

**CONSOLIDATED FINANCIAL RESULTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**  
**[Japanese GAAP]**

February 13, 2019

Company name: EBARA CORPORATION  
 Stock exchange listings: Tokyo  
 Code number: 6361  
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Scheduled date of General Meeting of Shareholders: March 28, 2019  
 Scheduled date for dividend payment: March 29, 2019  
 Scheduled date of submission of annual securities report: March 29, 2019

Preparing supplementary material on financial results: Yes  
 Holding financial results presentation meeting: Yes (for institutional investors and analysts)

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

**1. Results for the Fiscal Year Ended December 31, 2018**

**(1) Financial Results**

(% represents percentage change from a comparable previous fiscal year)

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
Fiscal Year Ended December 31, 2018	509,175	—%	32,482	—%	31,281	—%	18,262	—%
Fiscal Year Ended December 31, 2017	381,993	—%	18,115	—%	16,529	—%	9,531	—%

Note: Comprehensive Income: Fiscal year ended December 31, 2018; 12,493 million yen —%  
 Fiscal year ended December 31, 2017; 13,473 million yen —%

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)	Return on Equity (%)	Ordinary Income on Total Assets Ratio (%)	Operating Income on Sales Ratio (%)
Fiscal Year Ended December 31, 2018	179.94	178.99	6.6	5.2	6.4
Fiscal Year Ended December 31, 2017	93.84	93.32	3.5	2.8	4.7

Note1: Equity in Earnings of Affiliates: Fiscal year ended December 31, 2018; 565 million yen  
 Fiscal year ended December 31, 2017; (148) million yen

Note2: 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, the period of the fiscal year ended December 31, 2018 (from January 1, 2018 to December 31, 2018) is different from the previous fiscal year (from April 1, 2017 to December 31, 2017) for the comparison. Therefore, the change from a comparable previous period (%) is not displayed.

(Reference Information) Percentage Changes after Adjustment

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

Millions of yen

Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
509,175	0.3%	32,482	(11.4)%	31,281	(11.8)%	18,262	(19.9)%

**(2) Financial Position**

Millions of yen

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
As of December 31, 2018	591,592	286,778	47.3	2,795.72
As of December 31, 2017	612,919	284,788	45.3	2,735.94

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

As of December 31, 2018; 279,640 million yen

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

**(3) Cash Flows**

Millions of yen

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Fiscal Year Ended December 31, 2018	34,610	(15,927)	(46,412)	110,556
Fiscal Year Ended December 31, 2017	44,157	(7,906)	11,296	139,102

**2. Dividends**

	Dividends per Share (Yen)					Total Dividend Payment (Millions of Yen)	Payout Ratio (Consolidated) (%)	Dividend to Net Assets (Consolidated) (%)
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	Year-End	Annual			
Fiscal Year Ended December 31, 2017	—	30.00	—	15.00	45.00	4,571	48.0	1.7
Fiscal Year Ended December 31, 2018	—	30.00	—	30.00	60.00	6,052	33.3	2.2
Fiscal Year Ending December 31, 2019 (Forecast)	—	30.00	—	30.00	60.00		30.0	

**3. Forecast of Financial Results for the Fiscal Year Ending December 31, 2019**

(% on Six Months 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)
Six Months Ending June 30, 2019	258,000	2.7%	13,500	(8.3)%	13,000	(8.3)%	8,000	7.1%	79.98
Fiscal Year Ending December 31, 2019	525,000	3.1%	34,000	4.7%	33,000	5.5%	20,000	9.5%	199.95

## 4. Other Information

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

Included: — (—)

Excluded: — (—)

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

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

(ii) Changes other than (i) above: None

(iii) Changes in accounting estimates: None

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

- (3) Number of shares outstanding (Common stocks)

(i) Number of common stocks (Including treasury stocks)	As of December 31, 2018	101,957,853	As of December 31, 2017	101,783,253
(ii) Number of treasury stocks	As of December 31, 2018	1,933,423	As of December 31, 2017	189,124
(iii) Average number of common stocks	Fiscal Year Ended December 31, 2018	101,489,247	Fiscal Year Ended December 31, 2017	101,568,733

(Reference Information)

## 1. Non-Consolidated Results for the Fiscal Year Ended December 31, 2018

### (1) Financial Results

(% represents percentage change from a comparable previous fiscal year)

Millions of yen

	Net Sales		Operating Income		Ordinary Income		Net Income	
Fiscal Year Ended December 31, 2018	236,299	—%	7,714	—%	19,605	—%	14,532	—%
Fiscal Year Ended December 31, 2017	153,107	—%	(1,932)	—%	11,631	—%	13,664	—%

	Net Income per Share (Yen)	Net Income per Share, Diluted (Yen)
Fiscal Year Ended December 31, 2018	143.19	142.44
Fiscal Year Ended December 31, 2017	134.53	133.78

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, the period of the fiscal year ended December 31, 2018 (from January 1, 2018 to December 31, 2018) is different from the previous fiscal year (from April 1, 2017 to December 31, 2017) for the comparison. Therefore, the change from a comparable previous period (%) is not displayed.

### (2) Financial Position

Millions of yen

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
As of December 31, 2018	445,799	259,767	58.0	2,585.52
As of December 31, 2017	475,975	258,886	54.1	2,536.78

Note: Shareholders' Equity (Net assets excluding subscription rights to shares):

As of December 31, 2018; 258,614 million yen

As of December 31, 2017; 257,722 million yen

**This financial result is exempt from auditing 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 the section entitled "1. Overview of Management Performance and Others (4) Forecast of Performance" on page 11. 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. Overview of Management Performance and Others

## (1) Overview of Management Performance

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 December 31, 2017.)

