

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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- FY2014 Nine Months Financial Results
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- FY2014 Full-year Financial Forecasts
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Motion Control (M)

[Core products]

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



AC servo drives



General purpose
AC drive



Power conditioner
for photovoltaic
power generation



Motor drive system
for EV

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.



High path accuracy robot for
laser cutting and welding



Robot system for
preprocessing operations



Delta robot

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.



Electric
instrumentation
systems for water
and sewerage



Continuous-casting machine



Large-scale wind power
generator and converter

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

	<u>FY2014</u> <u>Apr.-Dec.</u>	<u>FY2013</u> <u>Apr.-Dec.</u>	<u>Change</u>	
			<u>Amount</u>	<u>%</u>
Net sales	<u>¥ 287.4 bn.</u>	¥ 259.6 bn.	<u>+ ¥ 27.8 bn.</u>	<u>+10.7%</u>
Operating income	<u>¥ 22.1 bn.</u>	¥ 17.1 bn.	<u>+ ¥ 5.0 bn.</u>	<u>+28.9%</u>
Ordinary income	<u>¥ 23.8 bn.</u>	¥ 18.5 bn.	<u>+ ¥ 5.4 bn.</u>	<u>+29.0%</u>
Net income	<u>¥ 17.9 bn.</u>	¥ 11.3 bn.	<u>+ ¥ 6.6 bn.</u>	<u>+59.0%</u>

Note: (M)= Motion Control (R)= Robotics

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

(Unit: Billions of yen)

		FY2014 Apr.- Dec.		FY2013 Apr.- Dec.		Change	
			Income Ratio		Income Ratio	Amount	%
Net Sales		287.4		259.6		+27.8	+10.7%
(M)	Motion Control	138.6		120.6		+17.9	+14.9%
(R)	Robotics	98.2		86.5		+11.6	+13.4%
(S)	System Engineering	23.9		22.4		+1.6	+7.1%
	Other	26.8		30.1		-3.3	-10.9%
Operating Income		22.1	7.7%	17.1	6.6%	+5.0	+28.9%
(M)	Motion Control	16.6	12.0%	12.0	10.0%	+4.5	+37.7%
(R)	Robotics	7.5	7.6%	6.5	7.5%	+1.0	+15.9%
(S)	System Engineering	-1.7	-6.9%	-0.9	-3.9%	-0.8	-
	Other	0.7	2.4%	0.5	1.6%	+0.2	+34.9%
	Elimination or Corporate	-1.0	-	-1.0	-	-0.0	-
Ordinary Income		23.8	8.3%	18.5	7.1%	+5.4	+29.0%
Net Income		17.9	6.2%	11.3	4.3%	+6.6	+59.0%

(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

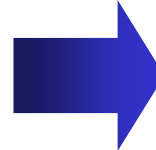
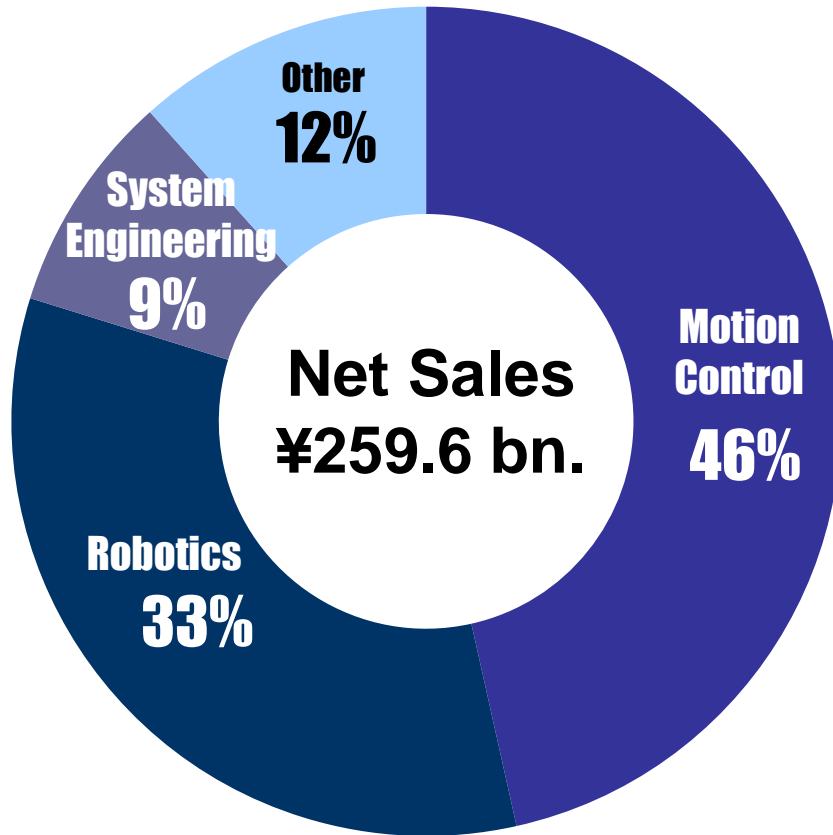
(S):

- Investments in steel plants and electric instrumentation systems for water and sewerage were both weak

