

**Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2018  
(Japan GAAP)**

February 6, 2018

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 Executive Officer  
 Name and Position of Person in Charge: Toshitaka Kobayashi, General Manager Investor Relations Department  
 Telephone Number: +81-422-52-6845  
 Planned Quarterly Report Filing Date: February 7, 2018  
 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 three quarters of the year ending March 31, 2018 (April 1-December 31, 2017)

(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		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For first three quarters of year ending March 31, 2018	294,020	6.1	20,544	2.8	20,526	(6.7)	8,663	(49.4)
For first three quarters of year ended March 31, 2017	277,101	(8.0)	19,978	(34.4)	22,007	(30.6)	17,122	(28.7)

(Note) Comprehensive income: For first three quarters of year ending March 31, 2018 18,118 million yen [3.1%]  
 For first three quarters of year ended March 31, 2017 17,570 million yen [(13.7)%]

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
For first three quarters of year ending March 31, 2018	32.42	–
For first three quarters of year ended March 31, 2017	64.11	–

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders’ Equity Ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	439,760	273,134	60.5
As of March 31, 2017	440,695	262,503	58.2

(Reference) Shareholders’ equity: As of December 31, 2017: 265,996 million yen As of March 31, 2017: 256,396 million yen

(Note) For the first two quarters of the fiscal year ending March 31, 2018, a tentative accounting treatment for the merger of businesses was finalized for Soteica Visual Mesa, LLC and 4 other companies. The results of operations on a consolidated basis for the first three quarters of the fiscal year ended March 31, 2017 and the financial conditions on a consolidated basis as of March 31, 2017 have been restated to reflect the revision of the initially allocated acquired costs that was decided upon finalization of the tentative accounting treatment.

2. Dividend status

	Dividends per Share				
	June 30	September 30	December 31	End of Period	Total
	Yen	Yen	Yen	Yen	Yen
For year ended March 31, 2017	–	12.50	–	12.50	25.00
For year ending March 31, 2018	–	15.00	–		
For year ending March 31, 2018 (forecast)				15.00	30.00

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

3. Business forecast for the year ending March 31, 2018 (April 1, 2017-March 31, 2018)

(Percentages show the change from the previous year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	Basic Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	Yen
Full year	400,000	2.2	33,000	4.5	34,000	3.1	20,000 (22.3)	74.84

(Note) Adjustment on consolidated business forecast in this quarter: Yes

<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 shares)
    - For the first three quarters of the year ending March 31, 2018 268,624,510 shares
    - For the year ended March 31, 2017 268,624,510 shares
  - b. Treasury shares at the end of the period
    - For the first three quarters of the year ending March 31, 2018 1,396,507 shares
    - For the year ended March 31, 2017 1,416,623 shares
  - c. Average number of shares in the period (quarterly consolidated accumulated period)
    - For the first three quarters of the year ending March 31, 2018 267,221,815 shares
    - For the first three quarters of the year ended March 31, 2017 267,060,164 shares

Quarterly financial results reports are not required to be subjected to quarterly reviews.

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. For premises underlying the assumptions for business forecasts and cautions concerning the use of business forecasts, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Results (3) Explanation of consolidated business forecast and other expectations" on page 5.

The Company plans to hold a quarterly financial results presentation meeting for institutional investors on February 6, 2018. The Company also plans to promptly post to its website the materials that are used at the meeting.

Attachment  
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## 1. Qualitative Information on Quarterly Consolidated Financial Results

### (1) Explanation of business results

For the first three quarters of the current fiscal year (April 1, 2017 to December 31, 2017), the Yokogawa Group (“the Group”) worked on “expanding orders and sales,” “promoting policies for improving profitability” through improving the production and engineering costs and reducing selling, general and administrative expenses, and “executing strategic investment” aimed at achieving dramatic growth for the future based on the mid-term business plan Transformation 2017 which ends in the current fiscal year.

