

# Overview of 1H of Y2006 , Yamatake Group's New Philosophy and Long-term Goals

**Yamatake Corporation**  
**November 17, 2006**

***azbil***

# Sales and Profit Increase for the Four Straight Fiscal Years to be Achieved



## Changing the business structure

Product business  
Solution business providing total solutions throughout a building's lifecycle.

Expand business domains through collaboration of BA•AA•LA

Strengthen overseas business base

Develop and expand LA business

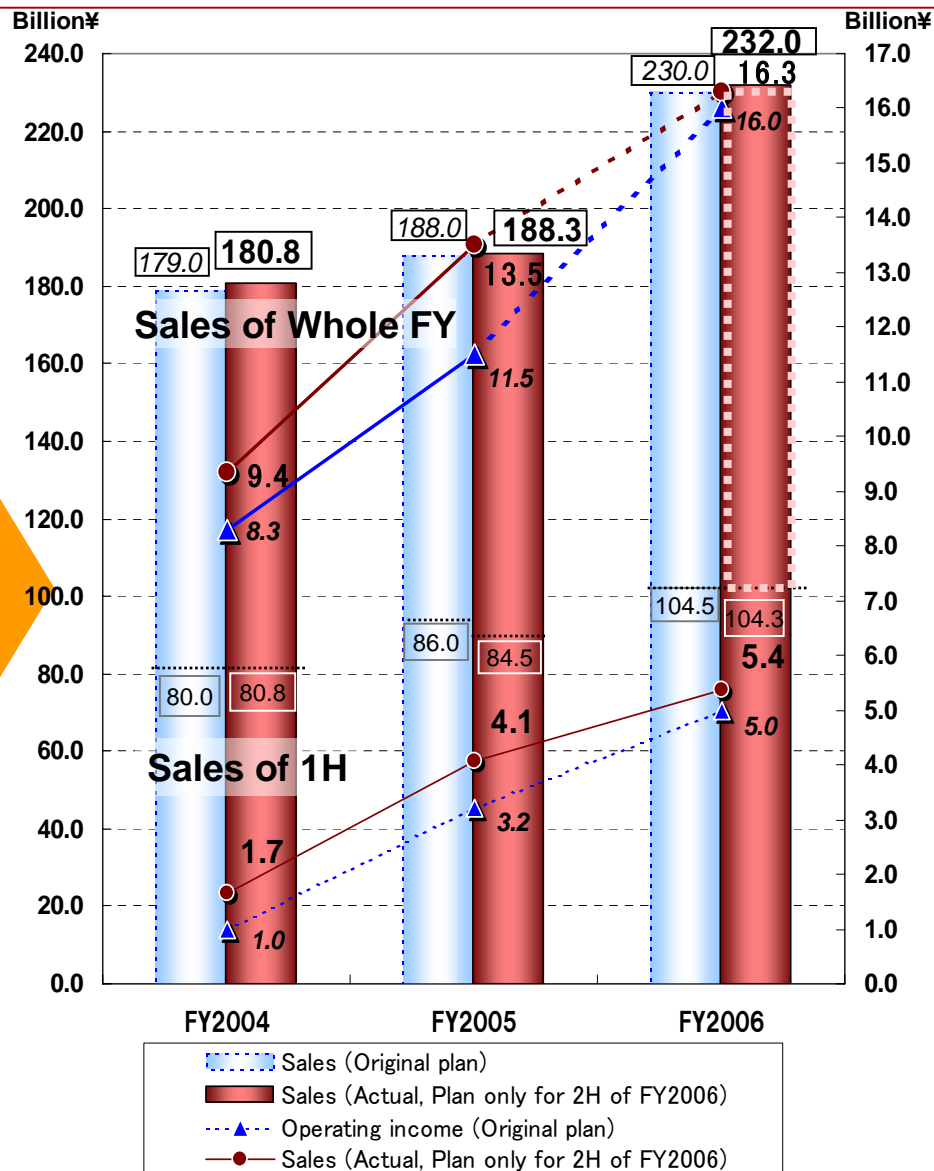
## Creating a new workstyle

Reorganize manufacturing facilities in Japan. Expand factories and strengthen production capabilities in China