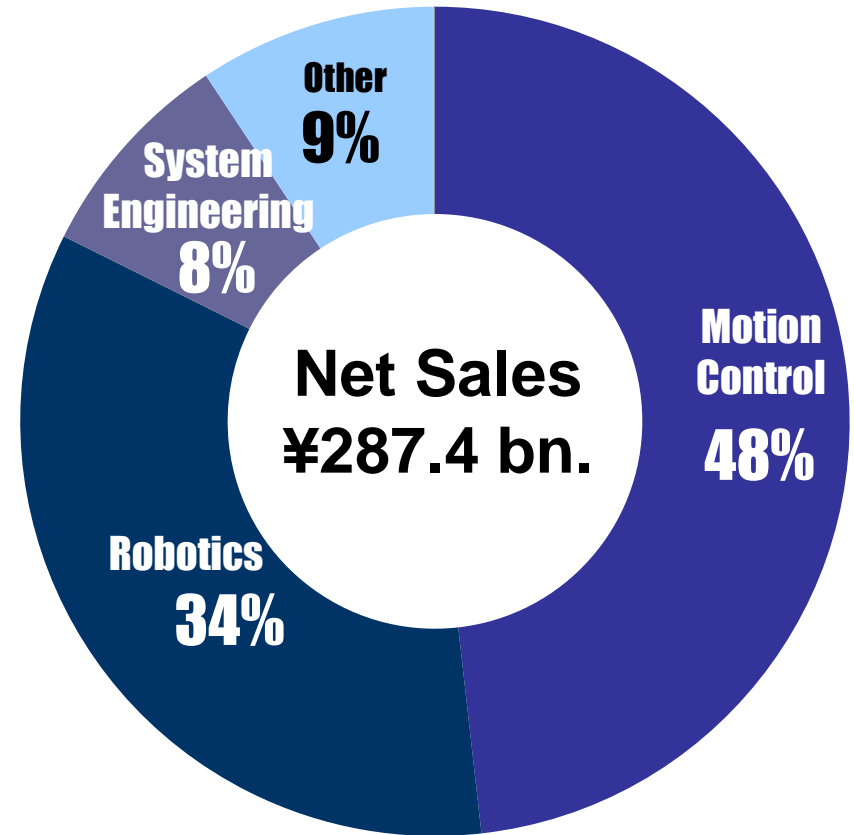
Note: (M)= Motion Control (R)= Robotics (S)=System Engineering

Sales Breakdown by Business Segment

FY13 Apr. - Dec.



FY14 Apr. - Dec.



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)

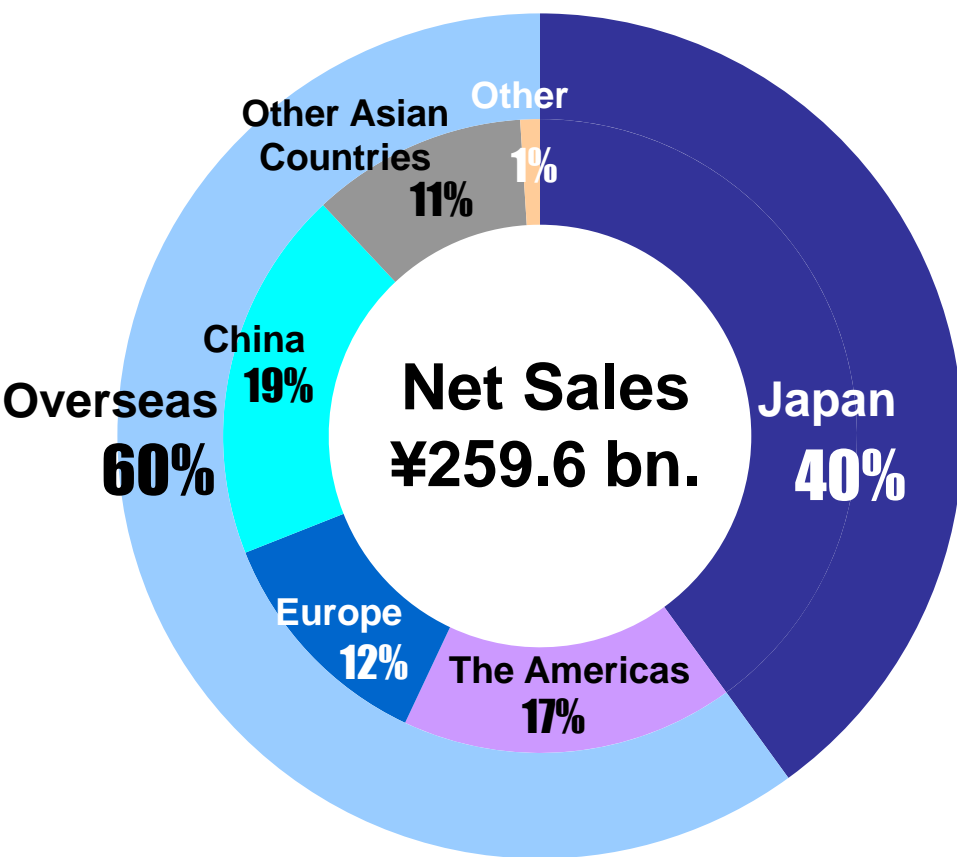
	FY2014 Apr. - Dec.	FY2013 Apr. - Dec.	Change	
			Amount	%
Net Sales	287.4	259.6	+27.8	+10.7%
Japan	102.6	102.4	+0.1	+0.1%
Overseas	184.9	157.2	+27.7	+17.6%
The Americas	51.8	42.8	+9.0	+20.9%
Europe	34.1	31.3	+2.8	+9.0%
China	61.8	50.2	+11.6	+23.1%
Other Asian Countries	34.4	30.0	+4.4	+14.7%
Other	2.7	2.8	-0.1	-2.8%

Note: "Other areas" include Australia and South Africa, etc.

