



# **Results Presentation for the 2<sup>nd</sup> Quarter** **ended June 30, 2018**

## **EBARA (6361)**

**August 9, 2018**

**Looking ahead,  
going beyond expectations**

***Ahead*  *Beyond***

**EBARA** CORPORATION

# Contents

## 1. Summary of Results

Executive Officer,  
Responsible for Finance & Accounting

**Akihiko Nagamine**

## 2. Projection and Management Strategy

President,  
Representative Executive Officer

**Toichi Maeda**

# 1. Summary of Results

## Summary of Results through 2<sup>nd</sup> Quarter

	[Reference] <sup>*1</sup> 2nd Quarter ended Jun 30, 2017	2nd Quarter ended Jun 30, 2018	Change (year-on- year)	2nd Quarter ended Jun 30, 2018	Change (From Plan)
	Results (A)	Results (B)	(B-A)	Initial Plan) <sup>*2</sup> (C)	(B-C)
Orders	257.6	300.8	+ 43.1	290.0	+ 10.8
Net Sales	263.8	251.2	△ 12.6	250.0	+ 1.2
Operating Income	24.0 (9.1%)	14.7 (5.9%)	△ 9.3	12.0 (4.8%)	+ 2.7
Ordinary Income	23.8 (9.0%)	14.1 (5.6%)	△ 9.6	12.0 (4.8%)	+ 2.1
Net Income attributable to owners of parent	16.2 (6.2%)	7.4 (3.0%)	△ 8.7	7.0 (2.8%)	+ 0.4

Exchange rate

1USD = 110.2 JPY

1USD = 109.7 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).

\*2. Planned value announced on May 14, 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.

# 1. Summary of Results

## Segmental Summary of Results through 2<sup>nd</sup> Quarter

	Orders			Net Sales			Operating Income		
	[Reference] 2Q ended Jun. 30, 2017	2Q ended Jun. 30, 2018	Change	2Q ended Jun. 30, 2017	2Q ended Jun. 30, 2018	Change	2Q ended Jun. 30, 2017	2Q ended Jun. 30, 2018	Change
FMS Business	154.7	161.5	+ 6.8	155.0	154.3	Δ 0.6	10.5 (6.8%)	2.2 (1.5%)	Δ 8.2
EP Business	37.5	65.8	+ 28.2	35.5	29.3	Δ 6.1	2.4 (7.0%)	2.2 (7.6%)	Δ 0.2
PM Business	64.5	72.6	+ 8.0	72.4	66.7	Δ 5.7	10.8 (15.0%)	10.0 (15.1%)	Δ 0.7
Others, Adjustment	0.8	0.8	Δ 0.0	0.8	0.8	Δ 0.0	0.1 (16.0%)	0.1 (20.5%)	+ 0.0
Total	257.6	300.8	+ 43.1	263.8	251.2	Δ 12.6	24.0 (9.1%)	14.7 (5.9%)	Δ 9.3

FMS Business ... Fluid Machinery & Systems Business

EP Business ... Environmental Plants Business

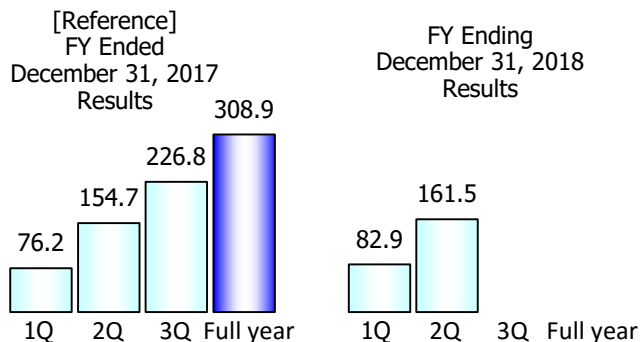
PM Business ... Precision Machinery Business

# 1. Summary of Results

## FMS Results through 2<sup>nd</sup> Quarter

### FMS Business

#### Orders



#### 【Orders】

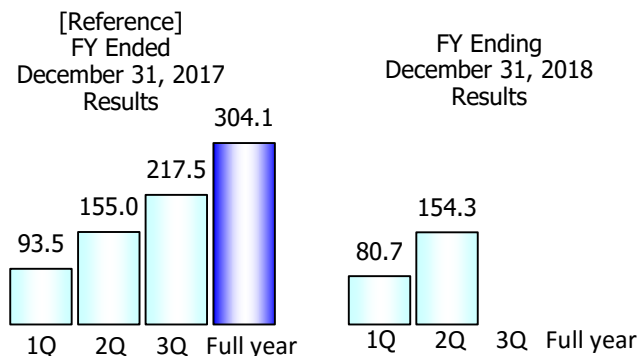
- ✓ In the compressors & turbines business, orders increased mainly from products

#### 【Sales】

- ✓ Sales of S&S business decreased

S & S ratio	2Q ended Jun.30, 2017	2Q ended Jun.30, 2018
FMS	39.1%	33.6%
Pump	28.4%	27.1%
CT	61.7%	45.3%

