

Eagle Industry Co., Ltd. Financial Results Briefing for Fiscal Year Ended March 31, 2016

May 12, 2016

1. Financial Results

(1) Results Overview for FY2015

(2) Forecast for FY2016

(3) Progress Status of 3 Year Plan & Future Priority Measures

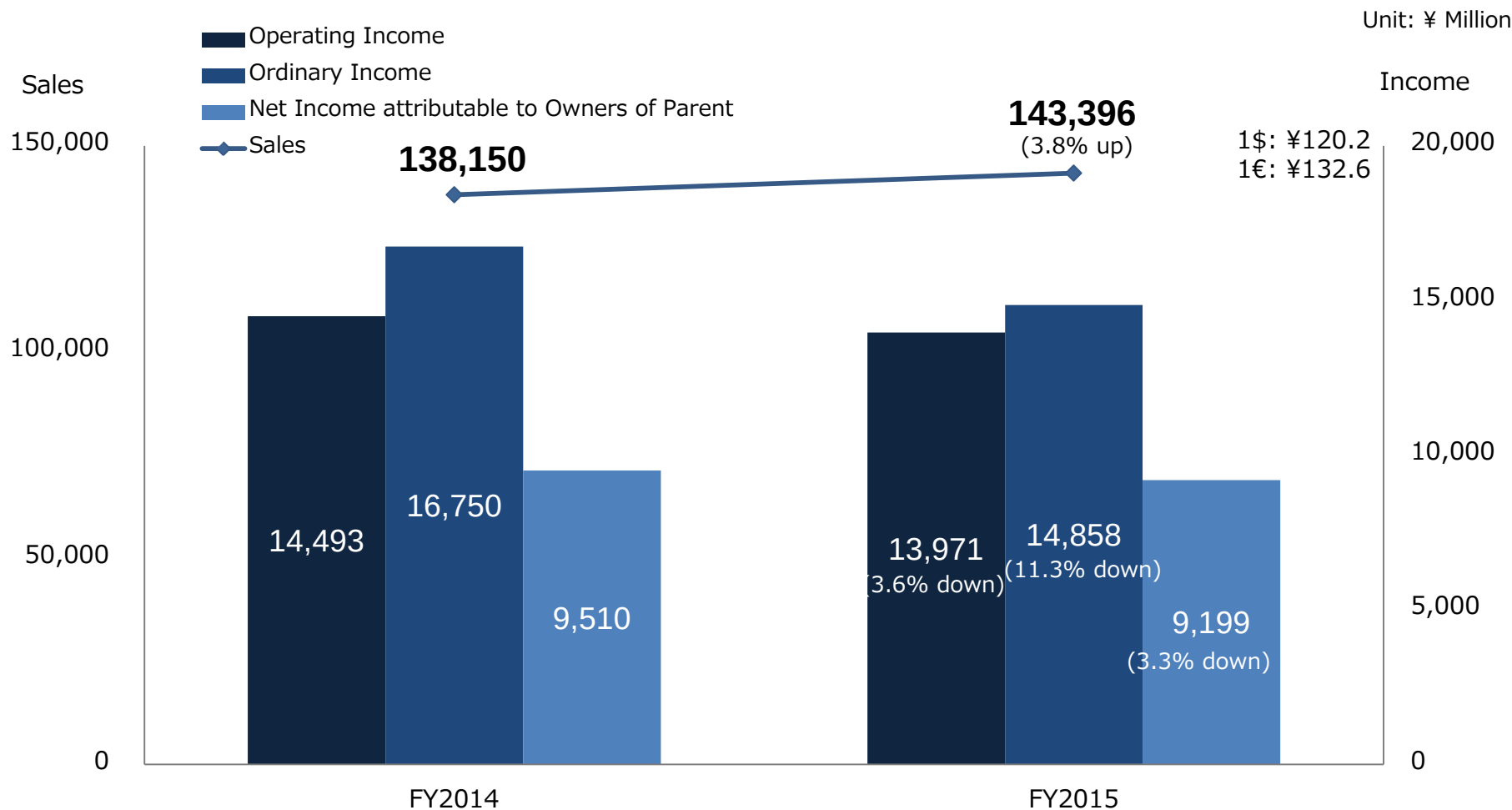
2. Business Unit Report

(1) Automobile and Construction Machinery

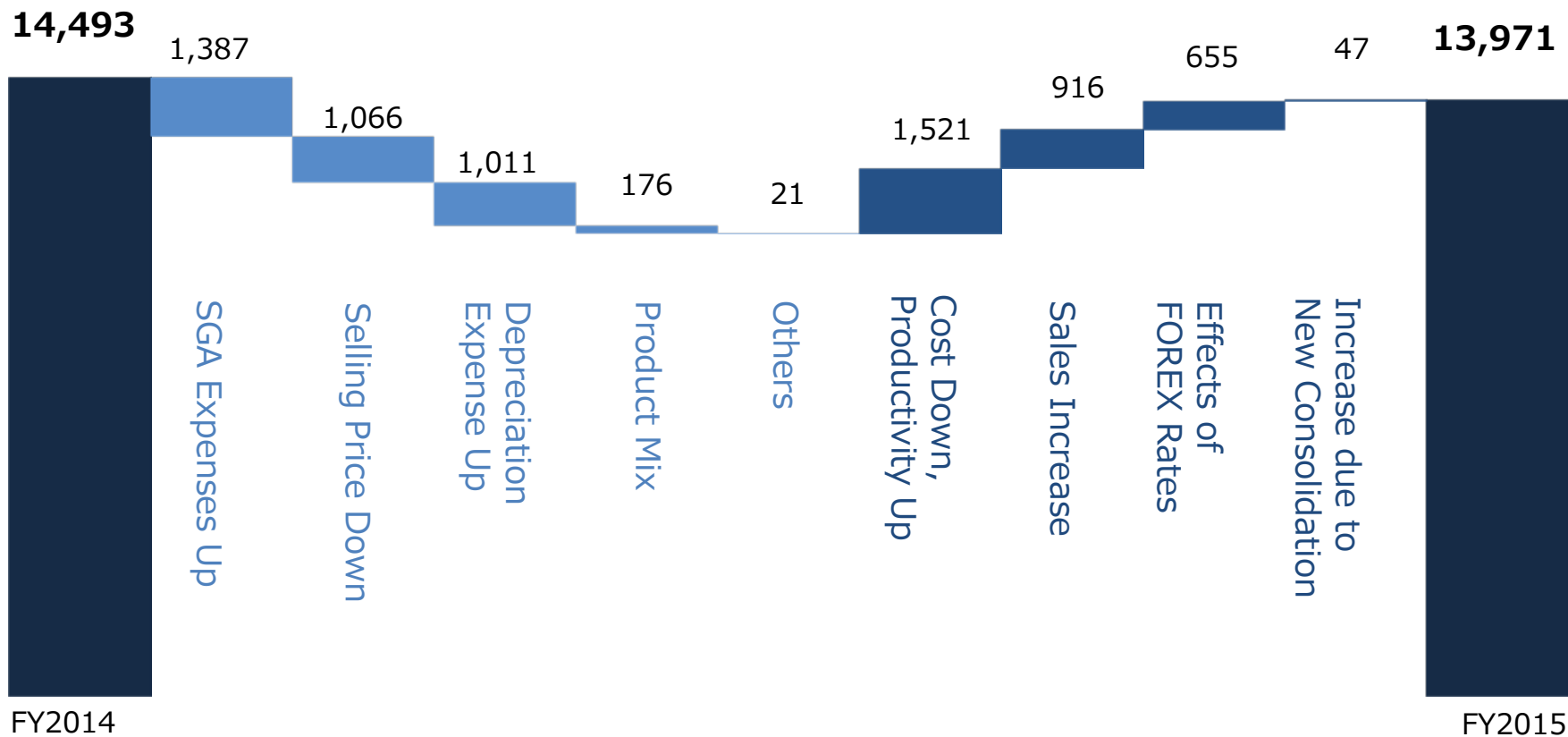
(2) General Industry

(3) Marine

(4) Aerospace, Optoelectronics



Unit: ¥ Million



Unit: ¥ Million

		FY2014 Results	FY2015 Results	Increase/ Decrease	Increase Rate
Automobile & Construction Machinery	Sales	85,335	87,664	2,329	102.7%
	Operating Income	9,533	7,792	▲1,741	81.7%
General Industry	Sales	32,344	32,660	316	101.0%
	Operating Income	2,251	3,293	1,042	146.3%
Marine	Sales	12,902	13,889	987	107.6%
	Operating Income	2,632	2,670	38	101.5%
Aerospace, Optoelectronics	Sales	7,566	9,181	1,615	121.3%
	Operating Income	50	190	140	278.2%