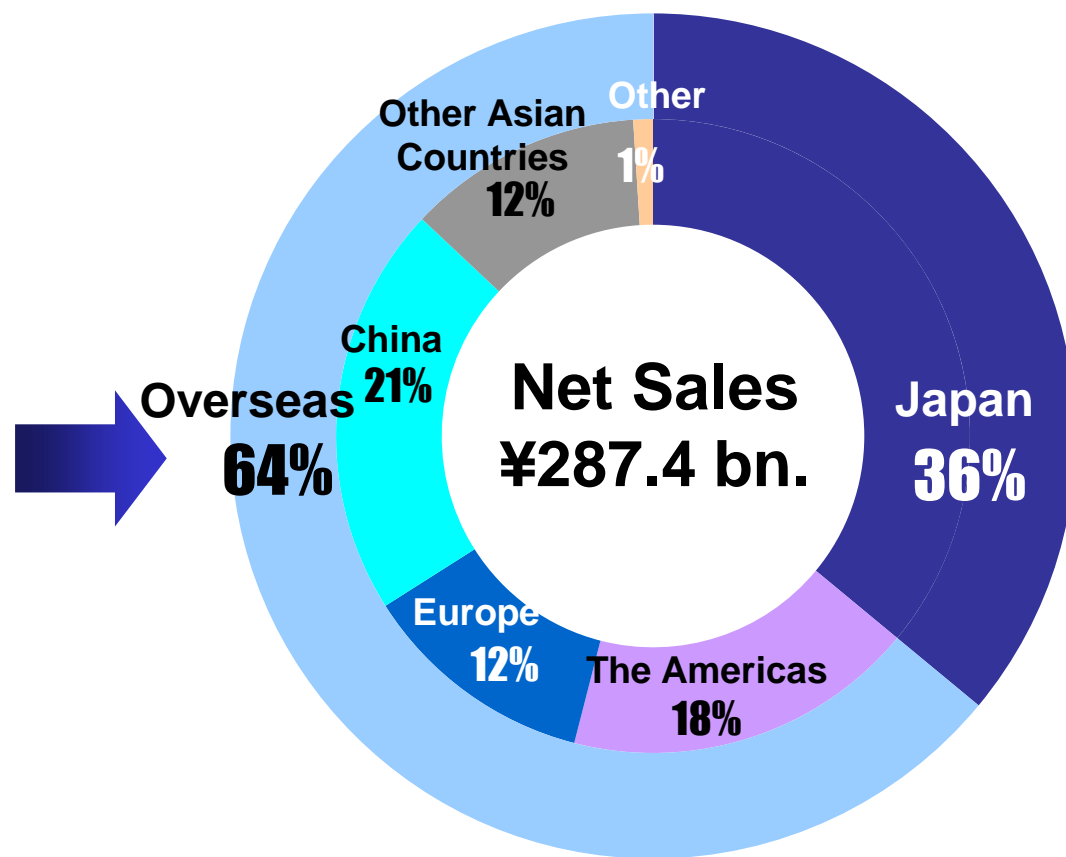
Sales Breakdown by Destination (2)

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

FY13 Apr. - Dec.



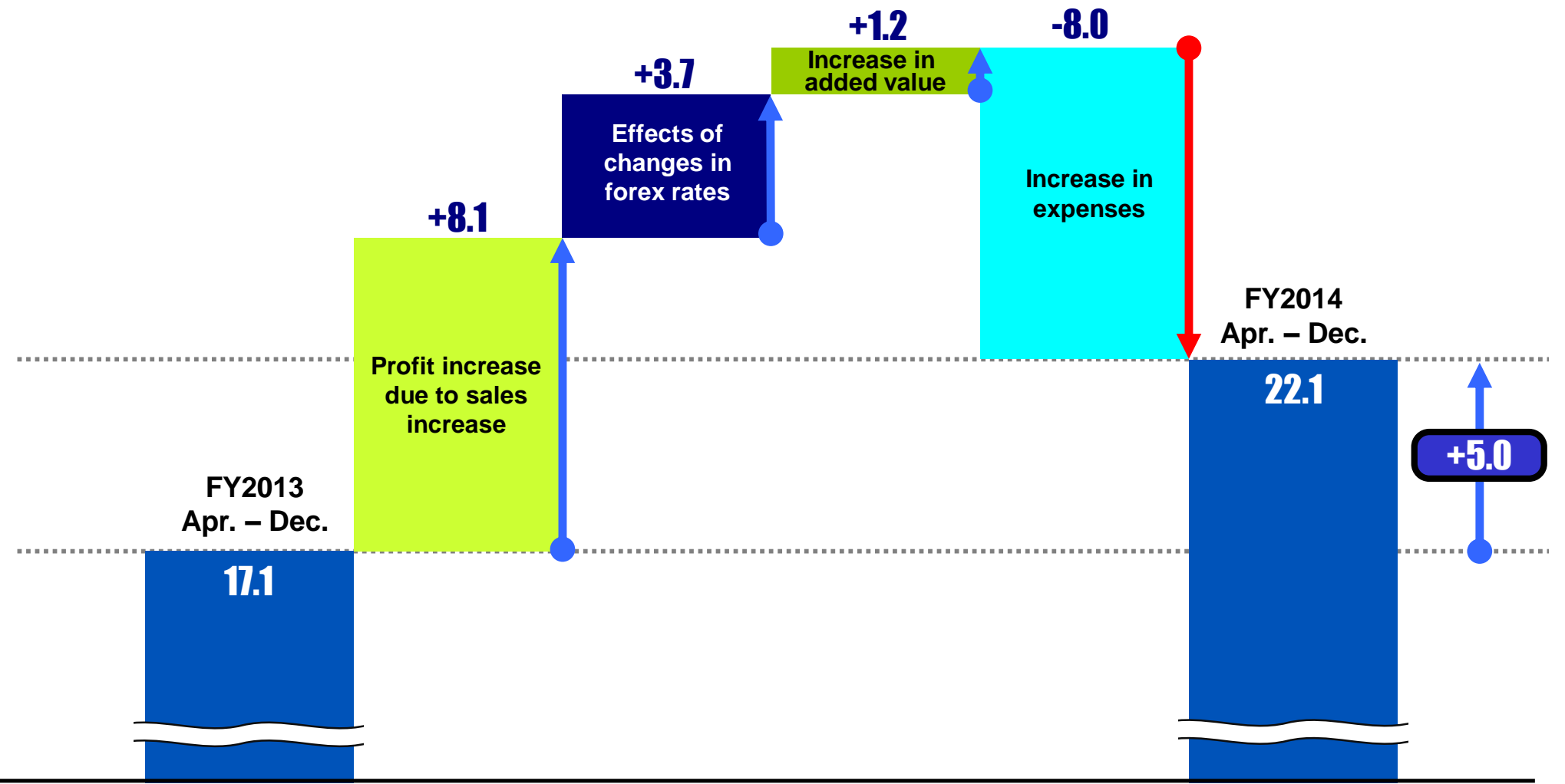
FY14 Apr. - Dec.



