



YASKAWA Electric Corporation (TSE 6506)

- **FY2012 1st Half Financial Results Summary
(Ended September 20, 2012)**
- **FY2012 2nd Half and Full-year Forecasts 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.

Contents

1. FY2012 1st Half (1H) Financial Results

- FY2012/1H Financial Highlights
- FY2012/1H Financial Results by Business Segment
- Sales Breakdown by Business Segment (FY2011/1H ⇒ FY2012/1H)
- Sales Breakdown by Destination (FY2011/1H ⇒ FY2012/1H)
- Breakdown of Changes in Operating Income (FY2011/1H ⇒ FY2012/1H)

2. FY2012 2nd Half (2H) and Full-year Forecasts

- FY2012 Full-year Financial Forecast Highlights
- FY2012 Full-year Financial Forecasts by Business Segment
- Breakdown of Changes in Operating Income (FY2011 ⇒ FY2012 Forecast)
- Measures for FY2012/2H

3. Reference

- Capital Expenditure, R&D Investment, Forex Rates
- FY2000-2012 Trends in Sales/Operating Income
- Balance Sheet Structural Trends (Consolidated)
- Quarterly Sales Trends by Business Segment and Destination
- Quarterly Sales Trends of (M) and (R) by Destination
- Dividends
- Major Production Bases
- Recent Activities in Asia

Business Overview

Motion Control (M)

Core products

AC servo motors and controllers, Linear servo motors, General purpose AC drives, Power conditioners, Motor drive systems for EV, etc.



AC servo drives



General purpose AC drive



Power conditioner for photovoltaic power generation



Motor drive system for EV

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.



High path accuracy robot for laser cutting and welding



Assembly operation by a dual-arm robot



Delta robot

System Engineering (S)

Core products

Electrical systems for steel plants, Electrical instrumentation systems for water supply plants and sewage treatment facilities, Large-scale wind power generator and converter etc.



Electric instrumentation systems for water and sewerage



Continuous-casting machine



Large-scale wind power generator and converter

Information Technologies (IT)

Core products

Computer peripherals, Laser-applied systems, Development of software, IT-related services, etc



Scanner head for high-power laser



NetSHAKER ProxyBox

1. FY2012 1st Half (1H) Financial Results

FY2012/1H Financial Highlights

- Achieved 1H targets driven mainly by (M) and (R)
- Sales and profits decreased compared to the FY11/1H when there were special demands spurred by the earthquake

	<u>FY12/1H</u>	FY12/1H previous forecasts	Changes from the previous forecasts	FY11/1H	<u>Changes from FY11/1H</u>	
					<u>Amount</u>	<u>%</u>
Net Sales	<u>¥ 150.4 bn.</u>	¥ 150.0 bn.	+ ¥ 0.4 bn.	¥ 158.0 bn.	<u>-¥ 7.5 bn.</u>	<u>-4.8%</u>
Operating Income	<u>¥ 6.1 bn.</u>	¥ 4.5 bn.	+ ¥ 1.6 bn.	¥ 9.2 bn.	<u>-¥ 3.1 bn.</u>	<u>-33.6%</u>
Ordinary Income	<u>¥ 6.3 bn.</u>	¥ 4.5 bn.	+ ¥ 1.8 bn.	¥ 9.2 bn.	<u>-¥ 2.9 bn.</u>	<u>-31.7%</u>
Net Income	<u>¥ 3.4 bn.</u>	¥ 2.5 bn.	+ ¥ 0.9 bn.	¥ 6.4 bn.	<u>-¥ 2.9 bn.</u>	<u>-46.1%</u>

Note 1: 2012/1H previous forecasts are the figures announced on July 18, 2012

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

FY2012/1H Financial Results by Business Segment (1)

- Sales and profits increased in (R) and (S)
- Exceeded the previous forecasts in (M) despite the slowdown in Chinese market

(Unit: Billions of yen, %)

		FY12/1H results	FY12/1H previous forecasts	Changes from the previous forecasts	FY11/1H results	Changes from FY11/1H	
						Amount	%
Net Sales		150.4	150.0	+0.4	158.0	-7.5	-4.8%
(M)	Motion Control	70.4	73.0	-2.5	84.3	-13.8	-16.4%
(R)	Robotics	54.4	54.0	+0.4	48.5	+5.8	+12.1%
(S)	System Engineering	16.1	15.0	+1.1	14.3	+1.8	+12.7%
(IT)	Information Technologies	6.3	5.5	+0.8	6.0	+0.3	+5.2%
Operating Income		6.1	4.5	+1.6	9.2	-3.1	-33.6%
(M)	Motion Control	1.9	1.0	+0.9	6.0	-4.0	-66.9%
(R)	Robotics	4.0	3.3	+0.7	3.1	+0.8	+27.4%
(S)	System Engineering	0.4	0.4	+0.0	0.0	+0.4	+784.8%
(IT)	Information Technologies	-0.2	-0.1	-0.1	-0.0	-0.1	-
Ordinary Income		6.3	4.5	+1.8	9.2	-2.9	-31.7%
Net Income		3.4	2.5	+0.9	6.4	-2.9	-46.1%

Note: 2012/1H previous forecasts are the figures announced on July 18, 2012

FY2012/1H Financial Results by Business Segment (2)

(M):

- AC servo business was led by the strong demands of the smartphone-related industry
- AC drive business was solid in China and the Americas
- Sales and profits decreased compared to the FY11/1H when there were special demands spurred by the earthquake

(R):

- Sales and profits increased year on year mainly due to solid performances in automobile industry both in Japan and overseas
- Weak demands in FPD and semiconductor industries

(S):

- Sales and profits increased year on year due to steady recovery in the steel industry

