

Azbil Corporation RIC: 6845.T, Sedol: 6985543

Analyst Meeting Materials

For the First Quarter of the Fiscal Year Ending March 31, 2015
(Japan GAAP)

**IR, Group Management
Headquarters**

Email: azbil-ir@azbil.com
URL: <http://www.azbil.com/ir/>

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→**No revision from the recent announcement**
3. Return to Shareholders P.19
→**No revision from the recent announcement**

Notes:



1. Financial data and financial statements have been prepared based on Japan GAAP and the amounts have been rounded down.
2. Segment names are abbreviated as follows.
 B A: Building Automation
 AA: Advanced Automation
 LA: Life Automation
3. Each segment amounts include internal transactions between business segments.
4. Sales for the azbil Group tend to be concentrated in the second quarter and fourth quarter accounting periods, while fixed costs are generated constantly. This means that profits in the first quarter and third quarter accounting periods are typically lower than those in the other two quarters.
5. From the fiscal year ended March 31, 2013, some of the business (Importing, buying-in and marketing of inspection and measurement equipment, etc.) previously categorized as “Other” has been transferred to the “AA” business segment. The figures for the fiscal year ended March 31, 2012 have been reclassified to take account of the new segment divisions.
6. The financial plans of azbil Group are based on currently available information and some reasonable assumptions. Due to various factors, actual results may differ from those discussed in this document. Please see “1. Qualitative information on consolidated quarterly financial results (3) Qualitative information on forecast of consolidated financial results” on page 5 of the appendix for preconditions underlying these projections and precautions to follow in using these projections.
7. The current status regarding newly consolidated companies is as follows.

Newly consolidated companies	2014.3	2015.3				Reason for consolidation
	Q4	Q1	Q2	Q3	Q4	
① Azbil Production (Thailand) Co., Ltd.						Increased significance
② Azbil Saudi Arabia Limited		* ●	●			Increased significance

● : B/S consolidation

* Simultaneously, order backlog at the time of consolidation is recorded under orders.

1. Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2015

Consolidated Financial Results

■ Orders Received / Net sales

Orders received increased for the BA and AA businesses, mainly in Japan. Sales grew for all the businesses.

■ Income

Operating income was on a par with last year's figure; this was because of increased R&D costs, costs related to updating core information systems, and a number of projects undertaken by some businesses for which profit margins were slim.

[Billions of yen]

	This period (A)	Same period last year (B)	Difference	
			(A) - (B)	% Change
Orders received	* 86.0	73.0	13.0	17.8
Net sales	51.0	48.5	2.4	5.1
Japan	40.5	38.9	1.5	4.1
Overseas	10.5	9.6	0.8	9.3
Gross profit	16.2	15.7	0.5	3.3
%	31.9	32.4	(0.5P)	
SG & A	17.8	17.2	0.5	3.1
[Goodwill amortization cost]	[0.4]	[0.4]	[0.0]	
Operating income (loss)	(1.5)	(1.5)	(0.0)	-
%	(3.0)	(3.1)	0.1P	
Ordinary income (loss)	(1.5)	(0.9)	(0.5)	-
Income before income taxes and minority interests	(1.4)	(1.0)	(0.4)	-
Net income (loss)	(1.2)	(0.9)	(0.3)	-
%	(2.5)	(1.9)	(0.6P)	

* In the BA business, orders resulting from the renewal of a number of large-scale service contracts that span several years (totaling about 7.6 billion yen) have been recorded as a lump sum for this quarter.

Segment Information – ■ BA Business

■ Orders Received / Sales

Domestic orders in the existing building and service fields grew significantly owing to increased demand for energy saving as well as the renewal of large-scale service contracts that span several years.* Sales grew as a result of the recovery in the domestic market for new buildings.

■ Segment Profit (Loss)

Segment profit fell mainly owing to increased R&D costs required for new product development.

[Billions of yen]

		This period (A)	Same period last year (B)	Difference	
				(A) - (B)	% Change
■ B A	Orders received	* 48.6	38.0	10.6	28.1
	Sales	19.7	19.1	0.6	3.4
	Segment profit (loss)	(0.8)	(0.6)	(0.1)	-
	%	(4.2)	(3.4)	(0.7P)	
(Reference) Goodwill amortization cost		0.0	0.0	0.0	

* Orders resulting from the renewal of a number of large-scale service contracts that span several years (totaling about 7.6 billion yen) have been recorded as a lump sum for this quarter.



