YASKAWA Electric Corporation
(TSE 6506)

• FY2014 1st Half Financial Results
  (Ended September 20, 2014)

• FY2014 2nd Half and Full-year 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.

Other

Core products
Scanner head for high-power laser

Other

Core products
Wireless M2M service (Communication Adapter)
1. FY2014 1st Half (1H) Financial Results
FY2014/1H Financial Highlights

- Achieved 1H targets due to robust performance in (M) and (R)
- Both sales and net income were record high

<table>
<thead>
<tr>
<th></th>
<th>FY2014/1H</th>
<th>FY2014/1H forecasts</th>
<th>Changes from the forecasts</th>
<th>FY2013/1H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>¥ 193.9 bn.</td>
<td>¥ 190.0 bn.</td>
<td>+ ¥ 3.9 bn.</td>
<td>¥ 177.2 bn.</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥ 14.9 bn.</td>
<td>¥ 13.0 bn.</td>
<td>+ ¥ 1.9 bn.</td>
<td>¥ 12.6 bn.</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>¥ 15.6 bn.</td>
<td>¥ 13.0 bn.</td>
<td>+ ¥ 2.6 bn.</td>
<td>¥ 13.4 bn.</td>
</tr>
<tr>
<td>Net Income</td>
<td>¥ 11.7 bn.</td>
<td>¥ 8.0 bn.</td>
<td>+ ¥ 3.7 bn.</td>
<td>¥ 7.3 bn.</td>
</tr>
</tbody>
</table>

Changes

<table>
<thead>
<tr>
<th></th>
<th>Amounts</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>+ ¥ 16.8 bn.</td>
<td>+9.5%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>+ ¥ 2.3 bn.</td>
<td>+18.1%</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>+ ¥ 2.2 bn.</td>
<td>+16.7%</td>
</tr>
<tr>
<td>Net Income</td>
<td>+ ¥ 4.4 bn.</td>
<td>+61.1%</td>
</tr>
</tbody>
</table>

Note: 1. FY2014/1H forecasts are the figures announced on July 17, 2014
2. (M)= Motion Control, (R)=Robotics
• Both sales and operating income were record high in (M) and (R)

<table>
<thead>
<tr>
<th></th>
<th>FY2014/1H Income ratio</th>
<th>FY2014/1H Forecasts</th>
<th>Changes from the forecasts</th>
<th>FY2013/1H Income ratio</th>
<th>Changes Amounts</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>193.9</td>
<td>- 190.0</td>
<td>+3.9</td>
<td>177.2</td>
<td>- 16.8</td>
<td>+9.5%</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>90.7</td>
<td>- 89.5</td>
<td>+1.2</td>
<td>82.3</td>
<td>- 8.4</td>
<td>+10.2%</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>67.2</td>
<td>- 65.0</td>
<td>+2.2</td>
<td>58.6</td>
<td>- 8.6</td>
<td>+14.6%</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>15.5</td>
<td>- 15.0</td>
<td>+0.5</td>
<td>16.2</td>
<td>- 0.7</td>
<td>-4.2%</td>
</tr>
<tr>
<td>Other</td>
<td>20.5</td>
<td>- 20.5</td>
<td>-</td>
<td>20.0</td>
<td>- 0.4</td>
<td>+2.2%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>14.9</td>
<td>7.7%</td>
<td>13.0</td>
<td>6.8%</td>
<td>1.9</td>
<td>+18.1%</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>10.5</td>
<td>11.5%</td>
<td>9.8</td>
<td>10.9%</td>
<td>0.7</td>
<td>+22.6%</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>5.8</td>
<td>8.6%</td>
<td>5.2</td>
<td>7.9%</td>
<td>0.6</td>
<td>+19.3%</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>-1.2</td>
<td>- -1.3</td>
<td>+0.1</td>
<td>-0.4</td>
<td>-0.8</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>0.4</td>
<td>2.2%</td>
<td>0.1</td>
<td>0.2%</td>
<td>0.3</td>
<td>+40.7%</td>
</tr>
<tr>
<td>Corporate or Elimination</td>
<td>-0.5</td>
<td>- -0.7</td>
<td>+0.2</td>
<td>-0.6</td>
<td>+0.1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>15.6</td>
<td>8.1%</td>
<td>13.0</td>
<td>6.8%</td>
<td>2.6</td>
<td>+16.7%</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>11.7</td>
<td>6.0%</td>
<td>8.0</td>
<td>4.2%</td>
<td>3.7</td>
<td>+61.1%</td>
</tr>
</tbody>
</table>