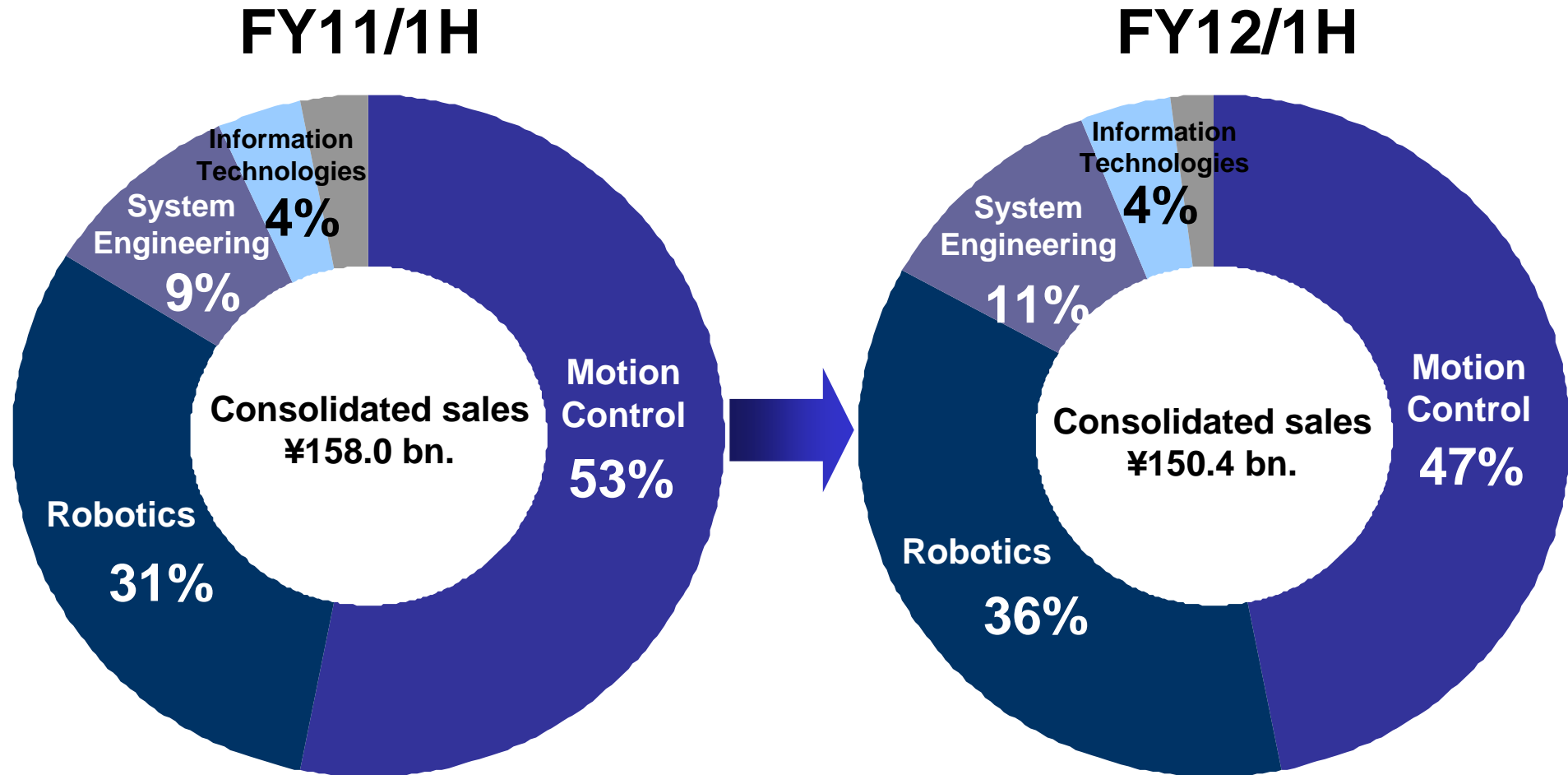
(IT):

- Downturn in IT investments continued. While sales increased year on year, operating loss increased

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

Sales Breakdown by Business Segment

- Growth in (R) significantly increased its share



Note: (R)= Robotics

Sales Breakdown by Destination (1)

- Steady growth in the Americas
- Sales decreased due to slowdown in Europe and other Asian countries

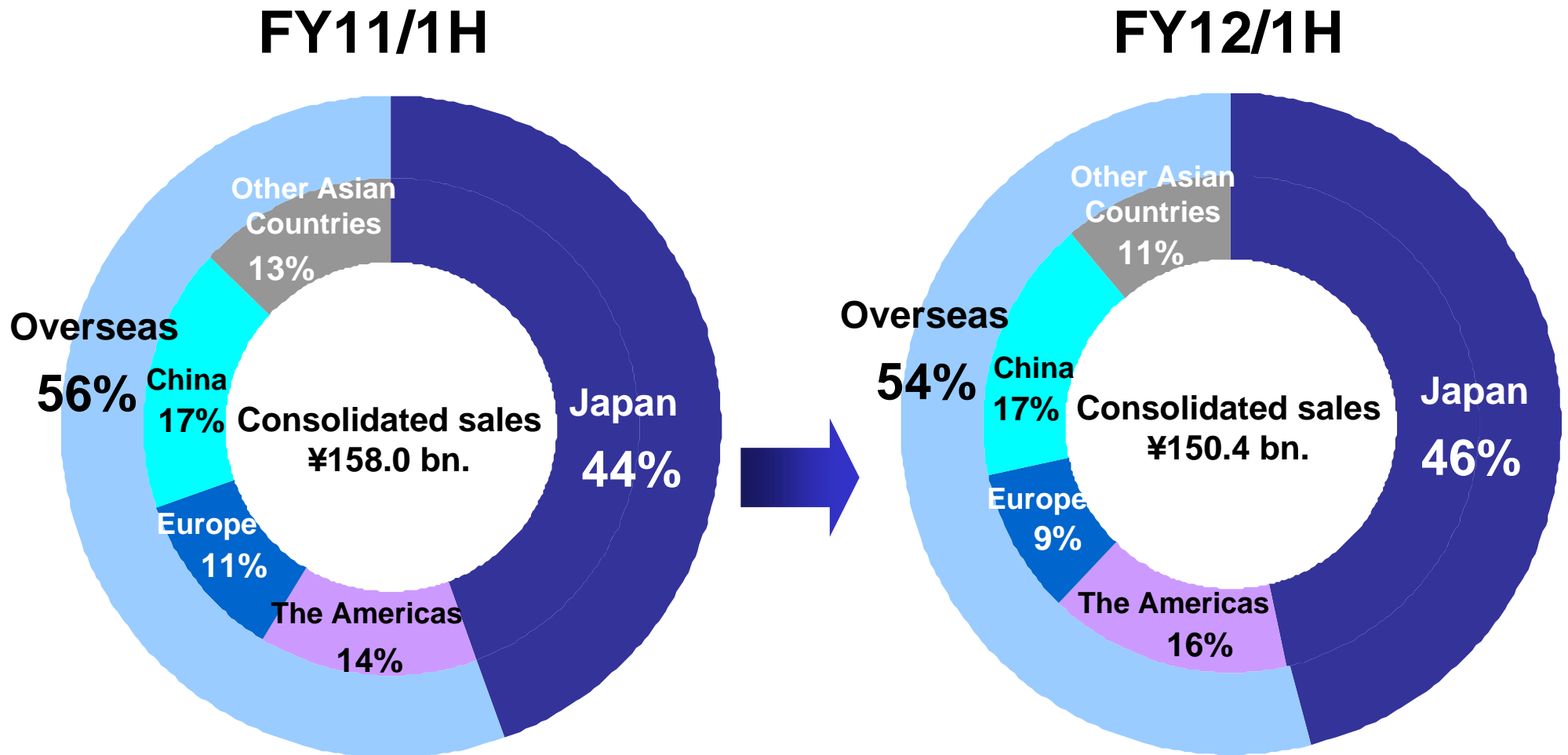
(Unit: Billions of yen, %)

