

November 10, 2016

## Consolidated Financial Summary for the second quarter ended September 30, 2016

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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 Corporation 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.

**EBARA CORPORATION**

Consolidated Financial Summary for the second quarter ended September 30, 2016

1. Summary

	Fiscal year ended		Fiscal year ended		Fiscal year ending		2nd quarter ended		2nd quarter ended		
	March 31, 2015		March 31, 2016		March 31, 2017		September 30, 2015		September 30, 2016		
	Actual	Change (%)	Actual	Change (%)	Forecast	Change (%)	Actual	Change (%)	Actual	Change (%)	Change (%)
Billions of Yen											
Statements of Income		(%)		(%)		(%)		(%)		(%)	(%)
Net Sales	482.6	7.6	486.2	0.7	480.0	(1.3)	207.0	11.3	191.9	(7.3)	(7.3)
Operating Income	34.5	7.4	38.0	10.0	37.0	(2.7)	4.6	-	2.6	(42.9)	(42.9)
Ordinary Income	36.2	15.8	36.4	0.6	35.5	(2.7)	3.8	-	(0.2)	-	-
Profit Attributable to Owners of Parent	23.5	24.3	17.2	(28.6)	21.0	21.7	1.3	-	(0.4)	-	-
Statements of Cash Flows		(Billions of Yen)		(Billions of Yen)		(Billions of Yen)		(Billions of Yen)		(Billions of Yen)	(Billions of Yen)
Cash Flows from Operating Activities	11.2	(15.3)	21.5	10.2	34.2	12.6	25.6	14.3	26.2	0.6	0.6
Cash Flows from Investing Activities	(15.8)	(19.4)	(14.3)	1.5	(30.0)	(15.6)	(6.4)	2.4	(9.2)	(2.7)	(2.7)
Cash Flows from Financing Activities	(7.0)	18.2	(9.6)	(2.6)	(15.3)	(5.6)	(4.0)	3.1	(0.3)	3.6	3.6
Cash and Cash Equivalents (at the end of period)	95.6	(6.7)	91.1	(4.4)	80.0	(11.1)	110.8	12.6	103.9	(6.9)	(6.9)
Balance Sheets (at the end of period)		(Billions of Yen)		(Billions of Yen)		(Billions of Yen)		(Billions of Yen)		(Billions of Yen)	(Billions of Yen)
Total assets	570.3	40.1	579.5	9.1			547.4	48.1	538.0	(9.4)	(9.4)
Interest-bearing debt	121.5	1.8	120.1	(1.3)			122.6	6.4	120.3	(2.2)	(2.2)
Lease liabilities of above	1.9	0.1	2.5	0.5			2.9	1.1	2.1	(0.7)	(0.7)
Shareholder's Equity (*1)	239.0	31.0	241.0	1.9			235.9	31.5	225.2	(10.6)	(10.6)
Retained earnings	91.8	21.1	102.4	10.6			89.3	21.2	99.6	10.2	10.2
Management Indicator											
Return on Invested Capital (ROIC) (*2)	6.9 %		4.8 %								
Operating Income on Sales Ratio	7.2 %		7.8 %								
Return on Equity (ROE) (*3)	10.5 %		7.2 %								
Debt/Equity Ratio (at the end of period) (*4)	0.5		0.5								
Equity Ratio	41.9 %		41.6 %								
Per share data											
Net Income per share (*5)	50.77 yen		185.58 yen								
Cash Dividends per share of common stock (Annual)	12.00 yen		12.00 yen								
Net Assets per share (at the end of period) (*5)	514.38 yen		2,590.82 yen								

(\*1) Shareholder's Equity = Net Assets—Subscription Rights to Shares—Non-Controlling Interests

(\*2) ROIC = Profit Attributable to Owners of Parent / (Interest-bearing debt(Average between beginning and end of period) + Shareholder's Equity(Average between beginning and end of period))

(\*3) ROE = Profit Attributable to Owners of Parent / Shareholder's Equity(Average between beginning and end of period)

(\*4) Debt/Equity Ratio = Interest-bearing debt(at end of period) / Shareholder's Equity(at end of period)

(\*5) Ebara Corporation has conducted a consolidation of shares at a rate of one share for every five shares with the effective date of October 1, 2016.

Net Income per share and Net Assets per share have been calculated as if this consolidation of shares was conducted at the beginning of the fiscal year ended March 31, 2016.

