

Yokogawa Electric Corporation

Financial Results for 1st Half of Fiscal Year 2011

November 9, 2011

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Management Administration Headquarters

Summary of FY11 1H Results



- Both orders and net sales were up from FY10 1H, buoyed by continued growth in emerging countries and other factors. Operating income also increased due to items such as an increase in sales and an improved gross margin.

Control segment: Although the rebuilding of the March 11 disaster-stricken areas generated local demand, the Japan market as a whole faced uncertainty with declining capital investments due to summertime energy-saving measures, the rapid appreciation of the yen, and other factors. Around the world, demand for energy and electric power plants in Southeast Asia, China, India, Brazil, Australia, and other areas remained strong. Under these circumstances, net sales and operating income were up from FY10 1H.

Measurement segment: In the measuring instruments market, demand remained robust for power and optical measuring instruments. In the semiconductor tester market, customers ramped up their investments in front-end memory testers. Consequently, net sales increased from FY10 1H. The operating loss decreased from FY10 1H due to the increase in sales and reductions in fixed costs and R&D expenses.

- Although FY10 1H saw a net loss, net income was recorded in FY11 1H thanks to higher sales, a reduction in extraordinary losses, and other factors.

(Billion ¥)

	FY10 1H Results (A)	FY11 1H Budget (B)	FY11 1H Results (C)	Difference (C-A)	Difference (C-B)
Orders	169.7	178.0	179.0	9.3	1.0
Sales	153.3	155.0	157.8	4.5	2.8
Operating income	3.9	4.5	6.8	2.9	2.3
Ordinary income	1.8	2.5	4.2	2.4	1.7
Net income	(3.5)	0	0.7	4.2	0.7

FY11 1H Financial Results (Budget/Results)



(Billion ¥)

		FY11 1H Budget	FY11 1H Results	Difference
Orders		178.0	179.0	1.0
Sales		155.0	157.8	2.8
Operating income		4.5	6.8	2.3
Ordinary income		2.5	4.2	1.7
Net income		0	0.7	0.7
Exchange rate (¥)	1\$= 1€=	80.00 110.00	79.16 113.52	(0.84) 3.52

- Orders exceeded the budget thanks to the strong performance of the control segment both in and outside Japan.
- Sales surpassed the budget due to the strong performance of the control segment outside Japan and the measurement segment.
- Operating income also exceeded the budget due to the higher sales and the improved gross margin.

FY11 1H Financial Results

(FY10 1H/FY11 1H)



(Billion ¥)

		FY10 1H	FY11 1H	Growth rate	Difference
Orders		169.7	179.0	5.5%	9.3
Sales		153.3	157.8	2.9%	4.5
Operating income		3.9	6.8	76.1%	2.9
Ordinary income		1.8	4.2	128.7%	2.4
Net income		(3.5)	0.7	—	4.2
Exchange rate (¥)	1\$= 1€=	87.99 112.82	79.16 113.52	—	(8.83) 0.70

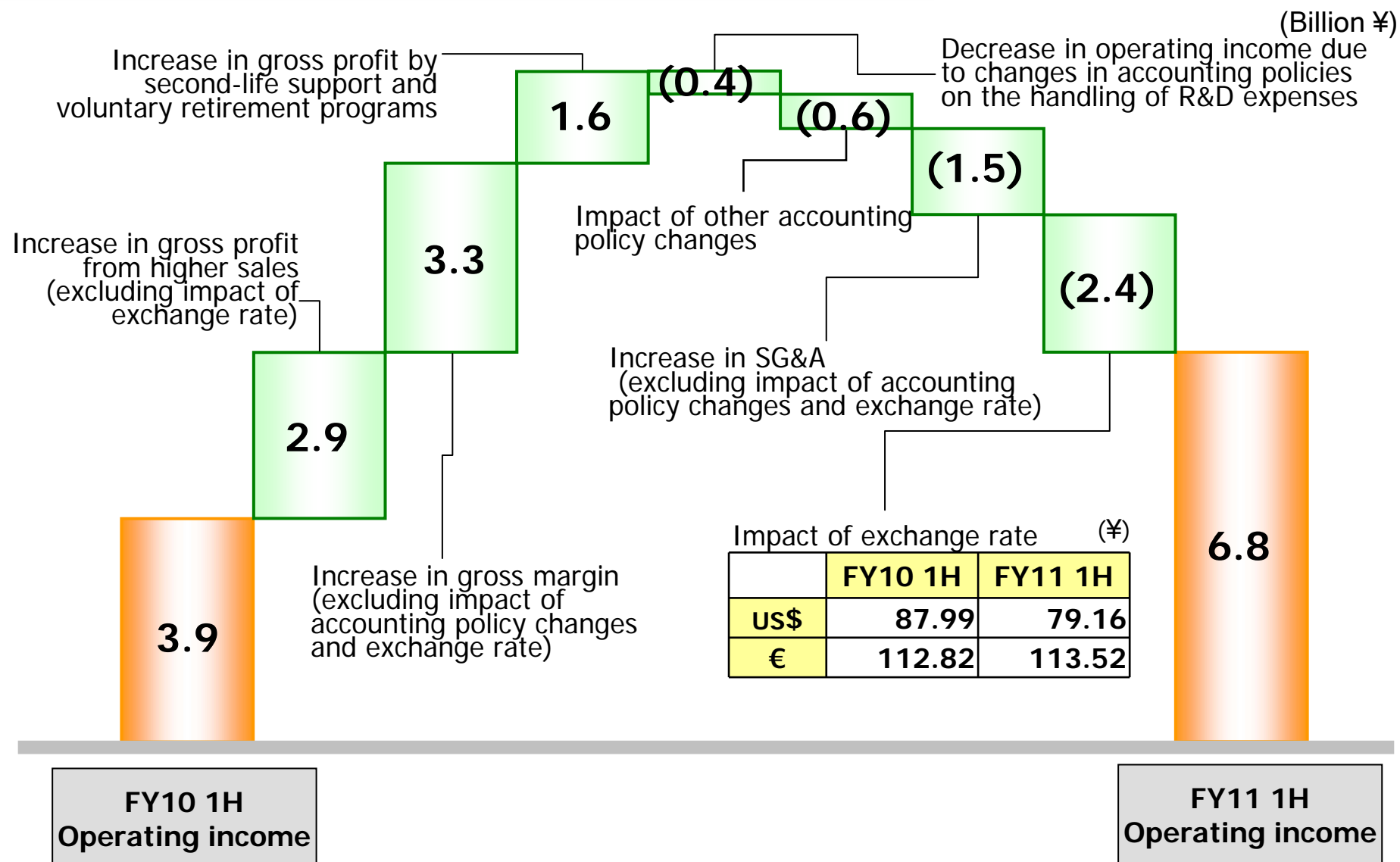
- Both orders and sales were up, driven mainly by the control segment outside Japan, particularly in emerging countries that continue to experience strong growth. This has more than made up for the impact of the strong yen-dollar exchange rate (impact: ¥4.7 billion decrease in orders, ¥3.9 billion decrease in sales).

- Despite changes in accounting policies that impacted operating income, operating income was up overall due to the higher sales and the improved gross margin.

- Although FY10 1H saw a net loss due to a ¥2.6 billion valuation loss on available-for-sale securities that was recorded as an extraordinary loss, net income was recorded in FY11 1H.

