

**CONSOLIDATED FINANCIAL RESULTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**  
**[Japanese GAAP]**

November 13, 2018

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 Stock exchange listings: Tokyo  
 Code number: 6361  
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Scheduled date for submission of quarterly report: November 14, 2018  
 Scheduled date for dividend payment: —  
 Preparing supplementary material on financial results: Yes  
 Holding financial results presentation meeting (for institutional investors and analysts): Yes

(Monetary amounts are rounded down to the nearest million yen)

**1. Results for the Nine Months Ended September 30, 2018**

**(1) Financial Results**

(% represents percentage change from a comparable previous period)

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
Nine Months Ended September 30, 2018	368,002	—%	20,451	—%	19,985	—%	11,212	—%
Nine Months Ended December 31, 2017	—	—%	—	—%	—	—%	—	—%

Note: Comprehensive Income: Nine months ended September 30, 2018; 9,349 million yen —%  
 Nine months ended December 31, 2017; — million yen —%

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)
Nine Months Ended September 30, 2018	110.27	109.68
Nine Months Ended December 31, 2017	—	—

Note: Ebara Corporation has changed its fiscal year-end from March 31 to December 31, effective from the previous fiscal year ended December 31, 2017. Due to this change, consolidated financial statements were not prepared for the nine months ended December 31, 2017. Therefore, the results for the nine months ended December 31, 2017 and the percentage change from a comparable previous period are not presented.

(Reference Information) Percentage Changes After Adjustment

The percentages represent comparison between the results from the same period of the previous fiscal year (from January 1, 2017 to September 30, 2017) and the results for the nine months ended September 30, 2018 (from January 1, 2018 to September 30, 2018).

Millions of yen

Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
368,002	0.0%	20,451	(26.1)%	19,985	(25.8)%	11,212	(42.0)%

**(2) Financial Position**

Millions of yen

	Total Assets	Net Assets	Equity Ratio
As of September 30, 2018	630,767	288,623	44.7%
As of December 31, 2017	612,919	284,788	45.3%

Note: Shareholders' Equity (Net assets excluding subscription rights to shares and non-controlling interests):

As of September 30, 2018; 281,757 million yen

As of December 31, 2017; 277,955 million yen

**2. Dividends**

	Dividends per Share (Yen)				
	End of 1 <sup>st</sup> Quarter	End of 2 <sup>nd</sup> Quarter	End of 3 <sup>rd</sup> Quarter	Year-End	Annual
Fiscal Year Ended December 31, 2017	—	30.00	—	15.00	45.00
Fiscal Year Ending December 31, 2018	—	30.00	—		
Fiscal Year Ending December 31, 2018 (Forecast)				30.00	60.00

Note: Revisions to forecast of dividends in this quarter: None

**3. Forecast of Financial Results for the Fiscal Year Ending December 31, 2018**

(% represents percentage change from a comparable previous period)

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share (Yen)
		%		%		%		%	
Fiscal Year Ending December 31, 2018	508,000	—%	32,000	—%	31,000	—%	17,000	—%	167.19

Note1: Revisions to forecast of financial results in this quarter: Yes

We revised the forecast of financial results for the fiscal year ending December 31, 2018, previously announced on August 9, 2018. For further details, please refer to "Explanation of Forecast of Consolidated Financial Results" on page 9.

Note2: Due to the change of the fiscal year-end, the fiscal year ended December 31, 2017 refers to the nine months from April 1, 2017 to December 31, 2017. Therefore, the change from the previous fiscal year (%) is not displayed.

(Reference Information) Percentage Changes After Adjustment

The percentages represent comparison between the results from the same period of the previous fiscal year (from January 1, 2017 to December 31, 2017) and the forecast for the fiscal year ending December 31, 2018.

Millions of yen

Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
508,000	0.0%	32,000	(12.7) %	31,000	(12.6)%	17,000	(25.4)%

#### 4. Other Information

- (1) Changes in significant subsidiaries during the nine months under review (Changes in specified subsidiaries involving changes in scope of consolidation): None

Included: — (—)

Excluded: — (—)

- (2) Adoption of specific accounting methods for preparation of quarterly financial statements: Yes

Note: For further details, please refer to “2. Consolidated Financial Statements and Significant Notes (4) Notes to Consolidated Financial Statements (Adoption of Specific Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)” on page 16.

