

Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2014 (Japan GAAP)

February 7, 2014

Name of Listed Company: Yokogawa Electric Corporation (the “Company” herein)
 Stock Exchanges Where the Company’s Shares Are Listed: Tokyo Stock Exchange, Section 1
 Stock Code: 6841 (URL: <http://www.yokogawa.com/>)
 Name and Position of the Representative: Takashi Nishijima, President and Chief Operating Officer
 Name and Position of Person in Charge: Sadamu Kawanaka, General Manager of Corporate Communication Department
 Telephone Number: +81-422-52-5530
 Planned Quarterly Report Filing Date: February 10, 2014
 Planned Dividend Payment Starting Date: —
 Quarterly Financial Results Supplemental Materials: Yes
 Quarterly Financial Results Presentation Meeting: Yes (for institutional investors)

(Any amount less than one million yen is disregarded.)

1. Consolidated business results for the first three quarters of the year ending March 31, 2014 (April 1-December 31, 2013)

(1) Results of operations on a consolidated basis (accumulated)

(Percentages show the change from the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For first three quarters of year ending March 31, 2014	270,257	11.7	14,242	40.7	14,024	56.9	6,969	-15.3
For first three quarters of year ended March 31, 2013	241,974	3.7	10,121	8.2	8,938	42.4	8,224	576.8

(Note) Comprehensive income: For first three quarters of year ending March 31, 2014 21,548 million yen (63.3%)
 For first three quarters of year ended March 31, 2013 13,142 million yen (—%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
For first three quarters of year ending March 31, 2014	27.06	—
For first three quarters of year ended March 31, 2013	31.93	—

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders’ Equity Ratio
	Million yen	Million yen	%
As of December 31, 2013	393,242	190,892	47.3
As of March 31, 2013	379,931	172,396	44.3

(Note) Shareholders’ equity: As of December 31, 2013: 185,500 million yen As of March 31, 2013: 168,389 million yen

2. Dividend status

	Dividends per Share				
	June 30	September 30	December 31	End of Term	Total
	Yen	Yen	Yen	Yen	Yen
For year ended March 31, 2013	—	5.00	—	5.00	10.00
For year ending March 31, 2014	—	6.00	—		
For year ending March 31, 2014 (forecast)				6.00	12.00

(Note) Adjustment on dividend forecast in this quarter: No

3. Business forecast for the year ending March 31, 2014 (April 1, 2013-March 31, 2014)

(Percentages show the change from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Annual	385,000	10.7	25,500	38.5	23,000	27.8	14,500	-1.3	56.30

(Note) Adjustment on consolidated business forecast in this quarter: No

<Notes>

- (1) Changes to important subsidiaries during the period: No
(changes to consolidated subsidiaries accompanying changes to specific subsidiaries)
- (2) Application of special methods for quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, restatements
- a. Changes accompanying revision of accounting standards: No
 - b. Changes other than (a) above: No
 - c. Changes in accounting estimates: No
 - d. Restatements: No
- (4) Number of shares issued (common stock)
- a. Number of shares outstanding at the end of the period (including treasury stock)

For the 3rd quarter of the year ending March 31, 2014	268,624,510 shares
For the year ended March 31, 2013	268,624,510 shares
 - b. Treasury stock at the end of the period

For the 3rd quarter of the year ending March 31, 2014	11,084,296 shares
For the year ended March 31, 2013	11,080,045 shares
 - c. Average number of shares in the period (quarterly consolidated accumulated period)

For the 3rd quarter of the year ending March 31, 2014	257,542,727 shares
For the 3rd quarter of the year ended March 31, 2013	257,545,513 shares

Note regarding the implementation of the quarterly review procedures

This quarterly consolidated financial results report is not subject to the quarterly review procedures specified in the Financial Instruments and Exchange Act. A review of the quarterly financial statements based on the Act was completed before the release of the quarterly consolidated financial results.

Note concerning appropriate use of business forecasts, etc.

The above forecasts are based on the information that was available at the time this document was released and involve assumptions regarding uncertain factors that may have an effect on future performance. Actual performance may vary greatly due to a variety of factors.

