

Financial Summary and MIURA Growth Strategy



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MIURA CO.,LTD.

The Best Partner of
Energy, Water and Environment



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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

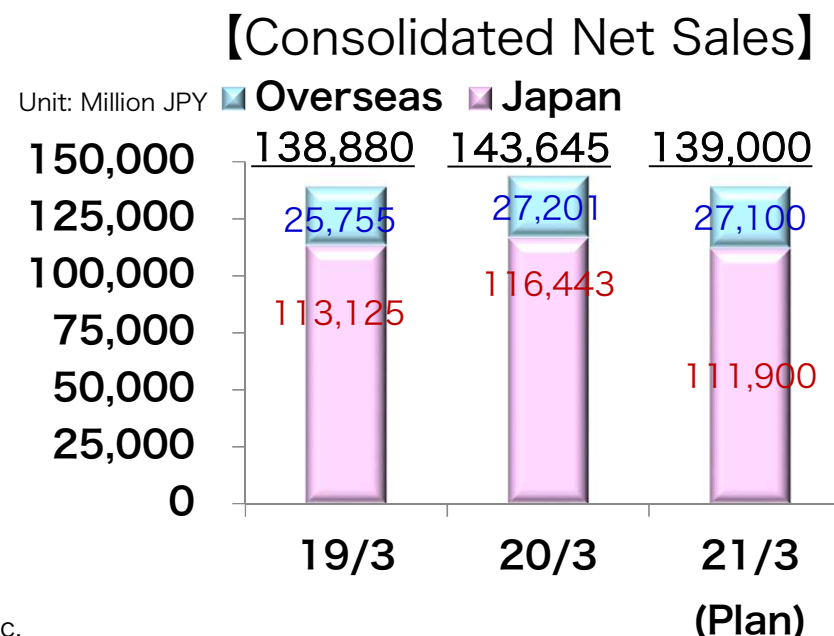
熱・水・環境のベストパートナー



1 Company Profile



Name MIURA CO.,LTD.
Location 7 Horie, Matsuyama, Ehime
Established May 1959
Group company Japan: 10 companies
 Overseas: 17 companies
 (including MIURA CO.,LTD.)
Employees Group total: 5,920
 1,720 employees overseas included (29%)
Business Manufacturing, sale, and maintenance of equipment
Rating “A” maintained as of December 2019
 Publicized by Rating and Investment Information, Inc.



<IFRS>	FY2018 Result	FY2019 Plan	FY2019 Result	FY2020 Plan
Revenue (Million JPY)	138,880	144,000	143,645	139,000
Operating profit (Million JPY)	16,682	17,500	18,540	15,000
Profit before income taxes (Million JPY)	17,130	17,800	18,756	15,300
Profit attributable to owners of parent (Million JPY)	12,280	12,800	13,746	11,000
Basic earnings per share (JPY)	109.10	113.71	122.01	97.63

2. FY2019 Summary Overview

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Results

[Unit: Million JPY]

<IFRS>	FY2018	FY2019	FY2020 (Plan)
Revenue	138,880	143,645	139,000
Cost of revenue	84,369	86,283	84,000
Selling, general, and administrative expenses	38,500	39,320	40,500
Other income	799	612	550
Other expenses	127	113	50
Operating profit	16,682	18,540	15,000
Profit before income taxes	17,130	18,756	15,300
Profit attributable to owners of parent	12,280	13,746	11,000

Overview

Japan

Boiler and marine business staying buoyant thanks to robust capital investment

Equipment sales Stable in renewing and maintaining existing facilities

Marine equipment Good performance overall including BWMS

Laundry business Weak performance due to new investment decrease

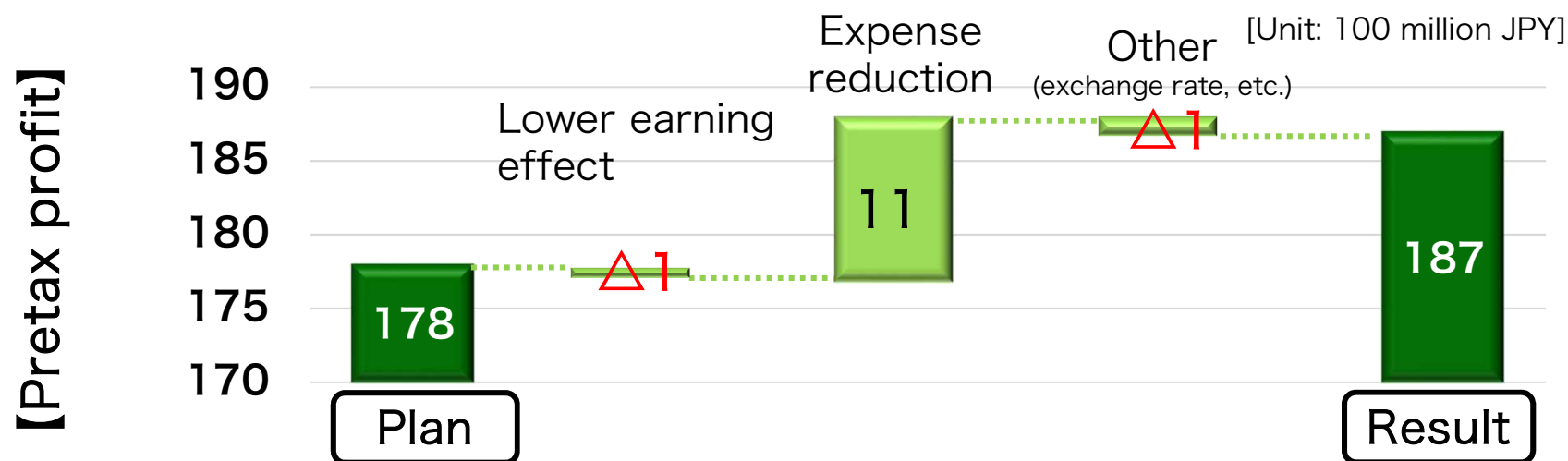
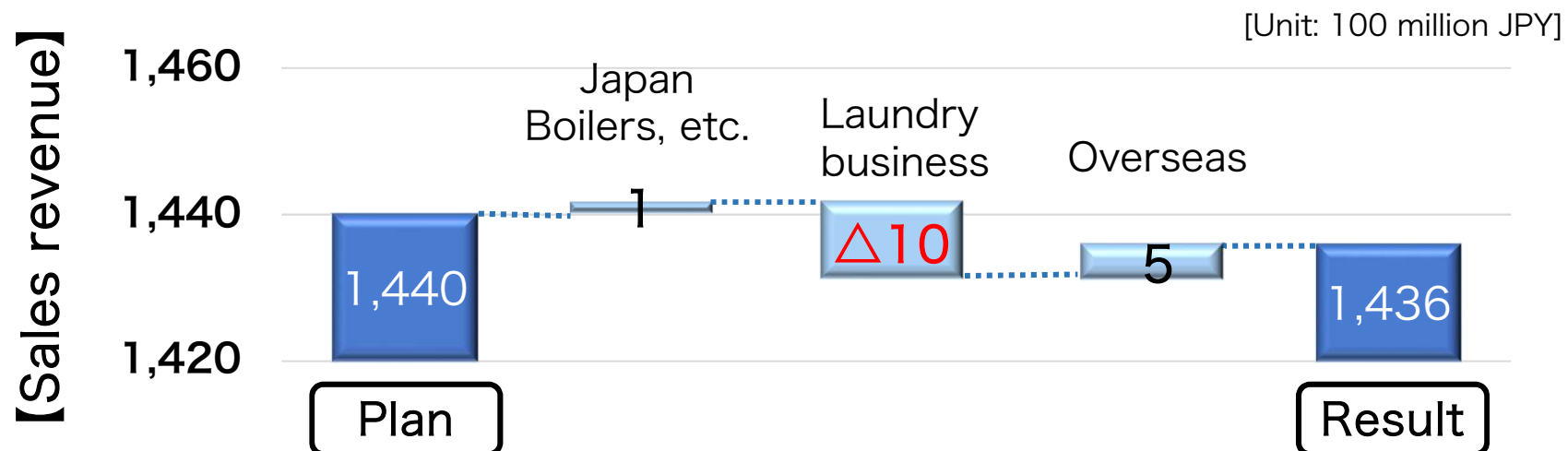
Overseas

Strong performance in Americas and Korea

Americas, Korea, Taiwan, and ASEAN Strong sales

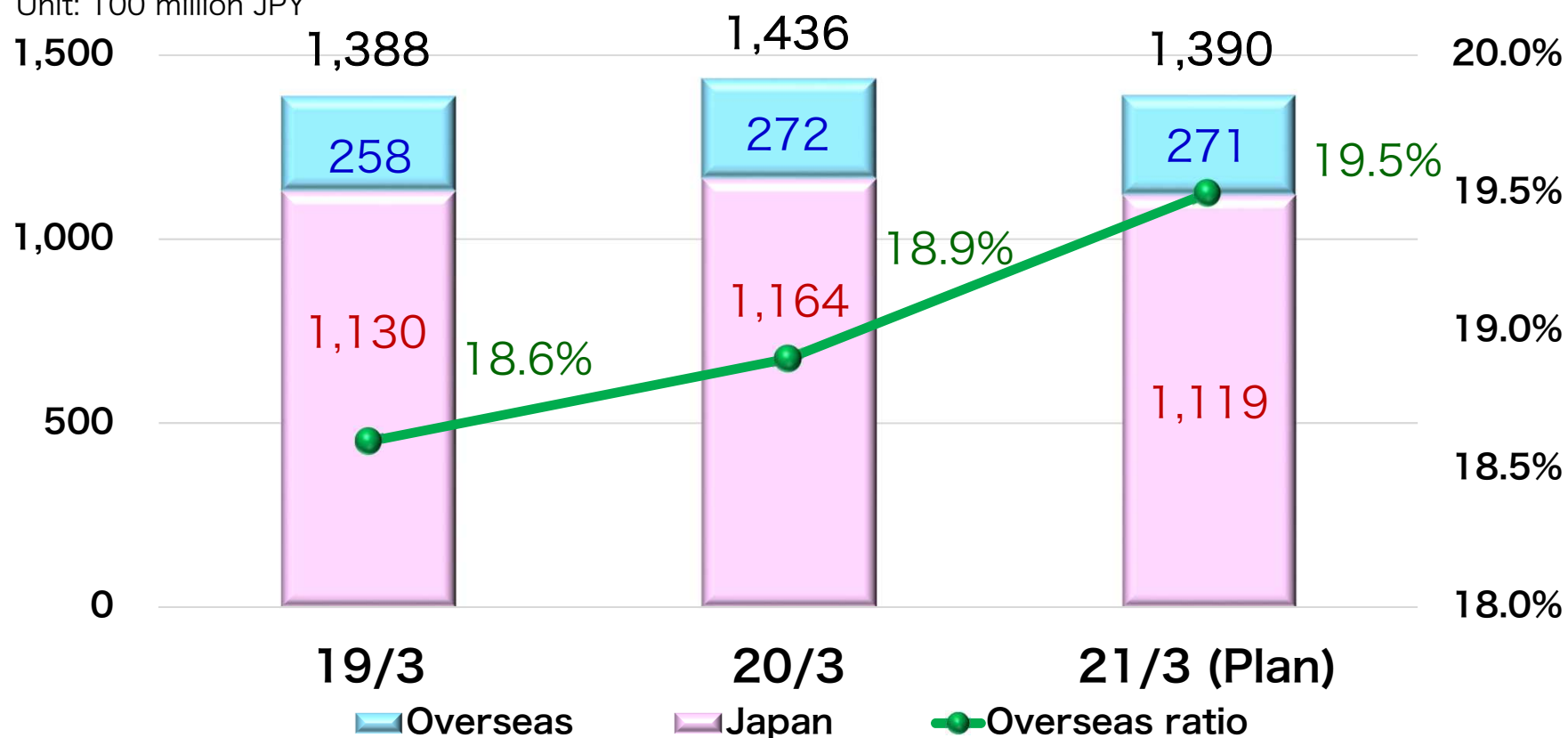
China Sluggish equipment sales but maintenance staying solid

Analysis



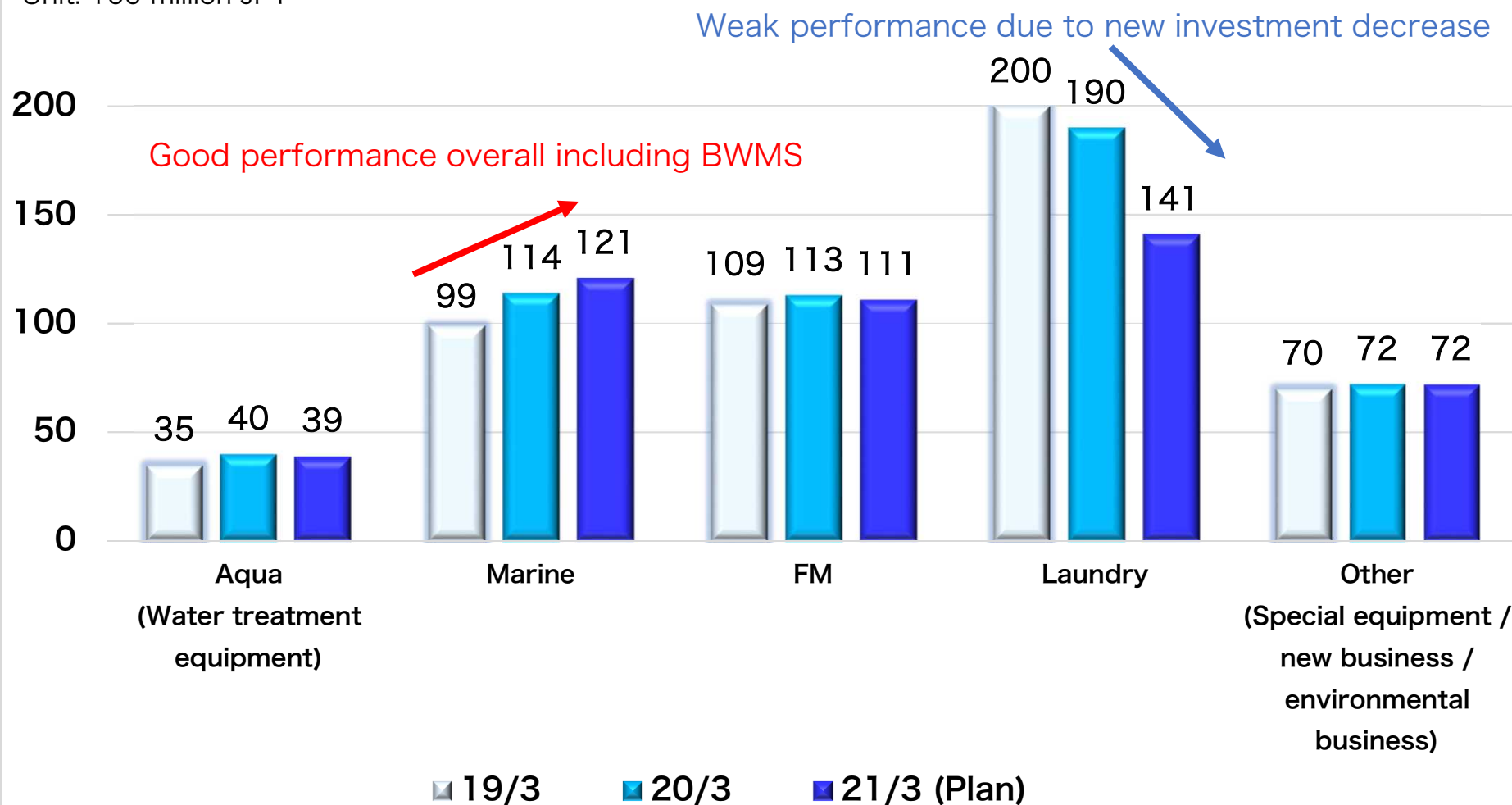
Domestic and Overseas Sales (IFRS)

Unit: 100 million JPY



Analysis of Japan Domestic Sales

Unit: 100 million JPY



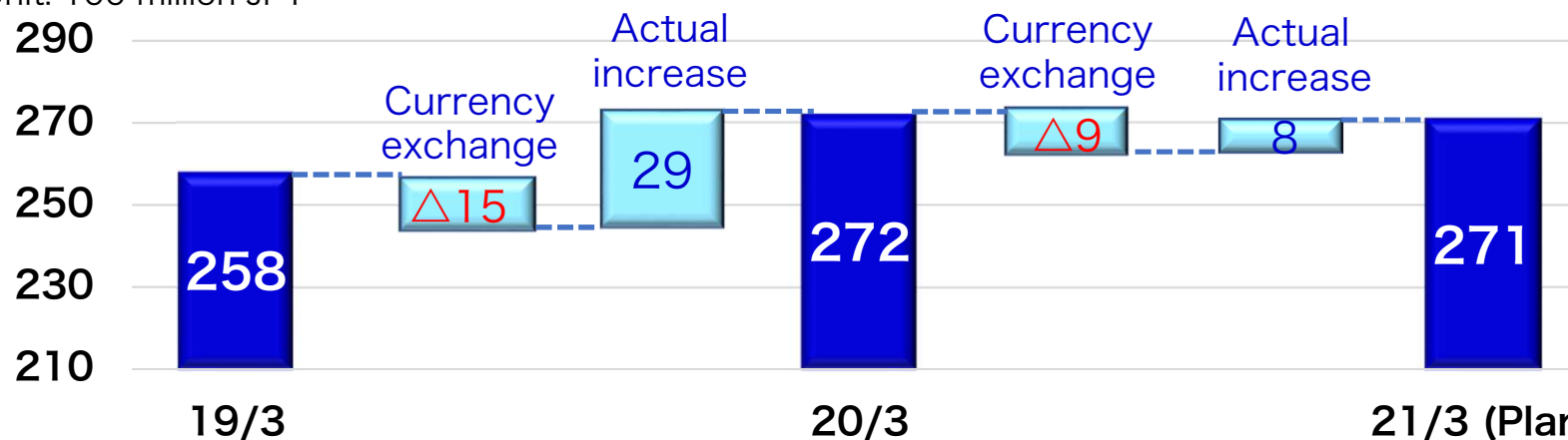
Analysis of Overseas Sales in Local Currency

