Human-centered Automation

Azbil Corporation RIC: 6845.T, Sedol: 6985543

Analyst Meeting Materials

For the Fiscal Year Ended March 31, 2015 (Japan GAAP)

<Contents>

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Notes:

1. Financial data and financial statements have been prepared based on Japan GAAP and the amounts have been rounded down.

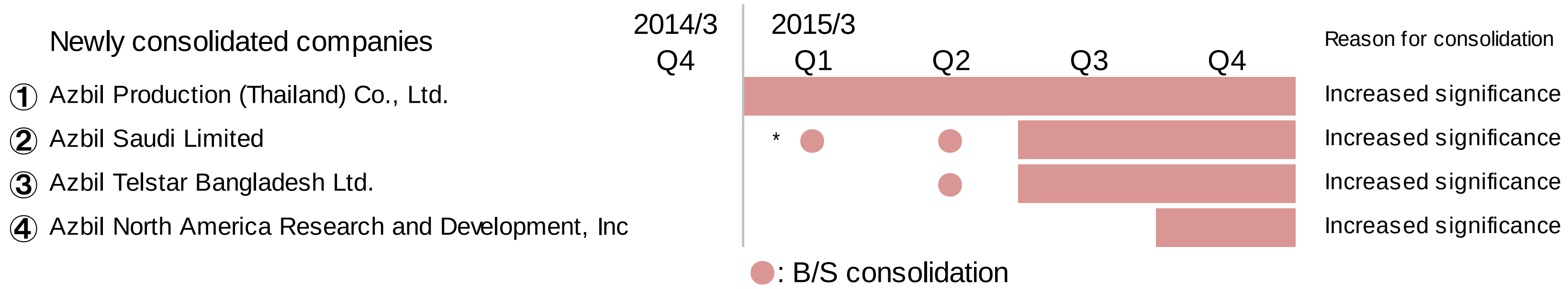
2. Segment names are abbreviated as follows.

   B A: Building Automation
   A A: Advanced Automation
   L A: Life Automation

3. Each segment amounts include internal transactions between business segments.

4. The financial plan is based on management's assumptions, intent and expectations in light of the information currently available to it, and therefore this plan is not a guarantee of future performance. Due to various factors, actual results may differ from those discussed in this material.

5. The current status regarding newly consolidated companies is as follows.



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

The following companies are no longer included in consolidated results.
- Azbil Care & Support Co., Ltd.: Following the transfer of all shares in this company (February 2015), it is no longer included in consolidated results. But as regards profit and loss, results are consolidated until the third quarter of FY2014.
- Azbil BioVigilant, Inc. (US): Following the completion of liquidation (March 2015), it is no longer included in consolidated results. But as regards profit and loss, results are consolidated until the date of liquidation.

(One other)

1. Financial Results for the Fiscal Year Ended March 31, 2015

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Consolidated Financial Results

■ Compared to the plan (10/30/2014)

Net sales were in line with the plan. Operating income for both the BA and AA businesses exceeded the plan, and this was able to offset the weak performance of the LA business abroad, so overall the plan was achieved. As a result of recording extraordinary losses related to reforming business structures and strengthening the corporate structure, etc., net income for this period did not achieve the plan.

■ Compared to the previous fiscal year

➢ Refer to page 8, 9 for details of non-operating / extraordinary profit and loss, income taxes, etc.

Both orders received and net sales increased mainly due to the growth of the BA* and AA businesses. Orders received and net sales for the LA business decreased because of the worsening business conditions abroad, etc. Despite increased R&D expenses and the expenses incurred for updating core information systems, operating income increased significantly due to the growth in net sales and the initiatives aimed at cost improvement. However, net income was down owing to the aforementioned extraordinary losses.

[Billions of yen]

	Current fiscal year (A)	Plan (10/30/2014) (B)	Difference (A) - (B)	Difference % Change	Previous fiscal year (C)	Difference (A) - (C)	Difference % Change
Orders received	* 266.9				252.4	* 14.4	5.7
Net sales	254.4	255.0	(0.5)	(0.2)	248.4	6.0	2.4
Japan	207.7				202.2	5.4	2.7
Overseas	46.7				46.1	0.6	1.3
Gross profit	89.8				86.5	3.3	3.9
%	35.3				34.8	0.5P	
SG & A	74.5				72.6	1.9	2.6
[Goodwill amortization cost]	[1.8]	[1.8]	[0.0]		[1.8]	[(0.0)]	
Operating income	15.3	15.0	0.3	2.2	13.9	1.4	10.3
%	6.0	5.9	0.1P		5.6	0.4P	
Ordinary income	17.1	15.3	1.8	12.0	14.5	2.5	17.4
Income before income taxes and minority interests	11.6				14.5	(2.9)	(20.2)
Net income	7.1	8.5	(1.3)	(15.7)	7.6	(0.5)	(6.5)
%	2.8	3.3	(0.5P)		3.1	(0.3P)	

* 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 included in the period's orders received.

Segment Information - ■ B A Business

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Compared to the plan (10/30/2014)

The domestic market performed well, and sales were generally in line with the plan. Segment profit exceeded the plan, thanks to increased sales from the profitable existing building market and the success of efforts to enhance construction profitability.

Compared to the same period last year

Economic recovery and growing power / energy-saving needs following a rise in electricity charges meant that the Japanese market continued to be robust. In addition, large-scale service contracts spanning several years (orders received through “market testing”) were renewed, * and as a result there was strong growth in orders received. The business grew in the overseas market, too. Sales grew also thanks to favorable conditions in the Japanese market. Segment profit increased significantly. This can be attributed to increased sales, as well as in more profitable fields as existing buildings and service in the Japanese market, and also the success of efforts to improve construction profitability.

[Billions of yen]

	Current fiscal year (A)	Plan (10/30/2014) (B)	Difference (A) - (B)	Difference *% Change*	Previous fiscal year (C)	Difference (A) - (C)	Difference *% Change*
Orders received	* 122.6				108.4	* 14.1	*13.1*
Sales	114.5	115.0	(0.4)	*(0.4)*	109.5	4.9	*4.5*
Segment profit	12.2	11.8	0.4	*3.8*	10.5	1.6	*15.6*
%	*10.7*	*10.3*	*0.4P*		*9.7*	*1.0P*	
(Reference) Goodwill amortization cost	0.1	0.1	0.0		0.1	0.0	

* 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 included in the period’s orders received.

Segment Information - ■ A A Business

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■ Compared to the plan (10/30/2014)

Sales were in line with the plan. Overseas business was buoyant. Segment profit too exceeded the plan thanks to improved profitability in Japan and overseas.

■ Compared to the same period last year

Orders were increased in the Japanese market mainly due to a market improvement and an expansion of equipment manufacturers and large-scale projects in the control equipment field. Also, steady business expansion was achieved overseas and, with the addition of a new subsidiary, overall orders received grew steadily. As regards sales, thanks mainly to growth in the control products field domestically and abroad, with other overseas markets also performing well, there was an overall increase. Segment profit achieved significant growth; this reflects increased sales, the success of cost-improvement efforts – including expanding overseas production – and the benefits of transferring human resources between business segments.

[Billions of yen]

	Current fiscal year (A)	Plan (10/30/2014) (B)	Difference (A) - (B)	Difference % Change	Previous fiscal year (C)	Difference (A) - (C)	Difference % Change
Orders received	97.6				93.1	4.5	*4.8*
Sales	94.3	94.0	0.3	*0.4*	90.8	3.5	*3.9*
Segment profit	5.0	4.7	0.3	*6.7*	3.9	1.0	*26.4*
%	*5.3*	*5.0*	*0.3P*		*4.4*	*0.9P*	

	Current fiscal year (A)	Plan (B)	(A) - (B)	% Change	Previous fiscal year (C)	(A) - (C)	% Change
(Reference) Goodwill amortization cost	0.3	0.3	0.0		0.3	0.0	

Segment Information - ■ L A Business

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Compared to the plan (10/30/2014)

Excluding the effect of transferring the health, welfare and nursing care business in the fourth quarter*, sales were generally according to plan. However, overall segment profit failed to achieve the plan, owing principally to underperformance of the Life Science Engineering (LSE) field.

