

Results Presentation for the Second Quarter ended September 30, 2010

EBARA (6361)

Nov 8th, 2010



contents

1. Summary of Results through the 2nd Quarter
(Six months ended September 30, 2010)
2. Segment Financial Results through the 2nd Quarter
(Six months ended September 30, 2010)
3. Sales by Region for the 2nd Quarter
(Six months ended September 30, 2010)
4. Segment Forecast for FY2011
(Fiscal year ending March 31, 2011)
5. Summary of Forecast for FY2011
(Fiscal year ending March 31, 2011)
6. Consolidated Balance Sheet for the 2nd Quarter
(Six months ended September 30, 2010)
7. Cash Flow Plan for FY2011
(Fiscal year ending March 31, 2011)

Summary of Results through the 2nd Quarter

(Six months ended September 30, 2010)

(Billions of JPY)	FY2010 2 nd Quarter (accum.) (Result) (A)	FY2011 2 nd Quarter (accum.) (Result) (B)	Change (B-A)
Orders	207.9	192.7	-15.1
Net Sales	209.4	173.1	-36.3
Operating Income	2.3	9.6	+7.2
Ordinary Income	1.0	7.7	+6.6
Net Income	-1.1	3.8	+5.0

Average Exchange Rate	1USD=95.8yen	1USD=90.5yen	—
Assumed Exchange Rate	1USD=95yen	1USD=90yen	—

Summary of Results through the 2nd Quarter

(Six months ended September 30, 2010)

(Billions of JPY)

		Sales			Operating Income		
		FY2010 2 nd Quarter (A)	FY2011 2 nd Quarter (B)	Change (B-A)	FY2010 2 nd Quarter (A)	FY2011 2 nd Quarter (B)	Change (B-A)
Reportable segment	FMS business	136.3	117.0	-19.2	10.2	6.7	-3.5
	EE business	48.2	18.6	-29.6	-5.0	-1.1	+3.9
	PM business	21.1	31.7	+10.5	-2.9	3.7	+6.7
Others※		3.6	5.6	+1.9	0.0	0.0	-0.0
Adjustment		—	—	—	0.0	0.1	+0.1
Total		209.4	173.1	-36.3	2.3	9.6	+7.2

※ From the beginning of the first quarter of the current fiscal year, the group has adopted the Accounting Standards for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Bureau of Japan (ASBJ) Statement No. 17, issued on March 27, 2009) and the Implementation Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, issued on March 21, 2008)

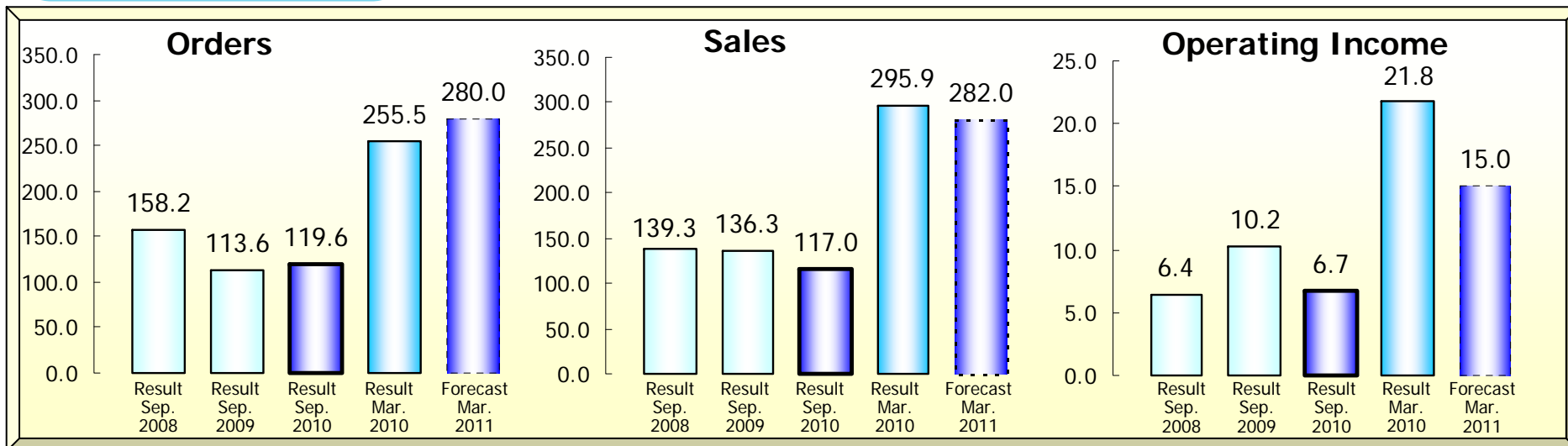
Segment Financial Results through the 2nd Quarter

(Six months ended September 30, 2010)

FMS business

··· Fluid Machinery & Systems business

(Billions of JPY)



【Orders】

Although we still face a difficult environment for winning orders due to growing price competition influenced by the effects of exchange rates, we succeeded in securing orders that exceed the level of the previous period due to a recovery of markets in Southeast Asia and South America.

