

Yokogawa Electric Corporation

Financial Results for 1st Half of Fiscal Year 2013

November 8, 2013

Hiroshi Suzuki, Senior Vice President
Corporate Administration & Marketing Headquarters

Summary of FY13 1H Results

- While the U.S. economy improved and the European economy began to show signs that it is bottoming out, the global economy remained fragile due to concerns such as the slowdown of emerging economies. The Japanese economy slowly but steadily strengthened and capital investment by manufacturers gradually increased. Under these circumstances, Yokogawa continued to strive for growth based on the Evolution 2015 mid-term business plan 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 1H.
Control segment: Although the Japan market continued to face uncertainty, demand remained robust in energy-related markets outside Japan. As a result, sales and operating income were up from FY12 1H.
- Net income decreased from FY12 1H, when extraordinary income on the sale of idle assets was recorded.
- An interim dividend of 6 yen per share will be paid to shareholders.

(Billion ¥)

	FY12 1H results (A)	FY13 1H budget (B)	FY13 1H results (C)	Difference (C-A)	Difference (C-B)
Orders	176.0	190.0	216.1	40.1	26.1
Sales	164.6	185.0	179.6	15.0	(5.4)
Operating income	8.8	9.5	11.0	2.2	1.5
Ordinary income	7.3	8.5	10.7	3.4	2.2
Net income	7.8	5.0	6.5	(1.3)	1.5

FY13 1H Financial Results (FY12 1H/FY13 1H)

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(Billion ¥)

		FY12 1H	FY13 1H	Growth rate	Difference
Orders		176.0	216.1	22.8 %	40.1
Sales		164.6	179.6	9.1 %	15.0
Operating income		8.8	11.0	25.6 %	2.2
Ordinary income		7.3	10.7	47.8 %	3.4
Net income		7.8	6.5	-16.6 %	(1.3)
Exchange rate (¥)	1\$ =	78.98	99.05	—	20.07
	1€ =	99.70	130.56		30.86

- Orders increased due to the strong performance of the control segment and the significant impact of the weak yen (impact of exchange rate: ¥29.8 billion).
- Sales increased due largely to the weak yen (impact of exchange rate: ¥24.3 billion). Excluding this factor, sales would have decreased due to the weak performance of the Japan control segment.
- Operating income was also up due to the weak yen.
- Net income decreased from FY12 1H, when 3.8 billion yen in extraordinary income was recorded on the sale of fixed assets.

Analysis of FY13 1H Operating Income (FY12 1H/FY13 1H)

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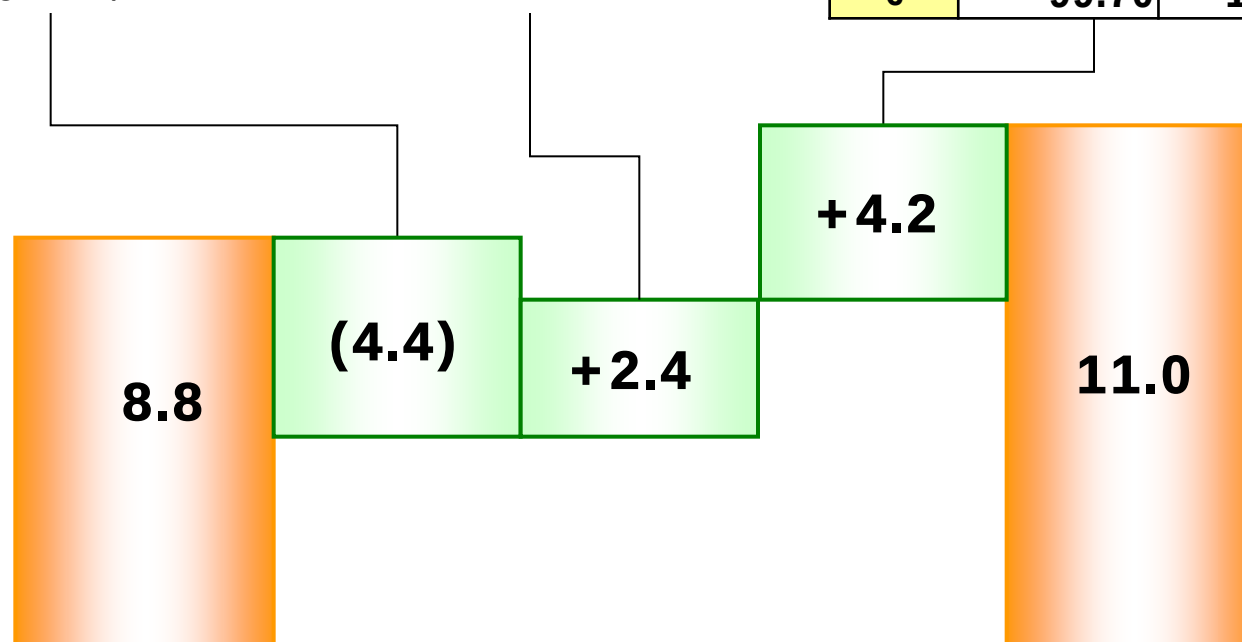
(Billion ¥)

Decrease in gross
profit from lower sales
(excluding impact of
Exchange rate)

Decrease in SG&A
(excluding impact of
Exchange rate)

Exchange rate (¥)

	FY12 1H	FY13 1H
US\$	78.98	99.05
€	99.70	130.56



**FY12 1H
operating income**

**FY13 1H
operating income**

Quarterly Financial Results

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(Billion ¥)

	FY11				FY12				FY13	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Orders	95.0	84.0	75.2	89.9	91.3	84.7	84.1	94.4	100.2	115.9
Sales	70.0	87.8	75.7	101.2	75.0	89.6	77.4	105.9	80.8	98.8
Operating income	0.5	6.3	2.5	7.3	2.9	5.9	1.3	8.3	3.3	7.7

Non-operating / Extraordinary Income and Expenses

(Billion ¥)

