Human-centered Automation

Azbil Corporation RIC: 6845.T, Sedol: 6985543

Analyst Meeting Materials

For FY2013 ended March 31, 2014 (Japan GAAP)

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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.

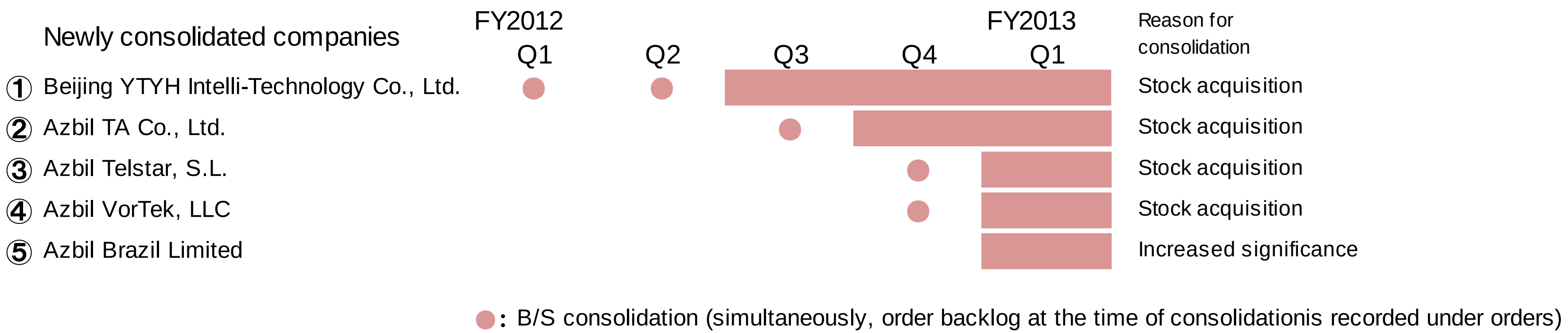
   B A: Building Automation
   A A: Advanced Automation
   L A: Life Automation

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

4. From FY2012, 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 FY2011 have been reclassified to take account of the new segment divisions.

5. The financial plan are 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.

6. The current status regarding newly consolidated companies is as follows. There is no new consolidated company after the period described below.



1. Financial Results for FY2013 Ended March 31, 2014

Consolidated Financial Results

- **Orders Received** — Compared to the previous fiscal year, all businesses grew overseas and in Japan. The LA business recorded significant growth following the consolidation of Azbil Telstar.
- **Net sales** — Compared to the previous fiscal year, all businesses grew, but especially in the LA business which recorded significant growth following the addition of new subsidiaries. The plan was nearly achieved.
- **Income** — Operating income was impacted by an increase in retirement benefit costs Note) and goodwill amortization costs, but this was compensated for by increased sales and improvements to the sales mix and strengthening the business structure. As a result, it was up on the previous fiscal year and achieved the plan. Net income was down on the previous fiscal year, reflecting an increase in the amount of income tax deferred following a reduction in deferred tax assets resulting from a revision of the tax system.

[Billions of yen]

	Current fiscal year (A)	Previous fiscal year (B)	Difference (A) - (B)	Difference % Change	Plan (11/1/2013) (C)	Difference (A) - (C)	Difference % Change
Orders received	252.4	231.1	21.2	9.2			
Net sales	248.4	227.5	20.8	9.2	250.0	(1.5)	(0.6)
Japan	202.2	204.6	(2.3)	(1.1)			
Overseas	46.1	22.9	23.1	101.0			
Gross profit	86.5	77.8	8.6	11.1			
%	34.8	34.2	0.6P				
SG & A	72.6	64.4	8.1	12.7			
(Goodwill amortization costs)	(1.8)	(1.3)	(0.5)	(37.7)	(1.8)	(0.0)	(3.8)
Operating income	13.9	13.4	0.4	3.7	13.7	0.2	1.5
%	5.6	5.9	(0.3P)		5.5	0.1P	
Ordinary income	14.5	14.5	0.0	0.2	13.2	1.3	10.6
Income before income taxes and minority interests	14.5	14.0	0.4	3.2			
Net income	7.6	8.3	(0.6)	(7.7)	7.8	(0.1)	(1.7)
%	3.1	3.7	(0.6P)		3.1	(0.0P)	

Note) An increase (approx. ¥1.2 billion) recorded for the payment of retirement benefits in the first half; this reflects the fall in bond rates and changes in the personnel structure.

1. Financial Results for FY2013 Ended March 31, 2014

Segment Information – ■ BA Business

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- **Orders Received**: Compared to the previous fiscal year, orders increased as a result of increased demand for energy saving in the domestic market for existing buildings, driven mainly by proposals for optimization solutions.
- **Sales**: Growth in overseas business led to higher sales than the previous fiscal year. Despite robust performance in the existing building and service fields, however, the plan was not achieved owing to lower sales in the new buildings field.
- **Segment Profit**: Sales increased, and the sales mix and also the profitability in the field of new buildings improved. As a result, segment profit was up on the previous year and the plan was exceeded.

[Billions of yen]

		Current fiscal year (A)	Previous fiscal year (B)	Difference		Plan (11/1/2013) (C)	Difference	
				(A) - (B)	% Change		(A) - (C)	% Change
■ B A	Orders received	108.4	105.7	2.7	*2.6*			
	Sales	109.5	107.4	2.1	*2.0*	111.0	(1.4)	*(1.3)*
	Segment profit	10.5	10.1	0.4	*4.3*	10.4	0.1	*1.9*
	%	*9.7*	*9.5*	*0.2P*		*9.4*	*0.3P*	

(Reference)	Goodwill amortization cost	0.1	0.0	0.0	*100.0*	0.1	-	-

Segment Information – AA Business

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- **Orders Received**: Both overseas and in Japan, orders received were up on the previous fiscal year. Attractive solutions were made to domestic equipment manufacturers, and also the overseas business grew mainly in Asia, China, Europe and the US.
- **Sales**: Sales were up on the previous year, reflecting strong sales to equipment manufacturers in Japan and overseas. However, challenging conditions continued in domestic markets related to the materials industry, and performance was almost in line with the plan.
- **Segment Profit**: Segment profit was up on the previous year and the plan was exceeded due to increased revenue and cost rate improvements.

[Billions of yen]

		Current fiscal year (A)	Previous fiscal year (B)	Difference		Plan (11/1/2013) (C)	Difference	
				(A) - (B)	% Change		(A) - (C)	% Change
AA	Orders received	93.1	86.6	6.4	*7.4*			
	Sales	90.8	87.6	3.1	*3.6*	91.0	(0.1)	*(0.2)*
	Segment profit	3.9	3.6	0.3	*8.8*	3.6	0.3	*10.2*
	%	*4.4*	*4.2*	*0.2P*		*4.0*	*0.4P*	

(Reference)	Goodwill amortization costs	0.3	0.0	0.2	-	0.2	0.0	*7.6*

Segment Information – ■ LA Business

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■ **Orders Received**

Orders grew in the fields making up the LA business, especially the new LSE field Note1). Overall, there was significant growth.

■ **Sales**

Overall sales were up significantly on the previous year, led by the LSE field. Although revenue fell as a result of sales activities that prioritize profitability in the gas & water meter field, there was growth in the fields of residential central air-conditioning systems, health and welfare and nursing care owing to measures implemented to expand sales. Performance forecasts were achieved for gas & water meters and residential central air-conditioning systems, but the LSE field performed slightly below projections. Overall the segment forecast was not achieved.

■ **Segment Profit (Loss)**

Profitability was improved in the gas & water meter field; however, overall segment profit was down on the previous year. This reflects the cost of system development, principally in the LSE field, and increased goodwill amortization costs associated with the new consolidation. Consequently, profits were lower than the previous year and the plan was not achieved.

