Human-centered Automation

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Analyst Meeting Materials

For the First Half Ended September 30, 2015 (Based on Japanese 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.

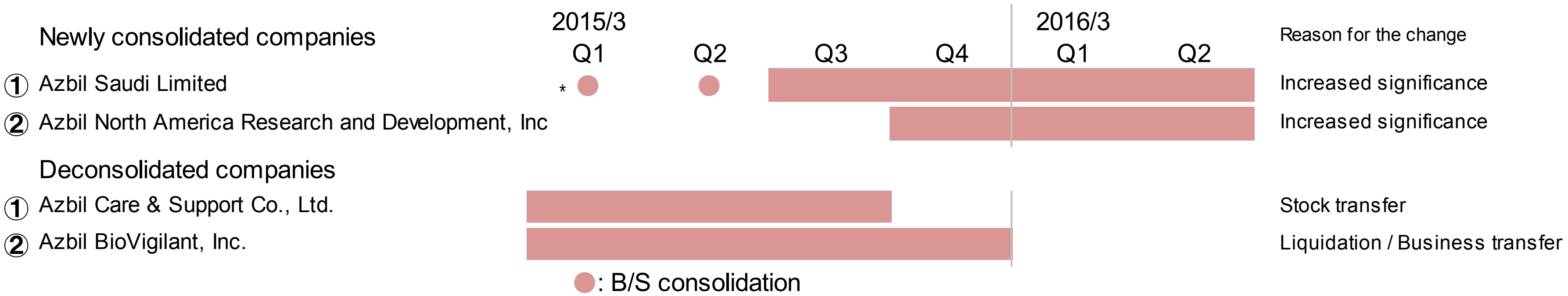
   B A: Building Automation
   A A: Advanced Automation
   L A: Life Automation

3. Each segment amounts include internal transactions between business segments. To coincide with the introduction of the new core information system, a change has been made to the way in which internal sales and transfers between segments are calculated from this fiscal year. Figures for the same period last year have been recalculated accordingly so as to enable meaningful comparisons to be made.

4. Sales for the azbil Group tend to be concentrated in the second half accounting period, while fixed costs are generated constantly. This means that profits in the first half accounting period are typically lower than the second half.

5. The financial plans 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. Changes in the scope of consolidation are as follows:



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

Notes:

7. To coincide with the introduction of the new core information system, from this fiscal year the following changes in accounting policies and strengthening of the administrative system have been made:

1) The way to record orders received for multi-year contracts. (■ The impact from this change is below. / Now we record all multi-year contracts. [Previously, some large-scale service projects such as under “market testing” were recorded])

[Billions of Yen]

		2016/3 H1	2015/3 H1	Difference
The figure recorded for large-scale service projects such as "market testing".		1.4	7.6	(6.2)
The figure recorded for the change.		8.5	-	+8.5
	The orders received in this period	4.5	-	+4.5
	The orders received in the prior period	3.9	-	+3.9
Total		9.9	7.6	+2.3

2) The timing of recognizing sales for goods in Japan. (■■ Marginal impact / Now based on the day of arrival [Previously, based on the day of shipping])

3) The way to calculate internal sales and transfers between segments. (■■ Marginal impact / Figures for the same period last year have been recalculated accordingly so as to enable meaningful comparisons to be made.)

4) Unifying of job profit-and-loss management procedures (■■ Mainly affects BA business / Temporary increase in costs engendered by revision to the accounting standard for loss provision, etc.)

The segment affected

■ B A ■ A A

8. From the year ending March 31, 2016, “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on September 13, 2013) etc., were applied, and “net income” is now termed “net income attributable to owners of parent”.

1. Financial Results for the First Half Ended September 30, 2015

Consolidated Financial Results

Compared to the plan (5/13/2015)

Due to the focus on sales activities for large-scale projects in the new building field, overall BA business sales were below the level set in the plan. Also, due to uncertainty regarding the future outlook in Japan and abroad, the resulting slowdown in capital investment have meant that the AA business failed to meet the plan. Overall results, therefore, fell short. Thus, despite the fact that the LA business improved profits in line with the plan, operating income was 1.1 billion yen less than the plan.

Compared to the same period last year

In addition to a favorable business environment, a revision to the way orders for multi-year contracts are recorded Note 7 helped to ensure increased orders for the BA business. Orders also Increased in the other two business, and overall orders received expanded. BA sales grew, and also LA sales increased except the impact of the business transfer in the previous fiscal year. AA sales fell, mainly due to weak domestic demand. Overall performance was not quite enough to offset the negative impact of the business transfer. Operating income was significantly higher thanks to the sweeping business structure reforms implemented by the LA business. Seen overall, however, results were on a par with the same period last year. This is because of several factors: reduced AA sales; changes to the sales mix of the BA business; increased costs faced by both these businesses associated with business expansion and strengthening of the business foundation (R&D, core information system amortization); and the effect of steps to reinforce the administrative system and revise the accounting policy to coincide with the introduction of the core information system.

[Billions of yen]

	This period (A)	Plan (5/13/2015) (B)	Difference		Same period last year (C)	Difference	
			(A) - (B)	% Change		(A) - (C)	% Change
Orders received	159.7				148.7	10.9	7.4
Net sales	114.0	119.0	(4.9)	(4.1)	115.6	(1.6)	(1.4)
Japan	90.0				93.5	(3.4)	(3.7)
Overseas	24.0				22.1	1.8	8.3
Gross profit	39.0				39.4	(0.4)	(1.1)
%	34.2				34.1	0.1P	
SG & A	35.5				35.9	(0.3)	(1.1)
[include amortization of goodwill]	[0.3]	[0.3]	-		[0.9]	[(0.5)]	
Operating income	3.5	4.7	(1.1)	(24.6)	3.5	(0.0)	(1.4)
%	3.1	3.9	(0.8P)		3.1	0.0P	
Ordinary income	3.4	4.4	(0.9)	(21.3)	4.4	(1.0)	(22.7)
Income before income taxes	3.3				4.1	(0.7)	(18.0)
Net income attributable to owners of parent	1.7	2.0	(0.2)	(13.2)	2.1	(0.4)	(20.1)
%	1.5	1.7	(0.2P)		1.9	(0.4P)	

Segment Information - ■ BA Business

■ Compared to the plan (5/13/2015)

Sales remained robust for new buildings thanks to redevelopment projects in the Tokyo metropolitan area, but fell short of the plan in the market for existing buildings and service. In overseas markets too sales were below the level set in the plan. Overall results, therefore, fell short. Consequently, segment profit also failed to meet the plan.

