

Organo Corporation

Report on the Financial Results for the Term Ended March 31, 2015

May 15, 2015

Report on the Financial Results of FY2014 and Projection for FY2015

Hiroyuki Uchida,
President

The Consolidated Organo Group

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

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

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

Organo (Asia) Sdn. Bhd.
< Malaysia >

Organo Technology Co., Ltd.
< Taiwan >

Ref ; Non-consolidated Companies
Organo (Singapore) Pte Ltd <Singapore>
Organo (Vietnam) Co., Ltd. <Vietnam>
PT Lautan Organo Water <Indonesia> *1

*1: PT Lautan Organo Water will be Consolidated in FY2015.

Financial Results for FY2014 (Consolidated)

(millions of yen)

	03/2014 Result	03/2015 Plan	03/2015 Revised Plan	03/2015 Result	Year on Year Change	Change from Plan
Orders Received	65,501	75,000	76,000	77,873	+ 12,372	+ 2,873
Net Sales	62,096	70,000	68,000	68,741	6,645	△ 1,259
Gross Profit	14,553	15,400	15,400	15,544	+ 991	+ 144
(%)	23.4	22.0	22.6	22.6	△ 0.8 pt	+ 0.6 pt
SG&A	13,720	13,900	13,100	13,145	△ 575pt	△ 755
Operating Income	833	1,500	2,300	2,398	+ 1,565	+ 898
(%)	1.3	2.1	3.4	3.5	+ 2.2	+ 1.4
Ordinary Income	1,170	1,400	2,400	2,465	+ 1,295	+ 1,065
Net Income	664	900	1,200	1,085	+ 421	+ 185

Financial Results of FY2014 (by Business Segment)

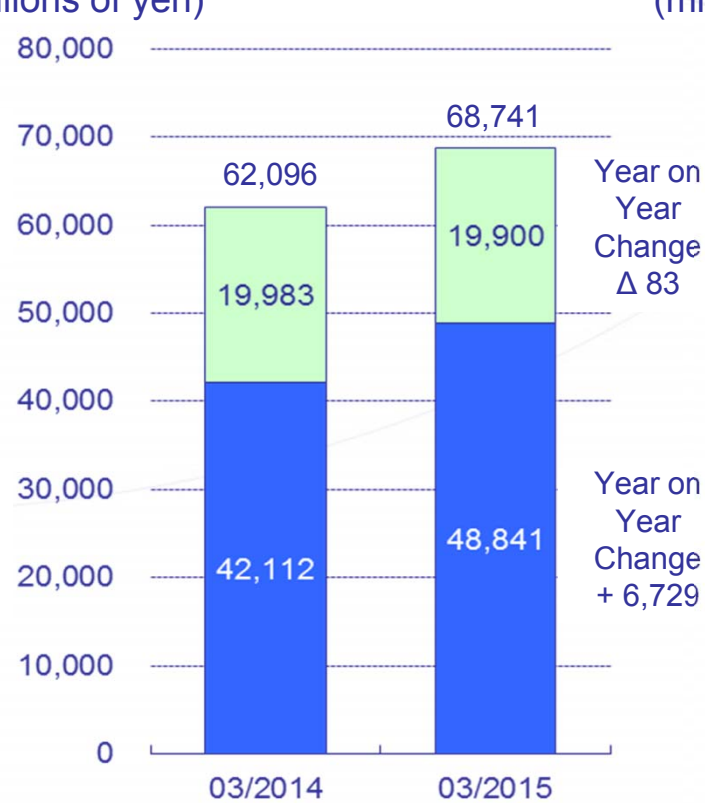
Orders Received

(millions of yen)



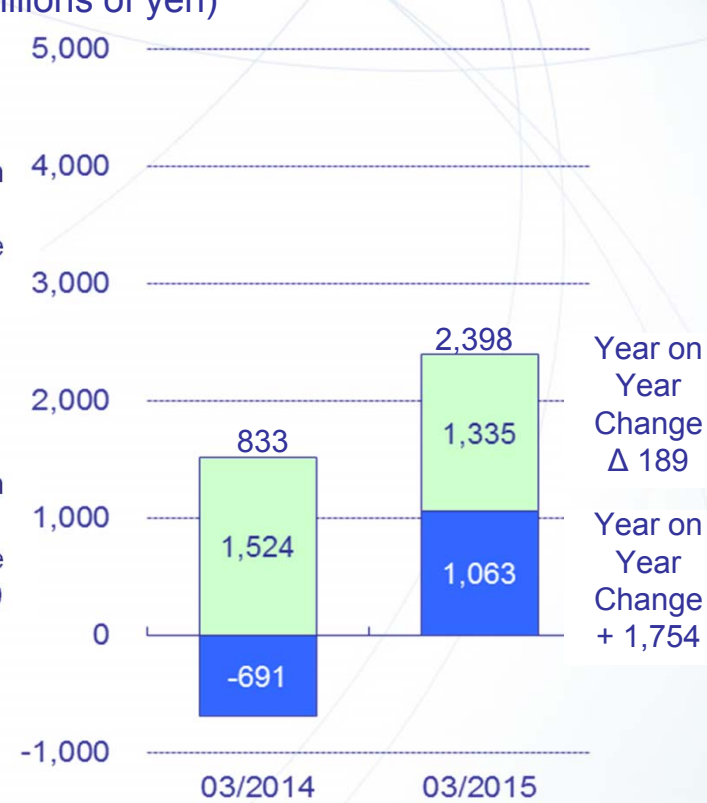
Net Sales

(millions of yen)



Operating Income

(millions of yen)



■ Water Treatment Engineering ■ Functional Product

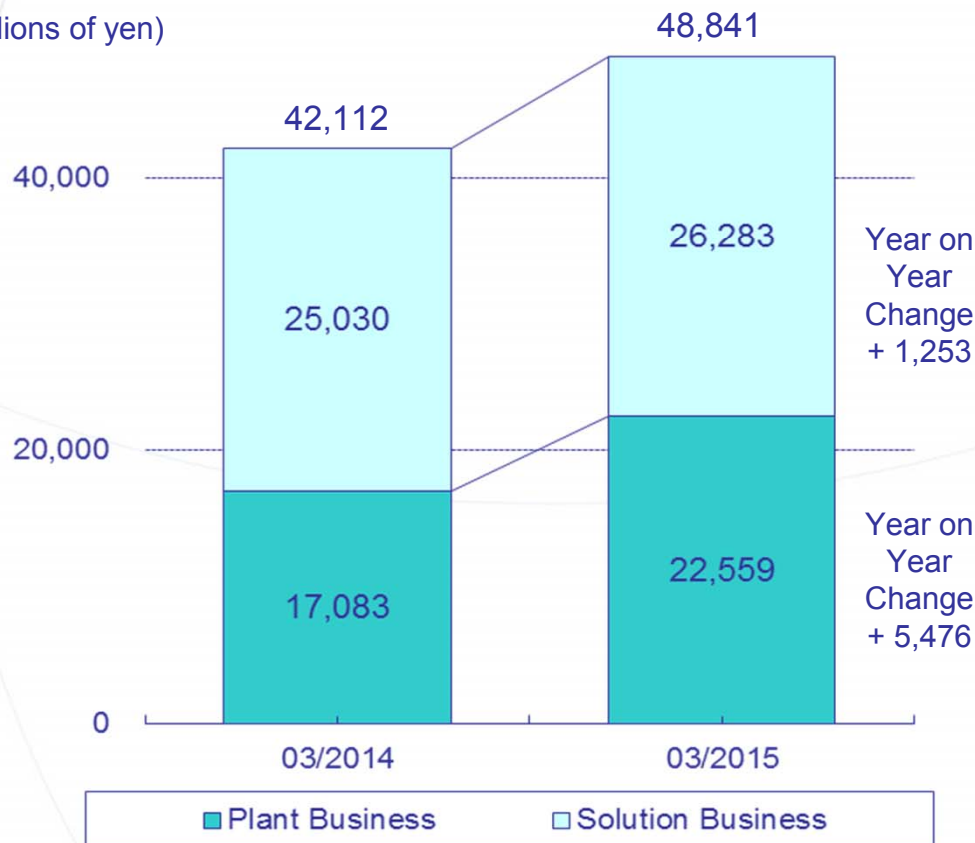
[Water Treatment Engineering] Orders received increased in plants for the electronics industry in Japan and overseas and the general industries in Japan. Net sales increased because of the growth of plants/maintenance for the electronics industry, pharmaceutical industry and wastewater treatment plants in Japan. Operating income increased due to the expansion of sales and decreased SG&A expenses.

[Functional products] Orders received and net sales remained almost the same as the previous fiscal year. Operating income declined due to decreased profitability.

Sales by Business Segment and Customer (Water Treatment Engineering)

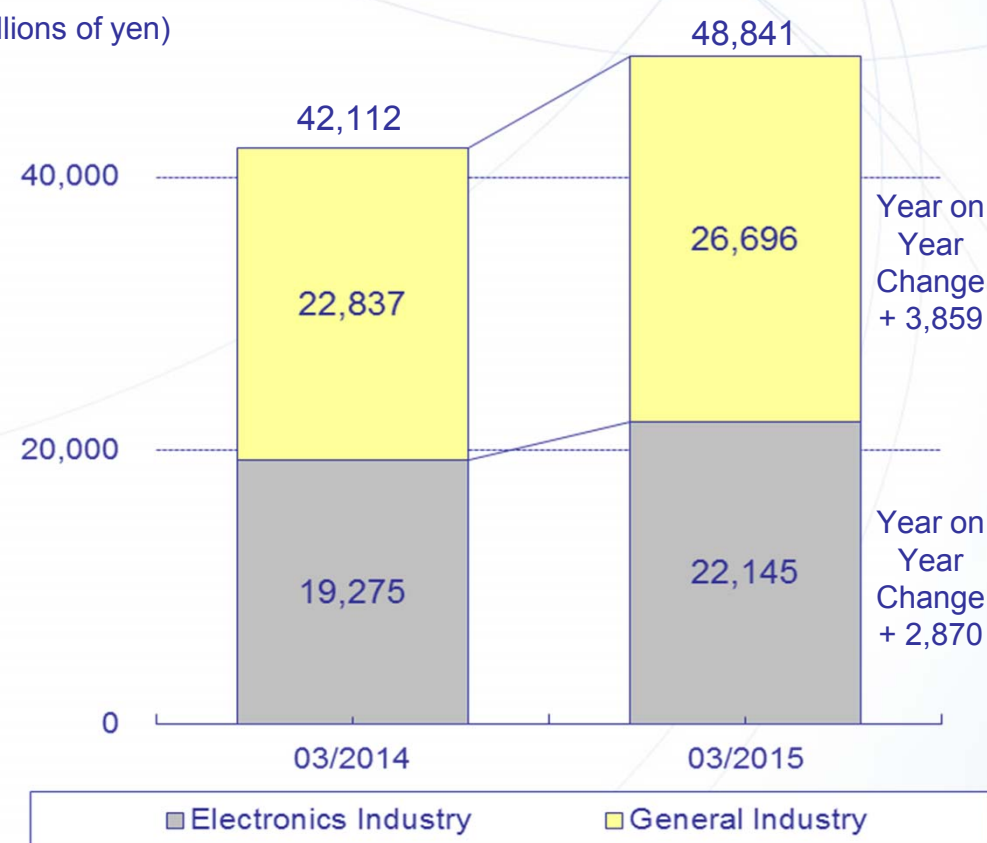
Sales by Business Area

(millions of yen)



Sales by Customer

(millions of yen)



[Plant Business] Increased due to the growth of plants for the electronics and the pharmaceutical industries, and wastewater treatment plants in Japan.

