

Consolidated Results for the First Three Quarters of the Fiscal Year Ending March 20, 2015

[Japan GAAP]

January 22, 2015

Listed company name: YASKAWA Electric Corporation

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

Representative: Junji Tsuda, Representative Director, Chairman of the Board, President

Stock exchange listings: Tokyo (First section), Fukuoka

Stock ticker number: 6506

(Note: This document is a summarized translation of the 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, 2015 (March 21, 2014 to December 20, 2014)

(1) Consolidated Statements of Income

(Millions of yen, except ratio and per share data)

	Nine months ended December 20, 2014	Change	Nine months ended December 20, 2013	Change
Net sales	287,442	10.7%	259,597	18.5%
Operating income	22,054	28.9%	17,105	151.6%
Ordinary income	23,821	29.0%	18,460	145.9%
Net income	17,906	59.0%	11,261	191.5%
Earnings per share (basic, Yen)	71.17	-	44.76	-
Earnings per share (diluted, Yen)	67.53	-	42.47	-

Note:	Nine months ended December 20, 2014	Change	Nine months ended December 20, 2013	Change
Comprehensive income (Millions of yen)	31,235	50.9%	20,692	358.0%

(2) Consolidated Financial Position

(Millions of yen, except ratio)

	As of December 20, 2014	As of March 20, 2014
Total assets	384,514	340,506
Net assets	166,364	139,870
Shareholders' equity ratio (%)	42.1	39.4

Reference: Shareholders' equity

As of December 20, 2014: ¥161,837 million

As of March 20, 2014: ¥134,076 million

2. Dividends

	Year ended March 20, 2014	Year ending March 20, 2015	Year ending March 20, 2015 (forecast)
Dividends per share (Yen)			
End of 1Q	-	-	-
End of 2Q	6.00	8.00	-
End of 3Q	-	-	-
Year-end	6.00	-	12.00
Annual total	12.00	-	20.00

Note: Revisions to the most recently announced dividend forecast: Yes

Breakdown of the forecasted year-end dividend for the year ending March 20, 2015:

Ordinary dividend of 10 yen and commemorative dividend for the Company's centenary of 2 yen

3. Projected Consolidated Results for the Fiscal Year Ending March 20, 2015 (from March 21, 2014 to March 20, 2015)

(Millions of yen, except per share data)

	Year ending March 20, 2015	Change
Net sales	400,000	10.0%
Operating income	31,500	22.6%
Ordinary income	33,000	21.8%
Net income	23,500	38.5%
Earnings per share (Yen)	93.39	-

Note: Revisions to the most recently announced sales and earnings forecast: Yes

Reference: These forecasts are based on average exchange rate assumptions of 1 USD = 115 JPY and 1 EUR = 135 JPY during the period from December 21, 2014 to March 20, 2015.

***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:
 1. Changes in accounting policies accompanying revisions in accounting standards: None
 2. Changes other than in 1.: None
 3. Changes in accounting estimates: None
 4. Restatements: None
- (4) Number of Common Shares Outstanding
 1. The number of shares outstanding including treasury shares:
 - As of December 20, 2014: 252,340,971 shares
 - As of March 20, 2014: 252,331,938 shares
 2. The number of treasury shares:
 - As of December 20, 2014: 714,898 shares
 - As of March 20, 2014: 712,921 shares
 3. Average during period (quarter cumulative):
 - Nine months ended December 20, 2014: 251,618,350 shares
 - Nine months ended December 20, 2013: 251,619,451 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 from these statements for a number of reasons.

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

4. Qualitative Information on Quarterly Results

Business Performance

- The overall global economy saw gradual growth. The U.S. market experienced steady growth, while in China conditions varied in different markets. Markets in other emerging nations were stagnant.
- In Japan, capital expenditures gradually increased because of the growth in corporate earnings backed by improvements in export conditions.

Considering the above, the Yaskawa Group is currently implementing the following policies and measures in order to ensure the achievement of its mid-term business plan “Realize 100”:

- Increase bookings in core businesses
- Continue developing R&D, production and sales capabilities to achieve higher profitability
- Expand the Environment and Energy business, and establish a framework to fully commercialize the Human Assist business

The business performance of each business segment for the first three quarters of fiscal 2014 is as follows.

