

Yokogawa Electric Corporation

Financial Results for 1st Half of Fiscal Year 2014

October 31, 2014

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Corporate Administration & Marketing Headquarters

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Summary of FY14 1H Results

- Orders were lower than FY13 1H largely because there were fewer large projects (impact of exchange rate: ¥4.7 billion increase).
- Sales were up from FY13 1H, mainly thanks to continuing efforts to fill a backlog of orders (impact of exchange rate: ¥4.5 billion increase).
- Operating income was down from FY13 1H, due to factors such as a decline in the gross margin for the Japan control segment and an increase in SG&A as a result of active investment for the future.
- Net income increased from FY13 1H, chiefly due to the recording of gains on the sale of investment securities.
- We have decided to delay our announcement of a full-year forecast for net income.

(Billion ¥)

		FY13 1H	FY14 1H	Growth rate	Difference
Orders		216.1	205.3	- 5.0%	(10.8)
Sales		179.6	184.4	2.7%	4.8
Operating income		11.0	10.3	- 6.5%	(0.7)
Ordinary income		10.7	10.9	1.6%	0.2
Net income		6.5	7.6	17.3%	1.1
Exchange rate	1\$=	99.05	103.53	—	4.48
(¥)	1€=	130.56	138.53		7.97

Analysis of FY14 1H Operating Income (FY13 1H/FY14 1H)

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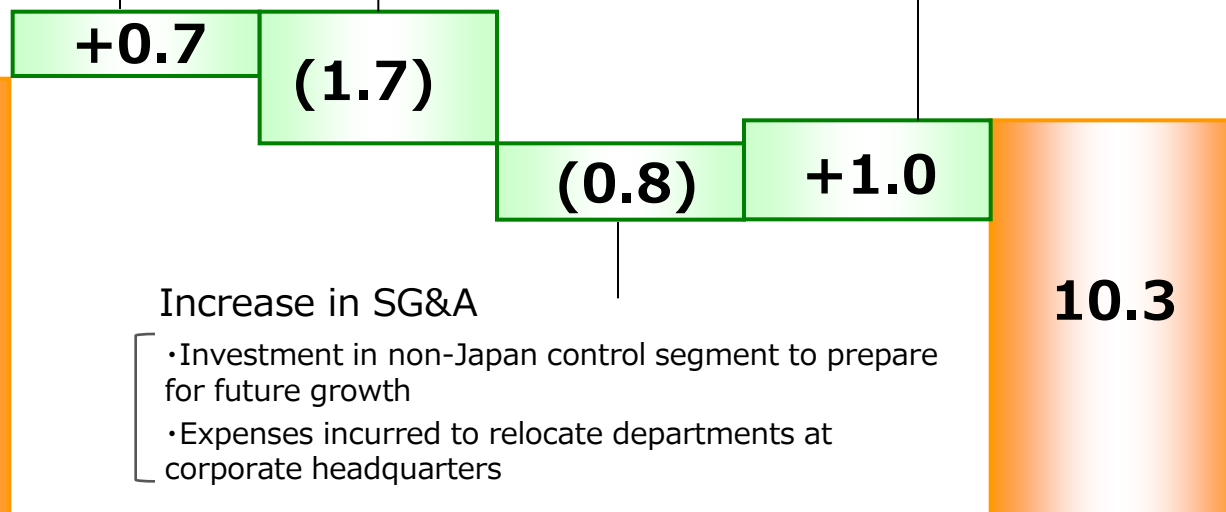
(Billion ¥)

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

Lower gross margin
• Japan control segment

Exchange rate (¥)

	FY13 1H	FY14 1H
US\$	99.05	103.53
€	130.56	138.53



**FY13 1H
Operating income**

**FY14 1H
Operating income**

Quarterly Financial Results

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(Billion ¥)

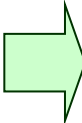
	FY12				FY13				FY14	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Orders	91.3	84.7	84.1	94.4	100.2	115.9	94.5	95.4	94.8	110.5
Sales	75.0	89.6	77.4	105.9	80.8	98.8	90.7	118.2	82.8	101.6
Operating income	2.9	5.9	1.3	8.3	3.3	7.7	3.2	11.7	2.6	7.7

- Sales tend to be higher in 2Q and 4Q, and this trend is particularly strong in the Japan control segment.

Non-operating / Extraordinary Income and Expenses

(Billion ¥)

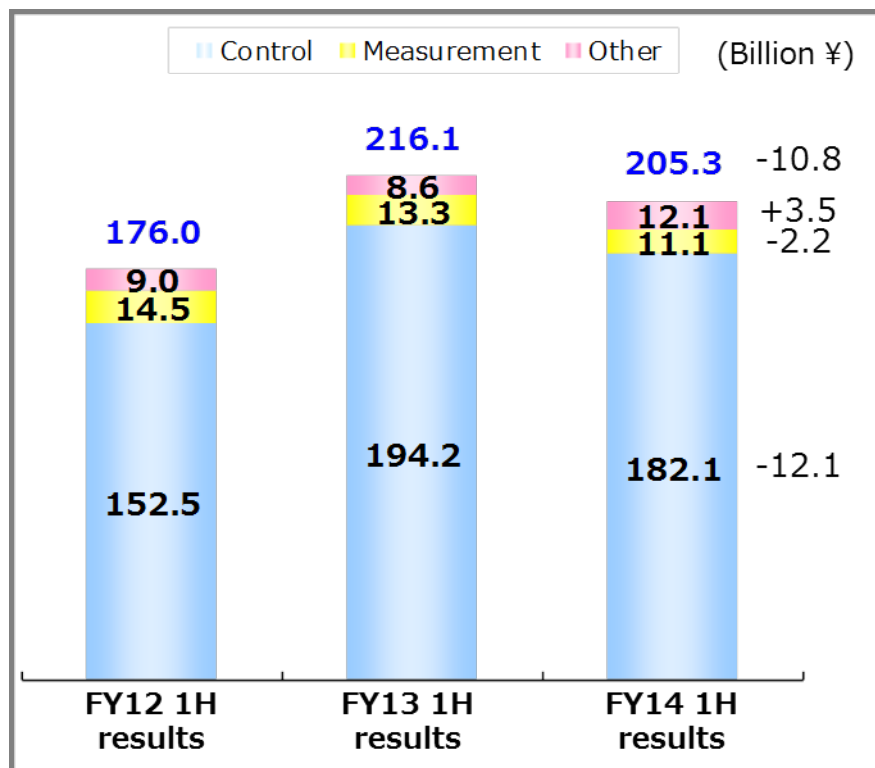
	FY13 1H results	FY14 1H results
Operating income	11.0	10.3
Non-operating income	1.9	2.1
Non-operating expenses	2.2	1.5
Ordinary income	10.7	10.9
Extraordinary income	0.2	1.1
Extraordinary expenses	0.2	0.2
Income before tax	10.7	11.8
Tax, etc.	4.2	4.2
Net income	6.5	7.6