Analysis of FY11 1H Operating Income (FY10 1H/FY11 1H)

YOKOGAWA ◆



Quarterly Financial Results



(Billion ¥)

	FY09				FY10				FY11	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Orders	79.8	74.9	72.6	87.8	88.0	81.7	78.4	86.0	95.0	84.0
Sales	64.5	86.2	68.5	97.4	66.2	87.1	75.2	97.1	70.0	87.8
Operating income	(5.6)	3.2	(0.4)	5.3	(0.6)	4.5	0.8	6.4	0.5	6.3

- Sales tend to be higher in 2Q and 4Q and this trend is particularly strong with the control segment in Japan.
- The FY11 2Q operating income is up from FY10 2Q due to the increase in gross margin.

Non-operating / Extraordinary Income and Expenses

(Billion ¥)

	FY10 1H Results	FY11 1H Budget	FY11 1H Results
Operating income	3.9	4.5	6.8
Non-operating income	1.8	(2.0)	1.6
Non-operating expenses	3.9		4.2
Ordinary income	1.8	2.5	4.2
Extraordinary income	0.4	(0.5)	0.1
Extraordinary expenses	3.3		0.8
Income before tax	(1.1)	2.0	3.5
Tax, etc.	2.4	2.0	2.8
Net income	(3.5)	0	0.7

Interest paid:
¥1.3 billion

Foreign
exchange losses:
¥1.4 billion

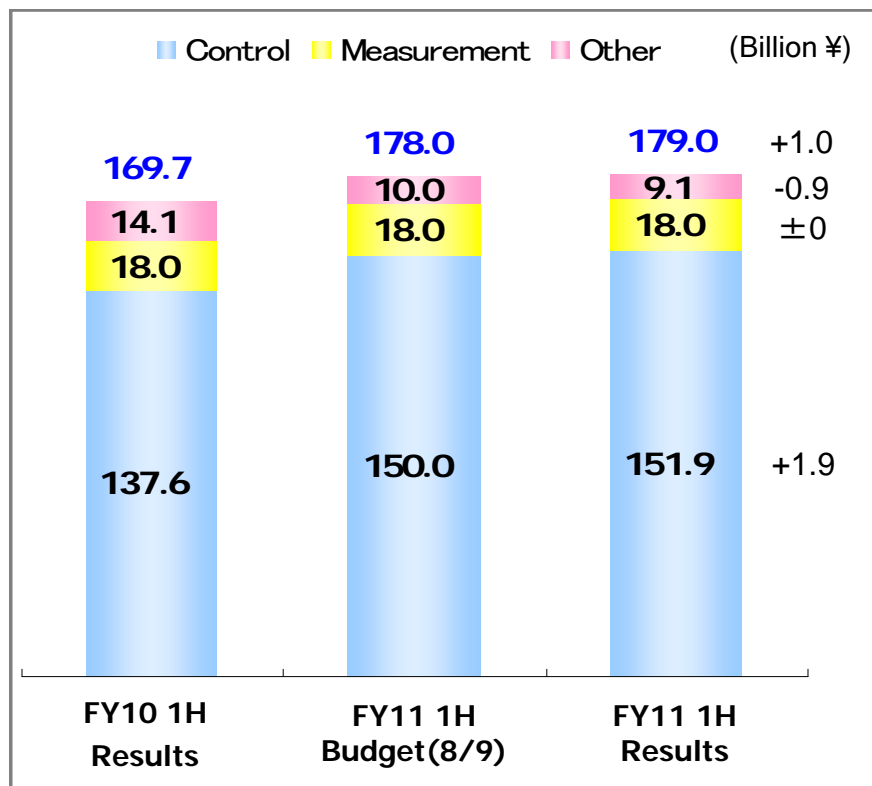
Business
structure
improvement
expense:
¥0.7 billion

-Although an additional ¥0.7 billion expense related to the voluntary retirement program was incurred in FY11 1Q, the extraordinary expenses in FY11 1H were lower than in FY10 1H, when a ¥2.6 billion valuation loss on available-for-sale securities was recorded.

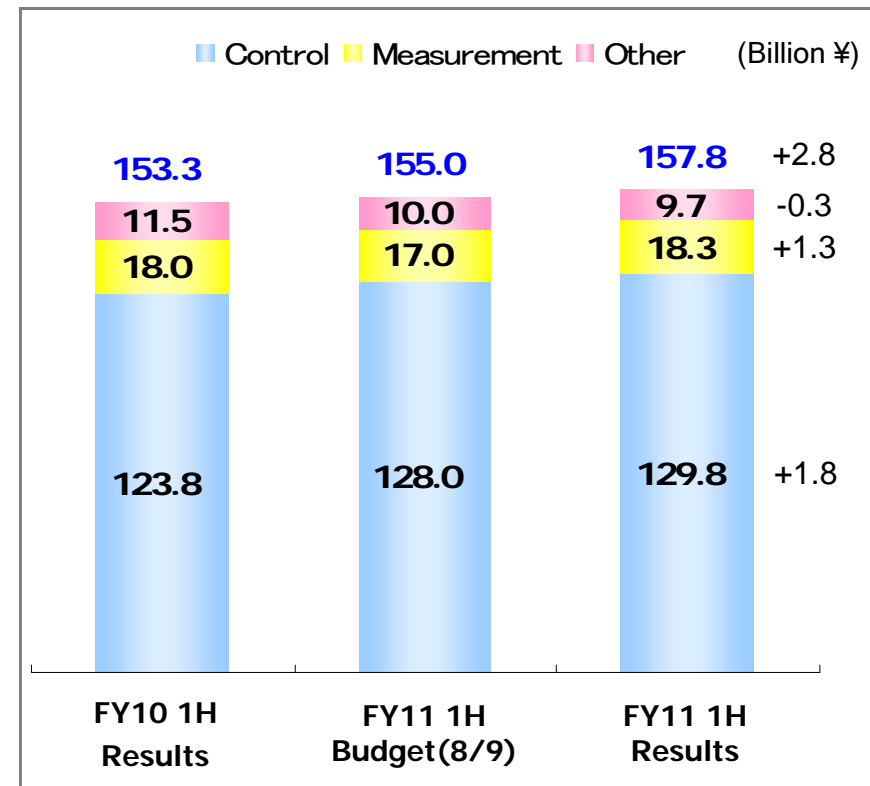
- The amount of the Tax, etc. item increased as a result of higher taxable income at consolidated subsidiaries outside Japan.

