

Organo Corporation

Report on the Financial Results for the Term Ended March 31, 2014

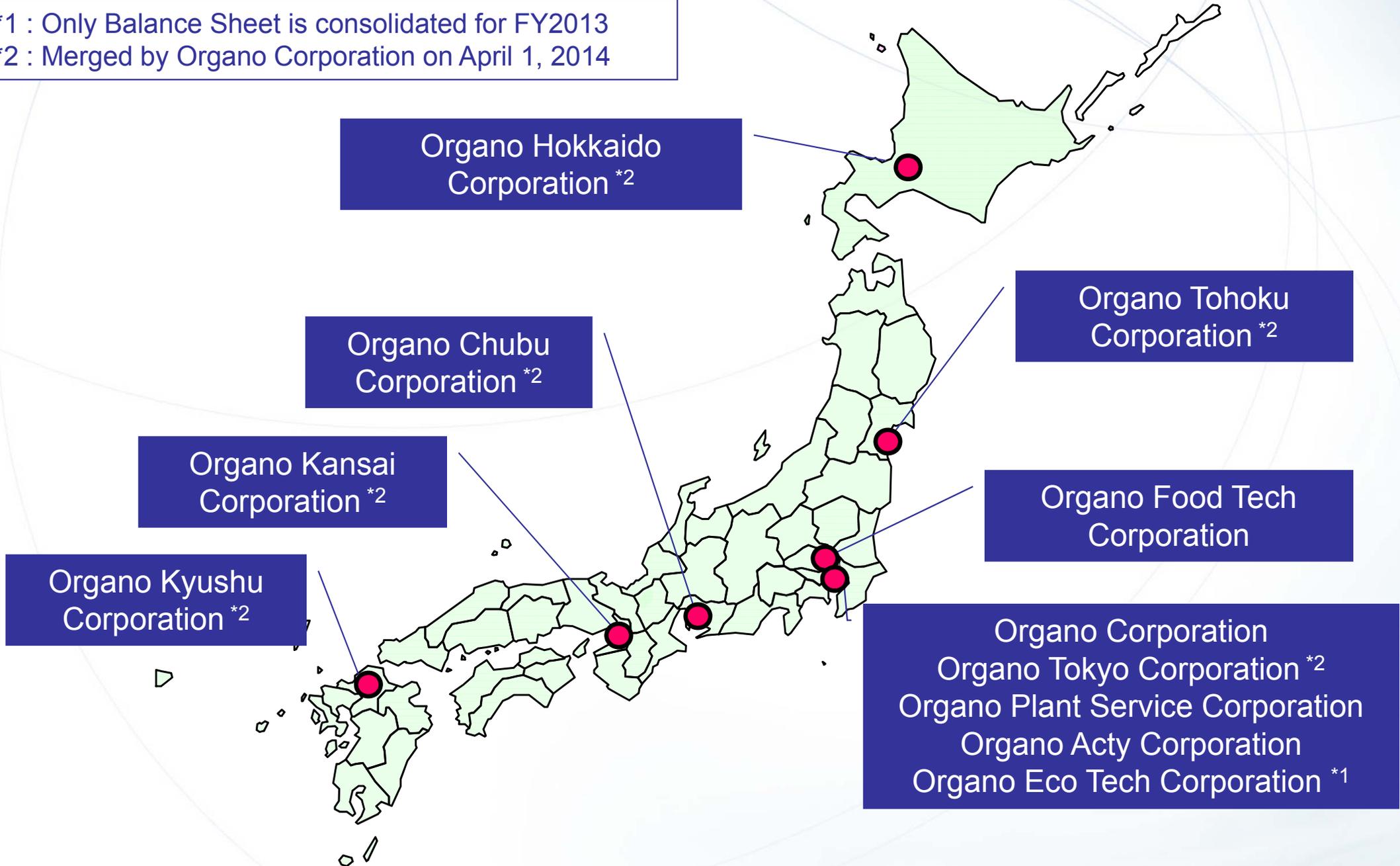
May 16, 2014

Report on the Financial Results of FY2013 and Projection for FY2014

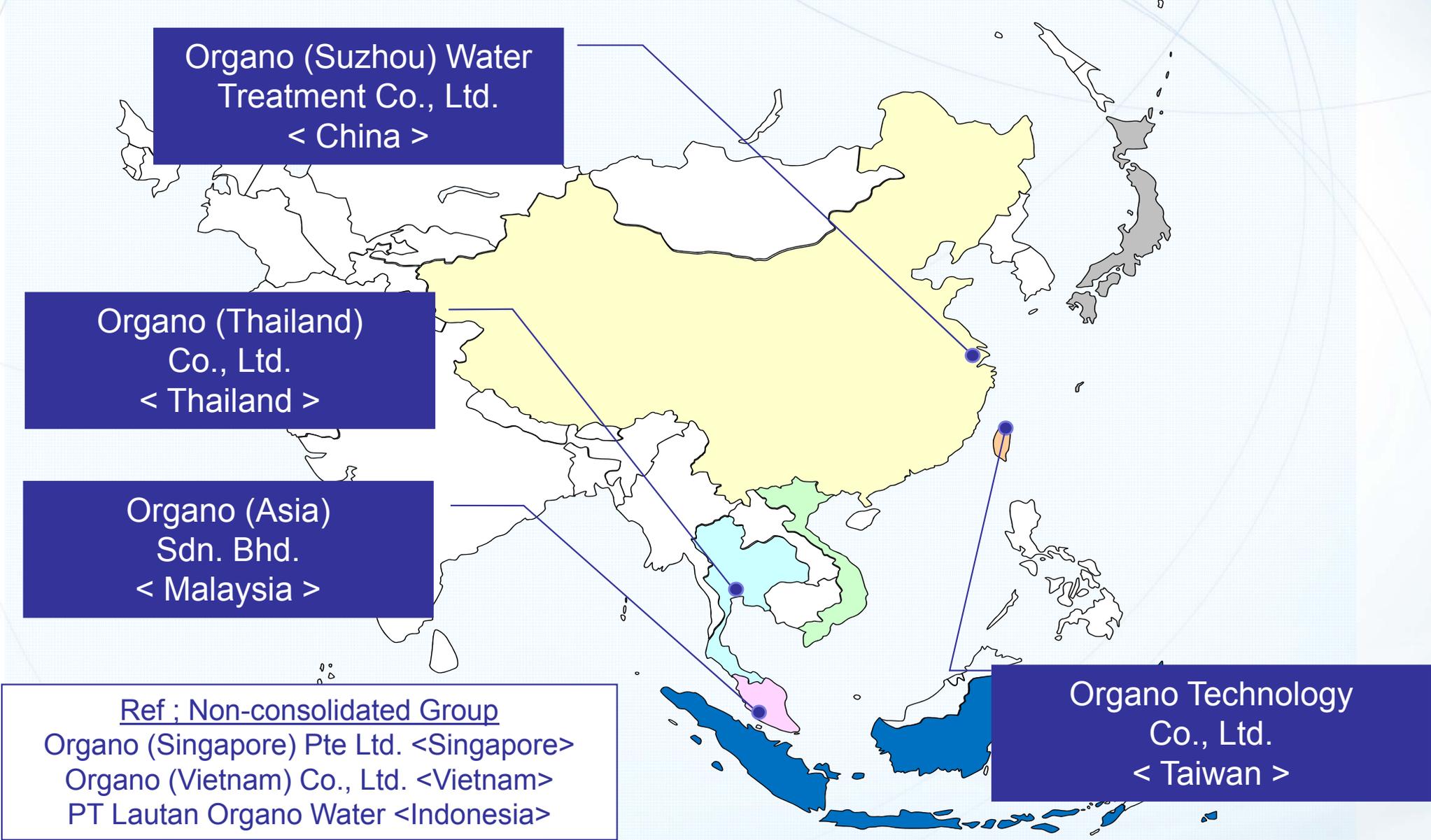
Hiroyuki Uchida,
President

The Consolidated Organo Group (Japan)

*1 : Only Balance Sheet is consolidated for FY2013
*2 : Merged by Organo Corporation on April 1, 2014



The Consolidated Organo Group (Overseas)



Financial Results for FY2013 (Consolidated)

(millions of yen)

	03/2013 Result	03/2014 Revised Plan	03/2014 Result	Year on Year Change	Change from Revised Plan
Orders Received	60,238	75,000	65,501	+ 5,263	△ 9,499
Net Sales	66,718	67,000	62,096	△ 4,622	△ 4,904
Gross Profit	16,846	14,200	14,553	△ 2,293	+ 353
(%)	25.3	21.2	23.4	△ 1.9 pt	+ 2.2 pt
SG&A	13,348	13,700	13,720	+ 372	+ 20
Operating Income	3,498	500	833	△ 2,665	+ 333
Ordinary Income	3,909	550	1,170	△ 2,739	+ 620
Net Income	2,564	350	664	△ 1,900	+ 314

Financial Results of FY2013 (by Business Segment)