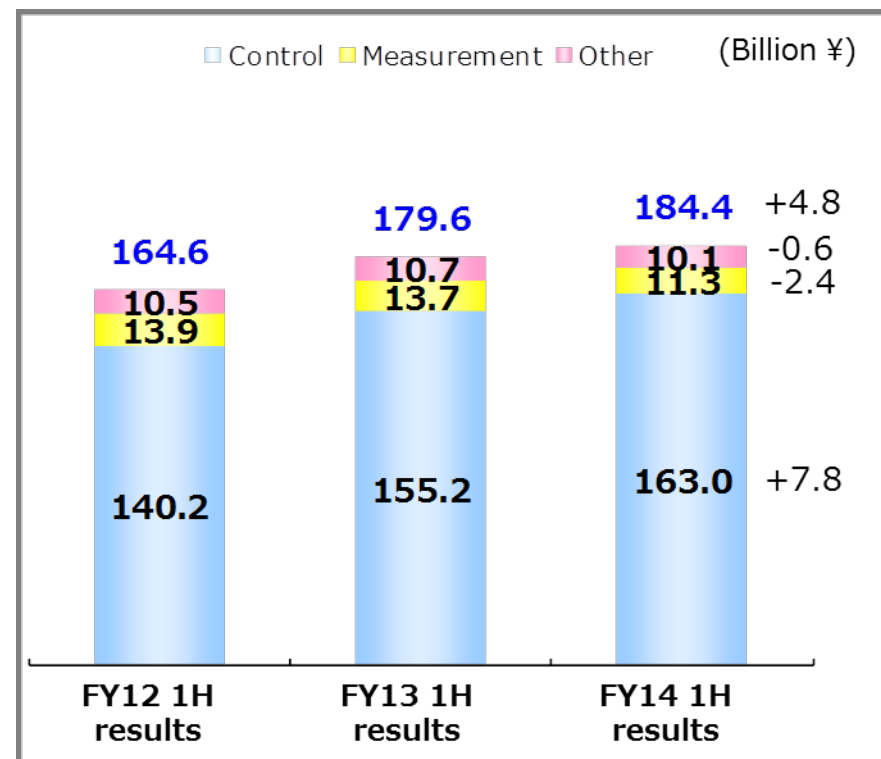
FY14: Extraordinary income on sale of investment securities: ¥0.8 billion

FY13/FY14 Comparison for Orders and Sales by Segment

Orders



Sales

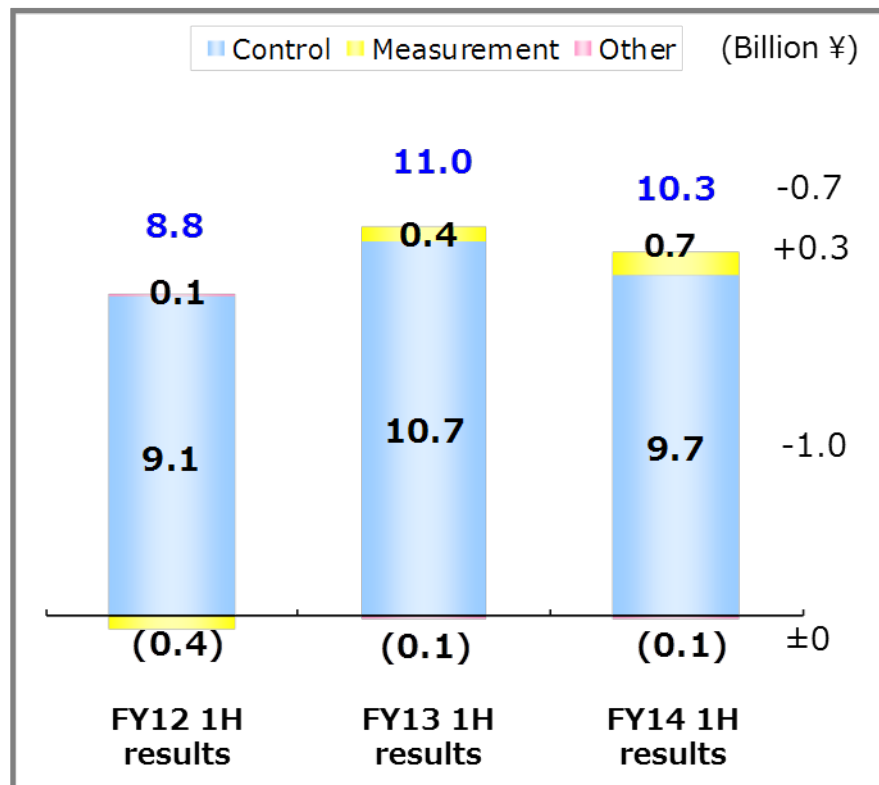


- Control: Orders were lower than FY13 1H largely because there were fewer large projects. Net sales were up from FY13 1H thanks mainly to the filling of a backlog of orders.
- Measurement: Both orders and sales were down from FY13 1H due to the effects of the withdrawal from businesses.

