



The Heart of Industry

Results of Operations for the  
First Half of the Fiscal Year Ending  
March 31, 2025 (FY3/25)

November 14, 2024

**IWAKI CO.,LTD.**

Stock code: 6237  
Trade name: Iwaki Pump



IWAKI at Achema 2024, the world's leading trade show for the process industries, in Frankfurt in June 2024

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# **I. Summary of 1H FY3/25 Financial Results**

# Financial Summary



Sales increased mainly due to higher sales in the medical equipment and chemicals categories. Earnings at all levels beginning with operating profit were down from one year earlier. A recovery has still not started in the semiconductor/liquid crystal category and there were higher expenses for large-scale exhibitions, personnel and other items.

	1H FY3/24		1H FY3/25	
	Amount (Millions of yen)	Amount (Millions of yen)	Differences	YoY change
<b>Net sales</b>	22,436	<b>22,540</b>	103	+0.5%
<b>Gross profit (Gross margin)</b>	8,925 (39.8%)	<b>9,227 (40.9%)</b>	301	+3.4%
<b>Operating profit (Operating margin)</b>	2,805 (12.5%)	<b>2,771 (12.3%)</b>	-33	-1.2%
<b>Ordinary profit</b>	3,270	<b>3,102</b>	-167	-5.1%
<b>Profit attributable to owners of parent</b>	2,188	<b>2,173</b>	-15	-0.7%
<b>Net income per share (Yen)</b>	99.46	<b>98.37</b>	-1.09	-1.1%
Exchange rate (average)	USD/JPY (Yen)	134.99	152.36	
	EUR/JPY (Yen)	145.92	164.69	
	CNY/JPY (Yen)	19.45	21.06	

## 1 Sales: The medical equipment and chemicals markets were a major source of sales growth

- Strong medical equipment market sales, mainly in Japan. The U.S. medical equipment market also remained strong.
- Due to downturn in the semiconductor/liquid crystal market, sales to Asia and China (Shanghai) remained lower.
- Strong chemicals category sales, mainly in Japan
- Strong sales in Europe for pumps used for projector lamp and other cooling applications, which is not one of the six major market categories

## 2 Operating profit: Down as SG&A expenses increased due to large-scale exhibitions, personnel and other expenses

- Gross profit increased despite the higher cost of procurement of parts and materials because products with high cost of sales ratio were a smaller pct. of total sales.
- Increases in expenses for large-scale exhibitions and personnel

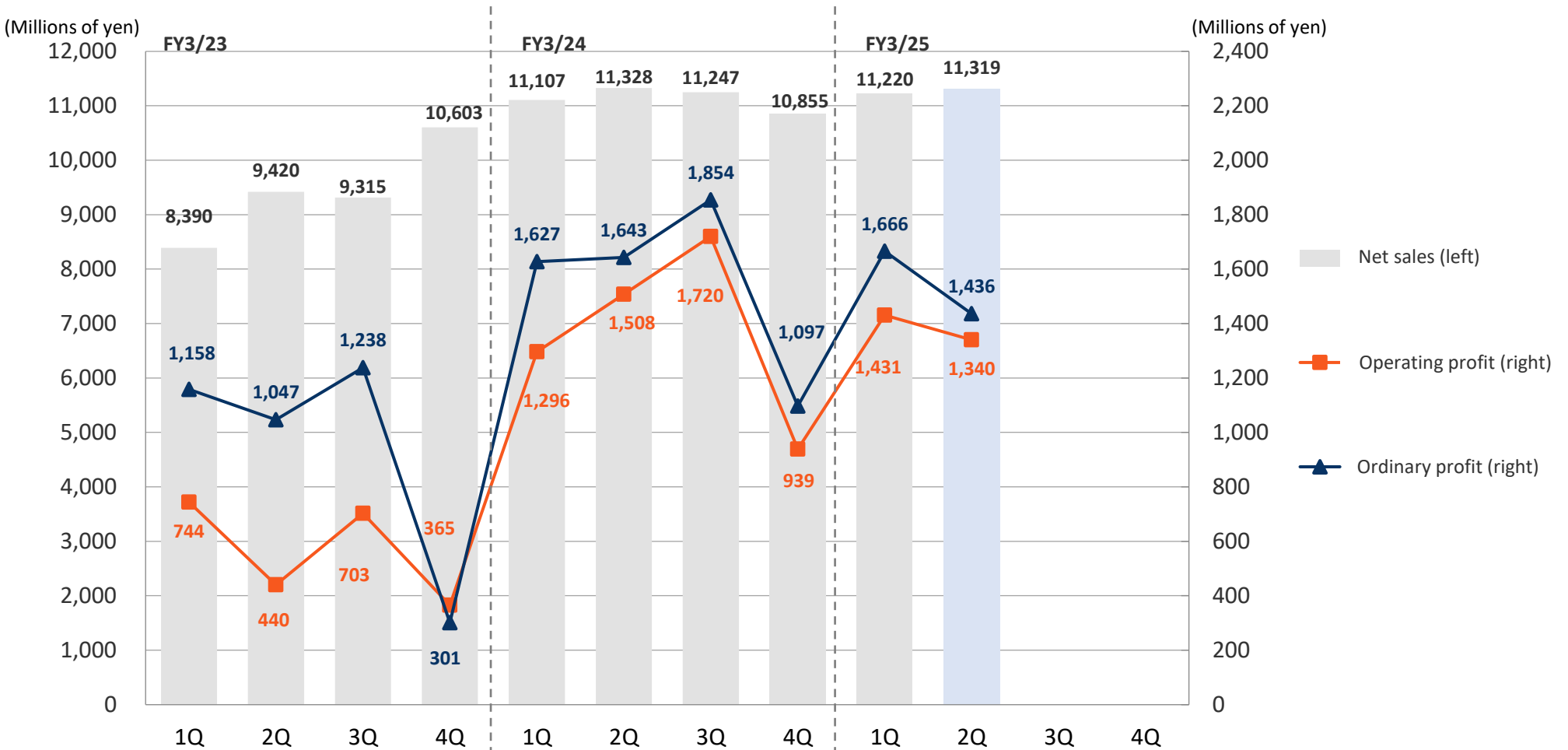
## 3 Profit attributable to owners of parent: Decreased mainly due to a decrease in share of profit of entities accounted for using the equity method

- 1Q weakness in South Korea continued in the 2Q because of slow sales overall in the semiconductor/liquid crystal category.

# Net Sales and Operating Profit (Quarterly)

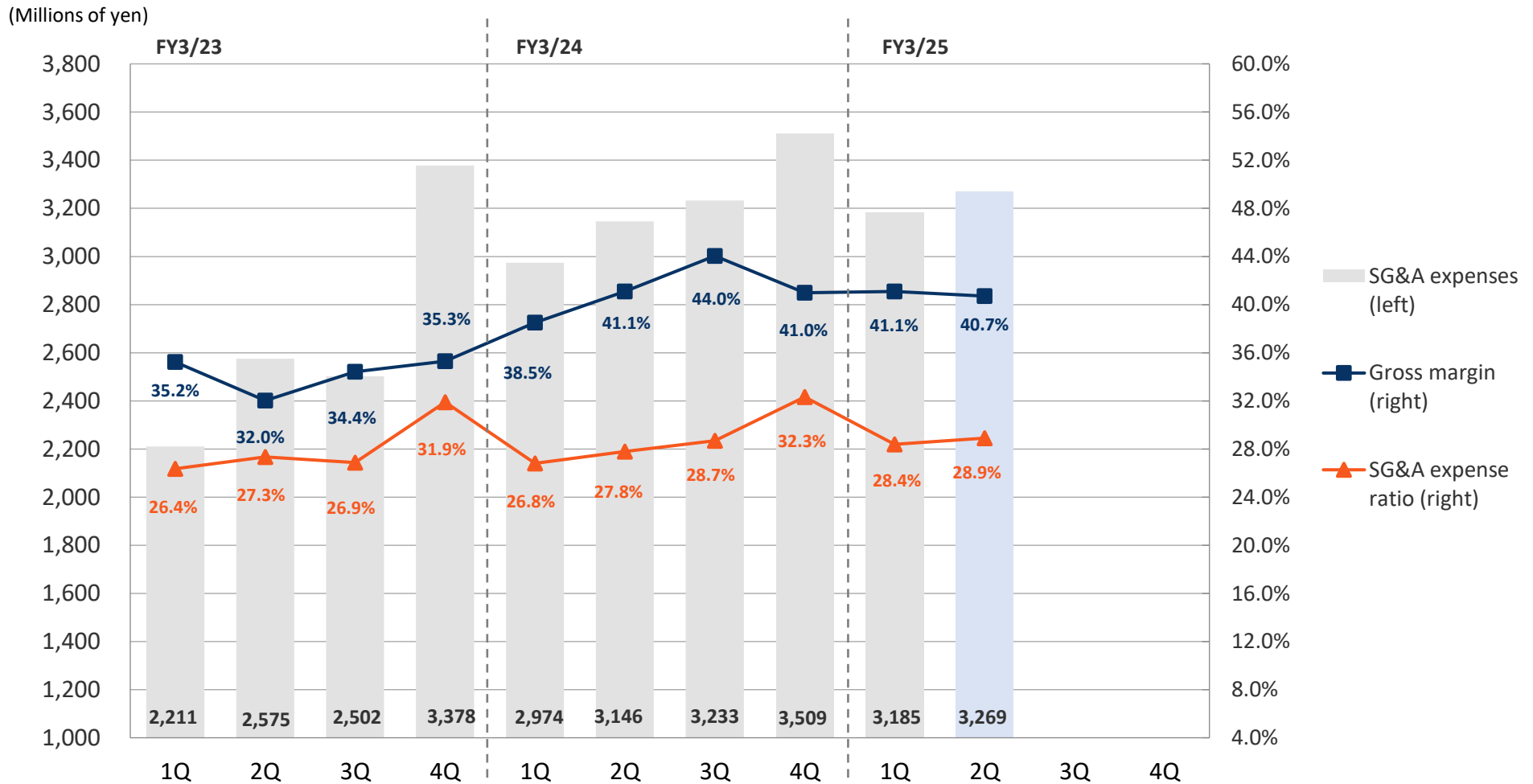
Sales increased from the previous quarter due to strong chemicals market.

