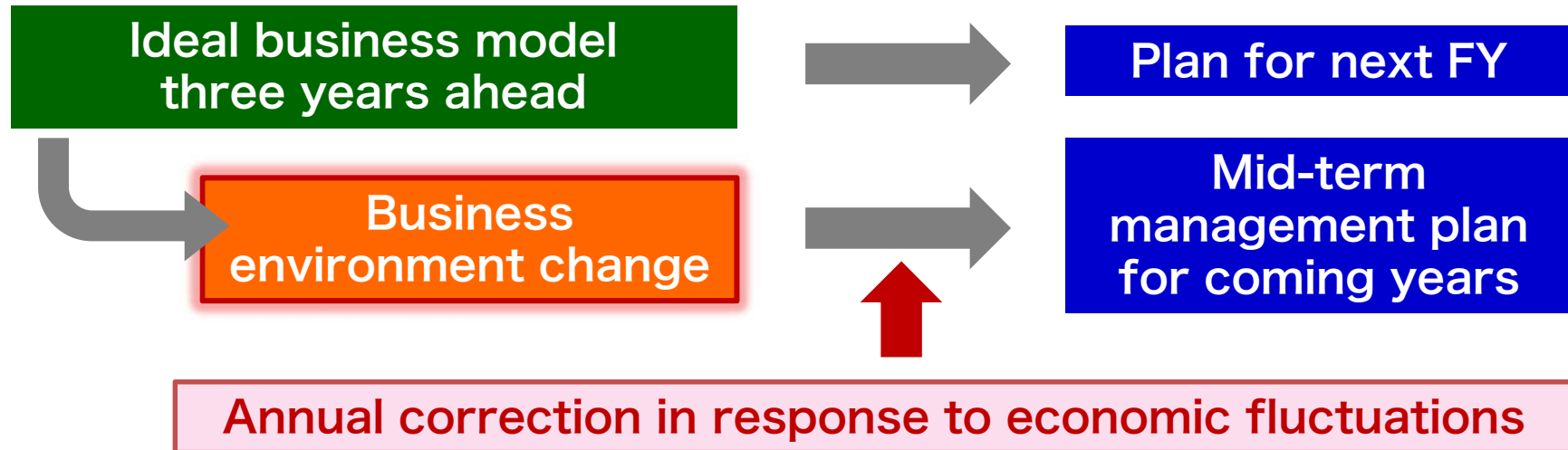
5. Reference



History



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		

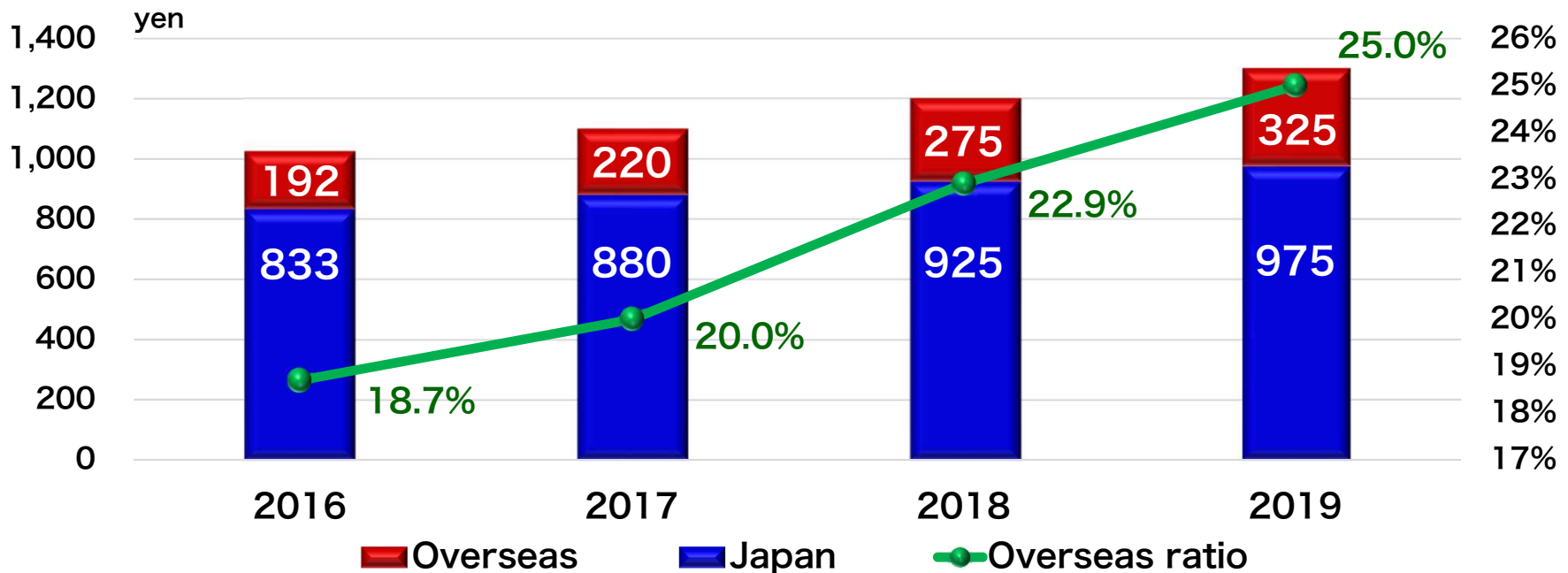
Mid-Term Management Plan for FY2017 (May 2017 publicized)

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 (May 2017 publicized)

