

Leaders' Message

As we mark our 110th anniversary, the azbil Group will continue to strive to be a corporate group able to contribute to solving our customers' problems through the pursuit of "human-centered automation."

Seiji Onoki
Chairman

Hirozumi Sone
President and
Chief Executive Officer



Group Philosophy

**To realize safety, comfort, and fulfillment in people's lives
and contribute to global environmental preservation through
"human-centered automation."**

To achieve our philosophy,

- We create value together with customers at their site.
- We pursue our unique value based on the idea of "human-centered."
- We think towards the future and act progressively.

The azbil Group celebrates its 110th anniversary in 2016. Since our establishment in 1906, we have focused on measurement and control technologies, delivering unique solutions to our customers. Takehiko Yamaguchi founded the company with the intention of "using advanced technology to liberate people from drudgery." When we celebrated our centenary in 2006, we introduced "human-centered automation" as our new philosophy, informed by the value that we would need to provide in the decades to come. We also formulated the group symbol "azbil" as a means of sharing this value. After changing the company name from Yamatake to Azbil in 2012, we strove to make the azbil brand familiar to as wide an audience as possible.

Today, the azbil Group meets needs in offices, production sites, and daily life through its three areas of business: Building Automation, Advanced Automation, and Life Automation. Our medium-term plan, which finishes in the year ending March 2017, sets out three key initiatives that we are working to achieve: (1) becoming a long-term partner for the customer and the community by offering solutions based on our technologies and products; (2) taking global operations to the next level, with global expansion by moving into new regions and making a qualitative change of focus; and (3) becoming a corporate organization that never stops learning, so that it can continuously strengthen its corporate structure.

In addition, we are striving to adapt to technological innovation in the form of the IoT, big data, and AI, and to enhance our ability to offer solutions by combining the on-site know-how that we have built up over many years with the azbil Group's unique services.

In the year ended March 2016, we not only took advantage of demand arising from redevelopment in the Tokyo metropolitan area and the forthcoming Tokyo 2020 Olympic and Paralympic Games, but also seized the market opportunities presented by global expansion, energy management, and safety and security needs. In addition, we undertook business structural reforms and initiatives to strengthen the corporate structure. As a result, we succeeded in achieving increases in both revenue and earnings for the third consecutive year.

100 years as Yamatake plus 10 as azbil makes a total of 110 years. Going forward, the azbil Group will continue to forge ahead as a unified corporate group able to contribute to solving a variety of problems by creating new levels of value in partnership with customers at their sites, through the pursuit of "human-centered automation" that generates happiness filled with joy and fulfillment for everyone.

July 2016



Seiji Onoki
Chairman
Azbil Corporation



Hirozumi Sone
President and Chief Executive Officer
Azbil Corporation

Special Feature: the azbil Group at 110—Our History and Future

**Yamatake for 100 years, azbil for 10 years.
Together 110 years. In 2016, Azbil Corporation
celebrates its 110th anniversary.**



“Freeing People from Drudgery” 1906–1978

The azbil Group’s origins date back to the birth in 1906 of Yamatake Shokai, a trading company importing machine tools and other instruments from the U.S. and Europe at a time when Japan was trying to become an industrial society. Takehiko Yamaguchi founded the company after becoming aware of the high standard of Western machine tools through his work for the Bureau of Patents at the Ministry of Agriculture and Commerce. Subsequently, amid Japan’s rapid industrialization, the company evolved into a comprehensive automation manufacturer, driven by our founder’s desire to “make a contribution, however small, to freeing people from drudgery by seeking out any possible mechanical alternatives for work carried out by human hands.”

“Savemation” 1978–2006

The first oil crisis motivated us to reinterpret our founder’s mission in the face of global demand, so in 1978 we established “Savemation” as our corporate philosophy. We coined this unique watchword to clearly illustrate our goal: to conserve energy and resources, and enhance safety through automation (measurement and control technologies).

Through the years, the azbil Group has always put the happiness of people first with its "human-centered automation." Going forward, we will continue to work in partnership with you to use our measurement and control technologies to achieve even greater value creation.



azbil "Human-centered Automation" 2006–

In 2006, when we celebrated the centenary of our founding, we shifted our focus from controlling machines to achieving fulfillment in people's lives. Accordingly, we established a new Group philosophy: striving to realize safety, comfort, and fulfillment in people's lives and to contribute to preserving the Earth's environment through "human-centered automation." At the same time, we established "azbil" (automation zone builder) as our

new Group symbol, representing our contribution to solving problems at various types of sites through the application of automation technologies. In 2012, we changed the company name to Azbil Corporation. Today, based on this Group philosophy, we aspire to achieve recognition as a top-class global automation enterprise.

Using measurement and control technologies to contribute to the development of a sustainable society for every generation

We began in 1906 as Yamatake Shokai, founded by Takehiko Yamaguchi. Over the 110 years since then, we have contributed to society's ongoing development by continuing to draw upon our measurement and control technology to deliver products and services based on our understanding of the needs of customers and society as they changed with the times. Through this process, we have succeeded in increasing Group net sales to around ¥260 billion and expanding our fields of business to encompass buildings, plants and factories, and the environment of people's daily lives.

1900

1906

Yamatake Shokai founded to import European and American machine tools



Founder: Takehiko Yamaguchi

1913

Manufacture of disc water meters and wheel water meters



1933

Transformation from importer to manufacturer and seller of machine tools and measurement instruments

1936

Became the first to successfully manufacture automatic control valves in Japan



1950

1953

Equity-based alliance with prominent U.S. control equipment maker Honeywell Inc. (the first 50-50 alliance after the war; lasted until 1990)

1966

Company name changed to Yamatake-Honeywell Co., Ltd.

1975

Launched a series of electromagnetic flowmeters incorporating Yamatake's own square-wave excitation method, the first of its kind worldwide



1975

Joint development with Honeywell Incorporated of a distributed control system



1981

Participated in joint development of a microprocessor-based gas meter with a safety function



1982

Development of an integrated building automation system



1984

Launch of a comprehensive building management service with remote monitoring



1985

Developed an innovative control valve series blending mature and new technologies



1985

Developed a smart pressure transmitter series equipped with semiconductor composite sensors to make full use of digital communications technology



1991

Sales launch of a motorized two-way valve with integrated actuator for air conditioning



1995

Sales launch of a compact open harmonized instrumentation automation system



Changes over 110 Years

	1966 Renamed Yamatake-Honeywell	1998 Renamed Yamatake Corporation	2016 110th anniversary
Net sales (millions of yen)	12,518	178,896	260,000
Operating income (millions of yen)	1,328	7,458	19,000
Shareholders' equity (millions of yen)	2,284	112,353	155,005

Notes: • Figures for 1966 show non-consolidated basis, while those for 1998 and 2016 are consolidated basis.

• 2016 figures for net sales and operating income are planned figures, while shareholder's equity is the actual figure as of the end of March 2016.

2000

1995

Sales launch of a microprocessor-based smart valve positioner



1996

Began sale of a thermal gas flow sensor and a micro flow sensor, and successfully developed and started mass production of microchip-equipped flow velocity sensors



1998

After replacing the strategic alliance agreement with Honeywell Incorporated with business unit agreements in 1997, Yamatake-Honeywell was renamed Yamatake Corporation

2000

Launched a remote maintenance service for buildings



2004

Launched a control valve maintenance support system



2006

Introduced the new Group symbol, azbil

2009

Sales launch of network instrumentation modules, featuring advanced communication and control functions



2009 (overseas)/2012 (Japan)

Names of azbil Group companies changed to include "Azbil"

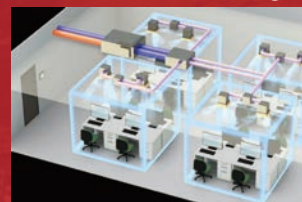
2012

All products and services related to energy management solutions grouped together under a single brand name



2015

Sales launch of a cell air-conditioning system, delivering precision control of air flow within small areas for more comfortable air conditioning



2015

Sales launch of an online anomaly monitoring system using factory big data



2016

Launched our new generation of multi loop controller with multifunction display, contributing to the preventive maintenance of manufacturing equipment



The Future Sketched by the azbil Group's Automation

"Human-centered automation." This phrase expresses our desire for a future in which people and technology together create a flourishing society. Work sites are where we develop a shared understanding of the issues that customers face. With the work site as our starting point, we have taken up the challenge of pursuing original technologies, products, and services that no other company can imitate, in order to offer society new levels of value.

Automation needs are changing with the times. We have identified the following as growth areas:

1. Next-generation solutions for production and working/living spaces (advanced, high-added-value solutions needed in offices, factories, research facilities, and other production facilities, and in living environments)
2. Energy management solutions
3. Safety solutions

These interrelated fields will generate business from the need for support throughout the life cycle, and new applications of automation technology that cut across these areas can be expected. We will develop new control technologies, products, and services compatible with the Internet of Things (IoT), big data, and other technological innovations, and combine them to meet the diverse needs emerging in these growth fields.

At sites where the azbil Group works with customers to understand the challenges that they face, it is not merely a manufacturer, but also a partner who offers engineering, consulting, and other services as well. That is precisely why we take pride in our ability to apply human ingenuity and technology to create unique products and services that reflect the needs at the customer's site as well as the latest technology.

