



Human-centered Automation

Azbil Corporation RIC: 6845.T, Sedol: 6985543

Presentation Materials Summary

For the Fiscal Year Ended March 31, 2018 (Japanese GAAP)

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Notes:



1. Financial data and financial statements have been prepared based on Japanese GAAP and the amounts have been rounded down.
2. Segment names are abbreviated as follows:
 - BA : Building Automation
 - AA : Advanced Automation
 - LA : Life Automation
3. 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.
4. Change in how orders received are recorded

Previously, in addition to the amounts recorded for orders received in the current period, figures for orders received included translation gains & losses associated with contracts denominated in foreign currencies* incorporated within the order backlog at the end of the previous consolidated fiscal year or at the end of the current consolidated fiscal year. However, in order to give a clearer picture of orders received, from which the results of our business activities are gauged, from this fiscal year figures for orders received do not include the aforesaid translation gains & losses. Nevertheless, for the purpose of comparison, these materials also include the figures for orders received in the current consolidated fiscal year and in the previous consolidated fiscal year recorded using the previous method.

This change in how orders received are recorded has been made to provide expedient information on which investors can make their decisions, for, with the expansion of the azbil Group's overseas business, it better reflects the business activities that are based on local currencies.

* Translation gains & losses associated with contracts denominated in foreign currencies:

In addition to the impact of exchange conversions following order backlog reevaluation, this includes any increase or reduction in the order backlog that results from adding/ removing a company from the scope of consolidation.

1. Financial Results for FY2017 (Ended March 31, 2018)



Consolidated Financial Results

- Overall orders received increased compared with the previous fiscal year. The BA business maintained a high level of orders received, while the AA and LA businesses achieved significant growth.
- Net sales increased compared with the previous fiscal year and achieved the plan, with contributions from the BA and AA businesses.
- Owing to further progress made with business measures and initiatives aimed at improving the profit structure that started in the previous fiscal year, operating income increased in all three businesses. Both BA and AA businesses achieved significant increases compared to the previous fiscal year. Operating income has now increased for five consecutive years and has set a new record. Overall it exceeded the plan. Owing mainly to this improvement in operating income, ordinary income also increased compared to the previous fiscal year and achieved the plan.
- Net income attributable to owners of parent increased significantly, thanks in part to a reduction in subsidiary's tax expenses, and exceeded the plan. ROE was 10.5%. *1

[Billions of yen]

	Current fiscal year		Difference		Previous fiscal year		Difference	
	(A)	Plan (11/2/2017) (B)	(A) - (B)	% Change	(C)	(A) - (C)	% Change	
Orders received *2	266.2				254.9	11.2	4.4	
(See: previous calculation method)	266.9				252.3	14.5	5.8	
Net sales	260.3	260.0	0.3	0.1	254.8	5.5	2.2	
Japan	214.5				211.4	3.1	1.5	
Overseas	45.7				43.3	2.4	5.6	
Gross profit	97.4				91.4	5.9	6.5	
%	37.4				35.9	1.5P		
SG & A	73.4				71.3	2.1	3.0	
Operating income (loss)	24.0	23.5	0.5	2.2	20.1	3.8	19.3	
%	9.2	9.0	0.2P		7.9	1.3P		
Ordinary income (loss)	24.3	23.5	0.8	3.5	20.4	3.8	18.8	
Income (loss) before income taxes	24.1				18.6	5.5	29.8	
Net income (loss) attributable to owners of parent	17.8	16.5	1.3	8.4	13.1	4.7	36.0	
%	6.9	6.3	0.5P		5.2	1.7P		

*1 In addition to the increase in operating income and the fact that, compared to the previous fiscal year, loss on liquidation of subsidiaries and affiliates was lower, this result was due to the recording of gain on sales of investment securities, and to a reduction in tax expenses following a reappraisal of the recoverability of a subsidiary's deferred tax assets (Azbil Kimmon's deferred tax assets increased by 1.2 billion yen). ROE excluding the temporary factor of the recording of gain on sales of investment securities and a reduction in tax expenses of a subsidiary was approximately 9.5% as a trial calculation.

*2 From the current fiscal year, orders received figures do not include translation gains & losses associated with currency conversions following order backlog reevaluation. For details, refer to page 2 of this material.

2. Financial Plan for FY2018 (Ending March 31, 2019)



Consolidated Financial Plan

Net sales of 267 billion yen, operating income of 26 billion yen – Aiming for increased sales and profits* by steadily implementing business measures while strengthening/upgrading the business foundation for sustainable growth, including production and technology development.

- Backed by a robust business environment, we will aim to achieve sales growth in all three segments by implementing measures to expand sales.
- Drawing on the success of the initiative taken in the previous fiscal year to improve the profit structure, we will implement further improvements aiming to achieve profits that exceed the goals for the final year of the current medium-term plan (FY2019).
- We will continue steadily investing to strengthen R&D and production systems with a view to achieving sustainable growth from FY2019 onwards as well as our long-term goals for FY2021.

[Billions of yen]

	FY2018 (Plan)			Previous fiscal year (B)	Difference	
	1st half	2nd half	(A)		(A) - (B)	% Change
Net sales	121.0	146.0	267.0	260.3	6.6	2.5
Operating income	8.3	17.7	26.0	24.0	1.9	8.2
%	6.9	12.1	9.7	9.2	0.5P	
Ordinary income	8.0	17.5	25.5	24.3	1.1	4.9
Net income attributable to owners of parent	5.0	12.5	17.5	17.8*	(0.3)	(2.2)
%	4.1	8.6	6.6	6.9	(0.3P)	

* The figures for FY2017 net income attributable to owners of parent include effect of a reduction in tax expenses following a reappraisal of the recoverability of a subsidiary's deferred tax assets (Azbil Kimmon's deferred tax assets increased by 1.2 billion yen).

Dividends Plan

Dividends Plan for the fiscal year ending March 2019

~to enhance the return of profits to shareholders~

Annual Dividends: 92 yen per share

(Ordinary dividends raised by 10 yen)

The annual dividends for FY2017 will be 82 yen per share as previously announced. The plan for FY2018 sees continued growth in profits, reflecting the business environment and the result of business structure reforms and measures to strengthen the profit structure. The medium-term plan is expected to produce sustainable growth. Consequently, in order to further the redistribution of profits to our shareholders, it is planned to again raise the dividends level, increasing the ordinary dividends by 10 yen to produce annual dividends of 92 yen per share.

- Dividends for FY2017 (year-end) and FY2018 (interim & year-end) will be as follows:

	FY2017		FY2018	
	Interim	Year-end	Interim	Year-end
Dividends per share [Yen]	41.0	41.0 (Plan)	46.0 (Plan)	46.0 (Plan)
Payout ratio	33.3%		38.1%	
Dividends on equity (DOE)	3.5%		3.7%	

(Reference) Dividends yield: 1.7% (as of March 31, 2018)

Repurchase of the Company's Own Shares



In addition to the dividends, we plan to raise capital efficiency. Reflecting the situation and forecast for financial results, we will repurchase our own shares to make possible further redistribution of profits to our shareholders as well as a responsive capitalization strategy suited to the changing business environment.

- Type of shares to be repurchased:
Common stock of the Company
- Total number of shares to be repurchased:
Up to 1,000,000 shares
(1.4% of total number of common stock issued, excluding treasury shares)
- Total amount of repurchase:
Up to 5 billion yen
- Period of repurchase:
From May 14, 2018 to July 31, 2018
- Method of repurchase:
Purchase in the open market through a trust bank

azbil Group Philosophy

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