■ Compared to the same period last year

In addition to the buoyant redevelopment projects in the Tokyo metropolitan area and robust energy-saving demand, because of a revision made to the way orders for multi-year contracts are recorded, domestic market orders increased considerably. Steady growth was achieved overseas, too. Despite there being a clear increase in sales in the domestic market for new buildings, sales fell in the service field, which has a large impact on BA profit, and also in part of the market for existing buildings. Overall segment profit decreased. This is because of several factors: the aforementioned change to the sales mix; the effect of measures and system development undertaken in anticipation of the future business opportunities afforded throughout the lifecycle of a building; extra costs incurred by R&D activities aimed at future business expansion; increased costs associated with operating the new core information system; and the impact of unifying job profit-and-loss management procedures to coincide with the introduction of the aforesaid information system.

[Billions of yen]

	This period (A)	Plan (5/13/2015) (B)	Difference		Same period last year (C)	Difference	
			(A) - (B)	% Change		(A) - (C)	% Change
Orders received	85.5				76.1	9.4	12.4
Sales	48.1	51.0	(2.8)	(5.5)	46.6	1.5	3.3
Segment profit	1.7	2.4	(0.6)	(28.7)	2.4	(0.6)	(28.9)
%	3.6	4.7	(1.2P)		5.2	(1.6P)	

(Reference) Amortization of goodwill	-	-	-		0.0	(0.0)	

Segment Information - ■ AA Business

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■ Compared to the plan (5/13/2015)

Although there have been clear benefits to fostering business expansion in the HA/FA field* by launching new products, sales fell short of the plan owing to the effect of the economic slowdown in China, which spread as far as Japan and South East Asia. From the middle of the period this slowdown was particularly evident in the field of control products, both in Japan and abroad. Sales fell short of the plan, as did segment profit.

■ Compared to the same period last year

Orders received increased in the domestic market. Abroad, it was comparatively affected by the fact that an overseas subsidiary was newly consolidated in the same period last year; [Note 6] also, there was a drop in China reflecting the slowing of economic growth there. Nevertheless, orders received grew overall. Turning to sales, revenue growth was achieved in overseas markets but in Japan system and service sales suffered from seasonal stagnation. The fact that there was a large-scale project in the same period last year only exacerbated this, and with reduced sales to the materials industry an overall decrease in sales was unavoidable. The optimal allocation of Group resources that was implemented in the last fiscal year has reaped benefits, but overall segment profit decreased, reflecting mainly the fall in sales but also the extra costs incurred by R&D activities and the increased costs associated with operating the new core information system.

[Billions of yen]

	This period (A)	Plan (5/13/2015) (B)	Difference (A) - (B)	Difference % Change	Same period last year (C)	Difference (A) - (C)	Difference % Change
Orders received	50.1				49.1	1.0	*2.0*
Sales	43.6	46.0	(2.3)	*(5.1)*	44.5	(0.9)	*(2.1)*
Segment profit	1.5	2.0	(0.4)	*(22.9)*	2.0	(0.4)	*(23.3)*
%	*3.5*	*4.3*	*(0.8P)*		*4.5*	*(1.0P)*	

(Reference) Amortization of goodwill	0.1	0.1	-		0.1	(0.0)	

* The azbil Group has identified advanced industries such as electrical/electronics, semiconductors, cars and chemical (downstream), and domestic demand-oriented industries such as food and pharmaceutical industries, together with the companies that produce manufacturing equipment for the aforesaid industries. These are referred to collectively as Hybrid Automation / Factory Automation (HA/FA) field, and the Group is actively engaged in growing its business in this field.

Segment Information - ■ LA Business

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■ Compared to the plan (5/13/2015)

Sales were up to the level set by the plan. Steady progress was made with business structure reforms, mainly in the Life Science Engineering (LSE) field, and overall segment profit achieved the planned level.

■ Compared to the same period last year

Despite the negative impact of transferring its business in the health, welfare, and nursing care field* in the previous fiscal year, LSE orders recovered, boosted by a large-scale project, and thus LA orders increased. Sales remained on course for each of the constituent businesses, but owing to the impact of the abovementioned transfer of business, sales fell overall. Profitability greatly improved, especially in the LSE field, in which radical business structure reforms have been implemented since last year. Segment profit was also assisted by a reduction in goodwill amortization costs, and the business returned to the black.

[Billions of yen]

