Financial Result and MIURA Growth Strategy

Daisuke Miyauchi
President & CEO
MIURA CO., LTD.

May 23rd, 2018 (Wed)
The Best Partner of Energy, Water and Environment
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
## Company Profile

<table>
<thead>
<tr>
<th>Name</th>
<th>MIURA CO., LTD.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>7 Horie, Matsuyama, Ehime</td>
</tr>
<tr>
<td>Established</td>
<td>May 1959</td>
</tr>
<tr>
<td>Group company (MIURA CO., LTD. Included)</td>
<td>Japan: 13 Overseas: 15 ※ As of March 31st, 2018</td>
</tr>
<tr>
<td>Employees</td>
<td>Group total: 5,552 (1,567 employees overseas included)</td>
</tr>
<tr>
<td>Business</td>
<td>Manufacturing, sale, and maintenance of equipment</td>
</tr>
<tr>
<td>Rating</td>
<td>“A” maintained as of October 2017 (Publicized by Rating and Investment Information, Inc.)</td>
</tr>
</tbody>
</table>

### [Consolidated Net Sales]

<table>
<thead>
<tr>
<th>Year</th>
<th>Overseas</th>
<th>Japan</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
<td>102,324</td>
<td>102,324</td>
<td></td>
</tr>
<tr>
<td>FY2017</td>
<td>124,883</td>
<td>124,883</td>
<td></td>
</tr>
<tr>
<td>FY2018</td>
<td>135,000</td>
<td>135,000</td>
<td></td>
</tr>
</tbody>
</table>

#### <IFRS>

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>FY2016</th>
<th>FY2017 Plan</th>
<th>FY2017</th>
<th>FY2018 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Million yen</td>
<td>102,324</td>
<td>120,000</td>
<td>124,883</td>
<td>135,000</td>
</tr>
<tr>
<td>Operating profit</td>
<td>Million yen</td>
<td>12,401</td>
<td>14,000</td>
<td>13,868</td>
<td>14,800</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>Million yen</td>
<td>12,898</td>
<td>14,300</td>
<td>14,183</td>
<td>15,000</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>Million yen</td>
<td>9,012</td>
<td>9,700</td>
<td>10,363</td>
<td>10,700</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>Yen</td>
<td>80.08</td>
<td>86.19</td>
<td>92.09</td>
<td>95.08</td>
</tr>
</tbody>
</table>
2. FY2017 Summary Overview
## FY2017 Summary Overview

### Result

<table>
<thead>
<tr>
<th>&lt;IFRS&gt;</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>102,324</td>
<td>124,883</td>
<td>135,000</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>60,176</td>
<td>75,946</td>
<td>81,700</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>30,247</td>
<td>35,551</td>
<td>39,000</td>
</tr>
<tr>
<td>Other income</td>
<td>622</td>
<td>575</td>
<td>500</td>
</tr>
<tr>
<td>Other expenses</td>
<td>121</td>
<td>91</td>
<td>—</td>
</tr>
<tr>
<td>Operating profit</td>
<td>12,401</td>
<td>13,868</td>
<td>14,800</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>12,898</td>
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<tr>
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<td>9,012</td>
<td>10,363</td>
<td>10,700</td>
</tr>
</tbody>
</table>

[Unit: Million yen]

### Overview of financial summary

**Japan**
- Stable sales of boiler and tunnel washer
- Favorable sales of food equipment
- Small once-through boiler: Steady sales in steel and machine fields
- Marine business: Decrease in income due to decrease in medium/small shipbuilding, etc.
- Laundry business: Steady sales due to hotel linen demand increase

**Overseas**
- China’s largely-increased income due to environmental regulation tightened
- China: Increasing demand of replacement by gas-fired boiler
- ASEAN region, etc.: Favorable sales
- Korea and Americas: Steady sales
FY2017 Summary Overview

