



Yaskawa Electric Corporation

(TSE: 6506)

Fiscal Year 2002 Financial Results Summary(ending March 2003)

Fiscal Year 2003 Financial Forecast Summary(ending March 2004)

Presented by Shin Nakayama, President & CEO

(original in Japanese)

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FY 2002 Financial Results Summary

- **Consolidated Revenues Increase from Prior Year**

Revenues of 226.1 Billion Yen, 1.5% increase from 2001

- Automobile and LCD related robot orders increase
- Semiconductor and electronic goods imminent recovery
- Remaining effect of bookings decrease in the second half of 2001

- **Increased Operating and Ordinary Profits**

6.3 Billion Yen in Operating Profit and 4.0 Billion Yen in Ordinary Profit

10 Billion Yen Profit Improvement over Previous Year

- Revolution in Cost Structure

- **Profit Improvement**

2002 Net Loss of 2.52 Billion Yen Includes 10 Billion Yen in Improvements

Extraordinary Loss including the collapse in stock market prices and other items led to a Net Loss for the Year

- **Greatly Improved Cash Flow**

Free Cash Flow of 6.49 Billion Yen, up from negative 19.55 Billion Yen in 2001

Cash Flow from Operations equaled 8.44 Billion Yen

Cash Flow from Investment Activity was negative 1.95 Billion Yen

Results of Cost Management Activities in FY 2002

9 B Yen in Cost Reductions

- **Drastic Reduction of Product Costs:**

- Motion Control Division use of EMS

- Newly Centralized, Overseas, and Cooperative Purchasing Programs

- **Workforce Rightsizing: Elimination of 1,100 Positions**

- Greater efficiency by function and location centralization

- ERP/SCM Productivity Increases

- Improved functionality at the Corporate Level

- **Intensive Expense Control Policy**

- Reduction of external expenses

- Minimum activity expenses

- Reduction of investments

- Etc.

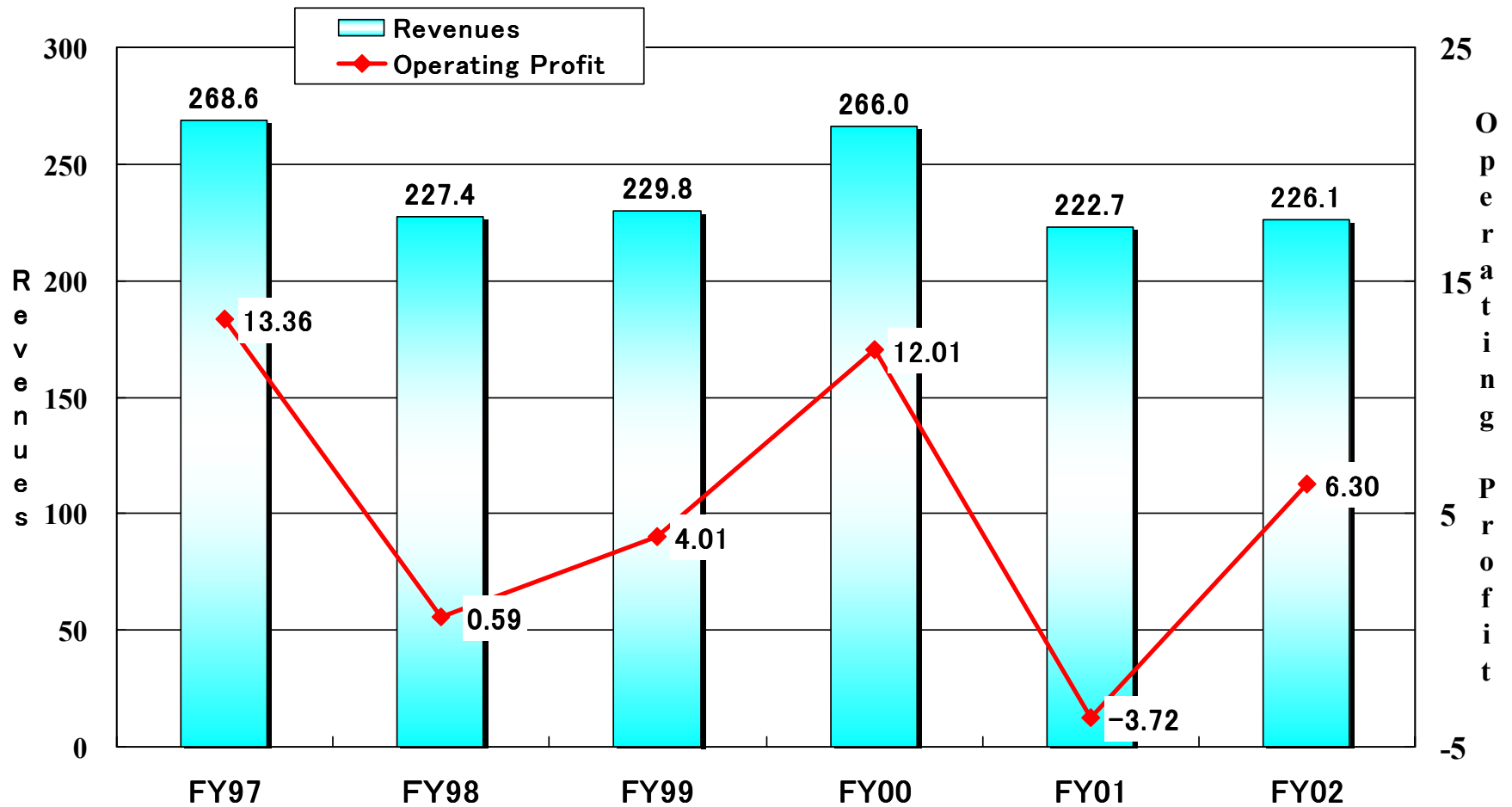
Notes:

