

# Consolidated Financial Results for the FY2020 and Medium- and Long-term Business Plan

14<sup>th</sup> May 2021  
TORISHIMA PUMP MFG.CO.,LTD.

**【1】 FY2020 Financial Results**

**【2】 Long-term Vision towards FY2050  
Medium-term Business Plan for FY2024-Beyond110-**

**【3】 FY2021 Outlook**

# **【1】 FY2020 Financial Results**

**【2】 Long-term Vision towards FY2050  
Medium-term Business Plan for FY2024-Beyond**

**【3】 FY2021 Outlook**

# FY2020 Financial Results Outline

		Billions of yen	YOY
● Orders Received	...	49.1	+0.3
● Sales	...	50.8	+3.7
● Operating Income	...	3.6	+2.4
● Ordinary Income	...	4.6	+3.3
● Net Income	...	3.4	+2.9

# FY2020 Consolidated Financial Results

- Orders received : 9.0% increased in public-sector, 3.0% increased in private-sector, 8.4% decreased in overseas, resulted in an overall orders increased by 0.5 to 49.1 billion yen.
- Sales: 19.9% increased in public-sector, 1.0% decreased in private-sector, 2.3% increased in overseas, resulted in an overall increased by 7.8% to 50.8 billion yen.
- Income: Operating income increased by 2.4 billion yen due mainly to cost cuttings and reductions in provisions. Ordinary income increased by 3.3 billion yen due mainly to foreign exchange gains and an increase in miscellaneous income such as insurance claims.

\*The increase and decrease are YOY

Billions of yen

	FY2019	FY2020	YOY		FY2020 plan (disclosed in Nov. 2020)	Compared with plan	
			Amount	%		Amount	%
Orders Received	48.8	49.1	+0.3	+0.5%	46.0	+3.1	+6.7%
Sales	47.1	50.8	+3.7	+7.8%	47.0	+3.8	+8.1%
Gross Operating Income (Gross profit margin)	12.3 (26.1%)	13.5 (26.6%)	+1.2 (+0.5pt)	+9.8%	12.2 (26.0%)	+1.3 (+0.6pt)	+10.7%
SG&A expense	11.1	9.9	-1.2	-10.8%	10.5	-0.6	-5.7%
Operating income (Operating profit margin)	1.2 (2.5%)	3.6 (7.1%)	+2.4 (+4.6pt)	+200.0%	1.7 (3.6%)	+1.9 (+3.5pt)	+111.8%
Non-operating Profit or loss	0.1	1.0	+0.9	+900.0%			
Ordinary income	1.3	4.6	+3.3	+253.8%	1.6	+3.0	+187.5%
Extraordinary profit or loss	-0.3	-0.1	+0.2	-			
Net income	0.5	3.4	+2.9	+580.0%	1.2	+2.2	+183.3%

\*Foreign exchange rate (1USD)

¥108.83  
31<sup>st</sup> Mar 2020

¥110.71  
31<sup>st</sup> Mar 2021

# FY2020 Financial Results (Non-consolidated / Subsidiaries)

## ■ Non-consolidated

Billions of yen

	FY2019	FY2020	YOY	
			amount	%
Sales	37.8	40.6	+2.8	+7.4%
Gross Operating Income (Gross profit margin)	7.7 (20.4%)	8.7 (21.4%)	+1.0 (+1.0pt)	+13.0%
SG&A expense	7.5	6.3	-1.2	-16.0%
Operating income (Operating profit margin)	0.2 (0.5%)	2.4 (5.9%)	+2.2 (+5.4pt)	+1,100%

- ✓ Gross operating income increased by 1 billion yen due mainly to increased sales and higher gross profit margin.
- ✓ Operating income increased by 2.2 billion yen due to a decrease in SG & A expenses including sales costs and allowance for doubtful accounts.

## ■ Subsidiaries

Billions of yen

	FY2019	FY2020	YOY	
			amount	%
Sales	9.3	10.2	+0.9	+9.7%
Gross Operating Income (Gross profit margin)	4.6 (49.5%)	4.8 (47.1%)	+0.2 (-2.4pt)	+4.3%
SG&A expense	3.6	3.6	±0	±0%
Operating income (Operating profit margin)	1.0 (10.7%)	1.2 (11.8%)	+0.2 (+1.1pt)	+20.0%

- ✓ While sales decreased at service subsidiaries due to Covid-19, overall subsidiaries' sales increased driven by the manufacturing plant in China, accordingly operating income also increased by 200 million yen

# FY2020 summary

- ✓ Achieved sufficient results even amid the Covid-19 pandemic, the **parent company was the key driver** for this resilient performance.
  - Public-sector : **The large increase** in revenue was driven by **specially designed pumps to mitigate against heavy flooding**.
  - Private-sector : **Remained at the same level as the previous year** despite concerns about the impact of the Covid-19.
  - Overseas : While service businesses slowed in many subsidiaries due to Covid restrictions, sales did increase **driven by a strong demand in China**, who recovered quickly from the pandemic.
    - On a non-consolidated basis, while there were risks such as ship charter, shipments progressed smoothly resulting **in sales increased slightly**.
- ✓ **SG&A expenses were greatly reduced** by improving work efficiency through work style reforms.
- ✓ Overall, the company achieved **higher sales and profits** year-on-year basis.

【1】 FY2020 Financial Results

【2】 **Long-term Vision towards FY2050**  
**Medium-term Business Plan for FY2024-Beyond110-**

【3】 FY2021 Outlook

# Sales and Operating Income in the Last 20 Years

Shrinking domestic market

Started TGT

Expanding orders in the global market

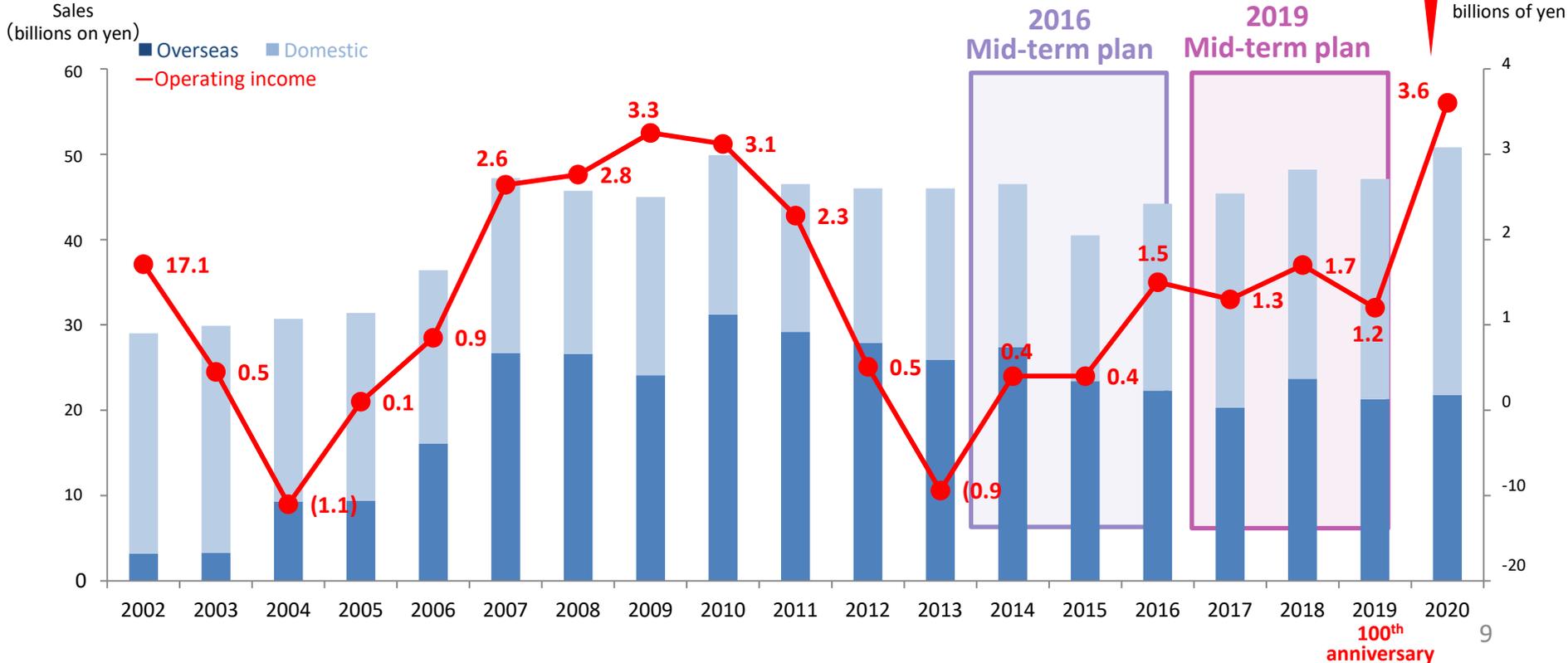
Confusion with rapid growth

Reconstruction of business structure

2019 mid-term business plan

Highest income in history

Operating income billions of yen



# The world Movements FY2016-FY2020

## 2016 The Paris Agreement comes into effect

A new international framework aiming to reduce greenhouse gas emissions after 2020.

