

Consolidated Financial Results for the 2nd Quarter of FY2020

(April 1st 2020 ~ September 30th 2020)

< 13th November 2020 >

TORISHIMA PUMP MFG.CO.,LTD.

Securities Code : 6363
www.torishima.co.jp/en

【1】 Financial results of 2Q FY2020

【2】 Torishima's initiatives amid Covid-19

【3】 Outlook for the full year of FY2020

		Billions of yen	YOY billions of yen
● Orders Received	...	26.8	+3.1
● Sales	...	18.2	+0.6
● Operating Income	...	-0.5	+1.3
● Ordinary Income	...	-0.2	+1.7
● Net Income	...	-0.4	+2.0

2Q FY2020 Consolidated Financial Results



Orders received: 40% increased in public-sector orders whilst the private-sector levels remained constant, a 5% decreased in overseas new orders resulted in an overall company orders increase of 13% to 26.8 billion yen.

Sales : Domestic public-sector and private-sector remained steady however an 8% increased in overseas revenue resulted in an overall increased of 4% to 18.2 billion yen.

Income : This improved by 1.3 billion yen as there were no major factors impacting income recorded compared to the same period of the previous year coupled with a decrease in SG & A expenses.

Billions of yen	FY2019 2Q	FY2020 2Q	YOY	
			Amount	%
Orders Received	23.7	26.8	+3.1	+13.1%
Sales	17.6	18.2	+0.6	+3.4%
Gross Operating Income (Gross profit margin)	3.9 (22.2%)	4.1 (22.5%)	+0.2 (+0.3pt)	+5.1% —
SG&A expense	5.7	4.6	-1.1	-19.3%
Operating income (Operating profit margin)	-1.8 (-10.2%)	-0.5 (-2.7%)	+1.3 (+7.5pt)	—
Non-operating Profit or loss	-0.1	0.3	+0.4	—
Ordinary income	-1.9	-0.2	+1.7	—
Extraordinary profit or loss	-0.2	+0.0	+0.2	—
Net income	-2.4	-0.4	+2.0	—

Foreign exchange rate (1USD)

¥110.99 31st Mar 2019
¥107.92 30th Sep 2019

¥108.83 31st Mar 2020
¥105.80 30th Sep 2020

2Q FY2020 Financial Results (Non-consolidated / Subsidiaries)

■ Non-consolidated

	FY2019 2Q	FY2020 2Q	YOY	
			Amount	%
Sales	13.7	13.5	-0.2	-1.5%
Gross Operating Income (Gross profit margin)	2.1 (15.3%)	2.1 (15.5%)	±0 (+0.2pt)	±0 —
SG&A expense	4.0	3.2	-0.8	-20.0%
Operating income (Operating profit margin)	-1.9 (-13.9%)	-1.0 (-7.4%)	+0.9 (+6.5pt)	—

■ Subsidiaries

Billions of yen

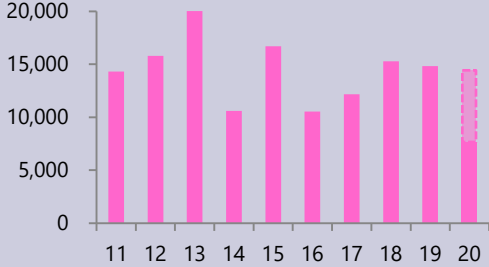
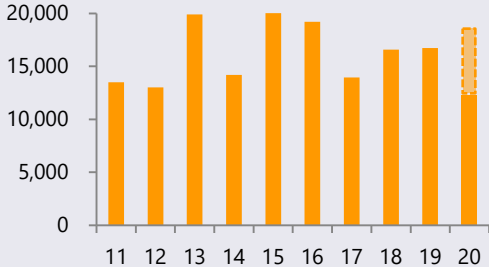
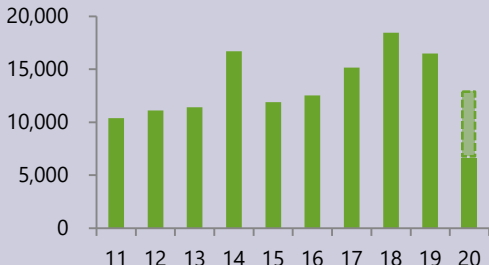
	FY2019 2Q	FY2020 2Q	YOY	
			Amount	%
Sales	3.9	4.7	+0.8	+20.5%
Gross Operating Income (Gross profit margin)	1.8 (46.2%)	2.0 (42.6%)	+0.2 (-3.6pt)	+11.1% —
SG&A expense	1.7	1.4	-0.3	-17.6%
Operating income (Operating profit margin)	0.1 (2.6%)	0.5 (10.6%)	+0.4 (+8.0pt)	+400%

- Sales and gross operating income remained at the same level.
- Operating income improved by 0.9 billion yen as there were no major factors impacting income such as provision for doubtful accounts recorded in the same period of the previous year and SG&A expenses decreased.

- Although order-taking activities have slowed down at almost all overseas subsidiaries due to Covid-19, sales increased driven by sufficient order backlog.
- While sales of service subsidiaries with relatively high profit margins decreased, sales of production subsidiaries increased, accordingly gross profit margin declined slightly.
- Operating income increased by 400 million yen due to decrease in SG & A expenses.

