



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

- **FY2011 1st Half Financial Results Summary  
(Ended September 20, 2011)**
- **FY2011 2nd Half and Full-year Forecasts Summary  
(Ending March 20, 2012)**

**Presented by Junji Tsuda, 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

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 operation  
by a dual-arm robot



10<sup>th</sup> 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.



Electric instrumentation systems  
for water and sewerage



Continuous-casting machine



Monitoring control  
system of steel plants

## 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.



Scanner head for high-power laser



NetSHAKER ProxyBox

# FY2011/1H Financial Highlights

Sales and profits significantly increased mainly in the (M) Motion Control and (R) Robotics segments with the robust Chinese and Asian markets, economic recovery in Europe, the U.S. and Japan, and cost reduction efforts. Negative impact of the Great East Japan Earthquake in March 2011 on our supply chain was minimized.

	<u>FY2011/1H</u>	FY2010/1H	Changes	
<b>Net Sales</b>	<u>¥158.0 bn.</u>	¥139.4 bn.	<u>¥+18.5 bn.</u>	<u>+13.3%</u>
<b>Operating Income</b>	<u>¥9.2 bn.</u>	¥3.4 bn.	<u>¥+5.7 bn.</u>	<u>+166.0%</u>
<b>Ordinary Income</b>	<u>¥9.2 bn.</u>	¥3.4 bn.	<u>¥+5.8 bn.</u>	<u>+167.3%</u>
<b>Net Income</b>	<u>¥6.4 bn.</u>	¥1.7 bn.	<u>¥+4.7 bn.</u>	<u>+281.7%</u>

# FY2011/1H Financial Results by Business Segment - 1

## Exceeded the revised forecast with the recovery in (M) Motion Control and (R) Robotics segments

(Unit: Billions of yen, %)

	FY2011/1H				Changes from Previous Forecasts	FY2010/1H	Change from FY2010/1H	
	1Q	2Q	Results	Forecasts			Amounts	%
<b>Net Sales</b>	<b>76.4</b>	<b>81.5</b>	<b>158.0</b>	<b>155.0</b>	<b>+3.0</b>	<b>139.4</b>	<b>+18.5</b>	<b>+13.3%</b>
(M) Motion Control	43.2	41.0	84.3	84.6	(0.3)	76.6	+7.6	+10.0%
(R) Robotics	22.0	26.5	48.5	47.3	+1.2	37.9	+10.6	+28.1%
(S) System Engineering	6.5	7.7	14.3	13.4	+0.9	13.8	+0.4	+3.4%
Information Technologies	2.4	3.6	6.0	6.2	(0.2)	7.0	(1.0)	(14.4)%
<b>Operating income</b>	<b>4.7</b>	<b>4.5</b>	<b>9.2</b>	<b>8.0</b>	<b>1.2</b>	<b>3.4</b>	<b>+5.7</b>	<b>+166.0%</b>
(M) Motion Control	3.9	2.0	6.0	5.7	+0.3	4.1	+1.8	+44.5%
(R) Robotics	1.0	2.1	3.1	2.6	+0.5	(0.5)	+3.7	n.m.
(S) System Engineering	(0.1)	0.2	0.0	(0.5)	+0.5	0.1	(0.0)	(61.3)%
Information Technologies	(0.2)	0.1	(0.0)	(0.0)	(0.0)	(0.5)	+0.4	n.m.
<b>Ordinary income</b>	<b>4.7</b>	<b>4.5</b>	<b>9.2</b>	<b>8.0</b>	<b>+1.2</b>	<b>3.4</b>	<b>+5.8</b>	<b>+167.3%</b>
<b>Net income</b>	<b>3.7</b>	<b>2.7</b>	<b>6.4</b>	<b>5.7</b>	<b>+0.7</b>	<b>1.7</b>	<b>+4.7</b>	<b>+281.7%</b>