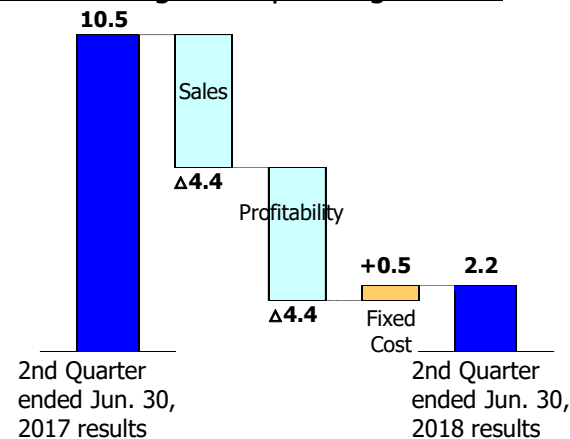
#### Sales



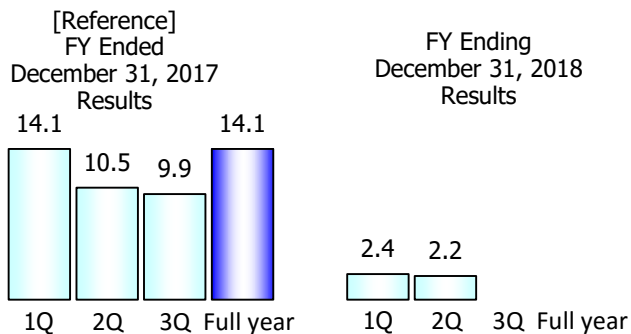
#### 【Operating Income】

- ✓ Proportion of sales of S&S business decreased

#### Breakdown of Changes in Operating Income



#### Operating Income

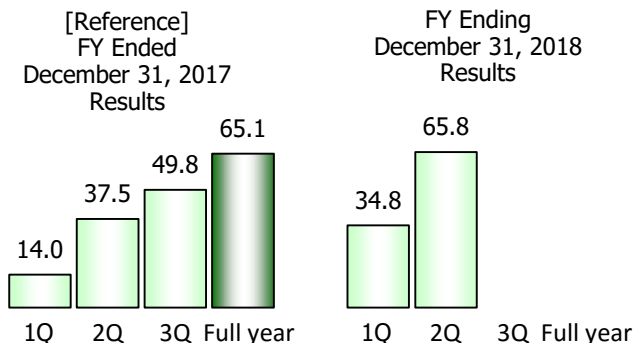


# 1. Summary of Results

## EP Results through 2<sup>nd</sup> Quarter

### EP Business

#### Orders



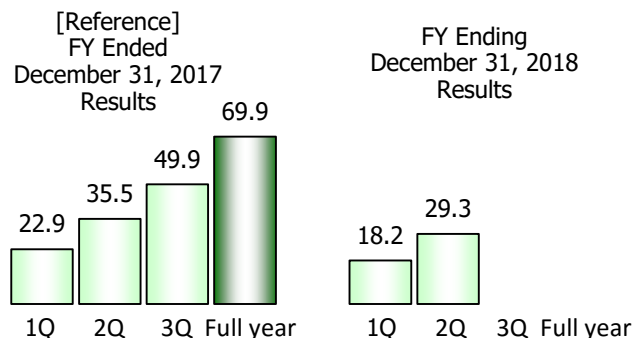
#### 【Orders】

✓ Orders were high level

#### 【Sales】

✓ EPC sales decreased

#### Sales

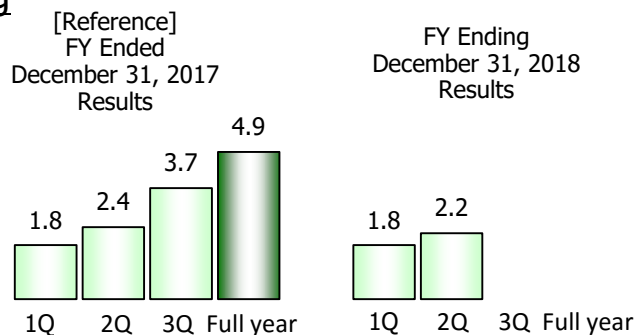


#### 【Operating Income】

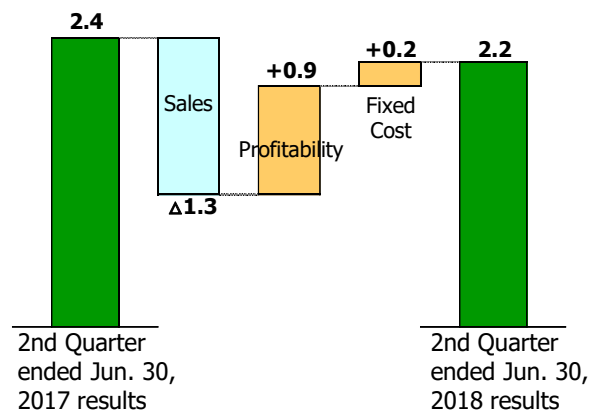
✓ Sales decreased

✓ Proportion of O&M sales increased

#### Operating Income



#### Breakdown of Changes in Operating Income

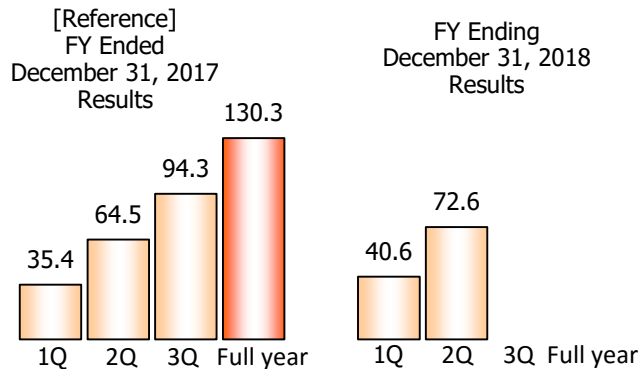


# 1. Summary of Results

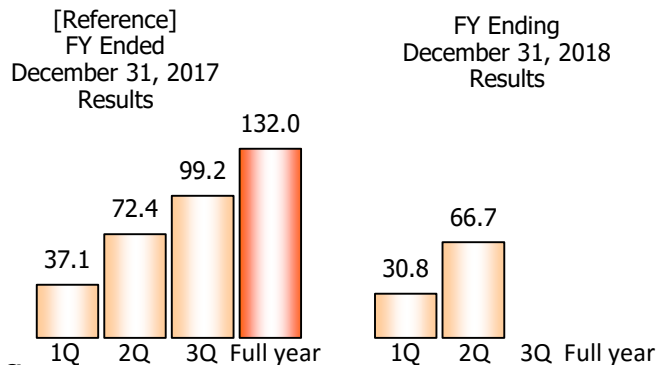
## PM Results through 2<sup>nd</sup> Quarter

### PM Business

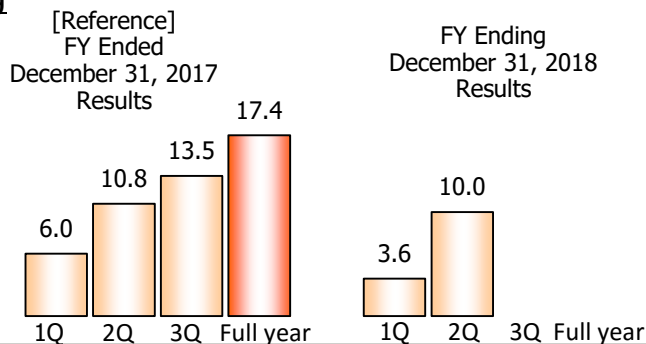
#### Orders



#### Sales



#### Operating Income



#### 【Orders】

- ✓ Capital investment in semiconductor market stays strong
- ✓ Increased in both the CMP and the components business

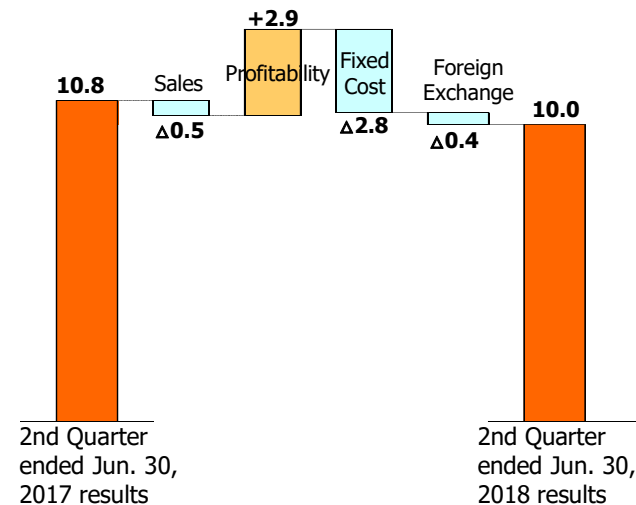
#### 【Sales】

- ✓ Sales increased in components business
- ✓ Sales of CMP business decreased, but sales level of PM business as a whole stays high

#### 【Operating Income】

- ✓ Fixed costs mostly for labor costs and R&D expenses increased
- ✓ Product mix cost improved in CMP business

#### Breakdown of Changes in Operating Income



## Summary of Projection for 2<sup>nd</sup> Quarter

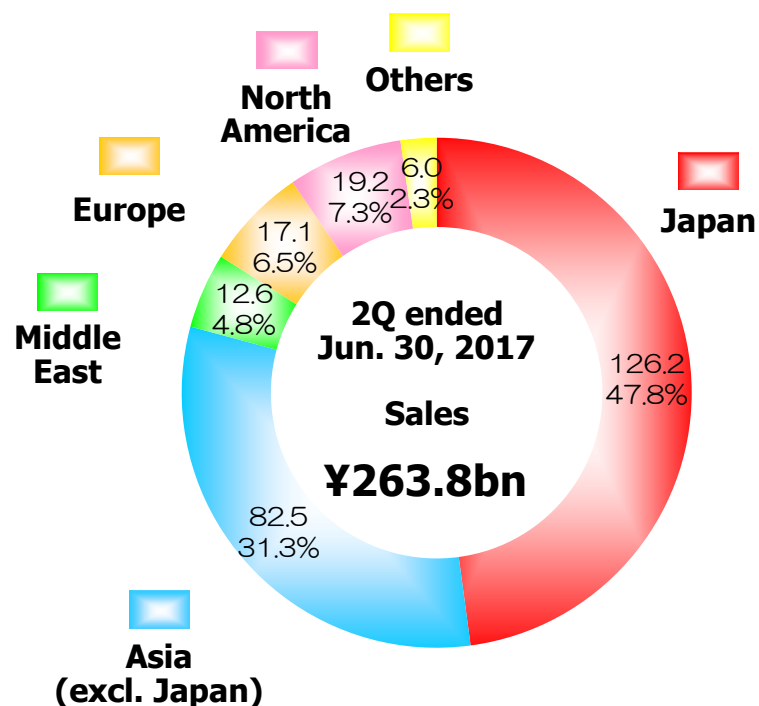
		[Reference] 2Q ended Jun.30,2017 (Results) (A)	FY ending Jun. 30, 2018 (Initial plan) (B)	FY ending Jun. 30, 2018 (Forecast) (C)	Change (from Plan) (C-B)	Change (Year-on- year) (C-A)
FMS Business	Orders	154.7	159.5	161.5	+ 2.0	+ 6.8
	Net Sales	155.0	152.5	154.3	+ 1.8	△ 0.6
	Operating Income	10.5 (6.8%)	1.0 (0.7%)	2.2 (1.5%)	+ 1.2	△ 8.2
EP Business	Orders	37.5	60.0	65.8	+ 5.8	+ 28.2
	Net Sales	35.5	31.0	29.3	△ 1.6	△ 6.1
	Operating Income	2.4 (7.0%)	2.5 (8.1%)	2.2 (7.6%)	△ 0.2	△ 0.2
PM Business	Orders	64.5	70.0	72.6	+ 2.6	+ 8.0
	Net Sales	72.4	66.0	66.7	+ 0.7	△ 5.7
	Operating Income	10.8 (15.0%)	8.5 (12.9%)	10.0 (15.1%)	+ 1.5	△ 0.7
Others, Adjustment	Orders	0.8	0.5	0.8	+ 0.3	△ 0.0
	Net Sales	0.8	0.5	0.8	+ 0.3	△ 0.0
	Operating Income	0.1 (16.0%)	0.0 (0.0%)	0.1 (20.5%)	+ 0.1	+ 0.0
Total	Orders	257.6	290.0	300.8	+ 10.8	+ 43.1
	Net Sales	263.8	250.0	251.2	+ 1.2	△ 12.6
	Operating Income	24.0 (9.1%)	12.0 (4.8%)	14.7 (5.9%)	+ 2.7	△ 9.3

