



YASKAWA Electric Corporation

(TSE 6506)

- **FY2011 Financial Results (Summary)**
(Ended March 20, 2012)
- **FY2012 Overview (Summary)**
(Ending March 20, 2013)

Presented by Junji Tsuda, President

The information within this document is made as of the date of writing. Any forward-looking statements are made according to the assumptions of management and are subject to change as a result of risks and uncertainties. YASKAWA Electric Corporation undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

Presentation material for institutional investors and analysts (held on April 23, 2012)

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Business Overview

Motion Control

AC servo motors are used in machine tools, robots, printing machines, and food and packaging machines. They are also widely used in semiconductor manufacturing machines and chip mounters as well as in machine presses and injection molding machines.

AC drives are used not only in industrial machinery, but also in the industrial air conditioners, refrigerators, and washing machines. AC drives are also found in transport equipments such as elevators and cranes. They receive much attention as energy saving devices.

YASKAWA applies power conversion technology cultivated in the AC drive business to realize effective utilization of natural energy and to develop the motor drive system for EV.



AC servo



General purpose AC drive



Power conditioner for photovoltaic power generation



Motor drive system for EV

Robotics

Robots contribute to the automation of manufacturing processes of automobile and electronic industries. The typically automated processes by robots include welding, painting, and handling.

In the semiconductor industry, robots are used in clean and vacuum environments. There are also robots to handle glass-substrates for use in the FPD industry.

In recent years, YASKAWA focuses on automation in the food, chemical, and cosmetic industries utilizing robots.



High path accuracy robot for laser cutting and welding



Assembly operation by a dual-arm robot



Delta robot

System Engineering

System Engineering business provides solutions for varieties of large-scale plant facilities such as steel plants and water treatment plants. They are indispensable for our daily lives and stable operation is an absolute requirement.

The demand for medium-voltage AC drives are growing for their significant energy saving effect in use for pumps and blowers, and other such wind or water force machinery and facilities.

Since 2010, generators and converters for large-scale wind power generation have been launched, with advanced functions and mechanism realizing high generation efficiency.



Electric instrumentation systems for water and sewerage



Continuous-casting machine



Large-scale wind power generator and converter

Information Technologies

The entire businesses of Yaskawa Information Systems Corporation and YE Data Inc. which are two of the Yaskawa group of companies constitute the Information Technologies segment. They conduct businesses in software development and computer peripherals.



Scanner head for high-power laser



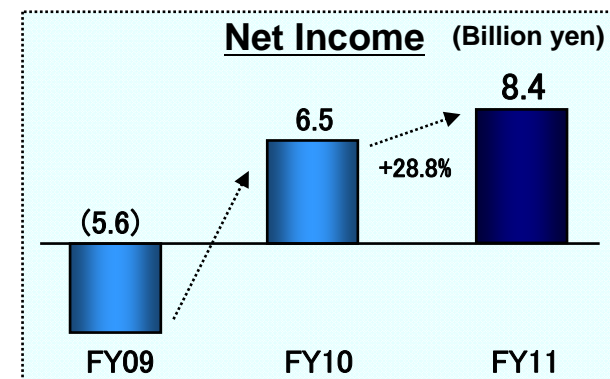
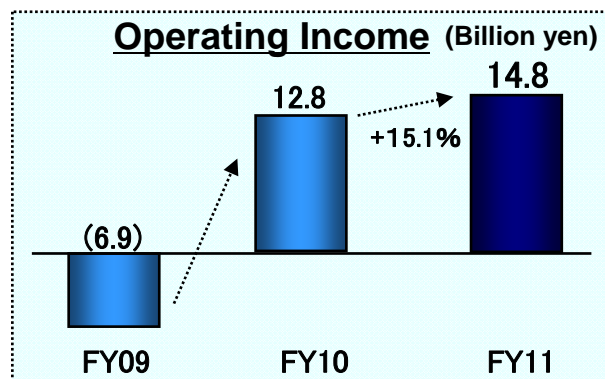
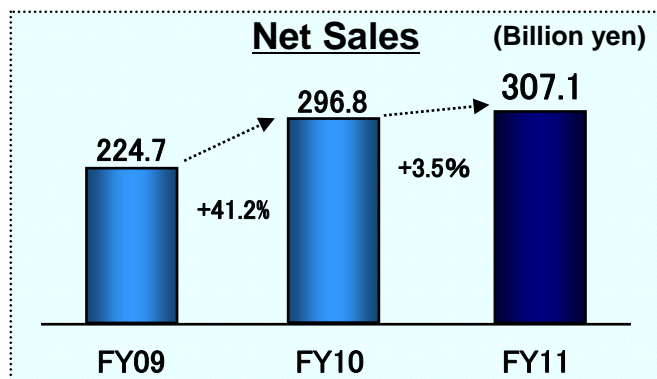
NetSHAKER ProxyBox

1. FY2011 Financial Results

FY2011 Financial Highlights

Robust in the first half of FY2011 overcoming the East Japan Great Earthquake. Achieved year-on-year increase in sales and profits despite the difficult business environment including slowing economic growth in China, sluggish investments in the semiconductor and FPD industries, strong yen, and sharp increase in prices of magnet.

	<u>FY2011</u>	FY2010	<u>Changes</u>	
Net Sales	<u>¥307.1 bn.</u>	¥296.8 bn.	<u>+10.2 bn.</u>	<u>+3.5%</u>
Operating Income	<u>¥14.8 bn.</u>	¥12.8 bn.	<u>+1.9 bn.</u>	<u>+15.1%</u>
Ordinary Income	<u>¥15.6 bn.</u>	¥13.4 bn.	<u>+2.1 bn.</u>	<u>+16.4%</u>
Net Income	<u>¥8.4 bn.</u>	¥6.5 bn.	<u>+1.8 bn.</u>	<u>+28.8%</u>



FY2011 Financial Results by Business Segment - 1

Achieved year-on-year increase in sales and profits, by significant improvement in the (R) Robotics segment

(Unit: Billions of yen, %)

	FY2011		FY2010		Changes from FY2011	
	Results	Income Ratio		Income Ratio	Amount	%
Net Sales	307.1		296.8		+10.2	+3.5%
(M) Motion Control	149.4		156.4		(7.0)	(4.5)%
(R) Robotics	101.0		83.8		+17.2	+20.5%
(S) System Engineering	35.5		34.3		+1.1	+3.4%
Information Technologies	12.8		14.1		(1.3)	(9.2)%
Operating Income	14.8	4.8%	12.8	4.3%	+1.9	+15.1%
(M) Motion Control	5.8	3.9%	8.9	5.7%	(3.1)	(35.1)%
(R) Robotics	7.0	6.9%	1.6	2.0%	+5.3	+319.2%
(S) System Engineering	1.9	5.4%	2.0	6.0%	(0.1)	(7.0)%
Information Technologies	(0.1)	(1.1)%	(0.3)	(2.8)%	+0.2	—
Ordinary Income	15.6	5.1%	13.4	4.5%	+2.1	+16.4%
Net Income	8.4	2.7%	6.5	2.2%	+1.8	+28.8%

FY2011 Financial Results by Business Segment - 2

(M): Both sales and profits decreased year-on-year due to slowing economy in China and weak demand in the semiconductor, FPD and chipmounter markets, which started in the 2nd half of FY2011. Appreciation of the yen and soaring prices of magnets also led to a decline in profits. Replacement of old models by the core and new products progressed.