Country	Unit	2018/3	2019/3	2020/3	± from the previous period
Canada	10 thousand CAD	1,014	940	1,067	↑
US	10 thousand USD	2,844	2,833	3,246	↑
Mexico	10 thousand MXN	-	8,503	12,432	↑
Brazil	10 thousand BRL	1,014	1,904	2,449	↑
Korea	100 million KRW	694	739	882	↑
Taiwan	Million TWD	333	512	578	↑
China	Million CNY	497	541	542	↑
Singapore	10 thousand SGD	784	791	800	↑
Indonesia	100 million IDR	1,044	1,290	1,434	↑
Turkey	10 thousand TRY	-	-	504	
Thailand	Million THB	154	199	212	↑

Analysis of Overseas Sales Increase

Income decrease due to
currency exchange
fluctuations forecasted

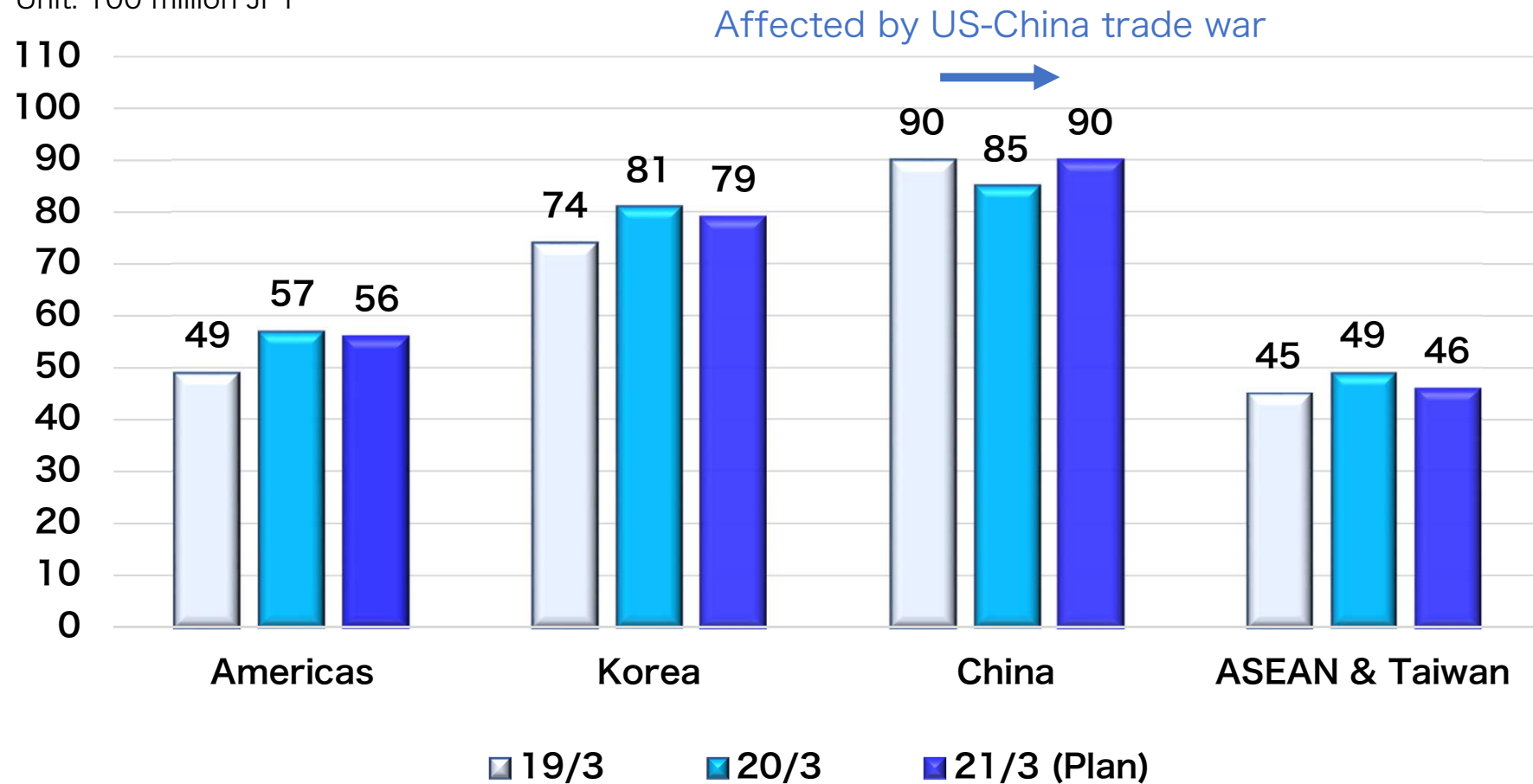
Unit: 100 million JPY



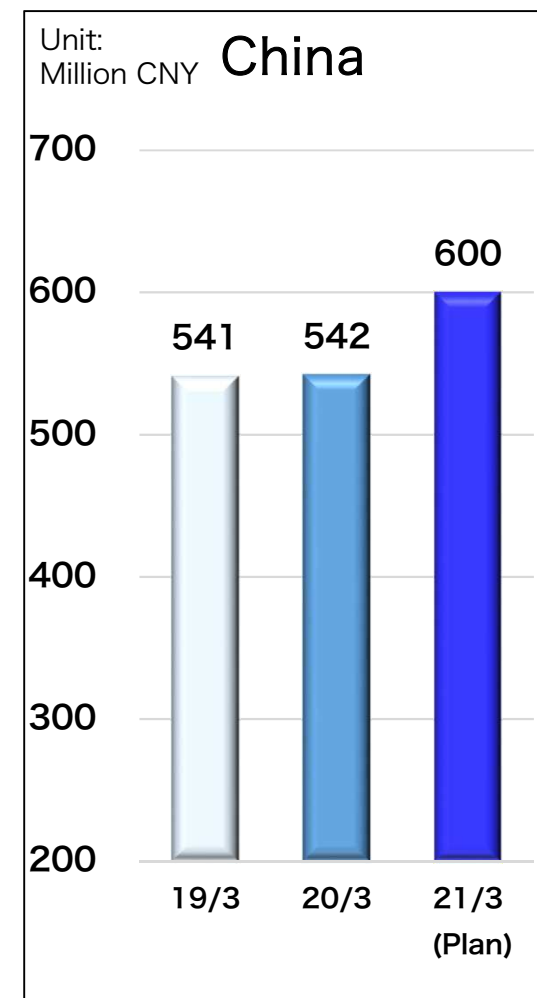
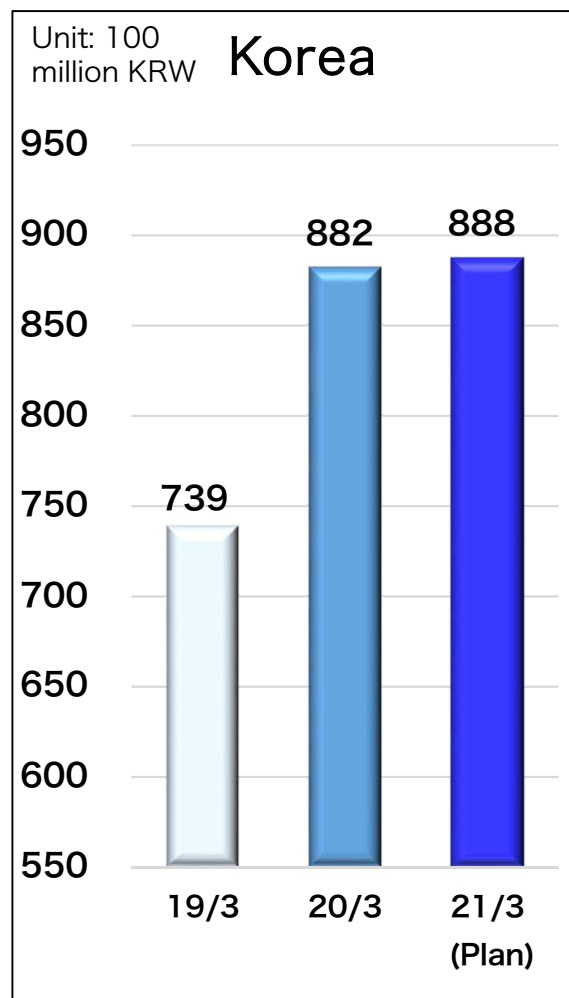
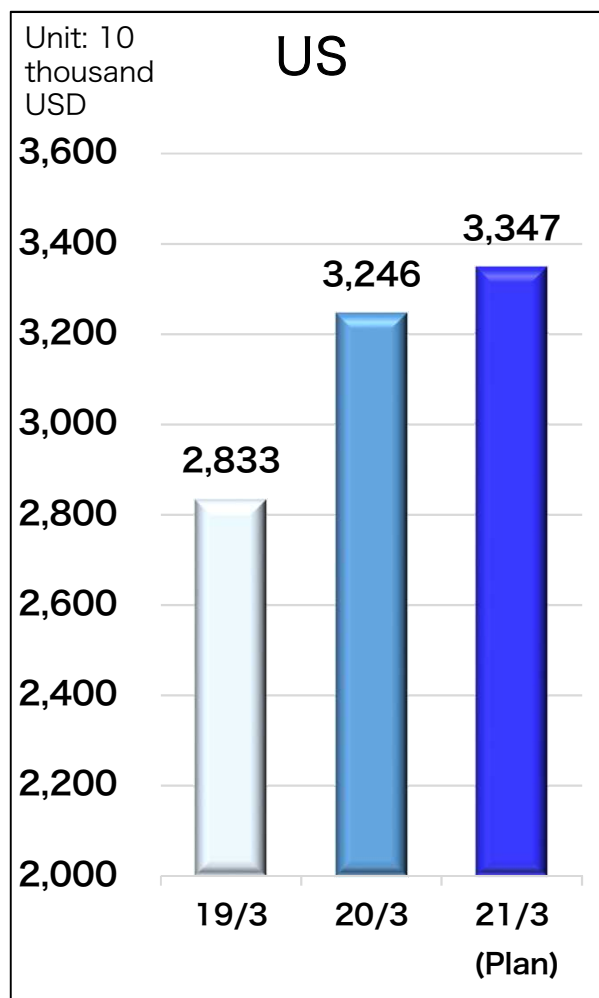
Average exchange rate	FY2018	FY2019	Increase rate	FY2020 Plan	Increase rate
USD	110.92	108.70	-2.0%	108.00	-0.6%
CAD	84.60	81.73	-3.4%	76.50	-6.4%
CNY	16.54	15.60	-5.7%	15.00	-3.8%
KRW (100 W)	9.98	9.21	-7.7%	8.90	-3.4%
IDR (100 Rp)	0.78	0.77	-1.3%	0.70	-9.1%
NTD	3.64	3.54	-2.7%	3.60	1.7%
BRL	29.37	26.52	-9.7%	21.00	-20.8%
THB	3.43	3.51	2.3%	3.30	-6.0%

Overseas Sales

Unit: 100 million JPY



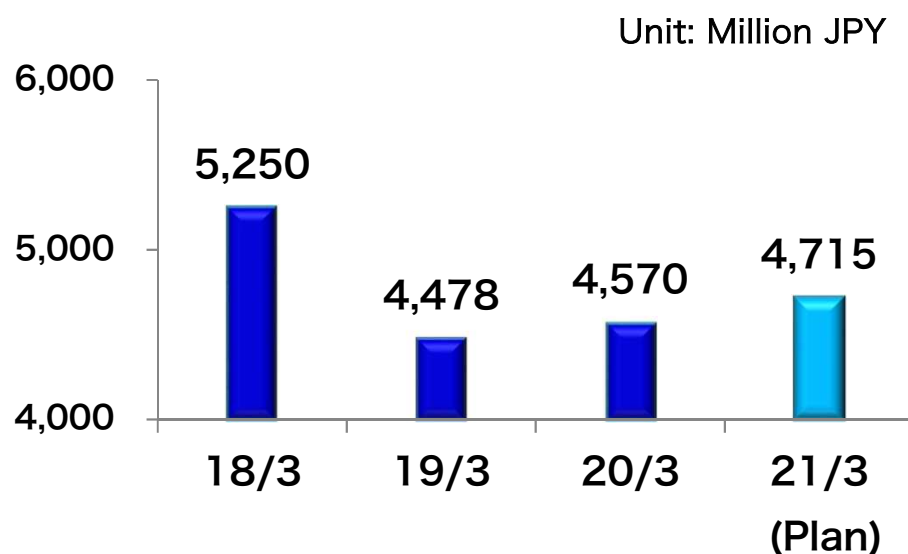
Analysis of Overseas Sales in Local Currency



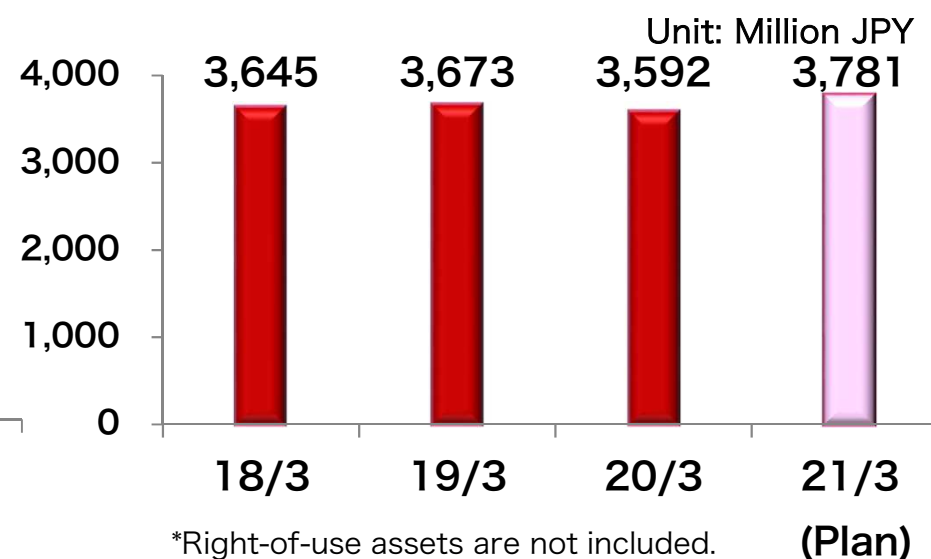
*Mexico became a consolidated company and its intercompany sale has not been included since FY2018.

