

Consolidated Financial Results for the Year Ended March 31, 2020 (Japan GAAP)

May 12, 2020

Name of Listed Company: Yokogawa Electric Corporation (the “Company” herein)
 Stock Exchanges Where the Company’s Shares Are Listed: Tokyo Stock Exchange, Section 1
 Stock Code: 6841 (URL: <http://www.yokogawa.com/>)
 Name and Position of the Representative: Hitoshi Nara, President and Chief Executive Officer
 Name and Position of Person in Charge: Hirohiko Nakatani, Department Manager of Treasury & IR Department
 Telephone Number: +81-422-52-6845
 Planned Date of the Regular General Meeting of Shareholders: June 24, 2020
 Planned Dividend Payment Starting Date: June 25, 2020
 Planned Annual Report Filing Date: June 24, 2020
 Financial Results Supplemental Materials: Yes
 Financial Results Presentation Meeting: Yes (for institutional investors)

(Any amount less than one million yen is disregarded.)

1. Consolidated business results for the year ended March 31, 2020 (April 1, 2019-March 31, 2020)

(1) Results of operations on a consolidated basis

(Percentages show the change from the previous year.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended March 31, 2020	404,432	0.2	35,588	2.9	36,301	(1.3)	14,686	(48.4)
For the year ended March 31, 2019	403,711	(0.7)	34,594	5.8	36,770	10.3	28,446	32.4

(Note) Comprehensive income: For the year ended March 31, 2020 6,820 million yen [(75.2)%]
 For the year ended March 31, 2019 27,513 million yen [14.0%]

	Basic Earnings per Share	Diluted Earnings per Share	Return on Equity	Ordinary Income to Total Asset Ratio	Operating Income to Net Sales Ratio
	Yen	Yen	%	%	%
For the year ended March 31, 2020	55.02	-	5.1	7.6	8.8
For the year ended March 31, 2019	106.54	-	10.1	8.0	8.6

(Reference) Profit or loss from investments accounted for by the equity method: For the year ended March 31, 2020 1,405 million yen
 For the year ended March 31, 2019 1,086 million yen

(2) Financial conditions on a consolidated basis

	Total Assets	Net Assets	Shareholders’ Equity Ratio	Shareholders’ Equity per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	489,678	291,472	58.4	1,071.07
As of March 31, 2019	470,114	296,150	61.7	1,085.88

(Reference) Shareholders’ equity: As of March 31, 2020: 285,904 million yen As of March 31, 2019: 289,859 million yen

(3) Consolidated cash flow status

	Net Cash Provided by Operating Activities	Net Cash Used in Investment Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at the End of the Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the year ended March 31, 2020	31,132	(18,182)	4,583	99,658
For the year ended March 31, 2019	21,410	(4,088)	(6,988)	85,701

2. Dividend status

	Dividends per Share					Total Dividends (annual)	Payout Ratio (consol.)	Net Asset Dividend Rate (consol.)
	June 30	September 30	December 31	End of Period	Annual Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
For the year ended March 31, 2019	-	15.00	-	17.00	32.00	8,542	30.0	3.0
For the year ended March 31, 2020	-	17.00	-	17.00	34.00	9,075	61.8	3.2
For year ending March 31, 2021 (forecast)	-	-	-	-	-		-	

(Note) Dividend forecast for the year ending March 31, 2021 is undetermined at this time. It will be announced as soon as the forecast is ready to be disclosed.

3. Business forecast for the year ending March 31, 2021 (April 1, 2020-March 31, 2021)

We are presently examining the impact of the extremely uncertain business environments affected by the novel coronavirus disease (COVID-19) on our business performance. Because it is difficult to make a reasonable calculation at this time, business forecast for the year ending March 31, 2021 remains undetermined.

<Notes>

- (1) Changes to important subsidiaries during the period: No
(changes to specific subsidiaries resulting in the change in range of consolidation)
- (2) Changes in accounting policies, changes in accounting estimates, and restatements
- a. Changes in accounting policies accompanying revision of accounting standards: Yes
 - b. Changes in accounting policies other than (a) above: No
 - c. Changes in accounting estimates: No
 - d. Restatements: No
- (3) Number of shares issued (common stock)
- a. Number of shares outstanding at the end of the period (including treasury shares)
 - As of March 31, 2020: 268,624,510 shares
 - As of March 31, 2019: 268,624,510 shares
 - b. Number of treasury shares at the end of the period
 - As of March 31, 2020: 1,690,805 shares
 - As of March 31, 2019: 1,689,149 shares
 - c. Average number of shares in the period
 - For the year ended March 31, 2020: 266,934,329 shares
 - For the year ended March 31, 2019: 267,008,640 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the year ended March 31, 2020 (April 1, 2019-March 31, 2020)

(1) Results of operations on a non-consolidated basis

(Percentages show the change from the previous year.)