[Billions of yen]

		Current fiscal year (A)	Previous fiscal year (B)	Difference		Plan (11/1/2013) (C)	Difference	
				(A) - (B)	% Change		(A) - (C)	% Change
■ L A	Orders received	52.6	Note2) 40.1	12.5	*31.2*			
	Sales	49.5	33.9	15.6	*45.9*	50.0	(0.4)	*(0.8)*
	Segment profit(loss)	(0.6)	(0.3)	(0.2)	-	(0.3)	(0.3)	-
	%	*(1.4)*	*(1.2)*	*(0.2P)*		*(0.6)*	*(0.8P)*	

	Current fiscal year (A)	Previous fiscal year (B)	(A) - (B)	% Change	Plan (C)	(A) - (C)	% Change
(Reference) Goodwill amortization costs	Note3) 1.3	1.2	0.1	*10.7*	1.3	-	*3.4*

Note1) The Life Science Engineering field was launched in January 2013; the overseas subsidiary Azbil Telstar plays a key role.

Note2) Azbil Telstar was newly consolidated at the end of the previous fiscal year, so the company's order backlog (6.2 billion yen) were recorded in the Group's orders for that year; sales were included in the consolidated financial results from the current fiscal year.

Note3) The goodwill amortization cost of Azbil Kimmon has been reduced by half this fiscal year.

[Reference] Orders Received by Segment

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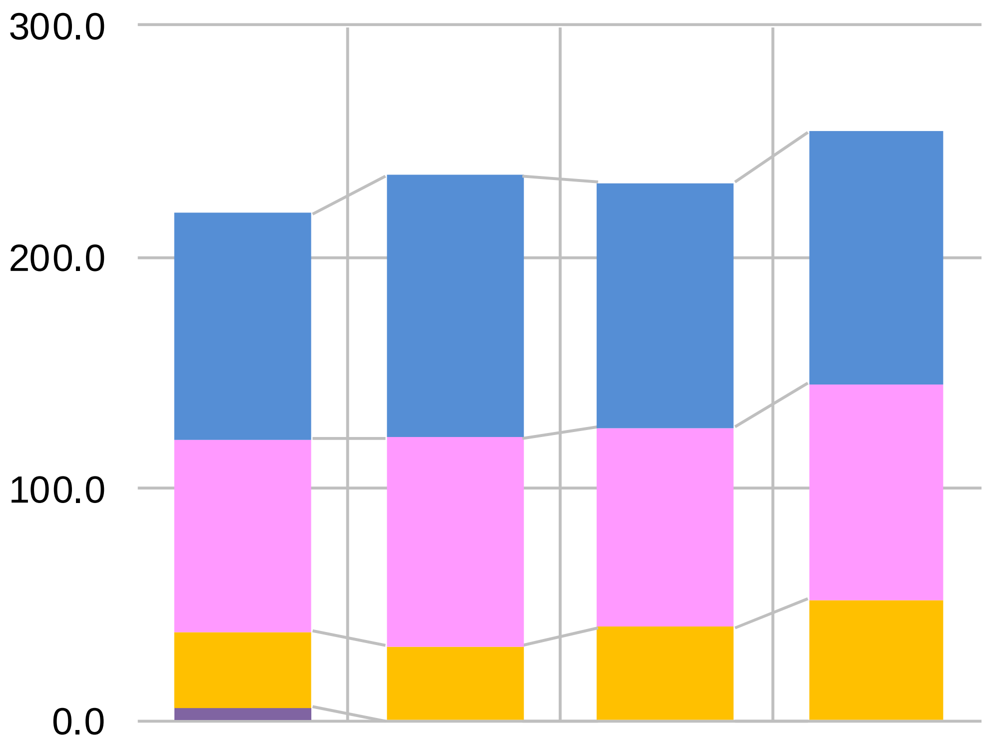
[Billions of yen]

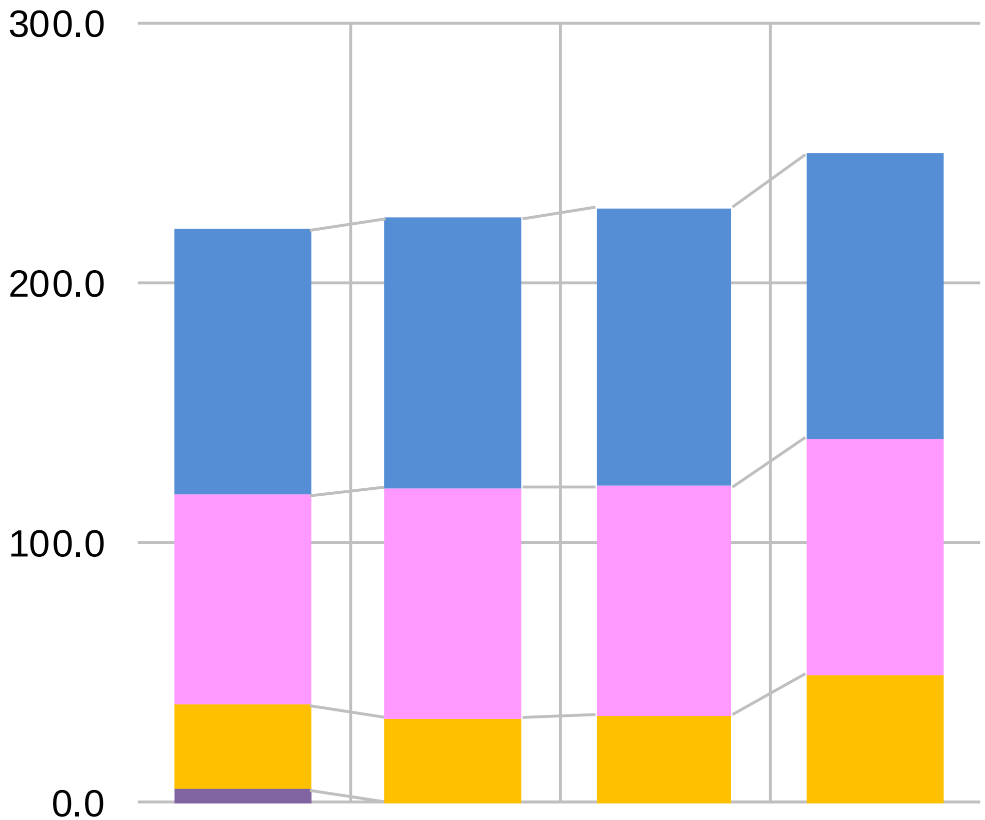


Fiscal year	2010	2011	2012	**2013**
B A	97.2	Note1) 113.3	105.7	**108.4**
A A	82.9	89.8	86.6	**93.1**
L A	32.7	32.4	Note2) 40.1	**52.6**
Other	6.1	0.0	0.0	**0.0**
Consolidated	217.3	233.9	231.1	**252.4**

Note1) An atypical factor on BA business for FY2011; a number of large-scale service contracts(“market testing”) spanning 3 to 5 years were recorded.
Note2) Azbil Telstar was newly consolidated at the end of the previous fiscal year, so the company’s order backlog (6.2 billion yen) were recorded in the Group’s orders for that year.