- 【1】 Financial results of 2Q FY2020
- 【2】 **Torishima's initiatives amid Covid-19**
- 【3】 Outlook for the full year of FY2020

Order-taking situations amid Covid-19 pandemic

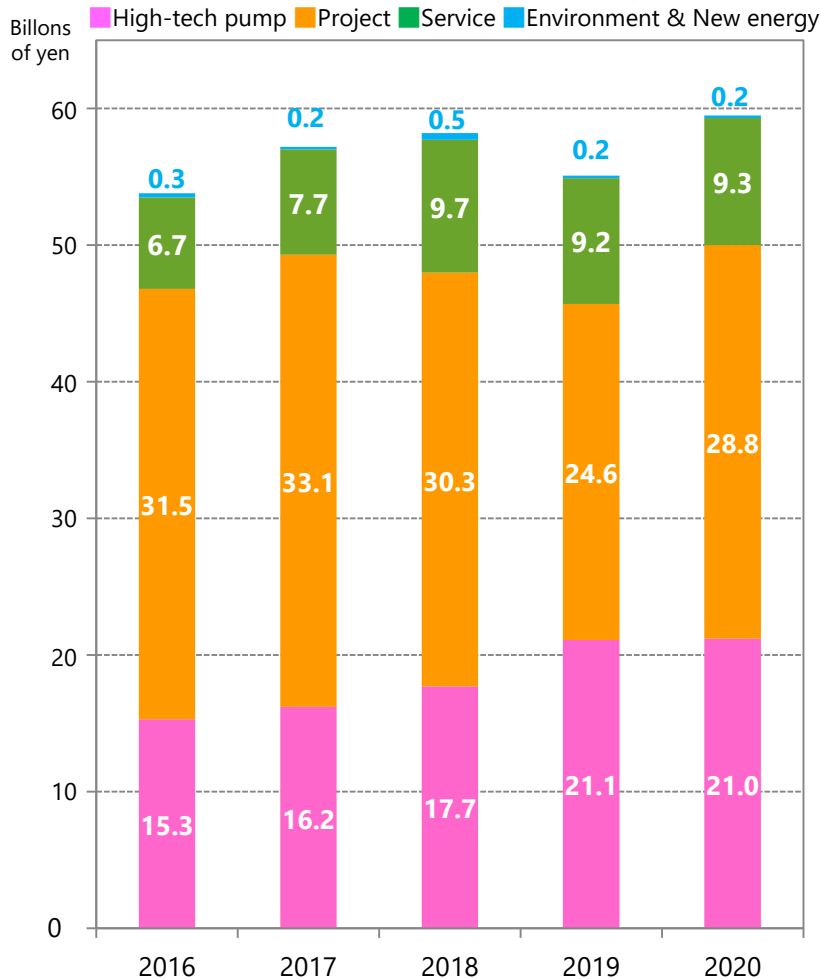
	Impact of Covid-19	Orders received for 10 years(millions of yen) Full-year:2011-2019,Second-half outlook 2020
High-tech pump	No big impact both in domestic and overseas. Good orders secured for seawater desalination plants and water treatment plants overseas and for biomass power plants in Japan.	
Project	No impact in the domestic market, order input improved compared to the previous year No impact in overseas as we do not expect large orders from even before the pandemic.	
After-sales services	Japan: The state of emergency was lifted in May, the market has gradually recovered, resulted in similar levels to the previous year. Overseas: 30% decreased in the first half, on-going restrictions remain strict and the future outlook is unclear.	

Increase in project offset decrease in overseas after-sales services, no big impact so far in overall.

