



Human-centered Automation

Azbil Corporation RIC: 6845.T, Sedol: 6985543

Presentation Materials

For the Third Quarter of the Fiscal Year Ending March 31, 2017
(Based on Japanese GAAP)

<Contents>

1. Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017
2. Financial Plan for the Fiscal Year Ending March 31, 2017
→ **No revision from the announcement published on November 2, 2016**
3. Return to Shareholders
→ **No revision from the announcement published on May 13, 2016**



Azbil Corporation
celebrated its 110th anniversary
in 2016 .

Investor Relations,
Group Management Headquarters

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URL: <http://www.azbil.com/ir/>

Notes:



1. Financial data and financial statements have been prepared based on Japanese GAAP and the amounts have been rounded down.
2. Segment names are abbreviated as follows:
 - BA : Building Automation
 - AA : Advanced Automation
 - LA : Life Automation
3. 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.
4. 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.
5. The following company is no longer included in consolidated results:

Beijing YTYH Intelli-Technology Co., Ltd.:	All shares in Beijing YTYH Intelli-Technology Co., Ltd. have been transferred and the company was excluded from the scope of consolidation at the end of the third quarter of the current consolidated accounting periods.
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1. Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017

1. Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017



Consolidated Financial Results

<Compared to the same period last year>

- Orders received fell mainly because of a revision made to the way orders received are recorded and the fact that orders received for a number of large-scale projects were recorded in the same period last year. Also, there was a drop in overseas orders received engendered by the appreciation of the yen up until the second half, etc.
- Sales grew for the BA and AA businesses, reflecting the build-up of order backlogs at the end of the previous fiscal year. Overall net sales increased.
- Operating income increased significantly as a result of sales growth, profit structure improvement, the progress of business structure reforms, and a reduction in goodwill amortization expenses.
- Ordinary income increased thanks to improved operating income and the recording of foreign exchange gains resulting from a significant depreciation of the yen at the end of the third quarter.
- Net income attributable to owners of parent increased, despite the recording of an extraordinary loss following a reassessment of part of our overseas business, thanks to improved operating income and a reduction in tax expenses.

[Billions of yen]

	This period (A)	Same period last year (B)	Difference	
			(A) - (B)	% Change
Orders received	194.3	214.6	(20.2)	(9.4)
Net sales	178.9	176.4	2.4	1.4
Japan	147.6	141.5	6.1	4.3
Overseas	31.2	34.9	(3.6)	(10.5)
Gross profit	62.5	61.4	1.0	1.8
%	34.9	34.8	0.1P	
SG & A	52.6	54.4	(1.8)	(3.3)
[include amortization of goodwill]	[0.0]	[0.5]	[(0.4)]	
Operating income	9.9	6.9	2.9	41.6
%	5.5	4.0	1.6P	
Ordinary income	10.5	7.0	3.4	49.3
Income before income taxes	9.4	6.6	2.8	42.2
Net income attributable to owners of parent	6.6	3.4	3.2	93.1
%	3.7	2.0	1.8P	

Segment Information - ■ BA Business

<Compared to the same period last year>

- Although the domestic business environment remained robust, overall orders received decreased. This was mainly because of a revision made to the way orders received are recorded*¹, the fact that orders received for a number of large-scale projects were recorded in the same period last year, and a drop in overseas orders received as a result of the appreciation of the yen up until the second half, etc.*² Also, this was exacerbated by the impact of a temporary fall in new building projects scheduled for completion in the fiscal year ending March 31, 2018.
- Sales fell in the market for new buildings*³ and overseas as a result of the impact of the higher yen, but this was offset by growth in the domestic markets for existing buildings and service, so overall sales increased.
- Segment profit was negatively impacted by temporary expenses for allowance and by the effect of optimizing staff allocation to reinforce structures for ensuring on-site job processing capabilities. However, this was offset by increased sales in the profitable markets for existing buildings and service, so profit was up.

[Billions of yen]

	This period (A)	Same period last year (B)	Difference	
			(A) - (B)	% Change
Orders received	94.6	108.0	(13.3)	(12.3)
Sales	78.7	77.6	1.0	1.3
Segment profit	4.7	4.4	0.2	+6.6
%	6.0	5.7	0.3P	
(Reference) Amortization of goodwill	-	-	-	

*¹ In the fiscal year ended March 31, 2016, a revision was made to the way domestic orders received for multi-year contracts are recorded. This revision led to a transient jump in the value of orders received for multi-year contracts recorded in the fiscal year ended March 31, 2016. (Owing to the existence of previous multi-year contracts in the fiscal year ended March 31, 2015 and earlier, this revision resulted in the recording of a lump sum of approx. 4 billion yen in the fiscal year ended March 31, 2016.)

