

FY2017 Nine Months Financial Results (Ended December 20, 2017)

FY2017 Full-year Financial Forecasts (Ending February 28, 2018)

Notes:

- **Yaskawa Electric changes its accounting period from March 20 to the last day of February starting FY2017. The figures of FY2017 forecasts (Reference basis) in this document are based on the assumption that the accounting period remains unchanged. (from March 21, 2017 to March 20, 2018) (Please refer to the appendix on page 15 for details.)**
- 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.
- Figures in this document are rounded off, and may differ from those in other documents such as financial results.

YASKAWA ELECTRIC CORPORATION (TSE6506)

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Business Overview

Motion Control

[Core products]

- AC servo motors and controllers
- Linear servo motors
- AC drives



AC servo motor
"Σ-7" series



General purpose
AC drive
"Zero series"



Matrix converter
U1000

Robotics

[Core products]

- Industrial robots
 - Arc and spot welding robots,
 - painting robots
 - FPD glass sheet transfer robots,
 - handling robots,
- Semiconductor wafer transfer robots
- Biomedical robots
- Collaborative robots



New miniature robot
MOTOMAN-GP8



Arc-welding robot
MOTOMAN-AR1730



Collaborative robot
MOTOMAN-HC10

System Engineering

[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
- PV inverters



Large-scale wind
turbine and converter



Continuous-casting machine



PV inverter for
photovoltaic power
generation



Electrical instrumentation
systems for water
and sewerage

Other

[Core products]

- IT-related services
- Logistics

1. FY2017 Nine Months Financial Results (Ended December 20, 2017)

FY2017 Nine Months Financial Results (Highlights)

- **Sales and profits grew significantly due to strong demand.
(Record high results)**

	<u>FY2017</u>	FY2016	<u>Changes</u>	
	<u>Apr.-Dec.</u>		<u>Apr.-Dec.</u>	<u>Amounts</u>
Net Sales	<u>¥ 339.8bn.</u>	¥ 284.7bn.	<u>+¥ 55.2bn.</u>	<u>+19.4%</u>
Operating income	<u>¥ 41.6bn.</u>	¥ 21.6bn.	<u>+¥ 20.0bn.</u>	<u>+92.3%</u>
Ordinary income	<u>¥ 41.6bn.</u>	¥ 22.5bn.	<u>+¥ 19.1bn.</u>	<u>+85.0%</u>
Profit attributable to owners of parent	<u>¥ 29.7bn.</u>	¥ 14.7bn.	<u>+¥ 14.9bn.</u>	<u>+101.4%</u>

FY2017 Nine Months Financial Results by Business Segment (1)

- **Significant growth in sales and profitability achieved through (M) and (R)**

(Billions of yen)

		FY2017 Apr.-Dec.		FY2016 Apr.-Dec.		Changes	
		Results	Income ratio	Results	Income ratio	Amounts	%
Net sales		339.8		284.7		+55.2	+19.4%
(M)	Motion Control	164.1		125.7		+38.4	+30.5%
(R)	Robotics	120.5		102.1		+18.5	+18.1%
(S)	System Engineering	40.9		40.2		+0.7	+1.7%
	Other	14.4		16.7		-2.4	-14.1%
Operating income		41.6	12.2%	21.6	7.6%	+20.0	+92.3%
(M)	Motion Control	32.2	19.6%	16.9	13.4%	+15.4	+91.0%
(R)	Robotics	13.5	11.2%	7.9	7.8%	+5.6	+70.3%
(S)	System Engineering	-3.1	-7.5%	-1.7	-4.2%	-1.4	-
	Other	0.1	0.6%	-0.5	-3.3%	+0.6	-
	Elimination or Corporate	-1.2	-	-0.9	-	-0.2	-
Ordinary income		41.6	12.2%	22.5	7.9%	+19.1	+85.0%
Profit attributable to owners of parent		29.7	8.7%	14.7	5.2%	+14.9	+101.4%

Note: Revisions were made to the division of businesses segments starting 1Q FY2017. The PV inverter business, which was previously included in Motion Control, is included in System Engineering. The figures for FY2016 nine months reflect this change. (Please refer to the appendix on P.16 for details.)