**Analysis**

- **Sales revenue**
  - Plan: 1,200
  - Result: 1,248
  - Unit: 100 million yen

- **Pretax profit**
  - Income increase effect:
    - Bonus, R&D expenses, etc.: 143
    - China: 11
      - Increase: 9
    - Other (exchange, etc.): 141
      - Increase: 2

- **China**
  - Increase: 7

- **Marine**
  - Increase: 4

**Marine Unit:**
- China: 100 million yen (increase: 7)
- Other: 143 (increase: 2)

**Other**
- Boiler, laundry, ASEAN, etc.: 59
- Bonus, R&D expenses, etc.: 11
- China: 143
- Other (exchange, etc.): 141
## FY2017 Summary Overview

### Domestic/overseas sales (IFRS)

*Unit: 100 million yen*

<table>
<thead>
<tr>
<th>Year</th>
<th>Overseas Sales</th>
<th>Japan Sales</th>
<th>Overseas Sales Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
<td>830</td>
<td>1,023</td>
<td>18.9%</td>
</tr>
<tr>
<td>FY2017</td>
<td>231</td>
<td>1,248</td>
<td>18.5%</td>
</tr>
<tr>
<td>FY2018(Plan)</td>
<td>285</td>
<td>1,350</td>
<td>21.1%</td>
</tr>
</tbody>
</table>

Bar chart showing sales growth and ratio for domestic and overseas sales from FY2016 to FY2018 (Plan).
2 FY2017 Summary Overview

Analysis of Japan domestic sales
Unit: 100 million yen

- Water treatment equipment & chemicals
- Marine equipment
- Food & Medical equipment
- Laundry equipment
- Others

FY2016: Green, FY2017: Orange, FY2018 (Plan): Blue

*Nine months only

FY2017 Summary Overview
(Special equipment, New business, Environmental business, group company)
2 FY2017 Summary Overview

Factor analysis of overseas sales increase

Unit: 100 million yen

Apart from currency exchange influence, overseas sale increasing actually

<table>
<thead>
<tr>
<th>Currency</th>
<th>Average exchange rate</th>
<th>FY2016</th>
<th>FY2017</th>
<th>Increase rate</th>
<th>FY2018 plan</th>
<th>Increase rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>108.34</td>
<td>110.85</td>
<td>2.3%</td>
<td>105.00</td>
<td>−5.3%</td>
<td></td>
</tr>
<tr>
<td>CAD</td>
<td>82.50</td>
<td>86.43</td>
<td>4.8%</td>
<td>82.00</td>
<td>−5.1%</td>
<td></td>
</tr>
<tr>
<td>CNY</td>
<td>16.10</td>
<td>16.74</td>
<td>4.0%</td>
<td>16.40</td>
<td>−2.0%</td>
<td></td>
</tr>
<tr>
<td>KRW (100 W)</td>
<td>9.45</td>
<td>10.00</td>
<td>5.8%</td>
<td>9.60</td>
<td>−4.0%</td>
<td></td>
</tr>
<tr>
<td>IDR (100 Rp)</td>
<td>0.82</td>
<td>0.83</td>
<td>1.0%</td>
<td>0.80</td>
<td>−3.6%</td>
<td></td>
</tr>
<tr>
<td>NTD</td>
<td>3.42</td>
<td>3.70</td>
<td>8.2%</td>
<td>3.50</td>
<td>−5.4%</td>
<td></td>
</tr>
<tr>
<td>BRL</td>
<td>32.93</td>
<td>34.47</td>
<td>4.7%</td>
<td>32.00</td>
<td>−7.2%</td>
<td></td>
</tr>
<tr>
<td>THB</td>
<td>3.08</td>
<td>3.36</td>
<td>9.1%</td>
<td>3.20</td>
<td>−4.8%</td>
<td></td>
</tr>
</tbody>
</table>
2 FY2017 Summary Overview

<table>
<thead>
<tr>
<th>Overseas sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit: 100 million yen</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018(Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>37</td>
<td>44</td>
<td>45</td>
</tr>
<tr>
<td>Korea</td>
<td>65</td>
<td>69</td>
<td>70</td>
</tr>
<tr>
<td>China</td>
<td>67</td>
<td>83</td>
<td>130</td>
</tr>
<tr>
<td>ASEAN &amp; others</td>
<td>23</td>
<td>35</td>
<td>40</td>
</tr>
</tbody>
</table>

