Human-centered Automation

Azbil Corporation RIC: 6845.T, Sedol: 6985543

Analyst Meeting Materials

For the First Quarter of the Fiscal Year Ending March 31, 2016
(Based on Japanese GAAP)

<Contents>

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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:

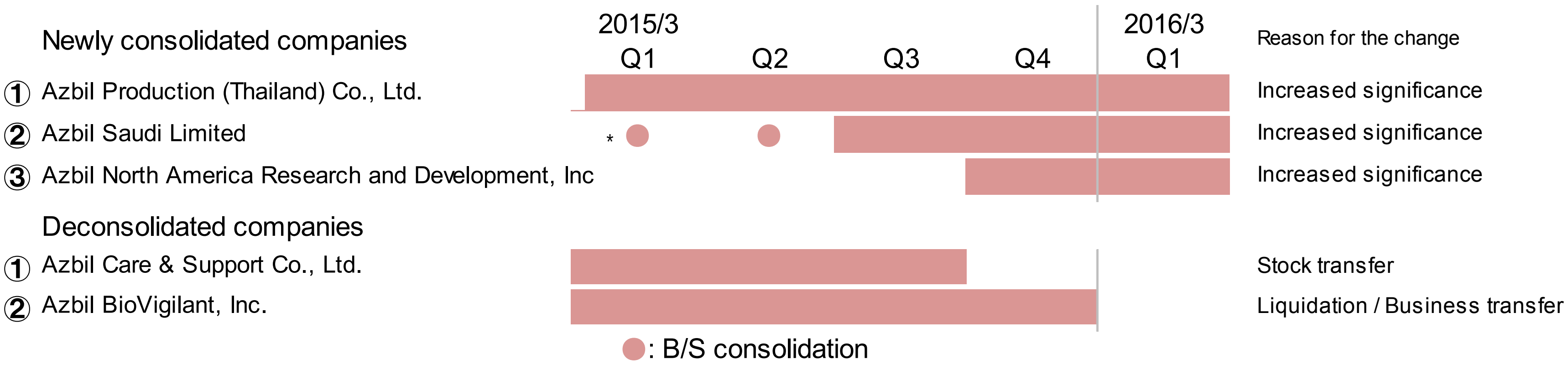
   B A - Building Automation
   A A - Advanced Automation
   L A - Life Automation

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

4. Sales for the azbil Group tend to be concentrated in the second quarter and fourth quarter accounting periods, while fixed costs are generated constantly. This means that profits in the first quarter and third quarter accounting periods are typically lower than those in the other two quarters.

5. 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.

6. Changes in the scope of consolidation are as follows:



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

1. Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2016

Consolidated Financial Results

Orders Received / Net Sales

Orders expanded for the BA and LA businesses, overall orders received increased. Net sales fell overall, mainly due to the impact of sale of the health, welfare, and nursing care business in the previous year.

Income

With the implementation of radical business structure reforms in the previous year, the LA business demonstrated a significant improvement. However, the BA and AA businesses saw a fall in profits; this was due to extra costs incurred for R&D activities aimed at business expansion and for introducing/operating of the new core information system that for strengthen the business infrastructure.* As a result, overall operating loss increased.

[Billions of yen]

	This period (A)	Same period last year (B)	Difference	
			(A) - (B)	% Change
Orders received	87.8	86.0	1.8	*2.1*
Net sales	49.2	51.0	(1.7)	*(3.5)*
Japan	38.8	40.5	(1.6)	*(4.0)*
Overseas	10.4	10.5	(0.1)	*(1.3)*
Gross profit	15.9	16.2	(0.3)	*(1.9)*
%	*32.4*	*31.9*	*0.5P*	
SG & A	17.8	17.8	0.0	*0.3*
[Goodwill amortization costs]	[0.1]	[0.4]	[(0.3)]	
Operating income (loss)	(1.9)	(1.5)	(0.3)	-
%	*(3.9)*	*(3.0)*	*(0.8P)*	
Ordinary income (loss)	(1.6)	(1.5)	(0.1)	-
Income (loss) before income taxes and minority interests	(1.4)	(1.4)	(0.0)	-
Net income (loss) attributable to owners of parent	(1.3)	(1.2)	(0.0)	-
%	*(2.8)*	*(2.5)*	*(0.3P)*	

* To coincide with the introduction of the new core information system, (a) a revision has been made to the way orders for multi-year contracts are recorded, (b) a partial change has been made to the standard for recording sales, and (c) job profit-and-loss management procedures have been unified, etc. As a result, in this period, orders received for the BA business increased above the impact of large-scale service projects - such as multi-year contracts awarded under “market testing”- recorded in the same period last year. The impact on sales was minor, it decreased slightly compared with the same period last year. As for profit and loss, gross profit and operating income decreased mainly in the BA business. (For more detailed information, refer to the segment information on the following page).

