



Ebara Corporation

Results Presentation for Nine Months Ended September 30, 2022

November 14, 2022

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Results Presentation for Nine Months Ended September 30, 2022

EBARA (6361)

November 14, 2022

Looking ahead,
going beyond expectations
Ahead > Beyond

EBARA CORPORATION

Osaki: Thank you for attending the financial results briefing of Ebara Corporation for the first nine months of the fiscal year ending December 31, 2022.

We will now begin today's session.

Today's speaker is Shugo Hosoda, Executive Officer, Division Executive, Corporate Strategic Planning, Finance, and Accounting Division.

Hosoda: I am Hosoda. Thank you.

Osaki: I am Osaki from Corporate Strategic Planning Division, and will serve as moderator today. Thank you.

Today, Mr. Hosoda will first provide an overview of the financial results and we will then take your questions.

Mr. Hosoda will now begin the explanation.

Hosoda: Thank you very much for participating in today's financial results briefing.

Table of Contents



Points of Results	P.3	4. Topics	
1. FY22 1-3Q Summary of Results		• E-Plan2022 Standard Pumps: Overseas Strategy Progress	P.13
• Consolidated	P.4		
• Segment	P.5	5. Appendix	
• Revenue by Region	P.6	• Orders	P.14
2. FY22 1-3Q Results by Segment		• Revenue	P.15
• FMS Business* ¹	P.7	• Operating Profit	P.16
• EP Business* ²	P.8	• Backlog of Orders	P.17
• PM Business* ³	P.9	• Revenue by Region	P.18
3. FY22 Forecast		• Balance Sheets	P.19
• Consolidated	P.10	• Cash Flows	P.20
• Segment	P.11	• CAPEX, Depreciation and Amortization, R&D Expenses	P.21
• Response to Changes in Business Environment	P.12		

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

■ Abbreviations

FY: fiscal year (FY22: fiscal year ending December 31, 2022)/1Q: 1Q figures/1-2Q, 1-3Q, 1-4Q: cumulative total from 1Q to each quarter

■ Figures in this document are based on IFRS (IFRS applied from 1Q FY21)

■ FY21 1-2Q and 1-3Q are calculated based on retrospectively adjusted figures reflecting the finalization of the provisional accounting treatment for corporate combinations implemented in FY21

As you know, the Company closes its books in December, so this is Q3 financial results briefing.

Points of Results



FY22 1-3Q Results			FY22 Forecast		
		YoY*		YoY*	Change Vs.P.Plan*
■ Orders	¥594.5 B.	¥177.0 B. → +3.1%	■ Orders	¥783.5 B.	¥12.0 B. → +1.6% ¥33.0 B. +4.4%
■ Revenue	¥480.0 B.	¥601.0 B. ↗ +14.3%	■ Revenue	¥670.0 B.	¥66.7 B. ↗ +11.1% ¥-14.0 B. -2.0%
■ Operating Profit	¥42.6 B.	¥56.0 B. ↗ +15.1%	■ Operating Profit	¥67.5 B.	¥6.1 B. ↗ +10.0% - -

* ↗ +5% change or more ↘ -5% change or more → less than ± 5% change

*P.Plan: Prior Plan

Topics

FY22 1-3Q Results

- 1-3Q company-wide performance reached record highs in orders, revenue, and operating profit due to the PM business and FMS business driving
- Revenue and profit increased due to yen depreciation despite negative impacts from raw material price hikes

FY22 Forecast

- Revised full-year forecasts, upward orders by 33 billion yen, downward revenue by 14 billion yen, and maintained operating profit (Revised segment breakdown)
- Although there remains a risk of soaring raw material prices and difficulties in procurement of parts and materials, we expect to achieve the plan by strengthening various measures.

M&A

- Acquired Hayward Gordon, a North American pumps and mixer manufacture for Pumps Business

First, I will explain some of the key points in our financial results.

In the first nine months of the fiscal year, the precision machinery (PM) business and the fluid machinery and systems (FMS) business drove our business results, with orders, revenue, and operating profit all reaching record highs for the Company as a whole for the first nine months of the fiscal year.

Although negative factors such as soaring raw material prices continue to exist, the recovery from the lockdown caused by COVID-19 in China and the expansion of overseas revenue outside of China, in addition to the support from the weak yen, have resulted in YoY increases in both revenue and profit.

The full-year forecasts have been slightly revised in light of the progress of business performance and the business environment in each business segment. The Company as a whole revised upward its order forecast by JPY33 billion. The revenue forecast has been adjusted slightly downward by JPY14 billion.

The operating profit forecast for the Company as a whole remains unchanged this time from the previous disclosure. However, the breakdown by segment has been adjusted slightly.

Let's look at the topic. As already reported in our October 3 press release, as part of our overseas strategy in the standard pumps business, we have completed the acquisition of Hayward Gordon, a pump and mixer manufacturer headquartered in Canada, and have included it in our consolidated financial statements.

The following is a detailed explanation. Please turn to page four.

1. FY22 1-3Q Summary of Results

Consolidated



(in billion yen)	FY21 1-3Q	FY22 1-3Q	Change	Change %
Orders	576.8	594.5	+17.7	+3.1%
Revenue	419.9	480.0	+60.1	+14.3%
Operating Profit	37.0	42.6	+5.6	+15.1%
OP Ratio	8.8%	8.9%	+0.1pts	
Profit Attributable to Owners of Parent	24.4	27.2	+2.8	+11.8%
Exchange Rate* Vs. USD (JPY)	108.57	127.99	+19.42	
Vs. EUR (JPY)	129.86	135.90	+6.04	
Vs. CNY (JPY)	16.79	19.38	+2.59	

*1-3Q Average Exchange Rate

Consolidated results for Q1 through Q3.