- Manufacturing cost reductions evaluated after effects of price reductions

- 2002 Net Profit Improvement (10B Yen) consists of 9B Yen Cost Reductions and 1 B Yen in Revenue Increase

Trend in Revenues and Operating Profit

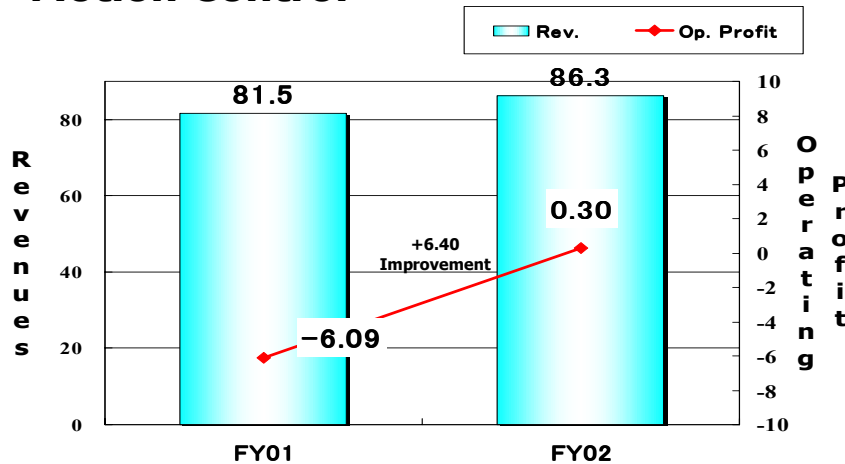
(in Billions of Yen)



FY 2002 Segment Information

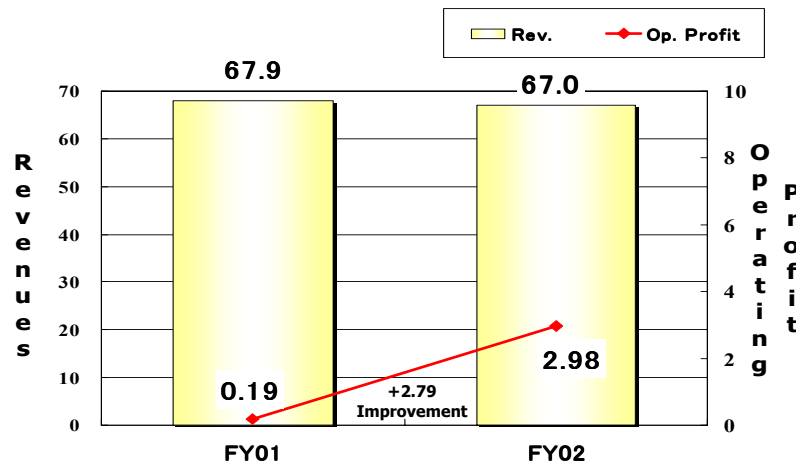
(2002 Results Reported in Billions of Yen)

Motion Control



- Machine Tool and Injection Molding Machine Related Markets Stabilized
- Semiconductor and Electronics Related Fields Imminent Recovery
- General Purpose Inverter exports to Asia, particularly China, excelled.

