

Yokogawa Electric Corporation

Financial Results for 3rd Quarter of Fiscal Year 2014

January 30, 2015

Hiroshi Suzuki, Senior Vice President
Corporate Administration & Marketing Headquarters

① Summary of FY14 1Q-3Q Financial Results	
Analysis of Operating Income	
Trend of Global Sales	
Trend of Balance Sheet	P.2
② FY14 Forecast (no change from 1H)	P.10
③ R&D Expenses, Depreciation, CAPEX	P.14
④ Trend of Stock Price	P.15
⑤ News (October 31 to January 29)	P.16

Summary of FY14 1Q-3Q Results

- Orders were down from FY13 1Q-3Q largely because there were fewer large projects (impact of exchange rate: ¥9.6 billion increase).
- Sales were up from FY13 1Q-3Q, thanks mainly to continuing efforts to fill a backlog of orders for the control segment (impact of exchange rate: ¥8.7 billion increase).
- Operating income was up from FY13 1Q-3Q, due to higher sales for the control segment outside Japan and the weak yen.
- Ordinary income was up from FY13 1Q-3Q, chiefly due to foreign exchange gains.
- Net income was up from FY13 1Q-3Q, chiefly due to the recording of gains on the sale of investment securities.
- The full-year forecast for the Group's net income and dividend has not yet been finalized for the following reasons:
 - Approximately ¥9.3 billion in extraordinary income from the planned March 2015 sale of leasehold rights and buildings is expected to be recorded in FY14 4Q.
 - It is not yet possible to assess certain voluntary retirement program expenses that will be recorded as extraordinary losses.

(Billion ¥)

		FY13 1Q-3Q	FY14 1Q-3Q	Difference	Growth rate
Orders		310.6	303.2	(7.4)	-2.3%
Sales		270.3	281.2	10.9	4.1%
Operating income		14.2	16.5	2.3	16.0%
Ordinary income		14.0	18.3	4.3	30.2%
Net income		7.0	12.9	5.9	84.5%
Exchange rate (¥)	1\$=	100.03	107.70	7.67	—
	1€=	133.56	140.34	6.78	

Analysis of Operating Income (FY13 1Q-3Q/FY14 1Q-3Q)

YOKOGAWA ◆

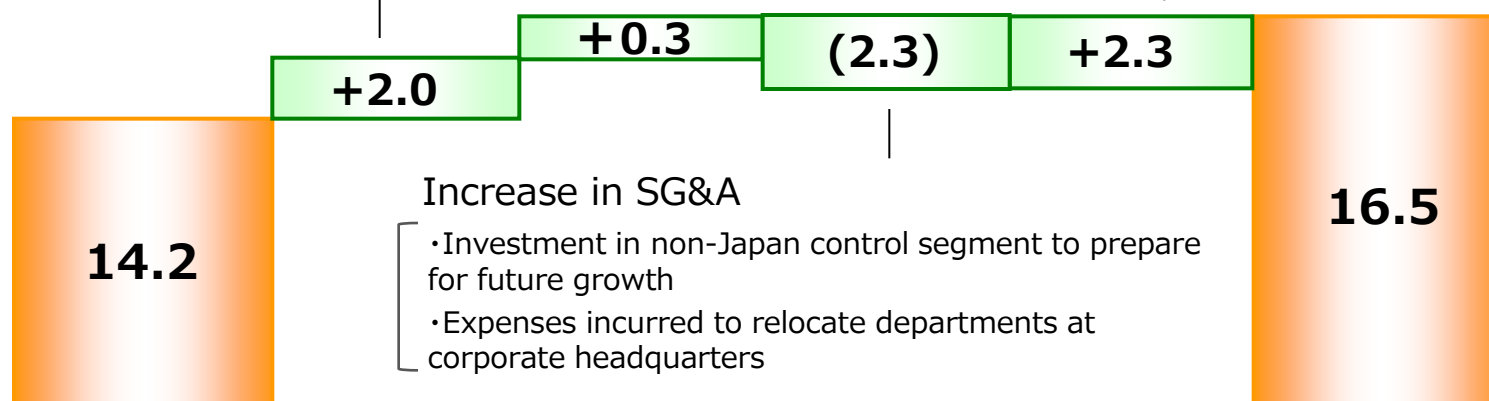
(Billion ¥)

Exchange rate (¥)

	FY13 1Q-3Q	FY14 1Q-3Q
US\$	100.03	107.70
€	133.56	140.34

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

Higher gross margin



**FY13 1Q-3Q
operating income**

**FY14 1Q-3Q
operating income**

Quarterly Financial Results/Budget

YOKOGAWA ◆

(Billion ¥)

	FY13				FY14				
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q forecast	Total forecast
Orders	100.2	115.9	94.5	95.4	94.8	110.5	97.9	113.8	417.0
Sales	80.8	98.8	90.7	118.2	82.8	101.6	96.8	118.8	400.0
Operating income	3.3	7.7	3.2	11.7	2.6	7.7	6.2	11.5	28.0

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

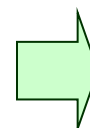
Non-operating / Extraordinary Income and Expenses

(Billion ¥)

