



Results Presentation for FY2020 Ended December 31, 2020

EBARA (6361)

February 12, 2021

Looking ahead,
going beyond expectations

Ahead  *Beyond*

EBARA CORPORATION

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*1. Fluid Machinery & Systems Business / *2. Environmental Plants Business / *3. Precision Machinery Business

✓ “Net Sales by Region” shown in this document indicates sales on the basis of the geographical location where the goods are sold.

✓ FY20 IFRS results estimates in this document are reference figures that have not yet been audited

✓ FY21 forecast is based on IFRS, but for convenience, it is shown in this document based on JGAAP.

Abbreviations

² FY: fiscal year (FY20: fiscal year ended December 31, 2020)/1Q: 1Q figures/1-2Q, 1-3Q, 1-4Q: cumulative total from 1Q to each quarter

Points of Results

FY20 Results

	JGAAP	YoY*	
■ Orders	¥511.9 B.	(-7.3%)	↓
■ Net Sales	¥523.7 B.	(+0.2%)	→
■ Operating Income	¥37.8 B.	(+7.3%)	↑

* ↑ +5% change or more ↓ -5% change or more → less than ± 5% change

FY21 Forecast

	IFRS	YoY**	
■ Orders	¥628.0 B.	(+22.8%)	↑
■ Net Sales	¥559.0 B.	(+6.9%)	↑
■ Operating Income	¥43.0 B.	(+15.7%)	↑

** Compared to FY20 estimated figures based on IFRS

Topics

■ FY20 Results

Sales and profit increased due to increase in sales and profit in PM business and profit in FMS business

■ FY21 Forecast

Sales and profit are expected to increase in all businesses, especially in PM business, and record profits expected

■ Shareholder Returns

Annual dividends per share expected to increase in FY20 to 90 JPY, and expected to increase further to 100 JPY in FY21

■ Change of Accounting Standards

Change of accounting standards from Japanese generally accepted accounting principles (JGAAP) to International Financial Reporting Standards (IFRS) from 1Q FY21

1. FY20 Summary of Results

Consolidated



	FY19 1-4Q Results JGAAP	FY20 1-4Q Results JGAAP	Change
(in billion yen)			
Orders	552.2	511.9	-40.3
Net Sales	522.4	523.7	+1.3
Operating Income	35.2	37.8	+2.5
OI Ratio	6.8%	7.2%	+0.4pts
Ordinary Income	35.5	36.8	+1.2
Net Income Attributable to Owners of Parent	23.3	24.4	+1.1

Exchange Rate (USD)

JPY 108.50

JPY 103.50

1. FY20 Summary of Results

Segment



		FY19 1-4Q Results	FY20 1-4Q Results	Change
(in billion yen)		JGAAP	JGAAP	
Total	Orders	552.2	511.9	-40.3
	Net Sales	522.4	523.7	+1.3
	Operating Income	35.2	37.8	+2.5
	OI Ratio	6.8%	7.2%	+0.4pts
FMS Business	Orders	331.6	300.9	-30.6
	Net Sales	323.1	313.5	-9.5
	Operating Income	17.2	19.7	+2.5
	OI Ratio	5.3%	6.3%	+1.0pts
EP Business	Orders	91.4	62.0	-29.4
	Net Sales	69.5	67.5	-1.9
	Operating Income	7.4	7.1	-0.3
	OI Ratio	10.8%	10.6%	-0.2pts
PM Business	Orders	127.6	147.4	+19.7
	Net Sales	128.2	141.1	+12.8
	Operating Income	10.3	11.4	+1.0
	OI Ratio	8.1%	8.1%	-
Others, Adjustment	Orders	1.5	1.4	-0.0
	Net Sales	1.5	1.4	-0.0
	Operating Income	0.1	-0.5	-0.6
	OI Ratio	10.9%	-34.0%	-44.9pts

1. FY20 Summary of Results

Net Sales by Region

(in billion yen)

	FY19 1-4Q		FY20 1-4Q		Change
	Results	Composition of Net Sales	Results	Composition of Net Sales	
	JGAAP		JGAAP		
Total	522.4	100.0%	523.7	100.0%	+1.3
In domestic market (Japan)	233.3	44.7%	235.8	45.0%	+2.5
In overseas market	289.0	55.3%	287.8	55.0%	-1.2
China	80.6	15.4%	80.2	15.3%	-0.3
Asia (excl. China)	87.8	16.8%	101.1	19.3%	+13.2
North America	55.3	10.6%	40.7	7.8%	-14.6
Europe	28.3	5.4%	37.1	7.1%	+8.7
Middle East	24.3	4.7%	17.6	3.4%	-6.6
Others	12.5	2.4%	10.9	2.1%	-1.5

1. FY20 Summary of Results

Management Indicators



	FY19 1-4Q	FY20 1-4Q
	Results	Results
	JGAAP	JGAAP
Management Indicators		
ROIC	6.5%	6.6%
ROE	8.3%	8.4%
Debt-to-Equity Ratio (times)	0.29	0.26
Working Capital Turnover		
Receivable turnover period	131 days	136 days
Inventory turnover period	85 days	78 days
Shareholder Returns		
Annual dividends per share	¥60	¥90 (expected)
Total annual dividends	¥5.7 B.	¥8.5 B. (expected)
Consolidated dividend payout ratio	24.8%	35.0% (expected)

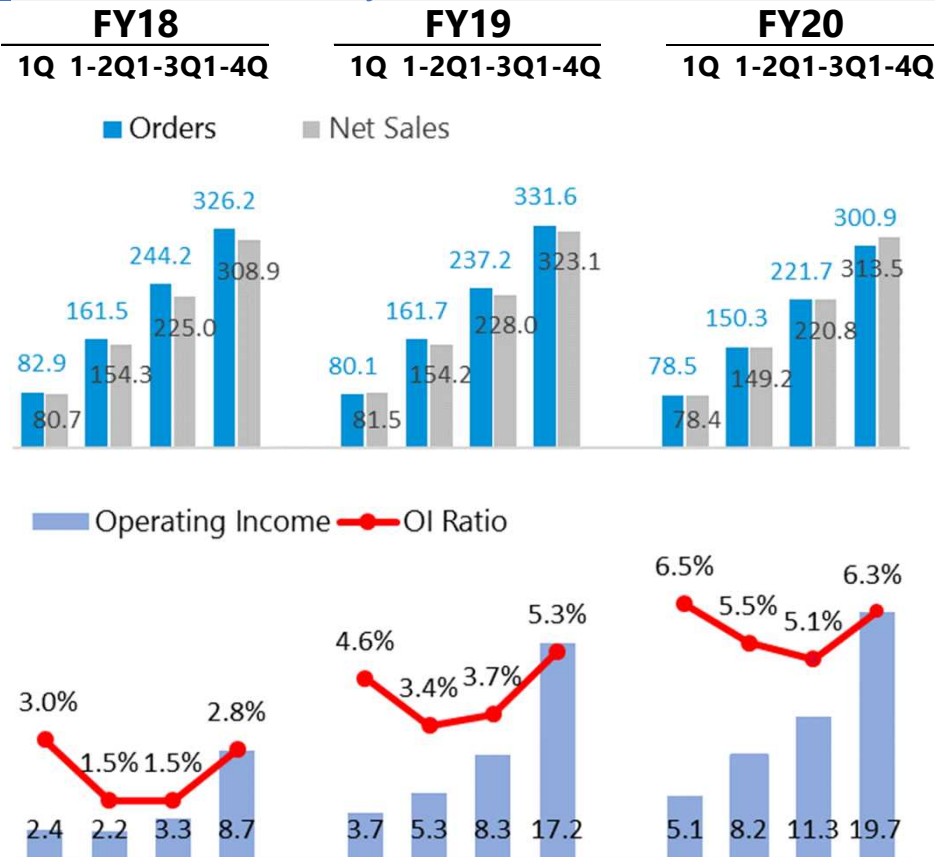
ROIC

FY20 Plan: 5.0%
(compared to plan:
+1.6pts)

