

**Securities Code: 6841  
Yokogawa Electric Corporation**

**Financial Results for  
the First Three Quarters of Fiscal Year  
2022**

**Michiko Nakajima**

Vice President

Accounting & Treasury Headquarters

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# Financial Results for the First Three Quarters of Fiscal Year 2022

(October 1, 2022 – December 31, 2022)

# Key Points

## ■ FY22 3Q results: Sales and operating income were up year on year.

- **Summary:** Orders increased significantly. Sales were up due to the impact of fluctuations in exchange rates and other factors. Operating income and profit attributable to owners of parent increased.
- **Segments:**
  - Control:** Sales and operating income were up. (excluding the impact of exchange rates, orders increased 20.4% and sales increased 2.6% year on year.)
  - Measuring instruments:** Sales and operating income were up.
  - New businesses and others:** Sales declined. The operating loss shrunk.
- **Regions:** Strong in the Middle East and Africa, Central and South America, India, and North America. Solid in Japan and China.
- **Subsegments:** The energy & sustainability and materials businesses were both strong.
- **Industries:** The upstream and downstream sectors and the chemicals industry were all strong.

## ■ FY22 earnings forecasts: <Change>

- Reasons for revision:**
  1. Upward revision to orders and sales based on 1Q-3Q results and outlook
  2. Downward revision to operating income based on a decrease in the gross margin and an increase in SG&A expenses

\*In addition to the above, the impact of revised foreign exchange rates for currencies other than the US\$ were reflected.

- From FY21, 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 FY20 has been presented based on the changed classification.
- The name of the reportable segment previously known as "aviation and other businesses" has been changed to "new businesses and others" since FY22 following the transfer of the aviation equipment business.

# Summary of FY22 1Q-3Q Results (1Q-3Q year on year comparison)

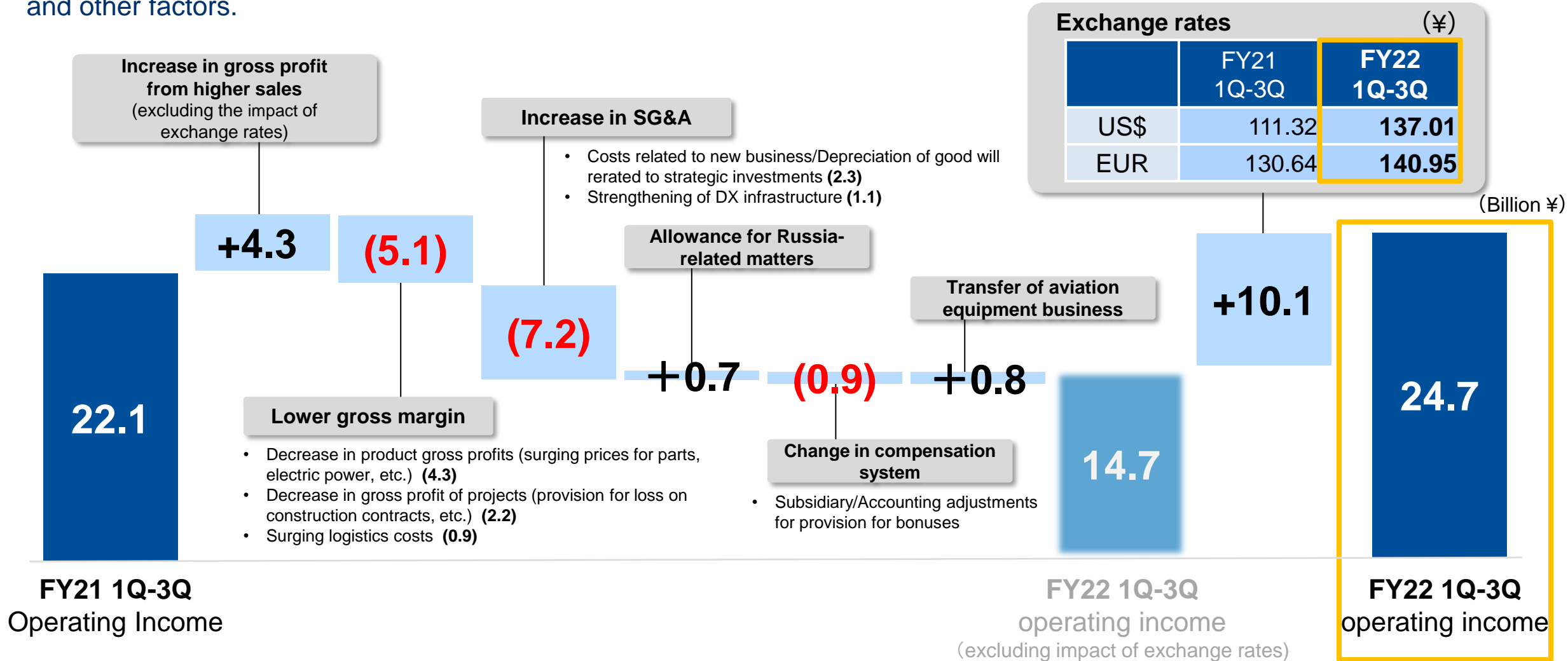
- ◆ Orders increased significantly. (excluding the impact of exchange rates: +19.2% year on year.)
- ◆ Sales increased due to the impact of fluctuations in exchange rates and other factors. (excluding the impact of exchange rates: +1.8%.)
- ◆ Operating income and profit attributable to owners of parent increased.

(Billion ¥)

		FY21 1Q-3Q	FY22 1Q-3Q	Difference	Growth rate	Impact of exchange rate
Orders		304.5	403.5	+99.0	+32.5%	+40.5
Sales		280.8	317.5	+36.7	+13.1%	+31.5
Operating income		22.1	24.7	+2.6	+11.7%	+10.0
ROS(%)		7.9	7.8	(0.1)pt	—	—
Ordinary income		24.3	26.8	+2.5	+10.2%	+11.0
Profit attributable to owners of parent		14.2	16.9	+2.6	+18.4%	+10.5
Exchange rate	US\$1=	¥111.32	¥137.01	+25.69	—	—

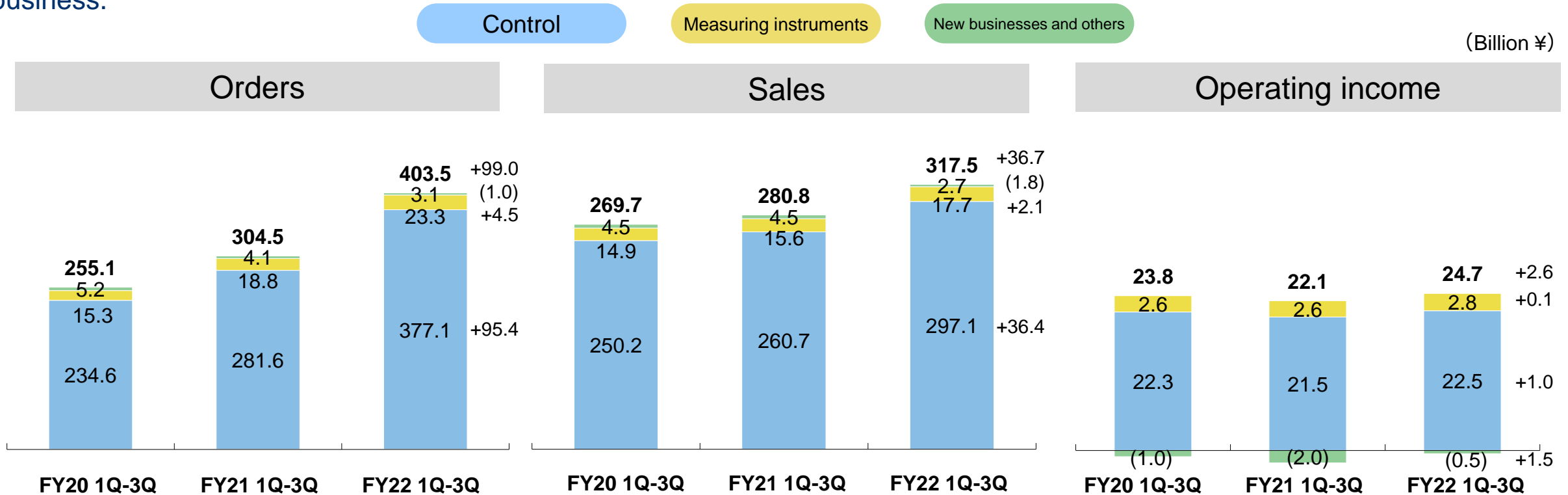
# Analysis of Operating Income (1Q-3Q year on year comparison)

- ◆ Operating income increased only ¥2.6 billion due to a decrease in the gross margin, an increase in SG&A expenses, and other factors.



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

- ◆ **Control:** Orders were strong. Sales increased due to the impact of fluctuations in exchange rates and other factors. (excluding the impact of exchange rates, orders increased 20.4% and sales increased 2.6% year on year.) Operating income growth was limited due to a decrease in the gross margin, an increase in SG&A expenses, and other factors. (excluding the impact of exchange rates: -¥7.6 billion.)
- ◆ **Measuring instruments:** Orders were strong. Sales and operating income were up.
- ◆ **New businesses and others:** Sales declined, and the operating loss shrunk due to the transfer of the aviation equipment business.



