



YASKAWA Electric Corporation

(TSE 6506)

Koji Toshima, President

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Business Summary

System Engineering: (S)

FY2005 Sales: 41.9 billion yen

Core products
 electrical instrumentation
 for service water supply
 plants and sewage
 treatment facility systems,
 electrical systems for steel
 plants, etc.

Major subsidiaries
 YASKAWA Motor Corp.

Information Technologies: (IT)

FY2005 Sales: 24.7 billion yen

Two subsidiaries on the Tokyo Stock Exchange 2nd Section
Core products in subsidiaries
 Y-E Data, Inc.:
 laser marking devices,
 computer peripherals, etc.

YASKAWA Information Systems Co., Ltd.:
 information management software
 and services,

Other

Motion Control: (M)

FY2005 Sales: 133.9 billion yen

Core products
 AC servomotors,
 controllers, general
 purpose inverters, etc.

Major subsidiaries
 YASKAWA Electric Engineering Corp.
 YASKAWA Controls Co., Ltd.
 YASKAWA Electric America, Inc. (U.S.)
 YASKAWA Electric Europe GmbH (Germany)
 YASKAWA Electric (Shanghai) Co., Ltd (China)

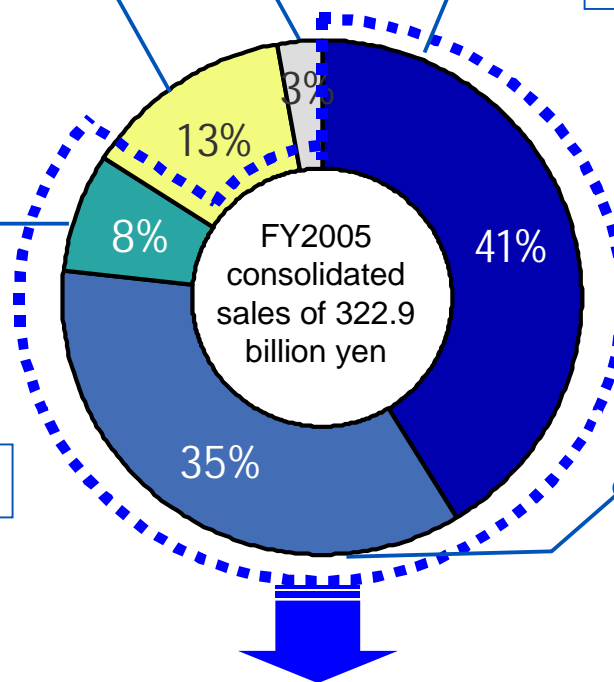


Robotics Automation*: (R)

FY2005 Sales: 113.4 billion yen

Core products
 (INR) arc and spot welding,
 painting and handling robots,
 LCD glass sheet transfer
 robots
 (SER) semiconductor wafer
 transfer robots, etc.

Major subsidiaries
 Motoman, Inc. (U.S.)
 Motoman Robotics Europe AB (Sweden)
 Motoman Robotec GmbH (Germany)
 Synetics Solutions, Inc. (U.S.) *2



Focus on the mechatronics
 businesses, which are the core
 businesses of YASKAWA
 (84% of sales)

Note: "mechatronics businesses" refers to the
 segments of Motion Control, Robotics Automation,
 and Information Technologies

* The name of the segment has changed to "Robotics" in FY2006

FY2005 Financial Highlights

1. Record highs achieved for 2 consecutive FYs

Sales: ¥322.9 billion, Operating income: ¥24.4 billion, Ordinary income: ¥24.3 billion
These all set record highs. Net income (¥10.1 billion) was also a record high.

2. (M) Added-value increased. 10% profitability soon to be achieved.