Orders Received

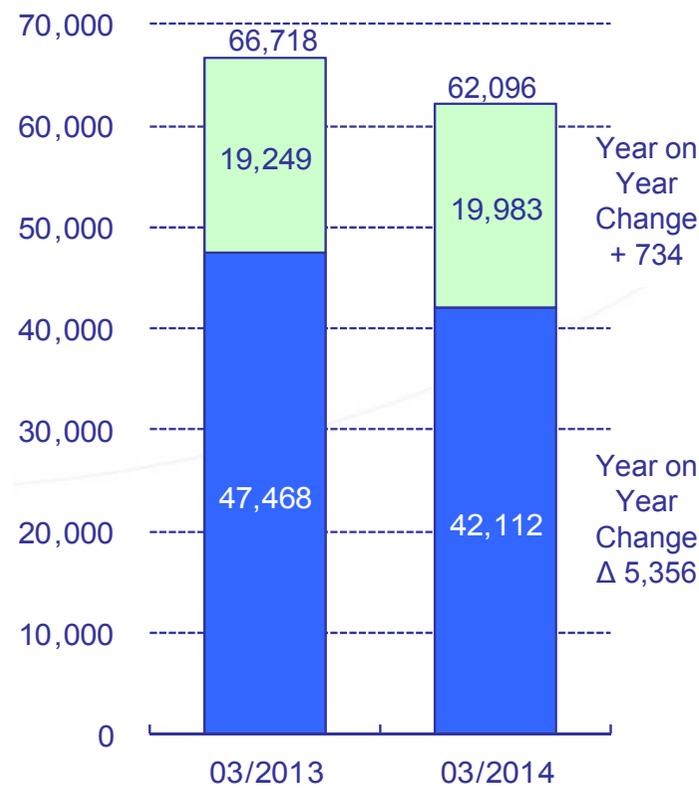
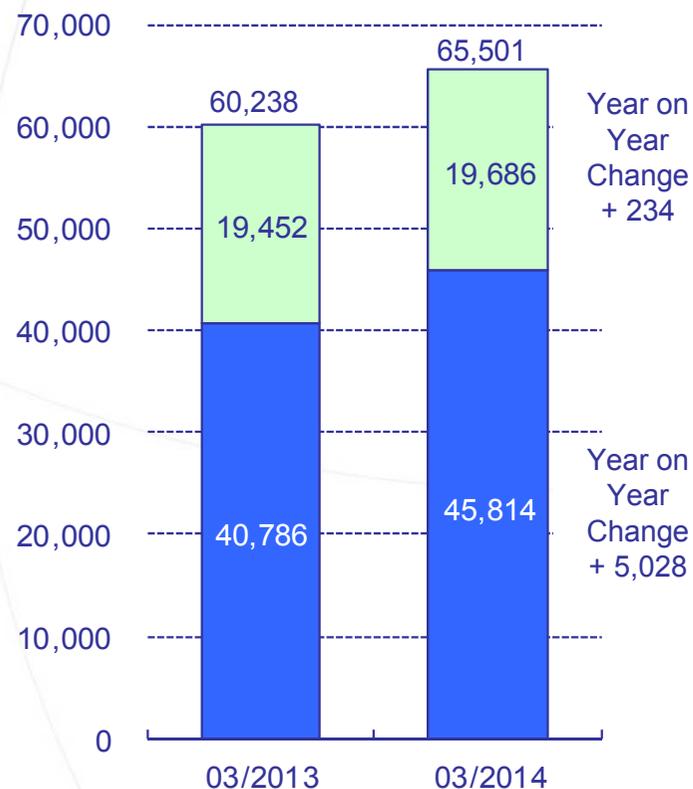
Net Sales

Operating Income

(millions of yen)

(millions of yen)

(millions of yen)



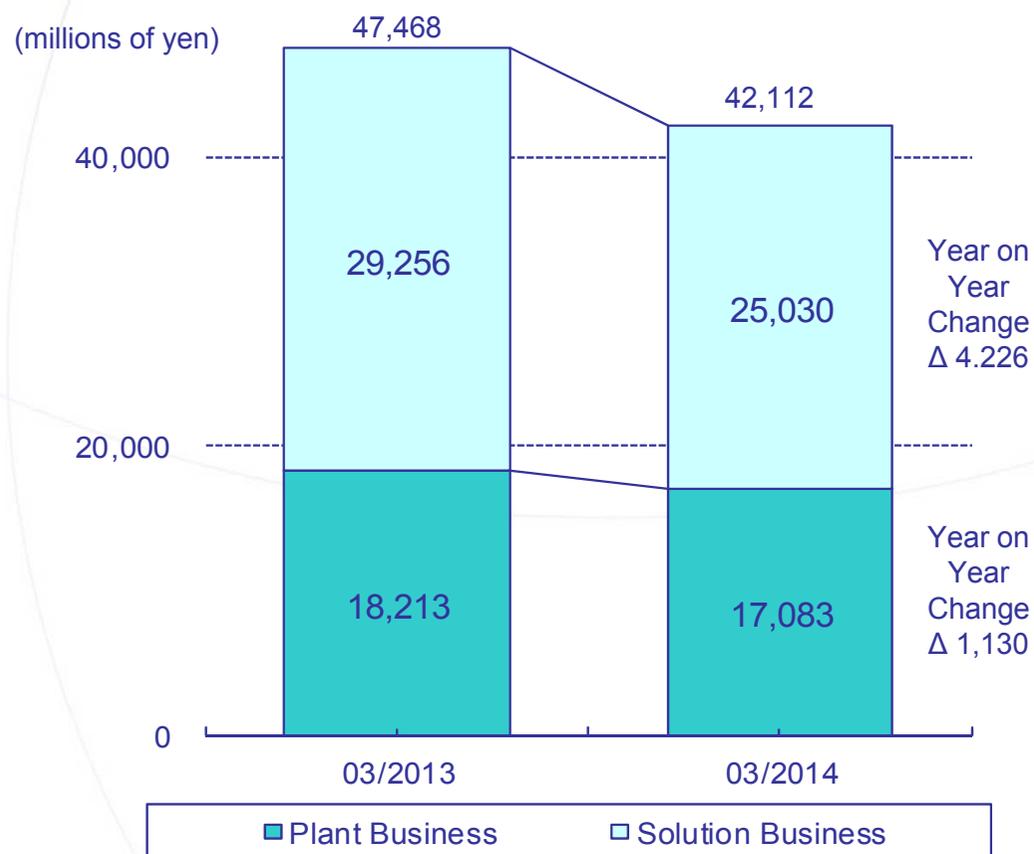
■ Water Treatment Engineering ■ Functional Product

[Water Treatment Engineering] Orders increased, primarily due to growth in overseas business, plant business for domestic pharmaceuticals and food industries, and the wastewater business segment. Sales reduced mainly due to decline in the domestic power plant segment and the postponement of projects in general industries. Operating income decreased mainly due to changes in the sales mix, and lower profitability.

[Functional products] Both orders and sales remained unchanged from the previous year. Operating income increased, primarily due to an improvement in profitability.

Sales by Business Segment and Customer (Water Treatment Engineering)

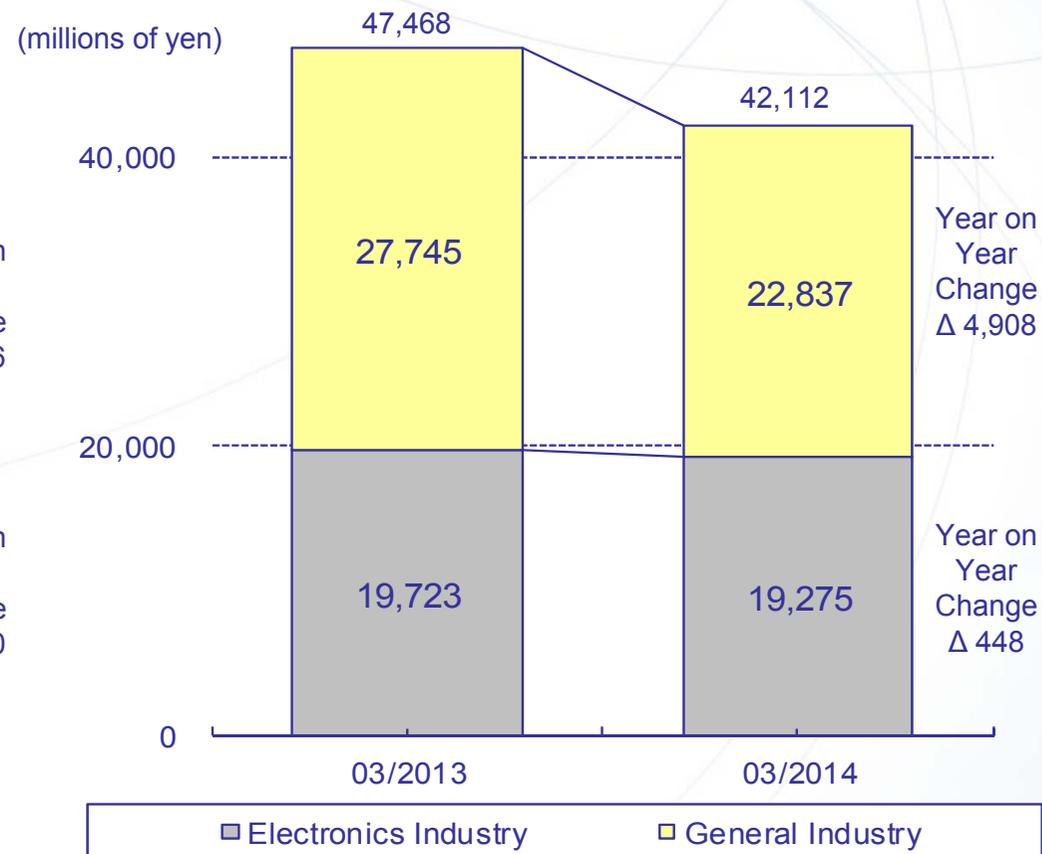
Sales by Business Area



[Plant Business] Sales declined, primarily due to a drop in the sale of plants for the domestic electronics industry.