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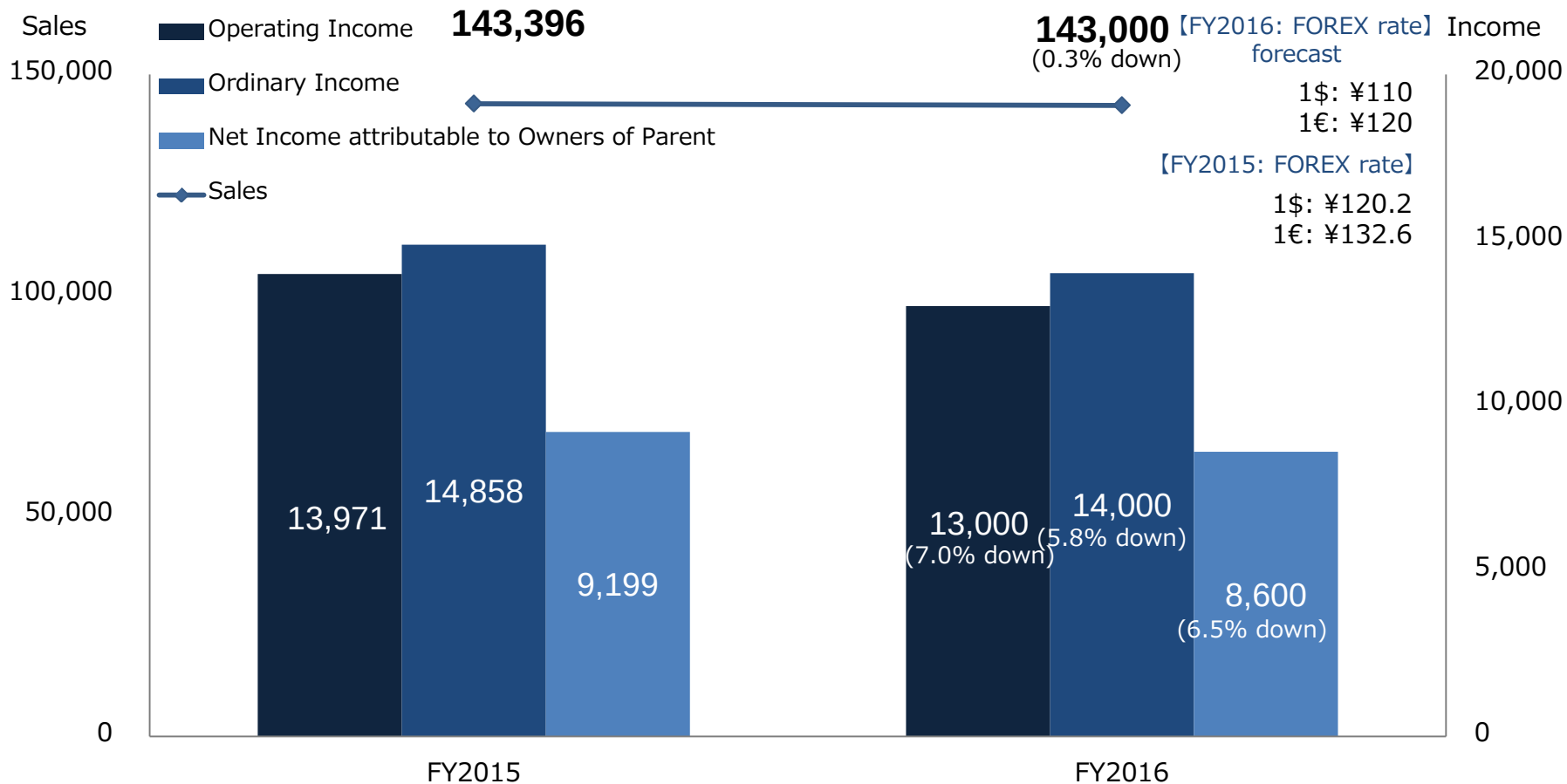
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