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

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

YASKAWA ELECTRIC CORPORATION (TSE 6506)
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.
Business Overview

**Motion Control (M)**
- Core products:
  - AC servo motors and controllers
  - Linear servo motors
  - AC drives
  - PV inverters
  - 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-scale wind power generator and converter, etc.

**Other**
- Core products:
  - IT-related services
  - Logistics, etc.
1. FY2015 1Q Financial Results
(Ended June 20, 2015)
**FY2015 1Q Financial Results (Highlights)**

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

<table>
<thead>
<tr>
<th></th>
<th>FY2015 1Q</th>
<th>FY2014 1Q</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>¥ 101.1bn.</td>
<td>¥ 91.0bn.</td>
<td>+¥ 10.0bn.</td>
</tr>
<tr>
<td>Operating Income</td>
<td>¥ 9.1bn.</td>
<td>¥ 6.8bn.</td>
<td>+¥ 2.3bn.</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>¥ 10.0bn.</td>
<td>¥ 6.5bn.</td>
<td>+¥ 3.5bn.</td>
</tr>
<tr>
<td>Net income</td>
<td>¥ 5.8bn.</td>
<td>¥ 4.5bn.</td>
<td>+¥ 1.3bn.</td>
</tr>
</tbody>
</table>
FY2015 1Q Financial Results by Business Segment (1)

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

<table>
<thead>
<tr>
<th></th>
<th>FY2015 1Q</th>
<th>FY2014 1Q</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Income ratio</td>
<td>Income ratio</td>
<td>Amounts</td>
</tr>
<tr>
<td>Net Sales</td>
<td>101.1%</td>
<td>91.0%</td>
<td>+10.0%</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>48.5%</td>
<td>43.5%</td>
<td>+4.9%</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>38.1%</td>
<td>31.2%</td>
<td>+7.0%</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>7.8%</td>
<td>6.3%</td>
<td>+1.5%</td>
</tr>
<tr>
<td>Other</td>
<td>6.7%</td>
<td>10.0%</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>9.1%</td>
<td>6.8%</td>
<td>+2.3%</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>6.5%</td>
<td>5.1%</td>
<td>+1.3%</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>4.1%</td>
<td>2.6%</td>
<td>+1.5%</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>-1.4%</td>
<td>-0.7%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Other</td>
<td>0.1%</td>
<td>-0.1%</td>
<td>+0.2%</td>
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<tr>
<td>Elimination or Corporate</td>
<td>-0.2%</td>
<td>-0.2%</td>
<td>-0.0%</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>10.0%</td>
<td>6.5%</td>
<td>+3.5%</td>
</tr>
<tr>
<td>Net income</td>
<td>5.8%</td>
<td>4.5%</td>
<td>+1.3%</td>
</tr>
</tbody>
</table>
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
- Robotics: 34%
- Motion Control: 48%
- System Engineering: 7%
- Other: 11%
- Net Sales: ¥91.0 bn.

FY15/1Q
- Robotics: 38%
- Motion Control: 48%
- System Engineering: 8%
- Other: 6%
- Net Sales: ¥101.1 bn.
Sales Breakdown by Destination (1)

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

<table>
<thead>
<tr>
<th>Destination</th>
<th>FY15 1Q</th>
<th>FY14 1Q</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amounts</td>
<td>Amounts</td>
<td>%</td>
</tr>
<tr>
<td>Net Sales</td>
<td>101.1</td>
<td>91.0</td>
<td>+10.0</td>
</tr>
<tr>
<td>Japan</td>
<td>29.9</td>
<td>33.0</td>
<td>-3.0</td>
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<tr>
<td>Overseas</td>
<td>71.1</td>
<td>58.1</td>
<td>+13.1</td>
</tr>
<tr>
<td>The Americas</td>
<td>20.4</td>
<td>14.7</td>
<td>+5.7</td>
</tr>
<tr>
<td>Europe</td>
<td>12.1</td>
<td>10.6</td>
<td>+1.5</td>
</tr>
<tr>
<td>China</td>
<td>23.6</td>
<td>20.8</td>
<td>+2.8</td>
</tr>
<tr>
<td>Other Asian Countries</td>
<td>14.0</td>
<td>11.2</td>
<td>+2.9</td>
</tr>
<tr>
<td>Other</td>
<td>1.0</td>
<td>0.8</td>
<td>+0.2</td>
</tr>
</tbody>
</table>

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

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

FY14/1Q

Net Sales ¥91.0 bn.

- Japan 36%
- Overseas 64%
- The Americas 16%
- Europe 12%
- Asian Countries Except China 12%

FY15/1Q

Net Sales ¥101.1 bn.

- Japan 30%
- Overseas 70%
- The Americas 23%
- Europe 12%
- Asian Countries Except China 14%
- Other 1%
Breakdown of Changes in Operating Income (FY14/1Q → FY15/1Q)

(Unit: Billions of yen)

Profit increase due to sales increase: +1.6
Effects of changes in forex rates: +2.0
Increase in added value: +0.3
Increase in expenses: -1.6

FY2014 1Q: 6.8
FY2015 1Q: 9.1
Total increase: +2.3
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

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

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

<table>
<thead>
<tr>
<th>Net Sales</th>
<th>FY2015 1H Forecast</th>
<th>¥ 208.0bn.</th>
<th>FY2014 1H</th>
<th>¥ 193.9bn.</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operating Income</td>
<td>¥ 15.5bn.</td>
<td></td>
<td>¥ 14.9bn.</td>
<td>+¥ 0.6bn.</td>
</tr>
<tr>
<td></td>
<td>Ordinary income</td>
<td>¥ 16.0bn.</td>
<td></td>
<td>¥ 15.6bn.</td>
<td>+¥ 0.4bn.</td>
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<tr>
<td></td>
<td>Net income</td>
<td>¥ 10.0bn.</td>
<td></td>
<td>¥ 11.7bn.</td>
<td>-¥ 1.7bn.</td>
</tr>
</tbody>
</table>