Facility Investment

【Facility investment trend】



【Depreciation and amortization trend】

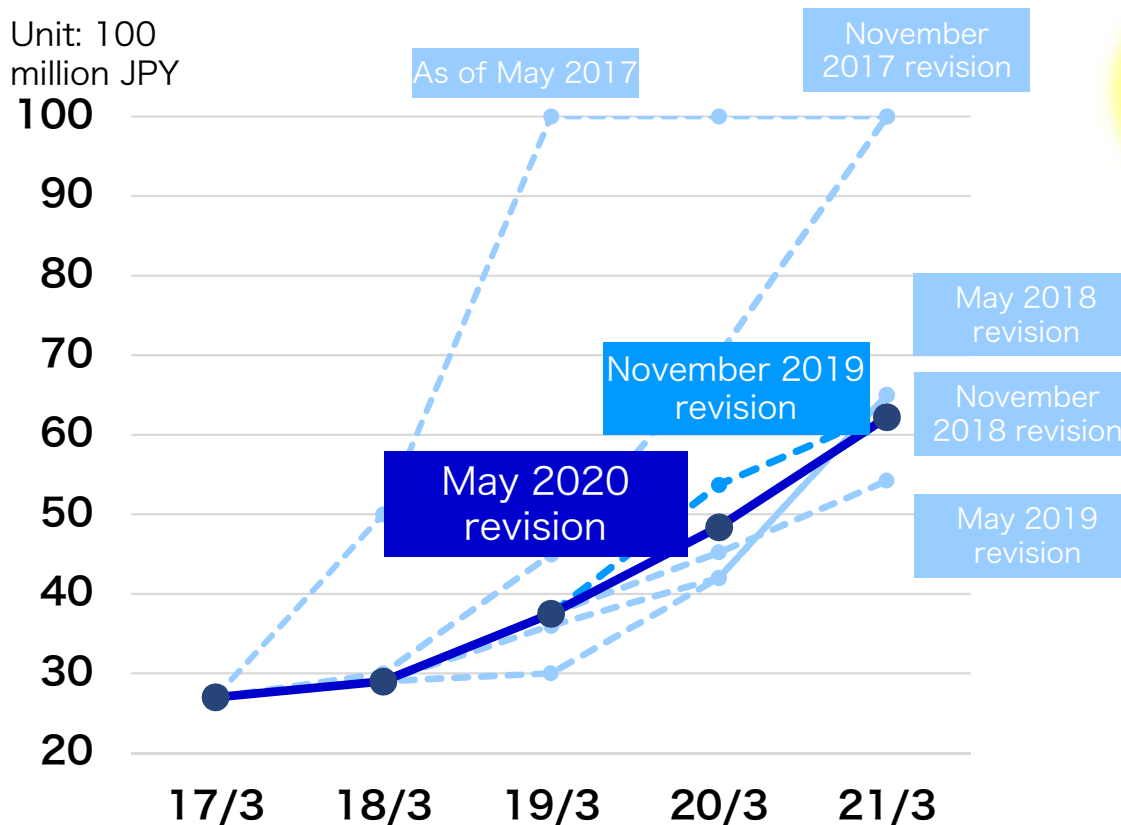


Our facility investment

FY2017	FY2018	FY2019	FY2020 (Plan)
Multipurpose factory	MIURA I LAND	Second factory in China	New construction of Shizuoka branch
MIURA I LAND	Second factory in China		
Air conditioning facility renovation in HQ building			

Sale Plan Revision of BWMS

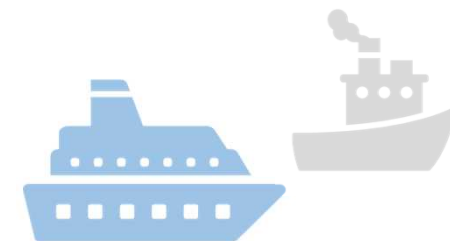
Unit: 100 million JPY



USCG TA obtained
October 2019

First manufacturer in Japan to obtain the type approval certificate for its system using the filtration method with UV treatment (by MIURA's own research)

Target sales number of units: 1,200 units in total (end of fiscal 2020)



3. Profit Share and Stock

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

FY2019

Middle 16 yen
 End 21 yen
 Total 37 yen

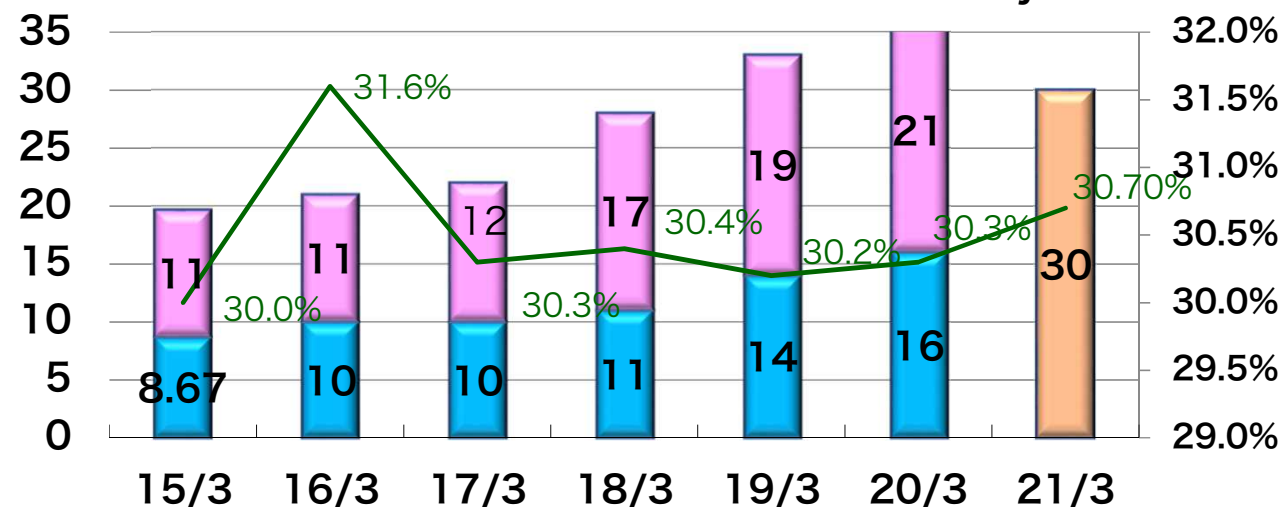
FY2020

Total 30 yen - Forecast

【Changes in dividend per share】

(JPY)

■ Middle ■ End — Payout ratio



【Reference】

Total number of issued shares
(excluding treasury shares)

112,696,195 shares

Treasury shares

12,594,917 shares

As of March 31, 2020

ROE	7.7	7.1	8.5	9.2	10.1	10.6 (Forecast)
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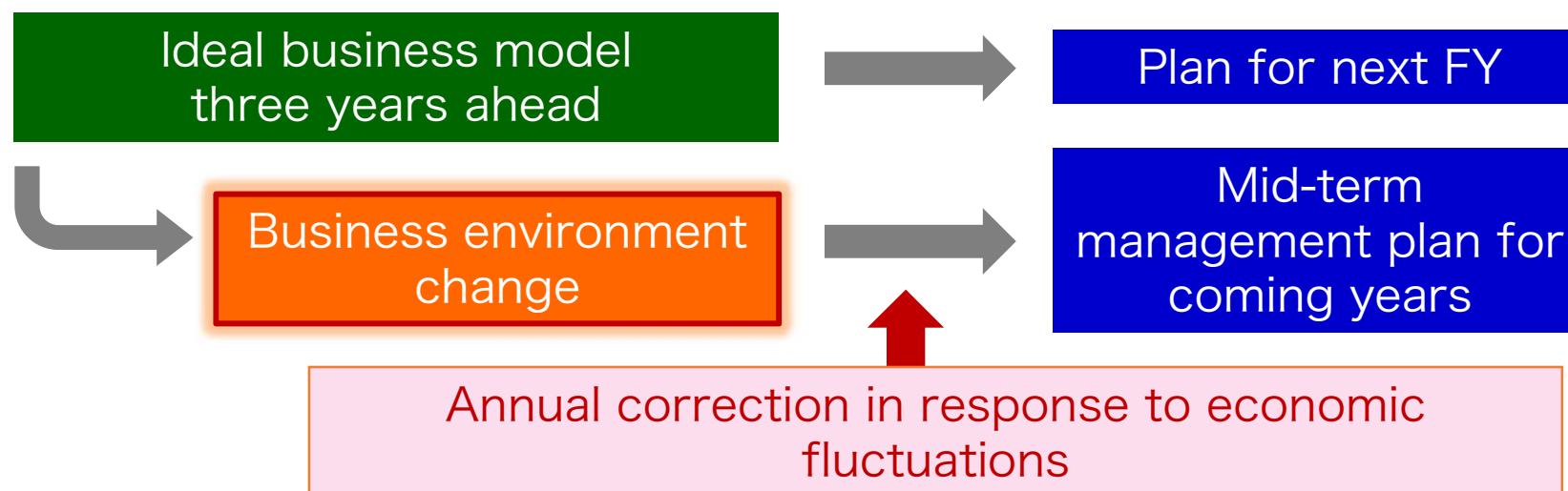
Management target:
ROE 10% or more

4. Mid-term Management Plan for FY2020

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Mid-term Management Planning



Rolling plan

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

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Mid-term management plan 2018	2018–2020				
Mid-term management plan 2019		2019–2021			
Mid-term Management Plan 2020			2020–2022		

4 Mid-term Management Plan for FY2020

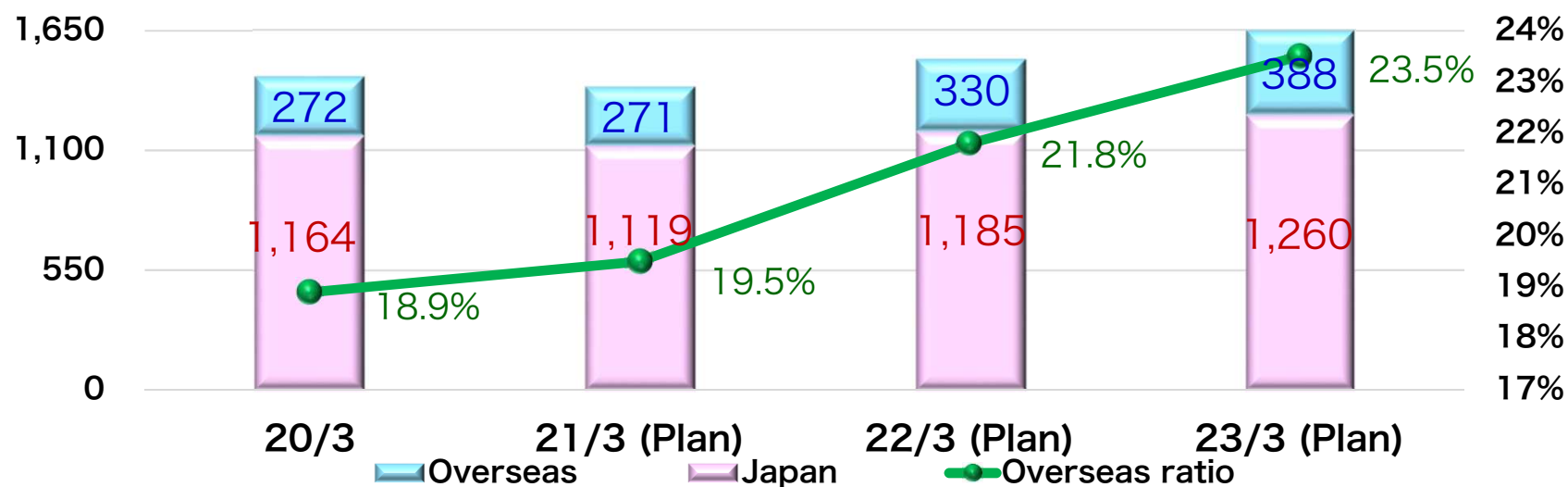


Summary

Unit: 100 million JPY

	FY2019 Result	FY2020 Plan	FY2021 Plan	FY2022 Plan
Sales revenue	1,436	1,390	1,515	1,648
Operating profit	185	150	183	204
Operating profit rate	12.9%	10.8%	12.1%	12.4%

Unit: 100 million JPY








By Business Category

Unit: 100 million JPY

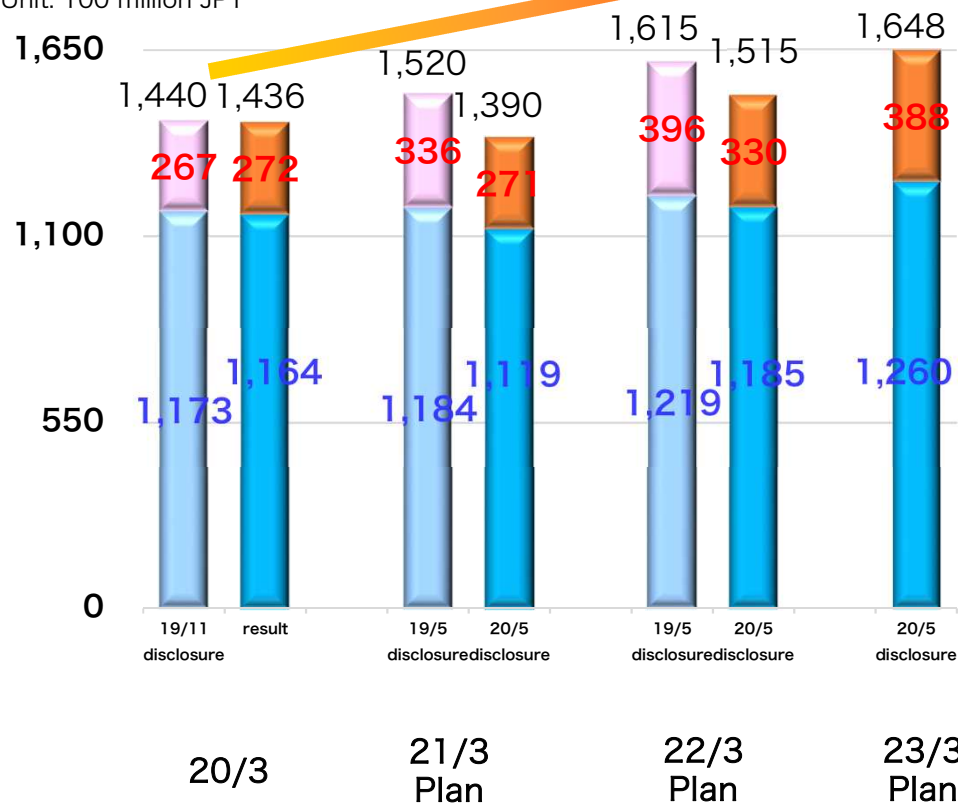
		FY2019 Result	FY2020 Plan	FY2021 Plan	FY2022 Plan
Japan	Boiler	635	635	666	682
	Aqua (Water treatment equipment)	40	39	42	47
	Marine equipment	114	121	126	138
	Food & Medical equipment	113	111	126	134
	Laundry equipment	190	141	148	178
	Others (Special equipment, New business, Environmental business, etc.)	72	72	78	82
	Subtotal	1,164	1,119	1,185	1,260
Overseas	Americas (US, Canada, Mexico, Brazil)	57	56	66	75
	Korea	81	79	80	87
	China	85	90	124	159
	ASEAN, etc.	49	46	59	67
	Subtotal	272	271	330	388
	Total	1,436	1,390	1,515	1,648

Japan: continuous growth maintained by offering total solutions
Overseas: affected by China issues

	Previous plan	Present plan
Overseas sales		
Japan sales		
Operating profit		

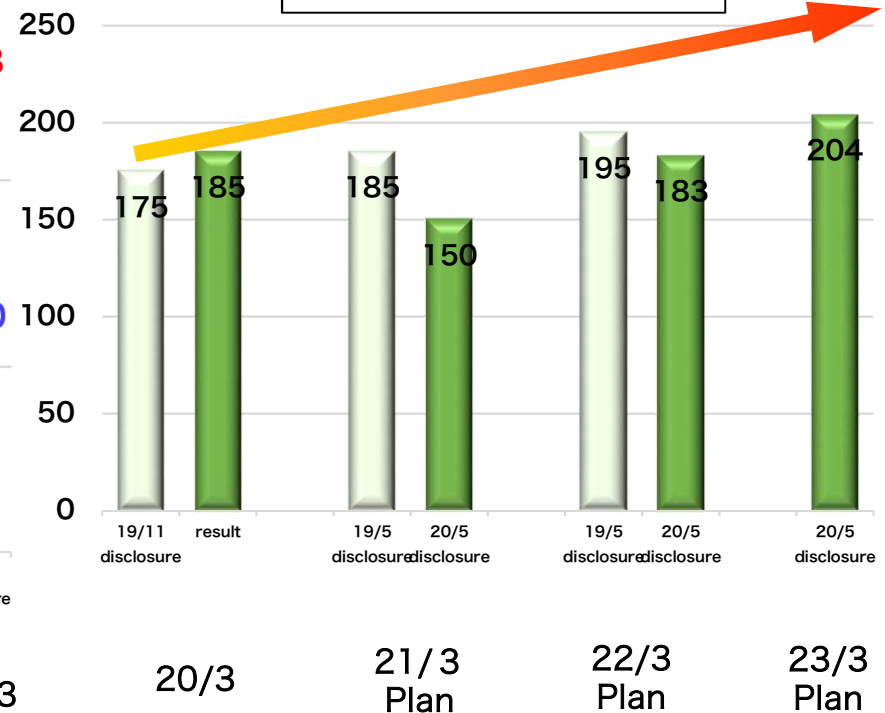
Net sales

Unit: 100 million JPY



Operating profit

Unit: 100 million JPY

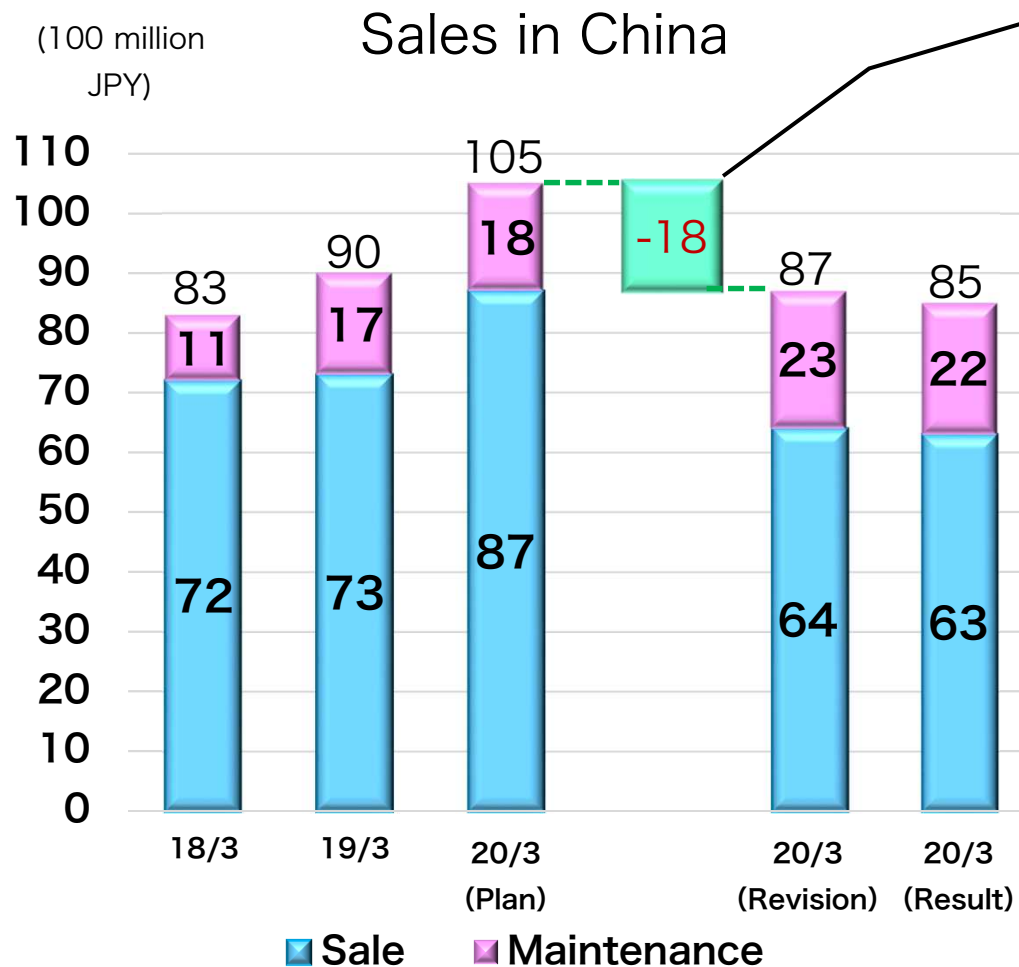


5. Current China and Future Strategy

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Sales Result of March 2020



November 5, 2019

The forecast about China at the end of this fiscal year was reduced by 1.8 billion yen and revised to 8.7 billion yen.

