YASKAWA Electric Corporation
(TSE 6506)

• First Half of FY2008 Financial Results Summary
  (Ended September 20, 2008)

• FY2008 Financial Forecasts Summary
  (Ending March 20, 2009)

Presented by Koji Toshima, President

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Sales Break Down by Business Segment

**Information Technologies (Ⅱ)**
- Core products: Computer peripherals, laser marking devices, etc.
- Information management software and services

**System Engineering (S)**
- Core products: Electrical systems for steel plants, Electrical instrumentation for water supply plants and sewage treatment facility systems, etc.

**Robotics (R)**
- Core products: Arc and spot welding robots, Painting robots, Handling robots, FPD glass sheet transfer robots, New generation robots, Semiconductor wafer transfer robots, etc.
- Main applications: Welding of automobile components by arc-welding robots, Assembly by new generation robots

**Motion Control (M)**
- Core products: AC servo motors and controllers, Linear servo, General purpose AC drives, etc.
- Main applications: Electronic components (Chip mounter), Machine tools (Tapping machine)

FY2007 consolidated sales of ¥382.3 billion

- Information Technologies: 6%
- System Engineering: 13%
- Robotics: 32%
- Motion Control: 47%
Sales Break Down by Destination

FY2007 consolidated sales of ¥382.3 billion

Asia
- Major subsidiaries
  - YASKAWA Electric (Shanghai) Co., Ltd. (China)
  - YASKAWA Electric (Singapore) PTE Ltd. (Singapore)
  - YASKAWA Electric Korea Corporation (Korea)
  - YASKAWA Electric Taiwan Corporation (Taiwan)
  - Shougang Motoman Robot Co., Ltd. (China)
  - Motoman Motoman Robotics Ltd. (India)

Europe
- Major subsidiaries
  - YASKAWA Electric Europe GmbH (Germany)
  - Motoman Robotics Europe AB (Sweden)
  - Motoman Robotec GmbH (Germany)
  - YASKAWA Electric UK, Ltd. (UK)

The Americas
- Major subsidiaries
  - YASKAWA Electric America, Inc. (U.S.)
  - YASKAWA Eletrico do Brasil Ltda. (Brazil)
  - Motoman, Inc. (U.S.)

Japan
- Major subsidiaries
  - YE DATA INC.
  - YASKAWA INFORMATION SYSTEMS Corporation
  - YASKAWA Electric Engineering Corp.
  - YASKAWA Controls Co., Ltd.
  - YASKAWA Motor Corp.
First Half of FY2007 Financial Highlights

Record high sales achieved and the profits remained about the same as last year while being affected by the strong yen. All results exceeded the original forecast.

<table>
<thead>
<tr>
<th></th>
<th>from the corresponding period last year</th>
<th>from the corresponding original forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>¥189.4 billion</td>
<td>Up by 3.1%</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥15.8 billion</td>
<td>Down by 3.9%</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>¥16.6 billion</td>
<td>Down by 1.2%</td>
</tr>
<tr>
<td>Net income</td>
<td>¥9.5 billion</td>
<td>Down by 1.6%</td>
</tr>
</tbody>
</table>

(Sales marked record highs as interim results.)

(M) AC drives: Steady growth for Asian and air-conditioning markets with increasing energy-saving demands.

AC servomotors: High level sales continued due to growth for FPD industry.

(R) Automobile: Europe led sales increase.

FPD: Record high orders (recorded as sales in the second half of the fiscal year.)

Semiconductor: Restrained capital expenditures continued.

(S) Although large orders from steel industry were in the trough of sales recording, profitability retained with cost reduction.

(IT) Achieved improvement in profitability by reducing costs and spending.
## Sales increase led by (M) and (R). (unit: billion yen, %)

<table>
<thead>
<tr>
<th></th>
<th>1H of FY2008 income ratio</th>
<th>1H of FY2007 income ratio</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(billion yen)</td>
<td>(%)</td>
<td>(billion yen)</td>
</tr>
<tr>
<td>Sales</td>
<td>189.4</td>
<td>183.7</td>
<td>+5.7</td>
</tr>
<tr>
<td>(M)</td>
<td>90.9</td>
<td>86.4</td>
<td>+4.5</td>
</tr>
<tr>
<td>(R)</td>
<td>63.8</td>
<td>60.2</td>
<td>+3.6</td>
</tr>
<tr>
<td>(S)</td>
<td>19.7</td>
<td>22.3</td>
<td>(2.6)</td>
</tr>
<tr>
<td>(IT)</td>
<td>11.1</td>
<td>11.2</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Operating income</td>
<td>15.8</td>
<td>16.4</td>
<td>(0.6)</td>
</tr>
<tr>
<td>(M)</td>
<td>10.2</td>
<td>10.4</td>
<td>(0.2)</td>
</tr>
<tr>
<td>(R)</td>
<td>4.1</td>
<td>4.0</td>
<td>+0.1</td>
</tr>
<tr>
<td>(S)</td>
<td>0.6</td>
<td>0.7</td>
<td>(0.1)</td>
</tr>
<tr>
<td>(IT)</td>
<td>0.3</td>
<td>0.1</td>
<td>+0.2</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>16.6</td>
<td>16.9</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Net income</td>
<td>9.5</td>
<td>9.6</td>
<td>(0.2)</td>
</tr>
</tbody>
</table>
Breakdown of Changes in Operating Income (First half of FY07 to First half of FY08)

