

Results Presentation for Fiscal Year
ended March 31, 2016

EBARA (6361)

May 12, 2016



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1. Summary of Results

Executive Officer
Responsible for
Finance & Accounting

Akihiko Nagamine

2. Projection and Management Strategy

President and
Representative Director

Toichi Maeda

1. Summary of Results

Consolidated Results for Fiscal Year ended March 31, 2016 (1/2)

(unit : ¥bn)

| | Fiscal Year ended March 31, 2015 (Results) | Fiscal Year ended March 31, 2016 (Results) | Change |
|---|--|--|--------|
| Orders | 487.5 | 491.2 | +3.7 |
| Net Sales | 482.6 | 486.2 | +3.5 |
| Operating Income | 34.5 | 38.0 | +3.4 |
| Ordinary Income | 36.2 | 36.4 | +0.2 |
| Net Income attributable to owners of parent * | 23.5 | 17.2 | -6.3 |

Exchange Rate
(Average)

1USD = 117.1 JPY

1USD = 115.8 JPY

* "Net Income" as for FY ended March 31, 2015

** In this material, "1Q" means 3 months cumulative, "2Q" means 6 months cumulative, "3Q" means 9 months cumulative, "4Q" means 12 months cumulative. From this page, figures are shown in billion yen unless stated.

1. Summary of Results

Segmental Results for Fiscal Year ended March 31, 2016

(2/2)

| | Orders | | | Net Sales | | | Operating Income | | |
|-----------------------|------------------------------|------------------------------|--------|------------------------------|------------------------------|--------|------------------------------|------------------------------|--------|
| | FY ended Mar. 31, 2015 | FY ended Mar. 31, 2016 | Change | FY ended Mar. 31, 2015 | FY ended Mar. 31, 2016 | Change | FY ended Mar. 31, 2015 | FY ended Mar. 31, 2016 | Change |
| FMS Business | 334.4 | 307.6 | -26.8 | 342.0 | 320.8 | -21.2 | 20.7 | 19.3 | -1.4 |
| EE Business | 73.7 | 80.0 | +6.3 | 64.9 | 70.3 | +5.4 | 6.2 | 6.4 | +0.1 |
| PM Business | 77.5 | 101.8 | +24.3 | 73.9 | 93.3 | +19.3 | 7.0 | 11.6 | +4.6 |
| Others, Adjustment | 1.7 | 1.6 | -0.0 | 1.7 | 1.6 | -0.0 | 0.5 | 0.5 | +0.0 |
| Total | 487.5 | 491.2 | +3.7 | 482.6 | 486.2 | +3.5 | 34.5 | 38.0 | +3.4 |

FMS Business ... Fluid Machinery & Systems Business

EE Business ... Environmental Engineering Business

PM Business ... Precision Machinery Business

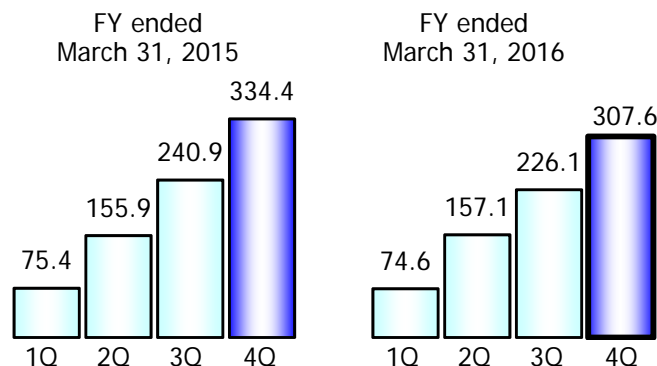
1. Summary of Results

FMS Results for Fiscal Year ended March 31, 2016

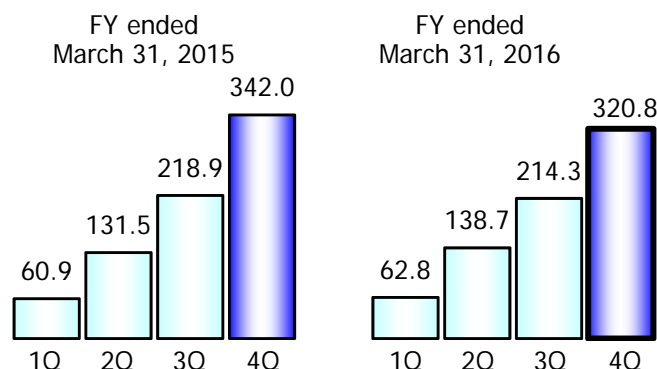
(1/3)

FMS Business ··· Fluid Machinery & Systems Business

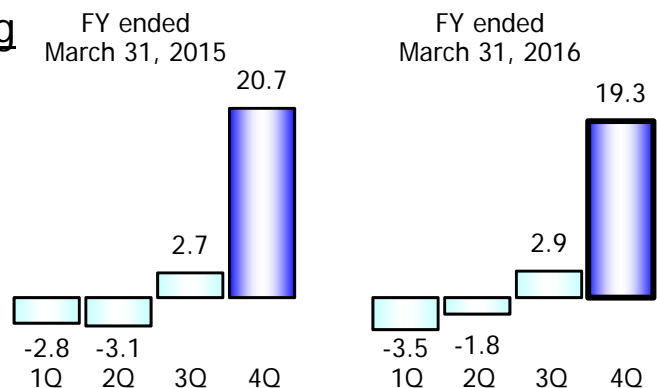
Orders



Sales



Operating Income



【Orders】

- ✓ Customers postponed their decision of the capital investment plan in Compressors & Turbines business

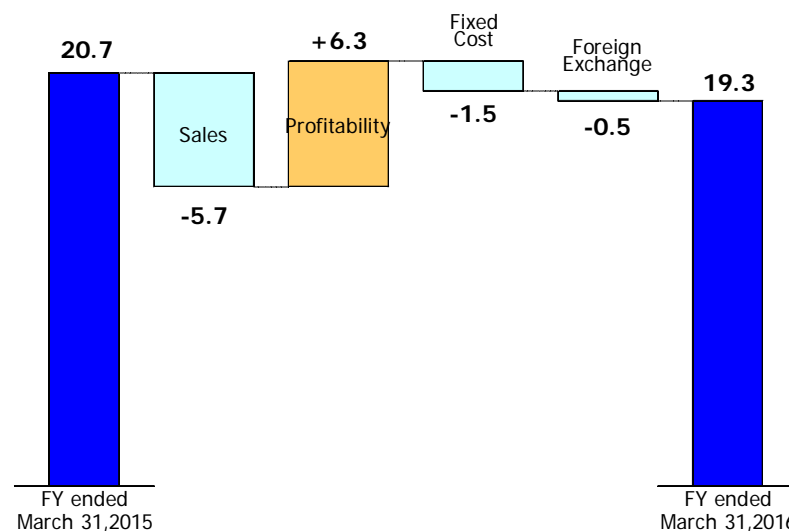
【Sales】

- ✓ Product sales decreased in Compressors & Turbines business

【Operating Income】

- ✓ Sales decreased (-)
- ✓ Proportion of sales of Service & Support business increased (+)
- ✓ Reduced fixed cost than originally planned but growth investment continues (-)

Breakdown of Changes in Operating Income



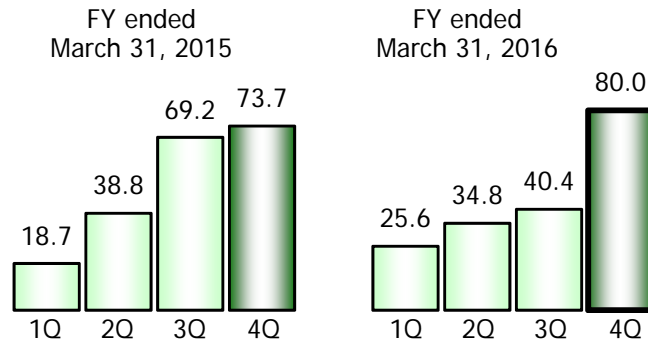
1. Summary of Results

EE Results for Fiscal Year ended March 31, 2016

(2/3)

EE Business ... Environmental Engineering Business

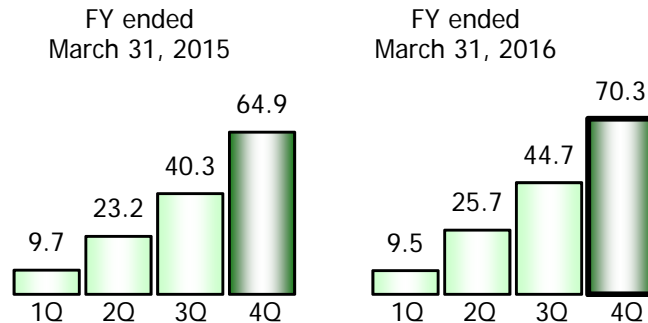
Orders



【Orders】

- ✓ Orders for a long-term O&M project increased

Sales



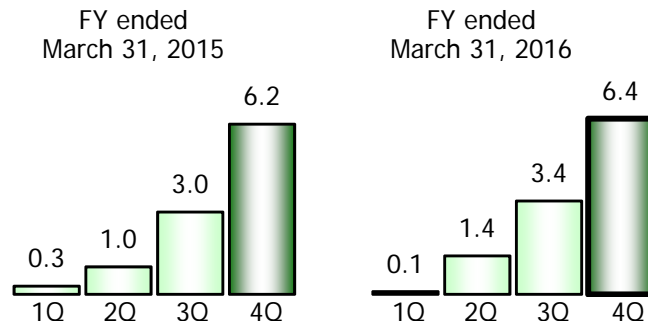
【Sales】

- ✓ Sales increased mainly from EPC business

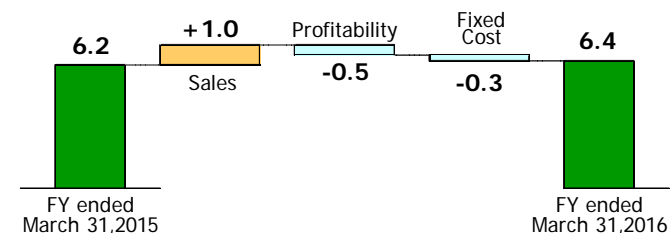
【Operating Income】

- ✓ Sales increased (+)
- ✓ Proportion of sales of EPC and O&M changed (-)
- ✓ Personnel costs increased (-)

