

Consolidated Financial Results for the FY2019

(April 1st 2019 ~ March 31st 2020)

< May 26th 2020 >

TORISHIMA PUMP MFG.CO.,LTD.

Securities Code : 6363

www.torishima.co.jp/en

【1】 Financial Results of FY2019

【2】 Summary of Medium-Term Business Plan

【3】 Outlook for the coming years

		Billions of yen	YOY
● Orders Received	...	48.8	-3.0
● Sales	...	47.1	-1.1
● Operating Income	...	1.2	-0.5
● Ordinary Income	...	1.3	-1.0
● Net Income	...	0.5	-1.7

FY2019 Consolidated Financial Results



- Orders received : 15% increased in public-sector, 1% increased in private-sector, 21% decreased in overseas. Overall it decreased by 6% to 48.8 billion yen.
- Sales: 3% increased in public-sector, 10% increased in private-sector, 10% decreased in overseas. Overall it decreased by 2% to 47.1 billion yen.
- Income: Decreased from our initial plan due mainly to losses recorded in the first half-year. (see the details on the following page)

※The increase and decrease are YOY difference as to Orders received and Sales.

	FY2018	FY2019	YOY		FY2019		Difference from Initial plan
			Amount	%	Initial plan (May 2019)	Revised plan (Nov. 2019)	
Orders Received	51.8	48.8	-3.0	-5.8%	46.0	No change	+2.8
Sales	48.2	47.1	-1.1	-2.3%	46.0	No change	+1.1
Gross Operating Income (Gross profit margin)	11.8 (24.5%)	12.3 (26.1%)	+0.5 (+1.6pt)	+4.2%	12.6 (27.4%)	11.6 (25.2%)	-0.3 (-1.3pt)
SG&A expense	10.0	11.1	+1.1	+11.0%	10.1	10.7	+1.0
Operating income (Operating profit margin)	1.7 (3.5%)	1.2 (2.5%)	-0.5 (-1.0pt)	-29.4%	2.5 (5.4%)	0.9 (2.0%)	-1.3
Non-operating Profit or loss	0.5	0.1	-0.4	-80%	—	—	—
Ordinary income	2.3	1.3	-1.0	-43.5%	2.5	0.8	-1.2
Extraordinary profit or loss	0.0	-0.3	-0.3		—	—	—
Net income	2.2	0.5	-1.7		1.8	0.1	-1.3

*Foreign exchange rate
(1USD)

¥110.99
31st Mar 2018

¥108.83
31st Mar 2019

Main factors of decreased income

■ Non-consolidated

Billions of yen

	Main factors	Decrease in gross profit income	Decrease in operating income	Total
1	Bankruptcy of a customer (Provision for loss on construction contracts / for doubtful accounts)	0.2	0.5	0.7
2	Increase in sales cost	0.2		0.2
3	Decrease in sales and profit of wind power generators	0.2		0.2
Total		0.6	0.5	1.1

■ Subsidiaries

	Main factors	Decrease in gross profit income	Decrease in operating income	Total
4	Decrease sales and profit of a overseas subsidiary (after-sales service company in the UAE (TSS))	0.1	0.2	0.3
Total		0.1	0.2	0.3

100 million yen improved from the previous outlook announced on the 2nd quarter of FY2019

This was detailed and disclosed > [“Consolidated Financial Results for the 2nd Quarter of FY2019”](#)

FY2019 Financial Results

(Non-consolidated / Subsidiaries)

■ Non-consolidated

Billions of yen

	FY2018	FY2019		Deference from Initial plan	
		Initial plan	Results	amount	%
Sales	39.0	37.0	37.8	+0.8	+2.2%
Gross Operating Income (Gross profit margin)	7.3 (18.7%)	8.0 (21.6%)	7.7 (20.4%)	-0.3 (-1.2pt)	-3.8%
SG&A expense	6.7	6.8	7.5	+0.7	+10.3%
Operating income (Operating profit margin)	0.6 (1.5%)	1.2 (3.2%)	0.2 (0.5%)	-1.0 (-2.7pt)	-83.3%

- Sales was as planned
- Main factors of decreased gross operating income
 - Provision for loss on construction contracts
 - Increase in sales cost
 - Decrease in sales and profit of wind power generators
- Main factors of decreased operating income
 - Provision for doubtful accounts
 - Others
 - Increased in depreciation cost in line with reconstruction of HQ building
 - Costs related to 100th anniversary

■ Subsidiaries

	FY2018	FY2019		Deference from Initial plan	
		Initial plan	Results	amount	%
Sales	9.2	9.0	9.3	+0.3	+3.3%
Gross Operating Income (Gross profit margin)	4.5 (48.9%)	4.6 (51.1%)	4.6 (49.5%)	±0 (-1.6pt)	±0
SG&A expense	3.3	3.3	3.6	+0.3	+9.1%
Operating income (Operating profit margin)	1.1 (12.0%)	1.3 (14.4%)	1.0 (10.7%)	-0.3 (-3.7pt)	-23.1%

- Sales was as planned
- Main factors of decreased operating income
 - Increased in personnel of some service business subsidiaries such as UAE, Malaysia, Philippines, Taiwan, USA

- 【1】 Financial Results of FY2019
- 【2】 **Summary of Medium-Term Business Plan**
- 【3】 Outlook for the coming years

Medium-Term Business Plan FY2017- FY2019①

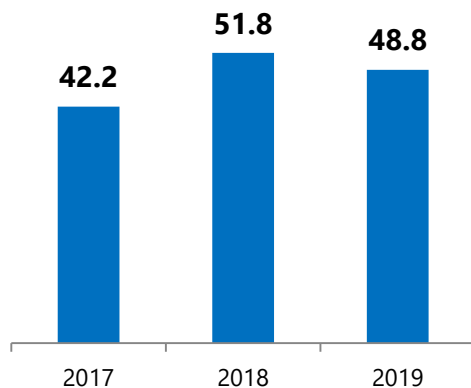
Orders received and Sales were as planned.

Profit didn't reach the initial plan due mainly to 1.4 billion of losses including the provision for doubtful accounts recorded in the FY2019 first half-year.