(R): Significant year-on-year increase in sales and profits mainly in the general industry. In overseas markets, solid growth mainly in the automobile market. In Japan, both automobile and non-automobile industries recovered steadily. Improvement in mix (e.g. product) and the business operation focusing on the profitability progressed.

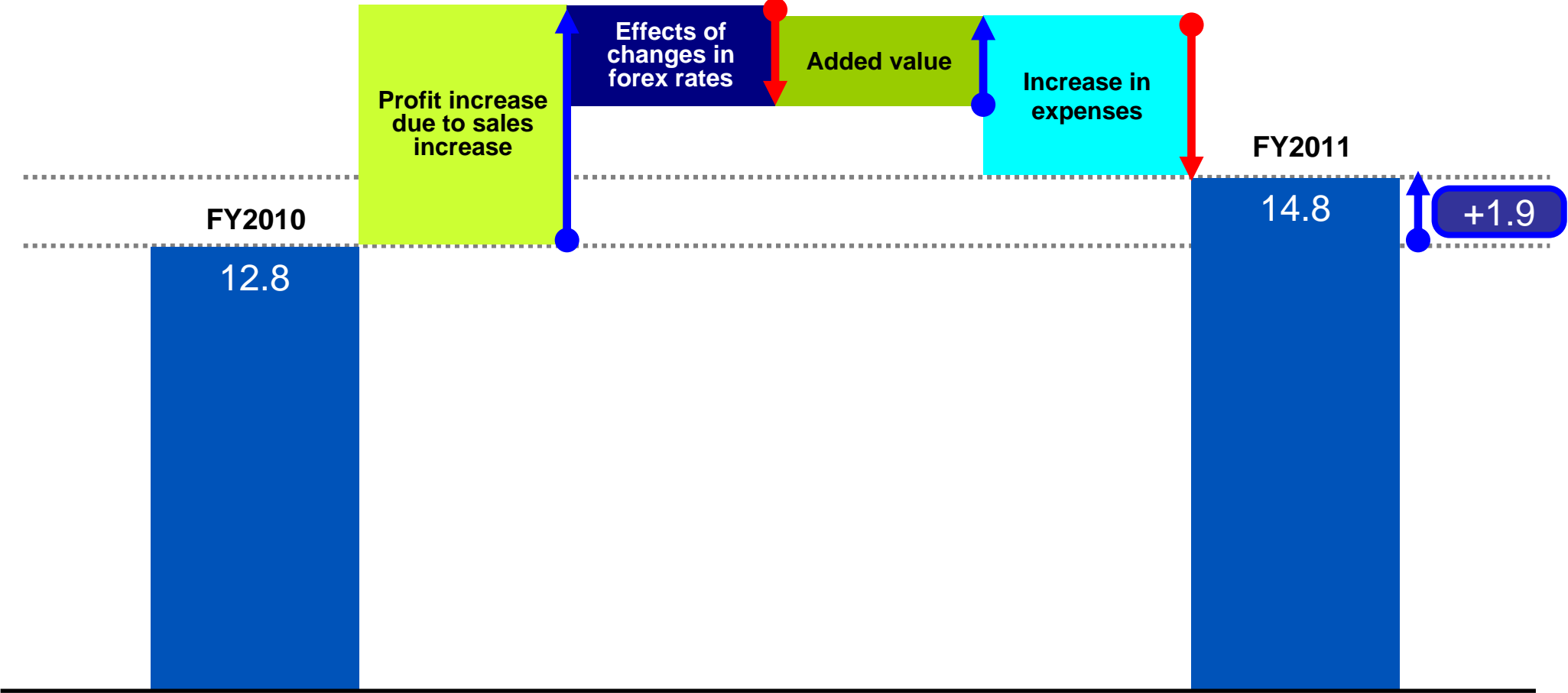
(S): Maintained the same level of sales and profitability as FY2010. Investments in water treatment equipment sector in Western Japan have been delayed because of the earthquake. Investments were weak also in steel industry. Secured a certain level of profits by cost reductions.

(IT) : IT investments have been delayed because of the earthquake. Although this caused sales to decrease from FY2010, profitability was improved by taking extensive actions to reduce costs.

Note: (M)= Motion Control (R)= Robotics (S)= System Engineering (IT)= Information Technologies

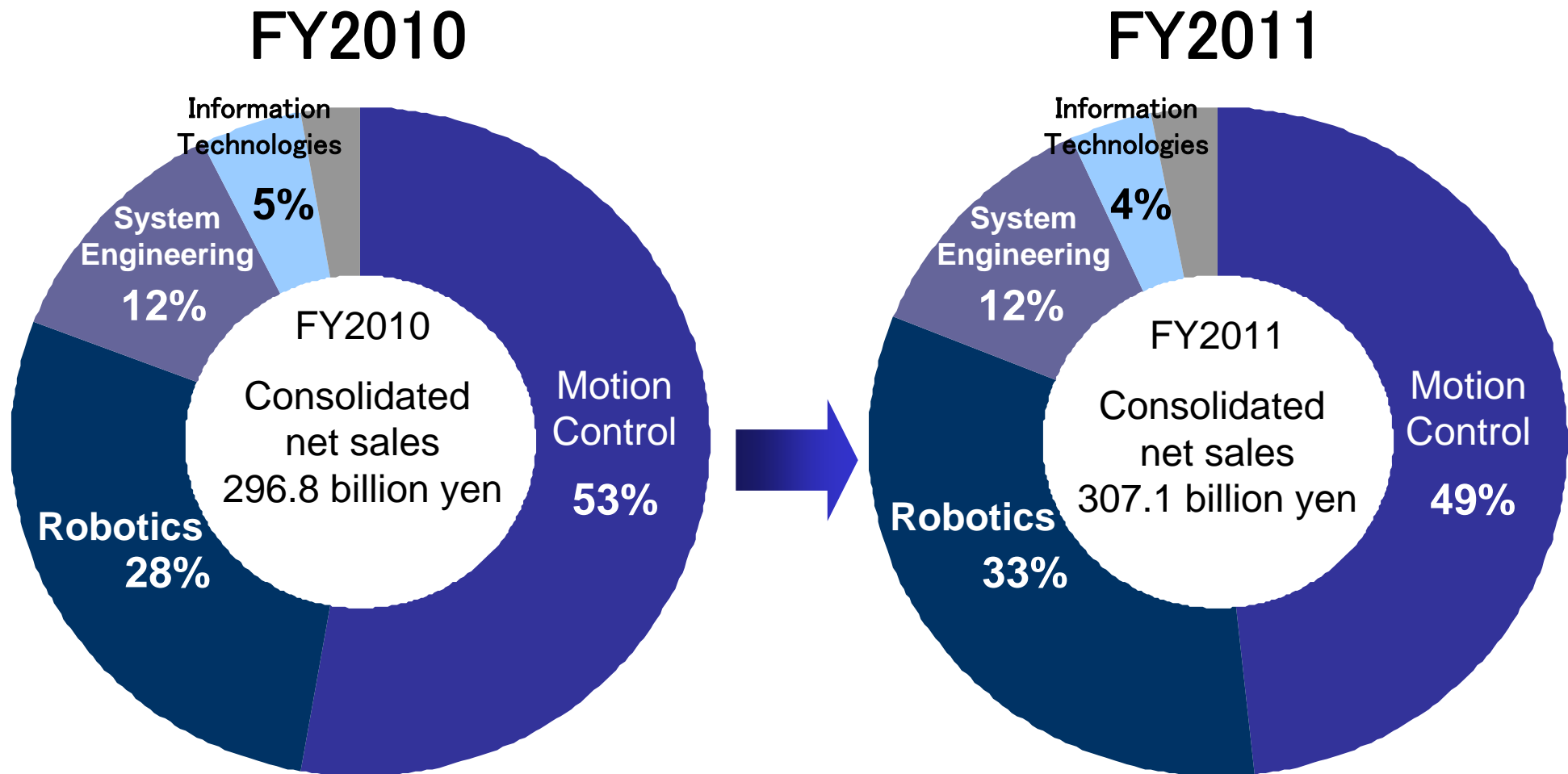
Breakdown of Changes in Operating Income (FY2010 to FY2011)