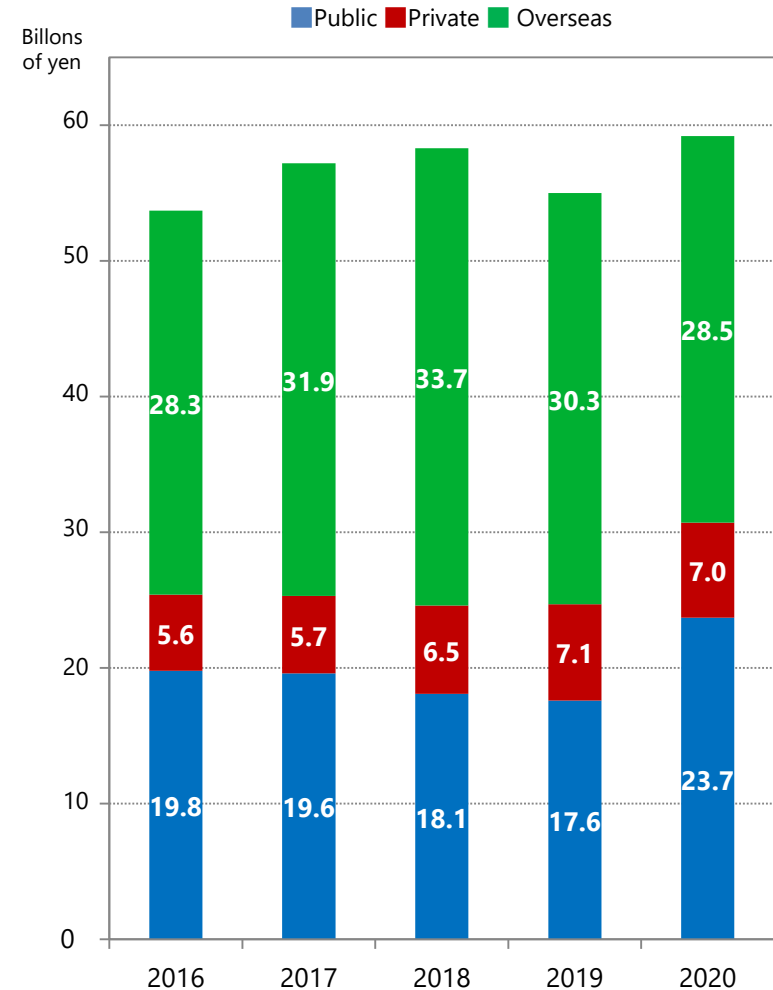
Order backlog ended 2Q

Sufficient volume of order backlog, expect sales at the same level of the previous year.

● Order backlog by business domain



● Order backlog by segment



Factories and Installation sites

Normal operation while taking infection prevention measures both in Japan and overseas

Deskwork

- Continuously planned telework
- Utilize IT to improve productivity

Paperless

**Centralization and
sharing of information
Visualization of business operation**



Reduction of fixed cost ratio

Promote sales activities of TR-COM, Rotating Equipment Monitoring System

Sales point 1. Advanced analysis with accumulated data and expanded frequency

Expansion of the frequency range analyzed from 1,000Hz to 10,000Hz,
which enables improved failure prediction

Sales point 2. High quality support from pump professional point of view

Not only finding abnormalities,
Torishima can provide the root cause and solutions to solve the problems

Sales point 3. Check the equipment status everyday on behalf of you

When higher levels detected, Torishima communicate and share the information,
leading to early detection and resolution of problems



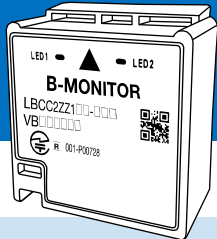
Torishima TR-COM win "2020 TPM® Excellence Award"

Torishima TR-COM was selected as the "2020 TPM® Excellence Award" promoted by the Japan Institute of Plant Maintenance (JIPM).

The "TPM® Excellence Award" is an award to encourage the development of new technologies related to maintenance equipment, and given to products which has an excellent track record, accumulated know-how and customers satisfactions in use.



2020 TPM® Excellence Award



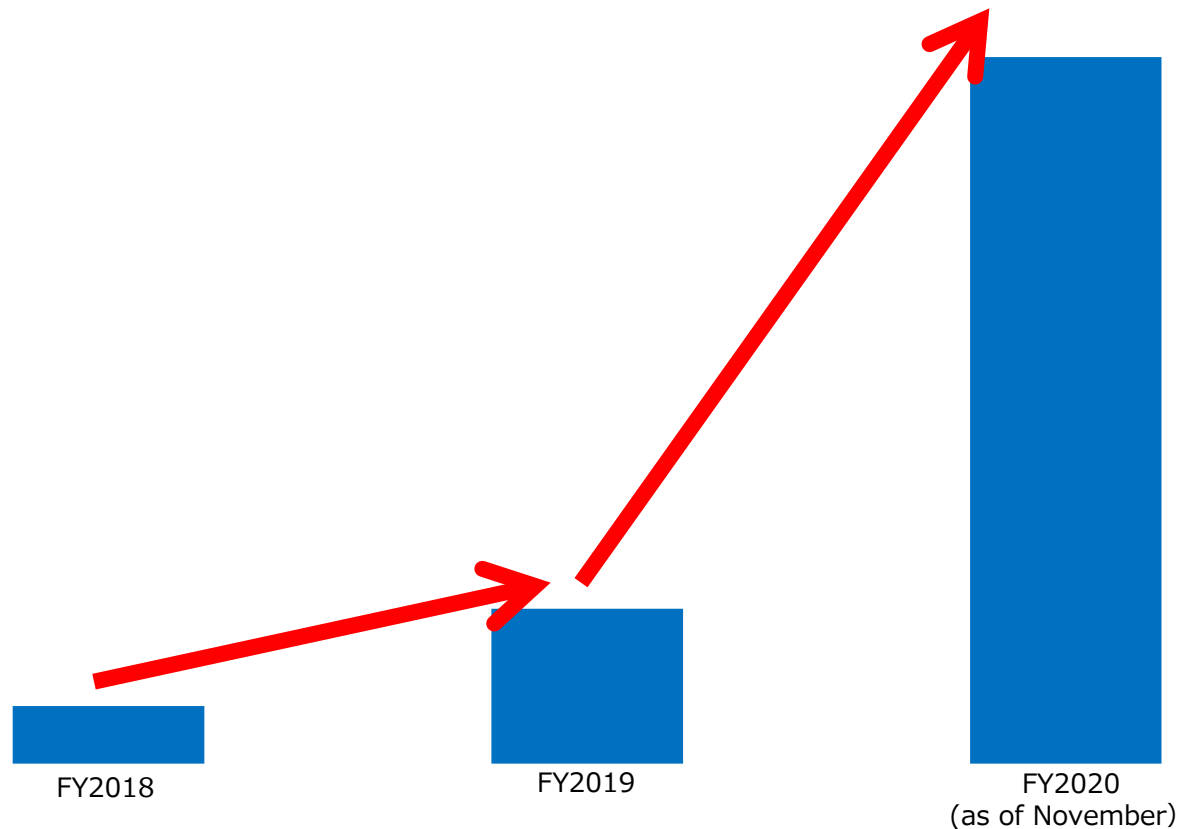
Rotating Equipment Monitoring System

TR-COM

Torishima Pump Mfg. Co., Ltd.