			Millions of yen	
	Same Period of the Previous Fiscal Year	Fiscal Year Ended December 31, 2018	Change	Change Ratio
Orders Received	506,082	575,576	69,494	13.7
Net Sales	507,809	509,175	1,366	0.3
Operating Income	36,649	32,482	(4,167)	(11.4)
Operating Income on Sales Ratio (%)	7.2	6.4	—	—
Ordinary Income	35,481	31,281	(4,200)	(11.8)
Profit Attributable to Owners of Parent	22,785	18,262	(4,523)	(19.9)
Net Income per Share (Yen)	224.35	179.94	(44.41)	—

During the fiscal year ended December 31, 2018, the global economy has recovered modestly overall, although risks were seen due to a slowdown in the Chinese economy and US trade issues. Regarding the Group's business environment, there were several concerns such as trade issues, lower oil prices and postponements of investments by semiconductor memory companies. However, willingness of investment continuously recovered in the petrochemical industry, and investment appetite remained relatively strong as well in the semiconductor industry.

As a result, orders received increased compared to the same period of the previous fiscal year in all reportable segments (the Fluid Machinery & Systems (“FMS”) Company, the Environmental Plants (“EP”) Company and the Precision Machinery (“PM”) Company). Sales increased compared to the same period of the previous fiscal year due to increases in the FMS Company and the PM Company despite a decrease in the EP 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 fiscal year ended December 31, 2018 amounted to ¥509,175 million (an increase of 0.3% from the same period of the previous fiscal year), operating income amounted to ¥32,482 million (an decrease of 11.4% from the same period of the previous fiscal year), ordinary income amounted to ¥31,281 million (an decrease of 11.8% from the same period of the previous fiscal year), and profit attributable to owners of parent amounted to ¥18,262 million (an decrease of 19.9% from the same period of the previous fiscal year) due to impairment loss, etc.

Operating Results by Business Segment

Millions of yen

Segment	Orders Received			Net Sales			Segment Income		
	Same Period of the Previous Fiscal Year	Fiscal Year Ended December 31, 2018	Change Ratio (%)	Same Period of the Previous Fiscal Year	Fiscal Year Ended December 31, 2018	Change Ratio (%)	Same Period of the Previous Fiscal Year	Fiscal Year Ended December 31, 2018	Change Ratio (%)
Fluid Machinery & Systems	308,958	326,278	5.6	304,167	308,999	1.6	14,145	8,747	(38.2)
Environmental Plants	65,134	106,987	64.3	69,973	62,812	(10.2)	4,950	4,904	(0.9)
Precision Machinery	130,338	140,654	7.9	132,015	135,709	2.8	17,420	18,567	6.6
Segment Total	504,431	573,921	13.8	506,156	507,520	0.3	36,517	32,220	(11.8)
Others	1,650	1,655	0.3	1,652	1,655	0.2	132	291	119.9
Adjustment	—	—	—	—	—	—	(0)	(29)	—
Total	506,082	575,576	13.7	507,809	509,175	0.3	36,649	32,482	(11.4)

## 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 is recovering with increase in the Middle East, China and Southeast Asia.</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>	<p>(In the overseas market)</p> <ul style="list-style-type: none"> <li>Oil and gas related orders received exceeded those of the same period of the previous fiscal year.</li> <li>The volume of orders received for the water infrastructure exceeded those of the same period of the previous fiscal year.</li> <li>Orders received for electric power were level with the same period of the previous fiscal year.</li> </ul> <p>(In the domestic market (Japan))</p> <ul style="list-style-type: none"> <li>Orders received for building construction-related equipment exceeded those of the same period of the previous fiscal year.</li> <li>The volume of orders received for public sectors was 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. Investments have increased in China, India and the Middle East. Shale gas and ethylene related investments are gradually increasing in the United States.</li> <li>In the service market, 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>	<ul style="list-style-type: none"> <li>Although ordering schedules of prospective orders received were postponed, new orders received for products exceeded those of the same period of the previous fiscal year mainly in China, India the United States and the Middle East.</li> <li>Orders received for service exceeded those of the same period of the previous fiscal year due to orders of remodeling, repair and component being firm.</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>	<ul style="list-style-type: none"> <li>In Japan, orders received were level with the same period of the previous fiscal year.</li> <li>In China, orders received exceeded those of the same period of the previous fiscal year despite intense market 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 for the construction of power generation facilities with woody biomass fuel continued in private companies.</li> </ul>	<ul style="list-style-type: none"> <li>Orders received for DBO, long-term comprehensive and life-extension projects were firm. Moreover, due to an order received for the construction of biomass power generation facilities, the volume of orders dramatically exceeded that of the same period of the previous fiscal year.</li> </ul> <p>(Overview of major orders received)</p> <ul style="list-style-type: none"> <li>DBO project for municipal waste incineration facilities in the public sector (1 order)</li> <li>Long-term comprehensive project for municipal waste incineration facilities in the public sector (3 orders)</li> <li>Life-extension project for municipal waste incineration facilities in the public sector (6 orders)</li> <li>Biomass power generation facilities (1 order)</li> </ul>	
Precision Machinery	<ul style="list-style-type: none"> <li>Semiconductor-related capital investment continued at a high level.</li> <li>Capital investment of memory-related devices was favorable.</li> </ul>	<ul style="list-style-type: none"> <li>Memory-related devices and advanced logic devices were both favorable. In particular, capital investment flourished in Asia.</li> </ul>	

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



in the case of +5% or greater increase



in the case of -5% or greater decrease



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

Note2: EPC.....

O&M .....

DBO (Design, Build and Operate) ...

The engineering, procurement, and construction for plants

The operation and maintenance for plants

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



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

### **i. Assets**

Total assets as of December 31, 2018 were ¥591,592 million, ¥21,326 million lower than as of December 31, 2017. Principal changes in asset items included an increase of ¥7,597 million in notes and accounts receivable-trade, an increase of ¥5,378 million in raw material and supplies, an increase of ¥4,852 million in work in process, a decrease of ¥27,865 million in cash and deposits and a decrease of ¥7,465 million in other items in investments and other assets.

