



**Consolidated Results Presentation
for FY2018 Ended December 31, 2018**

EBARA (6361)

February 14, 2019

Looking ahead,
going beyond expectations

Ahead > *Beyond*

EBARA CORPORATION

1. Summary of FY2018 Results

Executive Officer
Responsible for Finance & Accounting Akihiko Nagamine

2. Projection for FY2019

3. Progress of the Medium-Term Management Plan “E-Plan 2019”

President,
Representative Executive Officer Toichi Maeda

1. Summary of Results



Summary of Results through FY2018

(unit : billion yen)

	[Reference]* FY2017 result	FY2018 result	Change	FY2018 Forecast**	Change
Orders	506.0	575.5	+69.4	571.0	+4.5
Net Sales	507.8	509.1	+1.3	508.0	+1.1
Operating Income	36.6 (7.2%)	32.4 (6.4%)	-4.1	32.0 (6.3%)	+0.4
Ordinary Income	35.4 (7.0%)	31.2 (6.1%)	-4.2	31.0 (6.1%)	+0.2
Net Income Attributable to Owners of Parent	22.7 (4.5%)	18.2 (3.6%)	-4.5	17.0 (3.3%)	+1.2

Exchange rate
(Average rate)

1USD = 112.0 JPY

1USD = 111.3 JPY

1USD = 110.0 JPY (Assumed)

() Ratio to sales

*FY2017 consisted of only 9 months due to a change in the accounting term. In this material, we present "[Reference] FY2017" results which are made of results from January 1, 2017 to December 31, 2017, for easy comparison of FY2018 to the previous year.

**Announced on November 13, 2018.

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Summary of Results through FY2018 :

Orders: JPY 575.5 billion (YoY +JPY 69.4 billion)

Sales: JPY 509.1 billion (YoY +JPY 1.3 billion)

Operating Income: JPY 32.4 billion (YoY –JPY 4.1 billion), Operating income ratio 6.4%

Net Income Attributable to Owners of Parent: JPY 18.2 billion (YoY –JPY 4.5 billion)

<Other>

- The decrease in net income attributable to owners of parent is due to impairment losses related to the closure of domestic plants, recording additional provisions for losses on litigation.
- Year on year the yen appreciated against the dollar, with a USD-JPY currency exchange rate of 111.30 yen to the dollar.

1. Summary of Results

Segmental Summary of Results through FY2018



(unt : billion yen)

	Orders			Net Sales			Operating Income		
	[Reference] FY2017 result	FY2018 result	Change	[Reference] FY2017 result	FY2018 result	Change	[Reference] FY2017 result	FY2018 result	Change
FMS Business	308.9	326.2	+17.3	304.1	308.9	+4.8	14.1 (4.7%)	8.7 (2.8%)	-5.3
EP Business	65.1	106.9	+41.8	69.9	62.8	-7.1	4.9 (7.1%)	4.9 (7.8%)	-0.0
PM Business	130.3	140.6	+10.3	132.0	135.7	+3.6	17.4 (13.2%)	18.5 (13.7%)	+1.1
Others, Adjustment	1.6	1.6	+0.0	1.6	1.6	+0.0	0.1 (8.0%)	0.2 (15.8%)	+0.1
Total	506.0	575.5	+69.4	507.8	509.1	+1.3	36.6 (7.2%)	32.4 (6.4%)	-4.1

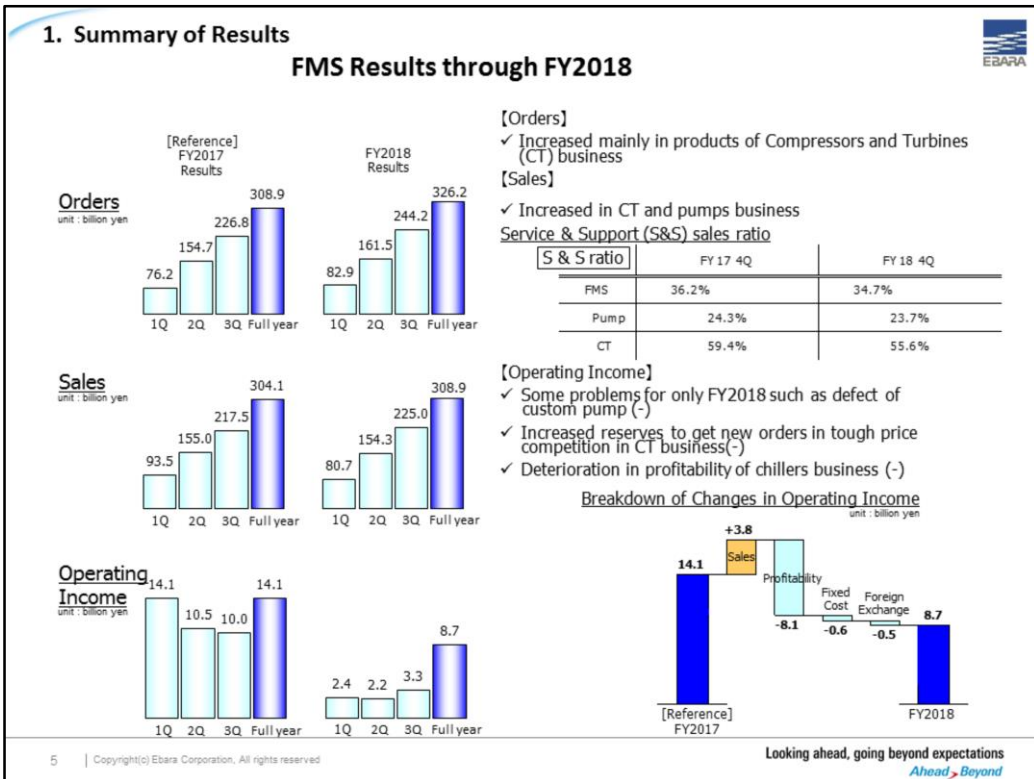
() Ratio to sales

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

Segmental Summary of Results through FY2018 :

<Main Points>

- Orders increased significantly for all three businesses.
- Overall net sales increased. Although EP Business sales declined, the FMS Business and the PM Business covered that decline.
- Operating income decreased year on year on a lack of growth in the FMS Business.



FMS Results through FY2018

Orders : JPY 326.2 billion (YoY + JPY 17.3 billion)

Sales : JPY 308.9 billion (YoY + JPY 4.8 billion)

Operating Income : JPY 8.7 billion (YoY - JPY 5.3 billion)

[Orders]

- Compressors and turbines business drove orders. Oil and gas market downstream investment levels trended towards recovery and new product orders increased, particularly in China and India. In the US, Service & Support (S&S) business orders increased.

[Sales]

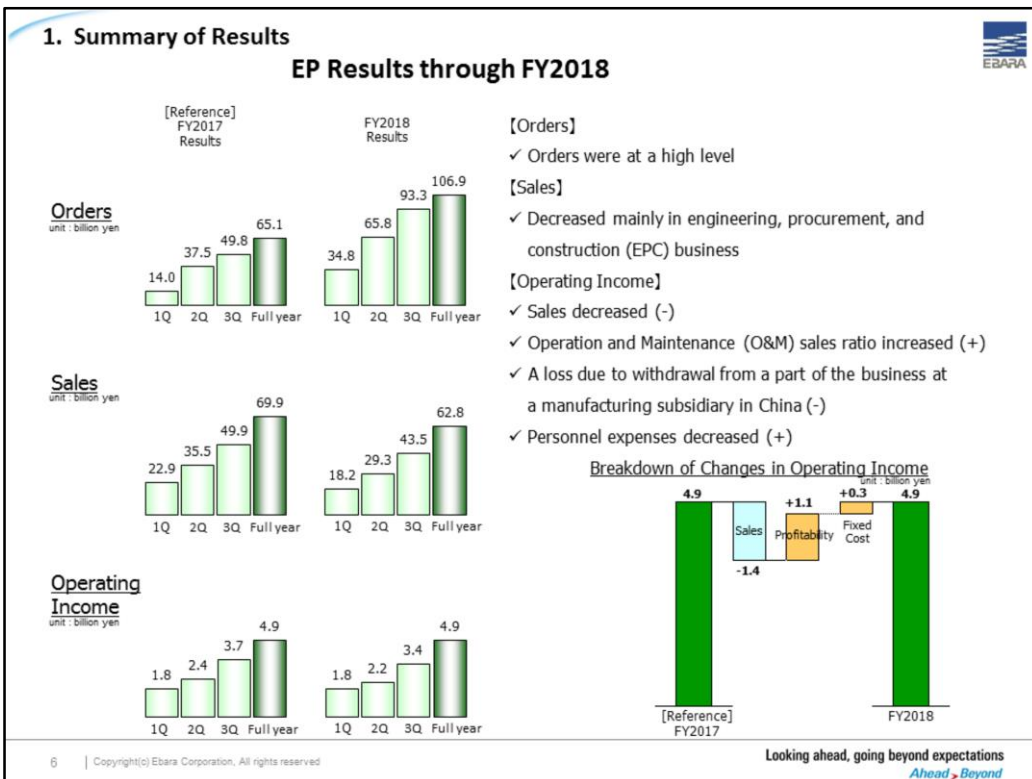
- Increased mainly order growth in the compressors and turbines business.
- The pump business recorded firm sales of standard pumps both in Japan and overseas.

[Operating Income]

- The second half saw multiple temporary factors resulting in decreased income.
 - (Pump business) Responding to malfunctions in custom pumps,

S&S business orders and sales postponed until next fiscal year.

- (Compressors and turbines business) Tough price competition from competitors led to a certain level of strategic order acceptance, resulting in increase provisions for losses.
- (Chillers business) Confusion caused by integration of factories for Japanese cooling towers and sales from low-profitability projects resulted in decreased profitability.



EP Results through FY2018 :

Orders : JPY 106.9 billion (YoY +JPY 41.8 billion)

Sales : JPY 62.8 billion (YoY -JPY 7.1 billion)

Operating Income : JPY 4.9 billion (YoY -JPY 0.0 billion)

[Orders]

- We received one DBO project, several long-term O&M projects and service life extension projects, as well as one private biomass project. The balance of remaining order backlog is also high.