Profit increase due to sales growth

- (M) Growth for FPD
- (R) Strong European markets

Added value

- Profit deterioration of semiconductor robots

Increase in strategic costs

- Investment in facility and product development

Effects of changes in Forex rates

1H of FY2007: 16.4 billion yen
1H of FY2008: 15.8 billion yen (3.9% decrease)
FY2008 Financial Forecast : Main Points

- Securing sales for the orders from FPD and steel industries
- Sales expansion with new products
- Thorough cost management

Aim at achieving results about the same as last year

(M) AC servomotors: Market share expansion by full rollout of new products overseas
AC drives: Enhancement of the new product lineup and take in the demand for energy saving

(R) Automobile: Capture demands for the small car market with next-generation robots
FPD: Secure sales and profits by efficient production of large orders
Semiconductor: Respond to the market adjustments by streamlining business structure

(S) Steel: Improve profitability by securing sales of order items
Medium-voltage drives: Sales expansion by developing applications of energy-saving technology

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## FY2008 Outlook by Business Segment

<table>
<thead>
<tr>
<th></th>
<th>FY2008</th>
<th>Change from original forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>forecast</td>
<td>income ratio</td>
</tr>
<tr>
<td>Sales</td>
<td>385.0</td>
<td>8.8%</td>
</tr>
<tr>
<td>(M)</td>
<td>173.9</td>
<td>10.6%</td>
</tr>
<tr>
<td>(R)</td>
<td>130.0</td>
<td>7.2%</td>
</tr>
<tr>
<td>(S)</td>
<td>50.0</td>
<td>9.1%</td>
</tr>
<tr>
<td>(IT)</td>
<td>24.0</td>
<td>5.0%</td>
</tr>
<tr>
<td>Operating income</td>
<td>34.0</td>
<td></td>
</tr>
<tr>
<td>(M)</td>
<td>18.3</td>
<td>10.6%</td>
</tr>
<tr>
<td>(R)</td>
<td>9.3</td>
<td>7.2%</td>
</tr>
<tr>
<td>(S)</td>
<td>4.5</td>
<td>9.1%</td>
</tr>
<tr>
<td>(IT)</td>
<td>1.2</td>
<td>5.0%</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>35.0</td>
<td>9.1%</td>
</tr>
<tr>
<td>Net income</td>
<td>20.0</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

Estimated exchange rates: $1=¥103.1, $1=¥100.0, €1=¥151.3, €1=¥150.0

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Breakdown of Changes in Operating Income (FY07 to FY08)

- **Profit increase due to sales growth**
  - (R) Growth in FPD robots
  - (M) Growth of AC drives

- **Added value**
  - Rise in material prices
  - Profit deterioration of semiconductor robots

- **Increase in strategic costs**
  - Investment in facility and product development

- **Effects of changes in Forex rates**
  - Profit deterioration of semiconductor robots

FY2007: 36.5 yen billion
FY2008 Forecast: 34.0 yen billion

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### Balance Sheet Structural Reform (Consolidated)

#### FY2007
- Shareholders’ equity ratio: 34.9%
- Shareholders’ equity: ¥100.8 bn.
- Interest-bearing debt: ¥33.8 bn.
- D/E ratio: 0.34
- Inventory: ¥57.9 bn. (Turnover: 1.8 months)

#### 1H of FY2008
- Shareholders’ equity ratio: 36.6%
- Shareholders’ equity: ¥108.9 bn.
- Interest-bearing debt: ¥32.9 bn.
- D/E ratio: 0.30
- Inventory: ¥65.7 bn. (Turnover: 2.0 months)

Average inventory during the FY is used for calculating turnover months.

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**Reconciliation:**

- Shareholders’ equity ratio (right scale):
  - FY2007: 36.6%
  - 1H of FY2008: 36.6%

- Shareholders’ equity (left scale):
  - FY2007: ¥108.9 bn.
  - 1H of FY2008: ¥108.9 bn.

- Interest-bearing debt (left scale):
  - FY2007: ¥32.9 bn.
  - 1H of FY2008: ¥32.9 bn.

- Inventory (Turnover) (left scale):
  - FY2007: ¥65.7 bn. (1.8 months)
  - 1H of FY2008: ¥65.7 bn. (2.0 months)
Risk Factors

1. Change in exchange rates
   There is a possibility that changes in exchange rates, such as sharp appreciation of the Japanese yen, may affect our business results negatively.

   (Reference) Actual exchange rates in 1H of FY2007 $1=¥120.0 €1=¥161.8
   Actual exchange rates in 2H of FY2007 $1=¥110.8 €1=¥160.9
   Actual exchange rates in 1H of FY2008 $1=¥105.6 €1=¥163.1
   Estimated exchange rates in 2H of FY2008 $1=¥100.0 €1=¥140.0

2. Market environment
   There is an increasing risk that we are negatively affected by global economic slowdown, which may lead to decline in orders.

3. Price increase for raw materials and parts
   We try our best to control the price within the scope of our expectation, however there remains strong pressure for price increase. This may affect our profit in a negative way.

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