(No revision to the total sales of MIURA group)

Reasons for result fluctuation

① COVID-19

- Limited sales and maintenance activities
- Restrictions to transport

② US-China trade war

- Investment enthusiasm dampened
- Shifting our targets to food industry

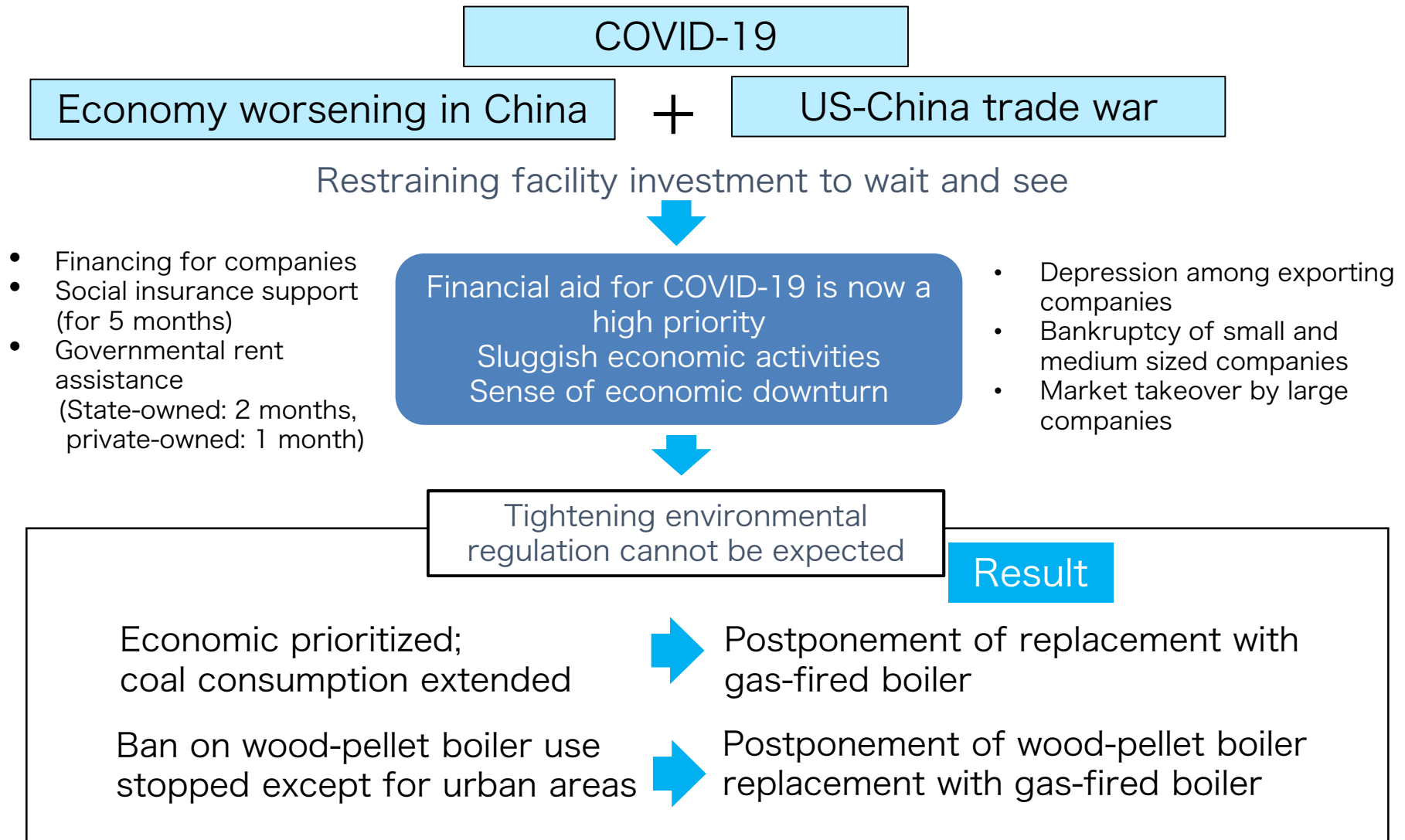
③ Worsening economy in China

Eased penalties regarding environmental regulations and postponed improvement timing

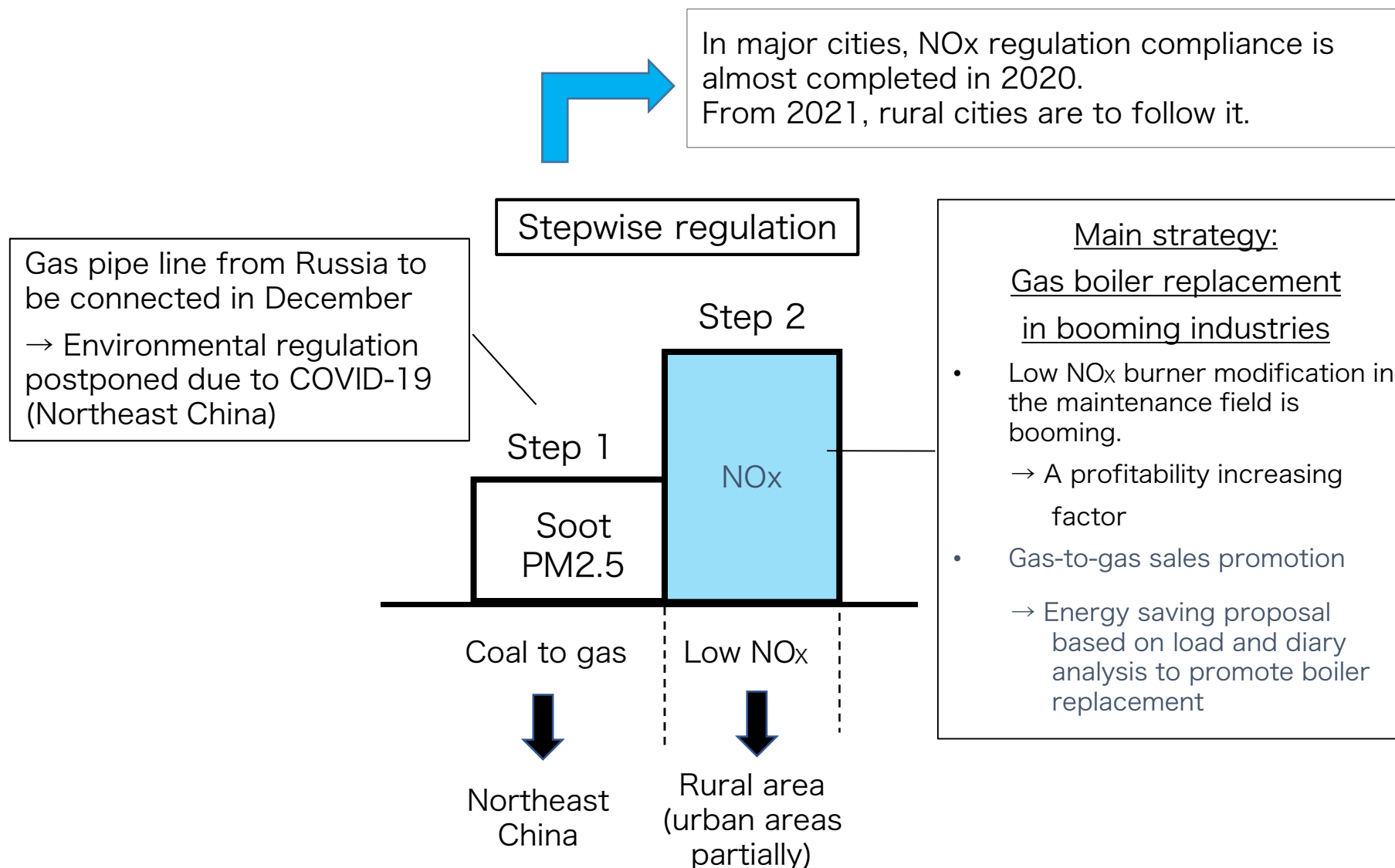
Strong maintenance

Low NOx burner modification increase

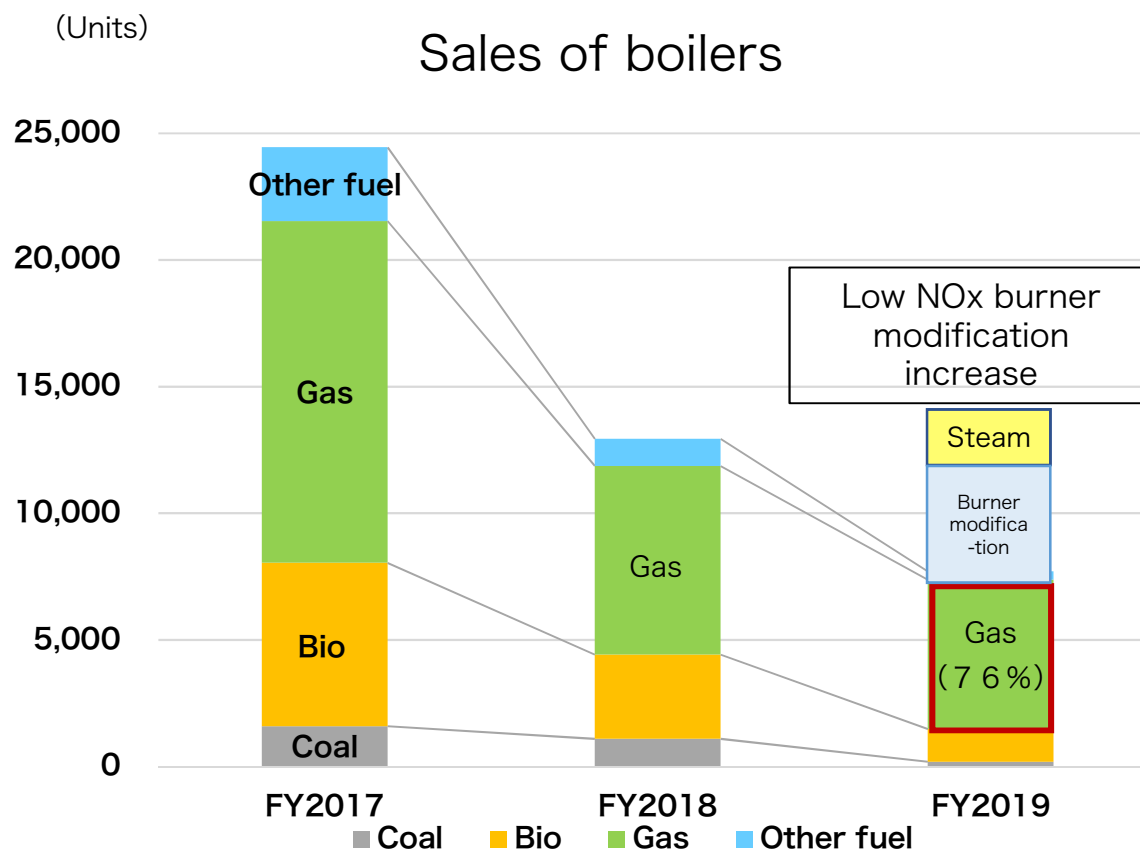
Current and Future Market Trend



Two-Step Environmental Regulation



Boiler Market Change in China (January to December)



Comparison between
FY2018 and FY2019

Total boilers sold: 54.0% down



- Boiler sales significantly decreased due to economic downturn; gas burner modification predominates instead.
- Sale of steam generator increase

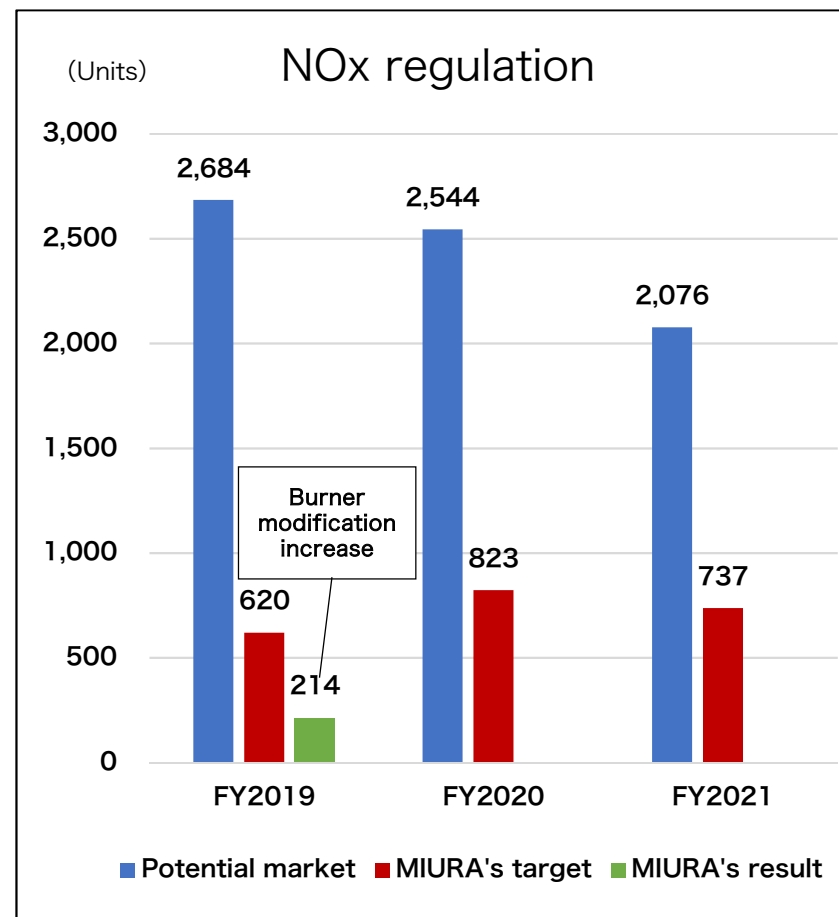
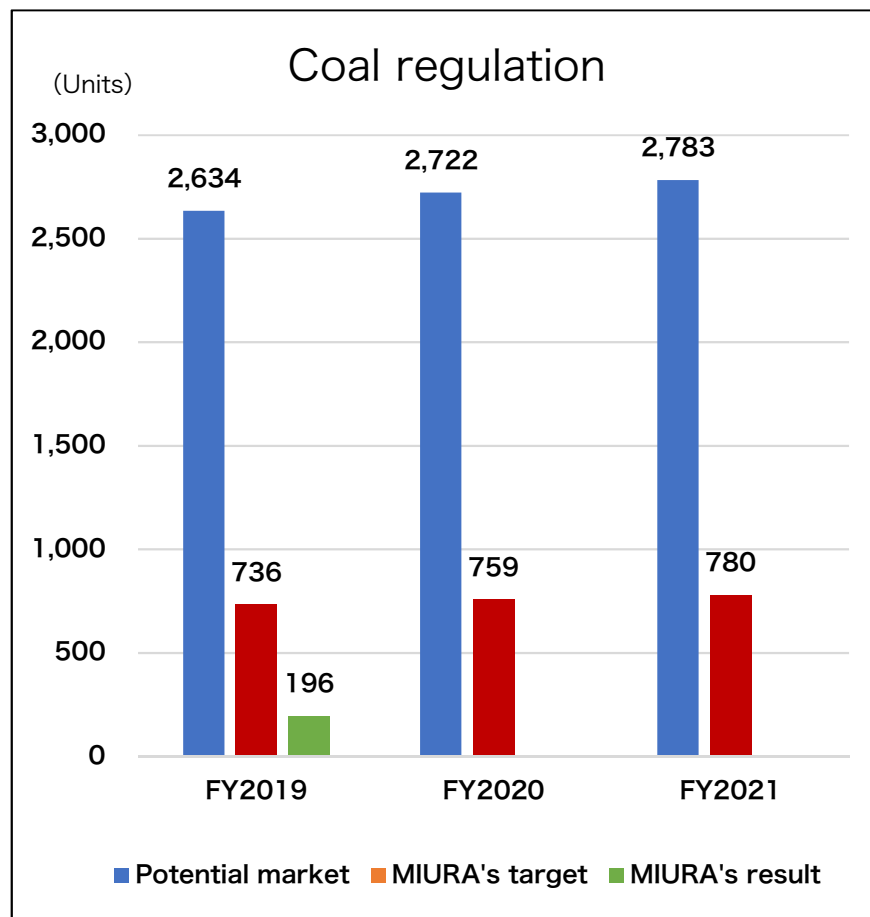
Gas-fired boilers sold: 7% down