[Sales]

- Sales declined (The number of projects has temporarily decreased due to completion of some construction works)

[Operating Income]

- Income levels largely unchanged year on year.
 - In addition to decreased sales, we recorded losses incidental to a manufacturing subsidiary in China withdrawing from a part of

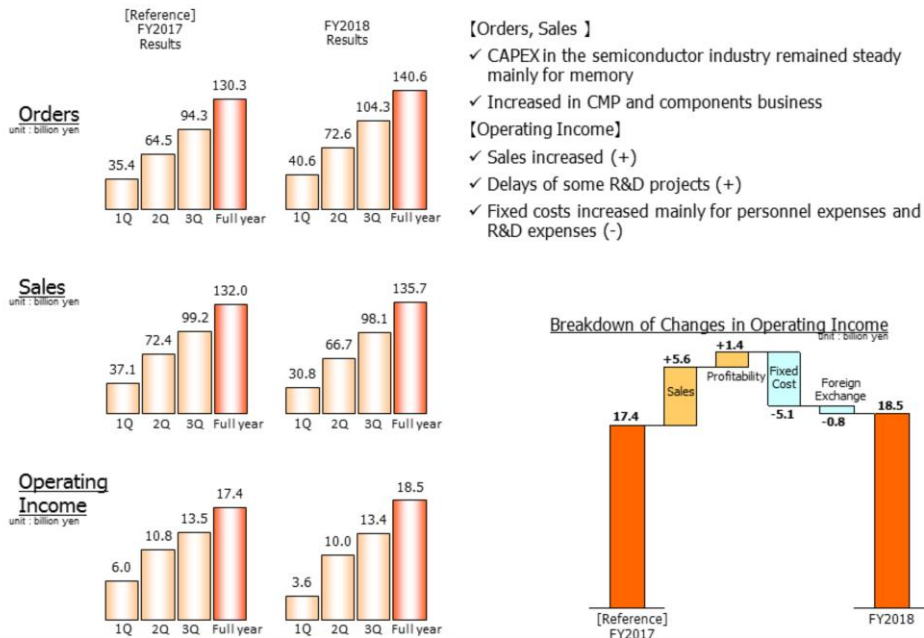
the business.

- Mix improved on a higher ratio of Operation and Maintenance (O&M) sales.

1. Summary of Results



PM Results through FY2018



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PM Results through FY2018 :

Orders : JPY 140.6 billion (YoY + JPY10.3 billion)

Sales : JPY 135.7 billion (YoY + JPY3.6 billion)

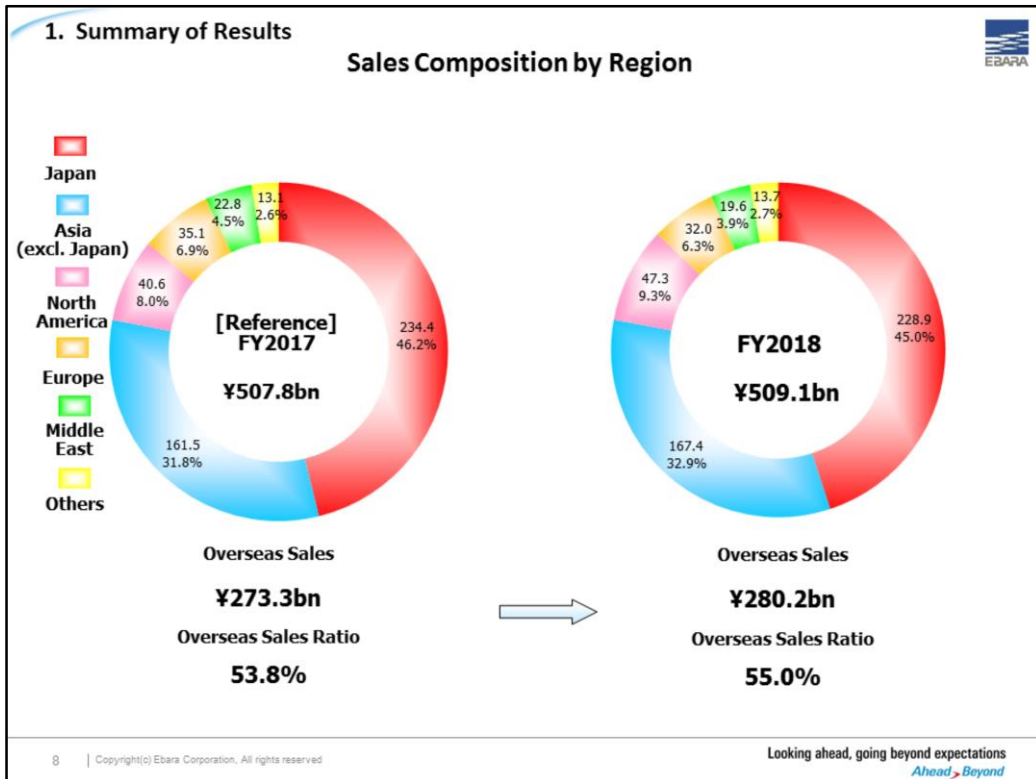
Operating Income : JPY 18.5 billion (YoY + JPY1.1 billion)

[Orders and Sales]

- Semiconductor market capital investments slowed down in the second half of 2018 but customer capital investments were particularly firm in memory-related sectors, increasing for both the CMP business and the components business.

[Operating Income]

- Achieved record high income.
 - Fixed costs such as labor costs and R&D expenses increased.
 - In addition to increased revenues, sales of low-profitability R&D projects were postponed until next fiscal year.



FY2018 Sales Composition by Region :

<Sales by customer region>

FMS Business sales to Asia and North America increased.

- We will continue our focus on overseas markets, for which we anticipate continued growth.

1. Summary of Results



Financial Information

Balance Sheet

(unit : billion yen)

	As of December 31, 2017	As of December 31, 2018	Change		As of December 31, 2017	As of December 31, 2018	Change
Current Assets	447.4	438.5	- 8.9	Liabilities	328.1	304.8	- 23.3
Cash and deposits, Securities	140.8	112.2	- 28.6	Notes and accounts payable-trade	119.6	126.1	+6.5
Notes and accounts receivable-trade	175.3	183.8	+8.5	Interest-bearing debt	114.5	79.1	- 35.4
Inventories	109.5	122.6	+13.1	Others	93.9	99.5	+5.5
Others	21.7	19.7	-2.0	Total Net Assets	284.7	286.7	+1.9
Fixed Assets	165.4	153.0	- 12.3	Shareholders' equity	280.9	289.6	+8.6
Tangible assets	110.2	107.8	- 2.3	Accumulated other comprehensive income	-3.0	-9.9	- 6.9
Intangible assets	12.0	10.6	-1.4	Subscription rights to shares	1.1	1.1	- 0.0
Investments and others	43.1	34.5	- 8.6	Non-controlling interests	5.6	5.9	+0.3
Total Assets	612.9	591.5	- 21.3	Total Liabilities and Net Assets	612.9	591.5	- 21.3

FY2018 Financial Information :

<Main changes in balance sheet>

Cash and cash equivalents: - JPY28.6 billion (YoY)

Interest-bearing debt: - JPY35.4 billion (YoY)

- Due to repayments of interest-bearing debt and corporate bond redemption.

1. Summary of Results



Financial Information

Cash Flow Statement

(unit : billion yen)	FY2016 Results	FY2017* Results	FY2018 Results
Cash flows from operating activities	+33.8	+44.1	+34.6
Cash flows from investing activities	- 18.5	- 7.9	- 15.9
Free cash flow	+15.2	+36.2	+18.6
Cash flows from financing activities	- 15.1	+11.2	- 46.4

Capital Expenditures • Depreciation and Amortization • R&D Expenses

(unit : billion yen)	FY2016 Results	FY2017* Results	FY2018 Results
CAPEX	22.6	12.3	19.3
FMS	11.8	6.6	10.6
EP	1.1	0.4	0.7
PM	7.4	4.0	6.7
Others	2.3	1.2	1.1
D&A	13.7	11.9	15.2
FMS	8.5	6.9	8.4
EP	0.4	0.4	0.5
PM	2.9	2.7	4.0
Others	1.8	1.6	2.1
R&D	8.7	7.2	10.6
FMS	4.7	3.8	5.0
EP	0.2	0.3	0.4
PM	3.7	3.0	5.1

*The fiscal year, from April 1st, 2017 to December 31st, 2018, consisted of only 9 months due to a change in the accounting term.

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FY2018 Financial Information :

<Free cash flow>

Free cash flows : +JPY 18.6 billion

Cash flows from financing activities : -JPY 46.4 billion

- Dividend payments, share repurchase, and repayment of interest-bearing debt resulted in cash flows from financing activities of -46.4 billion yen. The change in cash was -27.7 billion yen.

<Investment>

Capital Expenditures : JPY 19.3 billion (Compared to the plan -JPY 3.7 billion)

Depreciation and Amortization : JPY 10.6 billion (Compared to the plan -JPY2.4 billion)

R&D Expenses : JPY 15.2 billion (Compared to the plan +JPY0.2 billion)

- CAPEX recorded 19.3 billion yen mainly in the pumps business and PM Business, including for an automated line for standard pumps and a testing and development building for PM components products.

1. Summary of Results			EBARA								
Financial Information											
Management Indicators											
	FY2017*	FY2018									
	Results	Results									
ROIC	2.5%	4.9%									
ROE	3.5%	6.6%									
Debt/equity ratio	0.41	0.28									
Working Capital Turnover											
(unit : day)	FY2017*	FY2018									
	Results	Results									
Receivable turnover period	137	129									
Inventory turnover period	74	83									
Shareholder Returns											
(unit : yen)	FY2017*	FY2018									
	Results	Results									
Interim dividends per share	30	30	<FY2018 repurchase of shares of our own stock> <table border="1"> <thead> <tr> <th>Purchase period</th> <th>Total number of shares repurchased</th> <th>Total repurchased amount</th> </tr> </thead> <tbody> <tr> <td>From Nov. 14, 2018 to Dec. 14, 2018</td> <td>1.7 million shares</td> <td>4.999 billion yen</td> </tr> </tbody> </table>			Purchase period	Total number of shares repurchased	Total repurchased amount	From Nov. 14, 2018 to Dec. 14, 2018	1.7 million shares	4.999 billion yen
Purchase period	Total number of shares repurchased	Total repurchased amount									
From Nov. 14, 2018 to Dec. 14, 2018	1.7 million shares	4.999 billion yen									
Year-end dividends per share	15	30									
Annual dividends per share	45	60									
Total return ratio	48.0%	60.5%									
<small>*The fiscal year, from April 1st, 2017 to December 31st, 2018, consisted of only 9 months due to a change in the accounting term.</small>											
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FY2018 Financial Information :

<Management indicators>

ROIC: 4.9%

ROE: 6.6%

Debt/equity ratio: 0.28x (due to repayment of interest-bearing debt)