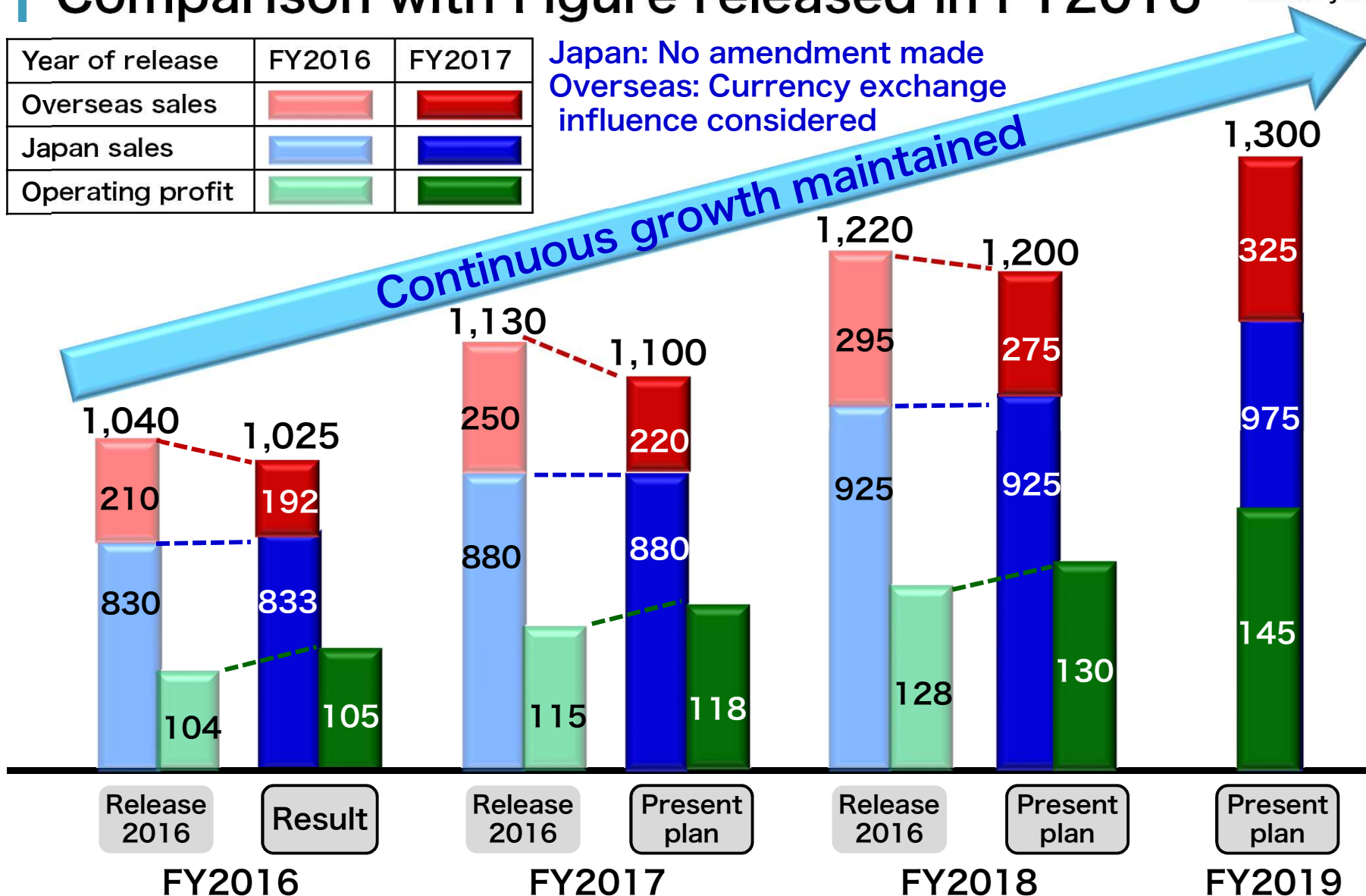
FY		FY2016	FY2017Plan	FY2018Plan	FY2019Plan
Japan	Total	833	880	925	975
	Boiler	577	579	587	600
	Water treatment equipment	28	34	36	44
	Marine equipment	87	110	138	160
	Food & Medical equipment	91	98	103	104
	Others (Special equipment, New business, Environmental business)	50	59	61	67
Overseas	Total	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

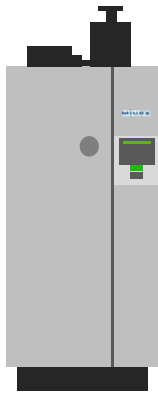
Unit: Hundred million yen

Year of release	FY2016	FY2017
Overseas sales		
Japan sales		
Operating profit		

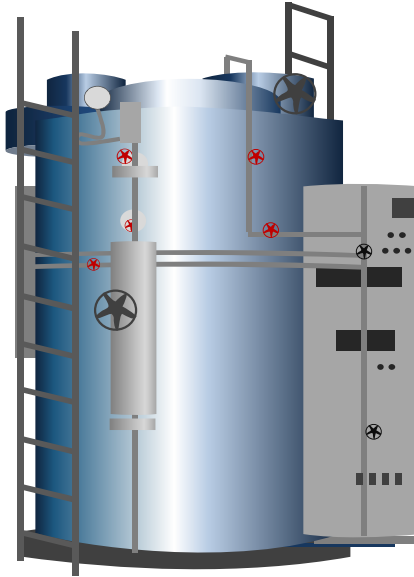
Japan: No amendment made
Overseas: Currency exchange
influence considered



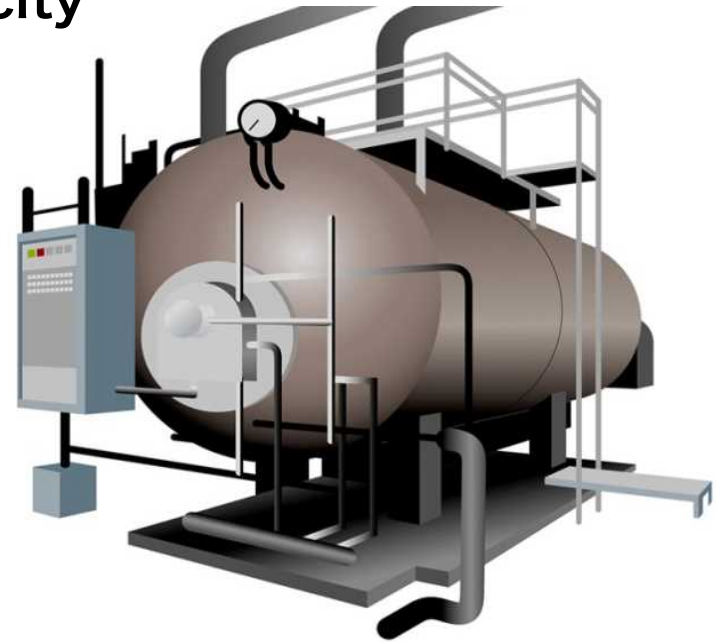
| Types of boilers — Same capacity



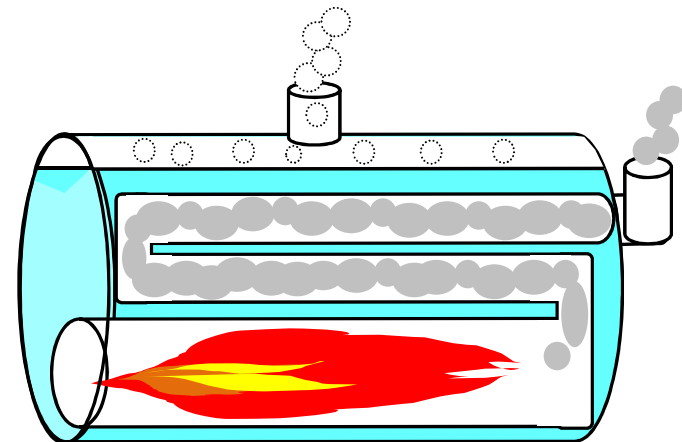
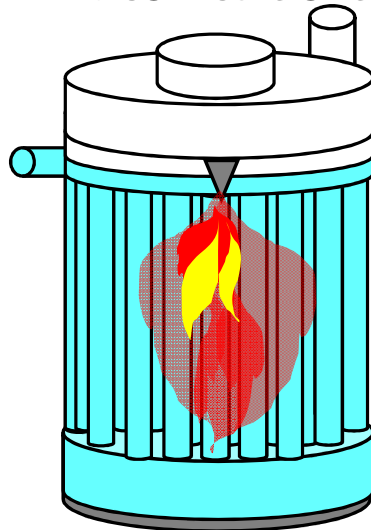
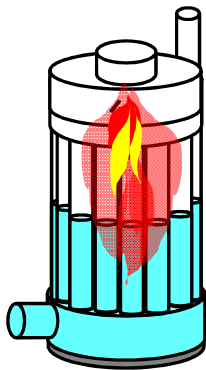
Once-through boiler



