



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

- **FY2012 1st Quarter Financial Results Summary  
(Ended June 20, 2012)**
- **FY2012 1st Half Forecasts Summary  
(Ending September 20, 2012)**

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)

AC servo motors 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 industrial air conditioners, refrigerators, and washing machines. AC drives are also found in transport equipments such as elevators and cranes. They receive much attention as energy saving devices.

YASKAWA applies power conversion technology cultivated in the AC drive business to realize effective utilization of natural energy and to develop the motor drive system for EV.



AC servo



General purpose AC drive



Power conditioner for photovoltaic power generation



Motor drive system for EV

## Robotics (R)

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.

In recent years, YASKAWA focuses on automation in the food, chemical, and cosmetic industries utilizing robots.



High path accuracy robot for laser cutting and welding



Assembly operation by a dual-arm robot



Delta robot

## System Engineering (S)

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 or water force machinery and facilities.

Since 2010, generators and converters for large-scale wind power generation have been launched, with advanced functions and mechanism realizing high generation efficiency.



Electric instrumentation systems for water and sewerage



Continuous-casting machine



Large-scale wind power generator and converter

## Information Technologies (IT)

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

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# 1. FY2012 1st Quarter (1Q) Financial Results

## FY2012/1Q Financial Highlights

Secured a certain level of sales and profits, due to the recovery in the semiconductor and chipmounter industries and Chinese markets as well as to the steady growth in automotive industry.

However, sales and profits decreased year on year due to the changes in the business environment and influences of the earthquake.

	<u>FY2012</u> 1Q	FY2011 1Q	<u>Changes</u>	
Net Sales	<u>¥72.5 bn.</u>	¥76.4 bn.	<u>-¥3.8 bn.</u>	<u>-5.1%</u>
Operating Income	<u>¥2.1 bn.</u>	¥4.7 bn.	<u>-¥2.5 bn.</u>	<u>-53.8%</u>
Ordinary Income	<u>¥1.9 bn.</u>	¥4.7 bn.	<u>-¥2.7 bn.</u>	<u>-58.0%</u>
Net Income	<u>¥0.8 bn.</u>	¥3.7 bn.	<u>-¥2.8 bn.</u>	<u>-76.2%</u>

# FY2012/1Q Financial Results by Business Segment (1)

Robust in (R) Robotics segment, while sales and profits decreased year on year due to sluggish performance in (M) Motion Control segment.

(Unit: Billions of yen, %)

		FY2012/1Q		FY2011/1Q		Changes	
			Income Ratio		Income Ratio	Amounts	%
Net Sales		72.5		76.4		-3.8	-5.1%
(M)	Motion Control	35.2		43.2		-8.0	-18.5%
(R)	Robotics	26.9		22.0		+4.9	+22.4%
(S)	System Engineering	6.6		6.5		+0.0	+0.5%
(IT)	Information Technology	2.2		2.4		-0.1	-6.8%
Operating Income		2.1	3.0%	4.7	6.2%	-2.5	-53.8%
(M)	Motion Control	0.8	2.3%	3.9	9.1%	-3.1	-79.5%
(R)	Robotics	1.8	6.7%	1.0	4.9%	+0.7	+70.1%
(S)	System Engineering	-0.1	-1.6%	-0.1	-2.6%	+0.0	-
(IT)	Information Technology	-0.3	-16.0%	-0.2	-9.2%	-0.1	-
Ordinary Income		1.9	2.8%	4.7	6.2%	-2.7	-58.0%
Net Income		0.8	1.2%	3.7	4.9%	-2.8	-76.2%

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

## FY2012/1Q Financial Results by Business Segment (2)

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**(M): Slowdown in Chinese markets and weak demands in semiconductor, FPD, and chipmounter industries led to a year-on-year decrease in sales. In addition, appreciation of the yen and soaring price of magnets resulted in a year-on-year decrease in profits. However, orders are on a recovery trend in Chinese markets as well as in semiconductor and chipmounter industries.**

**(R): Sales and profits increased year on year, mainly due to automotive industry. Performance in overseas markets is solid especially in the automotive industry. Japanese market showed steady recovery in both automotive and other industries. However, sales in FPD industry significantly decreased year on year.**

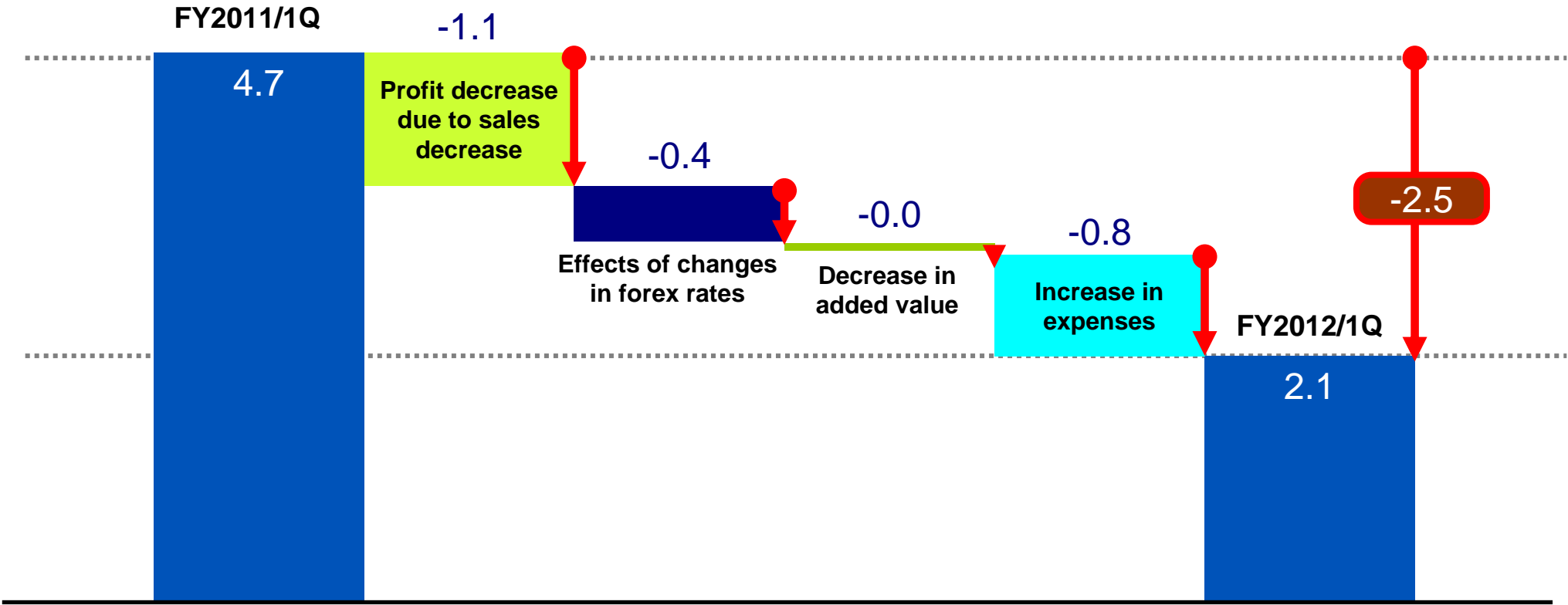
**(S): Maintained the same level of sales as FY2011. Investments in water treatment equipment sector have been sluggish especially in Western Japan. Minimized the losses by cost reductions.**