	Net Sales		Operating Profit		Ordinary Profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended March 31, 2020	110,283	(1.3)	(1,836)	-	17,699	(30.7)	4,347	(86.3)
For the year ended March 31, 2019	111,756	7.1	(209)	-	25,537	37.9	31,820	265.9

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
For the year ended March 31, 2020	16.29	-
For the year ended March 31, 2019	119.17	-

(2) Financial conditions on a non-consolidated basis

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	281,508	190,482	67.7	713.60
As of March 31, 2019	270,917	197,607	72.9	740.28

(Reference) Shareholders' equity: As of March 31, 2020: 189,793 million yen As of March 31, 2019: 197,607 million yen

Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

Other special notes

The Company plans to hold a financial results presentation meeting for institutional investors via telephone conference on May 12, 2020. The Company also plans to promptly post to its website the materials that are used at the meeting.

Attachment Contents

1. Overview of Business Results and Others	5
(1) Overview of business results for the fiscal year under review	5
(2) Overview of financial conditions for the fiscal year under review.....	6
(3) Overview of cash flow for the fiscal year under review.....	6
(4) Future forecast.....	6
(5) Policy on appropriation of profit and dividends for the period under review and subsequent periods	6
2. Policy on Selection of Accounting Standards.....	6
3. Consolidated Financial Statements	8
(1) Consolidated balance sheets.....	8
(2) Consolidated statements of income and statements of comprehensive income.....	10
Consolidated statements of income for the FY2019	10
Consolidated statements of comprehensive income for the FY2019	11
(3) Consolidated statements of changes in net assets.....	12
(4) Consolidated cash flow statements.....	14
(5) Notes on consolidated financial statements.....	16
Notes for going concern	16
Important items used as the basis for creation of consolidated financial statements.....	16
Changes in accounting policies	16
Consolidated statements of income	17
Segment information	18
Per-share information.....	19
Important post-balance sheet events.....	19
[Reference]	20
Consolidated Financial Statements for the Year Ended March 31, 2020.....	20

1. Overview of Business Results and Others

(1) Overview of business results for the fiscal year under review

Based on the mid-term business plan Transformation 2020 (the “TF2020”), which commenced in FY2018 and covers the three years through FY2020, the Yokogawa Group (“the Group”) worked toward the three reforms of “transformation of existing businesses,” “creation of new businesses and transformation of the company’s business model,” and “improvement of productivity through Group-wide optimization,” aiming to establish businesses to realize a sustainable society. Furthermore, as the foundation for all these reform initiatives, the Group worked toward “creating opportunity for growth” and “establishing a foundation for growth” using “digital transformation,” which makes full use of digital technology, as the driving force of value creation.

In terms of the Group’s business performance, revenue and operating profit both increased year on year mainly because the industrial automation and control business was firm, despite the impact of the transfer of its subsidiaries and exchange rate fluctuations, as well as the impact of restrictions on economic activity following the growing spread of COVID-19 in the second half of the fourth quarter.

However, profit attributable to owners of parent decreased 13.7 billion yen year on year mainly because the impairment loss including goodwill related to its overseas subsidiaries and provision for reinforcing measures against soft errors were recorded as extraordinary losses, despite the recording of gain on sales of shares of subsidiaries and associates, and gain on sale of businesses, as extraordinary income.

Business results are as follows.

	Unit: billion yen			
	FY2018	FY2019	Difference	Change
Net Sales	403.711	404.432	0.720	0.2%
Operating Profit	34.594	35.588	0.994	2.9%
Ordinary Profit	36.770	36.301	(0.469)	(1.3)%
Profit Attributable to Owners of Parent	28.446	14.686	(13.759)	(48.4)%
(Reference) Average rate to 1 U.S. dollar (Yen)	111.07	108.96	(2.11)	-

Results by individual segment are outlined below.

<Industrial Automation and Control Business>

	Unit: billion yen			
	FY2018	FY2019	Difference	Change
Net Sales	364.774	370.550	5.775	1.6%
Operating Profit	33.970	34.159	0.188	0.6%

In the industrial automation and control business segment, revenue and profit both increased despite exchange rate fluctuations and the impact of the growing spread of COVID-19, mainly because business centered on solutions and operation/maintenance was strong.