[Solution Business] Increased mainly due to the growth of maintenance for the electronics and the pharmaceutical industries in Japan and overall industries in the overseas.

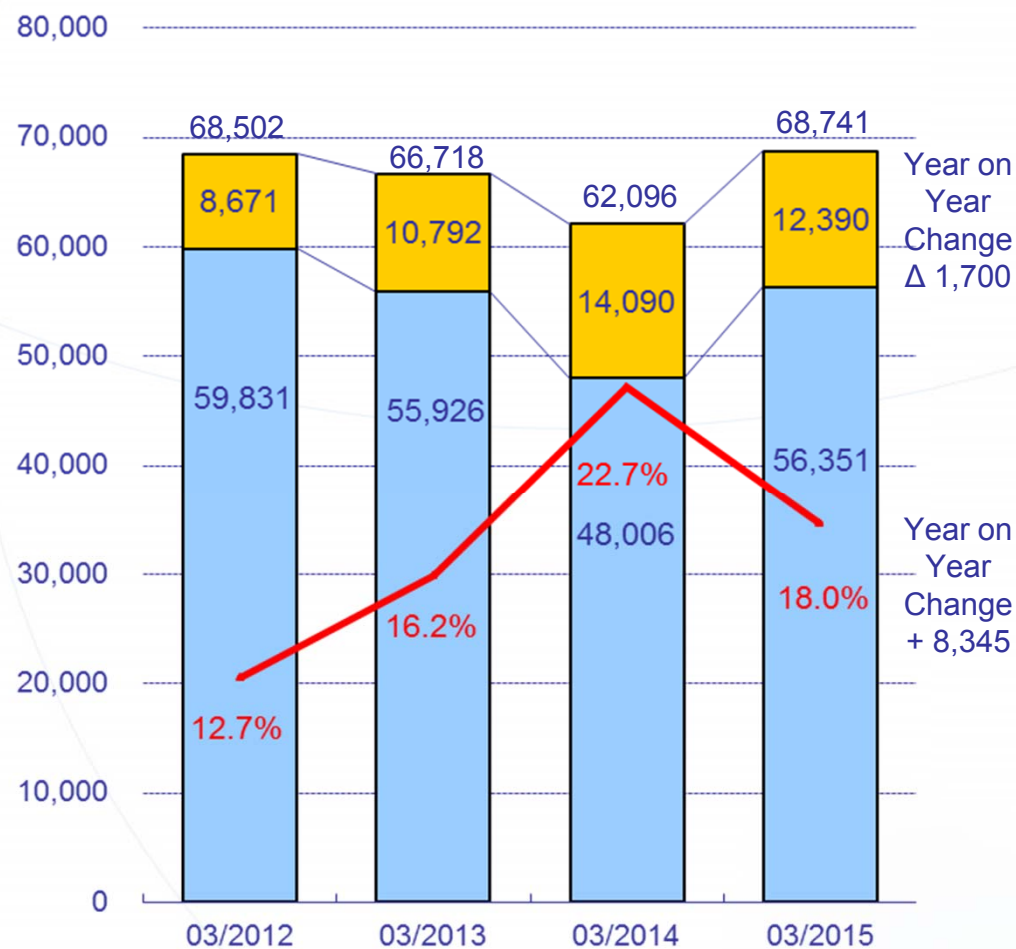
[Electronics Industry] Increased due to the growth of plants/maintenance in Japan.

[General Industry] Increased due to the growth of plants/maintenance for the pharmaceutical industry and wastewater treatment plants in Japan.

Sales by Region

Domestic and Overseas Sales

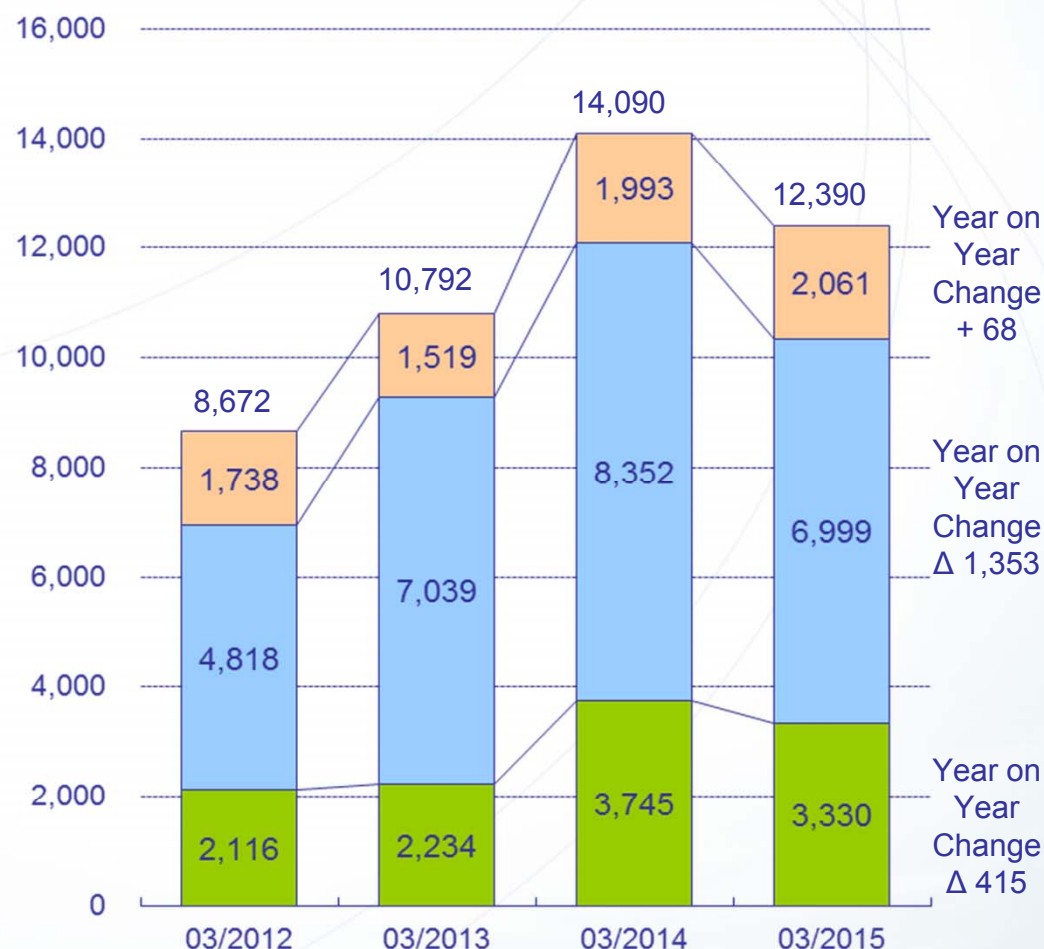
(millions of yen)



Domestic Overseas Overseas Ratio

Sales by Overseas Region

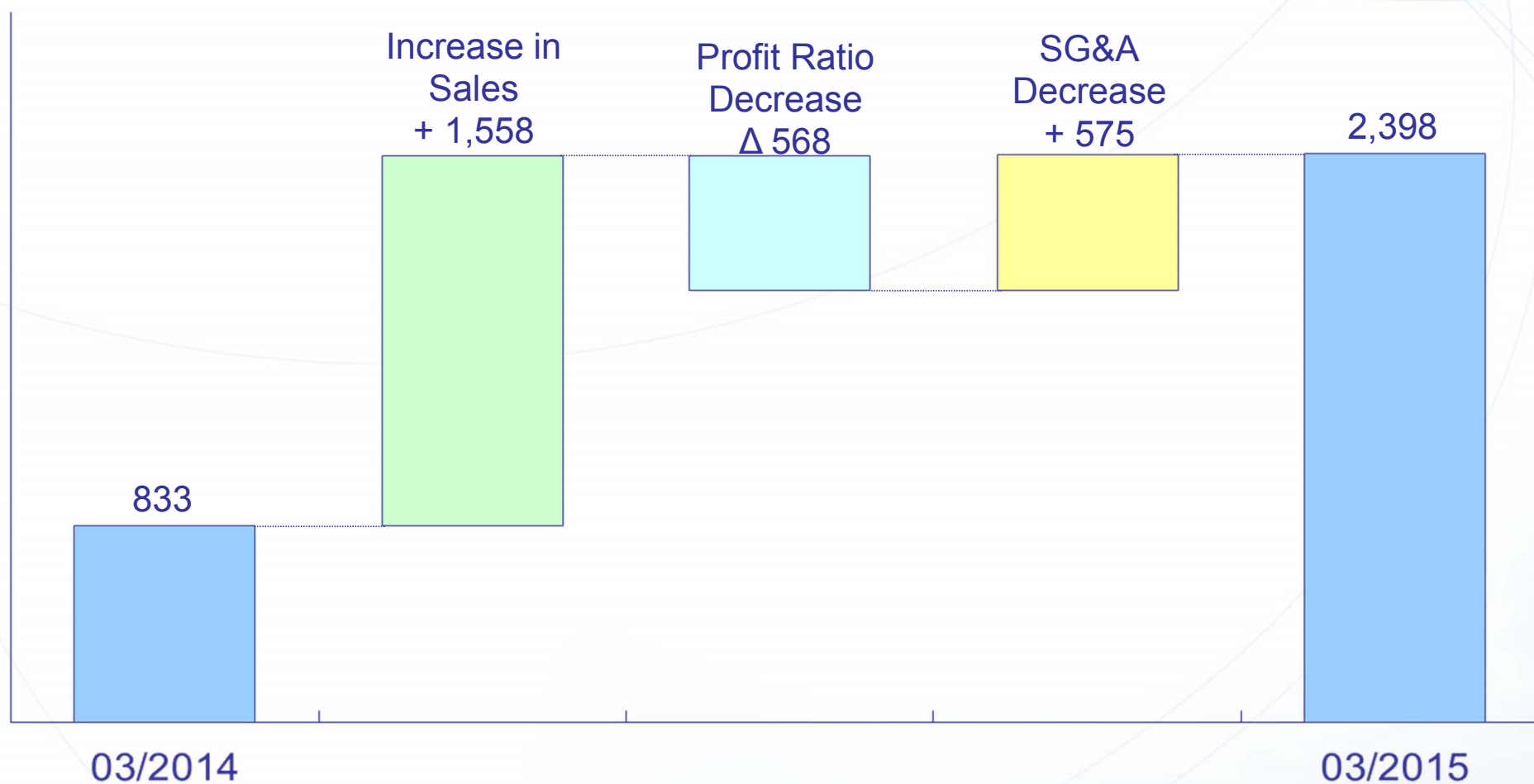
(millions of yen)



