

EBARA IR Day 2025 - Q&A Summary

*(Held on November 18, 2025)*

**Session 1: Precision Machinery Company Medium- and Long-term Business Strategies**

**Respondent:**

Isao Nambu (Nambu) Executive Officer, President of Precision Machinery Company

**Questioner 1:**

**I have two questions. First, regarding the market outlook by product on pages 10–12 of the materials: Based on EBARA’s sales, what growth rate do you expect through 2030? You mentioned a CAGR of 12.9% for Precision Machinery from 2022 to 2025. What growth assumptions do you have going forward?**

**Nambu:**

We are currently formulating the next medium-term management plan, where we will explain the outlook for the next three years. While the market projections shown in the materials may change depending on conditions, our goal is to achieve growth that exceeds overall market growth.

**Questioner 1:**

**You’ve previously said you aim to increase CMP share. Please provide an update.**

**Nambu:**

Our own research shows steady share expansion. We intend to maintain this trend in the next medium-term plan.

**Questioner 1:**

**My second question is, on page 21, you list various technology developments and elements. Which factors currently contribute most to orders and revenue growth? Which has the greatest upside potential?**

**Nambu:**

CMP has the largest impact on revenue.

Meanwhile, the plating equipment market is expected to grow significantly, with a CAGR of over 10% (see page 11). Our current share is very small, so the growth potential is substantial.

Bevel polishing equipment is used in niche processes, so its impact on top-line revenue is limited, but having this solution in our portfolio is strategically important.

**Questioner 1:**

**For CMP opportunities, you mentioned hybrid bonding and logic miniaturization. Are middle-of-line and back-end processes already emerging, or are they future opportunities?**

**Nambu:**

Logic miniaturization is a core driver and will steadily increase CMP adoption.

Hybrid bonding will also grow, but its pace depends on market conditions and technical challenges. Compared to miniaturization, its timing will come later.

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**Questioner 2:**

**First, can I confirm what the current CMP sales mix is between middle-of-line and back-end processes?**

**Nambu:**

These areas are promising, but compared to miniaturization, volumes are still small, roughly 8:1:1 at present.

We expect growth, but customer adoption speed depends on technical and cost factors. Timing will lag behind miniaturization.

**Questioner 2:**

**For my second question, what is the outlook for HBM and WMCM demand? Please comment on your expectations for WMCM plating equipment.**

**Nambu:**

HBM outlook is very uncertain, but if investment rises, CMP investment will follow, so we are monitoring closely. WMCM is similarly hard to predict, but we are watching developments.

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**Questioner 3:**

**Two points. First, regarding CMP usage and technology: Has growth over the past five years come from more CMP units per line, or from technological advances for finer nodes (e.g., 3nm → 2nm → 10 Angstrom (Å))?**

**Also, over the next five years, will development keep pace with market trends, or can the current 2nm CMP handle 10Å polishing?**

**Nambu:**

CMP adoption per line has increased as technology nodes advance. For example, moving from 3nm to 2nm adds more CMP steps, so more units are needed to maintain wafer output.

At the same time, innovation is essential. As nodes shrink, customers demand higher polishing precision and cleaner post-polish surfaces. Technological development and future business growth are closely linked.

**Questioner 3:**

**Page 14 shows a 2030 roadmap with logic at 10Å. Can current CMP and cleaning technologies handle this, or will changes be needed?**

**Nambu:**

Mass production at 10Å is expected around 2030, and we are nearing the stage where development will start. New capabilities will be required, and we are preparing so that we can expand our share in that generation.

**Questioner 3:**

**My next question is what differentiates EBARA's CMP from competitors, including U.S. and Chinese players?**

**Nambu:**

Our greatest strength lies in metal layer processes, where we have 30 years of experience in control and sensing technologies, wafer handling, and cleaning. This is a key strength of EBARA's.

We also pioneered "Dry-In Dry-Out" technology, integrating polishing and cleaning, and designed platforms for high productivity, which has been highly praised by customers.

When selecting semiconductor manufacturing equipment, all costs associated with equipment operation are factored in under the concept of cost of ownership, and the process cost per wafer is calculated. EBARA is very competitive in this cost-of-ownership aspect.

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**Questioner 4:**

**Regarding profitability: With advances like advanced packaging, CMP seems increasingly critical.**

**You also mentioned that EBARA can leverage its strengths in components to further expand this business. Going forward, will it become easier to emphasize value-added features in this area? And could Precision Machinery achieve an operating profit ratio of over 20% in the next three-year plan?**

**Nambu:**

Conditions favor leveraging our strengths in providing solutions, so we aim to improve profitability. Specific figures will be disclosed in the new plan.