Water tube boiler



Fire tube boiler



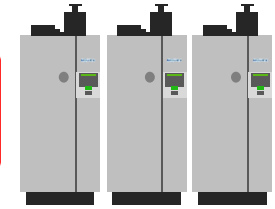
MIURA MI (Multiple Installation) System

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

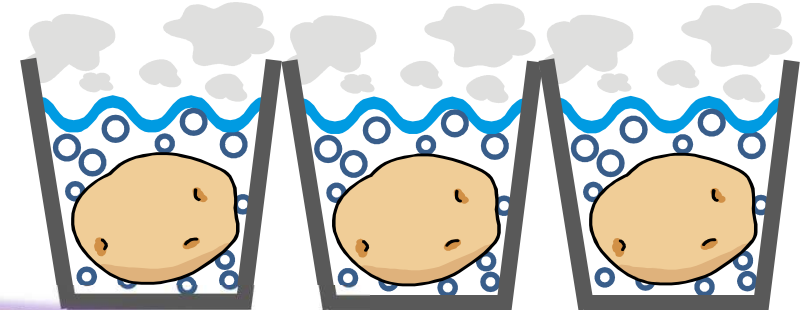
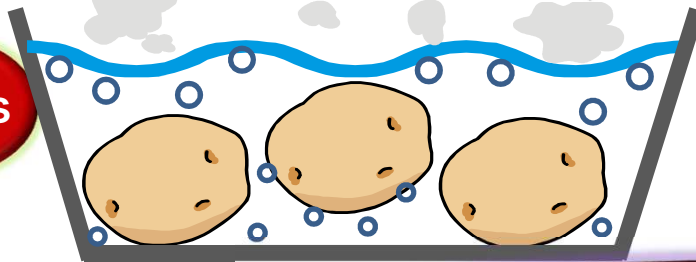
One large capacity boiler