Operating profit decreased from the previous quarter due to an increase in bonuses and other expenses.



# Gross Margin and SG&A Expense Ratio (Quarterly)

Despite the increase in SG&A expenses, the gross margin and SG&A expense ratio are at the same level as in the previous quarter.



# Market Overview for Product Categories

Sold in many markets	Major pump applications	Magnetic drive pumps	Metering pumps	Pneumatic drive pumps	Rotary displacement pumps	Air pumps	Systems products
<b>Semiconductor/liquid crystal</b>	Semiconductor production equipment, etc.	●	○	●			○
<b>Medical equipment</b>	Dialysis equipment and clinical trial equipment, etc.	○	○		●	●	○
<b>Surface treatment equipment</b>	Printed circuit board manufacturing equipment, electronic component manufacturing, etc.	●	○				○
<b>Chemicals</b>	Liquid chemical manufacturing, etc.	●	○		○		○
<b>Water treatment</b>	Water purification plant, wastewater treatment, cooling towers, etc.	○	●		○	○	○
<b>New energy</b>	Renewable energy, rechargeable battery production, etc.	○	○		●		○
<b>Others (Food, paper, others)</b>	Food cleansing, cooling applications, etc.	○	○		●	○	○

\* A filled circle means major pumps in each market.



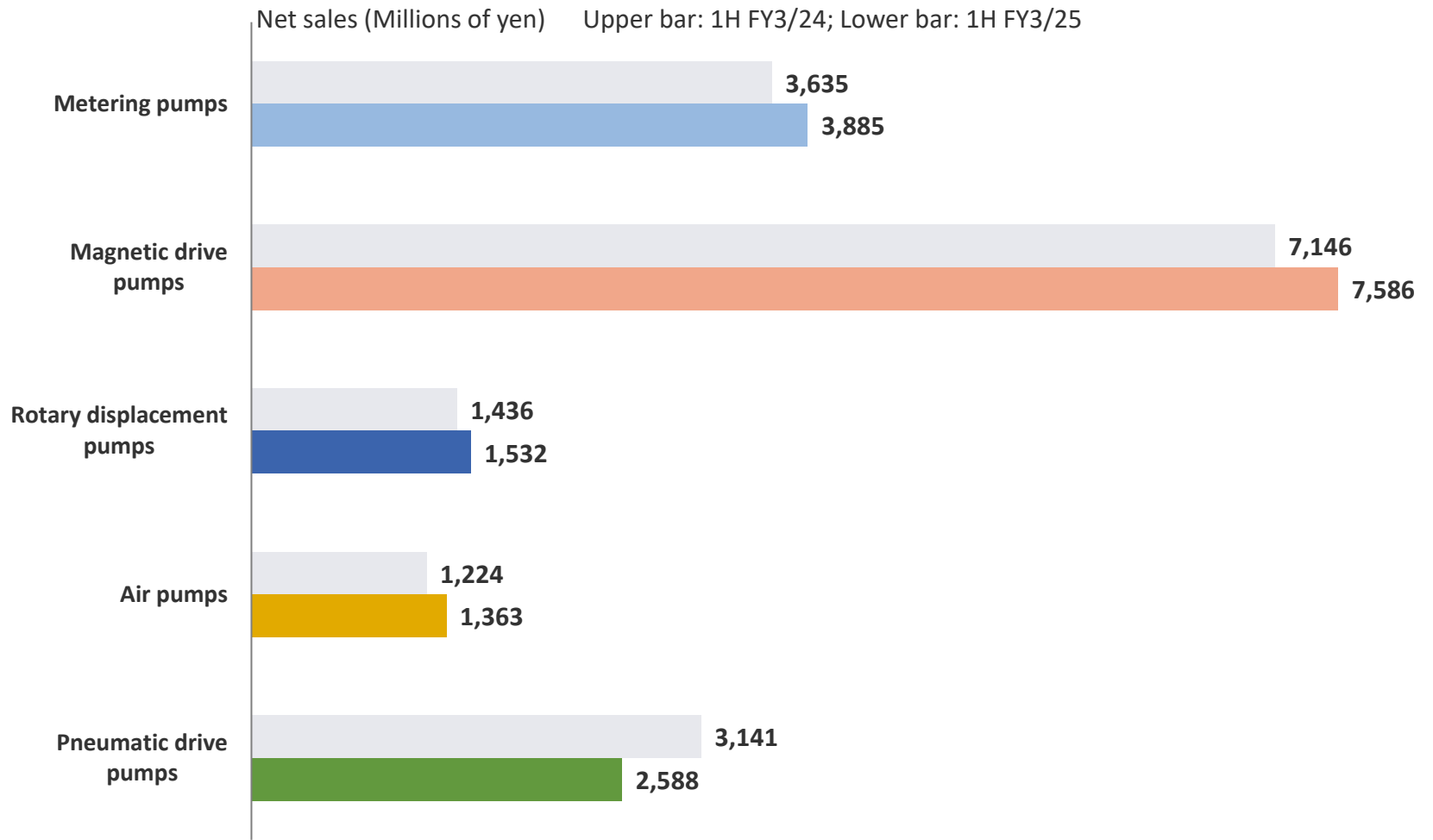
# Profitability of Products

Profitability

High



Low



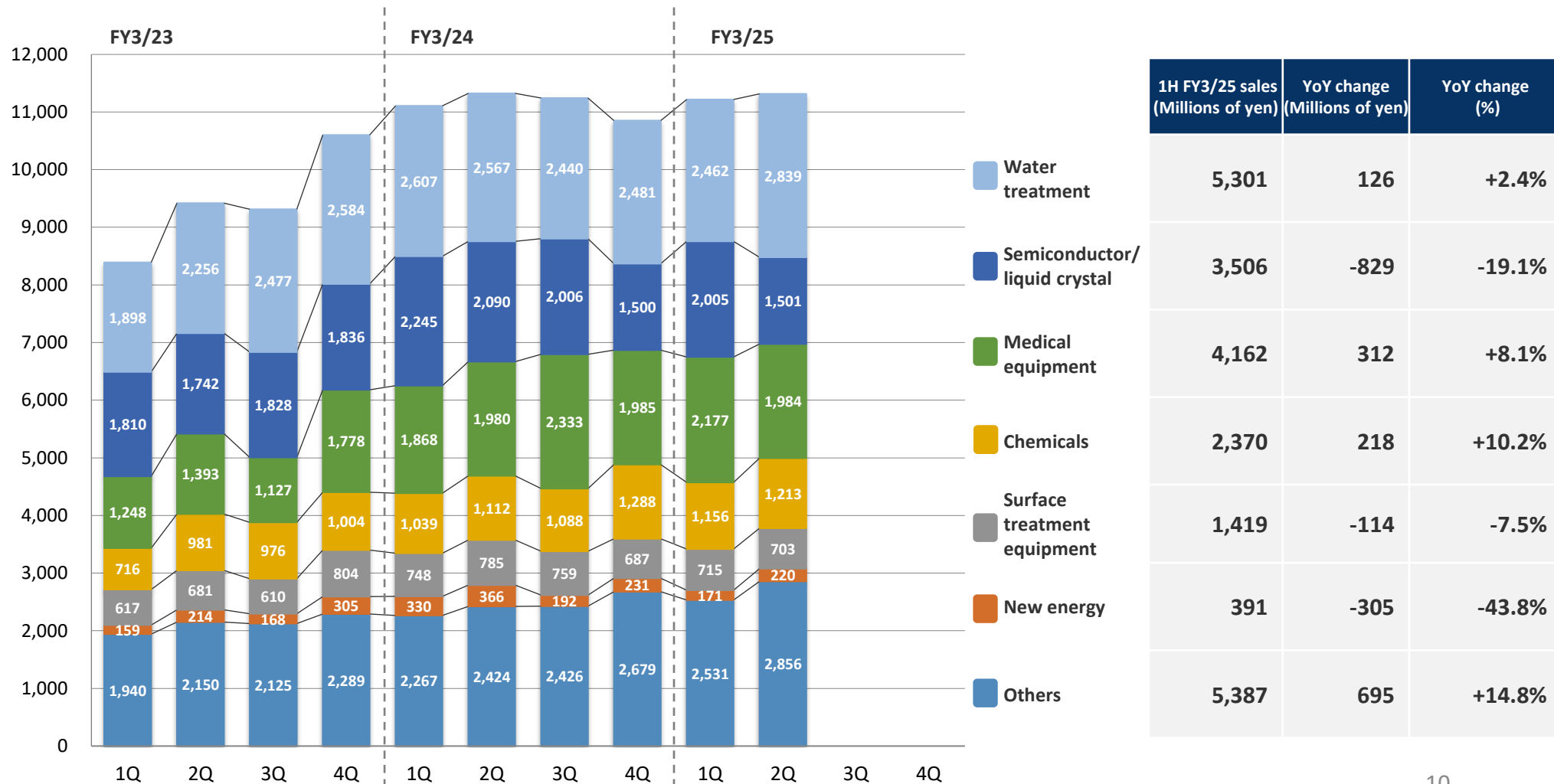
\*Excluding systems products, purchased products and other

# Market Category Sales

In the chemicals category, sales were strong in Japan.

