

# Consolidated Financial Results for the Second Quarter FY2016

(April 1st 2016 ~ September 30th 2016)

**< November 11 2016 >**

TORISHIMA PUMP MFG.CO.,LTD.

**Securities Code : 6363**  
**[www.torishima.co.jp/en](http://www.torishima.co.jp/en)**

# FY2016 second quarter highlight

## Sales, Profit

- Largely planned on consolidated accounts
- Non-consolidated: Steadily growth,  
Increased gross profit margin 11.9%→17.9%.
- Overseas subsidiaries : Sales decreased, profit decreased

## Full-year forecast (sales, profit)

- No change on consolidated accounts  
(Non-consolidated: revised upward  
Overseas subsidiaries: revised downward)

## Orders received conditions

- Orders received for public and private sectors were strong, while orders received abroad were weak mainly due to rapid Japanese yen appreciation and struggling world economy.
- Revised full-year orders received forecast for consolidated accounts.

# Second quarter FY2016 Financial Results



		<b>vs Plan</b> billions of yen	<b>Y-O-Y</b>
● <b>Orders received</b>	<b>21.5</b>	<b>( — )</b>	<b>(-30.6%)</b>
● <b>Sales</b>	<b>17.2</b>	<b>(+7.6%)</b>	<b>( -3.1% )</b>
● <b>Operating income</b>	<b>-0.2</b>	<b>(+0.3B¥)</b>	<b>(+0.5B¥)</b>
● <b>Ordinary income</b>	<b>-0.6</b>	<b>(+0.1B¥ )</b>	<b>(+0.3B¥)</b>
● <b>Net income</b>	<b>-0.5</b>	<b>( ±0 )</b>	<b>(-0.1B¥)</b>

# Second Quarter FY2016 Consolidated Financial Results



## ● Consolidated

billions of yen

	FY2015 first half results	FY2016 first half results	Increase- Decrease
Orders received	31.1	21.5	-9.6
Sales	17.8	17.2	-0.6
Gross operating income (Gross profit margin)	3.6 (20.2%)	4.0 (23.1%)	+0.4 (+2.9%)
SG&A expense	-4.3	-4.2	+0.1
Operating income (Operating profit margin)	-0.7 (-3.7%)	-0.2 (-1.3%)	+0.5 (+2.4%)
Non-operating profit or loss	-0.2	-0.4	-0.2
Ordinary income	-0.9	-0.6	+0.3
Extraordinary profit or loss	0.1	0.1	±0
Net income	-0.4	-0.5	-0.1

FY2015 first half plan	vs. plan
—	—
16.0	+1.2
—	—
—	—
-0.5 (-3.1%)	+0.3 (+1.8%)
—	—
-0.7	+0.1
—	—
-0.5	±0

Average exchange rate(\$)	121.8 JPY	105.3 JPY
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# Financial Results for the 2Q FY2016

## (Non-consolidated / Subsidiaries)



### ● Non-consolidated

billions of yen

	FY2015 first half results	FY2016 first half results	Increase- Decrease
Sales	13.2	14.3	+1.1
Gross operating income (gross profit margin)	1.6 (11.9%)	2.6 (17.9%)	+1.0 (+6.0%)
SG&A expenses	-3.0	-3.1	-0.1
Operating income (operating income margin)	-1.4 (-10.7%)	-0.5 (-3.4%)	+0.9 (+7.3%)

### ● Subsidiaries

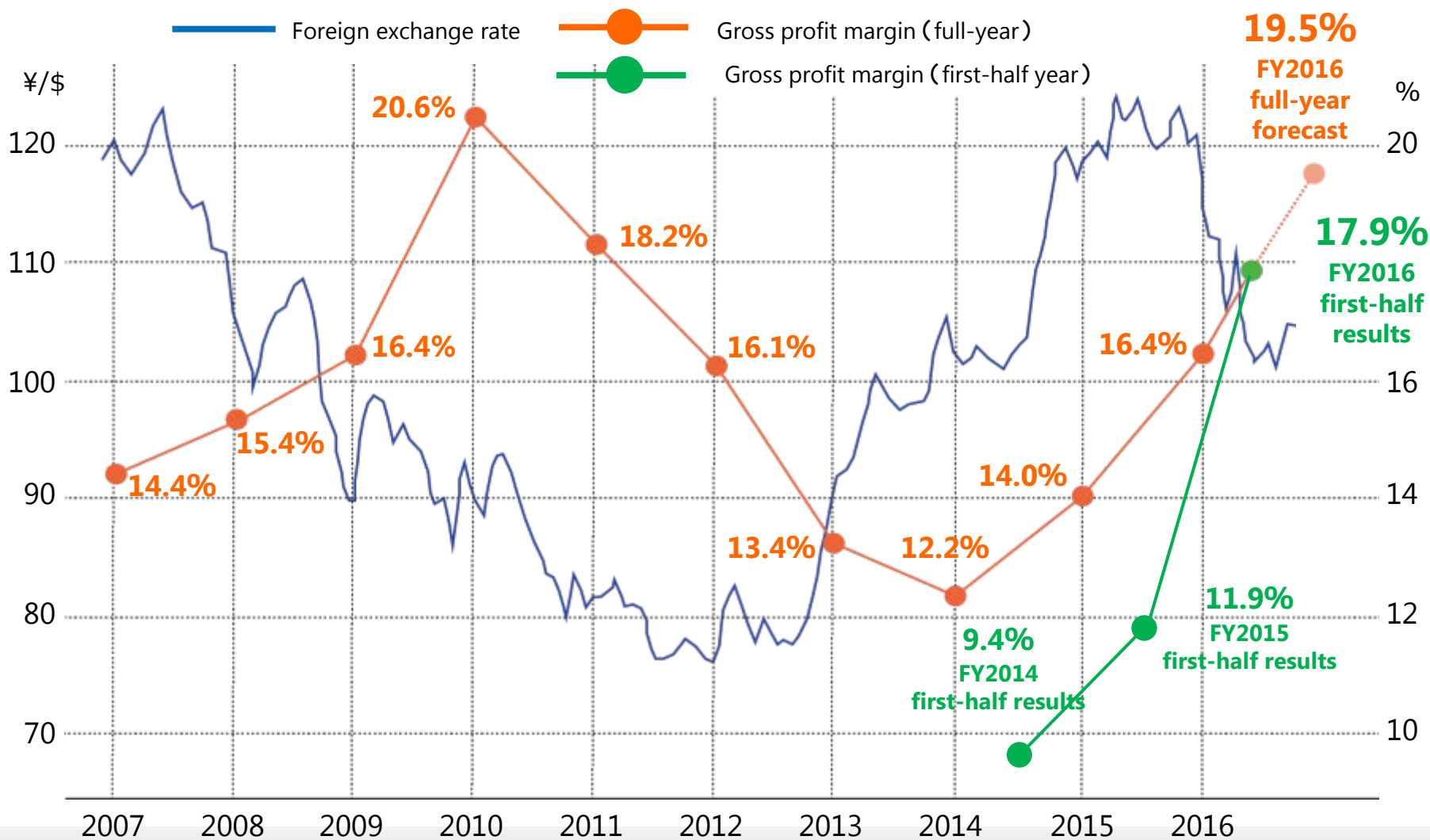
billions of yen

	FY2015 first half results	FY2016 first half results	Increase- Decrease
	4.6	2.9	-1.7
	2.0 (44.0%)	1.4 (48.7%)	-0.6 (+4.7%)
	-1.3	-1.1	+0.2
	0.7 (16.5%)	0.3 (9.4%)	-0.4 (-7.1%)