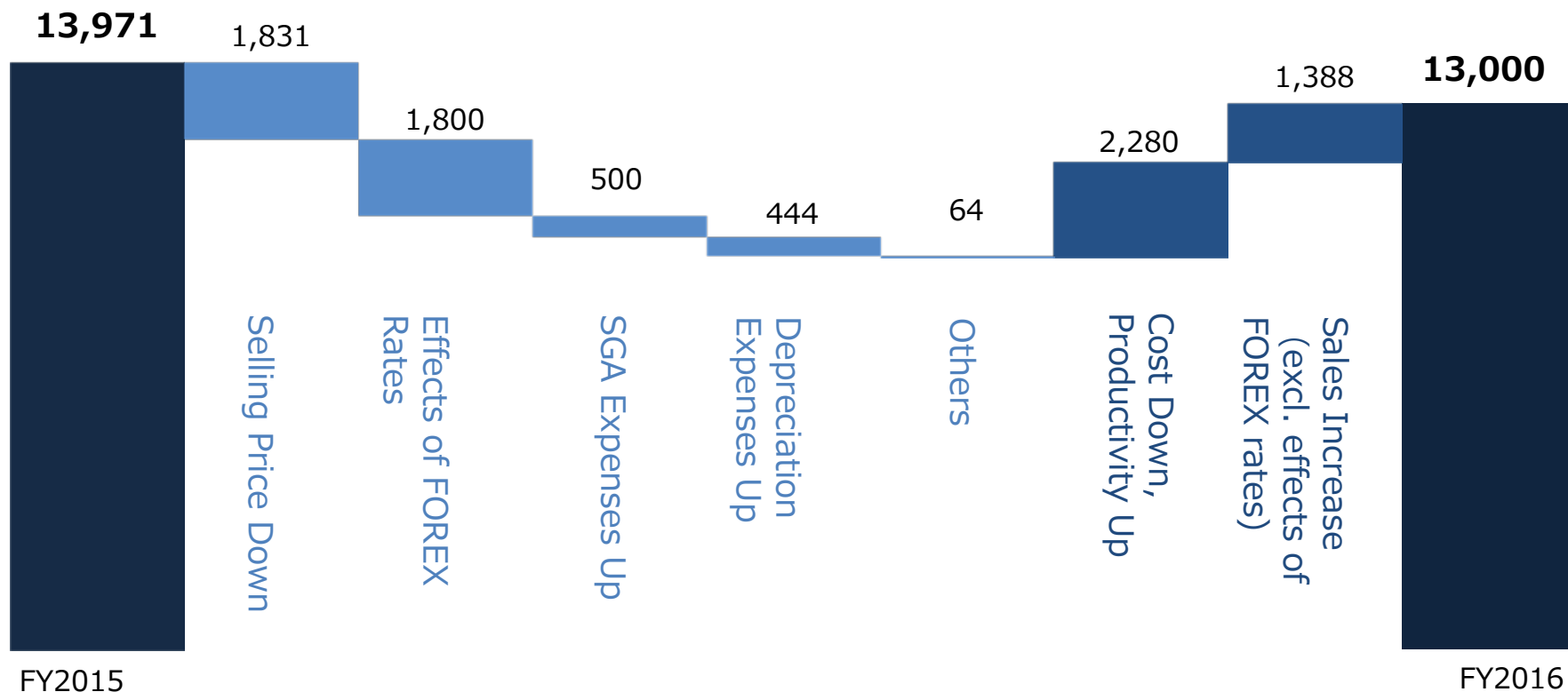
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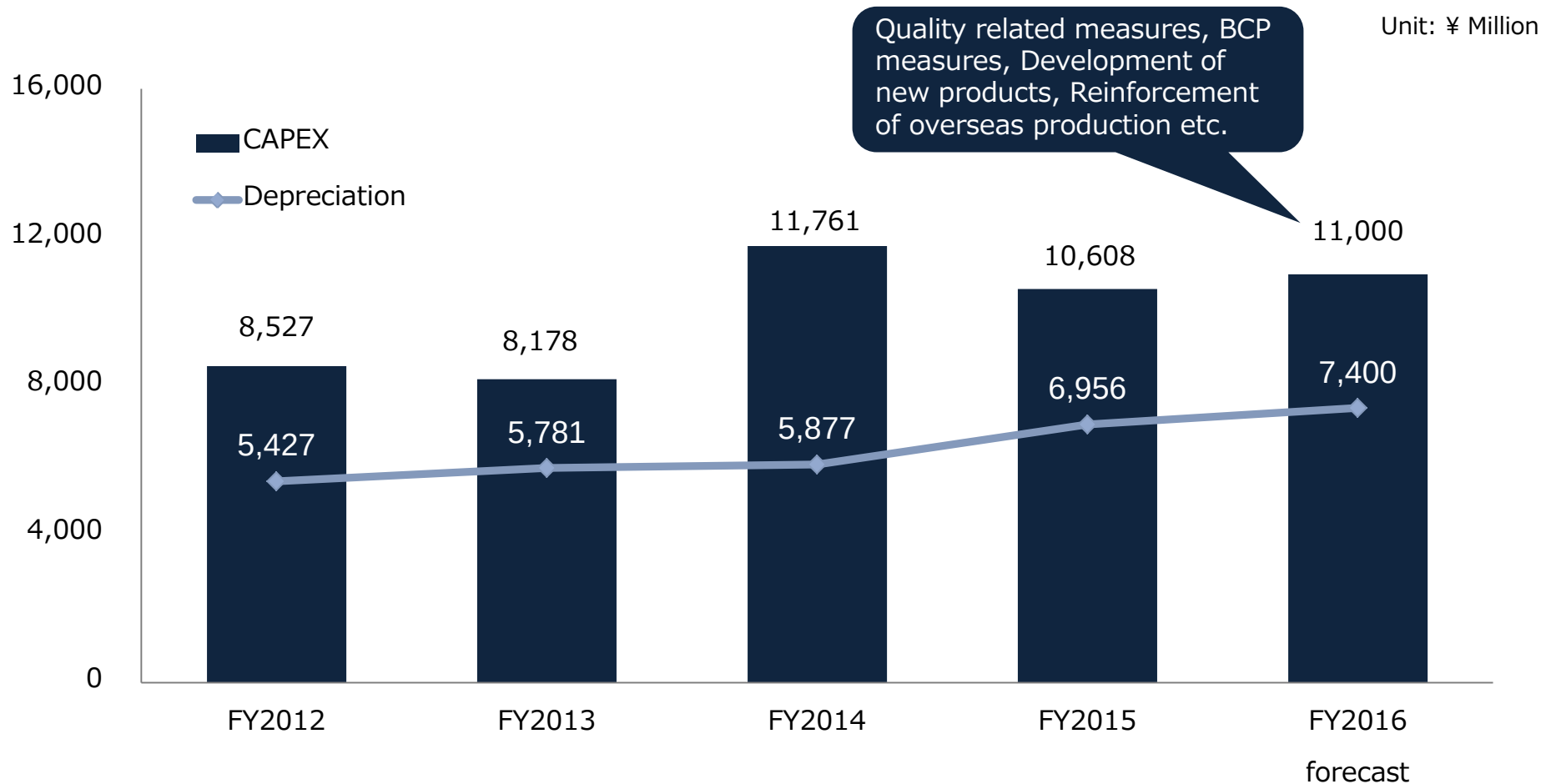