**(IT): Continued downturn in IT investments led to a year-on-year decrease in sales. Operating losses increased despite the thorough cost-reduction activities.**

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

# Breakdown of Changes in Operating Income (FY2011/1Q⇒FY2012/1Q)

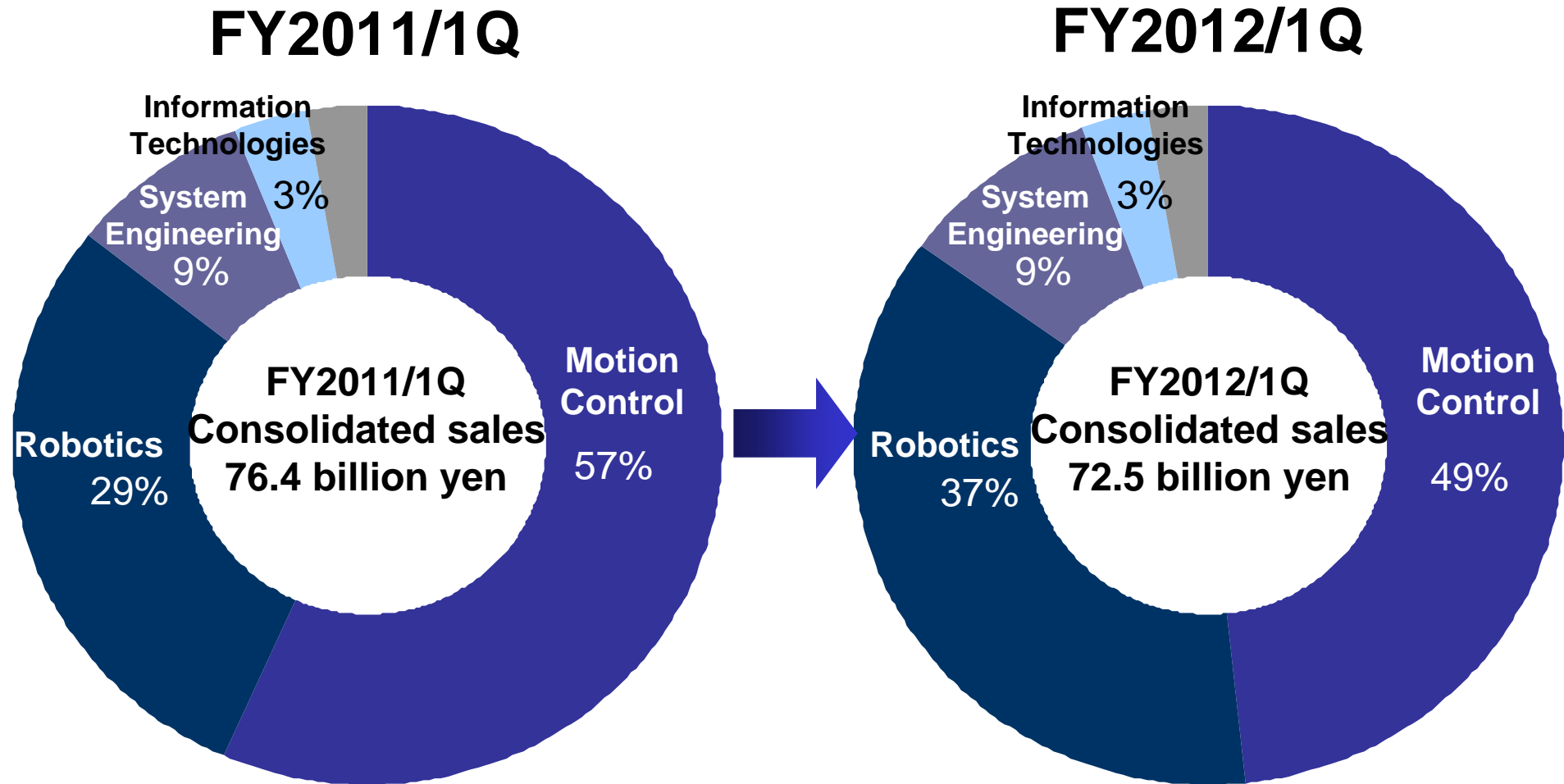
(Unit: Billions of yen)





# Sales Breakdown by Business Segment (FY2011/1Q⇒FY2012/1Q)

Growth in (R) Robotics segment significantly increased its share



## Sales Breakdown by Destination - 1 (FY2011/1Q⇒FY2012/1Q)

Sales for the Americas and China increased.  
However, sales in Japan, Europe, and other Asian countries decreased year on year