The Group’s net sales for the first three quarters of the current fiscal year increased by 16.9 billion yen, owing to the effects of foreign exchange rates and sales recovery in foreign subsidiaries. Also, although we recorded 2.7 billion yen in allowance for doubtful accounts for certain notes and accounts receivable - trade whose collection has been delayed, operating income increased 0.5 billion yen due to the impact of increased revenues and yen depreciation. On the other hand, the profit attributable to owners of parent decreased 8.4 billion yen year on year due to the recording of impairment loss including goodwill, etc., despite the recording of extraordinary income primarily from sales of investment securities.

Business results are as follows.

Unit: billion yen

	First three quarters of FY2016	First three quarters of FY2017	Difference	Change
Net Sales	277.101	294.020	16.919	6.1%
Operating Income	19.978	20.544	0.566	2.8%
Ordinary Income	22.007	20.526	(1.481)	(6.7)%
Profit Attributable to Owners of Parent	17.122	8.663	(8.458)	(49.4)%
(Reference) Average rate to 1 U.S. dollar (Yen)	107.64	111.77	4.13	-

Results by individual segment are outlined below.

<Industrial Automation and Control Business>

Unit: billion yen

	First three quarters of FY2016	First three quarters of FY2017	Difference	Change
Net Sales	248.376	263.659	15.282	6.2%
Operating Income	19.215	19.260	0.044	0.2%

Net sales for the industrial automation and control business segment increased 15.2 billion yen year on year due to yen depreciation and a recovery in overseas demand, as well as increased investment in the replacement of plant equipment and increased demand for operation and maintenance services, and our initiatives in solution businesses in Japan. Also, although we recorded an allowance for doubtful accounts for certain notes and accounts receivable - trade whose collection has been delayed, operating income increased due to the impact of increased revenues and yen depreciation.

<Test and Measurement Business>

Unit: billion yen

	First three quarters of FY2016	First three quarters of FY2017	Difference	Change
Net Sales	15.548	16.095	0.547	3.5%
Operating Income	0.954	1.621	0.666	69.9%

In the test and measurement business segment, net sales and operating income increased due mainly to yen depreciation.

<Aviation and Other Businesses>

Unit: billion yen

	First three quarters of FY2016	First three quarters of FY2017	Difference	Change
Net Sales	13.176	14.266	1.089	8.3%
Operating Income	(0.191)	(0.337)	(0.145)	—

In the aviation and other businesses segment, although net sales increased, operating income decreased due to a change in sales composition.

(2) Explanation of financial conditions

In comparison to March 31, 2017, total assets as of December 31, 2017 were down 0.9 billion yen, to 439.7 billion yen, due mainly to decreases in goodwill, etc. owing to the recognition of impairment loss despite increases in notes and accounts receivable - trade, inventories and investment securities. In addition, total liabilities decreased by 11.5 billion yen over the same period, to 166.6 billion yen, due mainly to decreases in short-term loans payable, accounts payable - other and provision for bonuses, despite an increase in advances received. Also during this time period, net assets increased by 10.6 billion yen, to 273.1 billion yen, due mainly to increases in foreign currency translation adjustment and valuation difference on available-for-sale securities. As a result, the shareholders' equity ratio was 60.5%, up 2.3 percentage points from March 31, 2017.

(3) Explanation of consolidated business forecast and other expectations

The consolidated business forecast for the year ending March 31, 2018 has been revised from the full-year consolidated business forecast announced on May 10, 2017 as follows, due mainly to the recording of allowance for doubtful accounts and impairment loss including goodwill.

For the details, please refer to the "Notice Regarding the Recording of Extraordinary Losses (Impairment Loss) and Adjustments to the Consolidated Business Forecast for the Year Ending March 31, 2018" announced today (February 6, 2018).

The Company's net sales and operating income tend to increase in the second and fourth quarters, and this is particularly the case with the industrial automation and control business.

The following compares the full-year consolidated business forecast announced on May 10, 2017 with the revised forecast that is to be announced on February 6, 2018.