110 years have passed since our founding in 1906. The elements that remain unchanged, linking our past to our future, are *technology*, which supports the azbil Group today; our *ethos* of acting with a view to the future; and the *work sites* that connect the azbil Group to its customers. We are steadfastly dedicated to advancing hand in hand with our customers.



Unique products and solutions that meet the needs of the times

Microflow Meters

Over the years, the azbil Group has created numerous innovative sensors using micro-electro-mechanical systems (MEMS) technology, and products fitted with MEMS have become indispensable in a variety of industrial fields. We have recently devised a unique sensor structure based on the application of thermal measurement technology and are currently working on commercializing it in a new type of flowmeter capable of high-precision measurement of microflows* of liquid, which have been difficult to measure until now. We hope to be able to use this flowmeter in applications for the semiconductor, electrical and electronic markets, among others.

*Very small flows of 100 mL/minute or less



Unique products and solutions that meet the needs of the times

Cloud Services

Our cloud services for buildings offer centralized management of building data via a link between the system in the customer's buildings and our Cloud Center, enabling users to access data for multiple buildings from wherever the user might be. As well as facilitating the visualization of energy use and energy efficiency analysis, these services include functions that take advantage of the unique attributes of cloud computing. These include functions for enhanced convenience, such as remote control of air conditioning and lighting; an optimal control function based on modeling from past data; and a function that automatically moderates power consumption when the electricity grid is under pressure. These services are attracting attention as a solution that meets the needs of the times.



Remote
monitoring
services

Valves
with flow
measurement
function

Energy
management
solutions

Solutions
that meet
the needs of
the times

Manufacturing
equipment
for the
pharmaceutical
market

Cloud
services

Creating new
value with
customers

Creating new
value with
customers

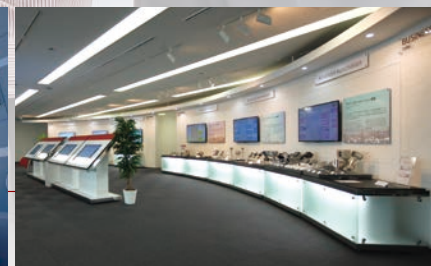
A venue for collaboration with customers

Fujisawa Technology Center and azbil Techno Plaza

The Fujisawa Technology Center is the azbil Group's research and development base. We are in the process of equipping it with a new development environment and advanced work environment for testing purposes, with the aim of achieving even greater efficiency in our research and development activities. At the same time, we are developing it into our main energy management solutions site, furnished with the latest technologies to serve as the Group's model business establishment for energy efficiency, where customers can see our technology in action. In addition, our desire



Fujisawa Technology Center



azbil Techno Plaza

to shape the future in partnership with customers led us to establish the azbil Techno Plaza at the Fujisawa Technology Center. With interactive displays of the azbil Group's latest BA, AA, and LA business initiatives and new proposals leveraging the IoT, it provides customers with hands-on experience of our cutting-edge automation technologies. Located at the Fujisawa Technology Center, which supports the whole azbil Group as an R&D base, the new azbil Techno Plaza will, we hope, become a venue for partnership and collaboration with customers.

Interview with the CEO



President and Chief Executive Officer

Hirozumi Sone

Q1

How would you sum up the year ended March 2016?

We maintained the basic trend of increases in both revenue and earnings, while making further progress with business structural reforms and initiatives to strengthen the corporate structure.

Within Japan, the introduction of a policy of negative interest rates for the first time did not do anything to alter the cautious stance of manufacturing industry toward capital investment, while overseas, economic growth slowed in China and other emerging economies. Nevertheless, in the year ended March 2016, the azbil Group achieved increases in both revenue and earnings for the third consecutive year.

Revenue in our Advanced Automation (AA) business declined slightly as capital investment remained sluggish, while the transfer of our health, welfare, and nursing care business during the previous year caused revenue in our Life Automation (LA) business to decrease (down by around ¥3.4 billion). However, the Building Automation (BA) business saw revenue rise against the background of urban redevelopment in the Tokyo metropolitan area and construction demand ahead of the Tokyo 2020 Olympic and Paralympic Games, as well as steady demand for refurbishment and services due to efforts to make existing buildings more energy-efficient. As a result, consolidated net sales rose 1.0% year on year to ¥256.9 billion.

Looking at profit and loss, we incurred one-off costs from

increased research and development expenses aimed at bringing new products to market, as well as the launch of our new core information system and the resultant unification of job profit-and-loss management procedures. However, the effect of increased revenue, a decline in goodwill amortization expenses, and the positive impact of structural reforms on income in our LA business resulted in consolidated operating income rising 11.7% year on year to ¥17.1 billion. We have posted approximately ¥3.0 billion as a goodwill impairment loss (one-time amortization of the balance) from our consolidated subsidiary Azbil Telstar, S.L.U., but the net income attributable to owners of the parent rose 15.3% year on year to ¥8.3 billion.

Although results in the year ended March 2016 did not reach the levels indicated in our plan at the start of the year, we maintained the basic trend of increases in both revenue and earnings overall, while making further progress with business structural reforms and initiatives to strengthen the corporate structure. Accordingly, I believe that we have succeeded in paving the way for measures that will lead to future growth.

I want us to achieve increases in both net sales and operating income for the fourth consecutive year in the year ending March 2017, to clearly demonstrate sustainable growth in the year ending March 2018 and beyond.

Q2

How do you feel about the year ending March 2017, which will mark both the 110th anniversary of the company's founding and the 10th year since it adopted azbil?

I feel that more active efforts to communicate to the market the unique value provided by the azbil Group are vital.

Yamatake Shokai Co., Ltd., the forerunner of the azbil Group, was founded in 1906 as a trading company importing machine tools and other instruments from the U.S. and Europe. Its founder, Takehiko Yamaguchi, established the company out of a wish to liberate Japanese workers from their toil of harsh and excessive work. After the war, the company lost no time in introducing the innovative concept of automation (measurement and control technologies) and expedited the domestic production and in-house development of instruments. In addition, we made wide-ranging contributions to Japanese economic growth via process control in the petrochemical and chemical fields and heating ventilation, and air-conditioning control of large buildings.

Our pursuit of automation resulted in the value that we provide evolving from "freeing people from drudgery" to "creating contentment." As such, when we celebrated our centenary in 2006, we established a new Group philosophy centering on "human-centered automation." Behind these words lies our desire to contribute to society through our commitment to focusing

on people and realizing a world of automation created by human ingenuity and technology. Our current name, "azbil (automation zone builder)," was introduced at that time to symbolize the Group.

When we first instituted this Group philosophy, it was hard for people to understand the meaning behind this combination of "human-centered" with automation, which tended to be associated with machine control. However, the concept of creating new value through cooperation between humans and automation technologies is now discussed as a perfectly natural thing, not only in manufacturing industry, but also in a variety of other fields. I believe that this is due in part to the fact that the azbil Group has been putting this into practice in buildings, manufacturing equipment, and everyday settings over the last ten years.

I feel that more active efforts to communicate to the market the unique value provided by the azbil Group are vital, taking pride in the fact that we had the foresight to anticipate and respond to these changes at the cutting edge of automation.

Q3

What is the state of progress with the medium-term plan, whose final year coincides with these key milestones?

We are steadily working to reform and strengthen the corporate structure in response to the ever-changing business environment and new challenges.

Our four-year medium-term plan, which finishes in the year ending March 2017, sets out three key initiatives under the azbil Group's philosophy of human-centered automation: becoming a long-term partner for the customer and the community by offering solutions based on our technologies and products; taking global operations to the next level, with global expansion by moving into new regions and making a qualitative change of focus; and becoming a corporate organization that never stops learning, so that it can continuously strengthen its corporate structure.

At the same time, the business environment is changing constantly and although the 2020 Olympic and Paralympic Games will be held in Tokyo, capital investment within Japan remains sluggish and growth is starting to slow in the emerging economies that had been driving the global economy. Increasing awareness of international issues such as global environmental conservation, and technological innovation arising from the evolution of the Internet environment can also be seen.

Amid this situation, we are steadily implementing ongoing business reforms and efforts to strengthen the corporate structure, as the new challenges that we face and the actions that we need to take have become clear. These challenges include ensuring expansion of both our BA and AA businesses in overseas markets, a growth field for the company; preparing for the post-2020 era, when demand triggered by redevelopment of the Tokyo metropolitan area and the Olympics will have died down; putting in place sales and production systems capable of adapting to changes in domestic and overseas business environments and market structures; and building a profitable structure into our LA

business, which is our third core business segment.

In our BA business, we transferred the sales and service functions of our Shinagawa branch to new branches that we established in Osaki, Kasumigaseki, and Toranomon in the year ended March 2016. The purpose of this is to enable us to work more closely with customers, in response to demand in the new and existing building fields, which are both thriving in the Tokyo metropolitan area. In addition, we are expanding our stable revenue base with a view to future business opportunities throughout the life cycle of buildings. In the year ending March 2017, we plan to devote even greater efforts to global expansion with the launch of new products overseas.

In our AA business, we have achieved greater efficiency in mature industrial fields and stepped up the shift of personnel and other resources into the HA/FA* field and overseas markets, which are forecast to grow. Furthermore, anticipating major changes in global technological trends, such as the IoT (Internet of Things) and big data, we will create business models tailored to the market environment and promote innovative change to establish a high-profit structure in our three business units in the year ending March 2017.