FY13/FY14 Comparison for Operating Income by Segment

Operating Income

(Billion ¥)



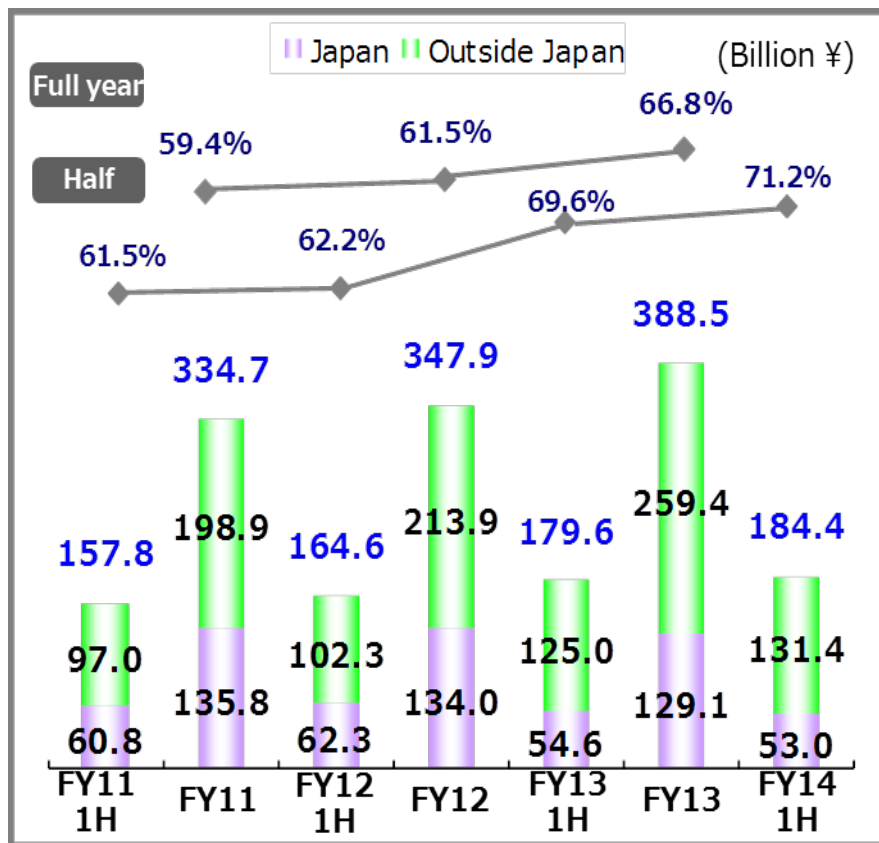
	FY13 1H results	FY14 1H results	Difference
Control	10.7	9.7	(1.0)
Measurement	0.4	0.7	0.3
Other	(0.1)	(0.1)	0.0
Total	11.0	10.3	(0.7)

- Control: Operating income was down from FY13 1H mainly due to the decrease in the gross margin for the Japan control segment.
- Measurement: Despite the lower sales, operating income was up from FY13 1H as lower costs were incurred for businesses that had been discontinued.

