Yokogawa Electric Corporation

Financial Results for First Three Quarters of Fiscal Year 2019

February 4, 2020

Contents

Yokogawa Electric Corporation

Financial Results for First Three Quarters of Fiscal Year 2019
(April 1 - December 31, 2019)

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Key Points

FY19 1Q-3Q results: Steady growth

Summary: Sales and operating income were up. However, profit attributable to owners of parent declined due to the recording of extraordinary losses.

Segments:

- Control: Sales and profits were up. Excluding the impact of the exchange rate, orders, sales, and operating income rose 4.9%, 5.4%, and 13.1%, respectively, year on year.
- Measurement: Sales and operating income were up.
- Aviation and other: Although sales declined year on year, the operating loss decreased.

Regions: Orders were up most significantly in Japan, China, and the Middle East. China, India, and the Middle East showed the largest increases in sales.

Industries: Chemicals remained strong.

FY19 forecast: Change from May 8, 2019

Mainly due to (1) revisions to the forecast exchange rates (US$ ¥110 ➡ ¥109, EUR ¥130 ➡ ¥121, other currencies) and (2) the recording of impairment losses* of ¥5.6 billion

Dividend forecast: No change

Annual dividend: 34 yen, a record high

*Regarding the recording of losses, please refer to the document entitled "Extraordinary Losses (Impairment Loss) and Adjustments to the Consolidated Business Forecast for the Year Ending March 31, 2020" that is to be released on this date (February 4, 2020).

Summary of FY19 1Q-3Q Results

- Orders were almost at the same level (excluding impact of exchange rate and transfer of subsidiary's shares: +5.7%). Sales were up (excluding impact of exchange rate and transfer of subsidiary's shares: +6.8%).
- Operating income was up due to the increased sales and improvement of the gross margin.
- Profit attributable to owners of parent was down due to the recognition of impairment losses ¥5.6 billion.

(Billion ¥)

	FY18 1Q-3Q	FY19 1Q-3Q	Difference	Growth rate	Impact of exchange rate
Orders	308.9	**308.4**	(0.5)	(0.1%)	(17.7)
Sales	295.3	**297.3**	+2.1	+0.7%	(17.5)
Operating income	25.1	**28.1**	+3.0	+12.1%	(1.7)
ROS (%)	8.5	**9.5**	+1.0 pts	–	–
Ordinary income	26.1	**28.2**	+2.1	+8.2%	(1.7)
Profit attributable to owners of parent	19.1	**12.5**	(6.6)	(34.5%)	(1.7)
EPS (¥)	71.38	**46.76**	(24.62)	(34.5%)	–
Exchange rate 1$=	¥111.34	**¥108.90**	(2.44)	–	–

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○Summary of FY19 1Q – 3Q Results

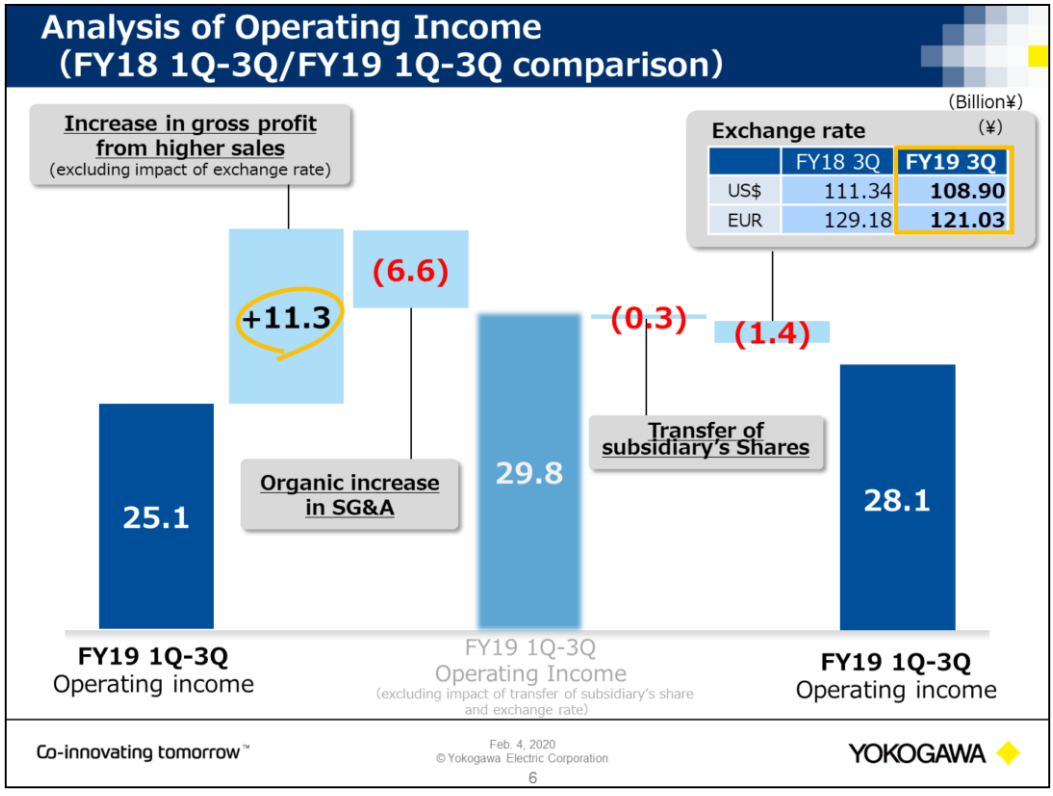
- Cumulative results for the third quarter indicate an increase in both sales and operating income compared with the same period of the previous year.

- Orders : 308.4 billion¥, down 0.1% year on year (excluding impact of exchange rate and transfer of subsidiary's shares:+5,7%, +17.2 billion¥)

- Sales : 297.3 billion¥, up 0.7% year on year (excluding impact of exchange rate and transfer of subsidiary's shares:+6.8%, +19.5 billion¥). Firm results in the Control Segment overseas.

- Operating income : 28.1 billion¥, up 12.1% year on year (excluding impact of exchange rate and transfer of subsidiary's shares:+19.4%, +4.8 billion¥) due to increased sales and improvement of the gross margin.

- Profit attributable to owners of parent was 12.5 billion¥, down 6.6 billion¥ year on year due to the recording of 5.6 billion¥ of impairment losses on KBC's goodwill.



○Analysis of Operating Income

- Operating income was 28.1 billion¥, an increase of 3.0 billion¥ from the same period of the previous year.

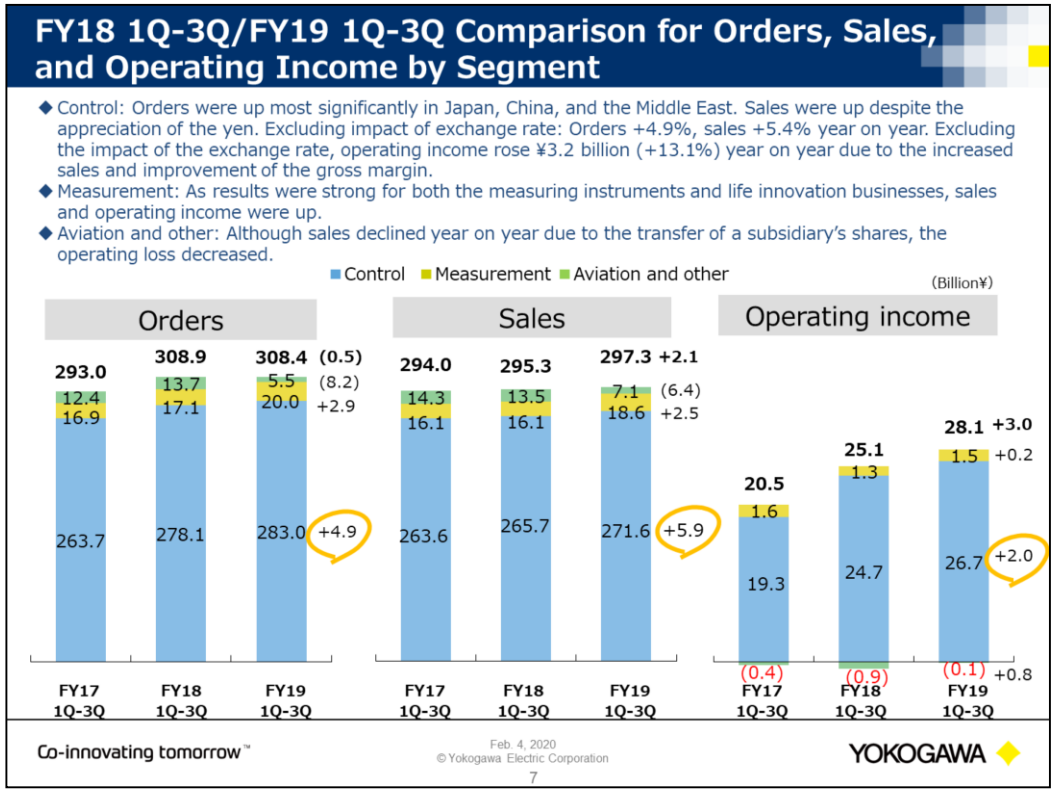
- Major factors were:

1. The impacts of increase in sales and improvement of the gross margin excluding the impact of exchange rate were up 11.3 billion¥ year on year;

2. SG&A expenses increased by 6.6 billion¥ year on year excluding impact of exchange rate due to the advance of orders and partial changes in accounting methods. It was the negative factor;

3. The impact of transfer of subsidiary's shares was a 0.3 billion¥ decrease year on year;

4. The impact of changes in the exchange rate was a 1.4 billion¥ decrease year on year.



○FY18 1Q - 3Q / FY19 1Q - 3Q Comparison for Orders, Sales, and Operating Income by Segment

- Steady growth in the Control Segment.