In the medical equipment category, 2Q sales were down slightly from the 1Q but first half sales increased.

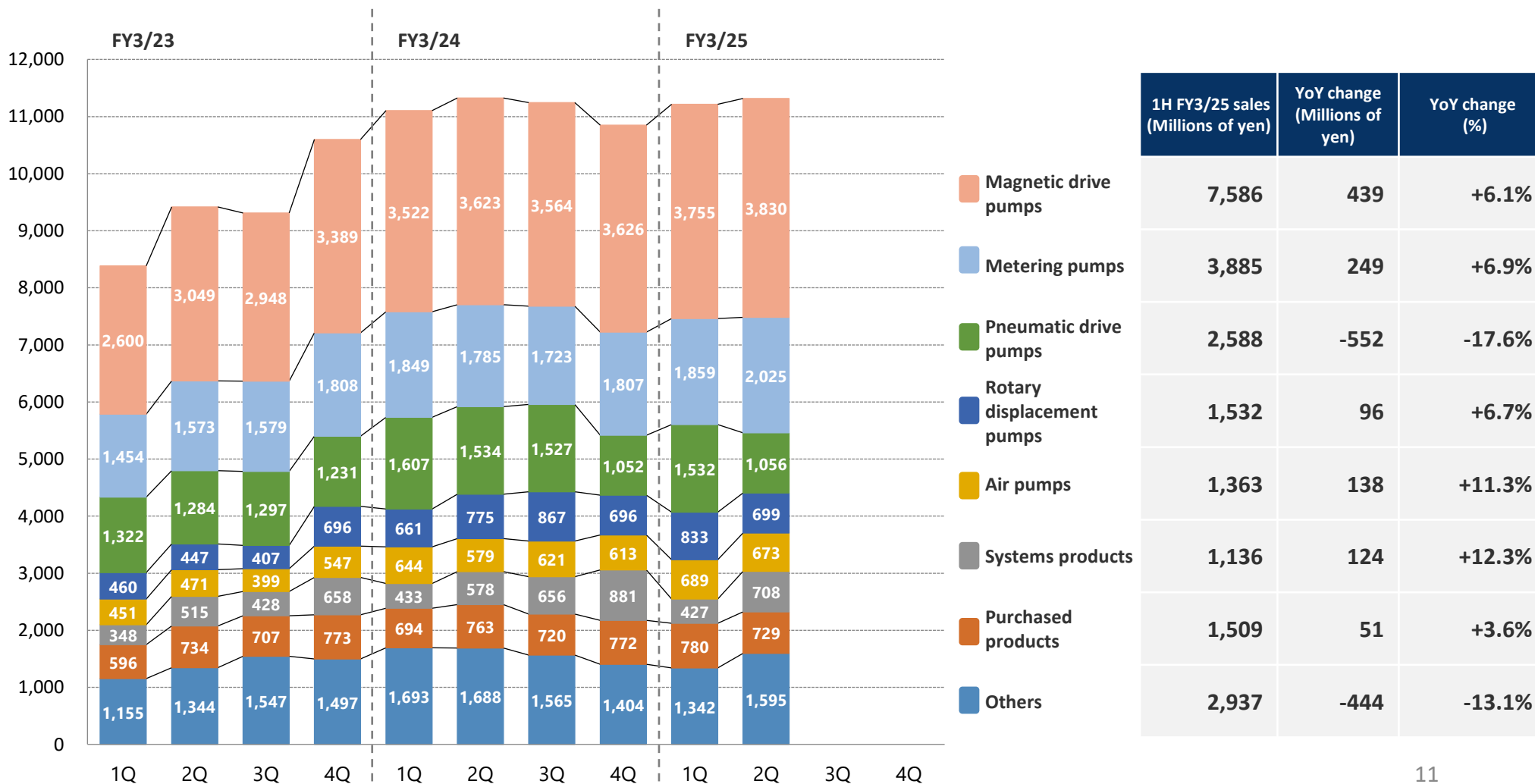
The downturn in the semiconductor/liquid crystal category is continuing. Sales were down from one year earlier and from the 1Q to 2Q.



# Product Category Sales

Strong sales of mainline magnetic drive pumps and metering pumps

Sales of pneumatic drive pumps, primarily used in the semiconductor/liquid crystal category, decreased from one year earlier due to the downturn in this category.

