

Results Presentation for the Second Quarter ended September 30, 2012

EBARA (6361)

Nov 5th, 2012



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Senior Managing Executive Officer
Responsible for Group Management,
Finance & Accounting, Internal Control

Tetsuji Fujimoto

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President and Representative Director

Natunosuke Yago

1. Summary of Results

**Senior Managing Executive Officer
Responsible for Group Management,
Finance& Accounting, Internal Control**

Tetsuji Fujimoto

Summary of Results through the 2nd Quarter

(1/2)

(Six months ended September 30, 2012)

(Billions of JPY)

	2 nd Quarter ended September 30, 2011 (Result)	2 nd Quarter ended September 30, 2012 (Result)	Change
Orders	185.6	188.2	+2.5
Net Sales	175.9	163.6	-12.2
Operating Income	3.0	1.1	-1.8
Ordinary Income	0.1	0.5	+0.3
Net Income	-0.3	-1.0	-0.7

Average Exchange Rate	1 USD=80.4 JPY	1 USD=79.7 JPY	—
Assumed Exchange Rate	1 USD=80.0 JPY	1 USD=75.0 JPY	—

Summary of Results through the 2nd Quarter

(2/2)

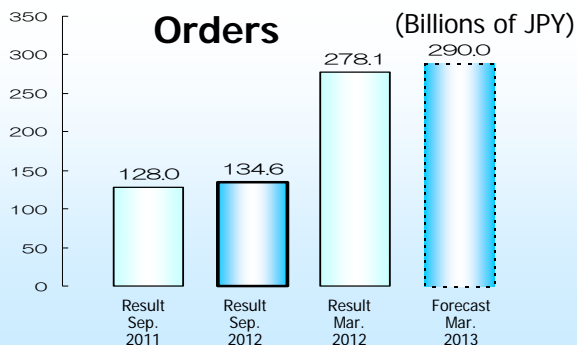
(Six months ended September 30, 2012)

(Billions of JPY)

		Orders			Sales			Operating Income		
		2Q ended Sep. 30, 2011	2Q ended Sep. 30, 2012	Change	2Q ended Sep. 30, 2011	2Q ended Sep. 30, 2012	Change	2Q ended Sep. 30, 2011	2Q ended Sep. 30, 2012	Change
Reportable segment	FMS business	128.0	134.6	+6.5	117.1	114.4	-2.6	0.7	-2.0	-2.7
	EE business	27.0	25.3	-1.6	16.9	15.5	-1.4	-3.4	1.1	+4.6
	PM business	28.3	28.2	-0.1	37.3	32.7	-4.5	5.3	1.6	-3.7
Others		2.2	0.0	-2.1	4.5	0.8	-3.6	0.2	0.3	+0.0
Adjustment		—	—	—	—	—	—	0.1	0.0	-0.0
Total		185.6	188.2	+2.5	175.9	163.6	-12.2	3.0	1.1	-1.8

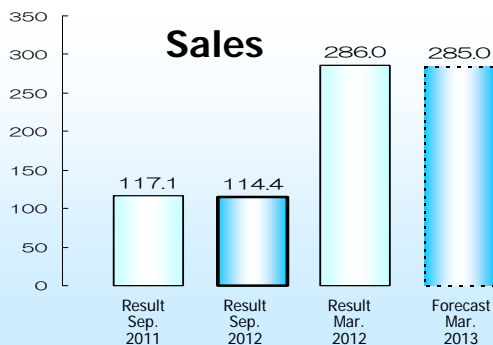
FMS business

··· Fluid Machinery & Systems business



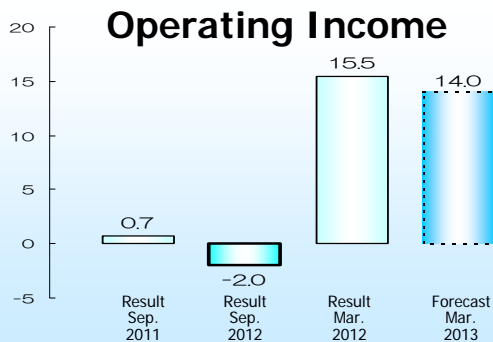
Orders: Exceeded the previous 2Q achievements

- The compressors and turbines business maintained a preferable level of orders received, especially in emerging countries.
- Aggressive investments were made in the oil and gas industries.



Sales: Decreased from the previous 2Q

- Sales declined in the pumps business.
- The chillers business saw higher sales.

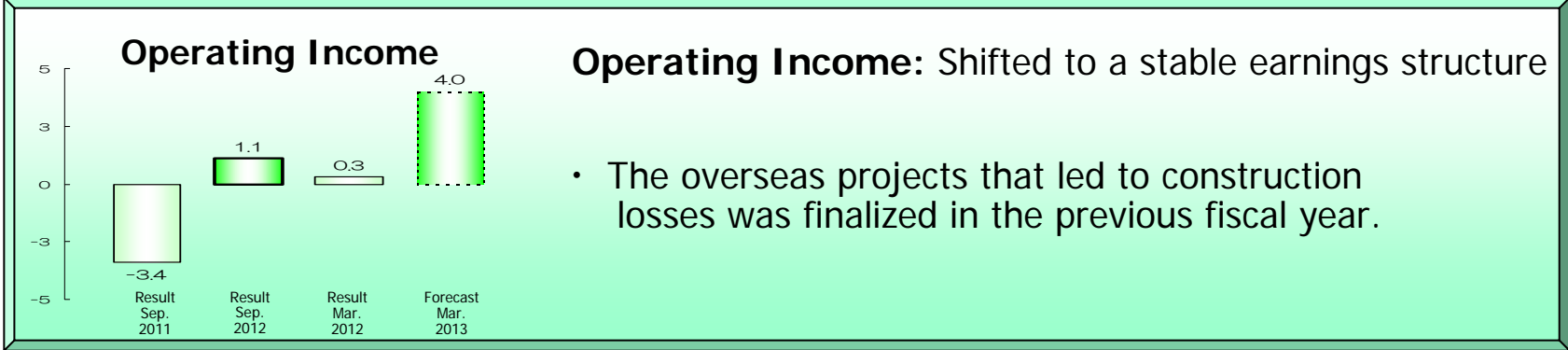
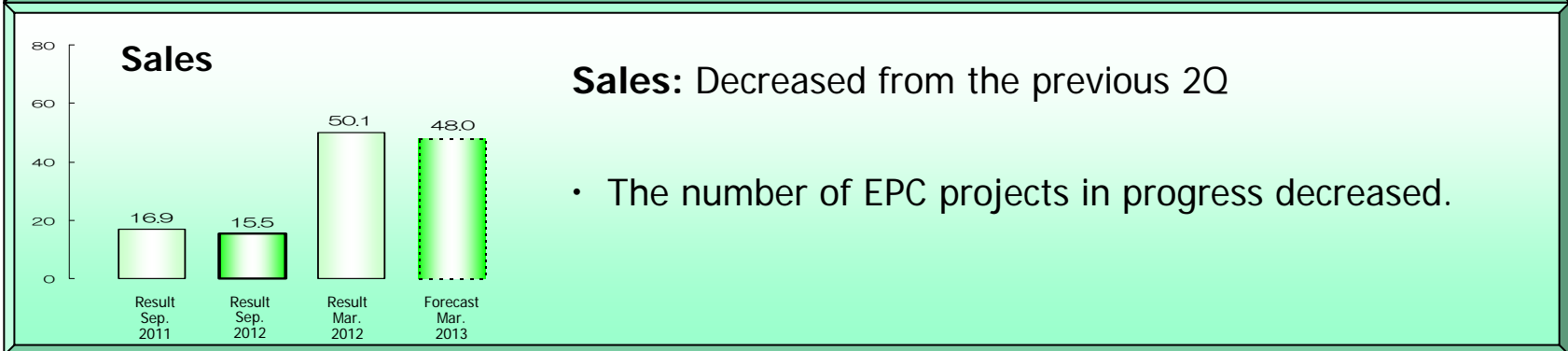
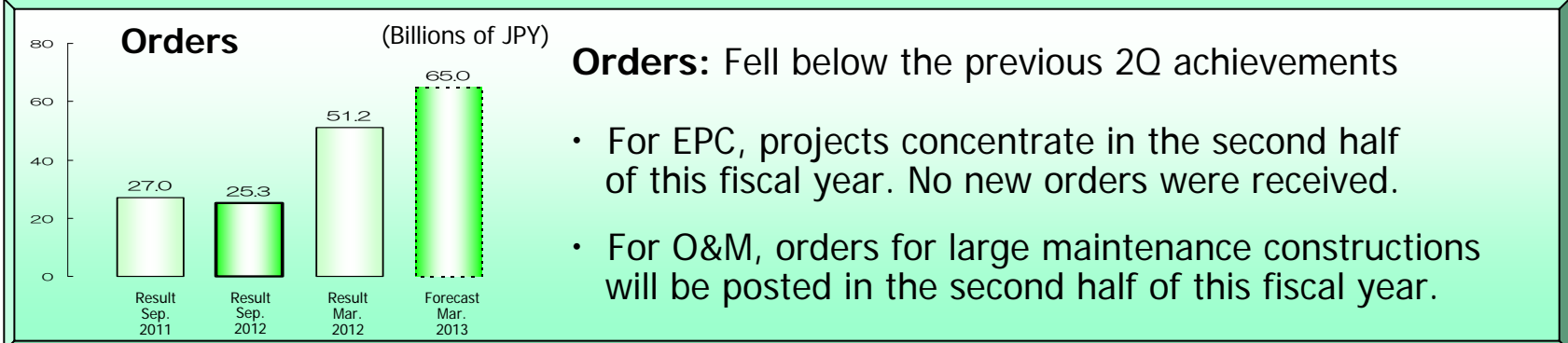


Operating Income: Decreased from the previous 2Q

- Sales decreased.
- Fixed expenses increased.
- Sales from less-profitable projects were posted.

