FY2016 Nine Months Financial Results (Ended December 20, 2016)

FY2016 Full-year Financial Forecasts (Ending March 20, 2017)

YASKAWA ELECTRIC CORPORATION (TSE 6506)
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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
- Power conditioners
- 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
  - Cooperative robots etc.

New miniature robot MOTOMAN-GP8

Collaborative Robot HC10

**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.

Continuous-casting machine

Large-scale wind power generator and converter

Electrical instrumentation systems for water and sewerage

**Other**

[Core products]
- IT-related services
- Logistics, etc.

AC servo motor “Σ-7” series

General purpose AC drive “Zero series”

PV inverter for photovoltaic power generation

Motor drive system for EV

Robot system for preprocessing operations
1. FY2016 Nine Months Financial Results (Ended December 20, 2016)
Sales and income declined year on year because of the strong yen.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>¥ 284.7bn.</td>
<td>¥ 306.4bn.</td>
<td>-¥ 21.7bn.  -7.1%</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥ 21.6bn.</td>
<td>¥ 27.2bn.</td>
<td>-¥ 5.6bn.   -20.5%</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>¥ 22.5bn.</td>
<td>¥ 27.6bn.</td>
<td>-¥ 5.1bn.   -18.6%</td>
</tr>
<tr>
<td>Profit attributable</td>
<td>¥ 14.7bn.</td>
<td>¥ 18.2bn.</td>
<td>-¥ 3.5bn.   -19.3%</td>
</tr>
<tr>
<td>to owners of parent</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Sales and profits in (M) and (R) decreased due to the strong yen. Sales and profits in (S) increased with the steady growth in both existing and new businesses.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Results</td>
<td>Income ratio</td>
<td>Amounts</td>
</tr>
<tr>
<td>Net sales</td>
<td>284.7</td>
<td></td>
<td>-21.7</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>134.7</td>
<td>143.8</td>
<td>-9.1</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>102.1</td>
<td>114.3</td>
<td>-12.3</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>31.2</td>
<td>27.4</td>
<td>+3.8</td>
</tr>
<tr>
<td>Other</td>
<td>16.7</td>
<td>20.9</td>
<td>-4.2</td>
</tr>
<tr>
<td>Operating income</td>
<td>21.6</td>
<td>27.2</td>
<td>-5.6</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>15.5</td>
<td>17.4</td>
<td>-1.8</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>7.9</td>
<td>12.2</td>
<td>-4.3</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>-0.8</td>
<td>-2.2</td>
<td>+1.4</td>
</tr>
<tr>
<td>Other</td>
<td>-0.1</td>
<td>0.6</td>
<td>-0.8</td>
</tr>
<tr>
<td>Elimination or Corporate</td>
<td>-0.9</td>
<td>-0.9</td>
<td>-0.1</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>22.5</td>
<td>27.6</td>
<td>-5.1</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>14.7</td>
<td>18.2</td>
<td>-3.5</td>
</tr>
</tbody>
</table>
AC servo business was solid especially because of robust demand from the smart phone- and automotive-related industries in China. Profitability improved because of the progress in switching to the core product "Σ-7" series and the effect of local production in China.

The demand for AC drives was sluggish in the U.S. oil-related industry, while the export-related market in China showed a sign of recovery. The sales of PV inverters in Japan were also weak.

Automobile-related business in Japan and Europe were solid. Sales efforts were focused on non-automotive general industries*1 and 3C*2 markets.

Sales and income year on year decreased because of impact of the strong yen. *1food, medical and cosmetics  *2computer, communication and consumer

Profitability improved as we captured the demand for facility renovation in the steel plants and social systems.

Sales increased in the large-scale wind turbine business in Europe and China. Business was expanded to the marine field.
Sales Breakdown by Business Segment

FY2015 Apr.-Dec.

- Robotics: 37%
- Motion Control: 47%
- Engineering: 7%
- Other: 9%
- Net Sales: 306.4 bn.

FY2016 Apr.-Dec.

