

Results Presentation for the 2nd Quarter
ended September 30, 2017

EBARA (6361)

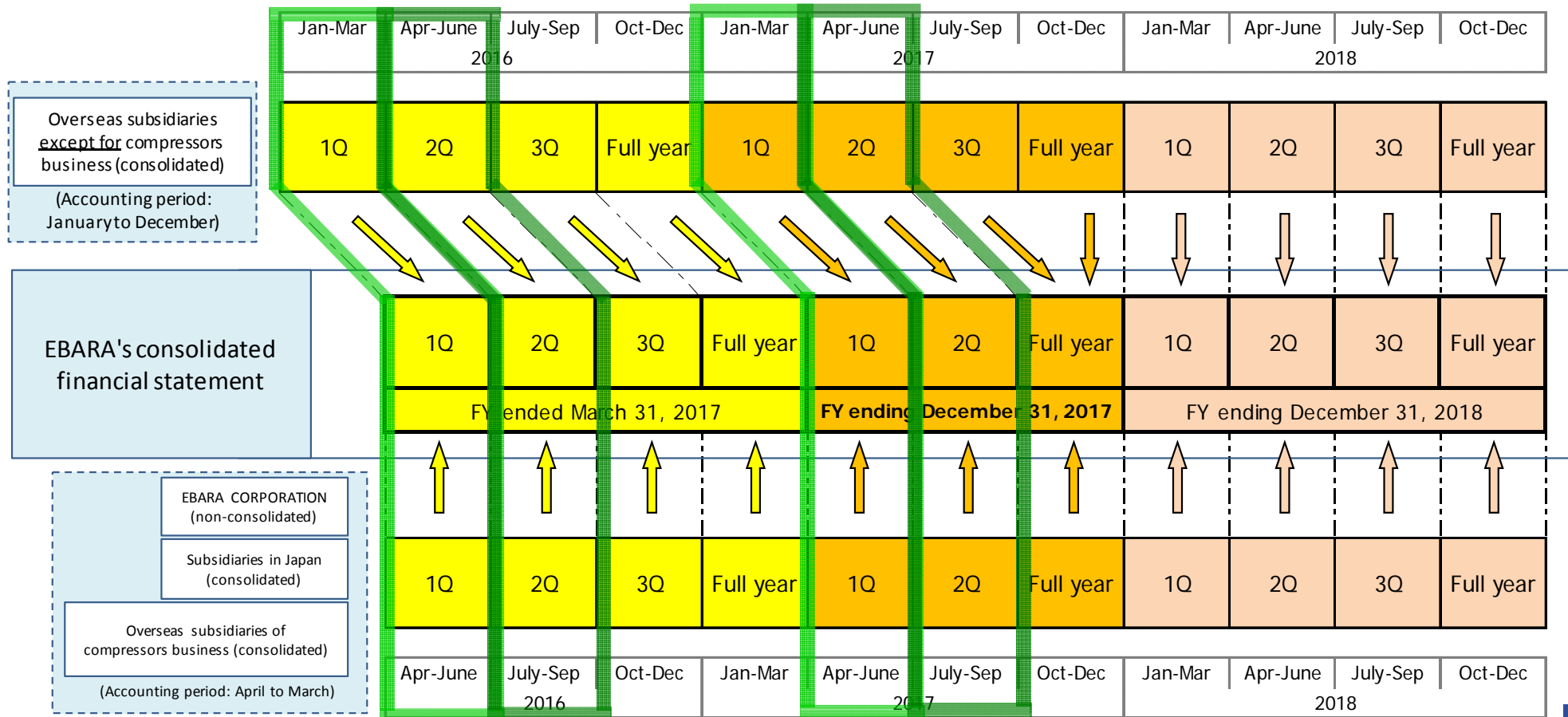
November 13, 2017



1. Summary of Results

Change in Accounting Period

- ✓ Change our company's accounting period and consolidated accounting period from the end of March to the end of December with approval in the shareholder meeting on June 23, 2017
- ✓ Our company and consolidated subsidiaries whose accounting period is the end of March change the period to the end of December
- ✓ The fiscal year ending December 31, 2017 is from April 1 to December 31, 2017 (9 months),
but the accounting period of this 1Q and 2Q are the same with 1Q and 2Q of the last fiscal year



(unit : ¥bn)

	2nd Quarter ended September 30, 2016	2nd Quarter ended September 30, 2017	Change
Orders	224.1	241.9	+17.8
Net Sales	191.9	206.7	+14.8
Operating Income	2.6	5.1	+2.4
Ordinary Income	-0.2	3.8	+4.1
Net Income attributable to owners of parent	-0.4	3.1	+3.5

Exchange Rate
(Average)

1USD = 102.3 JPY

1USD = 111.6 JPY

* In this material, "1Q" means 3 months cumulative, "2Q" means 6 months cumulative, "3Q" means 9 months cumulative, "4Q" means 12 months cumulative. From this page, figures are shown in billion yen unless stated.

1. Summary of Results

Segmental Summary of Results through the 2nd Quarter

	Orders			Net Sales			Operating Income		
	2Q ended Sep. 30, 2016	2Q ended Sep. 30, 2017	Change	2Q ended Sep. 30, 2016	2Q ended Sep. 30, 2017	Change	2Q ended Sep. 30, 2016	2Q ended Sep. 30, 2017	Change
FMS Business	131.9	148.2	+16.2	117.4	118.9	+1.5	-4.9	-5.0	-0.0
EP Business	33.3	35.1	+1.8	27.0	26.7	-0.2	1.7	2.0	+0.2
PM Business	58.0	57.8	-0.2	46.6	60.2	+13.6	5.4	7.9	+2.4
Others, Adjustment	0.8	0.8	-0.0	0.8	0.8	-0.0	0.3	0.1	-0.1
Total	224.1	241.9	+17.8	191.9	206.7	+14.8	2.6	5.1	+2.4

FMS Business ... Fluid Machinery & Systems Business

EP Business ... Environmental Plants Business

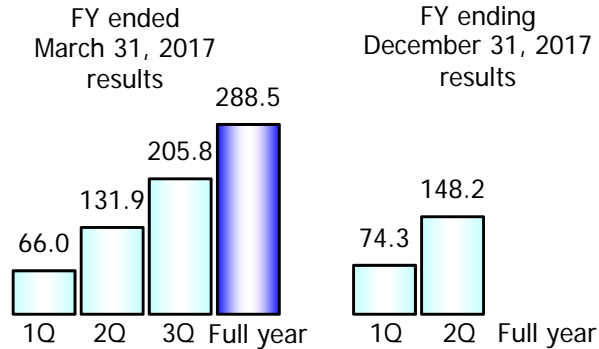
PM Business ... Precision Machinery Business