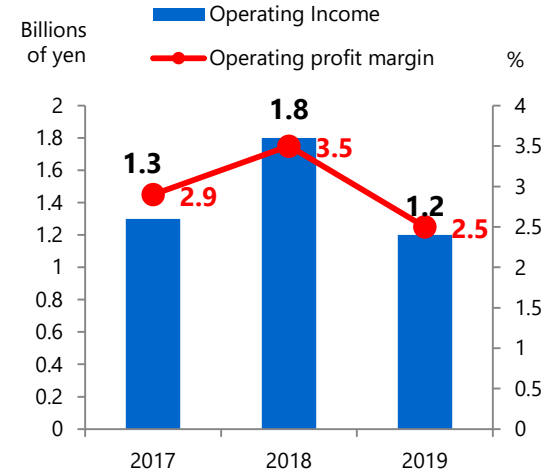
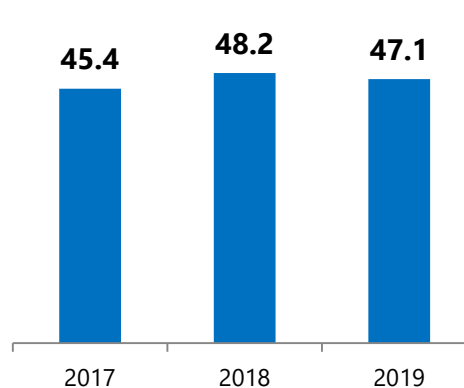
Billions of yen

	FY2017		FY2018		FY2019	
	Plan	Results	Plan	Results	Plan	Results
Orders received	44.0	42.2	45.0	51.8	46.0	48.8
Sales	44.5	45.4	46.0	48.2	46.0	47.1
Operating Income (Operating profit margin)	2.0 (4.5%)	1.3 (2.9%)	2.0 (4.3%)	1.7 (3.5%)	2.5 (5.4%)	1.2 (2.5%)
Non-operating Profit or loss	2.5	1.5	2.0	2.3	2.5	1.3
Net income	1.8	0.9	1.4	2.2	1.8	0.5

Orders received



Sales



Medium-Term Business Plan FY2017- FY2019 ②

Torishima implemented its Medium-Term Business Plan from FY2017 to FY2019, the year of Torishima's 100th anniversary. During this three year plan, we focused on the activities listed below with particular attention given to 'Innovative Capabilities', 'Global Strength' and 'After-Sales Service Capabilities'.

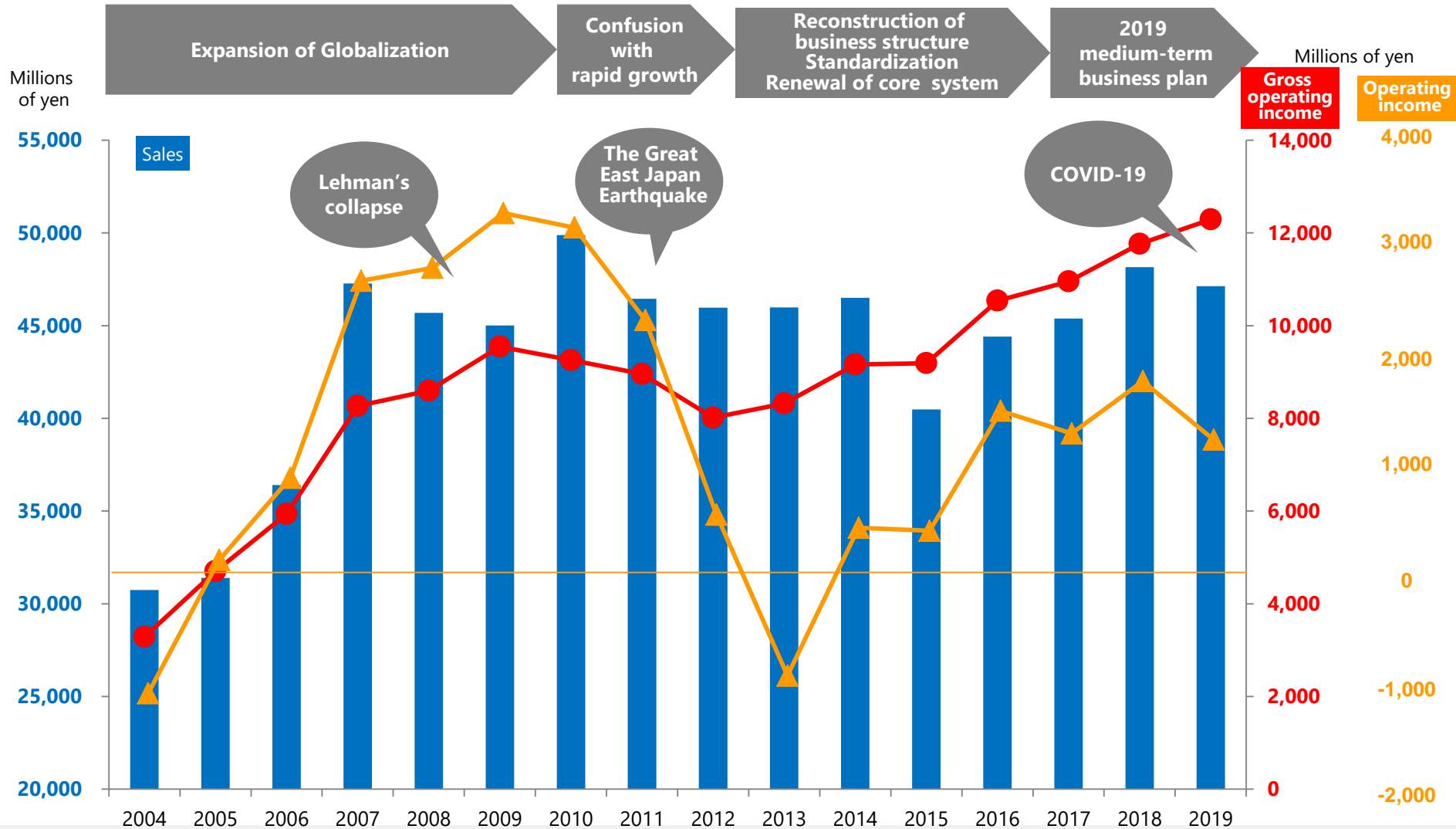
Work is still needed regarding 'Productivity, Work Process Quality' which will be a specific focus during the next FY.

Following this, we began to create the next medium-term business plan, however, we will postpone for a period of time whilst we analyse the impact of COVID-19 around the world.

