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Analyst Meeting Materials

For the First Quarter Ended June 30, 2013 (Japan GAAP)

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1. Results for the First Quarter Ended June 30, 2013 (April 1, 2013 to June 30, 2013) P.3
2. Financial Plan for the Fiscal Year Ending March 31, 2014 P.11
→**No revision from the recent announcement**
3. Return to Shareholders P.14
→**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
 A A: Advanced Automation
 L A: Life Automation
3. Each segment amounts include internal transactions between business segments.
4. From FY2012, some of the business (Importing, buying-in and marketing of inspection and measurement equipment, etc.) previously categorized as “Others” has been transferred to the “AA” business segment. The figures for FY2011 have been reclassified to take account of the new segment divisions.
5. 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.
6. The current status regarding newly consolidated companies is as follows.

Newly consolidated companies	FY2012				FY2013	Reason for consolidation
	1Q	2Q	3Q	4Q	1Q	
Beijing YTYH Intelli-Technology Co., Ltd.			[Red bar]			Stock acquisition
Azbil TA Co., Ltd.				[Red bar]		Stock acquisition
Azbil Telstar S.L.					[Red bar]	Stock acquisition
Azbil VorTek, LLC					[Red bar]	Stock acquisition
Azbil Brazil Limited					[Red bar]	Increased significance

: B/S consolidation (simultaneously, order backlog at the time of consolidation is recorded under orders)

1. Results for the First Quarter Ended June 30, 2013 (April 1, 2013 to June 30, 2013)

Consolidated Financial Results

<Compared to the previous fiscal year>

- Orders Received** Orders received for the AA business were down. However, overall orders received for the period increased because of the consolidation of Azbil Telstar S.L. (with its subsidiaries). The consolidation has led to significant growth for the LA business.
- Net Sales** Despite a fall in sales for both the BA and AA business, the overall figure increased due to significant growth for the LA business. This mainly resulted from the consolidation of Azbil Telstar S.L. (with its subsidiaries).
- Income** The cost rate was improved due to reinforcement of the business structure and cost reduction. Nevertheless, profits have been impacted by the reduced sales for the BA and AA businesses, by the increased goodwill amortization costs associated with the addition of several new subsidiaries, and by a transit increase in the cost of retirement benefits. Operating income (loss) decreased. However, net income (loss) was similar to the previous year owing to the effects of foreign exchange gains.

[Billions of yen]

	1st quarter (A)	Same period previous fiscal year (B)	Difference	
			(A) - (B)	% Change
Orders received	73.0	71.3	1.7	2.4
Net sales	48.5	47.1	1.3	2.9
Gross profit	15.7	15.0	0.6	4.4
%	32.4	32.0	0.5P	
SG&A	17.2	16.0	1.2	7.9
Operating income (loss)	(1.5)	(0.9)	(0.5)	-
%	(3.1)	(2.0)	(1.2P)	
Ordinary income (loss)	(0.9)	(0.9)	(0.0)	-
Income before income taxes and minority interests	(1.0)	(1.0)	0.0	-
Net income (loss)	(0.9)	(0.9)	0.0	-
%	(1.9)	(2.1)	0.1P	

Segment Information

<Compared to the previous fiscal year>

B A Orders received actually increased if the effect of a newly consolidated company in the previous fiscal year was subtracted. The sales figure for the same period last year included multiple large-scale projects; because of this, although sales expanded in overseas markets, in the domestic market sales fell for both the new building and existing building businesses. Sales for the business fell, however, segment profit (loss) was almost the same as the previous year. This is the result of a significant increase in profitability based on on-site cost improvements and improved job management.

A A In the domestic market, in the latter half of the first quarter of this period, signs appeared of a recovery in demand among semiconductor and related equipment manufacturers. Overall, however, capital investment remained lackluster. Although sales grew in overseas markets, orders received and sales for the business decreased. Mainly as a result of this decreased sales, and despite efforts to rationalize and curb expenditures, segment profit (loss) decreased.

L A As part of the newly launched Life Science Engineering (LSE) business, a new subsidiaries (Azbil Telstar S.L. and its subsidiaries) have been included in the consolidated results from this period, and this has led to a marked jump in orders received and sales for the business. As regards segment profit, however, despite the increased profitability of projects involving water meter tenders, because of the increased goodwill amortization cost associated with the newly consolidated subsidiaries, segment profit (loss) decreased.

