Message from the Management

Becoming a Global Top-Tier Manufacturer of Industrial Machinery

Growth Businesses
Fluid Machinery & Systems Business (Pumps, Compressors and Turbines, and Chillers)
Environmental Engineering Business
Precision Machinery Business

Foundations for Growth
R&D and Intellectual Properties / Human Resources / Service and Support / Corporate Governance
Supporting Infrastructure Worldwide

Reflecting founder Issey Hatakeyama’s desire to benefit society through technology, the EBARA Group has advanced by acquiring technological capabilities that meet society’s needs. In the fields of water, air, and the environment—and in recent years information—our business activities help address society’s tasks, such as using energy optimally, mitigating climate change, and realizing a comfortable information society.

Water

We support water infrastructure worldwide by combining world-class technological capabilities, extensive experience, and a rich product lineup, such as water supply pumps, pumping stations that prevent flooding, and pumps for desalination plants.

Air

We provide vacuum pumps, gas abatement systems, chillers used for air-conditioning, and tunnel ventilation fans to the global market.
We support efficient resource use and stable energy supplies by developing businesses focused on environmental and energy-related infrastructural facilities, providing pumps and compressors for oil and gas plants, and constructing and maintaining waste treatment facilities and biomass power generation plants.

Information

Capitalizing on technologies fostered in the water, air, and environment fields, we have developed various types of semiconductor manufacturing equipment, including chemical mechanical polishing (CMP) systems. Aiming to realize a comfortable information society, we provide customers with support.

Environment

We support efficient resource use and stable energy supplies by developing businesses focused on environmental and energy-related infrastructural facilities, providing pumps and compressors for oil and gas plants, and constructing and maintaining waste treatment facilities and biomass power generation plants.
Our History

Evolving and Growing

The EBARA Group has developed and marketed products that meet customers’ needs and expanded businesses through the following three businesses. The mainstay Fluid Machinery & Systems Business primarily manufactures pumps and other rotating machinery. In addition, the Environmental Engineering Business focuses on environment-related plants, while the Precision Machinery Business produces semiconductor manufacturing related equipment.

1912 - Modernization of Japan
- Began manufacturing pumps for waterworks in Japan
- Contributed to restoration of waterworks and supply of water following the Great Kanto Earthquake
- Delivered numerous turbo chillers to department stores, theaters, factories, and other facilities amid rising demand for air-conditioning applications stemming from rapid construction of department stores and other buildings in major cities
- Devoted efforts to developing technologies for manufacturing rapid filters for waterworks in Japan
- Commenced full-fledged production of large-scale compressors in response to rapid rise in compressor demand in fields such as metalworking, public works, mining, and chemicals

1930
- Completed first domestically produced turbo chiller

1938
- Completed first large-scale compressor

1958
- Began promoting sales of standard pumps

1931
- Completed first domestically produced rapid filter for waterworks

1945 - Post-World War II reconstruction of Japan
- Supplied large quantities of agricultural pumps to help overcome severe postwar food shortages
- Manufactured salt production systems to combat serious lack of table salt and bring stability to the lives of the populace
- Focused on production of equipment for crucial industries, such as the coal and steelmaking industries
1955~ Japanese postwar economic miracle
- Expanded business scope in conjunction with industrial reconstruction and development of heavy and chemical industries
- Contributed to the installation of sewage facilities, rainwater drainage systems, and other social infrastructure
- Established overseas bases in several regions and expanded exports in conjunction with trade deregulation
- Developed and manufactured fluidized bed incinerators and other equipment for reducing environmental impacts to address pollution issues

1980~ Development of the information society
- Contributed to making semiconductors smaller and more powerful
- Developed energy-saving and high-efficiency products in response to rising concern for environmental issues
Continuing to Create Corporate Value

The EBARA Group will enhance its corporate value by supplying products that provide society with safety, security, and comfort and continuing to offer service and support that ensures the most efficient use of these products.

<table>
<thead>
<tr>
<th>External environment</th>
<th>Capital</th>
<th>Business model</th>
<th>Management strategies</th>
</tr>
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<tbody>
<tr>
<td>Water shortage</td>
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<td>Energy shortage</td>
<td>Bases and facilities</td>
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<tr>
<td>Climate change</td>
<td>Technologies and patents</td>
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<td></td>
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<td>Waste treatment</td>
<td>Human resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computerization</td>
<td>Natural capital</td>
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</table>
Becoming a Global Top-Tier Manufacturer—“E-Plan2016” x Sustainable Business Model

Our business model caters to customers’ needs at all stages of product life cycles. From the proposal of solutions and product manufacturing through to post-marketing support and renewal, the EBARA Group exploits advanced technological capabilities and reliability to add unique value. Under the “E-Plan2016” medium-term management plan, we will strengthen the abovementioned business model even further, grow into a global top-tier manufacturer of industrial machinery, and create value continuously.
The Ebara Way—
The Heart of the Global EBARA Brand

The EBARA Group is committed to fulfilling social responsibilities through business activities. To provide systematic guidelines for accomplishing this objective, we have established the EBARA Framework for Corporate Ethics. To continue enhancing the EBARA Group’s value, it is essential for all officers and employees to act in accordance with a common set of ethics and values, regardless of country, region, language, or culture.

The Ebara Way

A fundamental component of the EBARA Group’s corporate value, “The Ebara Way” comprises the Group’s founding spirit, typified by passion and dedication in the pursuit of innovation; a corporate philosophy stating the Group’s social mission; and the EBARA Group CSR Policy, which sets out a basic stance for the realization of the corporate philosophy.

Both employees and the Company shall strive for growth with passion and dedication to bring forth originality and ingenuity, rather than simply fulfilling the task at hand. When working with passion and dedication, there is nothing that cannot be communicated to others.

We contribute to society through high-quality technologies and services relating to water, air, and the environment.
EBARA has been included in socially responsible investment (SRI) indices. The EBARA Group is devoted to proactively advancing social contribution and environmental activities as a responsible member of society. We will continue to contribute to the sustainable development of society through our business, which forms the foundation for a safe, secure, and comfortable society.

**External Recognition**

EBARA has been included in socially responsible investment (SRI) indices. The EBARA Group is devoted to proactively advancing social contribution and environmental activities as a responsible member of society. We will continue to contribute to the sustainable development of society through our business, which forms the foundation for a safe, secure, and comfortable society.

**FTSE4Good Index Series**

EBARA has been included in the FTSE4Good Index since 2004.

**Morningstar Socially Responsible Investment Index**

On January 4, 2016, EBARA was added to the Morningstar Socially Responsible Investment Index (MS-SRI), an SRI index compiled by Morningstar Japan K.K.

**Other Communication Tools**

**CSR Report**

The EBARA Group issues CSR reports to inform stakeholders about such topics as its risk management, environmental management, working conditions for employees, and communication with local communities.

**Corporate Website**

In addition to this report and the Group’s CSR reports, EBARA CORPORATION’s website (http://www.ebara.co.jp/en) contains a range of information on all areas of its corporate activities.

**Editorial Policy**

The EBARA Group has issued this integrated report to inform shareholders, investors, and other stakeholders about its medium-to-long-term value creation. We have edited the report with reference to the International Integrated Reporting Council’s International Integrated Reporting Framework.

**Cautionary Statement with Regard to Forward-Looking Statements**

Certain of the statements made in this integrated report are 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.
### 11-Year Financial Summary

**EBARA CORPORATION and Consolidated Subsidiaries**  
(Fiscal years ended March 31)

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<td>Operating income</td>
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<td>Profit (loss) attributable to owners of parent</td>
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<td>Capital expenditures</td>
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<table>
<thead>
<tr>
<th>Financial Position:</th>
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</thead>
<tbody>
<tr>
<td>Total assets</td>
</tr>
<tr>
<td>Total net assets</td>
</tr>
<tr>
<td>Shareholders’ equity*2, *3</td>
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<td>Interest-bearing debt</td>
</tr>
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<th>Cash Flows:</th>
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<td>Cash flows from operating activities</td>
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<td>Cash flows from investing activities</td>
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<td>Cash flows from financing activities</td>
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<tr>
<th>Per Share Data (yen and U.S. dollars) (prior to the consolidation of shares):</th>
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<tr>
<td>Profit (loss) attributable to owners of parent*4</td>
</tr>
<tr>
<td>Total net assets*4</td>
</tr>
<tr>
<td>Cash dividends</td>
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<table>
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<tr>
<th>Share Data (prior to the consolidation of shares):</th>
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<tbody>
<tr>
<td>Number of issued shares (1,000 shares)</td>
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<table>
<thead>
<tr>
<th>Financial Indicators:</th>
</tr>
</thead>
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<tr>
<td>ROIC (%)*5</td>
</tr>
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<td>ROE (%)*6</td>
</tr>
<tr>
<td>Debt/equity ratio (times)</td>
</tr>
<tr>
<td>Equity ratio (%)</td>
</tr>
<tr>
<td>Overseas sales ratio (%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Employees:</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBARA CORPORATION and consolidated subsidiaries</td>
</tr>
</tbody>
</table>

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1. The U.S. dollar amounts are included solely for convenience and have been translated as a matter of arithmetical computation only at the rate of ¥112.68=US$1, the rate of exchange prevailing on March 31, 2016.

2. Shareholders’ equity: Net assets – (Subscription rights to shares + Non-controlling interests)

3. The EBARA Group has applied “Accounting Standards for Presentation of Net Assets on the Balance Sheets” (ASBJ Statement No.5, issued on December 9, 2005) and “Guidance on Accounting Standards for Presentation of Net Assets on the Balance Sheets” (ASBJ Guidance No.8, issued on December 9, 2005) from the fiscal year ended March 31, 2007.

4. Profit (loss) attributable to owners of parent per share is based on the average number of shares outstanding (excluding treasury stock) during the fiscal year. Total net assets per share is calculated using the number of shares outstanding (excluding treasury stock) as of the end of the fiscal year.

5. ROIC: Profit attributable to owners of parent / (Interest-bearing debt (Average between beginning and end of period) + Shareholders’ equity (Average between beginning and end of period))

6. ROE: Profit attributable to owners of parent / Shareholders’ equity (Average between beginning and end of period)
### Financial Results:

<table>
<thead>
<tr>
<th>Year</th>
<th>Orders (millions of yen)</th>
<th>Net sales (thousands of US dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>¥530,417</td>
<td>$4,359,957</td>
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<tr>
<td>2007</td>
<td>¥605,779</td>
<td>$4,866,357</td>
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<tr>
<td>2008</td>
<td>¥597,944</td>
<td>$4,833,758</td>
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<tr>
<td>2009</td>
<td>¥481,399</td>
<td>$4,371,751</td>
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<tr>
<td>2010</td>
<td>¥426,622</td>
<td>$3,716,354</td>
</tr>
<tr>
<td>2011</td>
<td>¥410,676</td>
<td>$3,556,354</td>
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<td>2012</td>
<td>¥426,302</td>
<td>$3,530,610</td>
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<tr>
<td>2013</td>
<td>¥487,554</td>
<td>$4,315,184</td>
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<tr>
<td>2014</td>
<td>¥512,276</td>
<td>$4,527,514</td>
</tr>
<tr>
<td>2015</td>
<td>¥430,992</td>
<td>$3,530,610</td>
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<tr>
<td>2016</td>
<td>¥481,280</td>
<td>$4,359,957</td>
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### Operating Income:

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating income (thousands of yen)</th>
<th>Profit (thousands of US dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>¥10,902</td>
<td>$107,404</td>
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<tr>
<td>2007</td>
<td>¥13,249</td>
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<td>¥6,017</td>
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<td>2009</td>
<td>¥638</td>
<td>$6,001</td>
</tr>
<tr>
<td>2010</td>
<td>¥18,953</td>
<td>$179,012</td>
</tr>
<tr>
<td>2011</td>
<td>¥23,267</td>
<td>$221,267</td>
</tr>
<tr>
<td>2012</td>
<td>¥25,084</td>
<td>$239,064</td>
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<td>2013</td>
<td>¥32,195</td>
<td>$309,082</td>
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<tr>
<td>2014</td>
<td>¥34,567</td>
<td>$324,037</td>
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<tr>
<td>2015</td>
<td>¥38,011</td>
<td>$357,081</td>
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<tr>
<td>2016</td>
<td>¥4,315,184</td>
<td>$357,335</td>
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### Profit (loss) attributable to owners of parent:

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit (loss) attributable to owners of parent (thousands of yen)</th>
<th>Profit (loss) attributable to owners of parent (thousands of US dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>¥3,350</td>
<td>$33,730</td>
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<td>2007</td>
<td>¥5,446</td>
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<td>2008</td>
<td>¥7,609</td>
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<tr>
<td>2009</td>
<td>(13,113)</td>
<td>(1,311,130)</td>
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<tr>
<td>2010</td>
<td>¥5,442</td>
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<td>¥15,303</td>
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<td>2014</td>
<td>¥18,974</td>
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<td>2015</td>
<td>¥32,195</td>
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<tr>
<td>2016</td>
<td>¥17,254</td>
<td>$165,734</td>
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### Depreciation and Amortization:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depreciation and amortization (thousands of yen)</th>
<th>Depreciation and amortization (thousands of US dollars)</th>
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</thead>
<tbody>
<tr>
<td>2006</td>
<td>¥12,450</td>
<td>$1,081</td>
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<tr>
<td>2007</td>
<td>¥12,842</td>
<td>$1,119</td>
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<td>2008</td>
<td>¥15,316</td>
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<tr>
<td>2009</td>
<td>¥15,180</td>
<td>$1,340</td>
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<tr>
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<td>¥15,274</td>
<td>$1,341</td>
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<tr>
<td>2011</td>
<td>¥13,524</td>
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<tr>
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<td>¥12,765</td>
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<tr>
<td>2013</td>
<td>¥12,356</td>
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<tr>
<td>2014</td>
<td>¥12,118</td>
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<td>2015</td>
<td>¥13,039</td>
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<tr>
<td>2016</td>
<td>¥11,611</td>
<td>$1,064</td>
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### Capital Expenditures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital expenditures (thousands of yen)</th>
<th>Capital expenditures (thousands of US dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>¥14,838</td>
<td>$1,267</td>
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<tr>
<td>2007</td>
<td>¥17,917</td>
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<tr>
<td>2009</td>
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<td>¥22,302</td>
<td>$1,880</td>
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<tr>
<td>2011</td>
<td>¥18,153</td>
<td>$1,552</td>
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<td>2012</td>
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<td>2013</td>
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<td>2014</td>
<td>¥139,598</td>
<td>$11,611</td>
</tr>
<tr>
<td>2015</td>
<td>¥7,633</td>
<td>$677</td>
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### R&D expenses:

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D expenses (thousands of yen)</th>
<th>R&amp;D expenses (thousands of US dollars)</th>
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</thead>
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<tr>
<td>2006</td>
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<tr>
<td>2007</td>
<td>¥11,357</td>
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<tr>
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<tr>
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<td>¥4,977</td>
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<td>2011</td>
<td>¥4,067</td>
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<td>¥3,827</td>
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<td>$0.440</td>
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<td>2014</td>
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<td>2015</td>
<td>¥6,754</td>
<td>$0.560</td>
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<tr>
<td>2016</td>
<td>¥7,633</td>
<td>$0.677</td>
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</table>

### Financial Position:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total assets (millions of yen)</th>
<th>Total net assets (millions of US dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>¥592,631</td>
<td>$5,143,264</td>
</tr>
<tr>
<td>2007</td>
<td>¥625,033</td>
<td>$5,143,264</td>
</tr>
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<td>¥607,007</td>
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</tr>
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<td>2009</td>
<td>¥562,456</td>
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</tr>
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<td>2010</td>
<td>¥522,540</td>
<td>$4,753,012</td>
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<td>2011</td>
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<td>2012</td>
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<td>2013</td>
<td>¥504,576</td>
<td>$4,413,012</td>
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<tr>
<td>2014</td>
<td>¥570,392</td>
<td>$5,143,264</td>
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### Shareholders' equity:

<table>
<thead>
<tr>
<th>Year</th>
<th>Shareholders' equity (millions of yen)</th>
<th>Shareholders' equity (millions of US dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>¥153,695</td>
<td>$12,890</td>
</tr>
<tr>
<td>2007</td>
<td>¥151,255</td>
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<td>2009</td>
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<td>$10,790</td>
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<td>2011</td>
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<td>2015</td>
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<td>$17,254</td>
</tr>
<tr>
<td>2016</td>
<td>¥241,017</td>
<td>$19,497</td>
</tr>
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### Financial Highlights

**EBARA CORPORATION and Consolidated Subsidiaries**

#### Orders / Net Sales

The scale of the Company’s operations has continued to expand despite the Lehman Shock and the exclusion of the subsidiaries’ operation of a water treatment plant from the consolidation scope.