	FY12 1H results	FY13 1H results
Operating income	8.8	11.0
Non-operating income	1.0	1.9
Non-operating expenses	2.5	2.2
Ordinary income	7.3	10.7
Extraordinary income	3.9	0.2
Extraordinary expenses	1.0	0.2
Income before tax	10.2	10.7
Tax, etc.	2.4	4.2
Net income	7.8	6.5

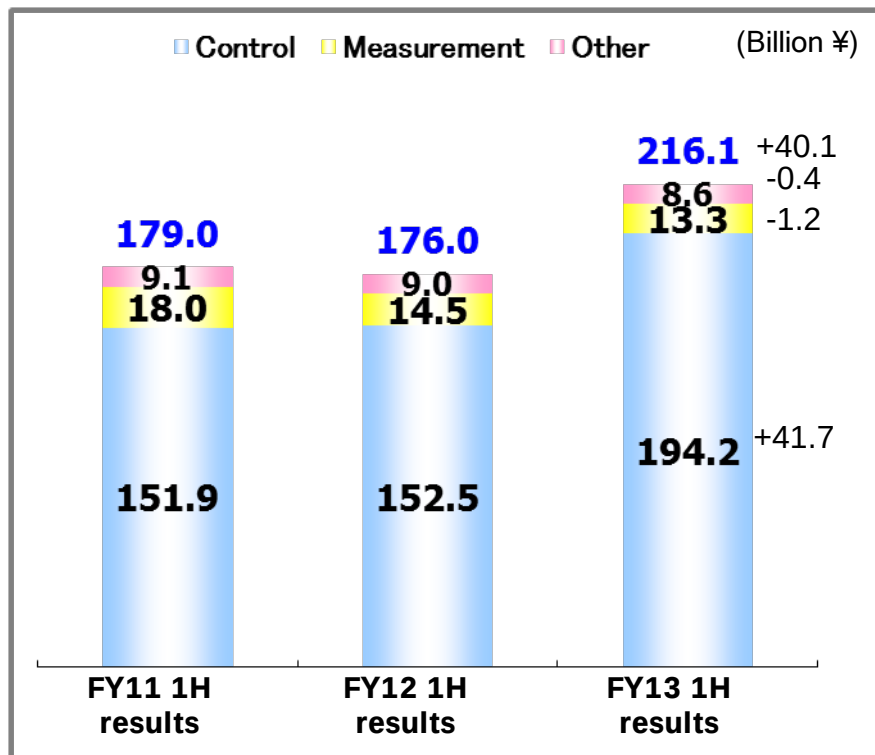
Impact of forex rate:
¥0.5 billion gain in FY13 1H

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

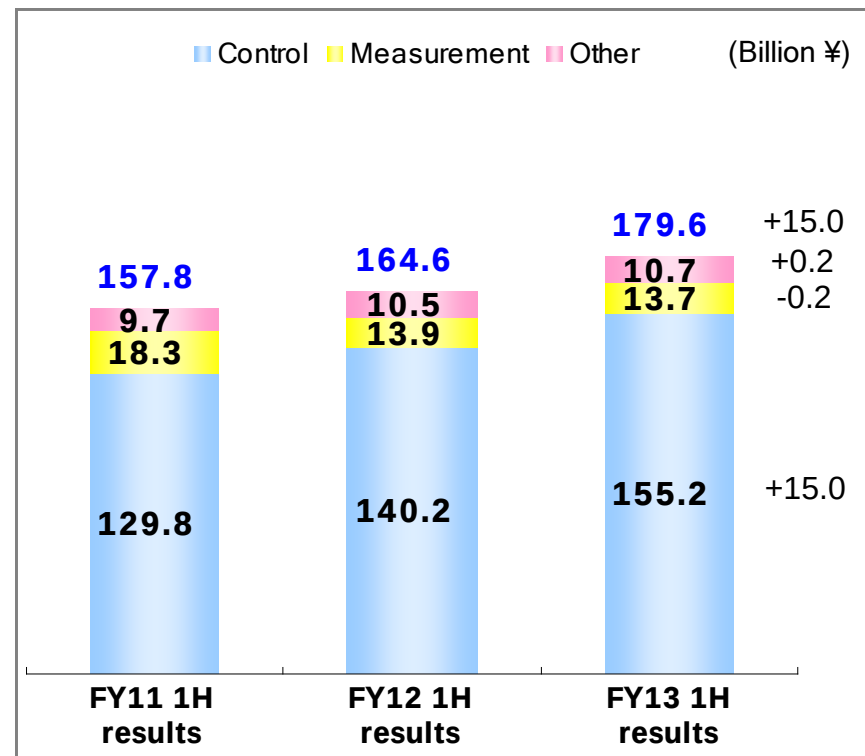
Tax increase from higher
sales outside Japan (Japan
Group companies have
adopted consolidated
taxation)