Orders received totaled JPY594.5 billion, up JPY17.7 billion from the same period last year. Revenue increased by JPY60.1 billion from the same period last year to JPY480.0 billion. Operating profit increased by JPY5.6 billion to JPY42.6 billion. Operating profit ratio was 8.9%. Profit attributable to owners of parent was JPY27.2 billion, an increase of JPY2.8 billion from the same period last year.

In terms of exchange rates, the yen has depreciated against the US dollar, euro, Chinese yuan, and other major currencies compared to the same period of the previous year, contributing positively to our yen-denominated results.

I mentioned that operating profit increased by JPY5.6 billion YoY, and about 80% of this increase was due to the impact of foreign exchange rates.

1. FY22 1-3Q Summary of Results Segment



(in billion yen)		FY21 1-3Q	FY22 1-3Q	Change	Change %
Total	Orders	576.8	594.5	+17.7	+3.1%
	Revenue	419.9	480.0	+60.1	+14.3%
	Operating Profit	37.0	42.6	+5.6	+15.1%
	OP Ratio	8.8%	8.9%	+0.1pts	
FMS Business	Orders	258.5	286.6	+28.1	+10.9%
	Revenue	237.8	270.2	+32.4	+13.6%
	Operating Profit	15.0	17.6	+2.6	+17.6%
	OP Ratio	6.3%	6.5%	+0.2pts	
EP Business	Orders	119.6	76.8	-42.7	-35.8%
	Revenue	50.0	52.2	+2.2	+4.5%
	Operating Profit	4.1	0.4	-3.6	-88.5%
	OP Ratio	8.2%	0.9%	-7.3pts	
PM Business	Orders	197.2	229.9	+32.6	+16.6%
	Revenue	130.8	156.4	+25.6	+19.6%
	Operating Profit	18.0	25.5	+7.5	+41.6%
	OP Ratio	13.8%	16.3%	+2.5pts	
Others, Adjustment	Orders	1.3	1.0	-0.2	-20.7%
	Revenue	1.2	1.0	-0.1	-13.0%
	Operating Profit	-0.1	-1.0	-0.9	-
	OP Ratio	-10.0%	-98.2%	-88.2pts	

Page five is a summary of financial results by segment.

In the FMS business, orders, revenue, and operating profit were all higher than in the same period of the previous year. Overseas, excluding China and Asia, mainly in Europe, the Americas, and the Middle East, demand has been growing steadily, and orders and revenue have been increasing due to the benefits of price revisions and other factors, as well as the depreciation of the yen. Operating profit declined YoY until the first six months but has turned to a YoY increase since the period under review.

In the environmental plants (EP) business, orders received decreased by JPY2.7 billion compared to the same period last year, partly due to the very high level of orders received in the same period last year. However, we have received several large orders for waste treatment facilities in the period under review and are generally progressing as planned. Revenue was higher than in the same period of the previous year, but operating profit was lower than in the same period of the previous year, mainly due to one-time expenses recorded.

In the PM business, demand for semiconductors remained strong as in the previous year. As a result of our response to this, orders, revenue, and operating profit were all higher than in the same period of the previous year. I will explain the details by segment later.

1. FY22 1-3Q Summary of Results

Revenue by Region



(in billion yen)	FY21 1-3Q		FY22 1-3Q		Change	Change %
	Results	Composition of Revenue	Results	Composition of Revenue		
Total	419.9	100.0%	480.0	100.0%	+60.1	+14.3%
In domestic market (Japan)	179.2	42.7%	178.5	37.2%	-0.6	-0.4%
In overseas market	240.7	57.3%	301.4	62.8%	+60.7	+25.2%
China	78.8	18.8%	83.5	17.4%	+4.7	+6.0%
Asia (excl. China)	78.3	18.7%	90.4	18.9%	+12.1	+15.5%
North America	31.5	7.5%	41.4	8.6%	+9.9	+31.6%
Europe	24.7	5.9%	43.0	9.0%	+18.2	+73.8%
Middle East	13.9	3.3%	21.8	4.5%	+7.8	+56.7%
Others	13.2	3.2%	21.0	4.4%	+7.7	+58.0%

"Revenue by Region" indicates revenue on the basis of the geographical location where the goods are sold.

This page shows revenue by region for cumulative Q3.

Revenue in Japan decreased YoY, but in all other overseas regions, it increased YoY.

Let's look at it segment by segment. Revenue in the PM business grew mainly in Asia. In the FMS business, revenue is growing mainly in overseas regions such as Europe, the Americas, and the Middle East.

Revenue in China is growing a little, but at a slightly lower rate than in other countries. In the China region, the market was a bit sluggish due to the lockdown in H1. Performance is recovering, but economic growth is still weak, taking into account the ongoing zero-COVID-19 policy. Business conditions differ from one business to another.

