

FY2015 Nine Months Financial Results (Ended December 20, 2015)

FY2015 Full-year Financial Forecasts (Ending March 20, 2016)

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 Nine Months Financial Results (Ended December 20, 2015)

•Both sales and profits are record high.

	<u>FY2015</u> <u>Apr.-Dec.</u>	FY2014 Apr.-Dec.	<u>Changes</u>	
Net Sales	<u>¥ 306.4bn.</u>	¥ 287.4bn.	<u>+¥ 19.0bn.</u>	<u>+6.6%</u>
Operating income	<u>¥ 27.2bn.</u>	¥ 22.1bn.	<u>+¥ 5.1bn.</u>	<u>+23.3%</u>
Ordinary income	<u>¥ 27.6bn.</u>	¥ 23.8bn.	<u>+¥ 3.8bn.</u>	<u>+15.9%</u>
Net income	<u>¥ 18.2bn.</u>	¥ 17.9bn.	<u>+¥ 0.3bn.</u>	<u>+1.9%</u>

FY2015 Nine Months Financial Results by Business Segment (1)

- **Growth in both sales and operating income was led by (M) and (R).**

(Billions of yen)

		FY2015 Apr.-Dec.		FY2014 Apr.-Dec.		Changes	
			Income ratio		Income ratio	Amounts	%
Net sales		306.4		287.4		+19.0	+6.6%
(M)	Motion Control	143.8		138.6		+5.3	+3.8%
(R)	Robotics	114.3		98.2		+16.2	+16.5%
(S)	System Engineering	27.4		23.9		+3.5	+14.5%
	Other	20.9		26.8		-5.9	-22.1%
Operating income		27.2	8.9%	22.1	7.7%	+5.1	+23.3%
(M)	Motion Control	17.4	12.1%	16.6	12.0%	+0.8	+4.9%
(R)	Robotics	12.2	10.7%	7.5	7.6%	+4.8	+63.4%
(S)	System Engineering	-2.2	-	-1.7	-	-0.5	-
	Other	0.6	2.9%	0.7	2.4%	-0.0	-6.1%
	Elimination or Corporate	-0.9	-	-1.0	-	+0.1	-
Ordinary income		27.6	9.0%	23.8	8.3%	+3.8	+15.9%
Net income		18.2	6.0%	17.9	6.2%	+0.3	+1.9%

Motion Control

- **Steady AC servo sales were led by the semiconductor industry in the U.S., although smart phone- and automotive-related demand in China was relatively weak. The profitability improved as switch to the new product progressed.**
- **AC drive demand was sluggish in the U.S. oil/gas industry and the Chinese infrastructure markets. However, the overall sales were firm as the PV inverter sales of Solectia Renewables, LLC contributed.**

Robotics

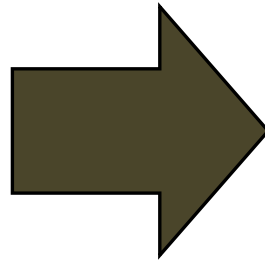
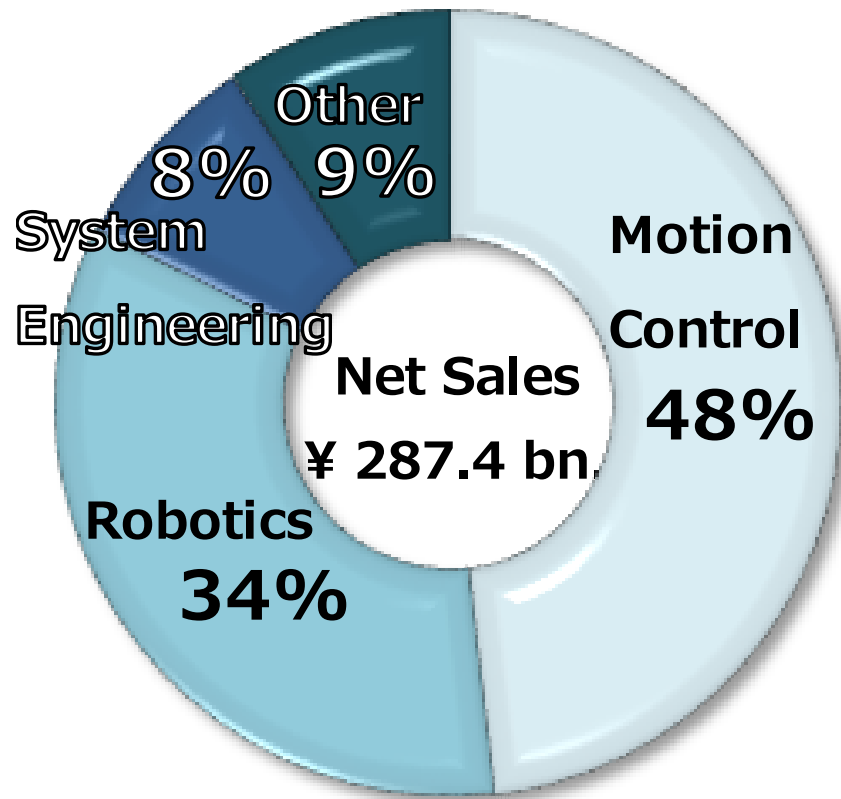
- **The global automotive related demand was strong especially in the U.S. while the demand in China deteriorated in the 2H of fiscal year.**
- **The sales for non-automotive general industries expanded by utilizing robot centers.**

