

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2015 (Japan GAAP)

August 8, 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: August 11, 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 quarter of the year ending March 31, 2015 (April 1-June 30, 2014)

(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 quarter of year ending March 31, 2015	82,791	2.5	2,612	-21.1	2,688	-23.6	1,091	-26.7
For first quarter of year ended March 31, 2014	80,764	7.6	3,311	14.7	3,520	55.0	1,487	-63.3

(Note) Comprehensive income: For first quarter of year ending March 31, 2015 1,588 million yen (-72.7%)
 For first quarter of year ended March 31, 2014 5,821 million yen (—%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
For first quarter of year ending March 31, 2015	4.24	—
For first quarter of year ended March 31, 2014	5.78	—

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders’ Equity Ratio
	Million yen	Million yen	%
As of June 30, 2014	393,876	191,960	47.5
As of March 31, 2014	398,920	192,106	46.9

(Note) Shareholders’ equity: As of June 30, 2014: 186,925 million yen As of March 31, 2014: 187,255 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, 2014	—	6.00	—	6.00	12.00
For year ending March 31, 2015	—				
For year ending March 31, 2015 (forecast)		6.00	—	6.00	12.00

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

3. Business forecast for the year ending March 31, 2015 (April 1, 2014-March 31, 2015)

(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	400,000	3.0	28,000	8.1	26,000	1.2	14,000	13.4	54.36

(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 1st quarter of the year ending March 31, 2015	268,624,510 shares
For the year ended March 31, 2014	268,624,510 shares
 - b. Treasury stock at the end of the period

For the 1st quarter of the year ending March 31, 2015	11,085,792 shares
For the year ended March 31, 2014	11,085,537 shares
 - c. Average number of shares in the period (quarterly consolidated accumulated period)

For the 1st quarter of the year ending March 31, 2015	257,538,743 shares
For the 1st quarter of the year ended March 31, 2014	257,543,890 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
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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 quarter of the current fiscal year, from April 1, 2014 to June 30, 2014.

Although certain emerging countries were still experiencing low rates of growth, the global economy continued to slowly recover, with the U.S. economy improving steadily and European economies starting to pick up. This was true also in Japan, where, despite a temporary slowdown in production and personal consumption following the consumption tax hike in April, corporations reported improved results and stock prices remained high due to bold government fiscal and monetary policies that resulted in a weaker yen.

Under these circumstances, based on the Evolution 2015 mid-term business plan, the Group continued to strive for growth by focusing on the industrial automation and control business, which remained strong thanks to the growth in energy-related investment.

As a result, and thanks to a steady effort to fill a large backlog of orders for the industrial automation and control business, the Group's net sales in the first quarter of the current fiscal year rose to 82.791 billion yen, a 2.027 billion yen year on year increase. However, due to factors such as an increase in selling, general and administrative expenses as a result of investments that the company made to prepare for future growth, operating income fell 698 million yen, to 2.612 billion yen.

Due to the decrease in operating income, ordinary income came to 2.688 billion yen, down 832 million yen year on year, and net income came to 1.091 billion yen, down 396 million yen.

Although sales have increased and income is down from a year ago, there are currently no factors that necessitate changes to the full-year forecast of consolidated business results for fiscal year 2014. We see no major risks that would prevent us from achieving the targeted year on year increases in both sales and income.

Results by individual segment are outlined below.

Industrial Automation and Control Business

Although the mid- to long-term business environment is expected to remain robust due to increased energy-related investment, global orders for the industrial automation and control business in the first quarter of the current fiscal year were down from the same period a year ago. However, thanks mainly to the filling of the backlog of orders, net sales were up 2.811 billion yen year on year, to 73.417 billion yen. At the same time, the aforementioned increase in selling, general and administrative expenses as the result of investments for the future caused operating income to fall to 2.795 billion yen, a 1.550 billion yen decrease.

Test and Measurement Business

In the first quarter of the current fiscal year, net sales for the test and measurement business fell 1.341 billion yen year on year, to 5.038 billion yen. This decline was primarily due to the effects of the withdrawal from and sale of businesses over a period of time ending at the end of the previous fiscal year. Operating income was 7 million yen. (The same period last year saw an operating loss of 440 million yen.)

Other Businesses

In our other businesses segment, net sales for the first quarter of the current fiscal year increased by 557 million yen from a year earlier, to 4.335 billion yen, and the operating loss shrank by 402 million yen, to 190 million yen.