### **ii. Liabilities**

Total liabilities as of December 31, 2018 were ¥304,814 million, ¥23,316 million lower than as of December 31, 2017. Principal changes in liability items included an increase of ¥4,985 million in electronically recorded obligations, an increase of ¥1,564 million in notes and accounts payable-trade, a decrease of ¥10,000 million in current portion of bonds and a decrease of ¥23,703 million in short-term loans payable.

### **iii. Net Assets**

Net assets as of December 31, 2018 amounted to ¥286,778 million, ¥1,989 million higher than as of December 31, 2017. Principal changes affecting net asset items were profit attributable to owners of parent of ¥18,262 million, purchase of treasury shares of ¥5,008 million, cash dividends paid of ¥4,575 million, a decrease of ¥3,854 million in translation adjustments and a decrease of ¥2,182 million in net unrealized gains (losses) on investment securities. Shareholders' equity (Net assets excluding subscription rights to shares and non-controlling interests) amounted to ¥279,640 million, and equity ratio was 47.3%.

### (3) Overview of Cash Flows

Ebara Corporation has changed its fiscal year-end from March 31 to December 31. Due to this change, the period of the fiscal year ended December 31, 2018 (from January 1, 2018 to December 31, 2018) is different from the previous fiscal year (from April 1, 2017 to December 31, 2017) for the comparison. Therefore, the change from a comparable previous period (%) is not displayed.

Net cash provided by operating activities amounted to a net inflow of ¥34,610 million for the fiscal year ended December 31, 2018 due to firm growth of the operating income.

Net cash used in investing activities amounted to a net outflow of ¥15,927 million for the fiscal year ended December 31, 2018. This primarily reflected the purchase of fixed assets of ¥18,570 million, proceeds from sales and redemption of securities and investment securities of ¥5,568 million.

Free cash flow, the sum of cash flows from operating and investing activities, amounted to a net inflow of ¥18,682 million for the fiscal year ended December 31, 2018.

Net cash provided in financing activities amounted to a net outflow of ¥46,412 million for the fiscal year ended December 31, 2018. This primarily reflected net decrease in short-term and long-term loans payable of ¥24,270 million, redemption of bonds of ¥10,000 million, purchase of treasury shares of ¥5,008 million, and cash dividends paid of ¥4,575 million.

As a consequence, cash and cash equivalents at the end of the fiscal year ended December 31, 2018 amounted to ¥110,556 million, ¥28,546 million lower than at the end of the previous fiscal year.

Recent trends in cash flow indicators are as follows:

	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2017	Fiscal Year Ended December 31, 2017 (Note4)	Fiscal Year Ended December 31, 2018
Equity Ratio (%)	41.9	41.6	46.1	45.3	47.3
Equity Ratio at Market Value (%)	41.3	37.7	62.7	71.2	41.8
Years to Repay Debt (Year)	10.8	5.6	2.9	2.6	2.3
Interest Coverage Ratio (Times)	8.8	17.0	28.1	37.3	22.6

\*Equity Ratio: Shareholders' equity (Net assets excluding subscription rights to shares and non-controlling interests) / Total assets

\*Equity Ratio at Market Value: Stock market capitalization / Total assets

\*Years to Repay Debt: Interest-bearing debt / Operating cash flow

\*Interest Coverage Ratio: Operating cash flow / Interest expenses paid

Notes:

1. All indicators in the table above were computed with consolidated financial data.
2. Stock market capitalization was computed by multiplying the closing stock price at the end of the period by the number of shares outstanding at the end of the period (less treasury stock).
3. Operating cash flow is "Net cash provided by operating activities" displayed in the Consolidated Statements of Cash Flows. Interest expenses are the amounts displayed in the item "Interest expenses paid" in the Consolidated Statements of Cash Flows.
4. 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, years to repay debt and interest coverage ratio are calculated based on operating cash flow and interest expenses paid for the nine-month period.

#### (4) Forecast of Performance

In the global economy, there are risk factors such as US-China trade friction, lower oil prices and cautious approach to capital investments in semiconductor industry. Therefore, the external environment of the Group's business is expected to be in correction phase temporarily. However, our environment is expected to be firm due to long-term demands for the expansion of finished products.

Amid these conditions, the Group has set the objective of reaching orders received of ¥525,000 million, ¥525,000 million in net sales, ¥34,000 million in operating income, ¥33,000 million in ordinary income, and ¥20,000 million in profit attributable to owners of parent in the fiscal year ending December 31, 2019.

Assumptions regarding foreign currency exchange rates are as follows: US\$1= ¥110 and 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, 2019

(% represents percentage changes from the previous period)

Millions of yen

	Six Months Ending June 30, 2019	Fiscal Year Ending December 31, 2019
Orders Received	280,000	525,000
Net Sales	258,000	525,000
Operating Income	13,500	34,000
Ordinary Income	13,000	33,000
Profit Attributable to Owners of Parent	8,000	20,000

#### Forecast of Financial Results for the Fiscal Year Ending December 31, 2019 by Business Segment

Six Months Ending June 30, 2019

Millions of yen

Segment	Orders Received	Net Sales	Operating Income
Fluid Machinery & Systems	177,000	156,000	5,000
Environmental Plants	35,000	33,000	2,000
Precision Machinery	67,000	68,000	6,500
Others	1,000	1,000	0
Total	280,000	258,000	13,500

Fiscal Year Ending December 31, 2019

Millions of yen

Segment	Orders Received	Net Sales	Operating Income
Fluid Machinery & Systems	330,000	331,000	16,000
Environmental Plants	68,000	67,000	5,500
Precision Machinery	125,000	125,000	12,500
Others	2,000	2,000	0
Total	525,000	525,000	34,000