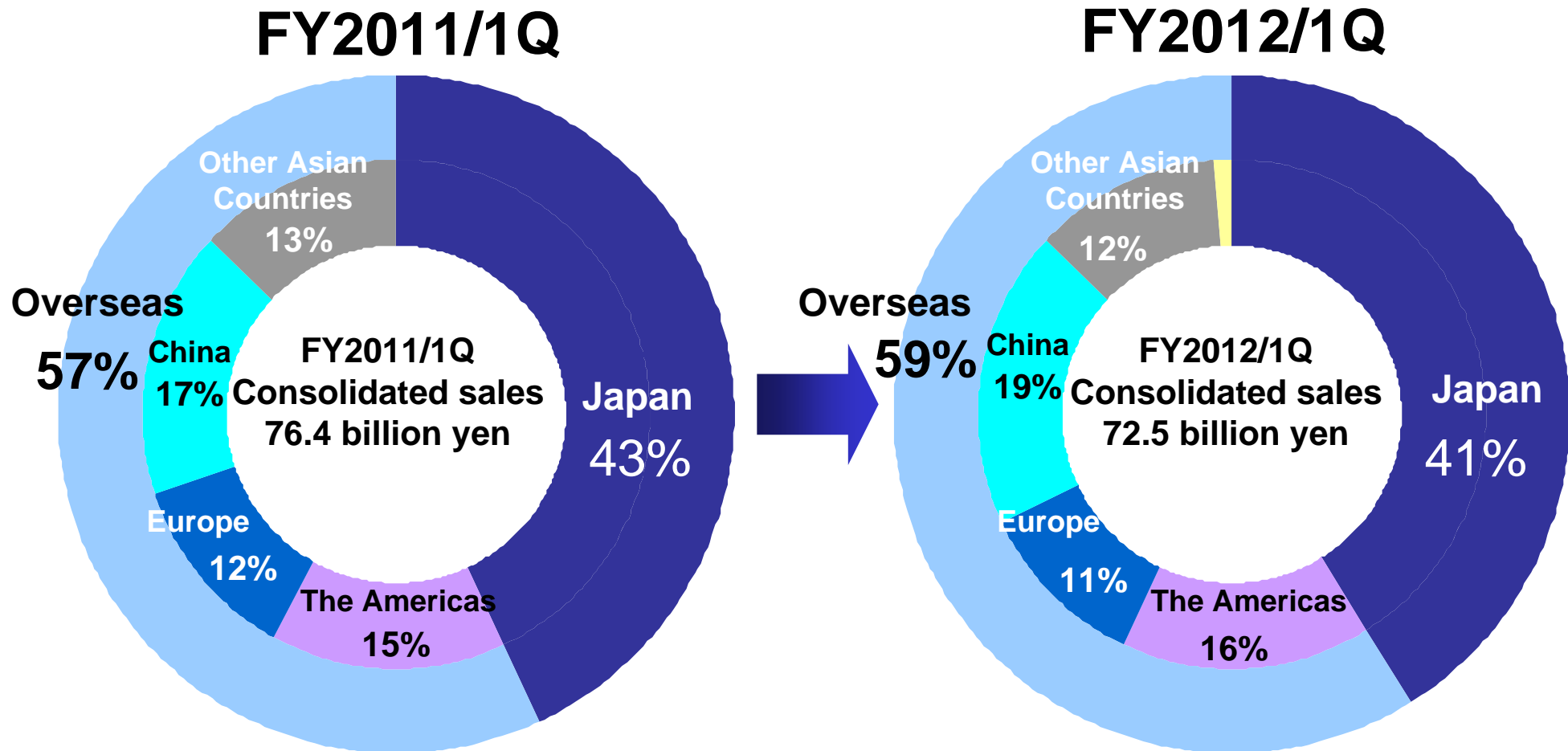
(Unit: Billions of yen, %)

	FY2012/1Q	FY2011/1Q	Changes	
			Amount	%
<b>Net Sales</b>	<b>72.5</b>	<b>76.4</b>	<b>-3.8</b>	<b>-5.1%</b>
<b>Japan</b>	<b>30.1</b>	<b>32.7</b>	<b>-2.5</b>	<b>-7.9%</b>
<b>Overseas</b>	<b>42.4</b>	<b>43.7</b>	<b>-1.2</b>	<b>-3.0%</b>
<b>The Americas</b>	<b>11.6</b>	<b>11.1</b>	<b>+0.5</b>	<b>+4.6%</b>
<b>Europe</b>	<b>7.9</b>	<b>8.9</b>	<b>-0.9</b>	<b>-11.0%</b>
<b>China</b>	<b>13.9</b>	<b>13.3</b>	<b>+0.6</b>	<b>+4.7%</b>
<b>Other Asian Countries</b>	<b>8.5</b>	<b>9.9</b>	<b>-1.3</b>	<b>-13.6%</b>

Note: The figures for "Other areas" including Australia, etc are omitted in the above table.

## Sales Breakdown by Destination -2 (FY2011/1Q⇒FY2012/1Q)

Overseas sales ratio grew to a record high of 59% and China also marked a record high of 19% due to increase in the number of consolidated subsidiaries in China



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## 2. FY2012 1st Half (1H) Forecasts