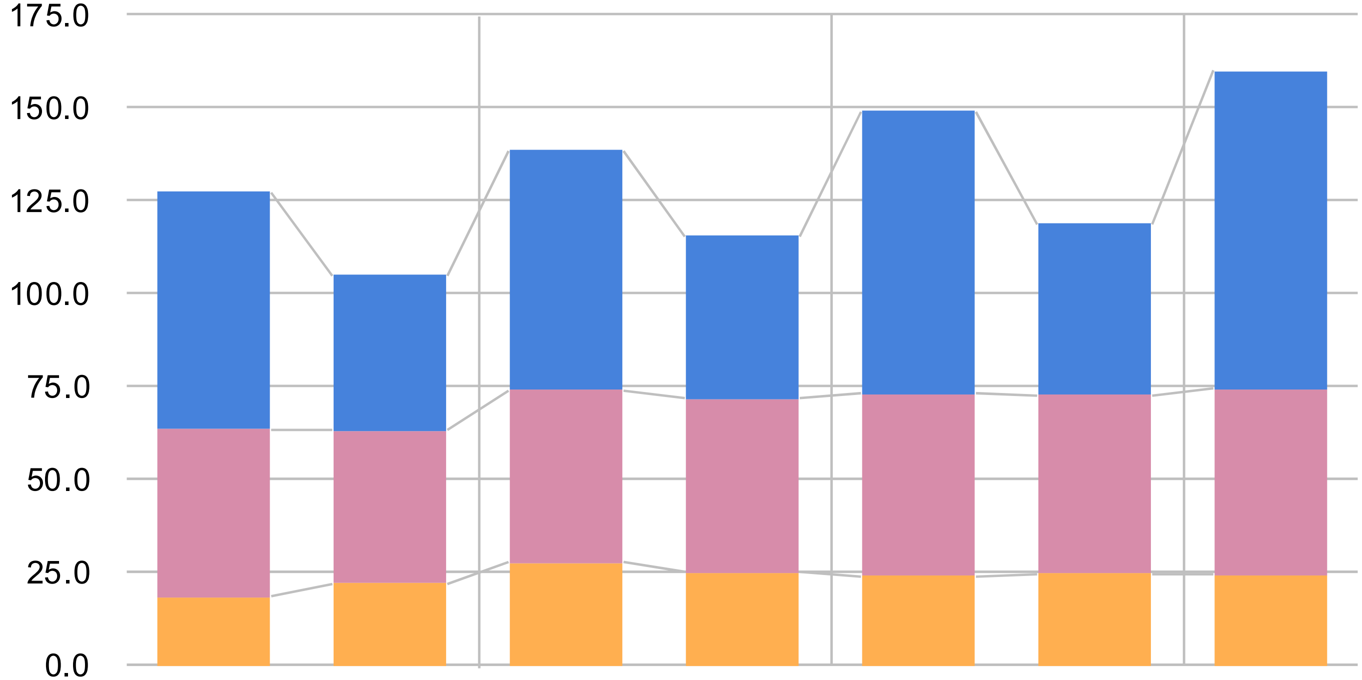
	This period (A)	Plan (5/13/2015) (B)	Difference		Same period last year (C)	Difference	
			(A) - (B)	% Change		(A) - (C)	% Change
Orders received	24.3				23.8	0.5	*2.3*
Sales	22.7	22.5	0.2	*1.1*	24.7	(2.0)	*(8.2)*
Segment profit (loss)	0.2	0.3	(0.0)	-	(0.8)	1.1	-
%	*1.2*	*1.3*	*(0.1P)*		*(3.4)*	*4.6P*	

(Reference) Amortization of goodwill	0.2	0.2	-		0.6	(0.4)	

* On 4th 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 impact on orders received and sales of the period is about 2.2 billion yen; however, the impact on segment profit has been small.

[Reference] Orders Received by Segment

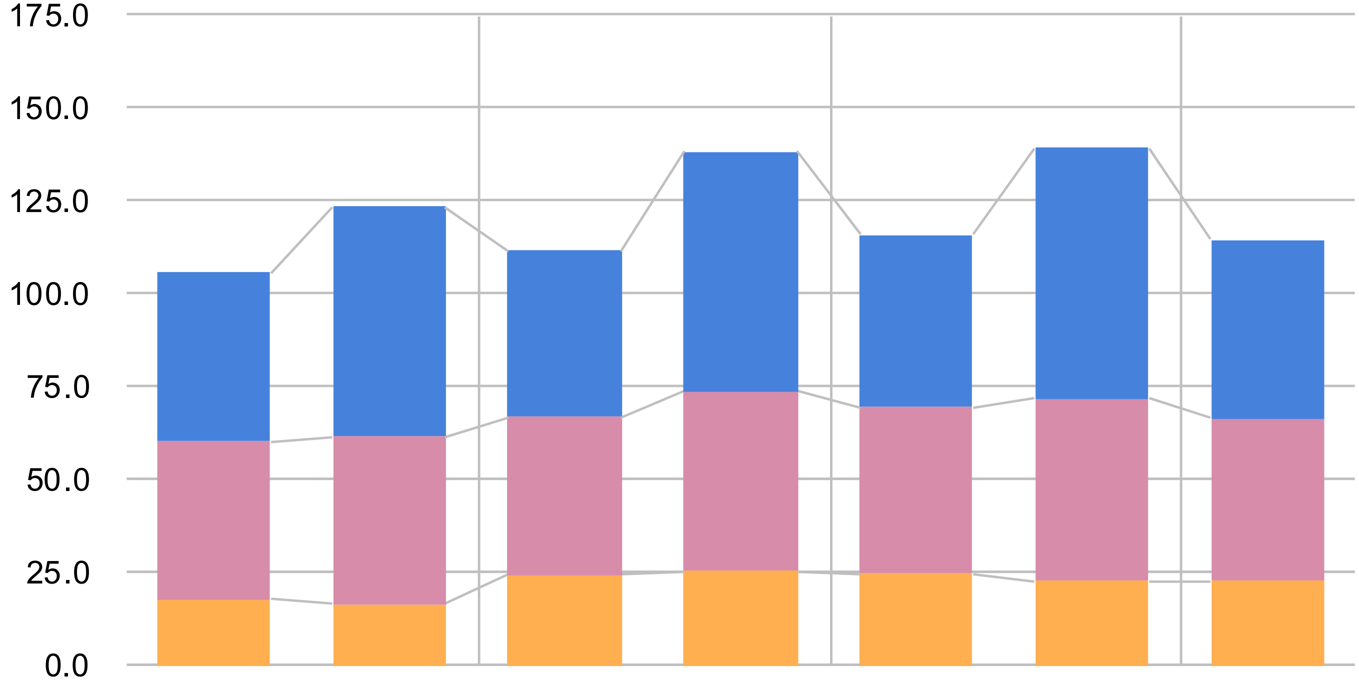
[Billions of yen]



	2013/3 H1	2013/3 H2	2014/3 H1	2014/3 H2	2015/3 H1	2015/3 H2	**2016/3 H1**
B A	63.9	41.8	64.4	44.0	76.1	46.1	**85.5**
A A	45.2	41.4	46.5	46.5	49.1	47.9	**50.1**
L A	18.3	21.8	27.6	25.0	23.8	24.6	**24.3**
Consolidated	126.7	104.3	137.6	114.7	148.7	118.1	**159.7**