2. FY20 Results by Segment

FMS Business

Results (in billion yen)



FY20 1-4Q S&S Sales Ratio

	FY19				FY20			
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q	1-3Q	1-4Q
FMS	36.0%	36.2%	34.4%	35.5%	41.3%	38.4%	35.5%	35.2%
PUMP	29.4%	25.1%	23.3%	22.8%	34.6%	29.8%	26.6%	26.6%
CT	54.8%	62.6%	56.8%	59.6%	55.1%	54.8%	52.6%	50.9%

Highlights

Pumps

- Decline in sales and profit of standard pumps due to COVID-19 (-)
- Sales and profit of custom pumps increased due to strong domestic public sector demand (+)

Compressors and turbines (CT)

- Decrease in service and support (S&S) orders and sales due to COVID-19
- Increase in profit because of improvement of product profitability and S&S mix (+)

Chillers

- Chinese market in recovery but slow recovery in Japan
- Decreased expenses and improved profitability of cooling tower business in Japan (+)

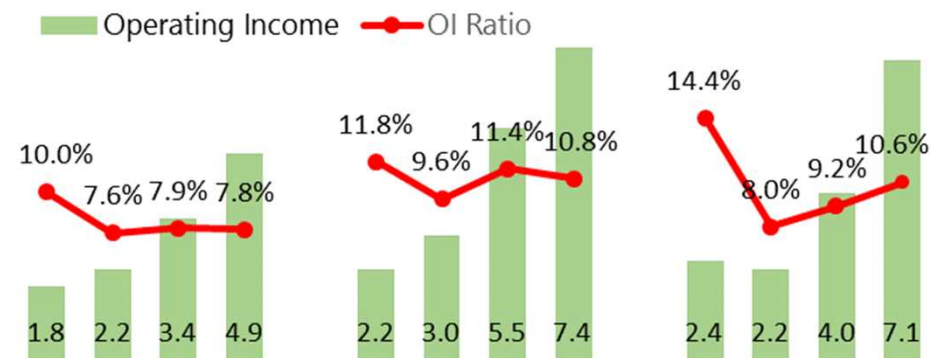
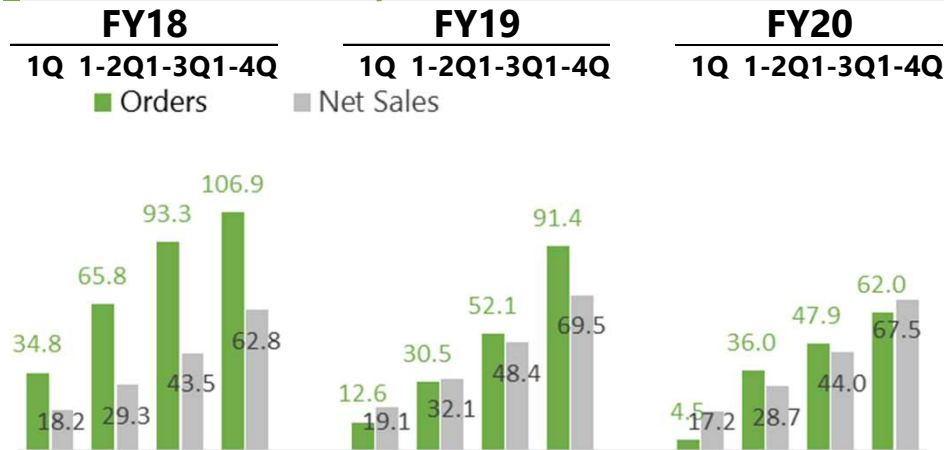
Breakdown of Changes in Operating Income (in billion yen)



2. FY20 Results by Segment

EP Business

Results (in billion yen)



FY20 1-4Q Major Orders

FY19 1-4Q	FY20 1-4Q
<ul style="list-style-type: none"> Waste treatment plant EPC*1 PJ : 1 Biomass power plant EPC PJ : 1 Waste treatment plant DBO*2 PJ : 3 Long-term O&M contract : 1 Waste treatment plant lifespan extending renovation PJ : 2 	<ul style="list-style-type: none"> Waste treatment plant EPC PJ : 1 (1 in 4Q) Waste treatment plant DBO PJ : 1 Long-term O&M contract : 1 Waste treatment plant lifespan extending renovation PJ : 1

*1 Engineering, procurement, and construction *2 Design, build, and operate

Highlights

Orders

- One EPC*1 project order from the private sector in 4Q
- Orders for some projects delayed due to customer reasons

Sales / Operating income

- Lull in sales due to the timing and progress of ongoing construction (-)

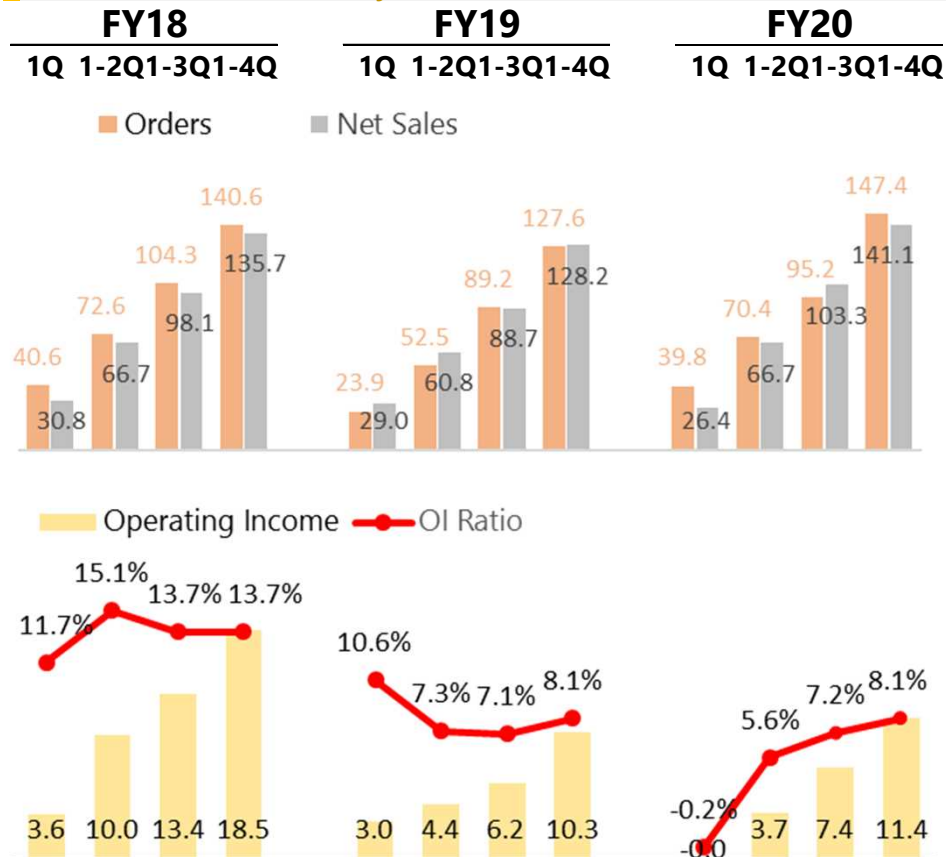
Breakdown of Changes in Operating Income (in billion yen)



