

**Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2019  
(Japan GAAP)**

August 7, 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: Hirohiko Nakatani, Department Manager of Treasury & IR Department  
 Telephone Number: +81-422-52-6845  
 Planned Quarterly Report Filing Date: August 8, 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 quarter of the year ending March 31, 2019 (April 1-June 30, 2018)

(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 quarter of year ending March 31, 2019	88,945	3.3	4,780	89.1	5,610	93.5	3,370	2.2
For first quarter of year ended March 31, 2018	86,125	(4.2)	2,527	(49.5)	2,899	(46.4)	3,299	8.3

(Note) Comprehensive income: For first quarter of year ending March 31, 2019 3,820 million yen [(36.7)%]  
 For first quarter of year ended March 31, 2018 6,038 million yen [–%]

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
For first quarter of year ending March 31, 2019	12.61	–
For first quarter of year ended March 31, 2018	12.35	–

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders’ Equity Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	443,393	278,262	61.2
As of March 31, 2018	444,617	278,704	61.2

(Reference) Shareholders’ equity: As of June 30, 2018: 271,343 million yen As of March 31, 2018: 271,907 million yen

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, 2018	–	15.00	–	15.00	30.00
For year ending March 31, 2019	–				
For year ending March 31, 2019 (forecast)		15.00	–	15.00	30.00

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

3. Business forecast for the year ending March 31, 2019 (April 1, 2018-March 31, 2019)

(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	405,000	(0.4)	33,000	0.9	32,000	(4.0)	21,500	0.2	80.46	

(Note) Adjustment on consolidated business forecast in this quarter: No

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.

<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: | Yes |
| 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 quarter of the year ending March 31, 2019                               | 268,624,510 shares |
| For the year ended March 31, 2018   | 268,624,510 shares |
| b. Treasury shares at the end of the period   |                    |
| For the first quarter of the year ending March 31, 2019                               | 1,397,796 shares   |
| For the year ended March 31, 2018   | 1,397,149 shares   |
| c. Average number of shares in the period (quarterly consolidated accumulated period) |                    |
| For the first quarter of the year ending March 31, 2019                               | 267,226,924 shares |
| For the first quarter of the year ended March 31, 2018                                | 267,207,624 shares |

Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.

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 via telephone conference on August 7, 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 quarter of the current fiscal year (April 1, 2018 to June 30, 2018), the Yokogawa Group (“the Group”) implemented the three basic strategies of “transformation of existing businesses,” “creation of new businesses and transformation of the company’s business model,” and “improvement of productivity through Group-wide optimization” and began working on “establishing a foundation for growth” and “creating opportunity for growth” while utilizing digital technology, in accordance with the mid-term business plan Transformation 2020, which commenced in the current fiscal year.

In terms of the Group’s business performance during the first quarter, the industrial automation and control business was firm, which led to both increased revenue and profit year on year. Net sales were robust, particularly overseas, increasing 2.8 billion yen year on year. Operating income was up 2.2 billion yen year on year on account of increased revenues and improvements in the gross profit margin ratio. In addition, profit attributable to owners of parent was roughly at the same level year on year owing to the recording of extraordinary income of 2.4 billion yen in the same period of the previous fiscal year.

Business results are as follows.

	Unit: billion yen			
	First quarter of FY2017	First quarter of FY2018	Difference	Change
Net Sales	86.125	88.945	2.820	3.3%
Operating Income	2.527	4.780	2.252	89.1%
Ordinary Income	2.899	5.610	2.711	93.5%
Profit Attributable to Owners of Parent	3.299	3.370	0.071	2.2%
(Reference) Average rate to 1 U.S. dollar (Yen)	111.42	109.53	(1.89)	–

Results by individual segment are outlined below.