【Sales】

Sales fell below the level of the strong previous period due to a decrease in orders outstanding from the previous period, and the postponement and capping of capital spending in the private sector triggered by the global economic slowdown.

【Operating Income】

Operating income decreased from the strong previous period due to decreased sales and rapid appreciation of the yen, returning to the same level as the period prior to the previous period.

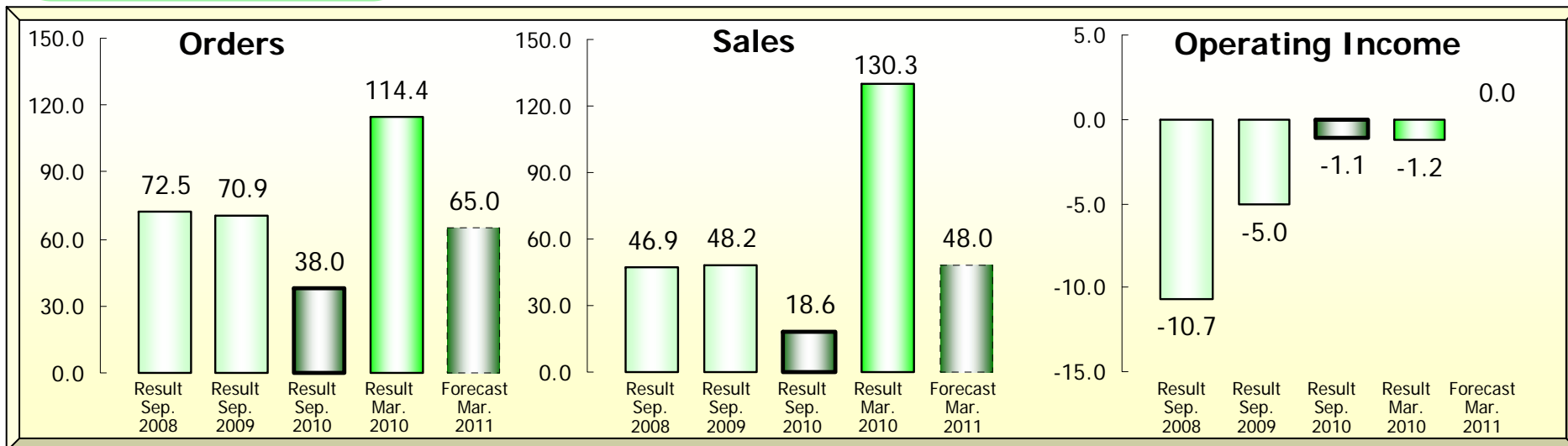
Segment Financial Results through the 2nd Quarter

(Six months ended September 30, 2010)

EE business

··· Environmental Engineering business

(Billions of JPY)



※ Ebara Engineering Service Co., Ltd. will be excluded from the scope of consolidation for and after FY2011, since it will become an affiliate accounted for by the equity method.

【Orders】

Regarding orders, although the exclusion of the water treatment plant business from consolidation had some effects, we won one DBO project in EPC despite fierce competition. O&M showed steady performance.

【Sales】

Sales decreased significantly due to the effects of excluding the water treatment plant business from consolidation, and fell below the level of the previous period due to a decrease in domestic EPC sales.

【Operating Income】

Operating loss decreased from the level of the previous period as a result of continuous cost cutting and a decrease in the reserve set aside for overseas waste incineration plant construction.