2. Area Information

(1) Geographical Segment ... Compiled on the basis of the geographical location of the company reporting the sales

	Fiscal year ended		Fiscal year ended		2nd quarter ended		2nd quarter ended		
	March 31, 2015		March 31, 2016		September 30, 2015		September 30, 2016		
	Actual	Composition (%)	Actual	Composition (%)	Actual	Composition (%)	Actual	Composition (%)	Change (%)
Net Sales		(%)		(%)		(%)		(%)	(%)
Japan	291.9	60.5	312.3	64.2	127.6	61.7	123.3	64.3	(4.2)
North America	100.2	20.8	91.0	18.7	42.6	20.6	31.1	16.2	(11.4)
Asia (except Japan)	68.9	14.3	62.4	12.8	26.5	12.8	25.7	13.4	(0.7)
Others	21.4	4.4	20.4	4.3	10.1	4.9	11.5	6.1	1.4
Total	482.6	100.0	486.2	100.0	207.0	100.0	191.9	100.0	(15.1)
Operating Income									
Japan	9.9	28.7	14.7	38.7	(2.1)	-	(1.8)	-	0.2
North America	13.0	37.8	13.1	34.6	3.3	-	0.9	-	(2.3)
Asia (except Japan)	9.3	27.0	8.1	21.3	2.8	-	3.1	-	0.2
Others	1.9	5.7	2.0	5.5	1.2	-	0.7	-	(0.4)
Elimination	0.2	0.8	(0.0)	(0.1)	(0.6)	-	(0.3)	-	0.2
Total	34.5	100.0	38.0	100.0	4.6	-	2.6	-	(1.9)

(2) Regional Segment ... Compiled on the basis of the geographical location where the goods were sold

	Fiscal year ended		Fiscal year ended		2nd quarter ended		2nd quarter ended		
	March 31, 2015		March 31, 2016		September 30, 2015		September 30, 2016		
	Actual	Composition (%)	Actual	Composition (%)	Actual	Composition (%)	Actual	Composition (%)	Change (%)
Net Sales		(%)		(%)		(%)		(%)	(%)
Japan	224.0	46.4	232.6	47.8	92.9	44.9	90.3	47.1	(2.6)
Asia (except Japan)	139.6	28.9	130.9	26.9	56.0	27.1	56.5	29.4	0.4
North America	58.6	12.2	53.0	10.9	25.2	12.2	16.2	8.4	(9.0)
Europe	33.6	7.0	34.5	7.1	16.1	7.8	14.5	7.6	(1.6)
Middle East	15.4	3.2	25.3	5.2	11.8	5.7	7.6	4.0	(4.1)
Others	11.3	2.3	9.7	2.1	4.6	2.3	6.6	3.5	1.9
Total	482.6	100.0	486.2	100.0	207.0	100.0	191.9	100.0	(15.1)

### 3. Segment Information

Business segment

FMS = Fluid Machinery & Systems, EE = Environmental Engineering, PM = Precision Machinery

(1) Orders received, Sales, and Operating Income

Billions of Yen

	Fiscal year ended	Fiscal year ended	Fiscal year ending		2nd quarter ended	2nd quarter ended	
	March 31, 2015	March 31, 2016	March 31, 2017		September 30, 2015	September 30, 2016	
	Actual	Actual	Forecast	Change	Actual	Actual	Change
Orders received							
Reportable segments FMS	334.4	307.6	308.0	0.3	157.1	131.9	(25.2)
EE	73.7	80.0	80.0	(0.0)	34.8	33.3	(1.5)
PM	77.5	101.8	110.0	8.1	49.8	58.0	8.1
Others	1.7	1.6	2.0	0.3	0.8	0.8	(0.0)
Total	487.5	491.2	500.0	8.7	242.7	224.1	(18.6)
Sales							
Reportable segments FMS	342.0	320.8	303.0	(17.8)	138.7	117.4	(21.3)
EE	64.9	70.3	70.0	(0.3)	25.7	27.0	1.3
PM	73.9	93.3	105.0	11.6	41.7	46.6	4.8
Others	1.7	1.6	2.0	0.3	0.8	0.8	(0.0)
Total	482.6	486.2	480.0	(6.2)	207.0	191.9	(15.1)
Operating Income							
Reportable segments FMS	20.7	19.3	17.0	(2.3)	(1.8)	(4.9)	(3.0)
EE	6.2	6.4	7.0	0.5	1.4	1.7	0.3
PM	7.0	11.6	13.0	1.3	4.7	5.4	0.7
Others & adjustment	0.5	0.5	0.0	(0.5)	0.3	0.3	0.0
Total	34.5	38.0	37.0	(1.0)	4.6	2.6	(1.9)
Backlog of Orders received							
Reportable segments FMS	190.9	174.7	179.7	5.0	210.5	178.1	(32.4)
EE	160.6	170.2	180.2	10.0	169.8	175.7	5.9
PM	12.1	20.5	25.5	5.0	20.2	30.9	10.6
Others	0.0	0.0	0.0	-	0.0	0.0	(0.0)
Total	363.7	365.5	385.5	20.0	400.7	384.8	(15.9)

(2) Research and Development expenses, Capital Expenditures and Depreciation and Amortization expenses

