

**Securities Code: 6841
Yokogawa Electric Corporation**

Financial Results for Fiscal Year 2023

May 7, 2024

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Vice President

Accounting & Treasury Headquarters

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Financial Results for Fiscal Year 2023 (April 1, 2023 – March 31, 2024)

Michiko Nakajima

Vice President
Accounting & Treasury Headquarters

May 7, 2024

Key Points

■ FY23 results: Sales and operating income were up

- Summary:

- Orders increased.
- Sales were up due to an improved procurement environment for production parts and project-procured products, the effect of price hike measures, recording sales of large-scale projects ordered after COVID-19, and the impact of foreign exchange fluctuations.
- Operating income was up mainly due to an increase in the gross profit margin with an increase in sales.
- Profit attributable to owners of parent increased, mainly due to the increase in ordinary profit and to recording gain on sale of investment securities in extraordinary income, despite recording impairment losses on goodwill, etc. related to overseas subsidiaries in extraordinary losses.

- Segments:

Control: Sales and operating income were up

(excluding the impact of exchange rates, orders increased 1.9% and sales increased 13.8% year on year).

Measuring instruments: Sales and operating income were up.

New businesses and others: Sales and operating were almost the same level as the previous fiscal year.

■ FY24 earnings forecasts: a year-on-year increase in sales, but decrease in operating income

■ FY23 annual dividend forecast: ¥40 (increase of ¥6 from the previous fiscal year)

■ FY24 annual dividend forecast: ¥58 (increase of ¥18 from the previous fiscal year)

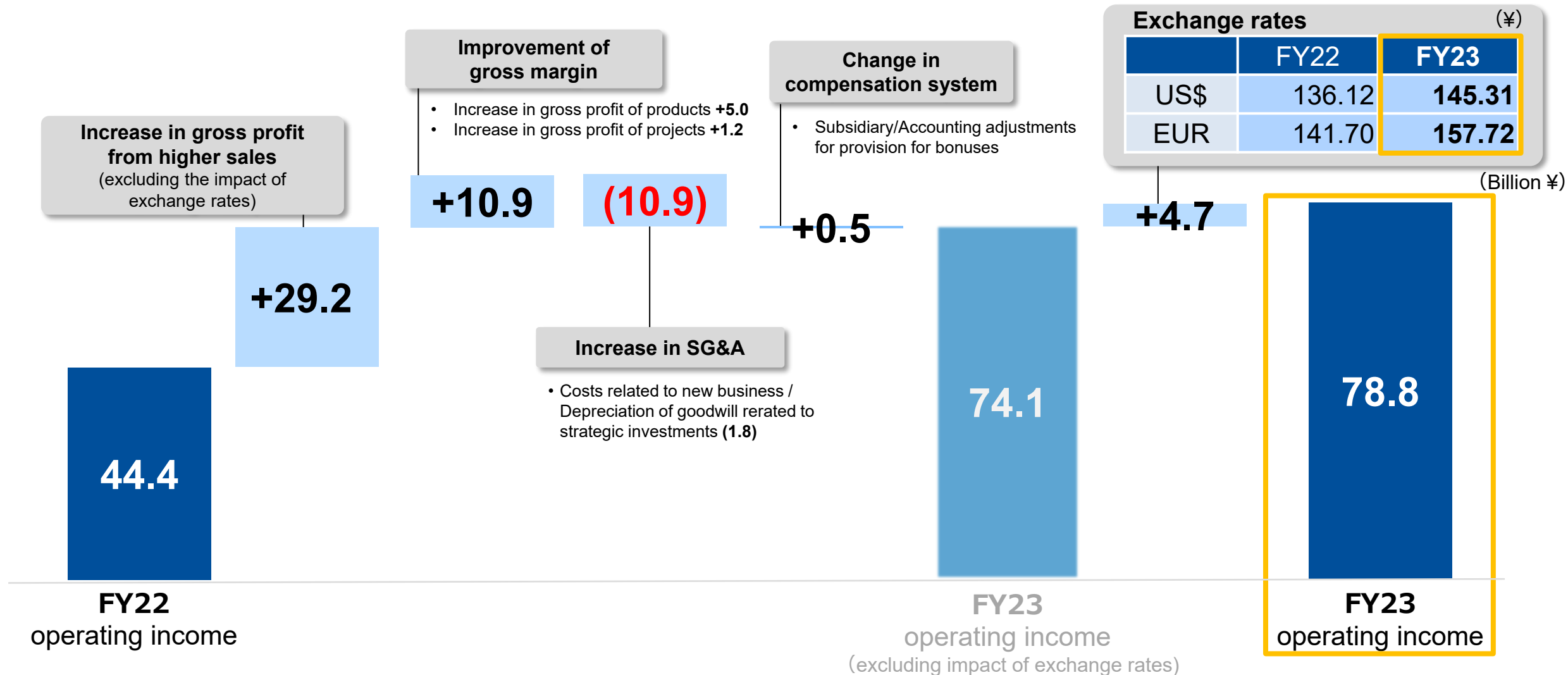
Summary of FY23 Results (year on year comparison)

- ◆ Orders increased (excluding the impact of exchange rates: +¥4.8 billion, +0.9%).
- ◆ Sales were up due to an improved procurement environment for production parts and project-procured products, the effect of price hike measures, recording sales of large-scale projects ordered after COVID-19, and the impact of foreign exchange fluctuations (excluding the impact of exchange rates: +¥65.1 billion, +14.3%).
- ◆ Operating income was up mainly due to an increase in the gross profit margin with an increase in sales (excluding the impact of exchange rates: +¥29.7 billion, +66.8%).
- ◆ Profit attributable to owners of parent increased, mainly due to the increase in ordinary profit and to recording gain on sale of investment securities in extraordinary income, despite recording impairment losses on goodwill, etc. related to overseas subsidiaries in extraordinary losses (excluding the impact of exchange rates: +¥18.7 billion).

		FY22	FY23	Difference	Growth rate	Impact of exchange rate	(Billion ¥)
Orders		518.4	542.0	+23.6	+4.5%	+18.8	
Sales		456.5	540.2	+83.7	+18.3%	+18.6	
Operating income		44.4	78.8	+34.4	+77.4%	+4.7	
ROS(%)		9.7	14.6	+4.9pt	—	—	
Ordinary income		48.6	84.1	+35.5	+73.0%	+5.1	
Profit attributable to owners of parent		38.9	61.7	+22.8	+58.5%	+4.1	
Exchange rate	US\$1=	¥136.12	¥145.31	+9.19	—	—	

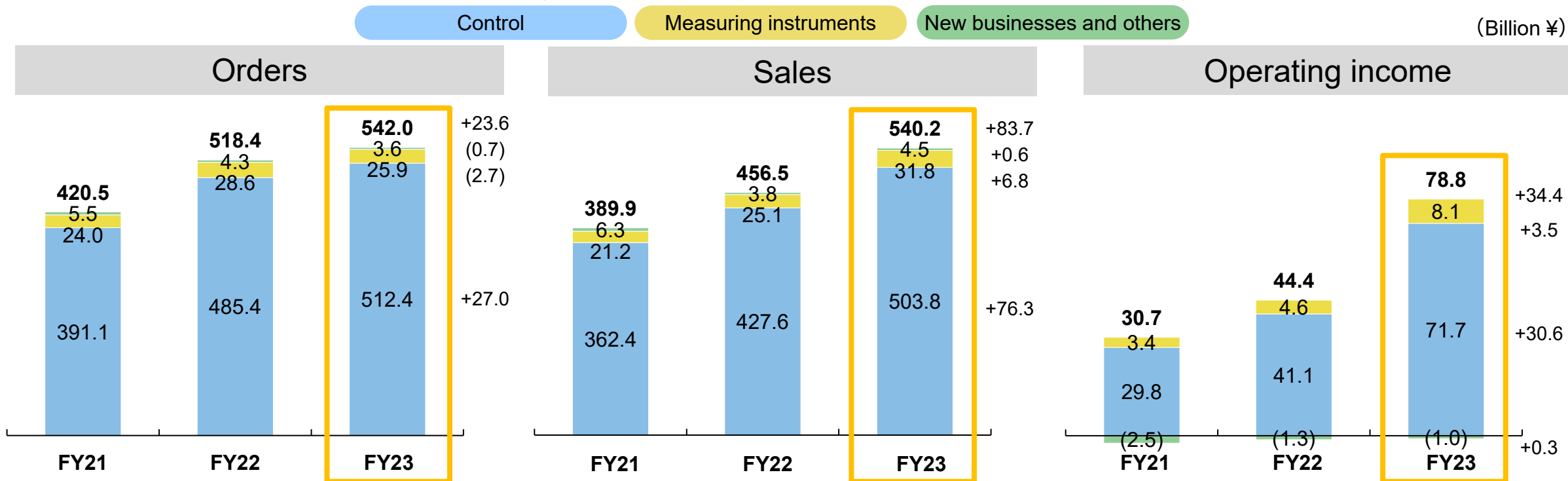
Analysis of Operating Income (year on year comparison)

- ◆ Operating income was up mainly due to an increase in the gross profit margin with an increase in sales.



Comparison for Orders, Sales, and Operating Income by Segment

- ◆ **Control:** Orders increased. Sales were up mainly due to an improved procurement environment for production parts and project-procured products, the effect of price hike measures, recording sales of large-scale projects ordered after COVID-19, and the impact of foreign exchange fluctuations (excluding the impact of exchange rates, orders increased ¥9.4 billion, 1.9% increase, and sales increased ¥59.2 billion, 13.8% increase). Operating income was up mainly due to an increase in the gross profit margin with an increase in sales (excluding the impact of exchange rates: +¥26.8 billion, +65.1%).
- ◆ **Measuring instruments:** Orders decreased. Sales were up mainly due to the progress in reducing the order backlog as a result of an improved procurement environment for production parts. Operating income was up mainly due to an increase in the gross profit margin with an increase in sales.
- ◆ **New businesses and others:** Sales and operating income were almost the same level as the previous fiscal year.