<Test and Measurement Business>

	Unit: billion yen			
	FY2018	FY2019	Difference	Change
Net Sales	22.870	24.777	1.906	8.3%
Operating Profit	1.939	1.638	(0.3)	(15.5)%

In the test and measurement business segment, while net sales remained strong, the effects of upfront investment in the life innovation business, etc., led increased revenue and decreased profit.

<Aviation and Other Businesses>

	Unit: billion yen			
	FY2018	FY2019	Difference	Change
Net Sales	16.066	9.105	(6.960)	(43.3)%
Operating Profit	(1.315)	(0.209)	1.106	-

In the aviation and other businesses segment, the transfer of subsidiaries led net sales to decrease significantly but due to improvements in the gross profit margin ratio, etc., the size of deficit reduced.

(2) Overview of financial conditions for the fiscal year under review

In comparison to March 31, 2019, total assets as of March 31, 2020, were up 19.5 billion yen to 489.6 billion yen, on account of an increase in cash and deposits as a result of the issuance of commercial papers to respond to unpredictable financial demands over the growing spread of COVID-19, and an increase in right-of-use assets due to the application of IFRS 16 (Leases) as stipulated in "Changes in accounting policies," despite decreases in goodwill, etc. owing to the recognition of impairment loss.

In addition, total liabilities were 198.2 billion yen, up 24.2 billion yen compared to March 31, 2019, due to the issuance of commercial papers and an increase in lease obligations following the application of IFRS 16 (Leases). Net assets were 291.4 billion yen, down 4.6 billion yen compared to March 31, 2019, due to dividends paid and a decrease in foreign currency translation adjustment, despite the recognition of profit attributable to owners of parent.

As a result, the shareholders' equity ratio was 58.4%, down 3.3 percentage points from the end of the previous fiscal year.

(3) Overview of cash flow for the fiscal year under review

The cash flow from operating activities in the fiscal year under review was a net inflow of 31.1 billion yen, up 9.7 billion yen from the previous fiscal year, reflecting the recording of profit before income taxes and depreciation.

The cash flow from investing activities was a net outflow of 18.1 billion yen, up 14.0 billion yen from the previous fiscal year, mainly reflecting purchase of property, plant and equipment.

The cash flow from financing activities was a net inflow of 4.5 billion yen, compared to a net outflow of 6.9 billion yen in the previous fiscal year, mainly due to repayments of long-term borrowings and dividends paid, and as a result of the issuance of commercial papers, etc.

As a result, the balance of cash and cash equivalents at the end of the fiscal year under review was 99.6 billion yen, up 13.9 billion yen from the end of the previous fiscal year.

(4) Future forecast

COVID-19 continues to spread globally and there is no prospect of being resolved. The IMF has also presented a scenario that the economy would fall into a recession on a greater scale than the 2008 crisis following the collapse of the Lehman Brothers and the outlook for the global economy has been more uncertain. Although the OPEC Plus Group reached a certain agreement to curtail oil production, it has not made up for a significant decrease in fuel demand caused by the economic stagnation. Crude oil prices are expected to remain at low levels for a certain period of time. In response to such trend, capital investment plans for FY 2020 have been drastically reviewed mainly in energy-related sectors such as oil and gas, even in nonenergy-related sectors, the decline in demand caused by the economic stagnation will drastically lower customers' willingness of capital spending, and price competition with our competitors is expected to further intensify due to the decrease in the number of capital investment projects.

In the Company's mainstay industrial automation and control business, the OPEX (Operating Expenditure) business for safe and stable operation and improved productivity of customers' existing facilities is expanding, and the level of dependence on new capital expenditure is by no means high. Nevertheless, the spread of COVID-19 has brought severe restrictions on economic activity and attendant decreases in energy and resource demand, along with falling prices. If this situation becomes protracted, the Company is expected to be strongly impacted, and risks are emerging for the Group's order volume and net sales in FY 2020.

We are presently examining the impact of the extremely uncertain business environments affected by COVID-19 on our business performance. Because it is difficult to make a reasonable calculation at this time, the Group's consolidated business forecast for the year ending March 31, 2021 remains undetermined.

It will be disclosed later as soon as the consolidated business forecast can be calculated.

(5) Policy on appropriation of profit and dividends for the period under review and subsequent periods

The distribution of earnings to shareholders is a top management priority for the Company. By achieving growth in earnings, we aim to steadily increase our dividend payments. While giving overall consideration to our business results, the need to secure investment funds for maximizing mid- to long-term shareholder value, and maintain the financial base supporting growth investment, we will strive to secure a consolidated dividend payout ratio in excess of 30%. Furthermore, we will maintain a stable dividend based on the shareholders' equity ratio, even when business results deteriorate due to temporary factors.