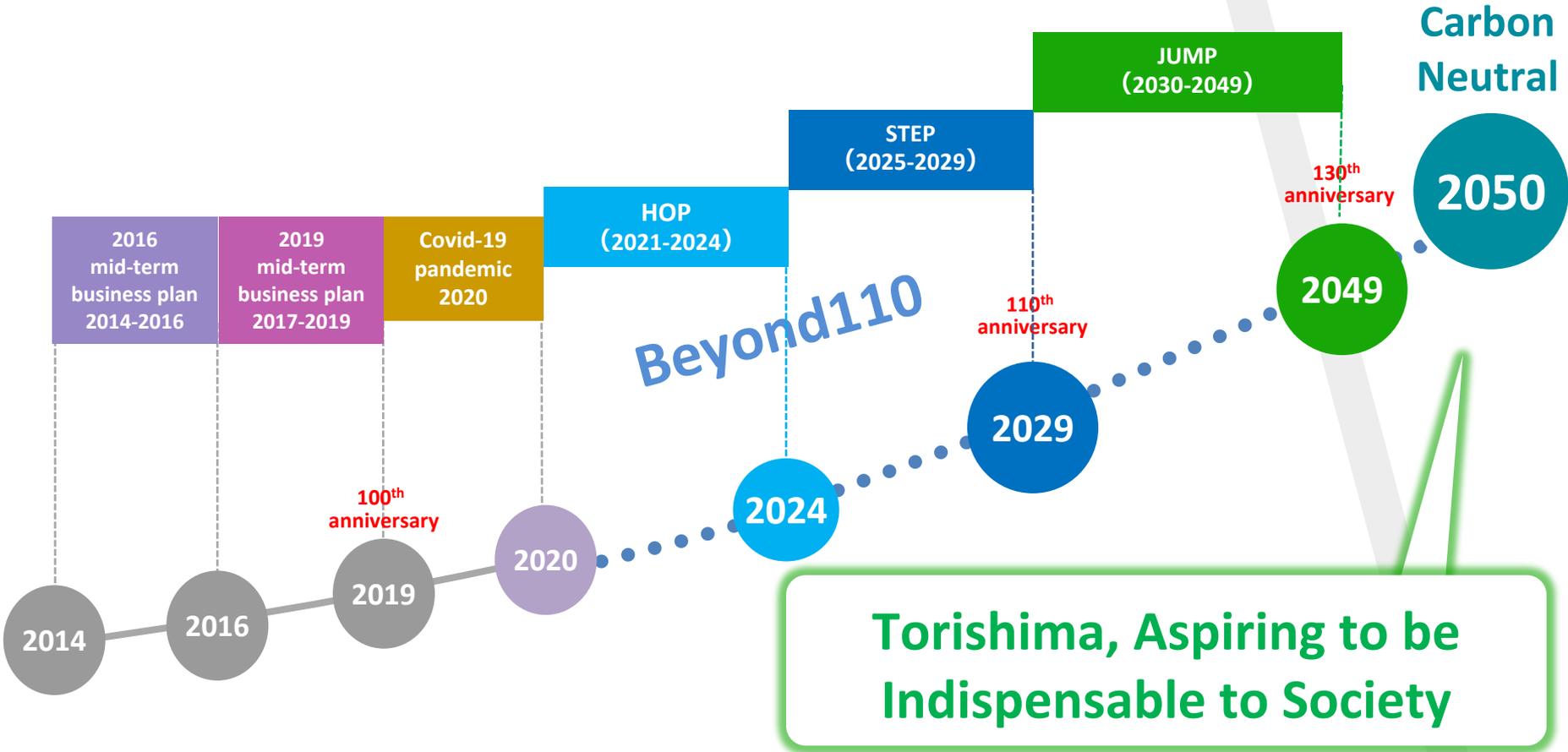
Its goal is to limit global average temperature increase to 1.5 degrees Celsius compared to pre-industrial levels.

→ The world must realize a “Carbon Neutral Society” in 2050

Jan.2020 **Covid-19 Pandemic**

Nov.2020 **Japan also declared “2050 Carbon Neutral”**

# Towards to the realization of a carbon-neutral society in 2050

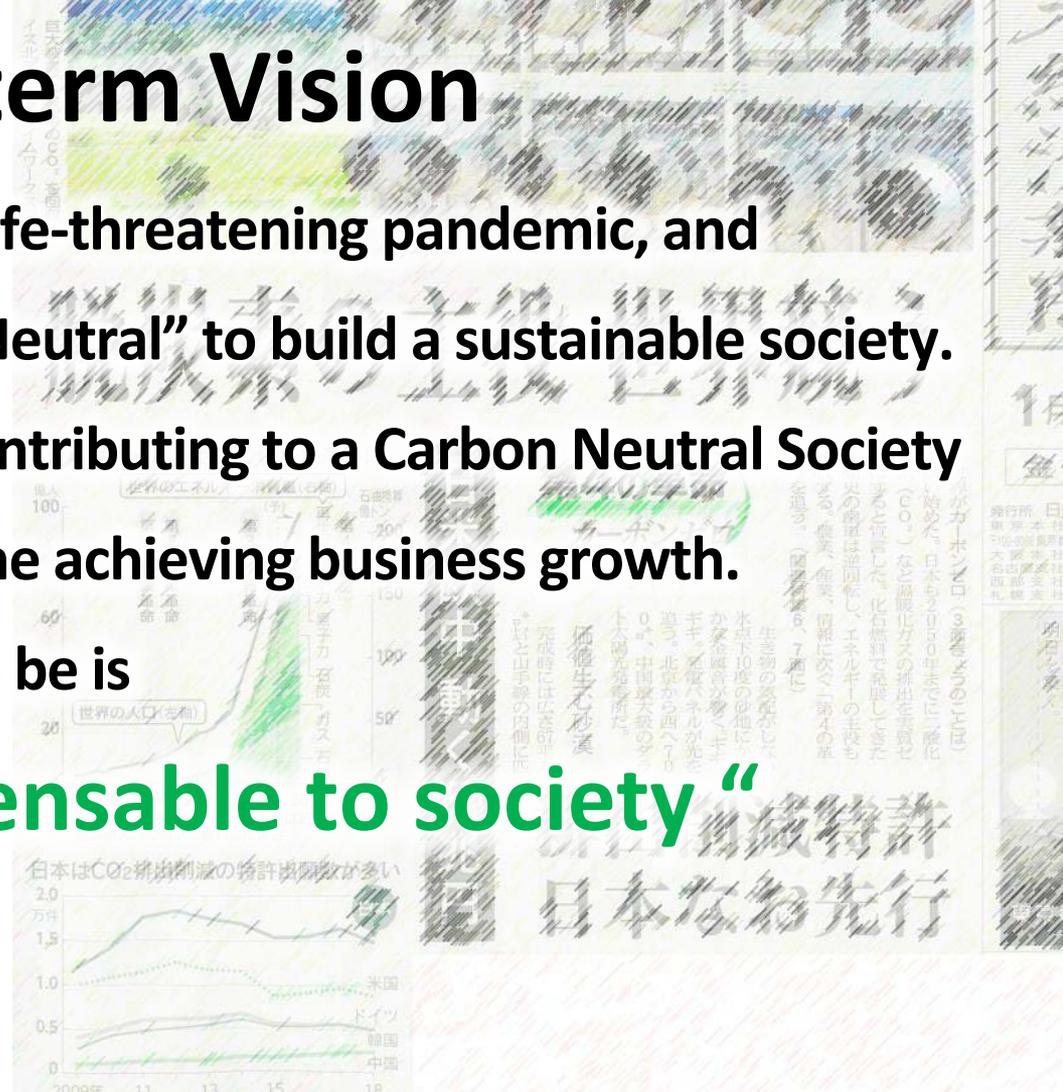


# Long-term Vision

The world has experienced a life-threatening pandemic, and has moved towards “Carbon Neutral” to build a sustainable society. Torishima is committed to contributing to a Carbon Neutral Society in 2050, while at the same time achieving business growth.