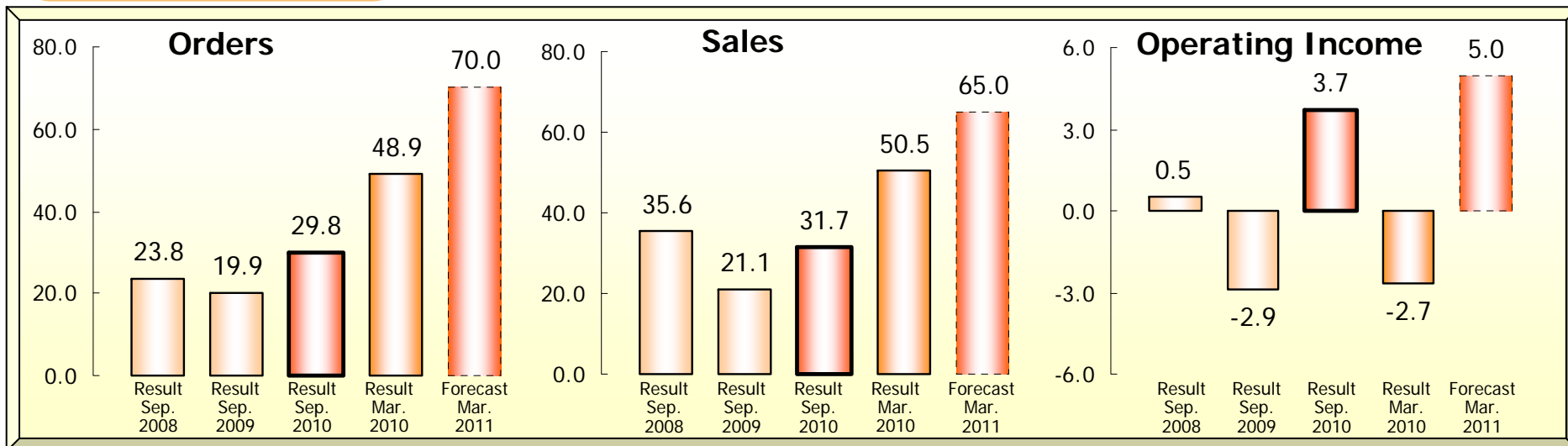
Segment Financial Results through the 2nd Quarter

(Six months ended September 30, 2010)

PM business

···Precision Machinery business

(Billions of JPY)



【Orders】

Orders received increased approximately 50% on a year-on-year basis due to continued capital investment by major semiconductor customers

【Sales】

Sales also increased by approximately 50% on a year-on-year basis due to stable orders continuing from the second half of the previous period.

【Operating Income】

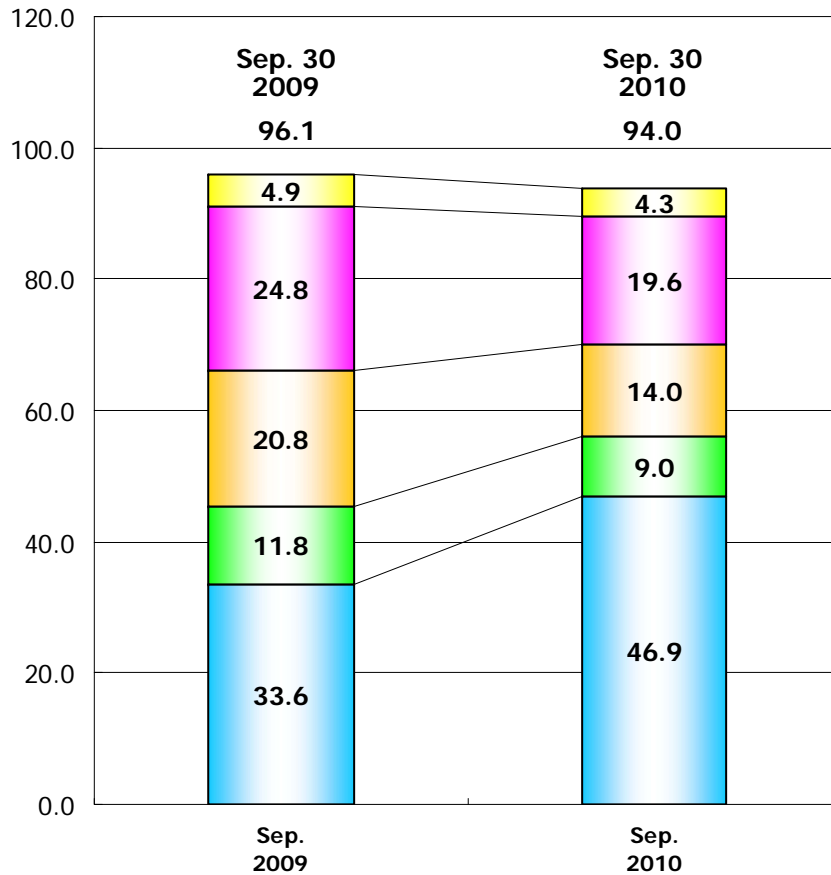
Operating income ratio improved significantly due to efforts to reduce fixed costs and the effects of cutting prime costs.

