YASKAWA Electric Corporation (TSE 6506)

• FY2012 Financial Results (Ended March 20, 2013)
• FY2013 Financial Forecasts (Ending March 20, 2014)

Presented by Junji Tsuda, Representative Director, Chairman of the Board and 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 Financial Results
   • FY2012 Financial Highlights
   • FY2012 Financial Highlights by Business Segment
   • Breakdown of Changes in Operating Income
   • Sales Breakdown by Business Segment
   • Sales Breakdown by Destination
   • Measures for FY2012

2. FY2013 Financial Forecasts
   • FY2013 Financial Highlights
   • FY2013 Financial Highlights by Segment
   • Breakdown of Changes in Operating Income
   • Measures for FY2013

3. Reference
   • Capital Expenditures, R&D Expenses, Forex Rates
   • Balance Sheet Structural Trends
   • FY2003-2015 Trends in Sales/Operating Income
   • Quarterly Sales Trends by Business Segment and Destination
   • Business Expansion in China and Other Asian Countries
   • Major Production Bases
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.

**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.

**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.

**Information Technologies (IT)**

Core products
Computer peripherals, Laser-applied systems, Development of software, IT-related services, etc
1. FY2012 Financial Results
FY2012 Financial Highlights

- **Achieved goals for net sales, operating income and ordinary income**
- **Profits saw year-on-year decrease due to weaker demands in (M)**

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY12 previous forecasts</th>
<th>FY11</th>
<th>Changes from FY11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>¥310.3 bn.</td>
<td>¥300.0 bn.</td>
<td>¥307.1 bn.</td>
<td>+¥3.2 bn.</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥13.0 bn.</td>
<td>¥13.0 bn.</td>
<td>¥14.8 bn.</td>
<td>-¥1.7 bn.</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>¥14.0 bn.</td>
<td>¥13.0 bn.</td>
<td>¥15.6 bn.</td>
<td>-¥1.5 bn.</td>
</tr>
<tr>
<td>Net Income</td>
<td>¥6.8 bn.</td>
<td>¥7.0 bn.</td>
<td>¥8.4 bn.</td>
<td>-¥1.6 bn.</td>
</tr>
</tbody>
</table>

Notes: (M) = Motion Control
FY12 previous forecasts are the figures announced on October 17, 2012
Demand for PV power conditioners sharply increased, while the demands for AC servo motors were sluggish. Solid in (R) mainly due to robust demands in automotive industry.
FY2012 Financial Highlights by Business Segment

(M)
- AC servo business was stagnant due to slowdown in the main markets of electronics-related industry and in China
- In AC drive business, demands for PV power conditioners sharply picked up from 2H
  Solid demands in energy-related industry in the Americas

(R)
- Firm demands for general industries continued in Japan and overseas, especially for automotives
- Weak demands for FPD and semiconductor industries

(S)
- Although sales remained unchanged from FY11, profits decreased due to the downturn in water-treatment businesses

(IT)
- IT investments remained sluggish. Although sales were flat, profits slightly decreased.

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

Profit increase due to sales increase: +0.5
Effects of changes in forex rates: +0.9
Increase in added value: +0.9
Increase in expenses: -4.2

(Unit: Billions of yen)

FY2011: 14.8
FY2012: 13.0
Sales Breakdown by Business Segment (FY11⇒FY12)

• (R) significantly increased its share

FY11

- Net Sales ¥307.1 bn.
- 33% Robotics
- 12% Information Technologies
- 4% System Engineering
- 49% Motion Control

FY12

- Net Sales ¥310.3 bn.
- 36% Robotics
- 12% Information Technologies
- 4% System Engineering
- 47% Motion Control

Note: (R) = Robotics

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### Sales Breakdown by Destination (FY11⇒FY12)

- **The Americas steadily recovered**
- **Weak demands in Europe, China and Asia**

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2011</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Amounts</td>
</tr>
<tr>
<td><strong>Net Sales</strong></td>
<td>310.3</td>
<td>307.1</td>
<td>+3.2</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>143.4</td>
<td>143.0</td>
<td>+0.4</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td>166.9</td>
<td>164.0</td>
<td>+2.8</td>
</tr>
<tr>
<td><strong>The Americas</strong></td>
<td>51.1</td>
<td>43.9</td>
<td>+7.1</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>32.0</td>
<td>33.9</td>
<td>-1.8</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>48.5</td>
<td>47.3</td>
<td>+1.2</td>
</tr>
<tr>
<td><strong>Other Asian Countries</strong></td>
<td>32.7</td>
<td>37.9</td>
<td>-5.1</td>
</tr>
</tbody>
</table>