Orders and Sales by Region in Control Segment

- ◆ Orders remained strong in India, the Middle East, and Africa, but slowed in China.
- ◆ Orders: +¥9.4 billion, +1.9% (excluding the impact of exchange rates);
sales: +¥59.2 billion, +13.8% (excluding the impact of exchange rates)

(Billion ¥)

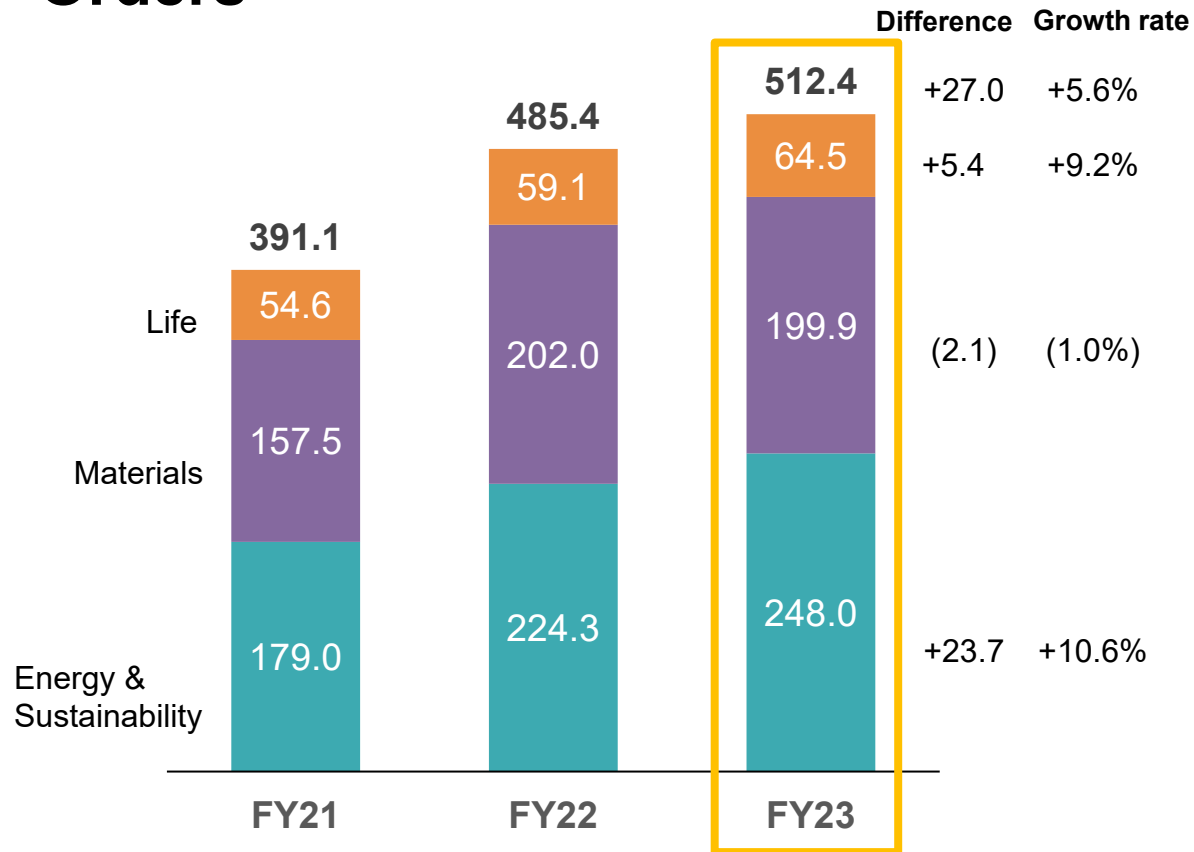
Orders	FY22 (A)	FY23 (B)	Difference (B-A)
Japan	134.0	134.5	+0.4
Asia	168.0	175.6	+7.5
(Southeast Asia, Far East)	71.0	79.6	+8.7
(China)	76.1	65.9	(10.3)
(India)	20.9	30.1	+9.1
Europe and CIS	46.4	52.5	+6.2
Middle East and Africa	71.4	82.9	+11.5
North America	47.3	47.4	+0.1
Central and South America	18.3	19.5	+1.3
Outside Japan	351.4	378.0	+26.6
Consolidated	485.4	512.4	+27.0
Exchange rate USD1\$ =	¥136.12	¥145.31	+9.19

Sales	FY22 (A)	FY23 (B)	Difference (B-A)
Japan	116.0	129.0	+13.0
Asia	153.8	174.2	+20.4
(Southeast Asia, Far East)	68.5	73.7	+5.2
(China)	66.8	74.1	+7.4
(India)	18.5	26.4	+7.8
Europe and CIS	42.4	50.5	+8.1
Middle East and Africa	59.9	82.9	+23.0
North America	40.7	48.1	+7.4
Central and South America	14.8	19.2	+4.4
Outside Japan	311.6	374.9	+63.3
Consolidated	427.6	503.8	+76.3
Exchange rate USD1\$ =	¥136.12	¥145.31	+9.19

Orders and Sales by Control Subsegment

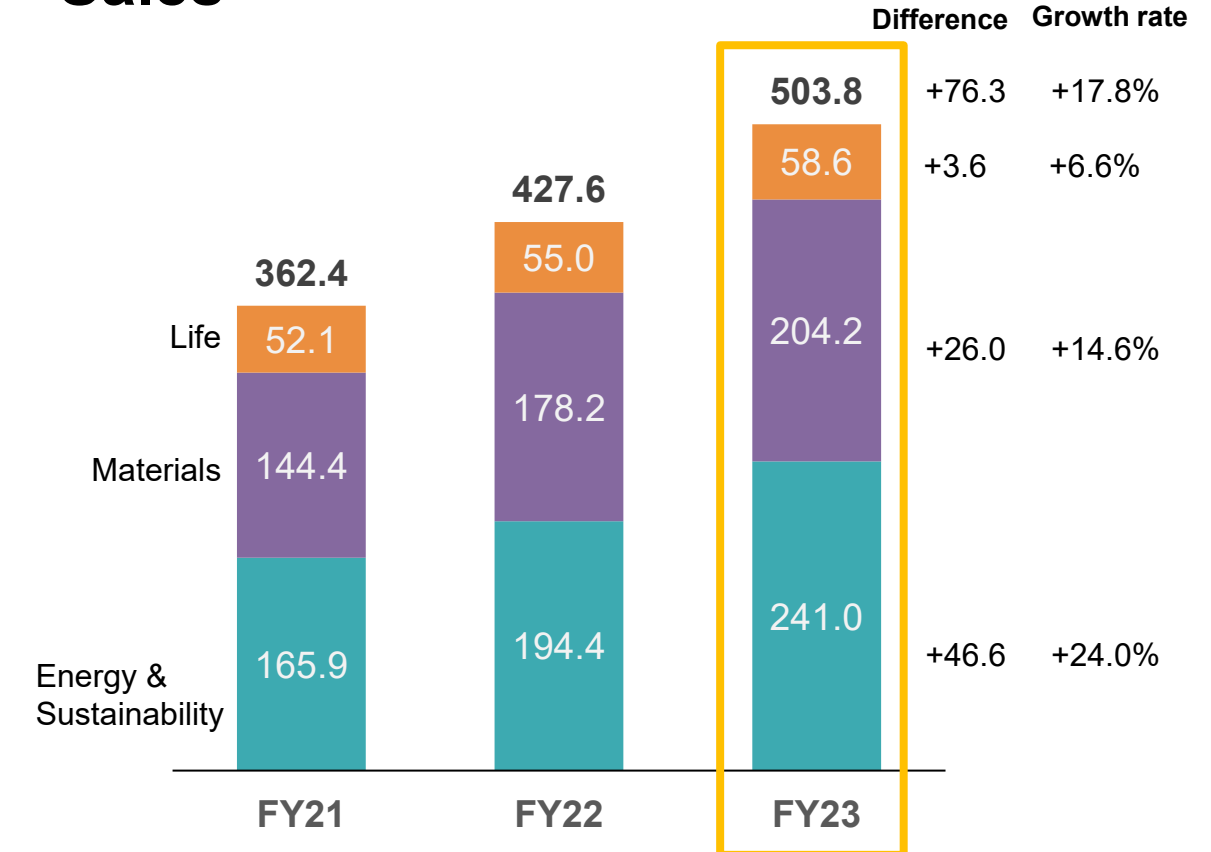
(Billion ¥)

Orders



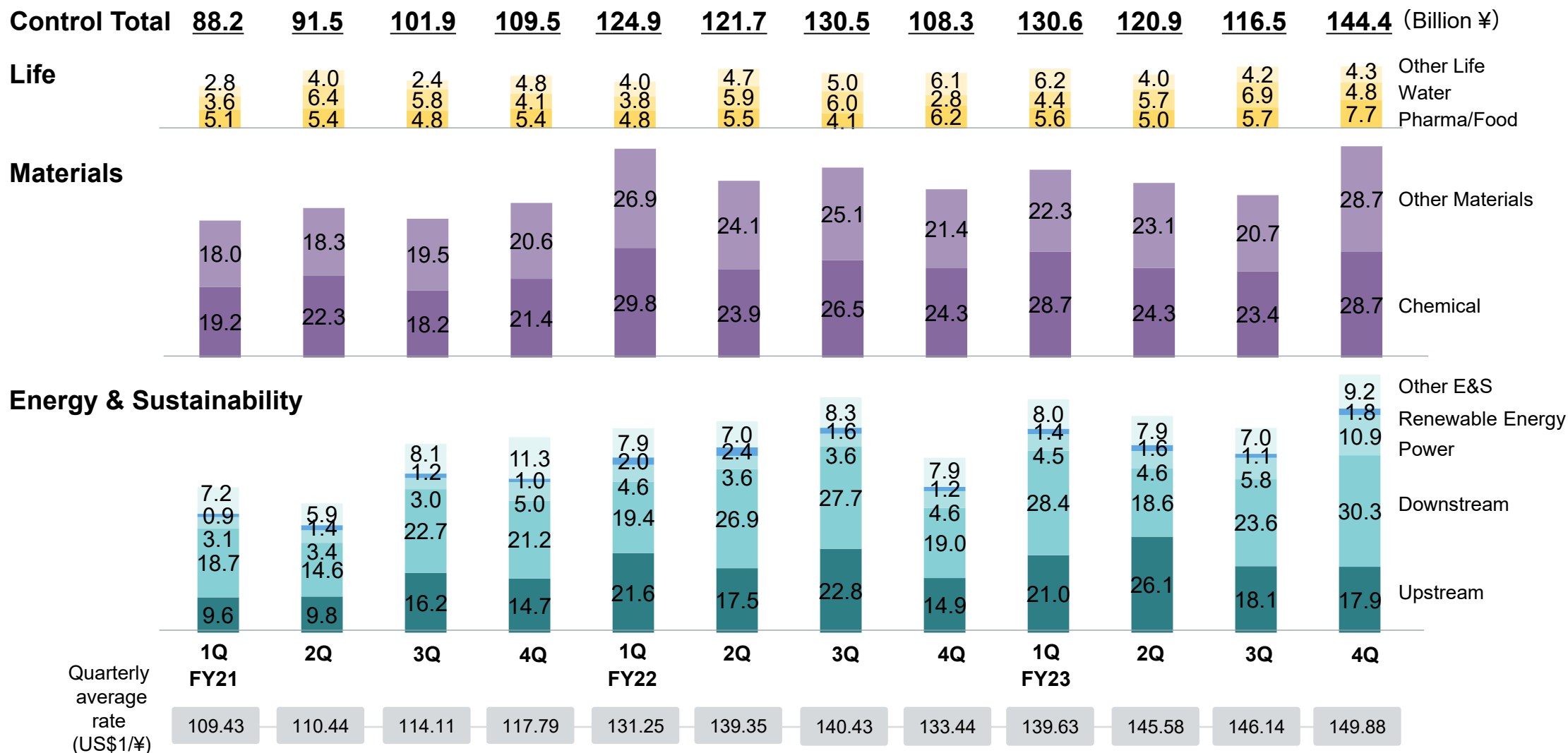
Exchange rate (US\$1/¥) 112.94 136.12 145.31