Small capacity boilers in MI system

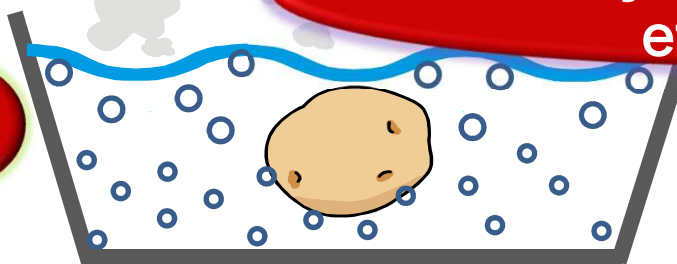


3 pcs



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

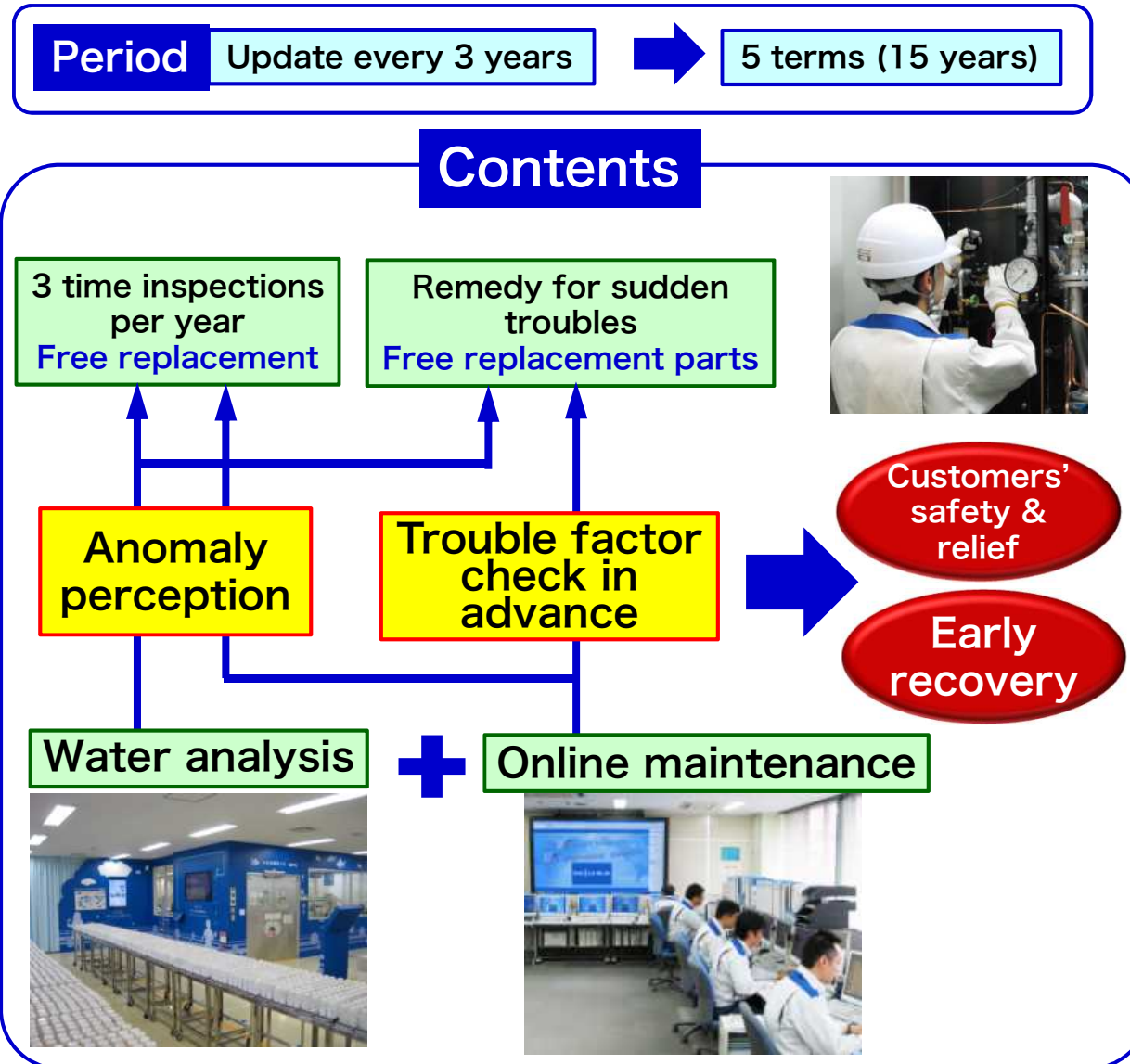
Energy Saving

Space Saving

Labor Saving

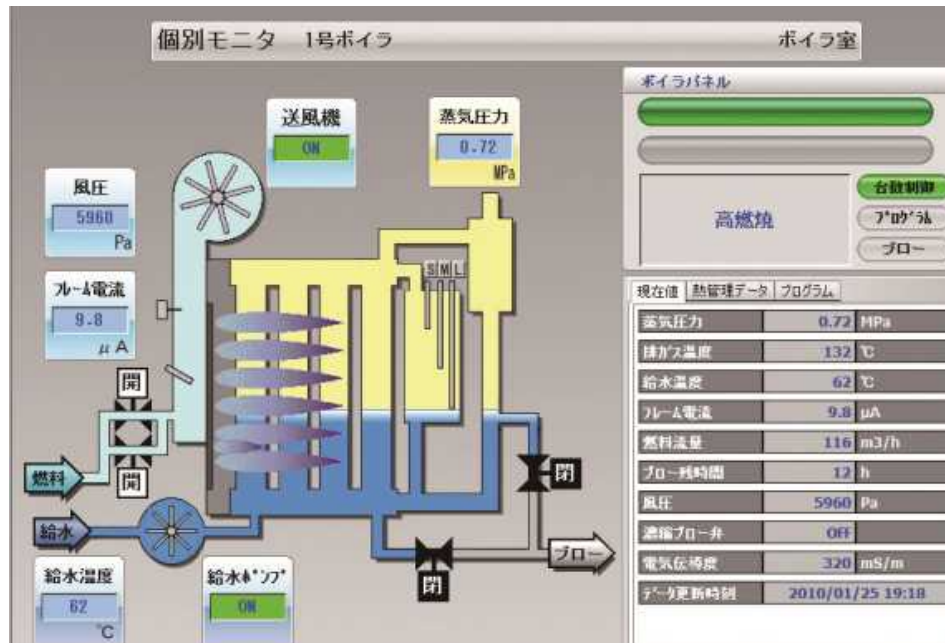
Low pollution

What is ZMP Contract?



Online Maintenance

Maintaining high profitability with “IoT” for 27 years



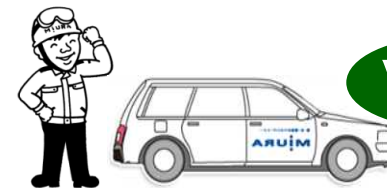
Remote monitoring

Monitoring

User

Troubleshooting via Telephone (Data collection/analysis)

Approx. 59,000 units under contract
*Including equipment other than boiler
(As of October 2017)