FY12/FY13 Comparison for Orders and Sales by Segment

Orders



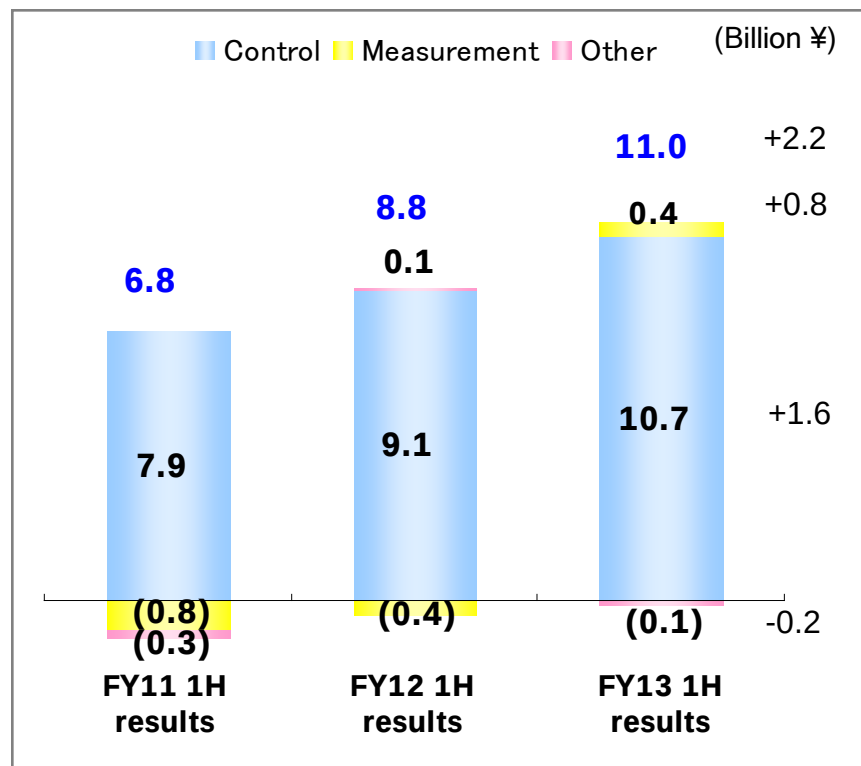
Sales



- Control: Orders and sales were up from FY12 1H outside Japan because of robust demand in energy-related markets and the impact of the weak yen. In Japan, orders were up from FY12 1H due partly to the receipt of some major orders, but sales were down (impact of exchange rate: ¥28.6 billion increase in orders, ¥23.2 billion decrease in sales).
- Measurement: Orders and sales declined from FY12 1H due to the discontinuation of the semiconductor tester business.

FY12/FY13 Comparison for Operating Income by Segment

Operating income



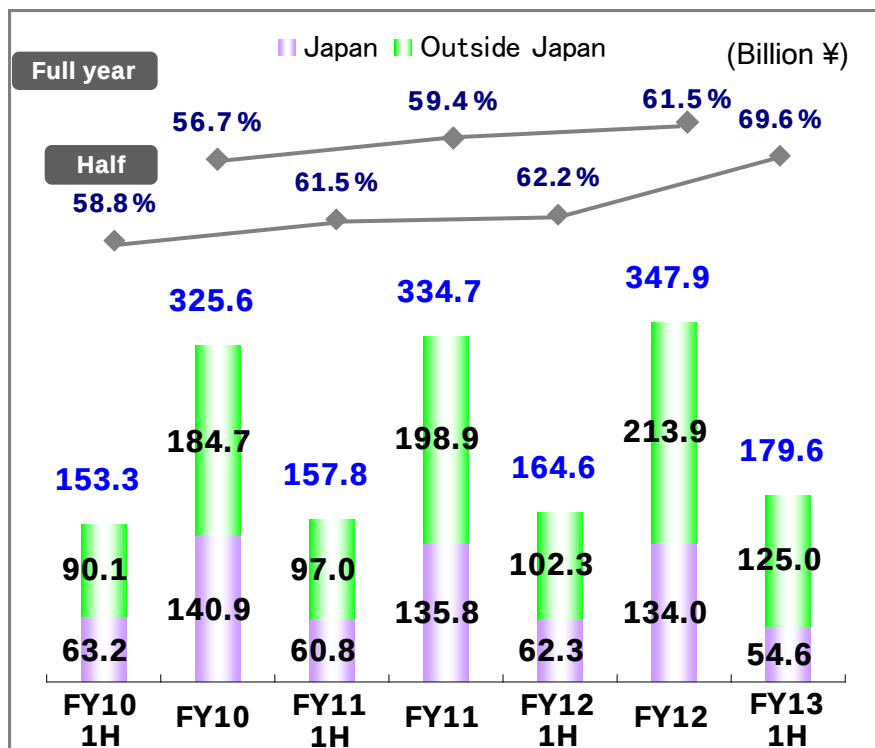
(Billion ¥)

	FY12 1H results	FY13 1H results	Difference
Control	9.1	10.7	1.6
Measurement	(0.4)	0.4	0.8
Other	0.1	(0.1)	(0.2)
Total	8.8	11.0	2.2

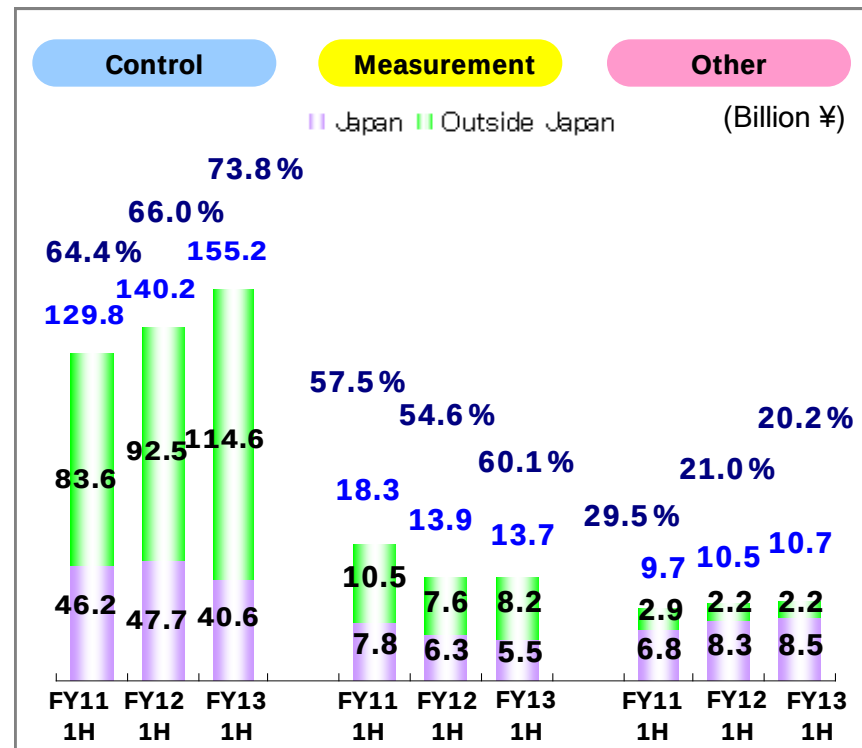
- Control: Operating income was up from FY12 1H outside Japan due to higher sales, but was down in Japan because of lower sales. Overall, operating income was up for this segment and the operating income to sales ratio was up 0.4%, from 6.5% in FY12 1H to 6.9% in FY13 1H.
- Measurement: Despite the lower sales, operating income was recorded in FY13 1H as lower costs were incurred for businesses that had been discontinued.