<Working capital turnover days>

Receivable turnover period: 129 days

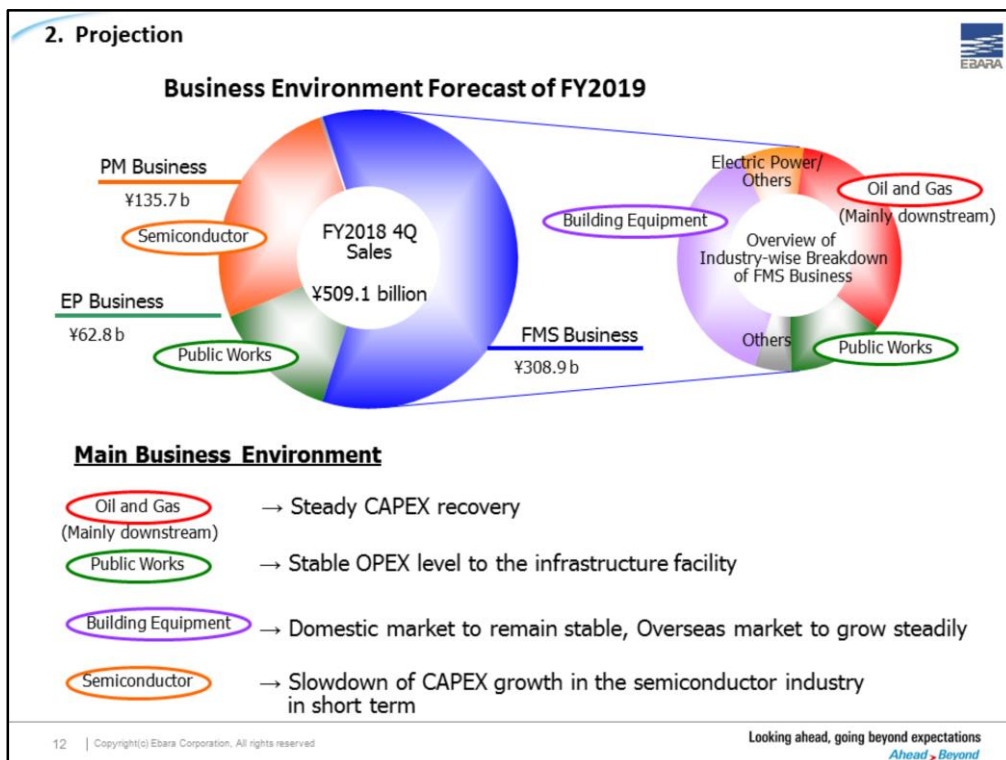
Inventory turnover period: 83 days

<Shareholder returns>

Annual dividends per share: 60 yen (no change from initial plan)

Acquisition of treasury shares: 4.999 billion yen (acquisition complete)

Consolidated total return ratio: 60.5% (projected)



Business Environment Forecast for FY2019 :

<FMS Business>

- In the downstream oil and gas industry, the main market for the compressors and turbines business, CAPEX for petrochemical and oil refinery plants is gradually recovering. However, we forecast this severely competitive environment to continue.
- Building equipment, the main market of the standard pump business, is expected to see demand growth overseas, particularly in emerging markets.

<EP Business>

- Business centers on waste treatment facilities and other public works projects, and we forecast new construction orders will be stable at volumes largely unchanged from previous years.

<PM Business>

- The deceleration of customer capital expenditures related to semiconductors has continued since the second half of the previous year, setting up a market environment somewhat lacking transparency.

2. Projection



Summary of Projection for FY2019

(unit : billion yen)

	FY2018 (Results)	FY2019 (Plan)	Change
Orders	575.5	525.0	-50.5
Net Sales	509.1	525.0	+ 15.8
Operating Income	32.4 (6.4%)	34.0 (6.5%)	+ 1.5
Ordinary Income	31.2 (6.1%)	33.0 (6.3%)	+ 1.7
Net Income attributable to owners of parent	18.2 (3.6%)	20.0 (3.8%)	+ 1.7

Exchange Rate

1USD = 111.3JPY

1USD = 110JPY

()Ratio to sales

Summary of Projection for FY2019 :

Orders : JPY 525.0 billion (YoY -JPY 50.5 billion)

Sales : JPY 525.0 billion (YoY +JPY 15.8 billion)

Operating Income : JPY 34.0 billion (YoY +JPY 1.5 billion)

Net Income Attributable to Owners of Parent : JPY 20.0 billion (YoY +JPY 1.7 billion)

➤ Forecasting increase sales and income

2. Projection



Summary of Projection for FY2019

(unit : billion yen)

	Orders			Net Sales			Operating Income		
	FY2018	FY2019	Change	FY2018	FY2019	Change	FY2018	FY2019	Change
	Results	Plan		Results	Plan		Results	Plan	
FMS Business	326.2	330.0	+ 3.7	308.9	331.0	+ 22.0	8.7 (2.8%)	16.0 (4.8%)	+ 7.2
EP Business	106.9	68.0	-38.9	62.8	67.0	+ 4.1	4.9 (7.8%)	5.5 (8.2%)	+ 0.5
PM Business	140.6	125.0	-15.6	135.7	125.0	-10.7	18.5 (13.7%)	12.5 (10.0%)	-6.0
Others, Adjustment	1.6	2.0	+ 0.3	1.6	2.0	+ 0.3	0.2 (15.8%)	0.0 (0.0%)	-0.2
Total	575.5	525.0	-50.5	509.1	525.0	+ 15.8	32.4 (6.4%)	34.0 (6.5%)	+ 1.5

()Ratio to sales

Summary of Projection for FY2019 :

[Orders]

- FMS Business orders are forecast to increase compared to the previous fiscal year.
- Orders for the EP Business and the PM Business, which were favorable the previous fiscal year, are forecast to decline.

[Sales and Operating Income]

- We forecast increased revenues and income for the FMS Business and EP Business.

<PM Business>

- Expenses will increase as we focus on aggressive R&D investments but we forecast being able to maintain a double-digit profit margin.

Summary of Projection for FY2019 1st Half

(unit : billion yen)

	FY18 1st half Results	FY19 1st half Plan	Change
Orders	300.8	280.0	-20.8
Net Sales	251.2	258.0	+ 6.7
Operating Income	14.7 (5.9%)	13.5 (5.2%)	-1.2
Ordinary Income	14.1 (5.6%)	13.0 (5.0%)	-1.1
Net Income attributable to owners of parent	7.4 (3.0%)	8.0 (3.1%)	+ 0.5

()Ratio to sales

Summary of Projection for FY2019 1st Half

Orders : JPY 280.0 billion

Sales : JPY 258.0 billion

Operating Income : JPY 13.5 billion

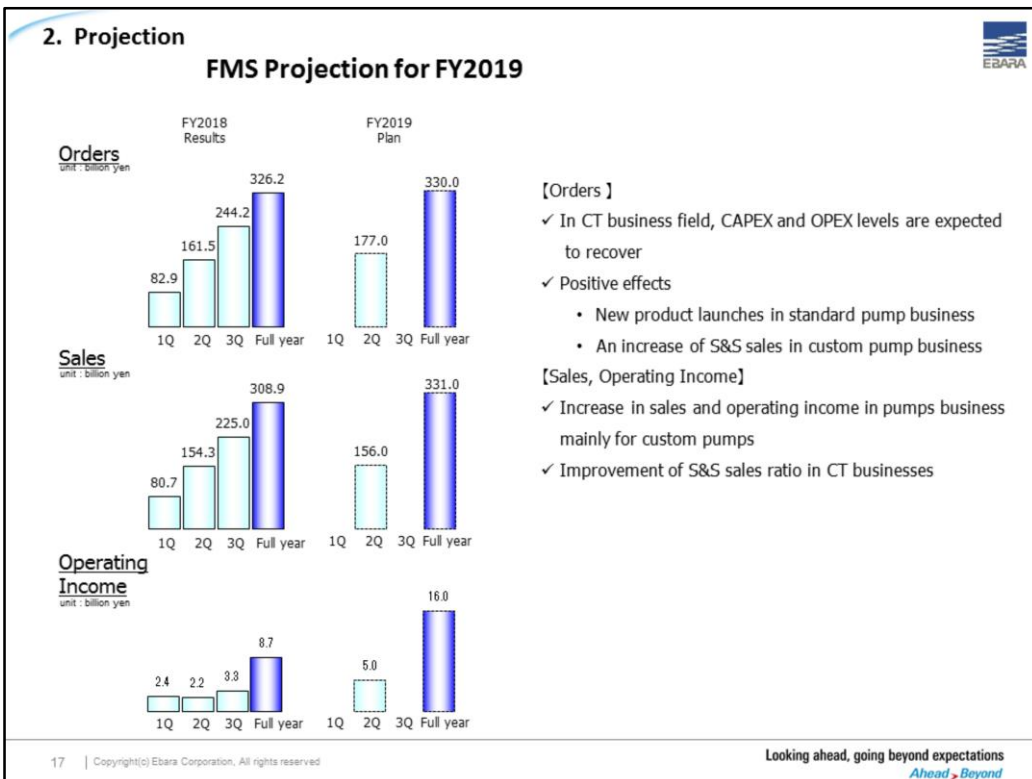
Net Income Attributable to Owners of parent : JPY 8.0 billion

Summary of Projection for FY2019 1st Half

(unit : billion yen)

	Orders			Net Sales			Operating Income		
	FY18 1st half	FY19 1st half	Change	FY18 1st half	FY19 1st half	Change	FY18 1st half	FY19 1st half	Change
	Results	Plan		Results	Plan		Results	Plan	
FMS Business	161.5	177.0	+ 15.4	154.3	156.0	+ 1.6	2.2 (1.5%)	5.0 (3.2%)	+ 2.7
EP Business	65.8	35.0	- 30.8	29.3	33.0	+ 3.6	2.2 (7.6%)	2.0 (6.1%)	- 0.2
PM Business	72.6	67.0	- 5.6	66.7	68.0	+ 1.2	10.0 (15.1%)	6.5 (9.6%)	- 3.5
Others, Adjustment	0.8	1.0	+ 0.1	0.8	1.0	+ 0.1	0.1 (17.6%)	0.0 (0.0%)	- 0.1
Total	300.8	280.0	- 20.8	251.2	258.0	+ 6.7	14.7 (5.9%)	13.5 (5.2%)	- 1.2

()Ratio to sales



FMS Projection for FY2019 :

Orders : JPY 330.0 billion (YoY +JPY 3.7 billion)

Sales : JPY 331.0 billion (YoY +JPY22.0 billion)

