YASKAWA Electric Corporation
(TSE 6506)

- FY2013 Financial Results (Ended March 20, 2014)
- FY2014 Financial Forecasts (Ending March 20, 2015)

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.
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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.

**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.

**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.

**Other**

Core products
IT-related services, Logistics, etc

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1. FY2013 Financial Results (Ended March 20, 2014)
FY2013 Financial Results

- Achieved FY13 targets in sales and profits
- Sales and profits significantly increased due to correction of the yen appreciation

<table>
<thead>
<tr>
<th></th>
<th>FY13 Results</th>
<th>FY13 Forecasts</th>
<th>FY12</th>
<th>Year-on-year Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥363.6 bn.</td>
<td>¥360.0 bn.</td>
<td>¥310.4 bn.</td>
<td>+¥53.2 bn.</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥25.7 bn.</td>
<td>¥25.5 bn.</td>
<td>¥13.1 bn.</td>
<td>+¥12.6 bn.</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>¥27.1 bn.</td>
<td>¥26.0 bn.</td>
<td>¥14.1 bn.</td>
<td>+¥13.0 bn.</td>
</tr>
<tr>
<td>Net sales</td>
<td>¥17.0 bn.</td>
<td>¥15.5 bn.</td>
<td>¥6.8 bn.</td>
<td>+¥10.2 bn.</td>
</tr>
</tbody>
</table>

Note: FY13 forecasts are the figures announced on October 21, 2013.
### FY2013 Financial Results by Business Segment (1)

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>FY2012</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Income Ratio</td>
<td>Income Ratio</td>
<td>Amounts</td>
</tr>
<tr>
<td><strong>Net Sales</strong></td>
<td>363.6</td>
<td>310.4</td>
<td>+53.2</td>
</tr>
<tr>
<td><strong>(M) Motion Control</strong></td>
<td>162.3</td>
<td>128.9</td>
<td>+33.5</td>
</tr>
<tr>
<td><strong>(R) Robotics</strong></td>
<td>122.5</td>
<td>110.0</td>
<td>+12.5</td>
</tr>
<tr>
<td><strong>(S) System Engineering</strong></td>
<td>35.3</td>
<td>39.5</td>
<td>-4.2</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>43.4</td>
<td>32.0</td>
<td>+11.4</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>25.7</td>
<td>13.1</td>
<td>+12.6</td>
</tr>
<tr>
<td><strong>(M) Motion Control</strong></td>
<td>16.4</td>
<td>2.6</td>
<td>+13.9</td>
</tr>
<tr>
<td><strong>(R) Robotics</strong></td>
<td>9.5</td>
<td>8.1</td>
<td>+1.4</td>
</tr>
<tr>
<td><strong>(S) System Engineering</strong></td>
<td>-0.0</td>
<td>1.5</td>
<td>-1.5</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>1.1</td>
<td>0.9</td>
<td>+0.2</td>
</tr>
<tr>
<td><strong>Elimination or Corporate</strong></td>
<td>-1.3</td>
<td>-0.1</td>
<td>-1.3</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>27.1</td>
<td>14.1</td>
<td>+13.0</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>17.0</td>
<td>6.8</td>
<td>+10.2</td>
</tr>
</tbody>
</table>

*Sales and profits in (M) significantly increased*

(Unit: Billions of yen, %)
FY2013 Financial Results by Business Segment (2)

(M):
• Strong performance of AC servo motor business in Japan and overseas was led by the demand from smart-phones and tablets-related industries.
• AC drive business was led by the sales increase in PV power conditioners.
• Both sales and profits significantly increased year on year.

(R):
• Strong demand from automotive industry continued both in Japan and overseas, and the demand from the semiconductor industry was also strong.
• Both sales and profits steadily increased year on year.

(S):
• Investments in steel plants and electric instrumentation systems for water and sewerage were both weak.
• Sales and profits decreased year on year.