Note: Revised forecasts were disclosed on July 19, 2011

## FY2011/1H Financial Results by Business Segment - 2

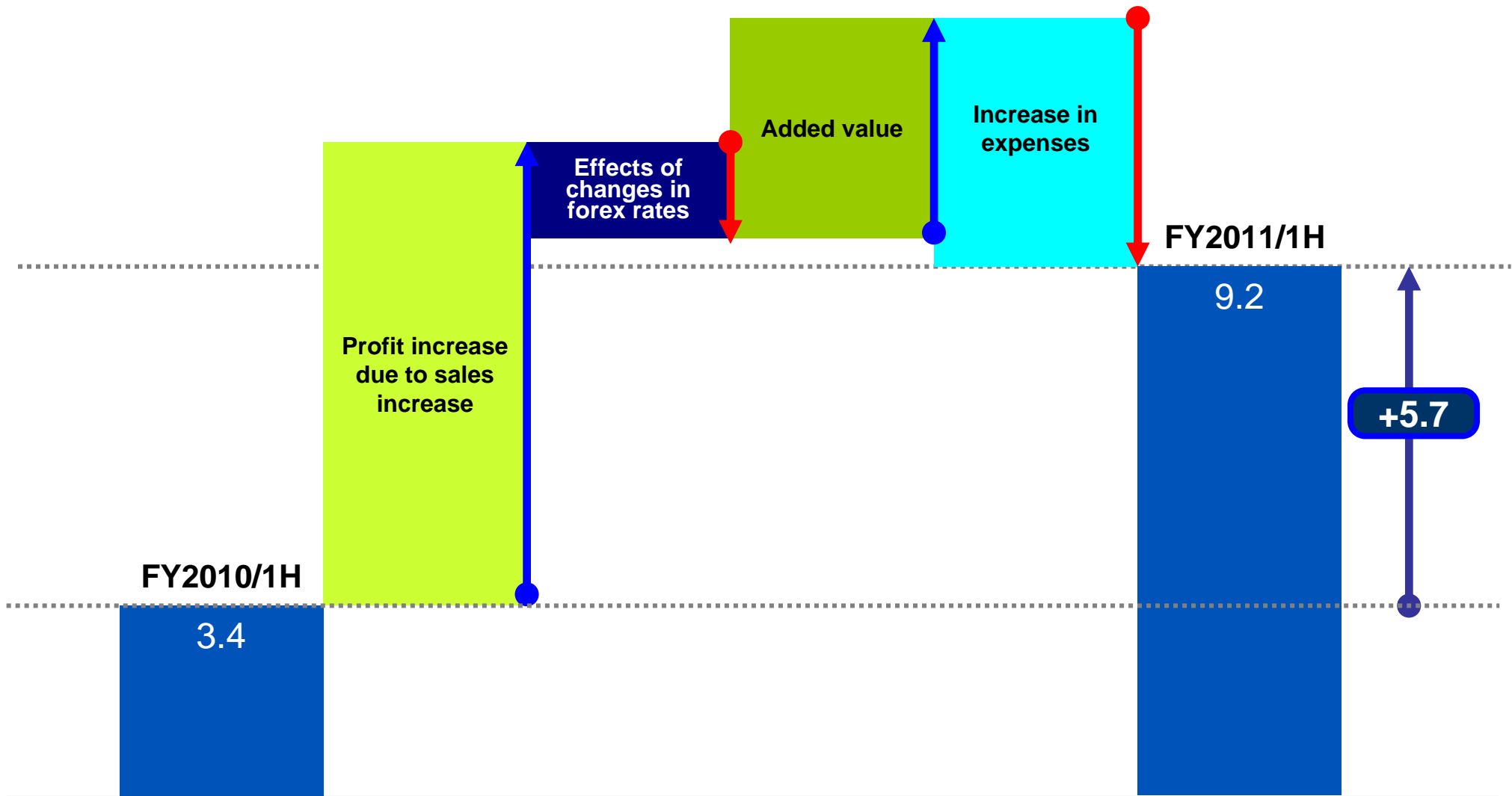
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- (M) Robust in China and other Asian countries. The growing demands for AC drives in infrastructure and air conditioning for energy saving led steady sales growth, while the sales of AC servo drives increased due to strong demand in the overseas markets and expanding sales of new products. The production volume has been secured by enhancing component procurement.**
- (R) Robust in the automobile industry in China and other Asian countries. Steady recovery in the Americas and Europe, while sales in Japan increased mainly in the non-automobile industries. Sales in FPD industries maintained a high level. Promoted business operation focusing on the profitability.**
- (S) Maintained the same level of profitability as FY 2010/1H, despite the drop-off period in the steel industry, by pursuing the cost reduction and profitability.**
- (IT) Net loss significantly decreased with cost reduction measures, even though IT-related investment was suppressed.**

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

# Breakdown of Changes in Operating Income (FY2010/1H => FY2011/1H)

(Unit: Billions of yen)