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

### FY2015 1H Financial Forecasts (by Business Segment) (Billions of yen)

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

**Notes:** The figures in FY2014/1H previous forecast were announced on April 20, 2015.
Breakdown of Changes in Operating Income (FY14/1H ➔ FY15/1H)

<table>
<thead>
<tr>
<th>FY2014 1H</th>
<th>+0.8</th>
<th>FY2015 1H</th>
<th>+0.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.9</td>
<td></td>
<td>15.5</td>
<td></td>
</tr>
</tbody>
</table>

- Profit increase due to sales increase
- Effects of changes in forex rates
- Increase in added value: +3.7
- Increase in expenses: -4.4

(Billions of yen)
Cerebrating 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.

- **Robot factories**
  - Factory No.1…Small handling robots
  - Factory No.2…Clean robots
  - Factory No.3…Mid-, Large-sized robots

- **Yaskawa Innovation Center**
  - Facility for exhibition, interaction and learning. Everyone, from child to adult, can enjoy the robot technology.

- **Headquarters**
  - Smart office with PV generation system and natural lightning

- **YASKAWA greenbelt**
  - Manufacture robots in three factories
    - Factory No.1…Small handling robots
    - Factory No.2…Clean robots
    - Factory No.3…Mid-, Large-sized robots
3. Reference
## Capital Expenditure, R&D Investment, Forex Rates

### Capital expenditure

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>17.0</td>
<td>36.4</td>
<td>18.0</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>9.2</td>
<td>11.5</td>
<td>13.5</td>
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</tbody>
</table>

### R&D investment

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D investment</td>
<td>14.0</td>
<td>15.3</td>
<td>15.0</td>
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</tbody>
</table>

### Forex rates

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>1H</td>
<td>1Q (Actual)</td>
</tr>
<tr>
<td>U.S. dollar</td>
<td>97.9</td>
<td>98.2</td>
<td>102.2</td>
</tr>
<tr>
<td>Euro</td>
<td>127.1</td>
<td>128.5</td>
<td>141.0</td>
</tr>
</tbody>
</table>

*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: 15.1%

### 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

### (Billions of yen)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity (left scale)</td>
<td>38</td>
<td>53</td>
<td>63</td>
<td>47</td>
<td>47</td>
<td>34</td>
<td>33</td>
<td>42</td>
<td>41</td>
<td>59</td>
<td>55</td>
</tr>
<tr>
<td>Shareholders’ equity (right scale)</td>
<td>15.1%</td>
<td>20.7%</td>
<td>29.6%</td>
<td>34.9%</td>
<td>39.0%</td>
<td>36.6%</td>
<td>35.2%</td>
<td>35.9%</td>
<td>36.5%</td>
<td>37.1%</td>
<td>39.4%</td>
</tr>
<tr>
<td>Interest-bearing debt (left scale)</td>
<td>78</td>
<td>81</td>
<td>101</td>
<td>97</td>
<td>88</td>
<td>93</td>
<td>100</td>
<td>112</td>
<td>112</td>
<td>134</td>
<td>171</td>
</tr>
<tr>
<td>Shareholders’ equity ratio</td>
<td>11.5%</td>
<td>12.7%</td>
<td>14.9%</td>
<td>18.0%</td>
<td>20.0%</td>
<td>20.7%</td>
<td>21.3%</td>
<td>21.7%</td>
<td>21.8%</td>
<td>21.9%</td>
<td>21.8%</td>
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</table>

### Operating CF
<table>
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<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>5.8</td>
<td>18.7</td>
<td>15.0</td>
<td>17.7</td>
<td>12.5</td>
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<td>2.5</td>
<td>6.4</td>
<td>24.6</td>
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</table>

### Investment CF
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-2.2</td>
<td>-9.7</td>
<td>-6.1</td>
<td>-9.9</td>
<td>-10.7</td>
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<td>-6.7</td>
<td>-11.9</td>
<td>-18.1</td>
<td>-16.9</td>
<td>-27.9</td>
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</tbody>
</table>

### Free CF
<table>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.5</td>
<td>9.0</td>
<td>8.9</td>
<td>7.8</td>
<td>1.8</td>
<td>-2.4</td>
<td>-4.3</td>
<td>-5.5</td>
<td>6.6</td>
<td>7.0</td>
<td>1.1</td>
</tr>
</tbody>
</table>
FY2003-2015 Net Sales/Operating Income

Win21 Plus  Dash 100  Challenge100 (Four-year Plan)  Realize 100

Mid-term Business Plans

Results  Forecast

03  04  05  06  07  08  09  10  11  12  13  14  15

Net sales (billions of yen)  Operating income (billions of yen)  Operating income ratio (%)

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Quarterly Sales Trends (1)

Business Segment

Destination

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

Yaskawa Electric's 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 Electric UK Ltd.
- YASKAWA Electric (Shenyang) Co., Ltd.
- YASKAWA Ristro d.o.o.
- YASKAWA India Private Ltd.
- YASKAWA America, Inc.
- YASKAWA America, Inc.
- YASKAWA Motoman Canada, Ltd.
- YASKAWA Motoman Mexico, S.A. de C.V.
- YASKAWA Eléctrico do Brasil Ltda.
- YASKAWA Electric Corp.
- YASKAWA SHOU GANG ROBOT CO., LTD.