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Segment Information – ■ BA Business

■ Orders Received / Sales

In Japan, in addition to the economic recovery and robust demand for energy-saving solutions prompted by a rise in electricity charges, there has been an upsurge in redevelopment plans within the Tokyo metropolitan area. Overseas, steady progress has been made with the development of local markets. Additionally, triggered by the introduction of the new core information system, a revision has been made to the way orders for multi-year contracts are recorded.*1 Overall, therefore, orders received increased. Domestic sales dipped, reflecting the fact that a number of jobs in the market for new buildings are still in progress, but this was offset by sales for existing buildings and service, and helped by the signs of improvement observed overseas in China, overall performance was robust.

■ Segment Profit (Loss)

In addition to the strengthening of sales activities designed to win orders for large-scale projects in anticipation of the business opportunities afforded throughout the life cycle of a building, as a result of unifying job profit-and-loss management procedures to coincide with the introduction of the new core information system, loss provision has increased. Additionally, expenses have increased as a result of strengthening the job fulfilment system aimed at exploiting the upsurge in redevelopment plans in the domestic market, and also as a result of R&D aimed at business expansion and strengthening the business infrastructure. The net result was that segment profit fell.

[Billions of yen]

	This period (A)	Same period last year (B) *2	Difference (A) - (B)	Difference % Change
Orders received	51.4	48.6	2.7	*5.7*
Sales	19.8	19.7	0.1	*0.7*
Segment profit (loss)	(1.7)	(0.8)	(0.9)	-
%	*(8.7)*	*(4.2)*	*(4.5P)*	

	This period (A)	Same period last year (B)	Difference (A) - (B)	% Change
(Reference) Goodwill amortization costs	-	0.0	(0.0)	

*1 To coincide with the introduction of the new core information system, a revision has been made to the way orders for multi-year contracts are recorded. Previously, large-scale service projects – such as multi-year contracts awarded under "market testing" – were recorded(approx. 7.6 billion yen in the same period last year), but recently there has been an increase in smaller service contracts that similarly span several years. In this period, the figure recorded for the multi-year contracts awarded under "market testing" decreased to approximately 1.0 billion yen, but as a result of this revision an additional 4.1 billion yen was recorded. Moreover, approximately 3.9 billion yen in multi-year contracts will be additionally recorded.

*2 To coincide with the introduction of the new core information system, a change has been made – beginning with the first quarter of this fiscal year – to the way in which internal sales and transfers between segments are calculated . Figures for the same period last year have been recalculated accordingly so as to enable meaningful comparisons to be made.

Segment Information – ■ AA Business

■ Orders Received / Sales

Orders received fell mainly because, in the same period last year, the AA business benefitted from orders for large-scale projects as well as the addition of a new subsidiary. If one disregards these factors, orders were actually at the same level as the same period last year, in spite of the slowdown in China's economic growth. Despite the negative impact of the aforesaid change in the standard for recording sales, *1 sales for control products increased both in Japan and overseas. However, domestic sales fell compared to the same period last year when there were large-scale periodic maintenance jobs. Overall, therefore, sales were down.

■ Segment Profit (Loss)

Although there was an improvement following the optimum deployment of resources within the azbil Group during the same period last year, because of the fall in sales and the aforesaid increase in costs, segment profit fell.

[Billions of yen]

		This period (A)	Same period last year (B) *2	Difference (A) - (B)	Difference % Change
Orders received		22.4	25.0	(2.6)	*(10.6)*
Sales		19.3	19.7	(0.3)	*(2.0)*
Segment profit (loss)		(0.1)	0.0	(0.1)	-
	%	*(0.6)*	*0.3*	*(0.9P)*	

	This period	Same period last year	Difference
(Reference) Goodwill amortization costs	0.0	0.0	(0.0)

*1 To coincide with the introduction of the new core information system, a change has been made to the way to recognize sales: the standard for recording sales of goods in Japan, previously calculated at the point of shipping, is now based on the date when the goods are delivered to and arrived at the customer site.

*2 To coincide with the introduction of the new core information system, a change has been made – beginning with the first quarter of this fiscal year – to the way in which internal sales and transfers between segments are calculated . Figures for the same period last year have been recalculated accordingly so as to enable meaningful comparisons to be made.