	FY12/1H	FY11/1H	Changes	
			Amount	%
Net Sales	150.4	158.0	-7.5	-4.8%
Japan	68.7	70.1	-1.4	-2.0%
Overseas	81.7	87.8	-6.1	-7.0%
The Americas	23.8	21.9	+1.9	+8.7%
Europe	14.1	17.5	-3.3	-19.3%
China	26.3	26.8	-0.5	-2.1%
Other Asian Countries	15.8	20.7	-4.8	-23.6%

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

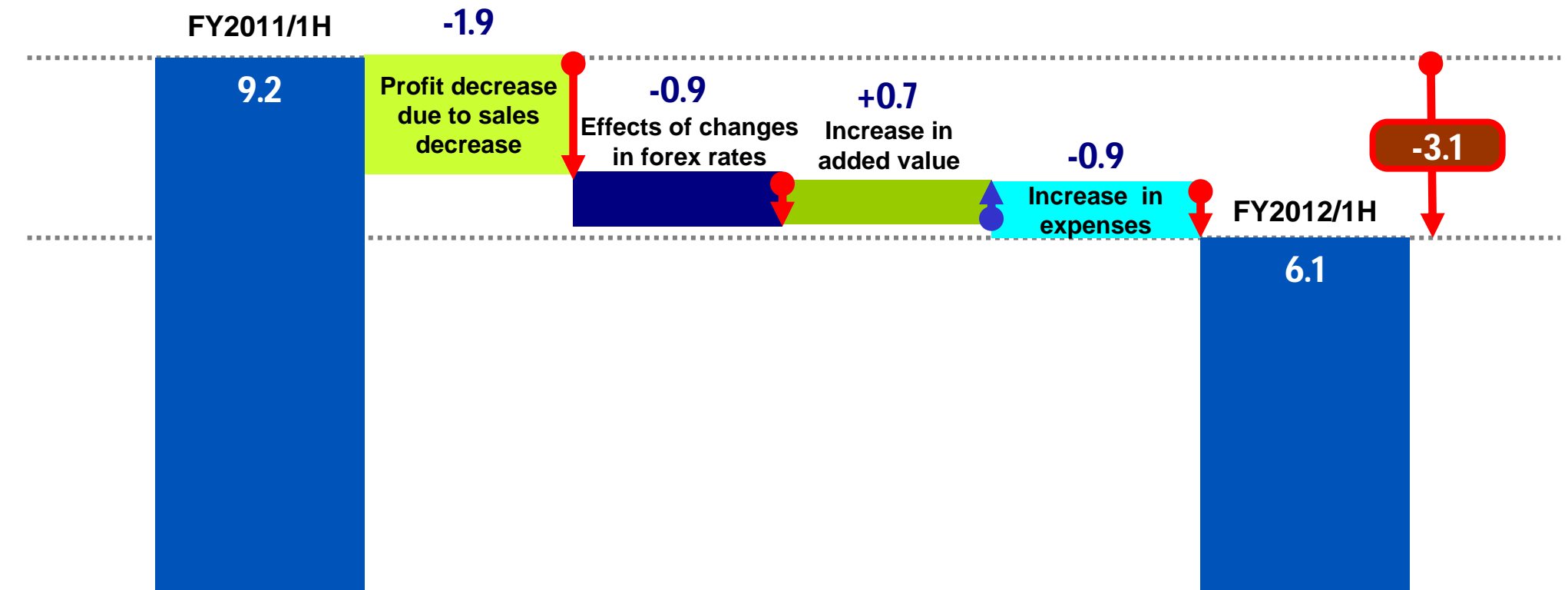
Sales Breakdown by Destination (2)

- The share of the sales for the Americas increased to 16%



Breakdown of Changes in Operating Income (FY11/1H⇒FY12/1H)

(Unit: Billions of yen)



2. FY2012 2nd Half (2H) and Full-year Forecasts

FY2012 Full-year Financial Forecast Highlights

- Uncertainty increases due to financial crisis in Europe and economic slowdown in China
- Sluggish outlook for electronic-related markets which are the main markets for (M)
- Full-year forecasts were revised down. Sales and profits are forecasted to decrease year on year