Breakdown of Changes in Operating Income

(FY13 Nine Months ⇒ FY14 Nine Months)

(Unit: Billions of yen)



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

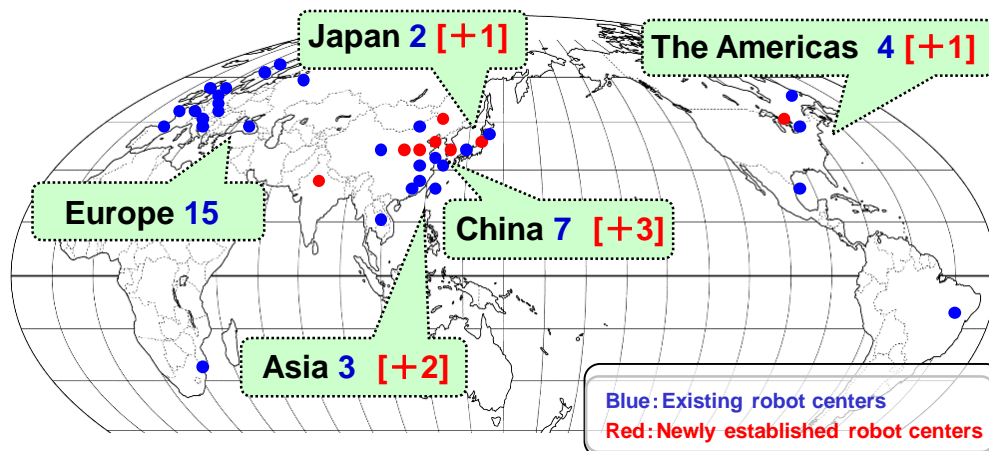


Enewell-SOL V1 series 4.5 kW

2) Global development of robot centers

- ⇒ Established Indonesia robot center in Oct. 2014
- ⇒ Increase robot centers globally

$$31 \text{ (by FY2014)} + 7 \text{ (in FY2015)} = 38 \text{ (at the end of FY15)}$$



Indonesia robot center

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

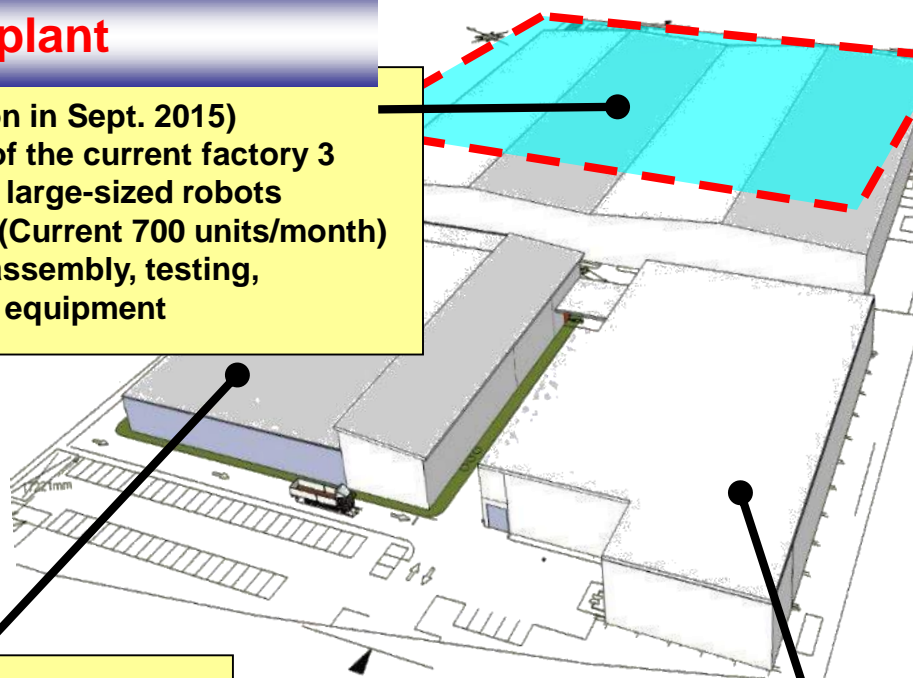
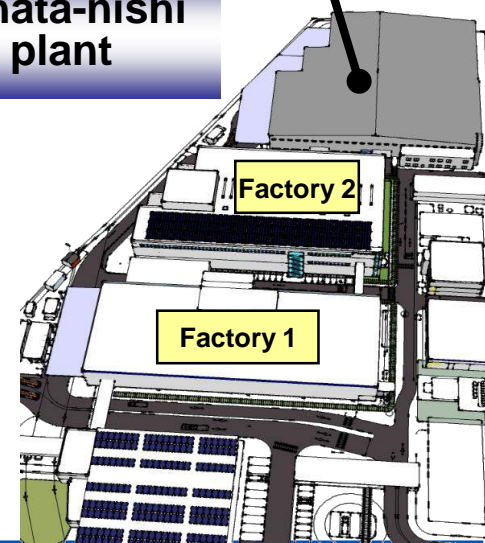
Yahata-nishi plant

