

# **Results presentation for FY2008**

**(ended March 31, 2008)**

## **EBARA (6361)**

May 19<sup>th</sup>. 2008



**EBARA**

## Summary of Results Presentation for FY2008

(ended March 31, 2008)

(Billions of JPY)	FY2006 (Result)	FY2007 (Result)	FY2008 (Result)	Change (FY08/ FY07)
<b>Orders</b>	<b>530.4</b>	<b>605.7</b>	<b>597.9</b>	<b>-7.8</b>
<b>Net Sales</b>	<b>514.9</b>	<b>538.0</b>	<b>567.1</b>	<b>+29.0</b>
<b>Operating Income</b>	<b>10.9</b>	<b>13.2</b>	<b>6.0</b>	<b>-7.2</b>
<b>Ordinary Income</b>	<b>7.7</b>	<b>10.4</b>	<b>2.7</b>	<b>-7.6</b>
<b>Net Income</b>	<b>3.3</b>	<b>5.4</b>	<b>7.6</b>	<b>+2.1</b>

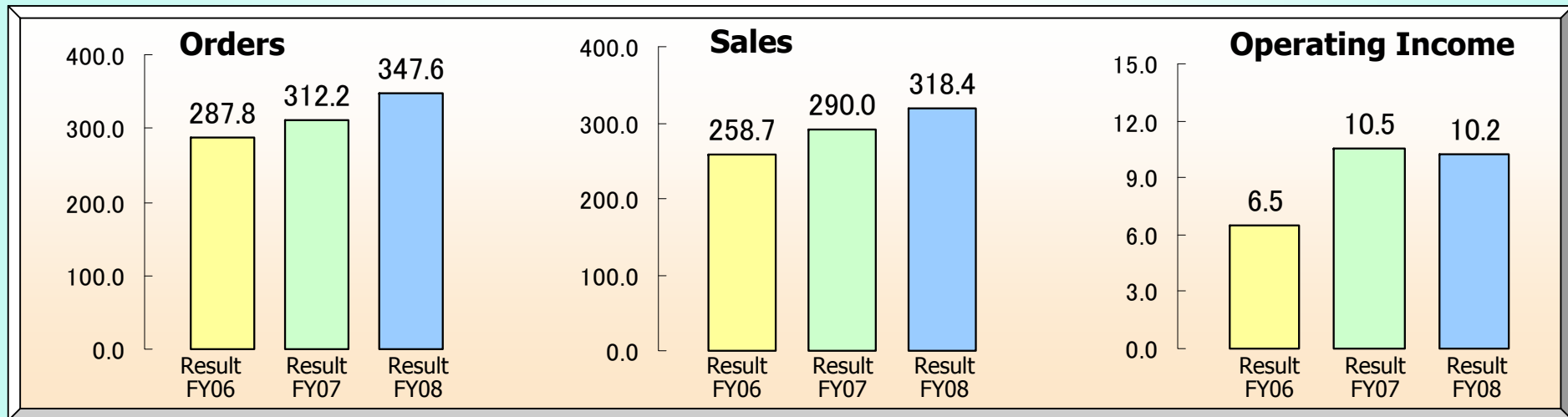
# Segment Financial Result for FY2008

(ended March 31, 2008)

## FMS business

··· Fluid machinery & Systems business

(Billions of JPY)



### 【Orders】

Orders expanded in the custom pump, compressor, and turbine businesses, principally in the oil and gas industry and the electric power industry in Asia, the Middle East, and elsewhere as well as the basic materials industries in Japan.

### 【Sales】

Overseas business operations expanded overall, while domestic operations reported a steady performance. Sales were above the level of fiscal 2007.

### 【Operating Income】

Improvements in profitability were recorded overseas in the compressors and turbines business as well as the custom pump business and in the social systems related business in Japan. However, operating income overall declined slightly because of sudden fluctuations in foreign exchange rates and as a result of lower profitability in the standard pump field and additional costs in the wind power generator business owing to the impact of revisions in Japan's building code.