2. FY20 Results by Segment

PM Business

Results (in billion yen)



FY20 1-4Q Sales by Region

(in billion yen)	Japan	Asia (excl. Japan)	North America	Europe	Middle East	Others	Total
Sales	40.1	79.8	12.3	7.5	1.1	0.0	141.1
Change* (vs FY19 1-4Q)	↗	↗	↘	↗	↘	↘	↗

* ↗ is +5% or more, ↘ is -5% or more changes, → is less than ± 5% changes

Highlights

Orders

- Capital investment in semiconductor market is generally steady, despite some delays

Sales

- CMP sales increased as a result of expanded demand
- S&S, parts and overhaul increased

Operating income

- Sales increased (+)
- Fixed costs related to automated plant increased (-)

Breakdown of Changes in Operating Income (in billion yen)



2. FY20 Results by Segment



COVID-19 Impacts

- Our main markets, social and industrial infrastructure are stable
- Market situation in FY20 was on a recovery trend, with some restrictions on the movement of people relaxed, bottoming out in April-June

	Impact on Sales*	Markets	FY20 Situation	
			Market Situation	EBARA
Pumps	Moderate	Building equipment	<ul style="list-style-type: none"> ■ GDP growth is recovering around the world, bottoming out in April-June ■ Interruptions in construction, delays, and budget execution varied by region 	<ul style="list-style-type: none"> ■ Decrease in orders and sales in Japan, China, Europe, America, and Southeast Asia
		Oil and gas	<ul style="list-style-type: none"> ■ Project order and construction delays in regions other than China ■ Restrictions on the movement of people and quarantine measures in some areas 	<ul style="list-style-type: none"> ■ Decrease in orders and sales due to more selective order-taking ■ Limited sales activities and employee dispatch
CT	Low			
Chillers	Moderate	Building equipment	<ul style="list-style-type: none"> ■ Postponement or freeze of renewal and maintenance plans in Japan bottomed out in 2Q ■ Despite recovery trends in China, competition for orders is intensifying 	<ul style="list-style-type: none"> ■ Decrease in orders and sales of S&S in Japan ■ Increase in sales in China
EP	-	Waste treatment plant	<ul style="list-style-type: none"> ■ No impact 	<ul style="list-style-type: none"> ■ No impact
PM	Low	Semi-conductor	<ul style="list-style-type: none"> ■ Increase in remote work and demand for things to spend time indoors ■ Continued measures on customers' side to increase safety stock to maintain production ■ Continued restrictions on the movement of people 	<ul style="list-style-type: none"> ■ The business environment is favorable despite some impact from COVID-19 ■ Increase in orders and sales for overhauls and parts ■ Decrease in remodeling projects (S&S)

* High: Greater than -10%, Moderate: Between -5 to -10%, Low: Less than -5%

Voluntary Adoption of IFRS

- We are adopting IFRS from 1Q FY21 to improve international comparability of our financial information
- Revenue recognition standard has been adopted from 1Q FY20
- FY21 forecast figures from this document are based on IFRS

Implementation Schedule

Date	Documents	Accounting period	Accounting standards	Remarks
2021/2/12	<ul style="list-style-type: none"> ■ Financial Results ■ Financial Results Presentation Materials 	FY20 Results FY21 Forecast	JGAAP IFRS	FY20 IFRS estimates are reference figures that have not yet been audited
2021/3	<ul style="list-style-type: none"> ■ Annual Securities Report 	FY20 Results	JGAAP	
After 2021/5	<ul style="list-style-type: none"> ■ Financial Results ■ Financial Results Presentation Materials ■ Quarterly Financial Reports 	FY21 Results FY21 Forecast	IFRS IFRS	IFRS disclosure from 1Q onwards FY20 figures for the previous fiscal year are after IFRS audit

Consolidated Financial Statements (Profit and Loss)

In billion yen	FY20 1-4Q Results JGAAP	In billion yen	FY20 1-4Q Results IFRS Ref.	Variance	Reasons for variance
Net sales	523.7	Revenue	522.8	-0.8	■ Change in conversion method of overseas subsidiaries' P&L -¥0.8 B.
Operating expenses	485.8	Operating expenses	485.3	-0.4	■ Adjustment related to retirement benefits +¥0.7 B. ■ No more inclusion of amortization of goodwill -¥0.2 B.
		Other income (expenses)	-0.3		■ Loss on disposal of fixed assets -¥0.4 B.
Operating income	37.8	Operating profit	37.1	-0.7	
Non-operating income/expenses	-1.0	Finance income (costs)	-2.4		■ Interest income +¥0.3 B. ■ Interest expense -¥1.1 B. ■ Foreign exchange loss -¥1.1 B.
		Share of profit (loss) of investments accounted for using equity method	0.8		
Ordinary income	36.8				
Extraordinary income/loss	-0.8				
Income before income taxes	36.0	Profit (loss) before tax	35.5	-0.5	
Profit attributable to owners of parent	24.4	Profit of the period attributable to owners of parent	24.2	-0.1	

Consolidated Financial Statements (Balance Sheet)

	FY20 4Q Results JGAAP	FY20 4Q Results IFRS Ref.	Variance	Reasons for variance
In billion yen				
Total assets	621.5	643.8	+22.2	<ul style="list-style-type: none"> ■ Recording of lease assets +¥20.9 B.
Total liabilities	317.1	345.6	+28.5	<ul style="list-style-type: none"> ■ Recording of lease liabilities +¥21.2 B. ■ Recording of employee benefit liabilities +¥7.3 B.
Total net assets	304.4	298.2	-6.2	<ul style="list-style-type: none"> ■ Recording of employee benefits -¥5.4 B.