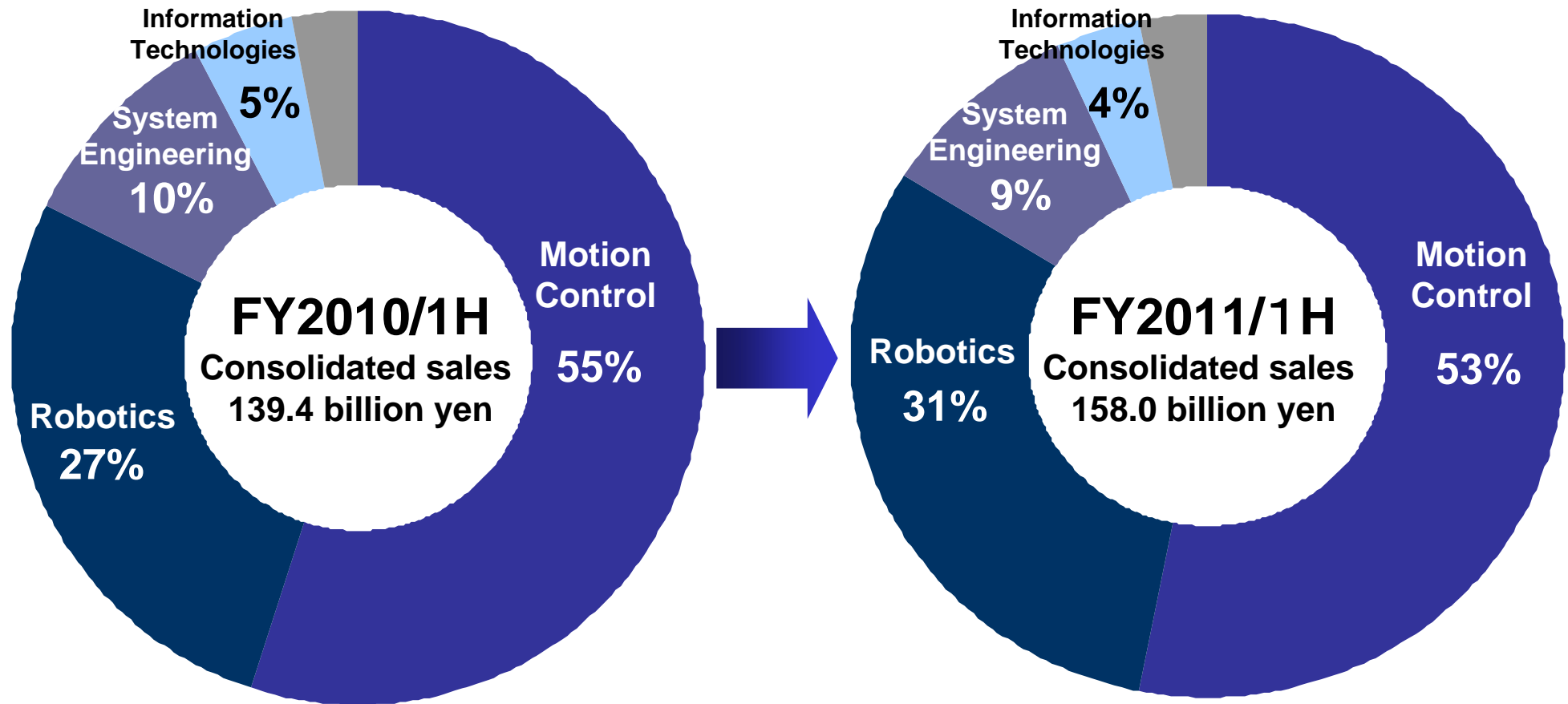


# Sales Breakdown by Business Segment

(R) Robotics significantly increased

**FY2010/1H**

**FY2011/1H**





## Sales Breakdown by Destination (FY2010/1H=>FY2011/1H)

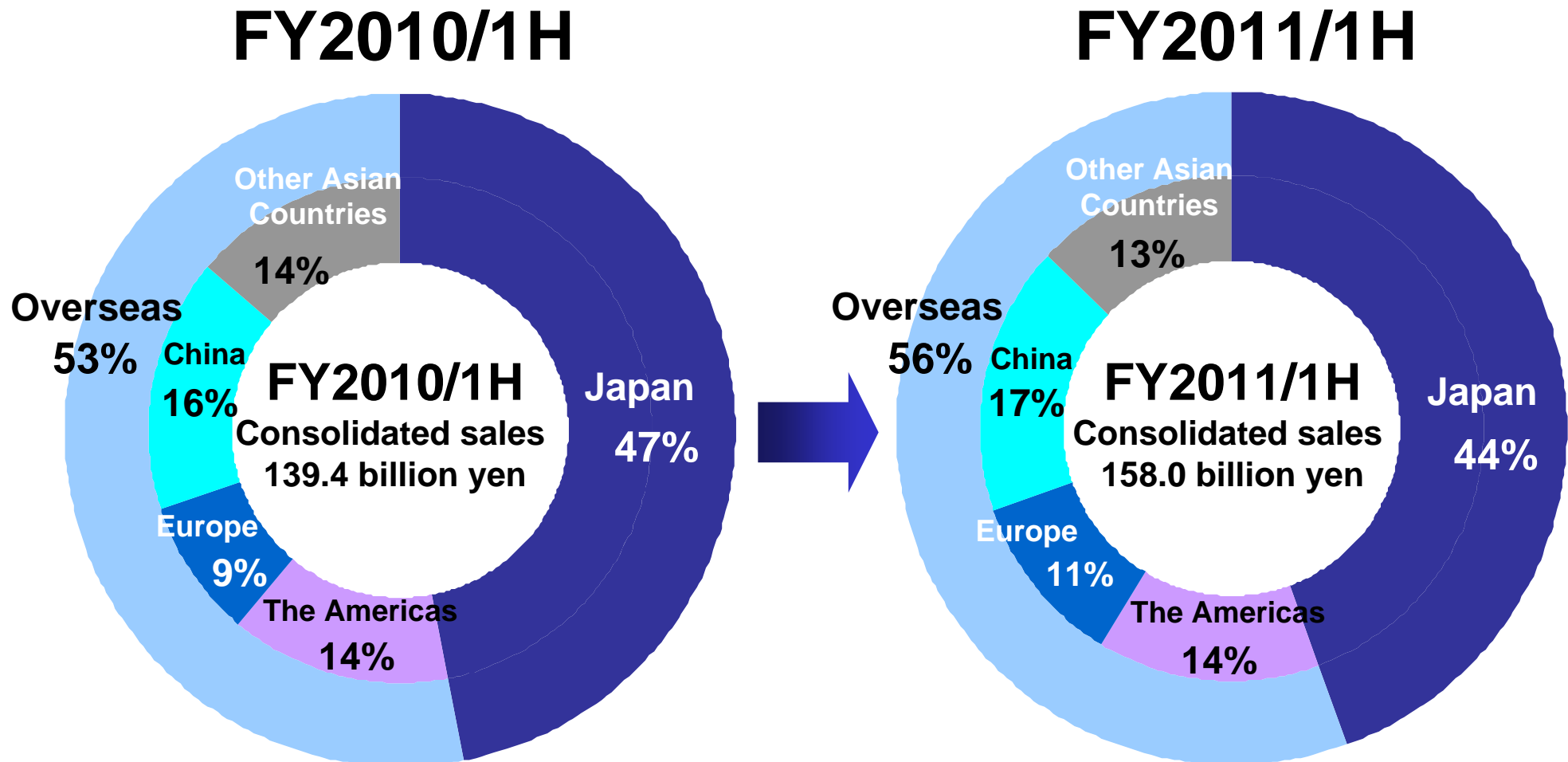
Sales expanded both in Japanese and overseas markets. Especially overseas sales increased 19% year on year.

