

Yokogawa Electric Corporation

Financial Results for 1st Quarter of Fiscal Year 2013

August 9, 2013

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Corporate Administration and Marketing Headquarters

Summary of FY13 1Q Results

1. While the U.S. economy improved slowly, the global economy remained in an uncertain situation due to the continuing financial crisis in Europe, lagging growth in emerging economies such as China and India, and other concerns. In Japan, expectations for an economic recovery rose, but recent developments have failed to boost the real economy as of yet. Under these circumstances, based on the Evolution 2015 mid-term business plan, the Group continued to strive for growth by focusing on the industrial automation and control business, which remained strong thanks to the growth in energy-related investment. As a result, net sales and operating income were up from FY12 1Q.

Control segment: Although capital investment lagged in Japan, demand was robust in energy-related markets outside Japan. As a result, net sales and operating income were up from FY12 1Q.

2. Net income was down from FY12 1Q, when extraordinary income from the sale of idle assets was recorded.

(Billion ¥)

	FY12 1Q results	FY13 1Q results	Difference
Orders	91.3	100.2	8.9
Sales	75.0	80.8	5.8
Operating income	2.9	3.3	0.4
Ordinary income	2.3	3.5	1.2
Net income	4.1	1.5	(2.6)

FY12 1Q/FY13 1Q Comparison for Financial Results

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(Billion ¥)

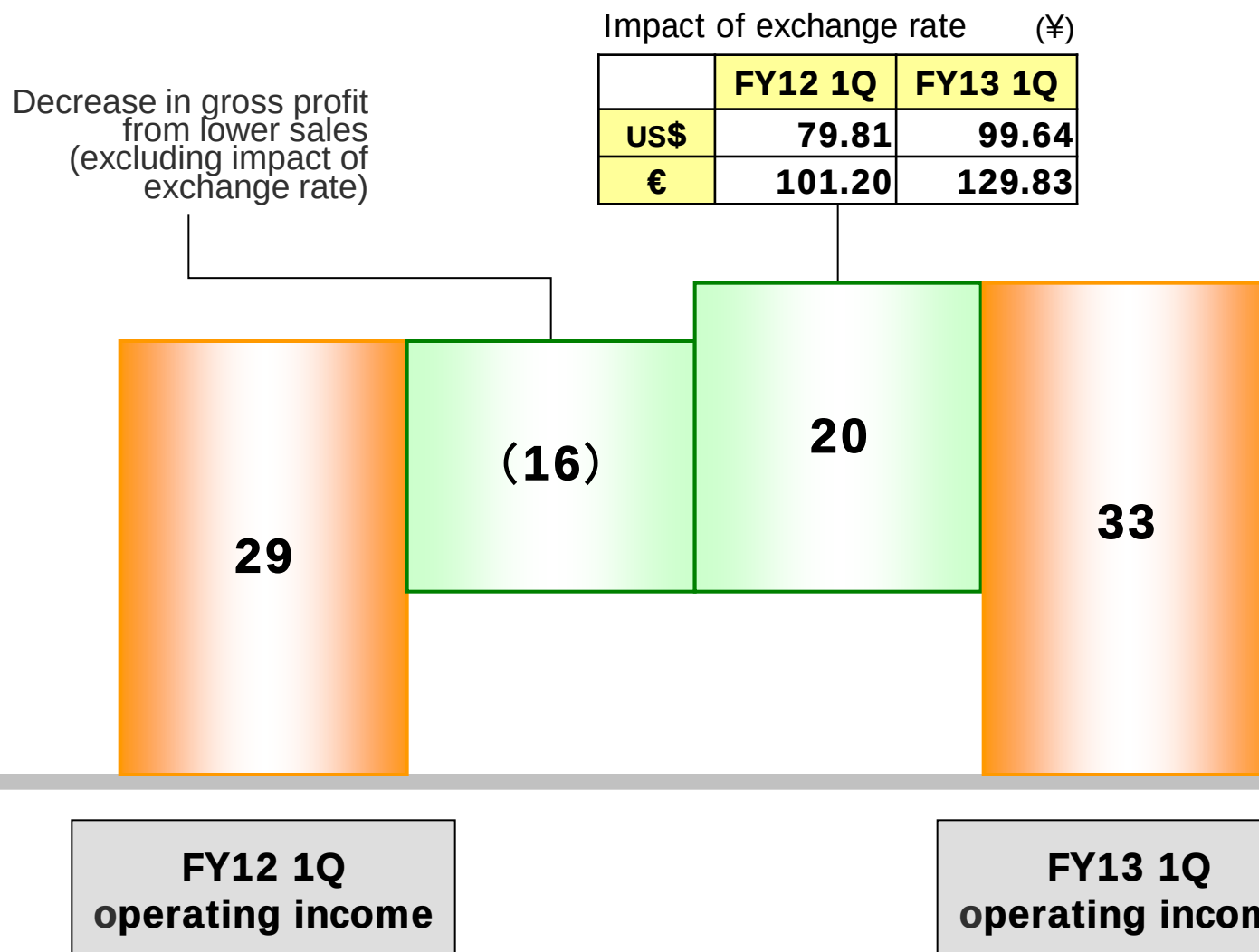
		FY12 1Q	FY13 1Q	Growth rate	Difference
Orders		91.3	100.2	9.8 %	8.9
Sales		75.0	80.8	7.6 %	5.8
Operating income		2.9	3.3	14.7 %	0.4
Ordinary income		2.3	3.5	55.0 %	1.2
Net income		4.1	1.5	-63.3 %	(2.6)
Exchange rate (¥)	1\$= 1€=	79.81 101.20	99.64 129.83	24.8 % 28.3 %	19.83 28.63

- Orders and sales were up because of the firm performance in the control segment outside Japan and the significant weakening of the yen (impact: ¥14.5 billion increase in orders, ¥11.7 billion increase in sales).
- Operating income increased, due also to the impact of the weak yen.
- Net income was down from FY12 1Q, when ¥3.8 billion in extraordinary income from the sale of fixed assets was recorded.

