



YASKAWA Electric Corporation (TSE 6506)

- **FY2010 Financial Results Summary
(Ended March 20, 2011)**
 - **FY2011 Overview
(Ending March 20, 2012)**

Presented by Junji Tsuda, President

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Business Overview

Motion Control

AC servomotors are used in machine tools, robots, printing machines, and food and packaging machines. They are also widely used in semiconductor manufacturing machines and chip mounters as well as in machine presses and injection molding machines.

AC drives are used not only in industrial machinery, but also in the consumer products including air conditioners, refrigerators, washing machines, and health care devices. AC drives are also found in transport equipments such as elevators and cranes. They receive much attention as energy saving devices.



【Application of AC Servomotor】
Chip Mounter



【Application of AC Drive】
Escalator

Robotics

Robots contribute to the automation of manufacturing processes of automobile and electronic industries. The typically automated processes by robots include welding, painting, and handling.

In the semiconductor industry, robots are used in clean and vacuum environments. There are also robots to handle glass-substrates for use in the FPD industry.



Collaborative Welding



Assembly of a disposable camera by a dual-arm robot



10th generation FPD transfer robot

System Engineering

System Engineering business provides solutions for varieties of large-scale plant facilities such as steel plants and water treatment plants. They are indispensable for our daily lives and stable operation is an absolute requirement.

The demand for medium-voltage AC drives are growing for their significant energy saving effect in use for pumps and blowers, and other such wind of water force machinery and facilities.



Off-Machine coater



Continuous-casting machine



Blast furnace

Information Technologies

The entire businesses of Yaskawa Information Systems Corporation and YE Data Inc. which are two of the Yaskawa group of companies constitute the Information Technologies segment. They conduct businesses in software development and computer peripherals.



Touch-panel Liquid Crystal Terminal



Galvano Scanner System

FY2010 Financial Highlights

Sales and profits increased significantly mainly in the (M)Motion Control and (R)Robotics segments with the robust Chinese and Asian markets and business recovery of the major customers in Japan.

	<u>FY 2010</u>	FY2009	<u>Change</u>	<u>FY2010 First half</u>	<u>FY2010 Second half</u>
Sales	<u>¥296.8 bn.</u>	¥224.7 bn.	<u>+32.1%</u>	¥139.4 bn.	¥157.4 bn.
Operating income	<u>¥12.8 bn.</u>	(¥6.9 bn.)	<u>+¥19.8 bn.</u>	¥3.4 bn.	¥9.4 bn.
Ordinary income	<u>¥13.4 bn.</u>	(¥6.0 bn.)	<u>+¥19.4 bn.</u>	¥3.4 bn.	¥9.9 bn.
Net income	<u>¥6.5 bn.</u>	(¥5.7 bn.)	<u>+¥12.2 bn.</u>	¥1.7 bn.	¥4.8 bn.

FY2010 Results by Business Segment - 1

Business recovery in (M) Motion Control and (R) Robotics greatly contributed to overall performance.

(Unit: billion yen, %)

	FY2010		FY2009		Change	
		Income ratio		Income ratio	billion yen	%
Sales	296.8		224.7		+72.1	+32.1%
(M) Motion Control	156.4		104.8		+51.6	+49.3%
(R) Robotics	83.8		57.0		+26.8	+46.9%
(S) System Engineering	34.3		41.4		(7.2)	(17.2%)
Information Technologies	14.1		15.5		(1.4)	(9.1%)
Operating income	12.8	4.3%	(6.9)	(3.1%)	+19.8	n.m.
(M) Motion Control	8.9	5.7%	(3.1)	(3.0%)	+12.2	n.m.
(R) Robotics	1.6	2.0%	(8.3)	(14.6%)	+10.0	n.m.
(S) System Engineering	2.0	6.0%	5.4	13.2%	(3.4)	(62.4%)
Information Technologies	(0.3)	(2.8%)	(0.9)	(6.0%)	+0.5	n.m.
Ordinary income	13.4	4.5%	(6.0)	(2.7%)	+19.5	n.m.
Net income	6.5	2.2%	(5.6)	(2.5%)	+12.2	n.m.

FY2010 Results by Business Segment - 2

(M) Robust in China and other Asian countries. The demand for AC drives in infrastructure and air conditioning for energy saving, and the demand for AC servo drives in the industries of semiconductor, FPD and chip mounters led sales growth. Production system was reinforced and made more efficient.

(R) Robust in the automobile industry in China and other Asian countries. Steady growth also in the Americas and Europe. Sales in Japan recovered with businesses for non-automobile industries. Semiconductor and FPD industries were strong. Profitability-oriented management was established.

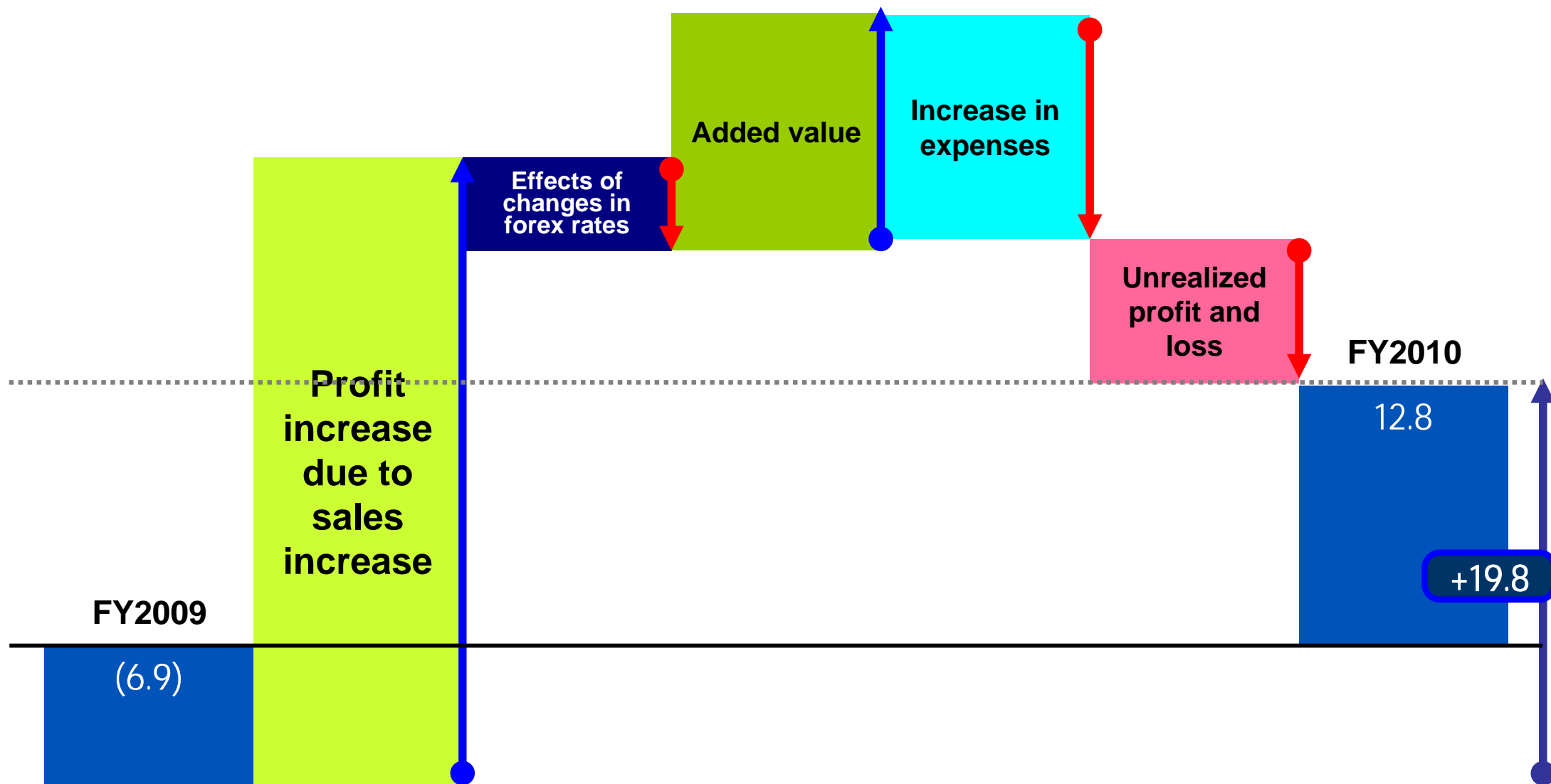
(S) Remained profitable by cost reduction and profitability management even though the sales for the steel and water-treatment industries decreased.

