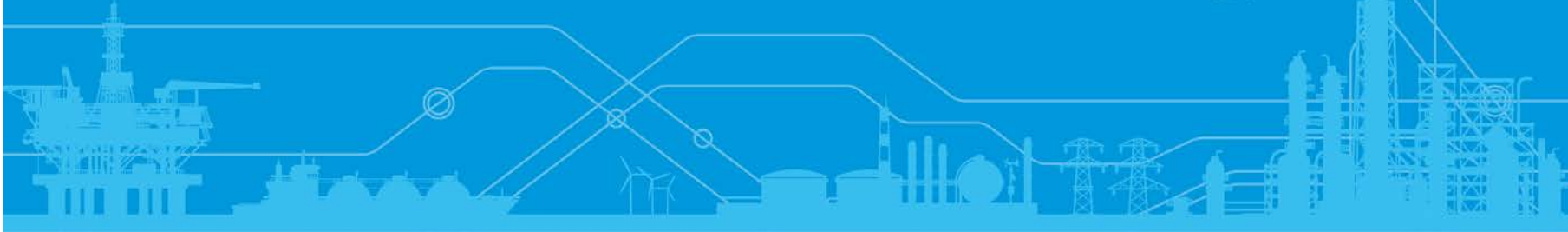


Transformation 2017

Yokogawa Electric Corporation

Financial Results for Fiscal Year 2017 1Q



August 8, 2017

Junichi Anabuki

Director, Senior Vice President
Accounting & Treasury Headquarters

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Summary of FY17 1Q Results

- Orders remained strong, but sales and operating income were both down overall due to a decline in sales outside Japan.
- Impact of the weak yen:
→ Orders +¥1.6 billion yen, sales +¥1.4 billion yen, operating income +¥0.1 billion yen
- Profit attributable to owners of parent increased due to the recognition of extraordinary income.

(Billion ¥)

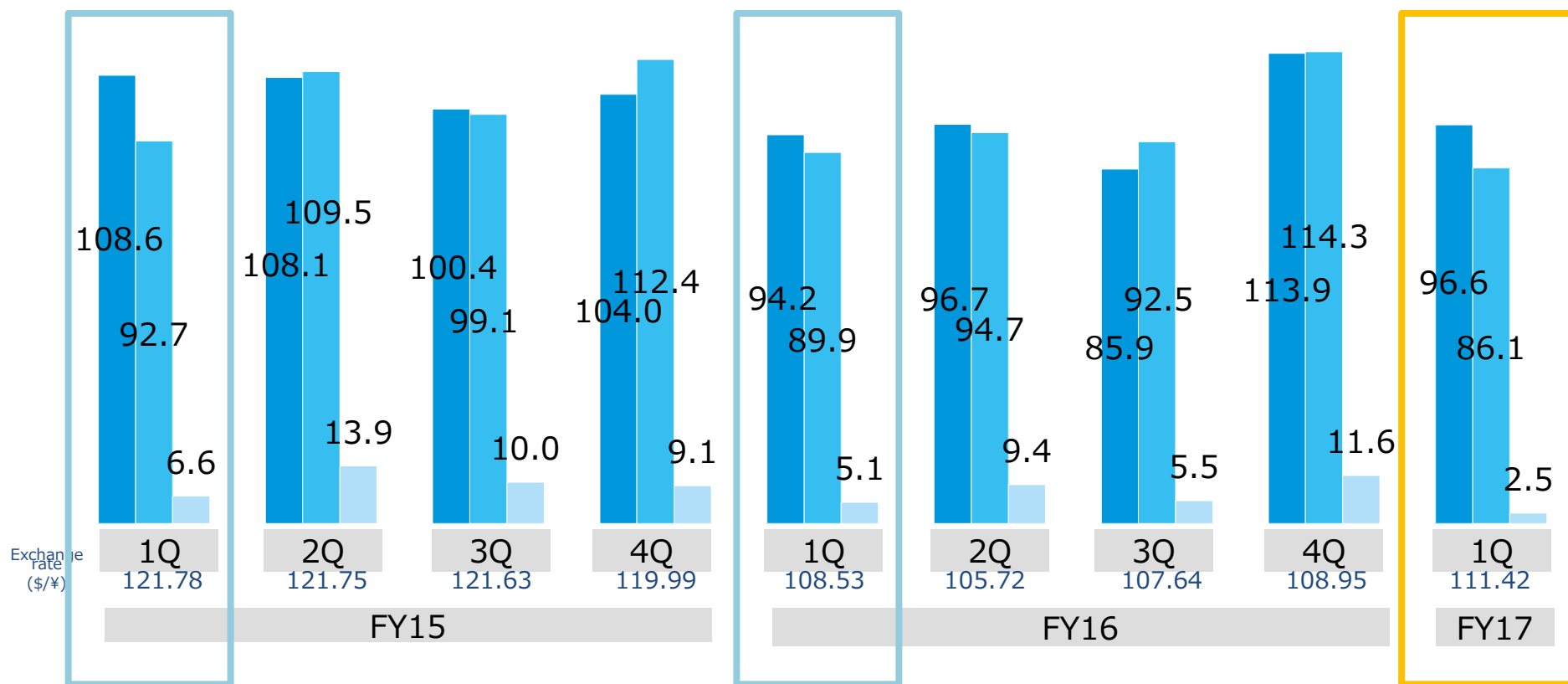
		FY16 1Q	FY17 1Q	Difference	Growth rate	Impact of exchange rate
Orders		94.2	96.6	+2.4	+2.6%	+1.6
Sales		89.9	86.1	(3.8)	-4.2%	+1.4
Operating income		5.1	2.5	(2.6)	-50.1%	+0.1
Ordinary income		5.5	2.9	(2.6)	-46.9%	+0.4
Profit attributable to owners of parent		3.1	3.3	+0.2	+8.6%	+0.4
Exchange rate (¥)	1\$	108.53	111.42	+2.89	—	

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.