![Orders / Net Sales Chart](chart)

#### Operating Income / Operating Income to Sales Ratio

Operating income is rising following the withdrawal from unprofitable businesses and the reinforcement of the service and support (S&S) business.

![Operating Income / Operating Income to Sales Ratio Chart](chart)

#### ROIC / ROE

The medium-term management plan has set the target of achieving return on invested capital (ROIC) of 7% or more in the fiscal year ending March 31, 2017.

![ROIC / ROE Chart](chart)

#### Dividends per Share

In recent years, we have been paying stable dividends thanks to an improved financial position.

![Dividends per Share Chart](chart)
The Company’s credit rating rose to A- in the fiscal year ended March 31, 2015, mainly due to the steady increase in shareholders’ equity.

**Shareholders’ Equity / Equity Ratio**

Targeting 0.4 to 0.6 times for the debt/equity ratio will be maintained going forward.

**Interest-Bearing Debt / Debt/Equity Ratio**

Growth investments are being conducted for enhancing overseas bases and other purposes.

**Capital Expenditures / Depreciation and Amortization**

The number of employees is rising together with the enhancement of overseas bases.

**Number of Employees**

Note: Since the fiscal year ended March 31, 2010, the subsidiaries’ operation of a water treatment plant has been excluded from the consolidation scope.
Message from the Management

Becoming a global top-tier manufacturer of industrial machinery

With a view to its medium-to-long-term goal, the EBARA Group will pursue organic growth and enhance management foundations to further improve corporate value.

The EBARA Group is committed to continually supplying products as well as services to support these products throughout their life cycles in its three business domains. Through these efforts, we aim to build stable, lasting relationships that are founded on trust with customers around the world to improve corporate value over the long term.

Toichi Maeda
President, Representative Executive Officer
Since its establishment as a pump manufacturer in 1912, the EBARA Group has continued to advance research and development of products matched to society’s needs, expanding its business domains through the sale of these products. Today, the Group is a conglomerate of its three core businesses: the mainstay Fluid Machinery & Systems Business, which supplies pumps, compressors, and other rotating machinery; the Environmental Engineering Business, which handles environment-related plants; and the Precision Machinery Business, which produces and markets equipment and devices related to semiconductor manufacturing. Looking at these businesses, we see that pumps contribute to the effective utilization of water resources, environment-related plants help limit climate change, and semiconductor manufacturing equipment aids in the realization of a more comfortable information society. For these reasons, it could be said that we have expanded our business while going about resolving social issues and that we have therefore made wide-reaching contributions to social and industrial development.

The EBARA Group has continued to grow together with society for more than 100 years. In order for us to continue growing, achieving organic growth in each of our three business domains will be key.

While the structure of our operations differs in each business domain, the common thread that unites these operations is that they integrate every stage from marketing and other order acquisition activities to development, design, procurement, production, on-site installation, and post-delivery service and support (S&S). In these integrated operations, we aggressively expand into growth markets, actively supplying them with our products, while continually providing services to support these products throughout their life cycles. Through these efforts, we aim to build stable, lasting relationships that are founded on trust with customers around the world in order to improve corporate value over the long term.

Responding to the various needs of customers requires that we achieve organic growth with regard to existing business resources while also advancing production innovation and technology development in each of our businesses. Conducting ongoing investment, therefore, is a must. I am confident in our ability to continue to provide various services based on our unique and competitive products and our extensive track record.

As we forge ahead with our various initiatives for achieving sustainable growth and improving corporate value, we practice management geared toward realizing our vision of what we want to become in the fiscal year ending March 31, 2020. The realization of this vision will create a foothold for us in our quest to accomplish our long term goal of becoming a global top-tier manufacturer of industrial machinery. Furthermore, we have declared in our management policy that net sales of ¥500.0 billion is absolutely necessary to survive on the global market as an industrial machinery manufacturer. We realize that over the medium-to-long-term, organic growth alone will not be enough; we will also need to undertake M&A activities.

In addition, it will be essential for us to enhance corporate governance. Based on this belief, in June 2015 we adopted a Company with Three Committees system, effectively poising the Company for more aggressive expansion.

Established based on our vision of what we want to become, the three-year E-Plan2016 medium-term management plan has entered into its final year. The three years of this plan were defined as a period in which we will change course markedly from a stage of reinforcing management foundations to one of growth. Throughout this period, we have emphasized operating income in the domestic market and net sales in overseas markets as we utilized internal and external resources in a flexible and concentrated manner to swiftly bring about change and accelerate growth. By March 31, 2017, I hope that by advancing these efforts, we will be able to reach a vantage point from which we can clearly see the path toward our vision of what we want to become in the fiscal year ending March 31, 2020.
Under E-Plan2016, the EBARA Group is advancing initiatives on a Groupwide basis guided by the following basic policies.

**Basic Groupwide Policies**

I. Ensure the Group’s businesses steadily capture demand arising from growth, particularly in global markets
II. Become a service provider that targets the entire life cycle of the product / plant
III. Continuously enhance our core competence (technological capabilities) as an industrial machinery manufacturer
IV. Enhance the management infrastructure that supports global business expansion

In the fiscal year ended March 31, 2016, the operating environment for the EBARA Group was uncertain. Factors contributing to this outlook included ongoing delays in investment decisions by customers in oil and gas markets—a result of the decline in the price of crude oil—as well as market contraction in China following the economic slowdown. Conversely, the capital expenditure appetite of customers in the semiconductor market was robust. As a result, overall orders increased ¥3.7 billion year on year, to ¥491.2 billion, and net sales were similarly up ¥3.5 billion, to ¥486.2 billion. Operating income rose ¥3.4 billion, climbing to a new record high of ¥38.0 billion, due to a substantial rise in income in the Precision Machinery (PM) Business. The overseas sales ratio was down 1.4 percentage points, to 52.2%, stemming from increased domestic sales and foreign exchange influences.

### E-Plan2016 Basic Groupwide Policies

**Overview of Performance in the Fiscal Year Ended March 31, 2016**

In the fiscal year ended March 31, 2016, the operating environment for the EBARA Group was uncertain. Factors contributing to this outlook included ongoing delays in investment decisions by customers in oil and gas markets—a result of the decline in the price of crude oil—as well as market contraction in China following the economic slowdown. Conversely, the capital expenditure appetite of customers in the semiconductor market was robust. As a result, overall orders increased ¥3.7 billion year on year, to ¥491.2 billion, and net sales were similarly up ¥3.5 billion, to ¥486.2 billion. Operating income rose ¥3.4 billion, climbing to a new record high of ¥38.0 billion, due to a substantial rise in income in the Precision Machinery (PM) Business. The overseas sales ratio was down 1.4 percentage points, to 52.2%, stemming from increased domestic sales and foreign exchange influences.

#### Summary of Fiscal Year Ended March 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
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<td>Orders</td>
<td>487.5</td>
<td>491.2</td>
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<tr>
<td>Net Sales</td>
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<td>486.2</td>
<td>+3.5</td>
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<tr>
<td>Operating Income</td>
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</tr>
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<td>23.5</td>
<td>17.2</td>
<td>–6.3</td>
</tr>
</tbody>
</table>

* The figure for the fiscal year ended March 31, 2015, represents net income.

#### Net Sales Breakdown by Region

- **Japan**: ¥224.0 billion
- **Europe**: ¥34.5 billion
- **North America**: ¥53.0 billion
- **Asia (excluding Japan)**: ¥139.9 billion
- **Middle East**: ¥25.3 billion
- **Others**: ¥9.7 billion

**Overseas Sales**

- ¥258.6 billion
- Oversea Sales Ratio: 53.6%

**Overseas Sales**

- ¥253.6 billion
- Overseas Sales Ratio: 52.2%
With regard to the operating income ratio—a key management indicator for assessing business execution—we have placed the goal of 8% for this margin set for the final year of E-Plan2016 within reach. However, we failed to achieve the targets put forth for net sales and operating income, leaving issues that need to be resolved.

Key Management Indicators
Return on invested capital (ROIC) has been positioned as a key management indicator, and we have set a target of 7% or higher for the fiscal year ending March 31, 2017, the final year of E-Plan2016. In the fiscal year under review, the second year of the plan, ROIC decreased to 4.8% due to the recording of extraordinary loss related to litigations.

Conversely, the operating income ratio—a key management indicator for assessing business execution—rose to 7.8% due in part to the favorable performance of the PM Business. Such progress has placed the goal of 8% for this margin set for the final year of E-Plan2016 within reach. However, the deterioration of the operating environment resulted in our failure to achieve the targets put forth for net sales and operating income in the second year of the plan, leaving issues that need to be resolved.
Message from the Management

Progress by Basic Groupwide Policy

Initiatives and Progress Based on
Four Basic Groupwide Policies

I. Ensure the Group’s businesses steadily capture demand arising from growth, particularly in global markets

Successes in the fiscal year under review included the acquisition of an Indonesian maintenance service company and a Brazilian standard pump manufacturer in the pumps business. In the future, we intend to push forward with the development of the businesses of these newly added companies as well as our other overseas operations in emerging countries with significant potential for market growth. At the same time, we are implementing post-merger integration measures to ensure that synergies with these companies can be realized as quickly as possible. Meanwhile, we are transferring production from Japan to China in the chillers business. This move is meant to help us better capture demand in overseas markets, such as China, which continues to grow despite a slight trend toward market adjustment, as well as Southeast Asia and the Middle East.

In the consistently strong-performing PM Business, we began construction at our plant in Kumamoto to boost its production capacity in light of robust demand, and we hope to have the plant operating at its increased capacity within 2016. This will be the first investment of this magnitude conducted since the plant was constructed in 2001. The resulting production capacity increase is anticipated to help facilitate the expansion of the PM Business.

At other existing factories, we continued to implement productivity innovation activities to improve productivity and boost production capacities. Through these activities, we aim to establish an even more competitive production system.

II. Become a service provider that targets the entire life cycle of the product/plant

In the pumps business, we are working to expand service and support (S&S) business, particularly with regard to the overseas custom pumps business. Measures to this end include the enhancement of service networks through the aforementioned acquisition of an Indonesian company. In the compressors and turbines business, in which we have already begun reinforcing service networks, we are also moving forward with efforts to expand S&S business. To further these efforts, we established service bases in Tianjin, China, and Bangalore, India, during 2015. Meanwhile, we continued to steadily increase the number of facilities that contract us to carry out the operation and maintenance (O&M) services of existing facilities in the Environmental Engineering (EE) Business.

III. Continuously enhance our core competence (technological capabilities) as an industrial machinery manufacturer

In the pumps business, we launched two core global products and released 15 regional products during the fiscal year under review. Furthermore, we appointed product managers that are responsible for everything from product development to launches and the accomplishment of numeric targets. With these managers in place, we are now poised to continually conduct swift development of competitive new products and systematic launches of these products.

Creating competitive products is crucial to the continuity of not only the pumps business but all of our businesses. Accordingly, we feel that it is absolutely essential for the Group to innovate its product development systems if it hopes to steadily grow earnings. It was for this reason that in 2010 we reinvented the centralized research style we had continued to practice up until that point. The resulting new system allows the EBARA Group’s researchers and engineers to engage in open collaboration with research institutions both in Japan and overseas in the pursuit of technological innovations. Furthermore, in 2016 we began deploying initiatives for creating new businesses through the development of products that are on the cutting edge of global technological innovation.*

* For more information, please refer to pages 28–30.

IV. Enhance the management infrastructure that supports global business expansion

We are constantly re-examining our human resource policies in order to establish foundations for supporting the global development of our business. As set forth in our vision of what we want to become in the fiscal year ending March 31, 2020, we aim to create systems that ensure all employees receive proper compensation in accordance with their individual talents. As one measure for creating such systems, we implemented a performance-linked bonus system in 2015. In addition, we began implementing work-style reforms targeting all employees. The goal of these reforms is to cultivate an open corporate culture that enables every employee to succeed, regardless of their gender or nationality. These reforms are being conducted in three areas: awareness and corporate culture reforms, system and environment reforms, and work process reforms and visualization. The Diversity Promotion Department coordinates with other related divisions to draft and implement initiatives related to these reforms.
The fiscal year ending March 31, 2017, the final year of E-Plan2016, is an important juncture in which we will work to tie together all the initiatives that we have been advancing over the three-year period. One of the basic policies of E-Plan2016 is to “become a service provider that targets the entire life cycle of the product / plant.” As we approach this juncture, I am reminded of the importance of having all employees re-acknowledge our goal to act as such a service provider and go about enhancing our competitiveness accordingly. The ability to provide support for all areas of product and plant life cycles is a unique characteristic of EBARA’s business, and leveraging this characteristic enables us to provide value that only the Group can while charting a path toward our vision for the future.

Looking ahead, while we expect short-term fluctuations in conditions in markets related to energy, semiconductors, social infrastructure, and other business fields targeted by the Group, these markets are anticipated to continue growing over the medium-to-long term when viewed on a global basis. We will thus work to enhance our competitiveness in such markets projected to see medium-to-long-term growth as we simultaneously strive to minimize the negative impacts of short-term fluctuations in conditions. The pursuit of long-term improvements in corporate value through these efforts will be entrenched into the overall framework for our business, and everyone at the EBARA Group will band together to accelerate initiatives in this regard.