Southeast Asia Taiwan China

Analysis of Operating Income of FY 2014 (by Factor)

(millions of yen)



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

Plan for the Term Ending March 2016

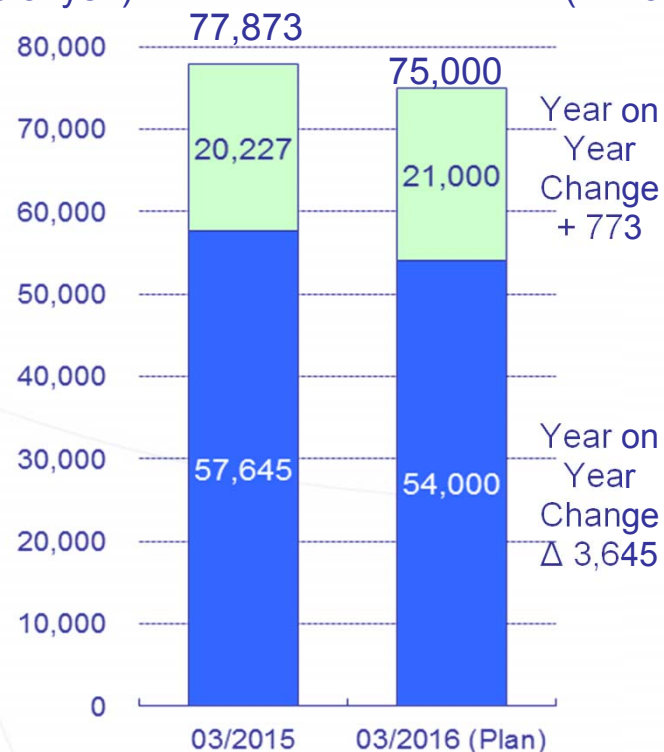
(millions of yen)

	03/2015 (Result) Full Year	03/2016 (Plan) Full Year	Year on Year Change
Orders Received	77,873	75,000	Δ 2,873
Net Sales	68,741	77,000	+ 8,259
Gross Profit	15,544	16,700	+ 1,156
(%)	22.6	21.7	Δ 0.9pt
SG&A	13,145	14,000	+ 855
Operating Income	2,398	2,700	+ 302
(%)	3.5	3.5	+ 0.0pt
Ordinary Income	2,465	2,600	+ 135
Net Income	1,085	1,680	+ 595

Plan for the Term Ending March 2016 (by Business Segment)

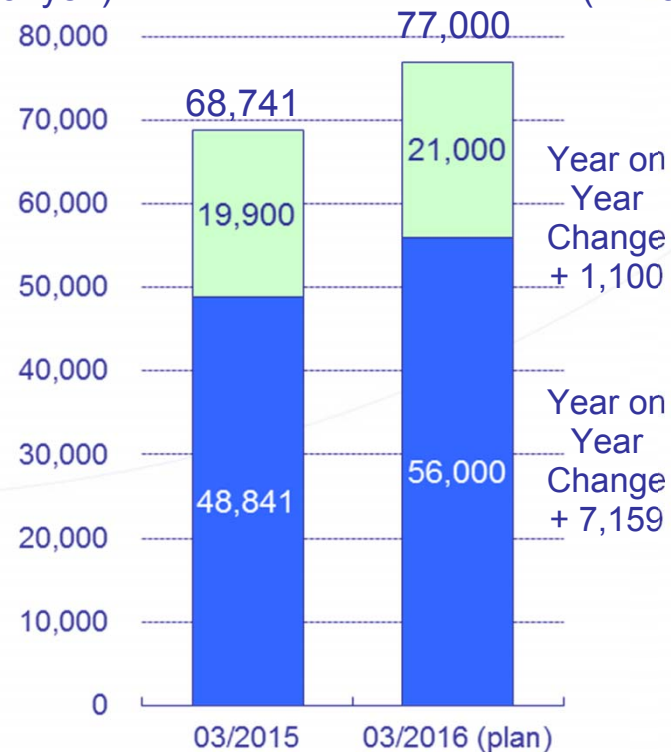
Orders Received

(millions of yen)



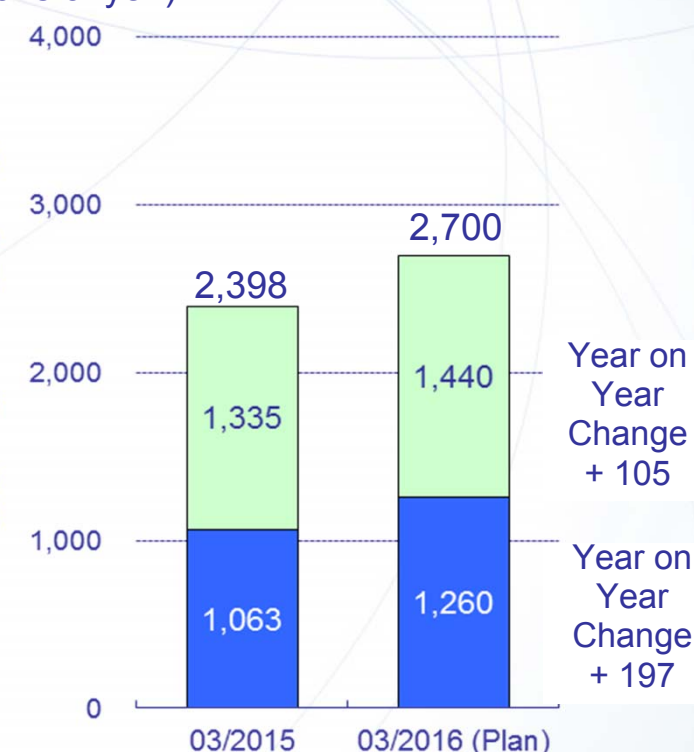
Net Sales

(millions of yen)



Operating Income

(millions of yen)



■ Water Treatment Engineering ■ Functional Product

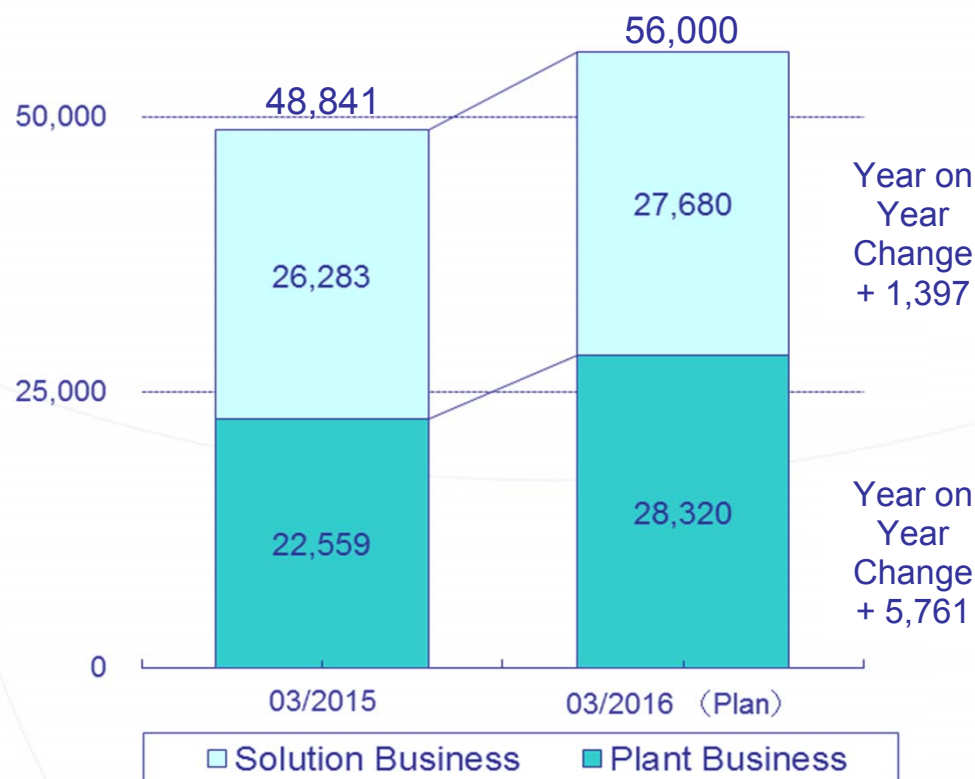
[Water Treatment Engineering] Orders received are forecast to decline in plants for the electronics industry in Japan, for which orders received increased substantially in FY 2014. Net sales are forecast to increase due to the growth of plants/maintenance for the electronics industry in Japan and overseas, and plants for municipal water and sewage treatment in Japan. Operating income is expected to increase due to increases in sales.

[Functional Product] An increase is forecast due to a recovery in the capacity utilization rate of the customers' factories, and the development or renewal of products.

