

Yokogawa Electric Corporation

Financial Results for 1st Quarter of Fiscal Year 2014

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FY14 1Q Financial Results

YOKOGAWA ◆

(Billion ¥)

		FY13 1Q	FY14 1Q	Difference	Growth rate
Orders		100.2	94.8	(5.4)	-5.4%
Sales		80.8	82.8	2.0	2.5%
Operating income		3.3	2.6	(0.7)	-21.1%
Ordinary income		3.5	2.7	(0.8)	-23.6%
Net income		1.5	1.1	(0.4)	-26.7%
Exchange rate (¥)	1\$= 1€=	99.64 129.83	101.71 139.25	2.07 9.42	2.1% 7.3%

- Orders were down from FY13 1Q.
- Sales were up from FY13 1Q, thanks mainly to efforts to reduce the backlog of orders for the control segment.
- Operating income was down from FY13 1Q, due to factors such as an increase in SG&A expenses as a result of investments that the company made to prepare for future growth.

Analysis of Operating Income

YOKOGAWA ◆

(Billion ¥)

Increase in gross profit
from higher sales
(excluding impact of
exchange rate)

Lower gross margin

Impact of exchange rate (¥)

	FY13 1Q	FY14 1Q
US\$	99.64	101.71
€	129.83	139.25

3.3

0.8

(0.4)

(1.5)

0.4

2.6

Increase in SG&A

- Investment in non-Japan control segment to prepare for future growth
- Cost incurred to relocate departments at corporate headquarters

**FY13 1Q
operating income**

**FY14 1Q
operating income**

Quarterly Financial Results

YOKOGAWA ◆

(Billion ¥)

	FY12				FY13				FY14
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Orders	91.3	84.7	84.1	94.4	100.2	115.9	94.5	95.4	94.8
Sales	75.0	89.6	77.4	105.9	80.8	98.8	90.7	118.2	82.8
Operating income	2.9	5.9	1.3	8.3	3.3	7.7	3.2	11.7	2.6

- Sales tend to be higher in 2Q and 4Q, and this trend is particularly strong in the Japan control segment.

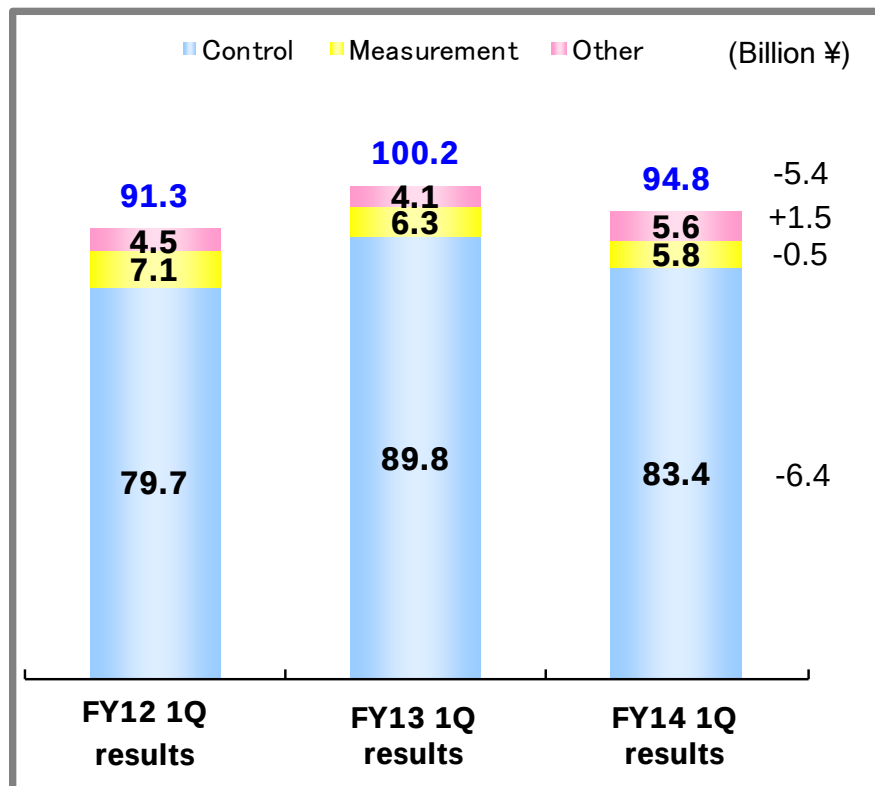
Non-operating / Extraordinary Income and Expenses

