

Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2015 (Japan GAAP)

January 30, 2015

Name of Listed Company: Yokogawa Electric Corporation (the “Company” herein)
 Stock Exchanges Where the Company’s Shares Are Listed: Tokyo Stock Exchange, Section 1
 Stock Code: 6841 (URL: <http://www.yokogawa.com/>)
 Name and Position of the Representative: Takashi Nishijima, President and Chief Operating Officer
 Name and Position of Person in Charge: Sadamu Kawanaka, General Manager of Corporate Communication Department
 Telephone Number: +81-422-52-5530
 Planned Quarterly Report Filing Date: February 12, 2015
 Planned Dividend Payment Starting Date: -
 Quarterly Financial Results Supplemental Materials: Yes
 Quarterly Financial Results Presentation Meeting: Yes (for institutional investors)

(Any amount less than one million yen is disregarded.)

1. Consolidated business results for the first three quarters of the year ending March 31, 2015 (April 1-December 31, 2014)

(1) Results of operations on a consolidated basis (accumulated)

(Percentages show the change from the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For first three quarters of year ending March 31, 2015	281,237	4.1	16,520	16.0	18,265	30.2	12,858	84.5
For first three quarters of year ended March 31, 2014	270,257	11.7	14,242	40.7	14,024	56.9	6,969	-15.3

(Note) Comprehensive income: For first three quarters of year ending March 31, 2015 29,841 million yen (39.1%)
 For first three quarters of year ended March 31, 2014 21,458 million yen (63.3%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
For first three quarters of year ending March 31, 2015	49.93	—
For first three quarters of year ended March 31, 2014	27.06	—

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders’ Equity Ratio
	Million yen	Million yen	%
As of December 31, 2014	426,319	219,242	49.7
As of March 31, 2014	398,920	192,106	46.9

(Note) Shareholders’ equity: As of December 31, 2014: 211,930 million yen As of March 31, 2014: 187,255 million yen

2. Dividend status

	Dividends per Share				
	June 30	September 30	December 31	End of Term	Total
	Yen	Yen	Yen	Yen	Yen
For year ended March 31, 2014	—	6.00	—	6.00	12.00
For year ending March 31, 2015	—	6.00	—		
For year ending March 31, 2015 (forecast)				Not finalized	Not finalized

(Note) Adjustment on dividend forecast in this quarter: No

The plan for a yearly dividend for the year ending March 31, 2015 will be announced as soon as it is finalized.

3. Business forecast for the year ending March 31, 2015 (April 1, 2014-March 31, 2015)

(Percentages show the change from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	400,000	3.0	28,000	8.1	26,000	1.2	Not finalized	—	Not finalized

(Note) Adjustment on consolidated business forecast in this quarter: No

The net income forecast for the year ending March 31, 2015 will be announced as soon as it is finalized.

<Notes>

- (1) Changes to important subsidiaries during the period: No
(changes to consolidated subsidiaries accompanying changes to specific subsidiaries)
- (2) Application of special methods for quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, restatements
- a. Changes accompanying revision of accounting standards: No
 - b. Changes other than (a) above: No
 - c. Changes in accounting estimates: No
 - d. Restatements: No
- (4) Number of shares issued (common stock)
- a. Number of shares outstanding at the end of the period (including treasury stock)

For the 3rd quarter of the year ending March 31, 2015	268,624,510 shares
For the year ended March 31, 2014	268,624,510 shares
 - b. Treasury stock at the end of the period

For the 3rd quarter of the year ending March 31, 2015	11,087,709 shares
For the year ended March 31, 2014	11,085,537 shares
 - c. Average number of shares in the period (quarterly consolidated accumulated period)

For the 3rd quarter of the year ending March 31, 2015	257,538,002 shares
For the 3rd quarter of the year ended March 31, 2014	257,542,727 shares

Note regarding the implementation of the quarterly review procedures

This quarterly consolidated financial results report is not subject to the quarterly review procedures specified in the Financial Instruments and Exchange Act. A review of the quarterly financial statements based on the Act is not completed before the release of the quarterly consolidated financial results.

Note concerning appropriate use of business forecasts, etc.

The above forecasts are based on the information that was available at the time this document was released and involve assumptions regarding uncertain factors that may have an effect on future performance. Actual performance may vary greatly due to a variety of factors.