Sales: ¥133.9 billion, up by 8.9% (¥11.0 billion) from previous FY
Operating income: ¥12.3 billion, up by 34.6% (¥3.2 billion) from previous FY
Operating income ratio: 7.4% in FY 2004 → 9.2% in FY 2005

3. (R) Improved profitability through business expansion in automobile-related and overseas markets, and strengthened productivity

Sales: ¥113.4 billion, up by 7.9% (¥8.3 billion) from previous FY
Operating income: ¥9.8 billion, up by 35.3% (¥2.6 billion) from previous FY
Operating income ratio: 6.9% in FY 2004 → 8.7% in FY 2005

4. (S) Turned profitable in non-consolidated base through structural reforms

Consolidated results with operating loss of ¥0.2 billion remained to be a challenge

5. Overseas sales ratio rose to 47% while global sales increased in each region.

Sales outside Japan: ¥151.3 billion, up by 16.2% (¥21.1 billion) from previous FY
Ratio of sales outside Japan: 42% in FY 2004 → 47% in FY 2005

Consolidated Results by Business Segment

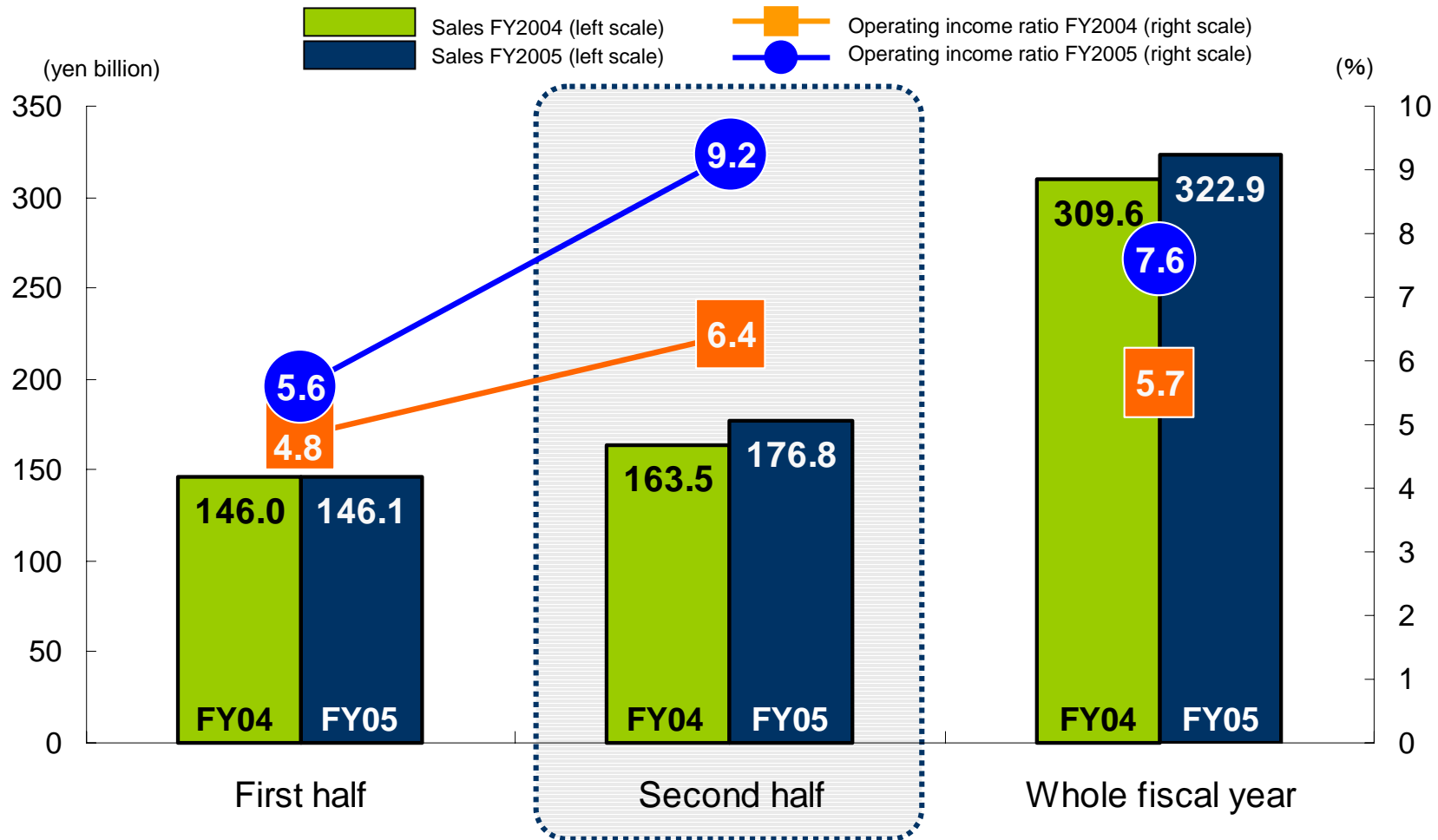
(M) (R): Both sales and profit improved, setting record highs.
(S): Structural reform led to operating loss improving greatly although sales decreased.

