

FY2015 1st Quarter Financial Results (Ended June 20, 2015)

FY2015 1st Half Forecasts (Ending September 20, 2015)

YASKAWA ELECTRIC CORPORATION (TSE 6506)

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Motion Control (M)

[Core products]

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



AC servo drives



General purpose
AC drive



PV inverter using
GaN 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.



New spot-welding
robot with 7 axes



Delta robot



Robot system for
preprocessing operations

System Engineering (S)

[Core products]

- Electrical systems for steel plants
- Electrical instrumentation systems for water supply plants and sewage treatment facilities
- Large-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. FY2015 1Q Financial Results

(Ended June 20, 2015)

- **Net sales and profits increased due to the growth of main businesses and depreciation of yen.**

	<u>FY2015</u> <u>1Q</u>	FY2014 1Q	<u>Changes</u>	
Net Sales	<u>¥ 101.1bn.</u>	¥ 91.0bn.	<u>+¥ 10.0bn.</u>	<u>+11.0%</u>
Operating Income	<u>¥ 9.1bn.</u>	¥ 6.8bn.	<u>+¥ 2.3bn.</u>	<u>+34.3%</u>
Ordinary income	<u>¥ 10.0bn.</u>	¥ 6.5bn.	<u>+¥ 3.5bn.</u>	<u>+53.0%</u>
Net income	<u>¥ 5.8bn.</u>	¥ 4.5bn.	<u>+¥ 1.3bn.</u>	<u>+29.3%</u>

FY2015 1Q Financial Results by Business Segment (1)

• Net sales and profits increased due to solid results in (R)

(Billions of yen)

		FY2015 1Q		FY2014 1Q		Changes	
			Income ratio		Income ratio	Amounts	%
Net Sales		101.1		91.0		+10.0	+11.0%
(M)	Motion Control	48.5		43.5		+4.9	+11.3%
(R)	Robotics	38.1		31.2		+7.0	+22.3%
(S)	System Engineering	7.8		6.3		+1.5	+23.2%
	Other	6.7		10.0		-3.3	-33.2%
Operating Income		9.1	9.1%	6.8	7.5%	+2.3	+34.3%
(M)	Motion Control	6.5	13.4%	5.1	11.8%	+1.3	+26.0%
(R)	Robotics	4.1	10.9%	2.6	8.4%	+1.5	+59.3%
(S)	System Engineering	-1.4	-	-0.7	-	-0.7	-
	Other	0.1	1.8%	-0.1	-	+0.2	-
	Elimination or Corporate	-0.2	-	-0.2	-	-0.0	-
Ordinary Income		10.0	9.9%	6.5	7.2%	+3.5	+53.0%
Net income		5.8	5.7%	4.5	4.9%	+1.3	+29.3%

Motion Control

- **Global AC servo business was robust especially for the machine tool and electronic component industries.**
- **General purpose AC drives business was generally firm in markets other than China where the growth decelerated.**
Sales of PV inverters increased because of the acquired Solectria Renewables, LLC, despite the negative effect from the electric power companies' postponing purchase.

Robotics

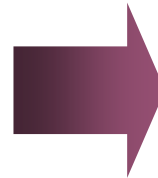
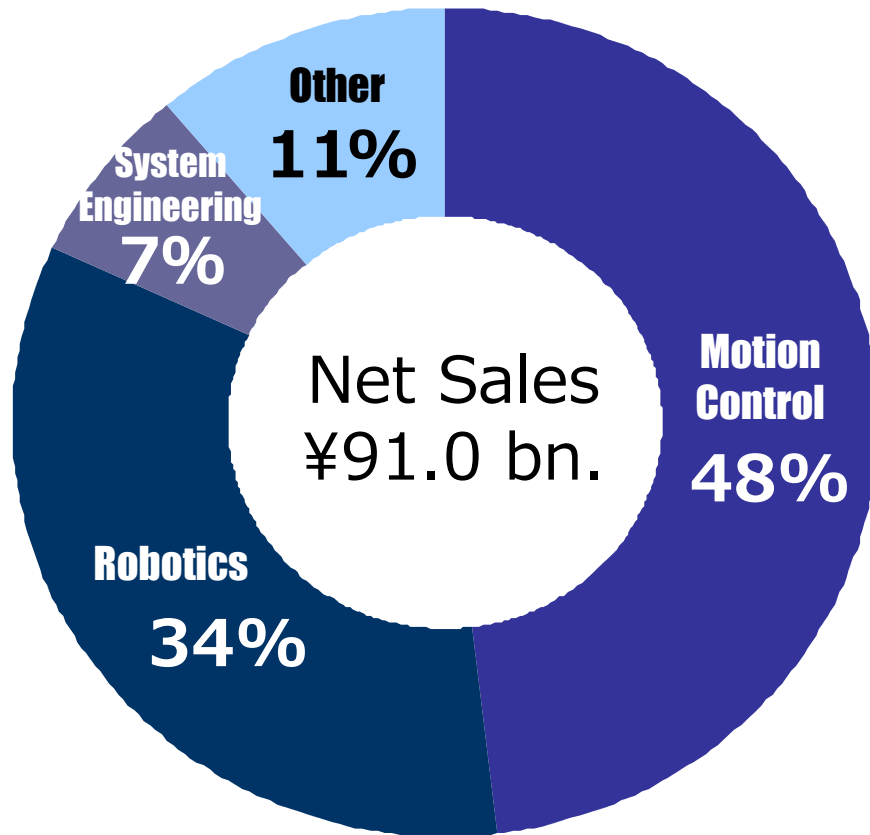
- **Strong global performance due to high demand from the automobile industry in China and U.S..**