Unit: 100 million yen
FY2017 Summary Overview

Main overseas sales (in local currency)

### US
- FY2016: 2,717
- FY2017: 2,844
- FY2018 (Forecast): 3,047

### Korea
- FY2016: 688
- FY2017: 694
- FY2018 (Forecast): 729

### China
- FY2016: 416
- FY2017: 497
- FY2018 (Forecast): 792
## FY2017 Summary Overview

### Business investment

#### [Capital investment]

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unit:</strong> Million yen</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,618</td>
<td>3,090</td>
<td>5,250</td>
<td>5,949</td>
<td></td>
</tr>
</tbody>
</table>

#### [Depreciation and amortization]

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unit:</strong> Million yen</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,855</td>
<td>2,825</td>
<td>3,644</td>
<td>3,588</td>
<td></td>
</tr>
</tbody>
</table>

### Investment examples

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018 (Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• New HQ building</td>
<td>• Multipurpose factory</td>
<td>• New showroom opening</td>
</tr>
<tr>
<td>• Multipurpose factory</td>
<td>• New showroom construction</td>
<td>• Second factory in China</td>
</tr>
<tr>
<td>• Renovation for environment analysis</td>
<td>• Air conditioning facility renovation in</td>
<td></td>
</tr>
<tr>
<td>equipment factory</td>
<td>HQ building</td>
<td></td>
</tr>
</tbody>
</table>

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【USCG TA obtaining plan changed】
By March 2018
New schedule: Application by March 2019

【BWMS installation timing changed】
(In-service vessels)
During regular inspection from September 2019
2 year postponement

As of May 2017 revision
As of November 2017 revision

Sale plan revision of BWMS
Unit: 100 million yen

FY2016 FY2017 FY2018 FY2019 FY2020

FY2017 Summary Overview
Sale plan revision of BWMS

2 year postponement
3. Profit Share and Stock
### Profit Share and Stock

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

#### FY2017
- **Middle:** 11 yen
- **End:** 17 yen
- **Total:** 28 yen

#### FY2018
- **Middle:** 12 yen
- **End:** 17 yen
- **Total:** 29 yen - Forecast

#### Dividend per share

**【Reference】**

- As of March 31st, 2018
- Total issued shares (treasury stock excluded): 112,546,472 shares
- Treasury stock: 12,744,640 shares
4. Mid-Term Management Plan for 2018
### Mid-term management planning

**Ideal business model three years ahead**

**Business environment change**

**Plan for next FY**

**Mid-term management plan for coming years**

**Annual correction in response to economic fluctuations**

### Rolling plan

To respond to business environment change, MIURA updates its three-year mid-term management plan every year.

<table>
<thead>
<tr>
<th>Mid-term management plan</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-term management plan 2016</td>
<td>2016–2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid-term management plan 2017</td>
<td></td>
<td>2017–2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid-term management plan 2018</td>
<td></td>
<td></td>
<td>2018–2020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Mid-Term Management Plan for 2018

### Summary

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018 Plan</th>
<th>FY2019 Plan</th>
<th>FY2020 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1,248</td>
<td>1,350</td>
<td>1,480</td>
<td>1,600</td>
</tr>
<tr>
<td>Operating profit</td>
<td>138</td>
<td>148</td>
<td>165</td>
<td>180</td>
</tr>
<tr>
<td>Operating profit rate</td>
<td>11.1%</td>
<td>11.0%</td>
<td>11.1%</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

Unit: 100 million yen

**Graph:**
- **X-axis:** Years (2017, 2018, 2019, 2020)
- **Y-axis:** Net sales in 100 million yen
- **Legend:**
  - **Overseas**
  - **Japan**
  - **Overseas ratio**

