



**Results Presentation for the 3<sup>rd</sup> Quarter**  
**ended September 30, 2018**

**EBARA (6361)**

November 13, 2018

Looking ahead,  
going beyond expectations  
*Ahead > Beyond*

EBARA CORPORATION

## 1. Summary of Results

### Summary of Results through FY2018 3Q



(unit : ¥bn)

	[Reference] <sup>*1</sup> 3rd Quarter ended Sep 30, 2017	3rd Quarter ended Sep 30, 2018	Change (year-on-year)
<b>Orders</b>	<b>372.2</b>	<b>443.1</b>	<b>+70.9</b>
<b>Net Sales</b>	<b>367.9</b>	<b>368.0</b>	<b>+0.0</b>
<b>Operating Income</b>	<b>27.6</b> (7.5%)	<b>20.4</b> (5.6%)	<b>-7.2</b>
<b>Ordinary Income</b>	<b>26.9</b> (7.3%)	<b>19.9</b> (5.4%)	<b>-6.9</b>
<b>Net Income attributable to owners of parent</b>	<b>19.3</b> (5.3%)	<b>11.2</b> (3.0%)	<b>-8.1</b>

Exchange rate(Average)

1USD = 112.4 JPY

1USD = 111.4 JPY

( ) Ratio to sales

\*1. 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, "4Q" means 12 months cumulative. From this page, figures are shown in billion yen unless otherwise stated.

## Summary of Results through 3rd Quarter

### <Key points (YoY)>

- Orders : + 70.9 billion yen
- Net Sales were on par with the previous year
- Operating Income : - 7.2 billion yen
- Net Income attributable to owners of parent : - 8.1 billion yen
- An impairment loss relating to the closing of production base and a reserve for litigation losses were recorded

## 1. Summary of Results

### Segmental Summary of Results through FY2018 3Q



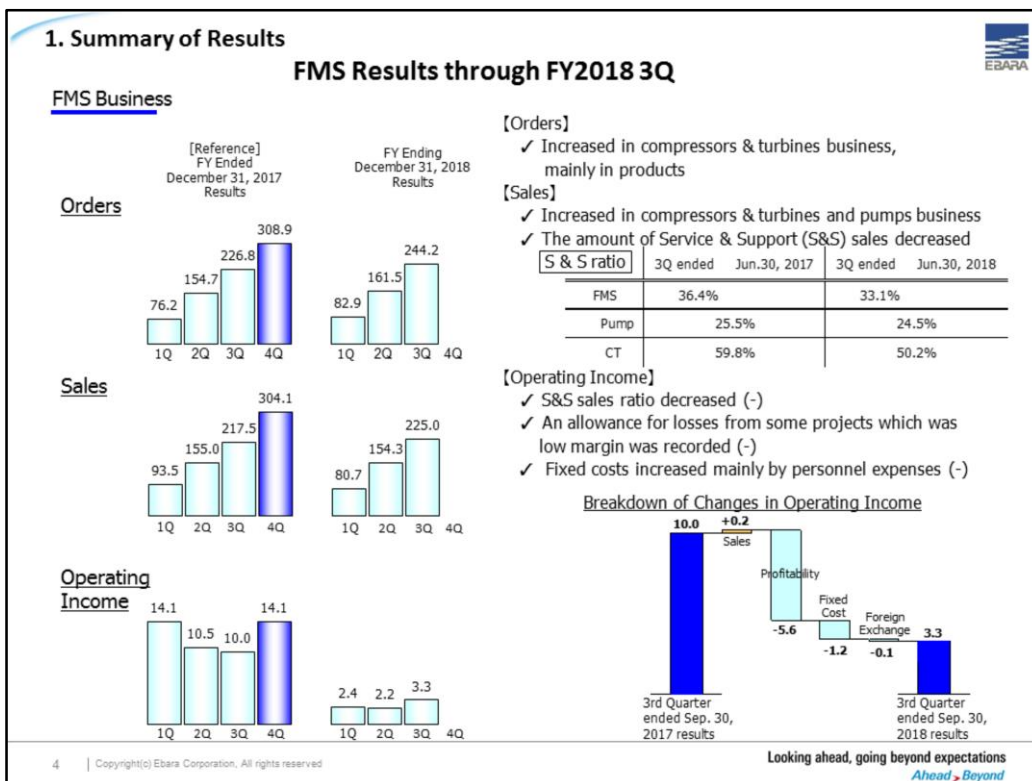
	Orders			Net Sales			Operating Income		
	[Reference] 3Q ended Sep. 30, 2017	3Q ended Sep. 30, 2018	Change	3Q ended Sep. 30, 2017	3Q ended Sep. 30, 2018	Change	3Q ended Sep. 30, 2017	3Q ended Sep. 30, 2018	Change
FMS Business	226.8	244.2	+17.3	217.5	225.0	+7.5	10.0 (4.6%)	3.3 (1.5%)	-6.6
EP Business	49.8	93.3	+43.4	49.9	43.5	-6.3	3.7 (7.6%)	3.4 (7.9%)	-0.3
PM Business	94.3	104.3	+10.0	99.2	98.1	-1.0	13.5 (13.7%)	13.4 (13.7%)	-0.1
Others, Adjustment	1.2	1.2	+0.0	1.2	1.2	+0.0	0.2 (21.0%)	0.2 (18.4%)	-0.0
<b>Total</b>	<b>372.2</b>	<b>443.1</b>	<b>+70.9</b>	<b>367.9</b>	<b>368.0</b>	<b>+0.0</b>	<b>27.6 (7.5%)</b>	<b>20.4 (5.6%)</b>	<b>-7.2</b>

