

Fluid Machinery & Systems Company

Expanding Our Share of the Global Market

Atsuo Ohi
Company President



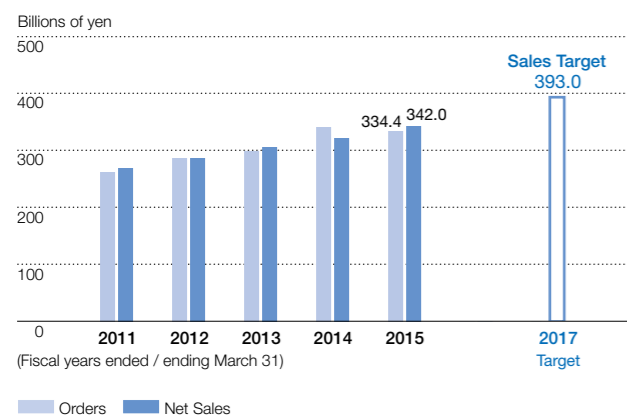
Main Bases

(As of March 31, 2015)

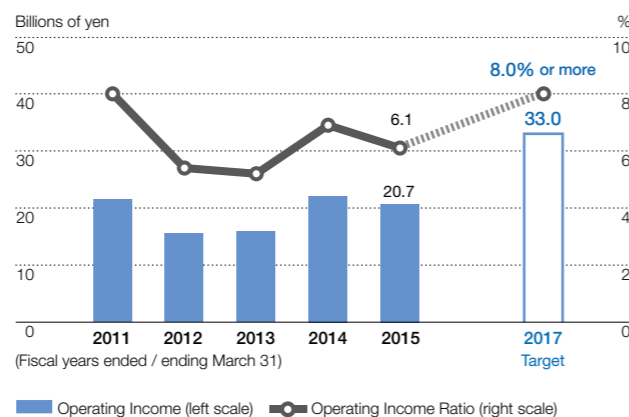
- Pumps
- Compressors and Turbines
- ▲ Chillers



Orders / Net Sales



Operating Income / Operating Income Ratio



Business Conditions Analysis

Opportunities

- Strengthening growth potential in relation to demand for various types of pumps in emerging countries mainly in Asia
- Increasing construction of ethylene plants and oil refineries mainly in North America and Asia
- Capturing demand from customers for a range of service and support (S&S)

Risks

- Decrease in price competitiveness due to yen appreciation
- Sudden changes in energy markets centered on oil and gas

Overview of Business Results in the Fiscal Year Ended March 31, 2015

In the pumps business, demand from overseas was strong for pipeline construction projects in the oil and gas market and oil refinery plant projects in the Middle East and Southeast Asia. In the chemicals market, the Company continued to receive a steady stream of orders for pumps for fertilizer plants. At the same time, orders for power plants in China and Southeast Asia remained strong in the electric power market. In Japan, recovery from the impact of the consumption tax hike was sluggish in the private sector, and the number of new construction starts was down year on year. Regardless orders were up due to the benefits of the new products that had been previously launched as well as the receipt of large-scale orders. In the public sector, meanwhile, investment for upgrades and repairs to social infrastructure remained firm, but overall orders were down year on year as the number

of large-scale pump orders was low.

In the compressor and turbines business, orders decreased from the previous year due to factors including intensified competition as well as postponed orders for new projects and delayed investment decisions in the oil and gas market that stemmed from the drop in crude oil prices.

In the chillers business, the domestic market displayed a recovery trend. However, overall orders declined year on year, as investments in heat pump projects were consistently sluggish in China, especially in the electric power industry.

Due to the above, net sales for the Fluid Machinery & Systems (FMS) Company amounted to ¥342,091 million in the fiscal year ended March 31, 2015, while operating income totaled ¥20,762 million.

