



# **YASKAWA Electric Corporation (TSE 6506)**

- **FY2013 1st Half Financial Results  
(Ended September 20, 2013)**
- **FY2013 2nd Half and Full-year Forecasts  
(Ending March 20, 2014)**

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

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## 1. FY2013 1st Half (1H) Financial Results

- FY2013/1H Financial Highlights
- FY2013/1H Financial Results by Business Segment
- Sales Breakdown by Business Segment (FY2012/1H ⇒ FY2013/1H)
- Sales Breakdown by Destination (FY2012/1H ⇒ FY2013/1H)
- Breakdown of Changes in Operating Income (FY2012/1H ⇒ FY2013/1H)

## 2. FY2013 2nd Half (2H) and Full-year Forecasts

- FY2013/2H Business Environment Forecasts
- FY2013 Full-year Financial Highlights (Forecasts)
- FY2013 Full-year Financial Forecasts by Business Segment
- Breakdown of Changes in Operating Income (FY2012 ⇒ FY2013 Forecast)
- Measures for FY2013

## 3. Reference

- Capital Expenditure, R&D Investment, Forex Rates
- FY2003-2015 Net Sales/Operating Income
- Financial Incices
- Quarterly Sales Trends
- 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, 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, FPD glass sheet transfer robots, New generation robots, Handling robots, Semiconductor wafer transfer robots, Biomedical robots etc.



High path accuracy robot for laser cutting and welding



Robot system for preprocessing operations



Delta robot

## System Engineering (S)

### Core products

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



Electric instrumentation systems for water and sewerage



Continuous-casting machine



Large-scale wind power generator and converter

## Other

### Core products

IT-related services, Logistics, etc



Scanner head for high-power laser



Wireless M2M service (Communication Adapter)

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# 1. FY2013 1st Half (1H) Financial Results

# FY2013/1H Financial Highlights

- Achieved 1H targets due to robust performance in (M)
- Sales and profits substantially increased due to weaker yen

	<u>FY2013/1H</u>	FY2013/1H Previous Forecasts	Changes from the previous forecasts	FY2012/1H	<u>Changes</u>	
					<u>Amounts</u>	<u>%</u>
Net Sales	<u>¥ 177.2 bn.</u>	¥ 176.0 bn.	+¥ 1.2 bn.	¥ 150.5 bn.	<u>+¥ 26.7 bn.</u>	<u>+17.7%</u>
Operating Income	<u>¥ 12.6 bn.</u>	¥ 12.5 bn.	+¥ 0.1bn.	¥ 6.1 bn.	<u>+¥ 6.5 bn.</u>	<u>+105.8%</u>
Ordinary Income	<u>¥ 13.4 bn.</u>	¥ 13.0 bn.	+¥ 0.4bn.	¥ 6.4 bn.	<u>+¥ 7.1 bn.</u>	<u>+111.0%</u>
Net Income	<u>¥ 7.3 bn.</u>	¥ 6.5 bn.	+¥ 0.8 bn.	¥ 3.5 bn.	<u>+¥ 3.8 bn</u>	<u>+107.4%</u>

Note: 1. FY2013/1H previous forecasts are the figures announced on July 18, 2013  
2. (M)= Motion Control

# FY2013/1H Financial Results by Business Segment (1)

- (M) significantly grew due to brisk performance in PV power conditioners

(Unit: Billions of yen, %)

	FY2013/1H		FY2013/1H		Changes from the previous forecasts	FY2012/1H		Changes	
		Income ratio	Previous Forecasts	Income ratio			Income ratio	Amounts	%
<b>Net Sales</b>	177.2	-	176.0	-	+1.2	150.5	-	+26.7	+17.7%
(M) Motion Control	82.3	-	83.3	-	-1.0	63.0	-	+19.2	+30.5%
(R) Robotics	58.6	-	58.5	-	+0.1	54.4	-	+4.3	+7.9%
(S) System Engineering	16.2	-	15.9	-	+0.3	17.5	-	-1.3	-7.2%
Other	20.0	-	18.3	-	+1.7	15.6	-	+4.4	+28.3%
<b>Operating Income</b>	12.6	7.1%	12.5	7.1%	+0.1	6.1	4.1%	+6.5	+105.8%
(M) Motion Control	8.5	10.4%	8.6	10.3%	+0.0	1.5	2.5%	+7.0	+451.2%
(R) Robotics	4.8	8.2%	4.9	8.4%	-0.1	3.9	7.3%	+0.9	+22.3%
(S) System Engineering	-0.4	-2.6%	-0.4	-2.8%	+0.0	0.4	2.7%	-0.9	-
Other	0.3	1.6%	0.1	0.8%	+0.2	0.3	1.7%	+0.1	+19.4%
Corporate or Elimination	-0.6	-	-0.7	-	+0.1	-0.0	-	-0.5	-
<b>Ordinary Income</b>	13.4	7.6%	13.0	7.4%	+0.4	6.4	4.2%	+7.1	+111.0%
<b>Net income</b>	7.3	4.1%	65.0	3.7%	+0.8	3.5	2.3%	+3.8	+107.4%

Notes: 1. The numbers in each segment are based on the new segmentation announced on July 18, 2013.  
2. FY2013/1H previous forecasts are the figures announced on July 18, 2013

# FY2013/1H Financial Results by Business Segment (2)

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## (M):

- AC servo business was led by the smart phone-related demands
- Sales for PV power conditioners increased in the drives business
- Significant increase in year-on-year sales and profits

## (R):

- Sales and profits increased due to the strong demands in the automotive industry both in Japan and overseas