(Billion ¥)

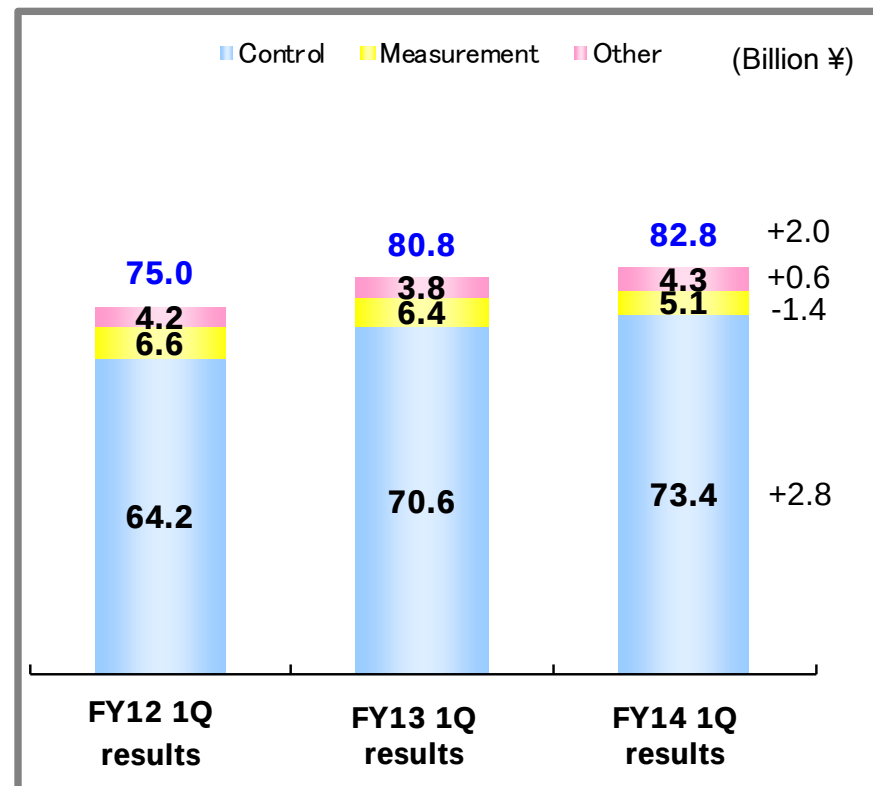
	FY13 1Q	FY14 1Q
Operating income	3.3	2.6
Non-operating income	1.1	0.9
Non-operating expenses	0.9	0.8
Ordinary income	3.5	2.7
Extraordinary income	0.1	0.3
Extraordinary expenses	0.1	0.1
Income before tax	3.5	2.9
Tax, etc.	2.0	1.8
Net income	1.5	1.1

