

Consolidated Results for the First Quarter of the Fiscal Year Ending March 20, 2016
[Japan GAAP]

July 21, 2015

Listed company name: YASKAWA Electric Corporation

<http://www.yaskawa.co.jp/en/>

Representative: Junji Tsuda, Representative Director, Chairman of the Board, President

Stock exchange listings: Tokyo (First section), Fukuoka

Stock ticker number: 6506

Note: This document is a summarized translation of the financial statement submitted to the Tokyo Stock Exchange and Fukuoka Stock Exchange for the period stated above. Figures under ¥1 million are rounded down.

1. Summary of Consolidated Results for the First Quarter of the Fiscal Year Ending March 20, 2016
(March 21, 2015 to June 20, 2015)

(1) Consolidated Statements of Income

	(Millions of yen, except ratio and per share data)			
	Three months ended June 20, 2015	Change	Three months ended June 20, 2014	Change
Net sales	101,050	11.0%	91,021	6.4%
Operating income	9,145	34.3%	6,810	7.0%
Ordinary income	9,997	53.0%	6,533	(1.3)%
Net income	5,783	29.3%	4,472	32.5%
Earnings per share (basic, Yen)	22.13	-	17.77	-
Earnings per share (diluted, Yen)	21.81	-	16.87	-
Note:	Three months ended June 20, 2015	Change	Three months ended June 20, 2014	Change
Comprehensive income (Millions of yen)	9,437	(93.0)%	4,888	(43.5)%

(2) Consolidated Financial Position

	(Millions of yen, except ratio)	
	As of June 20, 2015	As of March 20, 2015
Total assets	396,911	388,205
Net assets	180,051	175,190
Shareholders' equity ratio (%)	44.4	44.1

Reference: Shareholders' equity

As of June 20, 2015: ¥176,189 million

As of March 20, 2015: ¥171,388 million

2. Dividends

	Year ended March 20, 2015	Year ending March 20, 2016	Year ending March 20, 2016 (forecast)
End of 1Q	-	-	-
End of 2Q	8.00	-	10.00
End of 3Q	-	-	-
Year-end	12.00	-	10.00
Annual total	20.00	-	20.00

Note: Revisions to the most recently announced dividend forecast: None

* Commemorative dividend for the Company's centenary of 2 yen is included in the year-end dividend for the year ended March 20, 2015.

3. Projected Consolidated Results for the Fiscal Year Ending March 20, 2016 (from March 21, 2015 to March 20, 2016)

(Millions of yen, except per share data)				
	Six months ending September 20, 2015	Change	Year ending March 20, 2016	Change
Net sales	208,000	7.3%	435,000	8.7%
Operating income	15,500	3.9%	36,500	15.8%
Ordinary income	16,000	2.3%	37,000	9.2%
Net income	10,000	(14.5)%	24,000	(3.3)%
Earnings per share (Yen)	37.85	-	90.48	-

Note: Revisions to the most recently announced sales and earnings forecast: None

Reference: These forecasts are based on average exchange rate assumptions of 1 USD = 120 JPY and 1 EUR = 125 JPY during the period from June 21, 2015 to March 20, 2016.

*Notes:

(1) Major change in scope of consolidation: None

(2) Use of accounting methods that are specific to the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatements:

1. Changes in accounting policies accompanying revisions in accounting standards: Yes
2. Changes other than in 1.: None
3. Changes in accounting estimates: None
4. Restatements: None

*Please see (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements of 5. Notes to Summary Information on page 4.

(4) Number of Common Shares Outstanding

1. The number of shares outstanding including treasury shares:
 - As of June 20, 2015: 262,225,678 shares
 - As of March 20, 2015: 260,967,884 shares
2. The number of treasury shares:
 - As of June 20, 2015: 717,881 shares
 - As of March 20, 2015: 717,242 shares
3. Average during period (quarter cumulative):
 - Three months ended June 20, 2015: 261,293,961 shares
 - Three months ended June 20, 2014: 251,618,728 shares

*Information concerning implementation status of quarterly review procedure

- This quarterly financial report is not subject to the quarterly review procedure prescribed by the Financial Instruments and Exchange Act. The review procedure for the quarterly consolidated financial statements had not been completed when this report was released.