5. Appendix



Revenue by Region

(in billion yen)	FY21				FY22		
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q	1-3Q
FMS Business	81.9	162.8	237.8	336.9	87.6	179.2	270.2
Japan	41.6	67.1	93.2	126.6	38.5	67.4	93.2
Asia (excl. Japan)	23.1	49.5	80.3	116.4	22.1	51.3	81.1
North America	5.4	14.0	19.2	26.2	6.4	13.1	23.4
Europe	5.3	14.6	18.7	26.2	8.1	19.0	30.2
Middle East	3.3	9.7	12.9	21.4	6.2	13.8	21.1
Others	3.0	7.8	13.2	19.9	6.0	14.2	21.0
EP Business	19.4	31.3	50.0	71.8	21.6	36.4	52.2
Japan	19.1	30.4	46.9	67.3	21.1	34.3	49.9
Asia (excl. Japan)	0.2	0.9	3.0	4.5	0.4	2.0	2.3
PM Business	33.4	79.0	130.8	192.7	43.1	96.0	156.4
Japan	9.1	23.6	37.8	51.8	10.5	21.3	34.3
Asia (excl. Japan)	18.4	43.1	73.7	112.1	22.8	54.8	90.5
North America	4.0	8.1	12.2	18.0	5.1	11.1	18.0
Europe	1.3	3.5	6.0	9.6	4.3	8.2	12.8
Others	0.3	0.5	0.9	1.1	0.2	0.4	0.6

"Revenue by Region" indicates revenue on the basis of the geographical location where the goods are sold.

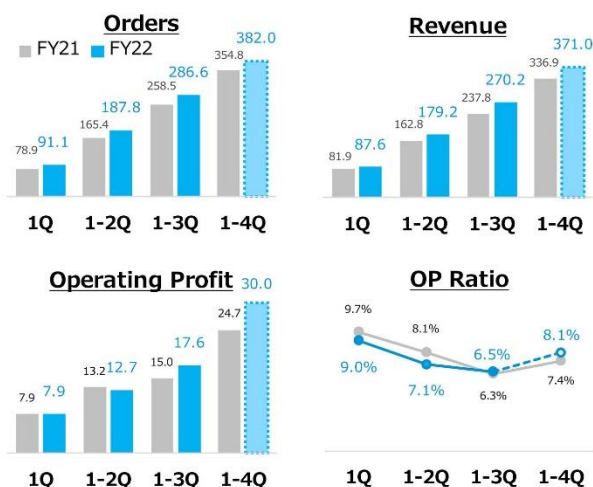
Please also refer to page 18 for more detailed information on revenue by region by segment.

2. FY22 1-3Q Results by Segment



FMS Business

Results (in billion yen)



S&S Revenue Ratio

	FY21				FY22				
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q	1-3Q	1-4Q	
FMS	35.7%	34.3%	32.9%	33.9%	38.5%	35.8%	34.0%	-	
PUMP	31.3%	27.0%	24.1%	24.3%	30.7%	25.9%	23.1%	-	
CT	51.3%	52.9%	53.8%	55.4%	61.5%	60.6%	60.5%	-	

Highlights

- Pumps**
 - Standard pumps: Orders, revenue, and operating profit increased due to the strong overseas market (+)
 - Custom Pumps: revenue and profit decreased due to the weak Chinese market (-)
- Compressors and turbines (CT)**
 - Service and support (S&S) orders and revenue increased due to the turnaround demand increase from mitigation of the COVID-19 impact (+)
 - Profit increased due to rise in S&S ratio (+)
- Chillers**
 - Orders, revenue and profit increased due to the product demand compatible with decarbonization policies in the Chinese market (+)
- All** Labor costs increased (-)

Breakdown of Changes in Operating Profit (in billion yen)



I will now provide a detailed explanation of the results by each segment.

Page seven shows the FMS business.

I will touch on the details of subsegments, i.e., pumps, compressors and turbines, and chillers, in the FMS business. As for profit and loss by subsegment, please refer to the figures on page 14 and the latter part of this document.

In the FMS business, orders received totaled JPY286.6 billion, up JPY28.1 billion from the same period last year. Revenue increased JPY32.4 billion to JPY270.2 billion. Operating profit increased JPY2.6 billion to JPY17.6 billion.

As for subsegments, the pump business posted YoY increases in both revenue and profit.

In particular, the standard pumps business performed well, and orders increased both overseas and in Japan mainly due to early orders from customers. Both revenue and profit increased due to the effects of price revisions and other factors.

On the other hand, the custom pumps business posted lower revenue and profit due to sluggish demand and slow revenue to the oil and gas market, mainly in China due to the slowdown in economic growth.

Next is the compressors and turbines business. Orders for products have remained sluggish as customers in general continue to be cautious in their investment decisions due to the uncertainties caused by the inflation situation and the situation in Ukraine.

On the other hand, service and support business performed very well due to an increase in demand this period for things such as scheduled repair work, which customers had been putting off until now because of the easing of action restrictions caused by COVID-19 and other factors. This was partly responsible for the increase in revenue and profit in the compressors and turbines business as a whole.

In the chillers business, both revenue and profit increased due to strong demand in the Chinese market. In a market environment where decarbonization measures are being implemented, product demand is being captured successfully.