1. Summary of Results

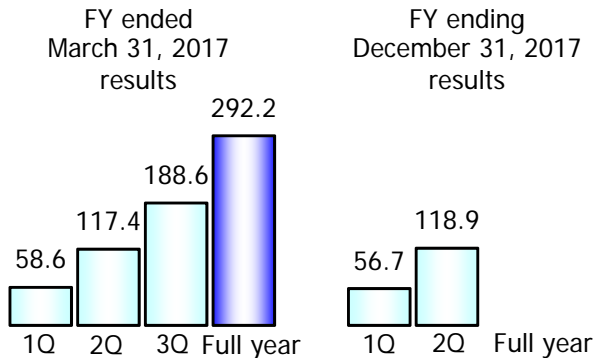
FMS Results through the 2nd Quarter

FMS Business

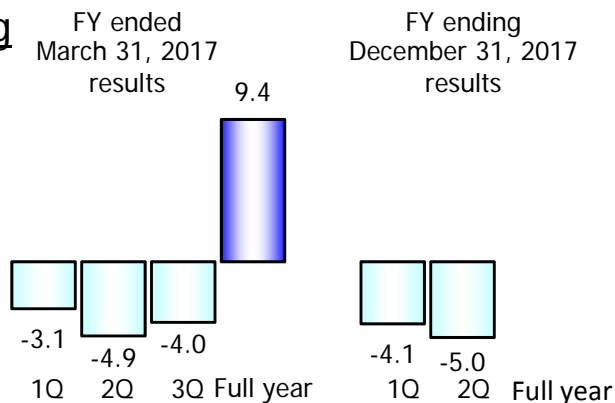
Orders



Sales



Operating Income



【Orders】

- ✓ In the pumps business, standard pumps have increased both in Japan and overseas
- ✓ In the compressors & turbines business, delay of customer's investment decision has partly bottomed out

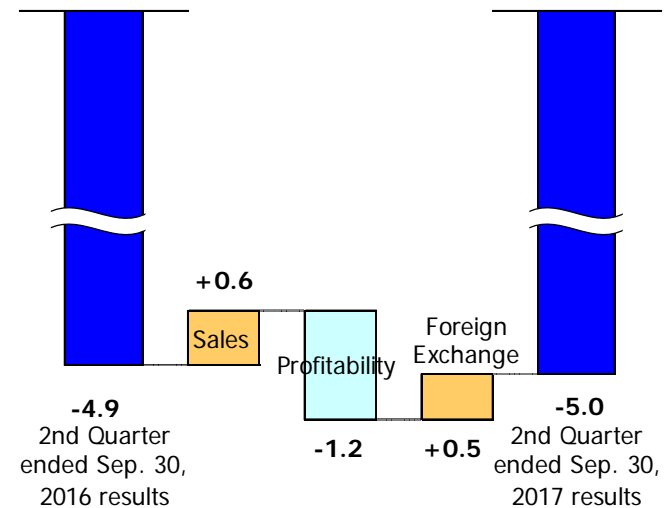
【Sales】

- ✓ Increased mostly by yen depreciation

【Operating Income】

- ✓ Yen depreciation (+)
- ✓ Proportion of sales of service and support (S&S) business decreased (-)

Breakdown of Changes in Operating Income

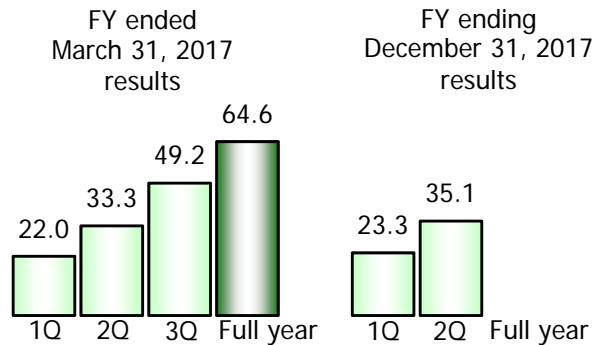


1. Summary of Results

EP Results through the 2nd Quarter

EP Business

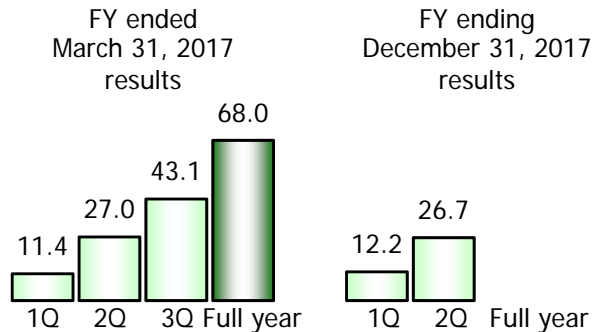
Orders



【Orders】

✓ Progressed as usual in the first half

Sales



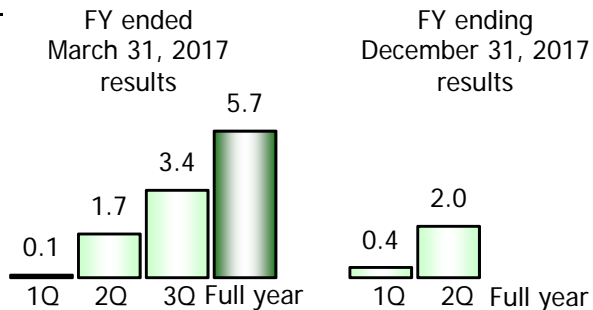
【Sales, Operating Income】

✓ Sales and profit decreased in Japan

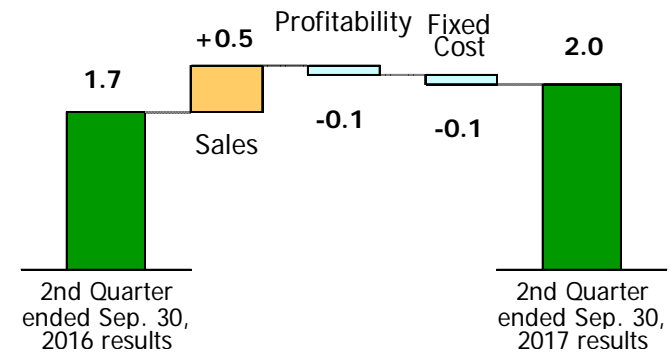
✓ “Services to lengthen the lifetimes of aging facilities” decreased