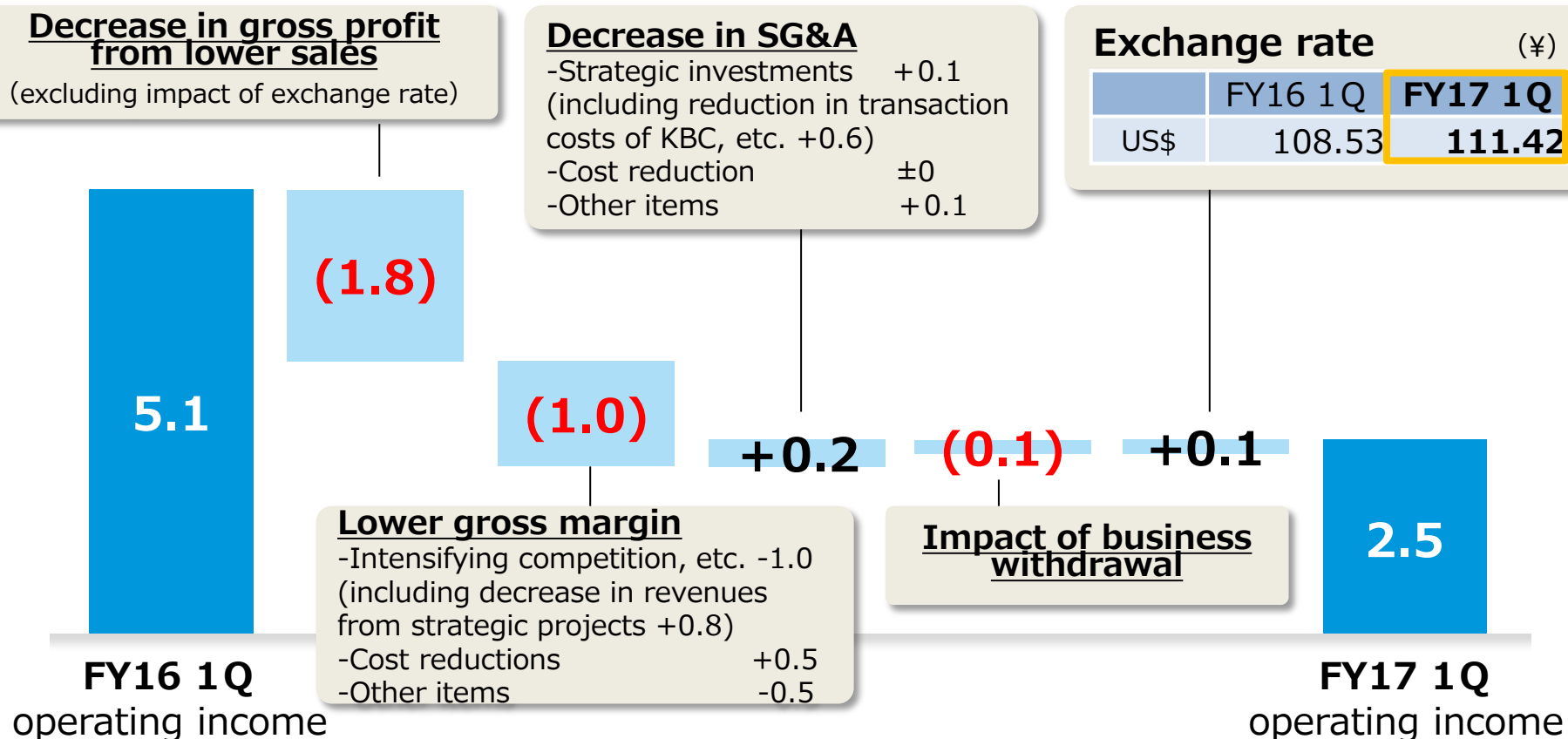
■ Orders ■ Sales ■ Operating income

(Billion ¥)



Analysis of Operating Income (FY16 1Q/FY17 1Q comparison)

(Billion ¥)



Non-operating/Extraordinary Income and Expenses

(Billion¥)

	FY15 1Q	FY16 1Q	FY17 1Q
Operating income	6.6	5.1	2.5
Non-operating income	0.9	0.8	1.1
Non-operating expenses	0.8	0.4	0.7
Ordinary income	6.8	5.5	2.9
Extraordinary income	0.8	0.0	2.4
Extraordinary expenses	0.0	0.1	0.1
Income before tax	7.5	5.4	5.2
Tax, etc.	2.4	2.3	1.9
Profit attributable to owners of parent	5.1	3.1	3.3

→ FY17:

-Gain on sales of non-current assets: 1.8

-Gain on sales of investment securities: 0.6

(Effective tax rate)

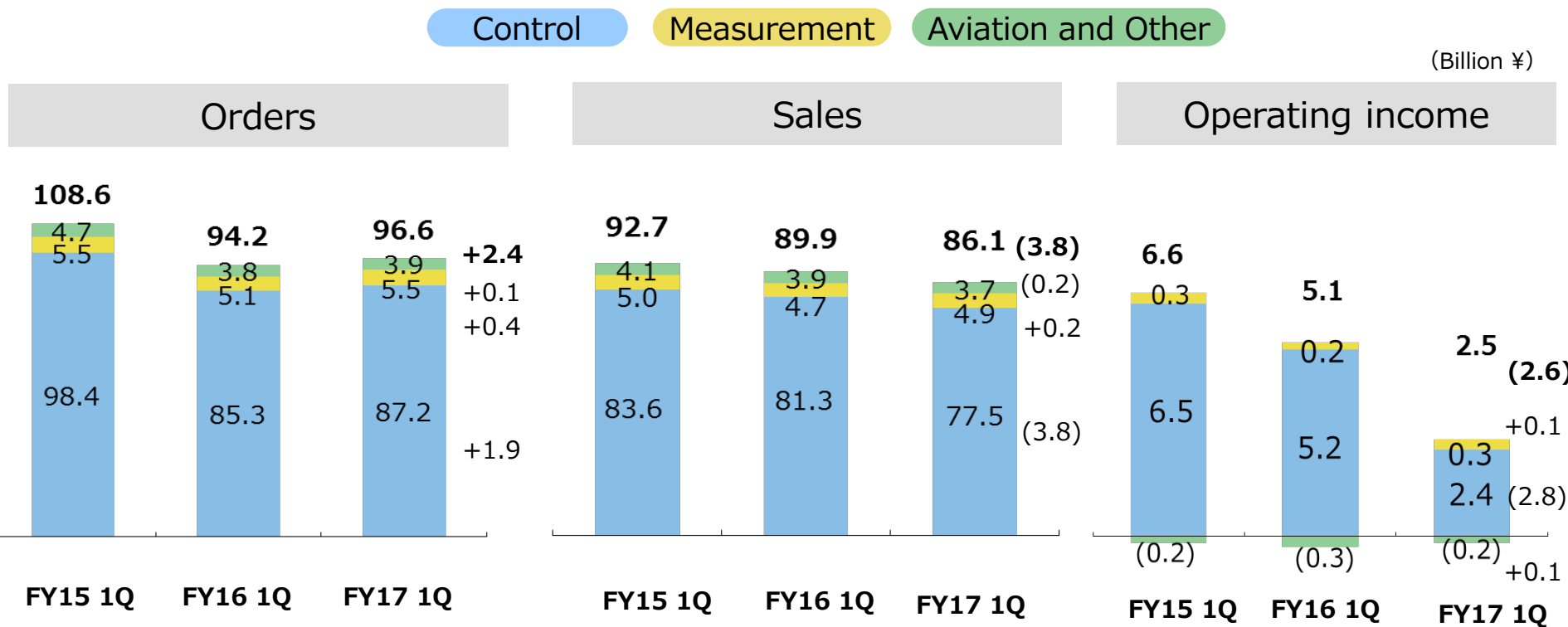
27.3%

41.0%

31.2%

FY16 1Q/FY17 1Q Comparison for Orders and Sales by Segment

- Control: Orders remained strong, but sales and operating income were both down overall due to a decline in sales outside Japan.
- Impact of the weak yen:
→ Orders +¥1.5 billion yen, sales +¥1.3 billion yen, operating income +¥0.1 billion yen
- Measurement/Aviation and Other: Orders, sales, and operating income were nearly unchanged from FY16 1Q.