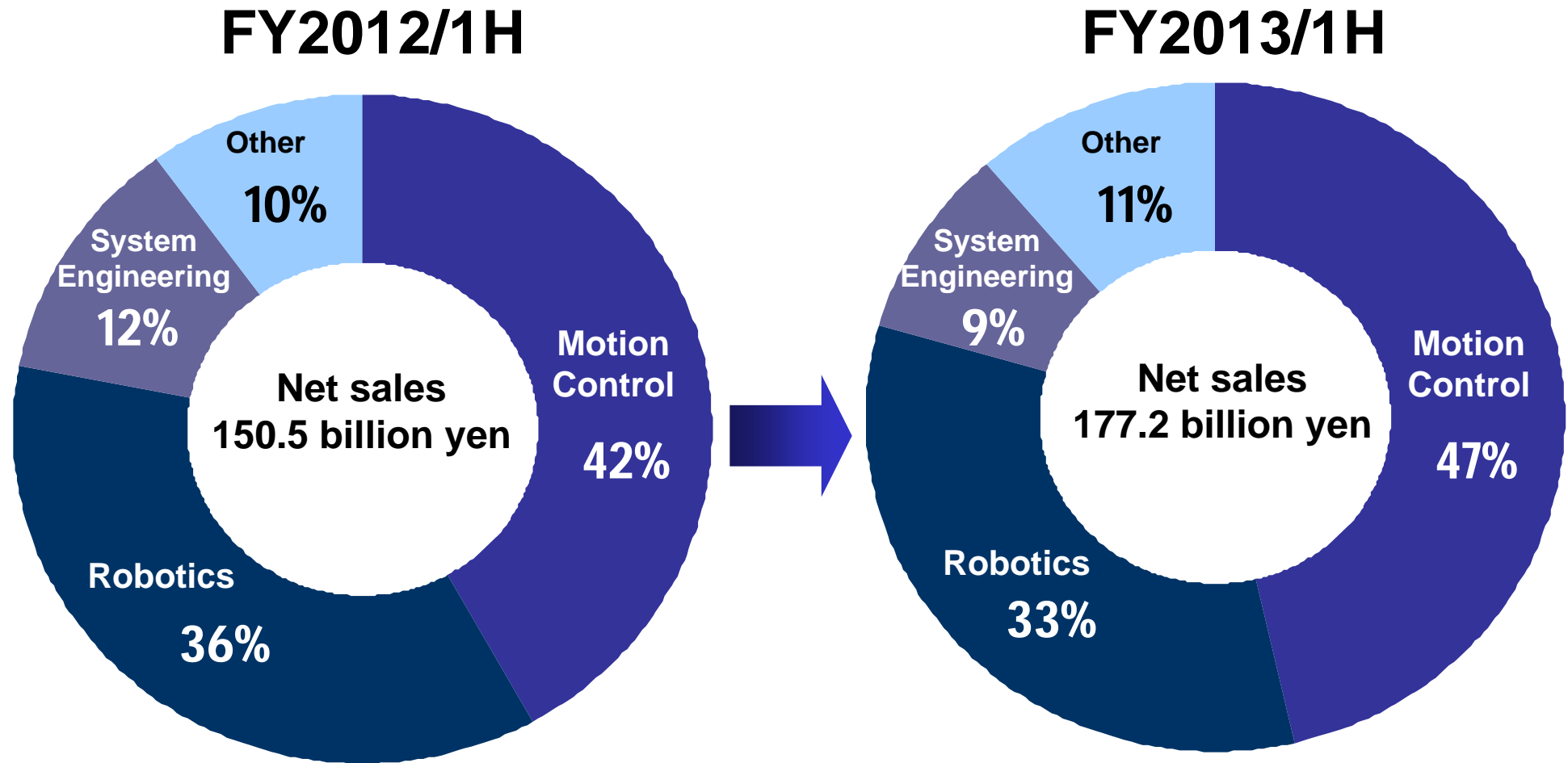
## (S):

- Investment in steel plants are weak
- Decrease in sales and profits despite the recovering trend of water treatment business

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

# Sales Breakdown by Business Segment

- (M) significantly increased its share



Note: The numbers in each segment are based on the new segmentation announced on July 18, 2013.



# Sales Breakdown by Destination (1)

- Overseas sales increased significantly due to weaker yen

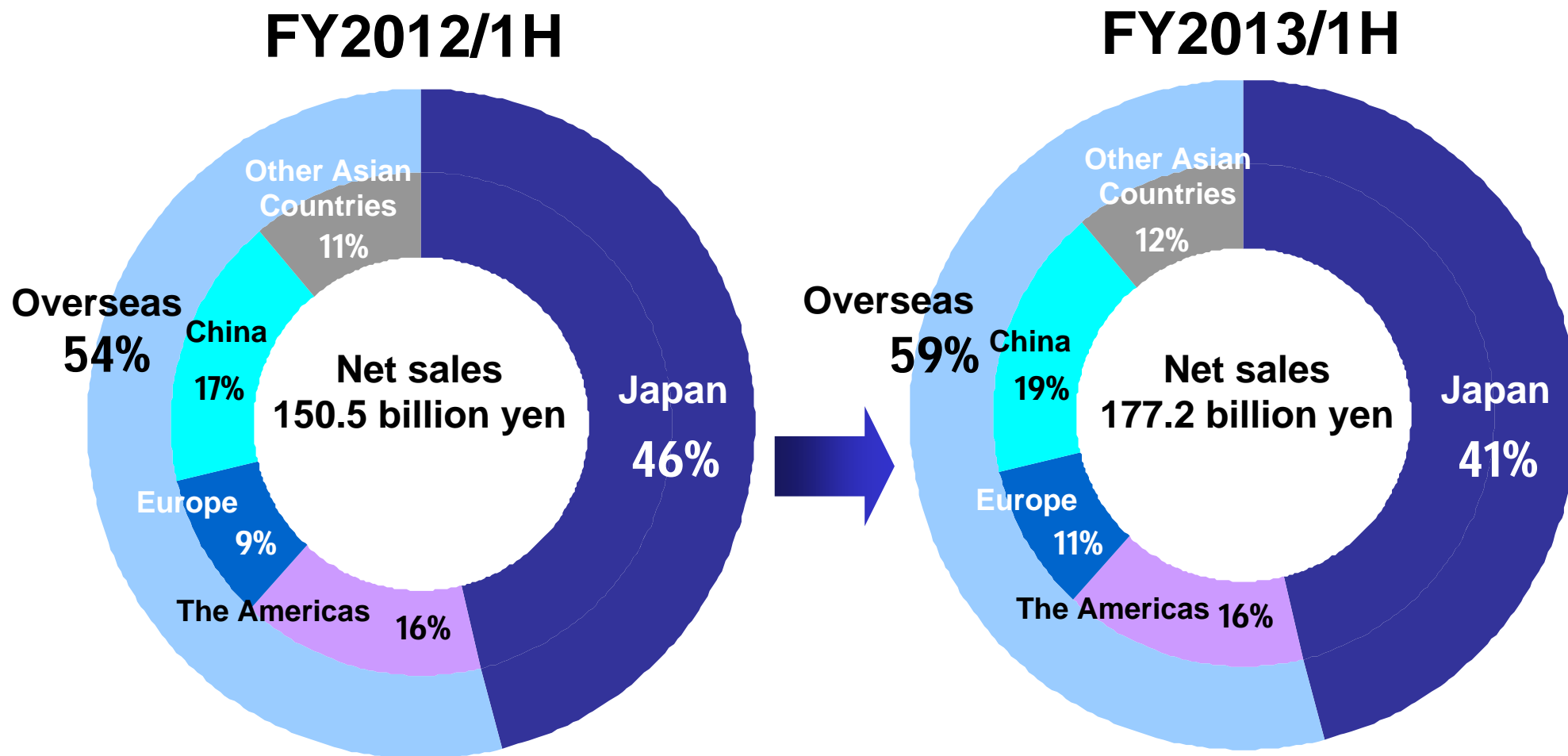
(Unit: Billions of yen, %)

