

Replacement

Yesterday we released our financial results for the 3rd quarter of fiscal year 2015. As some people were unable to open the English language Power Point file. We have replace it with a different file. There is no change to contents. We apologize for the inconvenience.

February 3, 2016

Yokogawa Electric Corporation

Takashi Nishijima President

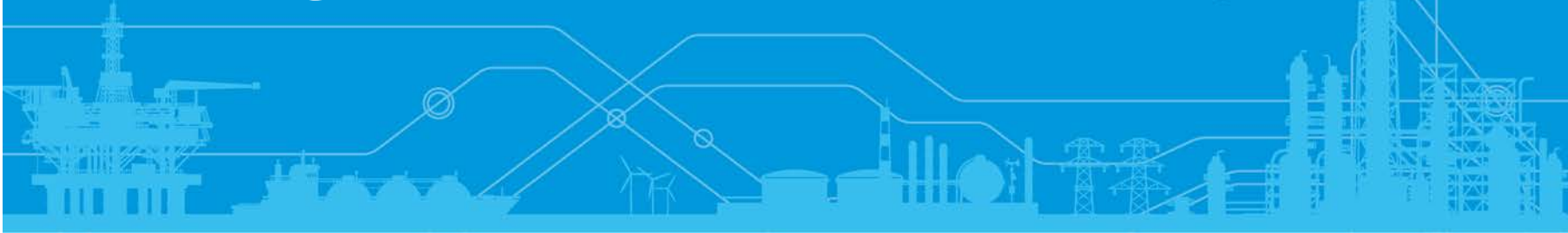
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Transformation 2017

Yokogawa Electric Corporation

Financial Results for 3rd Quarter of Fiscal Year 2015



February 2, 2016

Hiroshi Suzuki, Senior Vice President
Corporate Administration Headquarters

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Summary of FY15 1Q-3Q Results

- Orders, Sales, operating income, ordinary income, and profit attributable to owners of parent all increased.
- Orders, sales, and operating income all were up, even without factoring in the impact of the weak yen.
- Impact of weak yen:
→Orders up ¥4.6 billion, sales up ¥3.4 billion, operating income up ¥4.7 billion (Billion ¥)

		FY14 1Q-3Q	FY15 1Q-3Q	Difference	Growth rate
Orders		303.2	317.1	13.9	4.6%
Sales		281.2	301.3	20.1	7.2%
Operating income		16.5	30.5	14.0	84.4%
Ordinary income		18.3	31.7	13.4	73.7%
Profit attributable to owners of parent		12.9	24.0	11.1	86.9%
Exchange rate (¥)	1\$	107.70	121.63	13.93	—

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¥)

	FY14					FY15				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3 Q	4 Q forecast	Total forecast
Orders	94.8	110.5	97.9	113.9	417.1	108.6	108.1	100.4	123.9	441.0
(Ratio)	23%	26%	23%	27%	100%	25%	25%	23%	28%	100%
Sales	82.8	101.6	96.8	124.6	405.8	92.7	109.5	99.1	125.7	427.0
(Ratio)	20%	25%	24%	31%	100%	22%	26%	23%	29%	100%
Operating income	2.6	7.7	6.2	13.3	29.8	6.6	13.9	10.0	8.5	39.0
(Ratio)	9%	26%	21%	44%	100%	17%	36%	26%	22%	100%

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

Analysis of Operating Income

(FY14 1Q-3Q/FY15 1Q-3Q comparison)

(Billion¥)

Lower gross margin

Exchange rate

(¥)

	FY14 1Q-3Q	FY15 1Q-3Q
US\$	107.70	121.63

¥/\$ exchange rate sensitivity: approx.
0.4 billion for each ¥ 1 change (year)

Increase in gross profit
from higher sales (¥16.7 billion)
(excluding impact of exchange
rate)

Reduction
of fixed
costs

Decrease in SG&A

- SG&A expense reduction: ¥2.4 billion
- Strategic investments: (¥1.2 billion)

FY14 1Q-3Q
operating income

FY15 1Q-3Q
operating income

16.5

+7.0

(3.4)

+4.5

+1.2

+4.7

30.5

Non-operating/Extraordinary Income and Expenses

(Billion¥)

	FY14 1Q-3Q	FY15 1Q-3Q
Operating income	16.5	30.5
Non-operating income	3.9	2.9
Non-operating expenses	2.1	1.7
Ordinary income	18.3	31.7
Extraordinary income	1.1	1.6
Extraordinary expenses	0.3	0.2
Income before tax	19.1	33.1
Tax, etc.	6.2	9.1
Profit attributable to owners of parent	12.9	24.0

→FY14: Foreign exchange gains: ¥1.9 billion

→FY15: Foreign exchange gains: ¥0.5 billion

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

➤ FY15:
Gain on sales of non-current assets: ¥0.8 billion
Gain on sale of investment securities: ¥0.8 billion

(Effective tax rate)

