YASKAWA Electric Corporation
(TSE 6506)

• FY2014 1st Quarter Financial Results
  (Ended June 20, 2014)

• FY2014 1st Half Forecasts
  (Ending September 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.
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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.

- 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
- Dual-arm robot for biomedical fields
- 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

**Other**

**Core products**
IT-related services, Logistics, etc

- Scanner head for high-power laser
- Wireless M2M service (Communication Adapter)
1. FY2014/1Q Financial Results (Ended June 20, 2014)
FY2014/1Q Financial Results

- Achieved increases in both sales and operating income led by robust performance in the main businesses

<table>
<thead>
<tr>
<th></th>
<th>FY2014 1Q</th>
<th>FY2013 1Q</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>¥91.0 bn.</td>
<td>¥85.5 bn.</td>
<td>+ ¥5.5 bn.</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>¥6.8 bn.</td>
<td>¥6.4 bn.</td>
<td>+ ¥0.4 bn.</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>¥6.5 bn.</td>
<td>¥6.6 bn.</td>
<td>- ¥0.1 bn.</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>¥4.5 bn.</td>
<td>¥3.4 bn.</td>
<td>+ ¥1.1 bn.</td>
</tr>
</tbody>
</table>
Both sales and operating income of (M) and (R) increased.

(Unit: Billions of yen, %)

<table>
<thead>
<tr>
<th>Segment</th>
<th>14/1Q Income ratio</th>
<th>13/1Q Income ratio</th>
<th>Change Amount</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>91.0</td>
<td>85.5</td>
<td>+5.5</td>
<td>+6.4%</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>43.5</td>
<td>41.8</td>
<td>+1.8</td>
<td>+4.2%</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>31.2</td>
<td>27.9</td>
<td>+3.3</td>
<td>+11.8%</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>6.3</td>
<td>7.4</td>
<td>-1.1</td>
<td>-14.3%</td>
</tr>
<tr>
<td>Other</td>
<td>10.0</td>
<td>8.5</td>
<td>+1.5</td>
<td>+17.8%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>6.8</td>
<td>7.5%</td>
<td>6.4</td>
<td>7.4%</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>5.1</td>
<td>11.8%</td>
<td>4.5</td>
<td>10.8%</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>2.6</td>
<td>8.4%</td>
<td>2.4</td>
<td>8.7%</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>-0.7</td>
<td>-</td>
<td>-0.1</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Other</td>
<td>-0.1</td>
<td>-</td>
<td>-0.0</td>
<td>+0.0%</td>
</tr>
<tr>
<td>Corporate or Elimination</td>
<td>-0.2</td>
<td>-</td>
<td>-0.3</td>
<td>+0.1%</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>6.5</td>
<td>7.2%</td>
<td>6.6</td>
<td>7.7%</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>4.5</td>
<td>4.9%</td>
<td>3.3</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

Note: The figures in each segment are based on the new segmentation announced on July 18, 2013.
FY2014/1Q Financial Results by Business Segment

(M)
• The global AC servo drive business was robust led by the strong demand from smart-phone and tablet-related industries. The production increase at Shenyang plant also contributed.
• AC drive business was robust.
  PV inverter business performed weaker than FY13/1Q when the sales were especially strong.

(R)
• Robust demand in the global automobile industry, especially in China.

(S)
• Investments in steel plants and electric instrumentation systems for water and sewerage were both weak.

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

• Ratios remain almost unchanged.

FY13/1Q
- Net sales ¥85.5 bn.
- Motion Control 49%
- Robotics 33%
- System Engineering 9%
- Other 10%

FY14/1Q
- Net sales ¥91.0 bn.
- Motion Control 48%
- Robotics 34%
- System Engineering 7%
- Other 11%
Sales Breakdown by Destination (1)

- **Overseas sales ratio grew with the robust sales in China**

<table>
<thead>
<tr>
<th></th>
<th>FY14/1Q</th>
<th>FY13/1Q</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>91.0</td>
<td>85.5</td>
<td>+5.5</td>
<td>+6.4%</td>
</tr>
<tr>
<td>Japan</td>
<td>33.0</td>
<td>34.7</td>
<td>-1.7</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Overseas</td>
<td>58.1</td>
<td>50.8</td>
<td>+7.2</td>
<td>+14.2%</td>
</tr>
<tr>
<td>The Americas</td>
<td>14.7</td>
<td>14.6</td>
<td>+0.0</td>
<td>+0.1%</td>
</tr>
<tr>
<td>Europe</td>
<td>10.6</td>
<td>10.3</td>
<td>+0.3</td>
<td>+3.3%</td>
</tr>
<tr>
<td>China</td>
<td>20.8</td>
<td>15.8</td>
<td>+5.0</td>
<td>+31.8%</td>
</tr>
<tr>
<td>Asian Countries except China</td>
<td>11.2</td>
<td>9.3</td>
<td>+1.8</td>
<td>+19.4%</td>
</tr>
</tbody>
</table>

(Unit: Billions of yen, %)

Note: The figures for “Other areas” including Australia and South Africa, etc. are omitted in the above table.
Sales Breakdown by Destination (2)

• Sales ratio for China increased.

