YASKAWA Electric Corporation
(TSE 6506)

• FY2014 Nine Months Financial Results
  (Ended December 20, 2014)

• FY2014 Full-year Financial Forecasts
  (Ending March 20, 2015)

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)**

[Core products]
- AC servo motors and controllers
- Linear servo motors
- AC drives
- Power conditioners
- Motor drive systems for EV, etc.

**Robotics (R)**

[Core products]
- Industrial Robots
  - Arc and spot welding robots,
  - Painting robots
  - FPD glass sheet transfer robots,
    New generation robots, Handling robots,
- Semiconductor wafer transfer robots
- Biomedical robots etc.

**System Engineering (S)**

[Core products]
- Electrical systems for steel plants
- Electrical instrumentation systems for water supply plants and sewage treatment facilities
- Large- and small-scale wind power generator and converter etc.

**Other**

[Core products]
- IT-related services
- Logistics, etc.
1. FY2014 Nine Months Financial Results
FY2014 Nine Months Financial Results

- Net sales and profits significantly increased due to high-performing (M) and (R)
- Both sales and net income were record high

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥ 287.4 bn.</td>
<td>¥ 259.6 bn.</td>
<td>+ ¥ 27.8 bn.</td>
<td>+10.7%</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥ 22.1 bn.</td>
<td>¥ 17.1 bn.</td>
<td>+ ¥ 5.0 bn.</td>
<td>+28.9%</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>¥ 23.8 bn.</td>
<td>¥ 18.5 bn.</td>
<td>+ ¥ 5.4 bn.</td>
<td>+29.0%</td>
</tr>
<tr>
<td>Net income</td>
<td>¥ 17.9 bn.</td>
<td>¥ 11.3 bn.</td>
<td>+ ¥ 6.6 bn.</td>
<td>+59.0%</td>
</tr>
</tbody>
</table>

Note: (M)= Motion Control  (R)= Robotics
FY2014 Nine Months Financial Results by Business Segment (1)

• Both sales and operating income were record high in (M) and (R)

(Unit: Billions of yen)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Income Ratio</td>
<td>Income Ratio</td>
<td>Amount</td>
</tr>
<tr>
<td>Net Sales</td>
<td>287.4</td>
<td>259.6</td>
<td>+27.8</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>138.6</td>
<td>120.6</td>
<td>+17.9</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>98.2</td>
<td>86.5</td>
<td>+11.6</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>23.9</td>
<td>22.4</td>
<td>+1.6</td>
</tr>
<tr>
<td>Other</td>
<td>26.8</td>
<td>30.1</td>
<td>-3.3</td>
</tr>
<tr>
<td>Operating Income</td>
<td>22.1</td>
<td>17.1</td>
<td>+5.0</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>16.6</td>
<td>12.0</td>
<td>+4.5</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>7.5</td>
<td>6.5</td>
<td>+1.0</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>-1.7</td>
<td>-0.9</td>
<td>-0.8</td>
</tr>
<tr>
<td>Other</td>
<td>0.7</td>
<td>0.5</td>
<td>+0.2</td>
</tr>
<tr>
<td>Elimination or Corporate</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-0.0</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>23.8</td>
<td>18.5</td>
<td>+5.4</td>
</tr>
<tr>
<td>Net Income</td>
<td>17.9</td>
<td>11.3</td>
<td>+6.6</td>
</tr>
</tbody>
</table>
(M):
- The global AC servo drive business was robust due to the strong demand from smart-phone and tablet-related industries as well as automotive industry.
- The sales of general purpose AC drives were firm, while the PV inverter business was affected negatively by the electric power companies’ postponing acceptance of applications for connections to the power grid.

(R):
- High global performance led especially by automobile industry in China.

(S):
- Investments in steel plants and electric instrumentation systems for water and sewerage were both weak.

Note: (M) = Motion Control  (R) = Robotics  (S) = System Engineering
Sales Breakdown by Business Segment

FY13 Apr. - Dec.

