

Yokogawa Electric Corporation

Financial Results for 3rd Quarter of Fiscal Year 2013

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Summary of FY13 1Q-3Q Results

1. Global economy: Recovering, although the overall pace of this recovery is quite sluggish. The US economy is improving slowly and the European economies have started to pick up, but concerns lingered over the slowdown of certain emerging economies.

Japanese economy: Showing signs of a gradual recovery, with improvements in personal consumption, corporate performance, and capital investment by manufacturers.

Under these circumstances, Yokogawa continued to strive for growth based on the Evolution 2015 mid-term business plan by focusing on the control segment, which remained strong thanks to the growth in energy-related investment. As a result, net sales and operating income were up from FY12 1Q-3Q.

Control segment: Although capital investment lagged in Japan, demand was robust in energy-related markets outside Japan. As a result of this and the weak yen, net sales and operating income were up from FY12 1Q-3Q.

2. Net income was down from FY12 1Q-3Q, when extraordinary income from the sale of idle assets was recorded.

(Billion ¥)

	FY12 3Q	FY13 3Q	FY12 1Q-3Q	FY13 1Q-3Q
Orders	84.1	94.5	260.1	310.6
Sales	77.4	90.7	242.0	270.3
Operating income	1.3	3.2	10.1	14.2
Ordinary income	1.6	3.3	8.9	14.0
Net income	0.4	0.5	8.2	7.0

FY13 1Q-3Q Financial Results (FY12 1Q-3Q/FY13 1Q-3Q)

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(Billion ¥)

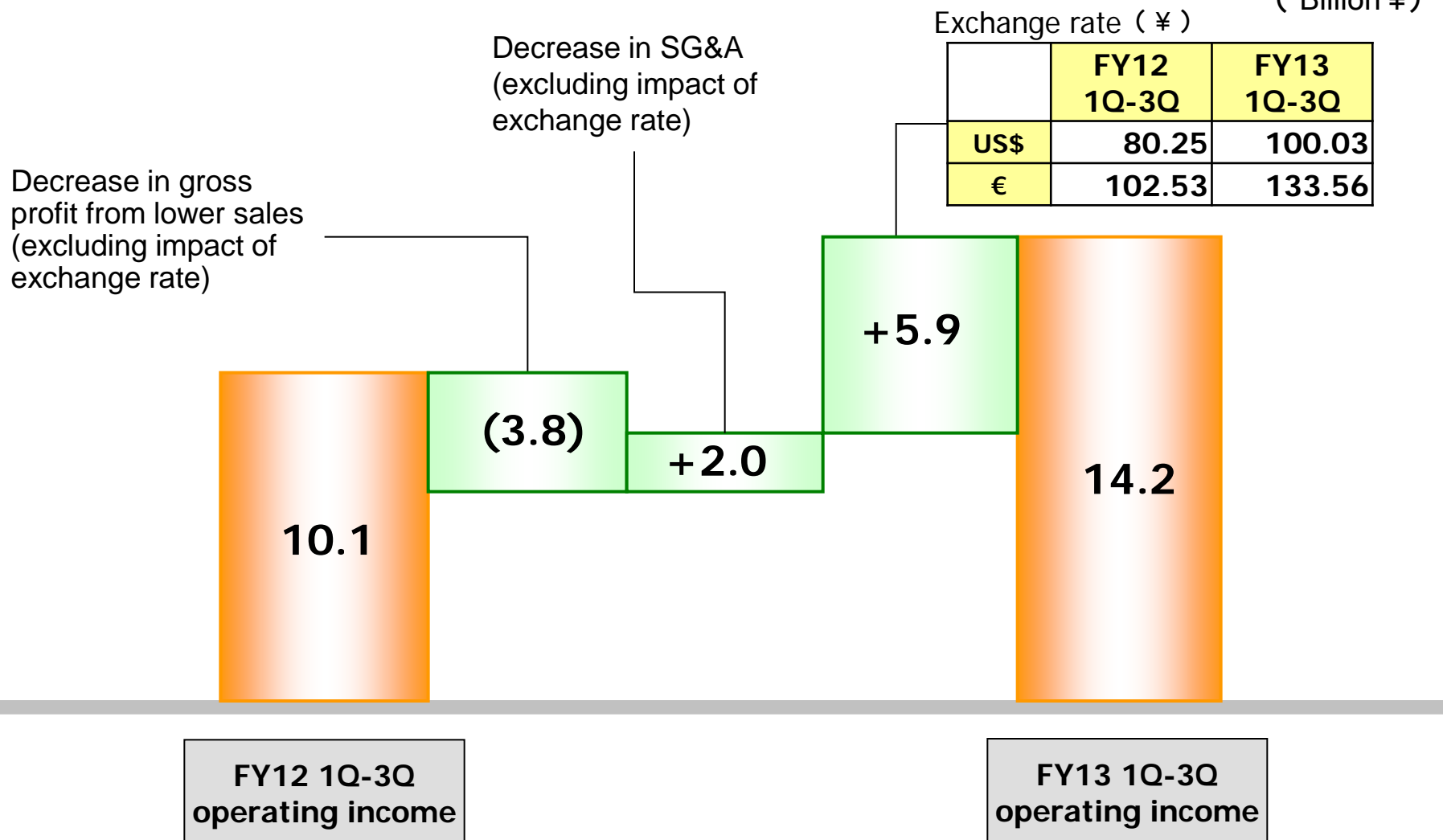
		FY12 1Q-3Q	FY13 1Q-3Q	Growth rate	Difference
Orders		260.1	310.6	19.4%	50.5
Sales		242.0	270.3	11.7%	28.3
Operating income		10.1	14.2	40.7%	4.1
Ordinary income		8.9	14.0	56.9%	5.1
Net income		8.2	7.0	-15.3%	(1.2)
Exchange rate (¥)	1\$= 1€=	80.25 102.53	100.03 133.56	—	19.78 31.03

- Orders increased due to the strong performance of the control segment and the significant impact of the weak yen (impact of exchange rate: ¥41.1 billion increase).
- Sales increased due largely to the weak yen (impact of exchange rate: ¥35.2 billion increase). Excluding this factor, sales would have decreased due to the weak performance of the Japan control segment.
- Operating income was up due to the weak yen, despite the impact of the actual sales decrease.
- Net income decreased from FY12 1Q-3Q, when ¥3.8 billion in extraordinary income was recorded on the sale of fixed assets.