Sales by Region for the 2nd Quarter

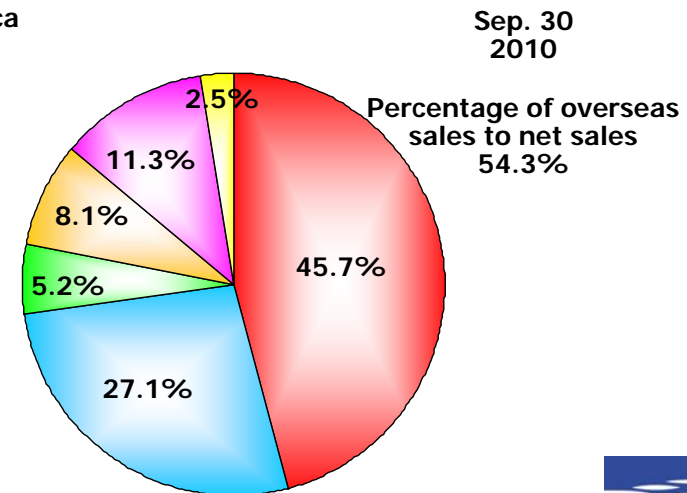
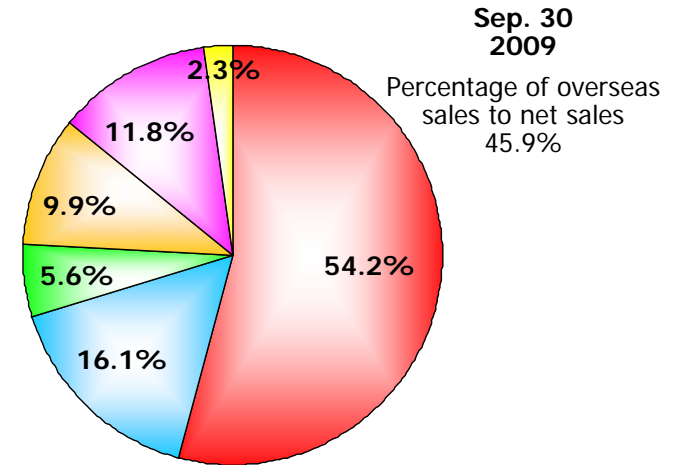
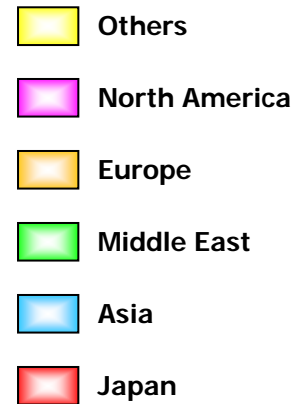
(Six months ended September 30, 2010)

Sales by Region (excluding Japan)

(Billions of JPY)



Sales Composition by Region



Segment Forecast for FY2011

(Fiscal year ending March 31, 2011)

FMS business

··· Fluid Machinery & Systems business

(Billions of JPY)	Result FY2010 (A)	Plan FY2011 (B)	Forecast FY2011 (C)	Change (C-B)	Change (C-A)
Orders	255.5	300.0	280.0	-20.0	+24.5
Sales	295.5	290.0	282.0	-8.0	-13.9
Operating Income	21.8	15.0	15.0	0	-6.8

- **Projection of orders**

Regarding orders received, we expect a recovery of capital spending from the previous period due to a gradual recovery of market conditions. We also expect a decrease in orders received compared to the forecast at the beginning of the period due to growing price competition and the effects of the strong yen.

- **Projection of sales**

Sales are expected to decrease from the previous period due to a decrease in large orders outstanding from abroad for Custom pumps and Compressors and fans.

- **Projection of operating income**

Although profitability increased due to cost-cutting efforts, etc., operating income is expected to decrease from the previous period due to a decrease in sales, an increase in sales of products with low profit margins, and a deterioration of exchange rates.