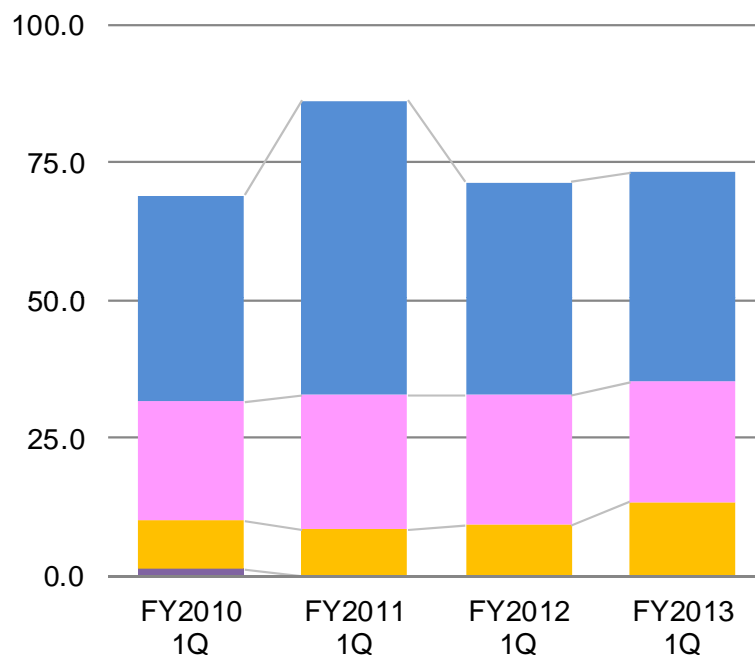
[Billions of yen]

	1st quarter (A)	Same period previous fiscal year (B)	Difference	
			(A) - (B)	% Change
B A Orders received	38.0	38.5	(0.5)	(1.5)
Sales	19.1	19.9	(0.8)	(4.3)
Segment profit (loss)	(0.6)	(0.5)	(0.0)	-
%	(3.4)	(3.0)	(0.4P)	
A A Orders received	21.9	23.6	(1.6)	(7.1)
Sales	18.6	19.3	(0.6)	(3.2)
Segment profit (loss)	(0.2)	0.1	(0.4)	(359.9)
%	(1.6)	0.6	(2.1P)	
L A Orders received	13.4	9.3	4.0	43.5
Sales	10.9	8.2	2.7	32.7
Segment profit (loss)	(0.5)	(0.4)	(0.1)	-
%	(5.4)	(5.4)	0.0P	
Consolidated Orders received	73.0	71.3	1.7	2.4
Net sales	48.5	47.1	1.3	2.9
Operating income (loss)	(1.5)	(0.9)	(0.5)	-
%	(3.1)	(2.0)	(1.2P)	

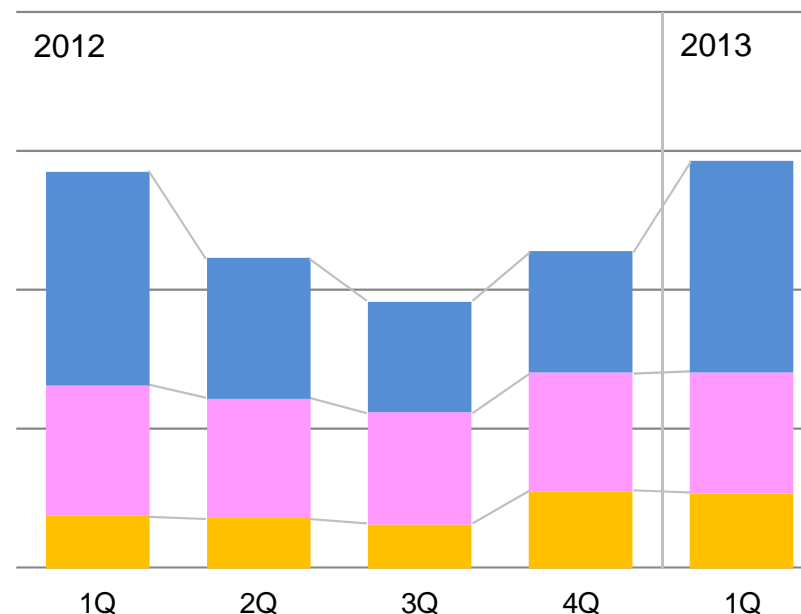
[Reference] Orders Received by Segment

[Billions of yen]