FY13/1Q:
- Net sales ¥85.5 bn.
- Japan 41%
- Overseas 59%
  - China 18%
  - Europe 12%
  - The Americas 17%
  - Asian Countries Except China 11%
  - Other 1%

FY14/1Q:
- Net sales ¥91.0 bn.
- Japan 36%
- Overseas 64%
  - China 23%
  - Europe 12%
  - The Americas 16%
  - Asian Countries Except China 12%
  - Other 1%
Breakdown of Changes in Operating Income

(Unit: Billions of yen)

<table>
<thead>
<tr>
<th>FY2013/1Q</th>
<th>FY2014/1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.4</td>
<td>6.8</td>
</tr>
</tbody>
</table>

Increase in added value: +1.6
Increase in expenses: -3.0
Profit increase due to sales increase: +0.9

Breakdown:
- Increase in added value (FY2013-1Q): +0.9
- Effects of Changes in forex rates: +0.9
- Profit increase due to sales increase: +0.9
- Increase in expenses: -3.0
- Profit increase due to sales increase: +0.4
2. FY2014/1H Financial Forecasts (Ending September 20, 2014)
**FY2014/1H Financial Forecasts**

- FY14/1H forecasts are revised up due to strong order trends in the main businesses.
- The full-year forecasts remain unchanged due to the uncertain demand trends in the 2nd half.

<table>
<thead>
<tr>
<th></th>
<th>14/1H Current forecast</th>
<th>14/1H Previous forecast</th>
<th>Change from the previous forecast</th>
<th>13/1H</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>Net Sales</td>
<td>¥190.0 bn.</td>
<td>¥185.0 bn.</td>
<td>+¥5.0 bn.</td>
<td>¥177.2 bn.</td>
<td>+¥12.8 bn.</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥13.0 bn.</td>
<td>¥11.0 bn.</td>
<td>+¥2.0 bn.</td>
<td>¥12.6 bn.</td>
<td>+¥0.4 bn.</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>¥13.0 bn.</td>
<td>¥11.0 bn.</td>
<td>+¥2.0 bn.</td>
<td>¥13.4 bn.</td>
<td>-¥0.4 bn.</td>
</tr>
<tr>
<td>Net Income</td>
<td>¥8.0 bn.</td>
<td>¥6.5 bn.</td>
<td>+¥1.5 bn.</td>
<td>¥7.3 bn.</td>
<td>+¥0.7 bn.</td>
</tr>
</tbody>
</table>

Notes: The figures in FY2014/1H previous forecast were announced on April 21, 2014.
Both sales and operating income increased due to strong performance in the AC servo business of (M).

<table>
<thead>
<tr>
<th></th>
<th>FY2014/1H Current forecast</th>
<th>Income Ratio</th>
<th>FY2014/1H Previous forecast</th>
<th>Income Ratio</th>
<th>Change from the previous forecast</th>
<th>FY2013/1H Income Ratio</th>
<th>Change</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>190.0</td>
<td></td>
<td>185.0</td>
<td></td>
<td>177.2</td>
<td></td>
<td></td>
<td>12.8</td>
<td>7.2%</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>89.5</td>
<td></td>
<td>86.0</td>
<td></td>
<td>82.3</td>
<td></td>
<td></td>
<td>7.2</td>
<td>8.8%</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>65.0</td>
<td></td>
<td>65.5</td>
<td>-0.5</td>
<td>58.6</td>
<td></td>
<td></td>
<td>6.4</td>
<td>10.8%</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>15.0</td>
<td></td>
<td>14.0</td>
<td>+1.0</td>
<td>16.2</td>
<td></td>
<td></td>
<td>-1.2</td>
<td>-7.5%</td>
</tr>
<tr>
<td>Other</td>
<td>20.5</td>
<td></td>
<td>19.5</td>
<td>+1.0</td>
<td>20.0</td>
<td></td>
<td></td>
<td>0.5</td>
<td>2.4%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>13.0</td>
<td>6.8%</td>
<td>11.0</td>
<td>5.9%</td>
<td>12.6</td>
<td>7.1%</td>
<td>0.4</td>
<td>2.9%</td>
<td></td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>9.8</td>
<td>10.9%</td>
<td>7.7</td>
<td>8.9%</td>
<td>8.5</td>
<td>10.4%</td>
<td>1.3</td>
<td>14.9%</td>
<td></td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>5.2</td>
<td>7.9%</td>
<td>5.3</td>
<td>8.1%</td>
<td>4.8</td>
<td>8.2%</td>
<td>0.3</td>
<td>6.7%</td>
<td></td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>-1.3</td>
<td>-</td>
<td>-1.3</td>
<td>-</td>
<td>-0.4</td>
<td>-</td>
<td>-0.9</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>0.1</td>
<td>0.2%</td>
<td>0.1</td>
<td>0.3%</td>
<td>0.3</td>
<td>1.6%</td>
<td>-0.3</td>
<td>-84.3%</td>
<td></td>
</tr>
<tr>
<td>Corporate or Elimination</td>
<td>-0.7</td>
<td>-</td>
<td>-0.7</td>
<td>-</td>
<td>-0.6</td>
<td>-</td>
<td>-0.1</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>13.0</td>
<td>6.8%</td>
<td>11.0</td>
<td>5.9%</td>
<td>13.4</td>
<td>7.6%</td>
<td>0.4</td>
<td>-3.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>8.0</td>
<td>4.2%</td>
<td>6.5</td>
<td>3.5%</td>
<td>7.3</td>
<td>4.1%</td>
<td>0.7</td>
<td>10.3%</td>
<td></td>
</tr>
</tbody>
</table>

Notes: 1. The figures in FY2014/1H previous forecast were announced on April 21, 2014.
2. The figures are based on the new segmentation announced on July 18, 2013.