Sales

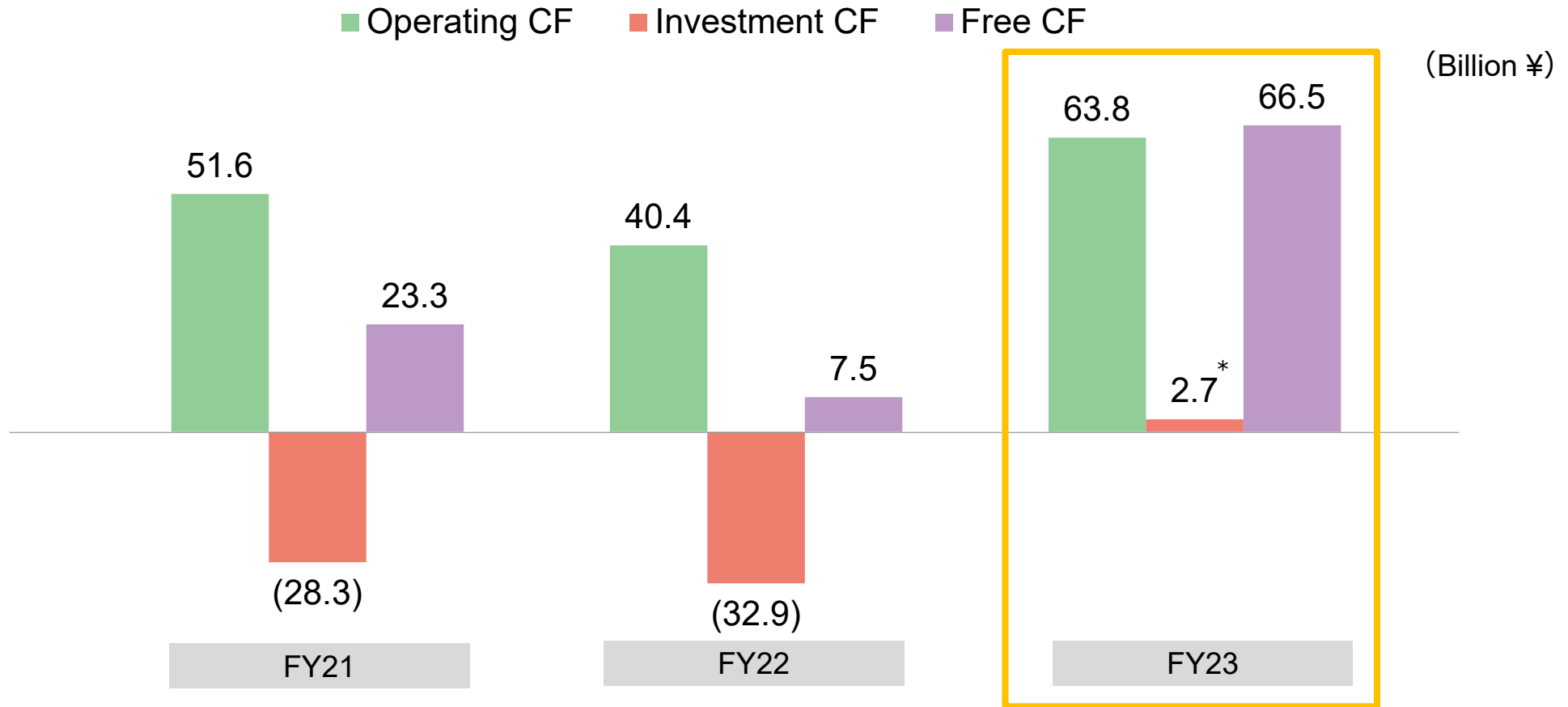


Exchange rate (US\$1/¥) 112.94 136.12 145.31

Orders by Industry in Control Segment



Trend of Cash Flow



* The impact of the large-scale sale of investment securities

Understanding Our Business Environment

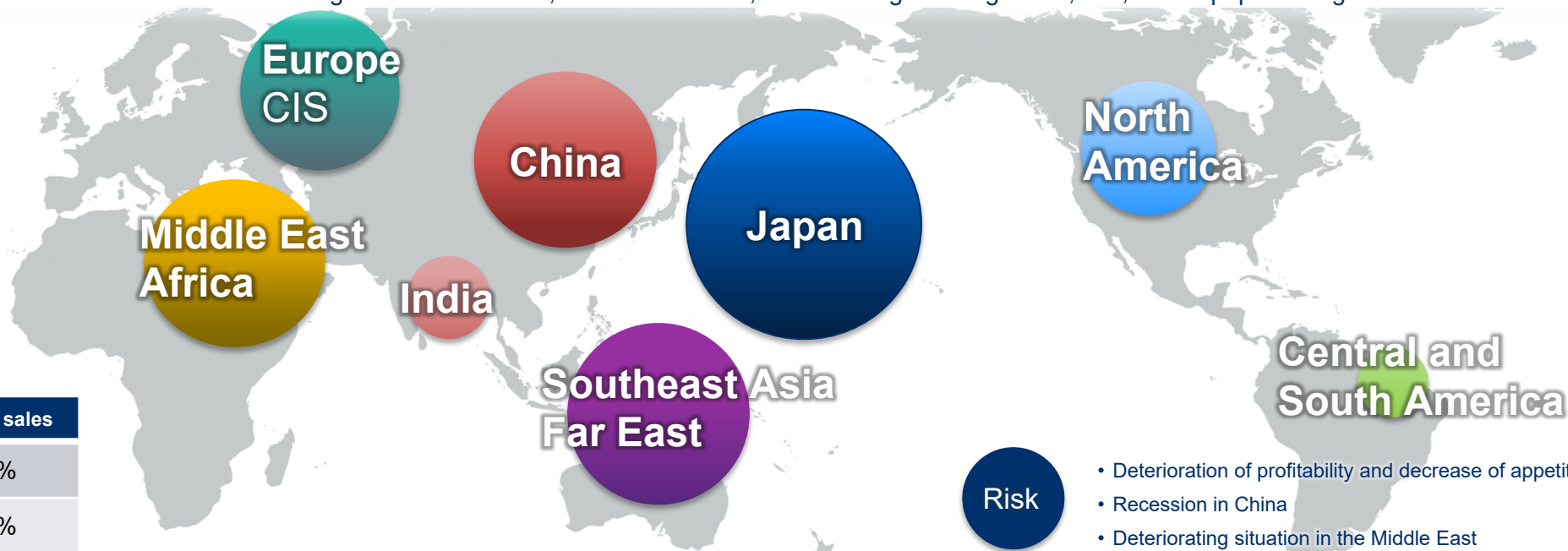
Customers' appetite for investment expected to remain strong in the medium to long term
Energy-related demand remains firm / Recovery expected in materials industry

Regions

Middle East: Strong investment continues, and projects related to productivity improvement such as DX are booming, but an increasingly tense regional situation requires close attention
India: Projects are active, but competition is fierce
North America: Investment still remains healthy, but there is caution with respect to the presidential election and the timing of interest rate changes
China: Demand continues to decline, but there are signs of peaking out in some areas **Japan:** Gradual recovery

Industries

Upstream, Downstream: Oil & gas prices and demand for stable energy procurement are driving investment **Renewables:** Many hydrogen, ammonia, and SAF projects
Chemicals: Expectations for recovery as supply and demand adjustment for semiconductors, etc. run their course
Mining: Demand for DX and solutions to reduce environmental impact are growing in mineral and fertilizer mining
Pharma, Food & Beverage: Market is stable due to population growth and strong investment to upgrade processes and improve productivity, safety, and quality
Water: Investment continues to be strong in water treatment, water distribution, water leakage management, etc., due to population growth and climate change



Percentage of overseas sales

FY22	72.8%
FY23	74.3%

Risk

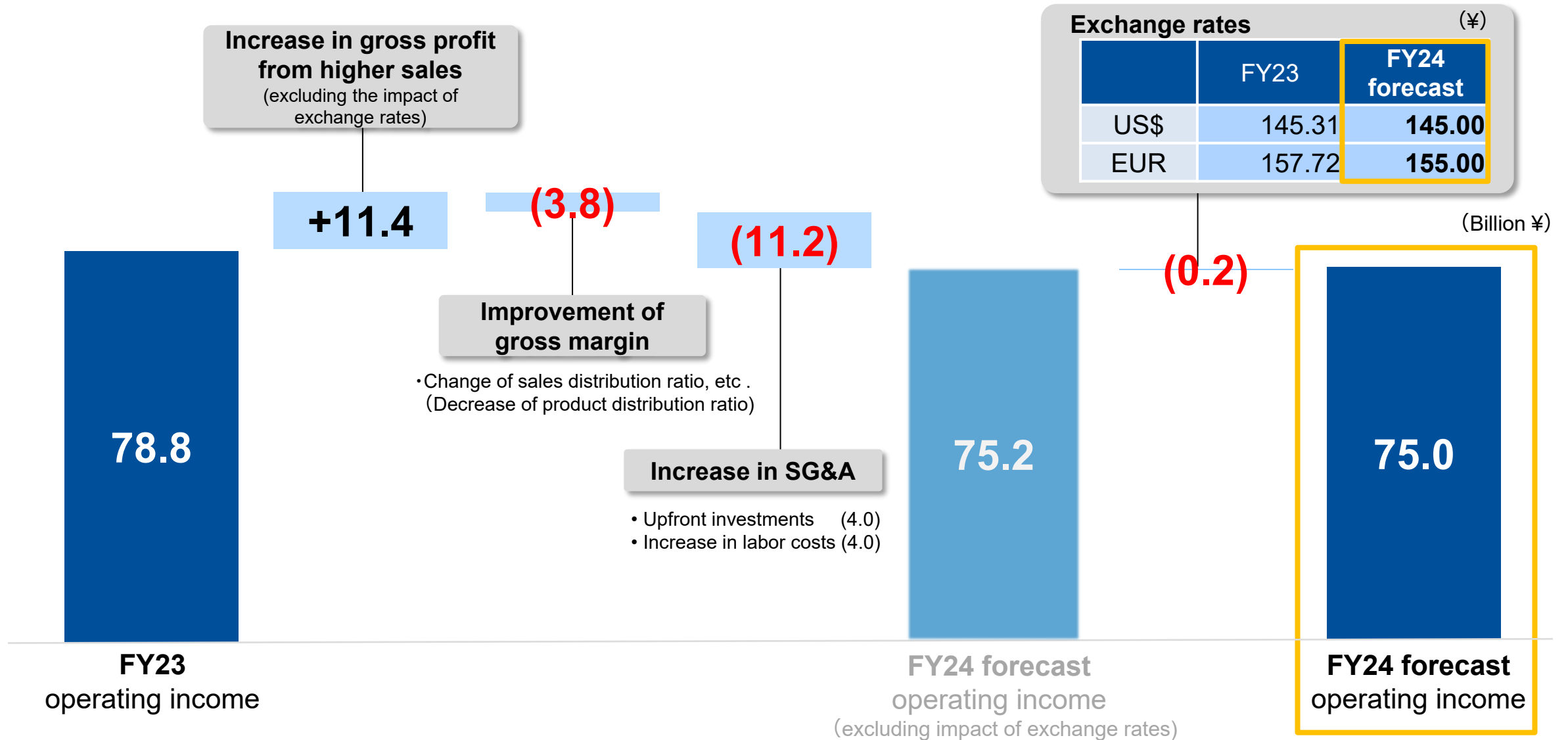
- Deterioration of profitability and decrease of appetite for investment due to inflation
- Recession in China
- Deteriorating situation in the Middle East

FY24 Forecast

- ◆ Orders and sales are projecting increases due to firm energy demand, investment recovery in the materials industry, and other factors.
- ◆ Operating income is expected to decline mainly because the gross profit margin is expected to decline owing to changes to the product mix, upfront investments for future growth are set to increase and human capital investments are expected to rise through efforts to boost competitiveness.