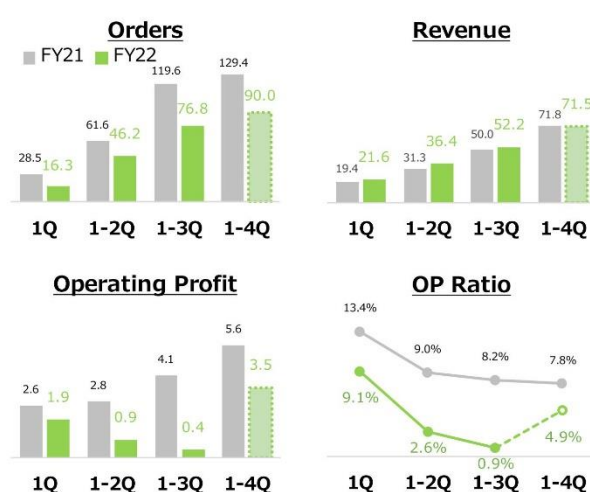
In the FMS business in general, fixed costs increased. This is due to an increase in performance-linked bonuses based on the previous year's results, as well as an increase in fixed costs related to business activities due to the expansion of business volume.

2. FY22 1-3Q Results by Segment



EP Business

Results (in billion yen)



Major Orders

FY21 1-3Q	FY22 1-3Q
<ul style="list-style-type: none"> Waste treatment plant DBO PJ : 2 Lifespan extending renovation PJ and Long-term O&M contract : 2 Long-term O&M contract : 1 	<ul style="list-style-type: none"> Waste treatment plant DBO PJ : 1 (3Q) Long-term O&M contract : 2 Waste treatment plant lifespan extending renovation PJ : 1

*DBO: Design, build and operate
O&M: Operation and maintenance

Highlights

Orders

- Received a large orders in 3Q

Revenue

- Revenue from EPC* increased (+)

Operating Profit

- Revenue increased (+)
- Additional one-time expenses in domestic EPC PJ and overseas contract manufacturing PJ (-)
- Postponed profitable overseas PJ to next fiscal year or later (-)
- Profitability declined in the electricity distribution business due to the electricity procurement cost hike (-)

*EPC: Engineering, procurement and construction

Breakdown of Changes in Operating Profit (in billion yen)



Page eight shows the EP business.

Orders, as I mentioned earlier, decreased by JPY42.7 billion from the same period last year to JPY76.8 billion. Orders are down from the same period last year but are relatively steady compared to previous years. Revenue increased JPY2.2 billion to JPY52.2 billion and operating profit decreased JPY3.6 billion to JPY0.4 billion.

As you can see in the list on the lower left, we have received an order for DBO project for a waste treatment facility in Q3, bringing the total number of large projects received this year to four. The status of orders is in line with our plan.

Revenue increased due in part to progress in EPC construction projects.

Operating profit decreased significantly by JPY3.6 billion from the same period of the previous year. The first factor is, as I mentioned earlier, the progress of EPC construction projects having increased the EPC portion of the EPC and O&M ratio, resulting in lower overall profitability. In addition, there were three other factors unique to this quarter, resulting in a JPY3.6 billion decrease in operating profit.

The first of these three, as I explained at the time of Q2 financial results, was that a domestic EPC project completed this quarter encountered a problem, resulting in additional costs of several hundred million yen.

The second factor was additional costs incurred in outsourcing equipment manufacturing to a subsidiary in China.

In addition, a relatively profitable overseas project of the same Chinese subsidiary was postponed to the next fiscal year for customer reasons. The second factor is that these two factors are causing losses in the Chinese subsidiary.

The third factor was the higher-than-expected cost of electricity procurement in our electricity revenue business, which is based on waste power generation at waste treatment facilities. As a result of the above, profitability declined, resulting in a YoY decrease of JPY3.6 billion.

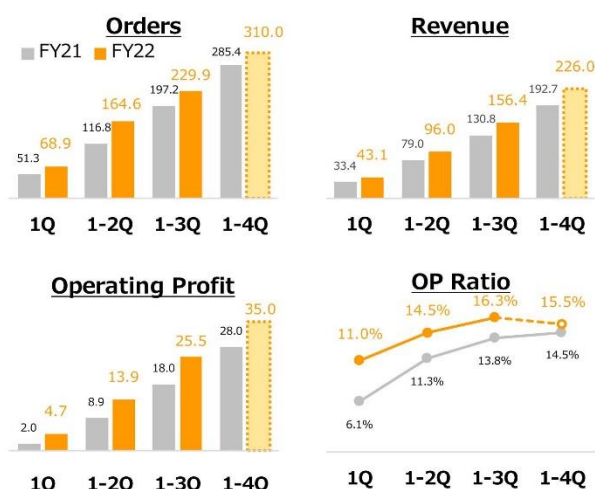
For factors specific to this period, we are developing measures to prevent recurrence so that similar losses will not occur in the future.

2. FY22 1-3Q Results by Segment



PM Business

Results (in billion yen)



Revenue by Region

FY22 1-3Q (in billion yen)	Japan	Asia (excl. Japan)	North America	Europe	Others	Total
Revenue	34.3	90.5	18.0	12.8	0.6	156.4
Change* (vs FY21 1-3Q)	↘	↗	↗	↗	↘	↗

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

Highlights

Orders

- Capex in the semiconductor market remains at a high level
- Solid orders for both components and CMPs

Revenue

- Increased in both Components and CMP (+)
- S&S remains solid (+)
- Shipping delays caused by difficulties in procurement of parts and materials (-)

Operating Profit

- Revenue increased (+)
- Improved profitability of components due to increased productivity from the automated plant (+)
- Increase in labor costs (-)

Breakdown of Changes in Operating Profit (in billion yen)



PM business.

This business was strong, with orders up JPY32.6 billion from the same period last year to JPY229.9 billion, revenue up JPY25.6 billion to JPY156.4 billion, and operating profit up JPY7.5 billion to JPY25.5 billion. Orders, revenue, and operating profit all reached record highs for the PM business.