✓ Sales and profit increased in a manufacturing subsidiary in China

Operating Income



Breakdown of Changes in Operating Income

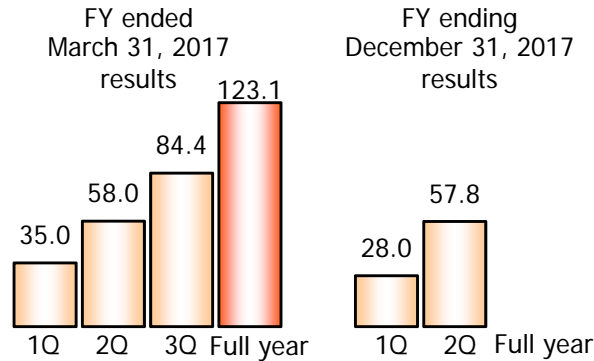


1. Summary of Results

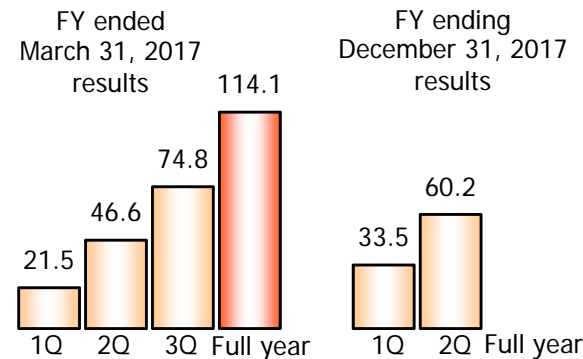
PM Results through the 2nd Quarter

PM Business

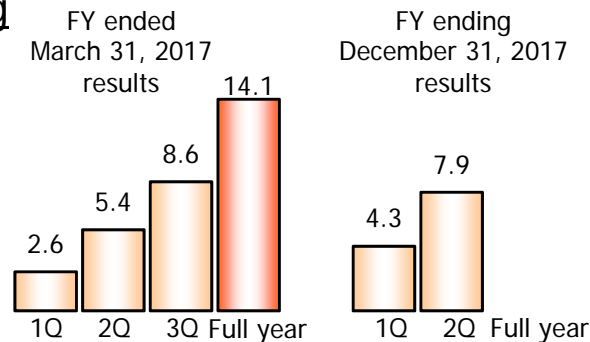
Orders



Sales



Operating Income



【Orders】

✓ Customers' motivation for capital investment stays strong

【Sales】

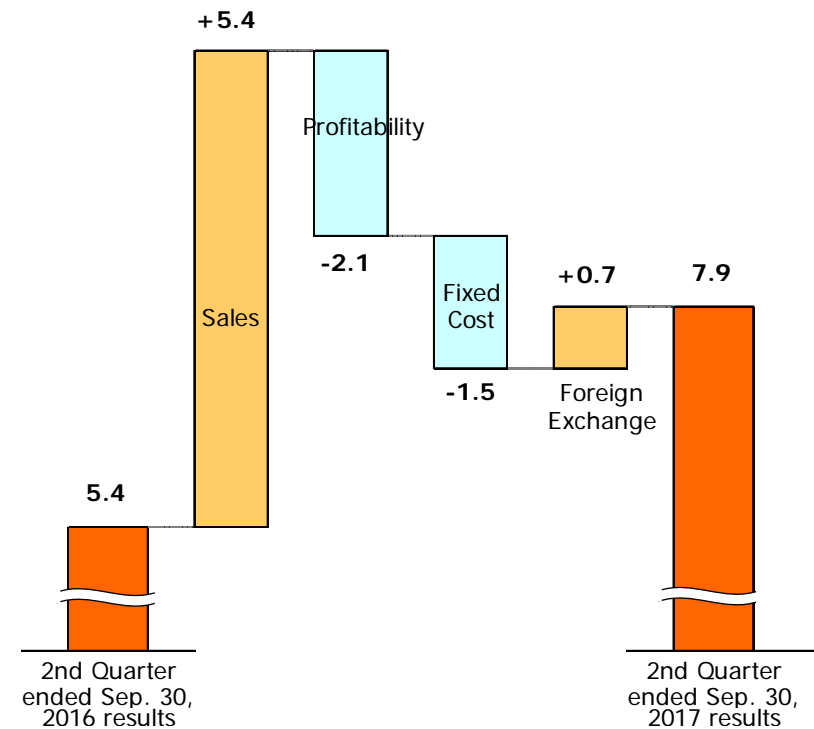
✓ Increased in both the CMP and the components businesses due to strong orders

【Operating Income】

✓ Sales significantly increased

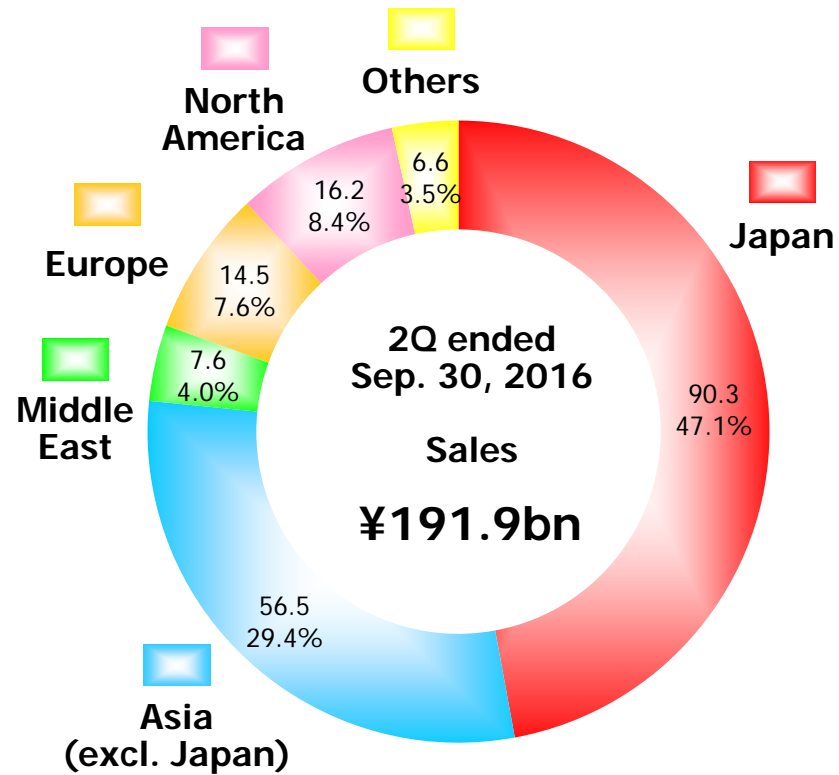
✓ Prior investment costs to develop and demonstrate machines and fixed costs mostly for expenses increased

