

Yokogawa Electric Corporation

Financial Results for 1st Half of Fiscal Year 2015



November 4, 2015

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Corporate Administration Headquarters

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Summary of FY15 1H Results

- Orders, sales, operating income, ordinary income, and profit attributable to owners of parent all increased.

***The operating income and ordinary income figures are record highs.**

- Impact of weak yen:

→Orders up ¥8.5 billion, sales up ¥6.2 billion, operating income up ¥4.1 billion

(Billion ¥)

		FY14 1H	FY15 1H	Difference	Growth rate
Orders		205.3	216.7	11.4	5.6%
Sales		184.4	202.2	17.8	9.7%
Operating income		10.3	20.5	10.2	98.9%
Ordinary income		10.9	21.0	10.1	92.3%
Profit attributable to owners of parent		7.6	16.1	8.5	111.1%
Exchange rate (¥)	1\$	103.53	121.75	18.22	—

Quarterly Financial Results

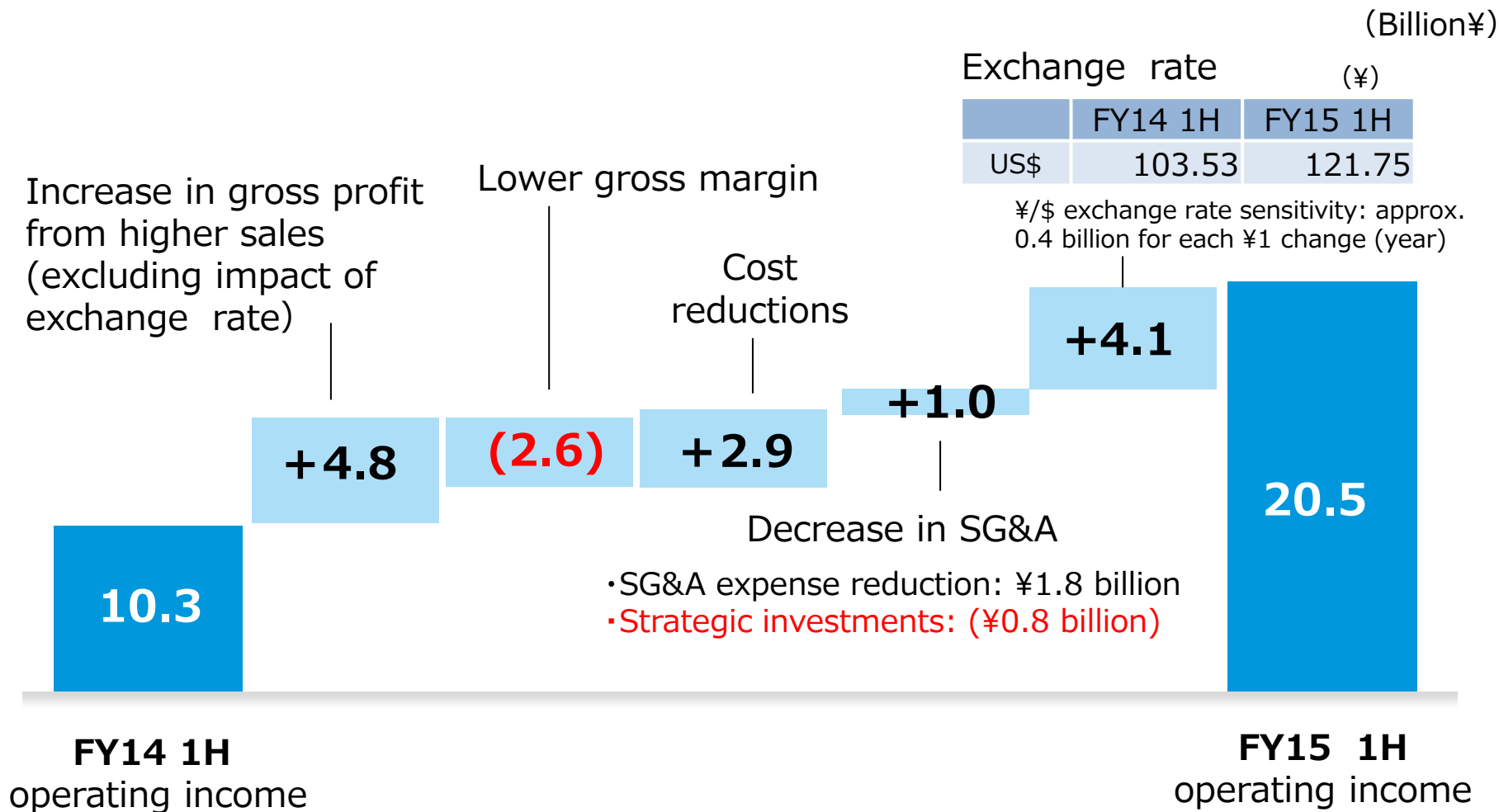
-Sales and operating income tend to be higher in 2Q and 4Q, and this trend is particularly strong in the Japanese control segment. (Billion¥)

	FY13					FY14					FY15	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q
Orders	100.2	115.9	94.5	95.4	406.0	94.8	110.5	97.9	113.9	417.1	108.6	108.1
(Ratio)	25%	29%	23%	23%	100%	23%	26%	23%	27%	100%	25%	25%
Sales	80.8	98.8	90.7	118.2	388.5	82.8	101.6	96.8	124.6	405.8	92.7	109.5
(Ratio)	21%	25%	23%	31%	100%	20%	25%	24%	31%	100%	22%	26%
Operating income	3.3	7.7	3.2	11.7	25.9	2.6	7.7	6.2	13.3	29.8	6.6	13.9
(Ratio)	13%	30%	12%	45%	100%	9%	26%	21%	44%	100%	20%	39%

Note: The percentages in the FY15 column are based on the forecast for FY15.