Robotics Automation

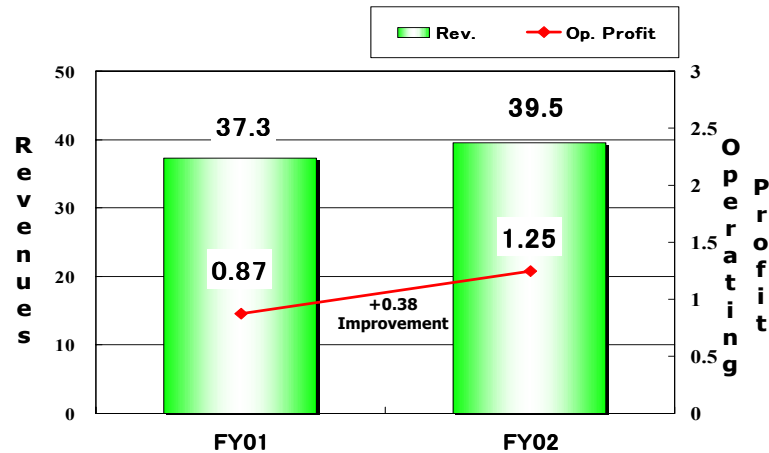


- Yaskawa's Spot Welding and Painting Robots Increased Share in the flat Automobile Related Market.
- LCD Handling Robots Market Continued to Stabilize.
- Semiconductor Market Related Robots Imminent Recovery from the Past Year.

FY 2002 Segment Information

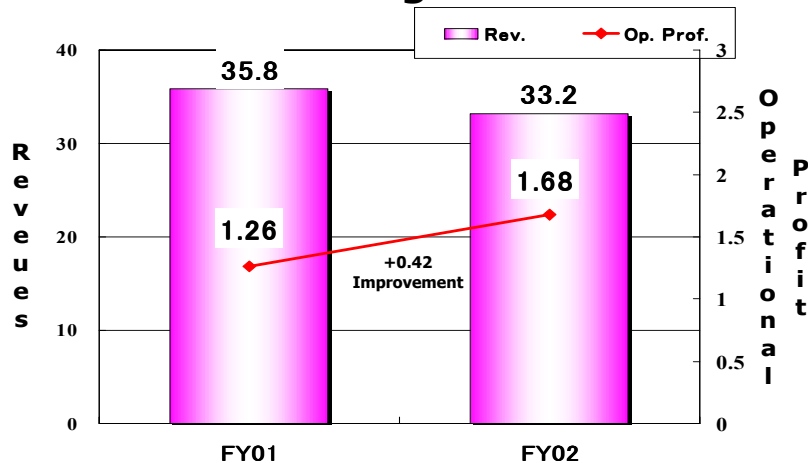
(2002 Results Reported in Billions of Yen)

System Engineering Division



- **Steel Plants and Water Utilities Experienced Little Change from the Previous Year.**
- **Compressor and Elevator Energy Saving Components Increased in Sales**

Other Business Segments



- **Yaskawa Information Systems Co. Continued Steady Growth**
- **YE-Data (computer peripherals) Experienced Difficulties During the Year**

Win 21 Plus in Action: FY 2003 Targets

2003 Activities

**New C-50 (Cost Reduction) Program
Overhead Reduction**

**Rightsizing the Workforce and Improving Business Efficiency
Maintaining Necessary Order Volume**

**Improving Asset Efficiency
Reduction of Inventory
Sale of Non-Performing Assets**

Win 21 Plus

Policy Advancement

- Continuous Cost Reform (robust model)
- Business Process/Work Efficiency Improvements
- Increase Share/Maximize Opportunities
- Strengthen tie between Strategic Policy Monitoring and Financial Goals
- Reinforce Process to Maximize Corporate Value

New Approach

- Chinese Market Focus (New Chinese Strategy Division)
- Cultivation of New Business (New Business Development Function)
- Reinforce Ability to Implement Policies through Cross-Functional Activities

FY 2003: Forecast and Information

		FY 2003 (Billion Yen)	As Compared w/ FY 2002
Yaskawa Group (Consolidated)	Revenue	250	111% +23.9
	Operating Profit	13	206% +6.69
	Ordinary Profit	12	299% +7.99
	Net Profit	6	+8.52

