

# Organo Corporation

## Report on the Second Quarter Financial Results for the Term Ending March 31, 2016

November 6, 2015

## The Consolidated Organo Group

Organo (Suzhou) Water  
Treatment Co., Ltd.  
< China >

Organo Corporation  
Organo Plant Service Corporation  
Organo Food Tech Corporation  
Organo Acty Corporation  
Organo Eco Tech Corporation  
< Japan >

Organo (Thailand) Co., Ltd.  
< Thailand >

Organo Technology Co., Ltd.  
< Taiwan >

Organo (Asia) Sdn. Bhd.  
< Malaysia >

PT Lautan Organo Water  
< Indonesia >

### Ref ; Non-consolidated Companies

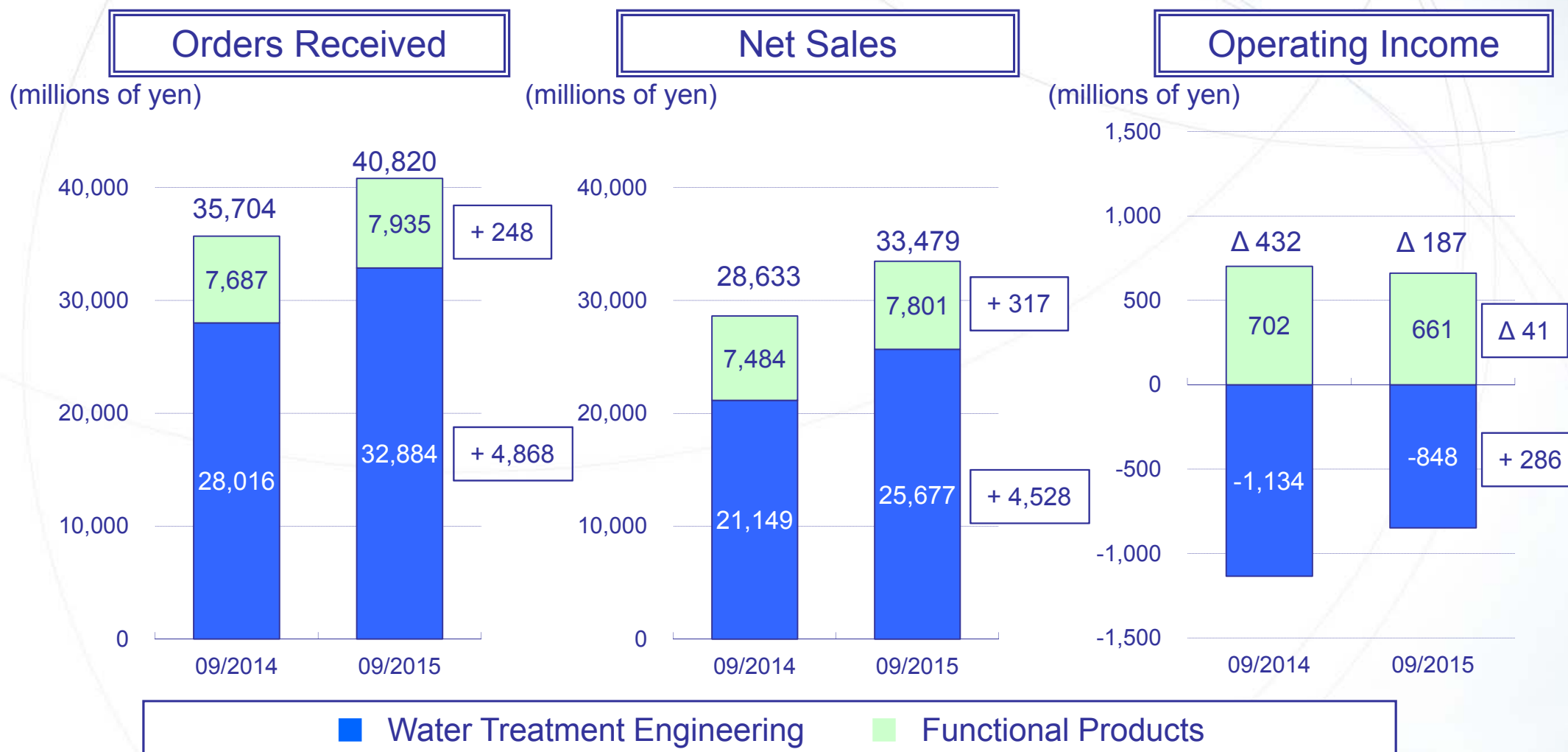
Organo (Singapore) Pte Ltd <Singapore>  
Organo (Vietnam) Co., Ltd. <Vietnam>  
Murugappa Organo Water Solutions Limited <India>

## Financial Results of the 2nd Quarter of the Term Ending March 2016

(millions of yen)

	09/2014 Result	09/2015 Plan	09/2015 Result	Year on Year Change	Change from Plan
Orders Received	35,704	37,500	40,820	+ 5,116	+ 3,320
Net Sales	28,633	30,000	33,479	+ 4,846	+ 3,479
Gross Profit (%)	6,115 21.4	6,600 22.0	6,658 19.9	+ 543 Δ 1.5 pt	+ 58 Δ 2.1 pt
SG&A	6,547	6,900	6,846	299	Δ 54
Operating Income	Δ 432	Δ 300	Δ 187	+ 245	+ 113
Ordinary Income	Δ 444	Δ 350	Δ 221	+ 223	+ 129
Net Income attributable to owners parent	Δ 583	Δ 230	Δ 278	+ 305	Δ 48