Note: The figure of subsidiaries (3) = the figure of consolidated results (1) – the figure of non-consolidated results (2)

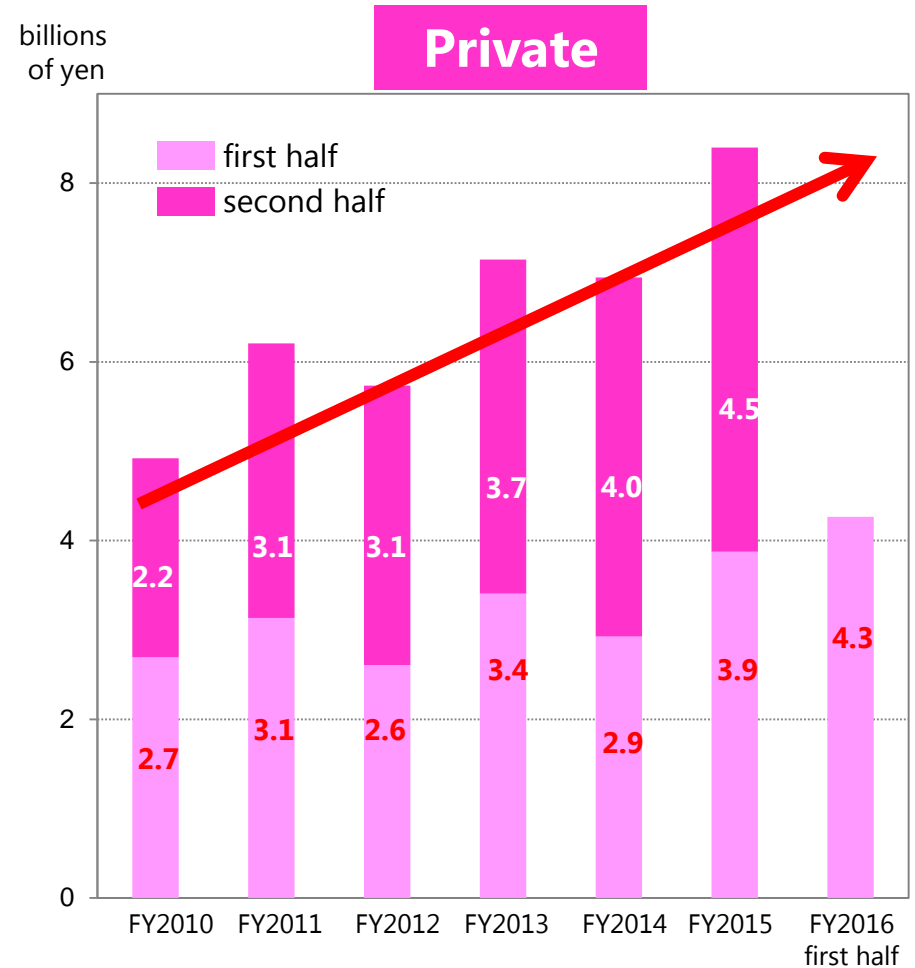
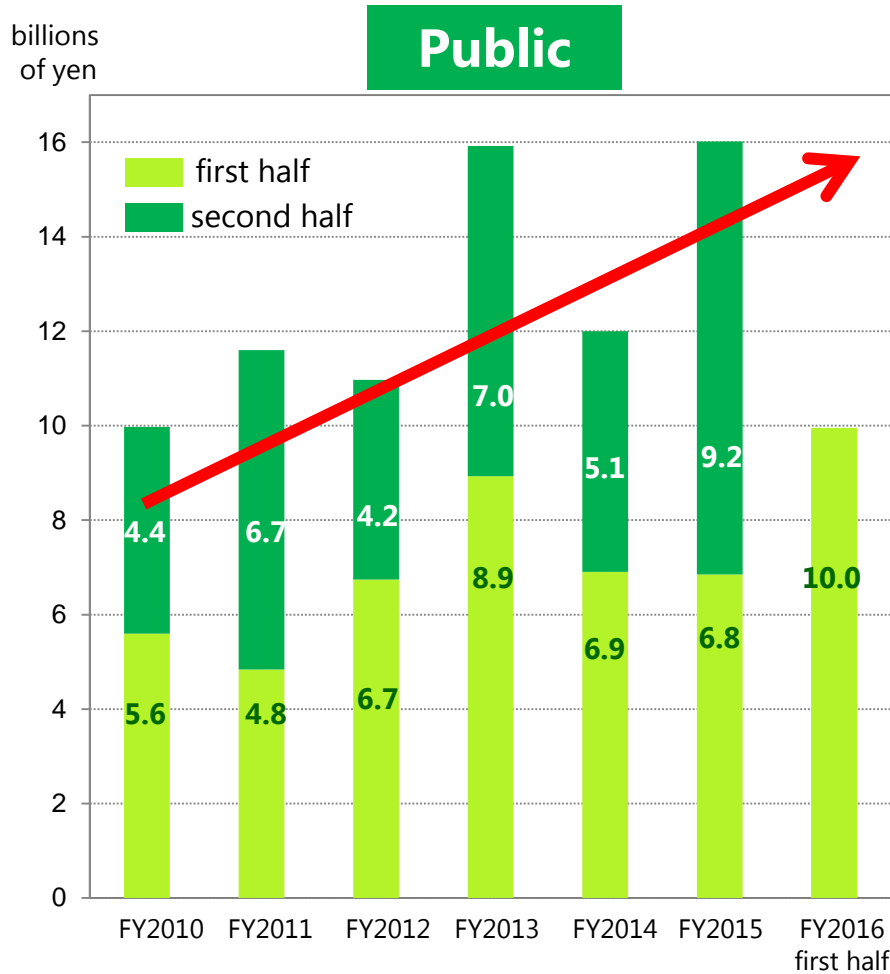
# Improvement of gross profit margin (non-consolidated)

The lead time of pumps is relatively long, from one year to one and a half years, the impact of currency exchange rate therefore also tends to be lagging.