Segment Information – ■ AA Business

■ Orders Received / Sales

Domestic orders increased, especially in the field of control products for equipment manufacturers. Orders received grew overseas too, mainly in the Korean, European and US markets, and also with an important contribution made by a newly consolidated overseas subsidiary in the Middle East. Steady sales growth was achieved in Japan and overseas.

■ Segment Profit (Loss)

Sales growth was more than enough to offset increased costs, so profits rose.

[Billions of yen]

	This period (A)	Same period last year (B)	Difference	
			(A) - (B)	% Change
■ AA Orders received	25.2	21.9	3.2	14.9
Sales	19.8	18.6	1.1	6.3
Segment profit (loss)	0.0	(0.2)	0.3	-
%	0.3	(1.6)	1.9P	

(Reference) Goodwill amortization cost	0.0	0.0	0.0
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Segment Information – ■ LA Business

■ Orders Received / Sales

Orders received were down for gas & water meters and in the Life Science Engineering (LSE) business; overall orders decreased. However, overall sales were up thanks to growth in each sector comprising the LA business, especially in the LSE field which, despite the challenging business environment, achieved increased sales thanks to exchange rates.

■ Segment Profit (Loss)

Segment profit fell owing to exchange rate factors and projects in Japan and overseas for which profit margins were slim.

[Billions of yen]

	This period (A)	Same period last year (B)	Difference	
			(A) - (B)	% Change
■ L A Orders received	12.4	13.4	(0.9)	(7.1)
Sales	11.7	10.9	0.7	6.9
Segment profit (loss)	(0.7)	(0.5)	(0.2)	-
%	(6.7)	(5.4)	(1.4P)	

(Reference) Goodwill amortization cost	0.3	0.3	0.0
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1. Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2015

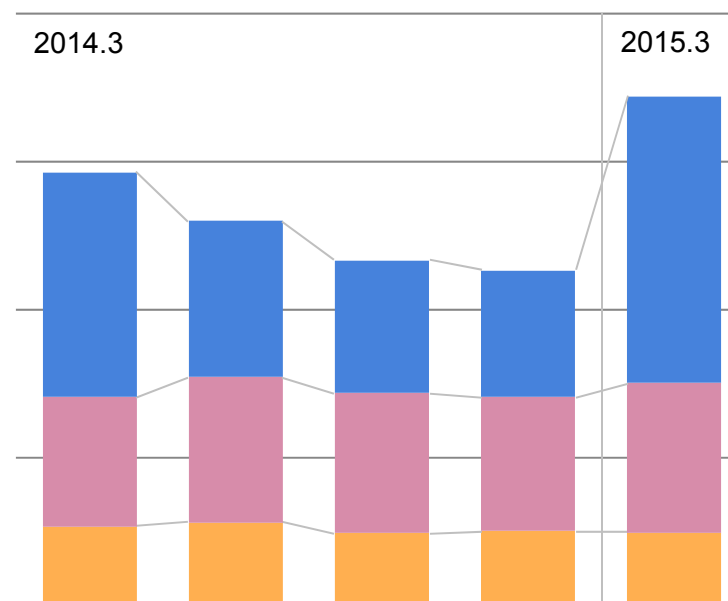
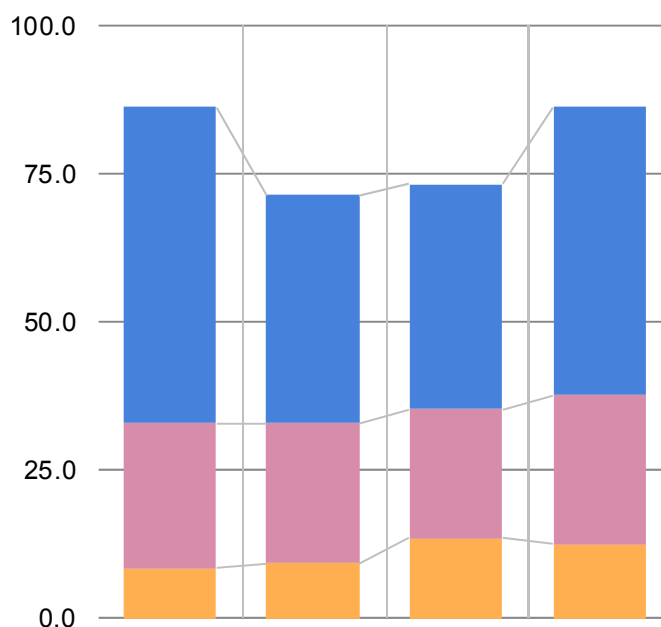