# Orders and Sales by Region in Control Segment

- ◆ Orders were strong in the Middle East and Africa, Central and South America, India, and North America, and firm in Japan and China.
- ◆ Orders: +¥57.5 billion, +20.4% (excluding the impact of exchange rates); sales: +¥6.8 billion, +2.6% (excluding the impact of exchange rates)

(Billion ¥)

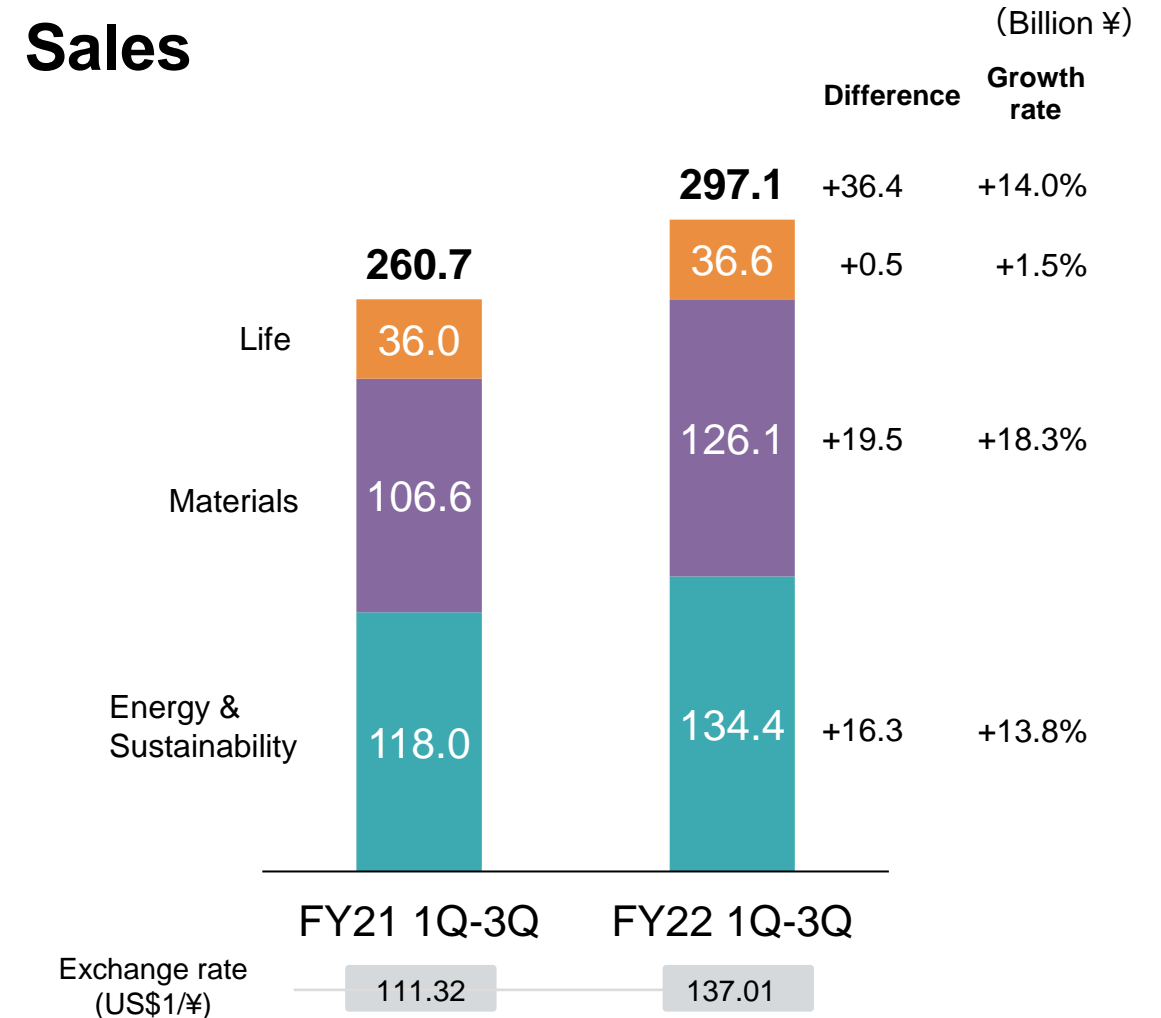
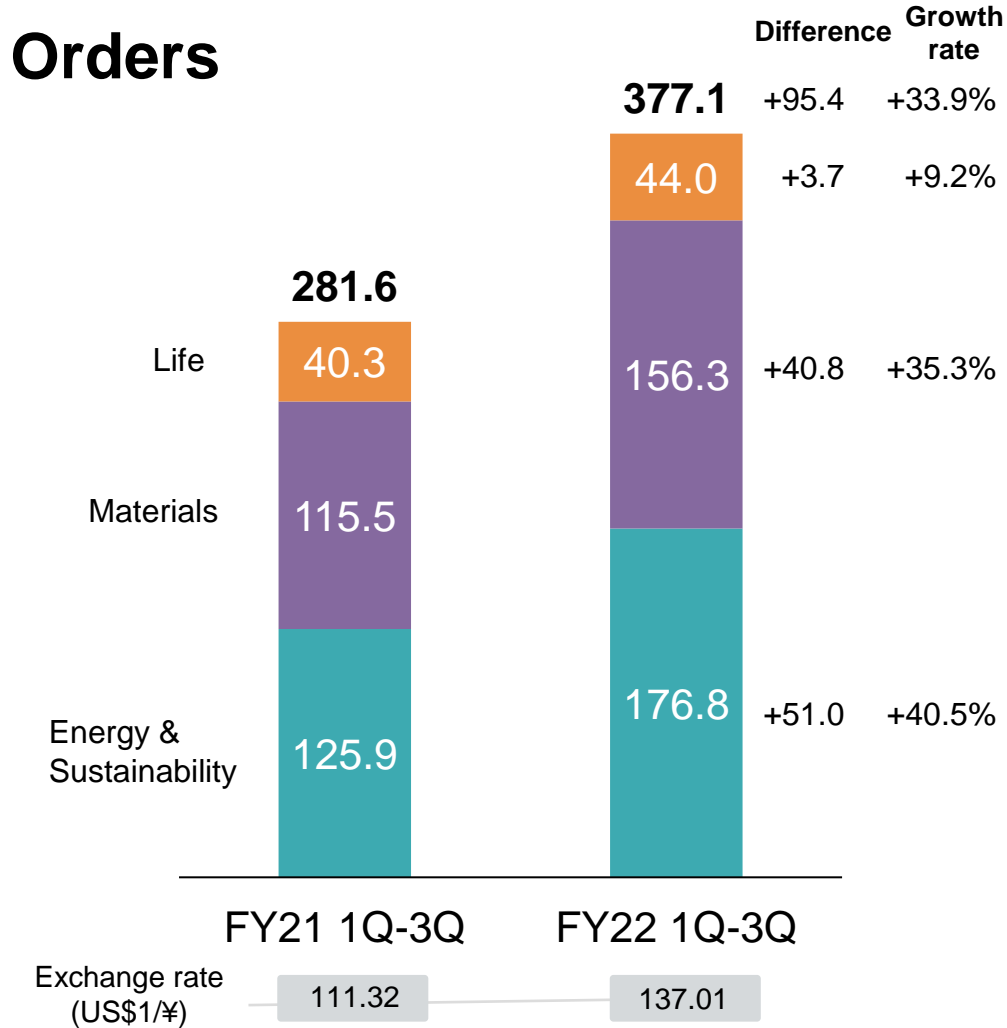
Orders	FY21 1Q-3Q (A)	FY22 1Q-3Q (B)	Difference (B-A)
Japan	82.7	93.1	+10.4
Asia	99.3	135.2	+35.9
(Southeast Asia, Far East)	43.3	55.8	+12.5
(China)	45.0	61.1	+16.1
(India)	11.0	18.3	+7.3
Europe and CIS	32.6	35.6	+3.0
Middle East and Africa	37.0	60.4	+23.4
North America	21.4	35.7	+14.3
Central and South America	8.5	17.0	+8.5
<b>Outside Japan</b>	<b>198.8</b>	<b>283.9</b>	<b>+85.1</b>
<b>Consolidated</b>	<b>281.6</b>	<b>377.1</b>	<b>+95.4</b>
Exchange rate USD1\$ =	¥111.32	¥137.01	+25.69

Sales	FY21 1Q-3Q (A)	FY22 1Q-3Q (B)	Difference (B-A)
Japan	76.0	78.6	+2.6
Asia	94.7	110.8	+16.1
(Southeast Asia, Far East)	43.6	49.3	+5.7
(China)	41.6	48.8	+7.2
(India)	9.5	12.7	+3.2
Europe and CIS	32.5	30.6	(1.9)
Middle East and Africa	27.7	38.3	+10.6
North America	21.7	28.6	+6.9
Central and South America	8.1	10.2	+2.1
<b>Outside Japan</b>	<b>184.7</b>	<b>218.5</b>	<b>+33.8</b>
<b>Consolidated</b>	<b>260.7</b>	<b>297.1</b>	<b>+36.4</b>
Exchange rate USD1\$ =	¥111.32	¥137.01	+25.69