Principal Affiliated Companies

Ebara International Corporation (United States)	●	Elliott Company (United States)	■
Ebara Pumps Europe S.p.A. (Italy)	●	Elliott Ebara Turbomachinery Corporation (Japan)	■
Ebara Machinery (China) Co., Ltd.	●	Ebara Refrigeration Equipment & Systems Co., Ltd. (Japan)	▲
Ebara Indústrias Mecânicas e Comércio Ltda. (Brazil)	●	YANTAI EBARA AIR CONDITIONING EQUIPMENT CO., LTD. (China)	▲

E-Plan2016

Vision of What We Want to Become in the Fiscal Year Ending March 31, 2020

Pumps business	Compressors and turbines business	Chillers business
<ul style="list-style-type: none"> Cast off our existing conservative corporate culture Become Asia's No. 1 pump manufacturer Become one of the world's top three pump manufacturers 	<ul style="list-style-type: none"> Establish the "Elliott" brand Achieve sales of ¥200 billion 	<ul style="list-style-type: none"> Capture the No. 1 market share for chillers in China and Southeast Asia Grow overseas sales to account for 50% or more of net sales

Basic Policies of E-Plan2016

To expand our presence on the global market in each of our businesses, the FMS Company will establish an efficient business structure by engaging in the priority tasks of "expanding our business scale in growing overseas markets" and "improving profitability in the mature Japanese market." In keeping with the perspective that thorough examinations of customer needs are the source of product competitiveness, we will enhance our product capabilities that will enable us to offer quality, prices, and delivery that meet customer needs while creating S&S business across the entire life cycle of the product.

Additionally, we will strategically and continuously fortify our core technologies,* which serve as the foundation of our competitiveness. At the same time, by leveraging these

Company's Targets for E-Plan2016

Net Sales (Fiscal year ending March 31, 2017) ¥ 393.0 billion	Operating Income (Fiscal year ending March 31, 2017) ¥ 33.0 billion	Operating Income Ratio (Fiscal year ending March 31, 2017) 8.0% or more
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technologies to develop products, we intend to strengthen our ability to cater to markets.

* Hydro- and aero-design technology, oscillation- and structural-analysis technology, material application technology, electric and electronics technology, and production and quality control technology associated with molding, bonding, processing, measuring, and automation

Basic Policies of E-Plan2016

Achievement of the First Year of E-Plan2016 and the Policy Hereafter

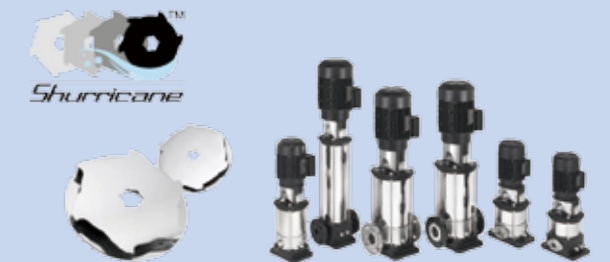
Pumps business

- (1) We will engage in speedy product development that meets customer needs and bring competitive new products to market.
- (2) We will increase the number of bases equipped with sales, service, and packaging functions on a global basis and establish a new business model by linking sales with service and support (S&S). In the pumps business, we have set the overseas sales ratio as well as the S&S sales ratio as key management indicators to assess business execution, and we will manage them accordingly. For the final year of E-Plan2016, we are targeting an overseas sales ratio of 45% or higher, and we will also pursue an S&S sales ratio of 30% or more in the overseas custom pumps business.
- (3) We will thoroughly reduce manufacturing costs through such means as revising basic product design while optimizing our procurement and product supply systems on a global basis by sharing data among production, sales, and service bases.

In the pumps business, we launched one core global product and two regional products as well as introduced new custom pumps series for use in power generation and in oil and gas applications. In addition, the overseas ratio, a key management indicator to assess business execution, rose to 45%. Looking ahead, we aim to increase the amount of net sales attributable to new products and have set the goal of growing sales of new products to represent more than 10% of total net sales, the same level targeted for core global products and for regional products.

At the same time, we are enhancing our network of overseas bases and striving to expand this network, which currently encompasses 20 countries, to include 30 countries in the future. Throughout the period of E-Plan2016, we intend to progressively establish bases equipped with sales, service, and packaging functions, and new bases were positioned in the

Netherlands, Brazil, and Vietnam during the fiscal year ended March 31, 2015, accordingly. In the fiscal year ending March 31, 2016, we plan to create new bases in India, Turkey, Saudi Arabia, and Indonesia. We will also form organizations for managing operations in Europe and Africa.