(IT) Loss decreased with cost reduction measures as IT-related investments were held down.

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

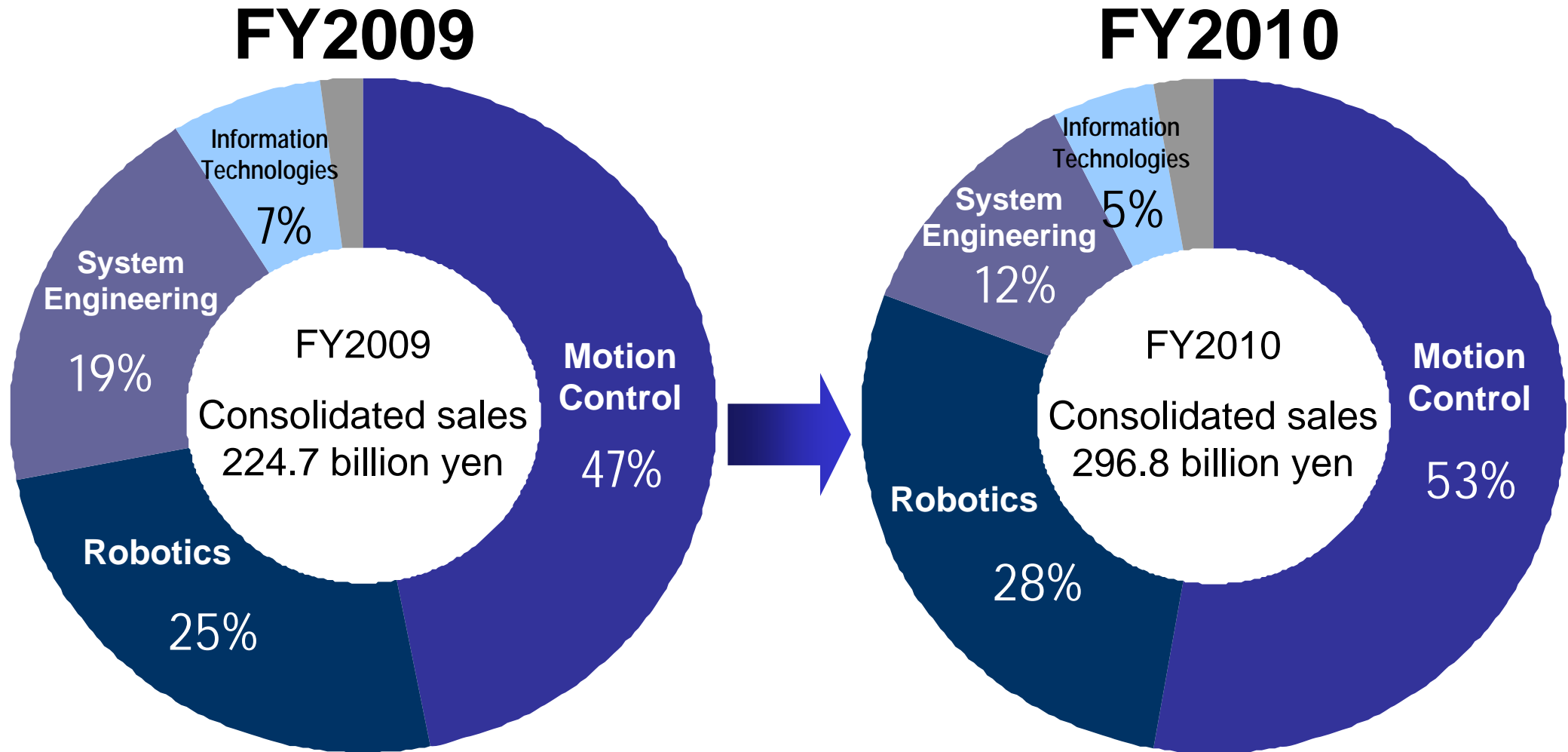
Breakdown of Changes in Operating Income (FY2009 to FY2010)

(Unit: billion yen)



Sales Breakdown by Business Segment

Ratios increased for (M)Motion Control and (R)Robotics with their growth.



Sales Breakdown by Destination (FY2009 to FY2010)

Both overseas and domestic sales increased.
Overseas sales grew by 40% from the previous year.