*² Changes in the BA business environment in China led to implementing a reassessment of our business in that country and one company was excluded from the scope of consolidation. As a result of eliminating this company's order backlog, the figure for orders received decreased. The loss engendered by this change to our affiliated companies was recorded as an extraordinary loss, but there was also a decrease in tax expenses and thus there has been limited impact on net income attributable to owners of parent.

*³ Owing to a temporary fall in the completion of new building projects in the fiscal year ending March 31, 2018, sales were impacted by percentage of completion method. New building project completions are expected to increase again from the fiscal year ending March 31, 2019.

1. Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017



Segment Information - ■ AA Business

<Compared to the same period last year>

- Orders received were depressed by the fact that there had been orders received for large-scale projects in the same period last year and by the negative effect of foreign exchange rates, but a recovery in market conditions was observed in the third quarter (Oct. to Dec.) and orders received substantially increased.
- Although sales were depressed by fluctuations in foreign exchange rates, overall sales were up thanks to the expansion of domestic and foreign markets related to the semiconductor manufacturing equipment, and growth in the domestic materials-related field resulting from the build-up of order backlogs for system and service projects at the end of the previous fiscal year.
- Segment profit increased significantly, with initiatives aimed at improving the profit structure and domestic sales growth offsetting the negative impact of fluctuations in foreign exchange rates.

[Billions of yen]

	This period (A)	Same period last year (B)	Difference	
			(A) - (B)	% Change
Orders received	70.0	72.1	(2.0)	(2.8)
Sales	68.5	66.0	2.5	3.8
Segment profit	4.4	2.4	1.9	81.0
%	6.5	3.7	2.8P	
(Reference) Amortization of goodwill	0.0	0.1	(0.1)	

Segment Information - ■ LA Business

<Compared to the same period last year>

- Orders received increased for the gas/water meters field and residential central air-conditioning systems field, but fell overall because large-scale projects had been recorded in the same period last year in the Life Science Engineering (LSE) field, and this was exacerbated by the impact of a significant reform of the cleanroom business, etc.* and foreign exchange rates.
- Sales grew for the gas/water meters field and residential central air-conditioning systems field, but fell in the LSE field due mainly to the above-mentioned business reform and appreciation of the yen. Overall sales decreased.
- Segment profit increased thanks to a reduction in amortization of goodwill and the progress of initiatives aimed at achieving business structure reforms in the LSE field, as well as growth in the residential central air-conditioning systems field.

[Billions of yen]

	This period (A)	Same period last year (B)	Difference	
			(A) - (B)	% Change
Orders received	30.4	35.1	(4.7)	(13.4)
Sales	32.5	33.5	(1.0)	(3.0)
Segment profit	0.7	0.0	0.6	-
%	2.2	0.2	2.0P	
(Reference) Amortization of goodwill	-	0.3	(0.3)	

* As part of the business structure reforms in the LSE field, in addition to Azbil Telstar itself, from the fiscal year ending March 31, 2017, a significant reform has been made in the cleanroom and equipment businesses of its Dutch and Brazilian affiliated subsidiaries.

1. Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017

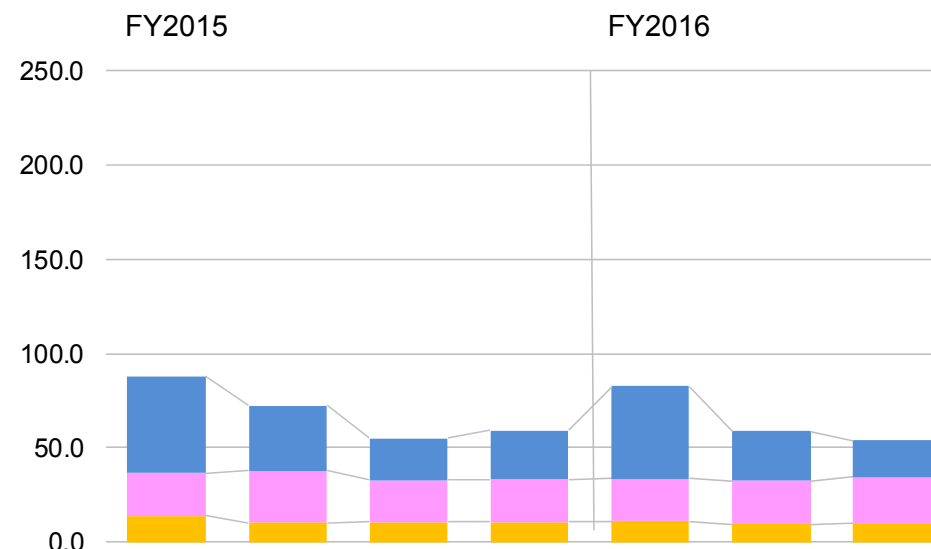
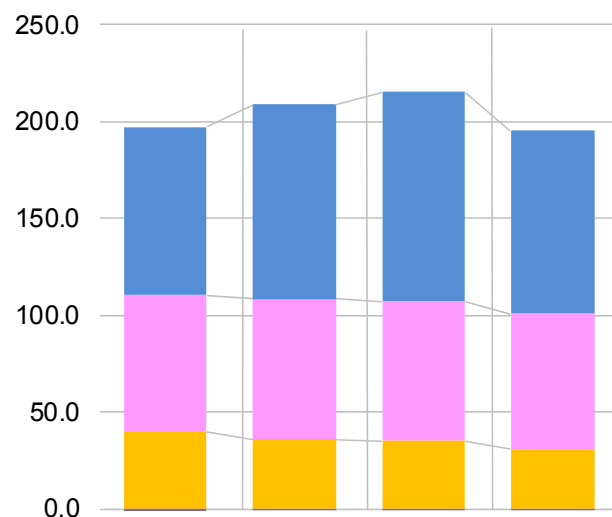