- (3) Changes in accounting policies, Changes in accounting estimates, and Restatement of prior financial statements after error corrections

(i) Changes in accounting policies due to revisions of accounting standards, etc.: None

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatement of prior financial statements after error corrections: None

- (4) Number of shares outstanding (Common Stocks)

(i) Number of common stocks (Including treasury stocks)	As of September 30, 2018	101,934,253	As of December 31, 2017	101,783,253
(ii) Number of treasury stocks	As of September 30, 2018	191,143	As of December 31, 2017	189,124
(iii) Average number of common stocks	Nine Months Ended September 30, 2018	101,681,943	Nine Months Ended December 31, 2017	—

Note: Ebara Corporation has changed its fiscal year-end from March 31 to December 31, effective from the previous fiscal year ended December 31, 2017. Due to this change, consolidated financial statements were not prepared for nine months ended December 31, 2017. Therefore, the number of the average outstanding stocks for the nine months ended December 31, 2017 is not presented.

**This quarterly financial result is exempt from quarterly review by certified public accountants or accounting firms.**

#### Explanation of the Appropriate Use of Performance Forecasts and Other Related Matters

1. The forecasts of performance and other forward-looking statements contained in this report are based on information that was available to Ebara Corporation as of the time of the issuance of this report and on certain assumptions about uncertainties that may have an impact on the Group's performance. Actual performance may differ substantially from these forecasts owing to a wide range of factors. For further information on the assumptions made in the preparation of the forecasts of performance, please refer to “Explanation of Forecast of Consolidated Financial Results” on page 9. Readers are cautioned not to place undue reliance on these forward-looking statements which are valid only as of the date thereof.
2. This report has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated report and the Japanese original, the original shall prevail. Also, Ebara Corporation assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

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# 1. Qualitative Information Regarding Consolidated Financial Results

## (1) Explanation of Financial Results

To provide a more timely and appropriate disclosure of the Group's performance and other financial information in the advancing globalization of the Group's business, the Group has unified the fiscal year-end to December 31, effective from the previous fiscal year ended December 31, 2017.

Changes displayed hereinafter are based on the comparison between “the same period of the previous fiscal year” and the actual results. (“The same period of the previous fiscal year” refers to the corresponding period of the previous fiscal year, from January 1, 2017 to September 30, 2017.)

	Same Period of the Previous Fiscal Year	Nine Months Ended September 30, 2018	Change	Change Ratio
Orders Received	372,232	443,159	70,927	19.1
Net Sales	367,936	368,002	65	0.0
Operating Income	27,667	20,451	(7,215)	(26.1)
Operating Income on Sales Ratio (%)	7.5	5.6	—	—
Ordinary Income	26,920	19,985	(6,935)	(25.8)
Profit Attributable to Owners of Parent	19,317	11,212	(8,104)	(42.0)
Net Income per Share (Yen)	190.21	110.27	(79.94)	—

Millions of yen

During the nine months ended September 30, 2018, the Japanese economy continued to grow steadily overall. Although the global economy has partly uncertain outlook such as U.S. trade problems, the economic recovery in the United States was stable and improvement was seen mainly in Asian emerging countries including China. Moreover, willingness in capital investment gradually recovered due to the increase of crude oil prices in the oil and gas market.

During the nine months ended September 30, 2018, orders received increased compared to the same period of the previous fiscal year mainly due to an increase in the Environmental Plants (“EP”) Company. Sales were level with the same period of the previous fiscal year mainly due to an increase in the Fluid Machinery & Systems (“FMS”) Company despite decreases in the EP company and the Precision Machinery (“PM”) Company. Operating income decreased compared to the same period of the previous fiscal year mainly due to a decrease in the FMS Company.

Consolidated net sales for the nine months ended September 30, 2018, amounted to ¥368,002 million (an increase of 0.0% from the same period of the previous fiscal year), operating income amounted to ¥20,451 million (a decrease of 26.1% from the same period of the previous fiscal year), ordinary income amounted to ¥19,985 million (a decrease of 25.8% from the same period of the previous fiscal year) and profit attributable to owners of parent amounted to ¥11,212 million (a decrease of 42.0% from the same period of the previous fiscal year) due to the booking of impairment loss and provision for loss on litigation.