(Unit: Billions of yen, %)

	FY2011 1H	FY2010 1H	Changes	
			Amounts	%
<b>Net Sales</b>	158.0	139.4	+18.5	+13.3%
<b>Japan</b>	70.1	65.6	+4.4	+6.8%
<b>Overseas</b>	87.8	73.7	+14.0	+19.1%
The Americas	21.9	19.2	+2.7	+14.3%
Europe	17.5	13.1	+4.4	+34.0%
China	26.8	22.2	+4.6	+21.1%
Other Asian Countries	20.7	18.8	+1.9	+10.2%

# Sales Breakdown by Destination

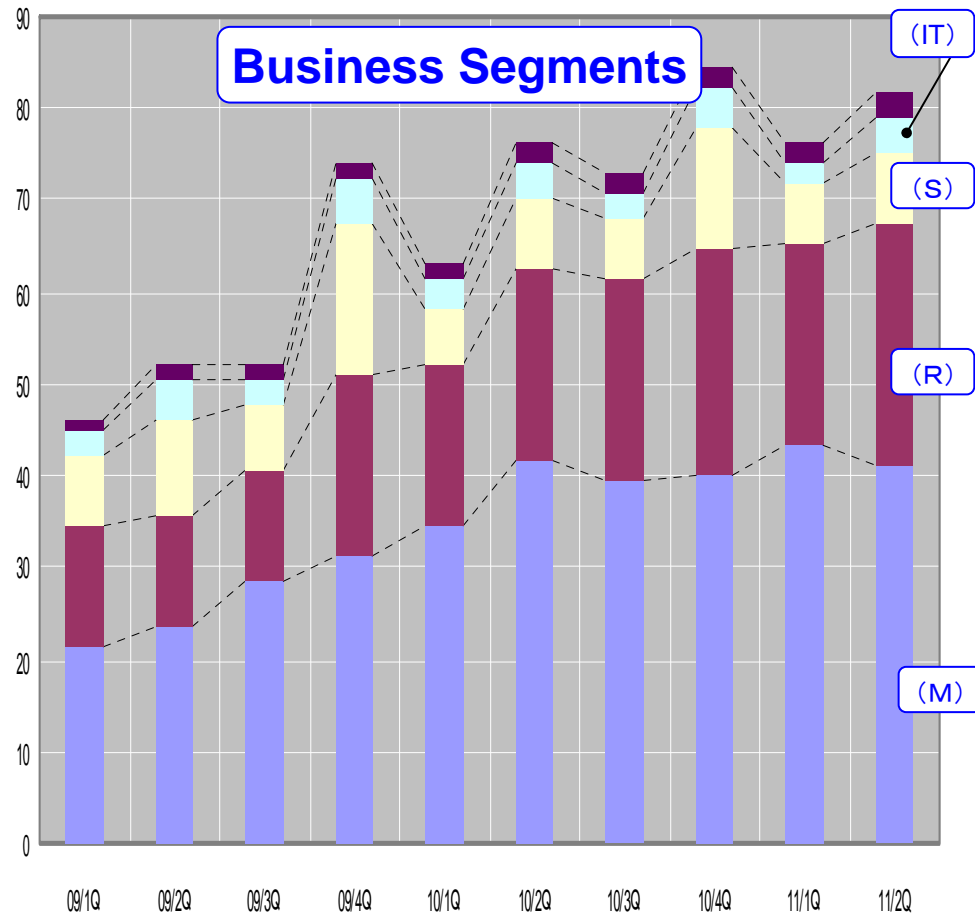
Overseas sales ratio grew to 56% due to strong growth in China, Europe and the Americas.



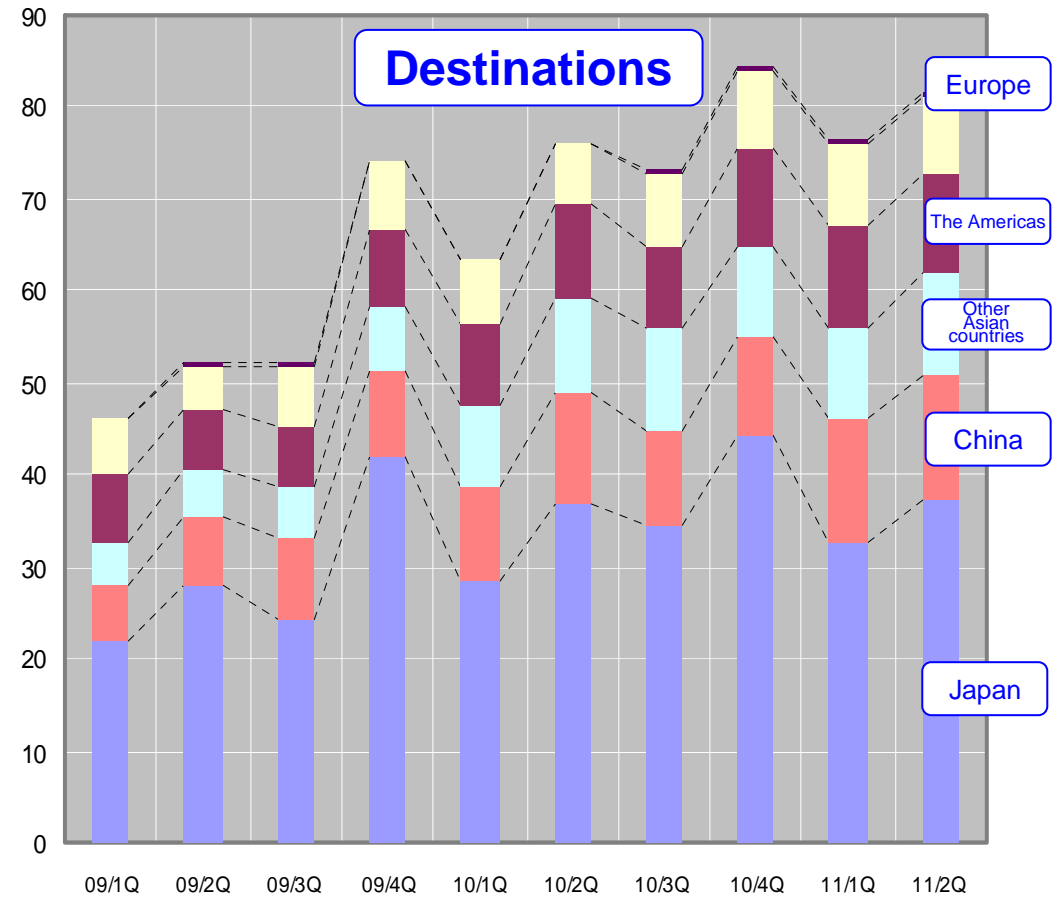
# Quarterly Sales Trends by Business Segment and Destination