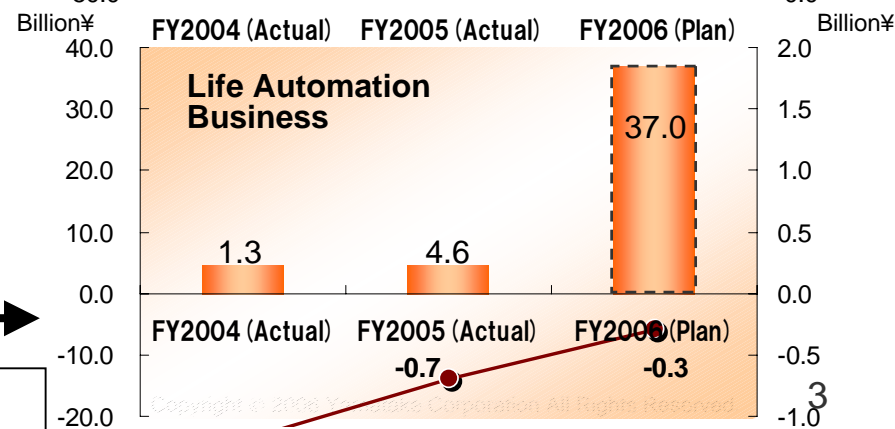
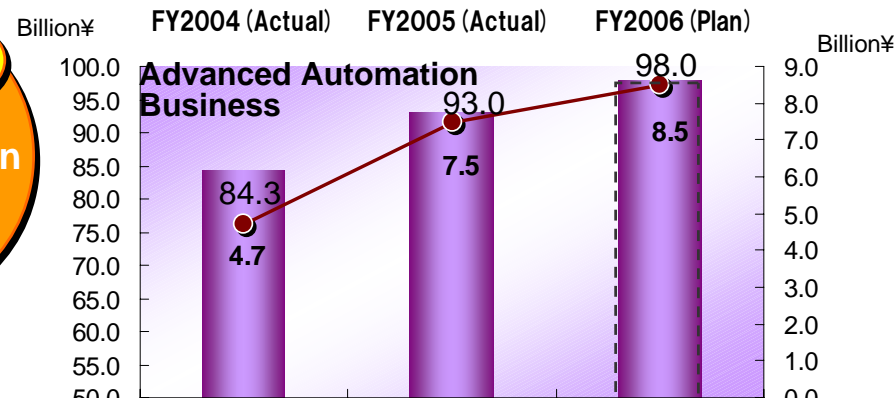
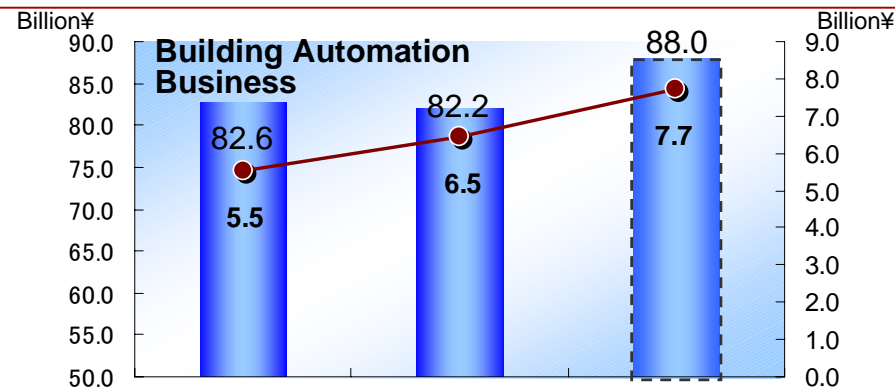
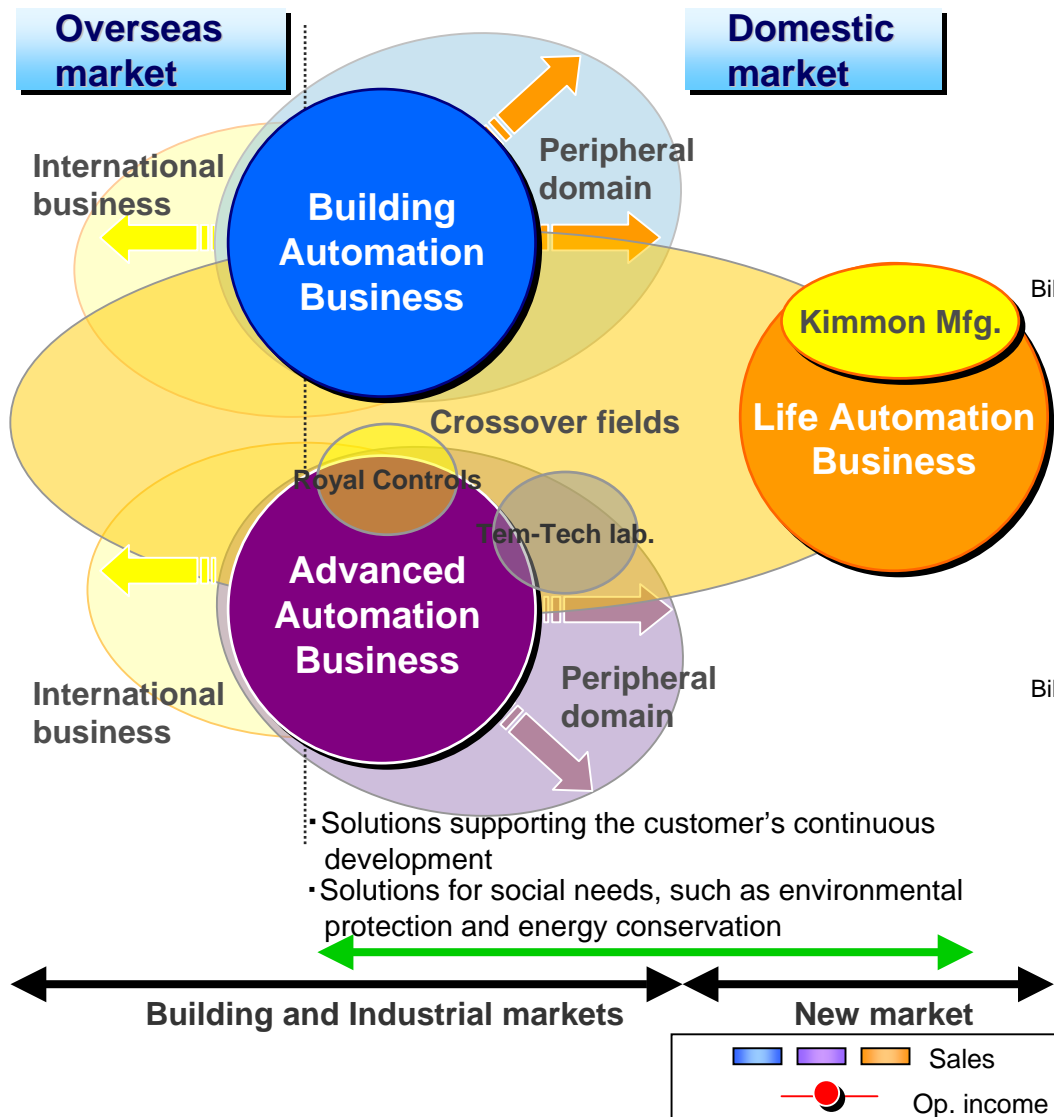
Generate synergy by consolidating sales functions. Enhance productivity of staff operations.