Concerns about a slowdown in the semiconductor market have led some customers to revise their capital investment plans and to a growing sense of uncertainty, including a decline in factory utilization rates. However, to date, capital expenditures by our customers in the semiconductor market remain at a high level. We continue to see advance orders from customers, and both the components and CMP subsegments have been performing well through Q3.

Regarding revenue, product revenue increased, although shipment delays due to the shortage of parts and materials, which were explained in Q2, continued in Q3. Service and support revenue also increased due to the high factory utilization rate of our customers.

Operating profit increased as a result of the overall increase in profitability, thanks to contributions from the effect of higher revenue, higher profitability due to the successful operation of the automated dry vacuum pump plant, and an increase in the service and support revenue ratio due to the strong performance of service and support.

Fixed costs continue to increase due to the impact of hiring personnel to meet rising demand. However, even after taking this into account, operating profit increased.

This is the explanation of the consolidated financial results for Q3.

3. FY22 Forecast

Consolidated



*P.Plan: Prior Plan

(in billion yen) Announced date(m/d/y)	FY21 Results a	FY22 P.Plan* Aug/12/22 b'	FY22 Plan Nov/14/22 b	1-4Q YoY Change		Change from previous plan	
				Change b-a	Change %	Change b-b'	Change %
Orders	771.4	750.5	783.5	+12.0	+1.6%	+33.0	+4.4%
Revenue	603.2	684.0	670.0	+66.7	+11.1%	-14.0	-2.0%
Operating Profit	61.3	67.5	67.5	+6.1	+10.0%	-	-
OP Ratio	10.2%	9.9%	10.1%	-0.1pts		+0.2pts	
Profit Attributable to Owners of Parent	43.6	46.5	46.5	+2.8	+6.6%	-	-
ROIC	10.7%	10.3%	10.1%	-0.6pts		-0.2pts	
Annual Dividend per share	163	170	170	+7		-	
Interim Dividend	50	85	85	+35		-	
Year-end Dividend	113	85	85	-28		-	
Exchange Rate							
Exchange Rate Vs. USD (JPY)	109.86	125.00	125.00	+15.14		-	
Vs. EUR (JPY)	129.91	135.00	135.00	+5.09		-	
Vs. CNY (JPY)	17.04	19.00	19.00	+1.96		-	

I will continue to explain our full-year earnings forecast.

Please refer to page 10.

In the business environment surrounding our company, there are various severe factors in different areas, such as global inflation, the situation in Russia and Ukraine, and the economic slowdown in China. We expect these factors to continue to have an impact on the soaring prices of resources and the availability of procurement of materials during the year. We are expanding our supply chain system and continuing to strengthen various measures to steadily implement our revenue plan.

In light of this, we have made slight revisions to our full-year forecasts, as shown in this table, based on the progress of each business in Q3 and the outlook for future demand.

The Company has revised up its full-year forecast for orders by JPY33 billion to JPY783.5 billion and down forecast for revenue by about 2% to JPY670 billion from the previous forecast.

Operating profit is expected to land at JPY67.5 billion, unchanged from the previous forecast, but operating profit by segment has been revised.

The net profit forecast also remains unchanged at JPY46.5 billion.

If the Company achieves its forecast, the operating margin will be 10.1%. ROIC will also be 10.1%.

Dividend forecast per share and assumed exchange rate remain unchanged from the previous disclosure.

5. Appendix



Cash Flows

*P.Plan: Prior Plan

(in billion yen)	1-3Q			1-4Q				
	FY21	FY22	Change	FY21	FY22 P.Plan*	FY22 Plan	YoY Change	Change from previous plan
Announced date(m/d/y)	a	b	b-a	c	Aug/12/22 d'	Nov/14/22 d	d-c	d-d'
CF from operating activities	65.1	23.3	-41.8	72.8	40.0	30.0	-42.8	-10.0
CF from investing activities	-33.1	-32.2	+0.9	-31.3	-48.0	-46.0	-14.6	+2.0
FCF	31.9	-8.9	-40.8	41.4	-8.0	-16.0	-57.4	-8.0
CF from financing activities	-18.1	-6.1	+11.9	-29.4	-13.4	-3.5	+25.9	+9.9

The cash flow plan is shown on page 20 of the supplementary information. Cash flow from operating activities is expected to deteriorate from the previous plan due to an upward trend in inventories, mainly due to early procurement of parts inventory.