Operating Income



Breakdown of Changes in Operating Income



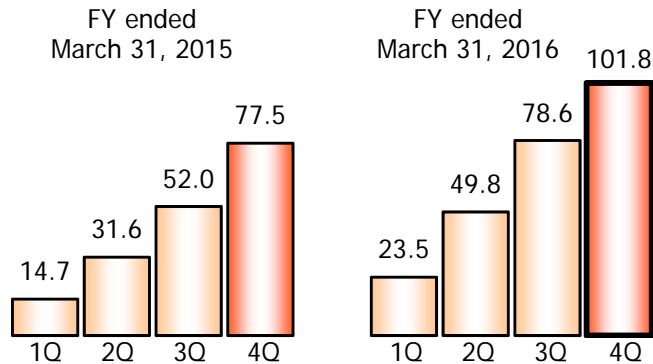
1. Summary of Results

PM Results for Fiscal Year Ended March 31, 2016

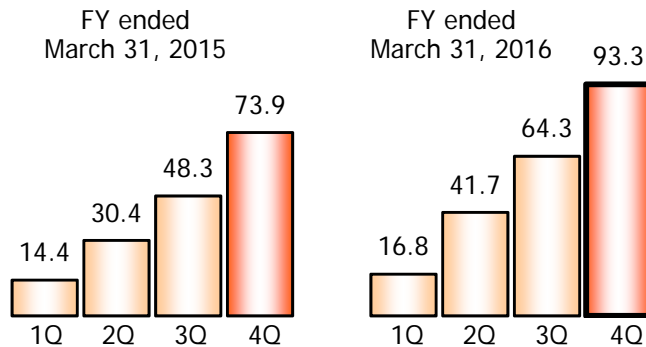
(3/3)

PM Business ··· Precision Machinery Business

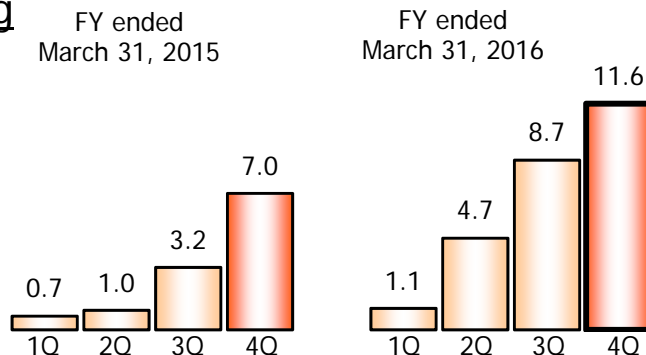
Orders



Sales



Operating Income



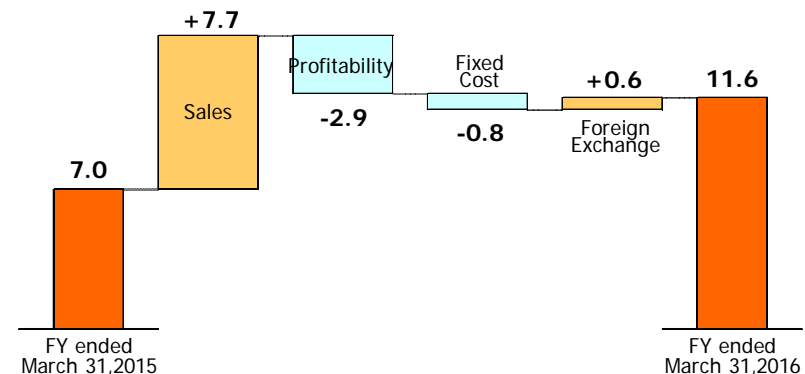
【Orders, Sales】

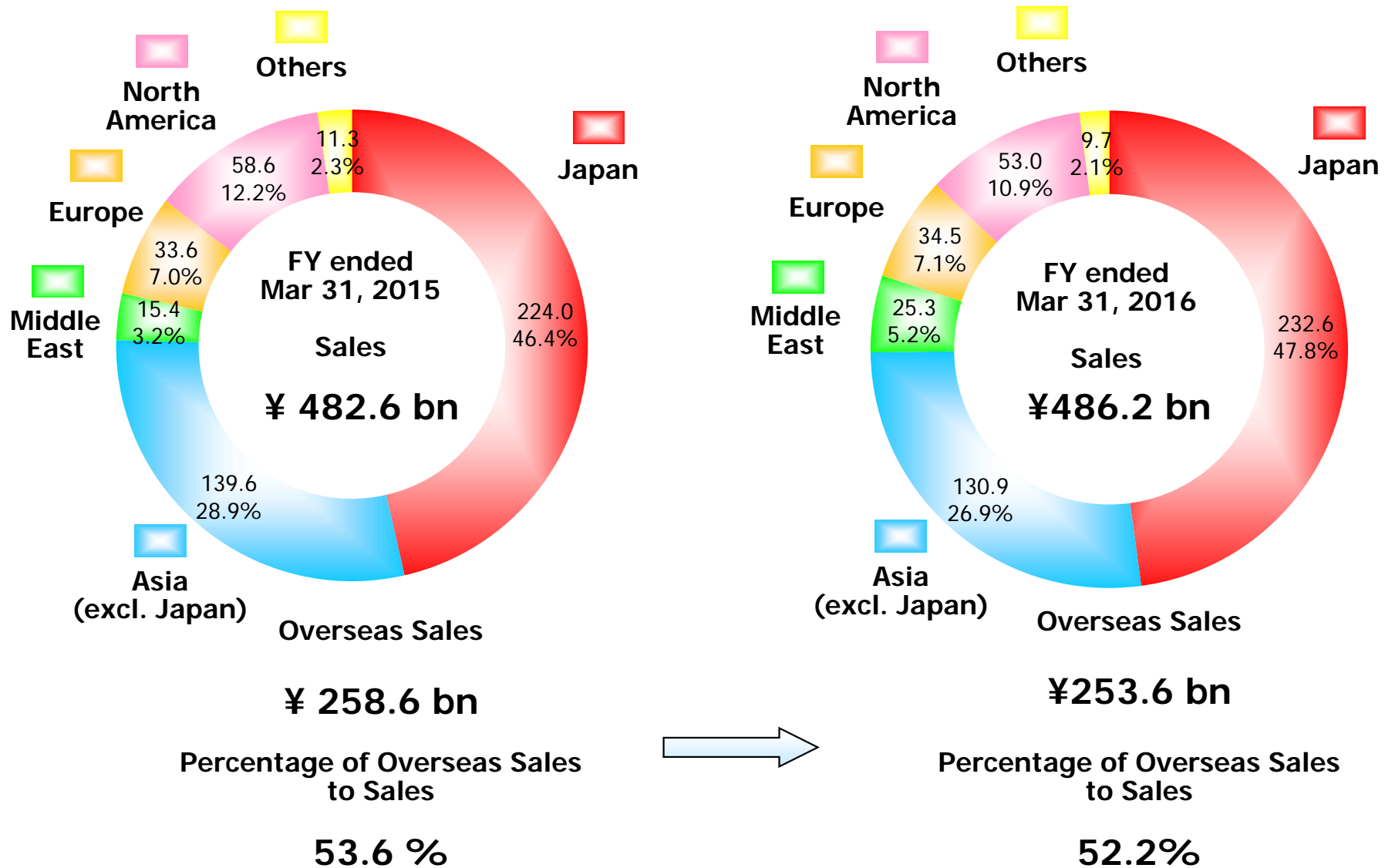
- ✓ Orders have changed steadily pulled along by active capital investment to CMP systems
- ✓ Plating equipment business is in good shape

【Operating Income】

- ✓ Sales increased (+)
- ✓ Gain by Yen depreciation (+)
- ✓ Proportion of sales changed (-)
- ✓ Personnel costs increased (-)