Unit: ¥ Million

		FY2015 Results	FY2016 Forecast	Increase/ Decrease	Increase Rate
Automobile & Construction Machinery	Sales	87,664	89,600	1,936	102.2%
	Operating Income	7,792	7,500	▲292	96.3%
General Industry	Sales	32,660	32,600	▲60	99.8%
	Operating Income	3,293	3,800	507	115.4%
Marine	Sales	13,889	12,600	▲1,289	90.7%
	Operating Income	2,670	1,470	▲1,200	55.1%
Aerospace, Optoelectronics	Sales	9,181	8,200	▲981	89.3%
	Operating Income	190	230	40	121.1%

	FY2012	FY2013	FY2014	FY2015	FY2016 forecast
Dividend (Yen)	14	25	40	45	45
Dividend Ratio (%)	14.9	16.2	20.3	23.7	25.5
ROE (%)	10.9	14.7	15.6	14.0	12.5
ROA (%)	3.9	5.6	6.4	5.9	5.4
Equity Ratio (%)	37.3	39.0	42.2	42.3	43.6
ROIC (%)	—	7.1	8.0	7.7	6.8

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*rounded to the nearest hundred million yen Unit: ¥100 Million

	FY2014		FY2015		FY2016	
	3 Year Plan	Results	3 Year Plan	Results	3 Year Plan	Forecast
Sales	1,350	1,382	1,400	1,434	1,500	1,430
Operating Income	125	145	135	140	150	130
Ordinary Income	147	168	158	149	178	140
Net Income attributable to Owners of Parent	80	95	96	92	109	86

1. Eternal Zero

- (1) Assure quality that our customers can trust
(zero defective product flowing to the market)
- (2) Assure same quality worldwide

2. Re-check and reinforcement of BCP

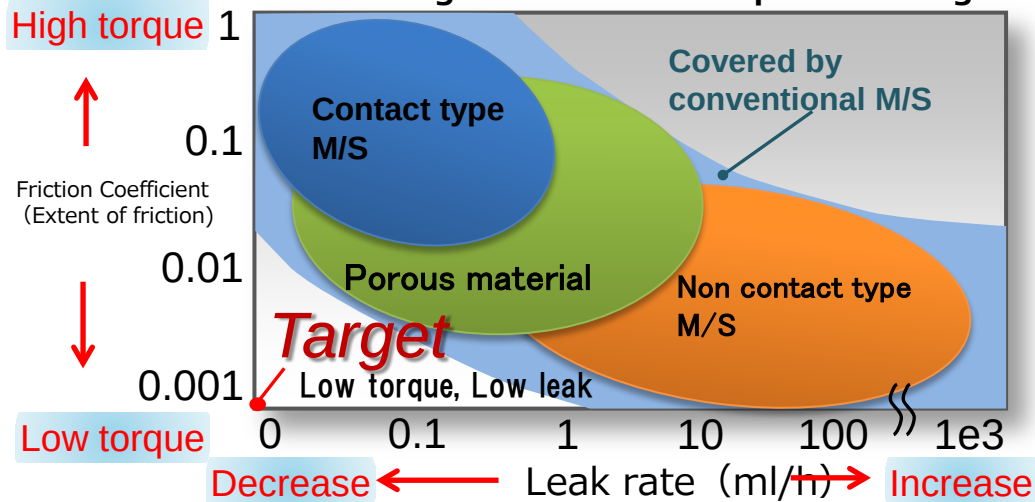
- (1) Review targeted recovery time from disaster
- (2) Review disaster mitigation measures (equipment, electricity, gas, water)
- (3) Review safety stock, Further diversify production locations,
Keep spare tooling
- (4) Promote procurement from multiple sources and secure alternate materials
- (5) Re-establish safety rules for employees

