

Consolidated Results for the First Half of the Fiscal Year Ending March 20, 2015 [Japan GAAP]

October 20, 2014

Listed company name: YASKAWA Electric Corporation

<http://www.yaskawa.co.jp/en/>

Representative: Junji Tsuda, Representative Director, Chairman of the Board, President

Stock exchange listings: Tokyo (First section), Fukuoka

Stock ticker number: 6506

(Note: This document is a summarized translation of the financial statement submitted to the Tokyo Stock Exchange and Fukuoka Stock Exchange for the period stated above. Figures under ¥1 million are rounded down.)

1. Summary of Consolidated Results for the First Half of the Fiscal Year Ending March 20, 2015 (March 21, 2014 to September 20, 2014)

(1) Consolidated Statements of Income

(Millions of yen, except ratio and per share data)

	Six months ended September 20, 2014	Change	Six months ended September 20, 2013	Change
Net sales	193,923	9.5%	177,158	17.7%
Operating income	14,920	18.1%	12,635	105.8%
Ordinary income	15,640	16.7%	13,407	111.0%
Net income	11,692	61.1%	7,256	107.4%
Earnings per share (basic, Yen)	46.47	-	28.84	-
Earnings per share (diluted, Yen)	44.09	-	27.36	-

Note:

	Six months ended September 20, 2014	Change	Six months ended September 20, 2013	Change
Comprehensive income (Millions of yen)	16,794	37.4%	12,223	-%

(2) Consolidated Financial Position

(Millions of yen, except ratio)

	As of September 20, 2014	As of March 20, 2014
Total assets	356,397	340,506
Net assets	153,953	139,870
Shareholders' equity ratio (%)	42.0	39.4

Reference: Shareholders' equity

As of September 20, 2014: ¥149,662 million

As of March 20, 2014: ¥134,076 million

2. Dividends

	Year ended March 20, 2014	Year ending March 20, 2015	Year ending March 20, 2015 (forecast)
Dividends per share (Yen)			
End of 1Q	-	-	-
End of 2Q	6.00	8.00	-
End of 3Q	-	-	-
Year-end	6.00	-	10.00
Annual total	12.00	-	18.00

Note: Revisions to the most recently announced dividend forecast: Yes

Breakdown of the forecasted year-end dividend for the year ending March 20, 2015:

Ordinary dividend of 8 yen and commemorative dividend for the Company's centenary of 2 yen

3. Projected Consolidated Results for the Fiscal Year Ending March 20, 2015 (from March 21, 2014 to March 20, 2015)

	(Millions of yen, except per share data)	
	Year ending March 20, 2015	Change
Net sales	395,000	8.6%
Operating income	30,000	16.7%
Ordinary income	31,000	14.5%
Net income	22,500	32.6%
Earnings per share (Yen)	89.42	-

Note: Revisions to the most recently announced sales and earnings forecast: Yes

Reference: These forecasts are based on average exchange rate assumptions of 1 USD = 105 JPY and 1 EUR = 135 JPY during the period from September 21, 2014 to March 20, 2015.

*Notes:

- (1) Major change in scope of consolidation: None
- (2) Use of accounting methods that are specific to the preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements:
 1. Changes in accounting policies accompanying revisions in accounting standards: None
 2. Changes other than in 1.: None
 3. Changes in accounting estimates: None
 4. Restatements: None
- (4) Number of common shares outstanding
 - (a) The number of shares outstanding including treasury shares:
 - As of September 20, 2014: 252,331,938 shares
 - As of March 20, 2014: 252,331,938 shares
 - (b) The number of treasury shares:
 - As of September 20, 2014: 714,203 shares
 - As of March 20, 2014: 712,921 shares
 - (c) Average during period (quarter cumulative):
 - Six months ended September 20, 2014: 251,618,399 shares
 - Six months ended September 20, 2014: 251,622,119 shares

*Information concerning implementation status of quarterly review procedure

This quarterly financial report is not subject to the quarterly review procedure prescribed by the Financial Instruments and Exchange Act. The review procedure for the quarterly consolidated financial statements had not been completed when this report was released.