[Reference] Sales by Segment

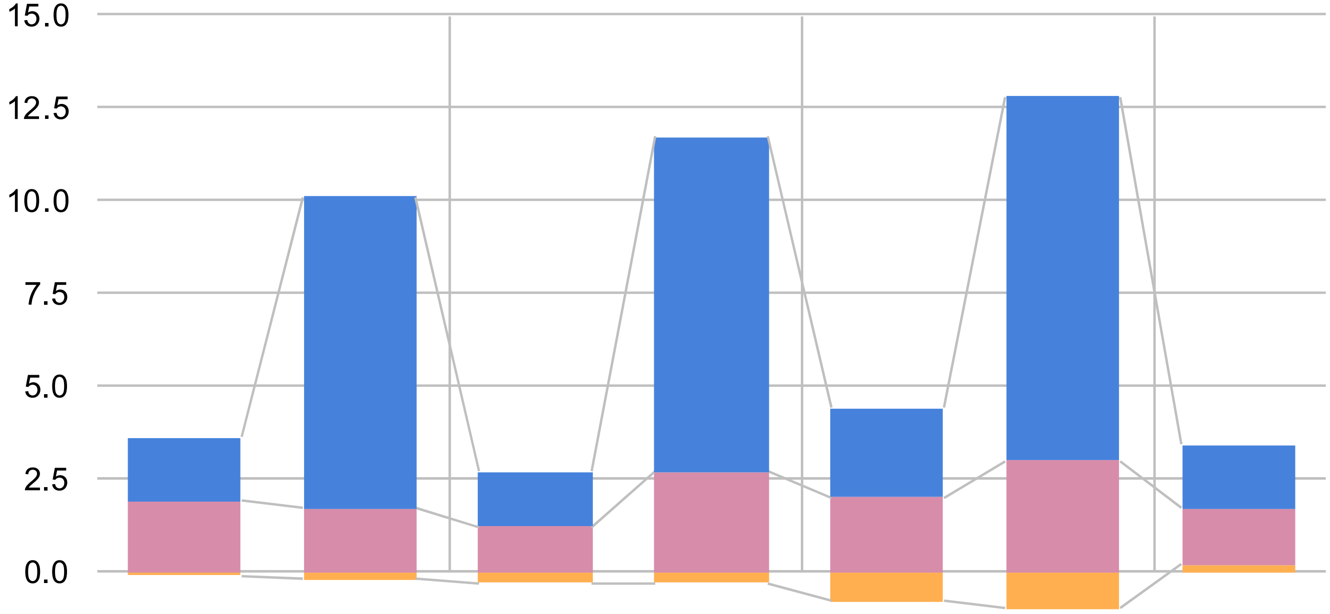
[Billions of yen]



	2013/3 H1	2013/3 H2	2014/3 H1	2014/3 H2	2015/3 H1	2015/3 H2	**2016/3 H1**
BA	45.3	62.0	45.0	64.4	46.6	67.6	**48.1**
AA	42.6	45.0	42.4	48.3	44.5	49.0	**43.6**
LA	17.5	16.4	24.2	25.3	24.7	22.5	**22.7**
Consolidated	104.7	122.8	111.2	137.1	115.6	138.7	**114.0**

[Reference] Segment Profit (Operating Income)

[Billions of yen]



	2013/3 H1	2013/3 H2	2014/3 H1	2014/3 H2	2015/3 H1	2015/3 H2	**2016/3 H1**
B A	1.7	8.4	1.5	9.0	2.4	9.8	**1.7**
A A	1.9	1.7	1.2	2.7	2.0	3.0	**1.5**
L A	(0.1)	(0.2)	(0.3)	(0.3)	(0.8)	(1.0)	**0.2**
Consolidated	3.5	9.8	2.4	11.4	3.5	11.7	**3.5**

1. Financial Results for the First Half Ended September 30, 2015

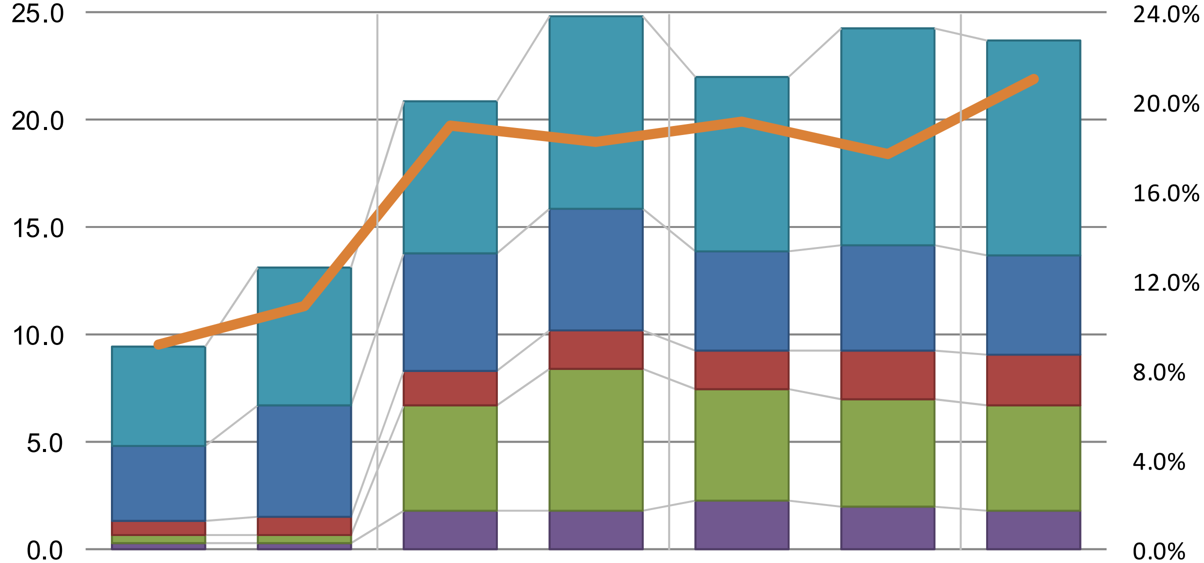
Overseas Sales by Region

[Billions of yen]

<Compared to the same period last year>

Overseas sales grew for all 3 businesses, thanks in part to favorable exchange rates.