Quarterly Financial Results Presentation Meeting

The Company plans to hold a quarterly financial results presentation meeting for institutional investors on Friday, January 30, 2015. The Company also plans to promptly post on its website the materials that are used at the meeting,

Attachment
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1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation of business results

This section reviews the performance of the Yokogawa Group for the first three quarters of the current fiscal year, from April 1, 2014 to December 31, 2014.

The global economy continued to recover slowly, but a plunge in oil prices, geopolitical events, and other factors was a cause for rising concern. In Japan, although corporations have reported improved results thanks to bold government fiscal and monetary policies that led to a weaker yen and rising stock prices, economic recovery is proceeding at only a gradual pace.

Under these circumstances, the Group continued to strive for growth based on its Evolution 2015 mid-term business plan by targeting the industrial automation and control business, with a particular focus on the most active energy- and materials-related market segments.

As a result, and mainly due to efforts to fill a backlog of orders for the industrial automation and control business, the Group's net sales in the first three quarters of the current fiscal year rose to 281.237 billion yen, up 10.979 billion yen year on year. Operating income also rose to 16.520 billion yen, up 2.278 billion yen year on year.

Ordinary income came to 18.265 billion yen, up 4.240 billion yen year on year, mainly thanks to increased foreign exchange gains and decreased interest payments, as well as the increased operating income. Net income totaled 12.858 billion yen, up 5.889 billion yen, chiefly due to the recording of gains on the sale of investment securities.

Results by individual segment are outlined below.

The Group's sales tend to increase in the second and fourth quarters, and this is particularly the case with the industrial automation and control business.

Industrial Automation and Control Business

Although the business is expected to remain robust in the mid- to long-term due to increases in energy-related investment, global orders for the industrial automation and control business in the first three quarters of the current fiscal year were down from the same period a year ago. However, thanks mainly to the continuing efforts to fill a backlog of orders, net sales were up to 248.484 billion yen, a 13.520 billion yen year on year increase. Operating income came to 15.074 billion yen, up 1.408 billion yen, marking a turnaround from the year-on-year decrease that was recorded for the first two quarters. That decrease can be mainly attributed to a deteriorating gross margin ratio for the industrial automation and control business in Japan and an increase in selling, general and administrative expenses as the result of active investment for the future.

Test and Measurement Business

For the first three quarters of the current fiscal year, net sales for the test and measurement business fell 2.728 billion yen year on year, to 17.180 billion yen. This decline was primarily due to the effects of the withdrawal from and sale of businesses up until the end of the previous fiscal year. Operating income was 1.147 billion yen, up 734 million yen.

Other Businesses

In our other businesses segment, for the first three quarters of the current fiscal year, net sales were up 186 million yen from a year earlier, to 15.571 billion yen, and operating income increased by 135 million yen, to 298 million yen.

(2) Explanation of financial conditions

In comparison with the end of the previous fiscal year, total assets at the end of the third quarter of the current fiscal year were up 27.398 billion yen, to 426.319 billion yen, mainly due to an increase in cash and deposits. Total liabilities were up 262 million yen, to 207.076 billion yen, principally because of an increase in advances received and a decrease in the provision for bonuses. Net assets were up 27.136 billion yen, to 219.242 billion yen, chiefly due to an increase in retained earnings. As a result, the shareholders' equity ratio at the end of the third quarter of the current fiscal year was 49.7%, up 2.8 percentage points from the end of the previous fiscal year.

(3) Explanation of consolidated business forecast and other expectations

There is no change to the fiscal year 2014 consolidated business forecast that was announced on October 31, 2014.

On this date, it is being announced that 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 yen in the fourth quarter of the current fiscal year. However, the full-year forecast for the Group's net income has not yet been finalized; this is because we are soliciting applications from employees for a voluntary retirement program that was announced on September 2, 2014, and the associated expenses that are to be recorded as extraordinary losses are not yet known. As soon as the number of applicants is known and the expenses can be assessed, we will announce the revised full-year forecast.