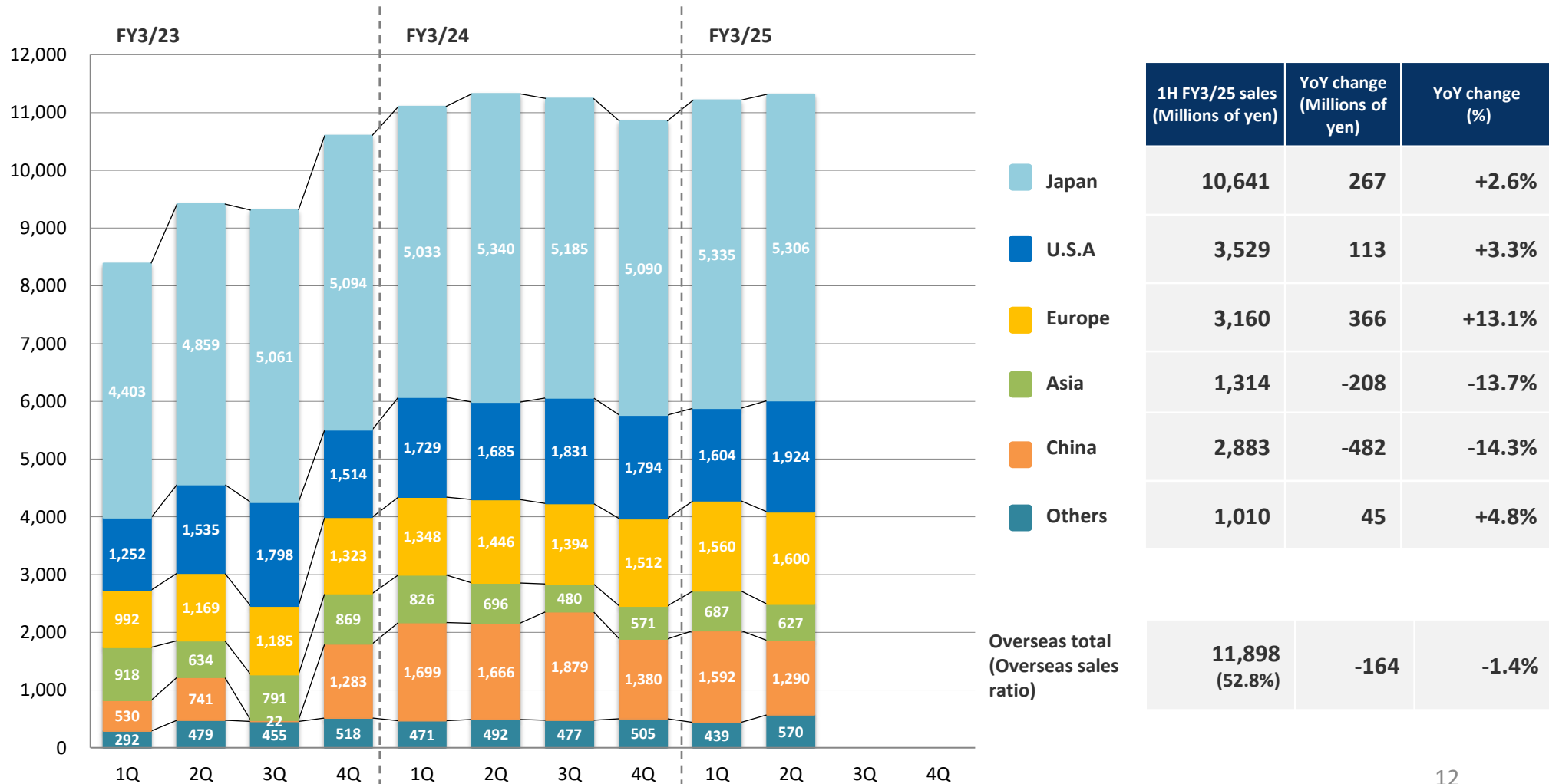


# Regional Sales

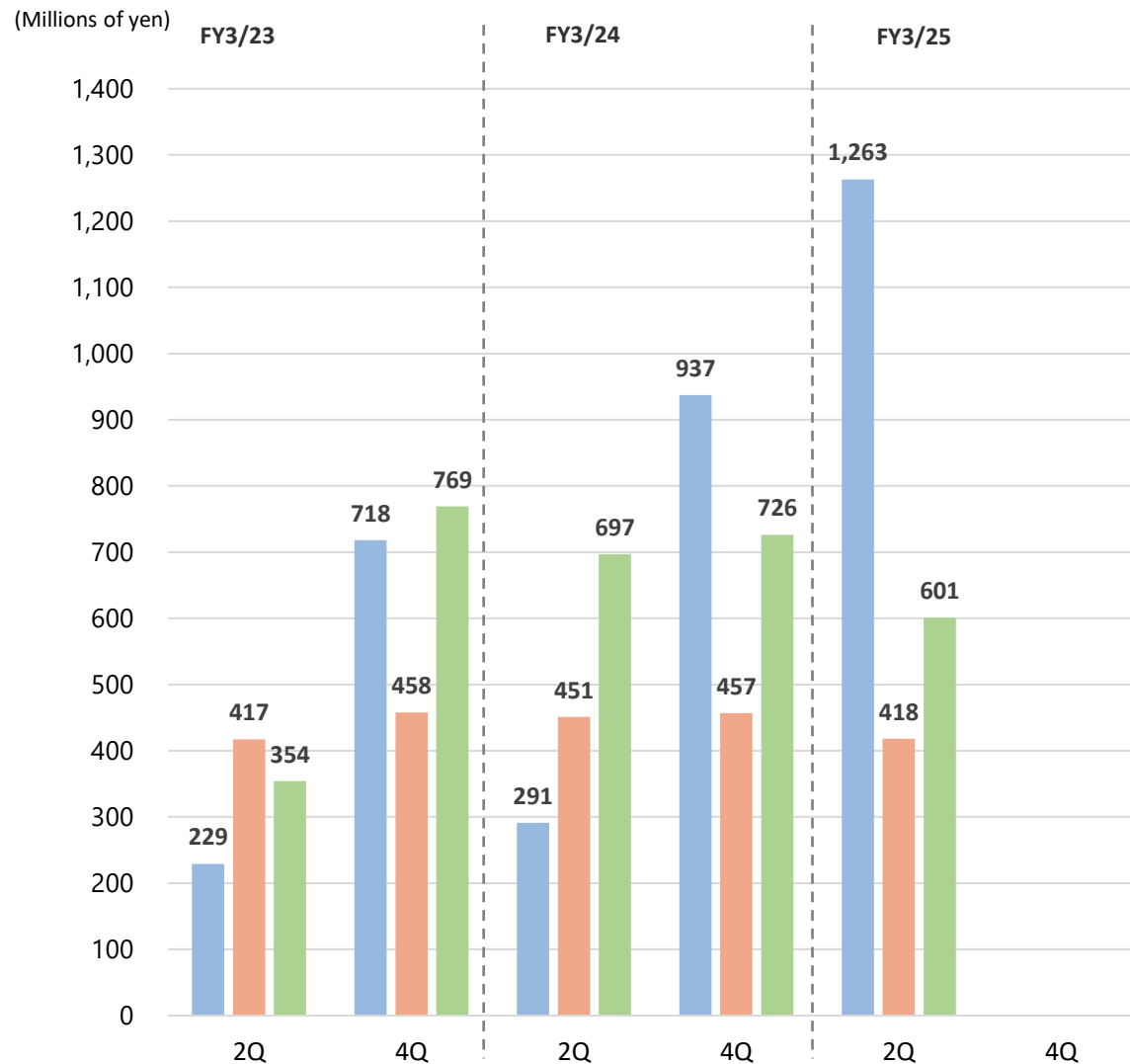


The downturn in the semiconductor/liquid crystal category impacted regional sales.

In Japan, sales increased in the medical equipment and chemicals categories and medical equipment category sales were strong in the United States. In Europe, sales increased for pumps used in cooling applications, which is not one of the six major market categories.



# Capital Expenditures, R&D Expenses and Depreciation (Semi-annual)



	1H FY3/25 (Millions of yen)	YoY change
Capital expenditures	<b>1,263</b>	<b>+971</b>
R&D expenses	<b>418</b>	<b>-33</b>
Depreciation	<b>601</b>	<b>-96</b>

\*A building lease extension at Iwaki America is the primary reason for the big increase in capital expenditures in the 2Q of FY3/25.



## **II. Outlook for FY3/25**

# FY3/25 Forecast



Forecast strong sales in Japan but lower overseas sales because sales of overseas subsidiaries for the first three quarters were already included in 1H results due to their different fiscal year end. In addition, higher expenses are expected, including for large-scale exhibitions and bonuses, and the outlook for market conditions is uncertain. For these reasons, as in the initial forecast, earnings at all levels beginning with operating profit are expected to decrease.

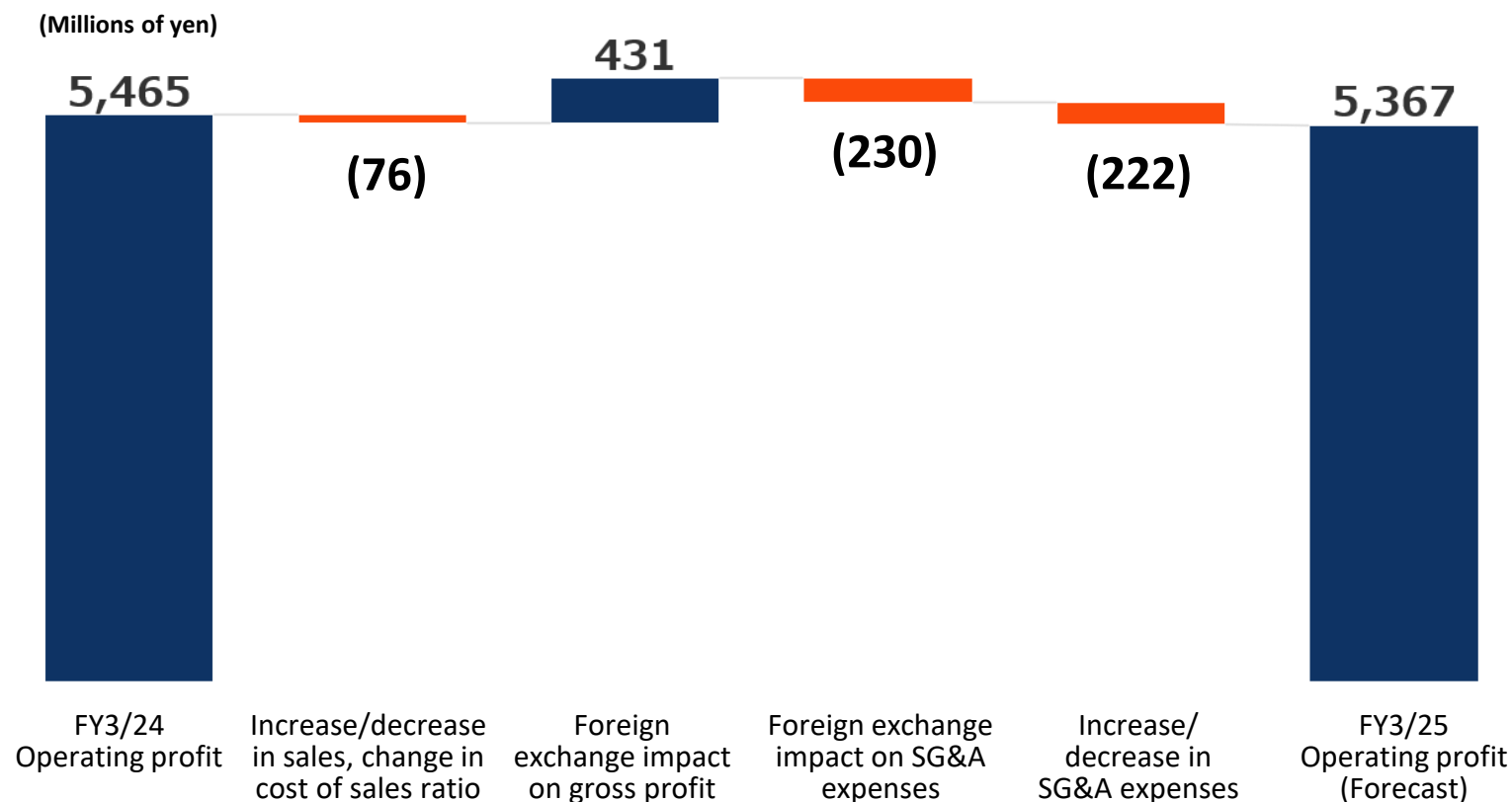
	FY3/24		FY3/25 (Forecast)	
	Amount (Millions of yen)	Amount (Millions of yen)	Differences	YoY change
Net sales	44,539	<b>47,575</b>	3,036	+6.8%
Gross profit (Gross margin)	18,328 (41.2%)	<b>18,683</b> <b>(39.3%)</b>	355	+1.9%
Operating profit (Operating margin)	5,465 (12.3%)	<b>5,367</b> <b>(11.3%)</b>	-97	-1.8%
Ordinary profit	6,222	<b>5,821</b>	-401	-6.4%
Profit attributable to owners of parent	4,459	<b>4,193</b>	-266	-6.0%
Net income per share (Yen)	202.32	<b>189.92</b>	-12.39	-6.1%
Return on equity (ROE)	14.4%	<b>12.1%</b>	-	(-2.3pt)
Return on invested capital (ROIC)	12.8%	<b>11.4%</b>	-	(-1.4pt)
Exchange rate (average)	USD/JPY (Yen)	140.66	146.00	
	EUR/JPY (Yen)	152.10	159.00	
	CNY/JPY (Yen)	19.82	20.30	

# FY3/25 Forecast – Factors Affecting Profitability



Effect of ¥1 exchange rate change	USD	EUR	CNY
Net sales	69 million yen	39 million yen	360 million yen
Operating profit	9 million yen	12 million yen	142 million yen

\*The effects of foreign exchange rates are calculated by using the primary currencies for transactions among subsidiaries within the Iwaki Group. The calculation of the effect of foreign exchange rates for Iwaki Hong Kong Group (IHKG) used the Hong Kong dollar in prior years but also includes the Chinese yuan, which is a primary currency used by IHKG, beginning with the 2Q of FY3/25.