- In Asia, all businesses achieved sales growth, especially for the AA business and the LSE field (LA business).
- In China, the improvement seen in the BA and LA businesses was sufficient to offset the slowdown in the AA business, so results were on a par with the same period last year.
- 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 for the AA business and the LSE field (LA business).



	2013/3 H1	2013/3 H2	2014/3 H1	2014/3 H2	2015/3 H1	2015/3 H2	2016/3 H1
Asia	4.7	6.4	7.1	8.9	8.1	10.1	**10.0**
China	3.4	5.2	5.5	5.7	4.6	4.9	**4.6**
North America	0.7	0.8	1.6	1.8	1.8	2.3	**2.4**
Europe	0.4	0.4	4.9	6.6	5.2	5.0	**4.9**
Others	0.3	0.3	1.8	1.8	2.3	2.0	**1.8**
Consolidated	9.5	13.3	22.1	24.9	22.1	24.5	**24.0**

[Reference information]

	2013/3 H1	2013/3 H2	2014/3 H1	2014/3 H2	2015/3 H1	2015/3 H2	2016/3 H1
Overseas sales/ Net sales	9.2%	10.9%	19.0%	18.2%	19.1%	17.7%	**21.0%**
Average exchange rate - USD/JPY	79.78	79.81	95.73	97.73	102.46	105.79	**120.31**
Average exchange rate - EUR/JPY	103.49	102.56	125.63	129.78	140.42	140.35	**134.10**

∗ 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.

Consolidated Financial Position

Owing to seasonal factors, the assets and liabilities of the azbil Group tend to be lower at the end of the first half than at the end of the previous fiscal year.

- **Assets** Total assets decreased by 22.9 billion yen from the previous fiscal year-end as a result of a fall in accounts receivable-trade as well as a decrease in cash and deposits.
- **Liabilities** In addition to a fall in accounts payable-trade, there were also decreases in income taxes payable , provision for bonuses and short-term borrowing. As a result, liabilities decreased by 17.3 billion yen from the previous fiscal year-end.
- **Net assets** While there was an increase due to the posting of net income, *1 there were also decreases resulting from dividend payments and valuation difference on available-for-sale securities. In addition, because of the repurchasing of own shares and the revision made to net assets at the start of this period *2 – specifically, to the unamortized goodwill balance resulting from additional acquisitions in the past – in the current period there was an overall decrease of 5.5 billion yen from the previous fiscal year-end.

*1 Net income attributable to owners of patent

*2 Application of the accounting standard for business combinations, etc.

[Billions of yen]

	As of Sep. 30, 2015 (A)	As of Mar. 31, 2015 (B)	Difference (A) - (B)
Current assets	**178.4**	**197.9**	**(19.5)**
Cash and deposits	48.8	58.8	(9.9)
Notes and accounts receivable-trade	73.8	88.9	(15.1)
Inventories	23.1	21.6	1.5
Others	32.5	28.5	4.0
Noncurrent assets	**64.2**	**67.7**	**(3.4)**
Property, plant and equipment	24.9	25.6	(0.7)
Intangible assets	9.6	11.5	(1.8)
Investments and other assets	29.6	30.4	(0.8)
Total assets	**242.7**	**265.7**	**(22.9)**

	As of Sep. 30, 2015 (A)	As of Mar. 31, 2015 (B)	Difference (A) - (B)
Liabilities	**88.0**	**105.4**	**(17.3)**
Current liabilities	**74.1**	**89.6**	**(15.5)**
Notes and accounts payable-trade	35.9	42.6	(6.7)
Short-term loans and bonds	13.3	15.8	(2.4)
Others	24.7	31.1	(6.4)
Noncurrent liabilities	**13.9**	**15.7**	**(1.8)**
Long-term loans and bonds	0.7	0.8	(0.1)
Others	13.1	14.8	(1.7)
Net assets	**154.7**	**160.2**	**(5.5)**
Shareholders' equity	**142.6**	**146.6**	**(4.0)**
Capital stock	10.5	10.5	-
Capital surplus	12.3	17.1	(4.8)
Retained earnings	124.3	121.5	2.8
Treasury shares	(4.6)	(2.6)	(2.0)
Accumulated other comprehensive income	**10.2**	**11.6**	**(1.4)**
Non-controlling interests	**1.8**	**2.0**	**(0.1)**
Total liabilities and net assets	**242.7**	**265.7**	**(22.9)**

（Reference）Shareholders' equity ratio: 63.0％(as of Sep. 30, 2015), 59.6%(as of Mar. 31, 2015)

Consolidated Cash Flows

azbil

- Cash flow from operating activities was slightly less than for the same period last year, but cash flow from investing activities increased as a result of time deposit refunds and the sales of securities. Free cash flow was 9.8 billion yen, up 11.8 billion yen from the same period last year.
- Cash flow from financing activities was 3.9 billion yen less than in the same period last year due to an increase in outgoings resulting from the repurchase of own shares and the repayment of loans payable.

[Billions of yen]

	This period	Same period last year	Difference	
	(A)	(B)	(A) - (B)	%
Net cash provided by operating activities	2.2	2.8	(0.5)	*(20.5)*
Net cash provided by (used in) investing activities	7.5	(4.9)	12.4	-
Free cash flow (FCF)	9.8	(2.0)	11.8	-
Net cash provided by (used in) financing activities	(6.8)	(2.9)	(3.9)	-
Effect of exchange rate change on cash and cash equivalents	(0.0)	(0.2)	0.1	-
Net increase (decrease) in cash and cash equivalents	2.9	(5.2)	8.1	-
Cash and cash equivalents at beginning of period	51.9	55.8	(3.9)	*(7.0)*
Increase in cash and cash equivalents from newly consolidated subsidiary	-	0.4	(0.4)	*(100.0)*
Cash and cash equivalents at end of period	54.8	51.0	3.7	*7.4*

(Reference)

Capital expenditure	1.4	2.8	(1.3)	*(49.1)*
Depreciation	1.9	1.8	0.1	*7.5*

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

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

Revised Plan

We revised the financial plan for the year ending Mar. 31, 2016 as follows. Net sales was set at 256.0 billion yen (7.0 billion yen lower than the initial plan) and operating income was set at 17.0 billion yen (1.7 billion yen lower than the initial plan).