Strategy changed to burner replacement of other gas-fired boilers

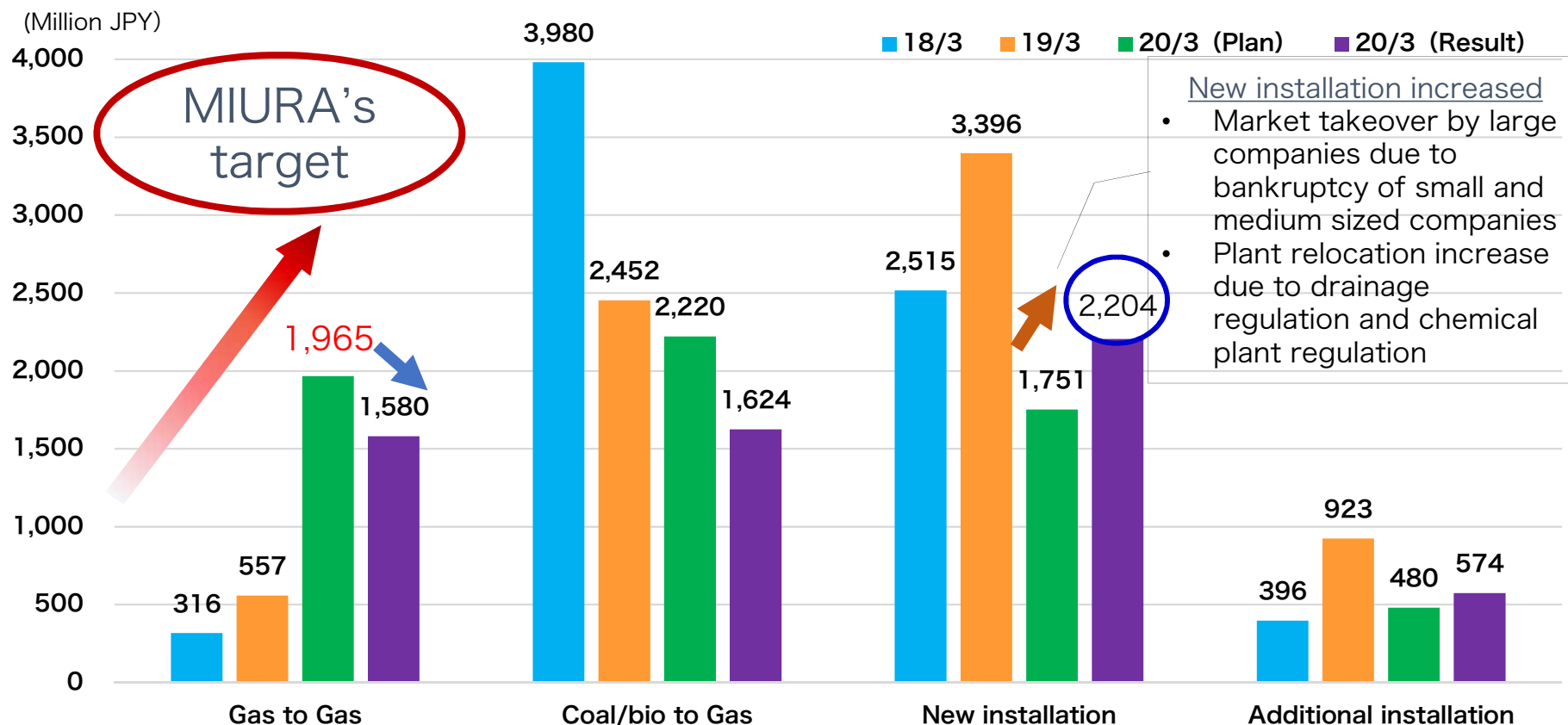
Boilers Related to Environmental Regulations from 2019 to 2021

Low NOx strategy (Changeover to MIURA)



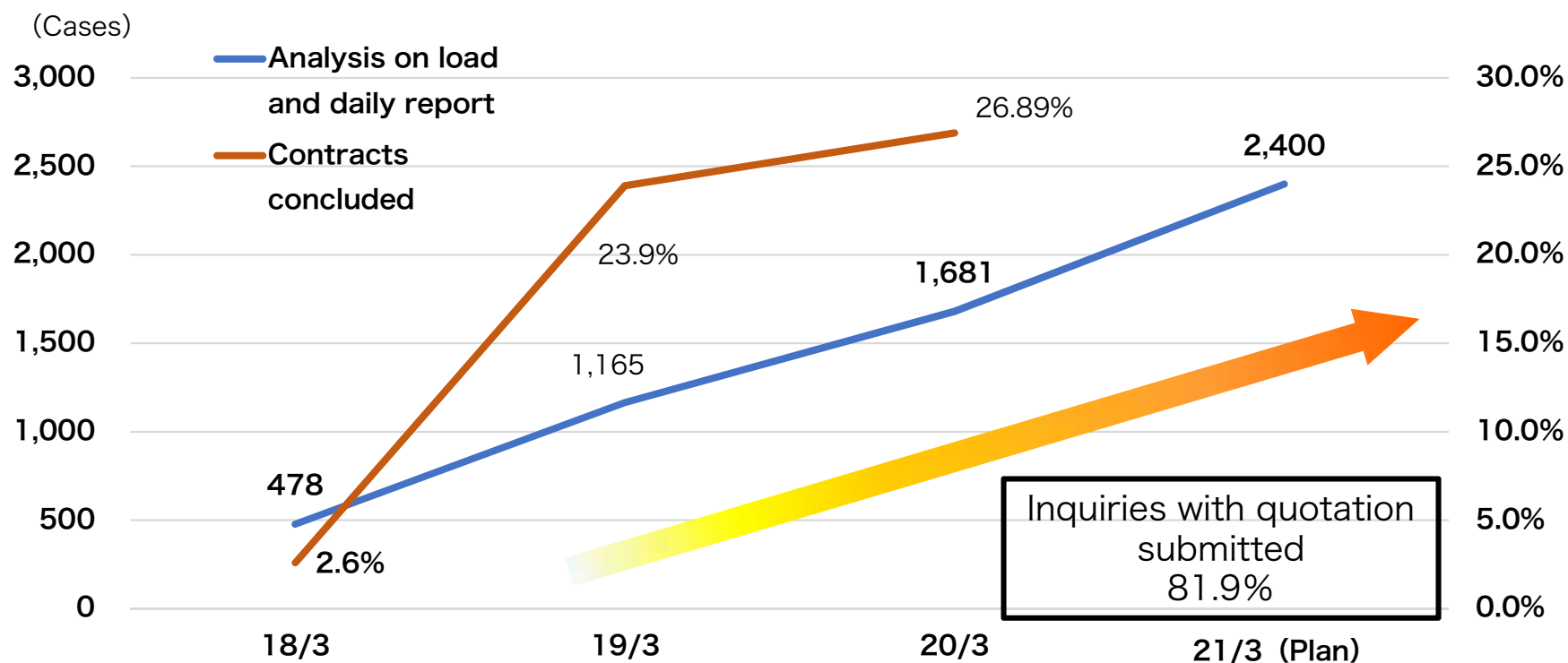
Analysis on MIURA Boiler Installation Category and Destinations

Changeover to MIURA
Low NOx + Energy saving proposal



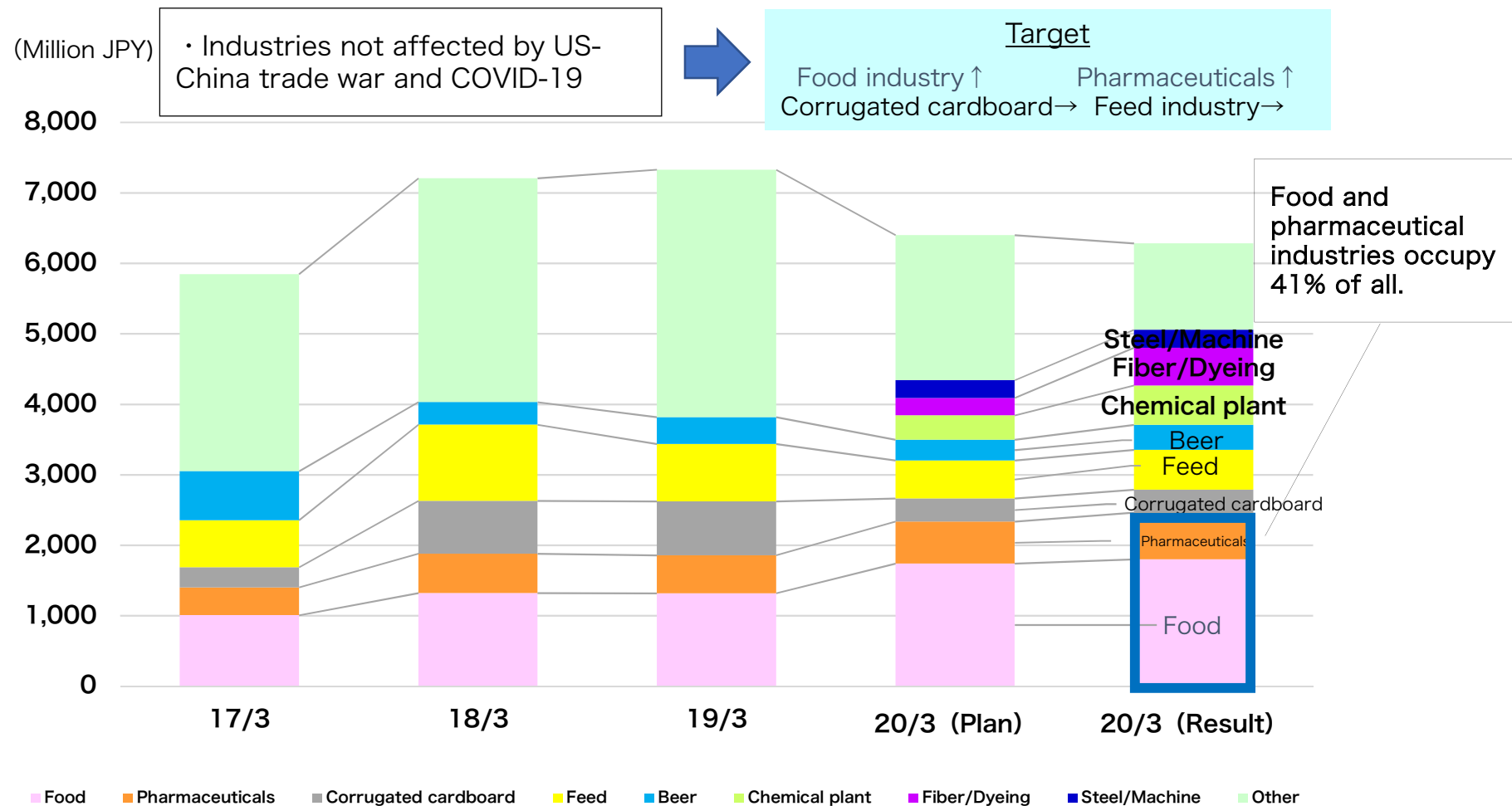
Gas-to-Gas Sales Reinforcement

Analyzing loads and boiler reports of other companies' boilers to propose more efficient systems



Note: Cases whose analysis and contract conclusion took place in different years are included above.

Boiler Market in China (Industry Analysis)



New Factory



New factory under construction
(as of April 2020)

Completes in May 2020,
Operates in August



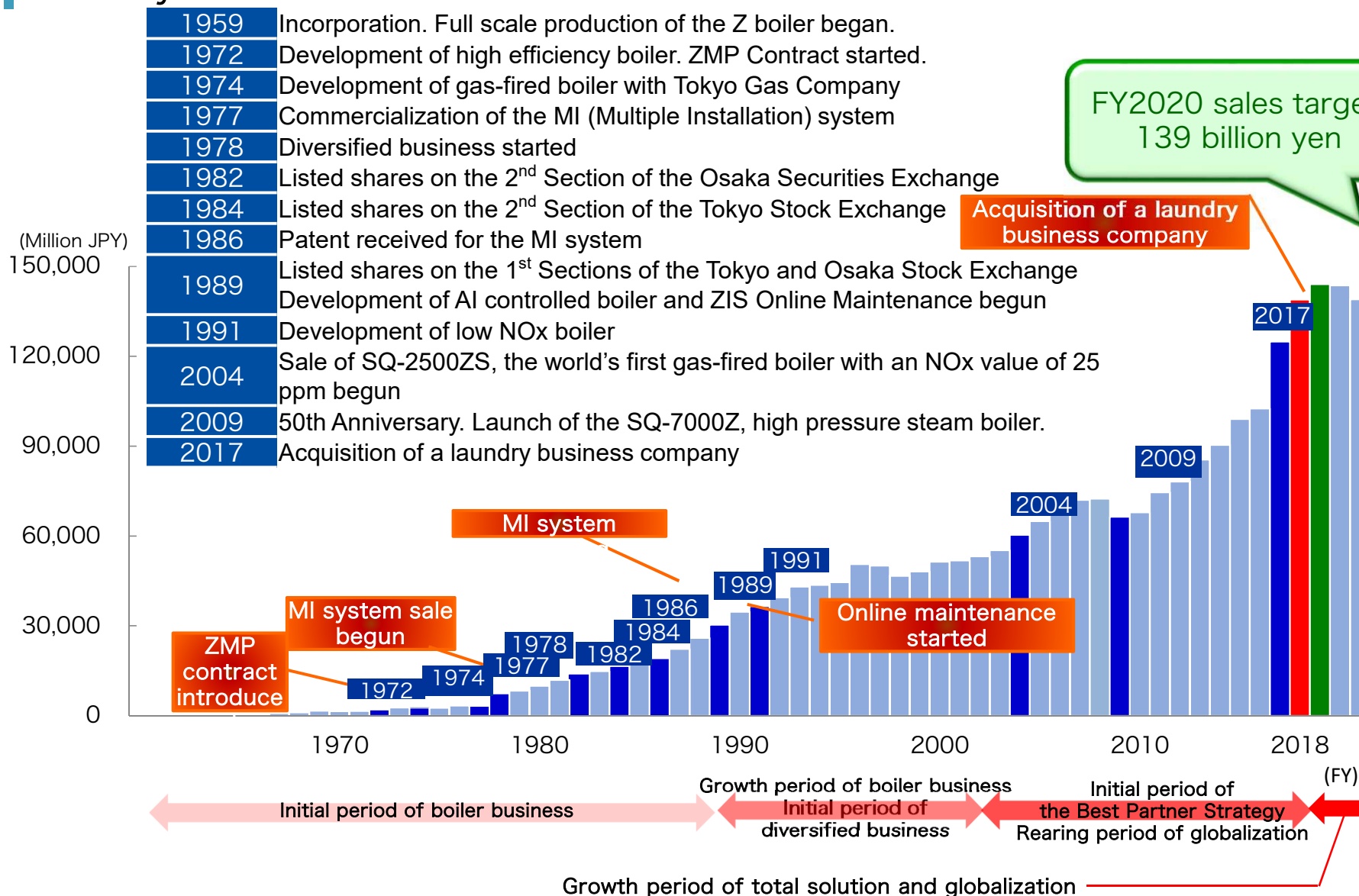
Aiming at 5,000 units annual
production for gas-to-gas
boiler replacement regarding
upgrade infrastructure after
economic recovery