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent	Basic Earnings per Share
	Billions of yen	Billions of yen	Billions of yen	Billions of yen	Yen
Previously announced forecast (A)	400.0	36.0	35.5	27.0	101.04
Revised forecast (B)	400.0	33.0	34.0	20.0	74.84
Difference (B) - (A)	—	(3.0)	(1.5)	(7.0)	—
Change (%)	—	(8.3)	(4.2)	(25.9)	—
(Reference) Results for fiscal year ended March 31, 2017	391.4	31.6	33.0	25.8	96.44

(Reference) Consolidated business forecast by segment

<Orders received (full year)>

	Billions of yen		
	Previously announced forecast (May 10)	Revised forecast (February 6)	Change
Industrial automation and control business	360.0	360.0	-
Test and measurement business	22.0	22.0	-
Aviation and other businesses	18.0	18.0	-
Total	400.0	400.0	-

<Net sales (full year)>

	Billions of yen		
	Previously announced forecast (May 10)	Revised forecast (February 6)	Change
Industrial automation and control business	358.0	358.0	-
Test and measurement business	23.5	22.0	down 1.5
Aviation and other businesses	18.5	20.0	up 1.5
Total	400.0	400.0	-

<Operating income (full year)>

	Billions of yen		
	Previously announced forecast (May 10)	Revised forecast (February 6)	Change
Industrial automation and control business	33.0	31.0	down 2.0
Test and measurement business	2.5	2.0	down 0.5
Aviation and other businesses	0.5	0.0	down 0.5
Total	36.0	33.0	down 3.0

<Cautions concerning the use of business forecasts>

As the above business forecast is based on certain assumptions judged by the Company to be reasonable at present, actual business results may differ.

The main factors that may cause changes in the results are as follows.

- Changes in foreign exchange rates, particularly the U.S. dollar, the euro, Asian currencies, and the currencies of the Middle East
- Sudden changes in the price of crude oil
- Sudden changes in the political and economic situation in major markets
- Geopolitical risks by terrorism, etc.
- Changes in the business environment such as revisions to trade regulations
- Dramatic shifts in product supply and demand
- Changes in Japanese share prices
- Protection of the Company's patents and the licensing of patents held by other companies
- M&A and business alliances with other companies for purposes such as product development
- Occurrences of natural disasters such as earthquakes, floods, and tsunamis

2. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	(Reference) End of FY2016 (March 31, 2017)	End of FY2017 3rd quarter (December 31, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	74,746	71,654
Notes and accounts receivable - trade	141,288	151,267
Merchandise and finished goods	11,738	13,406
Work in process	8,218	10,580
Raw materials and supplies	10,773	11,847
Other	19,664	18,057
Allowance for doubtful accounts	(2,622)	(5,861)
Total current assets	263,807	270,953
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,248	46,087
Other, net	31,582	31,161
Total property, plant and equipment	78,830	77,248
Intangible assets		
Software	18,428	18,052
Goodwill	16,461	8,649
Other	13,721	12,067
Total intangible assets	48,611	38,769
Investments and other assets		
Investment securities	41,848	45,383
Other	7,793	7,559
Allowance for doubtful accounts	(194)	(154)
Total investments and other assets	49,446	52,788
Total non-current assets	176,888	168,806
Total assets	440,695	439,760

(Millions of yen)

	(Reference) End of FY2016 (March 31, 2017)	End of FY2017 3rd quarter (December 31, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	31,363	33,301
Short-term loans payable	15,536	1,949
Accounts payable - other	11,340	8,113
Income taxes payable	4,872	4,788
Advances received	31,637	35,528
Provision for bonuses	14,625	10,124
Provision for loss on construction contracts	4,417	4,177
Other	23,116	26,638
Total current liabilities	136,909	124,620
Non-current liabilities		
Long-term loans payable	29,024	28,936
Net defined benefit liability	3,924	4,708
Other	8,331	8,360
Total non-current liabilities	41,281	42,005
<b>Total liabilities</b>	<b>178,191</b>	<b>166,626</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	43,401	43,401
Capital surplus	54,494	54,560
Retained earnings	158,901	160,227
Treasury shares	(1,409)	(1,392)
Total shareholders' equity	255,386	256,796
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,450	13,091
Deferred gains or losses on hedges	2	(39)
Foreign currency translation adjustment	(8,286)	(2,565)
Remeasurements of defined benefit plans	(1,156)	(1,286)
Total accumulated other comprehensive income	1,009	9,199
Non-controlling interests	6,107	7,137
<b>Total net assets</b>	<b>262,503</b>	<b>273,134</b>
<b>Total liabilities and net assets</b>	<b>440,695</b>	<b>439,760</b>