- BA business: Thanks to a favorable business environment, performance for the 2nd half is expected to be on a par with the initial plan.
- AA business: Due to the difficult business environment in Japan and abroad, the initial plan for the whole fiscal year has been downward revised, but performance for the 2nd half will be maintained at the level of the same period last year.
- LA business: The initial plan for the whole fiscal year has been revised upwards based on the results of the radical business structure reforms.

[Billions of yen]

	Revised plan (A)	Initial plan (5/13/2015) (B)	Difference		Last year (C)	Difference	
			(A) - (B)	*% Change*		(A) - (C)	*% Change*
Net sales	256.0	263.0	(7.0)	*(2.7)*	254.4	1.5	*0.6*
[Goodwill amortization costs]	[0.7]	[0.7]	[-]		[1.8]	[(1.1)]	
Operating income	17.0	18.7	(1.7)	*(9.1)*	15.3	1.6	*10.8*
%	*6.6*	*7.1*	*(0.5P)*		*6.0*	*0.6P*	
Ordinary income	16.6	18.2	(1.6)	*(8.8)*	17.1	(0.5)	*(3.2)*
Net income	9.5	11.0	(1.5)	*(13.6)*	7.1	2.3	*32.5*
%	*3.7*	*4.2*	*(0.5P)*		*2.8*	*0.9P*	

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

Segment Information (1)

azbil

[Billions of yen]

		Revised plan (A)	Initial plan (5/13/2015) (B)	Difference (A) - (B)	Difference % Change	Last year (C)	Difference (A) - (C)	Difference % Change
B A	Sales	119.0	121.5	(2.5)	(2.1)	114.3	4.6	4.1
	[Goodwill amortization costs]	[-]	[-]	[-]		[0.1]	[(0.1)]	
	Segment profit	11.8	12.5	(0.7)	(5.6)	12.2	(0.4)	(3.6)
	%	9.9	10.3	(0.4P)		10.7	(0.8P)	
A A	Sales	93.0	98.0	(5.0)	(5.1)	93.6	(0.6)	(0.7)
	[Goodwill amortization costs]	[0.2]	[0.2]	[-]		[0.3]	[(0.1)]	
	Segment profit	4.5	5.6	(1.1)	(19.6)	5.0	(0.5)	(10.2)
	%	4.8	5.7	(0.9P)		5.4	(0.5P)	
L A	Sales	45.0	44.5	0.5	1.1	47.3	(2.3)	(4.9)
	[Goodwill amortization costs]	[0.5]	[0.5]	[-]		[1.3]	[(0.8)]	
	Segment profit (loss)	0.7	0.6	0.1	16.7	(1.9)	2.6	-
	%	1.6	1.3	0.2P		(4.1)	-	
Consolidated	Net sales	256.0	263.0	(7.0)	(2.7)	254.4	1.5	0.6
	[Goodwill amortization costs]	[0.7]	[0.7]	[-]		[1.8]	[(1.1)]	
	Operating income	17.0	18.7	(1.7)	(9.1)	15.3	1.6	10.8
	%	6.6	7.1	(0.5P)		6.0	0.6P	

Segment Information (2)

azbil

BA
Building Automation

Thanks to a favorable business environment, the performance for 2nd half is expected to be on a par with the initial plan

- Robust demand is expected for urban redevelopment, for the 2020 Summer Olympic and Paralympic Games, and for energy saving and energy management aimed at reducing operating costs for buildings.
- To secure profits, system development will be further strengthened, covering everything from orders to job processing (job processing methods, reallocating human resources, etc.). Also efforts will be made to ensure business opportunities are converted into actual orders and to enhance construction profitability.

AA
Advanced Automation

Initial plan revised downwards to factor in changes to the business environment in Japan and abroad

- Although there is uncertainty regarding future demand in Japan and abroad, the system-related order backlog has grown in this period. The performance for 2nd half is expected to be on a par with the same period last year.
- By focusing on such growth areas as HA/FA and energy management solutions, launching new products/applications, and seeking growth in the energy management business, we will compensate for the falling demand in mature markets.
- Initiatives will be continued to enhance profitability through cost improvement, including the transfer of production overseas, and the reallocation of human resources.

LA
Life Automation

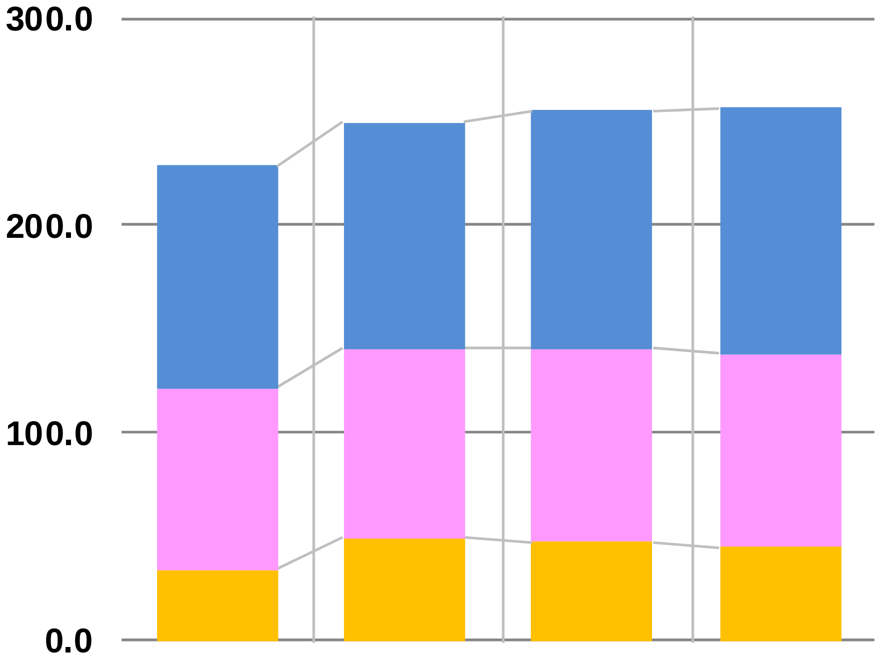
Performance expected to surpass plan thanks to steady progress of initiatives to improve profitability

- Business structure reforms targeting the constituent parts of the LA business, especially the Life Science Engineering (LSE) field, will be continued, and profits are expected to improve.