3. IFRS Transition

Impact on Numerical Targets of E-Plan 2022, Medium-term Management Plan

- Impact of transition to IFRS on the targets of E-Plan 2022, medium-term management plan, announced February 2020

Key Performance Indicators (KPI)	FY22 Numerical Targets		Major Impact
	JGAAP	IFRS	
ROIC	8.0% or more	7.6% or more	■ Increase in liabilities and decrease in equity (mainly recording of lease obligations)
Operating Income to Sales ratio	8.5% or more	8.5% or more	■ No change
Target Achievement Indicators			
ROE	11.0% or more	11.2% or more	■ Decrease in equity capital (mainly recording of employee benefits)
Debt-to-Equity Ratio	0.3-0.5 times	0.4-0.6 times	■ Increase in liabilities and decrease in equity (mainly recording of lease obligations)
Operating Income Ratio by Business			
FMS Business	7.0% or more	7.0% or more	■ No change
Pumps Business	6.5% or more	6.5% or more	
Compressors and Turbines Business	8.0% or more	8.0% or more	
Chillers Business	5.0% or more	5.0% or more	
EP Business	9.5% or more	9.5% or more	
PM Business	13.0% or more	13.0% or more	

4. FY21 Forecast



Consolidated

(in billion yen)

	FY20 1-2Q Results	FY20 1-2Q Results	FY21 1-2Q Plan	Change	FY20 1-4Q Results	FY20 1-4Q Results	FY21 1-4Q Plan	Change
	JGAAP	IFRS Ref.	IFRS		JGAAP	IFRS Ref.	IFRS	
Announced date(m/d/y)		a	b 21/02/12	b-a		c	d 21/02/12	d-c
Orders	257.6	258.0	293.0	+34.9	511.9	511.2	628.0	+116.7
Net Sales	245.4	245.7	266.0	+20.2	523.7	522.8	559.0	+36.1
Operating Income	13.6	12.7	15.0	+2.2	37.8	37.1	43.0	+5.8
OI Ratio	5.6%	5.2%	5.6%	+0.4pts	7.2%	7.1%	7.7%	+0.6pts
Net Income Attributable to Owners of Parent	7.4	6.7	9.5	+2.7	24.4	24.2	28.0	+3.7
ROIC	-	-	-	-	6.6%	6.3%	7.0%	+0.7pts
Annual Dividend per share	-	-	-	-	¥90	¥90	¥100	+¥10
Interim Dividend	-	-	-	-	¥30	¥30	¥50	+¥20
Year-end Dividend	-	-	-	-	¥60	¥60	¥50	-¥10

FY21 assumed exchange rate (USD): JPY 105

4. FY21 Forecast

Segment



(in billion yen)

		FY20 1-2Q Results JGAAP	FY20 1-2Q Results IFRS Ref.	FY21 1-2Q Plan IFRS	Change b-a	FY20 1-4Q Results JGAAP	FY20 1-4Q Results IFRS Ref.	FY21 1-4Q Plan IFRS	Change d-c
Announced date(m/d/y)			a	b Feb/12/21			c	d Feb/12/21	
Total	Orders	257.6	258.0	293.0	+34.9	511.9	511.2	628.0	+116.7
	Net Sales	245.4	245.7	266.0	+20.2	523.7	522.8	559.0	+36.1
	Operating Income	13.6	12.7	15.0	+2.2	37.8	37.1	43.0	+5.8
	OI Ratio	5.6%	5.2%	5.6%	+0.4pts	7.2%	7.1%	7.7%	+0.6pts
FMS Business	Orders	150.3	150.8	149.0	-1.8	300.9	301.1	314.0	+12.8
	Net Sales	149.2	149.6	152.0	+2.3	313.5	313.5	314.0	+0.4
	Operating Income	8.2	7.9	8.0	+0.0	19.7	19.3	20.0	+0.6
	OI Ratio	5.5%	5.3%	5.3%	-	6.3%	6.2%	6.4%	+0.2pts
EP Business	Orders	36.0	36.0	52.0	+15.9	62.0	61.9	141.0	+79.0
	Net Sales	28.7	28.7	33.0	+4.2	67.5	67.4	73.0	+5.5
	Operating Income	2.2	2.1	3.0	+0.8	7.1	6.9	7.0	+0.0
	OI Ratio	8.0%	7.6%	9.1%	+1.5pts	10.6%	10.3%	9.6%	-0.7pts
PM Business	Orders	70.4	70.3	91.0	+20.6	147.4	146.6	171.0	+24.3
	Net Sales	66.7	66.6	80.0	+13.3	141.1	140.3	170.0	+29.6
	Operating Income	3.7	3.3	4.5	+1.1	11.4	11.6	16.5	+4.8
	OI Ratio	5.6%	5.1%	5.6%	+0.5pts	8.1%	8.3%	9.7%	+1.4pts
Others, Adjustment	Orders	0.7	0.7	1.0	+0.2	1.4	1.4	2.0	+0.5
	Net Sales	0.7	0.7	1.0	+0.2	1.4	1.4	2.0	+0.5
	Operating Income	-0.5	-0.7	-0.5	+0.2	-0.5	-0.7	-0.5	+0.2
	OI Ratio	-82.1%	-105.3%	-50.0%	+55.3pts	-34.0%	-48.0%	-25.0%	+23.0pts

4. FY21 Forecast

COVID-19 Impacts

- Although recovery has temporarily slowed due to the continued spread of COVID-19, vaccines and policy support from various countries will contribute to recovery

	Impact on sales*		Markets	FY21 Forecast	
	FY20	FY21		Market Situation	EBARA (Compared to previous year)
Pumps	Moderate	-	Building equipment	<ul style="list-style-type: none"> ■ Recovery in GDP growth rates around the world ■ Speed of recovery will depend on vaccine coverage of each country 	■ Orders and sales of standard pumps are expected to increase globally
		Low	Oil and gas	<ul style="list-style-type: none"> ■ Capital investment in China will be strong ■ Construction and S&S projects will resume in the second half of the year ■ Restrictions on the movement of people and lifting of quarantine restrictions will vary by region 	<ul style="list-style-type: none"> ■ Orders will recover ■ Decline in sales due to decrease in orders in FY20
CT	Low	Low			
Chillers	Moderate	-	Building equipment	<ul style="list-style-type: none"> ■ Industrial demand will recover in Japan ■ S&S projects frozen in FY20 will resume 	■ Increased orders and sales in Japan
EP	-	-	Waste treatment plants	■ No impact	■ No impact
PM	Low	Low	Semi-conductor	<ul style="list-style-type: none"> ■ Market is growing ■ Restrictions on the movement of people will be eased in some regions later this year ■ Measures to increase safety stock to maintain production will continue 	<ul style="list-style-type: none"> ■ Increase in orders and sales ■ Risk of shortage of equipment start-up engineers ■ Increase in orders and sales for overhaul and parts sales

* High: Greater than -10%, Moderate: Between -5% to -10%, Low: Less than -5%

5. Medium-term Management Plan “E-Plan 2022”



First Year Review

- Some impact seen from COVID-19, however improvements to profitability are on-track