(Millions of yen, except ratio)

Business segment	Nine months ended December 20, 2014	
	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	138,566 (up by 14.9%)	16,560 (up by 37.7%)
Robotics	98,155 (up by 13.4%)	7,495 (up by 15.9%)
System Engineering	23,945 (up by 7.1%)	(1,653) (-)
Other	26,775 (down by 10.9%)	654 (up by 34.9%)

Motion Control

- Growth in global sales of AC servo motors and controllers mainly for smart phones and automobile-related industries. Production increase at Shenyang plant contributed to the significant growth in China.
- The PV inverter business was affected negatively by the electric power companies’ postponing acceptance of applications for connections to the power grid. However, the sales of general purpose AC drives were firm.
- Both net sales and operating income have increased compared to FY2013 Q3.

Robotics

- The business saw steady growth in sales of welding, handling and painting robots to global automobile-related industries. Captured increasing orders from the expanding Chinese market. Sales capability is also being enhanced by establishing new robot centers to expand sales to new markets.
- Accelerated efforts to expand business in new areas, such as biomedical field, with an aim to develop a market for new robot applications.
- Both net sales and operating income have increased compared to FY2013 Q3.

System Engineering

- The segment remained stagnant due to weak demand for steel plant, water and sewerage electric instrumentation systems.
- Focused efforts on the development of Environment and Energy business, especially in the prospective field of large-scale wind generation.

Other

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

5. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of March 20, 2014	As of December 20, 2014
Assets		
Current assets		
Cash and deposits	23,104	23,476
Trade notes and accounts receivable	108,706	117,125
Merchandise and finished goods	48,251	57,433
Goods in process	11,637	15,911
Raw materials and supplies	18,476	18,618
Other	28,519	29,613
Allowance for doubtful accounts	(1,626)	(2,629)
Total current assets	237,068	259,548
Fixed assets		
Property, plant and equipment	50,586	54,622
Intangible assets		
Goodwill	1,704	5,461
Other	13,338	24,182
Total intangible assets	15,043	29,644
Investments and other assets		
Other	38,121	40,994
Allowance for doubtful accounts	(313)	(294)
Total investments and other assets	37,807	40,699
Total fixed assets	103,437	124,965
Total assets	340,506	384,514
Liabilities		
Current liabilities		
Trade notes and accounts payable	67,999	68,222
Short-term bank loans	24,395	27,894
Accrued directors' bonus	39	42
Other	42,039	47,540
Total current liabilities	134,474	143,700
Long-term liabilities		
Convertible bonds	15,000	14,990
Long-term debt	15,357	22,464
Provision for employees' retirement benefits	26,234	23,707
Provision for directors' retirement benefits	232	183
Other	9,335	13,103
Total long-term liabilities	66,160	74,449
Total liabilities	200,635	218,150
Net assets		
Shareholders' equity		
Capital	23,062	23,067
Additional paid-in capital	18,689	18,694
Retained earnings	81,431	96,179
Treasury stock	(476)	(479)
Total shareholders' equity	122,706	137,461
Accumulated other comprehensive income		
Net unrealized holding gain on securities	5,286	9,504
Foreign currency translation adjustments	6,083	14,870
Total accumulated other comprehensive income	11,370	24,375
Minority interests	5,794	4,526
Total net assets	139,870	166,364
Total liabilities and net assets	340,506	384,514

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

	(Millions of yen)	
	Nine Months Ended December 20, 2013	Nine Months Ended December 20, 2014
Net sales	259,597	287,442
Cost of sales	182,089	196,111
Gross profit	77,508	91,331
Selling, general and administrative expenses	60,402	69,276
Operating income	17,105	22,054
Non-operating income		
Interest income	95	160
Dividends received	367	448
Equity in earnings of associated companies	499	207
Foreign exchange gains	526	868
Proceeds from subsidy	494	713
Other	254	237
Total non-operating income	2,238	2,636
Non-operating expenses		
Interest expenses	526	688
Other	356	180
Total non-operating expenses	882	869
Ordinary income	18,460	23,821
Extraordinary gains		
Gain on sales of fixed assets	255	110
Gain on sales of investment securities	-	504
Gain on sales of subsidiaries and affiliates' stocks	-	439
Total extraordinary gains	255	1,055
Extraordinary losses		
Loss on sales and disposal of fixed assets	230	91
Loss on devaluation of investment securities	1	0
Impairment loss	374	-
Loss on ending of retirement benefit scheme	-	225
Business structure improvement expenses	840	-
Other	2	5
Total extraordinary losses	1,449	322
Income before income taxes and minority interests	17,266	24,554
Provision for income taxes- current	4,478	6,079
Provision for income taxes- deferred	870	574
Total income taxes	5,349	6,653
Income before minority interests	11,916	17,900
Minority interests in income (loss)	654	(6)
Net income	11,261	17,906