(yen billion)

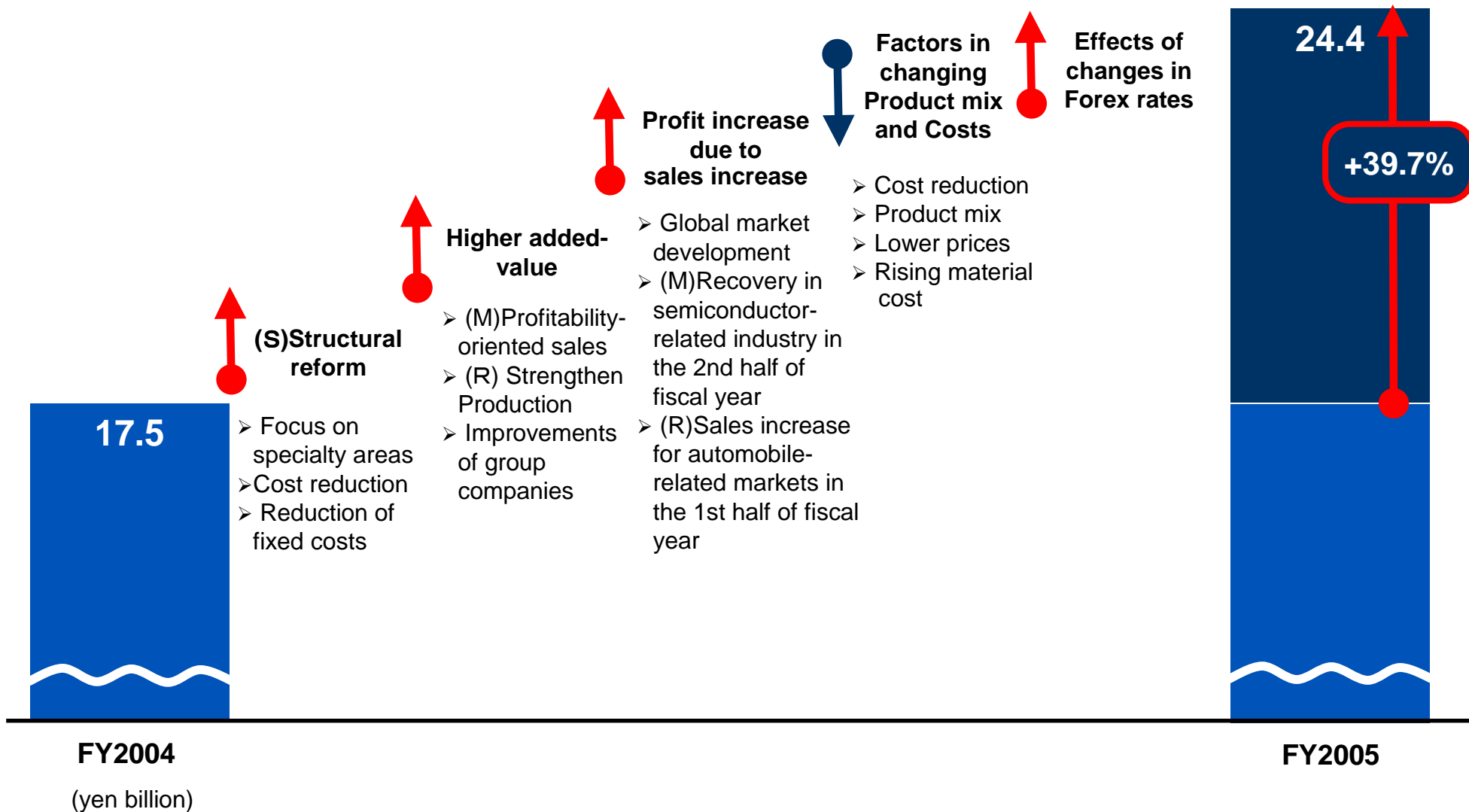
	FY 2005		FY 2004		Change	Change (%)
		income ratio		income ratio		
Sales	322.9		309.6		+13.3	+4.3%
(M)	133.9		122.9		+11.0	+8.9%
(R)	113.4		105.1		+8.3	+7.9%
(S)	41.9		44.9		(3.0)	(6.7%)
(IT)	24.7		25.4		(0.6)	(2.5%)
Operating income	24.4	7.6%	17.5	5.7%	+7.0	+39.7%
(M)	12.2	9.2%	9.1	7.4%	+3.2	+34.6%
(R)	9.8	8.7%	7.2	6.9%	+2.6	+35.3%
(S)	(0.2)	(0.6%)	(2.0)	(4.7%)	+1.8	n.m.
(IT)	1.0	4.2%	1.5	5.9%	(0.5)	(30.5%)
Ordinary income	24.3	7.5%	17.4	5.6%	+6.9	+39.7%
Net income	10.1	3.1%	1.8	0.6%	+8.3	+444.6%