Reference

熱・水・環境のベストパートナー



History

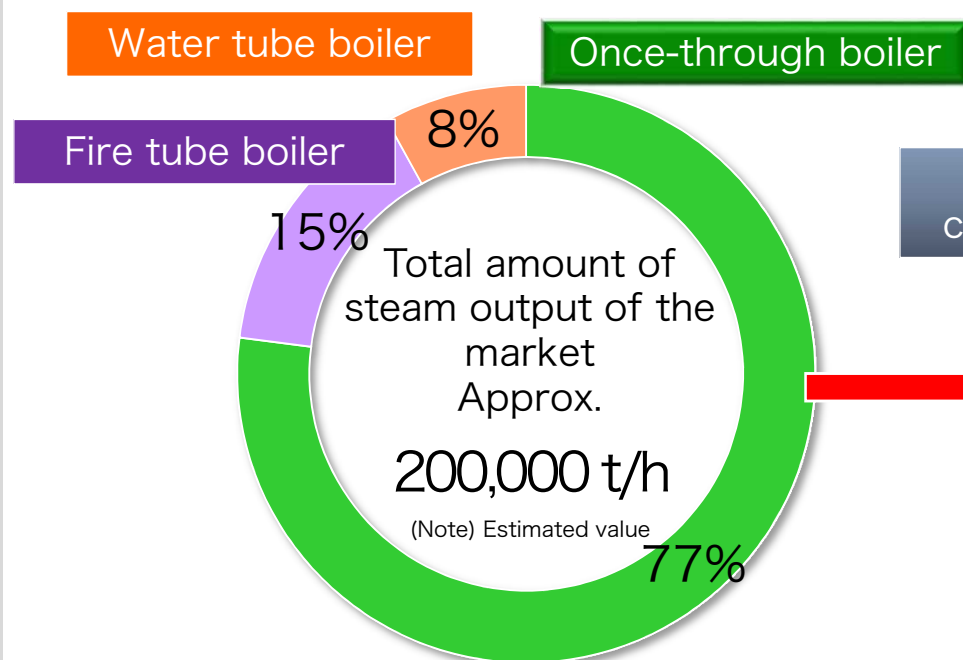


Domestic Share

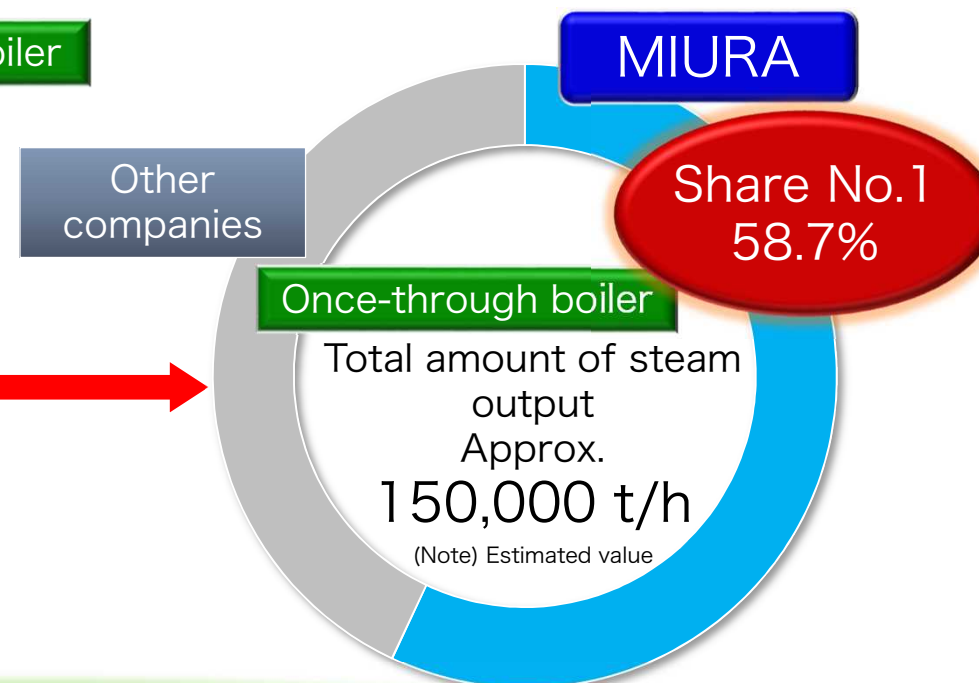
*Boilers for power generation excluded

*By MIURA's own research as of March 2019

Steam boiler market in Japan



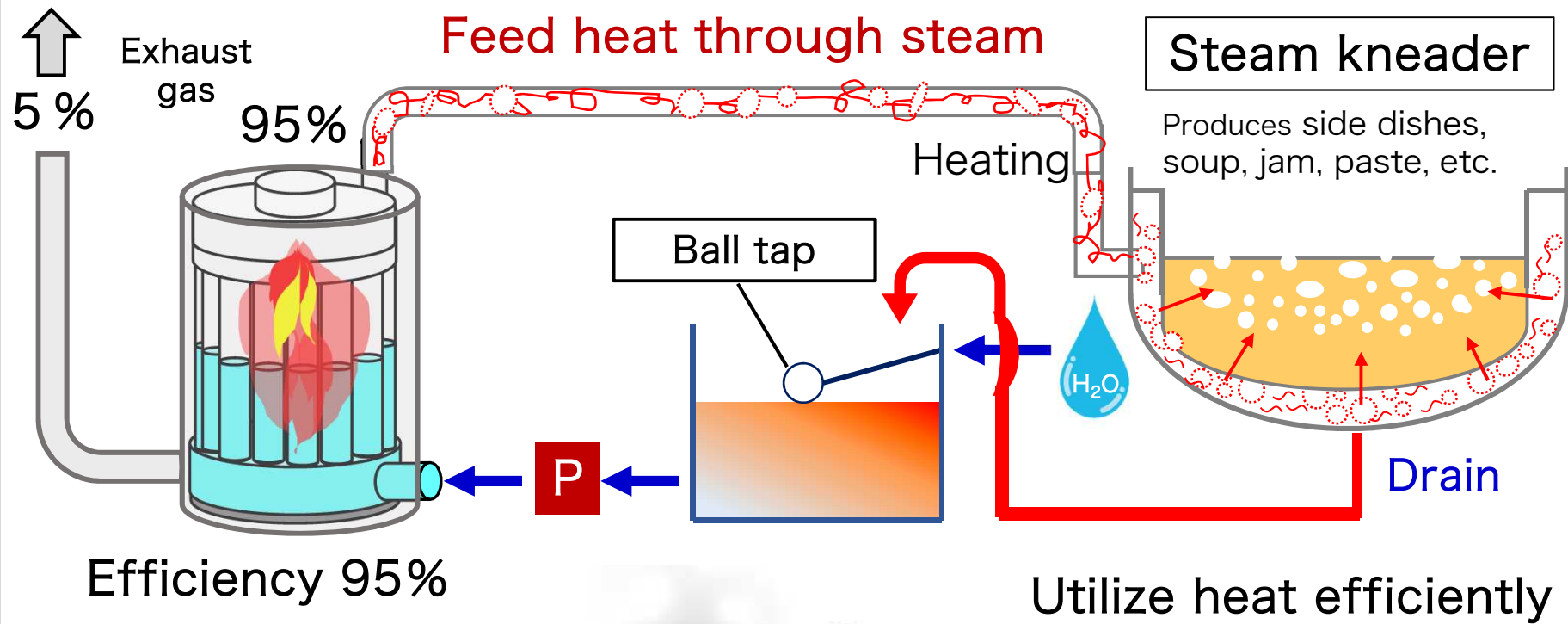
Once-through boiler market in Japan



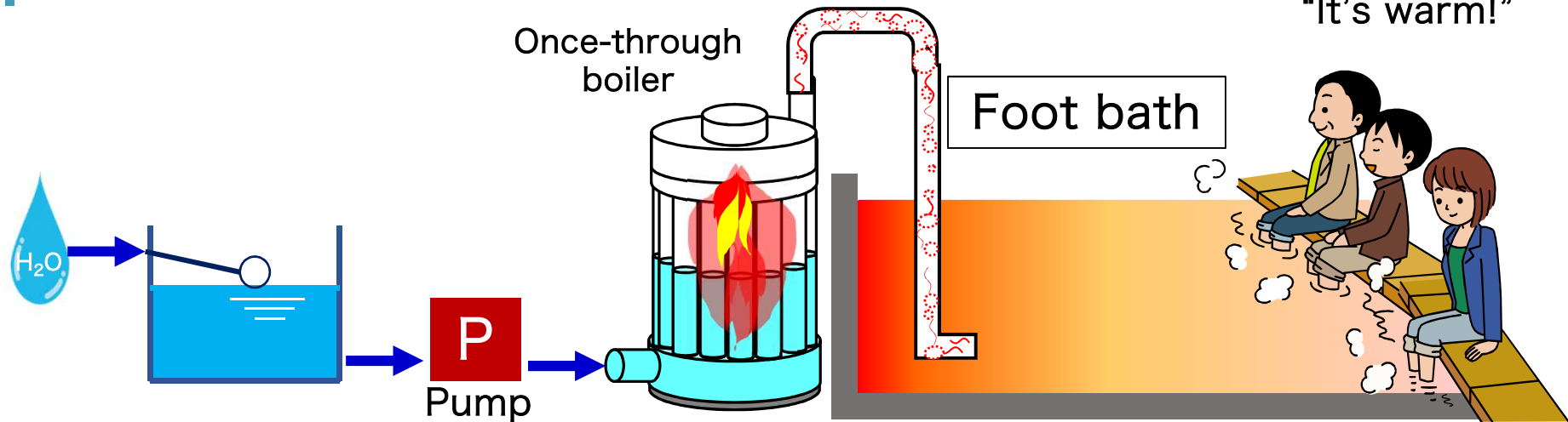
“Once-through-ism” movement

- District heating and cooling (DHC)
- Cardboard/paper mill
- Japan railway / other private railways
- In-house power generation (boilers of Electricity Business Act)

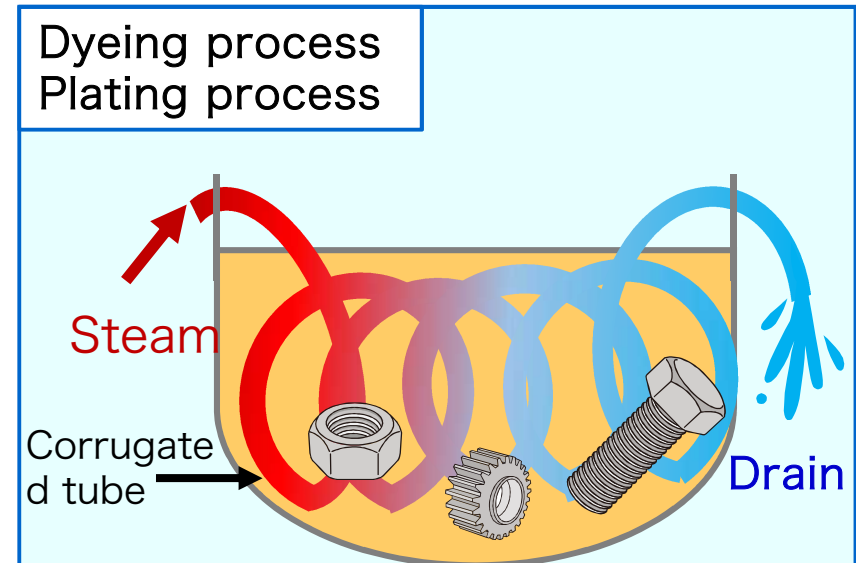
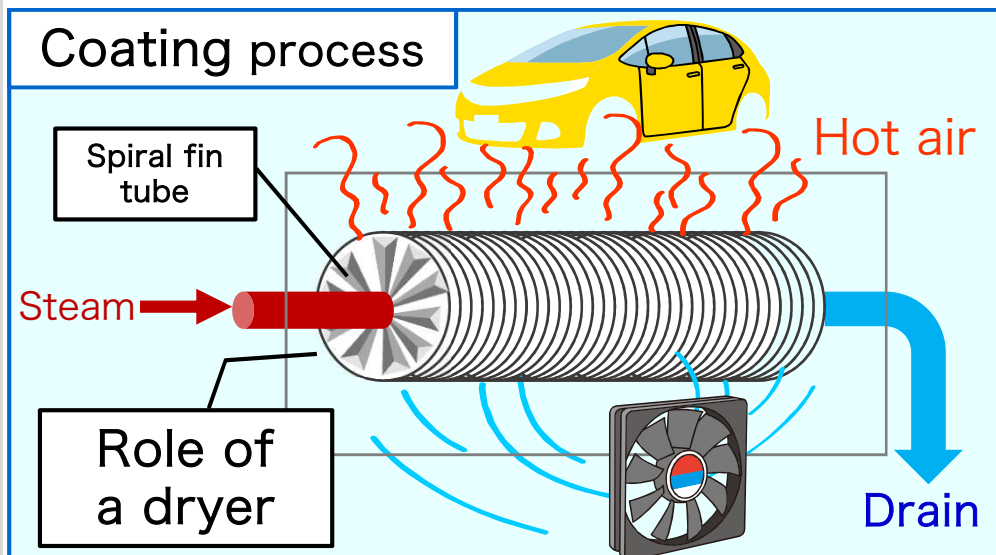
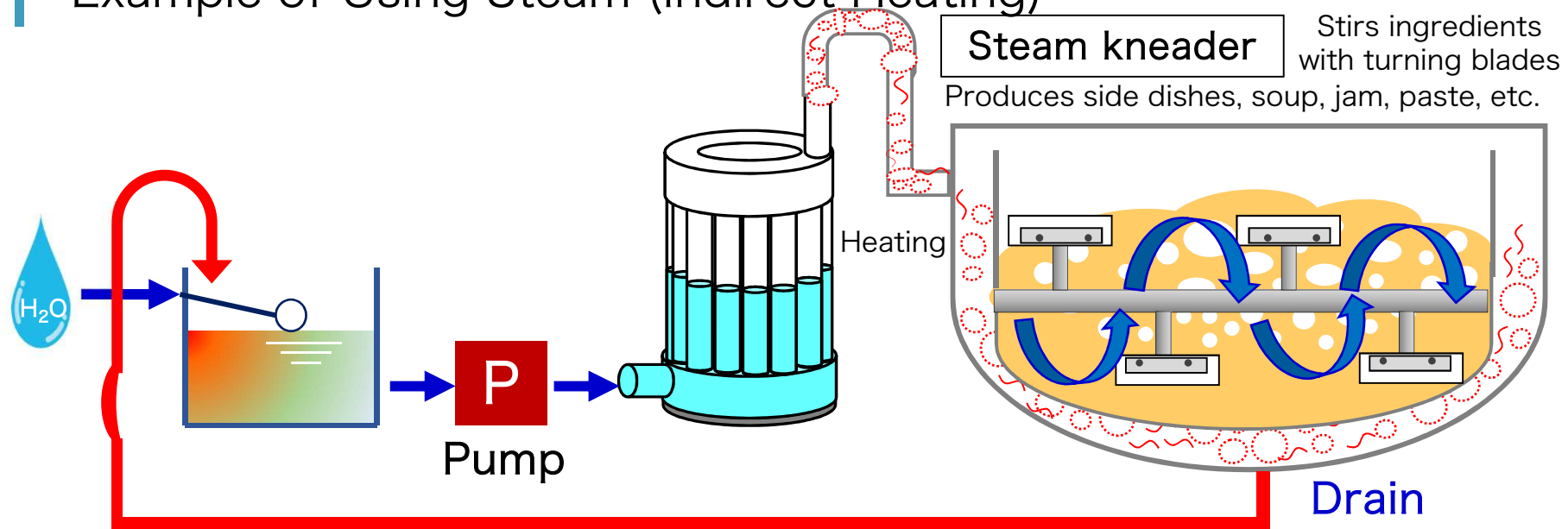
Why Steam?



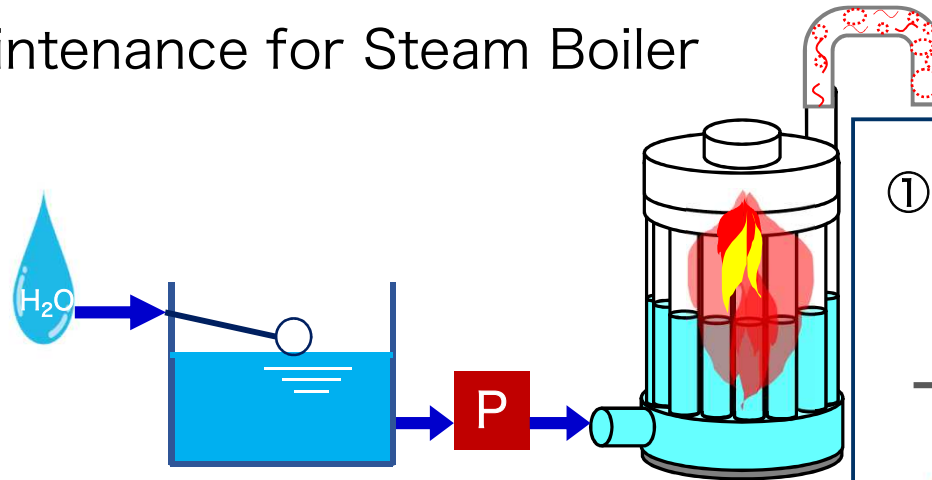
Example of Using Steam (Direct Heating)



Example of Using Steam (Indirect Heating)