# FY2012/1H Financial Forecast Highlights

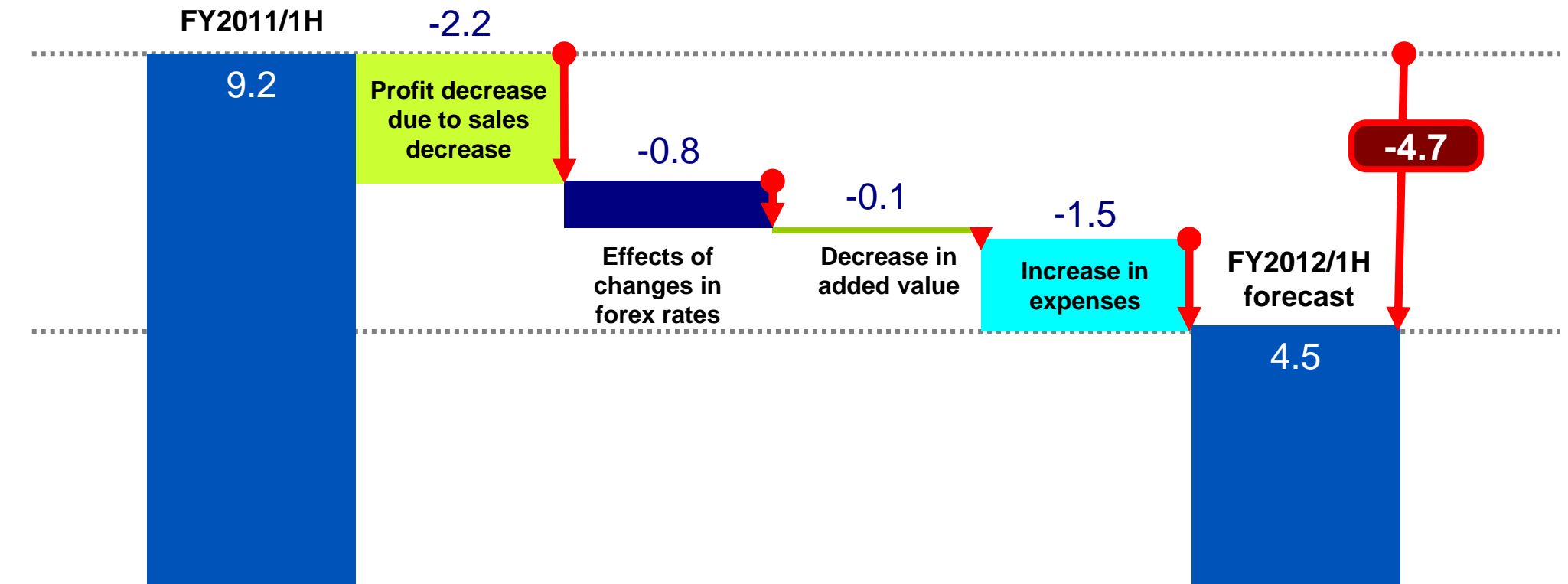
FY2012/1H forecasts are revised up with improvement in profitability and efficient management of expenses and investments as well as by securing orders by capturing the market recovery. However, the FY2012 forecasts remain unchanged.

	<u>FY2012/1H current forecasts</u>	FY2012/1H previous forecasts	Changes from previous forecasts	FY2011/1H	<u>Changes</u>	
					<u>Amounts</u>	<u>%</u>
Net Sales	<u>¥150.0 bn.</u>	¥145.0 bn.	+¥5.0 bn.	¥158.0 bn.	<u>-¥8.0 bn.</u>	<u>-5.1%</u>
Operating Income	<u>¥4.5 bn.</u>	¥3.0 bn.	+¥1.5 bn.	¥9.2 bn.	<u>-¥4.7 bn.</u>	<u>-51.4%</u>
Ordinary Income	<u>¥4.5 bn.</u>	¥3.0 bn.	+¥1.5 bn.	¥9.2 bn.	<u>-¥4.8 bn.</u>	<u>-51.6%</u>
Net Income	<u>¥2.5 bn.</u>	¥1.5 bn.	+¥1.0 bn.	¥6.4 bn.	<u>-¥3.9 bn.</u>	<u>-61.5%</u>

Note: 2012/1H previous forecasts are the figures announced on April 20, 2012

# Breakdown of Changes in Operating Income (FY2011/1H⇒FY2012/1H forecast)

(Unit: Billions of yen)



# Measures in FY2012-1

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## 1) Secure Volume

### Expand orders and sales in strong and recovering markets

- **Expand orders as the electric-related markets such as semiconductor and chipmounter industries recover**
- **Proactively develop new markets and fields**  
⇒ **Receive orders for power conditioners, electric vehicles, and robots for biomedical applications**
- **Cultivate markets mainly in the U.S., China, Japan, and other Asian countries and emerging countries**  
⇒ **Streamlining by consolidating business bases in Brazil**
- **Continuously improve and reinforce sales, manufacturing and development capabilities**

# Measures in FY2012-2

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## 2) Improve the profitability of core businesses

- Accelerate countermeasures against the strong yen  
(Expand production in China and overseas procurement)  
⇒ Shengyang second plant completed in July 2012
- Accelerate countermeasures against the soaring price of magnets  
(Increase sales prices. Development and release of products using less rare earth metals)
- Increase added value (Price increase, cost reductions, etc.)
- Review the expense structure
- Selection and concentration of resources  
(Improve efficiency of core businesses and shift resources to new businesses and areas)



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# Reference

# Capital Expenditure, R&D Investment, Forex Rates

## ◆ Capital expenditure (Consolidated)

(Unit: Billions of yen)

	FY2010	FY2011	FY2012 Plan
Capital Expenditure	6.66	9.91	13.00
Depreciation and Amortization	7.06	7.61	8.50

## ◆ R&D investment (Consolidated)

(Unit: Billions of yen)