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Breakdown of Changes in Operating Income

(Unit: Billions of yen)

<table>
<thead>
<tr>
<th>Change in Operating Income</th>
<th>FY2013/1H</th>
<th>FY2014/1H Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit increase due to sales increase</td>
<td>+3.7</td>
<td>+0.4</td>
</tr>
<tr>
<td>Effects of Changes in forex rates</td>
<td>+1.8</td>
<td></td>
</tr>
<tr>
<td>Increase in added value</td>
<td>+1.0</td>
<td></td>
</tr>
<tr>
<td>Increase in expenses</td>
<td>-6.1</td>
<td></td>
</tr>
</tbody>
</table>

Increase in expenses due to sales increase.
Measures for FY2014/1Q

• Expand sales of components for wind turbines by acquisition of The Switch Engineering Oy in Finland ⇒ Create synergies to expand business domain from wind/tidal generation to nautical and other industrial applications.

• Enter the U.S. PV generation market by acquisition of Solectria Renewables, LLC in the U.S. ⇒ Meet various customer needs with broader lineup from low- to high-capacity PV inverters ⇒ Create synergies in development, production and sales by combining industrial drive technologies

• Capital and business alliance of a subsidiary (Yaskawa Information Systems Corporation) with Mitsui & Co., Principal Investments Ltd. ⇒ Strengthen the IoT / M2M businesses ⇒ Became an equity method affiliate
3. Reference
## Capital Expenditure, R&D Investment, Forex Rates

### Capital expenditure

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>15.89</td>
<td>16.98</td>
<td>28.00</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>8.11</td>
<td>9.22</td>
<td>11.00</td>
</tr>
</tbody>
</table>

### R&D investment

<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>10.73</td>
<td>14.03</td>
<td>15.00</td>
</tr>
</tbody>
</table>

### Forex rates

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>1H</td>
<td>1Q (Actual)</td>
</tr>
<tr>
<td>U.S. dollar</td>
<td>81.3</td>
<td>80.1</td>
<td>97.9</td>
</tr>
<tr>
<td>Euro</td>
<td>106.1</td>
<td>102.0</td>
<td>127.1</td>
</tr>
</tbody>
</table>

*unit: Yen*
Financial Indices

As of March 20, 2014

- Shareholders’ equity ratio: 39.4%
- Shareholders’ equity: 134.1 billion yen
- Interest-bearing debt*1: 55.5 billion yen
- D/E ratio: 0.41
  (Net D/E ratio: 0.24)
- Inventory: 78.4 billion yen
- Inventory Turnover*2: 2.6 months

As of June 20, 2014

- Shareholders’ equity ratio: 40.7%
- Shareholders’ equity: 137.5 billion yen
- Interest-bearing debt*1: 54.6 billion yen
- D/E ratio: 0.40
  (Net D/E ratio: 0.25)
- Inventory: 82.2 billion yen
- Inventory Turnover*2: 2.7 months

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

Notes: 1. (M) = Motion Control  (R) = Robotics  (S) = System Engineering
2. The figures are based on the new segmentation announced on July 18, 2013
Quarterly Sales Trends

Note: The figures are based on the new segmentation announced on July 18, 2013.
Major Production Bases

YASKAWA Electric UK Ltd.
Scotland

YASKAWA Electric (Shenyang) Co., Ltd
China

YASKAWA Ristro d.o.o.
Slovenia

YASKAWA SHOUGANG
ROBOT CO., LTD.
China

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

YASKAWA Nordic AB
Sweden

YASKAWA Robotika Ltd.
India

YASKAWA Motoman Mexico, S.A. de C.V.
Mexico

YASKAWA Electric Corp.
【Production bases in Japan】
• Yahata-nishi Plant
  (YASKAWA robot center)
• Yahata-higashi Plant
• Yukuhashi Plant (Drive Center /
  System Engineering Center)
• Iruma Plant (Solution Center)
• Nakama Plant

YASKAWA India Private Ltd.
India

YASKAWA Motoman Canada, Ltd.
Canada

YASKAWA Electric (China) Robotics Co., Ltd
China

YASKAWA Motoman Robotics Div.
U.S.

YASKAWA (China) Robotics Co., Ltd
China

YASKAWA Elétrico do Brasil Ltda.
Brazil

Yaskawa Electric’s production bases in Japan

Major overseas production bases
Disclaimer

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