Core global product Stainless steel vertical multistage pump (EVMS)

Compressors and turbines business

- (1) We will thoroughly enforce Group management through a global organization and speed up the decision-making process through the establishment of a globally integrated production management system.
- (2) By strengthening competitiveness and bolstering production capacity, we will diligently incorporate market growth to boost earnings while reinforcing S&S capabilities to enhance both the quantitative and qualitative aspects of operations.
- (3) To optimize the *monozukuri* process, we will take a scientific approach in advancing global productivity innovation activities and enhance our competitive edge by raising our competitiveness in terms of prices, delivery, and quality.

In the compressors and turbines business, the drop in oil prices that began during the latter half of 2014 resulted in delayed orders of new products, project cancellations, intensified competition, and other unfavorable changes in the operating environment. These adverse conditions caused orders received and net sales to fall below initial forecasts, but for operating income we met our initial target nonetheless.

We suspect that this business will be able to secure income in line with forecasts due in part to the support of its S&S operations, which are not overly concentrated in any particular region. Conversely, while sales of products for new projects were initially anticipated to increase, we now realize that the future performance of these products will be dependent upon the speed of the resumption of final investment decisions among customers. Looking ahead, we will strive to ensure a sufficient volume of orders for projects in Asia, an area of specialty for the Group, while monitoring the status of final investment decisions in relation to various projects.



Steam turbine undergoing repairs

Among the principal measures of E-Plan2016 is investment in bases, which is mainly being directed at S&S bases. For example, we commenced operations at bases in China and India in the first quarter of the fiscal year ended March 31, 2016. Preparations for these two bases were advanced during the fiscal year ended March 31, 2015. In addition, we plan to establish a new base in Saudi Arabia during the current fiscal year. Initiatives to strengthen production bases, meanwhile, were primarily conducted for upgrading aged equipment at bases in the United States. We also began soliciting orders for comprehensive inspection services as a new endeavor for strengthening S&S operations.

Chillers business

- (1) In the domestic business in Japan, we will ensure stable profitability by enhancing revenues from product sales and expanding the lineup of our S&S business.
- (2) Defining China and Southeast Asia as priority areas, we will expand the scale of overseas operations by launching products that match the market needs of each area to enhance our presence.
- (3) We will establish a development system allowing for coordination between bases in Japan and China and quickly launch products that meet market needs by effectively utilizing the development resources of bases in these two countries.

In the chillers business, we selectively accepted orders in fields characterized by fierce price competition to ensure sufficient returns with the aim of establishing stable domestic earnings structures. At the same time, we bolstered our S&S lineup. Overseas initiatives included strengthening product sales in Southeast Asia, bolstering direct S&S sales, and increasing sales conducted through agents in the Middle East and Europe. Conversely, we saw demand disappear for heat pumps in

China, an area where demand growth was anticipated. In the fiscal year ending March 31, 2016, we will reinforce product sales systems targeting the Southeast Asian market with the aim of improving overseas sales.



High-efficiency turbo chiller (RTBF-type)

Environmental Engineering Company

Increasing Market Share, Profitability, and Efficiency

Akira Ichihara
Company President



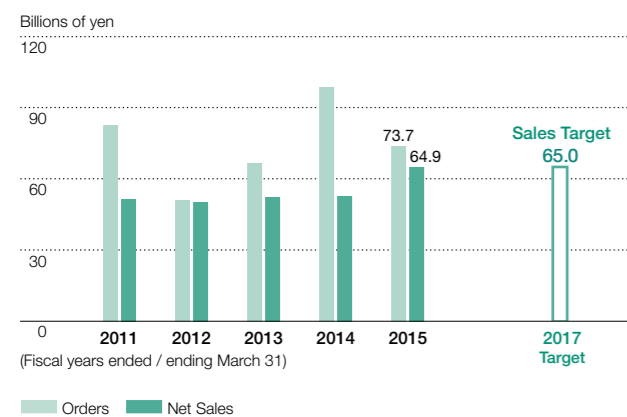
Main Bases

(As of March 31, 2015)

