

**Securities Code: 6841  
Yokogawa Electric Corporation**

**Financial Results for  
the First Three Quarters of Fiscal Year  
2021**

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# Financial Results for the First Three Quarters of Fiscal Year 2021

(October 1, 2021 – December 31, 2021)

# Key Points

## ■ FY21 3Q results: Sales were up, but operating income declined.

- **Summary:** Orders increased year on year. Sales were up due to the impact of fluctuations in exchange rates. Operating income decreased due to a decrease in government subsidies and an increase in new business and DX-related investment. Profit attributable to owners of parent decreased due to the decrease in operating income and the recording of an extraordinary loss.

### - Segments

**Control:** Sales were up, but operating income declined. (Excluding impact of exchange rates, orders increased 14.2%, sales declined 1.0%, and operating income declined 14.7% year on year.)

**Measuring instruments:** Sales and operating income were up.

**Aviation and other:** Sales were up, but operating income declined.

- **Regions:** Orders were firm mainly in Japan and China. Won large orders in the formerly stagnant Middle East and Africa markets.

- **Industries:** Sales were strong in the downstream sector and the chemicals industry. In the 3rd quarter, upstream showed signs of recovery.

## ■ FY21 earnings forecasts: <Change>

- Factors:**
1. Revised exchange rate (US\$1: ¥107.5 ➔ ¥111.0)
  2. Orders revised upward based on 1Q-3Q results and outlook

## ■ FY21 dividend forecast: Total annual dividend of ¥34 <No change>

From the first quarter, as a result of revising the Group's internal management classification, the life innovation business that was previously included in the test and measurement business segment has been reclassified into the industrial automation and control business segment. In addition, the name of the reportable segment previously known as the test and measurement business has been changed to the measuring instruments business.

Moreover, segment information for the third quarter of the previous fiscal year has been presented based on the changed classification.

# Summary of FY21 1Q-3Q Results (1Q-3Q Year on Year comparison)

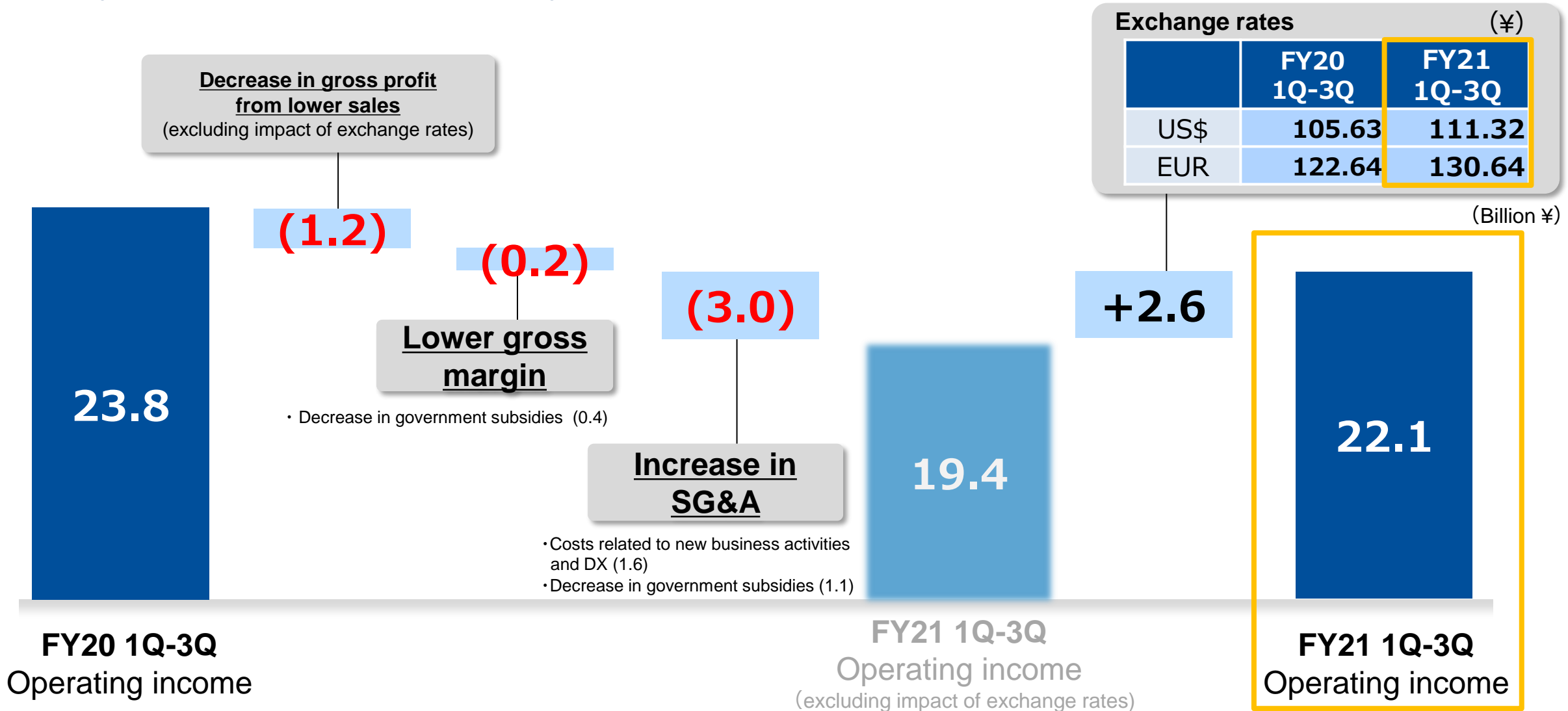
- ◆ Orders increased (excluding impact of exchange rates: +13.5% year on year).
- ◆ Sales increased due to the impact of fluctuations in exchange rates (excluding impact of exchange rates: -1.0% year on year).
- ◆ Operating income decreased due to a decrease in government subsidies and an increase in new business and DX-related investment (excluding impact of exchange rates: -18.1% year on year).

(Billion ¥)

		FY20 1Q-3Q	FY21 1Q-3Q	Difference	Growth rate	Impact of exchange rate
Orders		255.1	304.5	+49.4	+19.3%	+15.0
Sales		269.7	280.8	+11.1	+4.1%	+13.8
Operating income		23.8	22.1	(1.7)	(7.1%)	+2.6
ROS (%)		8.8	7.9	(1.0pt)	—	—
Ordinary income		25.2	24.3	(0.9)	(3.6%)	+2.9
Profit attributable to owners of parent		16.7	14.2	(2.5)	(14.9%)	+2.5
Exchange rate	USD1\$=	¥105.63	¥111.32	+5.69	—	—

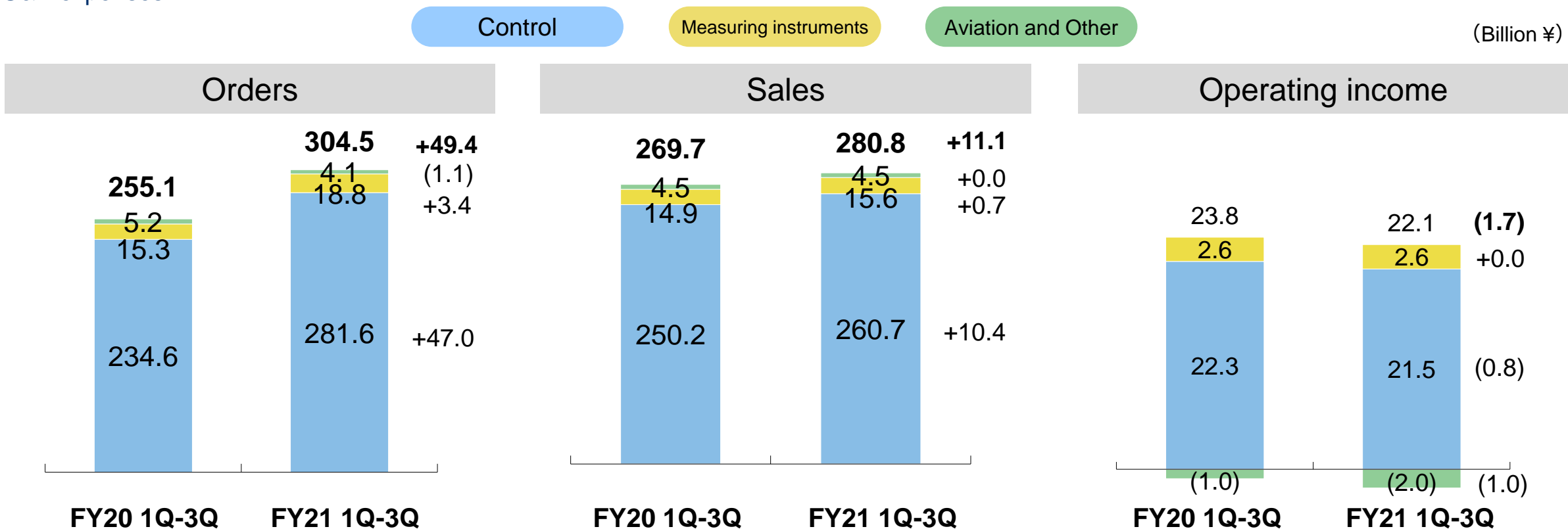
# Analysis of Operating Income (1Q-3Q Year on Year comparison)