[Reference] Orders Received by Segment

[Billions of yen]

< Same period comparison (9 months) >

< Quarterly (3 months) >



	FY2013 Q3	FY2014 Q3	FY2015 Q3	FY2016 Q3
■ B A	86.8	100.4 ^{*1}	108.0 ^{*2}	94.6
■ A A	70.3	72.5	72.1	70.0
■ L A	39.9	35.9 ^{*3}	35.1	30.4
Consolidated	195.8	208.2	214.6	194.3

	FY2015				FY2016		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
■ B A	51.4	34.1	22.4	25.8	48.9	26.2	19.5
■ A A	22.4	27.7	21.9	22.7	22.4	23.2	24.3
■ L A	14.0	10.3	10.8	10.5	11.1	9.3	10.0
Consolidated	87.8	71.8	54.8	58.9	82.2	58.4	53.6

*1 Orders received resulting from the renewal of a number of large-scale service contracts that span several years have been included.

*2 In the fiscal year ended March 31, 2016, a revision was made to the way domestic orders received for multi-year contracts are recorded. This revision led to a transient jump in the value of orders received for multi-year contracts recorded in the fiscal year ended March 31, 2016.

*3 In the fourth quarter of the fiscal year ended March 31, 2015, all shares in Azbil Care & Support Co., Ltd. – which had been providing services in the health, welfare, and nursing care field – were transferred to SOHGO SECURITY SERVICES CO., LTD. (Feb. 2015). Regarding figures for orders received, sales, and segment profit, the subsidiary's results were consolidated until the third quarter of the fiscal year ended March 31, 2015. The impact on segment profit was negligible.

1. Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017

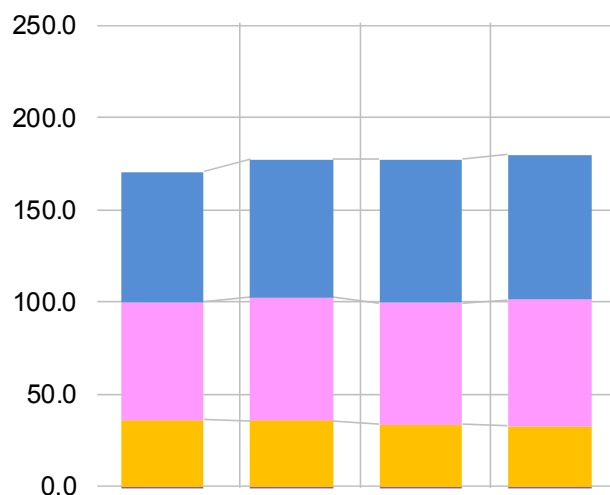


[Reference] Sales by Segment

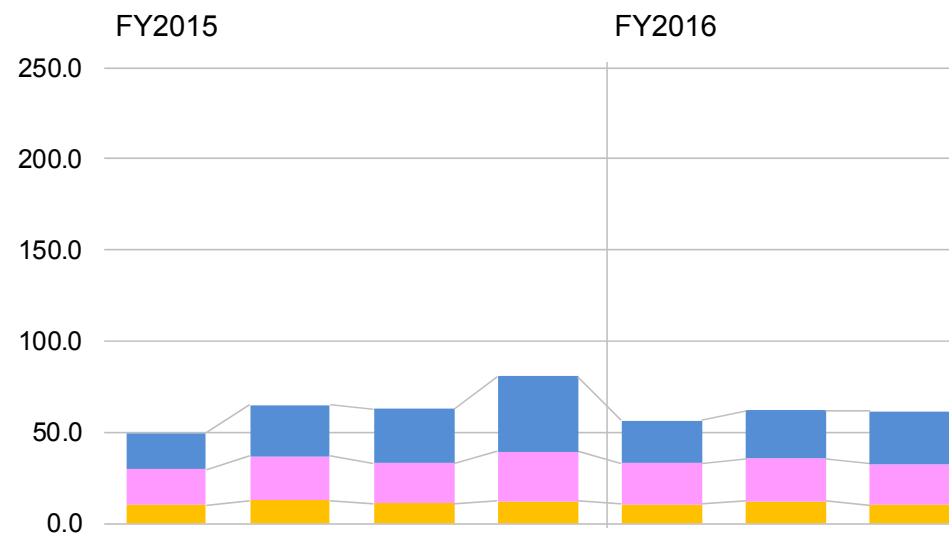
[Billions of yen]

< Same period comparison (9 months) >

< Quarterly (3 months) >



	FY2013 Q3	FY2014 Q3	FY2015 Q3	FY2016 Q3
■ B A	70.5	74.9	77.6	78.7
■ A A	63.7	66.4	66.0	68.5
■ L A	36.1	35.6	33.5	32.5
Consolidated	169.6	176.5	176.4	178.9



	FY2015				FY2016		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
■ B A	19.8	28.3	29.4	41.1	23.3	26.0	29.2
■ A A	19.3	24.2	22.4	27.4	22.6	23.3	22.4
■ L A	10.2	12.4	10.8	12.0	10.3	12.3	9.9
Consolidated	49.2	64.8	62.4	80.3	56.1	61.4	61.3

1. Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017

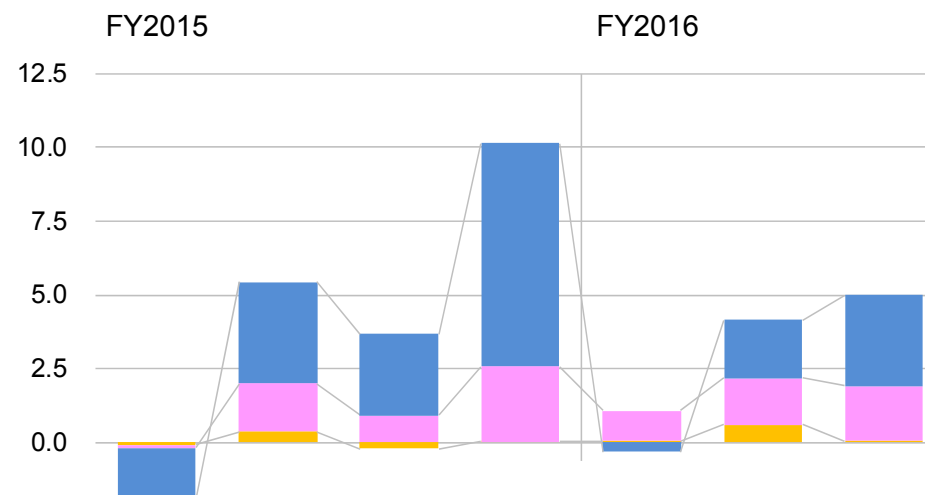
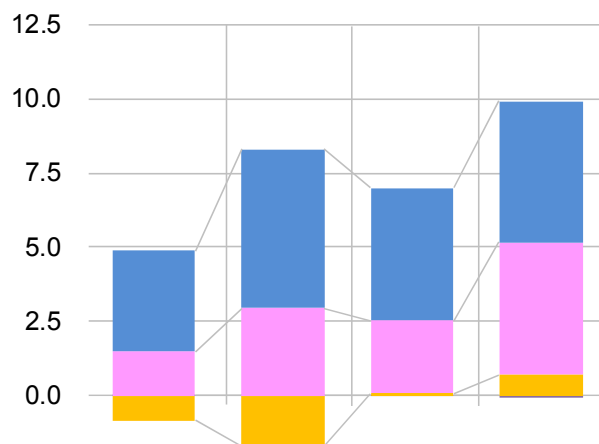
[Reference] Segment Profit (Operating Income)



[Billions of yen]

< Same period comparison (9 months) >

< Quarterly (3 months) >



	FY2013 Q3	FY2014 Q3	FY2015 Q3	FY2016 Q3
■ B A	3.3	5.3	4.4	4.7
■ A A	1.4	2.9	2.4	4.4
■ L A	(0.8)	(1.7)	0.0	0.7
Consolidated	4.0	6.5	6.9	9.9

