



# Financial Result

## Fiscal Year ending March 2011



May 20, 2011



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2. Activities conducted by each division for New Three-Year Management Plan
3. EKK's activities for the Nuclear Power Stations



# 1. Business Report



## 1. The Status of Damage and Measures in response to the Great East Japan Earthquake



# Damage and Impact



## 1. Extent of the damage in EKK group and employees

All of employees of EKK group (Regular, Temporary, part time) were safe.

Damage to the business center and office was minor and light.

## 2. Extent of the damage in the suppliers

Search of alternative sources and materials due to the damage of a part of sub-suppliers

## 3. Little impact on business performance in FY 2010

**No impact on production and business management**



# Response to the Disaster Damage



1. Monetary donation for assisting relief and recovery effort  
(40 Million yen in total )
  - 5 Mil yen to the offices in Ibaraki, Iwate, Miyagi and Fukushima prefectures respectively
  - Additional 20Mil yen to Japan Red Cross
2. Response to Restrictions on summer power consumption
  - Adoption of private power generation to Saitama and Niigata production site
  - Review of working time and shift
3. Review of BCP ( Business Continuity Plan )
  - Response to the widespread disaster
  - Review of production sites and suppliers



# 1. Business Report



## 2. Outline of Closing account and Two-Year Reform Plan



# Outline of EKK group



- Established : Oct. 1964  
Independent mechanical seal division from NOK
- Sales : ¥ 100,000,000,000 (FY2011 Plan)
- Consolidated subsidiaries : 17 countries, 41 companies
- Other affiliated company : 34 countries, 61 companies
- Number of employees : 5,000 (consolidated)  
(Japanese 2,000 Non-Japanese 3,000)

Growing global midium-established firm



# Overview of EKK group



Transport related

**Automotive • Construction Machinery Industry Business**

Sales : 55 bln Yen

**Marine Industry Business**

Sales : 10 bln Yen

**Aerospace Industry Business**

Sales : 5 bln Yen

Products used for transport equipment related to land, sea and air

*~Driven by EKK and its fully owned subsidiaries~*



General Industry related

**EagleBurgmann Business**

Sales : 30 bln Yen



Mechanical seals, sealing devices used for pumps and compressors in Petrochemical and Refinery plants

*~ Strengthen global service network with Burgmann Germany based on business capital tie-up and alliance ~*

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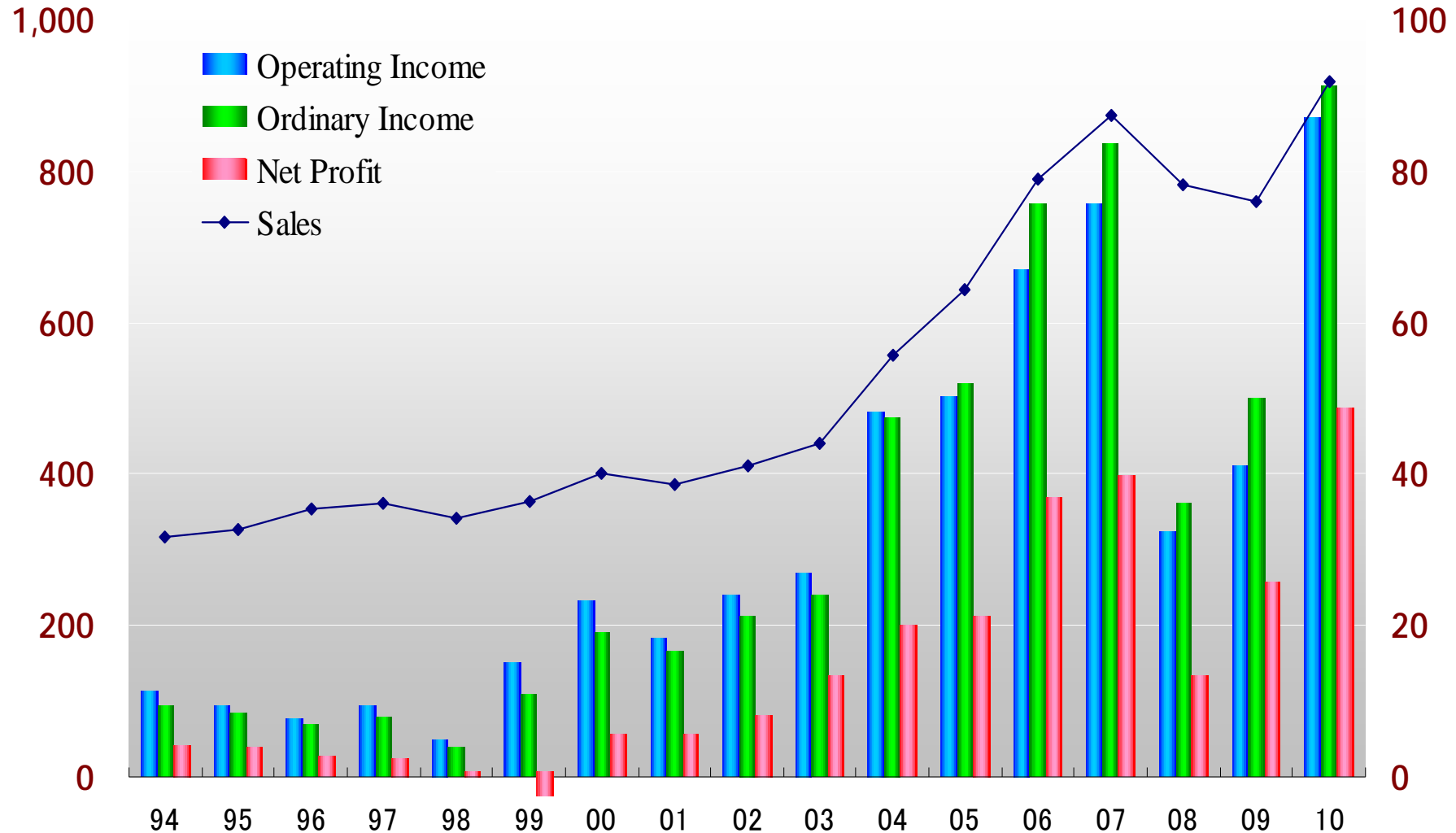


# Business Results



Sales ( 100Mil JPY )

Profit (100Mil JPY)



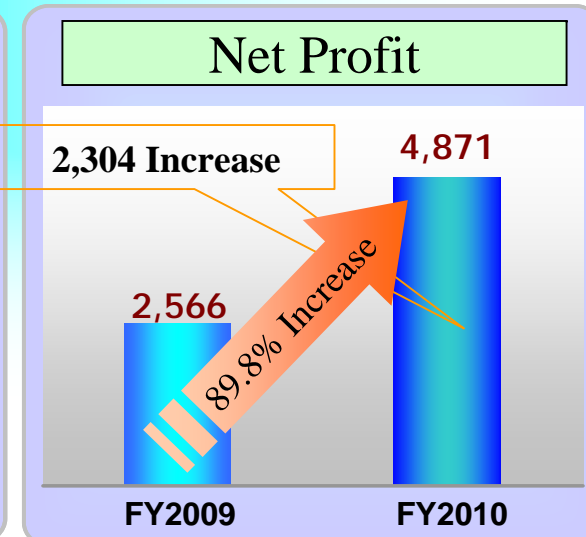
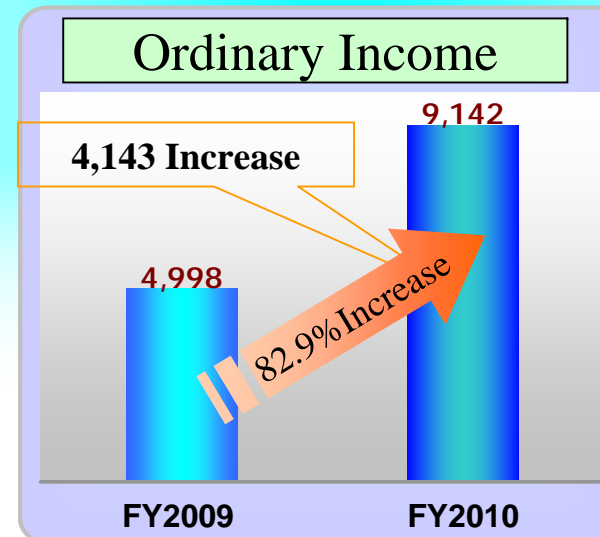
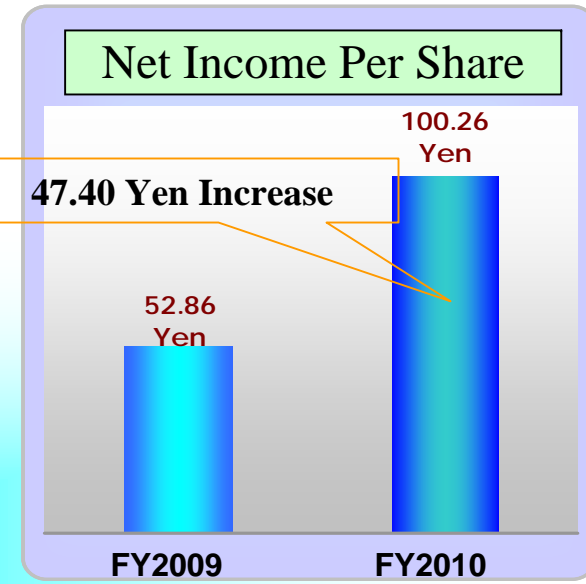
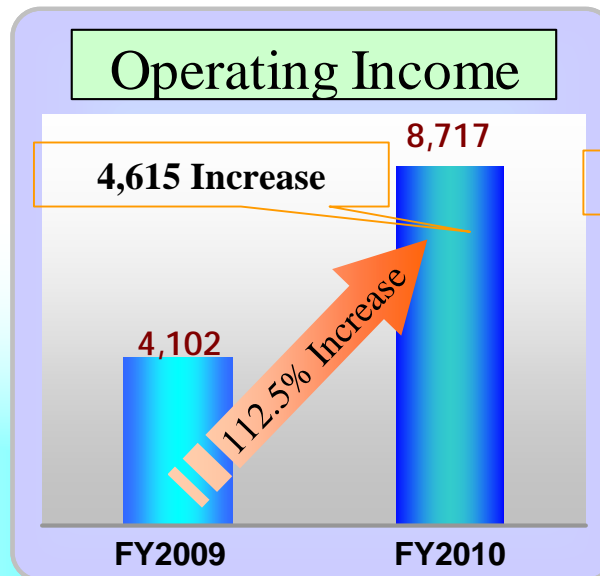
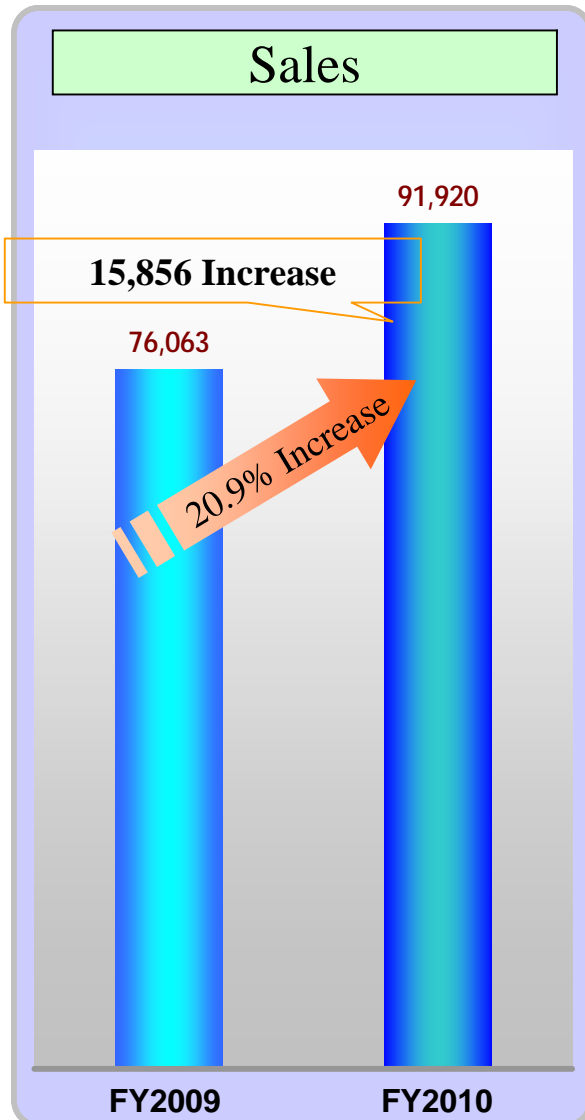
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# FY2010 Results