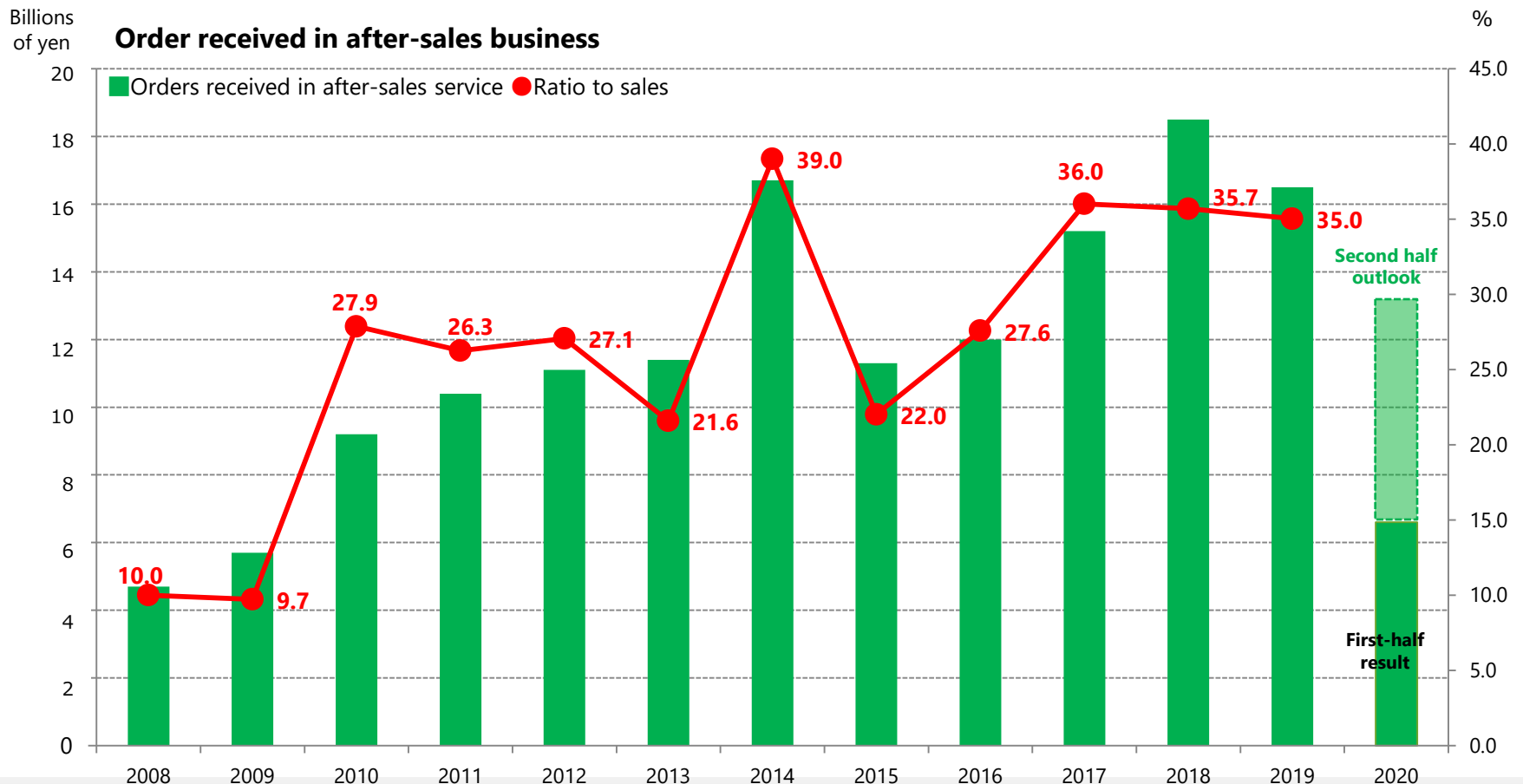
Accumulated track record of TR-COM

The sales of TR-COM has been making good progress since its launch in the FY2018, increasing large-scale orders amid Covid-19 pandemic in which people can not go out as before. We continuously strive to help customers with the unmanned service system in the New Normal.



Boost service business with TR-COM

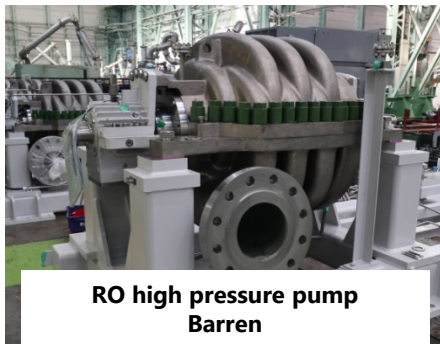
After-sales service business are slow down due to Covid-19, especially overseas. The future outlook is also uncertain. In order to offset the downturn, we have started sales activities of our TR-COM transducers in overseas market particular in Asian countries, this will strengthen relationships with existing customers, leading to future opportunities in maintenance services.