(Unit: Billions of yen)



Sales Breakdown by Business Segment (FY2010 to FY2011)

Growth in (R) robotics segment significantly increased its share



Sales by Destination (FY2010 to FY2011)

Sales expanded in the Americas, Europe, and China, contributing to overall growth

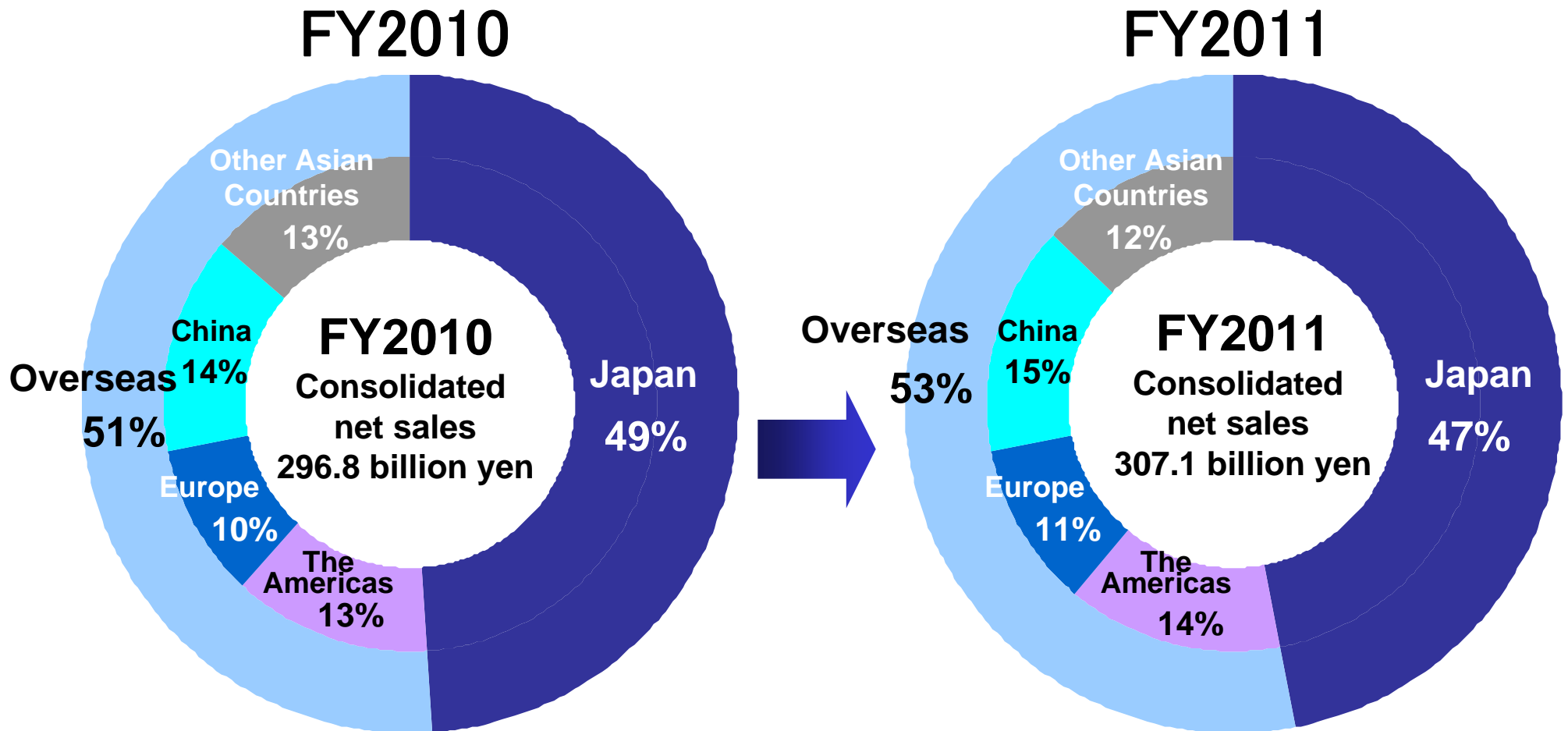
(Unit: Billions of yen, %)

	FY2011	FY2010	Changes from FY2010	
			Amounts	%
Net sales	307.1	296.8	+10.2	+3.5%
Japan	143.0	144.7	(1.7)	(1.2)%
Overseas	164.0	152.0	+11.9	+7.9%
The Americas	43.9	38.7	+5.2	+13.4%
Europe	33.9	29.6	+4.3	+14.6%
China	47.3	42.8	+4.4	+10.5%
Other Asian Couries	37.9	39.9	(1.9)	(5.0)%

Note: The figures for "Other areas" including Australia, etc are omitted in the above table.