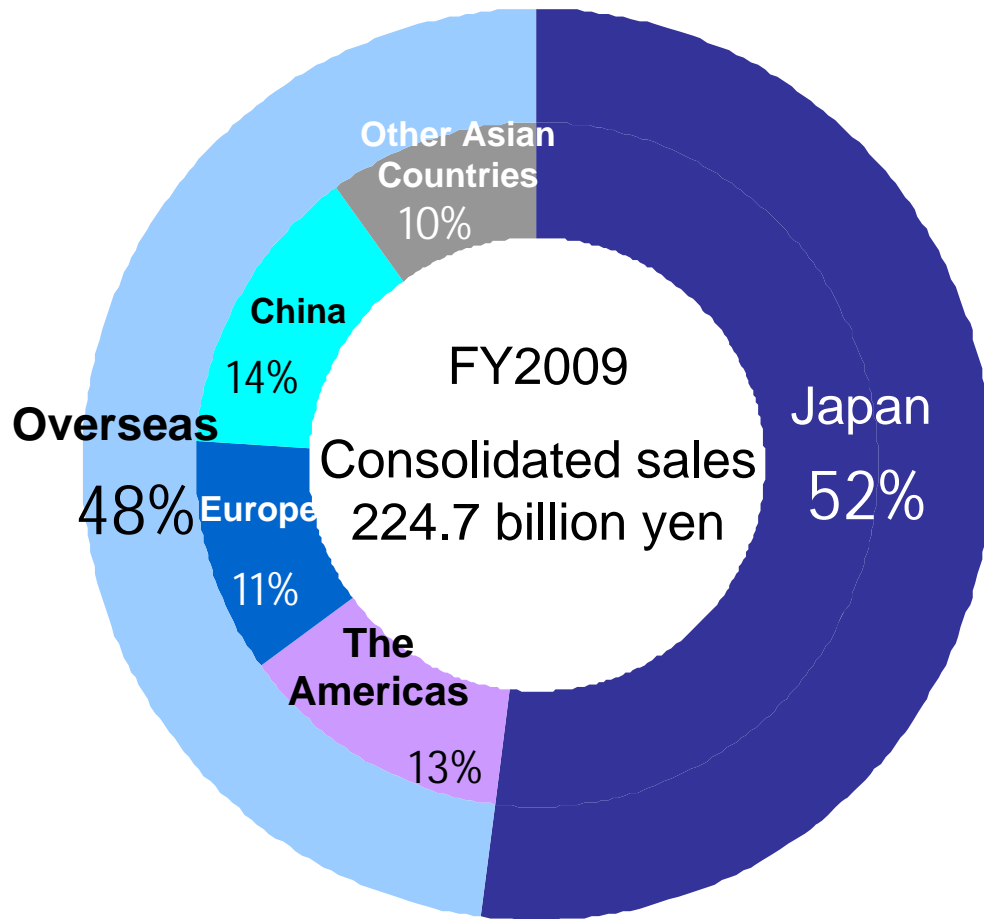
(Unit: billion yen, %)

	FY2010	FY2009	Change	
			billion yen	%
Sales	296.8	224.7	+72.1	+32.1%
Japan	144.8	116.2	+28.6	+24.6%
Overseas	152.1	108.5	+43.6	+40.2%
The Americas	38.8	29.3	+9.5	+32.4%
Europe	29.6	24.3	+5.3	+21.8%
China	42.8	31.9	+10.9	+34.2%
Other Asian countries	39.9	22.0	+17.9	+81.4%

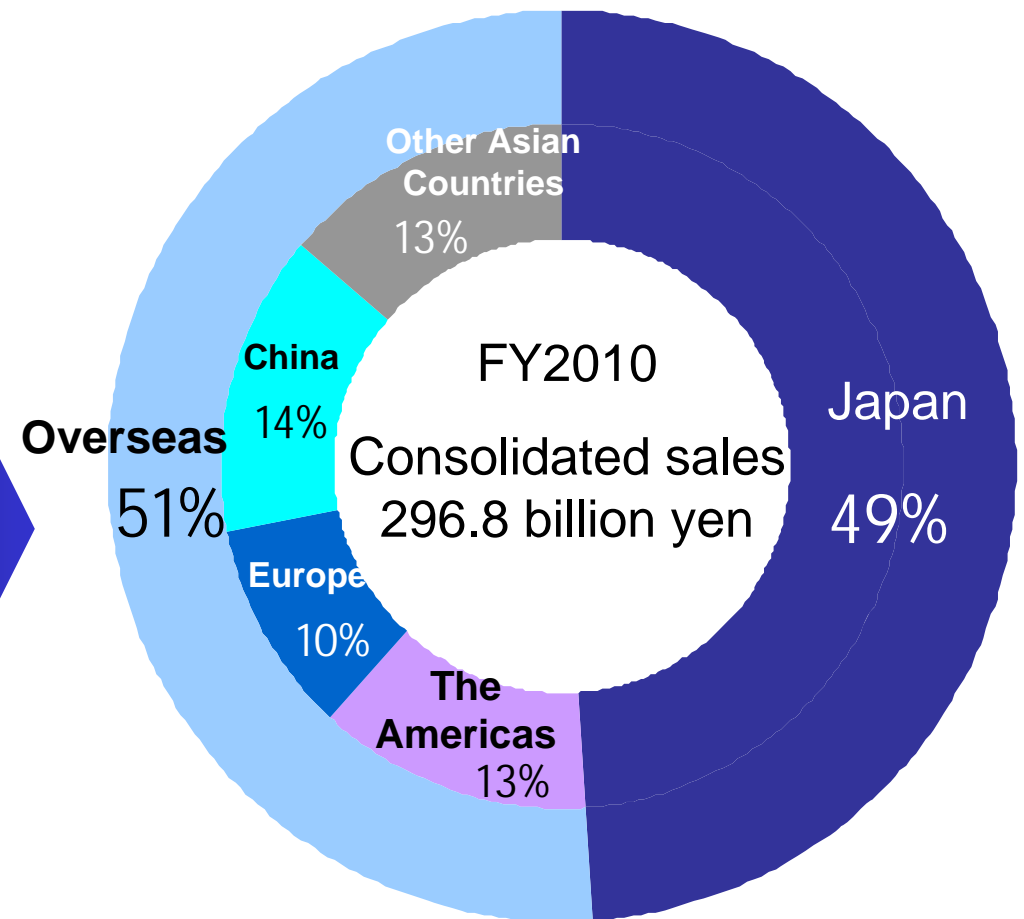
Sales Breakdown by Destination

Both overseas and domestic sales increased. Overseas sales ratio grew to 51% especially with sales growth for other Asian countries.