Compared to the same period last year

With the economic slowdown in emerging countries and increasing competition, the business environment of the LSE field continued to be challenging. Owing mainly to the decline in the LSE field's performance, overall orders received and sales for this segment were down. Nevertheless, there are recent signs of an improvement in orders as well as evidence of successful results from radical business structure reforms. Segment loss increased mainly due to a fall in profits caused by lower sales and projects for which profit margins were slim in the LSE field.

- Refer to page 30 for radical business structure reforms in the LSE field.

[Billions of yen]

	Current fiscal year (A)	Plan (10/30/2014) (B)	Difference (A) - (B)	Difference % Change	Previous fiscal year (C)	Difference (A) - (C)	Difference % Change
Orders received	48.4				52.6	(4.1)	*(7.9)*
Sales	47.3	48.0	(0.6)	*(1.4)*	49.5	(2.2)	*(4.6)*
Segment profit	(1.9)	(1.5)	(0.4)	-	(0.6)	(1.2)	-
%	*(4.1)*	*(3.1)*	*(1.0P)*		*(1.4)*	*(2.7P)*	

(Reference) Goodwill amortization cost	1.3	1.3	(0.0)		1.3	(0.0)	

* In the fourth quarter of the current fiscal year (Feb., 2015), all shares in Azbil Care & Support Co., Ltd. – which had been providing services in the health, welfare and nursing care field – were sold to SOHGO SECURITIY SERVICES CO., LTD. As a result of this trade, the company excluded in the scope of consolidation. And the financial results were consolidated until the third quarter of current fiscal year.

Non-operating Income & Expenses, Extraordinary Income & Losses and Income Taxes (1)

[Compared to the same period last year]

- Non-operating income increased due to foreign exchange gains (approx. 1.2 billion yen) resulting from the lower value of Japanese yen.
- Recorded extraordinary losses and reduced income tax expenses as a result of the process of business reevaluation and restructuring under our medium-term plan*.

* For more detailed information, refer to the next page.

[Billons of yen]

	Current fiscal year (A)	Plan (10/30/2014) (B)	Difference		Previous fiscal year (C)	Difference	
			(A) - (B)	% Change		(A) - (C)	% Change
Operating income	15.3	15.0	0.3	*2.2*	13.9	1.4	*10.3*
Non-operating income	2.6				1.3	1.3	*103.4*
Non-operating expenses	0.8				0.6	0.2	*40.6*
Ordinary income	17.1	15.3	1.8	*12.0*	14.5	2.5	*17.4*
Extraordinary income	2.0				0.5	1.4	*264.2*
Extraordinary losses	7.5				0.6	6.9	*1,140.3*
Income before income taxes and minority interests	11.6				14.5	(2.9)	*(20.2)*
Income taxes	4.1				6.9	(2.7)	*(39.2)*
Minority interests in income (loss)	0.2				(0.0)	0.2	-
Net income	7.1	8.5	(1.3)	*(15.7)*	7.6	(0.5)	*(6.5)*

Non-operating Income & Expenses, Extraordinary Income & Losses and Income Taxes (2)

< Notes >

1) LSE field: Business structure reforms

We are actively implementing sweeping measures to reinforce the business structure in the field. Through the radical business structure reforms and structural reinforcement of Azbil Telstar, S. L. U. - the core of the LSE field – , extraordinary losses, a restructuring loss (approx. 0.4 billion yen) and a goodwill impairment (approx. 1.7 billion yen), were recorded.

2) Health, welfare, and nursing care field: Transfer the business

We sold all shares in Azbil Care & Support Co., Ltd., the company has provided services in the health, welfare, and nursing care field, to SOHGO SECURITIY SERVICES CO., LTD. As a result of this trade, a gain on sale of shares (approx. 1.6 billion yen) was recorded.

3) Real-time microbial sensing field: Review and restructure the business

We transferred the real-time microbial sensing technology that has been advanced by the US subsidiary Azbil BioVigilant Inc. to Azbil Corporation, and we will seek to expand the target market and develop new business opportunities directly. Azbil BioVigilant was liquidated. This liquidation resulted in a loss of approx. 0.8 billion yen from closing a foreign currency translation adjustment account, and a reduction in income tax expenses of approx. 1.7 billion yen.

4) Retirement Pension Plan: Revise the scheme

Azbil Corporation and Azbil Trading Co., Ltd., a member of the azbil Group, has changed their plans to a defined contribution pension plan. As a result of this revision, an extraordinary loss of approx. 2.8 billion yen was recorded.

[Reference] Orders Received by Segment

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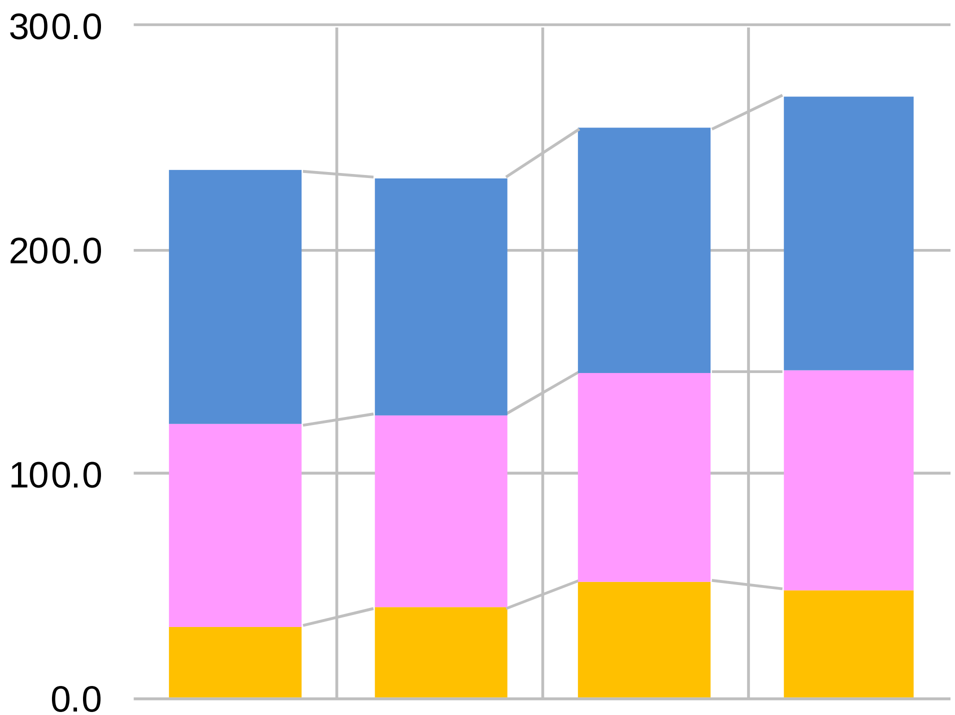
[Billions of yen]