Same period comparison



Quarterly



Same period comparison

	FY2010 1Q	FY2011 1Q	FY2012 1Q	FY2013 1Q
B A	37.3	53.3	38.5	38.0
A A	21.6	24.5	23.6	21.9
L A	8.9	8.4	9.3	13.4
Other	1.2	0.0	0.0	0.0
Consolidated	69.0	85.8	71.3	73.0

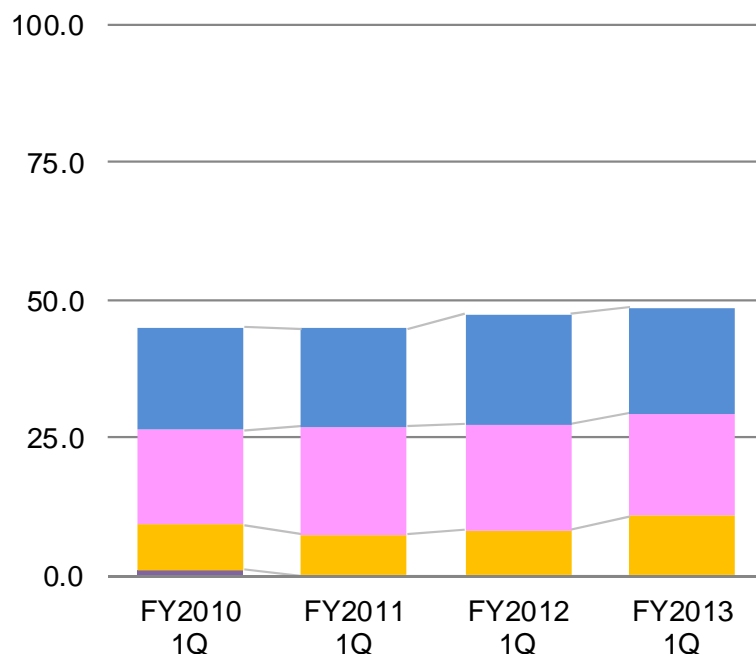
Quarterly

	FY2012 1Q	2Q	3Q	4Q	FY2013 1Q
B A	38.5	25.3	20.0	21.8	38.0
A A	23.6	21.6	20.1	21.2	21.9
L A	9.3	8.9	7.8	13.9	13.4
Other	0.0	0.0	0.0	0.0	0.0
Consolidated	71.3	55.4	47.6	56.6	73.0

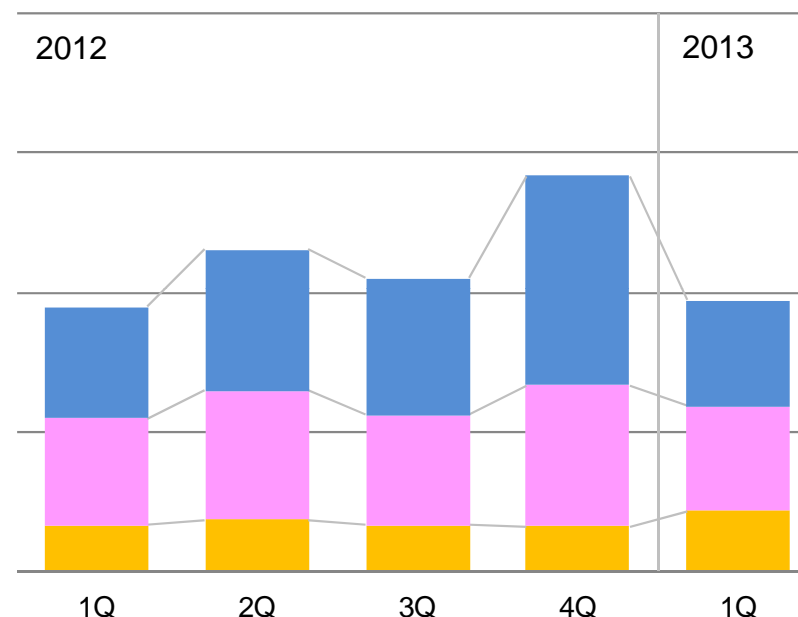
[Reference] Sales by Segment

[Billions of yen]