Trend of Global Sales

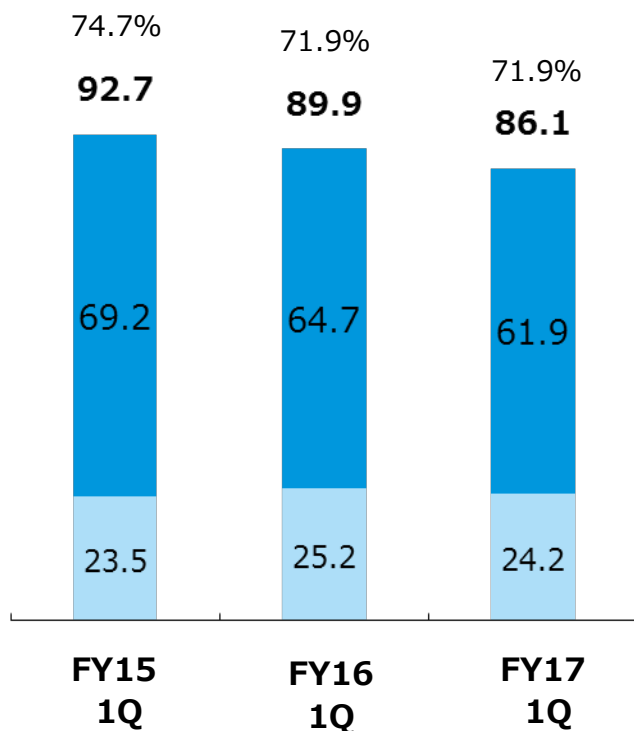
- Despite continued strong results in Japan, sales were down overall due to reduced investment in resource development projects outside Japan.

■ outside Japan

■ Japan

(Billion¥)

Total

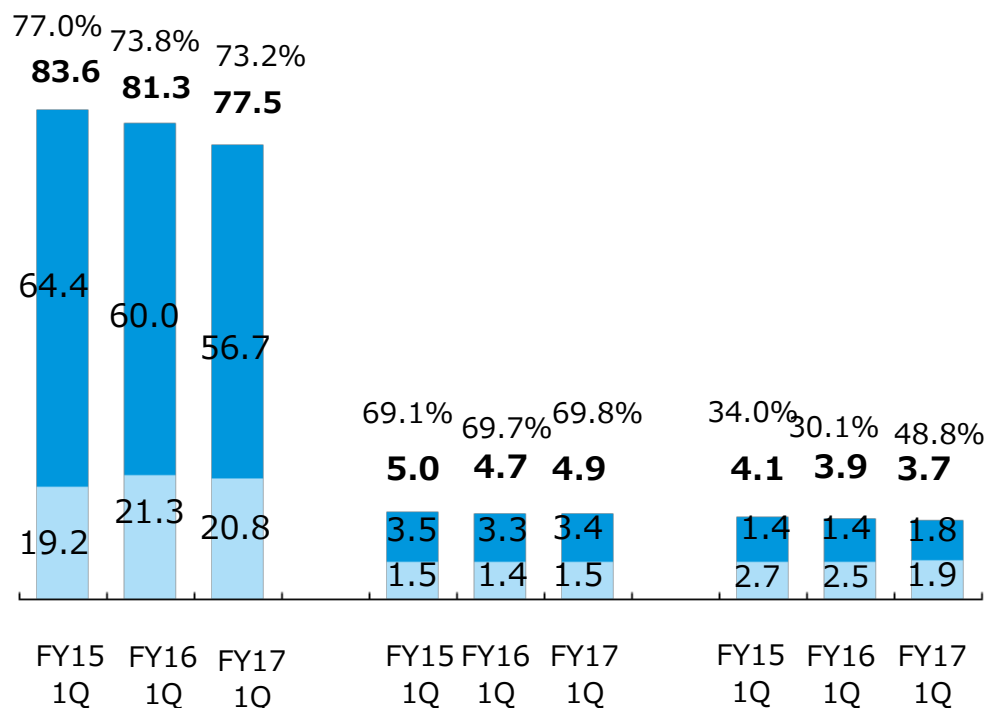


By segment

Control

Measurement

Aviation and Other

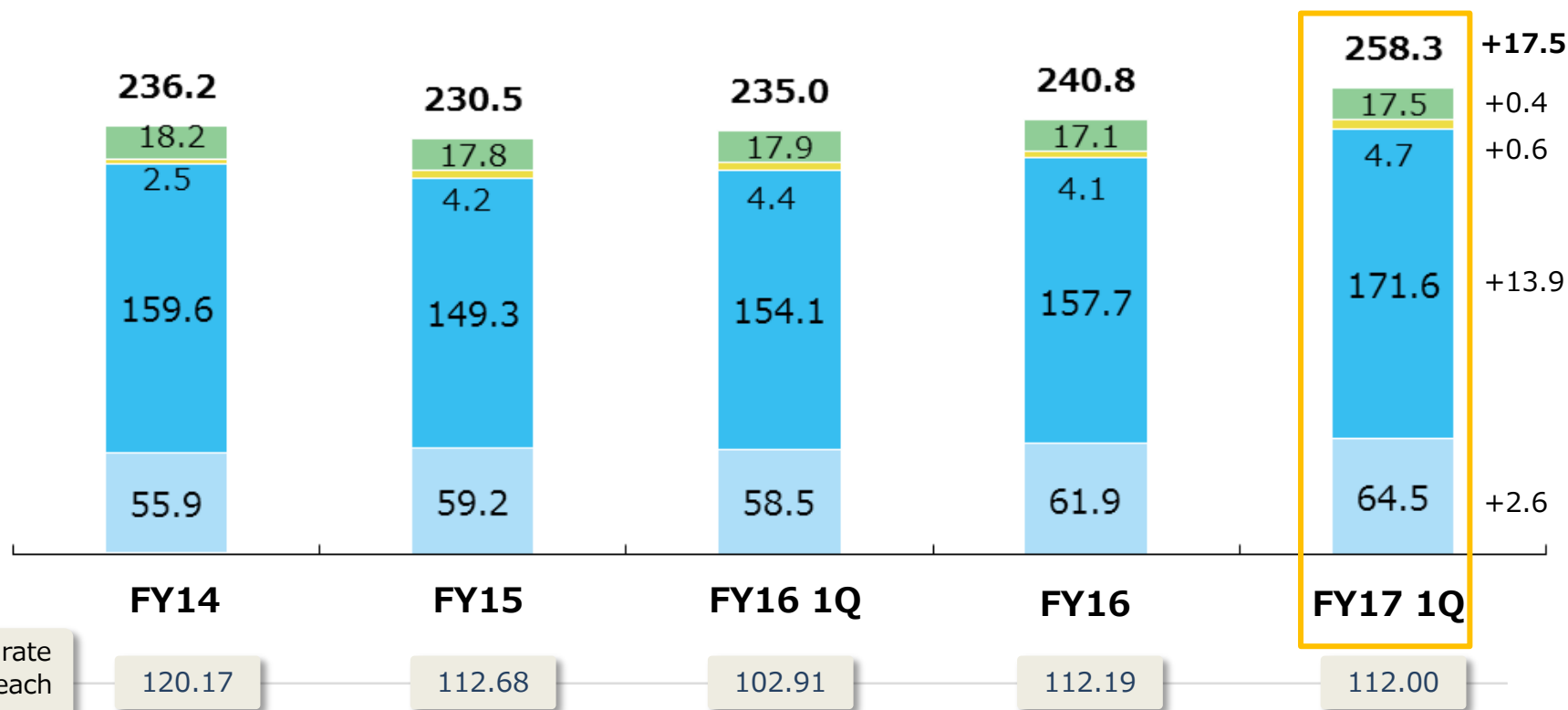


Order Backlog Trend by Segment

- We continue to have a large order backlog.