25.9%

23.9%

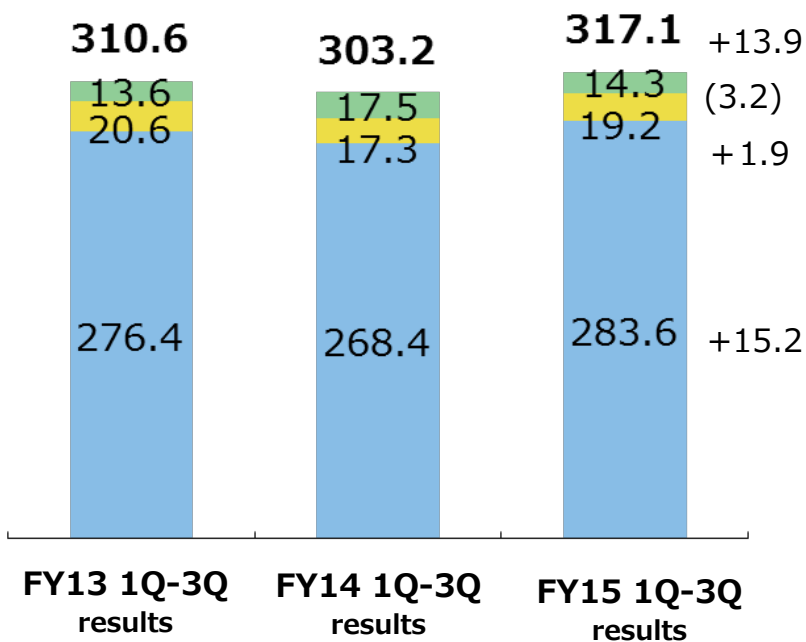
FY14 1Q-3Q/FY15 1Q-3Q Comparison for Orders and Sales by Segment

- Control: Orders and sales increased due to efforts by companies in the resource, energy, and materials sectors to improve efficiency by means such as replacing plant equipment and procuring operation and maintenance services, and the continuing impact of the weak yen.
- Orders and sales were strong in the Middle East and Japan.

Orders

(Billion ¥)

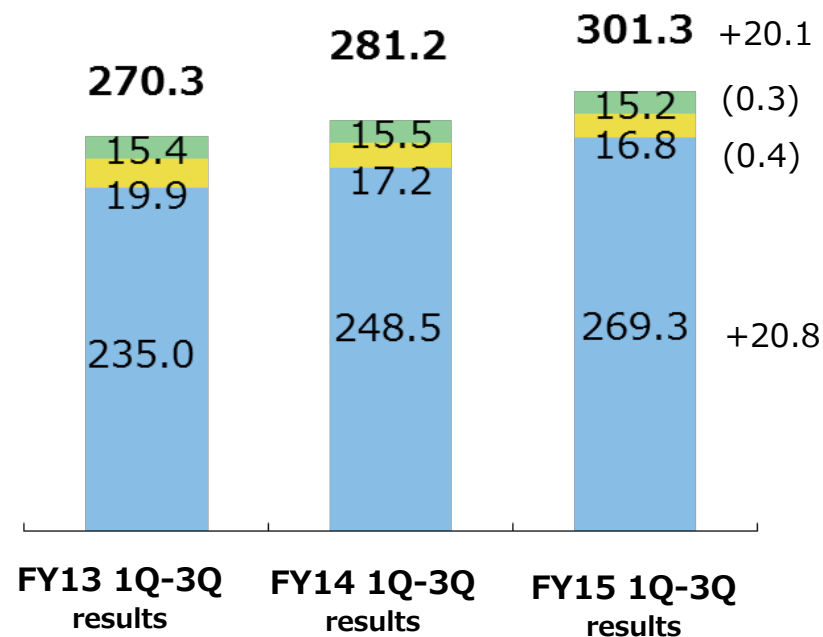
Control Measurement Aviation and Other



Sales

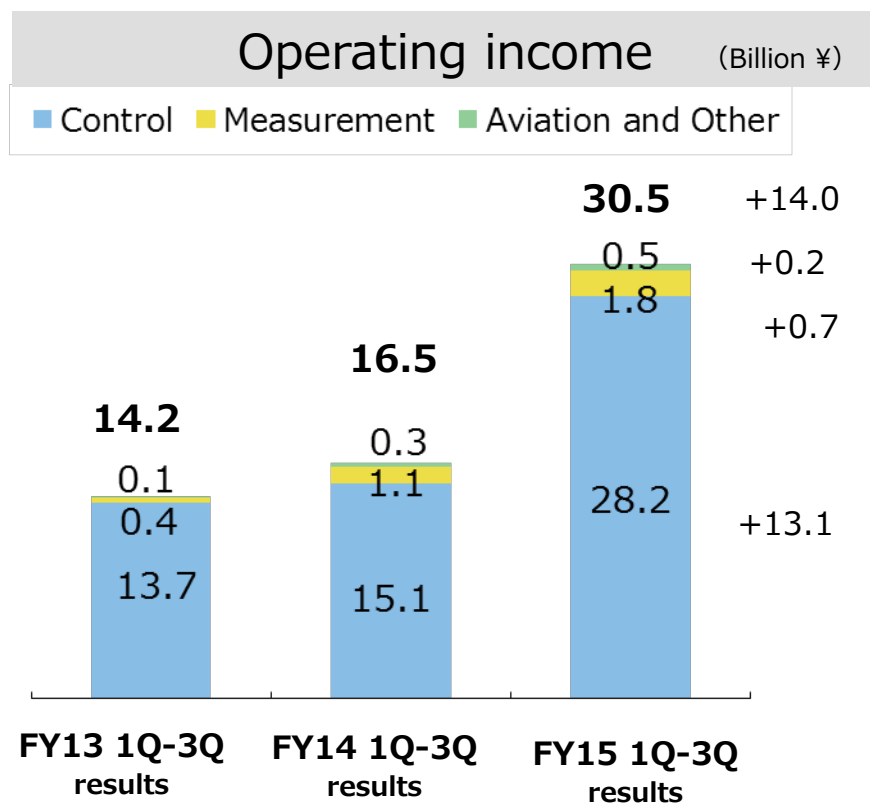
(Billion¥)