【Unit:Mil JPY】

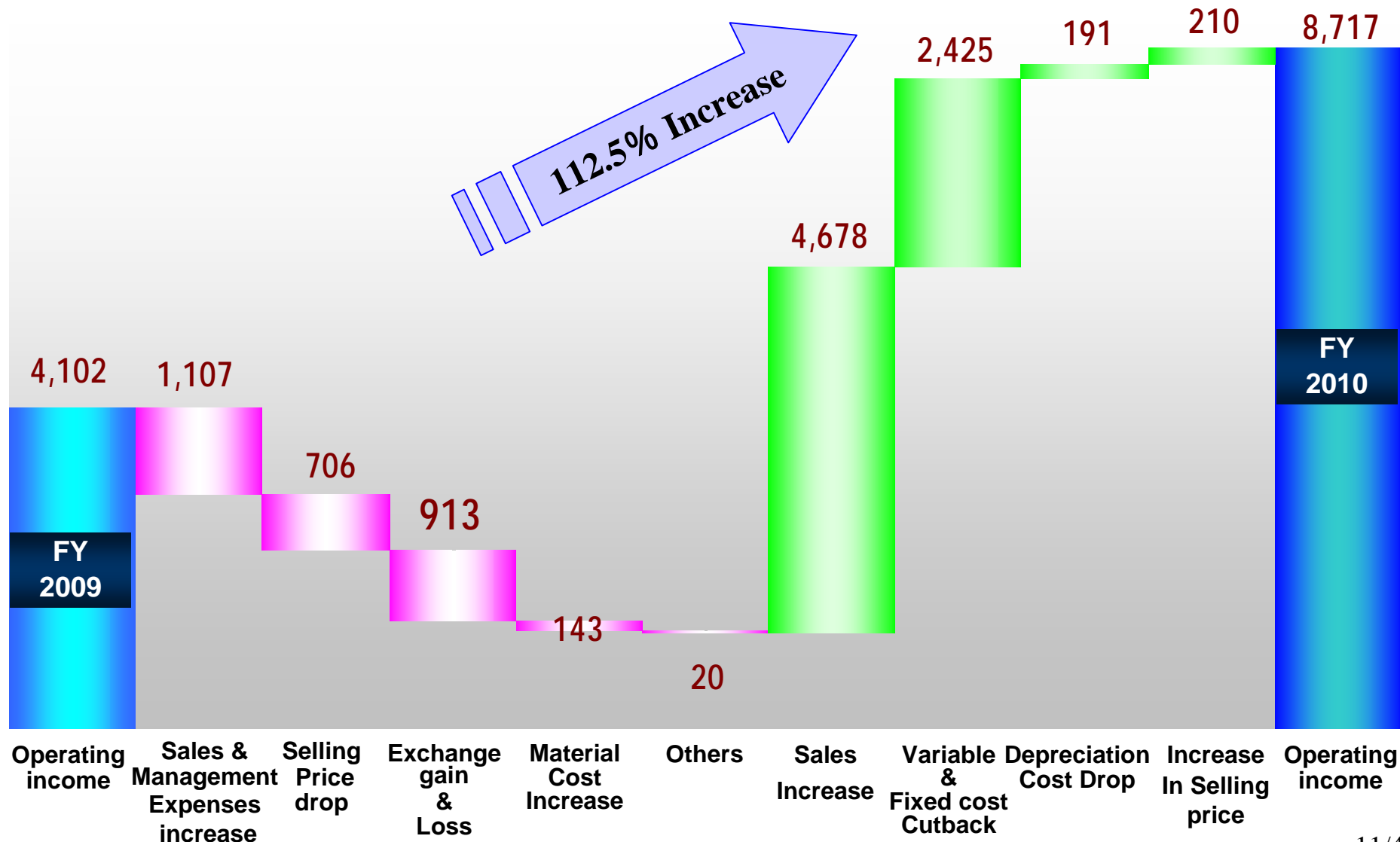




# Operating Income Comparison 【Contributing factor】



【Unit:Mil JPY】





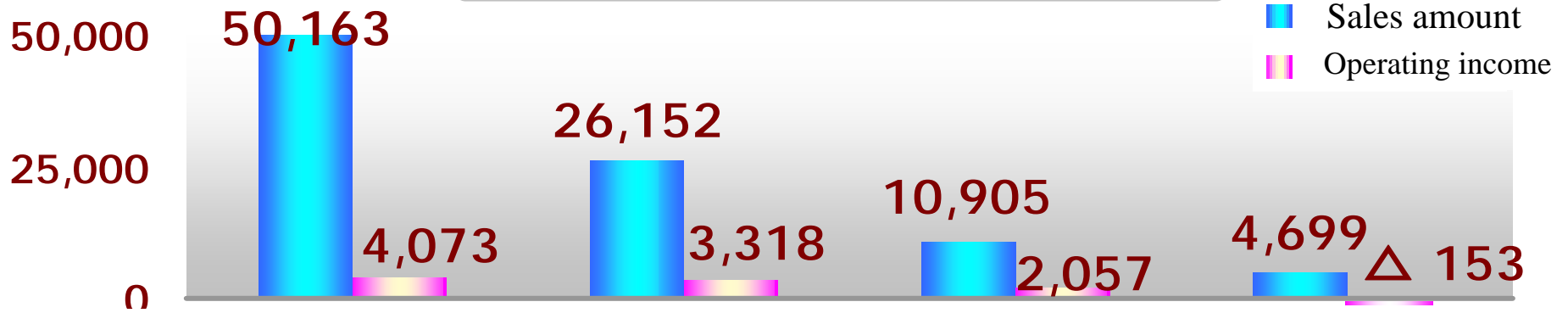
# Sales and Operating Income by Industry



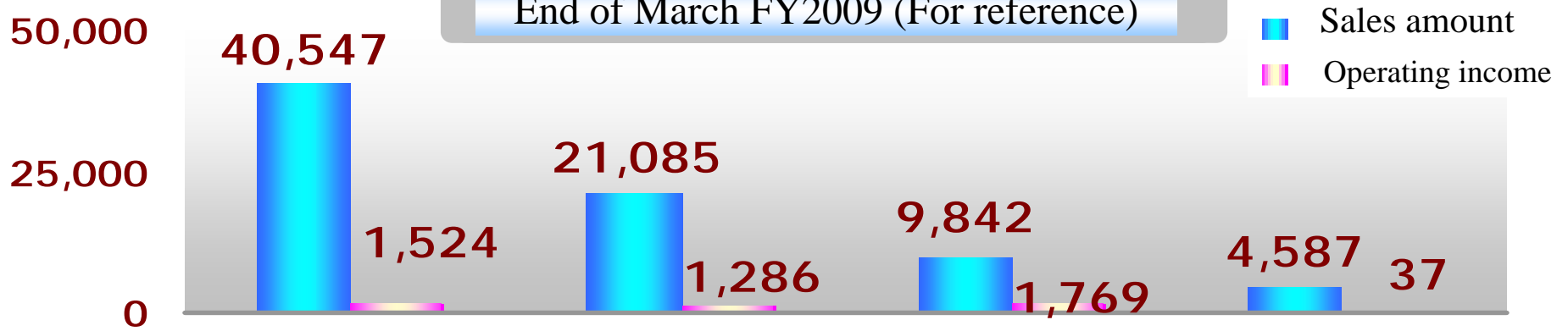
【Unit:Mil JPY】



End of March FY2010



End of March FY2009 (For reference)

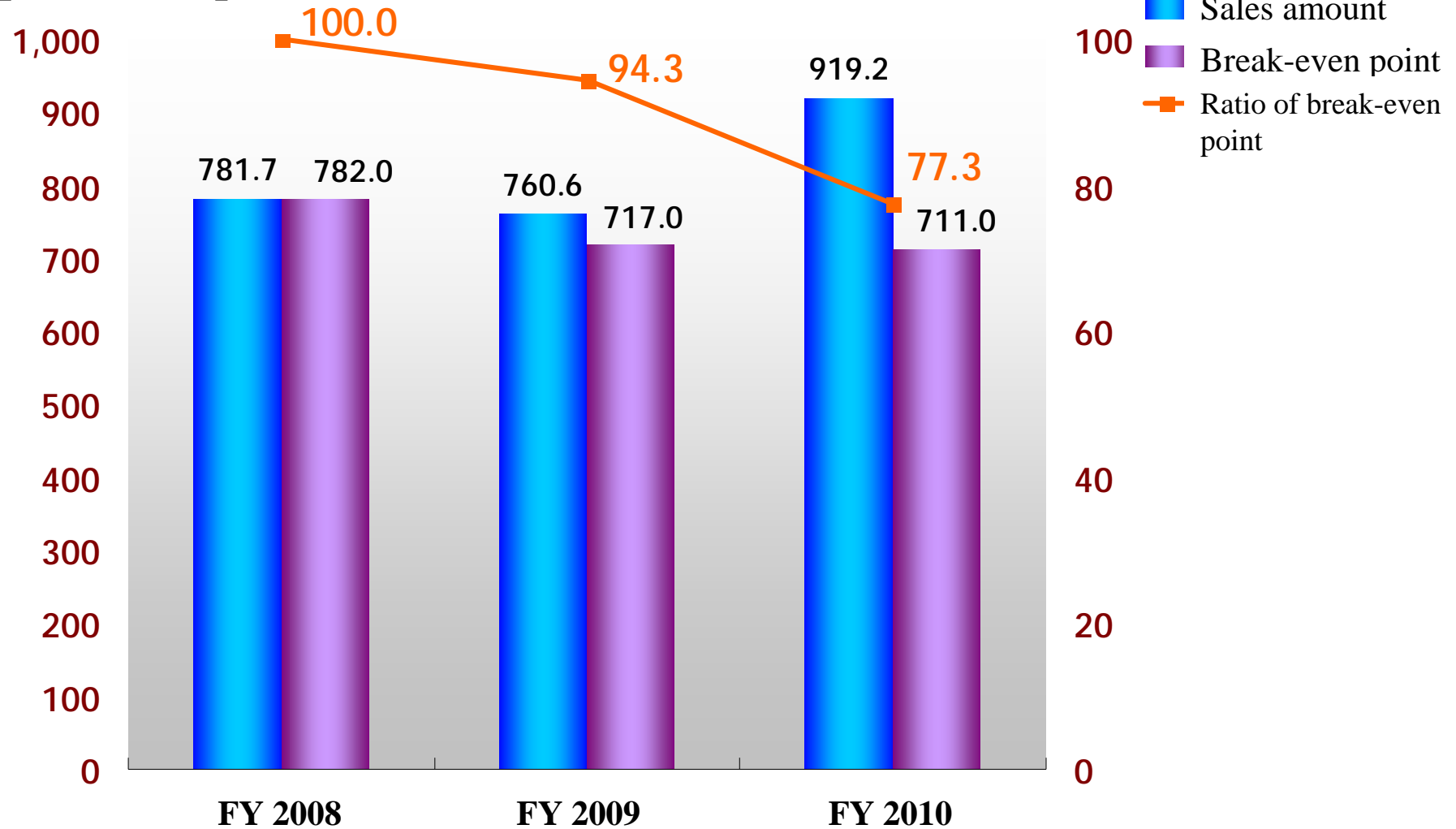




# Break-even point



【100Mil JPY】



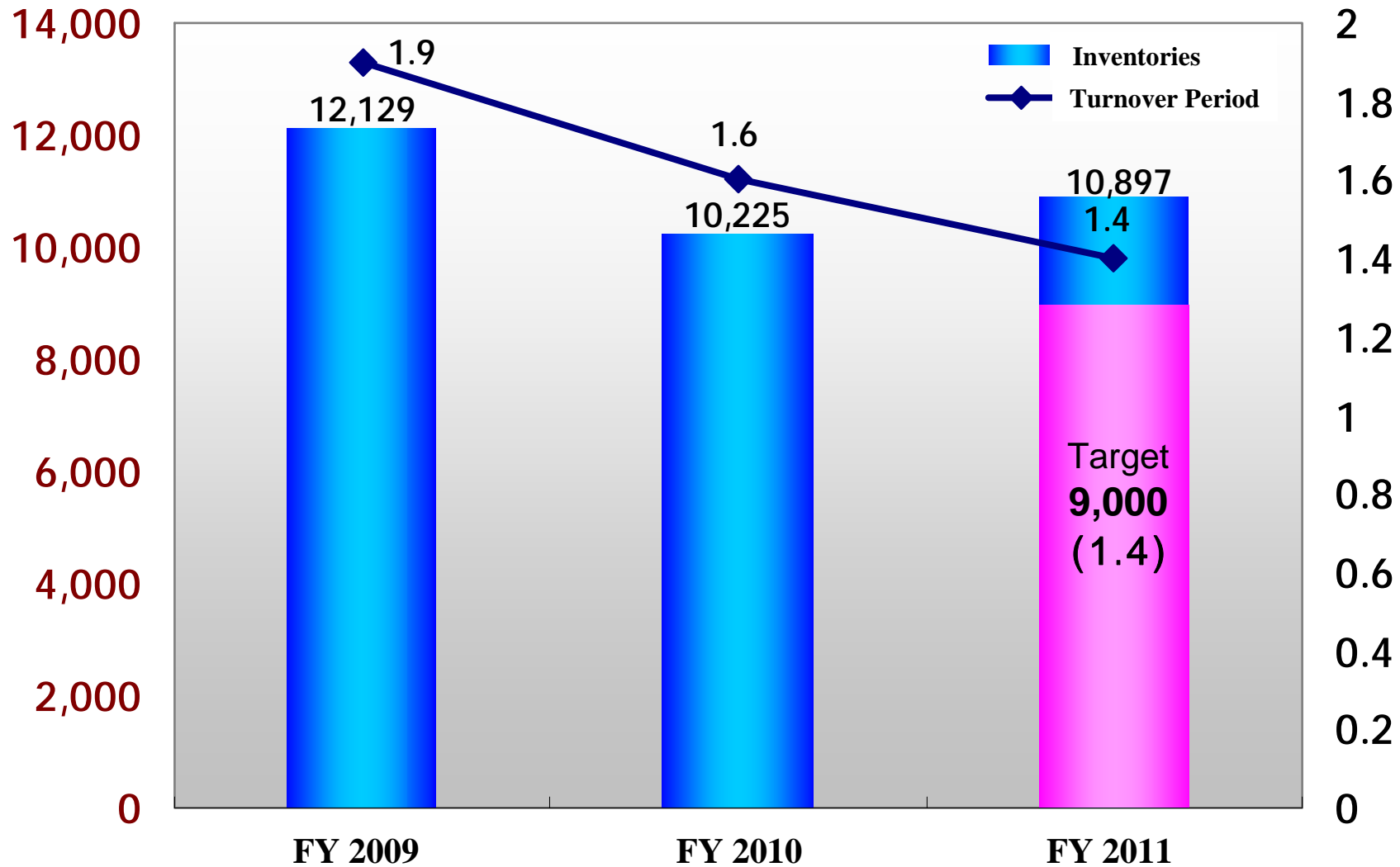


# Inventories



( Unit:Mil JPY )

( Month )