Analysis of Operating Income

(FY14 1H/FY15 1H comparison)



Non-operating/Extraordinary Income and Expenses

(Billion¥)

	FY14 1H	FY15 1H
Operating income	10.3	20.5
Non-operating income	2.1	1.7
Non-operating expenses	1.5	1.2
Ordinary income	10.9	21.0
Extraordinary income	1.1	0.9
Extraordinary expenses	0.2	0.2
Income before tax	11.8	21.7
Tax, etc.	4.2	5.6
Profit attributable to owners of parent	7.6	16.1
(Effective tax rate)	27.4%	22.2%

↗ FY14 1H: Gain on sale of investment securities: ¥0.8 billion

➤ FY15 1H: Gain on sale of non-current assets: ¥0.8 billion

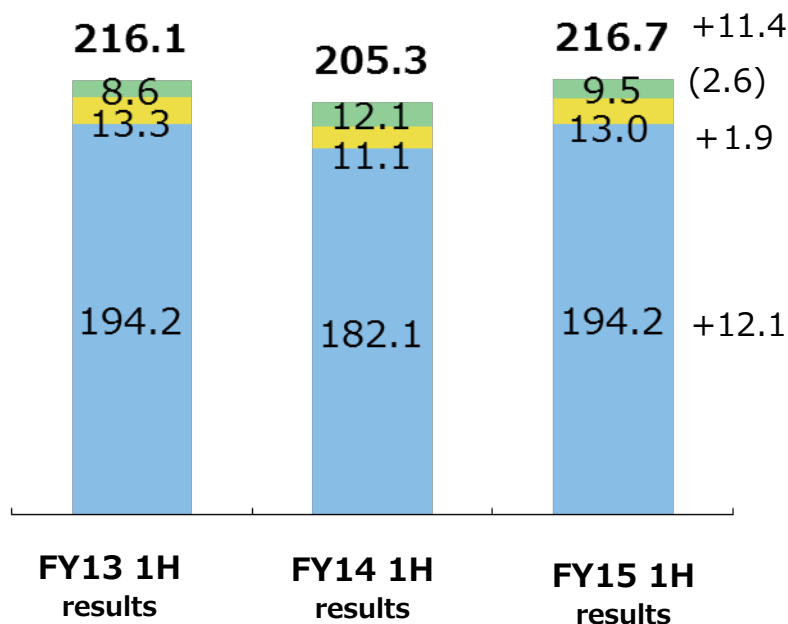
FY14 1H/FY15 1H Comparison for Orders and Sales by Segment

- Control: Orders and sales increased due to factors such as increased investment in new plant facilities, the replacement of plant equipment, and increased demand for operation and maintenance services in the resources, energy, and materials sectors, and the continuing impact of the weak yen.
- Orders and sales were strong in the Middle East and Japan.

Orders

(Billion ¥)

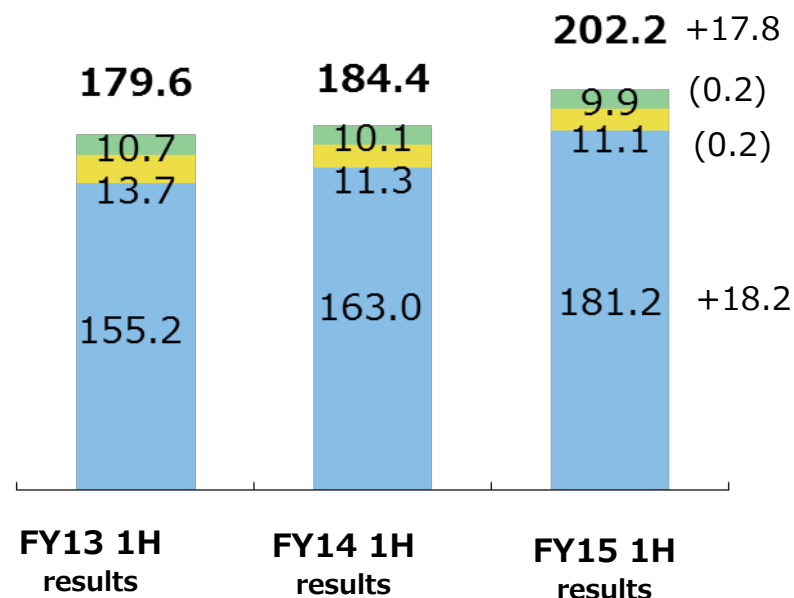
Control Measurement Aviation and Other



Sales

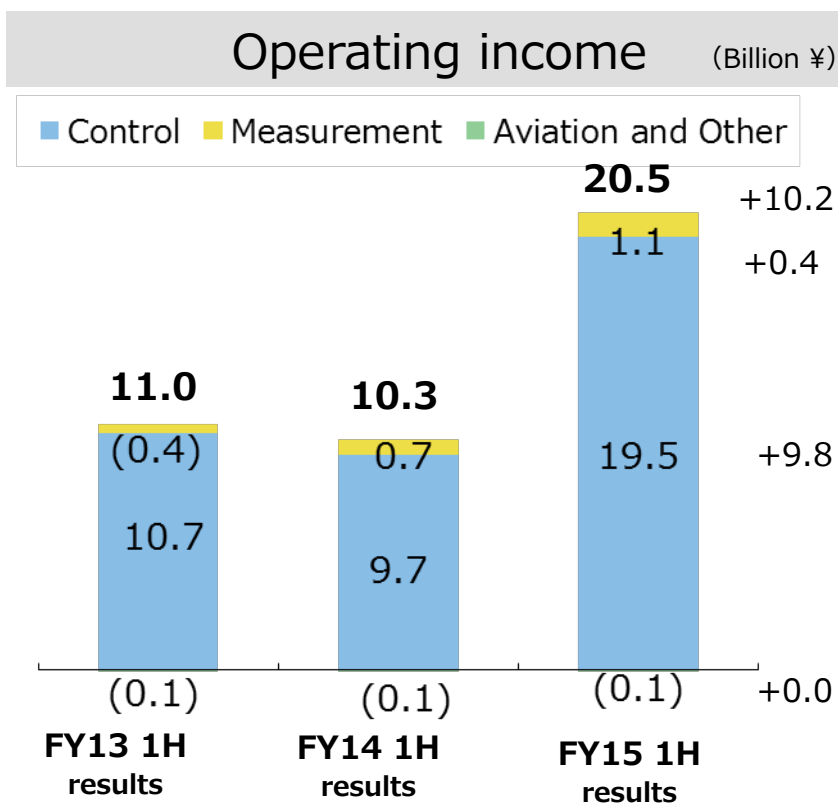
(Billion¥)