Net Sales ¥259.6 bn.

Motion Control 46%

Robotics 33%

System Engineering 9%

Other 12%

FY14 Apr. - Dec.

Net Sales ¥287.4 bn.

Motion Control 48%

Robotics 34%

System Engineering 8%

Other 9%
Sales Breakdown by Destination (1)

- Overseas sales expanded due to robust performance in the Americas, China and the other Asian countries

(Unit: Billions of yen)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>287.4</td>
<td>259.6</td>
<td>+27.8</td>
<td>+10.7%</td>
</tr>
<tr>
<td>Japan</td>
<td>102.6</td>
<td>102.4</td>
<td>+0.1</td>
<td>+0.1%</td>
</tr>
<tr>
<td>Overseas</td>
<td>184.9</td>
<td>157.2</td>
<td>+27.7</td>
<td>+17.6%</td>
</tr>
<tr>
<td>The Americas</td>
<td>51.8</td>
<td>42.8</td>
<td>+9.0</td>
<td>+20.9%</td>
</tr>
<tr>
<td>Europe</td>
<td>34.1</td>
<td>31.3</td>
<td>+2.8</td>
<td>+9.0%</td>
</tr>
<tr>
<td>China</td>
<td>61.8</td>
<td>50.2</td>
<td>+11.6</td>
<td>+23.1%</td>
</tr>
<tr>
<td>Other Asian Countries</td>
<td>34.4</td>
<td>30.0</td>
<td>+4.4</td>
<td>+14.7%</td>
</tr>
<tr>
<td>Other</td>
<td>2.7</td>
<td>2.8</td>
<td>-0.1</td>
<td>-2.8%</td>
</tr>
</tbody>
</table>

Note: “Other areas” include Australia and South Africa, etc.
Sales Breakdown by Destination (2)

- Overseas sales ratio expanded due to growth in the Americas and China.

FY13 Apr. - Dec.

- Overseas: 60%
  - China: 19%
  - Europe: 12%
  - The Americas: 17%
  - Other Asian Countries: 11%
  - Other: 1%

Net Sales ¥259.6 bn.

FY14 Apr. - Dec.

- Overseas: 64%
  - China: 21%
  - Europe: 12%
  - The Americas: 18%
  - Other Asian Countries: 12%
  - Other: 1%

Net Sales ¥287.4 bn.
Breakdown of Changes in Operating Income
(FY13 Nine Months ⇒ FY14 Nine Months)

(Unit: Billions of yen)

FY2013 Apr. – Dec.

Profit increase due to sales increase

+8.1

Effects of changes in forex rates

+3.7

Increase in added value

+1.2

Increase in expenses

-8.0


22.1

+5.0

Profit increase due to sales increase
Measures for FY2014/3Q ①

1) Launched world’s first photovoltaic power conditioner “Enewell-SOL V1 series 4.5kW” using GaN power semiconductor module in Jan. 2015
   ⇒ World’s smallest size (60% smaller than conventional model)
   ⇒ Strategic product to capture stable demand for residential uses

2) Global development of robot centers
   ⇒ Established Indonesia robot center in Oct. 2014
   ⇒ Increase robot centers globally
      \[ 31 \text{ (by FY2014)} + 7 \text{ (in FY2015)} = 38 \text{ (at the end of FY15)} \]
Measures for FY2014/3Q ②

3) Strengthen robot production capabilities in Japan to meet the rapid growing demand
⇒ Began construction of new factory 3 (Production of mid- to large-sized robots)
⇒ Reinforce production capacity and internal manufacturing in Japan
(at the end of FY15: 2,500 units per month)

Nakama plant

【New Factory 3】(Start operation in Sept. 2015)
Relocation and enhancement of the current factory 3
(1) Production models: Mid- to large-sized robots
(2) Capacity: 900 units/month (Current 700 units/month)
(3) Integrated manufacture of assembly, testing, painting, and installation of equipment