Segment Information – LA Business

Orders Received / Sales

Despite the effect of the sale of the health, welfare, and nursing care business in the previous fiscal year,* orders received increased; this was principally because of a recovery in the Life Science Engineering (LSE) field, which had faced a challenging business environment for some time. As part of the process of implementing business reforms in the LSE field, orders decreased in the second half of the previous fiscal year; this led to a fall in sales which, compounded by the impact of the aforesaid sale, resulted in a fall in sales overall.

Segment Profit (Loss)

The success of each business structure reform in the business, carried out in the previous fiscal year, and a reduction in goodwill amortization costs together led to a significant improvement in segment loss.

[Billions of yen]

	This period (A)	Same period last year (B)	Difference (A) - (B)	Difference % Change
Orders received	14.0	12.4	1.5	*12.4*
Sales	10.2	11.7	(1.4)	*(12.2)*
Segment profit (loss)	(0.0)	(0.7)	0.7	-
%	*(0.8)*	*(6.7)*	*5.9P*	

(Reference) Goodwill amortization costs	0.1	0.3	(0.2)	

* 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 SECURITY SERVICES CO., LTD. in Feb., 2015. The numbers of the same period last year contain the results of the company.

1. Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2016

[Reference] Orders Received by Segment

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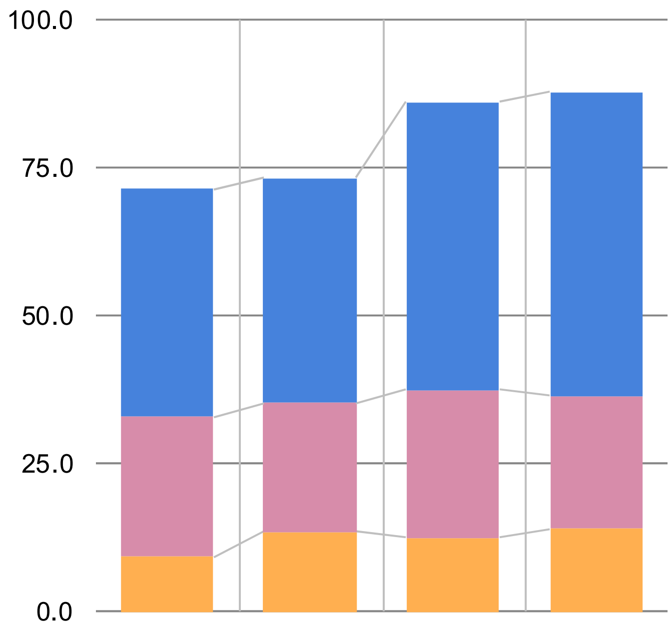
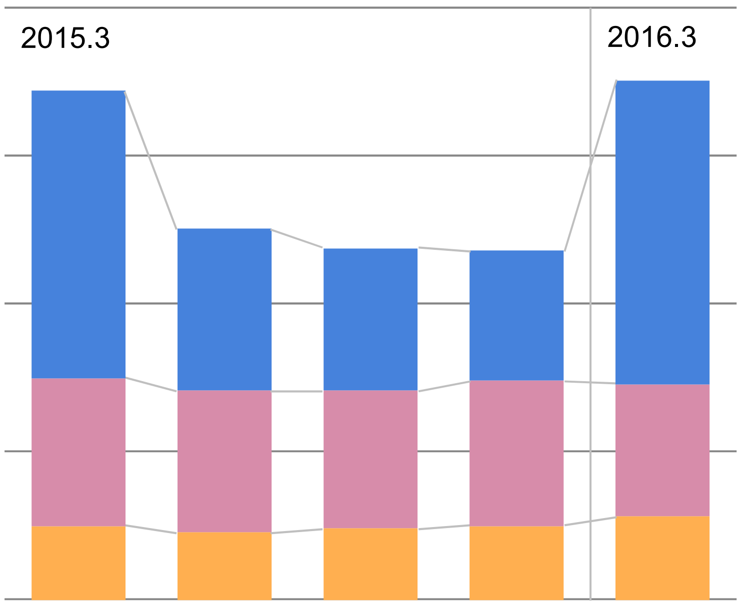
[Billions of yen]

< Same period comparison >



	2013.3 Q1	2014.3 Q1	2015.3 Q1 *2	**2016.3 Q1**
B A	38.5	38.0	*1 48.6	**51.4**
A A	23.6	21.9	25.0	**22.4**
L A	9.3	13.4	12.4	**14.0**
Consolidated	71.3	73.0	86.0	**87.8**

< Quarterly >



	2015.3 *2 Q1	Q2	Q3	Q4	**2016.3 Q1**
B A	*1 48.6	27.4	24.2	21.9	**51.4**
A A	25.0	24.0	23.3	24.5	**22.4**
L A	12.4	11.3	12.0	12.5	**14.0**
Consolidated	86.0	62.6	59.4	58.7	**87.8**

*1 Orders resulting from the renewal of a number of large-scale service contracts that span several years have been recorded as a lump sum for the period.
*2 To coincide with the introduction of the new core information system, a change has been made – beginning with the first quarter of this fiscal year – to the way in which orders received between segments are calculated . Figures for the same period last year have been recalculated accordingly so as to enable meaningful comparisons to be made.