(2) Explanation of financial conditions

Total assets at the end of the first quarter of the current fiscal year were 393.876 billion yen, a decrease of 5.044 billion yen from the end of the previous fiscal year. This is mainly due to a decrease in notes and accounts receivable-trade. In addition, total liabilities at the end of the first quarter were 201.915 billion yen, a decrease of 4.898 billion yen. This is mainly due to a decrease in notes and accounts payable-trade. Total net assets at the end of the first quarter were 191.960 billion yen, a 145 million yen decrease. This is mainly due to dividend payments. As a result, the shareholders' equity ratio was 47.5%, up 0.6 percentage points from the end of the previous fiscal year.

(3) Explanation of consolidated business forecast and other expectations

There is no change to the fiscal year 2014 consolidated business forecast that was announced on May 13, 2014.

2. Notes on Summary Information

Not applicable

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

	Millions of yen	
	(Reference) End of FY2013 (March 31, 2014)	End of FY2014 1st quarter (June 30, 2014)
Assets		
Current assets		
Cash and deposits	57,296	70,433
Notes and accounts receivable-trade	135,053	115,205
Merchandise and finished goods	15,686	17,535
Work in process	8,497	10,244
Raw materials and supplies	10,260	10,655
Other	17,106	15,708
Allowance for doubtful accounts	(3,918)	(3,879)
Total current assets	239,983	235,904
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	47,987	47,894
Other, net	34,629	33,752
Total property, plant and equipment	82,616	81,647
Intangible assets		
Software	19,315	19,489
Other	6,929	6,290
Total intangible assets	26,245	25,779
Investments and other assets		
Investment securities	40,260	41,567
Other	10,261	9,420
Allowance for doubtful accounts	(446)	(443)
Total investments and other assets	50,075	50,544
Total noncurrent assets	158,937	157,972
Total assets	398,920	393,876

Millions of yen

	(Reference) End of FY2013 (March 31, 2014)	End of FY2014 1st quarter (June 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	32,461	25,965
Short-term loans payable	19,286	19,712
Accounts payable-other	10,265	21,060
Income taxes payable	4,665	4,016
Advances received	28,581	31,415
Provision for bonuses	13,481	4,007
Other	27,090	24,426
Total current liabilities	135,833	130,605
Noncurrent liabilities		
Long-term loans payable	62,120	62,108
Net defined benefit liability	2,895	2,968
Other	5,964	6,232
Total noncurrent liabilities	70,980	71,310
Total liabilities	206,814	201,915
Net assets		
Shareholders' equity		
Capital stock	43,401	43,401
Capital surplus	50,344	50,344
Retained earnings	100,470	99,983
Treasury stock	(11,015)	(11,015)
Total shareholders' equity	183,201	182,713
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,590	9,534
Deferred gains or losses on hedges	(80)	(12)
Foreign currency translation adjustment	(3,945)	(4,620)
Remeasurements of defined benefit plans	(511)	(689)
Total accumulated other comprehensive income	4,054	4,211
Minority interests	4,851	5,034
Total net assets	192,106	191,960
Total liabilities, net assets	398,920	393,876

(2) Consolidated quarterly statements of income and statements of comprehensive income
Consolidated quarterly statements of income for the first quarter of FY2014

Millions of yen

	(Reference) First quarter of FY2013 (April 1-June 30, 2013)	First quarter of FY2014 (April 1-June 30, 2014)
Net sales	80,764	82,791
Cost of sales	46,378	47,379
Gross profit (loss)	34,386	35,412
Selling, general and administrative expenses	31,074	32,800
Operating income (loss)	3,311	2,612
Non-operating income		
Interest income	86	115
Dividend income	324	352
Foreign exchange gains	146	—
Equity in earnings of affiliates	207	101
Other	377	331
Total non-operating income	1,142	901
Non-operating expenses		
Interest expenses	561	460
Foreign exchange losses	—	117
Other	371	247
Total non-operating expenses	932	825
Ordinary income (loss)	3,520	2,688
Extraordinary income		
Gain on sale of noncurrent assets	20	12
Gain on sale of investment securities	107	328
Total extraordinary income	128	341
Extraordinary losses		
Loss on sale of noncurrent assets	27	4
Loss on retirement of noncurrent assets	86	127
Loss on valuation of investment securities	7	—
Total extraordinary losses	120	131
Income (loss) before income taxes and minority interests	3,528	2,897
Income taxes-current	1,952	1,728
Income taxes-deferred	(212)	(305)
Total income taxes	1,739	1,422
Income (loss) before minority interests	1,788	1,475
Minority interests in income (loss)	300	383
Net income (loss)	1,487	1,091