Note: FY2014/1H forecasts are the figures announced on July 17, 2014
(M):
• The global AC servo drive business was robust led by the strong demand from smart-phone and tablet-related industries as well as automotive industry
• The production increase at Shenyang plant also contributed
• AC drive business performed weaker than FY13/1H 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

FY2013/1H

- Robotics: 33%
- System Engineering: 9%
- Other: 11%

Net sales: 177.2 billion yen

FY2014/1H

- Robotics: 35%
- System Engineering: 8%
- Other: 10%

Net sales: 193.9 billion yen

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**Sales Breakdown by Destination (1)**

- **Overseas sales increased significantly mainly in China and other Asian countries**

  (Unit: Billions of yen, %)

<table>
<thead>
<tr>
<th></th>
<th>FY14/1H</th>
<th>FY13/1H</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amounts</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Net Sales</td>
<td>193.9</td>
<td>177.2</td>
<td>+16.7</td>
</tr>
<tr>
<td>Japan</td>
<td>72.7</td>
<td>72.0</td>
<td>+0.8</td>
</tr>
<tr>
<td>Overseas</td>
<td>121.2</td>
<td>105.2</td>
<td>+16.0</td>
</tr>
<tr>
<td>The Americas</td>
<td>32.0</td>
<td>29.0</td>
<td>+2.9</td>
</tr>
<tr>
<td>Europe</td>
<td>21.8</td>
<td>20.3</td>
<td>+1.6</td>
</tr>
<tr>
<td>China</td>
<td>41.8</td>
<td>33.7</td>
<td>+8.1</td>
</tr>
<tr>
<td>Asian countries except China</td>
<td>23.7</td>
<td>20.3</td>
<td>+3.4</td>
</tr>
<tr>
<td>Other areas</td>
<td>1.9</td>
<td>1.8</td>
<td>+0.1</td>
</tr>
</tbody>
</table>

Note: “Other areas” include Australia and South Africa, etc.
Sales Breakdown by Destination (2)

• Record-high overseas sales ratio of the half year achieved

FY2013/1H

- Net sales: 177.2 billion yen
- Japan: 41%
- Overseas: 59%

FY2014/1H

- Net sales: 193.9 billion yen
- Japan: 37%
- Overseas: 63%

China: 19%
Europe: 11%
The Americas: 16%
Asian countries except China: 12%
Other areas: 1%
Breakdown of Changes in Operating Income (FY2013/1H⇒FY2014/1H)

(Unit: Billions of yen)

- **Increase in added value**: +14.9
- **Profit increase due to sales increase**: +5.2
- **Effects of changes in forex rates**: +2.0
- **Increase in expenses**: ▲6.4
- **Increase in expenses**: ▲1.5

FY2014/1H forecast: 14.9

FY2013/1H: 12.6

Increase in expenses: +2.3
2. FY2014 2nd Half (2H) and Full-year Forecasts
FY2014 Full-year Financial Forecasts

• FY14 targets were revised up because of weaker yen and success in core businesses
• Record-high sales and net income expected

