

EBARA(6361)



Jan 27th. 2009

Revision of the Outlook for Performance

Revised Outlook for Consolidated Performance During the Full Fiscal Year Ending March 31, 2009

(Billions of JPY)	Previous Outlook (A) (issued on Nov. 14, 2008)	Revised Outlook (B)	Change (B-A)	Change (%)
Net Sales	550.0	530.0	-20.0	-3.6%
Operating Income	4.0	-5.0	-9.0	—
Ordinary Income	0.5	-8.0	-8.5	—
Net Income	0	-17.0	-17.0	—

Revised Outlook for Consolidated Performance by Segment During the Full Fiscal Year Ending March 31, 2009

(Billions of JPY)	Previous Outlook (A) (issued on Nov. 14, 2008)	Revised Outlook (B)	Change (B-A)
Net Sales	550.0	530.0	-20.0
FMS Business	330.0	325.0	-5.0
EE Business	150.0	145.0	-5.0
PM Business	70.0	60.0	-10.0
Operating Income	4.0	-5.0	-9.0
FMS Business	11.5	11.5	0.0
EE Business	-8.0	-11.0	-3.0
PM Business	0.5	-5.5	-6.0

Reason and Factor of the Revision ; Net Sales and Operation Income

1) FMS Business

- ① Net Sales **¥5.0 billion decline**
• Decline in sales due to large foreign currency rate fluctuations ¥5.0 billion decline
- ② Operation Income **No change**
• Foreign exchange loss (Divergence from initially assumed exchange rate of ¥103/US\$1 to ¥90/US\$1) ¥2.5 billion decline
• Increase in income due to cost reductions in the custom pump business and the compressor & fans business ¥2.5 billion increase

2) EE Business

- ① Net Sales **¥5.0 billion decline**
• Decline in sales, etc., due to large foreign currency rate fluctuations ¥5.0 billion decline
- ② Operation Income **¥3.0 billion decline**
• Additional cost related to Infra-Serve project in Germany ¥3.0 billion decline

3) PM Business

- ① Net Sales **¥10.0 billion decline**
• Decline in sales due to customer requests for postponement of deliveries in view of extremely depressed conditions in the semiconductor industry ¥14.0 billion decline
• Increase in sales, mainly of overseas subsidiaries ¥4.0 billion increase
- ② Operation Income **¥6.0 billion decline**
• Decline in income accompanying lower sales due to customer requests for postponement of deliveries ¥5.6 billion decline
• Foreign exchange loss (Mainly losses of subsidiaries in the United States, South Korea, and Europe) ¥1.0 billion decline
• Increase in income due to gains in sales of overseas subsidiaries ¥0.6 billion Increase

Reason and Factor of the Revision ; Extraordinary Income or Loss and Others

<u>Items</u>	<u>Amount</u>
<u>1. Extraordinary Income</u>	<u>¥ -2.0 billion</u>
Principal source of extraordinary income	
• Reversal of reserve for doubtful accounts	¥ 3.0 billion
Principal sources of extraordinary expenses	
• Write-down of securities and other investments	¥ 3.1 billion
• Loss on sale of fixed assets	¥ 1.2 billion
• Write-down of investments in subsidiaries/affiliates	¥ 1.0 billion
<u>2. Income Taxes</u>	<u>¥ 6.5 billion</u>
By principal item	
• Current taxes	
• Valuation allowance for deferred tax assets	

Principal Management Policies in Fiscal Year Ending March 31, 2010

Principal Management Policies in Fiscal Year Ending March 31, 2010

Overall Group Policies

Overall Group Policies

The operating environment in the fiscal year ending March 31, 2010 is forecast to remain challenging as capital investment continues to be weak as a result of the worldwide economic downturn.

To overcome these difficult conditions and recover profitability at an early date, the EBARA Group will work together to implement management measures, including implementing thoroughgoing measures to lower fixed costs and increase operating efficiency.

Management Objective of Fiscal Year Ending March 31, 2010

As a whole, the Group will implement cost reductions amounting in total to more than ¥8.0 billion.

