YASKAWA Electric Corporation (TSE 6506)

- FY2012 Nine Months Results
  (Ended December 20, 2012)
- FY2012 Full-year Forecasts
  (Ending March 20, 2013)

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.

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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.

![Images of AC servo drives, general purpose AC drives, power conditioners, and motor drive systems 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.

![Images of a high path accuracy robot for laser cutting and welding, an assembly operation by a dual-arm robot, and a 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.

![Images of electric instrumentation systems for water and sewerage, a continuous-casting machine, and a large-scale wind power generator and converter.]

**Information Technologies (IT)**

**Core products**
Computer peripherals, Laser-applied systems, Development of software, IT-related services, etc.

![Images of a scanner head for high-power laser and a NetSHAKER ProxyBox.]

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1. FY2012 Nine Months Financial Results
FY2012 Nine Months Financial Highlights

- Sales and profits decreased compared to the FY11 nine months when there were special demand spurred by the earthquake

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>¥219.1 bn.</td>
<td>¥226.2 bn.</td>
<td>-¥7.0 bn.</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥6.7 bn.</td>
<td>¥11.2 bn.</td>
<td>-¥4.4 bn.</td>
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<tr>
<td>Ordinary Income</td>
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<td>¥11.4 bn.</td>
<td>-¥3.9 bn.</td>
</tr>
<tr>
<td>Net Income</td>
<td>¥3.8 bn.</td>
<td>¥6.9 bn.</td>
<td>-¥3.1 bn.</td>
</tr>
</tbody>
</table>
• **Orders for PV Power Conditioners sharply increased, while AC servo business was weaker than expected**

• **(R) remained solid**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td></td>
<td>Income Ratio</td>
<td>Income Ratio</td>
<td>Amount</td>
</tr>
<tr>
<td>Net Sales</td>
<td>219.1</td>
<td>226.2</td>
<td>-7.0</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>104.1</td>
<td>117.7</td>
<td>-13.5</td>
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<tr>
<td>(R) Robotics</td>
<td>77.4</td>
<td>72.2</td>
<td>+5.1</td>
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<tr>
<td>(S) System Engineering</td>
<td>24.3</td>
<td>20.6</td>
<td>+3.6</td>
</tr>
<tr>
<td>(IT) Information Technologies</td>
<td>8.7</td>
<td>8.9</td>
<td>-0.1</td>
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<tr>
<td>Other</td>
<td>4.4</td>
<td>6.5</td>
<td>-2.1</td>
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<tr>
<td>Operating Income</td>
<td>6.7</td>
<td>11.2</td>
<td>-4.4</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>1.9</td>
<td>6.6</td>
<td>-4.6</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>4.7</td>
<td>4.9</td>
<td>-0.1</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>0.5</td>
<td>-0.1</td>
<td>+0.6</td>
</tr>
<tr>
<td>(IT) Information Technologies</td>
<td>-0.5</td>
<td>-0.3</td>
<td>-0.2</td>
</tr>
<tr>
<td>Other</td>
<td>0.2</td>
<td>0.4</td>
<td>-0.1</td>
</tr>
<tr>
<td>Elimination or Corporate</td>
<td>-0.1</td>
<td>-0.3</td>
<td>+0.1</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>7.5</td>
<td>11.4</td>
<td>-3.9</td>
</tr>
<tr>
<td>Net Income</td>
<td>3.8</td>
<td>6.9</td>
<td>-3.1</td>
</tr>
</tbody>
</table>
FY2012 Nine Months Financial Results by Business Segment (2)

(M)
- AC servo business was sluggish due to the slowdown in electronics-related industries as well as in China
- AC drive business was strong, supported by the growing demand from energy-related industries in the Americas and for PV power conditioners.

(R)
- Solid performance in general industry, especially due to the demand from automotives in Japan and overseas
- Weak demand in FPD and semiconductor industries

(S)
- Sales for the water treatment equipment sector decreased
- Sales and profits increased year on year due to the recovery in steel industry

(IT)
- Sluggish IT investments led to the decrease in sales and profits

Note: (M)= Motion Control  (R)= Robotics  (S)= System Engineering  (IT)= Information Technologies
Breakdown of Changes in Operating Income
(FY11 Nine Months ⇒ FY12 Nine Months)

Profit decrease due to sales decrease
-0.6
Effects of changes in forex rates
Increase in added value
+0.4
Increase in expenses
-2.2

FY2011 Apr. - Dec.
11.2

FY2012 Apr. - Dec.
6.7

(Unit: Billions of yen)

(Effect of changes in forex rates)

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Sales Breakdown by Business Segment

• (R) significantly increased its share

FY11 Apr. - Dec.

- Motion Control: 52%
- Information Technologies: 4%
- System Engineering: 9%
- Robotics: 32%

Net Sales ¥226.2 bn.

FY12 Apr. - Dec.

- Motion Control: 48%
- Information Technologies: 4%
- System Engineering: 11%
- Robotics: 35%

Net Sales ¥219.1 bn.