◆ Operating income decreased due to a decrease in government subsidies and an increase in new business and DX-related investment.



# Comparison for Orders, Sales, and Operating Income by Segment

- ◆ **Control:** Orders were firm. Sales increased due to the impact of fluctuations in exchange rates. (Excluding impact of exchange rates, orders increased 14.2%, sales declined 1.0% year on year.) Operating income decreased due to a decrease in government subsidies and an increase in SG&A expenses (excluding impact of exchange rates: -¥3.3 billion, -14.7% year on year).
- ◆ **Measuring instruments:** Sales were up due to the impact of fluctuations in exchange rates. Operating income was at the same level as the previous fiscal year.
- ◆ **Aviation and other:** Sales were at the same level as the previous fiscal year. Operating income decreased due to an increase in new businesses' SG&A expenses.



\*The FY20 figures have been changed based on the new segmentation.

# Orders and Sales by Region in Control Segment

- ◆ Orders were firm mainly in Japan and China. Won large orders in the formerly stagnant Middle East and Africa markets.
- ◆ Orders: +¥33.3 billion, +14.2% (excluding impact of exchange rates); sales: -¥2.4 billion, -1.0% (excluding impact of exchange rates)

(Billion ¥)

Orders	FY20 1Q-3Q (A)	FY21 1Q-3Q (B)	Difference (B-A)
Japan	76.3	82.7	+6.4
Asia	78.0	99.3	+21.3
(South-eastern Asia and Far East)	38.3	43.3	+5.0
(China)	31.3	45.0	+13.7
(India)	8.4	11.0	+2.6
Europe and CIS	27.4	32.6	+5.2
Middle East and Africa	29.3	37.0	+7.7
North America	14.7	21.4	+6.7
Central and South America	9.0	8.5	(0.5)
<b>Outside Japan</b>	<b>158.4</b>	<b>198.8</b>	<b>+40.4</b>
<b>Consolidated</b>	<b>234.6</b>	<b>281.6</b>	<b>+47.0</b>
Exchange rate USD1\$ =	¥105.63	¥111.32	¥5.69

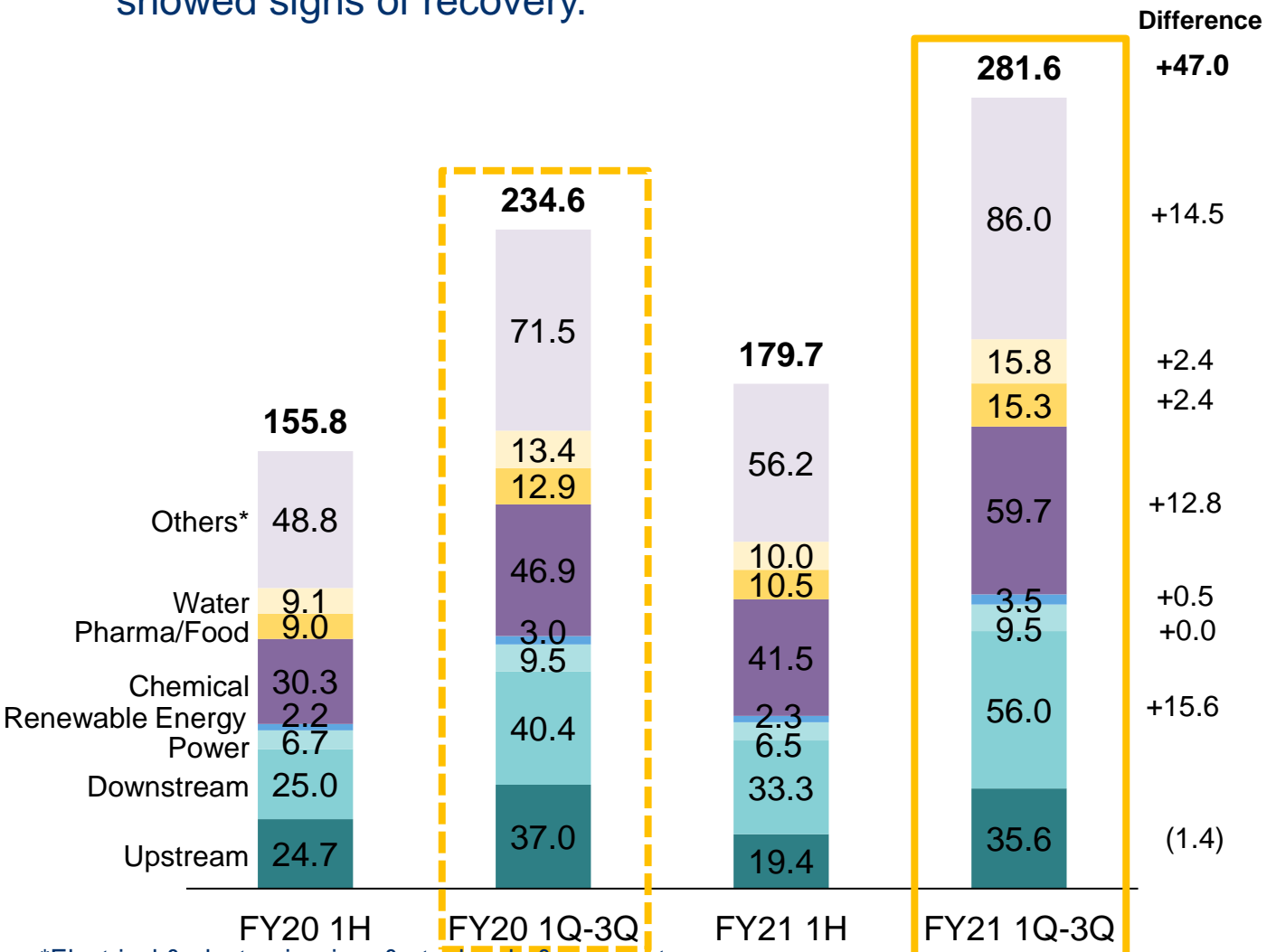
Sales	FY20 1Q-3Q (A)	FY21 1Q-3Q (B)	Difference (B-A)
Japan	75.4	76.0	+0.6
Asia	83.3	94.7	+11.4
(South-eastern Asia and Far East)	42.5	43.6	+1.1
(China)	32.7	41.6	+8.9
(India)	8.1	9.5	+1.4
Europe and CIS	30.6	32.5	+1.9
Middle East and Africa	30.5	27.7	(2.8)
North America	24.1	21.7	(2.4)
Central and South America	6.3	8.1	+1.8
<b>Outside Japan</b>	<b>174.8</b>	<b>184.7</b>	<b>+9.9</b>
<b>Consolidated</b>	<b>250.2</b>	<b>260.7</b>	<b>+10.4</b>
Exchange rate USD1\$ =	¥105.63	¥111.32	¥5.69

\*The FY20 figures have been changed based on the new segmentation.