Principal Management Policies in Fiscal Year Ending March 31, 2010

FMS Business

Outlook for the Business Environment

Overseas electric power and energy related markets are expected to remain firm, but the domestic markets for construction facilities and equipment as well as private-sector markets will continue to be weak. It is assumed that the yen will remain strong throughout the fiscal year. The domestic market for public works will continue at a low level but is expected to remain stable.

Principal Management Policies

1. Custom Pumps
 - Implement measures to reduce risk accompanying the relocation of production facilities.
 - Strengthen overseas procurement functions to cope with foreign exchange fluctuations.
 - Expand after-sales service business, principally in the Middle East.
2. Compressors & Fans
 - Strengthen overseas procurement functions to cope with foreign exchange fluctuations.
 - Expand after-sales service business, primarily in Asia.
3. Standard Pumps
 - Expand revenues from the after-sales market and the facilities renovation market.
 - Upgrade and strengthen supply network to overseas markets.
4. Fluid related plants
 - Improve systems for management of project profitability.
 - Continue restraints on fixed costs.

Management Objective of Fiscal Year Ending March 31, 2010

Although there are uncertainties, including foreign exchange and other risks, we will consider the order backlog and aim for profitability in this business at the same level as in the fiscal year ending March 31, 2009.

Principal Management Policies in Fiscal Year Ending March 31, 2010

EE Business

Outlook for the Business Environment

In our core public works market, we will be freed from restriction competing in public bidding that were imposed as the penalties caused by the alleged bid riggings in the past, and we are assuming that the price level awarded in the market as a whole will rise to some extent. Therefore, the level of market demand will remain at a relatively low level but is expected to remain stable.

Principal Management Policies

During the fiscal year ending March 31, 2009, with the exception of the German project, both the water-related business and the incineration business are expected to return to be break even.

1. Reduction in fixed costs accompanying realignment of affiliated companies.
 - The water-related business and incineration business, which are now spread across three companies, will be reorganized into two companies, each of which will have EPC and O&M functions. Fixed costs will be reduced by combining and sharing administrative functions and through the elimination and consolidation of regional offices.
2. Full measures will be taken to prevent additional costs in connection with the Infra-Serve project in Germany.
 - Twelve additional technical personnel from Japan, mainly in the field of electrical instrumentation, will be dispatched to work on the project.
 - Support systems will be expanded to strengthen project management functions (at the project site and in Japan).
 - Thoroughgoing management of processes, construction, and vendors.
 - Holding of negotiations with the customer regarding the extension of the completion schedule and increases in contractual amounts.

Management Objective of Fiscal Year Ending March 31, 2010

We will implement strict risk management in the German project, make further reductions in fixed costs, and aim for returning the engineering business as a whole, including new businesses, to profitability.

Principal Management Policies in Fiscal Year Ending March 31, 2010

PM Business

Outlook for the Business Environment

In the semiconductor industry, which is the principal market for this segment, rapid shrinking of the market has coincided with the global economic downturn, resulting in the severe slowdown of capital investment in the industry. Such low level of investment is forecast to continue through mid-2010.

Principal Management Policies

1. Thoroughgoing reductions in fixed costs: Cuts of more than ¥4.0 billion compared with fiscal year ending March 31, 2009.

- Reductions in fixed costs through major personnel cuts in domestic Group companies in this segment.

	Mar 31, 2008	Jan 31, 2009	Mar 31, 2009
Number of employees:	1,676	1,244	1,012

- Reduction in fixed costs of overseas subsidiaries.

2. Sharper focus in R&D

- Focus on CMP and plating equipment, dry vacuum pumps, and emission gas treatment equipment.

3. Implementation of measures to reduce manufacturing costs.

- Reduction in manufacturing costs of new models through the simplification of the structure and other means.
- Reduction in total costs through the shortening of overall lead times in equipment production.
- Thoroughgoing measures to collect receivables as quickly as possible.

Management Objective of Fiscal Year Ending March 31, 2010

The market environment is expected to remain severe, but the segment will carry out thoroughgoing fixed costs cuts to drastically reduce the losses compared with the fiscal year ending March 31, 2009.

This release contains forward-looking statements which involve certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements which are valid only as of the date thereof. Ebara undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date thereof or to reflect the occurrence of unanticipated events.