<table>
<thead>
<tr>
<th>FY14 Current Forecasts</th>
<th>FY14 Previous Forecasts</th>
<th>Changes from the previous forecasts</th>
<th>FY13</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Amounts</td>
</tr>
<tr>
<td>Net Sales</td>
<td>¥ 395.0 bn.</td>
<td>¥ 380.0 bn. +15.0 bn. ¥ 363.6 bn.</td>
<td>+ ¥ 31.4 bn.</td>
<td>+8.6%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥ 30.0 bn.</td>
<td>¥ 27.5 bn. +2.5 bn. ¥ 25.7 bn.</td>
<td>+ ¥ 4.3 bn.</td>
<td>+16.7%</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>¥ 31.0 bn.</td>
<td>¥ 28.0 bn. +3.0 bn. ¥ 27.1 bn.</td>
<td>+ ¥ 3.9 bn.</td>
<td>+14.5%</td>
</tr>
<tr>
<td>Net Income</td>
<td>¥ 22.5 bn.</td>
<td>¥ 17.5 bn. +5.0 bn. ¥ 17.0 bn.</td>
<td>+ ¥ 5.5 bn.</td>
<td>+32.6%</td>
</tr>
</tbody>
</table>

Note: FY14 previous forecasts are the figures announced on April 21, 2014.
FY2014 Full-year Financial Forecasts by Business Segment

• Sales and profits increase due to robust performance in (M) and (R)
• In addition to weaker yen, the expansion of overseas production and procurement will improve the profitability

<table>
<thead>
<tr>
<th></th>
<th>FY2014 Current Forecasts</th>
<th>FY2014 Forecasts</th>
<th>Changes from the forecasts</th>
<th>FY2013</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Income Ratio</td>
<td>Income Ratio</td>
<td></td>
<td>Income Ratio</td>
<td>Amounts</td>
</tr>
<tr>
<td>Net Sales</td>
<td>395.0</td>
<td>380.0</td>
<td>+15.0</td>
<td>363.6</td>
<td>+31.4</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>185.0</td>
<td>173.5</td>
<td>+11.5</td>
<td>162.3</td>
<td>+22.7</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>135.0</td>
<td>131.5</td>
<td>+3.5</td>
<td>122.5</td>
<td>+12.5</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>39.5</td>
<td>35.0</td>
<td>+4.5</td>
<td>35.3</td>
<td>+4.2</td>
</tr>
<tr>
<td>Other</td>
<td>35.5</td>
<td>40.0</td>
<td>-4.5</td>
<td>43.4</td>
<td>-7.9</td>
</tr>
<tr>
<td>Operating Income</td>
<td>30.0</td>
<td>27.5</td>
<td>+2.5</td>
<td>25.7</td>
<td>+4.3</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>20.6</td>
<td>17.2</td>
<td>+3.4</td>
<td>16.4</td>
<td>+4.2</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>11.3</td>
<td>11.3</td>
<td>+0.0</td>
<td>9.5</td>
<td>+1.8</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>-1.2</td>
<td>-0.2</td>
<td>-1.0</td>
<td>-0.0</td>
<td>-1.2</td>
</tr>
<tr>
<td>Other</td>
<td>0.7</td>
<td>0.6</td>
<td>+0.1</td>
<td>1.1</td>
<td>-0.5</td>
</tr>
<tr>
<td>Corporate or Elimination</td>
<td>-1.4</td>
<td>-1.4</td>
<td>-0.0</td>
<td>-1.3</td>
<td>-0.0</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>31.0</td>
<td>28.0</td>
<td>+3.0</td>
<td>27.1</td>
<td>+3.9</td>
</tr>
<tr>
<td>Net Income</td>
<td>22.5</td>
<td>17.5</td>
<td>+5.0</td>
<td>17.0</td>
<td>+5.5</td>
</tr>
</tbody>
</table>

Notes: FY2014 forecasts are the figures announced on April 21, 2014

(Unit: Billions of yen, %)
Breakdown of Changes in Operating Income (FY2013 ⇒ FY2014 Forecast)

(Unit: Billions of yen)

Profit increase due to sales increase
+10.3
Effects of changes in forex rates
+2.8
Increase in added value
+3.0
Increase in expenses
△11.8
FY2014 Forecast
30.0

FY2013
25.7

Profit increase due to sales increase

Increase in expenses
△11.8
Increase in added value
+3.0
Effects of changes in forex rates
+2.8
Profit increase due to sales increase
+10.3

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1) Expand orders in core businesses

- Strengthen sales network and system
  ⇒ Reinforce the local development capabilities on a global basis, especially in China.
  ⇒ Plan to establish the global system of 400 R&D personnel by Mar. 2015