[Reference] Sales by Segment

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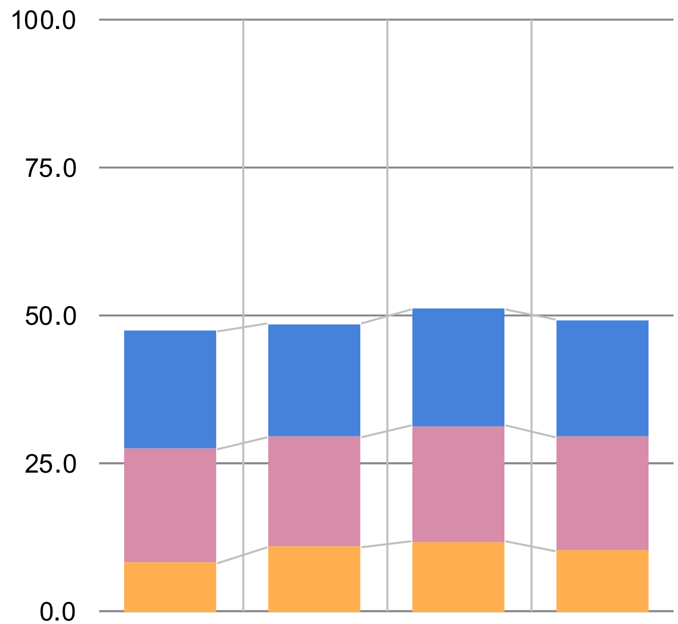
[Billions of yen]

< Same period comparison >



	2013.3 Q1	2014.3 Q1	2015.3 Q1 *	**2016.3 Q1**
B A	19.9	19.1	19.7	**19.8**
A A	19.3	18.6	19.7	**19.3**
L A	8.2	10.9	11.7	**10.2**
Consolidated	47.1	48.5	51.0	**49.2**

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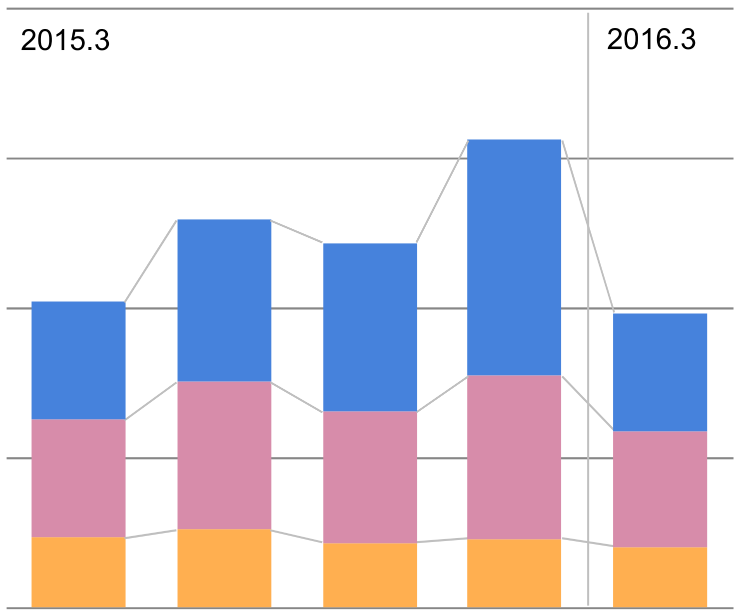