We will also work on bolstering our research and development system and reorganizing our production systems, with the next medium-term plan in mind.

*The azbil Group has identified as a priority area automation in advanced industries such as electrical/electronics, semiconductors, automobiles, and chemicals (downstream) as well as domestic demand-oriented industries such as food and pharmaceuticals, together with the companies that produce manufacturing equipment for the aforesaid industries. Automation for these industries is referred to collectively as HA/FA (Hybrid Automation/Factory Automation), and the azbil Group is actively engaged in growing this HA/FA business.

Ongoing Business Reforms and Efforts to Strengthen the Corporate Structure

Business Segment	BA business	AA business	LA business
	<ul style="list-style-type: none"> Strengthening of the foundations of domestic BA business (tapping into demand triggered by redevelopment of the Tokyo metropolitan area and the Olympics) Strengthening of our energy management business (for sustainable growth with a view after the Olympics) Implementation of life-cycle business development in our overseas business (establishing a profitable model) 	<ul style="list-style-type: none"> Shifting to priority fields (HA/FA field) and strengthening of the business structure Implementation of a high value-added service business in mature fields (PA field) Strengthening of product development capabilities Strengthening of overseas business infrastructure (development, production, sales, and service) 	<ul style="list-style-type: none"> Upgrading of the foundation of the Azbil Kimmon business (rationalization of production facilities in Japan, and new products) Structural reform of Azbil Telstar (restructuring of the business and consolidation as a subsidiary) Structural reform of the residential central air-conditioning systems field (reinforcing the profit structure) Transfer of all shares in Azbil Care & Support Co., Ltd.
Group-wide Functions	Redeployment of personnel within the Group (promoting greater efficiency in mature fields and shifting into growth fields) Enhancement and construction of global service infrastructure and systems, including remote maintenance, strengthening of local development capabilities for our global customers, and optimization of global production systems		
Group Management	<ul style="list-style-type: none"> Establishment of a technology development center in North America (Azbil North America R&D) Start of the development of the R&D base at Fujisawa Technology Center 	<ul style="list-style-type: none"> Establishment of a new factory in Thailand, enhancing the overseas production framework (Azbil Production (Thailand), Azbil Control Instruments (Dalian)) Consolidation of the Shonan and Isehara factories 	<ul style="list-style-type: none"> Enhancement of remote service and IT infrastructure Development of production facilities and regional maintenance centers in Saudi Arabia
	<ul style="list-style-type: none"> Launch of the Group-wide core information system (Phase 1 started in May 2015) Transition of pensions into the defined contribution pension plan (started in June 2015) 	<ul style="list-style-type: none"> Promotion of optimal personnel deployment within Japan and overseas, and enhancement of human resource development programs 	<ul style="list-style-type: none"> Strengthening of global governance and compliance

Q4

Please tell us about the positioning of the LA business and efforts to ensure the profitability of the Life Science Engineering (LSE) field.

After paving the way for the recovery of our business results in the LSE field, we will bring sustainability and stability to the LA business as a whole to make it our third core business segment, now that it has returned to profit.

For many years, the azbil Group sought to expand business operations in its two main business segments: the BA business, which focuses on the automation of buildings (HVAC: heating, ventilation, and air-conditioning), and the AA business, which focuses on the automation of plants and factories. However, in 2006, the gas and water meter company that is now Azbil Kimmon Co., Ltd. became a subsidiary and we established a third core business segment in the form of the LA business, focusing on automation in the lifeline and lifestyle fields, which include health, welfare, and nursing care and residential central air-conditioning systems.

In 2013, the company that is now Azbil Telstar, S.L.U., which has unique technologies and products in the Life Science Engineering (LSE) field, became a subsidiary. The addition of the life sciences field made our LA business operations our third core segment after BA and AA businesses, as well as accelerating our global expansion.

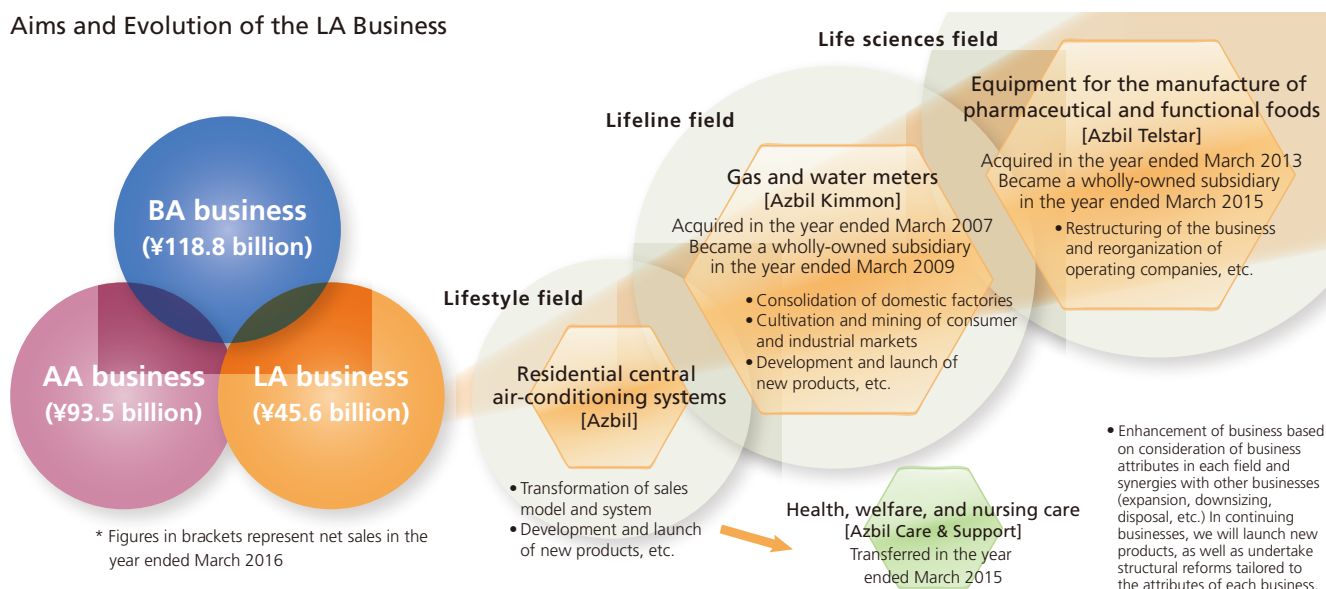
Our determination to grow our LA business stems from our objectives of avoiding an excessive concentration on a single market, building a diverse business portfolio with a variety of market structures, and ensuring the long-term sustainability and stability of the azbil Group, while still maintaining our focus on human-centered automation.

New investment and the amortization of goodwill arising from M&A exceed earnings in the LA business, which has also suffered from the harsh business environment. Accordingly, to ensure that it has a structure capable of steadily generating some level of profit as our third core business segment, we carried out a radical

review of the LA business, examining the feasibility of each of the business's component fields and synergies throughout the Group as a whole. This culminated in our withdrawal from the health, welfare, and nursing care field in the year ended March 2015. We are also pursuing a clear strategy of selection and concentration in the lifeline, life sciences, and lifestyle fields. Furthermore, we consolidated our gas meter factories to achieve greater manufacturing efficiency, transformed our sales model and system for residential central air-conditioning systems, and undertook bold structural reforms in the LSE field by liquidating unprofitable subsidiaries and reducing staffing, while at the same time stepping up our efforts to bring new products to market. As a result, we succeeded in returning the LA business to profit in the year ended March 2016.

While the business results of the Spanish company at the heart of the Azbil Telstar Group are improving, we have posted the roughly ¥3.0 billion balance of goodwill as a one-off impairment loss, due to the severity of the downturn in business at the Dutch and Brazilian subsidiaries. By doing so, we will address foreseeable future risk factors, while at the same time approving the underwriting of a capital increase to improve the company's financial position. Starting in the year ending March 2017, we will place the recovery in business results in the LSE field on a sound footing, based on the global pharmaceutical and functional food markets.

Aims and Evolution of the LA Business



Q5

Please explain to us what is being done to strengthen the research and development system and reorganize production bases within Japan.

We will consolidate our research and development bases to create a new point of contact with customers, offering enhanced functionality. In addition, we will promote greater efficiency at our production bases worldwide.

In preparation for our next medium-term plan, which starts in the year ending March 2018, we have decided to strengthen our research and development system within Japan and reorganize our production system. We aim to complete both processes in the year ending March 2020.

We have already put in place research and development frameworks in Japan, the U.S., and Europe that enable us to work closely with customers to propose solutions, so we will now move on to the next phase with the launch of new initiatives at our core research base in Japan. More specifically, we will consolidate the azbil Group's research and development resources at the Fujisawa Technology Center (Fujisawa City, Kanagawa Prefecture) and put in place advanced development and testing environments, thereby achieving greater efficiency in research and development activities and expediting new product development.

At the same time, we will enhance the functions of the Fujisawa Technology Center as our energy management solutions site, so that it can serve as a showroom for proposing energy-efficient solutions. Although the concept of "human-centered automation" has

come to be accepted, it is not easy to give people a true sense of the effects of cutting-edge technology and new products. Accordingly, I want to make the Center a new point of contact with customers, where they can gain a real sense of the possibilities offered by the azbil Group's technologies, while ensuring that these lead into business and collaborative innovation.