3. FY22 Forecast

Segment



*P.Plan: Prior Plan

(in billion yen)		1-4Q						
		FY21	FY22 P.Plan*	FY22 Plan	YoY Change		Change from previous plan	
			Aug/12/22	Nov/14/22	Change	Change %	Change	Change %
Announced date(m/d/y)		a	b'	b	b-a		b-b'	
Total	Orders	771.4	750.5	783.5	+12.0	+1.6%	+33.0	+4.4%
	Revenue	603.2	684.0	670.0	+66.7	+11.1%	-14.0	-2.0%
	Operating Profit	61.3	67.5	67.5	+6.1	+10.0%	-	-
	OP Ratio	10.2%	9.9%	10.1%	-0.1pts		+0.2pts	
FMS Business	Orders	354.8	372.0	382.0	+27.1	+7.7%	+10.0	+2.7%
	Revenue	336.9	371.0	371.0	+34.0	+10.1%	-	-
	Operating Profit	24.7	27.0	30.0	+5.2	+21.0%	+3.0	+11.1%
	OP Ratio	7.4%	7.3%	8.1%	+0.7pts		+0.8pts	
EP Business	Orders	129.4	90.0	90.0	-39.4	-30.5%	-	-
	Revenue	71.8	71.5	71.5	-0.3	-0.5%	-	-
	Operating Profit	5.6	5.0	3.5	-2.1	-37.9%	-1.5	-30.0%
	OP Ratio	7.8%	7.0%	4.9%	-2.9pts		-2.1pts	
PM Business	Orders	285.4	287.0	310.0	+24.5	+8.6%	+23.0	+8.0%
	Revenue	192.7	240.0	226.0	+33.2	+17.2%	-14.0	-5.8%
	Operating Profit	28.0	36.0	35.0	+6.9	+24.8%	-1.0	-2.8%
	OP Ratio	14.5%	15.0%	15.5%	+1.0pts		+0.5pts	
Others, Adjustment	Orders	1.7	1.5	1.5	-0.2	-15.5%	-	-
	Revenue	1.6	1.5	1.5	-0.1	-7.2%	-	-
	Operating Profit	2.9	-0.5	-1.0	-3.9	-	-0.5	-
	OP Ratio	180.1%	-33.3%	-66.7%	-246.8pts		-33.4pts	

Revised forecasts for each segment are explained on the next page.

Forecasts by subsegment are also shown in the supplementary information on page 14.

As I mentioned earlier, the order forecast for the consolidated total was increased by JPY33 billion.

The order forecast for the FMS business, mainly pumps, was revised upward by JPY10 billion. In addition, the order forecast for the PM business, primarily CMP, has been revised upward by JPY23 billion, for a combined increase of JPY33 billion.

Next, as I mentioned earlier, we have revised downward our revenue forecast by JPY14 billion for the consolidated total. This was mainly due to delays caused by component shortages in the PM business, which resulted in missed revenue in both the CMP and components subsegments of the PM business.

As for the operating profit forecast, as I mentioned earlier, there is no change from the previous plan for the consolidated total, but there is a change in the breakdown.

First, in the FMS segment, the operating profit forecast was revised upward by JPY3 billion. Operating profit is expected to increase by JPY3 billion, mainly in the compressors and turbines business, where service and support are strong.

In the EP business, as I mentioned earlier, we have revised our operating profit forecast downward by JPY1.5 billion, partly due to additional costs that were unexpected and unique to this fiscal year.

The operating profit forecast for the PM business was revised downward by JPY1 billion. This is a decrease in profit associated with a decrease in revenue.

The forecast for operating profit in others, adjustment was revised downward by JPY0.5 billion. This is mainly due to one-time expenses incurred in connection with liquidation at headquarter-affiliated consolidated subsidiaries.

3. FY22 Forecast



Response to Changes in Business Environment

- Minimize the impact on business performance by responding to risks caused by changes in the business environment
- Impact on full-year operating profit has been factored into this revised forecast

Risks	Businesses	Measures	Impact on operating profit (YoY)	
			1-3Q Actual	Full year Forecast
Raw material price hikes	All	Sales <ul style="list-style-type: none"> ■ Price revision ■ Reflection on estimates 	¥ -3.0 B.	¥ -5.0 B. ~ ¥ -6.0 B.
Difficulty in procurement of parts and materials	Pumps, CT, PM	Procurement <ul style="list-style-type: none"> ■ Bulk purchasing ■ Global procurement enhancement ■ Increase in procurement personnel ■ Design change 		
COVID-19 lockdown in China	Pumps, Chillers, PM	<ul style="list-style-type: none"> ■ Recovery through increased production 	¥ -1.1 B.	
Foreign Exchange	All	(Assumed rate unchanged) USD: 125JPY, EUR: 135JPY, CNY: 19JPY (Exchange rate sensitivity) USD: 0.1B. JPY, EUR: 0.01B. JPY, CNY: 0.1B. JPY * Change in operating profit per yen for the October-December period	¥ +4.6 B.	¥ +6.0 B.

Next page, please.

This slide shows the risks we expect to face in this business environment changes for this fiscal year that I mentioned earlier, and the specific amount of their impact on operating profit.

At the time of the Q2 results, we had estimated that the negative factors such as soaring raw material prices, difficulties in procuring parts and materials, and the lockdown in China would have a negative impact on full-year operating profit of JPY4.5 billion to JPY5.5 billion, but we have slightly increased this figure to JPY5 billion to JPY6 billion. For the full year, we currently estimate that the negative factors will have this amount of impact after taking various measures.

We have been implementing various measures, including price revisions, which have been gradually taking effect since H1 of the fiscal year. Through those measures, we will continue to minimize risk in both sales and procurement.

With regard to the lockdown in China, our Chinese subsidiaries were affected by plant shutdowns and logistics stagnation in H1. However, the action restrictions have already been lifted and they are recovering from the delay in H1 by increasing production.

Regarding the projected impact of exchange rate fluctuations, the current rate assumptions are JPY125 against the US dollar, JPY135 against the euro, and JPY19 against the Chinese yuan. Based on this assumption, we expect an increase in profit of about JPY6 billion compared to the previous year. The negative impact of the sharp rise in raw material prices and difficulties in procuring parts and materials and the positive impact of the exchange rate are expected to be at about the same level, which is unchanged from the assumption at the beginning of the period.

The exchange rate sensitivity to Q4 is written here.