Visit

Trouble factor grasped

Preparation in advance

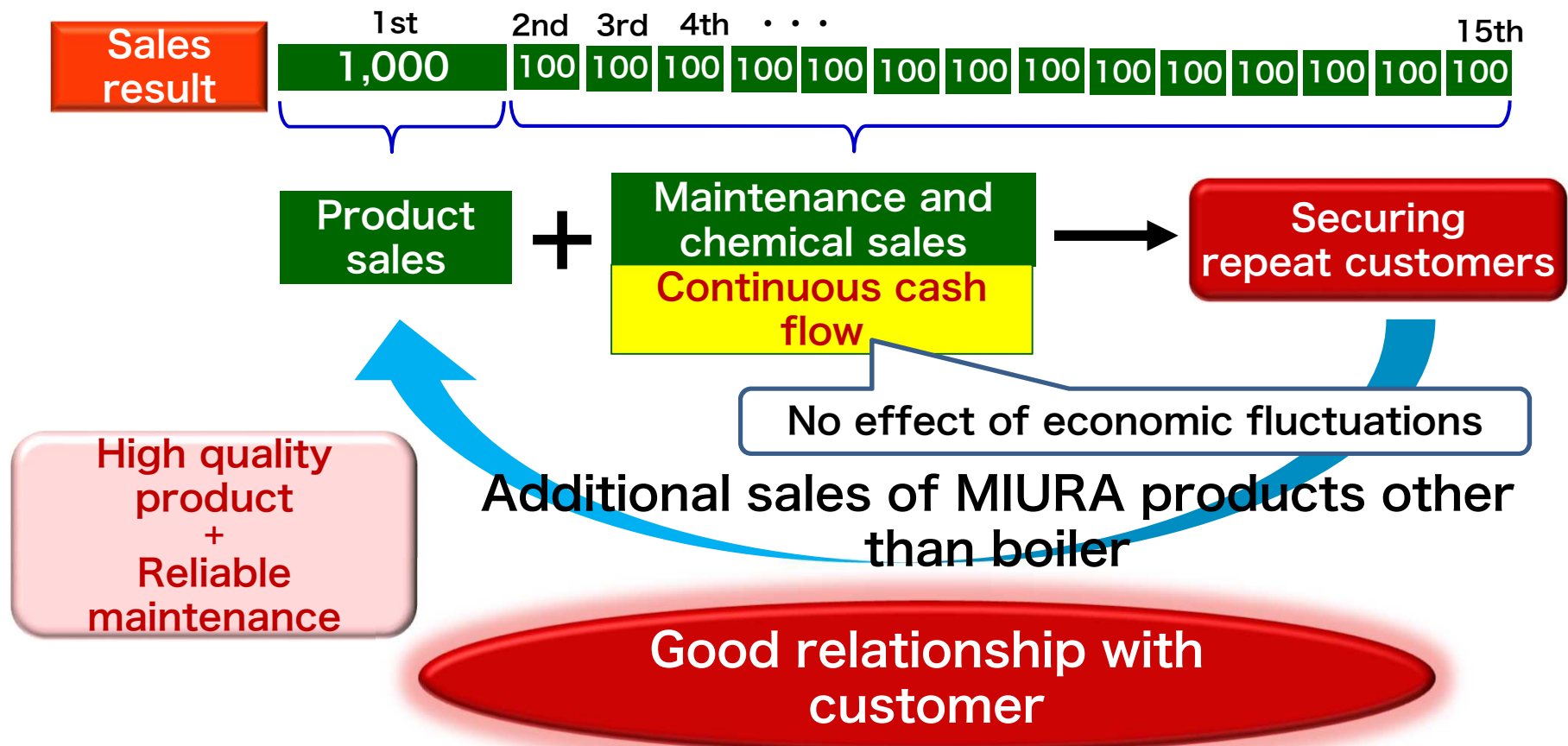
Early recovery

Much more effective, easier maintenance work

Boiler Lifespan and MIURA Business Model

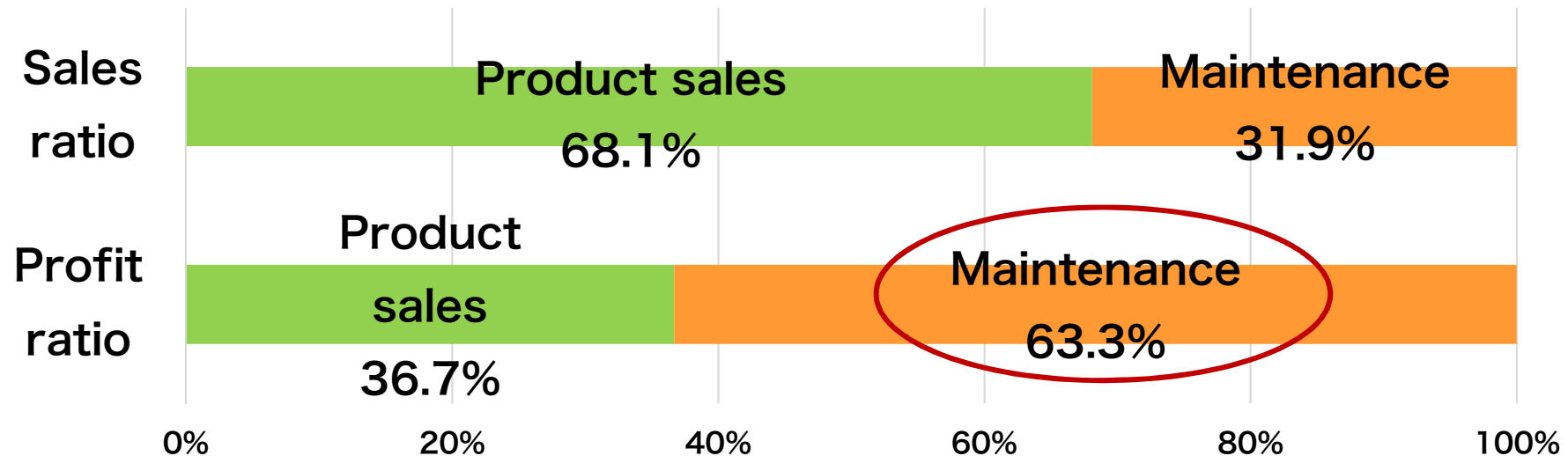
Not only the product sales, but maintenance & consumables sales

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
- 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

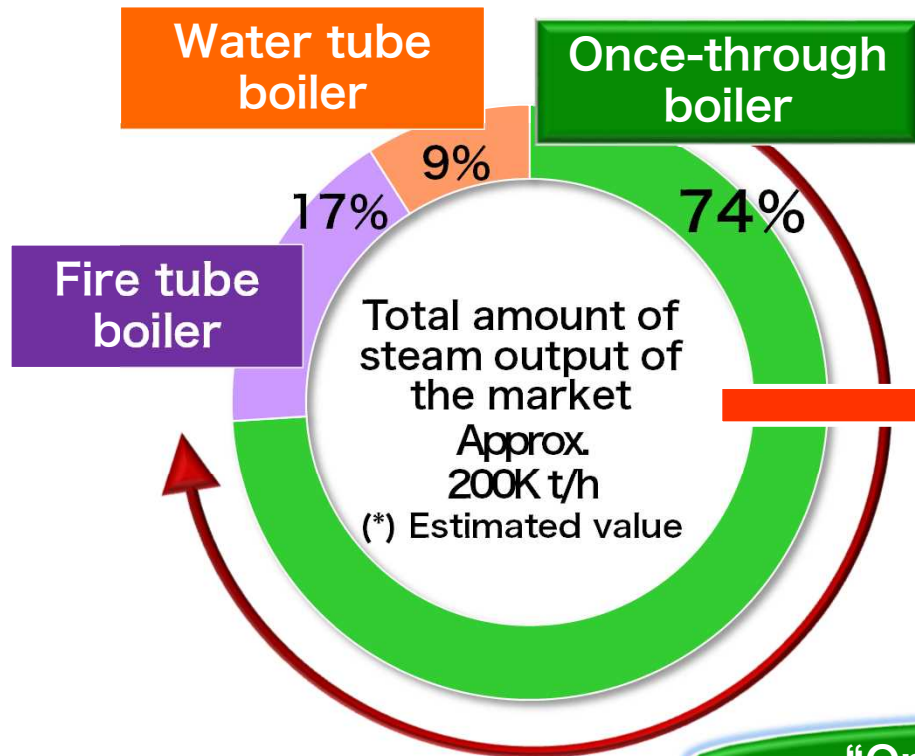
② Coal-fired boiler replacement in China

- 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

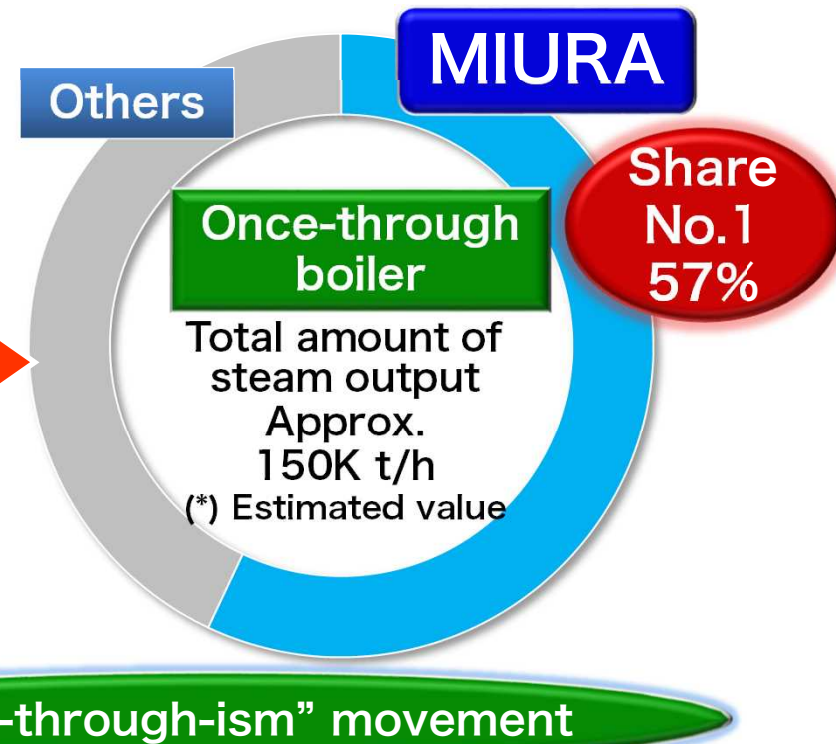
Domestic share

*Boilers for power generation excluded
(Based on an in-house investigation, September 2017)