Analysis of FY13 1Q Operating Income

YOKOGAWA ◆

(Billion ¥)



Quarterly Financial Results

YOKOGAWA ◆

(Billion ¥)

	FY11				FY12				FY13
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Orders	95.0	84.0	75.2	89.9	91.3	84.7	84.1	94.4	100.2
Sales	70.0	87.8	75.7	101.2	75.0	89.6	77.4	105.9	80.8
Operating income	0.5	6.3	2.5	7.3	2.9	5.9	1.3	8.3	3.3

- The ¥3.3 billion operating income in FY13 1Q set a new record for 1Q results. (Quarterly financial reporting began in FY03.)
- Sales tend to be higher in 2Q and 4Q, and this trend is particularly strong in the Japan control segment.

Non-operating / Extraordinary Income and Expenses

(Billion ¥)

	FY12 1Q	FY13 1Q
Operating income	2.9	3.3
Non-operating income	0.7	1.1
Non-operating expenses	1.3	0.9
Ordinary income	2.3	3.5
Extraordinary income	3.8	0.1
Extraordinary expenses	0.8	0.1
Income before tax	5.2	3.5
Tax, etc.	1.1	2.0
Net income	4.1	1.5



Impact of forex rate:
¥0.4 billion loss in FY12 1Q
¥0.2 billion gain in FY13 1Q



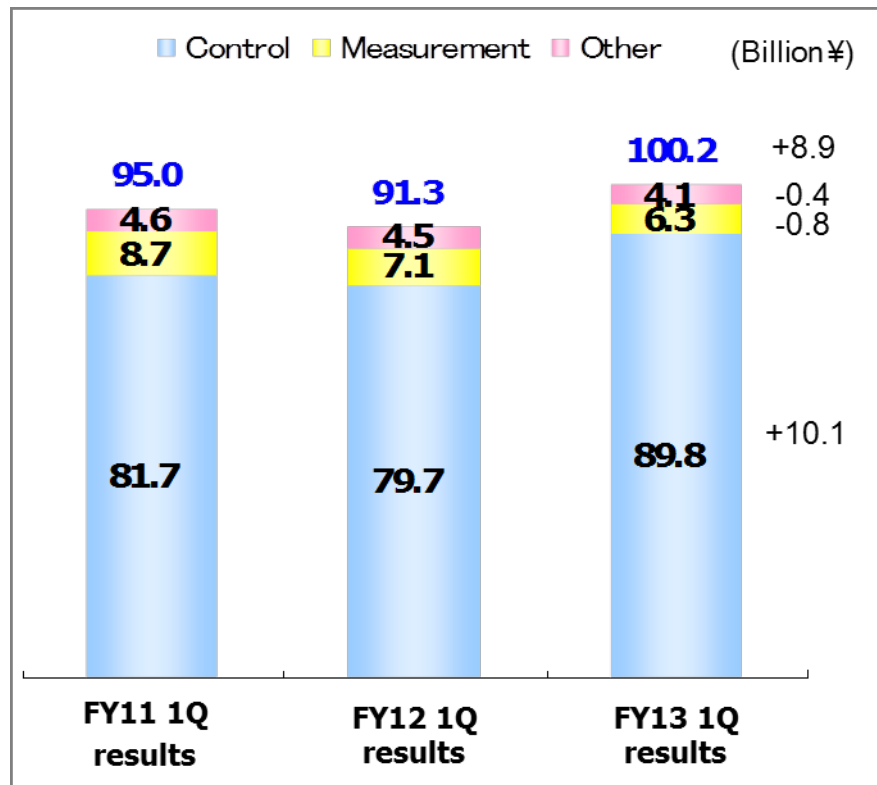
FY12:
Extraordinary income on sale
of fixed assets: ¥3.8 billion
Extraordinary loss on impaired
fixed assets: ¥0.8 billion