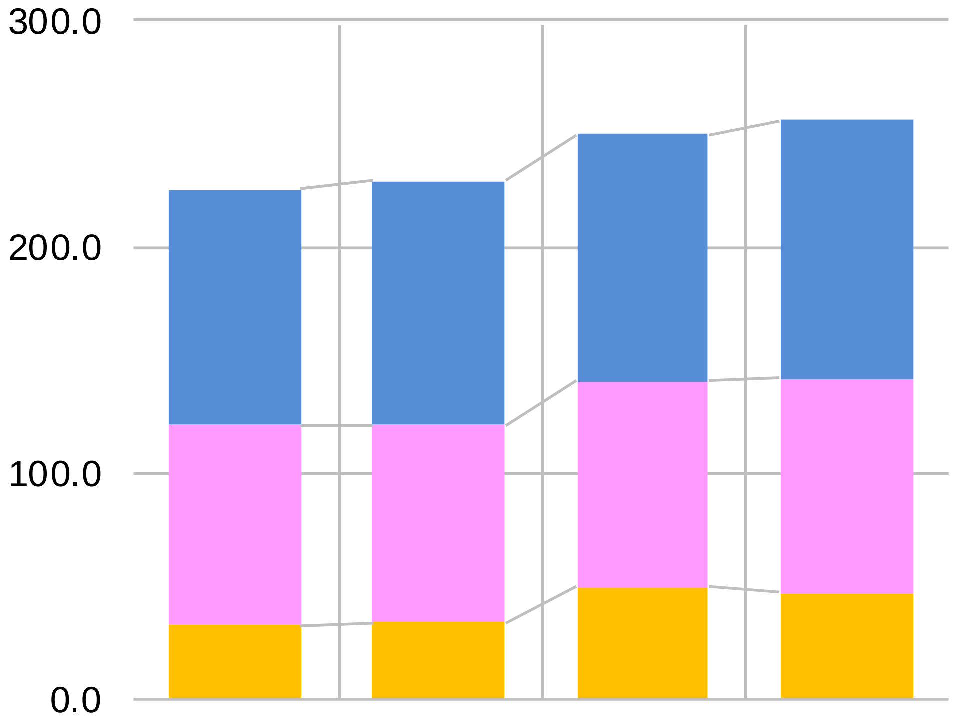
	2012/3	2013/3	2014/3	2015/3
B A	Note1) 113.3	105.7	108.4	Note1) **122.6**
A A	89.8	86.6	93.1	**97.6**
L A	32.4	Note2) 40.1	52.6	**48.4**
Consolidated	233.9	231.1	252.4	**266.9**

Note1) Orders resulting from the renewal of a number of large-scale service contracts that span several years have been included.

Note2) In the fiscal year ended Mar. 2013, Azbil Telstar, S. L. U. became a subsidiary. Simultaneously, its order backlog at the time of consolidation is recorded under orders.

[Reference] Sales by Segment

[Billions of yen]

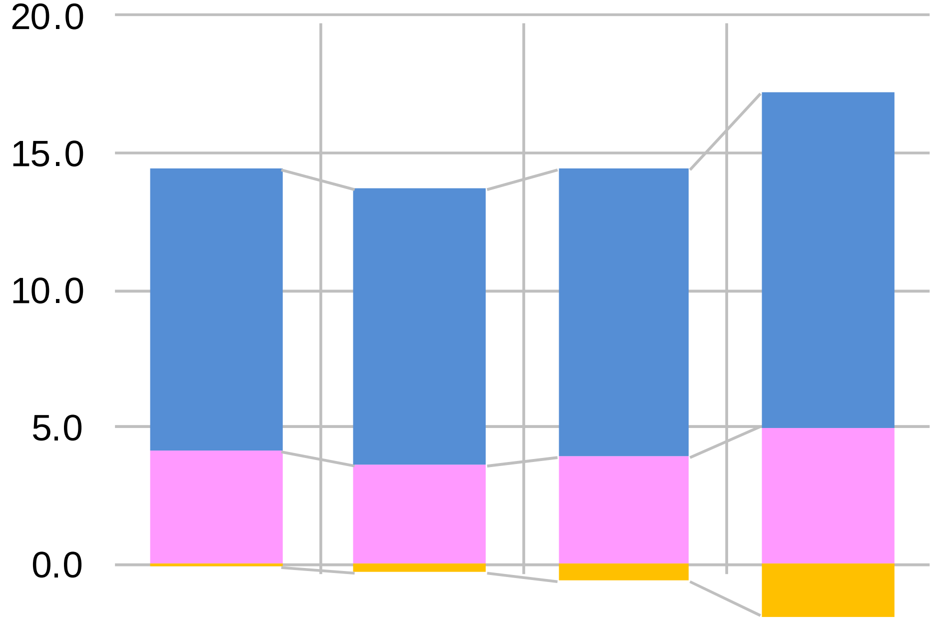


	2012/3	2013/3	2014/3	2015/3
B A	103.8	107.4	109.5	**114.5**
A A	88.8	87.6	90.8	**94.3**
L A	32.5	33.9	Note) 49.5	**47.3**
Consolidated	223.4	227.5	248.4	**254.4**

Note) In the fiscal year ended Mar. 2013, Azbil Telstar, S. L U. became a subsidiary. And its profit & loss figures have been included from the fiscal year ended Mar. 2014.

[Reference] Segment Profit (Operating Income)

[Billions of yen]



	2012/3	2013/3	2014/3	2015/3
B A	10.3	10.1	10.5	**12.2**
A A	4.1	3.6	3.9	**5.0**
L A	(0.1)	(0.3)	Note) (0.6)	**(1.9)**
Consolidated	14.3	13.4	13.9	**15.3**

Note) In the fiscal year ended Mar. 2013, Azbil Telstar, S. L. U. became a subsidiary. And its profit & loss figures have been included from the fiscal year ended Mar. 2014.

Overseas Sales by Region

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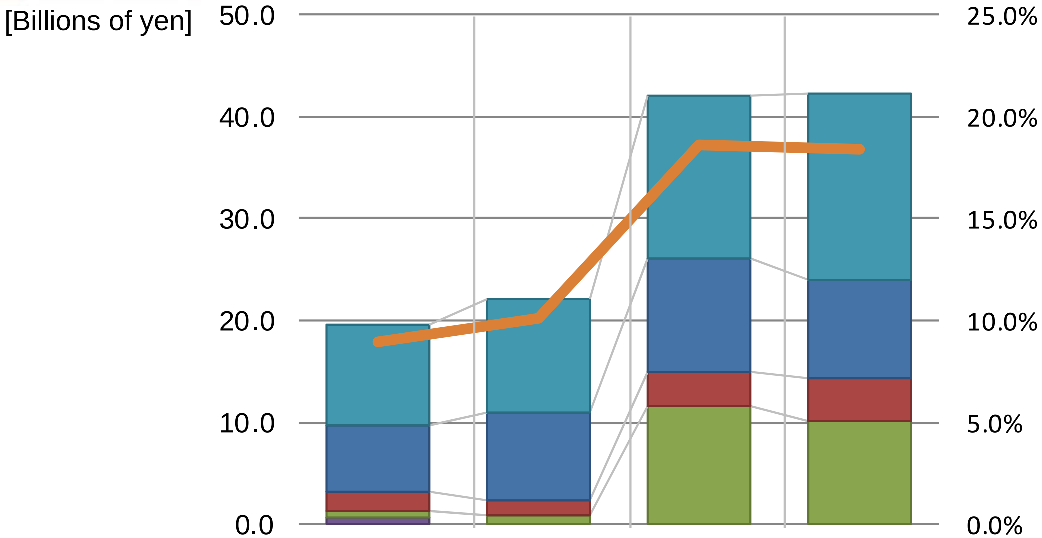
In overseas business, owing to a deteriorating business environment the LA business suffered a drop in sales, but this was offset by increased sales for the BA and AA businesses, so overall results were similar to the previous fiscal year.

- In the Asian region, as a result of political unrest, etc. in certain countries, such as Thailand, sales fell, but both BA and AA businesses achieved growth, so overall steady growth in sales was achieved.
- In China, owing to such factors as a slowdown in the property market, BA business sales fell. The LA business also saw a drop in the sales. Overall, sales in China decreased.
- In North America, growth was achieved, mainly driven by solutions to equipment manufacturers offered by the AA business.
- In Europe, the AA business demonstrated robust performance; however, LA business sales fell, and overall there was a decrease in sales.