# FY3/25 Market Environment Assumptions

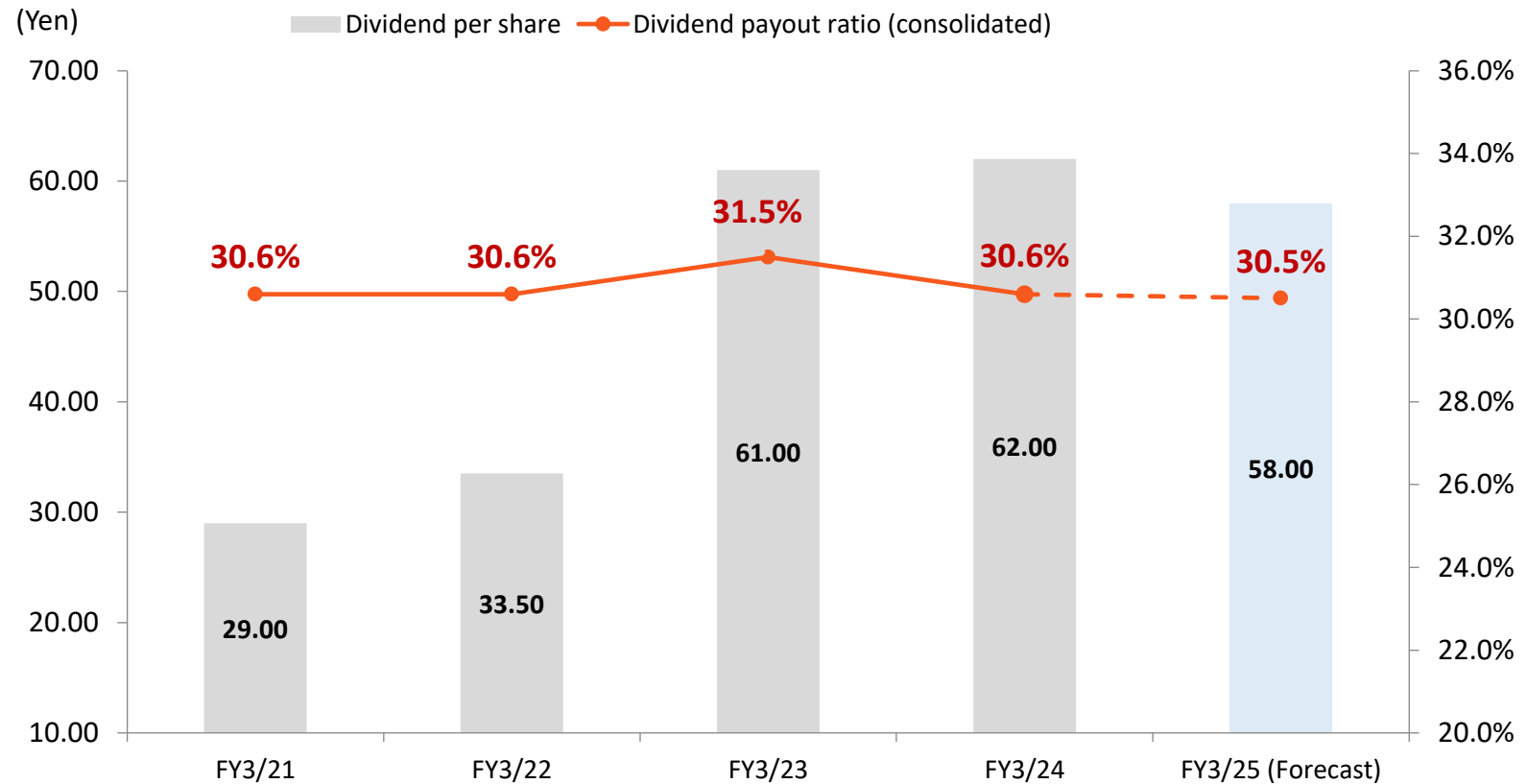
Priority markets targeted for growth

	Japan	Overseas
<b>Water treatment market</b>	<ul style="list-style-type: none"> <li>• Strong public-sector demand for repairs/replacements; in the private sector, the volume of industrial effluent treatment projects remains high.</li> <li>• Higher growth of the disinfection and ionized water markets due to higher demand created by inbound tourism booms.</li> <li>• Disinfection and hydroponics markets are growing for food safety, disaster resilience and other purposes.</li> </ul>	<ul style="list-style-type: none"> <li>• Large volume of water and sewer system expenditures for resilience to natural disasters</li> <li>• Steady capital investment in general industry</li> </ul>
<b>Medical equipment market</b>	<ul style="list-style-type: none"> <li>• <b>Slow sales overall because companies continue to reduce inventories, which are excessive for many materials because companies had purchased materials early to avoid problems created by procurement difficulties</b></li> <li>• <b>Slow sales involving endoscope cleaning equipment because of a large inventory of materials</b></li> <li>• The market for dialysis equipment is recovering slowly</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Slow sales are expected because medical equipment manufacturers in all regions are reducing inventories.</b></li> <li>• <b>The market for clinical trial equipment (immunology analyzers and biochemical analyzers) is beginning to recover as logistics problems slowly end, but the medical equipment market is expected to remain soft as manufacturers of this equipment reduce output.</b></li> </ul>
<b>New energy market</b>	<ul style="list-style-type: none"> <li>• Manufacturers of fuel cells and materials continue to make substantial investments</li> <li>• The battery recycling sector is growing.</li> <li>• Increasing development and investment activities involving hydrogen</li> <li>• Production of household fuel cells is recovering, partly due to government subsidies.</li> </ul> <p>Demand is expected to remain steady.</p>	<ul style="list-style-type: none"> <li>• <b>Demand is decreasing as companies postpone rechargeable battery capital expenditures in response to slow electric vehicle sales in Europe, the U.S. and China.</b></li> </ul>
<b>Semiconductor/ liquid crystal market</b>	<ul style="list-style-type: none"> <li>• <b>Expect demand to remain soft because the expected semiconductor market recovery has not yet started and manufacturing equipment companies are reducing inventories.</b></li> </ul>	<ul style="list-style-type: none"> <li>• The delay of the expected semiconductor market recovery is impacting the business climate but there are signs of the beginning of a recovery in some regions.</li> </ul>
<b>Chemicals market</b>	<ul style="list-style-type: none"> <li>• All sectors of this market are strong.</li> <li>• Strong sales involving chemicals and pharmaceuticals</li> <li>• Low sales for applications involving inorganic chemicals</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial investments in North America by manufacturers of rechargeable battery materials <b>but a big drop in demand in Europe and China because of excessive investments, a shift in policies of automakers and other reasons</b></li> <li>• Large volume of investments in the U.S. for producing chemicals used for manufacturing semiconductors</li> <li>• <b>Negative sentiment about capital expenditures in Europe continues due to the energy shortage</b></li> </ul>
<b>Surface treatment equipment market</b>	<ul style="list-style-type: none"> <li>• <b>Uncertainty about plans of surface treatment equipment manufacturers because of weakness in the semiconductor market</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Unclear outlook for this market because of weakness in the semiconductor market</b></li> <li>• Slow recovery in Asia</li> </ul>

\*Red indicates negative outlooks

## Basic policy

- Dividend payout ratio: more than 30%
- Steady distribution of dividends





## **III. Upcoming Initiatives**

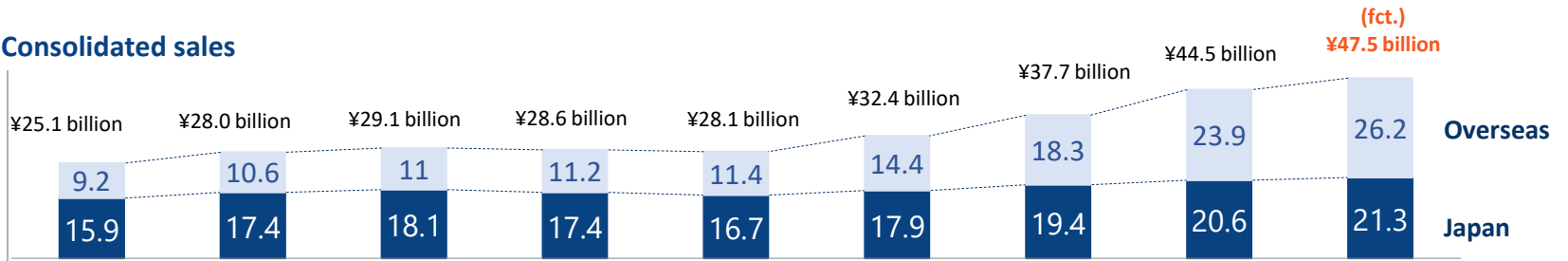
# Overview of the 10-Year Vision

The goals for the fiscal year ending in March 2025 are sales of **¥40 billion** (¥20 billion each in Japan and overseas) and an operating margin of **10%**

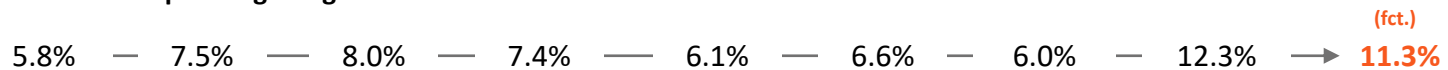
Numerical targets



## Consolidated sales



## Consolidated operating margin



Qualitative targets

**To supply the world's best products as All Iwaki**

– We will work together to supply the world's best products, quality, value, and services –

**“Change & Challenge” is our stance for accomplishing this goal**

– We will firmly establish a corporate culture of never being afraid of change and new challenges –

IWAKI GROUP New vision

To be announced in May 2025

# Our Vision and Our New Corporate Guidelines



Our mission is to always be at the forefront of efforts to advance development in the global markets, industries and communities where we operate while building trust with, and contributing to the happiness of everyone we interact with. We are committed to being a source of value for society by supplying products chosen over others in markets worldwide.