[Reference] Orders Received by Segment

[Billions of yen]

< Same period comparison >

< Quarterly >



	2012.3 Q1	2013.3 Q1	2014.3 Q1	2015.3 Q1
■ B A	* 53.3	38.5	38.0	* 48.6
■ A A	24.5	23.6	21.9	25.2
■ L A	8.4	9.3	13.4	12.4
Consolidated	85.8	71.3	73.0	86.0

	2014.3 Q1	2014.3 Q2	2014.3 Q3	2014.3 Q4	2015.3 Q1
■ B A	38.0	26.4	22.4	21.5	* 48.6
■ A A	21.9	24.6	23.7	22.7	25.2
■ L A	13.4	14.1	12.3	12.6	12.4
Consolidated	73.0	64.6	58.2	56.5	86.0

* Orders resulting from the renewal of a number of large-scale service contracts that span several years have been recorded as a lump sum for the period.

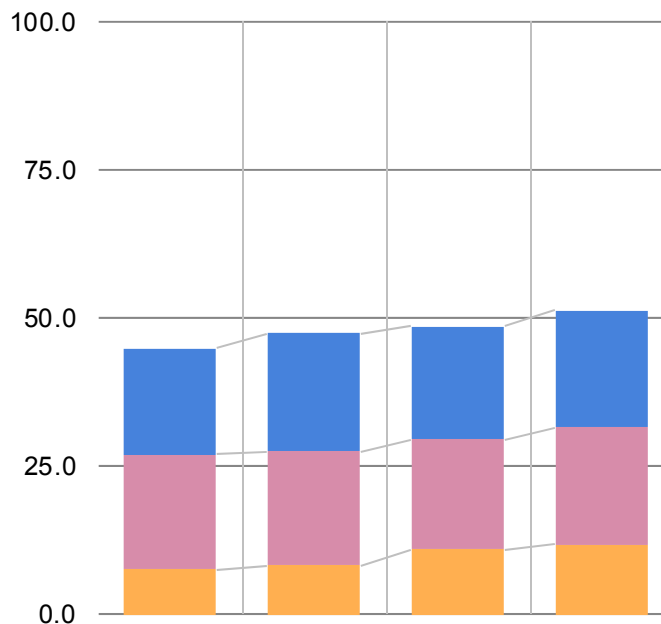
1. Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2015



[Reference] Sales by Segment

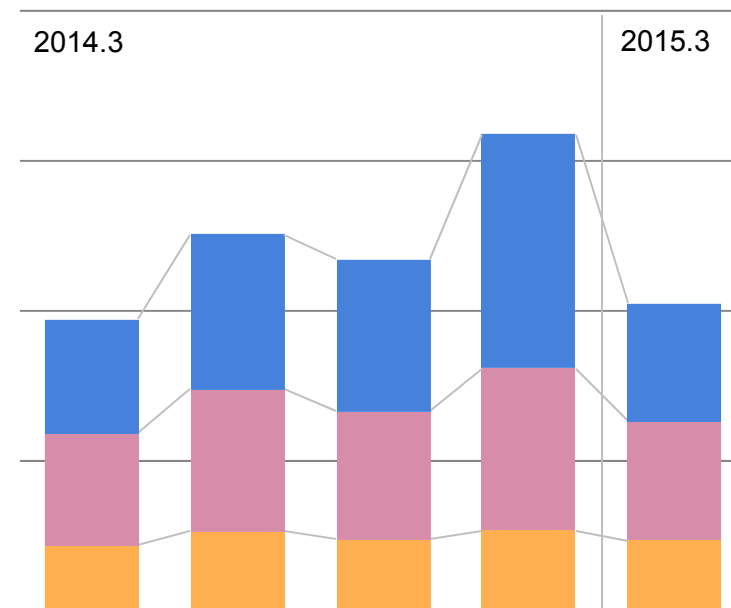
[Billions of yen]

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	2012.3 Q1	2013.3 Q1	2014.3 Q1	2015.3 Q1
■ B A	17.8	19.9	19.1	19.7
■ A A	19.5	19.3	18.6	19.8
■ L A	7.5	8.2	10.9	11.7
Consolidated	44.6	47.1	48.5	51.0