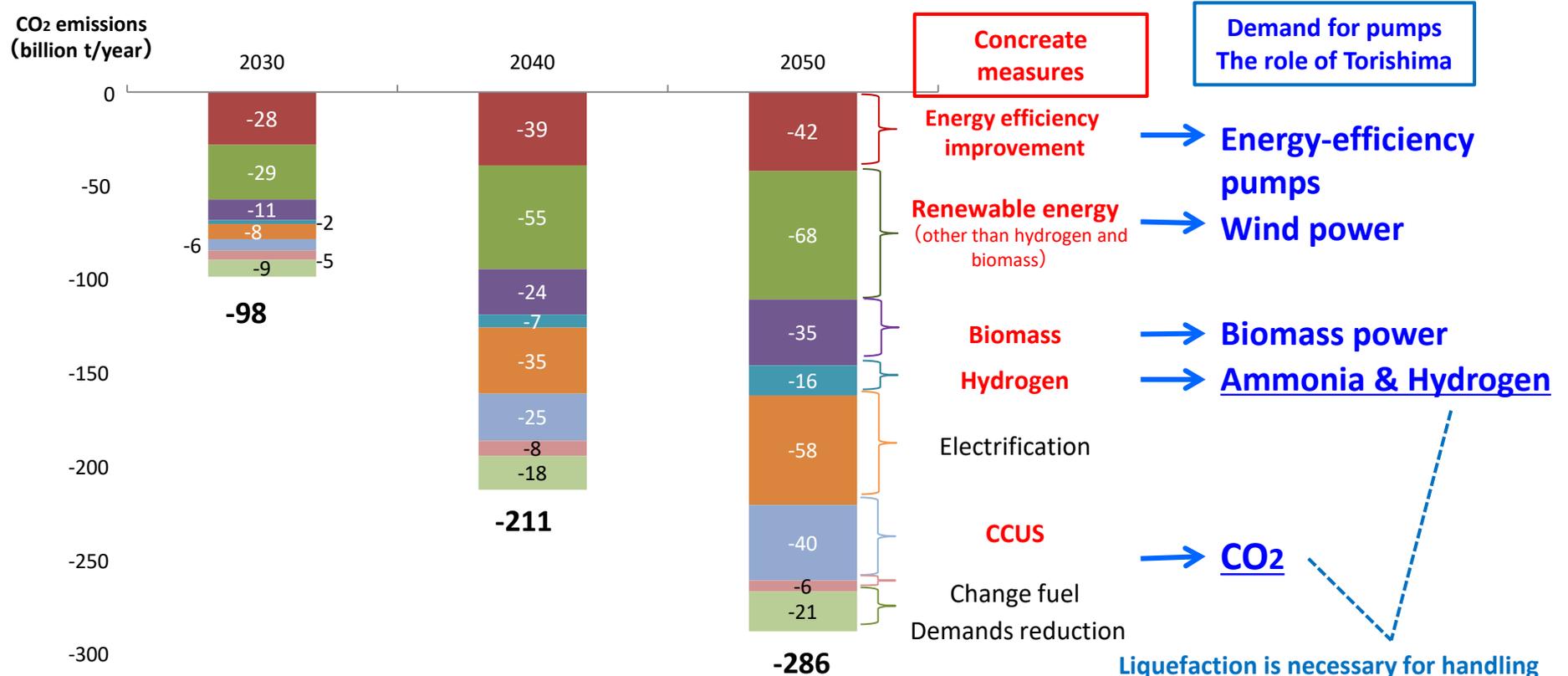
Our vision of what we want to be is

“a company indispensable to society”



# Towards a Carbon Neutral Society in 2050

## Concrete Measures to Reduce CO<sub>2</sub> Emissions in the World



Resource: Based on the IEA "Energy Technology Perspective 2020" prepared by the Japanese Government Growth Strategy Conference in November 2020

# Beyond110 - Medium-term Business Plan Looking Ahead to a Long-term Vision

## Beyond110

2013 — 2019

2020

2021 — 2024(HOP)

2025 — 2029(STEP)

110<sup>th</sup>

2030-(JUMP)

**Build a solid foundation to make a step change beyond the 100<sup>th</sup> anniversary of its founding.**

- ✓ Enhance core products
- ✓ Promote energy-efficiency initiatives
- ✓ Expand after-sales service business network
- ✓ Accelerate TR-COM (IoT)
- ✓ Standardize pump products
- ✓ Innovate core IT system

- Covid-19
- Normalize working-from-Home style
- Promote work style reforms
- Complete New HQ factory & office

**Short-term business plans contributing to society (Strengthen our existing competence by far)**

1. Boost Energy-efficiency Initiative with the Super-Eco Pumps
2. Enhance Technology for Specially Designed Pumps to Mitigate against Heavy Flooding
3. Promote Smart Maintenance Service based on Data with TR-COM
4. Develop Pumps to Handle Ammonia

**Mid- and Long-term business plans contributing to society (Develop new product and technologies)**

5. R&D for Hydrogen, CO2 Pumps ▶ **Launch Products for this Mew Market**
6. Invest in Wind Power Business ▶ **Maintenance Services including Offshore Wind Power Plants**

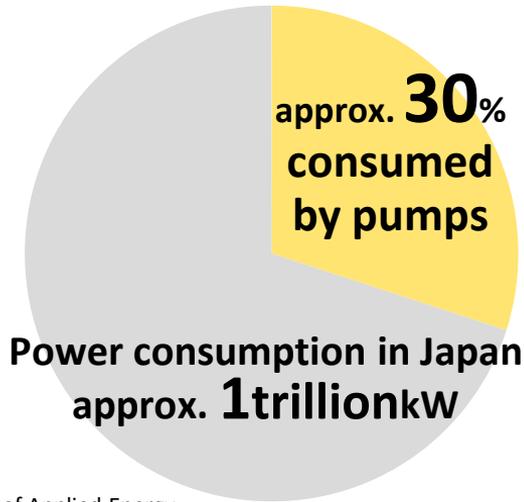
**Sustainably enhancing corporate value through products and services that solve social issues**

— Essential Foundation —

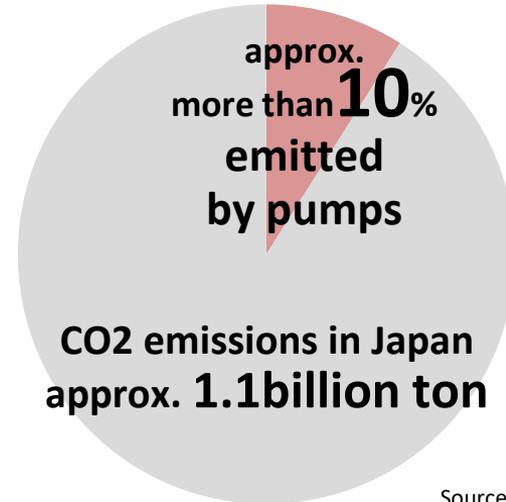
**「Maximize Employees' Energy」 「ESG Management」**