As far as the reorganization of our domestic production system is concerned, we will consolidate our Shonan and Isehara factories in Kanagawa Prefecture into a single mother factory supplying high-added-value products worldwide. In conjunction with our factories in China and Thailand, we will also rearrange our domestic and overseas production lines into the optimal configuration.

The total investment associated with consolidation of our research and development bases and reorganization of our production system is due to be around ¥8.0 billion over three years. We anticipate that this investment will contribute to developing and enhancing products in energy management and other businesses, and to eventually reducing our fixed costs by approximately ¥2.0 billion annually.

Q6

Economic growth in China and other emerging economies is slowing; please tell us about the progress of global expansion and its future direction.

We are seeing some progress in our efforts to upgrade our physical resources, such as subsidiaries and facilities, so I believe our next challenge is to develop and secure personnel with a global outlook.

Recently, the outlook for the global economy has become increasingly uncertain, but when you take into account the business environment that will prevail after the Tokyo 2020 Olympics and Paralympics take place, it is clear that building our revenue base in overseas markets—which still offer plenty of regional and qualitative scope for business expansion—will be the engine of growth for the azbil Group going forward.

In terms of regional expansion, we have already established overseas subsidiaries everywhere from China and other parts of Asia, North America, and Europe to the Middle East and Latin America, actively developing sales and service bases there. With regard to qualitative change of focus, in our BA business, we have put in place innovative remote maintenance infrastructure

that enables us to provide the same high-quality energy efficiency solutions and maintenance services as we do in Japan. We have also begun to launch new products developed with a view to their deployment in global markets, such as BA systems for overseas markets.

Thus, we are seeing some progress in upgrading our physical resources, so the next key area of focus will be enhancing our intangible resources; specifically, we will need to develop personnel capable of increasing points of contact with local customers and secure staff with the talent to manage our overseas subsidiaries. Accordingly, we are devoting considerable effort to developing such personnel with a global outlook via the Azbil Academy, which we established in 2012.

Overseas net sales in the year ended March 2016 totaled ¥49.0 billion, which meant that overseas sales were equivalent to 19.1% of total net sales, almost meeting the target of 20% set in the medium-term plan. From the year ending March 2017, we will promote the development of personnel with a global

outlook, while bringing to overseas markets advanced solutions that deliver the same levels of safety, peace of mind, comfort, environmental conservation, and energy efficiency as those demanded by the mature Japanese market.

Q7

The azbil Group achieves a high level of shareholder returns. What are your thoughts on the shareholder return policy and financial strategy?

We will seek further improvements in the dividend level, to reflect the prospects for increased revenue and the fruits of business structural reform, and provide our shareholders with even greater returns.

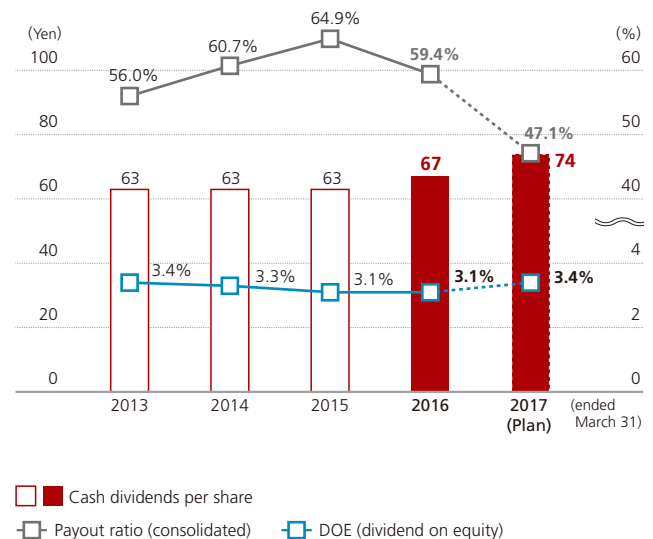
Our basic policy on shareholder returns is to maintain solid and stable dividends, striving to improve capital efficiency as represented by such indicators as the return on equity (ROE) and also taking into account the dividends on equity (DOE) level, while maintaining sound financial foundations, in order to achieve sustainable growth and enhance corporate value.

For the year ended March 2016, in addition to acquiring 600,000 of our own shares (between May 14 and June 8, 2015), we paid a total dividend of ¥67 per share, including the interim dividend, as announced. In the year ending March 2017, we intend to increase the ordinary dividend by ¥2 to ¥69 per share for the year, to provide our shareholders with even greater returns, reflecting the prospects for increased revenue going forward, as well as the fruits of business structural reform and initiatives to strengthen the profit structure. In addition, as 2016 marks the 110th anniversary of the company's founding and the 10th anniversary of its adopting azbil, we plan to pay a commemorative dividend of ¥5 per share, as an expression of our gratitude to all of our shareholders for their support over many years. As a result, we intend to pay an annual dividend of ¥74 per share in the year ending March 2017.

To ensure that we continue to provide solid returns to our shareholders, we have set the long-term goal of achieving ROE of 10% or higher. Accordingly, as well as continuing to undertake business structural reforms aimed at increasing capital efficiency,

we will invest in future growth, including M&A, and continue to maintain a sound financial footing to ensure that we can continue our business and meet our supply obligations, even in the event of a major natural disaster or other unforeseen circumstances.

Trends in Cash Dividends Per Share



Q8

How does the Group practice CSR-focused management?

Having identified basic themes and goals, we practice basic CSR and proactive CSR.

The azbil Group positions the fulfillment of our fundamental obligations to society as a corporate citizen as “basic CSR,” while regarding our contribution to society through our business operations and our voluntary activities that benefit society as “proactive CSR.” Approaching CSR from both of these perspectives, we practice CSR management toward all stakeholders, having identified the goals that we should achieve in regard to the basic themes of compliance, risk management (quality and product liability, and disaster preparedness and BCP), business management that values people, contribution to the global environment, Group management and enhancement of our governance framework, and contributions to society.

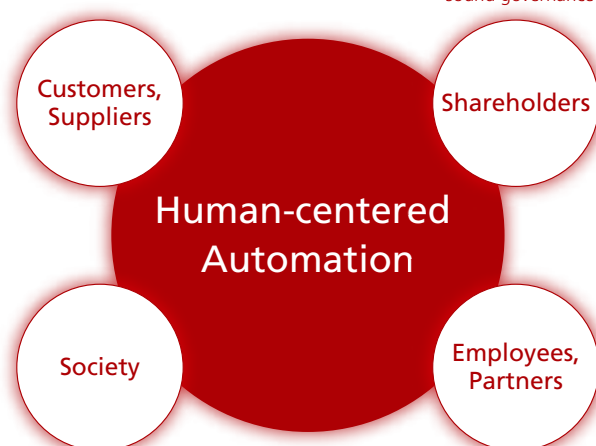
The azbil Group has remained true to the DNA of the company founded more than a century ago to “free people from drudgery.” For us, there is thus no contradiction between our Group philosophy of human-centered automation and contributing to society. In other words, it is simple for us to understand the link between the day-to-day activities of our employees and our contribution to the world. I believe that this is also significant in motivating our employees.

CSR Management

Presenting all stakeholders with the “human-centered” azbil Group

Enhancing the value offered to customers
Customer's life cycle partner

Shareholder-focused
management and
sound governance



Contributing to employment, etc., as a
member of the local community
Contributing globally to the environment
and safety through our main businesses

Providing opportunities for
creative activities and growth
through putting the Group
philosophy into action



Q9

Please tell us about your efforts to reinforce the governance framework to achieve sustainable growth and enhance corporate value.

We have strengthened both our unique systems for ensuring that governance functions appropriately and our frameworks for communicating these to shareholders and investors.

We have been working on bolstering our governance framework for some time, having appointed our first outside director in 2007. In 2014, we increased the number of outside directors to three, constituting one-third of the Board of Directors. Then, in the year ended March 2016, we took the opportunity presented by the application of Japan's Corporate Governance Code to appoint an executive officer in charge of corporate communications, who promotes even more constructive dialogue with shareholders and investors by ensuring that they understand that the governance framework is functioning properly, as well as enhancing functions for feeding back external views to management.

We have reviewed the Regulations of the Board of Directors and other related rules and regulations, and have put in place various systems of our own. These include establishing our Independence

Standards for Outside Executives and specifying that the number of outside directors on the Nomination and Remuneration Committee must exceed the number of representative directors on the committee. Furthermore, we have prescribed Corporate Governance Operational Guidelines, to ensure that we practice appropriate and efficient corporate governance.

On the practical side, while promoting dialogue with shareholders and investors, we hold frequent meetings with our outside directors, who have a wealth of experience in overseas business, corporate law, and investment management companies. We benefit from their valuable advice when we are exploring global expansion and new business, as well as when making decisions on business restructuring and withdrawal.

Q10

Please tell us about the prospects for business results for the year ending March 2017, which marks the final year of the medium-term plan.

I want us to achieve increases in both revenue and earnings for the fourth consecutive year, to clearly demonstrate sustainable growth.

Sluggish capital investment in manufacturing industry and the slowdown in economic growth in emerging countries make it difficult for us to achieve the targets that we set when originally formulating the medium-term plan. However, the year ending March 2017 marks a milestone in our efforts to achieve a major transformation, as we will see the outcomes of the medium-term plan, so I want us to achieve increases in both net sales and operating income for the fourth consecutive year, to clearly demonstrate sustainable growth in the year ending March 2018 and beyond.