【Machine factory 2】

3 machining centers, adding 10

【Machine processing center】

11 machining centers



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**

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

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)

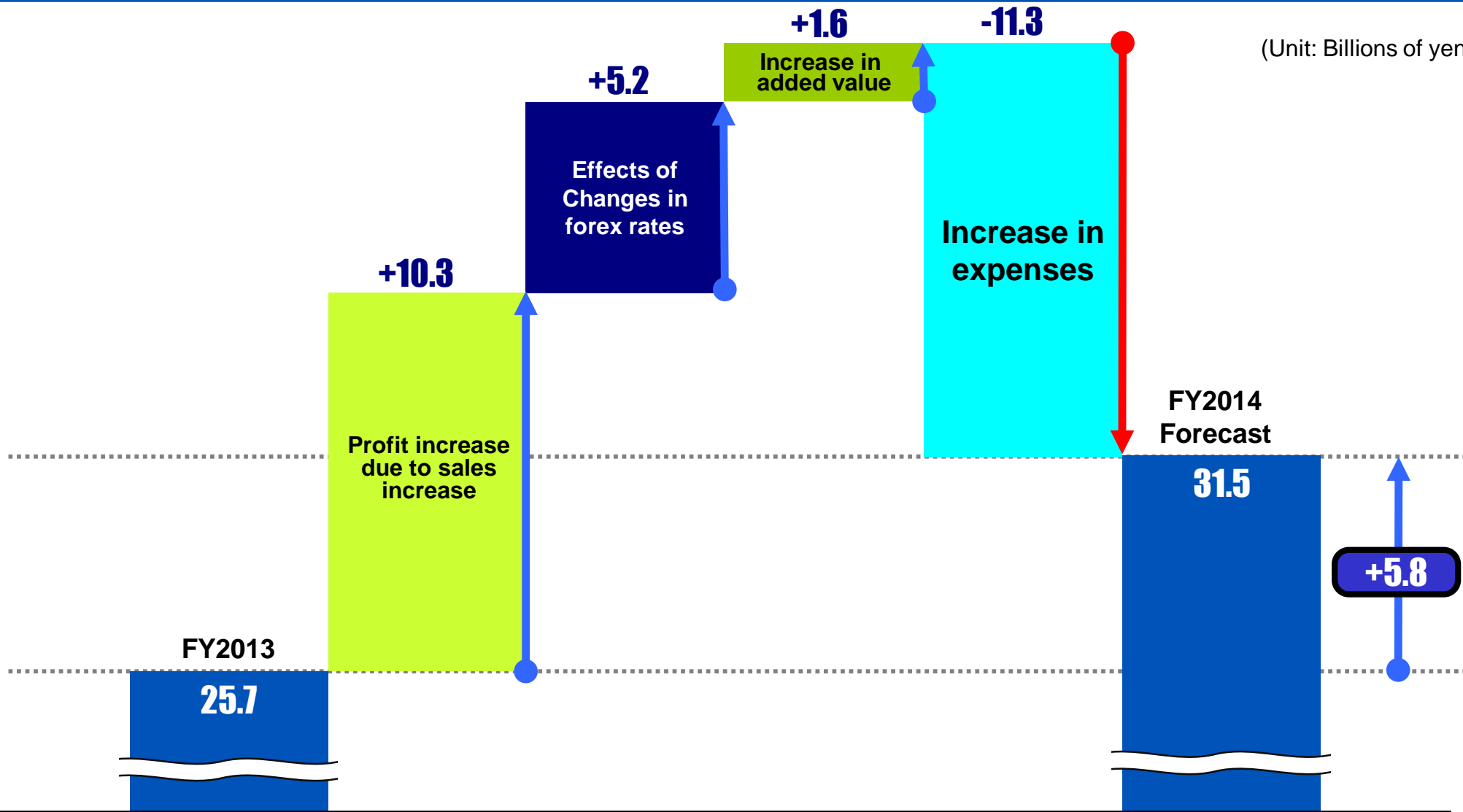
(Unit: Billions of yen)

		FY2014		FY2014		Change from the forecasts	FY2013		Change	
		Current forecasts	Income Ratio	Previous forecasts	Income Ratio		Income Ratio		Amount	%
Net Sales		400.0		395.0		+5.0	363.6	-	+36.4	+10.0%
(M)	Motion Control	188.0		185.0		+3.0	162.3	-	+25.7	+15.8%
(R)	Robotics	137.0		135.0		+2.0	122.5	-	+14.5	+11.8%
(S)	System Engineering	39.5		39.5		-	35.3	-	+4.2	+11.8%
	Other	35.5		35.5		-	43.4	-	-7.9	-18.1%
Operating Income		31.5	7.9%	30.0	7.6%	+1.5	25.7	7.1%	+5.8	+22.6%
(M)	Motion Control	22.0	11.7%	20.6	11.1%	+1.4	16.4	10.1%	+5.6	+33.9%
(R)	Robotics	11.4	8.3%	11.3	8.4%	+0.1	9.5	7.8%	+1.9	+19.9%
(S)	System Engineering	-1.2	-	-1.2	-	-	-0.0	-	-1.2	-
	Other	0.7	1.8%	0.7	1.8%	-	1.1	2.6%	-0.5	-41.2%
	Elimination or Corporate	-1.4	-	-1.4	-	-	-1.3	-	-0.0	-
Ordinary Income		33.0	8.3%	31.0	7.8%	+2.0	27.1	7.4%	+5.9	+21.8%
Net Income		23.5	5.9%	22.5	5.7%	+1.0	17.0	4.7%	+6.5	+38.5%

Note: FY14 previous forecasts are the figures announced on October 21, 2014.