【Current Factory 3】
*Plan to launch in Nov. 2015
(1) Robot testing facility
   (Test for endurance and applications)
(2) Logistics area
(3) Area for future expansion

Machine factory 2
3 machining centers, adding 10

Machine processing center
11 machining centers

Yahata-nishi plant

Factory 1
Factory 2
2. FY2014 Full-year Financial Forecasts
FY2014 Full-year Financial Forecasts

- FY14 targets were revised up because of weaker yen and success in core businesses
- Record-high sales and net income expected

<table>
<thead>
<tr>
<th></th>
<th>FY2014 Current Forecasts</th>
<th>FY2014 Previous Forecasts</th>
<th>Change from the previous forecasts</th>
<th>FY2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥400.0 bn.</td>
<td>¥395.0 bn.</td>
<td>+¥5.0 bn.</td>
<td>¥363.6 bn.</td>
<td>+¥36.4 bn. +10.0%</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥31.5 bn.</td>
<td>¥30.0 bn.</td>
<td>+¥1.5 bn.</td>
<td>¥25.7 bn.</td>
<td>+¥5.8 bn. +22.6%</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>¥33.0 bn.</td>
<td>¥31.0 bn.</td>
<td>+¥2.0 bn.</td>
<td>¥27.1 bn.</td>
<td>+¥5.9 bn. +21.8%</td>
</tr>
<tr>
<td>Net income</td>
<td>¥23.5 bn.</td>
<td>¥22.5 bn.</td>
<td>+¥1.0 bn.</td>
<td>¥17.0 bn.</td>
<td>+¥6.5 bn. +38.5%</td>
</tr>
</tbody>
</table>

Note: FY14 previous forecasts are the figures announced on October 21, 2014.
## FY2014 Full-year Financial Forecasts by Business Segment

- **Sales and profits increase due to robust performance in (M) and (R)**

<table>
<thead>
<tr>
<th></th>
<th>FY2014 Current forecasts</th>
<th>FY2014 Previous forecasts</th>
<th>Change from the forecasts</th>
<th>FY2013 Income Ratio</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>400.0</td>
<td>395.0</td>
<td>+5.0</td>
<td>363.6</td>
<td>+36.4</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>31.5</td>
<td>30.0</td>
<td>+1.5</td>
<td>25.7</td>
<td>+5.8</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>33.0</td>
<td>31.0</td>
<td>+2.0</td>
<td>27.1</td>
<td>+5.9</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>23.5</td>
<td>22.5</td>
<td>+1.0</td>
<td>17.0</td>
<td>+6.5</td>
</tr>
</tbody>
</table>

**Unit: Billions of yen**

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>FY2014 Income Ratio</th>
<th>FY2013 Income Ratio</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(M) Motion Control</strong></td>
<td>11.7%</td>
<td>11.1%</td>
<td>+1.4</td>
</tr>
<tr>
<td><strong>(R) Robotics</strong></td>
<td>8.3%</td>
<td>8.4%</td>
<td>+0.1</td>
</tr>
<tr>
<td><strong>(S) System Engineering</strong></td>
<td>-1.2%</td>
<td>-1.2%</td>
<td>-0.0</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>1.8%</td>
<td>1.8%</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Elimination or Corporate</strong></td>
<td>-1.4%</td>
<td>-1.4%</td>
<td>-1.3</td>
</tr>
</tbody>
</table>

**Change from the forecasts FY2013**

| **Ordinary Income**    | +6.5               | +21.8%             |
| **Net Income**         | +38.5%             |

**Note:** FY14 previous forecasts are the figures announced on October 21, 2014.
Breakdown of Changes in Operating Income (FY2013 ⇒ FY2014)

- Increase in expenses: -11.3
- Increase in added value: +1.6
- Effects of Changes in forex rates: +10.3
- Profit increase due to sales increase: +5.2

FY2013: 25.7
FY2014 Forecast: 31.5

(Unit: Billions of yen)
Reference
## Capital Expenditure, R&D Investment, Forex Rates