Billions of Yen

	Fiscal year ended	Fiscal year ended	Fiscal year ending		2nd quarter ended	2nd quarter ended	
	March 31, 2015	March 31, 2016	March 31, 2017		September 30, 2015	September 30, 2016	
	Actual	Actual	Forecast	Change	Actual	Actual	Change
Research and Development expenses							
Reportable segments FMS	4.4	5.0	5.5	0.4	2.3	2.0	(0.2)
EE	0.1	0.1	0.5	0.3	0.0	0.0	0.0
PM	2.1	2.4	4.5	2.0	1.0	1.8	0.7
Others & adjustment	-	-	-	-	-	-	-
Total	6.7	7.6	10.5	2.8	3.4	3.9	0.5
Capital Expenditures							
Reportable segments FMS	10.3	9.7	12.0	2.2	4.8	5.7	0.8
EE	0.5	0.5	1.0	0.4	0.1	0.4	0.3
PM	2.5	3.3	10.0	6.6	1.4	3.3	1.9
Others & adjustment	2.2	2.1	2.0	(0.1)	0.9	1.2	0.3
Total	15.8	15.7	25.0	9.2	7.3	10.8	3.4
Depreciation and Amortization expenses							
Reportable segments FMS	8.4	7.4	8.0	0.5	3.7	3.8	0.0
EE	0.4	0.3	0.5	0.1	0.1	0.2	0.0
PM	2.4	2.1	3.0	0.8	1.0	1.2	0.2
Others & adjustment	1.7	1.6	1.5	(0.1)	0.7	0.8	0.0
Total	13.0	11.6	13.0	1.3	5.7	6.1	0.3

(3) Employees

Numbers

	As of	As of			As of	As of	
	March 31, 2015	March 31, 2016			September 30, 2015	September 30, 2016	
	Numbers	Numbers	Change		Numbers	Numbers	Change
Employees							
Reportable segments FMS	10,976	11,125	149	10,929	11,066	137	
EE	2,665	2,699	34	2,655	2,743	88	
PM	1,729	1,794	65	1,762	1,844	82	
Others & Corporate	660	652	(8)	654	649	(5)	
Total	16,030	16,270	240	16,000	16,302	302	
Ebara Corporation	3,999	4,022	23	4,041	4,021	(20)	
Domestic consolidated subsidiaries	3,866	3,810	(56)	3,821	3,873	52	
Overseas consolidated subsidiaries	8,165	8,438	273	8,138	8,408	270	

## 4. Statements of Cash Flows

Billions of Yen

	Fiscal year ended	Fiscal year ended	Fiscal year ending	2nd quarter ended	2nd quarter ended
	March 31, 2015	March 31, 2016	March 31, 2017	September 30, 2015	September 30, 2016
	Actual	Actual	Forecast	Actual	Actual
<b>Cash flows from operating activities</b>					
Income before income taxes	36.7	31.6	35.5	4.2	0.2
Depreciation and amortization	13.0	11.6	13.0	5.7	6.1
Loss (gain) on sales of fixed assets	(0.6)	(0.0)	–	(0.0)	(0.1)
Loss (gain) on sales of securities and investment securities	(0.2)	(0.3)	–	(0.3)	(0.5)
Increase (decrease) in provision and others	1.4	4.1	–	(1.7)	(5.1)
Increase/decrease of operating assets and liabilities					
Trade receivables	(18.5)	(9.8)	} 2.3	48.5	59.6
Inventories	(5.7)	(10.0)		(10.2)	(12.7)
Trade payables	3.1	6.1		(12.1)	(16.7)
Income taxes paid	(12.8)	(5.6)	(11.0)	(1.9)	(3.5)
Others	(5.0)	(6.0)	(5.6)	(6.4)	(1.1)
Net cash provided by operating activities	11.2	21.5	34.2	25.6	26.2
<b>Cash flows from investing activities</b>					
Purchase of fixed assets	(15.0)	(12.4)	(25.0)	(6.6)	(10.8)
Proceeds from sales of fixed assets	1.0	0.1	–	0.0	0.1
Other Investments	(1.8)	(1.9)	(5.0)	0.0	1.4
Net cash used in investing activities	(15.8)	(14.3)	(30.0)	(6.4)	(9.2)
<b>Free Cash Flows</b>	(4.5)	7.1	4.2	19.1	16.9
<b>Cash flows from financing activities</b>					
Proceeds from bank loans	14.6	16.0	} (9.8)	6.8	9.7
Repayment of bank loans	(15.9)	(17.8)		(6.6)	(6.7)
Proceeds from issuance of common stock	0.0	0.0		0.0	0.0
Dividends paid	(4.0)	(6.6)	(5.5)	(3.8)	(2.7)
Dividends paid to non-controlling interests	(0.8)	(0.4)	–	–	(0.0)
Purchase and disposal of treasury stock	(0.0)	(0.0)	–	(0.0)	(0.0)
Others	(0.7)	(0.7)	–	(0.3)	(0.3)
Net cash used in financing activities	(7.0)	(9.6)	(15.3)	(4.0)	(0.3)
<b>Translation adjustments</b>	4.0	(1.9)	–	0.0	(4.4)
<b>Total Cash Flows</b>	(7.5)	(4.4)	(11.1)	15.2	12.1
<b>Cash and cash equivalents</b>					
At the beginning of the period	102.3	95.6	91.1	95.6	91.1
Increase (decrease) resulting from change of scope of consolidation	0.8	–	–	–	0.5
<b>At the end of the period</b>	95.6	91.1	80.0	110.8	103.9
*Information on Interest-bearing debt					
Short term debt	65.5	78.4	81.3	67.3	79.5
Long term debt	55.9	41.6	29.0	55.2	40.8
Total Interest-bearing debt	121.5	120.1	110.3	122.6	120.3