## Forecast of Business Environment by Business Segment

Segment		Business Environment
Fluid Machinery & Systems	Pumps	<p>(In the overseas market)</p> <ul style="list-style-type: none"> <li>•Capital investment will recover gradually in the oil and gas market.</li> <li>•Demand for electric power is shrinking in the major coal-fired generation market.</li> <li>•Demand for water infrastructure is expected to remain firm especially in the Middle East, China and Southeast Asia.</li> <li>•Demand for fertilizer is expected to remain firm in Asia mainly in India, and Russia.</li> </ul> <p>(In domestic market (Japan) )</p> <ul style="list-style-type: none"> <li>•In the market for building construction-related equipment, orders received related to constructions for redevelopment are expected to remain firm.</li> <li>•Public-sector projects involving prevention of natural disasters and renovation of aging social infrastructure will be progressed, and demand is expected to remain firm.</li> </ul>
	Compressors & Turbines	<ul style="list-style-type: none"> <li>•Although the market of new products for petroleum chemical and refinery plants are recovering due to recovery with modesty in crude oil prices, customers remain cautious towards making investments. Therefore, the oil and gas market continue to be stagnant compared to the boom period and intense competition is expected to continue.</li> <li>•Regarding service, while significant expansion of the market is unlikely, remodeling projects are expected on the increase.</li> </ul>
	Chillers	<ul style="list-style-type: none"> <li>•Domestic demand will continue to be firm, mainly for refurbishment of facilities.</li> <li>•No signs of strong recovery in Chinese market.</li> </ul>
Environmental Plants		<ul style="list-style-type: none"> <li>•In the public sector, orders for new constructions of municipal waste incineration facilities were smaller than the same period of the previous fiscal year due to postponements of ordering schedules in 2018. In 2019, increase in orders will result from this delay compared to a typical year.</li> <li>•Demands for operating and maintenance for existing facilities are expected to be that of a typical year.</li> <li>•In the private sector, demands for the construction of power generation facilities using woody biomass and waste incineration facilities for plastic waste etc. are expected to continue.</li> </ul>
Precision Machinery		<ul style="list-style-type: none"> <li>•Although capital investments related to semi-conductors will be at a high level, the demands are expected to slow temporarily compared to the same period of the previous fiscal year, including investments for memory-related devices which were favorable.</li> </ul>

### (5) Basic Policy for Shareholder Return for the Fiscal Years Ended December 31, 2018 and Ending December 31, 2019

Ebara Corporation regards returning a portion of its income to its shareholders as one of its most-important management policies. Regarding shareholder return, the Company set a policy of linking dividends to performance and aimed for a consolidated total return ratio of 30% or more.

For the fiscal years ended December 31, 2018 and ending December 31, 2019, the Company is scheduled to pay its annual cash dividend of ¥60.00 per share (including an interim cash dividend of ¥30.00 per share).

Moreover, for the fiscal year ended December 31, 2018, the Company repurchased shares of its common stock of ¥4,999 million. For the fiscal year ending December 31, 2019, please refer to the section entitled "3. Consolidated Financial Statements and Significant Notes (5) Significant Subsequent Events" on page 27.

## **2. Basic Approach to Selection of Accounting Standards**

As Japanese accounting standards are in the process of converging with the International Financial Reporting Standards (IFRS), the Group has decided to continue to adopt generally accepted accounting principles in Japan in consideration of the need for comparisons of consolidated financial statements among fiscal years. Regarding the adoption of IFRS, the Group will closely monitor developments in this area in Japan and overseas, continue to survey the impact on management and financial matters, and consider the application of IFRS and the timing of the application.

### 3. Consolidated Financial Statements and Significant Notes

#### (1) Consolidated Balance Sheets

Millions of yen

	As of December 31, 2017	As of December 31, 2018
<b>ASSETS</b>		
Current Assets		
Cash and deposits	138,475	110,610
Notes and accounts receivable-trade	169,298	176,895
Electronically recorded monetary claims	6,021	6,990
Securities	2,411	1,668
Merchandise and finished goods	15,191	18,082
Work in process	60,993	65,845
Raw materials and supplies	33,353	38,731
Deferred tax assets	10,484	8,309
Others	14,954	14,714
Allowance for doubtful accounts	(3,694)	(3,308)
Total current assets	447,491	438,540
Fixed Assets		
Tangible fixed assets		
Buildings and structures, net	47,005	44,269
Machinery and equipment, net	28,632	28,599
Land	20,904	19,810
Construction in progress	5,830	7,558
Others, net	7,853	7,640
Total tangible assets	110,227	107,879
Intangible assets		
Goodwill	1,831	1,148
Software	7,370	6,584
Others	2,879	2,937
Total intangible assets	12,080	10,670
Investments and other assets		
Investment securities	25,226	22,301
Long-term loans receivable	262	153
Defined benefit asset	3,202	3,038
Deferred tax assets	1,742	4,572
Others	17,088	9,623
Allowance for doubtful accounts	(4,403)	(5,187)
Total investments and other assets	43,120	34,503
Total fixed assets	165,428	153,052
Total Assets	612,919	591,592