Breakdown of Changes in Operating Income





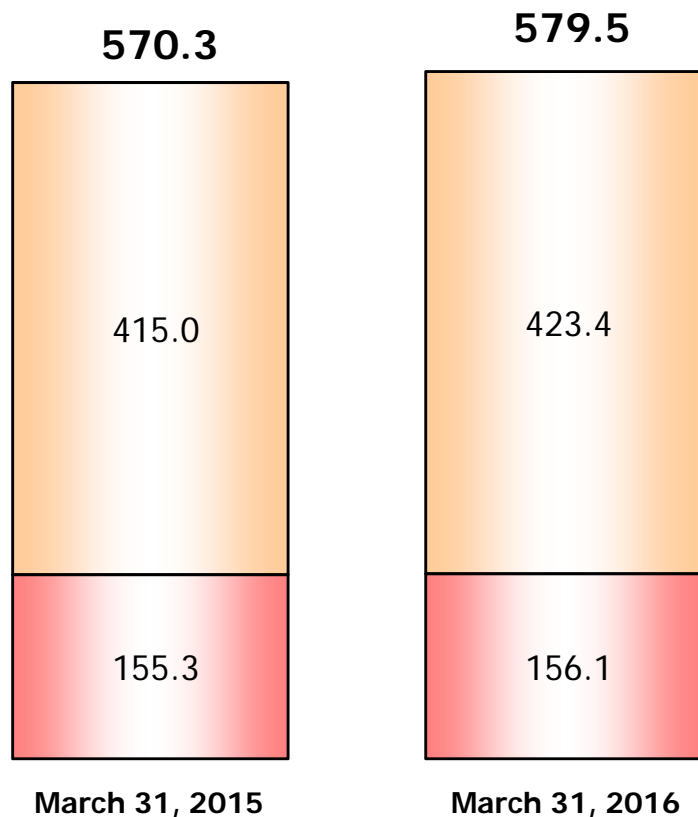
1. Summary of Results

Balance Sheet for Fiscal Year ended March 31, 2016

(1/1)

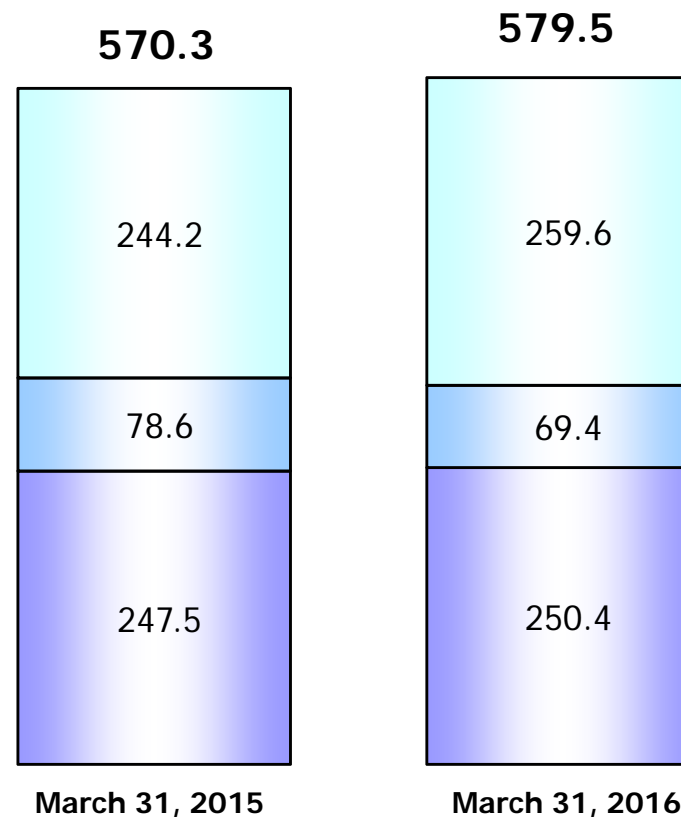
Assets

- Current Assets
- Fixed Assets



Liabilities and Net Assets

- Current Liabilities
- Long-term Liabilities
- Net Assets

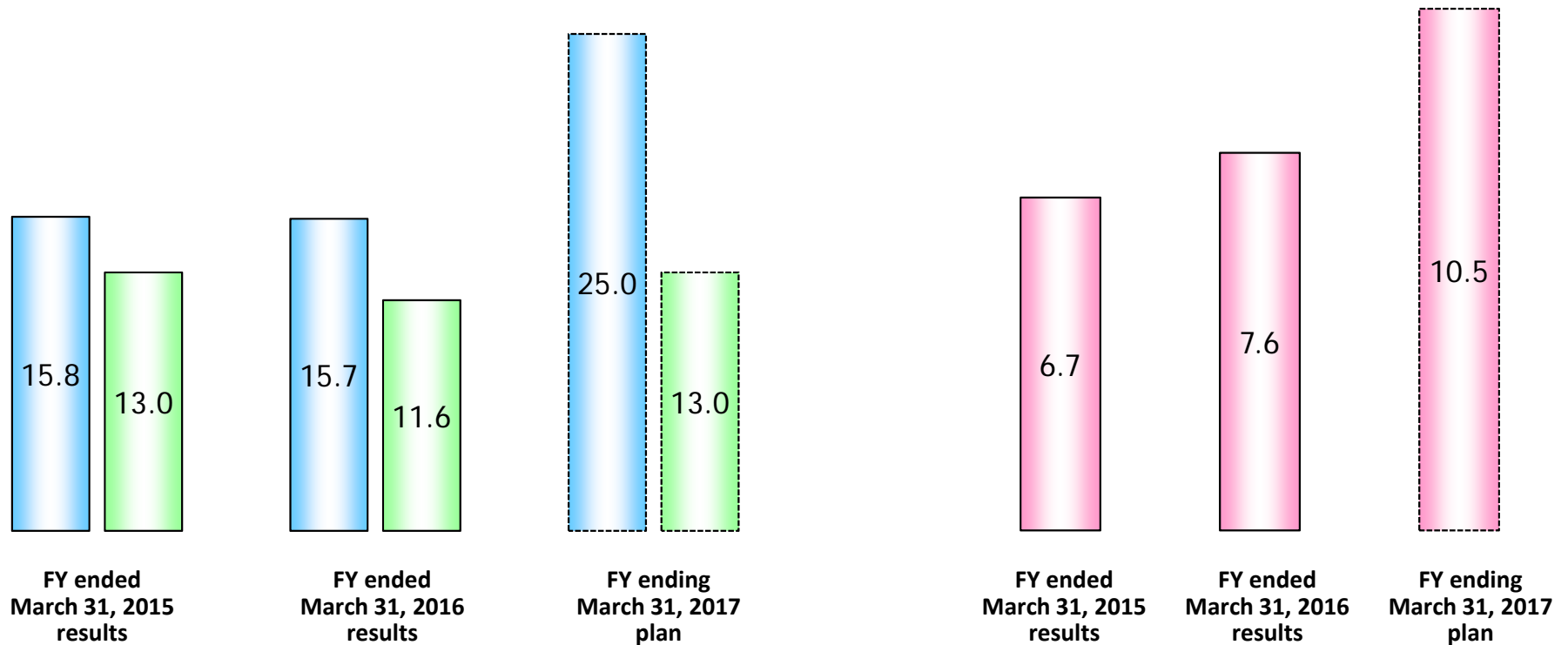


Capital Expenditure /
Depreciation & Amortization Expenses

Research and
Development Expenses

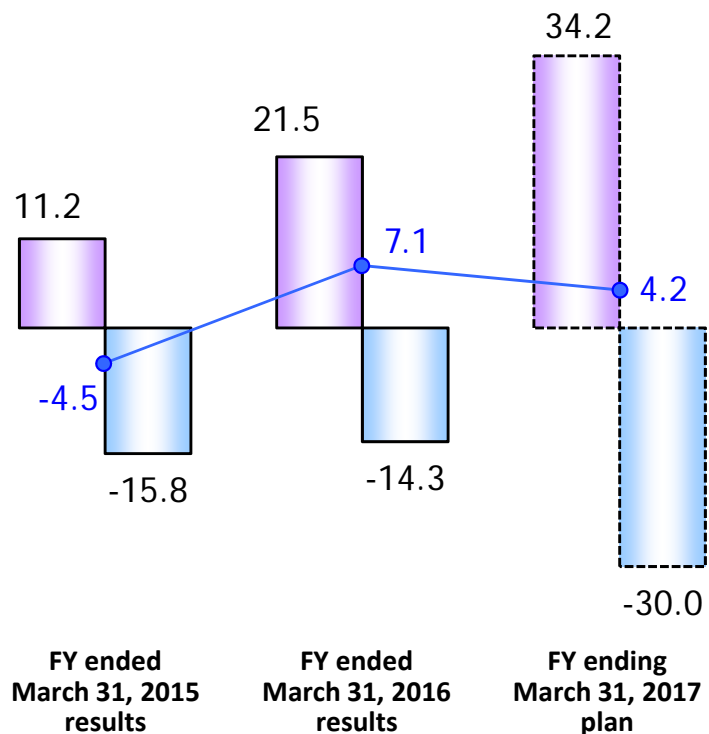
█ Capital Expenditure
█ Depreciation & Amortization Expenses