Control Measurement Aviation and Other



FY14 1Q-3Q/FY15 1Q-3Q Comparison for Operating Income by Segment

- Control: Operating income was up from FY14 1Q-3Q due mainly to higher sales and the impact of fixed cost reductions and the weak yen.
- Measurement: Operating income was up from FY14 1Q-3Q due mainly to the weak yen.



	FY14 1Q-3Q results	FY15 1Q-3Q results	(Billion ¥) Difference
Control	15.1	28.2	13.1
Measurement	1.1	1.8	0.7
Aviation and Other	0.3	0.5	0.2
Total	16.5	30.5	14.0

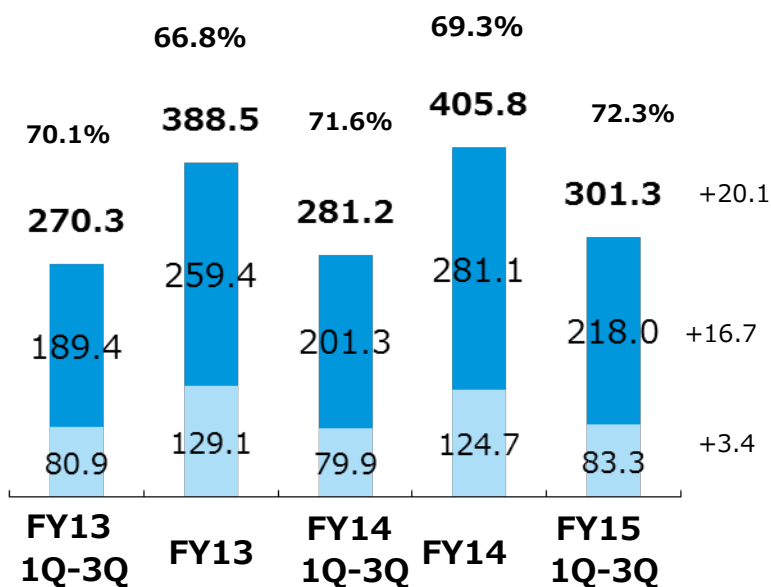
Trend of Global Sales

- Sales outside Japan are steadily increasing.

Total

(Billion ¥)

Japan Outside Japan



By segment

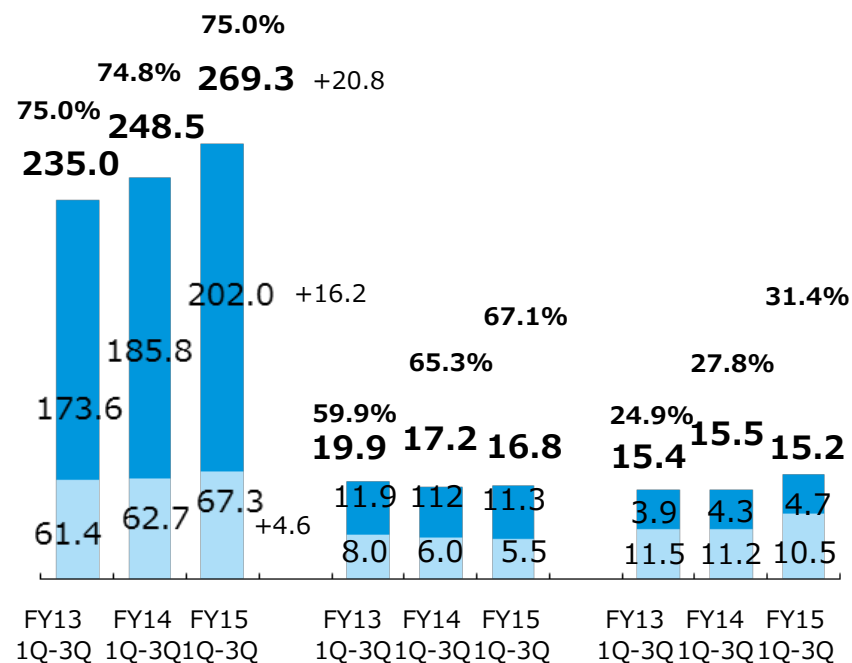
(Billion ¥)