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

## Segmental Summary of Results through 3rd Quarter

<Key points (YoY) >

- Orders : Increase in 3 businesses
- Net Sales : Recovered in FMS business to the same level
- Operating Income : low level in FMS business



FMS Results through 3rd Quarter :

The key factors of change (YoY)

<Orders>

FMS: +17.3 billion yen

- CT business : + 22.1 billion yen
  - Increased mainly in products. CAPEX in the downstream of oil and gas market recovered steadily in China and India. And it in North America has gradually become active.
- Pumps business: - 6.3 billion yen
  - Custom pumps for the oil and gas market had weaker orders than CT. As the lead time of them is shorter than CT, it will begin recovering after CT recovery.
  - Decreased in custom pumps for domestic public market, as investment for renewal and repair of social infrastructure in Japan was delayed.

<Net Sales>

FMS: +7.5 billion yen

- CT business: + 5.5 billion yen
  - Increased mainly in products. As for S&S sales, sales ratio decreased YoY, but in QoQ both sales and sales ratio increased.

- Pumps Business: +3.8 billion yen

Remained strong in standard pumps. And it increased in custom pumps for the domestic public sector in response to strong orders in the previous year.

<Operating Income>

FMS : - 6.6 billion yen

- S&S sales ratio declined mainly in CT business.
- In the CT business, an allowance for losses from orders we received at low margin level was recorded due to severe price competitions

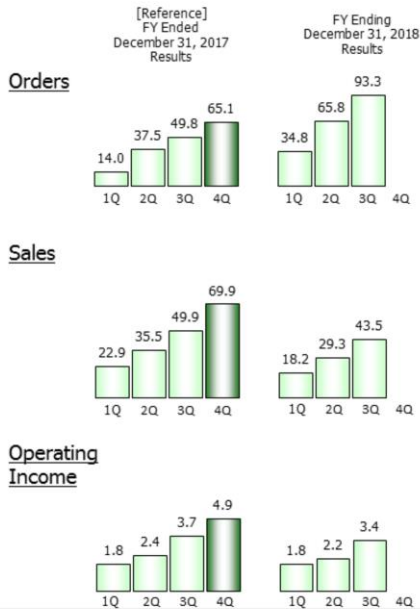
- Personnel expenses increased mainly in overseas pump business

# 1. Summary of Results



## EE Results through FY2018 3Q

### EP Business



#### [Orders]

✓ Orders were at a high level

#### [Sales]

✓ Decreased mainly in EPC business

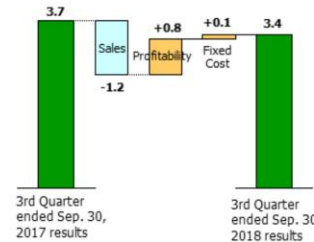
#### [Operating Income]

✓ Sales decreased (-)

✓ Operation and Maintenance (O&M) sales ratio increased (+)

✓ A loss occurred due to withdrawal from a part of business at a manufacturing subsidiary in China (-)