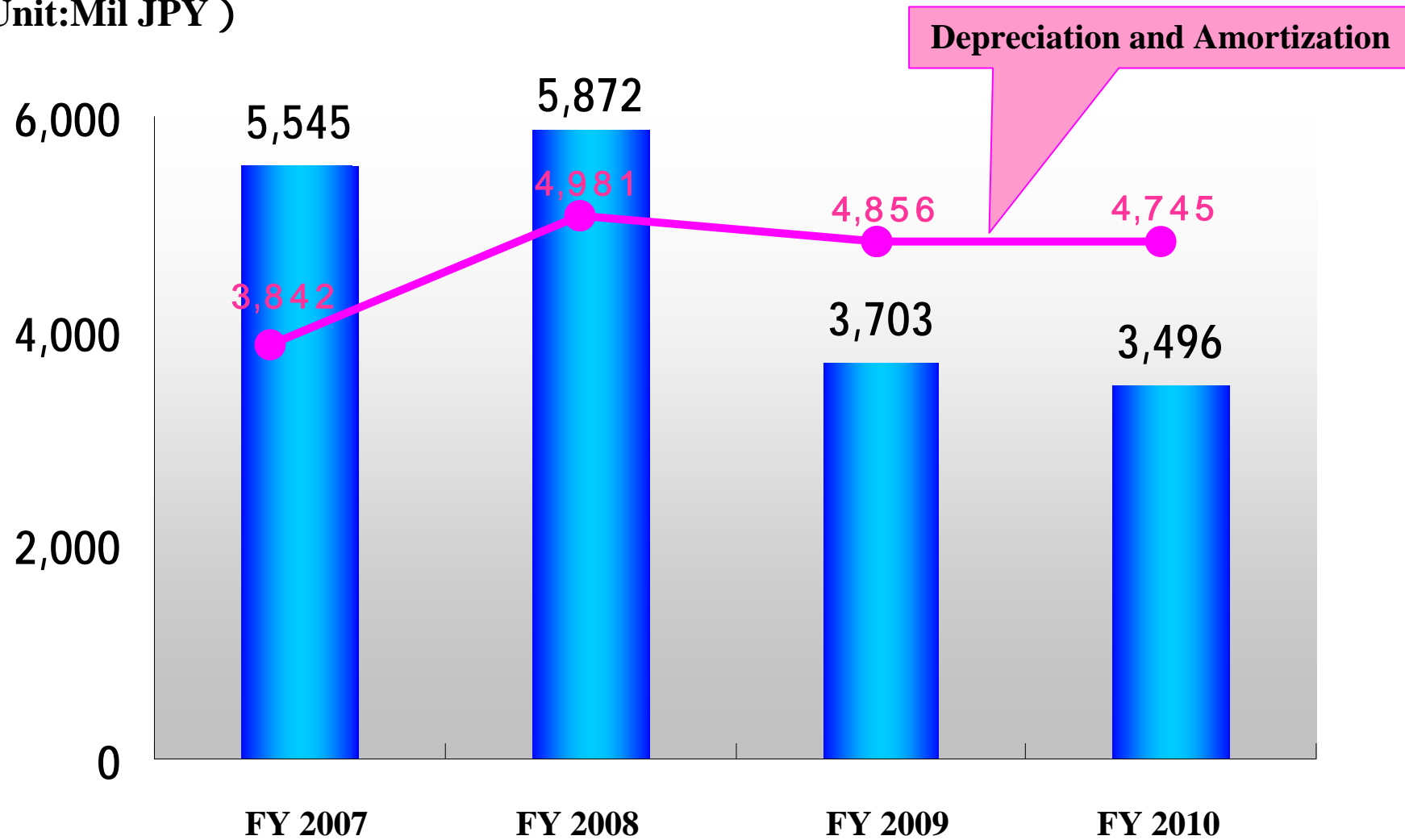




# Capital Expenditure



( Unit:Mil JPY )





# 1. Business Report

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## 3. FY2011 Forecast

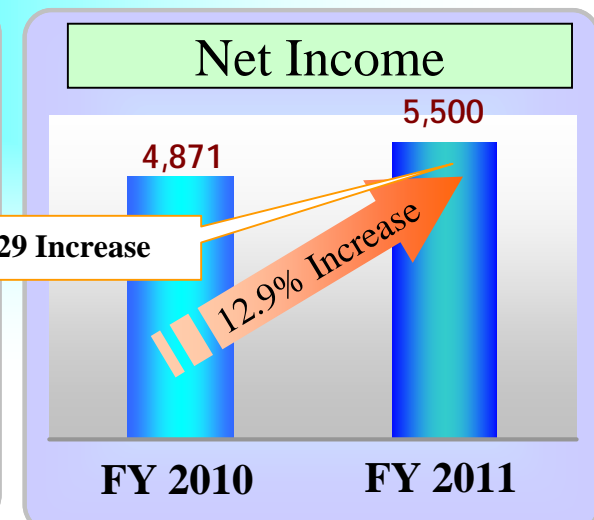
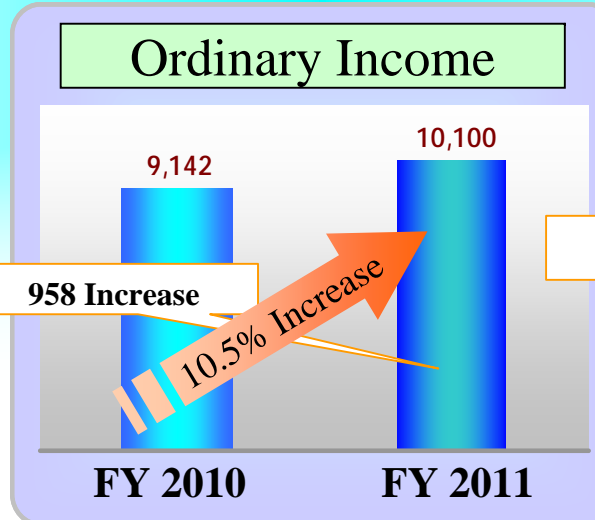
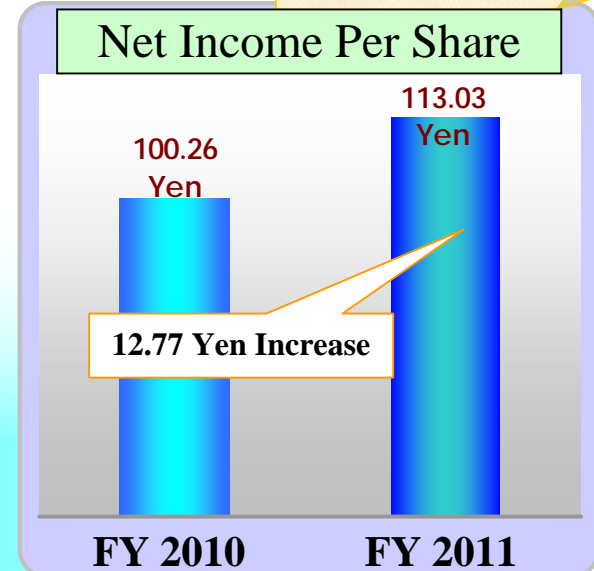
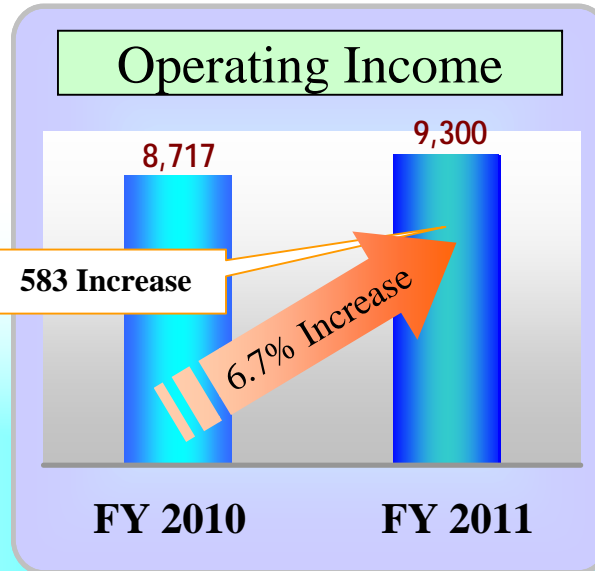
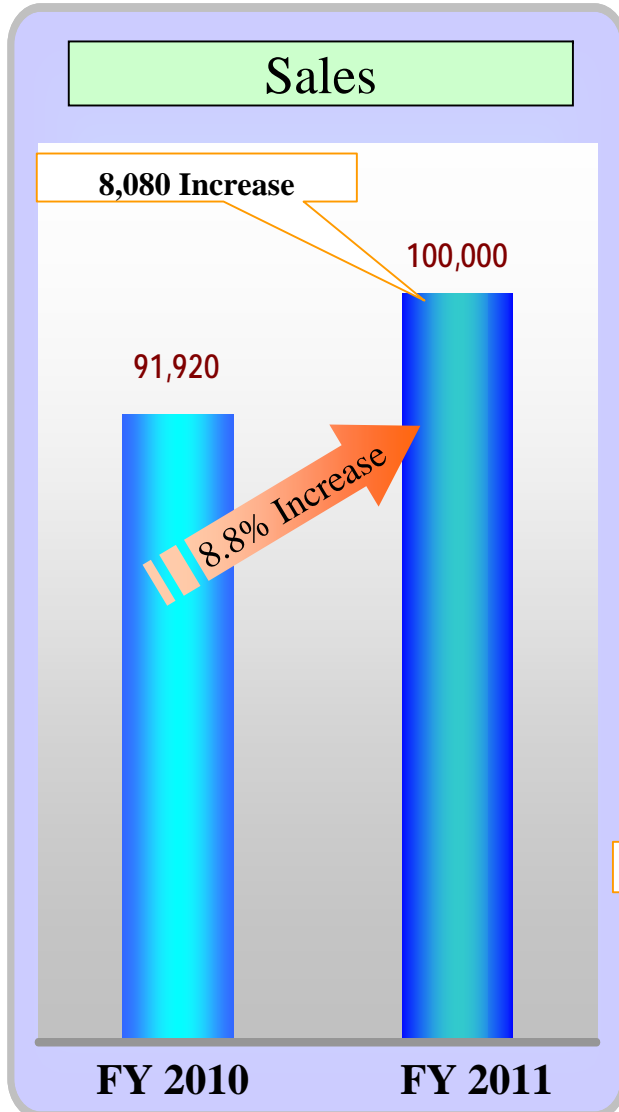


# Forecast



US\$ 1 : ¥80  
Euro 1 : ¥110

【Unit:Mil Yen】

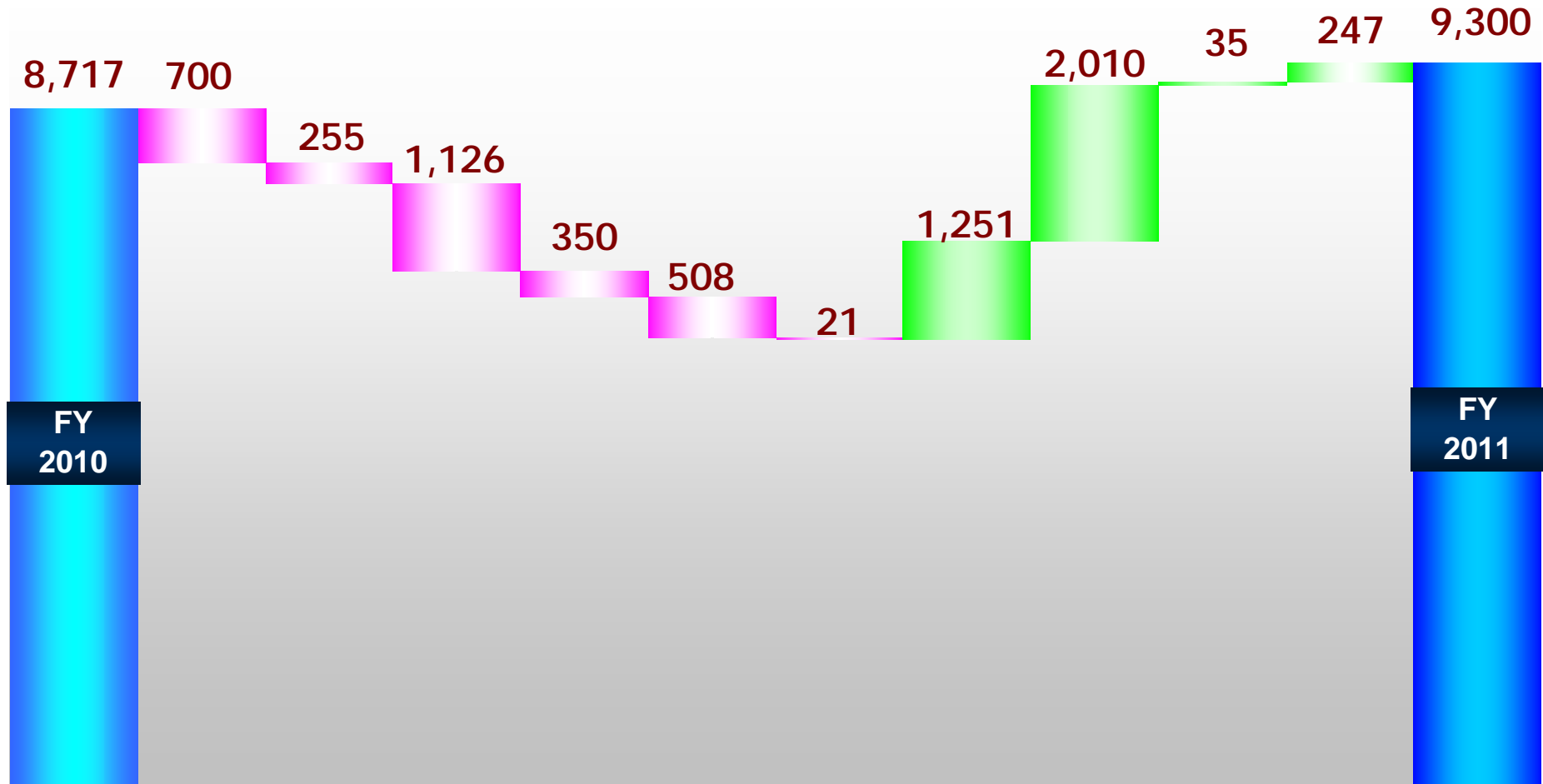




# Operating Income Comparison 【Contributing factor】



【Unit:Mil Yen】



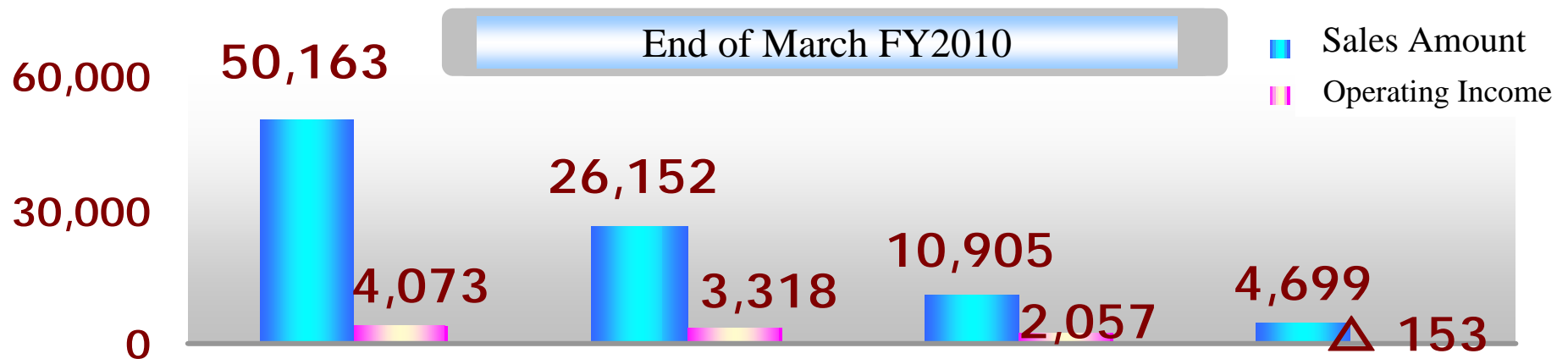
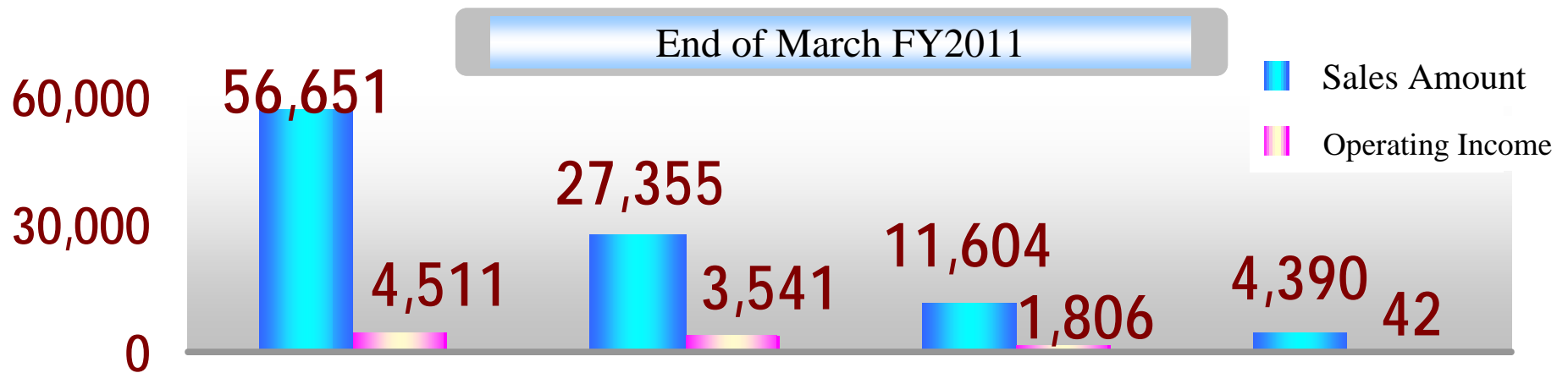
Operating income    Sales & Management Expenses increase    Depreciation Cost Drop    Selling Price drop    Exchange gain & Loss    Material Cost Increase    Others    Sales Increase    Productivity Improvement by cost cutting    Increase in Selling price    Increase of Consolidated Subsidiaries    Operating income