Control

Measurement

Aviation and Other

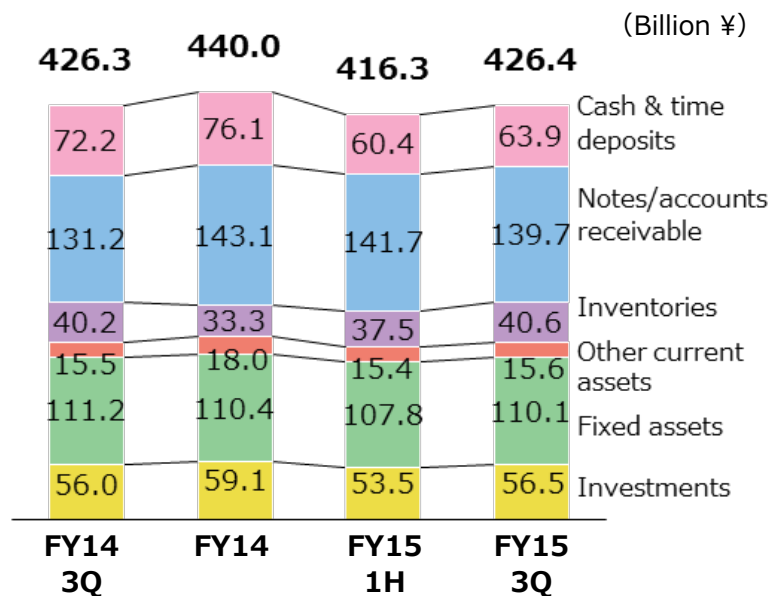
Japan Outside Japan



Trend of Balance Sheet

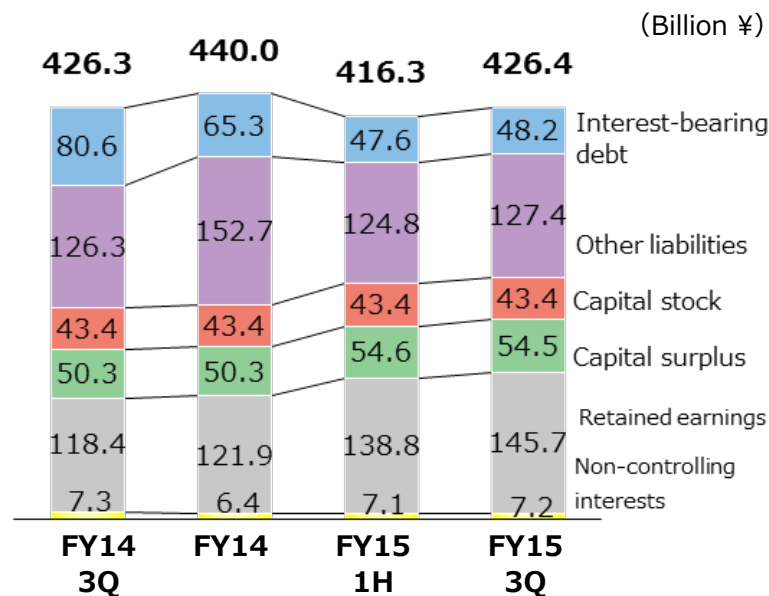
- Total liabilities decreased due mainly to a reduction in long-term loans payable stemming from a repayment of ¥25 billion in subordinated loans and a ¥15.9 billion decrease in accounts payable-other associated with the solicitation of candidates for early retirement.
- Net assets increased due mainly to a ¥19.1 billion increase in retained earnings, the disposal of ¥9.3 billion in treasury shares, and a ¥4.1 billion increase in the capital surplus.

Assets



	FY4 3Q	FY14	FY15 1H	FY15 3Q
Total asset turnover	-	0.97	1.03	-
Shareholders' equity ratio	49.7%	49.0%	56.9%	57.1%

Liabilities and net assets



	FY4 3Q	FY14	FY15 1H	FY15 3Q
Debt/equity ratio	38.0%	30.3%	20.1%	19.8%

FY15 Forecast

-In view of the FY15 1Q-3Q results and current circumstances, the FY15 forecast has been revised as follows:

Orders, sales → no change

Operating income → ¥3.0 billion up

(Billion ¥)

Ordinary income, profit attributable to owners of parent → ¥5.0 billion up

	FY14 (A)	FY15 (8/7 B)	FY15 (2/2 C)	Difference (C-B)	Difference (C-A)	Growth ratio (C÷A-1)
Orders	417.1	441.0	441.0	0	23.9	5.7%
Sales	405.8	427.0	427.0	0	21.2	5.2%
Operating income	29.8	36.0	39.0	3.0	9.2	30.8%
Ordinary income	33.4	34.0	39.0	5.0	5.6	16.9%
Profit attributable to owners of parent	17.2	23.0	28.0	5.0	10.8	62.6%
EPS (¥)	66.88	86.98	105.84	18.86	38.96	58.3%
Exchange rate (¥)	1\$	¥110.58	¥120.00	¥0	¥9.42	—