Operating Environment and Strategies for Each Business in the Fiscal Year Ending March 31, 2017
We are committed to steadily generating results in the final year of E-Plan2016 while addressing the issues that have been identified thus far in order to cement the foundations for the next medium-term management plan.

Fluid Machinery & Systems Business
In the pumps business, we project that conditions in domestic and other building equipment markets will be relatively stable, not being significantly impacted by operating environment changes. Overseas, despite the challenges presented by yen appreciation, we anticipate growth in orders thanks to the benefits of M&A activities. We will systematically launch new products in this business as we strive to improve profitability. The compressors and turbines business is witnessing the postponement of new plant construction starts in overseas oil and gas markets, its primary target, due to the persistently low price of crude oil. In this business, we will continue to develop and launch new product series that contribute to higher competitiveness while reinforcing our S&S business, which is resilient to the impacts of operating environment changes. We thereby expect to be able to secure a certain amount of operating income.

The chillers business is expected to suffer from the ongoing economic slowdown in China. However, this will not stop us from continuing to strengthen operations in Japan while promoting coordination between overseas and domestic bases.

Environmental Engineering Business
In the EE Business, conditions are expected to remain stable in public infrastructure markets, such as those related to waste incinerating facilities, in the fiscal year ending March 31, 2017. Seeking to maintain a consistent flow of orders from these markets, we will improve our proposal capabilities for non-price competitions in bid offerings. At the same time, we will enhance our overall competitiveness including cost reductions and the profitability of received orders.

Precision Machinery Business
The PM Business will continue to operate its business in a manner that incorporates robust demand while advancing the production capacity increase on schedule through construction that was commenced at the Kumamoto Plant in 2016. Going forward, we will maintain our focus on ensuring that this business is always able to uphold consistently high operating margins, even in highly volatile markets.

Future Challenges
I am reminded of the importance of having all employees re-acknowledge our position as a service provider that targets the entire life cycle of products and plants and go about enhancing our competitiveness accordingly.
At a Glance

Net Sales ¥486.2 billion (Fiscal year ended March 31, 2016)

Sales by Industry  The EBARA Group’s products are used in many different places in support of society and industry.

Social infrastructure
From public facilities, such as waste incineration plants and drainage pumping stations, through to commercial facilities, plants, buildings, and condominiums.

Sales by Region  More than one-half of net sales are overseas sales. We will continue globalizing businesses to tap into growing overseas markets.

S&S Sales  The service and support (S&S) business accounts for more than 40% of net sales, mitigating the negative effect on the EBARA Group.

Composition of Net Sales

Fluid Machinery & Systems Business 66%

Fluid Machinery & Systems Business

Sales by Industry

Sales by Region

S&S Sales

Fluid Machinery & Systems Business Overall

Pumps

Compressors and Turbines

Fluid Machinery & Systems Business

Pumps

Compressors and Turbines

S&S Sales

* Mostly downstream business

From public facilities, such as waste incineration plants and drainage pumping stations, through to commercial facilities, plants, buildings, and condominiums.

More than one-half of net sales are overseas sales. We will continue globalizing businesses to tap into growing overseas markets.

The service and support (S&S) business accounts for more than 40% of net sales, mitigating the negative effect on the EBARA Group.
EBARA CORPORATION
Integrated Report 2016

Fluid Machinery & Systems Business 66%
Environmental Engineering Business 14%
Precision Machinery Business 19%

Chillers
Chillers, cooling towers

Industrial infrastructure
From large-scale plants, such as oil refineries, petrochemical plants, and power stations, through to semiconductor-manufacturing plants and other plants.

The service and support (S&S) business accounts for more than 40% of net sales, mitigating the negative effect on the EBARA Group of the deterioration in business conditions. (For details about the S&S business, please see pages 32-33.)

More than one-half of net sales are overseas sales. We will continue globalizing businesses to tap into growing overseas markets.

Environmental Engineering Business
Environmental Engineering Business

Precision Machinery Business

Components
CMP Systems
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Oth
Fluid Machinery & Systems Company

Enhancing Our Presence on the Global Market

Atsuo Ohi
Company President

Orders / Net Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Orders</th>
<th>Net Sales</th>
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<tr>
<td>2016</td>
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<tr>
<td>2017 E-Plan2016 Target</td>
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Operating Income / Operating Income to Sales Ratio

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<tr>
<th>Year</th>
<th>Operating Income</th>
<th>Operating Income to Sales Ratio</th>
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</thead>
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<tr>
<td>2016</td>
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</tr>
<tr>
<td>2017 E-Plan2016 Target</td>
<td>33.0</td>
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</tr>
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</table>

Business Model

External environment

- Water shortage
- Energy shortage
- Climate change

Value creation

- Efficient use of water resources
- Optimal use of energy
- Mitigation of climate change

Management Strategies

- Management policy
- Medium-term management plan
**Business Conditions**

- **Oil and gas**: Although oil price volatility has lessened, it is uncertain when customers’ investment will pick up. In the fields of oil refining and petrochemicals, such as ethylene, some investment plans are expected to move forward.
- **Building equipment**: The domestic market is stable because outside conditions do not affect it significantly. In the overseas market, demand is steady and centered on pump-related products.

**Business Strategy**

**Vision of What We Want to Become in the Fiscal Year Ending March 31, 2020**

**Pumps Business**
- Cast off our existing conservative corporate culture
- Become Asia’s No. 1 pump manufacturer
- Become one of the world’s top three pump manufacturers

**Compressors and Turbines Business**
- Establish the “Elliott” brand
- Achieve sales of ¥200 billion

**Chillers Business**
- Capture the No. 1 market share for chillers in China and Southeast Asia
- Grow overseas sales to account for 50% or more of net sales

**STRENGTHS**

- Fluid Machinery & Systems (FMS) overall: Extensive delivery track record
- Pumps: Abundant lineup of products in terms of sizes and applications
- Large market share centered on Japan
- Compressors and Turbines: Global service and support network
- Chillers: World-class efficiency

**WEAKNESSES**

- FMS overall: Cost-competitiveness
- Pumps: Lower profitability than major overseas competitors
- Compressors and Turbines: Giant overseas competitors

**OPPORTUNITIES**

- Potential growth in demand for various types of pumps in emerging markets mainly in Asia
- Increased construction of ethylene plants and oil refineries mainly in North America and Asia
- Capturing of demand from various customers for service and support (S&S)

**THREATS**

- Decrease in competitiveness due to yen appreciation
- Dramatic change in the energy market centered on oil and gas
- Global economic downturn that includes emerging countries

---

**Achievements in the Fiscal Year Ended March 31, 2016, and Measures Going Forward**

In the fiscal year ended March 31, 2016, despite marketing new products in the pumps business and receiving large orders for S&S projects in the compressors and turbines business, business results were lackluster due to slumping crude oil prices and China’s softening economic growth.

As for the fiscal year ending March 31, 2017, although the yen has been appreciating since the previous fiscal year, conditions in oil- and gas-related markets are expected to improve steadily. Amid these conditions, we will strengthen S&S business and steadily develop and market products that reflect demand in each region.
E-Plan2016 in Each Business

**Pumps Business**

(1) We will engage in speedy product development that meets customer needs and bring competitive new products to market.

(2) We will increase the number of bases equipped with sales, service, and packaging functions on a global basis and establish a new business model by linking sales with service and support (S&S). In the pumps business, we have set the overseas sales ratio as well as the S&S sales ratio as key management indicators to assess business execution, and we will manage them accordingly. For the final year of E-Plan2016, we are targeting an overseas sales ratio of 45% or higher, and we will also pursue an S&S sales ratio of 30% or more in the overseas custom pumps business.

(3) We will thoroughly reduce manufacturing costs through such means as revising basic product design while optimizing our procurement and product supply systems on a global basis by sharing data among production, sales, and service bases.

**Compressors and Turbines Business**

(1) We will thoroughly enforce Group management through a global organization and speed up the decision-making process through the establishment of a globally integrated production management system.

(2) By strengthening competitiveness and bolstering production capacity, we will diligently incorporate market growth to boost earnings while reinforcing S&S capabilities to enhance both the quantitative and qualitative aspects of operations.

(3) To optimize the monozukuri process, we will take a scientific approach in advancing global productivity innovation activities and enhance our competitive edge by raising our competitiveness in terms of prices, delivery, and quality.

**Chillers Business**

(1) In the domestic business in Japan, we will ensure stable profitability by enhancing revenues from product sales and expanding the lineup of our S&S business.

(2) Defining China and Southeast Asia as priority areas, we will expand the scale of overseas operations by launching products that match the market needs of each area to enhance our presence.

(3) We will establish a development system allowing for coordination between bases in Japan and China and quickly launch products that meet market needs by effectively utilizing the development resources of bases in these two countries.
In the fiscal year ended March 31, 2016, we introduced two core global products and 15 regional products. We achieved the target of having regional products account for at least 10% of sales in the pumps business. We will market core global products in earnest from the fiscal year ending March 31, 2017.

We are increasing and improving overseas bases. We acquired companies in Indonesia and Brazil and established sales bases in Myanmar and Colombia. Also, we are expanding patrol services for customers.

As customers in the oil and gas market continued to postpone order placements and investment decisions amid low crude oil prices, we received orders for products for petrochemical plants in North America, products for oil refineries in Asia and Africa, and comprehensive services for petrochemical plants in the Middle East.

To strengthen S&S, we set up bases in China and India, and we plan to establish a base in Saudi Arabia. Further, we aim to attract orders for comprehensive S&S. At the same time, as a new initiative we are seeking orders for products for fertilizer plants.

In Japan, we establish stable profitability by accepting orders selectively to increase profit margins in fields with fierce price competition and augmenting and improving the S&S lineup. Aiming to expand overseas businesses, we stepped up product sales and direct S&S sales in Southeast Asia and strengthened sales through distributors in the Middle East and Europe.

Overseas, growth is likely to soften in China’s market. In Japan, however, solid demand is expected. In China, we will continue to provide products that reflect customer needs, particularly those of industrial customers. As for overseas markets other than China, we will strengthen product sales capabilities.
Environmental Engineering Company

Increasing Market Share, Profitability, and Efficiency

Akira Ichihara
Company President

Orders / Net Sales

<table>
<thead>
<tr>
<th>Fiscal years ended (ending March 31)</th>
<th>Orders</th>
<th>Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>70.0</td>
<td>80.0</td>
</tr>
<tr>
<td>2013</td>
<td>65.0</td>
<td>70.3</td>
</tr>
<tr>
<td>2014</td>
<td>65.0</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>65.0</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>65.0</td>
<td></td>
</tr>
<tr>
<td>2017 E-Plan2016 Target</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Operating Income / Operating Income to Sales Ratio

<table>
<thead>
<tr>
<th>Fiscal years ended (ending March 31)</th>
<th>Operating Income (left scale)</th>
<th>Operating Income to Sales Ratio (right scale)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>6.4</td>
<td>10.0% or more</td>
</tr>
<tr>
<td>2013</td>
<td>9.1</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>2017 E-Plan2016 Target</td>
<td>6.5</td>
<td></td>
</tr>
</tbody>
</table>

Business Model

External environment

- Waste treatment
- Energy shortage
- Environmental issues

Financial capital

- Technologies and patents
- Human resources
- Existing facilities

Operation and Maintenance (O&M)

- Planning
- Design
- Proposal
- Renewal
- Plant life extension
- Engineering
- Procurement
- Construction
- Operation
- Turnover

Reliability

- Technological Capabilities

Management Strategies

- Management policy
- Medium-term management plan

Value creation

- Realization of comfortable local communities
- Optimal use of energy
- Efficient use of resources

Human resources

Technologies and patents

Financial capital

E-Plan2016 Target

Orders to Net Sales

Billions of yen

Zero percentage

10.0% or more
In the fiscal year ended March 31, 2016, we received an order for the long-term comprehensive management of Hirosaki Area Environmental Maintenance Center, shown above.

Business Conditions

- Business conditions have not changed significantly, and steady investment in the renewal and repair of waste treatment facilities is continuing.
- Increasingly, municipal authorities are contracting private companies for facility management. The contracting of O&M services is shifting from single-year contracts to long-term multiple-year contracts for comprehensive services.
- Projects for power generation plants that use such resources as wood fiber biomass are expected to increase in the private sector.

E-Plan2016

Business Strategy

Vision of What We Want to Become in the Fiscal Year Ending March 31, 2020

- Leader in the domestic EPC and O&M markets
- Operating income to sales ratio of more than 11%

Basic Policies of E-Plan2016

1. In the EPC market in Japan, we will establish an earnings structure that will enable us to secure stable sales and operating income.
2. In the O&M market in Japan, by improving customer satisfaction, customer bonding, and customer trust, we will expand the operational management outsourcing area.
3. We will reinforce the competitiveness of the EE Company as a whole in terms of cost, quality, and business type by maximizing the synergy between the EPC and O&M fields.

Company’s Targets for E-Plan2016

<table>
<thead>
<tr>
<th>Net Sales (Fiscal year ending March 31, 2017)</th>
<th>Operating Income (Fiscal year ending March 31, 2017)</th>
<th>Operating Income to Sales Ratio (Fiscal year ending March 31, 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥65.0 billion</td>
<td>¥6.5 billion</td>
<td>10.0% or more</td>
</tr>
</tbody>
</table>

Achievements in the Fiscal Year Ended March 31, 2016, and Measures Going Forward

In the fiscal year ended March 31, 2016, large orders included three for EPC projects, one for major repairs of existing facilities, and four for long-term comprehensive O&M services. Extending the scope of its operations, the O&M business received an order for the management of a waste-receiving facility, in addition to the O&M of a waste incineration plant. Also, we expanded a business engaged in local production for local consumption, which sells electricity generated at a waste treatment facility to public facilities and local companies.

We will continue to lay and reinforce the foundations of stable earnings under our basic strategy of increasing price competitiveness through the development of an incinerator series and design bundles and extending the scope of our O&M services.

In the fiscal year ended March 31, 2016, we received an order for the long-term comprehensive management of Hirosaki Area Environmental Maintenance Center, shown above.

SWOT Analysis

STRENGTHS

- One of Japan’s leading companies in terms of delivery track record and number of contracts for operation services
- Structure that integrates engineering, procurement, and construction (EPC) projects with operation and maintenance (O&M) services
- Painstaking services that exploit the network among bases

WEAKNESSES

- Limited opportunities for business expansion due to maturity of Japan’s market

OPPORTUNITIES

- Increase in demand for services to lengthen the lifetimes of aging facilities
- Acceleration in transfer of facility management from the public to the private sector

THREATS

- Significant reduction in grants and subsidies due to change in government policy
- Reduction in waste due to population decline or heightening environmental awareness in Japan

E-Plan2016

Business Conditions

- Business conditions have not changed significantly, and steady investment in the renewal and repair of waste treatment facilities is continuing.
- Increasingly, municipal authorities are contracting private companies for facility management. The contracting of O&M services is shifting from single-year contracts to long-term multiple-year contracts for comprehensive services.
- Projects for power generation plants that use such resources as wood fiber biomass are expected to increase in the private sector.