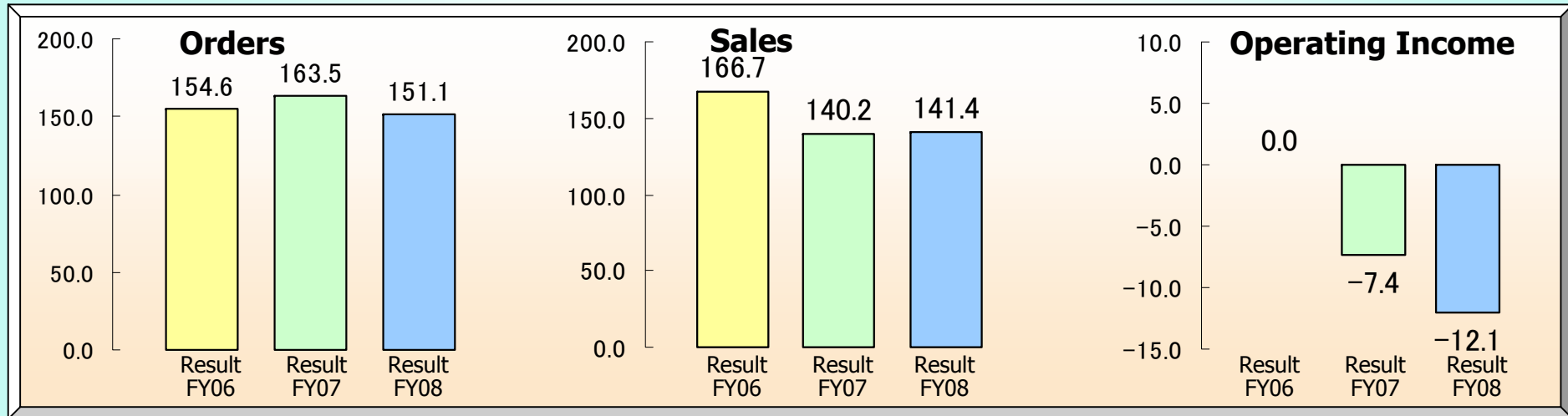
# Segment Financial Result for FY2008

(ended March 31, 2008)

## EE business

... Environmental Engineering business

(Billions of JPY)



### 【Orders】

Orders were below those of fiscal 2007 because of the withdrawal from the overseas incinerator plant business and stronger emphasis on profitability in accepting new orders.

### 【Sales】

Sales were at virtually the same level as in fiscal 2007 as growth in the environmental plant operation and maintenance (O&M) services business compensated for weakness in the water treatment plant business.

### 【Operating Income】

Despite strong measures to reduce fixed costs, operating income declined substantially owing to costs accompanying withdrawal from the overseas incinerator construction business, declining profitability in the water treatment plant business because of increased competition, additional costs in the environmental plant business, and other factors.