Domestic boiler market



Domestic once-through boiler market

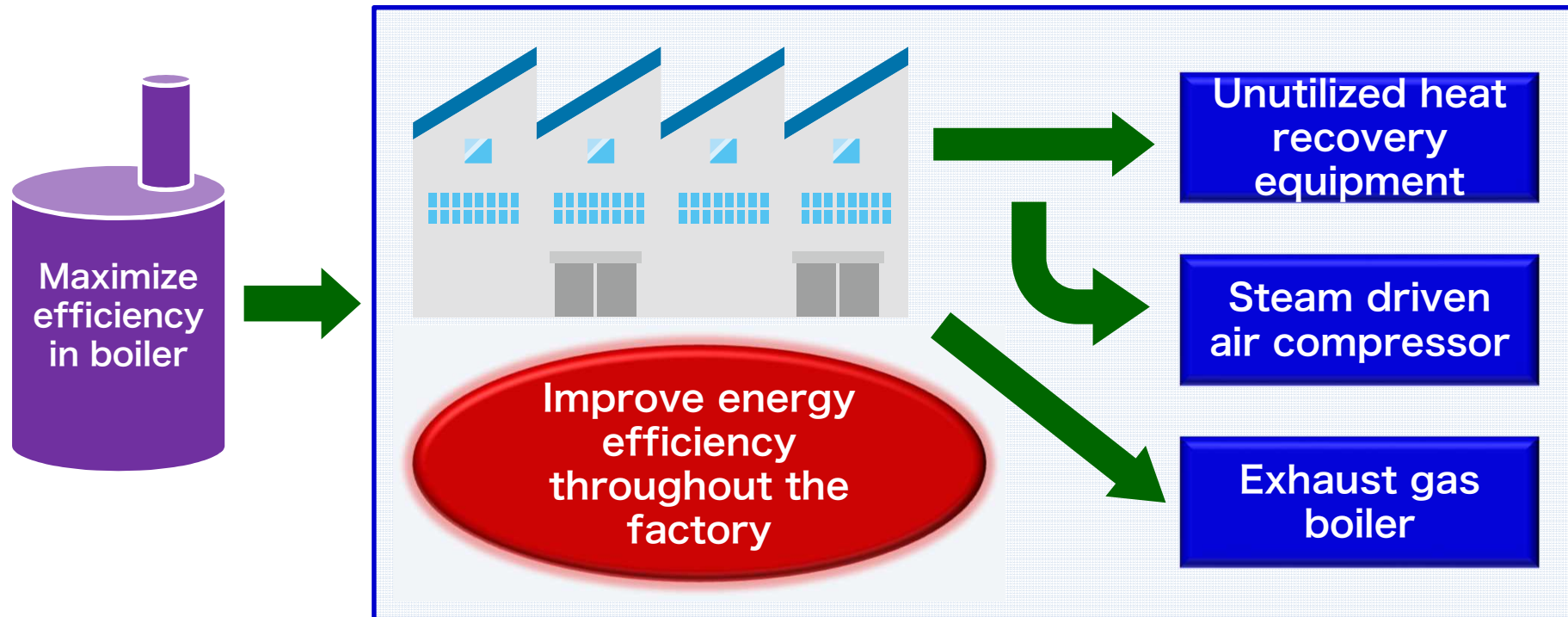


Competitors

- 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 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

