

Yokogawa Electric Corporation

Yokogawa Industrial Automation – Solutions Service Business –



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Takashi Nishijima
President and Chief Operating Officer

1. Present Business Environment P.2

- ① FY14 Revised Forecast, Dividend
- ② Two Major Challenges
- ③ Enhanced Measures for Improving Profitability

2. Yokogawa Industrial Automation P.5 **– Solutions Service Business –**

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- ④ Yokogawa's Strengths

1. Present Business Environment

YOKOGAWA ◆

① FY14 Revised Forecast, Dividend

(Billion ¥)

<FY14 forecast>		FY13 results	FY14 revised forecast	Difference	Growth rate
Orders		406.0	417.0	11.0	2.7%
Sales		388.5	400.0	11.5	3.0%
Operating income		25.9	28.0	2.1	8.1%
Ordinary income		25.7	26.0	0.3	1.2%
Net income		12.3	Not finalized	—	—
Exchange rate (¥)	1\$= 1€=	100.67 yen 135.24 yen	100.00 yen 135.00 yen	-0.67 yen -0.24 yen	- 0.1% - 0.2%

<FY14 dividend>

1H
6 yen

6 yen

2H
Not finalized

14.0

Total
Not finalized

We are soliciting applications from employees for a voluntary retirement program. The number of applicants is not yet known, and therefore it is difficult to rationally assess extraordinary losses.

② Two Major Challenges

- Intensifying competition in high-growth markets outside Japan
- Structural change in Japan
- Structural change in control business



A tough situation for securing a profit

Two major challenges

- Business restructuring must outpace rapid market change
- Achieving real growth (excluding impact of exchange rates)

Priority measures:

1. Measures for accelerating growth

- 1-1. Establish solutions service business model and expand business
- 1-2. Expand product portfolio for focus industries
- 1-3. Inject resources in high-growth markets

2. Enhanced measures for improving profitability

- 2-1. Reduce costs for Japan business
- 2-2. Enhance cost competitiveness (mainly Japan production costs)
- 2-3. Improve efficiency through global optimization

③ Enhanced Measures for Improving Profitability

2-1. Reduce costs for Japan business

- Review current business processes and functions, and optimize cost structure



Solicitation of applications for voluntary retirement program

2-2. Enhance cost competitiveness (mainly Japan production costs)

- Improve efficiency at main Japan factory

2-3. Improve efficiency through global optimization

- Strengthen global effort to reduce procurement costs
- Make more effective use of global engineering resources