#### Breakdown of Changes in Operating Income



## EP Results through 3rd Quarter :

### The key factors of change (YoY)

#### <Orders>

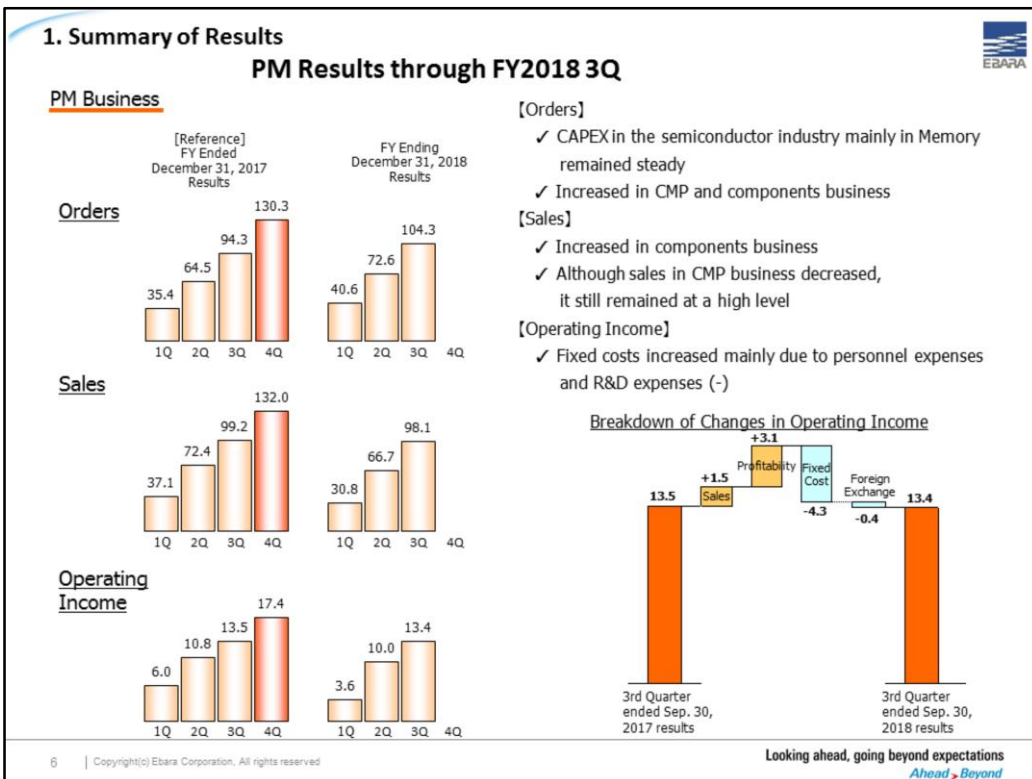
- Orders were at a high level
- Major ordered projects in Q1 and Q2:
  - One DBO (design, build, and operate) project, one biomass power plant project for private, a few O&M (operating and maintenance) projects and a few service projects to lengthen the lifetimes of aging facilities
- Major ordered projects in Q3:
  - One long-term O&M project and a few services projects to lengthen the lifetimes of aging facilities

#### <Net Sales>

- Sales of EPC decreased, due to completion of projects

#### <Operating Income>

- Sales decreased
- Improvement of profitability due to O&M sales ratio increase
- A loss occurred due to withdrawal from a part of business at a manufacturing subsidiary in China



## PM Results through 3rd Quarter :

### The key factors of change (YoY)

#### <Orders>

- Capital investment in the semiconductor industry is strong mainly for memory
- Increased in both CMP and component business

#### <Net Sales>

- Increased in Component business due to orders increase
- Although sales in CMP business decreased in comparison to the previous year which was very high level, it still remained at a high level

#### <Operating Income>

- Almost remained flat
- Fixed costs increased mainly due to personnel and R&D expenses
- Profitability was improved in CMP business due to a delay to Q4 of potential expenses for R&D projects with customers.