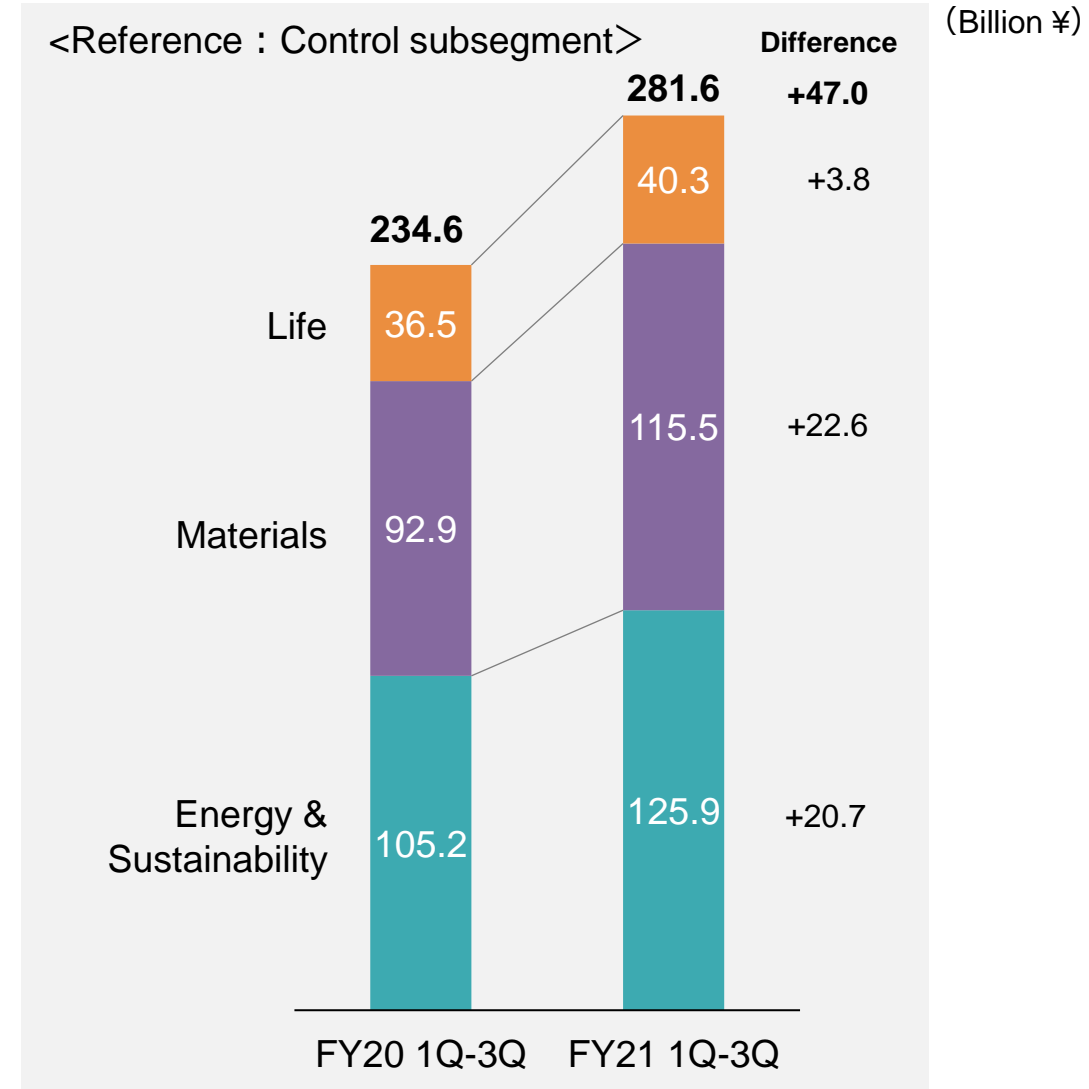


# Orders by Industry in Control Segment

- Sales were strong in the downstream sector and the chemicals industry. In the 3rd quarter, the upstream sector showed signs of recovery.



\*Electrical & electronics, iron & steel, pulp & paper, etc.



\*The FY20 figures have been changed based on the new segmentation.

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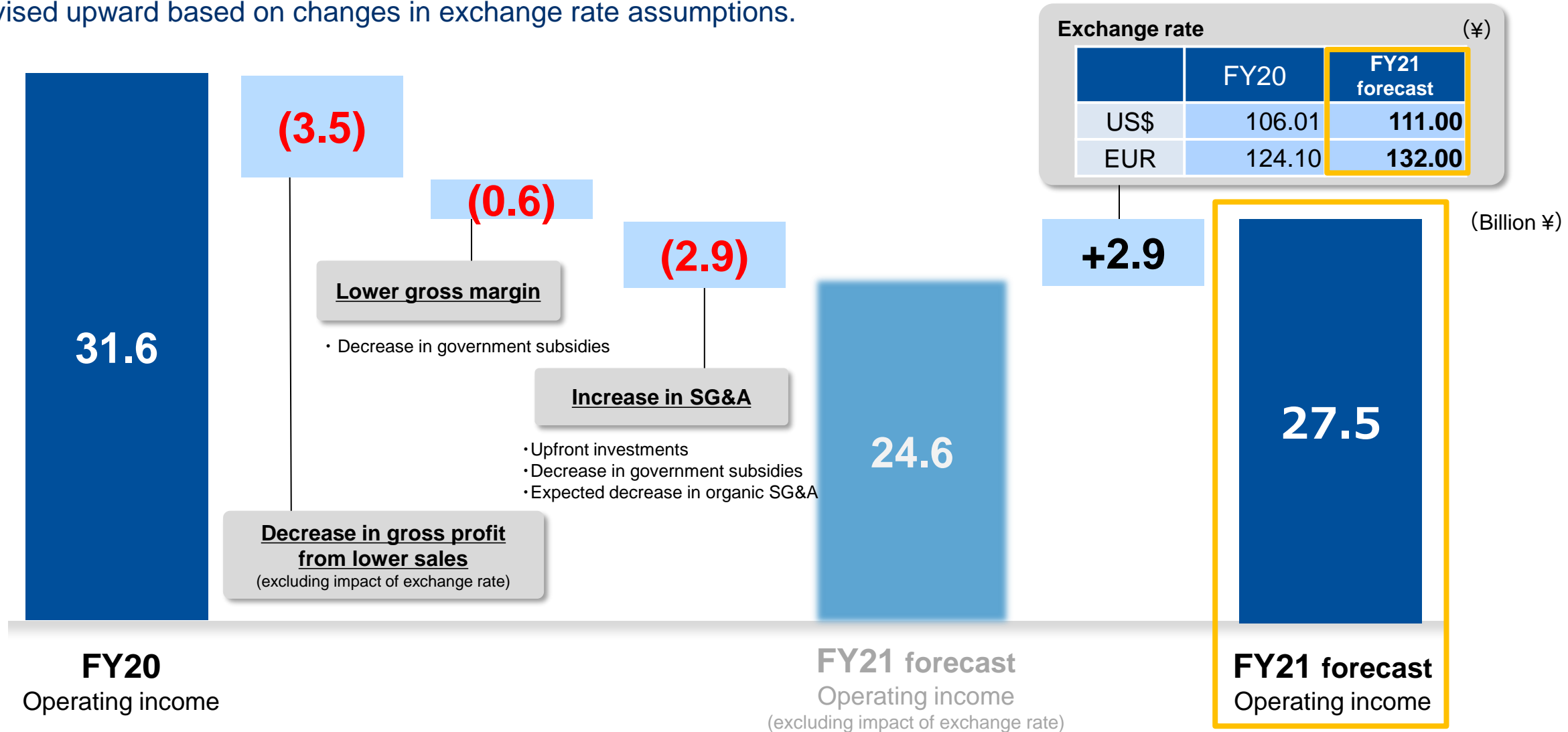
# FY21 Forecast (Change from November 2, 2021)

- ◆ Orders have been revised upward by ¥15.0 billion based on changes in exchange rate assumptions and based on 1Q-3Q results and outlook (impact of exchange rates: +¥7.0 billion).
- ◆ Sales and operating income have been revised upward based on changes in exchange rate assumptions (impact of exchange rates: sales +¥7.0 billion, operating income +¥1.5 billion).