FY2009



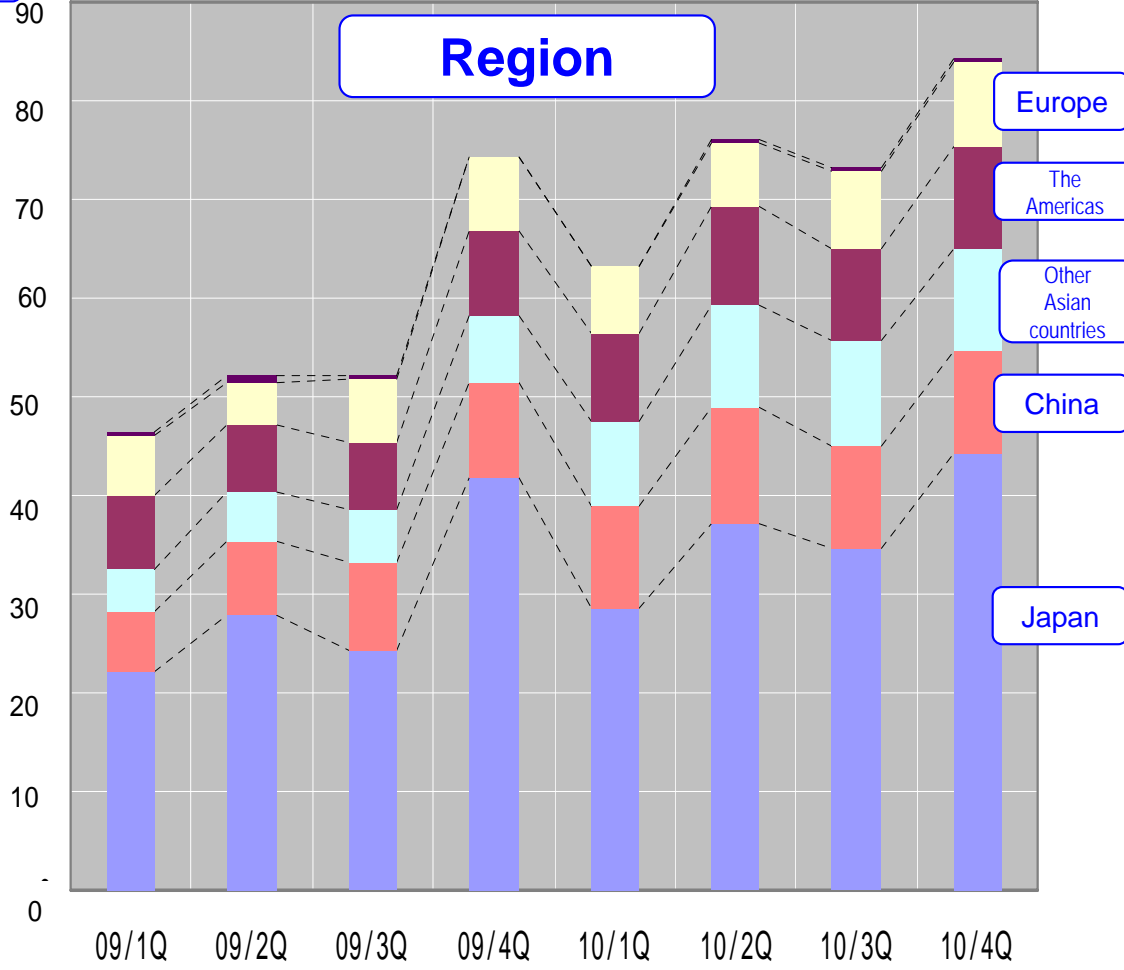
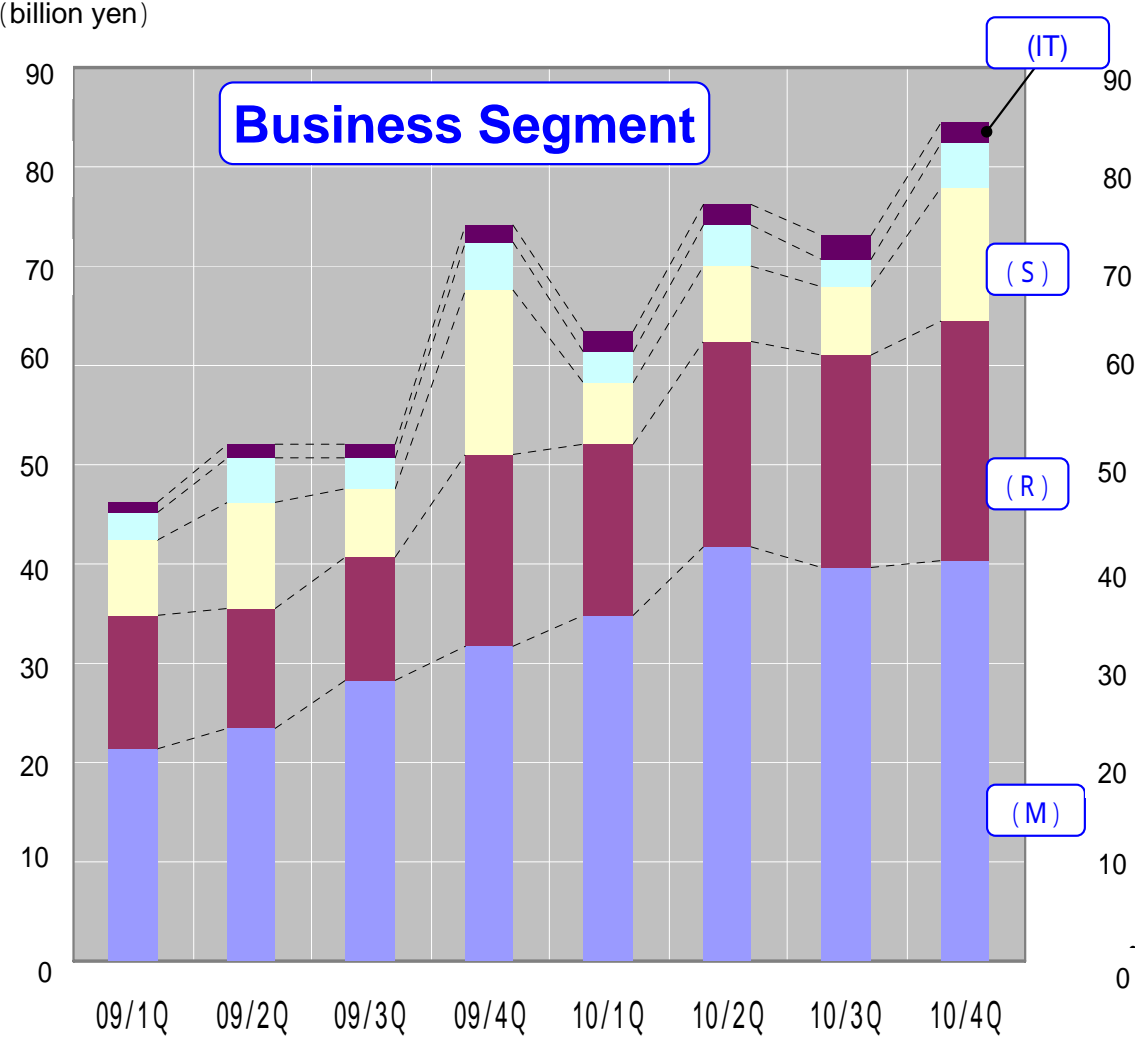
FY2010



Quarterly sales trends (By business Segment and Region)

Steady year-on-year recovery from FY09/1Q

China and other Asian countries are the growth drivers. Steady recovery in Japan, the Americas and Europe.