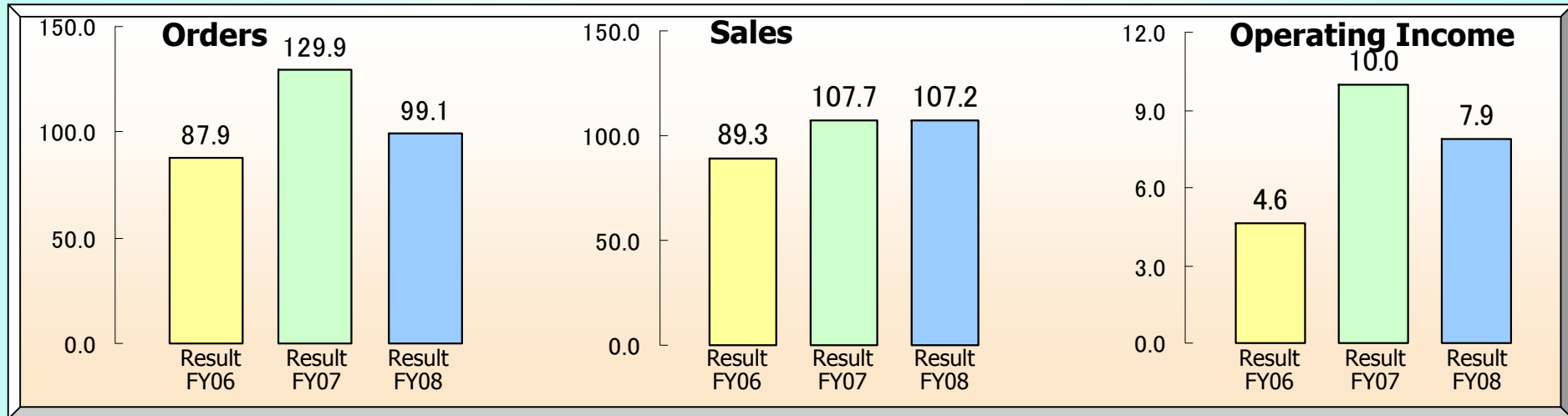
# Segment Financial Result for FY2008

(ended March 31, 2008)

## PM business

... Precision Machinery business

(Billions of JPY)



### 【Orders & Sales】

Orders and sales were below those of fiscal 2007 because of the sale of the shares of a consolidated subsidiary and the postponement and suspension of investment plans by customers in response to the weakening of semiconductor prices.

### 【Operating Income】

Operating income declined because of reduction of profit as a result of requests from customers to delay the delivery of equipment accompanying the weakening of conditions in the semiconductor market and cost increase in the joint development of copper (Cu) circuitry processes.

# Breakdown of Extraordinary Expenses for FY2008

(ended March 31, 2008)

<b>1) Losses on suspension of specific projects</b>	<b>¥ 9.8 billion</b>
Addition to reserve because of likelihood that recovery of claims for compensation in connection with the cancellation of the Malaysia project, etc., year before the previous year would be prolonged.	
<b>2) Provision to the reserve for losses on specific construction work</b>	<b>¥ 13.6 billion</b>
Addition to reserve to cover anticipated losses mainly for major overseas projects already on order, including those arising in connection with the Infra-Serve project in Germany.	
<b>3) Losses on completion guarantees for specific projects</b>	<b>¥ 5.2 billion</b>
Expenses related to anticipated future guarantee costs related to gasification water processing and other plant facilities already completed.	
<b>4) Reserve for losses arising from violation of the Antimonopoly Act</b>	<b>¥ 0.2 billion</b>
Additional losses anticipated following confirmation of violations of Japan's Antimonopoly Act in connection with sewage treatment facilities.	
<b>5) Loss on liquidation of subsidiaries and affiliates</b>	<b>¥ 1.9 billion</b>
Losses expected accompanying the liquidation of affiliated companies, mainly in the engineering business.	
<b>6) Loss on sales and disposal of fixed assets</b>	<b>¥ 2.4 billion</b>
Losses owing to disposal of assets in the environmental engineering business that have fulfilled their original purposes.	
<b>7) Write-down of inventories</b>	<b>¥ 6.0 billion</b>
Early write-down of inventories that have lost value.	
<b>8) Special retirement benefits paid</b>	<b>¥ 1.5 billion</b>
Special retirement benefits paid in connection with special early retirement arrangements.	
<b>9) Write-down of securities and other investments</b>	<b>¥ 1.0 billion</b>
Impairment losses due to severe declines in the current value of investments in other companies.	
<b>Total</b>	<b>¥43.7 billion</b>

## Segment Forecast for FY2009

(ended March 31, 2009)

### FMS business

··· Fluid machinery & Systems business

(Billions of JPY)	Result FY2008	Plan FY2009	Change
Orders	347.6	319.0	-28.6
Sales	318.4	328.0	+9.6
Operating Income	10.2	11.0	+0.8

- ◆ **Projection of orders** Overall, orders are expected to be lower than in fiscal 2008, but the oil and gas as well as the electric power markets are expected to remain firm, thus resulting in a continued high level of orders.
- ◆ **Projection of sales** Because of the large backlog of orders, principally for custom pumps, compressors, and turbines, sales are forecast to rise to a record level.
- ◆ **Projection of OP** Although there may be some negative factors, such as foreign exchange losses, the positive impact of the increase in sales and business restructuring, along with the subsiding of the impact of revisions in Japan's building code and other factors, are expected to bring an increase in operating income.