System Engineering

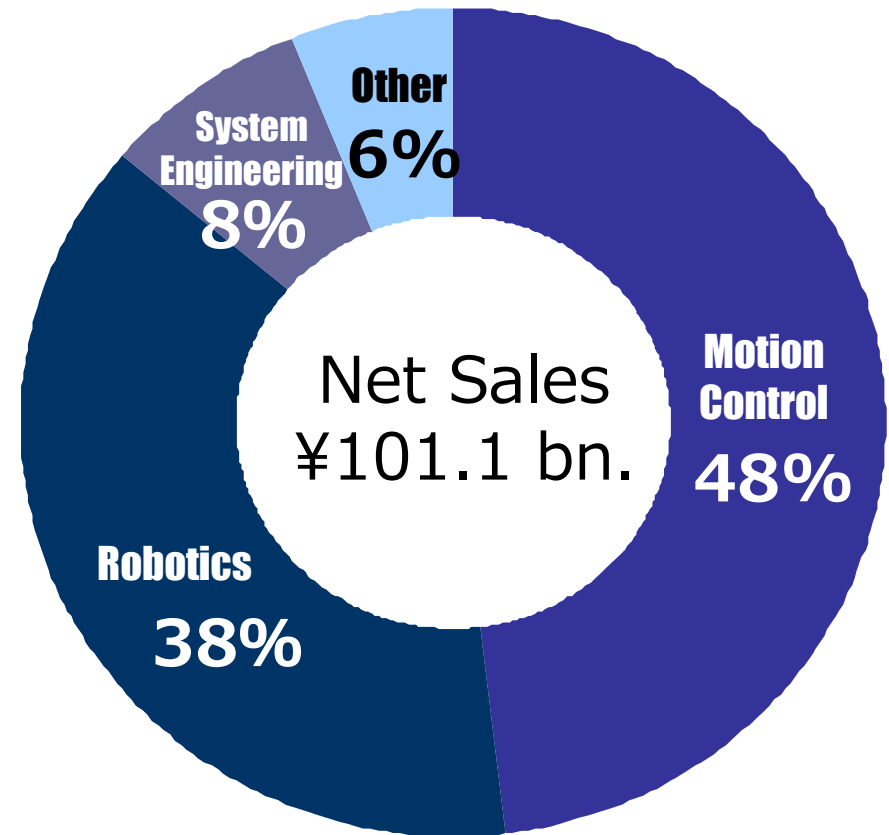
- **Investments in steel plants were weak.**
Focused on creating synergies with The Switch Engineering OY.

Sales Breakdown by Business Segment

FY14/1Q



FY15/1Q



Sales Breakdown by Destination (1)

- **Overseas sales significantly expanded due to strong growth in the Americas**

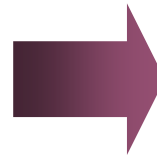
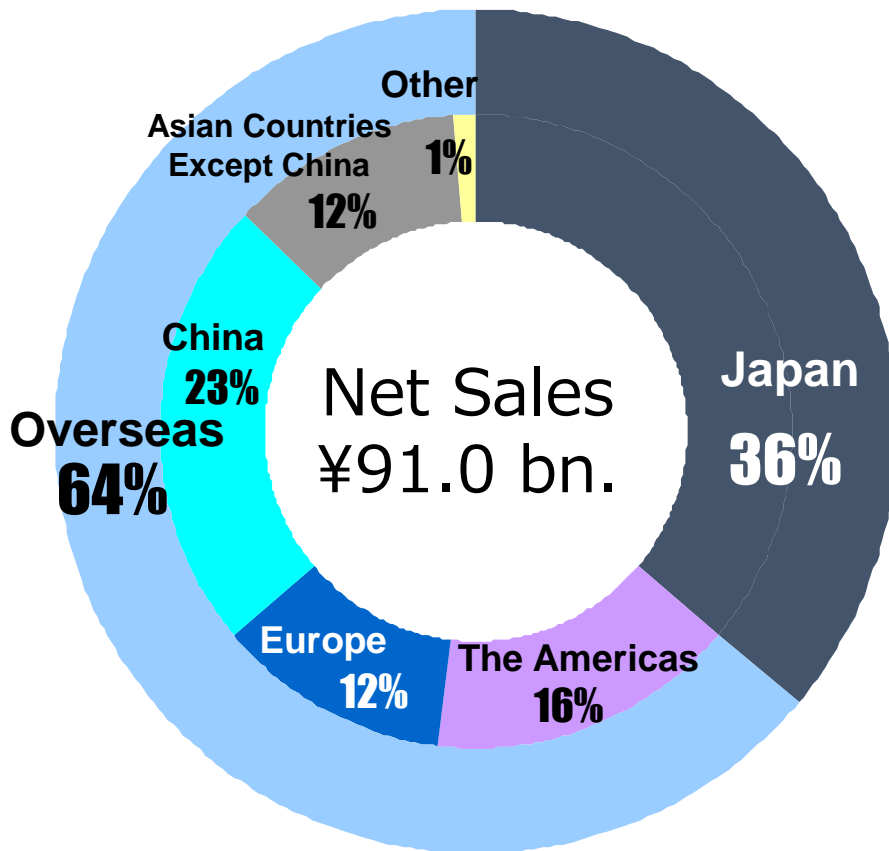
(Billions of yen)

		FY15 1Q	FY14 1Q	Changes	
				Amounts	%
Net Sales		101.1	91.0	+10.0	+11.0%
	Japan	29.9	33.0	-3.0	-9.2%
	Overseas	71.1	58.1	+13.1	+22.5%
	The Americas	20.4	14.7	+5.7	+39.0%
	Europe	12.1	10.6	+1.5	+13.9%
	China	23.6	20.8	+2.8	+13.3%
	Other Asian Countries	14.0	11.2	+2.9	+25.7%
	Other	1.0	0.8	+0.2	+27.7%

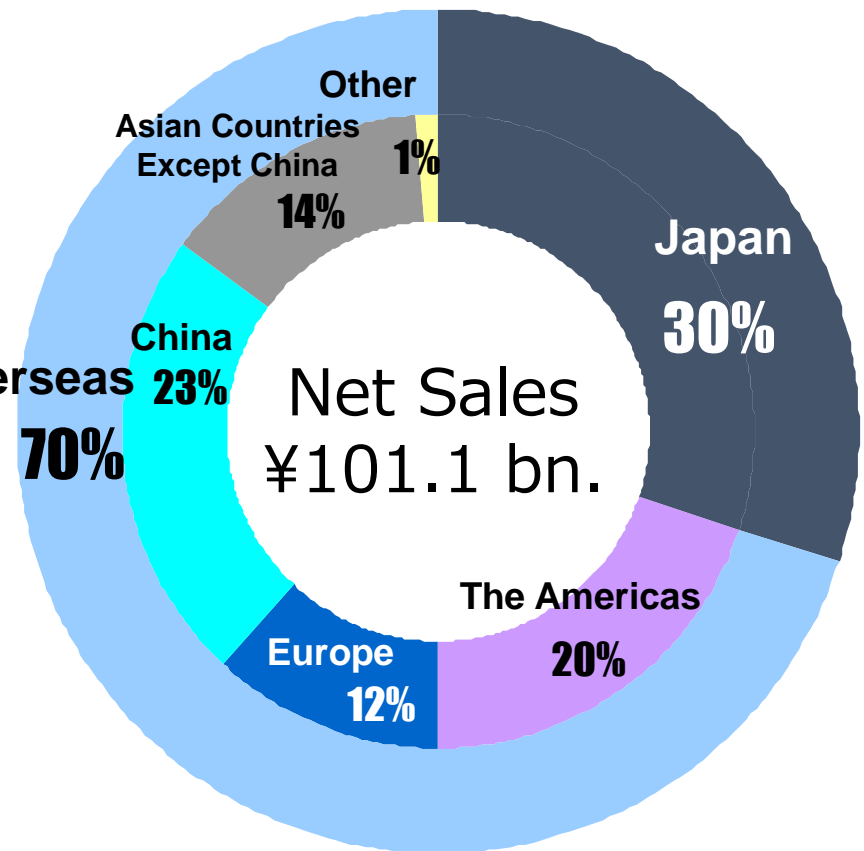
Note: "Other" include Australia and South Africa, etc.