Long-term challenges	Targets of 2019 Medium-Term Business Plan	Results	Main efforts in the last 3 years
Innovative Capabilities	Enhance core pump products, introduce new products	◎	<ul style="list-style-type: none"> - Enhanced pumps for power plants, seawater desalination plants, large capacity water transmission pumps, and rainwater drainage pumps against torrential rain, these new products met customers' expectations and increased orders. - Developed a Rotating Equipment Monitoring System "TR-COM" with IoT technology, and working with related companies for business alliance.
	Develop new systems for the after-sales service market by utilizing technologies such as IoT and 3D		
Global Strength	Build an optimal global production system (plants in Japan, China, Indonesia, India)	○	<ul style="list-style-type: none"> - India: Started manufacturing of motor modules for boiler circulating pumps - Indonesia: Started the manufacture of small-size boiler feed pumps specifically for customers in East Asia - Tianjin: Started manufacturing of boiler feed pumps for biomass power plants and incinerator plants
Productivity, Work Process Quality	Use state-of-the-art equipment to boost productivity and expand production capacity	△	<ul style="list-style-type: none"> - Enhanced in-house productivity and test capability by upgrading equipment in the head office factory. <p>However increasing our production efficiency is still on-going although some measures have been implemented in such as centralization of information and introduction of RPA</p>
	Firmly establish and continuously improve process innovation		
After-Sales Service Capabilities	Cover more regions (Americas, Southeast Asia)	◎	<ul style="list-style-type: none"> - Newly started: Thailand, Philippines, Malaysia, Taiwan, USA, Saudi Arabia - Expanded: Singapore, UAE, UK - Enhanced service business in Japan - Achieved the target of 34-36% (Average 35%)
	Increase number of supervisors and train them		
	Have service solutions business account for 35% or more		
	Increase number of products that can be serviced		

Medium-Term Business Plan in the long-term trend

We have enhanced our growth platform in the last three year plan, and improved profitability. We strive to more increase our operating income in the coming years, leading to further innovation.



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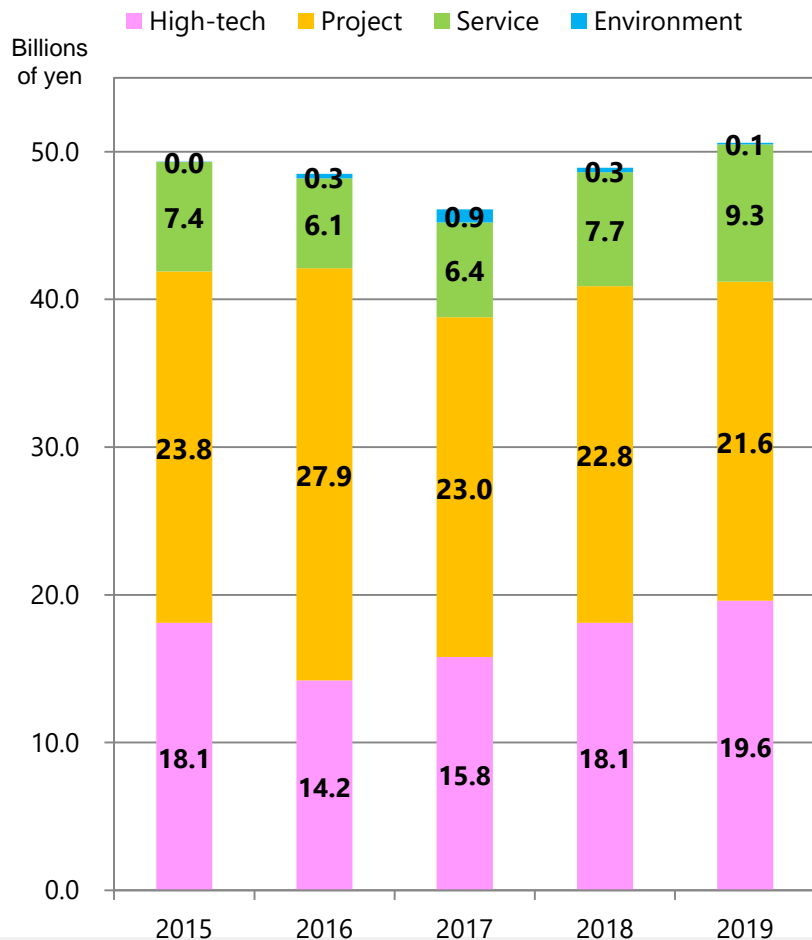
The impact of COVID-19 on Torishima and our current situation

- Torishima's products are essential in the upkeep and development of society's infrastructure, therefore all manufacturing and service facilities both Japan and overseas remained in operation throughout global lockdown and immigration restrictions.
(Tianjin factory had closed but reopened in the middle of February, currently full-operational.
A small number of our Service facilities operate restricted working hours)
- Our staff around the world utilised "working-from-home" and online working to maintain the business needs communicating internally and to our clients.
- The safety of our employees is our priority. We have taken measures as follows: ensuring employees' health, keeping the workplace hygienic, refraining from unnecessary business trips or meetings, shifting to WFH or staggered working time.
- We have been strengthening relationship with customers through online meeting even though it is difficult to have a face-to-face communication.

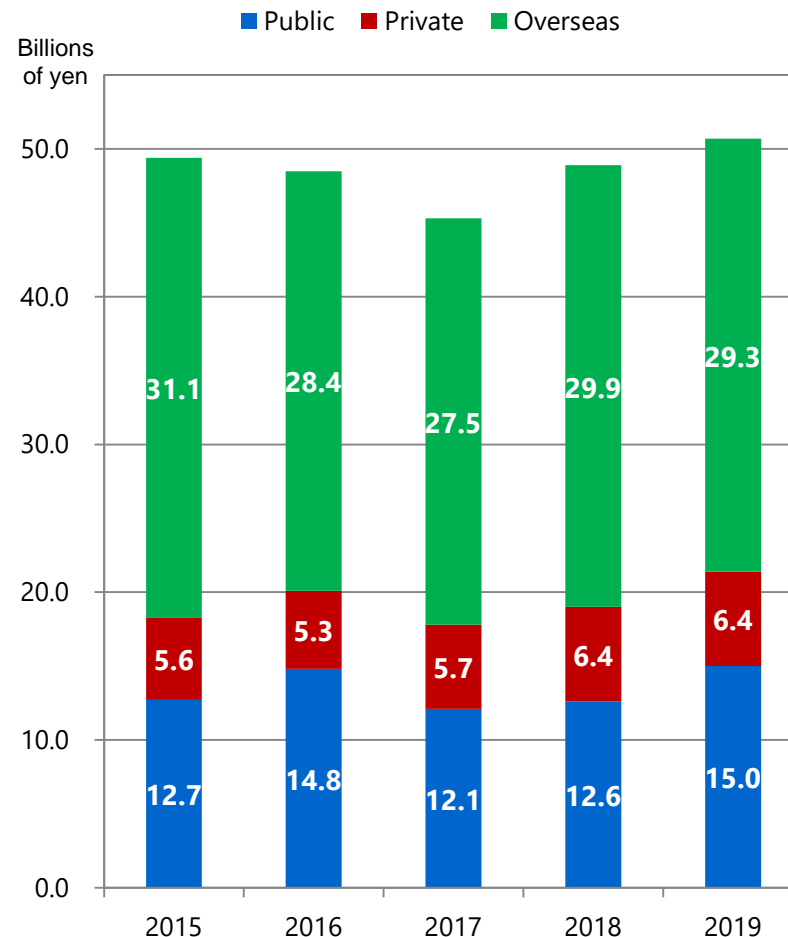
Outlook for Sales of FY2020

We expect average yearly sales based on 50.6 billion of order backlog. However, it is difficult to make a rational calculation of the consolidated financial forecasts at this point, accordingly we have not yet disclosed our consolidated forecasts.