	FY2015 Q1	Q2	Q3	Q4	FY2016 Q1	Q2	Q3*
■ B A	(1.7)	3.4	2.7	7.5	(0.3)	1.9	3.0
■ A A	(0.1)	1.6	0.9	2.5	1.0	1.5	1.8
■ L A	(0.0)	0.3	(0.2)	0.0	0.0	0.5	0.0
Consolidated	(1.9)	5.4	3.4	10.1	0.7	4.1	4.9

* Profits for the azbil Group tend to be lower in the first quarter and third quarter consolidated accounting period compared to the other two quarters. However, profits for the current third quarter of the consolidated accounting period reflect the progress of initiatives aimed at improving the profit structure as well as a decrease in selling, general and administrative expenses.

1. Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017

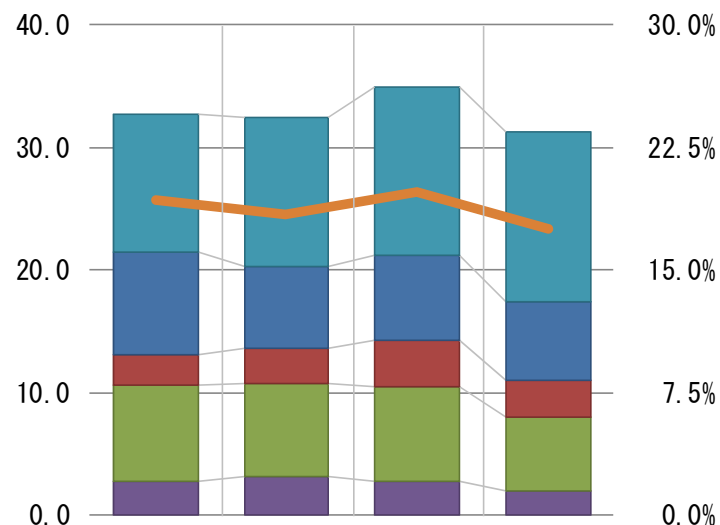


Overseas Sales by Region

<Compared to the same period last year>

Overseas sales decreased compared to the same period last year mainly owing to the negative impact of foreign exchange rates.

- In Asia, despite the negative impact of foreign exchange rates, sales for the LA business increased and overall sales were slightly up.
- In China, the BA business and product sales of the AA business increased but, because of the effect of exchange rates, overall sales decreased.
- In North America, sales fell owing to the impact of foreign exchange rates and lower AA business sales to equipment manufacturers.
- In Europe, sales were down owing to the business reform of the LSE field (LA business) and the impact of foreign exchange rates.



	FY2013 Q3	FY2014 Q3	FY2015 Q3	FY2016 Q3
Asia	11.1	12.1	13.7	13.8
China	8.3	6.7	6.9	6.4
North America	2.4	2.8	3.7	2.9
Europe	7.8	7.5	7.7	6.0
Others	2.8	3.1	2.7	1.9
Consolidated	32.6	32.4	34.9	31.2

[Reference information]

Overseas sales/Net sales	19.3%	18.4%	19.8%	17.5%
Average exchange rate - USD/JPY	96.84	102.94	120.99	108.59
Average exchange rate - EUR/JPY	127.48	139.50	134.75	121.10

* Overseas sales figures include only the sales of overseas affiliates and direct exports; indirect exports are excluded.
 * The fiscal year used by overseas affiliates mainly ends on December 31.

1. Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017



Consolidated Financial Position

- **Assets** Total assets decreased by 17.5 billion yen from the previous fiscal year-end mainly as a result of a decrease in cash and deposits as well as a fall in notes and accounts receivable-trade.
- **Liabilities** Total liabilities decreased by 18.6 billion yen from the previous fiscal year-end primarily due to decreases in notes and accounts payable-trade, provision for bonuses, and income taxes payable.
- **Net assets** Despite the payment of dividends, thanks to the recording of net income attributable to owners of parent in the current period, net assets grew overall by 1 billion yen from the previous fiscal year-end.