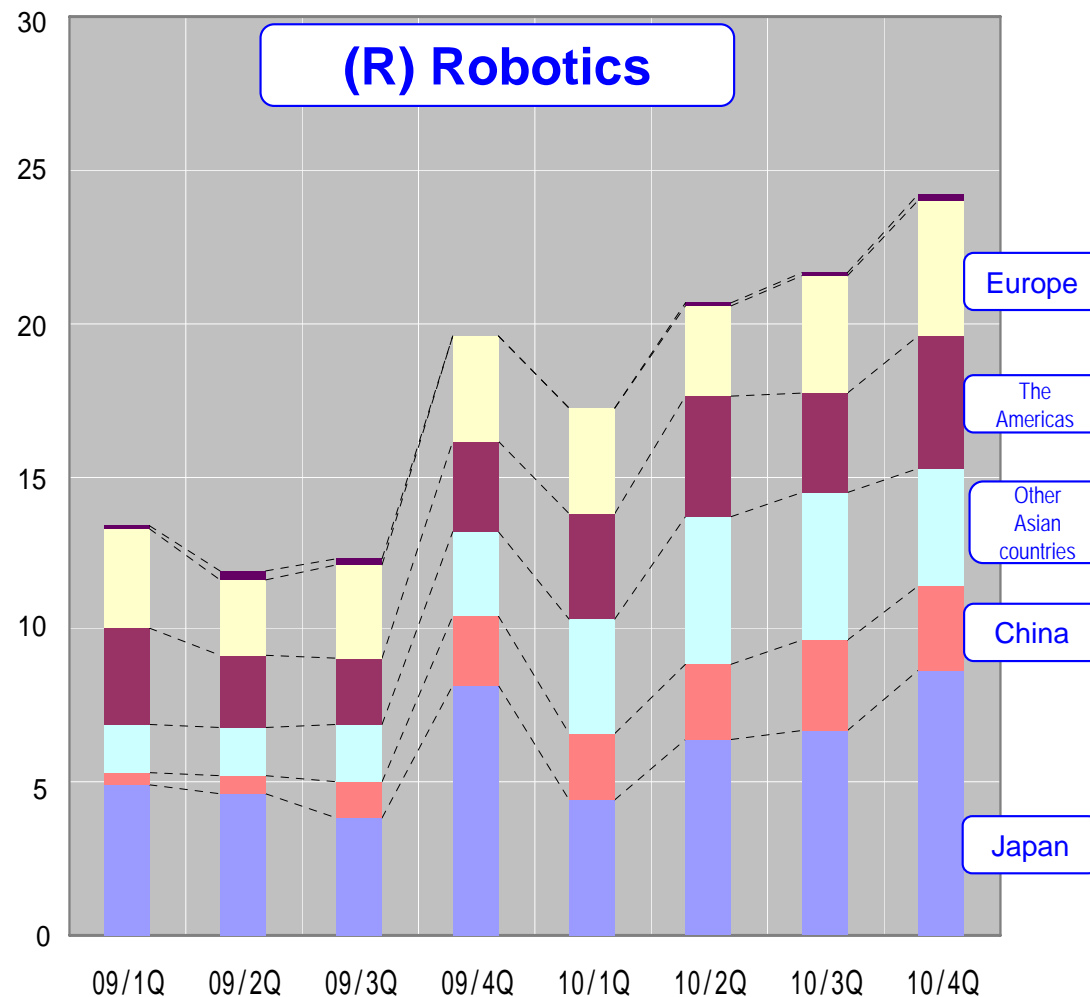
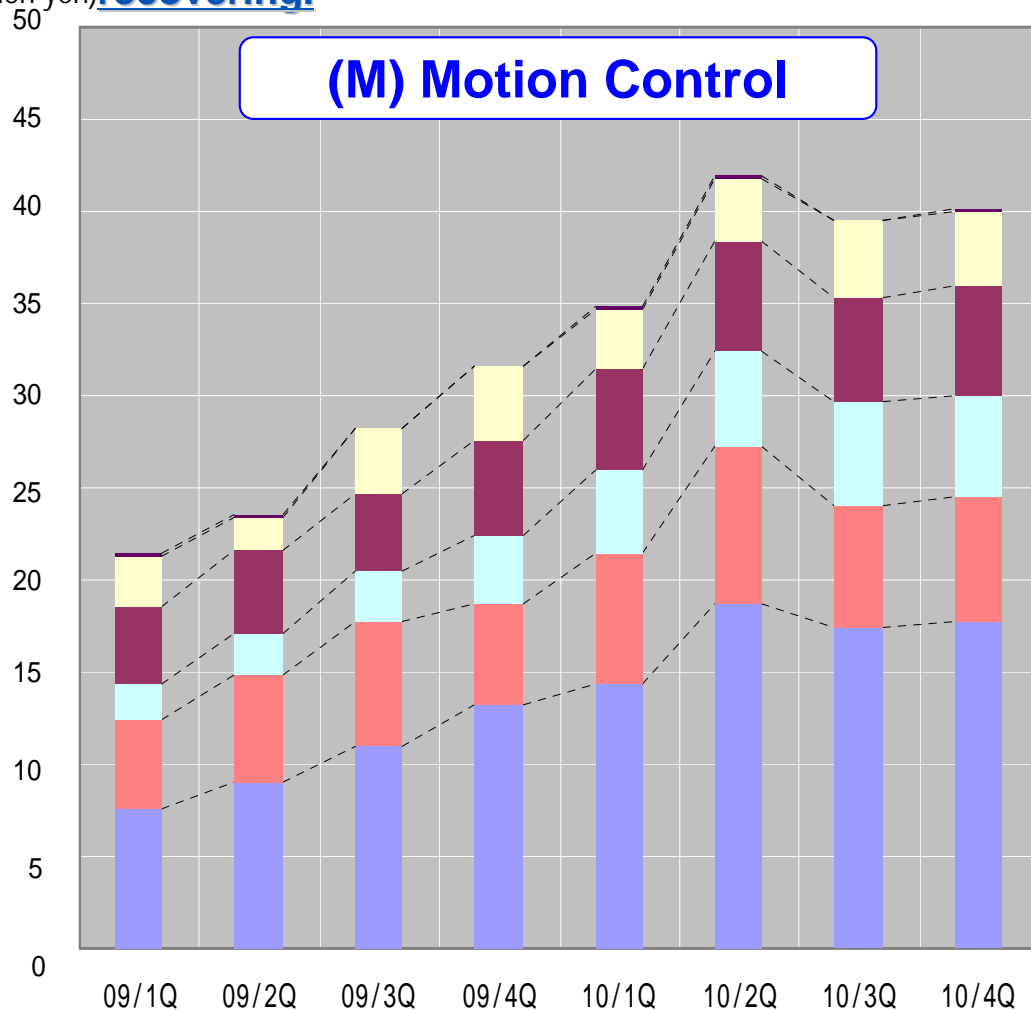
Note: (M)= Motion Control (R)= Robotics (S)= System Engineering (IT)= Information Technologies