< Quarterly >



	2014.3				2015.3 Q1
	Q1	Q2	Q3	Q4	
■ B A	19.1	25.9	25.4	39.0	19.7
■ A A	18.6	23.7	21.3	27.0	19.8
■ L A	10.9	13.2	11.9	13.4	11.7
Consolidated	48.5	62.7	58.3	78.7	51.0

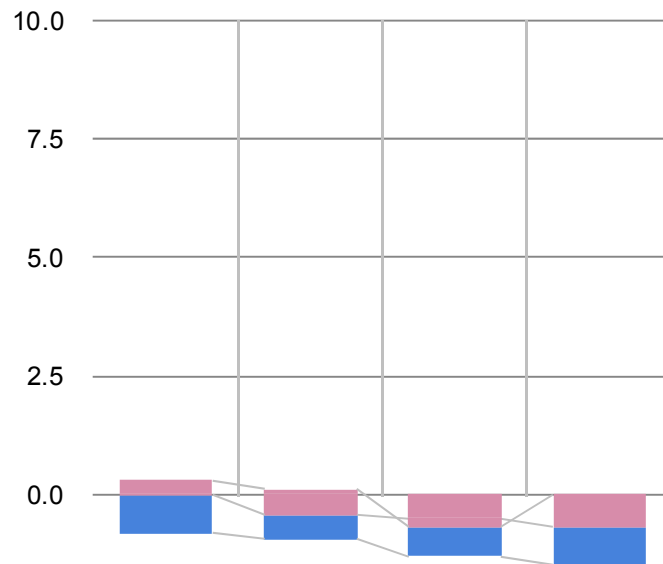
1. Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2015

[Reference] Segment Profit (Operating Income)



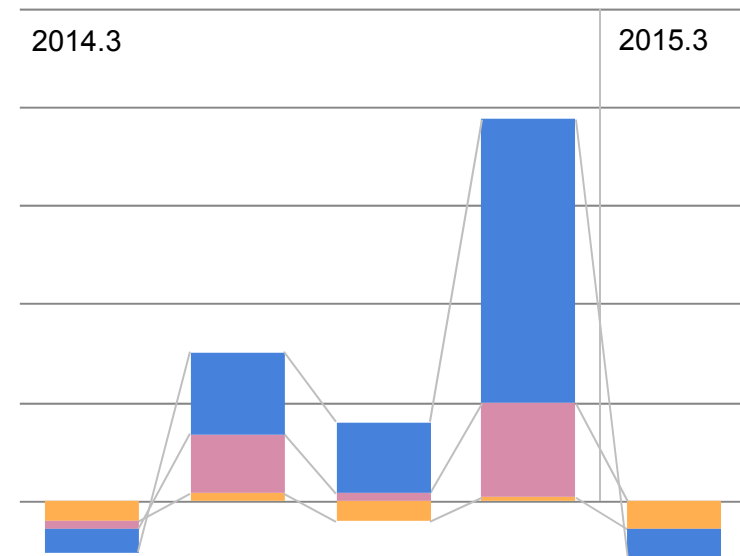
[Billions of yen]

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	2012.3 Q1	2013.3 Q1	2014.3 Q1	2015.3 Q1
■ B A	(0.8)	(0.5)	(0.6)	(0.8)
■ A A	0.3	0.1	(0.2)	0.0
■ L A	(0.0)	(0.4)	(0.5)	(0.7)
Consolidated	(0.6)	(0.9)	(1.5)	(1.5)

< Quarterly >



	2014.3 Q1	Q2	Q3	Q4	2015.3 Q1
■ B A	(0.6)	2.1	1.8	7.2	(0.8)
■ A A	(0.2)	1.5	0.2	2.4	0.0
■ L A	(0.5)	0.2	(0.5)	0.1	(0.7)
Consolidated	(1.5)	3.9	1.5	9.8	(1.5)

1. Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2015



Overseas Sales by Region

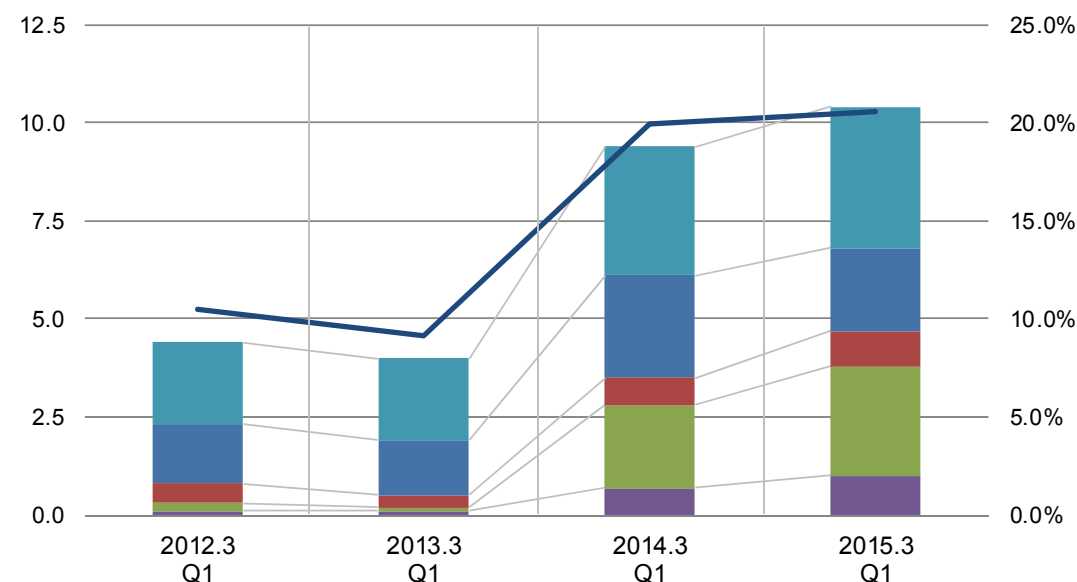
Total overseas sales grew by 9% on the same period last year. In China, however, sales fell as a result of the slowdown in building projects following transfer of power to the new leadership last year. In Asia, especially in Thailand, political uncertainty impacted sales, but overall there was an increase in sales. In North America, sales of control products to equipment manufacturers continued to be robust.

[Billions of yen]

	2012.3 Q1	2013.3 Q1	2014.3 Q1	2015.3 Q1
Asia	2.1	2.1	3.3	3.6
China	1.5	1.4	2.6	2.1
North America	0.5	0.3	0.7	0.9
Europe	0.2	0.1	2.1	2.8
Others	0.1	0.1	0.7	1.0
Total	4.7	4.2	9.6	10.5
Ratio of overseas sales to net sales	10.5%	9.1%	19.9%	20.6%

[Reference] Average Exchange Rate

	2012.3 Q1	2013.3 Q1	2014.3 Q1	2015.3 Q1
Yen - 1USD	82.32	79.36	92.47	102.78
Yen - 1Euro	112.67	104.15	122.06	140.80



Note1) Overseas sales figures include only the sales of overseas affiliates and direct exports; indirect exports are excluded.

Note2) The accounting year used by overseas affiliates mainly ends on December 31.

Note3) There was significant growth resulted from the addition to the LA business of LSE operations in Europe, Asia and other regions (including Central & South America) in FY2013.

1. Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2015



Consolidated Financial Position

- **Assets** Sales are concentrated in the second and fourth quarters, so notes and accounts receivable-trade for this first quarter fell sharply. Overall there was a decrease of 16.2 billion yen.
- **Liabilities** In addition to a decrease in notes and accounts payable-trade, following the payment of income tax there was a fall in income taxes payable; also the provision for bonus decreased following bonus payment. Additionally, net defined benefit liabilities fell owing to changes in the Retirement Benefits Accounting Standard. Overall, therefore, liabilities fell by 18.4 billion yen.
- **Net assets** In spite of the impact of the dividend payment and the net loss for the quarter, retained earnings rose following changes in the Retirement Benefits Accounting Standard. Overall net assets increased by 2.2 billion yen.

[Billions of yen]

	As of Jun. 30, 2014 (A)	As of Mar. 31, 2014 (B)	Difference (A) - (B)		As of Jun. 30, 2014 (A)	As of Mar. 31, 2014 (B)	Difference (A) - (B)
Current assets	173.1	189.3	(16.2)	Liabilities	90.0	108.4	(18.4)
Cash and deposits	51.5	52.4	(0.8)	Current liabilities	74.9	87.3	(12.4)
Notes and accounts receivable-trade	70.8	88.2	(17.3)	Notes and accounts payable-trade	36.5	41.4	(4.8)
Inventories	20.9	18.1	2.8	Short-term loans and bonds	15.4	15.4	(0.0)
Others	29.7	30.5	(0.8)	Others	22.9	30.4	(7.5)
Noncurrent assets	64.0	64.0	0.0	Noncurrent liabilities	15.1	21.1	(5.9)
Property, plant and equipment	24.5	24.5	0.0	Long-term loans and bonds	2.1	2.2	(0.0)
Intangible assets	12.9	12.9	0.0	Others	12.9	18.8	(5.9)
Investments and other assets	26.5	26.6	(0.0)	Net assets	147.2	144.9	2.2
				Shareholders' equity	140.7	139.3	1.3
				Capital stock	10.5	10.5	-
				Capital surplus	17.1	17.1	-
				Retained earnings	115.6	114.2	1.3
				Treasury stock	(2.6)	(2.6)	(0.0)
				Accumulated other comprehensive income	4.9	3.9	0.9
				Subscription rights to shares and Minority interests	1.5	1.6	(0.1)
Total assets	237.2	253.4	(16.2)	Total liabilities and net assets	237.2	253.4	(16.2)