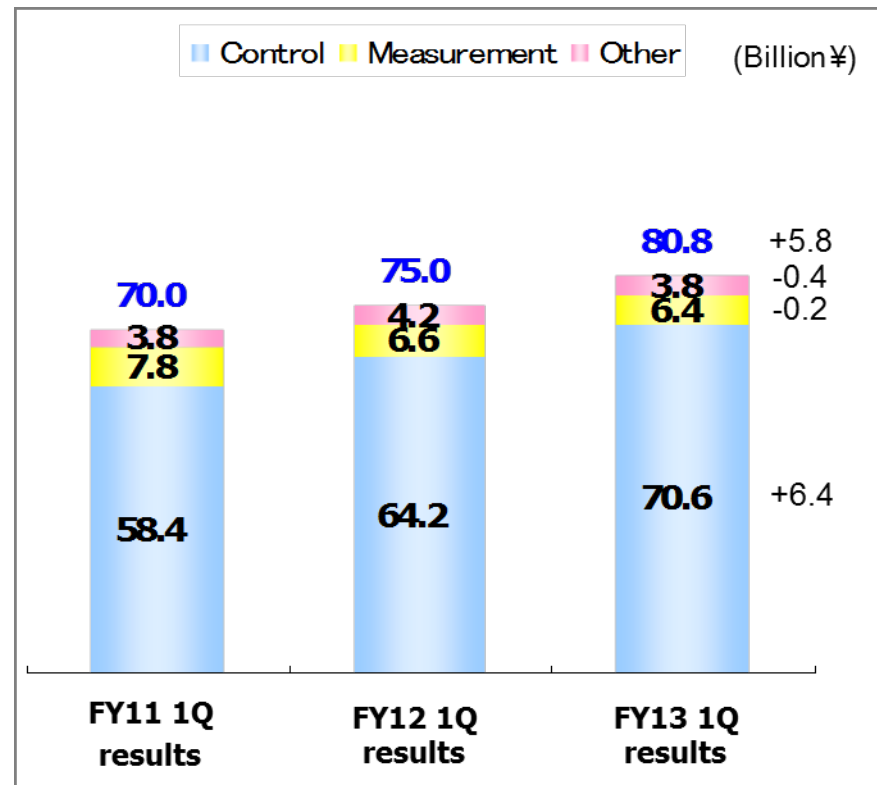
Tax increase from higher
sales outside Japan (Japan
Group companies have
adopted consolidated taxation)

FY11/FY12/FY13 Comparison for Orders and Sales by Segment

Orders



Sales

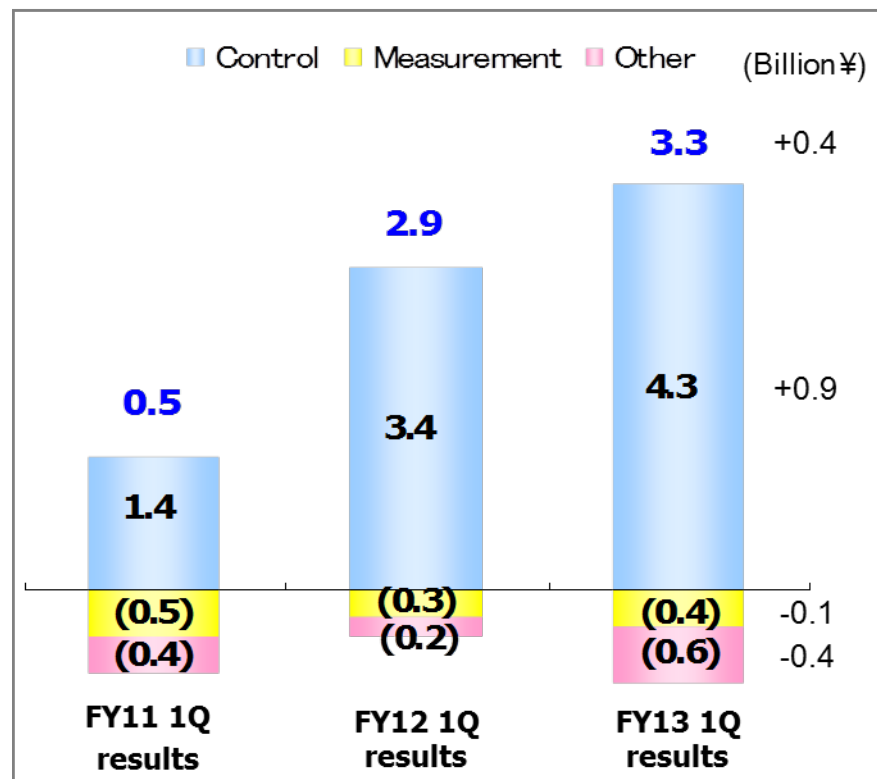


- Control: Orders and sales outside Japan were up in FY13 1Q thanks to the strong demand in energy-related markets and the weak yen (impact of exchange rate: ¥14 billion increase in orders, ¥11.2 billion increase in sales). In Japan, however, both orders and sales were down.

- Measurement: Despite a slight increase for measuring instruments, orders and sales for this segment declined from FY12 1Q because of the discontinuation of the semiconductor tester business.

FY11/FY12/FY13 Comparison for Operating Income by Segment

Operating income



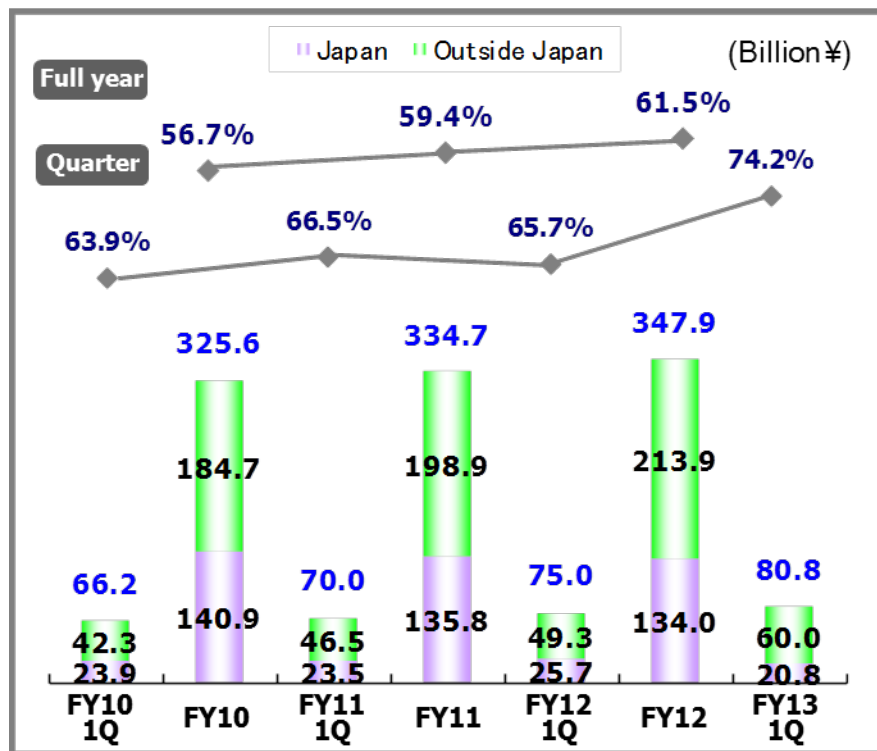
(Billion ¥)