In addition to growth in our BA business, where the domestic business environment remains steady, we anticipate that structural reforms will bear fruit in our LA business. As such, although the AA business environment is expected to be severe, due to capital investment trends in domestic and overseas manufacturing industry and the impact of exchange rates, we plan consolidated net sales of ¥260.0 billion (up 1.2% year on year) and consolidated operating income of ¥19.0 billion (up 10.9% year on year).

Building Automation Business

We develop and manufacture our own extensive range of building automation products, from application software to controllers, valves and sensors, ensuring the high functionality and quality of our building automation systems. Our products and services are provided through an integrated framework, ranging from instrumentation design to sales, engineering, maintenance, energy-saving solutions, and facility operation and management. We also apply original environmental technologies that create business and production spaces where people can work efficiently and in comfort, and that contribute to reducing environmental impact.

➔ For further details of business results, see "Business Overview" on pages 33-35.

- A pioneer in the field of air conditioning system for Japanese large-scale buildings
- A lineup of services tailored to the life cycles of buildings
- Energy-saving solutions based on accumulated data

Business Field

Office buildings, hotels, shopping centers, hospitals, schools, research laboratories, manufacturing buildings, data centers, government offices, airports, etc.

Detecting

Sensor and Measurement Devices

Sensing and measurement of room temperature/humidity



◀ Room temperature/humidity sensor

Setting

User-operated Devices

Building users can set the temperature, humidity, and other variables.



◀ Digital user terminal

Managing

Building Automation Systems

Monitoring and management of the indoor environment, security, equipment, and energy usage throughout the building



◀ BA systems for large-scale/medium- to small-scale buildings

Protecting

Security Systems

Controlling access to building commons and interiors



◀ Non-contact IC card reader

Controlling

Regulators and Controllers

Control of building facilities and instruments to keep them in an optimal state



HVAC controller ▶

Adjusting

Valves/Actuators

Optimal adjustment of the flow rates of hot/cold water or steam used in buildings



◀ Motorized two-way valve with flow measurement and control functions

Comprehensive Building Management Service

Round-the-clock services, including remote monitoring/control via communication lines linking buildings to our operation center, as well as inspection patrols and emergency response by engineers



Total Energy Management Service

Global deployment of energy service company (ESCO) projects for buildings, helping update and improve building facilities and reduce energy consumption



Cloud Services for Buildings

More efficient energy and facility management and a more comfortable indoor environment in buildings



Advanced Automation Business

We solve problems at plants, factories, and a variety of other production sites by providing products, solutions, instrumentation, engineering and maintenance services to support optimal operation of our customers' facilities and equipment throughout their life cycle. Through collaboration with the people involved in production, we develop advanced measurement and control technologies, strive to realize production sites where workers can safely develop their skills, and create new value for our customers.

➔ For further details of business results, see "Business Overview" on pages 33,36-37

➤➤ A company specializing in measurement and control which in-house develops and manufactures products for plants and factories and provides maintenance services

➤➤ Expanding the solution-based business through a variety of applications both in Japan and overseas

Business Field

[Process Automation] Petrochemicals and chemicals, oil refining, electric power and gas, iron and steel, waste management, water supply and sewerage, paper and pulp, ships, etc.

[Hybrid Automation/Factory Automation] Food, pharmaceuticals, automobiles, electrical and electronics, semiconductors, manufacturing equipment (industrial furnaces, machine tools and others), etc.

Adjusting

Control Valves

Optimal adjustment of the flow rates of gases and liquids at customer sites



Controlling

Controllers

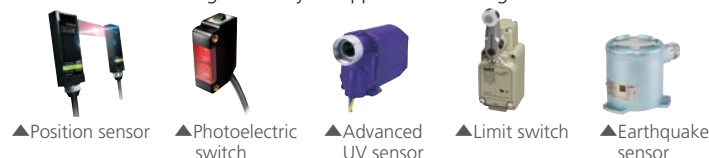
Optimal control of processes, equipment, and facilities



Detecting

Sensors and Switches

Precise detection and high reliability to support a broad range of needs at customer sites



Measuring

Process Sensors

Measurement of flow rates, pressure, liquid level, and calorific value



Monitoring

Monitoring and Control Systems

Monitoring of manufacturing processes

► Monitoring and control system



▲Device management system



▲Online anomaly monitoring system using factory big data

Services for Plants and Factories

Speedy and reliable services to ensure safe operation

- Support throughout the life cycle
- Maintenance support
- Operation support
- Facility diagnosis support



Energy Management

Optimal control of air, steam, cold water, hot water, electricity, gas, and other forms of energy used at customer sites, in order to support energy conservation and visualization, and address complex legislation



Life Automation Business

The azbil Group offers measurement, control, and metering technologies cultivated over many years of working on buildings, factories and plants, along with attentive service with a human touch in its wide-ranging business fields, which encompass gas, water supply and other lifeline utilities, residential central air-conditioning systems, life science research, pharmaceutical manufacturing, and medical care.

➔ For further details of business results, see "Business Overview" on pages 33,38-39.

- In the gas and water meter field, there is a stable demand for cyclical replacement as required by the Measurement Law.
- In the LSE field, we develop and sell manufacturing equipment for the pharmaceutical market, offering an integrated range of products and services covering everything from equipment design to manufacturing and validation.
- In the residential central air-conditioning systems field, we provide peace of mind with comfortable, healthy living spaces throughout the home, round the clock.

Business Field

[Gas and Water Meters] Town gas (for homes/industry), LP gas, water supply (local government), etc.

[LSE] Pharmaceutical manufacturing, life science research & development, medical institutions

[Residential Central Air-Conditioning Systems] Ordinary detached houses

Life Science Engineering

Azbil Telstar, S.L.U.

An integrated package covering everything from the development, engineering, installation, and sale of lyophilizers, sterilizers, and clean environment equipment to after-sales services for pharmaceutical companies, research laboratories, and medical institutions

Pharmaceutical Manufacturing Equipment



Residential Central Air-conditioning Systems

Azbil Corporation

Central air-conditioning systems for ordinary detached houses, creating a comfortable, healthy, safe living environment

Outlet



Remote Controller



Indoor Unit and Ventilation Equipment



Electronic Air Cleaner



Outdoor Unit



Gas and Water Meters

Azbil Kimmon Co., Ltd.

Provision of town gas/LP gas meters and water meters for the household market, as well as products for industry, including regulators, and also safety equipment in the form of alarms and automatic shut-off valves

Water Meter

▶ Water meter with a rotating display



Gas Meter and Regulator



With close cooperation between the locations in our expanding global network, we are able to meet the needs of customers around the world.

As a manufacturer, we assume responsibility for the products and systems we make. For that reason, and in order to better solve the problems of our customers and society, we have established a comprehensive service system encompassing from planning to development, production, engineering and installation, and maintenance and services. Close coordination of our sales, development, manufacturing, and service locations in Japan and overseas ensures that customers’ opinions and needs are quickly and optimally reflected in our solutions. The azbil Group continues to work together as one to create new value.



Global Network

Japan

- Azbil Corporation
- Azbil Trading Co., Ltd.
- Azbil Yamatake Friendly Co., Ltd.
- Azbil SecurityFriday Co., Ltd.
- Azbil Kimmon Co., Ltd.
- Azbil Kyoto Co., Ltd.
- Azbil TA Co., Ltd.
- Azbil Taishin Co., Ltd.
- Tem-Tech Lab.

China

- Azbil Control Instruments (Dalian) Co., Ltd.
Dalian, China
- Azbil Information Technology Center (Dalian) Co., Ltd.
Dalian, China
- Yamatake Environmental Control Technology (Beijing) Co., Ltd.
Beijing, China
- Beijing YTYH Intelli-Technology Co., Ltd.
Beijing, China
- CECEP Building Energy Management Co., Ltd.
Beijing, China

- Azbil Control Solutions (Shanghai) Co., Ltd.
Shanghai, China

- Shanghai Azbil Automation Co., Ltd.
Shanghai, China

- Yamatake Automation Products (Shanghai) Co., Ltd.
Shanghai, China

- Azbil Hong Kong Limited
Hong Kong, China

Asia

- Azbil Korea Co., Ltd.
Seoul, Korea

- Azbil Taiwan Co., Ltd.
Taipei, Taiwan

- Azbil Vietnam Co., Ltd.
Hanoi, Vietnam

- Azbil India Private Limited
Navi Mumbai, India

- Azbil (Thailand) Co., Ltd.
Bangkok, Thailand

- Azbil Production (Thailand) Co., Ltd.
Chonburi, Thailand

- Azbil Philippines Corporation
Makati, Philippines

- Azbil Malaysia Sdn. Bhd.
Kuala Lumpur, Malaysia

- Azbil Singapore Pte. Ltd.
Singapore

- PT. Azbil Berca Indonesia
Jakarta, Indonesia

- Azbil Saudi Limited
Dammam, Saudi Arabia

America and Europe

- Azbil North America Research and Development, Inc.
Santa Clara, CA, U.S.A.

- Azbil North America, Inc.
Phoenix, AZ, U.S.A.

- Azbil VorTek, LLC
Longmont, CO, U.S.A.