( ) Ratio to sales



# 1. Summary of Results

## Sales Composition by Region

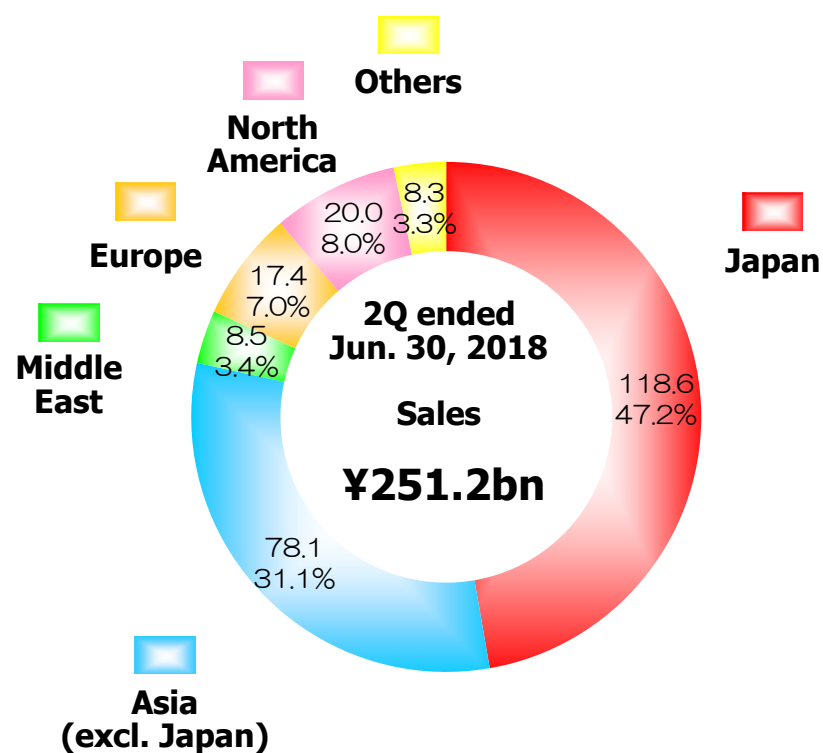


Overseas Sales

**¥137.6bn**

Overseas Sales Ratio

**52.2%**



Overseas Sales

**¥132.5bn**

Overseas Sales Ratio

**52.8%**



# 1. Summary of Results

## Balance Sheet for 2<sup>nd</sup> Quarter

	End of Dec. 2017	End of Jun. 2018	Change
<b>Current Assets</b>	<b>447.4</b>	<b>472.1</b>	<b>+24.6</b>
Cash and deposits, Securities	140.8	179.7	+38.9
Notes and accounts receivable-trade	175.3	154.0	Δ 21.2
Inventories	109.5	117.4	+7.9
Others	21.7	20.8	Δ 0.9
<b>Fixed Assets</b>	<b>165.4</b>	<b>160.7</b>	<b>Δ 4.6</b>
Tangible assets	110.2	107.2	Δ 2.9
Intangible assets	12.0	11.6	Δ 0.4
Investments and others	43.1	41.8	Δ 1.2
<b>Total Assets</b>	<b>612.9</b>	<b>632.8</b>	<b>+19.9</b>

	End of Dec. 2017	End of Jun. 2018	Change
<b>Liabilities</b>	<b>328.1</b>	<b>345.6</b>	<b>+17.5</b>
Notes and accounts payable-trade	119.6	129.2	+9.5
Interest-bearing debt	114.5	117.0	+2.4
Others	93.9	99.4	+5.5
<b>Total Net Assets</b>	<b>284.7</b>	<b>287.2</b>	<b>+2.4</b>
Shareholders' equity	280.9	288.0	+7.0
Accumulated other comprehensive income	Δ 3.0	Δ 7.5	Δ 4.5
Subscription rights to shares	1.1	1.1	Δ 0.0
Non-controlling interests	5.6	5.6	Δ 0.0
<b>Total Liabilities and Net Assets</b>	<b>612.9</b>	<b>632.8</b>	<b>+19.9</b>

# 1. Summary of Results

## Financial Information for 2<sup>nd</sup> Quarter

### Management Indicators

	FY ended Mar. 31, 2017	FY ended Dec. 31, 2017
	Results	Results
<b>ROIC</b>	<b>5.6%</b>	<b>2.5%</b>
ROE	8.0%	3.5%
Debt/equity ratio	0.36	0.41

### Cash Flows

	FY ended Mar. 31, 2017	FY ended Dec. 31, 2017	FY ending Dec. 31, 2018	2Q ended Jun. 30, 2017	2Q ended Jun. 30, 2018
	Results	Results	Plan	Results	Results
Cash flows from operating activities	+ 33.8	+ 44.1	+ 36.0	+ 41.8	+ 45.8
Cash flows from investing activities	△ 18.5	△ 7.9	△ 25.0	△ 6.6	△ 8.1
<b>Free cash flow</b>	<b>+ 15.2</b>	<b>+ 36.2</b>	<b>+ 11.0</b>	<b>+ 35.2</b>	<b>+ 37.7</b>
Cash flows from financing activities	△ 15.1	+ 11.2	△ 14.6	+ 5.0	+ 1.0

## Financial Information for 2<sup>nd</sup> Quarter

### Capital Expenditures, Depreciation and Amortization, R&D Expenses

	FY ended Mar. 31, 2017	FY ended Dec. 31, 2017	FY ending Dec. 31, 2018	2Q ended Jun. 30, 2017	2Q ended Jun. 30, 2018
	Results	Results	Plan	Results	Results
<b>CAPEX</b>	<b>22.6</b>	<b>12.3</b>	<b>23.0</b>	<b>6.5</b>	<b>6.6</b>
FMS	11.8	6.6	9.0	2.9	3.8
EP	1.1	0.4	0.5	0.2	0.3
PM	7.4	4.0	9.0	2.4	1.8
Others	2.3	1.2	4.5	0.9	0.6
<b>D&amp;A</b>	<b>13.7</b>	<b>11.9</b>	<b>15.0</b>	<b>7.3</b>	<b>7.7</b>
FMS	8.5	6.9	7.5	4.2	4.4
EP	0.4	0.4	0.5	0.2	0.2
PM	2.9	2.7	4.5	1.6	1.9
Others	1.8	1.6	2.5	1.1	1.1
<b>R&amp;D</b>	<b>8.7</b>	<b>7.2</b>	<b>13.0</b>	<b>4.0</b>	<b>4.7</b>
FMS	4.7	3.8	5.0	2.2	2.3
EP	0.2	0.3	0.5	0.2	0.1
PM	3.7	3.0	7.5	1.5	2.2

## 2. Projection and Management Strategy

### Summary of Projection for Fiscal Year 2018

	[Reference] FY ended Dec. 31, 2017 (Results) (A)	FY ending Dec. 31, 2018 (B)*	FY ending Dec. 31, 2018 (Forecast) (C)	Change (from Plan) (C-B)	Change (Year-on-year) (C-A)
Orders	<b>506.0</b>	<b>545.0</b>	<b>555.0</b>	<b>+ 10.0</b>	<b>+ 48.9</b>
Net Sales	<b>507.8</b>	<b>505.0</b>	<b>505.0</b>	-	<b>Δ 2.8</b>
Operating Income	<b>36.6</b> (7.2%)	<b>37.0</b> (7.3%)	<b>37.0</b> (7.3%)	-	<b>+ 0.3</b>
Ordinary Income	<b>35.4</b> (7.0%)	<b>36.0</b> (7.1%)	<b>36.0</b> (7.1%)	-	<b>+ 0.5</b>
Net Income attributable to owners of parent	<b>22.7</b> (4.5%)	<b>22.0</b> (4.4%)	<b>22.0</b> (4.4%)	-	<b>Δ 0.7</b>

\*Planned value announced on May 14, 2018.