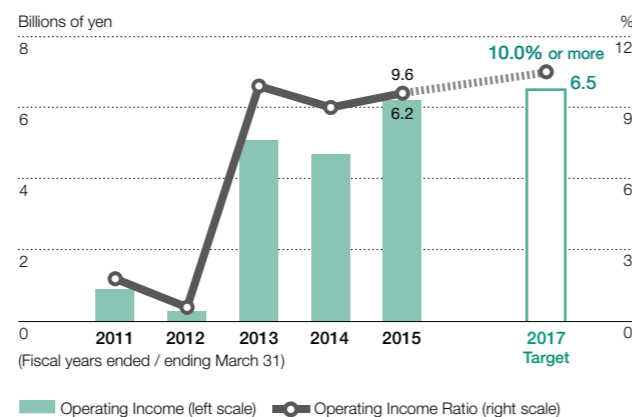
Principal Affiliated Companies

Ebara Environmental Plant Co., Ltd. (Japan)
EBARA QINGDAO CO., LTD. (China)
Swing Corporation (Japan)

Orders / Net Sales



Operating Income / Operating Income Ratio



Business Conditions Analysis

Opportunities

- Growing demand for services to lengthen the lifetimes of aging facilities
- Increasing comprehensive outsourcing of existing facilities' operations

Risks

- Postponement or cancellation of renewal plans of waste treatment facilities

Overview of Business Results in the Fiscal Year Ended March 31, 2015

In the Environmental Engineering (EE) Company, a gradual recovery was evident in the volumes of orders for new facilities in the engineering, procurement, and construction (EPC) field as well as for design, build, and operate (DBO) services, which encompass facility construction, management, and business operation. Meanwhile, orders for operating and maintenance (O&M) services for waste incinerating facilities were relatively unchanged from previous fiscal years. Orders in this area included large-scale repair projects for existing facilities, work to upgrade core facilities to limit greenhouse gas emissions, and long-term comprehensive management contracts. Amidst these conditions, the Company recorded orders for three projects for core equipment upgrade installation, one order for a DBO project, and one long-term comprehensive management contract. In addition, one processing facility for non-industrial waste for a local

government and one facility for processing industrial waste for a private-sector customer, which had been under construction, were completed and turned over to the clients.

Net sales for the EE Company during the fiscal year ended March 31, 2015, amounted to ¥64,932 million, while operating income totaled ¥6,231 million.



Garbage incineration facility constructed for Iwamizawa City, in Hokkaido (Iwamizawa Environment Green Plaza)

E-Plan2016

Vision of What We Want to Become in the Fiscal Year Ending March 31, 2020

- Leader in the domestic EPC and O&M markets
- Operating income ratio of more than 11%

Basic Policies of E-Plan2016

- In the EPC market in Japan, we will establish an earnings structure that will enable us to secure stable sales and operating income.
- In the O&M market in Japan, by improving customer satisfaction, customer bonding, and customer trust, we will expand the operational management outsourcing area.
- We will reinforce the competitiveness of the EE Company as a whole in terms of cost, quality, and business type by maximizing the synergy between the EPC and O&M fields.

Company's Targets for E-Plan2016

Net Sales	Operating Income	Operating Income Ratio
(Fiscal year ending March 31, 2017)	(Fiscal year ending March 31, 2017)	(Fiscal year ending March 31, 2017)
¥ 65.0 billion	¥ 6.5 billion	10.0% or more

Achievement of the First Year of E-Plan2016 and the Policy Hereafter

The operating environment showed no significant changes for the EE Company in the first year of E-Plan2016. This company's measures during the year included bolstering price competitiveness by developing an incinerator series and design bundles and expanding the scope of duties it is contracted to perform in the O&M field. In this manner, we continued to construct and reinforce stable earnings foundations. Going forward, we will push forward with ongoing measures geared toward boosting the competitiveness of EPC operations from an overall perspective and further cementing the stable earnings foundations of O&M operations.



Precision Machinery Company

Building Business Foundations for Sustainable Growth

Manabu Tsujimura
Company President



Main Bases

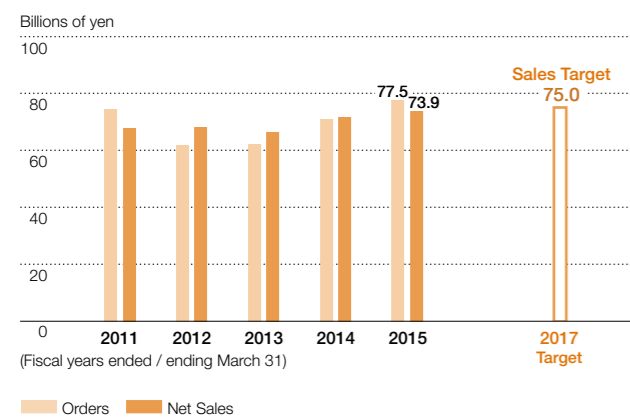
(As of March 31, 2015)