Same period comparison



Quarterly



Same period comparison

	FY2010 1Q	FY2011 1Q	FY2012 1Q	FY2013 1Q
B A	18.6	17.8	19.9	19.1
A A	17.1	19.5	19.3	18.6
L A	8.2	7.5	8.2	10.9
Other	1.1	0.0	0.0	0.0
Consolidated	44.8	44.6	47.1	48.5

Quarterly

	FY2012				FY2013 1Q
	1Q	2Q	3Q	4Q	
B A	19.9	25.3	24.5	37.5	19.1
A A	19.3	23.2	19.7	25.3	18.6
L A	8.2	9.2	8.3	8.1	10.9
Other	0.0	0.0	0.0	0.0	0.0
Consolidated	47.1	57.5	52.2	70.5	48.5

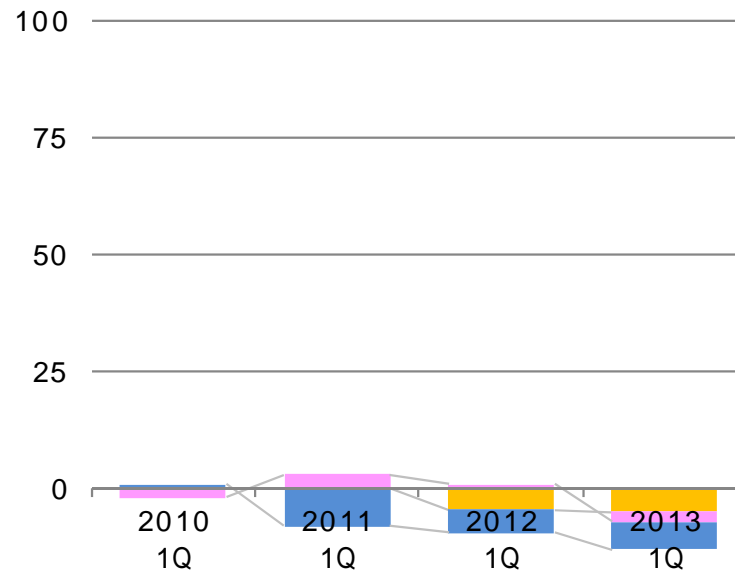
1. Results for the First Quarter Ended June 30, 2013 (April 1, 2013 to June 30, 2013)



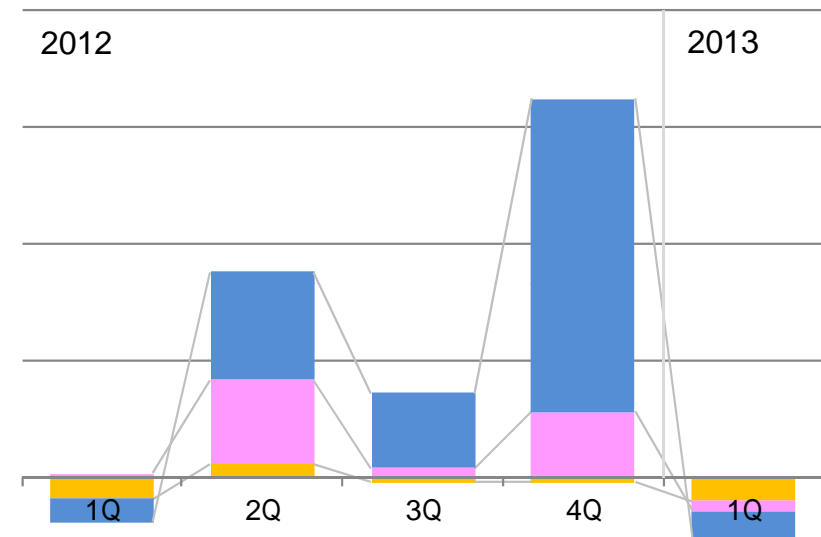
[Reference] Segment Profit (Operating Income)

[Billions of yen]

Same period comparison



Quarterly



同期比較

	2010 1Q	2011 1Q	2012 1Q	2013 1Q
B A 事業	1	8	5	6
A A 事業	2	3	1	2
L A 事業	0	0	4	5
その他	0	0	0	0
連結	1	6	9	15

四半期推移

	2012 1Q	2Q	3Q	4Q	2013 1Q
B A 事業	5	23	16	67	6
A A 事業	1	18	2	14	2
L A 事業	4	3	1	1	5
その他	0	0	0	0	0
連結	9	44	17	80	15

Overseas Sales by Region

Overseas sales grew significantly due to the newly consolidated companies, effect of exchange rates, and steady growth of the overseas business.