FY11 1H Budget/Results Comparison for Orders and Sales by Segment

Orders



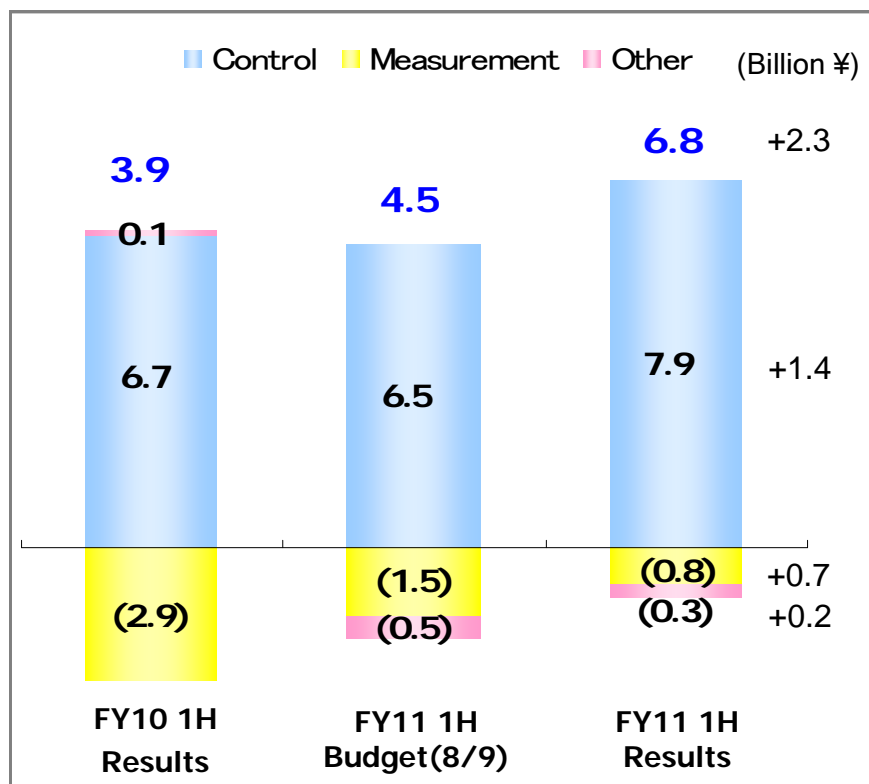
Sales



- Control: Orders exceeded the target in and outside Japan while sales exceeded the target outside Japan.
- Measurement: Orders almost reached the target thanks to the better performance of the semiconductor tester business, while the motion control (former advanced stage) and life science businesses missed their targets. Sales for this segment exceeded the target because the measuring instrument and semiconductor tester businesses exceeded their targets.

FY11 1H Budget/Results Comparison for Operating Income by Segment

Operating income

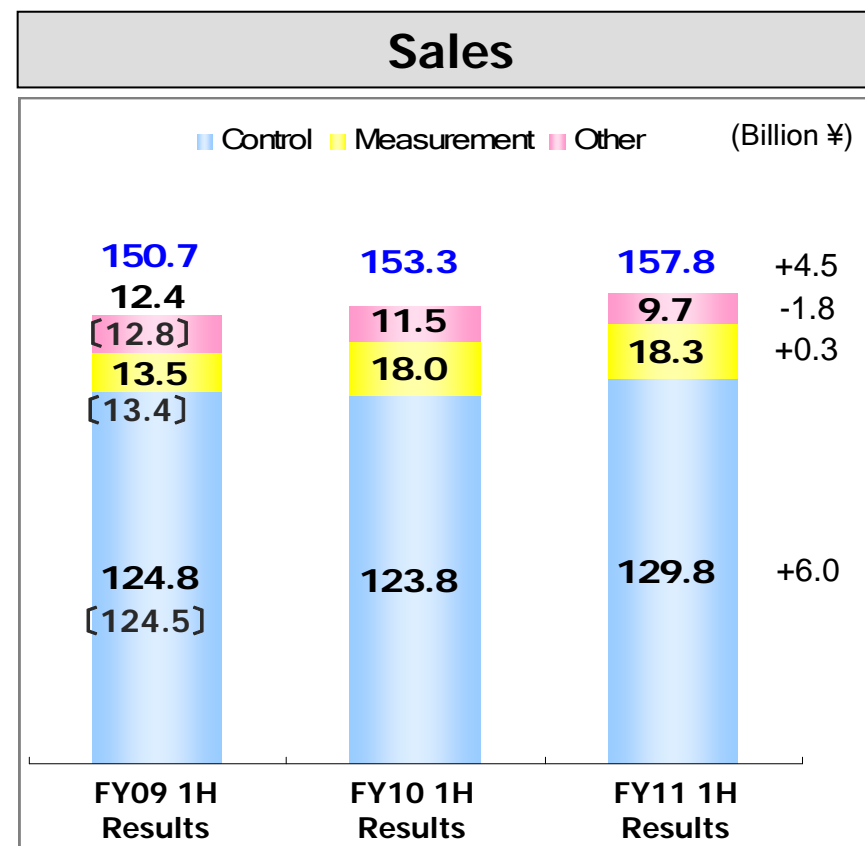
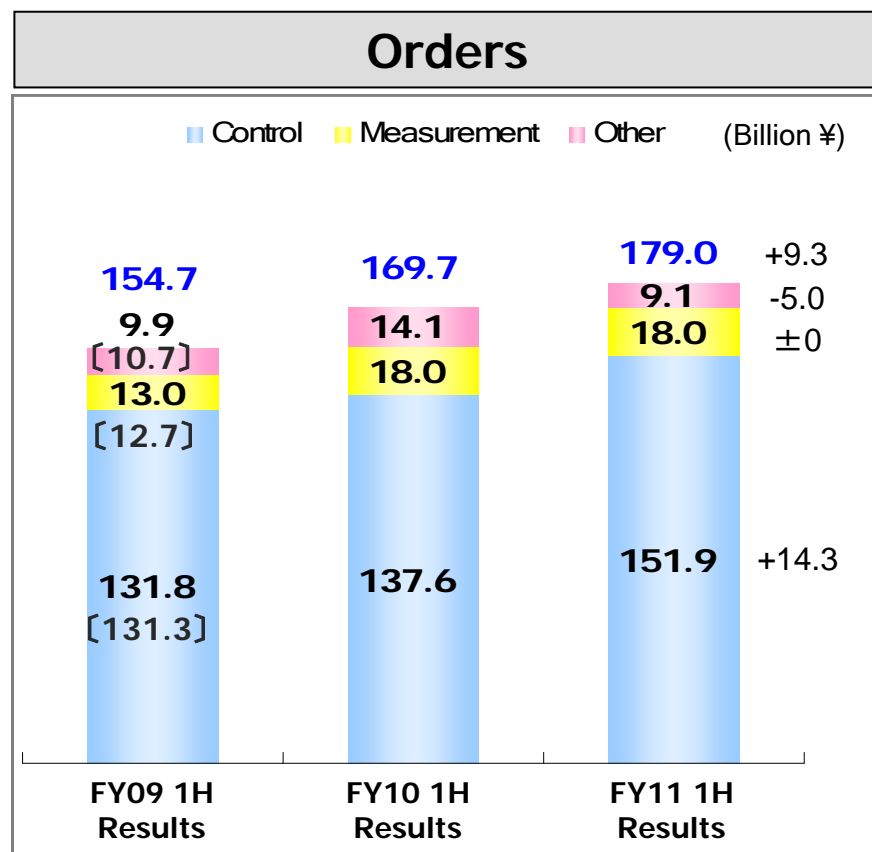


(Billion ¥)

	FY11 1H budget (8/9)	FY11 1H results	Difference
Control	6.5	7.9	1.4
Measurement	(1.5)	(0.8)	0.7
Other	(0.5)	(0.3)	0.2
Total	4.5	6.8	2.3

- Control: Operating income surpassed the target because of strong sales and an improved gross margin because the company sold more of its own products and handled an increased volume of products.
- Measurement: The operating loss was lower than expected due to the higher sales and reduced R&D expenses.