Note: (M)= Motion Control   (R)= Robotics   (S)=System Engineering
Sales Breakdown by Business Segment (3)

• (M) grew mainly due to sales increases in AC servo motors and PV power conditioners

Net sales ¥310.4 bn. (FY12)  
- Motion Control: 42%  
- Robotics: 35%  
- System Engineering: 13%  
- Other: 10%

Net sales ¥363.6 bn. (FY13)  
- Motion Control: 44%  
- Robotics: 34%  
- System Engineering: 12%  
- Other: 10%

Note: (M) = Motion Control
## Sales Breakdown by Destination (1)

**Overseas sales ratio expanded due to correction of the yen appreciation**

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>FY2012</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>363.6</td>
<td>310.4</td>
<td>+53.2</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>150.1</td>
<td>143.5</td>
<td>+6.6</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td>213.5</td>
<td>166.9</td>
<td>+46.5</td>
</tr>
<tr>
<td><strong>The Americas</strong></td>
<td>58.5</td>
<td>51.1</td>
<td>+7.4</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>42.5</td>
<td>32.0</td>
<td>+10.5</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>67.2</td>
<td>48.6</td>
<td>+18.6</td>
</tr>
<tr>
<td><strong>Asian Countries Except China</strong></td>
<td>41.4</td>
<td>32.8</td>
<td>+8.7</td>
</tr>
</tbody>
</table>

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 increased mainly due to China**

**FY12**
- Net sales ¥310.4 bn.
- Overseas 54%
  - China 16%
  - Europe 10%
  - The Americas 17%
  - Asian Countries Except China 11%
  - Japan 46%

**FY13**
- Net sales ¥363.6 bn.
- Overseas 59%
  - China 19%
  - Europe 12%
  - The Americas 16%
  - Asian Countries Except China 11%
  - Japan 41%

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Breakdown of Changes in Operating Income (FY2012 ▶ FY2013)

(Unit: Billions of yen)

- Increase in expenses: -6.9
- Increase in added value: +4.8
- Effects of changes in forex rates: +10.9
- Profit increase due to sales increase: +3.8
- Breakdown total: 25.7

Profit increase due to sales increase = 13.1
Effects of changes in forex rates = 10.9
Increase in added value = 4.8
Increase in expenses = 6.9

Total change: 25.7

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Measures in FY2013 (1)

1) Increase Shares in Core Businesses: Sales increase in favorable and growing markets

- **Sales increases in China**
  - Strengthened the local development capabilities
  - Invested in “Hangzhou Kaierda Robot Technology” as an equity method affiliate in Nov. 2013 to reinforce sales of arc welding robot systems

- **Develop businesses in the Middle East and East Europe**
  - Established a local affiliate in Turkey

- **Increase orders by maximizing the effects of investments**
  - Create synergies with VIPA
  - Advance global establishment of robot centers

- **Transfer of DD motor business from Yokogawa Electric**
2) Improve profitability of core businesses

- Improve cost structures
  □ Make the maximum use of Shenyang plant
  □ Reinforce robot production system
    (Reorganize factories in Japan, launch production in China)

- Launch new products and reduce cost in core products
  □ Cost reduction in the main AC drive products
  □ Launch of new MOTOMAN robots
  □ Release of new AC servo motor “Σ-7” in Nov. 2013
    Aiming to significantly improve automation of production from 50% of previous models to 90%

- Streamline the operation with the K30 program
Measures in FY2013 (3)

3) Develop new businesses

• Expand PV power conditioner business
  □ FY13 net sales: ¥13.0 bn.
  □ Launched a differentiated product for residential use

• Expand sales of large-scale wind power generators and converters
  □ Create synergy through business alliance with the Switch

• Develop new robot applications
  □ Expand sales in the biomedical fields
  □ Develop markets in medical and rehabilitation fields
    • Development of rehabilitation devices
      (Kawahira method, Ankle-assist walking device, Transfer-assist device)
    • Commercialization of a physical therapy robot for the lower extremities which received medical device approval in Japan in Dec. 2013
    • Strategic partnership with ARGO Medical Technologies, Ltd.
      (Walking assist device “ReWalk” exoskeleton)
2. FY2014 Financial Forecasts (Ending March 20, 2015)
## FY2014 Financial Forecasts (Highlights)