# Orders and Sales by Control Subsegment

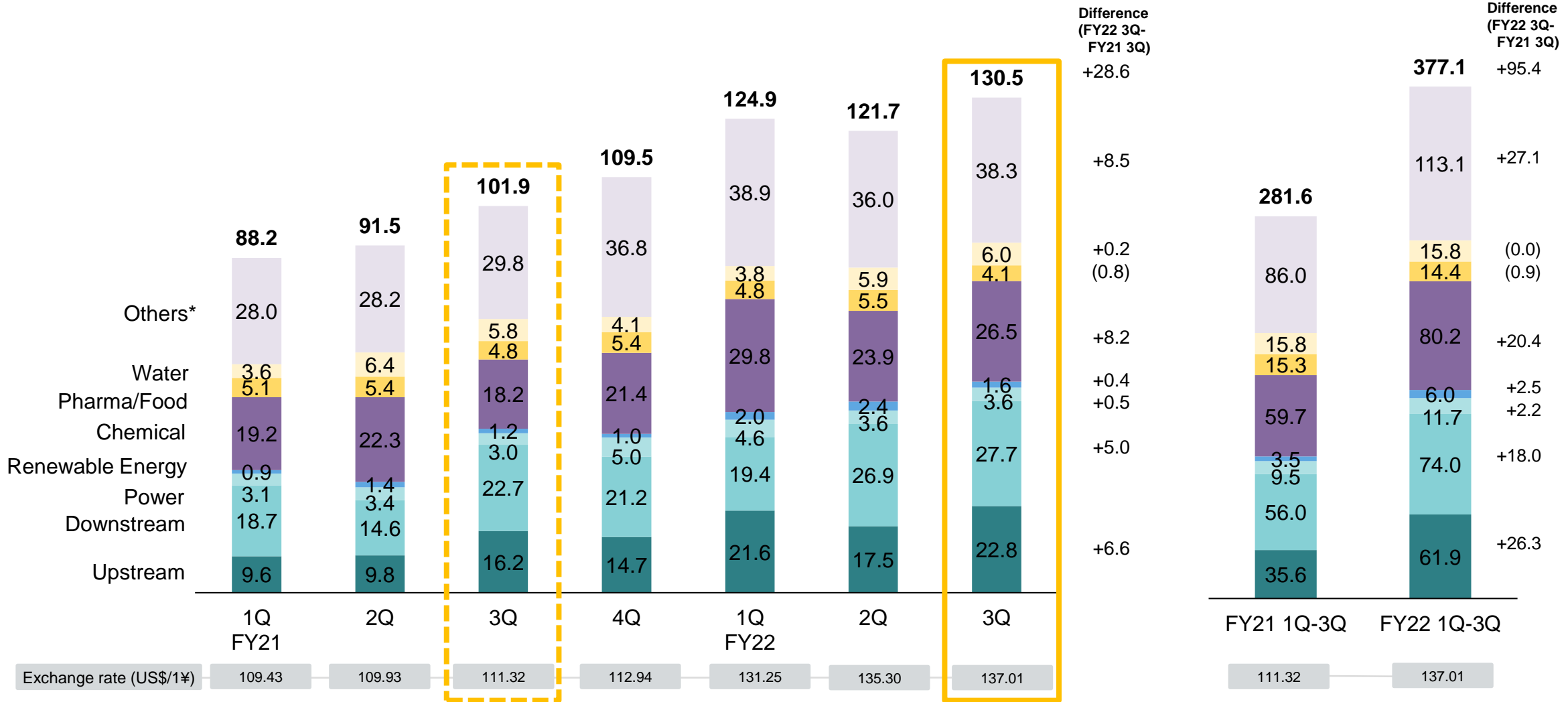
◆ Orders were strong in the energy & sustainability and materials businesses.



# Orders by Industry in Control Segment

◆ The upstream and downstream sectors and the chemicals industry were all strong.

(Billion ¥)



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

# FY22 Forecast (change from November 1, 2022)

- ◆ Upward revision to orders and sales based on 1Q-3Q results and outlook
  - ◆ Downward revision to operating income based on a decrease in the gross margin and an increase in SG&A expenses
- \*In addition to the above, the impact of revised foreign exchange rates for currencies other than the US\$ were reflected.

	FY21	FY22 forecast	FY22 forecast	Forecast difference	Year on year difference	Growth rate
	(A)	11/1(B)	2/7(C)	(C-B)	(C-A)	(C/A-1)
Orders	420.5	480.0	<b>516.0</b>	+36.0	+95.5	+22.7%
Sales	389.9	427.5	<b>442.5</b>	+15.0	+52.6	+13.5%
Operating income	30.7	42.5	<b>38.5</b>	(4.0)	+7.8	+25.4%
ROS(%)	7.9	9.9	<b>8.7</b>	(1.2)pt	+0.8pt	—
Ordinary income	35.8	43.5	<b>39.5</b>	(4.0)	+3.7	+10.3%
Profit before income taxes	30.1	43.5	<b>39.5</b>	(4.0)	+9.4	+31.2%
Tax, etc.	8.8	14.5	<b>13.5</b>	(1.0)	+4.7	+53.4%
Profit attributable to owners of parent	21.3	29.0	<b>26.0</b>	(3.0)	+4.7	+22.1%
EPS(¥)	79.67	108.64	<b>97.40</b>	(11.24)	+17.73	—
Exchange rate	US\$1=	¥112.94	¥135.00	+0.00	+22.06	—

(Billion ¥)

#### ■ Variable factors

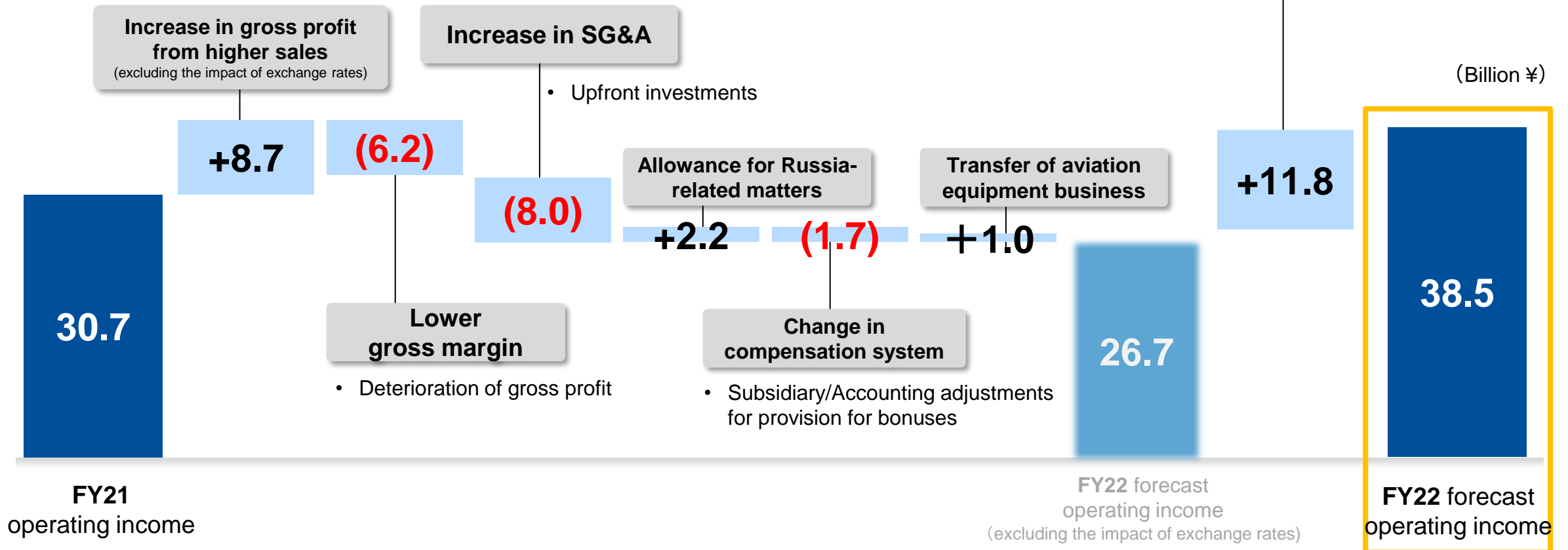
- Macroeconomic recession crisis due to inflation
- Economic downturn caused by COVID-19 variants
- Supply-demand congestion for semiconductors and other production parts as well as project procurement products
- Cost increase in parts, energy, labor costs, etc.