- Overseas sales ratio significantly expanded due to strong growth in the Americas

FY14/1Q

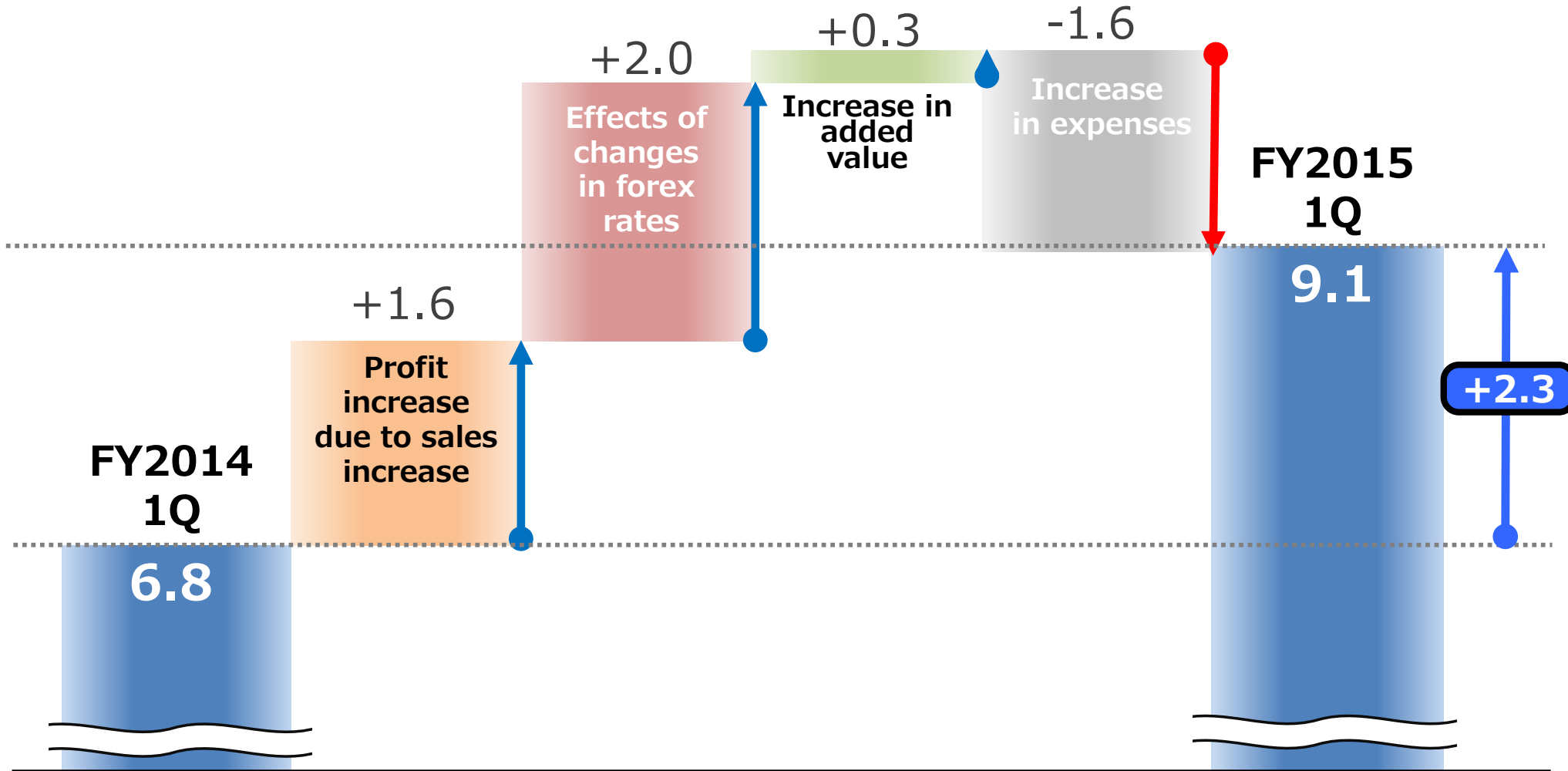


FY15/1Q



Breakdown of Changes in Operating Income (FY14/1Q → FY15/1Q)

(Unit: Billions of yen)



Measures for FY2015 1Q (1)

- **Chubu Robot Center launched in Japan in May**

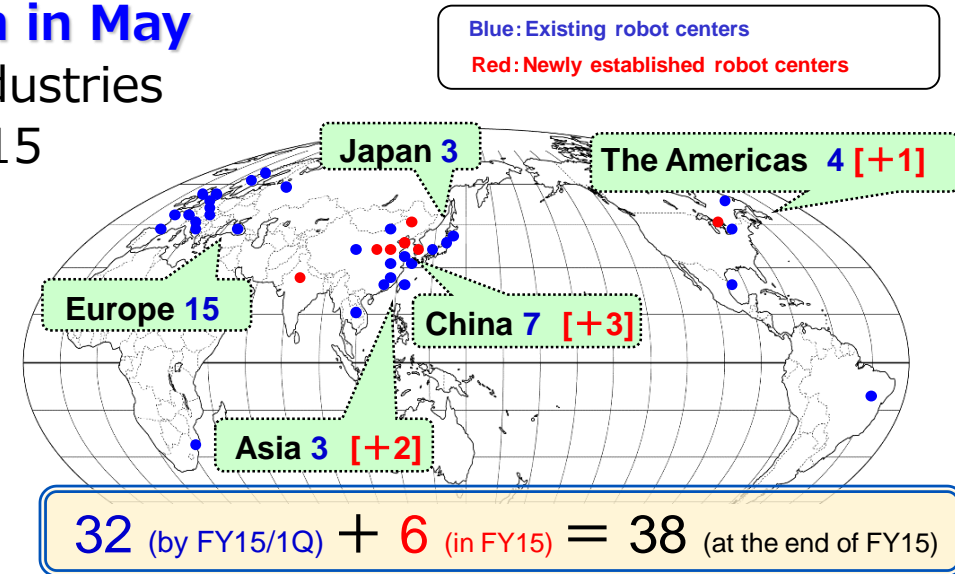
- ➔ Foster and develop SIers in general industries
- ➔ Plan to establish 7 robot centers in FY15