- **Sales and profits increase with steady recovery in China, Europe, and the Americas.**

<table>
<thead>
<tr>
<th></th>
<th>FY2013 Results</th>
<th>FY2014 Forecasts</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥363.6 bn.</td>
<td>¥380.0 bn.</td>
<td>+¥16.4 bn. +4.5%</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥25.7 bn.</td>
<td>¥27.5 bn.</td>
<td>+¥1.8 bn.  +7.5%</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>¥27.1 bn.</td>
<td>¥28.0 bn.</td>
<td>+¥0.9 bn.  +3.4%</td>
</tr>
<tr>
<td>Net income</td>
<td>¥17.0 bn.</td>
<td>¥17.5 bn.</td>
<td>+¥0.5 bn.  +3.2%</td>
</tr>
</tbody>
</table>
## FY2014 Financial Forecasts by Business Segment

Sales and profits steadily increase mainly in (M) and (R)

(Unit: Billions of yen, %)

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2013</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Forecasts</td>
<td>Income ratio</td>
<td>Results</td>
</tr>
<tr>
<td>Net sales</td>
<td>380.0</td>
<td>-</td>
<td>363.6</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>173.5</td>
<td>-</td>
<td>162.3</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>131.5</td>
<td>-</td>
<td>122.5</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>35.0</td>
<td>-</td>
<td>35.3</td>
</tr>
<tr>
<td>Other</td>
<td>40.0</td>
<td>-</td>
<td>43.4</td>
</tr>
<tr>
<td>Operating income</td>
<td>27.5</td>
<td>7.2%</td>
<td>25.7</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>17.2</td>
<td>9.9%</td>
<td>16.4</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>11.3</td>
<td>8.6%</td>
<td>9.5</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>-0.2</td>
<td>-</td>
<td>-0.0</td>
</tr>
<tr>
<td>Other</td>
<td>0.6</td>
<td>1.4%</td>
<td>1.1</td>
</tr>
<tr>
<td>Elimination or Corporate</td>
<td>-1.4</td>
<td>-</td>
<td>-1.4</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>28.0</td>
<td>7.4%</td>
<td>27.1</td>
</tr>
<tr>
<td>Net income</td>
<td>17.5</td>
<td>4.6%</td>
<td>17.0</td>
</tr>
</tbody>
</table>
Breakdown of Changes in Operating Income (FY2013 – FY2014 Forecast)

(Unit: Billions of yen)

<table>
<thead>
<tr>
<th>Change Type</th>
<th>FY2013</th>
<th>FY2014 Forecast</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit increase due to sales increase</td>
<td>25.7</td>
<td>27.5</td>
<td>+1.8</td>
</tr>
<tr>
<td>Effects of changes in forex rates</td>
<td></td>
<td></td>
<td>+6.3</td>
</tr>
<tr>
<td>Increase in added value</td>
<td></td>
<td></td>
<td>+1.4</td>
</tr>
<tr>
<td>Increase in expenses</td>
<td></td>
<td></td>
<td>-9.9</td>
</tr>
</tbody>
</table>

Breakdown: Profit increase due to sales increase +6.3, Effects of changes in forex rates +1.4, Increase in added value +4.0, Increase in expenses -9.9
FY2003-2015 Net Sales/Operating Income

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

Mid-term Business Plans
Win21 Plus
Dash 100
Challenge100 (Four-year Plan)
Realize 100

Results

Plan
Target

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Measures for FY2014 (1)

1) Expand orders in core businesses

- Strengthen sales network and system
  - Reinforce the local development capabilities on a global basis, especially in China.