## Short-term business plans contributing to society 1-1

# Boost Energy-efficiency Initiative with the Super-Eco Pumps



Source: The Institute of Applied Energy

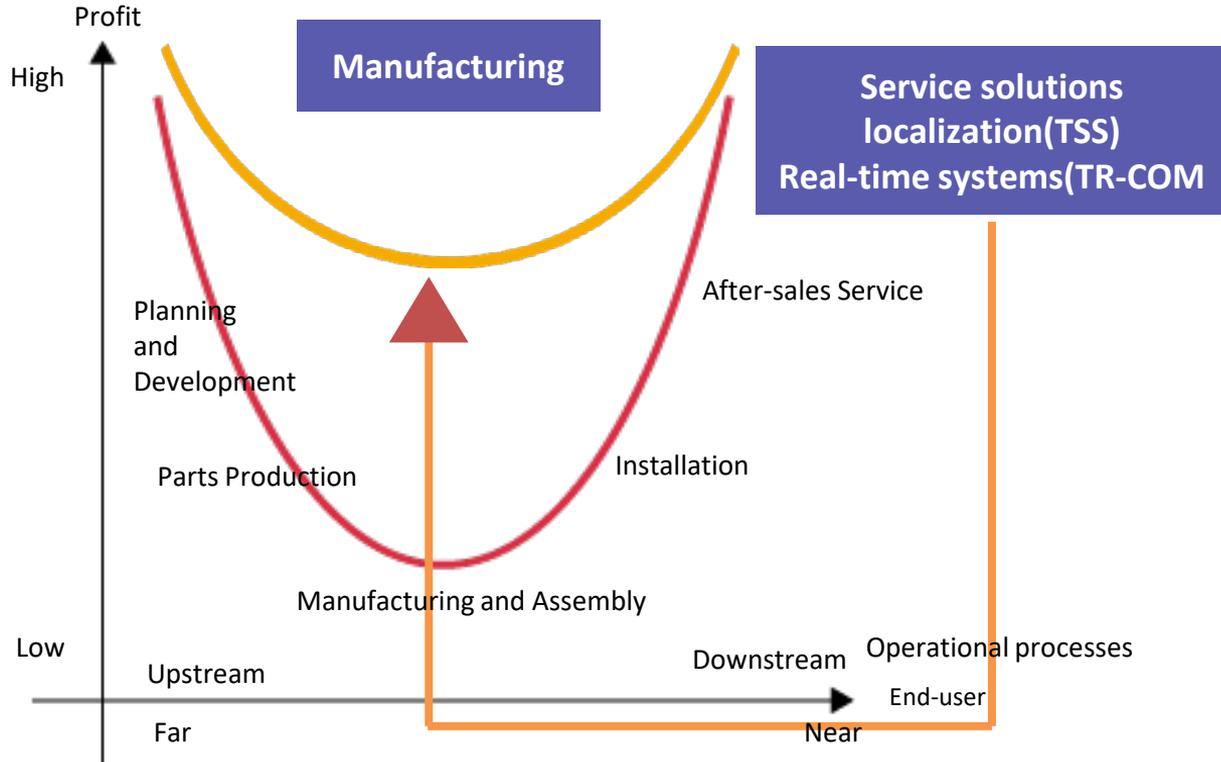


Source: Ministry of Environment

## Torishima spearheads “Go Green with Pumps” initiative as a market leader for energy-efficiency

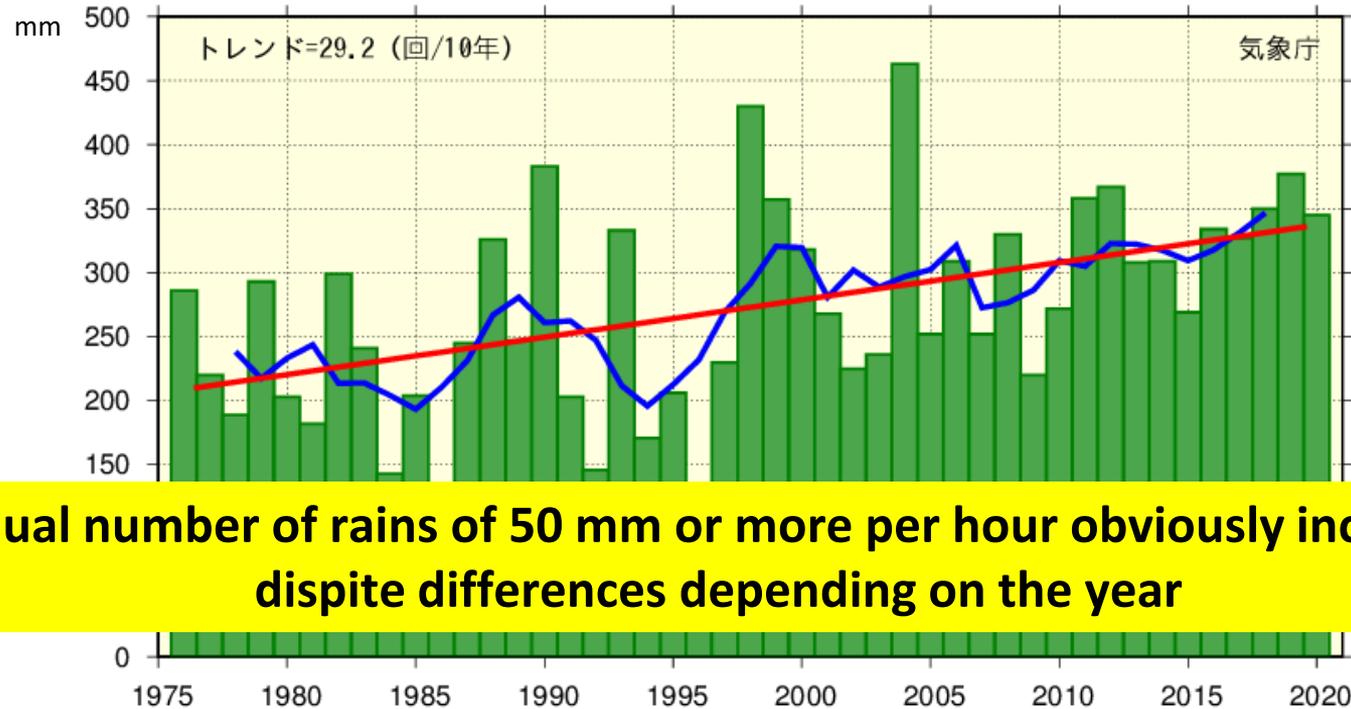
## Short-term business plans contributing to society 1-2

# Boost Energy-efficiency Initiative with the Super-Eco Pumps (Increase profitability)



# Short-term business plans contributing to society 2-1

## Enhance Technology for Specially Designed Pumps to Mitigate against Heavy Flooding



**Annual number of rains of 50 mm or more per hour obviously increased, despite differences depending on the year**

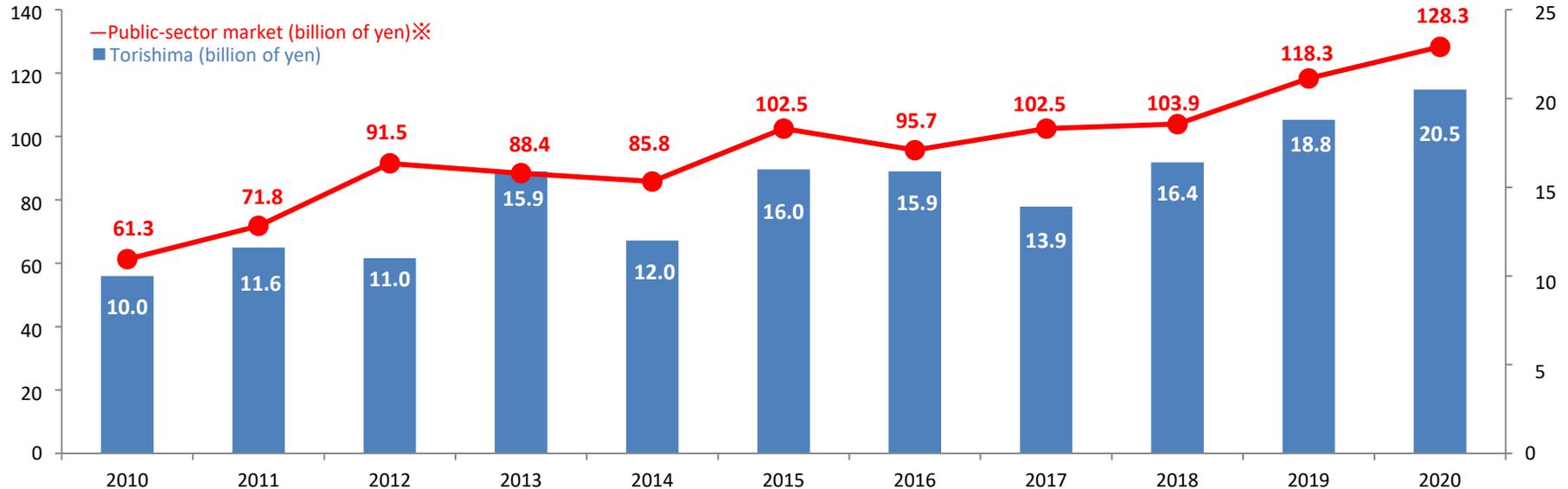
# Short-term business plans contributing to society 2-2

## Enhance Technology for Specially Designed Pumps to Mitigate against Heavy Flooding

Many of Japanese infrastructures including pumping stations have been increasingly aging, accordingly demands for maintenance and reconstruction are expected in years to come.

We certainly respond to this demands and contribute to society and ramp up our business grow.

### Japan's public-sector pump market and Torishima's order-received

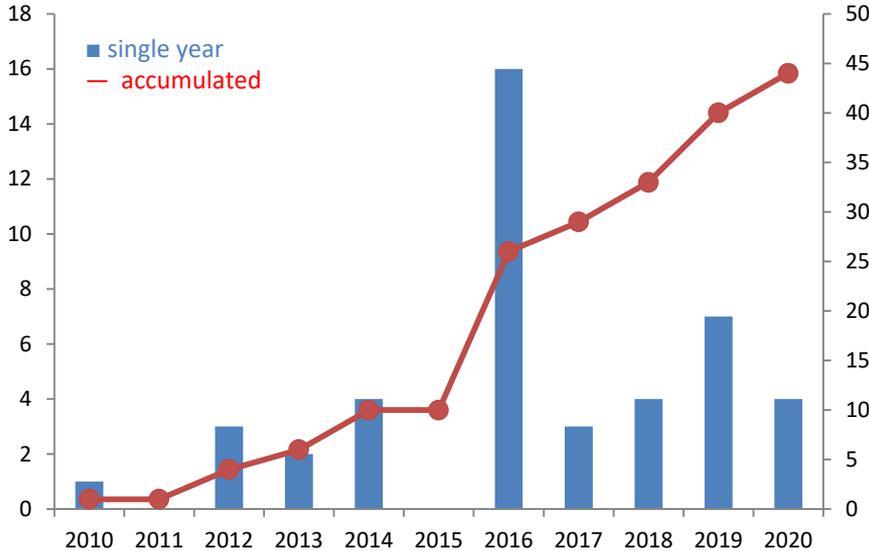


# Short-term business plans contributing to society 2-3

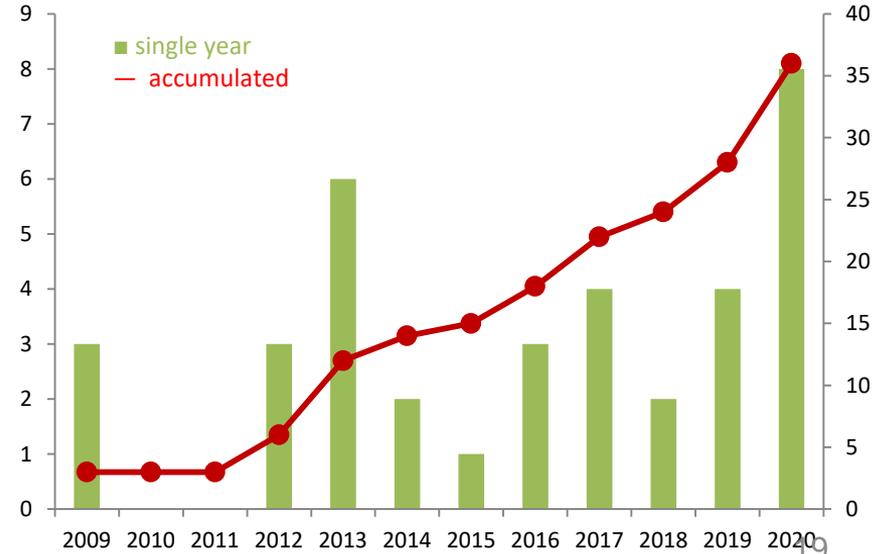
## Enhance Technology for Specially Designed Pumps to Mitigate against Heavy Flooding

In response to the frequent torrential rain in recent years, Trishima has developed a one-of-a-kind technical solution. We have gained a high reputation and a steadily increasing orders.

