

**Securities Code: 6841
Yokogawa Electric Corporation**

**Financial Results for
the First Quarter of Fiscal Year 2023**

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Accounting & Treasury Headquarters

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Financial Results for the First Quarter of Fiscal Year 2023

(April 1, 2023 – June 30, 2023)

■ FY23 1Q results: Sales and operating income were up.

- **Summary:** Orders increased. Sales were up due to the receding impact of the long-lasting COVID-19 pandemic. Operating income was up mainly due to the increase in sales and the accompanying rise in the gross profit margin. Profit attributable to owners of parent rose due to the recording of extraordinary income from the sale of investment securities.
- **Segments:**
 - Control:** Sales and operating income were up. (excluding the impact of exchange rates, orders increased 2.0%, and sales increased 21.9% year on year.)
 - Measuring instruments:** Sales and operating income were up.
 - New businesses and others:** Sales and operating loss were almost the same level as the previous fiscal year.
- **Regions:** Strong in the India, Southeast Asia, Europe, and North America.
- **Subsegments:** The energy & sustainability and life businesses were both strong.
- **Industries:** The downstream sectors were strong.

■ FY23 earnings forecasts: No change (Forecast exchange rate (US\$1) :¥130, (€1):¥135)

Summary of FY23 1Q Results (year on year comparison)

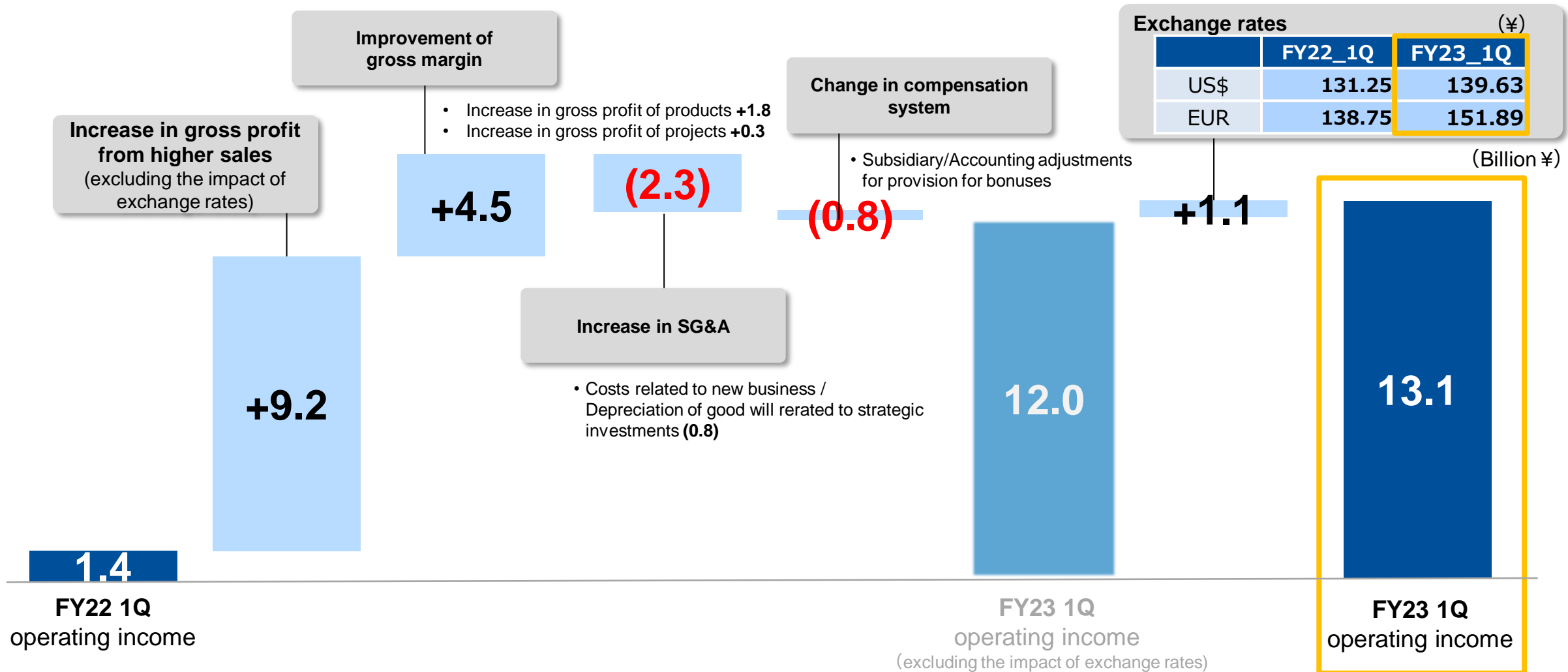
- ◆ Orders increased. (excluding the impact of exchange rates: +¥0.5 billion, +0.4%)
- ◆ Sales were up due to the receding impact of the long-lasting COVID-19 pandemic. (excluding the impact of exchange rates: +¥21.8 billion, +23.2%).
- ◆ Operating income was up mainly due to the increase in sales and the accompanying rise in the gross profit margin. (excluding the impact of exchange rates: +¥10.6 billion).
- ◆ Profit attributable to owners of parent rose due to the recording of extraordinary income from the sale of investment securities. (excluding the impact of exchange rates: +¥22.3 billion).

(Billion ¥)

	FY22_1Q	FY23_1Q	Difference	Growth rate	Impact of exchange rate
Orders	134.3	138.3	+4.0	+3.0%	+3.5
Sales	94.0	118.6	+24.6	+26.2%	+2.8
Operating income	1.4	13.1	+11.7	+842.1%	+1.1
ROS(%)	1.5	11.0	+9.5pt	—	—
Ordinary income	2.6	15.0	+12.4	+479.5%	+1.1
Profit attributable to owners of parent	1.3	24.7	+23.4	+1,770.2%	+1.0
Exchange rate	US\$1= ¥131.25	¥139.63	+8.38	—	—

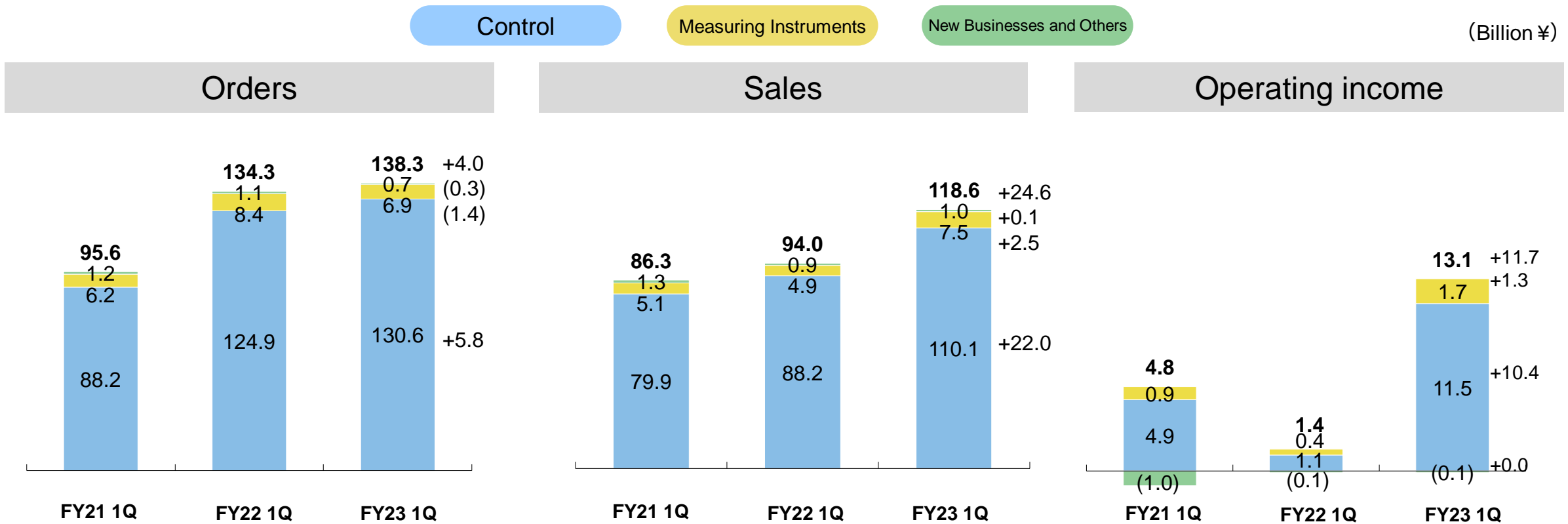
Analysis of Operating Income (year on year comparison)

◆ Operating income was up mainly due to the increase in sales and the accompanying rise in the gross profit margin.



Comparison for Orders, Sales, and Operating Income by Segment

- ◆ **Control:** Orders increased. Sales were up due to the receding impact of the long-lasting COVID-19 pandemic. (excluding the impact of exchange rates, orders increased +¥2.4 billion, +2.0%, and sales increased +¥19.3 billion, +21.9% year on year). Operating income was up mainly due to the increase in sales and the accompanying rise in the gross profit margin. (excluding the impact of exchange rates: +¥9.5 billion).
- ◆ **Measuring instruments:** Sales increased year on year due to factors such as the easing of restrictions following. Operating income was up due to the increase in sales and the accompanying rise in the gross profit.
- ◆ **New businesses and others:** Sales and operating loss were almost the same level as the previous fiscal year.