Control Measurement Aviation and Other



FY14 1H/FY15 1H Comparison for Operating Income by Segment

- Control: Operating income was up from FY14 1H due mainly to higher sales and the weak yen.
- Measurement: Operating income was up from FY14 1H due mainly to the weak yen.



(Billion ¥)

	FY14 1H results	FY15 1H results	Difference
Control	9.7	19.5	9.8
Measurement	0.7	1.1	0.4
Aviation and Other	(0.1)	(0.1)	0.0
Total	10.3	20.5	10.2

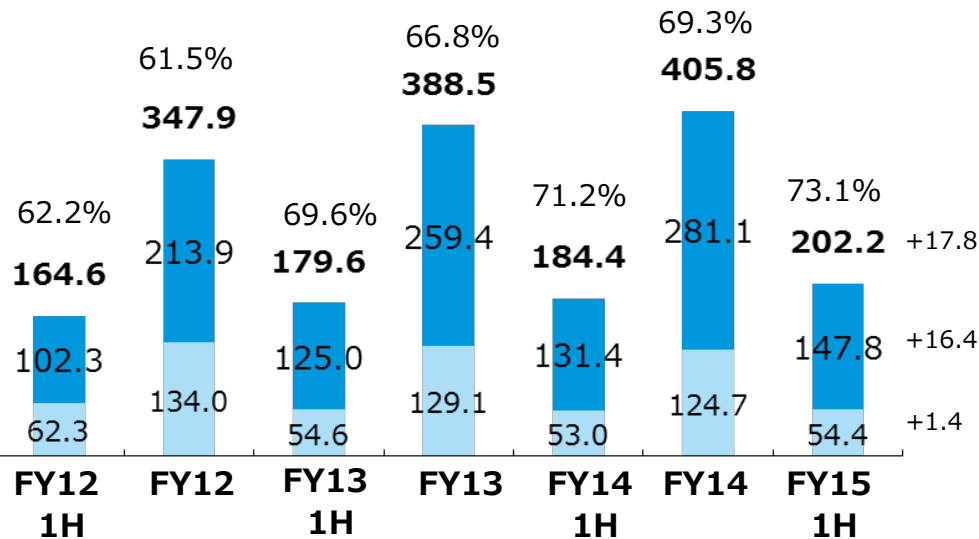
Trend of Global Sales

-Sales outside Japan are steadily increasing.

Total

(Billion ¥)

Japan Outside Japan



By segment

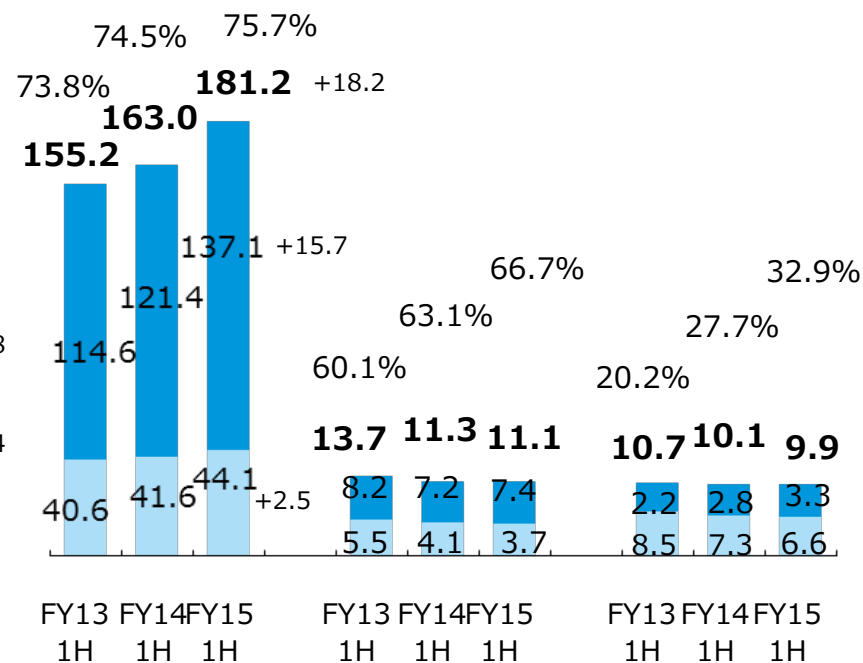
(Billion ¥)