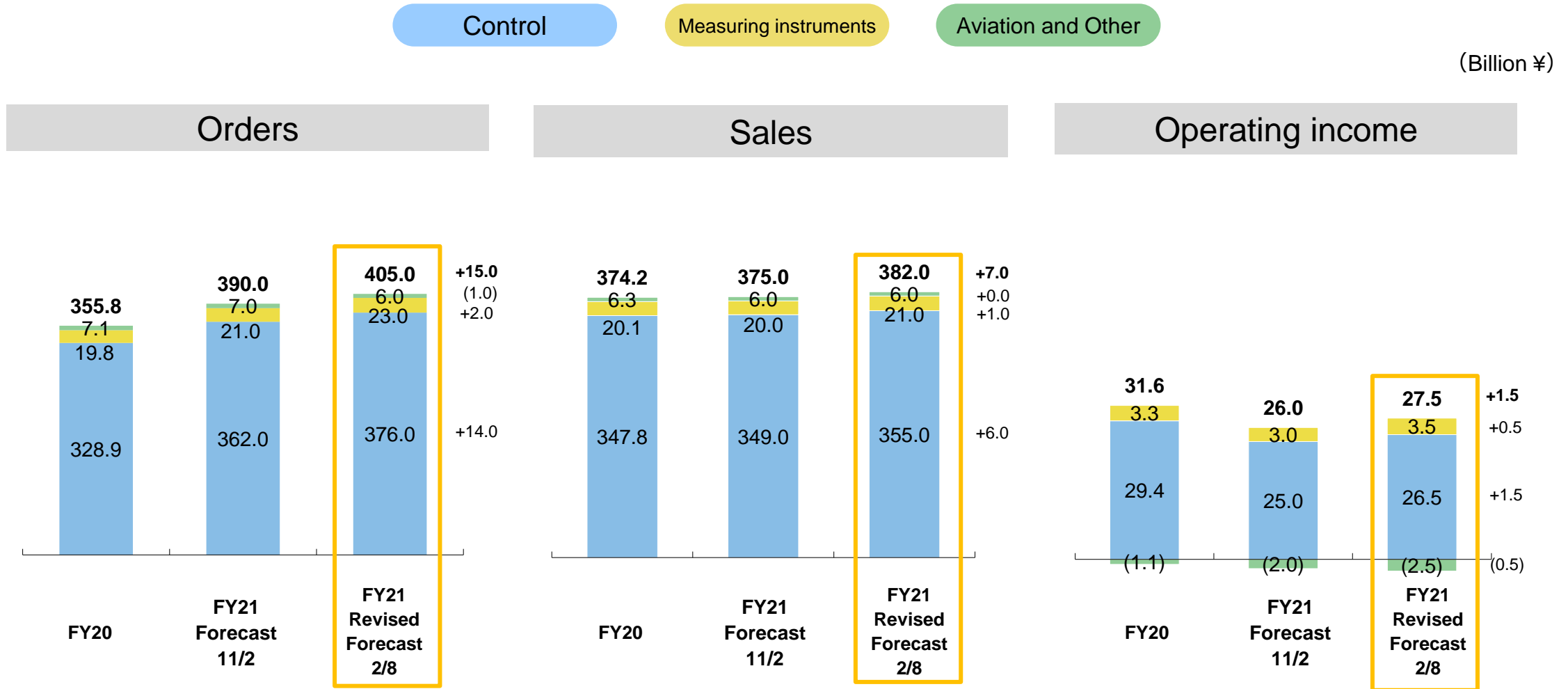
		(Billion ¥)					
		FY20 (A)	FY21 Forecast 11/2 (C)	FY21 Forecast 2/8 (D)	Forecast Difference (D-C)	Year on Year Difference (D-A)	Growth rate (D/A-1)
Orders		355.8	390.0	<b>405.0</b>	+15.0	+49.2	+13.8%
Sales		374.2	375.0	<b>382.0</b>	+7.0	+7.8	+2.1%
Operating income		31.6	26.0	<b>27.5</b>	+1.5	(4.1)	(13.0%)
ROS (%)		8.4	6.9	<b>7.2</b>	+0.3pts	(1.2pts)	—
Ordinary income		34.1	26.0	<b>28.5</b>	+2.5	(5.6)	(16.4%)
Profit before income taxes		31.5	25.0	<b>26.5</b>	+1.5	(5.0)	(15.9%)
Tax, etc.		12.3	9.0	<b>10.0</b>	+1.0	(2.3)	(18.7%)
Profit attributable to owners of parent		19.2	16.0	<b>16.5</b>	+0.5	(2.7)	(14.2%)
EPS (¥)		72.00	59.94	<b>61.81</b>	+1.87	(10.19)	(14.2%)
Exchange rate	USD1\$ =	¥106.01	¥107.50	<b>¥111.00</b>	¥3.50	¥4.99	—

# Analysis of Operating Income Forecast (Change from November 2, 2021)

◆ Revised upward based on changes in exchange rate assumptions.



# FY21 Forecast for Orders, Sales, and Operating Income by Segment (Change from November 2, 2021)



\*The FY20 figures have been changed based on the new segmentation from FY21.

Impact of changes to business segmentation (Measurement → Control): Orders +¥5.9 billion, sales +¥5.7 billion, operating income -¥2.1 billion

# FY21 Forecast for Control Orders and Sales by Region (Change from November 2, 2021)

(Billion ¥)

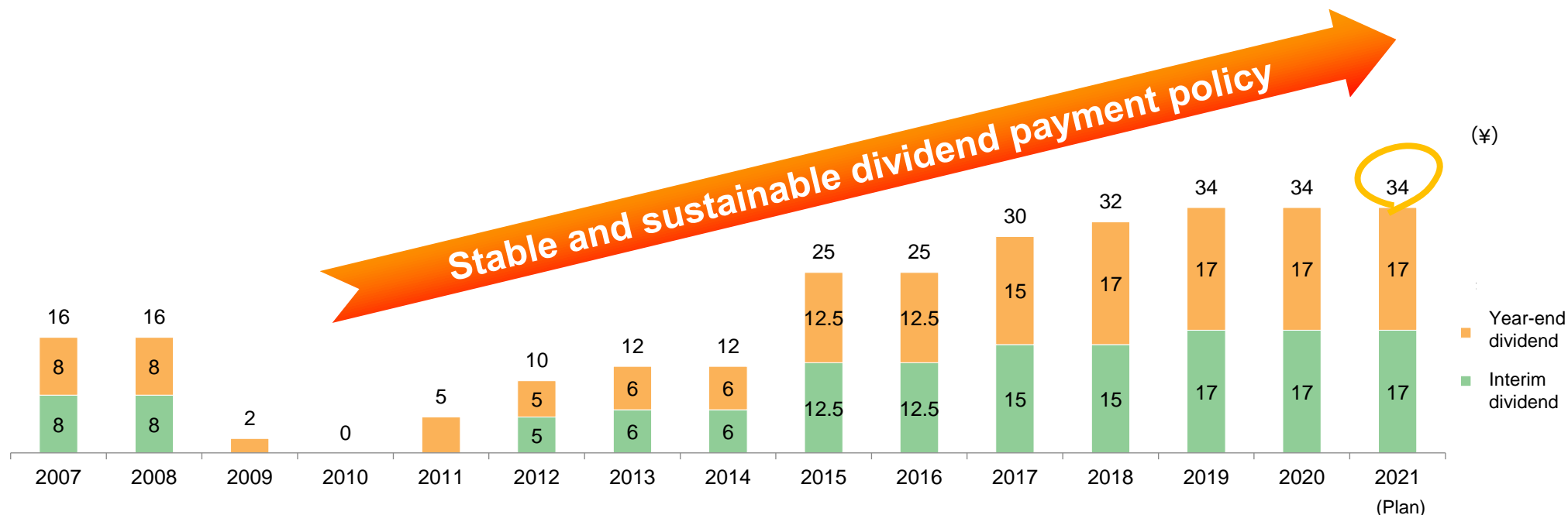
Orders	FY20 Results (A)	FY21 Forecast (B)	Difference (B-A)
Japan	112.9	120.0	+7.1
Asia	104.9	127.0	+22.1
(South-eastern Asia and Far East)	49.9	56.0	+6.1
(China)	43.1	56.0	+12.9
(India)	11.9	15.0	+3.1
Europe and CIS	40.0	43.0	+3.0
Middle East and Africa	37.9	46.0	+8.1
North America	22.2	29.0	+6.8
Central and South America	11.0	11.0	0
<b>Outside Japan</b>	<b>216.0</b>	<b>256.0</b>	<b>+40.0</b>
<b>Consolidated</b>	<b>328.9</b>	<b>376.0</b>	<b>+47.1</b>
Exchange rate USD1\$ =	¥106.01	¥111.00	¥4.99