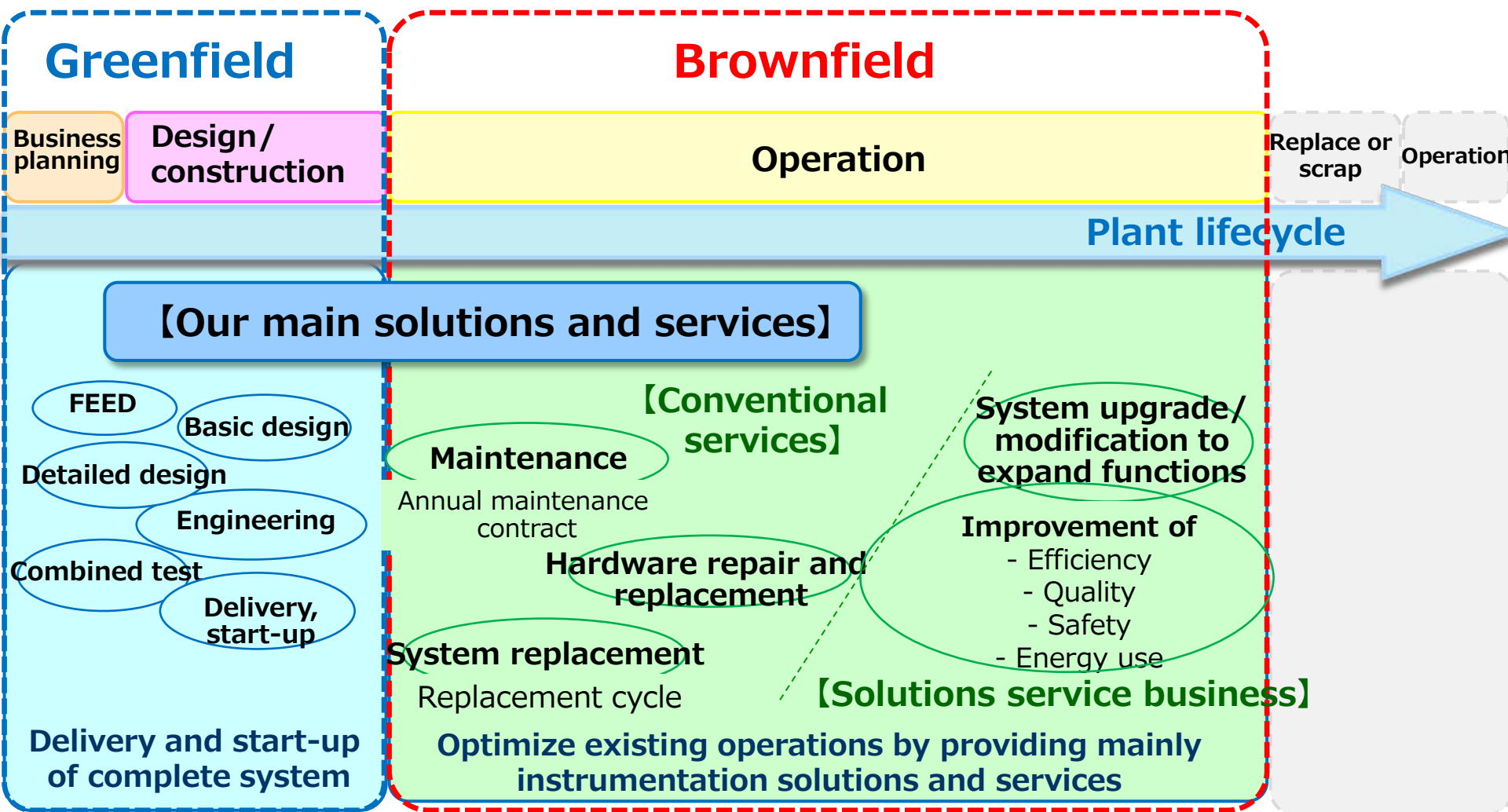


Achieve sustainable growth

2. Yokogawa Industrial Automation

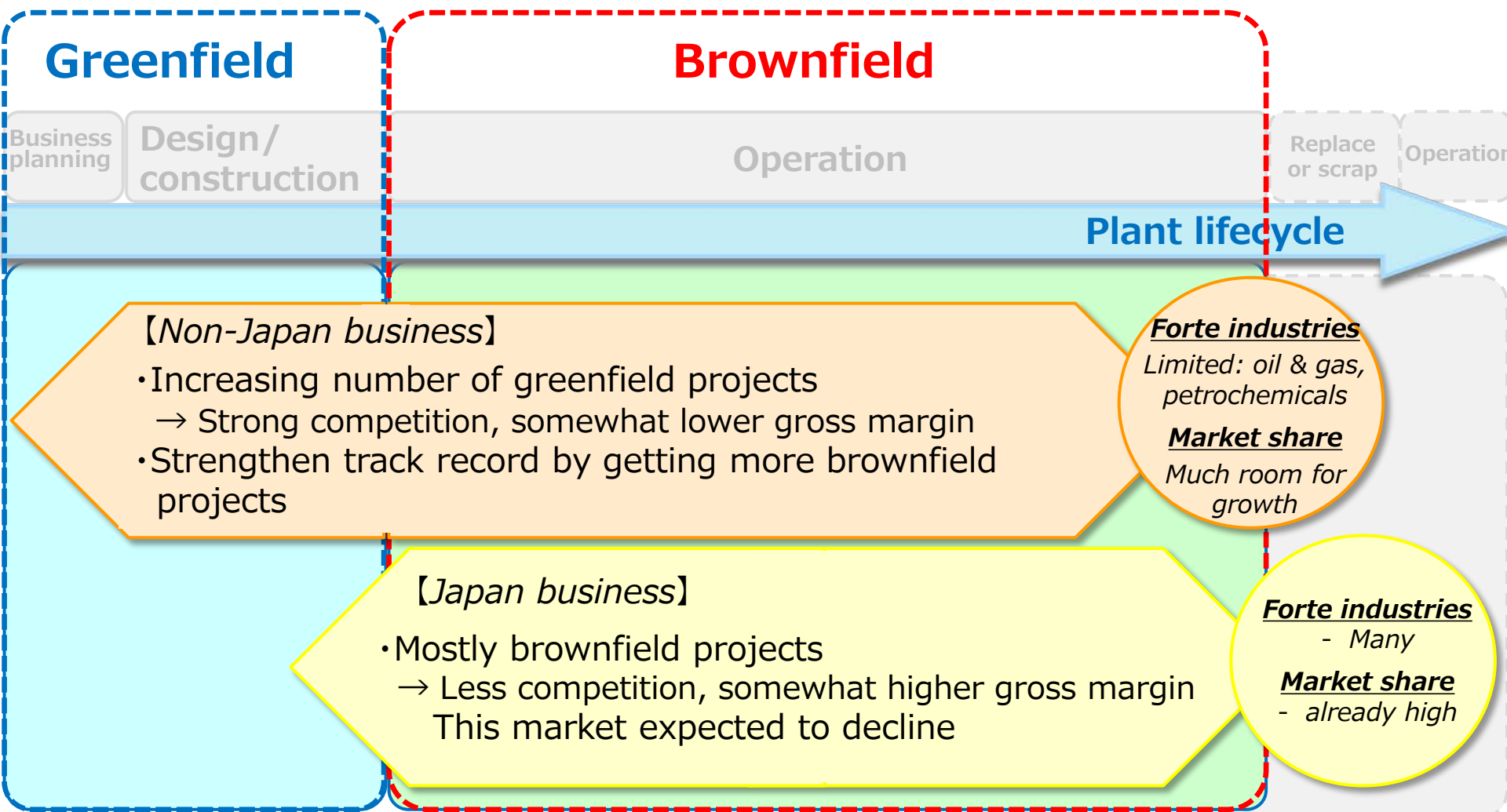
– Solutions Service Business –

