

Results Presentation for the Second Quarter ended September 30, 2009

EBARA (6361)

Nov 13th. 2009



EBARA

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Summary of Results through the 2nd Quarter

(Ended September 30, 2009)

(Billions of JPY)

(Billions of JPY)	FY2008 2 nd Quarter (accum.)(Result)	FY2009 2 nd Quarter (accum.)(Result)	FY2010 2 nd Quarter (accum.)(Result)	Change (10-09)
Orders	299.1	254.6	207.9	-46.7
Net Sales	236.9	222.8	209.4	-13.4
Operating Income	-7.1	-3.5	2.3	+5.9
Ordinary Income	-8.5	-4.3	1.0	+5.3
Net Income	-24.5	-2.6	-1.1	+1.5

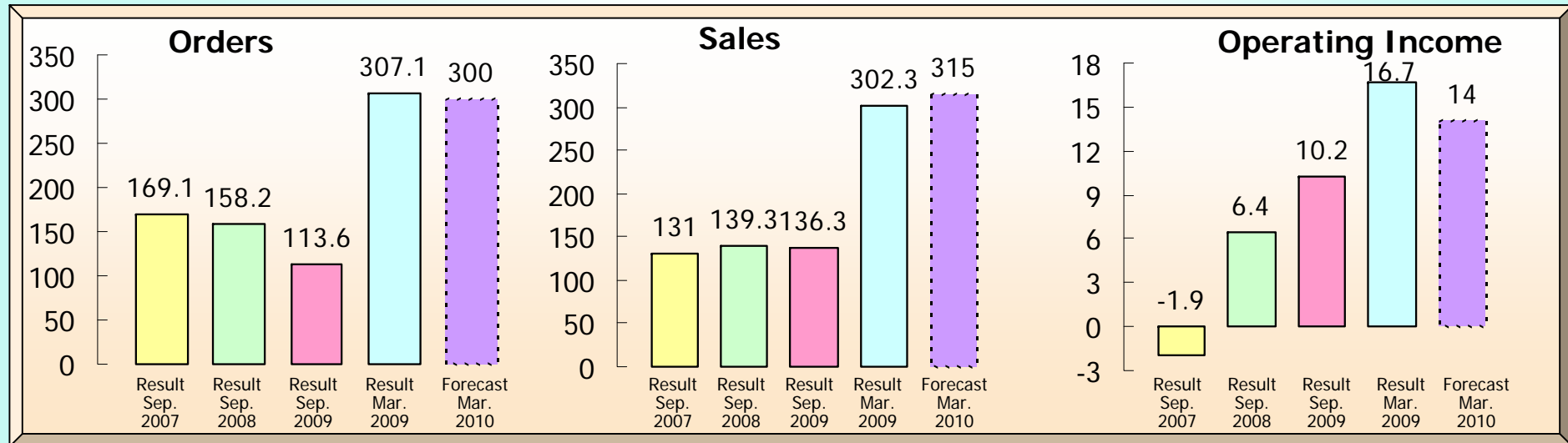
Segment Financial Results through the 2nd Quarter

(Ended September 30, 2009)

FMS business

··· Fluid machinery & Systems business

(Billions of JPY)



【Orders】

The value of orders declined substantially from the same period of the previous fiscal year because of the effects of postponement and restraints on capital investments among customers and stagnation in construction investments, both of which resulted from the downturn in the world economy.

【Sales】

Sales were at approximately the same level as during the same period of the previous fiscal year, when the sales performance was robust, based primarily on the Company's substantial backlog of orders for custom pumps as well as compressors and fans from the oil & gas and the electric power industries.

【Operating Income】

Operating income rose significantly from the same period of the previous fiscal year as a result of the combination of thoroughgoing profit management at the factory level, improved profitability accompanying cost reduction, and the posting of sales from projects having higher margins beginning at the order stage.