#### <Industrial Automation and Control Business>

	Unit: billion yen			
	First quarter of FY2017	First quarter of FY2018	Difference	Change
Net Sales	77.525	80.684	3.158	4.1%
Operating Income	2.422	5.127	2.705	111.7%

Net sales for the industrial automation and control business segment increased 3.1 billion yen year on year due to robust operating performance arising from the replacement of plant equipment, improved efficiency of operations, increased demand for operation and maintenance services, our initiatives in solution businesses, among other activities. Operating income rose 2.7 billion yen year on year due to the rise in net sales and the improvements in the gross profit margin ratio.

<Test and Measurement Business>

Unit: billion yen

	First quarter of FY2017	First quarter of FY2018	Difference	Change
Net Sales	4.901	4.845	(0.055)	(1.1)%
Operating Income	0.283	0.358	0.074	26.4%

In the test and measurement business segment, net sales and operating income were nearly unchanged from the same period in the previous fiscal year.

<Aviation and Other Businesses>

Unit: billion yen

	First quarter of FY2017	First quarter of FY2018	Difference	Change
Net Sales	3.698	3.416	(0.282)	(7.6)%
Operating Income	(0.178)	(0.705)	(0.526)	—

In the aviation and other businesses segment, amid a market environment that still continues to be challenging, declined revenues and deterioration in the gross profit margin ratio resulted in falls in both net sales and operating income compared with the same period in the previous fiscal year.

(2) Explanation of financial conditions

In comparison to March 31, 2018, total assets as of June 30, 2018 were down 1.2 billion yen to 443.3 billion yen, due mainly to a decrease in notes and accounts receivable – trade, despite increases in cash and deposits, and inventories. In addition, total liabilities decreased by 0.7 billion yen over the same period to 165.1 billion yen, due mainly to decreases in notes and accounts payable – trade, and provision for bonuses, despite increases in accounts payable – other and advances received. Also during this time period, net assets decreased by 0.4 billion yen to 278.2 billion yen, due mainly to a decrease in valuation difference on available-for-sale securities. As a result, the shareholders' equity ratio was 61.2%, nearly the same ratio as March 31, 2018.

(3) Explanation of consolidated business forecast and other expectations

No changes have been made to the consolidated business forecast for the fiscal year ending March 31, 2019, which was announced on May 8, 2018. The operating results forecast assumes a foreign exchange rate of 1 USD = 105 yen.

Please refer to page 12 for the current consolidated business forecast by segment.

<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 in Middle East and East Asia, 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 FY2017 (March 31, 2018)	End of FY2018 1st quarter (June 30, 2018)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	78,264	85,394
Notes and accounts receivable - trade	153,646	141,945
Merchandise and finished goods	12,475	14,864
Work in process	8,573	11,357
Raw materials and supplies	11,206	11,864
Other	15,706	15,759
Allowance for doubtful accounts	(3,534)	(3,450)
<b>Total current assets</b>	<b>276,337</b>	<b>277,735</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	45,730	45,714
Other, net	31,000	30,127
<b>Total property, plant and equipment</b>	<b>76,731</b>	<b>75,841</b>
<b>Intangible assets</b>		
Software	17,780	17,717
Goodwill	7,246	6,951
Other	12,765	11,539
<b>Total intangible assets</b>	<b>37,791</b>	<b>36,209</b>
<b>Investments and other assets</b>		
Investment securities	43,692	43,454
Other	12,802	12,994
Allowance for doubtful accounts	(2,737)	(2,841)
<b>Total investments and other assets</b>	<b>53,757</b>	<b>53,606</b>
<b>Total non-current assets</b>	<b>168,280</b>	<b>165,657</b>
<b>Total assets</b>	<b>444,617</b>	<b>443,393</b>