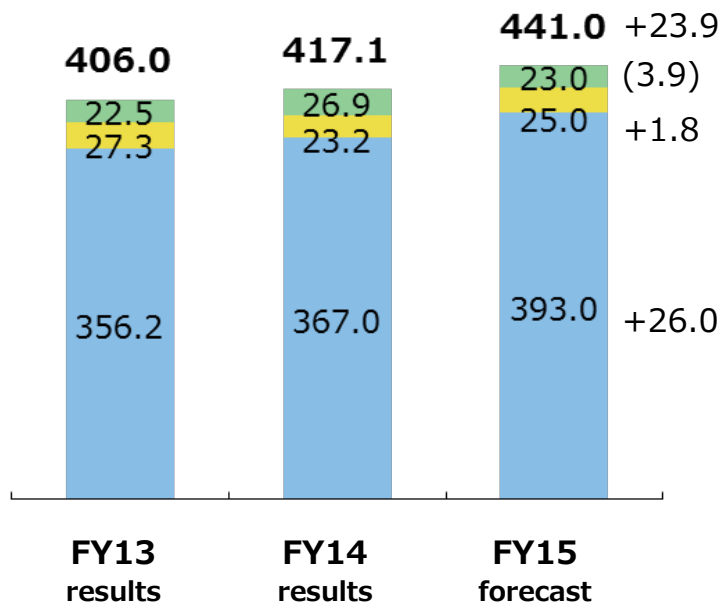
FY15 Forecast for Orders and Sales by Segment

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

Orders

(Billion ¥)

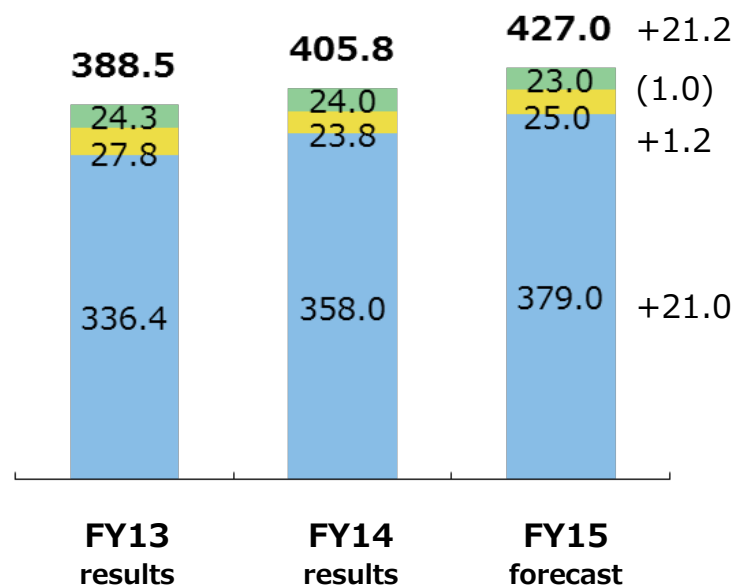
Control Measurement Aviation and Other



Sales

(Billion ¥)

Control Measurement Aviation and Other

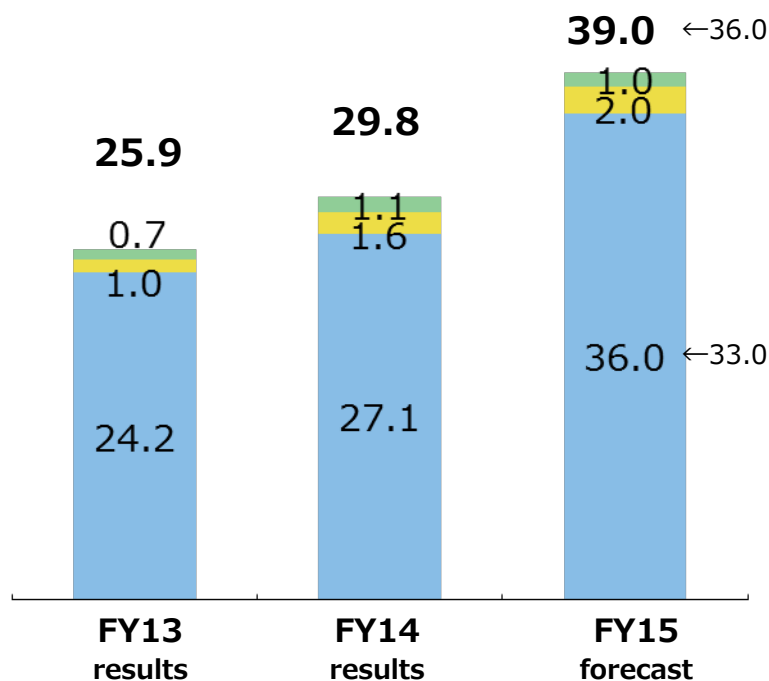


FY15 Forecast for Operating Income by Segment

- This forecast has been revised upward due to an anticipated increase in operating income for the control segment.