3. Implementation of sound “Selection & Concentration”

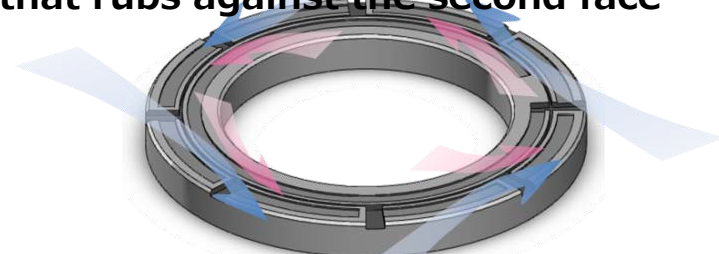
- (1) Prioritize next-generation mobility and next-generation energy market
when allocating management resources
- (2) Develop mechanical seal business applying “surface texturing technology” that
realizes low torque and low leakage in all business segments
- (3) Pursue M&A that generates synergetic effects

Surface texturing technology: Solution to opposing challenges of "Leakage" and "Torque"

Correlation Diagram between Torque & Leakage Rate



【Sealing face】 Surface of one face that rubs against the second face

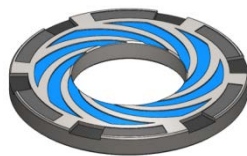


Advanced Texturing Hydrodynamic Face
Leakage can be kept low under low torque conditions, which was previously difficult to achieve, by applying "texture" such as grooves on the sealing face.

Automobiles | Small pumps etc.



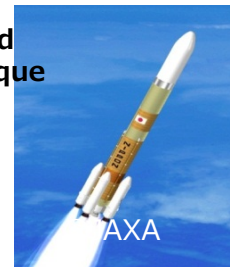
For ultra high speed rotating equipment



Application examples

Aerospace | Rocket engine seals

Pump performance is improved under extremely low temperature and gas-liquid two phase flow conditions due to low torque and low leakage.



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☆ : Planned

	Water Pump Seal 	Car Air-Conditioner Seal 	AC Control Valve 	Solenoid Valve 	Valve & Actuator 	Floating Seal 
Japan	○	○	○	○		○
China	○	○	○	○	○	○
Korea	○	○				
Taiwan	○			○	○	
India	○					
Thailand	○	○		○	○	
Indonesia	○	☆			○	○
France			○			
Netherlands	○	○				
Hungary					○	
Mexico	☆	☆	☆	○		



Netherlands

Eagle Holding Europe
Eagle Simrax
EKK Sales Europe

Holding company in charge of Europe
Manufacture of seal products
Sales base in charge of Europe



France

Eagle Industry France
Eagle ABC Technology

Manufacture of AC control valves
Manufacture of mold coil



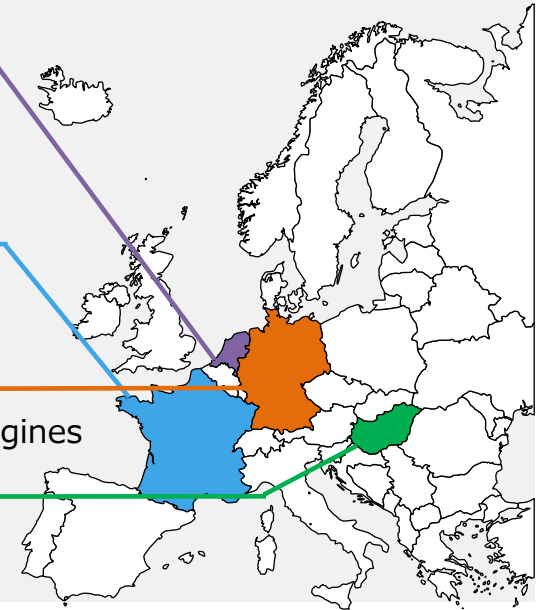
Germany

Eagle Actuator Components Sale & development of valves for engines



Hungary

Eagle Industry Hungary Manufacture of valves for engines



Hungary New factory completed March 2016



Place

Maglód, Hungary (Budapest suburb)

Sales

35M€ (approx. ¥4 billion)

Business

Manufacture of valves for car engines
(canister, purge valves etc.)



Further growth is expected in Europe due to increase in car production and adoption of our products



Eagle Industry Mexico Overview

Establish	October, 2012
Place	San Luis Potosi, Mexico
Sales	¥5 billion
Employees	400 (As of Mar. 2016)
Manufactured Product	Solenoid valve for AT/CVT



Products to be manufactured



Water pump seal



Lip seal



AC control valve

Investment will be continued to reflect increase in car production in North America and expansion of customer's local production.