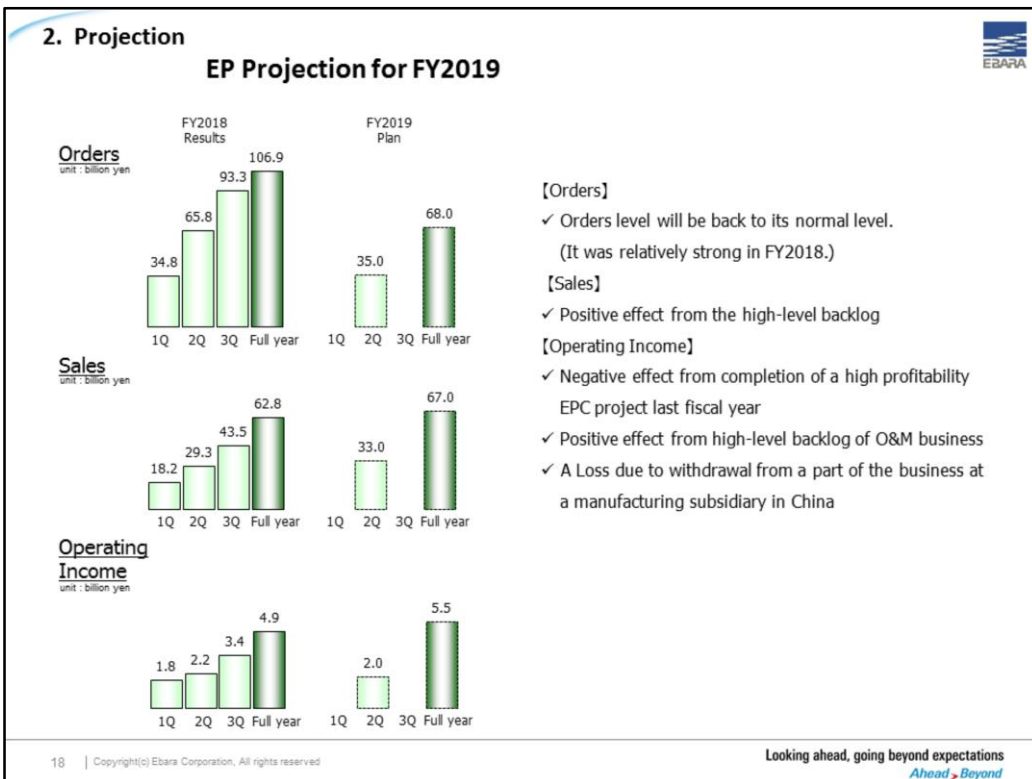
Operating Income : JPY 16.0 billion (YoY +JPY7.2 billion)

[Orders and Sales]

- Orders of compressors and turbines business have been on a recovery trend since last year.
- The pumps business is projected to see increased sales of standard pumps overseas and increased S&S projects for custom pumps.

[Operating Income]

- The multiple temporary factors resulting in decreased income that occurred during the second half of the previous fiscal year have been resolved.
- We forecast improved profits on custom pumps and compressors and turbines mainly for the oil and gas market.



EP Projection for FY2019 :

Orders : JPY 68.0 billion (YoY -JPY 38.9 billion)

Sales : JPY 67.0 billion (YoY +JPY 4.1 billion)

Operating Income : JPY 5.5 billion (YoY +JPY 0.5 billion)

[Orders]

- Return to the normal level of the same of FY2017 or before. (The level of FY2018 was high.)

[Sales]

- Due to increase in order backlog

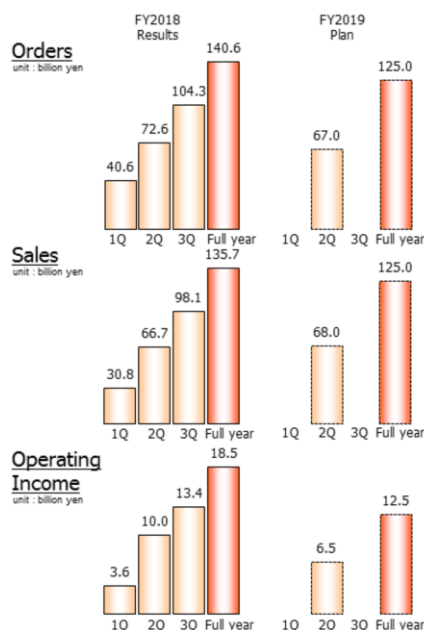
[Operating Income]

- Profit will decline due to the completion of a highly profitable EPC project during the previous fiscal year. However, we forecast increased income on increased sales from O&M projects as well as the elimination of temporary expenses incurred during the previous fiscal year.

2. Projection



PM Projection for FY2019



[Orders]

- ✓ Slow down of the semiconductor industry's CAPEX mainly for memory products is to continue this fiscal year
- ✓ Due to a decline of CAPEX in the semiconductor industry, it is expected to be lower than the previous year

[Sales]

- ✓ Since the order backlog is high level, it is expected to keep at high in the first half. For the full year comparison, it'll be lower than the previous year.

[Operating Income]

- ✓ Influence from sales decrease
- ✓ Fixed costs are expected to increase mainly due to R&D expenses and depreciation expenses

PM Projection for FY2019 :

Orders : JPY 125.0 billion (YoY -JPY 15.6 billion)

Sales : JPY 125.0 billion (YoY -JPY 10.7 billion)

Operating Income : JPY 12.5 billion (YoY -JPY 6.0 billion)

[Orders]

- We forecast a decrease in orders due to a deceleration in CAPEX on the semiconductor market.

[Sales]

- During the first half, we do not expect sales to decrease significantly due to order backlog but for the full-year overall we forecast sales to decline.

[Operating Income]

- In addition to decreased revenues, we are forecasting decreased income due to the impact of an increased burden for fixed expenses.

2. Projection



Cash Flow Statement

(unit : billion yen)	FY2018 Results	FY2019 Plan	Change
Cash flows from operating activities	+ 34.6	+ 33.5	- 1.1
Cash flows from investing activities	-15.9	-40.3	- 24.3
Free cash flow	+ 18.6	-6.8	- 25.4
Cash flows from financing activities	-46.4	-21.0	+25.4

Capital Expenditures • Depreciation and Amortization • R&D Expenses

(unit : billion yen)	FY2018 Results	FY2019 Plan	Change
CAPEX	19.3	33.0	+13.6
FMS	10.6	10.0	- 0.6
EP	0.7	1.0	+0.2
PM	6.7	18.0	+11.2
Others	1.1	4.0	+2.7
D&A	15.2	15.0	- 0.2
FMS	8.4	8.0	- 0.4
EP	0.5	0.5	- 0.0
PM	4.0	4.5	+0.4
Others	2.1	2.0	- 0.1
R&D	10.6	14.0	+3.3
FMS	5.0	5.5	+0.4
EP	0.4	0.5	+0.0
PM	5.1	8.0	+2.8

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Financial Projection for FY2019 :

<Forecast for consolidated cash flow>

Free cash flow: - JPY6.8 billion

- In the PM Business, we are planning on capital investments for an automated plant for dry vacuum pumps. As a result, we forecast negative free cash flow.
- We will work to improve working capital and tie cash to maintaining financial stability and growth investments.

<Investment forecasts>

CAPEX : JPY 33.0 billion (The largest-scale expenditure is for the construction of automated plant for dry vacuum pumps)

Depreciation and amortization: 15.0 billion yen (largely unchanged from previous years)

R&D expenses: 14.0 billion yen (mainly PM Business)

2. Projection



Plan of Shareholder Returns in FY2019

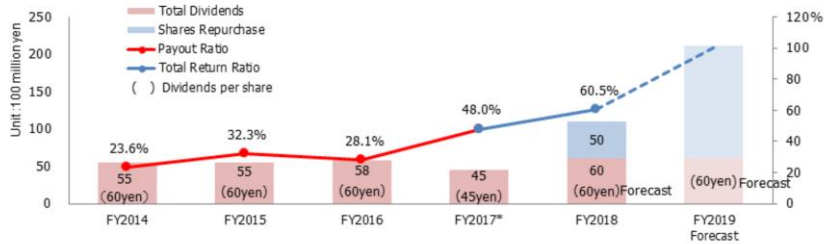
[Dividends per Share]

Annual Total Dividends (Forecast)	60 yen (interim dividend 30 yen)
Total Dividend Payments (Forecast)	6 billion yen (excluding treasury stock)

[Details of the Repurchase]

Type of shares to be repurchased	Common stock of Ebara corporation
Total number of shares to be repurchased	Up to 7,000,000 shares (Equivalent to 7.0% of outstanding shares (excluding treasury stock))
Total amount to be repurchased	Up to 15 billion yen
Repurchase period	From February 14, 2019 to September 31, 2019

[Shareholder Return]



*The fiscal year, from April 1st, 2017 to December 31st, 2018, consisted of only 9 months due to a change in the accounting term.

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Plan of Shareholder Returns for FY2019

Annual dividends per share: 60 yen (projected)

share repurchase (planned): up to 7 million shares or JPY 15.0 billion

Breakdown of Orders Plan by Business Segment

Unit : billion yen

*Announced on November 13, 2018.

	Full year						First half			
	[Reference] FY2017	FY2018			Change	FY2019		FY2018	FY2019	Change
	Results	Forecast*	Results	Change		Plan	Change	Results	Plan	
FMS Business										
Pumps	174.2	173.0	171.0	- 1.9	- 3.2	175.0	+3.9	84.9	85.0	+0.0
Compressors and Turbines	83.3	105.0	102.7	- 2.2	+19.3	110.0	+7.2	50.7	70.0	+19.2
Chillers	34.5	37.0	37.5	+0.5	+2.9	33.0	-4.5	19.4	16.0	- 3.4
Others	16.7	14.0	14.9	+0.9	-1.7	12.0	-2.9	6.2	6.0	-0.2
FMS Business Total	308.9	329.0	326.2	- 2.7	+17.3	330.0	+3.7	161.5	177.0	+15.4
EP Business										
Environmental Plants	65.1	100.0	106.9	+6.9	+41.8	68.0	- 38.9	65.8	35.0	- 30.8
EP Business Total	65.1	100.0	106.9	+6.9	+41.8	68.0	- 38.9	65.8	35.0	- 30.8
PM Business										
Components	59.8	63.0	62.8	- 0.1	+2.9	57.0	- 5.8	30.7	29.0	- 1.7
CMP Systems	62.7	71.0	72.0	+1.0	+9.3	62.0	- 10.0	38.7	35.0	- 3.7
Others	7.7	6.0	5.7	- 0.2	- 1.9	6.0	+0.2	3.1	3.0	- 0.1
PM Business Total	130.3	140.0	140.6	+0.6	+10.3	125.0	- 15.6	72.6	67.0	- 5.6
Others	1.6	2.0	1.6	- 0.3	+0.0	2.0	+0.3	0.8	1.0	+0.1
Others Total	1.6	2.0	1.6	- 0.3	+0.0	2.0	+0.3	0.8	1.0	+0.1
Total	506.0	571.0	575.5	+4.5	+69.4	525.0	- 50.5	300.8	280.0	- 20.8

*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.

Breakdown of Sales Plan by Business Segment

Unit : billion yen

*Announced on November 13, 2018.