### Orders of Double-suction bellmouth and Vortex-preventing Ring



### Orders of Pumps with submersible motor

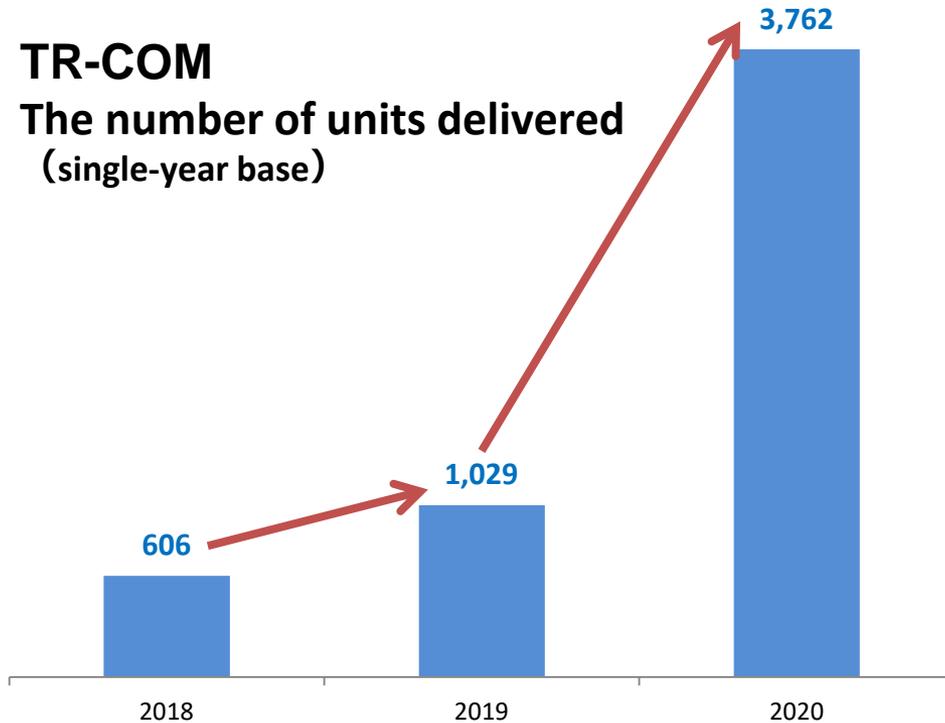


## Short-term business plans contributing to society 3-1

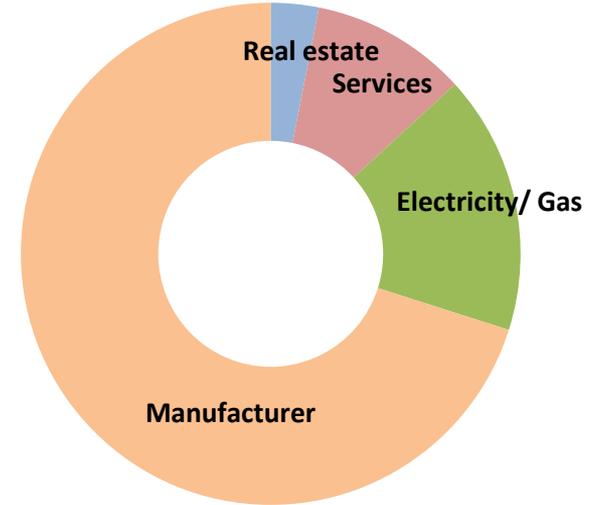
# Provide Smart Maintenance Service based on Data by TR-COM

### TR-COM

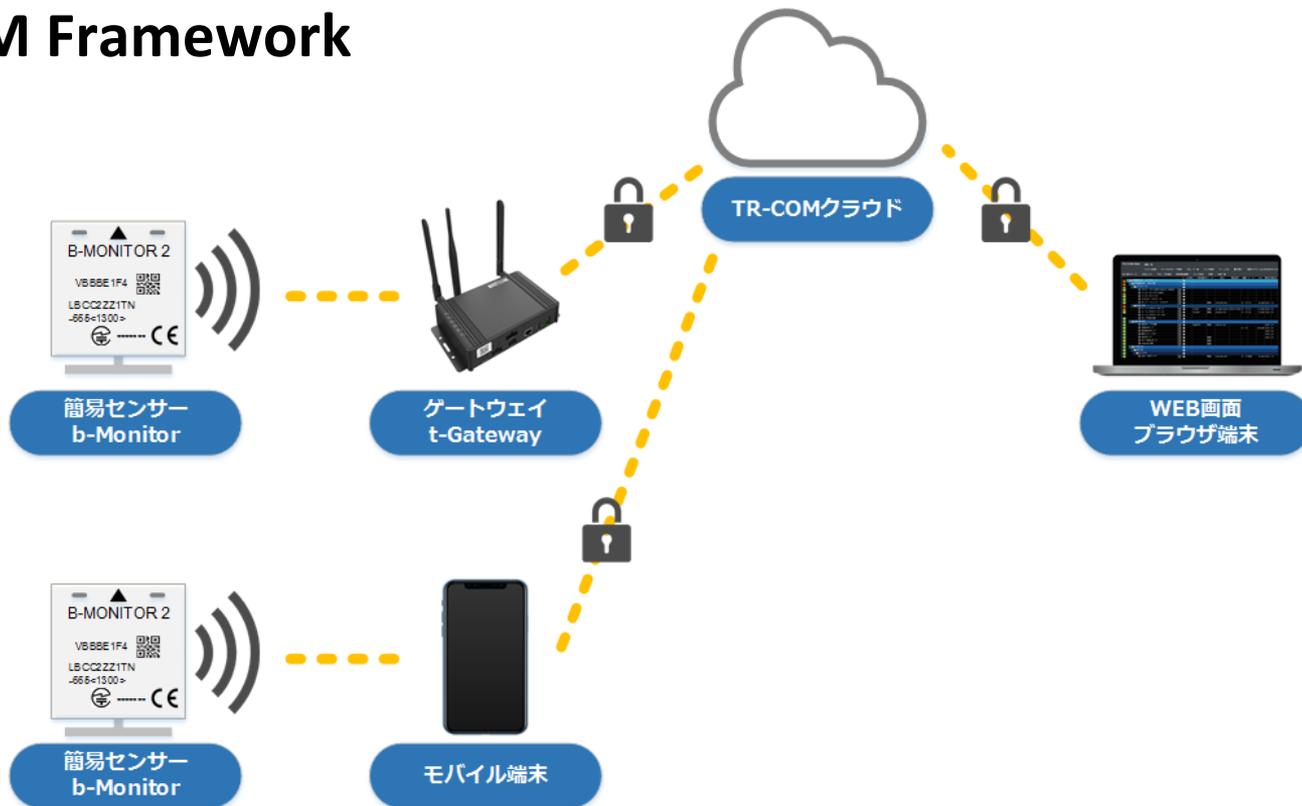
The number of units delivered  
(single-year base)



### by industry



## TR-COM Framework



## Short-term and Medium-and long-term business plans contributing to society 4, 5

# Transactions from Fossil Fuel to Clean Energy (R&D for Ammonia/ Hydrogen pumps)

In order to achieve a Carbon Neutral Society, clean energy sources such as ammonia and hydrogen are expected to be utilised, however it is difficult to carry and store a large amount of gas as it is, and it is necessary to be **liquefied**.

> **Demand for large, high-performance centrifugal pumps is expected.**

### Short-term business plans contributing to society

Ammonia

Already practical used stage. Various projects have been going ahead in the world.

### Mid- and Long-term business plans contributing to society

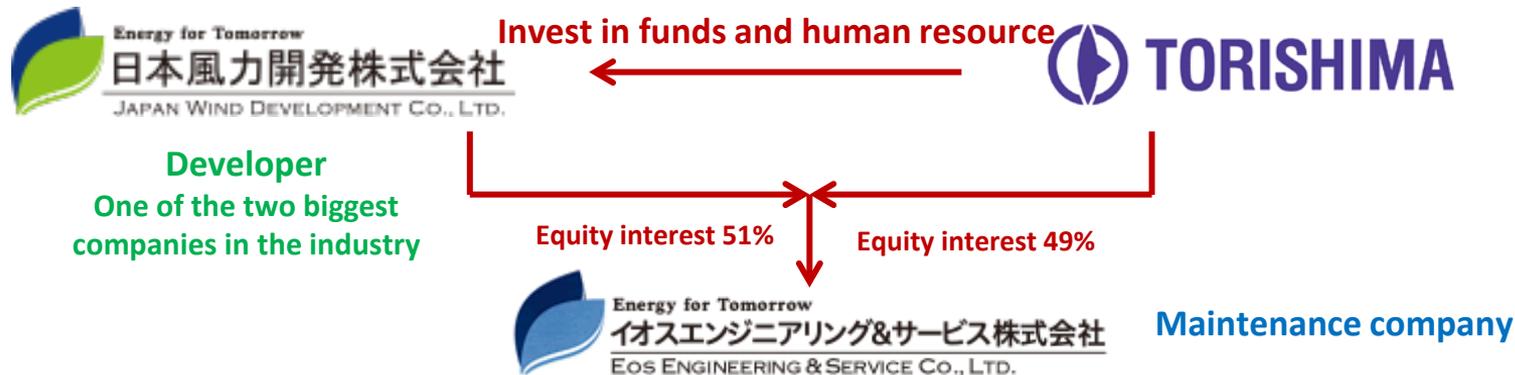
Hydrogen

Need to tackle the technological challenges, practical application is expected after 2030

# Medium-and Long-term business plans contributing to society 6

## Invest in Wind Power Business

### Strengthen the alliance with Japan Wind Development Co., Ltd.



### Japan's vision for a Carbon Neutral Society

- 2020 : offshore + Onshore = **4.5GW**
- 2030 : offshore **10GW**+ Onshore **26GW**=**36GW**
- 2050 : offshore **90GW** + Onshore **40GW**=**130GW**

# Financial Targets of Medium-term Business Plan - Beyond 110-

Billions of yen

	FY2020 Results	HOP		STEP
		First year	Final year	Final year
		FY2021 target	FY204 target	FY2029 target
Sales	50.8	52.0	55.0	more than 60.0
Operating Income (Operating profit margin)	3.6 (7.1%)	3.6 (6.9%)	4.4 (8.0%)	more than 5.0 (more than 8.3%)
Ordinary Income (Ordinary profit margin)	4.6 (9.1%)	3.8 (7.3%)	4.7 (8.5%)	more than 5.6 (more than 9.3%)
ROE	9.5%	7.0%	8.5%	more than 8.5%
Total Payout Ration	26.8%	31.6%	aim to 40%	More than 40%