Business Strategy

Vision of What We Want to Become in the Fiscal Year Ending March 31, 2020

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In the fiscal year ended March 31, 2016, we received an order for the long-term comprehensive management of Hirosaki Area Environmental Maintenance Center, shown above.
Precision Machinery Company
Building Business Foundations for Sustainable Growth

Masao Asami
Company President

Orders / Net Sales

Operating Income / Operating Income to Sales Ratio

Business Model

External environment

Value creation

Management Strategies

Optimal use of energy

Support of industrial infrastructure

Realization of comfortable information society

Accelration of computerization

Energy shortage

Demand for higher efficiency

Financial capital

Bases and facilities

Technologies and patents

Human resources

Natural capital

Planning Consultation Proposal

Design Development

S&S Provision

Reliability

Technological Capabilities

Product Provision

Manufacturing

Delivery

Inspection Repairs

Bases and facilities

Reliability

Optimal use of energy

Support of industrial infrastructure

Realization of comfortable information society

Accelration of computerization

Energy shortage

Demand for higher efficiency

Financial capital

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Technologies and patents

Human resources

Natural capital

Planning Consultation Proposal

Design Development

S&S Provision

Reliability

Technological Capabilities

Product Provision

Manufacturing

Delivery

Inspection Repairs

E-Plan 2016

Target

Orders / Net Sales

Billions of yen

Operating Income / Operating Income to Sales Ratio

Billions of yen %

2012 2013 2014 2015 2016 2017

(Fiscal years ended / ending March 31)

Operating Income (left scale)

Operating Income to Sales Ratio (right scale)

E-Plan 2016

Target

Orders

Net Sales

E-Plan 2016

Target

Orders

Net Sales
In the fiscal year ended March 31, 2016, we extended our customer base, increased market shares, and grew orders for mainstay CMP systems and component products. Further, the company received major orders for plating systems, which have grown into a third pillar.

Given the abovementioned conditions, we decided to invest in an expansion of the Kumamoto Plant. Featuring a high level of flexibility, the new plant will be able to produce not only mainstay CMP systems but also various types of semiconductor manufacturing equipment. In the fiscal year ending March 31, 2017, we will continue catering to various needs of customers and expand the business by maintaining high production levels and starting up the new plant as planned.

**SWOT Analysis**

**STRENGTHS**
- Extensive lineup of products as an exhaust equipment manufacturer, from pumps through to gas abatement systems
- Own overhaul plants in regions worldwide
- Ability to develop products that exploit the EBARA Group’s core technologies, such as rotating and fluid machinery technologies

**WEAKNESSES**
- Small size of business in non-semiconductor field

**OPPORTUNITIES**
- Increase in demand for semiconductors needed to process growing data volumes
- Expansion of markets for such products as LEDs (light-emitting diodes), flat panel displays, and photovoltaic cells

**THREATS**
- Downscaling of capital investment plans by semiconductor manufacturers

**E-Plan2016**

**Business Conditions**
- Capital investment is firm in the semiconductor industry.
- In semiconductors centered on memory-related devices, which saw favorable capital investment in the fiscal year ended March 31, 2016, a temporary slowdown in capital investment is likely. However, capital investment in advanced logic devices is expected to pick up.
- Capital investment by manufacturers of memory-related devices is expected to recover in the second half of the fiscal year ending March 31, 2017.

**Business Strategy**

**Vision of What We Want to Become in the Fiscal Year Ending March 31, 2020**
- Operating income to sales ratio of more than 10%
- Cultivated product line that can stand alongside vacuum pump products and chemical mechanical polishing (CMP) systems as a third pillar of operations
- Business foundation capable of supporting sustainable growth

**Basic Policies of E-Plan2016**
(1) We will establish a sound business position that does not rely on the capital investment cycle of the semiconductor industry. Additionally, we will take appropriate measures in preparation for the recovery of the non-semiconductor market (manufacturing equipment for LEDs, LCD panels, photovoltaic panels, and lithium ion batteries), which remains sluggish.

(2) Through flexible business management that is capable of responding to market changes in a timely manner, we will improve the average operating income ratio throughout the E-Plan2016 period.

(3) To overcome competition in mainstay markets (Taiwan, South Korea, the United States, and Japan), we will employ and develop human resources in all fields, such as marketing, development, production, quality assurance, sales, and S&S, and appoint optimal human resources to locations in Japan and overseas.

**Company’s Targets for E-Plan2016**

<table>
<thead>
<tr>
<th></th>
<th>Net Sales (Fiscal year ending March 31, 2017)</th>
<th>Operating Income (Fiscal year ending March 31, 2017)</th>
<th>Operating Income to Sales Ratio (Average in the period)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¥75.0 billion</td>
<td>¥7.5 billion</td>
<td>9.0% or more</td>
</tr>
</tbody>
</table>

**Achievements in the Fiscal Year Ended March 31, 2016, and Measures Going Forward**

In the fiscal year ended March 31, 2016, we extended our customer base, increased market shares, and grew orders for mainstay CMP systems and component products. Further, the company received major orders for plating systems, which have grown into a third pillar.

Given the abovementioned conditions, we decided to invest in an expansion of the Kumamoto Plant. Featuring a high level
Strengthening Foundations for Growth

This section focuses on initiatives to strengthen foundations that are essential for maintaining the EBARA Group’s growth. These initiatives include R&D and intellectual property activities aimed at bolstering core technologies to heighten product competitiveness. Also, we are increasing profitability through service and support (S&S) business and cementing corporate governance foundations.

R&D and Intellectual Properties

The EBARA Group has been an R&D-oriented company since its establishment in 1912. We completely revamped our R&D system in 2009. Since then, we have been heightening product competitiveness and corporate value through an approach of aligning R&D and intellectual property operations more closely with business activities in accordance with the BRDIP*1 strategy.

I Basic Approach

The BRDIP strategy reemphasizes that R&D and intellectual property operations are for businesses. The basic aim is to heighten product competitiveness by dovetailing R&D and intellectual property operations with business activities. Moreover, the strategy encapsulates our desire to trigger new advances by integrating the Fluid Machinery & Systems, Environmental Engineering, and Precision Machinery Businesses.

In R&D, each business segment is responsible for product development, while corporate divisions are responsible for research on core and fundamental technologies. We are strengthening basic research through Ebara Open Innovation (EOI)*2 and heightening product competitiveness through Ebara Open Laboratory (EOL).*3 Also, with a view to creating new businesses, we launched Ebara Innovation for “X” (EIX).*4

For more than a century, we have exploited intellectual properties. Globalization has led us to shift from protecting intellectual properties to incorporating them into aggressive expansion strategies. Specifically, we are focusing on the needs of Group companies worldwide as we advance intellectual property initiatives. Furthermore, rather than patent numbers, we are focusing more on patent quality with a view to securing patents that will underpin competitive advantages.

*1. An original EBARA Group acronym created from “business,” “R&D,” and “intellectual property”
*2. An original EBARA Group collaborative format that fosters young researchers at outside research institutions and conducts research to resolve advanced technological issues
*3. A corporate research organization that enables exchanges among researchers, open sharing of research themes in-house, and flexible use of resources
*4. A new research system for business creation

To ensure that R&D and intellectual property operations and business activities function cohesively and efficiently, we have created a system that defines the roles of each area and establishes links between them.
**Competitive Advantages**

In R&D, Ebara Open Innovation (EOI) is responsible for some of our basic research and accounts for 50 research themes, which 56 research departments are implementing at 32 universities. Using the findings of this research, Ebara Open Laboratory (EOL) focuses on increasing the competitiveness of products. Numerical evaluation shows that current research’s quality, volume, and contribution to business activities has surpassed that of research in 2009, when we completely revamped our R&D system through such measures as breaking up EBARA Research Co., Ltd. Furthermore, research efficiency has doubled (please see the chart below). For the time being, we are giving priority to research focused on business goals and aiming to increase product competitiveness with the number of EOI and EOL research themes and target achievement percentage as key performance indicators.

Regarding intellectual properties, as a result of introducing the Precision Machinery Company’s corporate culture to the Fluid Machinery & Systems Company, the pumps business increased patent filings in Japan roughly fivefold in one year. Our intellectual properties strategy is to focus on patent quality rather than numbers with a view to developing intellectual properties that will underpin competitive advantages. Our key performance indicators are the numbers of filings and registrations of patents, utility model applications, and designs.

**Research Efficiency Indices**

<table>
<thead>
<tr>
<th>EOI</th>
<th>EOL</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td></td>
</tr>
<tr>
<td>300</td>
<td></td>
</tr>
<tr>
<td>250</td>
<td></td>
</tr>
<tr>
<td>200</td>
<td></td>
</tr>
<tr>
<td>150</td>
<td></td>
</tr>
<tr>
<td>100</td>
<td></td>
</tr>
<tr>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

We are using less management resources (1) to achieve higher performance (2) and equivalent results (3). Research efficiency is increasing each year.

**Pumps Business: Rate of Increase in Domestic Patent Filings**

Average patent filings between the fiscal year ended March 31, 2009, and the fiscal year ended March 31, 2015, taken as 1.0.

At the initial stage, we increased numbers. Going forward, we will heighten quality.
### Example of Foundation Strengthening

Through visualization and numerical analysis, it has become possible to analyze and predict the mechanisms of phenomena that we were unable to understand. Based on this approach, we will introduce optimal design methods, establish design parameters, and explore effective countermeasures for harmful phenomena.

1. **Clarification of Cavitation Phenomena through Numerical Analysis**
   
   Through numerical analysis, we will predict and examine countermeasures for various phenomena that result from cavitation, which harms pumps.

   ![Cavitation in the fluid channel of a downstream column](image1)

   ![Result of fluid analysis of cavitation in a downstream column](image2)

2. **Visualization of Corrosion Tendencies in Copper Wiring Due to Fluid Environment**

   We will visualize corrosion phenomena in the fine wiring of semiconductors, clarify mechanisms, and explore corrosion countermeasures.

   ![Inverse pole figure map](image3)
   ![Topographic images](image4)
   ![Potential images](image5)

3. **Clarification of the Behavior of Bulky Objects in Fluidized Layers**

   Through tests using sensor particles and large-scale numerical analysis, we will clarify the movement of bulky objects in fluidized layers and develop high-performance fluidized bed incinerators.

   ![Sensor particle](image6)
   ![Using sensor particles to test fluidized layers](image7)
   ![Numerical analysis result](image8)
Human Resources

Based on the idea that Japan is part of a global market, the numerous personnel engaged in advancing operations are a vital management resource for the creation of new corporate value.

Basic Approach

Our basic missions are to recruit and develop diverse personnel from around the world who have a strong appetite for taking on innovation and to establish a work environment that enables all employees to make the most of their individual skills. To these ends, we are enhancing our human resource development programs from a Groupwide and global perspective. (For details about the EBARA Group’s training programs, please see EBARA Group CSR Report 2016.)

Competitive Advantages

We began assigning young employees to positions overseas under the Global Human Resources Development Program in the fiscal year ended March 31, 2012. We have assigned 60 employees to positions overseas under this program. Currently, 28 employees are working in China, Vietnam, Singapore, Italy, Bahrain, the United Arab Emirates, and other countries.

Also, our head office has been stepping up the hiring of foreign nationals since 2011. At present, employees from such countries as China, South Korea, Taiwan, and India work for the Group in Japan and overseas.

Priority Strategies and Progress

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foster employees who are able to work globally</td>
<td>We have sent 17 young employees to nine countries with major overseas bases.</td>
</tr>
<tr>
<td>We have encouraged personnel exchanges by temporarily assigning employees from overseas subsidiaries to positions in Japan.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish workplaces in which employees can develop and make maximum use of skills</td>
<td>We have been conducting a Career Management Program on a trial basis, which integrates business strategies and human resource development.</td>
</tr>
<tr>
<td>We have prepared a guide to public and Group support systems for employees bringing up children or providing nursing care while working.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promote diversity</td>
<td>We have conducted a fact-finding survey and analyzed issues in relation to the empowerment of female employees.</td>
</tr>
<tr>
<td>We have begun initiatives to reform work styles.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduce a compensation system that reflects capabilities and achievements appropriately</td>
<td>We have extended performance-based bonuses to include all employees.</td>
</tr>
</tbody>
</table>

Example of Foundation Strengthening

As well as the abovementioned development of human resources, the EBARA Group fosters the next generation of managers, who will advance management strategies and lead global operations. As part of these efforts, we conduct Business Leader A Training and Business Leader B Training programs.

Business Leader A Training targets employees between the ages of 30 and 40 and entails learning about all aspects of management over a six-month period. As a final task, groups of several trainees choose a subject, prepare a proposal themed on it, and present the proposal to the senior management team. Our aim is to foster personnel who have the drive, gumption, and commitment that business leaders need.

Meanwhile, Business Leader B Training focuses on fostering a select few as future managers. Trainees assume the viewpoint of senior managers responsible for leading the Group, tackle actual management tasks, and propose solutions. This experience helps trainees to internalize the qualities of effective managers.

The business leader training that we have been conducting since the fiscal year ended March 31, 2006, has produced 28 officers and Audit & Supervisory Board members, including those of affiliated companies. More than half of currently serving executive officers have undergone business leader training.

By continuing to foster the next generation of managers in this way, the EBARA Group will create an abundant supply of human resources and lay the foundations for the Group’s ongoing development.
Service and Support

Service and support (S&S) refers to inspection, repair, parts provision, and modification following product delivery. Each of the EBARA Group’s businesses is strengthening such after-sales services. The S&S business has become a foundation for the Group’s other businesses, accounting for approximately 40% of net sales in the past two fiscal years.

Basic Approach

As well as manufacturing and delivering products, after delivery we provide S&S that reflects customer needs. We will continue strengthening S&S in each business field. In particular, we will raise the percentage of S&S delivered equipment in overseas markets by enhancing capabilities through the establishment of S&S bases near customers.

Moreover, because the S&S business accounts for roughly 40% of net sales, our business results are less susceptible to the short-term negative effect of deterioration in market conditions. We will grow corporate value over the medium-to-long term by expanding businesses while using the S&S business as a stable foundation to mitigate short-term fluctuations in business results.

Competitive Advantages

In the pumps business, we will focus on establishing bases that can provide S&S in regions where we have a long track record of product supply while extending the scope of services to reflect customer needs. Similarly, in the chillers business we will expand and improve the lineup of offerings in the S&S business.

The compressors and turbines business has service bases near customers in countries worldwide, particularly in the United States and Japan. We offer a comprehensive lineup of services that cater to customers’ on-site needs, such as inspection and repair. Furthermore, we are able to bundle everything customers require into a single package. We not only provide highly experienced personnel and complete sets of tools but also prepare plans and schedules regardless of the project’s size.

Meanwhile, the Environmental Engineering Business has one of the industry’s few systems to integrate engineering, procurement, and construction (EPC) projects with operating and maintenance (O&M) services. Exploiting abundant expertise accumulated through many years of providing O&M services, we design functional facilities and realize O&M services that earn strong customer endorsement.

Also, the Precision Machinery Business deploys bases and personnel close to customers worldwide so that it can provide them with timely support.