	FY13 1Q-3Q	FY14 1Q-3Q
Operating income	14.2	16.5
Non-operating income	2.8	3.9
Non-operating expenses	3.0	2.1
Ordinary income	14.0	18.3
Extraordinary income	0.2	1.1
Extraordinary expenses	1.0	0.3
Income before tax	13.2	19.1
Tax, etc.	6.2	6.2
Net income	7.0	12.9



FY14: Foreign exchange gains: ¥1.9 billion



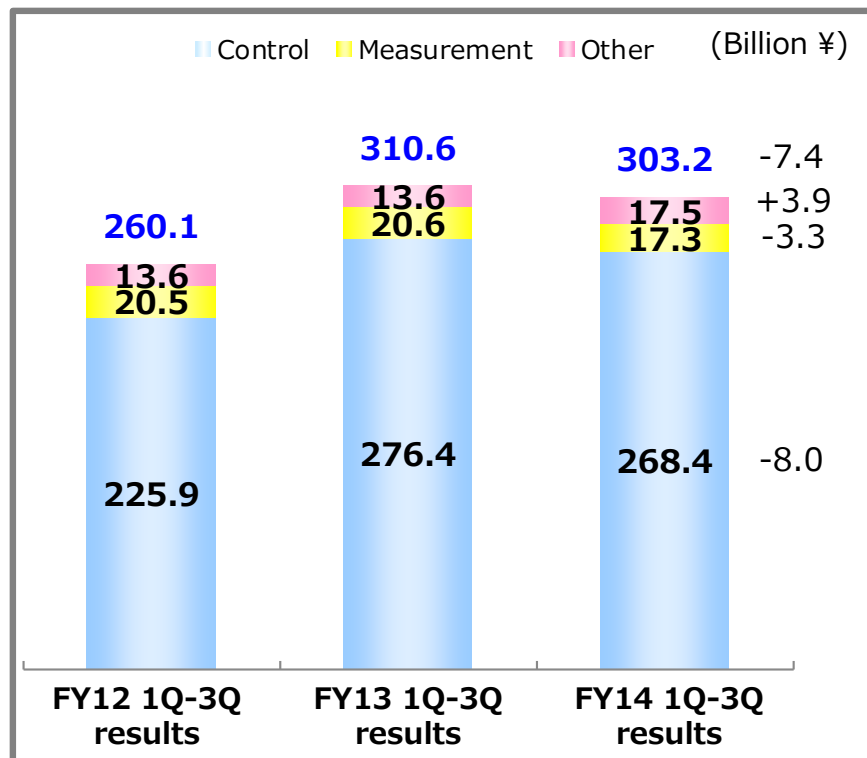
FY14: Extraordinary income on sale of investment securities: ¥0.8 billion



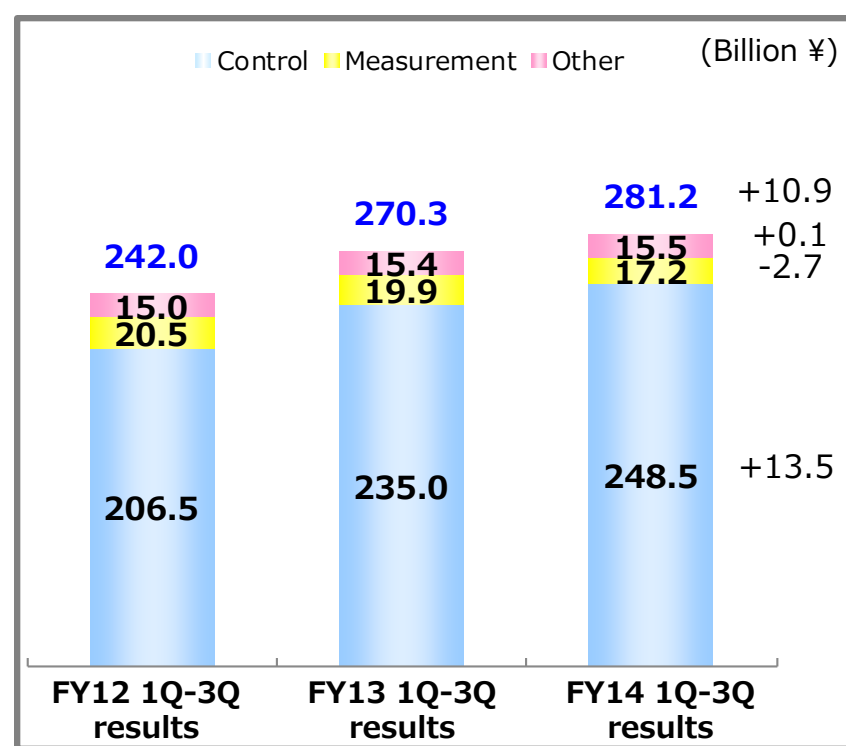
FY14: Decline in effective tax rate due to increase in non-Japan income