Attachment Contents

	Page
1. Qualitative Information on Quarterly Consolidated Financial Results	4
(1) Explanation of business results	4
(2) Explanation of financial conditions	4
(3) Explanation of consolidated business forecast and other expectations	5
2. Notes on Summary Information	5
3. Consolidated Quarterly Financial Statements	6
(1) Consolidated quarterly balance sheets	6
(2) Consolidated quarterly statements of income and statements of comprehensive income	8
Consolidated quarterly statements of income for the first three quarters of FY2013	8
Consolidated quarterly statements of comprehensive income for the first three quarters of FY2013	9
(3) Consolidated quarterly statements of cash flows	10
4. Notes on Consolidated Quarterly Financial Statements	11
(1) Notes for going concern	11
(2) Notes if there is a remarkable change in the amount of shareholders' equity	11
(3) Segment information	11
<Reference> Consolidated Financial Statements for the First Three Quarters of FY2013	12

1. Qualitative Information on Quarterly Consolidated Financial Results

(1) Explanation of business results

This section reviews the performance of the Yokogawa Group for the first three quarters of the current fiscal year, from April 1 to December 31, 2013.

The global economy is recovering, although it should be noted that 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, particularly China and India. The Japanese economy is showing signs of a gradual recovery, with improvements in personal consumption, corporate performance, and capital investment by manufacturers that can be attributed to the falling yen and rising stock markets, which were triggered by bold fiscal and monetary policies. However, the growth outlook for Japan remained weak due to the rising cost of energy and imported raw materials, an expected decline in personal consumption after the consumption tax hike in April 2014, and other concerns.

Under these circumstances, the Group continued to strive for growth based on the Evolution 2015 mid-term business plan by focusing on the industrial automation and control business, which remained strong thanks to the growth in energy-related investment. As a result, net sales and operating income were up year on year.

In the first three quarters of the current fiscal year, the Group's net sales were 270.257 billion yen, up 28.283 billion yen year on year, operating income was 14.242 billion yen, up 4.121 billion yen, and ordinary income was 14.024 billion yen, up 5.085 billion yen.

The net income for the first three quarters under review was 6.969 billion yen, down 1.254 billion yen from a year earlier, when extraordinary income from the sale of idle assets was recorded.

Results by individual segment are outlined below.

Industrial Automation and Control Business

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 year on year.

In the first three quarters of the current fiscal year, net sales for the industrial automation and control business came to 234.964 billion yen, up 28.482 billion yen year on year, and operating income was 13.665 billion yen, up 3.041 billion yen.

Test and Measurement Business

In the first three quarters of the current fiscal year, net sales for the test and measurement business fell 567 million yen year on year, to 19.908 billion yen, and operating income was 413 million yen (the same period a year ago saw an operating loss of 400 million yen).

Other Businesses

For the first three quarters of the current fiscal year, net sales increased by 368 million yen from the same period a year earlier, to 15.385 billion yen, and the operating income came to 163 million yen (the same period last year saw an operating loss of 102 million yen).

(2) Explanation of financial conditions

a. Conditions of assets, liabilities, and net assets

In comparison with the end of the previous fiscal year, the assets, liabilities, and net assets at the end of the third quarter of the current fiscal year were as follows.

Total assets increased by 13.310 billion yen, to 393.242 billion yen. This increase is mainly due to an increase of 7.779 billion yen in inventory, an increase of 7.167 billion yen in investment securities, and a decrease of 3.779 billion yen in notes and accounts receivable-trade.

Total liabilities decreased by 5.185 billion yen, to 202.349 billion yen. The key items to note here were an increase of 6.0 billion yen in commercial paper, an increase of 9.877 billion yen in long-term loans payable, an increase of 9.248 billion yen in current liabilities-other, a decrease of 22.063 billion yen in short-term loans payable, and a decrease of 6.701 billion yen in the provision for bonuses.

