

Consolidated Results for the First Three Quarters of the Fiscal Year Ending March 20, 2014

[Japan GAAP]

January 23, 2014

Listed company name: YASKAWA Electric Corporation

<http://www.yaskawa.co.jp/en/>

Representative Director, Chairman and President: Junji Tsuda

Stock exchange listings: Tokyo (First section), Fukuoka

Stock ticker number: 6506

(Note: This document is the summarized financial statement submitted to the Tokyo Stock Exchange and Fukuoka Stock Exchange for the period stated above. Figures under ¥1 million are rounded down.)

1. Summary of Consolidated Results for the First Three Quarters of the Fiscal Year Ending March 20, 2014 (March 21, 2013 to December 20, 2013)

(1) Consolidated Statements of Income

	(Millions of yen, except ratio and per share data)			
	Nine months ended December 20, 2013	Change	Nine months ended December 20, 2012	Change
Net sales	259,597	18.5%	219,118	(3.1)%
Operating income	17,105	151.6%	6,798	(39.4)%
Ordinary income	18,460	145.9%	7,506	(34.6)%
Net income	11,261	191.5%	3,862	(44.6)%
Earnings per share (basic, Yen)	44.76	-	42.47	-
Earnings per share (diluted, Yen)	15.35	-	14.57	-

Note:

	Nine months ended December 20, 2013	Change	Nine months ended December 20, 2012	Change
Comprehensive income (Millions of yen)	20,692	358.0%	4,518	(12.2)%

(2) Consolidated Financial Position

	(Millions of yen, except ratio)	
	As of December 20, 2013	As of March 20, 2013
Total assets	327,919	302,518
Net assets	135,262	117,465
Shareholders' equity ratio (%)	39.5	37.1

Reference: Shareholders' equity

As of December 20, 2013: ¥129,430 million

As of March 20, 2013: ¥112,218 million

2. Dividends

		Year ended March 20, 2013	Year ending March 20, 2014	Year ending March 20, 2014 (forecast)
Dividends per share (Yen)	End of 1Q	-	-	-
	End of 2Q	5.00	6.00	-
	End of 3Q	-	-	-
	Year-end	5.00	-	6.00
	Annual total	10.00	-	12.00

Note: Revisions to the most recently announced dividend forecast: None

3. Projected Consolidated Results for the Fiscal Year Ending March 20, 2014

(March 21, 2013 to March 20, 2014)

(Millions of yen, except per share data)

	Year ending March 20, 2014	Change
Net sales	360,000	16.0%
Operating income	25,500	.95.1%
Ordinary income	26,000	85.0%
Net income	15,500	127.9%
Earnings per share (Yen)	61.60	-

Note: Revisions to the most recently announced sales and earnings forecast: None

Reference: These forecasts are based on average exchange rate assumptions of 1 USD = 98 JPY and 1 EUR = 130 JPY during the period from December 21, 2013 to March 20, 2014.

***Notes:**

(1) Major Change in Scope of Consolidation: None

(2) Use of accounting methods that are specific to the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatements:

(a) Changes in accounting policies accompanying revisions in accounting standards: Yes

(b) Changes other than in (a): None

(c) Changes in accounting estimates: Yes

(d) Restatements: None

(4) Number of common shares outstanding

(a) The number of shares outstanding including treasury shares:

As of December 20, 2013: 252,331,938 shares

As of March 20, 2013: 252,331,938 shares

(b) The number of treasury shares:

As of December 20, 2013: 721,524 shares

As of March 20, 2013: 703,075 shares

(c) Average during period (quarter cumulative):

Nine months ended December 20, 2013: 251,619,451 shares

Nine months ended December 20, 2012: 251,638,343 shares

***Information concerning implementation status of quarterly review procedure**

This quarterly financial report is not subject to the quarterly review procedure prescribed by the Financial Instruments and Exchange Act. The review procedure for the quarterly consolidated financial statements had not been completed when this report was released.

***About the appropriate use of business forecasts**

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons.

Supplementary materials on 3Q results will be available on our website.