Breakdown of Changes in Operating Income (FY2013 ⇒ FY2014)

(Unit: Billions of yen)



Reference

Capital Expenditure, R&D Investment, Forex Rates

◆ Capital expenditure (Consolidated)

(Unit: Billions of yen)

	FY2012	FY2013	FY2014 Plan
Capital Expenditure	15.9	17.0	31.0
Depreciation and Amortization	8.1	9.2	11.0

◆ R&D investment (Consolidated)

(Unit: Billions of yen)

	FY2012	FY2013	FY2014 Plan
R&D investment	10.7	14.0	15.0

◆ Forex rates (Consolidated)

(Unit: Yen)

	FY2012		FY2013		FY2014	
	Apr.-Dec.	Full-year	Apr.-Dec.	Full-year	Apr.-Dec.	Full-year Forecasts
U.S. dollar	79.9	81.9	98.4	99.6	104.8	107.4
Euro	102.1	105.7	130.2	132.7	139.5	138.4

Note: Average rate during the period

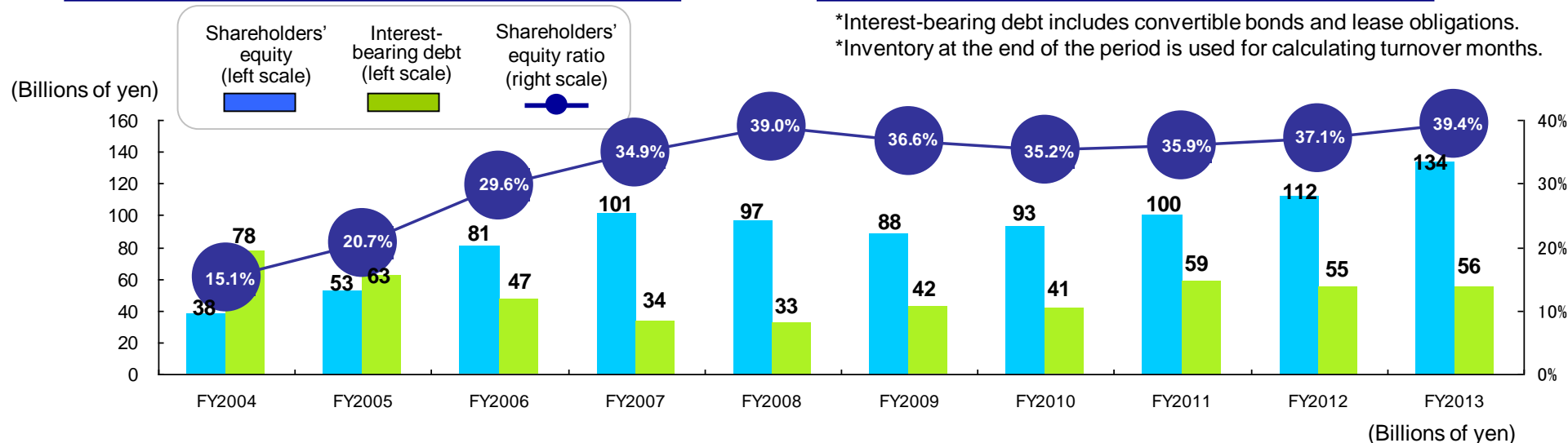
Financial Indices

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



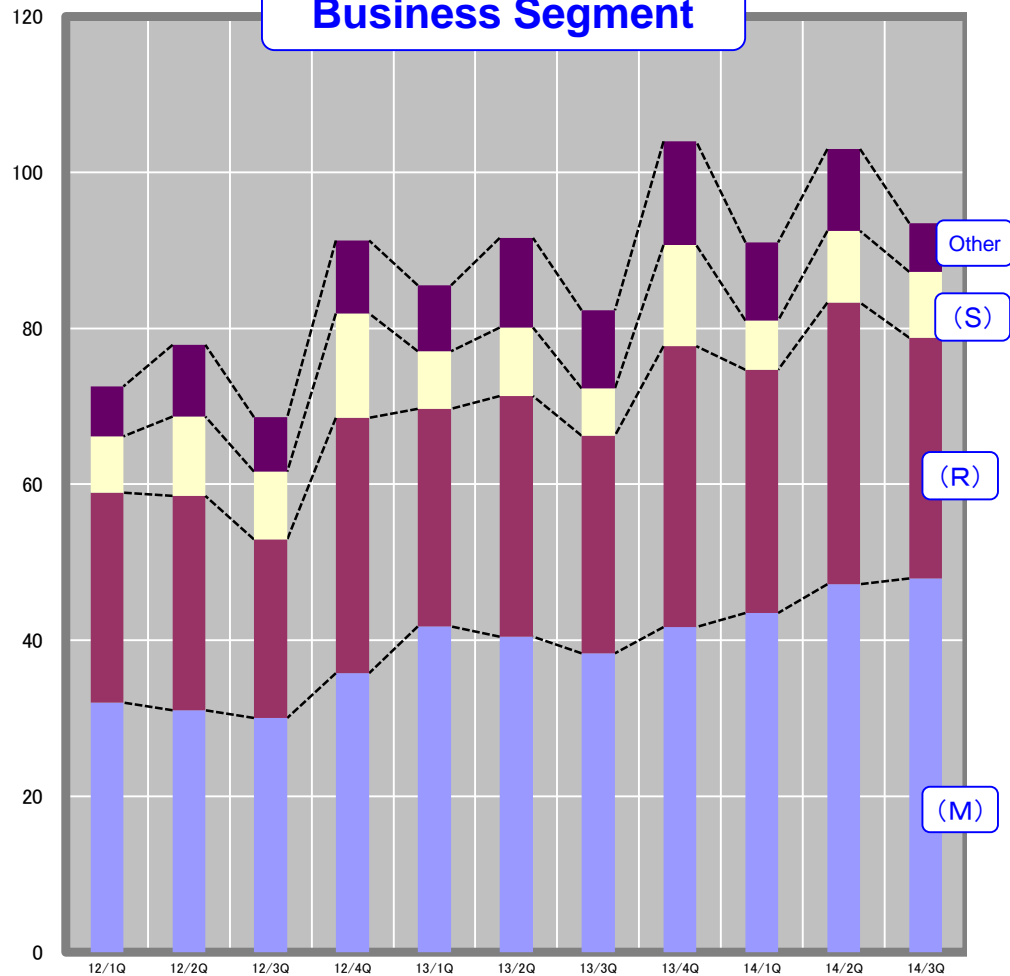
*Interest-bearing debt includes convertible bonds and lease obligations.
*Inventory at the end of the period is used for calculating turnover months.