Orders and Sales by Region in Control Segment

- ◆ Orders were strong in India, Southeast Asia, Europe and North America.
- ◆ Orders: +¥2.4 billion, +2.0% (excluding the impact of exchange rates); sales: +¥19.3 billion, +21.9% (excluding the impact of exchange rates)

(Billion ¥)

Orders	FY22 1Q	FY23 1Q	Difference (B-A)
Japan	33.9	28.7	(5.2)
Asia	45.2	49.5	+4.3
(Southeast Asia, Far East)	16.9	21.2	+4.3
(China)	22.9	18.9	(4.0)
(India)	5.4	9.4	+4.1
Europe and CIS	9.4	12.9	+3.5
Middle East and Africa	21.4	21.7	+0.3
North America	9.1	12.0	+2.8
Central and South America	5.8	5.8	+0.0
Outside Japan	90.9	101.9	+11.0
Consolidated	124.9	130.6	+5.8
Exchange rate USD1\$ =	¥131.25	¥139.63	+8.38

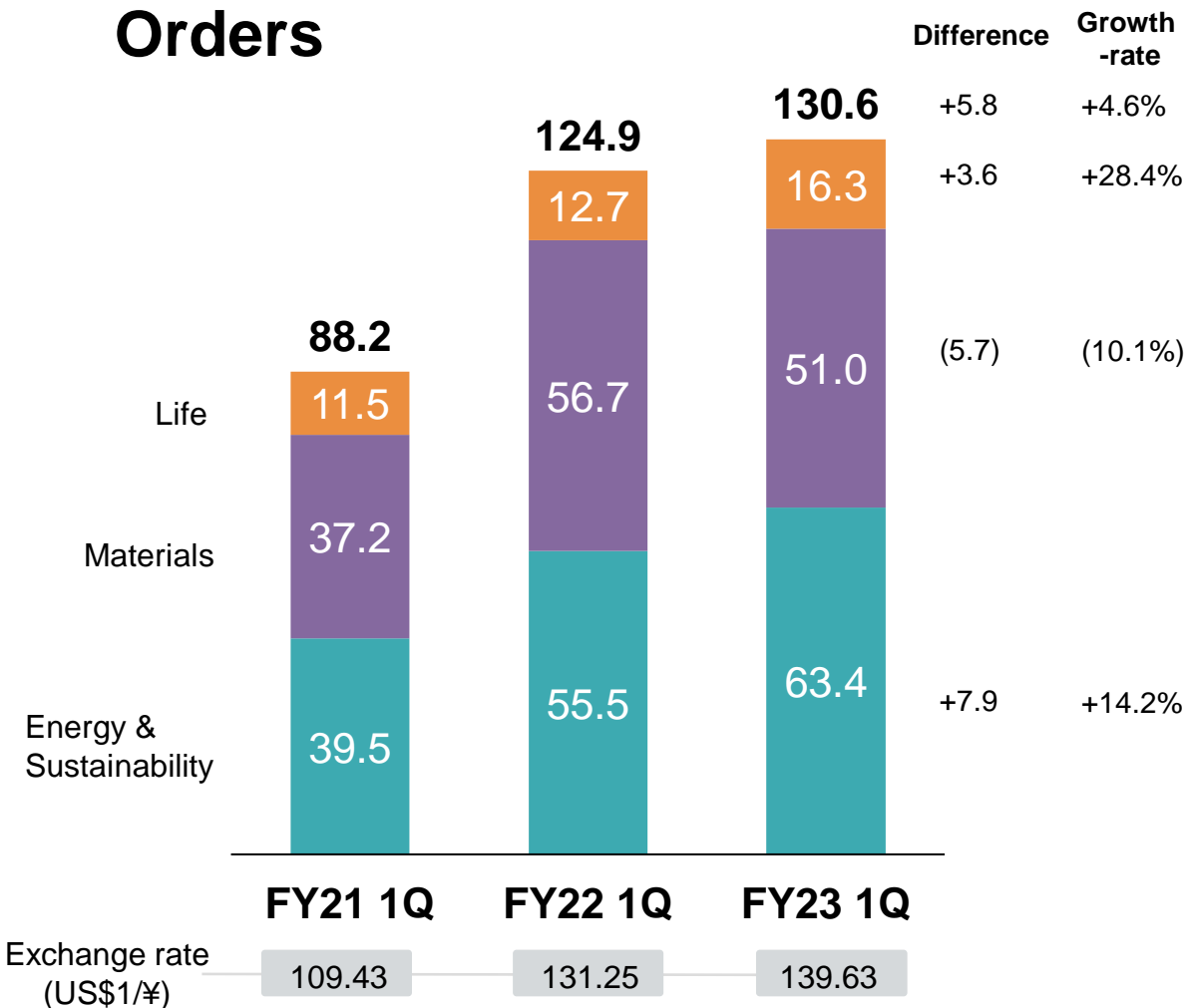
Sales	FY22 1Q	FY23 1Q	Difference (B-A)
Japan	23.6	26.2	+2.6
Asia	33.1	39.5	+6.4
(Southeast Asia, Far East)	15.0	16.0	+1.0
(China)	14.6	18.3	+3.7
(India)	3.5	5.2	+1.7
Europe and CIS	9.8	11.5	+1.7
Middle East and Africa	10.4	15.8	+5.5
North America	8.6	11.9	+3.3
Central and South America	2.7	5.3	+2.6
Outside Japan	64.6	83.9	+19.3
Consolidated	88.2	110.1	+22.0
Exchange rate USD1\$ =	¥131.25	¥139.63	+8.38

Orders and Sales by Control Subsegment

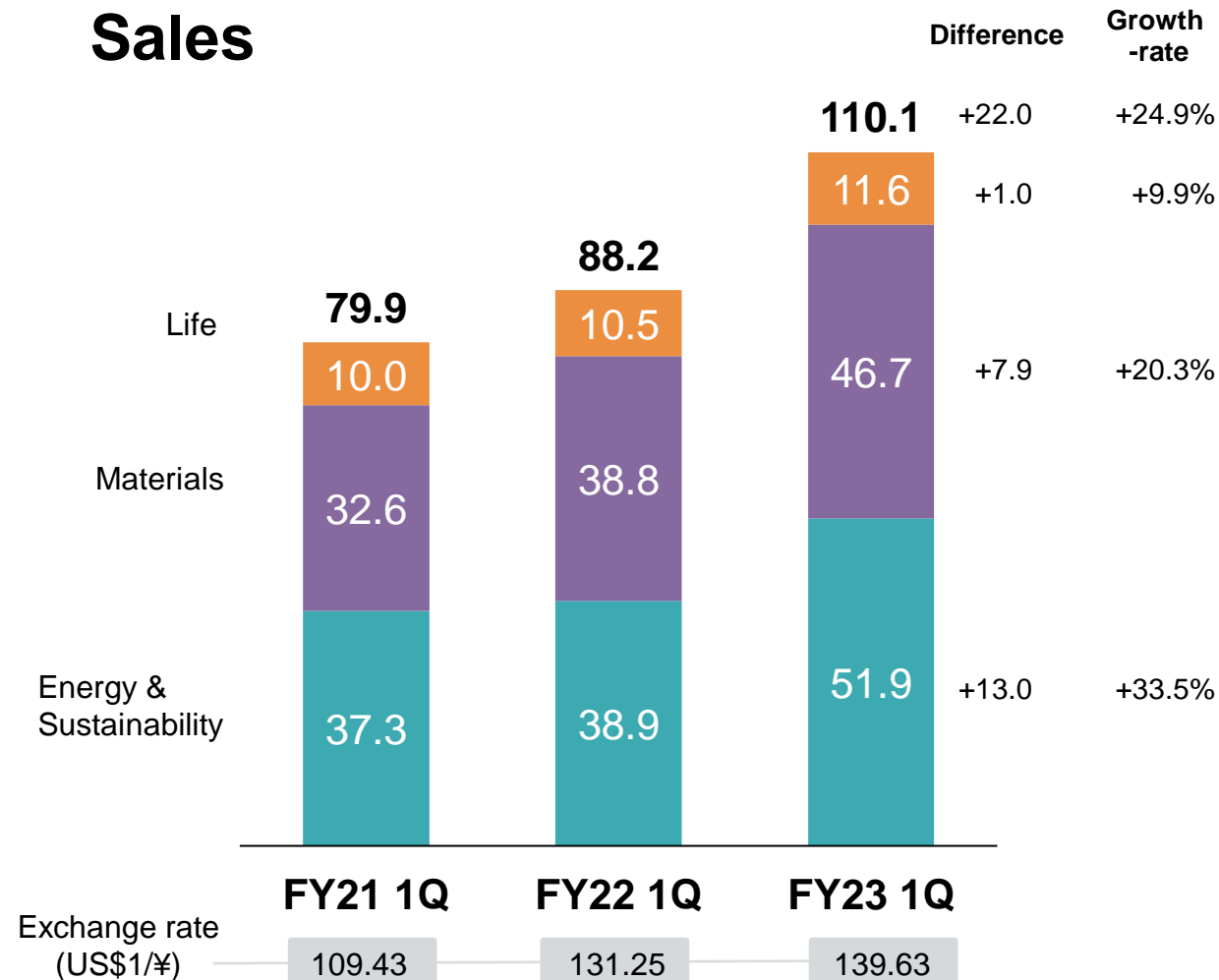
◆ Orders were strong in the Energy & Sustainability and Life businesses.