	2012/3	2013/3	2014/3	**2015/3**
Asia	9.9	11.1	16.0	**18.3**
China	6.6	8.6	11.2	**9.6**
North America	1.7	1.5	3.4	**4.1**
Europe	0.8	0.8	11.5	**10.2**
Others	0.6	0.7	3.7	**4.3**
Total	19.8	22.9	46.1	**46.7**

[Reference information]

Overseas sales/ Net sales	8.9%	10.1%	18.6%	**18.4%**
Average exchange rate - USD/JPY	79.79	79.81	97.73	**105.79**
Average exchange rate - EUR/JPY	111.11	102.56	129.78	**140.35**

* Overseas sales figures include only the sales of overseas affiliates and direct exports; indirect exports are excluded.
* The accounting year used by overseas affiliates mainly ends on December 31.
* In the fiscal year ended Mar. 2013, Azbil Telstar, S. L U. became a subsidiary. And its profit & loss figures have been included from the fiscal year ended Mar. 2014.

Consolidated Financial Position

■ Assets Thanks to income from the sale of affiliated company shares, cash and deposits increased. Also, inventories rose as a result of growth in orders, and the value of investment securities increased with the rise in the stock market. As a result, collective assets grew by 12.2 billion yen compared with the previous fiscal year-end (Mar. 31, 2014).

■ Liabilities Due to applying the reform of retirement benefit accounting standard and the increase in the valuation difference on available-for-sale securities, deferred tax liabilities rose. And notes and accounts payable-trade also increased. However, there was a decrease in net defined benefit liability resulting from applying the reform of retirement benefit accounting standard. As a result, liabilities were down by 3.0 billion yen from the previous fiscal year-end (Mar. 31, 2014).

■ Net assets Despite a decrease resulting from a dividend payment, there was an increase in retained earnings resulting from the recording of net income in the current fiscal year and applying the reform of retirement benefit accounting standard. There was also an increase in the valuation difference on available-for-sale securities. Accordingly, net assets increased by 15.3 billion yen.

[Billions of yen]

	As of Mar. 31, 2015 (A)	As of Mar. 31, 2014 (B)	Difference (A) - (B)
Current assets	**197.9**	**189.3**	**8.6**
Cash and deposits	58.8	52.4	6.4
Notes and accounts receivable-trade	88.9	88.2	0.7
Inventories	21.6	18.1	3.4
Others	28.5	30.5	(2.0)
Noncurrent assets	**67.7**	**64.0**	**3.6**
Property, plant and equipment	25.6	24.5	1.1
Intangible assets	11.5	12.9	(1.4)
Investments and other assets	30.4	26.6	3.8
Total assets	**265.7**	**253.4**	**12.2**

	As of Mar. 31, 2015 (A)	As of Mar. 31, 2014 (B)	Difference (A) - (B)
Liabilities	**105.4**	**108.4**	**(3.0)**
Current liabilities	**89.6**	**87.3**	**2.3**
Notes and accounts payable-trade	42.6	41.4	1.2
Short-term loans and bonds	15.8	15.4	0.3
Others	31.1	30.4	0.7
Noncurrent liabilities	**15.7**	**21.1**	**(5.3)**
Long-term loans and bonds	0.8	2.2	(1.3)
Others	14.8	18.8	(3.9)
Net assets	**160.2**	**144.9**	**15.3**
Shareholders' equity	**146.6**	**139.3**	**7.2**
Capital stock	10.5	10.5	-
Capital surplus	17.1	17.1	0.0
Retained earnings	121.5	114.2	7.2
Treasury share	(2.6)	(2.6)	(0.0)
Accumulated other comprehensive income	**11.6**	**3.9**	**7.6**
Subscription rights to shares and Minority interests	**2.0**	**1.6**	**0.3**
Total liabilities and net assets	**265.7**	**253.4**	**12.2**

（Reference）Shareholders' equity ratio: 59.6%(as of Mar. 31, 2015), 56.5%(as of Mar. 31, 2014)

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Consolidated Cash Flows

- Cash flows from operating activities fell, mainly owing to the increase in trade receivables and inventories due to sales growth. Cash flows from investing activities also decreased, mainly due to the acquisition of tangible fixed assets for strengthening overseas production structures and investment in subsidiary companies. The total of free cash flows was down 4.9 billion yen from the previous fiscal year.
- Cash flows from financing activities increased by 0.8 billion yen compared with the previous fiscal year, mainly due to the decrease in the amount of debt that was less than the previous fiscal year and the decrease in dividends paid to minority shareholders.

[Billions of yen]

	Current fiscal year (A)	Previous fiscal year (B)	Difference	
			(A) - (B)	%
Net cash provided by operating activities	13.6	15.8	(2.1)	*(13.5)*
Net cash provided by investing activities	(13.4)	(10.6)	(2.8)	-
Free cash flow(FCF)	0.2	5.1	(4.9)	*(95.6)*
Net cash provided by financing activities	(6.0)	(6.9)	0.8	-
Effect of exchange rate change on cash and cash equivalents	1.4	1.5	(0.1)	*(6.6)*
Net increase(decrease) in cash and cash equivalents	(4.4)	(0.2)	(4.1)	-
Cash and cash equivarents at beginning of period	55.8	56.0	(0.2)	*(0.4)*
Increase in cash and cash equivarents from newly consolidated subsidiary	0.4	0.0	0.4	*1,240.7*
Cash and cash equivarents at end of period	51.9	55.8	(3.9)	*(7.0)*

(Reference)

Capital expenditure	6.3	5.3	0.9	*18.8*
Depreciation	3.7	3.7	0.0	*1.7*

2. Financial Plan for the Fiscal Year Ending March 31, 2016

Consolidated Financial Plan

- Based on the strong orders as well as the results of the business structure reforms and business infrastructure upgrades in the previous fiscal year, we plan to achieve global (domestic and overseas) business growth.
- In the domestic business, through further redeployment & optimization of human resources to reflect the changing market environment, we will realize efficient business operation in mature fields while shifting resources to new growth fields. Increased earnings are expected to result from enhancing capabilities for responding to the conspicuous growth in BA-related domestic demand while also strengthening the AA business foundation and improving efficiency.
- In overseas business, we will continue to reinforce product supply and the business foundation/systems, including training programs for global human resources. It is expected to achieve a turnaround in the LA business as well as growth in business directed at the promising local building market and at the materials industry and equipment manufacturers.
- A significant increase in profits is anticipated to result from structural reforms in the LA business, mainly targeting Azbil Telstar, S. L. U., as well as steady profit growth in the BA and AA businesses and a fall in the goodwill amortization cost.

[Billions of yen]

	2016/3 (Plan)			Previous fiscal year	Difference	
	1st half	2nd half	(A)	(B)	(A) - (B)	*% Change*
Net sales	119.0	144.0	263.0	254.4	8.5	*3.4*
[Goodwill amortization cost]	[0.3]	[0.3]	[0.7]	[1.8]	[(1.1)]	
Operating income	4.7	14.0	18.7	15.3	3.3	*21.9*
%	*3.9*	*9.7*	*7.1*	*6.0*	*1.1P*	
Ordinary income	4.4	13.8	18.2	17.1	1.0	*6.2*
Net income	2.0	9.0	11.0	7.1	3.8	*53.4*
%	*1.7*	*6.3*	*4.2*	*2.8*	*1.4P*	

2. Financial Plan for the Fiscal Year Ending March 31, 2016

Segment Information (1)

[Billions of yen]

		2016/3 (Plan) 1st half	2016/3 (Plan) 2nd half	2016/3 (Plan) (A)	Previous fiscal year (B)	Difference (A) - (B)	Difference % Change
BA	Sales	51.0	70.5	121.5	114.5	6.9	6.1
	[Goodwill amortization cost]	[-]	[-]	[-]	[0.1]	[(0.1)]	
	Segment profit	2.4	10.1	12.5	12.2	0.2	2.1
	%	4.7	14.3	10.3	10.7	(0.4P)	
AA	Sales	46.0	52.0	98.0	94.3	3.6	3.9
	[Goodwill amortization cost]	[0.1]	[0.1]	[0.2]	[0.3]	[(0.1)]	
	Segment profit	2.0	3.6	5.6	5.0	0.5	11.7
	%	4.3	6.9	5.7	5.3	0.4P	
LA	Sales	22.5	22.0	44.5	* 47.3	(2.8)	(6.0)
	[Goodwill amortization cost]	[0.2]	[0.2]	[0.5]	[1.3]	[(0.7)]	
	Segment profit(loss)	0.3	0.3	0.6	(1.9)	2.5	-
	%	1.3	1.4	1.3	(4.1)	-	
Consolidated	Net sales	119.0	144.0	263.0	254.4	8.5	3.4
	[Goodwill amortization cost]	[0.3]	[0.3]	[0.7]	[1.8]	[(1.1)]	
	Operating income	4.7	14.0	18.7	15.3	3.3	21.9
	%	3.9	9.7	7.1	6.0	1.1P	

* In the fourth quarter of the current fiscal year (Feb. 2015), all shares in Azbil Care & Support Co., Ltd. – which had been providing services in the health, welfare and nursing care field – were sold to SOHGO SECURITIY SERVICES CO., LTD. The figures are consolidated up to the third quarter of the previous fiscal year (Sales of approx. 3.4 billion yen), and this has affected the LA business sales in the fiscal year ended March 2016; however, the impact on segment profit has been small.