Orders backlog by segment



Orders backlog by business domain



Focused initiatives during FY2020

We will focus on measures below while maintaining our basic strategy of 2019 medium-term business plan.

Prevent infection among employees

- Rise awareness of the importance of wearing masks and washing hands
- Shift office work to work-from-home and staggered working time
- Avoid the "three Cs" (closed spaces, crowded places, close-contact settings)
- Refrain from nonessential and non-urgent business trip

Reduce expenses

- Reduce fixed costs
- Minimize production loss costs
- Eliminate unproductive work

Maintain fiscal strength

- Secure liquidity with cash and deposits
- Strengthen receivable management
- Review capital expenditure planning and set priorities

Secure supply chain

- Optimize inventory management
- Optimize production system including procurement network and processing operation within Torishima group

Enhance IT

- Centralize information
- Improve productivity
- Diversify working style
- Accelerate, diversify and expand sales activities

Accelerate IoT

- Promote labor saving and unattended operation on customers' sites with TR-COM
- Suggest efficient working system based on Data
- Provide unmanned service system

Strengthen service business

- Strengthen relationship with our existing customers.
- Maintain safe and reliable infrastructure for water and electricity with our maintenance services including overhaul of pumps

Our responsibility and role for society

Providing "Energy-Efficient Solutions" and ensuring "Safety and Reliability" with our core competence of "Innovation" "Globalization" " Services Solutions" and maintaining a reliable infrastructure for water and electricity, which are essential for human life



Hybrid of Mono & Koto_(products & Services)

Unmanned service and New normal working style

through TR-COM, which make it possible, providing solutions based on Data

**Tough times creates opportunities.
Torishima fulfills our responsibility and continually
evolve to meet the demands for society
in all situations**

EVOLUTION

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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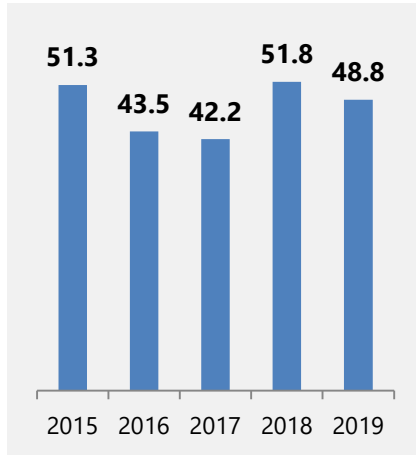
Appendix

Consolidated financial results (5 years)

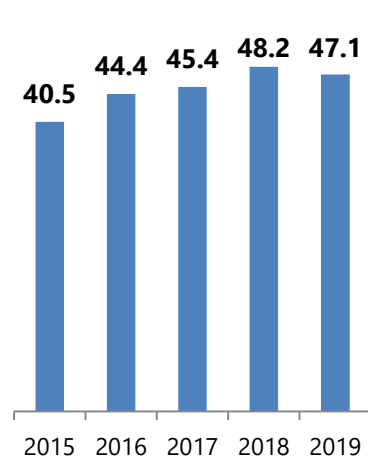
Billions of yen



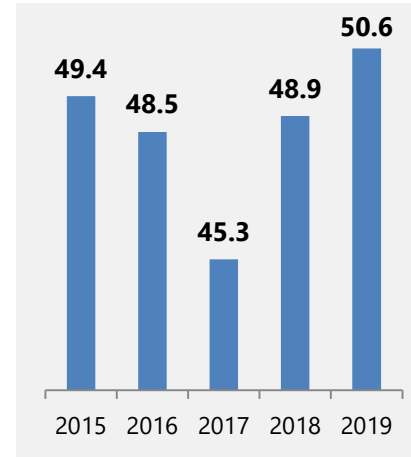
Orders Received



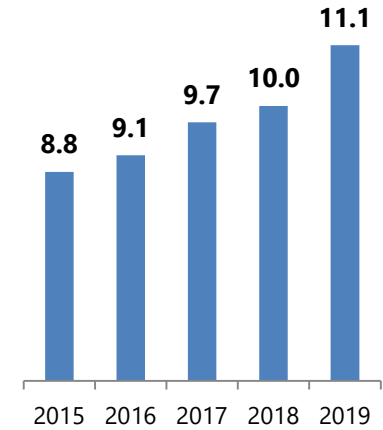
Sales



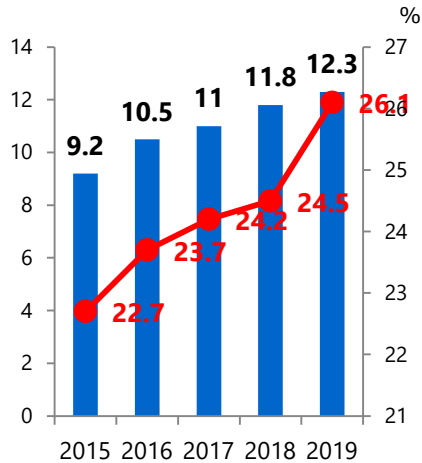
Orders Backlog



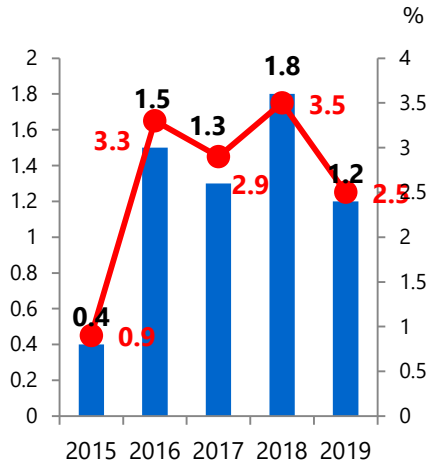
SG&A



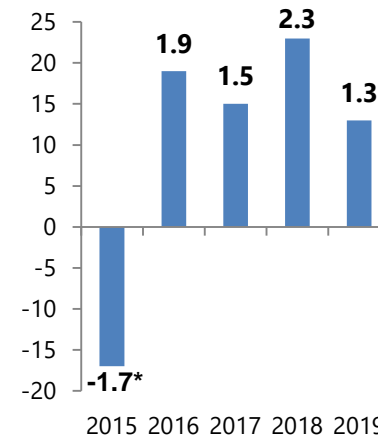
Gross profit income/margin



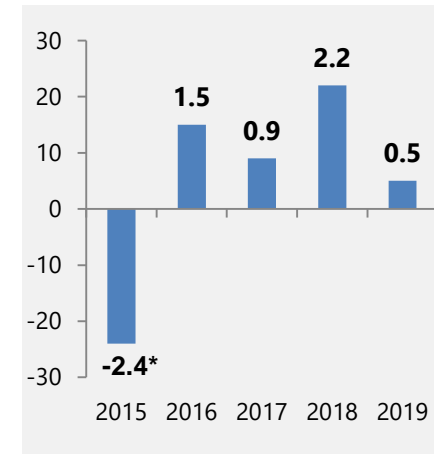
Operating income/margin



Ordinary income



Net income



*losses due to one-time factors, such as exchange losses, investment losses by the equity method, and reversal of deferred tax assets.