System Engineering

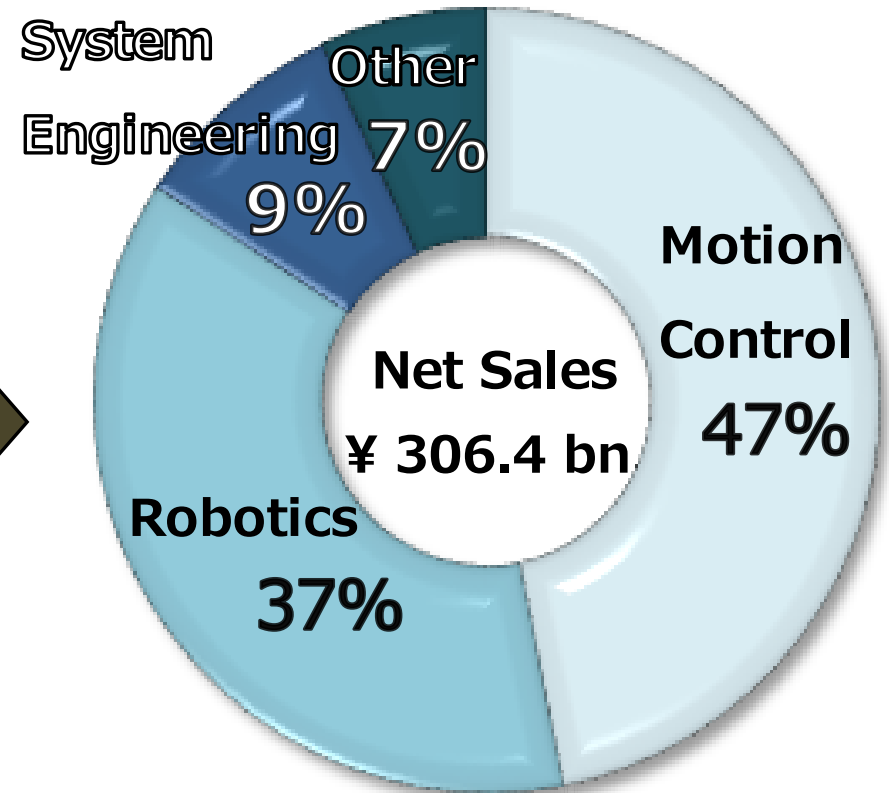
- **The steel plant and social system businesses were solid.**
- **The large scale wind generation-related sales increased by the acquisition of The Switch Engineering Oy in Finland.**

Sales Breakdown by Business Segment

FY14 Apr. - Dec.



FY15 Apr. - Dec.



Sales Breakdown by Destination (1)

- **Overseas sales expanded mainly in the Americas.**

(Billions of yen)

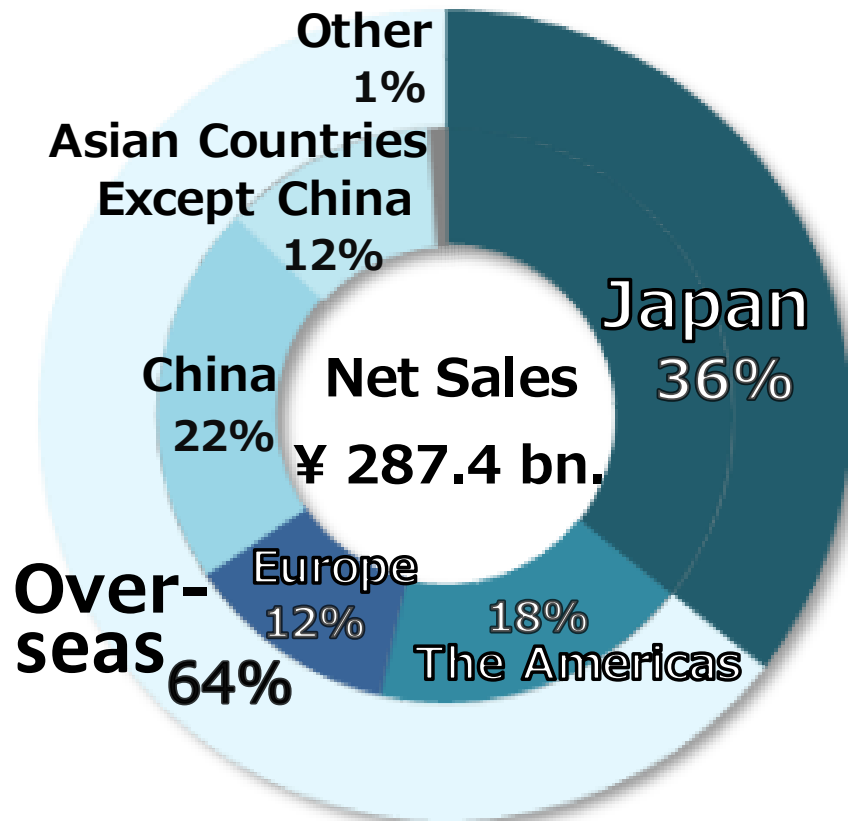
	FY15 Apr. - Dec.	FY14 Apr. - Dec.	Changes	
			Amounts	%
Net sales	306.4	287.4	+19.0	+6.6%
Japan	93.4	102.5	-9.1	-8.9%
Overseas	213.0	184.9	+28.1	+15.2%
The Americas	64.5	51.8	+12.7	+24.5%
Europe	39.1	34.1	+4.9	+14.4%
China	65.6	61.8	+3.8	+6.2%
Asian Countries Except China	40.5	34.4	+6.1	+17.9%
Other	3.3	2.7	+0.5	+19.5%

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

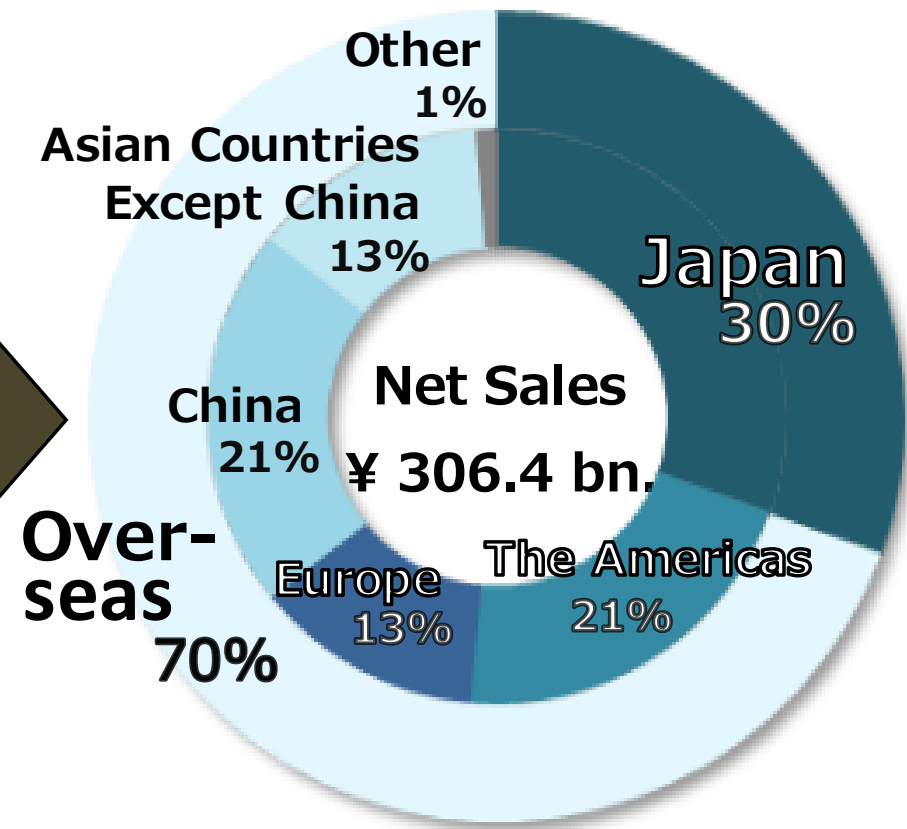
Sales Breakdown by Destination (2)

- Overseas sales grew significantly mainly due to strong sales in the Americas.