Breakdown of Changes in Operating Income



1. Summary of Results

Sales Composition by Region

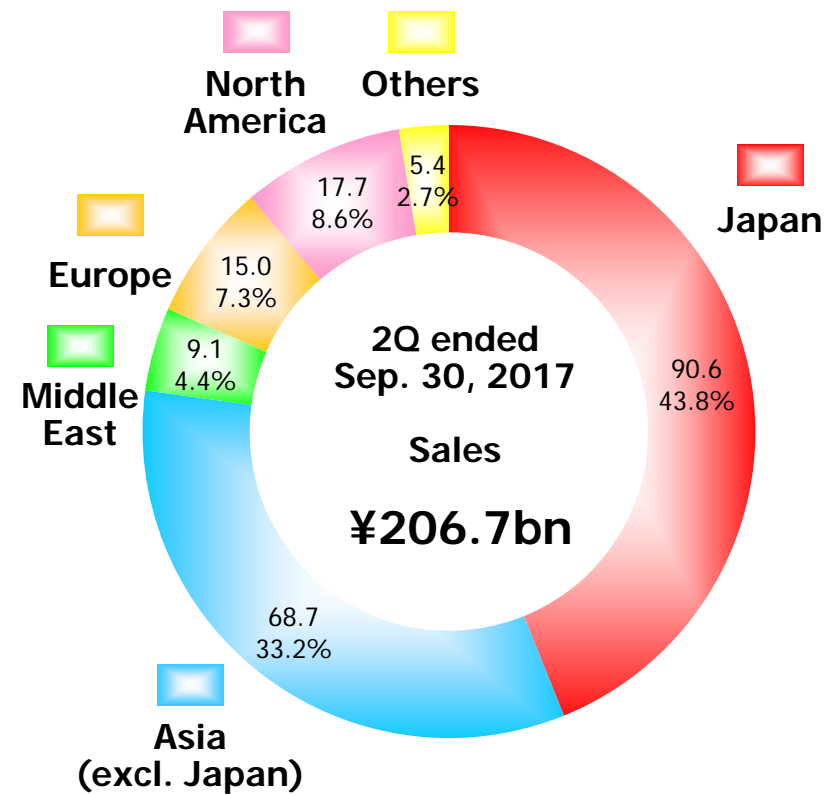


Overseas Sales

¥101.6bn

Percentage of Overseas Sales to Sales

52.9%

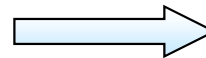


Overseas Sales

¥116.1bn

Percentage of Overseas Sales to Sales

56.2%



1. Summary of Results

Balance Sheet for the 2nd Quarter ended September 30, 2017

	As of March 31, 2017	As of September 30, 2017	Change
Current Assets	423.4	413.5	- 9.8
Cash and deposits, Securities	92.8	134.2	+ 41.3
Notes and accounts receivable-trade	207.3	150.9	- 56.4
Inventories	97.3	104.4	+ 7.1
Others	25.8	23.8	- 1.9
Fixed Assets	165.0	163.4	- 1.6
Tangible assets	110.1	109.3	- 0.7
Intangible assets	13.2	12.3	- 0.8
Investments and others	41.6	41.6	- 0.0
Total Assets	588.4	576.9	- 11.5

	As of March 31, 2017	As of September 30, 2017	Change
Liabilities	310.9	299.8	- 11.1
Notes and accounts payable-trade	120.0	105.8	- 14.2
Interest-bearing debt	96.5	104.9	+ 8.3
Others	94.3	89.0	- 5.2
Total Net Assets	277.5	277.0	- 0.4
Shareholders' equity	277.4	277.5	+ 0.1
Accumulated other comprehensive income	- 6.0	- 6.8	- 0.7
Subscription rights to shares	1.3	1.1	- 0.1
Non-controlling interests	4.7	5.2	+ 0.4
Total Liabilities and Net Assets	588.4	576.9	- 11.5

1. Summary of Results

Financial Information for Fiscal Year ending December 31, 2017

Management Indicators

	FY ended Mar. 31, 2016	FY ended Mar. 31, 2017
	Results	Results
ROIC	4.8%	5.6%
ROE	7.2%	8.0%
Debt/equity ratio	0.50	0.36

Cash Flows

	FY ended Mar. 31, 2016	FY ended Mar. 31, 2017	FY ending Dec. 31, 2017	2Q ended Sep. 30, 2016	2Q ended Sep. 30, 2017
	Results	Results	Plan	Results	Results
Cash flows from operating activities	+ 21.5	+ 33.8	+ 31.1	+ 26.2	+ 41.8
Cash flows from investing activities	- 14.3	- 18.5	- 15.0	- 9.2	- 6.6
Free cash flow	+ 7.1	+ 15.2	+ 16.1	+ 16.9	+ 35.2
Cash flows from financing activities	- 9.6	- 15.1	+ 10.6	- 0.3	+ 5.0

1. Summary of Results

Financial Information for Fiscal Year ending December 31, 2017

Capital Expenditures, Depreciation and Amortization, R&D Expenses

	FY ended Mar. 31, 2016	FY ended Mar. 31, 2017	FY ending Dec. 31, 2017	2Q ended Sep. 30, 2016	2Q ended Sep. 30, 2017
	Results	Results	Plan	Results	Results
CAPEX	15.7	22.6	15.0	10.8	6.5
FMS	9.7	11.8	6.0	5.7	2.9
EP	0.5	1.1	1.0	0.4	0.2
PM	3.3	7.4	5.0	3.3	2.4
Others	2.1	2.3	3.0	1.2	0.9
D&A	11.6	13.7	11.5	6.1	7.3
FMS	7.4	8.5	6.5	3.8	4.2
EP	0.3	0.4	0.3	0.2	0.2
PM	2.1	2.9	2.9	1.2	1.6
Others	1.6	1.8	1.8	0.8	1.1
R&D	7.6	8.7	9.0	3.9	4.0
FMS	5.0	4.7	3.5	2.0	2.2
EP	0.1	0.2	0.5	0.0	0.2
PM	2.4	3.7	5.0	1.8	1.5

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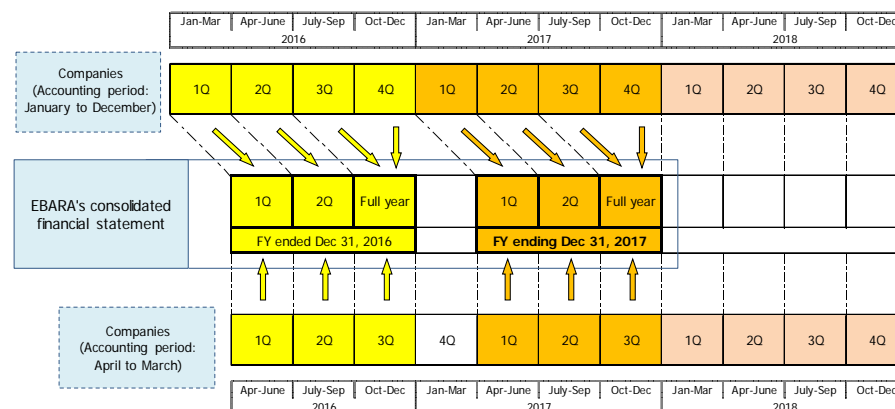
2. Projection and Management Strategy