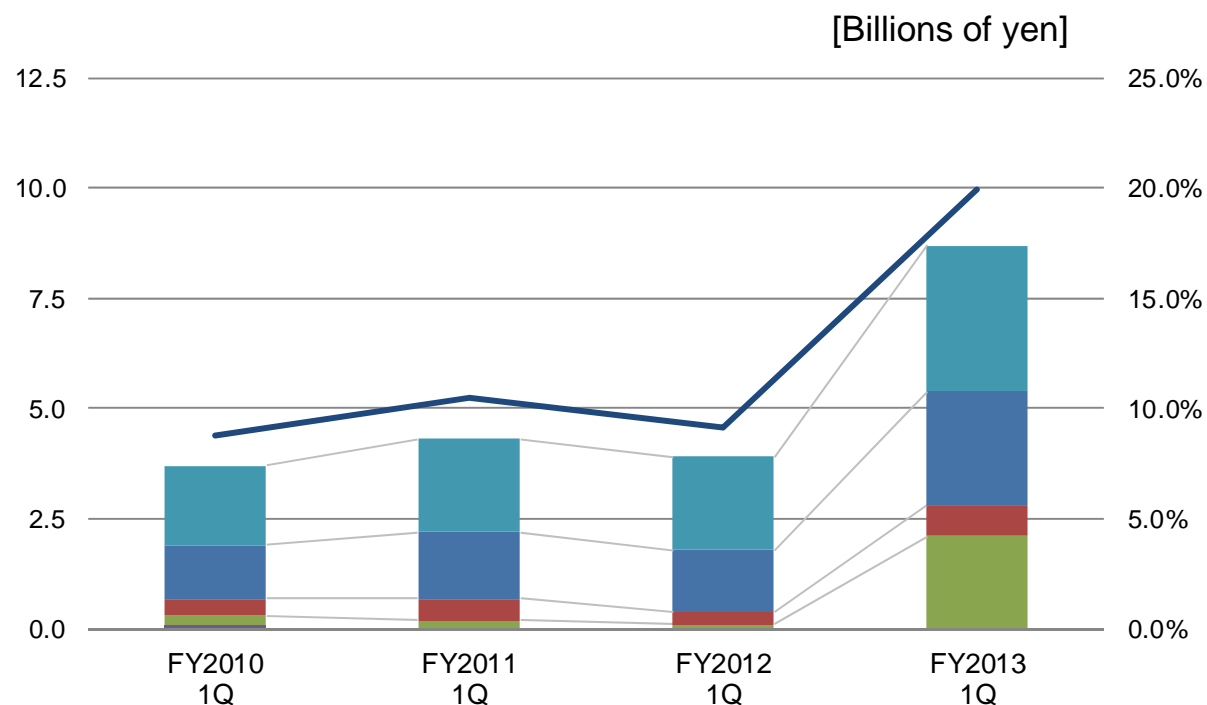
Ratio of overseas sales to net sales increased relatively largely because of the seasonal factor and continuous weak demand in the domestic market.

	FY2010 1Q	FY2011 1Q	FY2012 1Q	FY2013 1Q
Asia	1.8	2.1	2.1	3.3
China	1.2	1.5	1.4	2.6
North America	0.4	0.5	0.3	0.7
Europe	0.2	0.2	0.1	2.1
Others	0.1	0.1	0.1	0.7
Total	3.9	4.7	4.2	9.6

Ratio of overseas sales to net sales	8.8%	10.5%	9.1%	19.9%
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[Reference] Average Exchange Rate

	FY2010 1Q	FY2011 1Q	FY2012 1Q	FY2013 1Q
Yen - 1USD	90.70	82.32	79.36	92.47
Yen - 1Euro	125.51	112.67	104.15	122.06



* 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.

1. Results for the First Quarter Ended June 30, 2013 (April 1, 2013 to June 30, 2013)



Consolidated Financial Position

Assets Total assets decreased 14.2 billion yen. This was mainly owing to a decrease in notes and accounts receivable-trade because of the seasonal factor.