EE business

... Environmental Engineering business

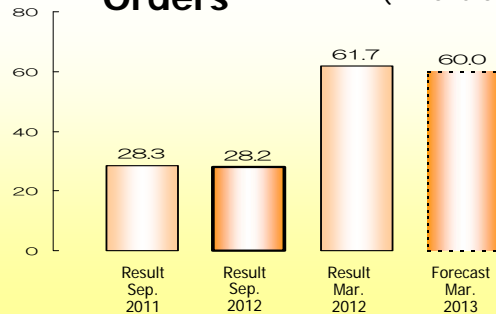


PM business

... Precision Machinery business

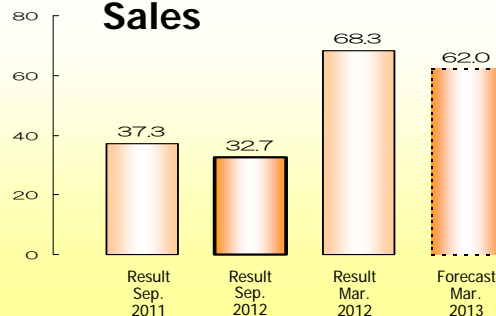
Orders

(Billions of JPY)

**Orders:** Comparable to the previous 2Q achievements

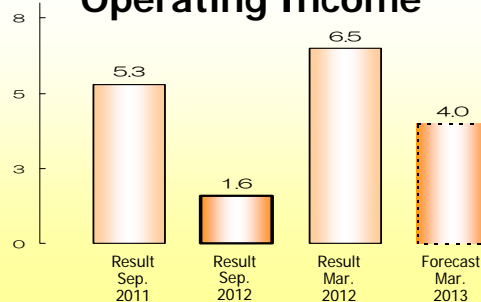
- Demand from the semiconductor industry remained low due to worsened business confidence across the world.
- Semiconductor manufacturers successively postponed capital expenditure plans.

Sales

**Sales:** Fell far below the previous 2Q achievements

- Sales decreased due to the low level of orders received.
- Some customers aggressively invested in miniaturization.

Operating Income

**Operating Income:**

Decreased significantly from the previous 2Q

- Sales decreased.
- Despite the progress in the production innovation activities, the effects were limited by low production.

Summary of Forecast for Fiscal Year Ending March 31, 2013 (1/2)

(Billions of JPY)

	Fiscal Year Ended March 31, 2012 (Result) (A)	Fiscal Year Ending March 31, 2013 (Plan) (B)	Fiscal Year Ending March 31, 2013 (Forecast) (C)	Change (C-B)	Change (C-A)
Orders	394.9	422.0	417.0	-5.0	+22.0
Net Sales	412.0	400.0	397.0	-3.0	-15.0
Operating Income	23.2	27.0	22.5	-4.5	-0.7
Ordinary Income	21.0	25.0	21.5	-3.5	+0.4
Net Income	2.8	13.0	10.5	-2.5	+7.6

Average Exchange Rate	1 USD=85.9 JPY	—	—	—	—
Assumed Exchange Rate	(1st Half) 1 USD=80.0 JPY (2nd Half) 1 USD=75.0 JPY	1 USD=75.0 JPY	1 USD=75.0 JPY	—	—

Summary of Forecast for Fiscal Year Ending March 31, 2013 (2/2)

(Billions of JPY)

		Fiscal Year Ended March 31, 2012 (Result) (A)	Fiscal Year Ending March 31, 2013 (Plan) (B)	Fiscal Year Ending March 31, 2013 (Forecast) (C)	Change (C-B)	Change (C-A)
FMS business	Orders	278.1	290.0	290.0	—	+11.8
	Net Sales	286.0	285.0	285.0	—	-1.0
	Operating Income	15.5	16.0	14.0	-2.0	-1.5
EE business	Orders	51.2	65.0	65.0	—	+13.7
	Net Sales	50.1	48.0	48.0	—	-2.1
	Operating Income	0.3	4.0	4.0	—	+3.6
PM business	Orders	61.7	65.0	60.0	-5.0	-1.7
	Net Sales	68.3	65.0	62.0	-3.0	-6.3
	Operating Income	6.5	6.5	4.0	-2.5	-2.5
Others	Orders	3.7	2.0	2.0	—	-1.7
	Net Sales	7.4	2.0	2.0	—	-5.4
	Operating Income	0.7	0.5	0.5	—	-0.2
Total	Orders	394.9	422.0	417.0	-5.0	+22.0
	Net Sales	412.0	400.0	397.0	-3.0	-15.0
	Operating Income	23.2	27.0	22.5	-4.5	-0.7

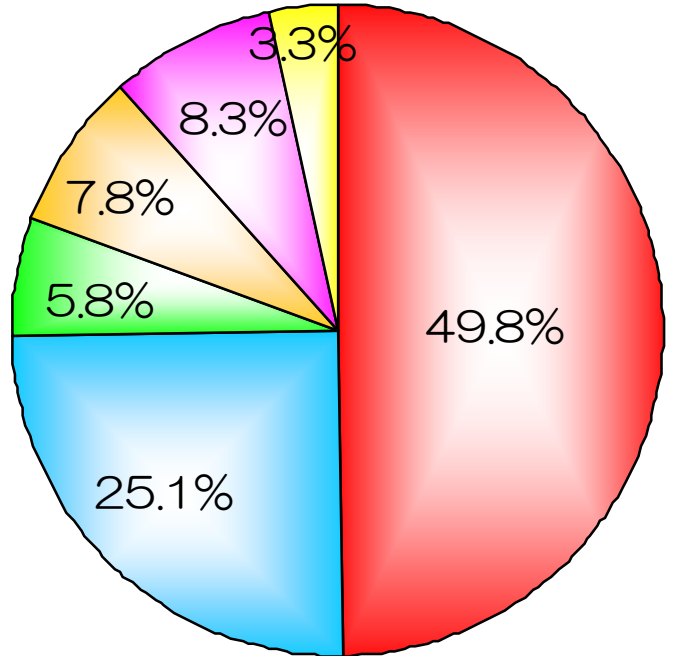
Additional information of Results through the 2nd Quarter (1/3)

(Six months ended September 30, 2012)

Sales Composition by Region

2Q ended
Sep.30,2011

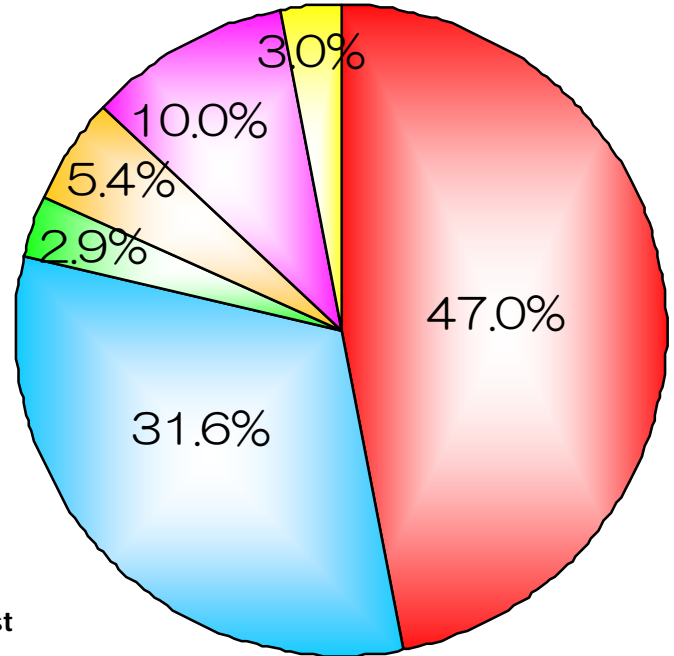
Sales 175.9 Billions JPY



Percentage of
Overseas sales
to net sales
50.2%

2Q ended
Sep.30,2012

Sales 163.6 Billions JPY



Percentage of
Overseas sales
to net sales
53.0%

- Japan
- Asia
- Middle East
- Europe
- North America
- Others

Additional information of Results through the 2nd Quarter (2/3)