Trend of Global Sales

Total



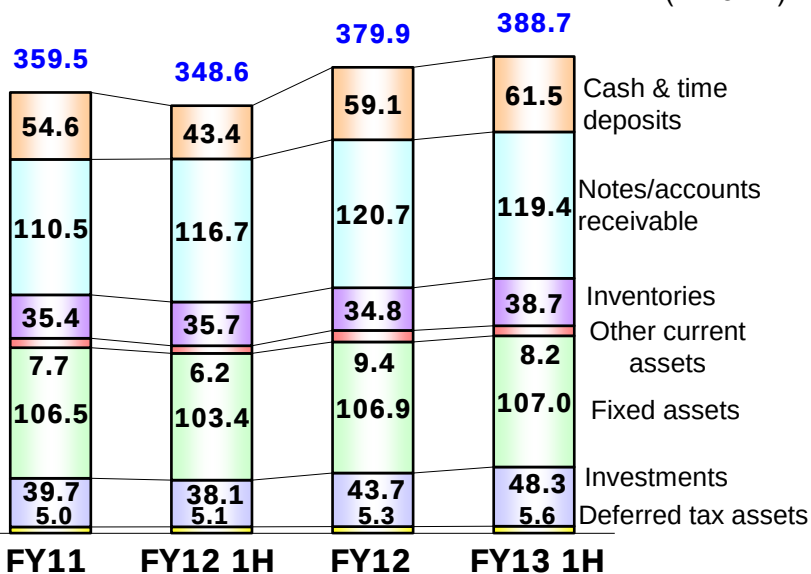
By segment



Trend of Balance Sheet

Assets

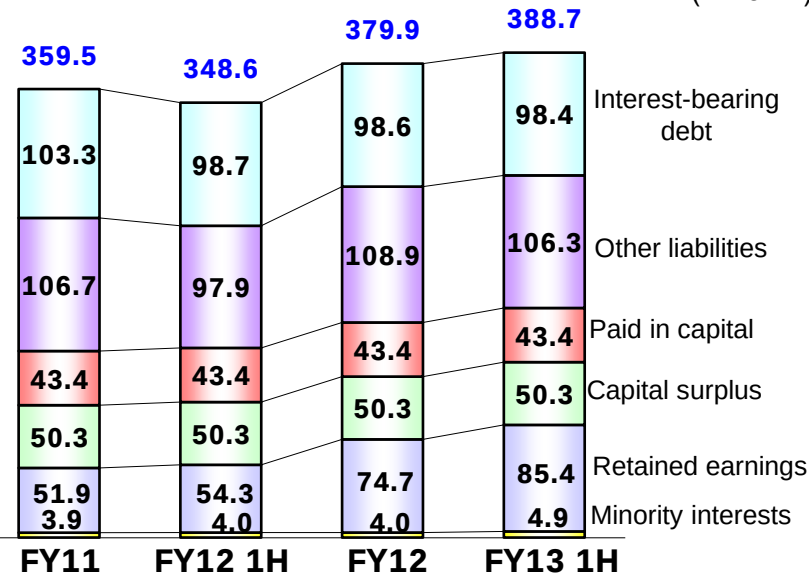
(Billion ¥)



	FY11	FY12 1H	FY12	FY13 1H
Total asset turnover	0.93	0.99	0.92	0.98
Shareholders' equity ratio	40.5 %	42.5 %	44.3 %	46.1 %