	FY2010	FY2011	FY2012 Plan
R&D investment	9.72	10.39	11.00

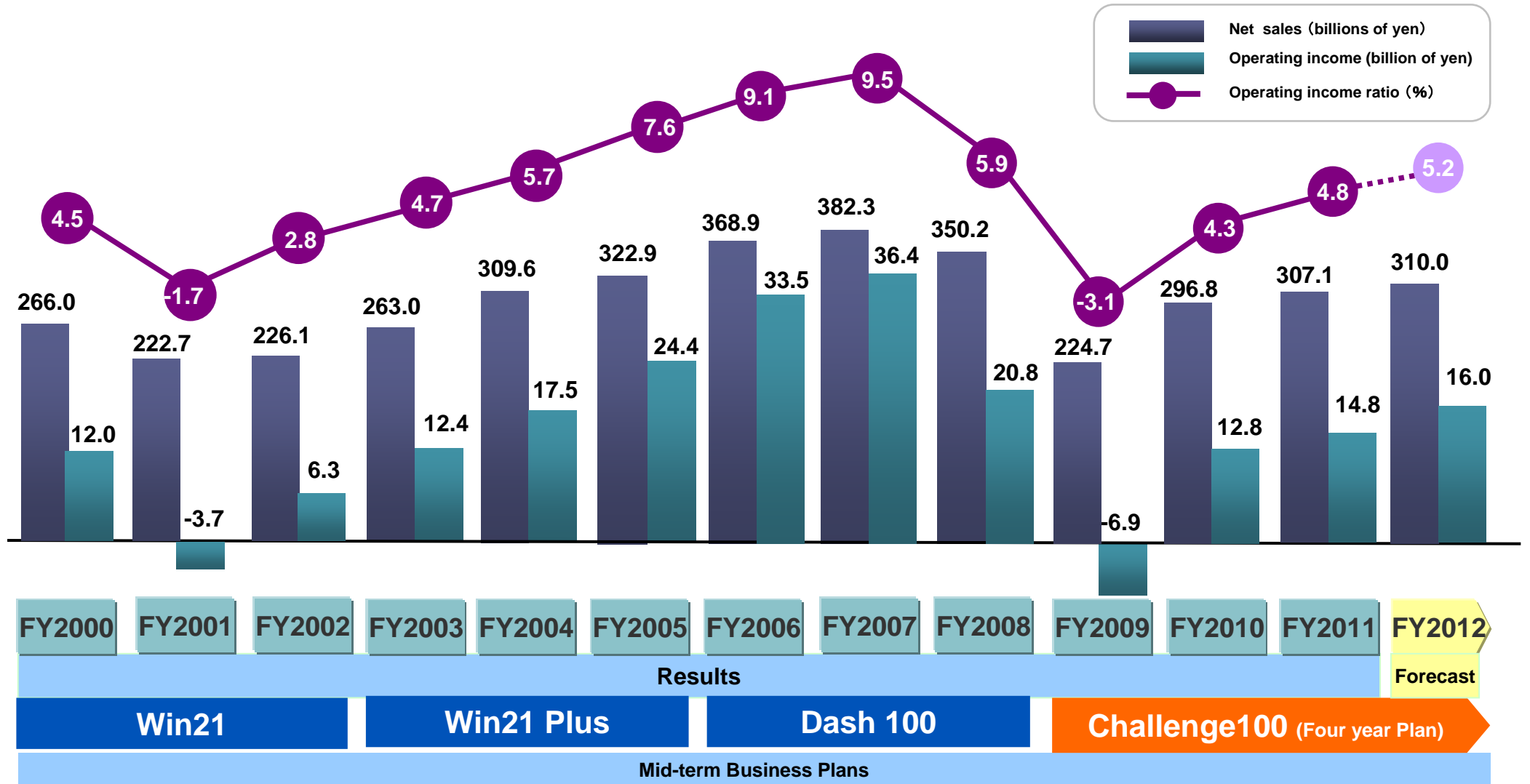
## ◆ Forex rates (Consolidated)

(Unit: Yen)

	FY2010			FY2011			FY2012 Projections		
	1H	2H	Full-year	1H	2H	Full-year	1H	2H	Full-year
U.S. dollar	89.91	83.13	86.52	80.56	77.48	79.02	80.63	80.00	80.31
Euro	116.03	111.77	113.90	115.07	103.91	109.49	103.04	100.00	101.52

(Note) Average rate during the period

# FY2000-2012 Trends in Sales/Operating Income



# Balance Sheet Structural Trends (Consolidated)

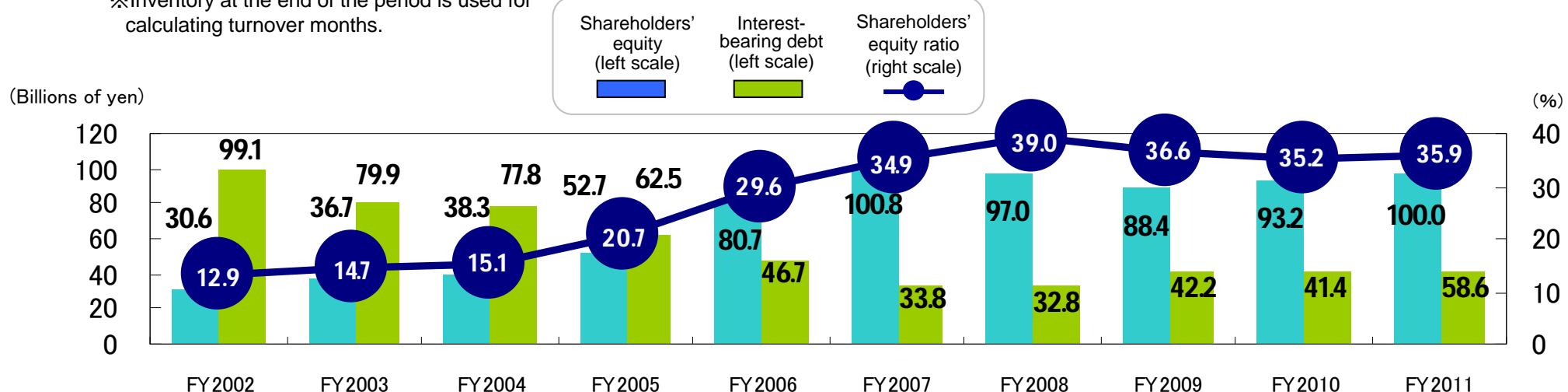
## As of March 20, 2011

- Shareholders' equity ratio 35.2%
- Shareholders' equity 93.2 billion yen
- Interest-bearing debt 41.4 billion yen
- D/E ratio 0.44  
(Net D/E ratio) 0.32
- Inventory 58.0 billion yen  
Turnover 2.3 months