# Sales and Operating Income by Industry



【Unit:Mil Yen】





## 2. New Three-Year Management Plan and Forecast



### 1. Outline of New Three-Year Management Plan



**Two-Year Reform Plan from FY2009 to FY2010 was completed.**



**“Building foundations for Sustainable Growth ” -Ensuring Success in the Next Decade**

**Main Items to Promote**

**Improving Global Management Capacity**

**Developing our people**

**(Human resource would create and propose new values.)**

**Creation of Global Production System**

**Thorough Priority on Production Quality**

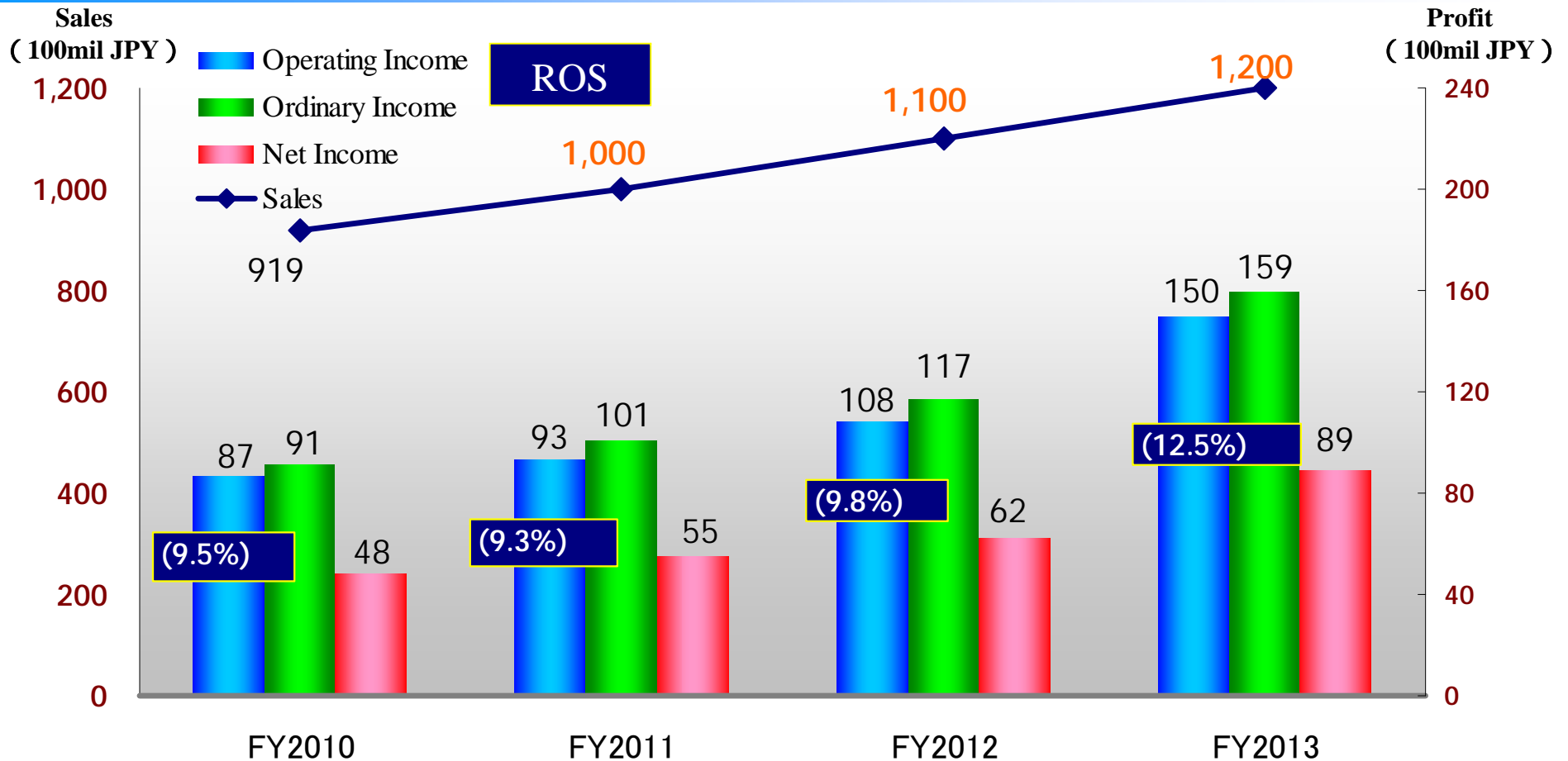
**Sowing the seeds of new products to blossom in the next decade and  
the Core Technical Skills**



**Operational Goal for FY2013:  
Sales 120bln JPY    Operation Margin 12.5%**



# Outline of New Three-Year Management Plan



**Sales in FY2011 Achieved 100 bln JPY**

**Aiming 200 bln JPY for Sales in FY2020**



### 2. Activities conducted by Each Division for New Three-year Management Plan

- ( 1 ) Automotive • Construction Machinery Industry Business
- ( 2 ) EagleBurgmann Business
- ( 3 ) Marine Industry Business
- ( 4 ) Aerospace Industry Business

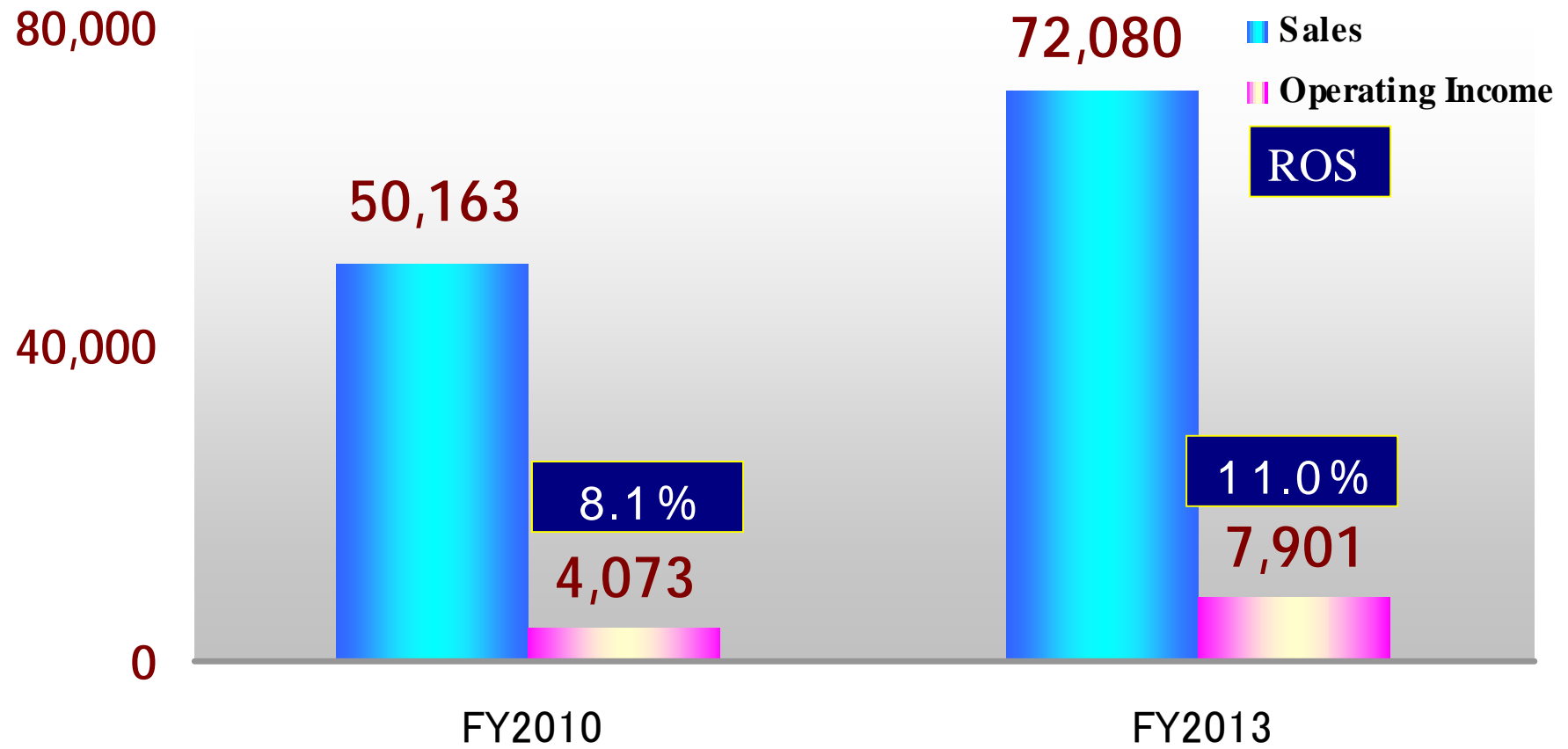


# Target



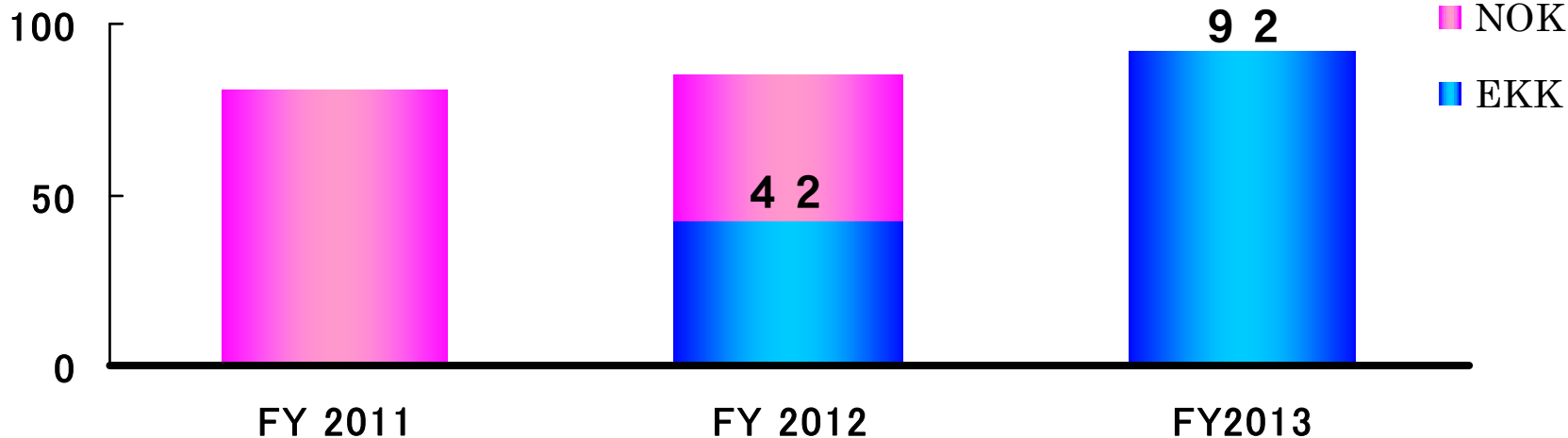
## Automotive • Construction Machinery Industry Business

【Unit : Mil JPY】



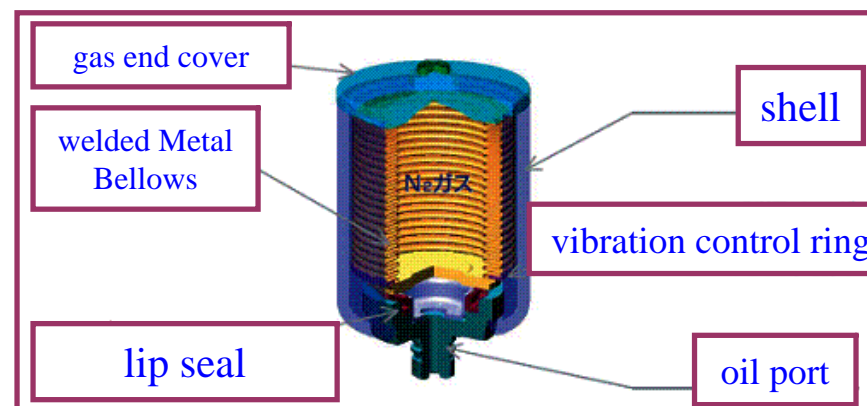


【100 Mil JPY】



## Outline of Automobile Accumulators

**Welded Metal Bellows type of Accumulator** is a non gas-penetration accumulator employed for the electric control brake system for hybrid vehicles first time in the world.