	FY13/1H	FY12/1H	Changes	
			Amounts	%
<b>Net Sales</b>	<b>177.2</b>	<b>150.5</b>	<b>+26.7</b>	<b>+17.7%</b>
<b>Japan</b>	<b>72.0</b>	<b>68.8</b>	<b>+3.2</b>	<b>+4.6%</b>
<b>Overseas</b>	<b>105.2</b>	<b>81.7</b>	<b>+23.5</b>	<b>+28.7%</b>
The Americas	<b>29.0</b>	<b>23.9</b>	<b>+5.1</b>	<b>+21.5%</b>
Europe	<b>20.3</b>	<b>14.2</b>	<b>+6.1</b>	<b>+42.9%</b>
China	<b>33.7</b>	<b>26.3</b>	<b>+7.4</b>	<b>+28.0%</b>
Other Asian Countries	<b>20.3</b>	<b>15.9</b>	<b>+4.5</b>	<b>+28.2%</b>

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

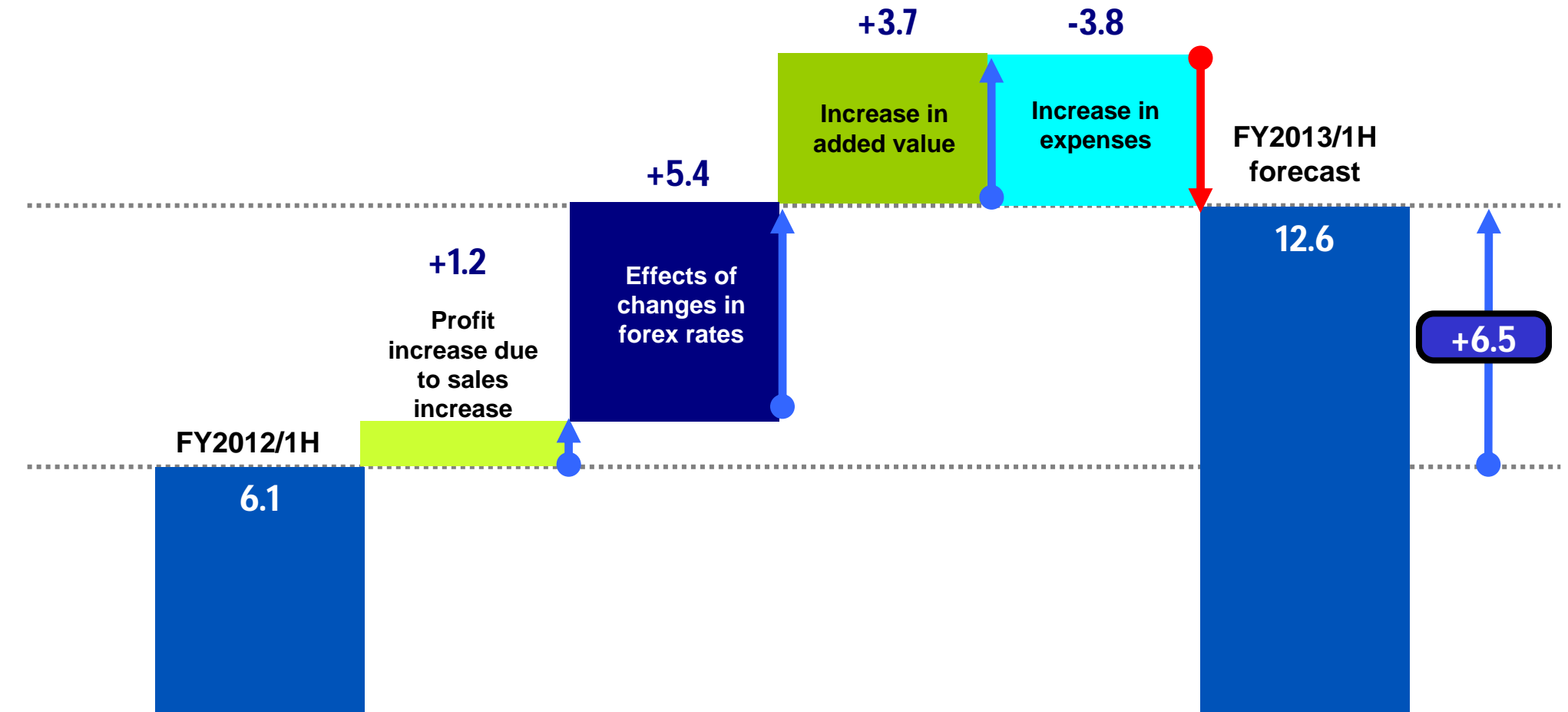
# Sales Breakdown by Destination (2)

• Overseas sales ratio grew mainly due to growth in China and Europe



# Breakdown of Changes in Operating Income (FY2012/1H⇒FY2013/1H)

(Unit: Billions of yen)



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## 2. FY2013 2nd Half (2H) and Full-year Forecasts

# FY2013 Full-year Financial Highlights (Forecasts)

## •FY13 targets were revised up because of weaker yen

	FY13	FY13	Changes from the previous forecasts	FY12	Changes	
	Current Forecasts	Previous Forecasts			Amounts	%
Net Sales	¥ 360.0 bn.	¥ 350.0 bn.	¥ +10.0 bn.	¥ 310.4 bn.	¥ +49.6 bn.	+16.0%
Operating Income	¥ 25.5 bn.	¥ 24.0 bn.	¥ +1.5 bn.	¥ 13.1 bn.	¥ +12.4 bn.	+95.1%
Ordinary Income	¥ 26.0 bn.	¥ 24.0 bn.	¥ +2.0 bn.	¥ 14.1 bn.	¥ +11.9 bn.	+85.0%
Net Income	¥ 15.5 bn.	¥ 13.0 bn.	¥ +2.5 bn.	¥ 6.8 bn.	¥ +8.7 bn.	+127.9%

Note: FY13 previous forecasts are the figures announced on April 17, 2013.