[Reference] Sales by Segment

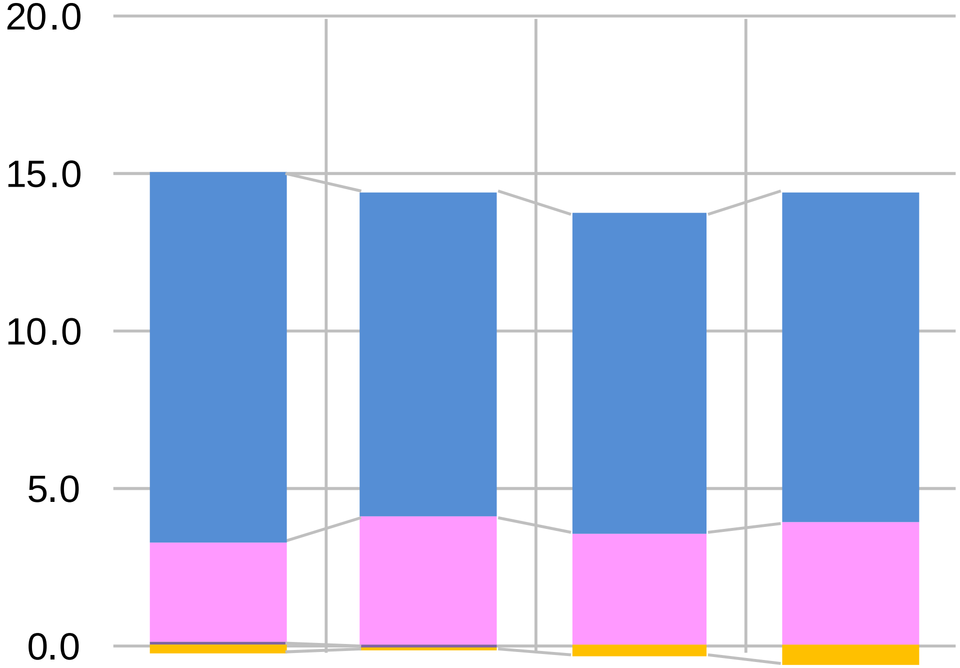
[Billions of yen]



Fiscal year	2010	2011	2012	**2013**
B A	102.1	103.8	107.4	**109.5**
A A	80.9	88.8	87.6	**90.8**
L A	32.6	32.5	33.9	**49.5**
Other	5.1	0.0	0.0	**0.0**
Consolidated	219.2	223.4	227.5	**248.4**

[Reference] Segment Profit (Operating Income)

[Billions of yen]



Fiscal year	2010	2011	2012	2013
B A	11.7	10.3	10.1	**10.5**
A A	3.2	4.1	3.6	**3.9**
L A	(0.2)	(0.1)	(0.3)	**(0.6)**
Other	0.1	(0.0)	0.0	**0.0**
Consolidated	14.8	14.3	13.4	**13.9**

Overseas Sales by Region

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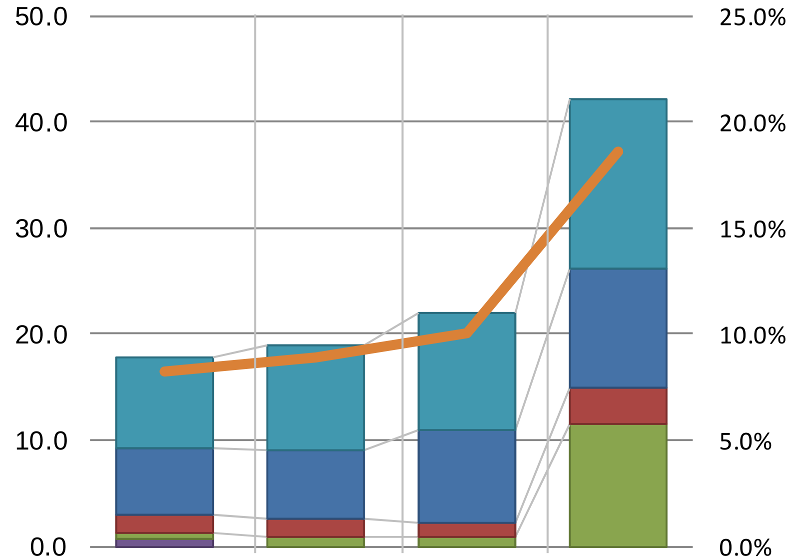
- Significant growth resulted from the addition to the LA business of LSE operations in Europe, Asia and other regions (including Central & South America).
- In established regions and markets too, steady sales growth was achieved, aided by exchange rates.
- The overseas business portion of total sales doubled to 18.6%.

[Billions of yen]



Fiscal year	2010	2011	2012	2013
Asia	8.6	9.9	11.1	**16.0**
China	6.3	6.6	8.6	**11.2**
North America	1.6	1.7	1.5	**3.4**
Europe	0.7	0.8	0.8	**11.5**
Others	0.6	0.6	0.7	**3.7**
Consolidated	18.0	19.8	22.9	**46.1**

[Reference information]

Overseas sales/ Net sales	8.2%	8.9%	10.1%	**18.6%**
Average exchange rate - USD/JPY	87.79	79.79	79.81	**97.73**
Average exchange rate - EUR/JPY	116.28	111.11	102.56	**129.78**

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.

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Consolidated Financial Position

- **Assets** Assets rose by 10.0 billion yen compared to the previous year. This was because (1) cash and deposits increased because the last day of the previous period was a national holiday; (2) Inventories increased as a result of growth in orders; and (3) investment securities increased with the rise in the stock market.
- **Liabilities** As the result of a change in the accounting method, net defined benefit liability increased. This together with increases in both purchase liabilities and the provision for bonuses led to liabilities growing by 6.2 billion yen compared to the previous year.
- **Net assets** Although there was a change in accounting standards for retirement benefits, net assets were up 3.7 billion yen on the previous year, primarily due to an increase in accumulated income resulting from the recording of net income and due to an increase foreign currency translation adjustment..

[Billions of yen]

	As of Mar. 31, 2014 (A)	As of Mar. 31, 2013 (B)	Difference (A) - (B)
Current assets	**189.3**	**181.7**	**7.6**
Cash and deposits	52.4	48.4	3.9
Notes and accounts receivable-trade	88.2	88.8	(0.6)
Inventories	18.1	16.5	1.6
Others	30.5	27.9	2.6
Noncurrent assets	**64.0**	**61.7**	**2.3**
Property, plant and equipment	24.5	24.6	(0.1)
Intangible assets	12.9	12.6	0.3
Investments and other assets	26.6	24.4	2.2
Total assets	**253.4**	**243.4**	**10.0**

	As of Mar. 31, 2014 (A)	As of Mar. 31, 2013 (B)	Difference (A) - (B)
Liabilities	**108.4**	**102.2**	**6.2**
Current liabilities	**87.3**	**82.8**	**4.5**
Notes and accounts payable-trade	41.4	40.5	0.9
Short-term loans and bonds	15.4	13.3	2.0
Others	30.4	28.8	1.5
Noncurrent liabilities	**21.1**	**19.3**	**1.7**
Long-term loans and bonds	2.2	4.5	(2.2)
Others	18.8	14.8	3.9
Net assets	**144.9**	**141.1**	**3.7**
Shareholders' equity	**139.3**	**136.2**	**3.1**
Capital stock	10.5	10.5	-
Capital surplus	17.1	17.1	-
Retained earnings	114.2	111.1	3.1
Treasury stock	(2.6)	(2.6)	(0.0)
Accumulated other comprehensive income	**3.9**	**2.8**	**1.1**
Subscription rights to shares and Minority interests	**1.6**	**2.1**	**(0.4)**
Total liabilities and net assets	**253.4**	**243.4**	**10.0**

（Reference）Shareholders' equity ratio: 56.5% (as of March 31, 2014); 57.1% (as of March 31, 2013)

Consolidated Cash Flows

- Net cash provided by operating activities was largely unchanged from the previous fiscal year, but net cash provided by investing activities was up on the previous year, when there were expenditures related to subsidiary acquisition. FCF was 5.1 billion yen, an increase of 2.8 billion yen from the previous fiscal year.
- Net cash used in financing activities decreased 6.9 billion yen due to dividend payment and debt repayment. It fell by 4.4 billion yen compared with the previous fiscal year, when there was new borrowing for the acquisition of shares in the subsidiaries above.