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**Questioner 5:**

**I understand EBARA is strong in metal-layer CMP processes, but could you touch on R&D for oxide CMP?**

**Nambu:**

Oxide development is also a high priority. Uniformity and endpoint detection accuracy are key, requiring advanced sensors. Our technology has improved, and we are gradually preparing to expand our share in oxide CMP as well.

**Questioner 5:**

**Has the oxide CMP share changed in recent years?**

**Nambu:**

No major changes yet, but we are preparing steadily. Growth will come when memory customers resume investment, which has been limited in recent years.

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**Questioner 6:**

**I would like to ask about your view on fixed costs. As revenue continues to grow, technological innovation and further miniaturization will increase the value added, but what will happen to fixed costs?**

**You've invested in facilities like the K3 building in Kumamoto, the Taiwan plant, and overhaul facilities for dry vacuum pumps. My understanding is that these investments have largely secured capacity through around 2030.**

**On the other hand, will you also need to pursue additional capacity expansion aimed at around 2035? Looking at the next three to five years, how should we think about capital expenditure?**

**Earlier, the CEO mentioned that a certain level of investment has already been made and that the focus will now shift to reaping returns. Could you elaborate on how we should interpret this?**

**Nambu:**

Capacity through 2030 is largely secured, but growth is expected to continue beyond that, so we will continue to plan investments.

One factor is that we base our investments on market growth rates. Over the past three years, the semiconductor chip market has grown strongly, partly due to the high prices being paid for AI-related chiplets. In contrast, the Wafer Fab Equipment market has been progressing at a lower level than initially expected. Taking these actual conditions into account, we will continue to make investment decisions appropriately.

**Questioner 6:**

**Will there be a shift to a harvest phase?**

**Nambu:**

Yes, that is our recognition.

**Questioner 6:**

**One more point, you disclose depreciation and R&D expenses by segment, and R&D expenses for the Precision Machinery segment are about 4% of revenue. Do you see a need to further increase R&D spending? Or, given that current initiatives already support market growth, would any increase be more incremental rather than rapid expansion? I would like to understand EBARA's thinking and relative stance on R&D investment.**

**Nambu:**

We recognize our ratio is low compared to peers. R&D is essential for growth, so we will allocate sufficient budget without restrictions.

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**Questioner 7:**

I would like to ask 2 questions. On page 10 of the materials, it shows that CMP cumulative shipments exceeded 4,000 units (vs. 3,000 by 2022, as shown in November 2023's IR Day materials). It took 20 years to sell 3,000 units and only 2 years to deliver 1,000 units.

My understanding is that the sharp increase in shipment volumes occurred when Advanced Logic entered the 3nm node. As the industry moves into 2 nm, can we expect growth at a similar pace? In addition, should we think of the increase in CMP usage at 2 nm as being comparable to the step-up seen between 5 nm and 3 nm?

**Nambu:**

There is no question that logic is a major driver.

However, rather than attributing it specifically to the 3 nm node, what we see is that within Advanced Logic, the number of CMP layers increases with each node transition. As a result, shipment volumes today are clearly higher than they were in the 20 years since 2000.

To give some background, CMP is the newest process step within semiconductor manufacturing. For roughly the first 20 years from 2000 onward, the number of applications was still limited.

But as miniaturization progressed, it became clear that devices would need to build layers vertically, much like a high-rise building, and the number of CMP steps increased significantly. In leading-edge logic, each node transition adds more layers, and this is why shipments have grown substantially compared with the past.

**Questioner 7:**

You have expanded production capacity by more than 1.5 times. The industry's growth outlook is above 9%. Against that backdrop, what level of growth is EBARA targeting?

**Nambu:**

With a view toward market growth through 2030, we determined that a 1.5-times capacity expansion was essential, and this led to the investment in the K3 building. We aim to achieve growth that exceeds the market's projected CAGR of over 9%.

**Questioner 7:**

Second question: Please comment on the likelihood of achieving the 4Q CMP outlook and your demand outlook for 2026 or 2027.

**Nambu:**

This time, we revised orders downward by JPY 20 billion, but the original order plan was extremely aggressive. Memory investment had not recovered for several years, but we assumed it would resume this year and therefore set a relatively high plan.

As it became clear that investment was not materializing as expected, we revised the numbers to a more realistic level. Even after the revision, we still expect 15% year-on-year order growth, so we believe the business is continuing to grow solidly.