[Solution Business] Sales declined, given the impact of decline in the domestic power plant segment.

Sales by Customer



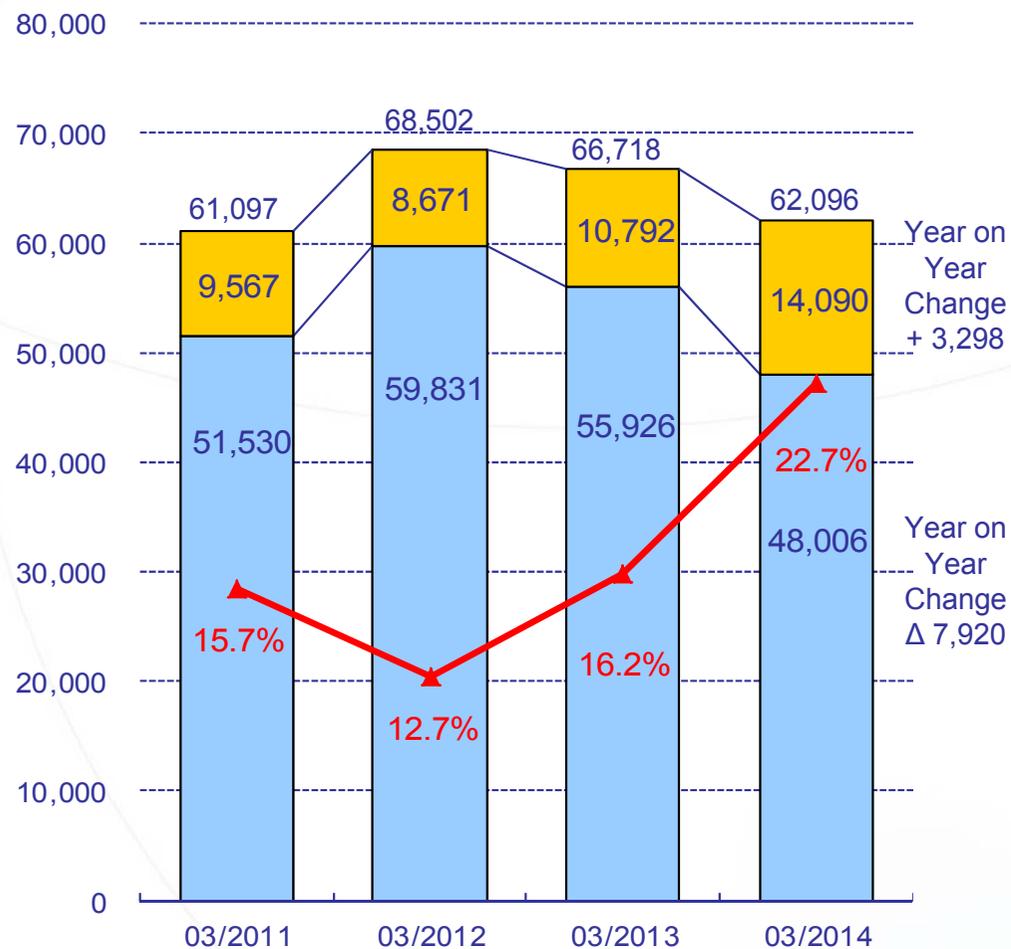
[Electronics Industry] Sales declined, largely due to a decline in Japan, despite an increase in both plant and maintenance in overseas.

[General Industry] Sales decreased as a result of a decline in the domestic power plant segment.

Sales by Region

Domestic and Overseas Sales

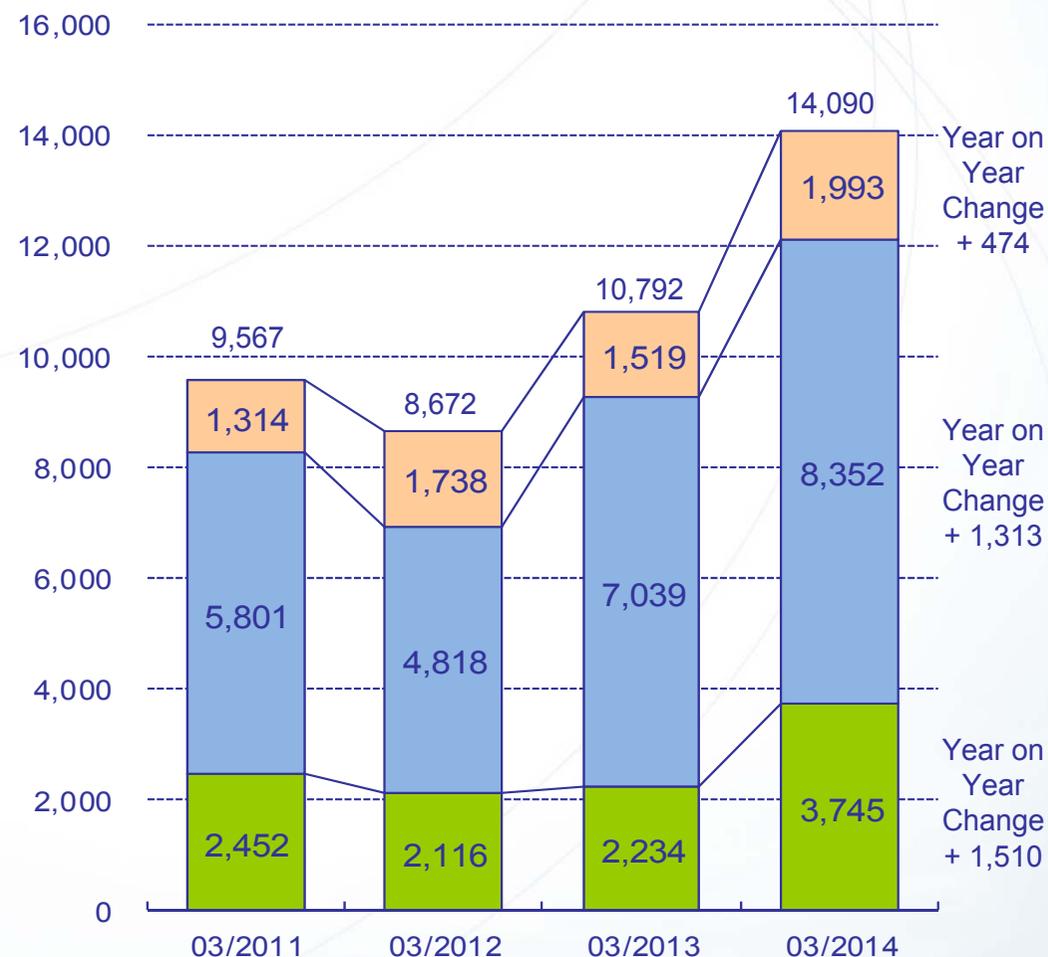
(millions of yen)