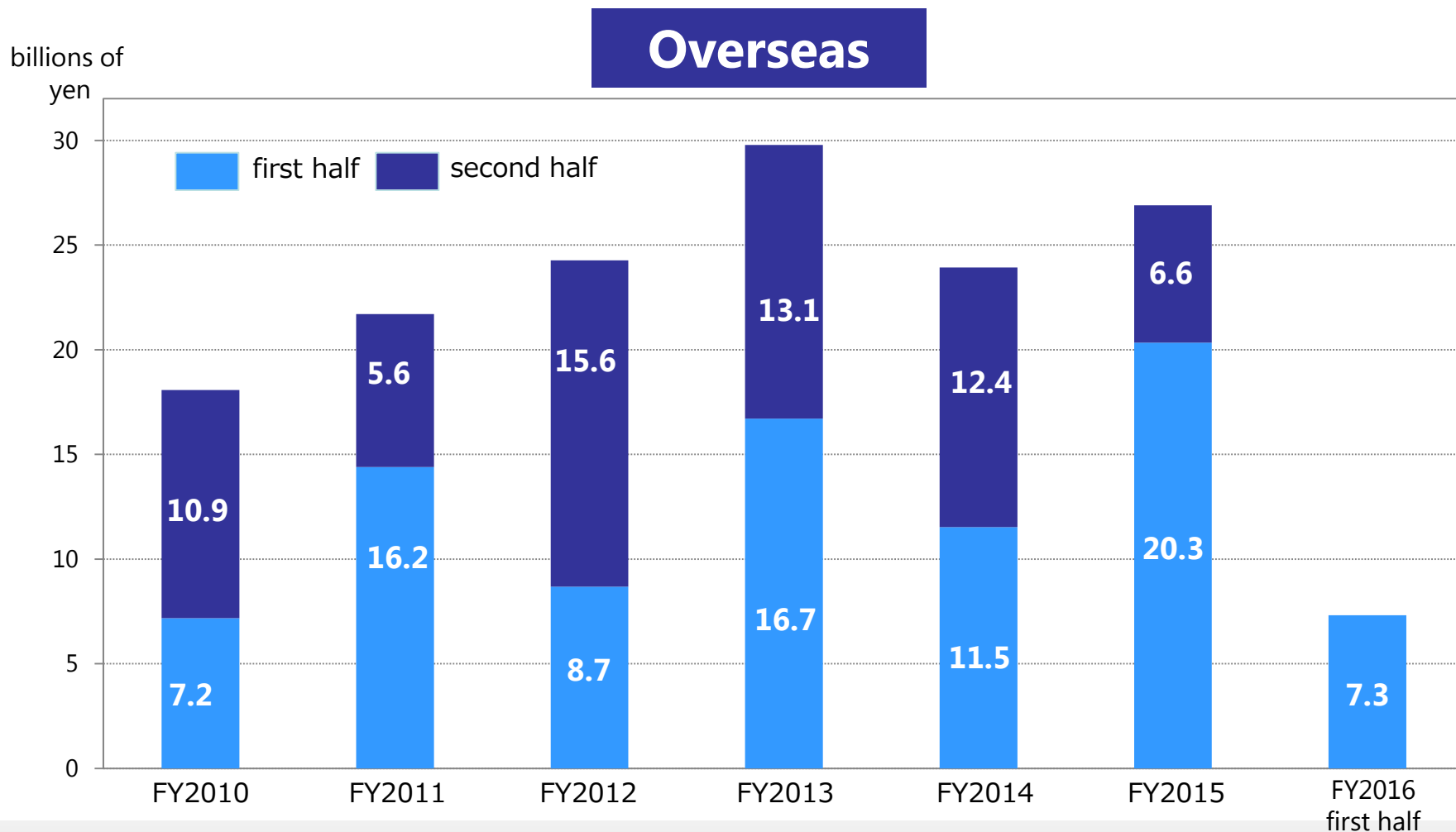
# Domestic orders received (consolidated) (public / private)

Orders received for the public and private sectors hit record-highs for the last seven years, which offset the weak overseas orders received.



# Overseas orders received (consolidated)

Orders received abroad were weak mainly due to economic downturn centering on China in emerging nations and recent decline in oil prices, leading to fierce competition across the world.

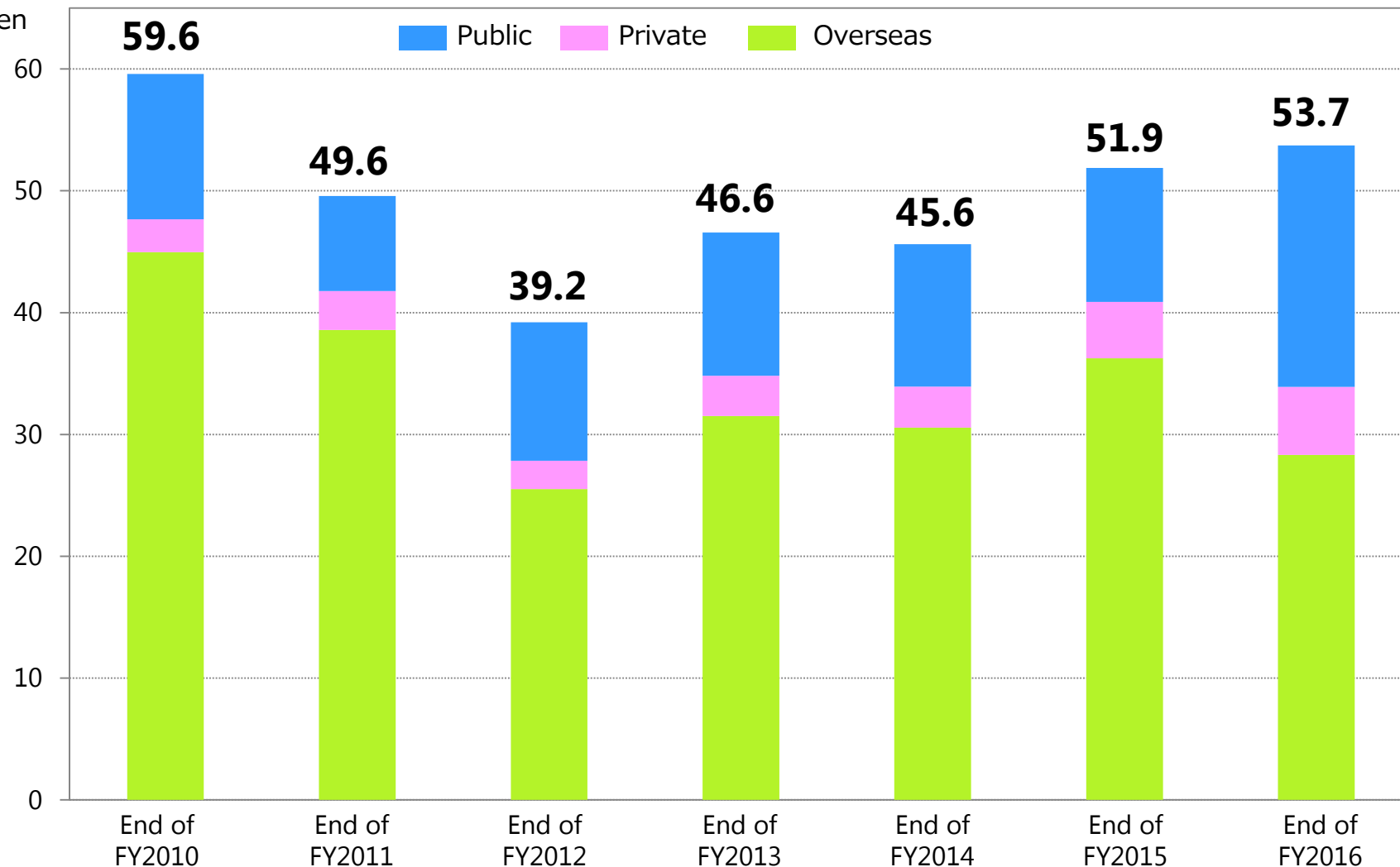




# Order backlog at the end of first half year (consolidated)

Sales target is likely to be achieved given the sufficient order backlog.