Operating CF	5.8	18.7	15.0	17.7	12.5	4.0	2.5	6.4	24.6	24.1
Investment CF	-2.2	9.7	-6.1	-9.9	-10.7	-6.5	-6.7	-11.9	-18.1	-17.0
Free CF	3.5	9.0	8.9	7.8	1.8	-2.4	-4.3	-5.5	6.6	7.0

Quarterly Sales Trends

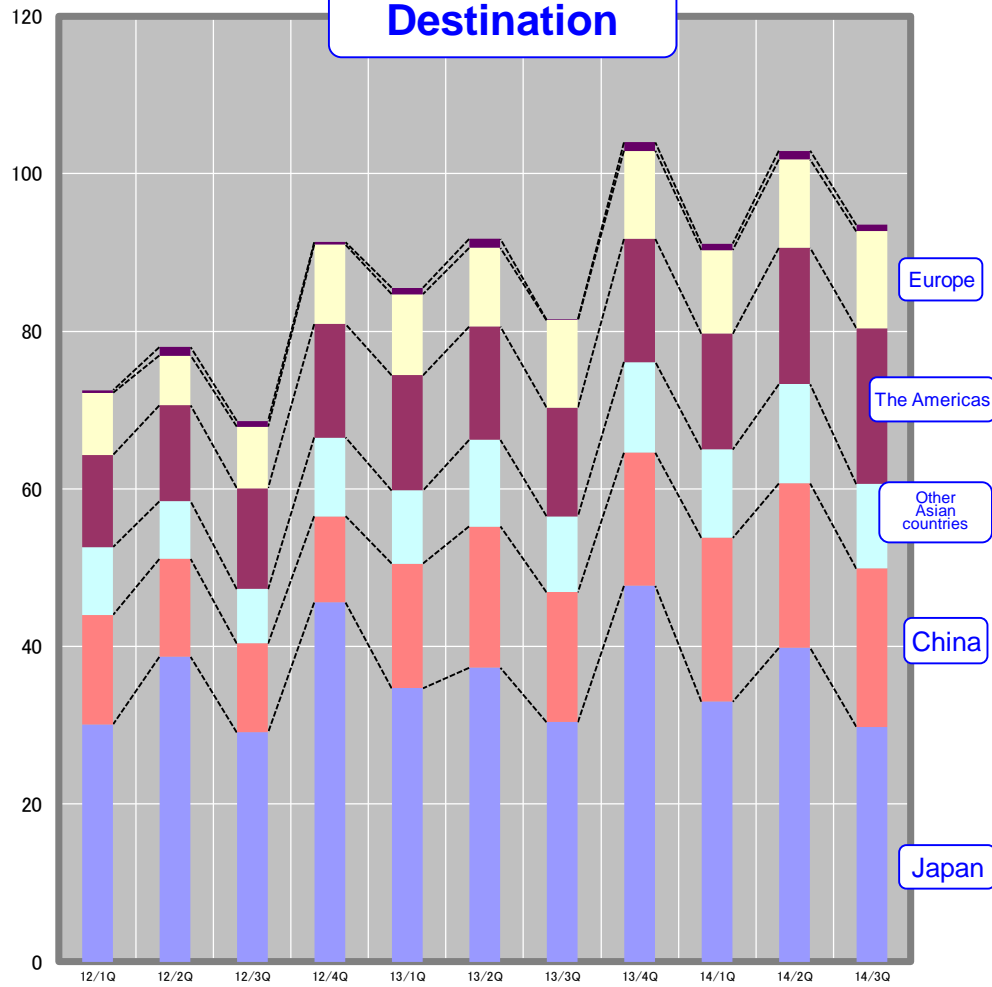
(Billions of yen)

Business Segment



(Billions of yen)