## As of March 20, 2012

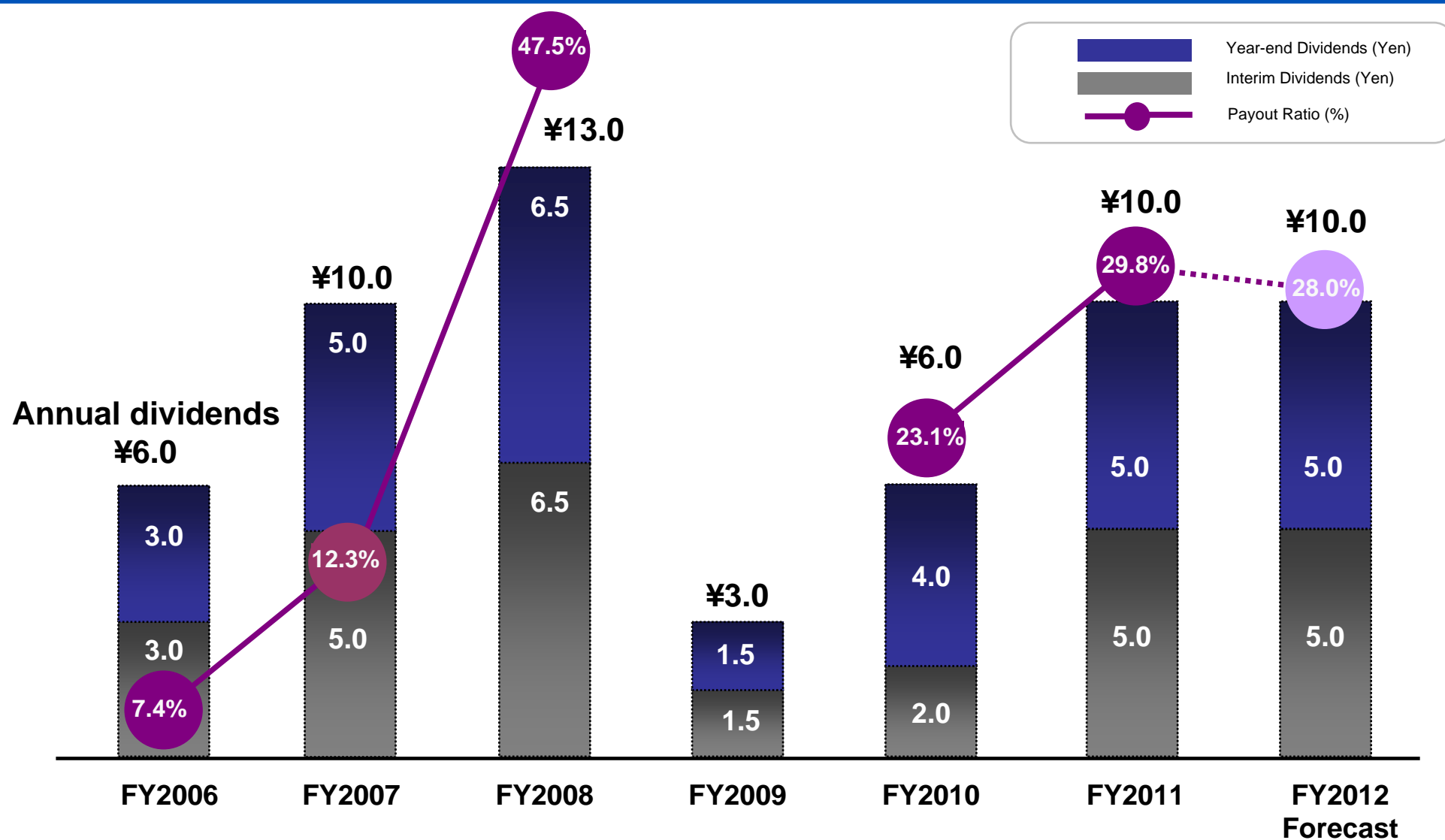
- Shareholders' equity ratio 35.9%
- Shareholders' equity 100.0 billion yen
- Interest-bearing debt 58.6 billion yen
- D/E ratio 0.59  
(Net D/E ratio) 0.39
- Inventory 63.8 billion yen  
Turnover 2.5 months

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



	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Operating CF	8.4	18.5	5.7	18.7	14.9	17.6	12.4	4.0	2.4	6.3
Investment CF	-1.9	1.1	-2.2	9.7	-6.1	-9.9	-10.6	-6.4	-6.7	-11.8
Free CF	6.4	19.6	3.5	8.9	8.8	7.7	1.7	-2.4	-4.2	-5.4