	Full year						First half			
	[Reference] FY2017	FY2018			Change	FY2019		FY2018	FY2019	Change
	Results	Forecast*	Results	Change		Plan	Change	Results	Plan	
FMS Business										
Pumps	168.5	173.0	172.0	- 0.9	+3.5	176.0	+3.9	90.5	90.0	- 0.5
Compressors and Turbines	83.8	92.0	87.6	- 4.3	+3.8	110.0	+22.3	40.6	45.0	+4.3
Chillers	35.8	37.0	35.8	- 1.1	- 0.0	33.0	- 2.8	16.7	15.0	- 1.7
Others	15.9	14.0	13.4	- 0.5	- 2.4	12.0	- 1.4	6.3	6.0	- 0.3
FMS Business Total	304.1	316.0	308.9	- 7.0	+4.8	331.0	+22.0	154.3	156.0	+1.6
EP Business										
Environmental Plants	69.9	60.0	62.8	+2.8	- 7.1	67.0	+4.1	29.3	33.0	+3.6
EP Business Total	69.9	60.0	62.8	+2.8	- 7.1	67.0	+4.1	29.3	33.0	+3.6
PM Business										
Components	57.0	58.0	59.3	+1.3	+2.3	57.0	- 2.3	30.6	30.0	- 0.6
CMP Systems	68.5	66.0	69.8	+3.8	+1.3	62.0	- 7.8	32.1	35.0	+2.8
Others	6.4	6.0	6.5	+0.5	+0.0	6.0	- 0.5	3.8	3.0	- 0.8
PM Business Total	132.0	130.0	135.7	+5.7	+3.6	125.0	- 10.7	66.7	68.0	+1.2
Others	1.6	2.0	1.6	- 0.3	+0.0	2.0	+0.3	0.8	1.0	+0.1
Others Total	1.6	2.0	1.6	- 0.3	+0.0	2.0	+0.3	0.8	1.0	+0.1
Total	507.8	508.0	509.1	+1.1	+1.3	525.0	+15.8	251.2	258.0	+6.7

*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 Operating income Plan by Business Segment



Unit : billion yen

*Announced on November 13, 2018.

	Full year					First half				
	[Reference] FY2017	FY2018			Change	FY2019		FY2018	FY2019	Change
	Results	Forecast*	Results	Change		Pln	Change	Results	Pln	
FMS Business										
Pumps	7.0 (4.2%)	7.0 (4.0%)	5.9 (3.5%)	-1.0	-1.0	10.0 (5.7%)	+4.0	5.2 (5.8%)	4.5 (5.0%)	-0.7
Compressors and Turbines	5.9 (7.0%)	2.0 (2.2%)	1.9 (2.2%)	-0.0	-3.9	3.5 (3.2%)	+1.5	-4.1 (-10.3%)	0.0 (0.0%)	+4.1
Chillers	1.9 (5.5%)	1.0 (2.7%)	0.4 (1.2%)	-0.5	-1.5	2.0 (6.1%)	+1.5	0.1 (1.2%)	0.5 (3.3%)	+0.3
Others	-0.7	0.0	0.4	+0.4	+1.1	0.5	+0.0	1.0	0.0	-1.0
FMS Business Total	14.1 (4.7%)	10.0 (3.2%)	8.7 (2.8%)	-1.2	-5.3	16.0 (4.8%)	+7.2	2.2 (1.5%)	5.0 (3.2%)	+2.7
EP Business										
Environmental Plants	4.9	5.0	4.9	-0.0	-0.0	5.5	+0.5	2.2	2.0	-0.2
EP Business Total	4.9 (7.1%)	5.0 (8.3%)	4.9 (7.8%)	-0.0	-0.0	5.5 (8.2%)	+0.5	2.2 (7.6%)	2.0 (6.1%)	-0.2
PM Business										
Precision Machinery	17.4	17.0	18.5	+1.5	+1.1	12.5	-6.0	10.0	6.5	-3.5
PM Business Total	17.4 (13.2%)	17.0 (13.1%)	18.5 (13.7%)	+1.5	+1.1	12.5 (10.0%)	-6.0	10.0 (15.1%)	6.5 (9.6%)	-3.5
Others	0.1	0.0	0.2	+0.2	+0.1	0.0	-0.2	0.1	0.0	-0.1
Others Total	0.1	0.0	0.2	+0.2	+0.1	0.0	-0.2	0.1	0.0	-0.1
Total	36.6 (7.2%)	32.0 (6.3%)	32.4 (6.4%)	+0.4	-4.1	34.0 (6.5%)	+1.5	14.7 (5.9%)	13.5 (5.2%)	-1.2

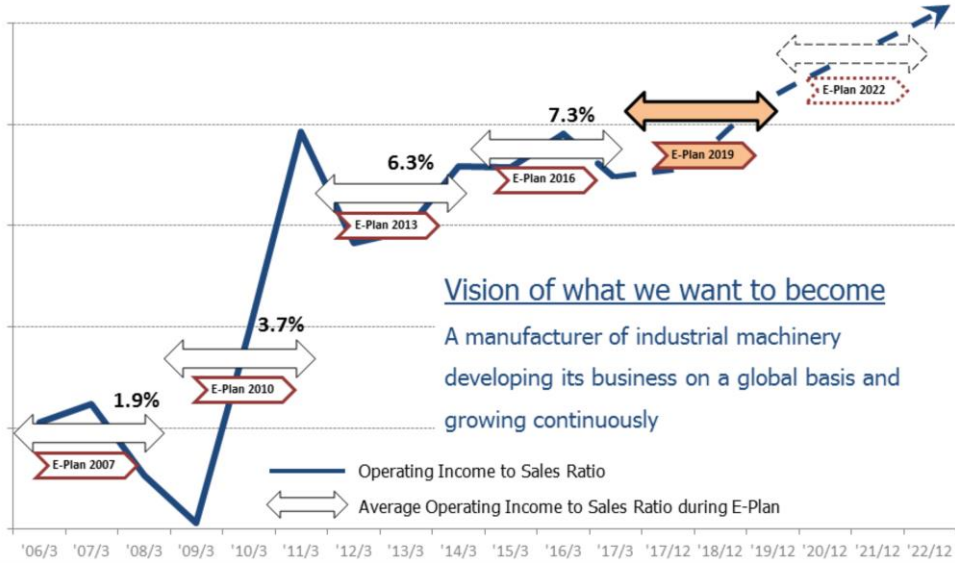
*From the first quarter ended March 31, 2018, the cryogenic pumps (LNG transfer pumps) business, which was included in the pumps business before, is included in the compressors & turbines business.

3. Medium-Term Management Plan "E-Plan 2019"



"Unlimited challenge toward growth"

During 3 years of E-Plan 2019, we will focus on profit growth and improve profitability in all our business



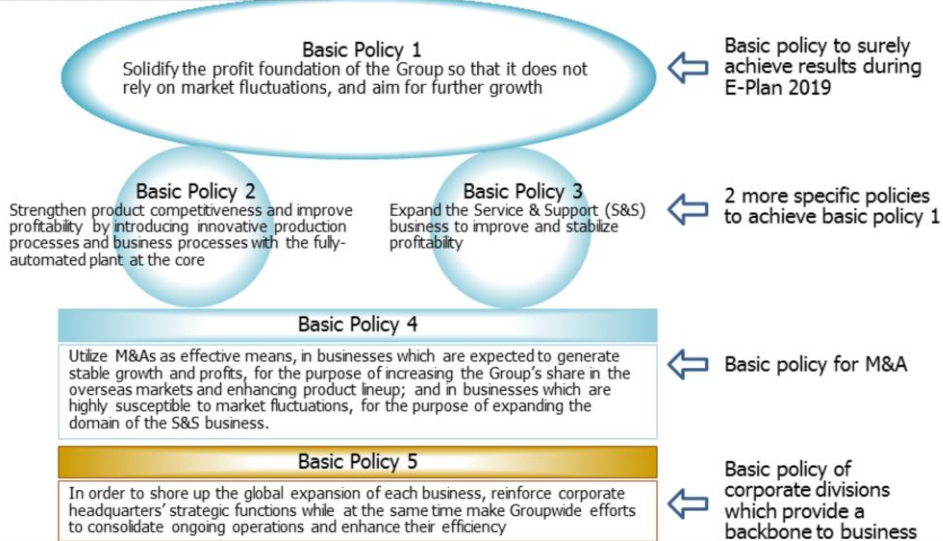
3. Medium-Term Management Plan "E-Plan 2019"

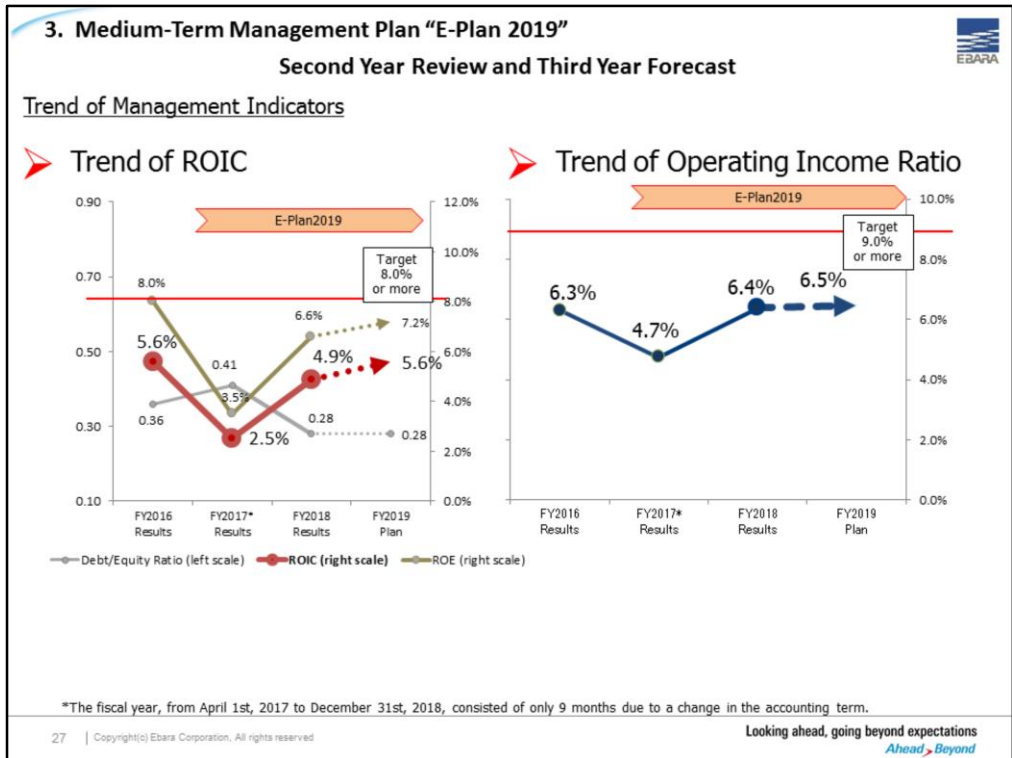


The Key Message of E-Plan 2019

"Unlimited challenge toward growth"