(Billion ¥)

Orders

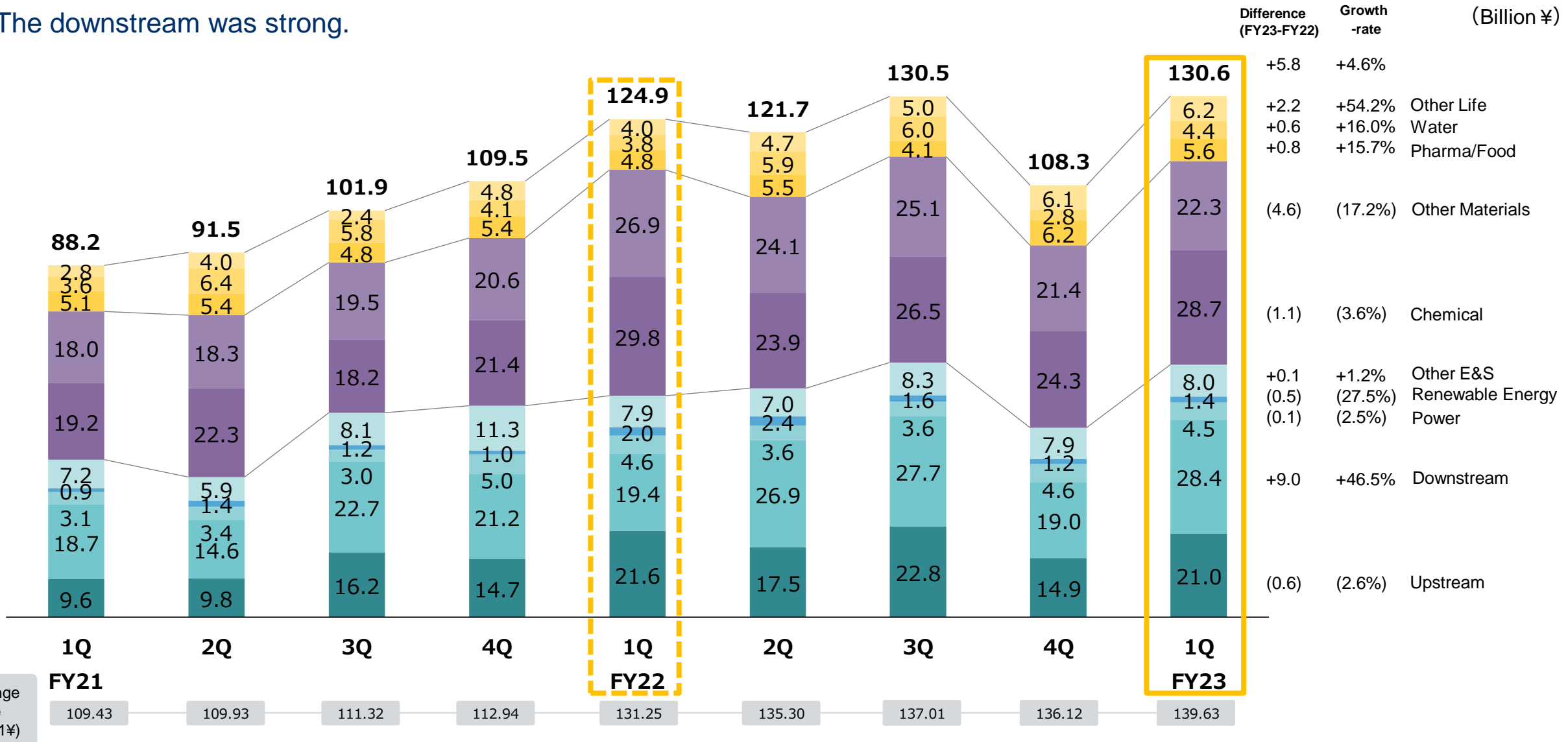


Sales



Orders by Industry in Control Segment

◆ The downstream was strong.



FY23 Forecast (No change)

- ◆ Orders are expected to decline due to the expected low growth of the global economy, a perception that the surge in large orders following the ending of the COVID-19 pandemic may be coming to an end, the prospect of slowing investment in the materials industry, and other factors.
- ◆ Growth in sales and operating income is expected to be limited due to continued difficulties in procuring semiconductors and other parts for production as well as goods for projects.

		FY22	FY23 forecast	Year on year difference	Growth rate
		(A)	(B)	(B-A)	(B/A-1)
Orders		518.4	490.0	(28.4)	(5.5%)
Sales		456.5	470.0	+13.5	+3.0%
Operating income		44.4	48.0	+3.6	+8.1%
ROS(%)		9.7%	10.2%	+0.5pt	—
Ordinary income		48.6	49.0	+0.4	+0.8%
Profit before income taxes		49.8	65.5	+15.7	+31.5%
Tax, etc.		10.9	21.5	+10.6	+97.6%
Profit attributable to owners of parent		38.9	44.0	+5.1	+13.1%
EPS(¥)		145.81	164.84*	+19.03	—
Exchange rate	US\$1=	¥136.12	¥130.00	(6.12)	—

(Billion ¥)

■ Variable factors

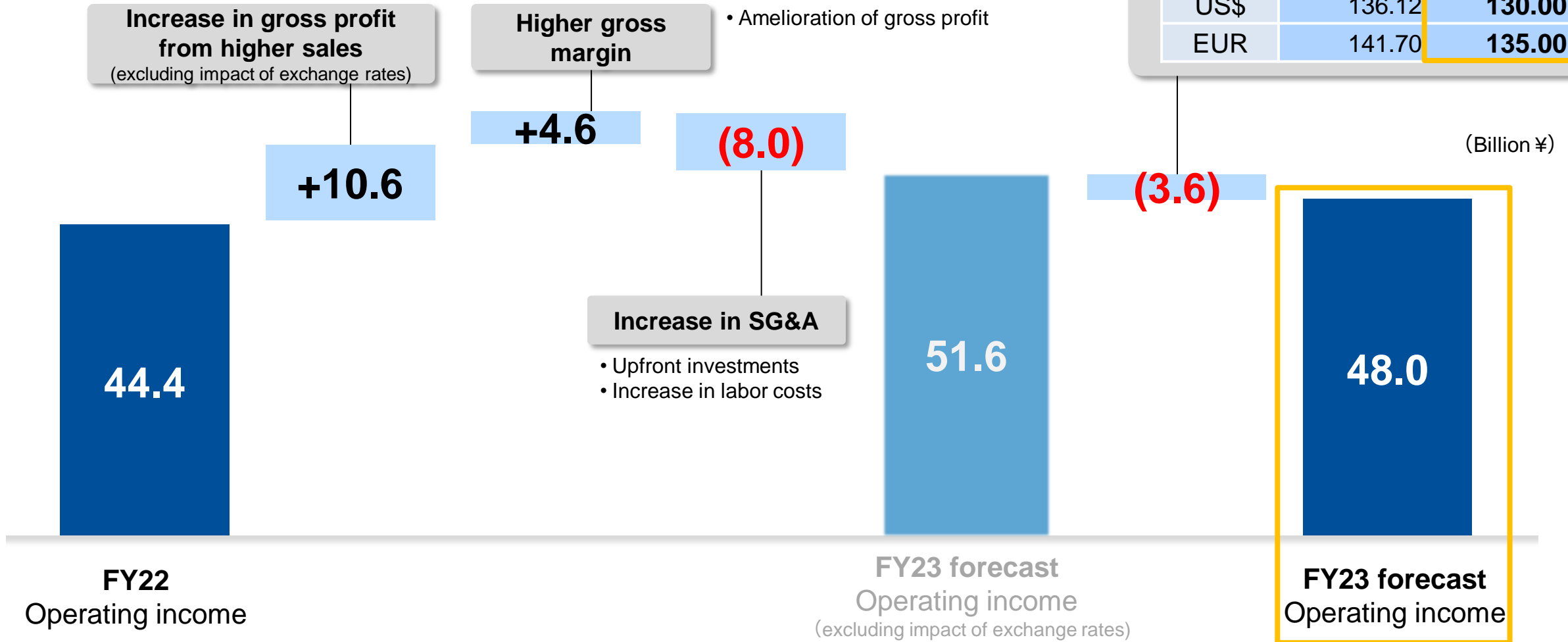
- An economic slowdown and worsening conditions in the financial environment due to inflation and monetary tightening
- Changes in the market that impact the procurement of semiconductors and other parts for production as well as goods for projects
- Cost increases for parts, energy, labor, etc.
- Increased geopolitical risks and resulting supply chain impacts

* The Company has resolved to acquire of own shares.