A JPY1 change in the exchange rate against the US dollar has a sensitivity of about JPY0.1 billion to operating profit for the full year, JPY1 change against the euro has that of JPY0.01 billion, and JPY1 against the Chinese yuan has that of JPY0.1 billion compared with our current assumptions.

These are our forecasts for the current fiscal year, including the assumed positive and negative risks.



4. Topics

E-Plan2022 Standard Pumps: Overseas Strategy Progress

E-Plan2022 Basic Policy

- Identify new markets and expand sales offices
- Allocate investments and resources to regions with high growth potential
- Strengthen marketing function and development system to bring competitive products to market

Progress of Key Measures

- Expanded coverage by establishing more than 10 offices for 3 years, 2020-2022.

2020 : Mexico, Vietnam

2021 : Turkey, Canada

2022 July: Established a Kenya branch

July: Established a Romania branch

Sept: Completed acquisition of Hayward Gordon (Canada)



*37 bases in 34 countries (As of September 30, 2022)

M&A: North American industrial pumps and mixers manufactures

Purpose	■ Expansion of product lineups and sales channels aiming business expansion in North American region
Companies acquired	■ Hayward Gordon L.P. (HG) and affiliated group companies *2 manufacturing locations (Canada, US)
Acquisition date	■ September 30, 2022
Business	■ Manufacturing and sales of industrial pumps, mixer & monitoring systems

Finally, here are some topics for this quarter. I would like to explain the progress of our overseas strategy in the standard pumps business.

In the global market, our mid-term management plan calls for expanding investment and resource allocation to regions and countries where population growth, economic growth, and industrial development are

expected. We have been moving forward with the goal of establishing 10 or more locations in the three-year medium-term management plan from 2020 to 2022. We added two locations in Mexico and Vietnam in 2020, two in Turkey and Canada in 2021, including the acquisition of a Turkish pump manufacturer, and three in Kenya, Romania, and Canada, with the completion of the acquisition of Hayward Gordon, headquartered in Canada in September.

I would like to provide an explanation of the Hayward Gordon acquisition. The purpose of the acquisition is to expand the standard pumps business in the North American region.

The objective is to expand our presence in North America, where we have not had a large presence. We expect synergies from the expansion of our product lineup for the public wastewater, industrial equipment, and process markets in the North American region.

We will continue to seek to establish base facilities in targeted areas to expand order opportunities.

5. 補足資料

受注高



(単位：億円) 発表日(年/月/日)	FY21				FY22					
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q	1-3Q	1-4Q 旧計画 22/08/12 a	1-4Q 計画 22/11/14 b	増減 b-a
連結合計	1,594	3,449	5,768	7,714	1,770	3,994	5,945	7,505	7,835	+330
風水力	789	1,654	2,585	3,548	911	1,878	2,866	3,720	3,820	+100
ポンプ	488	963	1,498	1,977	578	1,156	1,726	2,100	2,200	+100
CT	175	404	676	1,047	193	412	652	1,000	1,000	-
冷熱	95	221	317	402	105	246	382	450	450	-
その他	30	64	93	121	34	62	104	170	170	-
環境プラント	285	616	1,196	1,294	163	462	768	900	900	-
精密・電子	513	1,168	1,972	2,854	689	1,646	2,299	2,870	3,100	+230
コンポーネント	203	445	738	1,017	312	631	920	1,200	1,200	-
CMP	280	680	1,182	1,767	357	977	1,330	1,600	1,830	+230
その他	30	42	52	69	20	37	48	70	70	-
その他	5	9	13	17	4	7	10	15	15	-

5. Appendix

Revenue



*P.Plan: Prior Plan

(in billion yen) Announced date(m/d/y)	FY21				FY22					
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q	1-3Q	1-4Q P.Plan*	1-4Q Plan	Change
								Aug/12/22 a	Nov/14/22 b	b-a
Total	135.2	274.1	419.9	603.2	152.8	312.4	480.0	684.0	670.0	-14.0
FMS Business	81.9	162.8	237.8	336.9	87.6	179.2	270.2	371.0	371.0	-
Pumps	52.4	96.2	137.0	191.5	51.6	97.4	147.2	210.0	210.0	-
CT	16.6	40.5	62.2	91.2	22.4	50.6	77.0	105.0	105.0	-
Chillers	8.6	19.0	28.4	40.7	10.1	24.7	36.5	45.0	45.0	-
Others	4.1	7.1	10.0	13.5	3.4	6.3	9.3	11.0	11.0	-
EP Business	19.4	31.3	50.0	71.8	21.6	36.4	52.2	71.5	71.5	-
PM Business	33.4	79.0	130.8	192.7	43.1	96.0	156.4	240.0	226.0	-14.0
Components	18.4	37.5	57.2	82.4	21.9	45.8	73.1	111.5	107.0	-4.5
CMP Systems	13.8	38.8	69.1	103.6	19.5	47.0	79.0	122.5	113.0	-9.5
Others	1.1	2.6	4.4	6.6	1.6	3.0	4.2	6.0	6.0	-
Others	0.4	0.8	1.2	1.6	0.3	0.6	1.0	1.5	1.5	-