	FY12 1Q results	FY13 1Q results	Difference
Control	3.4	4.3	0.9
Measurement	(0.3)	(0.4)	(0.1)
Other	(0.2)	(0.6)	(0.4)
Total	2.9	3.3	0.4

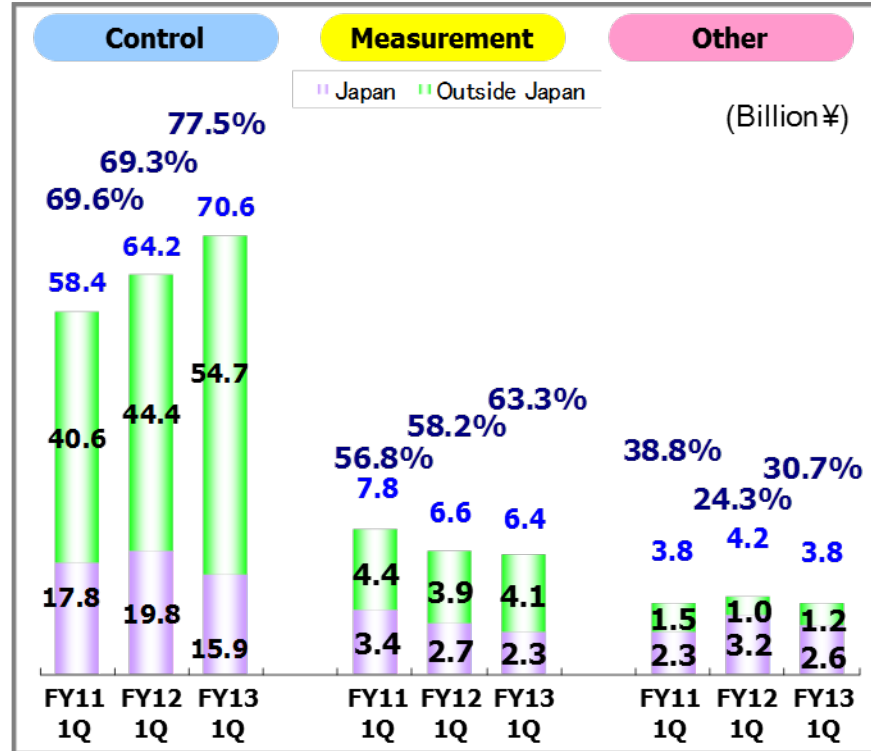
- Control: Operating income outside Japan was up in FY13 1Q thanks to the strong demand in energy-related markets and the weak yen, but was down in Japan. Overall, operating income was up for this segment and the operating income to sales ratio was up 0.8%, from 5.3% in FY12 1Q to 6.1% in FY13 1Q.