- **2017:**
  - Overseas: 231
  - Japan: 1,017
  - Overseas ratio: 18.5%
- **2018 (Plan):**
  - Overseas: 285
  - Japan: 1,065
  - Overseas ratio: 21.1%
- **2019 (Plan):**
  - Overseas: 355
  - Japan: 1,125
  - Overseas ratio: 24.0%
- **2020 (Plan):**
  - Overseas: 425
  - Japan: 1,175
  - Overseas ratio: 26.6%
## Mid-Term Management Plan for 2018

### By business category

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018Plan</th>
<th>FY2019Plan</th>
<th>FY2020Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boiler</td>
<td>588</td>
<td>594</td>
<td>600</td>
<td>608</td>
</tr>
<tr>
<td>Water treatment equipment</td>
<td>29</td>
<td>35</td>
<td>37</td>
<td>39</td>
</tr>
<tr>
<td>Marine equipment</td>
<td>86</td>
<td>90</td>
<td>108</td>
<td>120</td>
</tr>
<tr>
<td>Food &amp; Medical equipment</td>
<td>104</td>
<td>106</td>
<td>117</td>
<td>124</td>
</tr>
<tr>
<td>Laundry equipment</td>
<td>139</td>
<td>170</td>
<td>185</td>
<td>195</td>
</tr>
<tr>
<td>Others (Special equipment, New business, Environmental business)</td>
<td>71</td>
<td>70</td>
<td>79</td>
<td>89</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>1,017</td>
<td>1,065</td>
<td>1,125</td>
<td>1,175</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Americas (US, Canada, Brazil)</td>
<td>44</td>
<td>45</td>
<td>53</td>
<td>59</td>
</tr>
<tr>
<td>Korea</td>
<td>69</td>
<td>70</td>
<td>72</td>
<td>75</td>
</tr>
<tr>
<td>China</td>
<td>83</td>
<td>130</td>
<td>180</td>
<td>230</td>
</tr>
<tr>
<td>ASEAN &amp; others</td>
<td>35</td>
<td>40</td>
<td>50</td>
<td>61</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>231</td>
<td>285</td>
<td>355</td>
<td>425</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,248</td>
<td>1,350</td>
<td>1,480</td>
<td>1,600</td>
</tr>
</tbody>
</table>

Unit: 100 million yen
Mid-Term Management Plan for 2018

Comparison with figure released in FY2017

<table>
<thead>
<tr>
<th>Year of release</th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overseas sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Laundry business addition

Continuous growth maintained

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Release Nov.2017</td>
<td>1,200</td>
<td>1,248</td>
<td>1,350</td>
<td>1,480</td>
</tr>
<tr>
<td>Overseas sales</td>
<td>980</td>
<td>1,017</td>
<td>1,065</td>
<td>1,175</td>
</tr>
<tr>
<td>Japan sales</td>
<td>220</td>
<td>231</td>
<td>275</td>
<td>425</td>
</tr>
<tr>
<td>Operating profit</td>
<td>140</td>
<td>138</td>
<td>130</td>
<td>180</td>
</tr>
</tbody>
</table>

Unit: 100 million yen

Comparison with figure released in FY2017

FY2017

FY2018(Plan)

FY2019(Plan)

FY2020(Plan)
5. Laundry Business
INAX Inamoto’s future

Leading company of commercial cleaning equipment

We will contribute to creating a society that is environmentally friendly and ways of living that are clean and comfortable through our work in the field of the Energy, Water, and Environment.
5 Laundry Business

Typical customers

**Dry cleaning**
Laundry cleaning of ordinary households

- Suit
- Shirt
- Skirt
- Dress

**Hotel linens-supply**
Rental & cleaning

- Sheets
- Towel
- Pillowcase
- Yukata

**Hospital bedding**
Rental & cleaning

- Blanket
- Wiping cloth
- Patient's garment
- Mattress

**Diaper or wet towel rental**
Rental & cleaning

- Wet towel
- Diaper

**Dust control**
Rental & cleaning

- Mop
- Door mat
- Roll towel
- Workshop rag

**In-house equipment**
Facility-dedicated washing equipment

- Welfare facility
- Bath facility
- Workwear
- Brewery
- Medical institution

**Coin-operated laundry**
Washer/dryer

- Coin-operated laundry store

**Textile processing**
Dyeing, stonewashing, etc.

- Jeans
- Socks
- Stockings

**Uniforms**
Rental & cleaning

- Surgical/nursing gown
- Car manufacturing factory
- Semiconductor factory
- Food factory
- Restaurant
- Convenience store