We are determined to remain a corporate group that can meet an even broader range of needs and continue to play a beneficial role in the lives of everyone. With this in mind, we revised our corporate guidelines.

<b>Our mission</b>	Always be at the forefront of efforts to advance development in the global markets, industries and communities where we operate while building trust with, and contributing to the happiness of everyone we interact with	
<b>Our vision</b>	Everyone on our team will work together to arrive at the best solution to each customers' unique needs, thereby growing our business while earning a second-to-none reputation for reliability.	
	<b>Our goal</b>	<b>Our guideline for conduct</b>
	We will lead our industries in developing and delivering reliable products and services that add clear value for our customers, favorable circumstances for our employees.	We will always have a positive attitude and use our creativity and original ideas for constant progress. We will never give up!

## New Corporate Guidelines of the Iwaki Group

(January 1, 2025)

<b>Our mission</b>	Always be at the forefront of efforts to advance development in the global markets, industries and communities where we operate while building trust with, and contributing to the happiness of everyone we interact with	
<b>Our vision</b>	Aid daily life globally, evolving for future needs.	
	<b>Our goal</b>	<b>Our guideline for conduct</b>
	We will provide products, services and job opportunities with substantial value and listen carefully to stakeholders to reflect their requests and needs in our business activities.	We will always have a positive attitude and use our creativity and original ideas for constant progress. We will never give up!

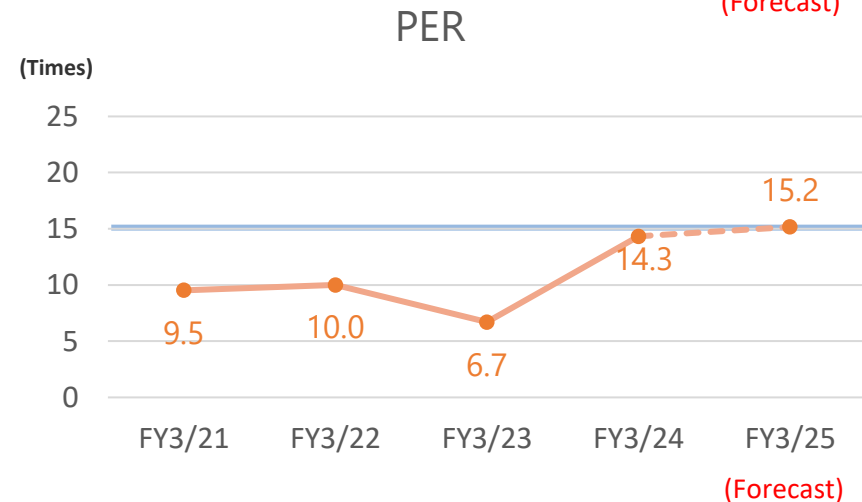
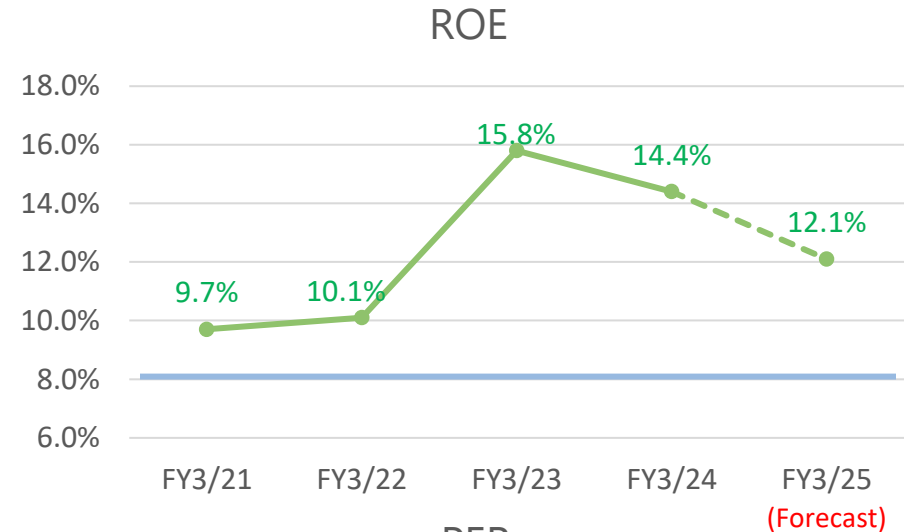
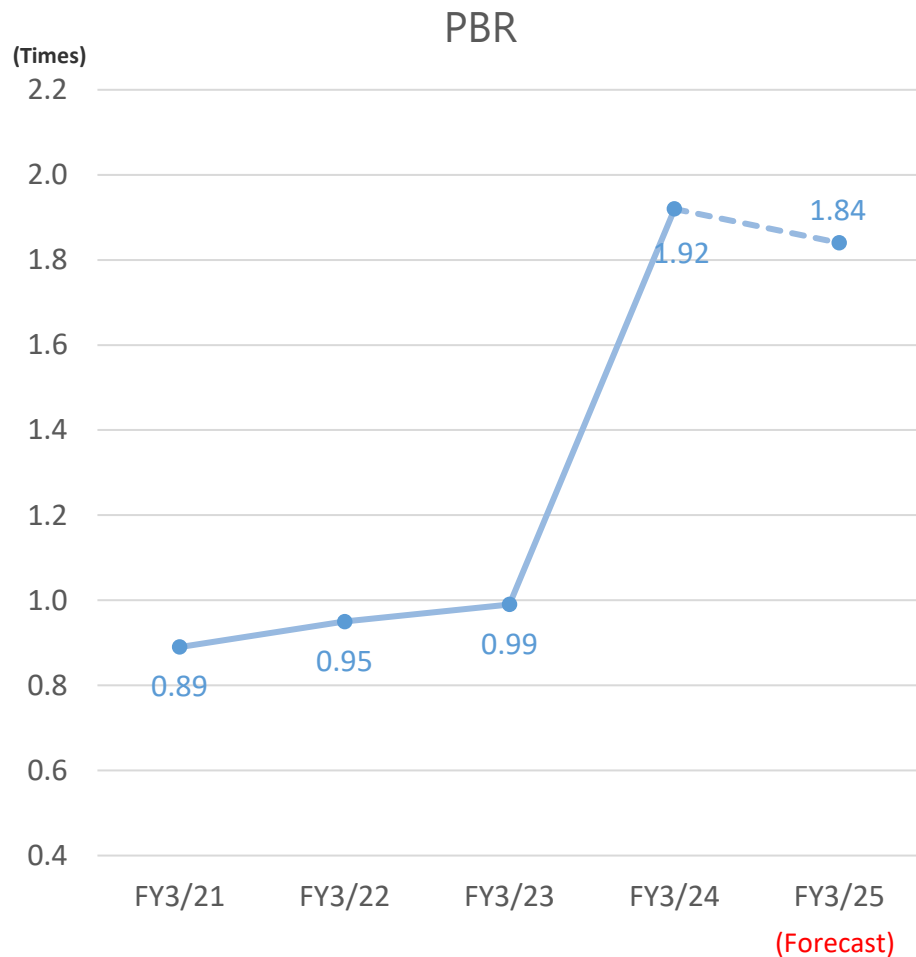


We will continue to focus our energy on achieving our vision while being a source of value for all stakeholders and earning a reputation as a corporate group that people like.

# Management with Emphasis on the Cost of Capital and Stock Price

The PBR is a reflection of a company's ROE, an indication of current earnings, and PER, an indication of investors' expectations for Iwaki's growth. Although the PBR finally surpassed one in FY3/24, the PER is still somewhat low in relation to the industry average.


Achieving a steady increase in the PBR and ROE will require actions based on a medium to long-term perspective as well as the disclosure of more information about these actions.