Net assets increased by 18.496 billion yen, to 190.892 billion yen. This increase is chiefly because of an increase of 4.268 billion yen in retained earnings, an increase of 5.280 billion yen in valuation differences on available-for-sale securities, and an increase of 8.002 billion yen in foreign currency translation adjustments.

b. Cash flow status

The balance of cash and cash equivalents at the end of the third quarter of the current fiscal year was 59.200 billion yen, up 373 million yen from the end of the previous fiscal year. The cash flows from each activity in the first three quarters of the current fiscal year were as follows:

Cash flow from operating activities

The cash flow from operating activities in the first three quarters of the current fiscal year was a net inflow of 15.898 billion yen, up 9.346 billion yen from the same period of the previous fiscal year. Following income of 13.176 billion yen before income taxes and minority interests, this is a consequence of positive factors such as depreciation and amortization expenses of 10.118 billion yen and a decrease of 16.264 billion yen in trade receivables, and negative factors such as a decrease of 7.024 billion yen in the provision for bonuses, an increase of 5.503 billion yen in inventory, a decrease of 6.398 billion yen in trade payables, and an outflow of 5.775 billion yen for corporate income taxes and other items.

Cash flow from investing activities

The cash flow from investing activities in the first three quarters of the current fiscal year was a net outflow of 9.194 billion yen, up 3.100 billion yen from the same period of the previous fiscal year. This is mainly the result of an outflow of 5.562 billion yen for the acquisition of property, plant and equipment, and an outflow of 3.582 billion yen for the acquisition of intangible assets.

Cash flow from financing activities

The cash flow from financing activities in the first three quarters of the current fiscal year was a net outflow of 10.142 billion yen, up 6.513 billion yen from the same period of the previous fiscal year. The key items to note were a net increase of 10.0 billion yen in new long-term loans, a net increase of 6.0 billion yen in commercial paper, a net increase of 3.040 billion yen in short-term loans, the repayment of 26.210 billion yen in long-term loans, and 2.832 billion yen in dividend payments.

(3) Explanation of consolidated business forecast and other expectations

There has been no change to the fiscal year 2013 consolidated business forecast that was announced on November 8, 2013.

2. Notes on Summary Information

Not applicable

3. Consolidated Quarterly Financial Statements
(1) Consolidated quarterly balance sheets

	Millions of yen	
	(Reference) End of FY2012 (March 31, 2013)	End of FY2013 3rd quarter (December 31, 2013)
Assets		
Current assets		
Cash and deposits	59,111	60,320
Notes and accounts receivable-trade	120,679	116,899
Merchandise and finished goods	15,860	18,171
Work in process	7,524	12,590
Raw materials and supplies	11,412	11,815
Other	15,929	16,599
Allowance for doubtful accounts	(3,828)	(4,188)
Total current assets	226,689	232,209
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	47,836	48,621
Other, net	31,971	33,349
Total property, plant and equipment	79,807	81,970
Intangible assets		
Software	20,795	19,761
Other	6,290	6,521
Total intangible assets	27,086	26,283
Investments and other assets		
Investment securities	35,873	43,041
Other	11,021	10,095
Allowance for doubtful accounts	(546)	(356)
Total investments and other assets	46,347	52,779
Total noncurrent assets	153,241	161,033
Total assets	379,931	393,242

Millions of yen

	(Reference) End of FY2012 (March 31, 2013)	End of FY2013 3rd quarter (December 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	29,240	26,891
Short-term loans payable	34,255	12,192
Commercial paper	—	6,000
Accounts payable-other	8,980	7,752
Income taxes payable	3,132	3,195
Provision for bonuses	12,893	6,191
Other	46,468	55,717
Total current liabilities	134,970	117,940
Noncurrent liabilities		
Long-term loans payable	64,342	74,219
Provision for retirement benefits	2,872	3,557
Other	5,349	6,632
Total noncurrent liabilities	72,564	84,409
Total liabilities	207,535	202,349
Net assets		
Shareholders' equity		
Capital stock	43,401	43,401
Capital surplus	50,344	50,344
Retained earnings	90,960	95,229
Treasury stock	(11,007)	(11,013)
Total shareholders' equity	173,698	177,961
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,576	10,856
Deferred gains or losses on hedges	116	(134)
Pension liability adjustment	(837)	(1,021)
Foreign currency translation adjustment	(10,163)	(2,160)
Total accumulated other comprehensive income	(5,308)	7,538
Minority interests	4,006	5,392
Total net assets	172,396	190,892
Total liabilities, net assets	379,931	393,242

(2) Consolidated quarterly statements of income and statements of comprehensive income
Consolidated quarterly statements of income for the first three quarters of FY2013