(Reference) Shareholders' equity ratio: 61.4% (as of June 30, 2014), 56.5% (as of March 31, 2014)

2. Financial Plans for the Fiscal Year Ending March 31, 2015

→ No revision from the recent announcement

Consolidated Financial Plan

- While there is a disparity in the degree to which the different businesses have improved their profits, consolidated results for the first quarter have remained, overall, within the range of the initial plan. Consequently, no changes will be made to the forecast previously published (May 12, 2014).

[Billions of yen]

	1st half	2nd half	Full year (A)	Previous fiscal year (B)	Difference	
					(A) - (B)	% Change
Net sales	116.0	144.0	260.0	248.4	11.5	4.7
Operating income	3.4	12.1	15.5	13.9	1.5	11.5
%	2.9	8.4	6.0	5.6	0.4P	
Ordinary income	3.2	11.8	15.0	14.5	0.4	2.7
Net income	1.6	6.9	8.5	7.6	0.8	10.8
%	1.4	4.8	3.3	3.1	0.2P	

2. Financial Plans for the Fiscal Year Ending March 31, 2015



Segment Information

[Billions of yen]

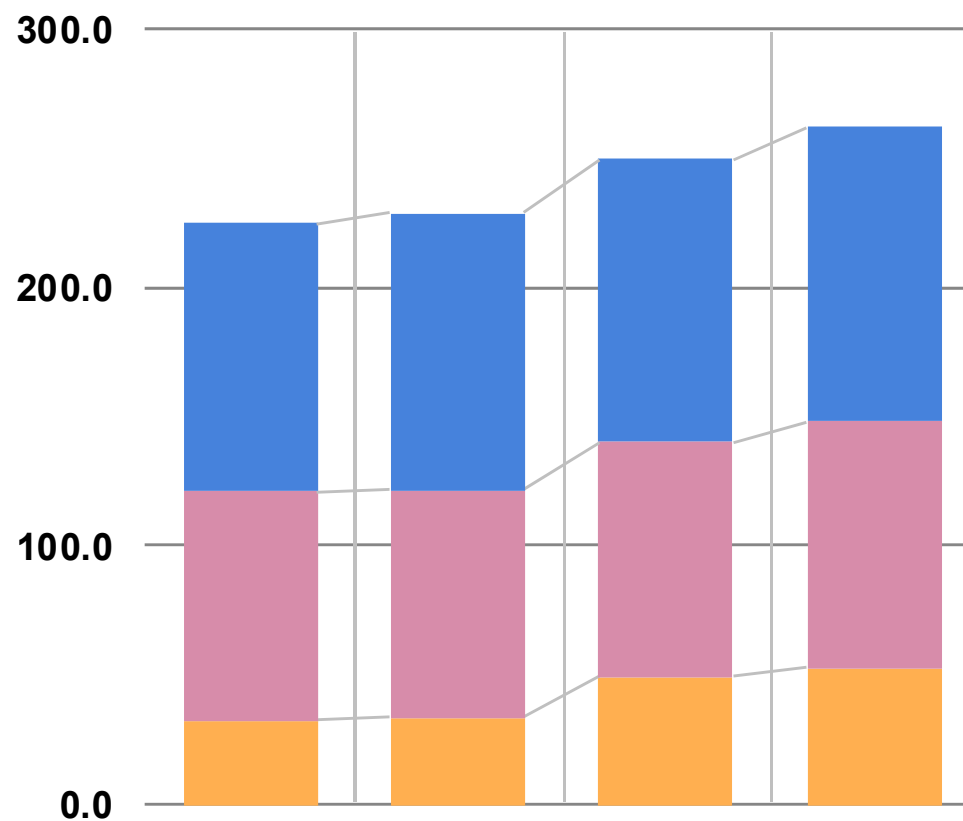
	1st half	2nd half	Full year (A)	Previous fiscal year (B)	Difference		
					(A) - (B)	% Change	
■ B A	Sales	46.0	68.0	114.0	109.5	4.4	4.0
	Segment profit	1.7	9.4	11.1	10.5	0.5	4.8
	%	3.7	13.8	9.7	9.7	0.1P	
■ A A	Sales	45.0	50.0	95.0	90.8	4.1	4.6
	Segment profit	1.9	2.7	4.6	3.9	0.6	16.0
	%	4.2	5.4	4.8	4.4	0.5P	
■ L A	Sales	26.0	27.0	53.0	49.5	3.4	6.9
	Segment profit (loss)	(0.2)	0.0	(0.2)	(0.6)	0.4	-
	%	-	-	-	(1.4)	-	
Consolidated	Net sales	116.0	144.0	260.0	248.4	11.5	4.7
	Operating income	3.4	12.1	15.5	13.9	1.5	11.5
	%	2.9	8.4	6.0	5.6	0.4P	