## **IV. Appendix**

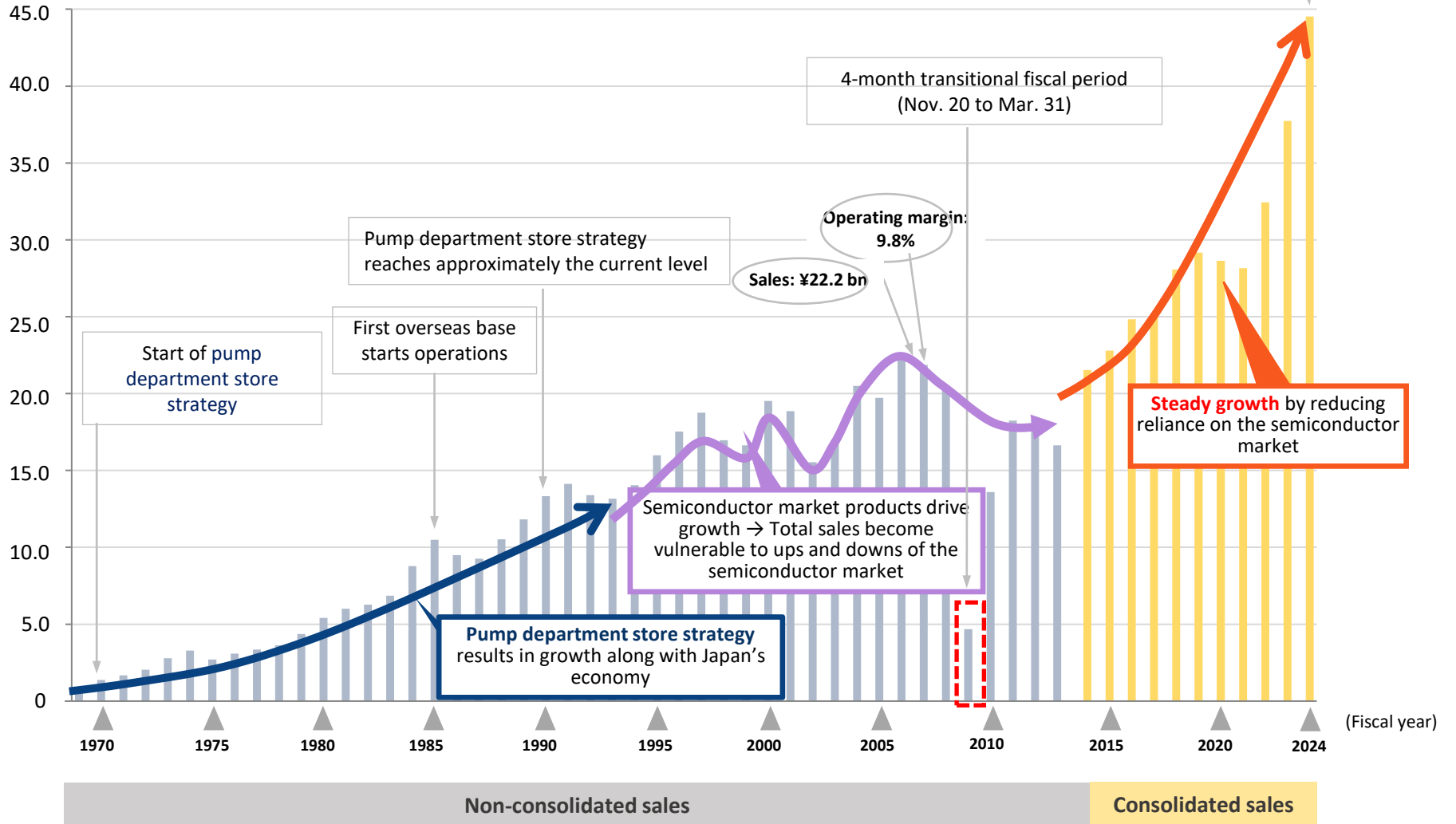


<b>Name</b>	IWAKI CO., LTD  <b>A manufacturer of a broad line of chemical pumps</b>
<b>Establishment</b>	April 10, 1956
<b>Representative</b>	Shigeru Fujinaka
<b>Head office</b>	2-6-6, Kanda Suda-cho, Chiyoda-ku, Tokyo
<b>Capital</b>	1,044.69 million yen
<b>Number of Employees</b>	Consolidated: 1,124/Non-consolidated: 788 (as of the end of March 2024)
<b>Business</b>	Development, manufacture, purchase, sale and other activities for chemical pumps and pump controllers and other pump peripherals
<b>Listing</b>	Prime Market of the Tokyo Stock Exchange Trade name: <b>Iwaki Pump</b> /Stock code: <b>6237</b>



## Sales

(Billions of yen)





**Chemical pumps** are used for the transmission of chemicals and other substances



Unlike water pumps, chemical pumps are used for the transmission of many types of liquids, including sulfuric acid and other hazardous chemicals.



**Chemical pumps must meet very high safety standards (No leaks)**

**1**

**A diverse lineup of products  
to meet our customers' requirements**

**2**

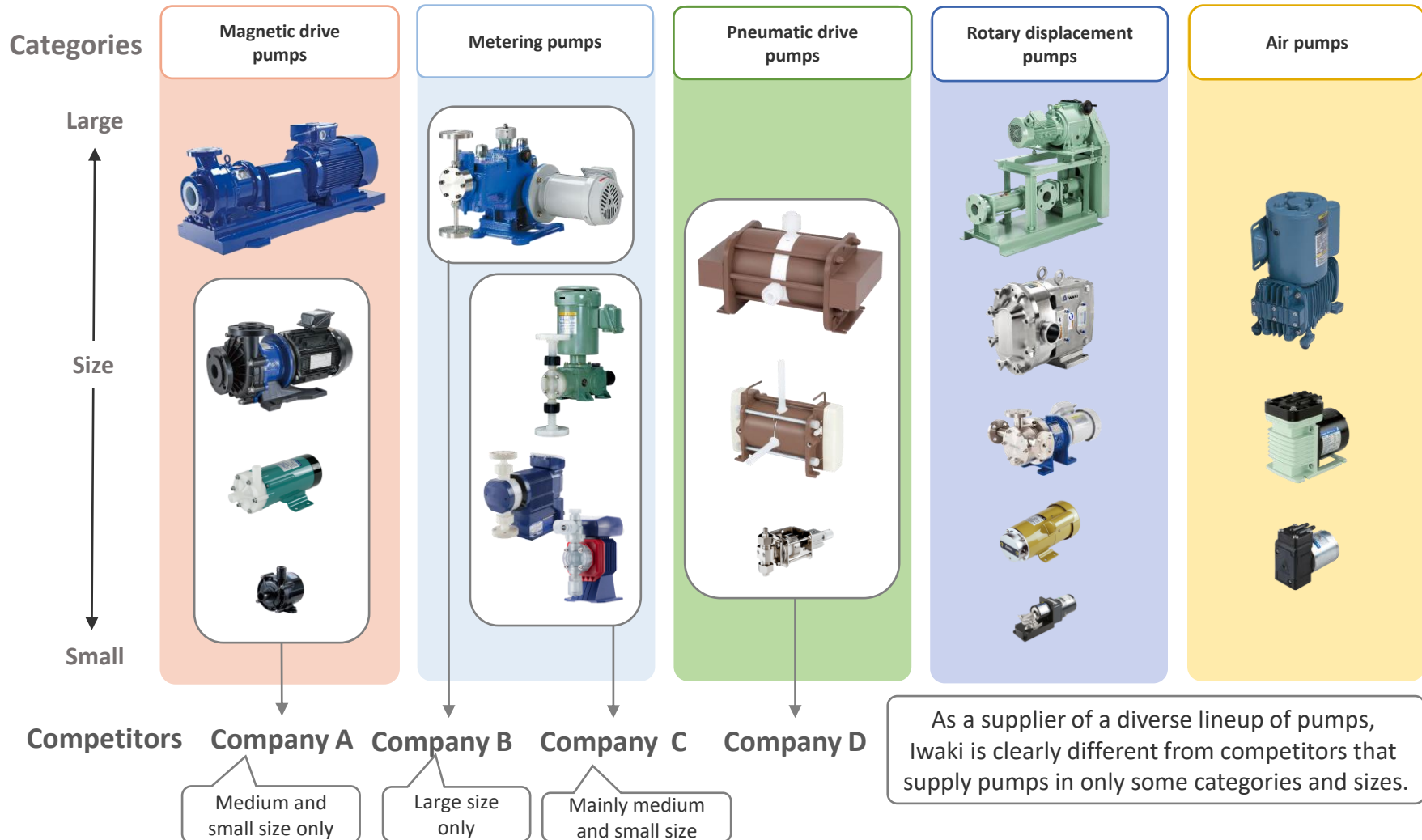
**Strong customer support backed by a  
global production, sales and support infrastructure**