# Segment Forecast for FY2009

(ended March 31, 2009)

## FMS business

... Status of major action plan

Major Action Plan	Status
<p><u>Strengthen business base in global markets and increase profitability</u></p>	<p><b>Custom pump business</b></p> <ul style="list-style-type: none"> <li>· Prepare for the move to the Futtsu Plant and strengthen overseas production centers.</li> <li>· Early introduction of strategic products for high-growth markets, including the electric power industry and desalination business.</li> <li>· Establish after-sales service center in the Middle East.</li> </ul> <p><b>Standard pump business</b></p> <ul style="list-style-type: none"> <li>· Create sales, manufacturing, and distribution network covering domestic and overseas business locations.</li> <li>· Strengthen operations in China by starting up the production facilities there.</li> <li>· Strengthen product development with an eye to world markets.</li> </ul>
<p><u>Strengthen Group management</u></p>	<p><b>Compressors and turbines business</b></p> <ul style="list-style-type: none"> <li>· Make sure response to record levels of production through improved Japan-U.S. teamwork.</li> <li>· Expand operations in the Asia-Pacific area through unified Japan-U.S. management of service business.</li> </ul>
<p><u>Emphasis on improving profitability</u></p>	<p><b>Social systems related business</b></p> <ul style="list-style-type: none"> <li>· Improve management of individual projects and streamline the organization.</li> <li>· Improve profitability by unified management of design and project work of individual projects.</li> </ul> <p><b>Chillers business</b></p> <ul style="list-style-type: none"> <li>· Promote high-speed turbo chiller into domestic market.</li> <li>· Introduce turbo chiller to the Chinese market.</li> </ul>

## Segment Forecast for FY2009

(ended March 31, 2009)

### EE business

· · · Environmental Engineering business

(Billions of JPY)	Result FY2008	Plan FY2009	Change
Orders	151.1	153.0	+1.9
Sales	141.4	150.0	+8.6
Operating Income	-12.1	-3.0	+9.1

◆ **Projection of orders**

**Although there may be a trend toward some market recovery in the public-sector water treatment and environmental plant businesses, overall, conditions are expected to remain challenging, as in fiscal 2008. Orders are forecast to be at about the same level as in fiscal 2008.**

◆ **Projection of sales**

**Sales are expected to exceed the level of fiscal 2008, supported by overseas projects currently ongoing.**

◆ **Projection of OP**

**The operating loss is forecast to diminish substantially, because of the reduction in fixed costs, positive benefits of restructuring, and the absence of special factors experienced in fiscal 2008.**

# Segment Forecast for FY2009

(ended March 31, 2009)

## EE business

### ... Status of major action plan

Major Action Plan	Status
<p><u>Flexible response to changing needs of customers placing orders</u></p>	<p>Unified management of plant construction and O&amp;M businesses (Split off water treatment business and environmental business into separate companies)</p> <ul style="list-style-type: none"> <li>· Improve responsiveness to private finance initiative (PFI), design, build, operate (DBO) .</li> <li>· Improve capabilities for implementing large-scale maintenance and repair projects, such as those to increase plant capacity and prolong useful lifetimes of facilities, etc.</li> <li>· Promote multiyear and long-term, contracts for O&amp;M.</li> </ul>
<p><u>Improvement in competitiveness and profitability</u></p>	<p>Strengthen capabilities for making comprehensive proposals and price competitiveness</p> <ul style="list-style-type: none"> <li>· Strengthen competitiveness by leveraging top-class record of accomplishments in Japan, marketing network, and after-sales service network to best advantage.</li> </ul> <p>Continue low-cost engineering and procurement</p> <ul style="list-style-type: none"> <li>· Standardize, develop "package" projects, strengthen overseas procurement capabilities.</li> </ul> <p>Continue to cut fixed costs</p>
<p><u>Steady and sure implementation of projects now under way</u></p>	<p>Implement overseas waste treatment facility projects now on order steadily and surely</p> <ul style="list-style-type: none"> <li>· Implement thoroughgoing budget and delivery schedule management.</li> </ul>