# Trends in Dividends (FY2006 to FY2012 forecast)

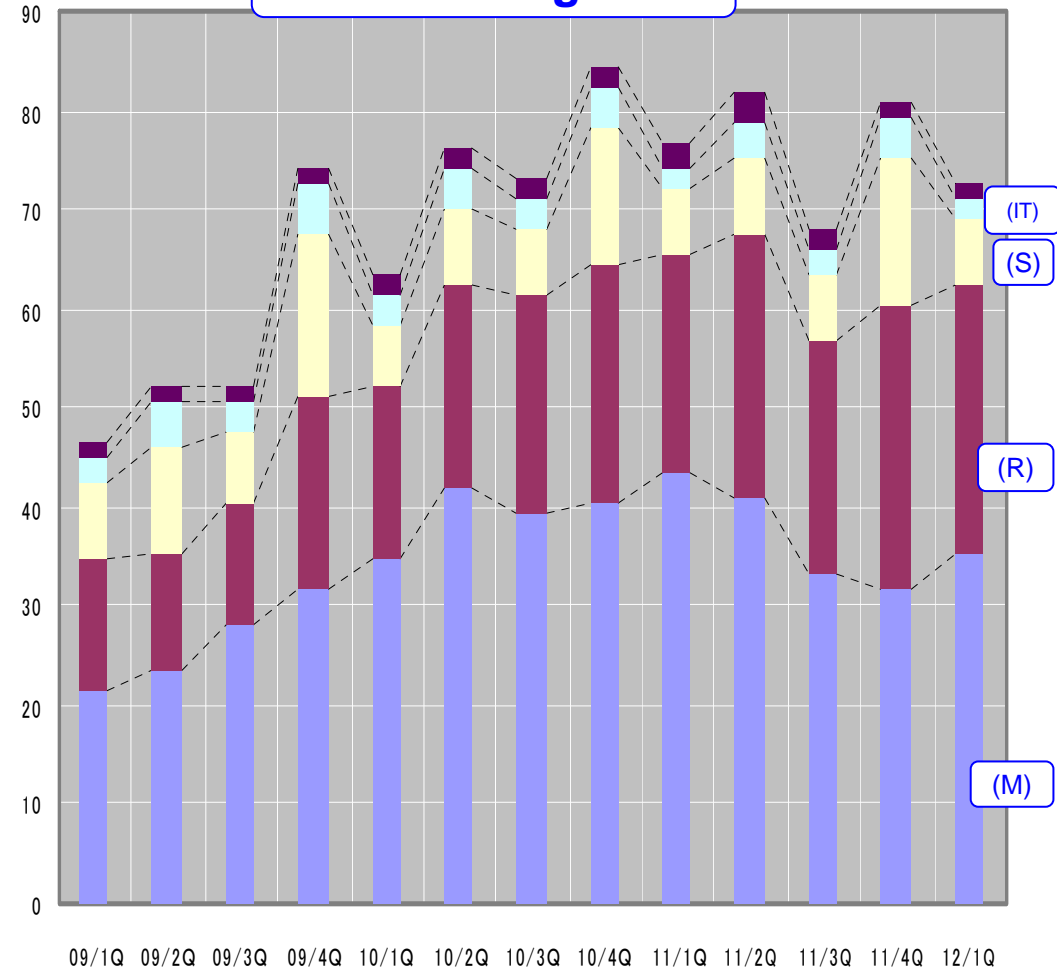


\* No payout ratio is shown for FY2009 due to the net loss in that fiscal year.

# Quarterly Sales Trends by Business Segment and Destination

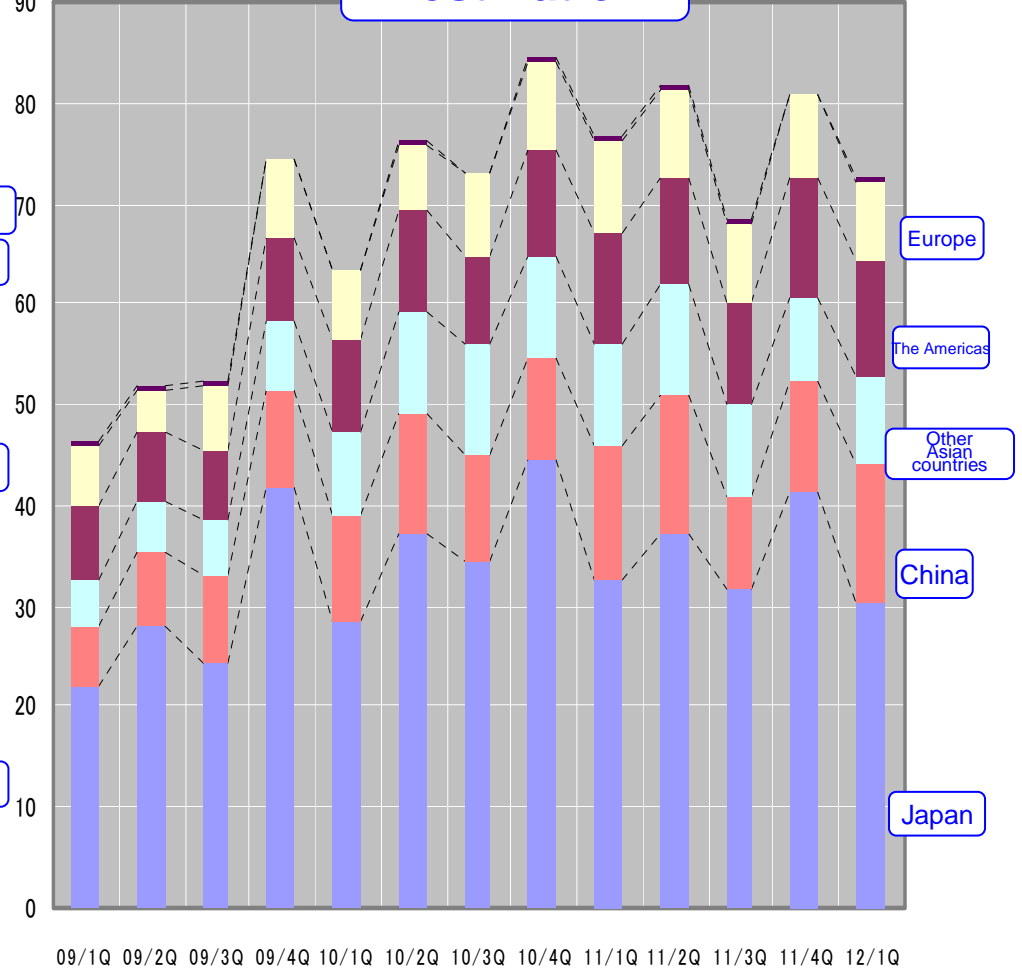
(Billions of yen)

**Business Segments**



(Billions of yen)