Torishima win "100 Global Niche Top Companies" by the Ministry of Economy, Trade and Industry

Torishima was chosen as one of the companies of "100 Global Niche Top (GNT) Companies" 2020 edition with its "large pump for seawater desalination plants". The GNT is certified by the Ministry of Economy, Trade and Industry, and given to a winning company in a niche market in the world. We will continue to contribute to solving water shortages around the world as a pump manufacturer



RO high pressure pump
Barren



RO high pressure pump
Australia

Brine circulation pump
UAE



表彰状

機械・加工部門
株式会社西島製作所

代表取締役社長 原田耕太郎 殿

貴社は常日頃からグローバル展開に向けてたゆまぬ努力を払い特に優秀と認められるため二〇二〇年版経済産業省グローバルニッチトップ企業一〇〇選として認定しこれを表彰します

令和二年六月三十日

経済産業大臣 梶山弘志



Torishima appears on PR video of government

Torishima was featured in a PR video of the Japanese government that highlights Japan's technological capabilities globally. "Water Technology" in the series of "Moving Forward Japan: Innovating the Future" on the official government website, Torishima was introduced as one of the companies with leading edge technology in the production of clean water, which is a much needed resource in the world

- Official government website

www.japan.go.jp/technology/moving_forward/

- QR code



30 secs



120 secs

- 【1】 Financial results of 2Q FY2020
- 【2】 Torishima's initiatives amid Covid-19
- 【3】 Outlook for the full year of FY2020**

Full-year outlook of FY2020 (Consolidate)

	FY2019 results	FY2020 outlook	Increase/decrease
Orders Received	48.8	46.0	-2.8
Sales	47.1	47.0	-0.1
Gross Operating Income (Gross profit margin)	12.3 (26.1%)	12.2 (26.0%)	-0.1 (-0.1pt)
SG&A expense	11.1	10.5	-0.6
Operating income (Operating profit margin)	1.2 (2.5%)	1.7 (3.6%)	+0.5 (+1.5pt)
Non-operating Profit or loss	1.3	1.6	+0.3
Ordinary income	0.5	1.2	+0.7

Full-year outlook of FY2020 (Non-consolidate / subsidiaries)

■ Non-consolidated

	FY2019 Results	FY2020 Outlook	Increase Decrease
Sales	37.8	37.5	-0.3
Gross Operating Income (Gross profit margin)	7.7 (20.4%)	7.8 (20.8%)	+0.1 (+0.4pt)
SG&A expense	7.5	7.0	-0.5
Operating income (Operating profit margin)	0.2 (0.5%)	0.8 (2.1%)	+0.6 (+1.6pt)

■ Subsidiaries

Billions of yen

	FY2019 Results	FY2020 Outlook	Increase Decrease
	9.3	9.5	+0.2
	4.6 (49.5%)	4.4 (46.3%)	-0.2 (-3.2pt)
	3.6	3.5	-0.1
	1.0 (10.7%)	0.9 (9.5%)	-0.1 (-1.2pt)

1. Acquisition of treasury stock

Announcement on 26th May 2020

- Resolutions regarding the acquisition of treasury stock

Total number of shares that can be acquired	600,000 shares (maximum)
Total acquisition price of shares	450,000,000 JPY (maximum)
Acquisition period	1 st June 2020 – 14 th May 2021