FY13/FY14 Comparison for Orders and Sales by Segment

Orders



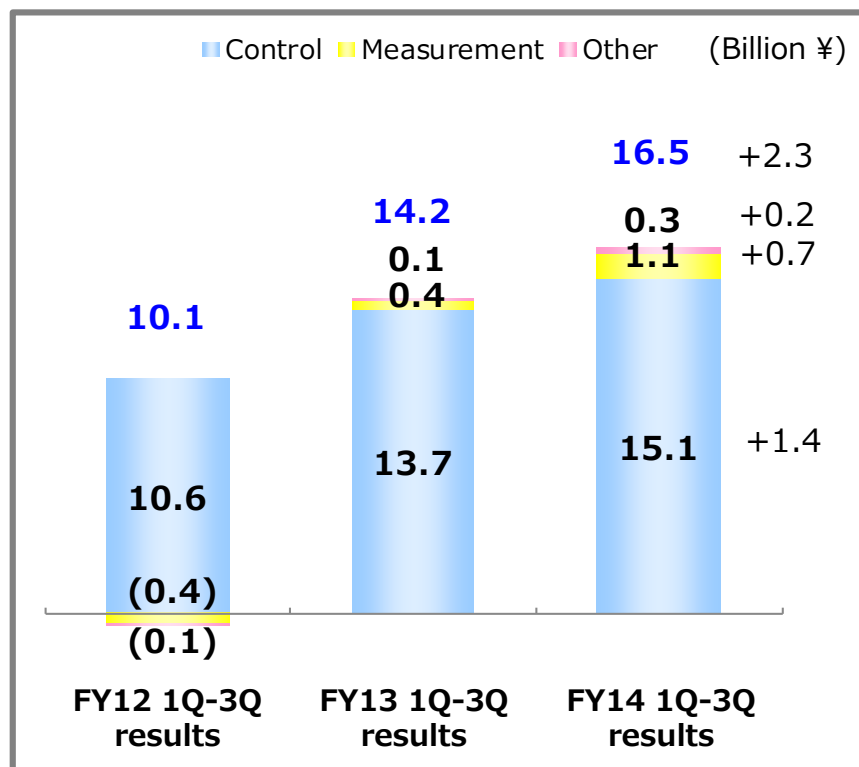
Sales



- Control: Orders were lower than FY13 1Q-3Q largely because there were fewer large projects. Net sales were up from FY13 1Q-3Q thanks mainly to the filling of a backlog of orders.
- Measurement: Both orders and sales were down from FY13 1Q-3Q due to the withdrawal from businesses.

FY13/FY14 Comparison for Operating Income by Segment

Operating income



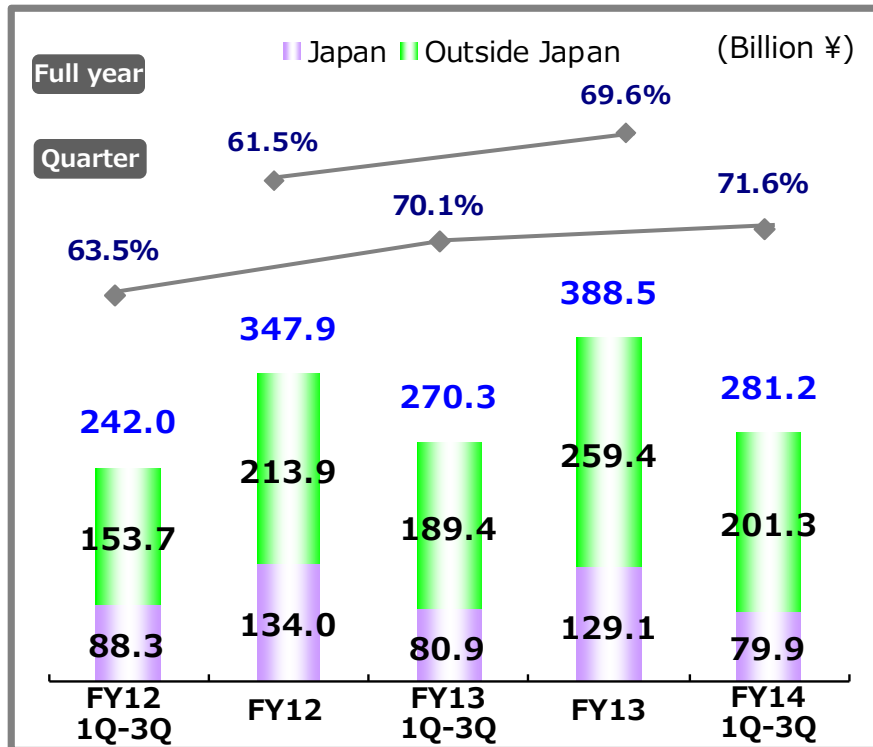
(Billion ¥)

	FY13 1Q-3Q results	FY14 1Q-3Q results	Difference
Control	13.7	15.1	1.4
Measurement	0.4	1.1	0.7
Other	0.1	0.3	0.2
Total	14.2	16.5	2.3

