Message from the President

“Technology. Passion. Support our Globe”—Our Commitment to Enriching People’s Lives

Masao Asami
President and Representative Executive Officer

Vision for EBARA’s Corporate Culture
Greetings. My name is Masao Asami, and I took up the mantle of President and Representative Executive Officer of EBARA CORPORATION in March 2019. After joining the Company in 1986, I spent the majority of my career in the Precision Machinery Business, which mainly caters to the semiconductor industry. The pace of change in this industry is blinding, and the competitiveness of a company can be greatly diminished if it falls a minute, or even a second, behind. Over the years, I have continued to serve customers that operate in this high-pressure industry, where they are constantly pressed to make high-risk decisions. My daily work was to examine various ways of helping our customers survive amid this fierce competition and to produce as many viable ideas as possible. Rising to this challenge spurred my own growth. Committing to a perpetual cycle of addressing customer needs, under any circumstances; searching for the necessary solutions with tenacity and passion; and overcoming the challenges that present themselves to satisfy customers are what, I believe, drives the growth of people and companies. The EBARA Group operates three businesses—the Fluid Machinery & Systems Business, the Environmental Plants Business, and the Precision Machinery Business—each of which faces different operating environments and organizational speeds. Amid what is being called the Fourth Industrial Revolution, weathering the turbulent climate of social change will require that every employee in each business remains receptive toward tackling arising social challenges while approaching their work with an earnest dedication.

The EBARA Group is home to those who are committed to contributing to people, society, and the environment through its businesses. When all employees are able to exert their full effort to fulfill this commitment, they will find pride and motivation in their work. It is my mission to cultivate such a corporate culture, and I am sure that accomplishing this mission will drive the growth of the entire EBARA Group.

EBARA’s Purpose and Vision
The EBARA Group has continued to develop its business based on “Netsu to Makoto” (Passion and Dedication), the Founding Spirit that we have valued since our inception. Throughout our history of over 100 years, we have proceeded to hone our exceptional technological capabilities in order to deliver products and services that support society, industry, and everyday life. This is the purpose of EBARA’s existence, and this will not change going forward. The heart of our technological capabilities is the Inokuty-type volute pump* principle. This principle is a point of origin for our various fluid and rotation technologies as well as for the related control technologies. Our unique research and development activities aimed at elevating our core technologies to higher levels of performance have always been, and will always be, the driving force behind EBARA’s growth. The Company’s ongoing existence is predicated on its ability to continue applying, evolving, and combining its core technologies to create new products and solutions in response to the needs of society and of local customers in any given era.

In consideration of this, I believe we can summarize the EBARA Group’s mission into the words “Technology. Passion. Support our Globe.” Our present goal in the current medium-term management plan, E-Plan 2019, is to develop our businesses on a global basis and grow continuously as a manufacturer of industrial machinery. The operating environment at the moment is plagued by political risks such as the trade war between the United States and China, not to mention the massive transformations taking place in the manufacturing industry globally, making it difficult to formulate an outlook for the future. Nevertheless, I am confident that there will be many opportunities for EBARA as technological progress changes society and industries. We often speak of “ICACS technologies,” a term which we use to refer to Internet of Things (IoT), technologies that will connect all things; cloud technologies that will support IoT; artificial intelligence; car (automated driving) technologies; 5G communications technologies boasting

* The Inokuty-type volute pump is a centrifugal pump based on the theory of Dr. Ayagi Inokuty, who was an inspiration to founder Issey Hatakeyama.
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The first commitment I made after becoming President and Representative Executive Officer was to thoroughly examine the issues all of our businesses are facing to pinpoint the causes of our decline in profitability and to formulate effective measures for addressing these causes. I will take a hands-on approach toward this process, joining in the search and playing a central role in making change. Up until now, a great deal of authority for managing the progress of business measures was delegated to the respective in-house company presidents. Each business acted in accordance with its own markets and as a result, each business has developed different conceptions of reasonable time-frames or what constitutes a sense of urgency. I view bridging that gap between the businesses and creating a united sense of urgency as a challenge that lies ahead. This has led me to start holding meetings of all Executive Officers once a week, in addition to follow-up one-on-one meetings when necessary. I believe that by doing this, I will be able to make better-informed management decisions based on an overarching perspective gained from the opinions of in-house company presidents and Executive Officers. It will also enable me to maintain an up-to-date understanding of the conditions of each business to raise the speed of my responses and thus allow for prompt measures to be put in place at the earliest sign of an issue.