Segment Forecast for FY2011

(Fiscal year ending March 31, 2011)

FMS business

... Status of major action plan

Major Action Plan	Status
<u>Strengthen business base in global markets and increase profitability</u>	<p>Custom pumps business</p> <ul style="list-style-type: none"> • Move ahead on innovative production in the Futtsu Plant and strengthen overseas production bases. • Focus on the rapidly growing overseas markets including nuclear power, water infrastructure, and LNG. • Expand the after-sales service business with a new organization in which design and sales are integrated. (e.g. the Middle East)
	<p>Standard pumps business</p> <ul style="list-style-type: none"> • Push forward the integrated functions of sales, production, and distribution around the world. • Introduce to the market a new energy-saving pump series. • Strengthen growing businesses such as the renewal business.
<u>Strengthen group management</u>	<p>Compressors and fans business</p> <ul style="list-style-type: none"> • Elliott Group : Acceleration of integration by establishing an integration team. • Expand the global service business. (e.g. Development of offices that provide comprehensive services mainly in the Middle East) • Promotion of personnel exchanges between offices in Japan and the US.
	<p>Chillers business</p> <ul style="list-style-type: none"> • Enhance products cooperatively within the Group and expand global sales. • Introduce to the market new turbo cooling systems and low-cost chillers. • Boost order receipts for product and maintenance combination systems.
<u>Emphasis on Improving profitability</u>	<p>Fluid related plants business</p> <ul style="list-style-type: none"> • Improve profit by strengthening management of individual projects. • Strengthen efforts for renewal and after-sales service projects.

Segment Forecast for FY2011

(Fiscal year ending March 31, 2011)

EE business

··· Environmental Engineering business

(Billions of JPY)	Result FY2010 (A)	Plan FY2011 (B)	Forecast FY2011 (C)	Change (C-B)	Change (C-A)
Orders	114.4	65.0	65.0	0	-49.4
Sales	130.3	48.0	48.0	0	-82.3
Operating Income	-1.2	2.0	0	-2.0	+1.2

※ Ebara Engineering Service Co., Ltd. will be excluded from the scope of consolidation for and after FY2011, since it will become an affiliate accounted for by the equity method.

● Projection of orders

Orders received are expected to exceed the level of the previous period due to steady performance of new EPC orders received and O&M.

● Projection of sales

Sales are expected to decrease due to the effects of slower growth of new EPC orders received up to the previous period.

● Projection of operating income

Operating income is expected to break even by thoroughly managing the profitability of each project, mainly in the O&M business, and by absorbing sales decreases and additional losses from foreign waste incineration plant projects.

Segment Forecast for FY2011

(Fiscal year ending March 31, 2011)

EE business

... *Status of major action plan*

Major Action Plan

Status

Respond flexibly to the needs of customers

Integrated management of the EPC and O&M businesses

- Promote multiyear and long-term full-service contracts for maintenance.
- Strengthen proposal to improve and reinforce the core facilities of existing plant using expertise in EPC design.

Improvement in competitiveness and profitability

Strengthen capabilities for making comprehensive proposals and price competitiveness

- Proposal of DBO that integrates expertise on EPC design with expertise on O&M maintenance management.
- Improvement of operating efficiency by integrating sales, construction, and procurement departments.
- Promotion of standardization and packaging.

Secure orders from demand for reconstruction

Broaden network information of the O&M business to the EPC business

- Identify reconstruction projects early by using the nationwide service network of the O&M business.
- Early proposal of effective renewal plan.

Segment Forecast for FY2011

(Fiscal year ending March 31, 2011)

PM business

... Precision Machinery business

(Billions of JPY)	Result FY2010 (A)	Plan FY2011 (B)	Forecast FY2011 (C)	Change (C-B)	Change (C-A)
Orders	48.9	65.0	70.0	+5.0	+21.1
Sales	50.5	62.0	65.0	+3.0	+14.5
Operating Income	-2.7	3.0	5.0	+2.0	+7.7

- **Projection of orders**

Although the market shows signs of a slowdown, capital spending by major customers is expected to continue toward the 4th quarter.

- **Projection of sales**

Sales will grow with increasing orders and are expected to exceed the forecast at the beginning of the period.

- **Projection of operating income**

Although fixed costs are expected to increase in the second half due to an increase in production personnel, as well as R&D spending, operating income is expected to exceed the forecast at the beginning of the period, resulting from an overall increase in sales.