(Six months ended September 30, 2012)

Capital Expenditures, Depreciation & Amortization

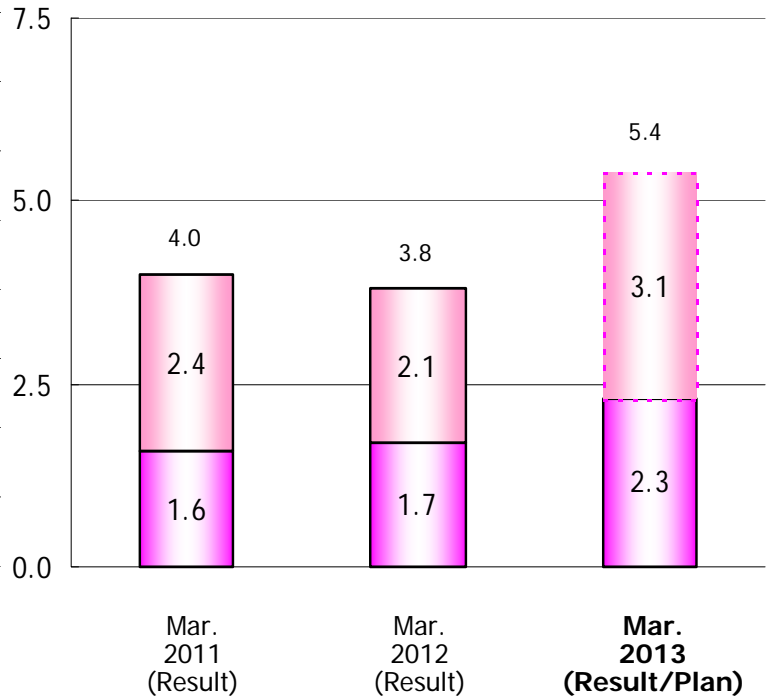
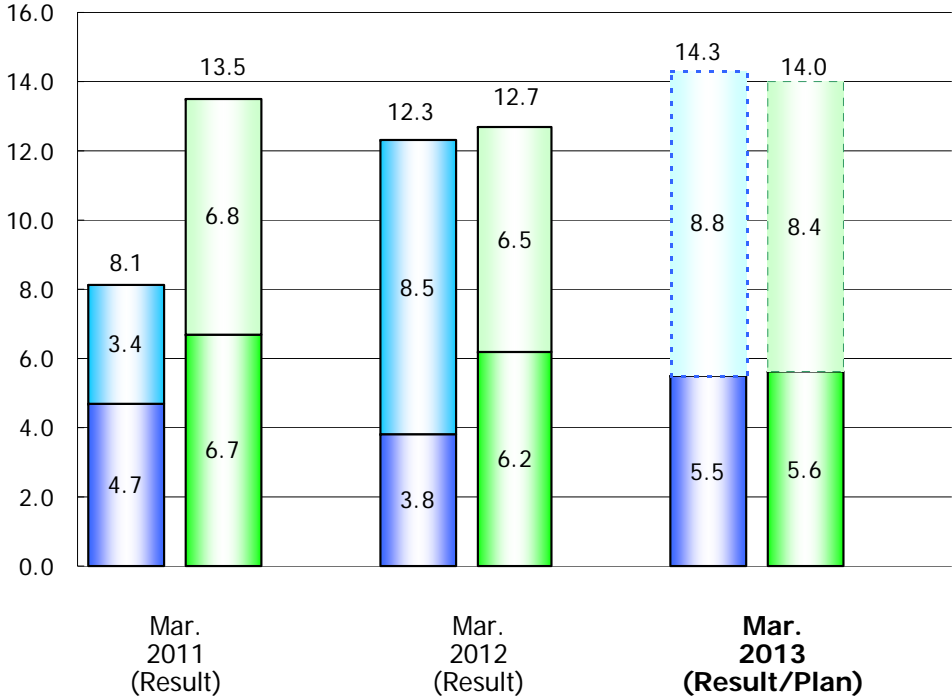
R&D Expenses

- CAPEX (1st Half)
- CAPEX (2nd Half)
- D&A (1st Half)
- D&A (2nd Half)

- R&D (1st Half)
- R&D (2nd Half)

(Billions of JPY)

(Billions of JPY)



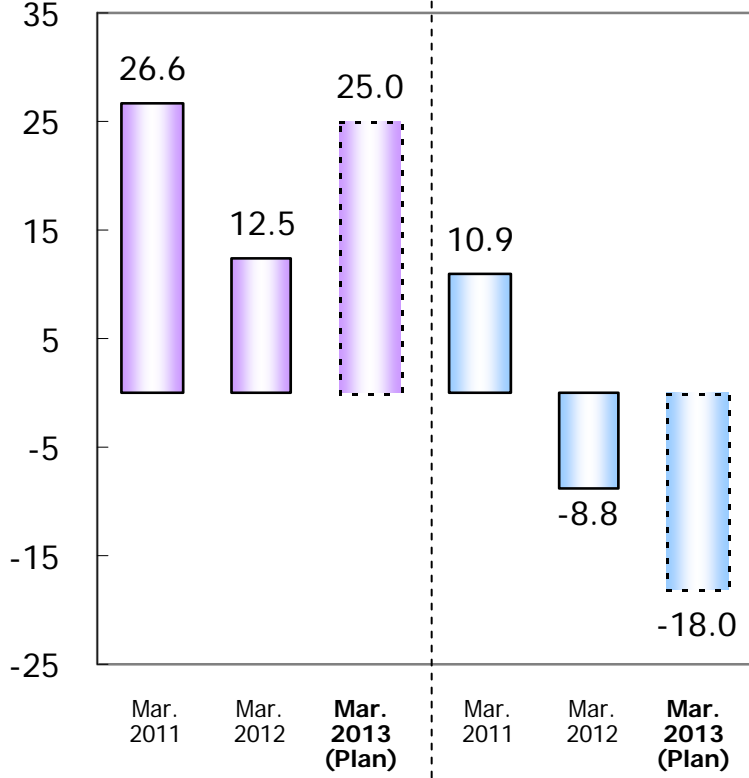
Additional information of Results through the 2nd Quarter (3/3)

(Six months ended September 30, 2012)

Cash flow

- Cash flow from operating activities
- Cash flow from investing activities

(Billions of JPY)

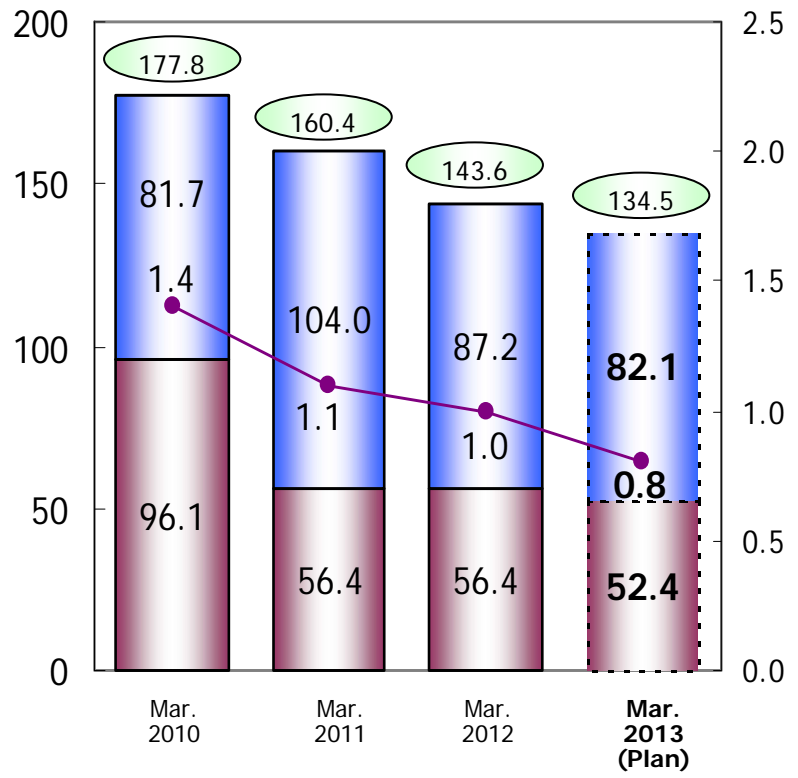


Interest-Bearing Dept

- Interest bearing dept
- Cash and cash equivalents
- Interest-bearing dept(Net)
- D/E ratio