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# FY2021 Consolidated Financial Outlook

Billions of yen

	FY2020 Results	FY2021 Outlook	YOY	
			Amount	%
Orders Received	49.1	50.0	+9	+1.8%
Sales	50.8	52.0	+12	+2.4%
Gross Operating Income (Gross profit margin)	13.5 (26.6%)	13.8 (26.5%)	+3 (▲0.1pt)	+2.2%
SG&A expense	9.9	10.2	+3	+3.0%
Operating income (Operating profit margin)	3.6 (7.1%)	3.6 (6.9%)	±0 (▲0.2pt)	±0
Non-operating Profit or loss	4.6	3.8	▲8	▲17.4%
Ordinary income	3.3	2.7	▲6	▲18.2%
Dividends per share (yen)	21	32	Increase 11 yen	
Payout Ratio	16.6 %	31.6%		

Foreign exchange rate (1USD)

¥110.71 at 31<sup>st</sup> Mar 2021

Presumption, ¥105

## ■ Non-consolidated

Billions of yen

	FY2020 Results	FY2021 Outlook	YOY	
			amount	%
Sales	406	420	+14	+3.4%
Gross Operating Income (Gross profit margin)	87 (21.4%)	92 (21.9%)	+5 (+0.5pt)	+5.7%
SG&A expense	63	66	+3	+4.8%
Operating income (Operating profit margin)	24 (5.9%)	26 (6.2%)	+2 (+0.3pt)	+8.3%

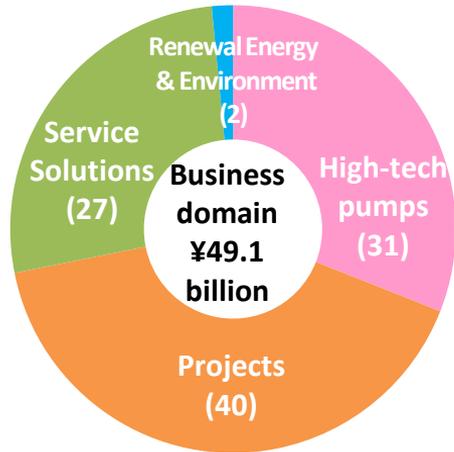
## ■ Subsidiaries

Billions of yen

	FY2020 Results	FY2021 Outlook	YOY	
			amount	%
	10.2	10.0	-0.2	-2.0%
	4.8 (47.1%)	4.6 (46.0%)	-0.2 (-1.1pt)	-4.2%
	3.6	3.6	±0	±0%
	1.2 (11.8%)	1.0 (10.0%)	-0.2 (-1.8pt)	-16.7%

# Reference Material

# Business Domain and Segment (composition ratio based on FY2020 orders received)



## High-tech Pumps

Large-size engineered pumps for thermal power plants, seawater desalination plants, water and wastewater pumping stations and irrigation plants. And small-sized engineered pumps, The Eco-Pump™ for general industries.

## Project

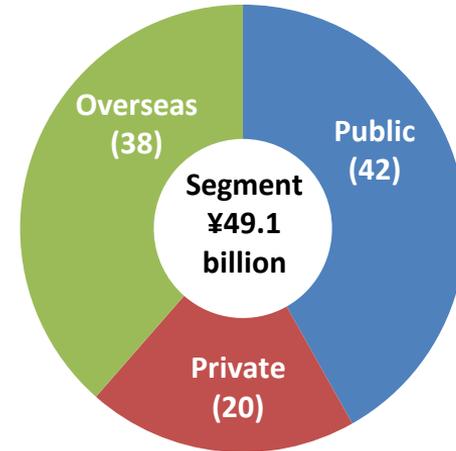
EPC project (engineering, procurement, construction) for turnkey pumping stations

## Service Solutions

After-sales services including maintenance, inspection, REDU (Re Engineering & Design Up), spare parts replacement, overhaul and dispatch of SV etc.

## Renewal Energy & Environment

Wind power generation, Mini- & Micro-hydro generation



## Public-sector

For national and local governments in Japan for water and wastewater facilities, drainage facilities, irrigation facilities, etc.

## Private-sector

For private companies in Japan for thermal power plants (for business use, including biomass power generation, waste incineration power generation, and private power generation), various factories in general industries, building equipment, commercial facilities, etc.

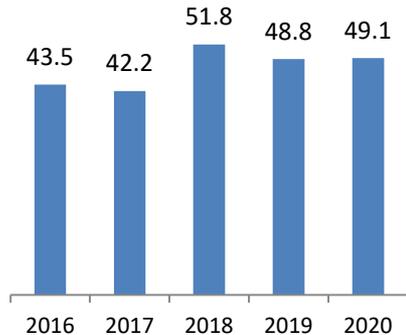
## Oversees

For overseas seawater desalination plants, power plants, water and wastewater pumping stations and irrigation plants.

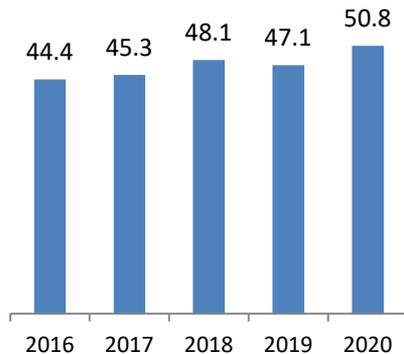
# 5 year Summaries Business Performance

Millions of yen

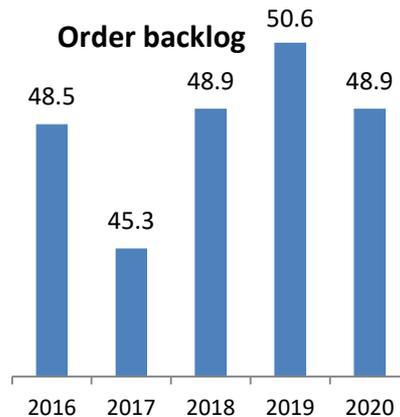
### Order received



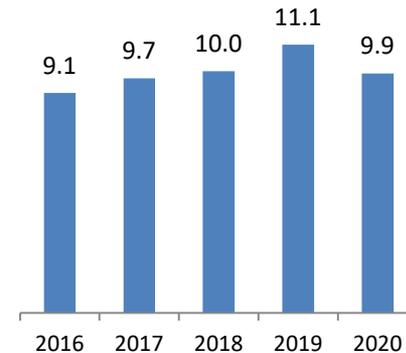
### Sales



### Order backlog



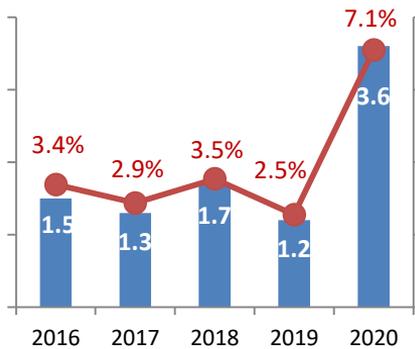
### SG&A expenses



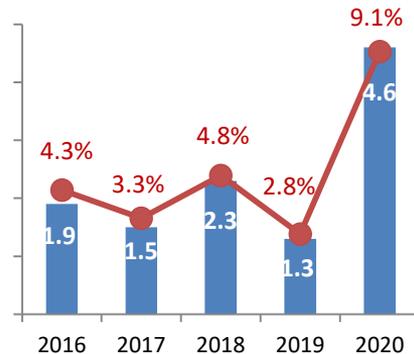
### Gross Operating Income /Profit Margin