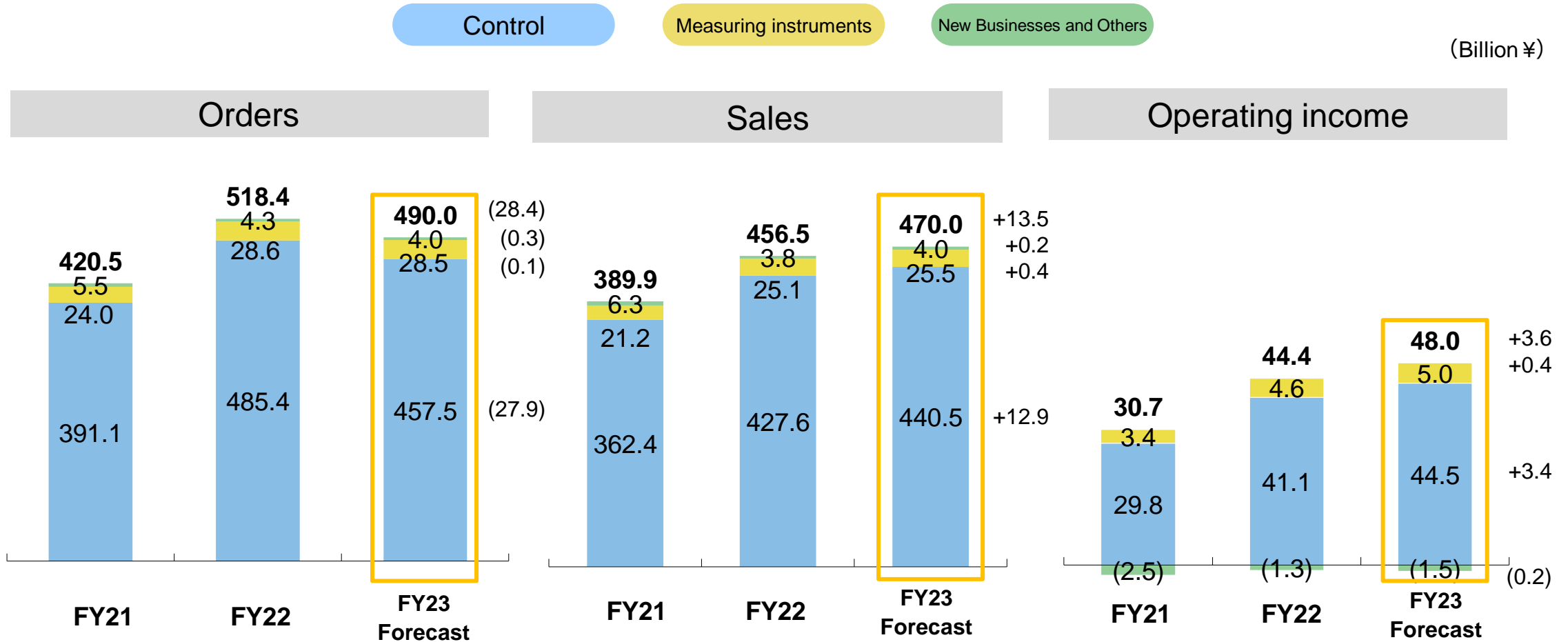
"EPS (yen)" in the FY23 forecast does not consider the impact of the acquisition of own shares. Therefore, it may change depending on the status of future acquisition of own shares.

Factors Accounting for Increase/Decrease in FY23 Operating Income (No change)

- ◆ Operating income is expected to increase year-on-year, mainly due to higher sales.



FY23 Forecast for Orders, Sales, and Operating Income by Segment (No change)



* **New Businesses and Others:** The figures for FY21 show the results of Aviation and other businesses.

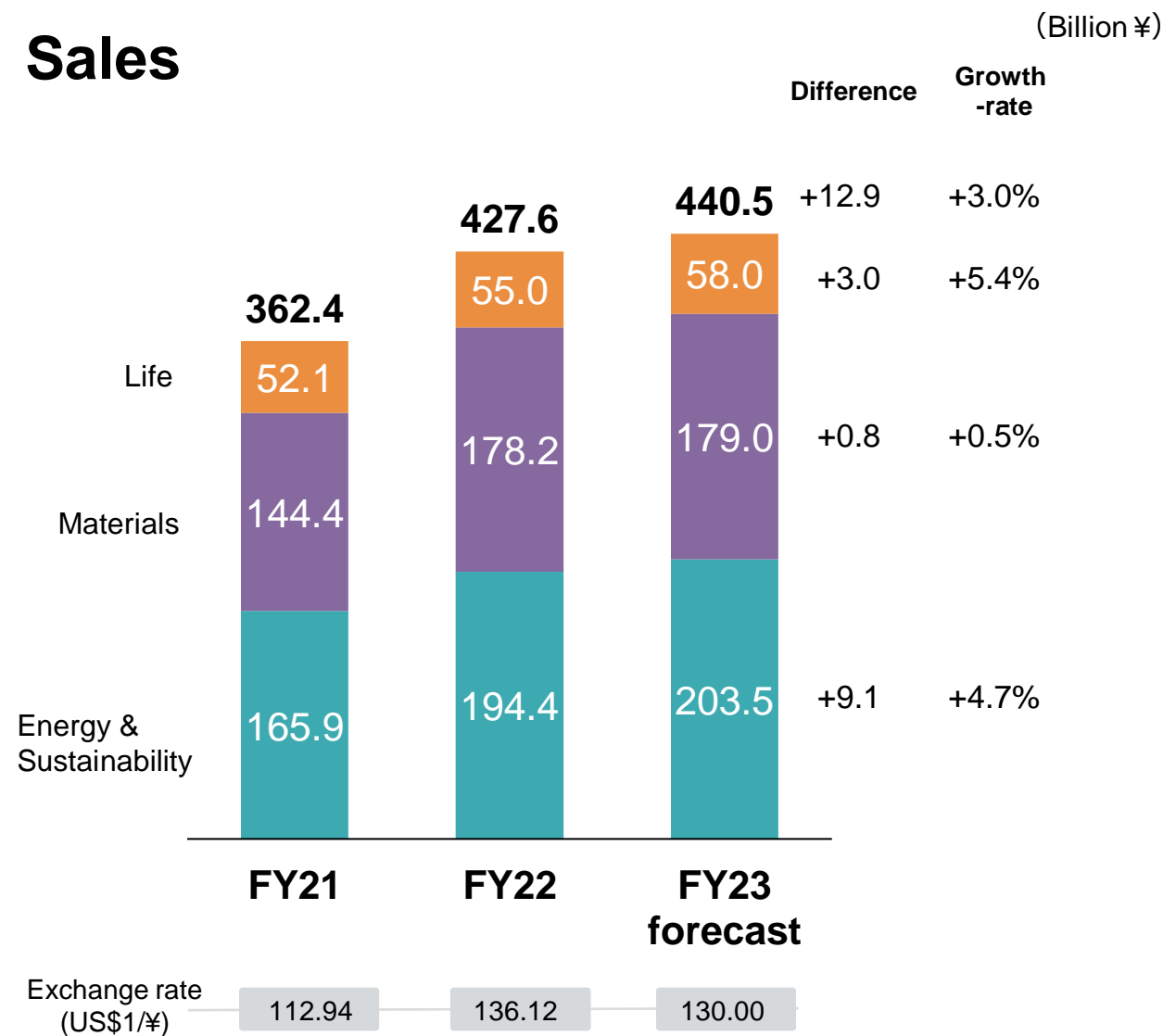
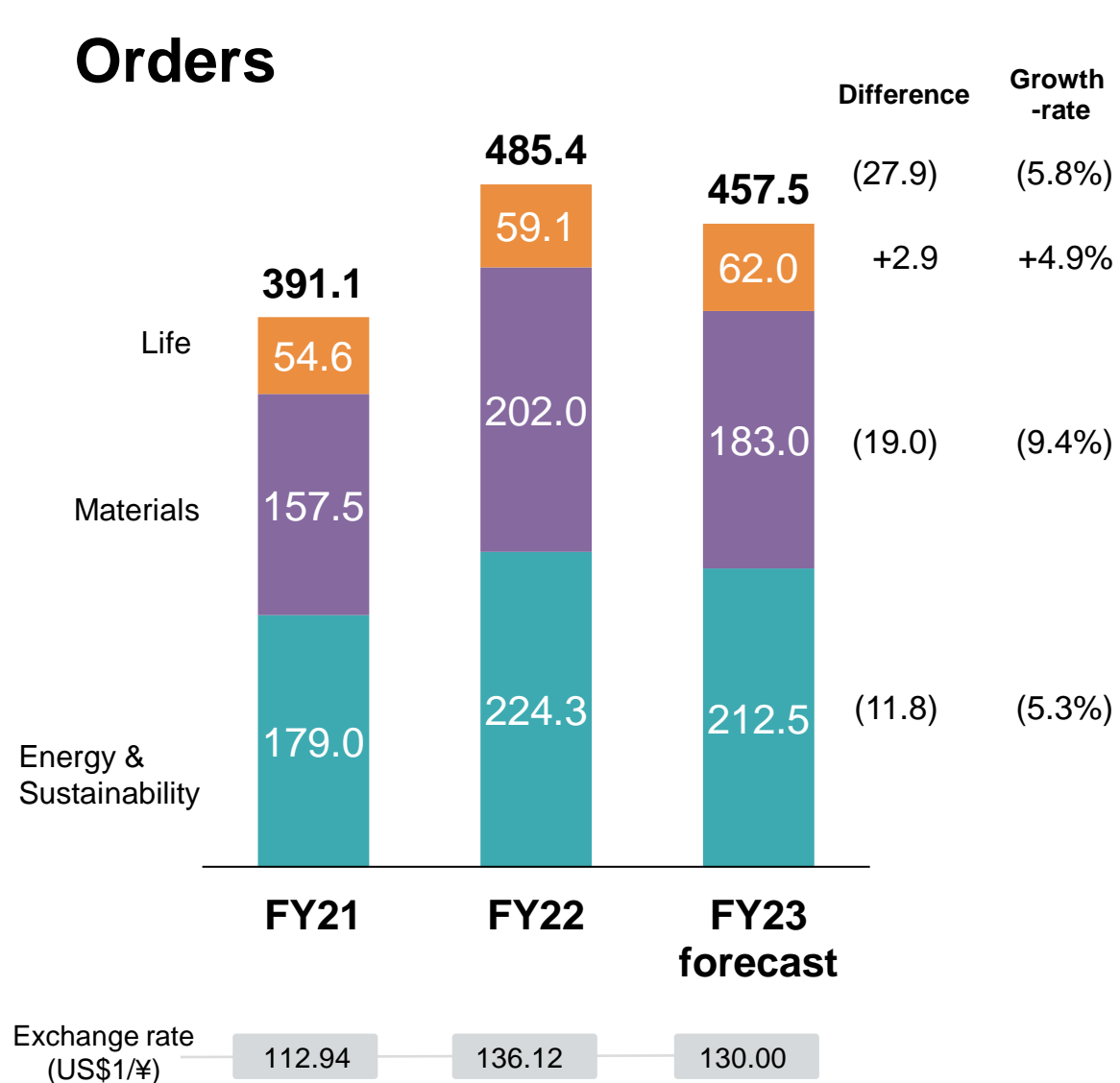
FY23 Forecast for Control Orders and Sales by Region (No change)