4. Qualitative Information on Consolidated Business Performance

Our main markets in China including the automobile and smartphone related sectors were solid in the first three quarters. The markets in the Americas continued recovering gradually and the European markets bottomed out. Japanese markets started recovering as corporate revenues improved.

The Yaskawa Group has focused its sales promotion efforts on favorable markets outside of Japan, aided by a weaker Japanese yen.

Considering the above, the Yaskawa Group is currently implementing the following policies and measures:

- Increase bookings in favorable and growth markets.
- Develop R&D, production and sales capabilities to quickly respond to rapid changes in the business environment.
- Shift resources to new business areas in order to speed up new business development.

The business performance of each business segment for the first three quarters of fiscal 2013 is as follows.

The divisions of the reportable segments changed starting from the first quarter. The changes from the corresponding period of the previous fiscal year are calculated based on the new segment divisions.

(Millions of yen, except ratio)

Business segment	Nine months ended December 20, 2013			
	Net sales (change from the corresponding period of previous fiscal year)		Operating income (loss) (change from the corresponding period of previous fiscal year)	
Motion Control	120,626	(up by 29.6%)	12,025	(up by 10,605)
Robotics	86,547	(up by 12.0%)	6,467	(up by 1,896)
System Engineering	22,361	(down by 14.4%)	(881)	(down by 1,470)
Other	30,062	(up by 32.8%)	485	(up by 225)

Motion Control

- Strong growth in sales of AC servo motors and controllers in Japan and overseas mainly in China and the rest of Asia. The growth of production at Yaskawa Electric (Shenyang) Co., Ltd contributed to the strong performance.
- The sales of photovoltaic power conditioners increased significantly, and the business was firm also for the general-purpose AC drives.
- Both net sales and operating income have significantly increased compared to the first three quarters of FY2012 due to the above.

Robotics

- Steady growth of sales to automobile industry segment globally
- Both net sales and operating income have increased compared to the first three quarters of FY2012 due to the above.

System Engineering

- Remained stagnant due to the demand for steel plants experiencing a drop-off period.

Other

- The Group's information technology and logistics business, among others are included in this segment.

5. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of March 20, 2013	As of December 20, 2013
Assets		
Current assets		
Cash and time deposits	19,493	22,764
Trade notes and accounts receivable	99,729	91,817
Merchandise and finished goods	39,208	49,009
Goods in process	9,530	15,168
Raw materials and supplies	15,586	17,823
Other	26,261	29,980
Allowance for doubtful accounts	(1,306)	(1,251)
Total current assets	208,505	225,331
Fixed assets		
Property, plant and equipment	40,866	48,668
Intangible assets	13,607	14,195
Investments and other assets		
Other	39,911	40,027
Allowance for doubtful accounts	(372)	(284)
Total investments and other assets	39,539	39,743
Total fixed assets	94,013	102,607
Total assets	302,518	327,919
Liabilities		
Current liabilities		
Trade notes and accounts payable	58,718	64,352
Short-term bank loans	24,262	22,771
Accrued directors' bonus	47	36
Other	37,436	42,427
Total current liabilities	120,464	129,588
Long-term liabilities		
Convertible bonds	15,000	15,000
Long-term debt	14,899	13,375
Provision for employees' retirement benefits	25,741	26,321
Provision for directors' retirement benefits	227	229
Other	8,719	8,142
Total long-term liabilities	64,588	63,069
Total liabilities	185,052	192,657
Net assets		
Shareholders' equity		
Common stock	23,062	23,062
Additional paid-in capital	18,684	18,685
Retained earnings	67,599	75,728
Treasury stock	(449)	(474)
Total shareholders' equity	108,896	117,002
Accumulated other comprehensive income		
Net unrealized holding gain on securities	3,749	6,054
Deferred losses on hedges	-	(4)
Foreign currency translation adjustments	(427)	6,377
Total accumulated other comprehensive income	3,322	12,427
Minority interests	5,247	5,832
Total net assets	117,465	135,262
Total liabilities and net assets	302,518	327,919

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income (cumulative)

(Millions of yen)