(Billions of yen, %)

Note: The figures for “Other areas” including Australia, etc are omitted in the above table.
Sales Breakdown by Destination (FY11⇒FY12)

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

**FY11**
- **Net Sales** ¥307.1 bn.
- Overseas: 53%
  - Europe: 11%
  - Other Asian Countries: 12%
  - The Americas: 14%
- Japan: 47%

**FY12**
- **Net Sales** ¥310.3 bn.
- Overseas: 54%
  - Europe: 10%
  - Other Asian Countries: 11%
  - The Americas: 17%
- Japan: 46%
Measures for FY2012 (1): Secure volume

1) Prioritize investments in the growing and focus markets
   ■ Proactively enter the energy industry in the Americas
   ■ Reinforce activity in South Africa
     - Acquired a robot Sler “Robotic Systems SA” in South Africa
   ■ Strengthen the local capabilities to respond to the demands in China
     - Established the development center for AC servo in Shenyang, China
   ■ Strengthen sales capabilities through Yaskawa Tsusho
   ■ Expand the shares of (M) in Germany
   ■ Newly establish robot centers
     - Establish bases in Europe, China (Guangzhou), and Brazil
       (Established bases in Japan, U.S., and China (Shanghai) in FY2011)

2) Develop New products
   - Released new motors using less rare-earth metals in 1H/FY2012
   - Released large-capacity Σ-V series in Apr. 2012
   - Released high-power-factor regenerative converter D1000 in Jun. 2012
   - Released 3D shape measurement unit “MotoEye-3D” in Oct. 2012
   - Released 6 axis power sensor unit “MotoFit” in Jan. 2013

Note: (M)= Motion Control

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

1) Increase local production and procurement
   - Launch of the second plant in Shenyang (Sep., 2012)
   - Doubled Chinese production of AC drives

2) Streamline manufacturing operations
   - Consolidated (M) production bases in Japan
   - Reorganize and strengthen industrial motor business to expand the environmental energy businesses
     ⇒ Consolidated industrial motor production subsidiaries in March 2013

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

Note: (M)= Motion Control
2. FY2013 Financial Forecasts
**FY2013 Financial Highlights**

- (M) recovers. PV power conditioners steadily expand
- Solid in (R) mainly for automotive industry. FPD is recovering
- FY13 forecasts see sales and profits significantly increasing

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013 Forecasts</th>
<th>Changes from FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amounts</td>
<td></td>
<td>%</td>
</tr>
<tr>
<td>Net Sales</td>
<td>¥310.3 bn.</td>
<td>¥350.0 bn.</td>
<td>+¥39.6 bn.</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥13.0 bn.</td>
<td>¥24.0 bn.</td>
<td>+¥10.9 bn.</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>¥14.0 bn.</td>
<td>¥24.0 bn.</td>
<td>+¥9.9 bn.</td>
</tr>
<tr>
<td>Net Income</td>
<td>¥6.8 bn.</td>
<td>¥13.0 bn.</td>
<td>+¥6.2 bn.</td>
</tr>
</tbody>
</table>

Note: (M)= Motion Control  (R)= Robotics
## FY2013 Financial Highlights by Business Segment