① Present Business Model and Solutions Service Business



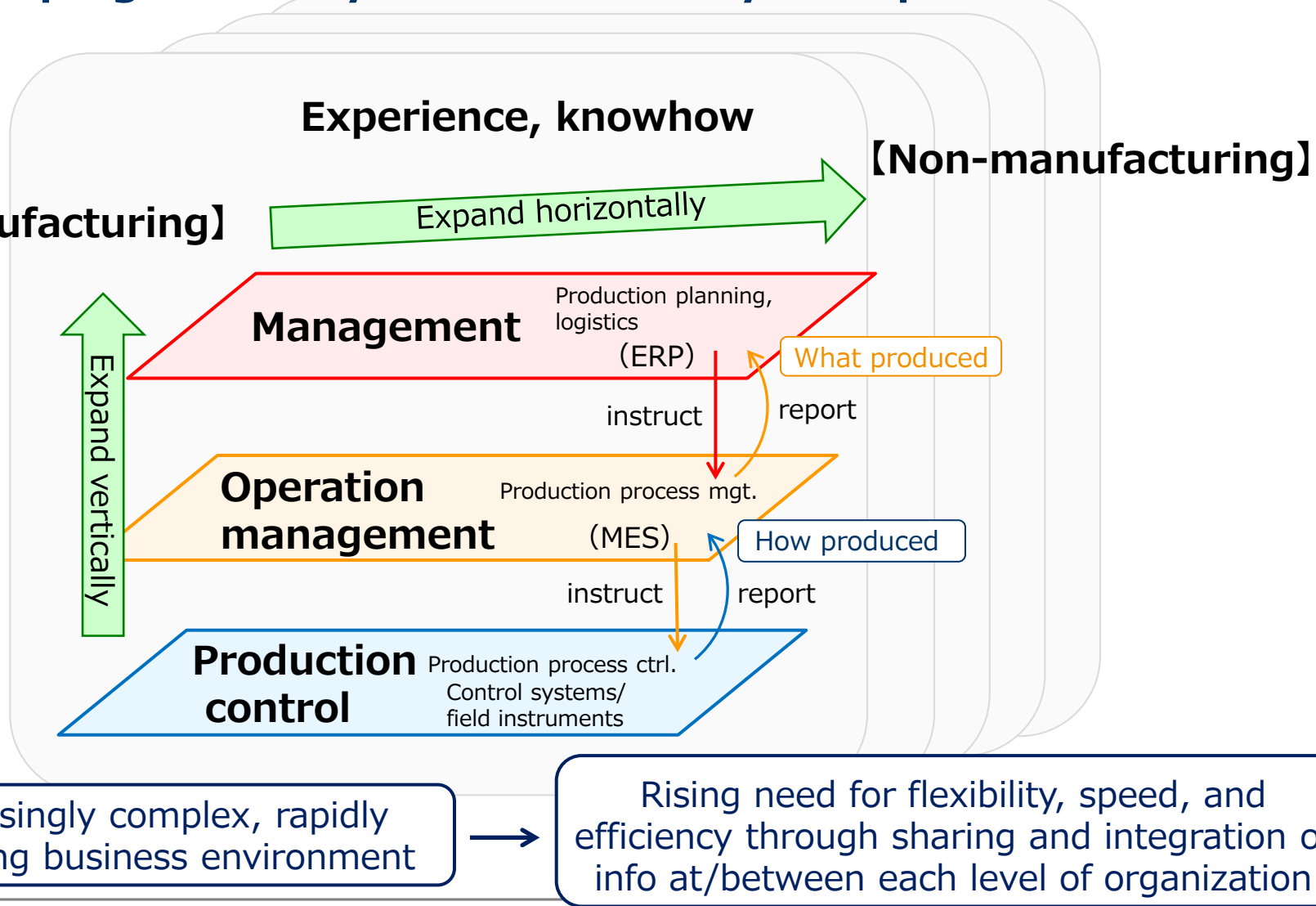
2. Yokogawa Industrial Automation – Solutions Service Business –