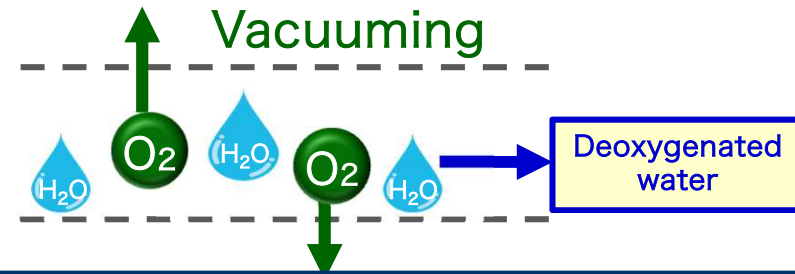


Maintenance for Steam Boiler

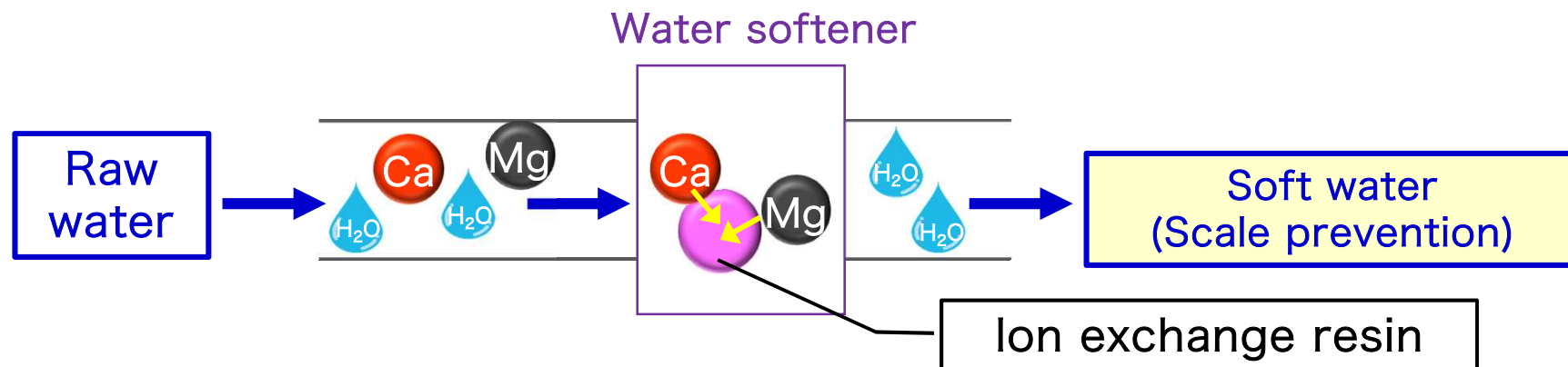


Greatest enemy for the boiler

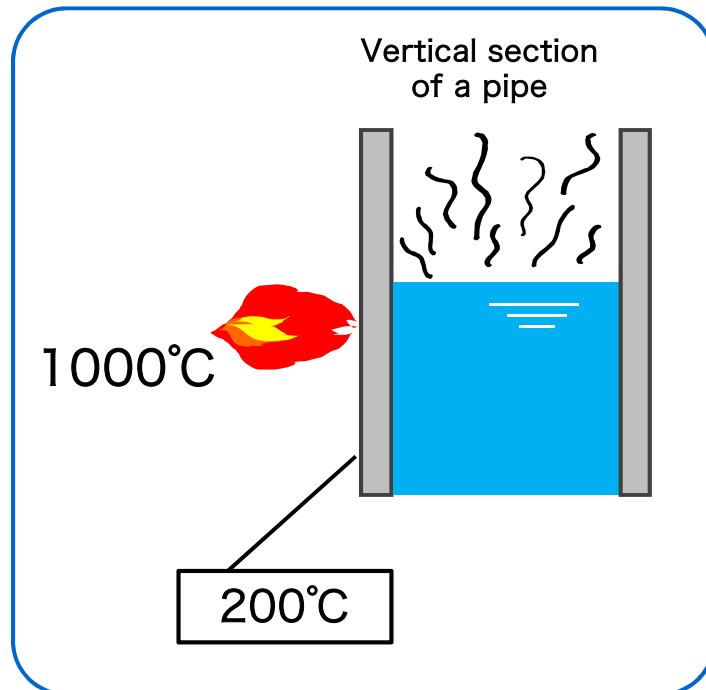
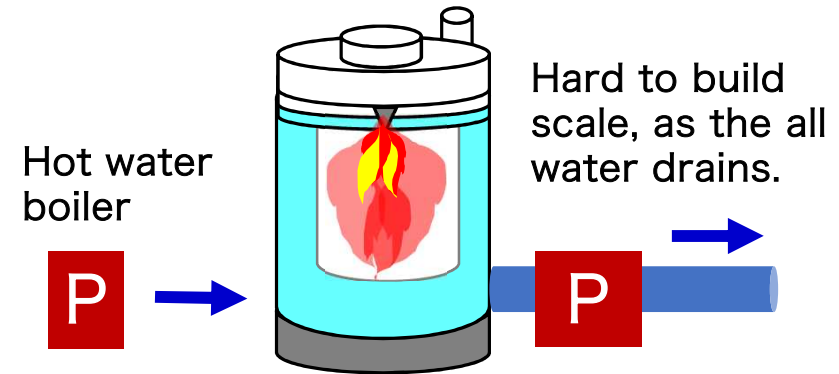
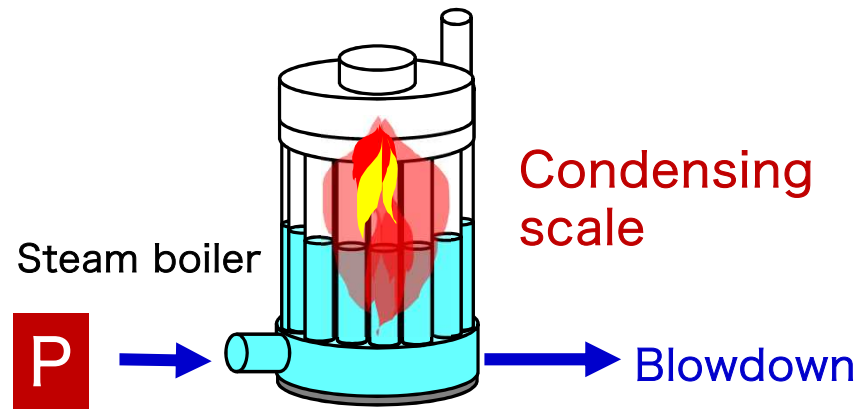
- ① Corrosion→Pitting in the vessel
→ Removal of Dissolved Oxygen
→ DOR



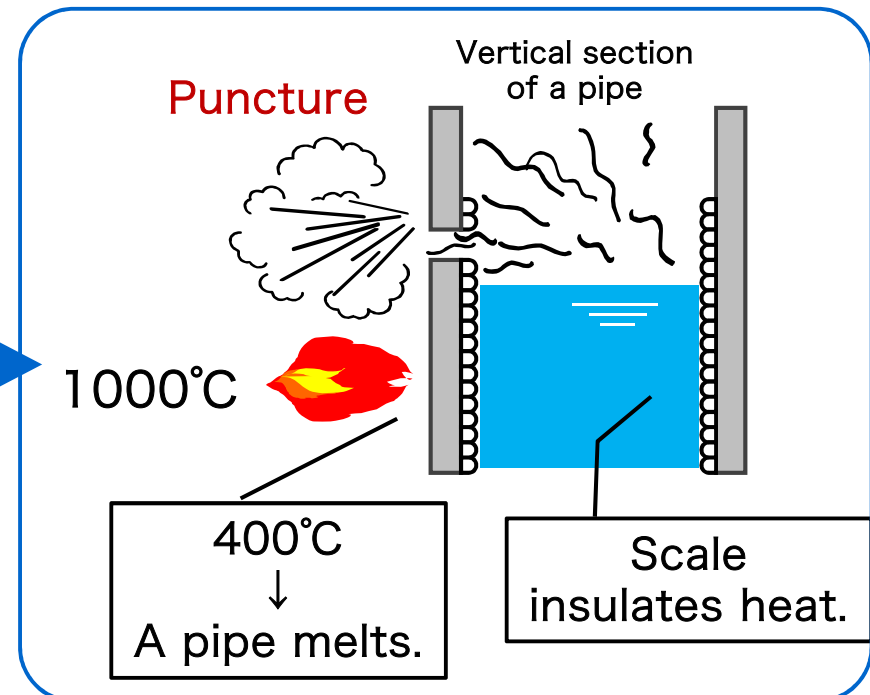
- ② Scale→ Lower boiler efficiency or Rupture of water pipes→Water softener



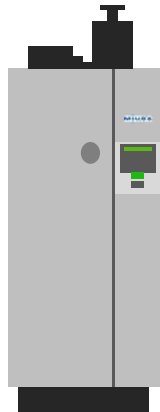
Maintenance for Steam Boiler



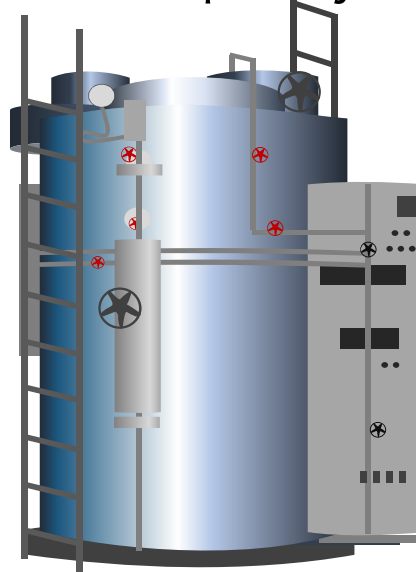
Scale buildup



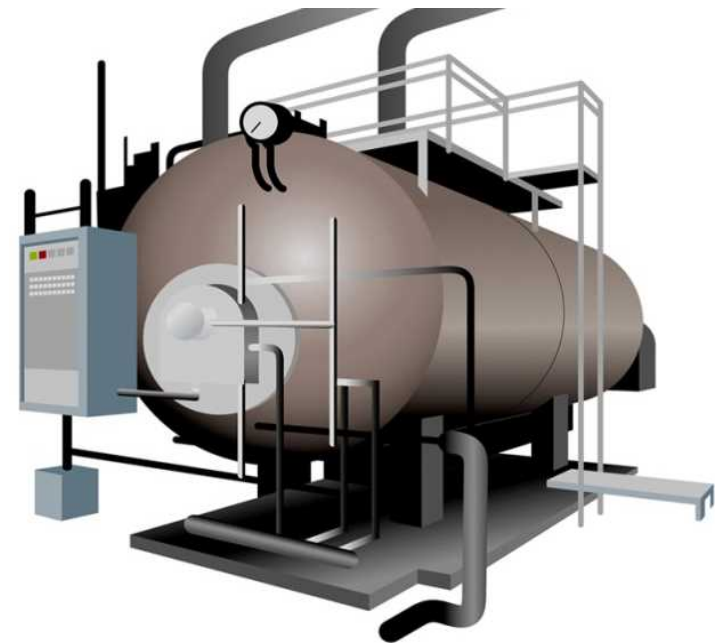
Types of boilers — Same capacity



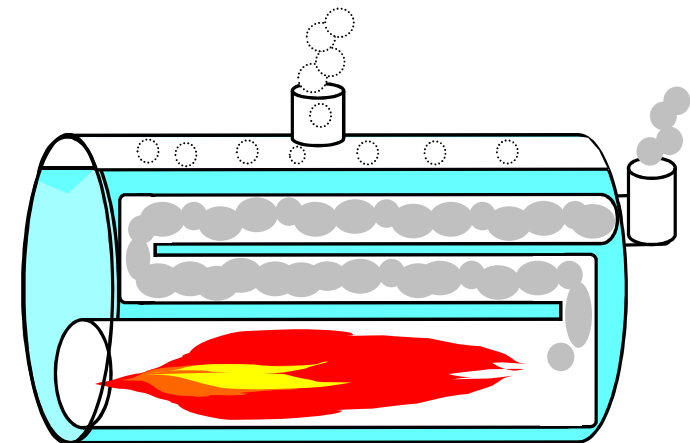
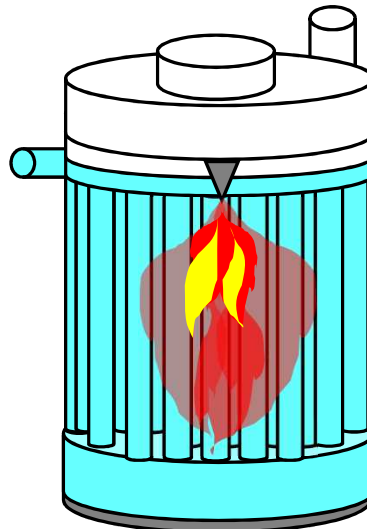
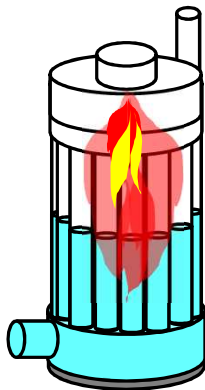
Once-through boiler



Water tube boiler



Fire tube boiler



What is Multiple Installation (MI) System?

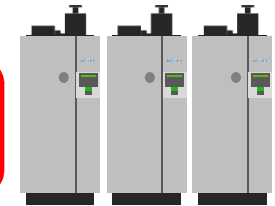
MIURA MI (Multiple Installation) System

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

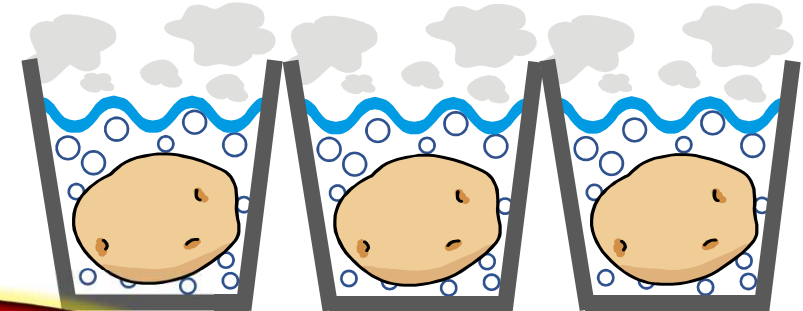
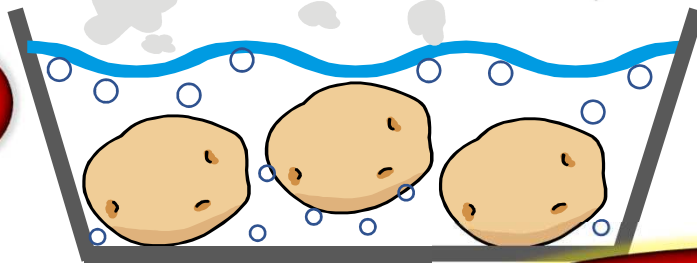
One large capacity boiler



Small capacity boilers in MI system

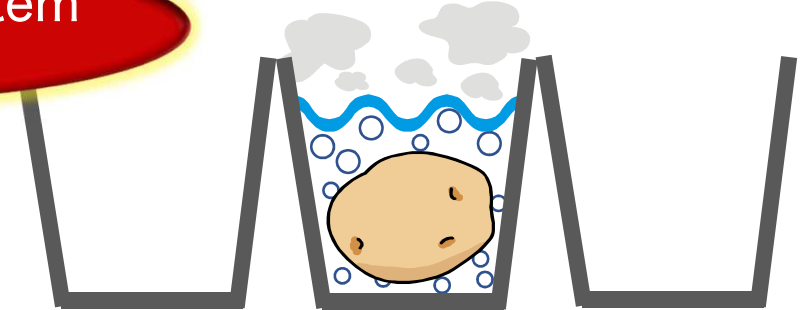
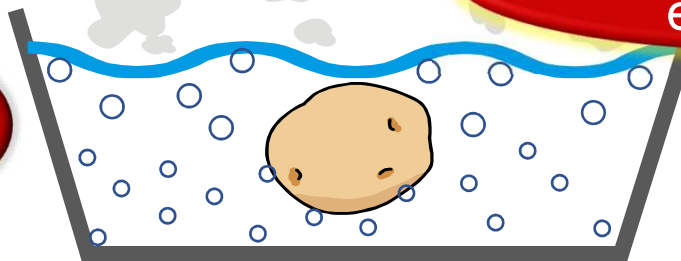


3 pcs



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

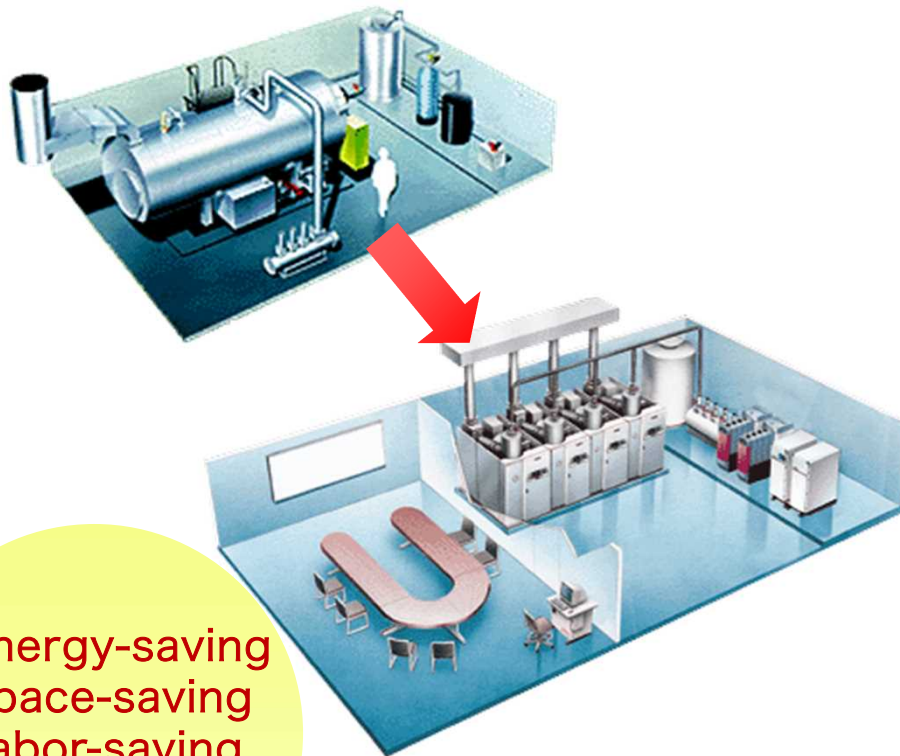
Low pollution

What is Multiple Installation (MI) System?

MI System Patented in 1986

MI System

An epoch-making power-saving system utilizing once-through boilers.



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

Provides required steam when needed, leading to low operation costs and reduction of CO₂ and NO_x.



