

Results Presentation for Three Months
Ended March 31, 2018

EBARA (6361)


May 14, 2018



| 1. Summary of Results | | Summary of Results through 1 st Quarter (three months ended March 31, 2018) | |
|---|---|---|--------|
| (unit : ¥bn) | | | |
| | [Reference]* 1st Quarter Ended March 31, 2017 | 1st Quarter Ended March 31, 2018 | Change |
| Orders | 126.0 | 158.8 | +32.7 |
| Net Sales | 154.0 | 130.2 | -23.8 |
| Operating Income | 22.1 | 7.9 | -14.1 |
| Ordinary Income | 22.5 | 8.0 | -14.4 |
| Net Income attributable to owners of parent | 15.6 | 6.1 | -9.5 |
| Exchange Rate (Average) | 1USD = 112.4 JPY | 1USD = 108.7 JPY | |

* As a reference, we disclose 12 months results (non-audited) of the fiscal year ended December 31, 2017 (from January 1, 2017 to December 31, 2017) to compare with the results for the fiscal year ending December 31, 2018 (from January 1, 2018 to December 31, 2018).

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

1 Results Presentation for Three Months Ended March 31, 2018 

First Quarter Earnings Summary for the Fiscal Year Ending December 31, 2018:

- Revenues and income decreased significantly compared to the same period last year (January-March).
- Due to the change in our corporate accounting period, we expected sales and income for January through March to differ from past results. As such, this start is largely on par with plans towards achieving our full-year goals.

1. Summary of Results

Segmental Summary of Results through 1st Quarter

| | Orders | | | Net Sales | | | Operating Income | | |
|--------------------|--|-------------------------------|--------------|--|-------------------------------|--------------|--|-------------------------------|--------------|
| | [Reference] 1Q Ended March 31, 2017 | 1Q Ended March 31, 2018 | Change | [Reference] 1Q Ended March 31, 2017 | 1Q Ended March 31, 2018 | Change | [Reference] 1Q Ended March 31, 2017 | 1Q Ended March 31, 2018 | Change |
| FMS Business | 76.2 | 82.9 | +6.7 | 93.5 | 80.7 | -12.8 | 14.1 | 2.4 | -11.6 |
| EP Business | 14.0 | 34.8 | +20.8 | 22.9 | 18.2 | -4.7 | 1.8 | 1.8 | -0.0 |
| PM Business | 35.4 | 40.6 | +5.2 | 37.1 | 30.8 | -6.2 | 6.0 | 3.6 | -2.3 |
| Others, Adjustment | 0.4 | 0.4 | -0.0 | 0.4 | 0.4 | -0.0 | 0.1 | 0.0 | -0.0 |
| Total | 126.0 | 158.8 | +32.7 | 154.0 | 130.2 | -23.8 | 22.1 | 7.9 | -14.1 |

FMS Business ... Fluid Machinery & Systems Business
 EP Business ... Environmental Plants Business
 PM Business ... Precision Machinery Business