- Enhance collaboration with business partners
  ⇒ Maximize synergy with VIPA
  ⇒ Reinforce cooperation with Hangzhou Kaierda Robot Technology

- Expand application of robots in non-automobile fields
  ⇒ Accelerate development of Robot Centers (SI base)
    • Plan to establish Chubu Robot Center in Apr. 2015

- Increase shares by expanding sales of new differentiated products
  ⇒ Start sales of Σ-7 in China in Sep. 2014
  ⇒ Launch matrix converter U1000 in the market
Measures for FY2014 (2)

2) Realize higher profitability by enhancing production, sales, and development capabilities

- Improvement in quality by automation of domestic production
  ⇒ Advance automation of the Σ-7 production line
    (From the production automation ratio of 70% (previous model) to 90%)
  ⇒ Introduce new automated production line for AC drives

- Promote local production in China
  ⇒ Start producing and delivering Σ-7 in China (Shenyang) in Sep. 2014
  ⇒ Boost production and increase production models at robot factory in Changzhou

- Implement K30 program and accelerate its global development
Measures for FY2014 (3)

3) Expand environment and energy businesses

- Expand sales of PV power conditioners
  ⇒ Remodeling of main product PV1000
  ⇒ Launch new products with GaN for residential use
    in the 2nd half of 2014
  ⇒ Create synergy with Solectria Renewables, LLC
    and expand photovoltaic generation business in the U.S.
- Expand sales of large-scale wind turbine and converters
  ⇒ Maximize synergy with The Switch
    (Expand business domain into the ship market)

4) Develop businesses in human assist domain

- Expand robot business in biomedical fields
  ⇒ Established the business division in Apr. 2014
- Progress medical, nursing, welfare businesses
  ⇒ Accelerate cooperation with ReWalk Robotics (former Argo)
    (Listed in the NASDAQ in September 2014)
  ⇒ Aim to gain certification of medical device in China
    for “LR2” physical therapy robot for the lower extremities
3. Reference
## Capital Expenditure, R&D Investment, Forex Rates

### 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>31.0</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 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1H</td>
<td>2H</td>
<td>Full-year</td>
</tr>
<tr>
<td>U.S. dollar</td>
<td>80.1</td>
<td>83.7</td>
<td>81.9</td>
</tr>
<tr>
<td>Euro</td>
<td>102.0</td>
<td>109.4</td>
<td>105.7</td>
</tr>
</tbody>
</table>

Note: Average rate during the period
Financial Indices

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

As of September 20, 2014

- Shareholders’ equity ratio: 42.0%
- Shareholders’ equity: 149.7 billion yen
- Interest-bearing debt: 57.2 billion yen
- D/E ratio: 0.38
  - (Net D/E ratio): 0.22
- Inventory: 80.8 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.
Quarterly Sales Trends

Notes: (M) = Motion Control  (R) = Robotics  (S) = System Engineering
Quarterly Sales Trends

(M) Motion Control

(R) Robotics

(Billions of yen)

Europe

The Americas

Asia except China

China

Japan

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Major Production Bases

YASKAWA America, Inc.
Drives&Motion Div.

YASKAWA Electric UK Ltd.

YASKAWA Nordic AB
Sweden

YASKAWA SHOUGANG
ROBOT CO., LTD.
China

YASKAWA Ristro d.o.o.
Slovenia

YASKAWA Robotics India Ltd.
India

YASKAWA India Private Ltd.
India

YASKAWA (China) Robotics Co., Ltd.
China

Shanghai Yaskawa Drive Co., Ltd.
China

YASKAWA Electric (Shenyang) Co., Ltd
China

YASKAWA Electric Corp.
【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

YASKAWA Motoman Canada, Ltd.
Canada

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

YASKAWA Elétrico do Brasil Ltda.
Motoman Robotica do Brasil
Brazil

YASKAWA America, Inc.
Motoman Robotics Div.
U.S.

YASKAWA Europe
GmbH Robotics Div.
Germany

YASKAWA Electric's production bases in Japan
Major overseas production bases

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