- Orders were up most significantly in Japan, China, and the Middle East. Orders increased by 4.9 billion¥ year on year (excluding impact of exchange rate: +4,9%, +13.6 billion¥).

- Sales increased by 5.9 billion¥ year on year despite a strong yen (excluding impact of exchange rate: +5,4%, +14.4 billion¥).

- Operating income increased by 2.0 billion¥ year on year due to the impacts of increase in sales and improvement in gross margin (excluding impact of exchange rate: +13.1%, +3.2 billion¥).

- In the Measurement Segment, sales and profits are on a growth trend. Orders increased by 2.9 billion¥ year on year, sales increased by 2.5 billion¥ year on year, and operating income increased by 0.2 billion¥ year on year. Both the measuring instruments and life innovation businesses performed strongly.

- In the Aviation and Other Segment, orders decreased by 8.2 billion¥ year on year and sales decreased by 6.4 billion¥ year on year due to the effect of the transfer of subsidiary's shares. Operating loss was 0.1 billion¥ which improved by 0.8 million¥ year on year, due to a decrease in expenses related to the jobs with greater development manpower.

Orders and Sales by Region in Control Segment

◆ Japan, China, and the Middle East showed the largest increases in orders, and orders were down in Asia, Europe, and the CIS due to a year-on-year decline in large project orders and the impact of appreciation of the yen (¥13.6 billion, +4.9% YOY, excl. exchange rate).

◆ Sales were up mainly in China, India, and the Middle East (¥14.4 billion, +5.4% YOY, excl. exchange rate).

(Billion¥)

Orders	FY18 1Q-3Q (A)	FY19 1Q-3Q (B)	Difference (B-A)
Japan	**77.6**	**81.4**	**3.8**
Asia	94.9	91.5	(3.4)
(South-eastern Asia and Far East)	48.9	45.5	(3.4)
(China)	31.8	33.4	1.6
(India)	14.2	12.6	(1.6)
Europe and CIS	38.3	36.0	(2.3)
Middle East and Africa	39.1	43.8	4.7
North America	21.8	22.9	1.1
Central and South America	6.4	7.4	1.0
Outside Japan	**200.5**	**201.6**	**1.1**
Consolidated	**278.1**	**283.0**	**4.9**
Exchange rate1$=	¥111.34	¥108.90	(¥2.44)

Sales	FY18 1Q-3Q (A)	FY19 1Q-3Q (B)	Difference (B-A)
Japan	**75.2**	**75.5**	**0.3**
Asia	89.2	91.3	2.1
(South-eastern Asia and Far East)	49.7	47.0	(2.7)
(China)	31.3	33.3	2.0
(India)	8.2	11.0	2.8
Europe and CIS	37.6	37.3	(0.3)
Middle East and Africa	35.8	39.1	3.3
North America	21.7	21.9	0.2
Central and South America	6.2	6.5	0.3
Outside Japan	**190.5**	**196.1**	**5.6**
Consolidated	**265.7**	**271.6**	**5.9**
Exchange rate1$=	¥111.34	¥108.90	(¥2.44)

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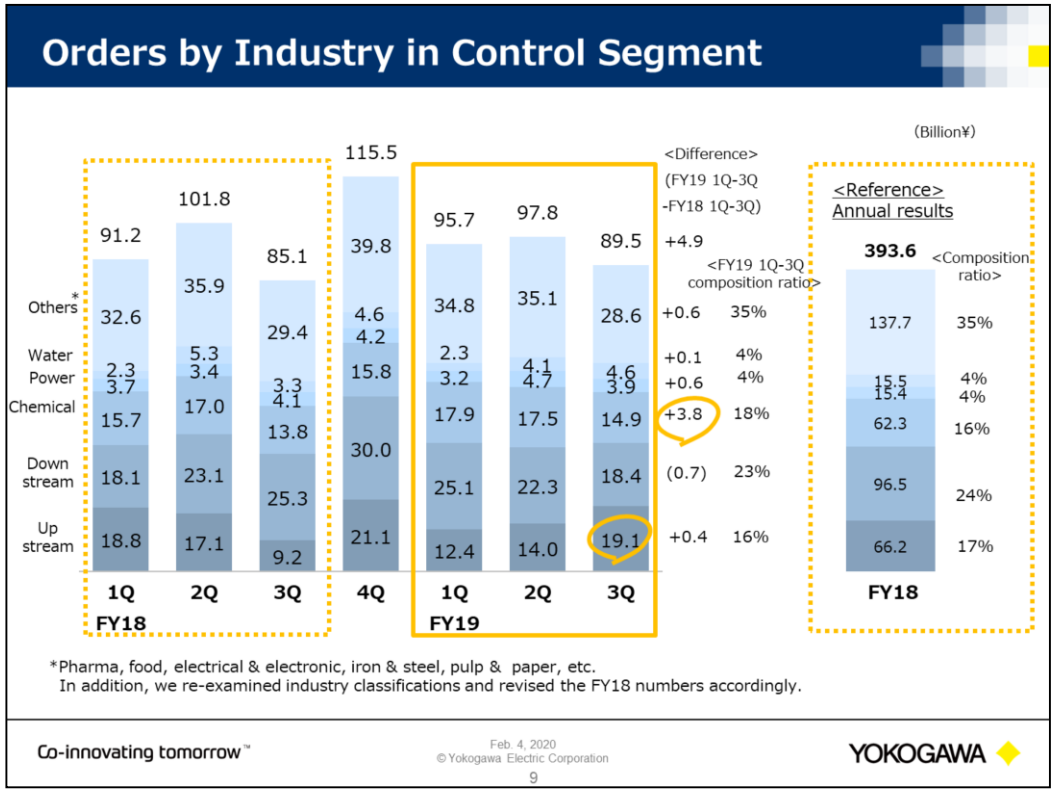
○Orders and Sales by Region in Control Segment

- Orders increased significantly, mainly Japan, China, and the Middle East. Orders in Asia, Europe and CIS declined due to the impact of the large projects in the previous year.

- Sales expanded in China, India, and the Middle East despite a strong yen.



○Orders by Industry in Control Segment

- Orders remained strong mainly in Chemical.

* In the short term, it is easy to be affected by the projects. Please check it over a long period of time.

FY19 Forecast → Change from May 8, 2019

◆The forecast has been changed due to (1) the revision of the forecast exchange rates (US$ ¥110 ➡ ¥109, EUR ¥130 ➡ ¥121. CNY, KRW, and other currencies were also revised) and (2) the recording of impairment losses of 5.6 billion yen.

(Billion¥)

	FY18 (A)	FY19 forecast (5/8 B)	FY19 forecast (2/4 C)	Difference (C-A)	Growth rate (C÷A-1)
Orders	432.0	430.0	**418.0**	(14.0)	(3.2%)
Sales	403.7	420.0	**408.0**	+4.3	+1.1%
Operating income	34.6	40.0	**38.0**	+3.4	+9.8%
ROS (%)	8.6	9.5	**9.3**	+0.7 pts	–
Ordinary income	36.8	40.0	**38.0**	+1.2	+3.3%
Profit before income taxes	38.4	40.0	**31.0**	(7.4)	(19.3%)
Tax, etc.	10.0	11.0	**13.0**	+3.0	+30.0%
Profit attributable to owners of parent	28.4	29.0	**18.0**	(10.4)	(36.6%)
EPS (¥)	106.54	108.64	**67.43**	(39.11)	(36.7%)
Exchange rate 1$=	¥111.07	¥110	**¥109**	(¥2.07)	–