Control

Measurement

Aviation and Other

Japan Outside Japan

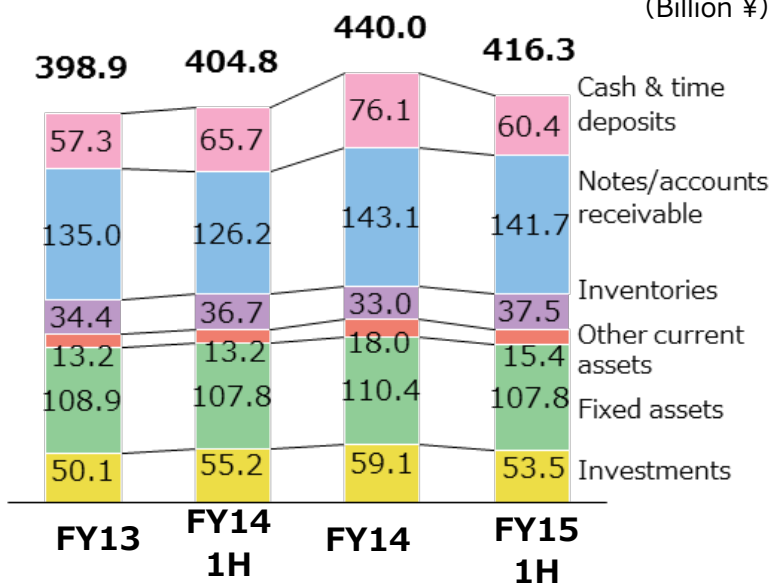


Trend of Balance Sheet

- Total liabilities decreased due mainly to a reduction in long-term loans payable stemming from a repayment of 25 billion yen in subordinated loans and a 15.9 billion yen decrease in accounts payable-other associated with the solicitation of candidates for early retirement.
- Net assets increased due mainly to an increase in retained earnings, the disposal of 9.1 billion yen in treasury shares, and a 4.2 billion yen increase in the capital surplus.

Assets

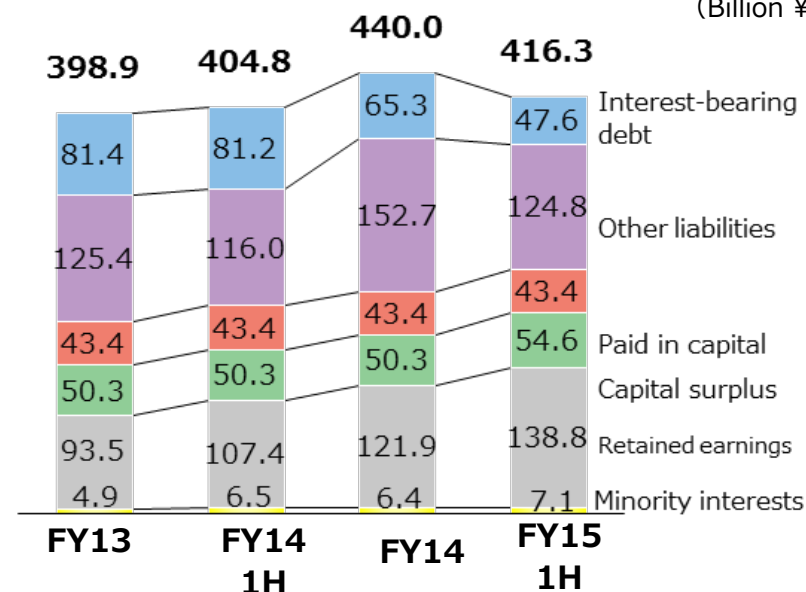
(Billion ¥)



	FY13	FY14 1H	FY14	FY15 1H
Total asset turnover	1.00	0.99	0.97	1.03
Shareholders' equity ratio	46.9%	49.7%	49.0%	56.9%

Liabilities and Net assets

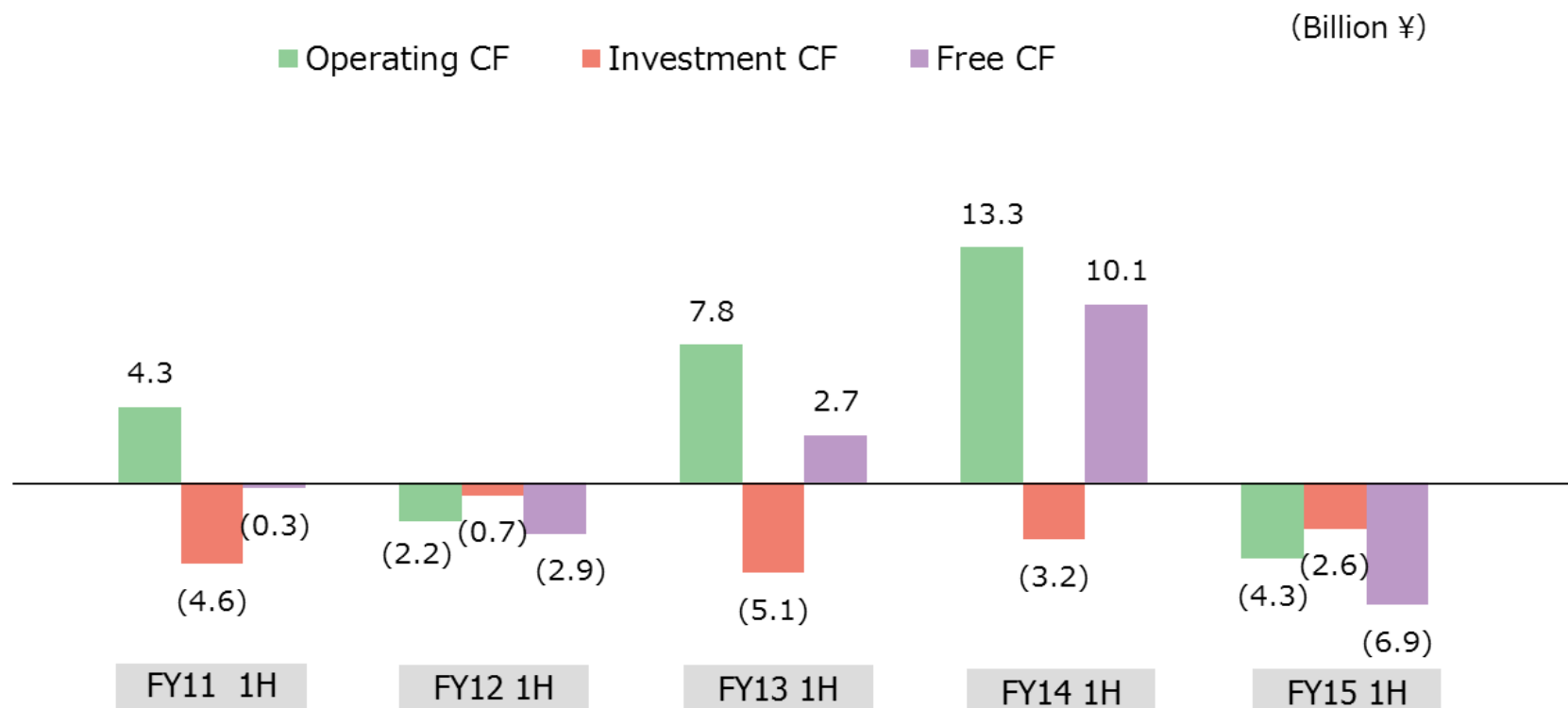
(Billion ¥)