Consolidated quarterly statements of comprehensive income for the first quarter of FY2014

	Millions of yen	
	(Reference) First quarter of FY2013 (April 1-June 30, 2013)	First quarter of FY2014 (April 1-June 30, 2014)
Income (loss) before minority interests	1,788	1,475
Other comprehensive income		
Valuation difference on available-for-sale securities	1,827	954
Deferred gains or losses on hedges	(75)	67
Foreign currency translation adjustment	2,311	(723)
Remeasurements of defined benefit plans	(40)	13
Share of other comprehensive income of associates accounted for using equity method	9	(197)
Total other comprehensive income	4,033	113
Comprehensive income	5,821	1,588
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	5,368	1,248
Comprehensive income attributable to minority interests	453	339

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 quarter of FY2013 (April 1-June 30, 2013)	First quarter of FY2014 (April 1-June 30, 2014)	Change
Industrial automation and control business	Net sales to unaffiliated customers	70,605	73,417	2,811
	Operating income	4,345	2,795	(1,550)
Test and measurement business	Net sales to unaffiliated customers	6,380	5,038	(1,341)
	Operating income (loss)	(440)	7	448
Other businesses	Net sales to unaffiliated customers	3,777	4,335	557
	Operating income (loss)	(593)	(190)	402
Consolidated	Net sales to unaffiliated customers	80,764	82,791	2,027
	Operating income (loss)	3,311	2,612	(698)

[Reference]

Sales by geographical location

Millions of yen

<div>Sales by geographical location</div> <div>Region \ Term</div>		(Reference) First quarter of FY2013 (April 1-June 30, 2013)		First quarter of FY2014 (April 1-June 30, 2014)		Change
		Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount
Japan		20,825	25.8	22,261	26.9	1,435
Outside Japan		59,938	74.2	60,530	73.1	591
Asia		24,472	30.3	22,999	27.8	(1,473)
Europe		8,232	10.2	8,398	10.1	165
North America		6,248	7.7	7,255	8.8	1,007
Middle East		7,192	8.9	6,453	7.8	(739)
Other		13,792	17.1	15,424	18.6	1,631
Consolidated net sales		80,764	100.0	82,791	100.0	2,027

(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]

August 8, 2014
Yokogawa Electric Corporation

Consolidated Financial Statements for the First Quarter of FY2014

Millions of yen

	First quarter of FY2013		First quarter of FY2014		Change	
	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales	Amount	Ratio to Net Sales
Net Sales	80,764	—	82,791	—	2,027	—
Operating Income	3,311	4.1%	2,612	3.2%	(698)	-0.9%
Ordinary Income	3,520	4.4%	2,688	3.2%	(832)	-1.2%
Net Income	1,487	1.8%	1,091	1.3%	(396)	-0.5%
Total Assets	387,465		393,876		6,411	
Shareholders' Equity	176,972		191,960		14,987	
Net Income to Shareholders' Equity Ratio	0.9%		0.6%		-0.3%	
Net Income per Share	5.78 yen		4.24 yen		(1.54) yen	
Capital Investment	2,572		2,365		(207)	
Depreciation	3,185		3,331		145	
Research and Development Expenses	6,081		6,446		364	
Average Exchange Rate during the Term						
USD	99.64 yen		101.71 yen		2.07 yen	
EUR	129.83 yen		139.25 yen		9.42 yen	

Consolidated orders by segment

Millions of yen

	First quarter of FY2013	First quarter of FY2014	FY2014 Full year (Forecast)
Industrial automation and control business	89,757	83,362	370,000
Measurement business	6,354	5,826	25,000
Other businesses	4,087	5,617	22,000
Total	100,199	94,806	417,000

Consolidated sales by segment

Millions of yen

	First quarter of FY2013	First quarter of FY2014	FY2014 Full year (Forecast)
Industrial automation and control business	70,605	73,417	353,000
Measurement business	6,380	5,038	25,000
Other businesses	3,777	4,335	22,000
Total	80,764	82,791	400,000

Consolidated operating income by segment

Millions of yen

	First quarter of FY2013	First quarter of FY2014	FY2014 Full year (Forecast)
Industrial automation and control business	4,345	2,795	26,000
Measurement business	(440)	7	1,500
Other businesses	(593)	(190)	500
Total	3,311	2,612	28,000