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Nine Months Ended December 20, 2013	Nine Months Ended December 20, 2014
Income before minority interests	11,916	17,900
Other comprehensive income		
Valuation difference on available-for-sale securities	2,300	4,207
Deferred gains or losses on hedges	(4)	-
Foreign currency translation adjustment	6,299	9,085
Share of other comprehensive income of associates accounted for using equity method	180	41
Total other comprehensive income	8,776	13,334
Comprehensive income	20,692	31,235
(Breakdown)		
Comprehensive income attributable to shareholders of the Company	19,828	30,912
Comprehensive income attributable to minority interests	864	323

3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine Months Ended December 20, 2013	Nine Months Ended December 20, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	17,266	24,554
Depreciation and amortization	6,627	7,885
Impairment loss	374	-
Increase (decrease) in allowance for doubtful accounts	(239)	742
Increase (decrease) in provision for employees' retirement benefits, net of payments	477	(167)
Increase (decrease) in provision for directors' retirement benefits, net of payments	2	(17)
Gain on sales and retirement of fixed assets	(25)	(19)
Gain on sales of investment securities	-	(504)
Gain on sales of stocks of subsidiaries and affiliates	-	(439)
Loss on valuation of investment securities	1	0
Interest and dividend income	(463)	(608)
Interest expense	526	688
Decrease in trade receivables	15,353	1,045
Increase in inventories	(11,750)	(6,175)
Decrease in trade payables	(822)	(7,987)
Increase (decrease) in accrued expenses	(106)	238
Other, net	(2,535)	1,758
Subtotal	24,685	20,993
Interest and dividends received	677	804
Interest paid	(526)	(708)
Income taxes paid	(4,735)	(6,481)
Net cash provided by operating activities	20,101	14,608
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(9,055)	(10,454)
Proceeds from sales of property, plant and equipment and intangible assets	529	222
Purchase of investment securities	(1,351)	(2)
Proceeds from sales of investment securities	-	1,016
Purchase of stocks, etc. of subsidiaries resulting in change in scope of consolidation	(99)	(8,141)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-	(930)
Other, net	(28)	(317)
Net cash used in investing activities	(10,005)	18,606
Cash flows from financing activities		
Decrease in short-term debt	(4,058)	(212)
Proceeds from long-term debt	859	10,446
Repayments of long-term debt	(3,388)	(4,108)
Dividends paid	(2,771)	(3,526)
Dividends paid to minority shareholders	(296)	(458)
Other, net	(54)	(71)
Net cash used in financing activities	(9,710)	2,068
Effect of exchange rate changes on cash and cash equivalents	1,636	2,301
Net increase in cash and cash equivalents	2,021	371
Cash and cash equivalents at beginning of year	19,389	22,992
Increase due to inclusion of subsidiaries in consolidation	1,183	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	58	-
Cash and cash equivalents at the end of period	22,652	23,363

4) Notes to the Quarterly Consolidated Financial Statements
Notes Pertaining to the Presumption of a Going Concern
None

Notes on Significant Changes in Shareholders' Equity
None

Segment Information, etc.
Segment information

I. The first three quarters ended December 2013 (March 21, 2013 - December 20, 2013)
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
<u>Net sales</u>							
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. Adjustment in the segment operating income of (991) million yen includes expenses in basic research and other activities that do not belong to any reportable segments.
3. Segment operating income has been adjusted to consolidated operating income described in quarterly consolidated statements of income.

II. The first three quarters ended December 2014 (March 21, 2014 - December 20, 2014)
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
<u>Net sales</u>							
Sales to external customers	138,566	98,155	23,945	26,775	287,442	-	287,442
Intersegment sales and transfers	9,580	231	716	13,564	24,092	(24,092)	-
Total sales	148,147	98,386	24,662	40,339	311,535	(24,092)	287,442
Segment operating income (loss)	16,560	7,495	(1,653)	654	23,056	(1,002)	22,054

(Notes)

1. IT-related business and logistics services, etc. are included in the Other segment.
2. Adjustment in the segment operating income of (1,002) million yen includes expenses in basic research and other activities that do not belong to any reportable segments.
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, 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

	Nine months ended December 20, 2014				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	51,792	34,145	96,215	2,740	184,893
Consolidated sales	-	-	-	-	287,442
Percentage of overseas sales in consolidated sales	18%	12%	33%	1%	64%

(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

Subsequent Events

None