Summary of Projection (FY ending December 31, 2017: 9 month)

	[Reference]* FY ended Dec. 31, 2016 (Results) (A)	FY ending Dec. 31, 2017 (Initial plan) (B)	FY ending Dec. 31, 2017 (Forecast) (C)	Change (from Plan) (C-B)	Change (Year-on-year) (C-A)
Orders	385.4	404.0	404.0	-	+ 18.5
Net Sales	350.2	354.0	364.0	+ 10.0	+ 13.7
Operating Income	11.4	15.0	16.0	+ 1.0	+ 4.5
Ordinary Income	9.5	14.0	14.5	+ 0.5	+ 4.9
Net Income attributable to owners of parent	7.3	8.0	9.0	+ 1.0	+ 1.6

Assumed Exchange Rate
1USD = 110 JPY

* As a reference, we disclose 9 months results of the fiscal year ended December 31, 2016 to compare with the fiscal year ending December 31, 2017.



2. Projection and Management Strategy

Summary of Projection (FY ending December 31, 2017: 9 month)

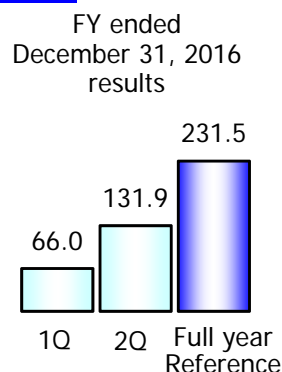
		[Reference] FY ended Dec. 31, 2016 (Results) (A)	FY ending Dec. 31, 2017 (Initial plan) (B)	FY ending Dec. 31, 2017 (Forecast) (C)	Change (from Plan) (C-B)	Change (Year-on- year) (C-A)
FMS Business	Orders	231.5	238.0	243.0	+ 5.0	+ 11.4
	Net Sales	213.8	218.0	218.0	-	+ 4.1
	Operating Income	- 3.4	2.0	2.0	-	+ 5.4
EP Business	Orders	50.9	75.0	50.0	- 25.0	- 0.9
	Net Sales	45.7	45.0	45.0	-	- 0.7
	Operating Income	3.9	4.0	3.0	- 1.0	- 0.9
PM Business	Orders	101.6	90.0	110.0	+ 20.0	+ 8.3
	Net Sales	89.4	90.0	100.0	+ 10.0	+ 10.5
	Operating Income	10.3	9.0	11.0	+ 2.0	+ 0.6
Others, Adjustment	Orders	1.2	1.0	1.0	-	- 0.2
	Net Sales	1.2	1.0	1.0	-	- 0.2
	Operating Income	0.5	0.0	0.0	-	- 0.5
Total	Orders	385.4	404.0	404.0	-	+ 18.5
	Net Sales	350.2	354.0	364.0	+ 10.0	+ 13.7
	Operating Income	11.4	15.0	16.0	+ 1.0	+ 4.5

2. Projection and Management Strategy

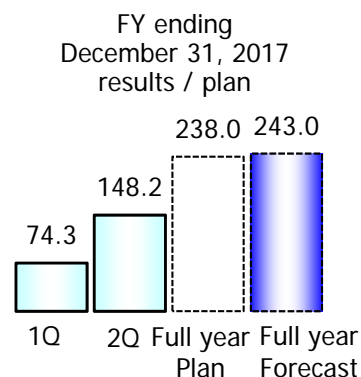
FMS Projection for Fiscal Year Ending December 31, 2017

FMS Business

Orders



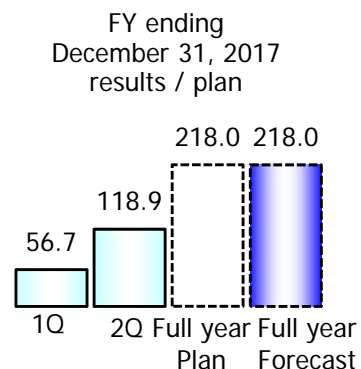
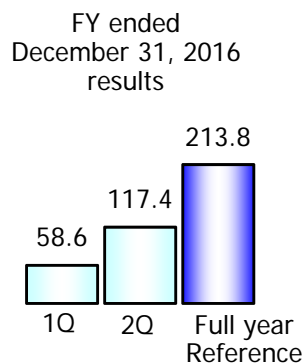
Forecast revised from the initial plan : **【Orders】**



【Orders】

- ✓ The oil and gas market is slowly recovering
- ✓ Raised the forecast for orders in the compressors & turbines business

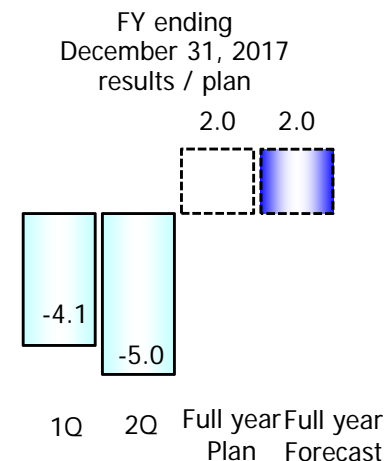
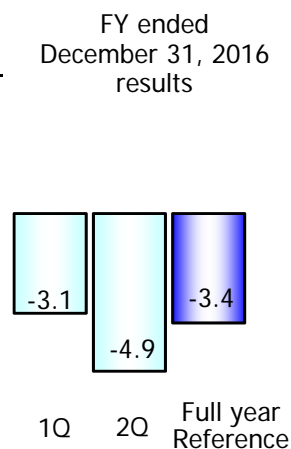
Sales



【Sales, Operating Income】

- ✓ In the compressors & turbines business, sales and operating income of S&S are delayed but it is expected to achieve the initial plan