(Billions of JPY)

(Times)

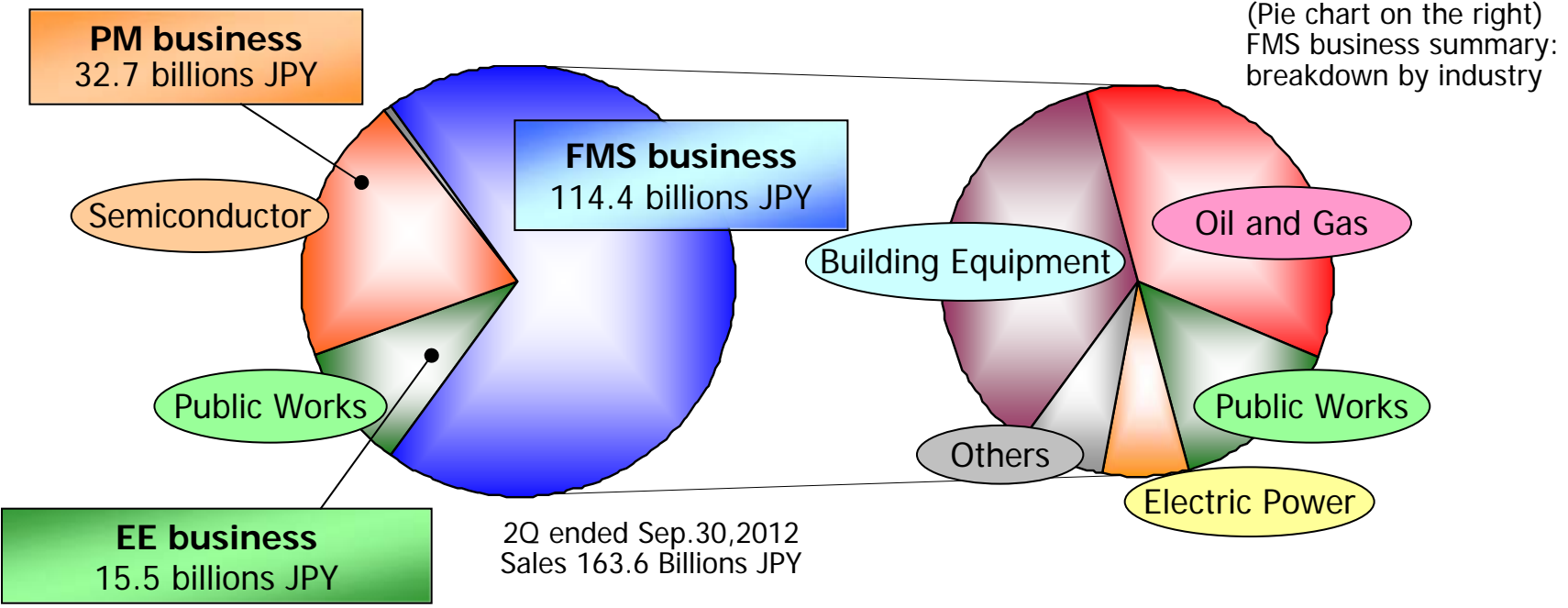


2. Policy and Strategy





President and Representative Director

Natunosuke Yago

Business Environment of Fiscal Year Ending March 31, 2013 (1/1)

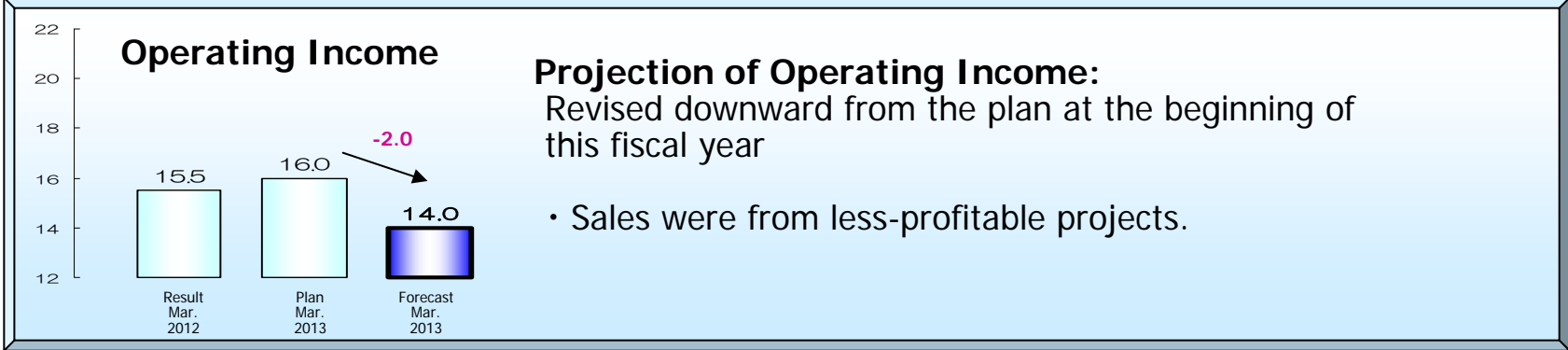
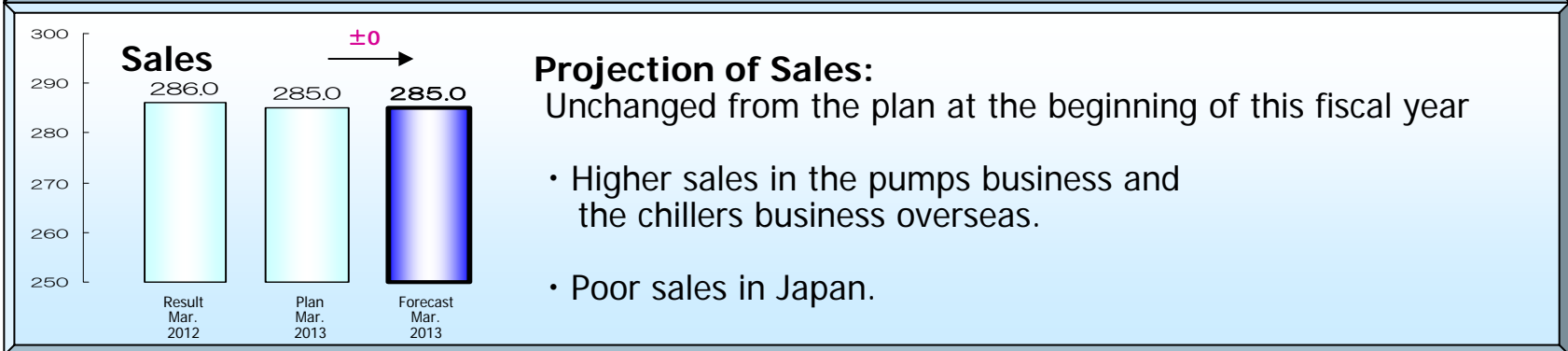
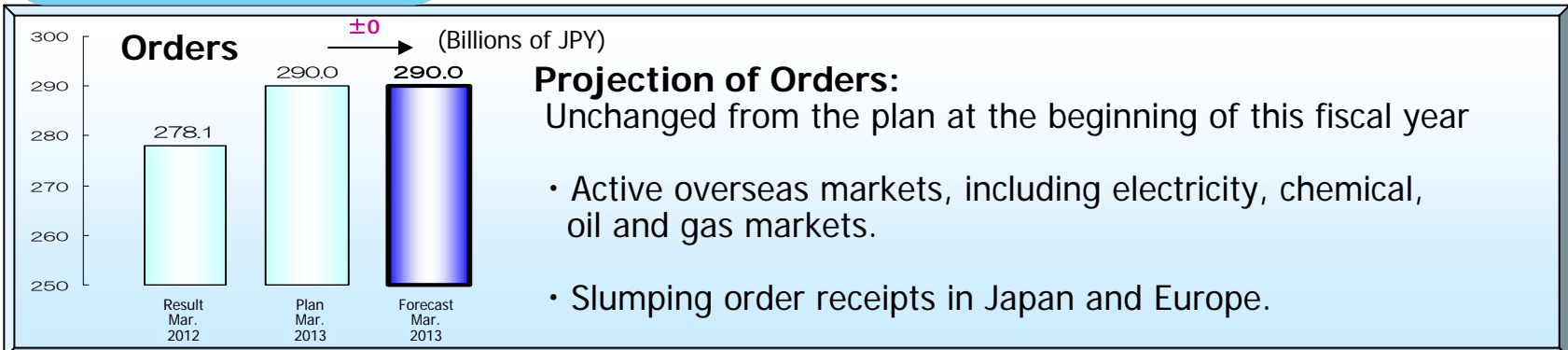


Main Business Environment

-  Oil and Gas
 → A growing demand for energy led to strong order receipt.
-  Public Works
 → Although the previous fiscal year saw poor results due to a delay in budget implementation after the earthquake disaster, the situation normalized in this fiscal year.
-  Building Equipment
 → Stable mainly in the Japanese market.
-  Semiconductor
 → As the market environment deteriorated during the period, capital expenditure plans were postponed.