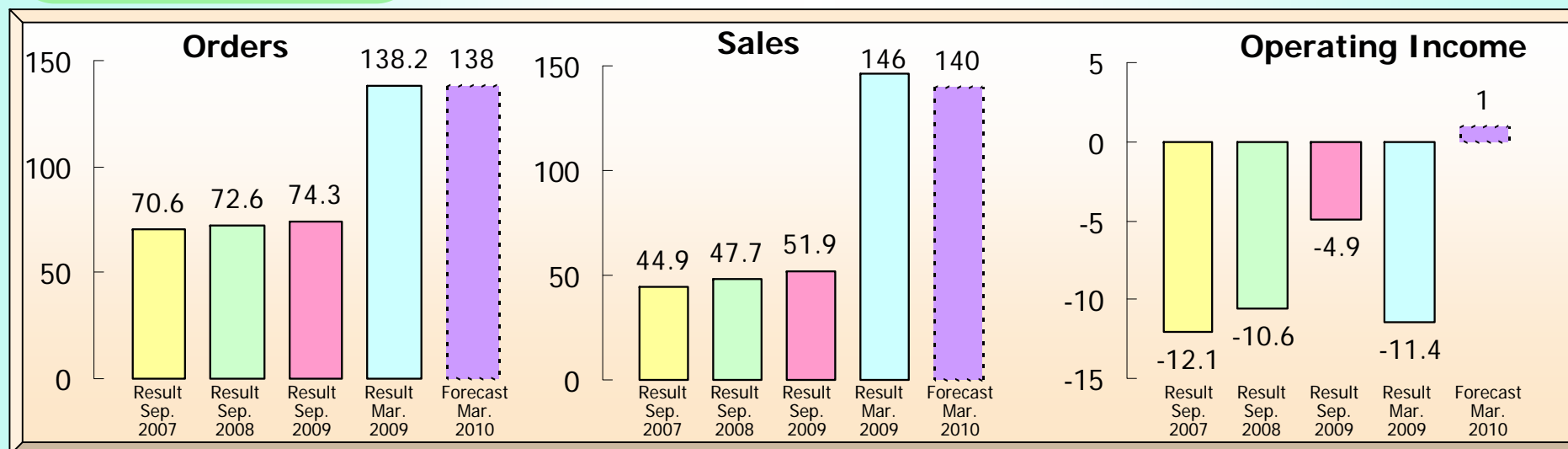
Segment Financial Results through the 2nd Quarter

(Ended September 30, 2009)

EE business

··· Environmental Engineering business

(Billions of JPY)



【Orders】

Although conditions for public-sector projects, which is the core field for the EE business, remained highly competitive, this business secured orders at about the same level as in the same period of the previous fiscal year because of strong orders for operation and maintenance (O&M) services in both the water treatment plant and environmental plant businesses.

【Sales】

Sales rose above the level of the same period of the previous fiscal year owing to the recovery of sales in the domestic water treatment plant business, an increase in sales in the overseas incinerator construction project field, and the change in accounting standards for construction completions.

【Operating Income】

The operating loss was smaller than for the same period of the previous fiscal year, despite additions to reserves related to an overseas waste incineration plant, owing to the positive effects of cost reductions and other factors.