(2) Consolidated quarterly statements of income and statements of comprehensive income  
Consolidated quarterly statements of income for the first three quarters of FY2017

(Millions of yen)

	(Reference) First three quarters of FY2016 (April 1-December 31, 2016)	First three quarters of FY2017 (April 1-December 31, 2017)
Net sales	277,101	294,020
Cost of sales	156,037	166,203
Gross profit	121,063	127,817
Selling, general and administrative expenses	101,085	107,272
Operating income	19,978	20,544
Non-operating income		
Interest income	360	406
Dividend income	584	676
Foreign exchange gains	891	–
Share of profit of entities accounted for using equity method	613	619
Other	839	748
Total non-operating income	3,289	2,451
Non-operating expenses		
Interest expenses	384	235
Foreign exchange losses	–	1,200
Other	876	1,033
Total non-operating expenses	1,260	2,469
Ordinary income	22,007	20,526
Extraordinary income		
Gain on sales of non-current assets	18	2,058
Gain on sales of investment securities	1,727	3,615
Gain on step acquisitions	648	–
Total extraordinary income	2,394	5,674
Extraordinary losses		
Loss on sales of non-current assets	5	4
Loss on retirement of non-current assets	184	130
Loss on sales of investment securities	0	39
Loss on valuation of investment securities	–	64
Impairment loss	–	* 9,134
Total extraordinary losses	190	9,374
Profit before income taxes	24,212	16,826
Income taxes - current	6,099	7,146
Income taxes - deferred	375	(71)
Total income taxes	6,475	7,075
Profit	17,736	9,750
Profit attributable to non-controlling interests	614	1,087
Profit attributable to owners of parent	17,122	8,663

Consolidated quarterly statements of comprehensive income for the first three quarters of FY2017

(Millions of yen)

	(Reference) First three quarters of FY2016 (April 1-December 31, 2016)	First three quarters of FY2017 (April 1-December 31, 2017)
Profit	17,736	9,750
Other comprehensive income		
Valuation difference on available-for-sale securities	1,302	2,624
Deferred gains or losses on hedges	165	(42)
Foreign currency translation adjustment	(1,562)	5,852
Remeasurements of defined benefit plans, net of tax	(46)	(62)
Share of other comprehensive income of entities accounted for using equity method	(25)	(4)
Total other comprehensive income	(166)	8,367
Comprehensive income	17,570	18,118
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,044	16,853
Comprehensive income attributable to non-controlling interests	525	1,264

(3) Notes on Consolidated Quarterly Financial Statements

Notes for going concern  
Not applicable

Consolidated quarterly statements of income

\* Impairment loss

First three quarters of fiscal year 2016 (from April 1, 2016 to December 31, 2016)

Not applicable

First three quarters of fiscal year 2017 (from April 1, 2017 to December 31, 2017)

An impairment loss was recorded for the following asset groups during the first three quarters of fiscal year 2017.

Millions of yen

Location	Use	Category	Impairment loss
United Kingdom	Business assets	Goodwill	7,245
United States and Canada	Business assets	Machinery and equipment	49
		Software	98
		Goodwill	1,122
		Other intangible assets	453
Shinagawa-ku, Tokyo	Assets planned to be sold	Land	164
		Total	9,134

The Group's business assets are grouped based on management accounting classification. Furthermore, assets planned to be sold are grouped as individual properties.

The book values of business assets mainly with respect to the goodwill arising at the time of acquisition of shares of the U.K. based consolidated subsidiary, KBC Advanced Technologies Limited and the U.S. based consolidated subsidiary, Industrial Evolution, Inc. were reduced to their respective recoverable amounts and the amount of said reductions have been recorded as impairment losses on account of the business results of these companies falling below the initially forecasted business plans due to the impact of changes in the business environments surrounding each company.