	FY13	FY14 1H	FY14	FY15 1H
Debt/equity ratio	43.5%	40.4%	30.3%	20.1%

Trend of Cash Flow

- The operating cash flow of negative 4.3 billion yen was mainly due to the payment for extra retirement payments (15.9 billion yen).



FY15 Forecast

-There has been no change to the August 7 forecast for FY15.

(Billion ¥)

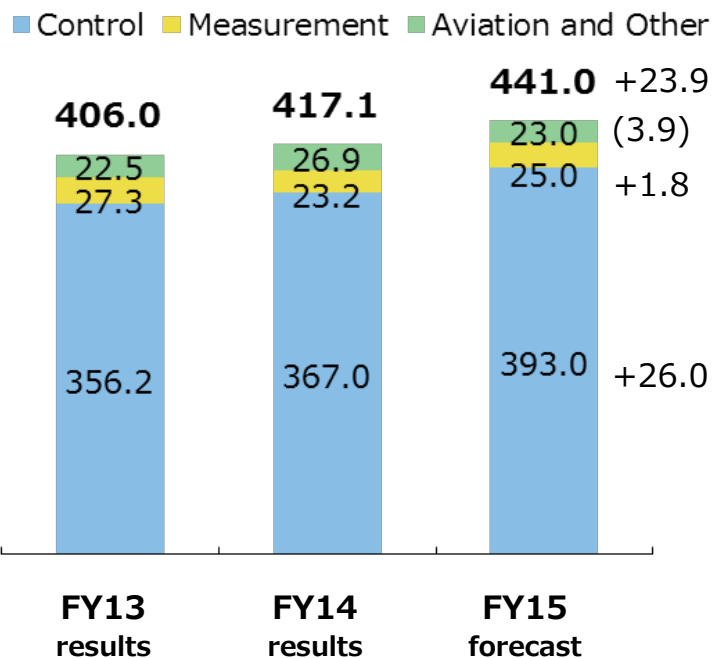
		FY14 (A)	FY15 (5/12 B)	FY15 (8/7 C)	Difference (C-B)	Difference (C-A)	Growth ratio (C÷A-1)
Orders		417.1	426.0	441.0	15.0	23.9	5.7%
Sales		405.8	413.0	427.0	14.0	21.2	5.2%
Operating income		29.8	33.0	36.0	3.0	6.2	20.7%
Ordinary income		33.4	30.0	34.0	4.0	0.6	1.9%
Profit attributable to owners of parent		17.2	19.0	23.0	4.0	5.8	33.5%
EPS(¥)		66.88	73.78	86.98	13.2	20.10	30.1%
Exchange rate (¥)	1\$	¥110.58	110.0	¥120.00	¥10	¥9.42	—

FY15 Forecast for Orders and Sales by Segment

-There has been no change to the August 7 forecast for FY15.

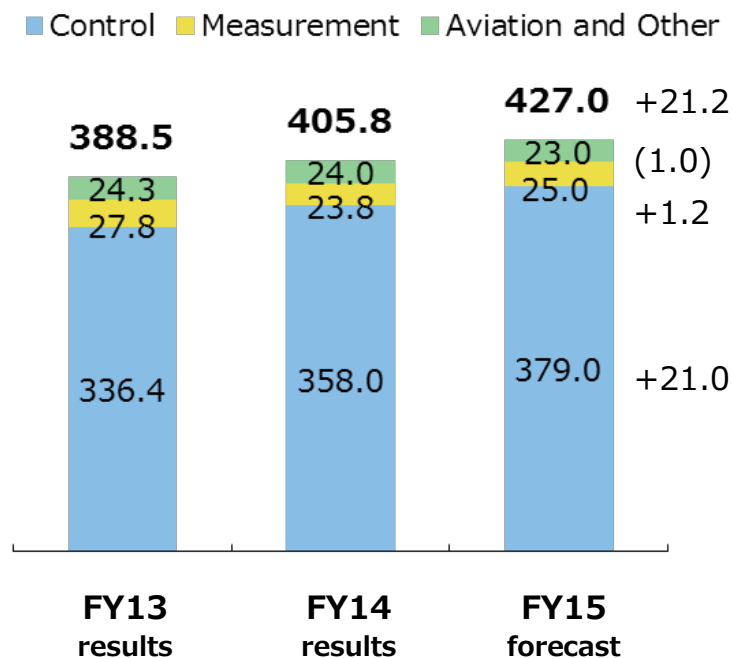
Orders

(Billion ¥)



Sales

(Billion ¥)