	Millions of yen	
	(Reference) First three quarters of FY2012 (April 1-December 31, 2012)	First three quarters of FY2013 (April 1-December 31, 2013)
Net sales	241,974	270,257
Cost of sales	142,655	158,889
Gross profit	99,319	111,368
Selling, general and administrative expenses	89,197	97,125
Operating income	10,121	14,242
Non-operating income		
Interest income	200	309
Dividend income	425	527
Foreign exchange gains	166	1,037
Equity in earnings of affiliates	246	113
Other	582	847
Total non-operating income	1,621	2,835
Non-operating expenses		
Interest expenses	1,665	1,623
Other	1,138	1,430
Total non-operating expenses	2,803	3,053
Ordinary income (loss)	8,938	14,024
Extraordinary income		
Gain on sale of noncurrent assets	3,932	90
Gain on sale of investment securities	99	110
Total extraordinary income	4,032	201
Extraordinary losses		
Loss on sale of noncurrent assets	4	76
Loss on retirement of noncurrent assets	110	173
Impairment loss	864	122
Loss on valuation of investment securities	27	7
Business structure improvement expenses	—	669
Total extraordinary losses	1,007	1,048
Income (loss) before income taxes and minority interests	11,964	13,176
Income taxes-current	3,232	5,268
Income taxes-deferred	(1)	(169)
Total income taxes	3,231	5,099
Income (loss) before minority interests	8,732	8,077
Minority interests in income	508	1,107
Net income (loss)	8,224	6,969

Consolidated quarterly statements of comprehensive income for the first three quarters of FY2013

	Millions of yen	
	(Reference) First three quarters of FY2012 (April 1-December 31, 2012)	First three quarters of FY2013 (April 1-December 31, 2013)
Income (loss) before minority interests	8,732	8,077
Other comprehensive income		
Valuation difference on available-for-sale securities	1,284	5,302
Deferred gains or losses on hedges	(21)	(251)
Pension liability adjustment	(36)	(184)
Foreign currency translation adjustment	3,171	8,473
Share of other comprehensive income of associates accounted for using equity method	12	40
Total other comprehensive income	4,410	13,381
Comprehensive income	13,142	21,458
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	12,454	19,817
Comprehensive income attributable to minority interests	687	1,641

(3) Consolidated quarterly statements of cash flows

	Millions of yen	
	(Reference) First three quarters of FY2012 (April 1-December 31, 2012)	First three quarters of FY2013 (April 1-December 31, 2013)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	11,964	13,176
Depreciation and amortization	10,147	10,118
Increase (decrease) in allowance for doubtful accounts	130	(207)
Increase (decrease) in provision for bonuses	(9,446)	(7,024)
Loss (gain) on sale of investment securities	(99)	(110)
Impairment loss	864	122
Decrease (increase) in notes and accounts receivable-trade	12,207	16,264
Decrease (increase) in inventories	(5,581)	(5,503)
Increase (decrease) in notes and accounts payable-trade	(6,520)	(6,398)
Other	(2,447)	869
Subtotal	11,217	21,306
Interest and dividend income received	1,511	1,713
Interest expenses paid	(1,419)	(1,345)
Income taxes (paid) refund	(4,756)	(5,775)
Net cash provided by (used in) operating activities	6,552	15,898
Net cash provided by (used in) investing activities		
Payments into time deposits	(3,587)	(580)
Proceeds from withdrawal of time deposits	3,438	92
Purchase of property, plant and equipment	(6,072)	(5,562)
Proceeds from sale of property, plant and equipment	4,300	416
Purchase of intangible assets	(3,840)	(3,582)
Purchase of subsidiaries' share	(578)	(606)
Other	246	629
Net cash provided by (used in) investment activities	(6,093)	(9,194)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,075	3,004
Net increase (decrease) in commercial paper	—	6,000
Proceeds from long-term loans payable	2,000	10,000
Repayment of long-term loans payable	(3,907)	(26,210)
Cash dividends paid	(2,451)	(2,832)
Other	(345)	(103)
Net cash provided by (used in) financing activities	(3,629)	(10,142)
Effect of exchange rate change on cash and cash equivalents	1,047	3,812
Net increase (decrease) in cash and cash equivalents	(2,123)	373
Cash and cash equivalents at beginning of period	53,429	58,826
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(38)	—
Cash and cash equivalents at end of period	51,268	59,200