As of 13th November 2020

- Cumulative acquisition of treasury stock

Number of shares	200,000 shares
Total value	166,200,000 JPY

2. Dividends

2020 interim dividend : 9 yen / share

Appendix

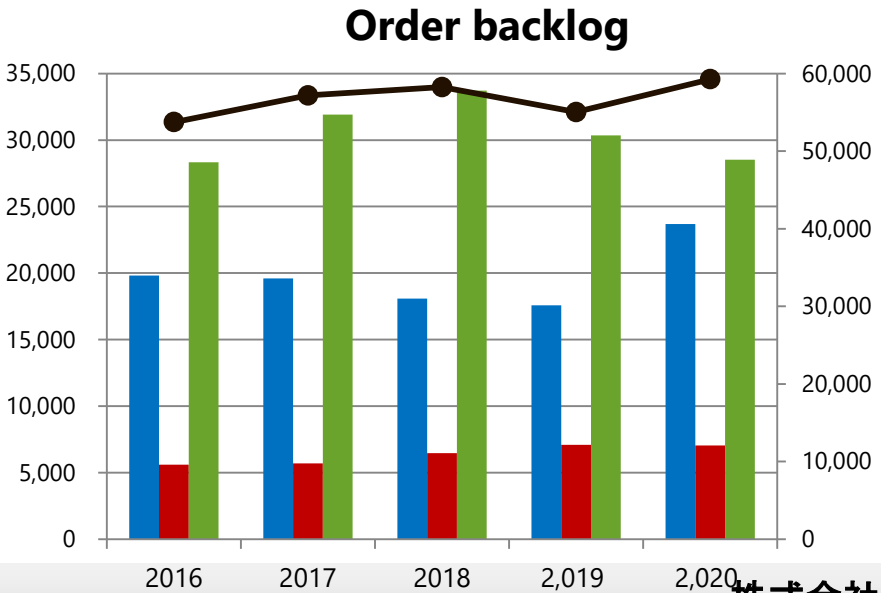
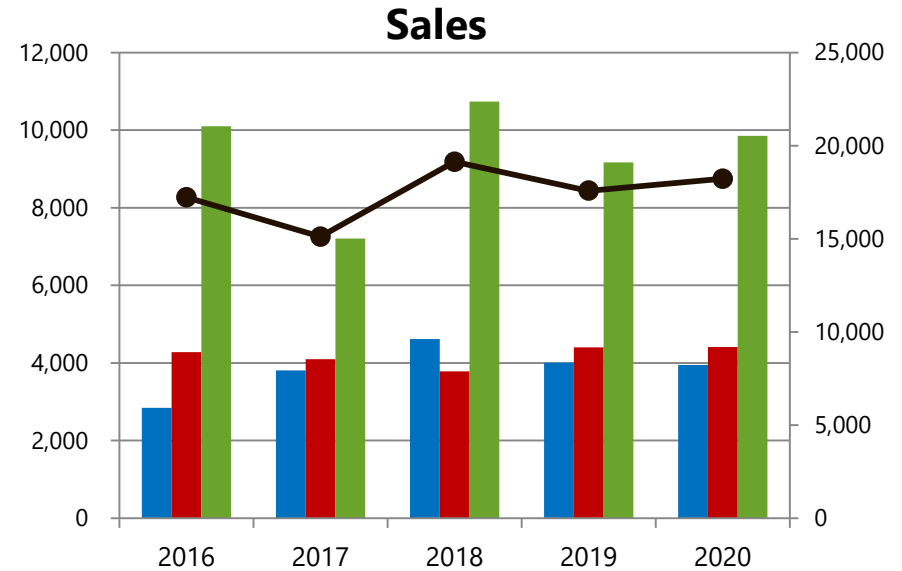
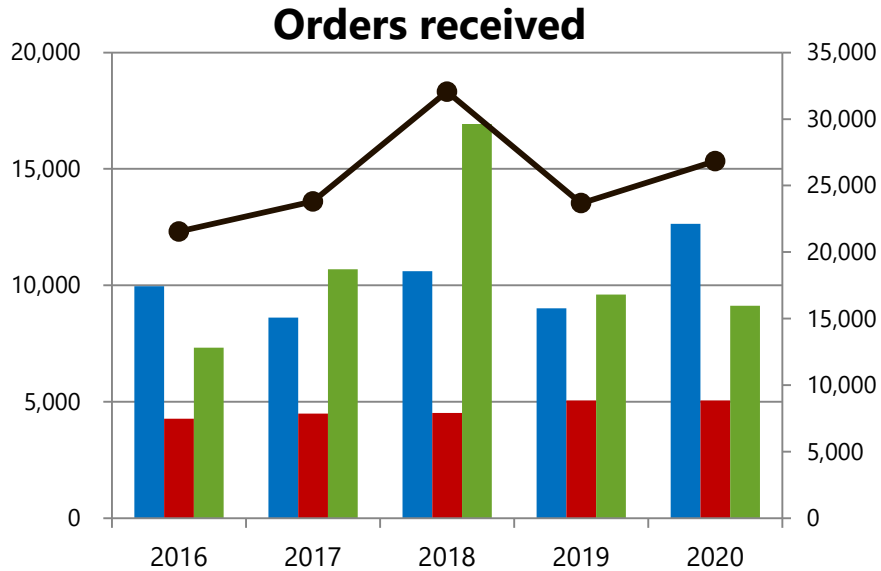
Orders received, Sales and Orders backlog by segment



Millions of yen

	FY2019 First-half			FY2020 First-half		
	Orders received	Sales	Order Backlog	Orders received	Sales	Order Backlog
Public	9,007	4,004	17,588	12,643	3,950	23,680
YOY	-15.1%	-13.2%	-2.7%	40.4%	-1.3%	34.6%
Private	5,051	4,401	7,098	5,058	4,413	7,044
YOY	11.9%	16.3%	9.9%	0.1%	0.3%	-0.8%
Overseas	9,605	9,166	30,347	9,129	9,857	28,525
YOY	-43.3%	-14.6%	-10.0%	-5.0%	7.5%	-6.0%
Total	23,664	17,572	55,034	26,832	18,221	59,251
YOY	-26.2%	-8.2%	-5.5%	13.4%	3.7%	7.7%

Orders received, Sales and Orders backlog by segment



Left
 ■ Public ■ Private ■ Overseas
 ● Total
 Millions of yen

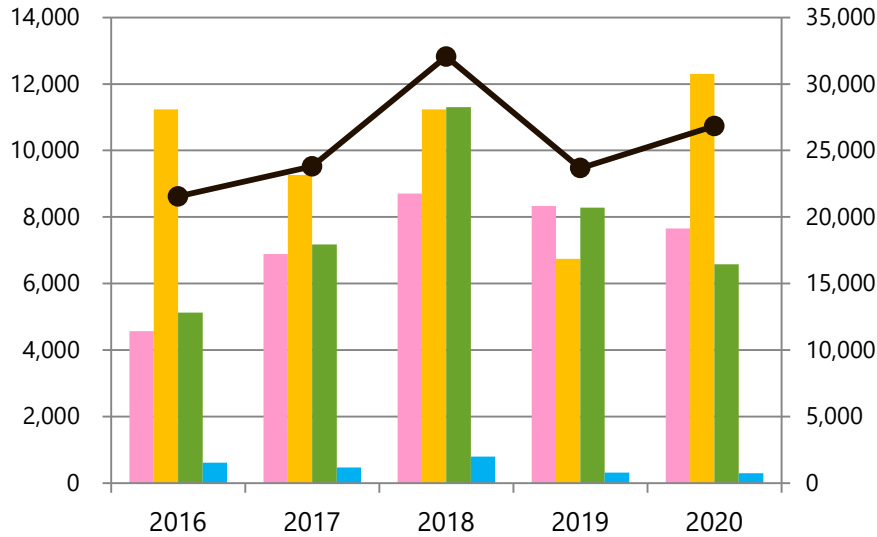
Orders received, Sales and Orders backlog by business domain