*About the appropriate use of business forecasts

- Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons.
- If all of the remaining convertible bonds expiring in 2017 as of 20 June, 2015 that the Company issued are converted, 3,664,826 new shares will be issued. Also, for the share exchange merger of YE Data, Inc. scheduled on July 21, 2015, the Company will allot its 329,243 own shares and issue 800,000 new shares. Earnings per share of the projected consolidated results include these effects.
- Supplementary materials on 1Q results will be available on our website.

4. Qualitative Information on Quarterly Results

Business Performance

- Overall economic growth in Asia, especially in China, decelerated, while the overall global economy saw gradual recovery buoyed by firm demand in the U.S. and Europe.
- As for the Japanese economy, exports and capital expenditures were brisk backed by weaker yen.

Considering the above, the Yaskawa Group is currently implementing the following policies and measures:

- Increase earnings of existing businesses
- Enhance our business performance by continuously evolving our capabilities in development, manufacturing and sales
- Accelerate enhancement of our corporate foundations

The business performance of each business segment for the first quarter of fiscal 2015 is as follows.

(Millions of yen, except ratio)

Business segment	Three months ended June 20, 2015	
	Net sales (change from the corresponding period of previous fiscal year)	Operating income (loss) (change from the corresponding period of previous fiscal year)
Motion Control	48,457 (up by 11.3%)	6,478 (up by 26.0%)
Robotics	38,111 (up by 22.3%)	4,145 (up by 59.3%)
System Engineering	7,805 (up by 23.2%)	(1,362) (-)
Other	6,675 (down by 33.2%)	122 (-)

Motion Control

- Sales of AC servo motors and controllers were robust especially for the machine tool and electronic component industries. Earnings from overseas markets especially increased.
- The PV inverter business in Japan was affected negatively by the electric power companies' postponing acceptance of applications for connections to the power grid. However, the overall sales of the drives business were solid because of sales increase in the U.S. resulting from acquisition of Solectria Renewables, LLC by Yaskawa America, Inc.
- Both net sales and operating income have increased compared to FY2014 1Q

Robotics

- The business saw steady growth in sales of welding, handling and painting robots to global automobile-related industries. Captured increasing orders from the expanding Chinese market. Sales capability is also being enhanced by establishing new robot centers to expand sales to new markets.
- Accelerated efforts to expand business in new areas, such as biomedical field, with an aim to develop a market for new robot applications.
- Both net sales and operating income have increased compared to FY2014 1Q.

System Engineering

- Demand for steel plants was stagnant.

- Focused efforts on the development of Environment and Energy business, especially in the prospective field of large-scale wind generation, by acquiring The Switch, a manufacturer of electrical products for wind generation in Finland. As a result, Sales increased.

Other

- The Group's information technology business and logistics business are included in this segment.

5. Notes to Summary Information

(1) Major change in scope of consolidation

None

(2) Use of accounting methods that are specific to the preparation of the quarterly consolidated financial statements

None

(3) Changes in accounting policies, changes in accounting estimates, and restatements

Change in accounting policies

(Application of Accounting Standard, etc., related to Retirement Benefits)

Effective from the first quarter of the current consolidated fiscal year, the Company has applied the "Accounting Standard for Retirement Benefits" (Accounting Standards of Japan (ASBJ) No. 26, May 17, 2012. Hereinafter referred to as the "Accounting Standard for Retirement Benefits") and the "Application Guidance of the Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012. Hereinafter referred to as the "Application Guidance of Retirement Benefits") in accordance with the provisions set forth in the text of paragraph 35 of the Accounting Standard for Retirement Benefits and the text of paragraph 67 of the Application Guidance of Retirement Benefits, and as a result of review of the accounting method of the retirement benefits liabilities and service cost, changed the period attribution method of the estimated amount of retirement benefits from the straight-line formula to the benefits computation formula, and also changed the method of determination of a discount rate from a discount rate based on the number of years similar to the average residual length of service of employees to the method using a single weighted average discount rate reflecting the estimated payment period of retirement benefits and the amount for each estimated payment period.