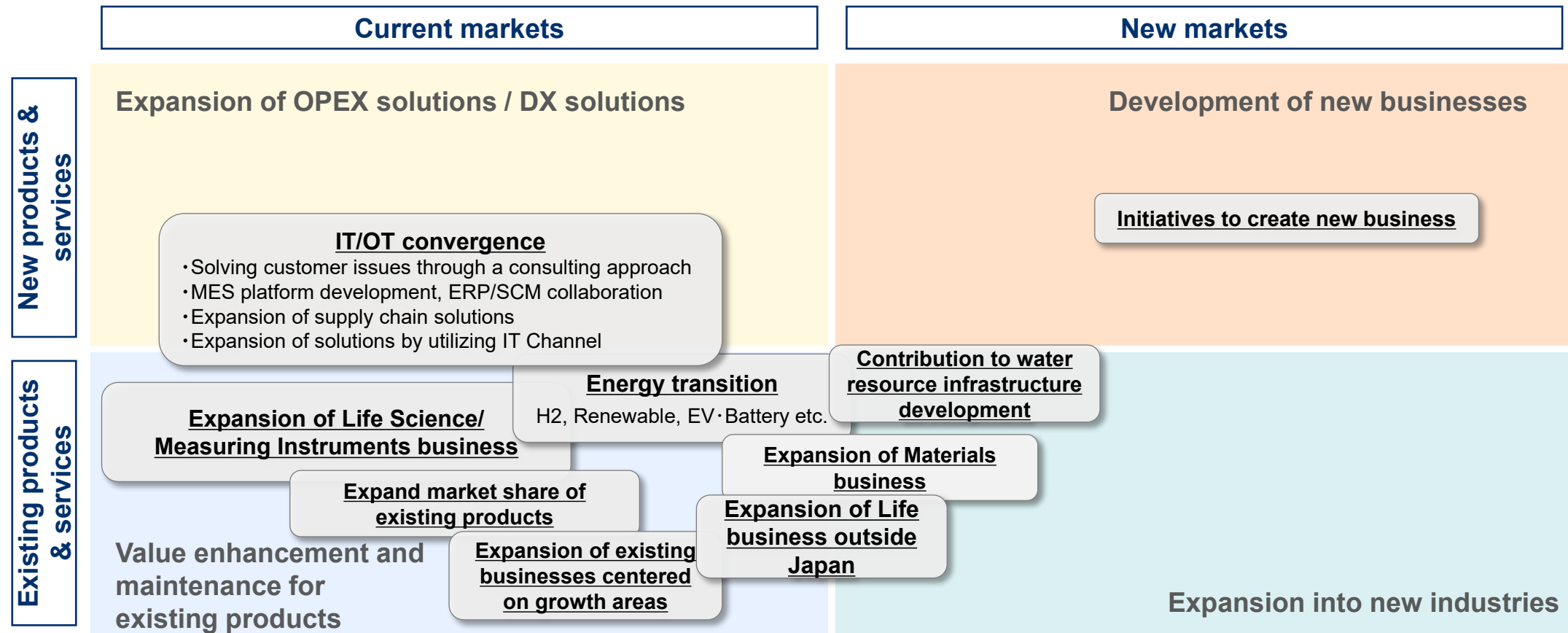
		FY23	FY24 forecast	Difference	Growth rate	(Billion ¥)
Orders		542.0	565.0	+23.0	+4.3%	
Sales		540.2	563.0	+22.8	+4.2%	
Operating income		78.8	75.0	(3.8)	(4.8%)	
ROS(%)		14.6	13.3	(1.3pt)	—	
Ordinary income		84.1	75.0	(9.1)	(10.8%)	
Profit before income taxes		87.8	75.0	(12.8)	(14.5%)	
Tax, etc.		26.1	26.0	(0.1)	(0.3%)	
Profit attributable to owners of parent		61.7	49.0	(12.7)	(20.6%)	
EPS(¥)		234.83	188.35	(46.48)	—	
Exchange rate	US\$1=	¥145.31	¥145.00	(0.31)	—	

Factors Accounting for Increase/Decrease in FY24 Operating Income



Advance investment for future growth in FY24

- ◆ Advance investment for future growth in FY24 (approximately 4 billion yen, including human investment for SMEs*, consultants, etc.) will be focused on the following areas.
- *SMEs: Subject Matter Expert



FY24 Forecast for Orders, Sales and Operating Income by Segment

Control

Measuring instruments

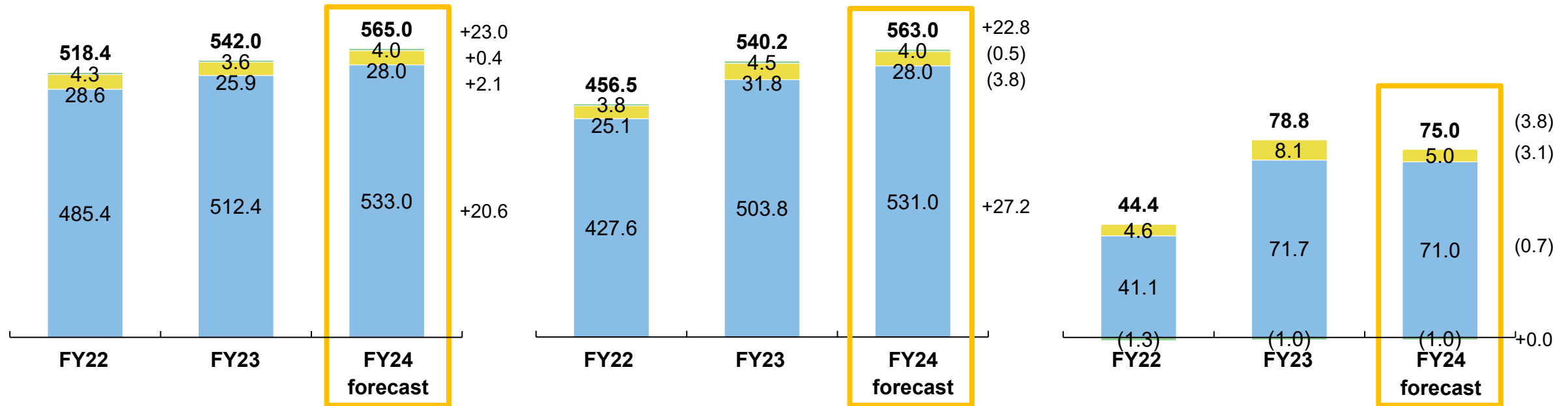
New businesses and others

(Billion ¥)

Orders

Sales

Operating income



FY24 Forecast for Control Orders and Sales by Region

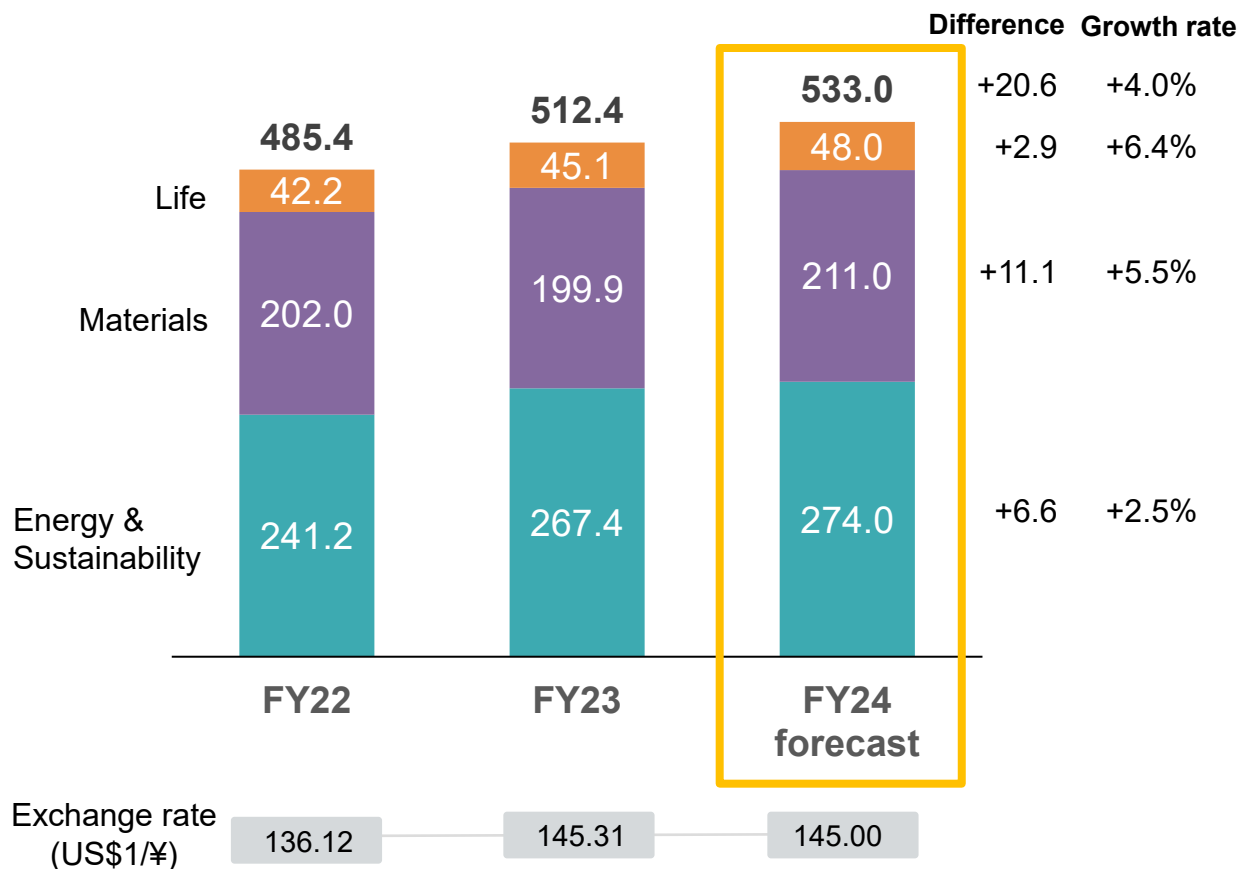
(Billion ¥)

Orders	FY23 (A)	FY24 (B)	Difference (B-A)
Japan	134.5	140.0	+5.5
Asia	175.6	182.5	+6.9
(Southeast Asia, Far East)	79.6	85.0	+5.4
(China)	65.9	67.0	+1.1
(India)	30.1	30.5	+0.4
Europe and CIS	52.5	53.0	+0.5
Middle East and Africa	82.9	87.5	+4.6
North America	47.4	50.0	+2.6
Central and South America	19.5	20.0	+0.5
Outside Japan	378.0	393.0	+15.0
Consolidated	512.4	533.0	+20.6
Exchange rate US\$1 =	¥145.31	¥145.00	(0.31)