FY2017 Nine Months Financial Results by Business Segment (2)

Motion Control

- **AC servo sales and operating income grew significantly due to the strong demand related to sophistication and automation of production equipment.**
- **AC drive sales and operating income grew significantly due to recoveries in the U.S. oil- and gas-related demand.**

Robotics

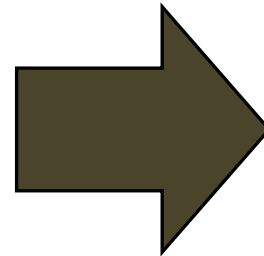
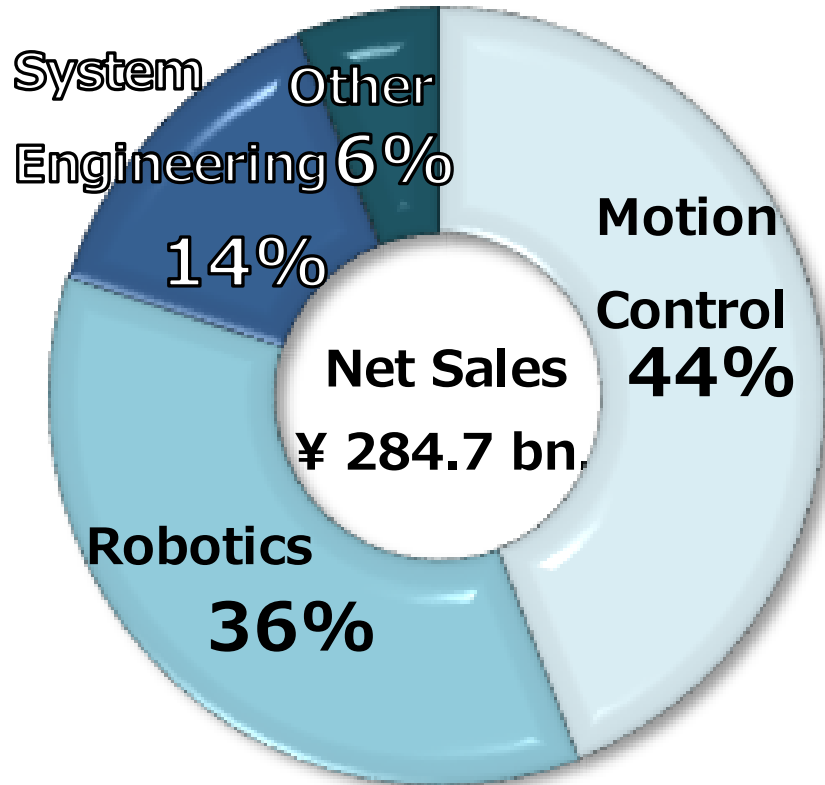
- **Automobile-related business was steady outside Japan.**
- **Sales for the general industries increased mainly because of the strong demand for production automation in China.**
- **FPD and semiconductor industries were strong globally.**