Trend of Global Sales

Total

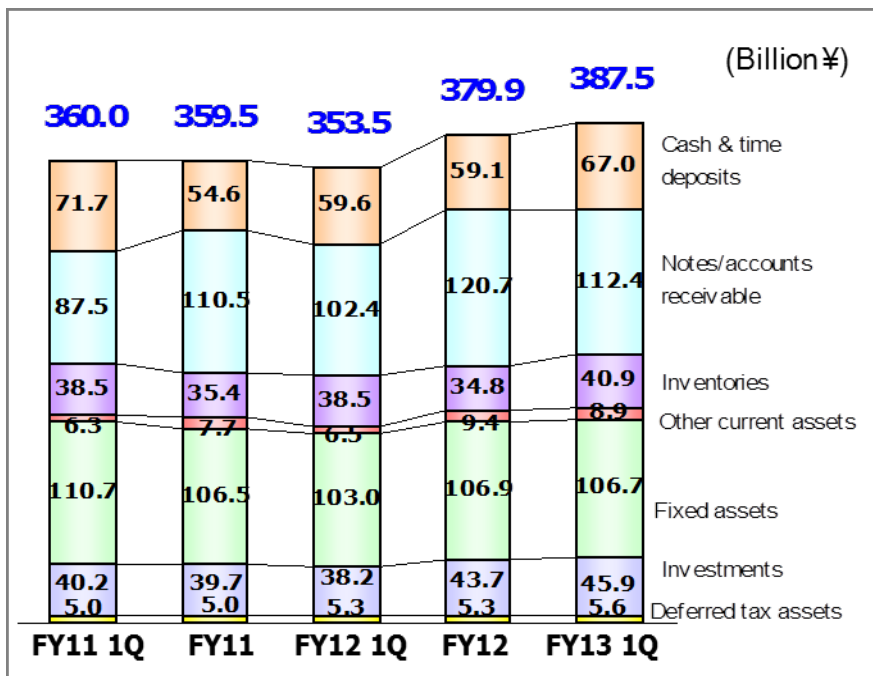


By segment



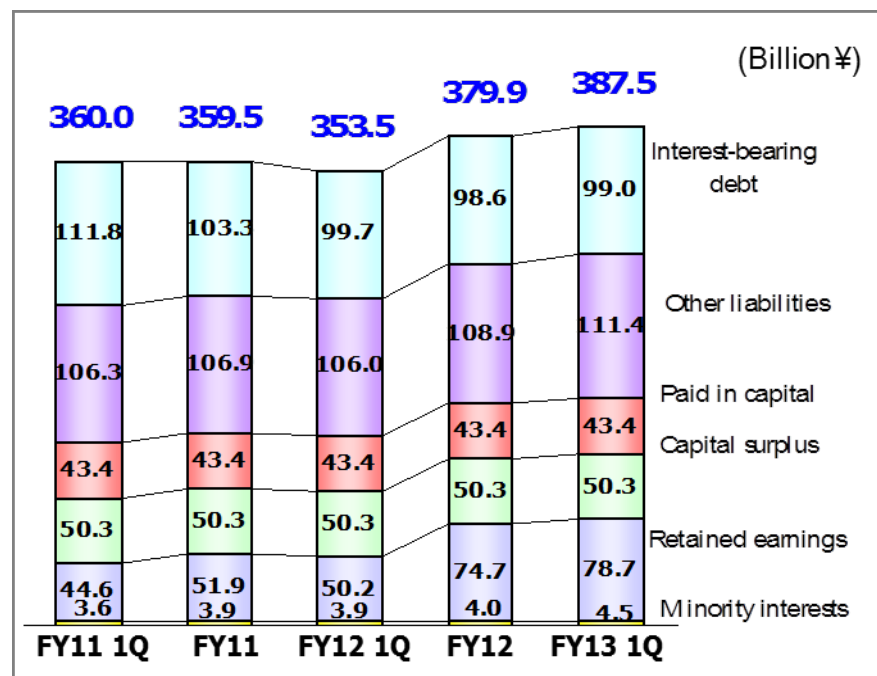
Trend of Balance Sheet

Assets



	FY11 1Q	FY11	FY12 1Q	FY12	FY13 1Q
Total asset turnover	-	0.93	-	0.92	-
Shareholders' equity ratio	39.2%	40.5%	40.7%	44.3%	44.5%