That said, the 4Q plan is high. Last year was similar, and we were unable to fully achieve the plan, which drew some criticism. This time, we have estimated figures with higher certainty, and some projects have shifted from 3Q to 4Q, which makes the 4Q level appear high. However, we believe the likelihood of achieving it is strong.

As for the market outlook beyond next year, we will provide further explanation when we announce next year's plan. Customer conditions vary widely, and at this point, it is difficult to forecast how next year will compare with this year.

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**Questioner 8:**

**I would like to ask about market share. EBARA seems to have increased its share in recent years, but competitors are also introducing strong rival products. What is the current situation, and how do you view the competitive momentum?**

**Nambu:**

As you noted, competitors have launched highly competitive products. However, we also introduced our new model, the F-REX300XA, in 2021, and we have been able to expand our share. CMP is an area where competitiveness is very closely matched, so we will continue to invest in development and work to further expand our share.

**Questioner 8:**

**What about the competitive situation in HBM? We hear that competitors may currently have an advantage.**

**Nambu:**

In HBM, customer share dynamics also play a role, and competitors are slightly ahead at the moment. However, we are preparing to catch up.

We believe the real volume expansion for HBM is still ahead, and at that stage, we expect to be able to expand our share.

**Questioner 8:**

**Is EBARA's current share roughly 30–40%, or somewhat lower?**

**Nambu:**

I will refrain from giving specific numbers, but that range is not far off.

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**Questioner 9:**

**I would like to confirm your share in logic semiconductors. EBARA is strong in metal CMP, and I believe you hold a top share in logic. Has there been any recent change in your share position?**

**Nambu:**

There has been no drastic change in our logic share. As before, we continue to maintain a solid majority share.

Packaging is a new application area with strong potential, although it has not yet reached the volume zone. We are already preparing for it, and as the market expands further, we expect CMP volumes for EBARA to increase as well.

Regarding 2 nm, the number of CMP layers increases as the technology node moves from 3 nm to 2 nm. Therefore, the number of CMP system units required per line at 2 nm will be higher than at 3 nm.

**Questioner 9:**

**At the 3Q earnings briefing, you mentioned that CMP growth next year may not be as strong as this year. Given the increase in layers, is there a possibility that growth could be similar to this year?**

**Nambu:**

We will discuss next year's specifics when we announce the plan.

In logic, some customers are showing strong activity, while others are weaker. Memory demand also varies by customer. At this point, visibility is very limited.

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## **Session 2: Building Service & Industrial Company Overview and Growth Strategies**

**Respondent:**

Shu Nagata (Nagata)      Executive Officer, President of Building Service & Industrial Company

**Questioner 1:**

**I have two questions.**

**First, regarding profitability on page 9. Including the acquisition of Mitsubishi Electric's three-phase motor business, I understand that you intend to improve profitability by advancing in-house motor production and combining it with your existing products. Toward 2035, what level of profitability are you targeting?**

**Nagata:**

In 10 years, we aim to double revenue and achieve an operating profit margin in the double-digit range.

**Questioner 1:**

**Regarding the acquired three-phase motor business and related operations from Mitsubishi Electric, could you disclose the approximate annual revenue scale and whether its profitability is above or below your segment average?**

**Nagata:**

We are not disclosing the absolute revenue amount.

**Questioner 1:**

**By internalizing motor production and combining it with your products, will there be any positive impact not only on Building & Industrial but also on Precision Machinery, such as dry vacuum pumps?**

**Nagata:**

Motors are used in various equipment, including dry vacuum pumps. By internalizing motor technology within the company, we believe it will contribute to other businesses as well.

**Questioner 1:**

**My second question concerns your M&A strategy. You have conducted M&A in the past, and last year you announced impairment for an acquired company. What areas or technologies are you considering for future M&A? Also, is there a risk that profitability will decline through acquisitions?**

**Nagata:**

When selecting M&A targets, we choose them on the premise that profitability will not decline. However, in last year's case in Turkey, impairment occurred due to various factors such as inflation and foreign exchange. Fundamentally, we target M&A that will enhance profitability.

Going forward, we want to focus on high-value-added growth industries and look for M&A targets that can contribute to those areas.

**Questioner 1:**

**Specifically, would areas such as data centers be potential targets?**

**Nagata:**

I cannot comment on specific fields, but growth industries are our targets.

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**Questioner 2: I have two questions. What is the revenue scale for data-center-related products and industrial chillers?**

**Nagata:**

Both businesses will grow from here. Industrial chillers currently have no revenue, but the market is expected to exceed 100 billion yen by 2030, and we aim to capture a 20–30% share. For data centers, revenue is currently in the several-billion-yen range, but we expect significant growth going forward.