Key Performance Indicator (KPI)	E-Plan 2022			
	FY19 Results	FY20 Results	FY21 Forecast	FY22 Targets
	JGAAP	JGAAP	IFRS	IFRS
ROIC	6.5%	6.5%	7.0%	7.6% or more
Operating Income to Sales Ratio	6.8%	7.2%	7.7%	8.5% or more
Target Achievement Indicators				
ROE	8.3%	8.4%	-	11.2% or more
Debt-to-Equity Ratio	0.29 times	0.26 times	-	0.4-0.6 times
Operating Income Ratio by Business				
Fluid Machinery & Systems Business	5.3%	6.3%	6.4%	7.0% or more
Pumps Business	6.3%	5.8%	6.4%	6.5% or more
Compressors and Turbines Business	5.1%	7.8%	6.8%	8.0% or more
Chillers Business	4.9%	5.8%	5.9%	5.0% or more
Environmental Plants Business	10.8%	10.6%	9.6%	9.5% or more
Precision Machinery Business	8.1%	8.1%	9.7%	13.0% or more

5. Medium-term Management Plan “E-Plan 2022”



First Year Review

- Maintained a financial base for making growth investments and providing stable dividends

Financial Policy		E-Plan 2022			
		FY19 Results	FY20 Results	FY21 Forecast	FY22 Targets
		JGAAP	JGAAP	IFRS	IFRS
Growth Investment	■ CAPEX about 100.0 billion yen	¥34.3 B.	¥32.2 B.	¥26.0 B.	-
	■ R&D about 40.0 billion yen	¥11.5 B.	¥12.5 B.	¥14.0 B.	-
	■ Proactive M&A	-	-	Approx. ¥11.3 B.*	-
Shareholder Returns	■ Consolidated dividend payout ratio 35% or more	24.8%	35.0%	34.1%	35% or more
	Dividends per share	¥60	¥90	¥100	-
	■ Agile share repurchase	¥15.0 B.	-	-	-
Capital Efficiency	■ Debt-to-equity ratio about 0.3-0.5 times	0.29 times	0.26 times	-	0.4-0.6 times
	■ Shrink trade receivables and inventories				

*Already disclosed. Plans to complete the acquisition of Turkish pump manufacturer by March 2021

Accomplishments and Future Initiatives

	Accomplishments	Future Initiatives
Basic Policy 1 Strive for growth	Development of new businesses	
	<ul style="list-style-type: none"> ■ Established Marketing/New Business Architecture Departments ■ Began commercialization of businesses in 4 fields 	<ul style="list-style-type: none"> ■ Further search for new businesses and promote commercialization of potential businesses in 4 fields
	Further global expansion of existing businesses	
	<ul style="list-style-type: none"> ■ Standard Pumps Business opened a new base and strengthened existing bases ■ PM Business began implementing enhancements to sales capabilities in China 	<ul style="list-style-type: none"> ■ Accelerate measures delayed due to COVID-19, such as the establishment of new standard pump bases ■ Complete construction of PM Business overhaul base in China by 3Q
Basic Policy 2 Improve profitability of existing businesses	Transformation of business structure to strengthen earnings base	
	<ul style="list-style-type: none"> ■ Improved productivity in Custom Pumps Business and profitability of products in CT Business ■ Promoted production efficiency using IoT and automatic design technologies, etc. 	<ul style="list-style-type: none"> ■ For Custom Pumps Business, accelerate shift from export-focused production to local production for local consumption ■ Implement additional measures to improve product profitability in CT Business
	Growth in S&S sales in all businesses	
	<ul style="list-style-type: none"> ■ Established a new department for Standard Pumps Business specifically to provide on-call support ■ Reallocated engineering staff from products to S&S to strengthen after-sales service proposals in Custom Pump Business and implemented business reforms through DX ■ Established an organization specializing in S&S in PM Business 	<ul style="list-style-type: none"> ■ Recover from delays caused by COVID-19 to further accelerate S&S collaboration between Custom Pumps Business and CT Business

5. Medium-term Management Plan “E-Plan 2022”

Accomplishments and Future Initiatives

	Accomplishments	Future Initiatives
Basic Policy 3 Refine management and business infrastructure	Faster organizations	
	<ul style="list-style-type: none"> Launched a project for company-wide ERP implementation and managed the progress through monthly steering committees Prepared business standardization concept 	<ul style="list-style-type: none"> Start of pilot tests Deploy business standardizations and templates Complete ERP implementation by 2024
	Deeper ROIC management	
	<ul style="list-style-type: none"> Set ROIC targets and KPIs by business segment and managed monthly progress Added business segment ROIC targets as an element of Executive Officer evaluations Conducted ROIC training for managers 	<ul style="list-style-type: none"> Link business segment ROIC targets and KPIs to employee evaluations
Basic Policy 4 Enhance ESG-focused management	Take aim at environmental issues	
	<ul style="list-style-type: none"> Developed and sold environmentally-friendly products (energy-saving, high-efficiency types, etc.) Promoted chemical recycling technology 	<ul style="list-style-type: none"> Develop new products and technologies that meet growing global demand for clean energy Promote development of practical use of chemical recycling
	Foster bonds with society	
	<ul style="list-style-type: none"> EP Business delivered environmental education on waste power generation to elementary school students Conducted global engagement survey of all employees and implemented actions to improve engagement 	<ul style="list-style-type: none"> Expand environmental education and conduct further community-based environmental awareness activities Enact action plans to further improve engagement globally
	Enhance governance	
	<ul style="list-style-type: none"> Monitored the status of important E-Plan 2022 initiatives Sold all cross-shareholdings (of listed companies) Added a female director to the Board Established the Sustainability Committee to achieve E-Vision 2030 	<ul style="list-style-type: none"> Accelerate information infrastructure innovation, which is the key to revitalizing working styles (e.g., remote work, etc.), and further strengthen information security practices

Progress of Growth Investment

Overseas Strategy for Standard Pumps Business

Basic Policies

- Develop new markets and expand sales bases
- Allocate investments and resources to regions with high growth potential
- Strengthen marketing functions and development systems to bring competitive products to market

Progress of major measures

- Expanded coverage by establishing more than 10 bases in Africa, Latin America, etc.

Sept. 2020 : Established a new company in Mexico

March 2021 : Complete acquisition of Turkish pump manufacturer

- Strengthen supply chain management

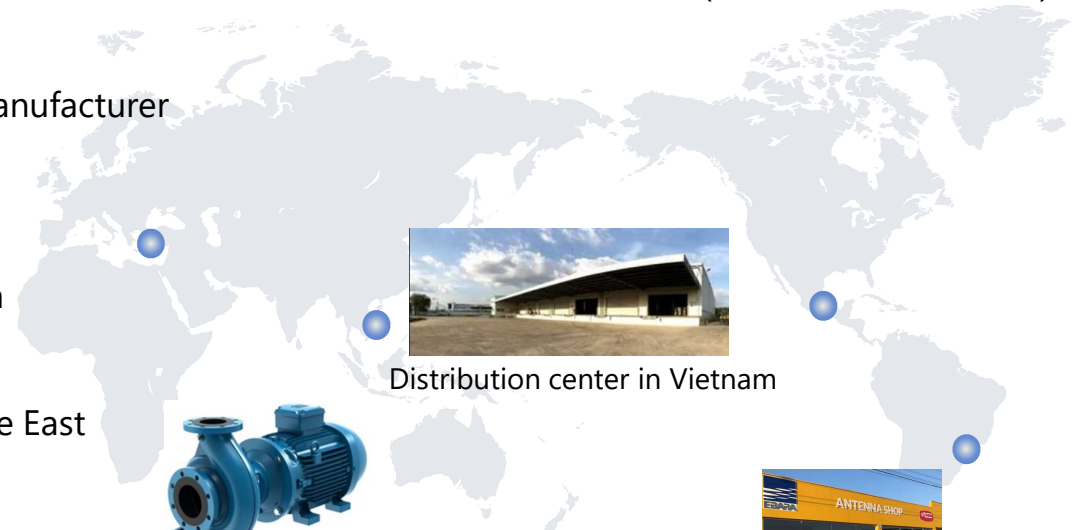
July 2020 : Established a distribution center in Vietnam