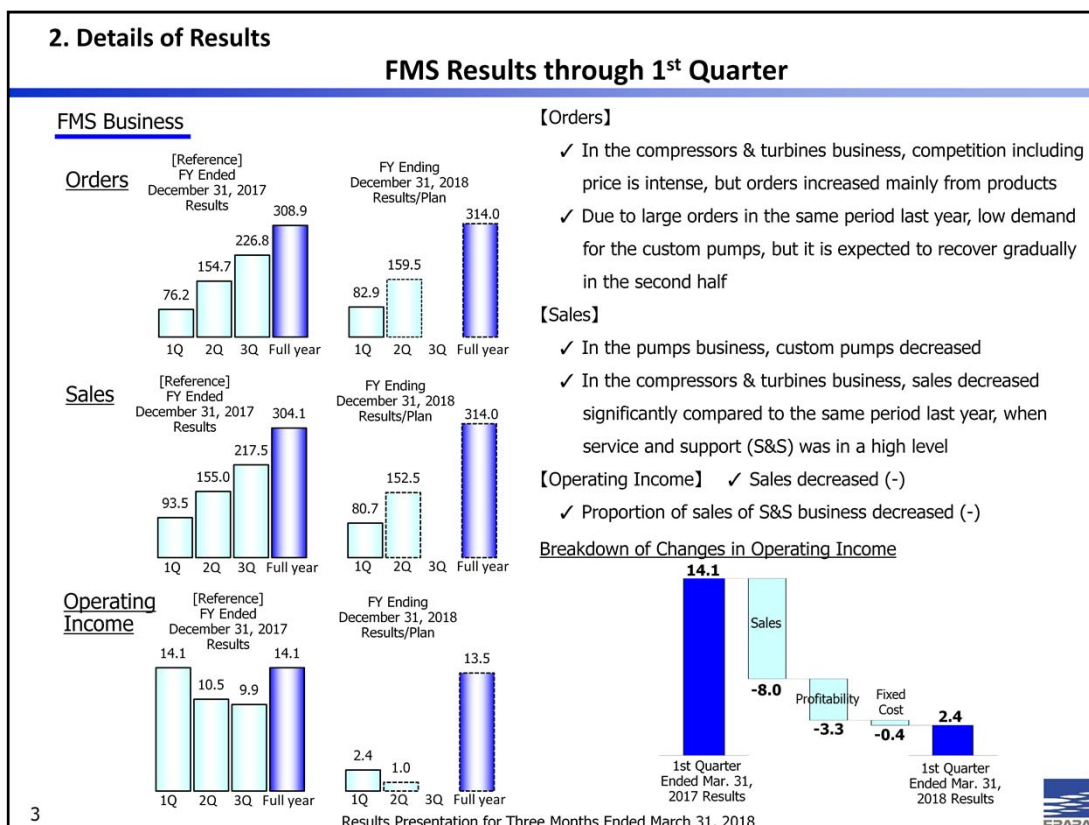
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Results Presentation for Three Months Ended March 31, 2018



Segment Summary for the First Quarter of the Fiscal Year Ending December 31, 2018:

- Orders increased for all three businesses, particularly the EP Business, and the order environment for PM Business was more favorable than assumptions.
- Due to the impact of the change in fiscal period the FMS Business saw a significant decrease in revenues and income.
- The PM Business recorded particularly strong sales and income for the same period last year.



Segmental Results for the First Quarter of the Fiscal Year Ended December 31, 2018 (FMS Business):

(Factors behind increased orders)

- Orders received increased mainly for compressors and turbines (CT) business products.
- The decline in pumps business orders received was due to having received multiple large-scale projects for custom pumps in the same period last year.

(Factors behind decreased sales)

- The pumps business recorded increased sales for standard pumps mainly overseas but we did not see the large-scale orders for custom pump parts like we recorded during the same period last year. Overall, service and support (S&S) sales decreased.
- The CT business recorded increased product sales but S&S sales decreased significantly.

(Factors behind decreased operating income)

- Impact of decreased revenues
- Declining profitability was due to the decrease in the ratio of S&S sales. Overall mix worsened as we were impacted by a decline in the ratio of parts sales, particularly profitable CT Business.

(Outlook for achieving full-year targets)

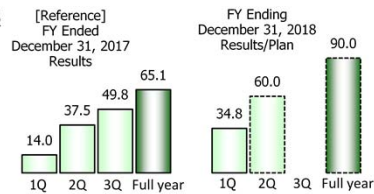
- The downturn in the oil & gas market, our main market, appears to have leveled off and we are seeing a mild recovery trend in customer capital expenditures. We forecast our mix will improve as S&S increases for the entire FMS Business in the second half of the fiscal year. As such, we forecast achieving our full-year targets.
 - CT Business beginning to see increase in projects, particularly in Asia
 - Custom pumps have a shorter lead time compared to the CT business so the impact on earnings will be seen from the second half and beyond.

2. Details of Results

EP Results through 1st Quarter

EP Business

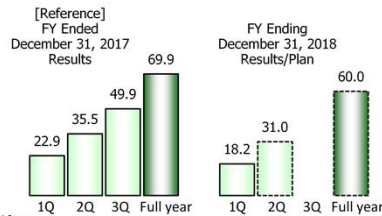
Orders



[Orders]

- ✓ Received 3 large orders including the DBO project, which we were preferred bidder for

Sales



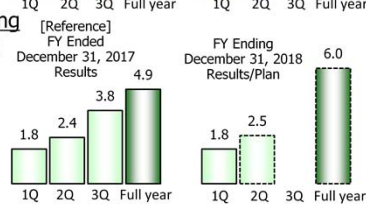
[Sales]