## Financial Results [by Business Segments]



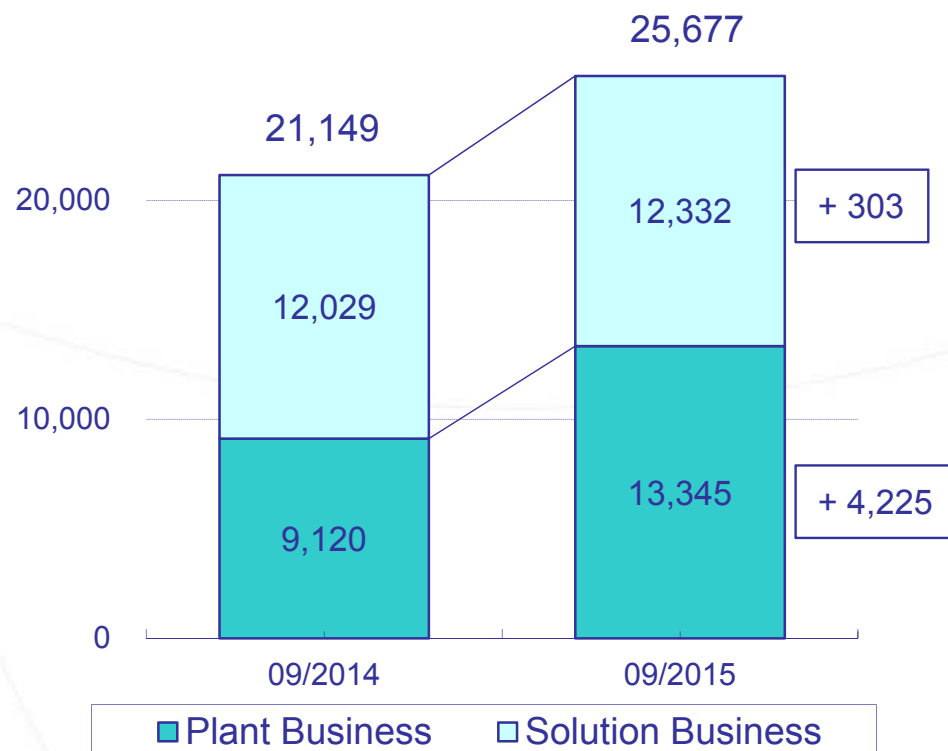
**[Water Treatment Engineering]** Orders received increased mainly in plants for the electronics industry overseas and the general industries both in Japan and overseas. Net sales increased, primarily in plants and solutions in the electronics industry and the general industries overseas. Operating loss improved due to sales expansion.

**[Functional Products]** Both orders received and net sales increased. Operating income declined due to increase in SG&A expenses.

## Financial Results [by Business Segments and Customers] < Water Treatment Engineering >

### Sales by Business Segment

(millions of yen)  
30,000

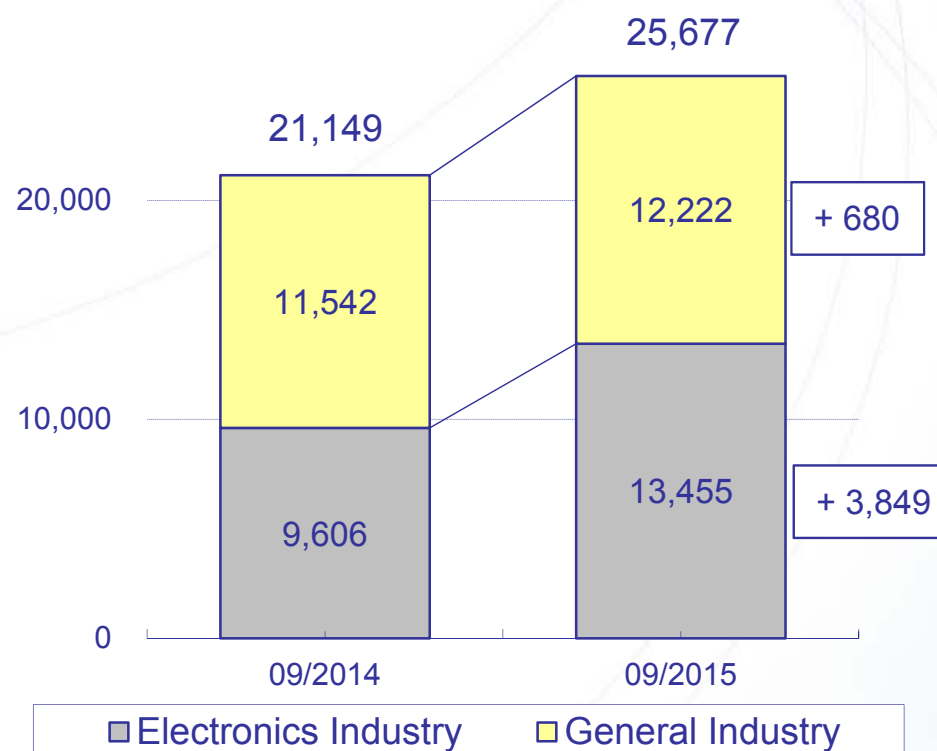


**[Plant Business]** Sales increased mainly for the electronics industry in Taiwan.

**[Solution Business]** Sales increased mainly for the electronics industry in Taiwan and the general industries in Southeast Asia.

### Sales by Customer

(millions of yen)  
30,000



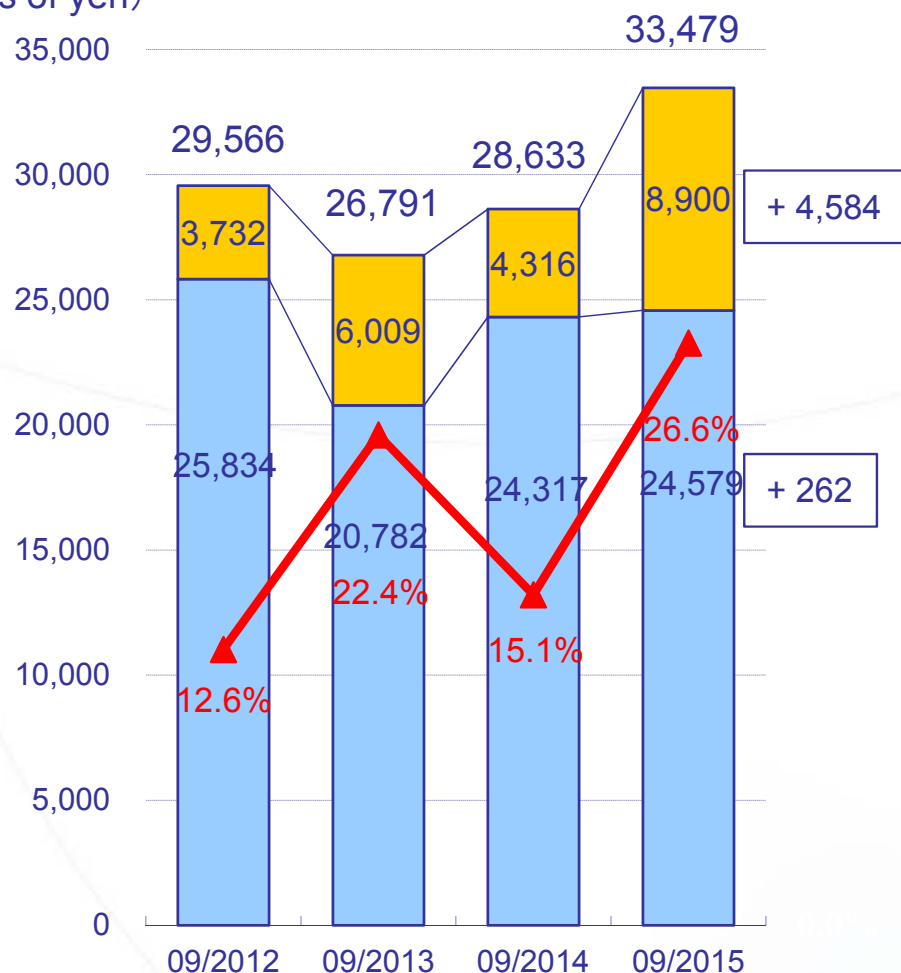
**[Electronics Industry]** Sales increased primarily in plants and maintenance business in Taiwan.