5 Basic Policies and the Structure





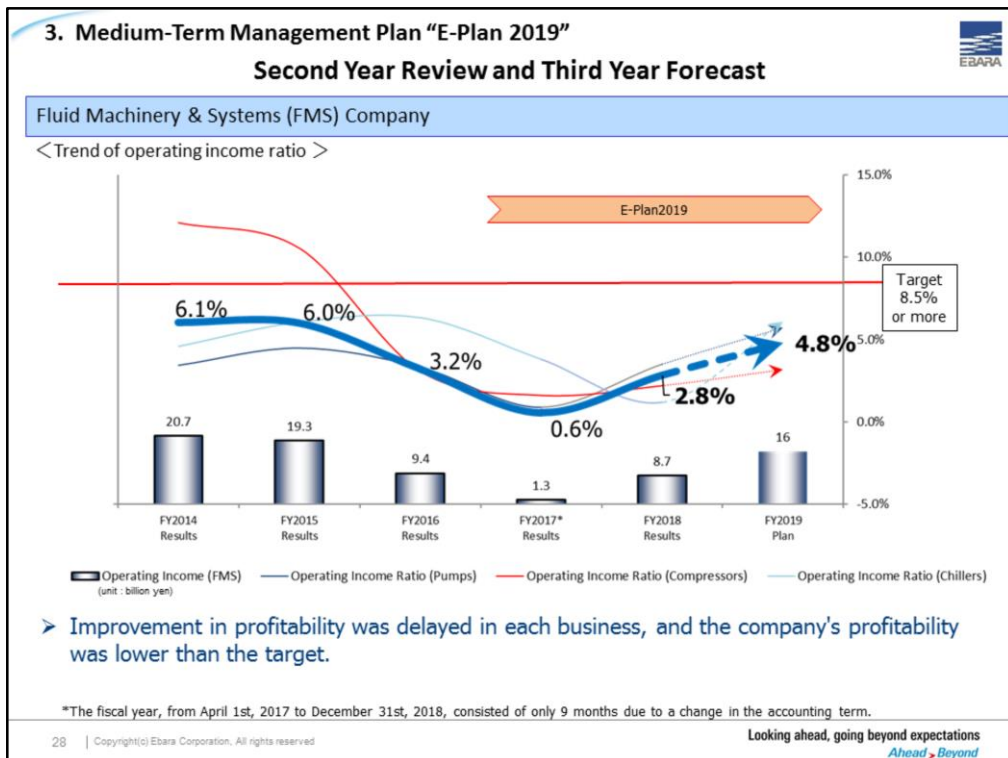
Second Year Review and Third year Forecast

<Management indicators for FY2018, the 2nd year of the plan>

ROIC: 4.9%

Operating income ratio: 6.4%

- Based on the FY2019 plan, we do not forecast achieving the E-Plan 2019 goals.



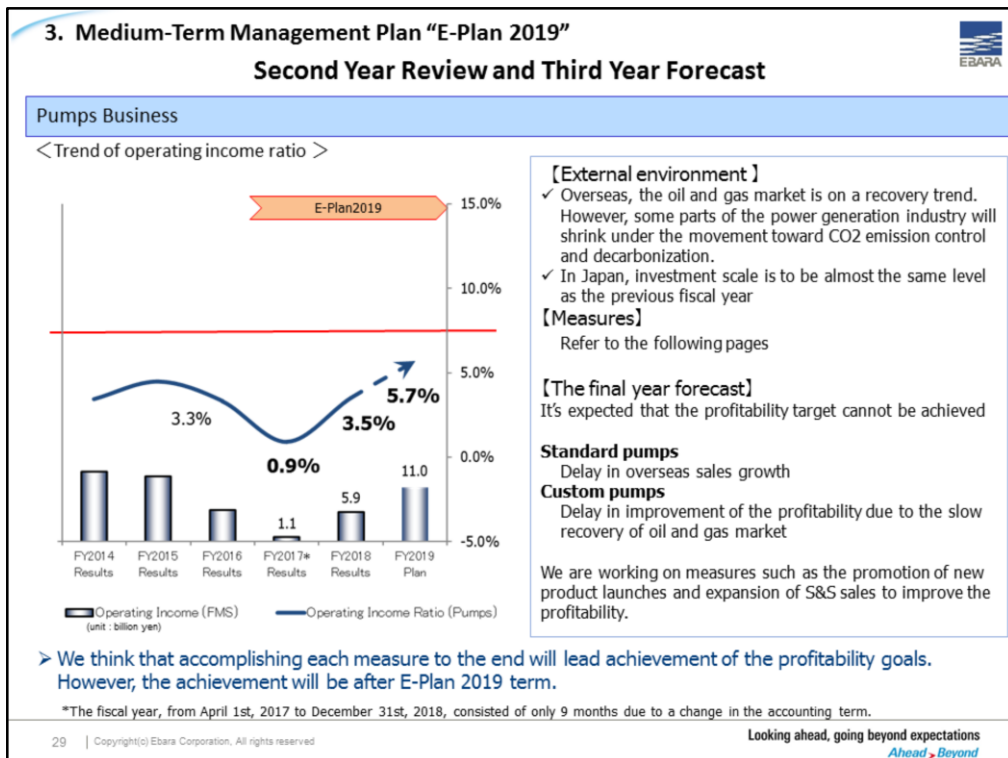
Second year Review and Third year forecast (FMS Company) :

<Second year review>

- Unable to improve the operating income ratio for the three businesses and overall the income ratio was low as an FMS business.

<Third year forecast>

- Not expecting to reach goal of 8.5%. We will implement various measures to promote the rapid achievement of goals.



Second year Review and Third year forecast (Pumps business) :

<Second year review>

- The external environment began to see recovery of the oil and gas market, which had struggled to recover. On the other hand, new construction demand for the coal-fired power plants contracted. As overall, mainly affected by the negative impact in custom pump business, the profitability improvement is delayed.

3. Medium-Term Management Plan "E-Plan 2019"					EBARA
Second Year Review and Third Year Forecast					
Measures and progress of the pump business					
		← Effect on profitability is coming out	→ Effect on profitability will come out from now on	■ Execution completed	
		Standard Pump		Custom Pump	
		Measures	Progress	Measures	Progress
Improve Profitability	<ul style="list-style-type: none"> > Eliminate and integrate extant models Reduced from 70,000 models to 7,000 models > Fundamental revise of the conventional production system Automatic assembly line started its operation > Enhance Operational Efficiency in Production and Sales 	<ul style="list-style-type: none"> ■ → → ← 	<ul style="list-style-type: none"> > Enhance a Marketing Organization of Each Industry > Promotion of "Digitalization" > Standardize Operation 	<ul style="list-style-type: none"> → → → 	
Increase in Sales	<ul style="list-style-type: none"> > <u>Continuous Launch of New Products</u> > <u>M & A</u> August 2017, acquired a company in South Africa 	<ul style="list-style-type: none"> → 	<ul style="list-style-type: none"> > M & A 	<ul style="list-style-type: none"> → 	
Expand S&S	-	-	<ul style="list-style-type: none"> > <u>Expand Overseas S&S Business</u> Orders increased 	<ul style="list-style-type: none"> ← 	
Reduce Fixed Cost	<ul style="list-style-type: none"> > Optimize Human Resources in Domestic Business Personnel size of domestic business decreased by 20% 	<ul style="list-style-type: none"> ■ 	<ul style="list-style-type: none"> > Structural Reform of Domestic Production System The Production system was consolidated in one location, "Futtsu plant" 	<ul style="list-style-type: none"> ■ 	

Second Year Review and Third Year Forecast
(Measures and progress of the pump business) :

<Standard pumps>

- Various measures are proceeding favorably and the benefits of these measures are beginning to materialize.

(Measures producing benefits)

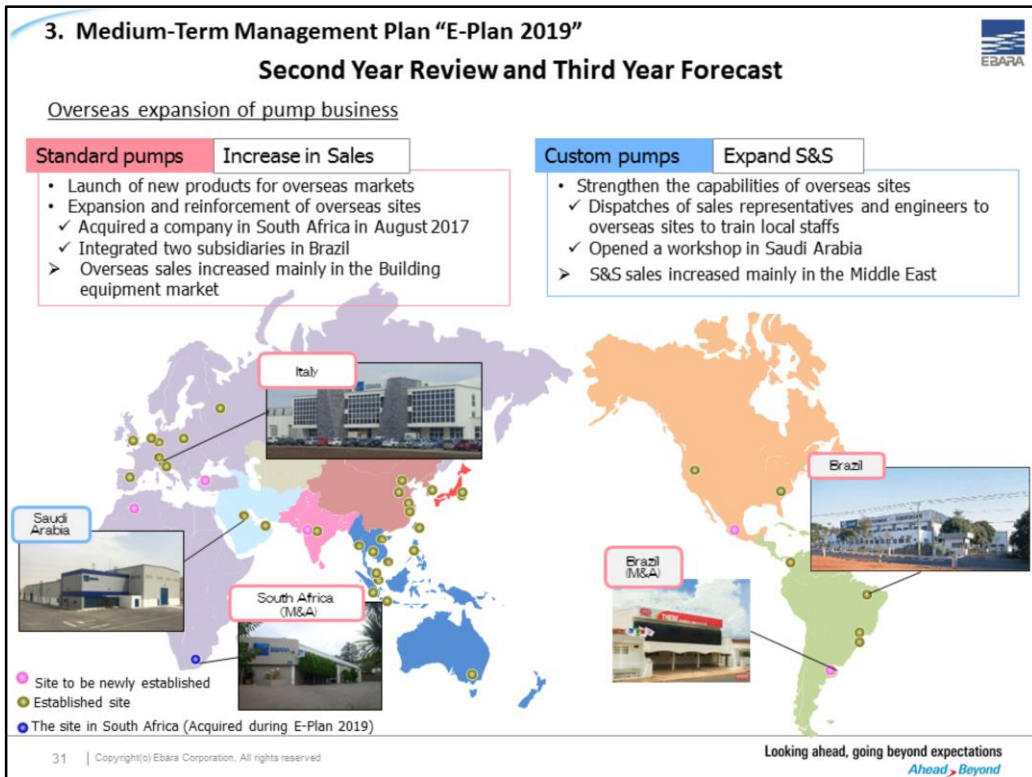
Eliminate and Integrate existent models

Continuous launch of new products

Optimize human resources in domestic business

<Custom pumps>

- The measure of structural reform of domestic production system is working.
- On the other hand, we are progressing with measures such as expanding overseas S&S business but these measures have yet to produce financial results.