Furthermore, following the Company's decision regarding a sales policy for assets planned to be sold, the Company has reduced the book value of assets planned to be sold to a recoverable amount and has recorded the amount of said reduction under impairment loss.

Business assets and assets planned to be sold are measured at their net realizable values.

Notes if there is a remarkable change in the amount of shareholders' equity

Not applicable

Segment information

Segment sales and profits (losses)

Millions of yen

		(Reference) First three quarters of FY2016 (April 1-December 31, 2016)	First three quarters of FY2017 (April 1-December 31, 2017)	Change
Industrial automation and control business	Net sales to unaffiliated customers	248,376	263,659	15,282
	Operating income (loss)	19,215	19,260	44
Test and measurement business	Net sales to unaffiliated customers	15,548	16,095	547
	Operating income (loss)	954	1,621	666
Aviation and other businesses	Net sales to unaffiliated customers	13,176	14,266	1,089
	Operating income (loss)	(191)	(337)	(145)
Consolidated	Net sales to unaffiliated customers	277,101	294,020	16,919
	Operating income (loss)	19,978	20,544	566

[Reference]

Sales by geographical location

Millions of yen

	(Reference) First three quarters of FY2016 (April 1-December 31, 2016)		First three quarters of FY2017 (April 1-December 31, 2017)		Change
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount
Japan	85,498	30.9	89,543	30.4	4,044
Outside Japan	191,602	69.1	204,476	69.6	12,874
Asia	71,358	25.7	82,791	28.2	11,432
Europe	22,301	8.0	23,045	7.8	743
North America	24,705	8.9	22,887	7.8	(1,818)
Middle East	32,576	11.8	34,033	11.6	1,457
Other	40,660	14.7	41,718	14.2	1,058
Consolidated net sales	277,101	100.0	294,020	100.0	16,919

(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       Netherlands, France, United Kingdom, Germany, etc.
- (3) North America   United States, Canada, etc.
- (4) Middle East   Bahrain, Saudi Arabia, etc.
- (5) Other         Russia, Brazil, Australia, etc.

[Reference]

February 6, 2018  
Yokogawa Electric Corporation

### Consolidated Financial Statements for the First Three Quarters of FY2017

Millions of yen

	First three quarters of FY2016		First three quarters of FY2017		Change	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net Sales	277,101	–	294,020	–	16,919	–
Operating Income	19,978	7.2%	20,544	7.0%	566	(0.2)%
Ordinary Income	22,007	7.9%	20,526	7.0%	(1,481)	(0.9)%
Profit Attributable to Owners of Parent	17,122	6.2%	8,663	2.9%	(8,458)	(3.3)%
Total Assets		448,385		439,760		(8,625)
Net Assets		257,757		273,134		15,376
Return on Equity		7.0%		3.3%		(3.7)%
Basic Earnings per Share		64.11 yen		32.42 yen		(31.69) yen
Capital Investment		8,746		8,179		(567)
Depreciation		13,571		13,938		367
Research and Development Expenses		19,856		19,836		(19)
Average Exchange Rate during the Period (USD)		107.64 yen		111.77 yen		4.13 yen

#### Consolidated orders by segment

Millions of yen

	First three quarters of FY2016	First three quarters of FY2017	FY2017 full year (forecast)
Industrial automation and control business	248,918	263,676	360,000
Test and measurement business	16,530	16,924	22,000
Aviation and other businesses	11,304	12,401	18,000
Total	276,753	293,002	400,000

#### Consolidated sales by segment

Millions of yen

	First three quarters of FY2016	First three quarters of FY2017	FY2017 full year (forecast)
Industrial automation and control business	248,376	263,659	358,000
Test and measurement business	15,548	16,095	22,000
Aviation and other businesses	13,176	14,266	20,000
Total	277,101	294,020	400,000

#### Consolidated operating income by segment

Millions of yen

	First three quarters of FY2016	First three quarters of FY2017	FY2017 full year (forecast)
Industrial automation and control business	19,215	19,260	31,000
Test and measurement business	954	1,621	2,000
Aviation and other businesses	(191)	(337)	0
Total	19,978	20,544	33,000