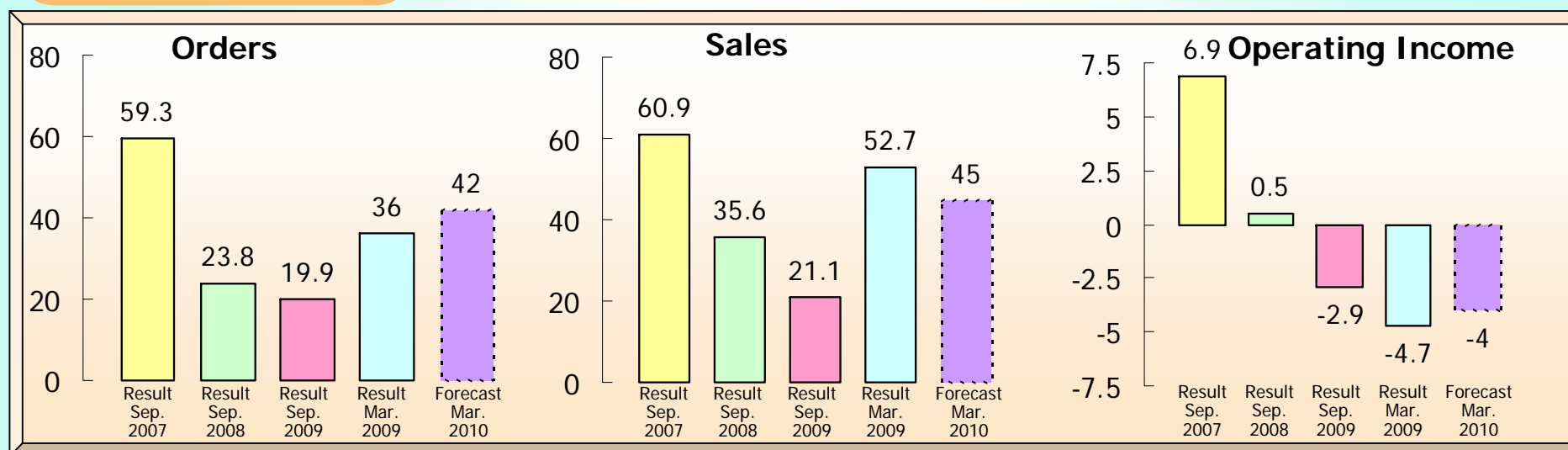
Segment Financial Results through the 2nd Quarter

(Ended September 30, 2009)

PM business

··· Precision Machinery business

(Billions of JPY)



【Orders】

As during the previous fiscal year, companies in the semiconductor industry continued to restrain their capital investments because of stagnation in economic conditions. However, as a result of the impact of economic stimulus policies adopted by countries around the world, some customers resumed their investments, and the decline in orders on a value basis compared with the same period of the previous fiscal year was only about 15%.

【Sales】

Although sales are on a rising trend because of the effects of the resumption of investments by some customers, the decline in the backlog of orders at the end of the previous fiscal year led to a decline of approximately 40% in sales compared with the same period of the previous fiscal year.

【Operating Income】

The PM business reported an operating loss, despite reductions in expenses, especially in fixed costs, because of the adverse impact of the large decline in sales.

Segment Forecast for FY2010

(Ended March 31, 2010)

FMS business

··· Fluid machinery & Systems business

(Billions of JPY)	Result FY2009	Plan FY2010	Forecast FY2010	Change (From planned levels)	Change (10-09)
Orders	307.1	315.0	300.0	-15.0	-7.1
Sales	302.3	317.0	315.0	-2.0	+12.7
Operating Income	16.7	13.0	14.0	+1.0	-2.7

- ◆ Projection of orders

Although there are signs that the world economy is in the process of bottoming out and that market conditions are gradually improving, the outlook is for insufficient recovery in capital investments during the current fiscal year. Orders are now expected to be below the initial planned levels.

- ◆ Projection of sales

Sales are expected to rise above those of the previous fiscal year as a result of the fulfillment of a large backlog of orders in the custom pump business as well as the compressor and fan businesses. Also, since the recovery in construction investments that was anticipated in the initial plans announced at the beginning of the fiscal year is behind schedule, sales in this sector are now expected to decline.

- ◆ Projection of OP

Operating income is now forecast to be above the outlook announced at the beginning of the fiscal year as a result of such factors as cutbacks in fixed costs and reductions in expenses. However, operating income is forecast to be below the level of the previous fiscal year because of the costs of relocating functions to a new plant in the latter half of the fiscal year, lower profitability of certain projects, and other factors.