Segment Information (2)

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BA Building Automation

- Strong sales growth is planned, based on redevelopment and new construction projects in Japan – which are attracting lively investment – and growth in Asia, including China.
- Segment profit is expected to grow through increased sales and an expansion in the scope of initiatives designed to improve construction profitability, offsetting the decreased profit due to the increased expenses associated with enhancing sales*1 and the deterioration of profit margins due to changes in the sales structure.

*1 Costs will rise because of the need to develop new products (R&D) and also to reinforce manpower and train staff to enhance job processing to handle BA-related demand, which is rising due to the increasingly buoyant construction market, particularly in Japan's Tokyo metropolitan area.

AA Advanced Automation

- An overall increase in sales is planned. This is based on an expected market recovery/growth in the Asian region, and especially on overseas business growth generated by enhanced capabilities for offering solutions. Also, there is expected to be growth in domestic business thanks to measures targeting growth in the energy switchover-related business and growth areas (HA/FA*2).
- Segment profit is expected to rise as a result of sales growth and the success of cost-improvement initiatives, including the transfer of production overseas.

*2 Hybrid Automation/Factory Automation: Business targeting processing/assembly in the food, pharmaceutical and semiconductor industries, etc.

LA Life Automation

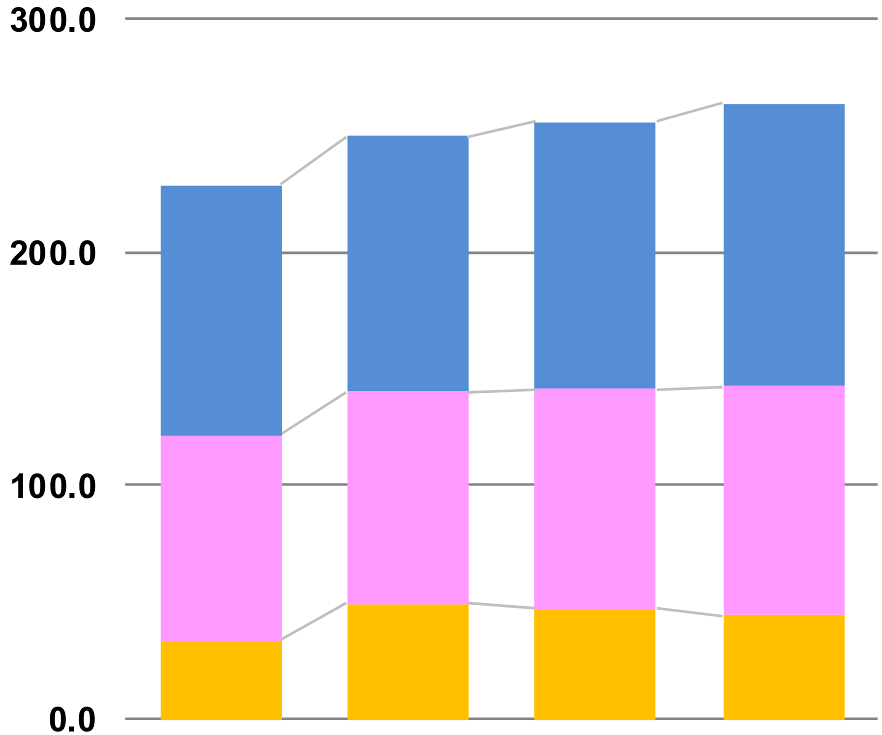
- Setting aside the negative impact of transferring the health, welfare and nursing care business in the previous fiscal year*3, growth is planned for each of the fields that comprise the LA business.
- Thanks to the business reforms implemented in the second half of the previous fiscal year, profits for the Life Science Engineering (LSE) field will be greatly improved. Improvements will also be seen such fields as residential central air-conditioning systems. In addition to the fall in the amount of goodwill amortization (0.7 billion yen approx.), segment profit is expected to improve significantly, into the black.

*3 While increased demand can be expected for services targeting the elderly in Japan, in the short term it is not possible to cultivate customer contacts in private sector services, make use of automation technologies, and foster synergies with other segments in azbil Group. Consequently, this business has been sold; instead it has been decided to pursue growth potential in other companies.

2. Financial Plan for the Fiscal Year Ending March 31, 2016

[Reference] Sales by Segment

[Billions of yen]



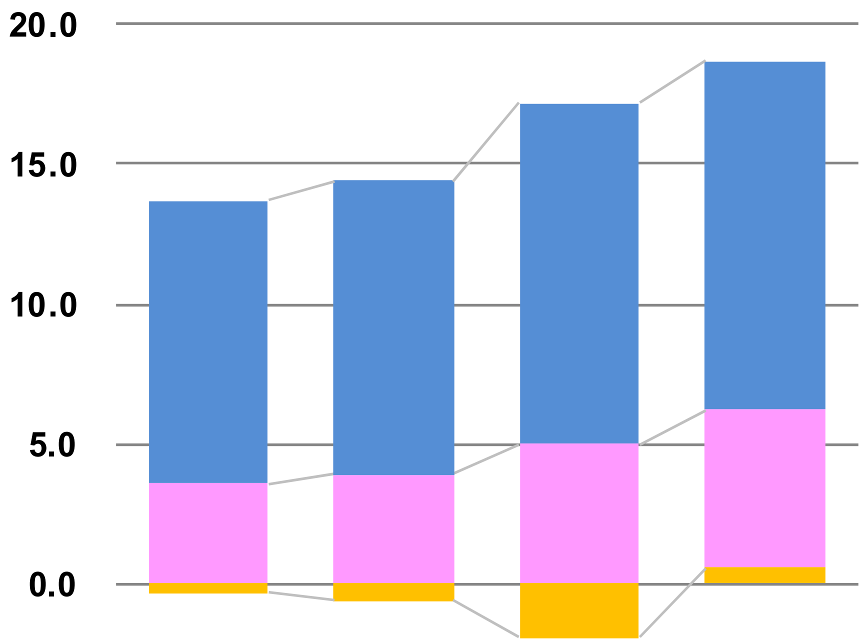
	2013/3	2014/3	2015/3	**2016/3 (Plan)**
B A	107.4	109.5	114.5	**121.5**
A A	87.6	90.8	94.3	**98.0**
L A	33.9	Note1) 49.5	Note2) 47.3	**44.5**
Consolidated	227.5	248.4	254.4	**263.0**

Note1) In the fiscal year ended Mar. 2013, Azbil Telstar, S. L. U. became a subsidiary. And its profit & loss figures have been included from the fiscal year ended Mar. 2014.

Note2) In the fourth quarter of the current fiscal year (Feb. 2015), all shares in Azbil Care & Support Co., Ltd. – which had been providing services in the health, welfare and nursing care field – were sold to SOHGO SECURITIY SERVICES CO., LTD. The figures are consolidated until the third quarter of the previous fiscal year.