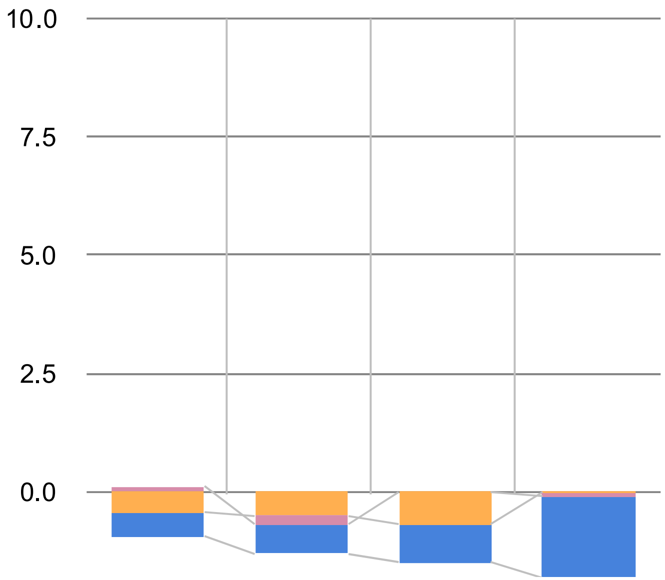
	2015.3 * Q1	Q2	Q3	Q4	**2016.3 Q1**
B A	19.7	26.9	28.2	39.3	**19.8**
A A	19.7	24.8	21.8	27.2	**19.3**
L A	11.7	13.0	10.9	11.6	**10.2**
Consolidated	51.0	64.6	60.8	77.9	**49.2**

* To coincide with the introduction of the new core information system, a change has been made – beginning with the first quarter of this fiscal year – to the way in which internal sales and transfers between segments are calculated . Figures for the same period last year have been recalculated accordingly so as to enable meaningful comparisons to be made.

[Reference] Segment Profit (Operating Income)

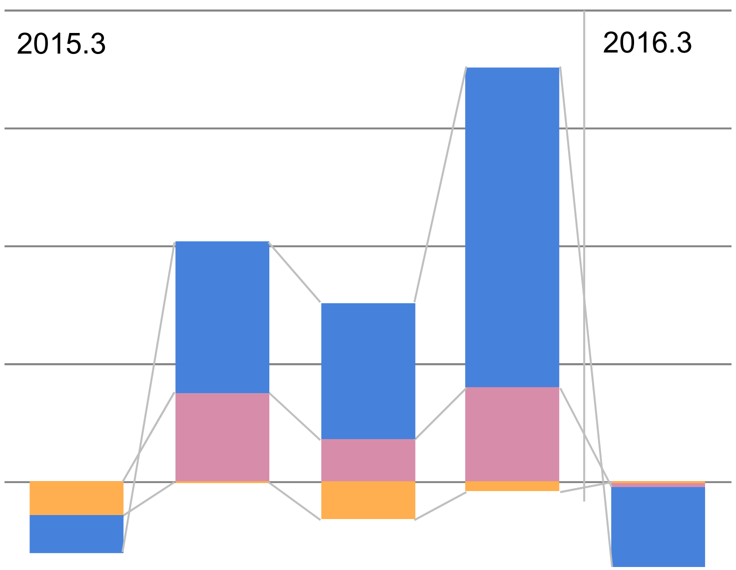
[Billions of yen]

< Same period comparison >



	2013.3 Q1	2014.3 Q1	2015.3 Q1	**2016.3 Q1**
B A	(0.5)	(0.6)	(0.8)	**(1.7)**
A A	0.1	(0.2)	0.0	**(0.1)**
L A	(0.4)	(0.5)	(0.7)	**(0.0)**
Consolidated	(0.9)	(1.5)	(1.5)	**(1.9)**

< Quarterly >



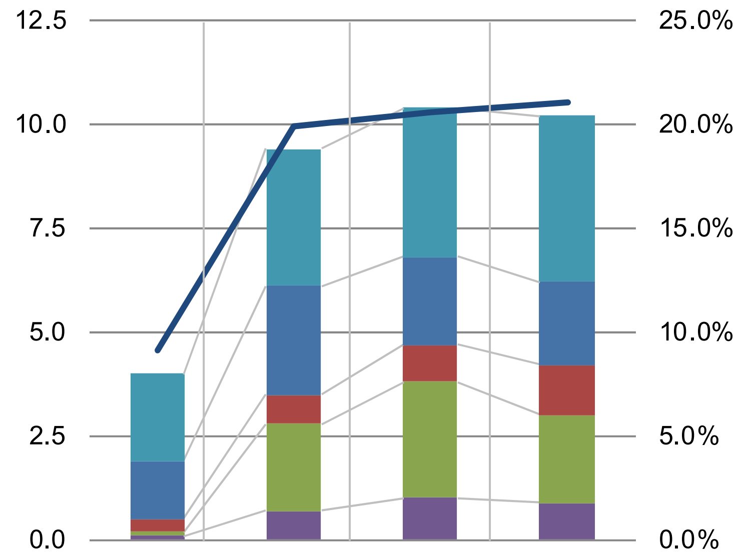
2015.3 Q1	Q2	Q3	Q4	**2016.3 Q1**
(0.8)	3.2	2.9	6.8	**(1.7)**
0.0	1.9	0.9	2.0	**(0.1)**
(0.7)	(0.0)	(0.8)	(0.2)	**(0.0)**
(1.5)	5.1	2.9	8.7	**(1.9)**

Overseas Sales by Region

Overseas, BA and AA business sales increased, but the LSE field (LA business) suffered a fall in sales. Thus overseas sales were on a par with the same period last year.