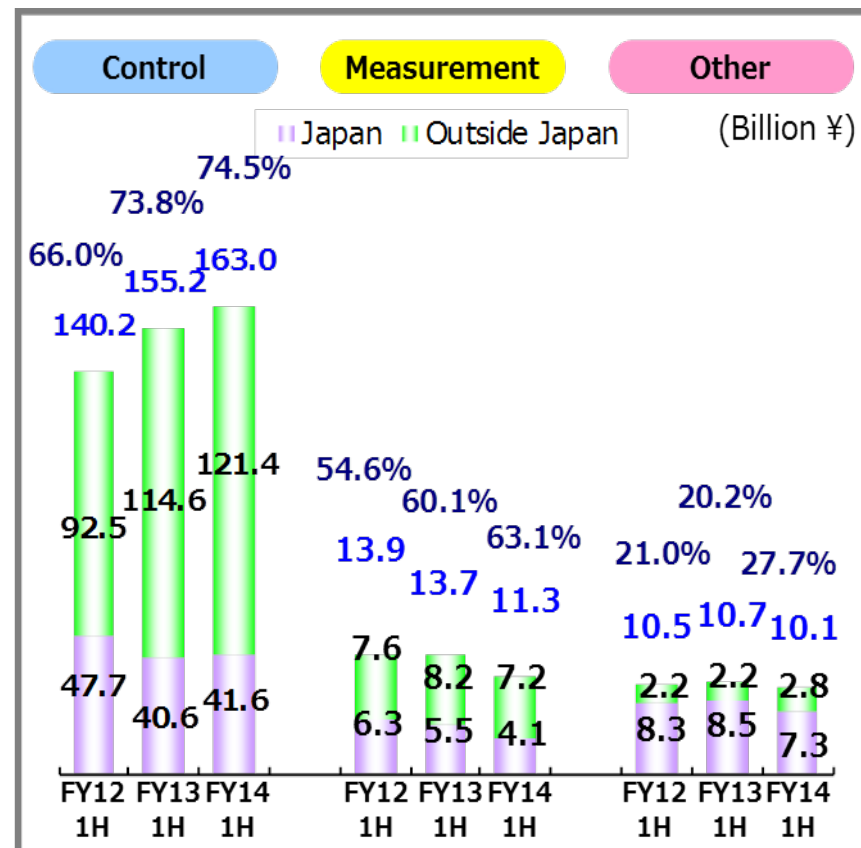
Trend of Global Sales

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Total



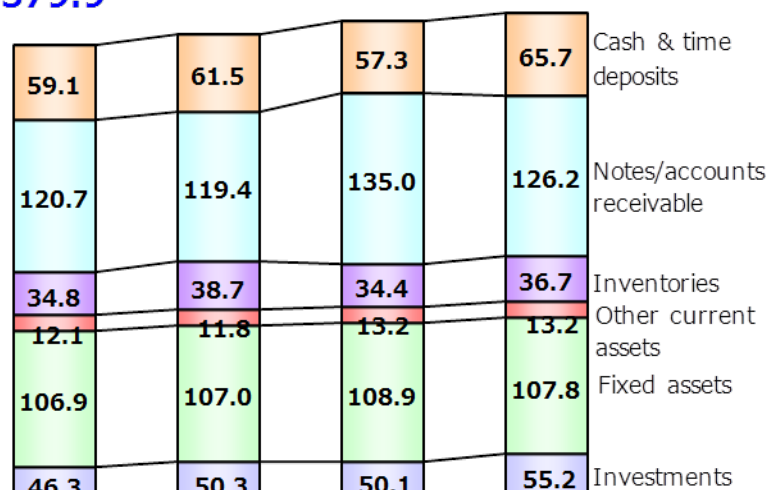
By Segment



Trend of Balance Sheet

Assets

379.9 388.7 398.9 404.8 (Billion ¥)

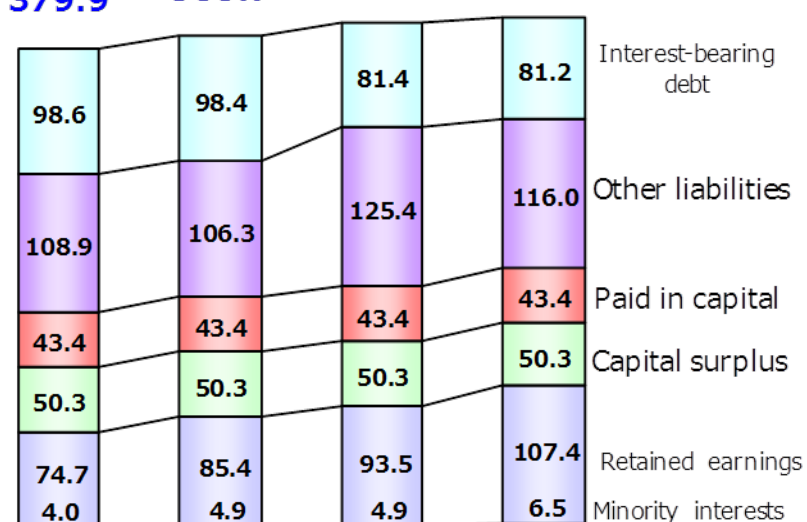


FY12 FY13 1H FY13 FY14 1H

	FY12	FY13 1H	FY13	FY14 1H
Total asset turnover	0.94	0.98	1.00	0.99
Shareholders' equity ratio	44.3%	46.1%	46.9%	49.7%

Liabilities and Equity

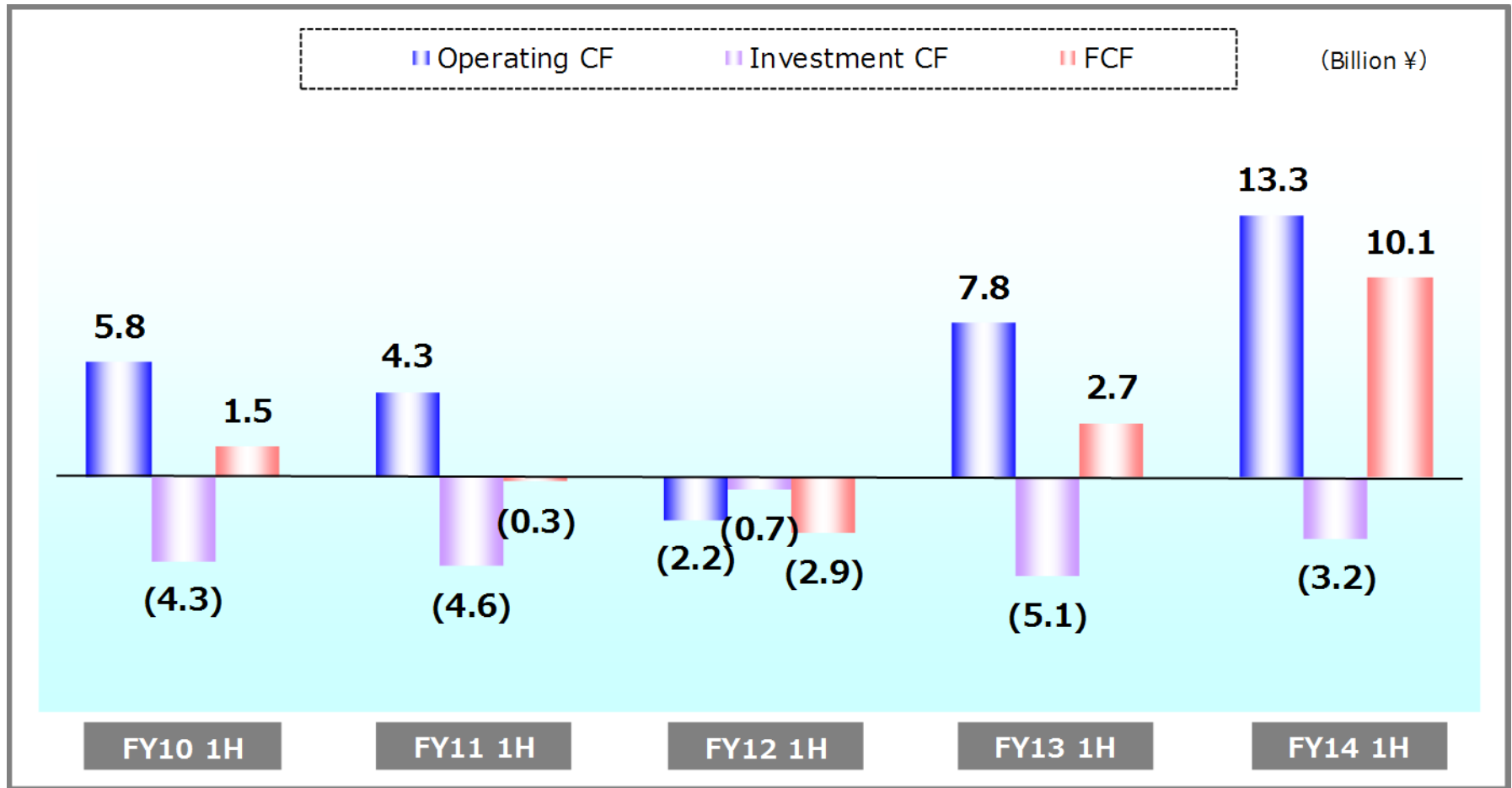
379.9 388.7 398.9 404.8 (Billion ¥)