5. Sales and Orders by Subsegment

Business segment

FMS = Fluid Machinery & Systems, EE = Environmental Engineering, PM = Precision Machinery

(1) Orders received

Billions of Yen

	Fiscal year ended	Fiscal year ending			2nd quarter ended	2nd quarter ended		
	March 31, 2016	March 31, 2017				September 30, 2015	September 30, 2016	
	Actual	Forecast	Change	Change Ratio	Actual	Actual	Change	Change Ratio
FMS				(%)				(%)
Pumps	176.8	178.0	1.1	0.7	93.4	83.0	(10.3)	(11.1)
Compressors & Turbines	75.9	80.0	4.0	5.3	33.0	23.8	(9.2)	(27.8)
Chillers	33.3	30.0	(3.3)	(10.0)	19.2	15.9	(3.3)	(17.2)
Others	21.4	20.0	(1.4)	(6.9)	11.4	9.1	(2.3)	(20.2)
Total of FMS	307.6	308.0	0.3	0.1	157.1	131.9	(25.2)	(16.0)
EE								
Environmental plants	80.0	80.0	(0.0)	(0.1)	34.8	33.3	(1.5)	(4.5)
Total of EE	80.0	80.0	(0.0)	(0.1)	34.8	33.3	(1.5)	(4.5)
PM								
Components	40.1	40.0	(0.1)	(0.3)	20.7	19.6	(1.0)	(5.2)
CMP systems	47.7	64.0	16.2	34.2	25.8	36.1	10.2	39.8
Others	14.0	6.0	(8.0)	(57.2)	3.3	2.2	(1.0)	(32.3)
Total of PM	101.8	110.0	8.1	8.0	49.8	58.0	8.1	16.3
Others	1.6	2.0	0.3	18.3	0.8	0.8	(0.0)	(1.5)
Total of Others	1.6	2.0	0.3	18.3	0.8	0.8	(0.0)	(1.5)
Total	491.2	500.0	8.7	1.8	242.7	224.1	(18.6)	(7.7)

(2) Sales

Billions of Yen

	Fiscal year ended	Fiscal year ending			2nd quarter ended	2nd quarter ended		
	March 31, 2016	March 31, 2017				September 30, 2015	September 30, 2016	
	Actual	Forecast	Change	Change Ratio	Actual	Actual	Change	Change Ratio
FMS				(%)				(%)
Pumps	178.6	173.0	(5.6)	(3.1)	77.3	68.0	(9.3)	(12.0)
Compressors & Turbines	90.2	80.0	(10.2)	(11.4)	41.3	27.2	(14.0)	(34.1)
Chillers	31.3	30.0	(1.3)	(4.4)	11.3	12.4	1.0	9.5
Others	20.5	20.0	(0.5)	(2.7)	8.6	9.6	1.0	12.0
Total of FMS	320.8	303.0	(17.8)	(5.6)	138.7	117.4	(21.3)	(15.4)
EE								
Environmental plants	70.3	70.0	(0.3)	(0.5)	25.7	27.0	1.3	5.1
Total of EE	70.3	70.0	(0.3)	(0.5)	25.7	27.0	1.3	5.1
PM								
Components	38.5	40.0	1.4	3.7	19.6	19.1	(0.5)	(2.8)
CMP systems	42.4	59.0	16.5	39.1	19.1	23.7	4.5	23.9
Others	12.3	6.0	(6.3)	(51.4)	2.9	3.8	0.8	29.7
Total of PM	93.3	105.0	11.6	12.5	41.7	46.6	4.8	11.7
Others	1.6	2.0	0.3	17.9	0.8	0.8	(0.0)	(1.9)
Total of Others	1.6	2.0	0.3	17.9	0.8	0.8	(0.0)	(1.9)
Total	486.2	480.0	(6.2)	(1.3)	207.0	191.9	(15.1)	(7.3)