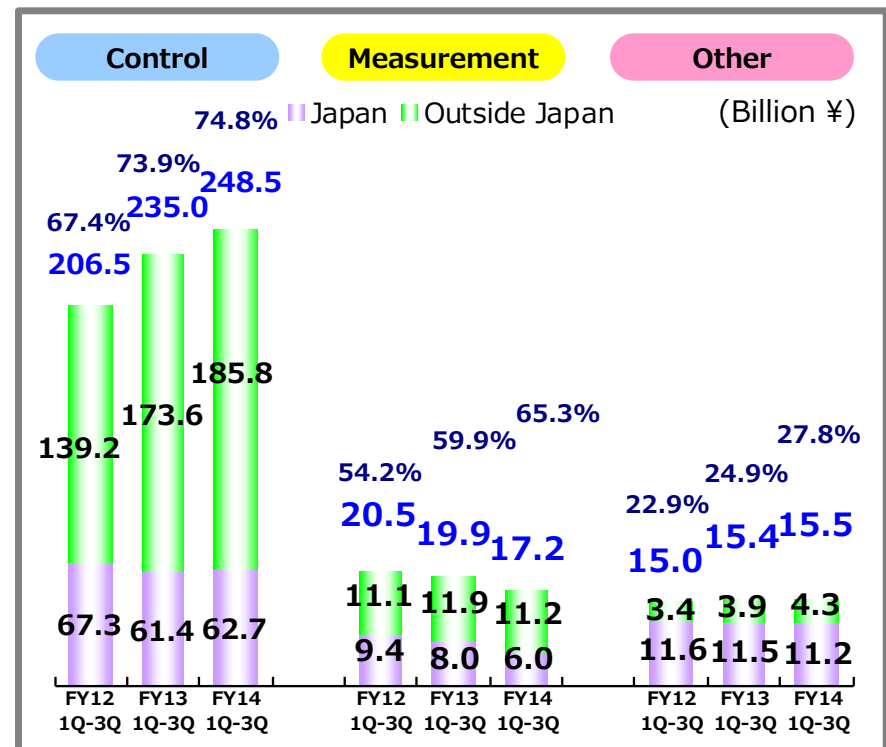
- Control: Operating income was up from FY13 1Q-3Q mainly due to higher sales and the weak yen.
- Measurement: Despite the lower sales, operating income was up from FY13 1Q-3Q as lower costs were incurred for businesses that had been discontinued.

Trend of Global Sales

Total

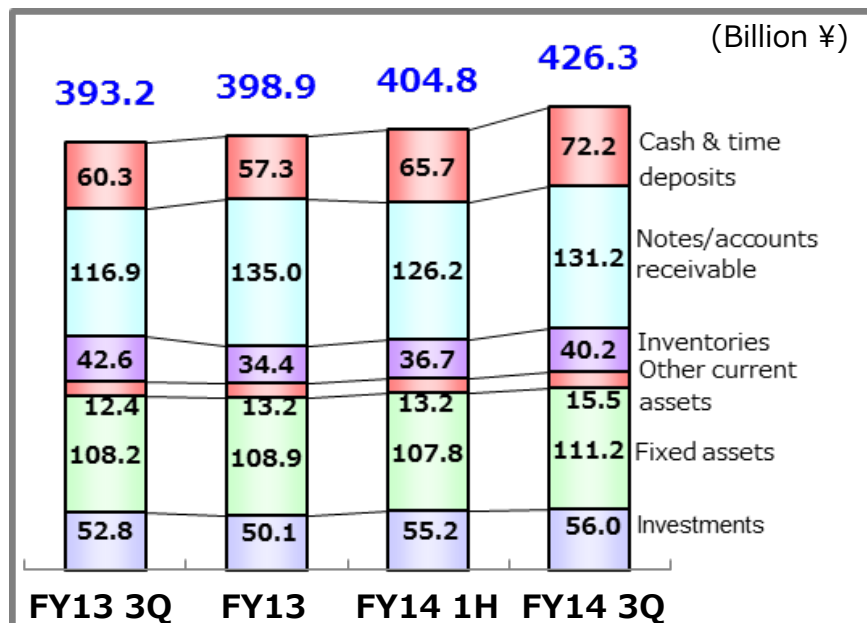


By segment



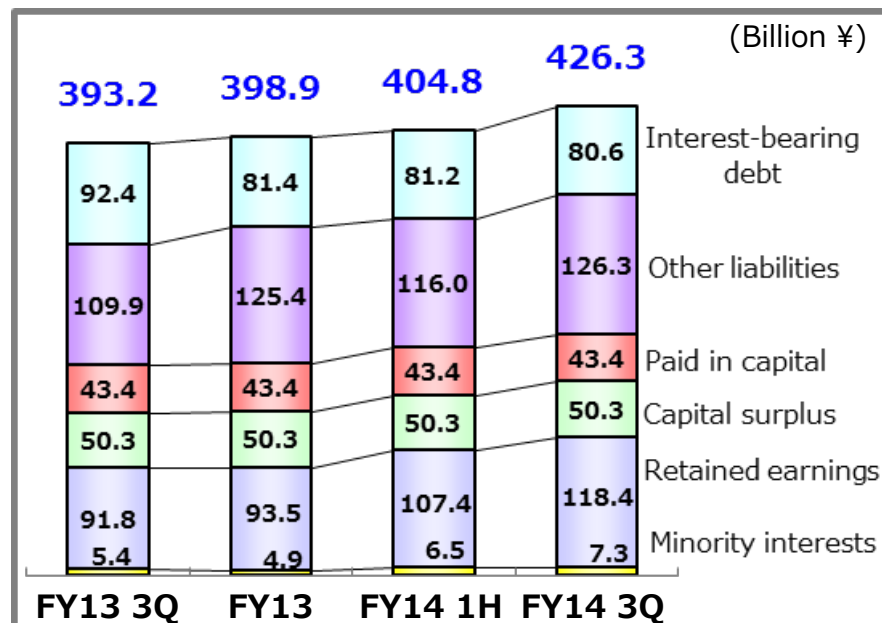
Trend of Balance Sheet

Assets



	FY13 3Q	FY13	FY14 1H	FY14 3Q
Total asset turnover	-	1.00	0.99	-
Shareholders' equity ratio	47.2%	46.9%	49.7%	49.7%