FY12 FY13 1H FY13 FY14 1H

	FY12	FY13 1H	FY13	FY14 1H
Debt/equity ratio	58.6%	55.0%	43.5%	40.4%
Interest-bearing debt ratio	26.0%	25.3%	20.4%	20.1%

Trend of Cash Flow



- The inflow from operating activities is up from FY13 1H due to factors such as a decrease in trade receivables.
- Investment cash flow is up from FY13 1H chiefly due to proceeds from the sale of shares of subsidiaries.

(Billion ¥)

		FY13 results (A)	FY14 forecast (5/13)(B)	FY14 forecast (10/31)(C)	Difference (C-A)	Difference (C-B)
Orders		406.0	417.0	417.0	11.0	0
Sales		388.5	400.0	400.0	11.5	0
Operating income		25.9	28.0	28.0	2.1	0
Ordinary income		25.7	26.0	26.0	0.3	0
Net income		12.3	14.0	Not finalized	-	-
Exchange rate (¥)	1\$=	100.67	100.00	100.00	-0.67	-
	1€=	135.24	135.00	135.00	-0.24	-

-There is no change to the previously announced full-year forecast for the Group's sales, operating income, and ordinary income.

-It is not yet possible to assess certain voluntary retirement program expenses that will be recorded as extraordinary losses, so we are delaying our announcement of a full-year forecast for net income.

FY14 Forecast for Non-operating / Extraordinary Income and Expenses

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(Billion ¥)

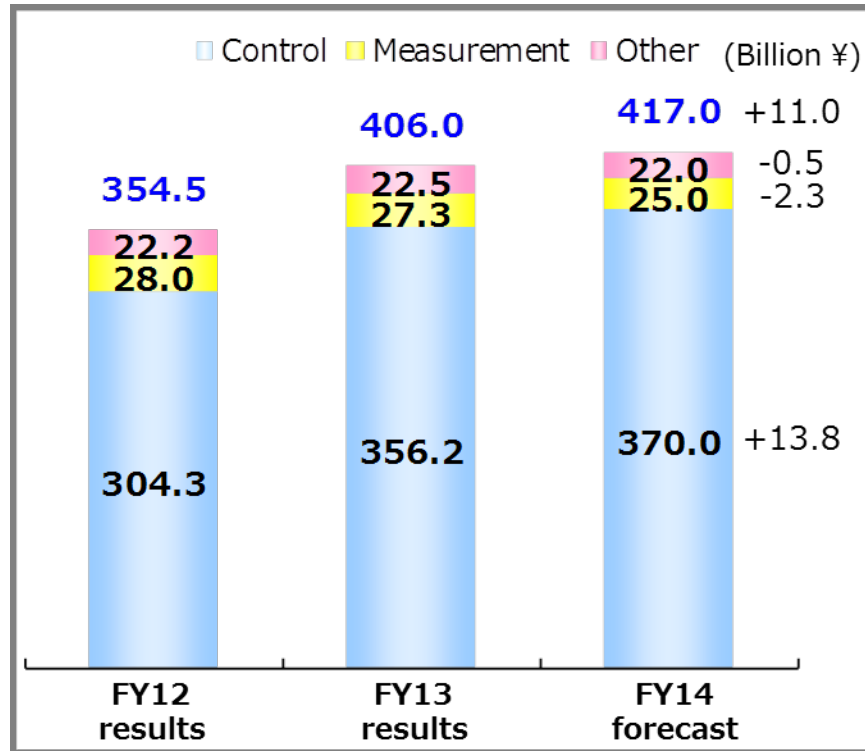
	FY13 results	FY14 forecast	Difference
Operating income	25.9	28.0	2.1
Non-operating income	4.2	(2.0)	(1.8)
Non-operating expenses	4.4		
Ordinary income	25.7	26.0	0.3
Extraordinary income	0.1	-	-
Extraordinary expenses	4.0		
Income before tax	21.8	-	-
Tax, etc.	9.5	-	-
Net income	12.3	-	-

- It is not yet possible to assess certain voluntary retirement program expenses that will be recorded as extraordinary losses, so we are delaying our announcement of a full-year forecast for net income.