Domestic Overseas Overseas Ratio

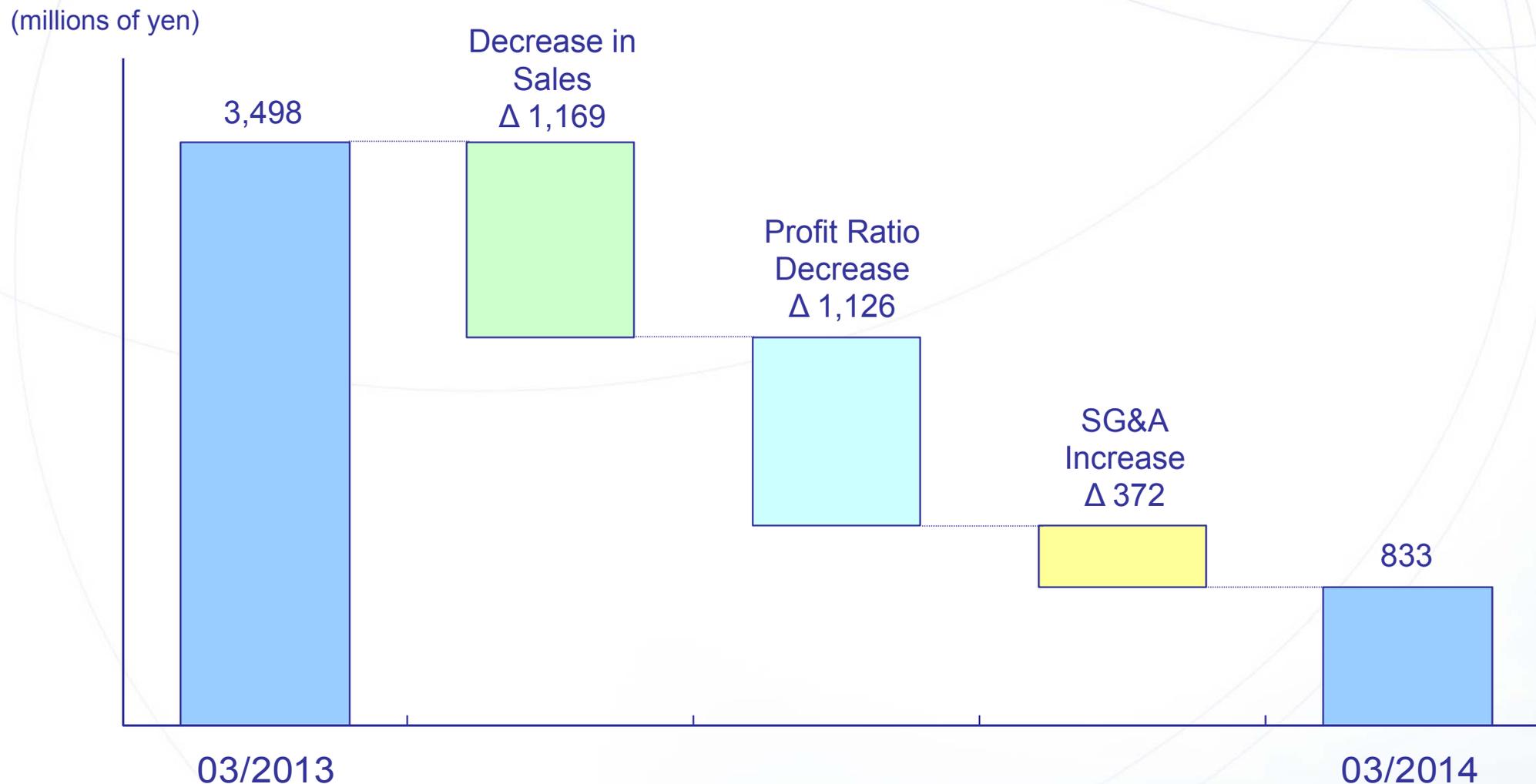
Sales by Overseas Region

(millions of yen)



Southeast Asia Taiwan China

Analysis of Operating Income of FY 2013 (by Factor)



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

Plan for the Term Ending March 2015

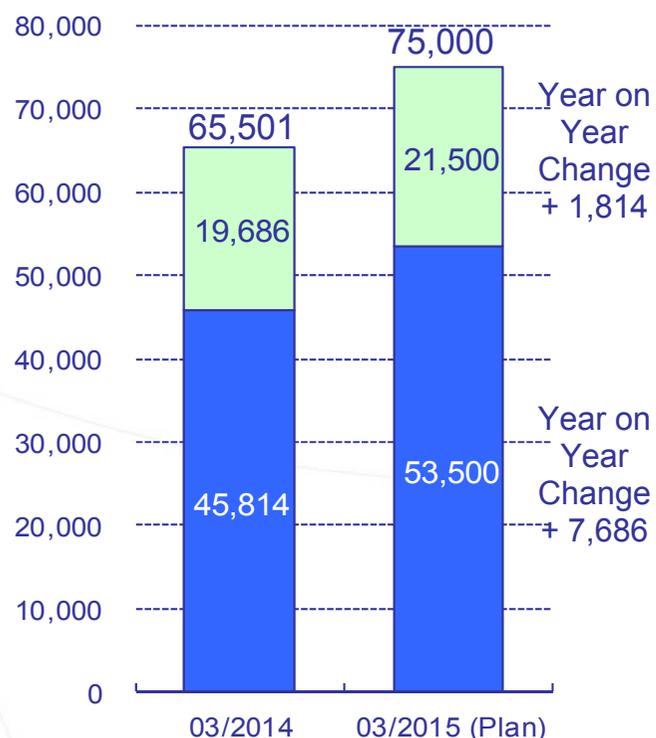
(millions of yen)

	03/2014 (Result) Full Year	03/2015 (Plan) Full Year	Year on Year Change
Orders Received	65,501	75,000	+ 9,499
Net Sales	62,096	70,000	+ 7,904
Gross Profit	14,553	15,400	+ 847
(%)	23.4	22.0	△ 1.4pt
SG&A	13,720	13,900	+ 180
Operating Income	833	1,500	+ 667
Ordinary Income	1,170	1,400	+ 230
(%)	(1.9)	(2.0)	+ 0.1pt
Net Income	664	900	+ 236

Plan for the Term Ending March 2015 (by Business Segment)

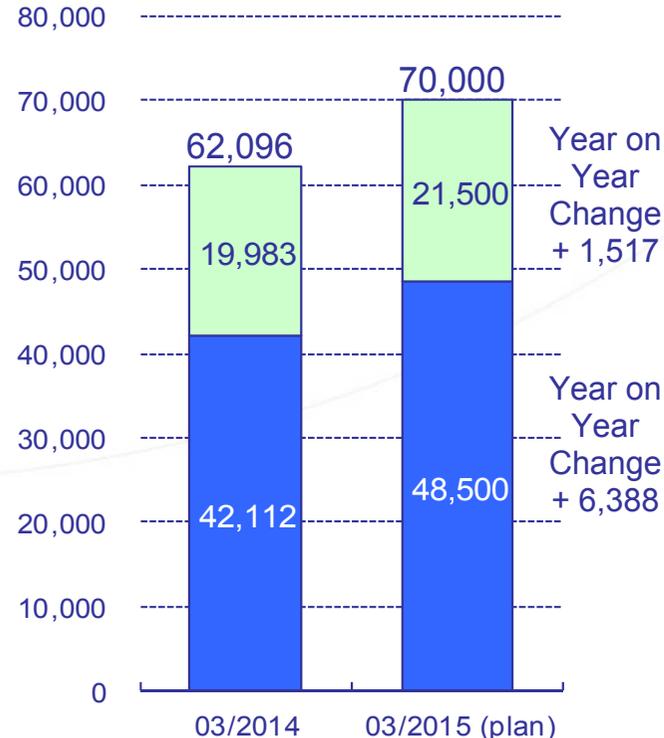
Orders Received

(millions of yen)



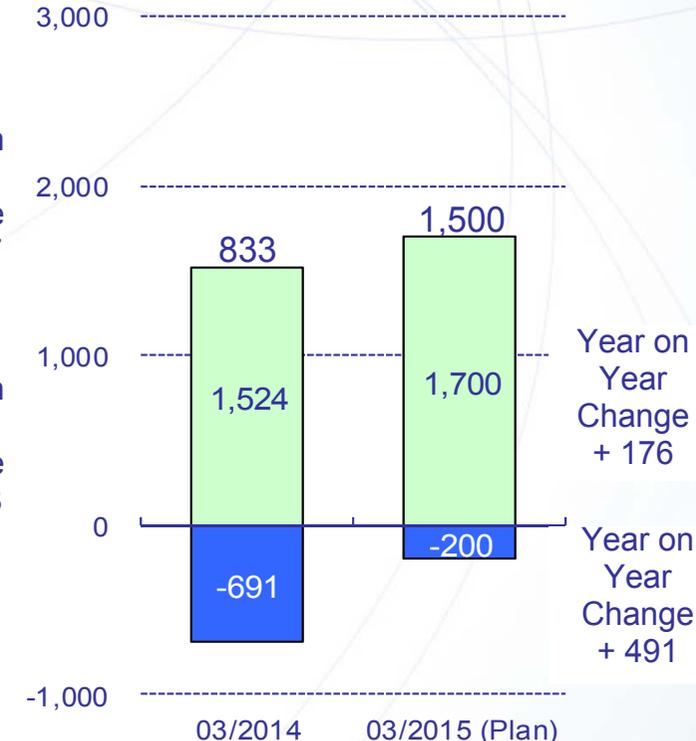
Net Sales

(millions of yen)



Operating Income

(millions of yen)