Analysis of Operating Income (FY12 1Q-3Q/FY13 1Q-3Q)

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(Billion ¥)



Non-operating / Extraordinary Income and Expenses

(Billion ¥)

	FY12 1Q-3Q	FY13 1Q-3Q
Operating income	10.1	14.2
Non-operating income	1.6	2.8
Non-operating expenses	2.8	3.0
Ordinary income	8.9	14.0
Extraordinary income	4.0	0.2
Extraordinary expenses	1.0	1.0
Income before tax	12.0	13.2
Tax, etc.	3.8	6.2
Net income	8.2	7.0

Impact of forex rate:
¥0.2 billion gain in
FY12 1Q-3Q ->
¥1 billion gain in FY13
1Q-3Q

Business structure
improvement expenses:
¥0.7 billion

Tax increase from
higher sales outside
Japan (Japan Group
companies have
adopted consolidated
taxation)

-Non-operating income in FY13 1Q-3Q was higher than in FY12 1Q-3Q when a ¥0.2 billion foreign exchange gain was reported. (In FY13 1Q-3Q, there was a ¥1 billion gain.)

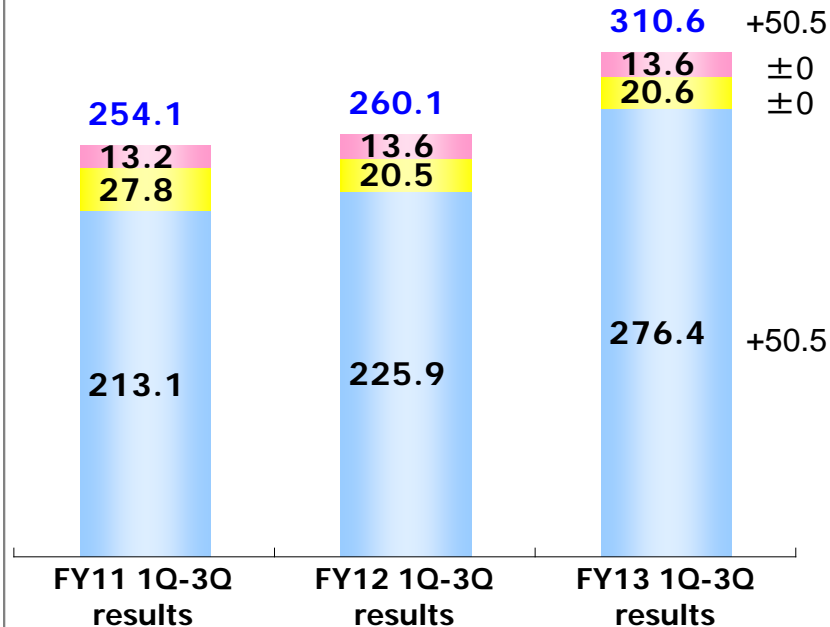
- ¥0.7 billion in business structure improvement expenses was recorded in FY13 1Q-3Q.

FY12/FY13 Comparison for Orders and Sales by Segment (1Q-3Q)

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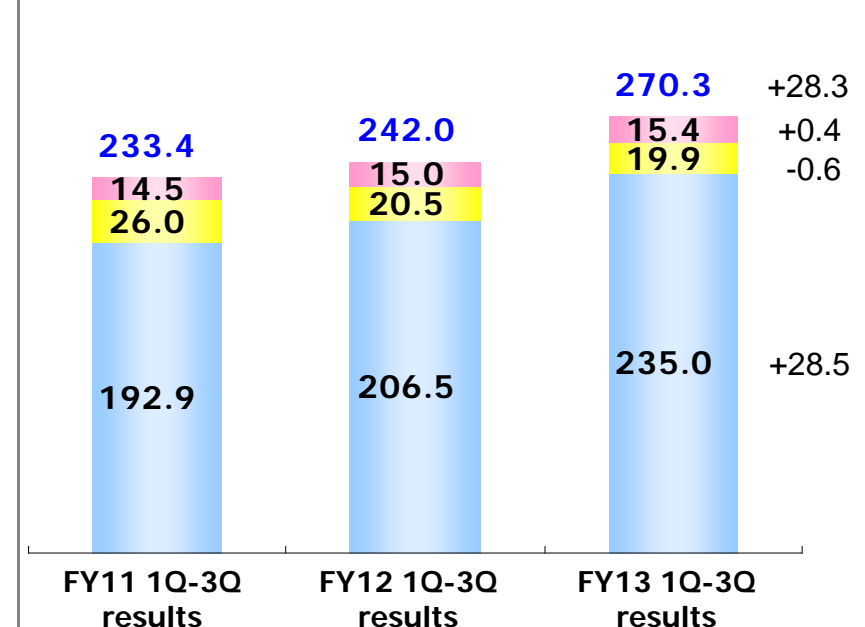
Orders

Control Measurement Other (Billion ¥)



Sales

Control Measurement Other (Billion ¥)