Millions of yen

	As of December 31, 2017	As of December 31, 2018
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Notes and accounts payable-trade	61,756	63,320
Electronically recorded obligations	57,869	62,854
Short-term loans payable	70,470	46,766
Current portion of bonds	10,000	—
Income taxes payable	1,697	4,598
Deferred tax liabilities	0	—
Bonus payment reserve	5,460	6,263
Directors' bonus payment reserve	250	344
Reserve for losses on construction completion guarantees	3,279	4,873
Reserve for product warranties	4,086	5,118
Reserve for construction losses	10,038	12,374
Reserve for expenses related to the sales of land	254	254
Others	45,529	51,782
Total current liabilities	270,691	258,550
<b>Long-term Liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	22,161	20,730
Deferred tax liabilities	1,898	25
Reserve for directors' retirement benefits	122	116
Provision for loss on litigation	6,464	—
Defined benefit liability	11,841	10,681
Asset retirement obligations	2,214	2,245
Others	2,734	2,464
Total long-term liabilities	57,439	46,264
<b>Total Liabilities</b>	328,131	304,814
<b>NET ASSETS</b>		
<b>Shareholders' Equity</b>		
Common stock	78,815	79,066
Capital surplus	81,256	80,296
Retained earnings	121,321	135,715
Treasury stock	(431)	(5,439)
Total shareholders' equity	280,962	289,639
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gains (losses) on investment securities	2,564	381
Deferred gains (losses) on hedges	10	(57)
Translation adjustments	2,628	(1,226)
Remeasurements of defined benefit plans	(8,210)	(9,096)
Total accumulated other comprehensive income	(3,007)	(9,999)
Subscription Rights to Shares	1,163	1,152
Non-Controlling Interests	5,668	5,985
<b>Total Net Assets</b>	284,788	286,778
<b>Total Liabilities and Net Assets</b>	612,919	591,592

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

Millions of yen

	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2018
Net Sales	381,993	509,175
Cost of Sales	285,261	376,021
Gross Profit	96,732	133,154
Sales commission	2,503	3,385
Packing and transportation	4,575	6,909
Sales promotion	1,620	1,510
Provision of allowance for doubtful accounts	185	616
Personnel expenses	33,847	43,373
Bonus payment reserve expenses	2,106	2,263
Directors' bonus payment reserve expenses	233	324
Retirement benefit expenses	1,107	1,543
Provision for directors' retirement benefits	25	34
Traveling and transportation expenses	3,253	3,945
Taxes and dues	2,446	2,931
Depreciation and amortization	3,656	4,704
Amortization of goodwill	416	345
Research and development expenses	7,218	10,698
Others	15,420	18,087
Selling, General and Administrative Expenses	78,616	100,672
Operating Income	18,115	32,482
Non-operating Income		
Interest income	273	311
Dividends income	169	752
Share of profit of entities accounted for using equity method	—	565
Others	495	1,000
Total non-operating income	937	2,629
Non-operating Expenses		
Interest expenses	1,136	1,517
Share of loss of entities accounted for using equity method	148	—
Foreign exchange losses	49	1,452
Others	1,188	861
Total non-operating expenses	2,523	3,830
Ordinary Income	16,529	31,281



Millions of yen

	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2018
<b>Extraordinary Income</b>		
Gain on sales of fixed assets	2,209	401
Gain on sales of investment securities	1,352	804
Total extraordinary income	3,561	1,205
<b>Extraordinary Loss</b>		
Loss on sales of fixed assets	176	319
Loss on retirement of fixed assets	269	827
Impairment loss	952	2,627
Loss on sales of investment securities	33	0
Loss on valuation of investment securities	103	—
Loss on valuation of investments in capital	—	128
Provision for loss on litigation	—	1,257
Others	1	22
Total extraordinary loss	1,537	5,183
<b>Income Before Income Taxes</b>	18,554	27,303
Income Taxes-current	6,324	7,148
Income Taxes-deferred	1,908	468
<b>Total Income Taxes</b>	8,232	7,617
<b>Profit</b>	10,322	19,685
<b>Profit Attributable to Non-Controlling Interests</b>	790	1,423
<b>Profit Attributable to Owners of Parent</b>	9,531	18,262

## Consolidated Statements of Comprehensive Income

Millions of yen

	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2018
Profit	10,322	19,685
Other Comprehensive Income:		
Net unrealized gains (losses) on investment securities	(183)	(2,185)
Deferred gains (losses) on hedges	12	(68)
Translation adjustment	1,981	(4,060)
Remeasurements of defined benefit plans, net of tax	1,285	(958)
Share of other comprehensive income of entities accounted for using equity method	54	81
Total other comprehensive income	3,151	(7,192)
Comprehensive Income	13,473	12,493
Comprehensive income attributable to:		
Owners of parent	12,596	11,257
Non-controlling interests	876	1,236

### (3) Consolidated Statements of Changes in Net Assets

Fiscal Year Ended December 31, 2017

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2017	78,764	81,205	117,883	(425)	277,428
Changes of items during period					
Issuance of new shares	50	50			101
Cash dividends			(6,093)		(6,093)
Profit attributable to owners of parent			9,531		9,531
Change of scope of consolidation					—
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes of items other than shareholders' equity					
Total changes during the period	50	51	3,438	(5)	3,534
Balance at December 31, 2017	78,815	81,256	121,321	(431)	280,962

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2017	2,692	(1)	745	(9,507)	(6,071)	1,361	4,791	277,509
Changes of items during period								
Issuance of new shares								101
Cash dividends								(6,093)
Profit attributable to owners of parent								9,531
Change of scope of consolidation								—
Purchase of treasury shares								(5)
Disposal of treasury shares								0
Change in ownership interest of parent due to transactions with non-controlling interests								—
Net changes of items other than shareholders' equity	(128)	12	1,883	1,297	3,064	(197)	877	3,745
Total changes during the period	(128)	12	1,883	1,297	3,064	(197)	877	7,279
Balance at December 31, 2017	2,564	10	2,628	(8,210)	(3,007)	1,163	5,668	284,788