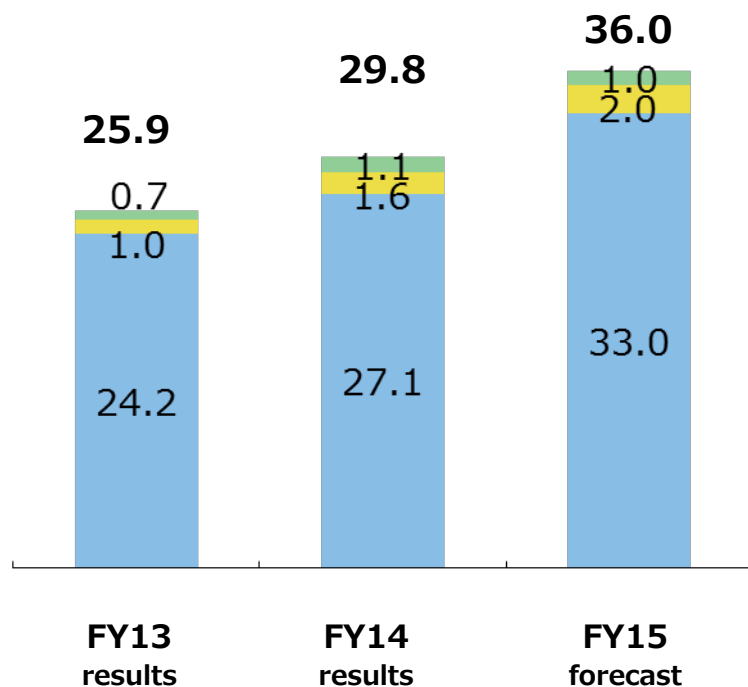


FY15 Forecast for Operating Income by Segment

-There has been no change to the August 7 forecast for FY15.

Operating income (Billion ¥)

Control Measurement Aviation and Other



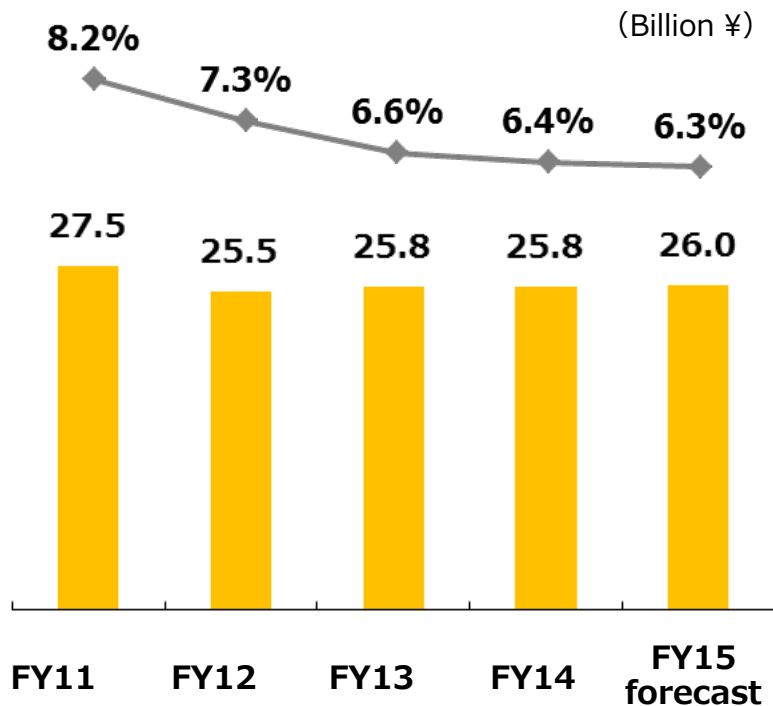
(Billion ¥)

	FY14 results	FY15 forecast	Difference
Control	27.1	33.0	5.9
Measurement	1.6	2.0	0.4
Aviation and Other	1.1	1.0	(0.1)
Total	29.8	36.0	6.2

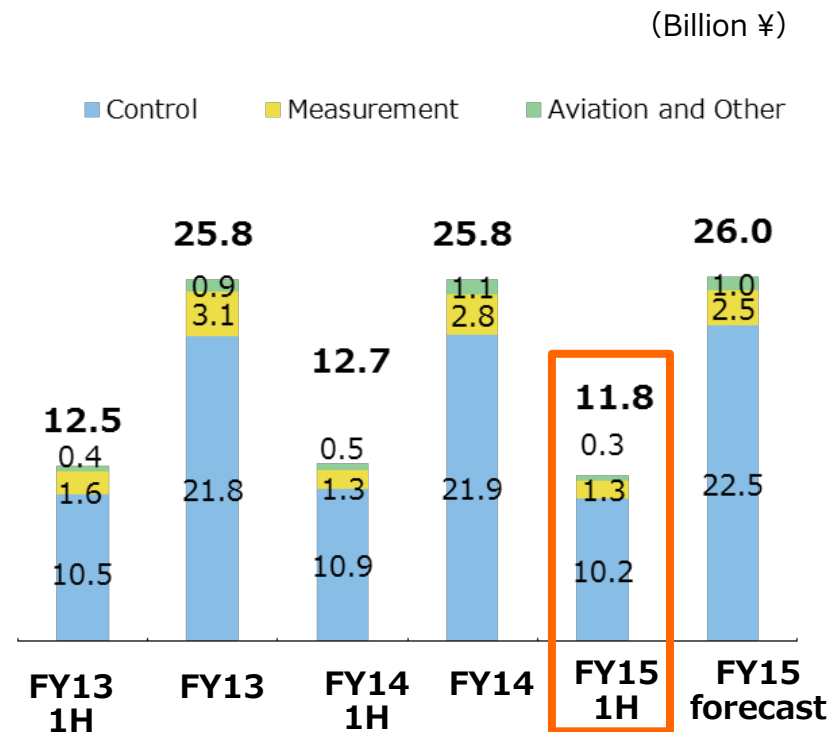
Trend of R&D Expenses

- R&D investment is on track to reach the forecast level for FY15.