## Steady recovery from FY2009/1Q

(Billions of yen)



## Steady recovery mainly in the overseas markets. Japan is also on a recovery trend.



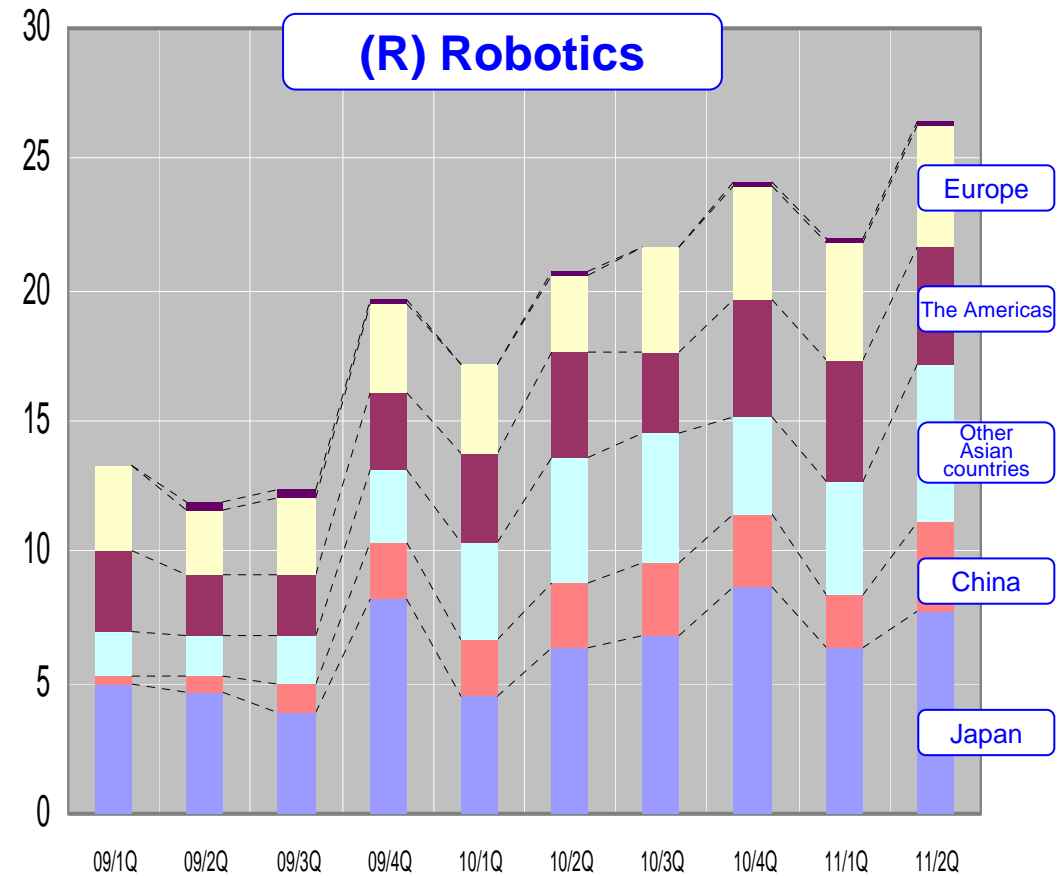
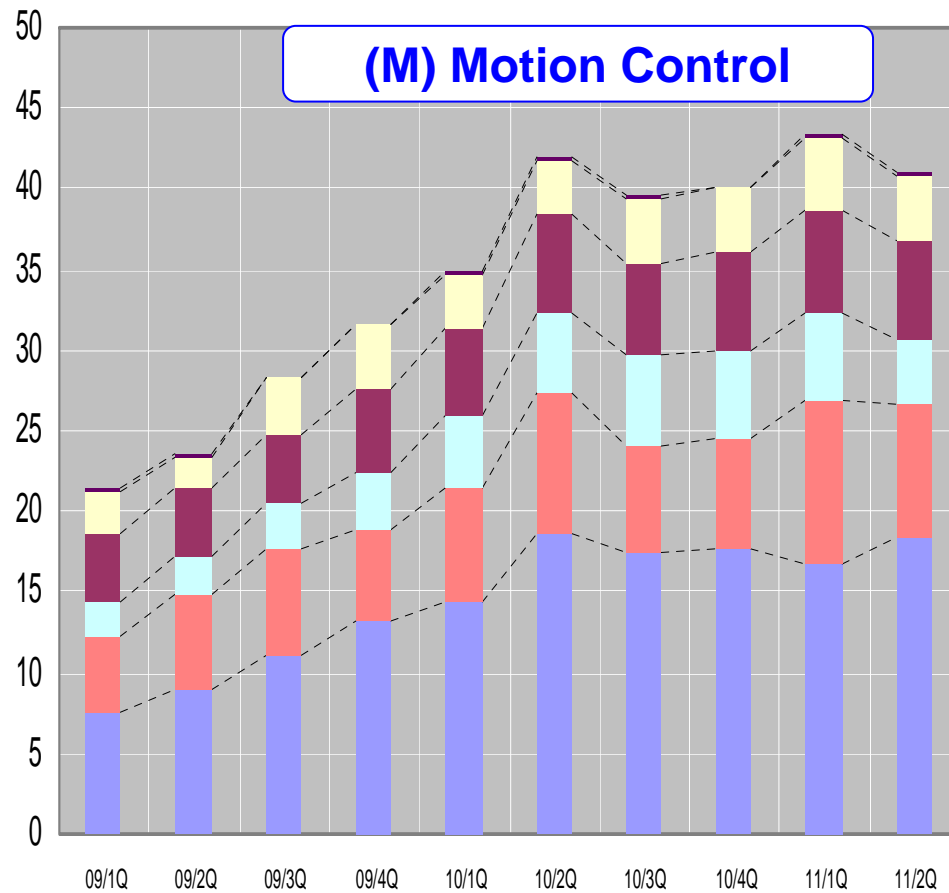
Note: (M)= Motion Control (R)= Robotics (S)= System Engineering (IT)= Information Technologies