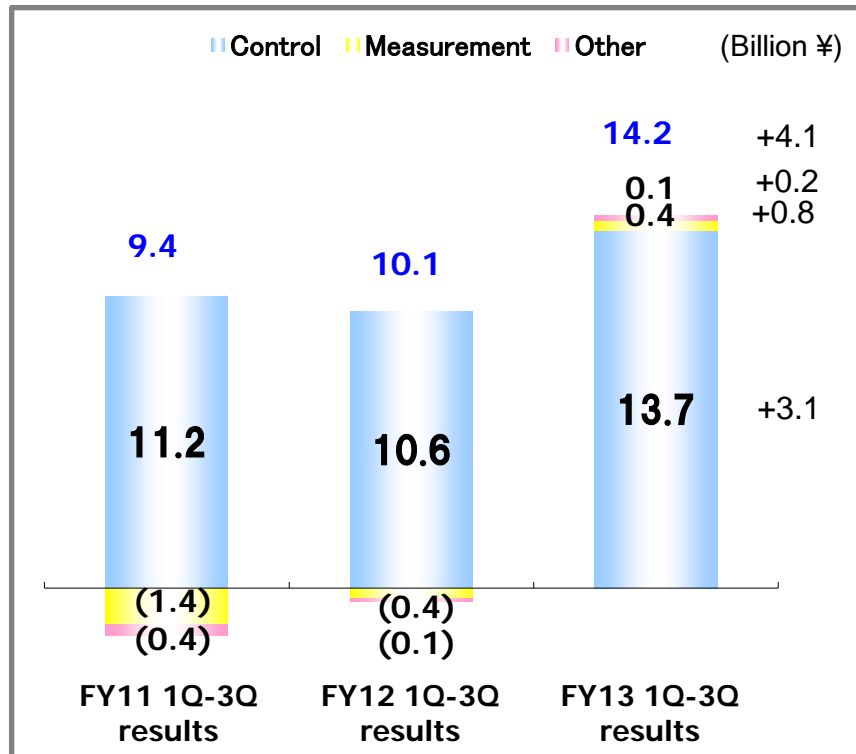
- Control: Orders and sales were up from FY12 1Q-3Q outside Japan because of robust demand in energy-related markets and the impact of the weak yen. In Japan, orders were up from FY12 1Q-3Q due partly to the receipt of some major orders, but sales were down (impact of exchange rate: ¥39.3 billion increase in orders, ¥33.5 billion increase in sales).

- Measurement: Sales declined from FY12 1Q-3Q due to the discontinuation of the semiconductor tester business.

FY11/FY12/FY13 Comparison for Operating Income by Segment (1Q-3Q)

Operating income

(Billion ¥)



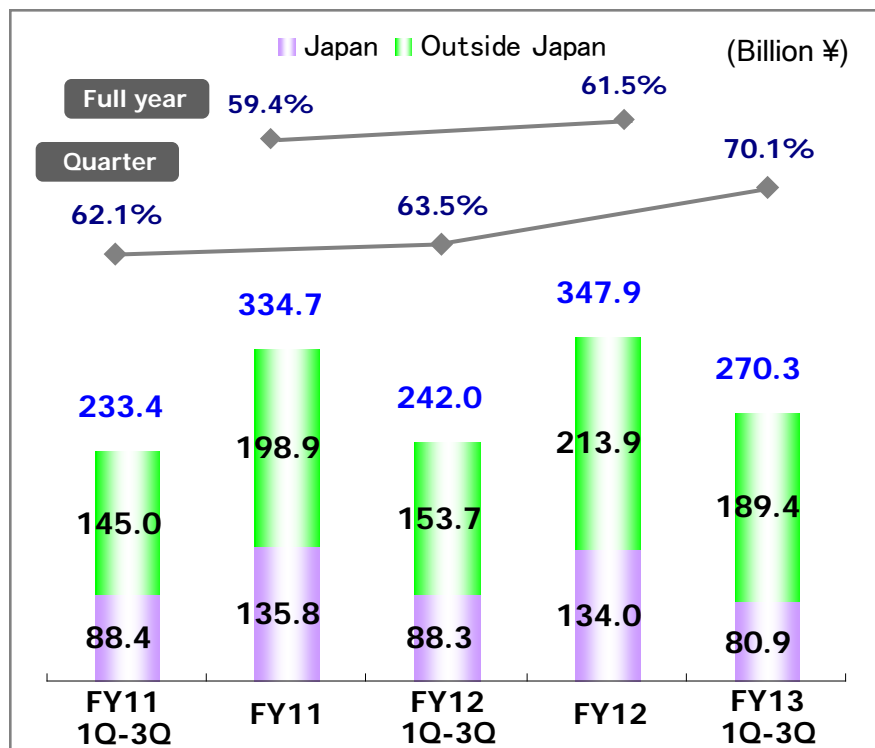
	FY12 1Q-3Q results	FY13 1Q-3Q results	Difference
Control	10.6	13.7	3.1
Measurement	(0.4)	0.4	0.8
Other	(0.1)	0.1	0.2
Total	10.1	14.2	4.1

- Control: Operating income was up from FY12 1Q-3Q due to higher sales outside Japan and the operating income to sales ratio was up 0.7%, from 5.1% in FY12 1Q-3Q to 5.8% in FY13 1Q-3Q.

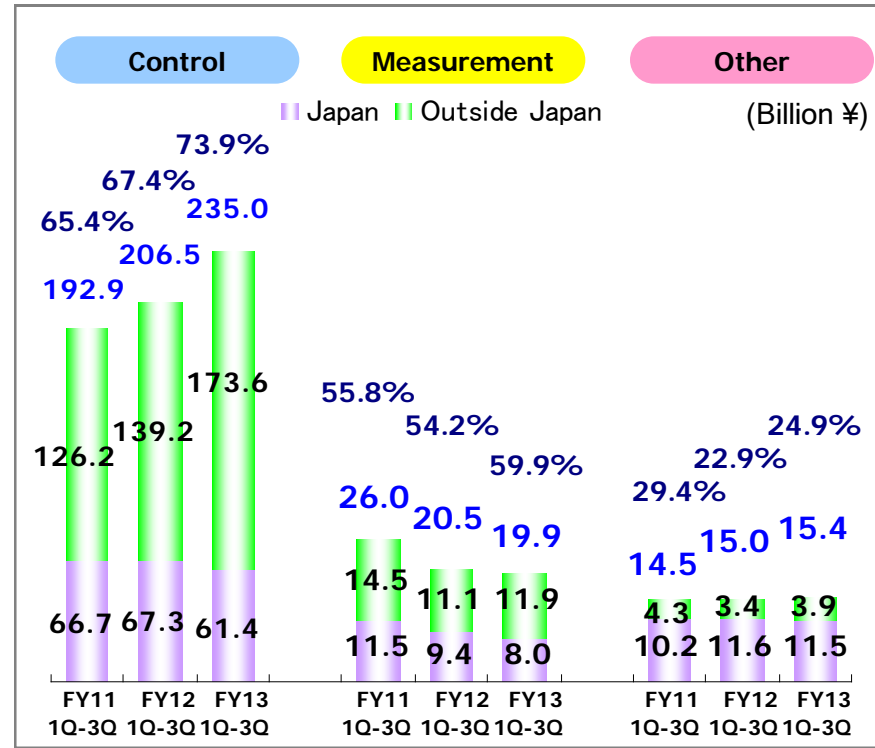
- Measurement: Despite the lower sales, operating income was recorded in FY13 1Q-3Q as lower costs were incurred for businesses that had been discontinued.