## Segment Forecast for FY2009

(ended March 31, 2009)

### PM business

... Precision Machinery business

(Billions of JPY)	Result FY2008	Plan FY2009	Change
Orders	99.1	83.0	-16.1
Sales	107.2	82.0	-25.2
Operating Income	7.9	5.0	-2.9

◆ **Projection of orders / sales**

**The weakness that emerged clearly in the semiconductor market in the latter half of last year is expected to continue at least through the first half of fiscal 2009. Orders and sales are, therefore, forecast to decline compared with those of fiscal 2008.**

◆ **Projection of OP**

**Operating income is forecast to decline by the changes of accounting rules of sales and the decline in net sales by the market weakness.**

# Segment Forecast for FY2009

(ended March 31, 2009)

## PM business

... *Status of major action plan*

Major Action Plan	Status
<u>Strengthening competitiveness of core products</u>	<p>Chemical mechanical polishing (CMP) equipment: Expand share of Cu circuitry process</p> <ul style="list-style-type: none"> <li>· Introduce new products with superior features into the market</li> </ul> <p>Components: Strengthen competitiveness of existing products and introduce new models into the market</p> <ul style="list-style-type: none"> <li>· Realign the portfolio of dry pump products</li> <li>· Introduce high-throughput pumps</li> <li>· Introduce Fluorine (F)-Fixation Type Gas Abatement System</li> </ul>
<u>Enhancing profitability</u>	<p>Improve production management systems</p> <ul style="list-style-type: none"> <li>· Improve operating efficiency through the introduction of product lifecycle management (PLM) systems</li> <li>· Upgrade logistics systems</li> </ul> <p>Developing after-sales service business</p> <ul style="list-style-type: none"> <li>· Make improvements in and strengthen teamwork among overhaul and service centers</li> <li>· Expand customer response call center functions and improve training/support functions for service centers</li> </ul>
<u>Development of next-generation products</u>	<p>Respond actively to next-generation manufacturing processes</p> <ul style="list-style-type: none"> <li>· Develop next-generation vacuum pumps</li> <li>· Develop Cu plating technology for 3D packaging</li> </ul>

## Summary of Forecast for FY2009

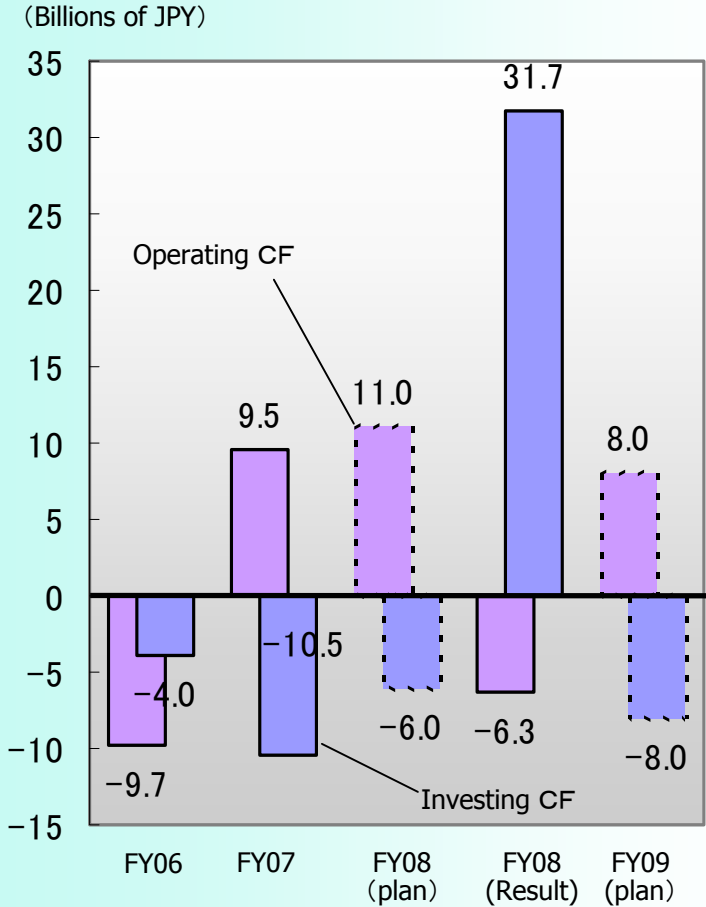
(ended March 31, 2009)