[Billions of yen]

	Current fiscal year (A)	Previous fiscal year (B)	Difference	
			(A) - (B)	%
Net cash provided by operating activities	15.8	15.0	0.8	*5.5*
Net cash provided by investing activities	(10.6)	(12.7)	2.0	-
Free cash flow(FCF)	5.1	2.2	2.8	*125.2*
Net cash provided by financing activities	(6.9)	(2.4)	(4.4)	-
Effect of exchange rate change on cash and cash equivalents	1.5	0.8	0.6	*83.1*
Net increase(decrease) in cash and cash equivalents	(0.2)	0.6	(0.8)	*(137.5)*
Cash and cash equivarents at beginning of period	56.0	55.3	0.6	*1.3*
Increase in cash and cash equivarents from newly consolidated subsidiary	0.0	0.0	0.0	-
Cash and cash equivarents at end of period	55.8	56.0	(0.2)	*(0.4)*

(Reference)

Capital expenditure	5.3	3.1	2.1	*69.9*
Depreciation	3.7	3.6	0.1	*2.8*

2. Financial Plan for FY2014,
Ending March 31, 2015

1. Financial Plan for FY2014, Ending March 31, 2015

Consolidated Financial Plan

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- In view of the fact that orders were robust in the previous fiscal year, domestic & overseas business growth is forecast, benefiting from the improved business foundation.
- As for domestic business, we will exploit trends in markets where demand is recovering, and, by offering energy-saving measures and instrumentation proposals – including building, factory and lifeline services – we expect to achieve growth.
- Consistently demand of the local building field, material industry and the equipment manufacturers is expected to continue for overseas business. Expansion of the LSE business with a focus on Azbil Telstar is also expected.

[Billions of yen]

	1st half	2nd half	Full year (A)	Previous fiscal year (B)	Difference (A) - (B)	Difference *% 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 Plan for FY2014, Ending March 31, 2015

Segment Information

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BA Overall increases in revenue and profits are projected, based on expected growth in the domestic markets for new and existing buildings, and also the fact that expansion is forecast for local building markets overseas.

AA Sales and profits are projected to increase as a result of strong sales growth overseas, a recovery in the domestic market - principally among equipment manufacturers - and an initiative to expand business fields.

LA Expansion is projected for each field within the LA business. Profits are expected to improve thanks to continuous business/operational structural reforms in the gas & water meter field, and also improvements in the business structure of Azbil Telstar.

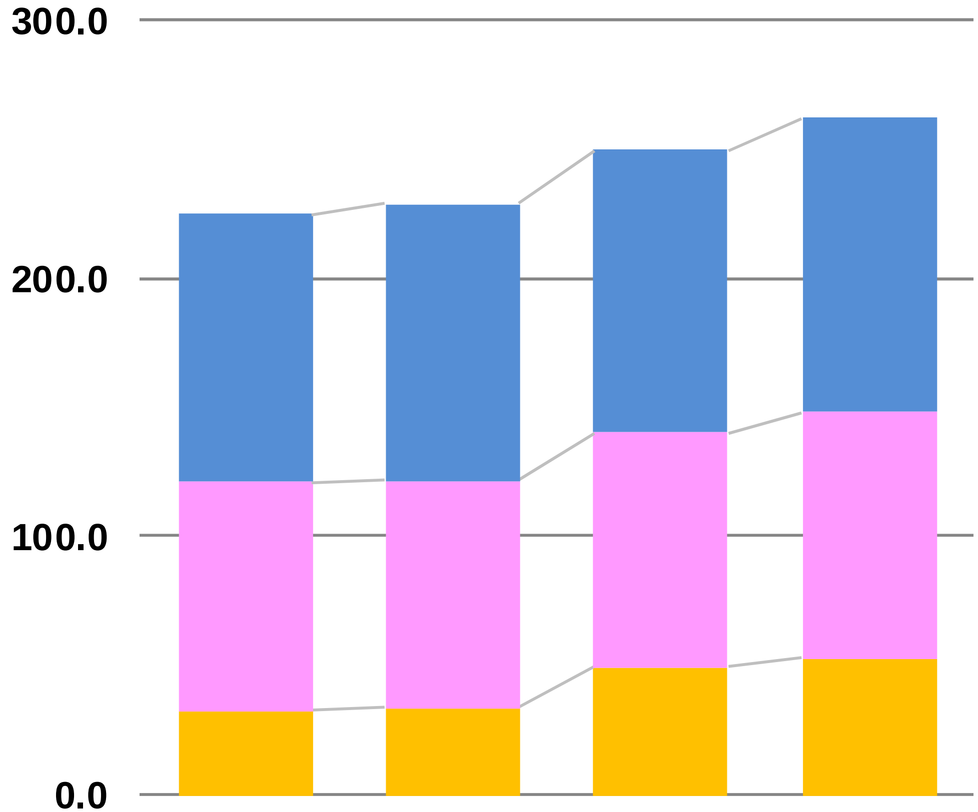
[Billions of yen]

			1st half	2nd half	Full year (A)	Previous fiscal year (B)	Difference (A) - (B)	Difference % Change
BA	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*	
AA	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*	
LA	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 Plan for FY2014, Ending March 31, 2015

[Reference] Sales by Segment

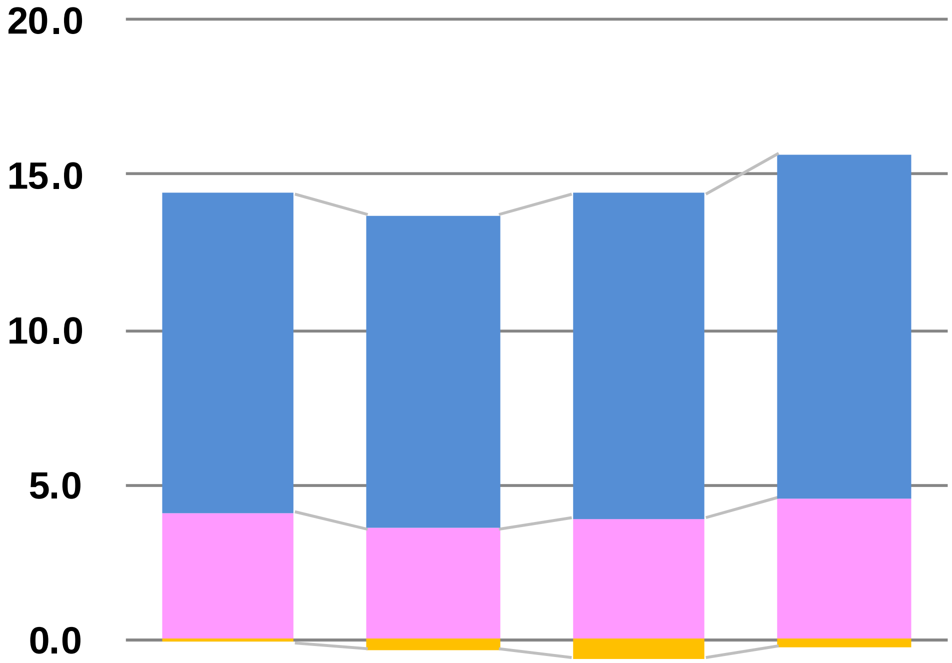
[Billions of yen]



Fiscal year	2011	2012	2013	2014 (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**

[Reference] Segment Profit (Operating Income)

[Billions of yen]



Fiscal year	2011	2012	2013	**2014 (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

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 FY2013 (year-end) Note) and FY2014 (interim/year-end) are planned as follows.

Note) The FY2013 dividend is unchanged from that announced at the start of the fiscal year.

	FY2013		FY2014	
	Interim	Year-end	Interim	Year-end
Dividend per share [Yen]	31.5	31.5(Plan)	31.5(Plan)	31.5(Plan)
Payout ratio	60.7%		54.7%	
Dividend on equity （DOE）	3.3%		3.2%	

（Reference）Dividends yield: 2.5% (as of March 31, 2014)

4. Progress of the Medium-term Plan (FY2013 - 2016)

Outline of the Medium-term Plan

Target for FY2016

Net sales ¥280.0 billion, Operating income ¥22.0 billion

3 Initiatives

Guided by the philosophy of "human-centered automation"

- Aiming to become **a long-term partner for both the customer and the community** through offering solutions based on azbil technologies and products
- Taking global operations to the next level. **Global Expansion** into new regions and a qualitative changes of focus.
- Aiming to become **a corporate organization that never stops learning so that it can** continuously strengthen its corporative structure.