- Robotics: 36%
- Motion Control: 47%
- Engineering: 6%
- Other: 11%
- Net Sales: 284.7 bn.
Sales Breakdown by Destination (1)

- **Overseas sales declined because of the strong yen.**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amounts</td>
<td>Amounts</td>
<td>%</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>284.7</td>
<td>306.4</td>
<td>-21.7</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>94.3</td>
<td>93.4</td>
<td>+0.9</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td>190.3</td>
<td>213.0</td>
<td>-22.7</td>
</tr>
<tr>
<td>The Americas</td>
<td>54.4</td>
<td>64.5</td>
<td>-10.1</td>
</tr>
<tr>
<td>Europe</td>
<td>36.7</td>
<td>39.1</td>
<td>-2.4</td>
</tr>
<tr>
<td>China</td>
<td>61.5</td>
<td>65.6</td>
<td>-4.1</td>
</tr>
<tr>
<td>Asian Countries except China</td>
<td>34.6</td>
<td>40.5</td>
<td>-5.9</td>
</tr>
<tr>
<td>Other</td>
<td>3.2</td>
<td>3.3</td>
<td>-0.1</td>
</tr>
</tbody>
</table>

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

**FY2015 Apr.-Dec.**
- Net Sales: ¥306.4 bn.
- Overseas: 70%
- Japan: 30%
- China: 21%
- Asian Countries except China: 13%
- Europe: 13%
- The Americas: 21%

**FY2016 Apr.-Dec.**
- Net Sales: ¥284.7 bn.
- Overseas: 67%
- Japan: 33%
- China: 22%
- Asian Countries except China: 12%
- Europe: 13%
- The Americas: 19%
Breakdown of Changes in Operating Income
(FY15 Nine Months ➔ FY16 Nine Months)

<table>
<thead>
<tr>
<th>FY2015 Apr.-Dec.</th>
<th>Effects of changes in forex rates</th>
<th>Increase in added value</th>
<th>Increase in expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>27.2</td>
<td>-9.2</td>
<td>+4.3</td>
<td>-3.4</td>
</tr>
<tr>
<td></td>
<td>Effects of particular factors</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-1.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Profit increase due to sales increase
+4.0

FY2016 Apr.-Dec.
21.6

Increase in expenses
-3.4

Increase in added value
+4.3

Effects of particular factors
-1.2

(Unit: Billions of yen)
Measures for FY2016 3Q

➢ Expand sales from core businesses
  • Establishment of a next-generation plant
    ➔ Verification of YASKAWA Industrie 4.0 (Launch scheduled in April 2018)
  • Expansion of AC servo “Σ-7” series lineup
    ➔ Launch of servo motors with batteryless encoders
  • MECHATROLINK is certified as Chinese National Standard
    ➔ Compliant to the standard in force since November 1, 2016

➢ Expand production capacity
  • Establishment of Plant No.3 in Shenyang (Launch scheduled in Spring 2018)
    ➔ Double production capacity of AC servo, Consolidate development function
  • Establishment of a robot plant in Europe (Launch scheduled in September, 2018)
    ➔ Build production system of 300 units per month in Slovenia by FY2020

➢ Create new businesses
  • Expansion of lineup of biomedical robots
    ➔ Launch of MOTOMAN-MH5BM
  • Full-fledged start of venture investment for creation of new businesses and expansion of core business areas
    ➔ Investment scale: 2 billion JPY in three years between FY2016 and FY2018
2. FY2016 Full-year Financial Forecasts (Ending March 20, 2017)
FY2016 Full-year Financial Forecasts (Highlights)

- Full-year forecasts are revised up because of the favorable environment in the core businesses

<table>
<thead>
<tr>
<th></th>
<th>FY2016 Forecasts</th>
<th>FY2016 Change from previous forecast</th>
<th>FY2015 Results</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>¥ 395.0bn.</td>
<td>¥ 390.0bn. +¥ 5.0bn.</td>
<td>¥ 411.3bn.</td>
<td>¥ 16.3bn. -4.0%</td>
</tr>
<tr>
<td>Operating income</td>
<td>¥ 31.0bn.</td>
<td>¥ 28.0bn. +3.0bn.</td>
<td>¥ 36.7bn.</td>
<td>¥ 5.7bn. -15.6%</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>¥ 31.5bn.</td>
<td>¥ 28.5bn. +3.0bn.</td>
<td>¥ 35.8bn.</td>
<td>¥ 4.3bn. -12.1%</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>¥ 20.0bn.</td>
<td>¥ 18.0bn. +2.0bn.</td>
<td>¥ 22.4bn.</td>
<td>¥ 2.4bn. -10.6%</td>
</tr>
</tbody>
</table>