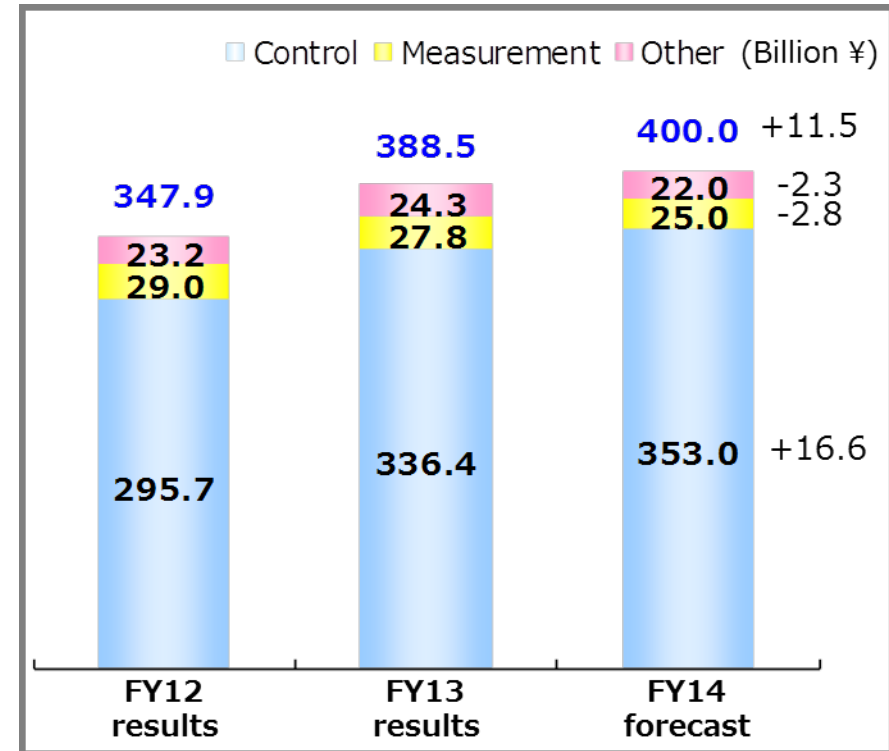
FY14 Forecast for Orders and Sales by Segment

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Orders



Sales

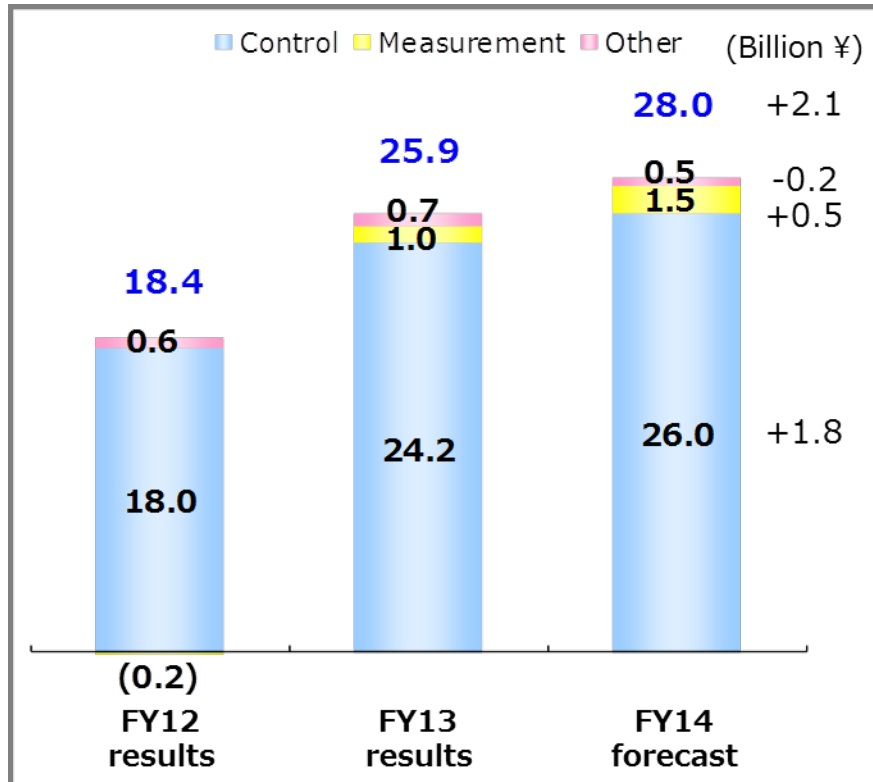


- The FY14 forecast is unchanged from May 13.

FY14 Forecast for Operating Income by Segment

Operating Income

(Billion ¥)

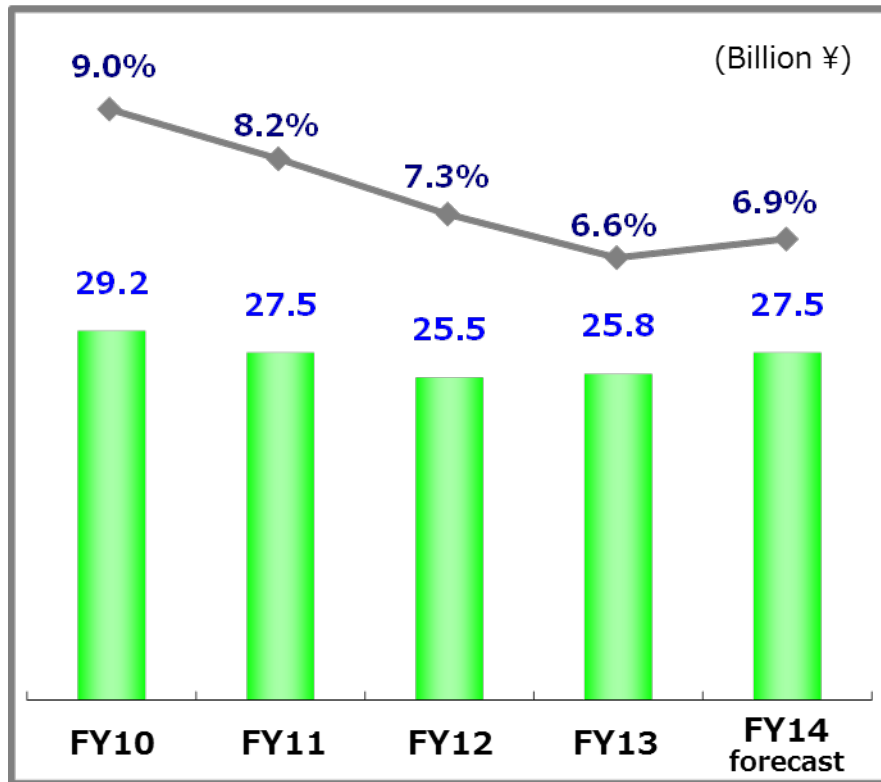


	FY13 results	FY14 forecast	Difference
Control	24.2	26.0	1.8
Measurement	1.0	1.5	0.5
Other	0.7	0.5	(0.2)
Total	25.9	28.0	2.1