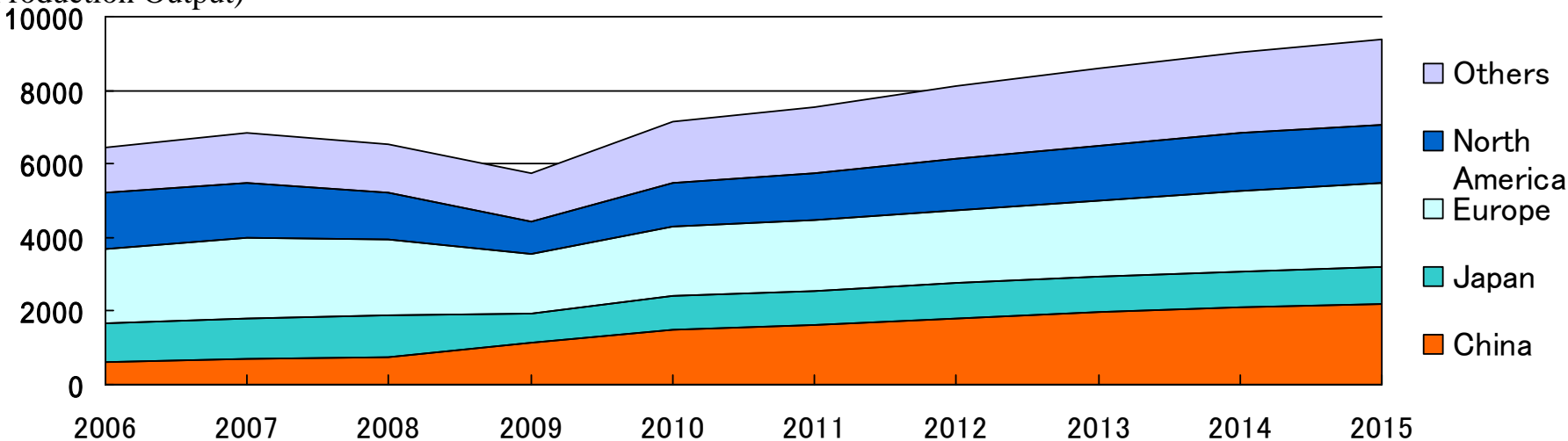


# Business Reinforcement for Automotive Industry in China






【Unit:10 thousand】  
(Production Output)

Production forecast of Automobiles



- Expand Chinese automotive markets
- Reinforce a sales network for all customers

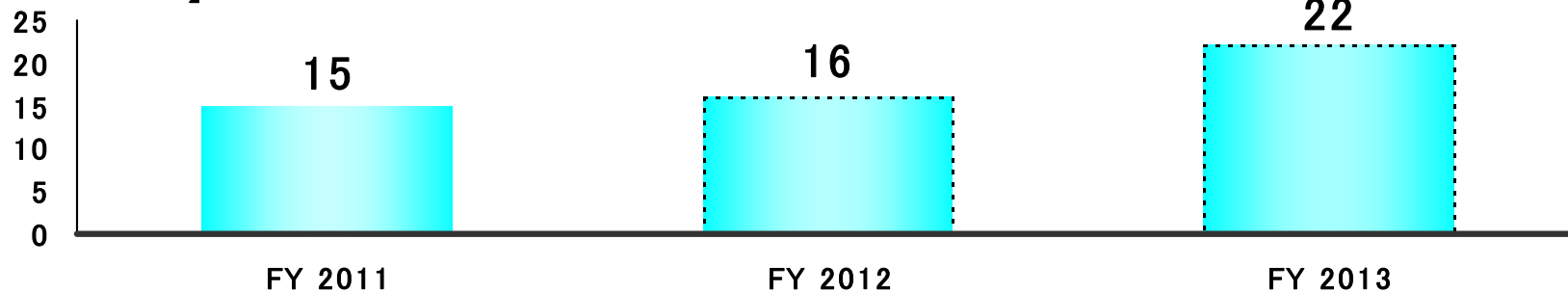
Lip Seal	Control valve for AC compressor	Seal for W/P
		
Global Share 85%	Global Share 70%	Global Share 65%

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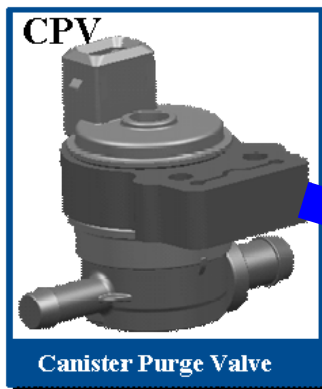
# Business Reinforcement for Automotive Industry in Europe

## Purchasing Valve Manufacturers for Automobiles in Europe

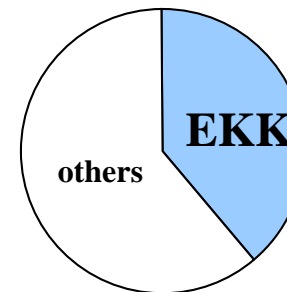
【Unit:100mil JPY】



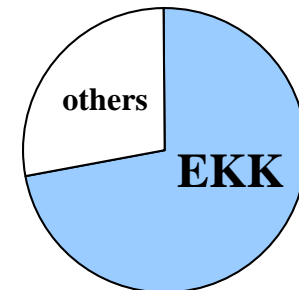
### Main Production



CPV  
Share in Europe



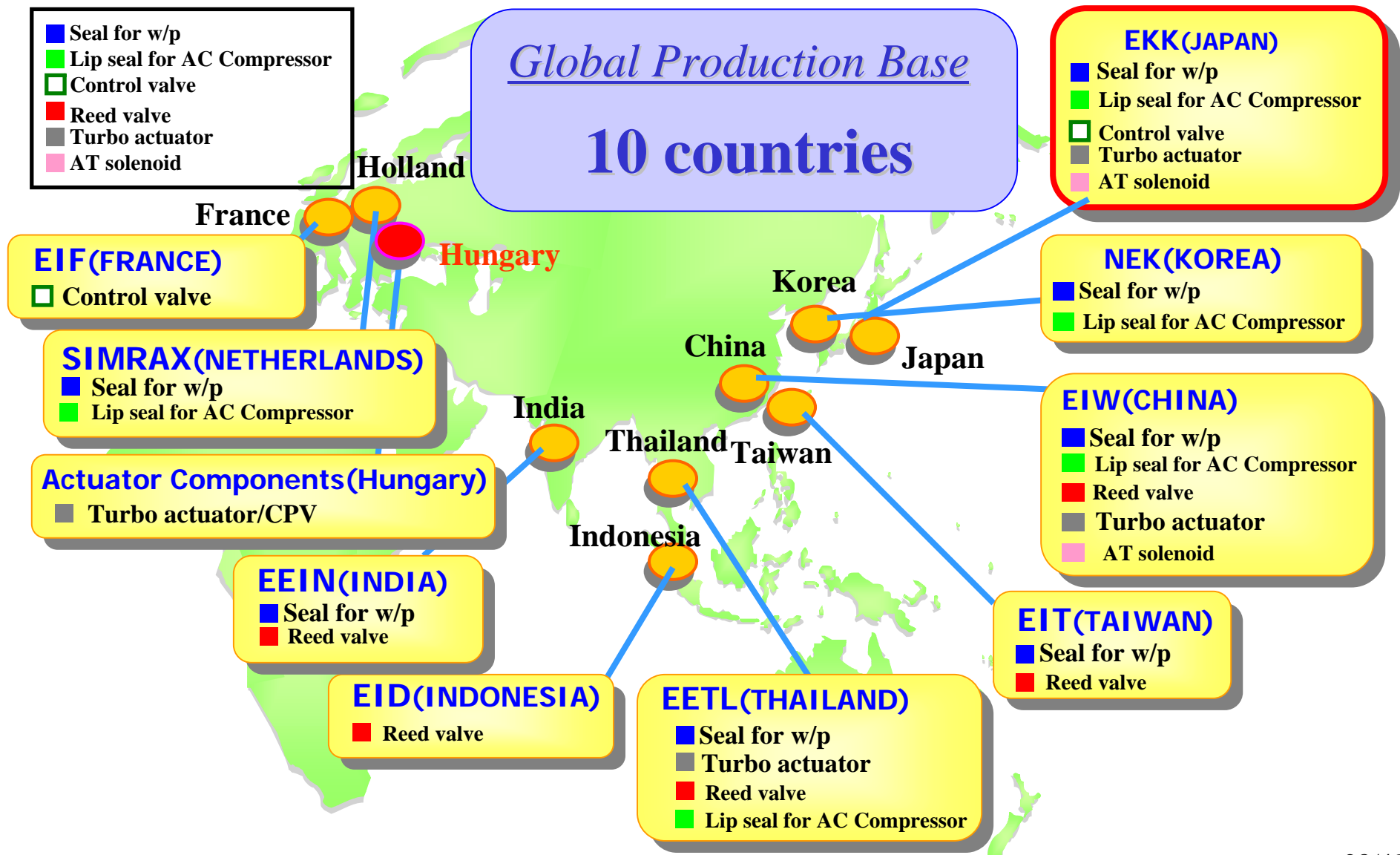
CPV  
Share in Germany



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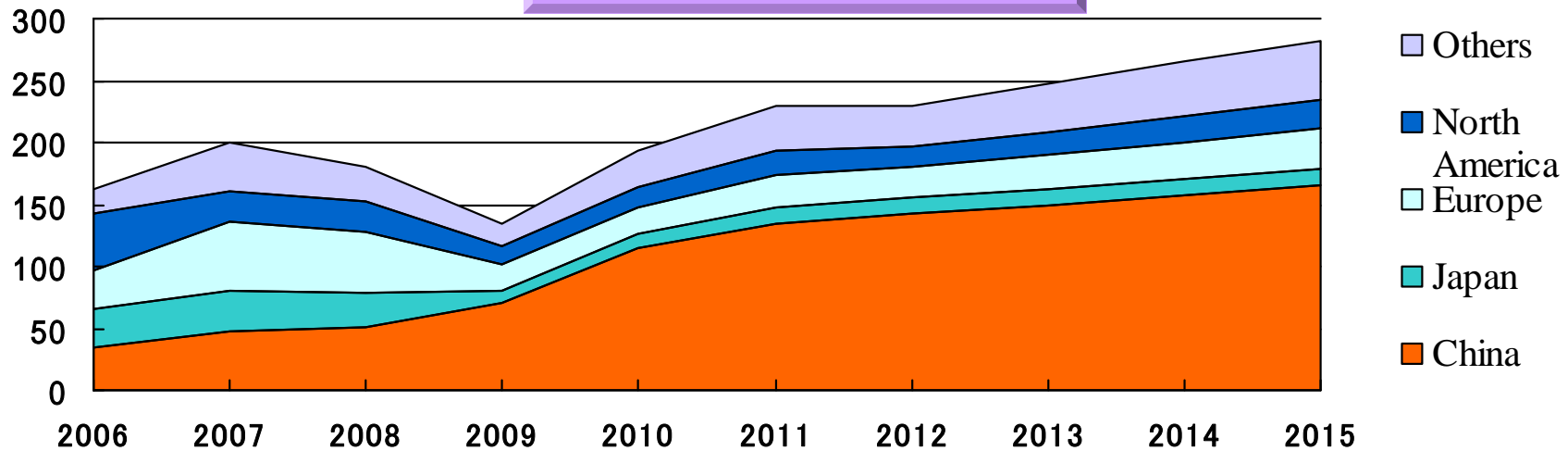
# Supply System of Main Product for Automobiles





【Unit:Thousand Set】

## Demand of Hydraulic Shovels



- China will expand its share, which would occupy the greater part in the global market.
- East-south Asian countries has been expanding its share rapidly.



## Embark on Production of Floating Seals in Indonesia 【Second half of the FY2012】

- Indonesia will be the 3rd largest production base, after Japan and China.
- We will respond to strong demand among countries, and also eye the market deployment in Indian for the future.



### 2. Activities conducted by Each Division for New Three-year Management Plan

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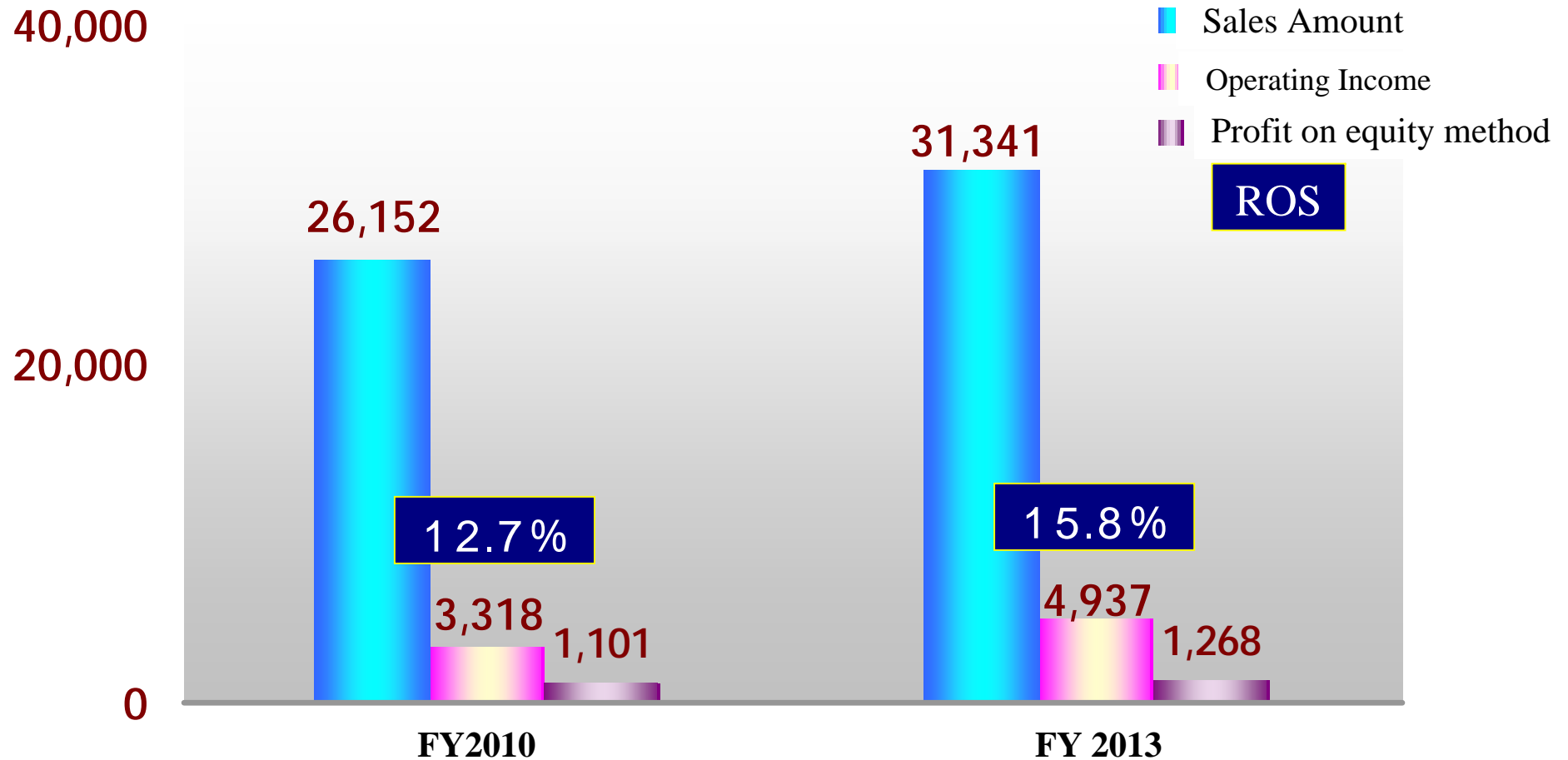