Sales Breakdown by Destination (FY2010 to FY2011)

Overseas sales ratio grew to a record high of 53% due to growth in the Americas, Europe and China



Measures in FY2011 - 1

Focusing investment on growing and priority markets and improving profitability

◆Initiatives for expanding orders

1. Focusing investment on the growing areas/markets as well as on the markets where we are aiming to expand

- Strengthen structure to expand sales in China and other Asian countries
 - Increase production capability in Shenyang plant
(Started construction in August 2011. Planned to complete in May 2012)
 - Conversion of robot joint venture in China into a subsidiary in September 2011
 - Established a trading company “YASKAWA TSUSHO GROUP CO., LTD.” in October 2011
 - Established a holding company in China in January 2012
 - Determined to integrate two subsidiaries (Motion Control and Robotics) in India in December 2011
(Planned to integrate in April 2012)
- Reinforce business network to expand robot business
 - Newly established and integrated business bases for Robotics division in the U.S. in June 2011
 - Launched Robot system plant in China (Shanghai) in July 2011
 - Established Kanto Robotics Center in September 2011
 - Determined to establish a manufacturing subsidiary in China in December 2011
(Planned to start production in March 2013)
 - Launched Robot Technical Center in China (Shanghai) in January 2012
 - Conversion of a investing company in South Africa into a subsidiary in March 2012
 - Newly establish and integrate business bases for Robotics division in Europe (Planned in August 2012)
 - Newly construct a robot plant in the headquarters in Kitakyushu, Japan
(Planned to start operation in 2Q of FY2013)

2. Expanding sales of core and new products

- Replacement of old models by the core products (AC servo “ Σ -V”, AC drive “1000 series”, etc.)
- Launched and expanded sales of new products

Measures in FY2011 - 2

◆ Accelerating development of new businesses

Expanded product lineup in environmental energy businesses

- Large-scale wind power generator “Enewin series”
- Power conditioner for photovoltaic power generation “Enewell-SOL” (for industrial and residential uses)
- Motor drive system for EV “QMET- II ”

◆ Strengthening countermeasures against appreciation of the yen

- Expanded overseas production in China and India
- Accelerated overseas procurement (overseas local procurement, component procurement from overseas)

◆ Reinforcing countermeasures against soaring prices of magnets

- Minimized the effect of soaring prices of magnets
- Increased sales prices
- Developed new motors using less rare earth metals (Planned to be released in first half of FY2012)

◆ Further streamlining expenses and investments

- From the beginning of the 2nd half, implemented extensive expense control policy including group companies
- Further streamline investments

◆ Impact of and response to the Great East Japan Earthquake

- Provided reconstruction support for customers and regions affected by the earthquake
- The impact on Yaskawa’s production was limited (Supply chain recovered in June 2011)










◆ Restoration support to the customers affected by the massive flood in Thailand

2. FY2012 Financial Forecasts

FY2012 Business Environment Forecasts (FY2011/2H to FY2012/1H)

Although market environment in FY2012 is uncertain, overall recovery is predicted

Note: Trends from FY2011/2H to FY2012/1H

Market environment	Semiconductor		Capital expenditure is expanding by overseas semiconductor makers. Moderate recovery trend is predicted.
	FPD		The investment for large-sized panel is sluggish. The investments for small-to-medium sized high-definition panels for smart-phones and tablet PCs as well as OLED are solid.
	Automobile		Solid in China, Korea, Thailand, and India. Steady recovery in Japan, the U.S. and Europe
	Steel		Overall investments are slow, although the drop-off period for renovation is over.
	New energy		The demands for energy-saving and new energy are expected to expand because of earthquake reconstruction and introduction of buyback program for renewable energy, effective July 2012.
Regional trends	The Americas		Capital expenditure continues to recover, exceeding the record high.
	Europe		Robust at exporting companies. The condition varies among countries and industries. Concern about financial crisis in Europe still remains. Risk of economic slow-down in European region.
	China and other Asian countries		Chinese economy is steadily recovering. Full-scale recovery is expected after July. Other Asian countries are generally on a growing trend.
	Japan		Favorable factors including demands for reconstruction and recovery in automotives production exist. Uncertainty over overseas demand, especially in China and Europe, remains.

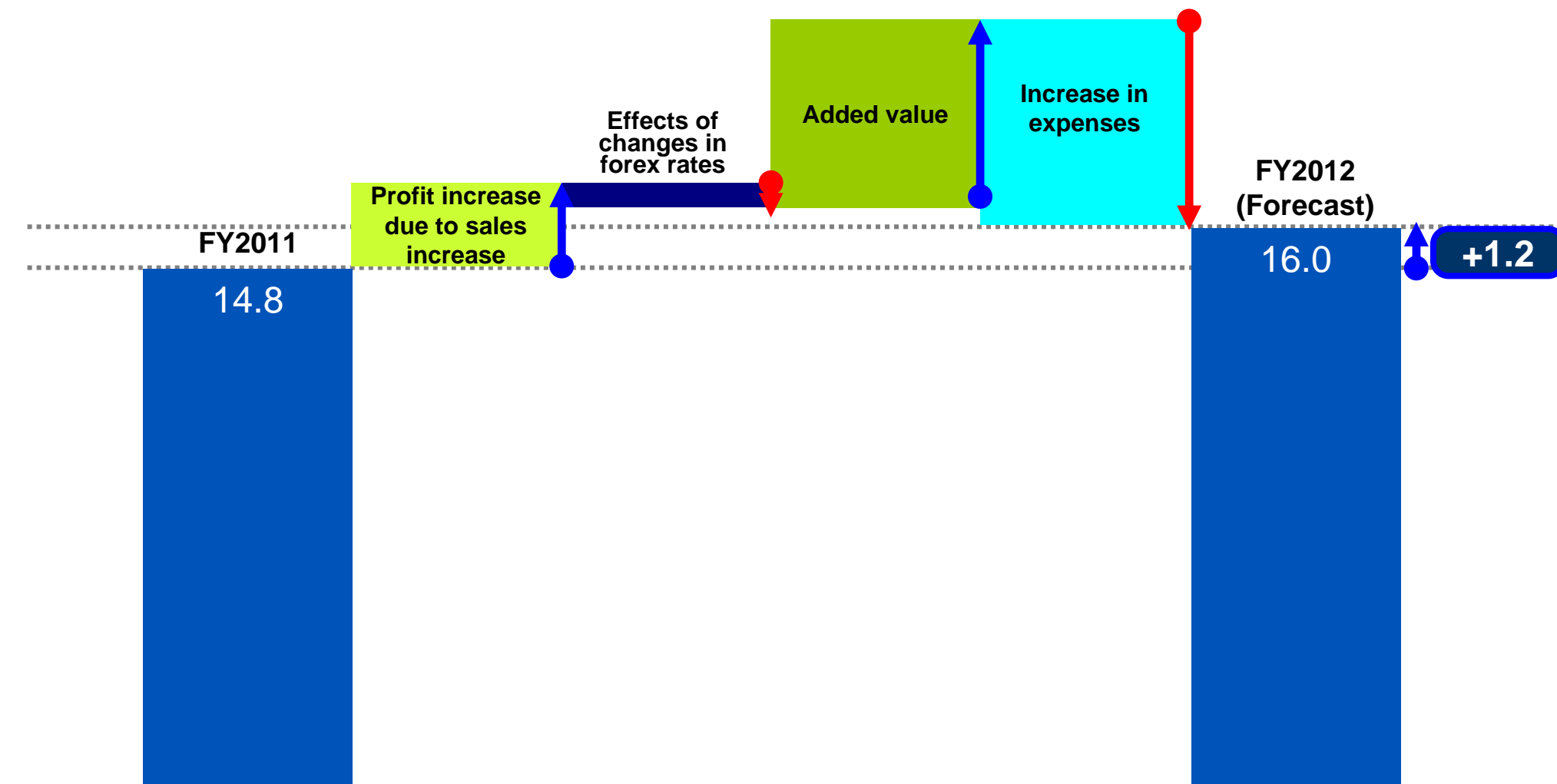
FY2012 Financial Forecast Highlights

Continuous income growth is expected by securing orders, improving profitability and efficient management of expenses and investments, while the market environment is uncertain.