(Billion ¥)

Orders	FY22 (A)	FY23 (B)	Difference (B-A)
Japan	134.0	125.0	(9.0)
Asia	168.0	160.5	(7.5)
(Southeast Asia, Far East)	71.0	69.5	(1.5)
(China)	76.1	72.0	(4.1)
(India)	20.9	19.0	(1.9)
Europe and CIS	46.4	42.0	(4.4)
Middle East and Africa	71.4	67.0	(4.4)
North America	47.3	47.0	(0.3)
Central and South America	18.3	16.0	(2.3)
Outside Japan	351.4	332.5	(18.9)
Consolidated	485.4	457.5	(27.9)
Exchange rate US\$1 =	¥136.12	¥130.00	(6.12)

Sales	FY22 (A)	FY23 (B)	Difference (B-A)
Japan	116.0	122.0	+6.0
Asia	153.8	153.6	(0.2)
(Southeast Asia, Far East)	68.5	68.5	+0.0
(China)	66.8	67.0	+0.2
(India)	18.5	18.0	(0.5)
Europe and CIS	42.4	43.0	+0.6
Middle East and Africa	59.9	64.0	+4.1
North America	40.7	43.0	+2.3
Central and South America	14.8	15.0	+0.2
Outside Japan	311.6	318.5	+6.9
Consolidated	427.6	440.5	+12.9
Exchange rate US\$1 =	¥136.12	¥130.00	(6.12)

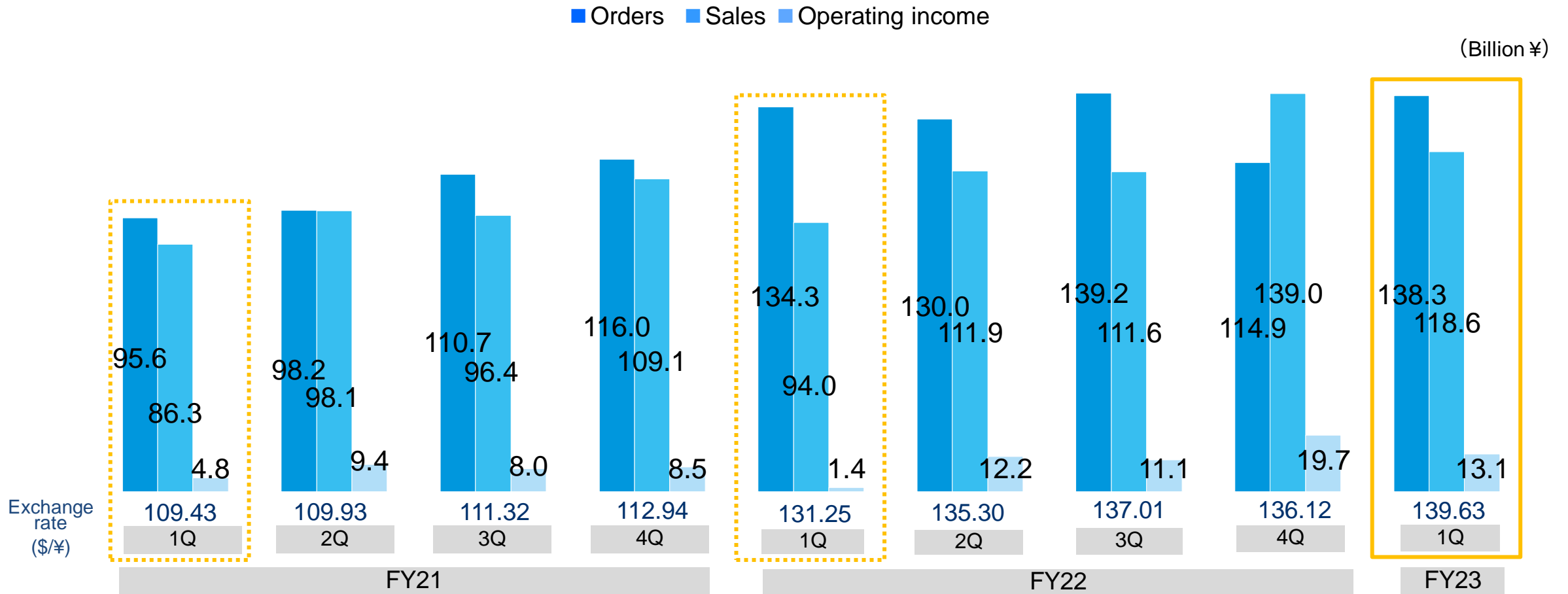
FY23 Forecast for Orders and Sales by Control Subsegment (No change)



Financial Appendix:

- Quarterly Financial Results
- Non-operating / Extraordinary Income and Expenses
- Order Backlog
- 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



Appendix: Non-operating /Extraordinary Income and Expenses

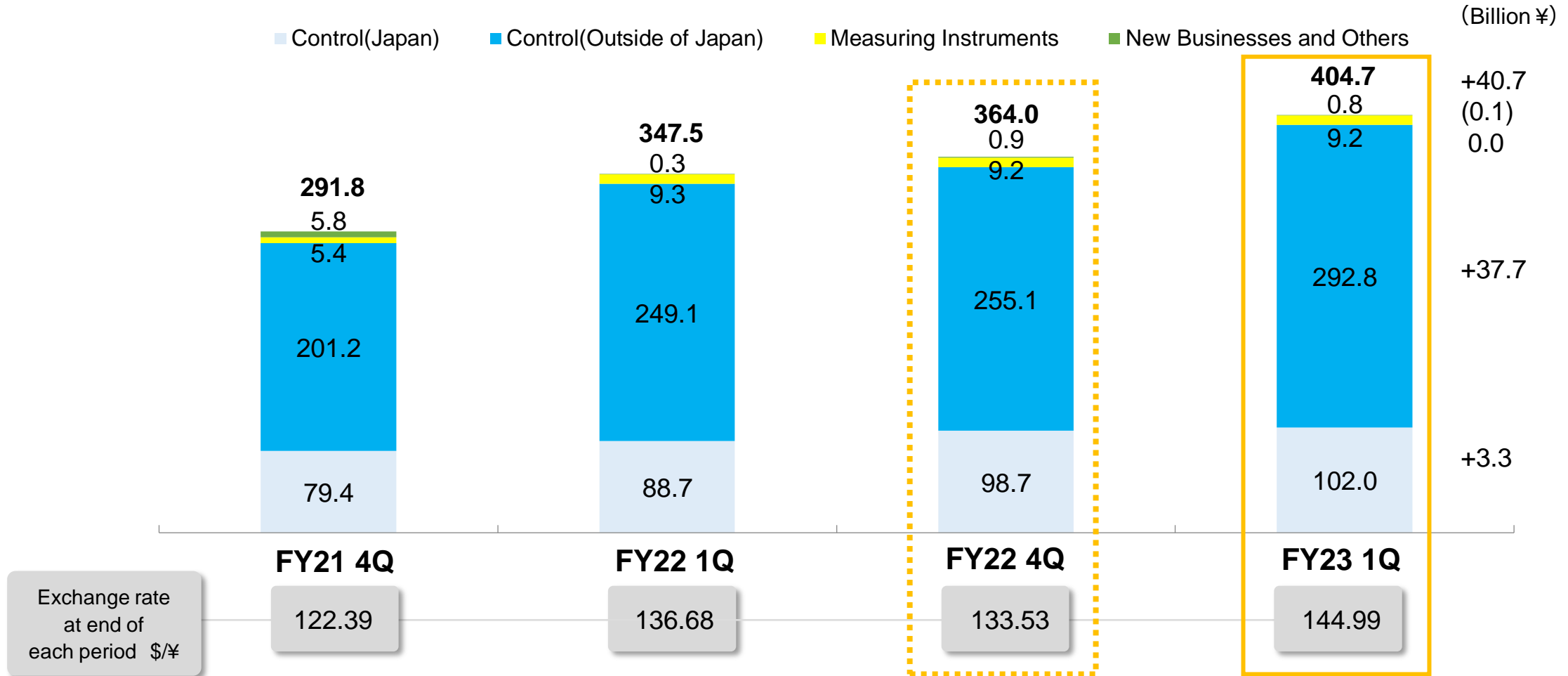
(Billion ¥)