# Target



## EagleBurgmann Business

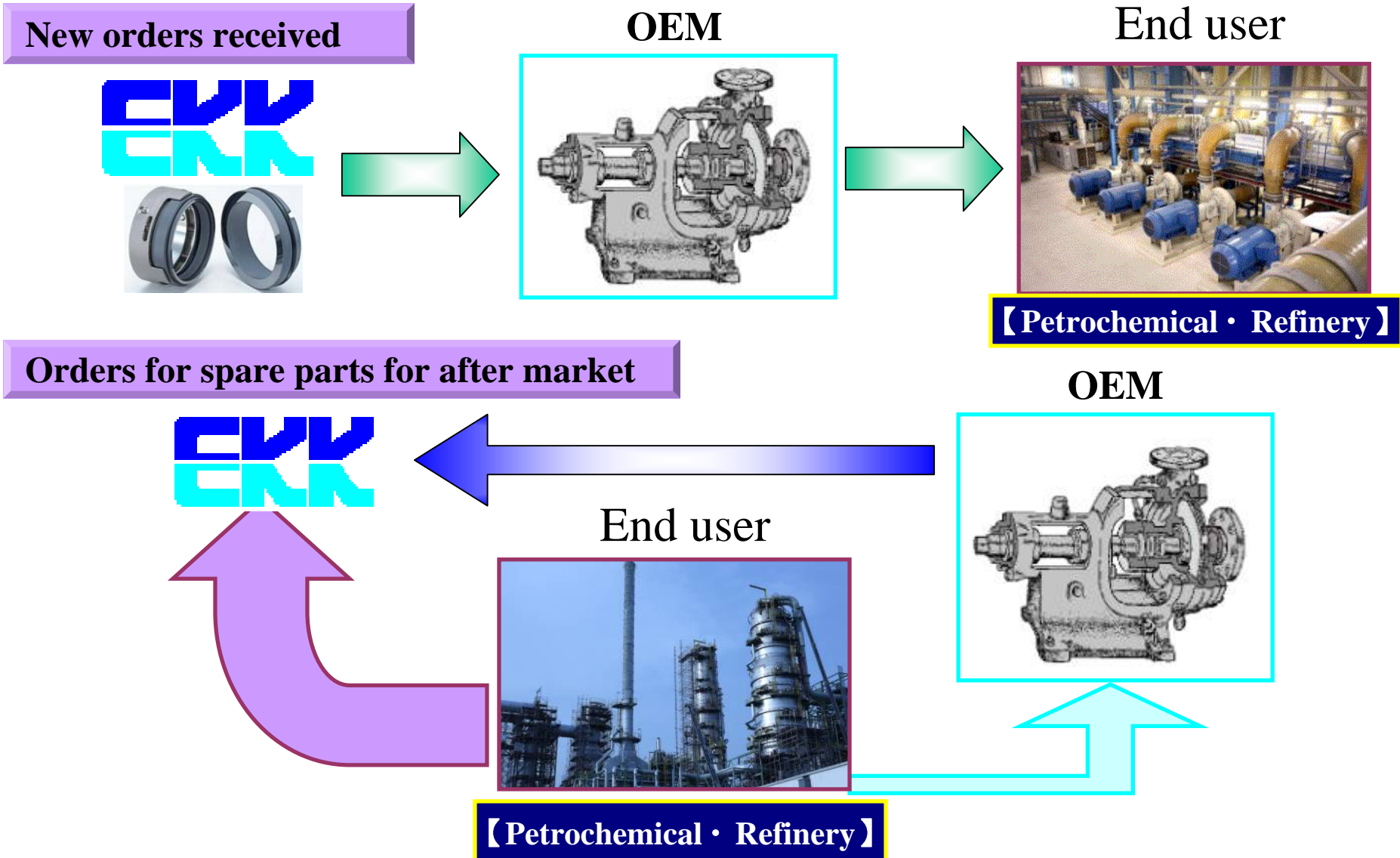
【Unit:Mil JPY】



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# Business model for EagleBurgmann



**【Petrochemical · Refinery】**

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# Production of petrochemicals by region

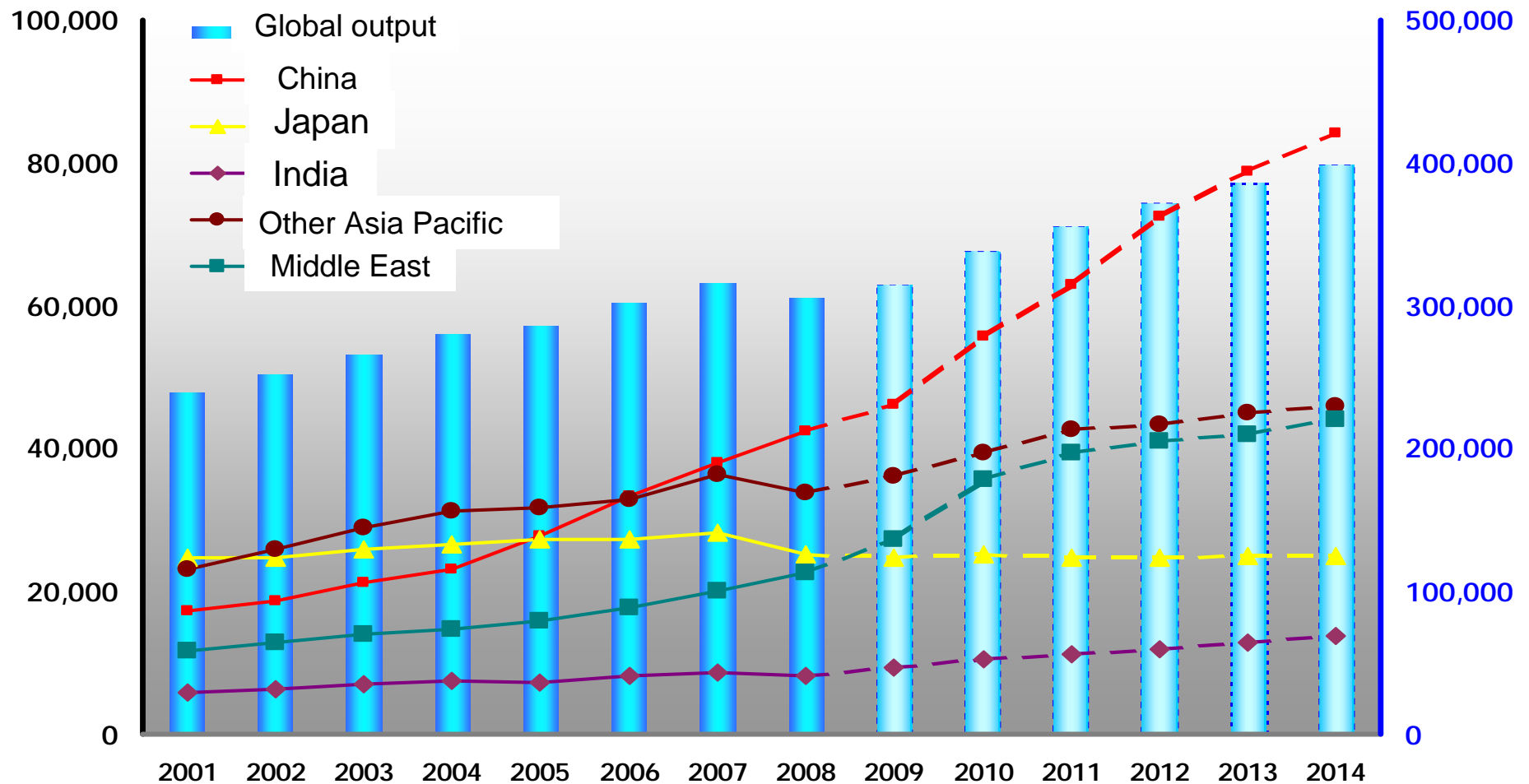


Production volume

【Unit : 1000 t】

Global Output

【Unit : 1000 t】



Source : Ministry of Economy, Trade, Industry (Japan)

May 2010

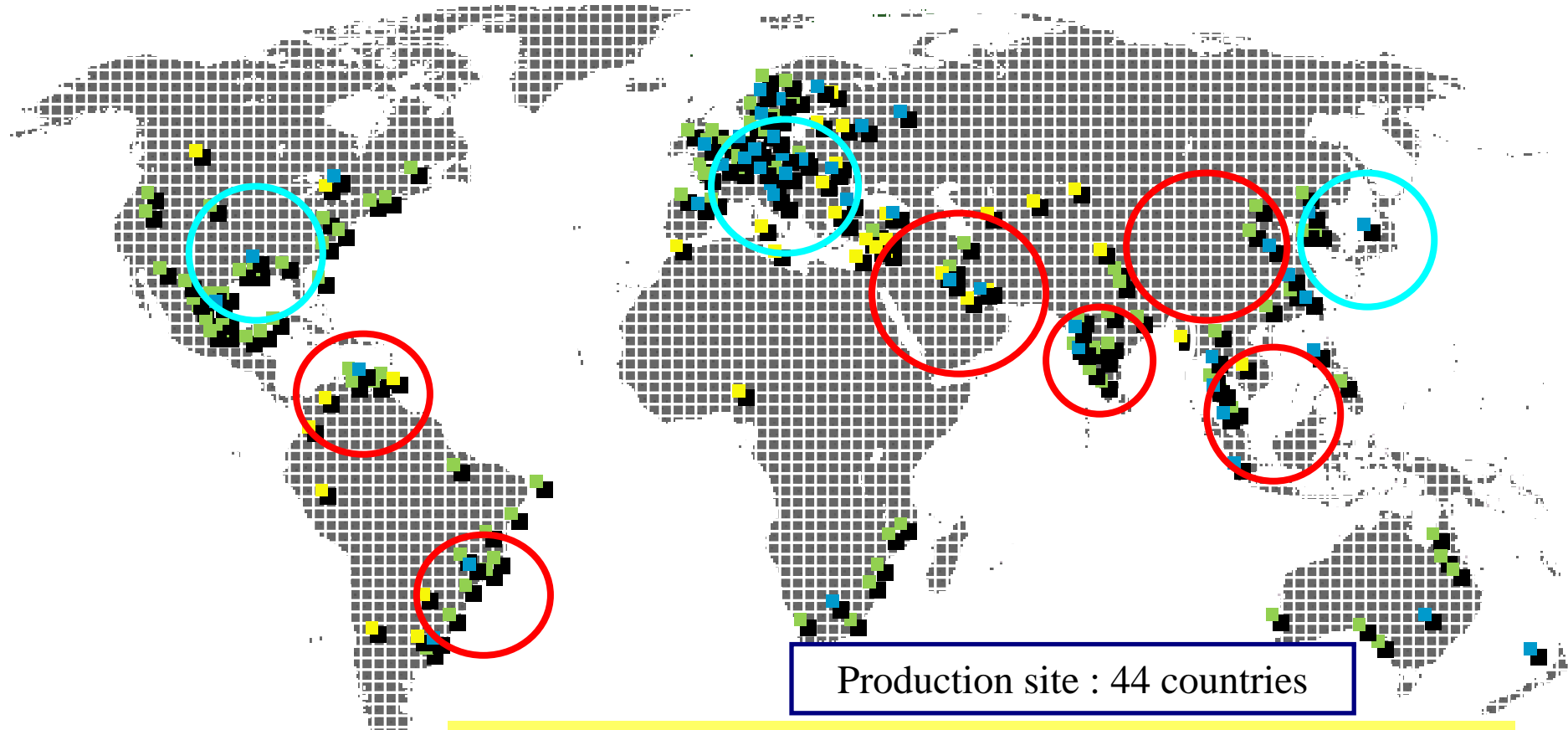
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# EagleBurgmann Global Network



~ *Manufacturing Globally, Servicing Globally* ~



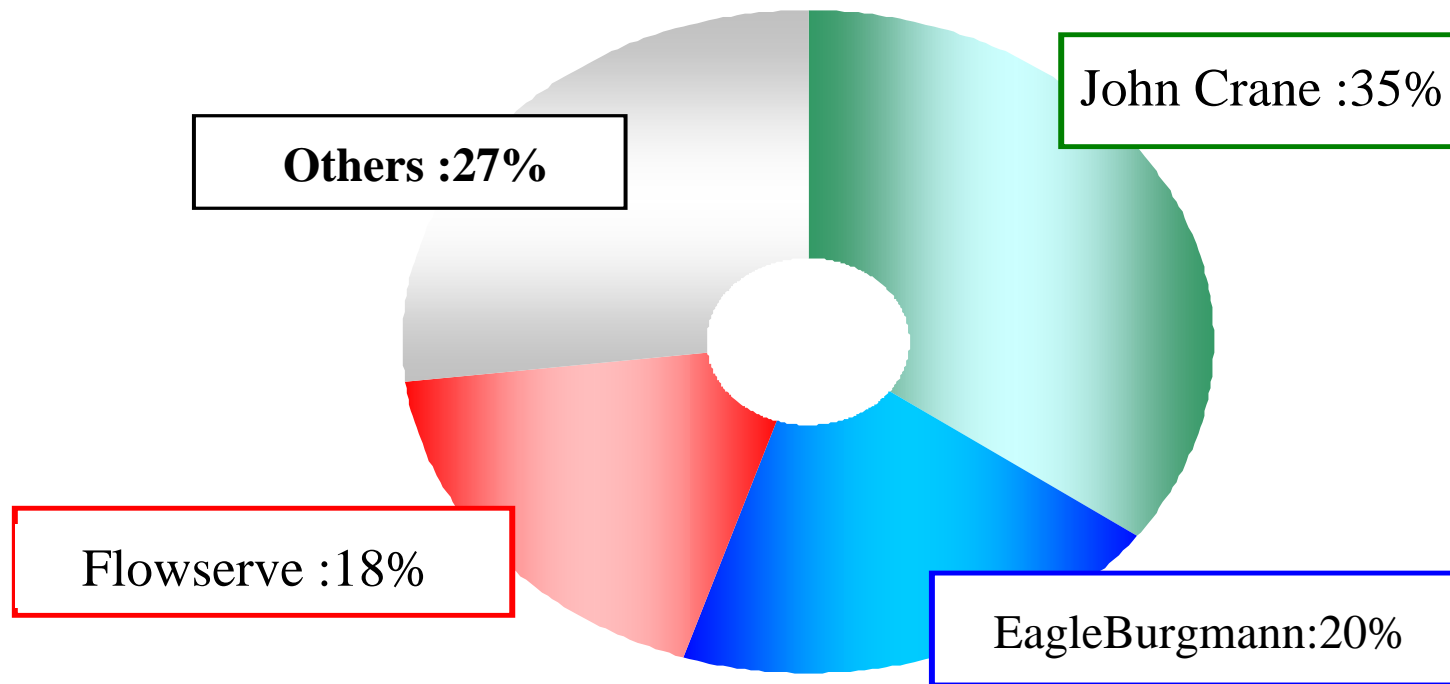
○ EPC/OEM  
○ End user

**EPC/OEM** : Japan, Korea, Europe  
**End user** : Middle East • India • China • Southeast Asia • South America

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# Global Market Share of Mechanical Seals