FY09/FY10/FY11 Comparison for Orders and Sales by Segment

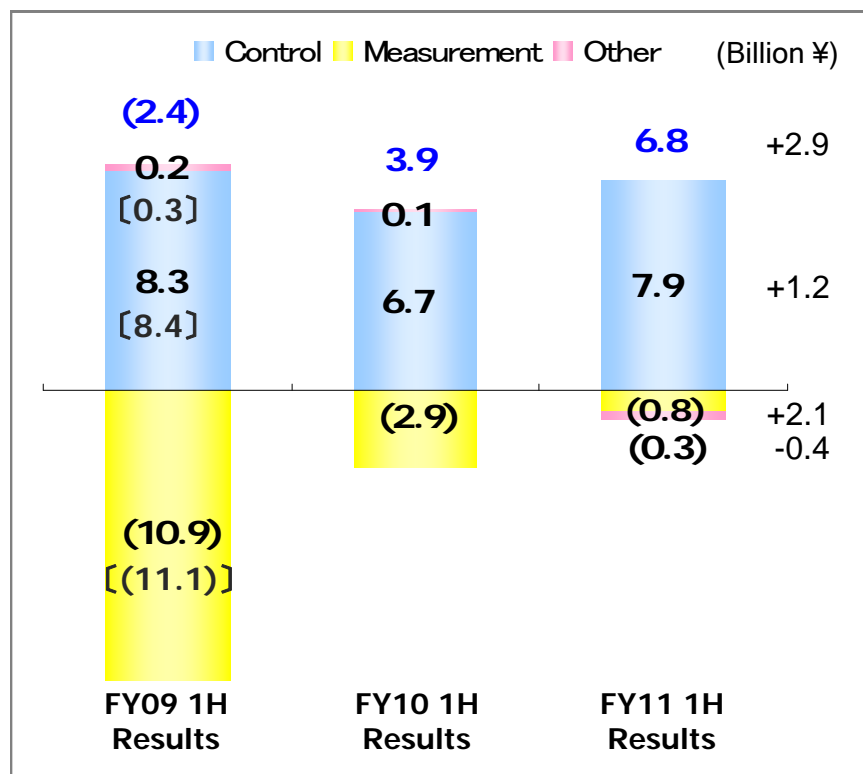


- Control: Despite the strong yen-dollar exchange rate (impact: ¥4.4 billion decrease in orders, ¥3.6 billion decrease in sales), orders and sales rose because of continued growth in demand for new energy and electric power plants.

- Measurement: Orders were almost at the same level as in FY10 1H and sales rose slightly from FY10 1H. This is because orders and sales for the photonics business declined while those for the measuring instrument and semiconductor tester businesses were up (measuring instruments: ¥0.6 billion increase in orders and ¥1.2 billion increase in sales; semiconductor testers: ¥1 billion increase in orders and ¥0.4 billion increase in sales). The decision has already been made to withdraw from the photonics business.

FY09/FY10/FY11 Comparison for Operating Income by Segment

Operating income



(Billion ¥)

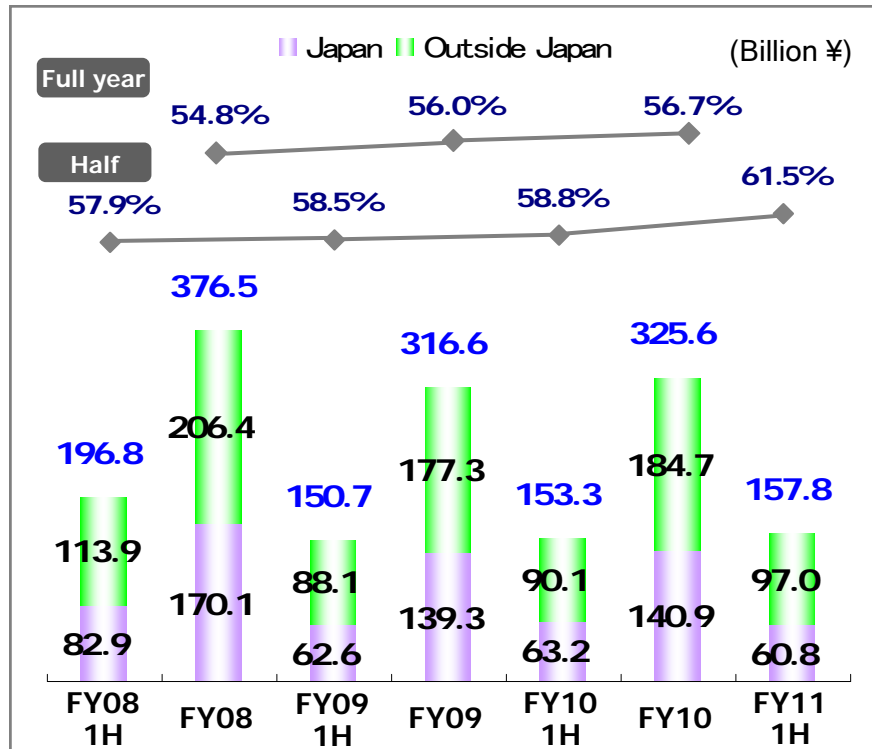
	FY10 1H results	FY11 1H results	Difference
Control	6.7	7.9	1.2
Measurement	(2.9)	(0.8)	2.1
Other	0.1	(0.3)	(0.4)
Total	3.9	6.8	2.9

Note: The method for aggregating segment data changed in FY10 as a result of the application of a new accounting standard. The FY09 data in brackets were calculated based on the previous aggregation method.

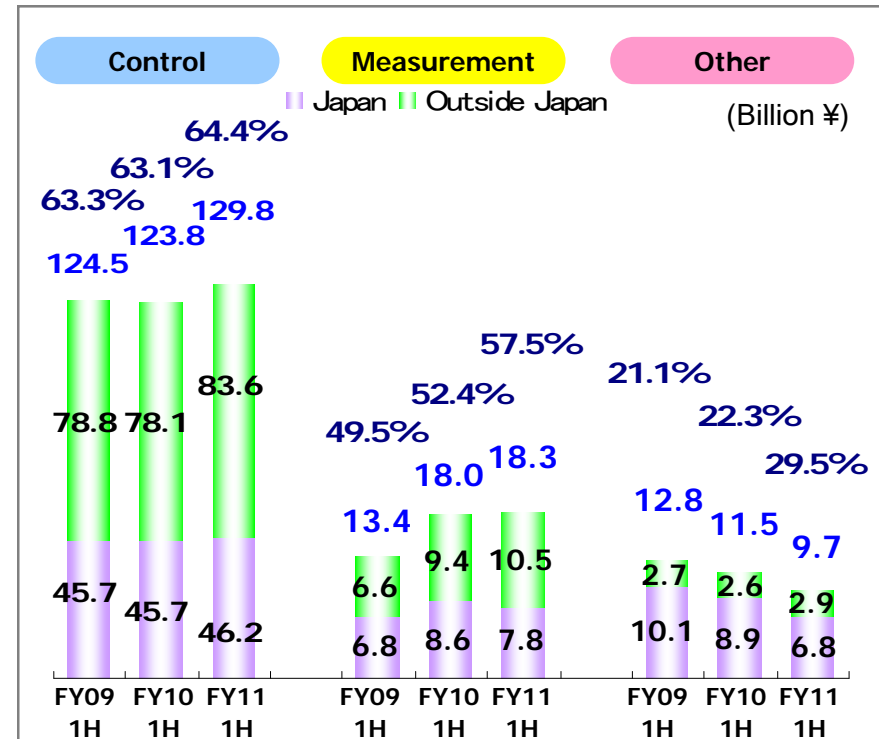
- Control: Operating income increased from FY10 1H because of strong sales and an improved gross margin because the company sold more of its own products and handled an increased volume of products.
- Measurement: The operating loss decreased from FY10 1H due to structural reforms that reduced fixed costs and R&D expenses.