Liabilities and equity



	FY13 3Q	FY13	FY14 1H	FY14 3Q
Debt/equity ratio	49.8%	43.5%	40.4%	38.0%
Interest-bearing debt ratio	23.5%	20.4%	20.1%	18.9%

FY14 Forecast

YOKOGAWA ◆

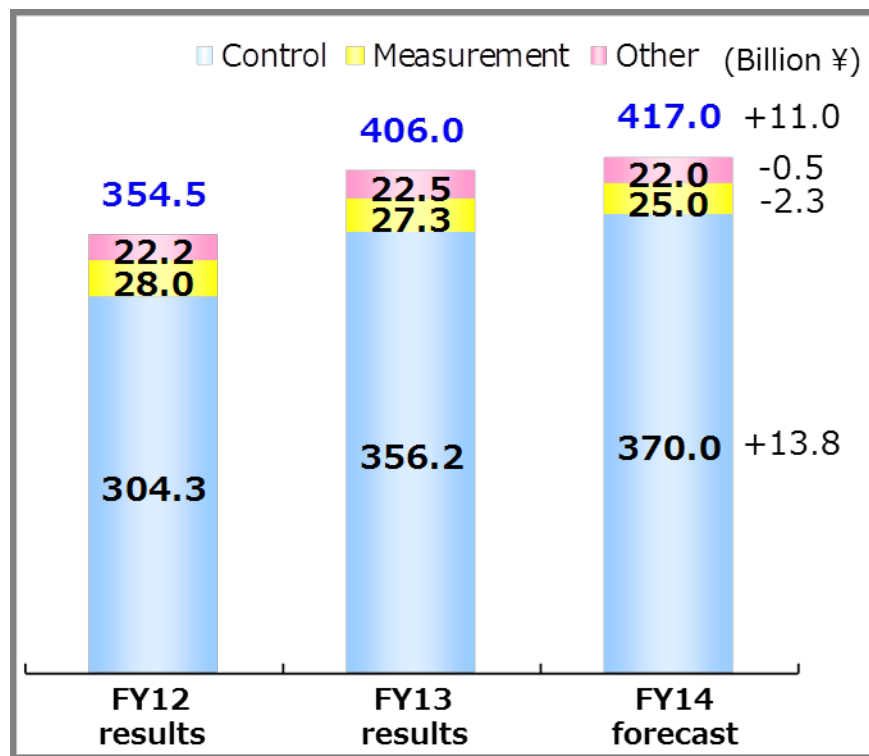
(Billion ¥)

		FY13 results (A)	FY14 forecast (5/13)(B)	FY14 forecast (10/31)(C)	Difference (C-A)	Difference (C-B)
Orders		406.0	417.0	417.0	11.0	0
Sales		388.5	400.0	400.0	11.5	0
Operating income		25.9	28.0	28.0	2.1	0
Ordinary income		25.7	26.0	26.0	0.3	0
Net income		12.3	14.0	Not finalized	-	-
Exchange rate (¥)	1\$=	100.67	100.00	100.00	-0.67	-
	1€=	135.24	135.00	135.00	-0.24	-

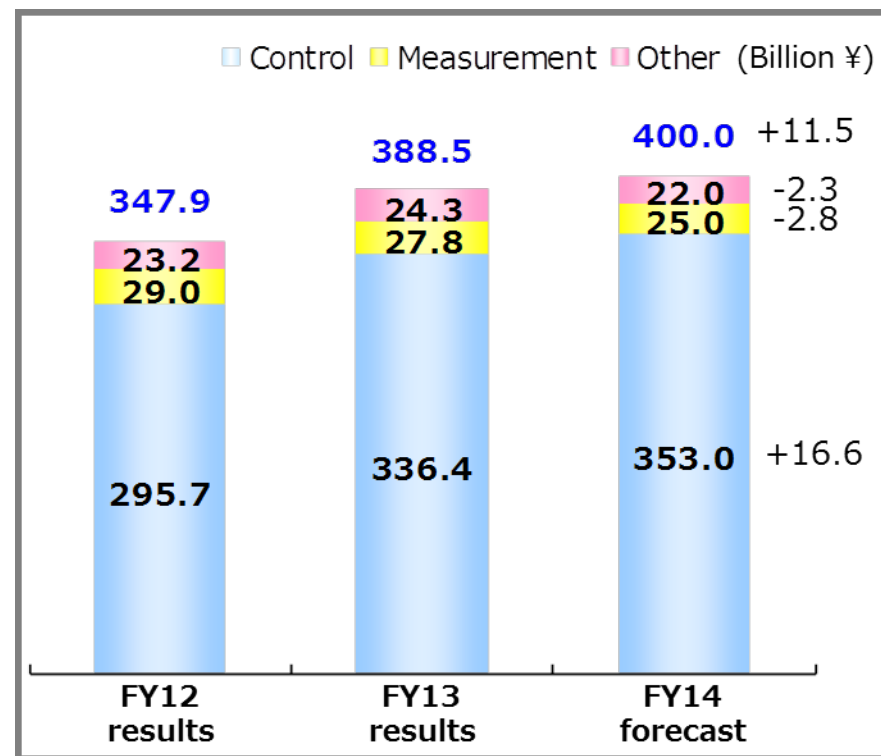
- There is no change to the previously announced full-year forecast for the Group's orders, sales, operating income, and ordinary income.
- We have resolved to sell some of our leasehold rights and buildings in March 2015 and will record the resultant extraordinary income of about ¥9.3 billion in FY14 4Q. However, we are delaying our announcement of a full-year forecast for net income because it is not yet possible to assess certain voluntary retirement program expenses that will be recorded as an extraordinary loss.