FY14 Apr. - Dec.



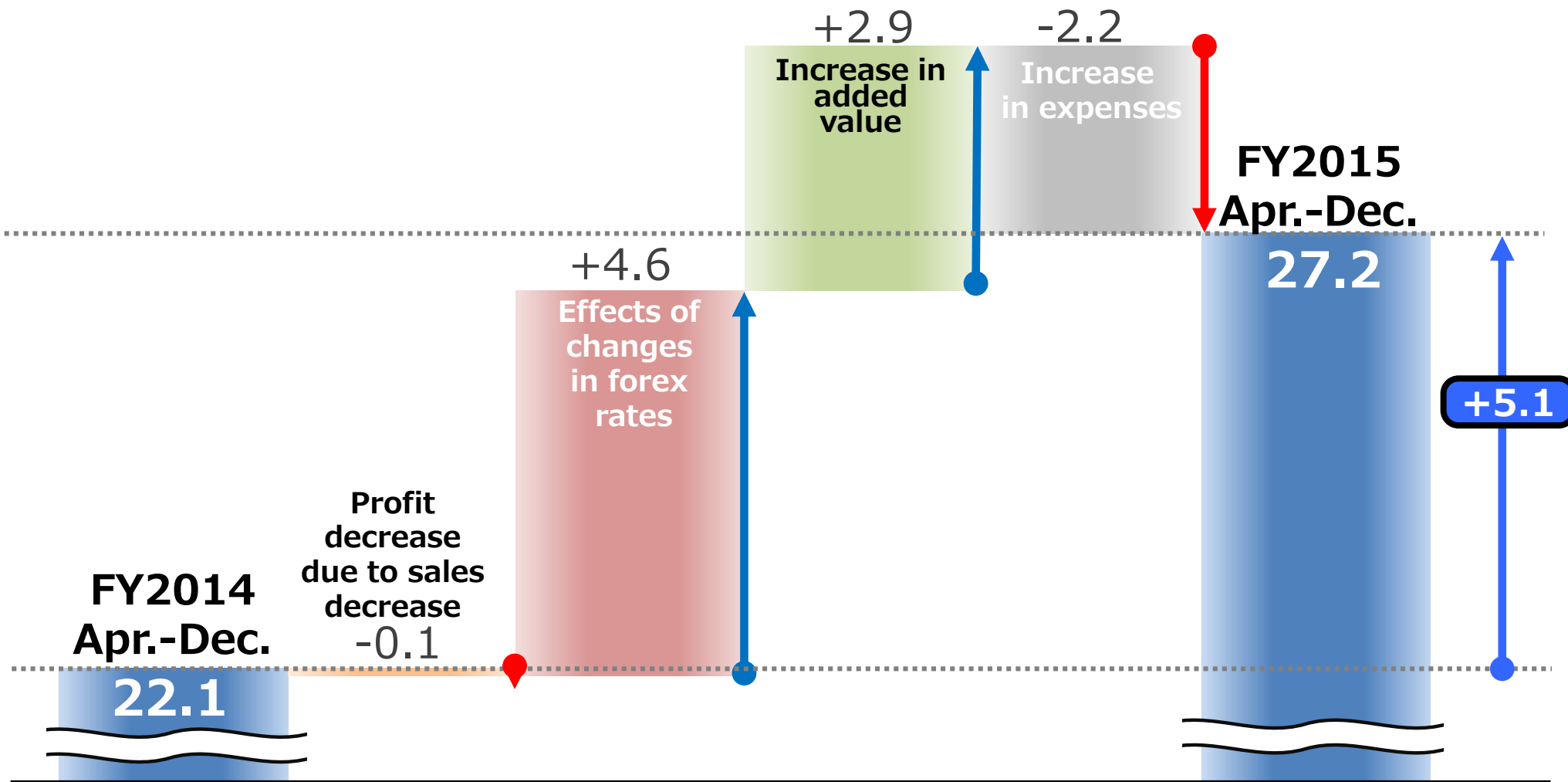
FY15 Apr. - Dec.



Breakdown of Changes in Operating Income

(FY14 Nine Months → FY15 Nine Months)

(Unit: Billions of yen)



- **Development of next generation AC drive “Zero series”**

(Launch is scheduled in April, 2016)

- ➔ Renovated conventional series and developed new general-purpose AC drive “GA700”
- ➔ Develop value-added products for different applications optimized for regions and markets



Industrial AC drive “GA700” for general application

- **Launch PV inverter with high-frequency insulating transformers “Enewell-SOL P2H”**

(Launch is scheduled in January, 2016)

- ➔ Adopted high-frequency insulating transformers to match the market trend
- ➔ Realized downsizing, improved environmental performance and maintainability

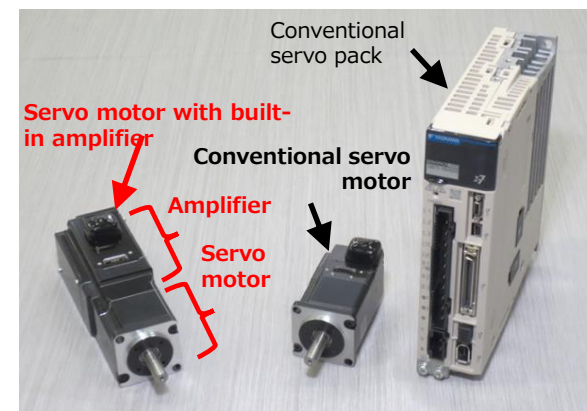


Enewell-SOL P2H (9.9kW 200V class Three-phase)

- **Development of servo motor with built-in amplifier with GaN※** (Launch is scheduled by 2017)

- ➔ Integrated conventional servo motor and servo pack functions
- ➔ Further downsizing (volume ratio: 1/4), higher efficiency (Electric loss reduced by 12%)

* Compound of Ga (Gallium) and N (Nitrogen)



Servo motor with built-in amplifier

Measures for FY2015 3Q (2)

- **Development of “2016 model” robots (MOTOMAN-GP series) and new controller**
(Launch is scheduled in June, 2016)

- ➔ Realize the fastest speed and slimmest shape in the world
- ➔ Realize controller of the smallest size in the world