Sales	FY20 Results (A)	FY21 Forecast (B)	Difference (B-A)
Japan	109.3	109.0	(0.3)
Asia	113.6	119.5	+5.9
(South-eastern Asia and Far East)	56.4	56.0	(0.4)
(China)	44.9	50.5	+5.6
(India)	12.3	13.0	+0.7
Europe and CIS	41.9	42.5	+0.6
Middle East and Africa	42.0	42.0	0
North America	31.5	31.0	(0.5)
Central and South America	9.5	11.0	+1.5
<b>Outside Japan</b>	<b>238.5</b>	<b>246.0</b>	<b>+7.5</b>
<b>Consolidated</b>	<b>347.8</b>	<b>355.0</b>	<b>+7.2</b>
Exchange rate USD1\$ =	¥106.01	¥111.00	¥4.99

\*The FY20 figures have been changed based on the new segmentation.

- The FY21 annual dividend will remain at a record high level. <No change>

**FY20: ¥34 (payout ratio 47.2%)**  
**FY21: ¥34 (payout ratio 56.7%)**

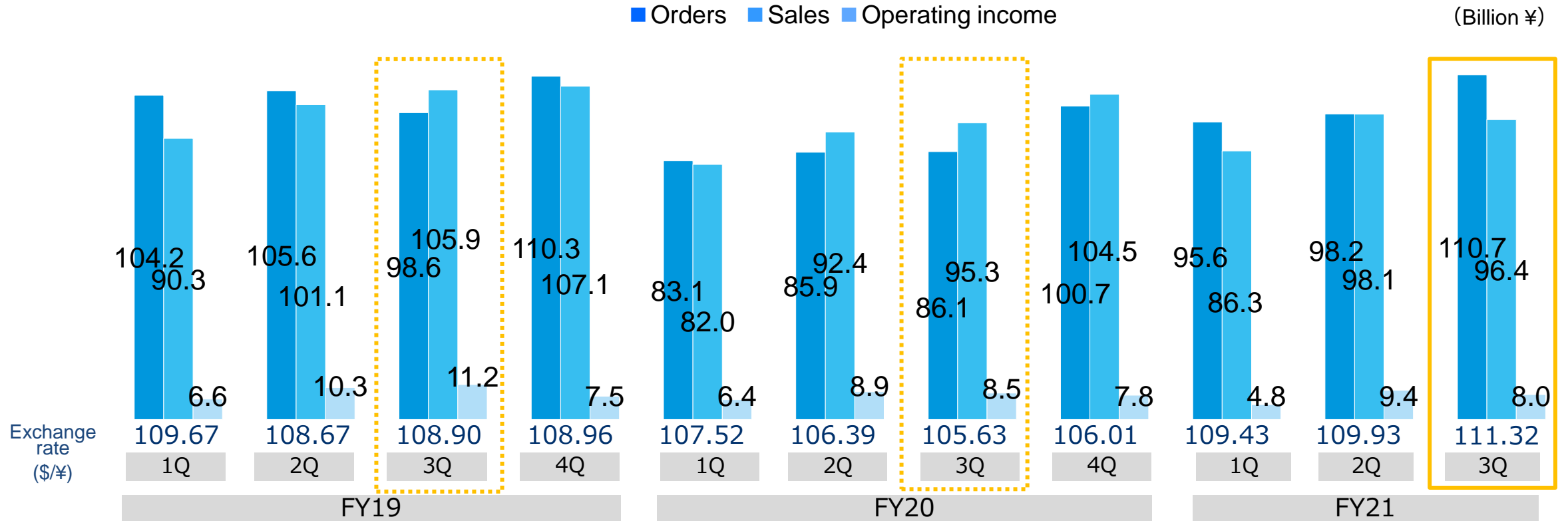


## Financial Appendix:

- 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 robust in the Japanese control segment.





# Appendix: Non-operating /Extraordinary Income and Expenses

(Billion ¥)

	FY20_1Q-3Q	FY21_1Q-3Q
Operating income	23.8	22.1
Non-operating income	2.7	3.6
Non-operating expenses	1.4	1.5
Ordinary income	25.2	24.3
Extraordinary income	0.1	0.1
Extraordinary expenses	1.6	1.9
Income before tax	23.7	22.5
Tax, etc.	7.0	8.3
Profit attributable to owners of parent	16.7	14.2

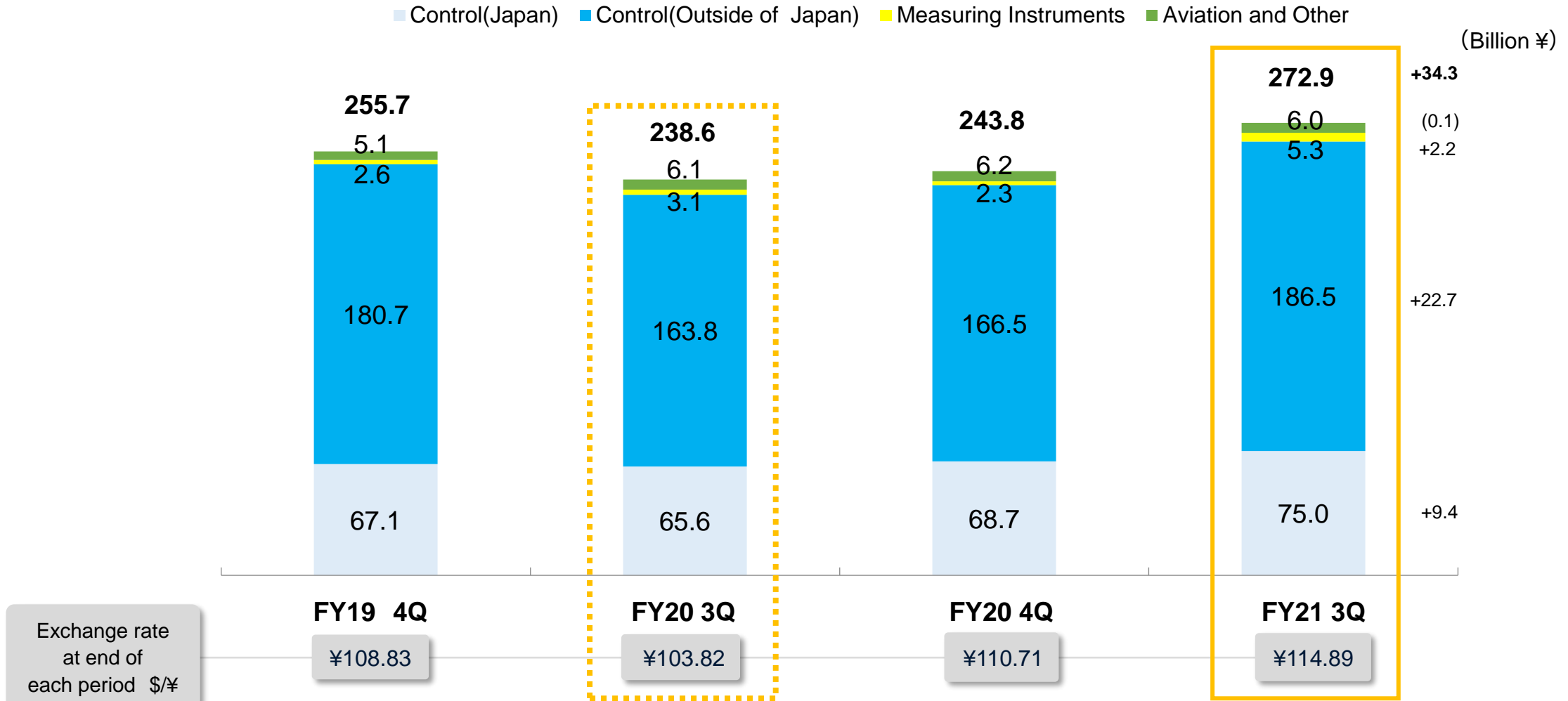
(Effective tax rate)