In applying the Accounting Standard for Retirement Benefits, etc., the amount of financial impact in connection with the change of the accounting method of the retirement benefits liabilities and service cost is reconciled in retained earnings at the beginning of the first quarter of the current consolidated fiscal year in accordance with the transitional treatment provided for in paragraph 37 of the Accounting Standard for Retirement Benefits.

As a result, the liabilities for retirement benefits at the beginning of the first quarter of the current consolidated fiscal year increased by 3,488 million yen, and retained earnings decreased by 2,416 million yen. Impact on profit and loss in the first quarter of the current consolidated term is immaterial.

6. Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

	As of March 20, 2015	As of June 20, 2015
Assets		
Current assets		
Cash and deposits	24,472	26,305
Notes and accounts receivable - trade	121,051	121,799
Merchandise and finished goods	54,369	57,000
Work in process	12,451	13,096
Raw materials and supplies	18,648	20,049
Other	29,243	28,071
Allowance for doubtful accounts	(3,146)	(2,930)
Total current assets	257,090	263,393
Non-current assets		
Property, plant and equipment	60,796	62,315
Intangible assets		
Goodwill	6,423	6,326
Other	22,351	22,639
Total intangible assets	28,774	28,966
Investments and other assets		
Other	41,868	42,562
Allowance for doubtful accounts	(324)	(326)
Total investments and other assets	41,544	42,236
Total non-current assets	131,114	133,518
Total assets	388,205	396,911

(Millions of yen)

	As of March 20, 2015	As of June 20, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	68,588	71,751
Short-term loans payable	24,185	28,005
Provision for directors' bonuses	57	14
Other	55,072	54,102
Total current liabilities	147,903	153,874
Non-current liabilities		
Bonds with subscription rights to shares	5,440	4,050
Long-term loans payable	21,901	20,201
Provision for directors' retirement benefits	191	190
Net defined benefit liability	28,792	31,905
Other	8,785	6,637
Total non-current liabilities	65,111	62,985
Total liabilities	213,014	216,860
Net assets		
Shareholders' equity		
Capital stock	27,842	28,537
Capital surplus	23,474	24,169
Retained earnings	103,092	103,332
Treasury shares	(486)	(487)
Total shareholders' equity	153,922	155,552
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,456	9,569
Foreign currency translation adjustment	12,518	15,537
Remeasurements of defined benefit plans	(4,509)	(4,469)
Total accumulated other comprehensive income	17,465	20,637
Minority interests	3,802	3,861
Total net assets	175,190	180,051
Total liabilities and net assets	388,205	396,911

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three Months Ended June 20, 2014	Three Months Ended June 20, 2015
Net sales	91,021	101,050
Cost of sales	62,467	67,703
Gross profit	28,553	33,347
Selling, general and administrative expenses	21,742	24,202
Operating income	6,810	9,145
Non-operating income		
Interest income	31	63
Dividend income	52	438
Share of profit of entities accounted for using equity method	—	255
Foreign exchange gains	—	180
Subsidy income	101	61
Other	46	86
Total non-operating income	231	1,086
Non-operating expenses		
Interest expenses	207	212
Share of loss of entities accounted for using equity method	155	—
Foreign exchange losses	119	—
Other	24	21
Total non-operating expenses	508	233
Ordinary income	6,533	9,997
Extraordinary income		
Gain on sales of non-current assets	110	5
Gain on sales of investment securities	—	11
Total extraordinary income	110	17
Extraordinary losses		
Loss on sales and retirement of non-current assets	27	37
Loss on valuation of investment securities	—	283
Loss on abolishment of retirement benefit plan	225	—
Other	1	—
Total extraordinary losses	254	321
Income before income taxes and minority interests	6,388	9,693
Income taxes - current	1,428	2,390
Income taxes - deferred	481	1,121
Total income taxes	1,910	3,511
Income before minority interests	4,478	6,181
Minority interests in income	6	398
Net income	4,472	5,783