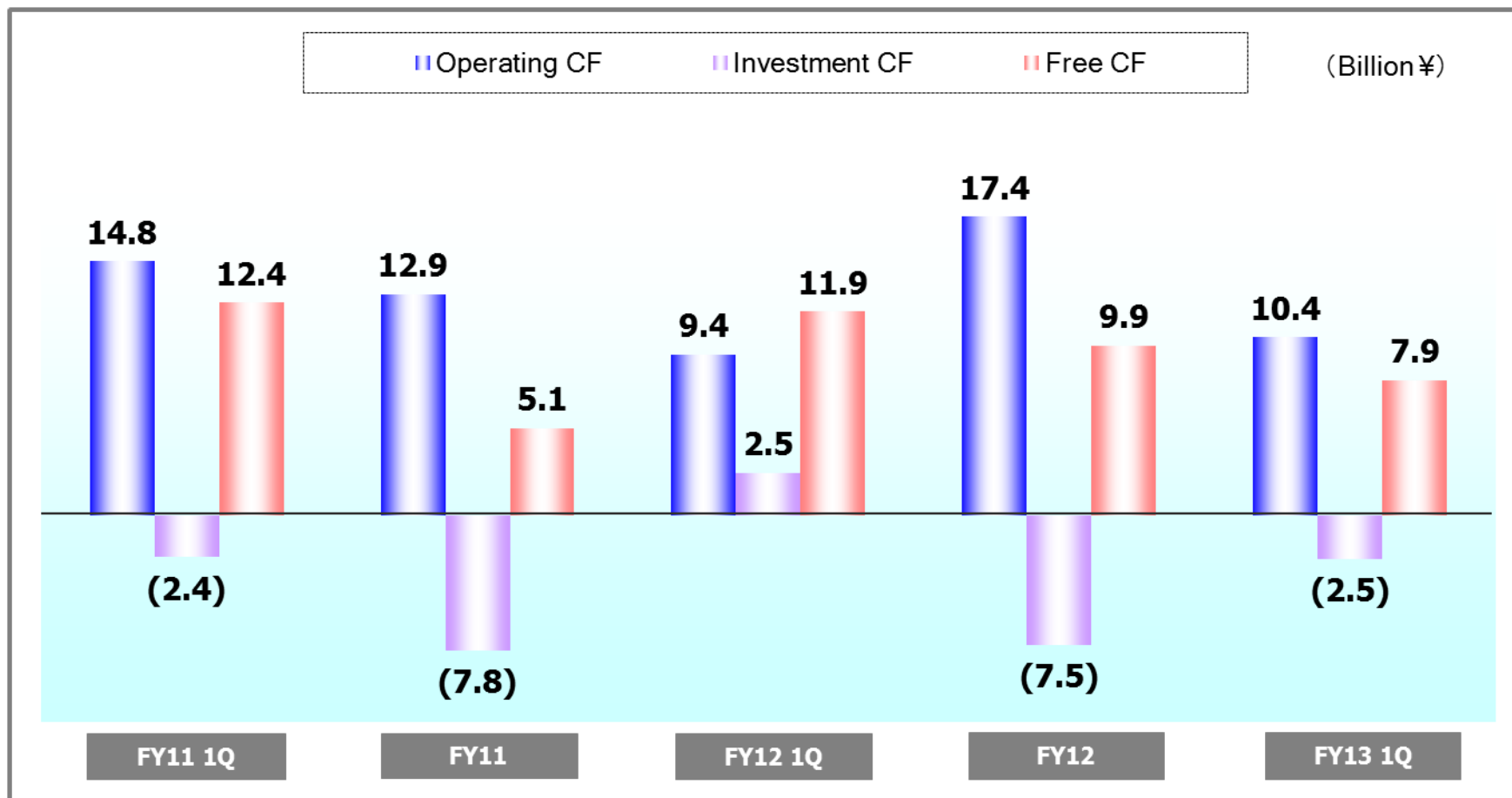
Liabilities and equity



	FY11 1Q	FY11	FY12 1Q	FY12	FY13 1Q
Debt/equity ratio	80.8%	70.9%	69.2%	58.6%	57.4%
Interest-bearing debt ratio	31.0%	28.7%	28.2%	26.0%	25.5%

- Notes/accounts receivable declined and cash & time deposits were up from FY12 due to good progress in the collection of accounts receivable.

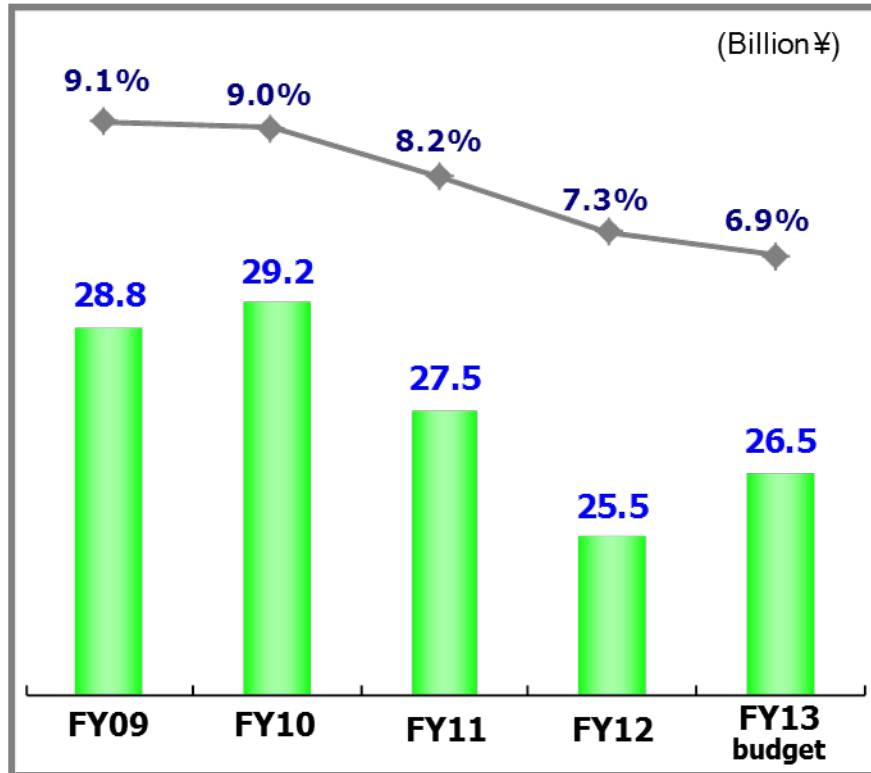
Trend of Cash Flow



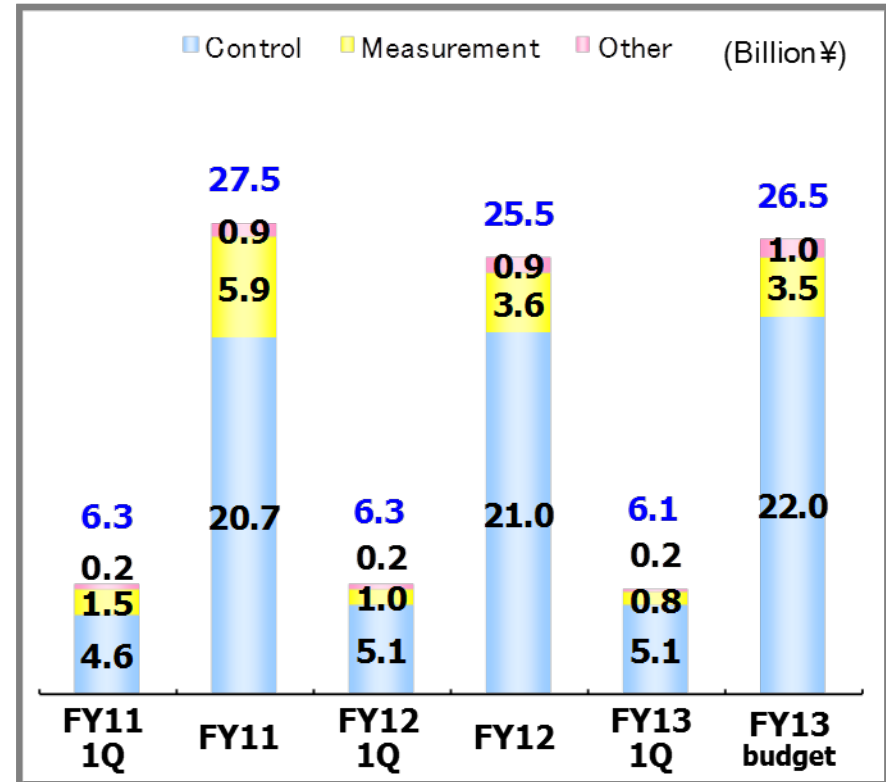
- The inflow from operating activities was up from FY12 1Q due to an increase in working capital.
- Investment cash flow and free cash flow were down from FY12 1Q, when extraordinary income from the sale of idle assets was recorded.