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

## Slowdown started in FY2011/2Q

## Steady year-on-year recovery and expansion

(Billions of yen)












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

# FY2011/2H Business Environment Forecasts

## Business environment changed from FY2011/2Q. The trends in electronics-related and Chinese markets need attention.

Note: Trends from FY2011/2Q to FY2011/2H

Market environment	Semiconductor		Due to weak demand for PCs, the adjustments will continue within CY2011. The recovery is expected from the beginning of next year.
	FPD		The investment for large-sized panel in China is slowed down. On the other hand, the investment for small- and mid-sized panels used for smart-phones and tablet PCs is robust. The demand for OLED is also expanding.
	Automobile		Robust in China and S. Korea. Capital expenditures in Europe and the U.S. are on a recovery trend. The recovery in Japan is accelerated.
	Steel		The drop-off period which started in FY2010 continues. Environment-related investment is maintained.
	New energy		The demands for energy-saving and new energy are significantly expanding after the earthquake.
Regional trends	The Americas		Capital expenditure continues to recover, almost reaching record high.
	Europe		Steady recovery overall with varying degrees in different countries and industries. Need to pay attention to financial crises in Europe.
	China and other Asian countries		Economic slowdown due to austerity measures, although the strong regional demand remains. Automation and robotization will accelerate the growth.
	Japan		Favorable factors such as reconstruction needs and recovery in automotives production exist. However, uncertainty for overseas demands still remains.

# FY2011 Full-year Financial Forecasts

**Due to weakening orders from FY2011/2Q, soaring price of magnets and appreciation of the yen, FY2011 forecasts are revised down.**

	FY'11/1H	FY'11/2H Forecasts	FY'11 Forecasts	FY'11 Previous Forecasts	Changes from previous forecasts Amounts	FY'10	Changes from FY'10 Amounts %	
Net Sales	¥ 158.0 bn.	¥ 151.9 bn.	<b>¥ 310.0 bn.</b>	¥ 320.0 bn.	¥ (10.0) bn.	¥ 296.8 bn.	¥ 13.1 bn.	+4.4%
Operating Income	¥ 9.2 bn.	¥ 4.7 bn.	<b>¥ 14.0 bn.</b>	¥ 20.0 bn.	¥ (6.0) bn.	¥ 12.8 bn.	¥ 1.1 bn.	+8.7%
Ordinary Income	¥ 9.2 bn.	¥ 4.7 bn.	<b>¥ 14.0 bn.</b>	¥ 20.0 bn.	¥ (6.0) bn.	¥ 13.4 bn.	¥ 0.5 bn.	+4.2%
Net Income	¥ 6.4 bn.	¥ 2.5 bn.	<b>¥ 9.0 bn.</b>	¥ 12.0 bn.	¥ (3.0) bn.	¥ 6.5 bn.	¥ 2.4 bn.	+37.5%

Note: Previous forecasts were disclosed on July 19, 2011.

# FY2011 Full-year Financial Forecasts by Business Segment

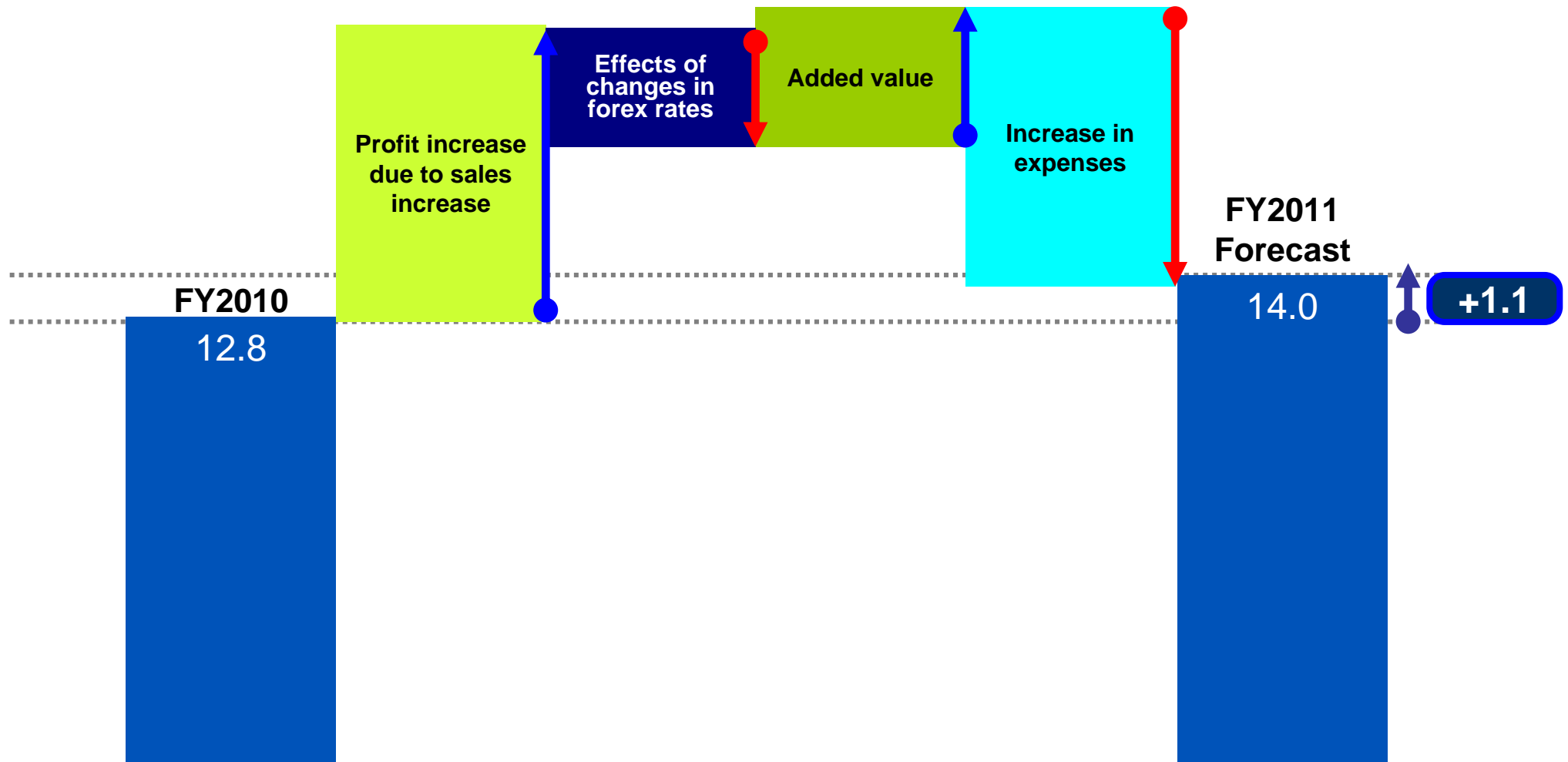
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- (M) FY2011/2H forecasts in sales and profits are expected to decrease from 1H, because of slowdown in the industries of semiconductor, FPD, chip moulder as well as Chinese markets. Soaring magnet prices and appreciation of the yen will also have negative impacts.**
- (R) Robust in automobile industry. Marketing in the non-automobile area progresses and sales for general industries expand. Sales in FPD maintain a high level, while sales in semiconductor is expected to decrease due to weak demand.**
- (S) Sales and profits are expected to increase compared with the previous forecasts due to reconstruction demand and cost reduction.**
- (IT) Although sales will decrease due to the holddown of IT-related investment, the segment aims to recover to the profitability for the first time in three years by cost reduction.**