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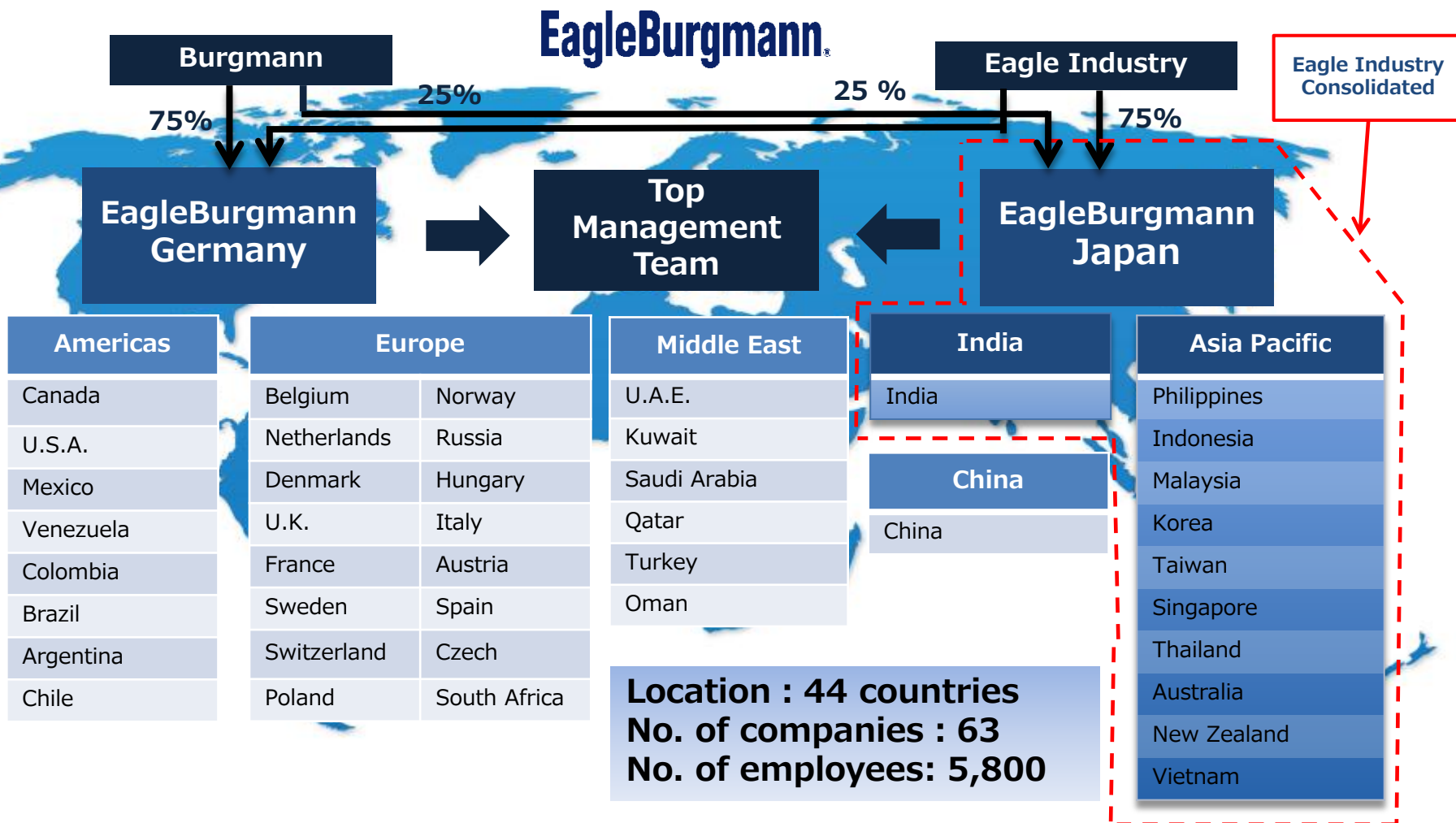
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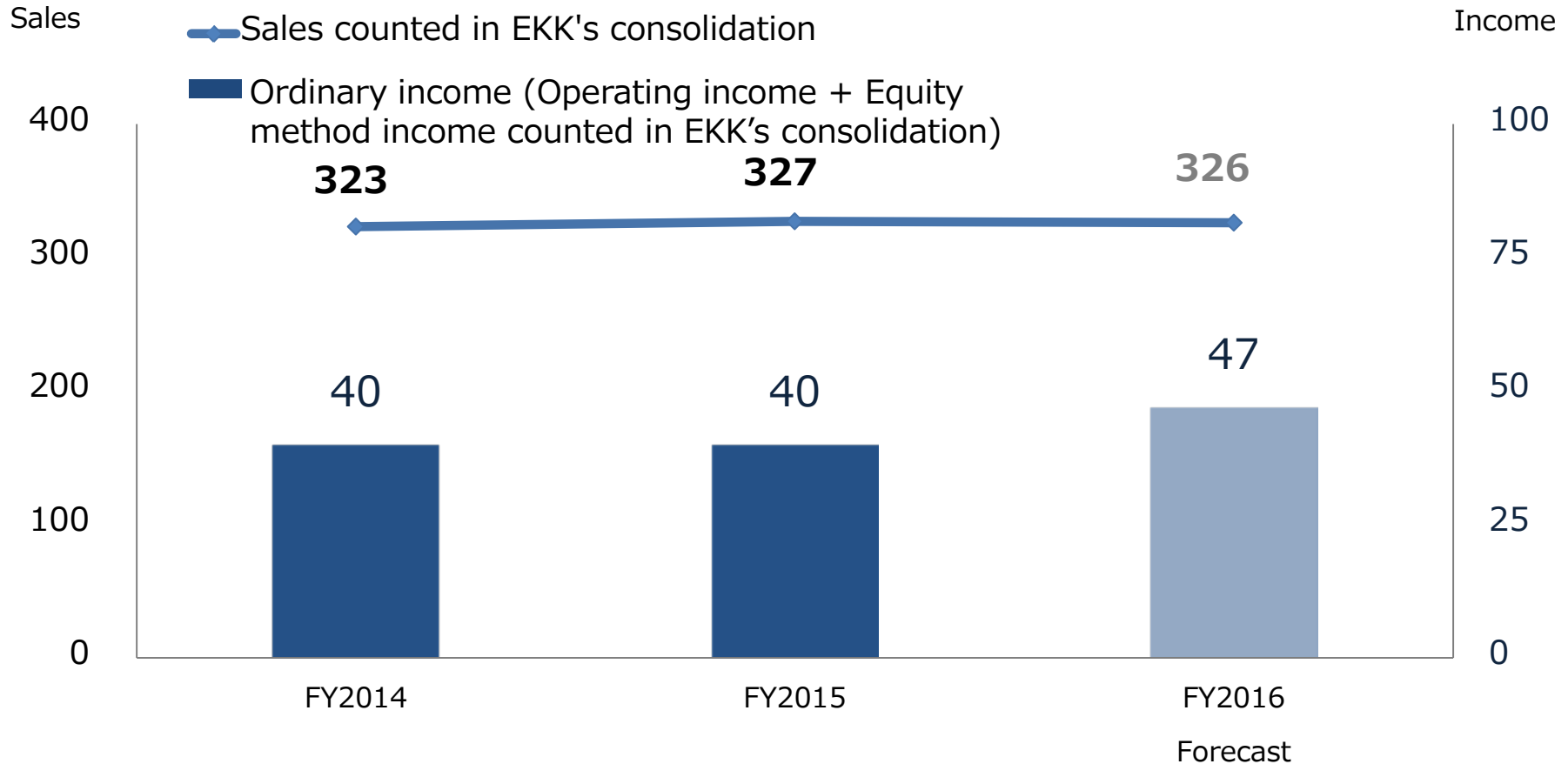
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EagleBurgmann Alliance at a Glance