## 2. Projection

### Summary of Projection for FY2018



	[Reference] FY ended Dec. 31, 2017	FY ending Dec. 31, 2018	FY ending Dec. 31, 2018	Change	Change
	Results(A)	Forecast (B)*	Forecast (C)**	(C-B)	(C-A)
Orders	<b>506.0</b>	<b>555.0</b>	<b>571.0</b>	<b>+16.0</b>	<b>+64.9</b>
Net Sales	<b>507.8</b>	<b>505.0</b>	<b>508.0</b>	<b>+3.0</b>	<b>+0.1</b>
Operating Income	<b>36.6</b> (7.2%)	<b>37.0</b> (7.3%)	<b>32.0</b> (6.3%)	<b>-5.0</b>	<b>-4.6</b>
Ordinary Income	<b>35.4</b> (7.0%)	<b>36.0</b> (7.1%)	<b>31.0</b> (6.1%)	<b>-5.0</b>	<b>-4.4</b>
Net Income attributable to owners of parent	<b>22.7</b> (4.5%)	<b>22.0</b> (4.4%)	<b>17.0</b> (3.3%)	<b>-5.0</b>	<b>-5.7</b>

( ) Ratio to sales

\* Forecast (B) is the previous forecast announced on Aug. 9, 2018.  
\*\* Forecast (C) is the latest forecast announced on Nov. 13, 2018.

## Summary of Projection for FY2018

We revised our full-year forecasts to reflect recent performance trends and the changes in the external business environment.



## 2. Projection



### Segmental Summary of Projection for FY2018

		[Reference] FY ended Dec. 31, 2017	FY ending Dec. 31, 2018	FY ending Dec.31,2018	Change	Change
		Result(A)	Forecast (B)*	Forecast(C)**	(C-B)	(C-A)
FMS Business	Orders	308.9	324.0	329.0	+5.0	+20.0
	Net Sales	304.1	314.0	316.0	+2.0	+11.8
	Operating Income	14.1 (4.7%)	13.5 (4.3%)	10.0 (3.2%)	-3.5	-4.1
EP Business	Orders	65.1	90.0	100.0	+10.0	+34.8
	Net Sales	69.9	60.0	60.0	-	-9.9
	Operating Income	4.9 (7.1%)	6.0 (10.0%)	5.0 (8.3%)	-1.0	+0.0
PM Business	Orders	130.3	140.0	140.0	-	+9.6
	Net Sales	132.0	130.0	130.0	-	-2.0
	Operating Income	17.4 (13.2%)	17.0 (13.1%)	17.0 (13.1%)	-	-0.4
Others, Adjustment	Orders	1.6	1.0	2.0	+1.0	+0.3
	Net Sales	1.6	1.0	2.0	+1.0	+0.3
	Operating Income	0.1 (8.0%)	0.5 (50.0%)	0.0 (0.0%)	-0.5	-0.1
Total	Orders	506.0	555.0	571.0	+16.0	+64.9
	Net Sales	507.8	505.0	508.0	+3.0	+0.1
	Operating Income	36.6 (7.2%)	37.0 (7.3%)	32.0 (6.3%)	-5.0	-4.6

( ) Ratio to sales

\* Forecast (B) is the previous forecast announced on Aug.9, 2018.  
\*\* Forecast (C) is the latest forecast announced on Nov.13, 2018.

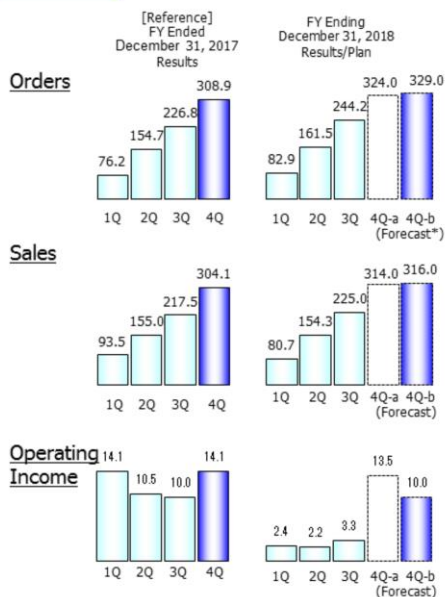
## 2. Projection



### FMS Projection for FY2018

#### FMS Business

Changed orders, sales and operating income from the previous forecast.