**[General Industry]** Sales increased mainly in plants and maintenance business in Southeast Asia.

## Financial Results [by Region]

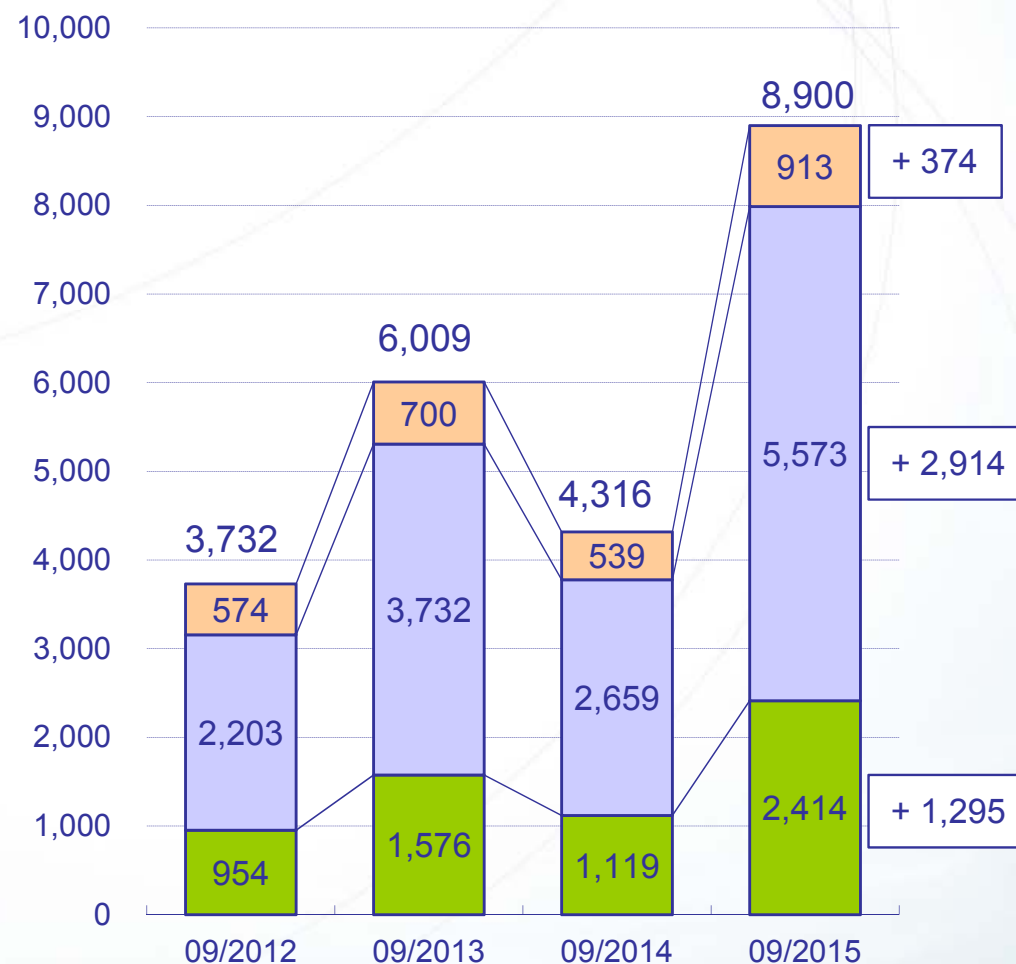
### Domestic and Overseas Sales

(millions of yen)



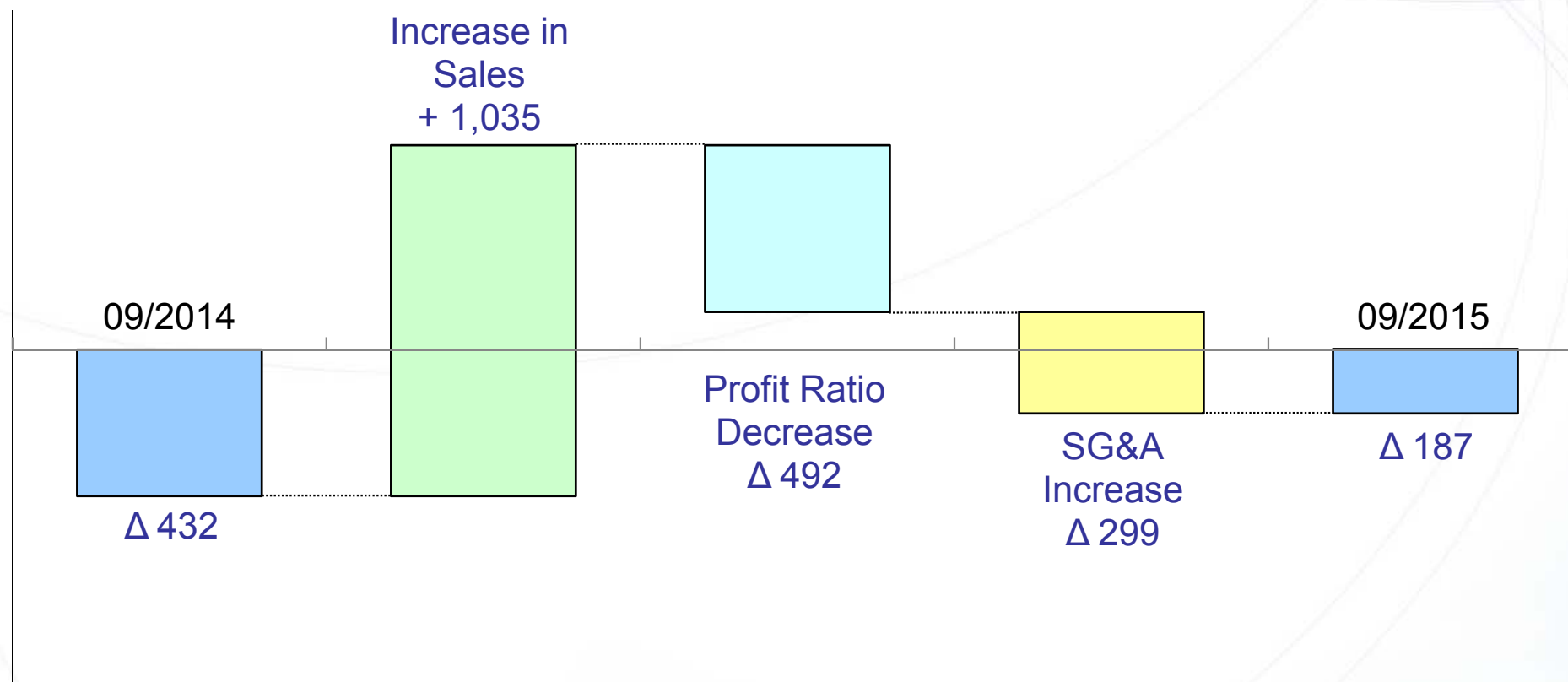
### Overseas Sales by Region

(millions of yen)