Fiscal Year Ended December 31, 2018

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at January 1, 2018	78,815	81,256	121,321	(431)	280,962
Changes of items during period					
Issuance of new shares	251	251			502
Cash dividends			(4,575)		(4,575)
Profit attributable to owners of parent			18,262		18,262
Change of scope of consolidation			707		707
Purchase of treasury shares				(5,008)	(5,008)
Disposal of treasury shares					—
Change in ownership interest of parent due to transactions with non-controlling interests		(1,211)			(1,211)
Net changes of items other than shareholders' equity					
Total changes during the period	251	(960)	14,393	(5,008)	8,676
Balance at December 31, 2018	79,066	80,296	135,715	(5,439)	289,639

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on investment securities	Deferred gains (losses) on hedges	Translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at January 1, 2018	2,564	10	2,628	(8,210)	(3,007)	1,163	5,668	284,788
Changes of items during period								
Issuance of new shares								502
Cash dividends								(4,575)
Profit attributable to owners of parent								18,262
Change of scope of consolidation								707
Purchase of treasury shares								(5,008)
Disposal of treasury shares								—
Change in ownership interest of parent due to transactions with non-controlling interests								(1,211)
Net changes of items other than shareholders' equity	(2,182)	(68)	(3,854)	(885)	(6,992)	(11)	317	(6,686)
Total changes during the period	(2,182)	(68)	(3,854)	(885)	(6,992)	(11)	317	1,989
Balance at December 31, 2018	381	(57)	(1,226)	(9,096)	(9,999)	1,152	5,985	286,778

#### (4) Consolidated Statements of Cash Flows

Millions of yen

	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2018
Cash Flows from Operating Activities:		
Income before income taxes	18,554	27,303
Depreciation and amortization	11,923	15,266
Impairment loss	952	2,627
Loss (gain) on sales of securities and investment securities	(1,318)	(803)
Increase (decrease) in reserve	(2,339)	48
Increase (decrease) in net defined benefit liability	(3,456)	(2,571)
Loss (gain) on sales of fixed assets	(2,032)	(81)
Interest and dividends income	(442)	(1,064)
Interest expenses	1,136	1,517
Decrease (increase) in notes and accounts receivable-trade	33,728	(10,674)
Decrease (increase) in inventories	(11,403)	(14,854)
Increase (decrease) in notes and accounts payable-trade	(188)	6,774
Increase /decrease in other assets / liabilities	7,634	15,795
Other loss (gain)	1,049	563
Sub-total	53,798	39,847
Interest and dividends received	1,133	1,064
Interest expenses paid	(1,183)	(1,529)
Income taxes paid	(9,590)	(4,771)
Net cash provided by operating activities	44,157	34,610
Cash Flows from Investing Activities:		
Purchase of fixed assets	(12,380)	(18,570)
Proceeds from sales of fixed assets	2,400	1,738
Purchase of securities and investment securities	(3,523)	(4,578)
Proceeds from sales and redemption of securities and investment securities	5,543	5,568
Payments into time deposits	(1,982)	(1,946)
Proceeds from withdrawal of time deposits	1,906	1,902
Payments of loans receivable	(19)	(155)
Collection of loans receivable	108	167
Others	40	(54)
Net cash used in investing activities	(7,906)	(15,927)

Millions of yen

	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2018
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term loans payable	7,083	(22,498)
Proceeds from long-term loans payable	3,026	689
Repayment of long-term loans payable	(2,078)	(2,462)
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	—	(10,000)
Proceeds from issuance of common stock	0	0
Proceeds from disposal of treasury shares	0	—
Purchase of treasury shares	(5)	(5,008)
Cash dividends paid	(6,093)	(4,575)
Cash dividends paid to non-controlling interests	(4)	(414)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,333)
Others	(631)	(809)
Net cash provided by (used in) financing activities	11,296	(46,412)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	871	(1,324)
Increase (Decrease) in Cash and Cash Equivalents	48,419	(29,054)
Cash and Cash Equivalents at Beginning of Period	90,683	139,102
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	—	507
Cash and Cash Equivalents at End of Period	139,102	110,556

## (5) Notes to Consolidated Financial Statements

(Note for the Assumption of Going Concern)

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.

(Segment Information)

### 1. Overview of Reportable Segments

The reportable segments are constituent units of the Group for which separate financial information is available. The Board of Directors periodically examines these segments for the purpose of deciding the allocation of management resources and evaluating operating performance.

The Group is conducting its business operations through three in-house companies: the Fluid Machinery & Systems Company, the Environmental Engineering Company and the Precision Machinery Company. Therefore, the Group is composed of product and service segments based along the lines of the in-house companies, and its three reportable segments are Fluid Machinery & Systems, Environmental Plants, and Precision Machinery.

The Group’s operations in three business segments are as follows:

Segment	Principal Products	Contents
Fluid Machinery & Systems	Pumps, compressors, turbines, freezer chillers, blowers, fans and others	Manufacture, sales, O&M services and others
Environmental Plants	Municipal waste processing plants, industrial waste incineration plants, water treatments plants and others	Engineering, construction, O&M services and others
Precision Machinery	Dry vacuum pumps, CMP equipment, plating equipment, exhaust-gas treatment equipment and others	Manufacture, sales and maintenance and others

### 2. Calculation Method Used for Sales, Income, Assets and Other Items for Each Reportable Segment

The accounting method used for reportable business segments is the same as the method based on the accounting principles used to prepare the consolidated financial statements. Income from reportable segments are figures based on operating income. Intersegment sales and transfers are recorded at the same prices used in transactions with customers.