The EBARA Group’s S&S Bases (As of March 31, 2016)

Established in the fiscal year ended March 31, 2016
### Priority Strategies and Progress

#### Pumps Business

**Strategy**
- Increase the number of bases with sales, service, and packaging functions and establish a new business model by linking sales with S&S; use the S&S sales ratio as a key management indicator for assessing business execution; and have S&S sales account for 30% or more of sales in the overseas custom pumps business in the fiscal year ending March 31, 2017.

**Progress**
- We have established bases in Indonesia, Brazil, Myanmar, and Colombia. In the overseas custom pumps business, S&S sales accounted for 21% of sales in the fiscal year ended March 31, 2016.

#### Compressors and Turbines Business

**Strategy**
- Grow qualitatively and quantitatively by strengthening S&S capabilities while heightening product competitiveness and production capacity to ensure that market growth leads to more orders.

**Progress**
- We have established an S&S base in India and plan to set up an S&S base in Saudi Arabia.
- We are seeking orders for comprehensive S&S projects.

#### Chillers Business

**Strategy**
- Establish stable profitability by expanding and improving the S&S lineup of the domestic business.

**Progress**
- We have stepped up product sales and direct S&S sales in Southeast Asia.

#### Environmental Engineering Business

**Strategy**
- Extend the scope of our services in O&M service market by cultivating even higher levels of satisfaction, trust, and cohesiveness in relationships with customers.

**Progress**
- We have received orders not only for the operation and management of waste incineration facilities but also for the management of waste-receiving facilities.
- We have expanded businesses that sell electricity generated at waste treatment facilities to public facilities and local companies.

#### Precision Machinery Business

**Strategy**
- Continue to strengthen customer-based S&S in priority markets, which are Taiwan, South Korea, the United States, and Japan.

**Progress**
- We have increased S&S sales as a percentage of sales in the semiconductor field. In addition, we have improved profitability through meticulous customer service.

### Example of Foundation Strengthening

At the beginning of 2016, in the compressors and turbines business we completed work for the provision of comprehensive after-sales services to an oil refinery in Saudi Arabia. One of the largest after-sales service orders the business has received, the project entailed comprehensively undertaking such operations as disassembly and inspection, parts supply, modification, and replacement for 17 compressors and turbines, which included not only our products but also those of other companies.

The Sodegaura Plant in Japan and the Jeannette Plant in the United States coordinated in the manufacturing and supply of parts. Through a concerted effort that sent almost 200 personnel from around the world to the site, we completed the project as planned and enhanced the oil refinery’s productivity.

To cater to growing demand among customers for comprehensive after-sales services, we will continue taking advantage of the overall capabilities of the compressors and turbines business.

![Personnel on-site at an oil refinery in Saudi Arabia](image-url)
Strengthening Foundations for Growth

Board of Directors (As of June 24, 2016)

Number of Outside Directors

- Outside Directors: 7
- Inside Directors: 7

Number of Directors Concurrently Serving as Executive Officers

- Directors not concurrently serving as Executive Officers: 11
- Directors concurrently serving as Executive Officers: 3

Diversity

- Number of Japanese males: 12
- Number of Japanese females: 2
- Number of non-Japanese: 0
Board of Directors

Strengthening Foundations for Growth

Natsunosuke Yago
Chairman of the Board
Member of the Nominating Committee
Chairman of the Board of Directors

Toichi Maeda
President, Representative Executive Officer

Sakon Uda
Chairperson of the Nominating Committee
Chief Outside Director

Masao Namiki
Member of the Audit Committee

Shiro Kuniya
Chairperson of the Compensation Committee

Nobuko Matsubara
Member of the Nominating Committee

Hajime Sawabe
Member of the Compensation Committee

Shozo Yamazaki
Member of the Audit Committee

Izumi Sato
Member of the Audit Committee

Tetsuji Fujimoto
Chairperson of the Audit Committee

Manabu Tsujimura
Senior Managing Executive Officer

Atsuo Ohi
Senior Managing Executive Officer

Masaru Shibuya
Member of the Compensation Committee

Shusuke Tsumura
Member of the Audit Committee

EBARA CORPORATION  Integrated Report 2016

Outside Director

Outside Director

Outside Director

Outside Director

Outside Director

Outside Director

Outside Director

Outside Director

Outside Director
### Brief Personal History of Directors and Attendance at Board of Directors Meetings (As of June 24, 2016)

<table>
<thead>
<tr>
<th>Name</th>
<th>Brief personal history</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Natsunosuke Yago</strong></td>
<td></td>
</tr>
<tr>
<td>Chairman of the Board</td>
<td></td>
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<tr>
<td>Chairman of the Board of</td>
<td></td>
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<tr>
<td>Directors</td>
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<tr>
<td>Attendance at Board of</td>
<td></td>
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<tr>
<td>Directors meetings</td>
<td></td>
</tr>
<tr>
<td>14 times/14 times (100%)</td>
<td></td>
</tr>
<tr>
<td>Apr. 1977</td>
<td>Joined the Company</td>
</tr>
<tr>
<td>Jun. 2002</td>
<td>Executive Officer of the Company</td>
</tr>
<tr>
<td>Apr. 2004</td>
<td>Group Executive, Precision Machinery Group of the Company</td>
</tr>
<tr>
<td>Jun. 2004</td>
<td>Director of the Company (to present)</td>
</tr>
<tr>
<td>Apr. 2006</td>
<td>President, Precision Machinery Company of the Company</td>
</tr>
<tr>
<td>Apr. 2006</td>
<td>Managing Executive Officer of the Company</td>
</tr>
<tr>
<td>June 2011</td>
<td>Director of the Company (to present)</td>
</tr>
<tr>
<td>Apr. 2012</td>
<td>President, Fluid Machinery &amp; Systems Company of the Company</td>
</tr>
<tr>
<td>Apr. 2013</td>
<td>President and Representative Director of the Company</td>
</tr>
<tr>
<td>June 2015</td>
<td>Member of the Nominating Committee of the Company</td>
</tr>
<tr>
<td><strong>Toichi Maeda</strong></td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td></td>
</tr>
<tr>
<td>President, Representative</td>
<td></td>
</tr>
<tr>
<td>Executive Officer</td>
<td></td>
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<tr>
<td>Attendance at Board of</td>
<td></td>
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<tr>
<td>Directors meetings</td>
<td></td>
</tr>
<tr>
<td>14 times/14 times (100%)</td>
<td></td>
</tr>
<tr>
<td>Apr. 1981</td>
<td>Joined the Company</td>
</tr>
<tr>
<td>Jun. 2007</td>
<td>Executive Officer of the Company</td>
</tr>
<tr>
<td>Apr. 2010</td>
<td>Managing Executive Officer of the Company</td>
</tr>
<tr>
<td>Apr. 2011</td>
<td>Head of Business Unit, Custom Pump Business Unit, Fluid Machinery &amp; Systems Company of</td>
</tr>
<tr>
<td></td>
<td>the Company</td>
</tr>
<tr>
<td>Jun. 2011</td>
<td>Chairperson of the Compensation Committee of the Company</td>
</tr>
<tr>
<td>Apr. 2012</td>
<td>President, Fluid Machinery &amp; Systems Company of the Company</td>
</tr>
<tr>
<td>Apr. 2013</td>
<td>President and Representative Director of the Company</td>
</tr>
<tr>
<td>Jun. 2015</td>
<td>President, Representative Executive Officer of the Company</td>
</tr>
<tr>
<td><strong>Sakon Uda</strong></td>
<td></td>
</tr>
<tr>
<td>Chairperson of the</td>
<td></td>
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<tr>
<td>Nominating Committee</td>
<td></td>
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<tr>
<td>Chair, Outside Director</td>
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<tr>
<td>Attendance at Board of</td>
<td></td>
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<tr>
<td>Directors meetings</td>
<td></td>
</tr>
<tr>
<td>14 times/14 times (100%)</td>
<td></td>
</tr>
<tr>
<td>July 1989</td>
<td>Joined McKinsey &amp; Company</td>
</tr>
<tr>
<td>Feb. 2006</td>
<td>Executive Officer, Japan Post Holdings Co., Ltd.</td>
</tr>
<tr>
<td>Oct. 2007</td>
<td>Senior Managing Executive Officer, Japan Post Holdings Co., Ltd.</td>
</tr>
<tr>
<td>May 2010</td>
<td>First Executive Officer, Japan Post Service Co., Ltd. (currently Japan Post Co., Ltd.)</td>
</tr>
<tr>
<td>July 2010</td>
<td>Professor, Kinki Ohmura Graduate School of Business (to present)</td>
</tr>
<tr>
<td>July 2010</td>
<td>Executive Officer, Chair Operating Officer, The Tokyo Star Bank, Limited</td>
</tr>
<tr>
<td>June 2011</td>
<td>Director of the Company (to present)</td>
</tr>
<tr>
<td>Apr. 2011</td>
<td>Counselor, Nuclear Damage Liability Facilitation Fund (currently Nuclear Damage</td>
</tr>
<tr>
<td></td>
<td>Compensation and Decommissioning Facilitation Corporation (to present)</td>
</tr>
<tr>
<td><strong>Masao Namiki</strong></td>
<td></td>
</tr>
<tr>
<td>Outside Independent Director</td>
<td></td>
</tr>
<tr>
<td>Member of the Audit Committee</td>
<td></td>
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<tr>
<td>Attendance at Board of</td>
<td></td>
</tr>
<tr>
<td>Directors meetings</td>
<td></td>
</tr>
<tr>
<td>14 times/14 times (100%)</td>
<td></td>
</tr>
<tr>
<td>Apr. 1975</td>
<td>Joined Tokyo Shibaura Electric Co., Ltd. (currently TOSHIBA CORPORATION)</td>
</tr>
<tr>
<td>Jun. 2003</td>
<td>Executive Officer, Corporate Vice President, TOSHIBA CORPORATION</td>
</tr>
<tr>
<td>Jun. 2005</td>
<td>Executive Officer, Corporate Senior Vice President, TOSHIBA CORPORATION</td>
</tr>
<tr>
<td>Jun. 2007</td>
<td>Executive Officer, Corporate Executive Vice President, TOSHIBA CORPORATION</td>
</tr>
<tr>
<td>Jun. 2011</td>
<td>Director, Executive Officer, Corporate Executive Vice President, TOSHIBA CORPORATION</td>
</tr>
<tr>
<td><strong>Shiro Kuniya</strong></td>
<td></td>
</tr>
<tr>
<td>Outside Independent Director</td>
<td></td>
</tr>
<tr>
<td>Chairperson of the</td>
<td></td>
</tr>
<tr>
<td>Compensation Committee</td>
<td></td>
</tr>
<tr>
<td>Attendance at Board of</td>
<td></td>
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<tr>
<td>Directors meetings</td>
<td></td>
</tr>
<tr>
<td>13 times/14 times (93%)</td>
<td></td>
</tr>
<tr>
<td>Apr. 1982</td>
<td>Registered as an attorney (to present)</td>
</tr>
<tr>
<td>May 1987</td>
<td>Registered as an attorney at law, New York Bar Association (to present)</td>
</tr>
<tr>
<td>Jun. 1997</td>
<td>Outside Audit &amp; Supervisory Board Member, Sunstar Inc. (to present)</td>
</tr>
<tr>
<td>Aug. 2002</td>
<td>Managing Partner, Oh-ebashi Lpc &amp; Partners (to present)</td>
</tr>
<tr>
<td>Jun. 2006</td>
<td>Outside Audit &amp; Supervisory Board Member, TOSHIBA CORPORATION (to present)</td>
</tr>
<tr>
<td><strong>Nobuko Matusbara</strong></td>
<td></td>
</tr>
<tr>
<td>Outside Independent Director</td>
<td></td>
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<tr>
<td>Member of the Nominating</td>
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<tr>
<td>Committee</td>
<td></td>
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<tr>
<td>Attendance at Board of</td>
<td></td>
</tr>
<tr>
<td>Directors meetings</td>
<td></td>
</tr>
<tr>
<td>10 times/10 times (100%)*</td>
<td></td>
</tr>
<tr>
<td>Apr. 1964</td>
<td>Entered Ministry of Labor</td>
</tr>
<tr>
<td>Mar. 1987</td>
<td>Director of International Labor Division, Ministry of Labor</td>
</tr>
<tr>
<td>Oct. 1991</td>
<td>Director-General of Women's Bureau, Ministry of Labor</td>
</tr>
<tr>
<td>Jul. 1997</td>
<td>Administrative Vice Minister, Ministry of Labor</td>
</tr>
<tr>
<td>Apr. 1999</td>
<td>Chairperson, Japan Association for Employment of Persons with Disabilities (currently</td>
</tr>
<tr>
<td></td>
<td>Japan Organization for Employment of the Elderly, Persons with Disabilities and Job</td>
</tr>
<tr>
<td></td>
<td>Seekers</td>
</tr>
<tr>
<td>Sep. 2002</td>
<td>Ambassador Extraordinary and Plenipotentiary of Japan to Italy</td>
</tr>
<tr>
<td>Nov. 2002</td>
<td>Ambassador Extraordinary and Plenipotentiary of Japan to Albania, to San Marino, and</td>
</tr>
<tr>
<td></td>
<td>to Malta</td>
</tr>
<tr>
<td><strong>Hajime Sawabe</strong></td>
<td></td>
</tr>
<tr>
<td>Outside Independent Director</td>
<td></td>
</tr>
<tr>
<td>Member of the Compensation</td>
<td></td>
</tr>
<tr>
<td>Committee</td>
<td></td>
</tr>
<tr>
<td>Attendance at Board of</td>
<td></td>
</tr>
<tr>
<td>Directors meetings</td>
<td></td>
</tr>
<tr>
<td>9 times/10 times (90%)*</td>
<td></td>
</tr>
<tr>
<td>Apr. 1984</td>
<td>Joined Tokyo Denki Kagaku Kagyo K.K. (currently TDK Corporation)</td>
</tr>
<tr>
<td>Jun. 1996</td>
<td>Director, Executive Vice President of Recording Device Business, TDK Corporation</td>
</tr>
<tr>
<td>Jun. 1998</td>
<td>President &amp; Representative Director, TDK Corporation</td>
</tr>
<tr>
<td>Jun. 2006</td>
<td>Chairman &amp; Representative Director, TDK Corporation</td>
</tr>
<tr>
<td>Mar. 2008</td>
<td>Outside Director, Ashah Glass Co., Ltd.</td>
</tr>
<tr>
<td>Jun. 2008</td>
<td>Outside Director, TELIN LIMITED (to present)</td>
</tr>
<tr>
<td>Jun. 2009</td>
<td>Outside Director, Nihonkai Holdings, Inc. (to present)</td>
</tr>
<tr>
<td>Mar. 2011</td>
<td>Outside Audit &amp; Supervisory Board Member, Nihon Fullhap (to present)</td>
</tr>
</tbody>
</table>

*1. Ms. Nobuko Matusbara, Mr. Hajime Sawabe, Mr. Shozo Yamazaki, and Ms. Iwami Sato were newly appointed as Directors at the 150th Ordinary General Meeting of Shareholders held on June 24, 2015. Therefore, their attendance at meetings of the Board of Directors held on or after June 24, 2015, has been included.
**Shoertz Yamaizaki**  
Outside Independent Director  
Member of the Audit Committee  
Attendance at Board of Directors meetings: 14 times/14 times (100%)