Sales by Business Area and Customer (Water Treatment Engineering)

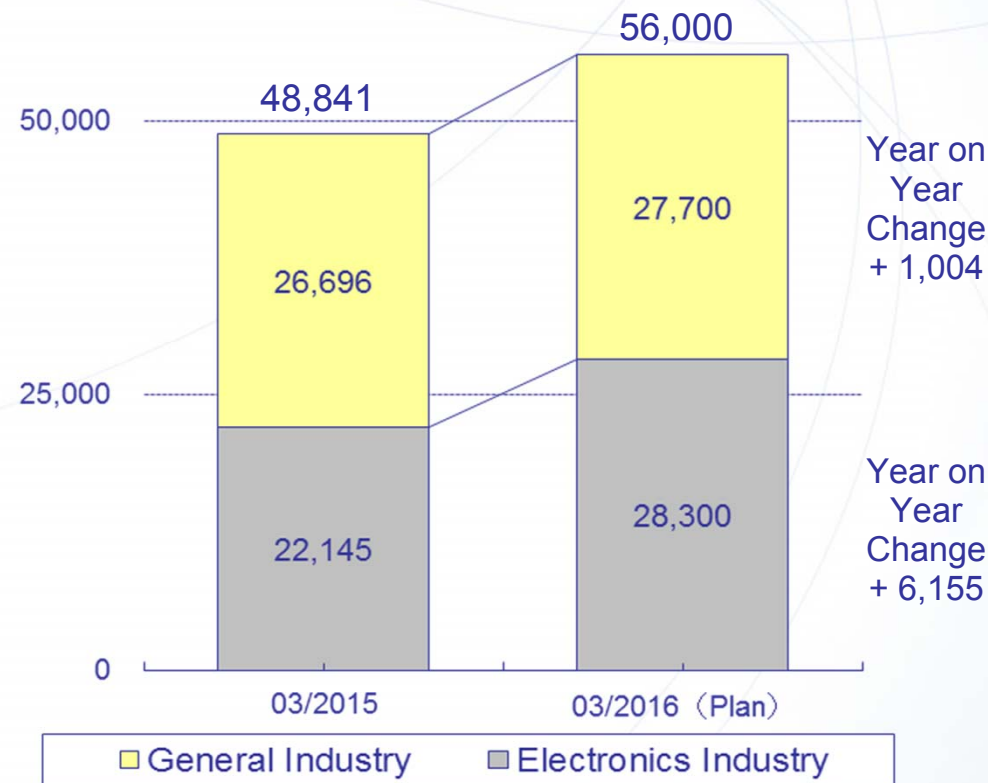
Sales by Business Area

(millions of yen)



Sales by Customer

(millions of yen)



[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 due mainly to the growth of maintenance for the electronics industry in Japan and overseas.

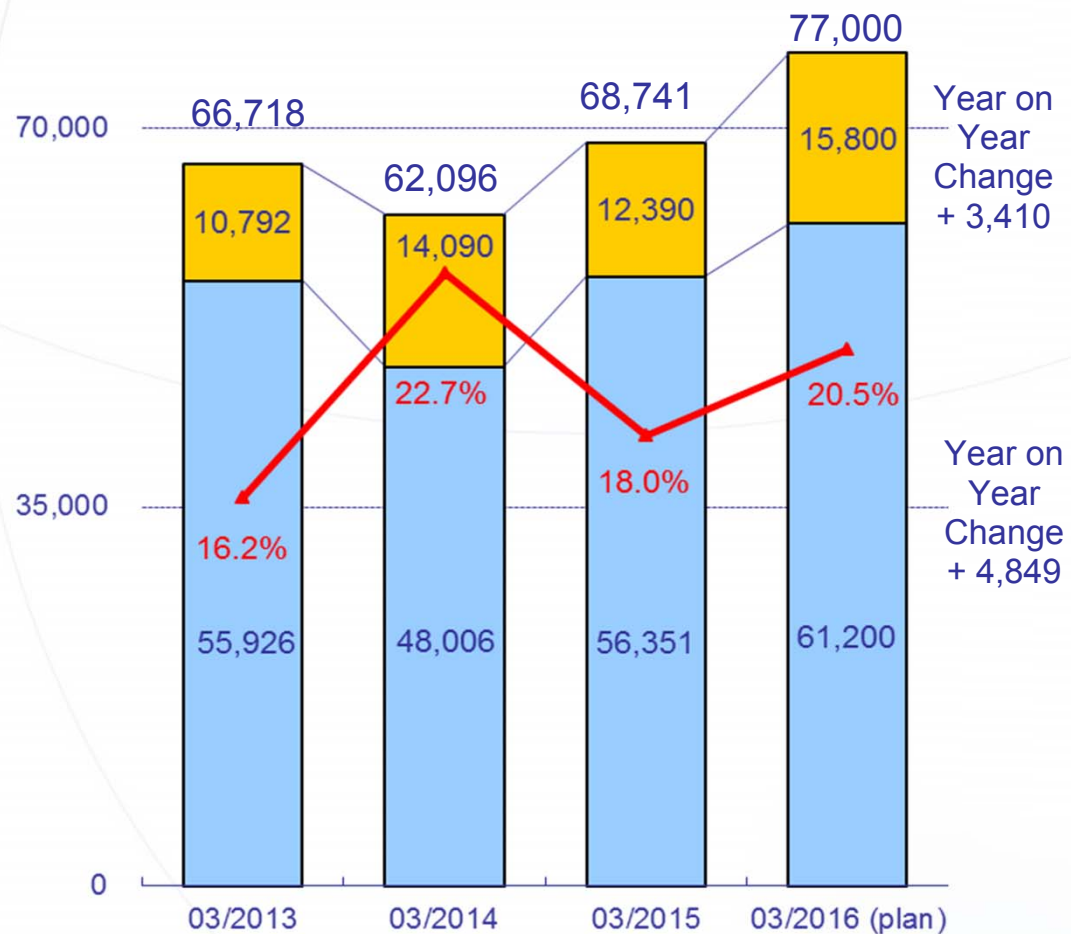
[Electronics Industry] Sales are expected to increase due to the growth of plants/maintenance in Japan and overseas.

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

Sales by Region

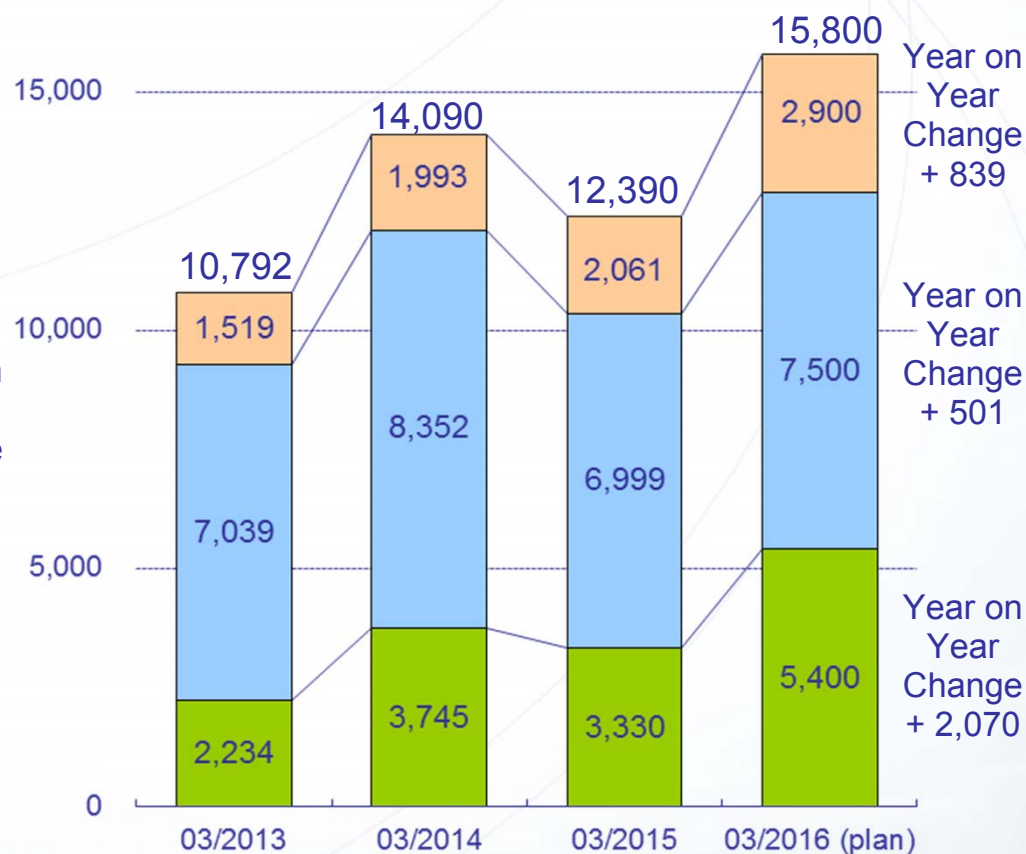
Domestic and Overseas Sales

(millions of yen)



Sales by Overseas Region

(millions of yen)



Domestic Overseas Overseas Ratio

Southeast Asia Taiwan China

Analysis of Operating Income of FY 2015 (by Factor)

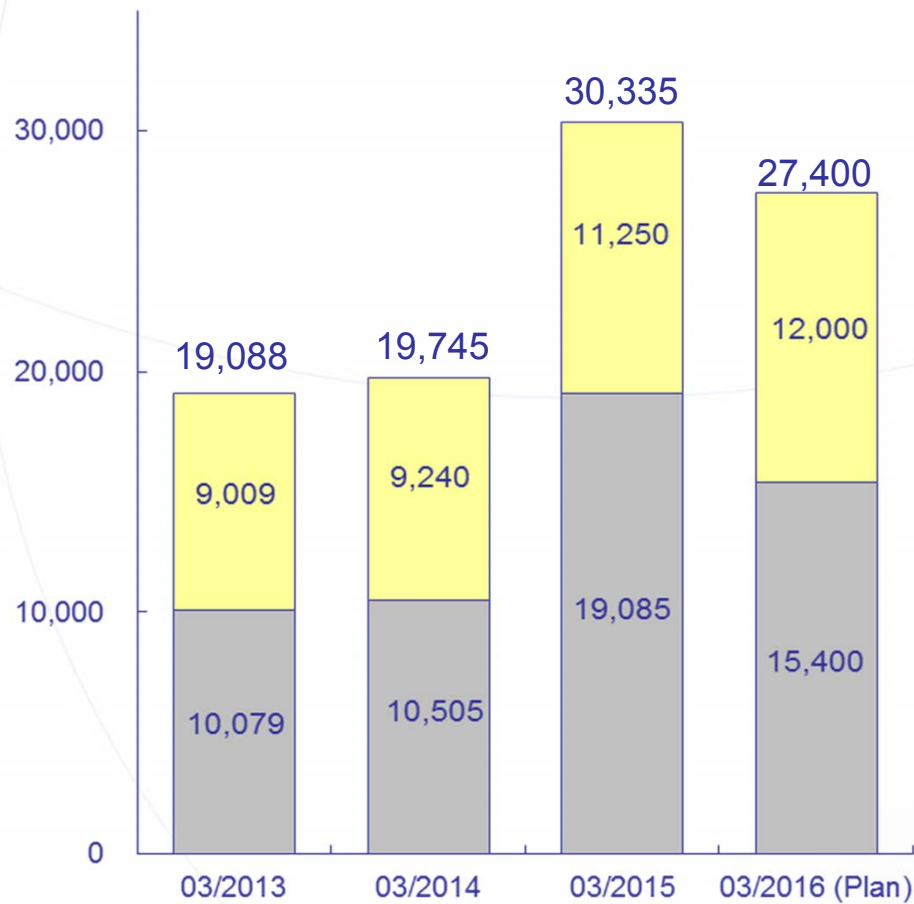


*The increase in sales and profit ratio decrease are calculated using the gross profit margin.