# FY2013 Full-year Financial Forecasts by Business Segment

- Sales and profits significantly increase because of solid performance in (M) supported by PV power conditioners
- In addition to weaker yen, the expansion of overseas production and procurement will improve the profitability

(Unit: Billions of yen, %)

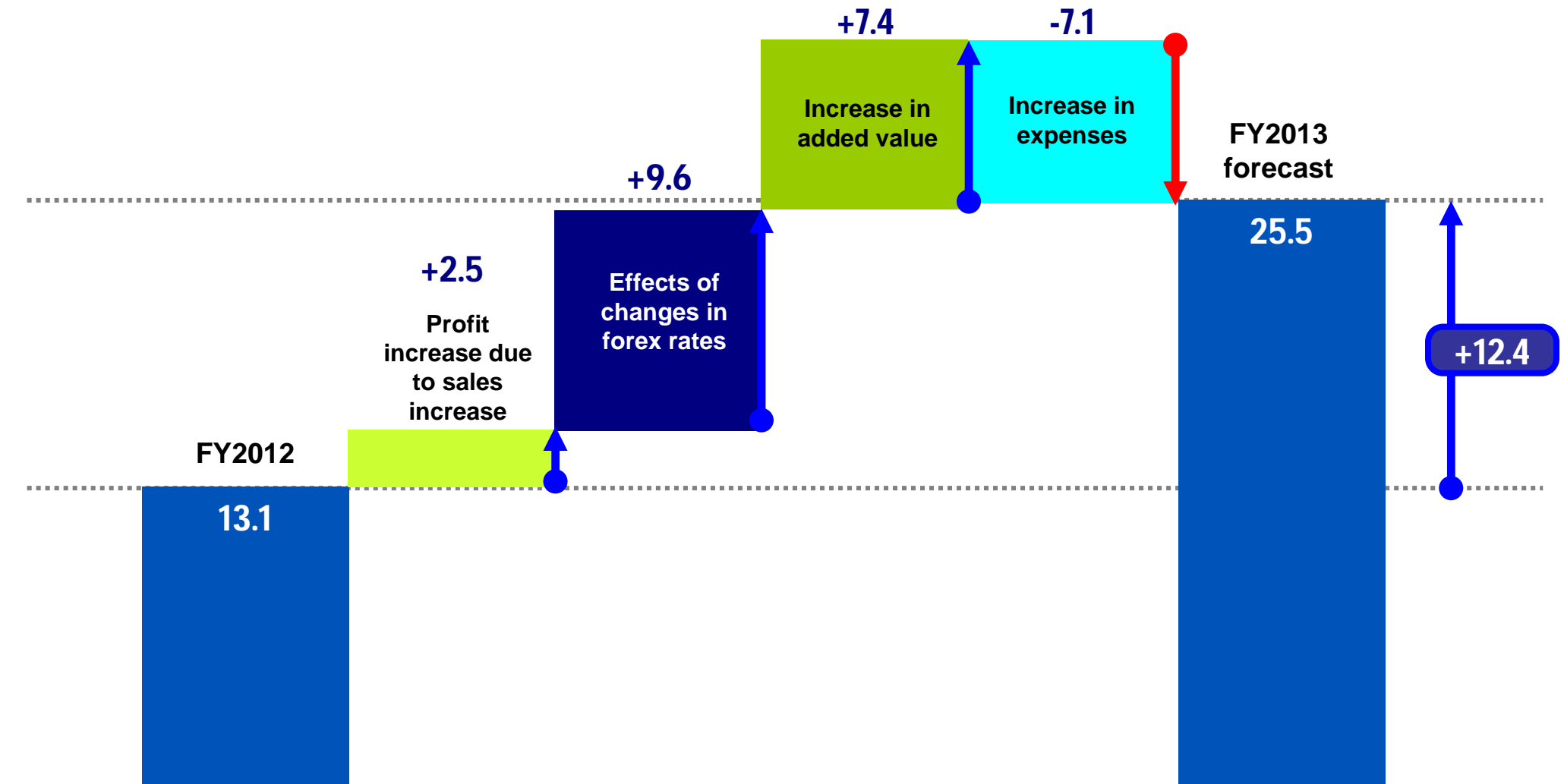
	FY2013		FY2013		Changes from the previous forecasts	FY2012		Changes	
	Current Forecasts	Income Ratio	Previous Forecasts	Income Ratio			Income Ratio	Amounts	%
<b>Net Sales</b>	<b>360.0</b>	-	<b>350.0</b>	-	<b>+10.0</b>	<b>310.4</b>	-	<b>+49.6</b>	<b>+16.0%</b>
(M) Motion Control	161.5	-	154.9	-	+6.6	128.9	-	+32.6	+25.3%
(R) Robotics	121.5	-	120.7	-	+0.8	110.0	-	+11.5	+10.4%
(S) System Engineering	35.5	-	37.6	-	-2.1	39.5	-	-4.0	-10.2%
Other	41.5	-	36.8	-	+4.7	32.0	-	+9.5	+29.8%
<b>Operating Income</b>	<b>25.5</b>	<b>7.1%</b>	<b>24.0</b>	<b>6.9%</b>	<b>+1.5</b>	<b>13.1</b>	<b>4.2%</b>	<b>+12.4</b>	<b>+95.1%</b>
(M) Motion Control	15.0	9.3%	13.3	8.6%	+1.7	2.6	2.0%	+12.5	+481.9%
(R) Robotics	10.5	8.6%	9.5	7.9%	+1.0	8.1	7.4%	+2.3	+28.4%
(S) System Engineering	0.2	0.4%	1.4	3.8%	-1.2	1.5	3.9%	-1.4	-90.2%
Other	1.1	2.7%	0.9	2.4%	+0.2	0.9	2.8%	+0.2	+24.1%
Corporate or Elimination	-1.3	-	-1.1	-	-0.2	-0.1	-	-1.2	-
<b>Ordinary Income</b>	<b>26.0</b>	<b>7.2%</b>	<b>24.0</b>	<b>6.9%</b>	<b>+2.0</b>	<b>14.1</b>	<b>4.5%</b>	<b>+11.9</b>	<b>+85.0%</b>
<b>Net Income</b>	<b>15.5</b>	<b>4.3%</b>	<b>13.0</b>	<b>3.7%</b>	<b>+2.5</b>	<b>6.8</b>	<b>2.2%</b>	<b>+8.7</b>	<b>+127.9%</b>

Notes: 1. The numbers in each segment are based on the new segmentation announced on July 18, 2013

2. FY2013 previous forecasts are the figures announced on April 17, 2013

# Breakdown of Changes in Operating Income (FY2012⇒FY2013 forecast)

(Unit: Billions of yen)



# Measures for FY2013

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## 1) Expand shares in core businesses: Focusing on expanding sales in favorable and growing markets