FY12/FY13/FY14 Comparison for Orders and Sales by Segment

Orders



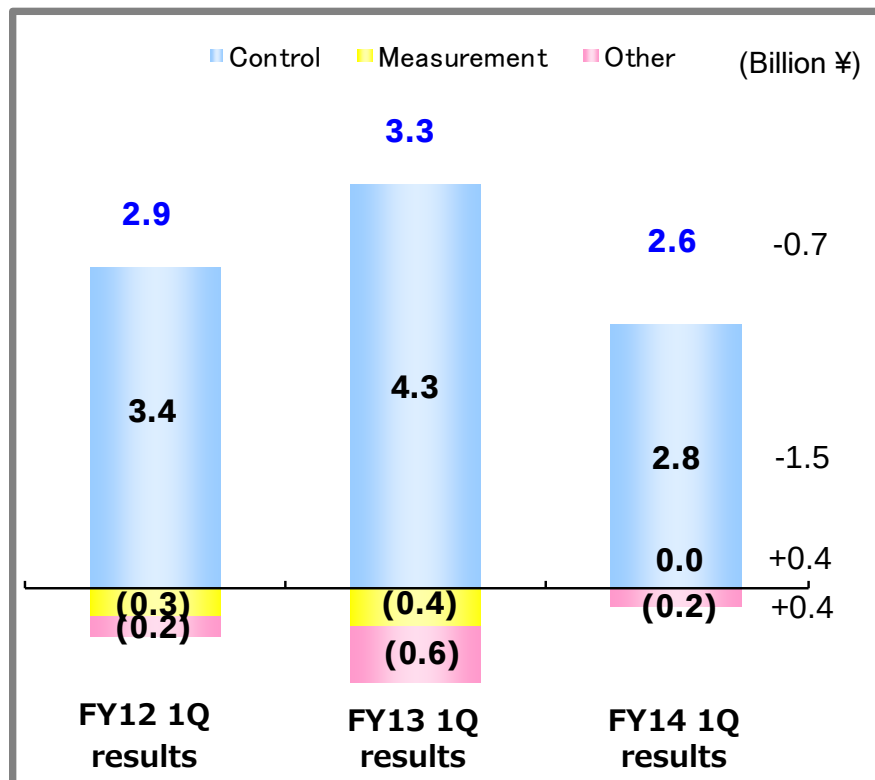
Sales



- Control: Although the mid- to long-term business environment is expected to remain robust due to increased energy-related investment, global orders were down from FY13 1Q. Net sales were up from FY13 1Q thanks mainly to the filling of the order backlog.
- Measurement: Both orders and sales were down from FY13 1Q due to the effects of the withdrawal from and sale of businesses up until the end of FY13.

FY12/FY13/FY14 Comparison for Operating Income by Segment

Operating income



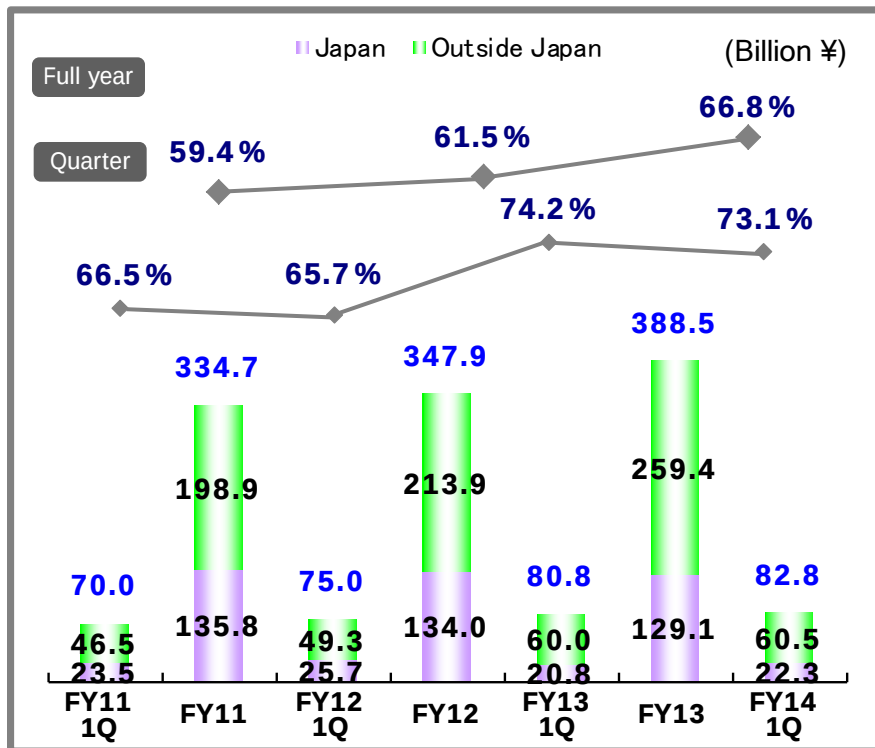
(Billion ¥)