# Factors Accounting for Increase / Decrease in FY22 Operating Income (change from November 1, 2022)

- ◆ Increase in gross margin due to upward revision of sales
- ◆ Downward revision to operating income based on a decrease in the gross margin and an increase in SG&A expenses

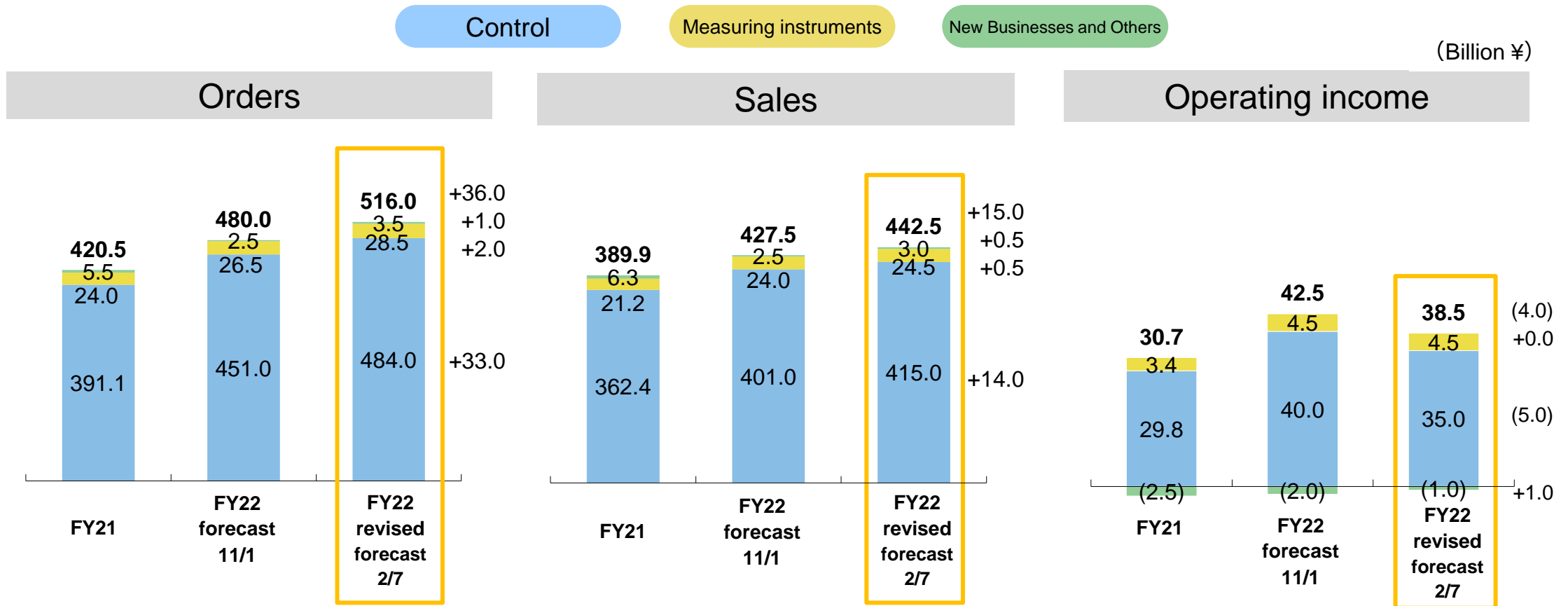
\*In addition to the above, the impact of revised foreign exchange rates for currencies other than the US\$ were reflected.

Exchange rates (¥)		
	FY21	FY22 Forecast
US\$	112.94	135.00
EUR	130.88	140.00



# FY22 Forecast for Orders, Sales and Operating Income by Segment (change from November 1, 2022)

- ◆ Upward revision to orders and sales based on 1Q-3Q results and outlook
  - ◆ Downward revision to operating income based on a decrease in the gross margin and an increase in SG&A expenses
- \*In addition to the above, the impact of revised foreign exchange rates for currencies other than the US\$ were reflected.



\*New Businesses and Others: The FY21 figures are for the aviation and other businesses.

# FY22 Forecast for Control Orders and Sales by Region (change from November 1, 2022)

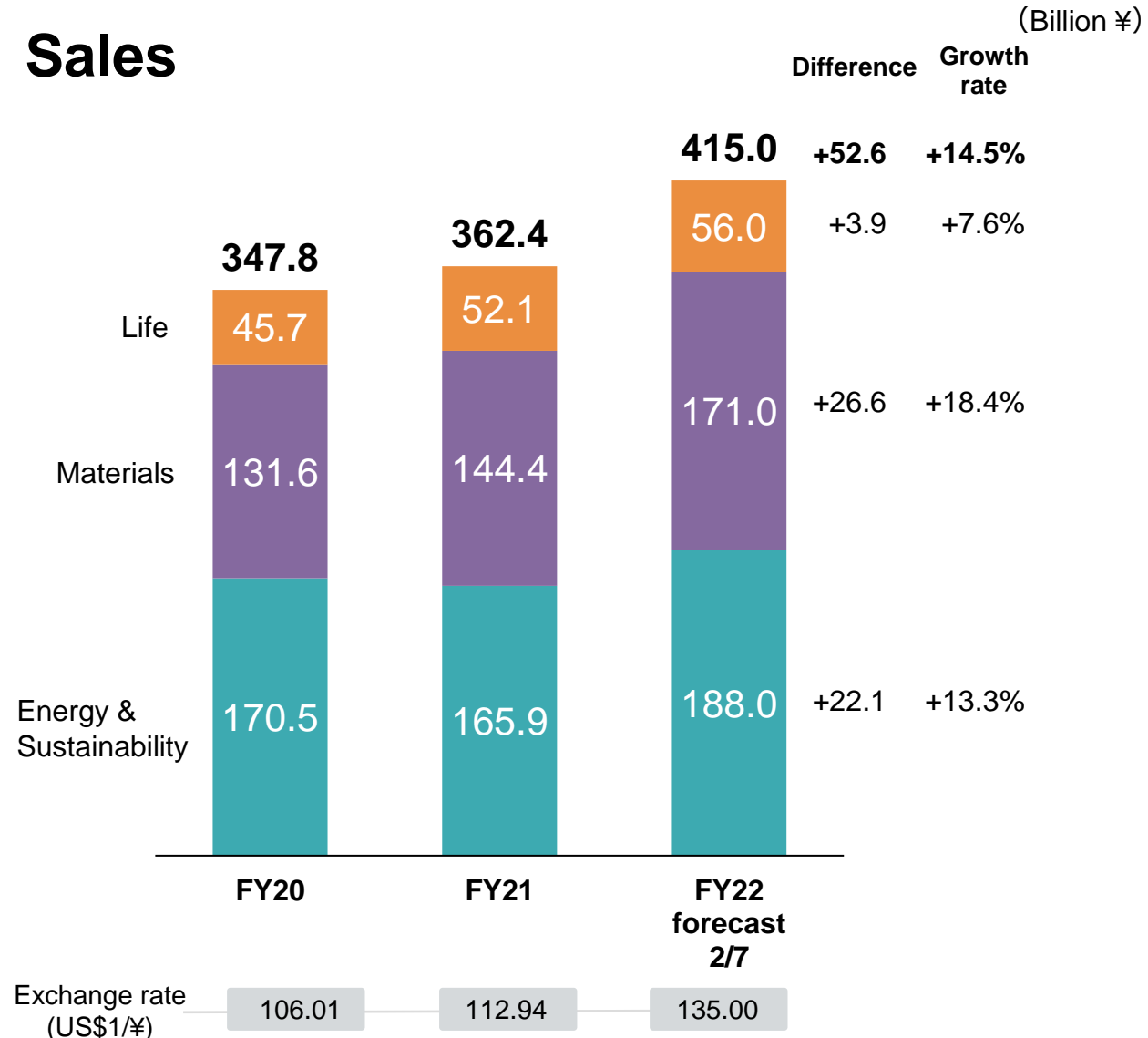
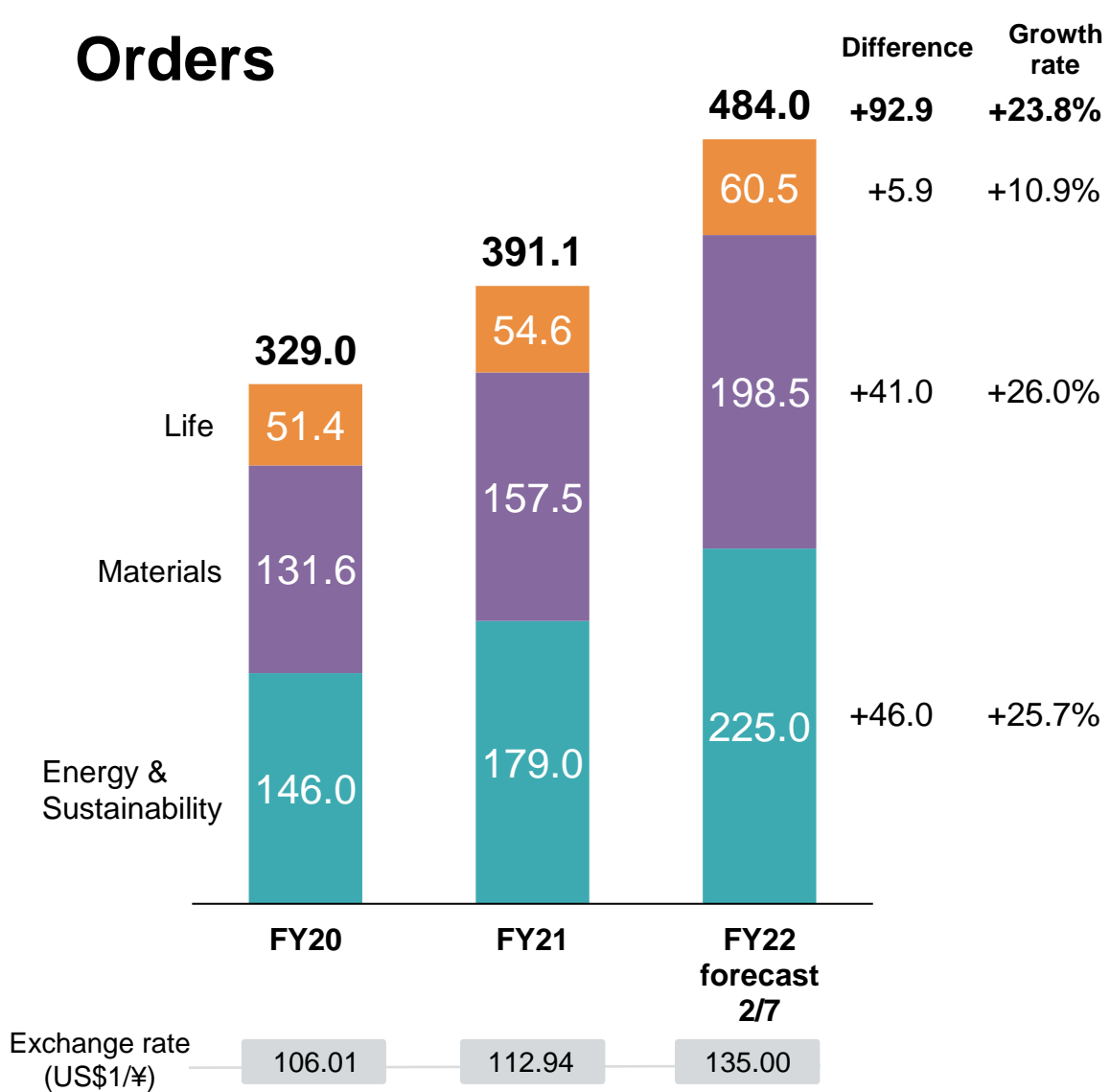
◆ Upward revision to orders and sales based on 1Q-3Q results and outlook