5. Appendix



Operating Profit

*P.Plan: Prior Plan

(in billion yen) Announced date(m/d/y)	FY21				FY22					
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q	1-3Q	1-4Q P.Plan* Aug/12/22 a	1-4Q Plan Nov/14/22 b	Change b-a
Total	12.2	24.6	37.0	61.3	14.1	27.1	42.6	67.5	67.5	-
FMS Business	7.9	13.2	15.0	24.7	7.9	12.7	17.6	27.0	30.0	+3.0
Pumps	7.6	10.0	10.5	14.1	6.5	8.4	11.8	14.5	15.0	+0.5
CT	-0.6	1.7	3.1	8.8	0.4	2.1	5.0	10.0	12.0	+2.0
Chillers	0.3	0.8	0.9	1.6	0.2	1.1	1.0	2.1	2.1	-
Others	0.7	0.5	0.3	0.1	0.6	0.9	-0.2	0.4	0.9	+0.5
EP Business	2.6	2.8	4.1	5.6	1.9	0.9	0.4	5.0	3.5	-1.5
PM Business	2.0	8.9	18.0	28.0	4.7	13.9	25.5	36.0	35.0	-1.0
Others, Adjustment	-0.3	-0.2	-0.1	2.9	-0.4	-0.4	-1.0	-0.5	-1.0	-0.5

5. Appendix



Backlog of Orders

*P.Plan: Prior Plan

(in billion yen) Announced date(m/d/y)	FY21				FY22					
	1Q	1-2Q	1-3Q	1-4Q	1Q	1-2Q	1-3Q	1-4Q P.Plan* Aug/12/22 a	1-4Q Plan Nov/14/22 b	Change b-a
Total	498.4	546.1	633.7	651.5	689.5	774.9	813.2	718.0	765.0	+47.0
FMS Business	196.6	203.2	222.2	224.3	238.7	258.1	274.4	225.3	235.3	+10.0
Pumps	89.1	94.3	107.0	101.4	112.7	128.0	140.2	101.4	111.4	+10.0
CT	85.0	83.4	89.4	101.2	103.1	107.4	108.9	96.2	96.2	-
Chillers	14.2	16.8	17.1	13.7	14.9	14.8	16.2	13.7	13.7	-
Others	8.1	8.5	8.5	7.8	7.8	7.7	9.0	13.8	13.8	-
EP Business	236.2	257.4	296.9	285.2	279.8	296.0	310.4	303.7	303.7	-
PM Business	65.4	85.3	114.4	141.7	170.6	220.5	228.1	188.7	225.7	+37.0
Others	0.0	0.0	0.1	0.1	0.2	0.2	0.1	0.1	0.1	-

5. Appendix

Balance Sheets



(in billion yen)

	FY21 3Q a	FY21 4Q b	FY22 3Q c	Change c-a	Change c-b
Total Assets	692.0	719.7	808.0	+115.9	+88.3
Current Assets	471.8	499.9	556.3	+84.4	+56.4
Cash and cash equivalents	137.1	136.4	130.6	-6.5	-5.8
Trade receivables	184.6	218.4	220.4	+35.8	+2.0
Inventories	125.8	121.3	175.0	+49.2	+53.6
Other Current Assets	24.3	23.6	30.3	+5.9	+6.6
Non-current Assets	220.1	219.8	251.6	+31.4	+31.8
Total Liabilities	385.9	398.0	453.9	+67.9	+55.8
Trade payables	133.8	148.7	156.4	+22.5	+7.6
Interest-bearing Debt	112.5	112.0	138.6	+26.0	+26.5
Other Liabilities	139.5	137.2	158.8	+19.3	+21.6
Total Equity	306.1	321.6	354.1	+47.9	+32.5
Total equity attributable to owners of parent	297.3	312.3	344.3	+47.0	+32.0
Other Equity	8.8	9.3	9.7	+0.9	+0.4
Equity Ratio	43.0%	43.4%	42.6%	-0.4pts	-0.8pts
Debt-to-Equity Ratio	0.38	0.36	0.40	+0.02	+0.04

5. Appendix



Capital Expenditures, Depreciation and Amortization, R&D Expenses

*P.Plan: Prior Plan

(in billion yen) Announced date(m/d/y)	1-3Q			1-4Q				
	FY21	FY22	Change	Change	FY22 P.Plan Aug/12/22	FY22 Plan Nov/14/22	Change	Change
	a	b	b-a	c	d'	d	d-c	d-d'
CAPEX	16.7	19.2	+2.5	22.7	47.0	30.0	+7.2	-17.0
FMS Business	7.6	7.6	+0.0	9.9	17.0	12.0	+2.0	-5.0
EP Business	0.4	1.6	+1.1	0.7	3.0	3.0	+2.2	-
PM Business	4.6	4.3	-0.2	5.6	18.0	8.0	+2.3	-10.0
Others, Adjustment	3.9	5.5	+1.6	6.4	9.0	7.0	+0.5	-2.0
D&A	16.0	17.3	+1.3	21.4	24.5	24.5	+3.0	-
FMS Business	8.3	8.4	+0.1	10.9	11.0	11.0	+0.0	-
EP Business	0.5	0.6	+0.0	0.8	1.0	1.0	+0.1	-
PM Business	5.0	5.5	+0.5	6.9	8.0	8.0	+1.0	-
Others, Adjustment	2.0	2.6	+0.6	2.7	4.5	4.5	+1.7	-
R&D	9.6	10.6	+0.9	13.5	17.5	17.5	+3.9	-
FMS Business	4.4	5.4	+0.9	6.2	7.5	7.5	+1.2	-
EP Business	0.5	0.7	+0.2	0.9	1.5	1.5	+0.5	-
PM Business	4.6	4.4	-0.2	6.3	8.5	8.5	+2.1	-

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That is all from me.