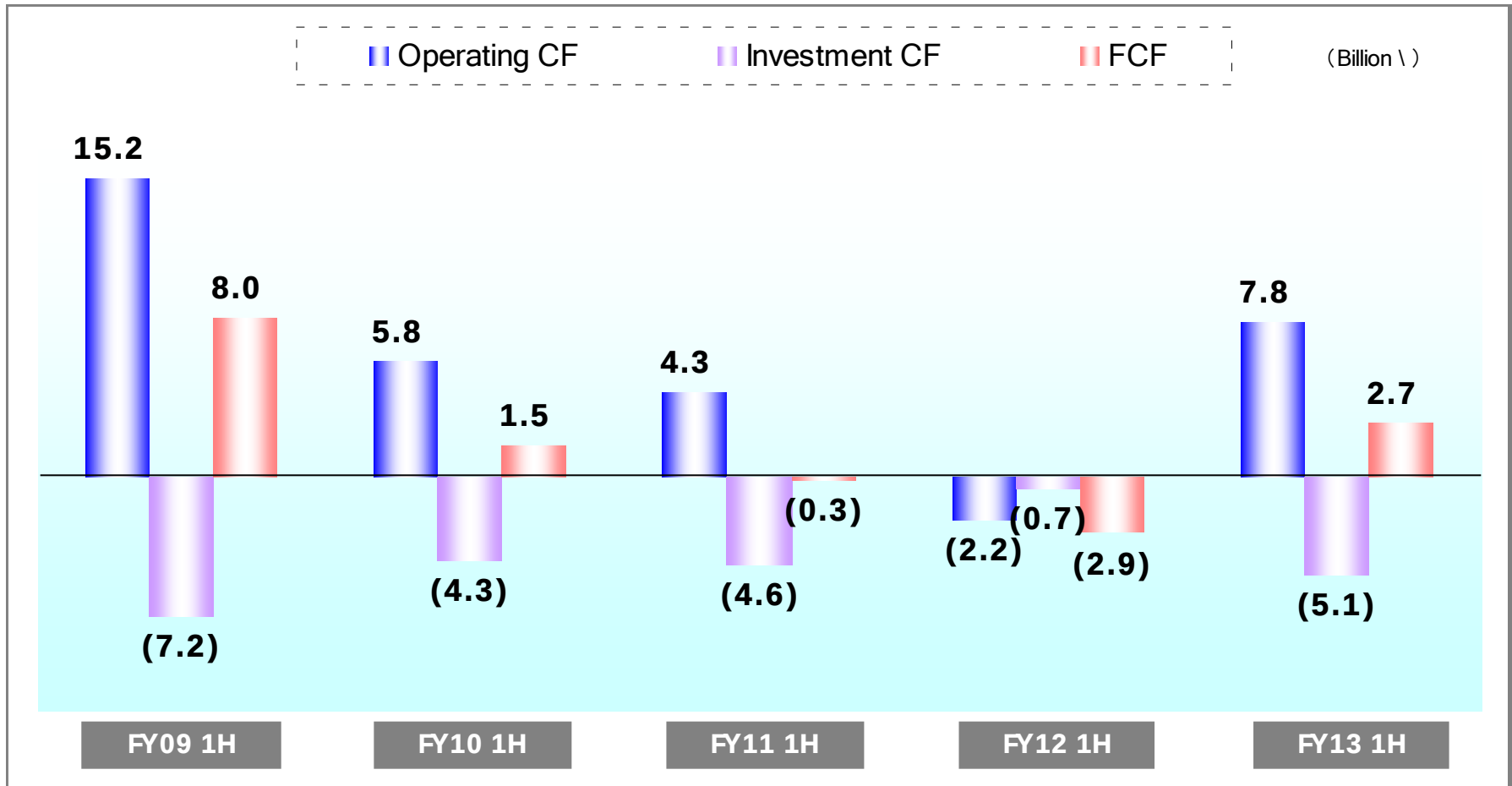
Liabilities and equity

(Billion ¥)



	FY11	FY12 1H	FY12	FY13 1H
Debt / equity ratio	70.9 %	66.7 %	58.6 %	55.0 %
Interest-bearing debt ratio	28.7 %	28.3 %	26.0 %	25.3 %

Trend of Cash Flow



- The inflow from operating activities is up from FY12 1H due to an increase in working capital as a result of good progress in the collection of trade receivables.
- Investment cash flow is down from FY12 1H, when there was an inflow from the sale of fixed assets.

FY13 Revised Budget

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(Billion ¥)

		FY12 results (A)	FY13 budget (5/14)(B)	FY13 budget (11/8)(C)	Difference (C-A)	Difference (C-B)
Orders		354.5	390.0	400.0	45.5	10.0
Sales		347.9	385.0	385.0	37.1	0
Operating income		18.4	24.0	25.5	7.1	1.5
Ordinary income		18.0	21.5	23.0	5.0	1.5
Net income		14.7	13.5	14.5	(0.2)	1.0
Exchange rate (¥)	1\$= 1€=	83.33 107.40	90 120	97 130	13.67 22.60	7 10

- Based on the 1H results, the May 14 orders and operating income budgets have been revised upward.
- Accordingly, the ordinary income and net income budgets have also been revised upward.
- The assumed exchange rates for FY13 have been revised (1\$: ¥90→ ¥97, 1€: ¥120 → ¥130).
- The assumed exchange rates for FY13 2H have also been revised (1\$: ¥95, 1€: ¥130).

FY13 Revised Budget for Non-operating / Extraordinary Income and Expenses

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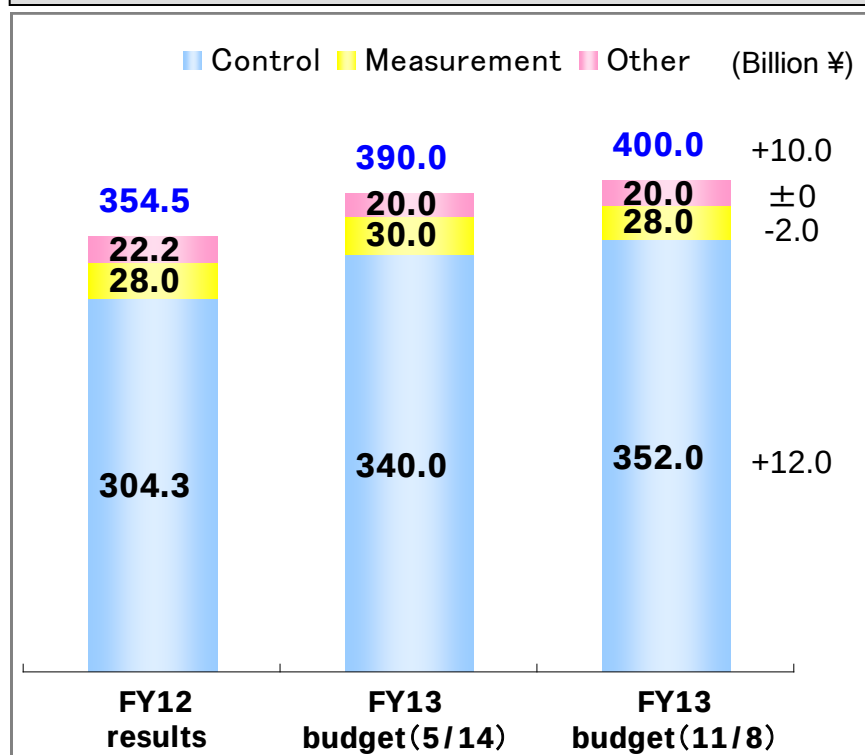
(Billion ¥)

	FY12 results	FY13 budget (5/14)	FY13 budget (11/8)
Operating income	18.4	24.0	25.5
Non-operating income	4.1	(2.5)	(2.5)
Non-operating expenses	4.5		
Ordinary income	18	21.5	23.0
Extraordinary income	4.1	(1.0)	(1.0)
Extraordinary expenses	1.6		
Income before tax	20.5	20.5	22.0
Tax, etc.	5.8	7.0	7.5
Net income	14.7	13.5	14.5