(Billion¥)

■ Control (Japan) ■ Control (Outside of Japan) ■ Measurement ■ Aviation and Other

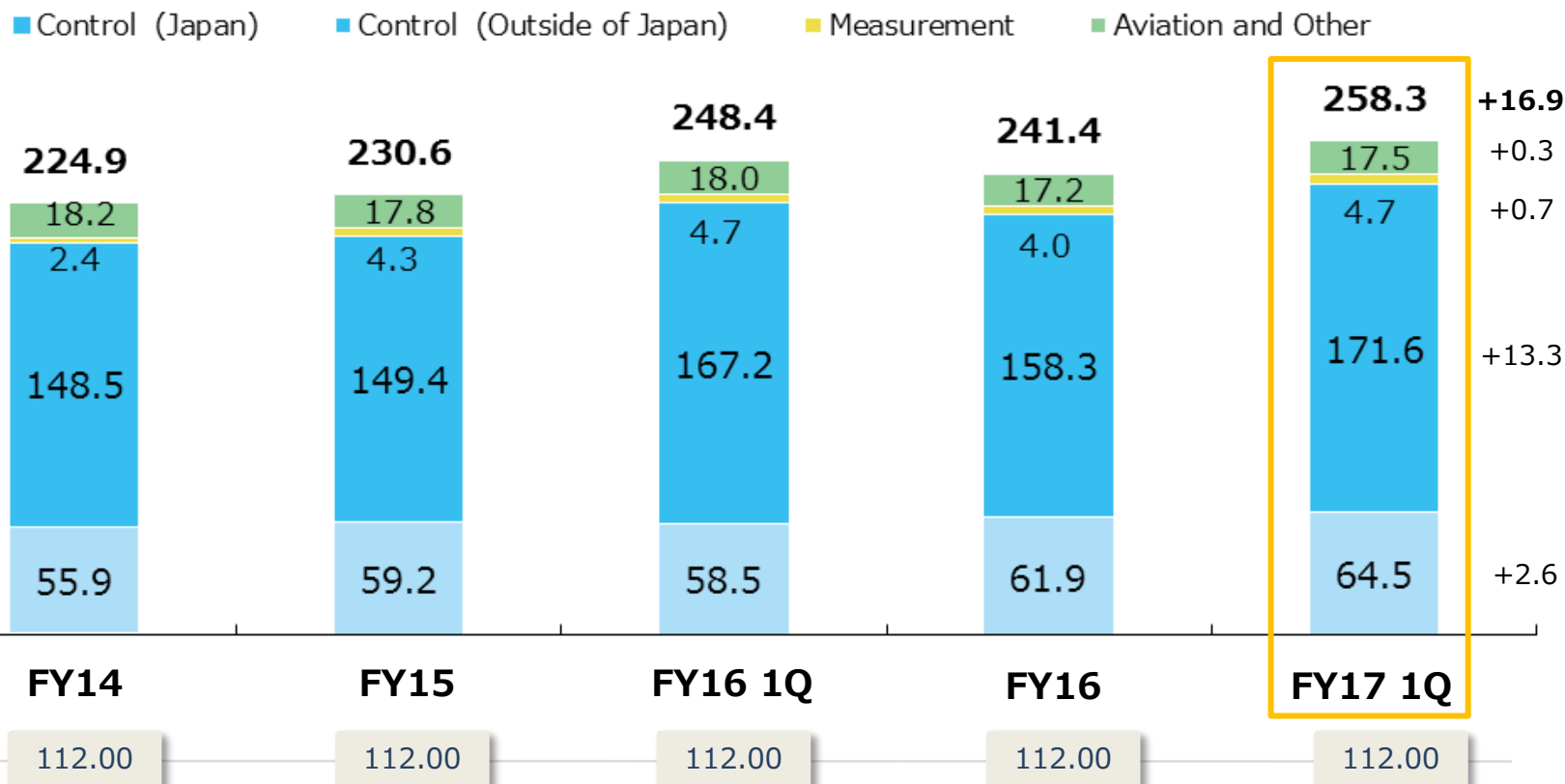


* Destination-based

<Reference> Order Backlog Trend by Segment (Using FY17 1Q exchange rate)

-Also when the impact of the exchange rate is excluded, the order backlog shows the same general upward trend.

(Billion ¥)



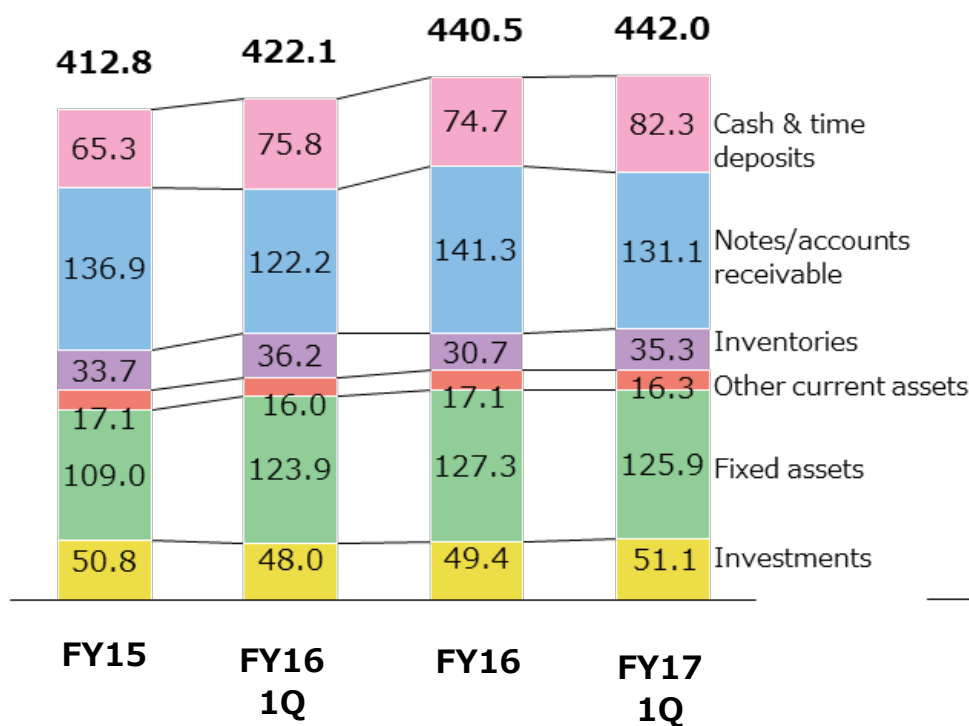
* Destination-based

Trend of Balance Sheet

- There were no significant changes.