billions of yen



# FY2016 full year forecast

**Consolidated sales and profit -> No change.**  
**Non-consolidated and subsidiaries -> Revised**

## ● Consolidated

billions of yen

	F2015 Full-year	FY2016	
		First half results	Full year forecast
Orders received	51.3	21.5	50.0 40.0 *revised plan
Sales	40.5	17.2	45.0
Gross profit (Gross profit margin)	9.2 (22.7%)	4.0 (23.1%)	10.8 (24.0%)
SG&A expense	-8.8	-4.2	-8.8
Operating income (Operating profit margin)	0.4 (0.9%)	-0.2 (-1.3%)	2.0 (4.4%)
Non-operating profit or loss	-2.1	-0.4	-0.3
Ordinary income	-1.7	-0.6	1.7
Extraordinary profit or loss	0.3	0.1	0
Net income	▲2.4	▲0.5	1.5
Average exchange rate (\$)	120.1 JPY	105.3 JPY	

\*No change from announced plan on 11th May 2016 except for orders received

**Non-consolidated -> upward revised, Subsidiaries -> downward revised**

● <b>Non-consolidated</b> billions of yen	FY2015 results	FY2016		
		First half results	Full year plan (initial*)	Full year plan (revised)
<b>Sales</b>	<b>31.3</b>	<b>14.3</b>	<b>35.0</b>	<b>38.0</b>
<b>Gross operating income</b> (gross profit margin)	<b>5.1</b> <b>(16.4%)</b>	<b>2.6</b> <b>(17.9%)</b>	<b>6.7</b> <b>(19.1%)</b>	<b>7.4</b> <b>(19.5%)</b>
<b>SG&amp;A expenses</b>	<b>-6.2</b>	<b>-3.1</b>	<b>-6.2</b>	<b>-6.2</b>
<b>Operating income</b> (operating income margin)	<b>-1.1</b> <b>(-3.4%)</b>	<b>-0.5</b> <b>(-3.4%)</b>	<b>0.5</b> <b>(1.4%)</b>	<b>1.2</b> <b>(3.2%)</b>

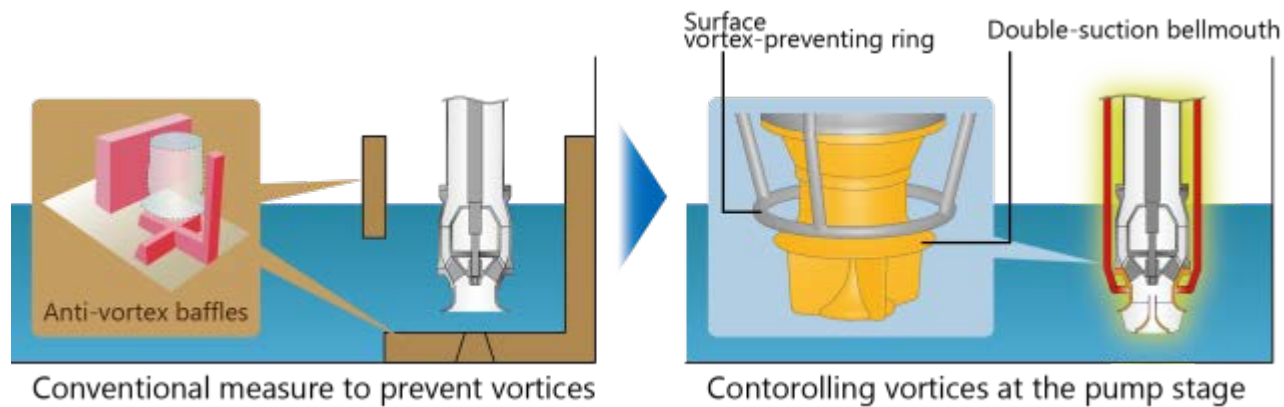
● <b>Subsidiaries</b> billions of yen	FY2015 results	FY2016		
		First half results	Full year plan (initial*)	Full year plan (revised)
<b>Sales</b>	<b>9.2</b>	<b>2.9</b>	<b>10.0</b>	<b>7.0</b>
<b>Gross operating income</b> (gross profit margin)	<b>4.1</b> <b>(44.3%)</b>	<b>1.4</b> <b>(48.7%)</b>	<b>4.1</b> <b>(41.0%)</b>	<b>3.4</b> <b>(48.6%)</b>
<b>SG&amp;A expenses</b>	<b>-2.6</b>	<b>-1.1</b>	<b>-2.6</b>	<b>-2.6</b>
<b>Operating income</b> (operating income margin)	<b>1.5</b> <b>(15.8%)</b>	<b>0.3</b> <b>(9.4%)</b>	<b>1.5</b> <b>(15.0%)</b>	<b>0.8</b> <b>(11.4%)</b>

\* announced on 11<sup>th</sup> May 2016

- **Public sector**
  - **Develop advanced technology**
  
- **Private sector**
  - **Receive orders for thermal power plants across Japan**
  
- **After-sales service**
  - **Increase orders for boiler feed pumps for thermal power plants**
  - **Expand service maintenance facilities**