	<u>FY2012 Forecasts</u>	FY2011	<u>Changes</u>	
Net Sales	<u>¥310.0 bn.</u>	¥307.1 bn.	<u>+2.8 bn.</u>	<u>+0.9%</u>
Operating Income	<u>¥16.0 bn.</u>	¥14.8 bn.	<u>+1.1 bn.</u>	<u>+8.0%</u>
Ordinary Income	<u>¥16.0 bn.</u>	¥15.0 bn.	<u>+3.7 bn.</u>	<u>+2.4%</u>
Net Income	<u>¥9.0 bn.</u>	¥8.6 bn.	<u>+0.5 bn.</u>	<u>+6.7%</u>

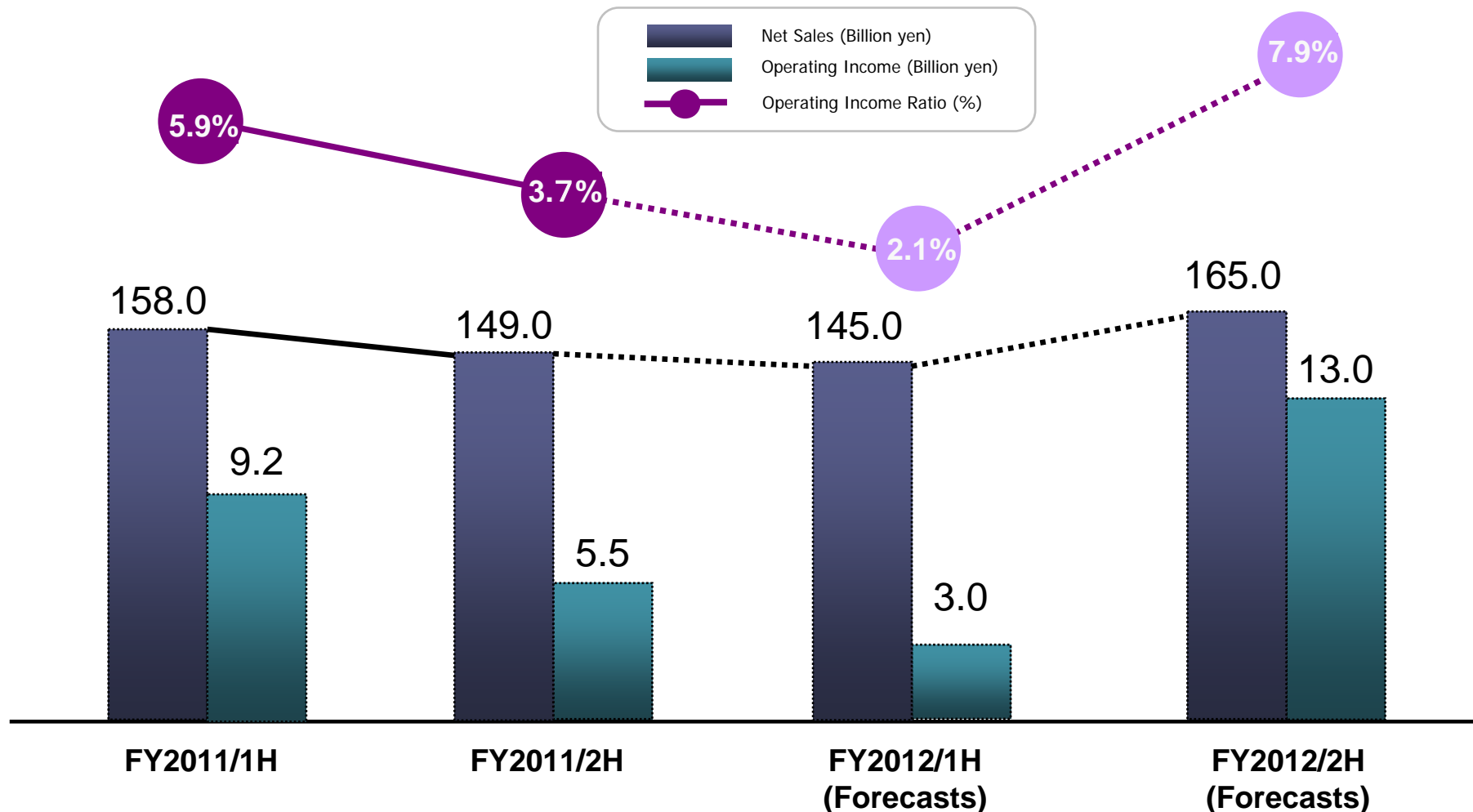
Breakdown of Changes in Operating Income (FY2011 to FY2012)

(Unit: Billions of yen)



Half-yearly Trends in Sales and Operating Income (FY2011 to FY2012)

In the first half of FY2012, accelerate securing orders and cost reduction while carefully managing costs and investments, as we did in the second half of FY2011. Significantly improve profitability in the second half of FY2012.



Measures for FY2012 - 1

1) Secure Volume

Expand orders and sales in strong and recovering markets

- **Expand orders for electronics-related markets such as semiconductor and chipmounter industries as well as machinery industries such as machine tool.**
- **Proactively develop new markets/areas**
- **Cultivate markets mainly in the U.S., China, Japan, as well as other Asian countries and other emerging countries**
- **Continuously improve and reinforce sales, manufacturing and development capabilities**

2) Improve the profitability of core businesses

- **Accelerate countermeasures against the strong yen
(Expanding production in china and overseas procurement)**
- **Accelerate countermeasures against the soaring prices of magnets
(Increase of sales price. Development and release of products using less rare earth metals)**
- **Increase added value (Price increase, cost reduction, etc.)**
- **Review the expense structure
(Establishment of Structural Innovation Division. K30 program)**
- **Selection and concentration of resources
(Improve efficiency of core businesses and shift resources to new businesses and areas)**

Measures for FY2012 - 2

3) Mid-term measures and initiatives

- **Focus resources on new businesses**
 - **Turning “Environmental Energy Business” into core business**
 - **Seeking new businesses relating to “Robotics Human Assist”**
 - **Exploring new business opportunities**
- **Development of products using no rare earth metals**
- **Promoting development of next generation core products**
- **Establish new robot plants in Japan and China**
- **Construct a new head office in Japan (“Robot Village” concept)**

Reference

FY2000-2012 Trends in Sales/Operating Income



Capital Expenditure, R&D Investment, Forex Rates

◆ Capital expenditure (Consolidated)

(Unit: Billions of yen)

	FY2010	FY2011	FY2012 forecasts
Capital expenditure	6.66	9.91	13.00
Depreciation	7.06	7.61	8.50

◆ R&D investment (Consolidated)

(Unit: Billions of yen)