Trend of Global Sales

Total



By segment

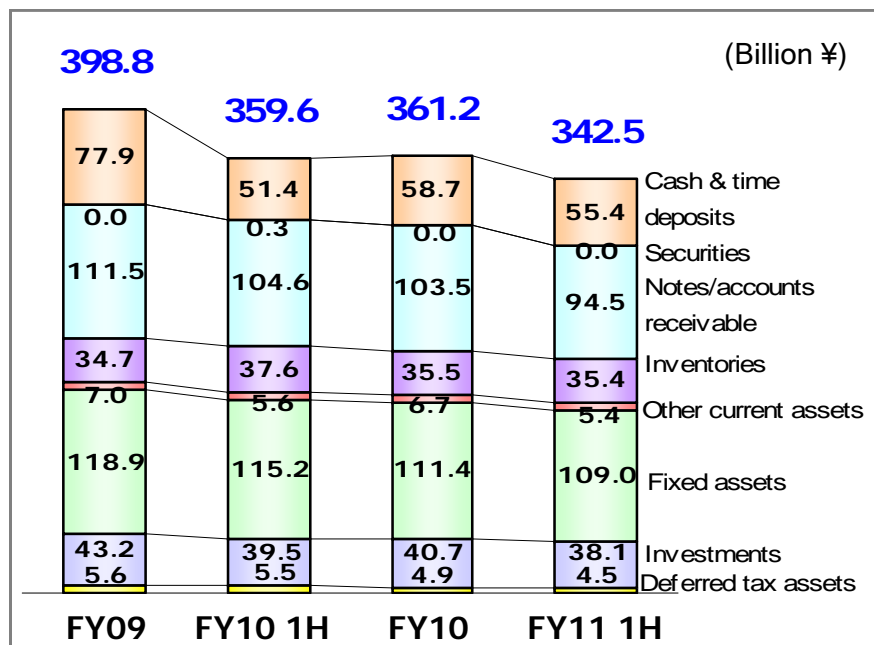


Note: The FY09 data are based on the previous segment aggregation method.

- In FY11 1H, the percentage of sales generated outside Japan rose, largely due to the control and measurement segments despite the impact of the strong yen.

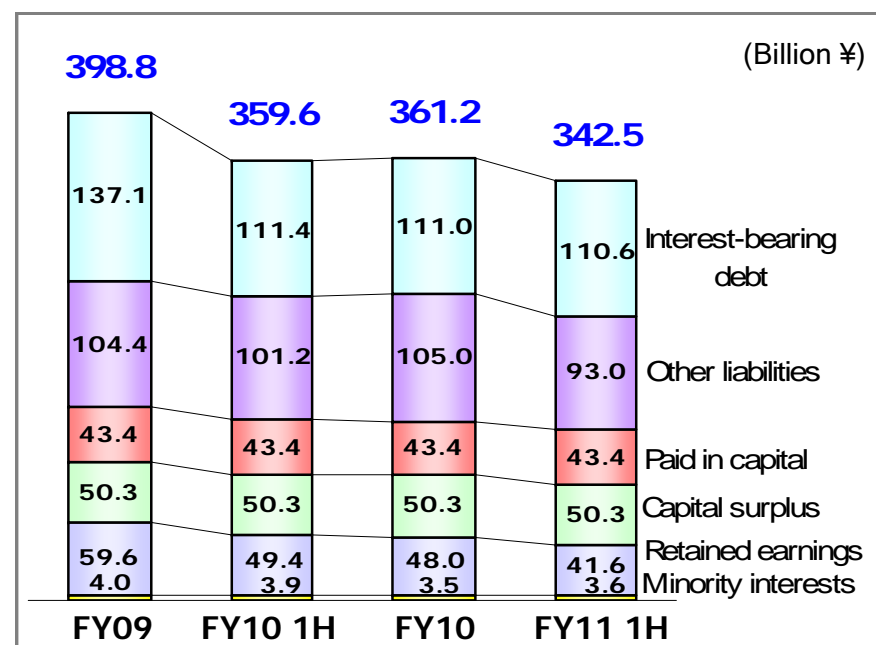
Trend of Balance Sheet

Assets



	FY09	FY10 1H	FY10	FY11 1H
Total asset turnover	0.79	0.87	0.86	0.94
Shareholders' equity ratio	38.5%	39.8%	39.2%	39.5%

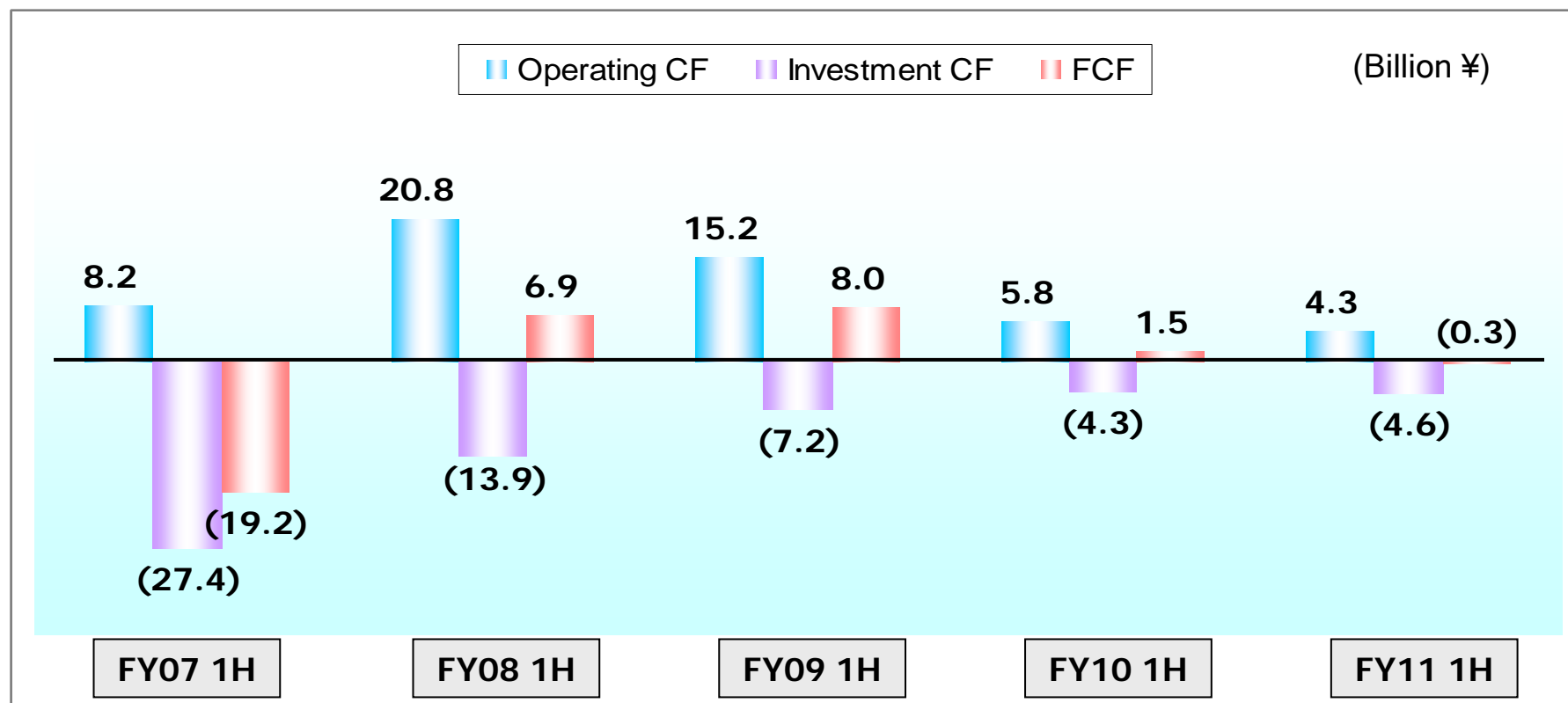
Liabilities and equity



	FY09	FY10 1H	FY10	FY11 1H
Debt/equity ratio	89.4%	77.8%	78.3%	81.7%
Interest-bearing debt ratio	34.4%	31.0%	30.7%	32.3%

- Notes/accounts receivable declined from FY10 1H because of the increase in the factoring balance of trade receivables and other factors.
- Total assets decreased due to the decline in accounts receivable and the impact of the strong yen on the valuation of foreign currency denominated assets. This improved our total asset turnover.