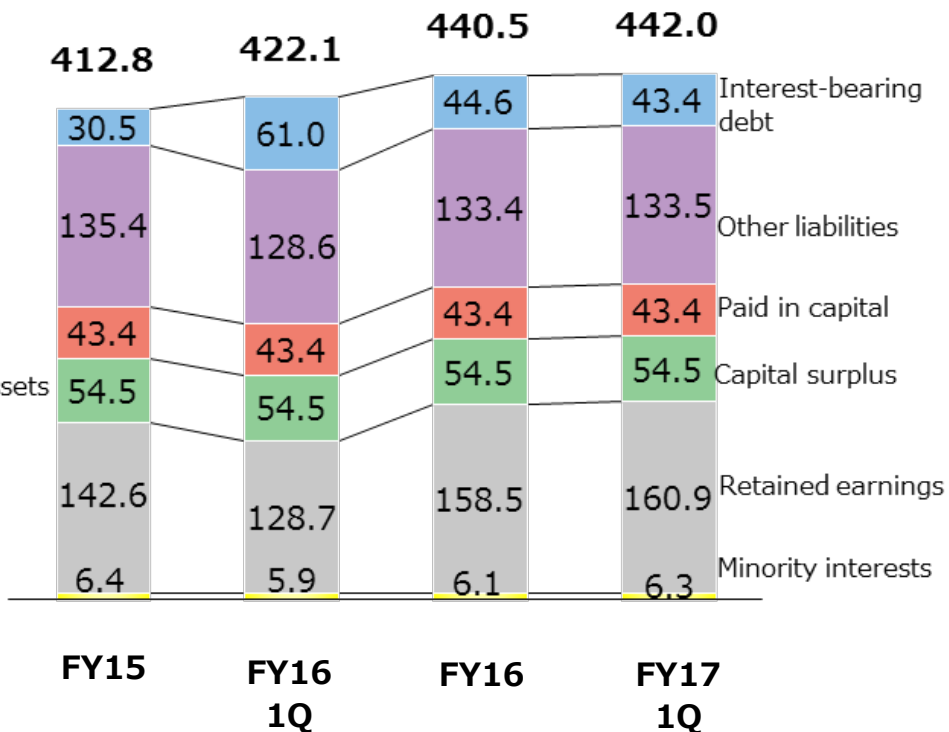
Assets

(Billion ¥)



Liabilities and equity

(Billion ¥)



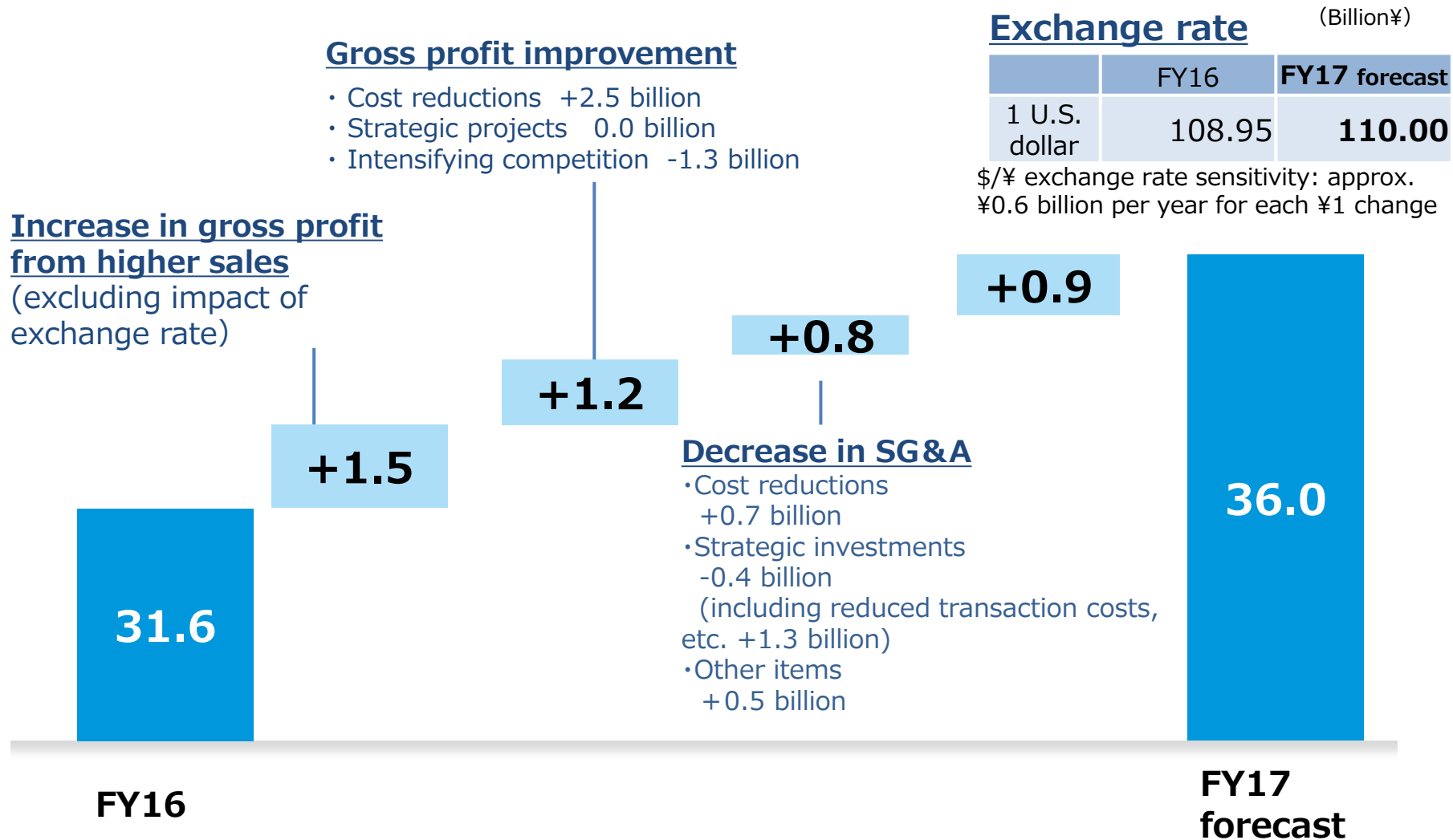
FY17 Forecast (No change)

- We are projecting a year-on-year increase in orders, sales, and profits.