2. Financial Plans for the Fiscal Year Ending March 31, 2015

[Reference] Sales by Segment



[Billions of yen]

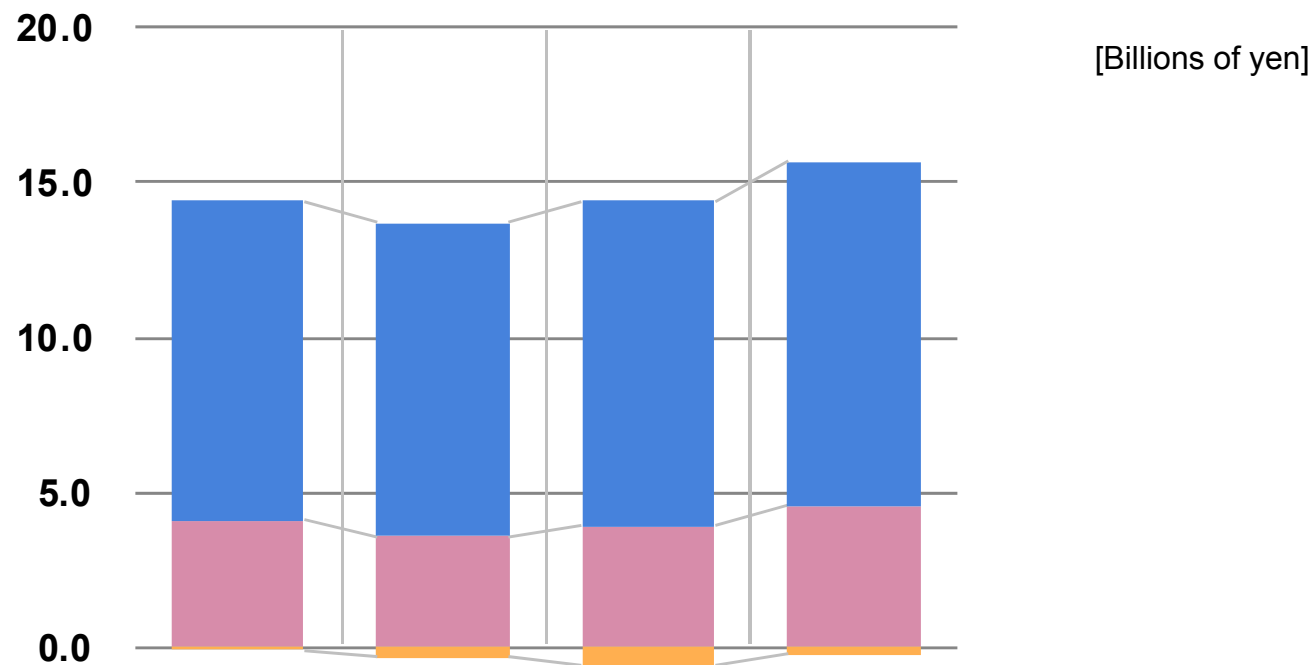


	2012.3	2013.3	2014.3	2015.3 (Plan)
■ B A	103.8	107.4	109.5	114.0
■ A A	88.8	87.6	90.8	95.0
■ L A	32.5	33.9	49.5	53.0
Consolidated	223.4	227.5	248.4	260.0

2. Financial Plans for the Fiscal Year Ending March 31, 2015



[Reference] Segment Profit (Operating Income)



	2012.3	2013.3	2014.3	2015.3 (Plan)
■ B A	10.3	10.1	10.5	11.1
■ A A	4.1	3.6	3.9	4.6
■ L A	(0.1)	(0.3)	(0.6)	(0.2)
Consolidated	14.3	13.4	13.9	15.5

3. Return to Shareholders

→ No revision from the recent announcement

Dividends Plan



- Putting priority on the interests of our shareholders, we will maintain a stable dividend while working to improve both consolidated business performance and capital net income and net asset dividend rates.
- Dividends for the fiscal year ending March 31, 2015 (interim / year-end) are planned as follows(The plan was announced on May 12, 2014).