- **Expand sales in Chinese markets**  
⇒ Reinforce local development capabilities
- **Strengthen sales network in the Middle East and Eastern Europe**  
⇒ Established a local affiliate in Turkey
- **Expand orders through maximizing investment effect**  
⇒ Create synergy with VIPA  
⇒ Expand robot centers globally



YASKAWA Turkey



VIPA



# Measures for FY2013

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## 2) Enhance profitability of core businesses

- Improve cost structure

- ⇒ Make the maximum use of Shenyang plant

- ⇒ Strengthen robot production systems

- (Reorganization of factories in Japan,  
launch of production in China)

- Launch new core products

- ⇒ Released new models of robots

- ⇒ Development and marketing of new AC servo drives

- Streamline business operations

- ⇒ Progress the group-wide activities to make the business operation more efficient



Arc Welding  
Robot



Spot Welding  
Robot



Handling  
Robot

# Measures for FY2013

## 3) Develop the new businesses

- **Expand PV power conditioners business**  
⇒ **Launch of a differentiated product for residential use (Oct, 2013)**



Outdoor installation type PV power conditioner  
(for residential and commercial uses)

- **Expand sales for large-scale wind power generator and converter**  
⇒ **Create synergy through business alliance with the Switch**

- **Proactively develop the new applications of robots**  
⇒ **Expand sales in biomedical fields**  
⇒ **Focus on medical and rehabilitation areas**



- **Develop rehabilitation devices**
- **Strategic partnership with ARGO Medical Technologies, Ltd.**

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# Reference

# Capital Expenditure, R&D Investment, Forex Rates

## ◆ Capital expenditure (Consolidated)

(Unit: Billions of yen)

	FY2011	FY2012	FY2013 Plan
Capital Expenditure	9.9	15.9	22.0
Depreciation and Amortization	7.6	8.1	9.5

## ◆ R&D investment (Consolidated)

(Unit: Billions of yen)

	FY2011	FY2012	FY2013 Plan
R&D investment	10.4	10.7	13.0

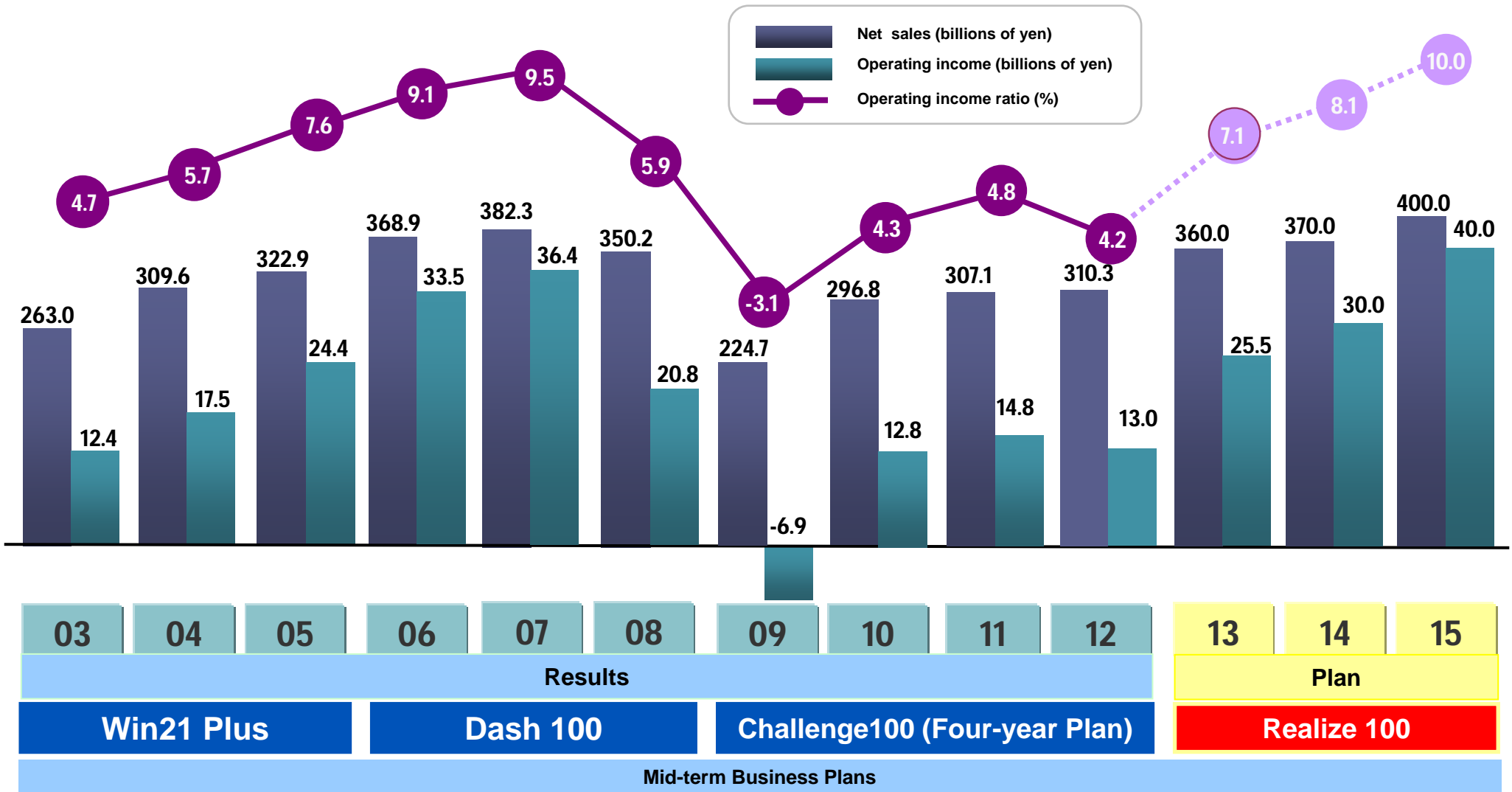
## ◆ Forex rates (Consolidated)

(Unit: Yen)

	FY2011			FY2012			FY2013 Forecast		
	1H	2H	Full-year	1H	2H	Full-year	1H	2H	Full-year
U.S. dollar	80.6	77.5	79.0	80.1	83.7	81.9	98.2	98.0	98.1
Euro	115.1	103.9	109.5	102.0	109.4	105.7	128.5	130.0	129.3