(Billion¥)

		FY15 (A)	FY16 (B)	FY17 forecast(C)	Difference (C-B)	Growth rate (C÷B-1)
Orders		421.1	390.7	400.0	+ 9.3	+ 2.4%
Sales		413.7	391.4	400.0	+ 8.6	+ 2.2%
Operating income		39.6	31.6	36.0	+ 4.4	+ 13.9%
ROS (%)		9.6	8.1	9.0	+0.9 pts	—
Ordinary income		40.7	33.0	35.5	+ 2.5	+ 7.5%
Profit before income taxes		41.9	35.5	37.5	+ 2.0	+ 5.6%
Tax, etc.		11.7	9.7	10.5	+0.8	+8.2%
Profit attributable to owners of parent		30.2	25.8	27.0	+ 1.2	+ 4.8%
EPS (¥)		114.01	96.44	101.04	+ 4.60	—
Exchange rate	1\$ =	¥119.99	¥108.95	¥110	+ 1.05	—

Factors Accounting for Increase/Decrease in FY17 Operating Income (No change)



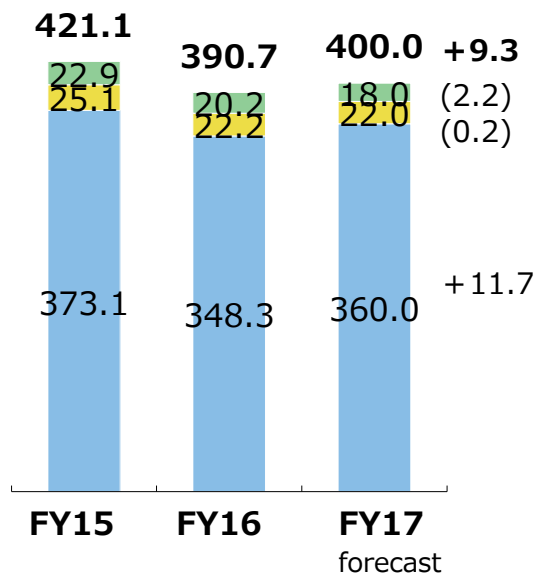
FY17 Forecast for Orders, Sales, and Operating Income by Segment (No change)

- Control: We are projecting a year-on-year increase for orders, sales, and profits.
- Measurement: Orders and sales are expected to remain unchanged year on year, while profit is expected to increase.
- Aviation and other: Orders and sales are projected to decline due to factors such as a decline in demand for marine navigation instruments.

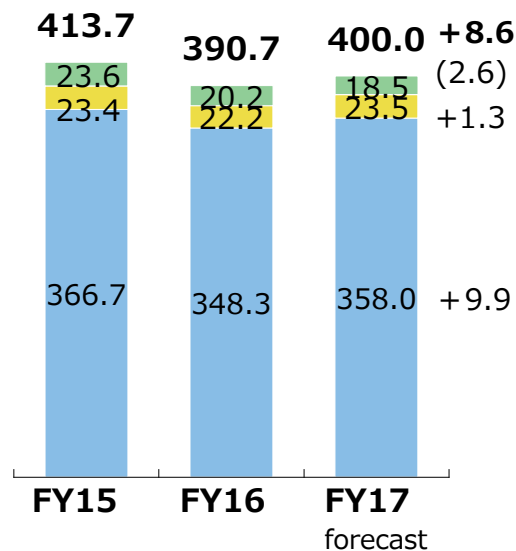
■ Control ■ Measurement ■ Aviation and Other

(Billion¥)