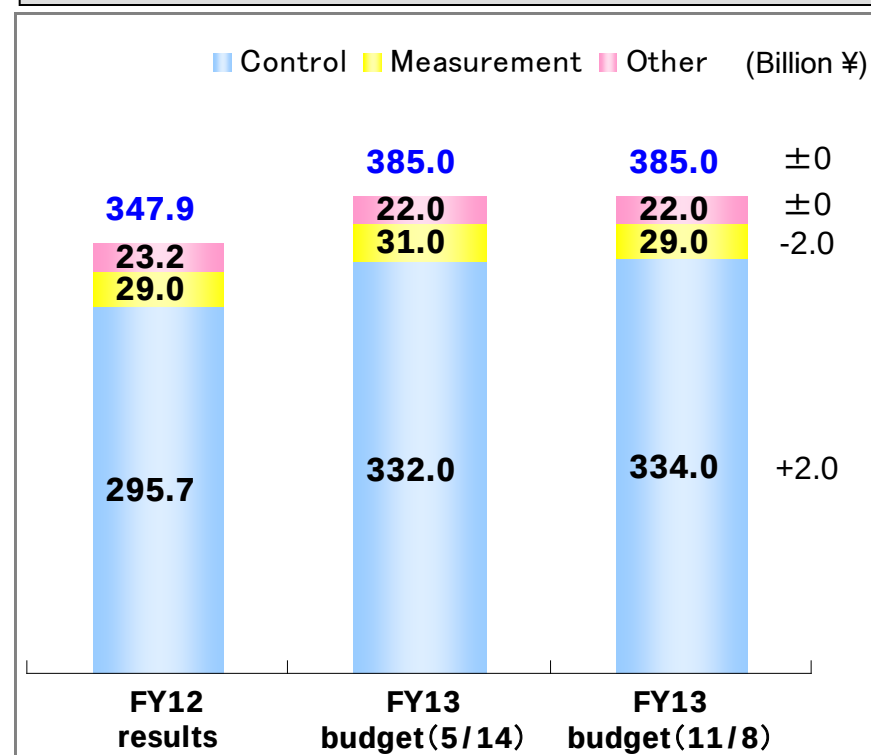
- The non-operating income/expenses and extraordinary income/expenses budgets are unchanged from May 14.
- The tax, etc. budget has been increased due to an increase in income before tax.

FY13 Revised Budget for Orders and Sales by Segment

Orders



Sales

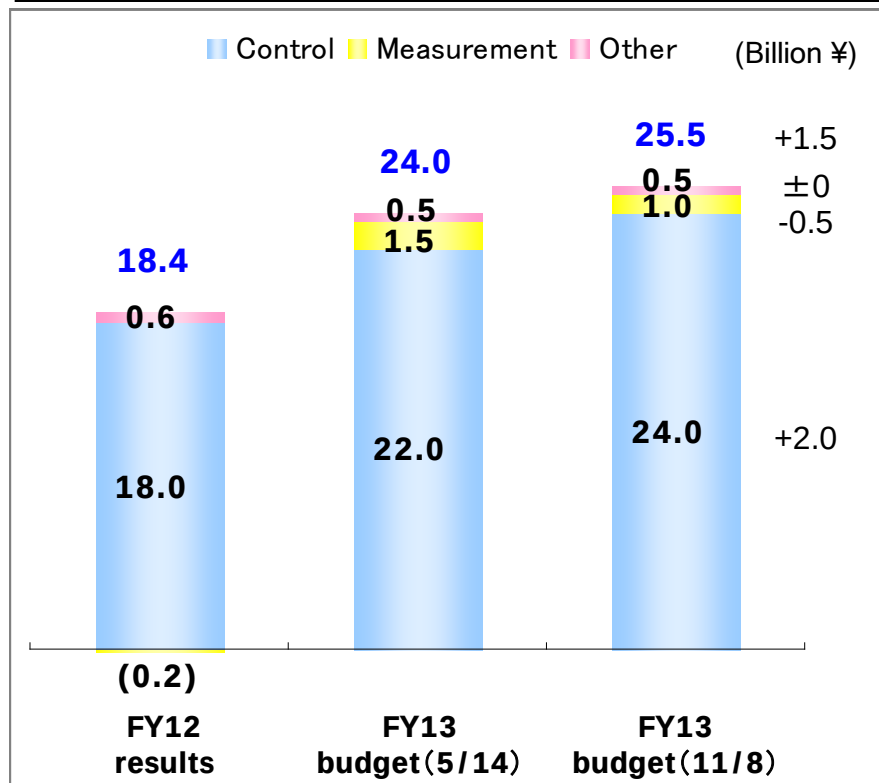


- The 2H assumed exchange rates and the FY13 budgets have been revised.
- The orders and sales budgets for the control segment have been revised upward by ¥12 billion and ¥2 billion, respectively; for the measurement segment, both have each been revised downward by ¥2 billion.
- Other: The FY13 budget is unchanged from May 14.

FY13 Revised Budget for Operating Income by Segment

Operating income

■ Control ■ Measurement ■ Other (Billion ¥)



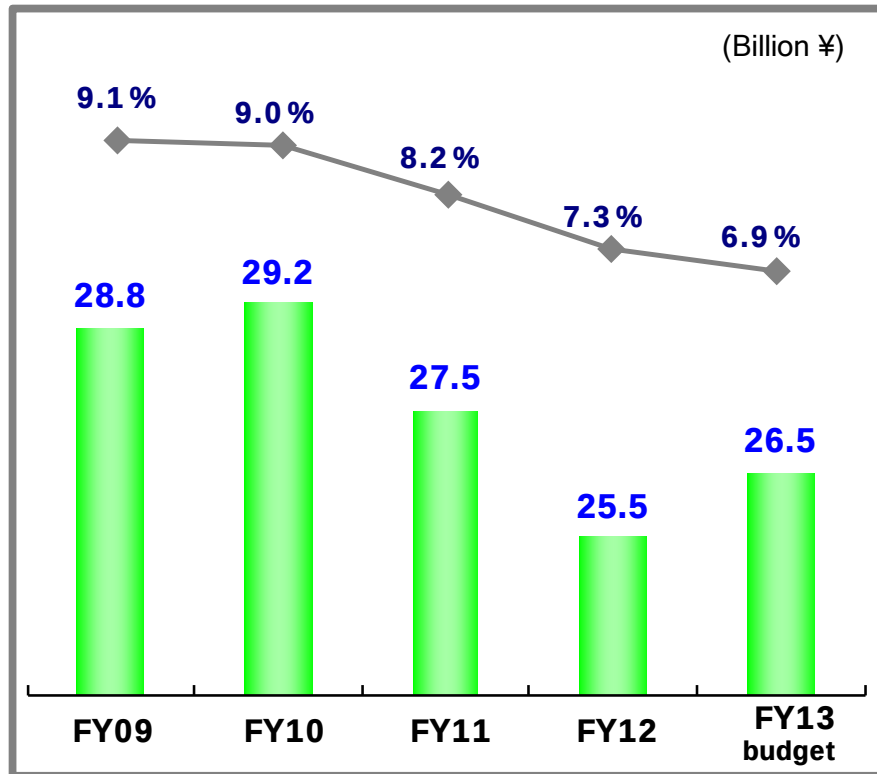
(Billion ¥)