Trend of Global Sales

Total



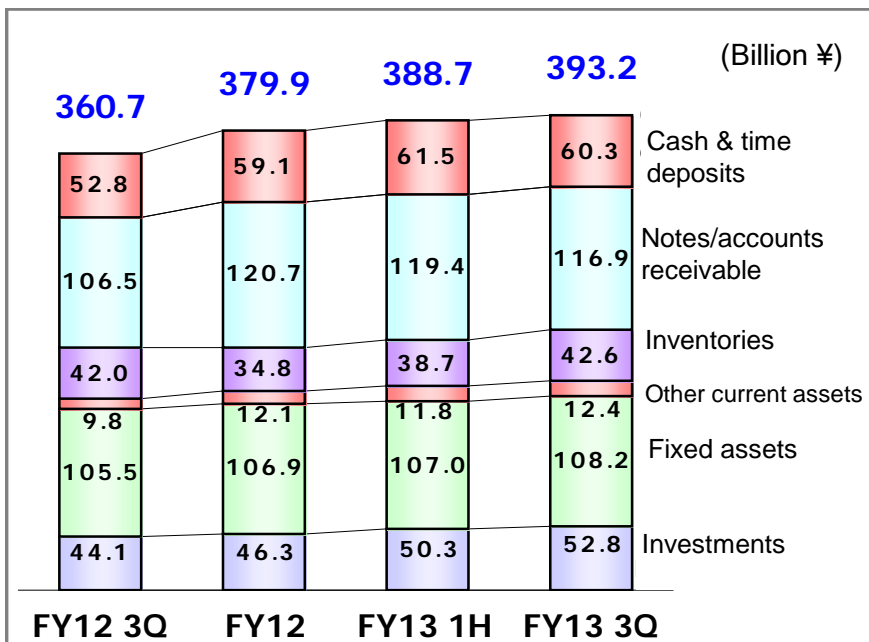
By segment



- The percentage of sales generated outside Japan rose in FY13 1Q-3Q, due largely to the strong performance of the control segment.

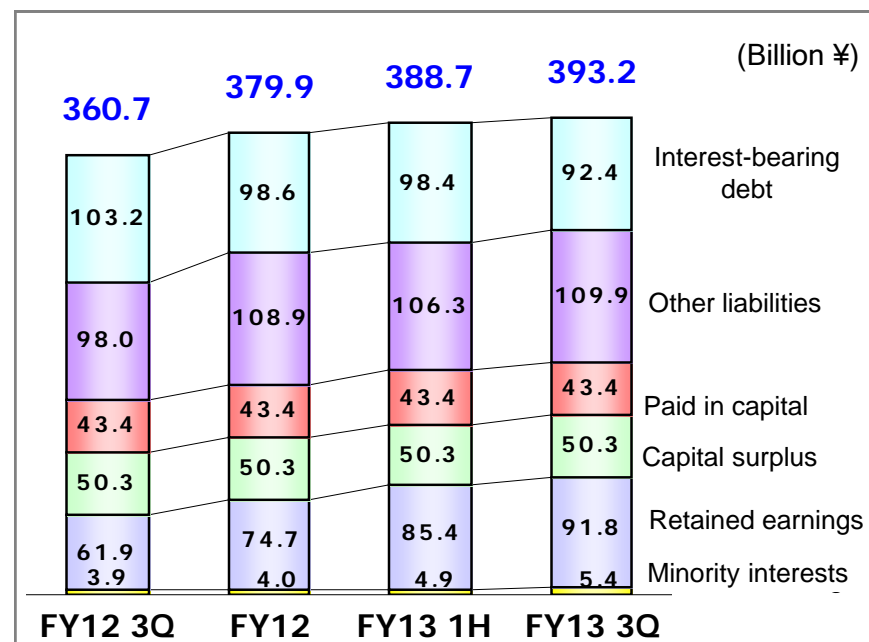
Trend of Balance Sheet

Assets



	FY12 3Q	FY12	FY13 1H	FY13 3Q
Total asset turnover	-	0.92	0.98	-
Shareholders' equity ratio	43.1%	44.3%	46.1%	47.2%