Segment Forecast for FY2011

(Fiscal year ending March 31, 2011)

PM business

... *Status of major action plan*

Major Action Plan	Status
<p><u>Respond to the market demand</u></p>	<div data-bbox="749 419 1831 676"> <p>Semiconductor market Components : Lineup expansion of EV series and G series. CMP Equipment : Market assessment of advanced model. Plating System : Development and prototyping of compact model.</p> </div> <div data-bbox="749 711 1831 982"> <p>New market (other than semiconductor) Components : Sales expansion of bulk-processing model for LED and PV. Global expansion of small dry pump. Development of dry pump market for general industry. Plating System : Development and prototyping of plating equipment for LED.</p> </div>
<p><u>Raise the level of the manufacturing</u></p>	<div data-bbox="749 1016 1831 1288"> <p>Revise manufacturing system Components : Improvement of ratio of foreign-made parts. (Cost-cutting and measures for currency exchange rates) CMP Equipment : Consolidation of mass-production capability in Kumamoto plant. Plating System : Improvement of ratio of foreign-made parts. (Cost-cutting)</p> </div>

Summary of Forecast for FY2011

(Fiscal year ending March 31, 2011)

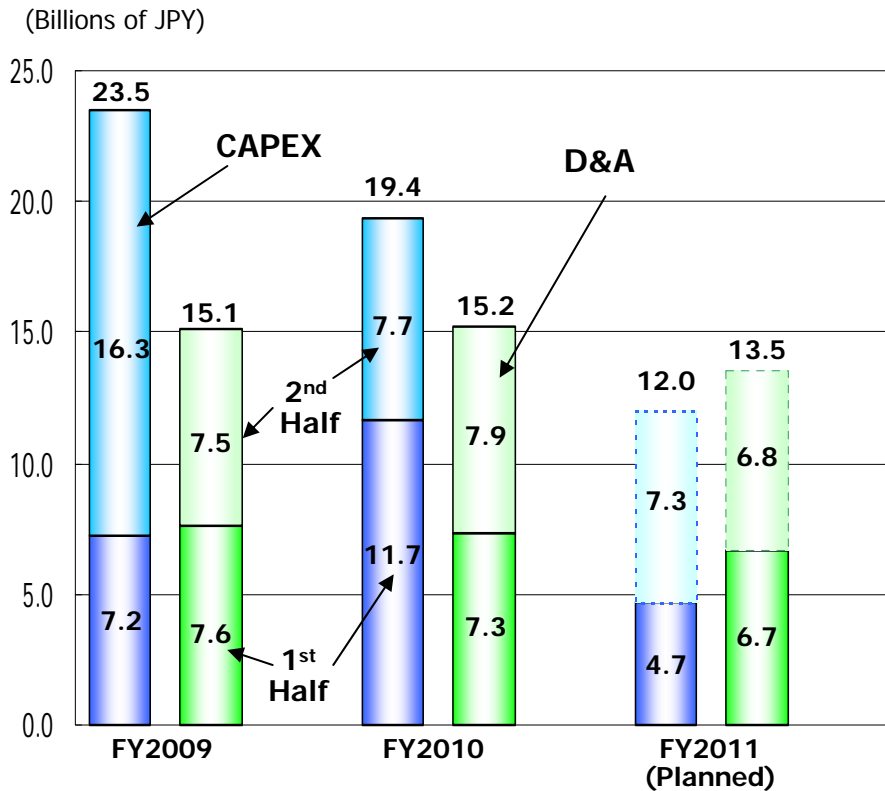
(Billions of JPY)	FY2010 (Results) (A)	FY2011 (Planned) (B)	FY2011 (Forecast) (C)	Change (C-B)	Change (C-A)
Orders	426.6	440.0	425.0	-15.0	-1.6
Net Sales	485.8	410.0	405.0	-5.0	-80.8
Operating Income	18.9	20.0	20.0	0	+1.0
Ordinary Income	16.7	17.5	17.5	0	+0.7
Net Income	5.4	9.0	9.0	0	+3.5

Average Exchange Rate	1USD=94.7yen	—	—	—	—
Assumed Exchange Rate	1USD=90yen	1USD=90yen	1USD=85yen	—	—