FMS business

... Fluid Machinery & Systems business

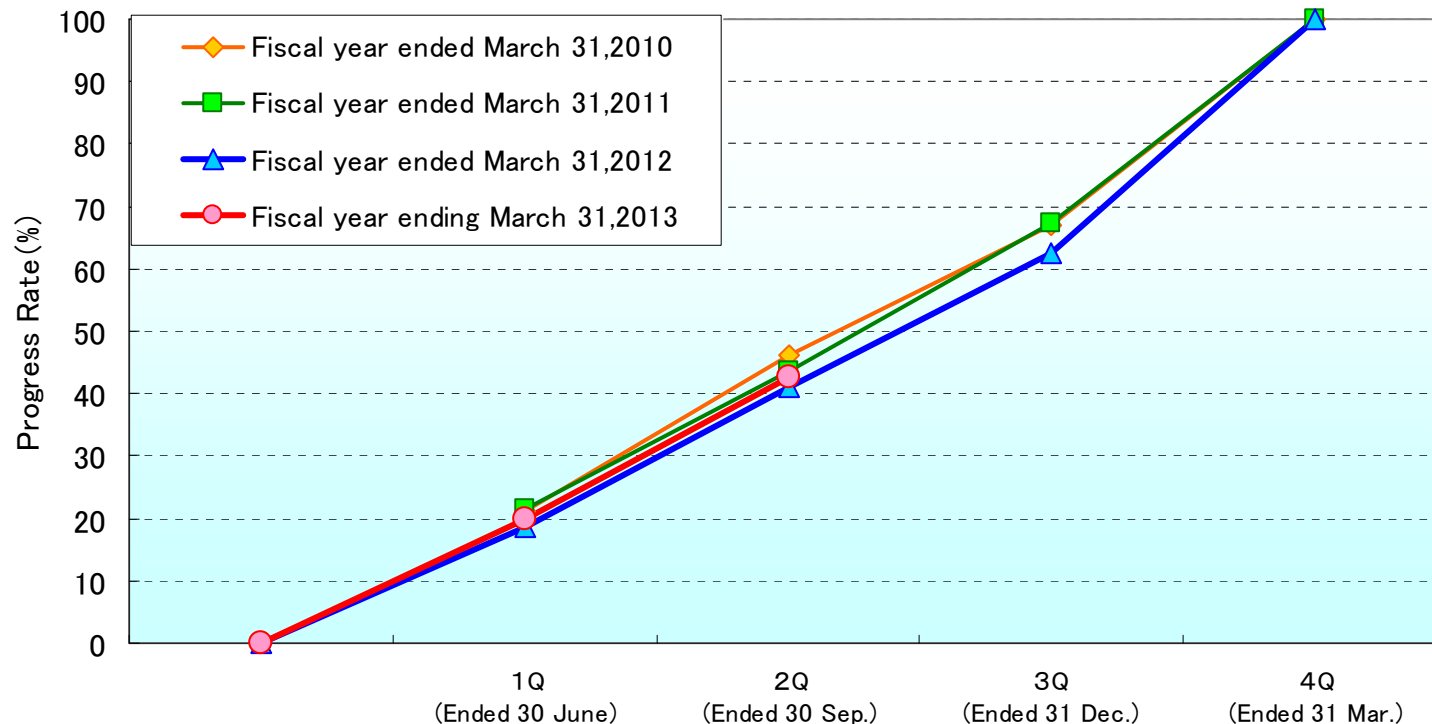


Segment Forecast for Fiscal Year Ending March 31, 2013 (2/7)

Sales in the second quarter of this fiscal year reached about 40 percent of the revised plan.

- The first half to the second half ratio in sales has been unchanged for years.
- We expect that sales will be concentrated in the second half of this fiscal year, and so will operating income.

(Table: Quarterly progress against full year’s sales results in the FMS business)

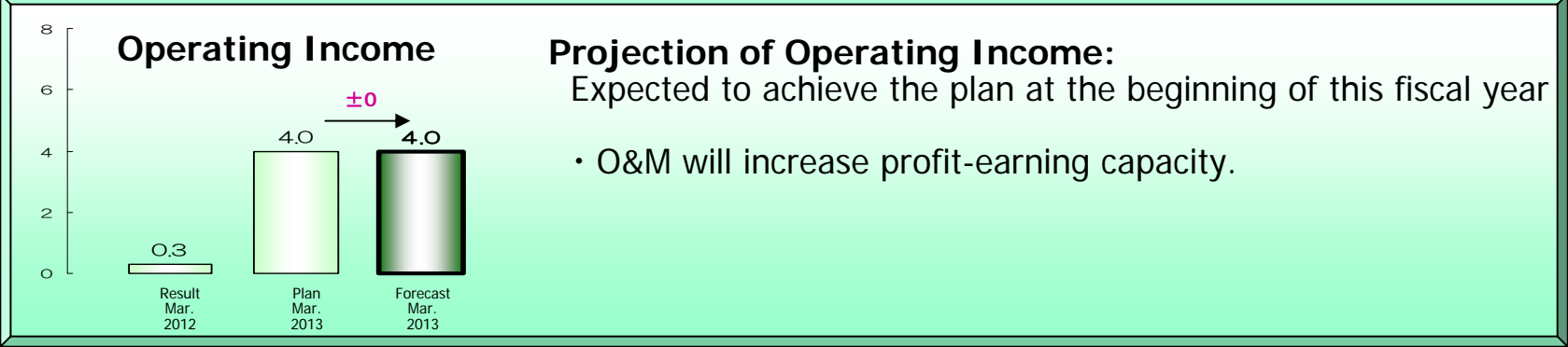
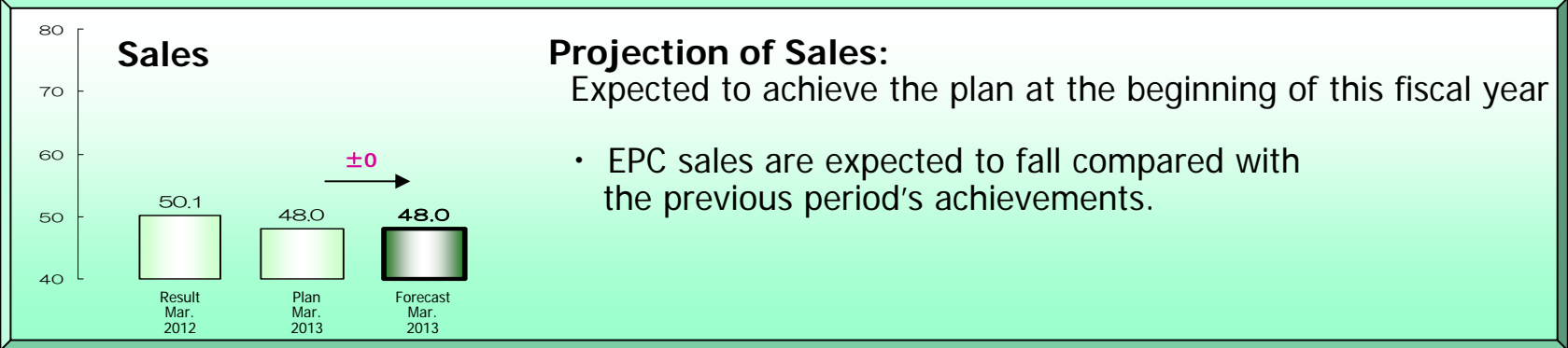
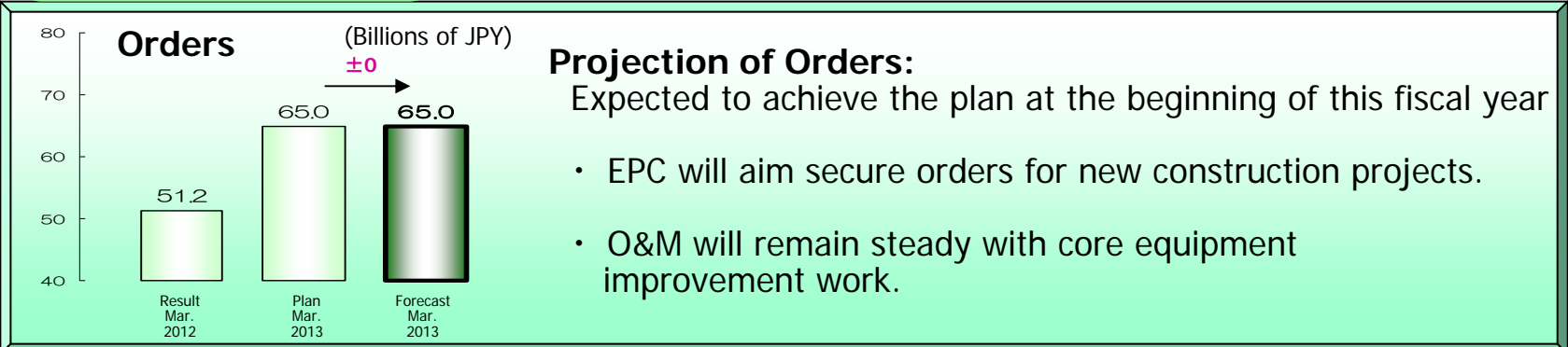