2. Notes on Summary Information

Not applicable

3. Quarterly Consolidated Financial Statements
(1) Quarterly consolidated balance sheets

	Millions of yen	
	(Reference) End of FY2013 (March 31, 2014)	End of FY2014 3rd quarter (December 31, 2014)
Assets		
Current assets		
Cash and deposits	57,296	72,217
Notes and accounts receivable-trade	135,053	131,240
Merchandise and finished goods	15,686	18,053
Work in process	8,497	10,761
Raw materials and supplies	10,260	11,344
Other	17,106	20,106
Allowance for doubtful accounts	(3,918)	(4,612)
Total current assets	239,983	259,112
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	47,987	51,311
Other, net	34,629	34,159
Total property, plant and equipment	82,616	85,471
Intangible assets		
Software	19,315	17,845
Other	6,929	7,876
Total intangible assets	26,245	25,721
Investments and other assets		
Investment securities	40,260	47,376
Other	10,261	8,880
Allowance for doubtful accounts	(446)	(243)
Total investments and other assets	50,075	56,013
Total noncurrent assets	158,937	167,207
Total assets	398,920	426,319

Millions of yen

	(Reference) End of FY2013 (March 31, 2014)	End of FY2014 3rd quarter (December 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	32,461	26,265
Short-term loans payable	19,286	19,619
Accounts payable-other	10,265	8,033
Income taxes payable	4,665	3,063
Advances received	28,581	38,762
Provision for bonuses	13,481	6,800
Other	27,090	31,099
Total current liabilities	135,833	133,645
Noncurrent liabilities		
Long-term loans payable	62,120	60,997
Net defined benefit liability	2,895	3,877
Other	5,964	8,556
Total noncurrent liabilities	70,980	73,431
Total liabilities	206,814	207,076
Net assets		
Shareholders' equity		
Capital stock	43,401	43,401
Capital surplus	50,344	50,344
Retained earnings	100,470	110,240
Treasury stock	(11,015)	(11,018)
Total shareholders' equity	183,201	192,968
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,590	13,153
Deferred gains or losses on hedges	(80)	354
Foreign currency translation adjustment	(3,945)	6,283
Remeasurements of defined benefit plans	(511)	(828)
Total accumulated other comprehensive income	4,054	18,962
Minority interests	4,851	7,312
Total net assets	192,106	219,242
Total liabilities, net assets	398,920	426,319

(2) Quarterly consolidated statements of income and statements of comprehensive income
Consolidated statements of income for the first three quarters of FY2014

	Millions of yen	
	(Reference) First three quarters of FY2013 (April 1-December 31, 2013)	First three quarters of FY2014 (April 1-December 31, 2014)
Net sales	270,257	281,237
Cost of sales	158,889	163,309
Gross profit (loss)	111,368	117,927
Selling, general and administrative expenses	97,125	101,406
Operating income (loss)	14,242	16,520
Non-operating income		
Interest income	309	365
Dividend income	527	579
Foreign exchange gains	1,037	1,890
Equity in earnings of affiliates	113	244
Other	847	841
Total non-operating income	2,835	3,922
Non-operating expenses		
Interest expenses	1,623	1,382
Other	1,430	796
Total non-operating expenses	3,053	2,178
Ordinary income (loss)	14,024	18,265
Extraordinary income		
Gain on sale of noncurrent assets	90	32
Gain on sale of investment securities	110	784
Gain on change in equity	—	311
Total extraordinary income	201	1,129
Extraordinary losses		
Loss on sale of noncurrent assets	76	17
Loss on retirement of noncurrent assets	173	268
Impairment loss	122	—
Loss on valuation of investment securities	7	—
Business structure improvement expense	669	—
Total extraordinary losses	1,048	285
Income (loss) before income taxes and minority interests	13,176	19,108
Income taxes-current	5,268	5,486
Income taxes-deferred	(169)	(545)
Total income taxes	5,099	4,941
Income (loss) before minority interests	8,077	14,167
Minority interests in income (loss)	1,107	1,308
Net income (loss)	6,969	12,858

Consolidated statements of comprehensive income for the first three quarters of FY2014

	Millions of yen	
	(Reference) First three quarters of FY2013 (April 1-December 31, 2013)	First three quarters of FY2014 (April 1-December 31, 2014)
Income (loss) before minority interests	8,077	14,167
Other comprehensive income		
Valuation difference on available-for-sale securities	5,302	4,595
Deferred gains or losses on hedges	(251)	434
Foreign currency translation adjustment	8,473	10,917
Remeasurements of defined benefit plans	(184)	(126)
Share of other comprehensive income of associates accounted for using equity method	40	(148)
Total other comprehensive income	13,381	15,674
Comprehensive income	21,458	29,841
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	19,817	27,767
Comprehensive income attributable to minority interests	1,641	2,074