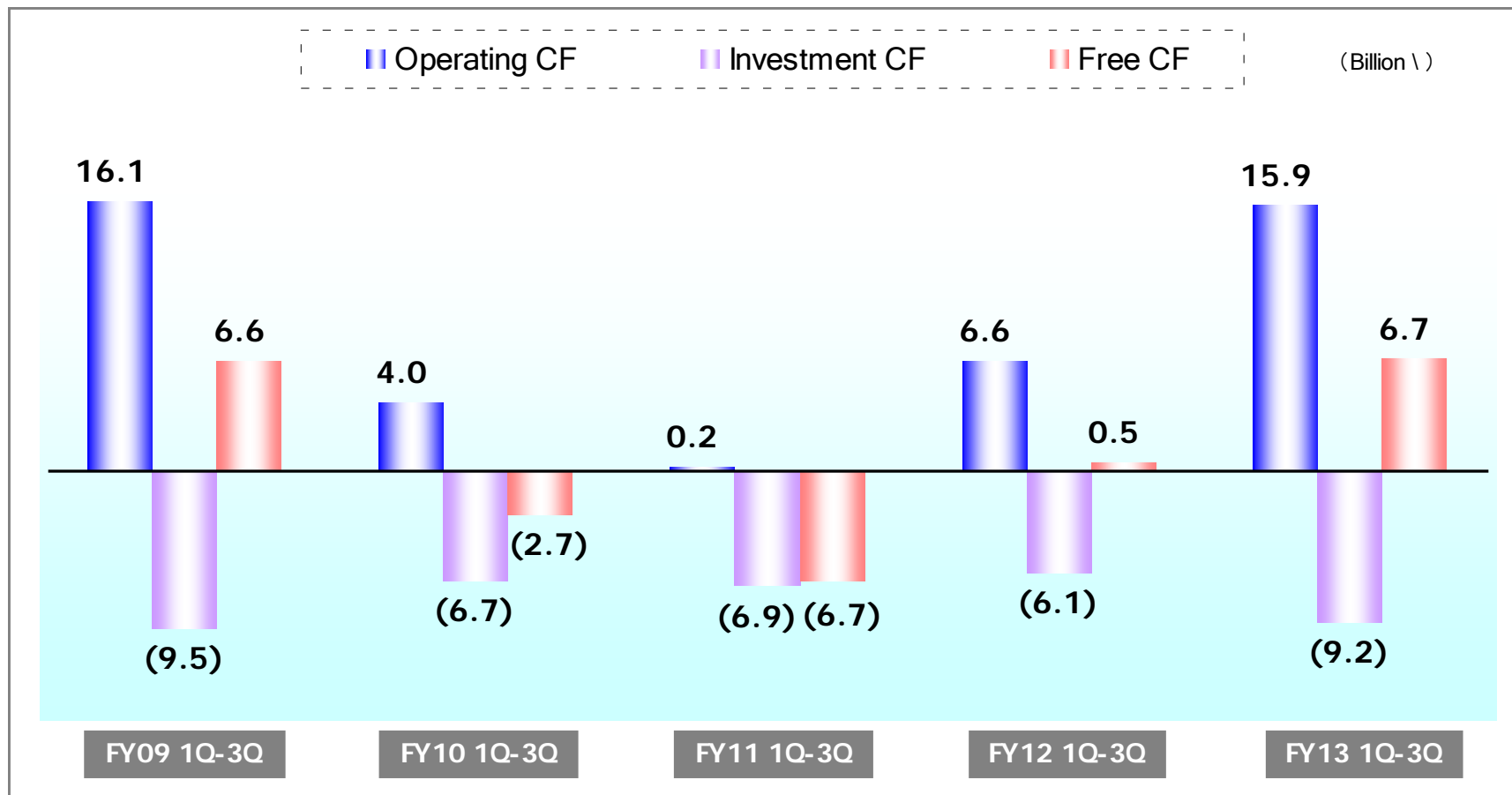
Liabilities and equity



	FY12 3Q	FY12	FY13 1H	FY13 3Q
Debt/equity ratio	66.3%	58.6%	55.0%	49.8%
Interest-bearing debt ratio	28.6%	26.0%	25.3%	23.5%

- The shareholders' equity ratio improved from FY12 because of increased retained earnings on higher sales, an increase in the foreign currency translation adjustment due to the weak yen, an increase in the valuation of marketable securities due to higher stock prices, and other factors.

Trend of Cash Flow



- The inflow from operating activities is up from FY12 1Q-3Q due to an increase in working capital as a result of good progress in the collection of trade receivables.
- Investment cash flow is down from FY12 1Q-3Q, when there was an inflow from the sale of fixed assets.

(Billion ¥)

		FY12 results (A)	FY13 budget (11/8)(B)	FY13 budget (2/7)(C)	Difference (C-A)	Difference (C-B)
Orders		354.5	400.0	400.0	45.5	0
Sales		347.9	385.0	385.0	37.1	0
Operating income		18.4	25.5	25.5	7.1	0
Ordinary income		18.0	23.0	23.0	5.0	0
Net income		14.7	14.5	14.5	(0.2)	0
Exchange rate (¥)	1\$=	83.33	97	97	13.67	0
	1€=	107.40	130	130	22.60	0

- The FY13 budget is unchanged from November 8.

Quarterly Financial Results/Budget

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(Billion ¥)

	FY12				FY13				
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q budget	Total budget
Orders	91.3	84.7	84.1	94.4	100.2	115.9	94.5	89.4	400.0
Sales	75.0	89.6	77.4	105.9	80.8	98.8	90.7	114.7	385.0
Operating income	2.9	5.9	1.3	8.3	3.3	7.7	3.2	11.3	25.5

FY13 Budget for Non-operating / Extraordinary Income and Expenses

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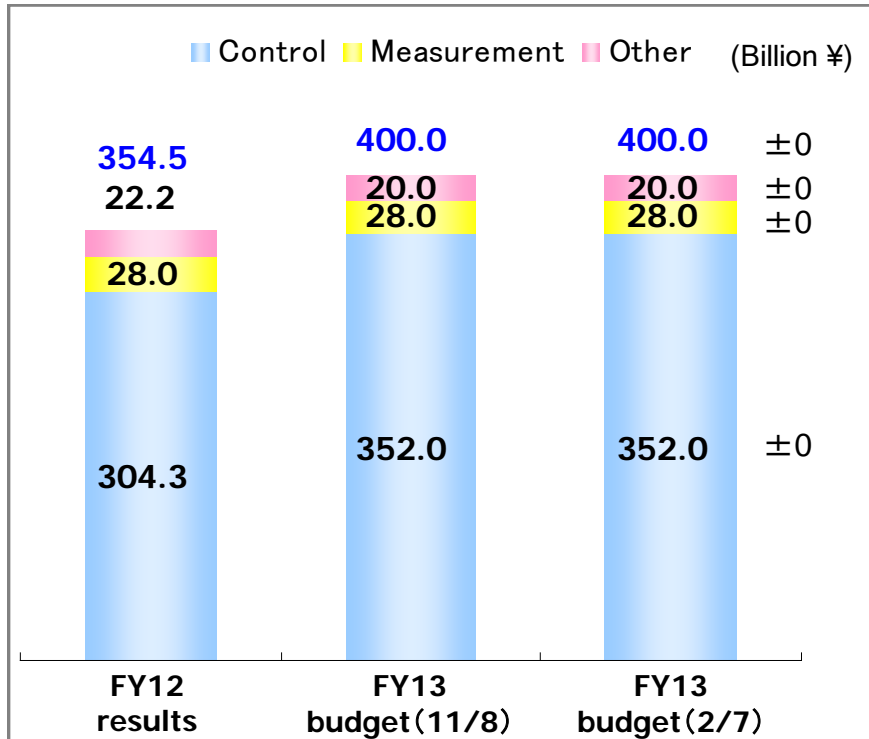
(Billion ¥)