MOTOMAN-GP8

New controller
“YRC1000”

- **Development of robot “MOTOMAN-HC10” that collaborates with humans**

- ➔ Realize coexistence with humans without safety fences based on International Standard
- ➔ Promote its introduction with space saving and improved operability



MOTOMAN-HC10

- **Increase sales to the general industries through robot centers**

- ➔ Foster and develop Slers in general industries
- ➔ Newly estbalished in Korea (Taegu) (Oct. 2015) and China (Foshan) (Dec. 2015)

■ The Number of Robot Centers in the world

By 3Q/FY15	4Q/FY(Plan)	End of FY15(Plan)
35	1	36



Korea Robot Center

- **Fortify product development in Humatronics fields**

- ➔ Develop robot nursing care equipment “Indoor Movement Support Device”*
- ➔ Support the movement in hospitals, care houses, and homes

* Initiative as a part of development and introduction promotion project for robot nursing care equipment Ministry of Economy, Trade, and Industry Japan Agency for Medical Research and Development



Indoor Movement
Supporting Device

2. FY2015 Full-year Financial Forecasts (Ending March 20, 2016)

FY2015 Full-year Financial Forecasts (Highlights)

- Both sales and profits are revised down mainly due to the slowdown of Chinese economy.
- The projected sales and operating income are higher than the results of previous year.

	<u>FY2015</u> <u>Forecast</u>	<u>FY2015</u> <u>Previous forecast</u>	change from Previous forecast	FY2014 Results	<u>Changes</u>	
					<u>Amounts</u>	<u>%</u>
Net sales	<u>¥ 410.0bn.</u>	¥ 420.0bn.	-¥ 10.0bn.	¥ 400.2bn.	<u>+¥ 9.8bn.</u>	<u>+2.5%</u>
Operating income	<u>¥ 35.5bn.</u>	¥ 36.5bn.	-¥ 1.0bn.	¥ 31.5bn.	<u>+¥ 4.0bn.</u>	<u>+12.6%</u>
Ordinary income	<u>¥ 35.5bn.</u>	¥ 37.0bn.	-¥ 1.5bn.	¥ 33.9bn.	<u>+¥ 1.6bn.</u>	<u>+4.8%</u>
Net income	<u>¥ 23.0bn.</u>	¥ 24.0bn.	-¥ 1.0bn.	¥ 24.8bn.	<u>-¥ 1.8bn.</u>	<u>-7.3%</u>

Notes: The figures of FY2015 Previous forecasts were announced on October 20, 2015

FY2015 Full-year Financial Forecasts (by Business Segment)

- Sales and profits in (M) and (R) are revised down due to slowdown of Chinese markets.**

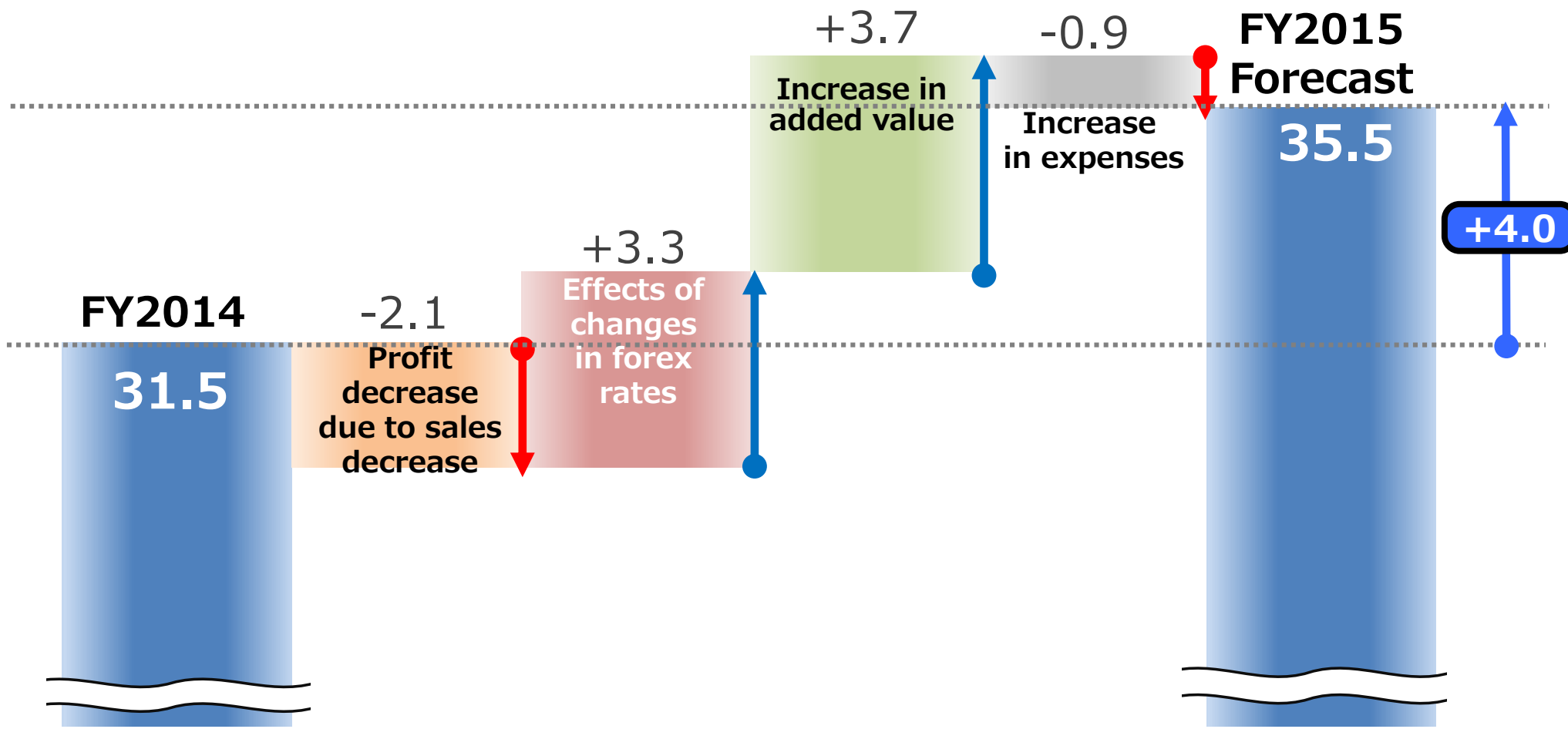
(Billions of yen)