(M) & (R) Quarterly Sales Trends by Region

Although growth slowed down in the second half, sales in China and other Asian countries remained high level. Japan, the Americas and Europe are recovering.

Robust in China and other Asian countries
Heading for recovery in the Americas, Europe and Japan

(billion yen)

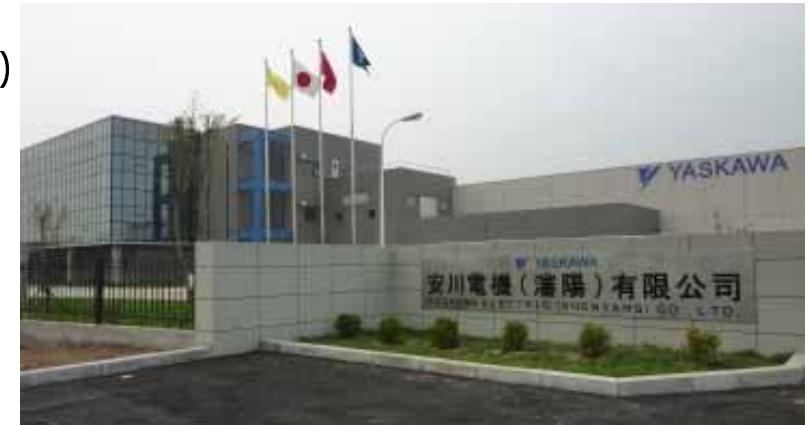


Note: (M)= Motion Control (R)= Robotics

Achievement of FY2010 - 1

Promotion of shifts to Asian markets, especially China

- **Start of operation of AC servo motor plant in Shenyang (June, 2010)**
Promoting sales to the machine tool industry and setting up production for the start of full-scale operation in 2011
- **Expansion of production capacity at AC drive plant in Shanghai**
Triple production capacity (from 300 thousand units/year at initial plan to 500 thousand units)
- **Establishment of sales and business promotion division for robots in Shanghai**
Strengthen and expand sales and after-sales services in China
- **Establishment of a local subsidiary to expand sales of motion control products in India (August 2010)**
Set up a plant and started AC drive production (March 2011)
- **100% acquisition of a sales company for robots in India (March 2011)**
Accelerate growth in sales and market share in the fast-growing Indian market



YASKAWA ELECTRIC (SHENYANG) CO., LTD.

Achievement of FY2010 - 2

Countermeasures against appreciation of the yen (to be worked on in FY2011)

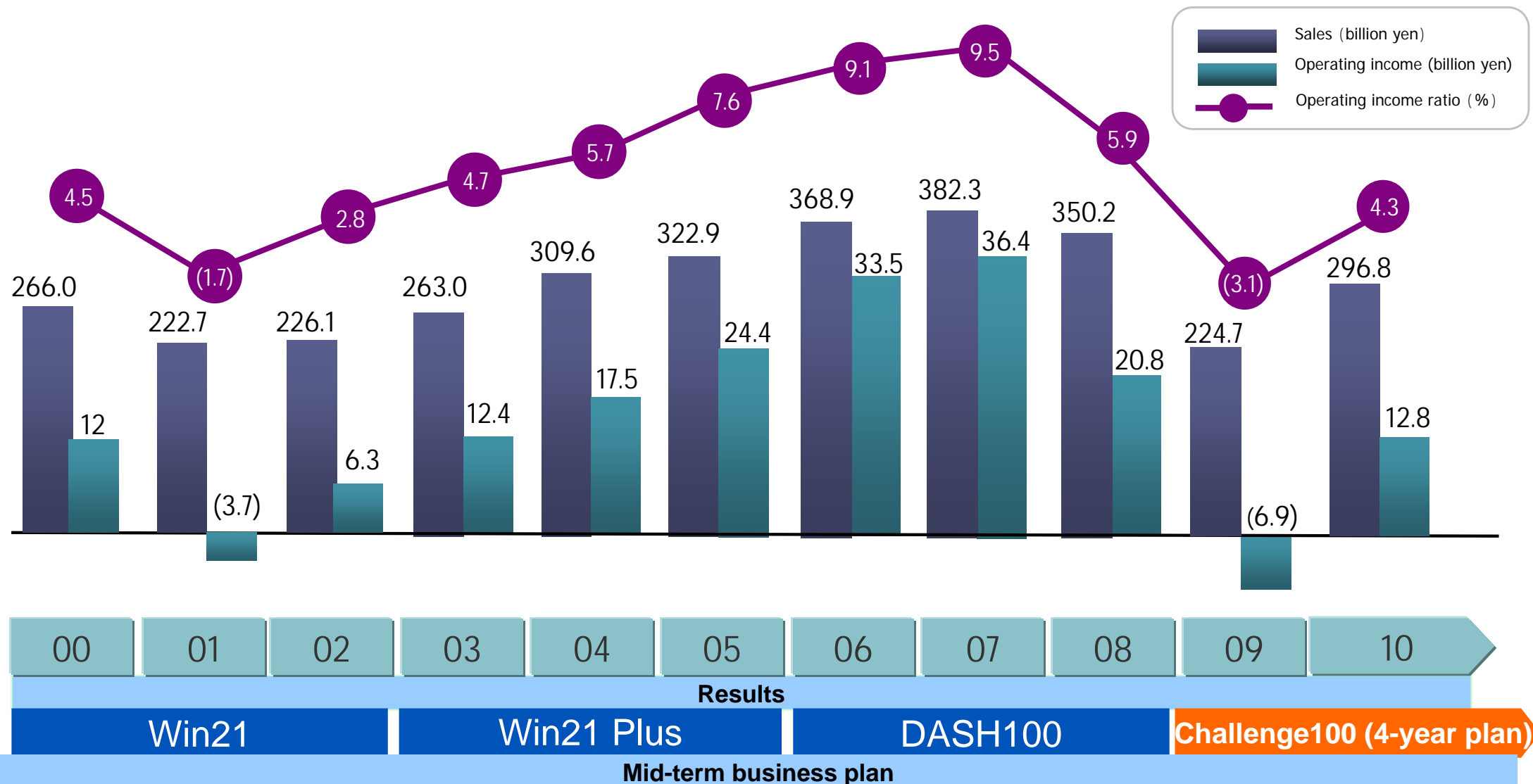
- Further expansion of local production
 - Promotion of local production including China where regional demands exist
 - Start up of new production sites in China and other Asian countries
 - China Procurement Dpt. was established on 21 December, 2010 to build global procurement system in China and to expand local procurement.
- Cost reduction of procured goods from outside Japan
 - Discount imported goods, import goods procured locally in China, and promote out-out operation
- Improvement of gross margin (improve selling prices)
 - Promote switching to the core models, raise prices of old products, and improve selling prices
- Minimize operating costs and expenses
 - Minimize operating costs in Japan and allocate resources to businesses outside Japan