FMS business

Major Action Plan	Status
<p><u>Expand global business through further localization</u></p>	<p>Pumps business Overseas</p> <ul style="list-style-type: none"> Reinforce the business under regional control systems of China, SE Asia and the Middle East — Promote regional strategies Construct global sales network — Promote collaboration among bases Improve and expand service & support by expanding the line of proposals — Enhance local capabilities
	<p>Japan</p> <ul style="list-style-type: none"> Reinforce service & support business by reallocating operating resources and utilizing customer service plants Launch products that customer really wants with carefully selected — Promote incorporation of customer needs
<p><u>Promote production innovation</u></p>	<p>Technology and production</p> <ul style="list-style-type: none"> Develop products in an expeditious way and enhance competitiveness of products in terms of price and delivery period — Reflect customer needs in product development Promote production innovation activities in Japan and expand the activities to overseas — Expand innovative production activities overseas starting with China
<p><u>Focus on growing fields</u></p>	<p>Compressors and Turbines business</p> <ul style="list-style-type: none"> Improve and expand sales and service bases which globally conduct activities — Develop the bases from Asia to other regions continuously
<p><u>Reinforce service and support businesses</u></p>	<ul style="list-style-type: none"> Improve and expand the line-up of products for the energy market Actively take part in projects related to shale gas in North America — Incorporate petrochemical projects
	<p>Chillers business</p> <ul style="list-style-type: none"> Expand bases in China for business in the exploding heat pump market and the steady chillers market Improve and expand domestic service business and expand sales & service in SE Asia — Establish bases in Southeast Asia

EE business

... Environmental Engineering business

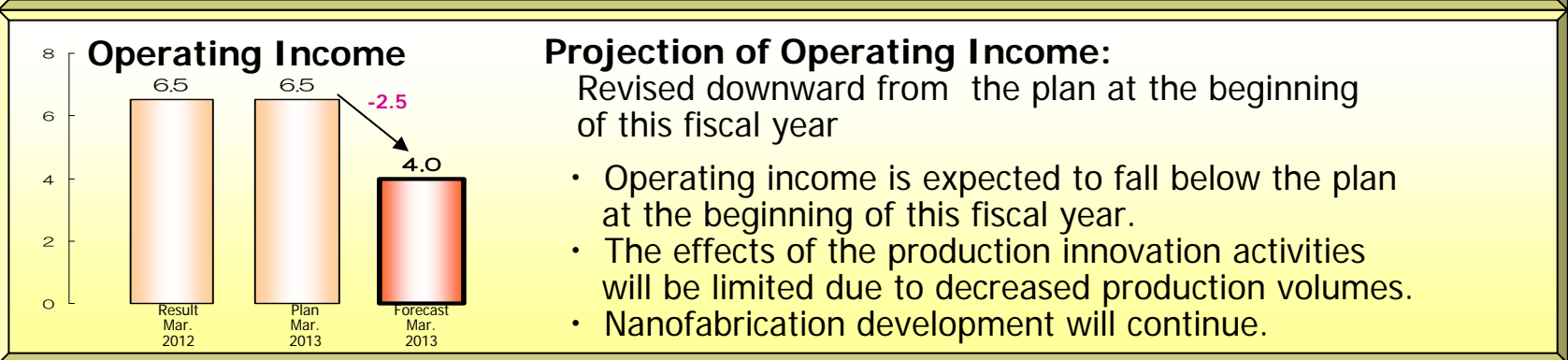
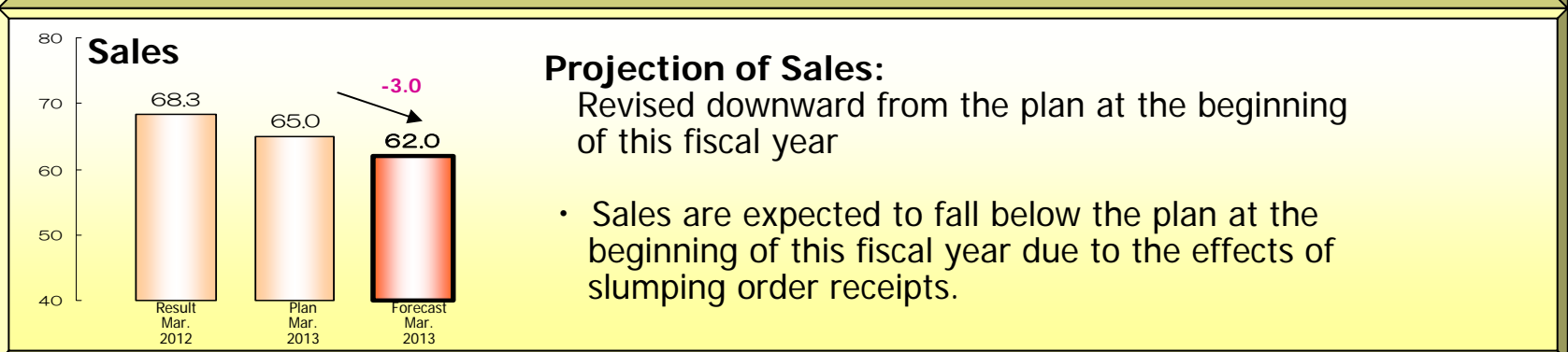
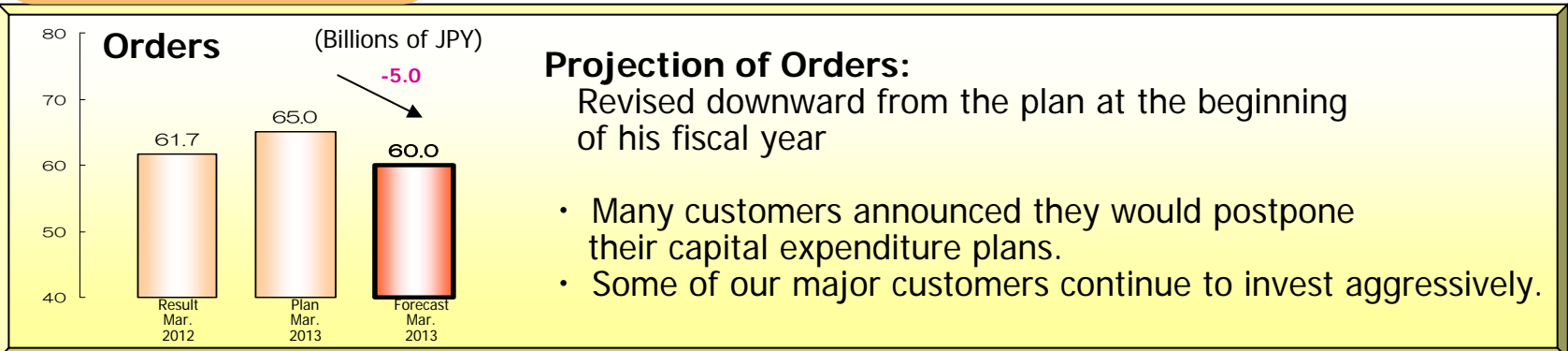


EE business

Major Action Plan	Status
<p><u>Establish solid business infrastructure</u></p>	<p>Reinforce profitability in the O&M business</p> <ul style="list-style-type: none">• Secure orders in relation to core equipment improvement work for existing facilities, utilizing EPC design know-how• Promote multiyear and long-term full-service contracts for maintenance to improve profitability
<p><u>Constantly secure business stock</u></p>	<p>Secure orders from demand for reconstruction</p> <ul style="list-style-type: none">• Identify reconstruction projects early by using the nationwide service network• Propose DBO and EPC projects integrating the know-how of EPC and O&M
<p><u>Enhance competitiveness of products</u></p>	<p>Promote technical standardization and development by the Incinerator Technology Center</p> <ul style="list-style-type: none">• Further promote standardization and packaging by dedicated organizations• Develop energy-saving technology and highly efficient power-generating technology