Trend of Cash Flow



- The inflow from operating activities is down from FY10 1H because of a 3.4 billion special retirement payment for the voluntary retirement program.

FY11 Budget

(Billion ¥)

		FY10 Results (A)	FY11 Budget (8/9)(B)	FY11 Budget (11/8)(C)	Difference (C-A)	Difference (C-B)
Orders		334.1	355.0	356.0	21.9	1.0
Sales		325.6	333.0	336.0	10.4	3.0
Operating income		11.1	13.0	15.0	3.9	2.0
Ordinary income		8.6	10.0	12.0	3.4	2.0
Net income		(6.7)	5.0	6.0	12.7	1.0
Exchange rate (¥)	1\$= 1€=	85.13 112.45	80.00 110.00	77.00 105.00	(8.13) (7.45)	(3.00) (5.00)

-The November 8 orders, sales, and operating income budgets have all been adjusted upwards by the amount by which the FY11 1H results exceeded the budgets.

- The assumed exchange rates for FY11 2H have been revised (1\$ = ¥80 -> ¥77, 1€ = ¥110 -> ¥105).

FY11 Budget for Non-operating / Extraordinary Income and Expenses



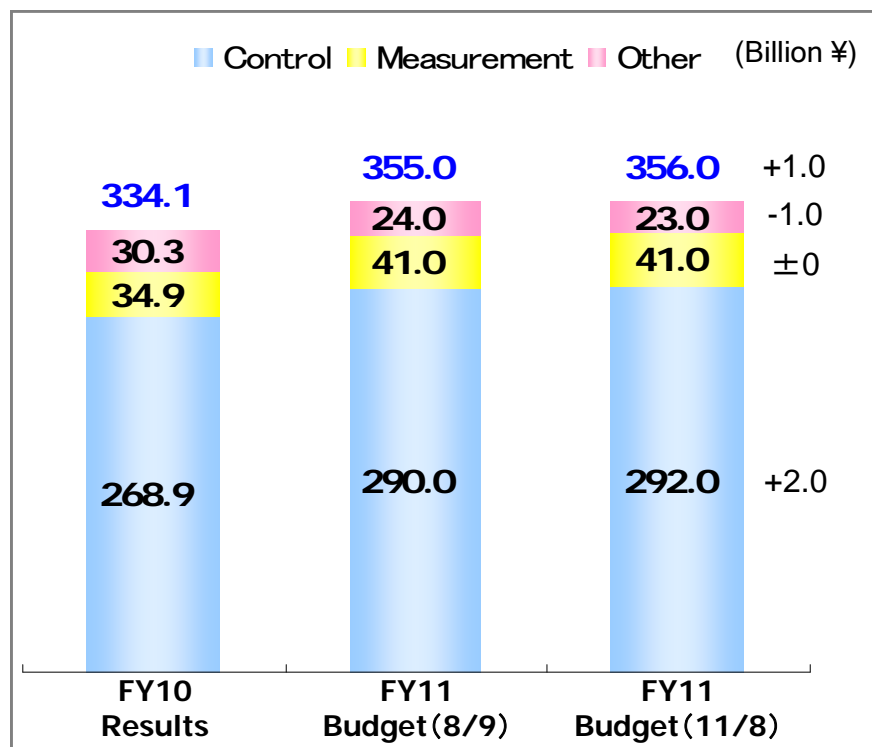
(Billion ¥)

	FY10 Results	FY11 Budget (8/9)	FY11 Budget (11/8)
Operating income	11.1	13.0	15.0
Non-operating income	3.7	(3.0)	(3.0)
Non-operating expenses	6.2		
Ordinary income	8.6	10.0	12.0
Extraordinary income	1.5	(1.0)	(1.0)
Extraordinary expenses	11.1		
Income before tax	(1.0)	9.0	11.0
Tax, etc.	5.7	4.0	5.0
Net income	(6.7)	5.0	6.0

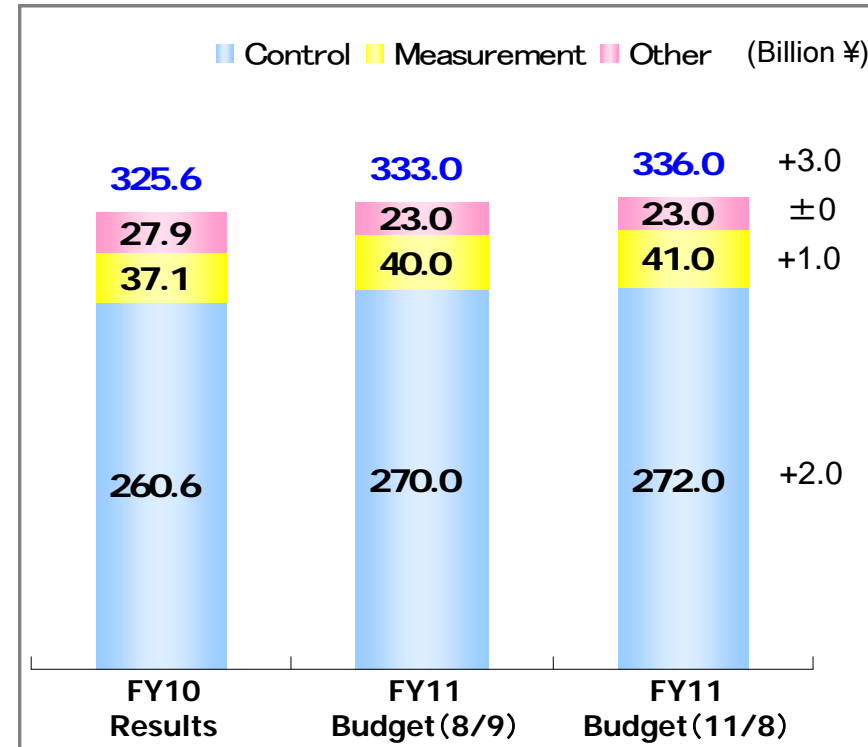
- The non-operating income/expense and extraordinary income/expense budgets are unchanged from August 9.
- The amount of the Tax, etc. budget has been increased as a result of higher taxable income.