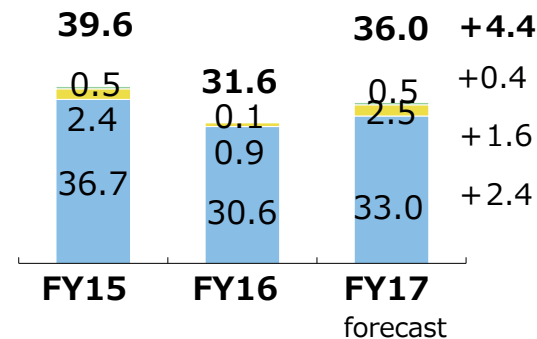
Orders



Sales



Operating income

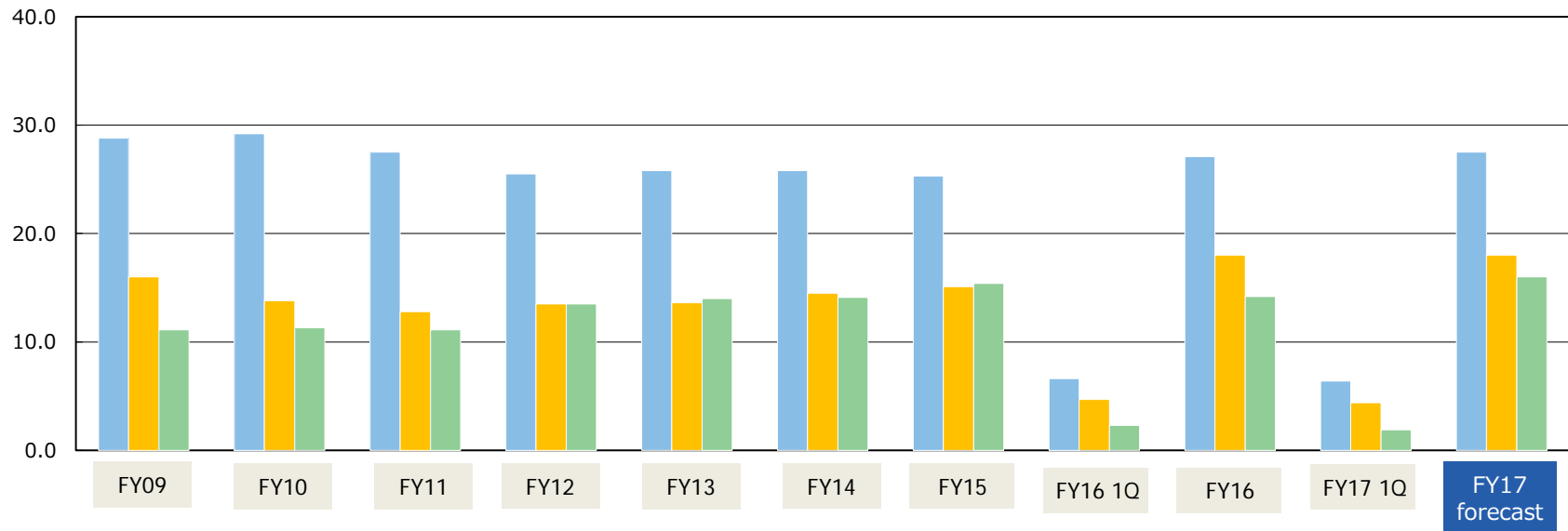


Trend of R&D Expenses, Depreciation, and CAPEX

- Progressing as planned

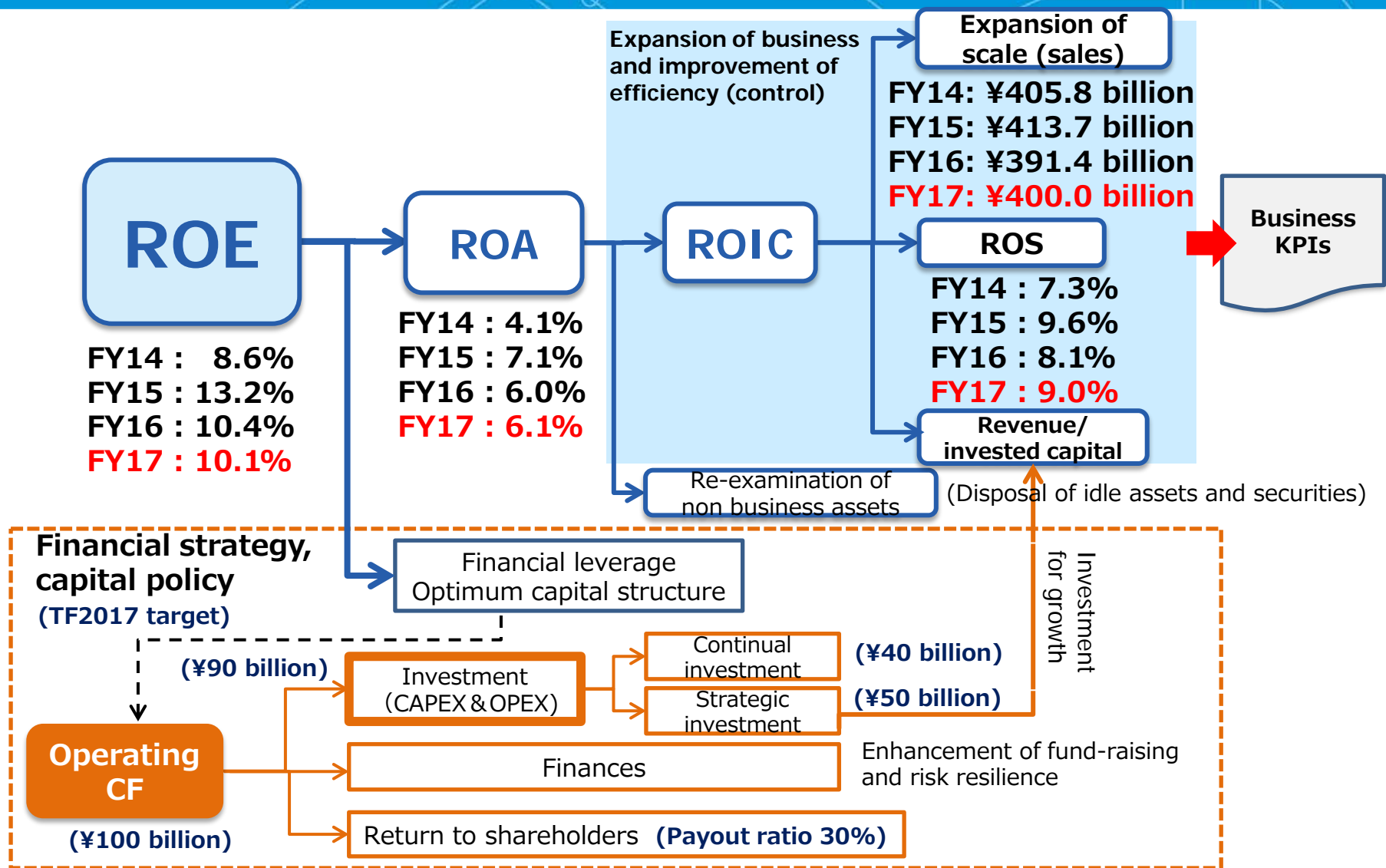
(Billion¥)

■ R&D ■ Depreciation ■ CAPEX



	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16 1Q	FY16	FY17 1Q	FY17 forecast
R&D expenses (% of sales)	9.1%	9.0%	8.2%	7.3%	6.6%	6.4%	6.1%	7.3%	6.9%	7.4%	6.9%
Depreciation (% of sales)	5.1%	4.2%	3.8%	3.9%	3.5%	3.6%	3.6%	5.2%	4.6%	5.1%	4.5%
CAPEX (% of sales)	3.5%	3.5%	3.3%	3.9%	3.6%	3.5%	3.7%	2.6%	3.6%	2.2%	4.0%

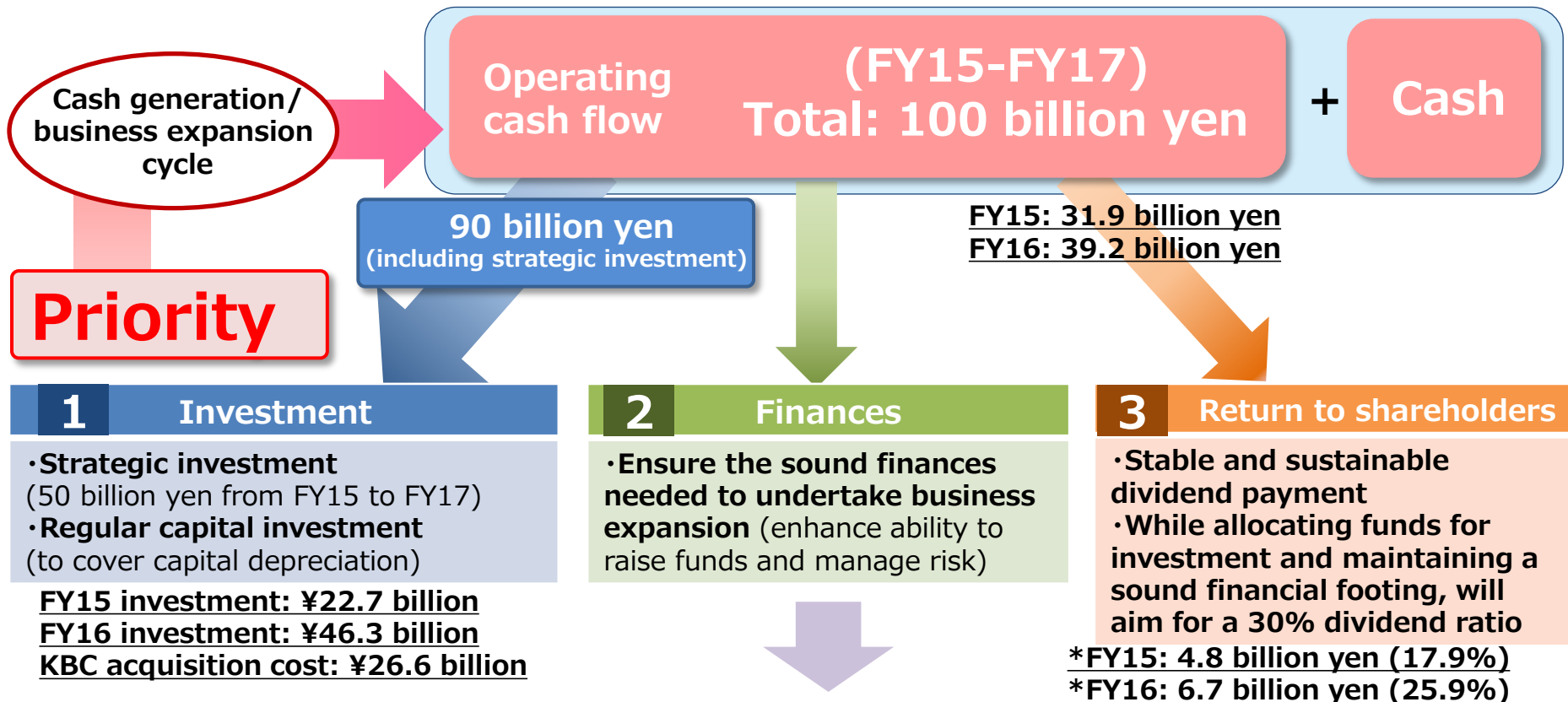
Appendix: KPIs (No change)