**Others**
Rental & cleaning of textile products, building materials, etc.

- Railroad/airline company
- Taxi company
- Building material company
- Livestock company
- Sugar manufacturer
Laundry Business

Domestic market share of commercial cleaning equipment
*As of March 2018

- Asahi Seisakusho Approx. 20%
- INAX Inamoto Approx. 50%
- Tokyo Sensen Kikai Seisakusho Approx. 30%

- The largest manufacturer of commercial cleaning equipment
- Domestic top share (50%) of large commercial washer and its related equipment
- Appealing products
- Solutions-oriented sales
- Japan’s largest maintenance system in the industry

“Engineering” and “Maintenance” for large-scale linens-supply factories and cleaning factories
5 Laundry Business

Difference between cleaning and linens-supply

**Cleaning**  
Washes goods in terms of general cleaning

**Linens-supply**  
Provides rental linen items and washes them after use  
**Combined service of rental & cleaning**

<Advantages>
1. The fund for linens procurement is not required.
2. Inventory management is not required.
3. Reduction of labor costs and stock spaces
4. Massive washing & hygienic finishing
# Laundry Business

## Main demand of linens-supply

<table>
<thead>
<tr>
<th>Business category</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel linens</td>
<td>Rental of hotel bedding, towels, etc.</td>
</tr>
<tr>
<td>Hospital linens</td>
<td>Rental of hospital bedding, etc.</td>
</tr>
<tr>
<td>Dust control goods</td>
<td>Rental of cleaning mop, floor cloth, door mat, etc.</td>
</tr>
</tbody>
</table>
Laundry Business

| Linens-supply factory | Video Approx. 5 min. |
Typical linens-supply factory and main products

**Clean zone**
- **Finishing/inspection**
- **Drying**
- **Roll ironer**
  - Energy saving operation software installed (steam consumption reduced by 24% max. compared with our earlier model)
- **Large dryer**
  - Short time drying with horizontal opposed heated air flow system (Patented)

**Gray zone**
- **Washing**
- **Extraction**
  - Ultra-high pressure extraction largely saves drying costs.
- **Tunnel washer**
  - Flexible compartment according to the volume of laundry
- **Extractor**

**Dirty zone**
- **Sorting**
- **Receipt**
  - Collecting linens from hotels, hospitals, etc.

**Assembling zone**
- **Shipping preparation**
- **Shipping Zone**
  - Loading onto delivery trucks and shipping
- **Delivery**
- **Rewashing or replacement of items**
- **Finishing and automatic folding**

**Linen factory**
Main product: Tunnel washer

Massive washer at a linens-supply factory

Size comparison

Tunnel washer

Total length: 17.8 m

Yamanote line train

Total length: 20.0 m

<Features>

① Hygienic thanks to use of high-temperature cleaning in washing process

② Washing up to 60 kg of clothing per batch for 2 to 3 minutes continuously

③ Water saving thanks to rinse water recycling

④ Compact design
Solution for challenging problem in linens-supply factory

Problem in linens-supply factory

- Washing machines are too large for factory spaces.
- Wet laundry items such as sheets are too heavy to handle.
- Much laundry needs considerable labor and time.
- Washing method differs according to the category of business (e.g. Food industry, manufacturing industry, medical industry, etc.)

INAX Inamoto’s specialty
"Engineering" totally solves problems!

Energy saving
Labor saving
Automating

Suggestion regarding new establishment/renovation of factory, manufacture, installation, and operation regarding equipment, as well as after-sales follow-ups
Engineering improves productivity!