Note: Average rate during the period

# FY2003-2015 Net Sales/Operating Income



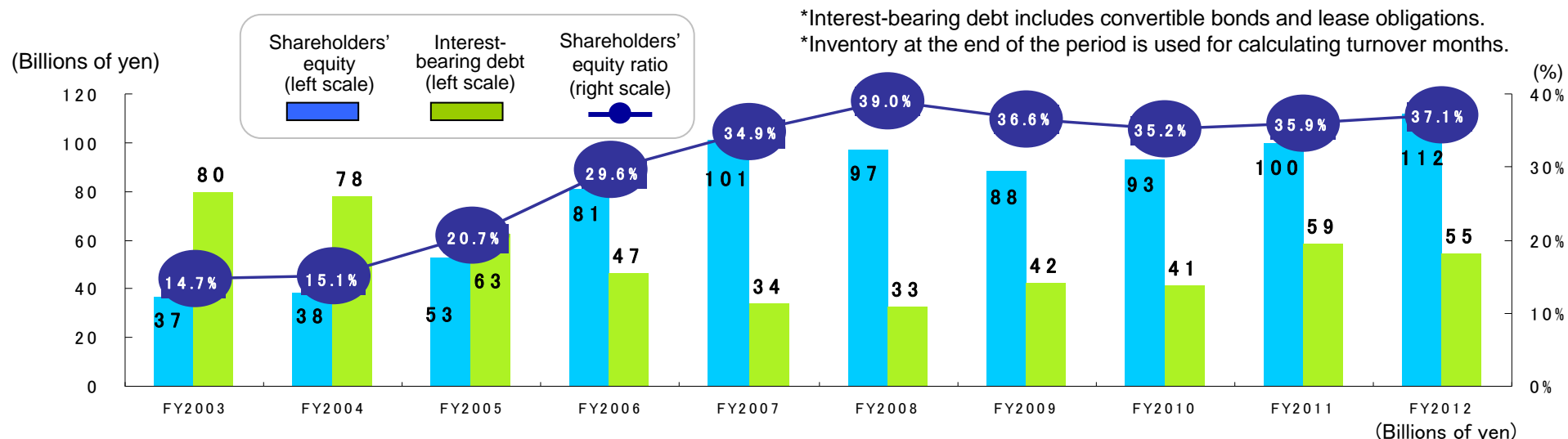
# Financial Indices

## 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

## As of September 20, 2013

- Shareholders' equity ratio 38.3%
- Shareholders' equity 122.9 billion yen
- Interest-bearing debt 52.6 billion yen
- D/E ratio 0.43  
(Net D/E ratio) 0.20
- Inventory 72.6 billion yen  
Turnover 2.5 months

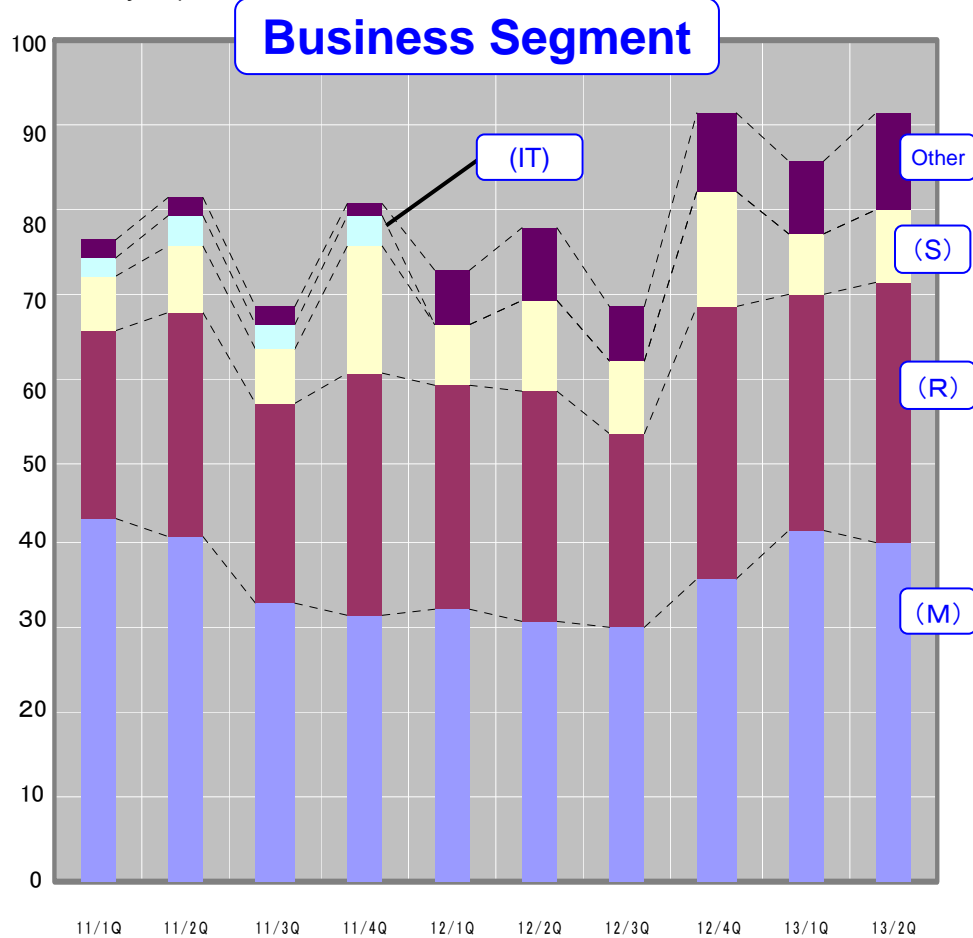


\*Interest-bearing debt includes convertible bonds and lease obligations.  
\*Inventory at the end of the period is used for calculating turnover months.