( ) Ratio to sales

Exchange Rate    **1USD = 112JPY**

**1USD = 110JPY**

**1USD = 110JPY**

## 2. Projection and Management Strategy

### Segmental Summary of Projection for Fiscal Year 2018

		[Reference] FY ended Dec. 31, 2017 (Results) (A)	FY ending Dec. 31, 2018 (B)*	FY ending Dec.31,2018 (Forecast) (C)	Change (from Plan) (C-B)	Change (Year-on- year) (C-A)
<b>FMS Business</b>	<b>Orders</b>	<b>308.9</b>	<b>314.0</b>	<b>324.0</b>	<b>+ 10.0</b>	<b>+ 15.0</b>
	<b>Net Sales</b>	<b>304.1</b>	<b>314.0</b>	<b>314.0</b>	-	<b>+ 9.8</b>
	<b>Operating Income</b>	<b>14.1</b> (4.7%)	<b>13.5</b> (4.3%)	<b>13.5</b> (4.3%)	-	<b>Δ 0.6</b>
<b>EP Business</b>	<b>Orders</b>	<b>65.1</b>	<b>90.0</b>	<b>90.0</b>	-	<b>+ 24.8</b>
	<b>Net Sales</b>	<b>69.9</b>	<b>60.0</b>	<b>60.0</b>	-	<b>Δ 9.9</b>
	<b>Operating Income</b>	<b>4.9</b> (7.1%)	<b>6.0</b> (10.0%)	<b>6.0</b> (10.0%)	-	<b>+ 1.0</b>
<b>PM Business</b>	<b>Orders</b>	<b>130.3</b>	<b>140.0</b>	<b>140.0</b>	-	<b>+ 9.6</b>
	<b>Net Sales</b>	<b>132.0</b>	<b>130.0</b>	<b>130.0</b>	-	<b>Δ 2.0</b>
	<b>Operating Income</b>	<b>17.4</b> (13.2%)	<b>17.0</b> (13.1%)	<b>17.0</b> (13.1%)	-	<b>Δ 0.4</b>
<b>Others, Adjustment</b>	<b>Orders</b>	<b>1.6</b>	<b>1.0</b>	<b>1.0</b>	-	<b>Δ 0.6</b>
	<b>Net Sales</b>	<b>1.6</b>	<b>1.0</b>	<b>1.0</b>	-	<b>Δ 0.6</b>
	<b>Operating Income</b>	<b>0.1</b> (8.0%)	<b>0.5</b> (50.0%)	<b>0.5</b> (50.0%)	-	<b>+ 0.3</b>
<b>Total</b>	<b>Orders</b>	<b>506.0</b>	<b>545.0</b>	<b>555.0</b>	<b>+ 10.0</b>	<b>+ 48.9</b>
	<b>Net Sales</b>	<b>507.8</b>	<b>505.0</b>	<b>505.0</b>	-	<b>Δ 2.8</b>
	<b>Operating Income</b>	<b>36.6</b> (7.2%)	<b>37.0</b> (7.3%)	<b>37.0</b> (7.3%)	-	<b>+ 0.3</b>

\*Planned value announced on May 14, 2018.

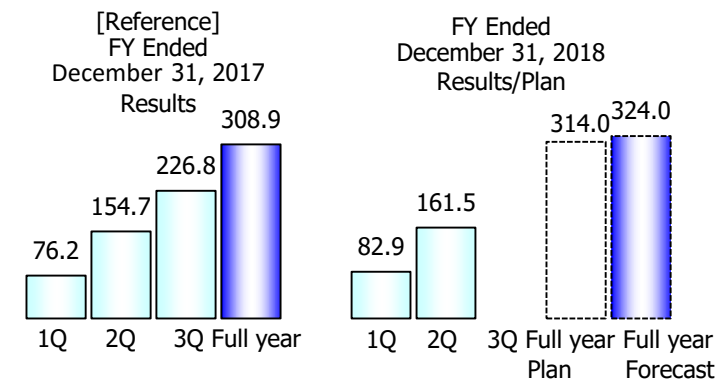
## 2. Projection and Management Strategy

### FMS Projection for Fiscal Year 2018

#### FMS Business

Revised orders forecast upward by 10 billion yen from the initial plan

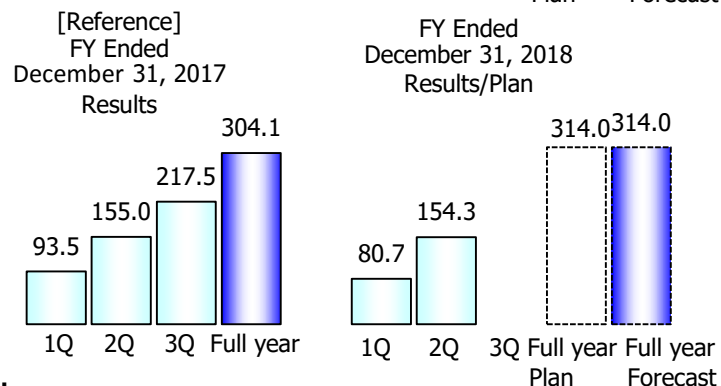
#### Orders



#### 【Orders】

- ✓ Revised order plan upward in the compressors & turbines business, reflecting a steady CAPEX recovery
- ✓ In the custom pumps business, demand is recovering
- ✓ Orders in pumps business are expected to achieve the plan

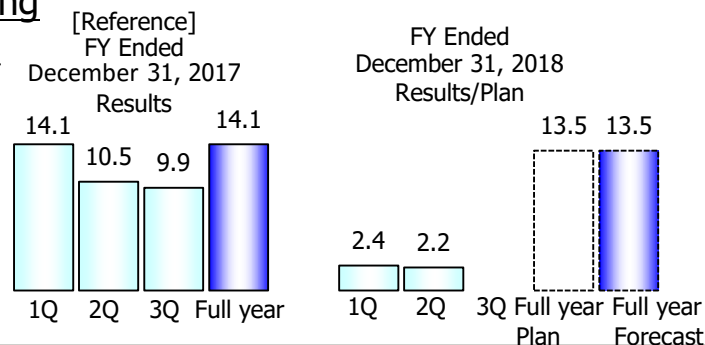
#### Sales



#### 【Sales, Operating Income】

- ✓ Progressed following the plan in pumps business
- ✓ Sales of S&S in compressors & turbines business , which is more profitable, are to be concentrated to 4Q

#### Operating Income



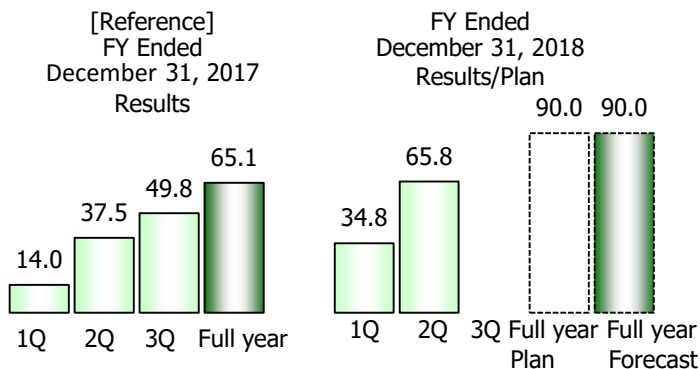
## 2. Projection and Management Strategy