Linens-supply factory

Flow of goods

Sorting & Inspection

Shipping preparation

Sorting

Washing & Extraction

Drying

Boiler room

Equipment and systems optimal for limited spaces

Efficiency improvement of labor and workflow enables massive processing in a short time.

Productivity increase & energy saving by fuel cost cut
5 Laundry Business

Meticulous follow-ups  *As of March
Our 24 customer service centers respond to you 24/7.

☆ INAX Inamoto: 18 locations
● MIURA: 100 locations

Maintenance offices  10 locations

*Separate 8 sales offices (including the Head office in Tokyo)
*Hakusan factory and Hakusan technical center in Ishikawa pref. are not included above.
The cabinet of the Japanese government approved the “Tourism Nation Promotion Basic Plan” to boost inbound tourism consumption.

<table>
<thead>
<tr>
<th>Item</th>
<th>Target from 2017 to 2020</th>
<th>2015 result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japanese domestic travel expenditure</td>
<td>21 trillion yen</td>
<td>20.4 trillion yen</td>
</tr>
<tr>
<td>Number of international visitors</td>
<td>40 million</td>
<td>19.74 million</td>
</tr>
<tr>
<td>Travel expenditure of international visitors</td>
<td>8 trillion yen</td>
<td>3.5 trillion yen</td>
</tr>
<tr>
<td>Number of repeaters out of international visitors</td>
<td>24 million</td>
<td>11.59 million</td>
</tr>
<tr>
<td>Number of total guests out of international visitors in rural areas</td>
<td>70 million person-nights</td>
<td>25.14 million person-nights</td>
</tr>
</tbody>
</table>

Source: Internet site of the Japan Tourism Agency of the Ministry of Land, Infrastructure, Transport and Tourism
### Overseas prosperity in the future

#### Demand for commercial cleaning equipment

- **Japan**
  - 2010: 164
  - 2013: 171
  - 2016 (Forecast): 177
  - 2019 (Forecast): 192
  - 2022 (Forecast): 206

- **China**
  - 2010: 404
  - 2013: 458
  - 2016 (Forecast): 517
  - 2019 (Forecast): 409
  - 2022 (Forecast): 488

- **Others**
  - 2010: 280
  - 2013: 321
  - 2016 (Forecast): 350
  - 2019 (Forecast): 409
  - 2022 (Forecast): 741

*Unit: 100 million yen*

**Note 1:** Global Industry Analysts’ estimate

**Note 2:** Displayed in yen. 1 USD = 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.)

*Australia, India, Indonesia, Korea, Malaysia, New Zealand, Philippines, Singapore, and Thailand*
6. MIURA’s New Showroom
MIURA’s New Showroom

"Total solutions" for customers all over the world

Construction started: March 2017
Completion: May 2018
Total construction costs: Approx. 2.2 billion yen

Building area
Show room building: Approx. 400 m²
West unit: Approx. 1,200 m²
Architectural area
Show room building: Approx. 770 m²
West unit: Approx. 4,600 m²

- Equipment exhibition
- Introduction of our history and founder Tamotsu Miura
- Theater room, etc.

- Boiler demonstration room
- Soft water experience
- CSR initiatives, etc.
Total solutions

Production equipment

Medical equipment

Laundry equipment

Wasted hot water

Steam

Boiler

Unused heat

Food equipment

Marine equipment

Effective energy utilization equipment

Water treatment equipment

Utility equipment

Boiler feed water heating unit

Air compressor

Closed condensate recovery system

Water for boiler, etc.

Special boiler

Marine boiler
7. Reference
History

1959: Incorporation. Full scale production of the Z boiler began.
1972: Development of high efficiency boiler. ZMP Contract started.
1977: Commercialization of the MI (Multiple Installation) system.
1978: Diversified business started.
1984: Listed shares on the 2nd Section of the Tokyo Stock Exchange.
1986: Patent received for the MI system.
1977: Commercialization of the MI (Multiple Installation) system.
1986: Patent received for the MI system.
1991: Development of low NOx boiler.
2004: Listed shares on the 1st Sections of the Tokyo and Osaka Stock Exchange.
2009: Sale of SQ-2500ZS, the world’s first gas-fired boiler with an NOx value of 25 ppm begun.
2017: Acquisition of a laundry business company.