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

# Breakdown of Changes in Operating Income (FY2010=>FY2011 Forecast)

(Unit: Billions of yen)





# Measures for FY2011/2H - 1

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Focusing investment on growing areas/markets as well as on the markets where we are aiming to expand, and improving profitability

## ◆ Secure Orders

- **Strengthen sales capability in China and other Asian countries**  
Establish a holding company in China, Strengthen and expand sales and production bases
- **Reinforce and expand business network to increase robot sales**  
Enhance sales bases in Japan, the U.S. and Europe as well as corporate structure in China and India
- **Expand sales of core and new products**

## ◆ Accelerate New Business Development

- **Expand product line-up for photovoltaic power generation and large-scale wind power generation, etc.**

## Measures for FY2011/2H - 2

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### ◆ Strengthen countermeasures against appreciation of the yen

- Accelerating local production and procurement
- Reinforcing the cost reduction measures

### ◆ Respond to soaring prices of magnets

### ◆ Streamline expenses and investments

**=> Strengthen growth and profitability by accelerating implementation of the above measures**

# (Reference) Capital Expenditure, R&D Investment, Forex Rates

## ◆ Capital expenditure (Consolidated)

(Unit: Billions of yen)

	FY2009	FY2010	FY2011 Projections
Capital expenditure	4.12	6.66	11.00
Depreciation	7.84	7.06	8.00

## ◆ R&D investment (Consolidated)

(Unit: Billions of yen)

	FY2009	FY2010	FY2011 Projections
R&D investment	8.49	9.72	11.00

## ◆ Forex rates (Non-consolidated)

	FY2009			FY2010			FY2011 Projections		
	1H	2H	Full-year	1H	2H	Full-year	1H (Results)	2H	Full-year
U.S. dollar	95.58	90.56	92.44	89.61	82.85	86.07	80.43	76.00	78.42
Euro	132.06	130.12	130.75	114.85	112.13	113.26	114.17	102.00	108.54