Second year review and third year forecast pump business
 (overseas expansion measures):

<Standard pumps>

Aim to increase overseas market share and expand sales.

(Specific measures)

Continued to inject core global products into overseas markets.

Used network between overseas production bases retailers to expand sales.

- As a result, overseas sales increased, particularly for the building equipment market.

<Custom pumps>

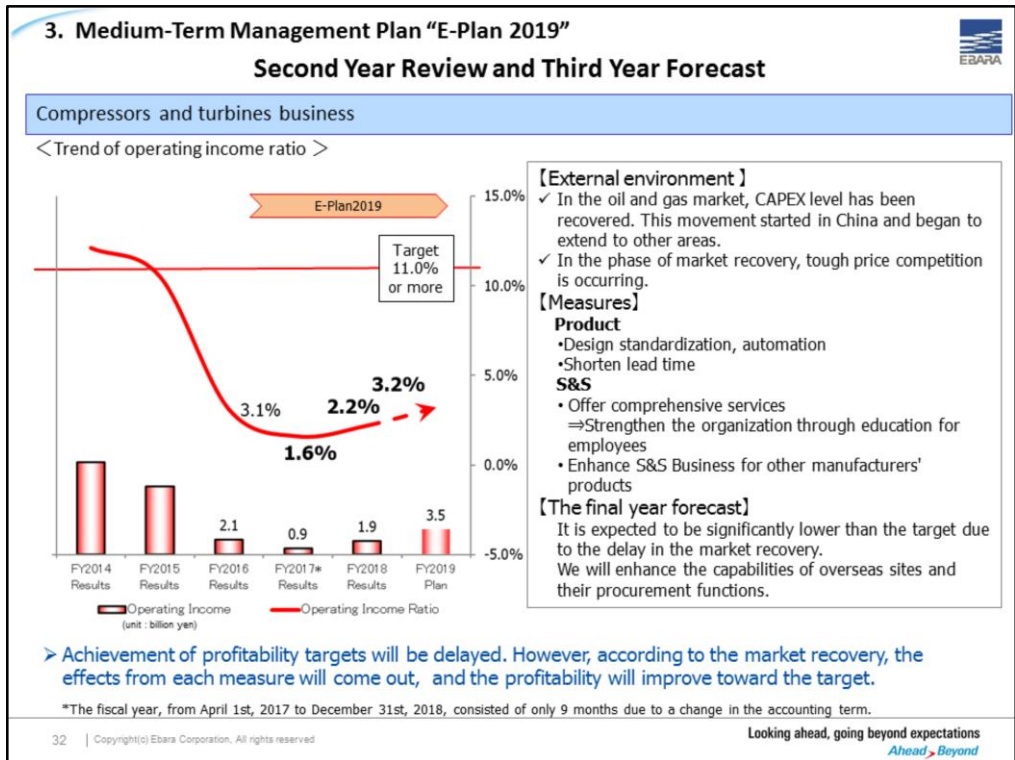
Since the S&S business has become the core of profits, strengthen overseas S&S bases.

(Specific measures)

Dispatch Japanese sales representatives and engineers overseas to conduct training for local staff in order to strengthen sales and technology capabilities.

Dispatched to Middle East, Southeast Asia, and Europe in 2018.

- S&S business orders increased, particularly in the Middle East. Also holding workshops in Saudi Arabia to as part of activities to increase S&S orders.
- Will continue to promote measures in 3rd year of E-Plan 2019 to increase sales and income.



Second year Review and Third year forecast (CT business) :

<Second year review>

- Amid recovery on the oil and gas market, tough pricing competition is occurring. It results in a low operating income ratio

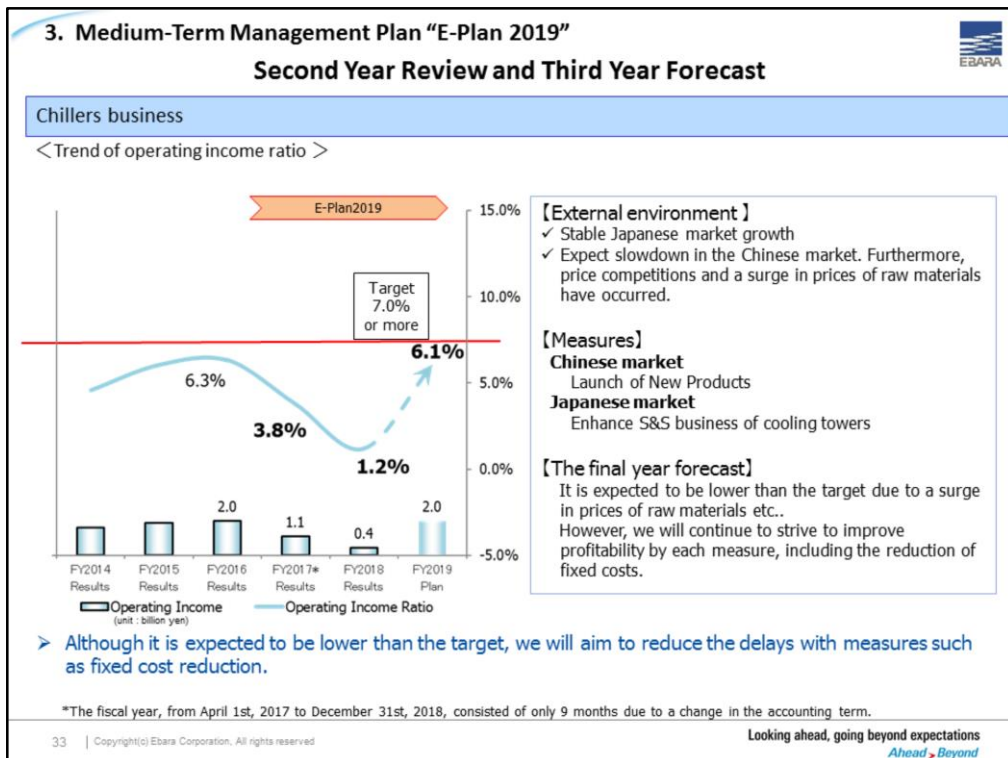
(Measures)

The Products business worked to optimize workflows and reduce lead times.

The S&S business conducted comprehensive service proposals and strengthened structure for servicing competitor products.

<Third year forecast>

- Take advantage of the improved functions of the India plant to improve profitability.



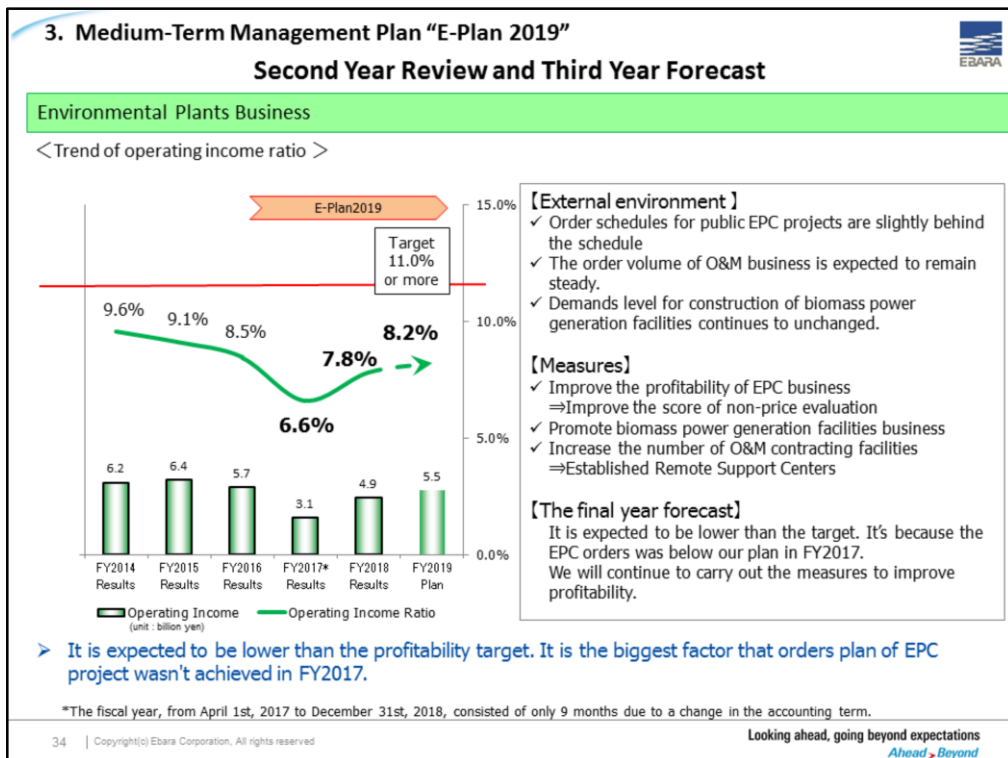
Second year Review and Third year forecast (Chillers business) :

<Second year review>

- Amid a stagnant China market, which we projected to achieve growth, we were impacted by price competition and rising raw material prices.
- Temporary negative factors such as confusion at domestic plants resulted in a low operating income ratio during the 2nd year.

<Third year forecast>

- We do not forecast achieving the operating income ratio goals outlined in E-Plan 2019. To improve profitability, we will strive to promote price-competitive products which were newly launched in China, and strengthen Japanese S&S business.



Second year Review and Third year forecast (EP business) :

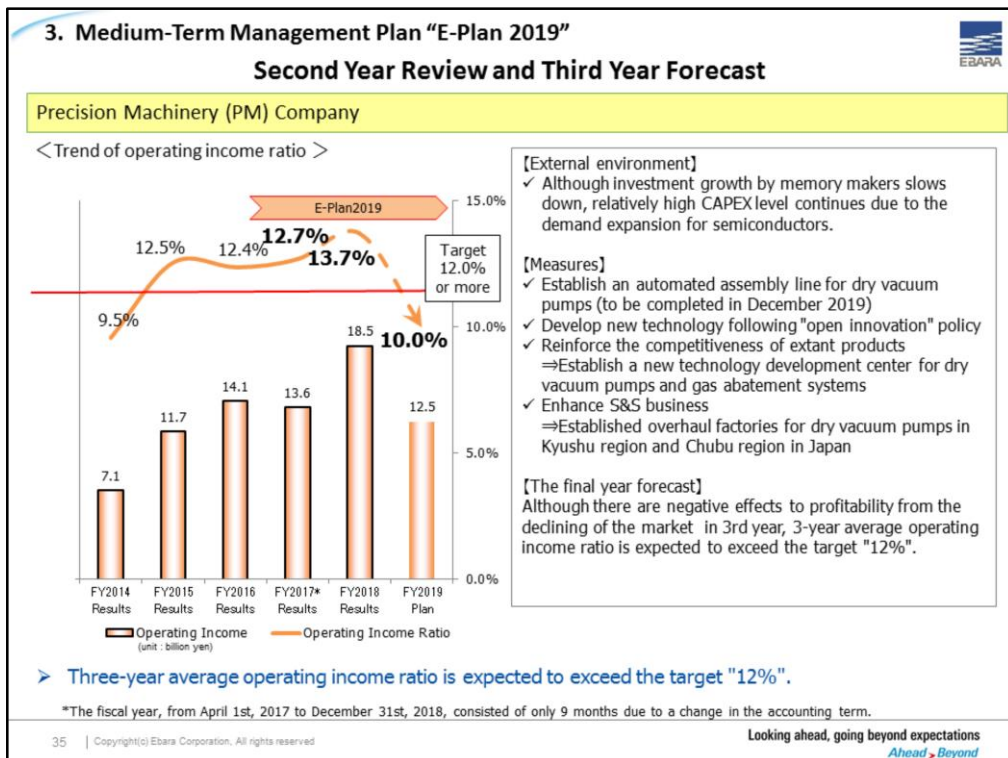
<Third year forecast>

- EPC orders during the 1st year were below the plan so we forecast a delay in achieving our operating income ratio goals.
- We will continue implementing the following measures to strengthen our platform for stable income.