4. Notes on Consolidated Quarterly Financial Statements

(1) Notes for going concern

Not applicable

(2) Notes if there is a remarkable change in the amount of shareholders' equity

Not applicable

(3) Segment information

Segment sales and profits (losses)

Millions of yen

Business \ Term		(Reference) First three quarters of FY2012 (Apr. 1-Dec. 31, 2012)	First three quarters of FY2013 (Apr. 1-Dec. 31, 2013)	Change
Industrial automation and control business	Net sales to unaffiliated customers	206,482	234,964	28,482
	Operating income	10,624	13,665	3,041
Test and measurement business	Net sales to unaffiliated customers	20,476	19,908	(567)
	Operating income (loss)	(400)	413	814
Other businesses	Net sales to unaffiliated customers	15,016	15,385	368
	Operating income (loss)	(102)	163	265
Consolidated	Net sales to unaffiliated customers	241,974	270,257	28,283
	Operating income (loss)	10,121	14,242	4,121

[Reference]

Sales by geographical location

Millions of yen

Region \ Term	(Reference) First three quarters of FY2012 (Apr. 1-Dec. 31, 2012)		First three quarters of FY2013 (Apr. 1-Dec. 31, 2013)		Change
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount
Japan	88,271	36.5	80,923	29.9	(7,347)
Outside Japan	153,702	63.5	189,333	70.1	35,631
Asia	64,634	26.7	75,402	27.9	10,768
Europe	19,917	8.2	27,111	10.0	7,193
North America	15,951	6.6	18,829	7.0	2,877
Middle East	21,767	9.0	24,054	8.9	2,287
Other	31,432	13.0	43,936	16.3	12,504
Consolidated net sales	241,974	100.0	270,257	100.0	28,283

(Note) Sales are based on a customer's geographical location (classified above as a country or region).

The breakdown of countries and regions belonging to groups is as follows:

- (1) Asia China, Singapore, South Korea, India, etc.
- (2) Europe The Netherlands, France, the United Kingdom, Germany, etc.
- (3) North America The United States, Canada
- (4) Middle East Bahrain, Saudi Arabia, etc.
- (5) Other Russia, Brazil, Australia, etc.

[Reference]

February 7, 2014
Yokogawa Electric Corporation

Consolidated Financial Statements for the First Three Quarters of FY2013

Millions of yen

	First three quarters of FY2012		First three quarters of FY2013		Change	
	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales
Net Sales	241,974	—	270,257	—	28,283	—
Operating Income	10,121	4.2%	14,242	5.3%	4,121	1.1%
Ordinary Income	8,938	3.7%	14,024	5.2%	5,085	1.5%
Net Income	8,224	3.4%	6,969	2.6%	(1,254)	-0.8%
Total Assets	360,664		393,242		32,578	
Shareholders' Equity	159,507		190,892		31,384	
Net Income to Shareholders' Equity Ratio	5.5%		3.9%		-1.6%	
Net Income per Share	31.93 yen		27.06 yen		(4.87) yen	
Capital Investment	9,836		9,150		(685)	
Depreciation	10,147		10,118		(28)	
Research and Development Expenses	18,602		18,632		30	
Average Exchange Rate during the Term						
USD	80.25 yen		100.03 yen		19.78 yen	
EUR	102.53 yen		133.56 yen		31.03 yen	

Consolidated orders by segment

Millions of yen

	First three quarters of FY2012	First three quarters of FY2013	FY2013 full year (forecast)
Industrial automation and control business	225,889	276,391	352,000
Test and measurement business	20,543	20,549	28,000
Other businesses	13,628	13,647	20,000
Total	260,060	310,588	400,000

Consolidated sales by segment

Millions of yen

	First three quarters of FY2012	First three quarters of FY2013	FY2013 full year (forecast)
Industrial automation and control business	206,482	234,964	334,000
Test and measurement business	20,476	19,908	29,000
Other businesses	15,016	15,385	22,000
Total	241,974	270,257	385,000

Consolidated operating income by segment

Millions of yen

	First three quarters of FY2012	First three quarters of FY2013	FY2013 full year (forecast)
Industrial automation and control business	10,624	13,665	24,000
Test and measurement business	(400)	413	1,000
Other businesses	(102)	163	500
Total	10,121	14,242	25,500