PM business

... Precision Machinery business



PM business

Major Action Plan	Status
<u>Build a business structure that is robust against market conditions</u>	<p>Components</p> <ul style="list-style-type: none">• Further increase market share of devices for semiconductor and non-semiconductor segments• Bring products for the general vacuum industry to markets <p>CMP Equipment</p> <ul style="list-style-type: none">• Mature the major model 300S II and continuously reduce costs• Develop equipment satisfying the needs for miniaturization, large-diameter products and 3-D integration
<u>Secure high profits</u>	<p>Propose new businesses (plating equipment, bevel polishing equipment, etc.)</p> <ul style="list-style-type: none">• Bring products aiming at 3-D integration to markets• Apply wafer yield improvement technology to bevel polishing equipment
<u>Optimize staffing</u>	<p>Monozukuri Process (Manufacturing)</p> <ul style="list-style-type: none">• Establish innovative production and have it take root to improve productivity• Increase overseas production ratio and overseas procurement ratio
	<p>Service and support businesses</p> <ul style="list-style-type: none">• Strengthen service and support business through finely tuned responses• Establish a centralized system for global management of inventories

Summary of Forecast for Fiscal Year Ending March 31, 2012 (1/1)

(Billions of JPY)

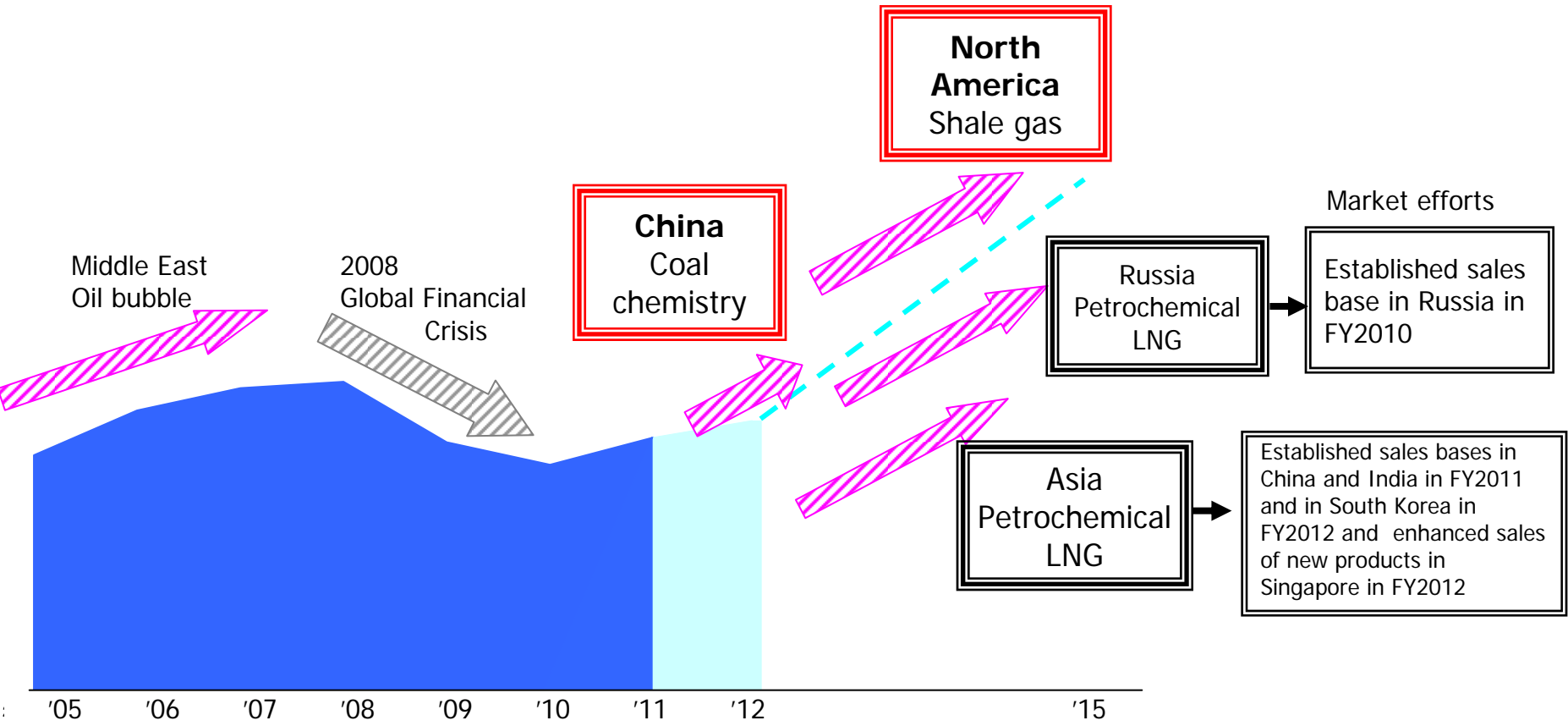
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Growth Potential of Products Related to Oil and Gas Industries (1/4)

(1) Market environment change and projection for oil and gas industries

Changes and projection for order receipts in the compressors and turbines business

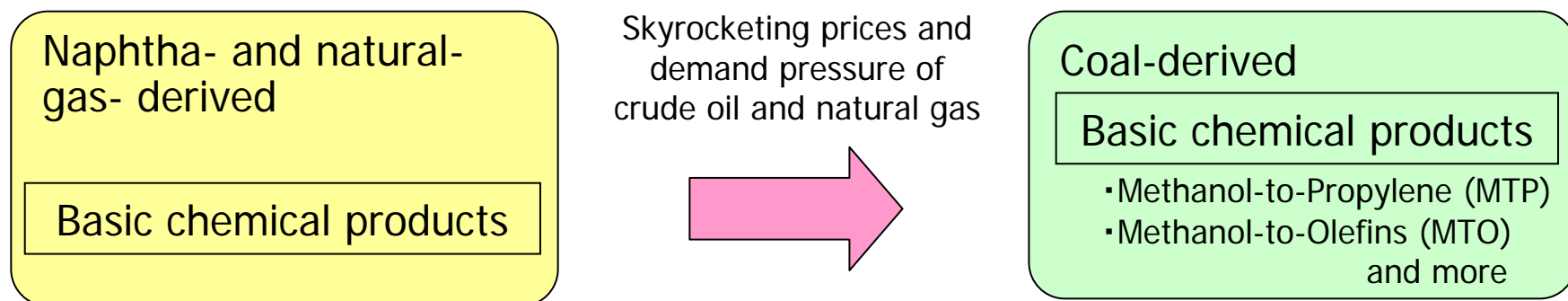


: Especially promising market

Growth Potential of Products Related to Oil and Gas Industries (2/4)

(2) Moves toward aggressive investments primarily
in the coal-chemical industry in China

Change in production of hydrocarbon-based chemical products in China



- In response to the Chinese government's 12th five-year plan (2011-2015), investments in the coal-chemical industry are expanding. Total investments are expected to reach 700 billion RMB (8.4 trillion JPY).