Operating Income



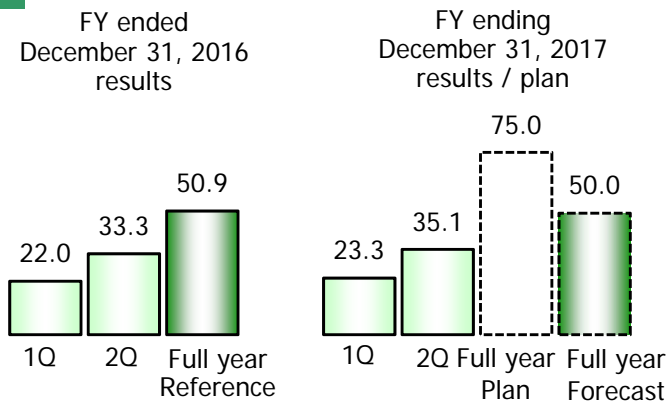
2. Projection and Management Strategy

EP Projection for Fiscal Year Ending December 31, 2017

EP Business

Forecast revised from the initial plan : **【Orders】****【Operating Income】**

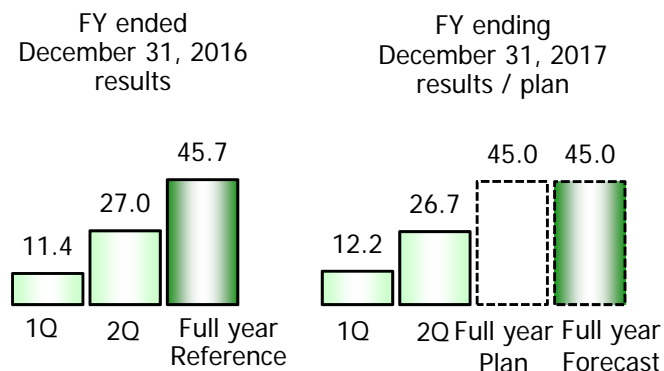
Orders



【Orders】

- ✓ Lowered the forecast because of failure to receive a large order

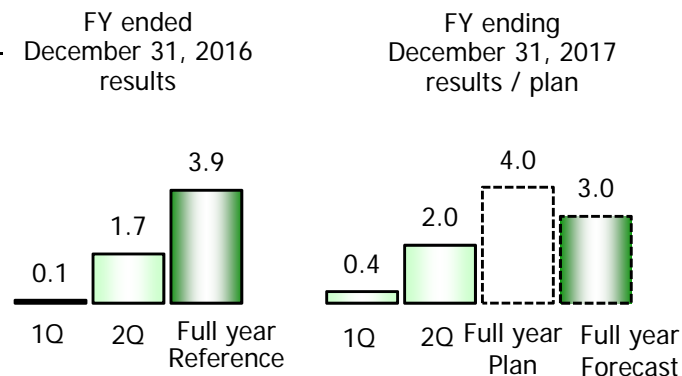
Sales



【Sales】

- ✓ Expected to go as planned

Operating Income



【Operating Income】

- ✓ Expenses occurred earlier than expected in some multi-year projects

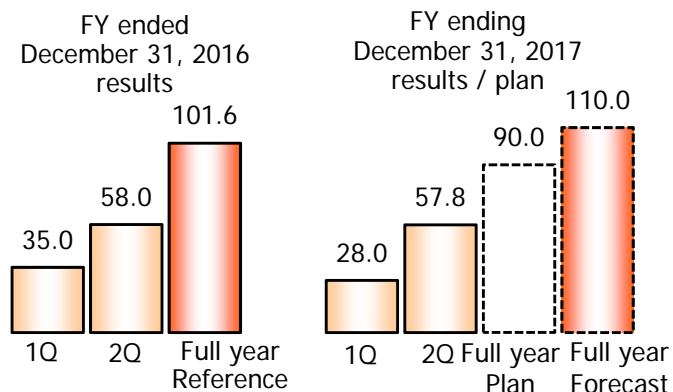
2. Projection and Management Strategy

PM Projection for Fiscal Year Ending December 31, 2017

PM Business

Forecast revised from the initial plan : **【Orders】【Sales】【Operating Income】**

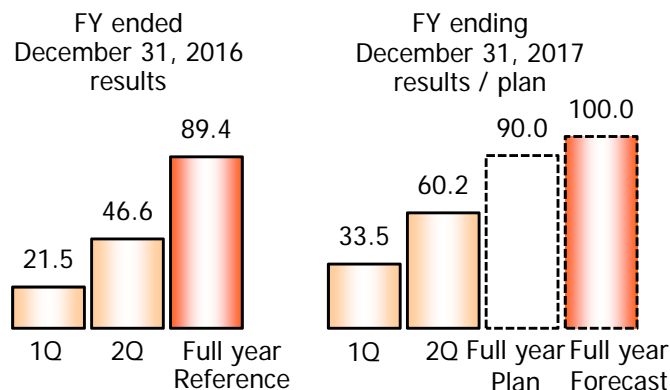
Orders



【Orders, Sales】

- ✓ Capital investment in semiconductor market is expected to stay strong in the next fiscal year
- ✓ Increased in the components business in this fiscal year due to especially strong investment related to memory

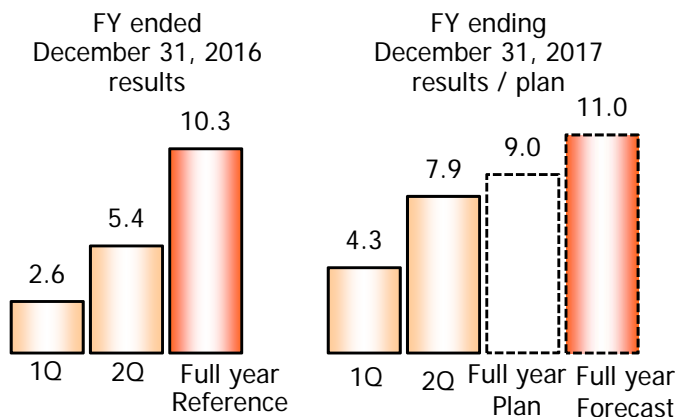
Sales



【Operating Income】

- ✓ Sales increased
- ✓ Costs are expected to increase to some extent due to sales growth

Operating Income



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Breakdown of Orders Results by Business Segment

Orders

	Full year					2Q		
	[Reference] FY ended Dec. 31, 2016 Results	FY ending Dec. 31, 2017			Change	2Q ended Sep. 30, 2016 Results	2Q ended Sep. 30, 2017 Results	Change
		Initial plan	Forecast	Change				
FMS Business								
Pumps	145.6	150.0	150.0	-	+ 4.3	83.0	91.8	+ 8.8
Compressors and Turbines	44.5	50.0	55.0	+ 5.0	+ 10.4	23.8	33.2	+ 9.4
Chillers	27.5	25.0	25.0	-	- 2.5	15.9	17.3	+ 1.4
Others	13.8	13.0	13.0	-	- 0.8	9.1	5.6	- 3.4
FMS Business Total	231.5	238.0	243.0	+ 5.0	+ 11.4	131.9	148.2	+ 16.2
EP Business								
Environmental Plants	50.9	75.0	50.0	- 25.0	- 0.9	33.3	35.1	+ 1.8
EP Business Total	50.9	75.0	50.0	- 25.0	- 0.9	33.3	35.1	+ 1.8
PM Business								
Components	39.9	34.0	49.0	+ 15.0	+ 9.0	19.6	28.1	+ 8.5
CMP Systems	57.9	49.5	54.5	+ 5.0	- 3.4	36.1	25.6	- 10.4
Others	3.7	6.5	6.5	-	+ 2.7	2.2	4.0	+ 1.7
PM Business Total	101.6	90.0	110.0	+ 20.0	+ 8.3	58.0	57.8	- 0.2
Others	1.2	1.0	1.0	-	- 0.2	0.8	0.8	- 0.0
Others Total	1.2	1.0	1.0	-	- 0.2	0.8	0.8	- 0.0
Total	385.4	404.0	404.0	-	+ 18.5	224.1	241.9	+ 17.8