Notes: The figures of FY2016 Previous forecasts were announced on October 20, 2016
### FY2016 Full-year Financial Forecasts (by Business Segment)

- **Sales and operating income forecasts especially in (M) are revised up**

<table>
<thead>
<tr>
<th></th>
<th>FY2016 Forecasts</th>
<th>FY2016 Previous forecasts</th>
<th>Change from previous forecasts</th>
<th>FY2015 Results</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Income ratio</td>
<td>Income ratio</td>
<td></td>
<td>Income ratio</td>
<td>Amounts</td>
</tr>
<tr>
<td>Net sales</td>
<td>395.0</td>
<td>390.0</td>
<td>+5.0</td>
<td>411.3</td>
<td>16.3</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>182.0</td>
<td>178.0</td>
<td>+4.0</td>
<td>187.5</td>
<td>5.5</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>140.0</td>
<td>139.5</td>
<td>+0.5</td>
<td>154.1</td>
<td>14.1</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>49.5</td>
<td>50.0</td>
<td>-0.5</td>
<td>43.1</td>
<td>6.4</td>
</tr>
<tr>
<td>Other</td>
<td>23.5</td>
<td>22.5</td>
<td>+1.0</td>
<td>26.6</td>
<td>3.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY2016 Forecasts</th>
<th>FY2016 Previous forecasts</th>
<th>Change from previous forecasts</th>
<th>FY2015 Results</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Income ratio</td>
<td>Income ratio</td>
<td></td>
<td>Income ratio</td>
<td>Amounts</td>
</tr>
<tr>
<td>Operating income</td>
<td>31.0</td>
<td>28.0</td>
<td>+3.0</td>
<td>36.7</td>
<td>5.7</td>
</tr>
<tr>
<td>(M) Motion Control</td>
<td>20.9</td>
<td>17.9</td>
<td>+3.0</td>
<td>22.4</td>
<td>1.5</td>
</tr>
<tr>
<td>(R) Robotics</td>
<td>11.1</td>
<td>11.0</td>
<td>+0.2</td>
<td>15.3</td>
<td>4.2</td>
</tr>
<tr>
<td>(S) System Engineering</td>
<td>0.5</td>
<td>0.6</td>
<td>-0.1</td>
<td>-0.8</td>
<td>1.3</td>
</tr>
<tr>
<td>Other</td>
<td>-0.3</td>
<td>-0.3</td>
<td>-0.1</td>
<td>0.9</td>
<td>3.2</td>
</tr>
<tr>
<td>Elimination or Corporate</td>
<td>-1.2</td>
<td>-1.2</td>
<td>-0.0</td>
<td>-1.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>31.5</td>
<td>28.5</td>
<td>+3.0</td>
<td>35.8</td>
<td>4.3</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>20.0</td>
<td>18.0</td>
<td>+2.0</td>
<td>22.4</td>
<td>2.4</td>
</tr>
</tbody>
</table>

**Notes:** The figures of FY2016 Previous forecasts were announced on October 20, 2016.
Breakdown of Changes in Operating Income (FY2015 ➔ FY2016 Forecast)

(Billions of yen)

FY2015

36.7

-10.4

Effects of changes in forex rates

+7.8

Profit increase due to sales increase

-3.0

Effects of particular factor

FY2016 Forecast

31.0

Increase in added value

+4.4

Increase in expenses

-4.6

▲5.7

Profit increase due to sales increase

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3. Reference
### Capital Expenditure, R&D Investment, Forex Rates

#### Capital expenditure (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>36.4</td>
<td>16.8</td>
<td>16.0</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>11.5</td>
<td>13.1</td>
<td>13.0</td>
</tr>
</tbody>
</table>

#### R&D investment (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D investment</td>
<td>15.3</td>
<td>16.8</td>
<td>18.0</td>
</tr>
</tbody>
</table>

#### Forex rates (Consolidated)

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016 Forecasts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4-12</td>
<td>4Q</td>
<td>2H</td>
</tr>
<tr>
<td>U.S. dollar</td>
<td>104.8</td>
<td>118.4</td>
<td>114.2</td>
</tr>
<tr>
<td>Euro</td>
<td>139.5</td>
<td>140.0</td>
<td>139.9</td>
</tr>
</tbody>
</table>