3 Growth fields

- **Safety solutions**
- **Next-generation solutions for production, working / living spaces**
- **Energy management solutions** ENEOPT

Strengthening product development capabilities

3 Corporate structures to strengthen

- Structural reform of global production/development
- Structural reform of engineering and service business
- Human resources reform

Business foundation

CSR management, Healthy financial base, Corporate governance

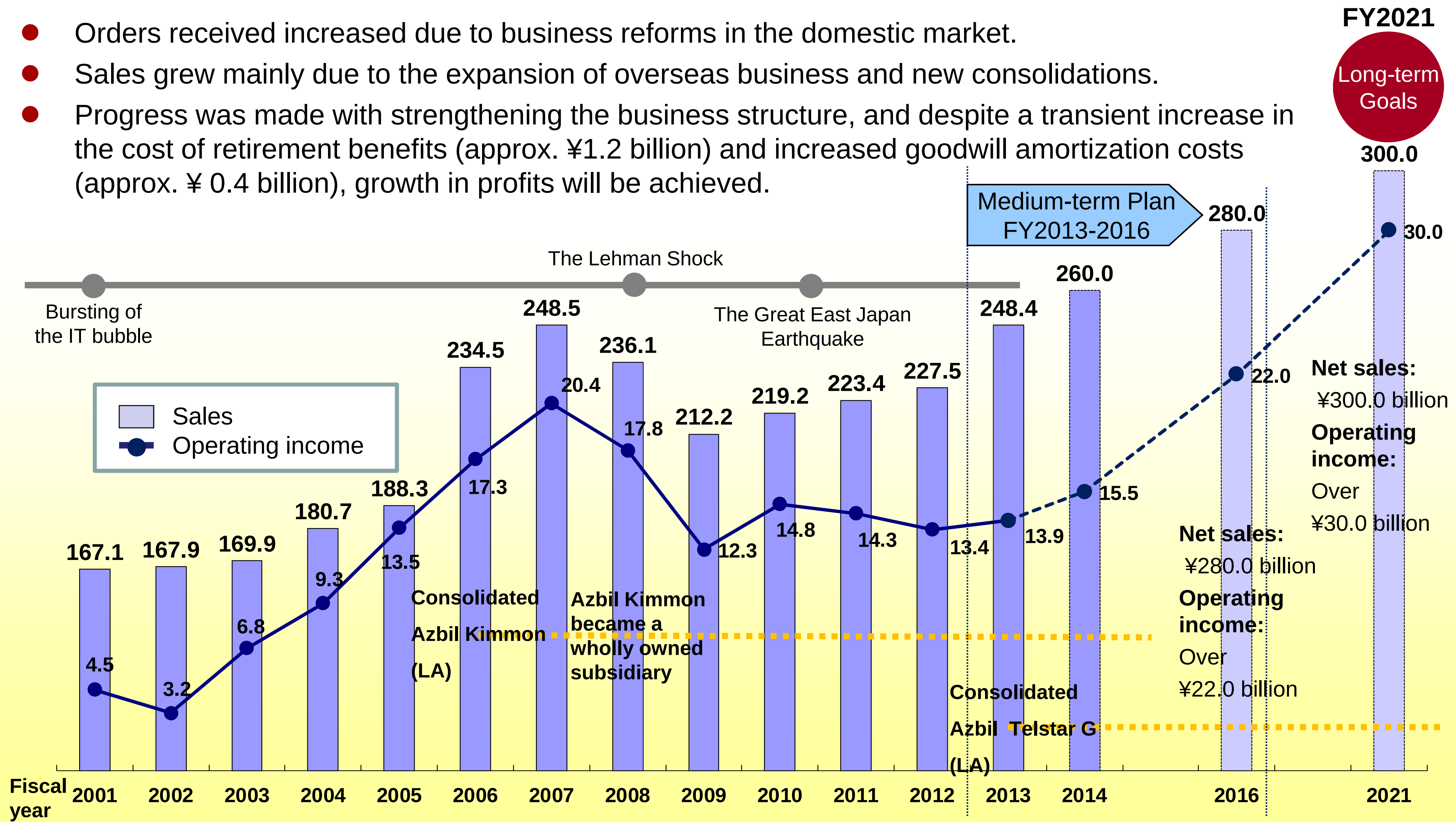
[azbil Group Philosophy] "human-centered automation"

The First Year（FY2013）

- Achieved the financial plan by implementing steadily measures.

Business reforms in the domestic market	Global expansion	Implementing organizational reforms

- Orders received increased due to business reforms in the domestic market.
- Sales grew mainly due to the expansion of overseas business and new consolidations.
- Progress was made with strengthening the business structure, and despite a transient increase in the cost of retirement benefits (approx. ¥1.2 billion) and increased goodwill amortization costs (approx. ¥ 0.4 billion), growth in profits will be achieved.

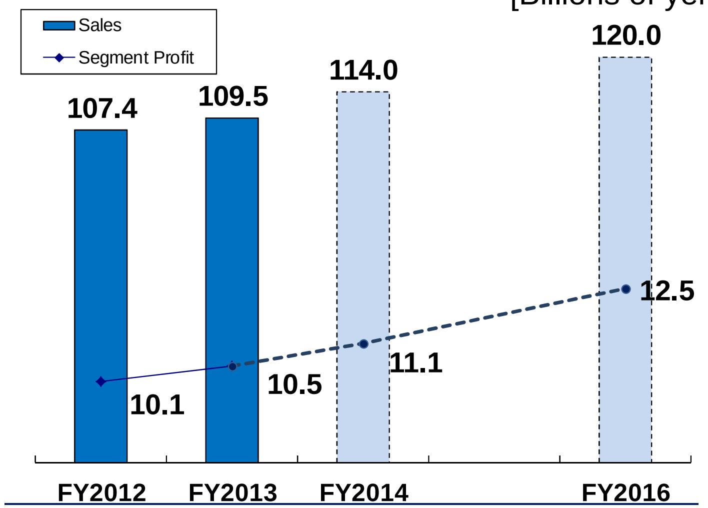


BA Building Automation Business

Business environment

- Demand for refurbishments and maintenance service based on our long track record will be stable.
- Rising electricity costs, etc. will stimulate investment in refurbishing existing buildings.
- The construction market will be stimulated by the effects of Abenomics and the upcoming Tokyo Olympics.
- Southeast Asian markets will surge, leading to actual demand for energy-saving measures.

[Billions of yen]



0.0	0.1	0.1	Goodwill amortization cost

Measures

- Expand business to the advanced energy-saving field, including energy-saving refurbishment of equipment.
- Adapt to changes in domestic demand by preparing a high value-added service menu to suit the demand, improving processes and implementing organizational reforms.
- Employ our own energy-saving business model to develop overseas markets and build a global network to support this initiative.

Progress

- R&D and structural improvement to steadily respond to the expanding demand for building refurbishment
  Strengthen the business infrastructure (for database creation, data analysis) to enable the integrated supply of everything from energy measurement to data-based countermeasures and a service offering continuous measurement of the effect of energy-saving measures; optimal deployment of human resources, including transfers between businesses; training of qualified energy-management specialists.
- Secure overseas landmark projects; create a service base (offer remote maintenance services overseas).