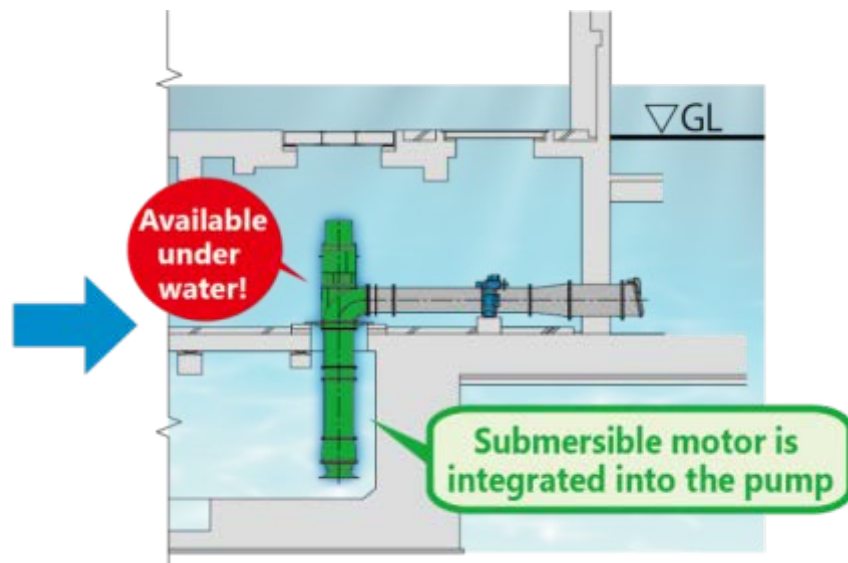
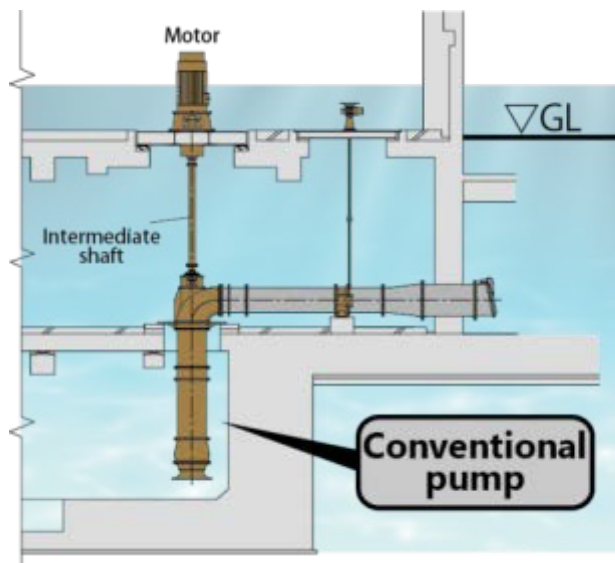


- ✓ No need to install anti-vortex baffles conventionally used.
- ✓ Shorter construction time schedule, lower construction cost
- ✓ High safety for construction



**High performance and high reliability has lead to strong order receipts.**

- ✓ Pump can work through flooded conditions.
- ✓ High quake-resistance
- ✓ Lower installation cost



# Construction of thermal power plants in Japan

国内で40以上の火力発電投資計画が浮上

ENGINEERING NOW

**More than 40 projects for construction of large thermal power plants (more than 100MW) are moving ahead across Japan**

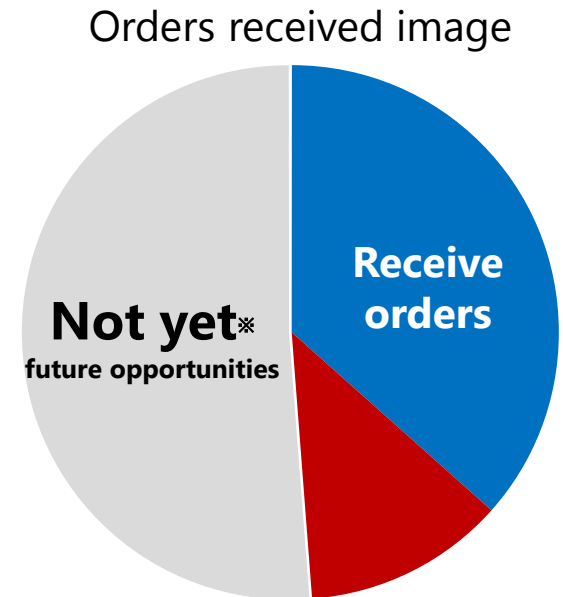
Source : Engineering Network Vol 353(issued on 10<sup>th</sup> April 2015)

**Approximately half of the planned projects are ongoing as of November 2016, Torishima steadily has won approx. 70% of them.**

**Received order for 15 projects (including partly received orders)**

Hokkaido GTCC	Fukushima IGCC
Miyagi Biomass mixed firing	Fukushima GTCC
Miyagi Coal	Fukushima Biomass mixed firing
Fukushima IGCC	Fukushima Biomass mixed firing
Fukushima Biomass mixed firing	Fukushima Biomass mixed firing
Tochigi GTCC	Nagasaki USC
Kanagawa GTCC	Yamaguchi USC
Ibaraki USC	

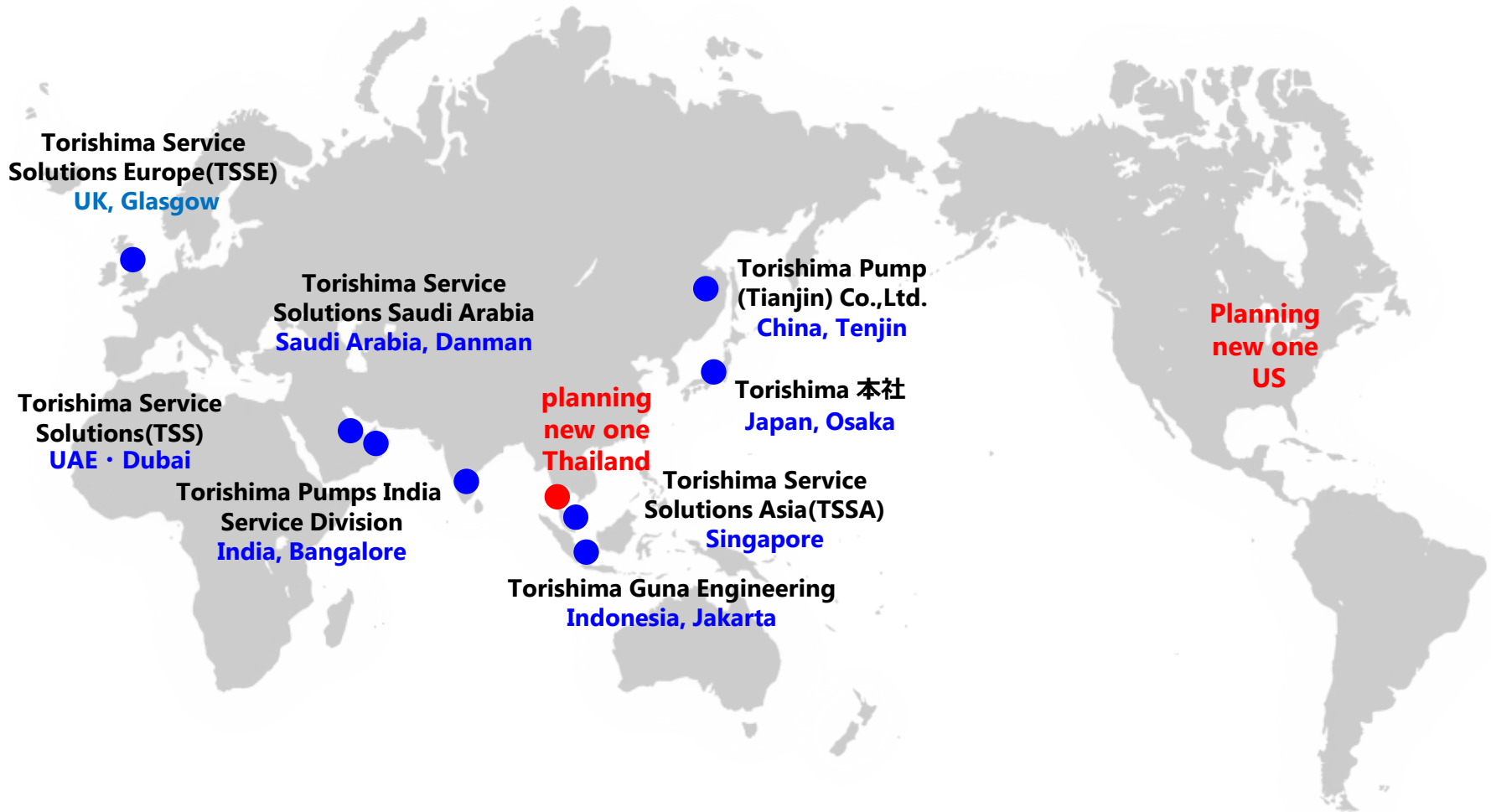
GTCC : Gas Turbine Combined Cycle  
 IGCC: Integrated Coal Gasification  
 USC: Ultra Super Critical