Consolidated Sales and Operating Income

Operating margin in the second half of FY2005 rose to 9.2% while we aimed for higher profitability

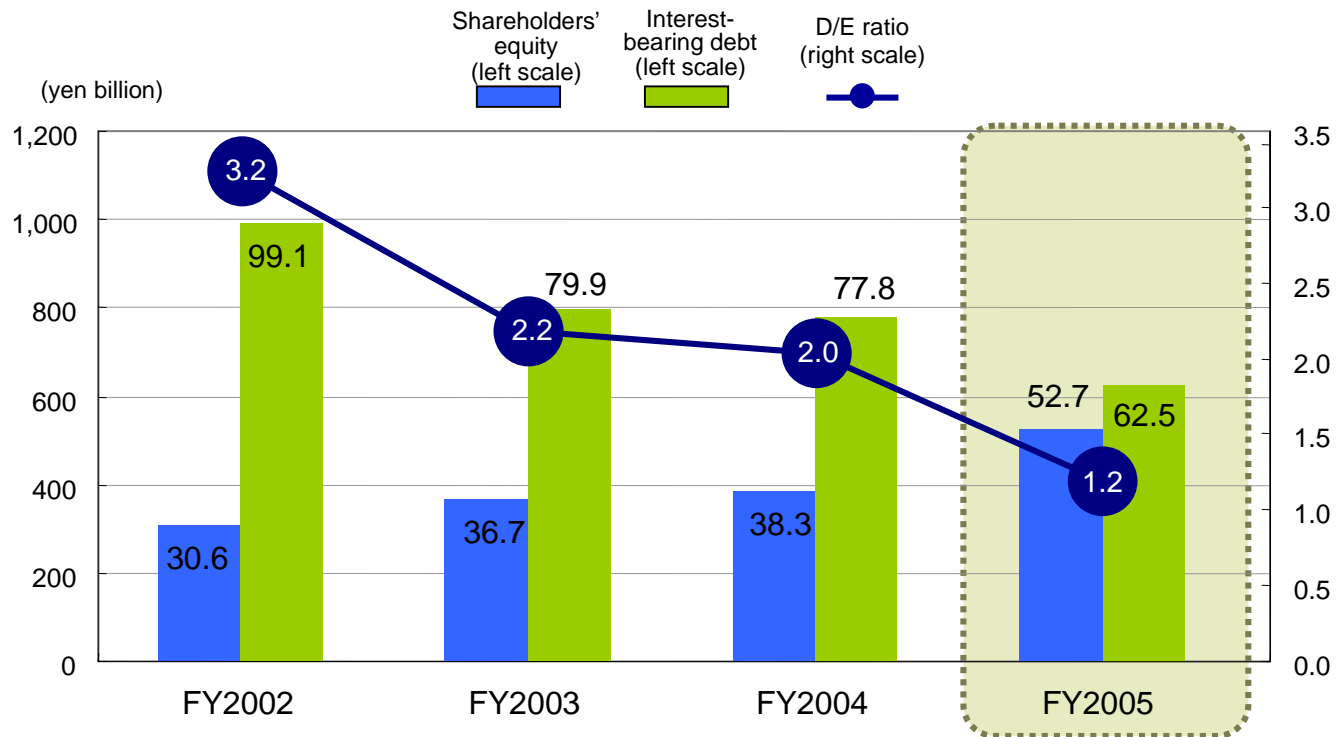


Breakdown of Changes in Operating income



Balance Sheet Structural Reform (Consolidated)

FY2004		FY2005	
➤ D/E ratio	2.0	➤ D/E ratio	1.2
➤ Interest-bearing debt	¥77.8 billion	➤ Interest-bearing debt	¥62.5 billion
➤ Shareholders' equity	¥38.4 billion	➤ Shareholders' equity	¥52.7 billion
➤ Inventory (Turnover)	¥52.6 billion (2.0 months)	➤ Inventory (Turnover)	¥58.1 billion (2.2 months)



FY2006 Financial Forecast : Main Points

1. Maximize growth opportunity and break the records for the third consecutive time

Sales	¥340.0 billion (up by 5.3%)
Operating income	¥27.5 billion (up by 12.3%)
Ordinary income	¥27.5 billion (up by 13.0%)
Net income	¥12.0 billion* (up by 18.1%) * if realized, it sets a record high for two consecutive years