FY14 Forecast for Orders and Sales by Segment

Orders



Sales

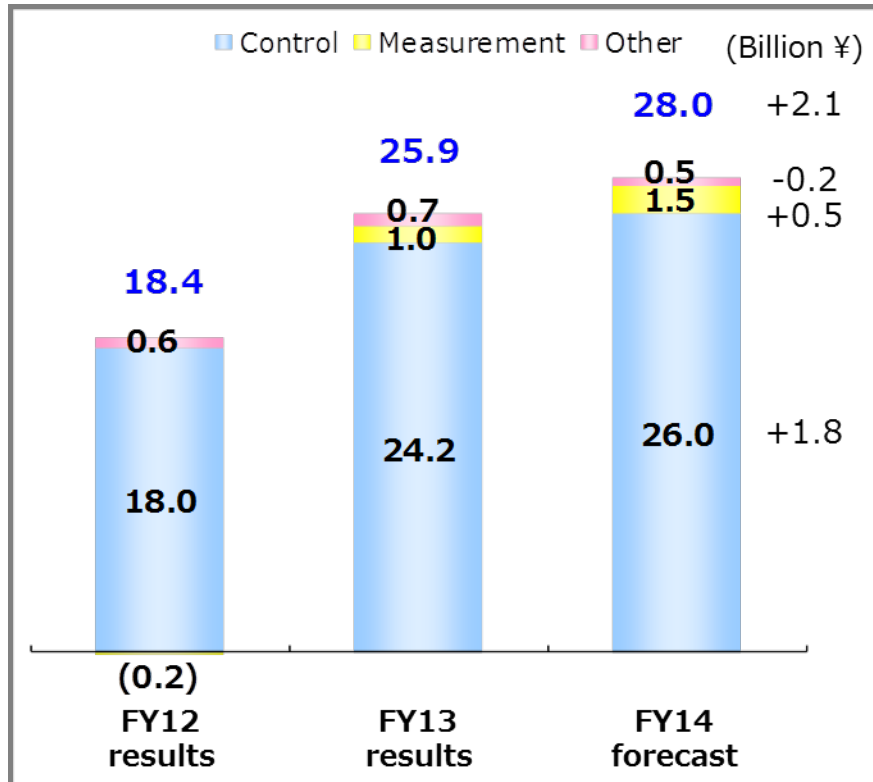


- There has been no change to the May 13 forecast for FY14 .

FY14 Forecast for Operating Income by Segment

Operating Income

(Billion ¥)

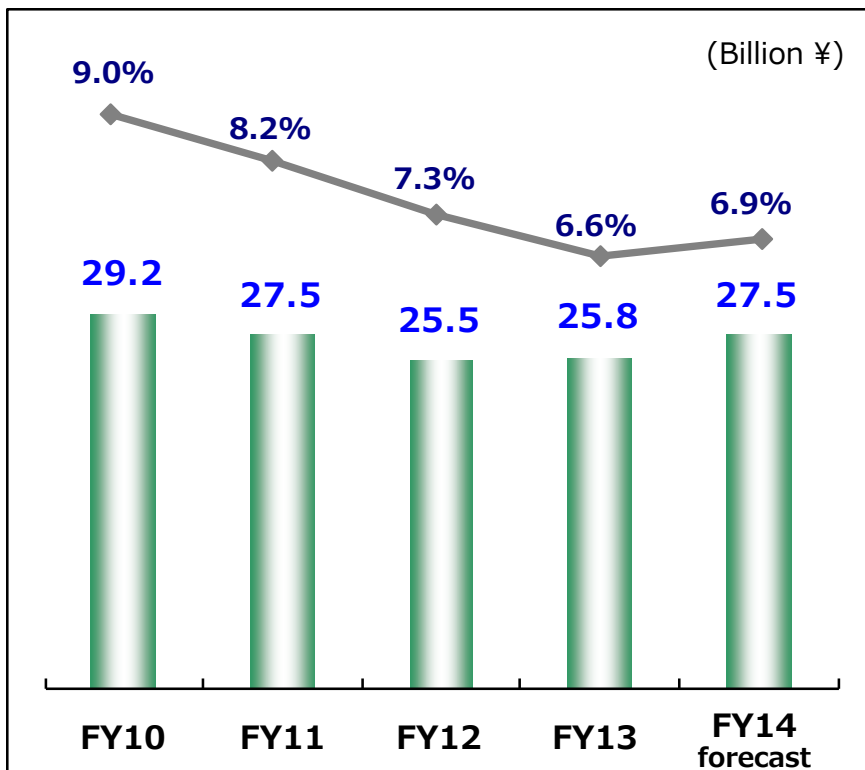


	FY13 results	FY14 forecast	Difference
Control	24.2	26.0	1.8
Measurement	1.0	1.5	0.5
Other	0.7	0.5	(0.2)
Total	25.9	28.0	2.1