#### [Orders, Sales]

- ✓ Revised upward the forecast in compressors & turbines business, reflecting a steady CAPEX recovery
- ✓ Revised downward the forecast of pumps business due to some delays of order receipts in custom pumps S&S

#### [Operating Income]

- ✓ Revised downward the forecast for the following reasons
  - Progress was delayed in some projects of custom pumps S&S, and some amounts of sales expected to be recorded during this fiscal year are expected to shift to the next fiscal year
  - An allowance for losses from orders we received at low margin level was recorded due to severe price competition
  - A decrease in profitability of chillers business

\* 4Q-a is the previous forecast announced on Aug 9, 2018.  
4Q-b is the latest forecast announced on Nov 13, 2018.

### FMS Projection for FY2018 :

- Orders : ¥329.0 billion (+ 5 billion yen compared with the previous forecast)
- Net Sales : 316.0 billion yen (+2 billion yen compared with the previous forecast)
- Operating Income : ¥10.0billion (- 3.5 billion yen compared with the previous forecast)

The key factors of change from the previous forecast

#### <Orders>

- Pumps business : - 5 billion yen, CT business: + 10 billion yen
  - Some delays of order receipts in S&S business of pumps
- Customers' capital investment tends to recover downstream in the oil and gas market, which is the main market of CT business
  - A recovery trend of CAPEX in downstream of oil and gas industry to which we provide our products and services

#### <Net Sales>

- Pumps business : - 5 billion yen, CT business : + 7 billion yen
  - Decreased due to a decline in orders in pumps business
  - In CT business, sales increased due to a steady recovery of receipt of orders for products and a recovery in S&S demand.

#### <Operating Income>

- FMS : - 3.5 billion yen
  - Progress was delayed in some projects of custom pumps S&S
  - Additional costs occurred on a project of custom pumps because of a trouble to be solved

- An allowance for losses from orders we received at low margin level was recorded due to severe price competition in CT business
- Additional costs occurred due to due to troubles in the integration of the production bases of chillers business

## 2. Projection



### EP Projection for FY2018

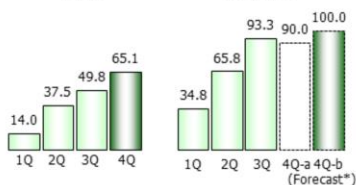
#### EP Business

#### Changed orders and operating income from the previous forecast

[Reference]  
FY Ended  
December 31, 2017  
Results

FY Ending  
December 31, 2018  
Results/Plan

#### Orders



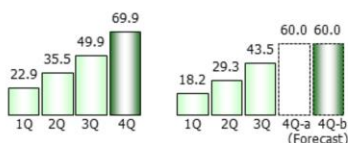
#### [Orders]

- ✓ Revised upwards the forecast by reflecting strong orders level

#### [Sales]

- ✓ Expected to go as planned

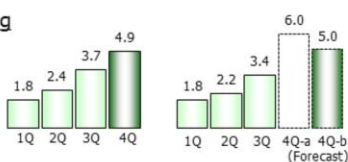
#### Sales



#### [Operating Income]

- ✓ Revised downward the forecast mainly due to a loss which was caused by withdrawal from a part of business at a manufacturing subsidiary in China

#### Operating Income



\* 4Q-a is the previous forecast announced on Aug 9, 2018.  
4Q-b is the latest forecast announced on Nov 13, 2018.

EP Projection for FY2018 :

- Orders : ¥100 billion (+10 billion yen compared with the previous forecast)
- Net Incomes : ¥60.0 billion
- Operating Income : ¥5.0 billion (-1 billion yen compared with the previous forecast)

The key factors of change from the previous forecast

<Orders>

- Revised the forecast by 10 billion yen upwards by reflecting strong orders level

<Net Sales>

- Since most of the EPCs and long-term O&M projects that we've received by Q3 will contribute to the sales after the end of this fiscal year, the forecast has not been changed.

<Operating Income>

- Revised the forecast by 1 billion yen downward mainly due to a loss which was caused by withdrawal from a part of business at a manufacturing subsidiary in China