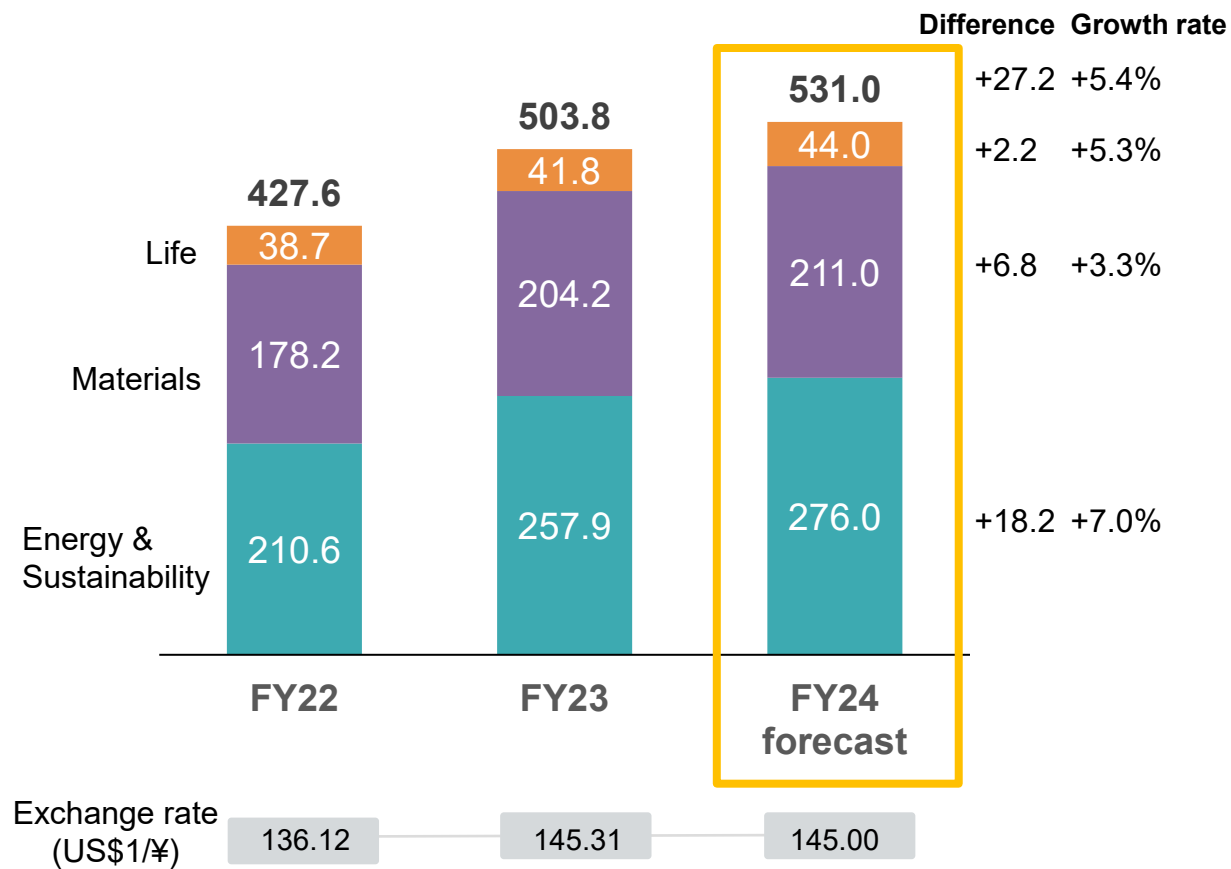
Sales	FY23 (A)	FY24 (B)	Difference (B-A)
Japan	129.0	138.0	+9.0
Asia	174.2	181.0	+6.8
(Southeast Asia, Far East)	73.7	79.0	+5.3
(China)	74.1	72.0	(2.1)
(India)	26.4	30.0	+3.6
Europe and CIS	50.5	55.0	+4.5
Middle East and Africa	82.9	87.0	+4.1
North America	48.1	50.0	+1.9
Central and South America	19.2	20.0	+0.8
Outside Japan	374.9	393.0	+18.1
Consolidated	503.8	531.0	+27.2
Exchange rate US\$1 =	¥145.31	¥145.00	(0.31)

FY24 Forecast for Orders and Sales by Control Subsegment

Orders



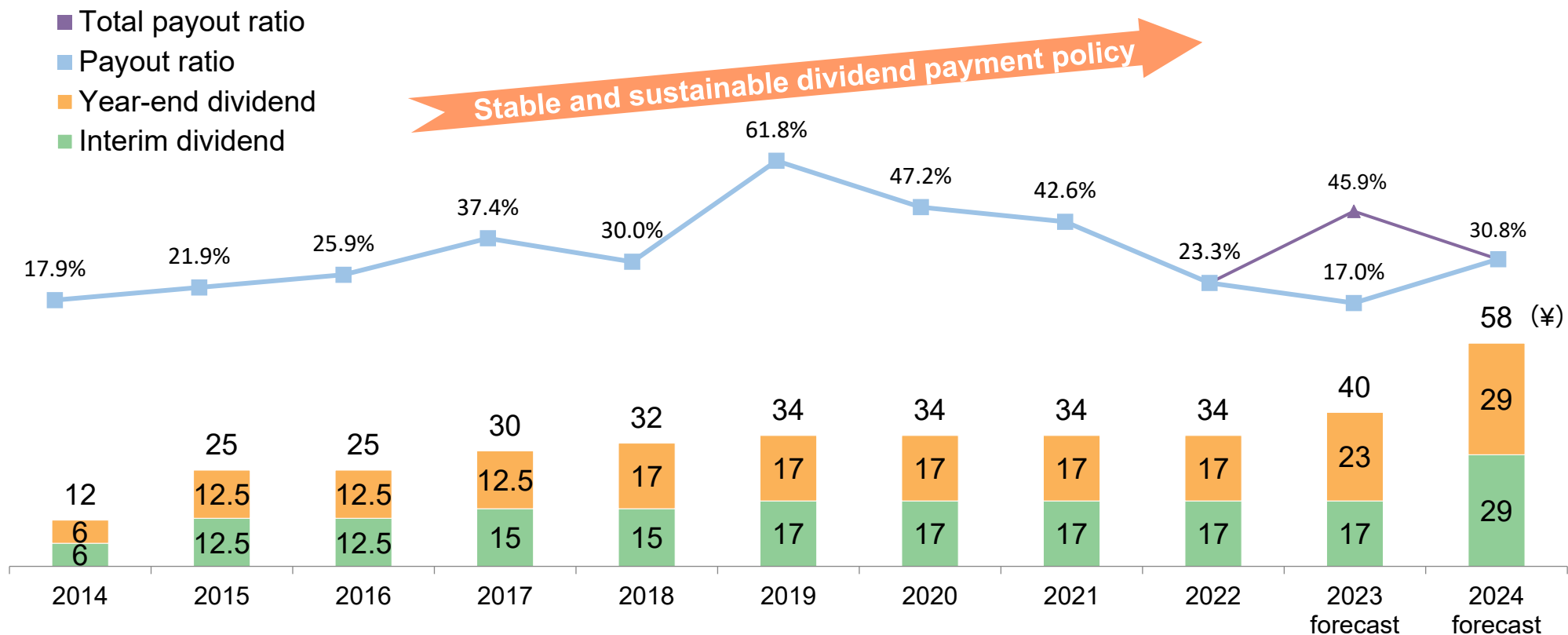
Sales



*The water business, which has been part of the Life business, will move to the Energy & Sustainability business in FY24. Accordingly, the figures for FY22 and FY23 have also been changed.
 Transferred (Life business→ Energy & Sustainability business)
 FY22 : Orders transferred ¥16.9 billion, Sales transferred ¥16.3 billion
 FY23 : Orders transferred ¥19.4 billion, Sales transferred ¥16.9 billion

Dividend

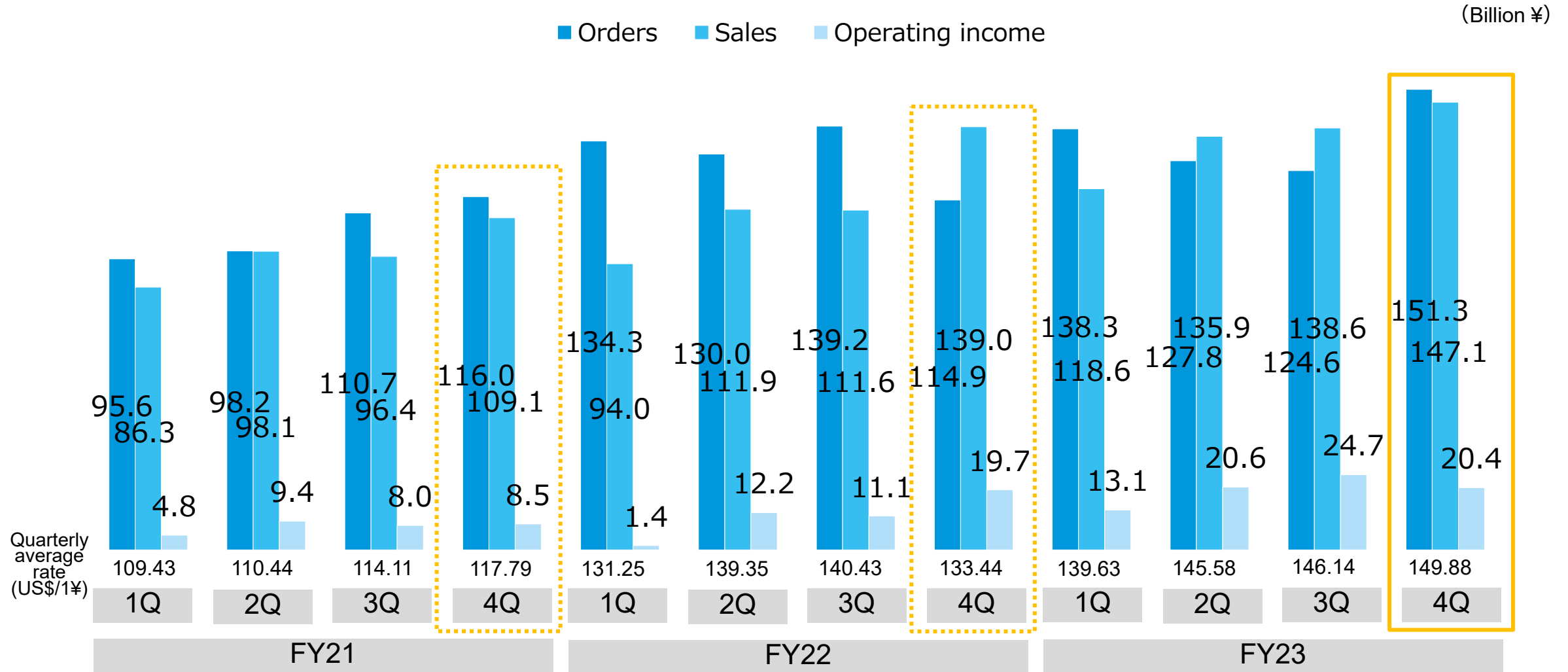
- ◆ FY23 annual dividend forecast: ¥40 (increase of ¥6 from previous year)
- ◆ FY24 annual dividend forecast: ¥58 (increase of ¥18 from previous year)



Financial Appendix:

- Quarterly Financial Results
- Non-operating / Extraordinary Income and Expenses
- Order Backlog Trend by Segment
- Order Backlog Trend by Control Subsegment
- Control Segment Order Trend by Project Size
- Trend of R&D Expenses, Depreciation, and CAPEX
- Trend of Balance Sheet
- Trend of Stock Price