Segment Forecast for FY2010

(Ended March 31, 2010)

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>Custom pumps business</p> <ul style="list-style-type: none"> • Implement the move to the Futsu Plant and strengthen overseas production centers. • Focus on higher-growth markets, including equipment for nuclear power, desalination, LNG, and other types of plants. • Expand after-sales service business through measures to strengthen service-delivery systems.
<p><u>Strengthen Group management</u></p>	<p>Standard pumps business</p> <ul style="list-style-type: none"> • Strengthen global sales, manufacturing, and distribution network. • Strengthen domestic business through promotion of renewal/refurbishment services. • Promote cost reductions through procurement functions and improvements in design.
<p><u>Emphasis on improving profitability</u></p>	<p>Compressors and fans business</p> <ul style="list-style-type: none"> • Improve profitability in apparatus business. • Expand global after-sale service business. • Implement management integration within the Elliott Group.
	<p>Fluid related plants business</p> <ul style="list-style-type: none"> • Improve profitability from the order stage by strengthening management of individual projects. • Improve profitability of each project by strengthening integrated work systems among design and construction.
	<p>Chillers business</p> <ul style="list-style-type: none"> • Expand product lineup through joint work within the Group and expand sales globally. • Develop the domestic market for newly introduced high-speed turbo chillers.

Segment Forecast for FY2010

(Ended March 31, 2010)

EE business

· · · Environmental Engineering business

(Billions of JPY)	Result FY2009	Plan FY2010	Forecast FY2010	Change (From planned levels)	Change (10-09)
Orders	138.2	140.0	138.0	-2.0	-0.2
Sales	146.0	140.0	140.0	0	+6.0
Operating Income	-11.4	2.0	1.0	-1.0	+12.4

- ◆ **Projection of orders**

Although there will be some impact from the selective acceptance of orders for environmental plants from the public sector and the decline in the drive to invest in the private sector, demand for O&M services is firm. Therefore, the outlook is for securing orders at about the same level overall as in the previous year.

- ◆ **Projection of sales**

While sales in the environmental plant business will decrease compared with the previous fiscal year because of a decline in the backlog of orders in domestic EPC business, revenues from the water treatment plant business will remain at the same level as in the previous fiscal year. As a result, sales are expected to be at the initially planned level.

- ◆ **Projection of OP**

Although additional costs have been reported for an overseas waste incineration plant, as a result of the positive effects of efforts aimed at reducing fixed expenses and other costs as well as the strong performance of domestic O&M services business, the EE business is expected to secure profitability.

Segment Forecast for FY2010

(Ended March 31, 2010)

EE business

... Status of major action plan

Major Action Plan	Status
<p>Water treatment plants business</p> <p><u>Strengthen profitability</u> →</p> <p><u>Take initiatives in growth markets</u> →</p>	<p>Conduct proposal-oriented marketing</p> <ul style="list-style-type: none"> • Promote multi-year contracts and long-term, full-service consignment arrangements. • Strengthen initiatives related to major renewal/refurbishment projects to increase capacity and extend the useful lifetimes of existing facilities. <p>Reduce fixed costs and improve operating efficiency</p> <ul style="list-style-type: none"> • Reduce overlapping fixed costs through integration of the three companies. • Improve management precision to make attainment of objectives and results clear. <p>• Strengthen the approach to public private partnership (PPP)</p> <p>• Strengthen overseas operating bases</p> <p>• Strengthen alliance initiatives</p>
<p>Environmental plants business</p> <p><u>Respond flexibly to the needs of customers</u> →</p> <p><u>Improvement in competitiveness and profitability</u> →</p> <p><u>Steady and sure implementation of projects now under way</u> →</p>	<p>Integrate management of EPC and O&M businesses</p> <ul style="list-style-type: none"> • Strengthen the approach to DBO . • Promote multiyear contracts and long-term, full-service arrangements in O&M. • Strengthen initiatives to capture demand for extending the useful lifetime of existing facilities and for major new projects. <p>Strengthen capabilities for making comprehensive proposals and price competitiveness</p> <ul style="list-style-type: none"> • Strengthen competitiveness by utilizing top-class record of accomplishments in Japan, marketing network, and after-sales service network to best advantage. <p>Implement overseas waste treatment facility projects now on order steadily and surely</p> <ul style="list-style-type: none"> • Implement thoroughgoing budget and delivery schedule management.