② Differences Between Non-Japan and Japan Businesses



2. Yokogawa Industrial Automation – Solutions Service Business –

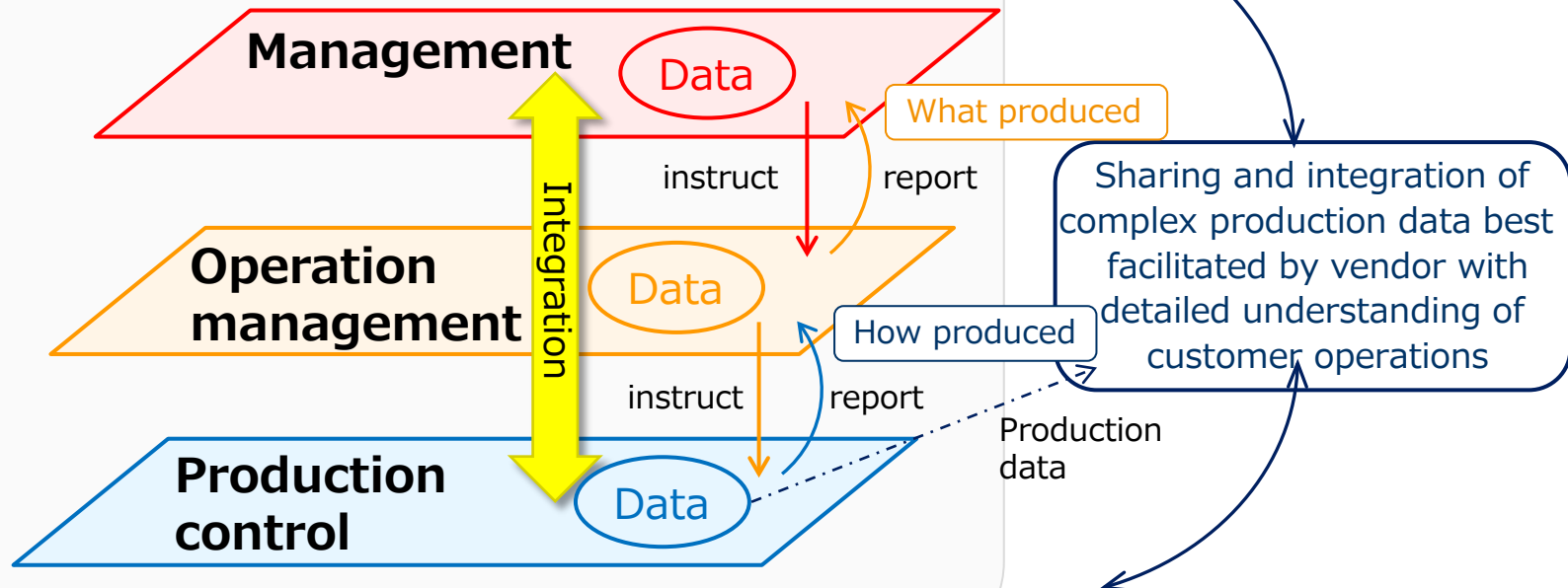
③ Developing Vertically and Horizontally to Expand Business



2. Our Industrial Automation – Solutions Service Business –

④ Yokogawa's Strengths

Prerequisite for integration of info from each level:
→ Detailed knowledge of customer operations



Yokogawa's strengths: Our extensive knowhow and experience in optimizing customer operations, and having the right people who can put this to use.

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.



**IR Group, Corporate Communication Department
Yokogawa Electric Corporation**

Email: Yokogawa_Electric_IR6841@cs.jp.yokogawa.com

Phone: +81-422-52-5530

URL: <http://www.yokogawa.com/pr/ir/index.htm>