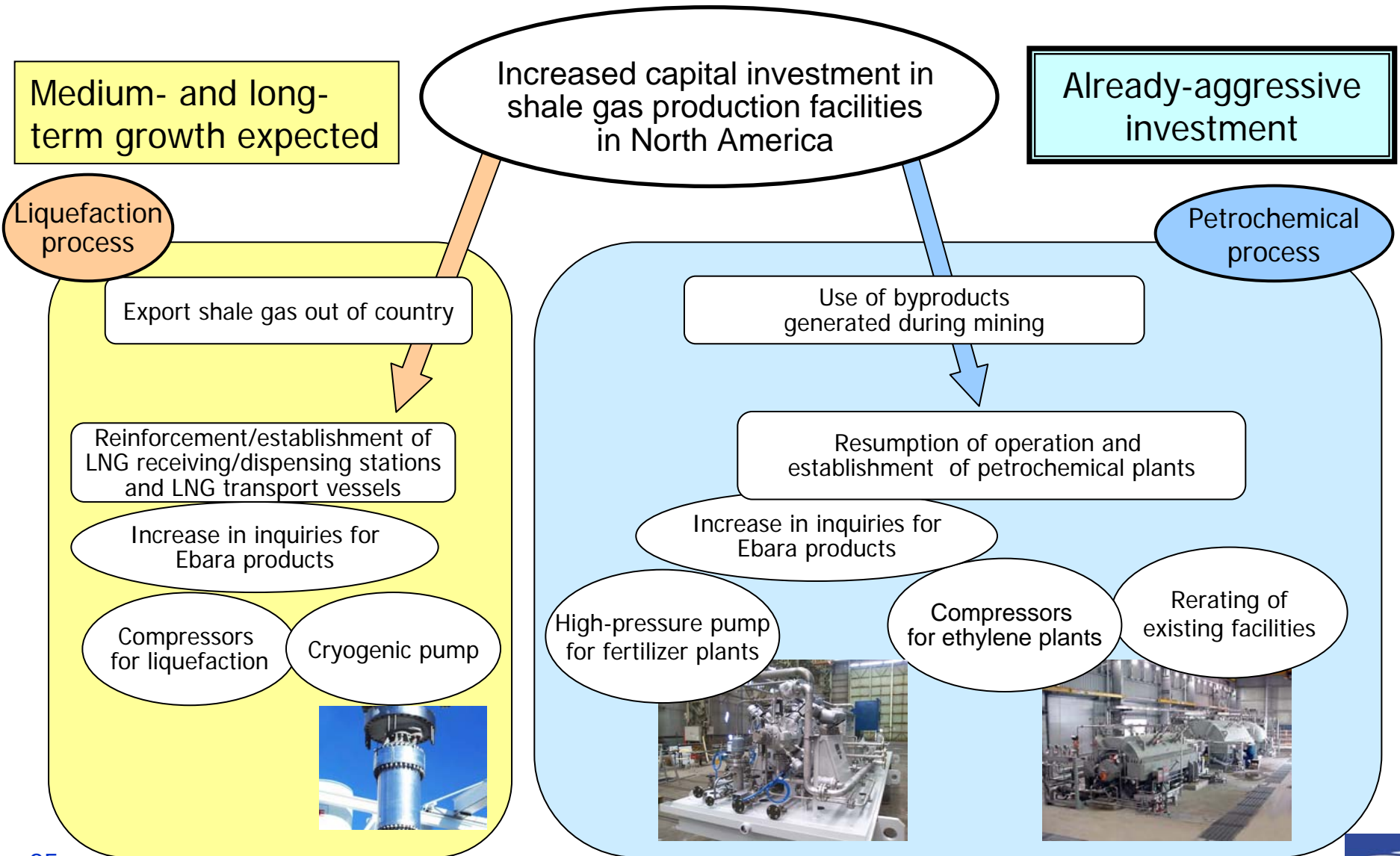
Primary Chinese projects contracted in the current year

Coal-chemical-related projects	3
PDH (propane dehydrogenation)-related projects	3
Revamping projects	2

- In addition, an expansion of investment is expected in the future market environment. Flourishing investments will continue to be seen primarily in coal-chemical projects.

Growth Potential of Products Related to Oil and Gas Industries (3/4)

(3) Projects related to shale gas shifting into high gear in North America part.1



Growth Potential of Products Related to Oil and Gas Industries (4/4)

(4) Projects related to shale gas shifting into high gear in North America part.2

Production capacity of ethylene (monomer) in the world (Million ton)

		World	Asia	Europe	Americas	Middle East
Capacity	2010	144.9	45.8	24.5	38.9	26.1
	2016	173.2	62.8	24.2	45.1	29.1
Change	10-16	28.4	17.0	-0.3	6.2	3.0
Growth rate	10-16	3.0%	5.4%	-0.2%	2.5%	1.8%

Source: "Supply and demand trends in the future of petrochemical products in the world"
 Ministry of Economy, Trade and Industry (June 2012)

Plans for establishing new or additional ethylene plants in North America are to begin in earnest from FY 2013 on.

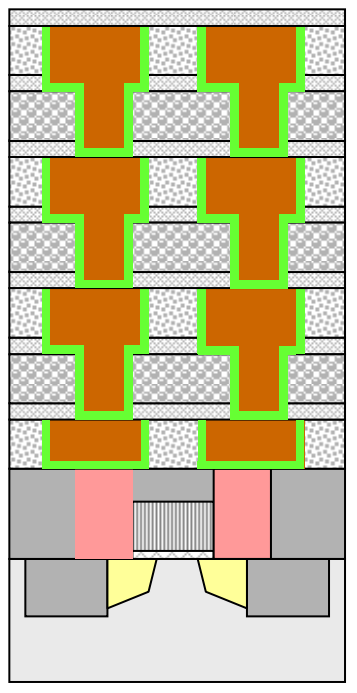
Number of orders expected to receive in FY 2013 About 10 (incl. new, additional, and revamped plants)
 Compressor orders received for new projects: USD 50M to 60M per project
 Compressor orders received for revamping projects: USD 20M to 30M per project



Future of CMP technology

(1) Broadening of the application using the CMP technology

Semiconductor device section



Multilayer interconnection

transistor

Increase CMP processes with multilevel interconnection

8~12 x damascene

1 x Dielectric film
 1 x contact
 1 x STI

Use CMP in new processes , new memory

- TSV
- New volatile memory
- 3D memory

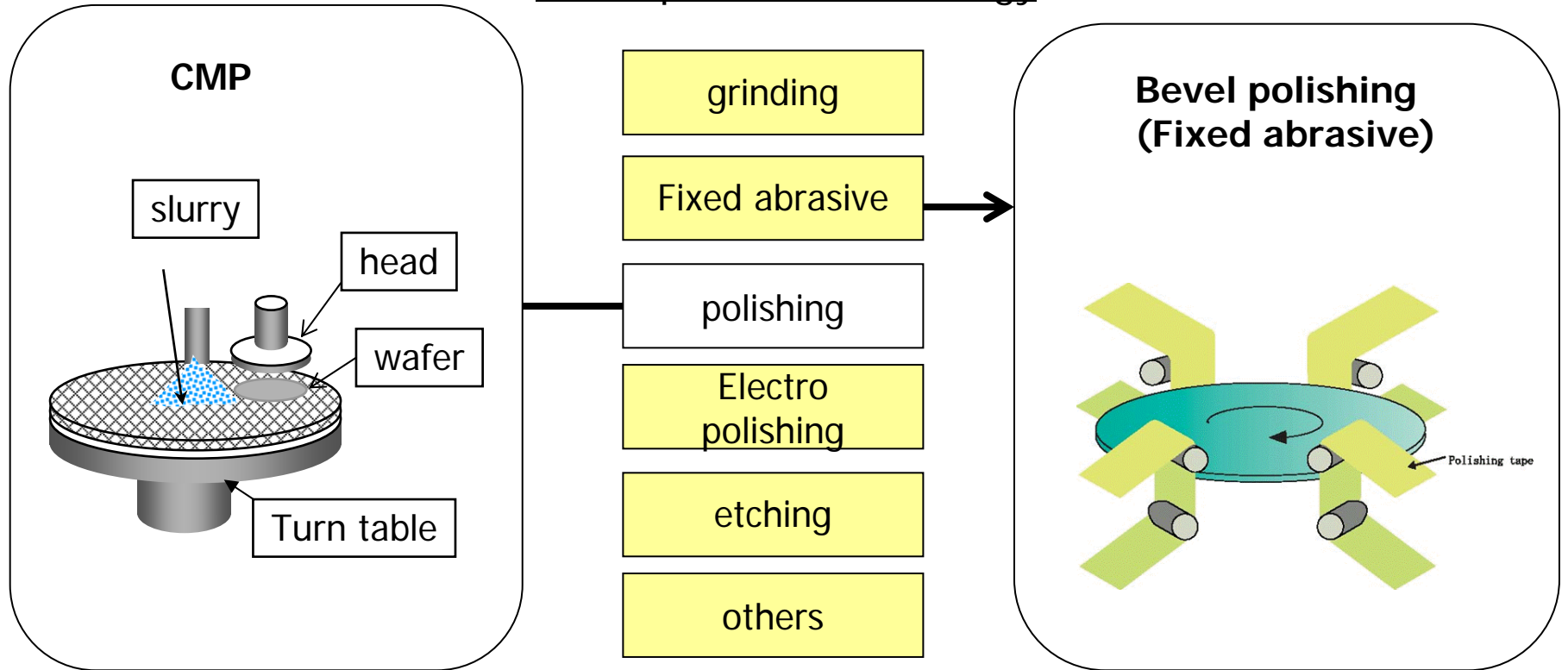
Increase CMP processes with Nanofabrication

• HKMG • 3D Transistor

Future of CMP technology

(2) New technology to spread from CMP technology

Development of technology



All ten trails for improving technologies are our precious assets regardless of whether it resulted in 1 success or 9 failures.

This release contains forward-looking statements which involve certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements which are valid only as of the date thereof. EBARA undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date thereof or to reflect the occurrence of unanticipated events.