	FY12/1H	FY12/2H current forecasts	FY12 current forecasts	FY12 previous forecasts	Changes from the previous forecasts	FY11	Changes from FY11 Amount	%
Net Sales	¥ 150.4 bn.	¥ 149.5 bn.	¥ 300.0 bn.	¥ 310.0 bn.	-¥ 10.0 bn.	¥ 307.1 bn.	-¥ 7.1 bn.	-2.3%
Operating Income	¥ 6.1 bn.	¥ 6.8 bn.	¥ 13.0 bn.	¥ 16.0 bn.	-¥ 3.0 bn.	¥ 14.8 bn.	-¥ 1.8 bn.	-12.3%
Ordinary Income	¥ 6.3 bn.	¥ 6.6 bn.	¥ 13.0 bn.	¥ 16.0 bn.	-¥ 3.0 bn.	¥ 15.6 bn.	-¥ 2.6 bn.	-16.8%
Net Income	¥ 3.4 bn.	¥ 3.5 bn.	¥ 7.0 bn.	¥ 9.0 bn.	-¥ 2.0 bn.	¥ 8.4 bn.	-¥ 1.4 bn.	-17.0%

Note 1: FY12 previous forecasts are the figures announced on July 18, 2012

2: (M)= Motion Control

FY2012 Full-year Financial Forecasts by Business Segment

- Year-on-year increase in (R) and (S)
- (M) improved the quality of its profits mainly by progressing countermeasures against the strong yen, although sales and profits decreased

(Unit: Billions of yen, %)

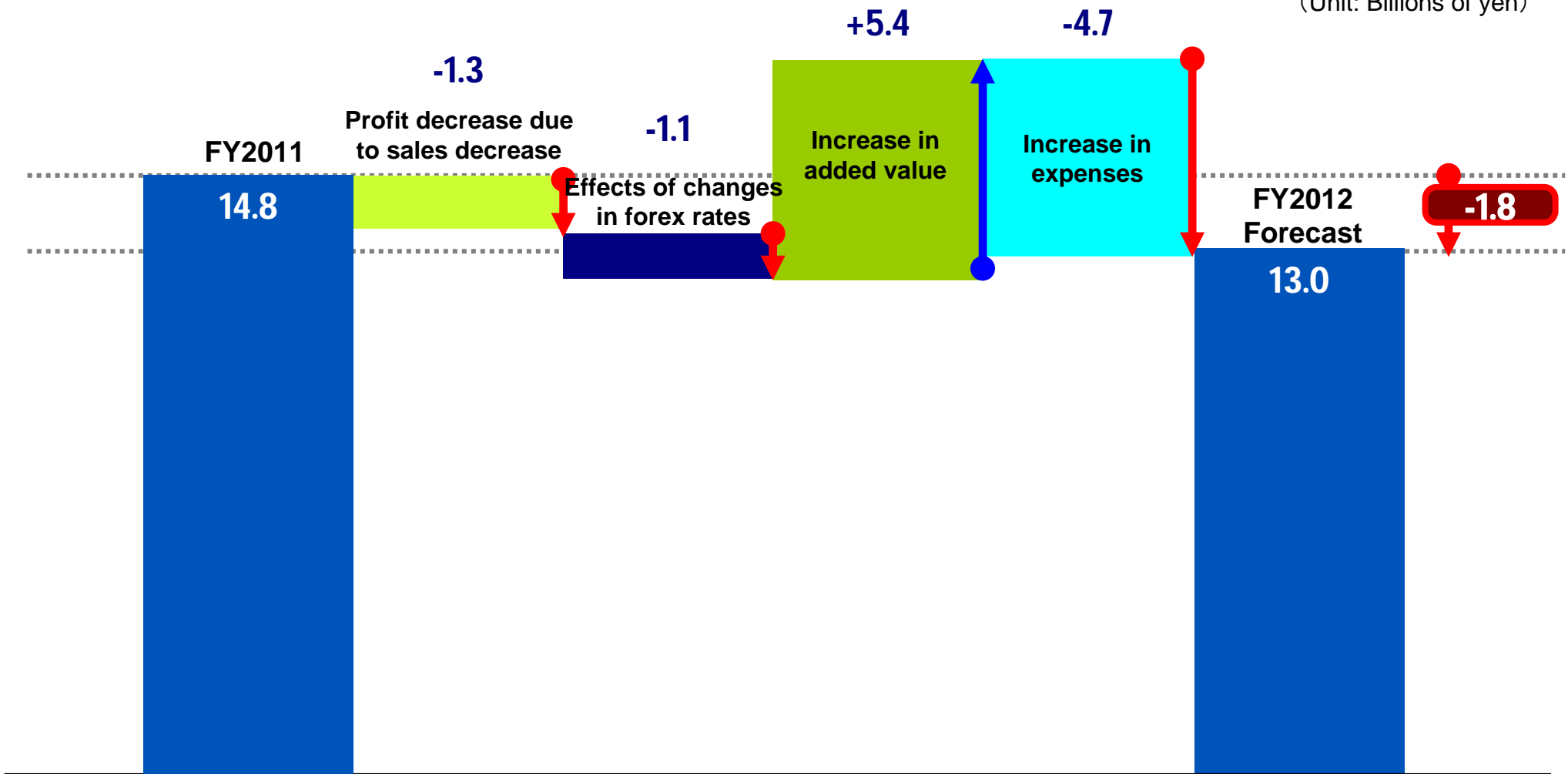
	FY12		FY12		Changes from the previous forecasts	FY11		Changes	
	Current forecasts	Income ratio	Previous forecasts	Income ratio			Income ratio	Amount	%
Net Sales	300.0		310.0		-10.0	307.1		-7.1	-2.3%
(M) Motion Control	139.8		150.0		-10.2	149.4		-9.6	-6.4%
(R) Robotics	105.5		106.0		-0.5	101.0		+4.4	+4.4%
(S) System Engineering	35.5		36.0		-0.5	35.5		-0.0	-0.1%
(IT) Information Technologies	13.2		13.0		+0.2	12.8		+0.3	+2.9%
Operating Income	13.0	4.3%	16.0	5.2%	-3.0	14.8	4.8%	-1.8	-12.3%
(M) Motion Control	3.7	2.7%	5.0	3.3%	-1.2	5.8	3.9%	-2.0	-34.9%
(R) Robotics	7.2	6.9%	8.0	7.5%	-0.7	7.0	6.9%	+0.2	+3.8%
(S) System Engineering	1.9	5.4%	2.3	6.4%	-0.3	1.9	5.4%	-0.0	-0.4%
(IT) Information Technologies	0.1	1.0%	0.2	1.5%	-0.0	-0.1	-1.1%	+0.2	-
Ordinary Income	13.0	4.3%	16.0	5.2%	-3.0	15.6	5.1%	-2.6	-16.8%
Net Income	7.0	2.3%	9.0	2.9%	-2.0	8.4	2.7%	-1.4	-17.0%