\*In addition to the above, the impact of revised foreign exchange rates for currencies other than the US\$ were reflected. (Billion ¥)

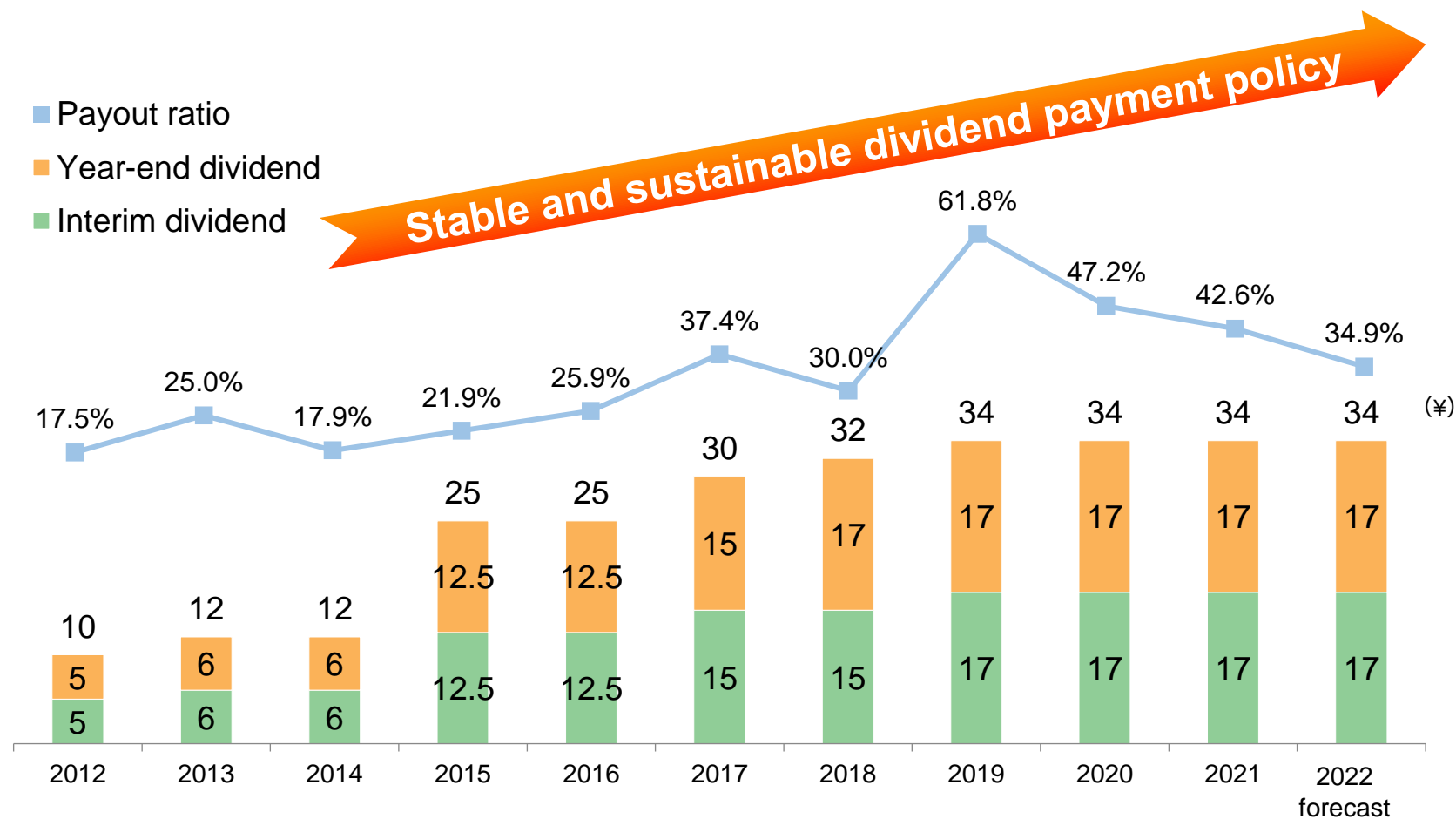
Orders	FY21 (A)	FY22 (B)	Difference (B-A)
Japan	120.2	130.0	+9.8
Asia	134.0	170.0	+36.0
(Southeast Asia, Far East)	59.7	72.0	+12.3
(China)	59.1	76.0	+16.9
(India)	15.2	22.0	+6.8
Europe and CIS	42.1	44.0	+1.9
Middle East and Africa	51.7	75.0	+23.3
North America	31.8	46.0	+14.2
Central and South America	11.3	19.0	+7.7
<b>Outside Japan</b>	<b>270.9</b>	<b>354.0</b>	<b>+83.1</b>
<b>Consolidated</b>	<b>391.1</b>	<b>484.0</b>	<b>+92.9</b>
Exchange rate US\$1 =	¥112.94	¥135.00	+22.06

Sales	FY21 (A)	FY22 (B)	Difference (B-A)
Japan	109.4	117.5	+8.1
Asia	125.7	149.0	+23.3
(Southeast Asia, Far East)	56.7	66.0	+9.3
(China)	54.6	65.0	+10.4
(India)	14.4	18.0	+3.6
Europe and CIS	43.2	41.0	(2.2)
Middle East and Africa	43.2	55.5	+12.3
North America	30.2	38.0	+7.8
Central and South America	10.7	14.0	+3.3
<b>Outside Japan</b>	<b>253.0</b>	<b>297.5</b>	<b>+44.5</b>
<b>Consolidated</b>	<b>362.4</b>	<b>415.0</b>	<b>+52.6</b>
Exchange rate US\$1 =	¥112.94	¥135.00	+22.06