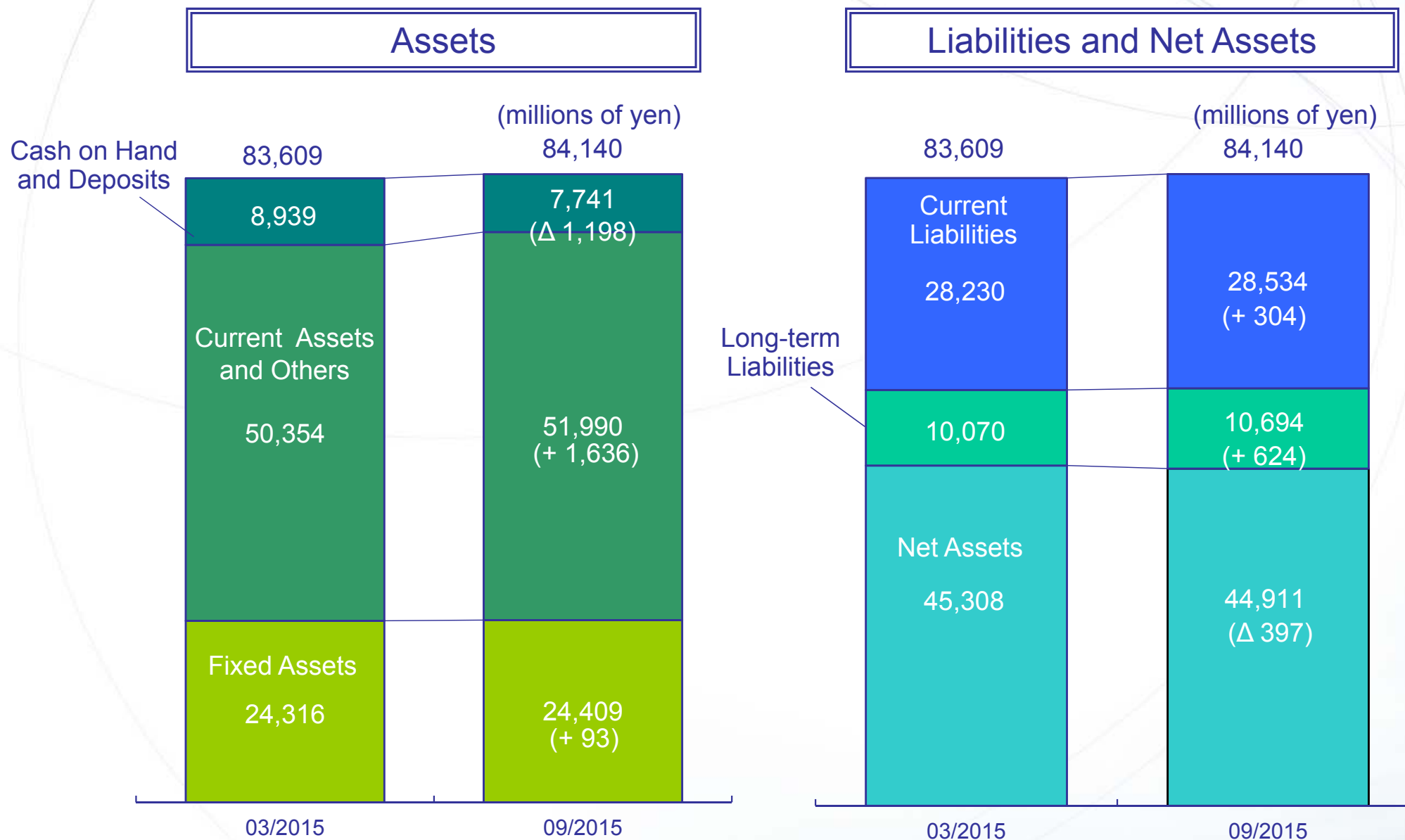
## Analysis of Operating Income

(millions of yen)



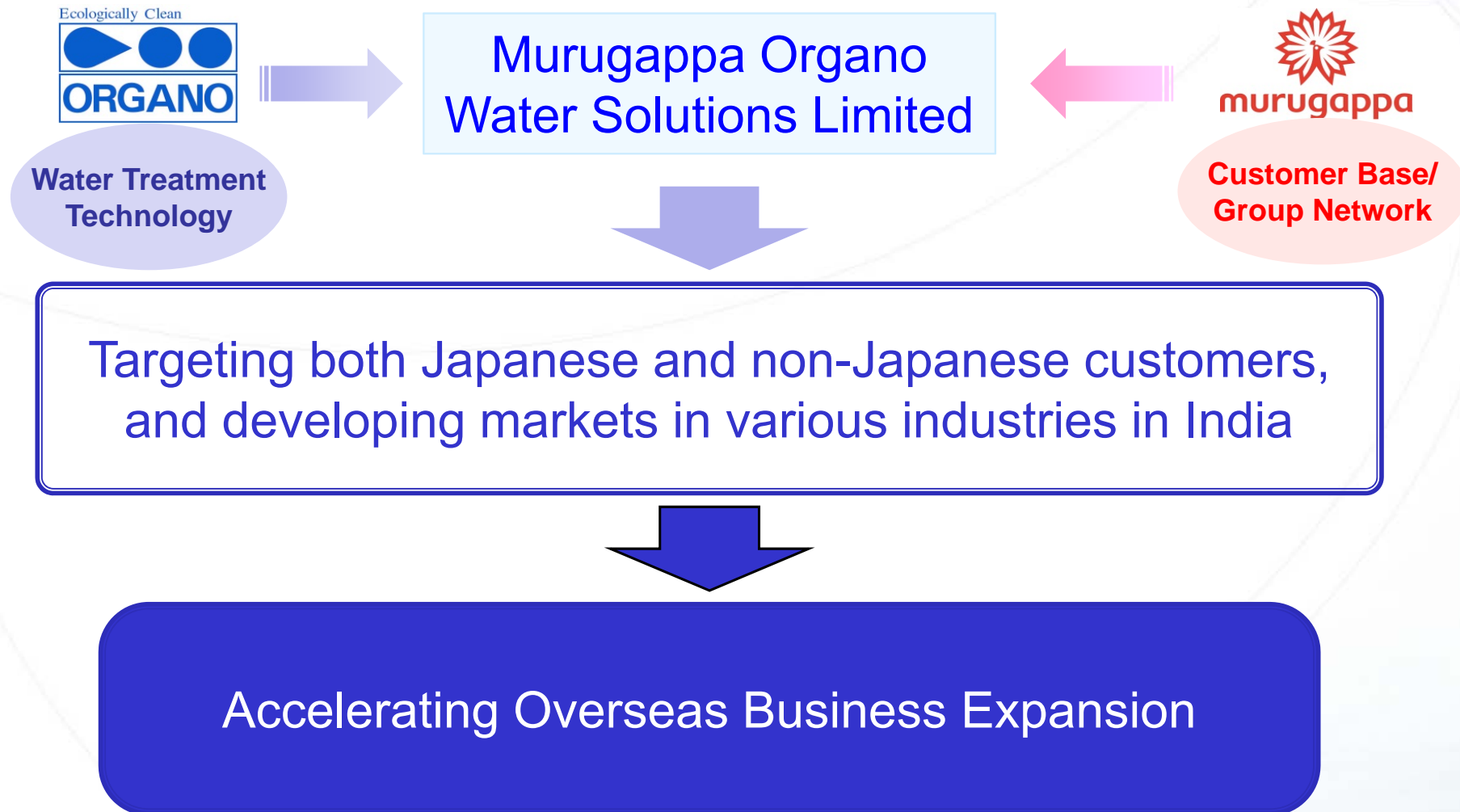
\*The sales increase and profit ratio decrease are calculated using the gross profit margin.