2. (M) Aim for sales expansion while continuing to improve profit structure

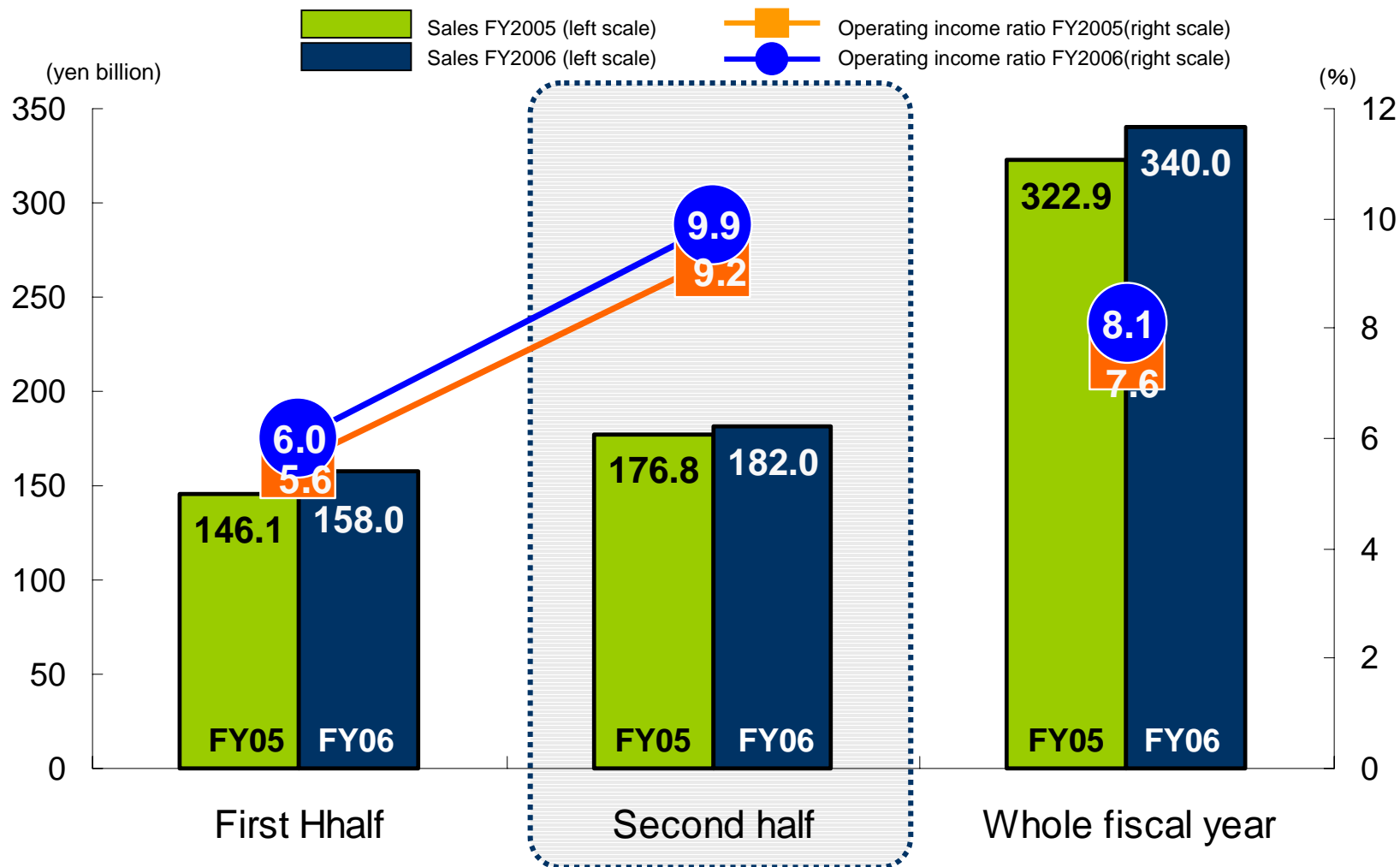
3. (R) Continue to expand business by making sure to take advantage of recoveries in automobile- and LCD- related markets.