※ A number of projects are still left, some of which are scheduled to start after 2020, providing good forward opportunities.

# Expanding service facilities in the world

Torishima has launched service facilities mainly in areas where we installed a number of pumps. We can provide our customers with prompt handling and satisfactory services.

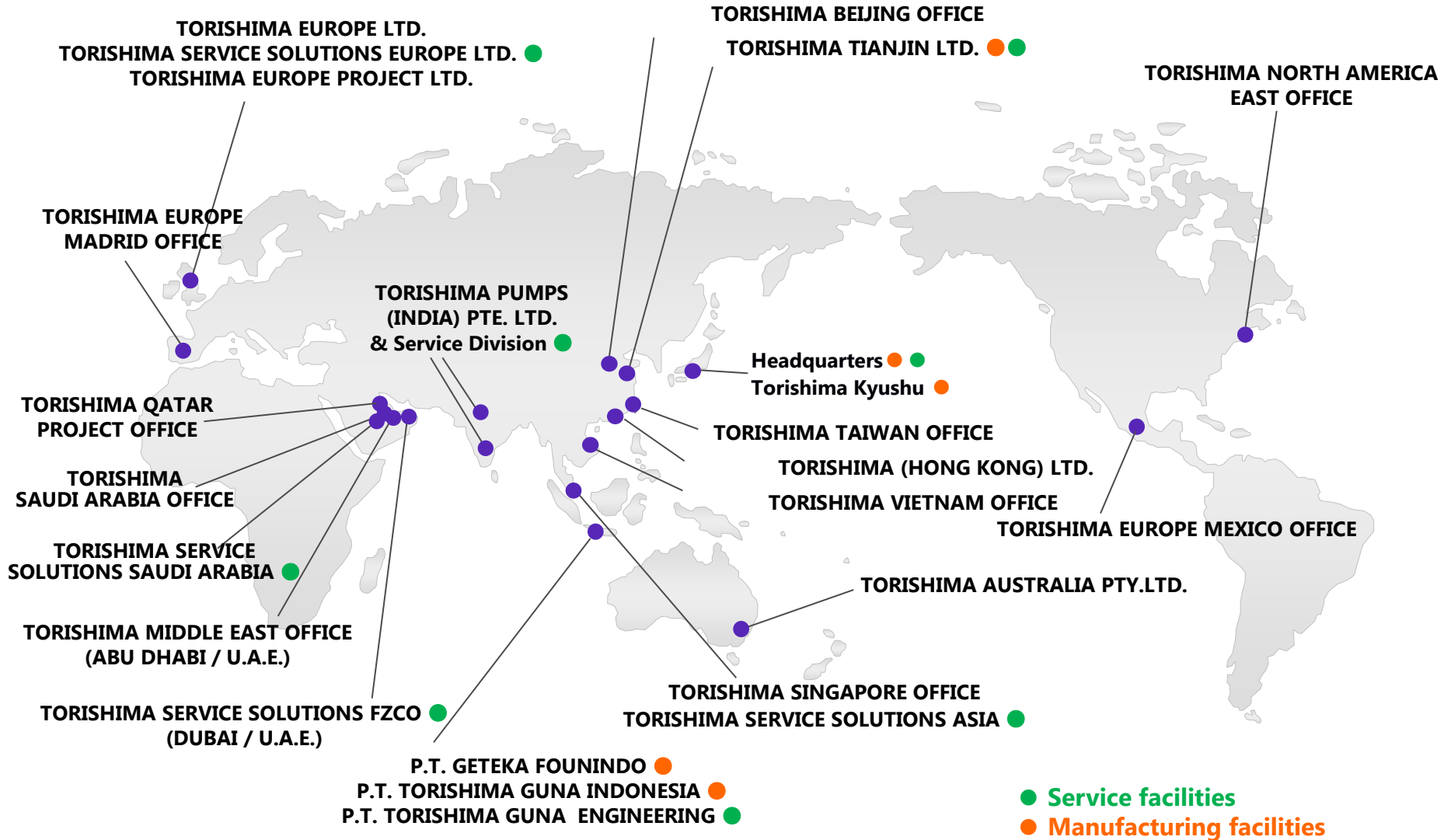