# FY22 Forecast for Orders and Sales by Control Subsegment (change from November 1, 2022)



◆ The FY22 annual dividend will remain ¥34. <No change>



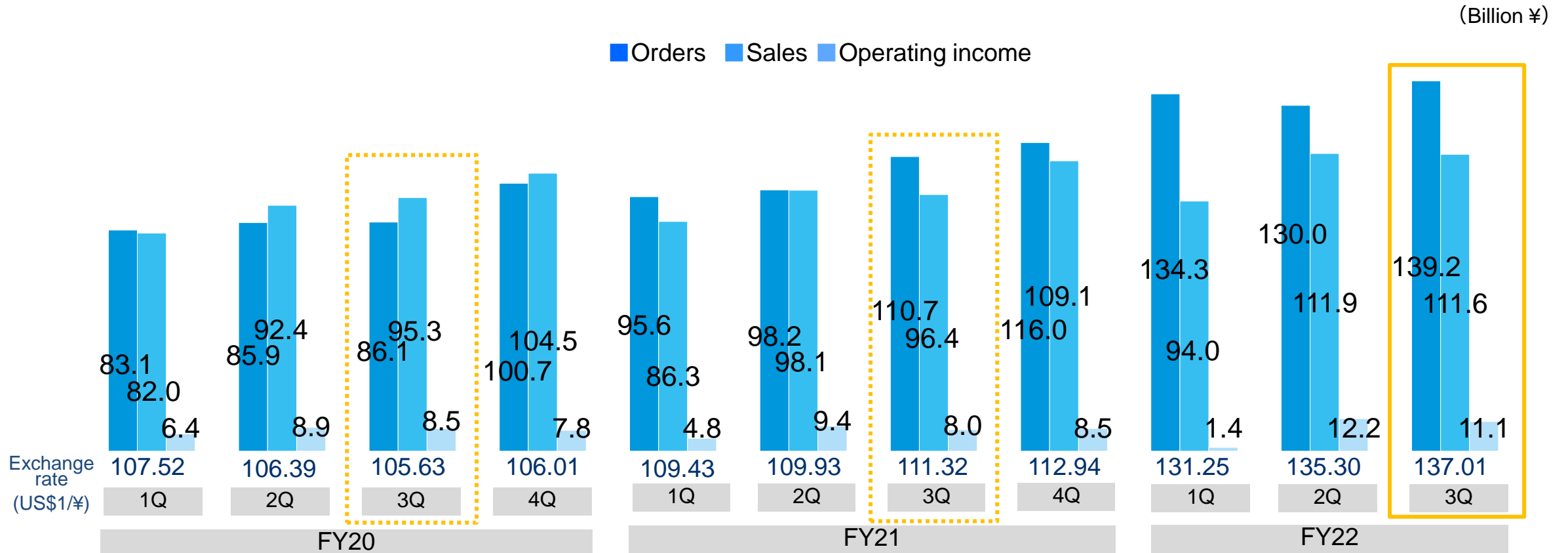


## Financial Appendix:

- Quarterly Financial Results
- Non-operating / Extraordinary Income and Expenses
- Order Backlog Trend by Segment
- Control Segment Order Trend by Project Size
- 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.

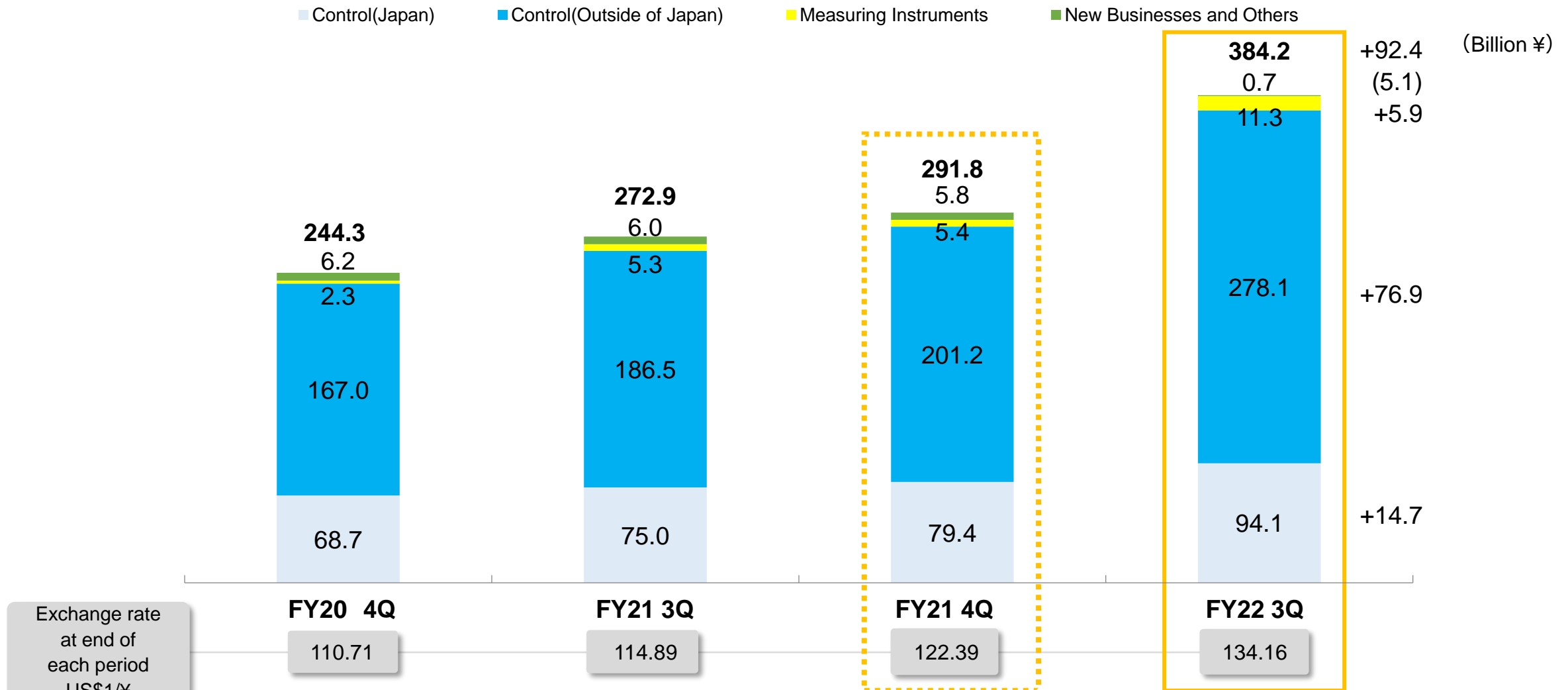


# Appendix: Non-operating / Extraordinary Income and Expenses

(Billion ¥)

	FY21 1Q-3Q	FY22 1Q-3Q	
Operating income	22.1	24.7	
Non-operating income	3.6	4.7	Share of profit of entities accounted for using equity method +¥0.5 billion
Non-operating expenses	1.5	2.7	Foreign exchange losses +¥0.7 billion
Ordinary income	24.3	26.8	
Extraordinary income	0.1	1.3	Gain on sale of investment securities +¥0.8 billion
Extraordinary expenses	1.9	0.5	Business restructuring expenses -¥1.5 billion
Income before tax	22.5	27.6	
Tax, etc.	8.3	10.8	
Profit attributable to owners of parent	14.2	16.9	
(Effective tax rate)	29.3%	31.2%	

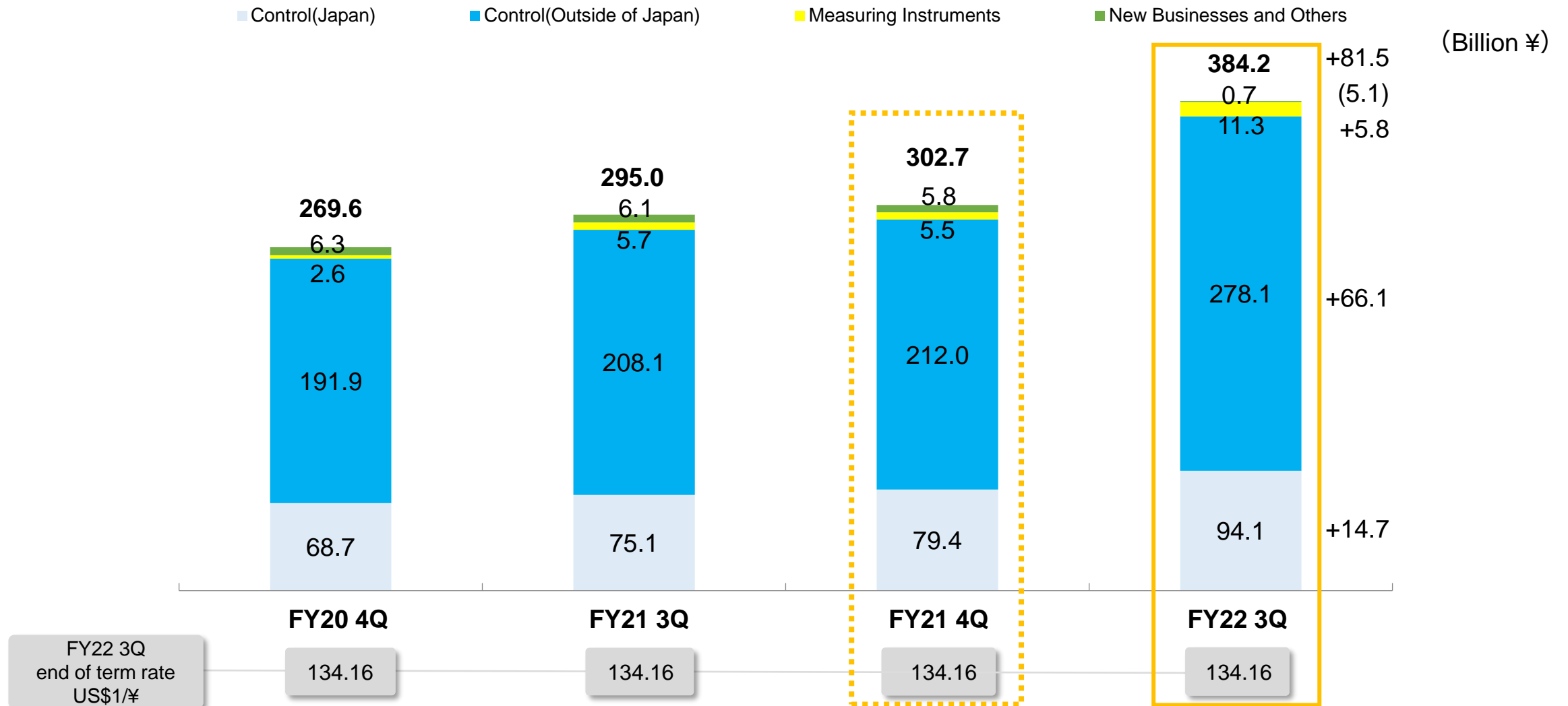
# Appendix: Order Backlog Trend by Segment



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

The order backlog at the end of FY21 for the aviation and other businesses includes the portion subject to transfer as of April 1.