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

[Reference] Sales by Segment

[Billions of yen]



	2013/3	2014/3	2015/3	**2016/3 (Revised Plan)**
B A	107.4	109.5	114.3	**119.0**
A A	87.6	90.8	93.6	**93.0**
L A	33.9	*1 49.5	*2 47.3	**45.0**
Consolidated	227.5	248.4	254.4	**256.0**

*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)

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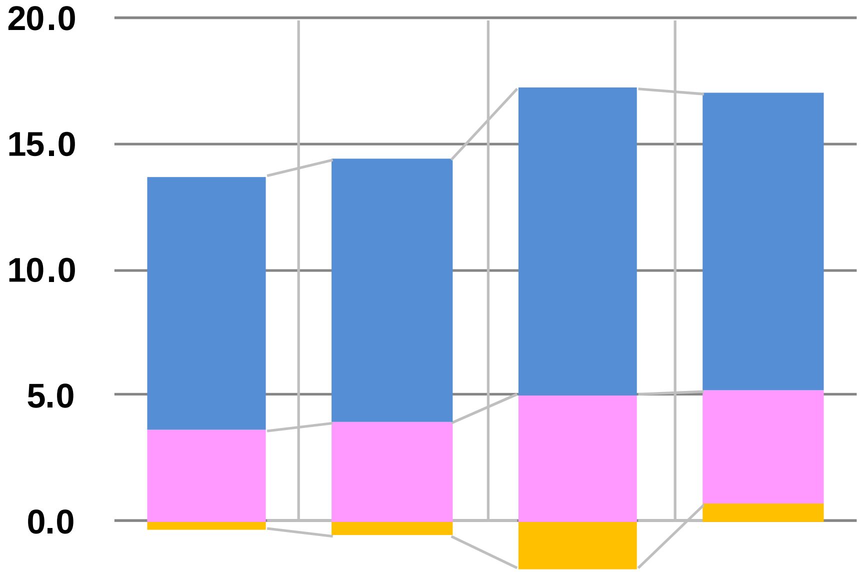
[Billions of yen]



	2013/3	2014/3	2015/3	**2016/3 (Revised Plan)**
B A	10.1	10.5	12.2	**11.8**
A A	3.6	3.9	5.0	**4.5**
L A	(0.3)	*1 (0.6)	*2 (1.9)	**0.7**
Consolidated	13.4	13.9	15.3	**17.0**

*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.

3. Return to Shareholders

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%		51.7%	
Dividend on equity （DOE）	3.1%		3.1%	

（Reference）Dividends yield: 2.2% (as of Sep. 30, 2015)

Repurchase of Own Shares

Repurchase of Own 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**

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.

4. Toward Future Business Development

Looking beyond the medium-term plan
while adjusting to changes in the business environment

Medium-term Plan (2013/4-2017/3)

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 making use of the group synergy;
3. Enhancement of the corporate structure and reallocation of human resources to facilitate globalization and structural changes in domestic markets.

3 Initiatives	• Becoming a long-term partner for the customer and the community by offering solutions based on our technologies and products • Taking global operations to the next level, with global expansion by moving into new regions and making a qualitative change of focus • Becoming a corporate organization that never stops learning, so that it can continuously strengthen its corporate structure
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

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.

4. Toward Future Business Development

The success of business reforms and efforts to strengthen the corporate structure

Business segment

BA business

- Strengthening the foundations of the domestic BA business (Redevelopment centered in the Tokyo metropolitan area, demand for the Tokyo 2020 Olympic and Paralympic Games)
- Strengthening the energy management business (For sustainable growth with a view after the Olympic and Paralympic Games)
- Implementation of lifecycle business development in our overseas business (Establishing a profit creation model)

AA business

- Shifting to growth fields (HA/FA field), strengthening the business structure
- Implementation of a high value-added service business in mature fields (PA field)
- Global enhancement of product competitiveness and the development of a lifecycle solution-based valve business worldwide, etc.

LA business

- Structural reform of Azbil Telstar (business restructuring and regional integration)
- Structural reform of the residential central air-conditioning field (reinforcing the profit structure)
- Transfer of shares in Azbil Care & Support Co., Ltd.

Redeployment of personnel within the Group (promoting greater efficiency in mature fields and shifting into growth fields)

Group-wide functions

Upgrading/Establishing the global service infrastructure and system including remote maintenance, strengthening local development capabilities for global customers, optimizing the global production system

- BA remote maintenance network
- North American technology development site
- Saudi Arabia factory
- Valve maintenance centers(each regions)
- Thailand factory, China(Dalian) factory (Global production framework)

Group management

- Launch of the Group-wide core information system (Phase 1: beginning May 2015)
- Integration of pensions into a defined contribution pension scheme (starting in June 2015)
- Promotion of optimal personnel deployment within Japan and overseas, and enhancement of human resource development programs
- Strengthening of global governance and compliance

4. Toward Future Business Development

Measures aimed at further growth(1)

Building an advanced Group R&D / production system

1. Restructuring & upgrading the Group's R&D / production system

1) Fujisawa Technology Center ▶Upgrade as Group R&D center [Completion scheduled for summer 2019]

- The Group's R&D resources will be concentrated at the Fujisawa Technology Center. We aim to make R&D activities more efficient, realizing a more advanced, high-level R&D environment by strengthening technology synergies and the development life cycle infrastructure, and by building an advanced testing environment. Simultaneously, we will upgrade the center into an Energy Management Solution site for demonstrating and offering to customers cutting-edge energy-saving solutions.