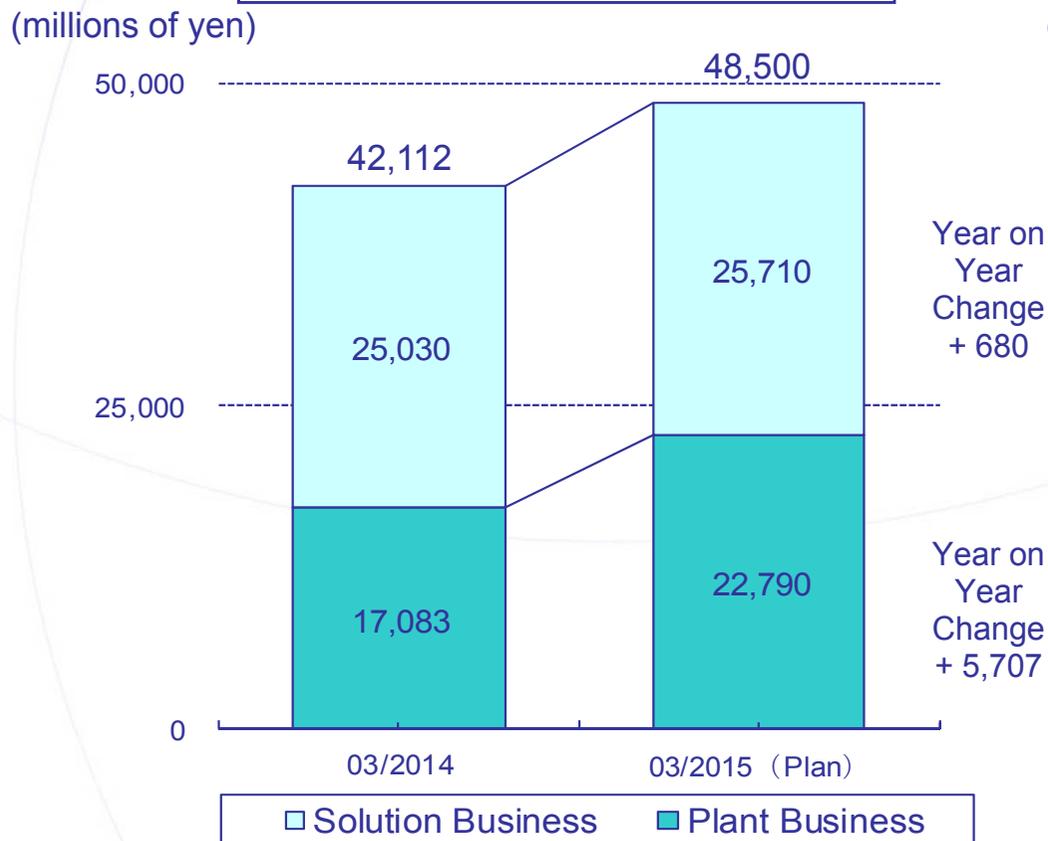
■ Water Treatment Engineering ■ Functional Product

[Water Treatment Engineering] Orders are expected to increase of plants for general industry both in Japan and overseas and for the domestic electronics industry. Sales are expected to increase mainly due to growth in plants for the domestic electronics industry, pharmaceutical and food industries, and the wastewater business segment. Operating income is expected to increase due to sales expansion.

[Functional Product] Sales are expected to increase with a recovery in the operation ratio of customers' factories, and new product development and product renewals.

Sales by Business Area and Customer (Water Treatment Engineering)

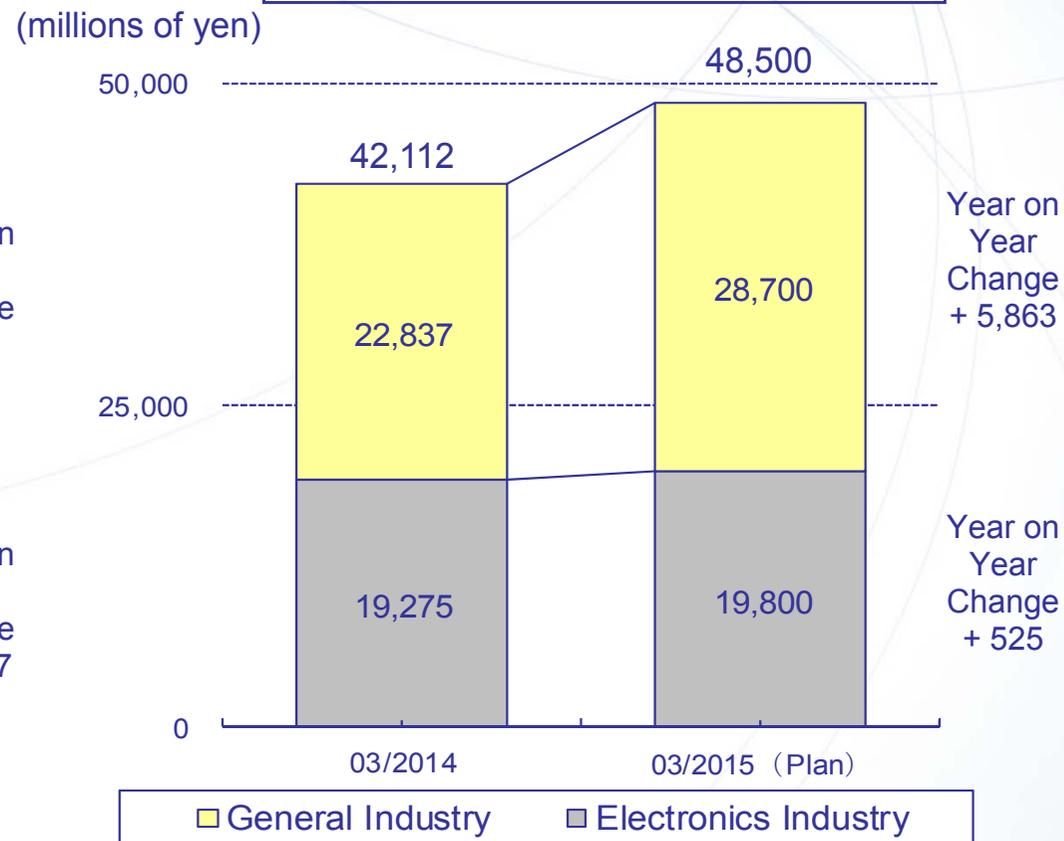
Sales by Business Area



[Plant Business] Sales are expected to increase mainly as a result of growth of plants for the domestic electronics industry, plants for the pharmaceuticals and food industries, and the wastewater business segment.

[Solution Business] Sales are predicted to increase largely due to growth in maintenance for general industries both in Japan and overseas.

Sales by Customer

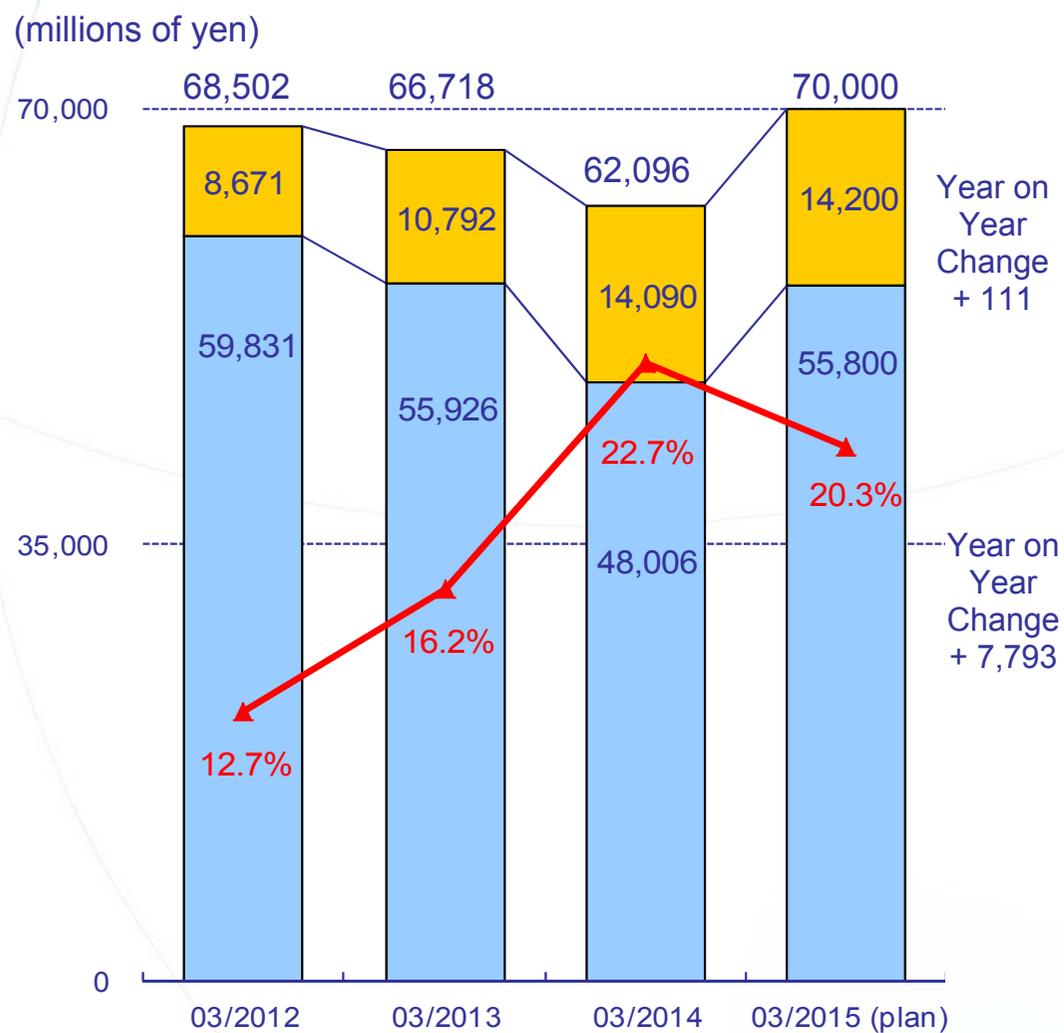


[Electronics Industry] Sales are expected to grow due to growth in domestic plants.