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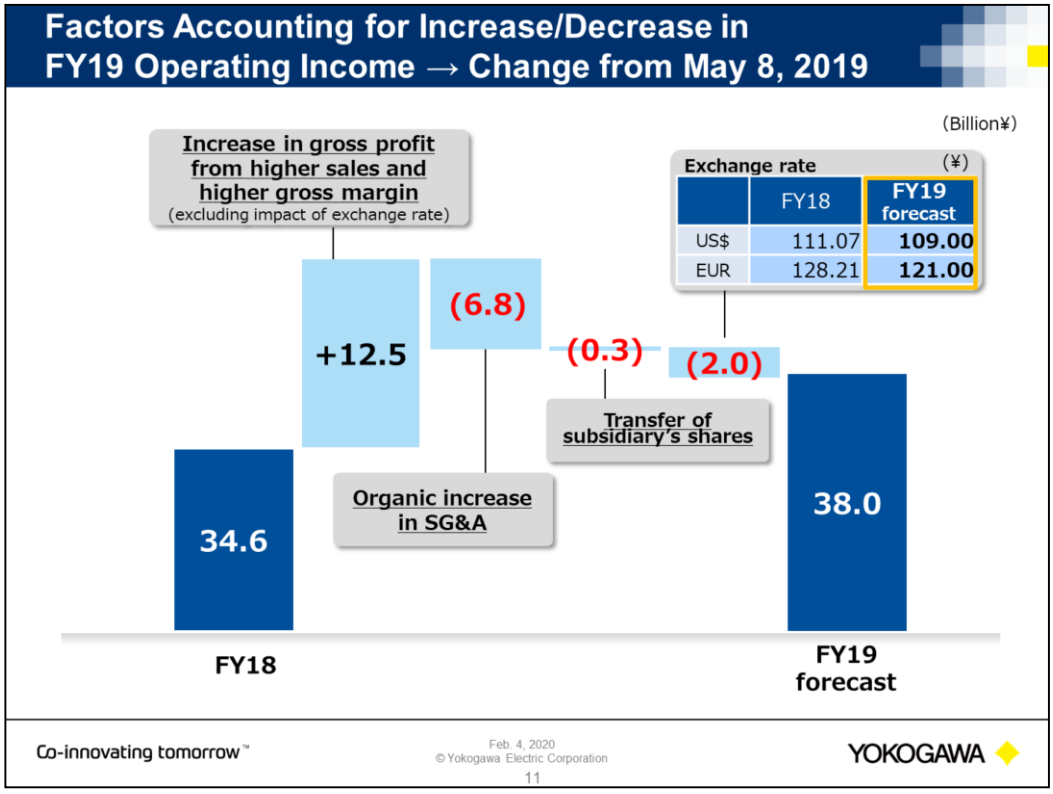
○FY19 Forecast (Change from May8, 2019)

- Although cumulative results for the third quarter were firm, the forecast has been revised from the forecast announced on May 8, 2019 due to the revision of the exchange rate assumption. Orders down 12.0 billion¥, sales down 12.0 billion¥, and operating income down 2.0 billion¥ from the previously announced forecast.
- The exchange rate assumption was changed to US$ ¥110 ➡ ¥109 and EUR ¥130 ➡ ¥121. Other currencies, such as CNY and KRW, were also be reviewed.

*Our company's foreign currency ratio is more than 50% in US$ and consists of many other currencies such as EUR, CNY, and KRW.

- Profit attributable to owners of parent adjusted the recording of 5.6 billion¥ of impairment losses of KBC's goodwill (11.0 billion¥ down from the previously announced forecast)



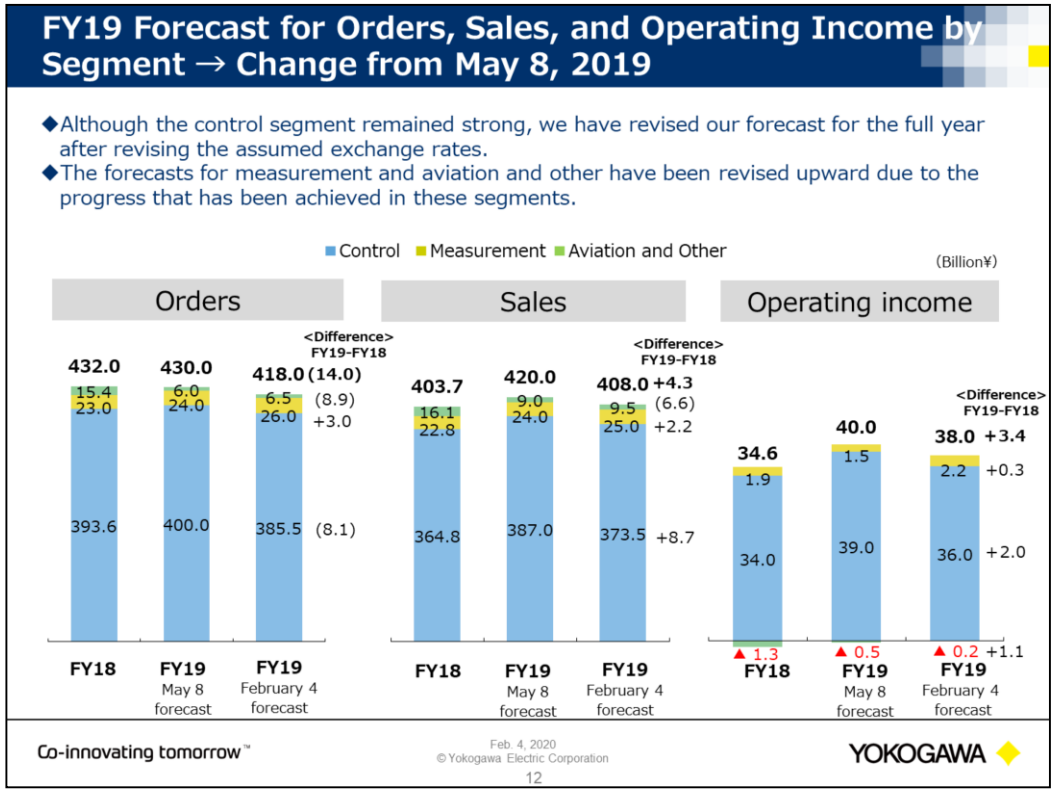
○Factors Accounting for Increase / Decrease in FY19 Operating Income (Change from May 8, 2019)

- The forecast for operating income has been revised based on the revision of the exchange rate assumption and the cumulative results for the third quarter.

1. Increase in gross profit from higher sales and higher gross margin: +9.8 billion¥ ➡ +12.5 billion¥

2. Organic increase in SG&A: ▲4.1 billion¥ ➡ ▲6.8 billion¥

3. The impact of exchange rates: 0 ➡ ▲2.0 billion¥



○FY19 Forecast for Orders, Sales, and Operating Income by Segment (Change from May 8, 2019)

- In the Control Segment, although the performance remained strong, the forecast has been revised due to the revision of the exchange rate assumption (orders down 14.5 billion¥, sales down 13.5 billion¥, and operating income down 3.0 billion¥ from the previously announced forecast).

- The forecast for Measurement and Aviation and Other Segment have been revised upward based on the progress that has been achieved in these segments. In Measurement, orders up 2.0 billion¥, sales up 1.0 billion¥, and operating income up 0.7 billion¥ from the previously announced forecast. In Aviation and Other, orders up 0.5 billion¥, sales up 0.5 billion¥, and operating income up 0.3 billion¥.

FY19 Forecast for Control Orders and Sales by Region
→ Change from May 8, 2019 forecast

◆The forecast for orders and sales by region have been adjusted mainly due to the revision of exchange rates.

(Billion¥)

Orders	FY18 Results (A)	FY19 Forecast (5/8 B)	FY19 Forecast (2/4 C)	Difference (C-A)
Japan	**111.4**	**112.0**	**112.0**	**0.6**
Asia	124.5	129.0	121.0	(3.5)
(South-eastern Asia and Far East)	64.3	66.0	62.0	(2.3)
(China)	42.6	44.0	43.0	0.4
(India)	17.6	19.0	16.0	(1.6)
Europe and CIS	53.2	55.0	50.5	(2.7)
Middle East and Africa	56.7	59.0	58.0	1.3
North America	38.2	35.0	34.0	(4.2)
Central and South America	9.6	10.0	10.0	0.4
Outside Japan	**282.2**	**288.0**	**273.5**	**(8.7)**
Consolidated	**393.6**	**400.0**	**385.5**	**(8.1)**
Exchange rate 1$=	¥111.07	¥110.00	¥109.00	(¥2.07)

Sales	FY18 Results (A)	FY19 Forecast (5/8 B)	FY19 Forecast (2/4 C)	Difference (C-A)
Japan	**109.4**	**112.0**	**112.0**	**2.6**
Asia	120.3	126.0	121.0	0.7
(South-eastern Asia and Far East)	67.3	66.0	63.0	(4.3)
(China)	40.5	42.0	42.0	1.5
(India)	12.5	18.0	16.0	3.5
Europe and CIS	49.5	51.0	47.5	(2.0)
Middle East and Africa	49.0	57.0	54.5	5.5
North America	28.5	32.0	30.0	1.5
Central and South America	8.1	9.0	8.5	0.4
Outside Japan	**255.4**	**275.0**	**261.5**	**6.1**
Consolidated	**364.8**	**387.0**	**373.5**	**8.7**
Exchange rate 1$=	¥111.07	¥110.00	¥109.00	(¥2.07)

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○FY19 Forecast for Control Orders and Sales by Region (Change from May 8, 2019 forecast)

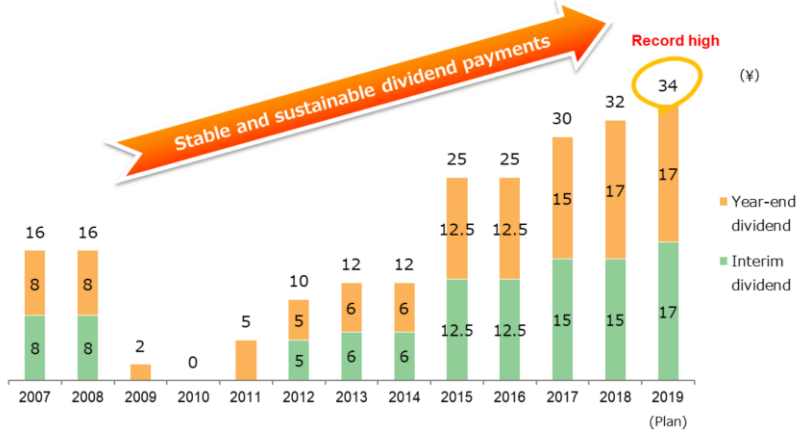
- The forecast by region has been revised based on the revision of the exchange rate assumption and the cumulative results for the third quarter.