Note 1: FY12 previous forecasts are the figures announced on July 18, 2012

Breakdown of Changes in Operating Income

(FY11⇒FY12 Forecast)

(Unit: Billions of yen)



Measures for FY2012/2H

1) Securing orders

- **Focusing on expanding sales in growing markets**
 - ⇒ Strengthening sales network in China
 - ⇒ Expanding sales channels and bases in Europe and the U.S.
- **Accelerating the development of new businesses**
 - ⇒ Expanding sales of power conditioners
(Proactively proposing distributed installation for mega solar systems)
 - ⇒ Expanding orders for electrical components for large-scale wind power

2) Improving profitability in core businesses

- **Improving cost structure**
 - ⇒ Make the best use of overseas production bases
 - ⇒ Optimize production system
 - ⇒ Release of motors using less rare earths
- **Streamlining business operations**
 - ⇒ Progress the group-wide activities to make the business operation more efficient

Reference

Capital Expenditure, R&D Investment, Forex Rates

◆ Capital expenditure (Consolidated)

(Unit: Billions of yen)

	FY2010	FY2011	FY2012 Plan
Capital Expenditure	6.66	9.91	13.00
Depreciation and Amortization	7.06	7.61	8.50

◆ R&D investment (Consolidated)

(Unit: Billions of yen)

	FY2010	FY2011	FY2012 Plan
R&D investment	9.72	10.39	11.00

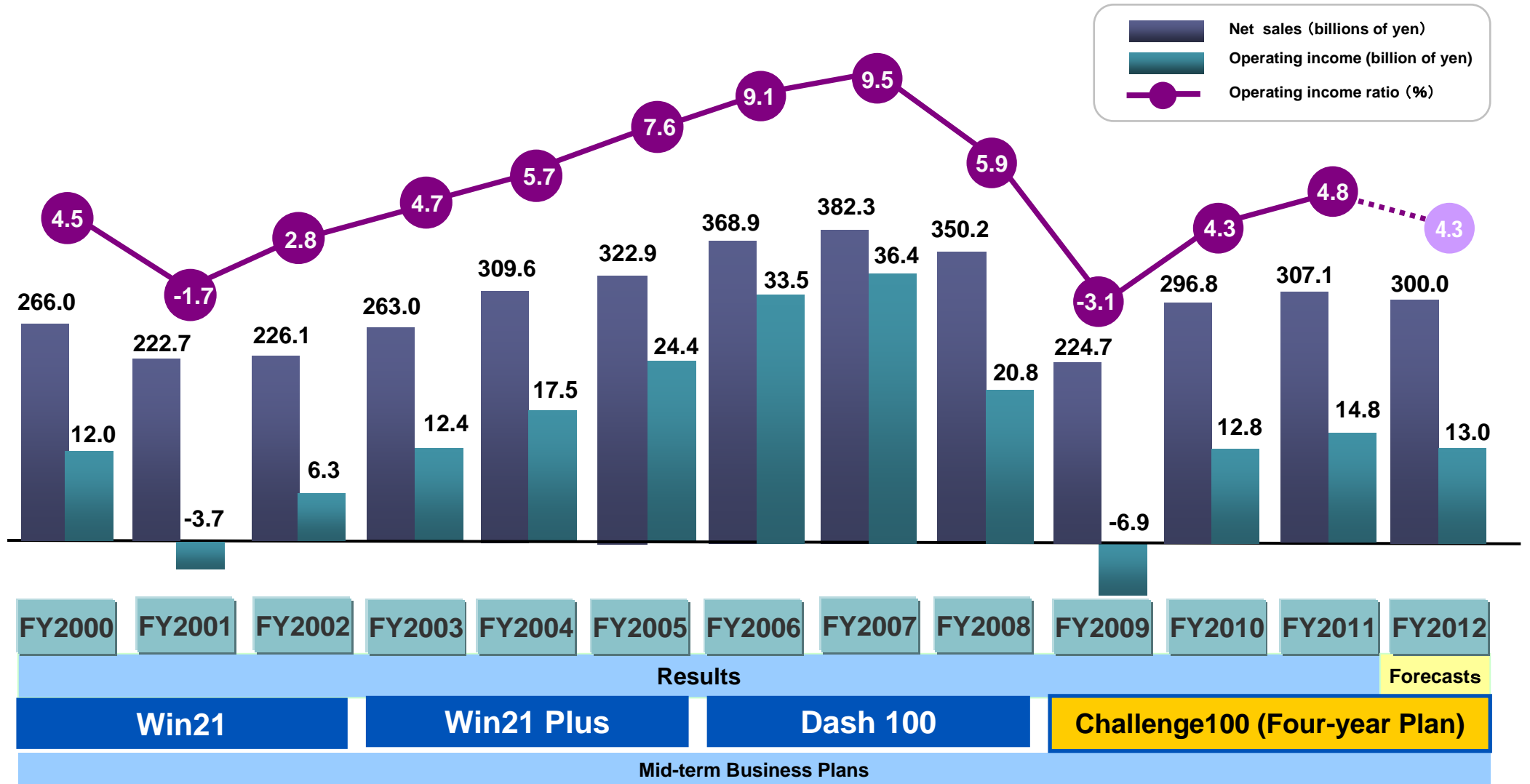
◆ Forex rates (Consolidated)