	FY22_1Q	FY23_1Q
Operating income	1.4	13.1
Non-operating income	2.3	2.6
Non-operating expenses	1.1	0.7
Ordinary income	2.6	15.0
Extraordinary income	0.0	16.5
Extraordinary expenses	0.1	0.3
Income before tax	2.5	31.2
Tax, etc.	1.2	6.5
Profit attributable to owners of parent	1.3	24.7
(Effective tax rate)	18.1%	17.3%

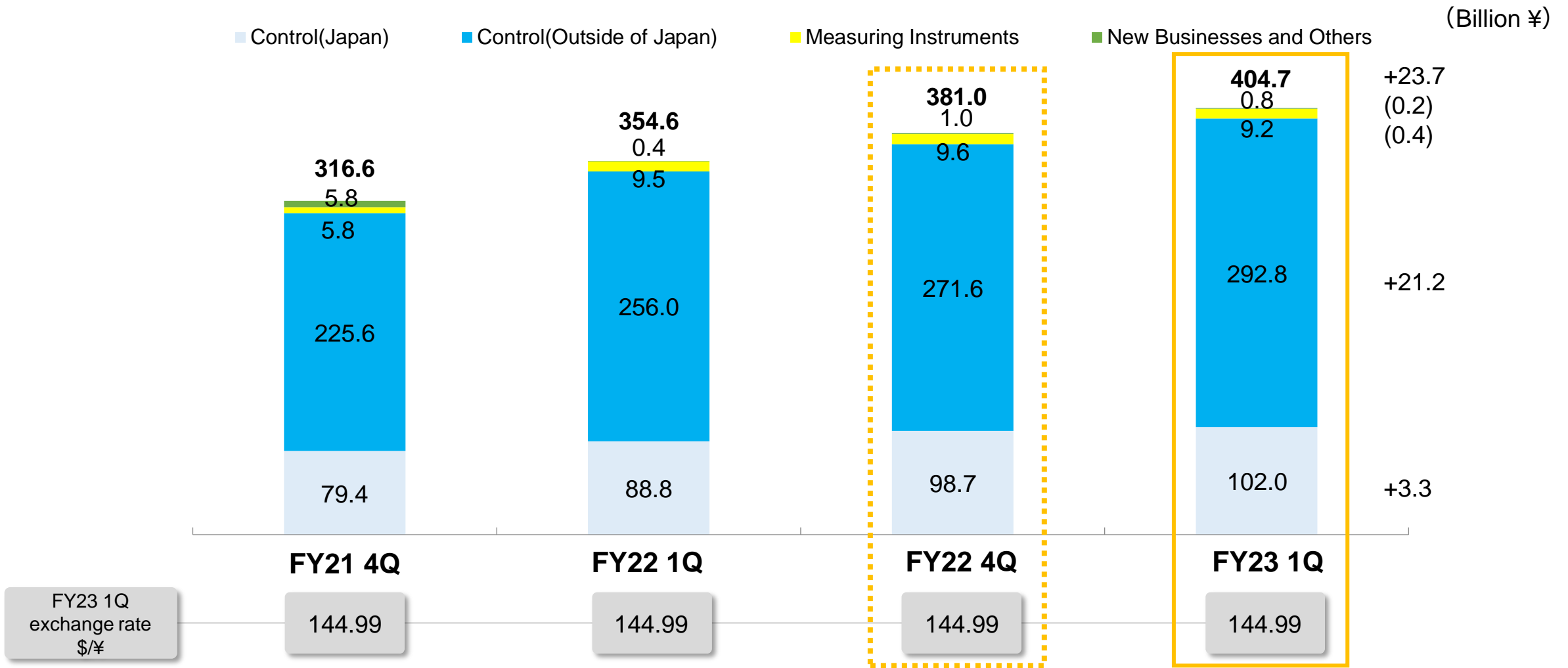


【Extraordinary income】
FY23_1Q :
Sale of investment securities 16.5

Appendix: Order Backlog Trend by Segment



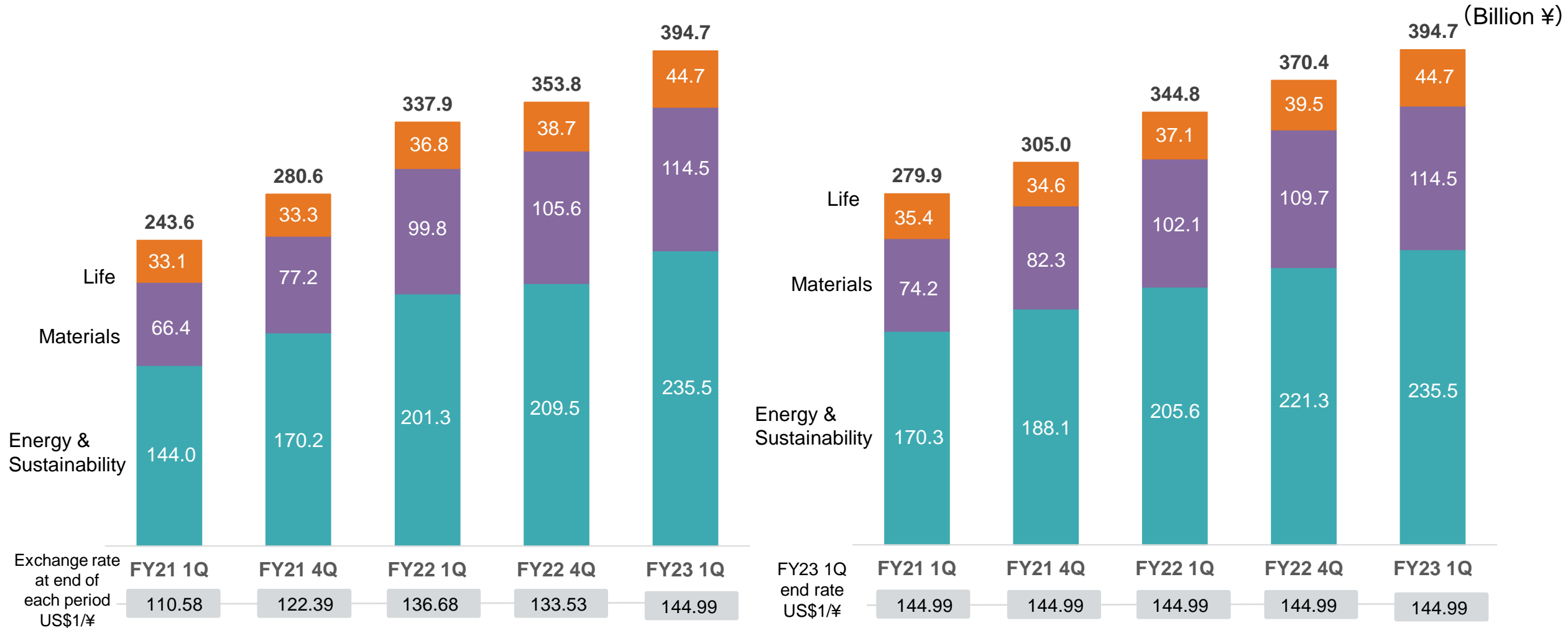
Appendix: Order Backlog Trend by Segment (using FY23 1Q exchange rate)