23.5%

29.3%

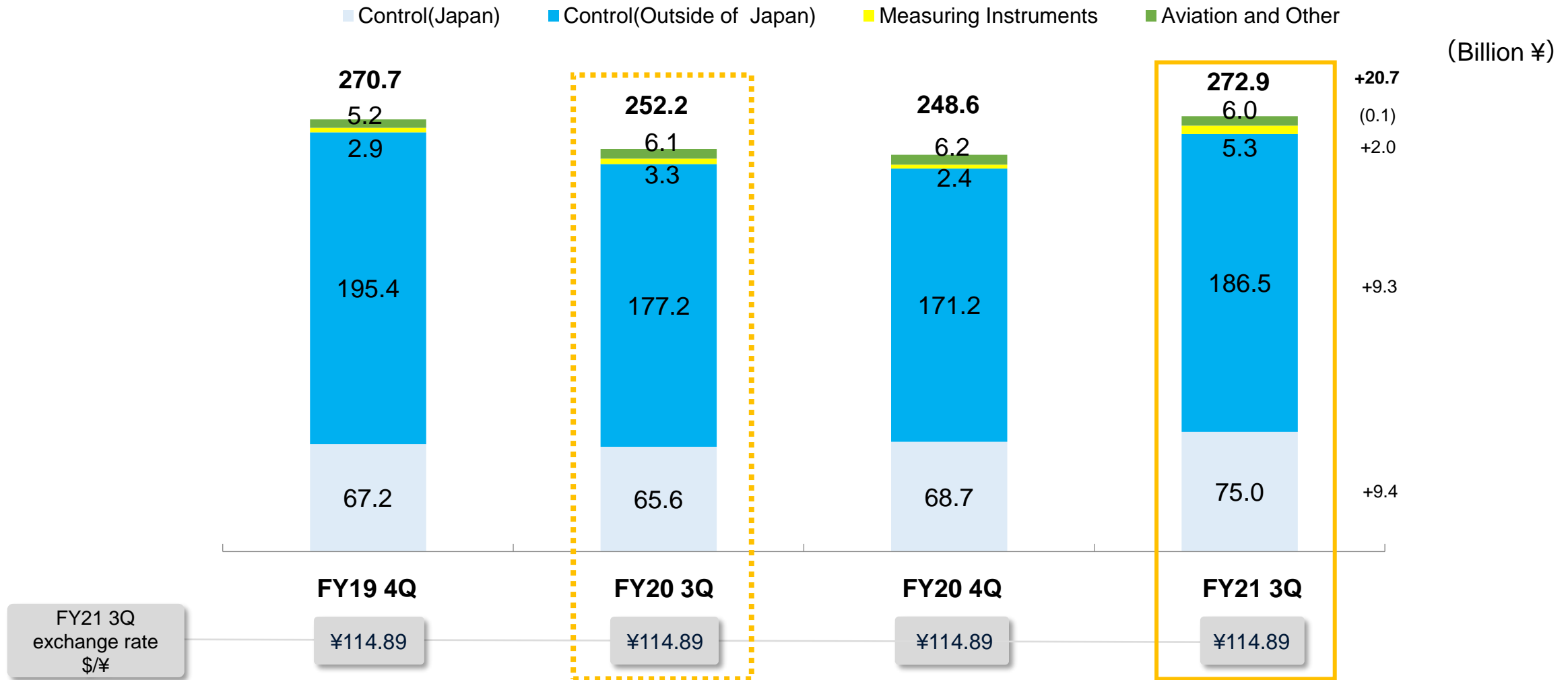
FY20 : Business restructuring expenses ¥1.1 billion  
 FY21 : Business restructuring expenses ¥1.5 billion

# Appendix: Order Backlog Trend by Segment



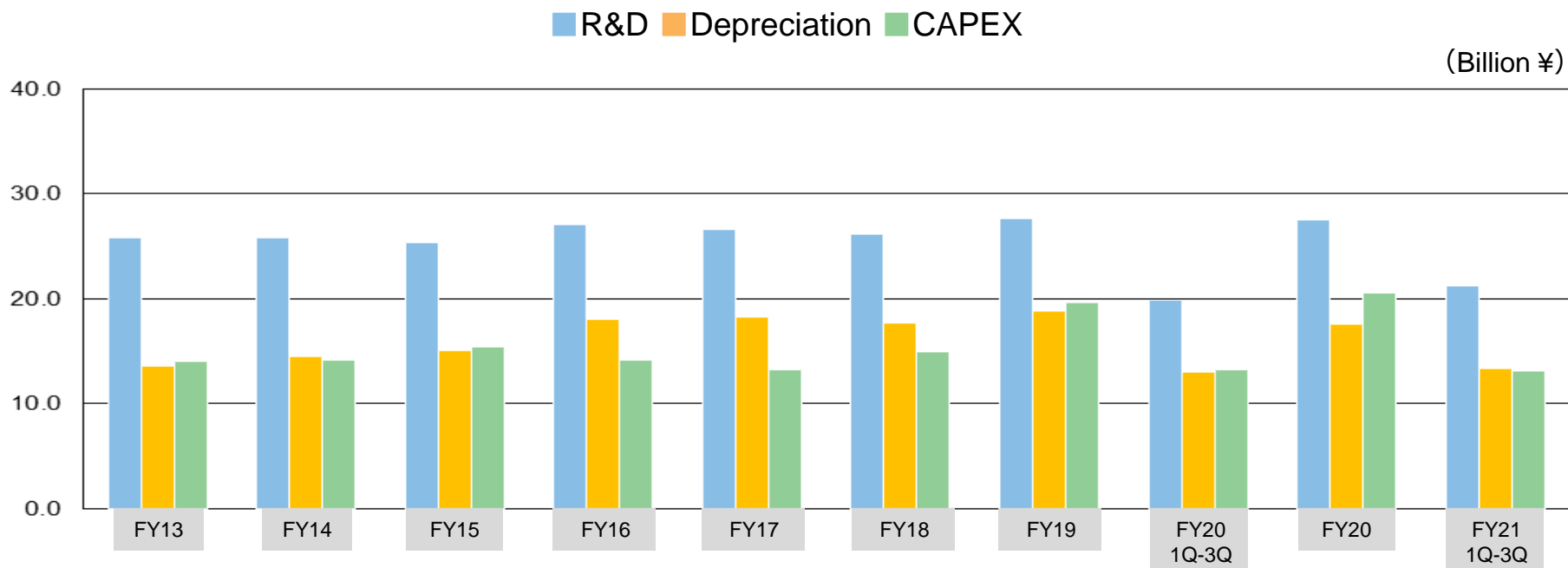
\*The FY19 and FY20 figures have been changed based on the new segmentation.

# Appendix: Order Backlog Trend by Segment (Using FY21 3Q exchange rate)



\*The FY19 and FY20 figures have been changed based on the new segmentation.