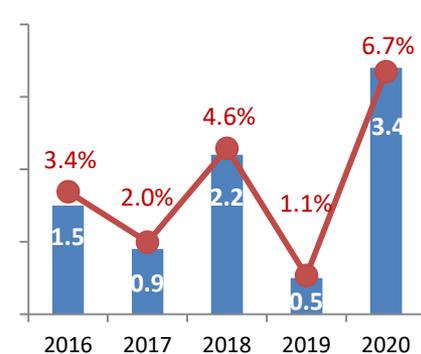
### Operating Income /Profit Margin



### Ordinary Income /Profit Margin



### Net Income

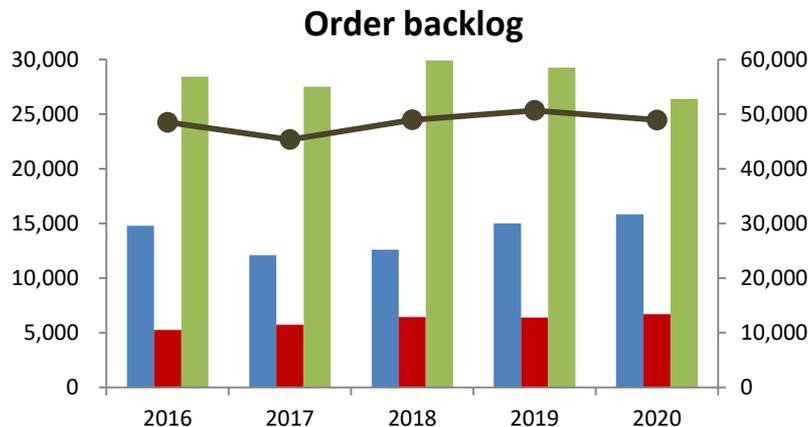
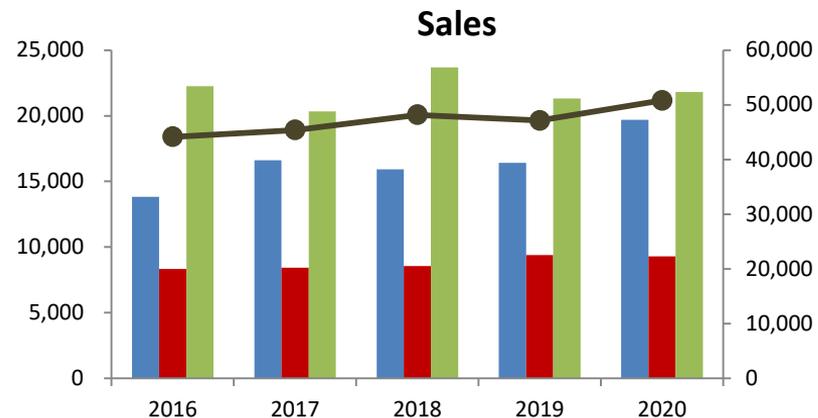
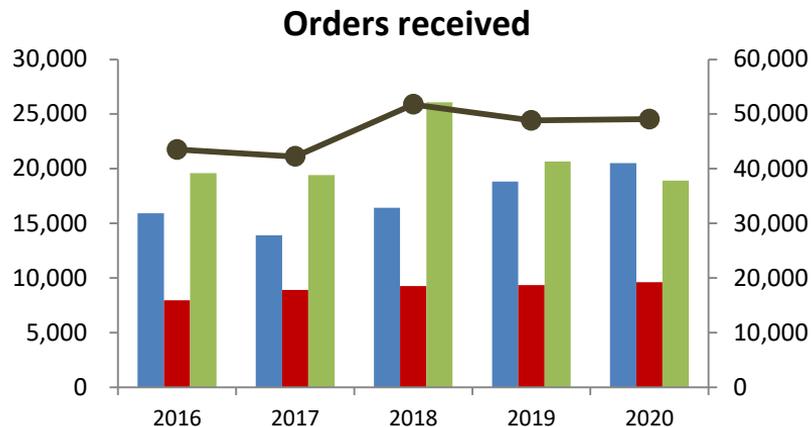


# Orders received, Sales and Orders Backlog by segment

Millions of yen

		FY2019			FY2020		
		Orders received	Sales	Order Backlog	Orders received	Sales	Order Backlog
Public sector		18,813	16,412	14,987	20,504	19,682	15,808
	YOY rate	14.5%	3.0%	19.1%	9.0%	19.9%	5.5%
Private sector		9,339	9,387	6,399	9,623	9,297	6,724
	YOY rate	0.9%	9.9%	-0.8%	3.0%	-1.0%	5.1 %
Overseas		20,672	21,326	29,253	18,928	21,807	26,374
	YOY rate	-20.7%	-10.0%	-2.2%	-8.4%	2.2%	-9.8%
Total		48,824	47,126	50,640	49,055	50,787	48,908
	YOY rate	-5.7%	-2.1%	3.5%	0.4%	7.7%	-3.4%

# Orders received, Sales and Orders Backlog by segment



Left

Public Private Overseas

Total

● Total

Millions of yen

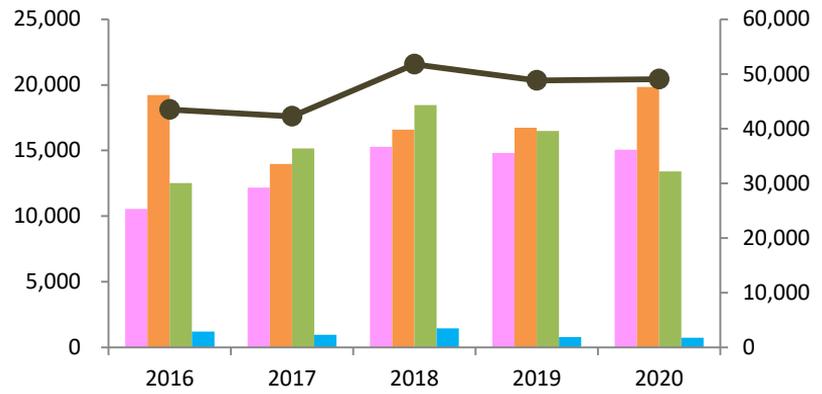
# Orders received, Sales and Orders Backlog by Business Domain

Millions of yen

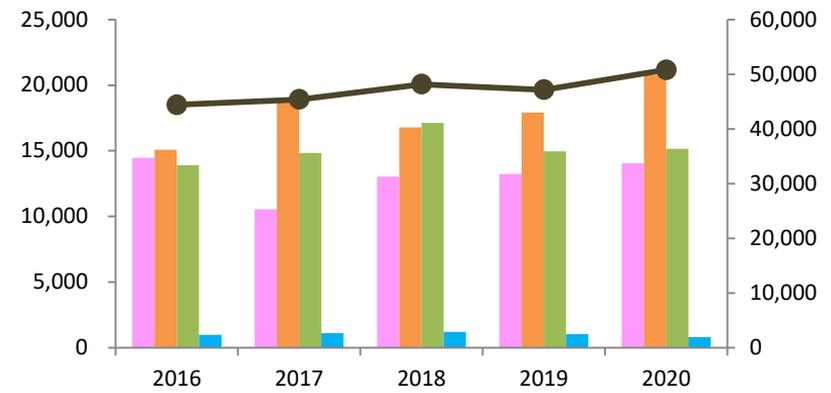
		FY2019			FY2020		
		Orders received	Sales	Order Backlog	Orders received	Sales	Order Backlog
High-tech Pumps		14,815	13,241	19,642	15,068	14,050	20,660
	YOY	-3.0%	-1.5%	8.7%	1.7%	6.1%	5.2%
Projects		16,729	17,924	21,597	19,850	20,765	20,682
	YOY	0.9%	6.8%	-5.2%	18.7%	15.9%	-4.2%
Service Solutions		16,484	14,932	9,291	13,396	15,154	7,533
	YOY	-10.7%	-12.8%	20.1%	-18.7%	1.5%	-18.9%
Renewable Energy & Environment		796	1,029	110	742	818	33
	YOY	-45.1%	-14.2%	-67.9%	-6.8%	-20.4%	-70.0%
Total		48,825	47,127	50,640	49,056	50,788	48,908
	YOY	-5.7%	-2.1%	3.5%	0.5%	7.8%	-3.4%

# Orders received, Sales and Orders Backlog by Business Domain

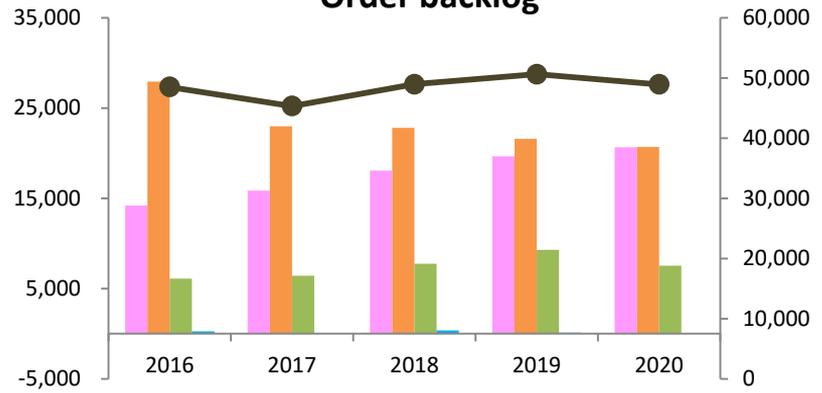
## Orders received



## Sales



## Order backlog



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

Right

Total

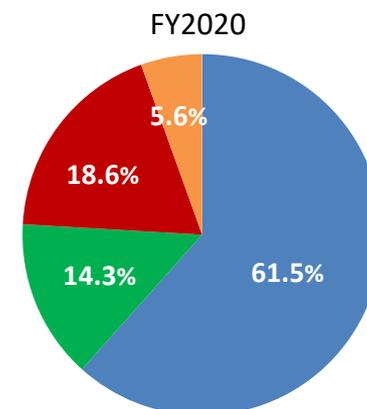
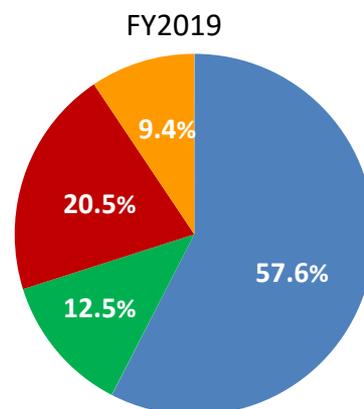
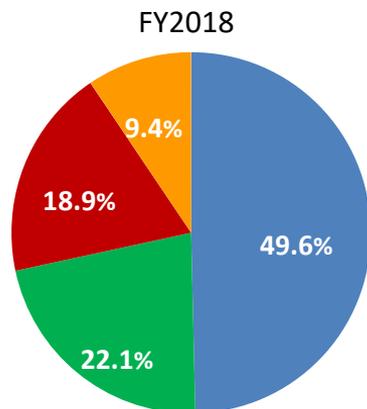
Millions of yen

# Orders Received Breakdown by Region

Billions of yen

	Japan	Overseas	Breakdown			Total
			Asia	Middle East	Other	
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
FY2020	30.2 (61.5%)	18.9 (38.5%)	7.0 (14.3%)	9.2 (18.6%)	2.7 (5.6%)	49.1