### 3. Information about Sales, Income, Assets and Other Items for Each Reportable Segment

Fiscal Year Ended December 31, 2017

Millions of yen

	Reportable Segments				Others (Notes 1)	Total	Adjustments (Notes 2, 3)	Consolidated (Notes 4)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Sales								
Customers	225,795	47,616	107,368	380,780	1,212	381,993	—	381,993
Intersegment and Transfers	357	—	0	358	2,231	2,589	(2,589)	—
Total	226,153	47,616	107,369	381,139	3,443	384,582	(2,589)	381,993
Segment Income	1,262	3,148	13,667	18,078	37	18,116	(0)	18,115
Segment Assets	305,525	48,530	110,848	464,904	30,539	495,444	117,475	612,919
Other Items								
Depreciation and Amortization	6,984	463	2,777	10,224	1,709	11,934	(10)	11,923
Amortization of Goodwill	416	—	—	416	—	416	—	416
Investment for Entities Applied Equity Method	—	5,519	—	5,519	—	5,519	—	5,519
Increase in Tangible and Intangible Assets	6,645	444	4,026	11,117	1,271	12,388	(2)	12,386

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 "Adjustments" item is as follows:

(1) Segment income shows eliminations among intersegment sales and transfers.

(2) The total value of the adjustment of segment assets for the Company was total assets of the Group amounted to ¥119,177 million, and intersegment eliminations amounted to ¥(1,702) million. The main total assets of the Group are cash and deposits, a part of investment securities, deferred tax assets and others.

3. The adjustments of "Depreciation and Amortization" and "Increase in Tangible and Intangible Assets" under "Other Items" are due to the elimination of intersegment transactions.

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



Fiscal Year Ended December 31, 2018

Millions of yen

	Reportable Segments				Others (Notes 1)	Total	Adjustments (Notes 2, 3)	Consolidated (Notes 4)
	Fluid Machinery & Systems	Environmental Plants	Precision Machinery	Total				
Sales								
Customers	308,999	62,812	135,709	507,520	1,655	509,175	—	509,175
Intersegment and Transfers	578	—	—	578	2,802	3,380	(3,380)	—
Total	309,577	62,812	135,709	508,098	4,457	512,556	(3,380)	509,175
Segment Income	8,747	4,904	18,567	32,220	291	32,511	(29)	32,482
Segment Assets	304,061	46,022	131,172	481,257	25,499	506,756	84,836	591,592
Other Items								
Depreciation and Amortization	8,499	565	4,033	13,098	2,180	15,278	(12)	15,266
Amortization of Goodwill	345	—	—	345	—	345	—	345
Investment for Entities Applied Equity Method	—	6,165	—	6,165	—	6,165	—	6,165
Increase in Tangible and Intangible Assets	10,645	788	6,740	18,174	1,218	19,393	(29)	19,364

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 "Adjustments" item is as follows:

(1) Segment income shows eliminations among intersegment sales and transfers.

(2) The total value of the adjustment of segment assets for the Company was total assets of the Group amounted to ¥86,402 million, and intersegment eliminations amounted to ¥(1,565) million. The main total assets of the Group are cash and deposits, a part of investment securities, deferred tax assets and others.

3. The adjustments of "Depreciation and Amortization" and "Increase in Tangible and Intangible Assets" under "Other Items" are due to the elimination of intersegment transactions.

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

## (Per Share Data of Common Stock)

	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2018
Net assets per share (Yen)	2,735.94	2,795.72
Net income per share (Yen)	93.84	179.94
Diluted net income per share (Yen)	93.32	178.99

## 1. Basic Information for Computation of Net Assets per Share

	As of December 31, 2017	As of December 31, 2018
Total net assets (Millions of yen)	284,788	286,778
Amount excluded from total net assets (Millions of yen)	6,832	7,138
(Subscription rights to shares (Millions of yen))	(1,163)	(1,152)
(Non-controlling interests (Millions of yen))	(5,668)	(5,985)
Net assets attributable to common stock at the end of the period (Millions of yen)	277,955	279,640
Number of common stocks outstanding at the end of the period calculated under "Net assets per share"	101,594,129	100,024,430

## 2. Basic Information for Computation of Net Income per Share and Diluted Net Income per Share

	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2018
Net income per share		
Profit attributable to owners of parent (Millions of yen)	9,531	18,262
Amount not allocated to ordinary shareholders (Millions of yen)	—	—
Profit attributable to owners of parent attributable to common stocks (Millions of yen)	9,531	18,262
Average shares of common stocks (Number)	101,568,733	101,489,247
Diluted net income per share		
Adjustment of profit attributable to owners of parent (Millions of yen)	—	—
Increase in common stocks (Number)	576,069	538,822
(Subscription rights to shares (Number))	(576,069)	(538,822)
Potential shares excluded from computation of diluted net income per share which don't have a dilutive effect	—	—

(Significant Subsequent Events)

At a meeting on February 13, 2019, the Board of Directors passed a resolution to repurchase shares of its common 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) Purpose of repurchase shares of common stock

To improve capital efficiency

2) Details of repurchasing

(i) Type of stock: Common stock of Ebara Corporation

(ii) Total number of shares: 7,000,000 shares (maximum)

(Ratio to the total number of shares in issue excluding treasury stock: 7.00%)

(iii) Total acquisition price of shares: ¥15,000 million (maximum)

(iv) Period of repurchase: From February 14, 2019 to September 20, 2019

## **4. Others**

### **(1) Changes of Directors and Executive Officers**

Regarding change of directors, please refer to the “Notice of Changes of Directors and Executive Officers” which is revealed today.