(Billions of yen, %)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2013 Forecast</th>
<th>FY2013 Income ratio</th>
<th>FY2012 Results</th>
<th>FY2012 Income ratio</th>
<th>Changes from FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>350.0</td>
<td>-</td>
<td>310.3</td>
<td>-</td>
<td>+39.6 +12.8%</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>171.3</td>
<td>-</td>
<td>144.3</td>
<td>-</td>
<td>+27.0 +18.7%</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>120.0</td>
<td>-</td>
<td>110.2</td>
<td>-</td>
<td>+9.7 +8.9%</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>33.6</td>
<td>-</td>
<td>37.2</td>
<td>-</td>
<td>-3.6 -9.7%</td>
</tr>
<tr>
<td>Information Technologies</td>
<td>14.0</td>
<td>-</td>
<td>12.7</td>
<td>-</td>
<td>+1.2 +9.5%</td>
</tr>
<tr>
<td>Other</td>
<td>11.0</td>
<td>-</td>
<td>5.7</td>
<td>-</td>
<td>+5.2 +90.4%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>24.0</td>
<td>6.9%</td>
<td>13.0</td>
<td>4.2%</td>
<td>+10.9 +83.6%</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>13.4</td>
<td>7.9%</td>
<td>3.2</td>
<td>2.3%</td>
<td>+10.2 +315.4%</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>9.6</td>
<td>8.0%</td>
<td>8.3</td>
<td>7.6%</td>
<td>+1.2 +14.8%</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>1.2</td>
<td>3.6%</td>
<td>1.5</td>
<td>4.0%</td>
<td>-0.0 -19.7%</td>
</tr>
<tr>
<td>Information Technologies</td>
<td>0.3</td>
<td>2.6%</td>
<td>-0.2</td>
<td>-1.9%</td>
<td>+0.6 -</td>
</tr>
<tr>
<td>Other</td>
<td>0.4</td>
<td>4.1%</td>
<td>0.3</td>
<td>6.0%</td>
<td>+0.1 +31.3%</td>
</tr>
<tr>
<td>Corporate or Elimination</td>
<td>-1.1</td>
<td>-</td>
<td>-0.1</td>
<td>-</td>
<td>-0.9 -</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>24.0</td>
<td>6.9%</td>
<td>14.0</td>
<td>4.5%</td>
<td>+9.9 +70.8%</td>
</tr>
<tr>
<td>Net Income</td>
<td>13.0</td>
<td>3.7%</td>
<td>6.8</td>
<td>2.2%</td>
<td>+6.2 +91.2%</td>
</tr>
</tbody>
</table>

Note: In FY2013, a part of (M) segment is planned to be displaced to (S). Above forecasts are based on the segmentation in FY12.
Breakdown of Changes in Operating Income (FY12⇒FY13 Forecast)

Profit increase due to sales increase: +5.9
Effects of changes in forex rates: +3.9
Increase in added value: +10.1
Increase in expenses: -9.1

FY2012: 13.0
FY2013 Forecast: 24.0

(Unit: Billions of yen)
Measures for FY2013 (1): Secure volume

- Expand sales in favorable and growing markets
  (1) Enhance presence in Asia, especially China
    • Reinforce sales and service networks
      ⇒ Increase distributors, enhance sales-support capabilities
    • Enhance solution capabilities
      ⇒ Launch products to meet the local needs
    • Expand sales by taking advantage of Yaskawa Tsusho

(2) Create a synergy effect with Vipa
  • Strengthen sales with PLC products of Vipa
  • Expand sales of (M) by utilizing Vipa’s sales channels
    ⇒ Increase our share in Germany

(3) Expand the new business
  • Secure booking for PV power conditioners
Measures for FY2013 (2): Improve quality

■ Strengthen development and production capabilities

(1) Reinforce capabilities to respond to the local needs
   • Enhance local development in Japan, U.S., Europe, and China

(2) Strengthen global production system
   • Promote automation in domestic factories
     (Improve efficiency by 30%)
   • Develop the local production and procurement
     ⇒ New robot factory in Changzhou, China will start commercial production in June 2013

■ Enhance management quality through K30 project
   • Accelerate corporate-wide activities for streamlining by 30%
3. Reference
## Capital Expenditure, R&D Investment, Forex Rates

### Capital expenditure (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>9.91</td>
<td>15.89</td>
<td>22.00</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>7.61</td>
<td>8.11</td>
<td>9.50</td>
</tr>
</tbody>
</table>

### R&D investment (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012 Plan</th>
<th>FY2013 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D investment</td>
<td>10.39</td>
<td>10.73</td>
<td>11.00</td>
</tr>
</tbody>
</table>

### Forex rates (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013 Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1H</td>
<td>Full-year</td>
<td>1H</td>
</tr>
<tr>
<td>U.S. dollar</td>
<td>80.56</td>
<td>79.02</td>
<td>80.10</td>
</tr>
<tr>
<td>Euro</td>
<td>115.07</td>
<td>109.49</td>
<td>101.96</td>
</tr>
</tbody>
</table>