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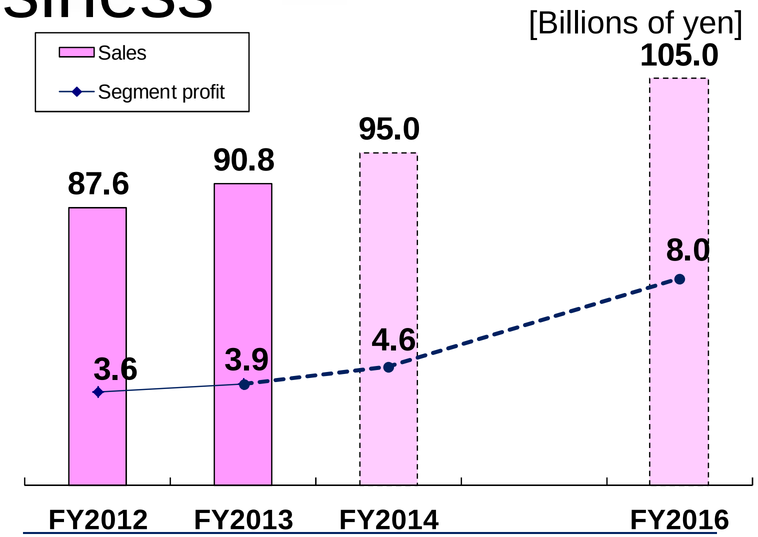
AA Advanced Automation Business

Business environment

- Although the domestic market is mature, there is new demand in the energy and safety fields and for high value-added equipment and facilities.
- The shift toward overseas production in Japan's manufacturing industries will continue and accelerate.
- Demand for plants in emerging economies is expanding; also there is demand for sophisticated management & control systems among advanced equipment manufacturers in Japan and abroad.



FY2012	FY2013	FY2014	
0.0	0.3	0.3	Goodwill amortization costs

Measures

- Achieve greater efficiency in mature business fields; transfer human resources to reinforce growth fields.
- Domestic business development to be extended globally using the lifecycle business model based on products, technologies and services.
- Expand the valve business field globally and strengthen the product portfolio.

Progress

- Expand the high value-added, solution, engineering and service business.
- Develop the processing and assembly market (HA/FA Note) field) with azbil's comprehensive strengths – new products and the business range from related instrumentation proposals to the provision of a maintenance service.
- Expand the solution-based valve maintenance business overseas
  Develop a valve business that includes maintenance for other valve brands; upgrade maintenance centers in Asia and construct factory in the Middle East.

Note) HA: Hybrid Automation, FA: Factory Automation

azbil

AA Business – azbil's market development

Leveraging azbil's unique strengths – wide product lineup, multifaceted customer contacts, lifecycle support capabilities ranging from engineering to maintenance service – we will develop markets with potential for stable demand, and Japan's advanced markets.

< End-user >

- Electrical/electronic components • Semiconductor
- Automobiles
- Chemical (downstream)

Meet the demand for technical innovation and world-beating product quality; adapt to changes in component technologies.

- Japan's advanced markets -

- Food/beverage
- Pharmaceuticals

- Domestic markets with stable demand -

Adapt to new customer requirements regarding product quality, safety and security (food defense, etc.) as well as to legal requirements.

Deliver production equipment

< Equipment manufacturers >

Semiconductor and electrical/electronic parts manufacturing equipment, coating/molding equipment, extrusion line (high performance film, fiber, medical parts and materials), packaging/shipping line (hot melt package, etc.)

Grasp end-user needs and satisfy these through equipment development.

Processing & assembly industry (HA/FA field)

System solutions

- Production control
- Product quality management
- Access control
- Engineering
- Maintenance service etc.

azbil Group

Solving issues on-site and using this to improve equipment.

- Network instrumentation module
- Various sensors (temperature, pressure, flow, level, position, shape)

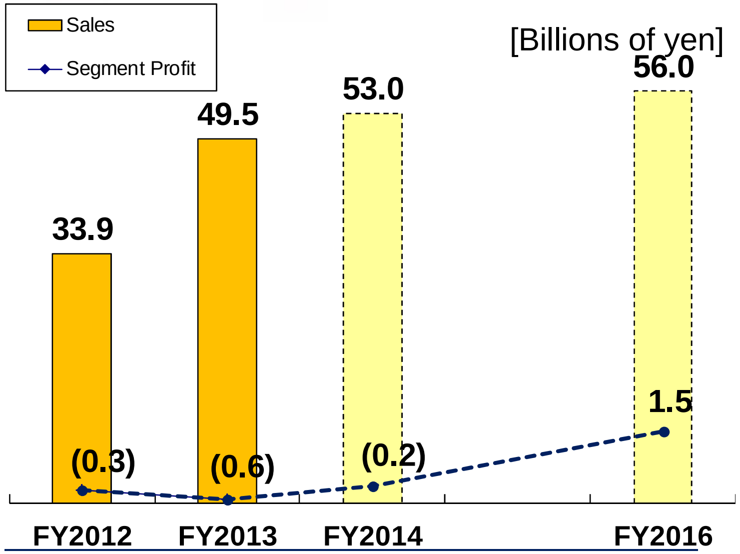
Measurement and control solutions

- Begin with domestic growth markets, marketing sensors and next-generation systems that benefit from the knowledge gained from exploring on-site solutions.

LA Life Automation Business

Business environment

- Develop stable and/or growth fields with demand cycles that differ from those of the BA and AA businesses (dependent on capital investment).
  - ➢ Stable demand for gas & water meters based on legal requirements for periodic replacement in Japan.
  - ➢ Increasing global demand for pharmaceutical formulation equipment and facilities.
  - ➢ Residential market; services for the elderly.



	FY2012	FY2013	FY2014	FY2016
Goodwill amortization costs	1.2	1.3	1.3	
Azbil Kimmon	1.2	0.6	0.6	
Azbil Telstar		0.6	0.6	

* The number of goodwill Amortization cost of Azbil Telstar and Azbil Kimmon in the table are internal. The goodwill amortization of Azbil Kimmon will be finished on March 31, 2015.

Measures

- Develop the solution business for energy supply lines (gas, water). [Azbil Kimmon]
- Develop the business targeting global market for pharmaceutical formulation equipment and facilities. [Azbil Telstar]
- Develop the market for residential central air-conditioning systems. [Azbil]
- Develop a comprehensive service business in the health and welfare and nursing care field. [Azbil Care & Support]

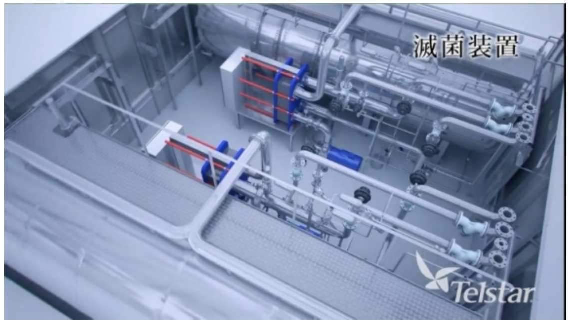
Progress

- Improve the business structure in the gas & water meter field, and expand the scope of business (energy supply lines, private sector).
- Enter the Life Science Engineering business with the newly consolidated company, Azbil Telstar.
- Bolster the residential central air-conditioning systems, R&D, sales/job processing systems. And expand the business by launching new products.
- Start scheduled visit and on-demand in-home nursing care services; bolster staffing/systems for the business.

LA Business – Global business reforms

Life Science Engineering business

By combining Azbil Telstar's production process expertise and equipment technology with azbil's automation technologies, this solution business aims to offer customers – specifically, manufacturers of pharmaceutical products and high-functional foodstuffs – safer manufacturing environments (cleanrooms, etc.,) and high productivity.



(Reference）Sterilization system [Azbil Telstar]

FY2013 Sales: 15.7 billion yen (About 30% of the LA Business)

Note) According to local accounting standards, Azbil Telstar's operating income is in the black, but in the first year following consolidation an operating loss was recorded because of the costs of goodwill amortization, post-purchase upgrading, etc. LA business profitability will be improved with business reforms and strengthening of the business structure.

Azbil Telstar

Core of the Life Science Engineering business. One-stop solution provider of production lines to the pharmaceutical industry. Provides everything from the development, manufacture, engineering, design and servicing of production line equipment – such as freeze dryers, sterilizers, and water demineralizers – to consulting re. GMP production & quality control standards.