- Difference from the forecast announced on May 8, 2019

	<Orders>	<Sales>
South-eastern Asia and Far East:	▲4.0 billion¥	▲3.0 billion¥
China:	▲1.0 billion¥	no change
India:	▲3.0 billion¥	▲2.0 billion¥
Europe and CIS:	▲4.5 billion¥	▲3.5 billion¥
Middle East and Africa:	▲1.0 billion¥	▲2.5 billion¥
North America:	▲1.0 billion¥	▲2.0 billion¥
Central and South America:	no change	▲0.5 billion¥

Dividend (No change)

- The distribution of earnings to shareholders is a top priority.
- As per our dividend policy, no changes have been made to the dividend forecast.
- The annual dividend will be at a record high for the second straight year.



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○Dividend (No change)

- As per our dividend policy, no changes have been made to the dividend forecast.

- The annual dividend will be at a record high for the second straight year.

Appendix:

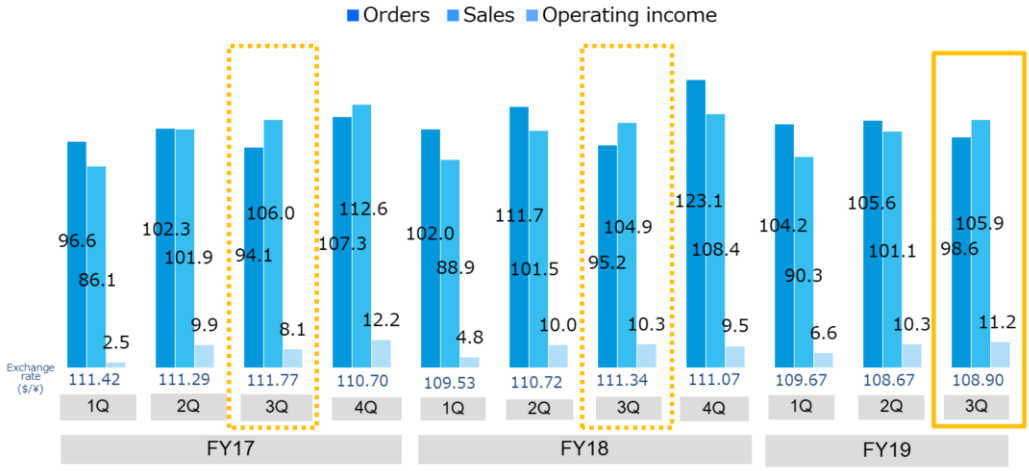
- Quarterly Financial Results
- Non-operating /Extraordinary Income and Expenses
- Order Backlog Trend by Segment
- Trend of R&D Expenses, Depreciation, and CAPEX
- Trend of Balance Sheet
- Trend of Stock Price

Appendix: Quarterly Financial Results

◆ Sales and operating income tend to be higher in 2Q and 4Q, and this trend is particularly strong in the Japanese control segment.

The effects of transferred subsidiaries
Orders : ¥-8.3 billion sales : ¥-8.5 billion operating income : ¥-0.3 billion

(Billion ¥)



Appendix: Non-operating /Extraordinary Income and Expenses

(Billion ¥)

	FY18 1Q-3Q	FY19 1Q-3Q
Operating income	**25.1**	**28.1**
Non-operating income	2.5	2.8
Non-operating expenses	1.5	2.7
Ordinary income	**26.1**	**28.2**
Extraordinary income	2.5	2.7
Extraordinary expenses	0.2	8.9
Income before tax	**28.4**	**22.0**
Tax, etc.	9.3	9.5
Profit attributable to owners of parent	**19.1**	**12.5**
(Effective tax rate)	28.4%	37.2%

FY19:
Foreign exchange losses: ¥1.1 billion

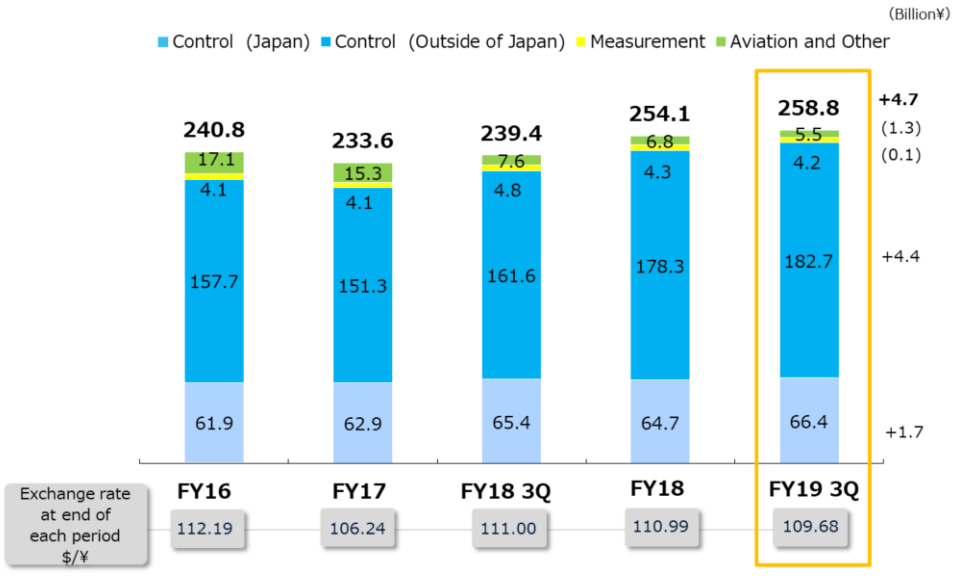
FY18: Gain on sales of investment securities, etc. : ¥1.8 billion

FY19:
Gain on sales of investment securities, etc. : ¥1.5 billion
Gain on sales of business: ¥0.8 billion

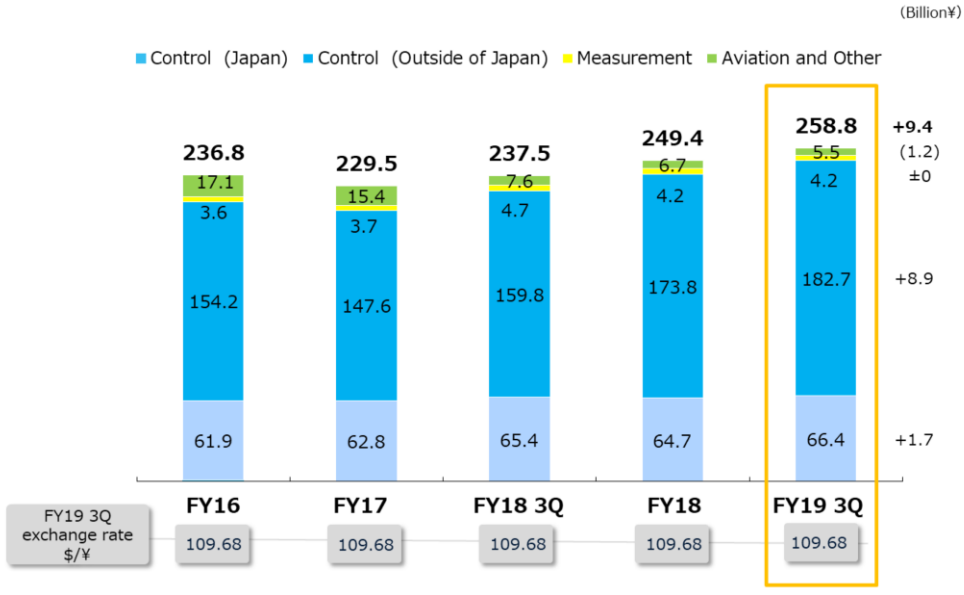
FY19:
Provision for reinforcing measures against soft errors: ¥3.0 billion

Impairment loss: ¥5.6 billion (KBC)

Appendix: Order Backlog Trend by Segment

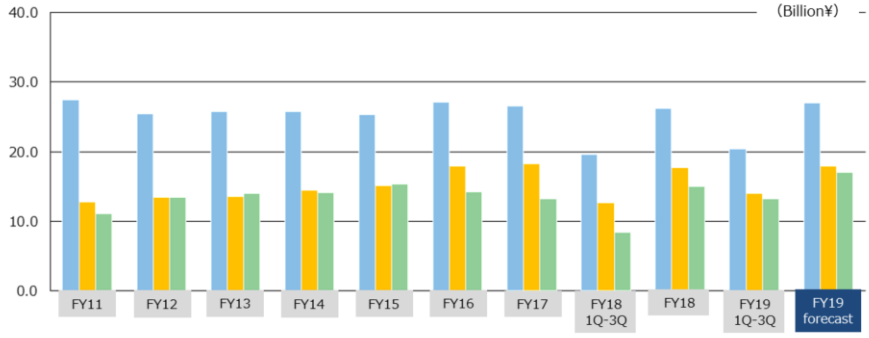


Appendix: Order Backlog Trend by Segment
(Using FY19 3Q exchange rate)