## Balance Sheet



## Major Efforts in the First Half of the Term Ending March 2016

### ◆ Launched water treatment joint venture in India (September 2015)



## Major Efforts in the First Half of the Term Ending March 2016

### ◆ Acquired NSF Certification for new slime control chemical for RO membrane “Orpersion E2661” (July 2015)

#### Orpersion E2661;

- High level of safety: Registered under Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. / NSF certified
- Contains uniquely developed stabilized hypobromite oxidizing agent
- Strong sterilizing effect and slime cleaning effect
- Low damage to RO membrane

#### Expanding sales to various markets in Japan and overseas

- ✓ Seawater desalination for beverage applications
- ✓ Waste water recovery for food and pharmaceutical industries, etc.

### Major Efforts in the First Half of the Term Ending March 2016

#### ◆ Launched “HD Series”, purified water system for dialysis treatment (May 2015)

- Pursued greater downsizing, highly sought after in medical facilities, to deliver one of the most compact systems in the industry
- Wide range of optional features that can be installed within main unit
- Quality control/quality assurance essential for medical equipment is implemented at own ISO-certified plant



**Entered market of purified water system for dialysis treatment to offer total solutions for water in hospitals**

Pure water system  
for blood analysis  
system

Ultrapure water  
system  
for laboratories

Drinking water  
supply using  
groundwater

+

Purified water  
system for  
dialysis treatment

## Topic in the First Half of the Term Ending March 2016

### ◆ Oxidizer removing catalyst “Ordetox” wins FY2015 JICC Best New Product Award (October 2015)

- Efficiently removes oxidizers such as hydrogen peroxide contained in ultrapure water.
- Uses independently developed monolithic porous ion exchanger as matrix, to achieve high-speed treatment, at least 10 times faster than previous catalysts.
- Can be installed right next to semiconductor cleaning system or other use point.
- Contributes to improvement in yield of semiconductor manufacturing process.

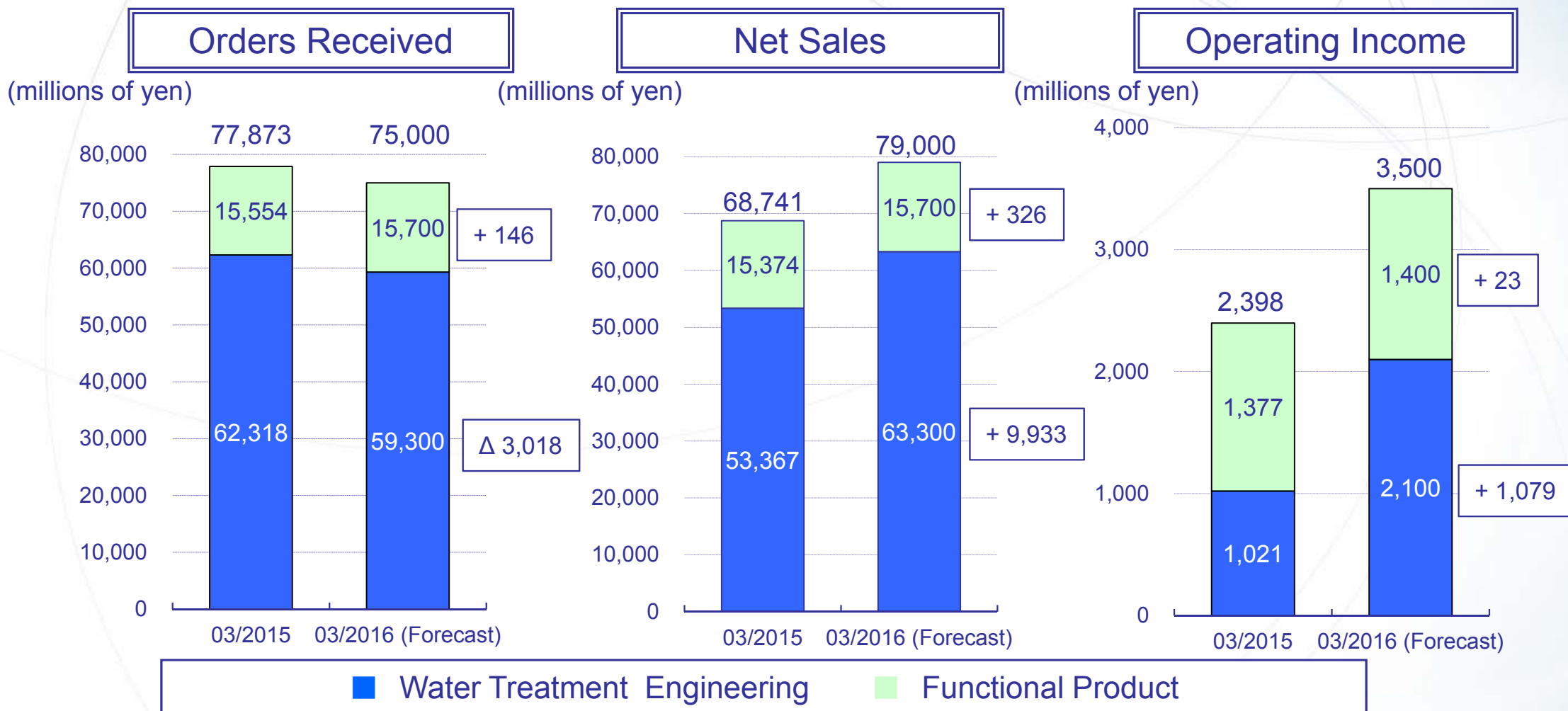


## Forecasts for the Term Ending March 2016

(millions of yen)