	FY2010	FY2011	FY2012 forecast
R&D investment	9.72	10.39	11.00

◆ Forex rates (Non-consolidated)

(Unit: Yen)

	FY2010		FY2011		FY2012 forecasts
	1H	Full-year	1H	Full-year	Full-year
U.S. dollar	89.61	86.07	80.43	79.29	80.00
Euro	114.85	113.26	114.17	109.64	105.00

(Note) Average rate during the period

Balance Sheet Structural Trends (Consolidated)

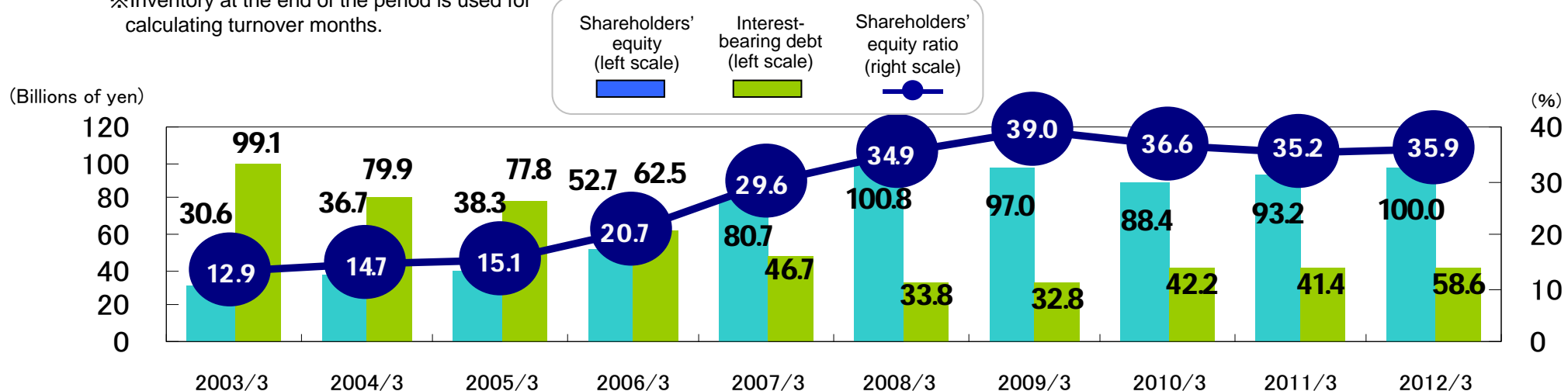
As of March 20, 2011

- Shareholders' equity ratio 35.2%
- Shareholders' equity 93.2 billion yen
- Interest-bearing debt 41.4 billion yen
- D/E ratio 0.44
(Net D/E ratio) 0.32
- Inventory 58.0 billion yen
Turnover 2.3 months

As of March 20, 2012

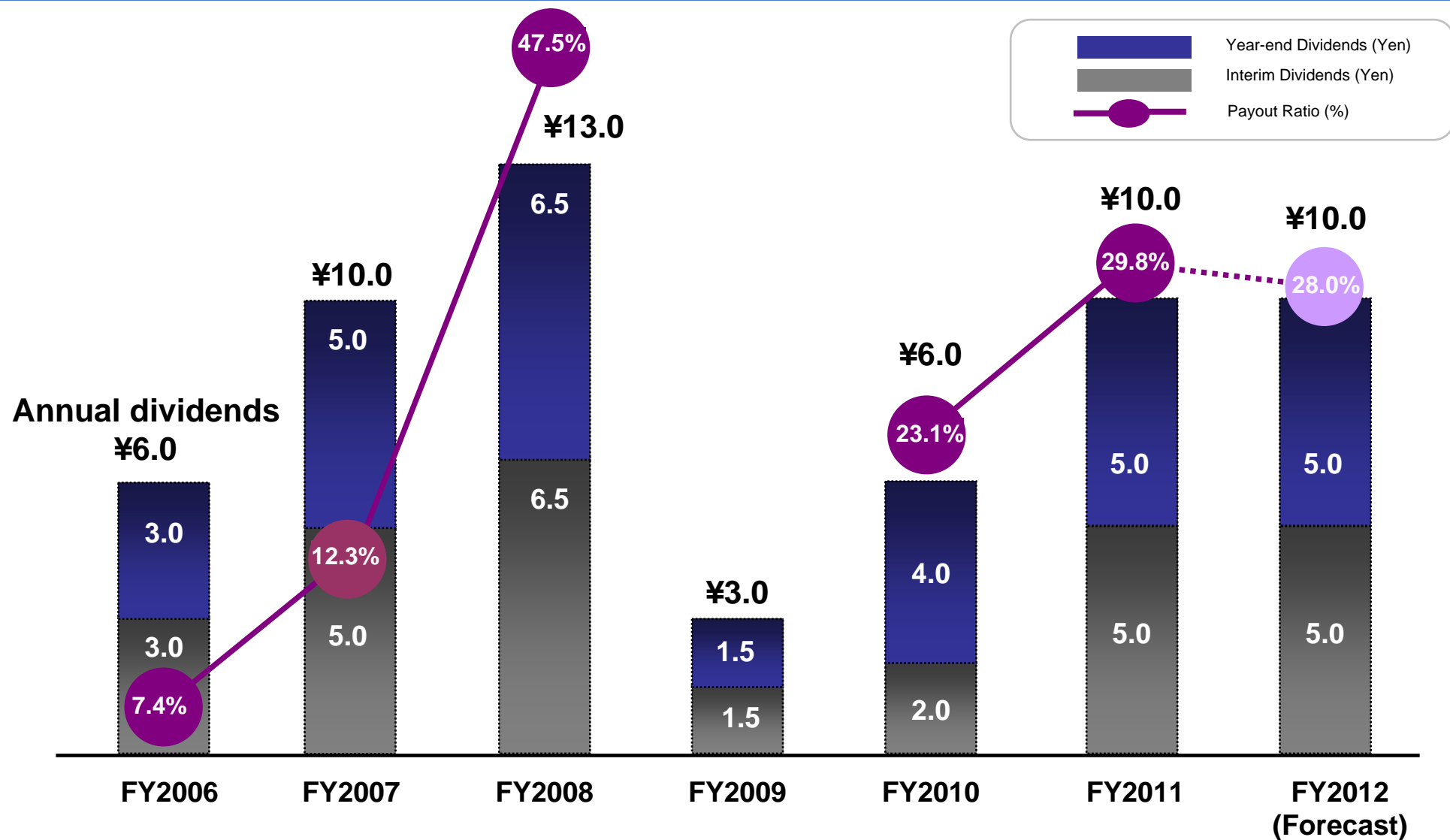
- Shareholders' equity ratio 35.9%
- Shareholders' equity 100.0 billion yen
- Interest-bearing debt 58.6 billion yen
- D/E ratio 0.59
(Net D/E ratio) 0.39
- Inventory 63.8 billion yen
Turnover 2.5 months

※Inventory at the end of the period is used for calculating turnover months.