Furthermore, regarding the year-end dividend for the fiscal year under review, the result was a decrease from the previously announced consolidated business forecast mainly because the provision for reinforcing measures against soft errors and impairment loss including goodwill were recorded as extraordinary losses. Nevertheless, in order to achieve stable and continuous distribution of dividends by giving consideration on the consolidated dividend payout ratio, shareholders' equity ratio, financial positions and other related factors based on the above dividend policy, the year-end dividend will be 17 yen per share as planned initially. As a result, we plan to pay 34 yen per share in dividend payments for the fiscal year when including the interim dividend, the highest level of annual dividends ever.

Dividends for the next fiscal year remain undetermined as it is difficult to calculate the business forecast at this time.

The dividend forecast will be disclosed later as soon as the consolidated business forecast is ready to be announced.

2. Policy on Selection of Accounting Standards

For the time being, the Group will compile its consolidated financial statements based on generally accepted Japanese accounting

principles. This is to ensure consistency in our financial statements for different accounting periods and to facilitate comparison with the financial statements of other companies.

We have been monitoring accounting trends in and outside Japan and will consider the adoption of other accounting standards if it is judged that this will enhance our corporate value.

3. Consolidated Financial Statements

(1) Consolidated balance sheets

	Millions of yen	
	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	86,515	101,522
Notes and accounts receivable - trade	171,084	175,687
Merchandise and finished goods	13,092	14,297
Work in process	9,126	7,516
Raw materials and supplies	14,622	15,527
Other	16,250	18,003
Allowance for doubtful accounts	(4,130)	(3,673)
Total current assets	306,560	328,882
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,721	44,306
Machinery, equipment and vehicles, net	6,492	6,704
Tools, furniture and fixtures, net	5,875	5,881
Land	15,750	15,162
Leased assets, net	198	259
Right-of-use assets, net	-	7,929
Construction in progress	1,102	2,815
Total property, plant and equipment	75,141	83,059
Intangible assets		
Software	15,798	12,525
Goodwill	6,608	3,132
Other	11,650	7,108
Total intangible assets	34,057	22,766
Investments and other assets		
Investment securities	42,550	42,933
Deferred tax assets	6,606	6,485
Other	7,214	7,524
Allowance for doubtful accounts	(2,016)	(1,971)
Total investments and other assets	54,354	54,970
Total non-current assets	163,553	160,796
Total assets	470,114	489,678

Millions of yen

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,130	24,358
Electronically recorded obligations - operating	9,966	9,723
Short-term borrowings	13,832	16,400
Commercial papers	-	30,000
Accounts payable - other	13,530	13,367
Income taxes payable	4,332	4,769
Advances received	36,891	33,382
Lease obligations	273	2,202
Provision for bonuses	15,538	15,689
Provision for loss on construction contracts	7,806	7,606
Provision for reinforcing measures against soft errors	-	898
Other	20,366	20,502
Total current liabilities	147,669	178,900
Non-current liabilities		
Long-term borrowings	18,670	4,080
Deferred tax liabilities	1,914	793
Retirement benefit liability	4,050	4,590
Lease obligations	201	6,757
Provision for reinforcing measures against soft errors	-	1,840
Other	1,457	1,243
Total non-current liabilities	26,293	19,305
Total liabilities	173,963	198,206
Net assets		
Shareholders' equity		
Share capital	43,401	43,401
Capital surplus	54,602	54,386
Retained earnings	193,468	199,080
Treasury shares	(1,397)	(1,400)
Total shareholders' equity	290,074	295,466
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,431	7,020
Deferred gains or losses on hedges	20	-
Foreign currency translation adjustment	(8,314)	(14,677)
Remeasurements of defined benefit plans	(1,351)	(1,905)
Total accumulated other comprehensive income	(214)	(9,562)
Non-controlling interests	6,290	5,568
Total net assets	296,150	291,472
Total liabilities and net assets	470,114	489,678

(2) Consolidated statements of income and statements of comprehensive income
Consolidated statements of income for the FY2019