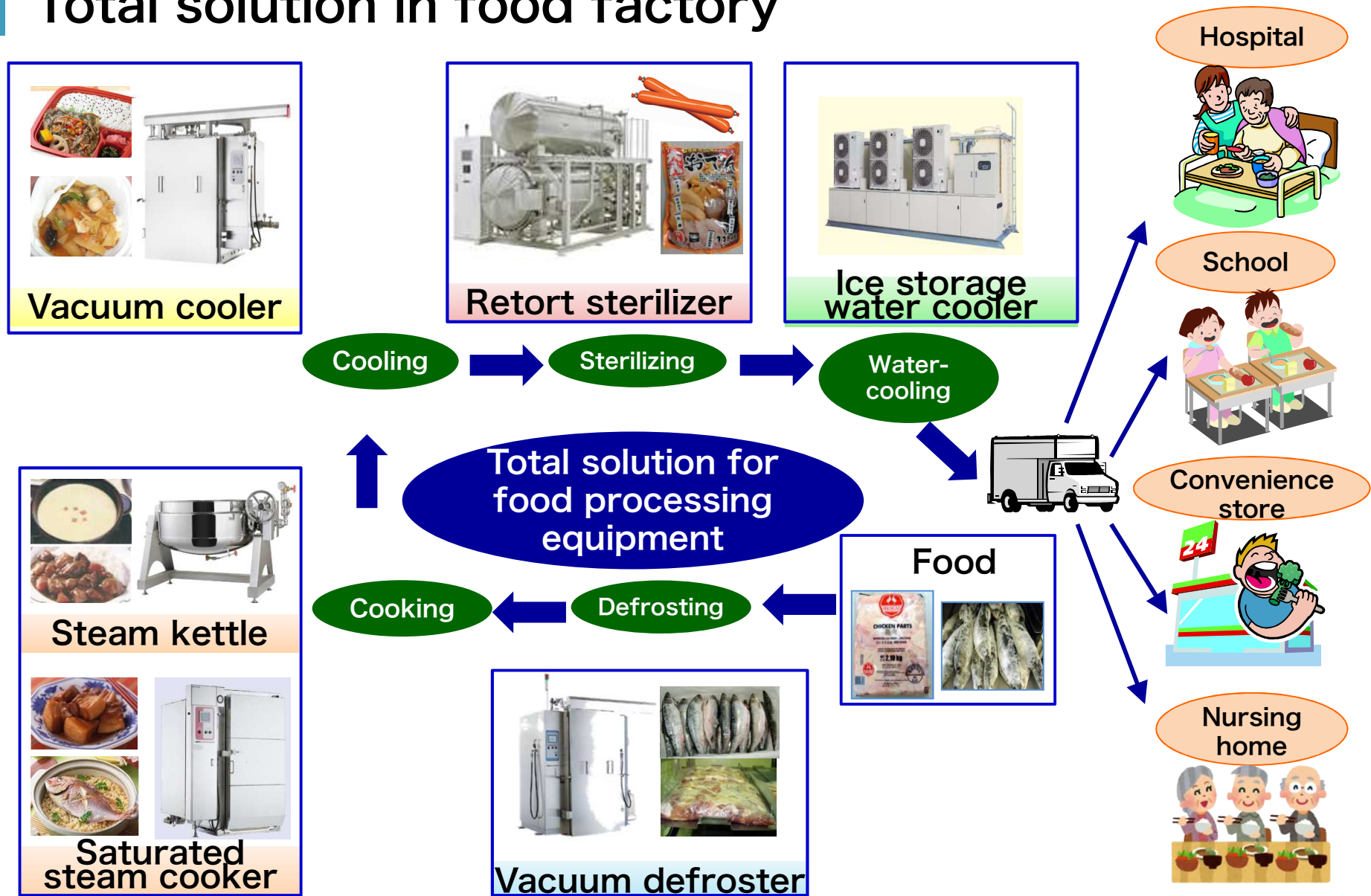


Vacuum-boiling
washer



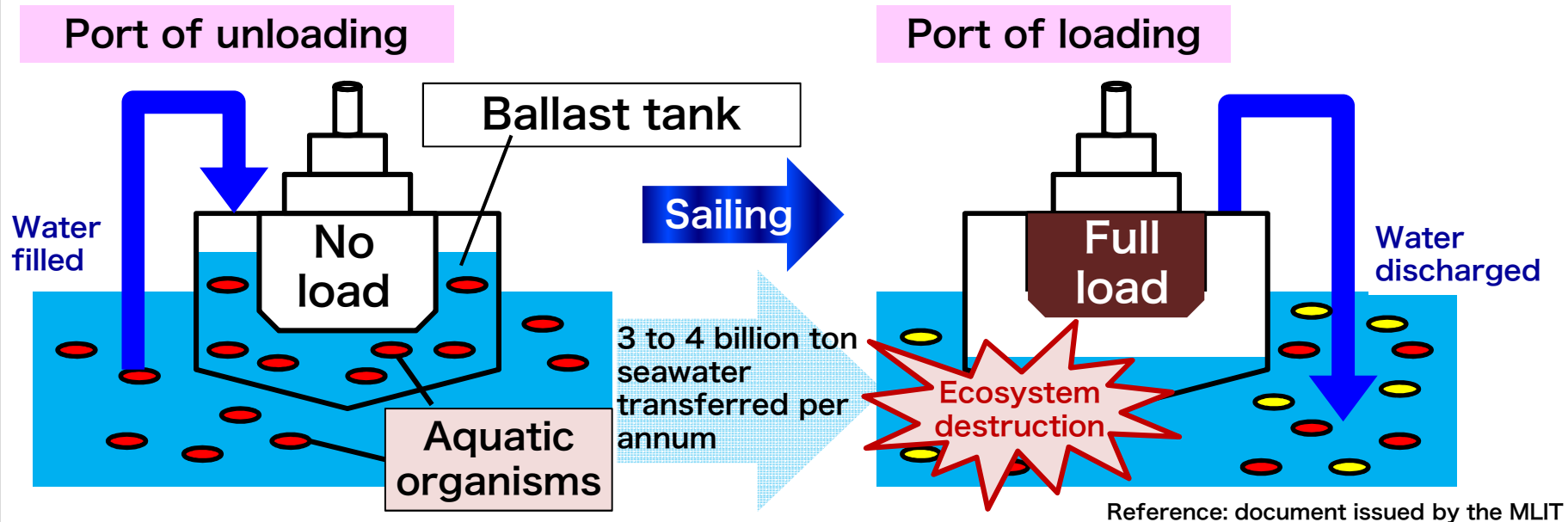
Filtration
equipment

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

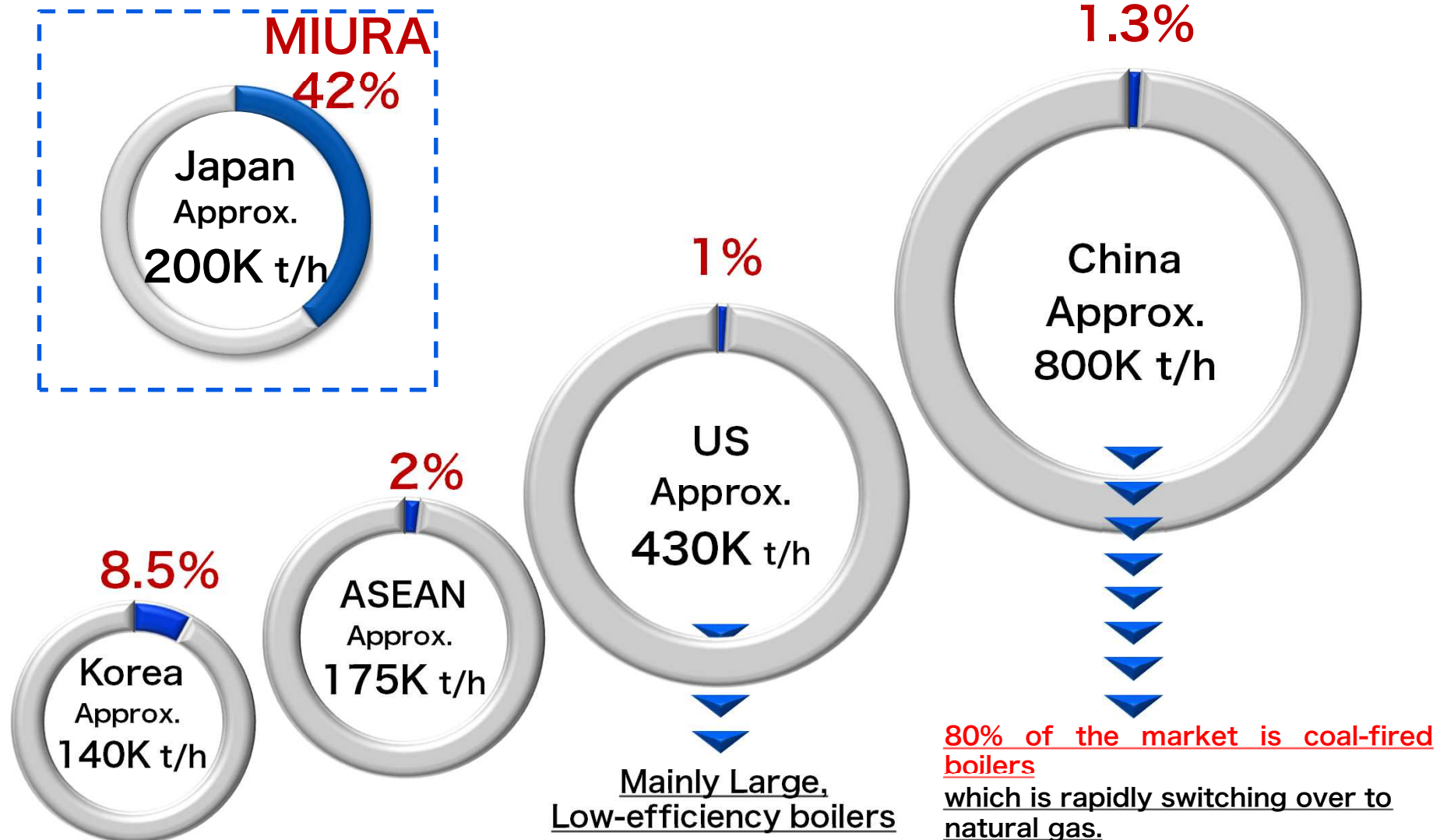
Ratification on September 8th, 2017 announced by IMO !