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



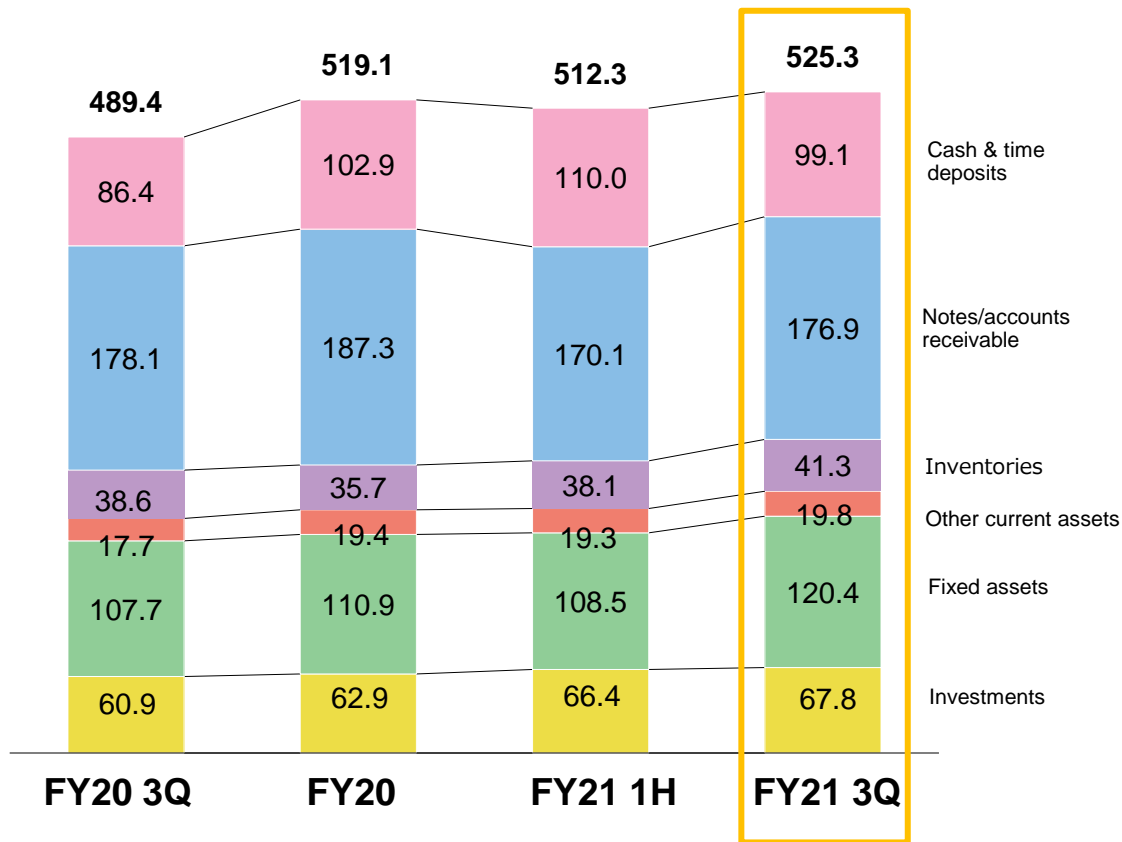
	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20 1Q-3Q	FY20	FY21 1Q-3Q
R&D expenses	25.8	25.8	25.3	27.1	26.6	26.2	27.6	19.9	27.5	21.2
(% of sales)	6.6%	6.4%	6.1%	6.9%	6.5%	6.5%	6.8%	7.4%	7.3%	7.5%
Depreciation	13.6	14.5	15.1	18.0	18.3	17.7	18.8	13.0	17.6	13.3
(% of sales)	3.5%	3.6%	3.6%	4.6%	4.5%	4.4%	4.6%	4.8%	4.7%	4.7%
CAPEX	14.0	14.1	15.4	14.2	13.2	15.0	*19.6	13.2	20.6	13.1
(% of sales)	3.6%	3.5%	3.7%	3.6%	3.2%	3.7%	4.9%	4.9%	5.5%	4.7%

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

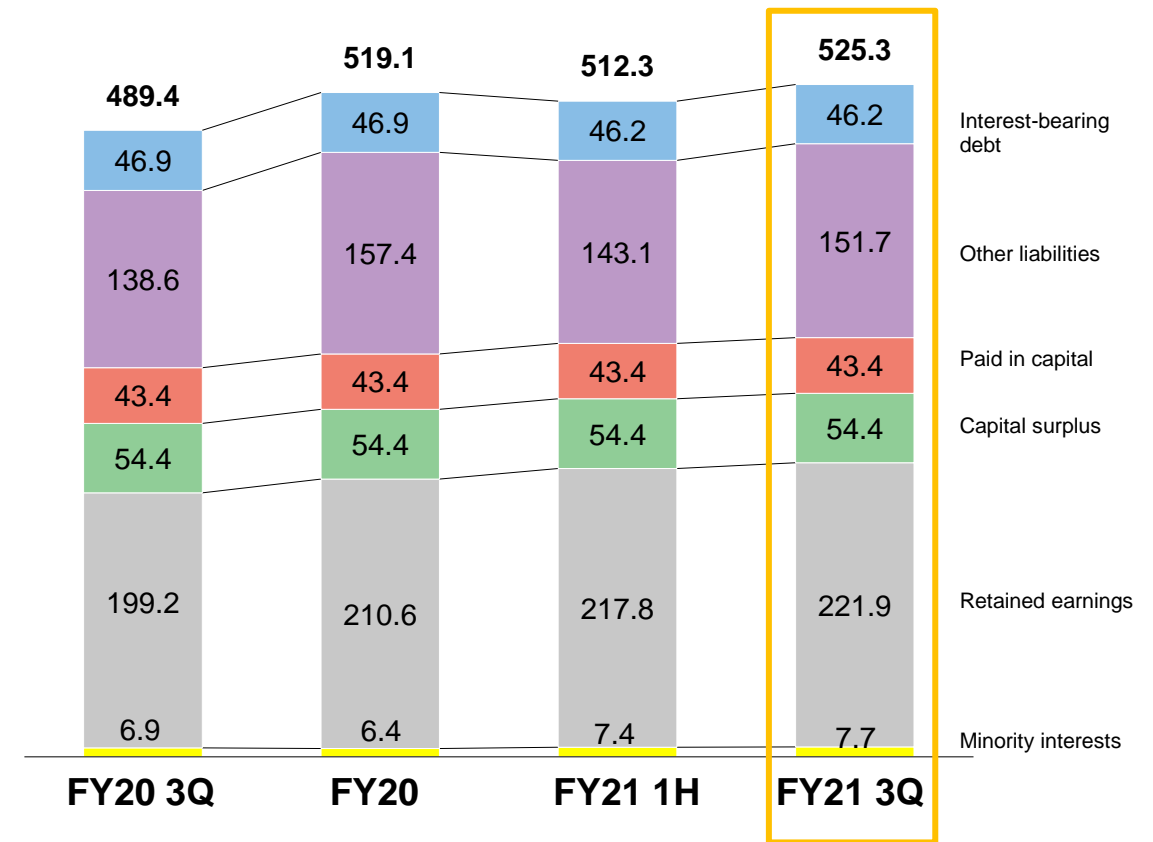
# Appendix: Trend of Balance Sheet

(Billion ¥)