※According to EagleBurgmann source

**Target Market Share in 2020 : 30%**



### 2. Activities conducted by Each Division for New Three-year Management Plan

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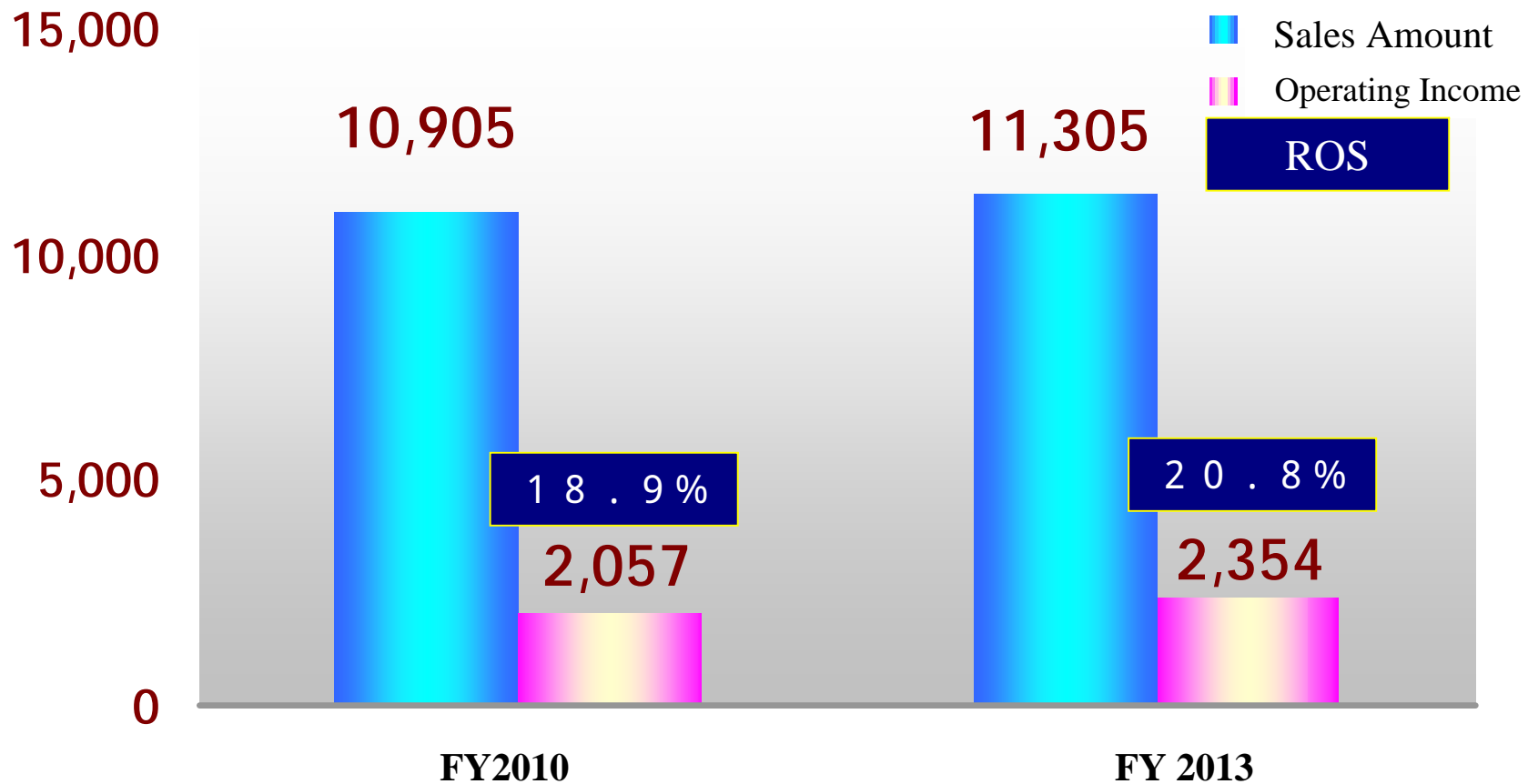


# Target



## Marine Industry Business

【Unit:Mil JPY】



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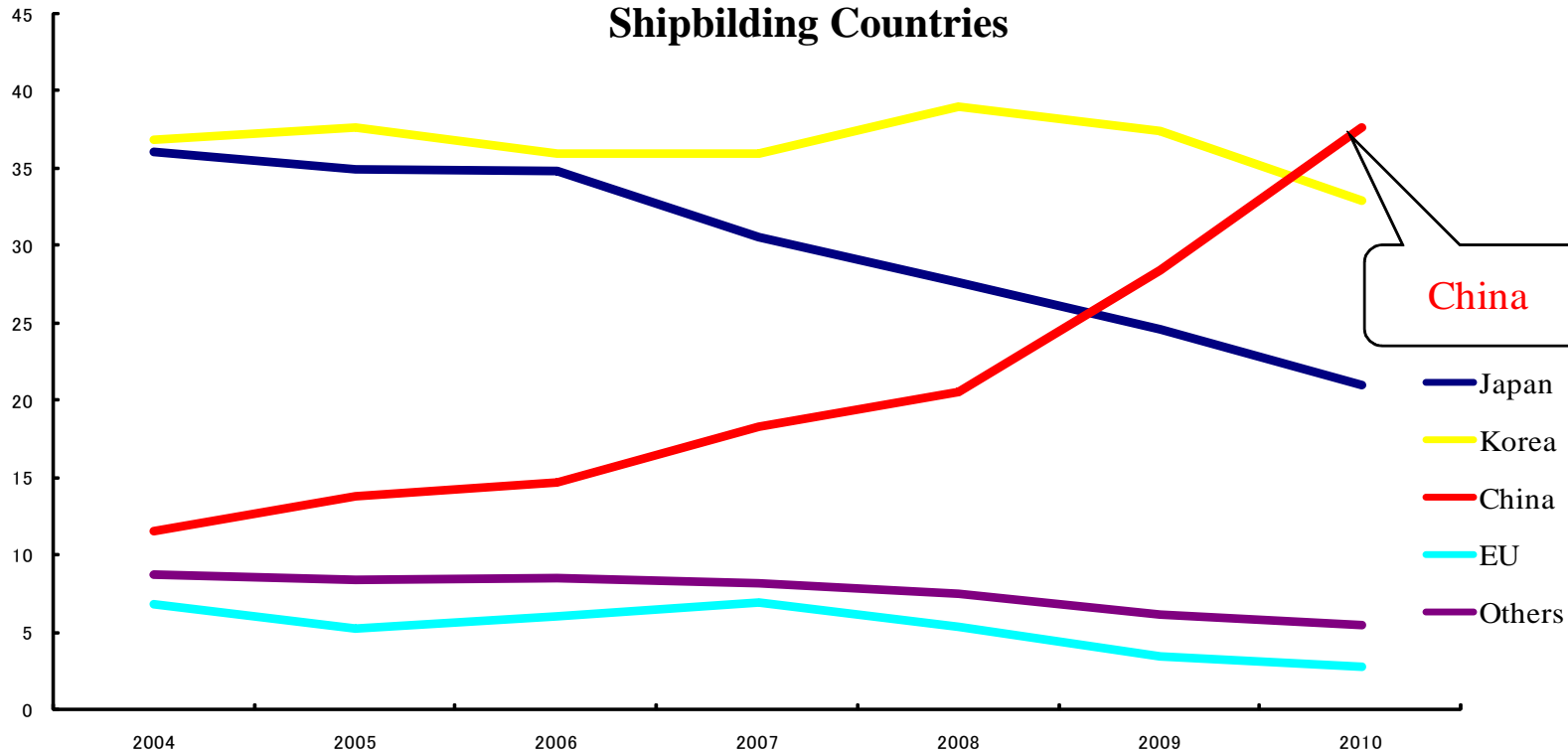


# Activity in the Chinese Market



Share (%)

### Construction volume by Main Shipbuilding Countries

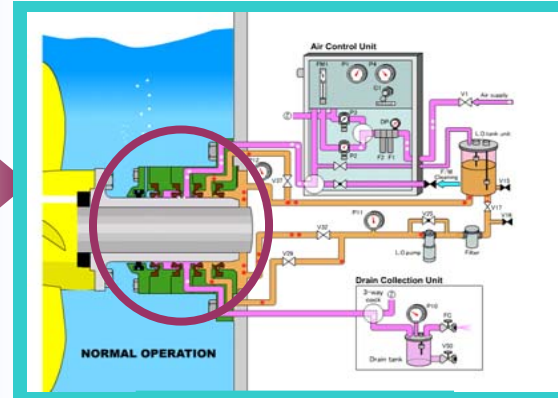


Focus on domestic and private companies

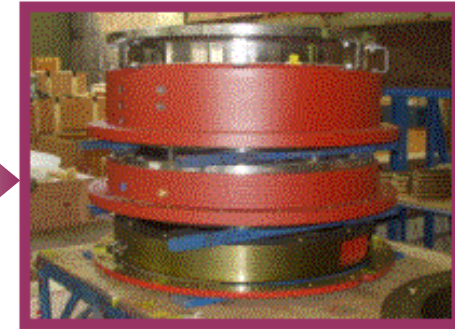
Target Market Share: 35 %



# Marine environmental products



Seal Arrangement

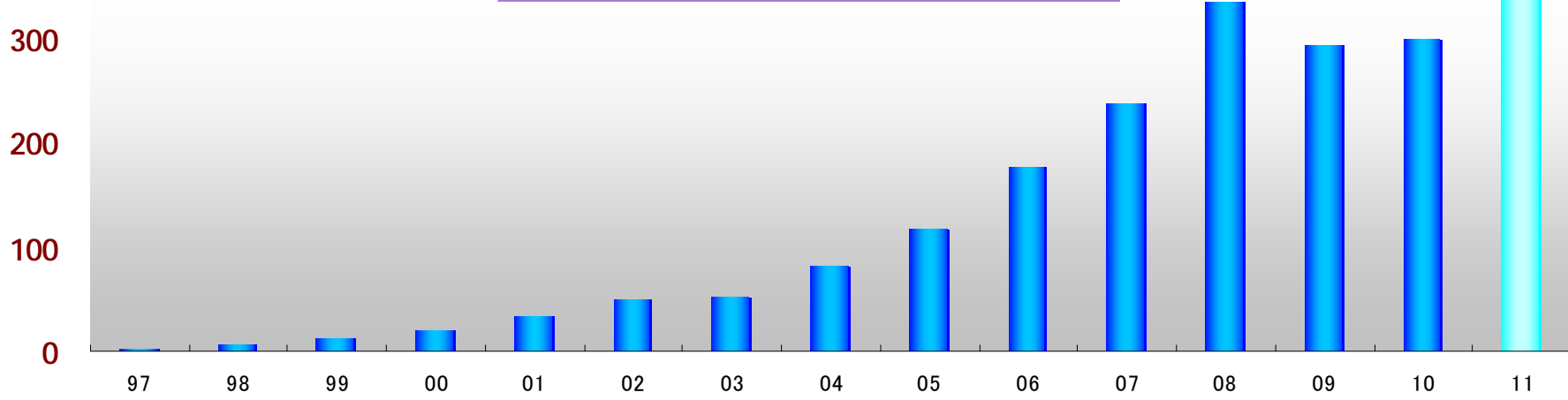


Air Seal

Global Share  
20%

## Track record on Air seal

【Unit:Set】



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【Year】 39/49



### 2. Activities conducted by Each Division for New Three-year Management Plan

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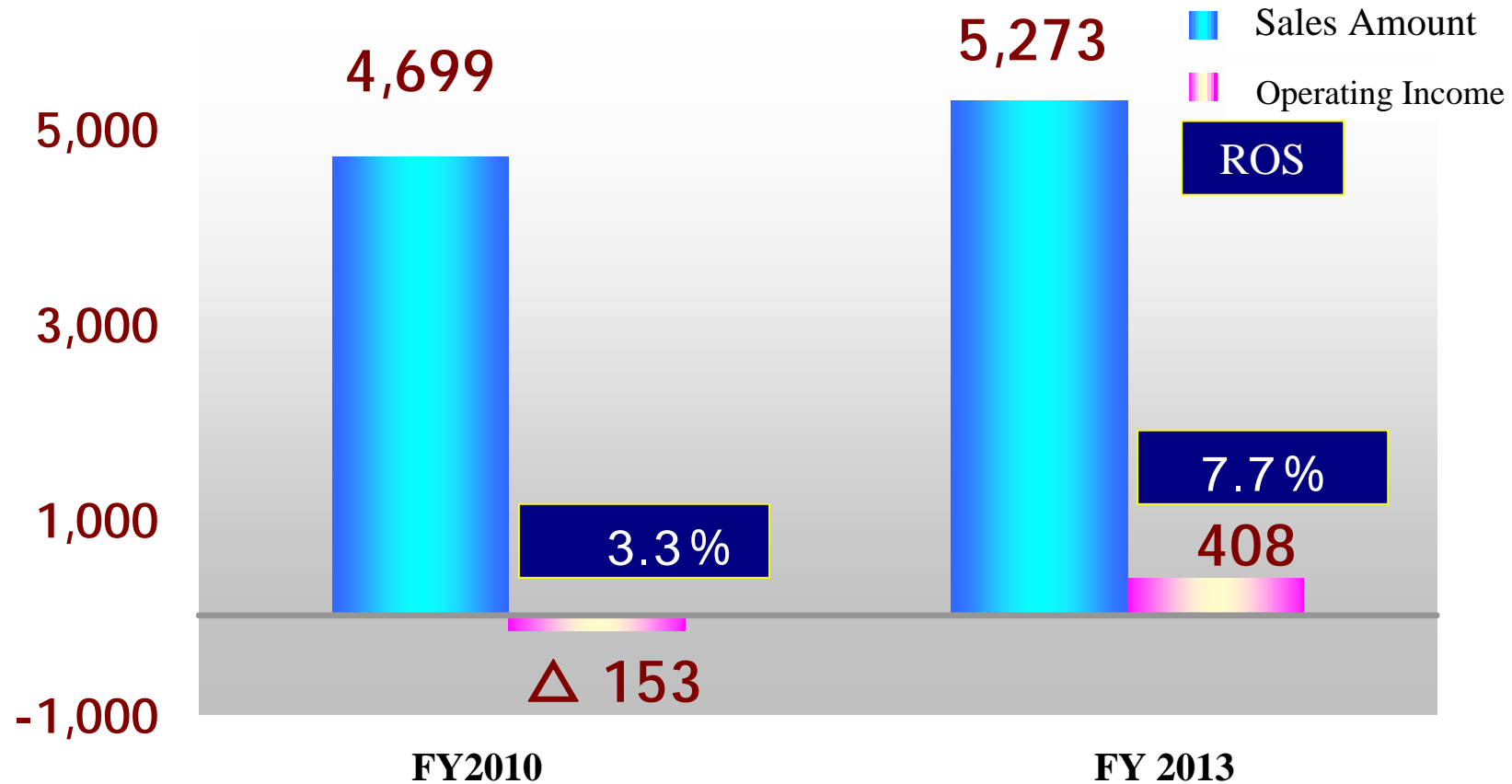