	03/2015 Result	03/2016 Initial Plan	03/2016 Revised Plan	Year on Year Change	Change from Initial Plan
Orders Received	77,873	75,000	75,000	$\Delta$ 2,873	+ 0
Net Sales	68,741	77,000	79,000	+ 10,259	+ 2,000
Gross Profit	15,544	16,700	17,400	+ 1,856	+ 700
(%)	22.6	21.7	22.0	$\Delta$ 0.6pt	+ 0.3
SG&A	13,145	14,000	13,900	+ 755	$\Delta$ 100
Operating Income	2,398	2,700	3,500	+ 1,102	+ 800
(%)	3.5	3.5	4.4	+ 0.9pt	+ 0.9pt
Ordinary Income	2,465	2,600	3,400	+ 935	+ 800
Net Income attributable to owners parent	1,085	1,680	2,250	+ 1,165	+ 570

## Forecasts [by Business Segments]

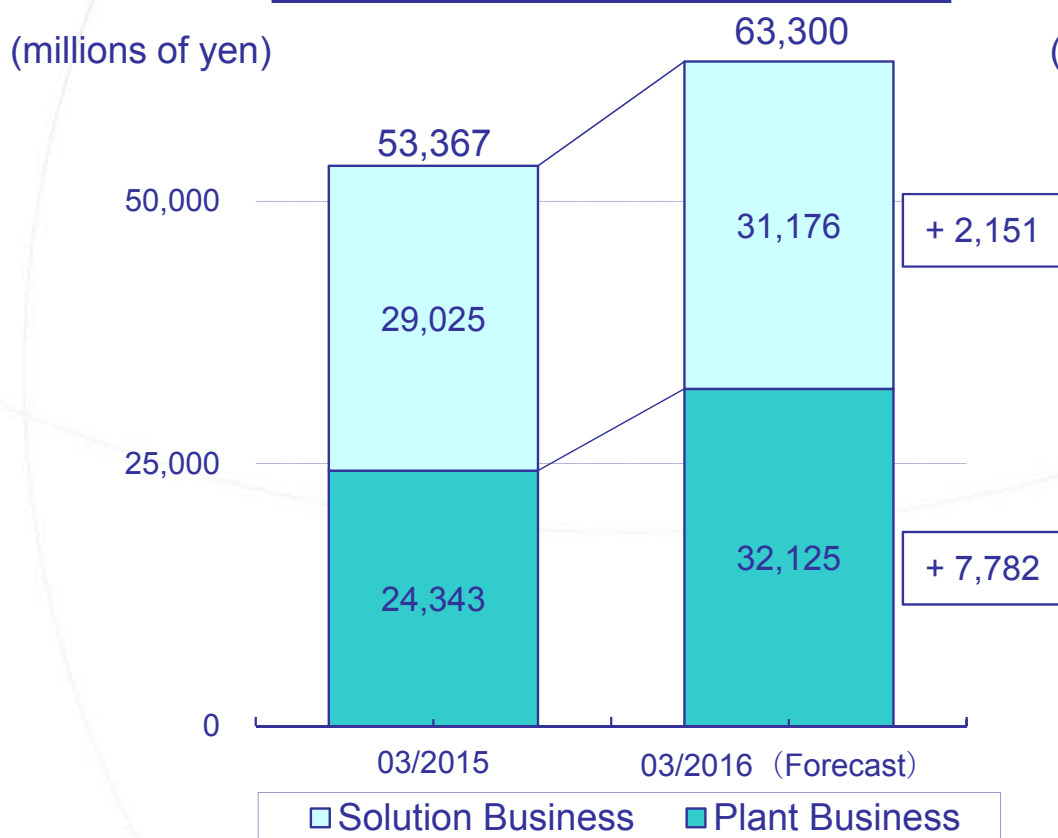


**[Water Treatment Engineering]** Orders received are forecast to decline in plants for the electronics industry in Japan, for which orders increased substantially in previous fiscal year. Net sales are forecast to increase due to the growth of plants and maintenance for the electronics industry in Japan and overseas, and plants for municipal water and sewage treatment in Japan. Operating income is expected to increase due to sales expansion.

**[Functional Products]** Orders received, net sales and operating income are expected to grow due to a recovery in the capacity utilization rate of the customers' factories, and the development or renewal of products.

## Forecasts [by Business Segments and Customers] < Water Treatment Engineering >

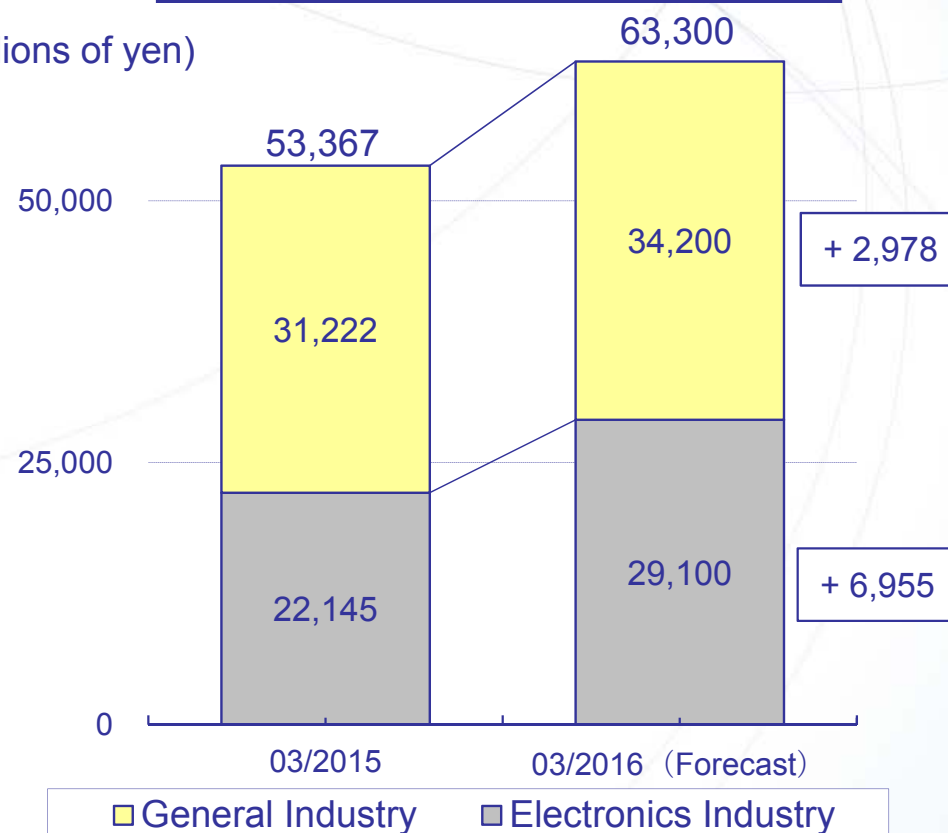
### Sales by Business Segment



**[Plant Business]** Sales are expected to increase, mainly as a result of the growth of plants for the electronics industry in Japan and overseas, and plants for municipal water and sewage treatment in Japan.