Feature

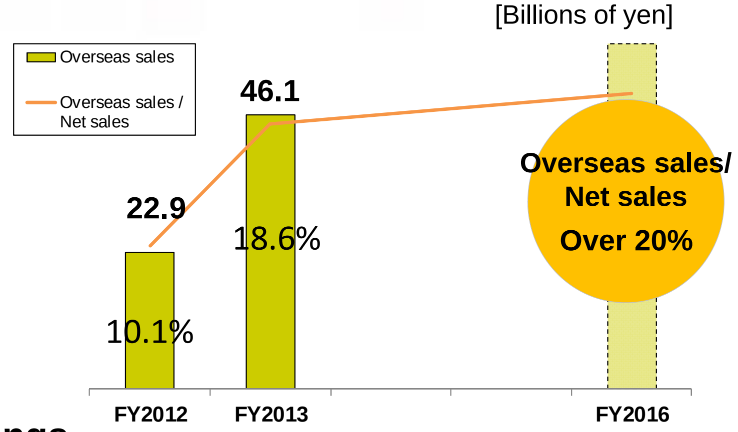
Bolster equipment and one-stop solutions for production processes – for the manufacture of biotechnology-based drugs, chemotherapeutic agents, generics, etc. – in Europe, Central & South America, and Asia.

Global Expansion - new regions and a qualitative change of focus -

azbil

Expansion into new regions: Establish local subsidiaries; upgrade development & engineering capabilities and create a service network.

Qualitative change of focus: Redirect the business away from marketing to Japanese companies overseas and equipment/device sales, toward marketing to local companies and proposing solutions.



BA

Win more orders for local landmark buildings

- Progress with winning overseas landmark projects. Increasing number of solution projects reflect actual demand for energy saving.

Create and expand overseas service base, including remote maintenance services

- Progress with developing foundation for overseas service model, making use of service knowhow garnered in the domestic market; gradually increase number of remote monitoring contracts.

AA

Expand solution-type valve business

- Develop valve business that integrates product supply and maintenance. Upgrade maintenance centers in Asia. Planned expansion into the Middle East and US markets.

Strengthen local product-design capabilities to enable customization

- Expand business by developing an instrumentation solution system for equipment manufacturers.

Strengthen the product portfolio by launching new products and/or M&A

- Azbil VorTek (vortex flowmeters) and Azbil TA (pneumatic technologies & products) are expanding azbil Group sales in Japan and the Asian region.

LA

Enter the life science engineering business

- With the newly consolidated Azbil Telstar, make a qualitative change of focus (Enter the life science engineering field of pharmaceuticals, etc.) and expand into new regions (Europe, Central & South America, Asia).

4. Progress of the Medium-term Plan(FY2013 - 2016)

Aiming to become a corporate organization that never stops learning so that it can continuously strengthen its corporative structure.

Develop an optimal production/ procurement/ logistics system globally, while bolstering customization capabilities attuned to regional customer characteristics.

Production

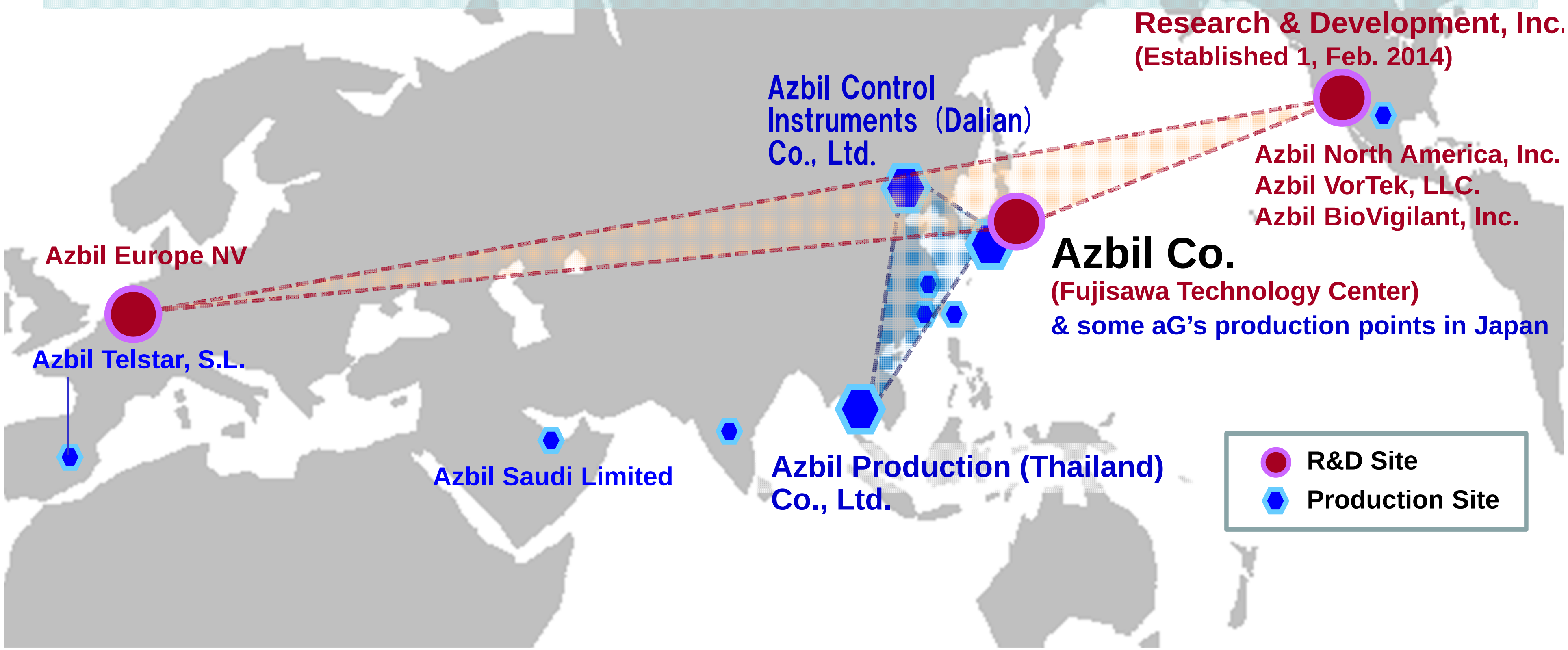
Optimal production system: key factories and attention to local customer needs

Start of production at Azbil Production (Thailand); construction of Azbil Saudi Arabia factory; etc.

R&D

Development system for equipment manufacturers: Europe, US, Asia and Japan

Azbil North America Research & Development established: strengthen basic technical capabilities, develop products that make use of advanced technologies, etc.



4. Progress of the Medium-term Plan(FY2013 - 2016)

Aiming to become a corporate organization that never stops learning so that it can continuously strengthen its corporative structure.

Progress with human resource training and reassignment to support business development globally, including Japan.

HR Azbil Academy: career development, wide range of HR training programs

● Fostering solution-minded HR

- ➢ System for technical specialists
- ➢ Support for staff to acquire qualifications
- ➢ Tiered training, skills training

● Training global HR

- ➢ Managerial training (for staff in Japan and overseas)
- ➢ Skills training (for staff in Japan and overseas)
- ➢ English (Internet; short-term overseas assignments)

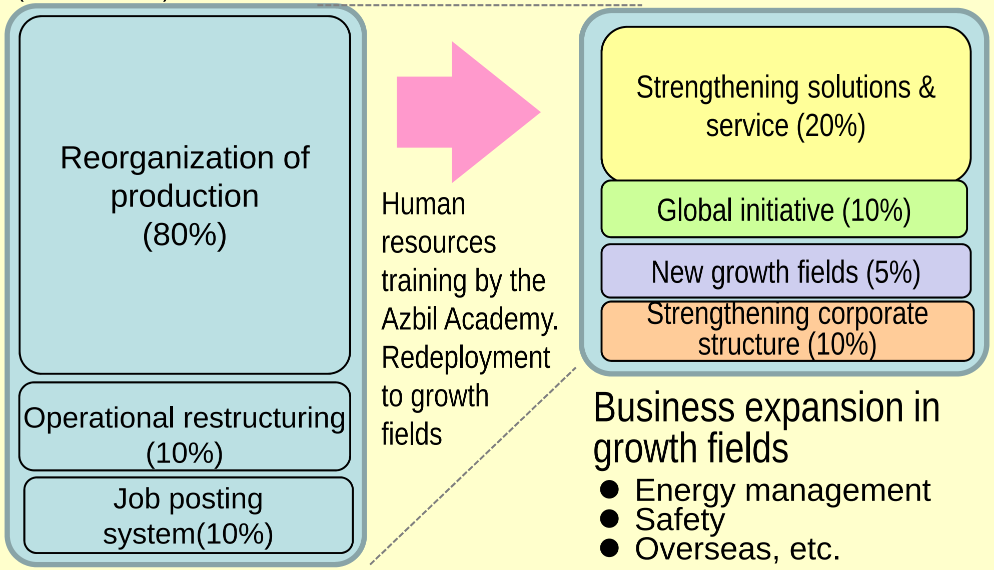
(Reference）In FY2013 overseas employees accounted for about 28% of the total.