Appendix: Quarterly Financial Results



Appendix: Non-operating / Extraordinary Income and Expenses

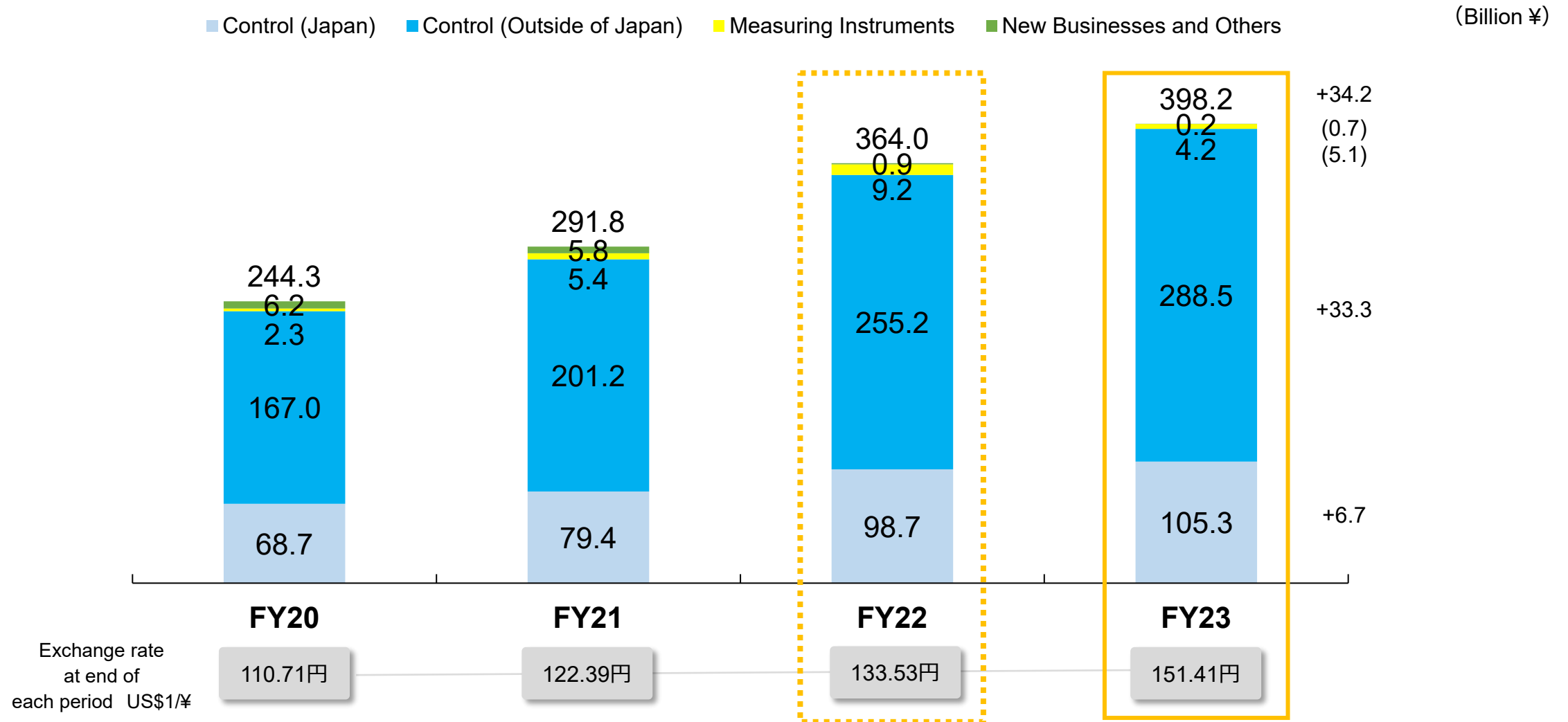
	FY22	FY23
Operating income	44.4	78.8
Non-operating income	8.0	8.5
Non-operating expenses	3.8	3.2
Ordinary income	48.6	84.1
Extraordinary income	2.4	17.0
Extraordinary expenses	1.2	13.4
Income before tax	49.8	87.8
Tax, etc.	10.9	26.1
Profit attributable to owners of parent	38.9	61.7
(Effective tax rate)	15.8%	24.8%

(Billion ¥)

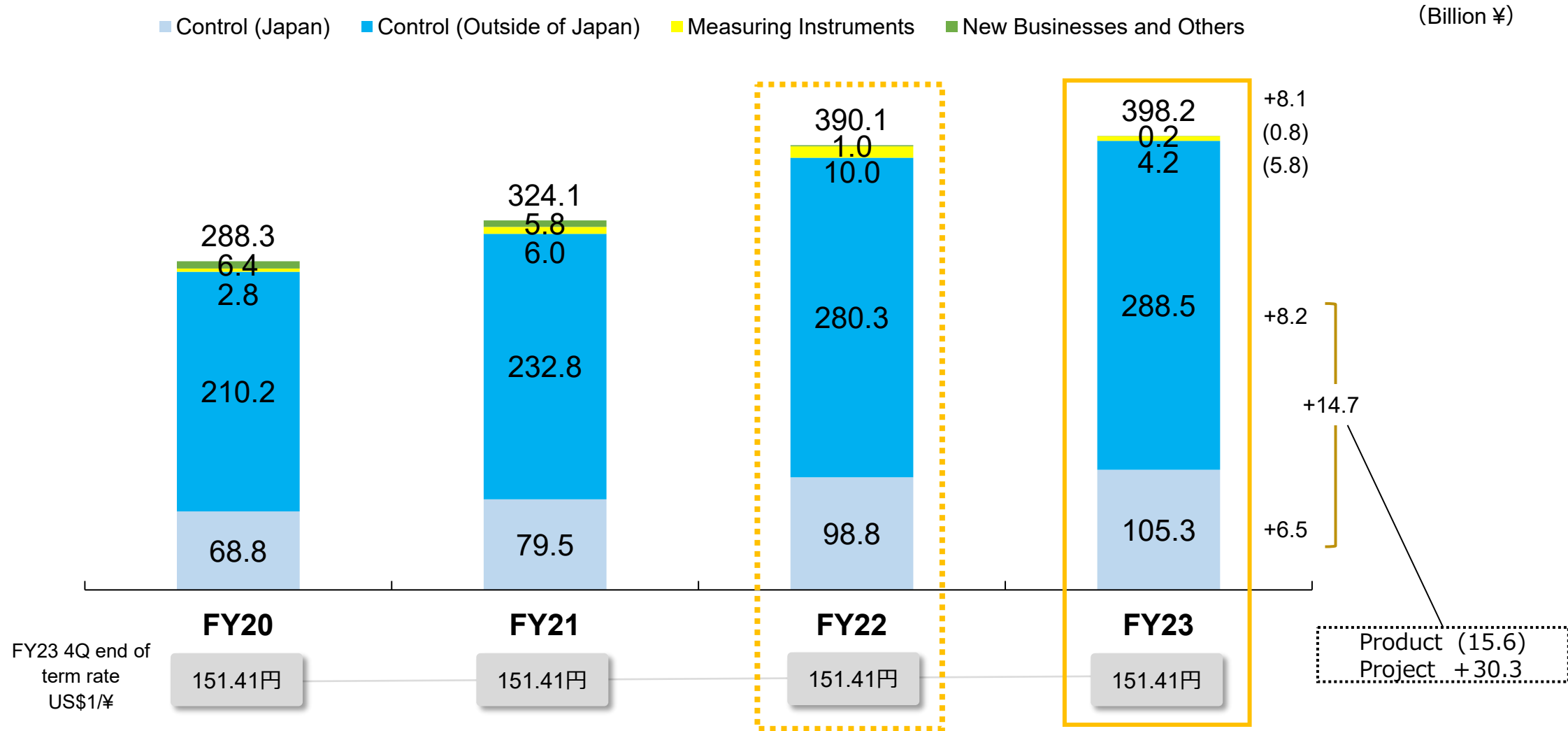
[Extraordinary income]
FY23 Gain on sale of investment securities +¥17.0 billion

[Extraordinary expenses]
FY23 Impairment loss -¥11.5 billion
2Q ・PXiSE Energy Solutions, LLC
4Q ・Yokogawa Insilico Biotechnology GmbH
・Yokogawa Fluence Analytics, Inc.

Appendix: Order Backlog Trend by Segment

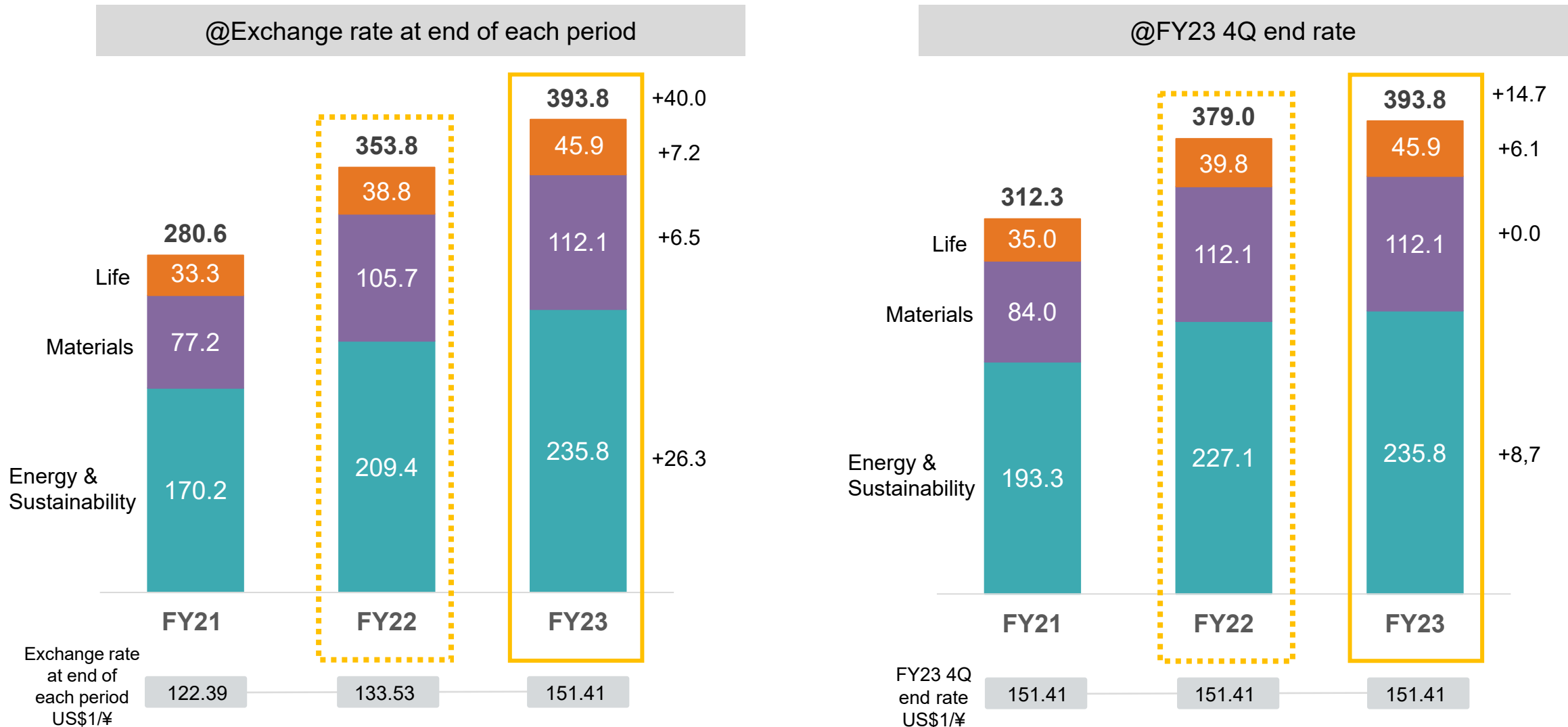


Appendix: Order Backlog Trend by Segment (using FY23 4Q end of term rate)