- In Asia, all businesses achieved sales growth, especially in the LSE field (LA business).
- In China, the BA business achieved growth with the recovery in local markets. The AA business suffered a fall in sales, mainly due to reduced sales in the process automation field.
- In North America, sales growth was achieved thanks to continued robust performance by the AA business in supplying solutions for equipment manufacturers.
- In Europe, sales fell, mainly because of decreased sales in the LSE field (LA business).

[Billions of yen]



	2013.3 Q1	2014.3 Q1	2015.3 Q1	2016.3 Q1
Asia	2.1	3.3	3.6	**4.0**
China	1.4	2.6	2.1	**2.0**
North America	0.3	0.7	0.9	**1.2**
Europe	0.1	2.1	2.8	**2.1**
Others	0.1	0.7	1.0	**0.9**
Total	4.2	9.6	10.5	**10.4**

[Reference]

Ratio of overseas sales to net sales	9.1%	19.9%	20.6%	**21.1%**
Yen - 1USD	79.36	92.47	102.78	**119.17**
Yen - 1EURO	104.15	122.06	140.80	**134.00**

* 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 consolidated subsidiary. And its profit & loss figures have been included from the fiscal year ended Mar. 2014.

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Consolidated Financial Position

- **Assets** Sales are concentrated in the second and fourth quarters, so notes and accounts receivable-trade as of June 30, 2015 fell sharply. Overall there was a decrease of 18.6 billion yen.
- **Liabilities** In addition to a decrease in notes and accounts payable-trade, following the payment of income tax there was a fall in income taxes payable; also provision for bonuses decreased following bonus payment. Overall, liabilities fell by 12.3 billion yen.
- **Net assets** The repurchasing of treasury shares and the application of the revised “Accounting Standard for Business Combinations” (decreased about 1.4 billion yen) together led to a decrease in shareholders’ equity. Furthermore, the recording of loss attributable to owners of parent and the payment of a dividend led to a further fall. The overall decrease was 6.3 billion yen.

[Billions of yen]

	As of Jun. 30, 2015 (A)	As of Mar. 31, 2015 (B)	Difference (A) - (B)
Current assets	**179.8**	**197.9**	**(18.1)**
Cash and deposits	51.9	58.8	(6.8)
Notes and accounts receivable-trade	69.4	88.9	(19.5)
Inventories	25.0	21.6	3.4
Others	33.3	28.5	4.8
Noncurrent assets	**67.1**	**67.7**	**(0.5)**
Property, plant and equipment	25.1	25.6	(0.5)
Intangible assets	9.7	11.5	(1.7)
Investments and other assets	32.2	30.4	1.7
Total assets	**247.0**	**265.7**	**(18.6)**

	As of Jun. 30, 2015 (A)	As of Mar. 31, 2015 (B)	Difference (A) - (B)
Liabilities	**93.0**	**105.4**	**(12.3)**
Current liabilities	**77.6**	**89.6**	**(12.0)**
Notes and accounts payable-trade	38.0	42.6	(4.6)
Short-term loans and bonds	14.5	15.8	(1.2)
Others	25.1	31.1	(6.0)
Noncurrent liabilities	**15.4**	**15.7**	**(0.3)**
Long-term loans and bonds	0.8	0.8	(0.0)
Others	14.6	14.8	(0.2)
Net assets	**153.9**	**160.2**	**(6.3)**
Shareholders' equity	**139.5**	**146.6**	**(7.1)**
Capital stock	10.5	10.5	-
Capital surplus	12.3	17.1	(4.8)
Retained earnings	121.2	121.5	(0.2)
Treasury shares	(4.6)	(2.6)	(2.0)
Accumulated other comprehensive income	**12.4**	**11.6**	**0.7**
Non-controlling interests	**2.0**	**2.0**	**0.0**
Total liabilities and net assets	**247.0**	**265.7**	**(18.6)**

（Reference）Shareholders’ equity ratio: 61.5% (as of June 30, 2015), 59.6% (as of March 31, 2015)

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

→No revision from the recent announcement

Consolidated Financial Plan

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- Although there is a difference in the progress of revenue by business, consolidated results in the first quarter of the current cumulative period have generally remained within the scope of the initial plan. The plans previously published (May 13, 2015) for the second quarter of the cumulative period and for the full fiscal year remain unchanged.