(Billions of JPY)	Result FY2008	Plan FY2009	Change
Orders	597.9	555.0	-42.9
Net Sales	567.1	560.0	-7.1
Operating Income	6.0	13.0	+6.9
Ordinary Income	2.7	9.0	+6.2
Net Income	7.6	4.5	-3.1

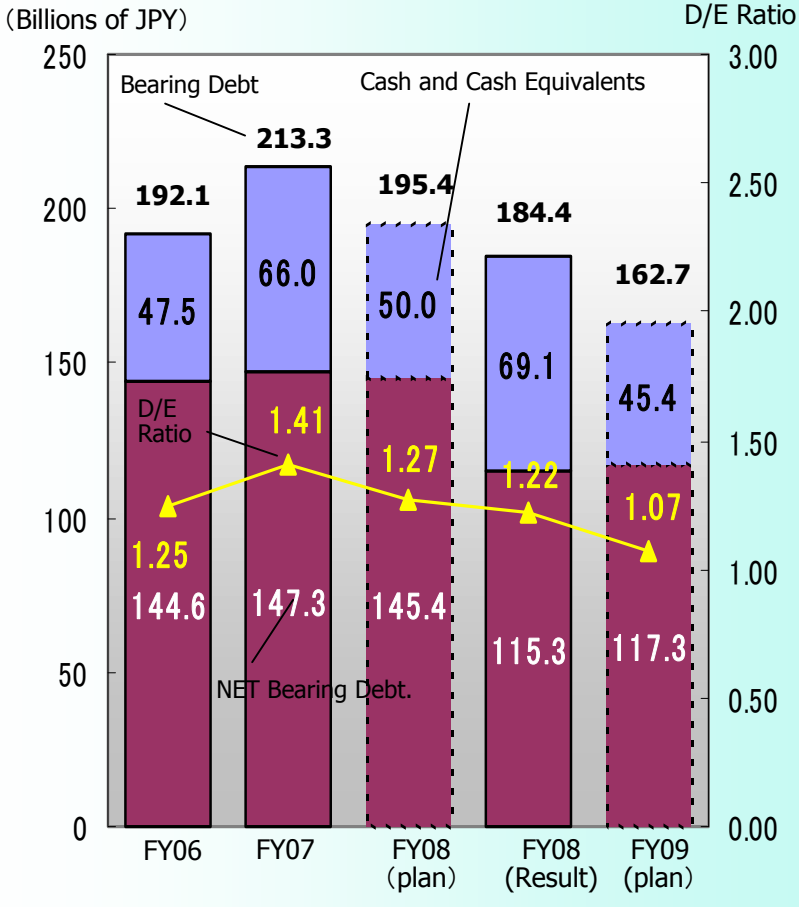
# Summary of Forecast for FY2009

(ended March 31, 2009)

## Cash flow



## Interest-Bearing Dept



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