**Destination**

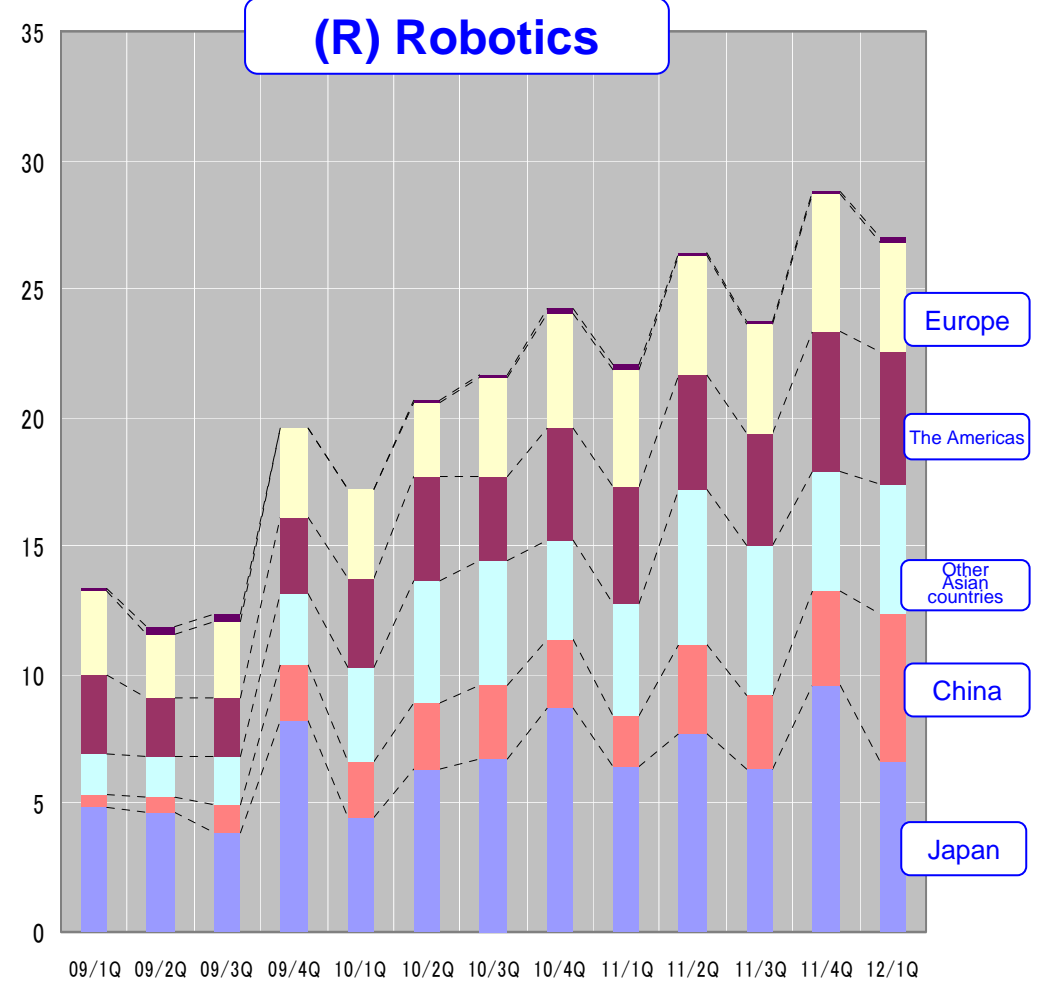
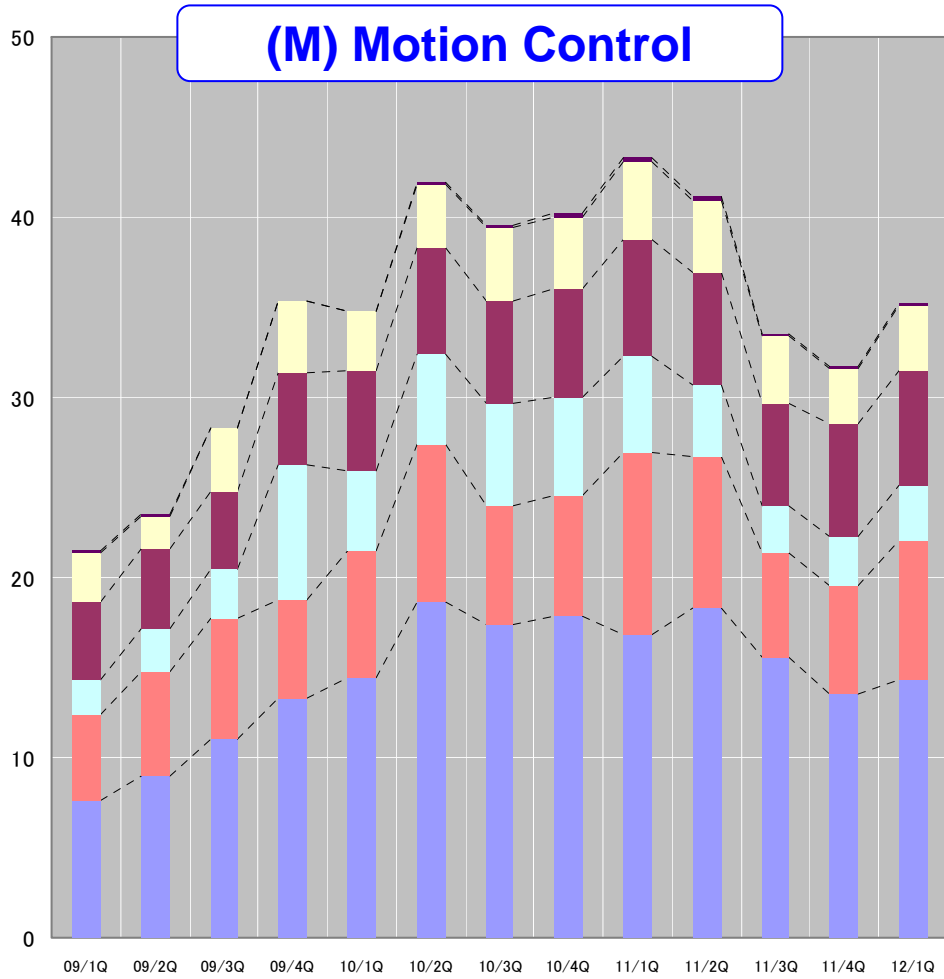


Note: (M)= Motion Control (R)= Robotics (S)= System Engineering (IT)= Information Technologies

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

(Billions of yen)

(Billions of yen)



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

# Major Production Bases

(World's strongest network supporting global business development)





# Recent Activities in Asia