█ Research and Development Expenses



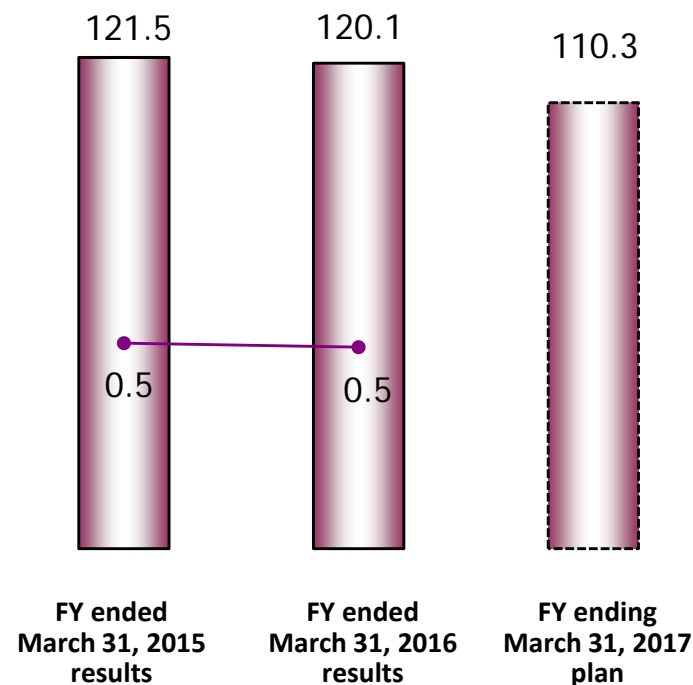
Cash Flows

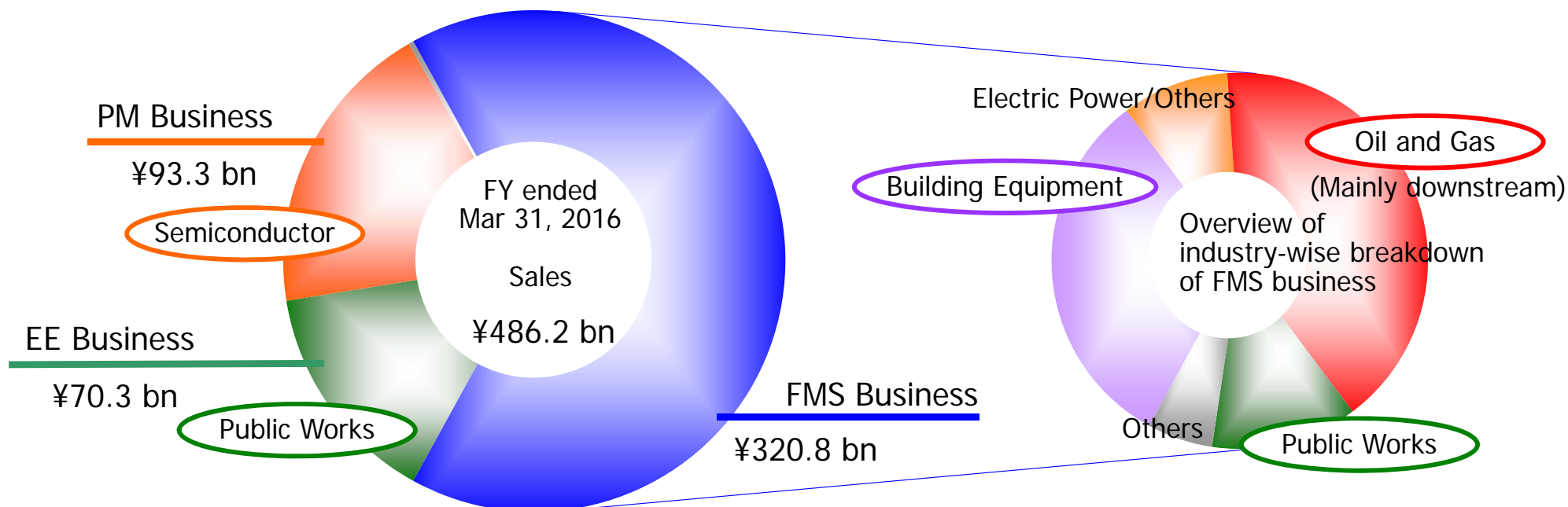
- Cash Flow from Operating Activities
- Cash Flow from Investing Activities
- Free Cash Flow



Interest-bearing Debt

- Interest-bearing Debt
- D/E Ratio





Main Business Environment

Oil and Gas
(Mainly downstream)

Crude oil price fluctuations are calming down but the time for customers to restart investment remains uncertain

Public Works

Investment on replacement or repair for infrastructure facilities stably continues

Building Equipment

Stable in the domestic markets
Growth in overseas markets to continue

Semiconductor

Demand is on the increase

2. Projection and Strategy

Summary of Projection for Fiscal Year Ending March 31, 2017 (1/2)

(unit : ¥bn)

| | Fiscal Year ended March 31, 2016 (Results) | Fiscal Year ending March 31, 2017 (Plan) | Change |
|---|--|--|--------|
| Orders | 491.2 | 500.0 | +8.7 |
| Net Sales | 486.2 | 480.0 | -6.2 |
| Operating Income | 38.0 | 37.0 | -1.0 |
| Ordinary Income | 36.4 | 36.5 | +0.0 |
| Net Income attributable to owners of parent | 17.2 | 21.0 | +3.7 |

Exchange Rate
(Average)

1USD = 115.8 JPY

1USD = 105 JPY

2. Projection and Strategy

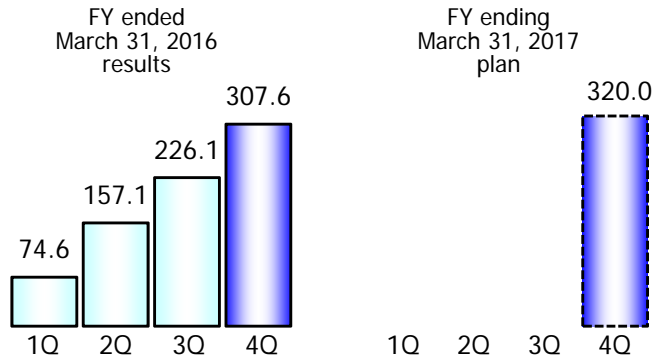
Segmental Projection for Fiscal Year Ending March 31, 2017

(2/2)

| | Orders | | | Net Sales | | | Operating Income | | |
|-----------------------|-----------------------------|------------------------------|--------|-----------------------------|------------------------------|--------|-----------------------------|------------------------------|--------|
| | FY ended Mar 31, 2016 | FY ending Mar 31, 2017 | Change | FY ended Mar 31, 2016 | FY ending Mar 31, 2017 | Change | FY ended Mar 31, 2016 | FY ending Mar 31, 2017 | Change |
| FMS Business | 307.6 | 320.0 | +12.3 | 320.8 | 310.0 | -10.8 | 19.3 | 18.0 | -1.3 |
| EE Business | 80.0 | 80.0 | -0.0 | 70.3 | 70.0 | -0.3 | 6.4 | 7.0 | +0.5 |
| PM Business | 101.8 | 98.0 | -3.8 | 93.3 | 98.0 | +4.6 | 116.0 | 12.0 | +0.3 |
| Others, Adjustment | 1.6 | 2.0 | +0.3 | 1.6 | 2.0 | +0.3 | 0.5 | 0.0 | -0.5 |
| Total | 491.2 | 500.0 | +8.7 | 486.2 | 480.0 | -6.2 | 38.0 | 37.0 | -1.0 |

FMS Business

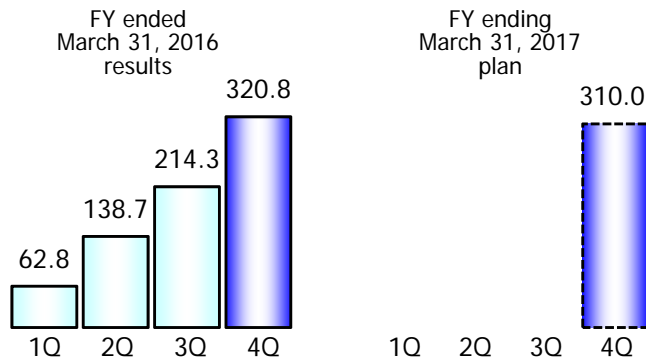
Orders



【Orders】

- ✓ In Compressors & Turbines business, oil and gas market sentiment is still not predictable and orders remain unchanged from the previous year
- ✓ In Pumps business, orders mainly from overseas is planned to be increased

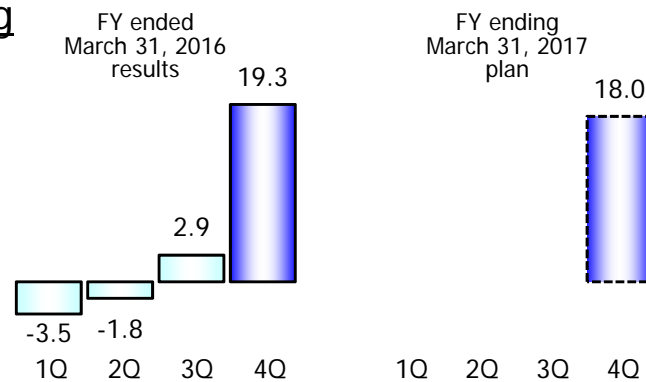
Sales



【Sales】

- ✓ Sales decrease mainly in Compressors & Turbines business

Operating Income



【Operating Income】

- ✓ A profit is likely to decline mainly on strong yen

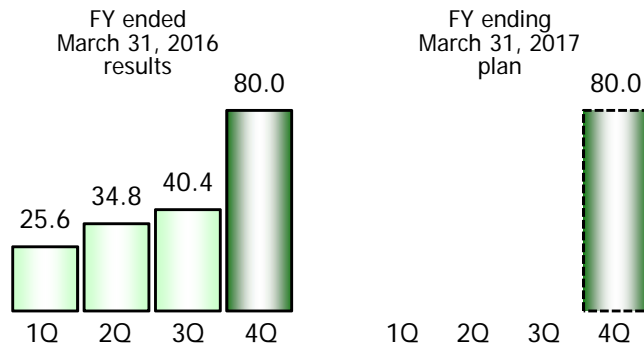
2. Projection and Strategy

EE Projection for Fiscal Year Ending March 31, 2017

(2/3)