Progress of Orders Received and Net Sales from the Electronics Industry

Orders Received

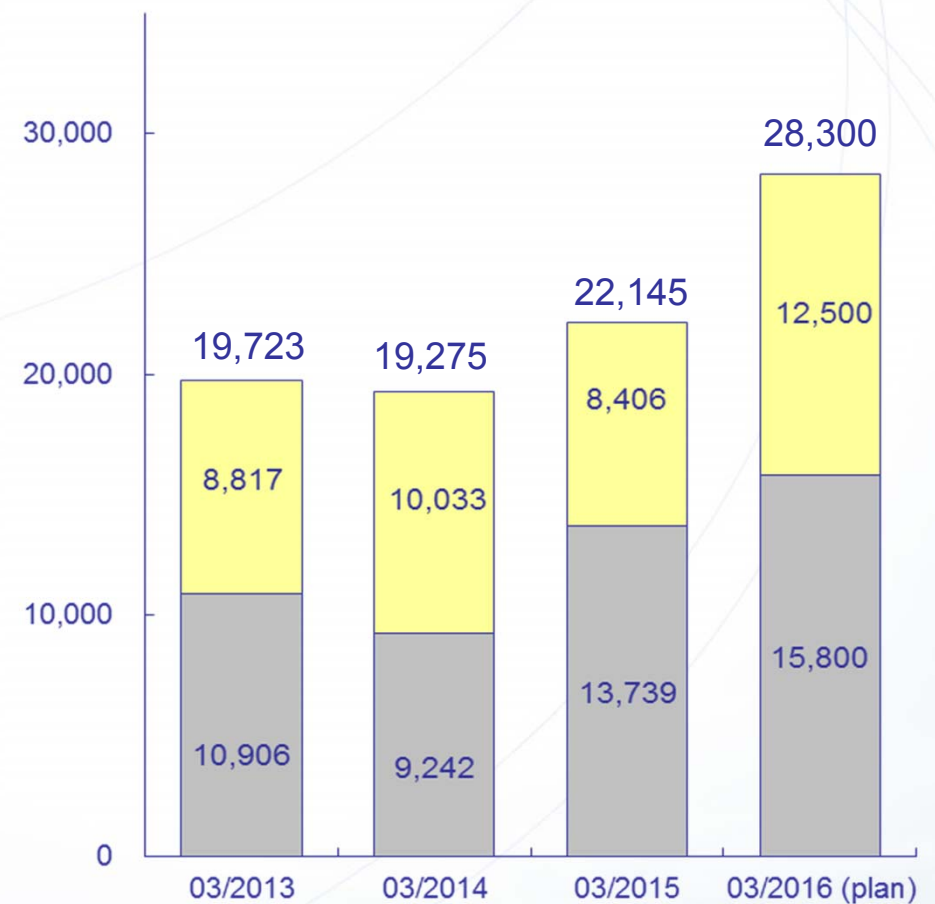
(millions of yen)



■ Domestic ■ Overseas

Net Sales

(millions of yen)

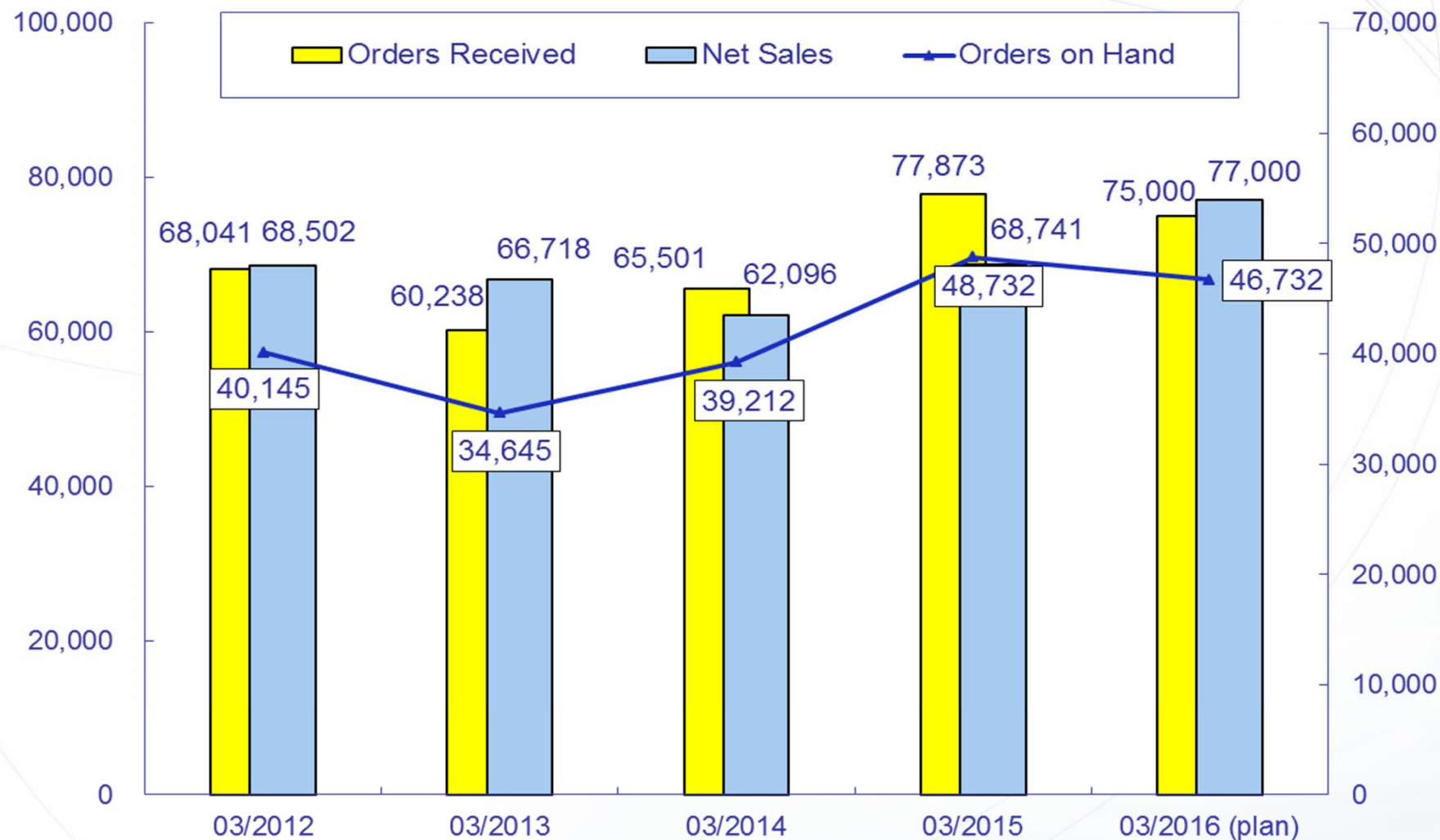


■ Domestic ■ Overseas

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

Orders received/Net sales
(millions of yen)

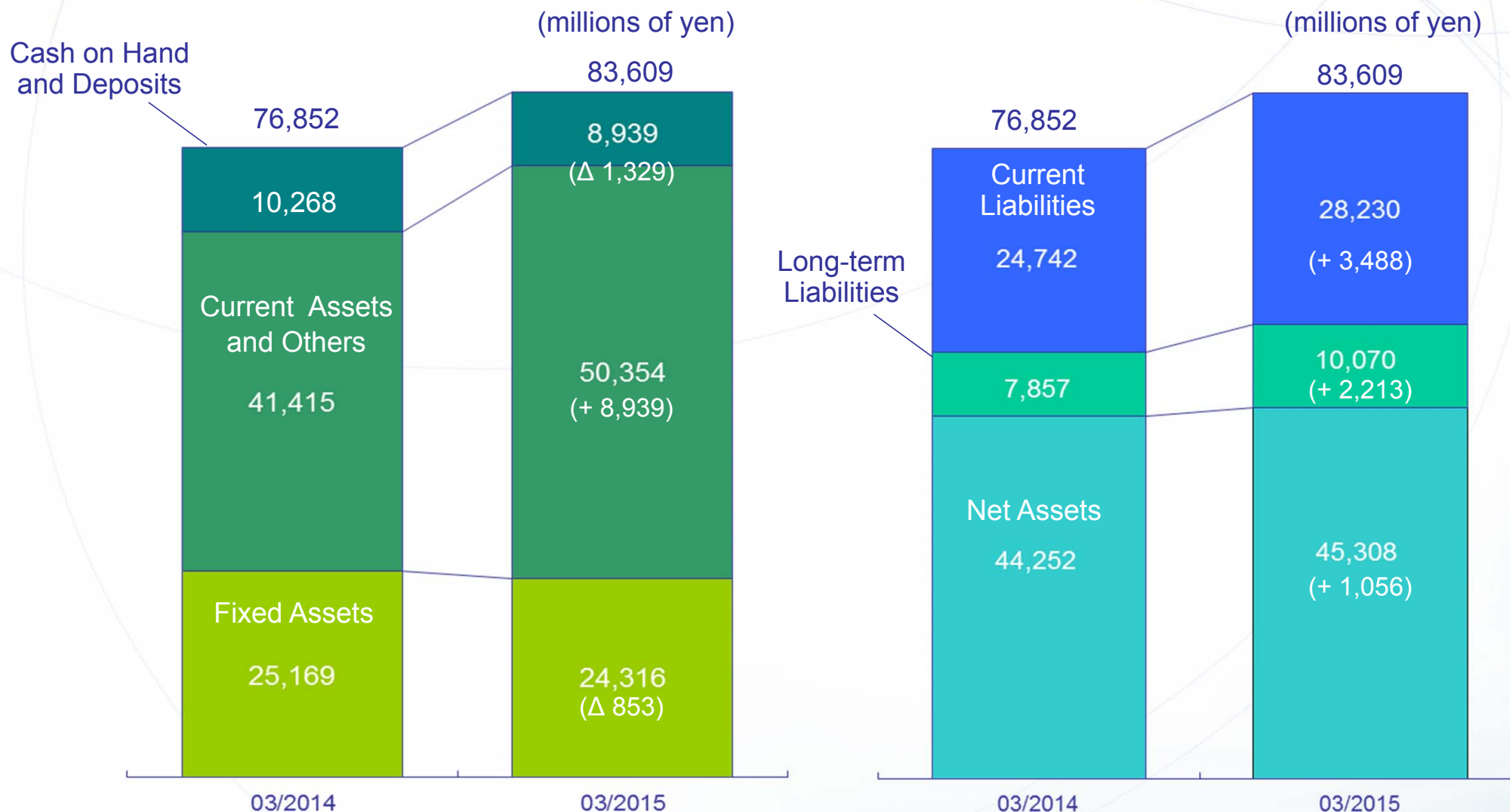
Orders on Hand
(millions of yen)



Balance Sheet

Assets

Liabilities and Net Assets



Major Indicators (Consolidated)

(millions of yen)

	FY2014 Full Year	FY2015 Full Year (Plan)
Capital Investment	334	1,100
Technological Development Costs	1,392	1,450
Depreciation	999	1,000
Interest-bearing Borrowings	12,717	13,000
Number of Employees	1,944	2,050
Dividend per Share (yen/year)	8	8
ROE (%)	2.4	3.6

Medium-term Management Policy of Organo Group

Business Conditions of Previous Medium-Term Management Policy (from FY2013)

Streamlining of domestic production bases or their transfer overseas in various industries

➡ The market environment has changed significantly



Group reorganization (April 1, 2014)

<Objective> To focus management resources and improve efficiency as well as to enhance market competitiveness

- Merging 7 regional sales headquarters
- Strengthening and expanding Organo Eco Techno Corporation through the consolidation of wastewater treatment technologies

In light of the organizational restructure, we have decided to reset new numerical targets from FY2015.