	FY13 1Q results	FY14 1Q results	Difference
Control	4.3	2.8	(1.5)
Measurement	(0.4)	0.0	0.4
Other	(0.6)	(0.2)	0.4
Total	3.3	2.6	(0.7)

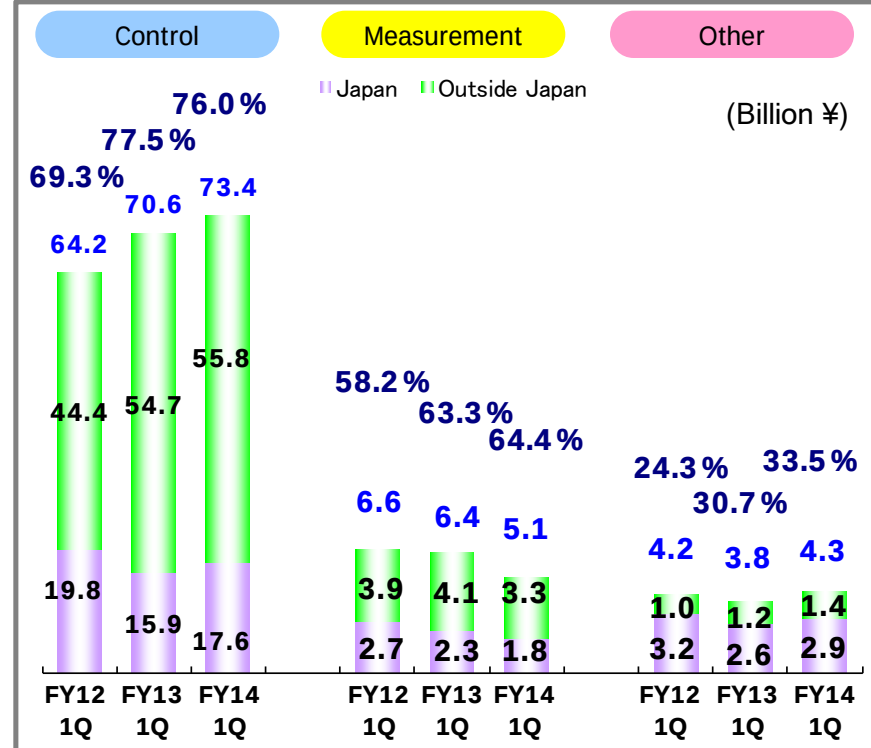
- Control: Operating income was down from FY13 1Q due to factors such as an increase in SG&A expenses as a result of investments that the company made to prepare for future growth.
- Measurement: For the first time since FY04, operating income was recorded in the first quarter.