- ✓ EPC sales decreased

[Operating Income]

- ✓ Sales decreased (-)
- ✓ Proportion of O&M sales increased and profitability improved (+)

Operating Income



Breakdown of Changes in Operating Income



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Results Presentation for Three Months Ended March 31, 2018



Segmental Results for the First Quarter of the Fiscal Year Ended December 31, 2018 (EP Business):

(Factors behind increased orders)

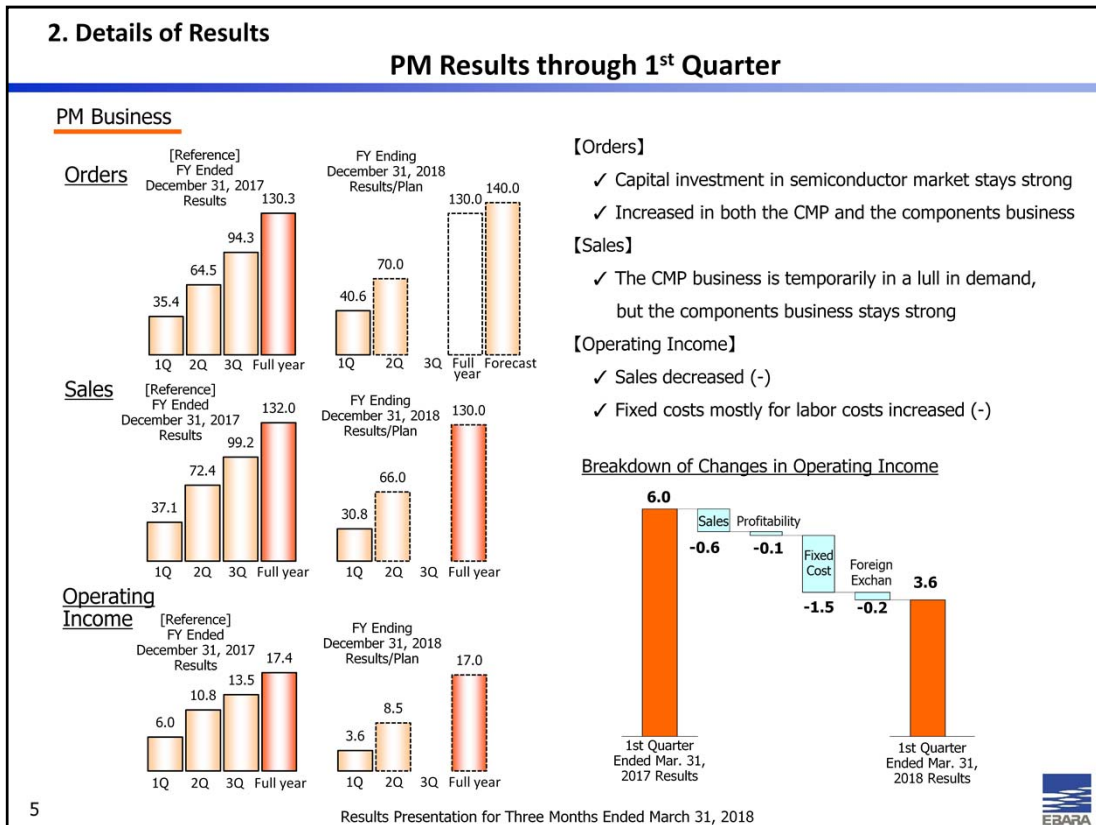
- Received three large-scale projects provisionally confirmed last year (DBO project, private biomass project, long-term O&M project)

(Factors behind decreased sales)

- Fewer ongoing EPC construction projects

(Factors unchanged operating income)

- Largely unchanged from the same period last year due to the impact of decreased revenues and mix improvements



Segmental Results for the First Quarter of the Fiscal Year Ended December 31, 2018 (PM Business):

(Factors behind increased orders)

- Capital expenditure amounts for semiconductor-related projects, particularly memory-related, remain high.
- Components business and CMP Business both favorable

(Factors behind decreased sales)

- Components business increased thanks to continued favorable order environment from previous year.
- CMP business recorded lower revenues because earnings from the same period last year were particularly high.