- **Name**:  
- **Brief personal history**:  
  - Sep. 1974: Registered as a certified public accountant (to present)  
  - July 1991: Representative Partner, Tohmatsu Co. (now Deloitte Touche Tohmatsu LLC)  
  - July 2010: Chairman and President, The Japanese Institute of Certified Public Accountants  
  - July 2013: Advisor, The Japanese Institute of Certified Public Accountants (to present)  

**Izumi Sato**  
Outside Independent Director  
Member of the Audit Committee  
Attendance at Board of Directors meetings: 14 times/14 times (100%)

- **Name**:  
- **Brief personal history**:  
  - Apr. 1987: Registered as an attorney (to present)  
  - Jan. 1996: Established Sato Law Office (to present)  
  - Apr. 2002: Part-time Instructor, Nikko University Law School  
  - June 2002: Part-time Director, Japan Iron and Steel Recycling Institute (to present)  
  - Apr. 2014: Part-time Instructor, Keio University Law School (to present)  

**Tetsuji Fujimoto**  
Director  
Chairperson of the Audit Committee  
Attendance at Board of Directors meetings: 14 times/14 times (100%)

- **Name**:  
- **Brief personal history**:  
  - Apr. 1976: Joined the Company  
  - Apr. 2004: Executive Officer of the Company, Executive Officer of Corporate Finance & Accounting, Corporate Group of the Company  
  - Apr. 2007: Managing Executive Officer of the Company  
  - Apr. 2009: Division Executive, Technologies, Research & Development Division of the Company  
  - June 2009: Director of the Company (to present)  

**Manabu Tsujimura**  
Director  
Senior Managing Executive Officer  
Attendance at Board of Directors meetings: 14 times/14 times (100%)

- **Name**:  
- **Brief personal history**:  
  - Apr. 1974: Joined the Company  
  - June 2002: Executive Officer of the Company  
  - Apr. 2007: Managing Executive Officer of the Company  
  - Apr. 2009: Division Executive, Technologies, Research & Development Division of the Company  
  - June 2009: Director of the Company (to present)  

**Atsuho Ohi**  
Director  
Senior Managing Executive Officer  
Attendance at Board of Directors meetings: 14 times/14 times (100%)

- **Name**:  
- **Brief personal history**:  
  - Apr. 1981: Joined the Company  
  - Apr. 2008: Executive Officer of the Company  
  - Oct. 2008: Division Executive, Corporate Strategy Planning Division of the Company  
  - Apr. 2010: Managing Executive Officer of the Company  
  - Apr. 2011: Head of Business Unit, Global Marketing & Sales Business Unit, Fluid Machinery & Systems Company of the Company  
  - Apr. 2012: Vice President, Fluid Machinery & Systems Company, Head of Business Unit, Global Pump Business Unit, Fluid Machinery & Systems Company of the Company  
  - June 2012: Director of the Company (to present)  

**Masaru Shibuya**  
Director  
Member of the Compensation Committee  
Attendance at Board of Directors meetings: 14 times/14 times (100%)

- **Name**:  
- **Brief personal history**:  
  - Apr. 1972: Joined the Company  
  - Apr. 2008: Executive Officer of the Company  
  - Apr. 2011: Managing Executive Officer of the Company  
  - Apr. 2012: Managing Executive Officer of the Company, Division Executive, Human Resources, Legal & Public Relations Division of the Company  
  - Apr. 2012: Responsible for Human Resources, Legal, Public Relations and General Affairs of the Company  
  - June 2012: Director of the Company (to present)  

**Shusuke Tsumura**  
Director  
Member of the Audit Committee  
Attendance at Board of Directors meetings: 14 times/14 times (100%)²

- **Name**:  
- **Brief personal history**:  
  - Apr. 1981: Joined the Company  
  - July 2009: General Manager, Finance & Accounting Department, Finance & Corporate Accounting Division of the Company  
  - Apr. 2010: General Manager, Group Management Department of the Company  
  - Apr. 2013: Division Executive, Finance & Accounting Division of the Company  
  - June 2014: Full-time Audit & Supervisory Board Member of the Company  

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² Mr. Shusuke Tsumura was newly appointed as a Director at the 150th Ordinary General Meeting of Shareholders held on June 24, 2015. However, because he served as an Audit & Supervisory Board Member prior to this appointment, his attendance at meetings of the Board of Directors for the entire fiscal year has been included.
Strengthening Foundations for Growth

Executive Officers (As of June 24, 2016)

- Nobuharu Noji
  Managing Executive Officer
  Head of Business Unit, Standard Pump Business Unit, Fluid Machinery & Systems Company
  Responsible for Chillers Business, Fluid Machinery & Systems Company

- Norio Kimura
  Managing Executive Officer
  Head of Business Unit, Custom Pump Business Unit, Fluid Machinery & Systems Company

- Toshihiko Miyashita
  Executive Officer
  Responsible for Compressors and Turbines Business, Fluid Machinery & Systems Company

- Akihiro Kida
  Executive Officer
  Head of Business Unit, Domestic Sales, Marketing & Service Business Unit, Fluid Machinery & Systems Company

- Akira Ogata
  Managing Executive Officer
  Responsible for Production Process Innovation, Information & Communication System

- Atsuo Ohi •
  Senior Managing Executive Officer
  Company President, Fluid Machinery & Systems Company

- Akira Ichihara
  Managing Executive Officer
  Company President, Environmental Engineering Company
  President, Representative Director, Ebara Environmental Plant Co., Ltd.
Seiji Katsuoka
Executive Officer
Division Executive, CMP Division, Precision Machinery Company

Akihiko Nagamine
Executive Officer
Division Executive, Finance & Accounting Division

Manabu Tsujimura
Senior Managing Executive Officer
Responsible for Technologies, R&D and Intellectual Property

Hisashi Iijima
Executive Officer
Division Executive, Human Resources, Legal & General Affairs Division

Toichi Maeda
President, Representative Executive Officer

Masao Asami
Managing Executive Officer
Company President, Precision Machinery Company

● Executive Officers concurrently serving as Directors
What does it mean to have a Corporate Governance Code?

What does the Code mean to publicly traded firms?
The Corporate Governance Code was imposed from last year, making this year the dawn of a new era for corporate governance in Japan. Publicly traded firms fund their business with money supplied by their shareholders, which imposes a responsibility on such firms to update these shareholders with details about the actual condition of the company. Such information that needs to be presented is not limited to financial status, but also includes future aspects pertaining to the company and the roadmap it has laid out in pursuit of growth. Company shareholders face losses on their investment should the stock price of the company fall off due to its inability to grow or create new value. Conversely, if the company does grow, its shareholders benefit from higher stock prices. Accordingly, if shareholders cannot get accurate information about a company in which they invest, they will not be able to make a rational judgment on whether to buy additional stock or to sell off that company’s shares. Japanese companies are widely considered to provide their shareholders with insufficient information. This failure to present accurate information to shareholders, who invest their precious funds, has led to a sense of concern that these companies’ management processes lack transparency, and by extension, that important issues are not being thoroughly discussed. The Corporate Governance Code affords not only an opportunity that enables shareholders to voice their opinions to company management based on accurate information but also a unique opportunity for companies to incorporate input from shareholders to ensure management transparency to bring about excellent results. The feature of this code is that it only advocates certain principles, allowing companies flexibility in how they implement the details. Whether a company only meets these principles at a superficial level or thoroughly embraces them in pursuit of improved corporate value is up to each company. Accordingly, what is really expected by the code is to encourage companies to build a system that attains their mission of successive growth and enhanced corporate value while giving them the flexibility to design the system at their discretion.

How will EBARA evolve under the Corporate Governance Code?
EBARA has been around for over a century, and the very fact of its long survival is evidence that society keeps recognizing its value. However, as EBARA has developed its business in a relatively closed market, it is distinct that its ability to adapt to swift societal changes is diminished. We were truly taught how constrained our window into society was following a series of unpleasant events that happened in quick succession around the time of the year 2000. While implementing preventive steps against recurrence of such events, we realized that it would be impossible to achieve both continued growth in business and to fulfill our social responsibilities unless we kept open minds towards society as a whole to properly understand how trends were unfolding. It was around this time that we began to carefully consider about the ideal form of corporate governance in EBARA. We pursued a style of governance that enabled swift and rational decisions to be made concerning how efficiently our business will develop with our windows wide open to society. We have fully recognized that the Board of Directors, as an organization rather than a particular individual, such as the president of the company, must exercise strong leadership for sound corporate governance. Placing the Board of Directors to function at a higher level can mitigate the risk of poor decisions based on personal interests. Realizing that corporate governance begins with the discussions at the Board of Directors’ meetings, we decided to bring in two independent outside directors in 2007 with a view to adding a new element of objectivity to these discussions. The number of such outside directors increased thereafter, leading to free and unbiased discussions, and preventing decisions from being overly influenced by the individual interests of directors responsible for business operations. Meanwhile, a common concern arose among the members of the Board of
Directors. This was about whether a “Company with Board of Company Auditors” system, which entails the directors responsible for business operations making important management decisions, ran contrary to enabling the Board of Directors to fulfill its primary objective of overseeing business operations. After discussing this matter, a consensus was reached that the management oversight function of the Board of Directors would be more effective by establishing committees that are independent of business operations. This decision led to the creation of the Nominating Committee, which has the authority to nominate directors (and consequently choose the president), and the Compensation Committee, which was granted authority to determine the compensation of directors and officers.

While Japan’s Corporate Governance Code requires that audits are conducted independently of the business operations, it only goes so far as to encourage the establishment of nominating and compensation committees as an option. However, the “Company with Three Committees” system—one of the systems under the Companies Act of Japan—requires that companies establish not only an audit committee, but also nominating and compensation committees. In conjunction with the application of the Corporate Governance Code, we chose to adopt the “Company with Three Committees” system from among the three systems set forth under the Companies Act (the choices being: Company with Board of Company Auditors, Company with Audit and Supervisory Committees, and Company with Three Committees) as this system defines legal requirements for the responsibilities and roles of the nominating and compensation committees. In this manner, we used the application of the Corporate Governance Code as an opportunity to adopt a system that moved us closer to our ideal model for corporate governance.

Ideal Model of Corporate Governance and Progress at EBARA

While we have adopted the “Company with Three Committees” system for the organizational structure of the company, the effectiveness of this system had yet to be verified. It was for this reason that we evaluated the effectiveness of the Board of Directors over the period from March to May 2016. With third-party assistance, the Board of Directors conducted a benchmark analysis. This analysis compared our governance structure against the principles described in Japan’s Corporate Governance Code as well as overseas equivalents (those of the United States, the United Kingdom, and OECD) to see to what extent we met these requirements. This study also included comparisons of our approach to those of companies which are recognized as advanced cases in terms of governance structure, both in Japan and overseas, to assess how our approach differed. Through this benchmark analysis, it was found that our corporate governance system not only satisfies all the requirements of the Japanese standards, but also met or exceeded the present state of leading domestic companies in terms of governance. In addition to the benchmark analysis, we prepared extensive questionnaires to be filled out by each director covering a wide range of topics, including validity of function, capability and the right and wrong about formations of the Board of Directors, as well as the support systems for Outside Directors, and executed questionnaire result analysis. According to such analysis the way of steering the Board of Directors received high praise from all directors, and the consensus was that open, active, and broad-ranging discussions were being conducted during the meetings. However, it was also suggested that more time needs to be set aside to discuss medium-to-long-term management issues.

Based on the results of these evaluations, it was determined that the existing structure of the Company’s Board of Directors is sufficient to function effectively.

The system we aim to establish has the Board of Directors as an organization exercising leadership in corporate governance, regardless of switches in members. There are still some areas that require improvement and we shall continue to make such evaluations in an objective manner so that we may steadily move closer to our ideal model.

Corporate governance system is an indispensable prerequisite to ensure steady corporate growth. As we now have an effective system in place, the next step is to demonstrate an excellent outcome to validate the path we have chosen.
Corporate Governance

The EBARA Group has created a definition for “The Ebara Way,” which comprises the founding spirit of EBARA, its corporate philosophy, and the EBARA Group CSR Policy. Under the Ebara Way, the EBARA Group recognizes the enhancement of its corporate value through ongoing business development and the continuous return of profit to shareholders as one of its most important management missions. To achieve such missions, we pursue the best possible corporate governance structure and strive for its further enhancement.

Corporate Governance Basic Policy

1. The Company respects shareholders’ rights and fosters an environment for shareholders to effectively exercise their rights while ensuring equality among shareholders.
2. The Company strives to appropriately cooperate with various stakeholders, including customers, business partners, employees, and local communities. The Company also strives to develop a corporate culture and climate in which such stakeholders’ rights and viewpoints are respected and business is effectively executed.
3. The Company strives to ensure management transparency through adequate disclosure of its corporate information.
4. The Company has established a governance system comprising mainly Non-Executive Directors, including Independent Outside Directors who play important roles. The Company has adopted a “Company with Three Committees” system to ensure the clear separation between supervision and execution in management.
5. The Company engages in constructive dialogue with shareholders and investors on the basis of its IR Basic Policy, with a view to contributing to sustainable growth and the medium-to-long-term enhancement of corporate value.

The EBARA Corporate Governance Basic Policy can be viewed on the Company’s corporate website.

Corporate Governance System at a Glance

<table>
<thead>
<tr>
<th>Format</th>
<th>Company with Three Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairperson</td>
<td>Chairman of the Board</td>
</tr>
<tr>
<td>Number of Directors</td>
<td>14</td>
</tr>
<tr>
<td>Of Whom Are Outside Directors</td>
<td>7</td>
</tr>
<tr>
<td>Term of Directors</td>
<td>1 year</td>
</tr>
<tr>
<td>Granting of Incentives to Directors</td>
<td>Introduced compensation system linked to business results Introduced stock option system</td>
</tr>
<tr>
<td>Policy Regarding Amount of Remuneration or the Method for Calculating That Amount</td>
<td>Yes</td>
</tr>
<tr>
<td>Independent Auditor</td>
<td>Ernst &amp; Young ShinNihon LLC</td>
</tr>
</tbody>
</table>

Initiatives for Strengthening Corporate Governance

Reinforce supervisory functions and enhance transparency in corporate management through the Board of Directors
With the Board of Directors consisting mainly of Directors who do not concurrently serve as Executive Officers, including Outside Directors, we reinforce the Board’s function to supervise corporate management from the perspective of enhancing its independence, objectivity, and transparency.

Expand authority of the executive organization and enhance competitiveness regarding business execution
We promote flexible and speedy business management by ensuring a clear separation of roles and responsibilities between the Board of Directors and executive organization and by delegating authority over an extensive range of business execution to the executive organization.

Establish a corporate governance system that can be easily understood by global stakeholders
The rises in the percentages of overseas sales and foreign shareholders require us to make corporate governance more comprehensible from a global perspective. We improve the corporate governance system so that it becomes more clearly understood globally.
Transformation of Corporate Governance System

- **2002**
  - The Executive Officer System was introduced.