# Target



## Aerospace Industry Business

【Unit:Mil JPY】

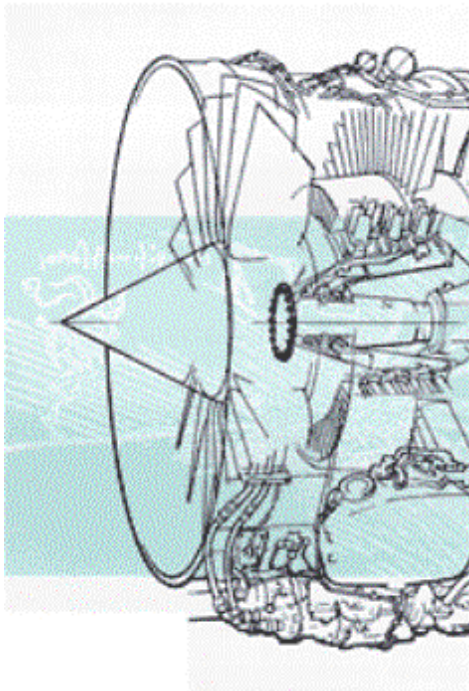




## New advanced seals for civil aerospace engines



EKK has reached agreement with Rolls-Royce, the global power systems company, to develop new advanced seals.



Aircraft Engine : TRENT 1000

Aircraft Frame : Boeing 787,

Airbus350XWB

Seals for Aerospace



**Target Sales : More than 10 Mil US\$ per year**



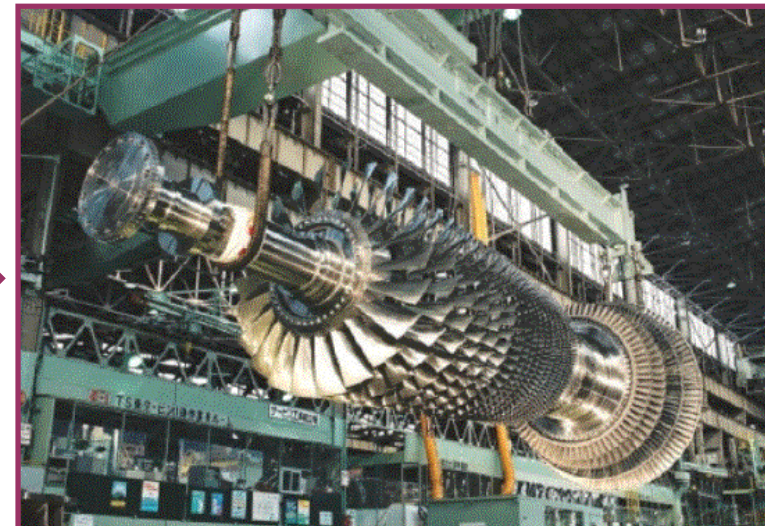
# Brush Seal used for Gas Turbine



**Brush Seal**



**Gas Turbine**



Source provided by Mitsubishi Heavy Industries

Expand sales to meet electric power demand globally



## 2. New Three-Year Management Plan and Forecast



### 3 . EKK's Activities for the Nuclear Power Stations

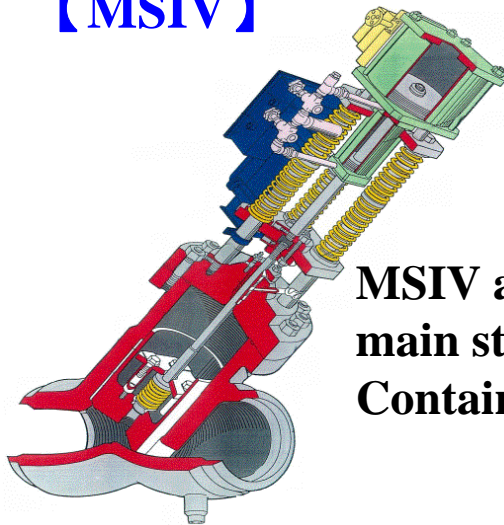


# Main Products for Nuclear Power Stations

## For BWR

- Main Steam Isolation Valves (MSIV)
- Testable Check Valves (TCH)
- Other Mechanical Seals

### 【MSIV】



MSIV are installed in the main steam pipes of Containment Vessels.

## For PWR

- Reactor Circulation Pump Seals
- Other Mechanical Seals

### 【RCP Seals】



Non-contact seals are used for Primary Coolant Pumps in PWR.



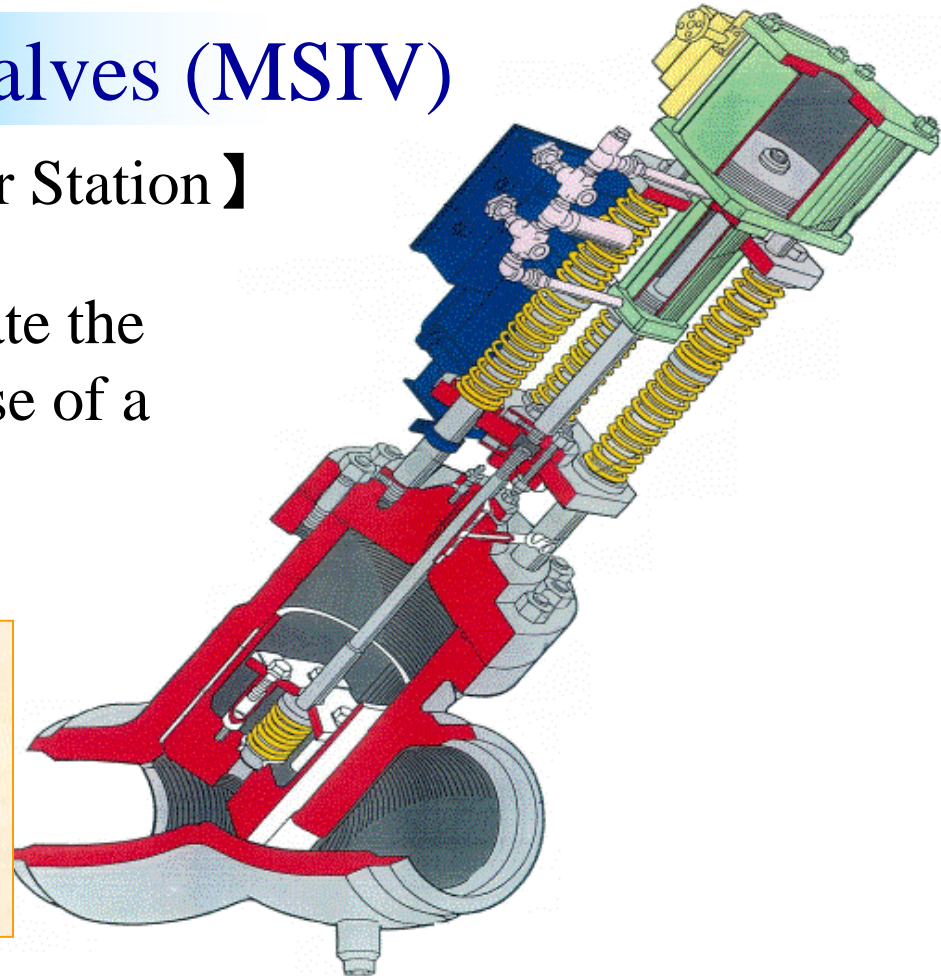
## Main Steam Isolation Valves (MSIV)

### 【Role of MSIV in Nuclear Power Station】

Valves that can function and isolate the steam for critical protection in case of a nuclear power reactor accident.



EKKs MSIV functioned properly at the time of shutdown of reactor in the recent earthquake.  
( Onagawa, Fukushima )



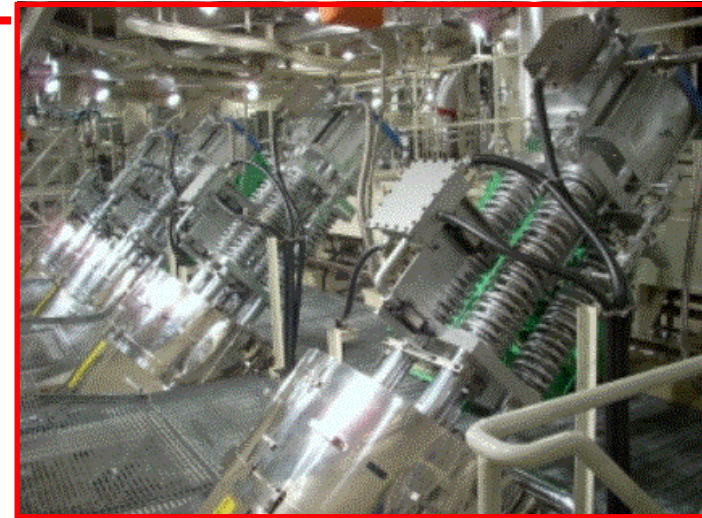
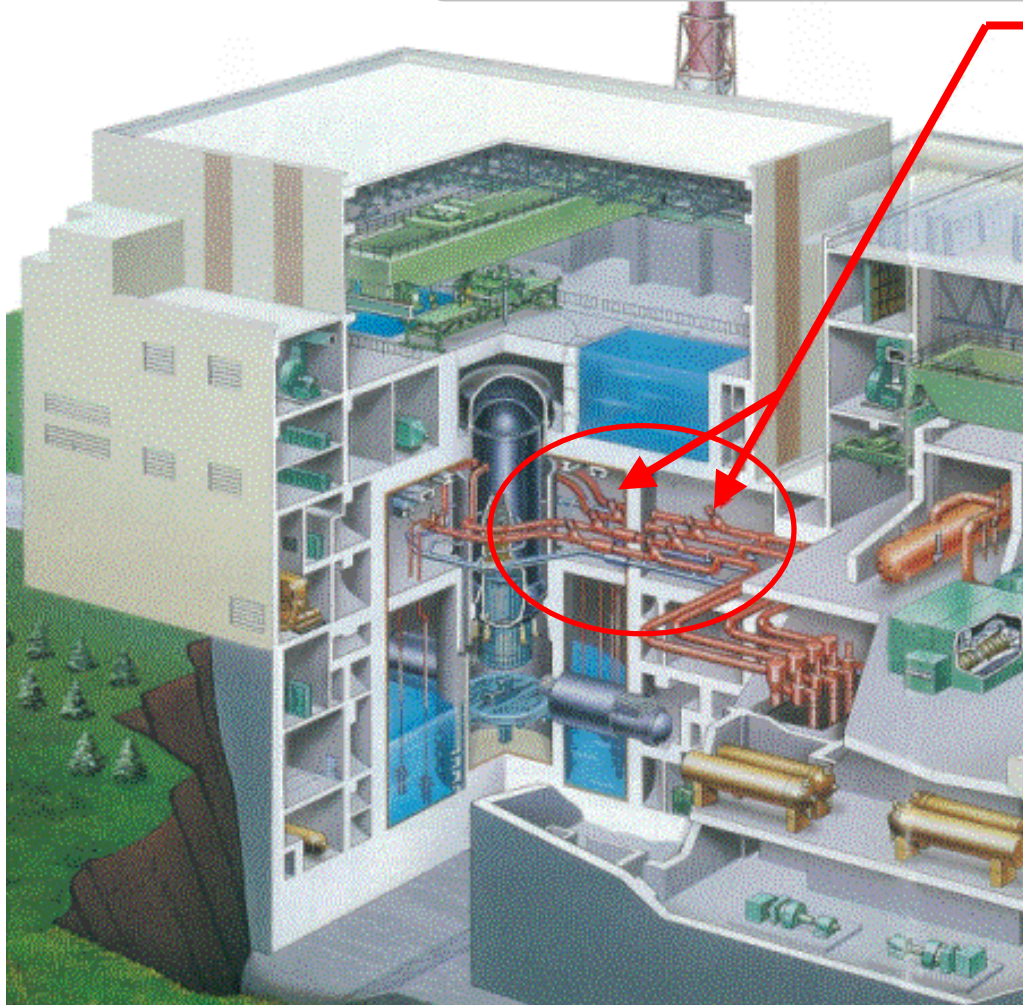
EKK is an exclusive manufacturer of MSIV in Japan.



# MSIV Installation



## Schematic illustration of BWR



Source provided by TEPCO

Two Isolation valves are installed in each of the four main steam lines.  
( Inboard & outboard of Container Vessels )

Source provided by Toshiba



Eagle Industry has been supplying a great number of Main steam isolation valves and Testable check valves to major Nuclear Power Station, in addition to Mechanical seals and Diaphragm couplings for primary coolant and residual heat removal pumps.

Nuclear power station is inevitable to meet the increasing electricity demand and to reduce CO<sub>2</sub>, so as to protect the global environment.

To eliminate the blind spots, the risks on safety and stability of the nuclear power, we have to contribute to the construction and development of risk-free nuclear power station for sustainable future from now on, too.

EKK group members strongly believe that we human beings can, with its unbounded wisdom, control nuclear power, the everlasting energy, and utilize it to our wealthy and healthy expanding society, although the nuclear power may bring the human beings at serious risk once it becomes uncontrollable.



Thank you for your kind attention.



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