### EP Projection for Fiscal Year 2018

#### EP Business

No change from the initial plan

#### Orders



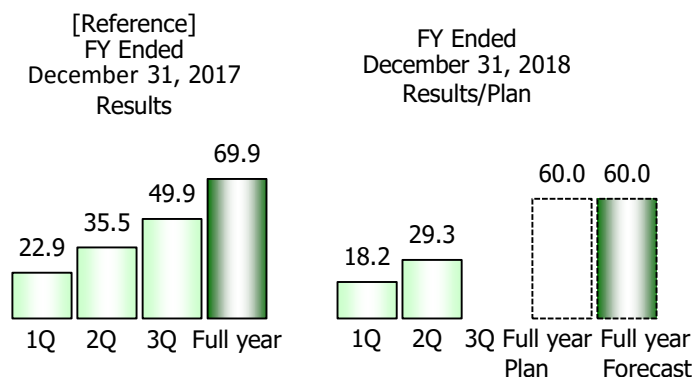
#### 【Orders】

✓ Progressing steadily toward the full-year plan

#### 【Sales】

✓ Sales are expected to be as planned

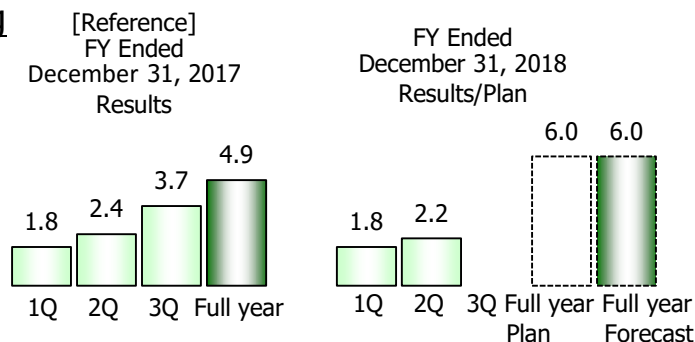
#### Sales



#### 【Operating Income】

✓ Profitability is expected to improve as planned  
due to increase in proportion of O&M sales

#### Operating Income





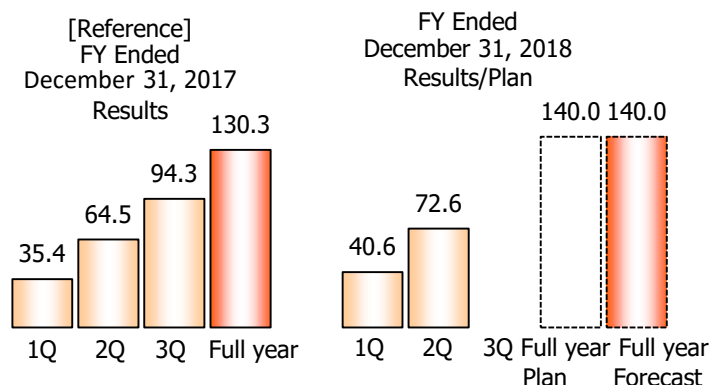
## 2. Projection and Management Strategy

### PM Projection for Fiscal Year 2018

#### PM Business

Revised segment breakdown in orders and sales forecast from the initial plan

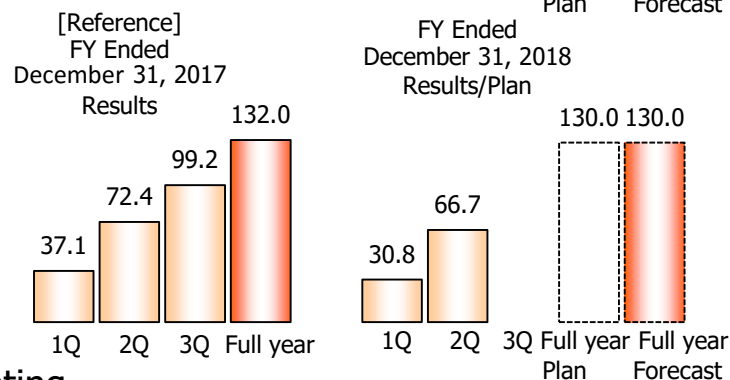
#### Orders



#### 【Orders, Sales】

- ✓ Capital investment level in semiconductor market stays strong
- ✓ There is no change in the full-year plan for PM business as a whole, but the breakdown of the segment was modified according to changes in customers' investment plan

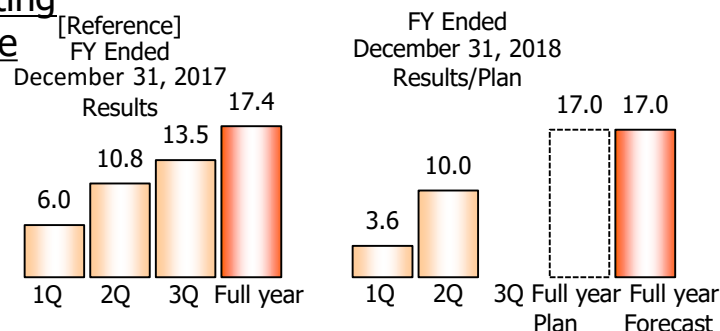
#### Sales



#### 【Operating Income】

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

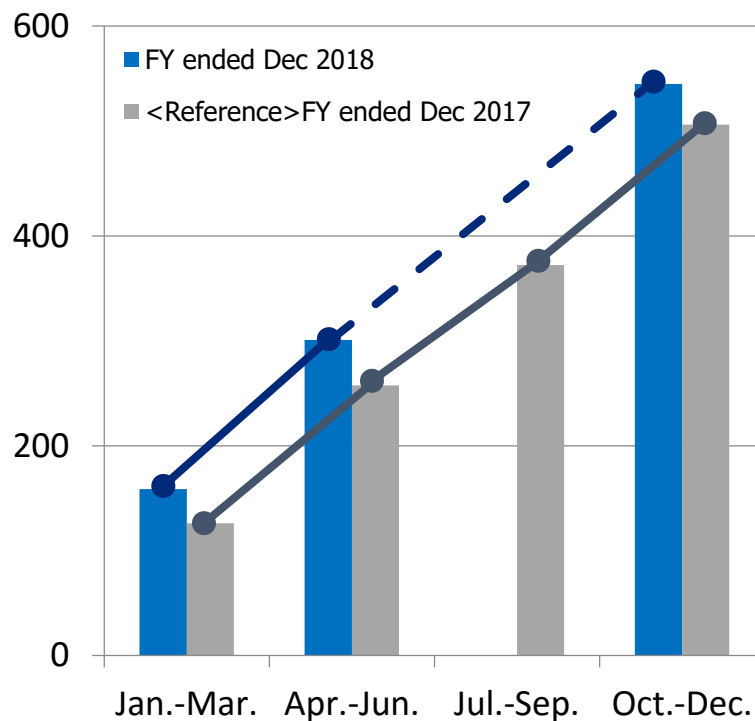
#### Operating Income



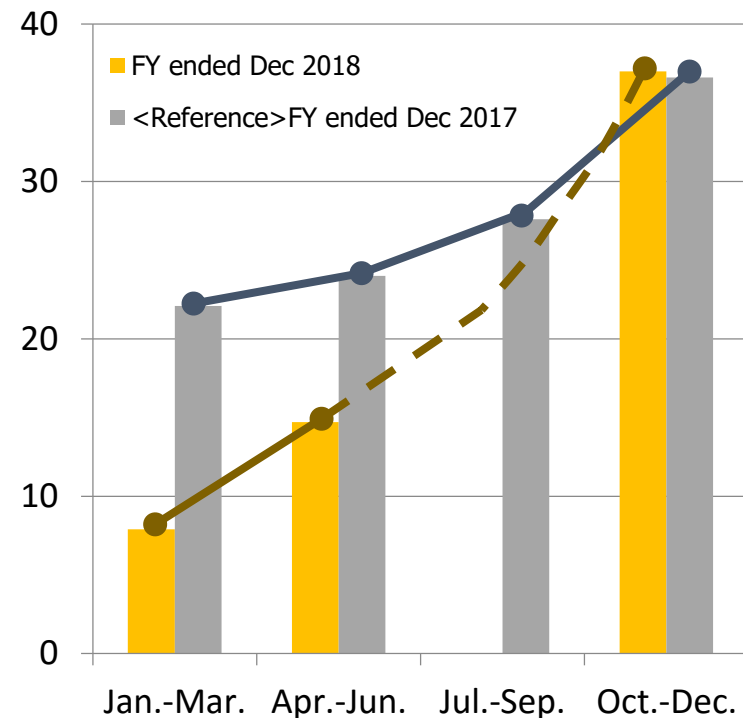
## Trends in Orders and Operating Margin