[Reference] Segment Profit (Operating Income)

[Billions of yen]



	2013/3	2014/3	2015/3	**2016/3 (Plan)**
BA	10.1	10.5	12.2	**12.5**
AA	3.6	3.9	5.0	**5.6**
LA	(0.3)	Note1) (0.6)	Note2) (1.9)	**0.6**
Consolidated	13.4	13.9	15.3	**18.7**

Note1) In the fiscal year ended Mar. 2013, Azbil Telstar, S. L. U. became a subsidiary. And its profit & loss figures have been included from the fiscal year ended Mar. 2014.

Note2) In the fourth quarter of the current fiscal year (Feb. 2015), all shares in Azbil Care & Support Co., Ltd. – which had been providing services in the health, welfare and nursing care field – were sold to SOHGO SECURITIY SERVICES CO., LTD. The figures are consolidated until the third quarter of the previous fiscal year.

3. Return to Shareholders

Dividends Plan

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Dividends Plan for the fiscal year ending March 2016

～to enhance the return of profits to shareholders～

Annual Dividend: 67 yen per share

(Increase 4 yen as ordinary dividend in fiscal year ended March, 2015 annual dividend 63 yen)

[Basic policy]

We place great importance on the distribution of profits to shareholders, and would like to maintain stable dividends while striving to increase its dividends payout, taking into account comprehensively its consolidated performance, levels of ROE (Return On Equity), DOE (Dividends On Equity), as well as retained earnings for strengthening its business base and developing future business.

- Dividends for the year ended March 2015 (year-end) and for the year ending March 2016 (interim/year-end) are planned as follows.

	2015/3		2016/3	
	Interim	Year-end	Interim	Year-end
Dividend per share [Yen]	31.5	31.5(Plan)	33.5(Plan)	33.5(Plan）
Payout ratio	64.9%		45.0%	
Dividend on equity (DOE)	3.1%		3.1%	

（Reference）Dividends yield: 2.0% (as of March 31, 2015)

Repurchase of Treasury Shares

Repurchase of Treasury Shares

～To enhance the return of profits to shareholders and develop capital policies in response to changes in the corporate environment～

Total amount of repurchase: **Up to 2.1 billion yen**

Total number of shares to be repurchased: **Up to 600,000 shares**

Taking into consideration the future business performance forecast, the Company aims not only to improve capital efficiency but also to enhance the return of profits to shareholders and develop capital policies in response to changes in the corporate environment.

- Type of shares to be repurchased: Common shares of the Company
- Total number of shares to be repurchased: Up to 600,000 shares
  (0.8% of number of common shares issued, excluding treasury shares)
- Total amount of repurchase: Up to 2.1 billion yen
- Period of repurchase: From May 14, 2015 to June 23, 2015

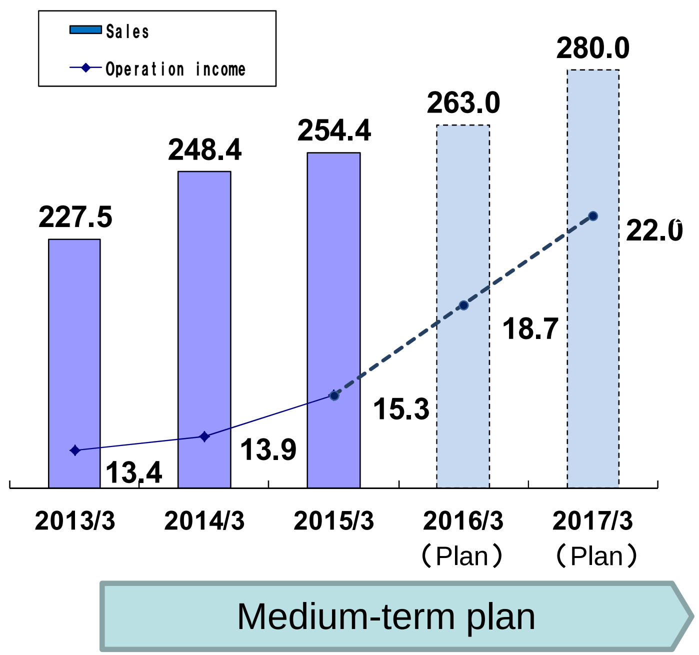
4. Achieving the Goals of the Medium-term Plan and Aiming at Future Business Development

Achievements in the First Half of the 4-year Medium-term Plan

Ensuring a business basis to achieve the performance goals for the fiscal year ending Mar. 2016, and laying the foundation for business development in the fiscal year ending Mar. 2017 onwards

- Steady progress has been made with implementing various measures, and both sales and profits are up for two years in a row.
- Progress has been made with the redeployment/optimization of resources within the Group – realizing efficient management in mature fields while shifting resources to new growth fields – to reflect the changing market environment.
- Reviews have been undertaken of domestic and overseas businesses from the viewpoint of feasibility (growth potential of the business, affinity with the other businesses) and capital efficiency. Considerable progress has been made with business structure reforms.
- Progress has been made with enhancing the development, production, engineering/service systems that support global (domestic & overseas) development. The foundations for a product and life-cycle solutions business model are now in place.

［Billions of yen］



- Progress has been made with reinforcing the business structure to enable it to cope with unexpected changes in society and the business environment. This includes the transition to the defined contribution pension plan*, and the construction of a Group-wide core information system.

* From June 1, 2015.

Going Forward – Strategies for Each Segment (1) ～ BA / AA Business

BA

- Promote domestic business that is well positioned to benefit from demand generated by active redevelopment projects and the Tokyo Olympics; further enhance job processing (ensuring human resources are available when needed by redeploying resources between business segments, and continuing/expanding efforts to improve construction profitability).
- Strengthen the energy management business and services to anticipate the decline in demand after the Tokyo Olympics.
- Establish a profit-generation model for overseas business, including the expansion of the service field.

AA

- Shift human resources to growth areas (HA/FA field), and strengthen sales/engineering capabilities.
- Ensure profitability in mature fields (PA field) through further improvements to the domestic business infrastructure with such measures as consolidating sales, engineering and service functions. Also provide services with greater added value.
- Further promote a global life-cycle business model (e.g. a valve business that includes service) and strengthen product competitiveness to ensure growth in overseas markets.

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Going Forward – Strategies for Each Segment (2) ～ Global Expansion

■ Global expansion of the BA / AA business

- In the fiscal year ended March 2015, the business infrastructure – from development to production and service – was improved in order to expand overseas business.
- Taking advantage of this improved business infrastructure overseas, we will accelerate both qualitative change and regional expansion.

BA To develop the local markets (not Japanese customers) and create a lifecycle-based business model abroad including the service business.

AA To establish a solutions-based business that combines products, customization, and maintenance service. And to enhance cost competitiveness.

Upgrading business infrastructure, matching products and markets

■ Optimized production (global production system)

- Azbil Saudi Limited: New factory commences operations; in addition to valve production, the company offers maintenance and installation.
- Azbil Production (Thailand): New factory commences operations, starting production of temperature controllers; in future, it is planned to steadily transfer more production (more products).

■ Upgrading service infrastructure

- Improving & expanding service infrastructure overseas, including remote maintenance.

■ Tripartite (Japan, US, Europe) development system

- Establishment of Azbil North America Research and Development, Inc.
- Develop products for overseas markets
(e.g. integrated building management systems for large-scale mixed-use facilities overseas; acquiring TIIS2 certification for multivariable vortex flowmeters for use in potentially hazardous areas)

■ Meticulously meeting the needs of local markets

- Expanding solution proposals by meeting national standards, acquiring qualifications, and enhancing customization options (e.g. acquisition by Azbil Singapore Pte Ltd of the top-level license issued by Singapore's Building and Construction Authority)

Going Forward – Strategies for Each Segment (3) ～ LA Business

LA

- A significant improvement is expected in the LA business in the fiscal year ending March 2016, mainly due to the LSE structural reforms in the previous fiscal year.
- Continue strengthening the LA business profit structure even for the other business fields of life lines (gas and water meters) and residential central air-conditioning systems.