Appendix: Order Backlog Trend by Control Subsegment

@Exchange rate at end of each period

@FY23 1Q end rate



Appendix: Control Segment Order Trend by Project Size

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

* 3MUS\$

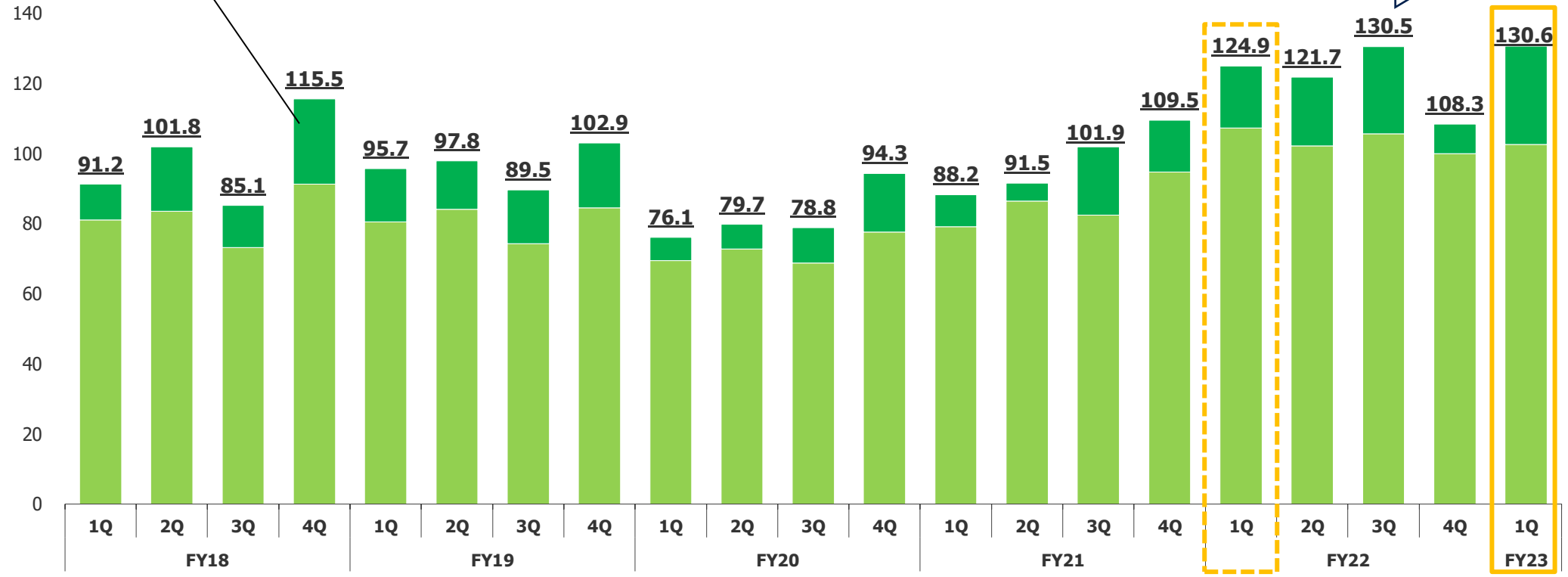
(Billion ¥)

■ Less than ¥300 M (small PJTs)
Mainly OPEX business such as MRO and system upgrades

■ More than ¥300 M (large PJTs)
Mainly CAPEX business such as FEED and engineering

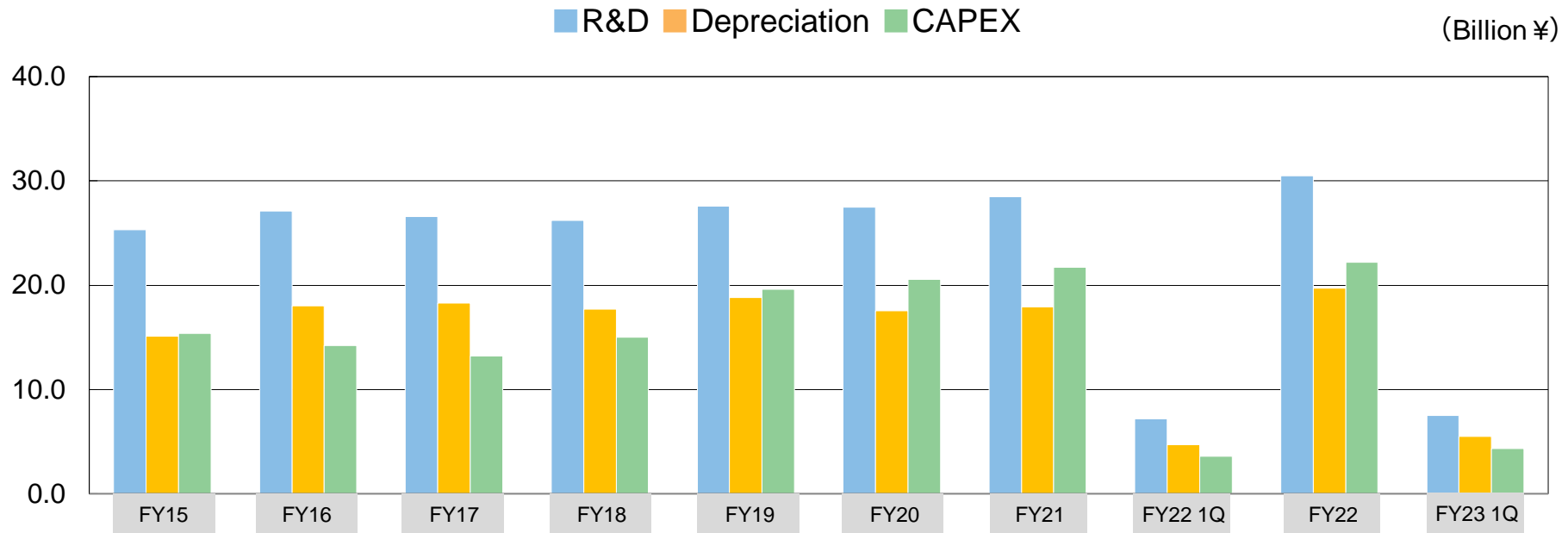
Including downstream PJTs (Middle East) and LNG PJTs (North America)

Figures from FY20 are changed based on the new segmentation



	FY18				FY19				FY20				FY21				FY22				FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
US\$	109.53	110.72	111.34	111.07	109.67	108.67	108.90	108.96	107.52	106.39	105.63	106.01	109.43	109.93	111.32	112.94	131.25	135.30	137.01	136.12	139.63

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



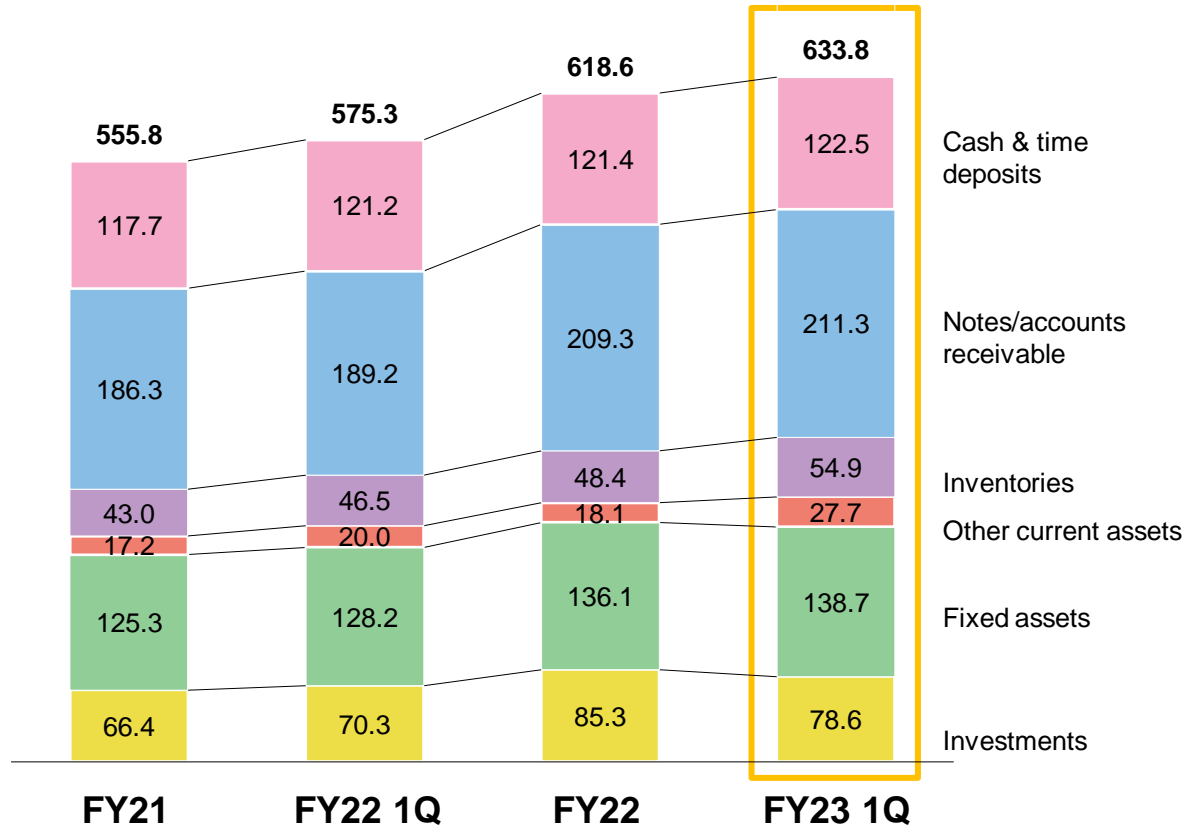
	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22 1Q	FY22	FY23 1Q
R&D expenses (% of sales)	25.3 6.1%	27.1 6.9%	26.6 6.5%	26.2 6.5%	27.6 6.8%	27.5 7.3%	28.5 7.3%	7.2 7.6%	30.5 6.7%	7.5 6.3%
Depreciation (% of sales)	15.1 3.6%	18.0 4.6%	18.3 4.5%	17.7 4.4%	18.8 4.6%	17.6 4.7%	17.9 4.6%	4.7 5.0%	19.7 4.3%	5.5 4.6%
CAPEX (% of sales)	15.4 3.7%	14.2 3.6%	13.2 3.2%	15.0 3.7%	*19.6 4.9%	20.6 5.5%	21.7 5.6%	3.6 3.9%	22.2 4.9%	4.4 3.7%