Millions of yen

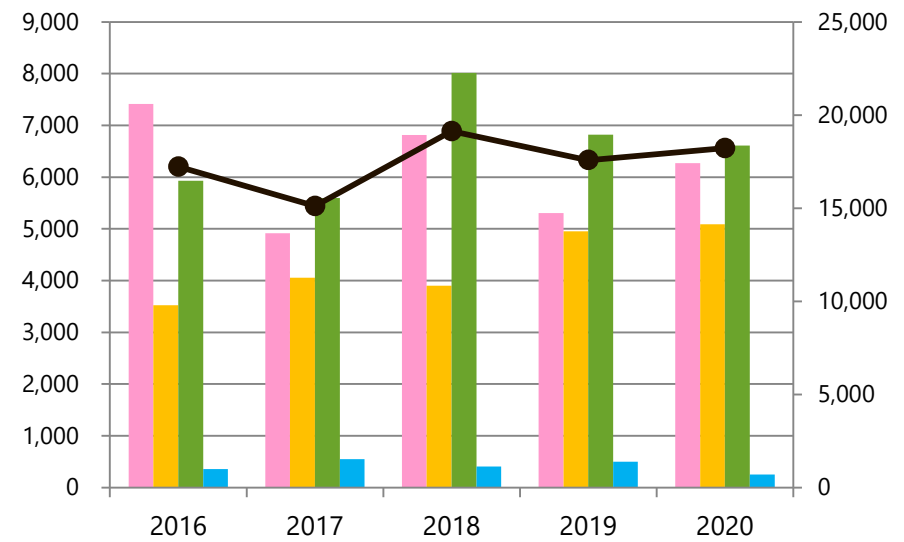
	FY2019 First-half			FY2020 First-half		
	Orders received	Sales	Order Backlog	Orders received	Sales	Order Backlog
High-tech Pumps	8,331	5,304	21,095	7,654	6,269	21,027
YOY	-4.3%	-22.1%	19.0%	-8.1%	18.2%	-0.3%
Projects	6,741	4,950	24,583	12,305	5,086	28,816
YOY	-40.0%	26.9%	-19.0%	82.5%	2.7%	17.2%
Service Solutions (aftermarket service)	8,281	6,819	9,201	6,580	6,612	9,258
YOY	-26.8%	-14.9%	-5.1%	-20.5%	-3.0%	0.6%
Renewable Energy and Environment	312	499	156	294	254	150
Total	-156.4%	22.9%	-67.9%	-5.8%	-49.1%	-3.8%
YOY	23,664	17,572	55,034	26,832	18,221	59,251

Orders received, Sales and Orders backlog by business domain

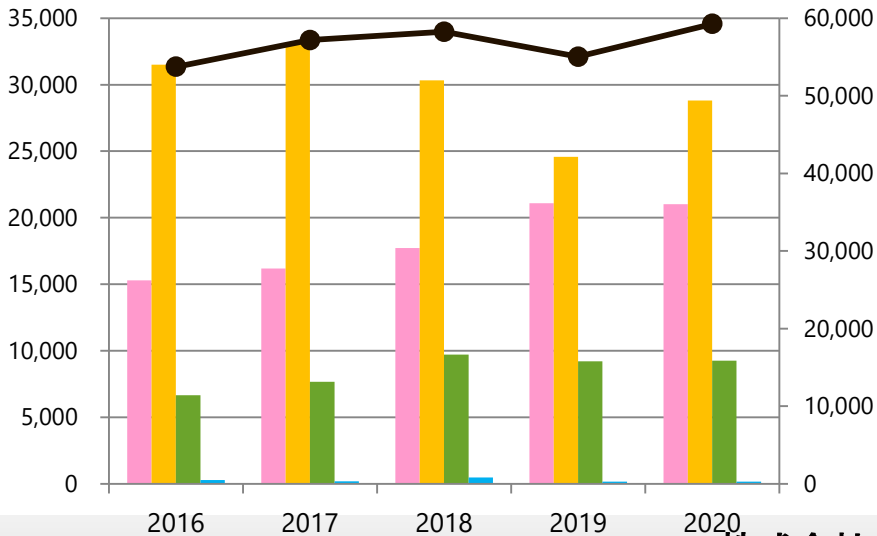
Orders received



Sales



Order backlog



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- High-tech Pumps
- Projects
- Service Solutions (aftermarket service)
- Renewable Energy and Environment