- ✓ Toward achievement of the full-year plan, orders and operating income are accumulated as shown in the graph below

Orders Received



Operating Income



# Breakdown of Orders Results by Business Segment

## Orders

	Full year					2Q				
	[Reference] FY ended Dec. 31, 2017 Results	FY ending Dec. 31, 2018			Change	[Reference] 2Q ended Jun. 30, 2017 Results(A)	2Q ended Sep. 30, 2017 Results(B)	2Q ended Jun. 30, 2018 Results(C)	Change (C-B)	Change (C-A)
		Initial plan	Forecast	Change						
<b>FMS Business</b>										
<b>Pumps</b>	174.2	<b>178.0</b>	<b>178.0</b>	-	+ 3.7	89.0	<b>86.0</b>	84.9	△ 1.0	△ 4.0
<b>Compressors and Turbines</b>	83.3	<b>85.0</b>	<b>95.0</b>	<b>+ 10.0</b>	+ 11.6	39.1	<b>50.0</b>	50.7	+ 0.7	+ 11.6
<b>Chillers</b>	34.5	<b>37.0</b>	<b>37.0</b>	-	+ 2.4	17.9	<b>17.5</b>	19.4	+ 1.9	+ 1.5
<b>Others</b>	16.7	<b>14.0</b>	<b>14.0</b>	-	△ 2.7	8.6	<b>6.0</b>	6.2	+ 0.2	△ 2.3
<b>FMS Business Total</b>	308.9	<b>314.0</b>	<b>324.0</b>	<b>+ 10.0</b>	+ 15.0	154.7	<b>159.5</b>	161.5	+ 2.0	+ 6.8
<b>EP Business</b>										
<b>Environmental Plants</b>	65.1	<b>90.0</b>	<b>90.0</b>	-	+ 24.8	37.5	<b>60.0</b>	65.8	+ 5.8	+ 28.2
<b>EP Business Total</b>	65.1	<b>90.0</b>	<b>90.0</b>	-	+ 24.8	37.5	<b>60.0</b>	65.8	+ 5.8	+ 28.2
<b>PM Business</b>										
<b>Components</b>	59.8	<b>65.0</b>	<b>64.0</b>	△ 1.0	+ 4.1	29.6	<b>32.0</b>	30.7	△ 1.2	+ 1.1
<b>CMP Systems</b>	62.7	<b>71.0</b>	<b>71.0</b>	-	+ 8.2	30.7	<b>36.0</b>	38.7	+ 2.7	+ 7.9
<b>Others</b>	7.7	<b>4.0</b>	<b>5.0</b>	<b>+ 1.0</b>	△ 2.7	4.1	<b>2.0</b>	3.1	+ 1.1	△ 1.0
<b>PM Business Total</b>	130.3	<b>140.0</b>	<b>140.0</b>	-	+ 9.6	64.5	<b>70.0</b>	72.6	+ 2.6	+ 8.0
<b>Others</b>	1.6	<b>1.0</b>	<b>1.0</b>	-	△ 0.6	0.8	<b>0.5</b>	0.8	+ 0.3	△ 0.0
<b>Others Total</b>	1.6	<b>1.0</b>	<b>1.0</b>	-	△ 0.6	0.8	<b>0.5</b>	0.8	+ 0.3	△ 0.0
<b>Total</b>	506.0	<b>545.0</b>	<b>555.0</b>	<b>+ 10.0</b>	+ 48.9	257.6	<b>290.0</b>	300.8	+ 10.8	+ 43.1

\*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					2Q				
	[Reference] FY ended Dec. 31, 2017 Results	FY ending Dec. 31, 2018			Change	[Reference] 2Q ended Jun. 30, 2017 Results(A)	2Q ended Jun. 30, 2018 Plan(B)	2Q ended Jun. 30, 2018 Results(C)	Change (C-B)	Change (C-A)
		Initial plan	Forecast	Change						
<b>FMS Business</b>										
<b>Pumps</b>	168.5	<b>178.0</b>	<b>178.0</b>	-	+ 9.4	88.6	<b>89.0</b>	90.5	+ 1.5	+ 1.8
<b>Compressors and Turbines</b>	83.8	<b>85.0</b>	<b>85.0</b>	-	+ 1.1	41.0	<b>41.0</b>	40.6	△ 0.3	△ 0.4
<b>Chillers</b>	35.8	<b>37.0</b>	<b>37.0</b>	-	+ 1.1	16.4	<b>16.0</b>	16.7	+ 0.7	+ 0.2
<b>Others</b>	15.9	<b>14.0</b>	<b>14.0</b>	-	△ 1.9	8.7	<b>6.5</b>	6.3	△ 0.1	△ 2.3
<b>FMS Business Total</b>	304.1	<b>314.0</b>	<b>314.0</b>	-	+ 9.8	155.0	<b>152.5</b>	154.3	+ 1.8	△ 0.6
<b>EP Business</b>										
<b>Environmental Plants</b>	69.9	<b>60.0</b>	<b>60.0</b>	-	△ 9.9	35.5	<b>31.0</b>	29.3	△ 1.6	△ 6.1
<b>EP Business Total</b>	69.9	<b>60.0</b>	<b>60.0</b>	-	△ 9.9	35.5	<b>31.0</b>	29.3	△ 1.6	△ 6.1
<b>PM Business</b>										
<b>Components</b>	57.0	<b>58.0</b>	<b>58.0</b>	-	+ 0.9	28.0	<b>29.0</b>	30.6	+ 1.6	+ 2.6
<b>CMP Systems</b>	68.5	<b>69.0</b>	<b>67.0</b>	△ 2.0	△ 1.5	41.3	<b>35.0</b>	32.1	△ 2.8	△ 9.1
<b>Others</b>	6.4	<b>3.0</b>	<b>5.0</b>	+ 2.0	△ 1.4	3.1	<b>2.0</b>	3.8	+ 1.8	+ 0.7
<b>PM Business Total</b>	132.0	<b>130.0</b>	<b>130.0</b>	-	△ 2.0	72.4	<b>66.0</b>	66.7	+ 0.7	△ 5.7
<b>Others</b>	1.6	<b>1.0</b>	<b>1.0</b>	-	△ 0.6	0.8	<b>0.5</b>	0.8	+ 0.3	△ 0.0
<b>Others Total</b>	1.6	<b>1.0</b>	<b>1.0</b>	-	△ 0.6	0.8	<b>0.5</b>	0.8	+ 0.3	△ 0.0
<b>Total</b>	507.8	<b>505.0</b>	<b>505.0</b>	-	△ 2.8	263.8	<b>250.0</b>	251.2	+ 1.2	△ 12.6

\*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.