	FY12 results	FY13 budget (11/8)	FY13 budget (2/7)
Operating income	18.4	25.5	25.5
Non-operating income	4.1	(2.5)	(2.5)
Non-operating expenses	4.5		
Ordinary income	18.0	23.0	23.0
Extraordinary income	4.1	(1.0)	(1.0)
Extraordinary expenses	1.6		
Income before tax	20.5	22.0	22.0
Tax, etc.	5.8	7.5	7.5
Net income	14.7	14.5	14.5

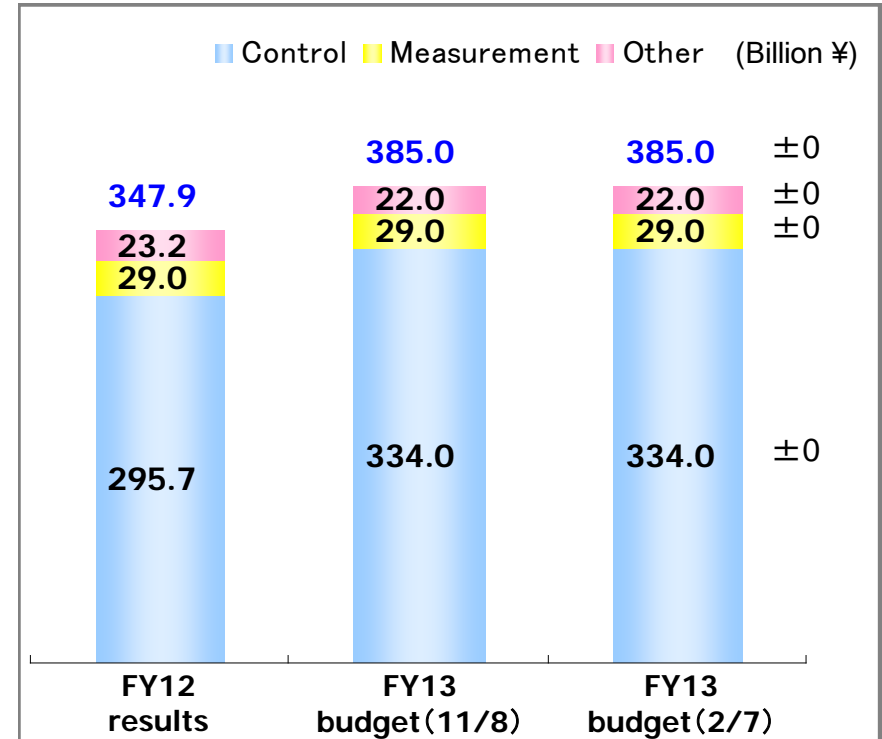
- The FY13 budget is unchanged from November 8.

FY13 Budget for Orders and Sales by Segment

Orders



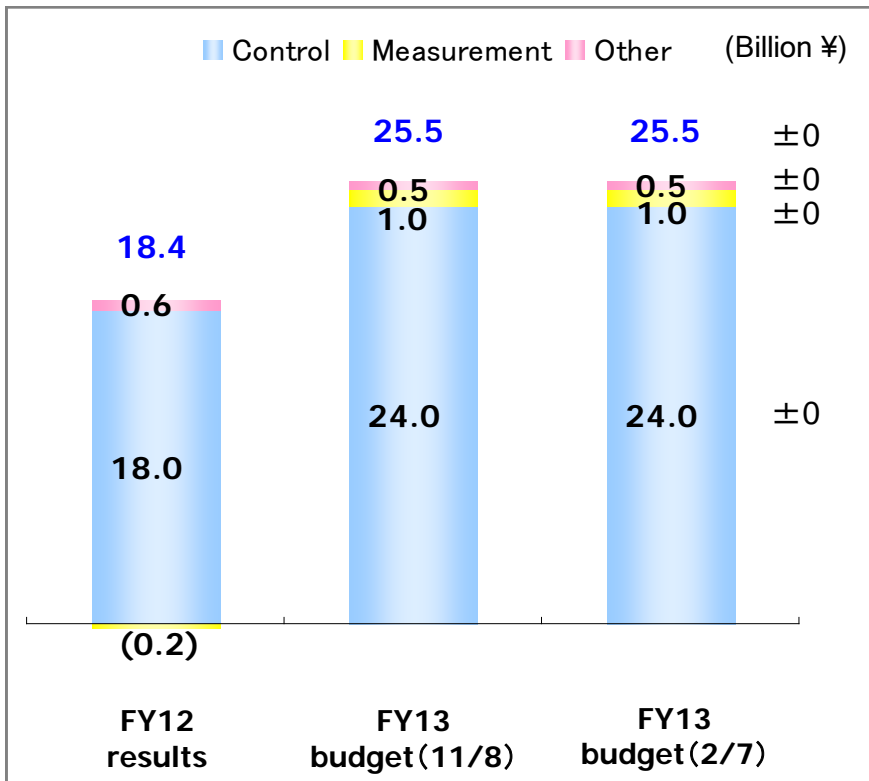
Sales



- The FY13 budget is unchanged from November 8.

FY13 Budget for Operating Income by Segment

Operating income



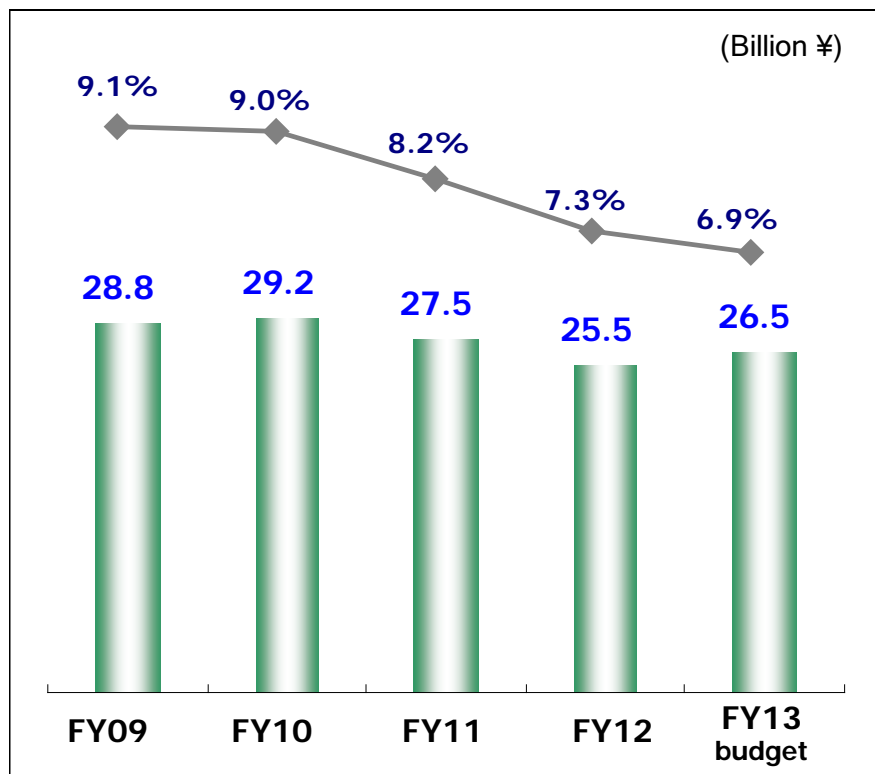
(Billion ¥)