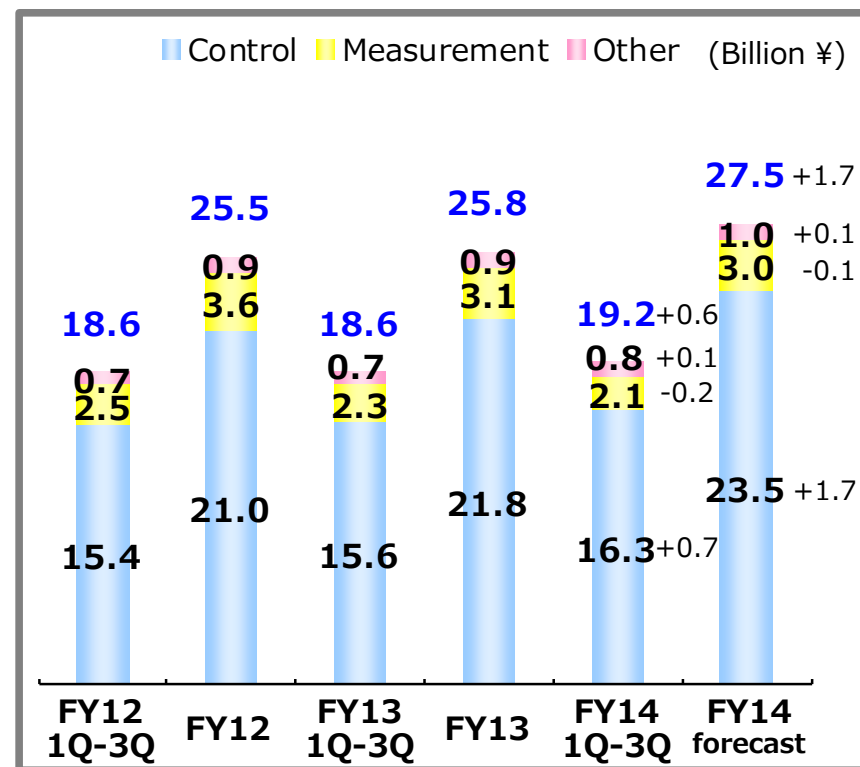
- There has been no change to the May 13 forecast for FY14.

Trend of R&D Expenses

Total

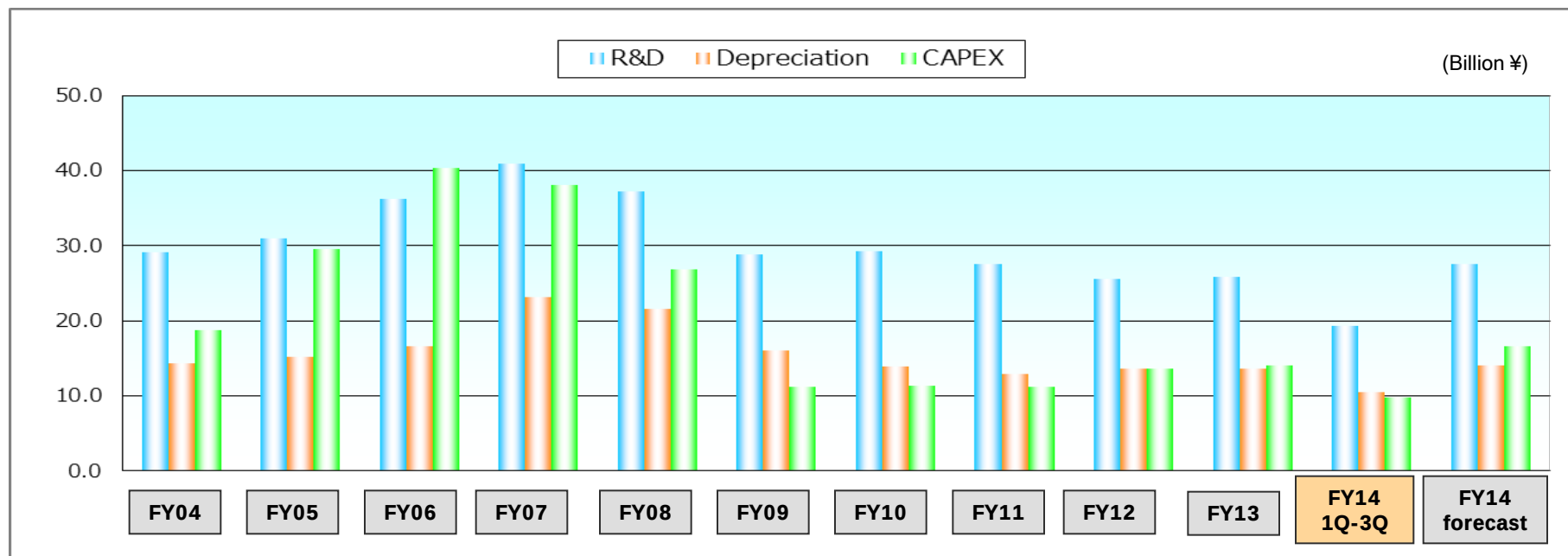


By Segment



- There has been no change to the May 13 R&D budget for FY14 .