Maintaining high profitability with “IoT” for 29 years



Approx. 65,000 units under contract *including equipment other than boiler
(As of March 2020)

User



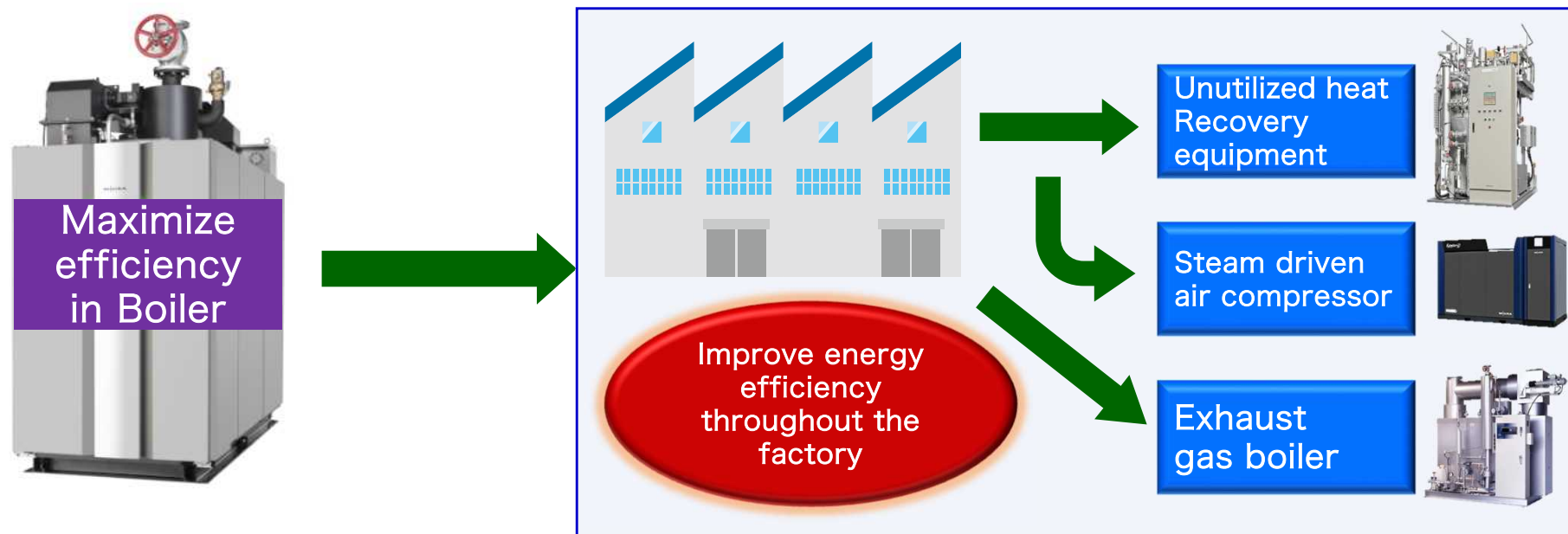
Visit

Remote monitoring



Much more effective, easier maintenance work

What will we offer for the matured market in Japan?



Other than
boilers

Water treatment
equipment



Food
processing
equipment



Medical
equipment



Laundry
equipment



Marine
equipment

Marine boilers

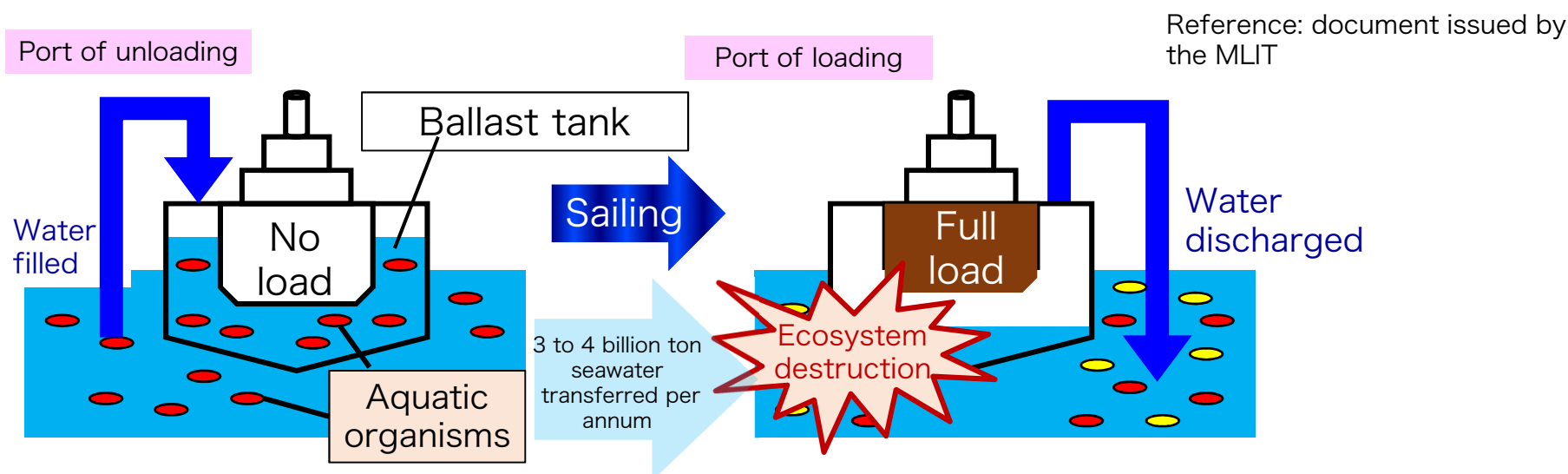


BWMS



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

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

Obligatory since Sep. 2017

Obligatory since Sep. 2019



Newly built ships

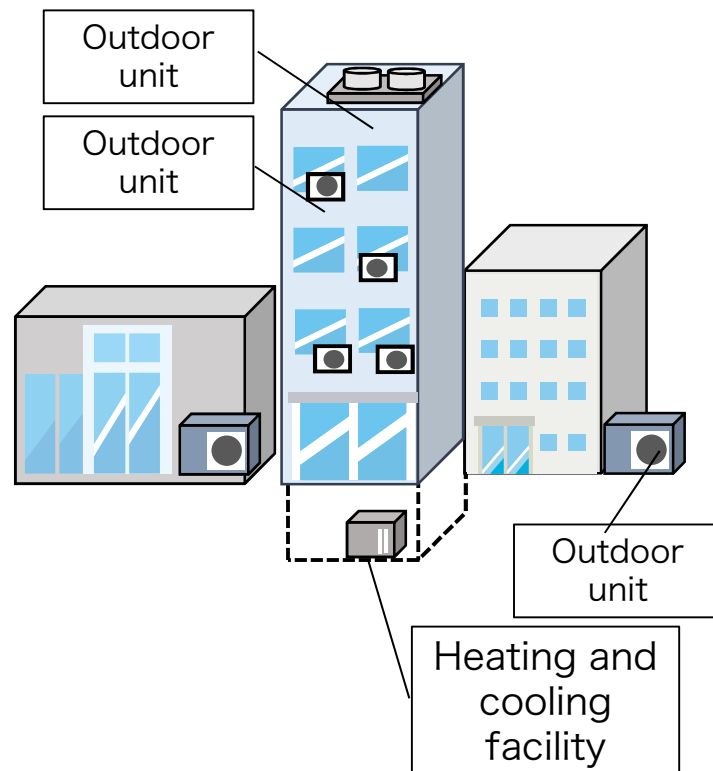


Existing ships

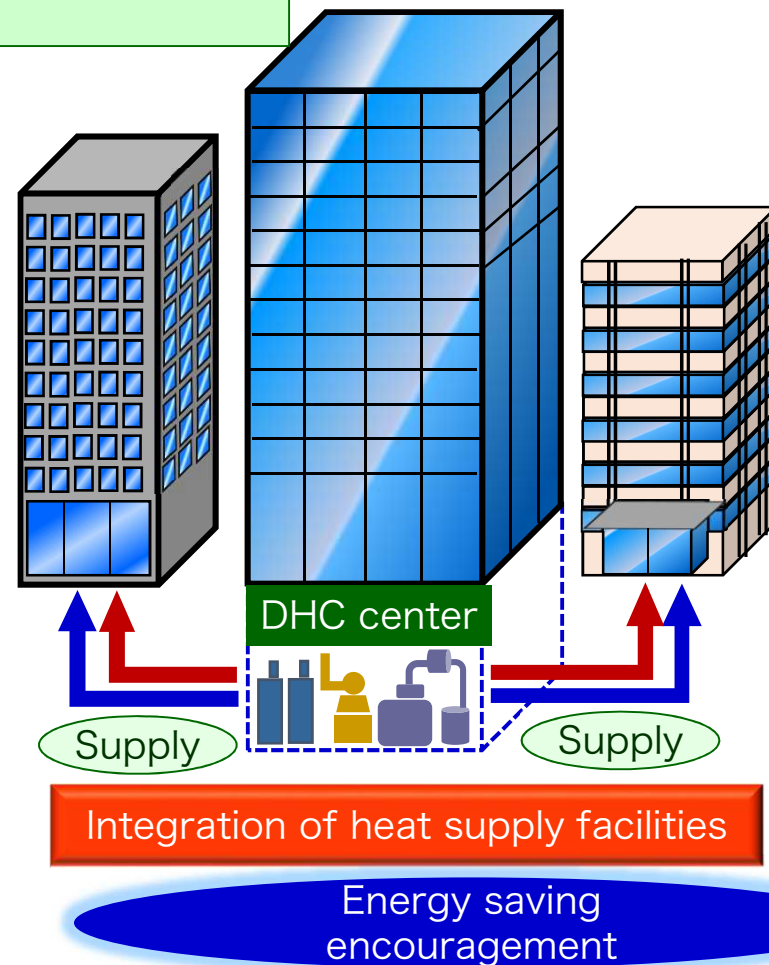
What is a district heating and cooling (DHC) system?

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



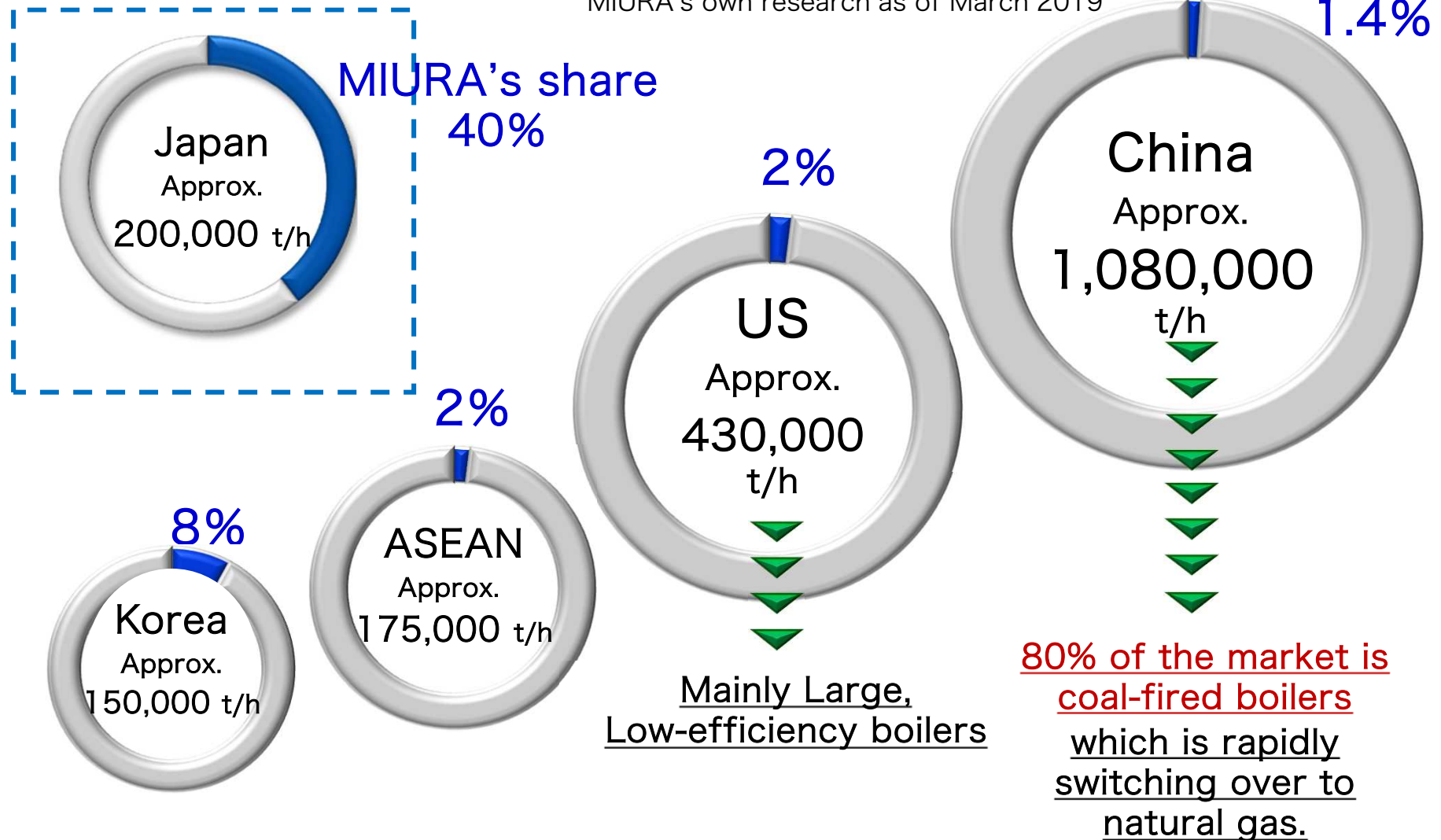
DHC method



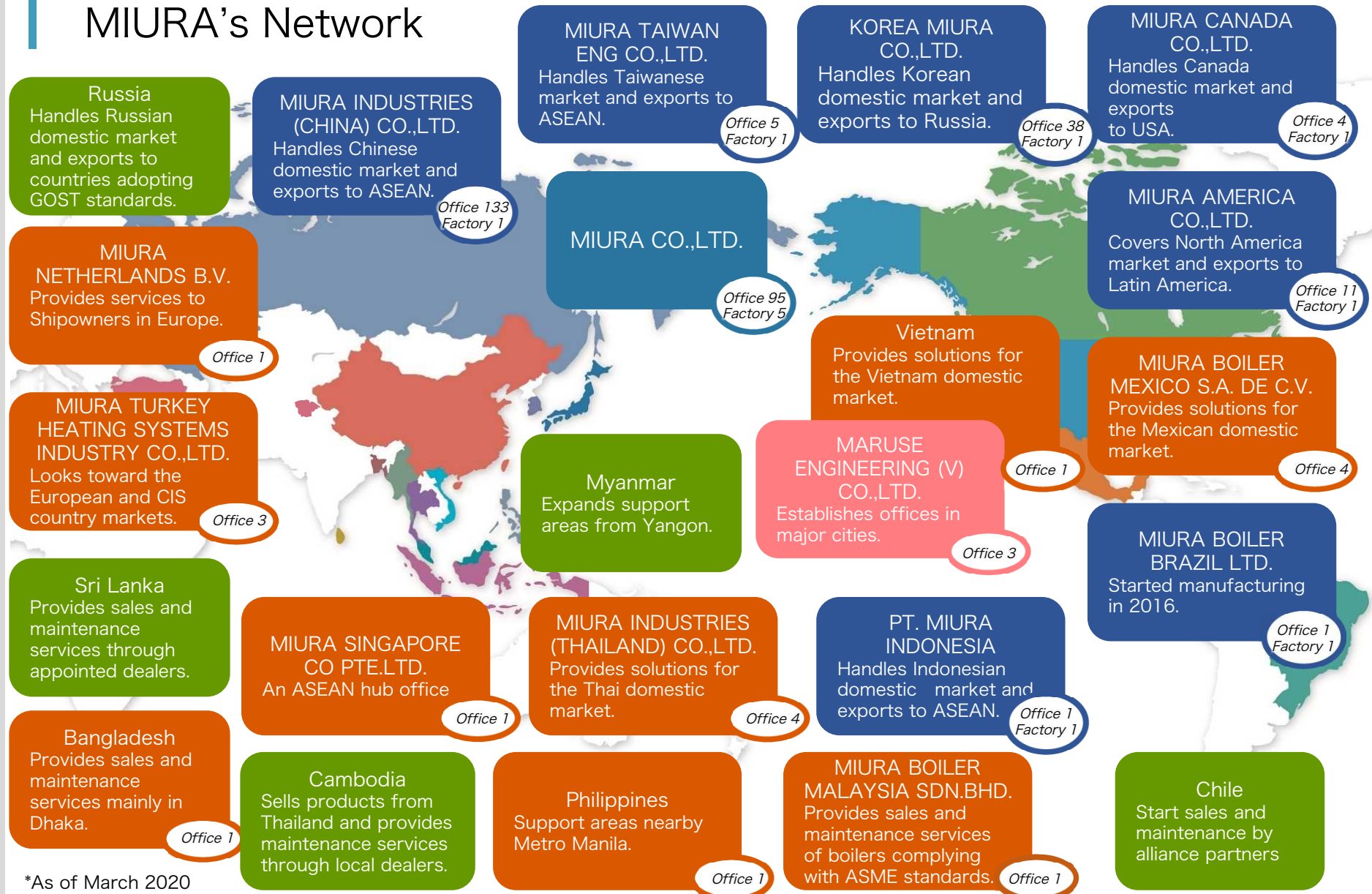
Boiler Market Share

*Boilers for power generation excluded

*Based on total amount of steam output by MIURA's own research as of March 2019



MIURA's Network



*As of March 2020

Basic Capital Policy

Here is the basic capital policy of the Miura Group specified to improve our corporate value in the medium- and long-term over the ensured financial soundness.

Capital efficiency improvement

Regarding that steady profit increase regardless of the market environment leads to corporate value increase and shareholder's interest improvement, MIURA aims to achieve Return on Equity (ROE) of 10% or more steadily.

Sustainable and stable return to shareholders

Not only the continuation of stable dividends but also the fair return of profit based on the company's performance is ideal. We strive to increase the level of dividends, setting the consolidated dividend payout ratio of 30% as a benchmark and comprehensively taking our consolidated results and financial conditions into account.

**The Best Partner of
Energy, Water and Environment**



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