**[Solution Business]** Sales are expected to increase mainly due to the growth of maintenance for the electronics industry in Japan and overseas and the general industries in Japan.

### Sales by Customer



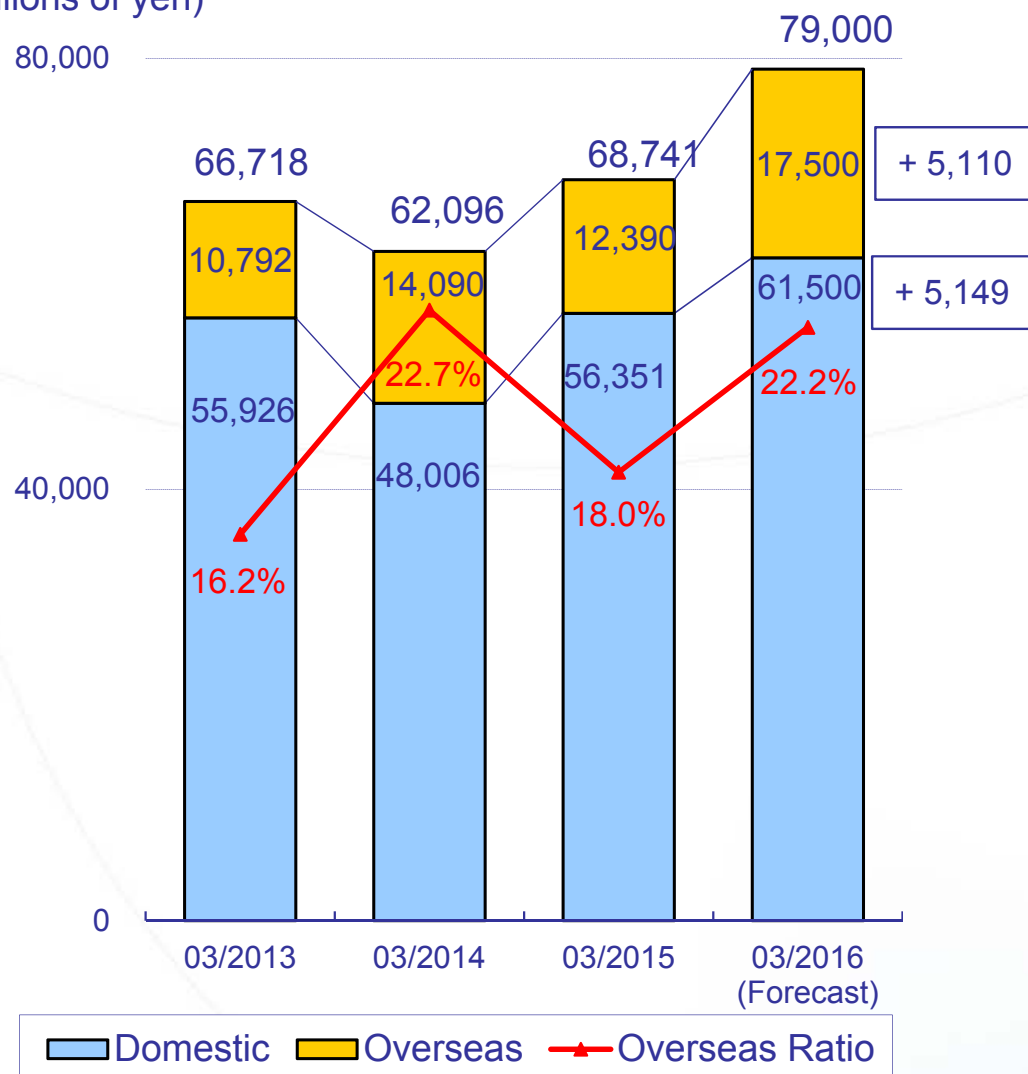
**[Electronics Industry]** Sales are expected to increase due to the growth of plants and maintenance in Japan and overseas.

**[General Industry]** Sales are expected to increase mainly in plants for municipal water and sewage in Japan.

## Forecasts [by Region]

### Domestic and Overseas Sales

(millions of yen)