# Track record in Thailand



# Global Network (as of November)



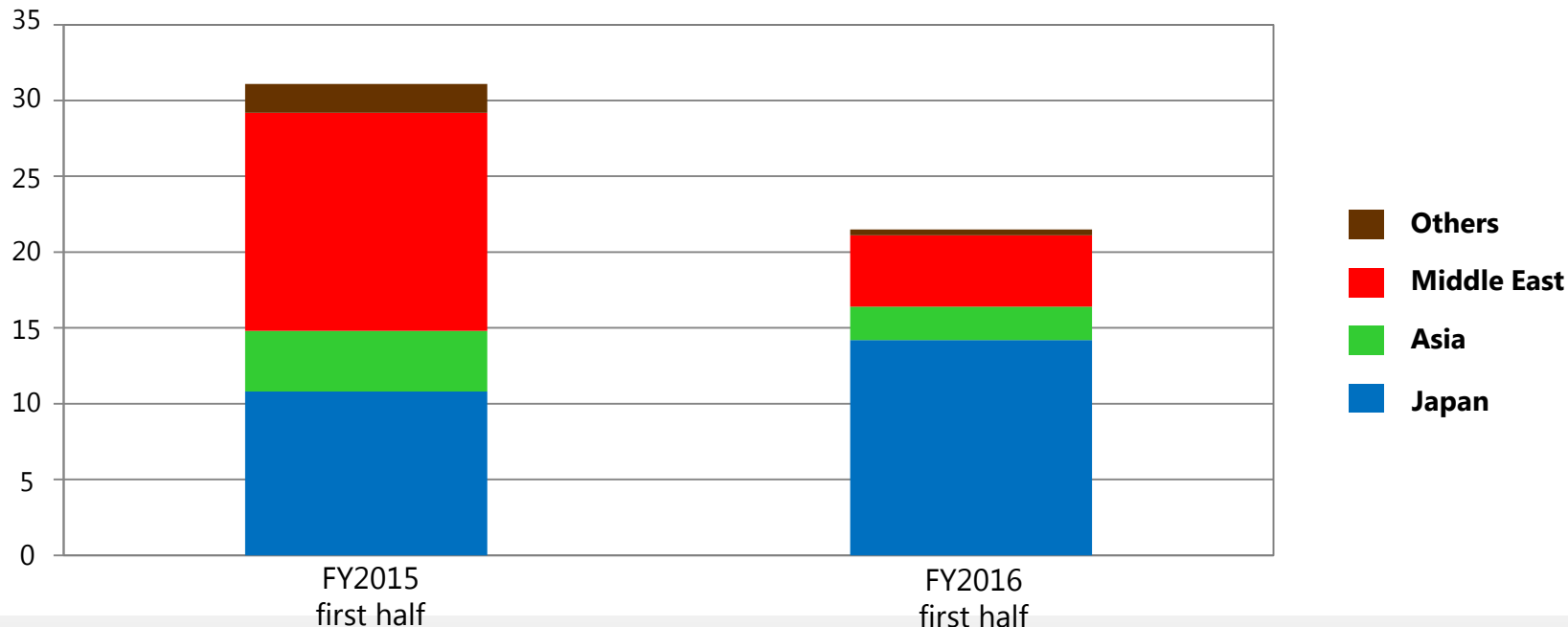
# Appendix

# Orders received breakdown by region

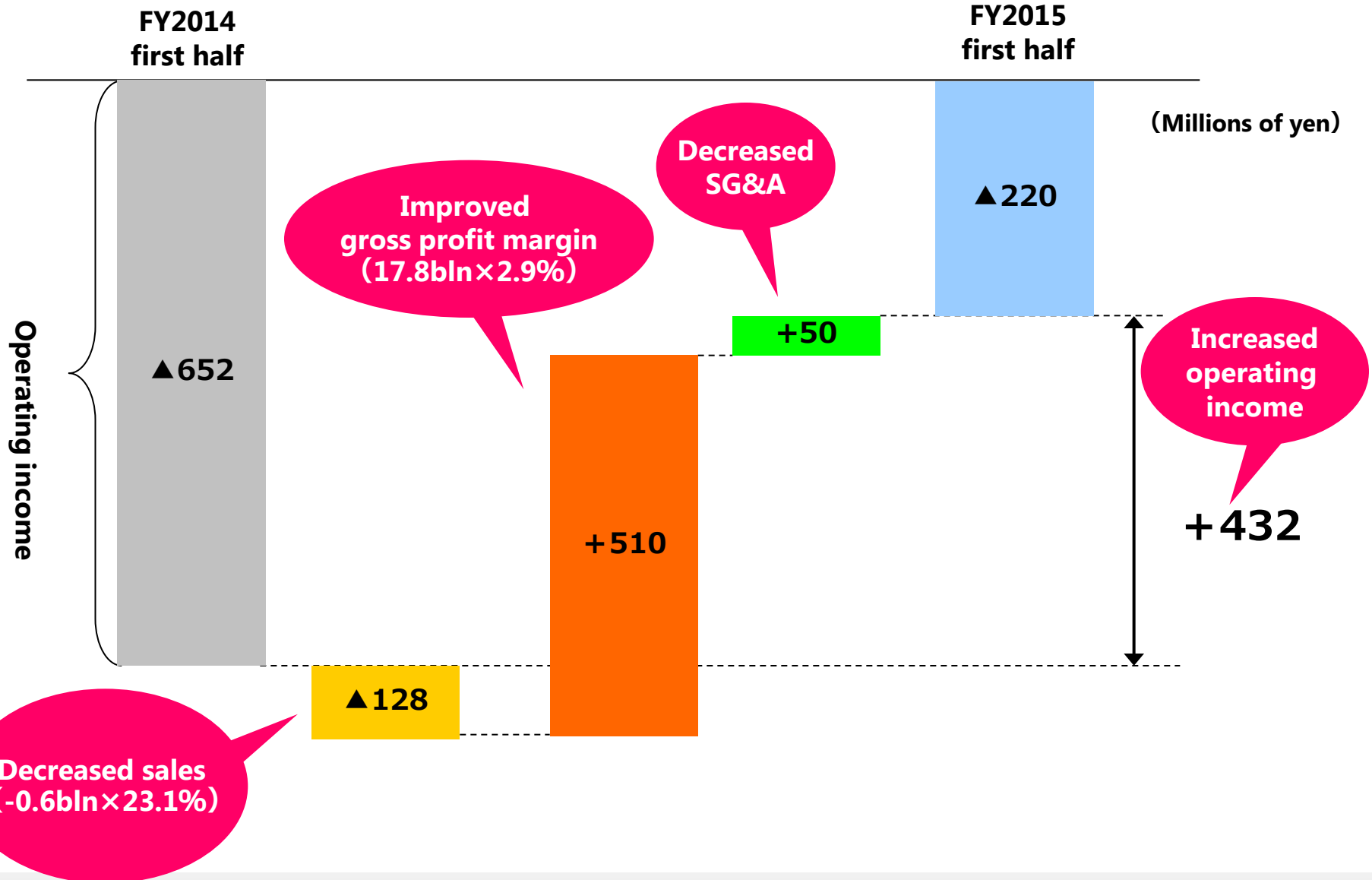
billions of yen

		Japan	Overseas	Breakdown			Total
				Asia	Middle East	Others	
	FY2016 Fist half	10.8 (34.5%)	20.3 (65.5%)	4.0 (12.8%)	14.4 (46.5%)	1.9 (6.2%)	31.1
	FY2015 First half	14.2 (66.0%)	7.3 (34.0%)	2.2 (10.3%)	4.7 (21.7%)	0.4 (2.0%)	21.5