Trend of Global Sales

Total

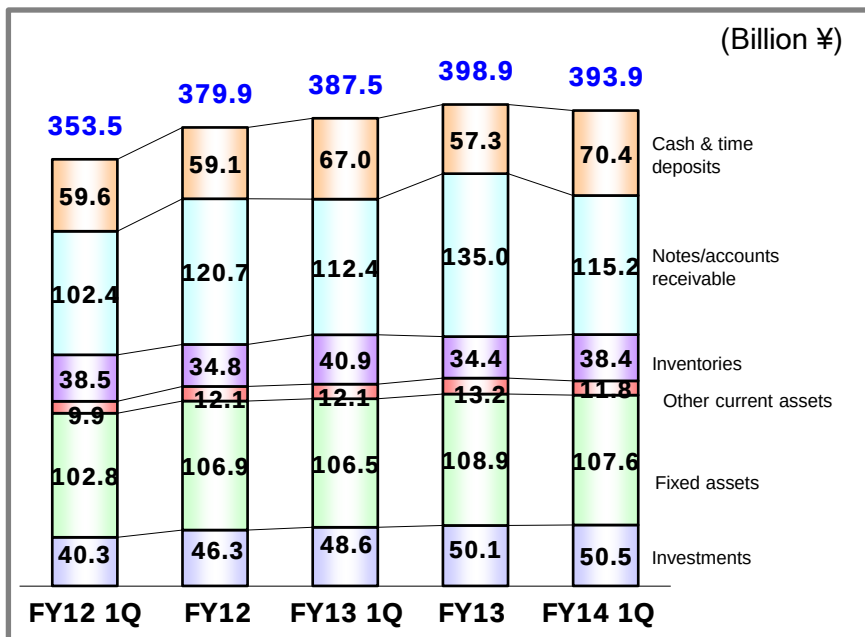


By segment



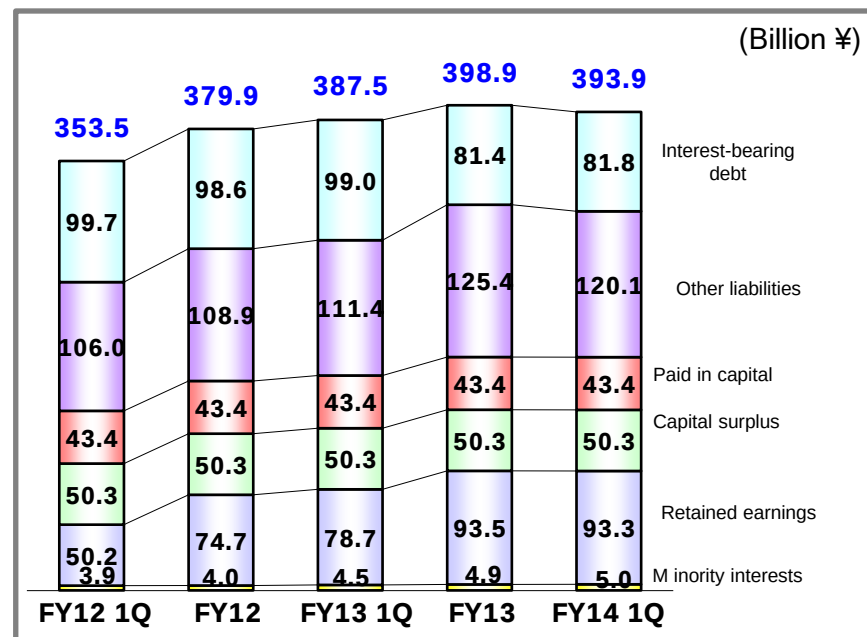
Trend of Balance Sheet

Assets



	FY12 1Q	FY12	FY13 1Q	FY13	FY14 1Q
Total asset turnover	-	0.94	-	1.00	-
Shareholders' equity ratio	40.7 %	44.3 %	44.5 %	46.9 %	47.5 %