  * In the fourth quarter of the current fiscal year (Feb., 2015), all shares in Azbil Care & Support Co., Ltd. – which had been providing services in the health, welfare and nursing care field – were sold to SOHGO SECURITIY SERVICES CO., LTD.
- Harness new demand through inter-segment synergies and by adapting to changes in the business environment.

■ Business Structure Reforms in the LA business ～ LSE field

Good prospects for global medium- and long-term growth of the markets for pharmaceutical research/production and functional food manufacture, plus the potential for differentiation through bringing together the production equipment knowhow and process expertise possessed by Azbil Telstar, S. L. U., at the heart of the LSE field, with azbil automation technologies and products.

⇒ Decision to continue the business by implementing radical structural reforms and redrawing the road map for medium- and long-term growth.

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Going Forward – Strategies for Each Segment (4) ~ LA Business

(LSE Field: Azbil Telstar, S. L. U.)

- In the fiscal year ended March 2015, Azbil Telstar, S. L. U., which forms the core of the LSE field, suffered a fall in orders because of the slowdown in emerging economies. Also profitability deteriorated due to intensified competition. A loss was recorded, partly reflecting problems with the organizational structure that had resulted from prioritizing expansion of the size and scope of the business.
- In the second half of the fiscal year ended March 2015, radical measures aimed at effecting a turnaround in the business were initiated globally and thoroughly.
- Benefitting from these structural reforms, Azbil Telstar, S. L. U.'s earnings are expected to improve drastically in the fiscal year ending March 2016, driven by profits from its main business. Growth is planned for the fiscal year ending March 2017 onwards.

Creating an appropriate operational structure

Lowering the break-even point to realize a V-shaped turnaround

- Structural reforms through business restructuring and regional integration
  - ✓ EPC business structure reforms mainly for the clean room market (Europe, South America)
  - ✓ Liquidation of unprofitable subsidiaries (Europe, South America)
  - ✓ Staff cutbacks and drastic reductions in administrative cost through business consolidation and operational base consolidation (Europe, South America, North America, China)

- Optimizing human resources and reducing other fixed costs by about 20% compared with the fiscal year ended March 2014. (Plan for the fiscal year ending March 2016)

Strengthening the core business of providing manufacturing equipment

Concentrating management resources on the manufacturing equipment business, in which azbil has an advantage

- Restructuring the salesforce concentrating on growth field
  - ✓ Going forward into the fiscal year ending March 2016, the order backlog grew at the end of the previous fiscal year.
- Strengthen the products and related technology for the manufacturing equipment business in cooperation with the R&D department of Azbil Corporation.

Reviewing & reinforcing job processing

Improving profitability, quality and efficiency

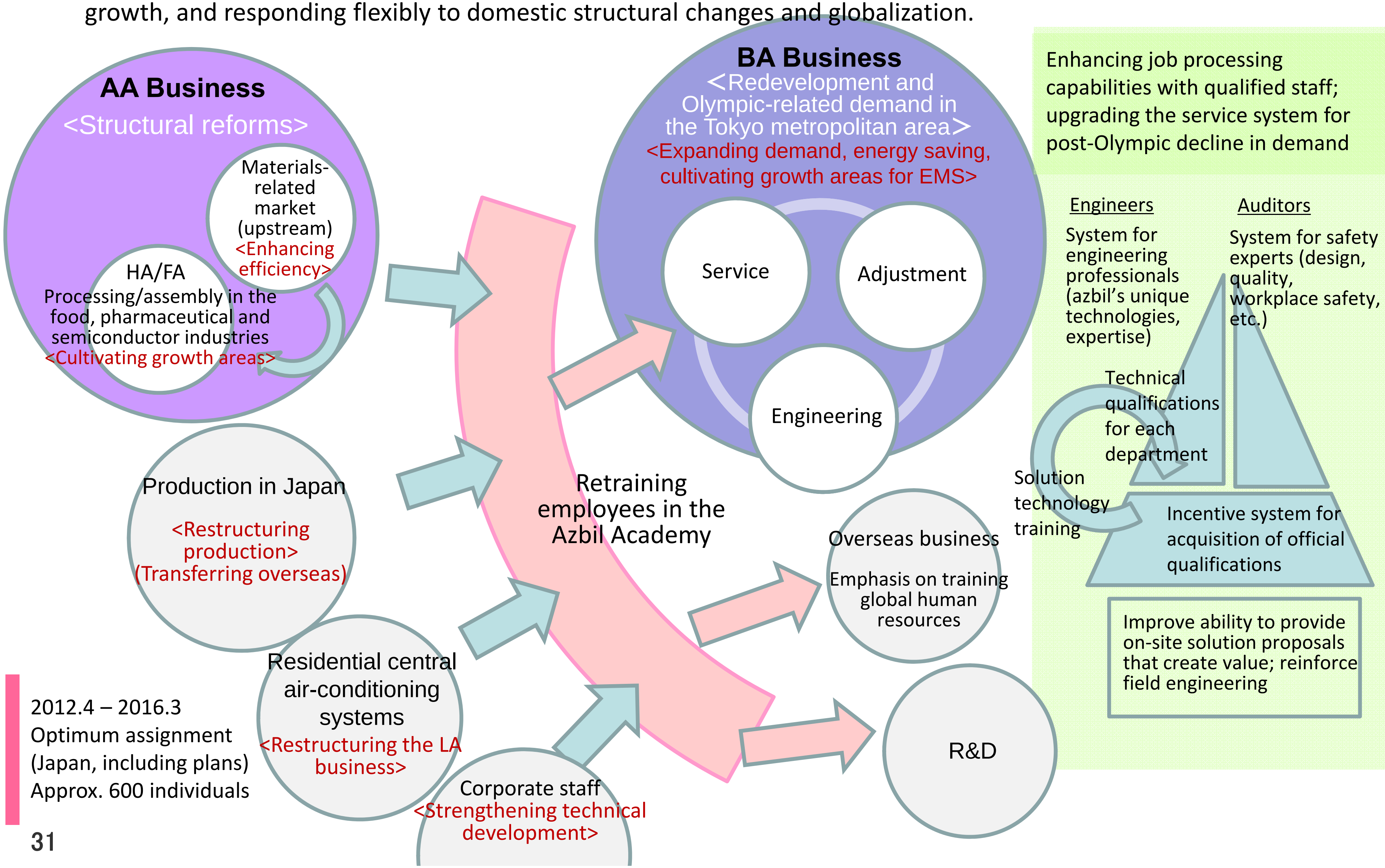
- Raising the managerial level though an integrated business structure – from proposal and design to production, delivery and maintenance – and enhancing profitability

Continued Strengthening of the Corporate Structure

(a corporate organization that never stops learning)

Note: Diagrams illustrate redeployment in Japan

- Putting more emphasis on training/redeploying the human resources that support business streamlining and growth, and responding flexibly to domestic structural changes and globalization.