# Appendix: Order Backlog Trend by Segment (using FY22 3Q end of term rate)



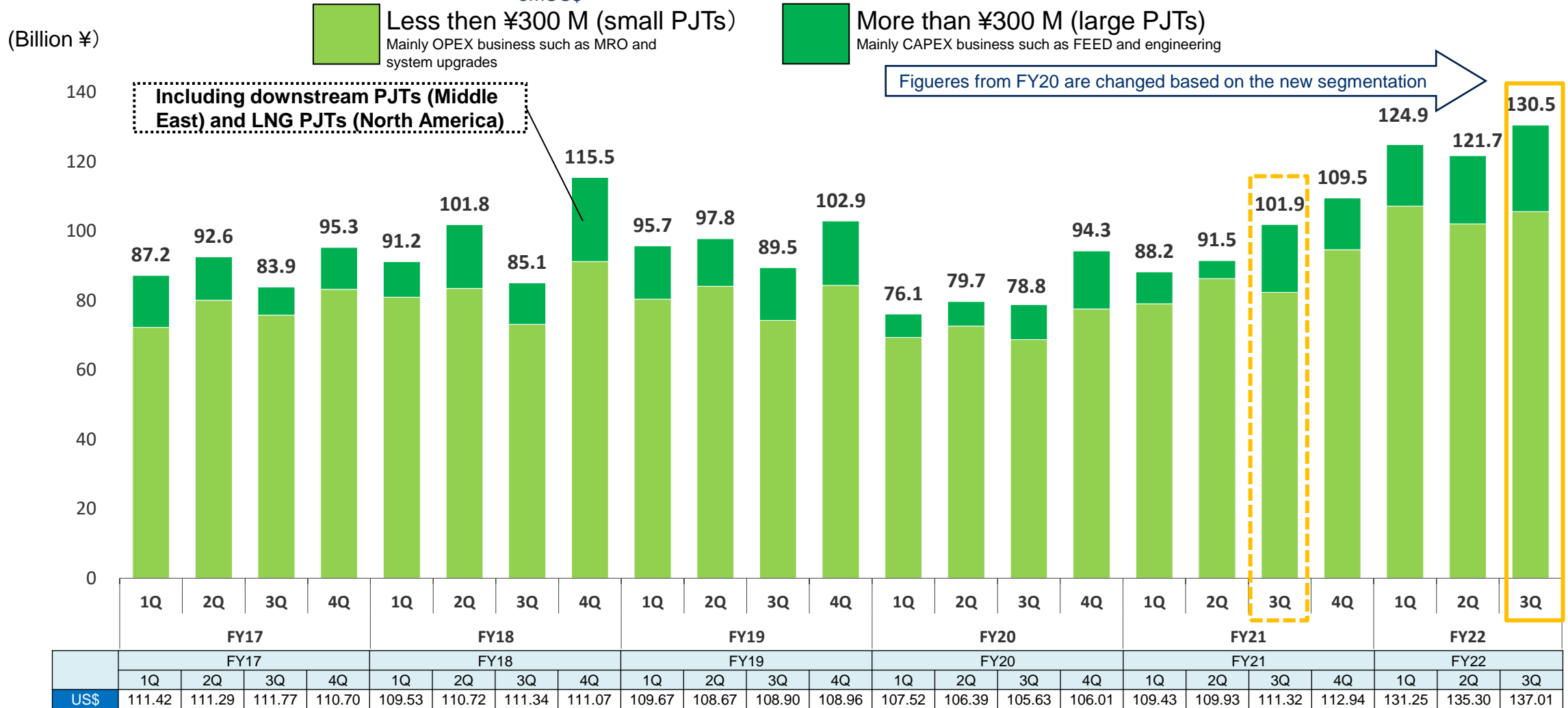
\*FY20 figures have been changed based on the new segmentation.

The order backlog at the end of FY21 for the aviation and other businesses includes the portion subject to transfer as of April 1.

# Reference: Control Segment Order Trend by Project Size

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

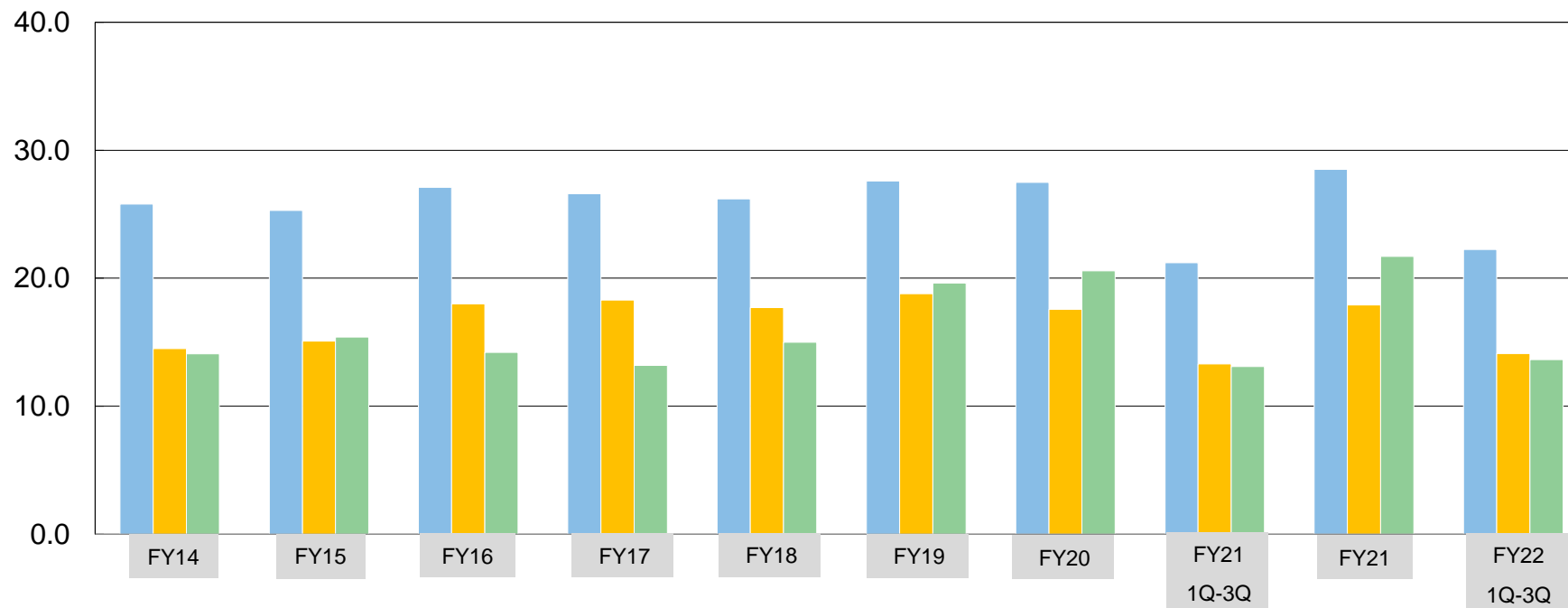
\* 3MUS\$



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

■ R&D ■ Depreciation ■ CAPEX

(Billion ¥)