Chubu Robot Center



Showroom



- **Became a company with committees (Audit committee, etc.) in June**

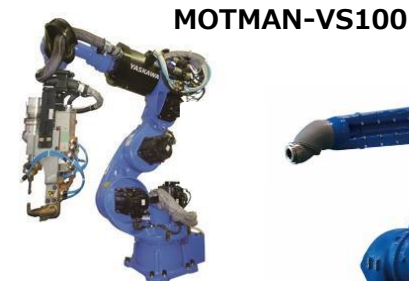
- ➔ Enhance supervision of the management by the board of directors
- ➔ Elected three outside directors to enhance soundness and efficiency of management

- **Improve global production system**

- ➔ Launch new robot factory No.3 in Japan in Sep. *Robot production in Japan : 2,200 ⇒ 2,400 Units / month
- ➔ Strengthen robot production capacity in China *Robot production in China 300 ⇒ 600 Units / month
- ➔ Boost production at the factory in Shenyang to expand sales of Σ-7 in China

Measures for FY2015 1Q (2) : Release new products

- **Release of new spot welding robot with 7 axes “MOTOMAN-VS100”**
 - ➔ Industry-first arm structure to accommodate various installation environment
- **Released new painting robot “MOTOMAN-MPX3500”**
 - ➔ Optimized for large-scale painting works of automotive body, bumper, etc.
- **Developed small-sized robot (MotoMINI) to apply to next-generation production system**
 - ➔ Distinctive features of “downsizing, lightening, high-speed and high-precision”
- **Released high performance CPU module “CPU-302”**
 - ➔ Expanded lineup of machine controller “MP3300”
- **Released walk-assist device “ReWalk” in Japan**
 - ➔ Enables individuals with spinal cord injury (SCI) to walk



MOTOMAN-VS100



MOTOMAN-MPX3500



CPU-302



MotoMINI



ReWalk

2. FY2015/1H Financial Forecasts (Ending September 20, 2015)

- The forecasts remain unchanged due to the uncertain market conditions.

	<u>FY2015 1H</u> <u>Forecast</u>	FY2014 1H	<u>Changes</u>	
			<u>Amounts</u>	<u>%</u>
Net Sales	<u>¥ 208.0bn.</u>	¥ 193.9bn.	<u>+¥ 14.1bn.</u>	<u>+7.3%</u>
Operating Income	<u>¥ 15.5bn.</u>	¥ 14.9bn.	<u>+¥ 0.6bn.</u>	<u>+3.9%</u>
Ordinary income	<u>¥ 16.0bn.</u>	¥ 15.6bn.	<u>+¥ 0.4bn.</u>	<u>+2.3%</u>
Net income	<u>¥ 10.0bn.</u>	¥ 11.7bn.	<u>-¥ 1.7bn.</u>	<u>-14.5%</u>

Notes: The figures of FY2015/1H forecasts were announced on April 20, 2015

FY2015 1H Financial Forecasts (by Business Segment)

- Forecasts in (R) were revised up due to robust market conditions
- Forecasts in (M) were revised down due to slowdown of growth in China

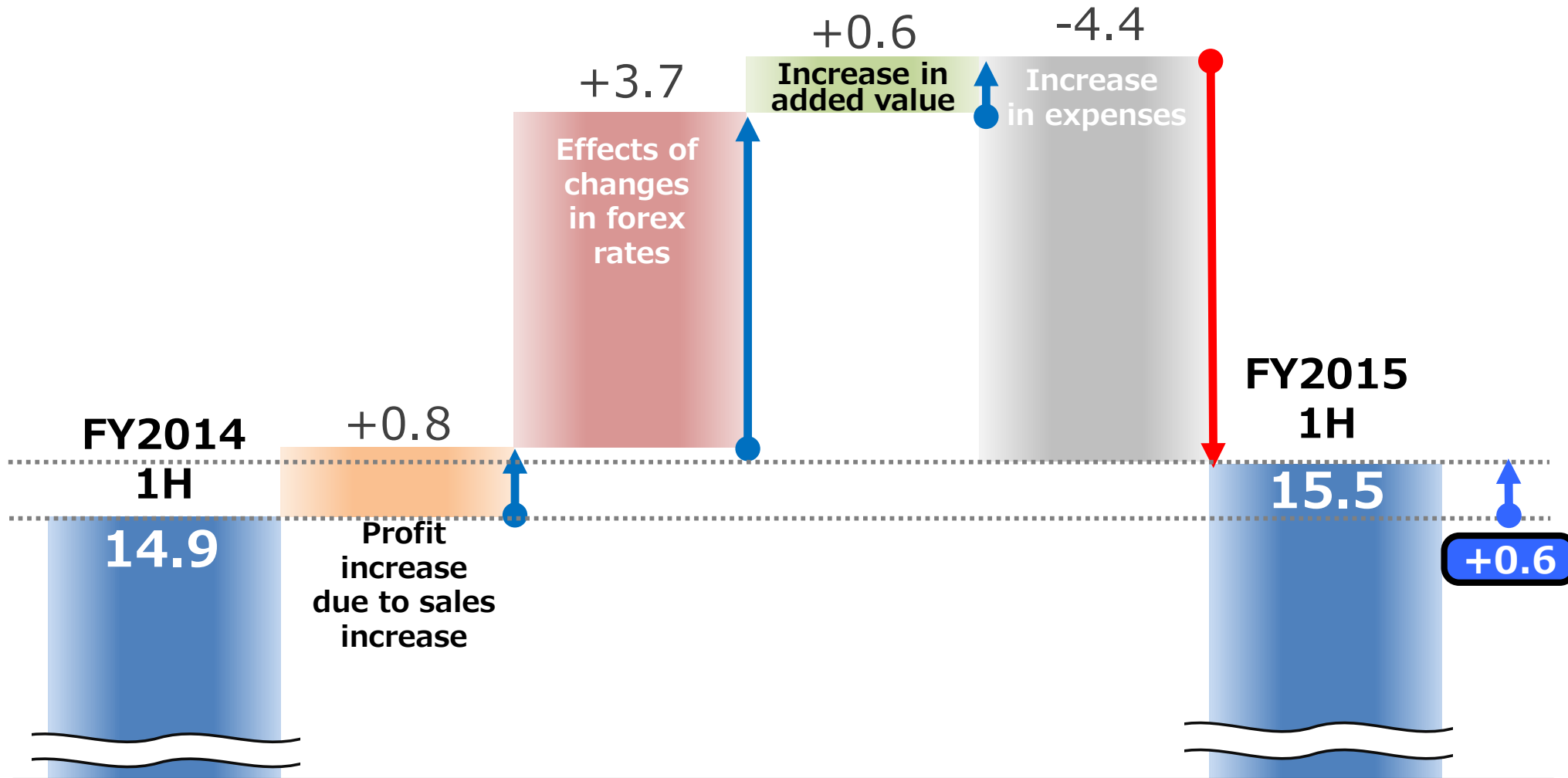
(Billions of yen)