(Measures)

Improve non-price-related evaluations to capture new orders for EPC projects.

Expand scope of O&M order administration.



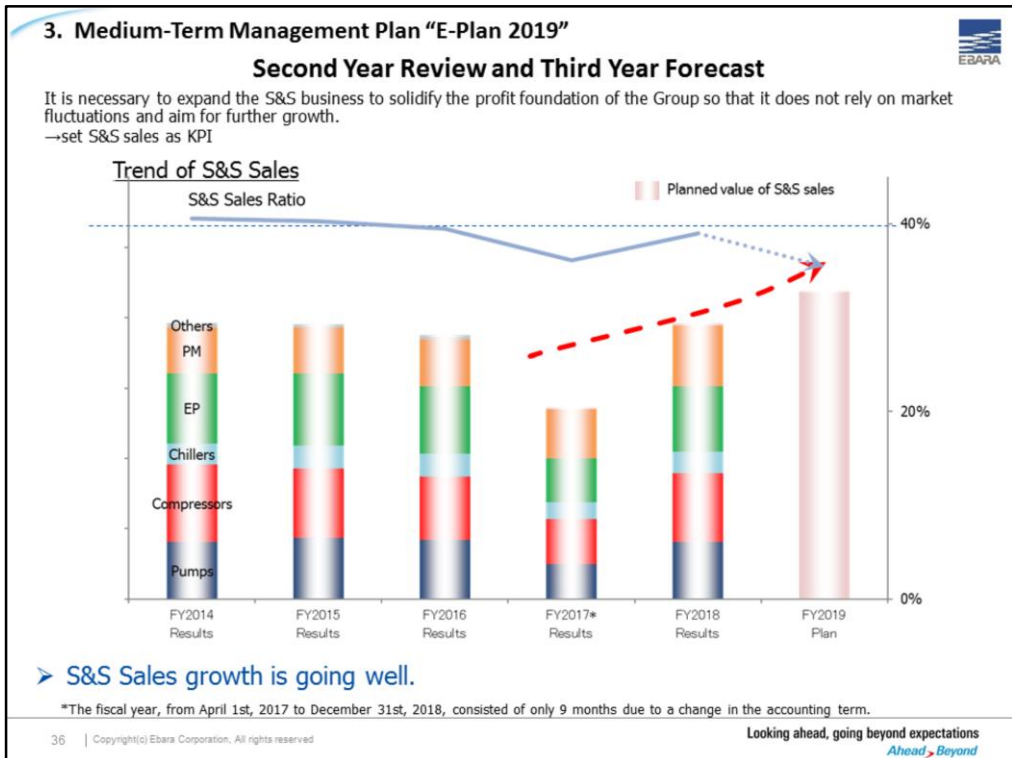
Second year Review and Third year forecast (PM Company) :

<Second year review>

- To respond to the changes in the external environment, PM business initiatives for sustainable growth are progressing smoothly. These measures include adding a dry vacuum pumps automated assembly factory and constructing a technology development and testing center and overhaul plants.

<Third year forecast>

- This business will be temporarily impacted by the external environment but during the three-year period of E-Plan 2019, we are forecasting an average operating income ratio of 12% or higher, which outperforms plans.
- We will implement measures and conduct forward-looking investments while working to secure high profitability.



Second year Review and Third year forecast

(Transitions in main KPI (S&S business net sales)):

- During the 2nd year, PM Business and compressors and turbines business sales increased.
- We will advanced measures to promote S&S business growth and capture demand.

3. Medium-Term Management Plan "E-Plan 2019"

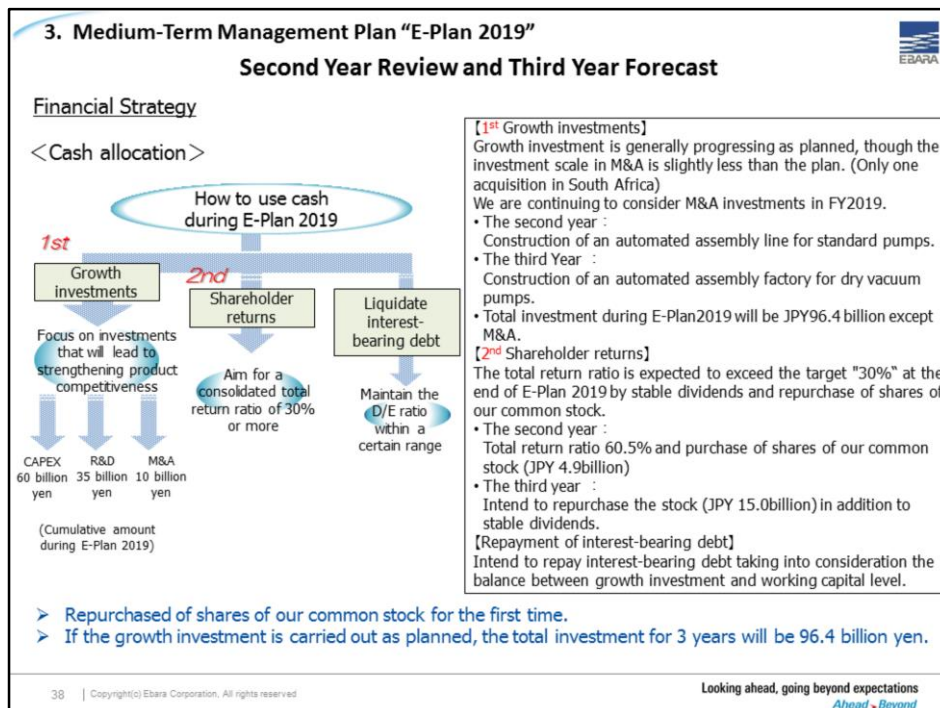


Second Year Review and Third Year Forecast

Trend and Target of Management Indicators

		FY2016 (Results)	FY2017* (Results)	FY2018 (Results)	FY2019 (Plan)	E-Plan2019 Target
ROIC	Whole	5.6%	2.5%	4.9%	5.6%	8.0% or more
Operating income ratio		6.3%	4.7%	6.4%	6.5%	9.0% or more
Operating income ratio	FMS	3.2%	0.6%	2.8%	4.8%	8.5% or more
	Pumps	3.3%	0.9%	3.5%	5.7%	8.0% or more
	CTs	3.1%	1.6%	2.2%	3.2%	11.0% or more
	Chillers	6.5%	3.8%	1.2%	6.1%	7.0% or more
	EP	8.5%	6.6%	7.8%	8.2%	11.0% or more
	PM	12.4%	12.7%	13.7%	10.0%	12.0% or more

*The fiscal year, from April 1st, 2017 to December 31st, 2018, consisted of only 9 months due to a change in the accounting term.



Second year Review and Third year forecast (Financial Strategy) :

<Growth investments>

- Capital investments and R&D are largely on schedule with a focus on plant automation for standard pumps and dry vacuum pumps.
- M&A projects are not progressing as planned relative to our budget of 10 billion yen.


<Shareholder returns>

- Since 2018 we have done share repurchase with the goal of achieving a consolidated total return ratio of 30%. We forecast exceeding this goal.

<Repayment of interest-bearing debt>

- We will continue our focus on the effective use of capital while carefully considering financial stability, investment forecasts, and the operating environment.
- We conducted our first share repurchase of our own shares in the 2nd year of the plan. We are planning on another repurchase of the shares for during the 3rd year but our priority is on growth investments.
- Investments for the 3-year period are forecast at 96.4 billion yen.

**3. Medium-Term Management Plan “E-Plan 2019”
Toward the Final Year**



Summary of the 2nd year : Improvement of ROIC is behind of the schedule due to the delay of profitability improvement.

<The factors affecting the profitability>

Negative	<ul style="list-style-type: none"> ✓ Delay in recovery of the energy-related market compared to the situation that we expected at the planning. ✓ The slowdown in the Chinese market ✓ The Slowdown in the semiconductor industry 	External environment
	<ul style="list-style-type: none"> ✓ Some temporary costs from FMS business ✓ A loss due to withdrawal from a part of the business at a manufacturing subsidiary of EP business in China 	Temporary internal factor
	<ul style="list-style-type: none"> ✓ Effects of E-Plan 2019 measures progress 	Internal factors

⇒ The biggest reason for profitability improvement delay is the influence from the external environment.
⇒ It is necessary to solidify the profit foundation so that it does not rely on market fluctuations.

What we must tackle in the third year : Improvement of ROIC

Improvement profitability

“Solidify the profit foundation”

- Accomplish the measures

Improve capital efficiency

Rigorous manage of the balance sheet

- Continuous reduction of the working capital

➤

Improvement
of ROIC

➢ It is difficult to achieve the profitability targets by the end of E-Plan 2019, Dec. 2019, but we try to accomplish the all of measures. It will lead to achievement of the profitability targets after 2020.

39 | Copyright(c) Ebara Corporation. All rights reserved Looking ahead, going beyond expectations
Ahead > Beyond

Toward the Final Year :

<Summary of the Second year>

- The progress of measures for each business is largely on schedule and we are seeing contributions to income.
- Negative factors such as the delayed recovery of declining conditions on the external environment and market changes have resulted in the inability to tie these measures into significant improvements in profitability.

<Toward the Third Year>

- The achievement of E-Plan 2019 goals will be delayed but we will continue to implement measures.

(Measures to improve ROIC and profitability)

Steadily implement measures to improve the operating income ratio.

Improve capital efficiency.

- We will aim for growth in 2020 and beyond by working to get closer to our goal of ROIC 8.0% and above, the goal management indicator outlined for E-Plan 2019.

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