*About the appropriate use of business forecasts

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ from these statements for a number of reasons.

The Yaskawa Group will hold an information meeting for securities analysts and institutional investors on October 21, 2014 (Tuesday). A summary of the materials distributed at this meeting will be posted on the Yaskawa Group website following the meeting.

4. Qualitative Information on Quarterly Results

Business Performance

- While the economic growth in emerging nations slowed down, the U.S. saw steady economic growth and the Chinese economy also gradually expanded.
- Capital expenditures in Japan increased gradually because of the growth in corporate earnings brought about by the steady domestic demand and increase in exports, and the domestic market continued to recover.

The Yaskawa Group is currently implementing the following policies and measures in order to ensure the achievement of its mid-term business plan “Realize 100”:

- Increase bookings in core businesses
- Continue developing R&D, production and sales capabilities to achieve higher profitability
- Expand the Environment and Energy business, and establish a framework to fully commercialize the Human Assist business

The business performance of each business segment for the first half of fiscal 2014 is as follows.

(Millions of yen, except ratio)

	Six months ended September 20, 2014	
Business segment	Net sales (change from the corresponding period of previous fiscal year)	Operating income (loss) (change from the corresponding period of previous fiscal year)
Motion Control	90,702 (up by 10.2%)	10,461 (up by 22.6%)
Robotics	67,228 (up by 14.6%)	5,756 (up by 19.3%)
System Engineering	15,540 (down by 4.2%)	(1,212) (-)
Other	20,452 (up by 2.2%)	447 (up by 40.7%)

Motion Control

- Growth in global sales of AC servo motors and controllers mainly for smart phones and automobile-related industries. Production increase at Shenyang plant contributed to the significant growth in China.
- The sales of general purpose AC drives were firm. The sales of PV inverters were lower than the corresponding period of previous fiscal year when the market was strong.
- Both net sales and operating income have increased compared to FY2013 first half.

Robotics

- Steady growth in sales of welding, handling and painting robots to global automobile-related industries. Captured the expansion of the Chinese market.
- Both net sales and operating income have increased compared to FY2013 first half.

System Engineering

- The segment remained stagnant due to weak demand for steel plant and water and sewerage electric

instrumentation systems.

Other

- The Group's information technology business and logistics business are included in this segment.

5. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of March 20, 2014	As of September 20, 2014
Assets		
Current assets		
Cash and deposits	23,104	23,849
Trade notes and accounts receivable	108,706	112,687
Merchandise and finished goods	48,251	51,560
Goods in process	11,637	10,961
Raw materials and supplies	18,476	18,277
Other	28,519	30,345
Allowance for doubtful accounts	(1,626)	(2,444)
Total current assets	237,068	245,237
Fixed assets		
Property, plant and equipment	50,586	51,280
Intangible assets	15,043	19,315
Investments and other assets		
Other	38,121	40,877
Allowance for doubtful accounts	(313)	(313)
Total investments and other assets	37,807	40,563
Total fixed assets	103,437	111,159
Total assets	340,506	356,397
Liabilities		
Current liabilities		
Trade notes and accounts payable	67,999	69,602
Short-term bank loans	24,395	27,684
Accrued directors' bonus	39	36
Other	42,039	45,020
Total current liabilities	134,474	142,344
Long-term liabilities		
Convertible bonds	15,000	15,000
Long-term debt	15,357	13,584
Provision for employees' retirement benefits	26,234	23,460
Provision for directors' retirement benefits	232	155
Other	9,335	7,897
Total long-term liabilities	66,160	60,099
Total liabilities	200,635	202,443
Net assets		
Shareholders' equity		
Capital	23,062	23,062
Additional paid-in capital	18,689	18,689
Retained earnings	81,431	91,980
Treasury stock	(476)	(478)
Total shareholders' equity	122,706	133,253
Accumulated other comprehensive income		
Net unrealized holding gain on securities	5,286	9,814
Foreign currency translation adjustments	6,083	6,595
Total accumulated other comprehensive income	11,370	16,409
Minority interests	5,794	4,290
Total net assets	139,870	153,953
Total liabilities and net assets	340,506	356,397