	2003/3	2004/3	2005/3	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3	2012/3
Operating CF	8.4	18.5	5.7	18.7	14.9	17.6	12.4	4.0	2.4	6.3
Investment CF	(1.9)	1.1	(2.2)	9.7	(6.1)	(9.9)	(10.6)	(6.4)	(6.7)	(11.8)
Free CF	6.4	19.6	3.5	8.9	8.8	7.7	1.7	(2.4)	(4.2)	(5.4)

Trends in Dividends (FY2006 to FY2012)

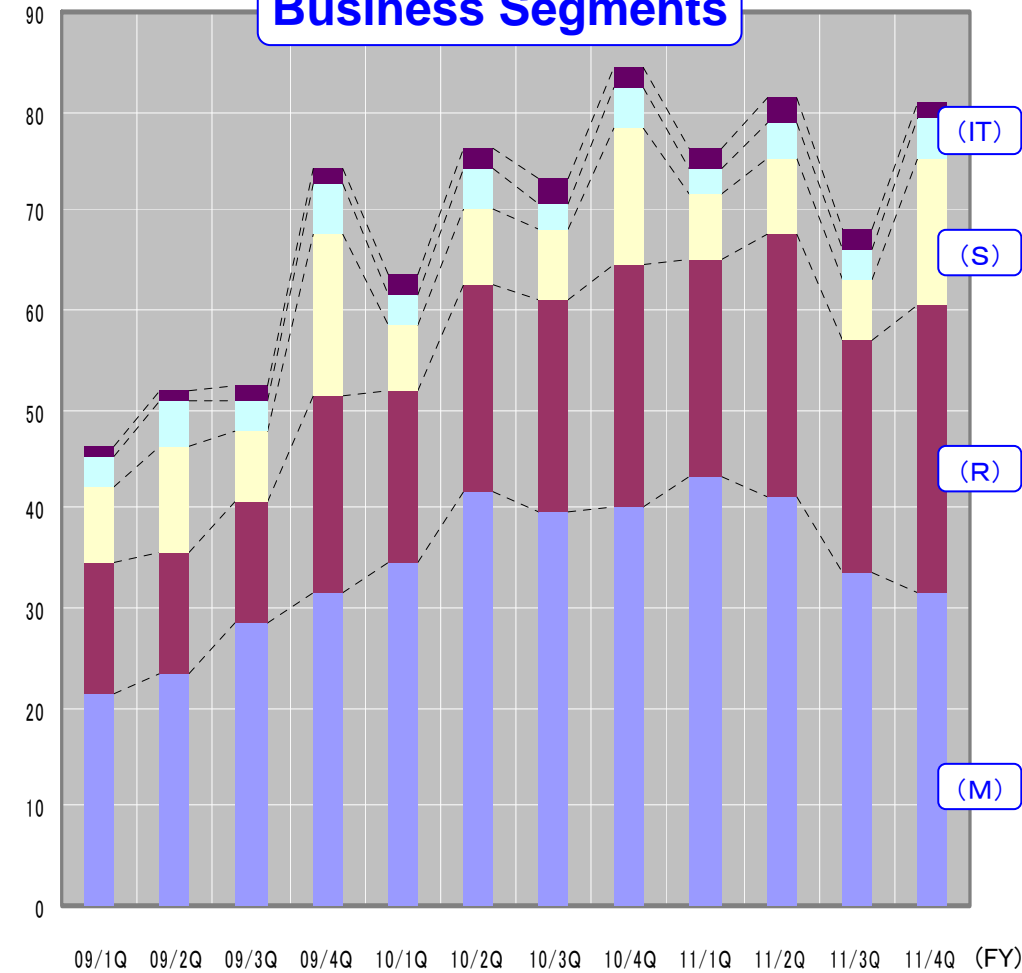


* No payout ratio is shown for FY2009 due to the net loss in that fiscal year.

Quarterly Sales Trends by Business Segment and Destination

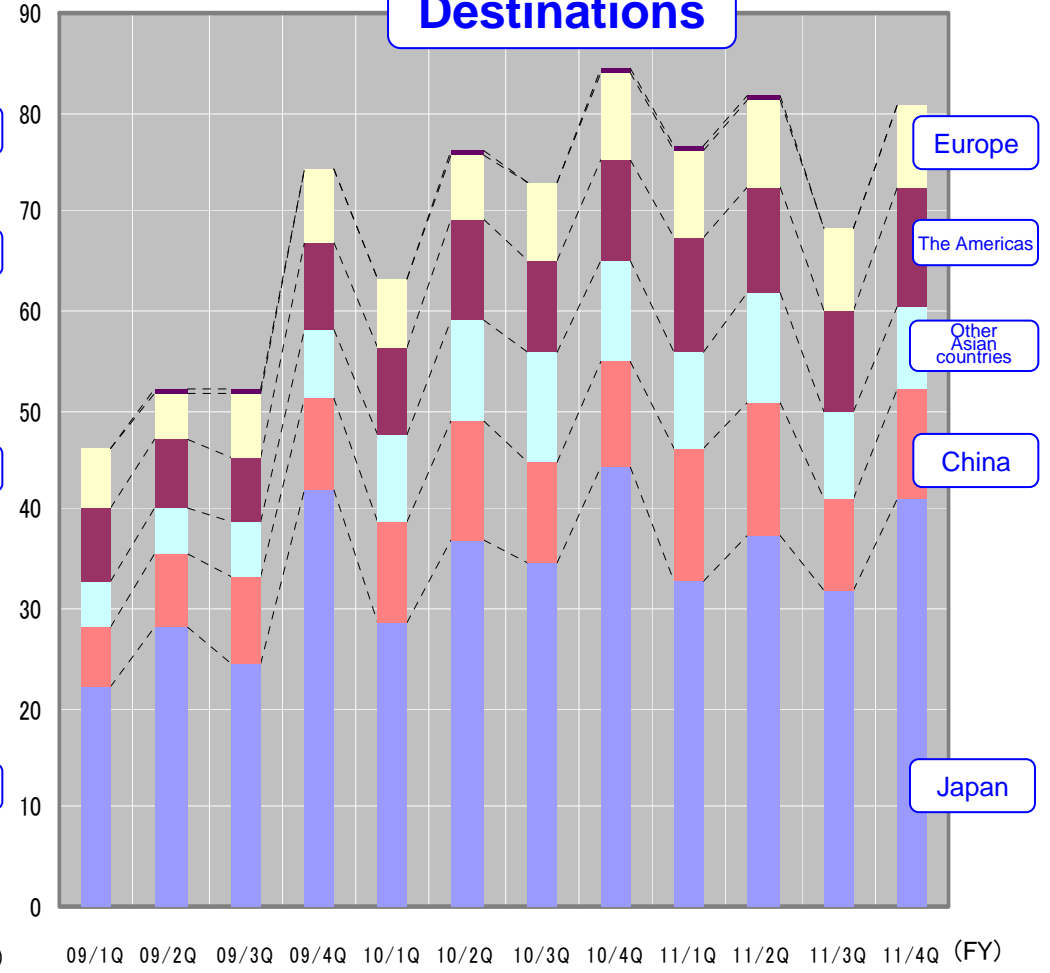
(Billions of yen)