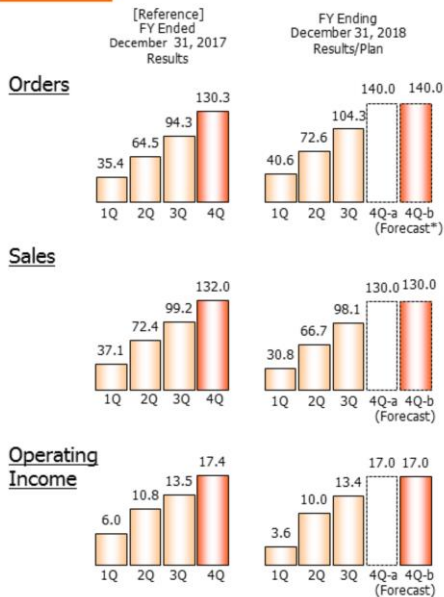
## 2. Projection



### PM Projection for FY2018

#### PM Business

#### Changed breakdown of segment in orders and operating income



#### [Orders, Sales]

- ✓ CAPEX in the semiconductor industry mainly in Memory remained steady
- ✓ Although there is no change in the forecast as a whole, the breakdown of sub-segments was modified reflected on changes of our customers' investment plan

#### [Operating Income]

- ✓ Fixed costs are expected to increase, partly because of R&D expenses carried over from the last fiscal year
- ✓ R&D projects with customers are expected to be implemented intensively in 4Q

\* 4Q-a is the previous forecast announced on Aug 9, 2018.  
4Q-b is the latest forecast announced on Nov 13, 2018.

#### PM Projection for FY2018 :

- Orders : ¥140.0 billion
- Net Sales : ¥130.0 billion
- Operating Income : ¥17.0 billion

#### <Orders, Net Sales, Operating Income>

- CAPEX in the semiconductor industry mainly in Memory remained steady
- Although there is no change in the forecast as a whole, the breakdown of sub-segments was modified to reflect on the changes of our customers' investment plan

«Appendix»  
Breakdown of Orders Results by Business Segment



	Full year					3Q		
	[Reference] FY ended Dec. 31, 2017 Results	FY ending Dec. 31, 2018			Change YoY	[Reference] 3Q ended Sep. 30, 2017 Results(A)	3Q ended Sep. 30, 2018 Results(B)	Change (B-A)
		Forecast (Aug.)	Forecast (Nov.)	Change				
<b>FMS Business</b>								
Pumps	174.2	<b>178.0</b>	<b>173.0</b>	<b>-5.0</b>	-1.2	132.4	<b>126.1</b>	-6.3
Compressors and Turbines	83.3	<b>95.0</b>	<b>105.0</b>	<b>+10.0</b>	+21.6	55.5	<b>77.7</b>	+22.1
Chillers	34.5	<b>37.0</b>	<b>37.0</b>	-	+2.4	26.9	<b>29.3</b>	+2.3
Others	16.7	<b>14.0</b>	<b>14.0</b>	-	-2.7	11.7	<b>11.0</b>	-0.7
<b>FMS Business Total</b>	<b>308.9</b>	<b>324.0</b>	<b>329.0</b>	<b>+5.0</b>	+20.0	226.8	<b>244.2</b>	+17.3
<b>EP Business</b>								
Environmental Plants	65.1	<b>90.0</b>	<b>100.0</b>	<b>+10.0</b>	+34.8	49.8	<b>93.3</b>	+43.4
<b>EP Business Total</b>	<b>65.1</b>	<b>90.0</b>	<b>100.0</b>	<b>+10.0</b>	+34.8	49.8	<b>93.3</b>	+43.4
<b>PM Business</b>								
Components	59.8	<b>64.0</b>	<b>63.0</b>	<b>-1.0</b>	+3.1	44.6	<b>45.8</b>	+1.2
CMP Systems	62.7	<b>71.0</b>	<b>71.0</b>	-	+8.2	44.0	<b>54.3</b>	+10.2
Others	7.7	<b>5.0</b>	<b>6.0</b>	<b>+1.0</b>	-1.7	5.6	<b>4.1</b>	-1.4
<b>PM Business Total</b>	<b>130.3</b>	<b>140.0</b>	<b>140.0</b>	-	+9.6	94.3	<b>104.3</b>	+10.0
Others	1.6	<b>1.0</b>	<b>2.0</b>	<b>+1.0</b>	+0.3	1.2	<b>1.2</b>	+0.0
<b>Others Total</b>	<b>1.6</b>	<b>1.0</b>	<b>2.0</b>	<b>+1.0</b>	+0.3	1.2	<b>1.2</b>	+0.0
<b>Total</b>	<b>506.0</b>	<b>555.0</b>	<b>571.0</b>	<b>+16.0</b>	+64.9	372.2	<b>443.1</b>	+70.9

\* 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.