- **2008**
  - Two Outside Directors were appointed.
  - The Nominating Committee and Compensation Committee were voluntarily established.

- **2011**
  - The number of Outside Directors was raised from two to four (one-third of all Directors).

- **2015**
  - EBARA transitioned to a Company with Three Committees.

Pursuit of further corporate governance system enhancement.

Corporate Governance Framework

**General Meeting of Shareholders**

- **Board of Directors**
  - Chairperson
  - Outside Directors
  - Inside Directors (Non-Executive)
  - Inside Directors (Executive)

- **Support organizations for the Board of Directors**
  - Nominating Committee Chairperson
  - Compensation Committee Chairperson
  - Audit Committee Chairperson

**Meeting bodies for business execution**

- **Management Meeting**
  - President, Representative Executive Officer
  - Executive Officers

- **Corporate Audit Department**
  - Corporate Strategy Planning & Governance Enhancement Division

Outside Director, Inside Director (Non-Executive), Inside Director (Executive), Executive Officer.
Roles and Composition of Three Committees

### Board of Directors
The Board of Directors is charged with three major responsibilities: setting the directives for important corporate strategies, establishing frameworks to allow for appropriate risks to be taken in business execution, and providing highly effective oversight for business execution from an objective and independent standpoint. In addition, the Board of Directors is expected to exercise leadership from the perspectives of conservative preparation and aggressive expansion. In terms of conservative preparation, the Board will work to establish regulatory frameworks for preventing the occurrence of scandals and the materialization of other downside risks. From the perspective of aggressive expansion, the Board will ensure that systems are in place to allow management to take bold action to prevent the loss of upside risk (such as business opportunities).

The Board of Directors comprises 14 Directors consisting of seven Independent Outside Directors, two of whom are women; four Inside Non-Executive Directors; and three Inside Directors who concurrently serve as Executive Officers. The Chairman of the Board is to be a Non-Executive Director.

To facilitate more meaningful discussions at Board of Directors meetings, materials related to agenda items and proposals should be distributed prior to the meeting date, in principle.

### Three Committees
The Company has adopted a “Company with Three Committees” system to achieve clear separation between supervision and execution in management. Accordingly, the Company has established three committees membered by a majority of Outside Directors: the Nominating Committee, the Compensation Committee, and the Audit Committee.

#### Outside Directors Meeting
We have established the Outside Directors Meeting for Outside Directors to freely conduct the discussions required to fulfill their responsibilities. A Chief Outside Director, who is elected by mutual voting, serves as Chairperson of the meeting. When an issue to be discussed pertains to a specific business segment, meetings should be convened at a site directly related to the relevant business.

#### Management Meeting
We have established the Management Meeting as a deliberative body to support decision making by the President, Representative Executive Officer. The Meeting comprises all Executive Officers. Meetings are held monthly to deliberate important matters relating to business execution.

### Roles and Composition of Three Committees

<table>
<thead>
<tr>
<th>Role</th>
<th>Nominating Committee</th>
<th>Compensation Committee</th>
<th>Audit Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Determining the contents of proposals for appointment and dismissal of Directors, advising the Board of Directors on appointment and dismissal of Directors with corporate titles and Executive Officers with and without corporate titles, and formulating succession plans for the President, Representative Executive Officer</td>
<td>Determining policies regarding compensation for Directors and Executive Officers and advising the Board of Directors regarding the officers' compensation system for the entire Group including subsidiaries and affiliated companies</td>
<td>Conducting audits to assess whether Directors, Executive Officers, and employees are acting in accordance with legal obligations and internal regulations and monitoring and verifying business execution to ensure that it is being conducted in a sound, impartial, appropriate, and efficient manner in accordance with the basic policies for management and management plans</td>
</tr>
<tr>
<td>Composition</td>
<td>2 Outside Directors</td>
<td>2 Outside Directors</td>
<td>3 Outside Directors</td>
</tr>
<tr>
<td></td>
<td>1 Non-Executive Director</td>
<td>1 Non-Executive Director</td>
<td>2 Non-Executive Directors</td>
</tr>
</tbody>
</table>

### Evaluation of Board of Directors’ Effectiveness
The Company’s Board of Directors conducts analyses and evaluations of its overall effectiveness and discloses the findings. The goal of this practice is to ensure that the corporate governance system functions properly by verifying how the Board of Directors contributes to this functionality as well as identifying issues and pursuing improvements.

Such analysis and evaluation of the Board of Directors’ effectiveness during the fiscal year ended March 31, 2016, was carried out.

#### Process of Analysis and Evaluation
The Board of Directors enlisted the aid of a third-party institution to conduct a comparative analysis (benchmark analysis) of the corporate governance system by making comparisons to global standards and the systems of three Japanese companies and two U.S. companies that exhibit excellence in this regard. In addition, questionnaires to be filled out by each Director were created based on the details of previous Board of Directors’ discussions, and the results were analyzed (questionnaire analysis). Extensive discussions were conducted by the Outside Directors Meeting in relation to the results of these activities. Moreover, the Board of Directors analyzed and evaluated its effectiveness at meetings held in May and June 2016.

#### Analysis and Evaluation Results
The Board of Directors found that it was exhibiting sufficient effectiveness through discussions based on the results of the benchmark analyses and questionnaire analyses.

However, it was confirmed that more in-depth discussion was required on medium-to-long-term issues and relationships with shareholders and other investors. Room for improvement was also identified with regard to meeting proceedings.
The Company has established its own independence standards based on the independence standards specified by the Tokyo Stock Exchange.

**The Company's Independence Standards**

Independent persons with no material interests in the Company are to be appointed as Outside Directors. “Independent persons with no material interests” refers to persons to whom none of the following items apply.

1) An internal employee or former internal employees of the Company or its subsidiaries who do not meet the requirements for Outside Directors stipulated in Article 2, Item 15, of the Companies Act.

2) A person who has been a Director (excluding Outside Director), Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Member), Executive Officer, or employee executing business of a company with a material business relationship with the Company and its consolidated subsidiaries (hereinafter referred to as the “EBARA Group” or “the Group”) in the past five years. “A company with a material business relationship with the EBARA Group” refers to any of the following.
   - A company to which sales were made accounting for 2% or more of consolidated net sales of the EBARA Group in any of the fiscal years in the past three years.
   - A company that made sales to the EBARA Group accounting for 2% or more of consolidated net sales of the company in any of the fiscal years in the past three years of procurement by the EBARA Group.
   - The two financial institutions with the highest average balance of borrowings by the EBARA Group at the end of the fiscal year over the past three years.

3) A person who is a major shareholder of the Company or the representative of the interests thereof. Specifically, a shareholder of the Company, or a Director, an Executive, an Executive Officer, a manager, or other employee of a company representing the interests thereof holding 10% or more of the total shares issued within the two years preceding the appointment of Director nominees.

4) A person providing professional services to the EBARA Group. “Professional services” refer to the following categories according to the services provided.
   - Certified public accountant
     A person who has been directly engaged in the financial auditing of the EBARA Group in the past five years.
   - Attorney, tax accountant, patent attorney, judicial scrivener, or management consultant
     A person who has provided services to the EBARA Group in the past three years and has received annual compensation of ¥10 million (including tax) or more.

5) A person who has received or belongs to a for-profit group that has received donations, financing, or guarantee of debt from the EBARA Group.

6) A person within two degrees of relationship with a relative who falls under item 1 or item 2, or a person of another degree of relationship who resides with the relative.

7) A person who currently serves as a Director, an Audit & Supervisory Board Member, or an Executive Officer of a company that has accepted a Director or an Audit & Supervisory Board Member, from the EBARA Group.

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**Message from an Outside Director**

Sakon Uda
Chief Outside Director
(Independent Director)

**Need to Exhibit True Value of Outside Directors**

One year has passed since EBARA adopted the Company with Three Committees system. Moreover, the fiscal year ending March 31, 2017, is the final year of the E-Plan2016 medium-term management plan and will therefore also be the year in which the next plan must be established.

An evaluation of the effectiveness of the Board of Directors conducted in 2016 found that EBARA’s corporate governance system met almost all the requirements set forth by the standards of the United States and principal European countries. At the same time, this evaluation cast light on the necessity of devoting more time to examining medium-to-long-term management issues at meetings of the Board of Directors.

At the Outside Directors Meeting, which was established in the fiscal year ended March 31, 2016, we are endeavoring to allocate a more substantial amount of time to examining basic policies for medium-term management plans as well as the growth strategies of each Group company. We thereby aim to help enhance discussions at Board of Directors meetings. However, as the EBARA Group develops its operations on a global scale, there is a rising degree of uncertainty from factors that cannot be fully understood simply by continuing on our traditional course. Moreover, management is moving toward an era in which answers will not be readily apparent and following precedent will prove ineffectual. The fiscal year ending March 31, 2017, will thus be a year in which Outside Directors will have to exhibit their true value by showing how they can contribute in such an environment. I stand committed to exercising this value throughout the year.
Compensation Systems

Compensation of Directors
Directors encourage and supervise the business operations conducted by Executive Officers in compliance with the management philosophy and strategies for the purpose of achieving sustainable growth and increasing corporate value over the medium-to-long term. Accordingly, compensation levels and systems reflect the skills, experience, roles in individual committees, and so on of each Director.

Director compensation is decided by the Compensation Committee and consists of base compensation and stock-based compensation in the form of the stock options that enable the evaluation of increases in corporate value over the medium-to-long term. Furthermore, an additional allowance is paid to the Chairman of the Board, the Chief Outside Director, and the Chairperson of each committee in consideration of the scope of their roles and responsibilities as well as the extra working hours required for executing their duties.

The ratio of different types of compensation for Directors (base compensation to annual bonus to long-term incentives) is as follows.

Outside Directors
- Base compensation (non-performance-linked): 90.9%
- Long-term incentives (non-performance-linked): 9.1%

Inside Directors (Non-Executive)
- Base compensation (performance-linked): 14.3%
- Long-term incentives (performance-linked): 7.1%

Compensation of Executive Officers
The compensation system for Executive Officers is designed to strongly motivate Executive Officers to achieve management goals and, by linking compensation to performance over the short, medium, and long terms, provide an appropriate amount of compensation to the Company’s Executive Officers when they meet such performance goals. This scheme is meant to encourage business execution in line with the Company’s management philosophy and strategies to contribute to the sustainable growth of the Company and the medium-to-long-term improvement of corporate value.

The compensation of Executive Officers is determined by the Compensation Committee and comprises base compensation paid in accordance with corporate title, such as President, Representative Executive Officer and Senior Managing Executive Officer; a performance-linked annual bonus; and stock-based compensation in the form of the stock options that are conditional on the achievement of business performance objectives set out in the medium-term management plan. In regard to stock options, the number of exercisable subscription rights is correlated with consolidated return on invested capital (ROIC), which has been set forth as a target performance indicator in the medium-term management plan. The compensation system for Executive Officers is designed to make the performance-linked portion of compensation larger than the portion of the basic compensation if the Company’s business execution-related performance targets are achieved.

The ratio of different types of compensation is as follows. Long-term incentives shall be provided in the form of stock options that are conditional on the achievement of business performance objectives in order to increase the portion of compensation that is linked to performance in line with the weight of each Executive Officer’s responsibility for that performance.

Executive Officer Compensation System

President, Representative Executive Officer
- Base compensation (non-performance-linked): 45.4%
- Annual bonuses: 27.3%
- Long-term incentives (performance-linked): 27.3%

Senior Managing Executive Officer
- Base compensation (non-performance-linked): 47.6%
- Annual bonuses: 28.6%
- Long-term incentives (performance-linked): 23.8%

Executive Officer (Including Managing Executive Officer)
- Base compensation (non-performance-linked): 50.0%
- Annual bonuses: 30.0%
- Long-term incentives (performance-linked): 20.0%
Total Amounts of Compensation for Directors and Audit & Supervisory Board Members (Fiscal Year Ended March 31, 2016)

<table>
<thead>
<tr>
<th>Executive position</th>
<th>Number of persons</th>
<th>Total compensation (Millions of yen)</th>
<th>Total compensation by type (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Base compensation</td>
</tr>
<tr>
<td>Directors of the Board</td>
<td>17</td>
<td>336</td>
<td>269</td>
</tr>
<tr>
<td>Outside Directors</td>
<td>8</td>
<td>82</td>
<td>81</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members</td>
<td>5</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Outside Audit &amp; Supervisory Board Members</td>
<td>3</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Executive Officers</td>
<td>13</td>
<td>533</td>
<td>236</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>889</td>
<td>523</td>
</tr>
<tr>
<td>Outside Directors</td>
<td>11</td>
<td>90</td>
<td>89</td>
</tr>
</tbody>
</table>

Notes:
1. On June 24, 2015, the Company transitioned from the Company with Board of Company Auditors system to the Company with Three Committees and five Audit & Supervisory Board Members resigned on that date accordingly.
2. Compensation paid to Directors for serving concurrently as Executive Officers is included in the Executive Officer compensation column.
3. Compensation amounts of stock options represent the amount to be recorded as expenses by the Company in the applicable fiscal year calculated based on the fair value of the subscription rights to shares.
4. Amounts for base compensation (performance-linked) of Directors and bonuses of Executive Officers are calculated based on the Group’s performance and the performance of the division for which the individual is responsible as well as the individual’s own performance in the applicable fiscal year and is decided on an individual basis through discussion by the Compensation Committee.

Basic Policy Regarding Cross-Shareholdings and Exercise of Related Rights

It is the Company’s basic policy to keep cross-shareholdings at a minimum. The Company shall engage in cross-shareholdings only when these holdings can be rationally judged as contributing to improved corporate value for the Group by means of enhancing the relationship between the counterparty and the Company in terms of business, finances, or other elements. The rational of cross-shareholdings is to be periodically re-evaluated by the Board of Directors, with those holdings that are no longer deemed to be rational to be eliminated via sale or other methods as necessary.

When exercising voting rights related to cross-shareholdings, the Company will vote for or against proposals based on a comprehensive evaluation of whether or not the proposal will contribute to medium-to-long-term improvements in the corporate value of the counterparty and the Group.

Internal Controls

Please refer to EBARA’s corporate website for information on internal controls.

http://www.ebara.co.jp/en/about/ir/Governance/governance/index.html

IR Basic Policy

The EBARA Group recognizes the development of a long-term trusting relationship with shareholders and investors as one of its most important management matters. The EBARA Group provides appropriate corporate information necessary for shareholders and investors to make investment decisions and strives to further strengthen the trusting relationship on a continuous basis by engaging in IR activities for enhancing its corporate value through constructive dialogue.

In regards to the EBARA Group IR structure, in principle, the IR Department, which is under the direct control of the President, performs all IR activities with the President, Representative Executive Officer as the Chief Executive. Furthermore, Directors (including Outside Directors), Executive Officers, and other top management have opportunities to hold dialogues directly with shareholders and investors as necessary.