New Medium-term Management Policy (FY 2015~FY 2017)

Corporate Concept/Philosophy and Management Vision for the New 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."

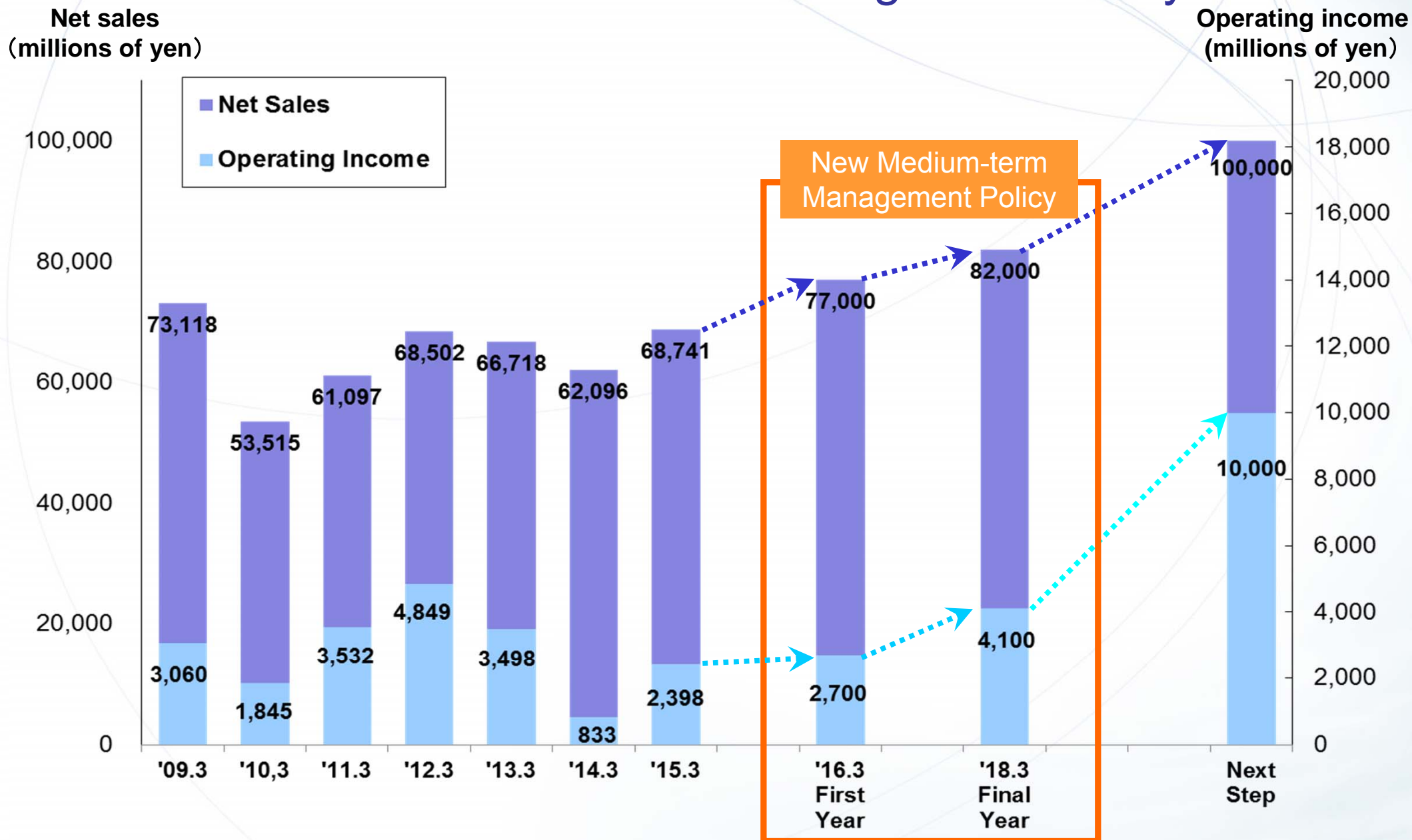
Medium-term Management Vision

“*Process ' 17*”

(Portfolio Reconstruction in Organo-group to Create “Ecologically Clean” and Sustainable Success for 2017)

Based on “*One Stop Solutions,*” which we have promoted from FY2013, through selection and concentration, we focus on the three businesses – **wastewater treatment**, **water treatment chemicals**, and **overseas** – thereby accelerating the shift of the business portfolio and expanding the solution business to develop a stable revenue base.

Consolidated Sales and Operating Income under the New Medium-term Management Policy



Plan for the Term Ending March 2018

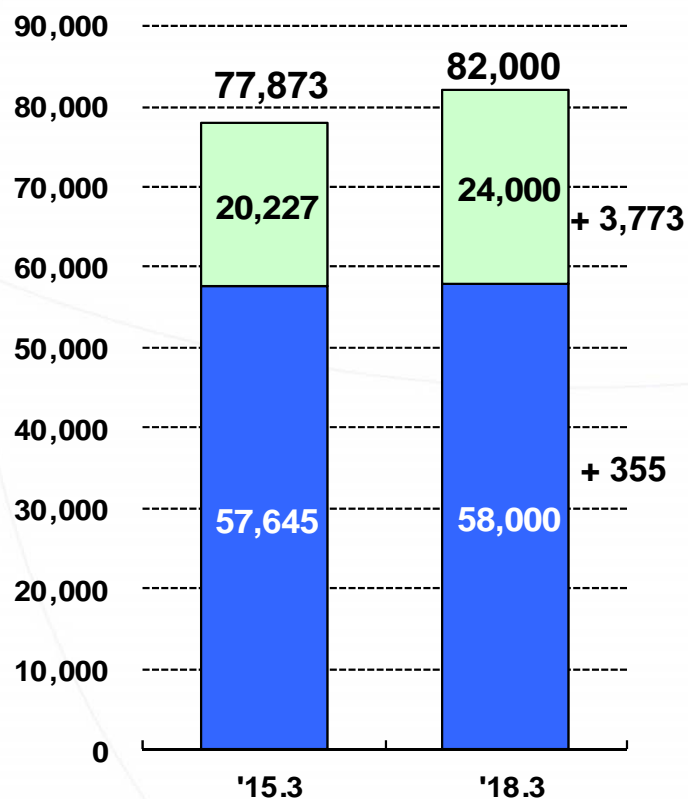
(millions of yen)

	03/2015 (Result) Full Year	03/2018 (Plan) Full Year	Changes	Average Annual Growth Rate
Orders Received	77,873	82,000	+ 4,127	
Net Sales	68,741	82,000	+ 13,259	6.1%
Gross Profit	15,544	19,100	+ 3,556	
(%)	22.6	23.3	+ 0.7pt	
SG&A	13,145	15,000	+ 1,855	
Operating Income	2,398	4,100	+ 1,702	19.5%
(%)	3.5	5.0	+ 1.5pt	
Ordinary Income	2,465	4,000	+ 1,535	
Net Income	1,085	2,600	+ 1,515	

Plan for the Term Ending March 2018 (by Business Segment)

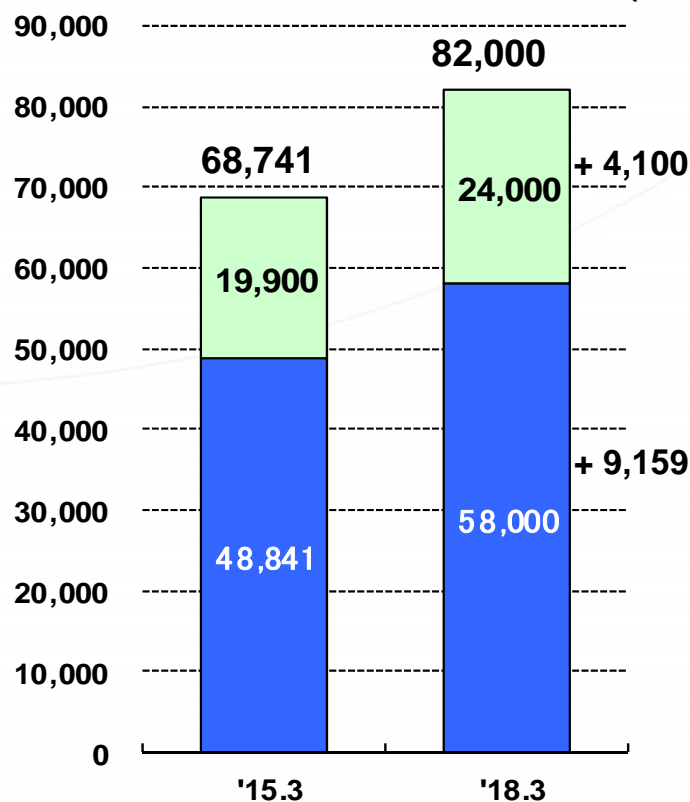
Orders received

(millions of yen)