- Azbil Brazil Limited
Sao Paulo, Brazil

- Azbil Europe NV
Zaventem, Belgium

- Azbil Telstar, S.L.U.
Terrassa, Spain



For details of bases of the azbil Group, please see pages 22 and 23.

The azbil Group's Global Operations

- Overseas subsidiaries
- Development function
- Production function
- Maintenance centers

*  indicates a country (or city in China or U.S.A) of overseas subsidiaries



Global Development

Technology research and product development in the three regions of Japan, the

● Providing High Level Maintenance and Services Globally

Our solutions business maintains close contact with customers and resolves problems through a service network that extends across Japan and increasingly overseas. As our maintenance and services maximized the value of customers' equipment throughout its life-cycle, we receive valuable feedback from the work site that enables us to provide high value-added services and to develop new products.



Control valve manufacturing and maintenance base at Azbil Saudi Limited



Valve maintenance center in Taiwan

Global Production

Global manufacturing bases in the three regions and providing services to meet the

● Production Systems that Deliver Reliability

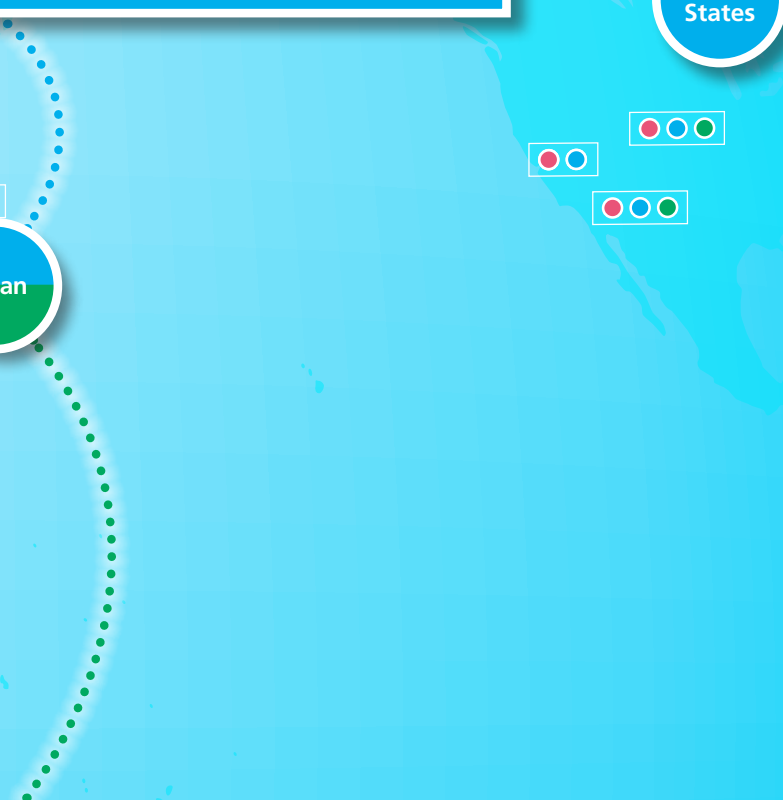
At each of our domestic and overseas production locations we have constructed globally competitive production systems that can respond to changes in the market environment. By strengthening the connections between the companies and divisions that compose the azbil Group, we have been able to cut the lead time between development and manufacturing, and to provide products with a high level of homogeneity at the most appropriate cost to customers all over the world.



Azbil Production

Development System

Development at main bases in the United States, and Europe



Production System

Production in regions of Japan, China, and Thailand, to meet the specific needs in each region



Azbil Production (Thailand) Co., Ltd.



Azbil Control Instruments (Dalian) Co., Ltd.

R&D to Respond to Needs around the World

Our R&D centers in Japan, and now in America and Europe, cooperate to develop products and solutions, while also reflecting regional characteristics. Following our human-centered automation philosophy, these centers promote development of the cutting-edge technology and new products that create value for customers and deal with changes in the environment.



Fujisawa Technology Center (Japan)

R&D bases

(Japan)	Azbil Corporation (Fujisawa Technology Center), and four companies
(United States)	Azbil North America Research and Development, Inc. Azbil North America, Inc. Azbil VorTek, LLC
(Europe)	Azbil Europe NV Azbil Telstar, S.L.U.



Major factories

(Japan)	Azbil Corporation (Shonan Factory, Isehara Factory), and four companies
(China)	Azbil Control Instruments (Dalian) Co., Ltd., and one company
(Thailand)	Azbil Production (Thailand) Co., Ltd.

* Shonan Factory and Isehara Factory will be merged and a new factory will be built at the location of the current Shonan Factory in 2019.

Creating Four Core Values


The azbil Group Strives to Realize Safety, Comfort, and Fulfillment in People’s Lives and Contribute to Global Environmental Preservation through “Human-centered Automation.”

In buildings, in plants and factories, and in daily life, we aim to create social values through “human-centered automation” in partnership with our customers.


Issues Faced by Our Customers and Society

Challenges that change with the times


New product development and production for business growth




Creating comfortable, safe, and efficient office spaces and production sites, and healthy living environments




Business continuity planning (BCP)




A stable supply of water and gas



Achieving compatibility between comfort and energy conservation



Reducing the burden on the environment



azbil Group’s Operations

BA Business

AA Business

For more detailed information on each business, see “azbil Group Operations” on pages 18-20.

Solving problems using our integrated framework closely

Technology Research and Product Development → P.40

Service → P.44

Engineering and Installation → P.44

Human-centered Automation

Quality Assurance and Safety → P.46

Human Resources

CSR Management → P.49

Corporate Governance → P.53

24 azbil report 2016

The Social Values Created through azbil Group's Operations

Facilitating sustainable development for our customers and society as a whole

➔ For more detailed information, see "Case Study of Value Creation" on pages 26-27.

Safety

To live and work in good health and in safety



Comfort

To always live and work in comfort



Fulfillment

To create new value with the customer



Environment

To optimize the management and usage of energy



Solutions based on our measurement and control technologies and products

LA Business

connected to customer sites

Manufacturing and Procurement

➔ P.43

Consulting and Sales

➔ P.44

➔ P.47

Environmental Initiatives ➔ P.60

➔ For further details of products and services, see "azbil Group Operations" on pages 18-20.

Case Study of Value Creation

These case studies highlight our four core values provided through “human-centered automation.”

Safety

To live and work in good health and in safety

Safety case study ▶ OHTA OILMILL CO., LTD.



Wristband with built-in IC chip

Installation of a security solution at a food plant to protect the food safety and security of consumers

OHTA OILMILL CO., LTD. manufactures and sells a variety of edible oils, such as corn oil and perilla oil. In recent years, it has been working on initiatives to enhance food defense*, to meet surging demand for food safety and security. Taking the opportunity presented by the construction of its new product packaging factory, the company installed a security solution combining the azbil Group's access control system with live cameras at three of its factories, including those of its group companies. This enables the company to ascertain who entered and left its manufacturing sites and when they did so. It also facilitates real-time monitoring of the situation at its manufacturing sites, allowing appropriate instructions to be communicated to those on the manufacturing floor while viewing images relayed via the cameras. The company is garnering attention from business partners and consumers alike for its factories practicing food safety and security.

*Mechanism for preventing intentional contamination of foods with a foreign substance

Comfort

To always live and work in comfort

Comfort case study ▶ Amarin Plaza



BEMS installed to control facility equipment, saving energy and reducing on-site workload

Amarin Plaza, which is located in the business and shopping quarter of Thailand's capital Bangkok, first became interested in a building energy management system (BEMS*) at a seminar about building energy efficiency. Although the use of a BEMS was not very common in Thailand at that time, Amarin Plaza asked the azbil Group to propose an energy-saving plan for the building complex. After considering the energy savings that could be expected from the proposed measures, and the fact that return on investment was guaranteed by the included ESCO plan, Amarin Plaza decided to install the azbil Group's BEMS as its building management system. The BEMS has enabled Amarin Plaza to check its energy consumption trends at a glance, and now with optimized operation and control of heat source equipment, the building complex overall has cut its annual energy use by 4%. Air-conditioning equipment that previously had to be operated manually at the point of installation can now be controlled from the BEMS screen, resulting in a substantial reduction in operators' workload.

*Building Energy Management System

Fulfillment

To create new value with the customer

Fulfillment case study ▶ Tokyo Rinkai Heat Supply Corporation



Updating and integration of plant monitoring systems in three districts

Achieving greater efficiency via the installation of a new operations support system

Tokyo Rinkai Heat Supply Corporation is a district heating and cooling business serving Tokyo's Rinkai Fukutoshin area. Its plants in the Daiba, Aomi Minami, and Ariake Minami districts had different central monitoring systems, so the company decided to update and integrate them to improve operability and increase efficiency. The project team—consisting of members from the three districts—formulated and implemented a thorough five-year plan for system transition without interrupting the supply of heat to the areas served. In addition, the company achieved the “best energy mix” for the efficient use of both electricity and gas by installing a system that supports optimal operation based on information including energy demand trends, climate conditions such as air temperature and humidity, and data on past operating performance.

Environment

To optimize the management and usage of energy

CO₂ reduction at customers' sites

Automation

2,730 thousand tons per year

Drawing on our measurement and control technologies, we reduce environmental impact through our Building Automation, Advanced Automation, and Life Automation businesses

Energy Management

280 thousand tons per year

We contribute to reduced environmental impact through our energy management solutions for power saving, energy conservation, and CO₂ reduction.