Trend of R&D Expenses

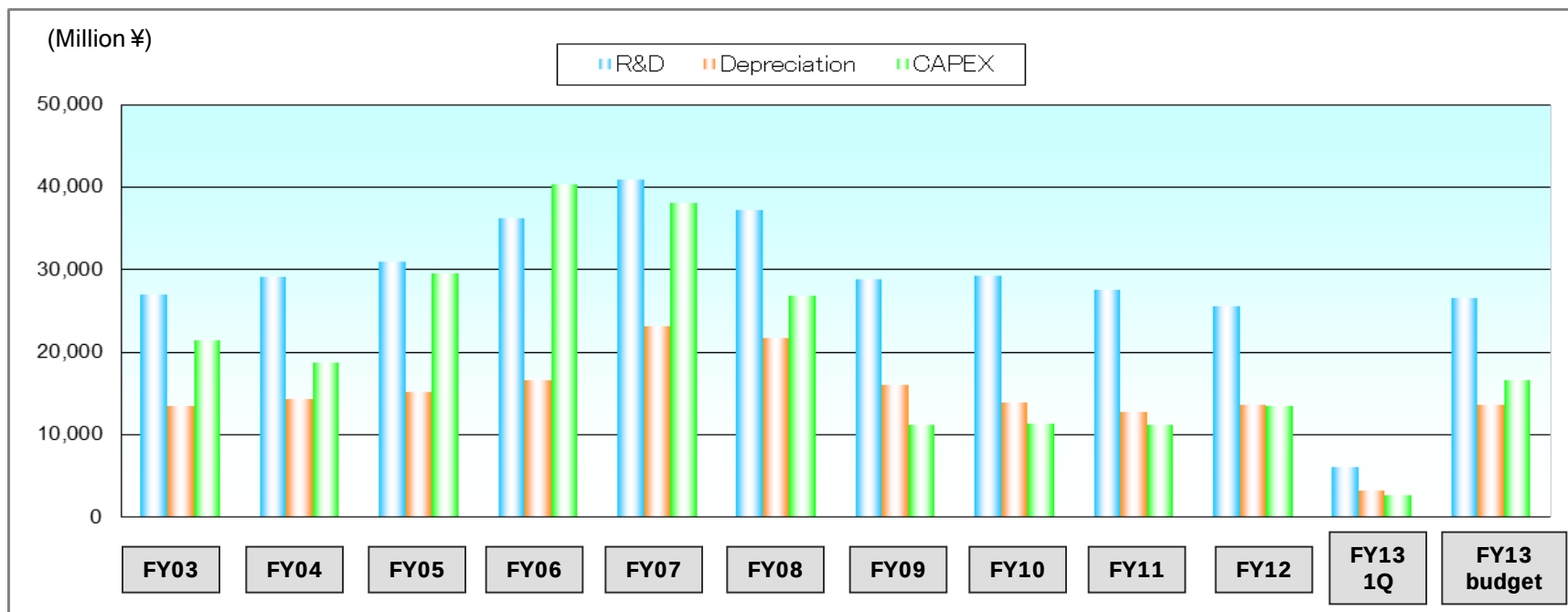
Total



By Segment



R&D Expenses, Depreciation, and CAPEX



(Million ¥)	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13 1Q	FY13 budget
R&D expenses	26,991	28,998	30,917	36,223	40,875	37,229	28,786	29,179	27,472	25,477	6,081	26,500
(% of sales)	7.3 %	7.5 %	8.0 %	8.4 %	9.3 %	9.9 %	9.1 %	9.0 %	8.2 %	7.3 %	7.5 %	6.9 %
Depreciation	13,455	14,331	15,124	16,483	23,129	21,615	16,033	13,836	12,756	13,496	3,185	13,500
(% of sales)	3.6 %	3.7 %	3.9 %	3.8 %	5.3 %	5.7 %	5.1 %	4.2 %	3.8 %	3.9 %	3.9 %	3.5 %
CAPEX	21,355	18,652	29,540	40,284	37,990	26,813	11,125	11,337	11,143	13,468	2,572	16,500
(% of sales)	5.7 %	4.8 %	7.6 %	9.3 %	8.7 %	7.1 %	3.5 %	3.5 %	3.3 %	3.9 %	3.2 %	4.3 %

FY13 Budget

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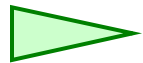
(Billion ¥)

		FY12 results	FY13 budget	Difference
Orders		354.5	390.0	35.5
Sales		347.9	385.0	37.1
Operating income		18.4	24.0	5.6
Ordinary income		18.0	21.5	3.5
Net income		14.7	13.5	(1.2)
Exchange rate (¥)	1\$= 1€=	83.33 107.40	90.00 120.00	6.67 12.60

- The FY13 budgets are unchanged.

Yokogawa has decided to withdraw from the motion control business.