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three Months Ended June 20, 2014	Three Months Ended June 20, 2015
Income before minority interests	4,478	6,181
Other comprehensive income		
Valuation difference on available-for-sale securities	1,250	100
Foreign currency translation adjustment	(758)	3,091
Remeasurements of defined benefit plans, net of tax	—	38
Share of other comprehensive income of entities accounted for using equity method	(82)	24
Total other comprehensive income	410	3,255
Comprehensive income	4,888	9,437
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,923	8,954
Comprehensive income attributable to minority interests	(34)	482

3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three Months Ended June 20, 2014	Three Months Ended June 20, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	6,388	9,693
Depreciation	2,456	2,987
Amortization of goodwill	114	301
Decrease in allowance for doubtful accounts	(21)	(319)
Decrease in provision for retirement benefits	(792)	—
Decrease in provision for retirement benefits	—	(387)
Decrease in provision for directors' retirement benefits	(43)	(1)
Loss (gain) on sales and retirement of non-current assets	(82)	32
Gain on sales of investment securities	—	(11)
Loss on valuation of investment securities	—	283
Interest and dividend income	(83)	(502)
Interest expenses	207	212
Decrease in notes and accounts receivable – trade	2,946	1,856
Increase in inventories	(4,354)	(2,783)
Increase in notes and accounts payable - trade	170	2,375
Increase (decrease) in accounts payable - other	901	(118)
Other, net	(1,744)	(2,209)
Subtotal	6,064	11,408
Interest and dividend income received	217	709
Interest expenses paid	(195)	(218)
Income taxes paid	(3,128)	(5,462)
Net cash provided by operating activities	2,957	6,437
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(4,084)	(3,371)
Proceeds from sales of property, plant and equipment and intangible assets	208	12
Purchase of investment securities, etc.	(1)	(99)
Proceeds from sales of investment securities, etc.	—	30
Other, net	(103)	(11)
Net cash used in investing activities	(3,982)	(3,438)
Cash flows from financing activities		
Net increase in short-term loans payable	652	3,090
Proceeds from long-term loans payable	70	80
Repayments of long-term loans payable	(1,434)	(2,020)
Cash dividends paid	(1,511)	(3,126)
Cash dividends paid to minority shareholders	(5)	(2)
Other, net	(8)	(32)
Net cash used in financing activities	(2,236)	(2,012)
Effect of exchange rate change on cash and cash equivalents	(168)	845
Net increase (decrease) in cash and cash equivalents	(3,429)	1,832
Cash and cash equivalents at beginning of period	22,992	24,347
Cash and cash equivalents at end of period	19,562	26,180

4) Notes to the Quarterly Consolidated Financial Statements

Notes Pertaining to the Presumption of a Going Concern

None

Notes on Significant Changes in Shareholders' Equity

None

Segment Information, etc.

Segment information

I The first quarter ended June 2014 (March 21, 2014 - June 20, 2014)

Sales, income or loss for each reportable segment

	(Millions of yen)						
	Amounts in						
	Motion Control	Robotics	System Engineering	Other *1	Total	Adjustment *2	consolidated financial statements *3
<u>Net sales</u>							
Sales to external customers	43,548	31,151	6,334	9,987	91,021	-	91,021
Intersegment sales and transfers	3,626	80	271	4,459	8,438	(8,438)	-
Total sales	47,175	31,231	6,605	14,446	99,459	(8,438)	91,021
Segment operating income	5,139	2,602	(661)	(51)	7,028	(218)	6,810

(Notes)

1. IT-related business and logistics services, etc. are included in the Other segment.
2. The deduction of ¥218 million for Adjustment includes expenses related to basic research that do not belong to any reporting segments.
3. Segment operating income has been adjusted to consolidated operating income described in quarterly consolidated statements of income.