Operating Results by Business Segment

Millions of yen

Segment	Orders Received			Net Sales			Segment Income		
	Same Period of the Previous Fiscal Year	Nine Months Ended September 30, 2018	Change Ratio	Same Period of the Previous Fiscal Year	Nine Months Ended September 30, 2018	Change Ratio	Same Period of the Previous Fiscal Year	Nine Months Ended September 30, 2018	Change Ratio
Fluid Machinery & Systems	226,819	244,219	7.7%	217,525	225,028	3.4%	10,018	3,369	(66.4)%
Environmental Plants	49,812	93,304	87.3%	49,922	43,561	(12.7)%	3,797	3,446	(9.2)%
Precision Machinery	94,337	104,370	10.6%	99,232	98,155	(1.1)%	13,580	13,418	(1.2)%
Reportable Segment Total	370,969	441,894	19.1%	366,679	366,744	0.0%	27,395	20,233	(26.1)%
Others	1,262	1,265	0.3%	1,256	1,257	0.1%	263	231	(12.3)%
Adjustment	—	—	—	—	—	—	8	(13)	—
Total	372,232	443,159	19.1%	367,936	368,002	0.0%	27,667	20,451	(26.1)%

## Outline of Business Environment and Situation by Business Segment

Segment	Business Environment	Business Situation and the Trend of Orders Received (Note1)
Fluid Machinery & Systems	Pumps	<p>(In the overseas market)</p> <ul style="list-style-type: none"> <li>• In the oil and gas market, due to the upward trend in crude oil prices, inquiries have been increasing and the demand is high especially in China.</li> <li>• Demand for water infrastructure has been increasing in the Middle East, Southeast Asia and China.</li> <li>• In electric power market, due to the regulation on CO2 emissions, the coal market was lackluster.</li> </ul> <p>(In the domestic market (Japan))</p> <ul style="list-style-type: none"> <li>• New building construction starts were level with the same period of the previous fiscal year.</li> <li>• Investments for social infrastructure renovation and maintenance were smaller than the same period of the previous fiscal year.</li> </ul>
	Compressors & Turbines	<ul style="list-style-type: none"> <li>• Although investments for new products have gradually recovered in the market, intense price competition continued with large-scale projects. In the whole downstream market, investments have increased in China and India, followed by the Middle East. Shale gas and ethylene related investments are gradually increasing in the United States.</li> <li>• Regarding service, demand remains firm mainly due to orders of component and remodeling. The movement has been stimulated especially in India and the Middle East.</li> <li>• The LNG market (cryogenic pumps) has gradually recovered and the market is booming in Asia, however, price competition is intense. There were movements toward Final Investment Decision for LNG carriers which had previously been postponed.</li> </ul>
	Chillers	<ul style="list-style-type: none"> <li>• In Japan, the market was level with the same period of the previous fiscal year.</li> <li>• In China, the market continued to slow down with constant and intense competition.</li> </ul>
Environmental Plants (Note2)	<ul style="list-style-type: none"> <li>• The volume of new EPC orders placed by the public sector for municipal waste incinerating facilities was smaller than the previous year, mainly due to postponements of ordering schedules.</li> <li>• In the O&amp;M for existing facilities, new orders ran at about the same level as in a typical year.</li> <li>• Demands continued for the construction of biomass power generation facilities in private companies.</li> </ul>	
Precision Machinery	<ul style="list-style-type: none"> <li>• Semiconductor-related capital investment continued at a high level.</li> </ul>	

Note1: Arrows indicate increase/decrease in orders received from the same period of the previous fiscal year:



in the case of an increase of +5% or more



in the case of a decrease of -5% or more



in the case of movement within the -5% and +5% range

Note2: EPC.....

The engineering, procurement, and construction for plants

O&M.....

The operation and maintenance for plants

DBO (Design, Build and Operate) ...

The limited contract for operation and maintenance after construction, in addition to the engineering, procurement and construction for plants.

## **(2) Explanation of Financial Position**

### **i. Assets**

Total assets as of September 30, 2018 were ¥630,767 million, ¥17,847 million higher than as of December 31, 2017. Principal changes in asset items included an increase of ¥14,573 million in cash and deposits.

### **ii. Liabilities**

Total liabilities as of September 30, 2018 were ¥342,144 million, ¥14,013 million higher than as of December 31, 2017. Principal changes in liability items included an increase of ¥4,710 million in short-term loans payable, and an increase of ¥3,250 million in bonus payment reserve.