Destination

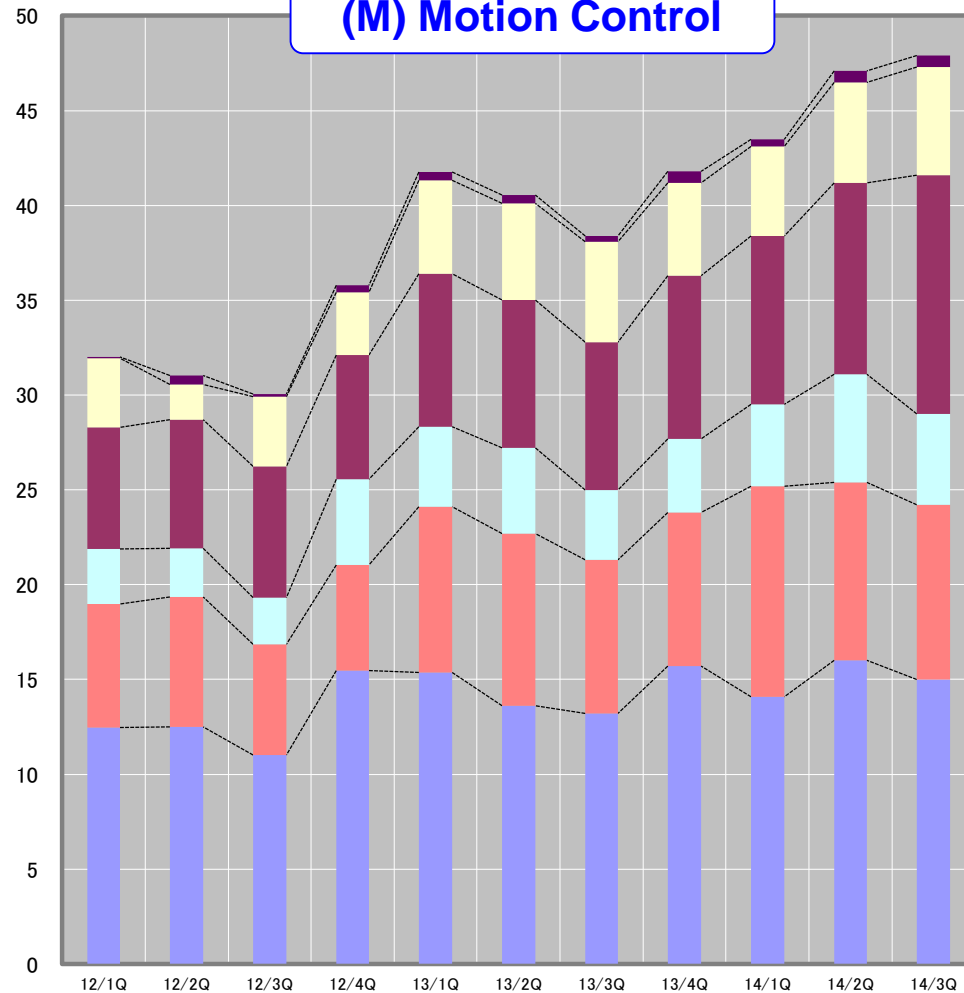


Notes: (M) = Motion Control (R) = Robotics (S) = System Engineering

Quarterly Sales Trends

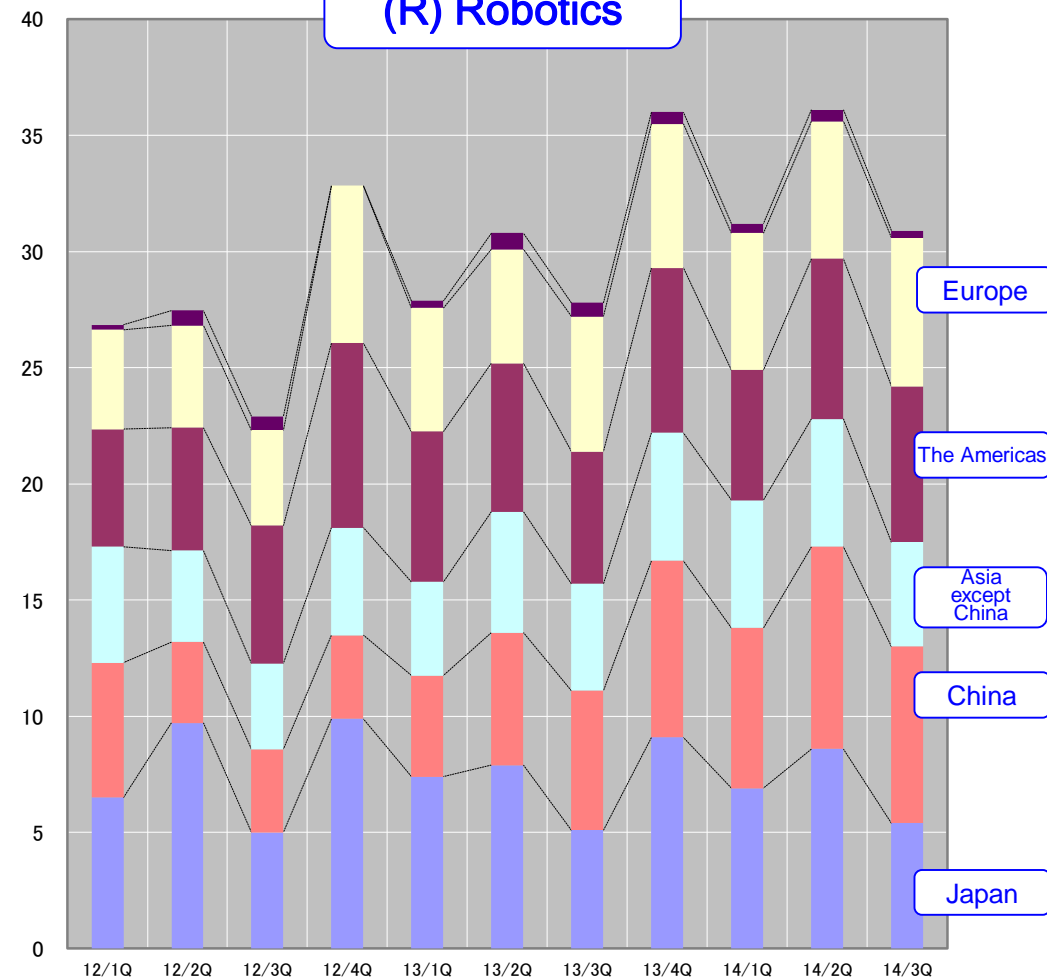
(Billions of yen)

(M) Motion Control



(Billions of yen)

(R) Robotics



Major Production Bases



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