FY11 Budget for Orders and Sales by Segment

Order



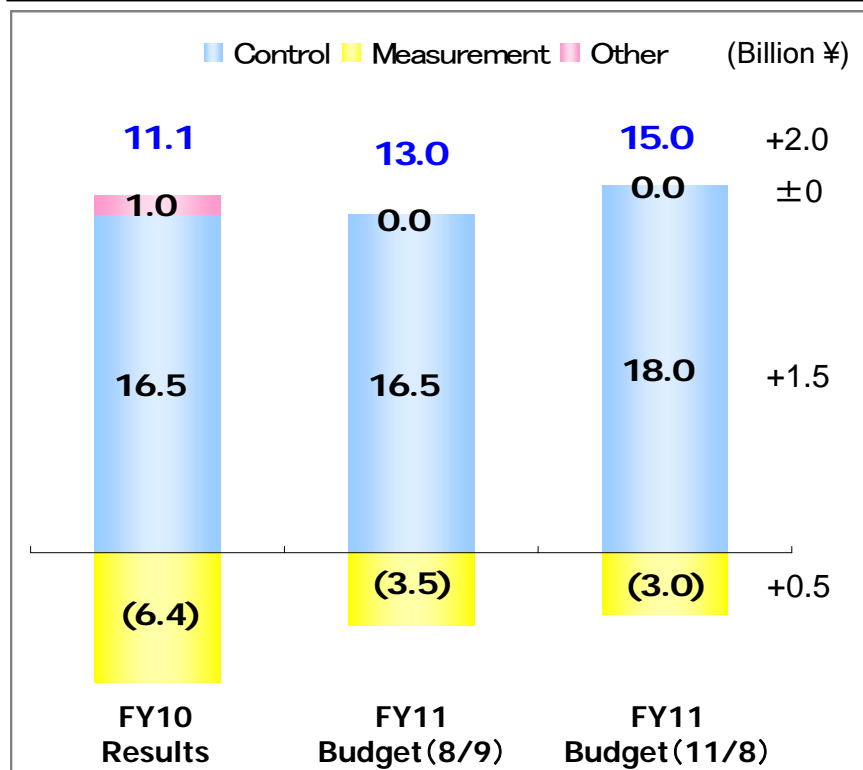
Sales



- Control and measurement: Both the orders and sales budgets have all been adjusted upwards by the amount by which the FY11 1H results exceeded the budgets.
- FY11 2H budgets are unchanged from August 9.

FY11 Budget for Operating Income by Segment

Operating income



(Billion ¥)

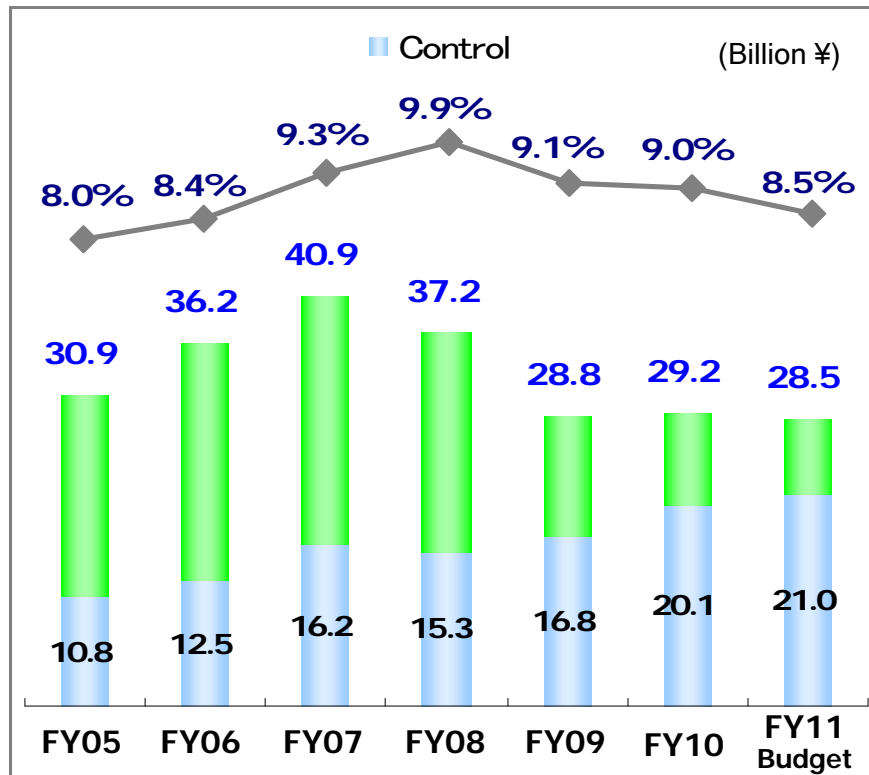
	FY11 budget (8/9)	FY11 budget (11/8)	Difference
Control	16.5	18.0	1.5
Measurement	(3.5)	(3.0)	0.5
Other	0.0	0.0	0.0
Total	13.0	15.0	2.0

-Control and measurement: The operating income budgets have all been adjusted upwards by the amount by which the FY11 1H results exceeded the budgets.

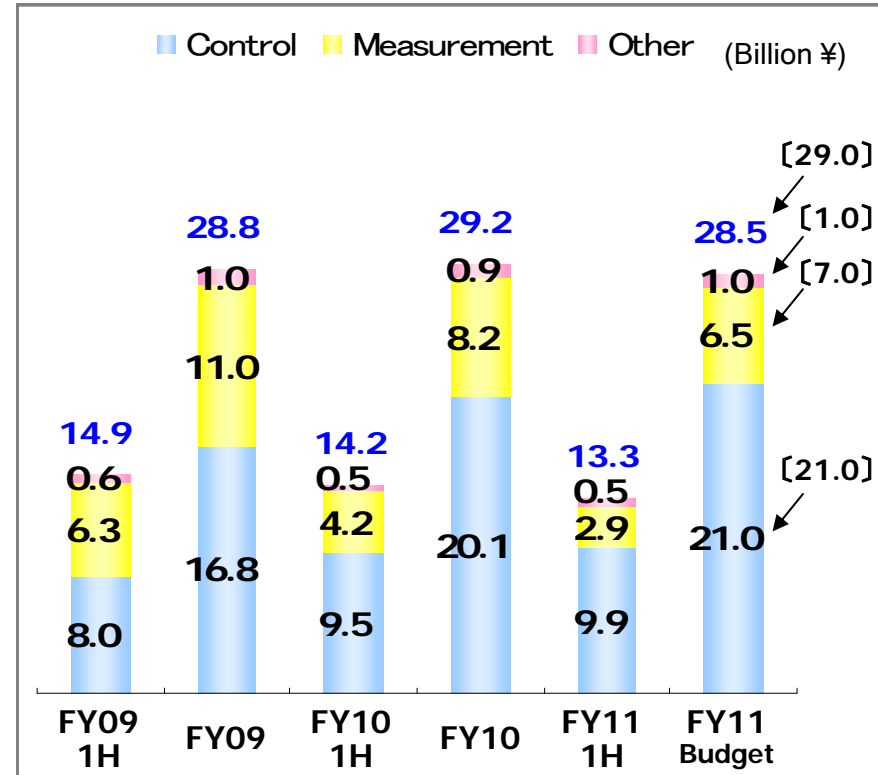
- FY11 2H budgets are unchanged from August 9.