Appendix: Trend of R&D Expenses, Depreciation, and CAPEX

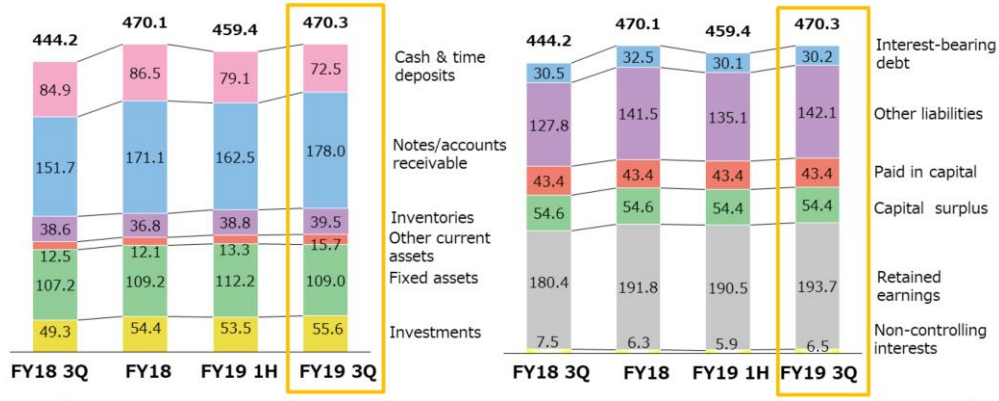
◆ CAPEX is expected to increase slightly due to strategic investments in line with the mid-term business plan.



	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 1Q-3Q	FY18	FY19 1Q-3Q	FY19 forecast
R&D expenses	27.5	25.5	25.8	25.8	25.3	27.1	26.6	19.6	26.2	20.4	27.0
(% of sales)	8.2%	7.3%	6.6%	6.4%	6.1%	6.9%	6.5%	6.7%	6.5%	6.9%	6.6%
Depreciation	12.8	13.5	13.6	14.5	15.1	18.0	18.3	12.7	17.7	14.0	18.0
(% of sales)	3.8%	3.9%	3.5%	3.6%	3.6%	4.6%	4.5%	4.3%	4.4%	4.7%	4.4%
CAPEX	11.1	13.5	14.0	14.1	15.4	14.2	13.2	8.4	15.0	*13.3	17.0
(% of sales)	3.3%	3.9%	3.6%	3.5%	3.7%	3.6%	3.2%	2.8%	3.7%	4.5%	4.2%

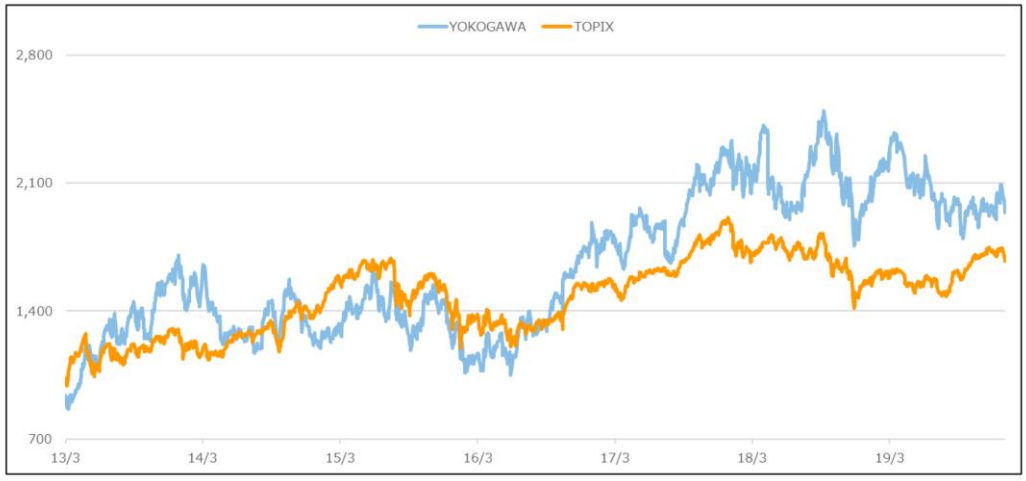
*The Group's consolidated subsidiaries outside Japan have adopted IFRS 16 (Leases) from FY19.

Appendix: Trend of Balance Sheet



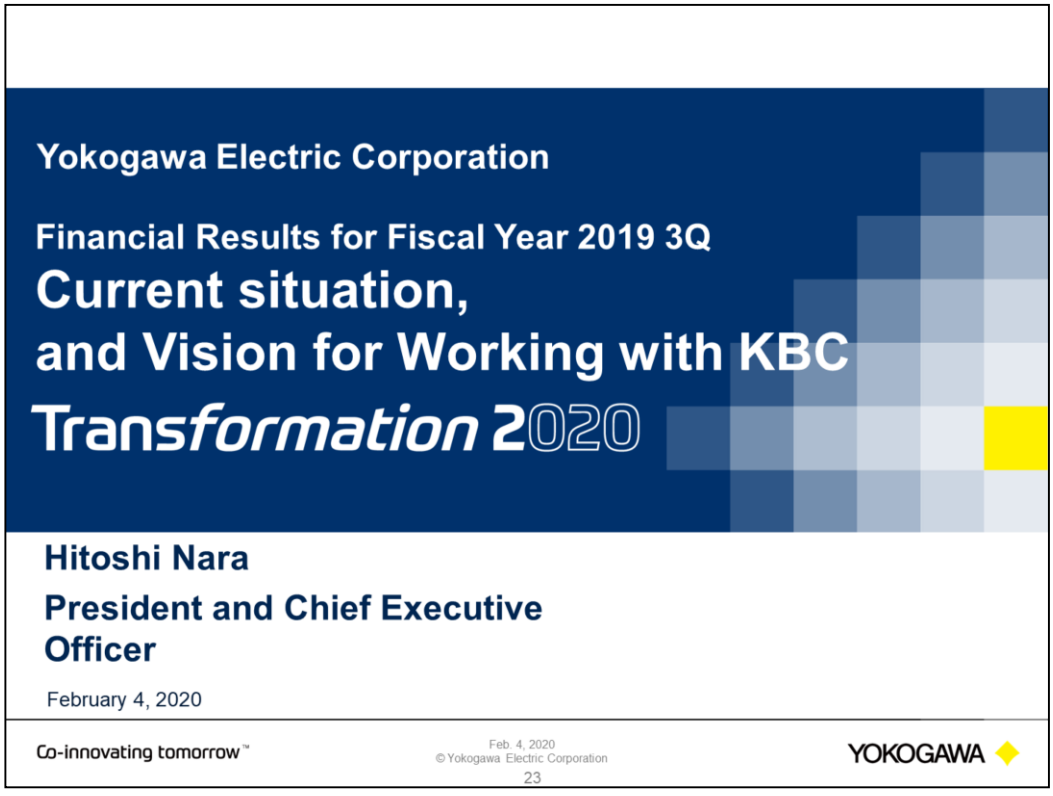
Impact of adoption of IFRS 16 (guidance on accounting of leases) vs FY18
(Debit) Property, plant and equipment/other +¥9.4 billion
(Credit) Current liabilities/other +¥2.1 billion, non-current liabilities/other +¥7.1 billion

Appendix: Trend of Stock Price



(¥)

	13/3	14/3	15/3	16/3	17/3	18/3	19/3	19/6	19/9	19/12	20/1/30
Yokogawa	946	1,667	1,295	1,163	1,752	2,198	2,291	2,112	1,977	1,929	1,938
TOPIX	1,035	1,203	1,543	1,347	1,512	1,716	1,592	1,551	1,588	1,721	1,675

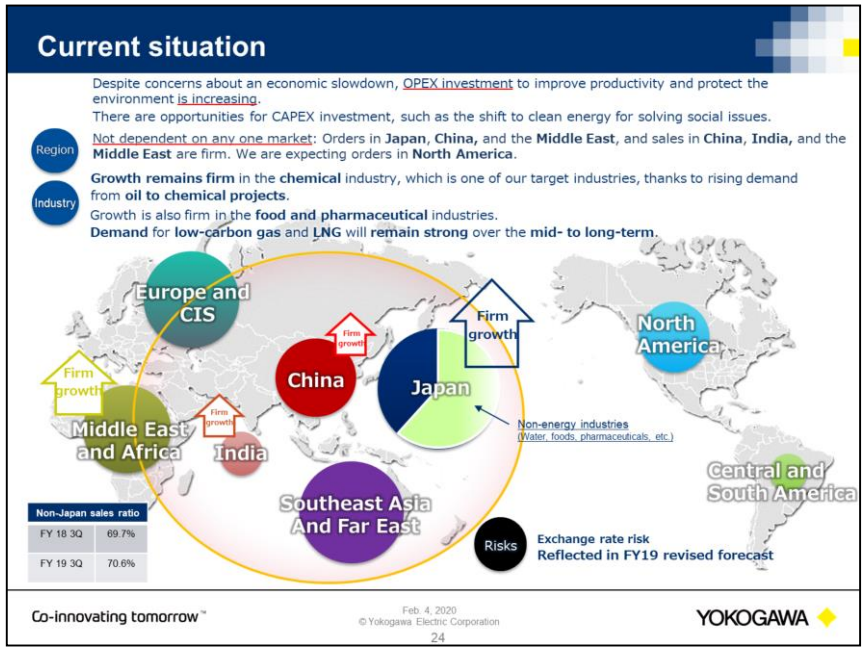


- I will focus on the recognition of current situation and our future direction to work with KBC.