### **iii. Net Assets**

Net assets as of September 30, 2018 amounted to ¥288,623 million, ¥3,834 million higher than as of December 31, 2017. Principal changes affecting net asset items were profit attributable to owners of parent of ¥11,212 million, cash dividends paid of ¥4,575 million, and a decrease of ¥2,379 million in translation adjustments. Shareholders' equity (Net assets excluding subscription rights to shares and non-controlling interests) amounted to ¥281,757 million, and equity ratio was 44.7%.

### (3) Explanation of Forecast of Consolidated Financial Results

We revised the forecast of financial results for the fiscal year ending December 31, 2018, reflecting the results after the previous announcement on August 9, 2018 mainly due to a decrease of operating income in the FMS Company. The revised forecast of orders received, net sales, operating income, ordinary income and profit attributable to owners of parent is as follows. In addition, the revised forecast of orders received, net sales and operating income by business segment is as follows.

Assumptions regarding foreign currency exchange rates have not been revised. (Assumptions are US\$1=¥110, EUR1=¥130)

Actual performance may differ from these forecasts owing to factors such as changing market environment.

#### Forecast for the Fiscal Year Ending December 31, 2018

	Orders Received	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
Previous Forecasts : A	555,000	505,000	37,000	36,000	22,000
Revised Forecasts : B	571,000	508,000	32,000	31,000	17,000
Change (B-A)	16,000	3,000	(5,000)	(5,000)	(5,000)

Millions of yen

#### Forecast for the Fiscal Year Ending December 31, 2018 by Business Segment

Segment	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Others	Total	
Previous Forecasts : A	Orders Received	324,000	90,000	140,000	1,000	555,000
	Net Sales	314,000	60,000	130,000	1,000	505,000
	Operating Income	13,500	6,000	17,000	500	37,000
Revised Forecasts : B	Orders Received	329,000	100,000	140,000	2,000	571,000
	Net Sales	316,000	60,000	130,000	2,000	508,000
	Operating Income	10,000	5,000	17,000	0	32,000
Change (B-A)	Orders Received	5,000	10,000	—	1,000	16,000
	Net Sales	2,000	—	—	1,000	3,000
	Operating Income	(3,500)	(1,000)	—	(500)	(5,000)

Millions of yen

## 2. Consolidated Financial Statements and Significant Notes

### (1) Consolidated Balance Sheets

Millions of yen

	As of December 31, 2017	As of September 30, 2018
<b>ASSETS</b>		
Current Assets		
Cash and deposits	138,475	153,049
Notes and accounts receivable-trade	169,298	154,713
Electronically recorded monetary claims	6,021	6,695
Securities	2,411	4,553
Merchandise and finished goods	15,191	19,359
Work in process	60,993	66,153
Raw materials and supplies	33,353	38,358
Others	25,439	27,057
Allowance for doubtful accounts	(3,694)	(3,014)
Total current assets	447,491	466,927
Fixed Assets		
Tangible fixed assets		
Buildings and structures, net	47,005	44,931
Machinery and equipment, net	28,632	27,935
Others, net	34,589	35,189
Total tangible assets	110,227	108,057
Intangible assets	12,080	10,908
Investments and other assets		
Investment securities	25,226	25,026
Others	22,297	25,238
Allowance for doubtful accounts	(4,403)	(5,390)
Total investments and other assets	43,120	44,874
Total fixed assets	165,428	163,840
Total Assets	612,919	630,767

Millions of yen

	As of December 31, 2017	As of September 30, 2018
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Notes and accounts payable-trade	61,756	59,905
Electronically recorded obligations	57,869	59,850
Short-term loans payable	70,470	75,180
Current portion of bonds	10,000	10,000
Bonus payment reserve	5,460	8,710
Directors' bonus payment reserve	250	261
Reserve for losses on construction completion guarantees	3,279	4,681
Reserve for product warranties	4,086	4,327
Reserve for construction losses	10,038	11,904
Reserve for expenses related to the sales of land	254	254
Others	47,227	51,121
Total current liabilities	270,691	286,198
<b>Long-term Liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	22,161	21,414
Reserve for directors' retirement benefits	122	110
Provision for loss on litigation	6,464	7,721
Defined benefit liability	11,841	11,061
Asset retirement obligations	2,214	2,258
Others	4,633	3,379
Total long-term liabilities	57,439	55,945
<b>Total Liabilities</b>	328,131	342,144
<b>NET ASSETS</b>		
<b>Shareholders' Equity</b>		
Common stock	78,815	79,047
Capital surplus	81,256	80,260
Retained earnings	121,321	128,665
Treasury stock	(431)	(439)
Total shareholders' equity	280,962	287,534
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gains (losses) on investment securities	2,564	1,945
Deferred gains (losses) on hedges	10	29
Translation adjustments	2,628	249
Remeasurements of defined benefit plans	(8,210)	(8,001)
Total accumulated other comprehensive income	(3,007)	(5,776)
Subscription Rights to Shares	1,163	1,166
Non-controlling Interests	5,668	5,699
<b>Total Net Assets</b>	284,788	288,623
<b>Total Liabilities and Net Assets</b>	612,919	630,767