Trend of R&D Expenses

Total



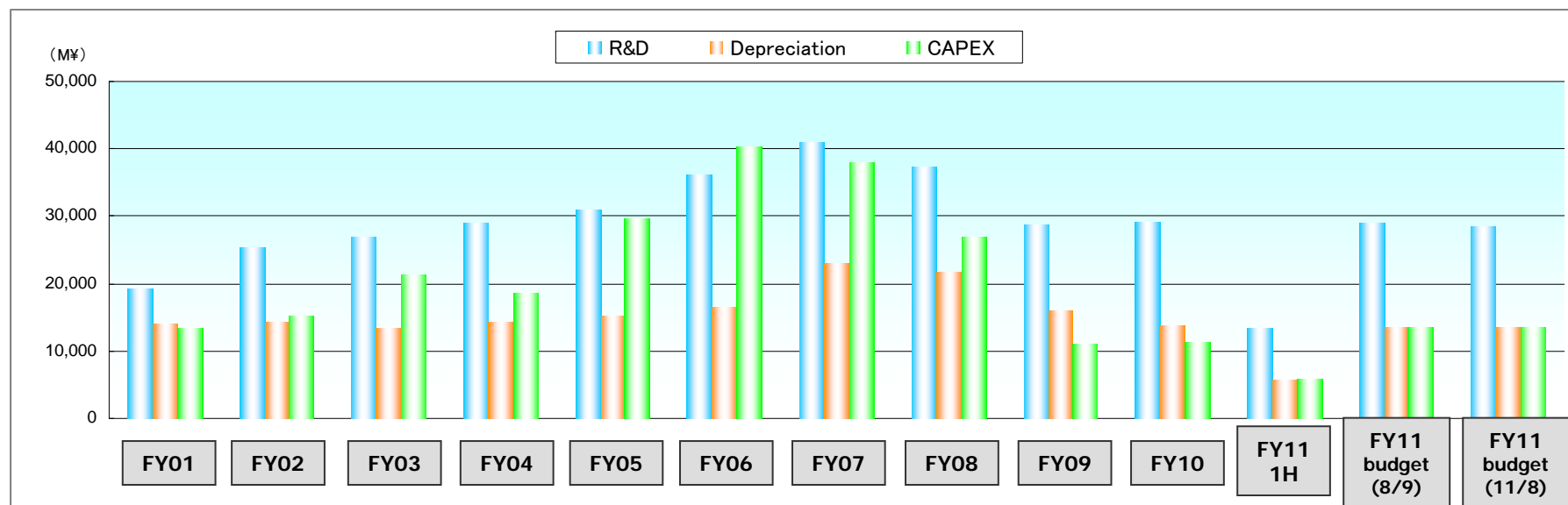
By Segment



Note: The figures in brackets were announced on August 9.

- The FY11 R&D expense budget for the measurement segment has been decreased from ¥7 billion to ¥6.5 billion.
- The total R&D expense budget has been decreased from ¥29 billion to ¥28.5 billion.

R&D Expenses, Depreciation, and CAPEX

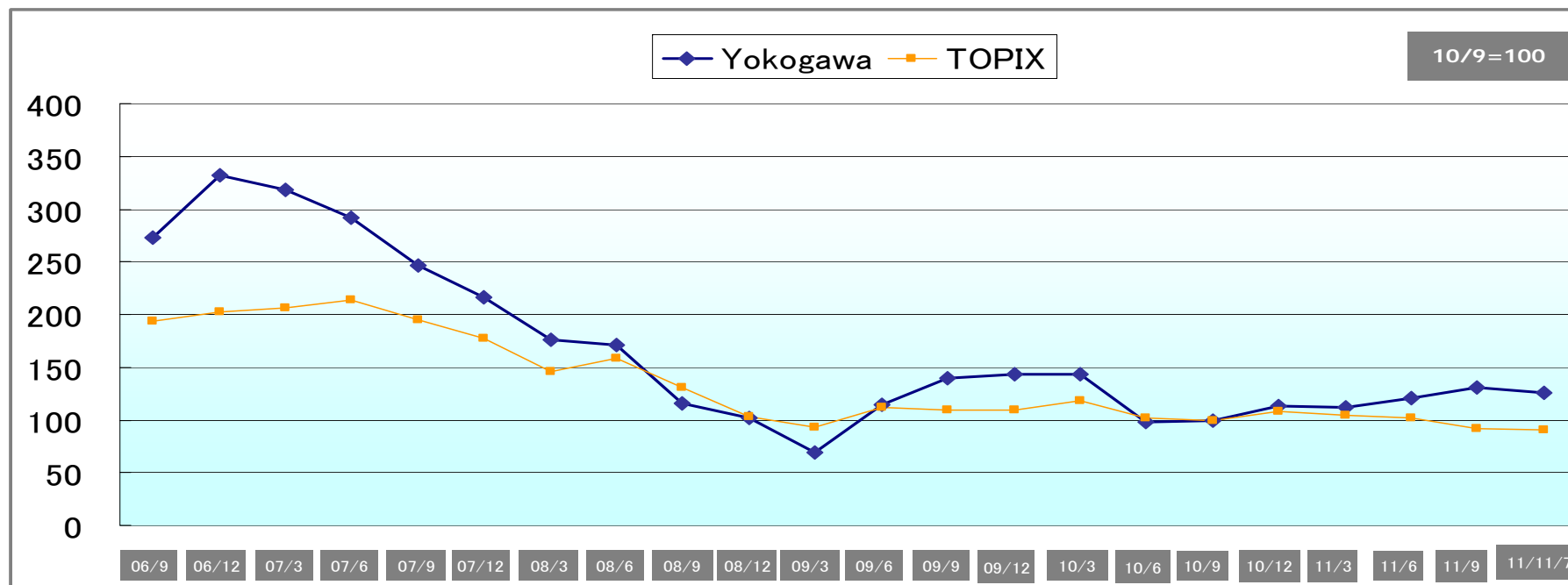


(Million ¥)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11 1H	FY11 budget (8/9)	FY11 budget (11/8)
R&D expenses	19,236	25,233	26,991	28,998	30,917	36,223	40,875	37,229	28,786	29,179	13,285	29,000	28,500
(% of sales)	6.2%	7.7%	7.3%	7.5%	8.0%	8.4%	9.3%	9.9%	9.1%	9.0%	8.4%	8.7%	8.5%
Depreciation	13,964	14,298	13,455	14,331	15,124	16,483	23,129	21,615	16,033	13,836	5,674	13,500	13,500
(% of sales)	4.5%	4.3%	3.6%	3.7%	3.9%	3.8%	5.3%	5.7%	5.1%	4.2%	3.6%	4.1%	4.0%
CAPEX	13,347	15,264	21,355	18,652	29,540	40,284	37,990	26,813	11,125	11,337	5,934	13,500	13,500
(% of sales)	4.3%	4.6%	5.7%	4.8%	7.6%	9.3%	8.7%	7.1%	3.5%	3.5%	3.8%	4.1%	4.0%

- The FY11 R&D expense budget has been decreased from ¥29 billion to ¥28.5 billion.
- The FY11 depreciation and CAPEX budgets are unchanged from August 9.

Trend of Stock Price



	06/9	06/12	07/3	07/6	07/9	07/12	08/3	08/6	08/9	08/12	09/3	09/6	09/9	09/12	10/3	10/6	10/9	10/12	11/3	11/6	11/9	11/11/7
Yokogawa	1,552	1,887	1,806	1,654	1,398	1,228	998	971	659	582	394	650	795	812	814	557	568	646	634	683	740	716
TOPIX	1,611	1,681	1,714	1,775	1,617	1,476	1,213	1,320	1,087	859	774	930	910	908	979	841	830	899	869	849	761	750

	06/9	06/12	07/3	07/6	07/9	07/12	08/3	08/6	08/9	08/12	09/3	09/6	09/9	09/12	10/3	10/6	10/9	10/12	11/3	11/6	11/9	11/11/7
Yokogawa	273	332	318	291	246	216	176	171	116	102	69	114	140	143	143	98	100	114	112	120	130	126
TOPIX	194	203	207	214	195	178	146	159	131	103	93	112	110	109	118	101	100	108	105	102	92	90

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.