- Enhance collaboration with business partners
  - Maximize synergy with VIPA
  - Reinforce cooperation with Hangzhou Kaierda Robot Technology.
  - Advance establishment of robot centers (SI bases)

- Increase shares by expanding sales of new differentiated products
  - Expand sales of 7
  - Increase sales of new models of MOTOMAN robots
2) Realize higher profitability by enhancing production, sales, and development capabilities

- Strengthen global production system
  - Enhance automaton at global production sites
  - Advance automaton of the 7 production line
    (From the production automation ratio of 50% (previous model) to 90% (Target for 7))
  - Launch 7 production in Shenyang plant (FY14/1H)

- Improve group development capabilities
  - Launch development of next generation AC drive
  - Develop AC servo motors to capture region-specific demand

- Implement K30 program globally to streamline business operation
3) Expand environment and energy businesses

- Expand sales of PV power conditioners
  - Increase shares by launching new products

- Commercialize large-scale wind power generators and converters
  - Create synergy with the Switch and secure mass production orders

- Commercialize EV drive systems
  - Secure orders from Japanese manufactures
  - Proactively target Chinese manufactures

4) Develop businesses in human assist domain

- Expand robot business in biomedical fields
  - Establishment of the business division

- Progress medical, nursing, welfare businesses
  - Establish sales network for “ReWalk” of Argo
  - Promote “LR²” physical therapy robot for the lower extremities in China
3. Reference
### Capital expenditure (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>15.9</td>
<td>17.0</td>
<td>23.0</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>8.1</td>
<td>9.2</td>
<td>11.0</td>
</tr>
</tbody>
</table>

### R&D investment (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D investment</td>
<td>10.7</td>
<td>14.0</td>
<td>15.0</td>
</tr>
</tbody>
</table>

### Forex rates (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014 Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. dollar</td>
<td>81.9</td>
<td>99.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Euro</td>
<td>105.7</td>
<td>132.7</td>
<td>140.0</td>
</tr>
</tbody>
</table>

Note: Average rate during the period
### 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 March 20, 2014

- Shareholders’ equity ratio: 39.4%
- Shareholders’ equity: 134.1 billion yen
- Interest-bearing debt: 55.5 billion yen
- D/E ratio: 0.41
  - (Net D/E ratio): 0.24
- Inventory: 78.4 billion yen
- Turnover: 2.6 months

*Interest-bearing debt includes convertible bonds and lease obligations.

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

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<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating CF</td>
<td>5.8</td>
<td>18.7</td>
</tr>
<tr>
<td></td>
<td>15.0</td>
<td>24.1</td>
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<tr>
<td></td>
<td>17.7</td>
<td>18.1</td>
</tr>
<tr>
<td></td>
<td>12.5</td>
<td>17.0</td>
</tr>
<tr>
<td></td>
<td>4.0</td>
<td>6.4</td>
</tr>
<tr>
<td></td>
<td>2.5</td>
<td>6.6</td>
</tr>
<tr>
<td>Investment CF</td>
<td>-2.2</td>
<td>9.7</td>
</tr>
<tr>
<td></td>
<td>-6.1</td>
<td>-11.9</td>
</tr>
<tr>
<td></td>
<td>-9.9</td>
<td>-18.1</td>
</tr>
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<td></td>
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<td></td>
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<td>-11.9</td>
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<td>Free CF</td>
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<tr>
<td></td>
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<td>7.0</td>
</tr>
<tr>
<td></td>
<td>8.9</td>
<td>5.5</td>
</tr>
<tr>
<td></td>
<td>7.8</td>
<td>6.6</td>
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<td>1.8</td>
<td>7.0</td>
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<tr>
<td></td>
<td>-2.4</td>
<td>-4.3</td>
</tr>
<tr>
<td></td>
<td>-4.3</td>
<td>-5.5</td>
</tr>
<tr>
<td></td>
<td>-5.5</td>
<td>-17.0</td>
</tr>
</tbody>
</table>
Quarterly Sales Trends

Notes: 1. (M) = Motion Control  (R) = Robotics  (S) = System Engineering (IT) = Information Technologies
2. The figures for FY12 and FY 13 reflect segmentation changes announced on July 18, 2013.
Quarterly Sales Trends

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

YASKAWA America, Inc.
Drives & Motion Div.
U.S.

YASKAWA Europe GmbH Robotics Div.
Germany

YASKAWA Electric's 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

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