[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 costs]	[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 attributable to owners of parent	2.0	9.0	11.0	7.1	3.8	*53.4*
%	*1.7*	*6.3*	*4.2*	*2.8*	*1.4P*	

Segment Information

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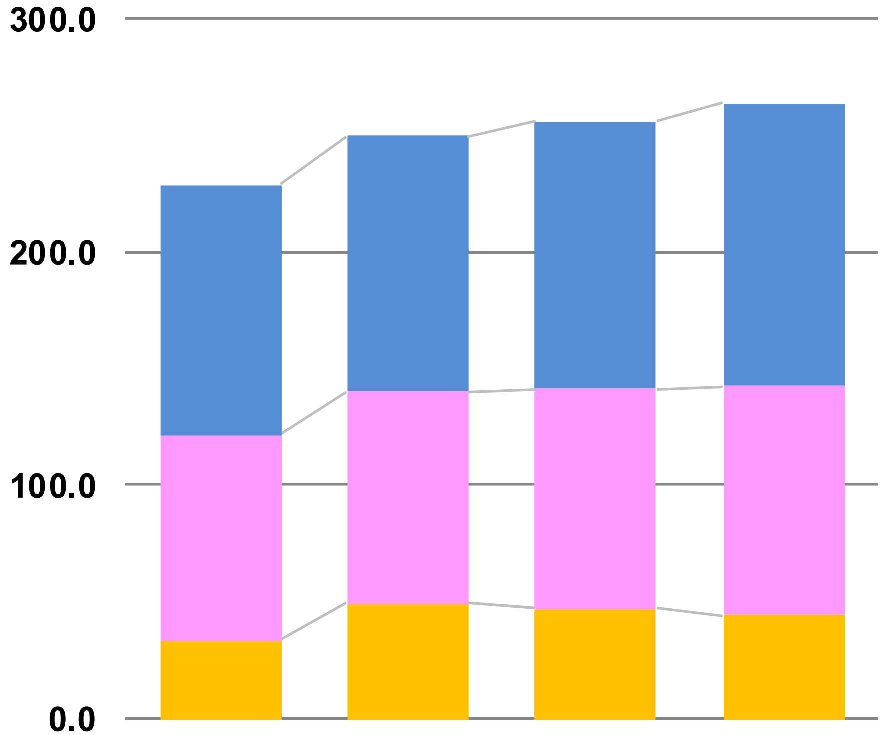
[Billions of yen]

		2016/3 (Plan) 1st half	2016/3 (Plan) 2nd half	(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 costs]	[-]	[-]	[-]	[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 costs]	[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 costs]	[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 costs]	[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 previous 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 2015; however, the impact on segment profit has been small.

[Reference] Sales by Segment

[Billions of yen]



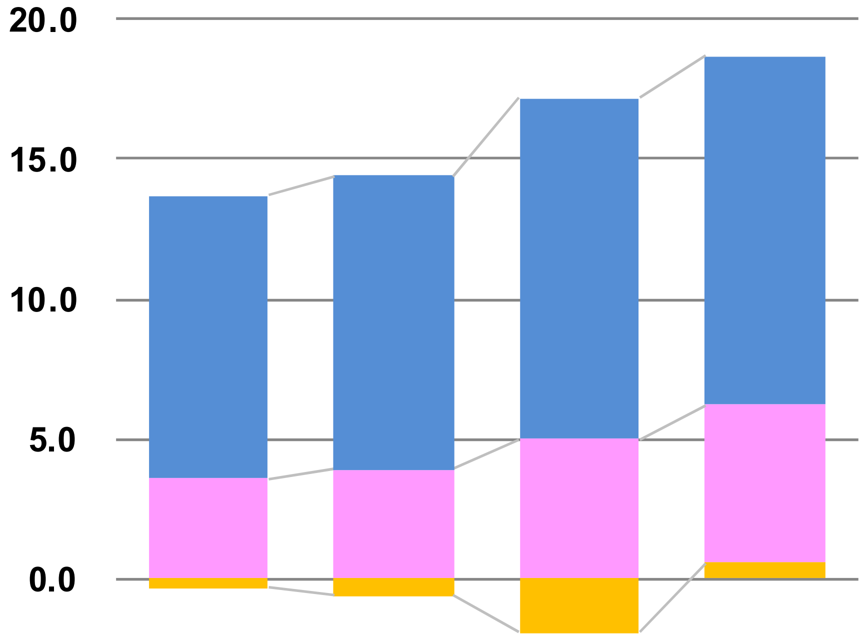
	2013/3	2014/3	2015/3	**2016/3 (Plan)**
BA	107.4	109.5	114.5	**121.5**
AA	87.6	90.8	94.3	**98.0**
LA	33.9	*1 49.5	*2 47.3	**44.5**
Consolidated	227.5	248.4	254.4	**263.0**