Reinforce product development capability by linking and strengthening R&D, product development and engineering function. (Concentrating human resources at Fujisawa Technology Center)

Creating a new corporate culture imbued with the spirit of challenge.



# ~Business Structural Reforms~ Expanding Domains of BA, AA, LA Businesses and Realizing Business Growth



# Sales Increase by 19.7 billion yen (23%) and Operating Income Increase by 1.3 billion yen (32%)



- Sales were 104.3 billion yen, a significant increase of 19.7 billion yen (23%) on the same period last year, owing mainly to growth in BA business and effect of the newly consolidated Kimmon Mfg. The result presented was slightly below the original plan of 104.5 billion yen.
- Operating income increased by 1.3 billion yen (32%) due to growth in BA business.
- Income before income tax and net income fell owing to temporary factors in the 1H of FY2005, such as the extraordinary profit from the sale of part of site of Yamatake's Industrial Operations Tokyo office and gain on sales of investment securities.

(Unit: billion yen)

	FY2005	FY2006		Difference	
	(March.31.2006)	(March.31.2007)			
	1H Actual (a)	1H Actual (b)	Revised Plan	(b)-(a)	%
	(May.17.2006)	(Nov.16.2006)	(August.7.2006)		
Consoli. Sales	84.5 bil.	104.3 bil.	104.5 bil.	19.7 bil.	23.4 %
Operating income	4.1 bil.	5.4 bil.	5.0 bil.	1.3 bil.	32.0 %
%Change	4.8 %	5.1 %	4.8 ※ %		
Recurring income	4.3 bil.	5.6 bil.	5.3 (4.8) bil.	1.3 bil.	31.3 %
Income before income tax	6.6 bil.	5.6 bil.	※	-1.0 bil.	-15.2 %
Net income	3.9 bil.	3.3 bil.	3.0 (2.2) bil.	-0.6 bil.	-14.9 %

※ Original plan (May.17.2006)

# Sales Revised Upward to 232.0 billion yen, and Operating Income Revised Upward to 16.3 billion yen



- Sales are forecast to increase by 43.7 billion yen (23%) due to the expansion of LA business as a result of the addition of a new Group member Kimmon Mfg., as well as continued growth in both AA and BA businesses. Sales increase in AA business is forecast partly owing to the consolidated Royal Controls Co.,Ltd.
- Overseas sales of over 20.0 billion yen are forecast based on sales of 10.2 billion yen in the 1H of FY2006.
- Operating income is expected to increase by 2.8 billion yen (21%) and total net income is expected to rise by 0.1 billion yen (1%) due to increase in profits in both AA and BA businesses.