		FY2015		FY2015		Change from previous forecast	FY2014		Changes	
		Current forecast	Income ratio	Previous forecast	Income ratio			Income ratio	Amounts	%
Net sales		410.0		420.0		-10.0	400.2		+9.8	+2.5%
(M)	Motion Control	186.0		194.5		-8.5	188.1		-2.1	-1.1%
(R)	Robotics	153.5		153.0		+0.5	136.0		+17.5	+12.9%
(S)	System Engineering	42.0		43.0		-1.0	41.0		+1.0	+2.5%
	Other	28.5		29.5		-1.0	35.1		-6.6	-18.8%
Operating income		35.5	8.7%	36.5	8.7%	-1.0	31.5	7.9%	+4.0	+12.6%
(M)	Motion Control	20.7	11.1%	22.4	11.5%	-1.8	21.7	11.6%	-1.1	-5.0%
(R)	Robotics	16.2	10.6%	15.6	10.2%	+0.6	10.6	7.8%	+5.6	+53.4%
(S)	System Engineering	-1.1	-	-1.3	-	+0.2	-0.8	-	-0.4	-
	Other	0.9	3.3%	1.0	3.2%	-0.0	1.3	3.6%	-0.3	-27.2%
	Elimination or Corporate	-1.2	-	-1.2	-	+0.1	-1.3	-	+0.1	-
Ordinary income		35.5	8.7%	37.0	8.8%	-1.5	33.9	8.5%	+1.6	+4.8%
Net income		23.0	5.6%	24.0	5.7%	-1.0	24.8	6.2%	-1.8	-7.3%

Notes: The figures of FY2015 Previous forecasts were announced on October 20, 2015

Breakdown of Changes in Operating Income (FY2014 → FY2015 Forecast)

(Billions of yen)



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			
	4-12	4Q	2H	Full-year	4-12	4Q	2H	Full-year	4-12 (actual)	4Q (Forecast)	2H (Forecast)	Full-year (Forecast)
U.S. dollar	98.4	102.9	101.0	99.6	104.8	118.4	114.2	108.2	121.6	115.0	118.0	119.9
Euro	130.2	140.3	136.9	132.7	139.5	140.0	139.9	139.7	134.2	125.0	129.4	131.9

Note: Average rate during the period

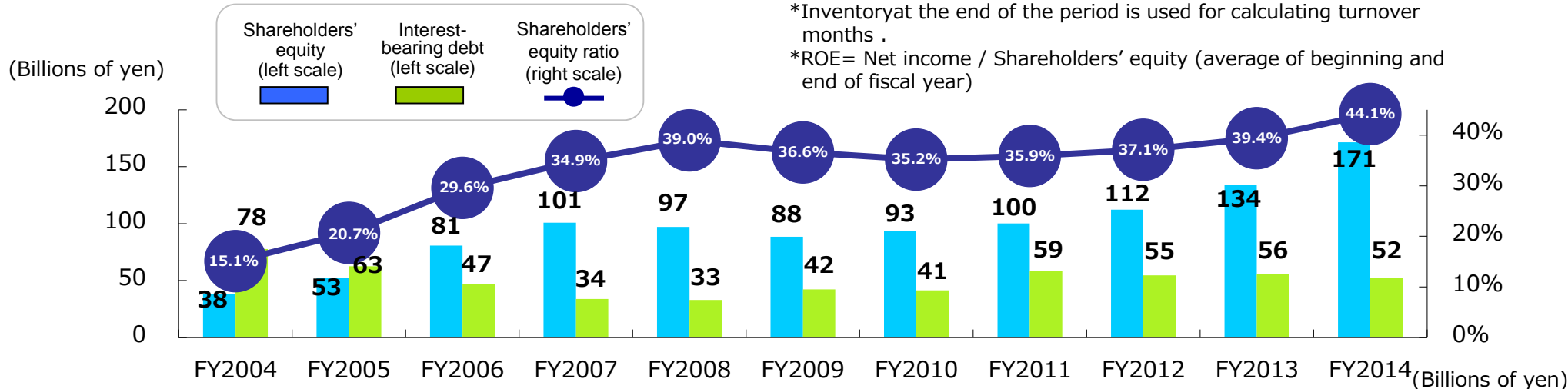
Financial Indices

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 December 20, 2015

➤ Shareholders' equity ratio	48.1%
➤ Shareholders' equity	187.4 billion yen
➤ Interest-bearing debt	49.0 billion yen
➤ D/E ratio	0.26
(Net D/E ratio)	0.12
➤ Inventory	88.6 billion yen
Turnover	2.6 months



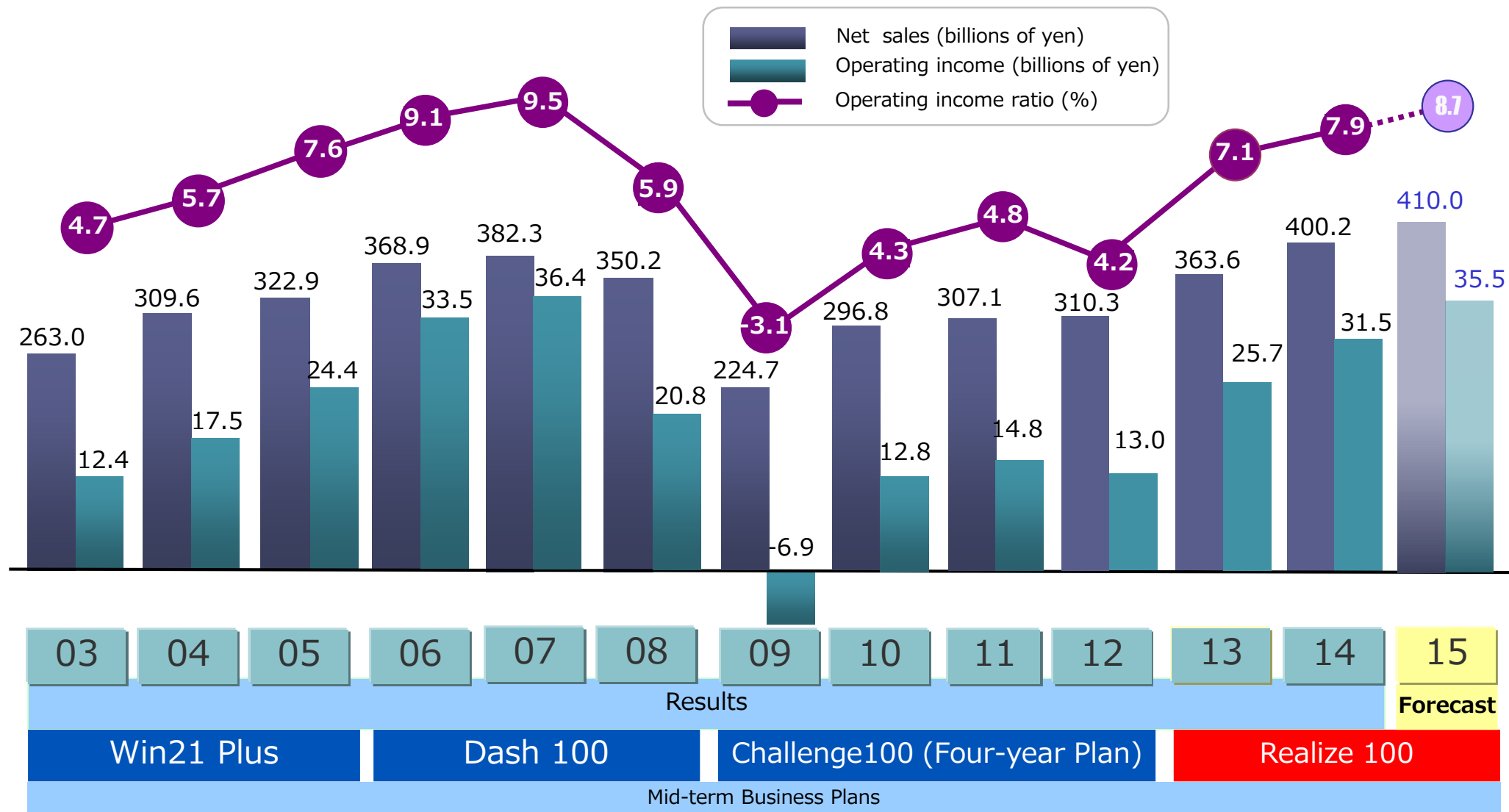
*Interest-bearing debt includes convertible bonds and lease obligations.