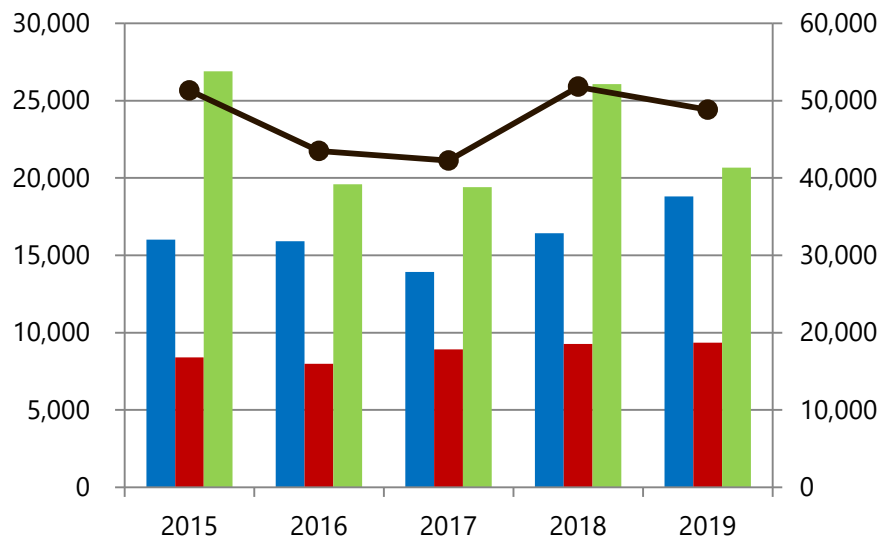
Orders received, Sales and Orders backlog by segment

Millions of yen

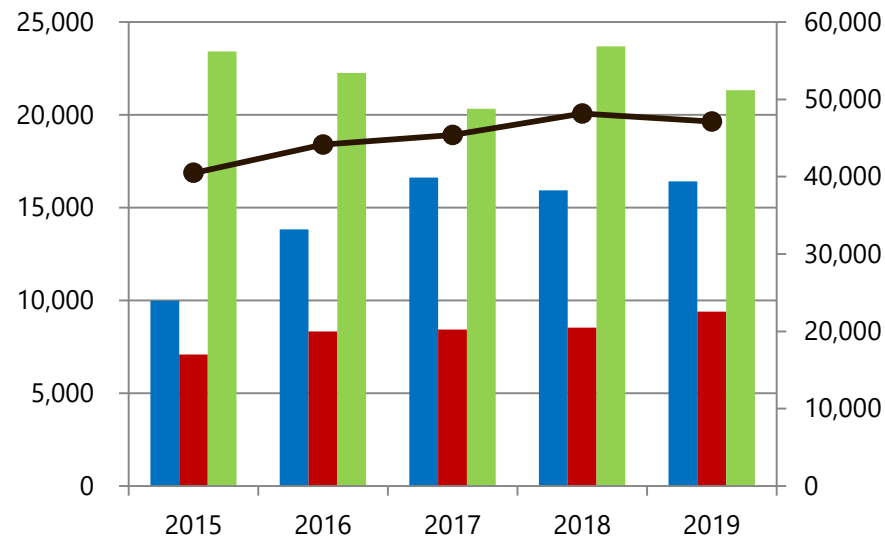
	FY2018			FY2019		
	Orders Received	Sales	Order Backlog	Orders Received	Sales	Order Backlog
Public sector	16,434	15,931	12,585	18,813	16,412	14,987
YOY rate	+18.1%	-4.2%	+4.2%	+14.5%	+3.0%	+19.1%
Private sector	9,258	8,540	6,447	9,339	9,387	6,399
YOY rate	+3.9%	+1.2%	+12.5%	+0.9%	+9.9%	-0.8%
Overseas	26,075	23,683	29,908	20,672	21,326	29,253
YOY rate	+34.4%	+16.5%	+8.7%	-20.7%	-10.0%	-2.2%
Total	51,768	48,154	48,942	48,824	47,126	50,640
YOY rate	+22.6%	+6.1%	+8.0%	-5.7%	-2.1%	+3.5%