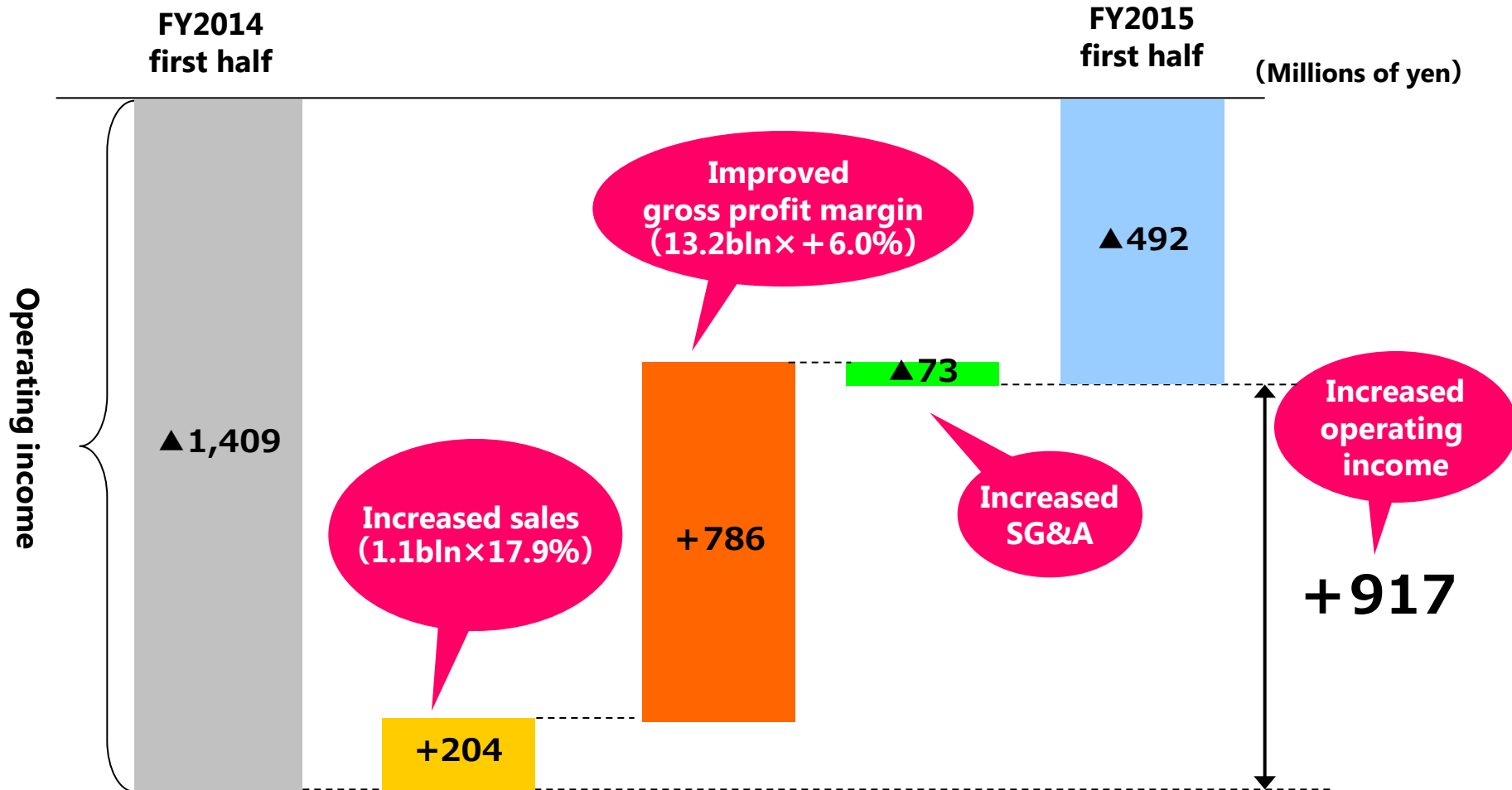
billions of yen



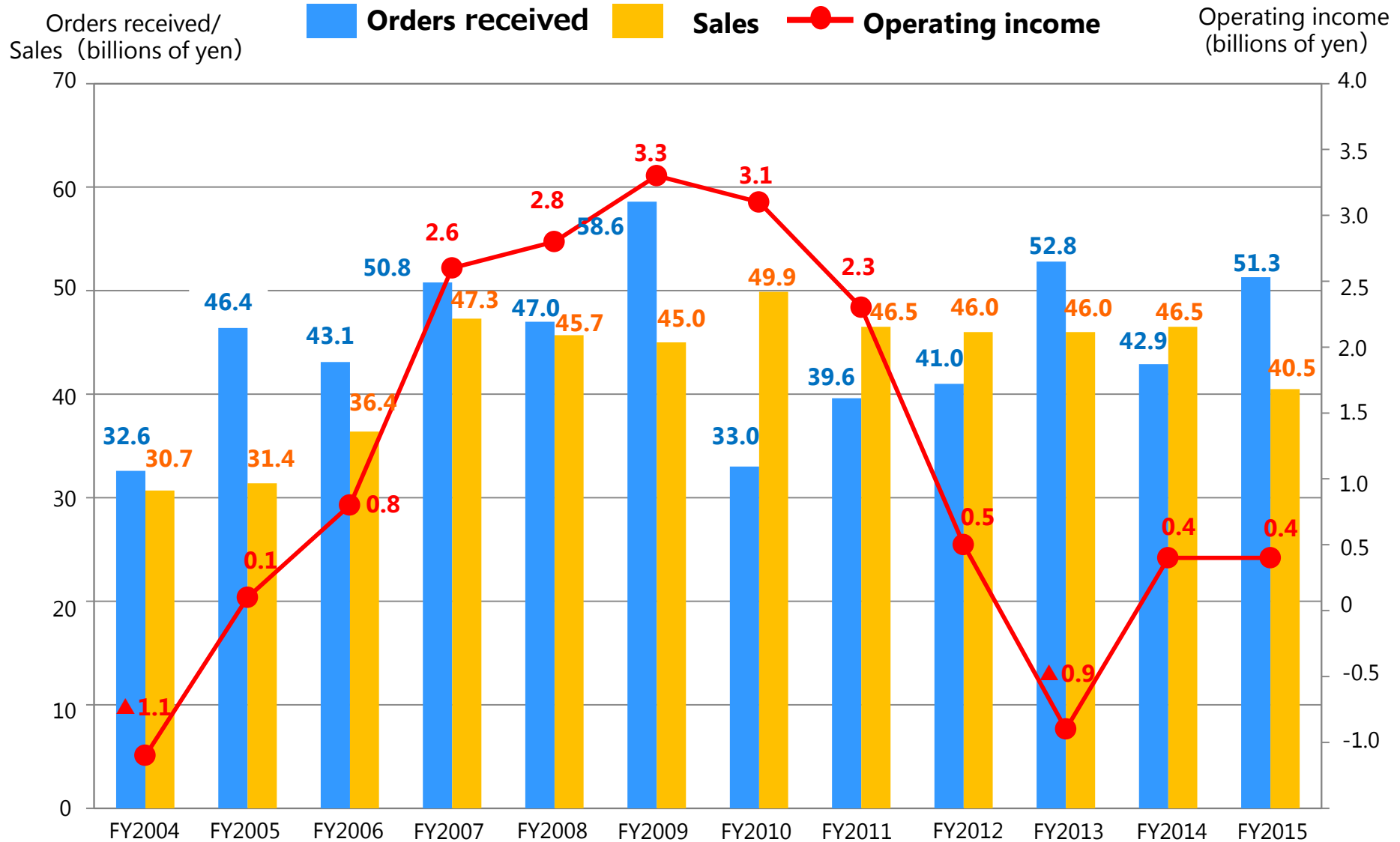
# Factor of increase and decrease in consolidated operating income



# Factor of increase and decrease in non-consolidated operating income



# Orders received, Sales, Operating income (past 12 years)



**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.**

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