Financial Results for 1st Quarter of Fiscal Year 2014

August 8, 2014
Hiroshi Suzuki, Senior Vice President
Corporate Administration and Marketing Headquarters
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<table>
<thead>
<tr>
<th></th>
<th>FY13 1Q</th>
<th>FY14 1Q</th>
<th>Difference</th>
<th>Growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Orders</strong></td>
<td>100.2</td>
<td>94.8</td>
<td>(5.4)</td>
<td>-5.4%</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>80.8</td>
<td>82.8</td>
<td>2.0</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>3.3</td>
<td>2.6</td>
<td>(0.7)</td>
<td>-21.1%</td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td>3.5</td>
<td>2.7</td>
<td>(0.8)</td>
<td>-23.6%</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>1.5</td>
<td>1.1</td>
<td>(0.4)</td>
<td>-26.7%</td>
</tr>
<tr>
<td><strong>Exchange rate (¥)</strong></td>
<td>1$= 99.64</td>
<td>1€= 129.83</td>
<td><strong>101.71</strong></td>
<td>2.07</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>139.25</strong></td>
<td>9.42</td>
</tr>
</tbody>
</table>

- Orders were down from FY13 1Q.
- Sales were up from FY13 1Q, thanks mainly to efforts to reduce the backlog of orders for the control segment.
- Operating income was down from FY13 1Q, due to factors such as an increase in SG&A expenses as a result of investments that the company made to prepare for future growth.
## Analysis of Operating Income

<table>
<thead>
<tr>
<th>Impact of exchange rate (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13 1Q</td>
</tr>
<tr>
<td>US$</td>
</tr>
<tr>
<td>€</td>
</tr>
</tbody>
</table>

- **3.3**: Increase in gross profit from higher sales (excluding impact of exchange rate)
- **(0.4)**: Lower gross margin
- **(1.5)**: Increase in SG&A
  - Investment in non-Japan control segment to prepare for future growth
  - Cost incurred to relocate departments at corporate headquarters
- **0.4**: Impact from exchange rate
- **2.6**: Increase in SG&A

**FY13 1Q operating income**: 0.8

**FY14 1Q operating income**: 0.8
## Quarterly Financial Results

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
</tr>
<tr>
<td>Orders</td>
<td>91.3</td>
<td>84.7</td>
<td>84.1</td>
</tr>
<tr>
<td>Sales</td>
<td>75.0</td>
<td>89.6</td>
<td>77.4</td>
</tr>
<tr>
<td>Income</td>
<td>2.9</td>
<td>5.9</td>
<td>1.3</td>
</tr>
</tbody>
</table>

- 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

<table>
<thead>
<tr>
<th></th>
<th>FY13 1Q</th>
<th>FY14 1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>3.3</td>
<td>2.6</td>
</tr>
<tr>
<td>Non-operating income</td>
<td>1.1</td>
<td>0.9</td>
</tr>
<tr>
<td>Non-operating expenses</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>3.5</td>
<td>2.7</td>
</tr>
<tr>
<td>Extraordinary income</td>
<td>0.1</td>
<td>0.3</td>
</tr>
<tr>
<td>Extraordinary expenses</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Income before tax</td>
<td>3.5</td>
<td>2.9</td>
</tr>
<tr>
<td>Tax, etc.</td>
<td>2.0</td>
<td>1.8</td>
</tr>
<tr>
<td>Net income</td>
<td>1.5</td>
<td>1.1</td>
</tr>
</tbody>
</table>
- Control: Although the mid- to long-term business environment is expected to remain robust due to increased energy-related investment, global orders were down from FY13 1Q. Net sales were up from FY13 1Q thanks mainly to the filling of the order backlog.

- Measurement: Both orders and sales were down from FY13 1Q due to the effects of the withdrawal from and sale of businesses up until the end of FY13.
Control: Operating income was down from FY13 1Q due to factors such as an increase in SG&A expenses as a result of investments that the company made to prepare for future growth.

Measurement: For the first time since FY04, operating income was recorded in the first quarter.
## Trend of Global Sales

### Total

<table>
<thead>
<tr>
<th>Quarter</th>
<th>FY11 1Q</th>
<th>FY11 2Q</th>
<th>FY12 1Q</th>
<th>FY12 2Q</th>
<th>FY13 1Q</th>
<th>FY13 2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full year</td>
<td>66.5%</td>
<td>65.7%</td>
<td>66.5%</td>
<td>69.3%</td>
<td>74.2%</td>
<td>73.1%</td>
</tr>
</tbody>
</table>

### By segment

<table>
<thead>
<tr>
<th>Year</th>
<th>Control</th>
<th>Measurement</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11 1Q</td>
<td>198.9</td>
<td>44.4</td>
<td>19.8</td>
</tr>
<tr>
<td>FY12 1Q</td>
<td>25.7</td>
<td>54.7</td>
<td>3.9</td>
</tr>
<tr>
<td>FY13 1Q</td>
<td>213.9</td>
<td>55.8</td>
<td>6.4</td>
</tr>
<tr>
<td>FY14 1Q</td>
<td>80.8</td>
<td>24.3</td>
<td>2.7</td>
</tr>
</tbody>
</table>

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## Trend of Balance Sheet

### Assets

<table>
<thead>
<tr>
<th>FY12 1Q</th>
<th>FY12</th>
<th>FY13 1Q</th>
<th>FY13</th>
<th>FY14 1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total asset turnover</td>
<td>-</td>
<td>0.94</td>
<td>-</td>
<td>1.00</td>
</tr>
<tr>
<td>Shareholders' equity ratio</td>
<td>40.7%</td>
<td>44.3%</td>
<td>44.5%</td>
<td>46.9%</td>
</tr>
</tbody>
</table>