FY 2018 sales target: 135 billion yen!

Initial period of boiler business
Growth period of boiler business
Initial period of diversified business
Initial period of the Best Partner Strategy
Rearing period of globalization
Growth period of total solution and globalization

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Types of boilers — Same capacity

Once-through boiler

Water tube boiler

Fire tube boiler
## Merit of Once-through Boiler

<table>
<thead>
<tr>
<th>Human activities</th>
<th>MI system (Multiple installation)</th>
<th>Large boiler</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Daytime: High load</strong></td>
<td><img src="image1" alt="Once-through boilers" /></td>
<td><img src="image2" alt="Fire tube boiler" /></td>
</tr>
<tr>
<td><img src="image3" alt="Human activities" /></td>
<td>Only required number of boiler in operation</td>
<td>Operation regardless of load</td>
</tr>
<tr>
<td><strong>Night time: Low load</strong></td>
<td><img src="image4" alt="Higher efficiency" /></td>
<td><img src="image5" alt="Poor efficiency" /></td>
</tr>
</tbody>
</table>

*Higher efficiency* × *Poor efficiency*
MIURA MI (Multiple Installation) System

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

- One large capacity boiler
- Small capacity boilers in MI system

Why is MI system efficient?

- 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 MI system patented

MI 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 NOx.
What is ZMP Contract?

**Period**
- Update every 3 years
- 5 terms (15 years)

**Contents**

- 3 time inspections per year
  - Free replacement
- Remedy for sudden troubles
  - Free replacement parts
- Anomaly perception
- Trouble factor check in advance
- Water analysis
- Online maintenance

- Customers' safety & relief
- Early recovery
Online Maintenance

Maintaining high profitability with “IoT” for 29 years

Monitoring

Troubleshooting via Telephone (Data collection/analysis)

User

Visit

Remote monitoring

Trouble factor grasped

Preparation in advance

Early recovery

Much more effective, easier maintenance work

Approx. 60,000 units under contract
*Including equipment other than boiler (As of April 2018)
Boiler Lifespan and MIURA Business Model

Assuming a boiler has a lifespan of 15 years,

- High quality product + Reliable maintenance
- No effect of economic fluctuations
- Good relationship with customer
- Additional sales of MIURA products other than boiler
- Continuous cash flow
- Securing repeat customers

Not only the product sales, but maintenance & consumables sales

<table>
<thead>
<tr>
<th>Sales result</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
<th>・・・</th>
<th>15th</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
# Reference

## Maintenance Brings Profits

<table>
<thead>
<tr>
<th>Sales ratio</th>
<th>Product sales</th>
<th>Maintenance</th>
<th>Laundry</th>
</tr>
</thead>
<tbody>
<tr>
<td>61.1%</td>
<td></td>
<td>27.8%</td>
<td>11.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profit ratio</th>
<th>Product sales</th>
<th>Maintenance</th>
<th>Laundry</th>
</tr>
</thead>
<tbody>
<tr>
<td>40.6%</td>
<td></td>
<td>59.0%</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

*The whole MIURA group as of March, 2018

### MIURA Maintenance Network

- **Offices**: Approx. 100 offices
- **Service Engineers**: Approx. 1,100 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. **Deployment of our Japanese business model**
   - 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**

- Water tube boiler: 17%
- Fire tube boiler: 9%
- Once-through boiler: 74%

Total amount of steam output of the market:
Approx. 200K t/h
(*) Estimated value

**Domestic once-through boiler market**

- Once-through boiler: 9%
- MIURA: Share No.1 57%

Total amount of steam output:
Approx. 150K t/h
(*) Estimated value

**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?

Maximize efficiency in Boiler

Improve energy efficiency throughout the factory

Other than Boilers
- Water treatment equipment
- Food processing equipment
- Medical equipment
- Laundry equipment