Note: (R) = Robotics
• The Americas recovered steadily
• Europe was stagnant and the growth in China slowed down

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td>Net Sales</td>
<td>219.1</td>
<td>226.2</td>
<td>-7.0</td>
</tr>
<tr>
<td>Japan</td>
<td>97.9</td>
<td>101.8</td>
<td>-3.9</td>
</tr>
<tr>
<td>Overseas</td>
<td>121.2</td>
<td>124.3</td>
<td>-3.1</td>
</tr>
<tr>
<td>The Americas</td>
<td>36.7</td>
<td>32.2</td>
<td>+4.4</td>
</tr>
<tr>
<td>Europe</td>
<td>21.9</td>
<td>25.4</td>
<td>-3.4</td>
</tr>
<tr>
<td>China</td>
<td>37.6</td>
<td>36.1</td>
<td>+1.4</td>
</tr>
<tr>
<td>Other Asian Countries</td>
<td>22.7</td>
<td>29.6</td>
<td>-6.8</td>
</tr>
</tbody>
</table>

(Units: Billions of yen, %)
Sales Breakdown by Destination (2)

• The Share of the sales for the Americas increased to 17%

FY11 Apr. - Dec.

Net Sales ¥226.2 bn.

- Overseas 55%
- Japan 45%
- Other Asian Countries 13%
- China 16%
- Europe 11%
- The Americas 14%

FY12 Apr. - Dec.

Net Sales ¥219.1 bn.

- Overseas 55%
- Japan 45%
- Other Asian Countries 10%
- China 17%
- Europe 10%
- The Americas 17%
2. FY2012 Full-year Forecasts
FY2012 Full-year Financial Forecast Highlights

- A recovering trend in the main markets of (M). Strong demand for PV power conditioners
- Sluggish demand in the semiconductor and FPD for (R)
- The FY12 full-year corporate forecasts remain the same

<table>
<thead>
<tr>
<th></th>
<th>FY12/1H Actual</th>
<th>FY12/3Q Actual</th>
<th>FY12/4Q Forecasts</th>
<th>FY12/2H Forecasts</th>
<th>FY12 Forecasts</th>
<th>FY11 Actual</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Amounts</td>
</tr>
<tr>
<td>Net Sales</td>
<td>¥ 150.4 bn.</td>
<td>¥ 68.6 bn.</td>
<td>¥ 80.8 bn.</td>
<td>¥ 149.5 bn.</td>
<td>¥ 300.0 bn.</td>
<td>¥ 307.1 bn.</td>
<td>-¥ 7.1 bn.</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥ 6.1 bn.</td>
<td>¥ 0.6 bn.</td>
<td>¥ 6.2 bn.</td>
<td>¥ 6.8 bn.</td>
<td>¥ 13.0 bn.</td>
<td>¥ 14.8 bn.</td>
<td>-¥ 1.8 bn.</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>¥ 6.3 bn.</td>
<td>¥ 1.1 bn.</td>
<td>¥ 5.4 bn.</td>
<td>¥ 6.6 bn.</td>
<td>¥ 13.0 bn.</td>
<td>¥ 15.6 bn.</td>
<td>-¥ 2.6 bn.</td>
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<tr>
<td>Net Income</td>
<td>¥ 3.4 bn.</td>
<td>¥ 0.3 bn.</td>
<td>¥ 3.1 bn.</td>
<td>¥ 3.5 bn.</td>
<td>¥ 7.0 bn.</td>
<td>¥ 8.4 bn.</td>
<td>-¥ 1.4 bn.</td>
</tr>
</tbody>
</table>

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

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1) Prioritize investments in the growing and focus markets

- Expand the shares of (M) in Germany
  ⇒ Acquired a German PLC manufacturer (Vipa GmbH) in Dec. 2012
- Proactively enter the energy industry in the Americas
  ⇒ Acquired a Canadian Sler (Wermac Electric) in Sep. 2012
- Strengthen the local capabilities to better respond to the customers in China
  ⇒ Established the development center for AC servo in Shenyang, China
- Establish and strengthen robotics center
  ⇒ Established in Europe and Brazil (Established in Japan, the Americas and China in FY2011)
  ⇒ Further reinforce bases in Southeast Asia

2) Expand sales of new and core products

- Almost finished switching to the core products (Σ-V, 1000 series)
- Launch new products and expand their sales
  - Released new motors using less rare-earth metals in 1H/FY2012
  - Released 3D shape measurement unit “MotoEye-3D” in Oct. 2012
  - Released 6 axis power sensor unit “MotoFit” in Jan. 2013

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Measures for FY2012 (2): Improve the profitability of core businesses

1) Increase overseas production and procurement
   ⇒ Reinforce overseas production and procurement in AC servo and AC drive businesses
   ⇒ Establish a robot production subsidiary in China
      (Planned to start commercial production in June 2013)