IR Activities

Regular Investor Briefings for Analysts and Institutional Investors: Presentation meetings are held after the release of the annual and second-quarter financial results, where the President, Representative Executive Officer and executives responsible for each business segment give presentations on the Company’s business performance and management strategies. In addition, presentation meetings in the form of teleconferences are held after the release of the first-quarter and third-quarter financial results. In addition, factory tours and presentations on business activities for each business segment are held as appropriate.

Regular Investor Briefings for Overseas Investors: The Company participates in domestic and overseas conferences organized by securities companies. The Company also visits each overseas institutional investor individually, mainly those in Europe and the United States, and gives presentations on the Company’s performance and management strategies on a regular basis.

Establishment of Department and/or Appointment of Manager in Charge of IR: The IR Group under the Investor Relations Department is in charge of investor relations.

More detailed corporate governance-related information can be found in the Corporate Governance Report available on the Company’s corporate website.
Risk Management

Vision of What We Want to Become in the Fiscal Year Ending March 31, 2020

The EBARA Group aims to realize risk management that emphasizes risk foreseeing and prevention. We believe that to achieve this will require each employee to practice the Ebara Way, which is a fundamental part of our ethics system and establishes foundations that facilitate operations. Therefore, the EBARA Group ensures that all of its employees, including employees at overseas Group companies, share the Ebara Way and the EBARA Group Code of Conduct as a common identity and set of values.

Moreover, all Group companies are establishing systems for risk foreseeing and prevention based on the Groupwide risk management guidelines.

Basic Approach

The EBARA Group’s risk management entails systemically analyzing and assessing risks that could impede the Group’s sound, continuous development, taking countermeasures to mitigate such risks, and improving the activities constantly.

To oversee and discuss risk management and provide policies and support for improvements, we have established the Risk Management Panel. The President, Representative Executive Officer chairs the panel, which comprises all Executive Officers and convenes four times a year or as required. Also, the panel discusses individual business projects.

At each company, a risk management committee conducts risk management activities, including the preparation of countermeasures for individual sales project risks and loan and investment risks.

Main Risks and Countermeasures

<table>
<thead>
<tr>
<th>Risk category</th>
<th>Risk management</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Risks associated with ordinary business activities</td>
<td></td>
</tr>
<tr>
<td>1) Compliance risks</td>
<td></td>
</tr>
<tr>
<td>(1) Prohibition of cartels and bid-rigging</td>
<td>Each subsidiary has established its Basic Policy on Anti-Corruption.</td>
</tr>
<tr>
<td>(2) Prohibition of bribery*</td>
<td>In Japan, we have set up a specialized committee that spans our organization laterally and discusses policies, establishes regulations, and implements and manages policies and regulations through educational activities.</td>
</tr>
<tr>
<td>(3) Antisocial forces</td>
<td>A specialized corporate department conducts regular monitoring.</td>
</tr>
<tr>
<td>(4) Trade security management*</td>
<td></td>
</tr>
<tr>
<td>(5) Compliance with Construction Business Act</td>
<td></td>
</tr>
<tr>
<td>(6) Compliance with Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors*</td>
<td></td>
</tr>
<tr>
<td>2) Risks associated with the reliability of financial reporting*</td>
<td>For consolidated companies, we have established an internal control system and conduct assessments based on the Financial Instruments and Exchange Act. We provide a guideline for internal controls for self-checks to all subsidiaries, which make continuous self-checks and improvements.</td>
</tr>
<tr>
<td>3) Sales project risks</td>
<td>Risk management committees and the Risk Management Panel discuss specific risks and major projects.</td>
</tr>
<tr>
<td>4) Loan and investment risks</td>
<td></td>
</tr>
<tr>
<td>5) Environmental risks*</td>
<td>We develop operations and conduct ISO audits based on ISO 14001 standards.</td>
</tr>
<tr>
<td>6) Other operational risks</td>
<td>We have established specialized committees for information security, quality assurance, and occupational safety. We prepare and implement policies for activities and action plans.</td>
</tr>
</tbody>
</table>

2. Crisis

We have established the Business Continuity Management Committee. Each division has a business continuity plan and conducts education and training. We are currently developing a contact system and preparing a manual for measures in response to emergencies overseas.

* For these risk categories, each overseas company is currently preparing plans for the establishment of measures equivalent to those in Japan.
Progress as of March 31, 2016

We conducted training on the Ebara Way at all major Group companies in Japan and overseas. We will prepare educational materials in multiple languages and continue education.

Also, 28 major overseas Group companies prepared risk management action plans, and reports were submitted to each company’s board of directors. Each company is working to complete related development initiatives by 2019.

Compliance

Basic Policy

To remain a good corporate citizen that earns stakeholders’ trust, the EBARA Group makes conscientious efforts to not only comply with statutory laws and regulations but also conform with in-house regulations and other rules, social norms, and common sense. In other words, our fundamental compliance policy is to conduct business activities in accordance with the EBARA Group CSR Policy, which calls on us to conduct business with a strong sense of ethics and foster relationships of trust with such valued stakeholders as customers, suppliers, shareholders, investors, local communities, and employees.

The EBARA Group Code of Conduct

The entire code is included on EBARA CORPORATION’s website.


Progress as of March 31, 2016

In accordance with the Basic Policy on Anti-Corruption, the EBARA Group is working to prohibit bribery, promote fair and free competition, and prohibit dealings with antisocial forces. Also, we have established wide-ranging systems for the provision of consultation about compliance violations. As well as establishing an in-house helpdesk, at an attorney’s office we have established an outside helpdesk that Group companies in Japan can use. Further, we are setting up an outside helpdesk that overseas Group companies can use. Currently, five Group companies in China have access to an outside helpdesk.
### EBARA Group History

#### 1912 to 1940s

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1912</td>
<td>Inokutory Type Machinery Office was founded. Issey Hatakeyama was appointed general manager under the supervision of Aruya Inokuty, a professor of Tokyo Imperial University.</td>
</tr>
<tr>
<td>1920</td>
<td>EBARA CORPORATION was established. A plant was constructed in Minami-Shinagawa, Shinagawa-cho, Ebara-gun, Tokyo, marking the establishment of the Company, which assumed the responsibilities of the Inokutory Type Machinery Office and began the manufacturing of centrifugal pumps.</td>
</tr>
<tr>
<td>1941</td>
<td>New plant was built in Kawasaki.</td>
</tr>
<tr>
<td>1945</td>
<td>The Haneeda Plant was damaged in war. All operations, except for a pump testing facility, fabrication and welding shop, and main building, were deemed no longer functional. As a result, production was transferred to the Kawasaki Plant.</td>
</tr>
</tbody>
</table>

#### 1941 to 1950s

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>New plant was built in Haneeda, Kamata-ku, Tokyo. The Head Office and manufacturing operations shifted from Shinagawa to the new facility in Haneeda.</td>
</tr>
</tbody>
</table>

#### 1950s to 1970s

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>The Haneeda Plant was reopened to spearhead the Company's manufacturing operations.</td>
</tr>
<tr>
<td>1956</td>
<td>Ebara-Infilco Co., Ltd., was set up to manufacture and sell water treatment equipment.</td>
</tr>
<tr>
<td>1964</td>
<td>EBARA's first post-World War II overseas sales office was opened in Bangkok.</td>
</tr>
<tr>
<td>1964</td>
<td>Ebara Service Co., Ltd., was established to provide after-sales service for EBARA's products.</td>
</tr>
<tr>
<td>1965</td>
<td>The Fujisawa Plant was opened as the first facility in Japan to mass-produce standard pumps, and it took over the production of chillers from the Haneeda Plant.</td>
</tr>
<tr>
<td>1975</td>
<td>EBARA's first overseas production facility, Ebara Industrias Mecánicas e Comércio Ltda., was established in Brazil.</td>
</tr>
<tr>
<td>1975</td>
<td>The Sodegaura Plant was opened to manufacture mainly compressors and turbines.</td>
</tr>
<tr>
<td>1979</td>
<td>PT. Ebara Indonesia was established in Indonesia to manufacture standard pumps in Southeast Asia.</td>
</tr>
</tbody>
</table>

#### 1980s to 1990s

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>Ebara International Corporation was established in the United States to provide a North American base for the pumps business.</td>
</tr>
<tr>
<td>1986</td>
<td>EBARA realigned its production systems by integrating the Kawasaki Plant into the Fujisawa Plant.</td>
</tr>
<tr>
<td>1987</td>
<td>A precision machining facility was opened at the Fujisawa Plant dedicated to the production of vacuum equipment for the semiconductor industry.</td>
</tr>
<tr>
<td>1992</td>
<td>EBARA QINGDAO CO., LTD., was founded in China as a center for boiler production.</td>
</tr>
<tr>
<td>1994</td>
<td>Ebara-Infilco Co., Ltd., was merged into the Company.</td>
</tr>
</tbody>
</table>

#### 2000s and later

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>Ebara Techno-serve Co., Ltd., was formed to combine sales and maintenance services for the standard pumps business.</td>
</tr>
<tr>
<td>2000</td>
<td>Elliott Company, a leading company in the compressors and turbines business, became a wholly owned subsidiary.</td>
</tr>
<tr>
<td>2001</td>
<td>Ebara Kyushu Co., Ltd., established in Kumamoto Prefecture for producing CMP and other equipment, went into full operation.</td>
</tr>
<tr>
<td>2002</td>
<td>The compressors and turbines business was split off into a separate company, Elliott Ebara Turbomachinery Corporation, located in Chiba Prefecture.</td>
</tr>
<tr>
<td>2002</td>
<td>The Executive Officer System was introduced.</td>
</tr>
<tr>
<td>2002</td>
<td>The chillers business was split off into a separate company, Ebara Refrigeration Equipment &amp; Systems Co., Ltd.</td>
</tr>
<tr>
<td>2003</td>
<td>Ebara Great Pumps Co., Ltd., was established in China to manufacture and sell pumps in China for the oil and gas industries.</td>
</tr>
<tr>
<td>2005</td>
<td>An in-house company system was introduced with a corporate structure comprising a Corporate Sector for headquarters functions and three core companies: Fluid Machinery &amp; Systems, Environmental Engineering, and Precision Machinery.</td>
</tr>
<tr>
<td>2005</td>
<td>Ebara Boshan Pumps Co., Ltd. (currently EBARA MACHINERY ZIBO CO., LTD.), was established in China to manufacture and sell large-scale, high-pressure pumps in China.</td>
</tr>
<tr>
<td>2006</td>
<td>Ebara Machinery (China) Co., Ltd., was formed to serve as the manufacturing, sales, and service center for standard pumps in China.</td>
</tr>
<tr>
<td>2009</td>
<td>EBARA integrated its water treatment plant businesses into Ebara Engineering Service Co., Ltd.</td>
</tr>
<tr>
<td>2009</td>
<td>EBARA integrated its environmental plant businesses into Ebara Environmental Plant Co., Ltd.</td>
</tr>
<tr>
<td>2010</td>
<td>The Futt-su Plant was newly established in Chiba Prefecture, and the functions of the former Haneeda Plant were transferred there.</td>
</tr>
<tr>
<td>2010</td>
<td>EBARA, Mitsubishi Corporation, and JGC Corporation started a joint venture in the water business, Ebara Engineering Service Co., Ltd. (currently Swing Corporation).</td>
</tr>
<tr>
<td>2010</td>
<td>Ebara Kyushu Co., Ltd., was merged into the Company.</td>
</tr>
<tr>
<td>2012</td>
<td>In a realignment of the pumps business, Ebara Techno-serve Co., Ltd., Ebara Yoshikura Hydro-Tech Co., Ltd., and Ebara Environmental Technologies Hokkaido Co., Ltd., were merged.</td>
</tr>
<tr>
<td>2012</td>
<td>100th anniversary of the commencement of EBARA operations.</td>
</tr>
<tr>
<td>2014</td>
<td>Ebara Pumps Middle East FZE was established in the United Arab Emirates to serve as a sales and service base for pumps in the Middle East.</td>
</tr>
<tr>
<td>2015</td>
<td>EBARA transitioned to a Company with Three Committees.</td>
</tr>
<tr>
<td>2015</td>
<td>An Indonesian company that provides maintenance services for rotating machinery, PT. Turbindo Chikara Surya (currently PT. Ebara Turbomachinery Services Indonesia), was acquired.</td>
</tr>
<tr>
<td>2015</td>
<td>A Brazilian pumps manufacturer, Thebe Bombas Hidraulicas S.A., was acquired.</td>
</tr>
</tbody>
</table>
## Corporate Profile

**Company Name:** EBARA CORPORATION  
(common name: EBARA)

**Foundation:** November 1912

**Head Office:**  
11-1, Haneda Asahi-cho, Ohta-ku, Tokyo 144-8510, Japan

**Phone:** 81-3-3743-6111

**URL:** http://www.ebara.co.jp/en

**Paid-in Capital:** ¥68,760 million

**Number of Employees**  
(Consolidated): 16,270

## Stock Information

**Securities Code:** 6361 (Japan)

**Number of Shares Issued:** 466,044,596

**Number of Shareholders:** 30,860

**Securities Traded:** Tokyo Stock Exchange

**Number of Shares Constituting One Unit**: 100  
*Lowered from 1,000 to 100 shares as of October 1, 2016*

**Transfer Agent and Registrar:** Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

**Accounting Auditor:** Ernst & Young ShinNihon LLC

**Major Indices:** Nikkei 225, JPX-Nikkei Index 400

## Major Shareholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Shareholding ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICHIGO TRUST PTE. LTD.</td>
<td>7.5</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>7.5</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>5.7</td>
</tr>
<tr>
<td>THE BANK OF NEW YORK 133522</td>
<td>2.4</td>
</tr>
<tr>
<td>Mizuho Bank, Ltd.</td>
<td>2.2</td>
</tr>
<tr>
<td>National Mutual Insurance Federation of Agricultural Cooperatives</td>
<td>1.6</td>
</tr>
<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td>
<td>1.5</td>
</tr>
<tr>
<td>Trust &amp; Custody Services Bank, Ltd. (Securities Investment Trust Account)</td>
<td>1.4</td>
</tr>
<tr>
<td>PICTET AND CIE (EUROPE) S.A.</td>
<td>1.4</td>
</tr>
<tr>
<td>BBH FOR BBHTSIA NOMURA FUNDS IRELAND PLC /JAPAN STRATEGIC VALUE FUND</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Note: Treasury stock has been eliminated from the total number of shares issued in calculating the percentage.

## Composition of Shareholders

- **Treasury Stock**: 0.2%
- **Securities Companies**: 4.8%
- **Foreign Companies and Individuals**: 35.2%
- **Individuals and Others**: 18.7%
- **Financial Institutions**: 35.2%
- **Other Domestic Corporations**: 5.2%

## Corporate Data

(As of March 31, 2016)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income per Share</th>
<th>Total Net Assets per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>0</td>
<td>37.12</td>
</tr>
<tr>
<td>2008</td>
<td>150.00</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>150.00</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>450.00</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>600.00</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>450.00</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>300.00</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>150.00</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>518.16</td>
<td></td>
</tr>
</tbody>
</table>

(Fiscal years ended March 31)