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

*2 In the fourth quarter of the previous 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)**
B A	10.1	10.5	12.2	**12.5**
A A	3.6	3.9	5.0	**5.6**
L A	(0.3)	*1 (0.6)	*2 (1.9)	**0.6**
Consolidated	13.4	13.9	15.3	**18.7**

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

*2 In the fourth quarter of the previous 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

→No revision from the recent announcement

Dividend Plan

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Dividend Plan for the Fiscal Year Ending March 2016

→No change from the initial plan

Annual Dividend: 67 yen per share

(Increase annual dividend of 63 yen by 4 yen in ordinary dividend in fiscal year ended March 2015)

[Basic policy]

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

[Reference] Dividends 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	33.5(Plan)	33.5(Plan）
Payout ratio	64.9%		45.0%	
Dividend on equity （DOE）	3.1%		3.1%	

（Reference）Dividends yield: 2.1% (as of June 30, 2015)

Repurchase of Treasury Shares

Repurchase of Treasury Shares

→Carried out as the initial plan

Total amount of repurchase: **approx. 1,998 million yen**

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

Period of repurchase: **May 14, 2015 - June 8, 2015**

[Basic policy]

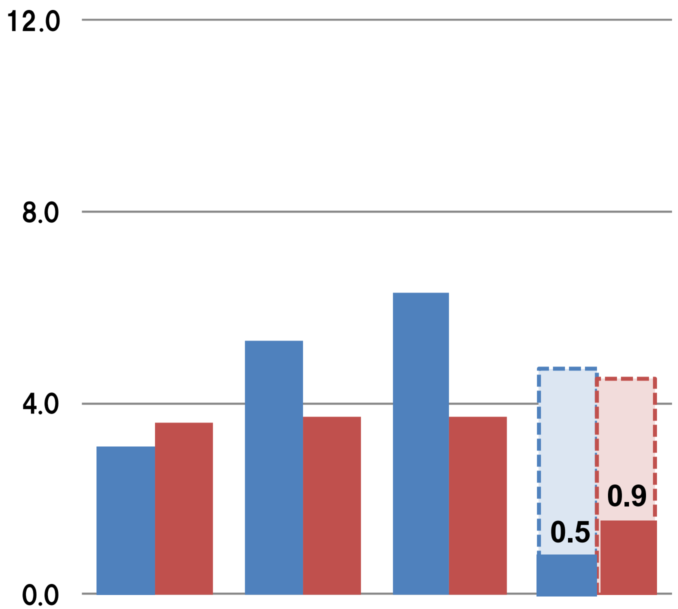
Taking into consideration the future business performance forecast, the Company aims not only to improve capital efficiency but also to enhance the return of profits to shareholders and develop capital policies in response to changes in the corporate environment.

Relevant Information

Relevant Information
Capital Expenditure, Depreciation and R&D Expenses

[Billions of yen]

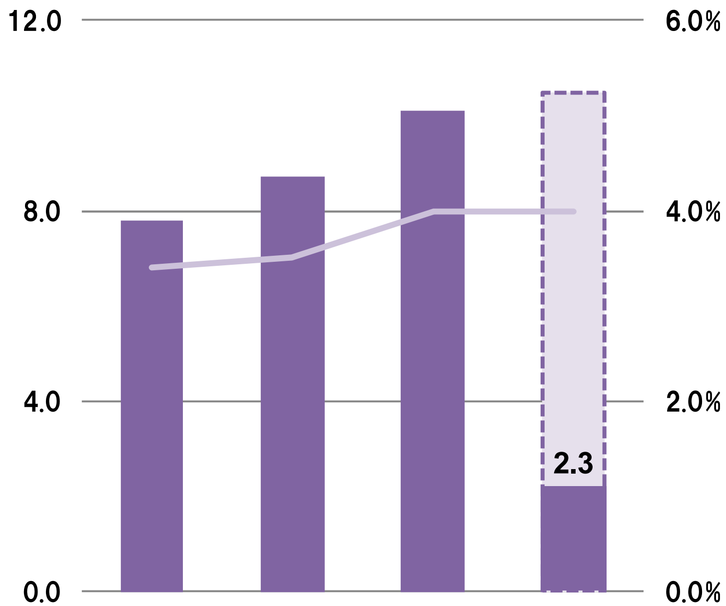
Capital Expenditure, Depreciation



	2013/3	2014/3	2015/3	**2016/3** (Plan/Result)
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. 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/Result)
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”**