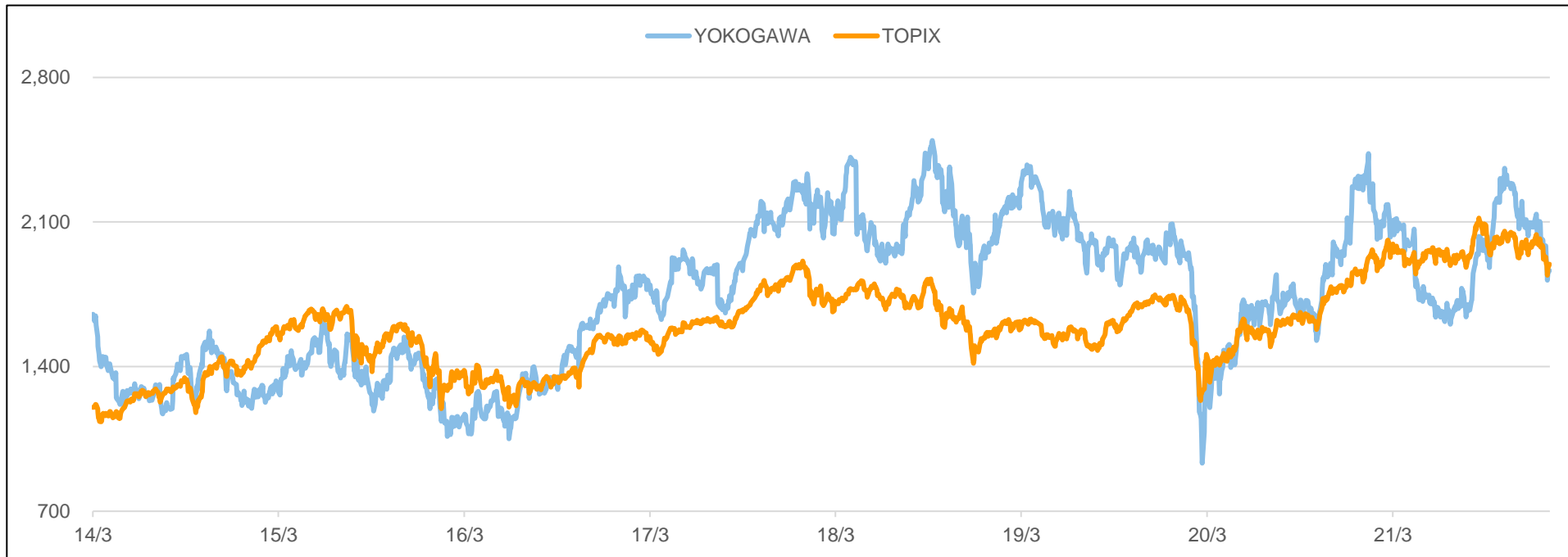
## Assets



## Liabilities and equity



# Appendix: Trend of Stock Price



(¥)

	14/3	15/3	16/3	17/3	18/3	19/3	20/3	21/3	21/6	21/9	21/12	22/1/31
Yokogawa	1,667	1,295	1,163	1,752	2,198	2,291	1,303	2,038	1,660	1,959	2,074	1,865
TOPIX	1,203	1,543	1,347	1,512	1,716	1,592	1,403	1,954	1,944	2,030	1,992	1,896

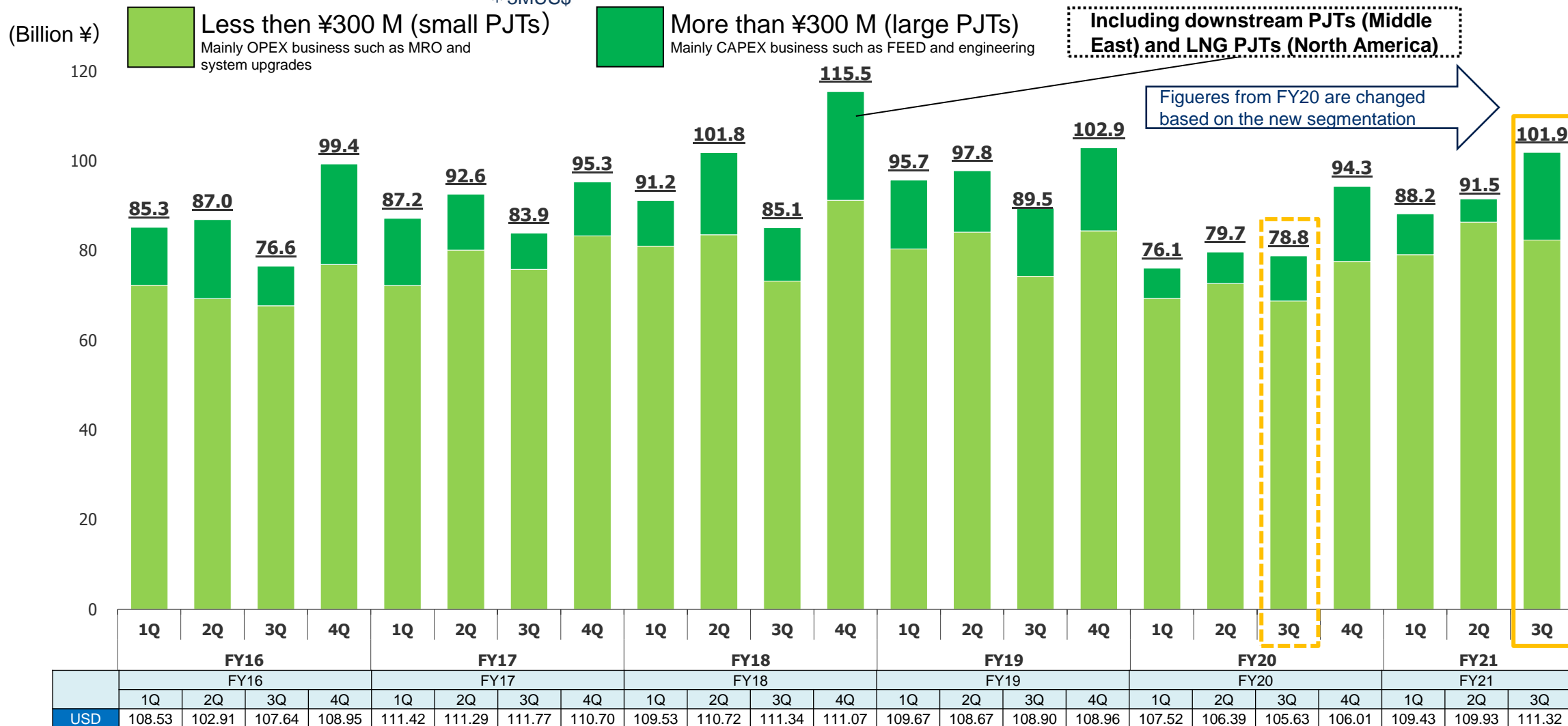
## Reference:

- Control Segment Order Trend by Project Size
- News
- Yokogawa's Main ESG Indexes, etc.

# Reference: Control Segment Order Trend by Project Size

Large projects (¥300 million\* or larger) account for only 10-15% of control segment revenues.

\* 3MUS\$





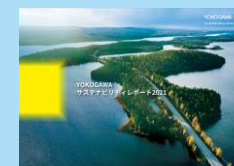
# Reference: News (from November 2 to February 8)

Nov.

**Yokogawa Acquires Insilico Biotechnology, Developer of Innovative Bioprocess Digital Twin Technology**  
- Enabling solutions for biopharmaceutical development and production -

Release of 2021 Yokogawa Sustainability Report [Link](#)

**Yokogawa Develops Single Cellome System SS2000 for Subcellular Sampling**  
- A single-cell analysis solution that revolutionizes efficiency in drug discovery research by automating the collection of specific cells and intracellular components -



Yokogawa Sustainability Report



Single Cellome System 「SS2000」

Dec.

**Yokogawa Acquires PXiSE, a Developer of High-speed Control Software for Grids and Renewable Energy Assets**  
- Solutions enable optimized energy distribution, electrical grid resilience, and higher return on assets -

**Yokogawa Enters into Capital and Business Alliance with GlyTech, Inc., a Leader in the Application of Glycan Technologies**  
- Partnering to build biosynthesis processes and a pharmaceutical production platform -

**Yokogawa Commences Research Project with JAXA Space Exploration Innovation Hub Center**  
- Contributing to the safety of space facilities through research and development of optical fiber sensing technology -



DTSX3000 Distributed Temperature Sensor

**Yokogawa Enhances Cybersecurity and Safety for the OpreX Control and Safety System Lineup**

**Yokogawa to Launch Cloud-enabled Version of Collaborative Information Server, a Product in the OpreX Control and Safety System Family**  
- Delivery on Yokogawa Cloud enables safer and more efficient operation -

Jan.

**Yokogawa Selected as System Integrator for Open Process Automation Field Trial**  
- Collaboration on ExxonMobil project to advance OPA system from test bed to real-world production process facility -

# Reference: Yokogawa's Main ESG Indexes, etc.

As of January 2022

- DJSI-Asia Pacific Index
- FTSE4Good Index Series
- FTSE Blossom Japan Index
- MSCI ESG Ratings AA
- MSCI ESG Leaders Indexes
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index
- ISS ESG - ESG Corporate Rating Prime status (New)
- Sustainalytics Top-Rated ESG Regional Performer (New)
- SNAM Sustainability Index
- S&P/JPX Carbon Efficient Index

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## Dow Jones Sustainability Indices

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2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



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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 and application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting."

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