(Factors behind decreased operating income)

- Impact of decreased revenues for CMP business
- Fixed expenses increased, particularly personnel expenses.

(Upward revision for full-year targets)

- In light of capital expenditure trends for the semiconductor market, we revised our forecast for full-year orders received from 130 billion yen to 140 billion yen (up 10 billion yen vs. initial targets).
- As for net sales, we reviewed each business individually (no change in overall forecast).

| 3. Projection | | | | | |
|---|---|---|---|---|--|
| Summary of Projection for Fiscal Year Ending December 31, 2018 | | | | | |
| | [Reference] FY Ended Dec. 31, 2017 (Results) (A) | FY Ending Dec. 31, 2018 (Initial plan) (B) | FY Ending Dec. 31, 2018 (Forecast) (C) | Change (from Plan) (C-B) | Change (Year-on-year) (C-A) |
| Orders | 506.0 | 535.0 | 545.0 | +10.0 | +38.9 |
| Net Sales | 507.8 | 505.0 | 505.0 | - | -2.8 |
| Operating Income | 36.6 | 37.0 | 37.0 | - | +0.3 |
| Ordinary Income | 35.4 | 36.0 | 36.0 | - | +0.5 |
| Net Income attributable to owners of parent | 22.7 | 22.0 | 22.0 | - | -0.7 |
| Exchange Rate | [Reference] 1USD = 112 JPY (Average) | 1USD = 110 JPY (Assumed) | 1USD = 110 JPY (Assumed) | | |

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Results Presentation for Three Months Ended March 31, 2018



Projections for Fiscal Year Ending December 31, 2018:

Forecast for full-year orders received: 545 billion yen (up 10 billion yen vs. initial targets)

- Upward revision of orders received for PM Business
- No change in forecast for net sales or operating income

3. Projection

Summary of Projection for Fiscal Year Ending December 31, 2018

| | | [Reference] FY Ended Dec. 31, 2017 (Results) (A) | FY Ending Dec. 31, 2018 (Initial Plan) (B) | FY Ending Dec. 31, 2018 (Forecast) (C) | Change (from Plan) (C-B) | Change (Year-on-year) (C-A) |
|-------------------------------|---------------------|--|---|---|--------------------------------|-----------------------------------|
| FMS Business | Orders | 308.9 | 314.0 | 314.0 | - | +5.0 |
| | Net Sales | 304.1 | 314.0 | 314.0 | - | +9.8 |
| | Operating Income | 14.1 | 13.5 | 13.5 | - | -0.6 |
| EP Business | Orders | 65.1 | 90.0 | 90.0 | - | +24.8 |
| | Net Sales | 69.9 | 60.0 | 60.0 | - | -9.9 |
| | Operating Income | 4.9 | 6.0 | 6.0 | - | +1.0 |
| PM Business | Orders | 130.3 | 130.0 | 140.0 | +10.0 | +9.6 |
| | Net Sales | 132.0 | 130.0 | 130.0 | - | -2.0 |
| | Operating Income | 17.4 | 17.0 | 17.0 | - | -0.4 |
| Others, Adjustment | Orders | 1.6 | 1.0 | 1.0 | - | -0.6 |
| | Net Sales | 1.6 | 1.0 | 1.0 | - | -0.6 |
| | Operating Income | 0.1 | 0.5 | 0.5 | - | +0.3 |
| Total | Orders | 506.0 | 535.0 | 545.0 | +10.0 | +38.9 |
| | Net Sales | 507.8 | 505.0 | 505.0 | - | -2.8 |
| | Operating Income | 36.6 | 37.0 | 37.0 | - | +0.3 |

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Results Presentation for Three Months Ended March 31, 2018