EE Business

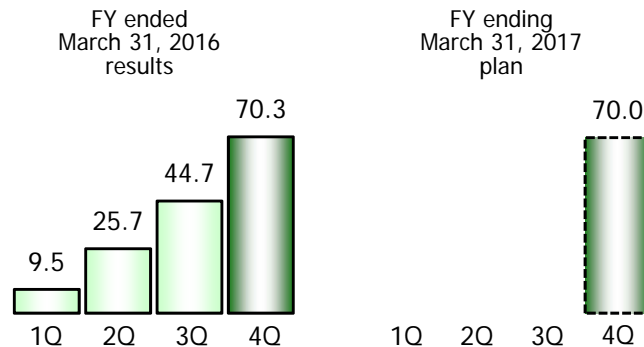
Orders



【Orders】

- ✓ A long-term O&M project is likely to increase
- ✓ Secure orders for our competitive projects like EPC, DBO, and orders for upgrading core equipment

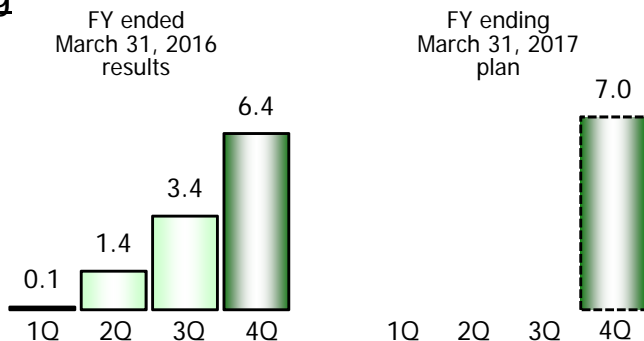
Sales



【Sales】

- ✓ Sales decrease slightly due to progress of the EPC construction works

Operating Income

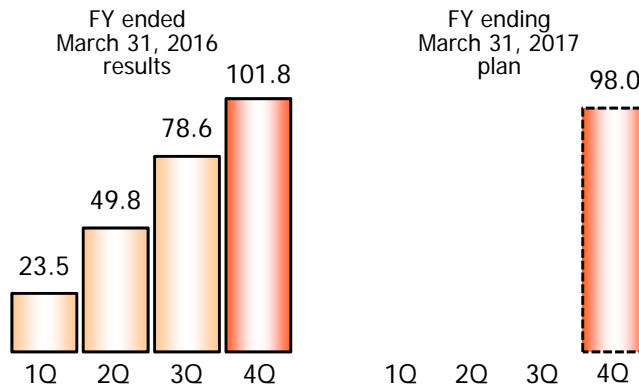


【Operating Income】

- ✓ Proportion of sales of O&M is likely to increase

PM Business

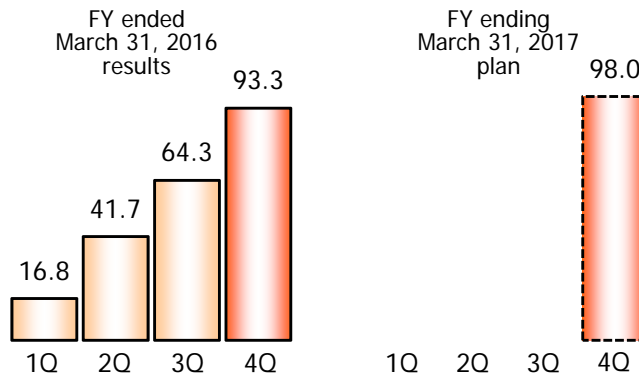
Orders



【Orders】

- ✓ Semiconductor market stays steady
- ✓ CMP business is expected to grow more

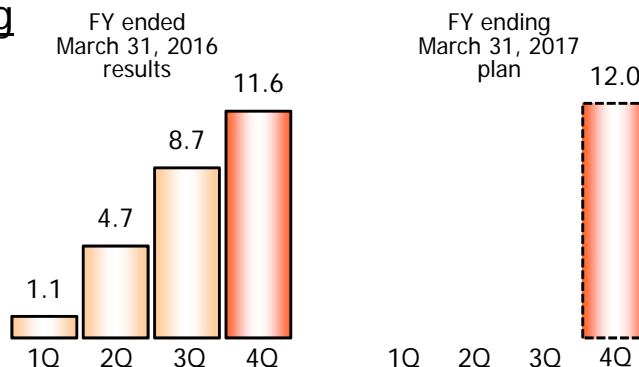
Sales



【Sales】

- ✓ Surely record the sales of the orders we got last fiscal year and sales is likely to increase

Operating Income



【Operating Income】

- ✓ Sales increased
- ✓ Fixed cost increase especially R&D expenses
- ✓ The impact of the earthquake is limited

【At the end of 2nd year in E-Plan2016】

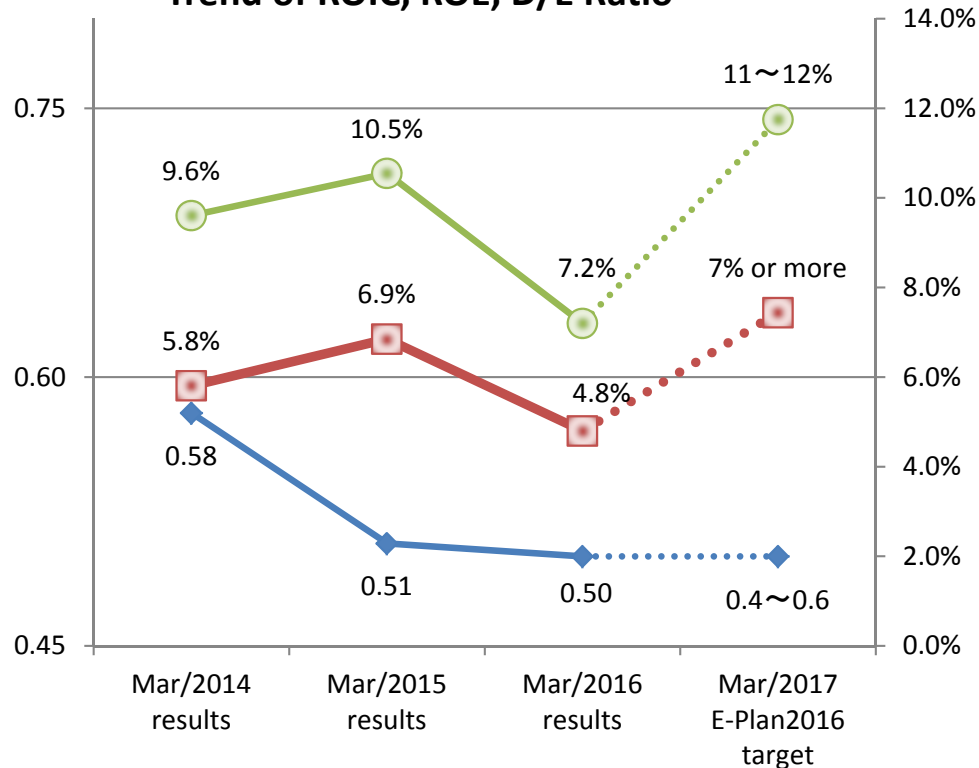
ROIC ... Key Management Indicator

- Temporarily decline due to the extraordinary loss

Operating Income Ratio ... Key Management Indicator to assess business execution

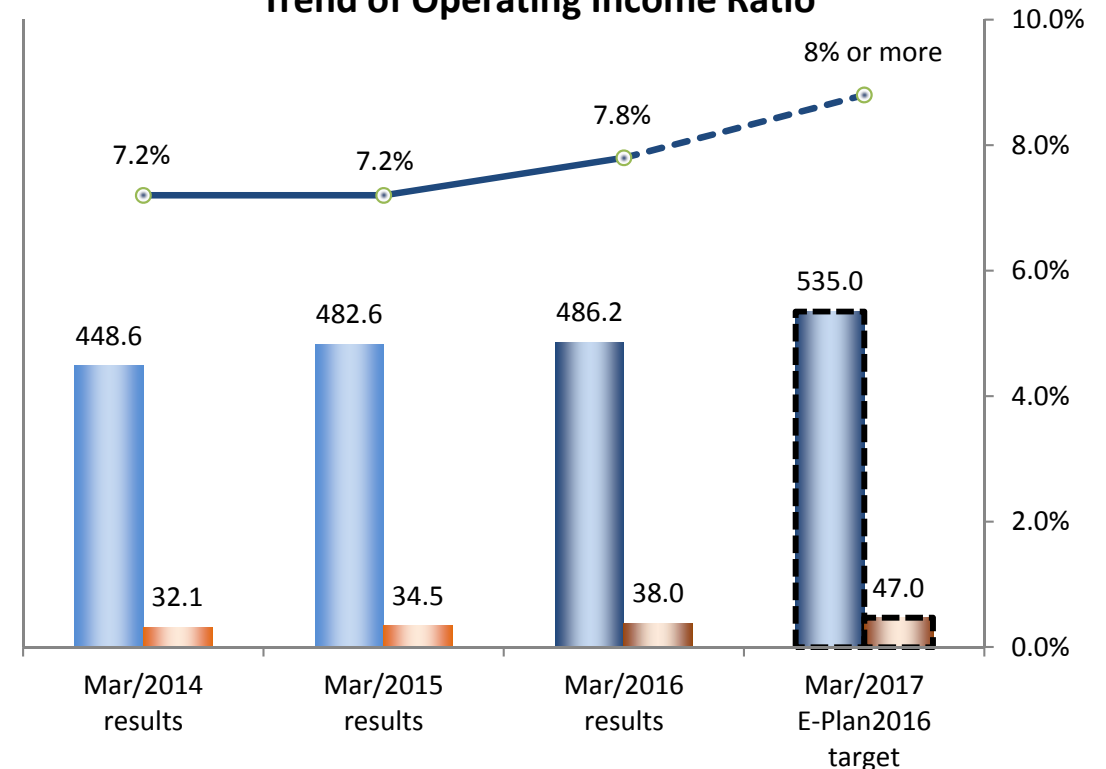
- Operating income hit a new high, surpassing record profits of the last fiscal year
- Achieved the theme of E-Plan2016, the expansion of business scale and improvement of profitability, in PM business and covered the stagnant performance in FMS business due to the deteriorating external environment