R&D Expenses, Depreciation, and CAPEX

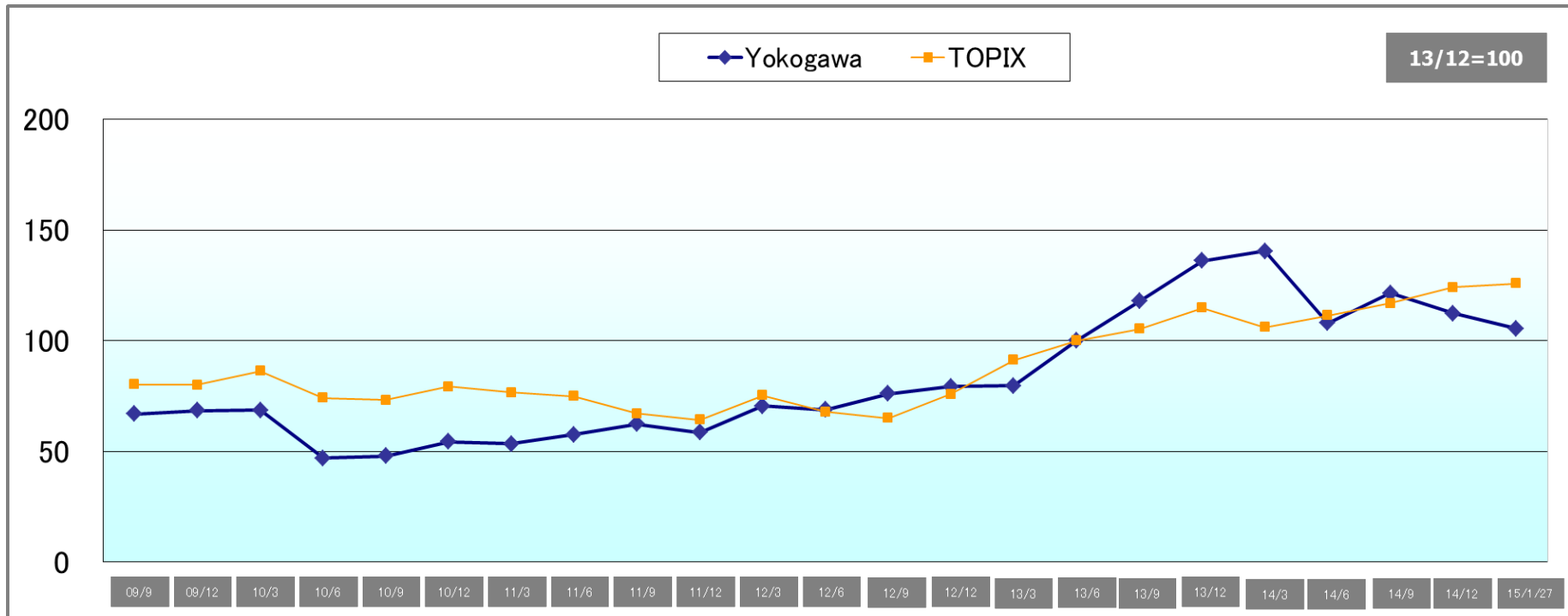


(Billion ¥)

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14 1Q-3Q	FY14 forecast
R&D expenses (% of sales)	7.5%	8.0%	8.4%	9.3%	9.9%	9.1%	9.0%	8.2%	7.3%	6.6%	6.8%	6.9%
Depreciation (% of sales)	3.7%	3.9%	3.8%	5.3%	5.7%	5.1%	4.2%	3.8%	3.9%	3.5%	3.7%	3.5%
CAPEX (% of sales)	4.8%	7.6%	9.3%	8.7%	7.1%	3.5%	3.5%	3.3%	3.9%	3.6%	3.4%	4.1%

- The May 13 R&D, depreciation, and CAPEX budgets for FY14 are all unchanged.

Trend of Stock Price



	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	14/9	14/12	15/1/27
Yokogawa	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	1,442	1,333	1,251
TOPIX	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	1,326	1,407	1,426

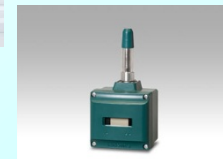
	09/9	09/12	10/3	10/6	10/9	10/12	11/3	11/6	11/9	11/12	12/3	12/6	12/9	12/12	13/3	13/6	13/9	13/12	14/3	14/6	14/9	14/12	15/1/27
Yokogawa	67	68	69	47	48	54	53	58	62	59	71	69	76	79	80	100	118	136	140	108	121	112	105
TOPIX	80	80	86	74	73	79	77	75	67	64	75	68	65	76	91	100	105	115	106	111	117	124	126

November

- Release of CENTUM[®] VP R6.01 integrated production control system
- Release of multi-function wireless adaptor that allows wired field instruments to function as ISA100 Wireless[™] devices
- Completion of FEED as main automation contractor for PETRONAS' RAPID project in Malaysia



CENTUM VP R6.01



Multi-function
wireless adaptor

December

- Control system order from Petro China Yunnan Petrochemical Co., Ltd. for large oil refinery in Southwestern China
- Establishment of Yokogawa Analytical Solutions in Malaysia

January

- Control systems order for Thai Binh coal-fired thermal power plant in Vietnam

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.

IR Group, Corporate Communication Department
Yokogawa Electric Corporation

Email: Yokogawa_Electric_IR6841@cs.jp.yokogawa.com

Phone: +81-422-52-5530

URL: <http://www.yokogawa.com/pr/ir/index.htm>