2012.4 – 2016.3
Optimum assignment
(Japan, including plans)
Approx. 600 individuals

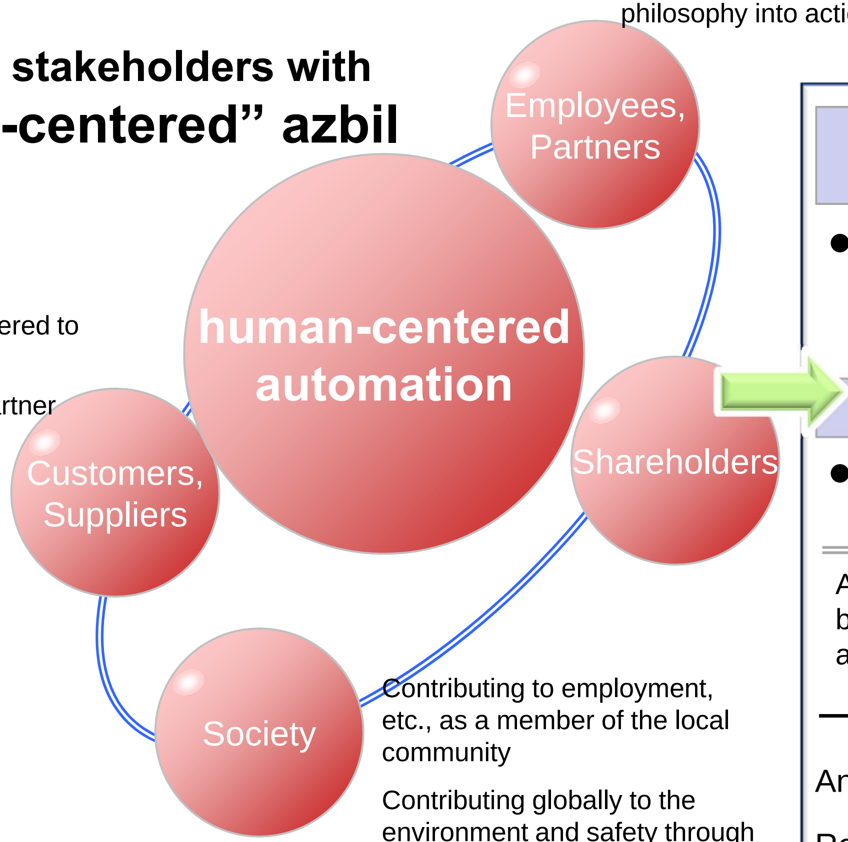
CSR Management

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

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

Enhancing the value offered to customers

Customer’s life cycle partner



Contributing to employment, etc., as a member of the local community

Contributing globally to the environment and safety through our core businesses

[azbil Group’s CSR management as the basis for business activities]

- Create a high-compliance culture and ensure thoroughgoing risk management.
- Ensure business management that respects the individual (HR training, workplace environment).
- Redouble efforts to contribute to society and to the global environment.
- Promote Group management and improve governance systems that enhance fairness, neutrality and transparency in business management.

Emphasis on shareholders

Improvement of the corporate value through business growth

- Pursuit of business growth and profitability that corresponds to changes in the business environment by continuous self-transformation

Efficient business management

- Business management focused on long-term goal(2022/3) of raising ROE to 10% or more.

Adequate return to shareholders and flexible share buyback along with the investment for business growth and management structure reinforcement.

— Plan for the fiscal year ending March 2016 —

Annual Dividend: 67 yen/share（+ 4 yen）

Repurchase of Own Shares: 600K shares

High transparency and healthy management

- Further strengthening of the governance system

Three outside directors give advice from an independent perspective for sustainable growth and medium/long-term corporate value improvement.

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Medium-term Plan (2014/3-2017/3)

Through the pursuit of "human-centered automation",
1. Shift to the business that supports customers throughout the lifecycle of their facilities;
2. Acceleration of global business development;
3. Enhancement of the corporate structure and reallocation of human resources to facilitate globalization and structural changes in domestic markets.

Building on the success of business structure reforms and structural reinforcement, we will continually strive to achieve the goals of the medium-term plan in the fiscal year ending March 2017.

Outline of the Medium-term Plan

Target for the year ending March 2017:

<u>Net sales ¥280.0 billion, Operating income ¥22.0 billion</u>

3 Initiatives
- Becoming a long-term partner for both the customer and the community
- Global expansion
- Becoming a corporate organization that never stops learning

3 Growth fields
- Next-generation solutions
- Safety solutions
- Energy management solutions

3 Corporate structures to strengthen
- Structural reform of global production/development
- Structural reform of engineering and service business
- Human resources reform

✓ Aiming at global growth (Japan & overseas)

Solutions based on technologies and products will be implemented in fields that are common to domestic and overseas markets.

Japan: The market is maturing, but there will be a qualitative shift
- Increase efficiency in existing businesses, increase added value
- Expand portfolio of products and services; cultivate and expand growth sectors

Overseas: Even if the requirements vary by region, fundamental needs and the demand for value supply are the same
- Deploy globally (Japan included) proven products and services appropriate for business/growth fields
- Strengthen the solution structure (sales, development, production, engineering, service) for each region

Business foundation

CSR management, Healthy financial base, Corporate governance
[azbil Group Philosophy] "human-centered automation"

Relevant Information

Capital Expenditure, Depreciation and R&D Expenses

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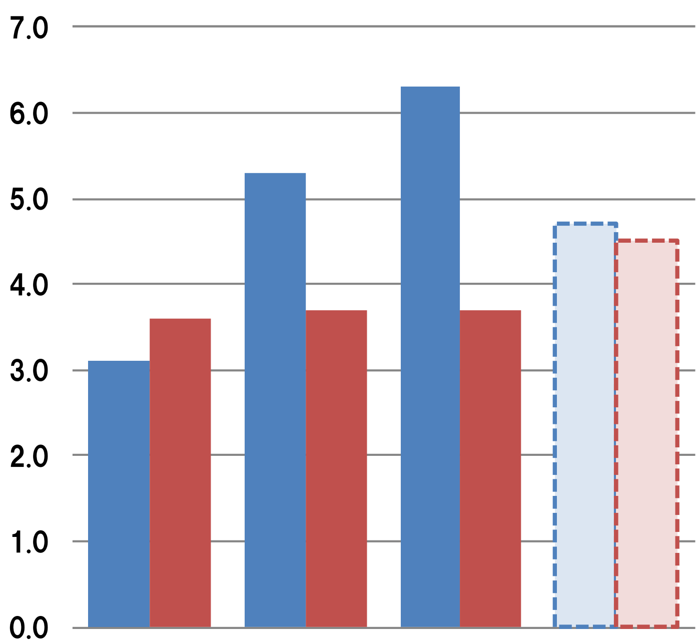
[Billions of yen]

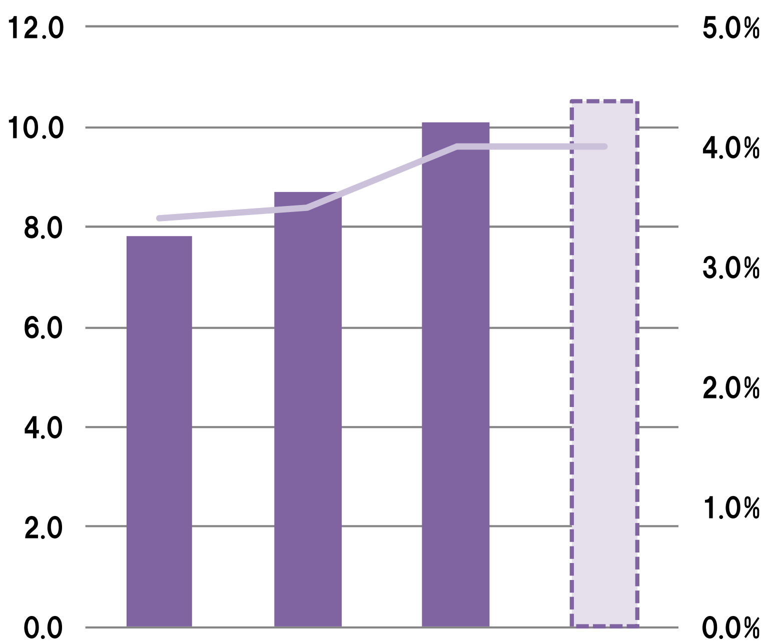
Capital Expenditure, Depreciation



	2013/3	2014/3	2015/3	2016/3 (Plan)
Capital Expenditure	3.1	5.3	6.3	**4.7**
Depreciation	3.6	3.7	3.7	**4.5**

* Expenses for updating core information systems were incurred from the fiscal year ended March 2013. And also the investment in overseas production facilities occurred in the fiscal year ended March 2015.

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



	2013/3	2014/3	2015/3	2016/3 (Plan)
R&D Expenses	7.8	8.7	10.1	**10.5**
R&D Expenses/ Net Sales	3.4%	3.5%	4.0%	**4.0%**

azbil Group Philosophy

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