Orders received, Sales and Orders backlog by segment

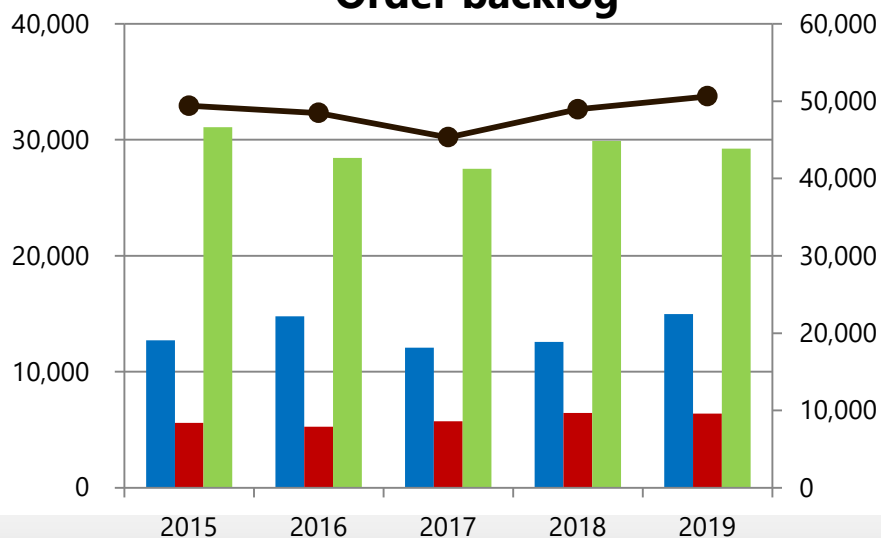
Orders received



Sales



Order backlog



Left

Public Private Overseas

Total

Total

Millions of yen

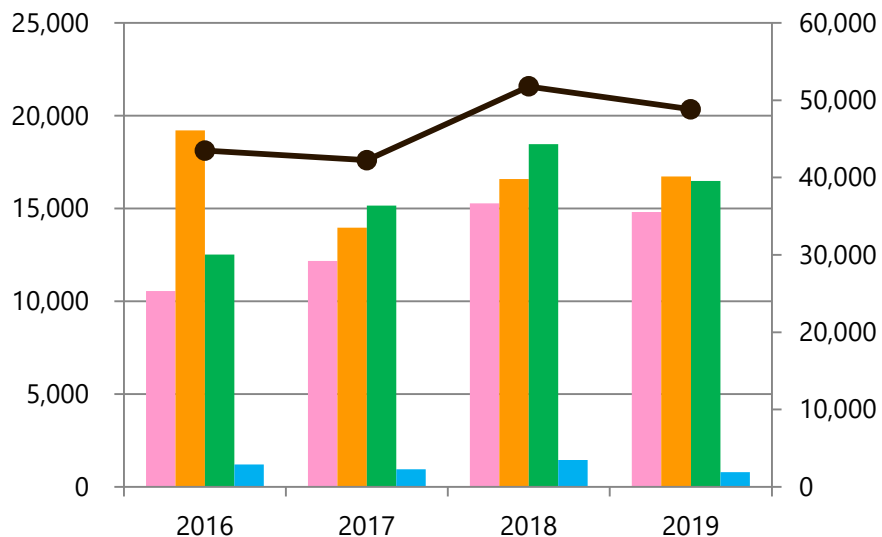
Orders received, Sales and Orders backlog by business domain

Millions of yen

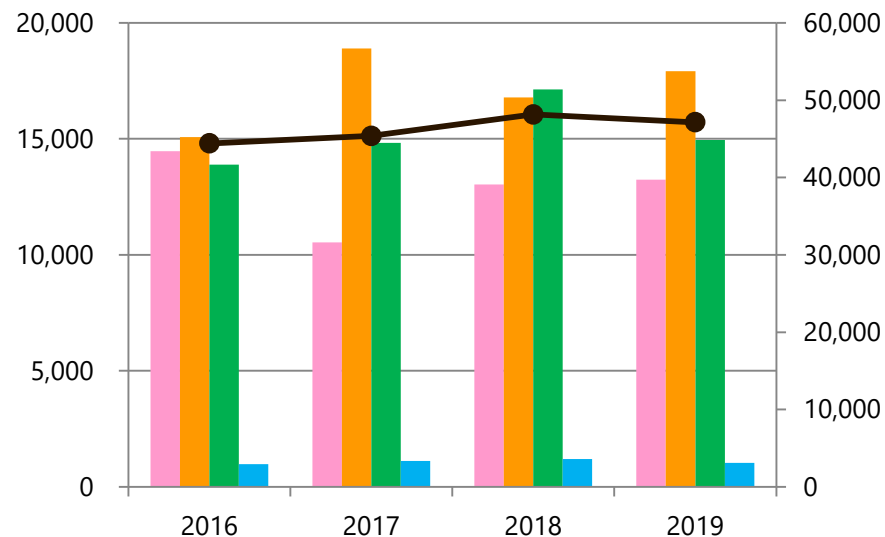
		FY2018			FY2019		
		Orders received	Sales	Order Backlog	Orders received	Sales	Order Backlog
High-tech Pumps		15,275	13,038	18,069	14,815	13,241	19,642
	YOY	25.6%	23.7 %	14.1%	-3.0%	-1.5%	8.7%
Projects		16,582	16,785	22,792	16,729	17,924	21,597
	YOY	18.7%	-11.2%	-0.9%	0.9%	6.8%	-5.2%
Service Solutions (aftermarket service)		18,462	17,132	7,739	16,484	14,932	9,291
	YOY	21.8%	15.5%	20.8%	-10.7%	-12.8%	20.1%
Renewable Energy and Environment		1,451	1,199	343	796	1,029	110
	YOY	53.0%	7.8%	309.9%	-45.1%	-14.2%	-67.9%
Total		51,769	48,155	48,942	48,825	47,127	50,640
	YOY	22.6%	6.1%	8.0%	-5.7%	-2.1%	3.5%

Orders received, Sales and Orders backlog by segment

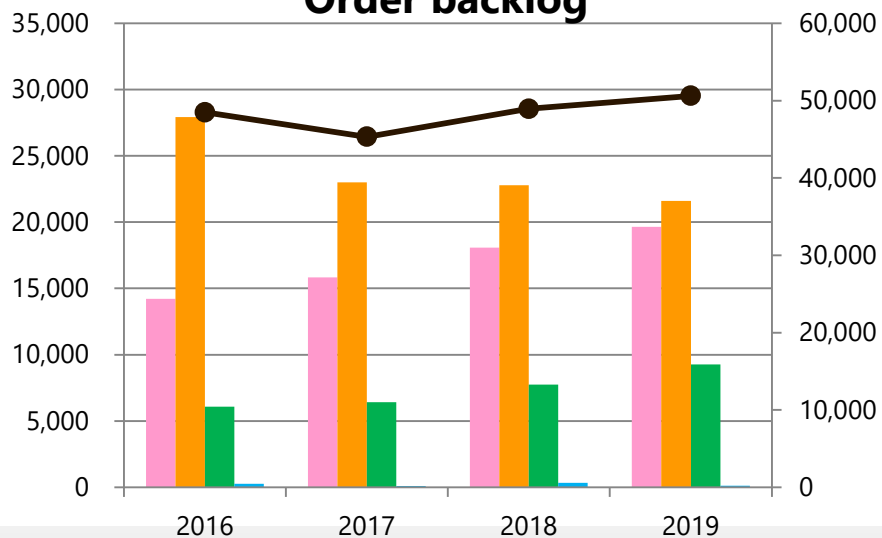
Orders received



Sales



Order backlog



Left

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

Right

- Total

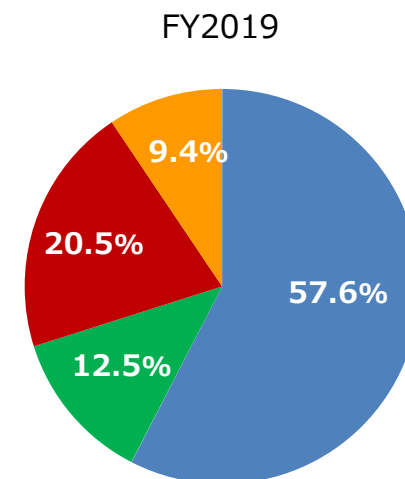
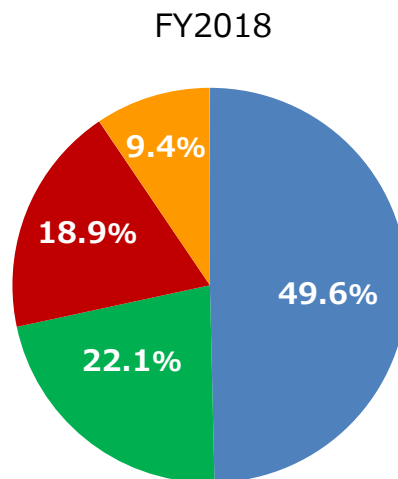
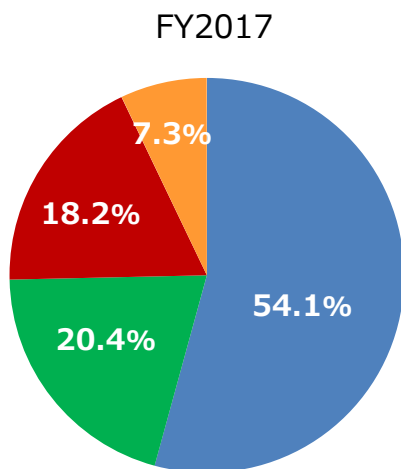
Millions of yen