2) Shonan & Isehara factory ▶Consolidate into one factory [Completion scheduled for spring 2019]

- The production functions of 2 Azbil Corp. factories will be consolidated into 1 factory (Shonan factory in Kanagawa). Simultaneously, the sort of advanced production system that is appropriate for the Group's main factory will be established and further progress will be made with enhancing efficiency.

3) Azbil Kimmon ▶Reorganization of domestic factories [Closure of Aizu(Fukushima) factories: Nov. 2015(Plan)] [Closure of Karatsu(Saga) factories: Jun. 2016(Plan)]

- Of the 5 factories producing town gas meters, 2 are being closed to consolidate manufacturing in the remaining 3. Taking into account Japan's energy market liberalization, we will create a production system with the ability to compete on cost and capable of adjusting to new technological trends.

~ Recorded as an extraordinary loss of 286 million yen (including impairment loss) in this period ~

The total investment required to implement the above 3 schemes is of the order of 8 billion yen. When these are completed, it is anticipated that annual fixed costs will be reduced by approximately 2 billion yen as a result.

Measures aimed at further growth(2)

Acceleration of reforms to the structure of each business

1. BA business: ensuring that we tap into growing demand, strengthening job processing

1) Reinforcing the sales/service system in the Tokyo metropolitan area [Completion scheduled for Nov. 2015]

- Offices are being relocated in Osaki, Toranomon, and Kasumigaseki as part of an initiative designed to create a sales/service system with close links to customers and the region. As well as ensuring that we tap into the building construction demand being generated by redevelopment projects in and around the capital as well as by the 2020 Summer Olympic Games in Tokyo, this will facilitate after-sales service following completion of construction.

~ Recorded office relocation expenses of 101 million yen in this period ~

2) Implementing job processing reforms

- For the BA business, which benefits from a favorable business environment in Japan, we will make the most of business opportunities by enhancing efficiency through the launch of new products, by reallocating human resources, and by implementing job processing reforms.

2. AA/LA businesses: ensuring profitability through structural reforms

1) AA business

- To accelerate structural reforms and aim to reinforce the profit structure and achieve business growth (generating/expanding business*).

* Advanced MRO to utilize stock (installed systems and field equipments, etc.), energy-saving/environment adaptation in Japan and abroad, LNG and other new/alternative energy fields, food/pharmaceutical safety management, etc.

2) LA business

- Continue the current structural reforms, link to new business growth sources.

3. Overseas business: upgrading infrastructure to develop new growth markets

- Despite uncertainty regarding the near future, overseas markets offer the possibility of sustained growth. Azbil will achieve growth and profit generation by reinforcing product lines and upgrading infrastructure.

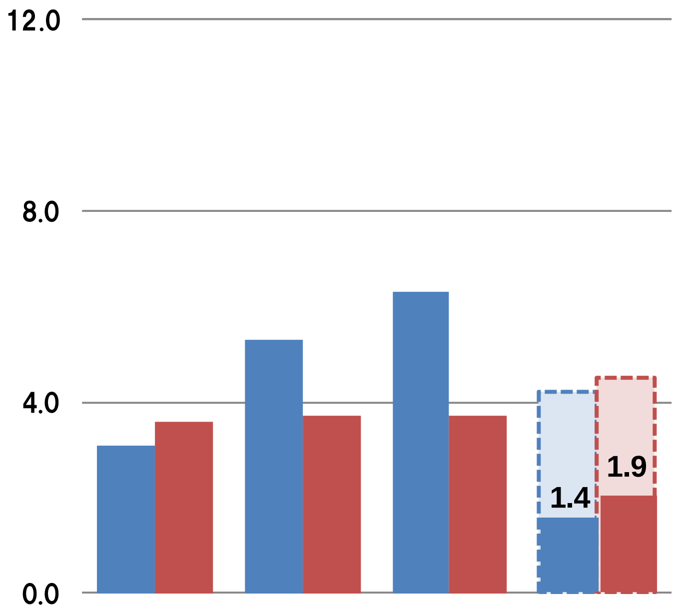
Relevant Information

Relevant Information

Capital Expenditure, Depreciation and R&D Expenses

[Billions of yen]

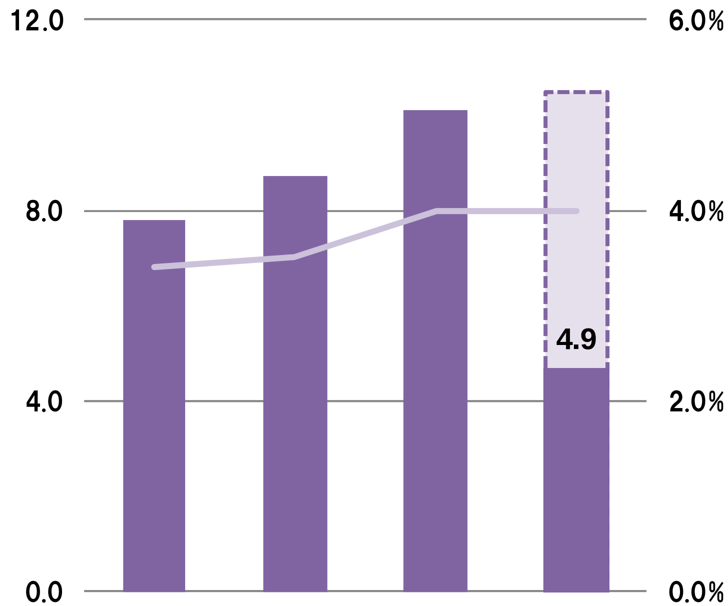
Capital Expenditure, Depreciation



	2013/3	2014/3	2015/3	**2016/3** (Plan/Result)
Capital Expenditure	3.1	5.3	6.3	**4.2**
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.
- The plan for capital expenditure was reviewed. The bulk of the capital investment required for creation of the new development/production system (see p.26) is expected to be required from the fiscal year ending March 2017 onwards.

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”**