System Engineering

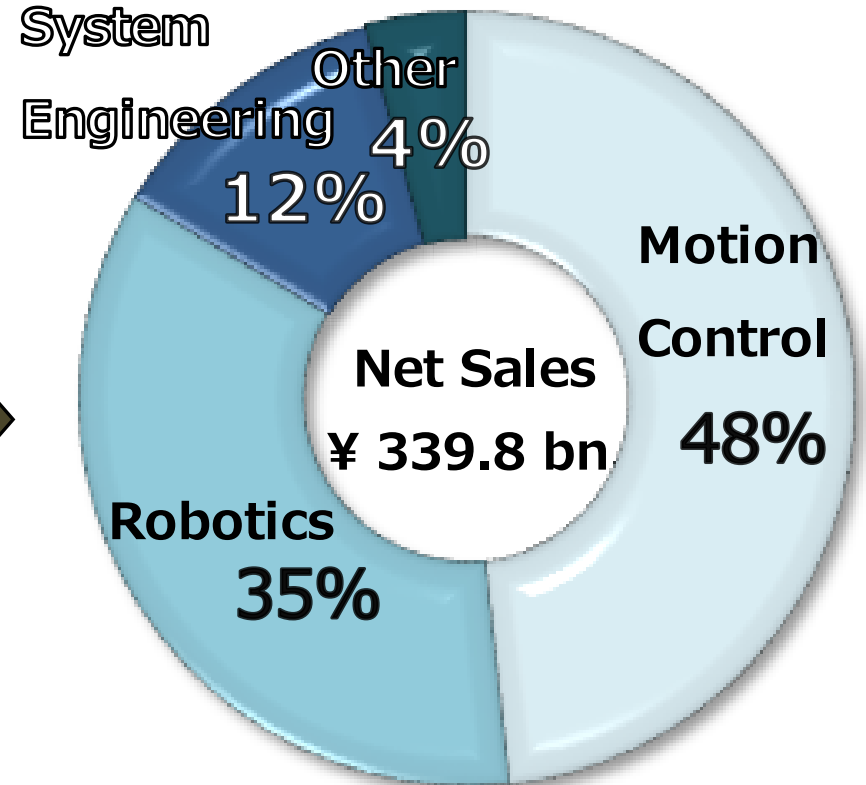
- **Sales for steel plant, social system and large-scale wind turbine businesses were solid.**
- **Sluggish PV inverter sales weighed on profitability.**

Sales Breakdown by Business Segment

FY2016_Apr.-Dec.



FY2017_Apr.-Dec.



Sales Breakdown by Destination (1)

- Sales for all destination areas, especially China and other Asian countries, significantly increased.

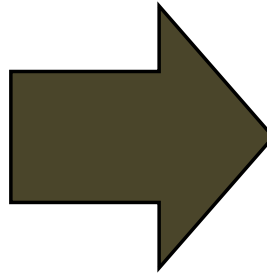
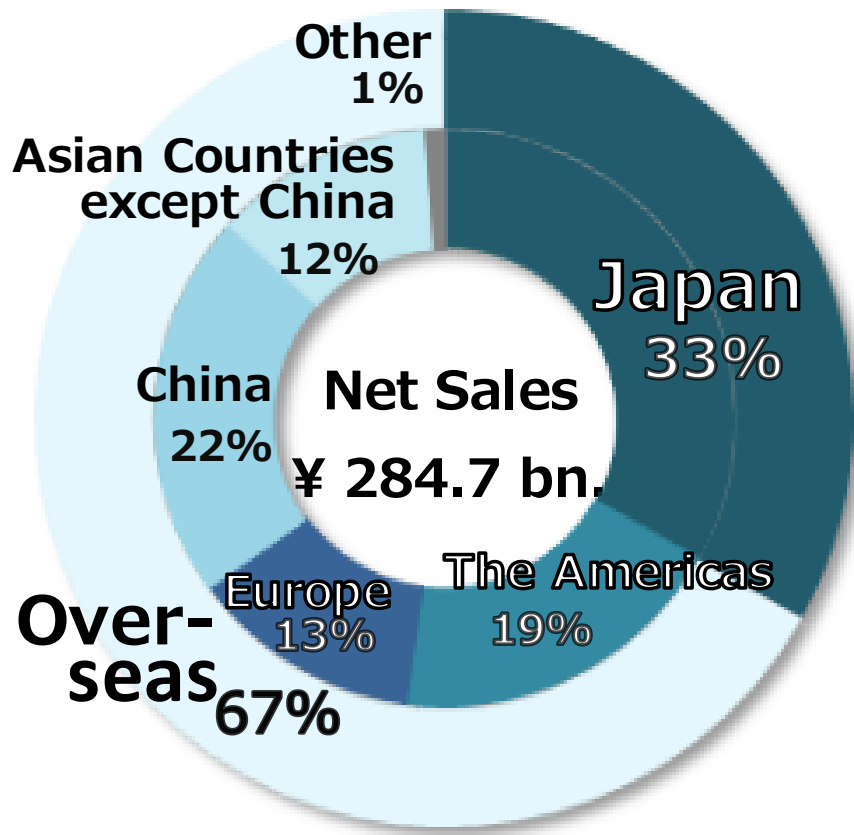
(Billions of yen)