Liabilities Total liabilities decreased 12.6 billion yen. This was mainly owing to a decrease in notes and accounts payable-trade, a decrease in taxes payable due to the payment of income taxes, and a decrease in the provision for bonuses due to the payment of bonuses.

Net assets Net assets decreased 1.6 billion yen. This was mainly owing to dividend payments and recording a net loss for the first quarter, despite an increase in valuation difference on available-for-sale securities due to the rise in the Japanese stock market.

				[Billions of yen]			
	As of June 30, 2013 (A)	As of March 31, 2013 (B)	Difference (A) - (B)		As of June 30, 2013 (A)	As of March 31, 2013 (B)	Difference (A) - (B)
Current assets	166.6	181.7	(15.0)	Liabilities	89.5	102.2	(12.6)
Cash and deposits	49.2	48.4	0.7	Current liabilities	69.9	82.8	(12.9)
Notes and accounts receivable-trade	70.4	88.8	(18.3)	Notes and accounts payable-trade	34.2	40.5	(6.3)
Inventories	19.4	16.5	2.9	Short-term loans and bonds	13.9	13.3	0.5
Others	27.4	27.9	(0.4)	Others	21.7	28.8	(7.1)
Noncurrent assets	62.4	61.7	0.7	Noncurrent liabilities	19.6	19.3	0.2
Property, plant and equipment	24.5	24.6	(0.1)	Long-term loans and bonds	4.4	4.5	(0.0)
Intangible assets	12.6	12.6	0.0	Others	15.2	14.8	0.3
Investments and other assets	25.2	24.4	0.8	Net assets	139.5	141.1	(1.6)
				Shareholder's equity	132.9	136.2	(3.2)
				Capital stock	10.5	10.5	-
				Capital surplus	17.1	17.1	-
				Retained earnings	107.8	111.1	(3.2)
				Treasury stock	(2.6)	(2.6)	(0.0)
				Accumulated other comprehensive income	4.3	2.8	1.5
				Subscription rights to shares and Minority interests	2.2	2.1	0.1
Total assets	229.1	243.4	(14.2)	Total liabilities and net assets	229.1	243.4	(14.2)

2. Financial Plan for the Fiscal Year Ending March 31, 2014

Consolidated Financial Plan

As regards the consolidated financial results for the first half of the current fiscal year and for the full year to March 31, 2014, no revision will be made to the plan previously published, on May 10, 2013.

Conditions do not yet warrant optimism regarding the business environment in Japan and overseas. However, aiming to achieve the objectives of the new medium-term plan – the final year of which will be fiscal year 2016, ending in March 31, 2017 – we will progressively implement measures in the current year to expand sales and reinforce the business structure so as to achieve the financial results detailed in the current forecast.

[Billions of yen]

	1st Half	2nd Half	Full year (A)	Previous fiscal year (B)	Difference	
					(A) - (B)	% Change
Net sales	110.0	140.0	250.0	227.5	22.4	9.8
Operating income	2.7	11.5	14.2	13.4	0.7	5.9
%	2.5	8.2	5.7	5.9	(0.2P)	
Ordinary income	2.4	11.1	13.5	14.5	(1.0)	(7.3)
Net income	0.9	7.1	8.0	8.3	(0.3)	(3.7)
%	0.8	5.1	3.2	3.7	(0.5P)	

Segment Information

[Billions of yen]

		1st Half	2nd Half	Full year (A)	Previous fiscal year (B)	Difference	
						(A) - (B)	% Change
B A	Sales	44.0	67.0	111.0	107.4	3.5	3.3
	Segment profit	1.3	9.0	10.3	10.1	0.1	1.5
	%	3.0	13.4	9.3	9.5	(0.2P)	
A A	Sales	44.0	49.0	93.0	87.6	5.3	6.1
	Segment profit	1.5	2.3	3.8	3.6	0.1	4.2
	%	3.4	4.7	4.1	4.2	(0.1P)	
L A	Sales	23.0	25.0	48.0	33.9	14.0	41.2
	Segment profit (loss)	(0.1)	0.2	0.1	(0.3)	0.4	-
	%	(0.4)	0.8	0.2	(1.2)	1.4P	
Consolidated	Net sales	110.0	140.0	250.0	227.5	22.4	9.8
	Operating income	2.7	11.5	14.2	13.4	0.7	5.9
	%	2.5	8.2	5.7	5.9	(0.2P)	

3. Return to Shareholders

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.