Note: Average rate during the period
Financial Indices

As of March 20, 2016
- Shareholders’ equity ratio: 48.5%
- Shareholders’ equity: 181.3 billion yen
- Interest-bearing debt: 48.5 billion yen
- D/E ratio: 0.27
  (Net D/E ratio): 0.09
- Inventory: 77.5 billion yen
- Turnover: 2.3 months
- ROE: 12.8%

As of December 20, 2016
- Shareholders’ equity ratio: 50.0%
- Shareholders’ equity: 190.3 billion yen
- Interest-bearing debt: 40.1 billion yen
- D/E ratio: 0.21
  (Net D/E ratio): 0.05
- Inventory: 84.4 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)
Quarterly Sales Trends (1)

**Business Segment**

- (M) = Motion Control
- (R) = Robotics
- (S) = System Engineering
- Other

**Destination**

- Japan
- The Americas
- Europe
- China
- Other Asian Countries
- Other

Notes: (M) = Motion Control (R) = Robotics (S) = System Engineering
### Quarterly Order Trends

(Millions of Yen)

<table>
<thead>
<tr>
<th>Period</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>YoY</td>
<td>QoQ</td>
<td>YoY</td>
</tr>
<tr>
<td><strong>(M)</strong></td>
<td>+11%</td>
<td>+18%</td>
<td>+22%</td>
</tr>
<tr>
<td><strong>(R)</strong></td>
<td>+15%</td>
<td>-3%</td>
<td>+23%</td>
</tr>
<tr>
<td><strong>(S)</strong></td>
<td>+15%</td>
<td>+8%</td>
<td>+20%</td>
</tr>
<tr>
<td><strong>(M)</strong></td>
<td>+30%</td>
<td>+5%</td>
<td>+22%</td>
</tr>
<tr>
<td><strong>(R)</strong></td>
<td>+8%</td>
<td>-6%</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>(S)</strong></td>
<td>+1%</td>
<td>+3%</td>
<td>+3%</td>
</tr>
<tr>
<td><strong>(M)</strong></td>
<td>-17%</td>
<td>-1%</td>
<td>-8%</td>
</tr>
<tr>
<td><strong>(R)</strong></td>
<td>-8%</td>
<td>-6%</td>
<td>-4%</td>
</tr>
<tr>
<td><strong>(S)</strong></td>
<td>-2%</td>
<td>-9%</td>
<td>-12%</td>
</tr>
<tr>
<td><strong>(M)</strong></td>
<td>+9%</td>
<td>+3%</td>
<td>+3%</td>
</tr>
<tr>
<td><strong>(R)</strong></td>
<td>+4%</td>
<td>+0%</td>
<td>+3%</td>
</tr>
<tr>
<td><strong>(S)</strong></td>
<td>-2%</td>
<td>-4%</td>
<td>+9%</td>
</tr>
</tbody>
</table>

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

**Forex Rates:**
- U.S. dollar: 102.2 102.3 110.0 118.4 120.2 123.5 121.0 118.5 110.8 103.5 104.8
- Euro: 141.0 137.9 139.8 140.0 131.2 137.4 133.9 129.7 124.5 115.6 115.3

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Major Production Bases

YASKAWA Electric UK Ltd.
Scotland

YASKAWA Electric (Shenyang) Co., Ltd
China

YASKAWA Nordic AB
Sweden

YASKAWA SHOUGANG ROBOT CO., LTD.
China

YASKAWA Ristro d.o.o.
Slovenia

YASKAWA Robotics India Ltd.
India

YASKAWA America, Inc.
Drives&Motion Div.
U.S.

YASKAWA Ristro d.o.o.
Slovenia

YASKAWA Robotics India Ltd.
India

YASKAWA America, Inc.
Motoman Robotics Div.
U.S.

YASKAWA (China) Robotics Co., Ltd
China

YASKAWA Motoman Mexico, S.A. de C.V.
Mexico

YASKAWA (China) Robotics Co., Ltd
China

YASKAWA Canada, Inc.
Canada

YASKAWA Motoman Mexico, S.A. de C.V.
Mexico

YASKAWA Elétrico do Brasil Ltda.
Motoman Robótica do Brasil
Brazil

Yaskawa Electric Corp.【Production bases in Japan】
- Yahata-nishi Plant (Yaskawa Robot Center)
- Yahata-higashi Plant
- Yukuhashi Plant (Drive Center/ System Engineering Center)
- Iruma Plant (Solution Center)
- Nakama Plant

Yaskawa Electric's production bases in Japan
Major overseas production bases