**(2) Consolidated Statements of Income and Comprehensive Income**  
**Consolidated Statements of Income**

	Millions of yen
	Nine Months Ended September 30, 2018
Net Sales	368,002
Cost of Sales	273,166
Gross Profit	94,835
Selling, General and Administrative Expenses	74,384
Operating Income	20,451
Non-operating Income	
Interest income	192
Dividends income	601
Share of profit of entities accounted for using equity method	844
Others	492
Total non-operating income	2,130
Non-operating Expenses	
Interest expenses	1,108
Foreign exchange losses	1,005
Others	482
Total non-operating expenses	2,596
Ordinary Income	19,985
Extraordinary Income	
Gain on sales of fixed assets	53
Gain on sales of investment securities	402
Total extraordinary income	455
Extraordinary Loss	
Loss on sales of fixed assets	102
Loss on retirement of fixed assets	179
Impairment loss	2,180
Provision for loss on litigation	1,257
Others	1
Total extraordinary loss	3,722
Income before Income Taxes	16,719
Income Taxes	4,375
Profit	12,344
Profit Attributable to Non-controlling Interests	1,132
Profit Attributable to Owners of Parent	11,212

## Consolidated Statements of Comprehensive Income

	Millions of yen
	Nine Months Ended September 30, 2018
Profit	12,344
Other Comprehensive Income:	
Net unrealized gains (losses) on investment securities	(630)
Deferred gains (losses) on hedges	18
Translation adjustment	(2,607)
Remeasurements of defined benefit plans, net of tax	133
Share of other comprehensive income of entities accounted for using equity method	91
Total other comprehensive income	(2,994)
Comprehensive Income	9,349
Comprehensive income attributable to:	
Owners of parent	8,430
Non-controlling interests	919

### (3) Consolidated Statements of Cash Flows

	Millions of yen
	Nine Months Ended September 30, 2018
Cash Flows from Operating Activities:	
Income before income taxes	16,719
Depreciation and amortization	11,555
Impairment loss	2,180
Loss (gain) on sales of securities and investment securities	(402)
Increase (decrease) in reserve	8,279
Increase (decrease) in defined benefit liability	(1,963)
Loss (gain) on sales of fixed assets	49
Interest and dividends income	(793)
Interest expenses	1,108
Decrease (increase) in notes and accounts receivable-trade	13,133
Decrease (increase) in inventories	(14,769)
Increase (decrease) in notes and accounts payable-trade	(177)
Others	(1,828)
Sub-total	<u>33,089</u>
Interest and dividends income received	660
Interest expenses paid	(1,036)
Income taxes paid	(1,925)
Net cash provided by operating activities	<u>30,788</u>
Cash Flows from Investing Activities:	
Purchase of fixed assets	(11,908)
Proceeds from sales of fixed assets	727
Purchase of securities and investment securities	(4,623)
Proceeds from sales and redemption of securities and investment securities	2,190
Payments into time deposits	(1,349)
Proceeds from withdrawal of time deposits	1,206
Payments of loans receivable	(28)
Collection of loans receivable	33
Others	(90)
Net cash used in investing activities	<u>(13,841)</u>

	Millions of yen
	Nine Months Ended September 30, 2018
<b>Cash Flows from Financing Activities:</b>	
Net increase (decrease) in short-term loans payable	5,541
Repayment of long-term loans payable	(1,472)
Purchase of treasury shares	(8)
Cash dividends paid	(4,575)
Cash dividends paid to non-controlling interests	(414)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,333)
Others	(605)
Net cash provided by (used in) financing activities	<u>(2,868)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(815)
Increase (Decrease) in Cash and Cash Equivalents	<u>13,263</u>
Cash and Cash Equivalents at Beginning of Period	<u>139,102</u>
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	507
Cash and Cash Equivalents at End of Period	<u>152,873</u>

#### (4) Notes to Consolidated Financial Statements

(Note for the Assumption of Going Concern)

None

(Note for Significant Changes in the Amount of Shareholders' Equity)

None

(Adoption of Specific Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)

Tax expenses on income before income taxes for the nine months under review are calculated by multiplying income before income taxes for the nine months under review by the reasonably estimated annual effective tax rate for the entire fiscal year with application of tax effect accounting.