Ballast water management convention adopted in 2004

Approx. 170 countries of IMO members adopted

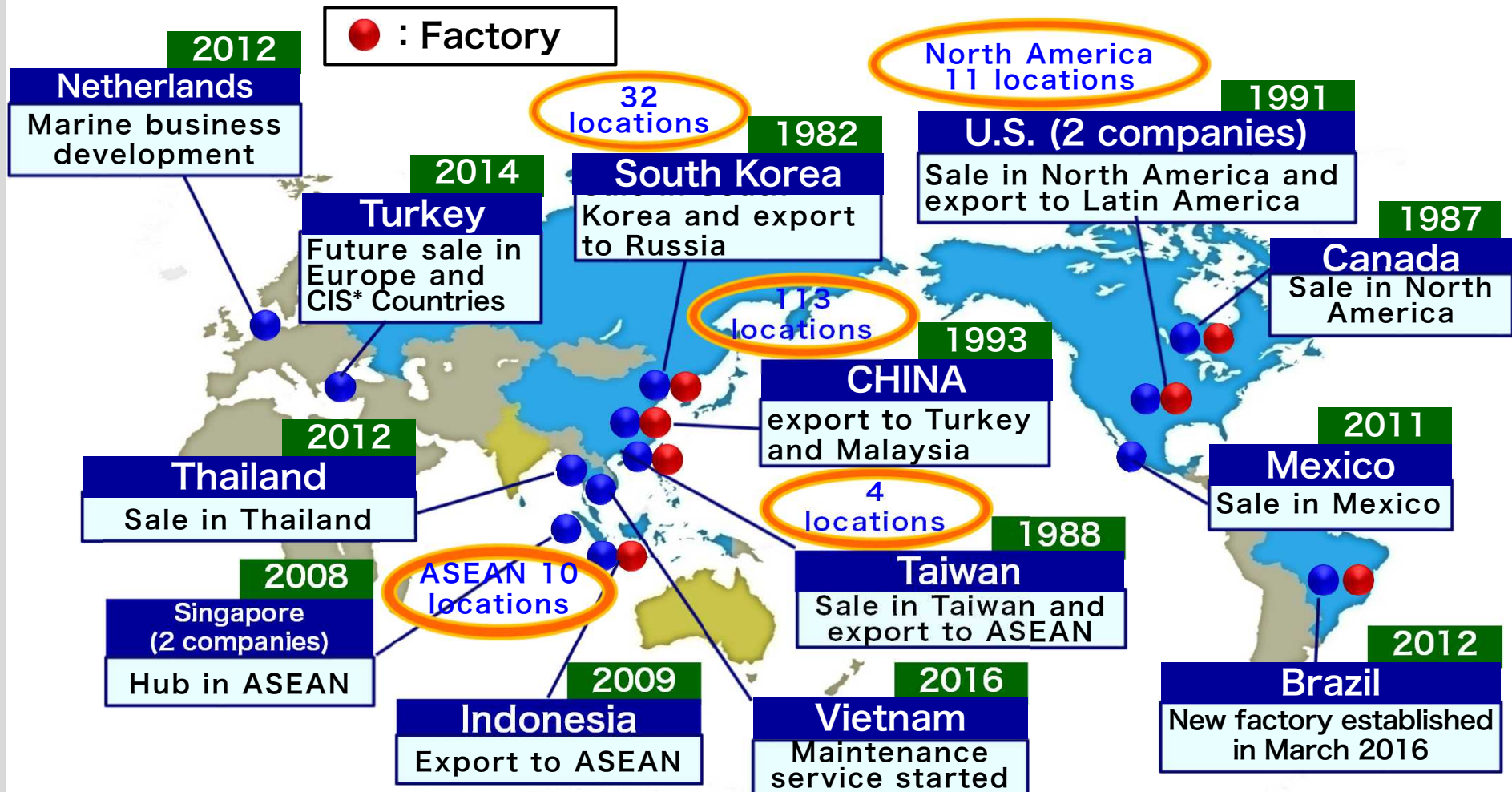
Boiler market share

*Based on total amount of steam output
(Based on an in-house investigation, September 2017)



Appropriate location, production, and sales to establish global network

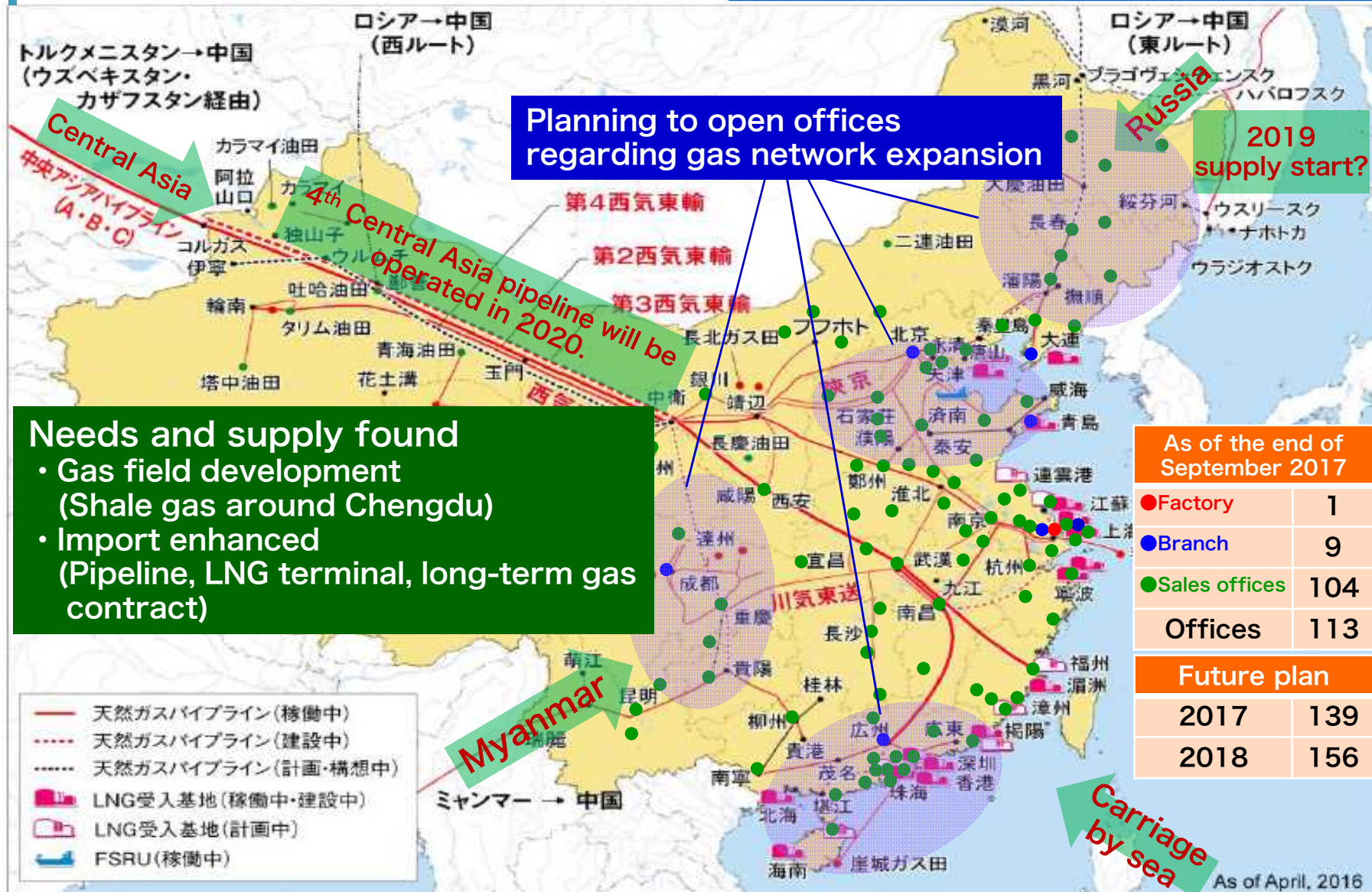
15 companies, 7 factories, Sales and Maintenance in 19 countries



*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).

Gas network in China

To bring clear, blue skies to China



**Your best partner for Energy, Water, and Environment,
helping customers all over the world in energy conservation
and environmental preservation**



Georgia, USA



Hojo, Japan



Karawang, Indonesia

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

Thank you.

The Best Partner of
Energy, Water and Environment



Contact

Management Planning Department

TEL 089-979-7045

FAX 089-979-7011

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