Summary of Projection for 2nd Quarter

| | [Reference] | 2Q Ending | Change | | [Reference] | 2Q Ending | Change | |
|---|-------------|-----------|--------|--------------------|------------------|-----------|--------|--------|
| | 2Q Ended | June 30, | | | 2Q Ended | June 30, | | |
| | 2017 | 2018 | | | 2017 | 2018 | | |
| | Results | Forecast | | | Results | Forecast | | |
| Orders | 257.6 | 290.0 | + 32.3 | | | | | |
| Net Sales | 263.8 | 250.0 | - 13.8 | | | | | |
| Operating Income | 24.0 | 12.0 | - 12.0 | | | | | |
| Ordinary Income | 23.8 | 12.0 | - 11.8 | | | | | |
| Net Income attributable to owners of parent | 16.2 | 7.0 | - 9.2 | | | | | |
| | | | | FMS Business | Orders | 154.7 | 159.5 | + 4.7 |
| | | | | | Net Sales | 155.0 | 152.5 | - 2.5 |
| | | | | | Operating Income | 10.5 | 1.0 | - 9.5 |
| | | | | EP Business | Orders | 37.5 | 60.0 | + 22.4 |
| | | | | | Net Sales | 35.5 | 31.0 | - 4.5 |
| | | | | | Operating Income | 2.4 | 2.5 | + 0.0 |
| | | | | PM Business | Orders | 64.5 | 70.0 | + 5.4 |
| | | | | | Net Sales | 72.4 | 66.0 | - 6.4 |
| | | | | | Operating Income | 10.8 | 8.5 | - 2.3 |
| | | | | Others, Adjustment | Orders | 0.8 | 0.5 | - 0.3 |
| | | | | | Net Sales | 0.8 | 0.5 | - 0.3 |
| | | | | | Operating Income | 0.1 | 0.0 | - 0.1 |
| | | | | Total | Orders | 257.6 | 290.0 | + 32.3 |
| | | | | | Net Sales | 263.8 | 250.0 | - 13.8 |
| | | | | | Operating Income | 24.0 | 12.0 | - 12.0 |

Breakdown of Orders Results by Business Segment

Orders

| | Full Year | | | | | 1Q | | | 2Q | | |
|---------------------------------|--|-------------------------------|--------------|---------------|--------|--|--|--------|--|---------------------------------------|--------|
| | [Reference] FY Ended Dec. 31, 2017 Results | FY Ending Dec. 31, 2018 | | | Change | [Reference] FY Ended Dec. 31, 2017 Results | FY Ending Dec. 31, 2018 Results | Change | [Reference] FY Ended Dec. 31, 2017 Results | FY Ending Dec. 31, 2018 Plan | Change |
| | | Initial plan | Forecast | Change | | | | | | | |
| FMS Business | | | | | | | | | | | |
| Pumps | 174.2 | 178.0 | 178.0 | - | + 3.7 | 46.3 | 44.1 | - 2.1 | 89.0 | 86.0 | - 3.0 |
| Compressors and Turbines | 83.3 | 85.0 | 85.0 | - | + 1.6 | 16.7 | 26.7 | + 9.9 | 39.1 | 50.0 | + 10.8 |
| Chillers | 34.5 | 37.0 | 37.0 | - | + 2.4 | 7.0 | 8.5 | + 1.4 | 17.9 | 17.5 | - 0.4 |
| Others | 16.7 | 14.0 | 14.0 | - | - 2.7 | 6.0 | 3.4 | - 2.6 | 8.6 | 6.0 | - 2.6 |
| FMS Business Total | 308.9 | 314.0 | 314.0 | - | + 5.0 | 76.2 | 82.9 | + 6.7 | 154.7 | 159.5 | + 4.7 |
| EP Business | | | | | | | | | | | |
| Environmental Plants | 65.1 | 90.0 | 90.0 | - | + 24.8 | 14.0 | 34.8 | + 20.8 | 37.5 | 60.0 | + 22.4 |
| EP Business Total | 65.1 | 90.0 | 90.0 | - | + 24.8 | 14.0 | 34.8 | + 20.8 | 37.5 | 60.0 | + 22.4 |
| PM Business | | | | | | | | | | | |
| Components | 59.8 | 57.0 | 65.0 | + 8.0 | + 5.1 | 15.2 | 17.1 | + 1.9 | 29.6 | 32.0 | + 2.3 |
| CMP Systems | 62.7 | 67.0 | 71.0 | + 4.0 | + 8.2 | 18.8 | 22.1 | + 3.2 | 30.7 | 36.0 | + 5.2 |
| Others | 7.7 | 6.0 | 4.0 | - 2.0 | - 3.7 | 1.3 | 1.4 | 0.0 | 4.1 | 2.0 | - 2.1 |
| PM Business Total | 130.3 | 130.0 | 140.0 | + 10.0 | + 9.6 | 35.4 | 40.6 | + 5.2 | 64.5 | 70.0 | + 5.4 |
| Others | 1.6 | 1.0 | 1.0 | - | - 0.6 | 0.4 | 0.4 | - 0.0 | 0.8 | 0.5 | - 0.3 |
| Others Total | 1.6 | 1.0 | 1.0 | - | - 0.6 | 0.4 | 0.4 | - 0.0 | 0.8 | 0.5 | - 0.3 |
| Total | 506.0 | 535.0 | 545.0 | + 10.0 | + 38.9 | 126.0 | 158.8 | + 32.7 | 257.6 | 290.0 | + 32.3 |