				[Billions of yen]			
	As of Dec. 31, 2016 (A)	As of Mar. 31, 2016 (B)	Difference (A) - (B)		As of Dec. 31, 2016 (A)	As of Mar. 31, 2016 (B)	Difference (A) - (B)
Current assets	181.3	200.8	(19.5)	Liabilities	83.5	102.1	(18.6)
Cash and deposits	43.3	48.2	(4.8)	Current liabilities	70.5	88.9	(18.4)
Notes and accounts receivable-trade	80.6	91.7	(11.1)	Notes and accounts payable-trade	35.6	45.5	(9.9)
Inventories	24.4	24.1	0.3	Short-term loans and bonds	9.8	12.0	(2.1)
Others	32.8	36.6	(3.8)	Others	25.0	31.3	(6.3)
Non-current assets	60.2	58.3	1.9	Non-current liabilities	13.0	13.2	(0.1)
Property, plant and equipment	23.1	24.3	(1.1)	Long-term loans and bonds	0.5	0.6	(0.0)
Intangible assets	5.5	5.6	(0.1)	Others	12.5	12.6	(0.1)
Investments and other assets	31.5	28.2	3.3	Net assets	158.0	156.9	1.0
Total assets	241.5	259.1	(17.5)	Shareholders' equity	148.1	146.6	1.4
				Capital stock	10.5	10.5	-
				Capital surplus	12.3	12.3	0.0
				Retained earnings	129.9	128.4	1.5
				Treasury shares	(4.6)	(4.6)	(0.0)
				Accumulated other comprehensive income	8.0	8.3	(0.2)
				Non-controlling interests	1.7	1.9	(0.1)
				Total liabilities and net assets	241.5	259.1	(17.5)

(Reference) Shareholders' equity ratio: 64.7%(as of Dec. 31, 2016), 59.8%(as of Mar. 31, 2016)

2. Financial Plan for the Fiscal Year Ending March 31, 2017

→No revision from the announcement published
on November 2, 2016

Consolidated Financial Plan

- As regards the business plan for the full 2016 fiscal year, no changes are made to the details published on November 2, 2016.
- In the current fiscal year, steady progress is being made with such measures as the initiative to improve profits. Also, with market conditions showing signs of recovery, we are fully engaged in ensuring that our goals for financial results will not only be achieved but surpassed.

[Billions of yen]

	This year		Previous fiscal year (B)	Difference	
	Q3 (Cumulative)	Full year plan (Nov. 2, 2016) (A)		(A) - (B)	% Change
Net sales	178.9	260.0	256.8	3.1	1.2
[Amortization of goodwill]	[0.0]	[0.0]	[0.6]	[(0.6)]	
Operating income	9.9	19.0	17.1	1.8	10.9
%	5.5	7.3	6.7	0.6P	
Ordinary income	10.5	18.0	16.6	1.3	8.3
Net income attributable to owners of parent	6.6	11.5	8.2	3.2	39.1
%	3.7	4.4	3.2	1.2P	

2. Financial Plan for the Fiscal Year Ending March 31, 2017



Segment Information

[Billions of yen]

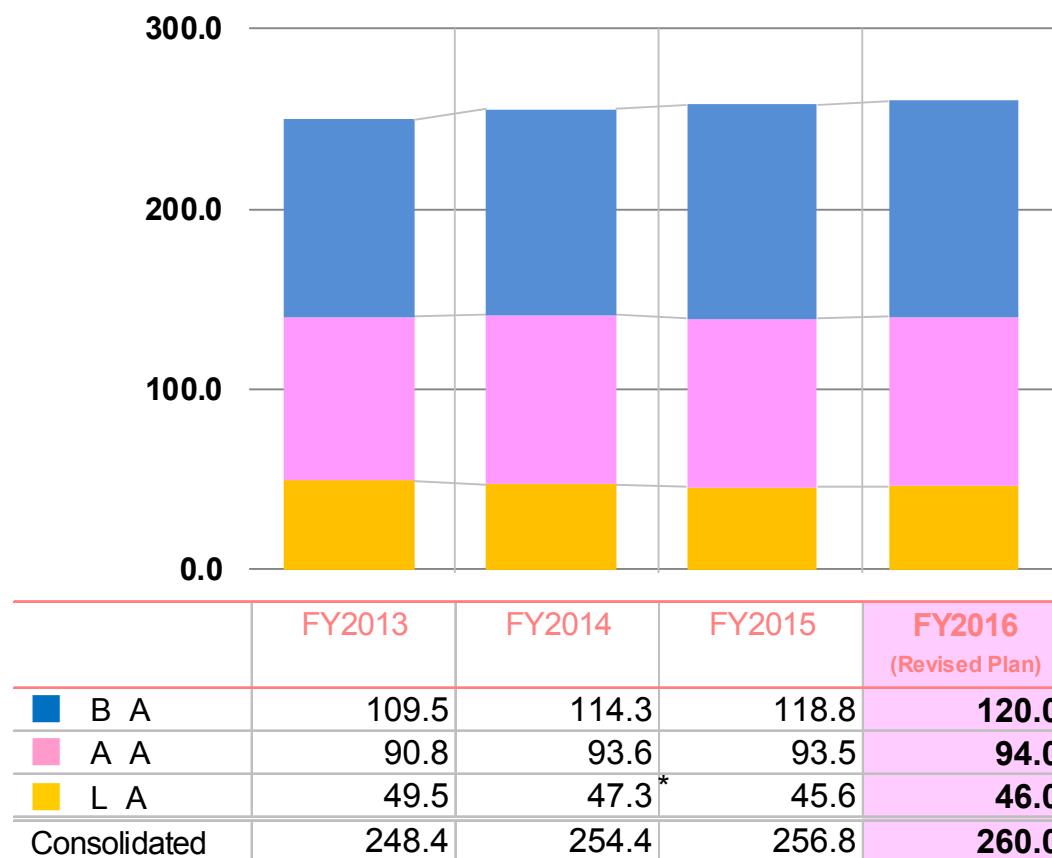
	This year		Previous fiscal year (B)	Difference	
	Q3 (Cumulative)	Full year plan (Nov. 2, 2016) (A)		(A) - (B)	% Change
B A Sales	78.7	120.0	118.8	1.1	1.0
[Amortization of goodwill]	[-]	[-]	[-]	[-]	
Segment profit	4.7	12.5	12.0	0.4	4.0
%	6.0	10.4	10.1	0.3P	
A A Sales	68.5	94.0	93.5	0.4	0.5
[Amortization of goodwill]	[0.0]	[0.0]	[0.1]	[(0.1)]	
Segment profit	4.4	5.0	5.0	(0.0)	(0.6)
%	6.5	5.3	5.4	(0.1P)	
L A Sales	32.5	46.0	45.6	0.3	0.8
[Amortization of goodwill]	[-]	[-]	[0.5]	[(0.5)]	
Segment profit	0.7	1.5	0.0	1.4	-
%	2.2	3.3	0.2	3.1P	
Consolidated Net sales	178.9	260.0	256.8	3.1	1.2
[Amortization of goodwill]	[0.0]	[0.0]	[0.6]	[(0.6)]	
Operating income	9.9	19.0	17.1	1.8	10.9
%	5.5	7.3	6.7	0.6P	