**Questioner 2:**

**Second, I would like to review whether synergies with acquired companies have actually materialized over the past five years. For example, Vansan in Turkey has strong cost competitiveness, and there was a discussion that using your sales channels could expand sales in Europe and the Middle East. Similarly, Hayward Gordon's mining-related products were expected to be deployed more broadly. Looking back, can you quantitatively demonstrate any synergies, such as margin improvement or share gains in the Middle East?**

**Nagata:**

We cannot disclose quantitative figures, but for example, Vansan's products are being expanded through our European sales channels. Conversely, our existing products are being expanded in Turkey through Vansan's channels. Synergies are already emerging. For Hayward Gordon, their mining mixers are now being sold through our bases in South America, the Middle East, and India. Cross-selling synergies are

already materializing, and we intend to further expand them.

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**Questioner 3:**

**A few years ago, you shifted to a target market-facing organizational structure. Previously, sales and engineering staff only needed to understand a portion of the product lineup, but now they must handle multiple products. Is this burden manageable, and do you have systems to reduce it?**

**Nagata:**

Under the target market-facing structure, sales staff who previously sold only pumps are now also selling cooling towers. While they do need to learn additional products, these are all rotating machinery, so the hurdle is not that high.

On the other hand, there is some psychological resistance to proposing products they have not previously handled, so we are taking various measures to lower that barrier. As for workload reduction, back-end operations have increased significantly due to rising order volumes. To address this, we have begun initiatives using AI for tasks such as responding to customer inquiries and preparing quotations.

**Questioner 3:**

**My second question concerns page 22 regarding industrial chillers. You mentioned cryo-etching and “ultra-low-temperature.” Do you already have chillers or pumps that support cryo-etching?**

**Nagata:**

Revenue is still minimal, but we have already commercialized industrial chillers for ultra-low-temperature applications. Customers are evaluating them, and we expect this to lead to future revenue.

**Questioner 3:**

**In capital investment for high-layer-count NAND flash, several fabs already have cryo-etching tools installed for mass production. Are you already supporting these? Competitors are already present; are you in a position to catch up?**

**Nagata:**

Competitors already have similar products. We are a new entrant in industrial chillers, and our position is to take share from incumbents.

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**Questioner 4:**

**Regarding the industrial chiller business, have you already secured customers to some extent, or are you still in the sales-promotion stage?**

**Nagata:**

Customers have already evaluated our products, and we are now at the stage where those evaluations are leading to orders.

**Questioner 4:**

**So full-scale orders are still ahead?**

**Nagata:**

Full-scale orders will come from here.

**Questioner 4:**

**Are your customers etcher manufacturers or semiconductor manufacturers?**

**Nagata:**

Mainly semiconductor manufacturers.

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**Questioner 5:**

**On page 8, you state that your current share of around 6% is targeted to double in ten years. Given that pumps have been your core business, doubling from 6% over ten years seems challenging. What is the driving force? Is it something that changed in management? Is it due to new labor-saving or energy-saving products? Or will semiconductors and data centers be the main drivers?**

**Nagata:**

The base building-equipment market will grow with GDP trends and population growth, but that alone cannot double our share in ten years. To supplement this, we will expand our products into growth industries such as semiconductors, data centers, medical, and pharmaceutical.

In Japan, our pump share is No.1, but overseas our share is still low. There is significant potential to grow by capturing share overseas.

**Questioner 5:**

**So semiconductors and data centers will drive growth?**

**Nagata:**

Not only revenue but also profitability.

**Questioner 5:**

**Earlier, in the Precision Machinery explanation, you mentioned that cooling towers and pumps are used on rooftops and in utility rooms of semiconductor fabs. What is the revenue contribution from semiconductors?**

**Nagata:**

As a percentage of total revenue, it is still small.

**Questioner 5:**

**Has there been any change in management direction, such as more aggressive overseas M&A?**

**Nagata:**

We have conducted M&A in the past and will continue to actively consider M&A in growth industries and priority markets.

**Questioner 5:**

**On page 17, the motor's energy-saving performance is significant. How are customers responding? Do you expect share gains?**

**Nagata:** We are actively promoting it. While initial cost is somewhat higher, the energy savings allow payback within two years. Customer evaluations are very positive, and interest is high.

**Questioner 5:**

**My second question concerns data centers. You mentioned liquid cooling and immersion cooling. Will these be added to existing air cooling, or will air cooling be replaced entirely?**

**Nagata:**

It will be a combination. Previously, cooling was done solely by air, but going forward, overall cooling will still use air while local server-level cooling will use liquid. Server and GPU heat generation has increased, and without liquid cooling, cooling capacity cannot keep up.