Principal Affiliated Companies

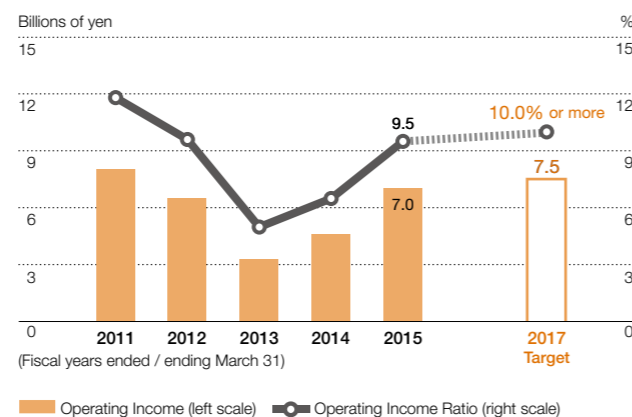
EBARA FIELD TECH. CORPORATION (Japan)
Ebara Technologies Incorporated (United States)
Ebara Precision Machinery Taiwan Incorporated

Ebara Precision Machinery Korea Incorporated
Ebara Precision Machinery Europe GmbH (Germany)
SHANGHAI EBARA PRECISION MACHINERY CO., LTD. (China)

Orders / Net Sales



Operating Income / Operating Income Ratio



Business Conditions Analysis

Opportunities

- Growing demand for semiconductors due to expansion of mobile devices market
- Expanding market for flat panel displays, photovoltaic cells, and LEDs

Risks

- Lowering of semiconductor manufacturers' capital investment

Overview of Business Results in the Fiscal Year Ended March 31, 2015

In the Precision Machinery (PM) Company, the semiconductor market was driven by solid demand from manufacturers of smartphones as well as tablets and other mobile devices. This trend also contributed to continually favorable capital investment trends related to DRAM and NAND flash memory, resulting in robust order volumes centered on components.

Conversely, lackluster conditions persisted in the markets for items such as flat panel displays, photovoltaic cells, and LEDs.

As a result, the PM Company posted net sales of ¥73,956 million and operating income of ¥7,060 million in the fiscal year ended March 31, 2015.

E-Plan2016

Vision of What We Want to Become in the Fiscal Year Ending March 31, 2020

- Operating income ratio of more than 10%
- Cultivated product line that can stand alongside vacuum pump products and CMP systems as a third pillar of operations
- Business foundation capable of supporting sustainable growth

Basic Policies of E-Plan2016

- (1) We will establish a sound business position that does not rely on the capital investment cycle of the semiconductor industry. Additionally, we will take appropriate measures in preparation for the recovery of the non-semiconductor market (manufacturing equipment for LEDs, LCD panels, photovoltaic panels, and lithium ion batteries), which remains sluggish.
- (2) Through flexible business management that is capable of responding to market changes in a timely manner, we will improve the average operating income ratio throughout the E-Plan2016 period.
- (3) To overcome competition in mainstay markets (Taiwan, South Korea, the United States, and Japan), we will employ and develop human resources in all fields, such

as marketing, development, production, quality assurance, sales, and S&S, and appoint optimal human resources to locations in Japan and overseas.

Company's Targets for E-Plan2016

Net Sales	Operating Income	Operating Income Ratio
(Fiscal year ending March 31, 2017)	(Fiscal year ending March 31, 2017)	(Average in the period)
¥ 75.0 billion	¥ 7.5 billion	9.0% or more

Achievement of the First Year of E-Plan2016 and the Policy Hereafter

The PM Company strove to raise the S&S sales ratio while improving profitability through productivity innovation activities, as it benefited from the robust growth in the semiconductor market, which is the mainstay market of this business. We expect orders to show strong increases throughout the period of E-Plan2016 and anticipate that the operating income ratio will smoothly increase toward our target of 10% as we continue advancing the plan's measures. We are also making impressive progress in cultivating a new product line that can stand alongside vacuum pump products and CMP systems as a third pillar of operations.



A base in Taiwan advancing production innovation activities