2. Financial Plan for the Fiscal Year Ending March 31, 2017

[Reference] Sales by Segment



[Billions of yen]



* In the fourth quarter of the fiscal year ended March 31, 2015, all shares in Azbil Care & Support Co., Ltd. – which had been providing services in the health, welfare, and nursing care field – were transferred to SOHGO SECURITY SERVICES CO., LTD. (Feb. 2015). Regarding figures for sales and segment profit, the subsidiary's results were consolidated until the third quarter of the fiscal year ended March 31, 2015. The impact on segment profit was negligible.

2. Financial Plan for the Fiscal Year Ending March 31, 2017



[Reference] Segment Profit (Operating Income)

[Billions of yen]



	FY2013	FY2014	FY2015	FY2016 (Revised Plan)
■ B A	10.5	12.2	12.0	12.5
■ A A	3.9	5.0	5.0	5.0
■ L A	(0.6)	(1.9)	0.0	1.5
Consolidated	13.9	15.3	17.1	19.0

3. Return to Shareholders

→No revision from the announcement
published on May 13, 2016

Dividend Plan

Dividend plan for the fiscal year ending March 2017

Annual dividend: 74 yen per share

(Ordinary dividend raised by 2 yen, additional commemorative dividend of 5 yen)

[Basic policy]

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

For FY2016 our intention is to increase the distribution of profits to our shareholders by raising the dividend level; we therefore plan to raise the ordinary dividend by 2 yen per share. Also, to mark the 110th anniversary of our founding and the 10th anniversary of our new name, "azbil", we plan to issue a commemorative dividend of 5 yen per share.

- Dividends for the year ending March 2017 (interim/year-end) are planned as follows.

	FY2015		FY2016	
	Interim	Year-end	Interim	Year-end
Dividends per share [Yen]	33.5	33.5	37.0	37.0(Plan)
Payout ratio	59.4%		47.1%	
Dividend on equity (DOE)	3.1%		3.4%	

(Reference) Dividend yield: 2.2% (as the end of Dec. 2016)