(Unit: Yen)

	FY2010			FY2011			FY2012 Projections		
	1H	2H	Full-year	1H	2H	Full-year	1H	2H	Full-year
U.S. dollar	89.91	83.13	86.52	80.56	77.48	79.02	80.10	80.00	80.05
Euro	116.03	111.77	113.90	115.07	103.91	109.49	101.96	95.00	98.48

(Note) Average rate during the period

FY2000-2012 Trends in Sales/Operating Income



Balance Sheet Structural Trends (Consolidated)

As of March 20, 2012

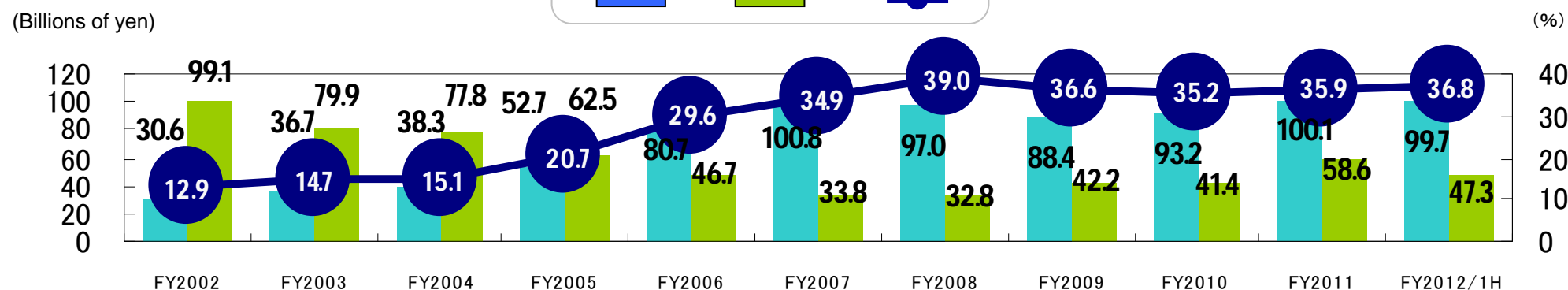
- Shareholders' equity ratio 35.9%
- Shareholders' equity 100.1 billion yen
- Interest-bearing debt 58.6 billion yen
- D/E ratio 0.59
(Net D/E ratio) 0.38
- Inventory 63.8 billion yen
Turnover 2.5 months

As of September 20, 2012

- Shareholders' equity ratio 36.8%
- Shareholders' equity 99.7 billion yen
- Interest-bearing debt 47.3 billion yen
- D/E ratio 0.47
(Net D/E ratio) 0.24
- Inventory 59.5 billion yen
Turnover 2.3 months

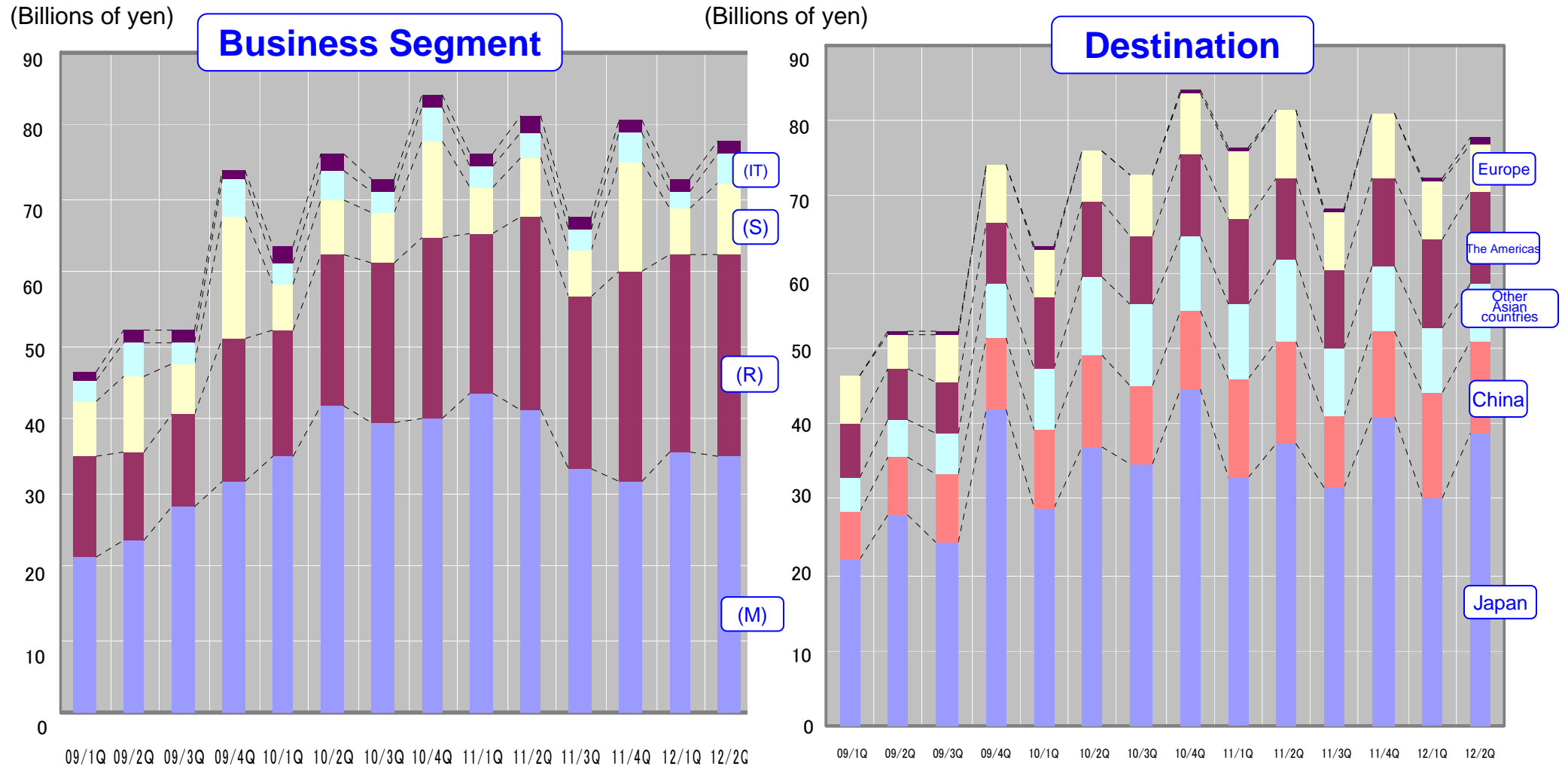
※Inventory at the end of the period is used for calculating turnover months.