### Capital expenditure (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>15.9</td>
<td>17.0</td>
<td>31.0</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>8.1</td>
<td>9.2</td>
<td>11.0</td>
</tr>
</tbody>
</table>

### R&D investment (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D investment</td>
<td>10.7</td>
<td>14.0</td>
<td>15.0</td>
</tr>
</tbody>
</table>

### Forex rates (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. dollar</td>
<td>79.9</td>
<td>81.9</td>
<td>98.4</td>
</tr>
<tr>
<td>Euro</td>
<td>102.1</td>
<td>105.7</td>
<td>130.2</td>
</tr>
</tbody>
</table>

Note: Average rate during the period
### Financial Indices

**As of March 20, 2014**
- Shareholders’ equity ratio: 39.4%
- Shareholders’ equity: 134.1 billion yen
- Interest-bearing debt: 55.5 billion yen
- D/E ratio: 0.41
  (Net D/E ratio): 0.24
- Inventory: 78.4 billion yen
- Turnover: 2.6 months

**As of December 20, 2014**
- Shareholders’ equity ratio: 42.1%
- Shareholders’ equity: 161.8 billion yen
- Interest-bearing debt: 66.2 billion yen
- D/E ratio: 0.41
  (Net D/E ratio): 0.26
- Inventory: 92.0 billion yen
- Turnover: 2.9 months

*Interest-bearing debt includes convertible bonds and lease obligations.
*Inventory at the end of the period is used for calculating turnover months.

### Financial Indices Timeline

- **Operating CF**
  - FY2004: 5.8
  - FY2005: 18.7
  - FY2006: 15.0
  - FY2007: 17.7
  - FY2008: 12.5
  - FY2009: 4.0
  - FY2010: 2.5
  - FY2011: 6.4
  - FY2012: 24.6
  - FY2013: 24.1

- **Investment CF**
  - FY2004: -2.2
  - FY2005: 9.7
  - FY2006: -6.1
  - FY2007: -9.9
  - FY2008: -10.7
  - FY2009: -6.5
  - FY2010: -6.7
  - FY2011: -11.9
  - FY2012: -18.1
  - FY2013: -17.0

- **Free CF**
  - FY2004: 3.5
  - FY2005: 9.0
  - FY2006: 8.9
  - FY2007: 7.8
  - FY2008: 1.8
  - FY2009: -2.4
  - FY2010: -4.3
  - FY2011: -5.5
  - FY2012: 6.6
  - FY2013: 7.0
Quarterly Sales Trends

Notes: (M) = Motion Control  (R) = Robotics  (S) = System Engineering
Quarterly Sales Trends

(M) Motion Control

(R) Robotics

Asia except China
China
Japan
Europe
The Americas

(Billions of yen)
Major Production Bases

YASKAWA Electric UK Ltd.
Scotland

YASKAWA Electric Nordic AB
Sweden

YASKAWA SHOUJANG ROBOT CO., LTD.
China

YASKAWA Ristro d.o.o.
Slovenia

YASKAWA Robotics India Ltd.
India

YASKAWA India Private Ltd.
India

YASKAWA (China) Robotics Co., Ltd.
China

Shanghai Yaskawa Drive Co., Ltd.
China

Yaskawa Electric Corp.
【Production bases in Japan】
- Yahata-nishi Plant (Motoman Center/ Motoman Station)
- Yahata-higashi Plant
- Yukuhashi Plant (Drive Center/ System Engineering Center)
- Iruma Plant (Solution Center)
- Nakama Plant

Major overseas production bases

YASKAWA America, Inc.
Drives & Motion Div.
U.S.

YASKAWA America, Inc.
Motoman Robotics Div.
U.S.

YASKAWA Motoman Canada, Ltd.
Canada

YASKAWA Motoman Mexico, S.A. de C.V.
Mexico

YASKAWA Elétrico do Brasil Ltda.
Motoman Robotics do Brasil
Brazil

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