Nov. 2020 : Established Knock Down Center in Vietnam

- Market launch of core global products

Launched Model GSD in Southeast Asia and the Middle East

*32 bases in 30 countries (as of the end of 2020)



ANTENNA SHOP in Brazil

Major future initiatives

- Accelerate the establishment of sales offices delayed due to COVID-19
- Accelerate market launch of products that meet regional needs
- PMI of Turkish pump manufacturer

Progress of Growth Investment

Growth Strategy of Precision Machinery Business

Basic Policies

- Expand market share in existing markets by transitioning from a supplier of standalone equipment to a solutions provider
- Promote production efficiency, including increasing automated plants, and strengthen global supply chain

Progress of main measures

Enhance Competitiveness



Components

- Enhanced product competitiveness and lineups (scheduled for market launch in 2021)
- Developed and commercialized vacuum pump exhaust system for EUV exposure equipment

CMP

- Strengthened joint development initiatives with international research institutes

Components

- Started operation of automated plant for dry vacuum pumps

CMP

- Reduced lead-times at Kumamoto Plant through production innovation activities

Overseas Strategy



- Strengthened structure to expand market share in China

CMP

- Established a remote training system to improve technical capabilities of overseas bases

S&S



- Established an organization specializing in S&S

Components

- Opened an overhaul base in Germany

CMP

- Started building a business model for proposal-based product modification services

■ : Increase market share

■ : Improve profitability

Major future initiatives

- Install new assembly line at the Kumamoto Plant
- Promote production of major components at overseas bases
- Increase share of Chinese market by strengthening sales capabilities
- Complete construction and start operation of dry vacuum pump overhaul base in China
- Construct an equipment development building at Fujisawa Plant



Image of completed overhaul base

Progress in Profitability Improvement

Strategy to improve profitability of Custom Pumps Business and Compressor and Turbines Business

Basic Policies

- Improve product profit margins
- Optimize sales to the production system
- Expand the scale of S&S business

	Custom Pumps Business	Compressors and Turbines Business
Progress of main measures	Improve profitability of export products (Futtsu Plant) <ul style="list-style-type: none"> ■ Established hurdles for orders by industry and product with thorough selective order-taking ■ Accelerated shift from export-focused production to local production for local consumption ■ Implemented DX business reforms, such as automating parts quotations and other production/manufacturing process innovations 	Improve profitability of products <ul style="list-style-type: none"> ■ Reduced lead time through implementation of automated design technologies ■ Increased procurement volume from LCCs ■ Improved operating margins through more selective orders ■ Integrated Belle Vernon Plant with Jeannette Plant
	Increase S&S sales	
	<ul style="list-style-type: none"> ■ Information sharing systems and quotation systems are being established for further S&S collaboration between Custom Pumps Business and CT Business. Sales activities are scheduled to start in North America in 2021 	
Major future initiatives	<ul style="list-style-type: none"> ■ Even more thorough compliance with hurdles when receiving orders ■ Even more thorough project management upon orders being received ■ Reallocation of personnel to strengthen overseas S&S 	<ul style="list-style-type: none"> ■ Completion of profitable cryogenic pump and expander test stand (scheduled for summer 2021)
		Additional measures <ul style="list-style-type: none"> ■ Concentrate resources on areas of strength where brand power can be utilized, such as ethylene, PDH, and petroleum refining ■ Promote business collaboration and personnel rotation between S&S engineering and product design divisions

5. Medium-term Management Plan “E-Plan 2022”



E-Plan 2022 Business Environment

		Market/Regional Trends *Main markets only		Market Fluctuation Factors		Forecast*		Newly identified risks/opportunities
						Original	Current	
Growth Investment								
Standard Pumps	Building equipment	Japan	Building equipment demand	↔	➡	Stagnation of economic activity due to spread of COVID-19		
		Overseas	GDP growth	↗	➡			
PM	Semiconductor	Japan/Overseas	CAPEX trends	↗	➡	Increased capital investment from foundry and memory manufacturers		
Improve Profitability								
Custom Pumps	Public works	Japan	National and local government finances	↗	➡	Change in order timing for large projects		
	Oil and gas, water use, electric power	Japan/Overseas	Oil prices, CAPEX trends in Oil and Gas market, decarbonization	↗	➡	Decreased demand for crude oil due to changes in lifestyles, such as increased remote work, acceleration toward decarbonization		
	Emerging countries		GDP growth	↗	➡	Stagnation of economic activity due to spread of COVID-19		
CT	Oil and gas (downstream)	Japan/Overseas	Oil prices, CAPEX trends	↗	➡	Decreased demand for crude oil due to changes in lifestyles, such as increased remote work, acceleration toward decarbonization		
Chillers	Building equipment	Japan	Building equipment demand	↔	➡	Stagnation of economic activity due to spread of COVID-19		
	China	Overseas	GDP growth	↗	➡			
EP	Waste incineration plants	Japan	National and local government finances	↗	➡	Change in order timing for large projects		

*The forecast covers the period of E-Plan 2022, medium-term management plan. The original forecast was made February 2020.

Financial Policy

Sustainable Growth Investment

【Large-scale investment projects】

- Implementation of ERP (FY20, FY21)
- Construction of cryogenic pump test stand (FY20)
- Construction of equipment development building of PM Business at Fujisawa Plant (FY21)
- Acquisition of Turkish pump manufacturer (FY21)

	FY20 Results	FY21 Forecast
	JGAAP	IFRS
CAPEX	¥32.2 B.	¥26.0 B.
R&D	¥12.5 B.	¥14.0 B.
M&A	-	Approx. ¥11.3 B. (Already disclosed)

- Signed SPA in December 2020: Plans to complete the acquisition of Turkish pump manufacturer Vansan by March 2021
- As part of our overseas market strategy, we aim to expand sales in regions and countries where growth is expected, such as population growth and industrial development

Background/Objectives	<ul style="list-style-type: none"> ■ Increase access to neighboring regions such as Europe, the Middle East, and Africa ■ Strengthen supply chain in the global market ■ Increase presence in the deep well motor pump market ■ Strengthen competitiveness by leveraging production technology capabilities
Companies to be acquired	<ul style="list-style-type: none"> ■ Çiğli Su Teknolojileri A.Ş., which owns Vansan Makina Sanayi ve Ticaret A.Ş. and Vansan Makina Montaj ve Pazarlama A.Ş. (collectively referred to as Vansan)
Acquisition date	<ul style="list-style-type: none"> ■ Scheduled for March 2021
Price of acquisition	<ul style="list-style-type: none"> ■ Approx. ¥11.3 B.
Vansan net sales	<ul style="list-style-type: none"> ■ Approx. ¥6.7 B. (FY19)
Vansan business overview	<ul style="list-style-type: none"> ■ Manufacture and sale of deep well motor pumps and vertical pumps