	FY13 budget (11/8)	FY13 budget (2/7)	Difference
Control	24.0	24.0	0.0
Measurement	1.0	1.0	0.0
Other	0.5	0.5	0.0
Total	25.5	25.5	0.0

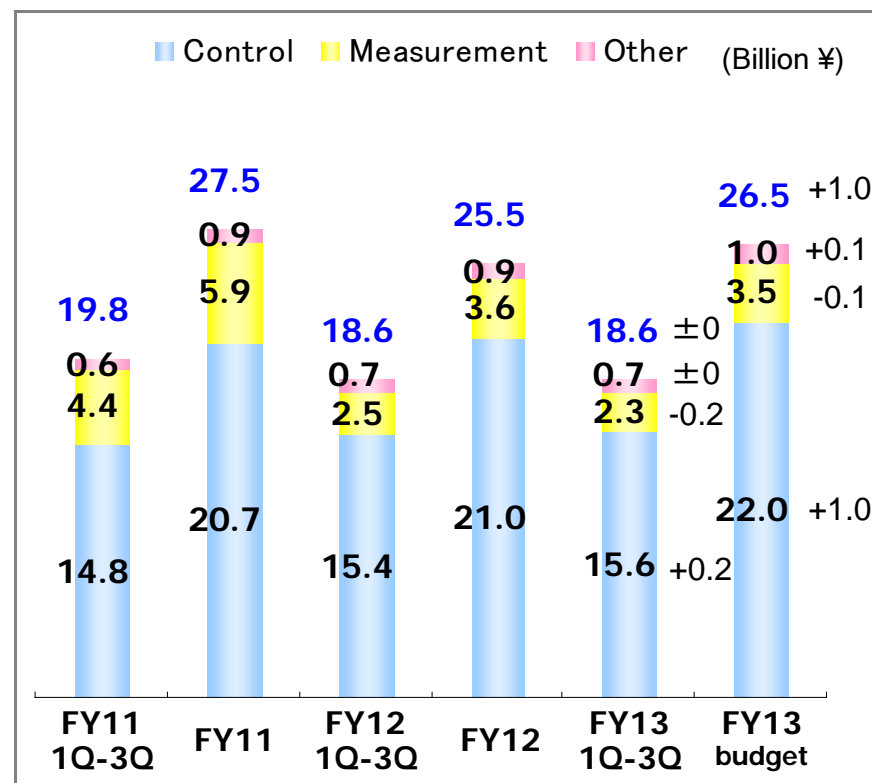
- The FY13 budget is unchanged from November 8.

Trend of R&D Expenses

Total

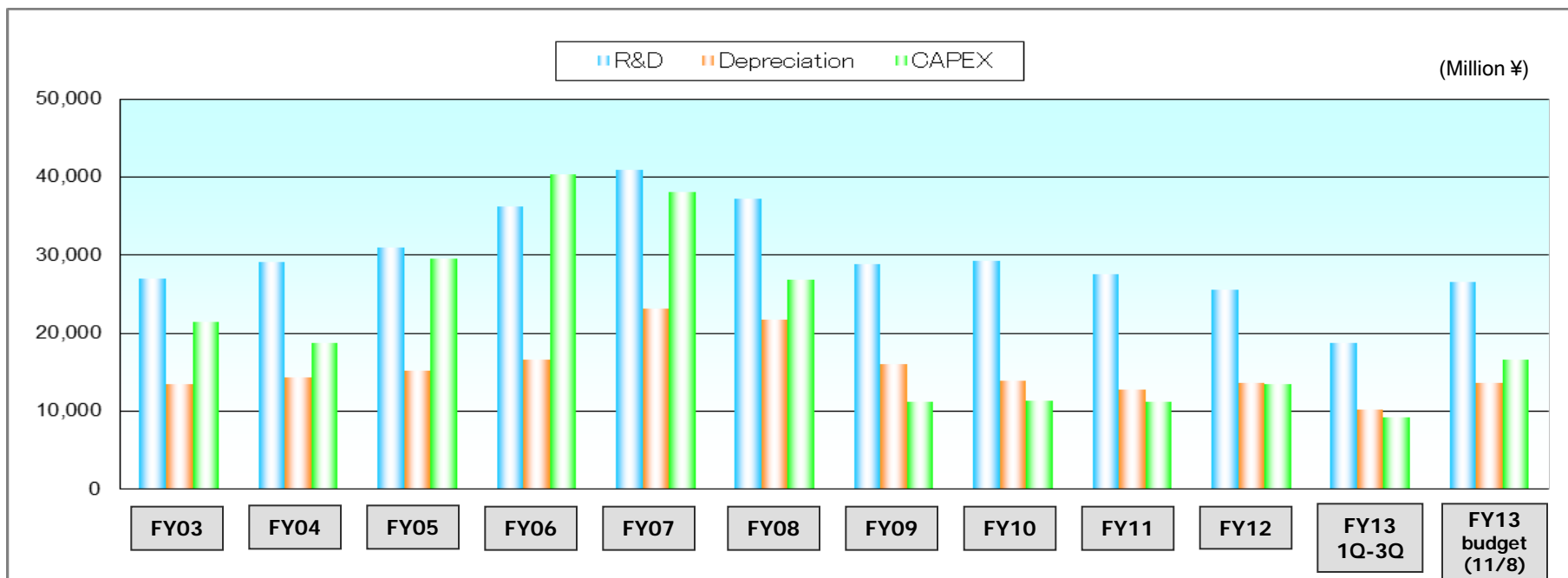


By segment



- The FY13 R&D expense budget is unchanged from November 8.