4. (S) Finalize structural reform that enables 5% profitability

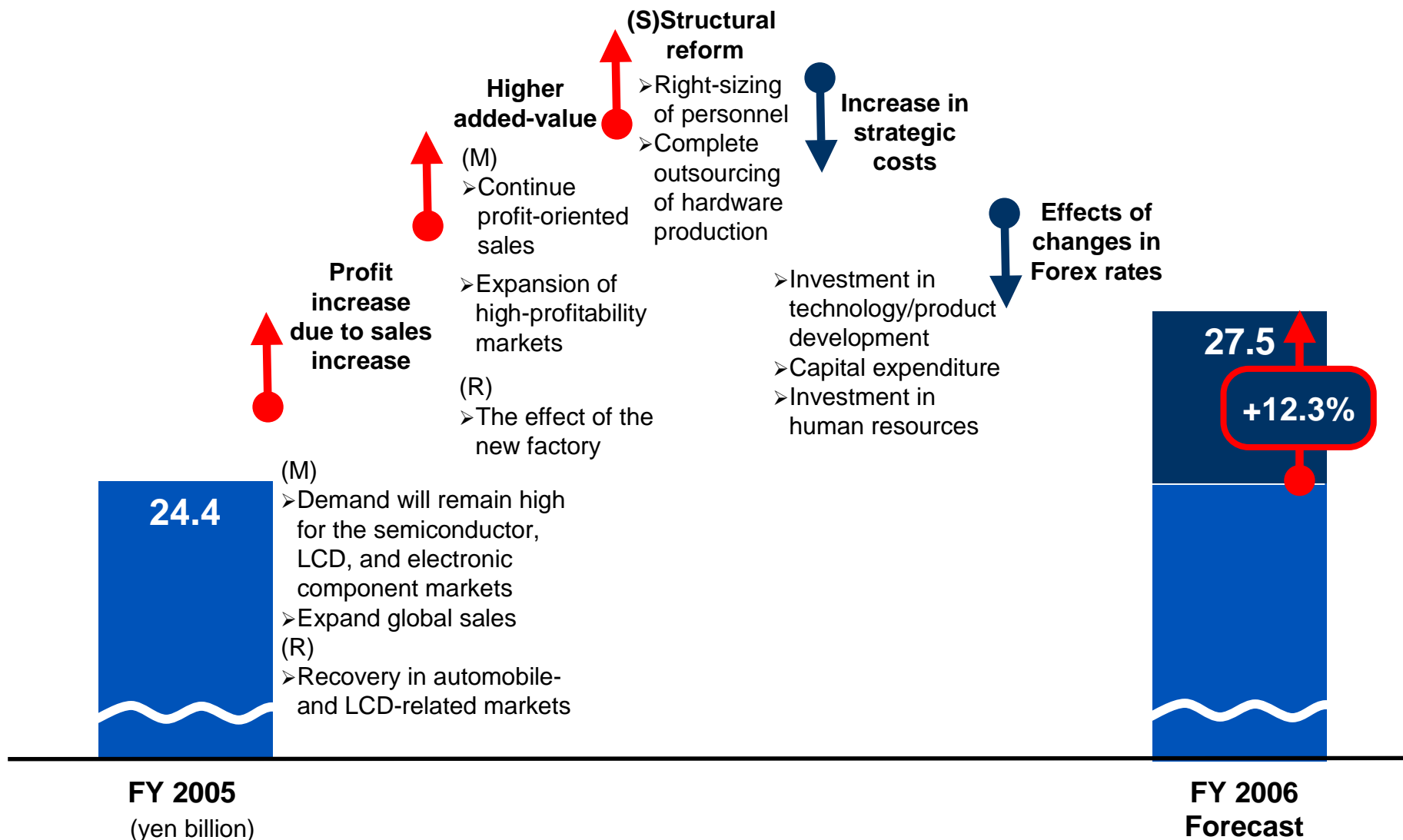
5. Introduce midterm dividends: expect to pay ¥3 (midterm) + ¥3 (end of year)

FY2006 Consolidated Financial Forecast

Operating income ratio is expected to improve up to 9.9% in the second half of FY2006.



Breakdown of Changes in Operating income



Risk Factors

① Change in exchange rates

Our effort to expand global businesses has led to sales outside Japan reaching 47% of total sales in FY2005. We expect that the number may continue to rise. Therefore, there is a possibility that changes in exchange rates may affect our business results negatively.

(Reference)

Actual exchange rates of FY2005 \$1=¥112.9 €1=¥137.6

Estimated exchange rates of FY2006 \$1=¥110.0 €1=¥135.0

② Price hike for raw materials and parts

We try our best to control the price within the scope of our expectation, however there remains strong pressure for price increase. This may affect our profit in a negative way.

③ Slowdown of global market

There is a possibility that we are negatively affected by global economic slowdown triggered by soaring crude oil prices, etc. which may lead to decline in exports and/or global sales.

Note

Disclaimer:

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.