(Note) Average rate during the period

# (Reference) Balance Sheet Structural Trends (Consolidated)

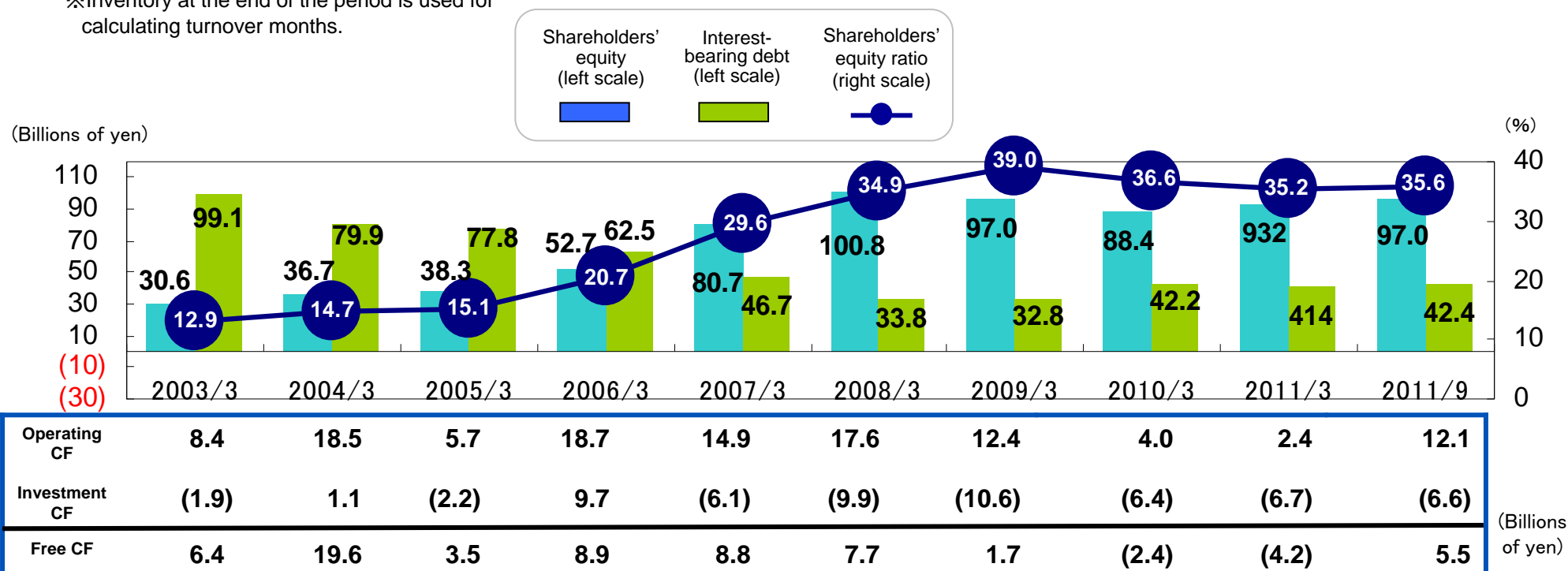
## As of March 31, 2011

- 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

## As of September 20, 2011

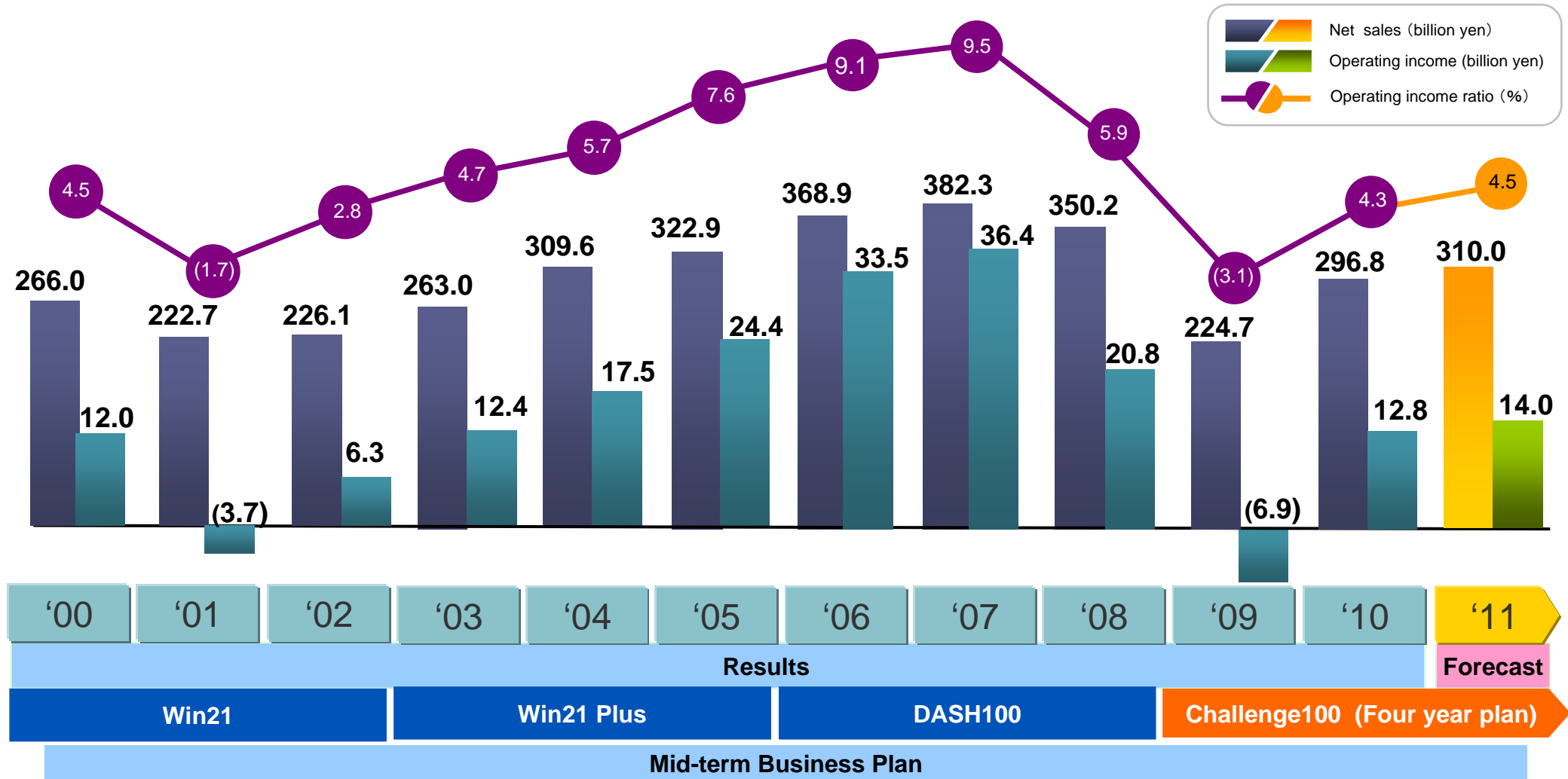
- Shareholders' equity ratio 35.6%
- Shareholders' equity 97.0 billion yen
- Interest-bearing debt 42.4 billion yen
- D/E ratio 0.44
- Inventory 67.4 billion yen
- Turnover 2.5 months

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



# (Reference) FY2000-2011 Trends in Sales/Operating Income

Despite of slowdown of economy, appreciation of the yen, and sharp increase of magnet price, sales and profits are expected to increase year on year.



# (Reference) Major Production Sites

(World's strongest network supporting global business development)



# (Reference) Recent Activities in Asia