2) Further streamline production systems
   1. Reorganize robot factories in Japan
      ⇒ Streamline operation by consolidating factories of semiconductor and FPD robots
      ⇒ Enhance production efficiency by automation
   2. Reorganize and strengthen industrial motor business to expand the environmental energy business field
      ⇒ Consolidate industrial motor production subsidiaries
         (Planned to consolidate in March 2013)

3) Streamline business operations
   ⇒ Progress the group-wide activities to make the business operations more efficient by 30%

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Business Expansion in China and Other Asian Countries

• Expand local production and procurement mainly in China
• Expand sales in Asian countries including China by establishing new robotics centers

FY 2010:
• Installation of robot-marketing organization under YASKAWA Electric (Shanghai) Co., Ltd.
• Creation of marketing network for electric equipment for large-scale wind power generation

FY 2011:
• Construction of a robot system plant
• Establishment of Headquarters in China
• Establishment of YASKAWA Tusho Group Co., Ltd as group trading company

FY 2012:
• Launch of Second Shenyang plant (July)
• Establish (M) development center (September)

FY 2010:
• Establishment of Shenyang plant
• Launch of full-scale production of servo motors

FY 2009:
• Magnet-manufacturing company in China became an equity affiliate

FY 2009-:
• Strengthened regional business management functions in Asia

FY 2010:
• Conversion of a robot-sales joint venture in India into a wholly owned subsidiary
• Installation of robot-marketing organization under YASKAWA Electric (Shanghai) Co., Ltd.
• Creation of marketing network for electric equipment for large-scale wind power generation

FY 2011:
• Establishment of a local corporation in India and launch of AC drive production
• Integration of subsidiaries in India

FY 2012:
• Conversion of robot-marketing joint venture in China into a subsidiary
• Plan to Launch commercial production in June 2013
• Establishment of a robot manufacturing subsidiary

FY 2013:
• Expansion of local production and procurement mainly in China
• Expansion of sales in Asian countries including China by establishing new robotics centers

Any forward-looking statements within this document are made according to the assumptions of management and are subject to change as a result of risks and uncertainties.
Reference
## Capital Expenditure, R&D Investment, Forex Rates

### Capital expenditure (Consolidated)
(Unit: Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>6.66</td>
<td>9.91</td>
<td>13.00</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>7.06</td>
<td>7.61</td>
<td>8.50</td>
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</tbody>
</table>

### R&D investment (Consolidated)
(Unit: Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D investment</td>
<td>9.72</td>
<td>10.39</td>
<td>11.00</td>
</tr>
</tbody>
</table>

### Forex rates (Consolidated)
(Unit: Yen)

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>U.S. dollar</td>
<td>87.66</td>
<td>86.52</td>
<td>79.43</td>
<td>79.02</td>
<td>79.87</td>
<td>81.51</td>
</tr>
<tr>
<td>Euro</td>
<td>114.77</td>
<td>113.90</td>
<td>111.97</td>
<td>109.49</td>
<td>102.05</td>
<td>105.29</td>
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</table>

(Note) Average rate during the period

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FY2000-2012 Trends in Sales/Operating Income

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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 December 20, 2012
- Shareholders’ equity ratio: 36.0%
- Shareholders’ equity: 101.7 billion yen
- Interest-bearing debt: 54.6 billion yen
- D/E ratio: 0.54
- (Net D/E ratio): 0.27
- Inventory: 66.2 billion yen
- Turnover: 2.7 months

※Inventory at the end of the period is used for calculating turnover months.
Quarterly Sales Trends by Business Segment and Destination

(Billions of yen)

Business Segment

(Billions of yen)

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)

Motion Control

Robotics

Europe

The Americas

Other Asian countries

China

Japan

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Dividends (FY2006-2012 forecast)

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

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Major Production Bases (YASKAWA network supporting global business)

**YASKAWA Electric Corp.**
- Yahata-nishi Plant (Motoman Center/ Motoman Station)
- Yahata-higashi Plant
- Yukuhashi Plant (Drive Center/ System Engineering Center)
- Iruma Plant (Solution Center)
- Nakama Plant

**Production bases in Japan**
- Yahata-nishi Plant
- Yahata-higashi Plant
- Yukuhashi Plant
- Iruma Plant
- Nakama Plant

**Major overseas production bases**
- YASKAWA Electric UK Ltd.
- YASKAWA Electric (Shenyang) Co., Ltd
- YASKAWA Electric (Shenyang) Co., Ltd
- YASKAWA Europe GmbH Robotics Div.
- YASKAWA SHOUGANG ROBOT CO., LTD.
- YASKAWA Ristro d.o.o.
- YASKAWA Robotics India Ltd.
- YASKAWA (China) Robotics Co., Ltd
- Shanghai Yaskawa Drive Co., Ltd.
- YASKAWA India Private Ltd.
- YASKAWA America, Inc. Drives&Motion Div.
- YASKAWA America, Inc.
- YASKAWA Motoman Canada, Ltd.
- YASKAWA Motoman Mexico, S.A. de C.V.
- YASKAWA Elétrico do Brasil Ltda.

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