Right

- Total

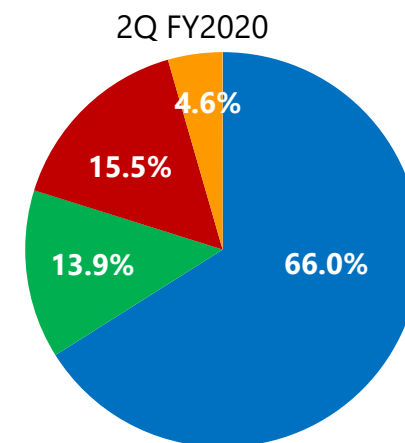
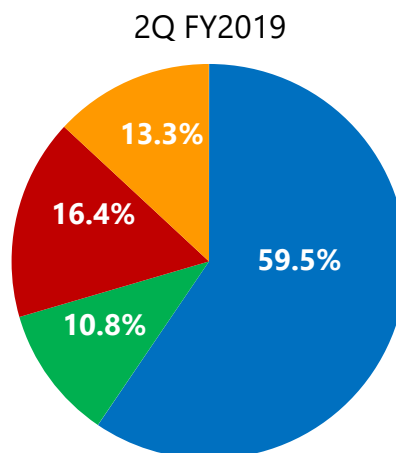
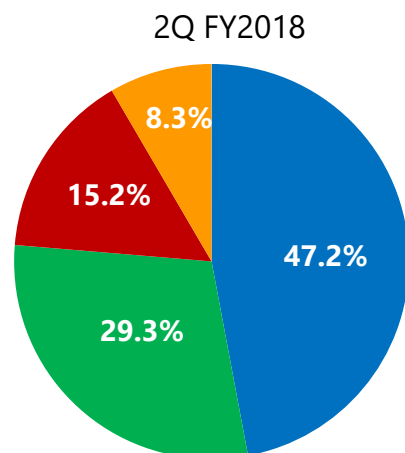
Millions of yen

Orders Received breakdown by region

Billions of yen

	Japan	Overseas	Breakdown			Total
			Asia	Middle East	Others	
2Q FY2018	15.1 (47.2%)	16.9 (52.8%)	9.4 (29.3%)	4.9 (15.2%)	2.7 (8.3%)	32.1
2Q FY2019	14.1 (59.5%)	9.6 (40.5%)	2.6 (10.8%)	3.9 (16.4%)	3.1 (13.3%)	23.7
2Q FY2020	17.7 (66.0%)	9.1 (34.0%)	3.7 (13.9%)	4.2 (15.5%)	1.2 (4.6%)	26.8

■ Japan ■ Asia ■ Middle East ■ Other

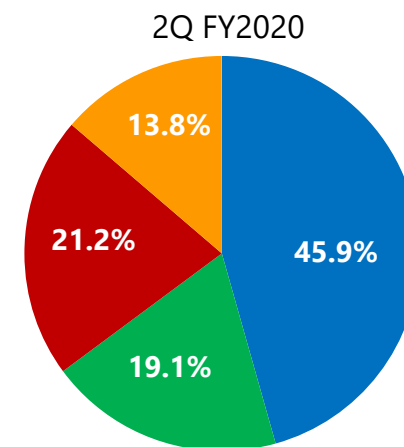
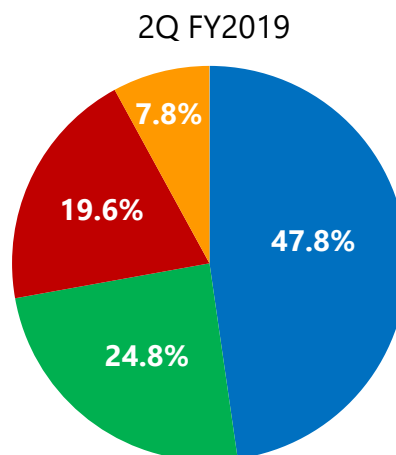
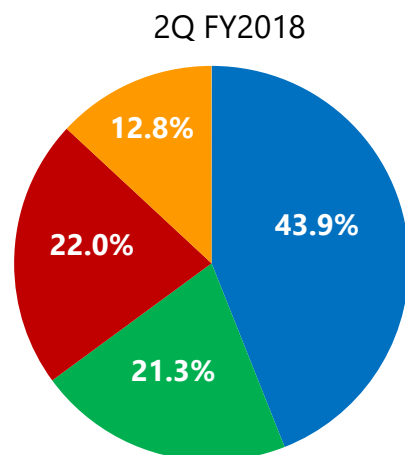


Sales breakdown by region

Billions of yen

	Japan	Overseas	Breakdown			Total
			Asia	Middle East	Others	
2Q FY2018	8.4 (43.9%)	10.7 (56.1%)	4.1 (21.3%)	4.2 (22.0%)	2.4 (12.8%)	19.1
2Q FY2019	8.4 (47.8%)	9.2 (52.2%)	4.4 (24.8%)	3.4 (19.6%)	1.4 (7.8%)	17.6
2Q FY2020	8.3 (45.9%)	9.9 (54.1%)	3.5 (19.1%)	3.9 (21.2%)	2.5 (13.8%)	18.2

■ Japan ■ Asia ■ Middle East ■ Other



Forecasts regarding future performance in these materials are based on judgment made in accordance with information available at the time this presentation was prepared. Therefore, please notice that there is a risk or uncertainty that the actual results may be different from these predicted results, depending on various factors.

【Inquiries】

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