Shareholders' equity (left scale) Interest-bearing debt (left scale) Shareholders' equity ratio (right scale)



	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012/1H
Operating CF	8.4	18.5	5.7	18.7	14.9	17.6	12.4	4.0	2.4	6.3	19.9
Investment CF	-1.9	1.1	-2.2	9.7	-6.1	-9.9	-10.6	-6.4	-6.7	-11.8	-5.6
Free CF	6.4	19.6	3.5	8.9	8.8	7.7	1.7	-2.4	-4.2	-5.4	14.2

Quarterly Sales Trends by Business Segment and Destination

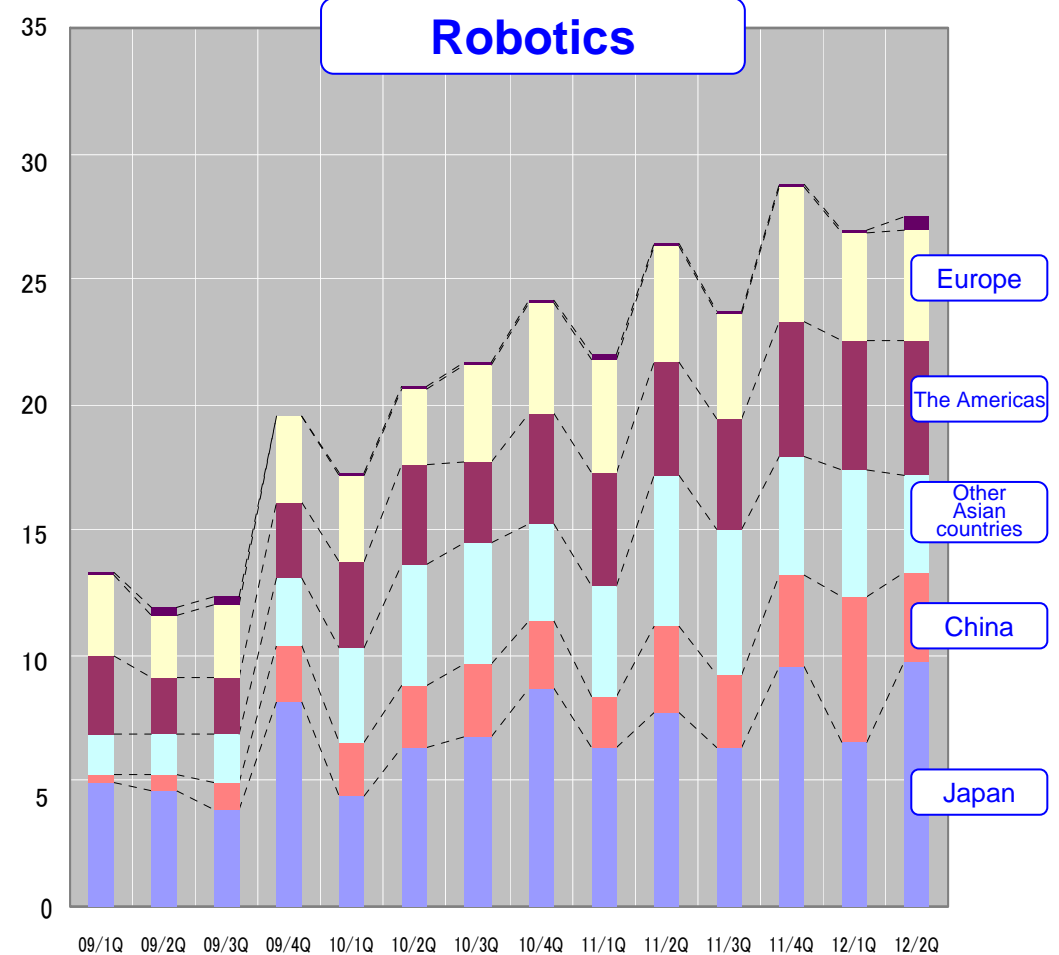
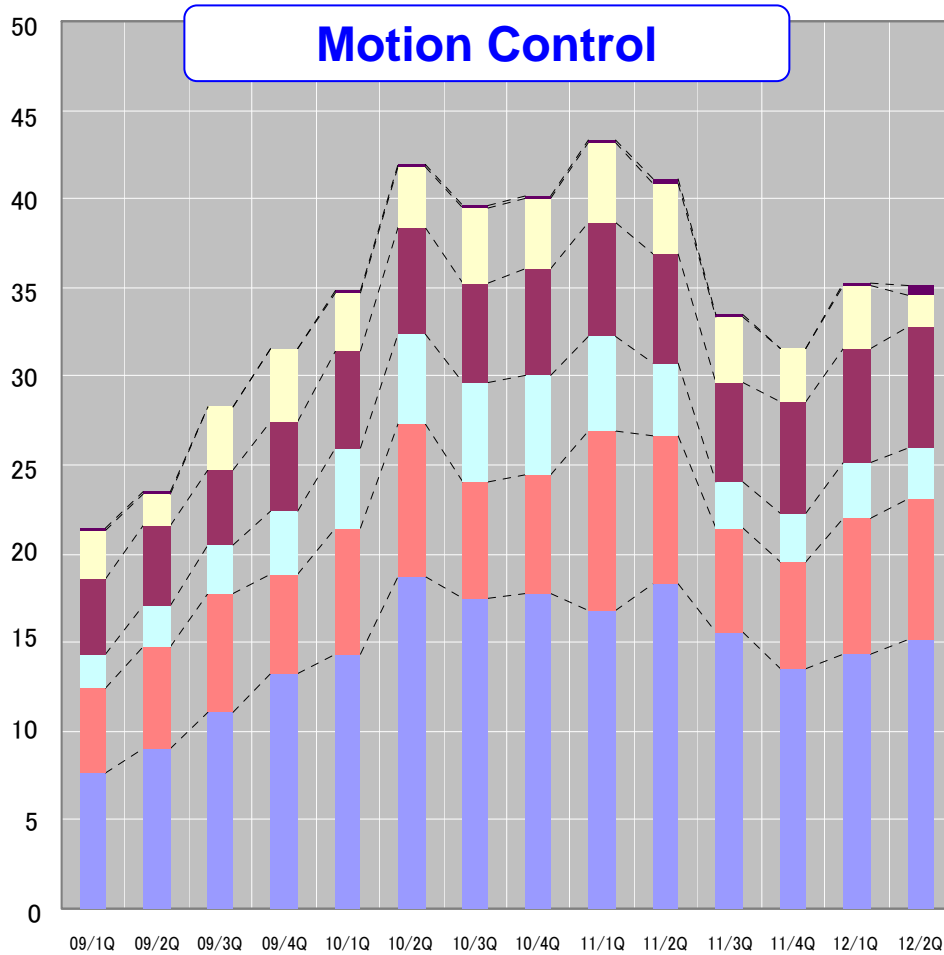