	2014.3		2015.3	
	Interim	Year-end	Interim	Year-end
Dividend per share [Yen]	31.5	31.5	31.5(Plan)	31.5(Plan)
Payout ratio	60.7%		54.7%	
Dividend on equity (DOE)	3.3%		3.2%	

(Reference) Dividends yield: 2.4% (as of July 31, 2014)

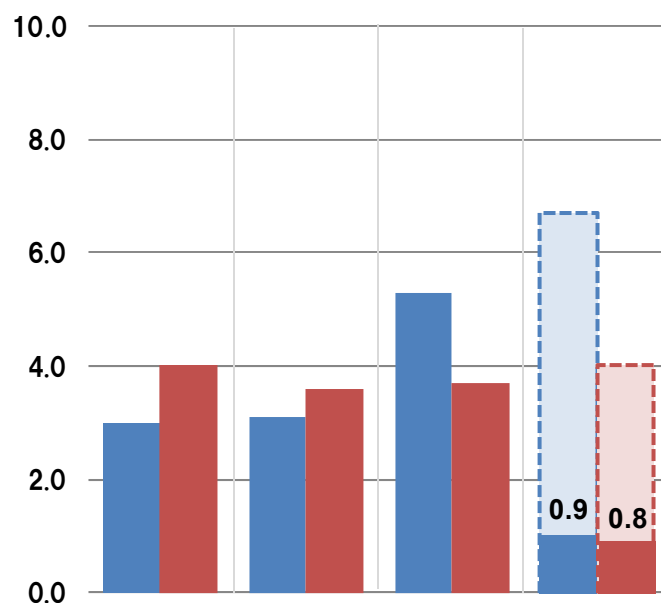
Relevant Information

Capital Expenditure, Depreciation and R&D Expenses



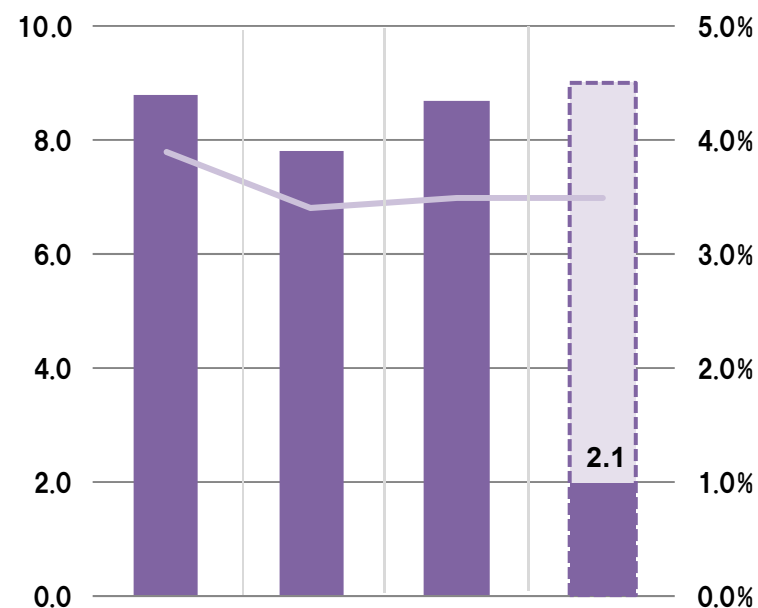
[Billions of yen]

■ Capital Expenditure, Depreciation



	2012.3	2013.3	2014.3	2015.3 (Plan)
Capital Expenditure	3.0	3.1	5.3	6.7
Depreciation	4.0	3.6	3.7	4.0

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



	2012.3	2013.3	2014.3	2015.3 (Plan)
R&D Expenses	8.8	7.8	8.7	9.0
R&D Expenses / Net Sales	3.9%	3.4%	3.5%	3.5%



azbil Group Philosophy



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