There are two things I want to share with you today.

① "Challenges exist, but YOKOGAWA is transforming and growing steadily"

② “To grow further, we need the power of KBC."



(Market conditions)

We have an impression that there are growing concerns about economic slowdown at a macro level, such as trade friction between the United States and China and geopolitical risks in the Middle East.

- On the other hand**, our financial results are as firm as before, and, excluding exchange rates, are estimated to have reached a record high level (*orders, sales and operating income).**

- Continued strong OPEX demand, including investment in information systems to improve productivity and environmental investment (Example: China, India, and other regions with severe environmental regulations)

- Shift to clean energy for solving social issues is accelerating day by day

- Under these circumstances, We have an impression that opportunities for "LNG Projects" in which we are strong, are increasing.

(Region)

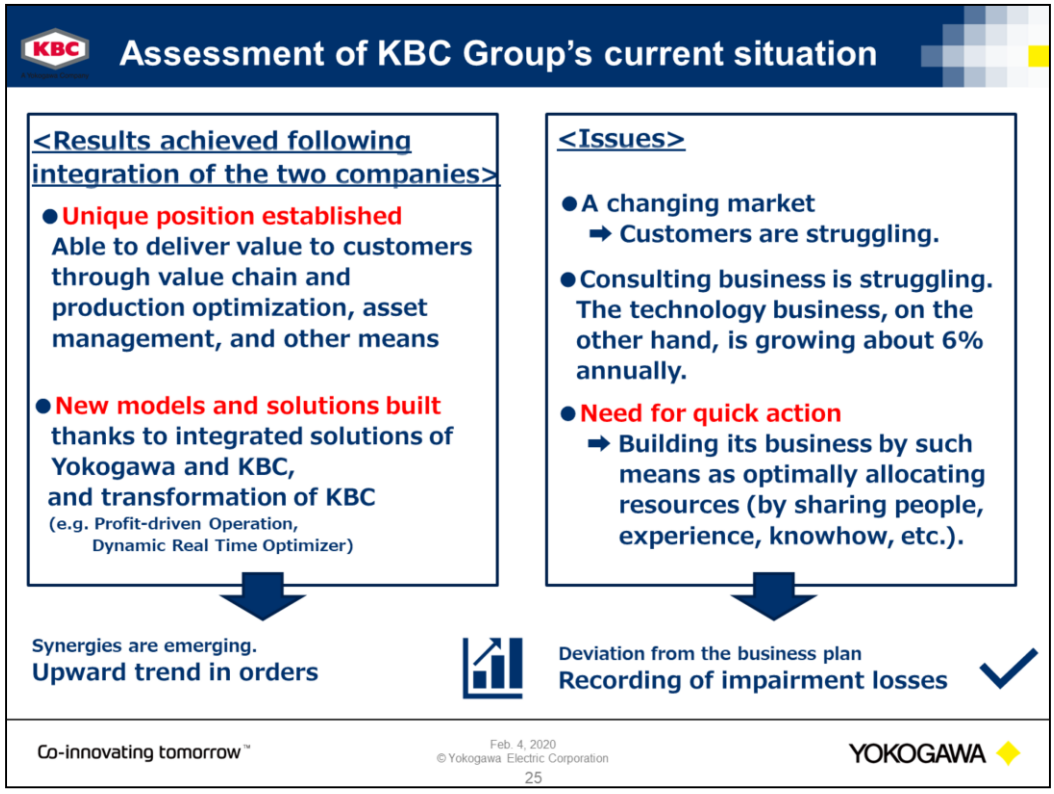
- Topics: At the end of the year, we announced a strategic alliance with Saudi Basic Industries Corporation (SABIC). Orders and sales are firm in "Middle East", and responding to localization needs is one of the factors. Some may see this as a temporary increase in costs, but we recognize that this is a strategic investment for sustainable growth such as regional development.

- In addition, our businesses in countries such as Japan, India and China are currently strong, and we will be expecting on gas projects in North America from the next fiscal year onward.

(Industry)

- "Chemical" industry, which is one of our target industries, is firm, and the base for functional materials and other products is expanding. Investments to "Oil to Chemical" projects (i.e. the convention of crude oil to chemicals) are continuing. In addition, **"Food and pharmaceutical" industry, a non-energy and our target industry, mainly in Japan, is also strong.**

- Again, demand for investment in gas including LNG is expected to continue in the mid- to long-term. we will continue to expand the scope of our business, including collaboration with KBC, in addition to the existing IA business.



- I will explain the current status of KBC in the context of solid results.

○ **<Results achieved>** since the acquisition KBC in April 2016 :

- We have established a unique position to deliver value to customers through value chain and production optimization, asset management, and other means.

- In addition, we were able to build new models and solutions thanks to integrated solutions of Yokogawa and KBC, and transformation of KBC.

As a result of these efforts, orders are currently on an improving trend.

○ On the other hand**, <Issues>**:

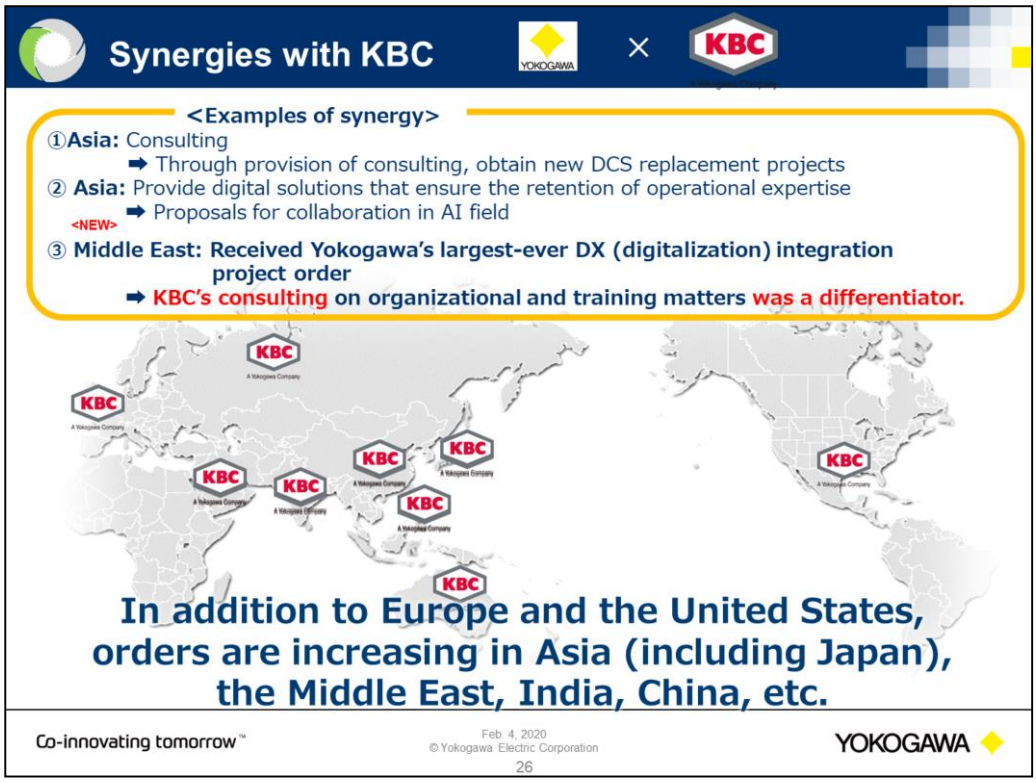
- The market itself is changing in tandem with changes in the business environment due to factors such as the decline in oil prices after the acquisition, and the customers of refineries, is KBC's forte industry, are struggling.

- In particular, the consulting business market has not grown as much as we expected. However, the technology (software) business, especially simulation software, is growing by about 6% every year.

- And most of all, we recognize that **there were issues with the "speed" of the business**.

While there are a number of factors behind this, we are currently building a business structure for the future, including shifting our organizational management and resource allocation to growth areas.

The deviation from the business plan, including the above, is the background of the recording of impairment losses on goodwill and the like.