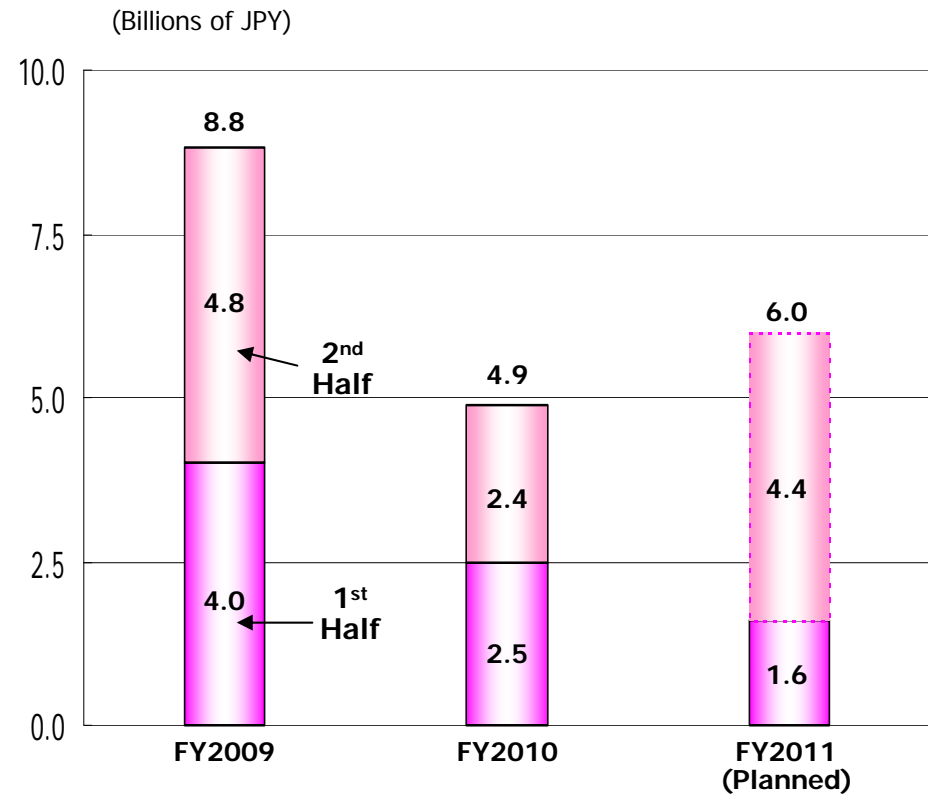
Summary of Forecast for FY2011

(Fiscal year ending March 31, 2011)

Capital Expenditures Depreciation & Amortization



R&D Expenses



Consolidated Balance Sheet for the 2nd Quarter

(Six months ended September 30, 2010)

(Billions of JPY)

	Mar.2010	Sep.2010	Change
Cash and time deposits	80.0	119.6	39.5
Trade receivables	163.8	112.6	-51.1
Inventories	69.8	72.9	3.1
Others	60.1	40.6	-19.4
Current assets	373.8	345.9	-27.9
Tangible fixed assets	97.7	93.3	-4.4
Intangible fixed assets	8.9	8.0	-0.8
Investment and long-term receivables	41.9	38.6	-3.2
Fixed assets	148.6	140.1	-8.5
Total assets	522.5	486.0	-36.4

	Mar.2010	Sep.2010	Change
Trade payables	99.7	76.4	-23.3
Others	162.8	172.0	9.1
Current liabilities	262.6	248.4	-14.2
Long-term liabilities	127.1	105.8	-21.3
Total of liabilities	389.8	354.2	-35.5
Shareholder's equity	138.8	142.7	3.8
Net unrealized gain	-9.0	-14.1	-5.1
Subscription right to shares	0.1	0.2	0.1
Minority interest in consolidated subsidiaries	2.7	3.0	0.2
Total net asset	132.6	131.7	-0.8
Total liabilities and net assets	522.5	486.0	-36.4