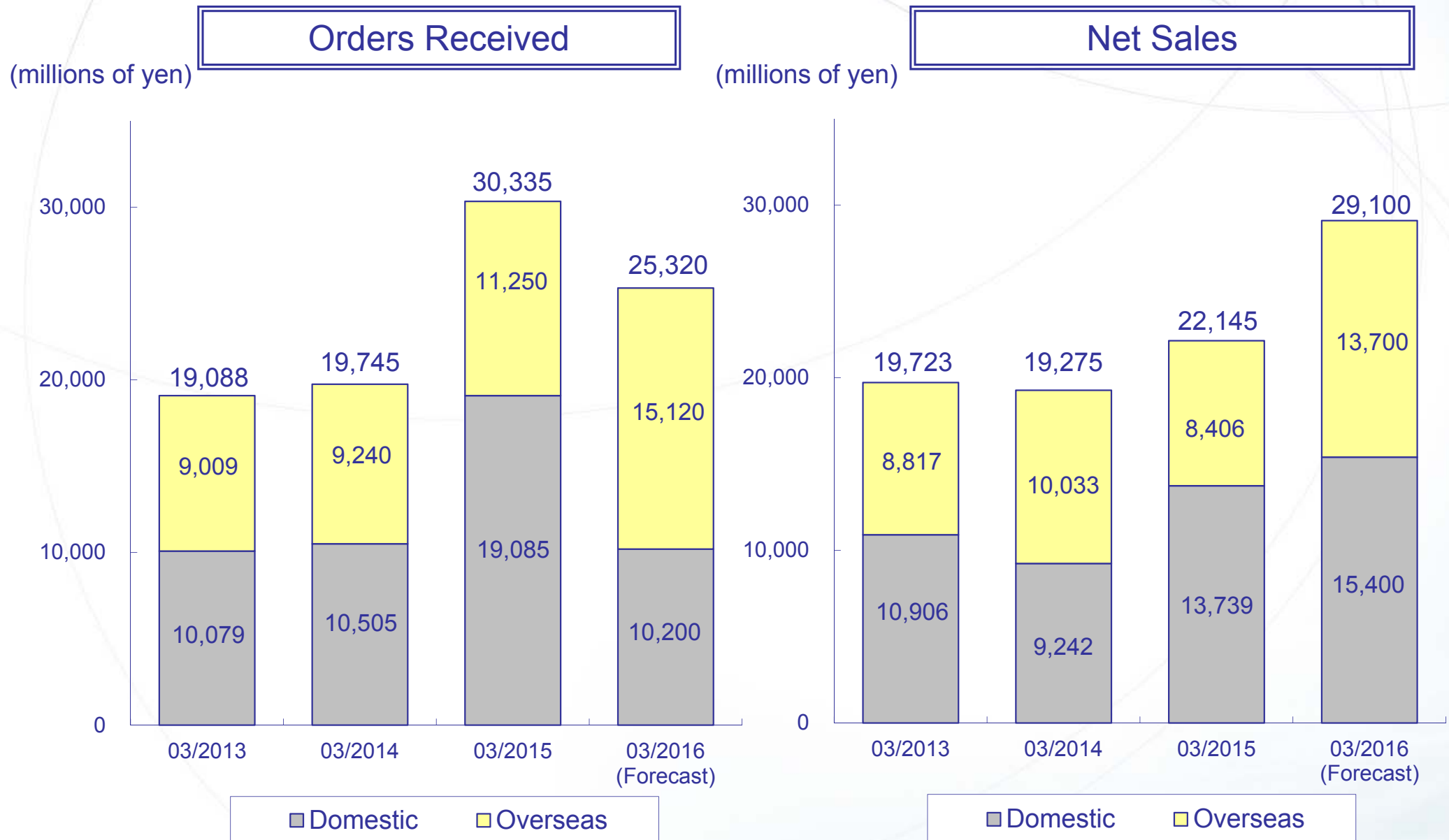


### Overseas Sales by Region

(millions of yen)



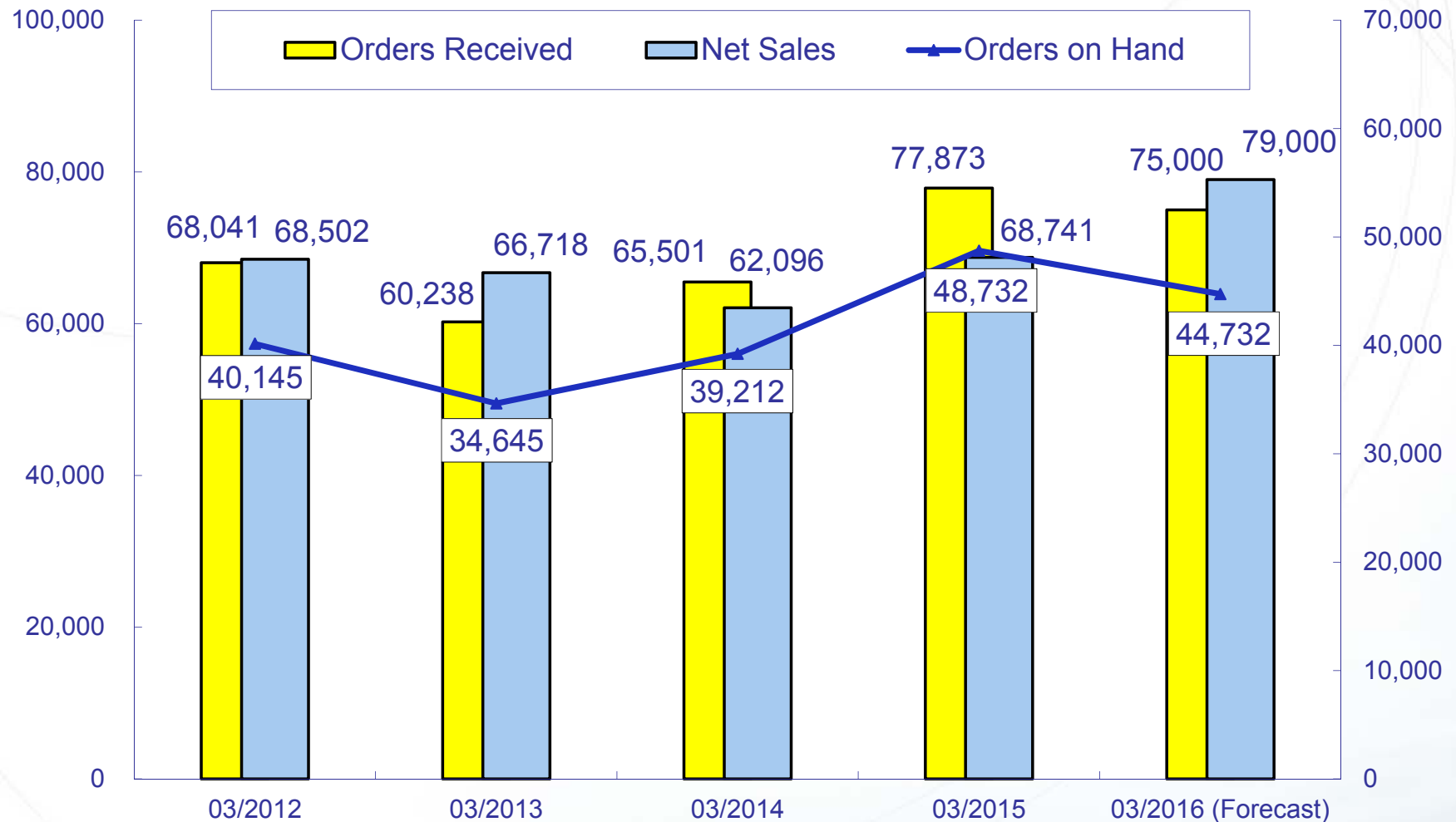
## Forecasts < Electronics Industry >



## Forecasts [Orders Received, Net Sales and Orders on Hand]

Orders received / Net sales  
(millions of yen)

Orders on Hand  
(millions of yen)



## Forecasts [Major Indicators]

(millions of yen)

	FY2014 Full Year	FY2015 Full Year (Initial Plan)	FY2015 Full Year (Forecast)
Capital Investment	334	1,100	1,000
Technological Development Costs	1,392	1,450	1,400
Depreciation	999	1,000	1,000
Interest-bearing Borrowings	12,717	13,000	15,000
Number of Employees	1,944	2,050	2,050
Dividend per Share (yen/year)	8.0	8.0	8.0
ROE (%)	2.4	3.6	4.8

# Organo Corporation

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This document includes forecasts of future developments made by management based on their assumptions, forecasts and plans at the time of writing. Actual performance may differ materially from the above projections due to a variety of factors.