Segment Forecast for FY2010

(Ended March 31, 2010)

PM business

...Precision Machinery business

(Billions of JPY)	Result FY2009	Plan FY2010	Forecast FY2010	Change (From planned levels)	Change (10-09)
Orders	36.0	40.0	42.0	+2.0	+6.0
Sales	52.7	43.0	45.0	+2.0	-7.7
Operating Income	-4.7	-5.0	-4.0	+1.0	+0.7

- ◆ Projection of orders

Although there are uncertainties surrounding full-scale market recovery, the PM business is expecting an increase in orders above the initially planned level owing to a one-time increase in orders in cutting-edge areas in expectation of a recovery in demand.

- ◆ Projection of sales

Although there are uncertainties regarding the January–March quarter, if the recovery trend continues on its current course, sales are expected to rise above initial plans.

- ◆ Projection of OP

Operating profitability is forecast to show an improvement of about ¥1 billion above the initial plan as the PM business continues efforts it began in the previous fiscal year to reduce fixed costs and manufacturing expenses.

Segment Forecast for FY2010

(ended March 31, 2010)

PM business

... Status of major action plan

Major Action Plan	Status
<p><u>Strengthening competitiveness of core products</u></p>	<p>Chemical mechanical polishing (CMP) equipment: Expand share of Cu circuitry process</p> <ul style="list-style-type: none"> • Expand sales of improved model products • Develop and evaluate next-generation equipment <p>Components: Expand sales of new products, step up activities in new fields</p> <ul style="list-style-type: none"> • Expand sales of energy-conserving dry pumps and new types of emission gas processors • Strengthen sales-expansion activities targeted at industries other than the semiconductor sector
<p><u>Enhancing profitability</u></p>	<p>Review all business processes (sales—manufacturing—after-sales service) related to product manufacturing</p> <ul style="list-style-type: none"> • Improve operating efficiency in response to staff reductions • Implement thoroughgoing measures to eliminate waste in work flows and expenses in EBARA and its associated companies • Double productivity and cut lead times in half
<p><u>Restructure the business base</u></p>	<p>Strengthen after-sales service business</p> <ul style="list-style-type: none"> • Develop “upgrade business” to help existing customers improve productivity • Global development of sales of parts, services, and other

Summary of Forecast for FY2010

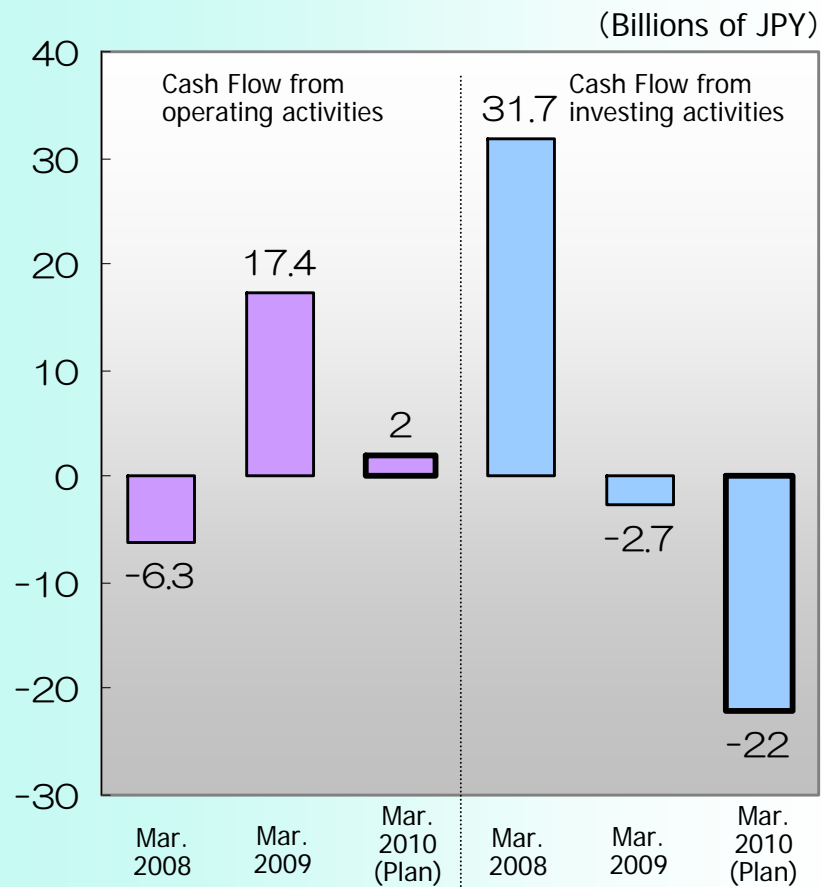
(Ended March 31, 2010)