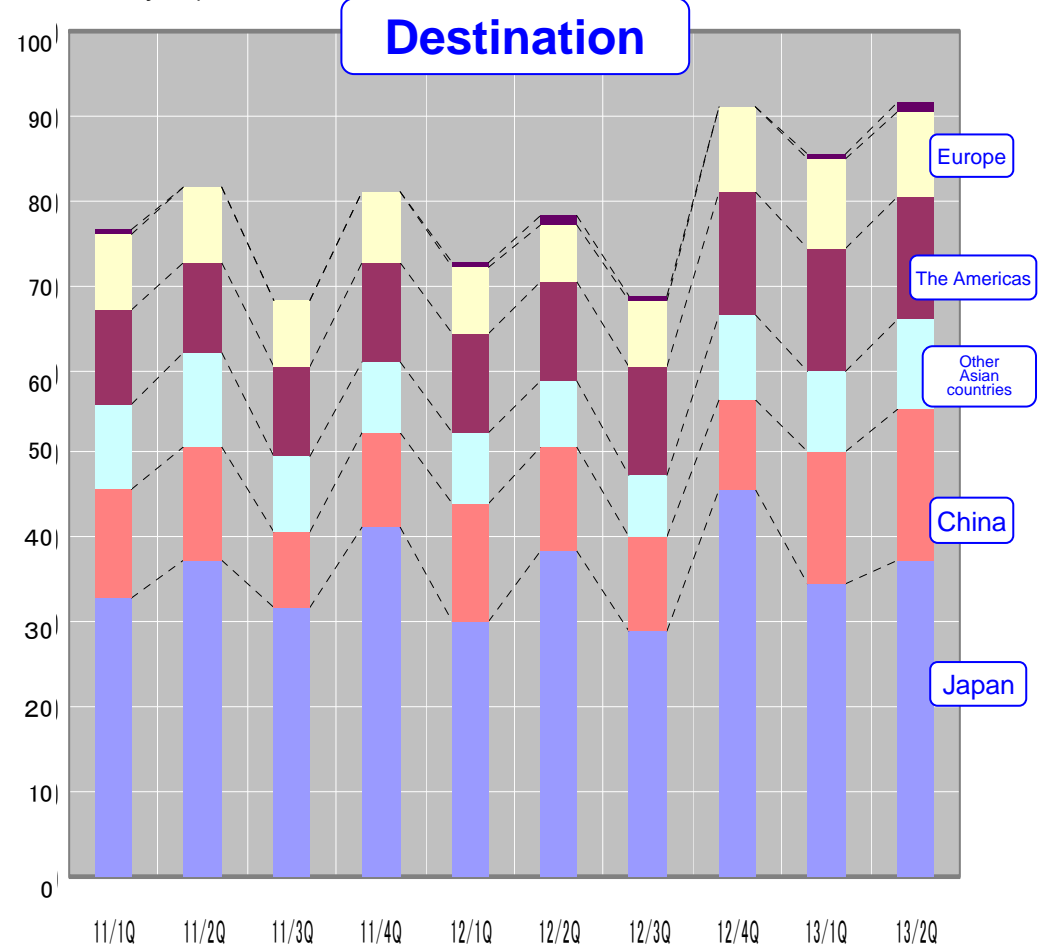
Operating CF	18.5	5.7	18.7	15.0	17.7	12.5	4.0	2.5	6.4	24.6
Investment CF	1.1	-2.2	9.7	-6.1	-9.9	-10.7	-6.4	-6.7	-11.9	-18.1
Free CF	19.6	3.5	9.0	8.9	7.8	1.8	-2.4	-4.3	-5.5	6.6

# Quarterly Sales Trends by Business Segment and Destination

(Billions of yen)



(Billions of yen)

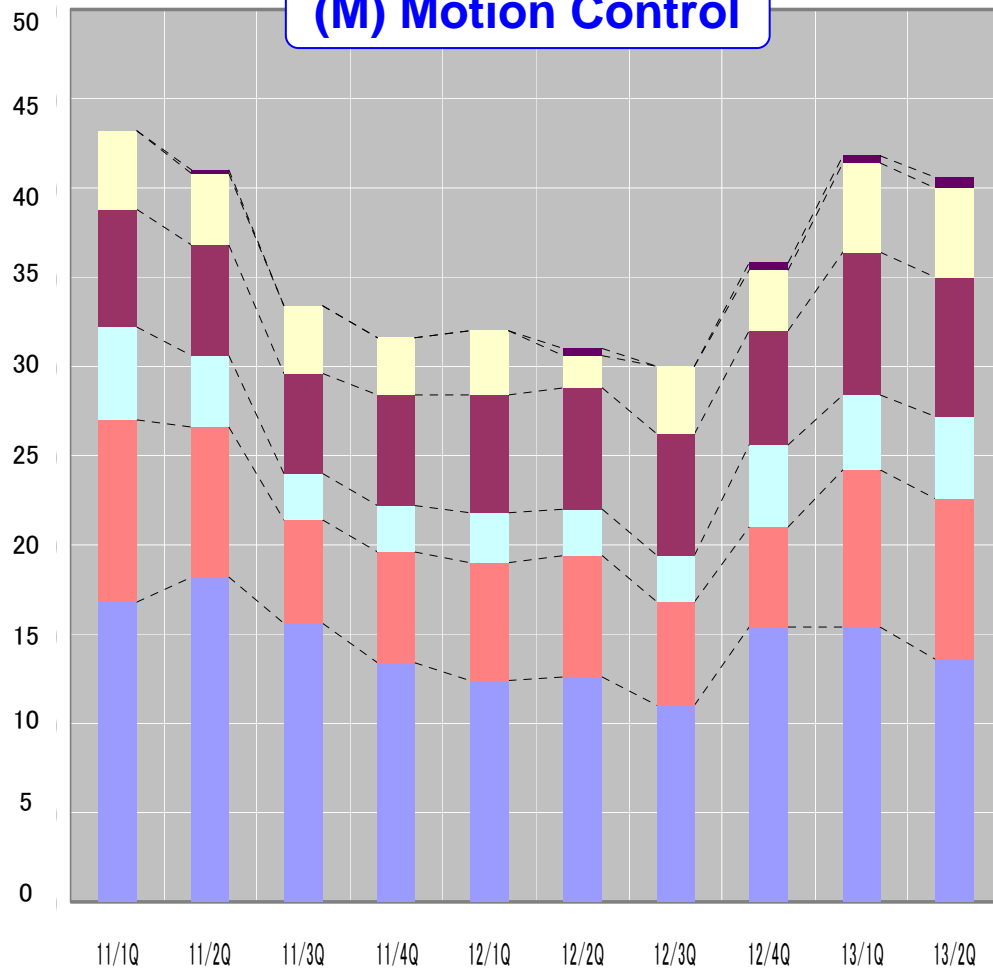


Notes: 1. (M) = Motion Control (R) = Robotics (S) = System Engineering (IT) = Information Technologies  
 2. The figures for FY12 and FY13 reflect segmentation changes announced on July 18, 2013.