### Liabilities and equity

<table>
<thead>
<tr>
<th>FY12 1Q</th>
<th>FY12</th>
<th>FY13 1Q</th>
<th>FY13</th>
<th>FY14 1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt/ equity ratio</td>
<td>69.2%</td>
<td>58.6%</td>
<td>57.4%</td>
<td>43.5%</td>
</tr>
<tr>
<td>Interest-bearing debt ratio</td>
<td>28.2%</td>
<td>26.0%</td>
<td>25.5%</td>
<td>20.4%</td>
</tr>
</tbody>
</table>
- The FY14 forecasts are unchanged.
## R&D Expenses, Depreciation, and CAPEX

### (Million ¥)

<table>
<thead>
<tr>
<th></th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14 1Q</th>
<th>FY14 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D expenses (% of sales)</td>
<td>28,998</td>
<td>30,917</td>
<td>36,223</td>
<td>40,875</td>
<td>37,229</td>
<td>28,786</td>
<td>29,179</td>
<td>27,472</td>
<td>25,477</td>
<td>25,824</td>
<td>6,446</td>
<td>27,500</td>
</tr>
<tr>
<td>Depreciation (% of sales)</td>
<td>14,331</td>
<td>15,124</td>
<td>16,483</td>
<td>23,129</td>
<td>21,615</td>
<td>16,033</td>
<td>13,836</td>
<td>12,756</td>
<td>13,496</td>
<td>13,551</td>
<td>3,331</td>
<td>14,000</td>
</tr>
<tr>
<td>CAPEX (% of sales)</td>
<td>18,652</td>
<td>29,540</td>
<td>40,284</td>
<td>37,990</td>
<td>26,813</td>
<td>11,125</td>
<td>11,337</td>
<td>11,143</td>
<td>13,468</td>
<td>14,006</td>
<td>2,365</td>
<td>16,500</td>
</tr>
</tbody>
</table>
# FY14 Forecast

<table>
<thead>
<tr>
<th></th>
<th>FY13 results</th>
<th>FY14 forecast</th>
<th>Difference</th>
<th>Growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>406.0</td>
<td>417.0</td>
<td>11.0</td>
<td>2.7%</td>
</tr>
<tr>
<td>Sales</td>
<td>388.5</td>
<td>400.0</td>
<td>11.5</td>
<td>3.0%</td>
</tr>
<tr>
<td>Operating income</td>
<td>25.9</td>
<td>28.0</td>
<td>2.1</td>
<td>8.1%</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>25.7</td>
<td>26.0</td>
<td>0.3</td>
<td>1.2%</td>
</tr>
<tr>
<td>Net income</td>
<td>12.3</td>
<td>14.0</td>
<td>1.7</td>
<td>13.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exchange rate (¥)</th>
<th>1$=</th>
<th>1€=</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13 results</td>
<td>100.67</td>
<td>135.24</td>
</tr>
<tr>
<td>FY14 forecast</td>
<td>100.00</td>
<td>135.00</td>
</tr>
<tr>
<td>Difference</td>
<td>(0.67)</td>
<td>(0.24)</td>
</tr>
<tr>
<td>Growth rate</td>
<td>(0.1%)</td>
<td>(0.2%)</td>
</tr>
</tbody>
</table>

- Since there are currently no factors that necessitate changes to the full-year forecast, the FY14 forecasts are unchanged.
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June</strong></td>
<td>Control system order for Lara supercritical coal-fired thermal plant in India – second consecutive order for a large NTPC project</td>
</tr>
<tr>
<td><strong>July</strong></td>
<td>Agreement with GasSecure on distribution of GasSecure’s wireless gas detectors through Yokogawa’s global sales network</td>
</tr>
<tr>
<td></td>
<td>Release of CENTUM® VP R5.04 integrated production control system with enhanced alarm and batch functions</td>
</tr>
<tr>
<td><strong>August</strong></td>
<td>Publishing of the Annual Report 2014</td>
</tr>
<tr>
<td></td>
<td>Control system order for unit 5 of Kamojang geothermal power plant in Indonesia</td>
</tr>
</tbody>
</table>

Note: The date for each news item indicates when it was published.
Trend of Stock Price

<table>
<thead>
<tr>
<th>Date</th>
<th>Yokogawa</th>
<th>TOPIX</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/6</td>
<td>650</td>
<td>930</td>
</tr>
<tr>
<td>09/9</td>
<td>795</td>
<td>910</td>
</tr>
<tr>
<td>09/12</td>
<td>812</td>
<td>908</td>
</tr>
<tr>
<td>10/3</td>
<td>814</td>
<td>979</td>
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<tr>
<td>10/6</td>
<td>557</td>
<td>841</td>
</tr>
<tr>
<td>10/9</td>
<td>568</td>
<td>830</td>
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<tr>
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<tr>
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<td>13/9</td>
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<td>14/3</td>
<td>1,667</td>
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<tr>
<td>14/6</td>
<td>1,281</td>
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<tr>
<td>14/8/5</td>
<td>1,288</td>
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<table>
<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>09/6</td>
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<td>82</td>
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<td>09/9</td>
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<tr>
<td>09/12</td>
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<tr>
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<td>12/6</td>
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<td>13/9</td>
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<tr>
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<td>115</td>
</tr>
<tr>
<td>14/3</td>
<td>140</td>
<td>111</td>
</tr>
<tr>
<td>14/6</td>
<td>108</td>
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</tr>
<tr>
<td>14/8/5</td>
<td>109</td>
<td></td>
</tr>
</tbody>
</table>
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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