II The first quarter ended June 2015 (March 21, 2015 - June 20, 2015)

Sales, income or loss for each reportable segment

	(Millions of yen)						
	Amounts in						
	Motion Control	Robotics	System Engineering	Other *1	Total	Adjustment *2	consolidated financial statements *3
<u>Net sales</u>							
Sales to external customers	48,457	38,111	7,805	6,675	101,050	-	101,050
Intersegment sales and transfers	3,904	76	222	4,053	8,257	(8,257)	-
Total sales	52,361	38,188	8,028	10,729	109,308	(8,257)	101,050
Segment operating income	6,478	4,145	(1,362)	122	9,383	(237)	9,145

(Notes)

1. IT-related business and logistics services, etc. are included in the Other segment.
2. The deduction of ¥237 million for Adjustment includes expenses related to basic research that do not belong to any reporting segments.
3. Segment operating income has been adjusted to consolidated operating income described in quarterly consolidated statements of income.

Reference Information

Overseas Sales

	Three months ended June 20, 2014				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	14,661	10,623	32,004	779	58,069
Consolidated sales	-	-	-	-	91,021
Percentage of overseas sales in consolidated sales	16%	12%	35%	1%	64%

(Notes)

1. Geographical areas are divided into categories based on their geographical proximity.
2. The regions that belong to each area are as follows.
 - (1) The Americas – U.S.A., etc
 - (2) Europe – Germany, Sweden, The United Kingdom, etc
 - (3) Asia – The People’s Republic of China, Singapore, Republic of Korea, etc
 - (4) Other – South Africa, Australia, etc

	Three months ended June 20, 2015				(Millions of yen)
	The Americas	Europe	Asia	Other	Total
Overseas sales	20,374	12,102	37,657	995	71,130
Consolidated sales	-	-	-	-	101,050
Percentage of overseas sales in consolidated sales	20%	12%	37%	1%	70%

(Notes)

1. Geographical areas are divided into categories based on their geographical proximity.
2. The regions that belong to each area are as follows.
 - (1) The Americas – U.S.A., etc
 - (2) Europe – Germany, Sweden, The United Kingdom, etc
 - (3) Asia – The People’s Republic of China, Singapore, Republic of Korea, etc
 - (4) Other – South Africa, Australia, etc

Subsequent Events

The Company and YE Data Inc. (hereinafter referred to as “YE DATA”) adopted resolutions on a share exchange by which the Company becoming the wholly owning parent and YE DATA becoming the wholly owned subsidiary (hereinafter referred to as the “Share Exchange”) at the respective board of directors’ meetings held on March 17, 2015 and a share exchange agreement was executed between both companies.

Through consolidation of the Company and YE DATA by implementation of the Share Exchange, we aim to optimize the value chain by integrating functions distributed within the group and optimum distribution of business resources and implementation of strategies by establishing an operating holding company and maximizing the synergy from the combined companies.

For the Share Exchange, with approval of the share exchange agreement at the annual general meeting of shareholders of YE DATA held on June 16, 2015, the Share Exchange became effective on July 21, 2015. The Company carried out the Share Exchange by a simplified share exchange procedure without approval of the share exchange agreement from the general meeting of shareholders in accordance with the Companies Act, Article 796, paragraph 3. In this regard, prior to the effective date of the Share Exchange (July 21, 2015), the common stock of YE DATA was delisted from the Tokyo Stock Exchange, as of July 15, 2015 (the last trading date was July 14, 2015).