Operating income (Billion ¥)

■ Control ■ Measurement ■ Aviation and Other



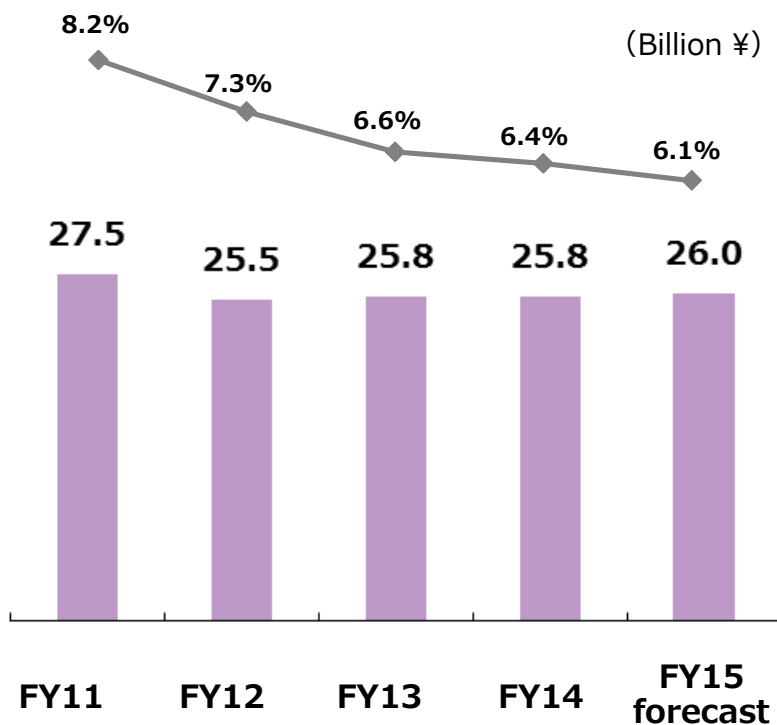
(Billion ¥)

	FY14 results	FY15 forecast	Difference
Control	27.1	36.0	8.9
Measurement	1.6	2.0	0.4
Aviation and Other	1.1	1.0	(0.1)
Total	29.8	39.0	9.2