Breakdown of Sales Results by Business Segment

Sales

	Full year					2Q		
	[Reference] FY ended Dec. 31, 2016 Results	FY ending Dec. 31, 2017			Change	2Q ended Sep. 30, 2016 Results	2Q ended Sep. 30, 2017 Results	Change
		Initial plan	Forecast	Change				
FMS Business								
Pumps	126.9	130.0	130.0	-	+ 3.0	68.0	70.7	+ 2.7
Compressors and Turbines	48.0	50.0	50.0	-	+ 1.9	27.2	29.7	+ 2.4
Chillers	25.0	25.0	25.0	-	- 0.0	12.4	13.3	+ 0.9
Others	13.9	13.0	13.0	-	- 0.9	9.6	5.1	- 4.5
FMS Business Total	213.8	218.0	218.0	-	+ 4.1	117.4	118.9	+ 1.5
EP Business								
Environmental Plants	45.7	45.0	45.0	-	- 0.7	27.0	26.7	- 0.2
EP Business Total	45.7	45.0	45.0	-	- 0.7	27.0	26.7	- 0.2
PM Business								
Components	37.9	34.0	44.0	+ 10.0	+ 6.0	19.1	27.6	+ 8.5
CMP Systems	45.8	49.5	49.5	-	+ 3.6	23.7	29.3	+ 5.6
Others	5.6	6.5	6.5	-	+ 0.8	3.8	3.2	- 0.6
PM Business Total	89.4	90.0	100.0	+ 10.0	+ 10.5	46.6	60.2	+ 13.6
Others	1.2	1.0	1.0	-	- 0.2	0.8	0.8	- 0.0
Others Total	1.2	1.0	1.0	-	- 0.2	0.8	0.8	- 0.0
Total	350.2	354.0	364.0	+ 10.0	+ 13.7	191.9	206.7	+ 14.8

2. Projection and Management Strategy

Progress of E-Plan 2019 Measures in Pumps Business

Position of Pumps Business in E-Plan 2019

The key message of E-Plan 2019

“Unlimited challenge toward growth”

5 Basic Policies and Structure

Basic Policy 1

Solidify the profit foundation of the Group so that it does not rely on market fluctuations, and aim for further growth

Basic Policy 2

Strengthen product competitiveness and improve profitability by introducing innovative production processes and business processes with the fully-automated plant at the core

Basic Policy 3

Expand the Service & Support (S&S) business to improve and stabilize profitability

Basic Policy 4

Utilize M&As as effective means, in businesses which are expected to generate stable growth and profits, for the purpose of increasing the Group's share in the overseas markets and enhancing product lineup; and in businesses which are highly susceptible to market fluctuations, for the purpose of expanding the domain of the S&S business

Basic Policy 5

In order to shore up the global expansion of each business, reinforce corporate headquarters' strategic functions while at the same time make Groupwide efforts to consolidate ongoing operations and enhance their efficiency

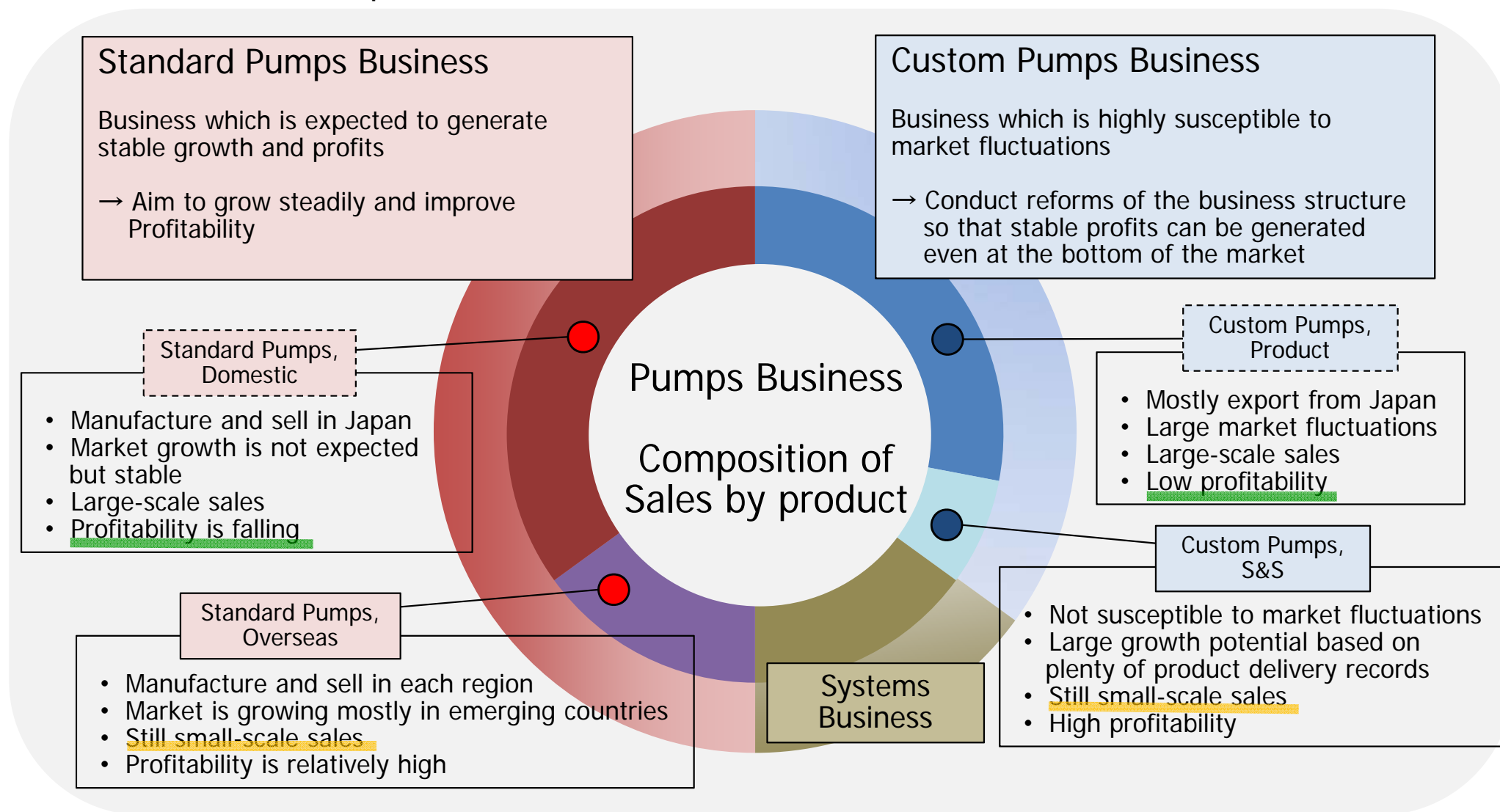
During E-Plan 2019, we will focus on profit growth and improve profitability in all our business