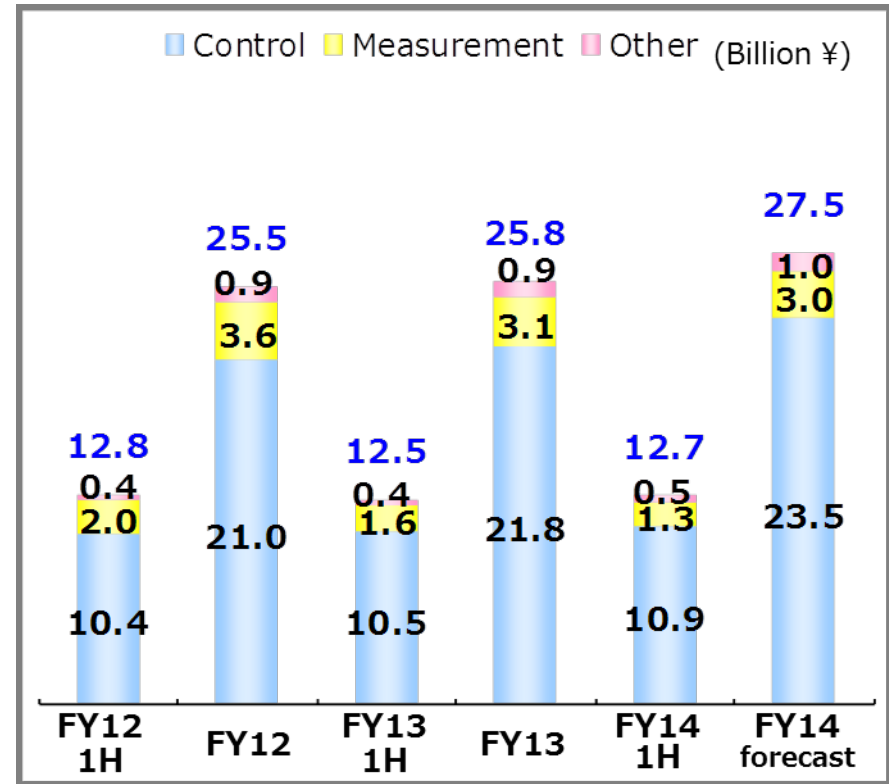
- The FY14 forecast is unchanged from May 13.

Trend of R&D Expenses

Total

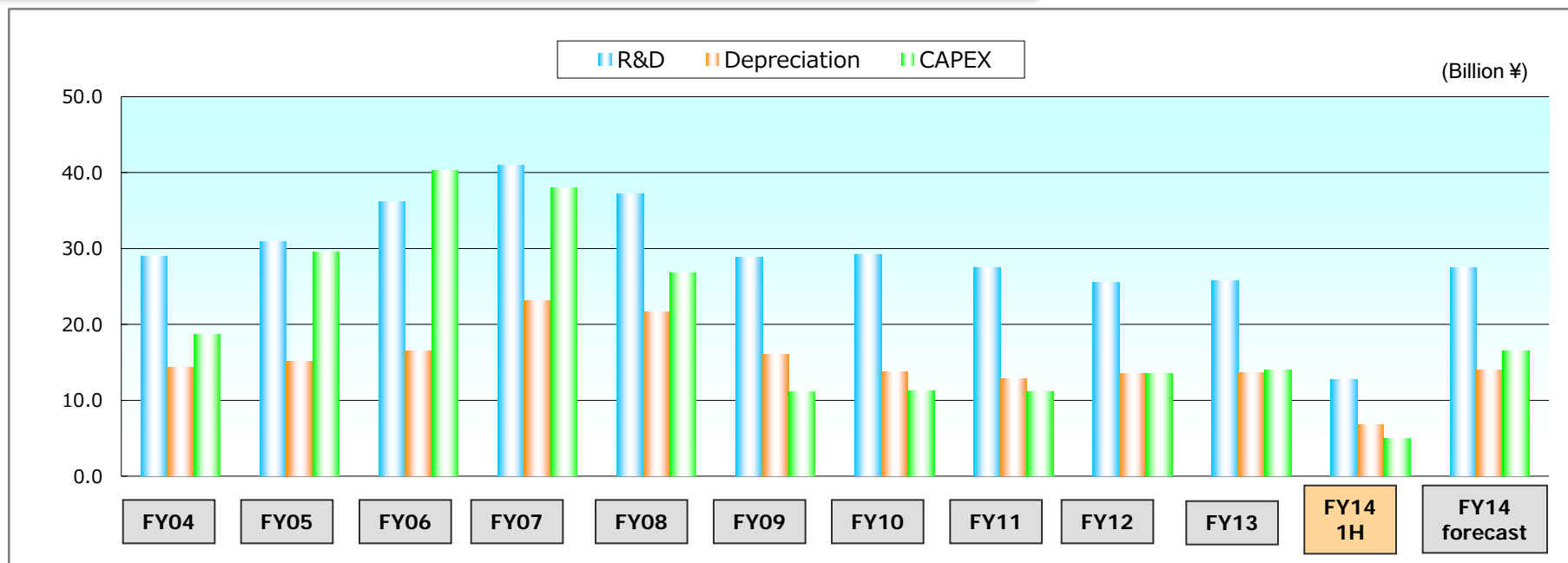


By Segment



- The FY14 R&D budget is unchanged from May 13.