Millions of yen

	(Reference) End of FY2017 (March 31, 2018)	End of FY2018 1st quarter (June 30, 2018)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	25,466	21,665
Electronically recorded obligations - operating	10,569	12,217
Short-term loans payable	1,539	1,523
Accounts payable - other	12,058	16,176
Income taxes payable	4,947	4,347
Advances received	32,173	36,340
Provision for bonuses	14,791	7,961
Provision for loss on construction contracts	5,881	6,145
Other	21,695	21,790
<b>Total current liabilities</b>	<b>129,124</b>	<b>128,168</b>
<b>Non-current liabilities</b>		
Long-term loans payable	28,936	28,848
Net defined benefit liability	3,586	3,892
Other	4,265	4,220
<b>Total non-current liabilities</b>	<b>36,789</b>	<b>36,962</b>
<b>Total liabilities</b>	<b>165,913</b>	<b>165,130</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	43,401	43,401
Capital surplus	54,560	54,560
Retained earnings	173,034	172,396
Treasury shares	(1,393)	(1,394)
<b>Total shareholders' equity</b>	<b>269,602</b>	<b>268,963</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11,873	11,614
Deferred gains or losses on hedges	(29)	76
Foreign currency translation adjustment	(8,426)	(8,133)
Remeasurements of defined benefit plans	(1,112)	(1,177)
<b>Total accumulated other comprehensive income</b>	<b>2,305</b>	<b>2,380</b>
<b>Non-controlling interests</b>	<b>6,796</b>	<b>6,918</b>
<b>Total net assets</b>	<b>278,704</b>	<b>278,262</b>
<b>Total liabilities and net assets</b>	<b>444,617</b>	<b>443,393</b>

(2) Consolidated quarterly statements of income and statements of comprehensive income  
Consolidated quarterly statements of income for the first quarter of FY2018

Millions of yen

	(Reference) First quarter of FY2017 (April 1-June 30, 2017)	First quarter of FY2018 (April 1-June 30, 2018)
Net sales	86,125	88,945
Cost of sales	49,210	50,535
Gross profit	36,914	38,410
Selling, general and administrative expenses	34,387	33,630
Operating income	2,527	4,780
Non-operating income		
Interest income	154	131
Dividend income	317	295
Share of profit of entities accounted for using equity method	292	184
Foreign exchange gains	–	95
Other	306	385
Total non-operating income	1,070	1,093
Non-operating expenses		
Interest expenses	94	58
Foreign exchange losses	149	–
Other	453	204
Total non-operating expenses	698	262
Ordinary income	2,899	5,610
Extraordinary income		
Gain on sales of non-current assets	1,845	1
Gain on sales of investment securities	595	428
Total extraordinary income	2,441	430
Extraordinary losses		
Loss on sales of non-current assets	1	1
Loss on retirement of non-current assets	10	30
Loss on sales of investment securities	35	–
Loss on valuation of investment securities	64	–
Total extraordinary losses	112	31
Profit before income taxes	5,228	6,009
Income taxes - current	2,048	2,436
Income taxes - deferred	(416)	(210)
Total income taxes	1,631	2,225
Profit	3,597	3,783
Profit attributable to non-controlling interests	297	413
Profit attributable to owners of parent	3,299	3,370



Consolidated quarterly statements of comprehensive income for the first quarter of FY2018

	Millions of yen	
	(Reference) First quarter of FY2017 (April 1-June 30, 2017)	First quarter of FY2018 (April 1-June 30, 2018)
Profit	3,597	3,783
Other comprehensive income		
Valuation difference on available-for-sale securities	1,173	(260)
Deferred gains or losses on hedges	(144)	105
Foreign currency translation adjustment	1,492	262
Remeasurements of defined benefit plans, net of tax	(32)	(64)
Share of other comprehensive income of entities accounted for using equity method	(48)	(6)
Total other comprehensive income	2,441	36
Comprehensive income	6,038	3,820
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,758	3,445
Comprehensive income attributable to non-controlling interests	279	374

(3) Notes on consolidated quarterly financial statements

Notes for going concern

Not applicable

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

Not applicable

Changes in accounting policies

The consolidated subsidiaries outside Japan have adopted IFRS 15 (Revenue from Contracts with Customers) from the first quarter of the fiscal year ending March 31, 2019. The impact of the application of IFRS 15 on the consolidated quarterly financial statements is insignificant.