	FY13 budget (5/14)	FY13 budget (11/8)	Difference
Control	22.0	24.0	2.0
Measurement	1.5	1.0	(0.5)
Other	0.5	0.5	0.0
Total	24.0	25.5	1.5

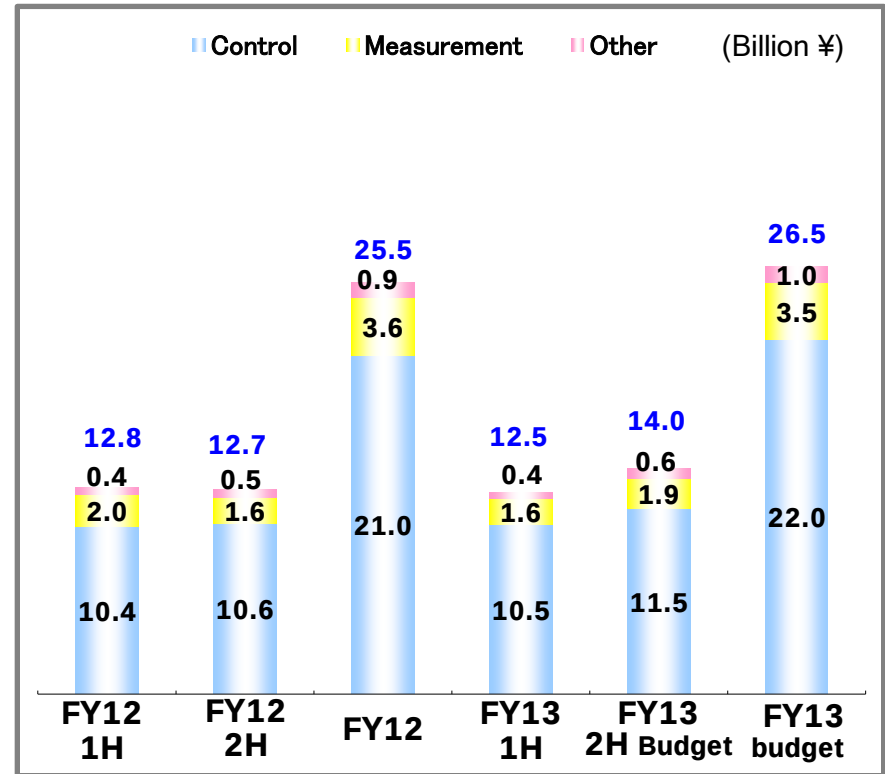
- Based on the 1H results and the resulting revision to the 2H assumed exchange rates, the FY13 budgets have been revised.
- The operating income budget for the control segment has been revised upward by ¥2 billion, while that for the measurement segment has been revised downward by ¥0.5 billion.
- Other: The FY13 budget is unchanged from May 14.

Trend of R&D Expenses

Total

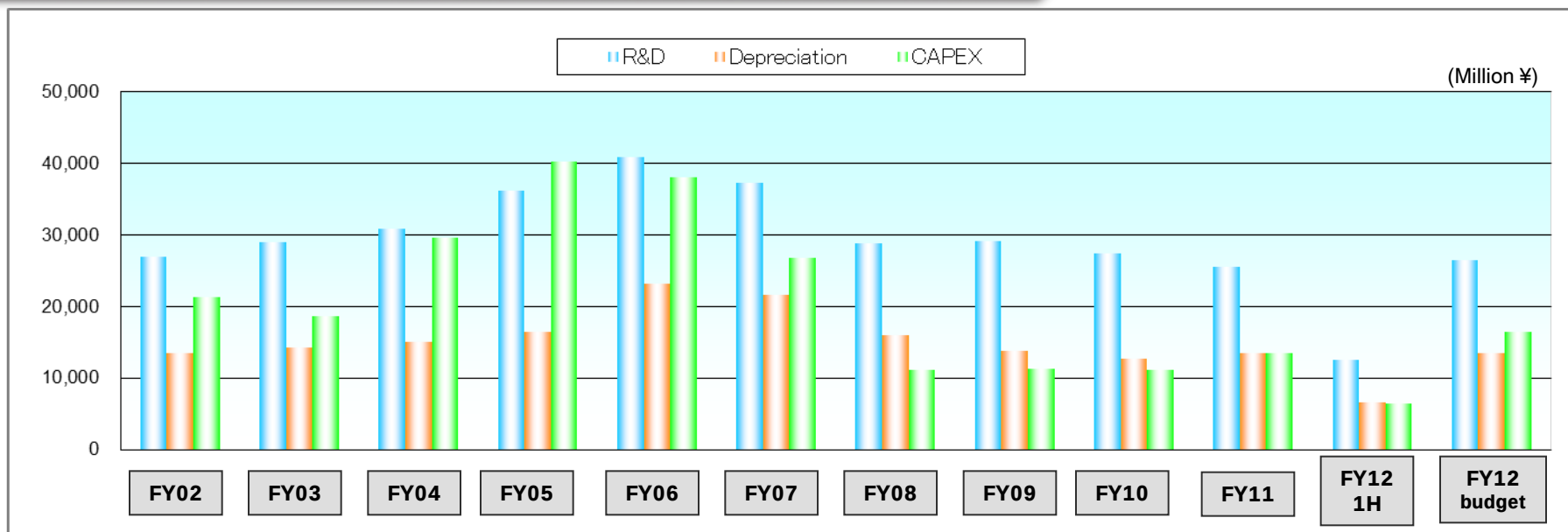


By Segment



- The FY13 R&D budget is unchanged.