* From the first quarter ended March 31, 2018, the cryogenic pumps (LNG transfer pumps) business, which was included in the pumps business before, is included in the compressors & turbines business.

Breakdown of Sales Results by Business Segment

Sales

| | Full Year | | | | | 1Q | | | 2Q | | |
|---------------------------------|--|-------------------------------|--------------|--------------|--------|--|--|--------|--|---------------------------------------|--------|
| | [Reference] FY Ended Dec. 31, 2017 Results | FY Ending Dec. 31, 2018 | | | Change | [Reference] FY Ended Dec. 31, 2017 Results | FY Ending Dec. 31, 2018 Results | Change | [Reference] FY Ended Dec. 31, 2017 Results | FY Ending Dec. 31, 2018 Plan | Change |
| | | Initial plan | Forecast | Change | | | | | | | |
| FMS Business | | | | | | | | | | | |
| Pumps | 168.5 | 178.0 | 178.0 | - | + 9.4 | 55.0 | 50.9 | - 4.1 | 88.6 | 89.0 | + 0.3 |
| Compressors and Turbines | 83.8 | 85.0 | 85.0 | - | + 1.1 | 22.6 | 18.5 | - 4.1 | 41.0 | 41.0 | - 0.1 |
| Chillers | 35.8 | 37.0 | 37.0 | - | + 1.1 | 9.2 | 7.5 | - 1.7 | 16.4 | 16.0 | - 0.4 |
| Others | 15.9 | 14.0 | 14.0 | - | - 1.9 | 6.6 | 3.7 | - 2.8 | 8.7 | 6.5 | - 2.2 |
| FMS Business Total | 304.1 | 314.0 | 314.0 | - | + 9.8 | 93.5 | 80.7 | - 12.8 | 155.0 | 152.5 | - 2.5 |
| EP Business | | | | | | | | | | | |
| Environmental Plants | 69.9 | 60.0 | 60.0 | - | - 9.9 | 22.9 | 18.2 | - 4.7 | 35.5 | 31.0 | - 4.5 |
| EP Business Total | 69.9 | 60.0 | 60.0 | - | - 9.9 | 22.9 | 18.2 | - 4.7 | 35.5 | 31.0 | - 4.5 |
| PM Business | | | | | | | | | | | |
| Components | 57.0 | 55.0 | 58.0 | + 3.0 | + 0.9 | 13.9 | 14.9 | + 0.9 | 28.0 | 29.0 | + 0.9 |
| CMP Systems | 68.5 | 68.0 | 69.0 | + 1.0 | + 0.4 | 22.0 | 14.6 | - 7.3 | 41.3 | 35.0 | - 6.3 |
| Others | 6.4 | 7.0 | 3.0 | - 4.0 | - 3.4 | 1.1 | 1.1 | 0.0 | 3.1 | 2.0 | - 1.1 |
| PM Business Total | 132.0 | 130.0 | 130.0 | - | - 2.0 | 37.1 | 30.8 | - 6.2 | 72.4 | 66.0 | - 6.4 |
| Others | 1.6 | 1.0 | 1.0 | - | - 0.6 | 0.4 | 0.4 | - 0.0 | 0.8 | 0.5 | - 0.3 |
| Others Total | 1.6 | 1.0 | 1.0 | - | - 0.6 | 0.4 | 0.4 | - 0.0 | 0.8 | 0.5 | - 0.3 |
| Total | 507.8 | 505.0 | 505.0 | - | - 2.8 | 154.0 | 130.2 | - 23.8 | 263.8 | 250.0 | - 13.8 |

* From the first quarter ended March 31, 2018, the cryogenic pumps (LNG transfer pumps) business, which was included in the pumps business before, is included in the compressors & turbines business.

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