	(Reference) FY2018 (April 1, 2018-March 31, 2019)	(Millions of yen) FY2019 (April 1, 2019-March 31, 2020)
Net sales	403,711	404,432
Cost of sales	230,641	227,922
Gross profit	173,070	176,510
Selling, general and administrative expenses	138,475	140,921
Operating profit	34,594	35,588
Non-operating income		
Interest income	672	523
Dividend income	1,650	1,743
Share of profit of entities accounted for using equity method	1,086	1,405
Miscellaneous income	1,138	1,222
Total non-operating income	4,549	4,894
Non-operating expenses		
Interest expenses	330	610
Commission expenses	149	135
Foreign exchange losses	545	1,884
Miscellaneous loss	1,347	1,550
Total non-operating expenses	2,373	4,181
Ordinary profit	36,770	36,301
Extraordinary income		
Gain on sales of non-current assets	33	517
Gain on sales of investment securities	718	26
Gain on sales of shares of subsidiaries and associates	1,804	1,468
Gain on sale of businesses	-	* ₁ 823
Total extraordinary income	2,557	2,836
Extraordinary losses		
Loss on sales of non-current assets	14	13
Loss on retirement of non-current assets	365	286
Impairment loss	113	* ₂ 9,507
Provision for reinforcing measures against soft errors	-	* ₃ 3,478
Loss on sales of investment securities	2	-
Loss on valuation of investment securities	176	92
Loss on sales of shares of subsidiaries and associates	227	-
Total extraordinary losses	899	13,379
Profit before income taxes	38,428	25,759
Income taxes - current	10,784	10,125
Income taxes - deferred	(2,530)	(775)
Total income taxes	8,253	9,349
Profit	30,174	16,409
Profit attributable to non-controlling interests	1,727	1,722
Profit attributable to owners of parent	28,446	14,686

Consolidated statements of comprehensive income for the FY2019

	(Millions of yen)	
	(Reference) FY2018 (April 1, 2018-March 31, 2019)	FY2019 (April 1, 2019-March 31, 2020)
Profit	30,174	16,409
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,449)	(2,433)
Deferred gains or losses on hedges	49	(20)
Foreign currency translation adjustment	(5)	(6,411)
Remeasurements of defined benefit plans, net of tax	(162)	(519)
Share of other comprehensive income of entities accounted for using equity method	(93)	(204)
Total other comprehensive income	(2,661)	(9,589)
Comprehensive income	27,513	6,820
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	25,926	5,338
Comprehensive income attributable to non- controlling interests	1,586	1,481

(3) Consolidated statements of changes in net assets
(Reference) FY 2018 (April 1, 2018-March 31, 2019)

Millions of yen

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	43,401	54,560	173,034	(1,393)	269,602
Changes during period					
Dividends of surplus			(8,012)		(8,012)
Profit attributable to owners of parent			28,446		28,446
Purchase of treasury shares				(4)	(4)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Other		41			41
Net changes in items other than shareholders' equity					
Total changes during period	-	41	20,434	(4)	20,471
Balance at end of period	43,401	54,602	193,468	(1,397)	290,074

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11,873	(29)	(8,426)	(1,112)	2,305	6,796	278,704
Changes during period							
Dividends of surplus							(8,012)
Profit attributable to owners of parent							28,446
Purchase of treasury shares							(4)
Change in ownership interest of parent due to transactions with non-controlling interests							-
Other							41
Net changes in items other than shareholders' equity	(2,442)	49	111	(239)	(2,519)	(506)	(3,026)
Total changes during period	(2,442)	49	111	(239)	(2,519)	(506)	17,445
Balance at end of period	9,431	20	(8,314)	(1,351)	(214)	6,290	296,150

FY 2019 (April 1, 2019-March 31, 2020)

Millions of yen

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	43,401	54,602	193,468	(1,397)	290,074
Changes during period					
Dividends of surplus			(9,075)		(9,075)
Profit attributable to owners of parent			14,686		14,686
Purchase of treasury shares				(3)	(3)
Change in ownership interest of parent due to transactions with non-controlling interests		(216)			(216)
Other					-
Net changes in items other than shareholders' equity					
Total changes during period	-	(216)	5,611	(3)	5,392
Balance at end of period	43,401	54,386	199,080	(1,400)	295,466

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	9,431	20	(8,314)	(1,351)	(214)	6,290	296,150
Changes during period							
Dividends of surplus							(9,075)
Profit attributable to owners of parent							14,686
Purchase of treasury shares							(3)
Change in ownership interest of parent due to transactions with non-controlling interests							(216)
Other							-
Net changes in items other than shareholders' equity	(2,410)	(20)	(6,363)	(553)	(9,348)	(722)	(10,070)
Total changes during period	(2,410)	(20)	(6,363)	(553)	(9,348)	(722)	(4,677)
Balance at end of period	7,020	-	(14,677)	(1,905)	(9,562)	5,568	291,472