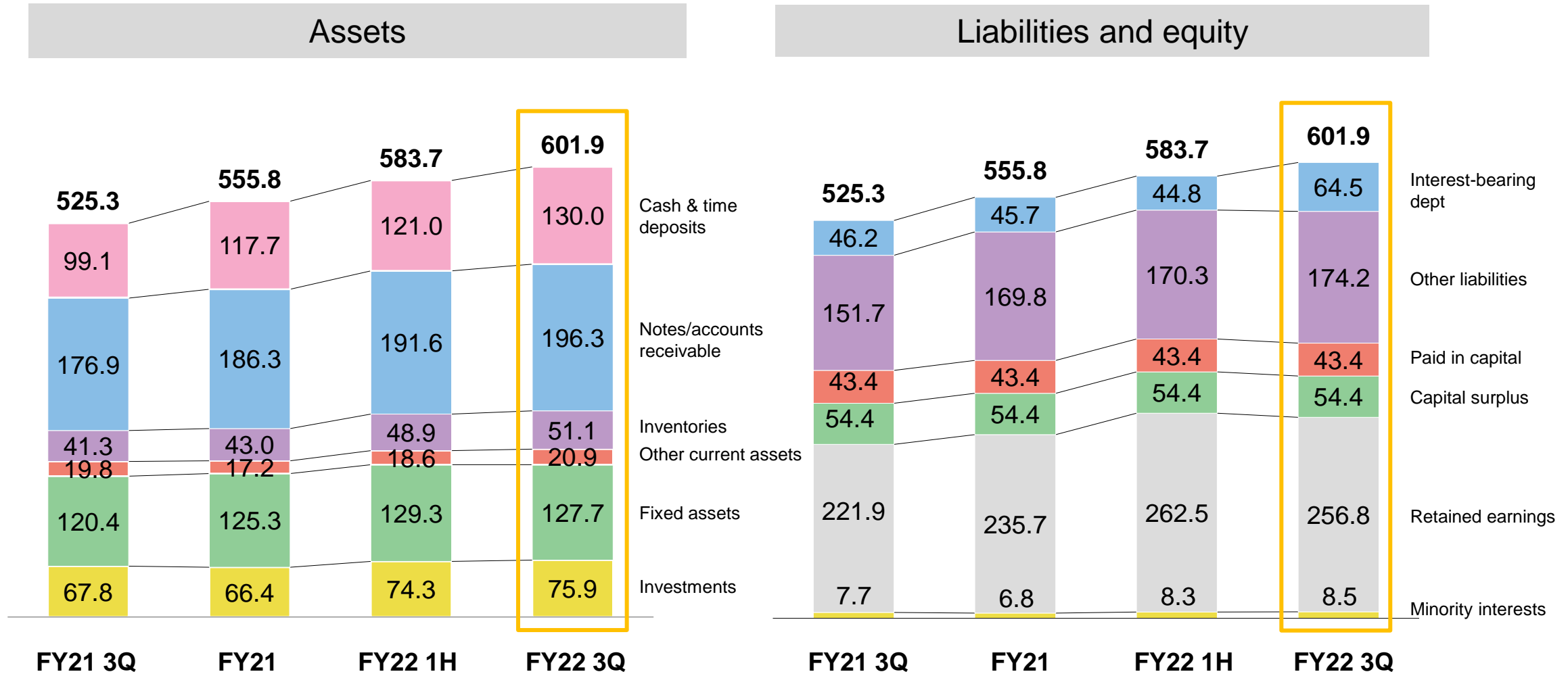


	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21 1Q-3Q	FY21	FY22 1Q-3Q
R&D expenses	25.8	25.3	27.1	26.6	26.2	27.6	27.5	21.2	28.5	22.2
(% of sales)	6.4%	6.1%	6.9%	6.5%	6.5%	6.8%	7.3%	7.3%	7.3%	7.0%
Depreciation	14.5	15.1	18.0	18.3	17.7	18.8	17.6	13.3	17.9	14.1
(% of sales)	3.6%	3.6%	4.6%	4.5%	4.4%	4.6%	4.7%	4.7%	4.6%	4.4%
CAPEX	14.1	15.4	14.2	13.2	15.0	*19.6	20.6	13.1	21.7	13.6
(% of sales)	3.5%	3.7%	3.6%	3.2%	3.7%	4.9%	5.5%	4.7%	5.6%	4.3%

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

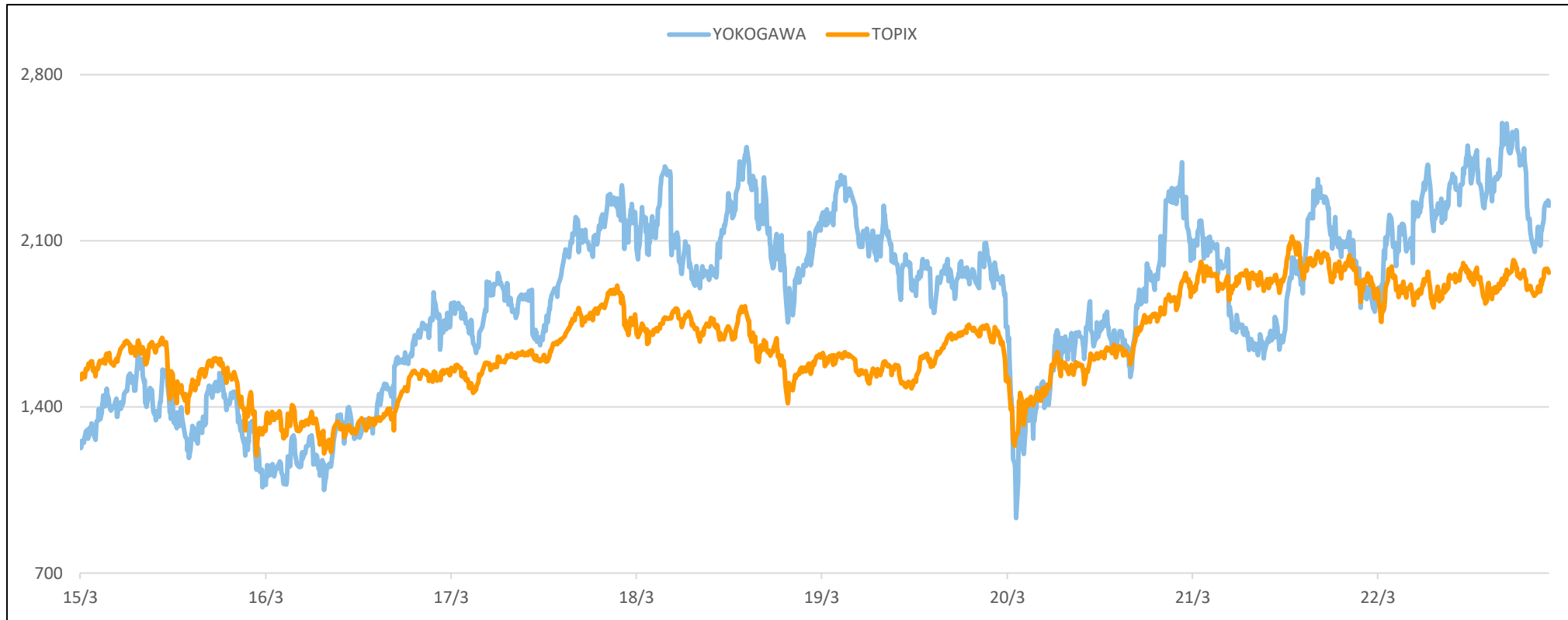
# Appendix: Trend of Balance Sheet

(Billion ¥)





# Appendix: Trend of Stock Price



(¥)

	15/3	16/3	17/3	18/3	19/3	20/3	21/3	22/3	22/6	22/9	22/12	23/2/2
YOKOGAWA	1,295	1,163	1,752	2,198	2,291	1,303	2,038	2,099	2,241	2,275	2,105	2,248
TOPIX	1,543	1,347	1,512	1,716	1,592	1,403	1,954	1,946	1,871	1,836	1,892	1,965

## Reference:

- News
- Yokogawa's Main ESG Indexes etc.

# Reference: News (from October 1 to December 31)

Yokogawa to Release CENTUM VP R6.10 Integrated Production Control System to Enable the Control of Steam Turbine Control for Compressor Drive and the Integrated Control of Multiple Compressor Trains

- Expands the functionality of CCC Inside™ for Yokogawa CENTUM VP -

Nov. Release of 2022 Yokogawa Sustainability Report

Yokogawa Receives IR Special Award from JIRA



Yokogawa to Provide Integrated Control System for Australian Green Hydrogen Project

- First-ever use in Australia of green hydrogen as feedstock for ammonia production -

【Cosmo Oil/Denka/Iwatani/JFE Steel/JNC/KH Neochem/Maruzen Petrochemical/UBE Elastomer/Ube Material Industries/Yokogawa】  
Signing of MoU on Joint Study of Activities for the Realization of a Carbon Neutral Industrial Complex in Japan's Chiba Prefecture

Dec. Yokogawa Included in Dow Jones Sustainability World Index

CDP Recognizes Yokogawa with a Prestigious 'A' Score for Initiatives and Transparency on Water Security for the Third Time



Jan. Yokogawa Enters Investment and Collaboration Agreement with Ideation3X, a Startup Taking a Circular Economy Approach to Waste Management in India

Feb. Yokogawa Acquires Fluence Analytics, a Pioneer in Digitalizing the Monitoring of Polymerization Reaction Processes  
- Enabling continuous real-time monitoring of polymers and biopolymers -

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

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

- DJSI-World Index
- DJSI-Asia Pacific Index
- FTSE4Good Index Series
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative 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
- Sustainalytics Top-Rated ESG Regional Performer
- CDP Water Security A List
- SNAM Sustainability Index
- S&P/JPX Carbon Efficient Index
- Carbon Clean 200 (Clean200) selected
- EcoVadis Gold Rating for Sustainability



FTSE4Good



FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index

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## Dow Jones Sustainability Indices

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2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2022 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."

IR Department  
**Yokogawa Electric Corporation**

Email: [Yokogawa\\_Electric\\_IR6841@cs.jp.yokogawa.com](mailto:Yokogawa_Electric_IR6841@cs.jp.yokogawa.com)

Phone: +81-422-52-6845

URL: <https://www.yokogawa.com/about/ir/>

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