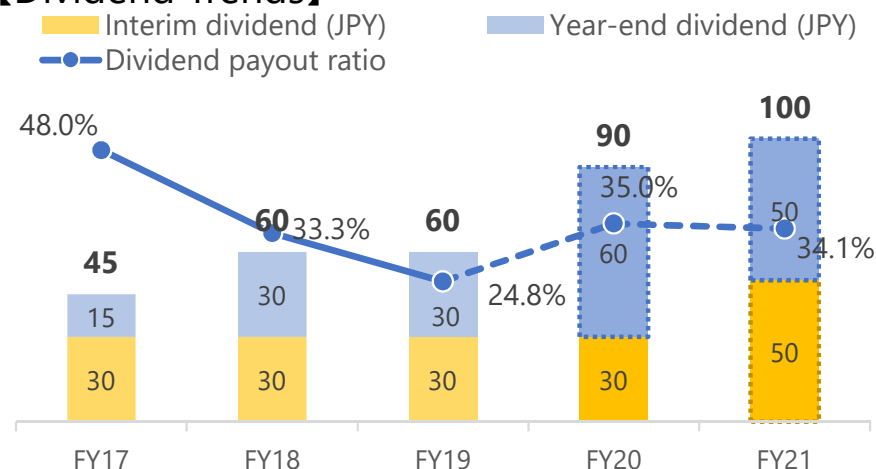
Financial Policy

Shareholder Returns

- FY20 annual dividends per share is expected to increase from ¥60 to ¥90
- FY21 annual dividends per share is estimated to be ¥100

	FY19 Results	FY20 Expected	FY21 Estimate
Annual dividends per share	¥60	¥90	¥100

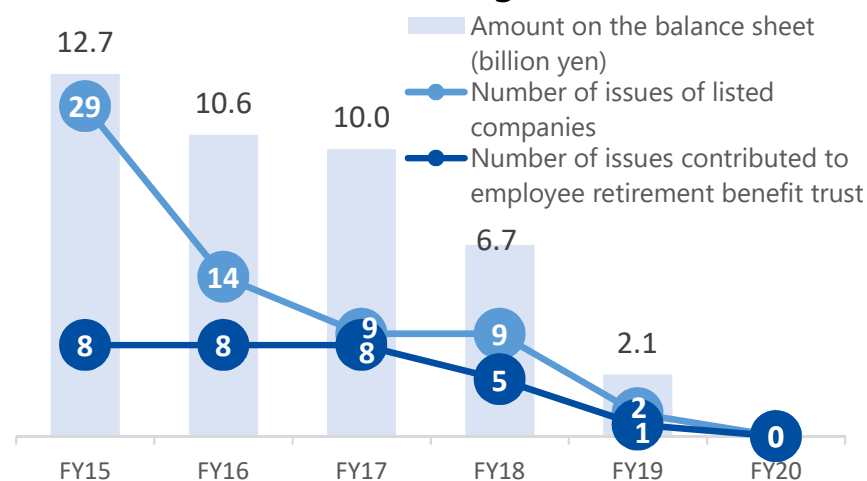
【Dividend Trends】



Capital Efficiency

	FY20 Status of Measures
Reduction of cross-shareholdings	Completed sales of all listed shares
Working capital improvement	Reduced inventory turnover
Maintain financial stability	<ul style="list-style-type: none"> FY20: Emphasized financial stability by shifting some interest-bearing debt from short-term to long-term in response to risks arising from COVID-19 Increased commitment line

【Status of Cross-shareholdings】



6. Appendix

Orders

(in billion yen)

Announced date(m/d/y)	1-2Q				1-4Q					
	FY20 Results	FY20 Results	FY21 Plan	Change b-a	FY19 Results	FY20 Results	Change d-c	FY20 Results	FY21 Plan	Change f-e
	JGAAP	IFRS Ref.	IFRS		JGAAP	JGAAP		IFRS Ref.	IFRS	
		a	b Feb/12/21		c	d		e	f Feb/12/21	
Total	257.6	258.0	293.0	+34.9	552.2	511.9	-40.3	511.2	628.0	+116.7
FMS Business	150.3	150.8	149.0	-1.8	331.6	300.9	-30.6	301.1	314.0	+12.8
Pumps	83.3	83.6	84.0	+0.3	176.3	167.3	-8.9	166.0	175.0	+8.9
CT	42.8	43.0	40.0	-3.0	102.0	85.2	-16.7	87.1	90.0	+2.8
Chillers	16.8	16.8	20.0	+3.1	38.1	33.5	-4.5	33.1	38.0	+4.8
Others	7.3	7.3	5.0	-2.3	15.1	14.8	-0.3	14.7	11.0	-3.7
EP Business	36.0	36.0	52.0	+15.9	91.4	62.0	-29.4	61.9	141.0	+79.0
PM Business	70.4	70.3	91.0	+20.6	127.6	147.4	+19.7	146.6	171.0	+24.3
Components	31.6	31.6	31.0	-0.6	53.5	63.7	+10.2	63.2	64.0	+0.7
CMP Systems	35.9	35.9	56.0	+20.0	67.7	78.1	+10.4	77.9	101.0	+23.0
Others	2.8	2.8	4.0	+1.1	6.3	5.4	-0.8	5.4	6.0	+0.5
Others	0.7	0.7	1.0	+0.2	1.5	1.4	-0.0	1.4	2.0	+0.5

6. Appendix

Net Sales

(in billion yen)

Announced date(m/d/y)	1-2Q				1-4Q					
	FY20 Results	FY20 Results	FY21 Plan	Change	FY19 Results	FY20 Results	Change	FY20 Results	FY21 Plan	Change
	JGAAP	IFRS Ref.	IFRS		JGAAP	JGAAP		IFRS Ref.	IFRS	
	a		b	b-a	c	d	d-c	e	f	f-e
			Feb/12/21						Feb/12/21	
Total	245.4	245.7	266.0	+20.2	522.4	523.7	+1.3	522.8	559.0	+36.1
FMS Business	149.2	149.6	152.0	+2.3	323.1	313.5	-9.5	313.5	314.0	+0.4
Pumps	82.0	81.9	87.0	+5.0	174.9	169.8	-5.0	168.6	173.0	+4.3
CT	44.2	44.3	40.0	-4.3	95.2	94.1	-1.1	95.7	91.0	-4.7
Chillers	16.4	16.7	18.0	+1.2	37.7	35.8	-1.8	35.4	37.0	+1.5
Others	6.5	6.5	7.0	+0.4	15.2	13.7	-1.4	13.7	13.0	-0.7
EP Business	28.7	28.7	33.0	+4.2	69.5	67.5	-1.9	67.4	73.0	+5.5
PM Business	66.7	66.6	80.0	+13.3	128.2	141.1	+12.8	140.3	170.0	+29.6
Components	28.4	28.4	31.0	+2.5	58.9	60.5	+1.6	60.0	63.0	+2.9
CMP Systems	35.3	35.3	45.0	+9.6	62.6	74.2	+11.6	73.9	99.0	+25.0
Others	2.9	2.9	4.0	+1.0	6.6	6.2	-0.4	6.3	8.0	+1.6
Others	0.7	0.7	1.0	+0.2	1.5	1.4	-0.0	1.4	2.0	+0.5