Business Segments



(Billions of yen)

Destinations

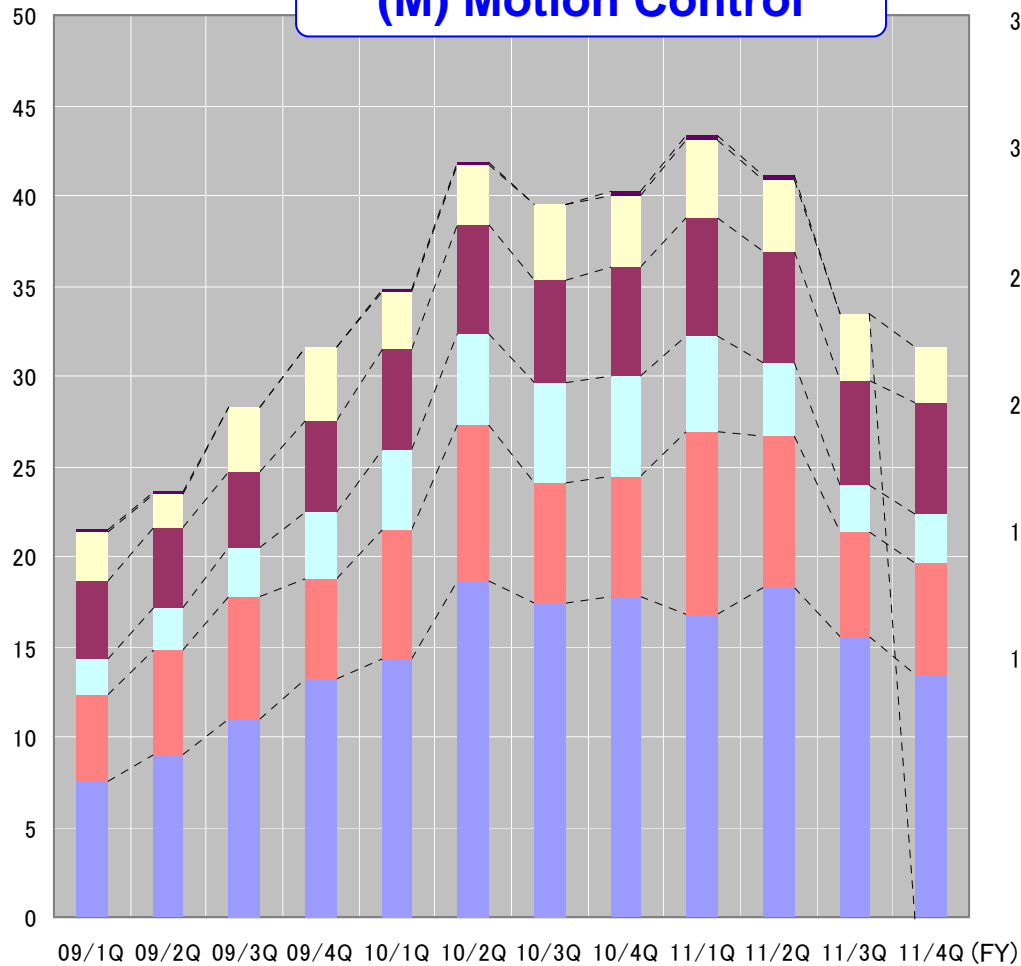


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(M) & (R) Quarterly Sales Trends by Destination

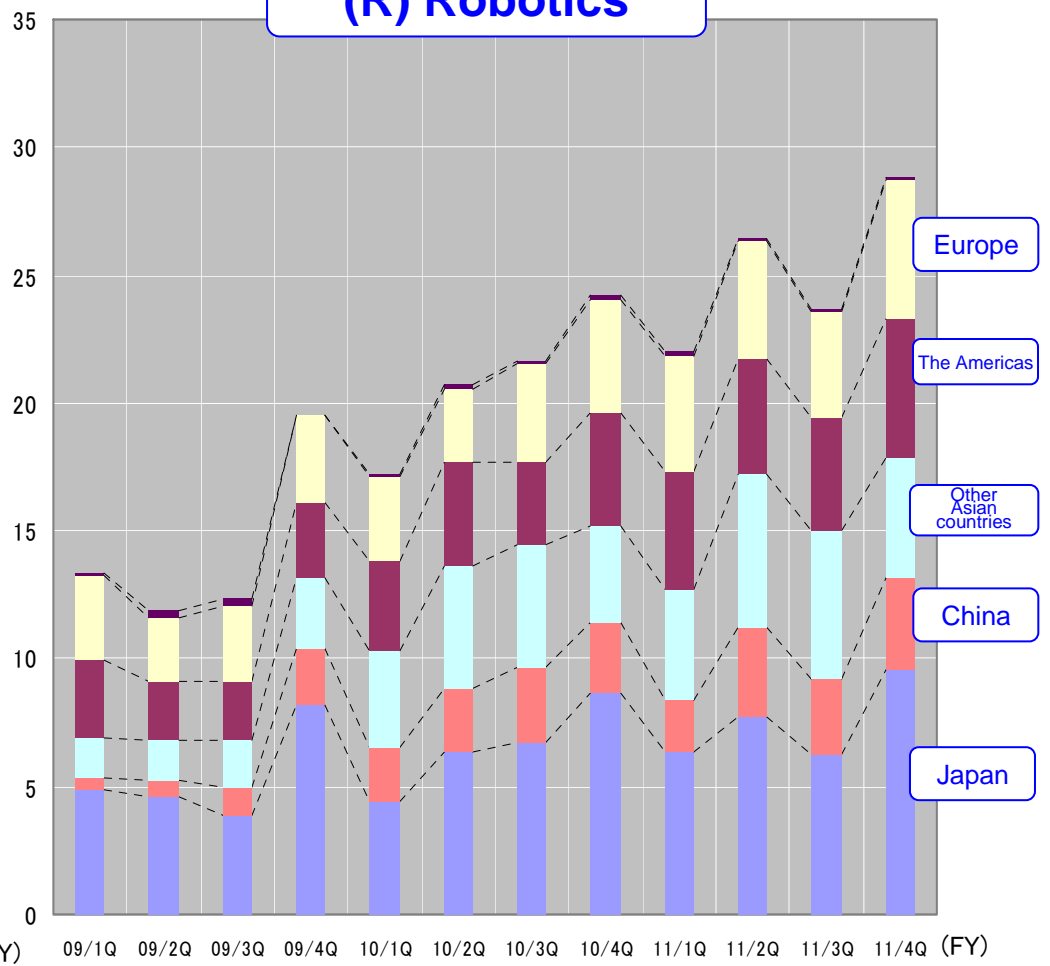
(Billions of yen)

(M) Motion Control



(Billions of yen)

(R) Robotics



Note: (M)= Motion Control (R)= Robotics

Major Production Bases

(World's strongest network supporting global business development)



Recent Activities in Asia