## 2. Projection and Management Strategy

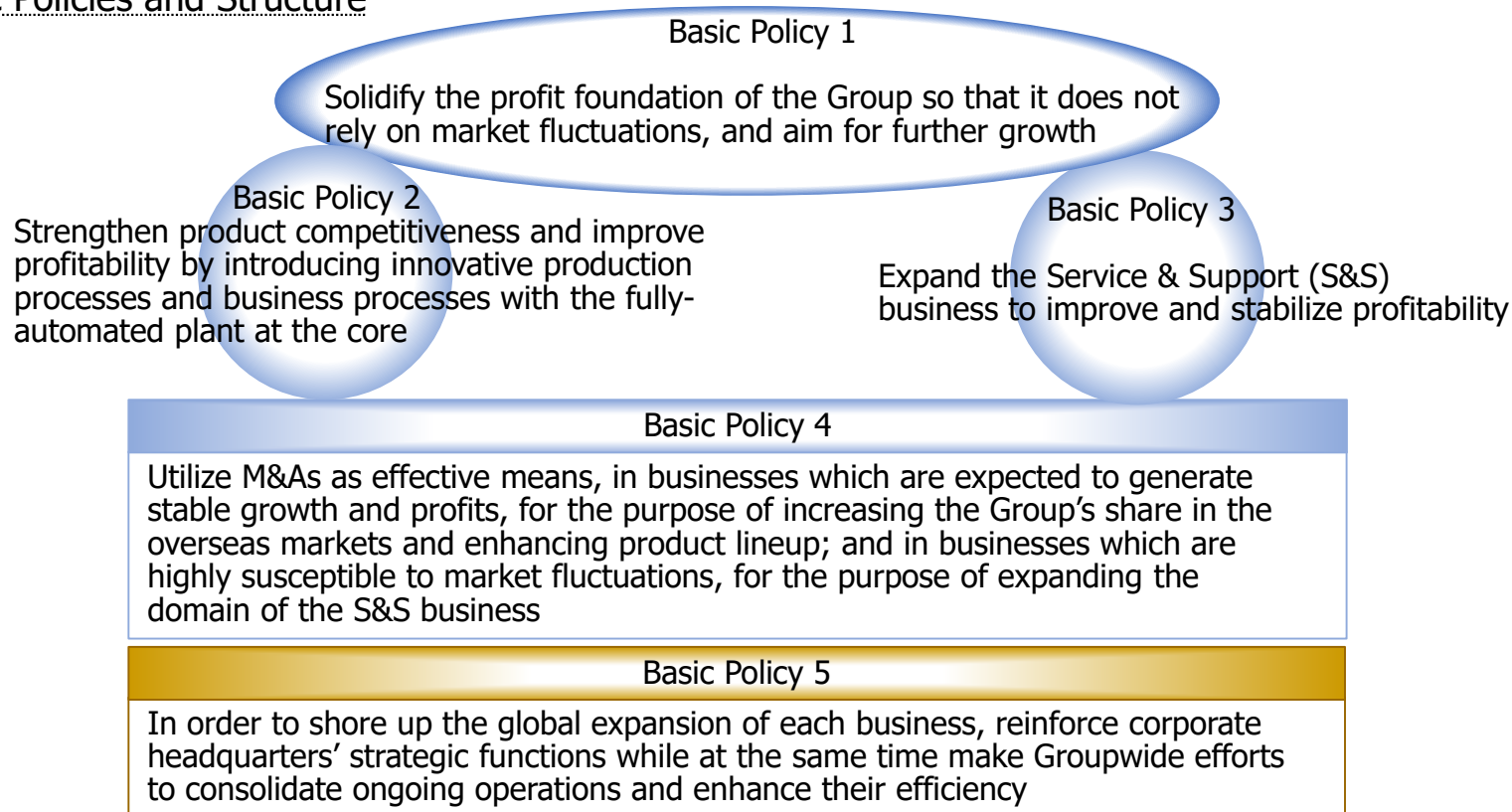
### Progress of E-Plan 2019 Measures in Pumps Business

#### Position of Pumps Business in E-Plan 2019

The key message of E-Plan 2019

“Unlimited challenge toward growth”

#### 5 Basic Policies and Structure



➤ **The most important challenge is**  
**to improve profitability of the pumps business**

## 2. Projection and Management Strategy

### Progress of E-Plan 2019 Measures in Pumps Business

#### Pump Business Objectives to be Achieved in 2019

#### ➤ Operating Income Margin 8.0% or More













#### Measures and Progress



Effect on profitability is coming out



Effect on profitability will come out from now on

	Standard Pumps		Custom Pumps	
	Policy	Progress	Policy	Progress
Improve Profitability	<ul style="list-style-type: none"> <li>➤ <u>Eliminate and Integrate Extant Models</u></li> <li>➤ <u>Fundamental Revise of the Conventional Production System</u></li> <li>➤ Enhance Operational Efficiency in Production and Sales</li> </ul>	    	<ul style="list-style-type: none"> <li>➤ Reconstruction of Marketing Organization by Industry</li> <li>➤ Promotion of "Digitalization"</li> <li>➤ Standardize Operation</li> </ul>	    
Increase Sales	<ul style="list-style-type: none"> <li>➤ Continuous Launch of New Products</li> <li>➤ Utilization of M &amp; A</li> </ul>	  	<ul style="list-style-type: none"> <li>➤ Utilization of M &amp; A</li> </ul>	
Expand S&S	-	-	<ul style="list-style-type: none"> <li>➤ <u>Expand Overseas S&amp;S Business</u></li> </ul>	
Reduce Fixed Cost	<ul style="list-style-type: none"> <li>➤ Optimize Human Resources in Domestic Business</li> </ul>		<ul style="list-style-type: none"> <li>➤ <u>Structural Reform of Domestic Production System</u></li> </ul>	

## 2. Projection and Management Strategy

### Progress of E-Plan 2019 Measures in Pumps Business

#### Main progress in this term

##### 1. Eliminate and Integrate extant models

Standard pump

Improve profitability

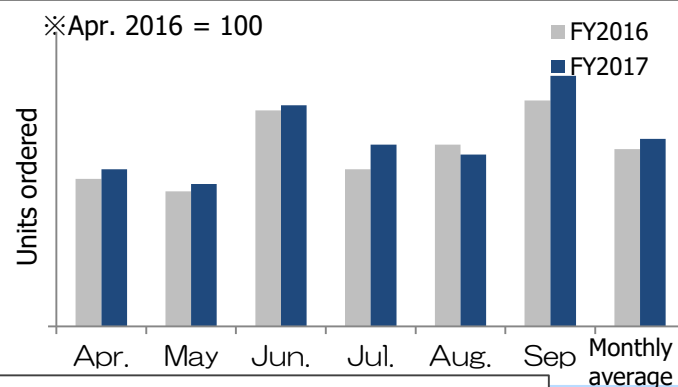
#### ✓ Progress and effect after model reduction

FY2017

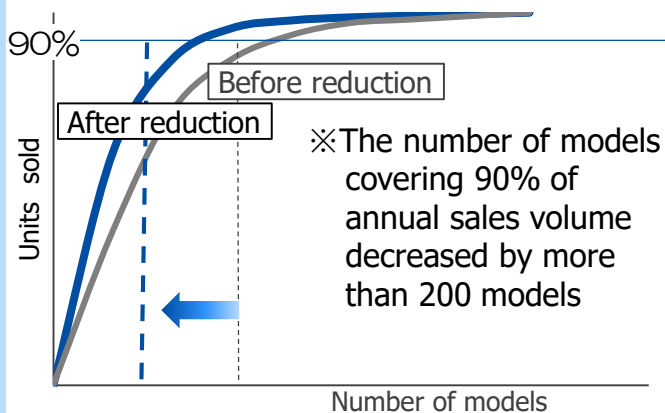
~FY2018 2Q

~FY2019 4Q

The number of orders has increased compared to the same period of last year



Improving of core model coverage rate



Reduced the number of pump models from 70,000 to 7,000

Shortened lead time by 10% compared with FY2016  
(By comparison in the non-immediate delivery model)