6. Appendix

Operating Income

(in billion yen)

Announced date(m/d/y)	1-2Q				1-4Q					
	FY20 Results	FY20 Results	FY21 Plan	Change	FY19 Results	FY20 Results	Change	FY20 Results	FY21 Plan	Change
	JGAAP	IFRS Ref.	IFRS	b-a	JGAAP	JGAAP	d-c	IFRS Ref.	IFRS	f-e
	a		b Feb/12/21		c	d		e	f Feb/12/21	
Total	13.6	12.7	15.0	+2.2	35.2	37.8	+2.5	37.1	43.0	+5.8
FMS Business	8.2	7.9	8.0	+0.0	17.2	19.7	+2.5	19.3	20.0	+0.6
Pumps	6.3	6.2	6.5	+0.2	11.0	9.8	-1.2	9.2	11.0	+1.7
CT	1.2	0.9	0.0	-0.9	4.8	7.3	+2.4	7.3	6.2	-1.1
Chillers	1.2	1.2	0.9	-0.3	1.8	2.0	+0.2	2.0	2.2	+0.1
Others	-0.6	-0.5	0.6	+1.2	-0.4	0.5	+0.9	0.7	0.6	-0.1
EP Business	2.2	2.1	3.0	+0.8	7.4	7.1	-0.3	6.9	7.0	+0.0
PM Business	3.7	3.3	4.5	+1.1	10.3	11.4	+1.0	11.6	16.5	+4.8
Others, Adjustment	-0.5	-0.7	-0.5	+0.2	0.1	-0.5	-0.6	-0.7	-0.5	+0.2

6. Appendix

Backlog of Orders

(in billion yen)

Announced date(m/d/y)	1-2Q				1-4Q					
	FY20 Results	FY20 Results	FY21 Plan	Change	FY19 Results	FY20 Results	Change	FY20 Results	FY21 Plan	Change
	JGAAP	IFRS Ref.	IFRS	b-a	JGAAP	JGAAP	d-c	IFRS Ref.	IFRS	f-e
	a		b Feb/12/21		c	d		e	f Feb/12/21	
Total	494.4	492.2	493.7	+1.5	487.4	469.0	-18.4	466.7	535.7	+69.0
FMS Business	211.2	209.0	190.4	-18.6	216.7	195.7	-20.9	193.4	193.4	-
Pumps	95.3	94.3	87.4	-6.8	98.0	91.7	-6.2	90.4	92.4	+2.0
CT	90.0	90.0	80.6	-9.3	93.3	80.6	-12.7	80.6	79.6	-1.0
Chillers	16.9	15.7	15.0	-0.6	16.8	14.0	-2.8	13.0	14.0	+1.0
Others	8.9	8.9	7.2	-1.7	8.3	9.2	+0.8	9.2	7.2	-2.0
EP Business	239.0	239.0	245.7	+6.6	236.1	226.7	-9.4	226.7	294.7	+68.0
PM Business	44.0	44.0	57.5	+13.5	34.5	46.5	+11.9	46.5	47.5	+1.0
Others	0.0	0.0	0.0	-0.0	0.0	0.0	+0.0	0.0	0.0	-

6. Appendix

Net Sales by Region

(in billion yen)

	1-4Q		Change
	FY19 Results	FY20 Results	
	JGAAP	JGAAP	
FMS Business	323.1	313.5	-9.5
Japan	135.8	130.5	-5.2
Asia (excl. Japan)	94.0	97.6	+3.6
North America	37.1	28.3	-8.7
Europe	21.8	29.5	+7.7
Middle East	21.8	16.4	-5.3
Others	12.5	10.9	-1.5
EP Business	69.5	67.5	-1.9
Japan	66.2	63.6	-2.5
Asia (excl. Japan)	3.2	3.8	+0.5
PM Business	128.2	141.1	+12.8
Japan	29.7	40.1	+10.3
Asia (excl. Japan)	71.1	79.8	+8.7
North America	18.2	12.3	-5.8
Europe	6.5	7.5	+0.9
Middle East	2.5	1.1	-1.3
Others	0.0	0.0	-0.0

6. Appendix

Balance Sheet

(in billion yen)

	FY19 4Q Results JGAAP	FY20 4Q Results JGAAP	Change
Total Assets	595.2	621.5	+26.3
Current Assets	421.9	438.6	+16.7
Cash and deposits, Securities	95.1	123.0	+27.9
Notes and Accounts Receivable-trade	192.1	198.6	+6.5
Inventories	121.1	102.6	-18.4
Other Current Assets	13.5	14.3	+0.7
Fixed Assets	173.3	182.9	+9.6
Total Liabilities	303.4	317.1	+13.6
Notes and Accounts Payable-trade	120.4	129.7	+9.3
Interest-bearing Debt	80.9	76.1	-4.8
Other Liabilities	101.9	111.2	+9.2
Total Net Assets	291.8	304.4	+12.6
Shareholders' Equity	283.6	296.2	+12.5
Other Net Assets	8.1	8.2	+0.0
Equity Ratio	47.7%	47.7%	-
Debt-to-Equity Ratio	0.29	0.26	-0.03

6. Appendix

Cash Flows

(in billion yen)

	1-4Q			
	FY19 Results	FY20 Results	Change	FY21 Plan
	JGAAP	JGAAP		IFRS
Announced date(m/d/y)	a	b	b-a	Feb/12/21
CF from operating activities	26.7	64.2	+37.5	31.0
CF from investing activities	-24.0	-29.0	-4.9	-43.0
FCF	2.6	35.1	+32.5	-12.0
CF from financing activities	-20.1	-9.6	+10.5	-5.0

6. Appendix

Capital Expenditures, Depreciation and Amortization, R&D Expenses

(in billion yen)

Announced date(m/d/y)	1-4Q			
	FY19 Results	FY20 Results	Change	FY21 Plan
	JGAAP a	JGAAP b	b-a	IFRS Feb/12/21
CAPEX	34.3	32.2	-2.0	26.0
FMS Business	10.9	12.5	+1.6	11.0
EP Business	0.9	0.8	-0.1	1.0
PM Business	21.8	16.4	-5.3	7.0
Others, Adjustment	0.6	2.3	+1.7	7.0
D&A	15.1	15.9	+0.8	18.0
FMS Business	8.3	8.2	-0.1	8.0
EP Business	0.5	0.6	+0.0	0.5
PM Business	4.5	5.5	+0.9	7.5
Others, Adjustment	1.6	1.6	-0.0	2.0
R&D	11.5	12.5	+0.9	14.0
FMS Business	5.2	5.7	+0.4	6.0
EP Business	0.7	0.6	-0.0	1.0
PM Business	5.5	6.0	+0.5	7.0

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