Appendix

- **Financial Strategy, Capital Policy**
- **Targets of Cost Reduction**
- **News**
- **Trend of Stock Price**

Appendix: Financial Strategy, Capital Policy (No change)



Optimum capital structure

- ◆ Maintain ability to generate the funds needed to invest for growth
- ◆ Keep single A credit rating with Japanese rating agencies

Appendix: Targets of Cost Reduction (No change)

	FY14 results	FY15 results	FY16 results	FY17 target
Cost reduction (In relation to FY14)	—	¥5.7 billion	¥10.8 billion (Single fiscal year: ¥5.1 billion)	¥14 billion (Single fiscal year: ¥3.2 billion)
COGS ratio	58.3%	57.3%	56.8%	56.5%
SG&A ratio	34.4%	33.1%	35.1%	34.5%
Operating income- to-sales ratio	7.3%	9.6%	8.1%	9.0%

Appendix: News (May 11 to August 8)

- May.**
- Order to supply analyzer house for Malaysia's RAPID project
 - Release of EJAC60E hygienic adapter system
 - Analyzer package order for petrochemical complex in Oman



EJAC60E

- Jun.**
- Partnership agreement with Sinopec Engineering, a Sinopec Group company

- Jul.**
- Addition to Well-known SRI indexes: FTSE4Good Index Series and FTSE Blossom Japan Index
 - Addition to new SRI indexes: MSCI Japan ESG Select Leaders Index and MSCI Japan Empowering Women Index



FTSE4Good

- Acquisition of Norwegian company with advanced chemical injection technology
- Selection of Yokogawa Solution Service Corporation as resource aggregator for virtual power plant demonstration project that utilizes energy generated by water purification plant in Shiga prefecture
- Order to provide asset management system for Singapore's Water supply, water reclamation, and stormwater management facilities



2017 Constituent
MSCI Japan ESG
Select Leaders Index

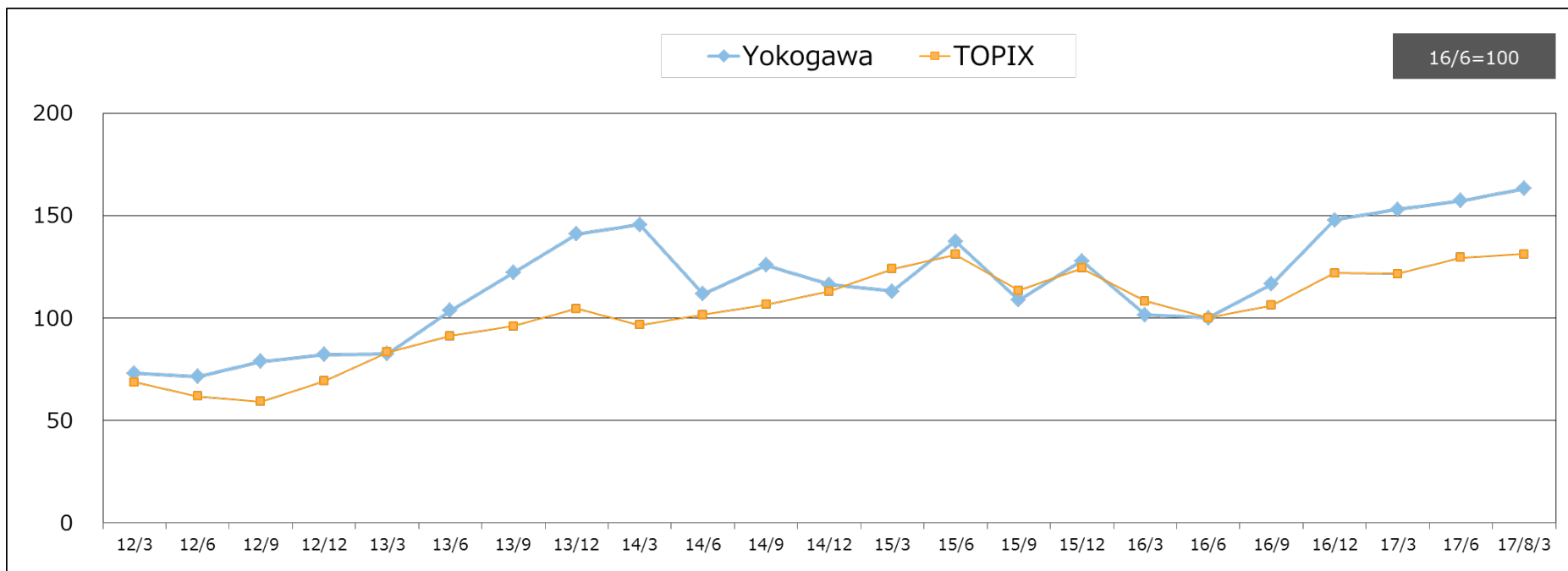


2017 Constituent
MSCI Japan Empowering
Women Index (WIN)

- Aug.**
- Establishment of sustainability goals for the year 2050

Note: The events are listed based on the month when the announcement was made.

Appendix: Trend of Stock Price



(¥)

	12/3	12/6	12/9	12/12	13/3	13/6	13/9	13/12	14/3	14/6	14/9	14/12	15/3	15/6	15/9	15/12	16/3	16/6	16/9	16/12	17/3	17/6	17/8/3
Yokogawa	837	818	902	941	946	1,187	1,398	1,615	1,667	1,281	1,442	1,333	1,295	1,574	1,247	1,465	1,163	1,146	1,335	1,693	1,752	1,801	1,870
TOPIX	854	770	737	860	1,035	1,134	1,194	1,302	1,203	1,263	1,326	1,407	1,543	1,630	1,411	1,547	1,347	1,245	1,322	1,518	1,512	1,611	1,633

	12/3	12/6	12/9	12/12	13/3	13/6	13/9	13/12	14/3	14/6	14/9	14/12	15/3	15/6	15/9	15/12	16/3	16/6	16/9	16/12	17/3	17/6	17/8/3
Yokogawa	73	71	79	82	83	104	122	141	145	112	126	116	113	137	109	128	101	100	116	148	153	157	163
TOPIX	69	62	59	69	83	91	96	105	97	101	107	113	124	131	113	124	108	100	106	122	121	129	131

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.

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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.

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