Additional information

Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidances

The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. Accordingly, deferred tax assets were presented under "Investments and other assets" and deferred tax liabilities were presented under "Non-current liabilities."

Segment information

Segment sales and profits (losses)

Millions of yen

		(Reference) First quarter of FY2017 (April 1-June 30, 2017)	First quarter of FY2018 (April 1-June 30, 2018)	Change
Industrial automation and control	Net sales to unaffiliated customers	77,525	80,684	3,158
	Operating income (loss)	2,422	5,127	2,705
Test and measurement	Net sales to unaffiliated customers	4,901	4,845	(55)
	Operating income (loss)	283	358	74
Aviation and other	Net sales to unaffiliated customers	3,698	3,416	(282)
	Operating income (loss)	(178)	(705)	(526)
Consolidated	Net sales to unaffiliated customers	86,125	88,945	2,820
	Operating income (loss)	2,527	4,780	2,252

[Reference]

Sales by geographical location

Millions of yen

	(Reference) First quarter of FY2017 (April 1-June 30, 2017)		First quarter of FY2018 (April 1-June 30, 2018)		Change
	Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount
Japan	24,176	28.1	25,768	29.0	1,592
Outside Japan	61,948	71.9	63,177	71.0	1,228
Asia	25,495	29.6	26,404	29.7	909
Europe	5,877	6.8	7,283	8.2	1,405
North America	7,638	8.9	7,702	8.6	64
Middle East	10,197	11.8	9,497	10.7	(699)
Other	12,740	14.8	12,289	13.8	(451)
Consolidated net sales	86,125	100.0	88,945	100.0	2,820

(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]

August 7, 2018  
Yokogawa Electric Corporation

### Consolidated Financial Statements for the First Quarter of FY2018

Millions of yen

	First quarter of FY2017		First quarter of FY2018		Change	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net Sales	86,125	–	88,945	–	2,820	–
Operating Income	2,527	2.9%	4,780	5.4%	2,252	2.5%
Ordinary Income	2,899	3.4%	5,610	6.3%	2,711	2.9%
Profit Attributable to Owners of Parent	3,299	3.8%	3,370	3.8%	71	(0.0)%
Total Assets	441,817		443,393		1,575	
Net Assets	265,130		278,262		13,132	
Return on Equity	1.3%		1.2%		(0.0)%	
Basic Earnings per Share	12.35 yen		12.61 yen		0.26 yen	
Capital Investment	1,908		2,167		258	
Depreciation	4,414		4,273		(141)	
Research and Development Expenses	6,440		6,247		(192)	
Average Exchange Rate during the Period (USD)	111.42 yen		109.53 yen		(1.89) yen	

#### Consolidated orders by segment

Millions of yen

	First quarter of FY2017	First quarter of FY2018	FY2018 full year (forecast)
Industrial automation and control business	87,185	91,185	367,000
Test and measurement business	5,493	5,785	23,000
Aviation and other businesses	3,955	5,064	20,000
Total	96,634	102,034	410,000

#### Consolidated sales by segment

Millions of yen

	First quarter of FY2017	First quarter of FY2018	FY2018 full year (forecast)
Industrial automation and control business	77,525	80,684	361,000
Test and measurement business	4,901	4,845	23,000
Aviation and other businesses	3,698	3,416	21,000
Total	86,125	88,945	405,000

#### Consolidated operating income by segment

Millions of yen

	First quarter of FY2017	First quarter of FY2018	FY2018 full year (forecast)
Industrial automation and control business	2,422	5,127	30,500
Test and measurement business	283	358	2,000
Aviation and other businesses	(178)	(705)	500
Total	2,527	4,780	33,000