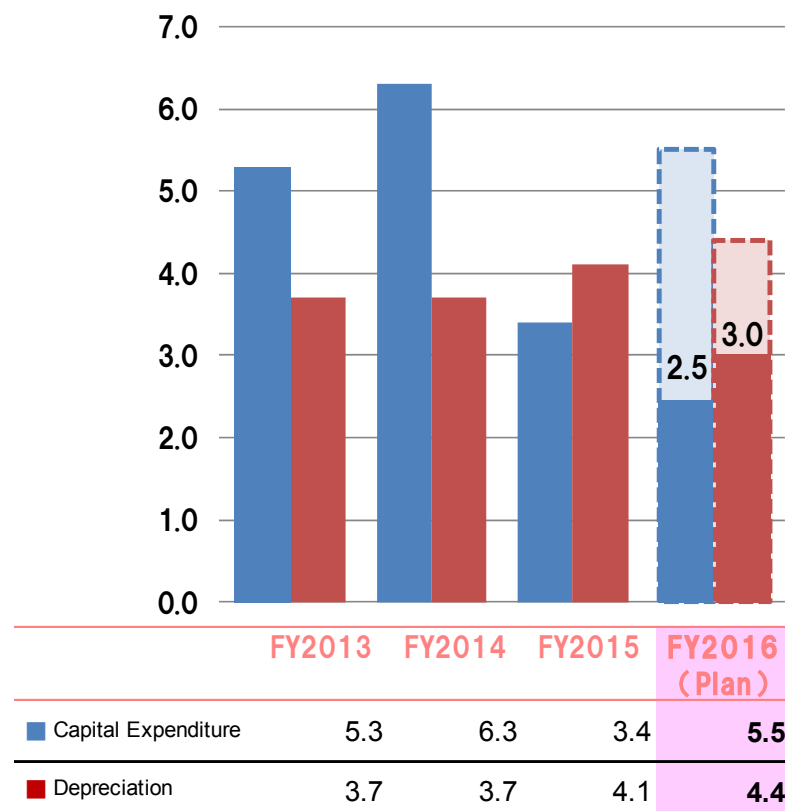
Relevant Information

Capital Expenditure, Depreciation and R&D Expenses

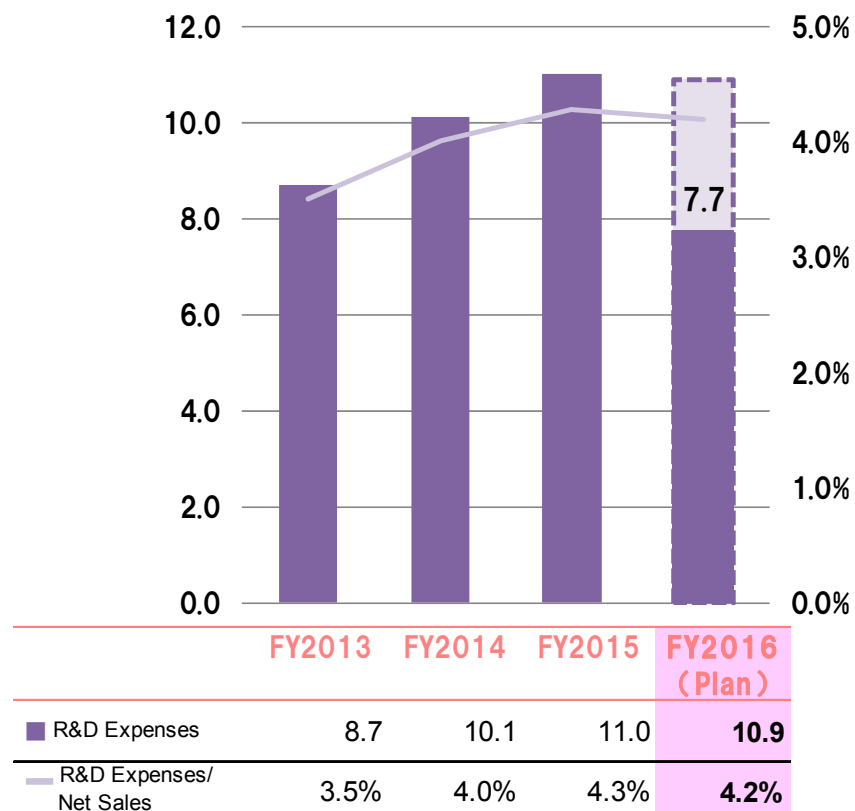


[Billions of yen]

■ Capital Expenditure, Depreciation



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



- Expenses for updating core information systems which have been running from May 2015 were incurred from the fiscal year ended March 2013. Also the investment in overseas production facilities occurred in the fiscal year ended March 2015. From the fiscal year ending March 2017, investment in restructuring the development and production systems is planned.

azbil Group Philosophy

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

Azbil Corporation celebrated its 110th anniversary in 2016.



Yamatake for 100 years, azbil for 10 years. Together 110 years. Through all of this time the azbil Group has put human happiness first with “human-centered automation.” We are determined to work closely with our customers in the future as well, using our measurement and control technologies as the basis for ever greater value creation.