		FY2015 1H		FY2015 1H		Change from Previous forecast	FY2014 1H		Changes	
		Current forecast	Income ratio	Previous forecast	Income ratio			Income ratio	Amounts	%
Net Sales		208.0		208.0		-	193.9		+14.1	+7.3%
(M)	Motion Control	99.5		103.5		-4.0	90.7		+8.8	+9.7%
(R)	Robotics	76.5		72.5		+4.0	67.2		+9.3	+13.8%
(S)	System Engineering	17.5		17.5		-	15.5		+2.0	+12.6%
	Other	14.5		14.5		-	20.5		-6.0	-29.1%
Operating Income		15.5	7.5%	15.5	7.5%	-	14.9	7.7%	+0.6	+3.9%
(M)	Motion Control	11.8	11.9%	12.3	11.9%	-0.5	10.5	11.5%	+1.3	+12.8%
(R)	Robotics	6.3	8.2%	5.8	8.0%	+0.5	5.8	8.6%	+0.5	+9.4%
(S)	System Engineering	-2.2	-	-2.2	-	-	-1.2	-	-0.9	-
	Other	0.3	1.7%	0.3	1.7%	-	0.4	2.2%	-0.2	-44.1%
	Elimination or Corporate	-0.7	-	-0.7	-	-	-0.5	-	-0.2	-
Ordinary Income		16.0	7.7%	16.0	7.7%	-	15.6	8.1%	+0.4	+2.3%
Net income		10.0	4.8%	10.0	4.8%	-	11.7	6.0%	-1.7	-14.5%

Notes: The figures in FY2014/1H previous forecast were announced on April 20, 2015

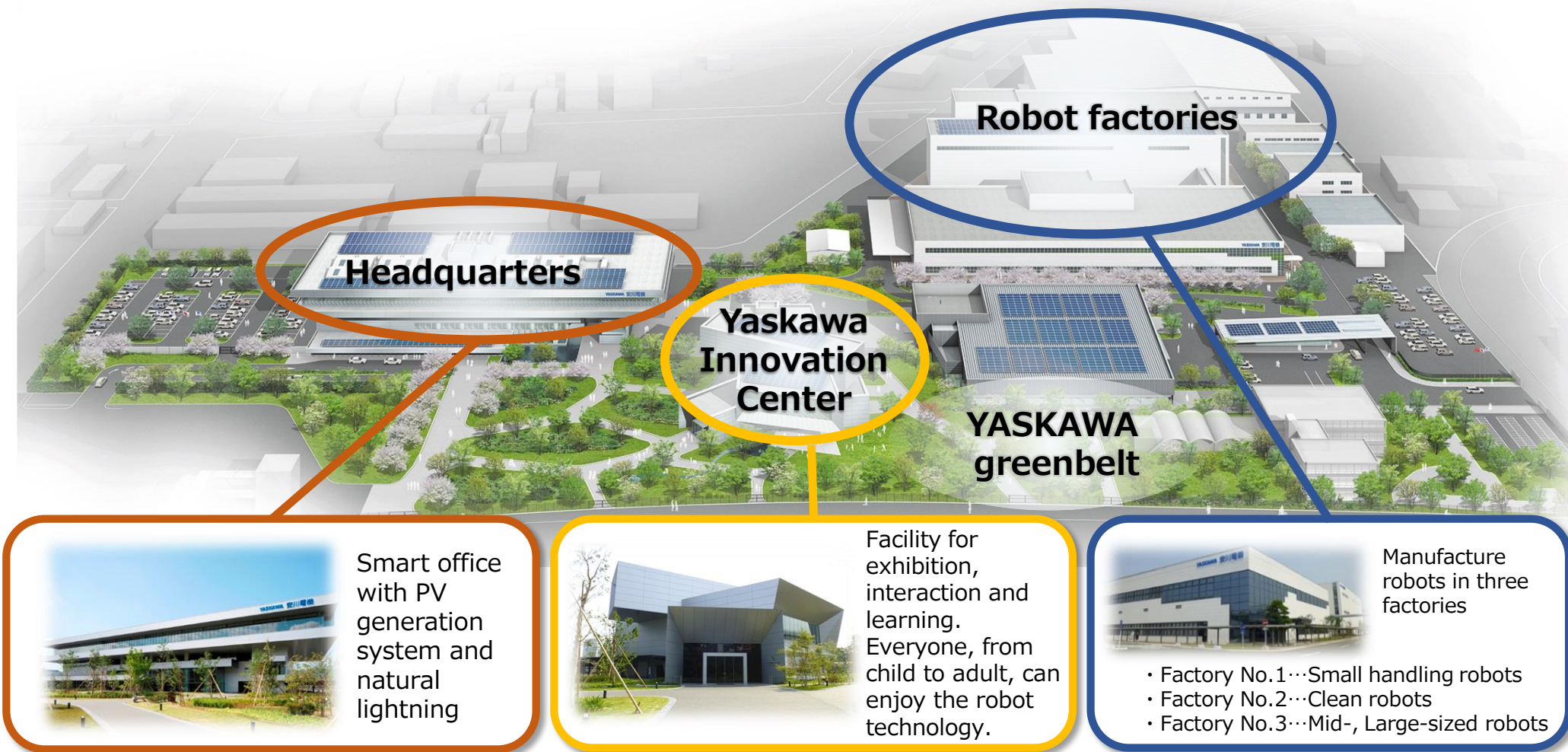
Breakdown of Changes in Operating Income (FY14/1H → FY15/1H)

(Billions of yen)



Topic : Robot Village

Celebrating the centennial anniversary, our HQ opened as “Robot Village” on June 1
Aiming to be a familiar company to local residents, while being environmentally conscious* and delivering the fun and wonders of “manufacturing”. * 50% reduction of CO₂ emissions compared with conventional buildings



3. Reference

Capital Expenditure, R&D Investment, Forex Rates

◆Capital expenditure

(Unit: Billions of yen)

	FY2013	FY2014	FY2015 Plan
Capital Expenditure	17.0	36.4	18.0
Depreciation and Amortization	9.2	11.5	13.5

◆R&D investment

(Unit: Billions of yen)

	FY2013	FY2014	FY2015 Plan
R&D investment	14.0	15.3	15.0

◆Forex rates

(unit: Yen)

	FY2013		FY2014		FY2015 Forecast	
	1Q	1H	1Q	1H	1Q (Actual)	1H
U.S. dollar	97.9	98.2	102.2	102.2	120.3	120.1
Euro	127.1	128.5	141.0	139.4	131.3	128.1