*Inventory at the end of the period is used for calculating turnover months.

*ROE = Net income / Shareholders' equity (average of beginning and end of fiscal year)

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

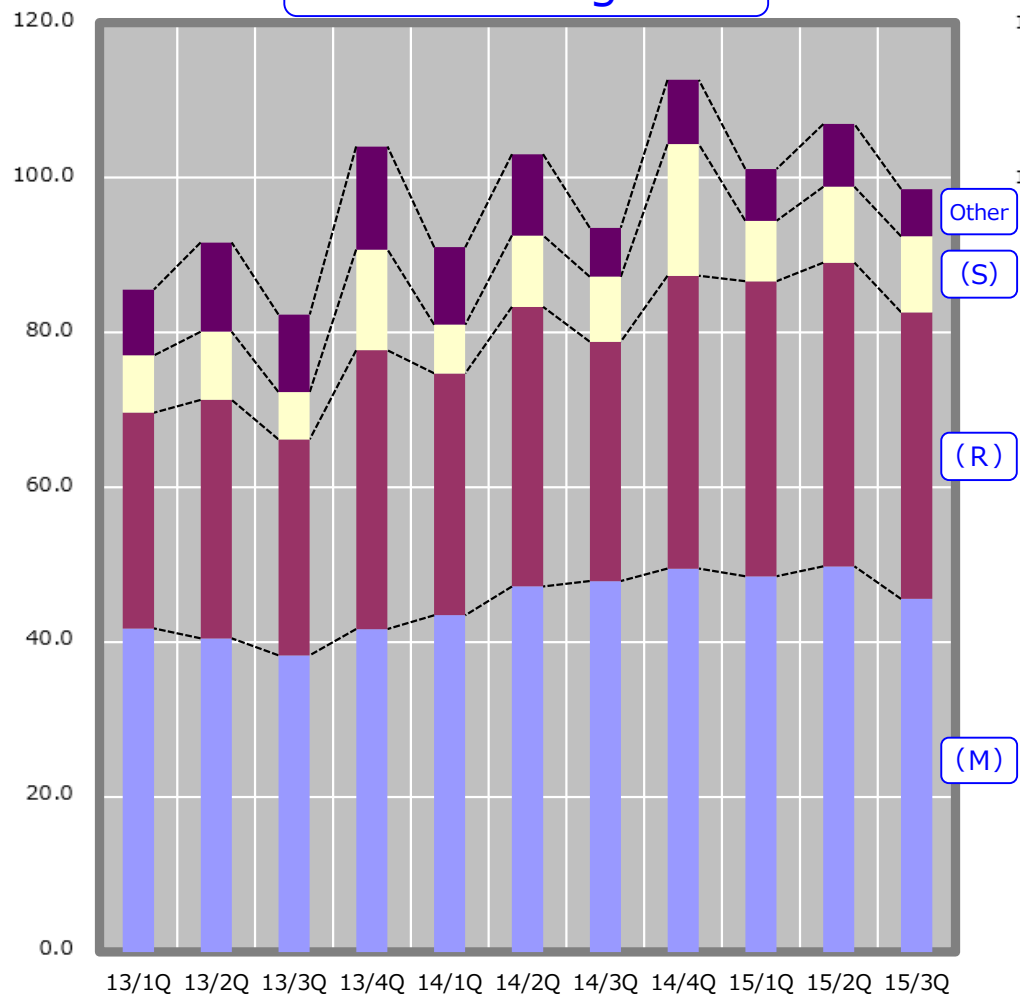
FY2003-2015 Net Sales/Operating Income



Quarterly Sales Trends (1)

(Billions of yen)