Contribution of EB Business to Consolidation

Unit : ¥ 100 Million



Major sites in India, Asia Pacific

● EagleBurgmann major sites

- Product supply from Japan & India
- Sales promotion by local EB sales

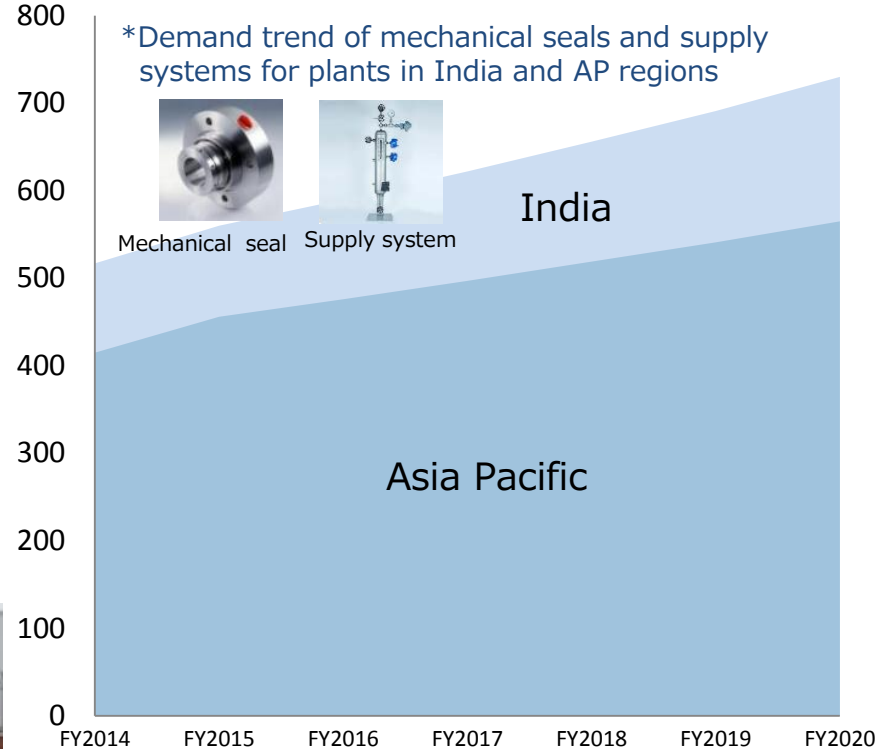


EagleBurgmann service center opened in Vietnam in Nov. 2015.



Sales promotion will be intensified for various projects in the fields of Oil & Gas, energy, water resources development etc.