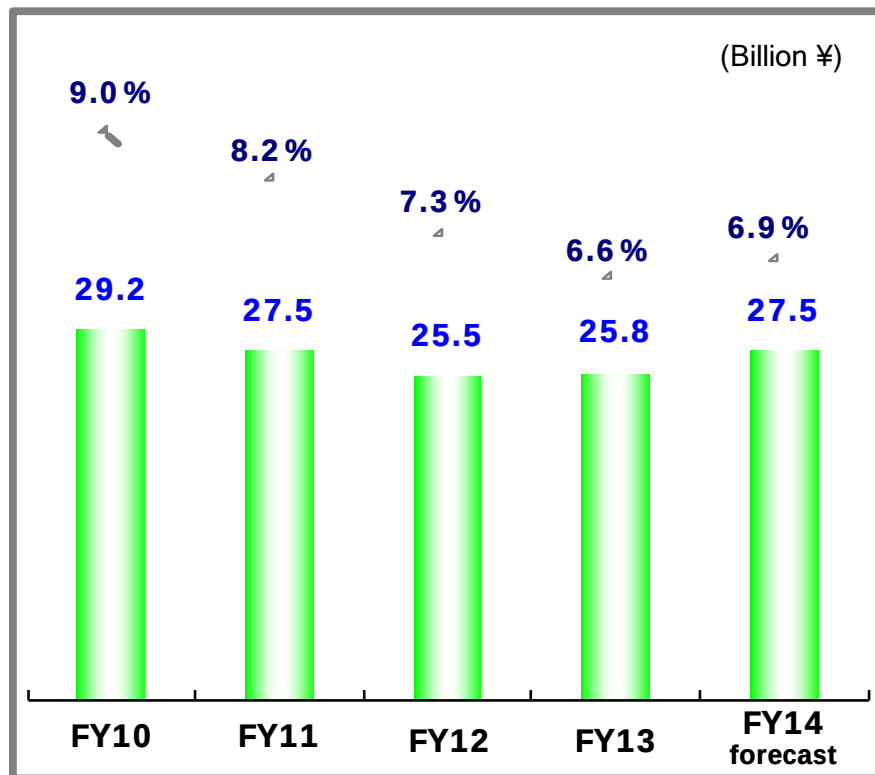
Liabilities and equity



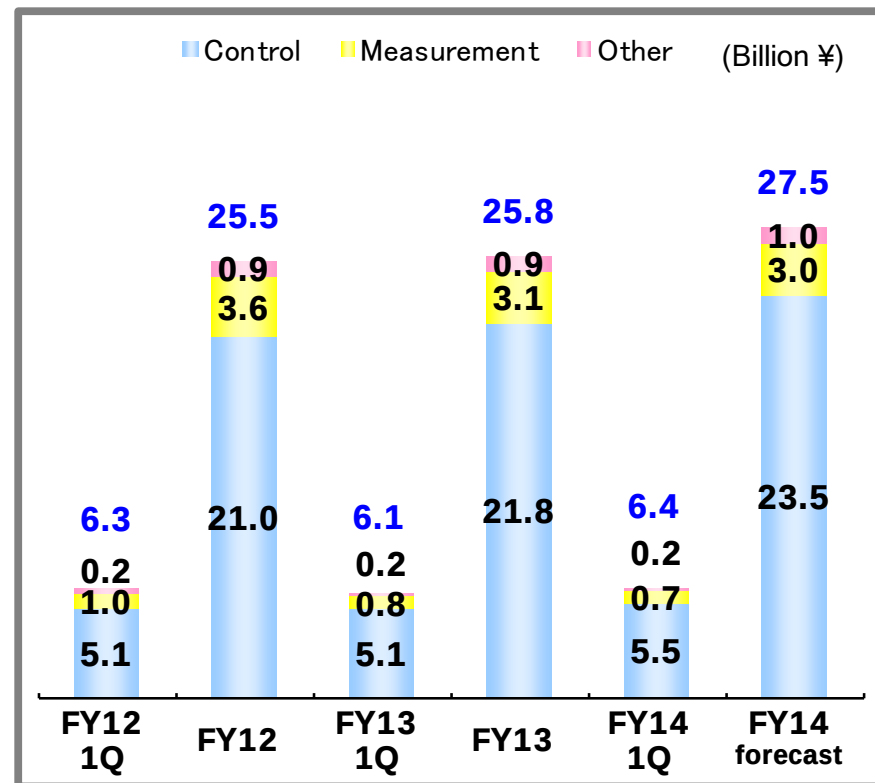
	FY12 1Q	FY12	FY13 1Q	FY13	FY14 1Q
Debt / equity ratio	69.2 %	58.6 %	57.4 %	43.5 %	43.8 %
Interest-bearing debt ratio	28.2 %	26.0 %	25.5 %	20.4 %	20.8 %