(4) Consolidated cash flow statements

(Millions of yen)

	(Reference) FY2018 (April 1, 2018-March 31, 2019)	FY2019 (April 1, 2019-March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	38,428	25,759
Depreciation	16,126	18,032
Amortization of goodwill	880	759
Increase (decrease) in allowance for doubtful accounts	52	(433)
Increase (decrease) in provision for bonuses	940	619
Increase (decrease) in retirement benefit liability	406	678
Interest and dividend income	(2,323)	(2,266)
Interest expenses	330	610
Share of loss (profit) of entities accounted for using equity method	(1,086)	(1,405)
Loss (gain) on sales of investment securities	(716)	(26)
Loss (gain) on sales of shares of subsidiaries and associates	(1,576)	(1,468)
Loss (gain) on sales of non-current assets	(19)	(504)
Loss on retirement of non-current assets	365	286
Loss (gain) on sale of businesses	-	(823)
Provision for reinforcing measures against soft errors	-	3,478
Impairment loss	113	9,507
Decrease (increase) in trade receivables	(15,733)	(13,039)
Decrease (increase) in inventories	(9,017)	(2,872)
Increase (decrease) in trade payables	1,860	(402)
Increase (decrease) in accrued expenses	91	1,409
Other, net	2,105	2,310
Subtotal	31,228	40,209
Interest and dividends received	2,184	2,310
Interest paid	(337)	(612)
Income taxes (paid) refund	(11,664)	(10,774)
Net cash provided by (used in) operating activities	21,410	31,132
Cash flows from investing activities		
Payments into time deposits	-	(1,561)
Proceeds from withdrawal of time deposits	1,568	368
Purchase of property, plant and equipment	(7,890)	(9,925)
Proceeds from sales of property, plant and equipment	174	867
Purchase of intangible assets	(5,593)	(7,090)
Proceeds from sale of businesses	-	902
Purchase of investment securities	(1,392)	(1,696)
Proceeds from sales and redemption of investment securities	1,100	45
Purchase of shares of subsidiaries and associates	-	(759)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(194)	(1,550)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	8,027	2,287
Other, net	112	(70)
Net cash provided by (used in) investing activities	(4,088)	(18,182)

	(Millions of yen)	
	(Reference) FY2018 (April 1, 2018-March 31, 2019)	FY2019 (April 1, 2019-March 31, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,481	(1,615)
Net increase (decrease) in commercial papers	-	30,000
Repayments of long-term borrowings	(176)	(10,264)
Repayments of lease obligations	(507)	(2,790)
Dividends paid	(8,008)	(9,072)
Dividends paid to non-controlling interests	(773)	(1,316)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(354)
Other, net	(4)	(3)
Net cash provided by (used in) financing activities	(6,988)	4,583
Effect of exchange rate change on cash and cash equivalents	(469)	(3,577)
Net increase (decrease) in cash and cash equivalents	9,864	13,957
Cash and cash equivalents at beginning of period	75,836	85,701
Cash and cash equivalents at end of period	85,701	99,658

(5) Notes on consolidated financial statements

Notes for going concern

Not applicable

Important items used as the basis for creation of consolidated financial statements

1. Items related to the range of consolidation

(1) Consolidated subsidiaries: 109 companies

The range of consolidation has been revised due to changes involving the following companies:

(Increase: 4 companies)

Acquisition of Shares:	Grazper Technologies ApS (Denmark)
	RAP International Ltd. (United Kingdom)
Establishment:	Yokogawa Qatar QFZ LLC (State of Qatar)
	Yokogawa Czech Republic, s.r.o. (Czech Republic)

(Decrease: 3 companies)

Sale of Shares:	Yokogawa Medical Solutions Corporation (Japan)
Liquidation:	Yokogawa Test Solutions Corporation (Japan)
Absorption-Type Merger:	Yokogawa Service Ltda. (Brazil)

(2) Non-consolidated subsidiaries: 1 company

(Name of major company) Yokogawa Foundry Corporation

This company does not significantly influence the consolidated financial statements, and has therefore been excluded from the range of consolidation.

2. Items related to application of the equity method

(1) Non-consolidated subsidiaries: 1 company

(Name of major company) Yokogawa Foundry Corporation

(2) Affiliated companies: 4 companies

(Name of major company) Yokogawa Rental & Lease Corporation

(3) For certain equity method affiliates whose closing dates differ from the consolidated closing date, financial statements based on a provisional closing conducted as of the consolidated closing date are used, and for certain companies the financial statements for the most recent fiscal year are used.