# (M) And (R) Quarterly Sales Trends by Destination

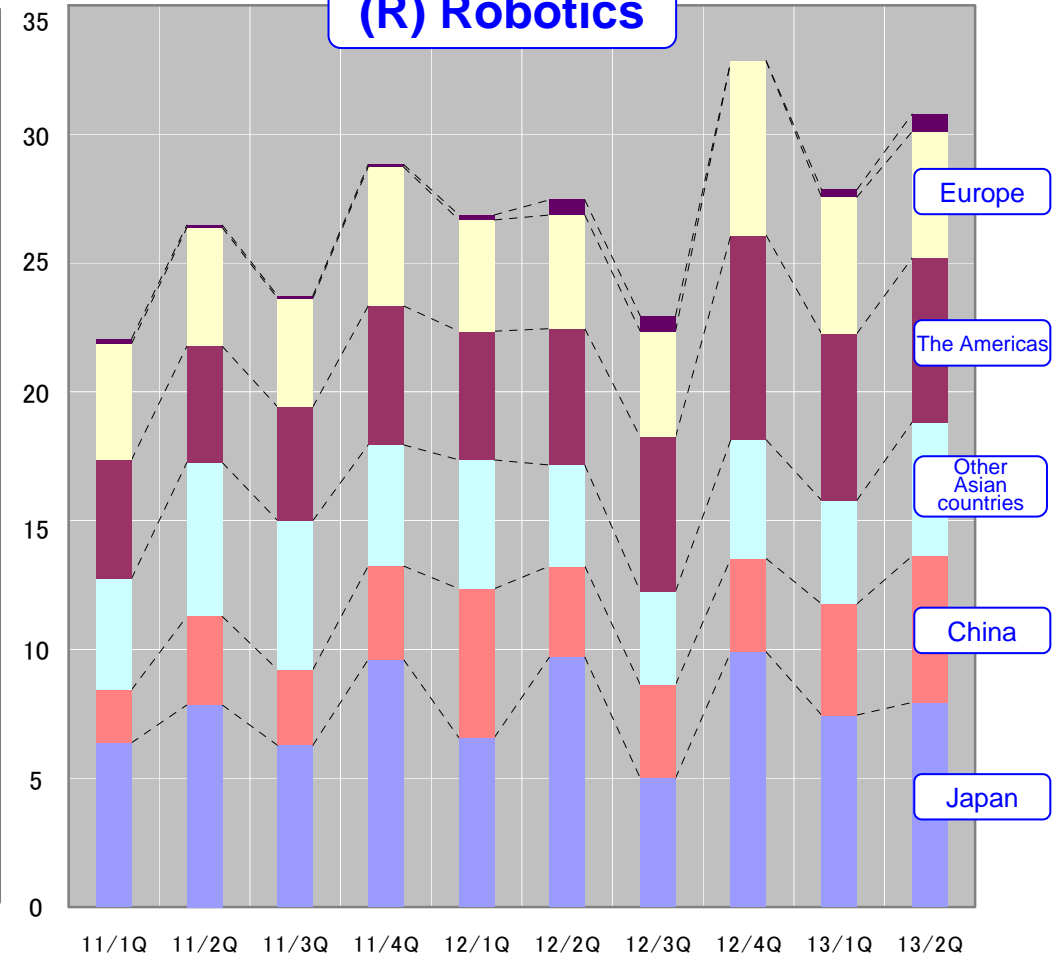
(Billions of yen)

**(M) Motion Control**



(Billions of yen)

**(R) Robotics**

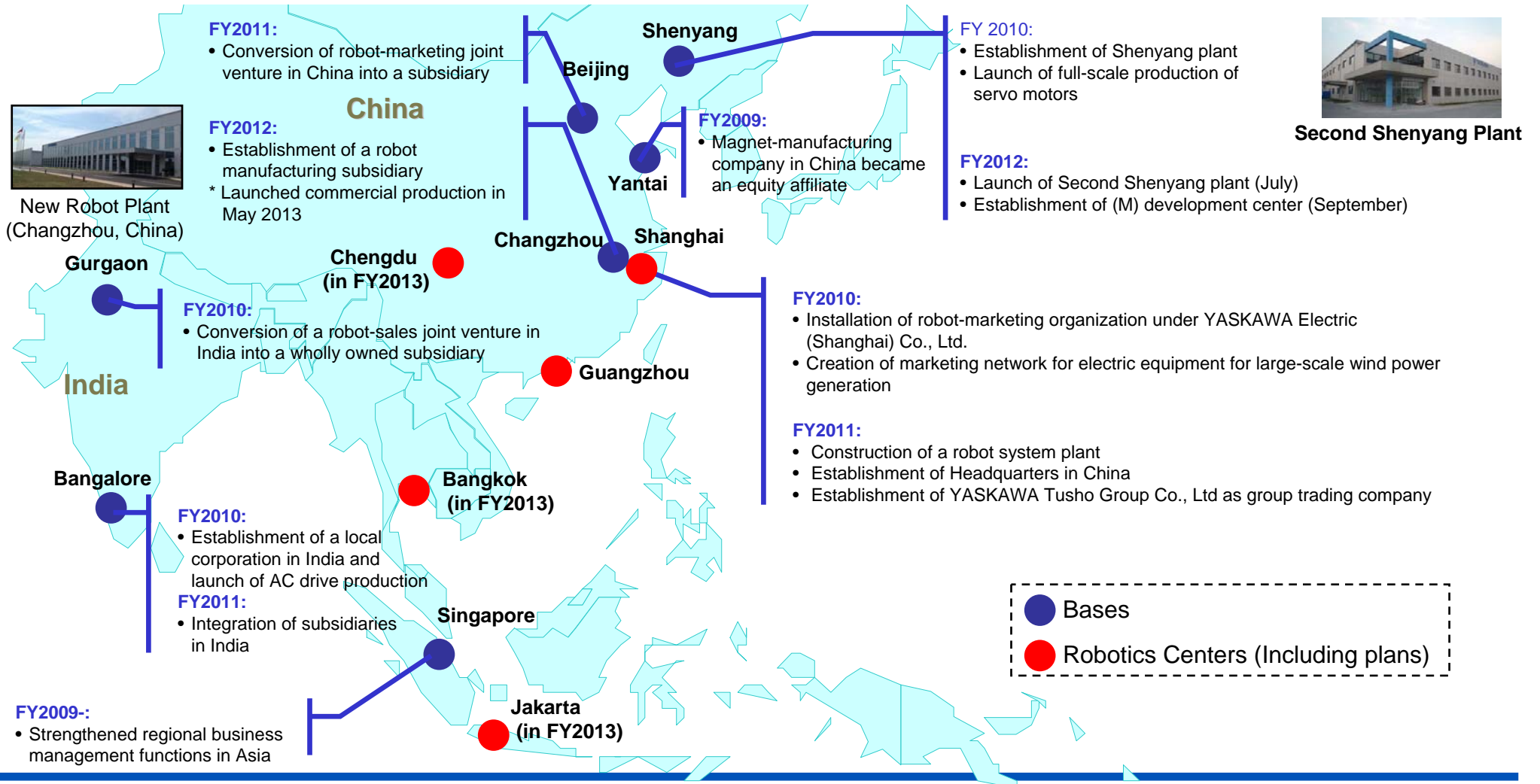


Note: The figures for FY12 and FY 13 reflect segmentation changes announced on July 18, 2013.



# 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



# Major Production Bases (YASKAWA network supporting global business)



# Disclaimer

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