Business expansion in the new energy domain

- Increase orders for electrical products for large-scale wind power generation
 - Capture businesses for target customers, develop business with mid-sized Chinese manufacturers, and upgrade products for volume production
- Expand sales of photovoltaic power conditioner
 - Upgrade the sales network of agents, target Slers, and intensify approach to solar panel manufacturers in and outside Japan.
- Launch the business of EV motor drive system
 - Carry out development of prototype and evaluation tests for priority customers.
 - Enhance product lineup and cost reduction.
 - EV Powertrain Business Div. was established on 21 December, 2010 . (transferred from Technology & Development Div. to Drives Div.)

FY2000-FY2010 Consolidated Sales and Operating Income






Sharp recovery in sales and production in FY2010 led to a significant improvement in business performance.







Forecast on FY2011 Business Environment

Although uncertainty remains of the Japanese market in the first half with the impact of the earthquake and weak demand, overseas markets continue to be strong.

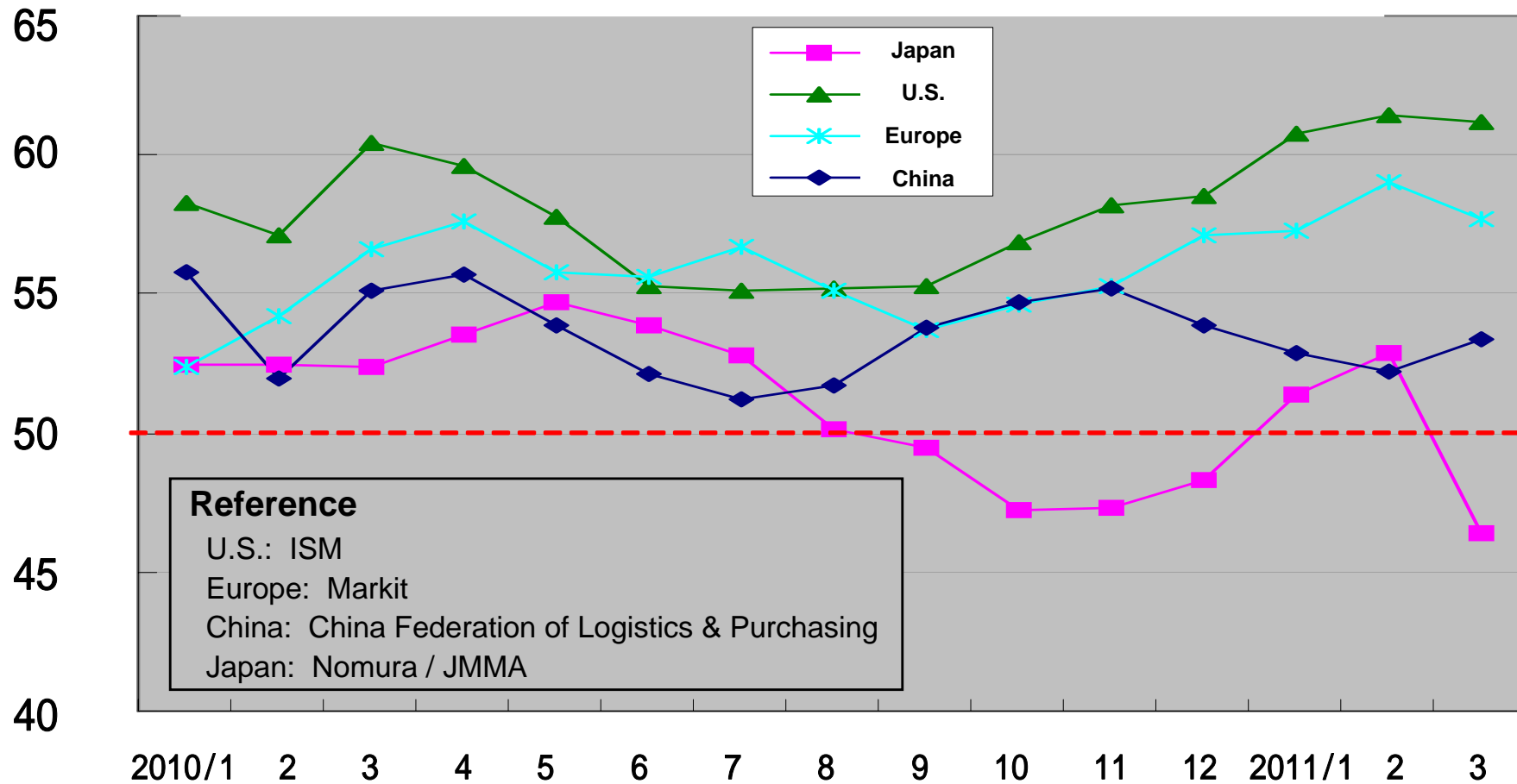
Note: Trend from FY2010 second half to FY2011 first half

Market environment	Semiconductor		Capital expenditure continues to be robust. Growth in the 2Q due the impact of the earthquake.
	FPD		Investments grow for large panels in China and for small-to-medium size high-definition panels, even with the impact of the earthquake
	Automobile		Robust in China and South Korea. Capital expenditures in Europe, and the U.S. are on track for recovery. Recovery in Japan is weak.
	Steel		Large investments continue to be in a trough. Environment-related investments will continue.
	New energy		The demand for energy conservation and new energy grows sharply with the impact of the earthquake.