R&D Expenses, Depreciation, and CAPEX



(Million ¥)

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13 1H	FY13 budget
R&D expenses (% of sales)	26,991 7.3%	28,998 7.5%	30,917 8.0%	36,223 8.4%	40,875 9.3%	37,229 9.9%	28,786 9.1%	29,179 9.0%	27,472 8.2%	25,477 7.3%	12,511 7.0%	26,500 6.9%
Depreciation (% of sales)	13,455 3.6%	14,331 3.7%	15,124 3.9%	16,483 3.8%	23,129 5.3%	21,615 5.7%	16,033 5.1%	13,836 4.2%	12,756 3.8%	13,496 3.9%	6,592 3.7%	13,500 3.5%
CAPEX (% of sales)	21,355 5.7%	18,652 4.8%	29,540 7.6%	40,284 9.3%	37,990 8.7%	26,813 7.1%	11,125 3.5%	11,337 3.5%	11,143 3.3%	13,468 3.9%	6,441 3.6%	16,500 4.3%

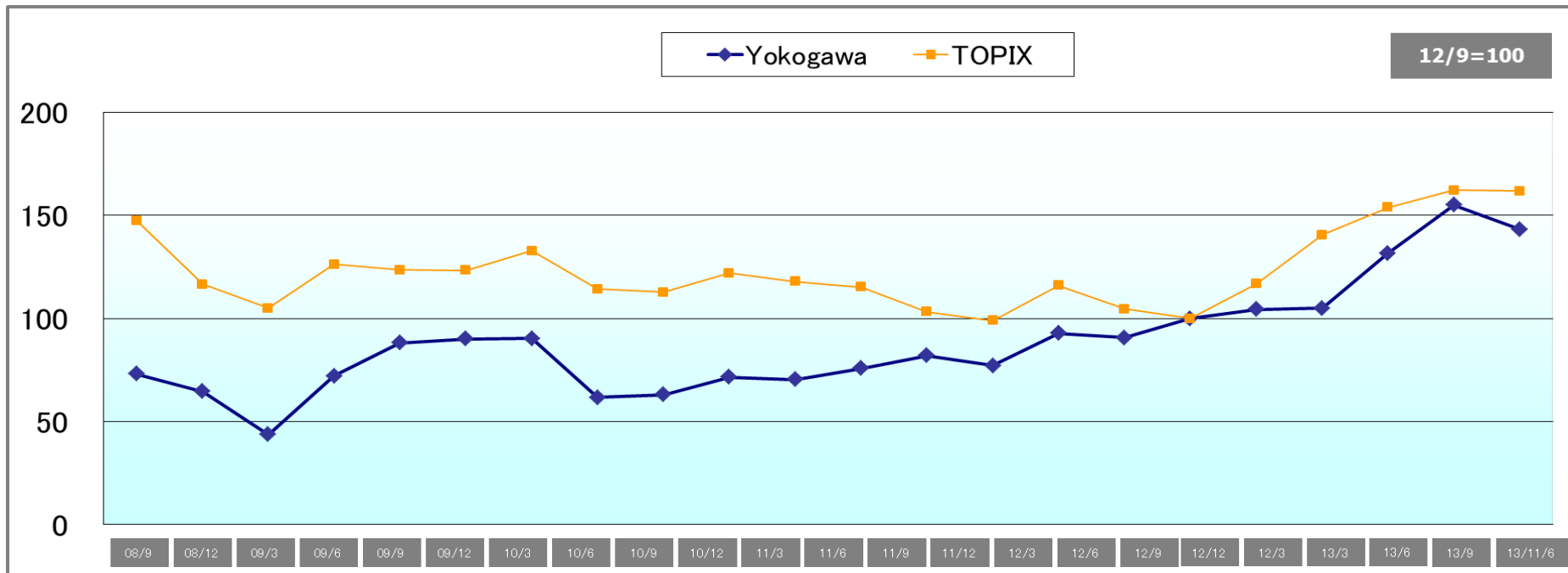
- The FY13 R&D, depreciation, and CAPEX budgets are all unchanged.

(¥)

	Dividends per Share		
	September 30	End of Term	Total
For year ended March 31, 2013	5	5	10
For year ending March 31, 2014	6	—	—
For year ending March 31, 2014 (forecast)	—	6	12

- As planned at the beginning of FY13, an interim dividend will be paid to shareholders.
The end of term dividend forecast is also unchanged.

Trend of Stock Price



	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	13/9	13/11/6
Yokogawa	659	582	394	650	795	812	814	557	568	646	634	683	740	695	837	818	902	941	946	1,187	1,398	1,292
TOPIX	1,087	859	774	930	910	908	979	841	830	899	869	849	761	729	854	770	737	860	1,035	1,134	1,194	1,192

	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	13/9	13/11/6
Yokogawa	73	65	44	72	88	90	90	62	63	72	70	76	82	77	93	91	100	104	105	132	155	143
TOPIX	147	117	105	126	123	123	133	114	113	122	118	115	103	99	116	104	100	117	140	154	162	162

Topics (From August 11 to November 7)

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August

- 15 Release of SENCOM platform product series
-new digital pH/ORP sensor**



FU20F pH/ORP
SENCOM sensor

September

- 13 FEED contract for JX Nippon Oil & Energy Corporation's Mizushima oil refinery**
- 27 Inclusion in DJSI Asia Pacific Index for fourth consecutive year**

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

October

- 1 SMARTDAC+ paperless recorders (GX/GP series)
selected 2013 Good Design Best 100**
- 
- 8 Monitoring system order for large-scale water distribution pipeline project
in Saudi Arabia**
 - 10 Control system order for geothermal power plant in Indonesia**
 - 17 Control system order for large second-generation bioethanol plant, first such plant
in southern hemisphere**
 - 22 Provision of ISA100 Wireless™ module with built-in antenna for sensor manufacturers**
 - 30 Control system order for supercritical thermal power plant in India**
 - 31 Release of SMARTDAC+™ thermography package for non-contact temperature
monitoring using infrared thermal camera and data recording**

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.