➤ **The most important challenge is**
to improve profitability of the pumps business

2. Projection and Management Strategy

Progress of E-Plan 2019 Measures in Pumps Business

Current Situation of Pumps Business

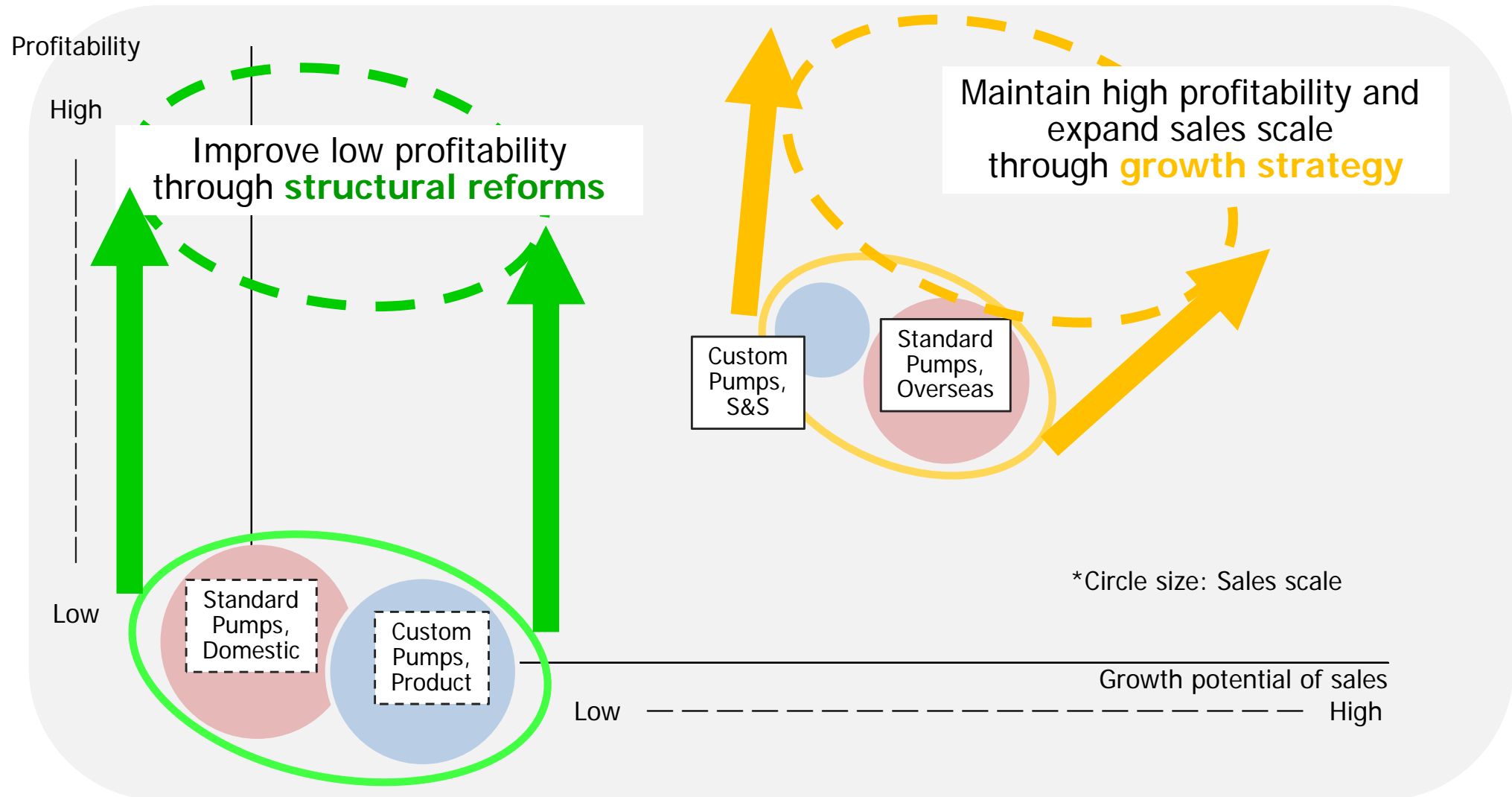


➤ **We have tasks of profitability and sales scale in both standard pumps and custom pumps business**

2. Projection and Management Strategy

Progress of E-Plan 2019 Measures in Pumps Business

Current Situation of Pumps Business and Vision of What We Want to Become



- Improve profitability through “structural reforms” and expand sales scale through “growth strategy”

2. Projection and Management Strategy

Progress of E-Plan 2019 Measures in Pumps Business

Progress of Structural Reforms

Standard Pumps, Domestic

1. Eliminate and integrate extant models
 - After the elimination, the volume of shipments increases on a year-on-year basis
2. Fundamentally revise the conventional production system
 - Planning details of the automated production line
3. Enhance operational efficiency
 - [Plant] Enhance coordination of each operation system
 - [Sales] · Consolidate estimation work and inquiry response into a specialized department
· Utilize cloud applications and webs

Custom Pumps, Product

1. Enhance a marketing organization of each Industry
2. Promote "Digitalization"
 - With a view to deploy to overseas bases, enhance core systems of production and sales
3. Standardize operation
 - Develop patterns of product specification in accordance with market needs

Standard Pumps, Domestic

Custom Pumps, Product

Optimized Human Resources in Domestic Pumps Business

- Optimized operations, readjusted non-regular employment, and relocated regular employees
- Decreased by around 20% in staff in the domestic pumps business

- **Promotion of efficiency, which is a key part of the structural reforms, is progressing well**

2. Projection and Management Strategy

Progress of E-Plan 2019 Measures in Pumps Business

Progress of **Growth Strategy**

Standard Pumps, Overseas

1. Continuously launch new products
 - Overseas sales ratio of standard pumps increases on a year-on-year basis
2. Utilize M&A
 - Aim to increase our share in the overseas markets and enhance product lineup
 - Acquired a company in South Africa in August 2017

Custom Pumps, S&S

Enhance overseas S&S business

- Dispatch more sales and technical staff to overseas bases, enhance manufacturing technology and train local staff
- Dispatch around 50 personnel in the whole pumps business in this fiscal year

➤ **A key part of the growth strategy is enhancement of overseas bases**



Aim to enhance the business value through the structural reforms in the short to medium term and through the growth strategy in the medium to long term

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