As regards the dividends for this fiscal year, no revision will be made to the plan previously published, on May 10, 2013.

	FY2012		FY2013	
	Interim	Year-end	Interim	Year-end
Dividened per share [Yen]	31.5	31.5	31.5 (Plan)	31.5 (Plan)
Payout ratio	56.0%		58.2%	
Dividened on equity (DOE)	3.4%		3.3%	

(Reference) Dividends yield: 3.0% (as of July 31, 2013)

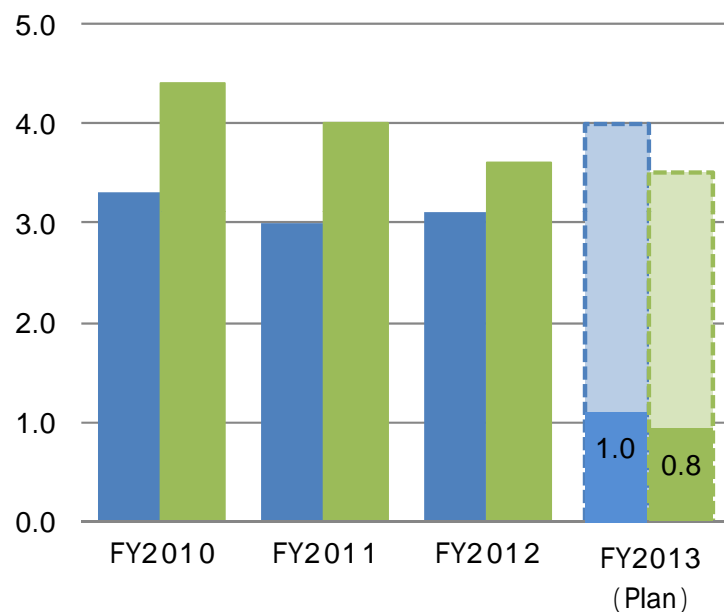
Relevant Information

Capital Expenditure, Depreciation and R&D Expenses

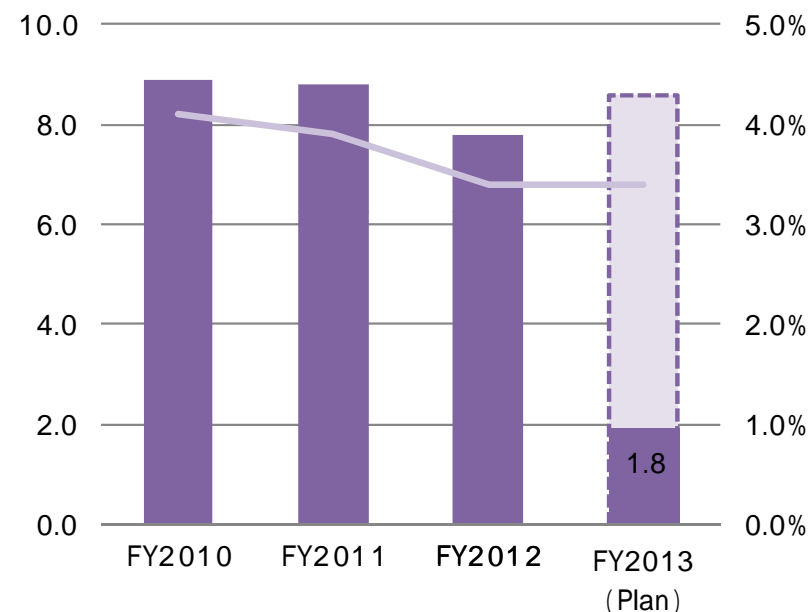


[Billions of yen]

Capital Expenditure, Depreciation



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



	FY2010	FY2011	FY2012	FY2013 (Plan)
Capital Expenditure	3.3	3.0	3.1	4.0
Depreciation	4.4	4.0	3.6	3.5

	FY2010	FY2011	FY2012	FY2013 (Plan)
R&D Expenses	8.9	8.8	7.8	8.6
R&D Expenses/Net Sales	4.1%	3.9%	3.4%	3.4%



azbil Group Philosophy



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