«Appendix»  
Breakdown of Sales Results by Business Segment



	Full year					3Q		
	[Reference] FY ended Dec. 31, 2017 Results	FY ending Dec. 31, 2018			Change YoY	[Reference] 3Q ended Sep. 30, 2017 Results(A)	3Q ended Sep. 30, 2018 Results(B)	Change (B-A)
		Forecast (Aug)	Forecast (Latest)	Change				
<b>FMS Business</b>								
<b>Pumps</b>	168.5	<b>178.0</b>	<b>173.0</b>	<b>-5.0</b>	+4.4	124.7	<b>128.5</b>	+3.8
<b>Compressors and Turbines</b>	83.8	<b>85.0</b>	<b>92.0</b>	<b>+ 7.0</b>	+8.1	57.2	<b>62.8</b>	+5.5
<b>Chillers</b>	35.8	<b>37.0</b>	<b>37.0</b>	-	+1.1	23.8	<b>24.0</b>	+0.2
<b>Others</b>	15.9	<b>14.0</b>	<b>14.0</b>	-	-1.9	11.7	<b>9.5</b>	-2.1
<b>FMS Business Total</b>	304.1	<b>314.0</b>	<b>316.0</b>	<b>+ 2.0</b>	+11.8	217.5	<b>225.0</b>	+7.5
<b>EP Business</b>								
<b>Environmental Plants</b>	69.9	<b>60.0</b>	<b>60.0</b>	-	-9.9	49.9	<b>43.5</b>	-6.3
<b>EP Business Total</b>	69.9	<b>60.0</b>	<b>60.0</b>	-	-9.9	49.9	<b>43.5</b>	-6.3
<b>PM Business</b>								
<b>Components</b>	57.0	<b>58.0</b>	<b>58.0</b>	-	+0.9	42.0	<b>44.7</b>	+2.7
<b>CMP Systems</b>	68.5	<b>67.0</b>	<b>66.0</b>	<b>-1.0</b>	-2.5	52.5	<b>48.6</b>	-3.8
<b>Others</b>	6.4	<b>5.0</b>	<b>6.0</b>	<b>+ 1.0</b>	-0.4	4.6	<b>4.7</b>	+0.0
<b>PM Business Total</b>	132.0	<b>130.0</b>	<b>130.0</b>	-	-2.0	99.2	<b>98.1</b>	-1.0
<b>Others</b>	1.6	<b>1.0</b>	<b>2.0</b>	<b>+ 1.0</b>	+0.3	1.2	<b>1.2</b>	+0.0
<b>Others Total</b>	1.6	<b>1.0</b>	<b>2.0</b>	<b>+ 1.0</b>	+0.3	1.2	<b>1.2</b>	+0.0
<b>Total</b>	507.8	<b>505.0</b>	<b>508.0</b>	<b>+ 3.0</b>	+0.1	367.9	<b>368.0</b>	+0.0

\* 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.

### 3. Notice regarding Share Repurchase



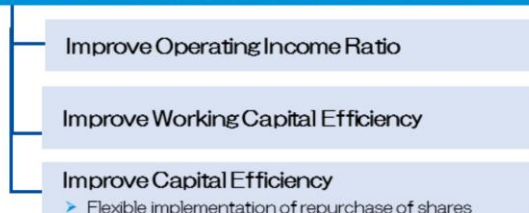
#### Outline of the Repurchase of Shares of Common Stock

- We plan to repurchase shares of its common stock with the aim of improving capital efficiency.

【Details of repurchasing】

Type of shares to be repurchased	Common shares of Ebara Corporation
Total number of shares to be repurchased	Up to 2 million shares (Represents 1.97% of the total number of issued shares (excluding treasury stock))
Total purchase price for repurchase of shares	Up to 5 billion yen
Period of repurchase	From November 14, 2018 to December 20, 2018

#### Measures for improving ROIC during E-Plan2019



#### Outline of the Repurchase of Shares of Common Stock:

##### <Purpose of Repurchase of Shares of Common Stock>

- One of measures to improve ROIC aiming in the medium-term management plan, E-Plan2019.
- Considering the cash level and the progress of growth investment, we decided to repurchase the shares.
- We will place our top priority on growth investment according to the cash allocation policy which we stipulated in E-Plan2019.



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.

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