**3**

**Able to create solutions using fluid control functions  
centered on pumps**

# A Large and Diverse Product Lineup

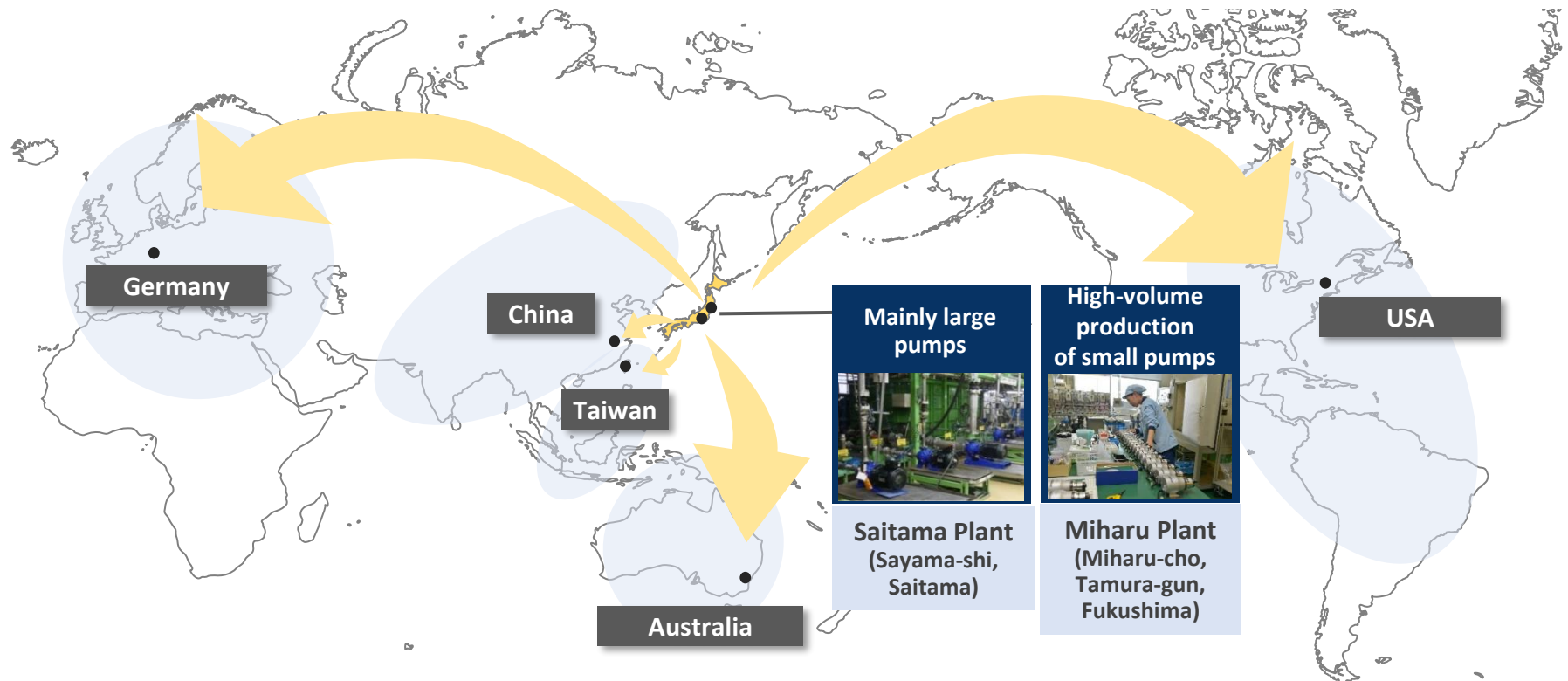
More than 60 series of pump models and **tens of thousands of models**  
A **one-stop source** of comprehensive solutions for a broad array of pumps



**Annual capacity of around 800,000 units** with the ability to make many models in small quantities

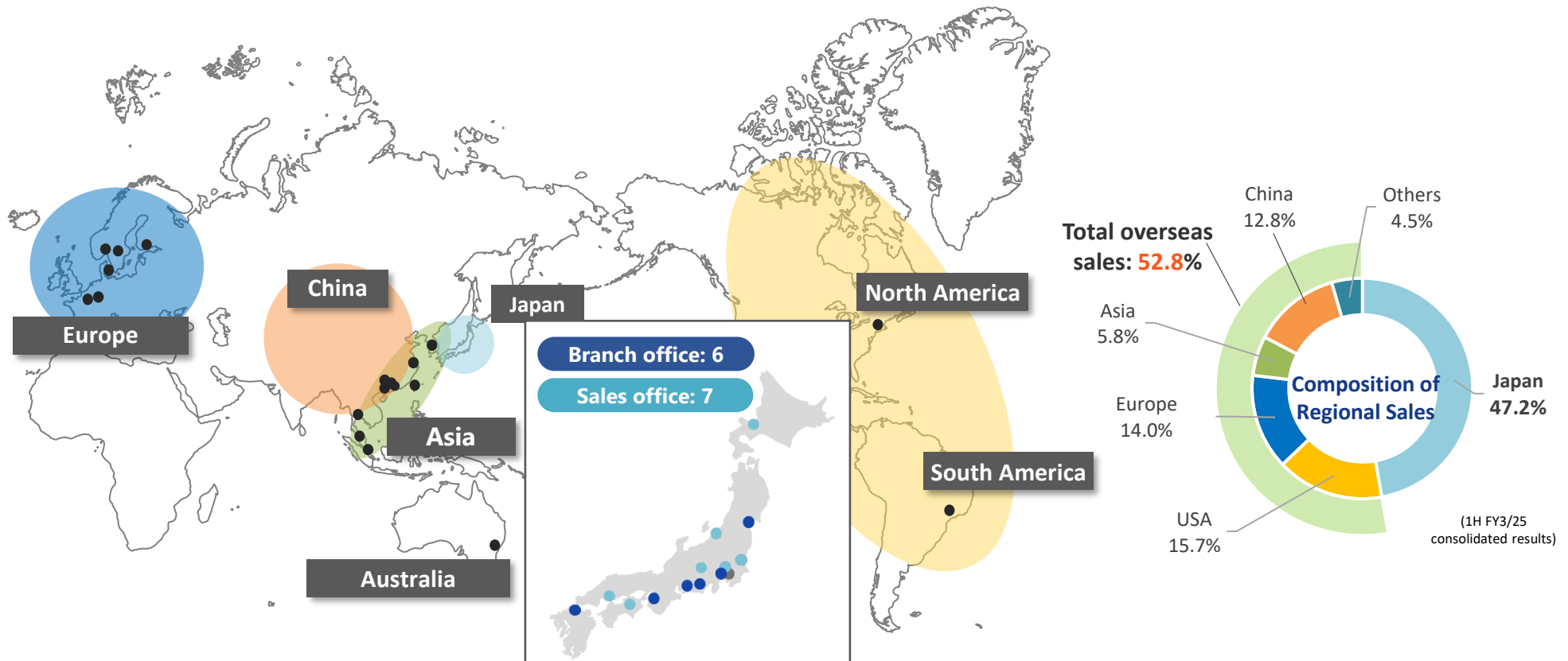
**Japan:** Small-lot production of many models and highly reliable quality assurance systems

**Overseas:** Five locations manufacture pumps using main parts (knock-down manufacturing), resulting in efficiency for deliveries and inventories

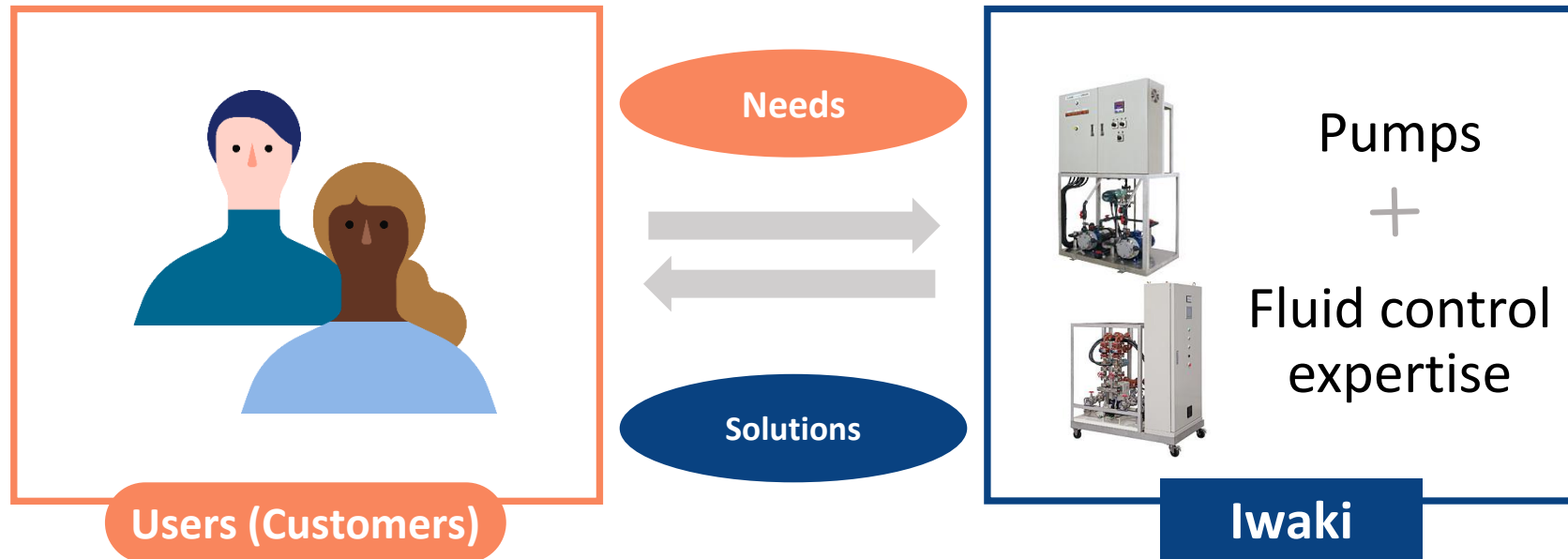


Branch offices and sales offices in 13 major cities in Japan in addition to the head office

A worldwide sales and service network with 20 group companies in 15 countries



Iwaki uses pumps and fluid control expertise to create **solutions** that match the **needs** of every customer





The Heart of Industry

We will continue to support industries at the forefront to contribute to the development of society and the happiness of people



For more information:  
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Operating hours: 9:00 to 17:30

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