● Optimal group-wide deployment

- ➢ Career development
- ➢ Retraining

Production shift and optimal allocation of human resources to growth fields in Japan

Target: applox 330 peoples
(FY2012-2013)

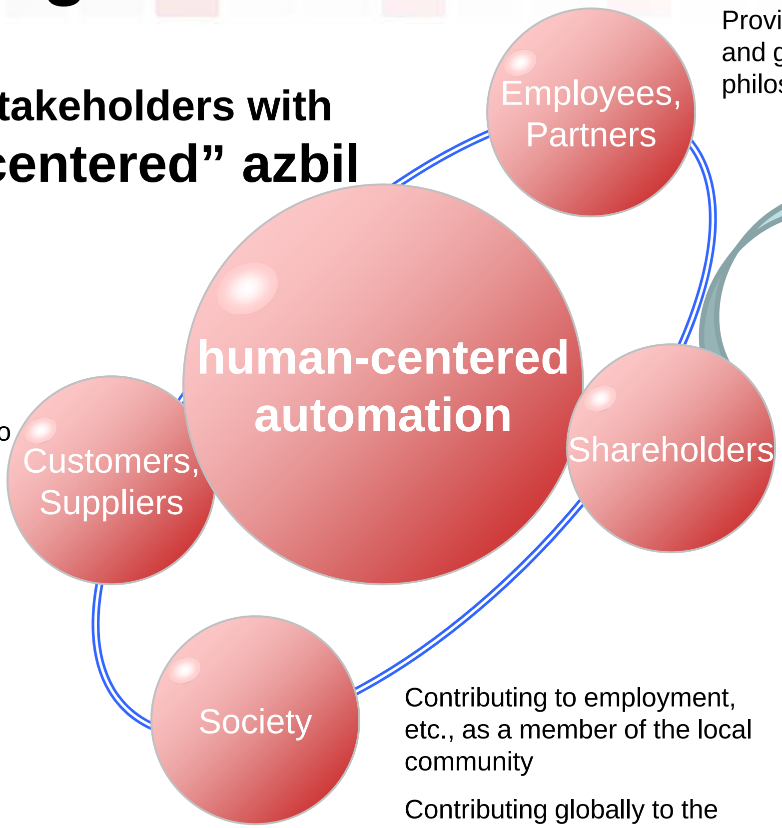


Business expansion in growth fields
- Energy management
- Safety
- Overseas, etc.

＊ Percentage notations represents the attribute composition ratio of the target personal.
＊ The number of employees was reduced by about half through retirement and the completion of part-time contracts.

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

Emphasis on shareholders

- Business management focused on long-term goal of raising **ROE** to **10%** or more.
- Further strengthening of the governance system
  ⇒ Aim: to increase number of outside board members from current 2 to **3** (planned for June 2014).
- Continued focus on distribution of profits to shareholders
  - Strive to increase the dividend while maintaining payout stability.

⇒ FY2014 Plan
63 yen/share
(DOE 3.2%)

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

- Strive to reduce CO2 emissions and save resources at Group facilities while facilitating customers' efforts to do the same; promote global environmental preservation
- Implement thorough risk management and cultivate a climate of high compliance
- Strengthen governance among Group companies in Japan and abroad through the adoption of appropriate internal controls, accounting practices, etc.
- Establish a healthy financial base and corporate governance

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Summary

Aiming at global growth, in Japan and abroad

- **Steady response to market and structural changes in Japan**
  System to ensure flexible response based on coordination between businesses; solutions that harness the azbil Group's customer contact points/provisioning functions, technologies and systems.
- **Acceleration of global business development**
  Deploy globally those businesses and products/services with a proven track record.
- **Development and market launch of next-generation products**
  Develop and launch next-generation products, based on the concept of "human-entered automation".

[Billions of yen]

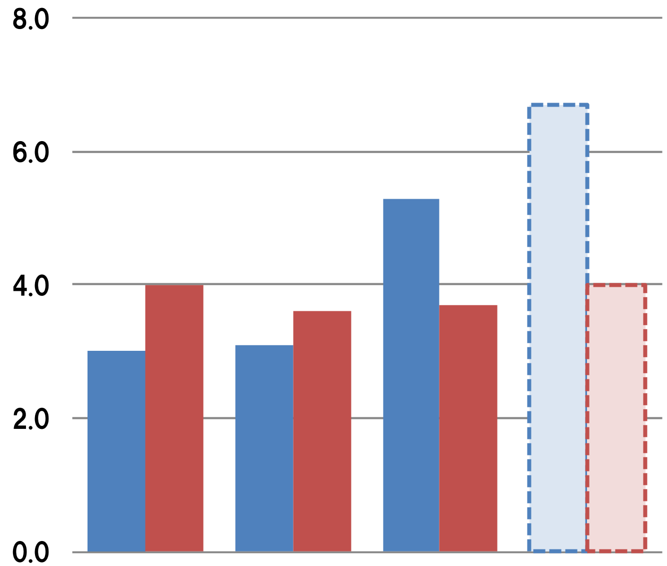
Fiscal year		2013	2014 Plan	2016 Plan
Sales		248.4	260.0	280.0
	Japan	202.2		223.0
	Overseas	46.1		58.0
Operating income		13.9	15.5	22.0
[Segment information]				
B A	Sales	109.5	114.0	120.0
	Segment profit	10.5	11.1	12.5
A A	Sales	90.8	95.0	105.0
	Segment profit	3.9	4.6	8.0
L A	Sales	49.5	53.0	56.0
	Segment profit(loss)	(0.6)	(0.2)	1.5

Relevant Information

Capital Expenditure, Depreciation and R&D Expenses

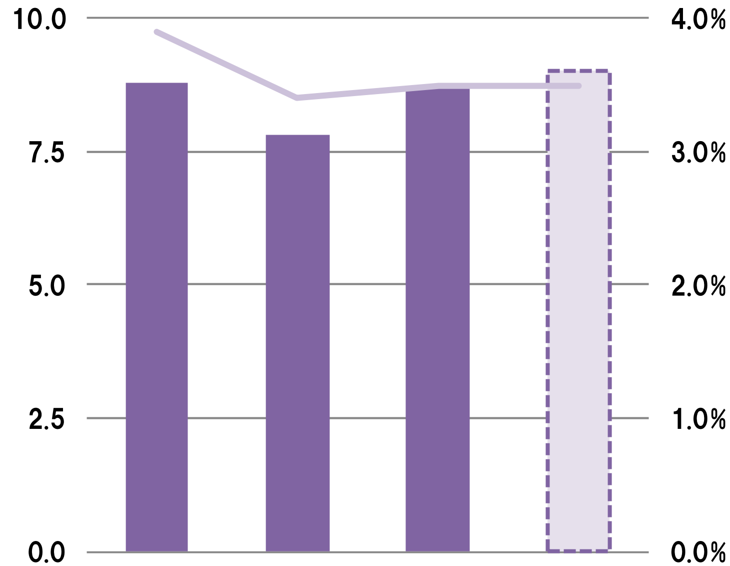
[Billions of yen]

Capital Expenditure, Depreciation



Fiscal year	2011	2012	2013	2014 (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



Fiscal year	2011	2012	2013	2014 (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"**