- Japan
- Asia
- Middle East
- Others

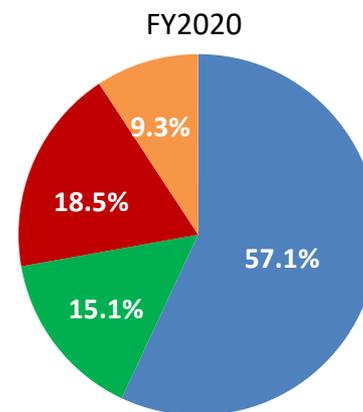
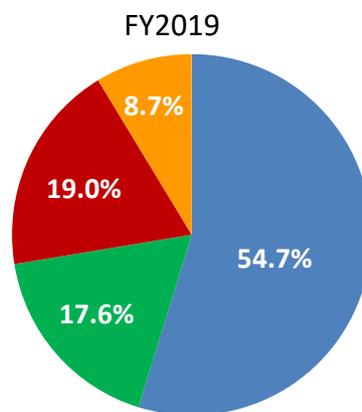
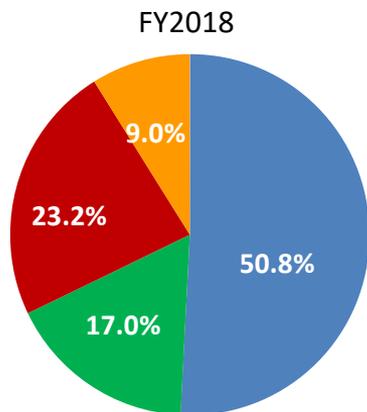


# Sales Breakdown by Region

Billions of yen

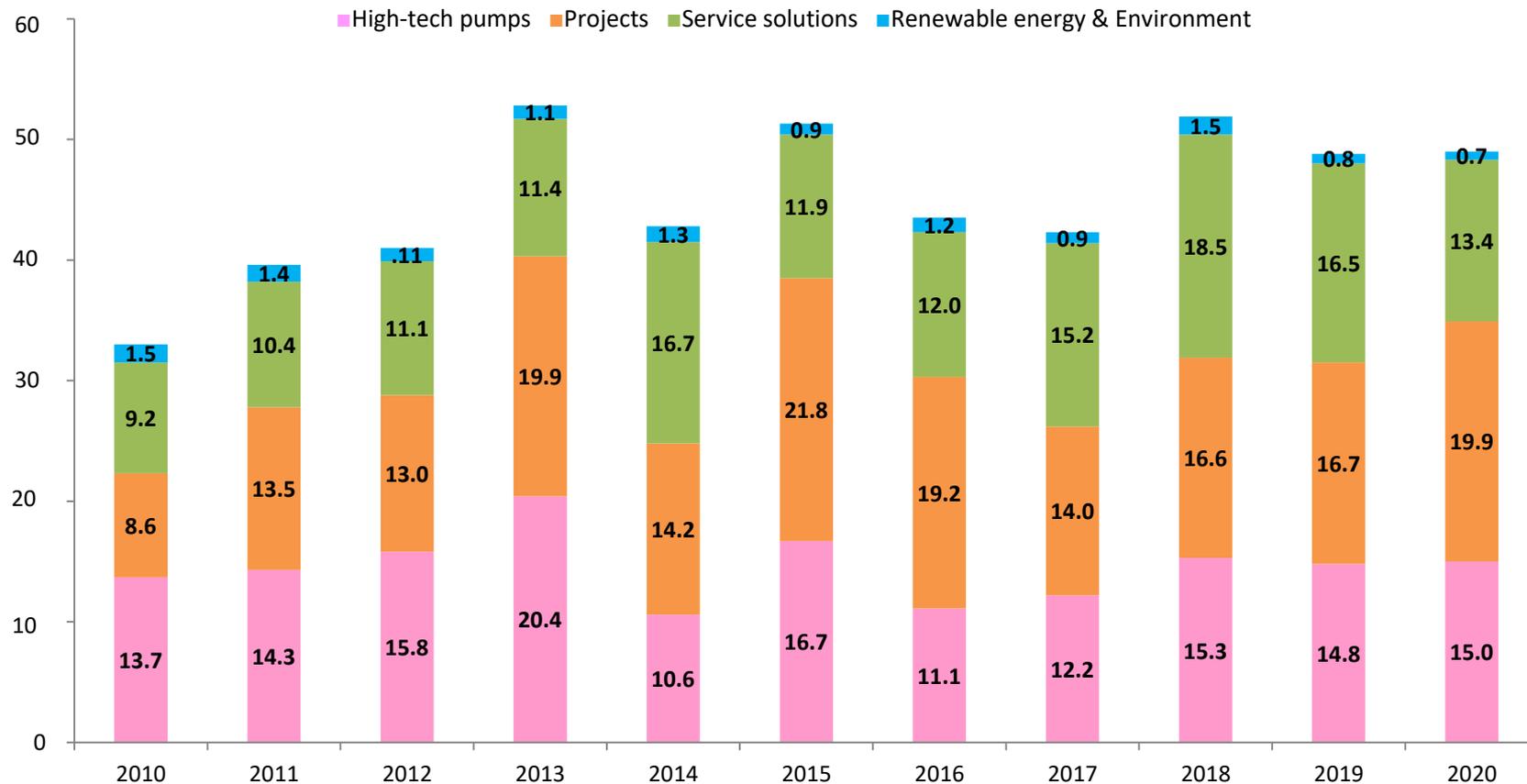
	Japan	Overseas	Breakdown			Total
			Asia	Middle East	Other	
FY2018	24.5 (50.8%)	23.7 (49.2%)	8.2 (17.0%)	11.2 (23.2%)	4.3 (9.0%)	48.2
FY2019	25.8 (54.7%)	21.3 (45.3%)	8.3 (17.6%)	8.9 (19.0%)	4.1 (8.7%)	47.1
FY2020	29.1 (57.1%)	21.8 (42.9%)	7.7 (15.1%)	9.4 (18.5%)	4.7 (9.3%)	50.8

- Japan
- Asia
- Middle East
- Others

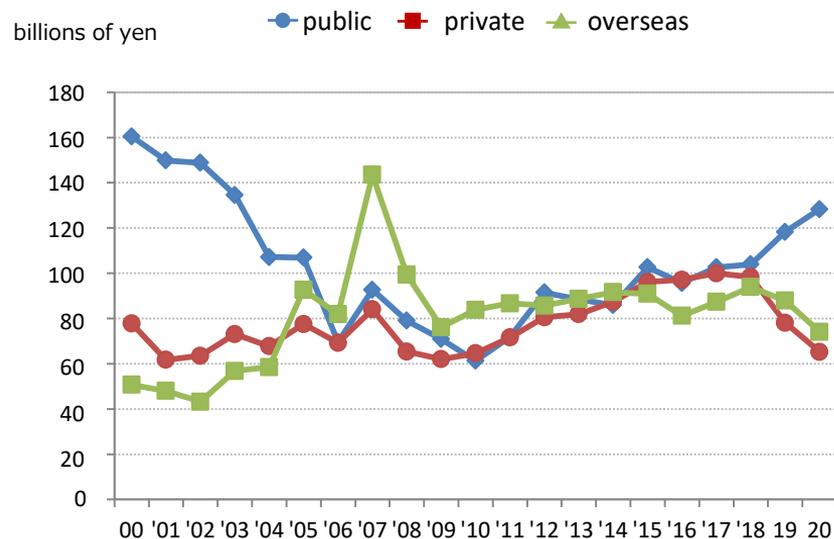
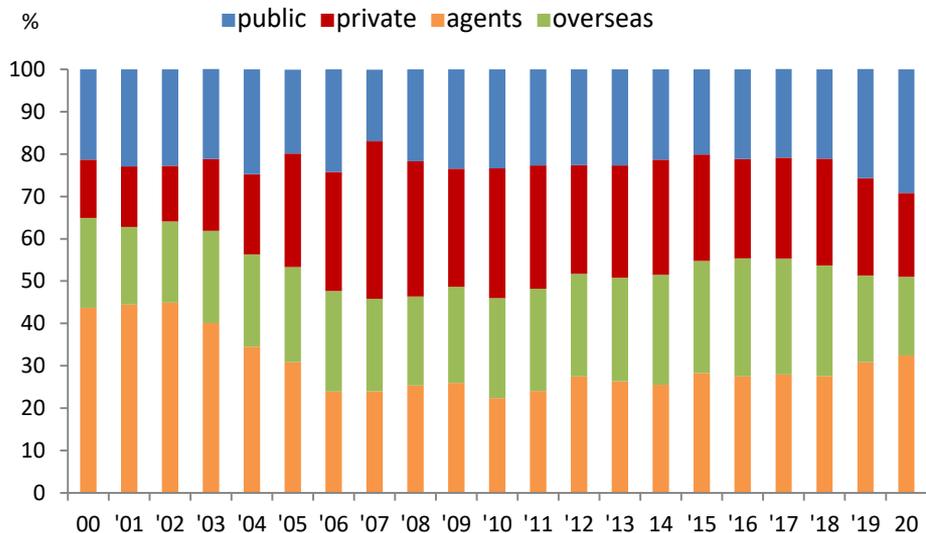


# Orders Received by Business Domain

billions of yen



# Pump Market in Japan



millions of yen

	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	YOY
Public	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	128,270	108.4%
Private	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	65,184	83.5%
Overseas	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	93,926	87,941	74,124	84.3%
Agents	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	103,640	104.9%
Total	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	371,182	9%

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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