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income (cumulative)

(Millions of yen)

	Six Months Ended September 20, 2013	Six Months Ended September 20, 2014
Net sales	177,158	193,923
Cost of sales	124,844	133,431
Gross profit	52,314	60,491
Selling, general and administrative expenses	39,678	45,571
Operating income	12,635	14,920
Non-operating income		
Interest income	70	75
Dividends received	252	339
Equity in earnings of associated companies	248	55
Foreign exchange gains	314	133
Proceeds from subsidy	276	507
Other	158	161
Total non-operating income	1,321	1,273
Non-operating expenses		
Interest expenses	346	412
Other	203	141
Total non-operating expenses	549	553
Ordinary income	13,407	15,640
Extraordinary gains		
Gain on sale of fixed assets	11	107
Gain on sale of investment securities	-	83
Gain on sale of subsidiaries and affiliates' stocks	-	439
Total extraordinary gains	11	630
Extraordinary losses		
Loss on sales and disposal of fixed assets	200	62
Loss on devaluation of investment securities	1	0
Impairment loss	374	-
Loss on ending of retirement benefit scheme	-	225
Business structure improvement expenses	840	-
Other	-	2
Total extraordinary losses	1,417	290
Income before income taxes and minority interests	12,001	15,979
Provision for income taxes- current	3,092	4,302
Provision for income taxes- deferred	1,324	(40)
Total income taxes	4,417	4,262
Income before minority interests	7,584	11,717
Minority interests in income	328	25
Net income	7,256	11,692

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Six Months Ended September 20, 2013	Six Months Ended September 20, 2014
Income before minority interests	7,584	11,717
Other comprehensive income		
Valuation difference on available-for-sale securities	1,383	4,517
Foreign currency translation adjustment	3,086	727
Share of other comprehensive income of associates accounted for using equity method	169	(167)
Total other comprehensive income	4,638	5,077
Comprehensive income	12,223	16,794
(Breakdown)		
Comprehensive income attributable to shareholders of the Company	11,786	16,731
Comprehensive income attributable to minority interests	437	62

3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six Months Ended September 20, 2013	Six Months Ended September 20, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	12,001	15,979
Depreciation and amortization	4,178	4,987
Impairment loss	374	-
Increase (decrease) in allowance for doubtful accounts	(201)	796
Increase (decrease) in provision for employees' retirement benefits, net of payments	226	(354)
Decrease in provision for directors' retirement benefits, net of payments	(12)	(45)
Loss (gain) on sales and retirement of fixed assets	188	(45)
Gain on sales of investment securities	-	(83)
Gain on sales of stocks of subsidiaries and affiliates	-	(439)
Loss on valuation of investment securities	1	0
Interest and dividend income	(323)	(414)
Interest expense	346	412
Decrease (increase) in trade receivables	8,563	(4,503)
Increase in inventories	(4,801)	(2,353)
Increase in trade payables	2,816	12
Increase (decrease) in accrued expenses	(207)	605
Other, net	(2,176)	774
Subtotal	20,973	15,329
Interest and dividends received	533	605
Interest paid	(360)	(424)
Income taxes paid	(2,974)	(4,118)
Net cash provided by operating activities	18,172	11,392
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(5,743)	(6,522)
Proceeds from sales of property, plant and equipment and intangible assets	261	212
Purchase of investment securities	(146)	(6)
Proceeds from sales of investment securities	-	93
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(99)	(2,379)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	(930)
Other, net	(79)	(266)
Net cash used in investing activities	(5,807)	(9,798)
Cash flows from financing activities		
Increase (decrease) in short-term debt	(2,905)	2,837
Proceeds from long-term debt	857	106
Repayments of long-term debt	(2,756)	(2,526)
Dividends paid	(1,259)	(1,511)
Dividends paid to minority shareholders	(4)	(5)
Other, net	(38)	(48)
Net cash used in financing activities	(6,107)	(1,149)
Effect of exchange rate changes on cash and cash equivalents	749	300
Net increase in cash and cash equivalents	7,006	744
Cash and cash equivalents at beginning of year	19,389	22,992
Increase due to inclusion of subsidiaries in consolidation	1,183	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	58	-
Cash and cash equivalents at the end of period	27,636	23,737