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

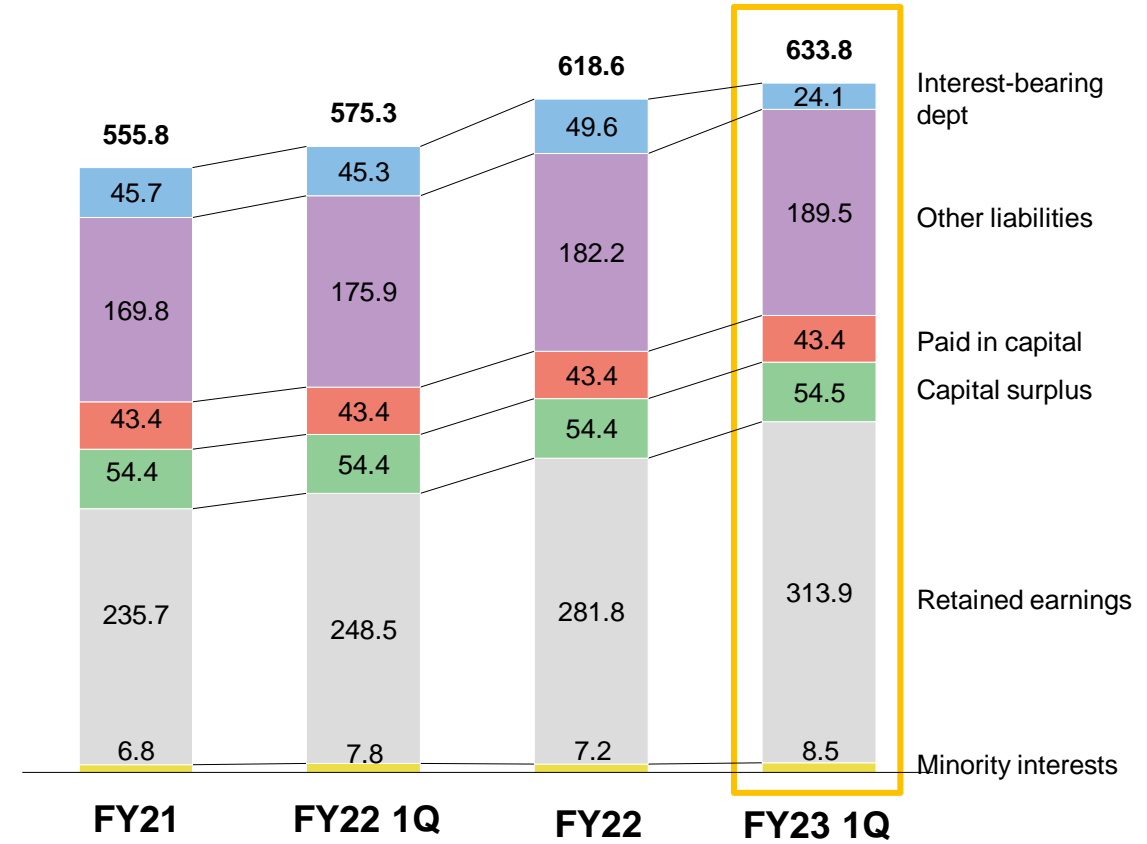
Appendix: Trend of Balance Sheet

(Billion ¥)

Assets



Liabilities and equity



Exchange rate at end of each period \$/¥

¥122.39

¥136.68

¥133.53

¥144.99

Exchange rate at end of each period \$/¥

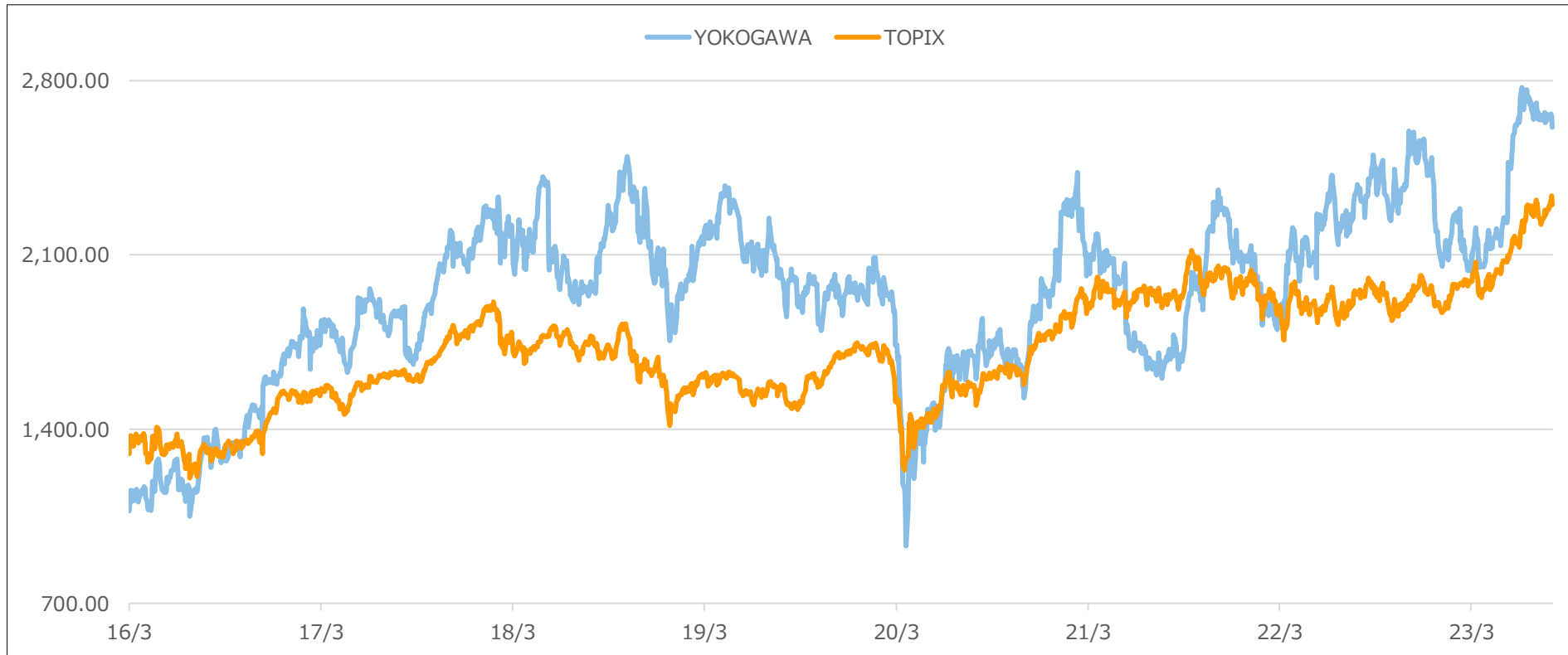
¥122.39

¥136.68

¥133.53

¥144.99

Appendix: Trend of Stock Price



(¥)

	16/3	17/3	18/3	19/3	20/3	21/3	22/3	22/6	22/9	22/12	23/3	23/6	23/8/2
YOKOGAWA	1,163	1,752	2,198	2,291	1,303	2,038	2,099	2,241	2,275	2,105	2,150	2,651	2,612
TOPIX	1,347	1,512	1,716	1,592	1,403	1,954	1,946	1,871	1,836	1,892	2,004	2,289	2,302

Reference:

- News
- Yokogawa's Main ESG Indexes, etc.

Reference: News (from April 1 to June 30)

Apr.

Yokogawa Receives Intellectual Property Achievement Award for Promoting Open Innovation

Received Digital Transformation Certification based on guidelines of the Ministry of Economy, Trade and Industry



May

Omega Simulation to Participate in Oil and Gas-Related Decarbonization Projects for the Nippon Foundation - DeepStar Joint Research and Development Program

Successful Deep Sea Observation of Sea Level Fluctuations with Made-in-Japan Silicon Resonant Water Pressure Gauge

Jun.

Yokogawa Test & Measurement Corporation Releases High Performance AQ6370E Optical Spectrum Analyzer

Yokogawa to Release OpreX Informatics Manager, Enabling Integrated Management of Experimental Data and Research Resources in the Cloud



The AQ6370E optical spectrum analyzer

Jul.

Yokogawa Receives EcoVadis Gold Rating for Sustainability for 2nd Year in a Row



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
- CDP Supplier Engagement Leader
- SNAM Sustainability Index
- S&P/JPX Carbon Efficient Index
- Carbon Clean 200 (Clean200) selected
- EcoVadis Gold Rating for Sustainability
- Morningstar Japan ex-REIT Gender Diversity Tilt Index (New)

Member of

As of July 2023

Dow Jones Sustainability Indices

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2023 MSCI ESG Leaders Indexes Constituent



2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



FTSE4Good FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

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