Orders received breakdown by region

Billions of yen

	Japan	Overseas	Breakdown			Total
			Asia	Middle East	Other	
FY2017	22.9 (54.1%)	19.4 (45.9%)	8.7 (20.4%)	7.7 (18.2%)	3.0 (7.3%)	42.2
FY2018	25.7 (49.6%)	26.1 (50.4%)	11.4 (22.1%)	9.8 (18.9%)	4.9 (9.4%)	51.8
FY2019	28.1 (57.6%)	20.7 (42.4%)	6.1 (12.5%)	10.0 (20.5%)	4.6 (9.4%)	48.8

■ Japan ■ Asia ■ Middle East ■ Other

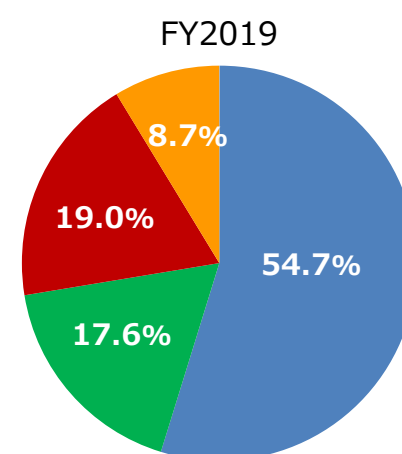
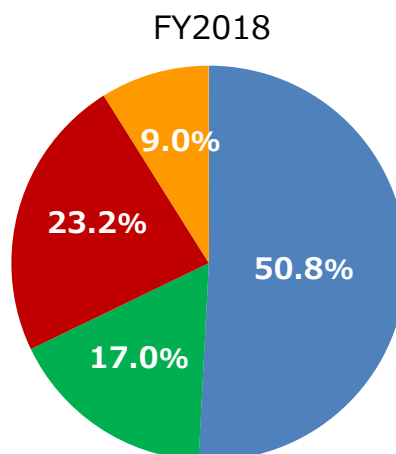
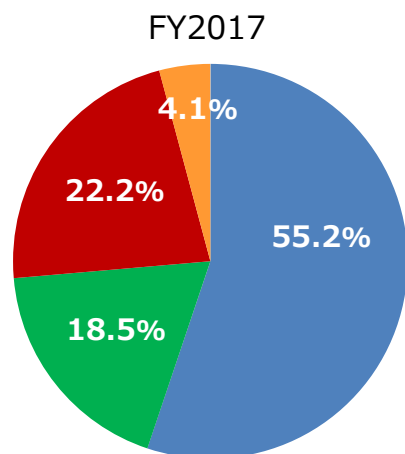