4. Notes on Quarterly Consolidated Financial Statements

(1) Notes for going concern

Not applicable

(2) Notes if there is a remarkable change in the amount of shareholders' equity

Not applicable

(3) Segment information

Segment sales and profits (losses)

Millions of yen

Business \ Term		(Reference) First three quarters of FY2013 (Apr. 1-Dec. 31, 2013)	First three quarters of FY2014 (Apr. 1-Dec. 31, 2014)	Change
Industrial automation and control business	Net sales to unaffiliated customers	234,964	248,484	13,520
	Operating income (loss)	13,665	15,074	1,408
Test and measurement business	Net sales to unaffiliated customers	19,908	17,180	(2,728)
	Operating income (loss)	413	1,147	734
Other businesses	Net sales to unaffiliated customers	15,385	15,571	186
	Operating income (loss)	163	298	135
Consolidated	Net sales to unaffiliated customers	270,257	281,237	10,979
	Operating income (loss)	14,242	16,520	2,278

[Reference]

Sales by geographical location

Millions of yen

Region \ Term	(Reference) First three quarters of FY2013 (Apr. 1-Dec. 31, 2013)		First three quarters of FY2014 (Apr. 1-Dec. 31, 2014)		Change
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount
Japan	80,923	29.9	79,883	28.4	(1,040)
Outside Japan	189,333	70.1	201,353	71.6	12,019
Asia	75,402	27.9	76,439	27.2	1,036
Europe	27,111	10.0	26,929	9.6	(181)
North America	18,829	7.0	24,656	8.8	5,826
Middle East	24,054	8.9	25,962	9.2	1,907
Other	43,936	16.3	47,366	16.8	3,429
Consolidated net sales	270,257	100.0	281,237	100.0	10,979

(Note) Sales are based on a customer's geographical location (classified above as a country or region).

The breakdown of countries and regions belonging to groups is as follows.

- (1) Asia China, Singapore, South Korea, India, etc.
- (2) Europe The Netherlands, France, the United Kingdom, Germany, etc.
- (3) North America The United States, Canada
- (4) Middle East Bahrain, Saudi Arabia, etc.
- (5) Other Russia, Brazil, Australia, etc.

(4) Important post-balance sheet events

At the board of directors' meeting held on January 30, 2015, we resolved to sell some of our leasehold rights and buildings to another company and will record the resultant extraordinary income of about 9.3 billion yen in the fourth quarter of the current fiscal year. We have no significant capital, personal or business relationships with the company.

[Reference]

January 30, 2015
Yokogawa Electric Corporation

Consolidated Financial Statements for the First Three Quarters of FY2014

Millions of yen

	First three quarters of FY2013		First three quarters of FY2014		Change	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net sales	270,257	—	281,237	—	10,979	—
Operating income	14,242	5.3%	16,520	5.9%	2,278	0.6%
Ordinary income	14,024	5.2%	18,265	6.5%	4,240	1.3%
Net income	6,969	2.6%	12,858	4.6%	5,889	2.0%
Total assets	393,242		426,319		33,076	
Shareholders' equity	190,892		219,242		28,349	
Net income to shareholders' equity ratio	3.9%		6.4%		2.5%	
Net income per share	27.06 yen		49.93 yen		22.87 yen	
Capital investment	9,150		9,662		511	
Depreciation	10,118		10,436		317	
Research and development expenses	18,632		19,186		554	
Average exchange rate during the term						
USD	100.03 yen		107.70 yen		7.67 yen	
EUR	133.56 yen		140.34 yen		6.78 yen	

Consolidated orders by segment

Millions of yen

	First three quarters of FY2013	First three quarters of FY2014	FY2014 full year (forecast)
Industrial automation and control business	276,391	268,433	370,000
Measurement business	20,549	17,265	25,000
Other businesses	13,647	17,464	22,000
Total	310,588	303,163	417,000

Consolidated sales by segment

Millions of yen

	First three quarters of FY2013	First three quarters of FY2014	FY2014 full year (forecast)
Industrial automation and control business	234,964	248,484	353,000
Measurement business	19,908	17,180	25,000
Other businesses	15,385	15,571	22,000
Total	270,257	281,237	400,000

Consolidated operating income by segment

Millions of yen

	First three quarters of FY2013	First three quarters of FY2014	FY2014 full year (forecast)
Industrial automation and control business	13,665	15,074	26,000
Measurement business	413	1,147	1,500
Other businesses	163	298	500
Total	14,242	16,520	28,000