Trend of R&D Expenses

Total

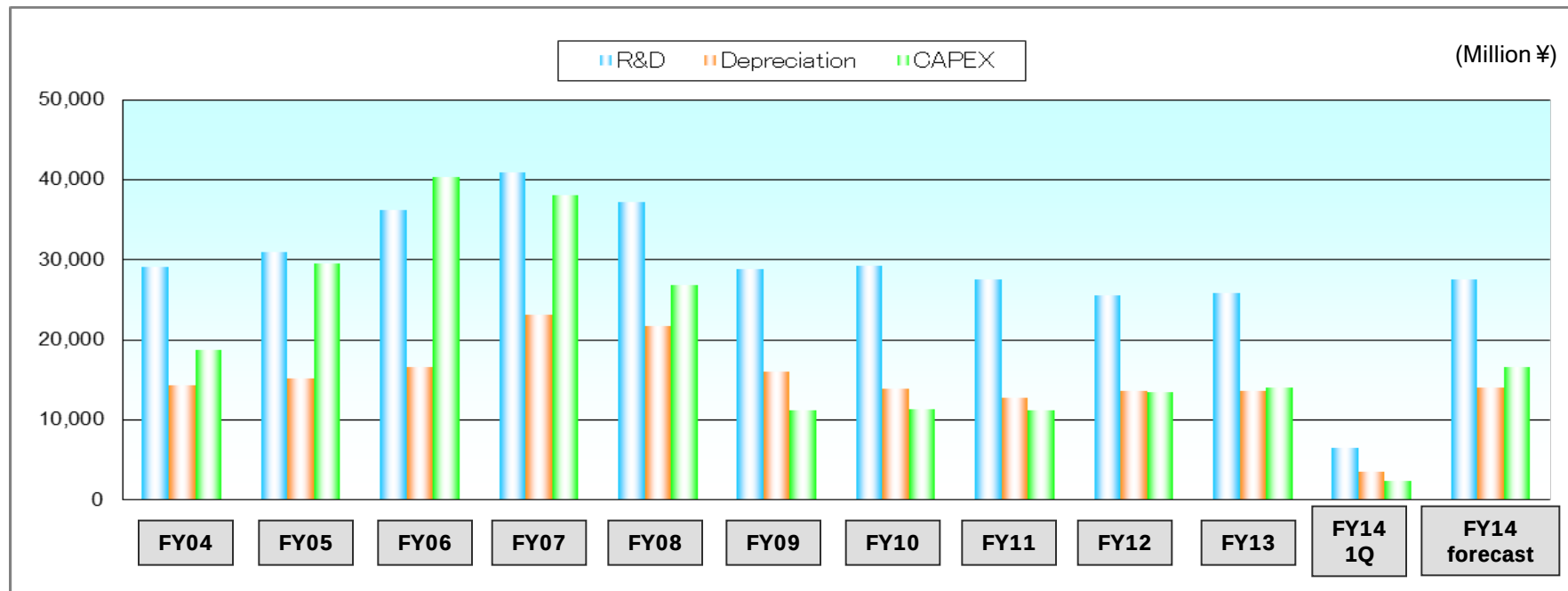


By Segment



- The FY14 forecasts are unchanged.

R&D Expenses, Depreciation, and CAPEX



(Million ¥)

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14 1Q	FY14 forecast
R&D expenses (% of sales)	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%	25,824 6.6%	6,446 7.8%	27,500 6.9%
Depreciation (% of sales)	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%	13,551 3.5%	3,331 4.0%	14,000 3.5%
CAPEX (% of sales)	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%	14,006 3.6%	2,365 2.9%	16,500 4.1%

(Billion ¥)

		FY13 results	FY14 forecast	Difference	Growth rate
Orders		406.0	417.0	11.0	2.7%
Sales		388.5	400.0	11.5	3.0%
Operating income		25.9	28.0	2.1	8.1%
Ordinary income		25.7	26.0	0.3	1.2%
Net income		12.3	14.0	1.7	13.4%
Exchange rate (¥)	1\$=	100.67	100.00	(0.67)	(0.1%)
	1€=	135.24	135.00	(0.24)	(0.2%)

- Since there are currently no factors that necessitate changes to the full-year forecast, the FY14 forecasts are unchanged.