Sales breakdown by region

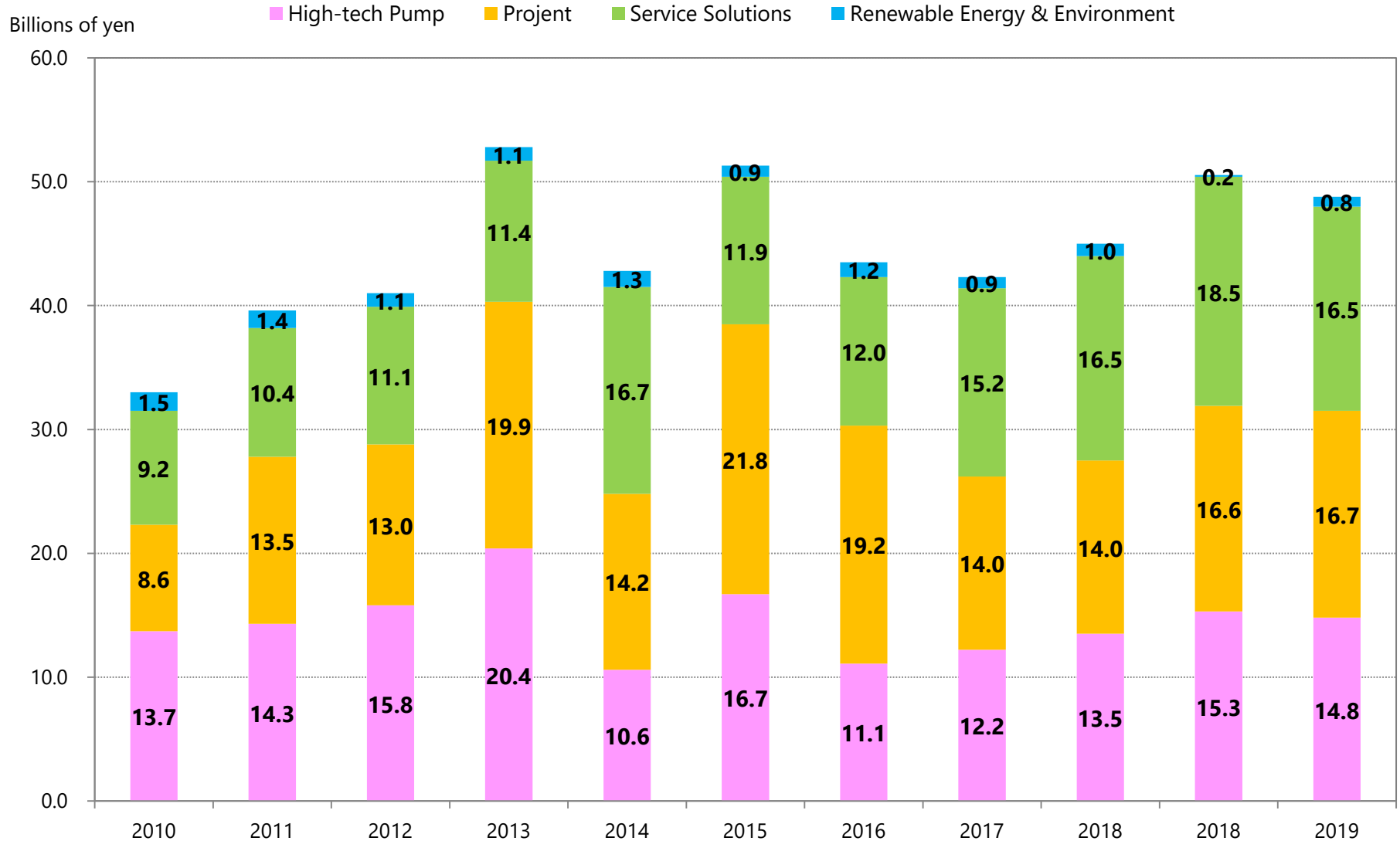
Billions of yen

	Japan	Overseas	Breakdown			Total
			Asia	Middle East	Other	
FY2017	25.1 (55.2%)	20.3 (44.8%)	8.4 (18.5%)	10.1 (22.2%)	1.9 (4.1%)	45.4
FY2018	24.5 (50.8%)	23.7 (49.2%)	8.2 (17.0%)	11.2 (23.2%)	4.3 (9.0%)	48.2
FY2019	25.8 (54.7%)	21.3 (45.3%)	8.3 (17.6%)	8.9 (19.0%)	4.1 (8.7%)	47.1

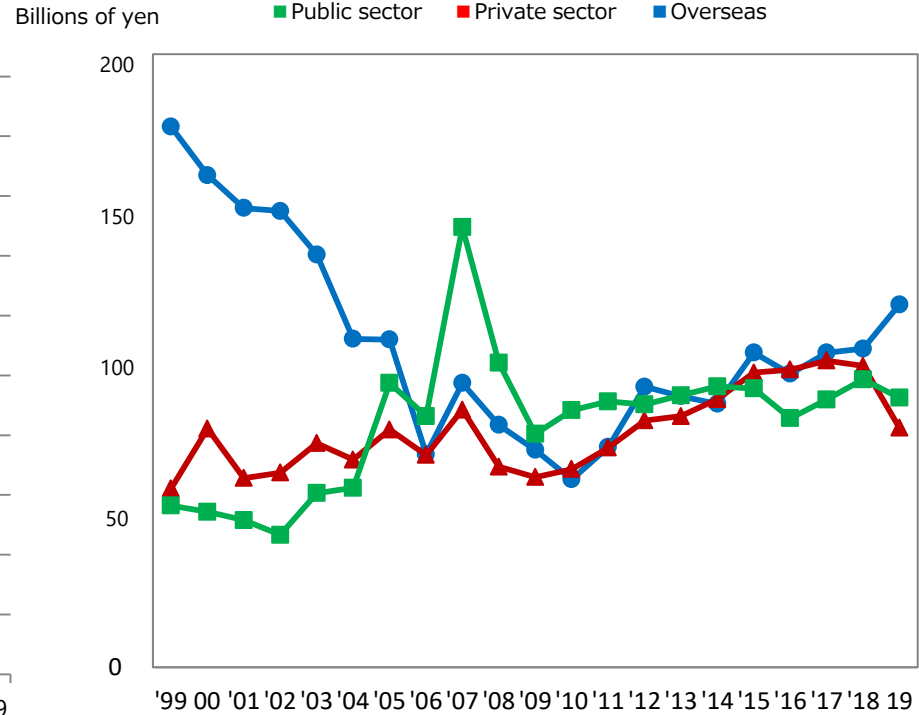
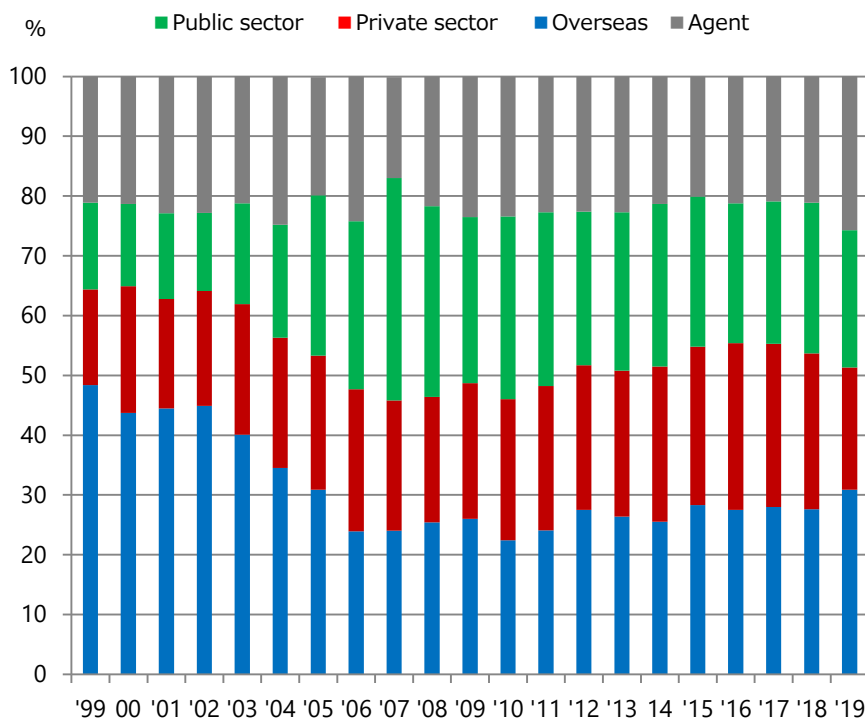
■ Japan ■ Asia ■ Middle East ■ Other



Orders Received by Segment



Japanese Pump Market



	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	YOY
Public	176,337	160,550	149,806	148,831	134,685	107,124	106,948	69,504	92,722	79,096	70,999	61,305	71,888	91,545	88,445	85,859	102,582	95,735	102,616	103,944	118,299	113.8%
Private	58,396	77,895	61,733	63,572	73,130	67,732	77,537	69,286	84,067	65,471	62,051	64,668	71,698	80,560	81,964	87,442	96,140	97,087	100,023	98,293	78,094	79.5%
Overseas	52,766	50,737	48,032	43,247	56,846	58,578	92,770	81,919	143,535	99,326	76,108	83,883	86,763	85,712	88,787	91,612	90,925	81,236	87,290	94,926	87,941	92.6%
Agent	76,961	78,116	76,978	75,608	71,500	77,030	68,459	70,310	65,315	67,590	64,338	64,080	67,712	75,455	76,231	71,510	72,963	73,839	77,073	79,255	98,841	124.7%
Total	364,460	367,298	336,549	331,258	336,161	310,464	345,714	291,019	385,639	311,483	273,496	273,936	298,061	333,281	335,427	336,423	362,610	347,897	367,002	376,418	383,175	101.8%

Source: The Japan Society of Industrial Machinery Manufacturers