Marine equipment
- Marine boilers
- Ballast water management system

Unutilized heat Recovery equipment
Steam driven air compressor
Exhaust gas boiler

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Ehime Prefectural Central Hotel
~Preparation for Emergencies regarding BCP (Business continuity planning)~

- Fuel selectable boiler
- Steam sterilizer system
- Vacuum-boiling washer
- Filtration equipment
- Toughness against disaster
- Improved efficiency in cure & care
- Fully-equipped medical treatment

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Reference

Total solution in food factory

Vacuum cooler

Retort sterilizer

Ice storage water cooler

Cooling ➔ Sterilizing ➔ Water-cooling

Total solution for food processing equipment

Cooking ➔ Defrosting

Food

Hospital

School

Convenience store

Nursing home

Saturated steam cooker

Steam kettle

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

Environmental problems such as ecosystem destruction

The Ballast Water Management Convention (adopted in 2004)
→ Installation of ballast water treatment equipment is obliged

Obligatory since Sep. 2017

Newly built ships

Obligatory since Sep. 2019

Existing ships

Reference: document issued by the MLIT

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

3 to 4 billion ton seawater transferred per annum

Aquatic organisms

Water filled

No load

Ballast tank

Sailing

Full load

Water discharged

Port of unloading

Port of loading

Ecosystem destruction

Aquatic organisms

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Boiler market share

- **Japan**: 200,000 t/h (40%)
- **China**: 1,200,000 t/h (1.3%)
- **ASEAN**: 177,100 t/h (8%)
- **U.S.A.**: 430,000 t/h (2%)

*Based on total amount of steam output (Based on an in-house investigation, March 2018)*

Mainly Large, Low-efficiency boilers

80% of the market is coal-fired boilers which is rapidly switching over to natural gas.
MIURA's Network

**Russia**
Handles not only Russia domestic market but also exports to GOST countries.

**MIURA INDUSTRIES (CHINA) CO., LTD.**
Handles Chinese domestic market and exports to ASEAN.

**MIURA CANADA CO., LTD.**
Provides solutions for the North American market.

**MIURA BOILER BRAZIL LTD.**
Started manufacturing in March 2016.

**MIURA TURKEY HEATING SYSTEMS INDUSTRY CO., LTD.**
Looks toward the European and CIS country markets.

**MIURA BOILER MEXICO S.A. DE C.V.**
Provides solutions for the Mexican domestic market.

**MIURA SINGAPORE CO PTE.LTD.**
An ASEAN hub office

**MIURA BOILER THAILAND LTD.**
Handles Taiwan market and export to ASEAN.

**MIURA BOILER BRAZIL LTD.**
Started manufacturing in March 2016.

**MIURA TAIWAN CO., LTD.**
Handles Taiwan market and export to ASEAN.

**KOREA MIURA CO., LTD.**
Handles Korean domestic market and export to Russia and CIS countries.

**MIURA TAIWAN CO., LTD.**
Handles Taiwan market and export to ASEAN.

**KOREA MIURA CO., LTD.**
Handles Korean domestic market and export to Russia and CIS countries.

**KOREA MIURA CO., LTD.**
Handles Korean domestic market and export to Russia and CIS countries.

**MIURA NETHERLANDS B.V.**
Provides our services to ship owners in Europe.

**MIURA INDUSTRIES (THAILAND) CO., LTD.**
Provides solutions for the Thai domestic market.

**MIURA INDUSTRIES (CHINA) CO., LTD.**
Handles Chinese domestic market and exports to ASEAN.

**MIURA AMERICA CO., LTD.**
Handles North America market and exports to Central America.

**MIURA BOILER MEXICO S.A. DE C.V.**
Provides solutions for the Mexican domestic market.

**MIURA TAIWAN CO., LTD.**
Handles Taiwan market and export to ASEAN.

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The Best Partner of
Energy, Water and Environment

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