Trend of ROIC, ROE, D/E Ratio



◆ D/E Ratio(LHS) ■ ROIC(RHS) ● ROE(RHS)

Trend of Operating Income Ratio



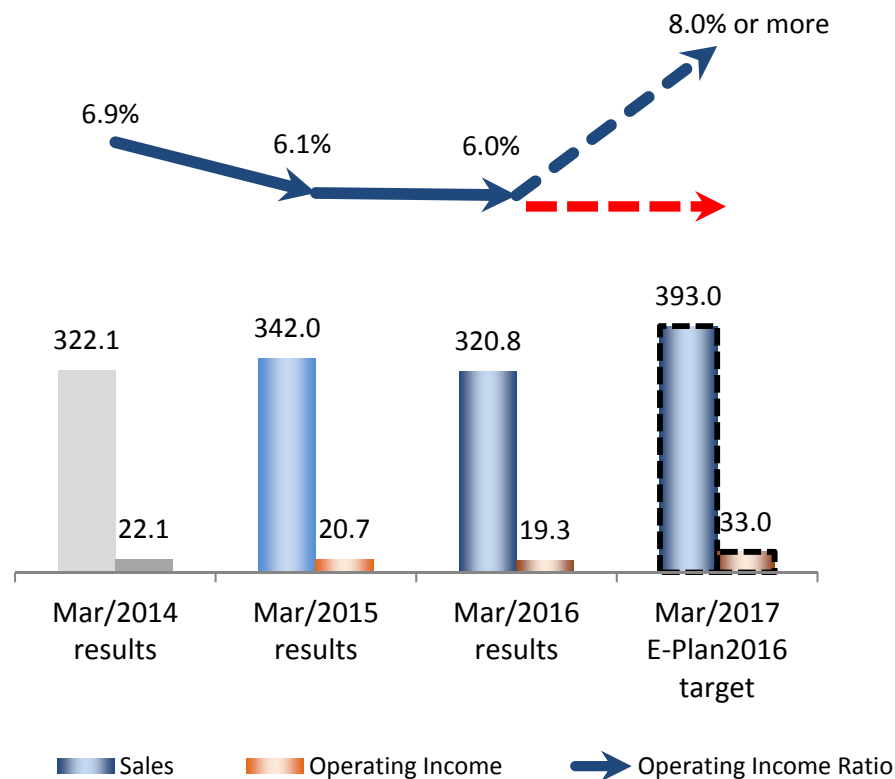
■ Sales ■ Operating Income ● Operating Income Ratio

Fluid Machinery & Systems Business (FMS)

<Goals for 2019>

- Enhance presence (market share) on the global market

<E-Plan2016's final year target and results for the 2nd year >



【At the end of 2nd year in E-Plan2016】

Changes of external surroundings

- Continuing crude oil price fluctuations, economic slowdown in emerging countries, yen depreciation corrective

Expand business scale in overseas market

- Overseas sales ratio is flat due to the slowdown in the oil

Enhance development for further competitiveness

- Development and launch of new product are in progress

【Prospect】

Operating income ratio is likely to miss the target

[Orders, Sales]

Miss the initial target mainly in Compressors & Turbines business, due to the deteriorating external environment

[Operating Income]

Surely proceed with enhancement of service and support (S&S) but operating income is likely to miss the target due to the shortfall in product orders and sales plan

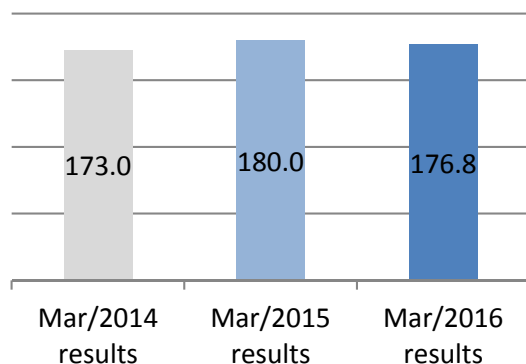
Try to achieve the goal by implementing measures steadily

Pumps Business

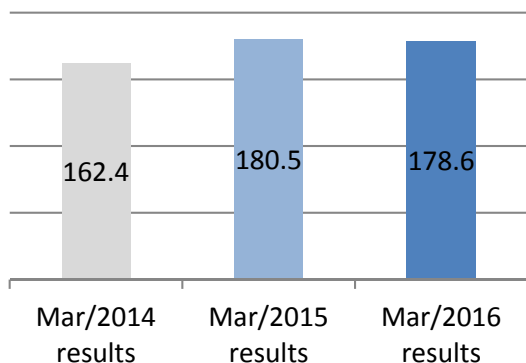
<Progress on Results>

Smooth progress in the 1st year, but overseas business slowdown in the 2nd year

Orders



Sales



【At the end of 2nd year in E-Plan2016】

Develop and launch competitive products that meet market needs

- New launch: 2 Global Core Products and 15 Regional Products

Establish a new business model by aligning Sales and S&S

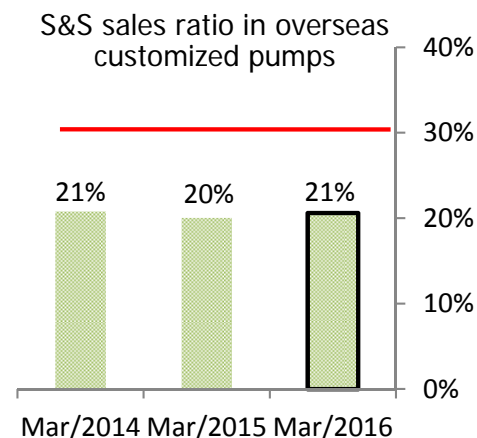
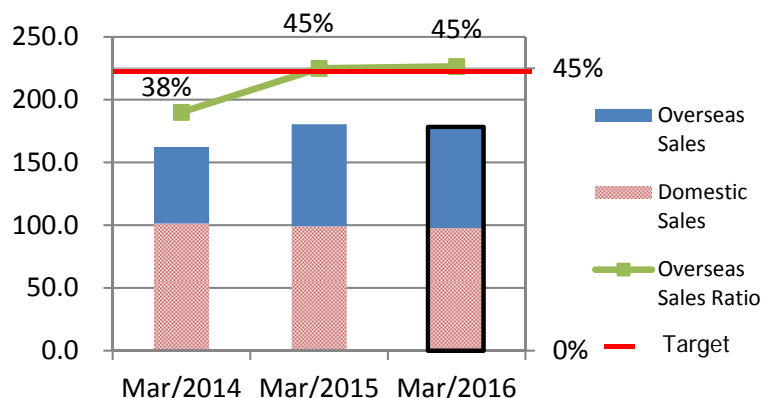
- Progress on establishment (Indonesia, Brazil, Myanmar, Columbia)
- Expand patrol service