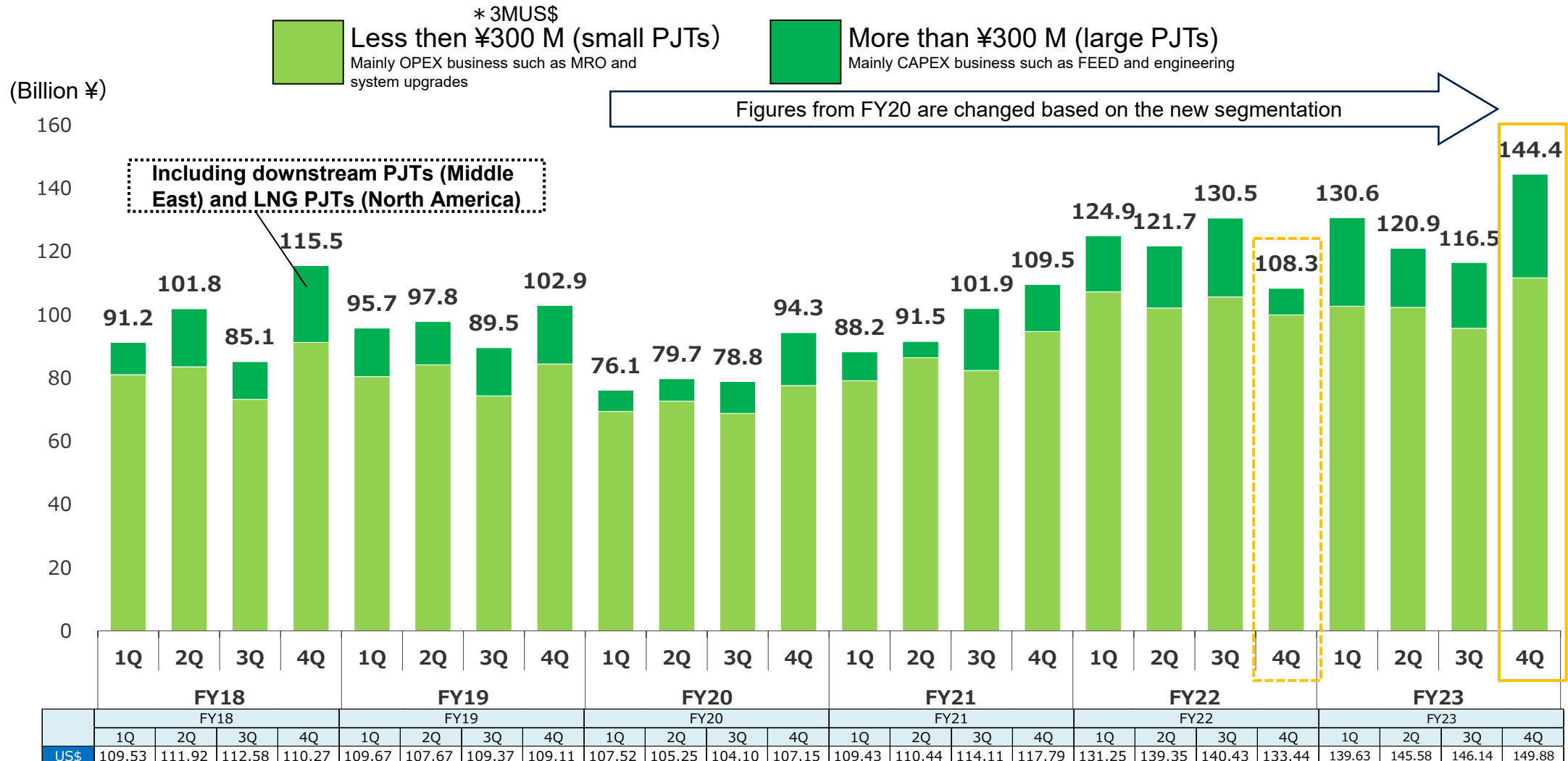
Appendix: Order Backlog Trend by Control Subsegment

(Billion ¥)

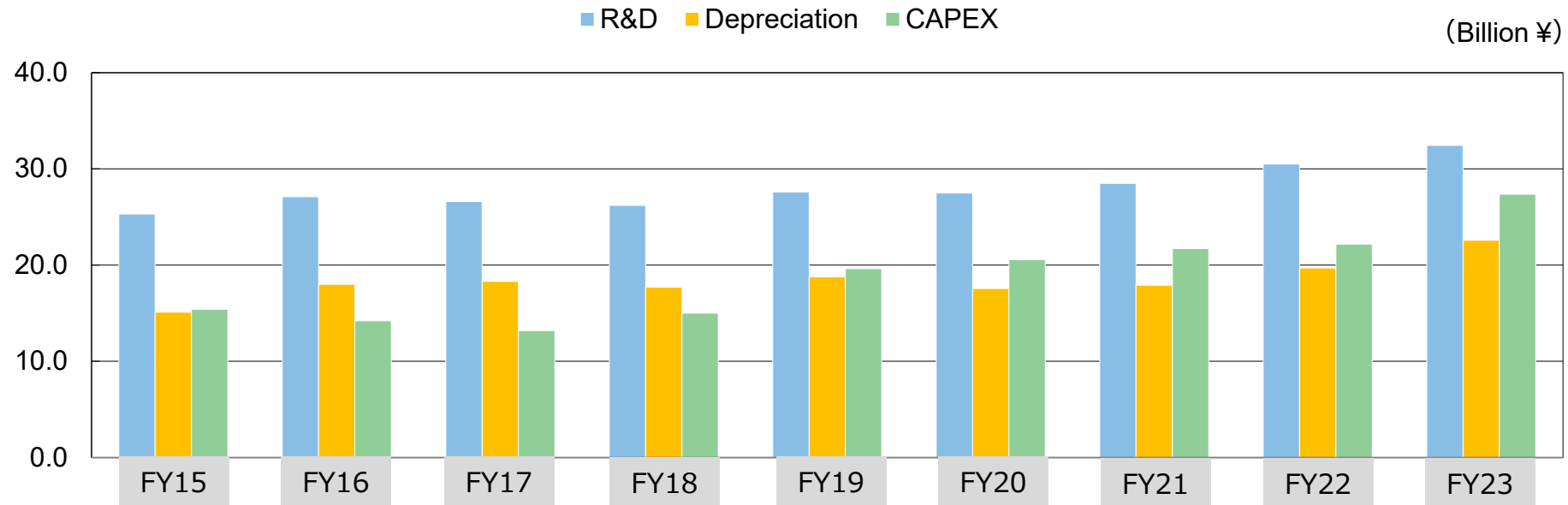


Appendix: Control Segment Order Trend by Project Size

Large projects (¥300 million* or larger) account for only 10-15% of control segment revenues.



Appendix: Trend of R&D Expenses, Depreciation, and CAPEX

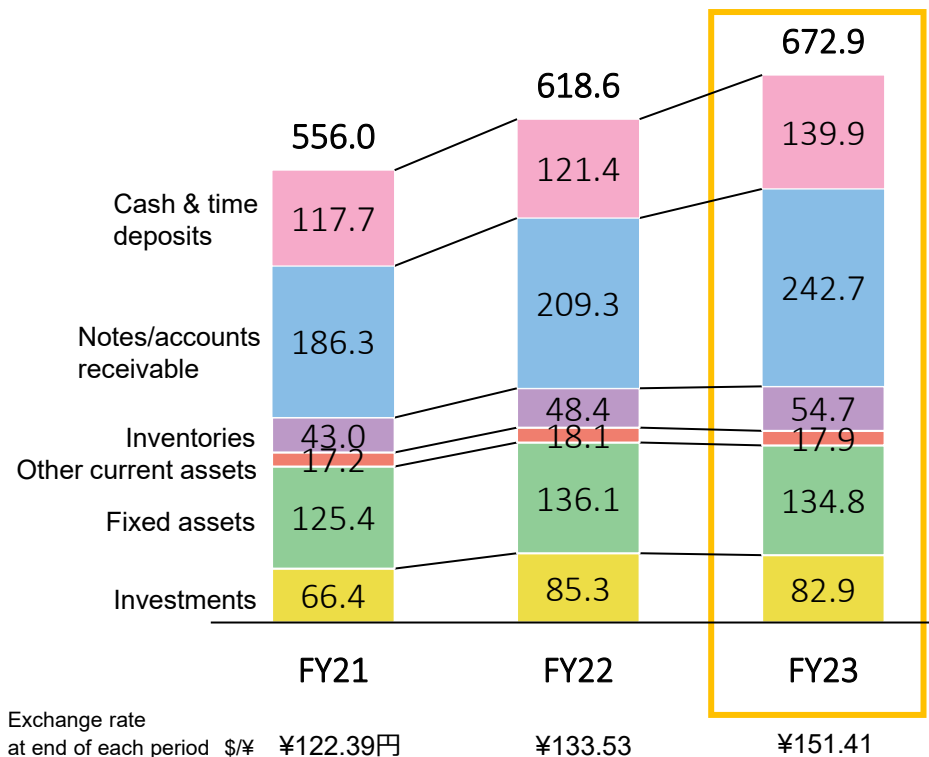


	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
R&D expenses (% of sales)	6.1%	6.9%	6.5%	6.5%	6.8%	7.3%	7.3%	6.7%	6.0%
Depreciation (% of sales)	3.6%	4.6%	4.5%	4.4%	4.6%	4.7%	4.6%	4.3%	4.2%
CAPEX (% of sales)	3.7%	3.6%	3.2%	3.7%	4.9%	5.5%	5.6%	4.9%	5.1%

*The Group's consolidated subsidiaries outside Japan have adopted IFRS 16 (Leases) from FY19.