(Segment Information)

Nine Months Ended September 30, 2018

##### 1. Information Regarding Sales and Income by Reportable Segment

Millions of yen

	Reportable Segments				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Sales								
Customers	225,028	43,561	98,155	366,744	1,257	368,002	—	368,002
Intersegment and Transfers	342	—	—	342	2,043	2,386	(2,386)	—
Total	225,370	43,561	98,155	367,086	3,301	370,388	(2,386)	368,002
Segment Income	3,369	3,446	13,418	20,233	231	20,464	(13)	20,451

Notes: 1. The "Others" item in the table above is the business segment for operations that are not included among reportable segments. It contains business support services and other activities.

2. The "Adjustment" item for Segment Income shows eliminations among intersegment sales and transfers.

3. Segment Income has been adjusted with operating income in the consolidated statements of income.

##### 2. Information Regarding Impairment Loss of Fixed Assets, Goodwill and Negative Goodwill by Reportable Segment

(Material impairment loss of fixed assets)

In Fluid Machinery & Systems, the book value of business assets has been lowered to the expected recoverable amount following the discontinuation of Tochigi Plant's production which was concentrated to Futtsu Plant, and impairment loss has been booked mainly due to the reduced amount. The resulting impairment loss amounted to ¥2,180 million for the nine months ended September 30, 2018.

(Material change in goodwill amount)

None

(Material negative goodwill arisen)

None

(Additional Information)

On October 23, 2015, a fire broke out at the waste processing facility for bulky refuse at the Gifu City Eastern Clean Center, which is located in the Akutami section of Gifu City in Gifu Prefecture, as Ebara Environmental Plant Co., Ltd. (“EEP”), the Company’s consolidated subsidiary, was making repairs on the facility. Please note that EEP is responsible for the operation and management of a refuse incinerating facility that is located next to the bulky refuse processing plant where the fire occurred.

Regarding this incident, the Company is discussing with Gifu City the compensation for related damages. At this time, it is not possible to make a reasonable estimate of the effect of this incident on the Group’s consolidated performance.

(Significant Subsequent Events)

At a meeting on November 13, 2018, the Board of Directors passed a resolution to purchase the Company’s treasury stock, pursuant to provisions in Article 459, paragraph 1 of the Companies Act and in Article 38 of the Company’s Articles of Incorporation.

(1) Reason for the purchase of treasury stock

To improve capital efficiency.

(2) Matters regarding purchase

(i) Class of stock: Common stock of the Company

(ii) Total number of shares: 2,000,000 shares (maximum)

(Ratio to the total number of shares in issue excluding treasury stock: 1.97%)

(iii) Total acquisition price of shares: ¥5,000 million (maximum)

(iv) Timing of the purchase: From November 14, 2018 to December 20, 2018

### 3. Others

#### (1) Segment Information

Business Segment

FMS = Fluid Machinery & Systems, EP = Environmental Plants, PM = Precision Machinery

Orders Received, Sales, Operating Income and Backlog of Orders Received

Billions of yen

	Same Period of the Previous Fiscal Year	Nine Months Ended September 30, 2018			Fiscal Year Ending December 31, 2018
	Actual	Actual	Change	Change Ratio	Forecast
Orders Received				(%)	
FMS	226.8	244.2	17.3	7.7	329.0
EP	49.8	93.3	43.4	87.3	100.0
PM	94.3	104.3	10.0	10.6	140.0
Others	1.2	1.2	0.0	0.3	2.0
Total	372.2	443.1	70.9	19.1	571.0
Sales					
FMS	217.5	225.0	7.5	3.5	316.0
EP	49.9	43.5	(6.3)	(12.7)	60.0
PM	99.2	98.1	(1.0)	(1.1)	130.0
Others	1.2	1.2	0.0	0.1	2.0
Total	367.9	368.0	0.0	0.0	508.0
Operating Income					
FMS	10.0	3.3	(6.6)	(66.4)	10.0
EP	3.7	3.4	(0.3)	(9.2)	5.0
PM	13.5	13.4	(0.1)	(1.2)	17.0
Others & Adjustment	0.2	0.2	(0.0)	(19.8)	0
Total	27.6	20.4	(7.2)	(26.1)	32.0
Backlog of Orders Received					
FMS		212.8			
EP		219.9			
PM		37.0			
Others		0.0			
Total		469.8			