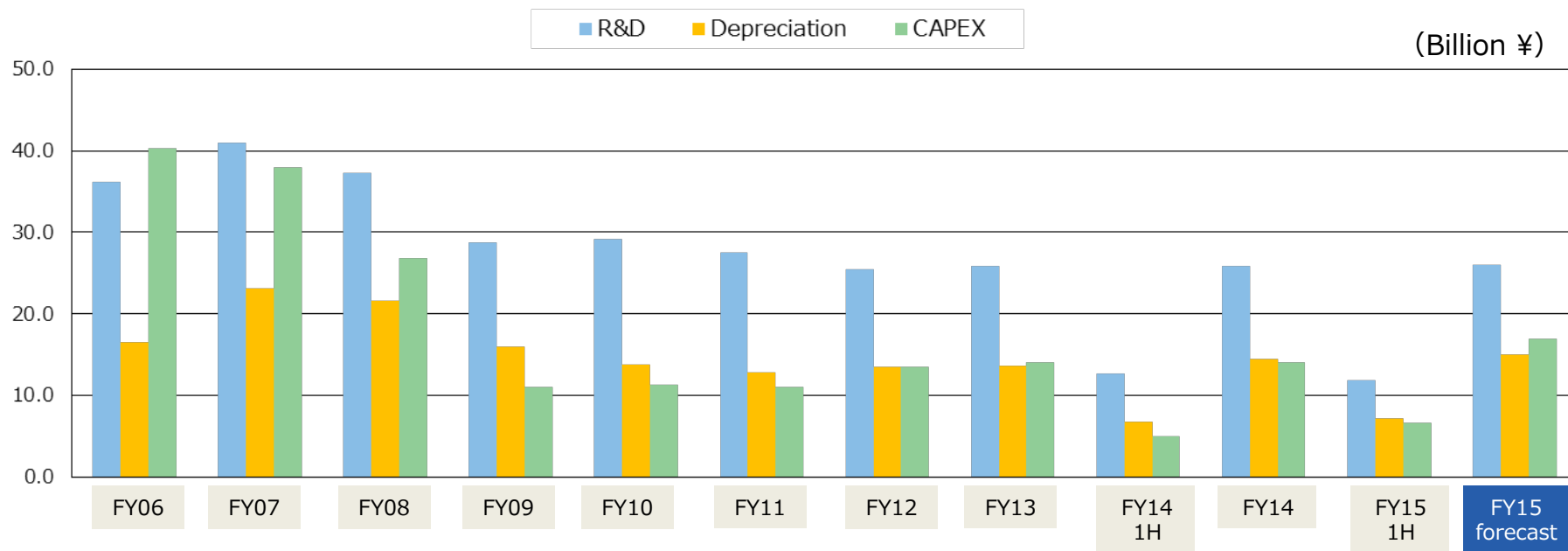
Trend of R&D expenses



By segment



R&D Expenses, Depreciation, and CAPEX

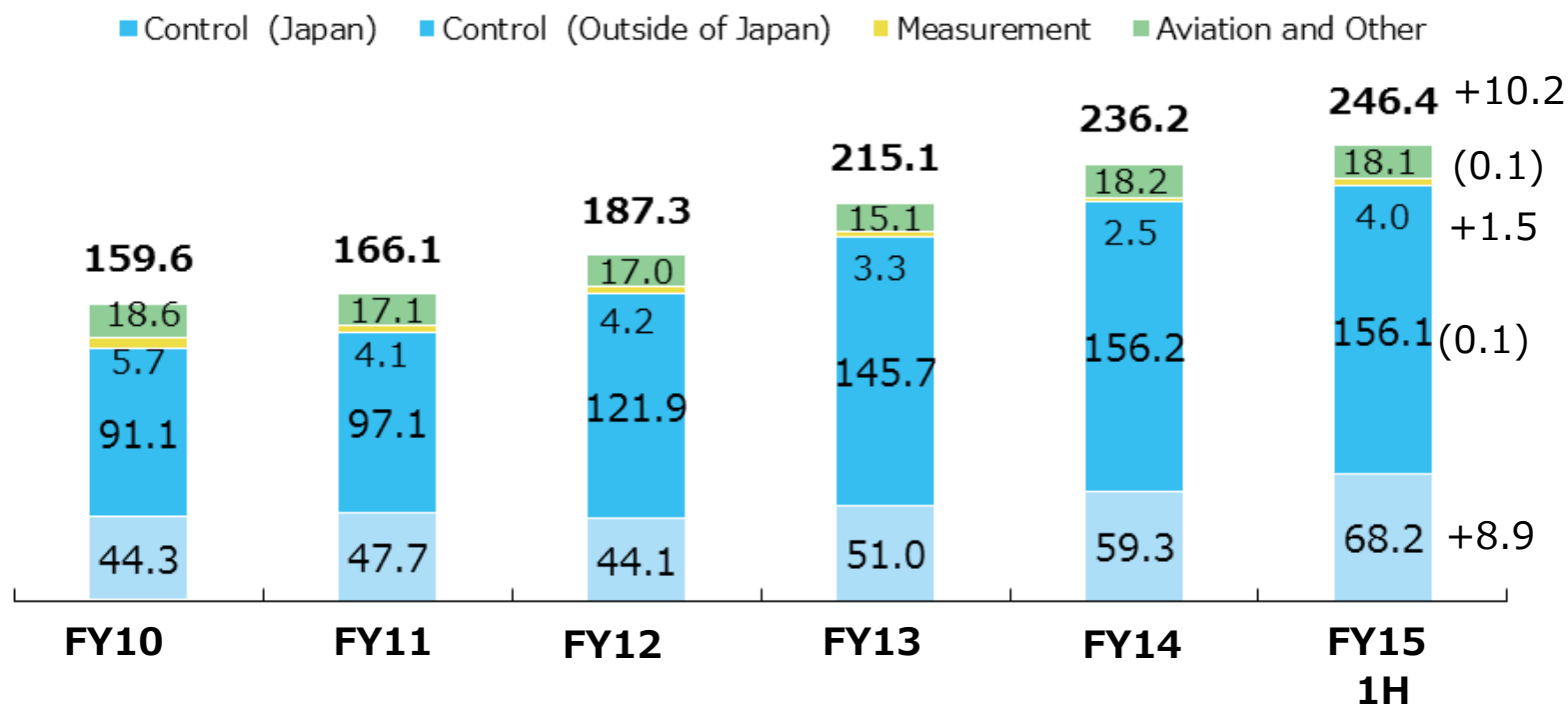


	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14 1H	FY14	FY15 1H	FY15 forecast
R&D expenses (% of sales)	36.2	40.9	37.2	28.8	29.2	27.5	25.5	25.8	12.7	25.8	11.8	26.0
	8.4%	9.3%	9.9%	9.1%	9.0%	8.2%	7.3%	6.6%	6.9%	6.4%	5.8%	6.3%
Depreciation (% of sales)	16.5	23.1	21.6	16.0	13.8	12.8	13.5	13.6	6.8	14.5	7.2	15.0
	3.8%	5.3%	5.7%	5.1%	4.2%	3.8%	3.9%	3.5%	3.7%	3.6%	3.6%	3.6%
CAPEX (% of sales)	40.3	38.0	26.8	11.1	11.3	11.1	13.5	14.0	5.0	14.1	6.7	17.0
	9.3%	8.7%	7.1%	3.5%	3.5%	3.3%	3.9%	3.6%	2.7%	3.5%	3.3%	4.1%

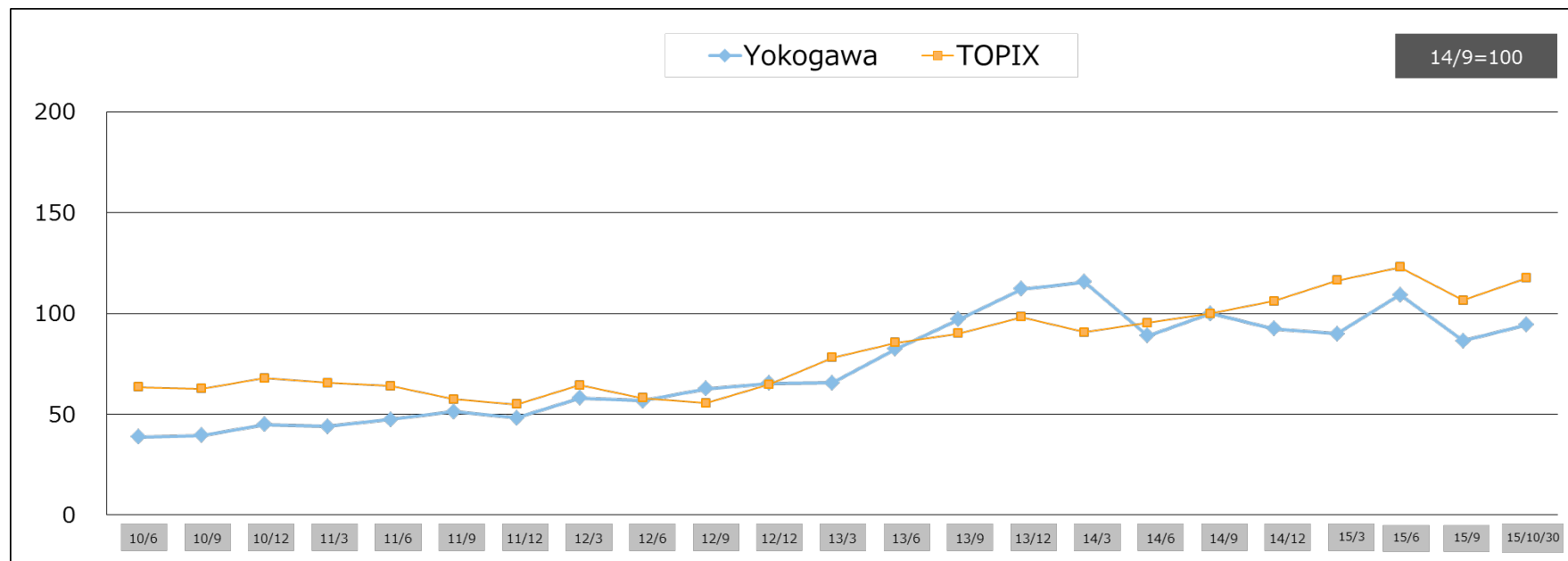
Trend of Order Backlog by Segment

- The order backlog has been steadily increasing, primarily in the Japanese control segment mainly water and waste water.

(Billion ¥)



Trend of Stock Price



(¥)

	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	15/3	15/6	15/9	15/10/30
Yokogawa	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	1,295	1,574	1,247	1,359
TOPIX	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	1,543	1,630	1,411	1,558

	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	15/3	15/6	15/9	15/10/30
Yokogawa	39	39	45	44	47	51	48	58	57	63	65	66	82	97	112	116	89	100	92	90	109	86	94
TOPIX	63	63	68	66	64	57	55	64	58	56	65	78	86	90	98	91	95	100	106	116	123	106	117

News (From August 8 to November 4)

Aug.

Establishment of corporate brand slogan 'Co-innovating tomorrow'

Sept.

100th anniversary of founding (September 1, 2015)

Issuance of 2015 Yokogawa Report

Control system order for Brazil's largest biomass power plant

Yokogawa and BP renew global agreement for supply of main automation contractor services

Oct.

Terminal automation systems order from Bharat Petroleum Corporation Ltd. in India

Yokogawa Solution Service and Cisco collaborate on solution for oil refineries

Nov.

Establishment of Corporate Governance Guidelines

Establishment of sales and after-sales service office in Turkmenistan

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

Disclaimer

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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