**Questioner 5:**

**If current air cooling is 100, does adding liquid/immersion cooling make it 120? Or does air cooling drop to around 80 and liquid cooling replace the rest?**

**Nagata:**

It is difficult to quantify, but heat generation that was previously 100 has increased to 150. Air cooling alone cannot handle this. Liquid cooling improves cooling efficiency and contributes to energy savings.

**Questioner 5:**

Within data-center investment, the share of cooling systems will increase. If total data-center investment is 100, what is the approximate share?

**Nagata:** We do not have quantitative figures.

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**Questioner 6:**

**Doubling your current share seems ambitious. With market growth at around 3–5%, doubling share implies your revenue growth rate would exceed 10%. To double revenue in ten years requires around 7% growth. If the market grows and your share doubles, the growth rate seems even higher. Earlier, you mentioned Precision Machinery markets growing at 9–10%. Are you targeting growth at that level?**

**Looking at recent years, as one of the three growth pillars, Building Service & Industrial Company seemed less dynamic compared to Energy and Precision Machinery. Over the next 3, 5, and 10 years, it seems the certainty of growth is increasing. Is that correct?**

**Nagata:**

Over the next ten years, doubling revenue is a realistic target. A revenue growth rate of around 7–8% is achievable. The reason is that by shifting focus from the traditional building-equipment market to industrial markets, we can achieve higher growth.

**Questioner 6:**

**What about growth over the next 3–5 years?**

**Nagata:**

Growth will not be concentrated only in the latter half of the ten years. We expect solid growth even in the next 3–5 years.

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**Questioner 7:**

**Mitsubishi Electric explained that it sold the three-phase motor business as part of restructuring low-profitability businesses. While their FA business may have higher margins, my impression is that the motor business did not meet your target segment profit margin of 7%.**

**Including internalization, synergies are expected, but considering last year's impairment of Vansan's goodwill, how specifically will you improve profitability in this business?**

**Nagata:**

As explained earlier with the smile curve, internalization will generate cost synergies, but our main objective is to create higher value by integrating pumps and motor control. Mitsubishi Electric manufactures motors but not pumps, so they cannot capture this benefit. As a pump manufacturer, we can integrate pumps and motor control to create high value, and by incorporating this, we will enhance M&A synergies.

**Questioner 7:**

**Will all motors be used internally, or will you also sell externally?**

**Nagata:**

This will be discussed with Mitsubishi Electric, but since there are existing customers, we expect to continue external sales.

**Questioner 7:**

**My second question concerns data centers. Are your data-center products standard pumps or custom pumps? I want to estimate the market size and revenue impact. For example, the North American market size shown on slide 8 is for standard pumps, does this include data-center pumps?**

**Nagata:**

Yes, it is included. At present, our data-center business consists of supplying standard pumps.

**Questioner 7:**

**On slide 21, regarding sales channels: Are your customers HVAC manufacturers for data centers, or do you sell directly to data-center operators such as hyperscalers?**

**Nagata:**

Both.

**Questioner 7:**

**For example, currently most sales are as components to HVAC manufacturers. For fan motors inside servers, sales are mostly to component manufacturers, but with liquid cooling, the customer base may change. Is that understanding correct?**

**Nagata:**

Currently, most cases involve supplying pumps to manufacturers of cooling equipment for data centers.

**Questioner 7:**

**Regarding profitability, how does data-center profitability compare with your segment operating profit margin of 7%?**

**Nagata:**

Profitability is high.

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**Questioner 8:**

**Regarding data centers: You mentioned doubling pump market share in ten years, driven by data center growth. What is the competitive landscape? Can you take share from competitors? Also, what is your current market share in data center pumps?**

**Nagata:**

Competitors include general standard-pump manufacturers as well as specialized manufacturers that produce data center-specific products. We compete with both.

As for market share, we are still in the growth phase, and the data center market itself is expanding rapidly, so it is difficult to calculate share at this stage.

**Questioner 8:**

**Regarding market-share development, will EBARA be in a stronger position from Gen 1 to Gen 5?**

**Nagata:**

The more generations progress, the more advantageous our position becomes. As generations advance, server heat generation increases, and energy used for cooling rises. Our pump energy-saving technology becomes more valuable.

As shown in the slide, our data center-specific products are more efficient and more compact than competitors'. As liquid cooling and D2C (Direct-to-Chip) expand, equipment-space constraints will increase, and compactness will become a key value. We believe our differentiation will strengthen as generations advance.

**End of Q&A**