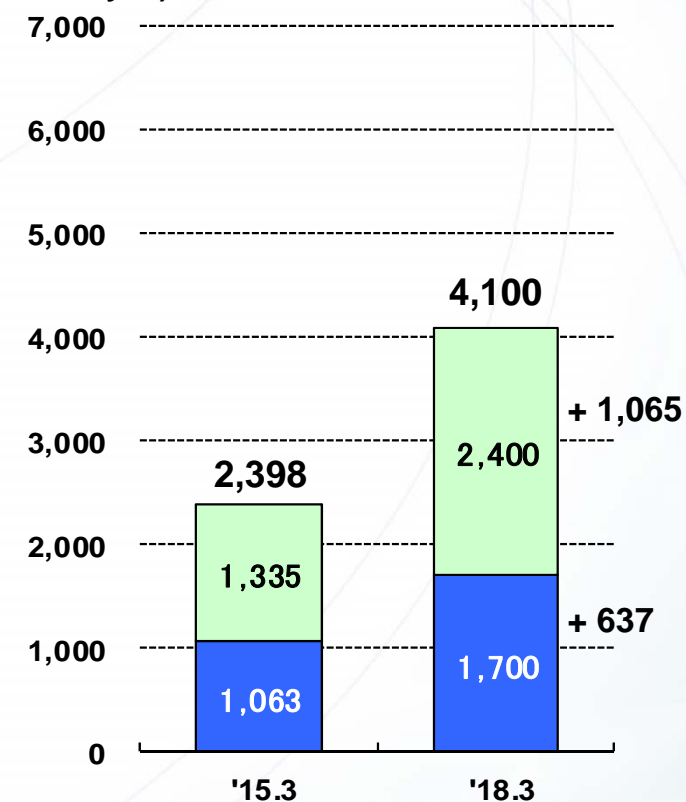
Net sales

(millions of yen)



Operating income

(millions of yen)



■ Water treatment engineering
 ■ Functional product

Medium-term Management Policy; Priority Measure

Marketability

Potential

Revenue

< Focused Businesses >

Wastewater
Treatment

Water Treatment
Chemicals

Overseas

Accelerating the shift of business portfolio
Securing stable revenue

Medium-term Management Policy; Priority Measures <Wastewater Treatment Business>

[Wastewater Treatment Business]

- Expanding by enhancing personnel/structure
- Focusing on food, beverage and pharmaceuticals area and increasing sales in Japan
- Promoting differentiation through the unique technologies, including Moving Bed Anaerobic Bio-Reactor and Fat Decomposition Treatment Technology
- Expanding business overseas by establishing a task force

Medium-term Management Policy; Priority Measures <Wastewater Treatment Business>

Moving Bed Anaerobic Bio-Reactor

- More than three times faster than current anaerobic treatment systems.
- The bio-carriers holds microbes stably and the biomass washout is limited.
- Applicable for wide range concentration of organic wastewater.
- The methane gas obtained is available as a power source for gas generator, etc.

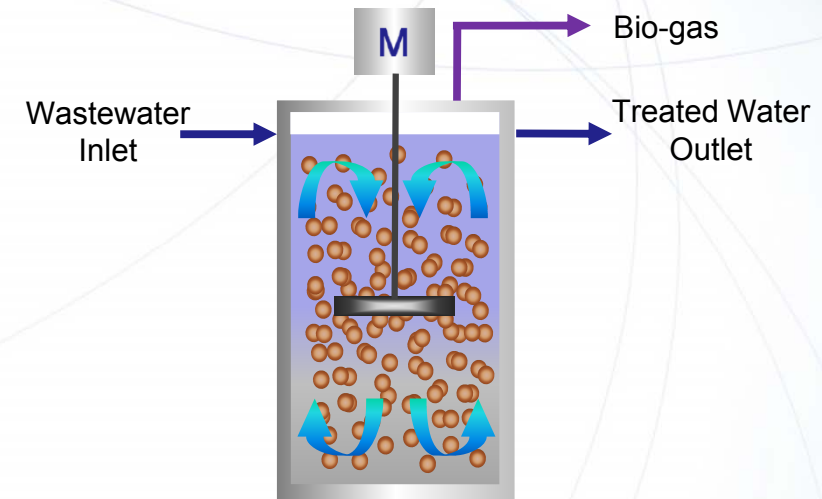
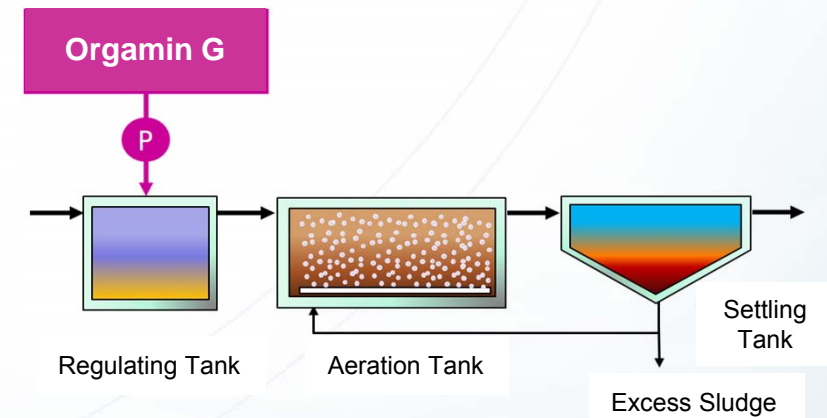


Image of Reactor

Fat Decomposition Accelerator “Orgamin G”

- Special nutrients for improving microorganism’s fat-decomposing activities.
- The generation of scum (stratiform oil film/fat floating on water) is also inhibited.
- Skipping the pre-treatment system of dissolved air floatation is possible.



Example of the Application of Orgamin G

Medium-term Management Policy; Priority Measures <Water Treatment Chemicals Business>

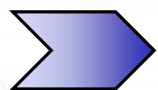
[Water Treatment Chemicals business]

- Expanding by enhancing personnel/structure
- Expanding business for new slime control chemical containing non-chloride-based oxidants in Japan and overseas
- Strengthening the sales system for cooling water treatment chemicals in Japan, and preparing an overseas supply system and full-scale entry
- Promotion of M&A, business alliances, etc.

Medium-term Management Policy; Priority Measures <Water Treatment Chemicals Business>

New slime control chemical containing non-chloride-based oxidant

- Contains oxidant uniquely developed by the Company
- High safety
- Superb disinfect and algicidal effect
- Low-level metal corrosiveness and degradation effect to RO membranes
- High stability
- Low environmental impact



- For Cooling water;
ORBLADE J Series
- For RO membrane;
ORPERSION E Series

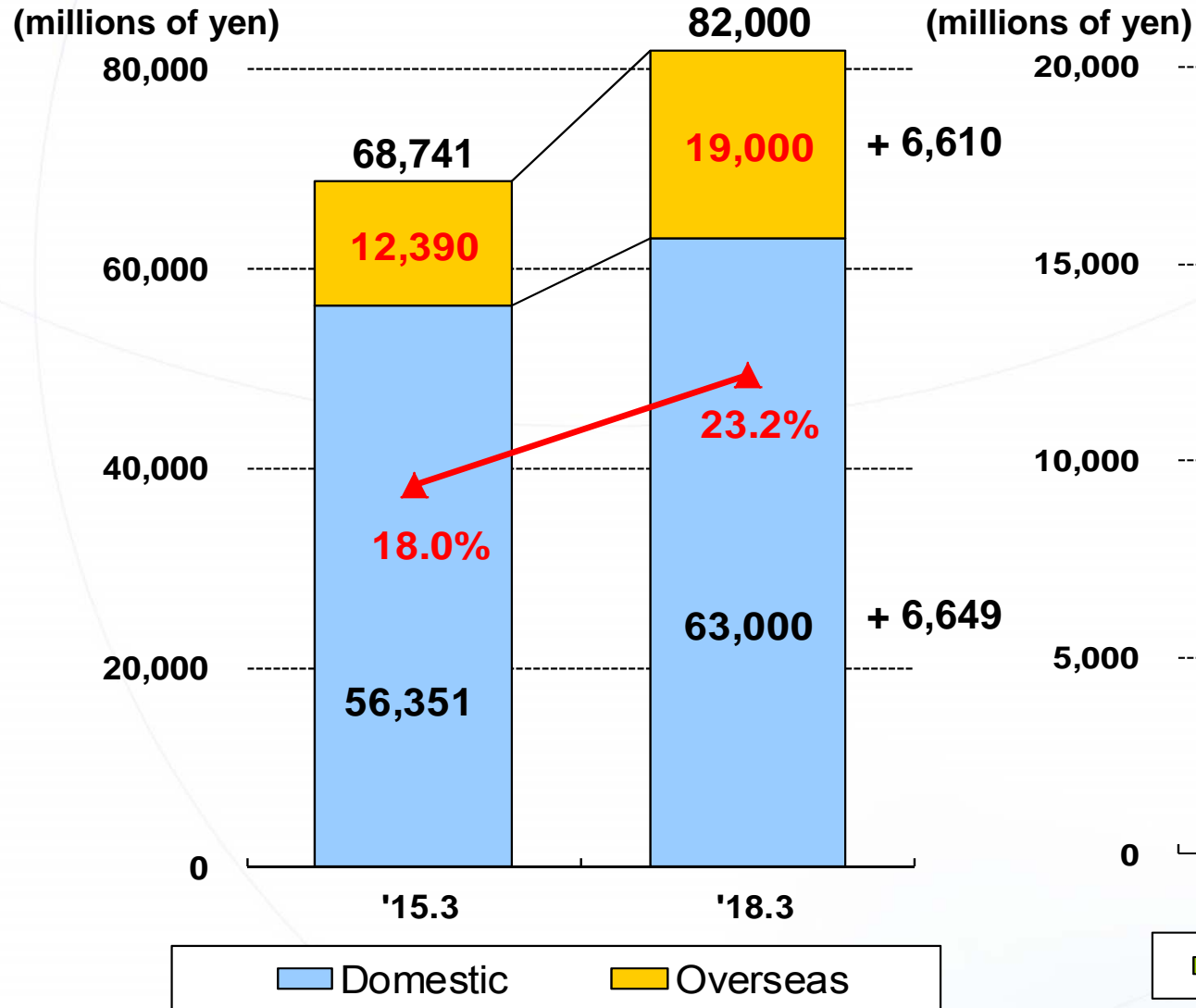
Medium-term Management Policy; Priority Measures <Overseas Business>

[Overseas business]