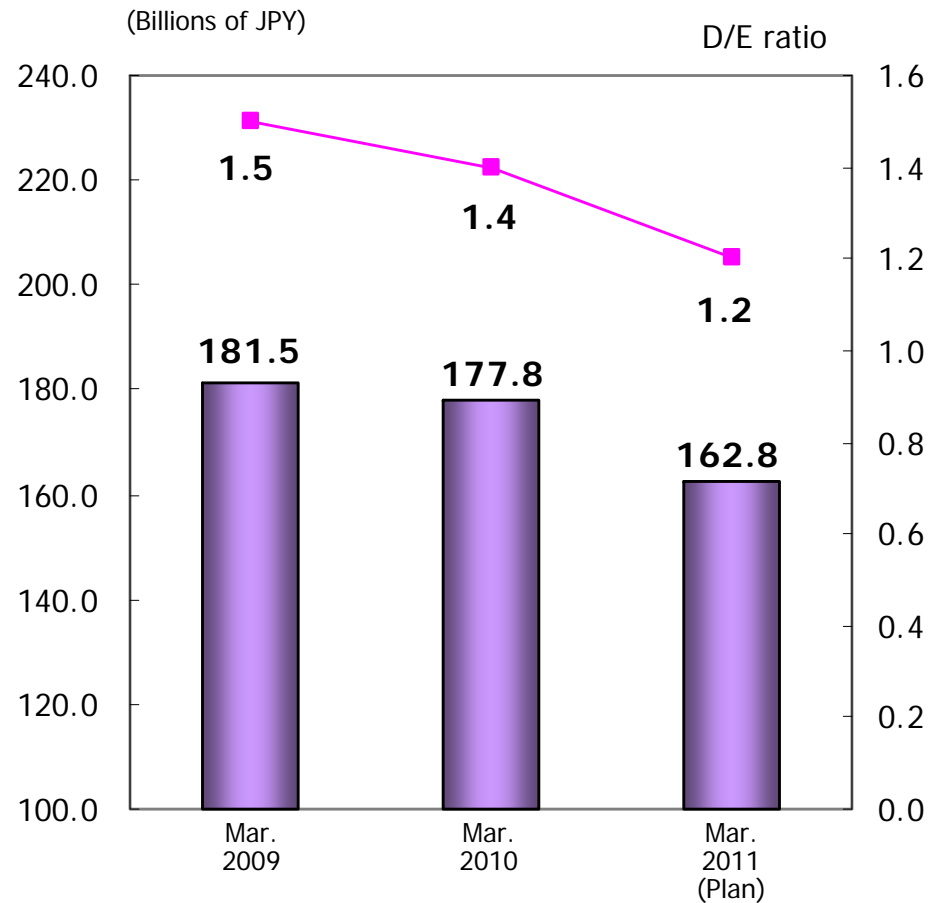
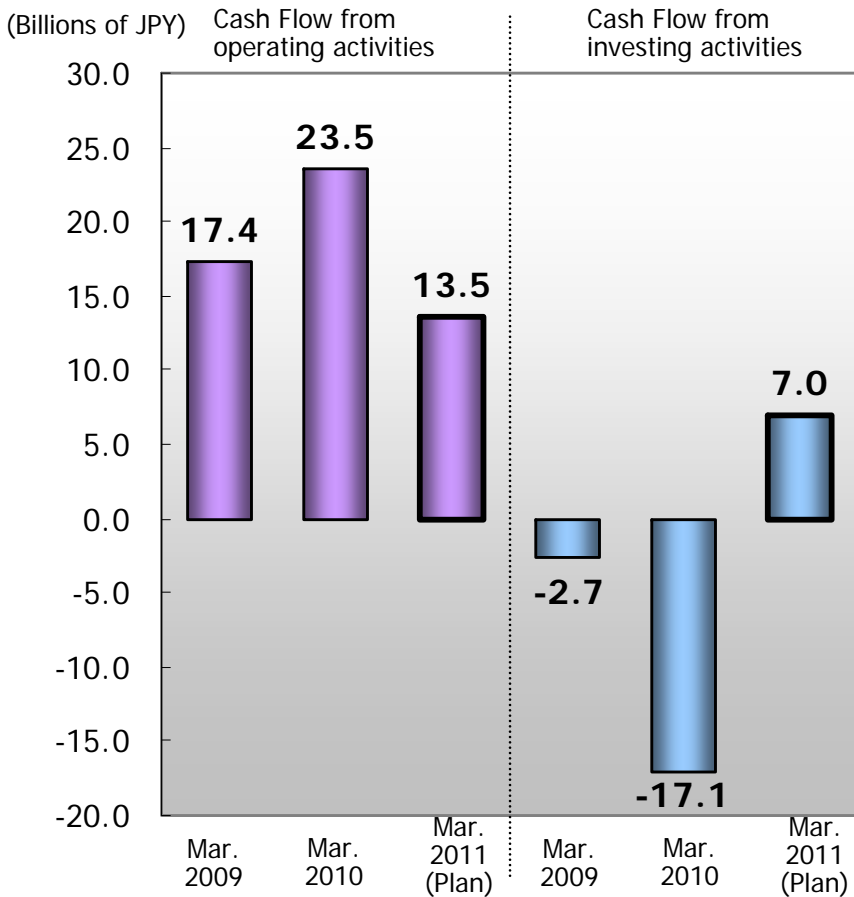
Interest bearing debt	177.8	174.0	-3.8
Cash and cash equivalents	81.7	128.4	46.7
Net interest bearing debt	96.1	45.5	-50.5

Cash Flow Plan for FY2011

(Fiscal year ending March 31, 2011)

Cash flow

Interest-Bearing Dept



This release contains 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.