Optimize procurement system and product supply system

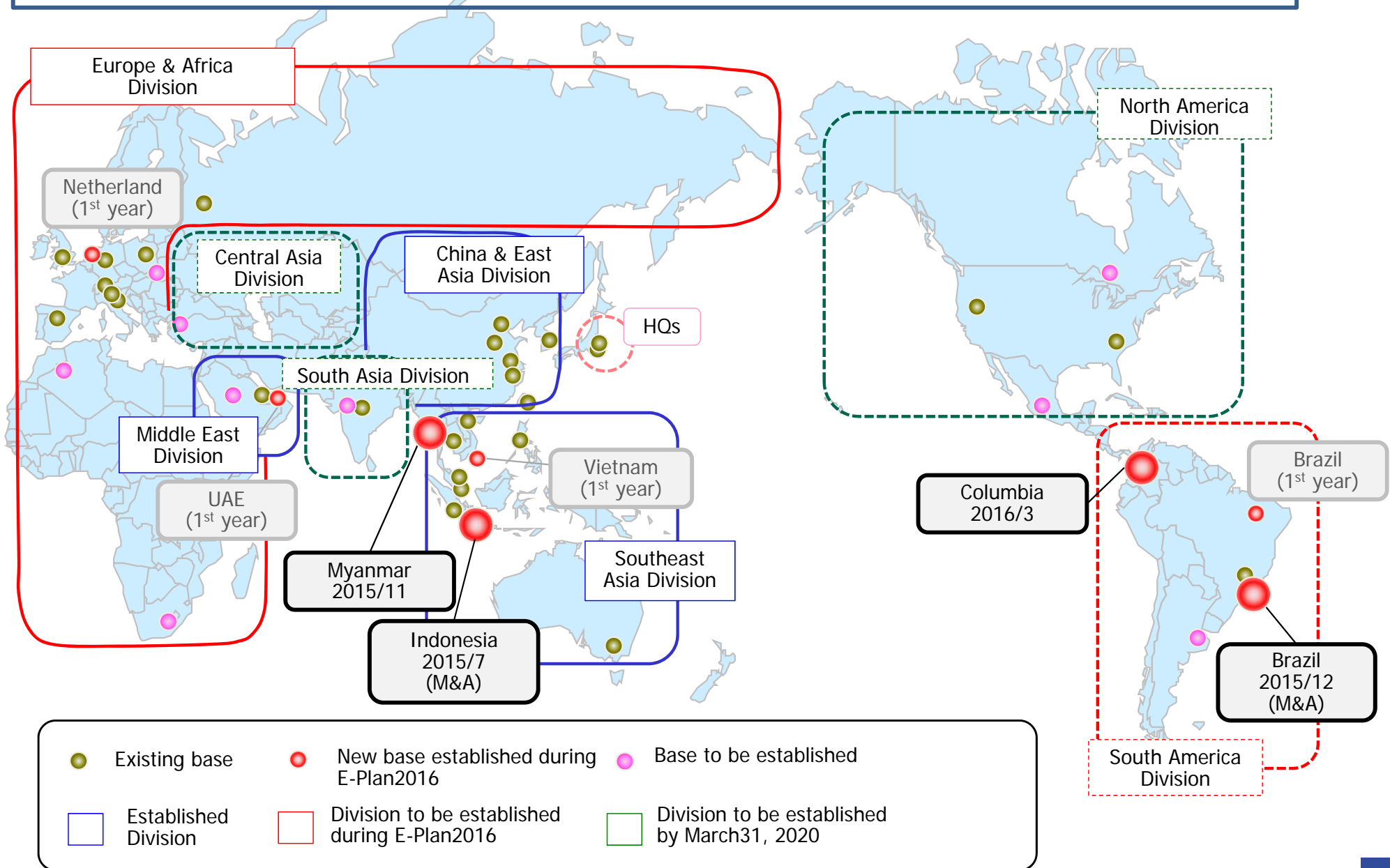
- Enhance functions in overseas bases, prepare for full-fledged supply chain

【Progress on Important KPI】

- Overseas sales ratio in Pumps business → Achieved the target 45%
- S&S sales ratio in overseas customized pumps → Both ratio and amount remained unchanged from the last fiscal year
- Sales ratio of Regional Products and Global Core products
→ Regional Products achieved the target (above 10%), Global Core Products is to be fully launched in fiscal year ended March 31, 2017



[Progress on Important KPI] Overseas bases establishment in Pumps Business during E-Plan2016

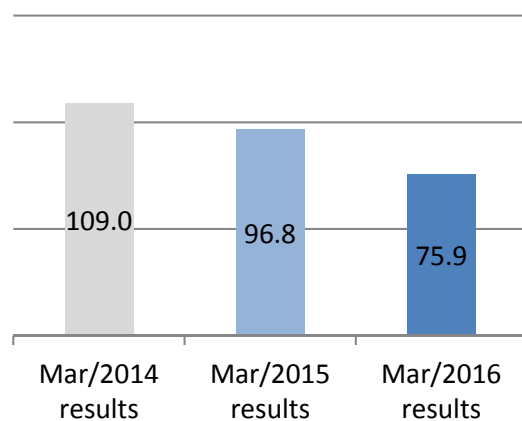


Compressors and Turbines Business

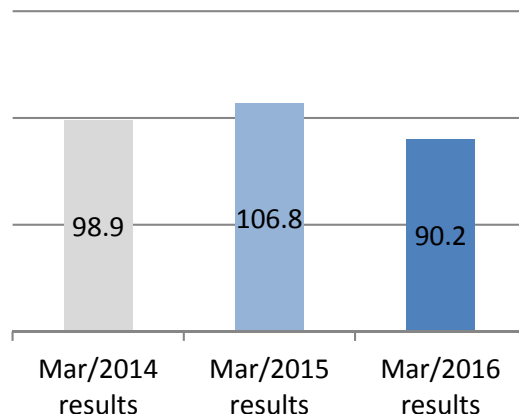
<Progress on Results>

Orders and sales slowdown continues due to customer's cutbacks in capital investment

Orders



Sales



【At the end of 2nd year in E-Plan2016】

Changes of external surroundings

- With customer's cutbacks in capital investment due to the low crude oil price, projects and final investment decision has been postponed

Progress on basic policies

- Products: Preparation for new product launch
- S&S: Progress on establishment of overseas bases
 - Promote getting orders for S&S all-round contract strategy
 - Get orders for fertilizer plants as a result of an approach to a new market
- Production: Investment for production enhancement is held down, which was planned in E-Plan2016

【Progress on Important KPI】

S&S base establishment

- New base was established in India, and is planned to be established in Saudi Arabia

【Prospect】

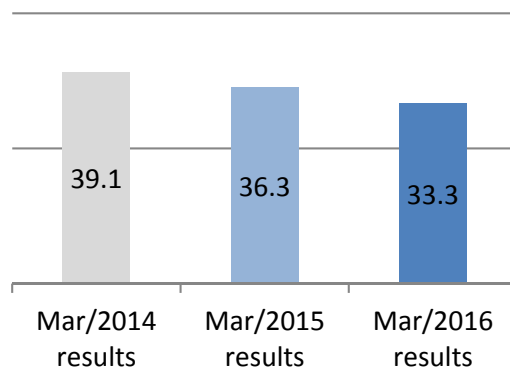
- S&S business is stable but product sales is still uncertain
- Continue to hold down labor costs and capital investment, and secure profit by implementing measures steadily
 - Take advantage of worldwide S&S network and secure profit
 - Prepare for delayed orders by gasping projects' conditions continuously
 - Expand S&S for other company's products
 - Promote S&S all-round contract strategy

Chillers Business

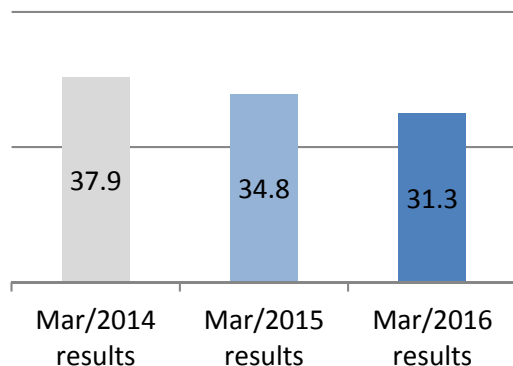
<Progress on Results>

Performance is stagnant due to Chinese economic slowdown

Orders



Sales



【At the end of 2nd year in E-Plan2016】

Establish a stable revenue and profit structure in the domestic market

- Improve profit ratio by strategic selection of projects in terms of profit margin in harsh competitions
- Expand the lineup of S&S
- Hold down labor costs

Expand business scale in overseas business

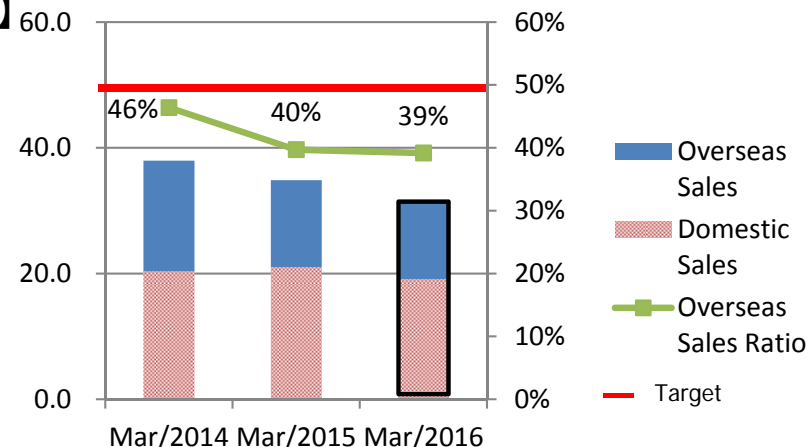
- Enhance sales of products and direct promotion of S&S to customers in Southeast Asian countries
- Enhance sales through distributors in the Middle East and Europe

Develop products that match the market needs

- Continuously developing the 'Standard Lineups'