R&D Expenses, Depreciation, and CAPEX



(Billion ¥)

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14 1H	FY14 forecast
R&D expenses (% of sales)	7.5%	8.0%	8.4%	9.3%	9.9%	9.1%	9.0%	8.2%	7.3%	6.6%	6.9%	6.9%
Depreciation (% of sales)	3.7%	3.9%	3.8%	5.3%	5.7%	5.1%	4.2%	3.8%	3.9%	3.5%	3.7%	3.5%
CAPEX (% of sales)	4.8%	7.6%	9.3%	8.7%	7.1%	3.5%	3.5%	3.3%	3.9%	3.6%	2.7%	4.1%

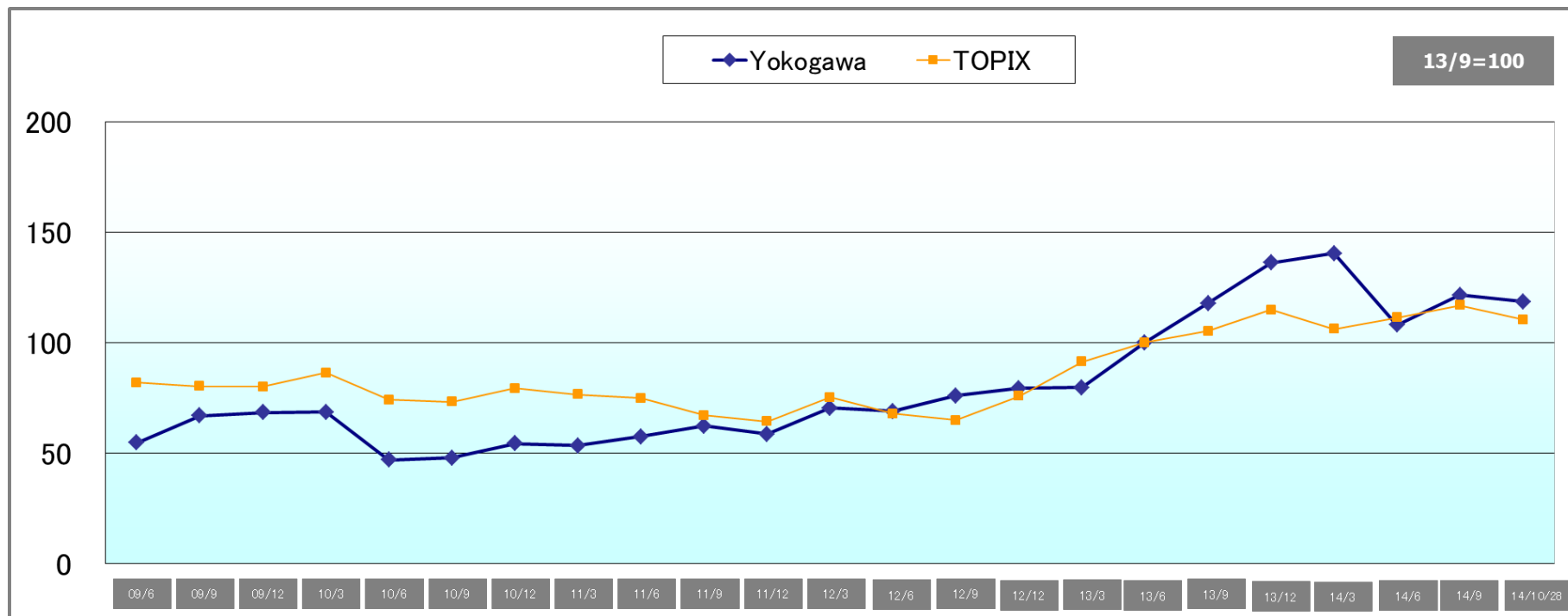
- The FY14 R&D, depreciation, and CAPEX budgets are all unchanged from May 13.

(¥)

	Dividends per Share		
	September 30	End of Term	Total
For year ended March 31, 2014	5	5	10
For year ending March 31, 2015 (forecast)	6	6	12
For year ending March 31, 2015 (revised forecast)	6	Not finalized	Not finalized

- As planned at the beginning of FY14, an interim dividend will be paid to shareholders.
- The end of term dividend forecast has not been finalized due to the delay in announcing the full-year forecast for net income.

Trend of Stock Price



	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	14/3	14/6	14/9	14/10/28
Yokogawa	650	795	812	814	557	568	646	634	683	740	695	837	818	902	941	946	1,187	1,398	1,615	1,667	1,281	1,442	1,407
TOPIX	930	910	908	979	841	830	899	869	849	761	729	854	770	737	860	1,035	1,134	1,194	1,302	1,203	1,263	1,326	1,252

	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	14/3	14/6	14/9	14/10/28
Yokogawa	55	67	68	69	47	48	54	53	58	62	59	71	69	76	79	80	100	118	136	140	108	121	119
TOPIX	82	80	80	86	74	73	79	77	75	67	64	75	68	65	76	91	100	105	115	106	111	117	110

August

- Selected to JPX-Nikkei Index 400
- Release of DTSX®3000 distributed temperature sensor:
 - Industry-leading measurement distance and temperature resolution for maintenance of plants and other infrastructure



DTSX®3000

September

- Decision to solicit applications for a voluntary retirement program

October

- CQ1 confocal quantitative image cytometer selected for 2014 Good Design Award
- Control system order for waste-to-energy facility in Cornwall, U.K.
- Alliance agreement with Murata for development of ISA100 Wireless™ communication modules
- Yokogawa Targets Upstream Oil and Gas Applications with Release of New Low-power DPharp Series Differential Pressure/Pressure Transmitters
 - Aiming for the top position in the global sensor market



CQ1

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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