Regional trends	The Americas		Strong recovery in capital expenditures exceeding the record high will continue.
	Europe		Steady recovery overall with varying degrees in different countries and industries.
	China and other Asian countries		Growth and high level continue with strong regional demand stimulated by progress in automation and robotization.
	Japan		Slowdown in the 1Q due to the impact of the earthquake, stabilize in the 2Q, and expectation for recovery with demand for reconstruction.

Manufacturing PMI by Region (PMI: Purchasing Managers Index)

The U.S., Europe, and China are strong. (Indices exceeding 50) Index for Japan sharply worsened in March, 2011.



FY2011 Overview and Status

Being unable to measure the magnitude of the impact of the 2011 Tohoku Earthquake, announcement of consolidated financial forecast for FY2011 is postponed.

Implement measures of the 2012 mid-term business plan while overcoming the impact of the earthquake as early as possible.

FY2011 is a bridging year for the 2012 mid-term business plan
(Measures taken in FY2011 will fully affect the FY2012 performance)

- 1. Focus on the growing regions and markets (shift of management resources to emerging countries.)**
- 2. Implement thoroughly the countermeasures against forex fluctuations (appreciation of the yen)**
- 3. Development and acceleration of new businesses**
- 4. Proactive investment for global business development**

FY2011 Measures - 1

Expansion of existing businesses

- Enhance operating base in China and market expansion
- Sales expansion in strong regions and markets
- Develop demand by marketing new products

Improvement in profitability by taking action for the forex rates (appreciation of the yen)

- Increase local production and overseas procurement
- Improve selling prices
- Minimize operating costs in Japan

FY2011 Measures - 2

Continuous progress in the ability of development, production and sales

- Train employees to give them the skills needed for business operations in emerging countries
- Enhance "visualization" and "efficiency" by utilizing IT
- Upgrade our ability to develop products

Speed up expansion of new businesses

- Photovoltaic power conditioner
- Electrical products for large-scale wind power generation
- EV powertrain
- Expansion of business domain of Robotics Human Assist

Impact of the 2011 Tohoku Earthquake and Measures

Company-wide support for restoration of customers and regions affected by the earthquake

- **Launch of recovery support team for damaged water treatment facilities in the Tohoku region**
- **Enhance support for the affected customers**
- **Strong action for the restoration demand**

Impact on production activities

- **Little damage to Yaskawa's production facilities**
- **Impact on some parts suppliers (Disruption of the supply chain)**
Prioritize management resources to maintain and secure production activities
- **Uncertainty remains of the impact of energy saving measures to our production activities in the Tokyo area (from June to September, 2011)**

(Reference) Capital expenditure, R&D investment, Forex rates

Capital expenditure (Consolidated)

(Unit: billion yen)

	FY2008	FY2009	FY2010
Capital expenditure	8.61	4.12	6.66
Depreciation	8.02	7.84	7.06

R&D investment (Consolidated)

(Unit: billion yen)

	FY2008	FY2009	FY2010
R&D investment	9.70	8.49	9.72

Forex rates (Non-consolidated)

	FY2008		FY2009		FY2010		
	First half	Full-year	First half	Full-year	First half	Second half	Full-year
U.S. dollar	¥105.6	¥101.5	¥95.6	¥92.4	¥89.6	¥82.9	¥86.1
Euro	¥163.1	¥148.4	¥132.1	¥130.8	¥114.9	¥112.1	¥113.3

(Note) Average rate during the period

(Reference) Balance Sheet Structural Trends (Consolidated)

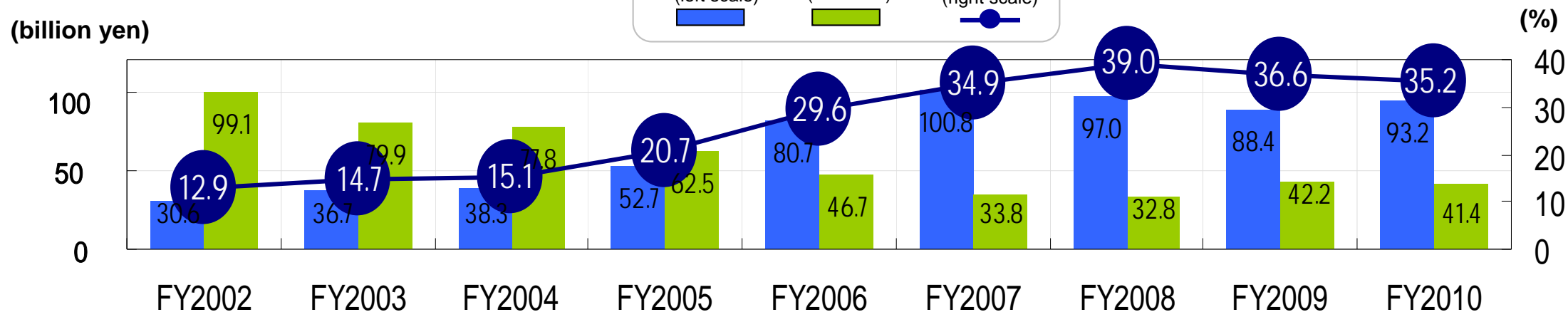
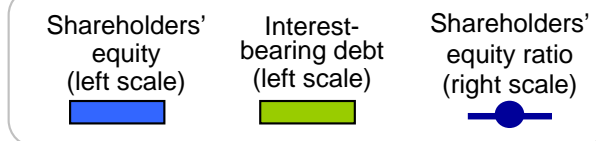
FY2009

- Shareholders' equity ratio 36.6%
- Shareholders' equity 88.4 billion yen
- Interest-bearing debt 42.2 billion yen
- D/E ratio 0.48
- Inventory 46.2 billion yen
- Turnover 2.5 months

FY2010

- Shareholders' equity ratio 35.2%
- Shareholders' equity 93.2 billion yen
- Interest-bearing debt 41.4 billion yen
- D/E ratio 0.44
- Inventory 58.1 billion yen
- Turnover 2.3 months

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



Operating CF	8.4	18.5	5.7	18.7	14.9	17.6	12.4	4.0	2.4
Investment CF	(1.9)	1.1	(2.2)	9.7	(6.1)	(9.9)	(10.6)	(6.4)	(6.7)
Free CF	6.4	19.6	3.5	8.9	8.8	7.7	1.7	(2.4)	(4.2)

(Reference) Major Production Sites (World's strongest network supporting global business development)