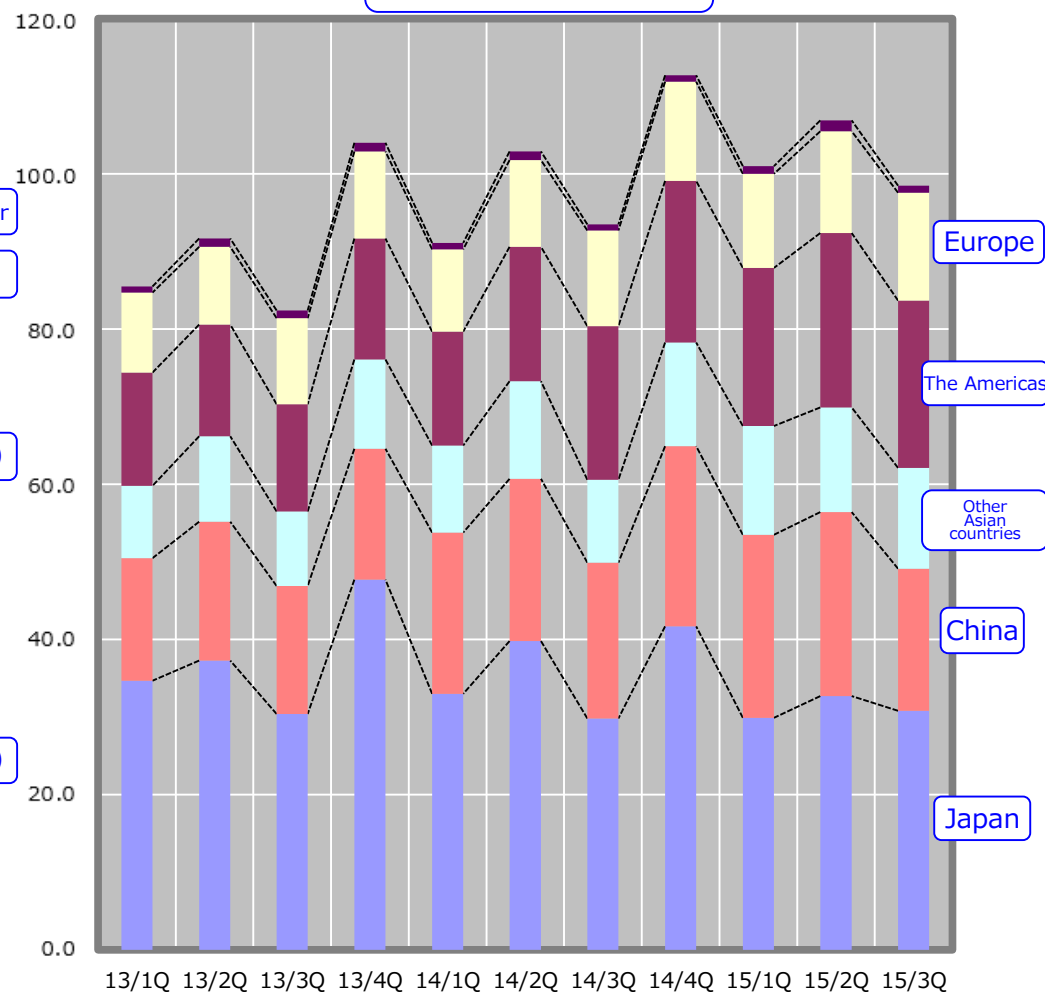
Business Segment



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

(Billions of yen)

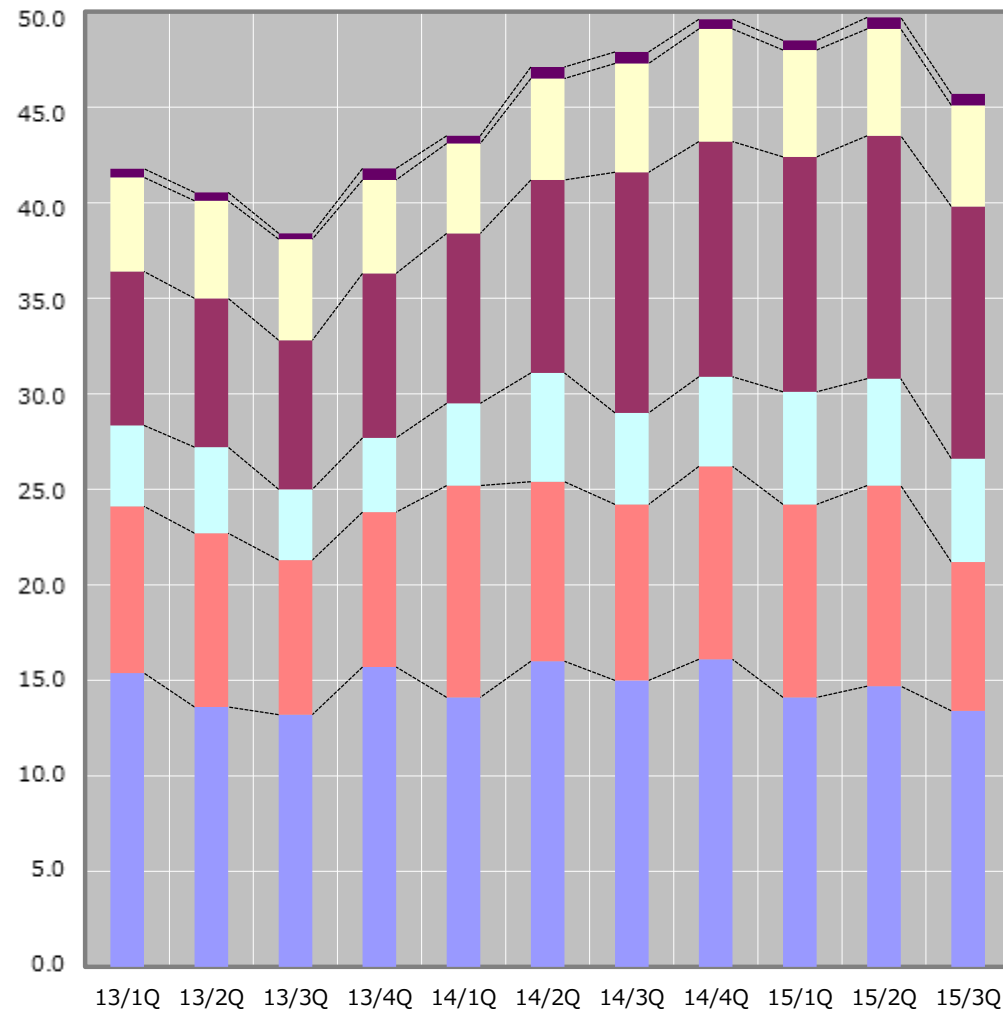
Destination



Quarterly Sales Trends (2)