[General Industry] Sales are expected to increase, primarily due to growth in plants for the domestic pharmaceuticals industry and wastewater business segment, and growth in overseas thermal power stations and plants for the food industry.

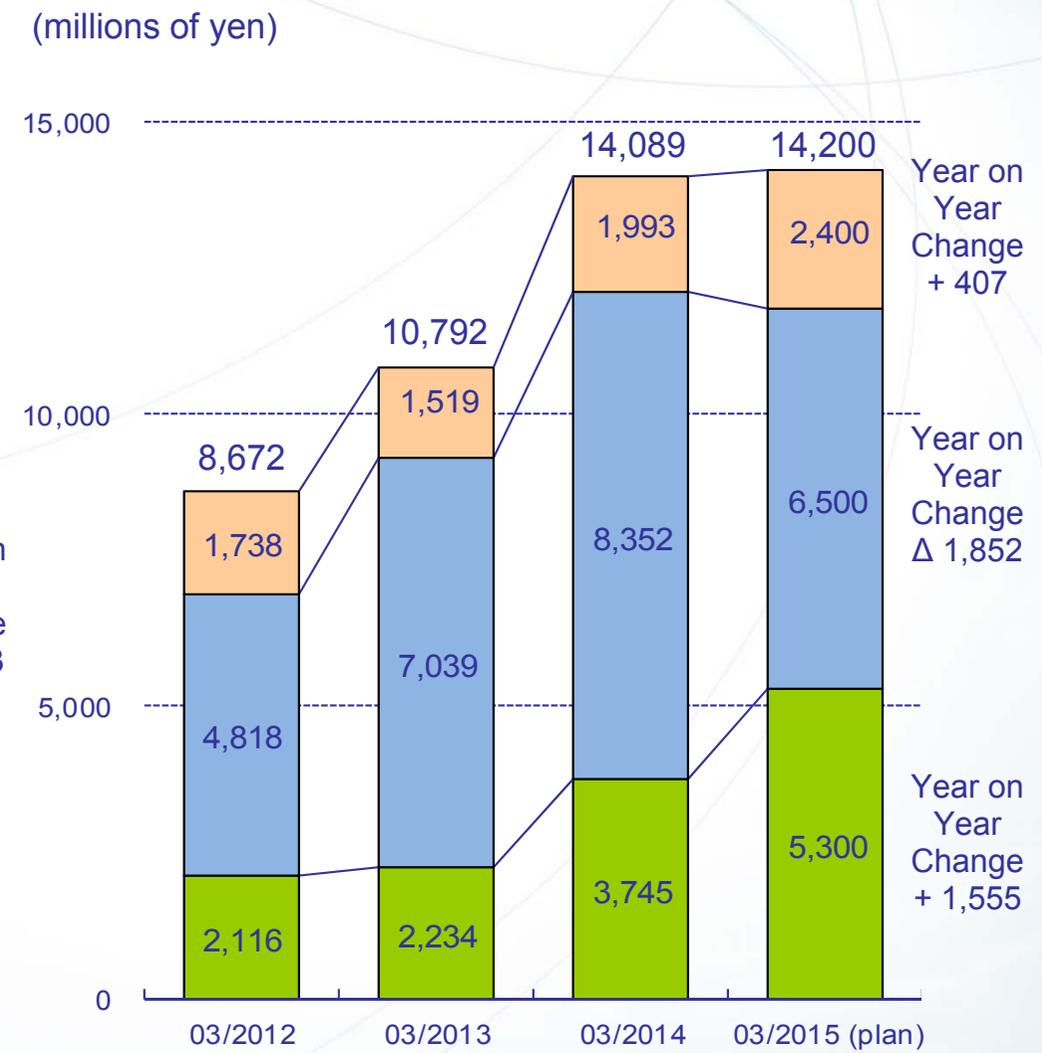
Sales by Region

Domestic and Overseas Sales



■ Domestic
 ■ Overseas
 ↗ Overseas Ratio

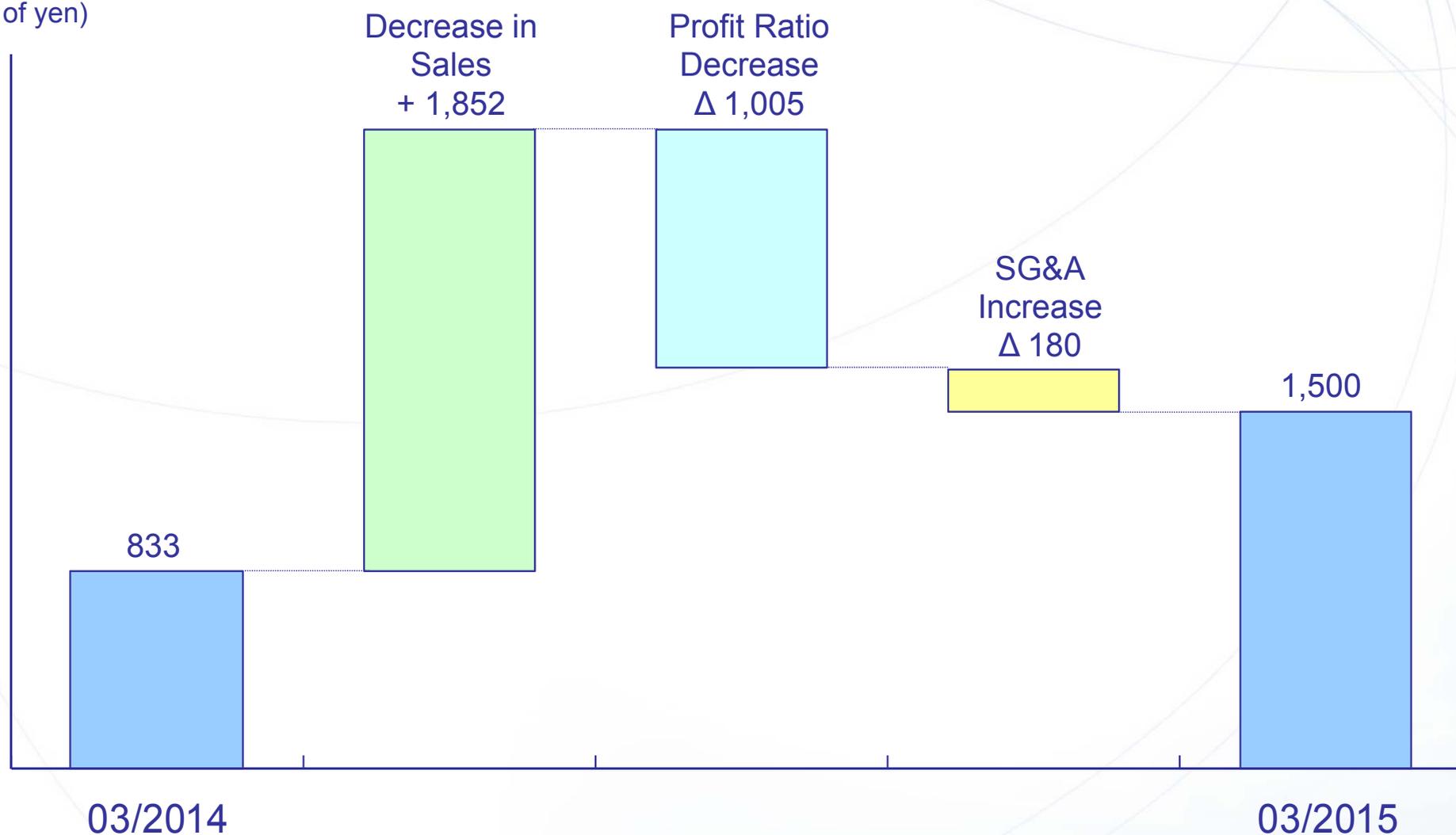
Sales by Overseas Region



■ Southeast Asia
 ■ Taiwan
 ■ China

Analysis of Operating Income of FY 2014 (by Factor)

(millions of yen)