Note: Average rate during the period

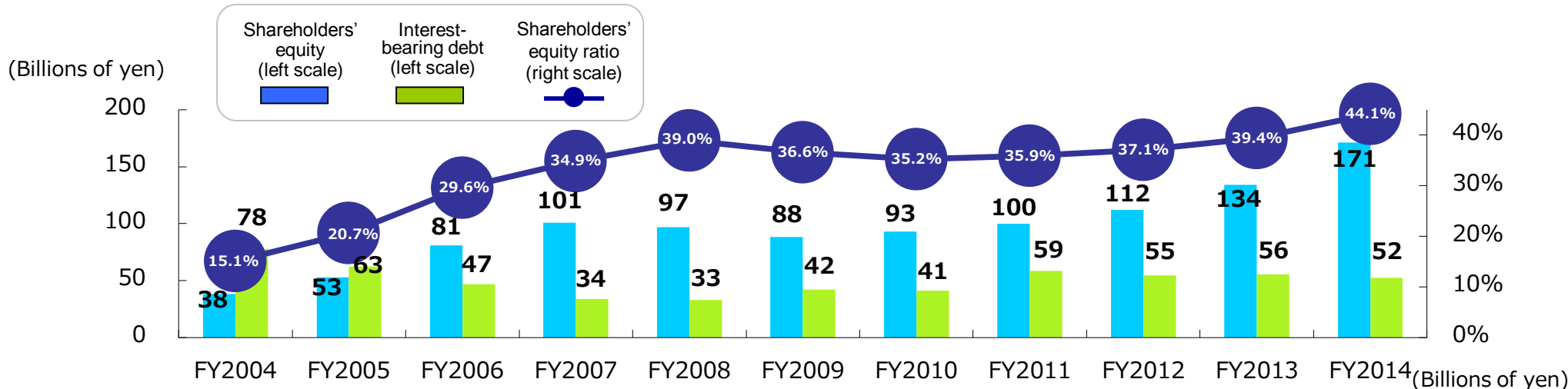
Financial Indices

As of March 20, 2015

➤ Shareholders' equity ratio	44.1%
➤ Shareholders' equity	171.4 billion yen
➤ Interest-bearing debt	52.4 billion yen
➤ D/E ratio	0.31
(Net D/E ratio)	0.16
➤ Inventory	85.5 billion yen
Turnover	2.6 months
➤ ROE	16.3%

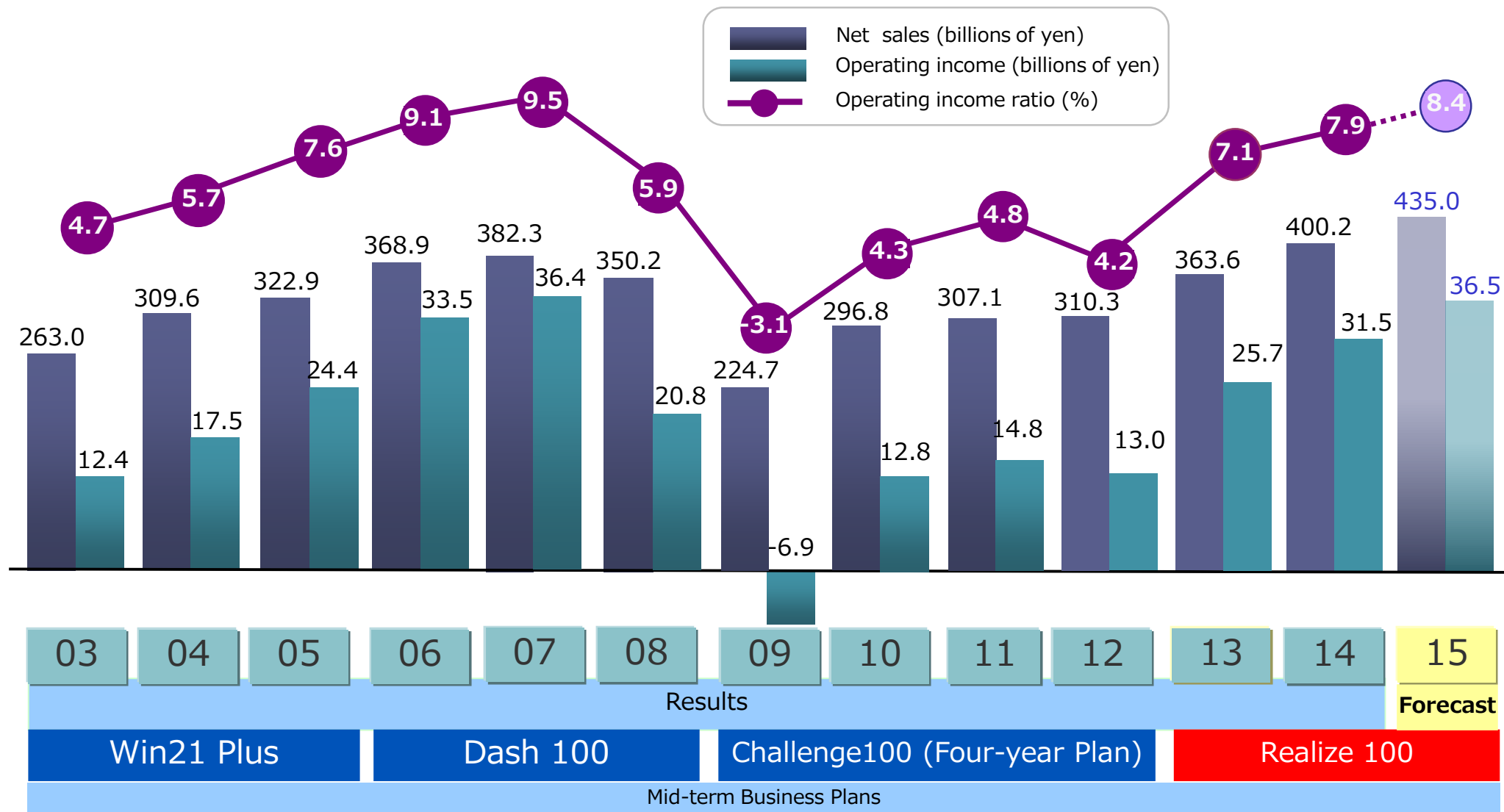
As of June 20, 2015

➤ Shareholders' equity ratio	44.4%
➤ Shareholders' equity	176.2 billion yen
➤ Interest-bearing debt	53.2 billion yen
➤ D/E ratio	0.30
(Net D/E ratio)	0.15
➤ Inventory	90.1 billion yen
Turnover	2.7 months



Operating CF	5.8	18.7	15.0	17.7	12.5	4.0	2.5	6.4	24.6	24.0	29.0
Investment CF	-2.2	-9.7	-6.1	-9.9	-10.7	-6.5	-6.7	-11.9	-18.1	-16.9	-27.9
Free CF	3.5	9.0	8.9	7.8	1.8	-2.4	-4.3	-5.5	6.6	7.0	1.1