June

- 16 Control system order for Lara supercritical coal-fired thermal plant in India – second consecutive order for a large NTPC project

July

- 3 Agreement with GasSecure on distribution of GasSecure's wireless gas detectors through Yokogawa's global sales network
- 18 Release of CENTUM[®] VP R5.04 integrated production control system with enhanced alarm and batch functions



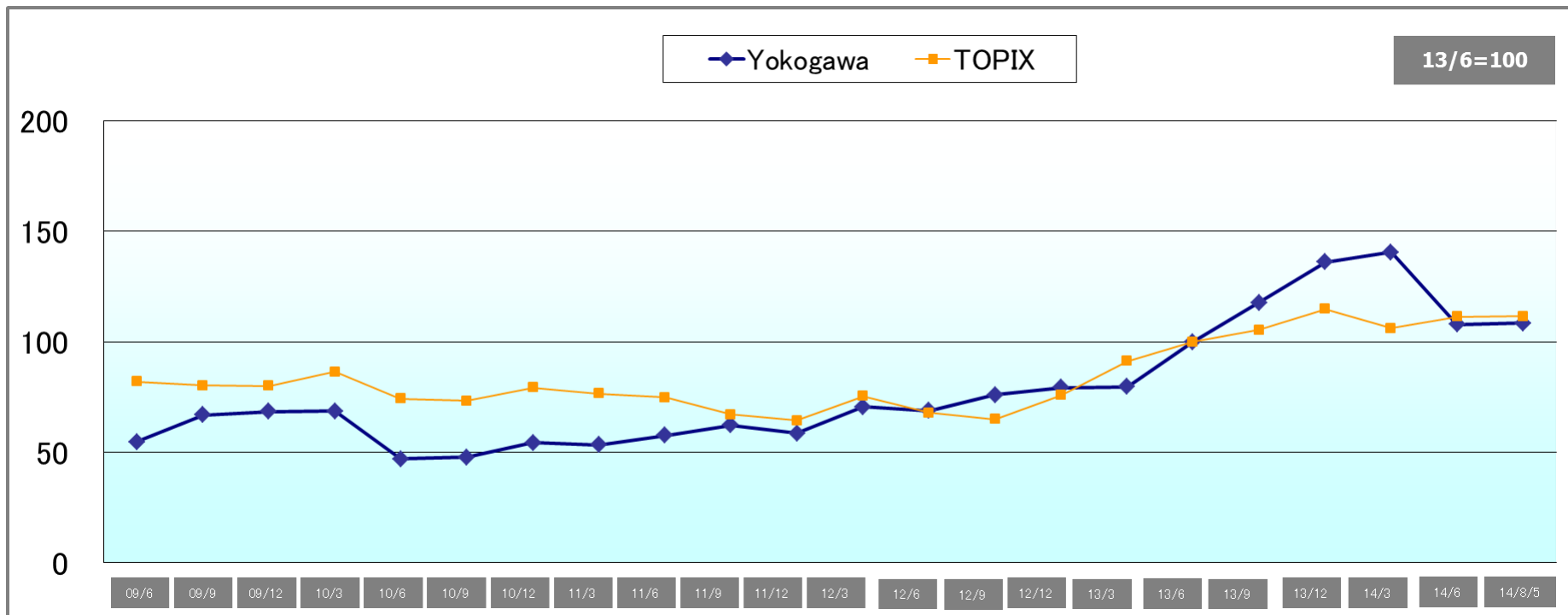
CENTUM[®] VP R5.04

August

- 5 Publishing of the Annual Report 2014
- 6 Control system order for unit 5 of Kamojang geothermal power plant in Indonesia

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

Trend of Stock Price



	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	13/12	14/3	14/6	14/8/5
Yokogawa	650	795	812	814	557	568	646	634	683	740	695	837	818	902	941	946	1,187	1,398	1,615	1,667	1,281	1,288
TOPIX	930	910	908	979	841	830	899	869	849	761	729	854	770	737	860	1,035	1,134	1,194	1,302	1,203	1,263	1,264

	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	13/12	14/3	14/6	14/8/5
Yokogawa	55	67	68	69	47	48	54	53	58	62	59	71	69	76	79	80	100	118	136	140	108	109
TOPIX	82	80	80	86	74	73	79	77	75	67	64	75	68	65	76	91	100	105	115	106	111	111

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.

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