Pursuit of Future Growth

We are currently in the process of formulating E-Vision 2030, which will lay out our vision for EBARA in 2030. We will be using an backcasting approach from E-Vision 2030 to prepare the next medium-term management plan in order to facilitate management that maximizes economic, social, and environmental value created by the EBARA Group as well as the Group’s profits. Over the next 10 or 20 years, it is anticipated that society, infrastructure, and people’s lives will become more sophisticated, as symbolized by the ICAC5 technologies. The EBARA Group will respond to this trend by leveraging AI and IoT to make its products more sophisticated and to accelerate the automation of its production processes. For example, I see the potential to embed sensors into pumps in order to remotely monitor and control operating status or to develop systems that create operating conditions based on customer specifications or to help customers achieve their energy conservation targets or other such plans. Evolving our products and services to the point that we may even be able to exceed our customers’ expectations regarding the levels of optimization in their operations would in turn enable us to improve our profitability. Under the next medium-term management plan, I look to focus on expanding our S&S operations from the customer’s perspective and to prepare us to make proposals that go as far as to effect change in customers’ business infrastructure.

I believe that each of our employees possesses a desire to contribute to society through their work. To help them give form to this desire, I will work to find new business opportunities by fully leveraging EBARA’s technological capabilities. My search will not be limited to extensions of current operations, but will rather seek new opportunities based on the society of the future. EBARA must be a company that evolves together with society to continue contributing thereto. To accomplish this goal, I will take the initiative in thinking and working together with employees to transform the EBARA Group.

Masao Asami
President and Representative Executive Officer

EBARA's Value Creation and KPIs

The EBARA Group is a signatory to the United Nations Sustainable Development Goals (SDGs). Given this interest, we must share information with our wide range of stakeholders regarding the EBARA Group’s initiatives for increasing its value and the progress of these initiatives. We approached this in 2017 by first identifying the material ESG issues of the Group and setting KPIs for gauging our progress in addressing these issues. We then considered how relevant these initiatives were to each of the 169 targets of the SDGs. A year and a half has passed since the material ESG issues were identified, and we are seeing progress on this front. Nevertheless, it is crucial that we develop a clear understanding of the challenges we face in accomplishing the targets we set for the fiscal year ending December 31, 2019, and respond accordingly. We must also constantly reevaluate our KPIs to determine if they are truly the most ideal for our goals and thereby implement a PDCA (plan-do-check-act) cycle for setting KPIs that are best suited to maximizing corporate value and to boosting employee motivation.

Review of the Current Medium-Term Management Plan, E-Plan 2019

In the fiscal year ended December 31, 2018, the second year of E-Plan 2019, smooth progress was made in measures for all businesses. As a result, orders in all three businesses exceeded those in the first year of the plan. Net sales were also higher in the second year of E-Plan 2019, as growth in sales in the Fluid Machinery & Systems Business and the Precision Machinery Business was able to compensate for the decline in sales in the Environmental Plants Business.

However, we were unable to improve profitability due to delayed recovery in the operating environments of these businesses as well as certain one-time internal detractors. As a result, consolidated ROIC was 4.9% while the operating income to sales ratio was 6.4%. The most significant factor behind our failure to improve profitability was the projected recovery in plant investments in the oil and gas markets, which primarily impacted the Fluid Machinery & Systems Business, was delayed and we were unable to furnish an appropriate response to this situation. We are committed to identifying the causes of this failure by reevaluating our market forecasts and measures, so that we can revise our approach and make up for this delayed recovery in profitability to the greatest extent possible in the final year of E-Plan 2019.

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EBARA Group Integrated Report 2019

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