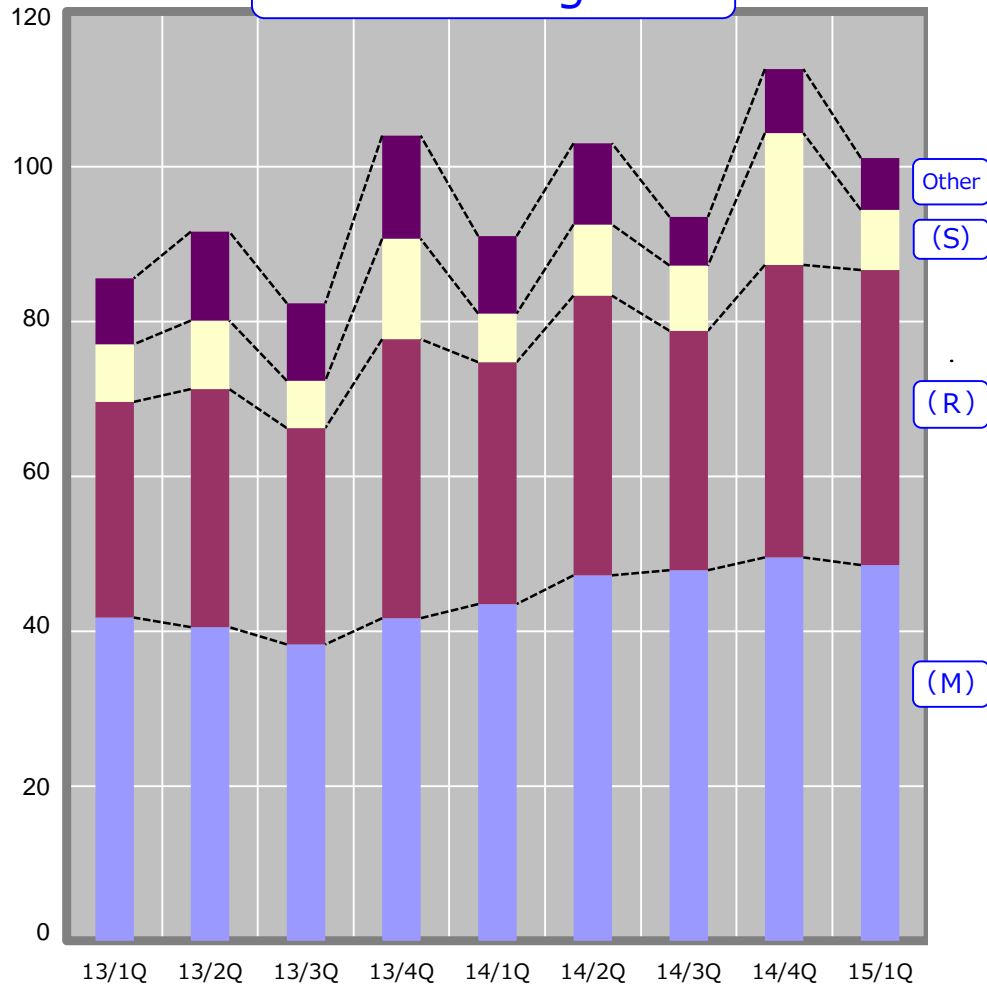
FY2003-2015 Net Sales/Operating Income



Quarterly Sales Trends (1)

(Billions of yen)

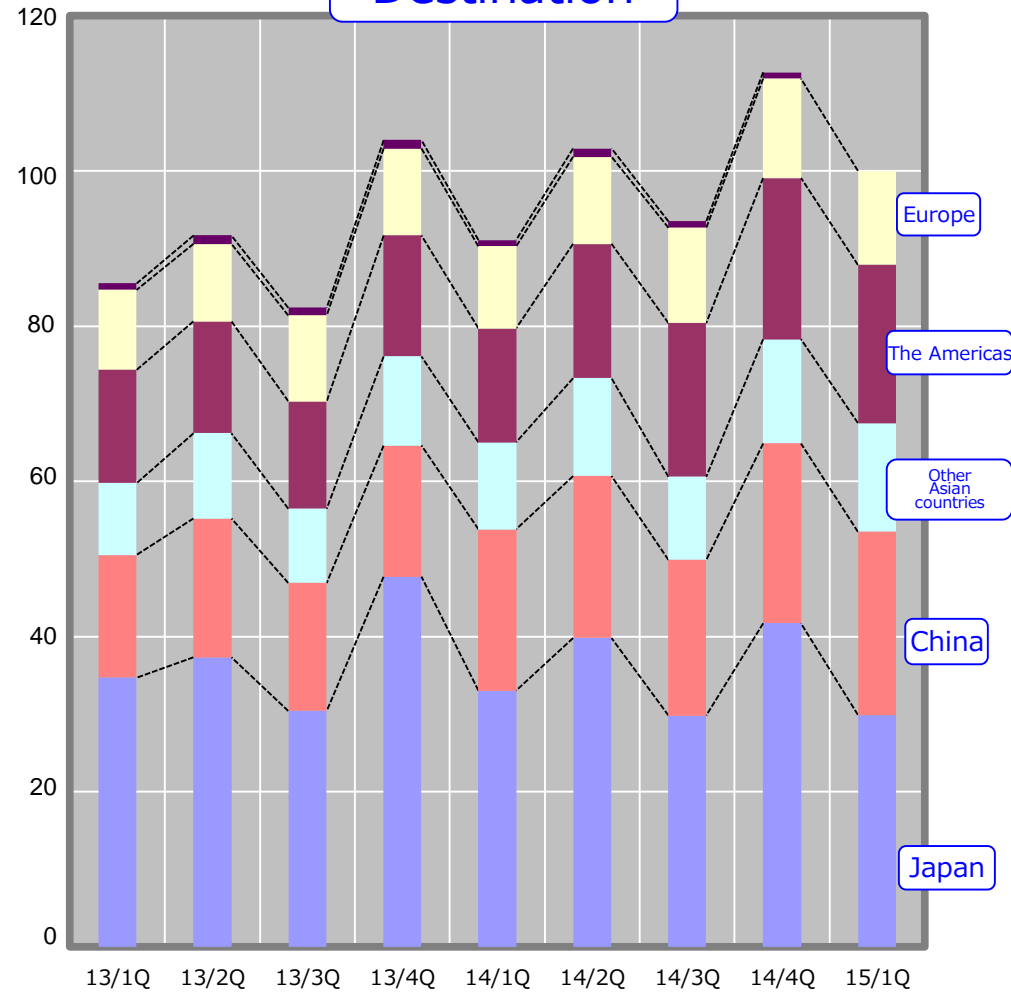
Business Segment



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

(Billions of yen)