	Nine Months Ended December 20, 2012	Nine Months Ended December 20, 2013
Net sales	219,118	259,597
Cost of sales	162,253	182,089
Gross profit	56,865	77,508
Selling, general and administrative expenses	50,066	60,402
Operating income	6,798	17,105
Non-operating income		
Interest income	73	95
Dividends received	317	367
Equity in earnings of associated companies	564	499
Foreign exchange gains	-	526
Subsidy income	88	494
Other	402	254
Total non-operating income	1,446	2,238
Non-operating expenses		
Interest expenses	475	526
Foreign exchange losses	130	-
Other	132	356
Total non-operating expenses	738	882
Ordinary income	7,506	18,460
Extraordinary gains		
Gain on sales of fixed assets	26	255
Gain on sales of subsidiaries and affiliates' stocks	172	-
Gain on step acquisitions	160	-
Other	69	-
Total extraordinary gains	428	255
Extraordinary losses		
Loss on sales and disposal of fixed assets	158	230
Loss on devaluation of investment securities	198	1
Impairment loss	286	374
Business structure improvement expenses	664	840
Other	19	2
Total extraordinary losses	1,328	1,449
Income before income taxes and minority interests	6,607	17,266
Provision for income taxes— current	2,777	4,478
Provision for income taxes— deferred	(322)	870
Total income taxes	2,455	5,349
Income before minority interests	4,152	11,916
Minority interests in income	289	654
Net income	3,862	11,261

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Nine Months Ended December 20, 2012	Nine Months Ended December 20, 2013
Income before minority interests	4,152	11,916
Other comprehensive income		
Net unrealized holding gain (loss) on securities	(299)	2,300
Deferred losses on hedges	(144)	(4)
Foreign currency translation adjustment	805	6,299
Share of other comprehensive income of associates accounted for using equity method	4	180
Total other comprehensive income	365	8,776
Comprehensive income	4,518	20,692
(Breakdown)		
Comprehensive income attributable to shareholders of the Company	4,162	19,828
Comprehensive income attributable to minority interests	355	864

3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine Months Ended December 20, 2012	Nine Months Ended December 20, 2013
Cash flows from operating activities		
Income before income taxes and minority interests	6,607	17,266
Depreciation and amortization	5,833	6,627
Impairment loss	286	374
Gain on step acquisitions	(160)	-
Decrease in allowance for doubtful accounts	(117)	(239)
Increase (Decrease) in provision for employees' retirement benefits	(4,438)	477
Gain (Decrease) in provision for directors' retirement benefits	(83)	2
(Gain) Loss on sales and retirement of fixed assets	132	(25)
Gain on sales of stocks of subsidiaries and affiliates	(172)	-
Loss on valuation of investment securities	198	1
Interest and dividend income	(391)	(463)
Interest expense	475	526
Decrease in trade receivables	12,844	15,353
Increase in inventories	(808)	(11,750)
Decrease in trade payables	(990)	(822)
(Decrease)Increase in accrued expenses	1,524	(106)
Other, net	2,793	(2,535)
Subtotal	23,535	24,685
Interest and dividends received	840	677
Interest paid	(475)	(526)
Income taxes paid	(2,705)	(4,735)
Net cash provided by operating activities	21,195	20,101
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(6,686)	(9,055)
Proceeds from sales of property, plant and equipment and intangible assets	30	529
Purchase of investment securities	(1,859)	(1,351)
Purchase of investments, etc. in subsidiaries resulting in change in scope of consolidation	-	(99)
Proceeds from purchase of investments, etc. in subsidiaries resulting in change in scope of consolidation	90	-
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	158	-
Other, net	(605)	(28)
Net cash used in investing activities	(8,872)	(10,005)
Cash flows from financing activities		
Increase (decrease) in short-term debt	(7,220)	(4,058)
Proceeds from long-term debt	6,015	859
Repayments of long-term debt	(2,852)	(3,388)
Dividends paid	(2,519)	(2,771)
Dividends paid to minority shareholders	(83)	(296)
Other, net	(27)	(54)
Net cash provided by (used in) financing activities	(6,688)	(9,710)
Effect of exchange rate changes on cash and cash equivalents	269	1,636
Net increase in cash and cash equivalents	5,904	2,021
Cash and cash equivalents at beginning of year	20,206	19,389
Increase due to inclusion of subsidiaries in consolidation	36	1,183
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	277	58
Cash and cash equivalents at the end of period	26,424	22,652