R&D Expenses, Depreciation, and CAPEX

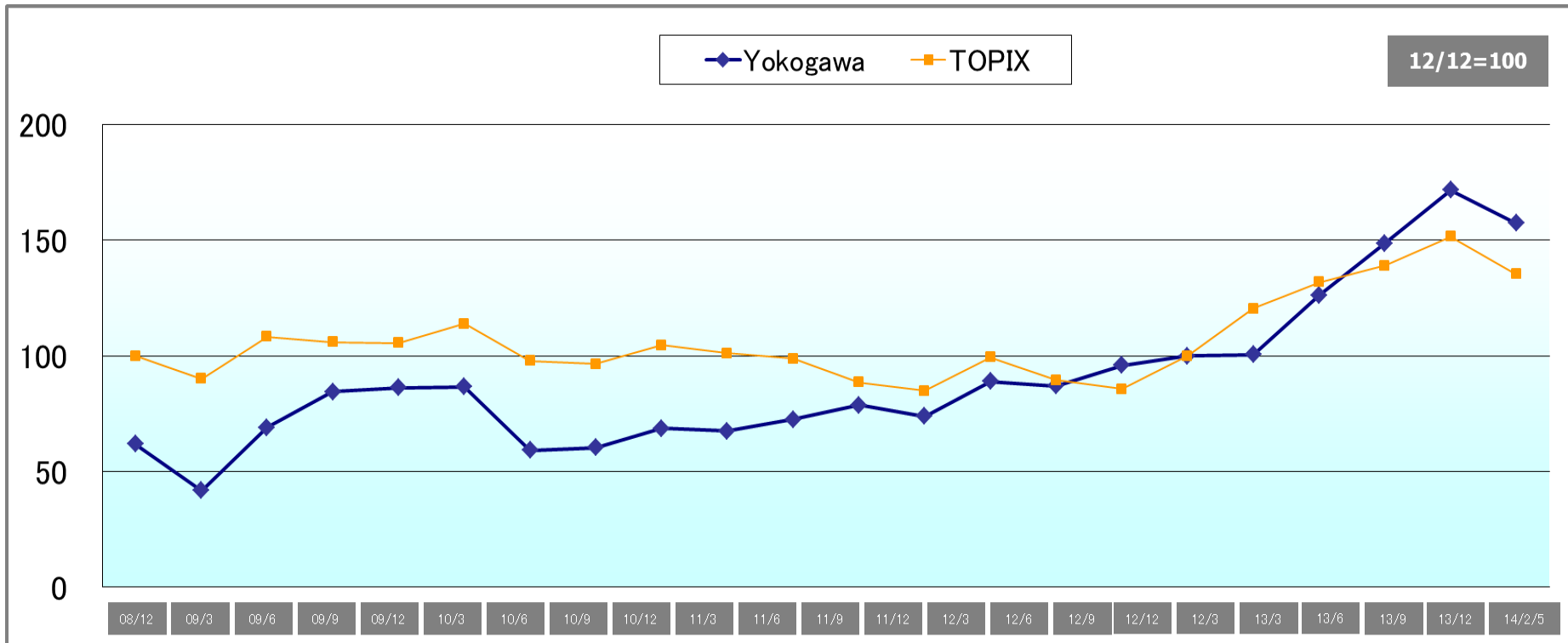


(Million ¥)

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13 1Q-3Q	FY13 budget
R&D expenses	26,991	28,998	30,917	36,223	40,875	37,229	28,786	29,179	27,472	25,477	18,632	26,500
(% of sales)	7.3%	7.5%	8.0%	8.4%	9.3%	9.9%	9.1%	9.0%	8.2%	7.3%	6.9%	6.9%
Depreciation	13,455	14,331	15,124	16,483	23,129	21,615	16,033	13,836	12,756	13,496	10,118	13,500
(% of sales)	3.6%	3.7%	3.9%	3.8%	5.3%	5.7%	5.1%	4.2%	3.8%	3.9%	3.7%	3.5%
CAPEX	21,355	18,652	29,540	40,284	37,990	26,813	11,125	11,337	11,143	13,468	9,150	16,500
(% of sales)	5.7%	4.8%	7.6%	9.3%	8.7%	7.1%	3.5%	3.5%	3.3%	3.9%	3.4%	4.3%

- The FY13 R&D expense, depreciation, and CAPEX budgets are all unchanged.

Trend of Stock Price



	08/12	09/3	09/6	09/9	09/12	10/3	10/6	10/9	10/12	11/3	11/6	11/9	11/12	12/3	12/6	12/9	12/12	13/3	13/6	13/9	13/12	14/2/5
Yokogawa	582	394	650	795	812	814	557	568	646	634	683	740	695	837	818	902	941	946	1,187	1,398	1,615	1,480
TOPIX	859	774	930	910	908	979	841	830	899	869	849	761	729	854	770	737	860	1,035	1,134	1,194	1,302	1,163

	08/12	09/3	09/6	09/9	09/12	10/3	10/6	10/9	10/12	11/3	11/6	11/9	11/12	12/3	12/6	12/9	12/12	13/3	13/6	13/9	13/12	14/2/5
Yokogawa	62	42	69	84	86	87	59	60	69	67	73	79	74	89	87	96	100	101	126	149	172	157
TOPIX	100	90	108	106	106	114	98	97	105	101	99	88	85	99	90	86	100	120	132	139	151	135

November

- 14** Selected as MAC by Chevron Phillips Chemical for USGC petrochemicals project

December

- 12** Control system order for reverse osmosis desalination plant in Saudi Arabia

January

- 7** Control system order for Yamal LNG project in Russia
- 14** Release of PX8000 Precision Power Scope
- 21** Receipt of ISASecure® EDSA certification for ProSafe®-RS safety instrumented system
- 30** Announcement that the Company will begin providing solutions for optimizing plant operations based on MIRROR PLANT, the industry's first online simulator

February

- 4** Development of multi-protocol wireless adaptor that enables wired field instruments to function as ISA100 Wireless™ devices

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

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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