## (2) Sales, Orders and Forecast by Subsegment

### (i) Orders Received

Billions of yen

	Same Period of the Previous Fiscal Year	Nine Months Ended September 30, 2018			Fiscal Year Ending December 31, 2018
	Actual	Actual	Change	Change Ratio	Forecast
FMS				(%)	
Pumps	132.4	126.1	(6.3)	(4.8)	173.0
Compressors & Turbines	55.5	77.7	22.1	39.8	105.0
Chillers	26.9	29.3	2.3	8.8	37.0
Others	11.7	11.0	(0.7)	(6.0)	14.0
Total of FMS	226.8	244.2	17.3	7.7	329.0
EP					
Environmental Plants	49.8	93.3	43.4	87.3	100.0
Total of EP	49.8	93.3	43.4	87.3	100.0
PM					
Components	44.6	45.8	1.2	2.8	63.0
CMP Systems	44.0	54.3	10.2	23.2	71.0
Others	5.6	4.1	(1.4)	(25.6)	6.0
Total of PM	94.3	104.3	10.0	10.6	140.0
Others	1.2	1.2	0.0	0.3	2.0
Total of Others	1.2	1.2	0.0	0.3	2.0
Total	372.2	443.1	70.9	19.1	571.0

### (ii) Sales

Billions of yen

	Same Period of the Previous Fiscal Year	Nine Months Ended September 30, 2018			Fiscal Year Ending December 31, 2018
	Actual	Actual	Change	Change Ratio	Forecast
FMS				(%)	
Pumps	124.7	128.5	3.8	3.1	173.0
Compressors & Turbines	57.2	62.8	5.5	9.7	92.0
Chillers	23.8	24.0	0.2	1.0	37.0
Others	11.7	9.5	(2.1)	(18.5)	14.0
Total of FMS	217.5	225.0	7.5	3.4	316.0
EP					
Environmental Plants	49.9	43.5	(6.3)	(12.7)	60.0
Total of EP	49.9	43.5	(6.3)	(12.7)	60.0
PM					
Components	42.0	44.7	2.7	6.5	58.0
CMP Systems	52.5	48.6	(3.8)	(7.3)	66.0
Others	4.6	4.7	0.0	0.8	6.0
Total of PM	99.2	98.1	(1.0)	(1.1)	130.0
Others	1.2	1.2	0.0	0.1	2.0
Total of Others	1.2	1.2	0.0	0.1	2.0
Total	367.9	368.0	0.0	0.0	508.0

Note: Effective from the three months ended March 31, 2018, cryogenic pumps (pumps for transporting LNG (liquefied natural gas)) are included in Compressors & Turbines. Additionally, the amount of orders received and sales for the same period of the previous fiscal year in cryogenic pumps have been restated in order to reflect this reclassification.

### (3) Area Information

(i) Geographical Segment ••• Compiled on the basis of the geographical location of the company reporting the sales

Billions of yen

	Nine Months Ended September 30, 2018	
	Actual	Composition
Net Sales		(%)
Japan	218.2	59.3
North America	61.8	16.8
Asia (except Japan)	66.0	17.9
Others	21.8	6.0
Total	368.0	100.0
Operating Income		(%)
Japan	10.8	—
North America	0.8	—
Asia (except Japan)	7.4	—
Others	1.5	—
Adjustment	(0.3)	—
Total	20.4	—

(ii) Regional Segment ••• Compiled on the basis of the geographical location where the goods are sold

Billions of yen

	Nine Months Ended September 30, 2018	
	Actual	Composition
Net Sales		(%)
Japan	164.8	44.8
Asia (except Japan)	122.3	33.2
North America	34.3	9.3
Europe	23.1	6.3
Middle East	12.6	3.4
Others	10.7	3.0
Total	368.0	100.0