Improve profitability by reducing administrative costs

## 2. Projection and Management Strategy

### Progress of E-Plan 2019 Measures in Pumps Business

#### 2. Fundamentally Revise the Conventional Production

Standard pump

Improve profitability

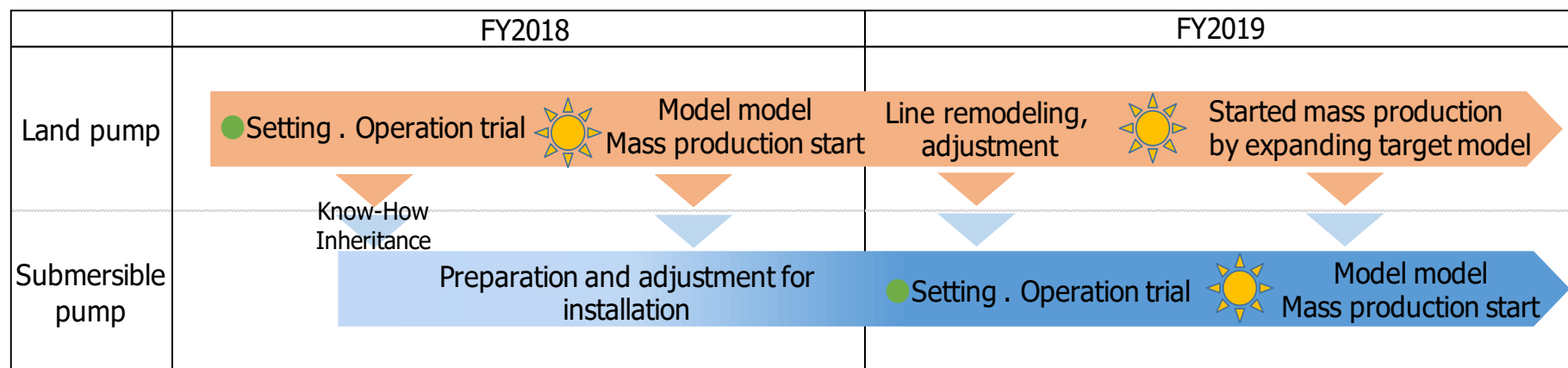
- ✓Planned details of the automated assembly line for land pumps
- ✓Establish an automated assembly line for a type of pump

<Line overview>

- ①The purposes of the automation are labor saving, productivity improvement, space saving and manufacturing quality improvement
- ②Started launching automated mass production line.

Mass production is to begin with some models this August.

#### Construction of automatic assembly line schedule image





## 2. Projection and Management Strategy

### Progress of E-Plan 2019 Measures in Pumps Business

#### 3. Expansion of overseas S & S business

Custom pump

S & S expansion

##### ✓ Opened a workshop in Saudi Arabia

###### ① Facility overview

- Building area : 5,000m<sup>2</sup>
- S&S capabilities to meet various kinds of S&S demands such as repair and maintenance etc.
- Manufacturing capabilities of standard pumps

###### ② Major markets

Oil and Gas Market, Water Infrastructure Market

###### ③ Strength

- More than 5,000 pumps installed in Saudi Arabia
- High level maintenance capability based on experience as a pump manufacturer (For example, maintenance of other companies' products can be handled)

⇒ Started wide range S&S business in Saudi Arabia, the largest market in the Middle East, from this fiscal year



#### 4. Structural reform of domestic production system

Custom pump

Fixed cost reduction

- ✓ Integrated domestic production bases, in addition to the measures planned at the start of E-Plan 2019

Consolidated the three production bases , Futtsu plant, Tochigi plant and some production lines in Fujisawa plant, into Futtsu plant

##### External Environment

- Oil and Gas Market is on a gradual recovery trend
  - Water Infrastructure Market are recovering
- ⇒Product demand of custom pumps outside Japan stays strong

##### Internal Environment

- Production capacity improvement among overseas production bases
- ⇒Increasing in the number of projects that can be proceeded without relying on exports from Japan
- ⇒Efficiency of production operation through unification of production system among Japan and overseas production bases

### Effects

- Reduction of factory production costs and fixed costs by optimizing domestic production bases
- Improve production efficiency at overseas bases, strengthen product competitiveness

### E-Plan 2019 Improvement of working capital efficiency

#### E-Plan 2019 : Measures to achieve the ROIC target 8.0% or more

While focusing on capital efficiency, we will continue to improve profitability

#### Improve ROIC

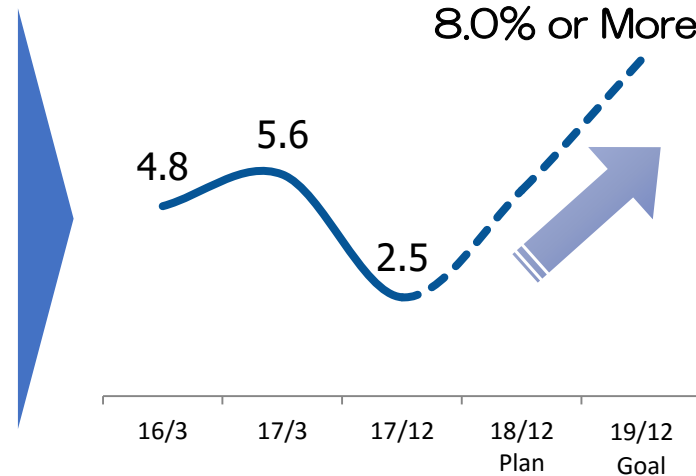
##### Improve Operating Income Ratio

- Take an approach responding to the latest situation in each business
- Steadily carry out measures into depth

##### Improve Capital Turnover Ratio

- **Shorten the receivable turnover period**
- **Shorten the inventory turnover period**
- Manage the balance sheet properly

【ROIC target (end of December 2019)】  
8.0% or More



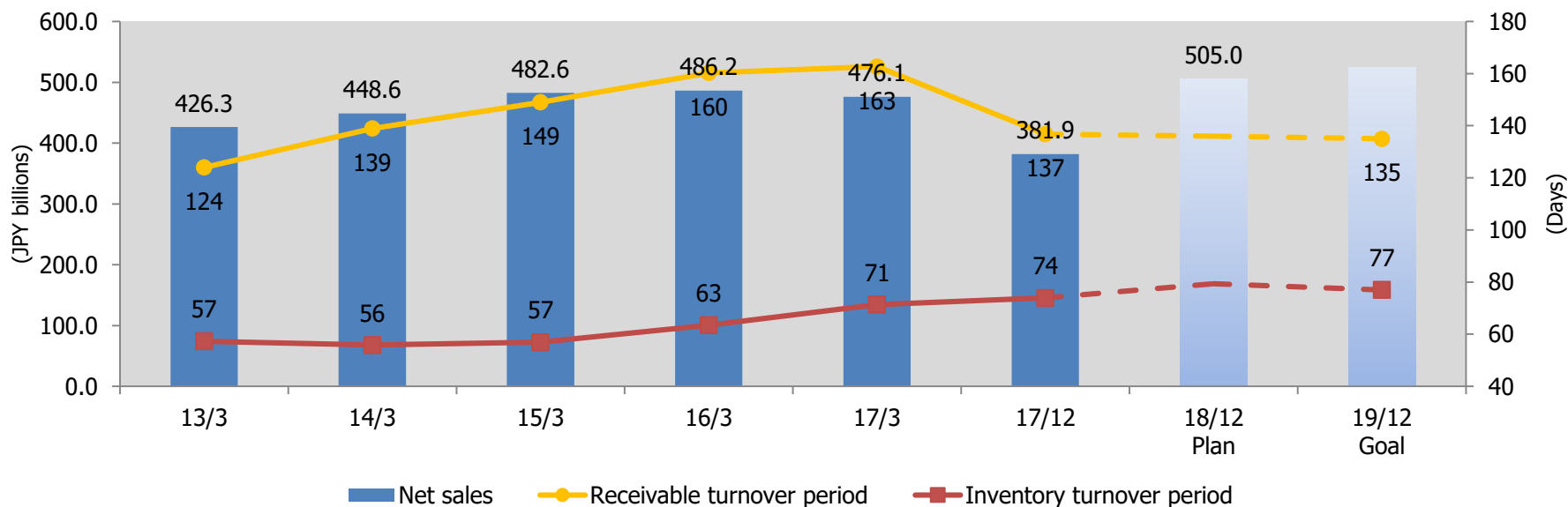
## 2. Projection and Management Strategy

### E-Plan 2019 Improvement of working capital efficiency

#### KPI for working capital improvement

KPI	2017/3 Achievements	2019/12 Goal	Activity examples
Receivable turnover period	163 days	135 days	<ul style="list-style-type: none"> <li>Established internal committee to accelerate collection of accounts receivable</li> </ul>
Inventory turnover period	71 days	77 days	<ul style="list-style-type: none"> <li>Eliminate and Integrate extant models and launch automated production line in the standard pump business</li> <li>Reduction in lead time of compressor and turbine</li> </ul>

#### Trend of working capital turnover days



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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