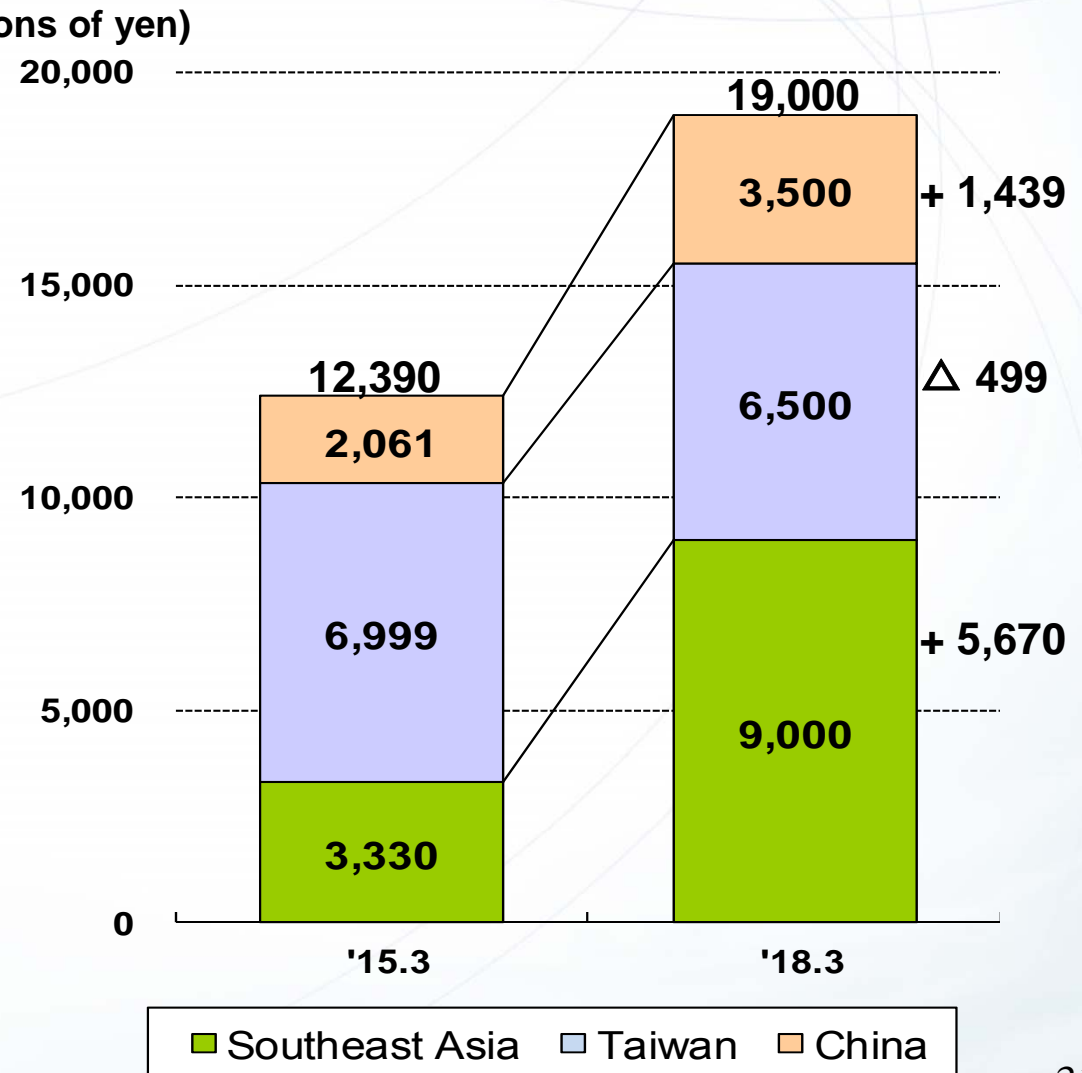
- Strengthening overseas affiliated companies through cooperation with the divisions in Japan
- Fostering local managers and alliances with partner companies to expand non-Japanese customers
- Shifting to a structures centered on local employees
- Continuously considering the establishment of new business bases

Medium-term Management Policy; Priority Measures <Overseas Business>

Domestic and Overseas Sales

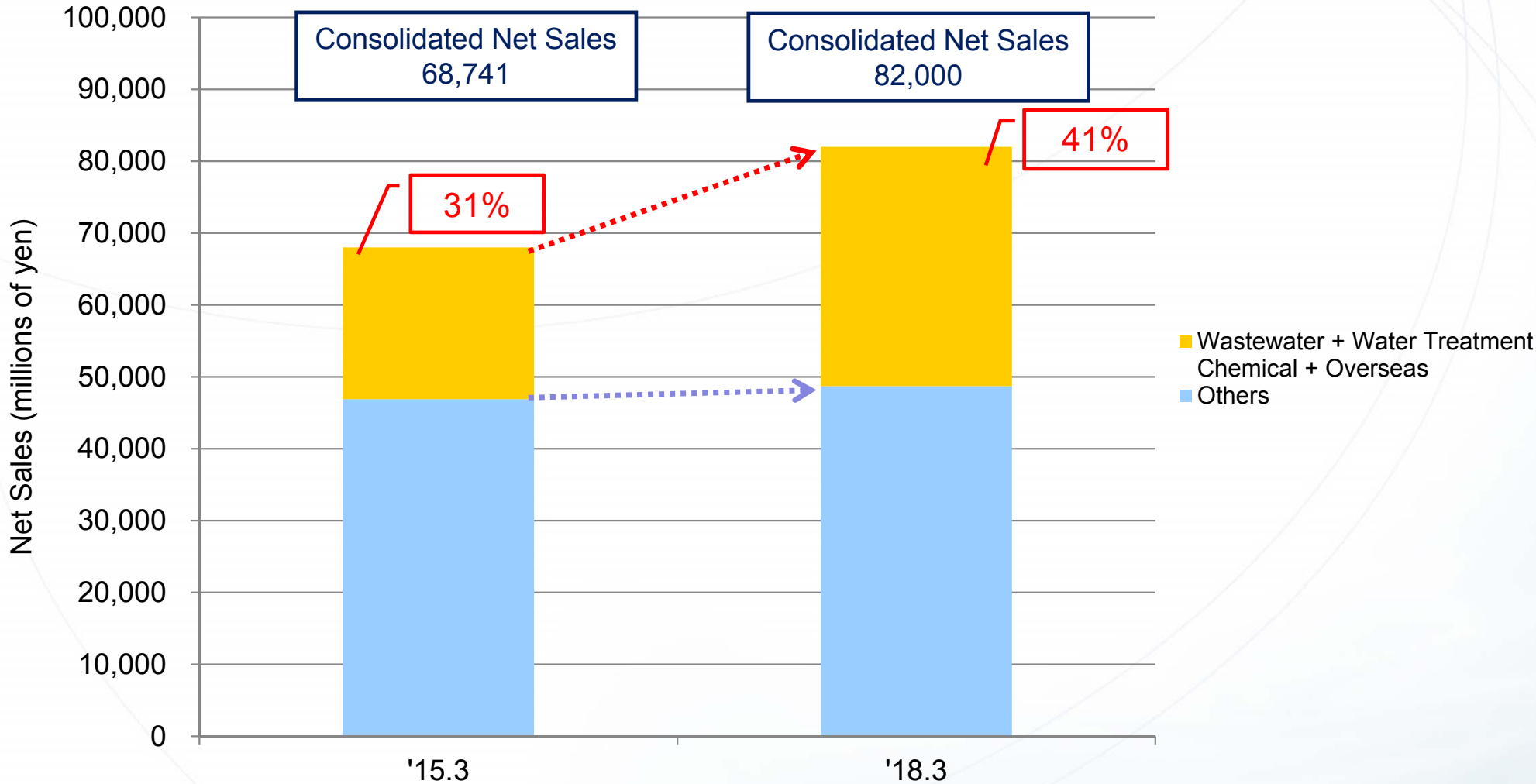


Sales by Overseas Region



Medium-term Management Policy; Priority Measures

Consolidated Net Sales Composition for '18.3 (plan)



New Efforts

◆ Succeeded in developing technology that continuously purifies ceramide from rice bran

“New Simulated Moving-Bed System”

- Organo’s unique chromatographic separation technology that can separate more than three ingredients
- Used in numerous production facilities for processing sugar



Development of technology that continuously purifies ceramide

(Joint development with the National Agriculture and Food Research Organization (NARO) and Nippon Flour Mills Co., Ltd.)

Conventional natural ceramide

- Material with low purity of approx. 10%
- Uses are limited due to its color and smell inherent in impurities



- Continuous production of highly refined materials with purity of 95% or higher is possible
- New applications are expected for cosmetics, pharmaceuticals, and R&D

New Efforts

◆ Launched water treatment system for dialysis “HD series”

- Pursued downsizing to meet high market needs
⇒ Achieved industry-leading levels of downsizing
- Fulfilling optional features
⇒ Warming, UF membrane modules, etc.
(All-in-one type product. The optional component can also be placed in one package.)
- High quality and safety
⇒ Manufacturing/quality control at our plant with ISO certification



Entry into the market for a water treatment system for dialysis

New Efforts

◆ Reinforcement of business of soil and groundwater investigation and remediation

- Businesses were consolidated into Organo (from October 2014)
Soil and Groundwater Group was set up in the Plant Division, and dedicated staffs were deployed in all domestic branches.
⇒ **Strengthen sales capabilities leveraging the network of the Organo Group**

Objectives

Outlook for market expansion

- ◆ Work for the improvement of circular routes in Tokyo
- ◆ Tokyo Olympics in 2020
- ◆ Maglev train project

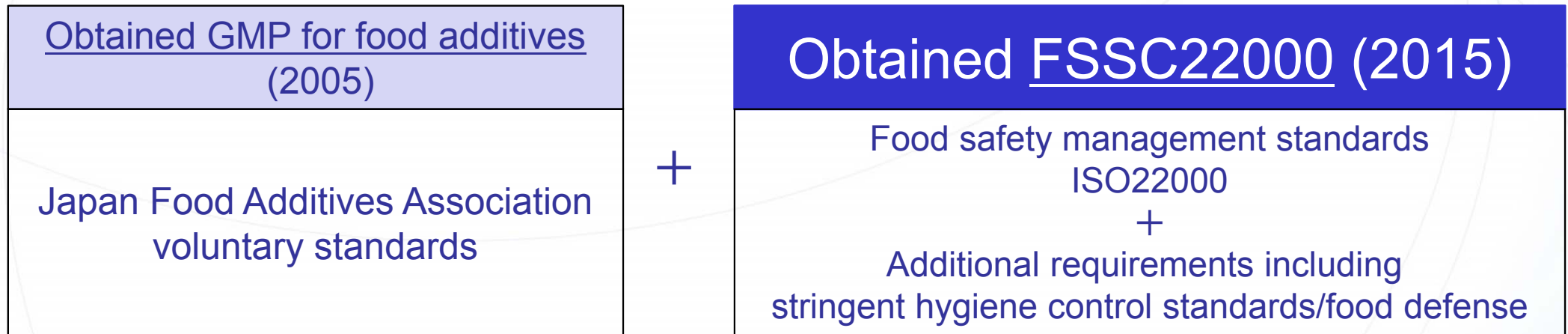


Strengthen sales and technical organizations to deal appropriately with projects that are expected to increase

Strengthen and promote “One Stop Solutions” to respond to customers’ diverse needs in relation to water treatment

New Efforts

◆ Obtained the Food Safety System Certification, FSSC22000 (Organo Food Tech Corporation)



- Proving the effectiveness of the company's food safety management system
 - Improving trust from existing customers
 - Acquiring new customers

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.