¥100M Target Market Size of India, AP regions



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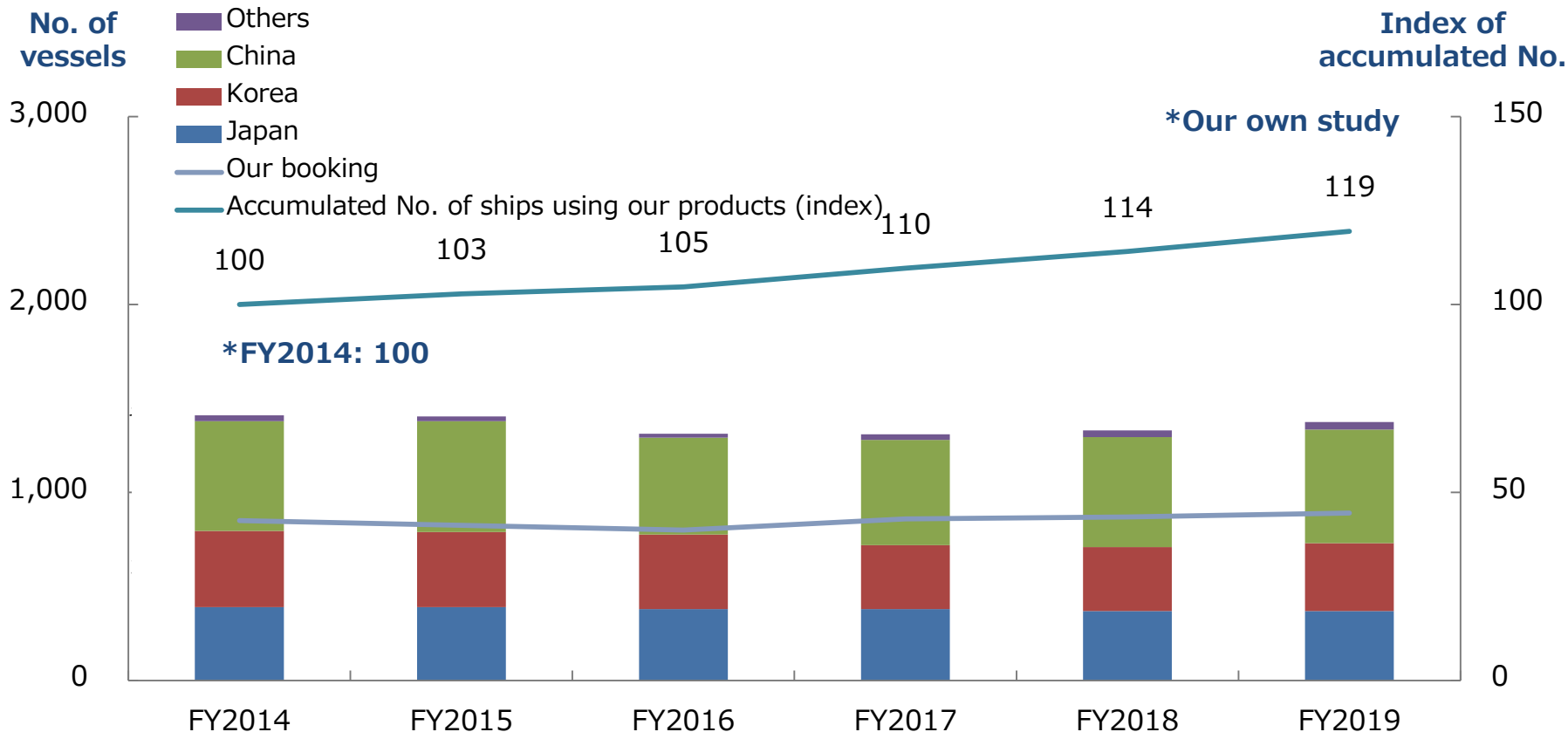
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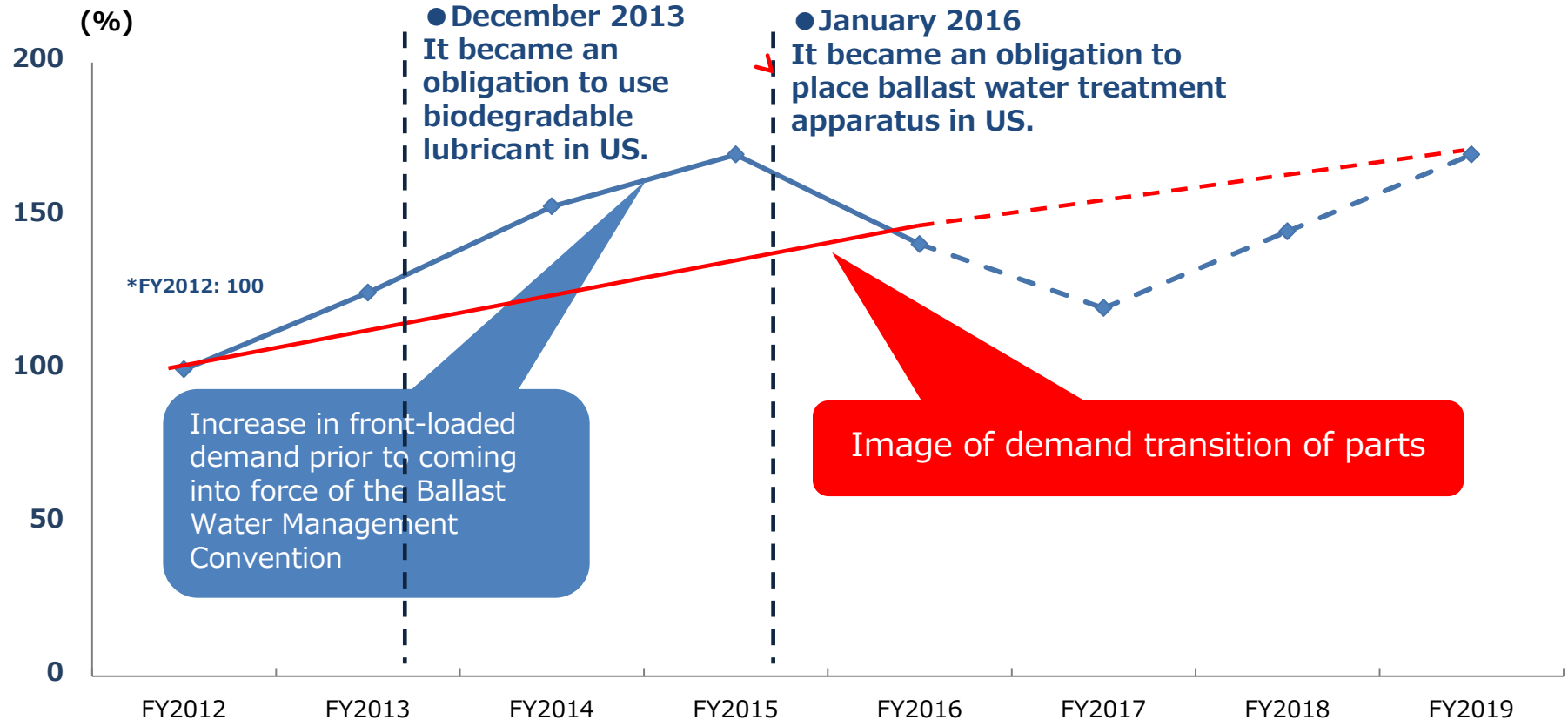
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Number of Building of Middle & Large Sized Vessels



New building has been leveling off, but the accumulated number of vessels using our products will increase. We will secure profits by making sure to offer after-services to them.

Demand Trend for Parts for Marine Industry



- Before 2016: Front-loaded demand for our products prior to the coming into force of the environmental regulations contributed to sales.
- After 2016: We will be in an adjustment period for a few years.

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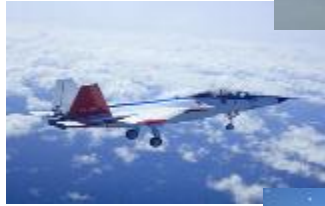
Aircraft



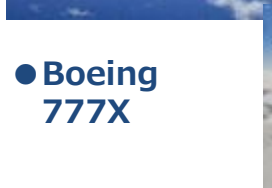
● F-15 Eagle



● SH-60 Helicopter



● X2 Stealth



● Boeing 777X

Mechanical seals etc. supplied to domestic fighter jets, helicopters, commercial aircrafts



Rocket



H-II A, B Rocket
HIII Rocket



◆ LE Series Engine Turbo pump:
Mechanical seals supplied



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Epsilon launch vehicle

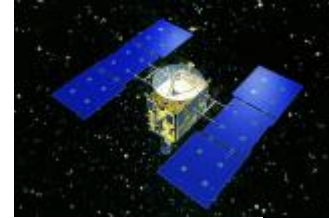


LE Series Engine



◆ Propulsion valves supplied for attitude control gas jet equipment

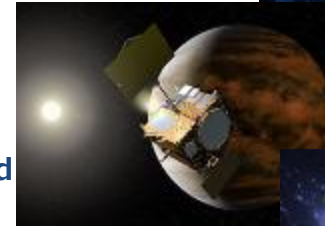
Satellite



● Asteroid Probe "Hayabusa"

©JAXA

● Asteroid Probe "Hayabusa 2"



● Venus Probe "Akatsuki"

● X-ray space telescopes "Hitomi"



Valves, tanks etc supplied