(Actual examples of synergy)

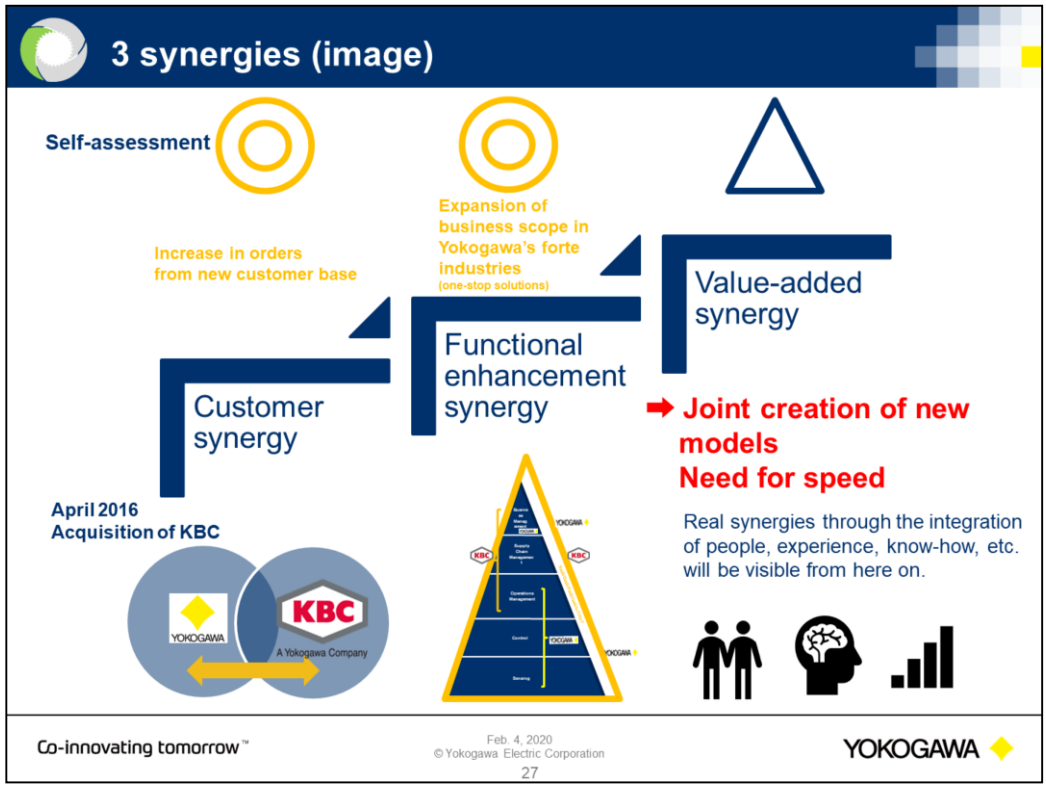
- Synergy orders are accumulating year by year, and the total amount is over 9 billion yen.

- This time, we're talking about refinery project in the Middle East.

It is a digital transformation project that remotely monitor and integrate nearly 100 sites from the headquarters.

This is a three-year project that KBC obtained through consulting, advice for organizational change and education, to customers. This is a project that YOKOGAWA and KBC won in a technical competition through our comprehensive strength.

- Other than that, orders are increasing worldwide in Asia, including Japan, the Middle East, India, and China, although we cannot introduce them for our customers' convenience.



(Three synergies)

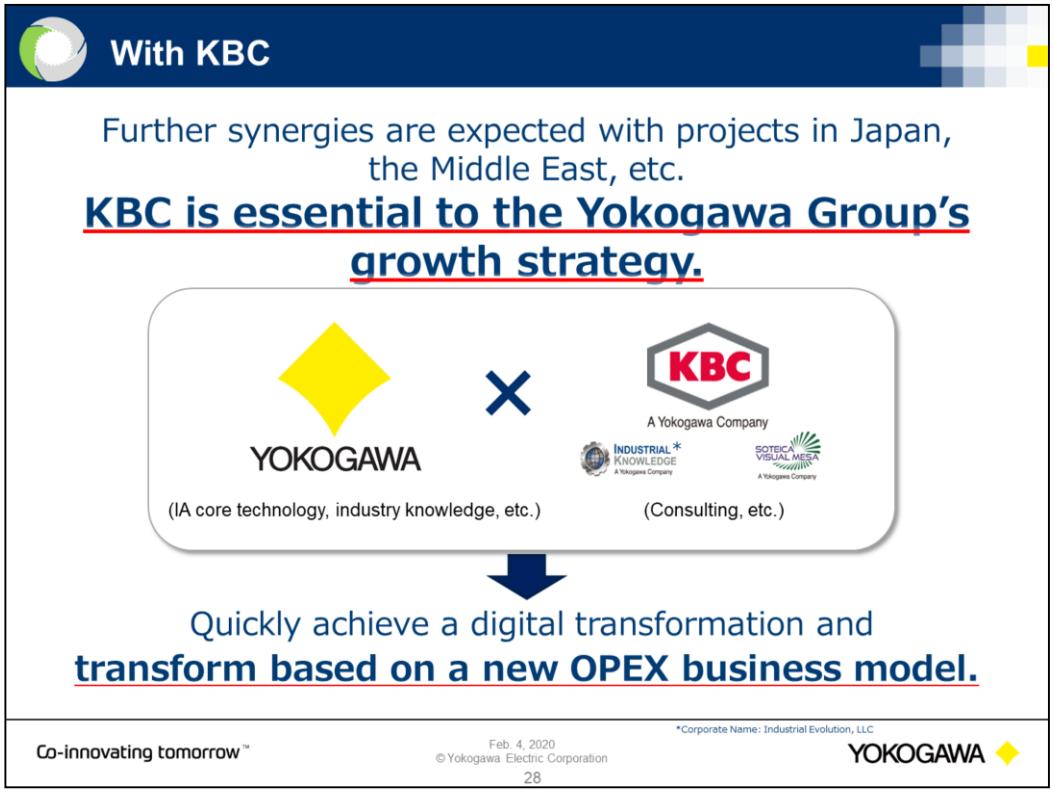
- We will explain the results and issues more specifically by using the slide.
- This is a diagram illustrating the expected synergy between YOKOGAWA and KBC from three perspectives

- First of all, there is a perception that generally things are going well, such as expanding business to new customers who have not done business with each other as “Customer Synergy”. And realizing one-stop solutions with YOKOGAWA which is strong in IA business and KBC which is strong in consulting to management, with the intention of supplementing functions that are lacking with each other as “Functional enhancement synergy” is generally things are going well, too. These results are reflected in the accumulation of orders through the synergies I mentioned earlier.

On the other hand, we also realized that it takes more time from preparation of JOB to sales than we had expected.

- The third perspective, “Value-added synergy" is the most challenging in terms of speed.

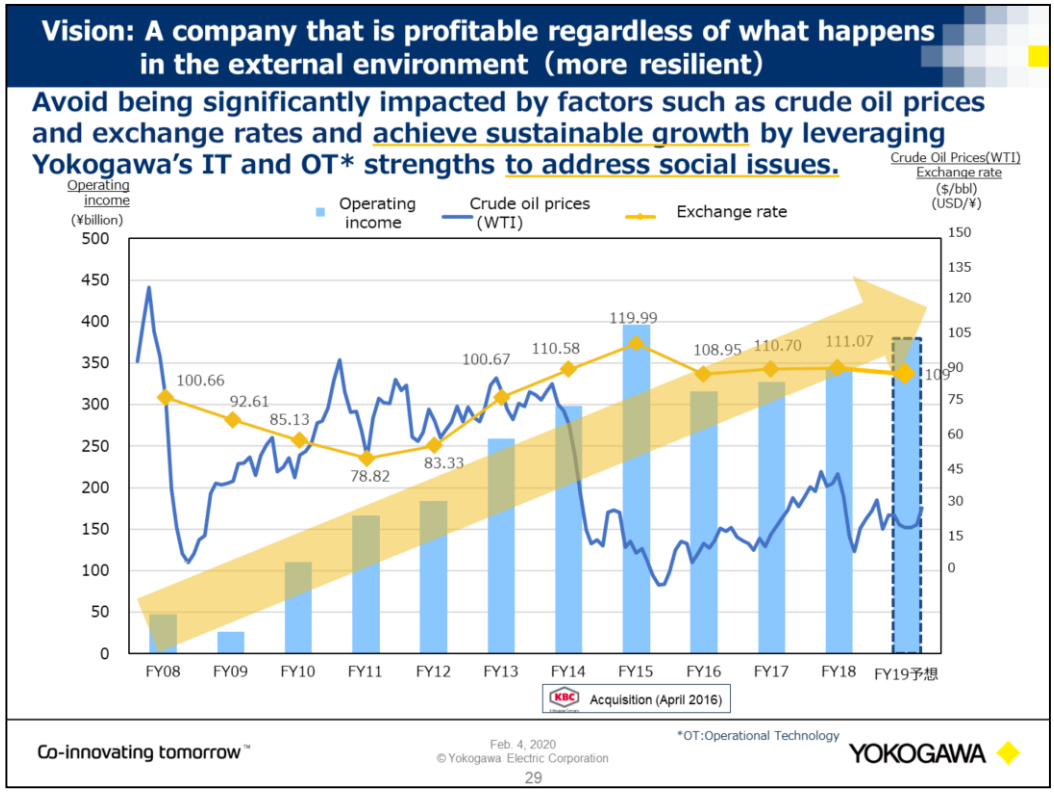
- While reflecting on the fact that it takes more time than expected, we must work even faster on providing unprecedented new solutions and services by creating a chemical reaction of the experience and know-how of each member of YOKOGAWA and KBC, and make generate significant synergies.