- We entered the DD motor business in the 1980s, and sales reached the ¥5 billion level by the early 2000s.
- The market for our high-precision DD motors subsequently shrank as the result of increased competition on price and functionality.
- Unfortunately, our motion control business was in the red.



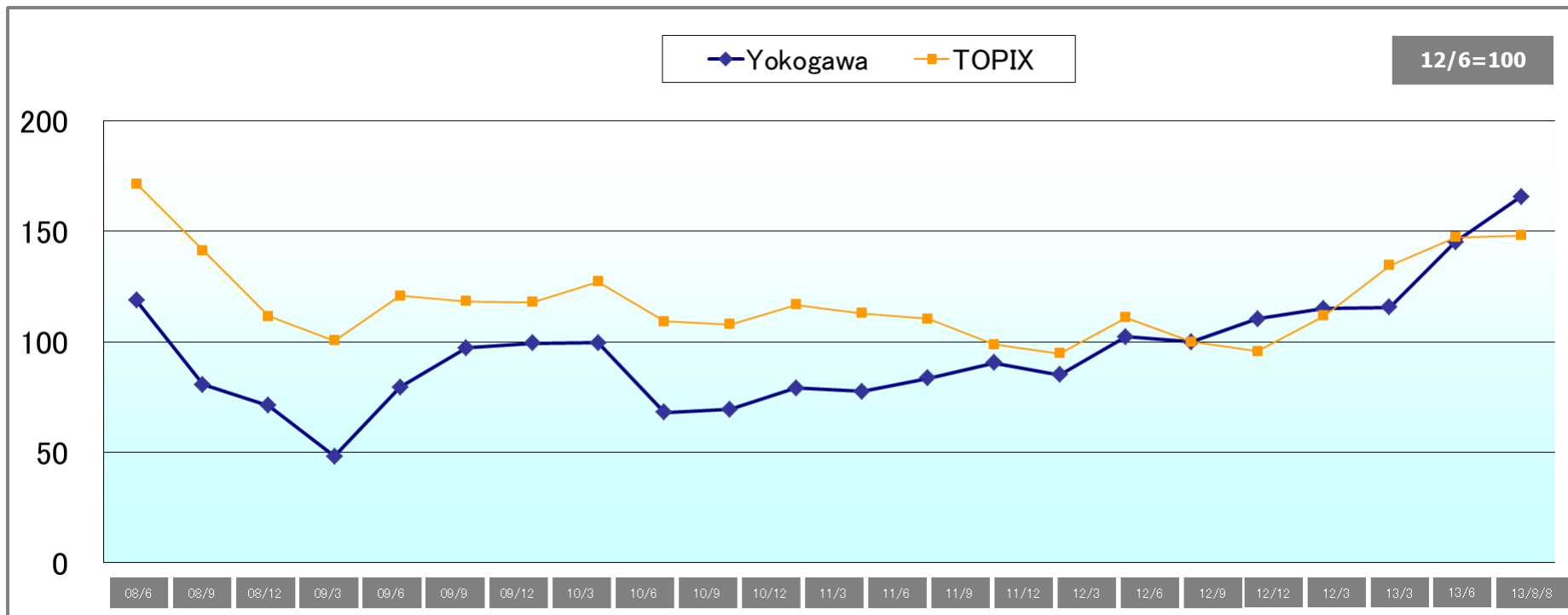
Conclusion: Difficult to continue this business

- ◆ Main products will be transferred to Yaskawa Electric.
 - This minimizes the impact of this withdrawal on our customers.
- ◆ As part of this withdrawal, the 53 employees involved in this business will be transferred to organizations inside and outside the Group.

No major financial losses are expected as a result of the withdrawal from this business.

→ Negligible impact on FY13 consolidated financial results

Trend of Stock Price



	08/6	08/9	08/12	09/3	09/6	09/9	09/12	10/3	10/6	10/9	10/12	11/3	11/6	11/9	11/12	12/3	12/6	12/9	12/12	13/3	13/6	13/8/8
Yokogawa	971	659	582	394	650	795	812	814	557	568	646	634	683	740	695	837	818	902	941	946	1,187	1,355
TOPIX	1,320	1,087	859	774	930	910	908	979	841	830	899	869	849	761	729	854	770	737	860	1,035	1,134	1,140

	08/6	08/9	08/12	09/3	09/6	09/9	09/12	10/3	10/6	10/9	10/12	11/3	11/6	11/9	11/12	12/3	12/6	12/9	12/12	13/3	13/6	13/8/8
Yokogawa	119	81	71	48	79	97	99	100	68	69	79	78	83	90	85	102	100	110	115	116	145	166
TOPIX	171	141	112	101	121	118	118	127	109	108	117	113	110	99	95	111	100	96	112	134	147	148

May 22 Field wireless systems partnership with Petrobras

June 13 Release of high-accuracy CA700 pressure calibrator by Yokogawa Meters & Instruments

11 Release of CENTUM® VP R5.03 integrated production control system with enhanced industry-specific functions

July 12 Control system order for municipal water treatment plant in Bali, Indonesia

16 Major contract for one of the UK's largest onshore gas storage facilities

24 Publishing of the 2013 CSR Report

Note: The date for each news item indicates when it was published.

The information pertaining to our business plans and forecasts that has been provided in this presentation and at analyst meetings contains forward-looking statements that are based on our management's current knowledge and require the making of assumptions about future events. As such, it cannot be guaranteed that these statements will not differ materially from actual results.