Appendix: Trend of Balance Sheet

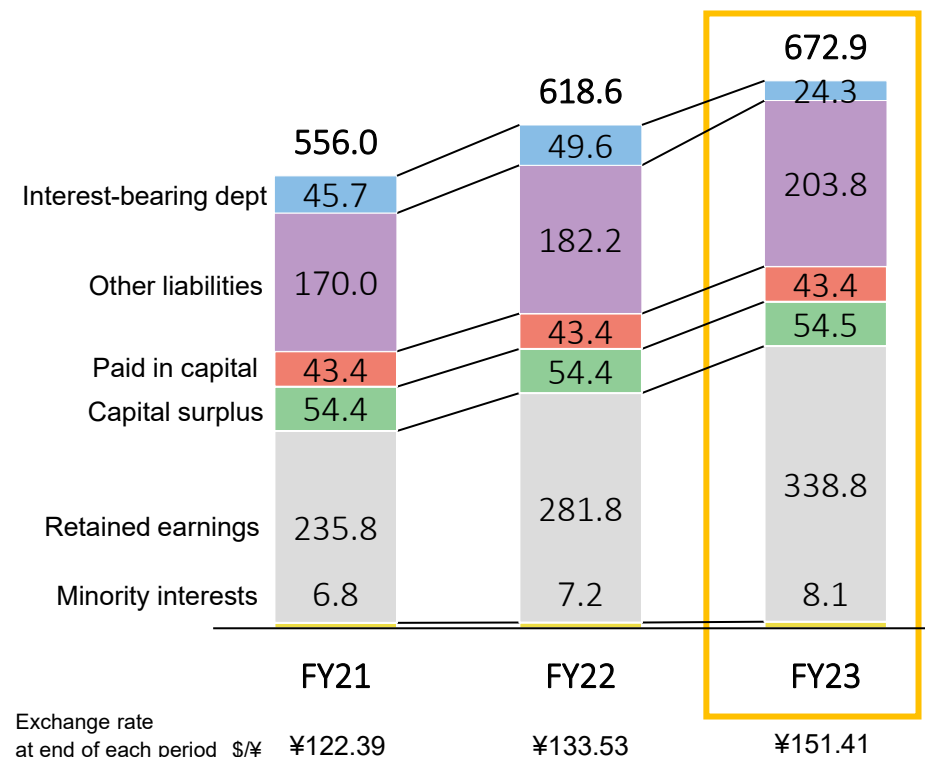
Assets



	FY21	FY22	FY23
Total asset turnover (ROA)	4.0%	6.6%	9.6%
Return on equity (ROE)	6.6%	10.9%	15.1%
Total asset turnover	0.73	0.78	0.84

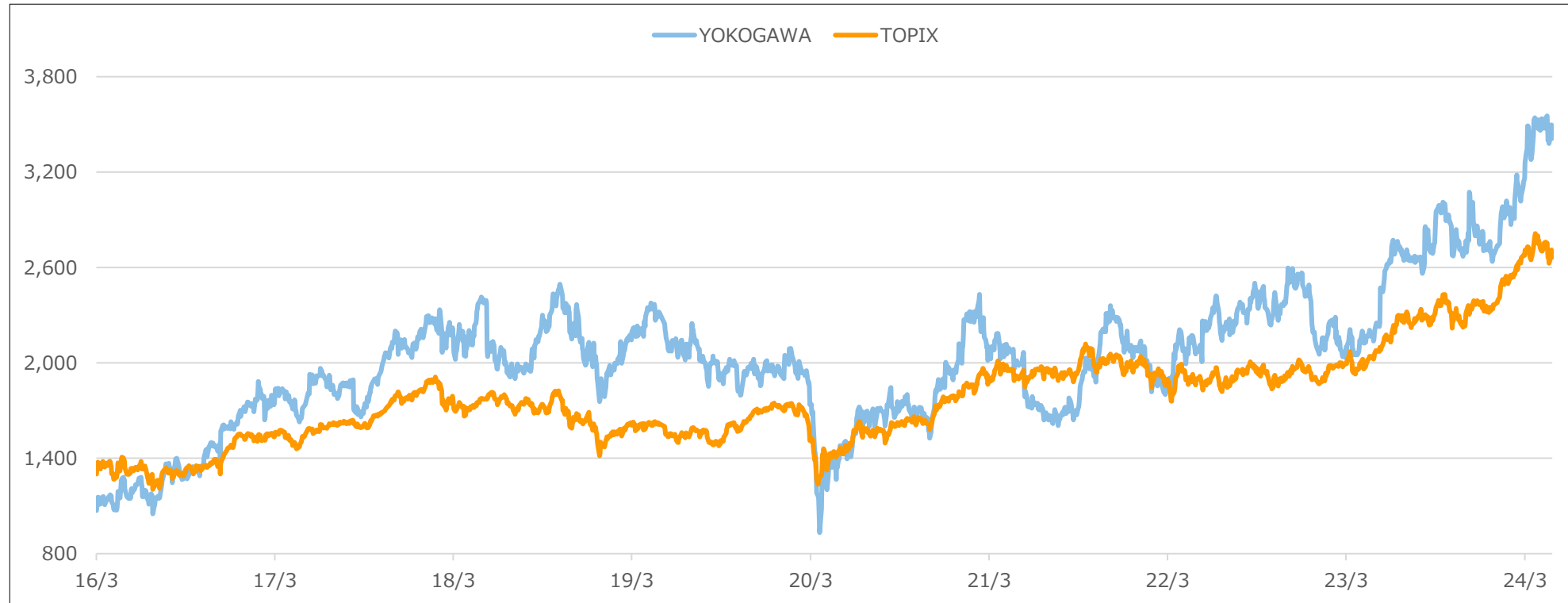
Liabilities and equity

(Billion ¥)



	FY21	FY22	FY23
Debt/equity ratio	13.7%	13.1%	5.6%
Shareholders' equity ratio	60.0%	61.4%	64.9%
Net assets per share (yen)	¥1,250	¥1,422	¥1,678

Appendix: Trend of Stock Price



(¥)

	16/3	17/3	18/3	19/3	20/3	21/3	22/3	23/3	23/6	23/9	23/12	24/3	24/4/25
YOKOGAWA	1,163	1,752	2,198	2,291	1,303	2,038	2,099	2,150	2,651	2,889	2,689	3,494	3,411
TOPIX	1,347	1,512	1,716	1,592	1,403	1,954	1,946	2,004	2,289	2,323	2,366	2,769	2,664

Reference:

- FY23 News
- Yokogawa's Main ESG Indexes etc.

Reference: FY23 News (Alliances・Acquisitions / Projects)

Based on press release date

For more information, see <https://www.yokogawa.com/news/>

Alliances・Acquisitions

- Nov.** TECO 2030 and Yokogawa Sign Partnership and Investment Agreement for the Utilization of Hydrogen Fuel Cells in Industrial Applications
- Yokogawa and FPT Software Ink Global Partnership to Advance DX Solution Offerings
- Promoting the expansion of the provision of digital services to accelerate OT/IT convergence -
- Jan.** Yokogawa and TIM Solution Ink Global Partnership to Offer 8D Digital Twin to Customers
- To promote the provision of engineering technology to accelerate IT/OT convergence -
- Feb.** Yokogawa Invests in and Signs Memorandum on Business Partnership with Tsubame BHB
- Collaboration to include joint development of solutions for ammonia production -
- Yokogawa to Acquire Indian Flowmeter Manufacturer Adept Fluidyne
- Enabling the delivery of Yokogawa technology with local production -

Projects

- Sep.** Yokogawa to Supply Energy Management System for Yuri Green Hydrogen Project in Australia
- Integrating the facility's plant control and energy management systems -
- Port of Rotterdam and Yokogawa Kick Off Study to Increase Energy and Resource Efficiency Across Industries
- Oct.** Yokogawa Completes Installation of High-Performance Combustion Control Solution at Poland's Largest Waste-to-Energy Plant
- Increases waste incineration volume by 5,500 tons annually if operated at full capacity -
- Dec.** Cosmo Oil and Yokogawa Start Exploring Possibilities for Refinery Digitalization
- Aiming for more reliable and efficient refineries -
- Feb.** Yokogawa Provides Remote Operation/Monitoring System and Video Monitoring Solution for Japan's Largest Wind Farm
- Achieving system-wide optimization of offshore wind turbines and onshore facilities -

Reference: FY23 News (Solutions & Products / R&D)

Based on press release date
For more information, see <https://www.yokogawa.com/news/>

Solutions & Products

- Jun.** Yokogawa Test & Measurement Corporation Releases High Performance AQ6370E Optical Spectrum Analyzer
Yokogawa to Release OpreX Informatics Manager, Enabling Integrated Management of Experimental Data and Research Resources in the Cloud
- Sep.** Yokogawa Releases Upgrade for OpreX Data Model Broker Plant Data Transformation Platform
- Automatically extracts information from diagrams and creates instrumentation lists -
- Jan.** Yokogawa Introduces CellVoyager High-Content Analysis System CQ3000
- For greater efficiency in drug discovery and regenerative medicine R&D, and the swift commercialization of new drugs -
- Feb.** Yokogawa Releases OpreX Carbon Footprint Tracer to Support Decarbonization in the Process Manufacturing Industries
- In collaboration with SAP, a world's first product CO2 emissions management service for the process manufacturing industries -
- Mar.** Yokogawa Launches OpreX Robot Management Core
- Marks full rollout of robot operations solution for enhancing safety and efficiency at manufacturing sites -



AQ6370E Optical Spectrum Analyzer

R&D

- May** Omega Simulation to Participate in Oil and Gas-Related Decarbonization Projects for the Nippon Foundation - DeepStar Joint Research and Development Program
- Oct.** Yokogawa Solution Service and Microwave Chemical Conclude a Joint Development Agreement for Construction of a Small-scale Distributed Chemical Recycling System that Uses Microwave Heating
- Working toward a circular economy through a high-efficiency system that utilizes renewable energy -
- Dec.** JGC and Yokogawa Team up to Develop Lunar Plant Control System That Will Support Ultra-remote Communications

Reference: FY23 News (Others)

Based on press release date

For more information, see <https://www.yokogawa.com/news/>

Others

- Apr.** Yokogawa Receives Intellectual Property Achievement Award for Promoting Open Innovation
- May** Successful Deep Sea Observation of Sea Level Fluctuations with Made-in-Japan Silicon Resonant Water Pressure Gauge
- Adopted for use in N-net, contributing to mitigation of disaster damage -
- Oct.** Yokogawa Joins Avelia's Blockchain-Powered Sustainable Aviation Fuel Purchasing Program
Published 2023 Yokogawa Report (English)
- Nov.** Yokogawa Receives Highest MSCI ESG Rating of AAA for the First Time
Published 2023 Yokogawa Sustainability Report
Held Yokogawa IR Day 2023 (“Summary of Yokogawa DX Strategy” and “External DX Consultation of Yokogawa Digital”)
- Dec.** Yokogawa Recognized as ‘Leader’ in the Verdantix Green Quadrant Report for Process Safety Management Software
Yokogawa Included in the Dow Jones Sustainability World Index for the Second Year in a Row
- Feb.** Yokogawa Recognized with Double ‘A’ Score for Transparency on Climate Change and Water Security



2023 Yokogawa Sustainability Report



2023 Yokogawa Report



‘Leader’ in the Verdantix Green Quadrant Report

Reference: Yokogawa's Main ESG Indexes, etc.

DJSI-World Index
DJSI-Asia Pacific Index
FTSE4Good Index Series
FTSE Blossom Japan Index
FTSE Blossom Japan Sector Relative Index
MSCI ESG Ratings AAA
MSCI ESG Leaders Indexes
MSCI Japan ESG Select Leaders Index
MSCI Japan Empowering Women Index
ISS ESG - ESG Corporate Rating Prime status
Sustainalytics Top-Rated ESG Regional Performer
CDP Climate Change/Water Security A List
CDP Supplier Engagement Leader
SNAM Sustainability Index
S&P/JPX Carbon Efficient Index
EcoVadis Gold Rating for Sustainability
Morningstar Japan ex-REIT Gender Diversity Tilt Index

Member of

Dow Jones Sustainability Indices

Powered by the S&P Global CSA

2023 MSCI ESG Leaders Indexes Constituent

As of April 2024



2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index

Please visit our website for more details about ESG indexes and evaluations from outside the company.
<https://www.yokogawa.com/about/ir/>

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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The information has not been restated to reflect the revision of the initially allocated acquired costs that was decided upon finalization of the tentative accounting treatment and application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting."

IR Department
Yokogawa Electric Corporation

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