## (2) Segment Information

Business Segment

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

(i) Actual Results and Forecast of Orders Received, Sales, Operating Income and Backlog of Orders Received by Business Segment

Billions of yen

	Same Period of the Previous Fiscal Year	Fiscal Year Ended December 31, 2018			Six Months Ending June 30, 2019	Fiscal Year Ending December 31, 2019
		Actual	Actual	Change	Change Ratio (%)	Forecast
Orders Received						
Pumps	174.2	171.0	(3.2)	(1.9)	85.0	175.0
Compressors & Turbines	83.3	102.7	19.3	23.3	70.0	110.0
Chillers	34.5	37.5	2.9	8.5	16.0	33.0
Others	16.7	14.9	(1.7)	(10.5)	6.0	12.0
Total of FMS	308.9	326.2	17.3	5.6	177.0	330.0
EP	65.1	106.9	41.8	64.3	35.0	68.0
PM	130.3	140.6	10.3	7.9	67.0	125.0
Others	1.6	1.6	0.0	0.3	1.0	2.0
Total	506.0	575.5	69.4	13.7	280.0	525.0
Sales						
Pumps	168.5	172.0	3.5	2.1	90.0	176.0
Compressors & Turbines	83.8	87.6	3.8	4.6	45.0	110.0
Chillers	35.8	35.8	(0.0)	(0.2)	15.0	33.0
Others	15.9	13.4	(2.4)	(15.7)	6.0	12.0
Total of FMS	304.1	308.9	4.8	1.6	156.0	331.0
EP	69.9	62.8	(7.1)	(10.2)	33.0	67.0
PM	132.0	135.7	3.6	2.8	68.0	125.0
Others	1.6	1.6	0.0	0.2	1.0	2.0
Total	507.8	509.1	1.3	0.3	258.0	525.0
Operating Income						
Pumps	7.0	5.9	(1.0)	(15.1)	4.5	10.0
Compressors & Turbines	5.9	1.9	(3.9)	(66.9)	0.0	3.5
Chillers	1.9	0.4	(1.5)	(78.5)	0.5	2.0
Others	(0.7)	0.4	1.1	—	0.0	0.5
Total of FMS	14.1	8.7	(5.3)	(38.2)	5.0	16.0
EP	4.9	4.9	(0.0)	(0.9)	2.0	5.5
PM	17.4	18.5	1.1	6.6	6.5	12.5
Others & Adjustment	0.1	0.2	0.1	98.5	0.0	0.0
Total	36.6	32.4	(4.1)	(11.4)	13.5	34.0
Backlog of Orders Received						
Pumps	101.6	100.1	(1.5)	(1.5)	95.1	99.1
Compressors & Turbines	70.0	84.3	14.2	20.3	109.3	84.3
Chillers	15.6	16.7	1.0	7.0	17.7	16.7
Others	6.6	8.1	1.5	23.1	8.1	8.1
Total of FMS	194.0	209.3	15.3	7.9	230.3	208.3
EP	170.4	214.3	43.9	25.8	216.3	215.3
PM	30.8	35.3	4.5	14.6	34.3	35.3
Others	0.0	0.0	0.0	28.3	0.0	0.0
Total	395.3	459.0	63.7	16.1	481.0	459.0

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 amounts of orders received, sales, operating income and backlog of orders received for the same period of the previous fiscal year in cryogenic pumps have been restated in order to reflect this reclassification.

(ii) Actual Results and Forecast of Orders Received, Sales and Backlog of Orders Received in the Precision Machinery Business Segment

Billions of yen

	Same Period of the Previous Fiscal Year	Fiscal Year Ended December 31, 2018			Six Months Ending June 30, 2019	Fiscal Year Ending December 31, 2019
		Actual	Actual	Change	Change Ratio (%)	Forecast
<b>Orders Received</b>						
Components	59.8	62.8	2.9	5.0	29.0	57.0
CMP Systems	62.7	72.0	9.3	14.9	35.0	62.0
Others	7.7	5.7	(1.9)	(25.6)	3.0	6.0
<b>Total of PM</b>	<b>130.3</b>	<b>140.6</b>	<b>10.3</b>	<b>7.9</b>	<b>67.0</b>	<b>125.0</b>
<b>Sales</b>						
Components	57.0	59.3	2.3	4.1	30.0	57.0
CMP Systems	68.5	69.8	1.3	1.9	35.0	62.0
Others	6.4	6.5	0.0	1.0	3.0	6.0
<b>Total of PM</b>	<b>132.0</b>	<b>135.7</b>	<b>3.6</b>	<b>2.8</b>	<b>68.0</b>	<b>125.0</b>
<b>Backlog of Orders Received</b>						
Components	9.8	13.0	3.2	33.3	12.0	13.0
CMP Systems	18.2	20.2	2.0	11.0	20.2	20.2
Others	2.7	1.9	(0.7)	(28.1)	1.9	1.9
<b>Total of PM</b>	<b>30.8</b>	<b>35.3</b>	<b>4.5</b>	<b>14.6</b>	<b>34.3</b>	<b>35.3</b>

### (3) Area Information

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

Billions of yen

	Fiscal Year Ended December 31, 2018	
	Actual	Composition (%)
Net Sales		
Japan	301.7	59.3
North America	86.4	17.0
Asia (except Japan)	92.9	18.3
Others	28.0	5.4
Total	509.1	100.0
Operating Income		
Japan	15.8	48.8
North America	3.9	12.3
Asia (except Japan)	10.8	33.3
Others	2.0	6.4
Adjustment	(0.2)	(0.8)
Total	32.4	100.0

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

Billions of yen

	Fiscal Year Ended December 31, 2018	
	Actual	Composition (%)
Net Sales		
Japan	228.9	45.0
Asia (except Japan)	167.4	32.9
North America	47.3	9.3
Europe	32.0	6.3
Middle East	19.6	3.9
Others	13.7	2.6
Total	509.1	100.0

### (4) Employees

	As of December 31, 2017	As of December 31, 2018	
	Numbers	Numbers	Change
Employees			
FMS	10,797	10,972	175
EP	2,622	2,588	(34)
PM	2,067	2,260	193
Others & Corporate	733	736	3
Total	16,219	16,556	337
Ebara Corporation	3,898	3,921	23
Domestic Consolidated Subsidiaries	3,978	3,957	(21)
Overseas Consolidated Subsidiaries	8,343	8,678	335