(4) The scope of application of the equity method has been revised due to changes involving the following company:

(Increase: 1 company)

Acquisition of Shares: Sensire Ltd. (Republic of Finland)

3. Items related to the fiscal year of consolidated subsidiaries, etc.

Starting with the fiscal year under review, the closing date for Yokogawa Electric China Co., Ltd. and 17 other non-Japan subsidiaries is December 31. For creation of consolidated financial statements, financial statements based on the provisional settlement of accounts implemented on the consolidated closing date are used for these companies.

4. Application of consolidated taxation system

The Company and some of its consolidated subsidiaries have applied a consolidated taxation system.

Changes in accounting policies

The Group's consolidated subsidiaries outside Japan have adopted IFRS 16 (Leases) from the fiscal year ended March 31, 2020. Due to the application of this accounting standard, for lease transactions as a lessee, in principle, along with recognizing right-of-use assets and lease liabilities, the Group is recording the depreciation of the right-of-use assets and interest expenses related to the lease liabilities.

As a result, as of the end of the fiscal year ended March 31, 2020, right-of-use assets increased by 7,902 million yen, lease obligations (current liabilities) increased by 1,899 million yen, and lease obligations (non-current liabilities) increased by 6,495 million yen. The impact of this change on the consolidated statements of income is insignificant.

In the application of IFRS 16, the Group has adopted the method where the cumulative effect of applying this standard is recognized at the date of initial application, subject to the transitional treatment.

Consolidated statements of income

*1 Gain on sale of businesses

This gain relates to the transfer of the plastic vortex flow sensors business.

*2 Impairment loss

An impairment loss was recorded for the following asset groups for the fiscal year ended March 31, 2020.

Millions of yen

Location	Use	Category	Impairment loss
United Kingdom	Business assets	Goodwill	2,936
		Other intangible assets	3,674
		Software	968
		Right-of-use assets	580
		Tools, furniture and fixtures	61
United States	Business assets	Goodwill	1,016
		Other intangible assets	269
		Total	9,507

The Group's business assets are grouped based on management accounting classification.

The book values mainly with respect to the goodwill arising at the time of acquisition of shares of the U.K. based consolidated subsidiary, KBC Advanced Technologies Limited and the U.S. based consolidated subsidiary, Sotica Visual Mesa, Limited Liability Company were reduced to their respective recoverable amounts and the amount of said reductions have been recorded as impairment losses on account of the business results of these companies falling below the initially forecasted business plans due to the impact of changes in the business environments surrounding each company.

The recoverable amounts for the said asset groups are measured by value in use and are calculated by discounting future cash flows at a rate of 10%.

*3 Provision for reinforcing measures against soft errors

This provision is the amount of projected expenses incurred with the reinforcement of soft error measures and support for customers.

Segment information

1. Overview of reporting segments

The business segments for financial reporting are categorized as the industrial automation and control business, test and measurement business, and aviation and other businesses.

The industrial automation and control business offers comprehensive solutions including field instruments such as flowmeters, differential pressure/pressure transmitters, and process analyzers; control systems, programmable controllers, industrial recorders, etc.; various types of software that enhance productivity; and services that minimize plant lifecycle costs.

The test and measurement business offers waveform measuring instruments; optical communications measuring instruments; signal generators; electric power, temperature, and pressure measuring instruments; and confocal scanners for observation of live cells.

The aviation and other businesses offer instruments for aviation use.

2. Segment sales and profits (losses)

Millions of yen

		(Reference) FY 2018 (April 1, 2018-March 31, 2019)		FY2019 (April 1, 2019-March 31, 2020)		Change
		Amount	Composition ratio (%)	Amount	Composition ratio (%)	
Industrial automation and control business	Net sales to unaffiliated customers	364,774	90.3	370,550	91.6	5,775
	Operating profit (loss)	33,970	98.2	34,159	96.0	188
Test and measurement business	Net sales to unaffiliated customers	22,870	5.7	24,777	6.1	1,906
	Operating profit (loss)	1,939	5.6	1,638	4.6	(300)
Aviation and other businesses	Net sales to unaffiliated customers	16,066	4.0	9,105	2.3	(6,960)
	Operating profit (loss)	(1,315)	(3.8)	(209)	(0.6)	1,106
Consolidated	Net sales to unaffiliated customers	403,711	100.0	404,432	100.0	720
	Operating profit (loss)	34,594	100.0	35,588	100.0	993