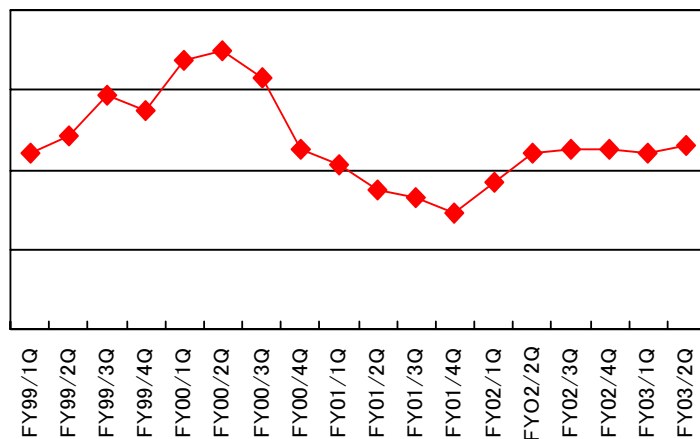
Note:

- An increase of 11% is attributable to the Liquid Crystal/Semiconductor and Automobile related markets along with Chinese-market related sales.
- Yaskawa will continue to tie results to the cost restructuring already accomplished and create stability in its profits.

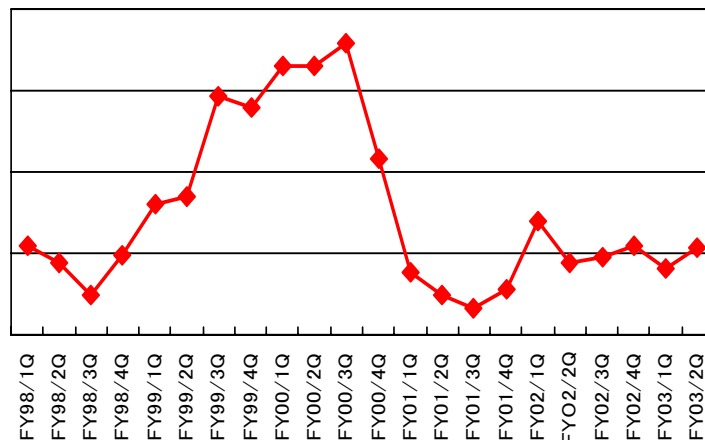
Note: The information within this document includes forward-looking statements that are subject to change as a result of risks and uncertainties. The Company undertakes no obligation to update or revise these forward-looking statements.

Motion Control and Semiconductor Related Robotics Order Trends in 2003

YEC Motion Control Order Trend



YEC Semiconductor Wafer Handling Equipment Order Trend



Currently, Semiconductor Related Product Sales are not expected to experience a large increase, but to attain stability.

Forecast for Semiconductor Manufacturing Equipment is positive. Along with increased size of wafers, the increase in demand will lead to new orders for semiconductor equipment in the second half of 2003.

Yaskawa expects sales of the portion of Motion Control and Robotics products related to the Semiconductor Market to increase in the second half as a result of these trends.

FY 2003 Cost Structure/Cost Reduction (Consolidated)

Cost Savings in 2003

New C-50 Program Cost Reduction:

- Cost Reduction through Development, Re-engineering of Current Products
- EMS/Overseas Production
- New Manufacturing Subsidiary (est. 2002) Results in Cost Reduction

Rightsizing the Workforce

- ERP Adoption
- Location and Functionality Centralization
- Business Process Improvements

Overhead Reduction

- Central Purchasing and e-Purchasing

Value Chain Improvements

- Value additions in each process, productivity improvement, cost reductions
- Administrative and Operational Cost redundancies elimination

Cash Flow Improvements and Balance Sheet Reform (Consolidated)

Cash Flow Improvement

Major Items

Ordinary Profit Secured

Inventory Reduced

Asset Sales

Working Capital and Corporate Tax

Note: Capital Expenditures
will not exceed depreciation
and amortization

Supporting Cross-Functional Activities

- Cost Reductions and Profit Creation through Revenue Growth
- Improvement of ERP/SCM demand forecast
- Reduction of inventory by improved Supply Chain Management

Balance Sheet Reform

FY 2002

FY 2003

■ D/E Ratio 3.2



■ D/E Ratio 2.2

Notes

Disclaimer:

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