- Three years have passed since the acquisition, and we have been able to receive orders for large-scale PJT of more than 1 billion yen from new customers in Japan, the Middle East, India and other countries. We expect to win orders for many projects in the future.
- **Therefore, KBC is essential for our group's future growth strategy.**

- As originally intended, we will effectively combine YOKOGAWA's strengths in IA business with KBC's consulting capabilities and technologies to expand our “Problem-solving type of OPEX businesses”.

- "DX (digital transformation)" is the key.
- As mentioned earlier, we are aiming to "establish a new OPEX business model" by reviewing organizational structure including allocation of resources, collaborating with the DX division.
And we also have already began working with customers to establish a new OPEX business model, utilizing our knowledge in Japanese industries.



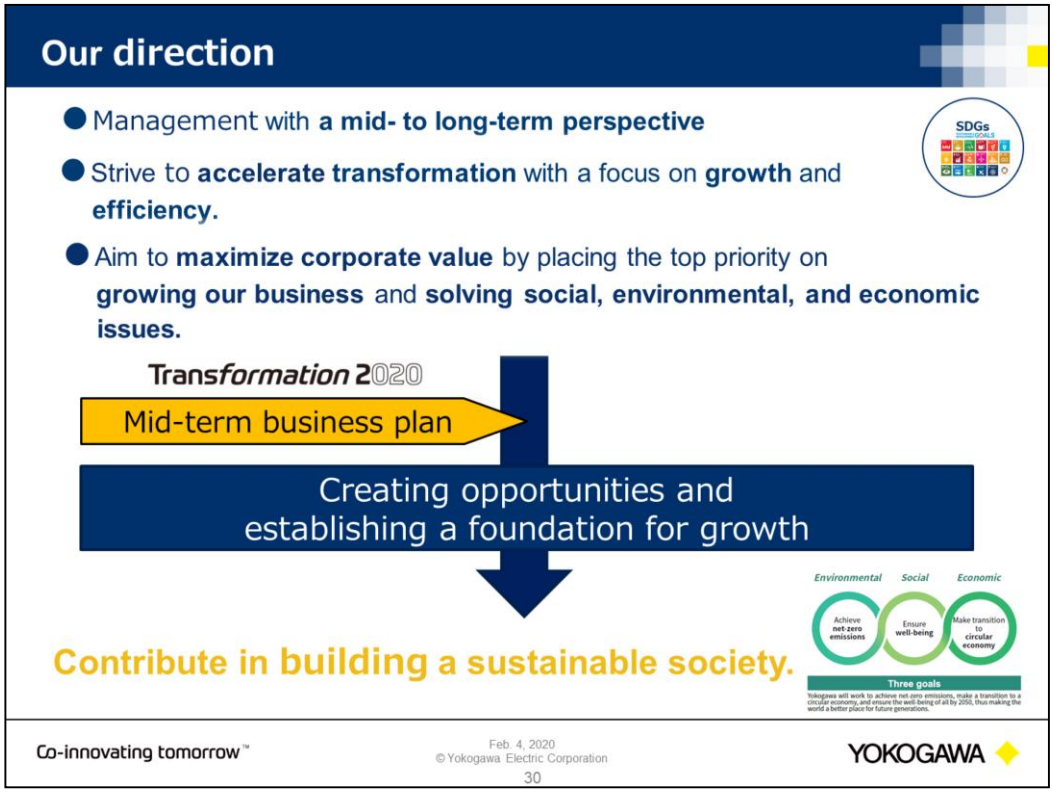
<Vision>

- Our goal over the mid- to long-term is to build a robust profit structure that is profitable regardless of what happens in the external environment.

- As you can see from the graph, our profits have grown steadily without being significantly affected by fluctuations in oil prices or exchange rates.

This is also the result of our efforts to transform us around the OPEX business by leveraging the strengths of IT and OT.

- We will continue to transform ourselves into a sustainable growth company that solves social issues.



<Our direction>

- Finally, about our future direction of management

- We will continue to leverage **our core competencies** "Measurement", "Control," and "Information" to **resolve social, environmental, and economic issues, increase business value**, and **ultimately maximize corporate value**.

- To this end, we will first achieve "Creating opportunities" and “Establishing a foundation for growth" and contribute to the realization of a sustainable society.

- We ask for the continued support of our shareholders and investors.

Co-innovating tomorrow™

Appendix: Solution Portfolio in Control Segment

From "Automation Supplier" to "Trusted Partner"

		Consul-ting	Engineering & design	Lifecycle service	System integration	Physical security & cyber security
Application	Business	Strategy planning	Supply chain optimization	Asset lifecycle optimization	Operational risk management, etc.	
	Operations	Production management	Asset management	Energy management	Quality management, etc.	
Automation	Control	Control systems	Safety systems	Edge controllers		
	Field Devices	OT sensors	IIoT sensors			

Operation Management & Control

Integrated performance management and process optimization

value

Insights

Analytics

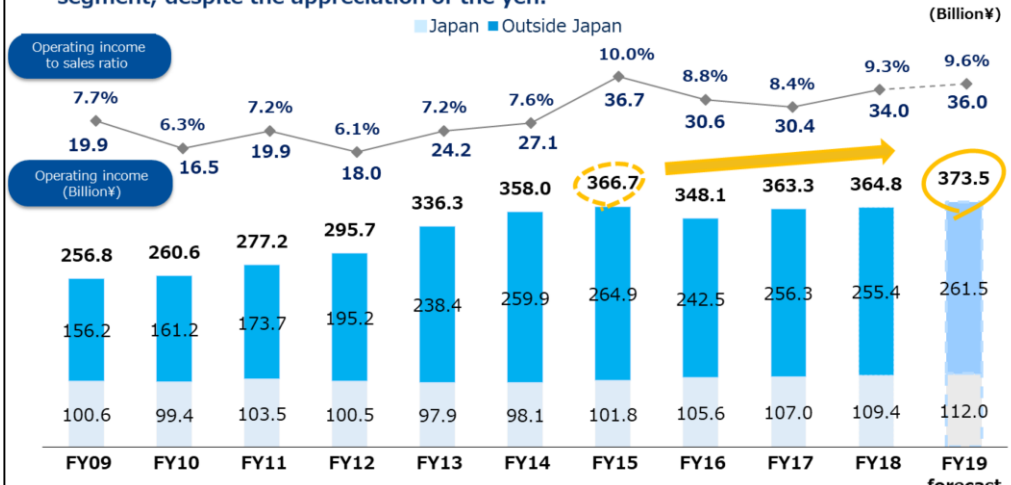
Data

Operational Technology

Information Technology

Appendix: Trend of global sales in control segment

For the first time in four years, we expect to set a new sales record with the control segment, despite the appreciation of the yen.



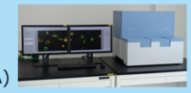
<Exchange rate>

US$ (¥)	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19 Forecast
	92.61	85.13	78.82	83.33	100.67	110.58	119.99	108.95	110.70	111.07	110.00

Appendix: News（from November 6 to February 4）

Nov.

Yokogawa acquires nanopipette technology from US venture, BioStinger, Inc., for use in life science applications. (single cell analysis solutions)



Yokogawa receives IR Special Award from the Japan Investor Relations Association (JIRA)

Yokogawa and MetaMoJi Corporation release SensPlus Note, a solution for the digitization of field data using mobile devices

Dec.

Yokogawa signs strategic alliance agreement with Saudi Basic Industries Corporation (SABIC), ranked among the world's largest petrochemical manufacturers

Yokogawa holds sustainability meeting https://www.yokogawa.co.jp/about/ir/shiryo/sustainability_meeting-ja/

Jan.

Yokogawa releases Exaquantum™ R3.20 plant information management system, a software package in the OpreX™ Asset Operations and Optimization family

Yokogawa obtains ISASecure SDLA certification for control system development process

Completion of Yokogawa project in Indonesia earns credit under Joint Crediting Mechanism (JCM)

Note: The month for each news item indicates when it was published.

Appendix: Yokogawa's Main ESG Indexes

As of January 2020

DJSI-Asia Pacific
FTSE4Good Index Series
MSCI ESG Leaders Indexes
FTSE Blossom Japan Index
MSCI Japan ESG Select Leaders Index
MSCI Japan Empowering Women Index
SNAM Sustainability Index
CDP
S&P/JPX Carbon Efficient Index

MEMBER OF
Dow Jones Sustainability Indices

In collaboration with SAM a RobecoSAM brand

FTSE4Good

FTSE Blossom Japan

MSCI — 2019 Constituent MSCI ESG Leaders Indexes

MSCI — MSCI Japan Empowering Women Index (WIN)

MSCI — MSCI Japan ESG Select Leaders Index

Member of SNAM Sustainability Index 2019

CDP DISCLOSURE INSIGHT ACTION

S&P/JPX Carbon Efficient Index

Disclaimer

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.

Yokogawa undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this document except as provided for in laws and ordinances.

The information has not been restated to reflect the revision of the initially allocated acquired costs that was decided upon finalization of the tentative accounting treatment and application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting".

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