(Unit: billion yen)

	FY2005 (March.31.2006)			FY2006 (March.31.2007)			Difference	
	1H Actual	2H Actual	FY2005 Actual (a) (May.17.2006)	1H Actual	2H Plan	FY2006 Actual (b) (Nov.17.2006)	(b)-(a)	%
Sales	84.5 bil.	103.8 bil.	188.3 bil.	104.3 bil.	127.7 bil.	232.0 bil.	43.7 bil.	23.2 %
Operating income	4.1 bil.	9.5 bil.	13.5 bil.	5.4 bil.	10.9 bil.	16.3 bil.	2.8 bil.	20.6 %
%Change	4.8 %	9.1 %	7.2 %	5.1 %	8.6 %	7.0 %		%
Recurring income	4.3 bil.	9.6 bil.	13.9 bil.	5.6 bil.	10.7 bil.	16.3 bil.	2.4 bil.	16.9 %
Income before income tax	6.6 bil.	9.1 bil.	15.7 bil.	5.6 bil.	10.2 bil.	15.8 bil.	0.2 bil.	1.0 %
Net income	3.9 bil.	5.9 bil.	9.8 bil.	3.3 bil.	6.6 bil.	9.9 bil.	0.1 bil.	1.1 %
<b>ROE</b>			9.3※ %			8.7 %		

※ The extraordinary gain in fiscal 2005 were incurred by the land sale of part of the site of Yamatake's Industrial Operations Tokyo office and gain on sales of investment securities .Without these charges, ROE would be 7.5%.

# Interim Dividend and Dividend Forecast FY2006



(interim)                      (Year-end)                      (Annual)

**FY2006**                      **25 yen** + **25 yen** = **50 yen**

## Change in interim dividend

	FY2003 (Actual)	FY2004 (Actual)	FY2005 (Actual)	FY2006 (Forecast)
Interim dividend per share	6 yen	10 yen	20 yen	25 yen

## Reference: Change in annual dividend

	FY2003 (Actual)	FY2004 (Actual)	FY2005 (Actual)	FY2006 (Forecast)
Annual dividend per share	14 yen	23 yen	50 yen	50 yen
Normal dividend	14 yen	23 yen	40 yen	50 <sup>※</sup> yen
Commemorative dividend	0 yen	0 yen	10 yen	0 yen
Total dividend	1.0 bil. ¥	1.7 bil. ¥	3.7 bil. ¥	3.7 bil. ¥
Dividend on equity ratio	1.1%	1.7%	3.3%	3.2%
Payout ratio	31.8%	45.6%	37.6%	37.2%

※ Normal dividend increase by ¥10 per year

To realize safety, comfort and fulfillment in people's lives, and fulfillment in people's lives, and contribute to the global environment 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 about the future and act progressively.

## Group Symbol

A large, bold, red, lowercase sans-serif logo for "azbil".

- The meaning of **azbil**: **Automation•Zone•Builder**

**azbil** represents our philosophy of realizing safety, comfort and fulfillment in people's lives, and contributing to the global environment through human-centered automation.

# Yamatake Group Long-term Objectives and Steps for Expansion



Yamatake has formulated new long-term objectives, as a Ten-Year Plan starting from, the first year of its current medium-term plan, to FY2014.

## Goal

By focusing on the human, and building a world of automation created through human ingenuity and technology, we aim to become a top-class global corporate group that enhances customer safety and security as well as corporate value, and contributes to solving global environmental issues.

## Steps to Meeting Long-term Goals

### *FY2004~FY2006*

#### *「Period of fostering Group Spirit」*

- Strengthen collaboration through synergy, and create a mindset for pursuing profits and cooperation as a consolidated Group.
- Establish LA as our third core business and strengthen the foundation of overseas business.

### *FY2007~FY2009*

#### *「Period of firmly establishing the foundation」*

- Ensure sustainability and growth by focusing on customer satisfaction as well as businesses, products and services that are unique to Yamatake.
- Build up a high value-added business framework through reforms of BA, AA and LA businesses.

### *FY2010~FY2014*

#### *「Period of growth」*

- Establish business based on the philosophy of “human-centered automation”
- To become a top-class global corporate group.

**Achieve operating income of over 30 bil. yen**