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

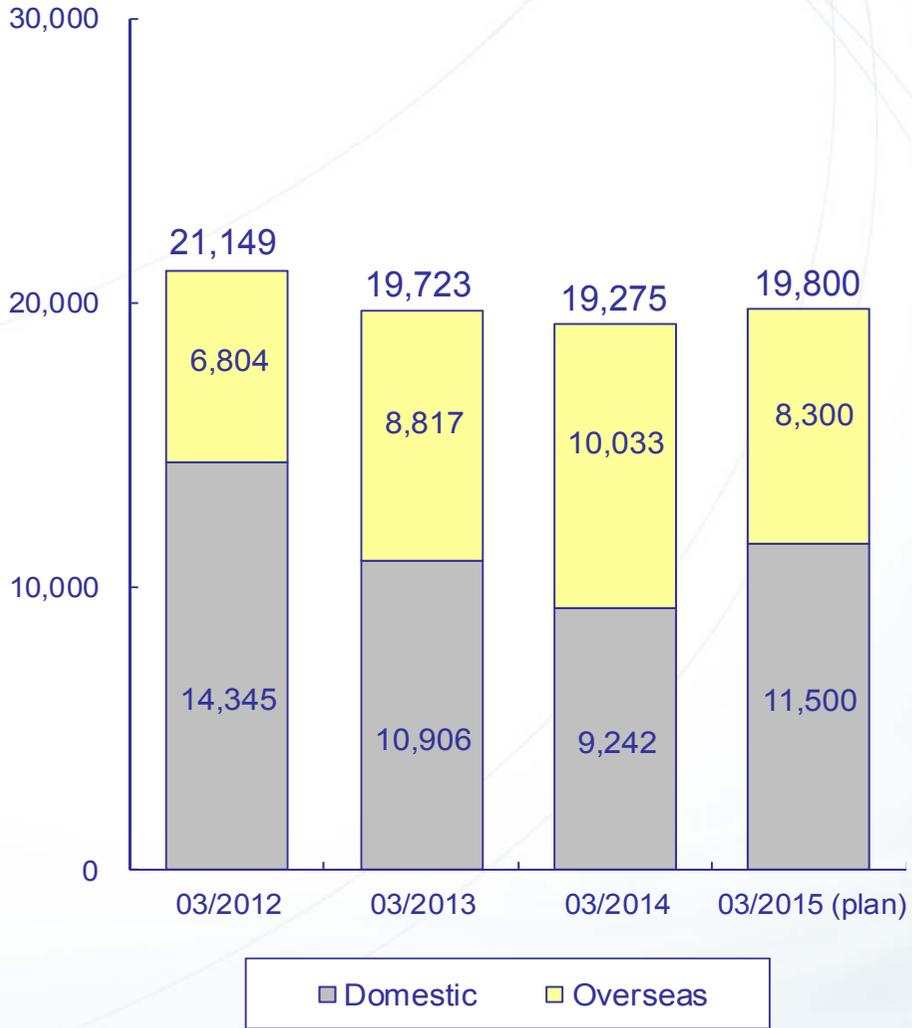
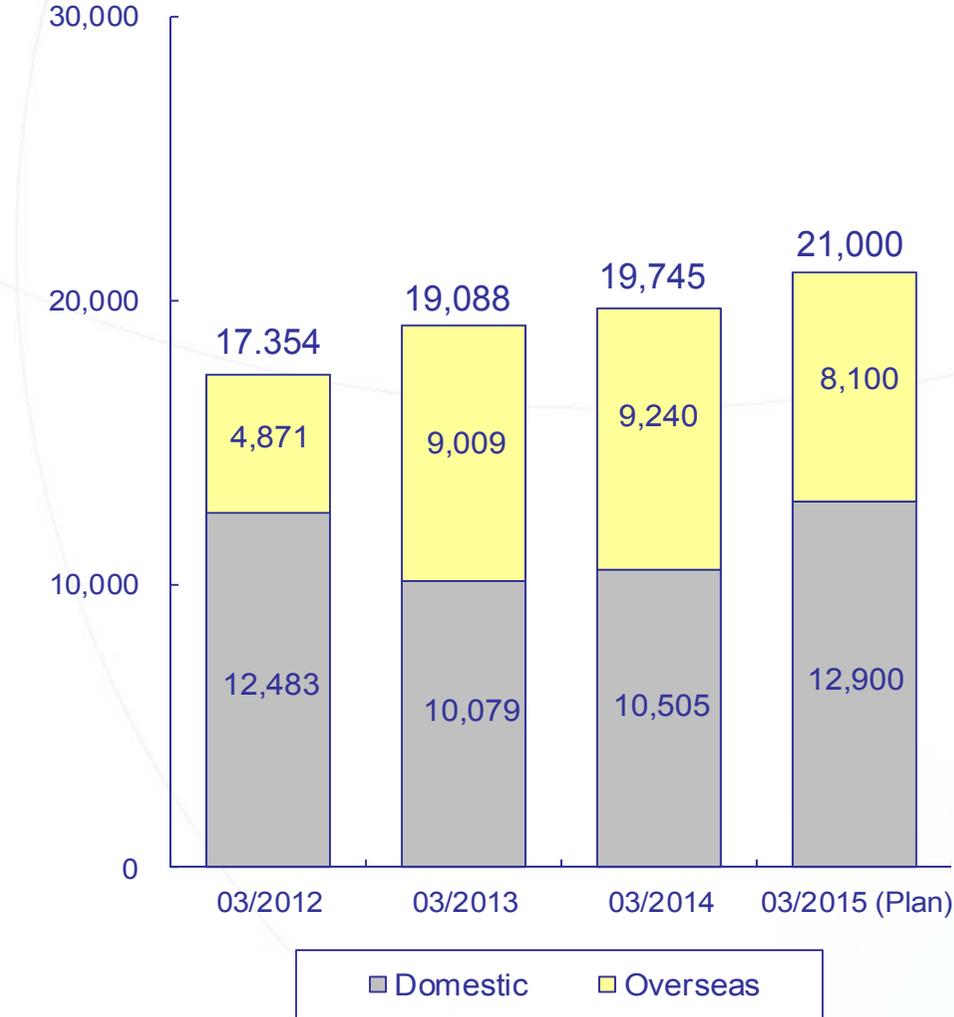
Progress of Orders Received and Net Sales from the Electronics Industry

Orders Received

Net Sales

(millions of yen)

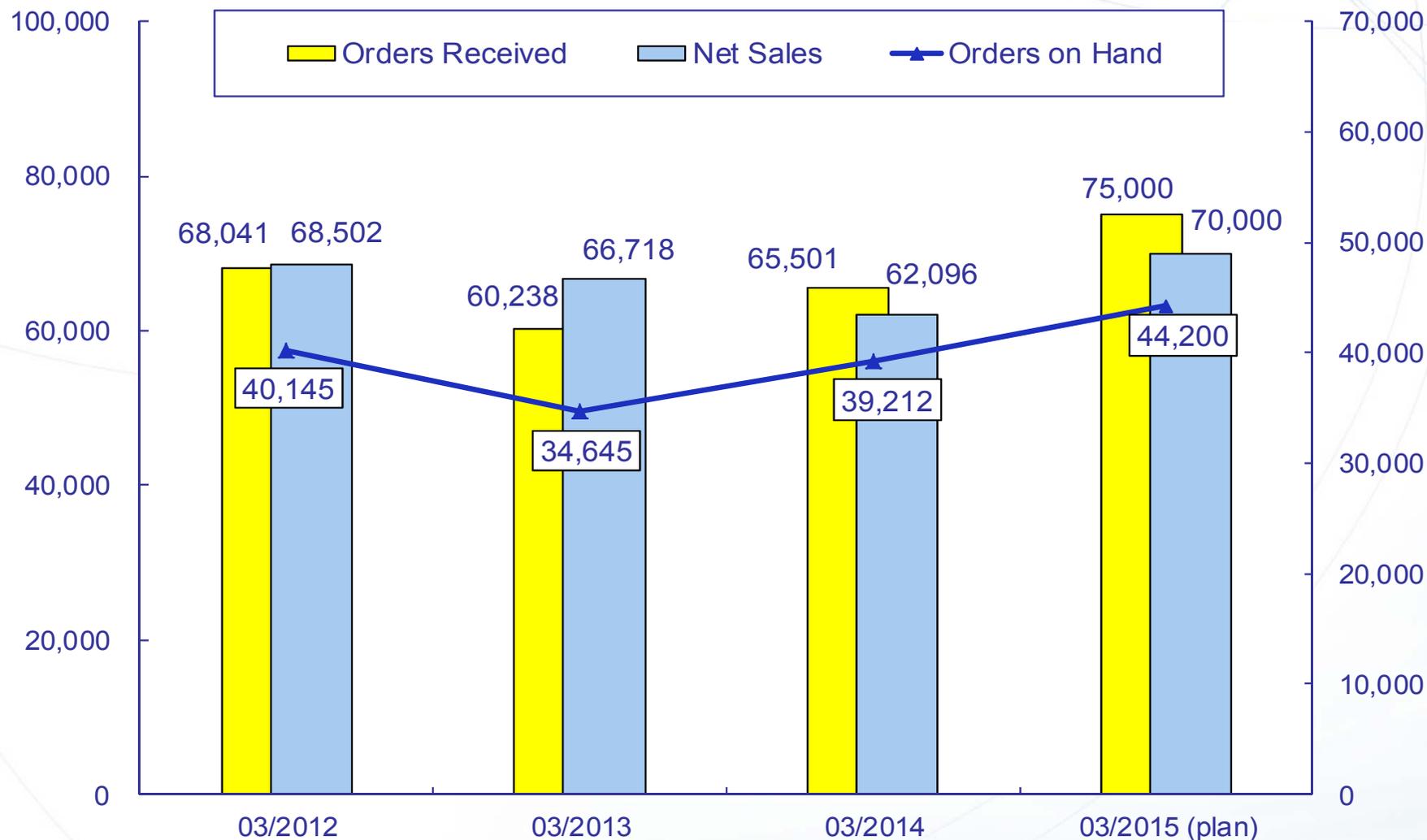
(millions of yen)



Progress of Orders Received, Net Sales and Orders on Hand (Consolidated)

Orders received/Net sales
(millions of yen)

Orders on Hand
(millions of yen)