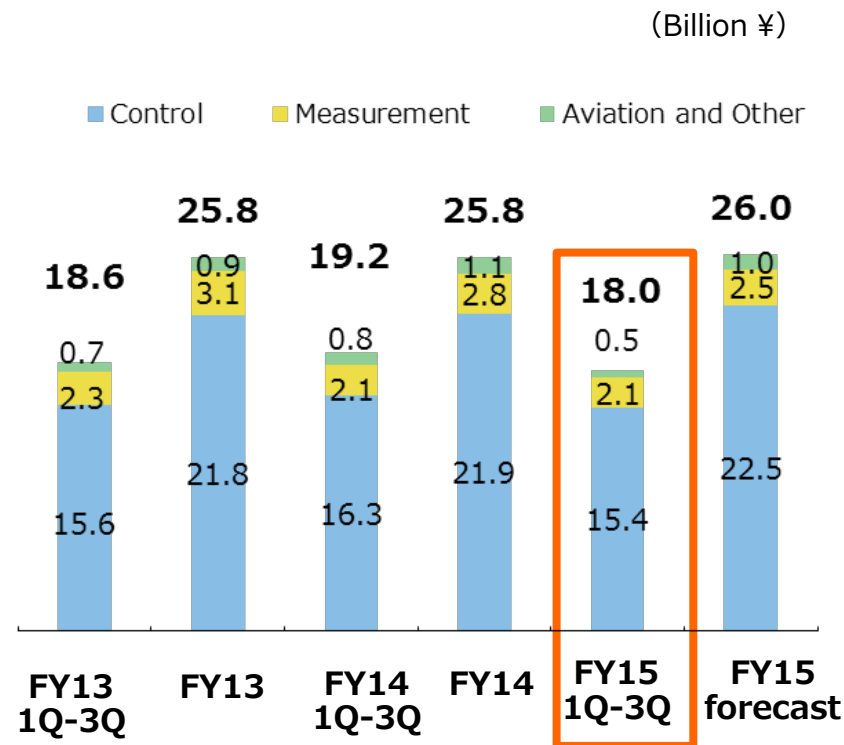
Trend of R&D Expenses

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

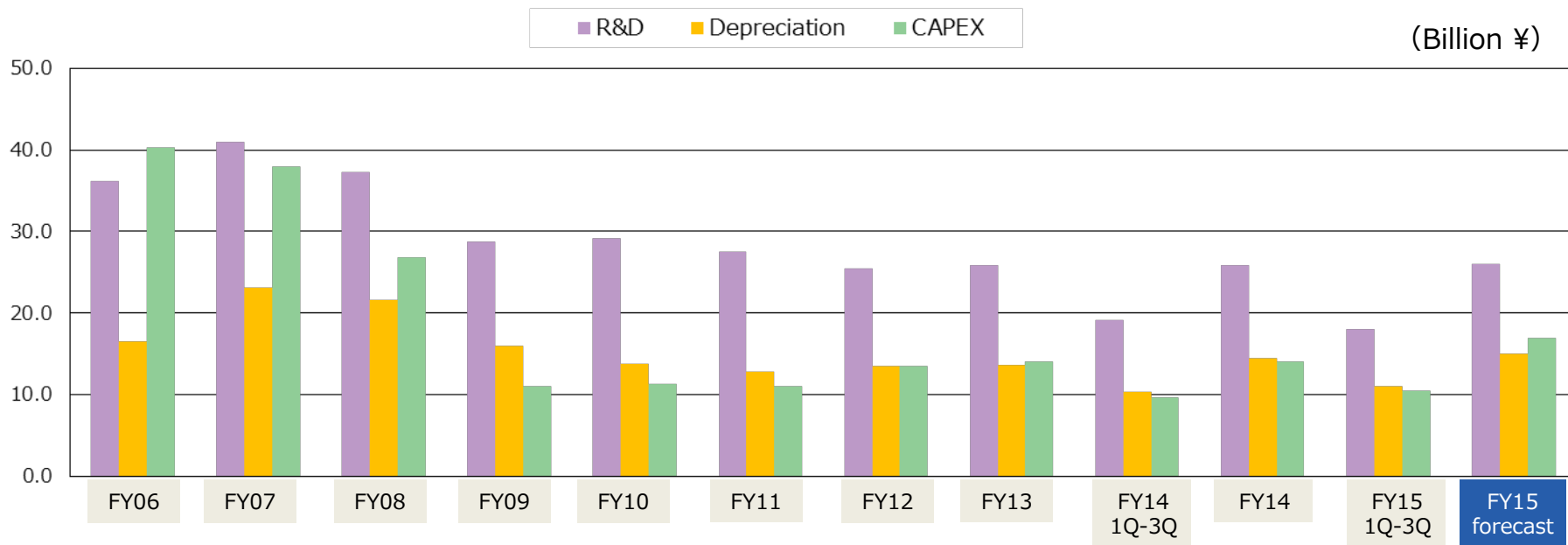
Trend of R&D expenses



By segment



R&D Expenses, Depreciation, and CAPEX

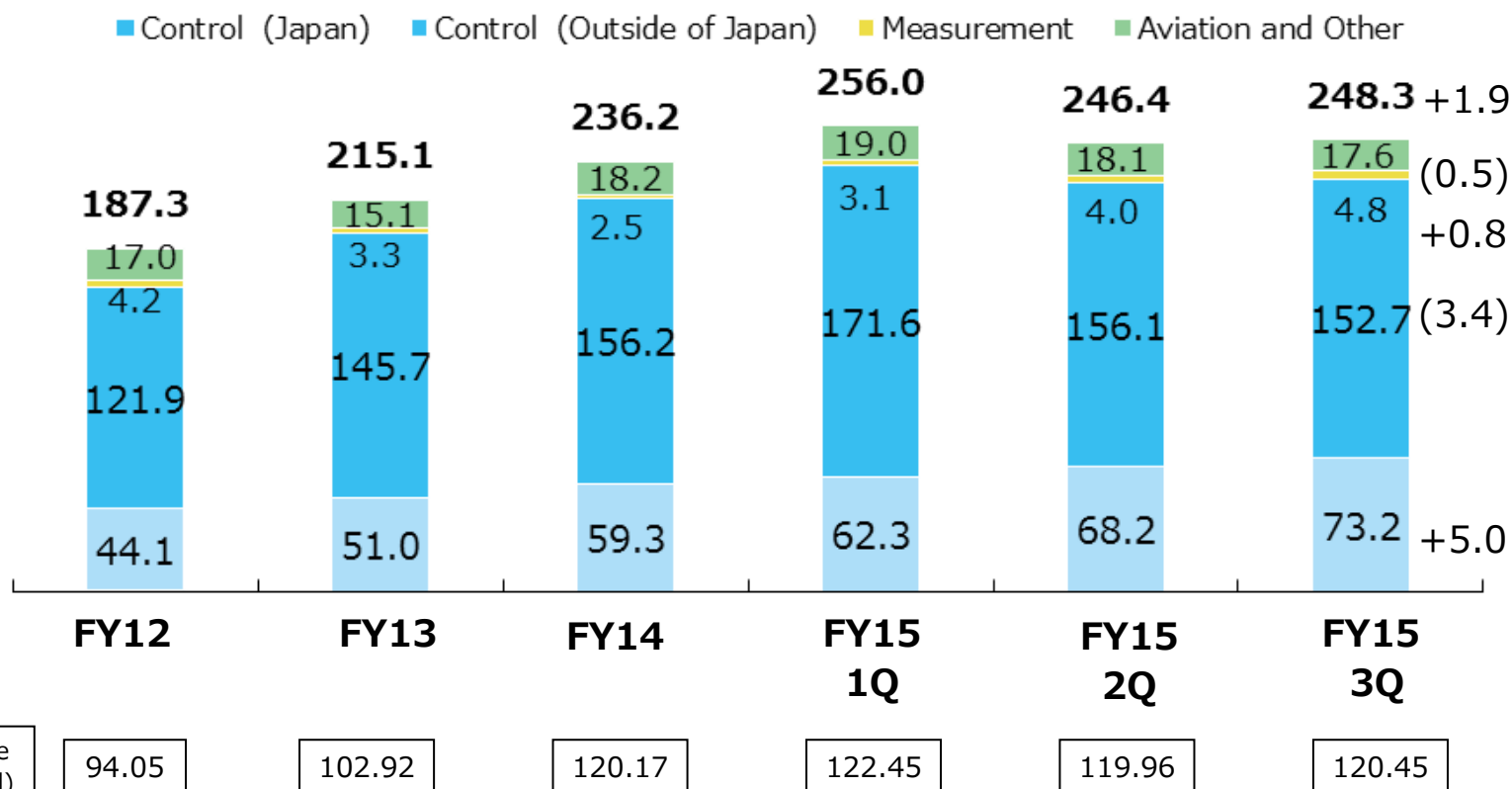


	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14 1Q-3Q	FY14	FY15 1Q-3Q	FY15 forecast
R&D expenses (% of sales)	8.4%	9.3%	9.9%	9.1%	9.0%	8.2%	7.3%	6.6%	6.8%	6.4%	6.0%	6.1%
Depreciation (% of sales)	3.8%	5.3%	5.7%	5.1%	4.2%	3.8%	3.9%	3.5%	3.7%	3.6%	3.7%	3.5%
CAPEX (% of sales)	9.3%	8.7%	7.1%	3.5%	3.5%	3.3%	3.9%	3.6%	3.4%	3.5%	3.5%	4.0%

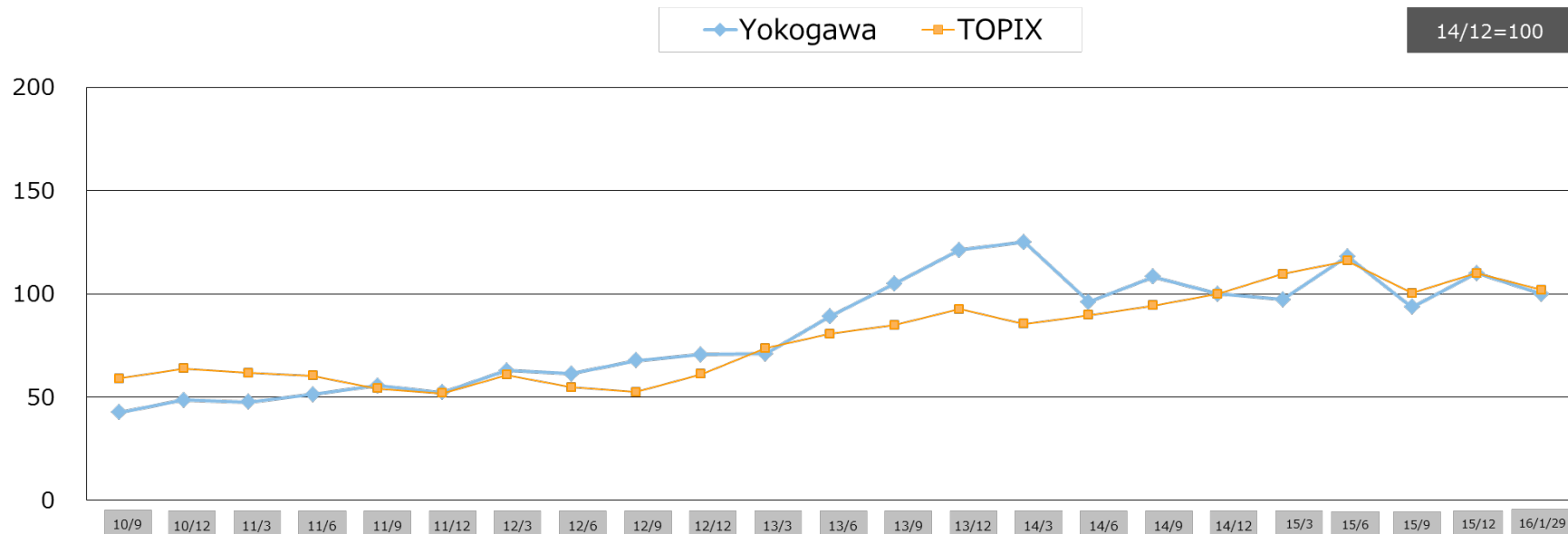
Trend of Order Backlog by Segment

- The steady increase in the order backlog for the control segment in Japan is mainly attributed to water and wastewater applications.

(Billion ¥)



Trend of Stock Price



(¥)

	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	15/12	16/1/29
Yokogawa	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	1,465	1,331
TOPIX	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	1,547	1,432

	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	15/12	16/1/29
Yokogawa	43	48	48	51	56	52	63	61	68	71	71	89	105	121	125	96	108	100	97	118	94	110	100
TOPIX	59	64	62	60	54	52	61	55	52	61	74	81	85	93	86	90	94	100	110	116	100	110	102

News (from November 5 to February 2)

Nov. Receipt of order to supply control system for one of world's largest methanol plants

Release of CENTUM[®] VP R6.02 integrated production control system

Delivery of control system for Europe's first hybrid-flywheel energy storage plant

Dec. Receipt of control system order from Toyo Engineering for ethylene plant to be built in U.S. for Shintech, a subsidiary of Shin-Etsu

Acquisition of distributor in Turkey as major step forward in emerging markets



CENTUM VP R6.02

Jan. Acquisition of cloud data service provider Industrial Evolution, Inc.

Receipt of control system orders for large thermal power and desalination plants in Qatar

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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