4) Notes Pertaining to the Presumption of a Going Concern

None

5) Notes on Significant Change in Shareholders' Equity

None

6) Segment Information

Segment information

I. The first three quarters ended December 2012 (March 21, 2012 – December 20, 2012)

Sales, income or loss for each reportable segment

Please see "2. Change in the reportable segments" in "II. The first three quarters ended December 2013 (March 21, 2013- December 20, 2013)"

II. The first three quarters ended December 2013 (March 21, 2013– December 20, 2013)

1. Sales, income or loss for each reportable segment

	(Millions of yen)						
	Motion Control	Robotics	System Engineering	Other *1	Total	Adjustment *2	Amounts in consolidated financial statements *3
Net sales							
Sales to external customers	120,626	86,547	22,361	30,062	259,597	-	259,597
Intersegment sales and transfers	9,453	292	996	14,517	25,259	(25,259)	-
Total sales	130,079	86,839	23,357	44,579	284,856	(25,259)	259,597
Segment operating income (loss)	12,025	6,467	(881)	485	18,096	(991)	17,105

(Notes)

1. IT-related business and logistics services, etc. are included in the Other segment.
2. The deduction of ¥(991) million of Adjustment in the segment operating income includes expenses in basic any reportable segments.
3. Segment operating income has been adjusted to consolidated operating income described in quarterly consolidated income.

2. Change in the reportable segments

There were previously four reportable segments of "Motion Control", "Robotics", "System Engineering", and "Information Technologies". Starting this first quarter, development, production, sales and after-sales services of the IT-related products and IT software, which were included in the "Information Technologies", are included in the "Other" segment. Because of this change, there are three reportable segments of "Motion Control", "Robotics", and "System Engineering", and at the same time, partial change has been applied to the managerial segmentation. Sales, income or loss for each reportable segment of the first three quarters of the previous fiscal year reflecting this change are as follows.

The first three quarters ended 2012 (March 21, 2012 – December 20, 2012)

Sales, income or loss for each reportable segment

	(Millions of yen)						
	Motion Control	Robotics	System Engineering	Other *1	Total	Adjustment *2	Amounts in consolidated financial statements *3
Net sales							
Sales to external customers	93,081	77,271	26,136	22,629	219,118	-	219,118
Intersegment sales and transfers	8,702	195	438	13,386	22,722	(22,722)	-
Total sales	101,783	77,467	26,574	36,015	241,841	(22,722)	219,118
Segment operating income (loss)	1,419	4,570	588	259	6,838	(39)	6,798

(Notes)

1. IT-related business and logistics services, etc. are included in the Other segment.
2. The deduction of ¥(39) million of Adjustment in the segment operating income includes eliminations of inter-segment transactions and other items.
3. Segment operating income has been adjusted to consolidated operating income described in quarterly consolidated statements of income.

(Reference Information)

Overseas Sales

	Nine months ended December 20, 2012				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	36,729	21,963	60,377	2,148	121,218
Consolidated sales	-	-	-	-	219,118
Percentage of overseas sales in consolidated sales	17%	10%	27%	1%	55%

(Notes)

1. Geographical areas are divided into categories based on their geographical proximity.

2. The regions that belong to each area are as follows.

(1) The Americas – U.S.A., etc

(2) Europe – Germany, Sweden, The United Kingdom, etc

(3) Asia – The People's Republic of China, Singapore, Republic of Korea, etc

(4) Other – South Africa, Australia, etc

	Nine months ended December 20, 2013				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	42,831	31,335	80,200	2,818	157,185
Consolidated sales	-	-	-	-	259,597
Percentage of overseas sales in consolidated sales	17%	12%	31%	1%	61%

(Notes)

1. Geographical areas are divided into categories based on their geographical proximity.

2. The regions that belong to each area are as follows.

(1) The Americas – U.S.A., etc

(2) Europe – Germany, Sweden, The United Kingdom, etc

(3) Asia – The People's Republic of China, Singapore, Republic of Korea, etc

(4) Other – South Africa, Australia, etc

7) Subsequent Events

None