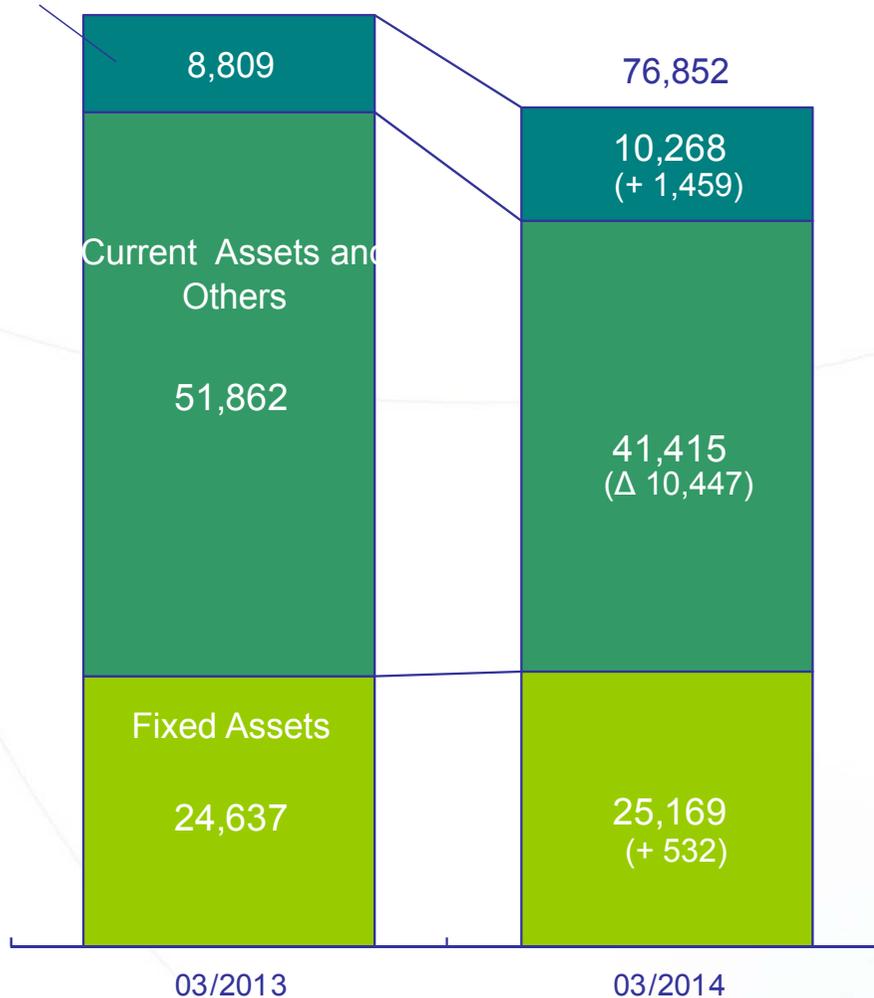
Balance Sheet

Assets

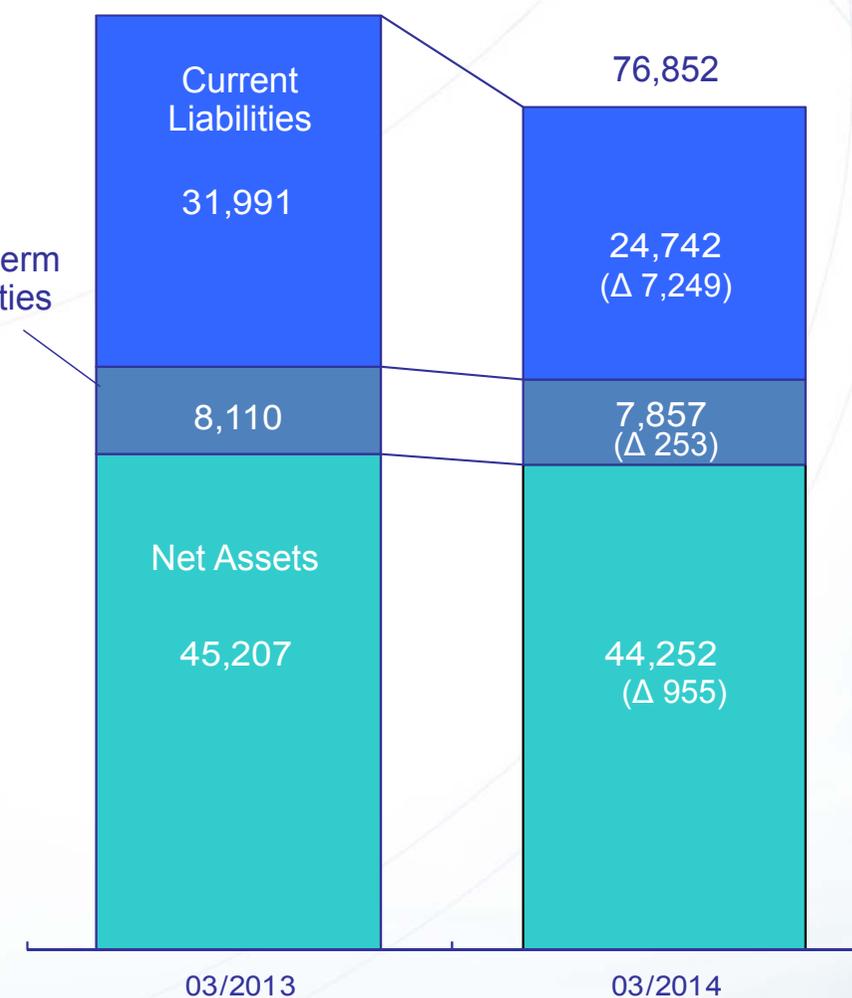
Liabilities and Net Assets

Cash on Hand and Deposits (millions of yen)

(millions of yen)



Long-term Liabilities



Major Indicators (Consolidated)

(millions of yen)

	FY2013 Full Year	FY2014 Full Year (Plan)
Capital Investment	358	800
Technological Development Costs	1,490	1,600
Depreciation	1,065	1,000
Interest-bearing Borrowings	10,230	11,200
Number of Employees	1,896	1,910
Dividend per Share (yen/year)	8	8

Medium-term Management Policy of Organo Corporation Group

Corporate Concept/Philosophy and Management Vision for the Current Medium-term Management Policy

Corporate Concept

“Ecologically Clean”

Corporate Philosophy

Organo Group looks ahead to the future of the earth and creates the value of the water with "heart" and "technology."

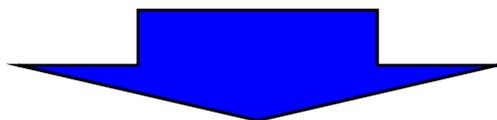
Medium-term
Management Vision

“One Stop Solutions”

Develop into a corporate group capable of providing “One Stop Solutions” to meet various our customers’ needs in the water treatment field.

Resetting the Medium-Term Management Policy

The market environment has changed significantly compared with assumptions made on the formulation of the current medium-term management policy, with the streamlining of domestic production bases or their transfer overseas in various industries.



On April 1, 2014, Organo reorganized the Group, mainly by merging 7 regional sales headquarters, which are the Organo Corporation's wholly owned subsidiaries, and strengthening and expanding Organo Eco Techno Corporation through the consolidation of wastewater treatment technologies, with the aim of focusing management resources and improving efficiency as well as enhancing market competitiveness.

In light of organizational restructure, we have decided to review the numerical targets under the current medium-term management policy.

We will strive for an early realization of the effects of group reorganization and will reset new numerical targets from FY2015.

FY2014 Priority Issues

- ◇ Strengthen sales capabilities by flattening sales organization.
- ◇ Expand general industry segment and wastewater business by strengthening technical capabilities of Organo Eco Techno Corporation.
- ◇ Expand and improve profitability of functional product business and overseas business.
- ◇ Strengthen construction capabilities and cost competitiveness.

Development, manufacturing, sales and maintenance divisions will work together, focusing on the transition of the business portfolio, improvement of business efficiency, cost reductions, and the generation of stable earnings.

Major Efforts for Expansion of Domestic Business

- ◇ Strengthen the pure water/wastewater business for the general industries, including pharmaceuticals, food, and chemicals.
- ◇ Increase orders received through cooperation with Meidensha Corporation in the domestic water supply business.
- ◇ Secure orders in the electronics industry segment.
- ◇ Respond to coal and LNG thermal power plant projects as alternative energy resources in the power plant segment.
- ◇ Further expand solution business including reconstruction and maintenance.
- ◇ Continue new product development and product renewals in the functional product business.
- ◇ Expand the water treatment chemicals business through cooperation with Katayama Nalco Inc.
- ◇ Strengthen cost reduction and construction capabilities.

Major Efforts for Expansion of Overseas Business

- ◇ Strengthen business promotion targeting non-Japanese customers.
- ◇ Promote technology and product development according to market characteristics of the region through use of the ASEAN Engineering Center.
- ◇ Strengthen purchasing capability and promote cost reduction through the ASIA Procurement Center.
- ◇ Expand the business in South East Asian countries by making subsidiaries in Malaysia and Thailand wholly owned subsidiaries and increasing capital of subsidiaries in Malaysia and Indonesia.
- ◇ Consider alliances and M&A for expanding and strengthening of overseas businesses.

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.