3. Sales by geographical location

Millions of yen

		(Reference) FY 2018 (April 1, 2018-March 31, 2019)		FY2019 (April 1, 2019-March 31, 2020)		Change
		Amount	Composition ratio (%)	Amount	Composition ratio (%)	Amount
Japan		128,080	31.7	126,467	31.3	(1,613)
Outside Japan		275,631	68.3	277,965	68.7	2,334
	Southeast Asia, Far East	72,558	18.0	66,000	16.3	(6,558)
	China	47,049	11.6	47,310	11.7	260
	India	13,839	3.4	15,339	3.8	1,500
	Europe	34,223	8.5	32,599	8.1	(1,624)
	Russia	18,086	4.5	19,511	4.8	1,424
	North America	31,759	7.9	32,705	8.1	945
	Middle East, Africa	49,776	12.3	55,461	13.7	5,685
	Central and South America	8,338	2.1	9,039	2.2	700
Consolidated net sales		403,711	100.0	404,432	100.0	720

Sales are based on a customer's geographical location (classified above as a country or region).
The breakdown of countries and regions belonging to groups is as follows.

- | | |
|-------------------------------|--|
| (1) Southeast Asia, Far East | Singapore, South Korea, etc. |
| (2) China | China |
| (3) India | India |
| (4) Europe | Netherlands, France, United Kingdom, Germany, etc. |
| (5) Russia | Russia |
| (6) North America | United States, Canada |
| (7) Middle East, Africa | Bahrain, Saudi Arabia, etc. |
| (8) Central and South America | Brazil, etc. |

Per-share information

	FY2018	FY2019
Net assets per share (yen)	1,085.88	1,071.07
Basic earnings per share (yen)	106.54	55.02

(Notes) 1. The amount of the fully diluted earnings per share for the fiscal year under review is not described because there is no residual security.

2. The basis for calculation of basic earnings per share is as follows:

	FY2018	FY2019
Profit attributable to owners of parent (millions of yen)	28,446	14,686
Profit attributable to owners of parent related to common stock (millions of yen)	28,446	14,686
Average number of shares during the period	267,008,640	266,934,329

Important post-balance sheet events

Not applicable

[Reference]

May 12, 2020
Yokogawa Electric Corporation

Consolidated Financial Statements for the Year Ended March 31, 2020

Millions of yen

	FY2018		FY2019		Change	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net Sales	403,711	-	404,432	-	720	-
Operating Profit	34,594	8.6%	35,588	8.8%	994	0.2%
Ordinary Profit	36,770	9.1%	36,301	9.0%	(469)	(0.1)%
Profit Attributable to Owners of Parent	28,446	7.0%	14,686	3.6%	(13,759)	(3.4)%
Comprehensive Income	27,513	6.8%	5,610	1.7%	(21,902)	(5.1)%
Total Assets	470,114		489,678		19,564	
Shareholders' Equity	296,150		291,472		(4,677)	
Return on Equity	10.1%		5.1%		(5.0)%	
Basic Earnings per Share	106.54 yen		55.02 yen		(51.52) yen	
Shareholders' Equity per Share	1,085.88 yen		1,071.07 yen		(14.81) yen	
Capital Investment	14,959		19,626		4,667	
Depreciation	17,006		18,791		1,784	
Research and Development Expenses	26,249		27,604		1,355	
Average Exchange Rate during the Period (USD)	111.07 yen		108.96 yen		(2.11) yen	

Consolidated orders by segment

Millions of yen

	FY2018	FY2019	FY2020 full year (forecast)
Industrial automation and control business	393,646	385,913	The Company is currently examining the impact of COVID-19, but as it is difficult to make a reasonable calculation at this time, the forecast remains undetermined.
Test and measurement business	22,938	25,714	
Aviation and other businesses	15,387	7,034	
Total	431,972	418,662	

Consolidated sales by segment

Millions of yen

	FY2018	FY2019	FY2020 full year (forecast)
Industrial automation and control business	364,774	370,550	The Company is currently examining the impact of COVID-19, but as it is difficult to make a reasonable calculation at this time, the forecast remains undetermined.
Test and measurement business	22,870	24,777	
Aviation and other businesses	16,066	9,105	
Total	403,711	404,432	

Consolidated operating profit by segment

Millions of yen

	FY2018	FY2019	FY2020 full year (forecast)
Industrial automation and control business	33,970	34,159	The Company is currently examining the impact of COVID-19, but as it is difficult to make a reasonable calculation at this time, the forecast remains undetermined.
Test and measurement business	1,939	1,638	
Aviation and other businesses	(1,315)	(209)	
Total	34,594	35,588	