Note: (M)= Motion Control (R)= Robotics (S)= System Engineering (IT)= Information Technologies

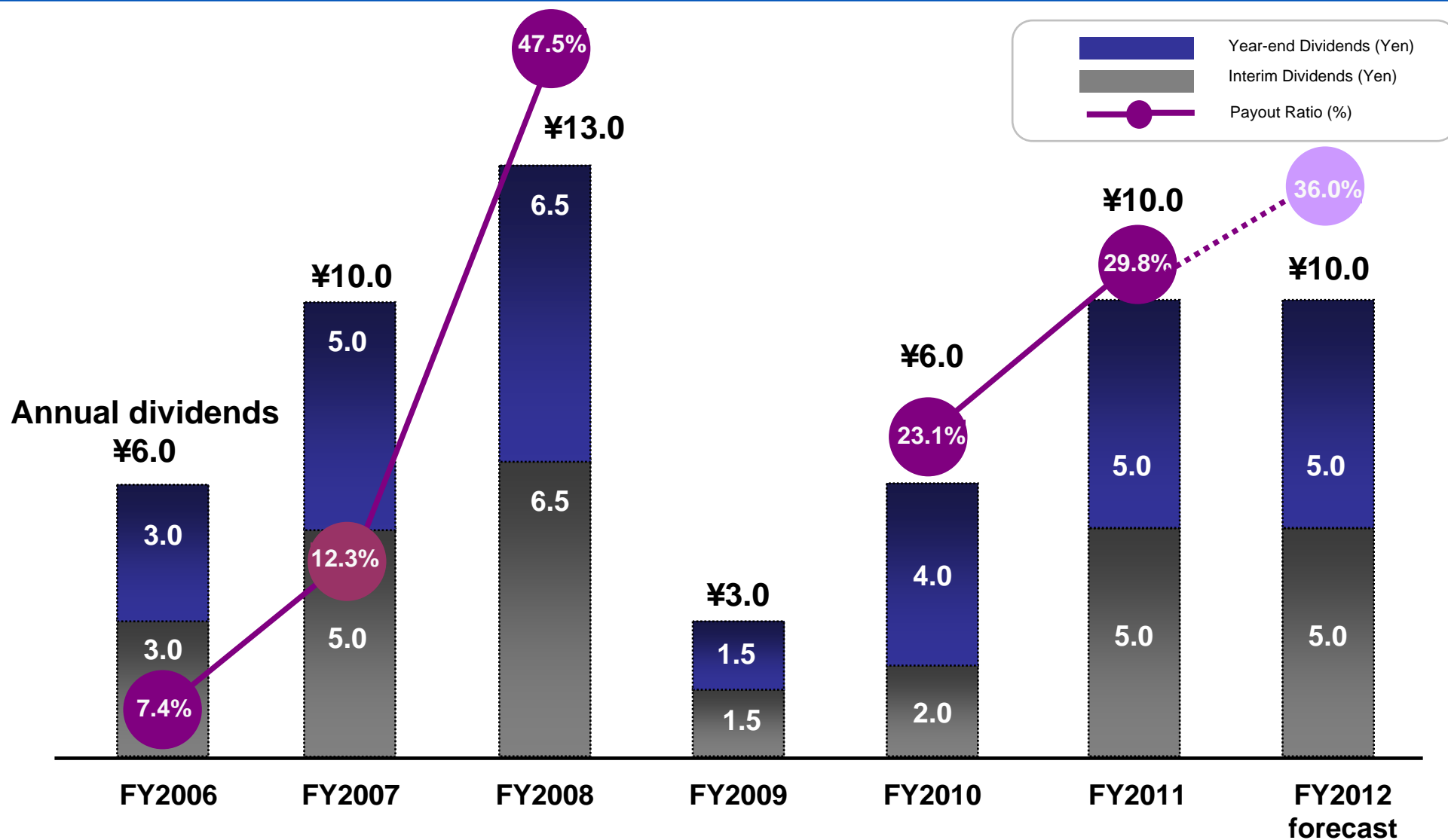
Quarterly Sales Trends of (M) and (R) by Destination

(Billions of yen)

(Billions of yen)



Dividends



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

Major Production Bases

(World's strongest network supporting global business development)



Recent Activities in Asia