(Note) Average rate during the period
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 March 20, 2013
- Shareholders’ equity ratio: 37.1%
- Shareholders’ equity: 112.2 billion yen
- Interest-bearing debt: 54.7 billion yen
- D/E ratio: 0.49
  (Net D/E ratio: 0.31)
- Inventory: 64.3 billion yen
- Turnover: 2.5 months

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

Operating CF
- FY2002: 8.4 billion yen
- FY2003: 18.5 billion yen
- FY2004: 5.7 billion yen
- FY2005: 18.7 billion yen
- FY2006: 14.9 billion yen
- FY2007: 17.6 billion yen
- FY2008: 12.4 billion yen
- FY2009: 4.0 billion yen
- FY2010: 2.4 billion yen
- FY2011: 6.3 billion yen
- FY2012: 24.6 billion yen

Investment CF
- FY2002: -1.9 billion yen
- FY2003: 1.1 billion yen
- FY2004: -2.2 billion yen
- FY2005: 9.7 billion yen
- FY2006: -6.1 billion yen
- FY2007: -9.9 billion yen
- FY2008: -10.6 billion yen
- FY2009: -6.4 billion yen
- FY2010: -6.7 billion yen
- FY2011: -11.8 billion yen
- FY2012: -18.0 billion yen

Free CF
- FY2002: 6.4 billion yen
- FY2003: 19.6 billion yen
- FY2004: 3.5 billion yen
- FY2005: 8.9 billion yen
- FY2006: 8.8 billion yen
- FY2007: 7.7 billion yen
- FY2008: 1.7 billion yen
- FY2009: -2.4 billion yen
- FY2010: -4.2 billion yen
- FY2011: -5.4 billion yen
- FY2012: 6.5 billion yen

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Net sales (billions of yen)
Operating income (billions of yen)
Operating income ratio (%)

Results
Win21 Plus
Dash 100
Challenge100 (Four-year Plan)

Forecasts
Realize 100

Mid-term Business Plans
Quarterly Sales Trends by Business Segment and Destination

(Billions of yen)

Business Segment

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

Destination

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Quarterly Sales Trends by Business Segment and Destination
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

FY2009:
- Magnet-manufacturing company in China became an equity affiliate
- Strengthened regional business management functions in Asia

FY2010:
- Establishment of Shenyang plant
- Launch of full-scale production of servo motors
- Conversion of a robot-sales joint venture in India into a wholly owned subsidiary
- Establishment of Shenyang plant
- Launch of full-scale production of servo motors
- Conversion of robot-marketing joint venture in China into a subsidiary

FY2011:
- Construction of a robot system plant
- Establishment of Headquarters in China
- Conversion of robot-marketing joint venture in China into a subsidiary
- Establishment of Shenyang plant
- Launch of Second Shenyang plant (July)
- Establishment of YASKAWA Tusho Group Co., Ltd as group trading company

FY2012:
- Launch of Second Shenyang plant (July)
- Establish (M) development center (September)
- Establishment of a robot manufacturing subsidiary
- Plan to Launch commercial production in June 2013
- Establishment of a local corporation in India and launch of AC drive production

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

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Major Production Bases (YASKAWA network supporting global business)

Production bases in Japan

- Yahata-nishi Plant (Motoman Center/ Motoman Station)
- Yahata-higashi Plant
- Yukuhashi Plant (Drive Center/ System Engineering Center)
- Iruma Plant (Solution Center)
- Nakama Plant

Major overseas production bases

- YASKAWA Electric (Shenyang) Co., Ltd.
- YASKAWA Electric (Shenyang) Co., Ltd.
- YASKAWA Electric Corp.
- YASKAWA America, Inc.
- YASKAWA America, Inc.
- YASKAWA Motoman Canada, Ltd.
- YASKAWA Motoman Mexico, S.A. de C.V.
- YASKAWA Motoman do Brasil Ltda.
- YASKAWA (China) Robotics Co., Ltd.
- YASKAWA (China) Robotics Co., Ltd.
- YASKAWA Electric UK Ltd.
- YASKAWA Nordic AB
- YASKAWA Ristro d.o.o.
- YASKAWA Ristro d.o.o.
- YASKAWA Robotics India Ltd.
- YASKAWA Robotics India Ltd.
- YASKAWA India Private Ltd.
- YASKAWA India Private Ltd.
- Shanghai Yaskawa Drive Co., Ltd.
- Shanghai Yaskawa Drive Co., Ltd.

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