Maintenance and Building Management Services

110 thousand tons per year

Leveraging the knowledge and expertise developed at customers' sites, we provide unique value-added services that help customers reduce their environmental impact.

Providing products and solutions that reduce society's burden on the environment

For the year ended March 31, 2016, we calculated the effect of our businesses in reducing CO₂ emissions at our customers' sites. The total CO₂ reduction comes to 3,120 thousand tons, equivalent to about one 500th of the approximately 1.3 billion tons emitted during the year in Japan. In light of the global expansion of our business, we are expanding the scope of our calculations to abroad.





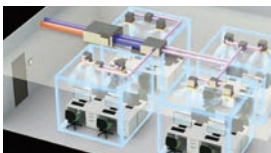

TOTAL 3,120 thousand tons per year

Note: For the calculations, we categorized CO₂ data into three areas—reduction resulting from automation, from energy management, and from maintenance services—and calculated the amount of CO₂ reduction compared with the results if our products and solutions had not been used at our customers' sites. Calculations of the reduction effect globally are based on the calculation method used hitherto, with a unique approach being used in some cases.

For general information on the method of calculation, please refer to

➡ <http://www.azbil.com/csr/value/contribution-to-the-environment/index.html>

The Past Year at the azbil Group

1Q >>>			2Q >>>			
2015						
April		May	June	July	August	September
Topics						
Apr 21	Award ceremony for the first group of individuals accredited by Azbil Academy under the Technical Professional Certification scheme			Jul 7	Inclusion in the FTSE4Good Global Index (a leading socially responsible investment index) for the 9th consecutive year	
May 20	Agreement to extend the joint venture contract for Shanghai Azbil Automation Co., Ltd., a joint investment company established with Shanghai Petrochemical Investment & Development Co., Ltd.			Sep 22	Azbil Telstar opens an office in Kuala Lumpur, Malaysia.	
May 22	Shonan Factory (Japan) receives the 2015 Environmental Conservation Award from the Kanagawa Environmental Conservation Association.					
Jun 23	METI adopts an azbil-led consortium of energy management service providers to support energy conservation initiatives at factories and offices.					
Products & Services						
May 7	<div>LA</div> Azbil Telstar develops a desktop lyophilizer for research. <div></div> <div>Desktop lyophilizer</div>			Jul 7	<div>LA</div> Azbil Telstar develops an integrated lyophilization system in a vertical configuration for production of oncological products. <div></div> <div>Integrated lyophilization system in a vertical configuration</div>	
May 29	<div>LA</div> Inclusion of our residential central air-conditioning systems in Tokyo Electric Power Company's list of Smart Wellness equipment <div></div> <div>Residential central air-conditioning system (concept diagram)</div>			Jul 21	<div>AA</div> Launch of an online anomaly monitoring system using factory big data, to serve as a third eye monitoring instrumentation devices <div></div> <div>Online anomaly monitoring system using factory big data</div>	
				Jul 23	<div>AA</div> Our high-performance smart valve positioner wins the Jury's Special Award at the 45th Machine Design Awards.	
				Jul 29	<div>BA</div> Our CO ₂ concentration control application goes on sale, offering energy-efficient maintenance of indoor comfort.	
				Aug 3	<div>BA</div> Our cell-based air-conditioning system goes on sale, meeting air-conditioning needs in small and medium-sized office buildings. <div></div> <div>Cell-based air-conditioning system (concept diagram)</div>	
				Aug 26	<div>AA</div> Azbil Trading Co., Ltd. launches an inspection system based on temperature data obtained using compact thermographic cameras. <div></div> <div>Thermographic quality judgment system (monitor and cameras)</div>	

Note: Dates generally indicate the date on which the information was released.

3Q



4Q



October

November

December

2016

January

February

March

Oct 5

Azbil approves the establishment of the Azbil Yamatake Foundation, to support new technology development and the young people who will lead the way into the future.

Oct 7

Co-sponsorship of the 10th Shonan International Marathon (Japan), providing support for efforts to reduce its burden on the environment

Oct 8

The azbil Honey Bee Club volunteer organization provides ¥6.43 million in support to social welfare groups and other organizations.

Nov 9

Azbil Hong Kong Limited ceases outsourced production in China's Shenzhen region.

Feb 1

Azbil becomes a partner of the J1 professional soccer club Shonan Bellmare.

Feb 10

Our Environmentally Friendly Design initiative wins an Incentive Award at the 12th LCA Japan Forum Commendation Ceremony.

BA : Building Automation Business

AA : Advanced Automation Business

LA : Life Automation Business

Oct 5

AA Our PLC integration controller for industrial systems wins a Good Design Award in 2015

PLC integration controller



Oct 14

AA The latest version of our factory equipment management support application goes on sale, using an Android-based terminal.

Oct 19

LA Azbil Kimmon Co., Ltd. launches ultrasonic gas meters for town and LP gas.

Ultrasonic gas meter for LP gas



Nov 11

AA Our new high-precision position sensors model adapted to the latest motion networks goes on sale.



High-precision position sensors

Nov 27

BA Energy efficiency analysis function for building energy managers added to our cloud services for buildings



Sample of a cloud services for building's screen

Jan 12

AA Our smart ESD device for emergency shutdown valves in safety instrumented systems goes on sale.



Smart ESD device

Mar 4

LA Azbil Kimmon Co., Ltd. launches a new compact, lightweight, low-noise high-pressure regulator.

High-pressure regulator



Mar 18

LA Azbil Telstar develops a next-generation aseptic isolator equipped with the sterilization system, which can be used at normal room temperature and relative humidity.

Next-generation aseptic isolator



Mar 24

AA Our new generation of multi loop controller with multifunction display goes on sale, contributing to the preventive maintenance of manufacturing equipment.



Multi loop controller with multifunction display

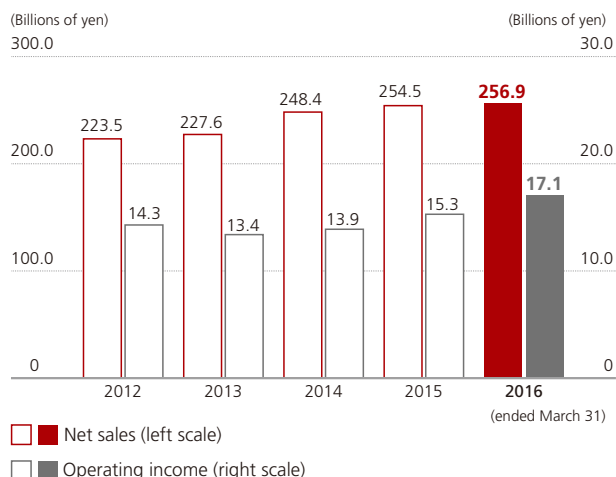
Mar 25

BA We achieve reductions of up to 16.8% in electricity consumption in a demand response trial in Kawasaki Miyuki Building.

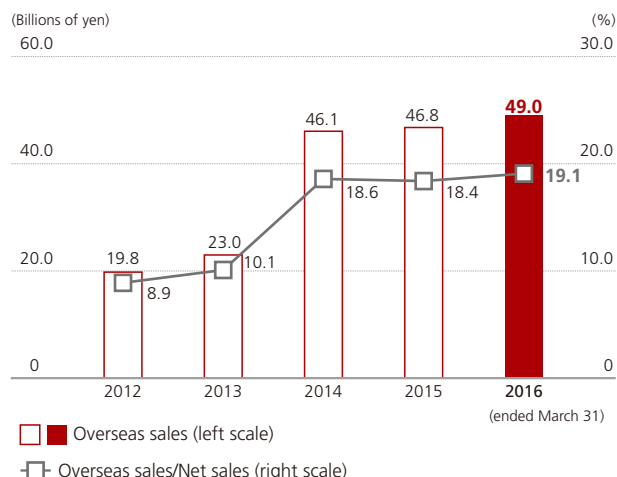
Financial and Non-financial Highlights

Azbil Corporation and its consolidated subsidiaries

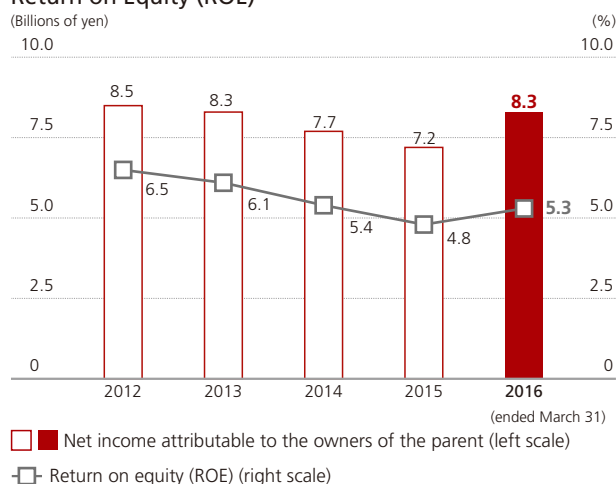
Net Sales, Operating Income



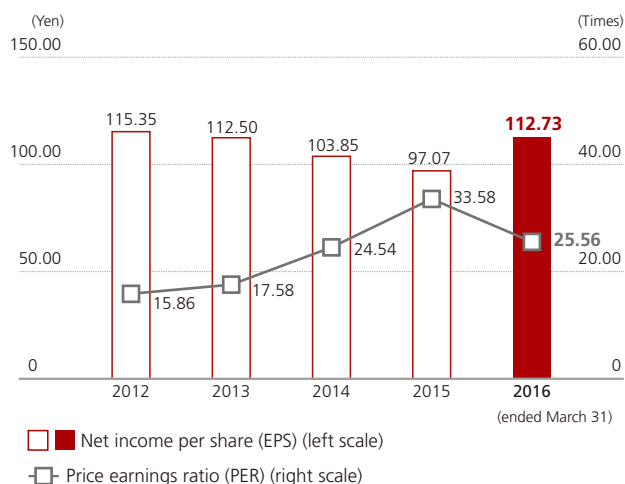
Overseas Sales, Overseas Sales/Net Sales