(Billions of JPY)	FY2009 (Results)	FY2010 (Planned)	FY2010 (Forecast)	Change (From planned levels)	Change (10-09)
Orders	481.3	495.0	480.0	-15.0	-1.3
Net Sales	501.1	500.0	500.0	0	-1.1
Operating Income	0.6	10.0	11.0	+1.0	+10.3
Ordinary Income	-2.3	7.0	8.0	+1.0	+10.3
Net Income	-13.1	3.0	3.5	+0.5	+16.6

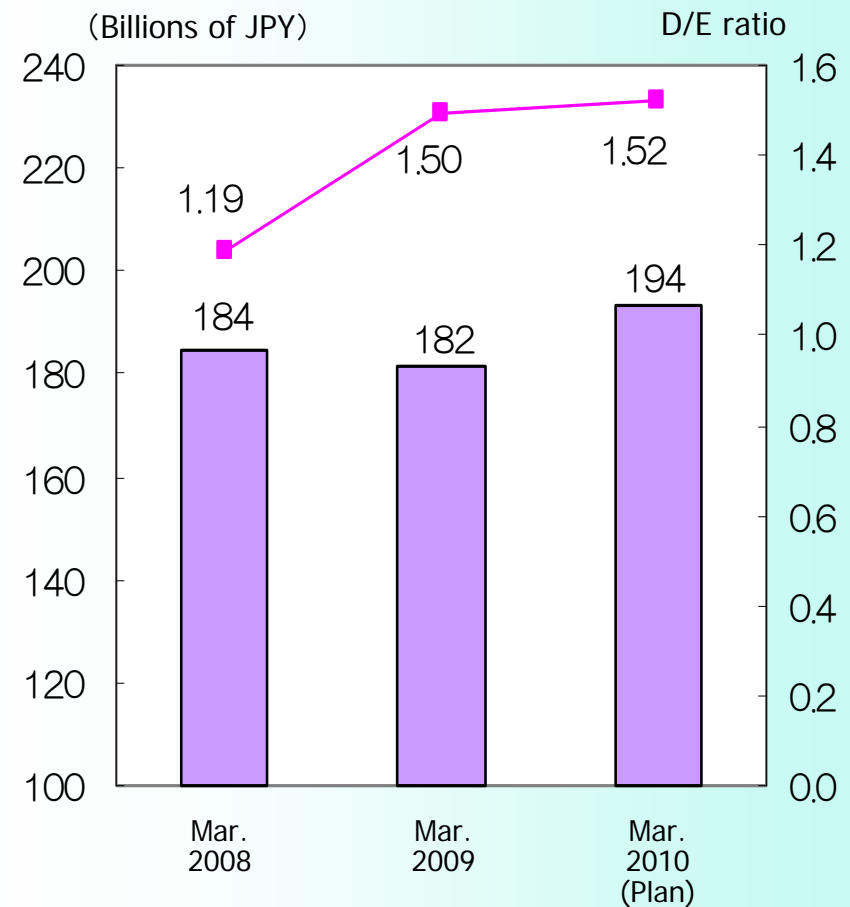
Summary of Forecast for FY2010

(Ended March 31, 2010)

Cash flow



Interest-Bearing Dept



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.