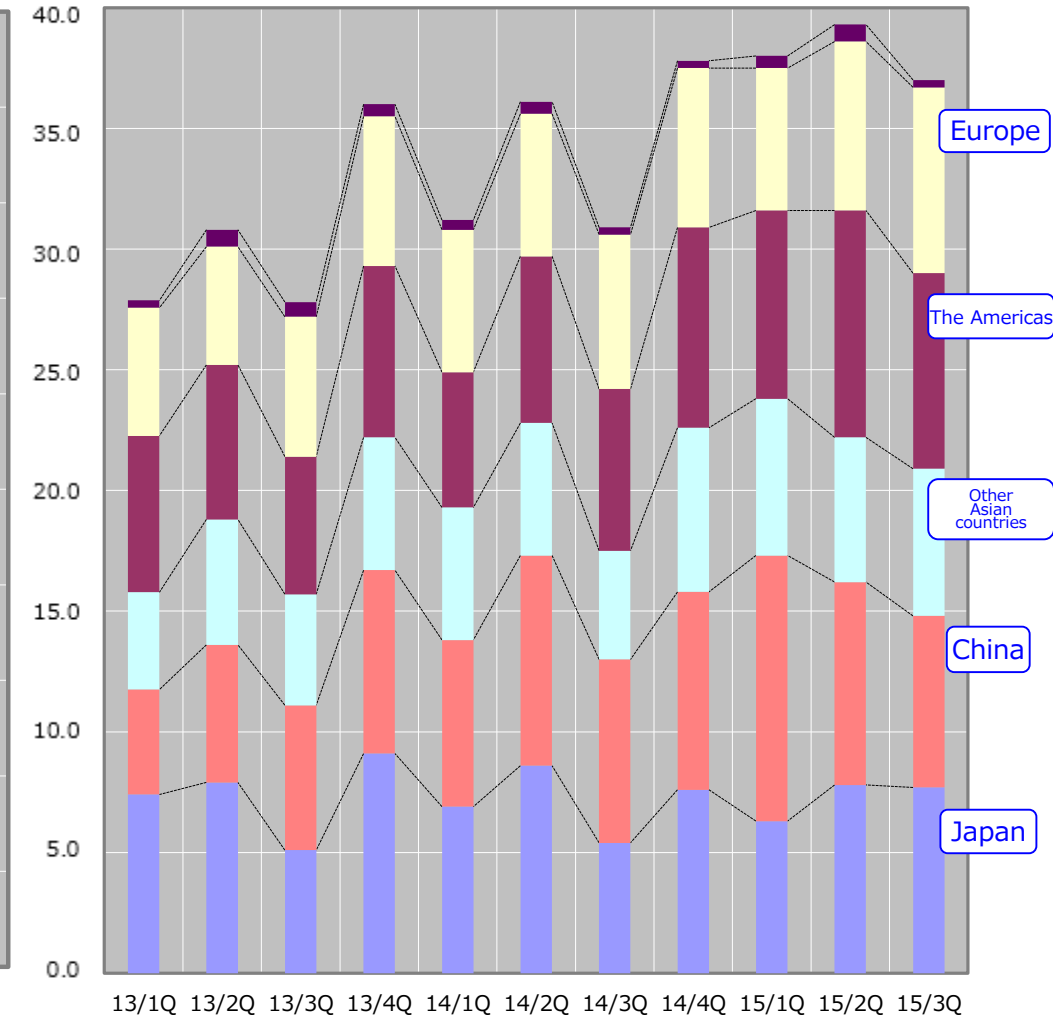
(M) Motion Control

(Billions of yen)

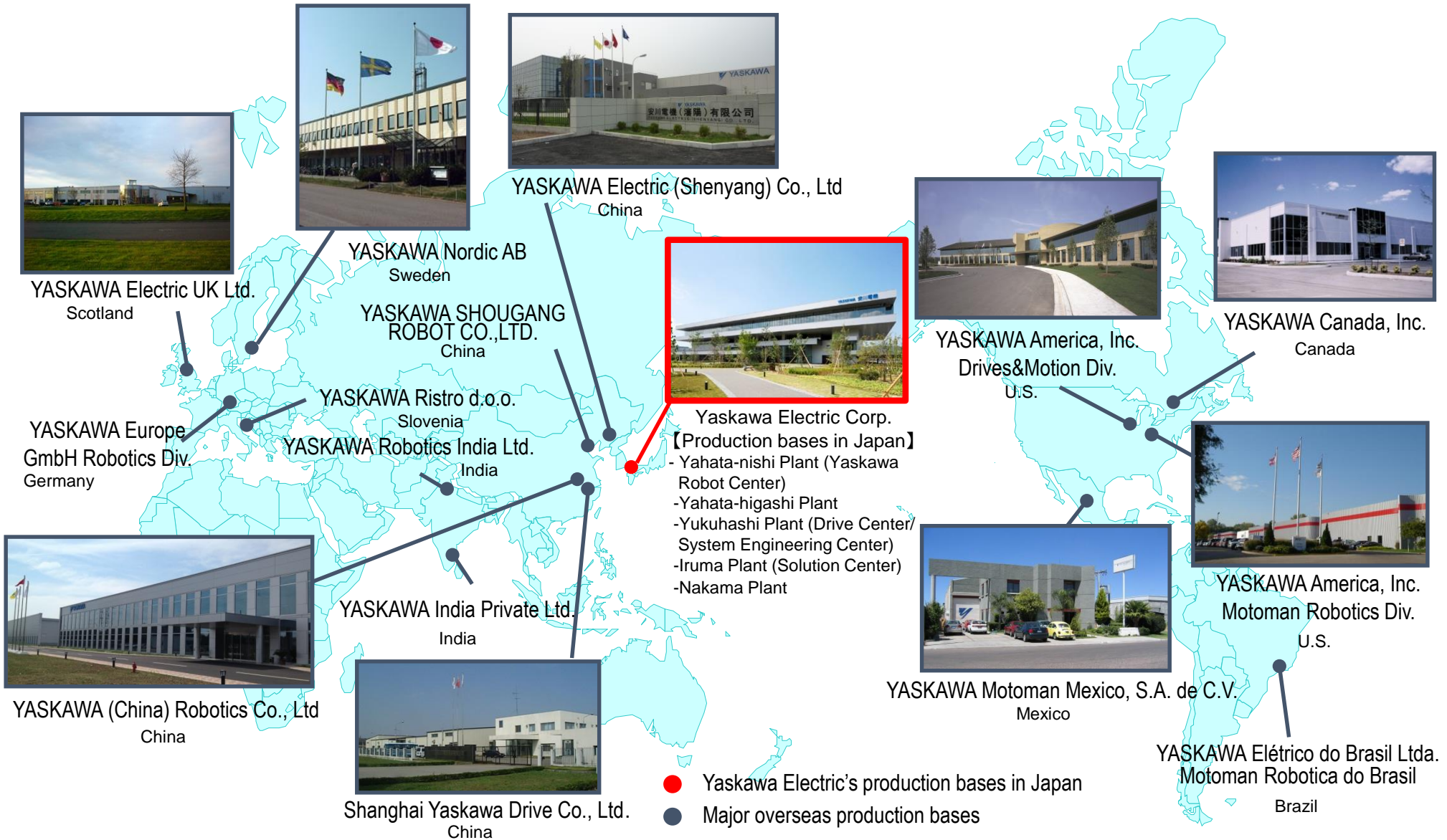


(R) Robotics

(Billions of yen)



Major Production Bases



YASKAWA