【Progress on Important KPI】

Overseas sales ratio



【Prospect】

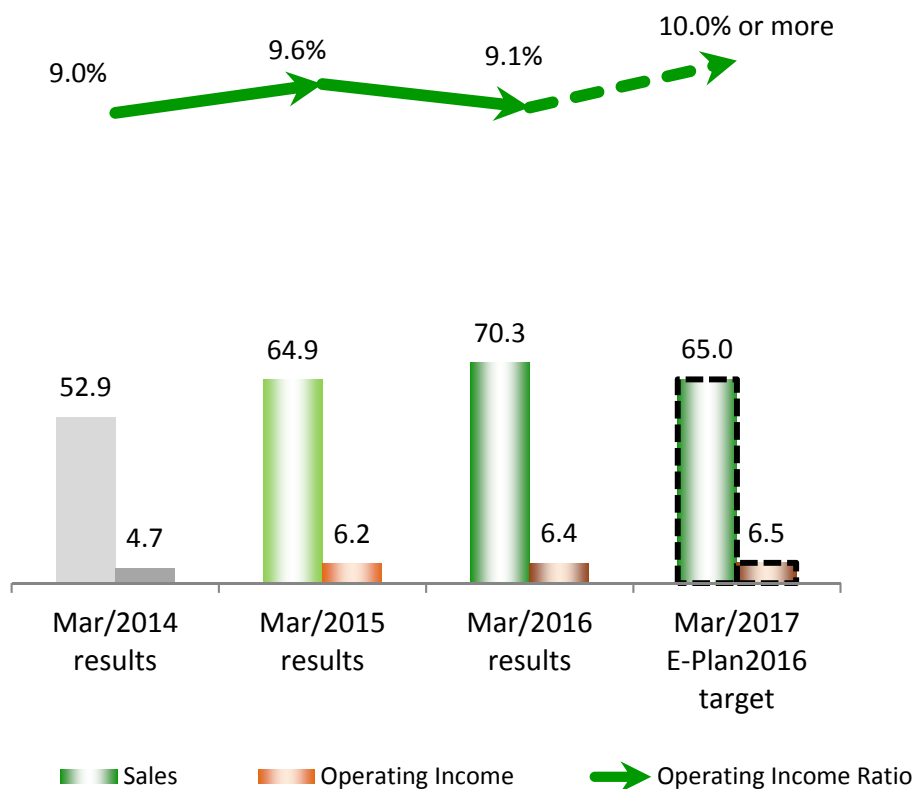
- Chinese economic slowdown continues, the domestic market is steady
- Continue to enhance sales organization in other countries than China

Environmental Engineering Business (EE)

<Goals for 2019>

- Stand in a leading position in the market for EPC and O&M of waste incineration facilities in Japan
- Achieve Operating Income Ratio of 11% or more

<E-Plan2016's final year target and results for the 2nd year >



【At the end of 2nd year in E-Plan2016】

Establish a stable earnings structure in EPC

- Improve a proposal for non-price competition in bid-offerings
- Enhance price competitiveness by specifically categorized incinerators with design package

Extend range of contracts in O&M

- Undertake not only management of incineration facility but also that of waste-receiving facility
- Expand electric power selling business supplying to public facilities and local companies (sell electricity generated by waste treatment facilities)

【Prospect】

No changes in business plan

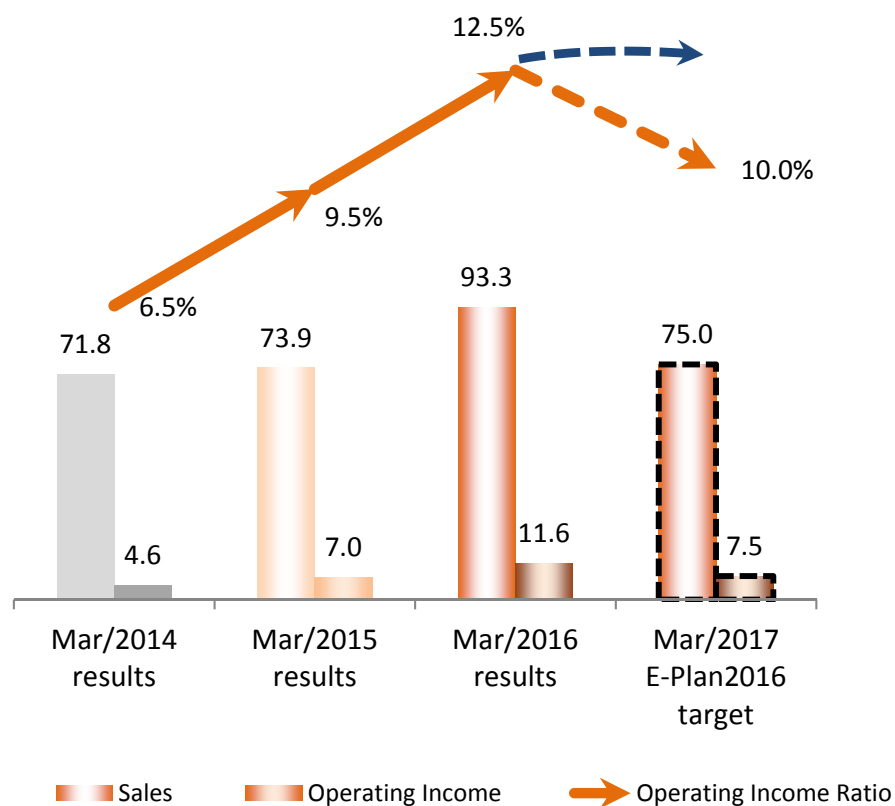
- EPC... Enhance competitiveness in bid-offerings
- O&M... Establish the stable earning structure more firmly and engage to extend range of contracts

Precision Machinery Business (PM)

<Goals for 2019>

- Secure Operating Income Ratio of 10% or more on medium term average regardless of conditions in semi-conductor market
- Develop a group of products that will become the third pillar of the business and establish a business base capable of sustained growth

<E-Plan2016's final year target and results for the 2nd year >



【At the end of 2nd year in E-Plan2016】

Establish foundation not relying on semiconductor cycle

- Expand share by broaden range of customers
- Received a large-scale order in the plating equipment business, which is growing as the third pillar of PM business

Improve operating income ratio by flexible management

- Improving earning structure by meticulous customer relations and productivity innovation activities
- Expand our Kumamoto Plant designed as a highly flexible production facility, capable of producing a full range of semiconductor manufacturing devices

【Prospect】

Customer's incentive for capital investment remains high

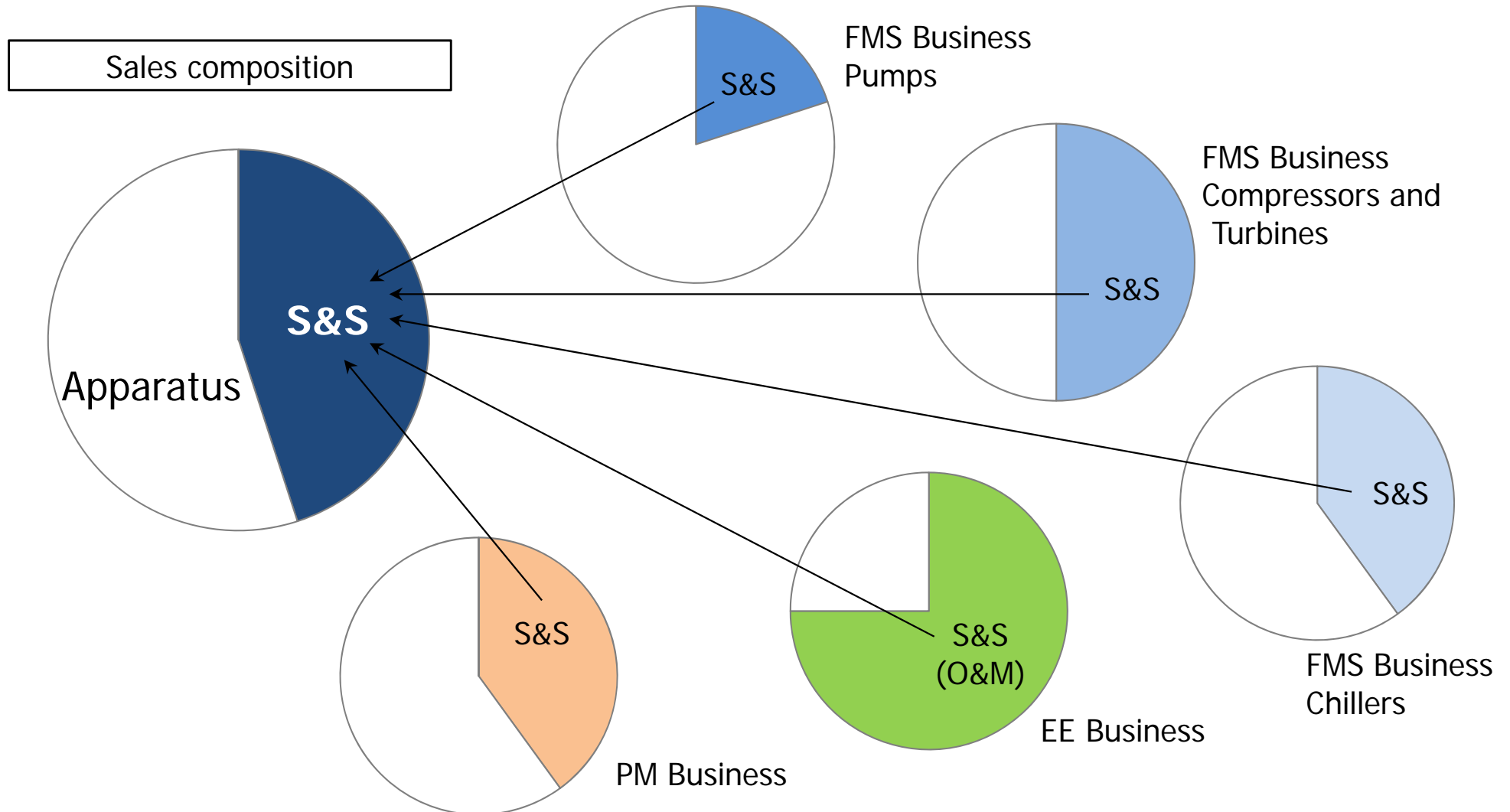
We can achieve the final year goal, operating income ratio 9% or more (average in the period)

A negative impact on EBARA Group from the deteriorating external environment is limited

Proportion of S&S business sales in FY ended March 31, 2016

→ Around 40%, almost the same as FY ended March 31, 2015

→ As long as equipment and plants that we delivered continue to be worked, we can expect stable S&S demand



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.

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