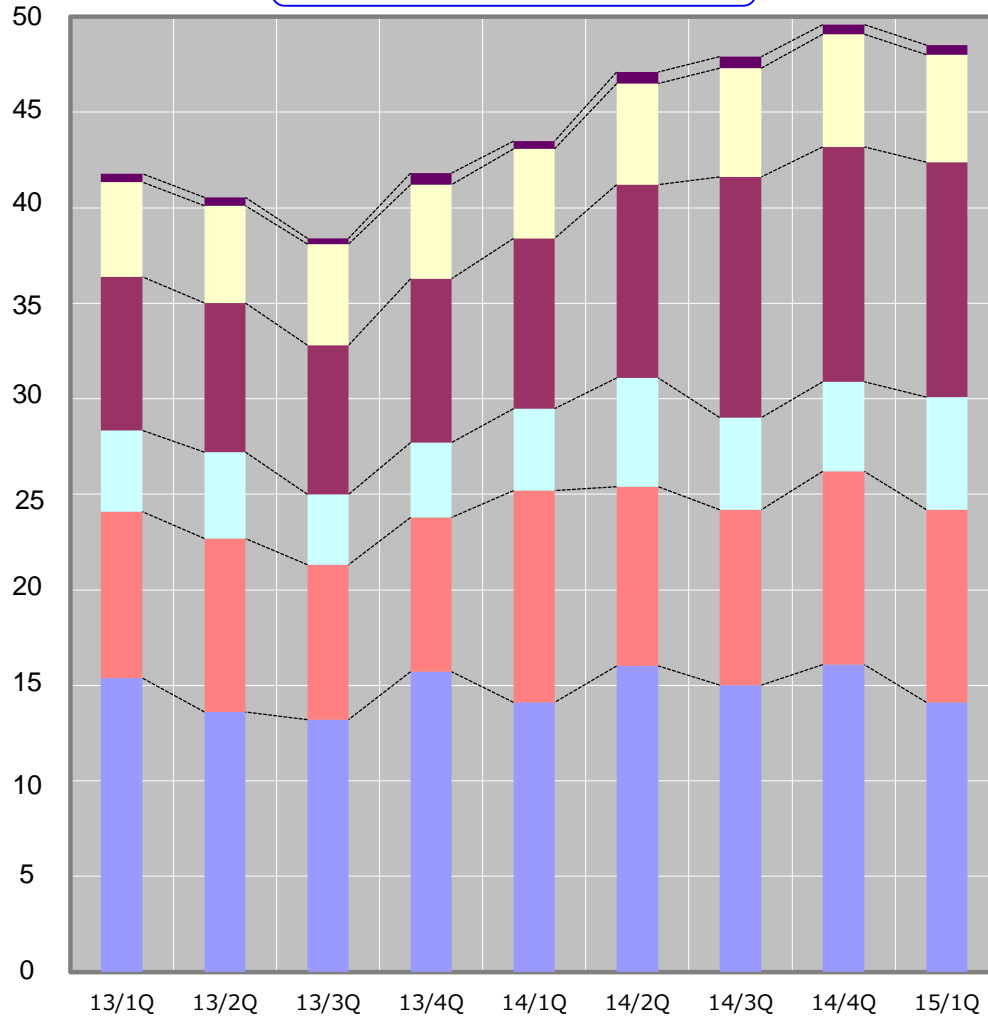
Destination



Quarterly Sales Trends (2)

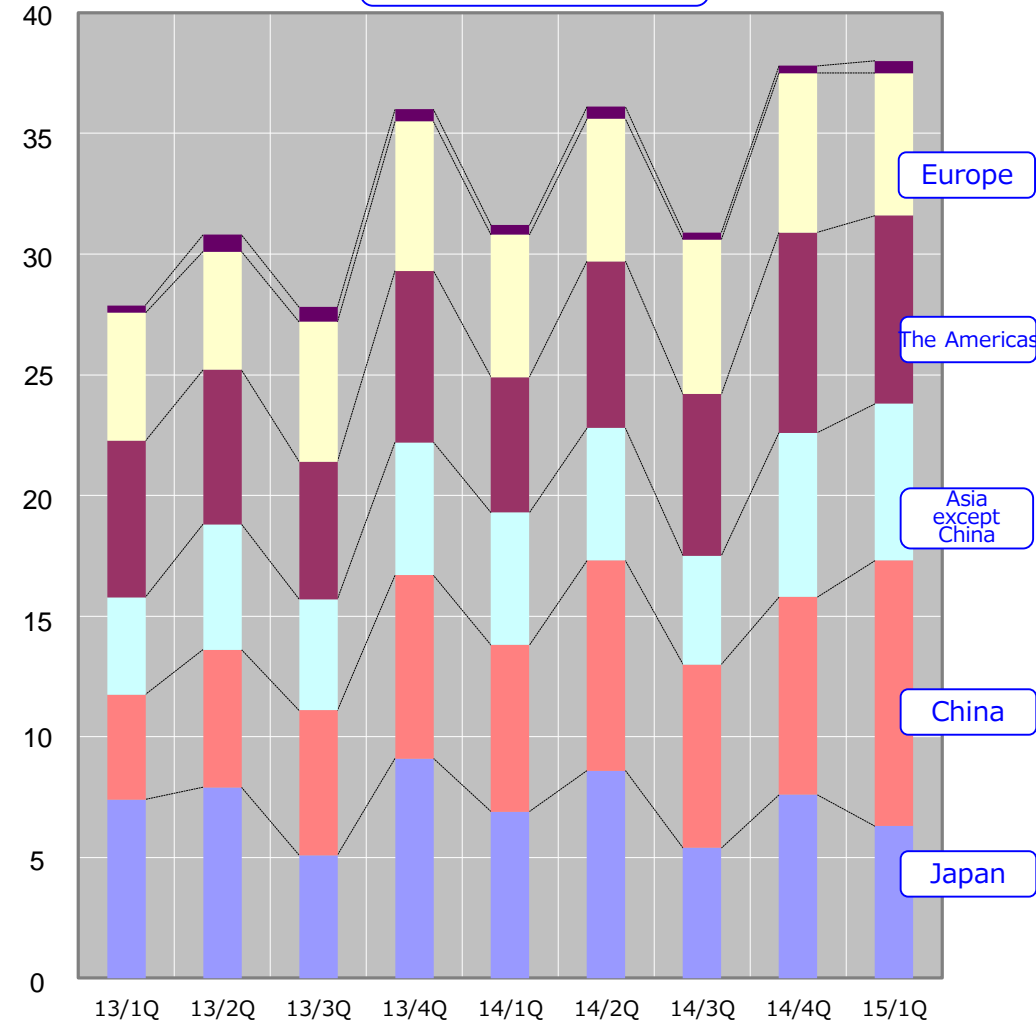
(M) Motion Control

(Billions of yen)



(R) Robotics

(Billions of yen)



Major Production Bases