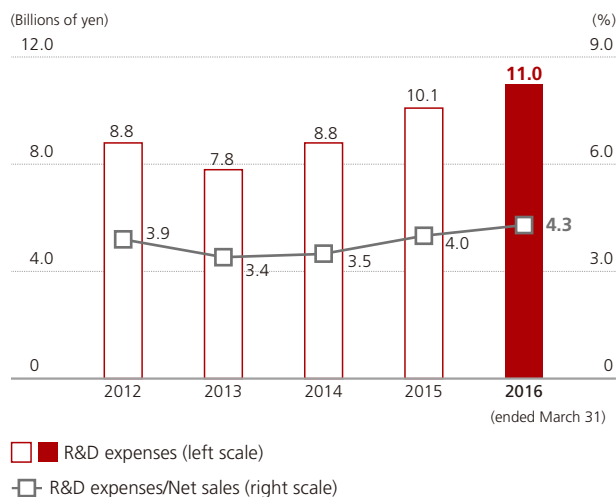
Net Income Attributable to the Owners of the Parent, Return on Equity (ROE)



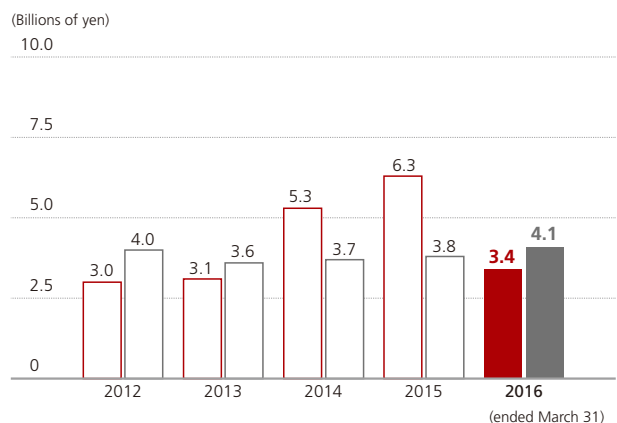
Net Income per Share (EPS), Price Earnings Ratio (PER)



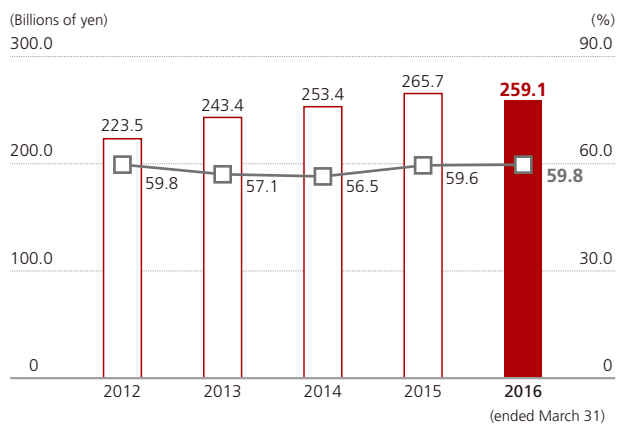
R&D Expenses, R&D Expenses/Net Sales



Capital Expenditures, Depreciation

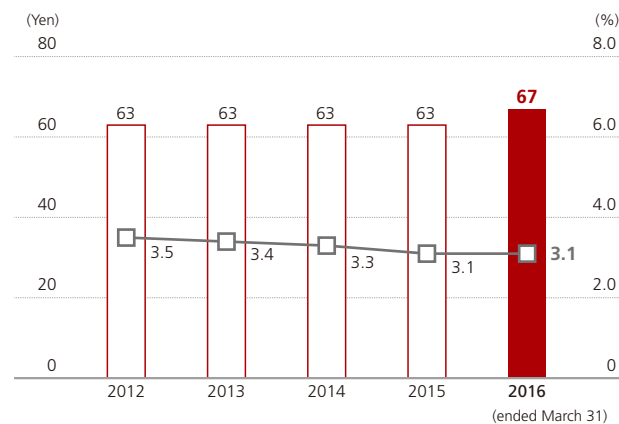


Total Assets, Shareholders' Equity/Total Assets



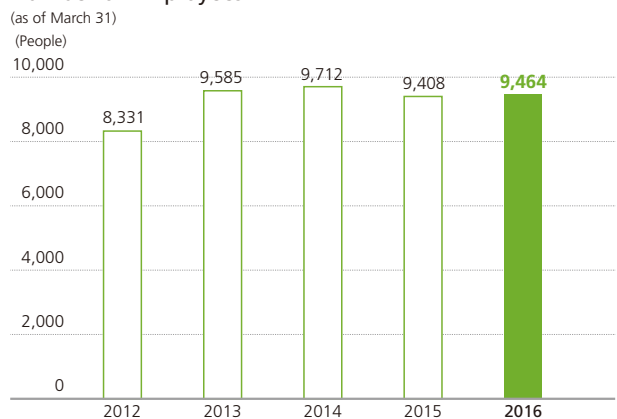
■ Total assets (left scale)
□ Shareholders' equity/Total assets (right scale)

Cash Dividends per Share, Dividend on Equity (DOE)



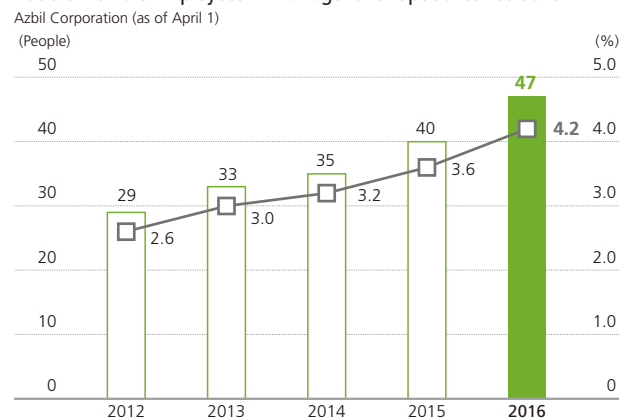
■ Cash dividends per share (left scale)
□ Dividend on equity (DOE) (right scale)

Number of Employees

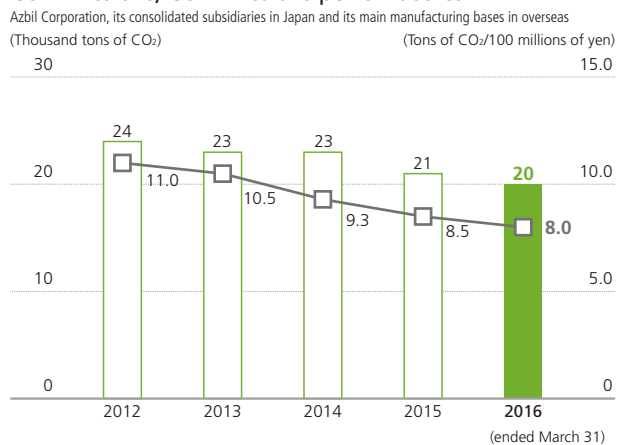


■ Number of employees

Number of Female Employees in Managerial or Specialist Positions, Ratio of Female Employees in Managerial or Specialist Positions

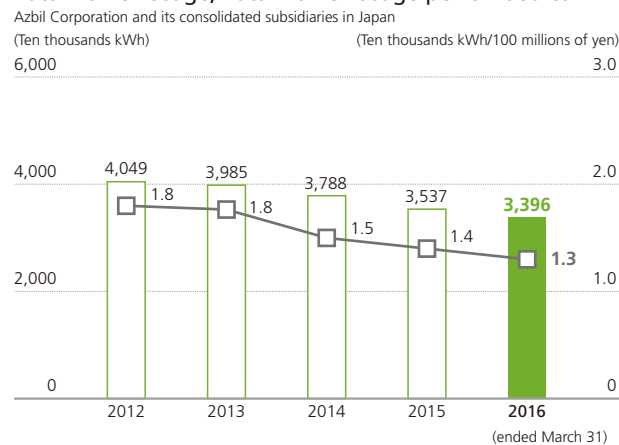


■ Number of female employees in managerial or specialist positions (left scale)
□ Ratio of female employees in managerial or specialist positions (right scale)

CO₂ Emissions, CO₂ Emissions per Unit Sales

■ CO₂ emissions (left scale)
□ CO₂ emissions per unit sales (right scale)

Total Power Usage, Total Power Usage per Unit Sales



■ Total power usage (left scale)
□ Total power usage per unit sales (right scale)