4) Notes to the Quarterly Consolidated Financial Statements
 Notes Pertaining to the Presumption of a Going Concern
 None

Notes on Significant Change in Shareholders' Equity
 None

Segment Information, etc.
 Segment information

I. The first half ended September 2013 (March 21, 2013 – September 20, 2013)
 Sales, income or loss for each reportable segment

							(Millions of yen)
	Motion Control	Robotics	System Engineering	Other *1	Total	Adjustment *2	Amounts in consolidated financial statements *3
<u>Net sales</u>							
Sales to external customers	82,291	58,637	16,216	20,012	177,158	-	177,158
Intersegment sales and transfers	6,774	206	701	9,877	17,559	(17,559)	-
Total sales	89,065	58,844	16,917	29,890	194,718	(17,559)	177,158
Segment operating income (loss)	8,531	4,825	(414)	317	13,260	(625)	12,635

(Notes)

1. IT-related business and logistics services, etc. are included in the Other segment.
2. Adjustment in the segment operating income of (625) million yen includes expenses in basic research and other activities that do not belong to any reportable segments.
3. Segment operating income has been adjusted to consolidated operating income described in quarterly consolidated statements of income.

II. The first half ended September 2014 (March 21, 2014 – September 20, 2014)
 Sales, income or loss for each reportable segment

							(Millions of yen)
	Motion Control	Robotics	System Engineering	Other *1	Total	Adjustment *2	Amounts in consolidated financial statements *3
<u>Net sales</u>							
Sales to external customers	90,702	67,228	15,540	20,452	193,923	-	193,923
Intersegment sales and transfers	6,662	171	496	9,362	16,694	(16,694)	-
Total sales	97,365	67,399	16,037	29,815	210,617	(16,694)	193,923
Segment operating income (loss)	10,461	5,756	(1,212)	447	15,452	(532)	14,920

(Notes)

1. IT-related business and logistics services, etc. are included in the Other segment.
2. Adjustment in the segment operating income of (532) million yen includes expenses in basic research and other activities that do not belong to any reportable segments.
3. Segment operating income has been adjusted to consolidated operating income described in quarterly consolidated statements of income.

Reference Information

Overseas Sales

	Six months ended September 20, 2013				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	29,038	20,274	54,037	1,839	105,190
Consolidated sales	-	-	-	-	177,158
Percentage of overseas sales in consolidated sales	16%	11%	31%	1%	59%

(Notes)

1. Geographical areas are divided into categories based on their geographical proximity.
2. The regions that belong to each area are as follows.

- (1) The Americas – U.S.A., etc
- (2) Europe – Germany, Sweden, The United Kingdom, etc
- (3) Asia – The People’s Republic of China, Singapore, Republic of Korea, etc
- (4) Other – South Africa, Australia, etc

	Six months ended September 20, 2014				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	31,966	21,833	65,486	1,894	121,180
Consolidated sales	-	-	-	-	193,923
Percentage of overseas sales in consolidated sales	17%	11%	34%	1%	63%

(Notes)

1. Geographical areas are divided into categories based on their geographical proximity.
2. The regions that belong to each area are as follows.

- (1) The Americas – U.S.A., etc
- (2) Europe – Germany, Sweden, The United Kingdom, etc
- (3) Asia – The People’s Republic of China, Singapore, Republic of Korea, etc
- (4) Other – South Africa, Australia, etc

Subsequent Events

None