	FY2017	FY2016	Changes	
	Apr.-Dec.	Apr.-Dec.	Amounts	%
Net sales	339.8	284.7	+55.2	+19.4%
Japan	104.2	94.3	+9.8	+10.4%
Overseas	235.7	190.3	+45.3	+23.8%
The Americas	62.2	54.4	+7.9	+14.5%
Europe	43.9	36.7	+7.2	+19.8%
China	79.8	61.5	+18.3	+29.7%
Asian Countries except China	46.6	34.6	+12.0	+34.5%
Other	3.1	3.2	-0.1	-2.4%

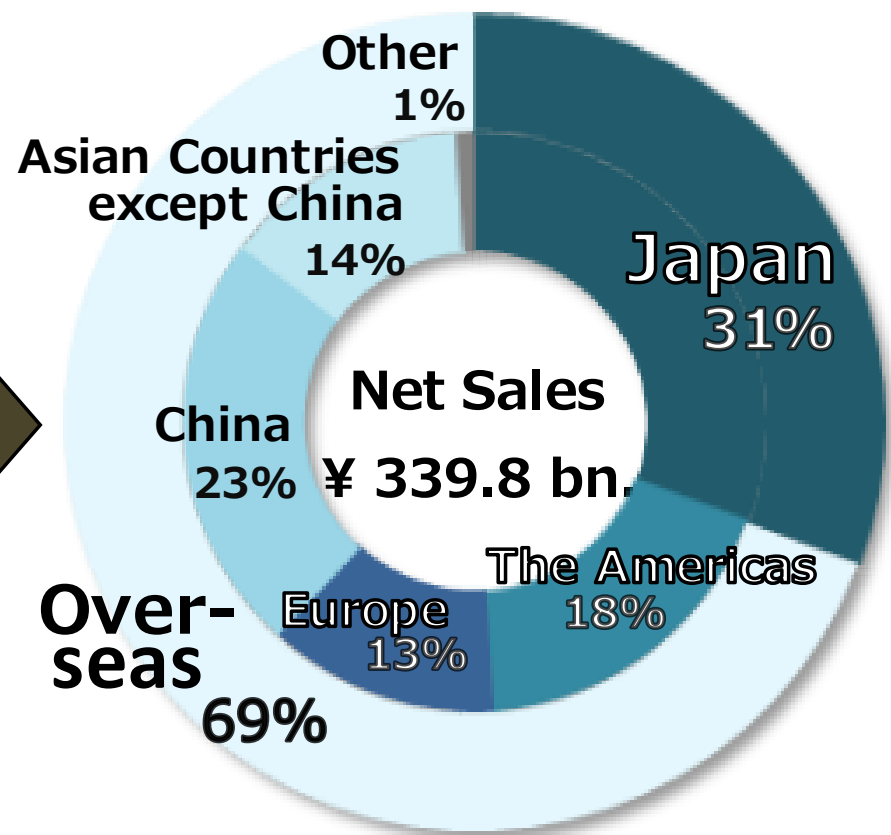
Note: Other includes Australia and South Africa, etc.

Sales Breakdown by Destination (2)

FY2016_Apr.-Dec.



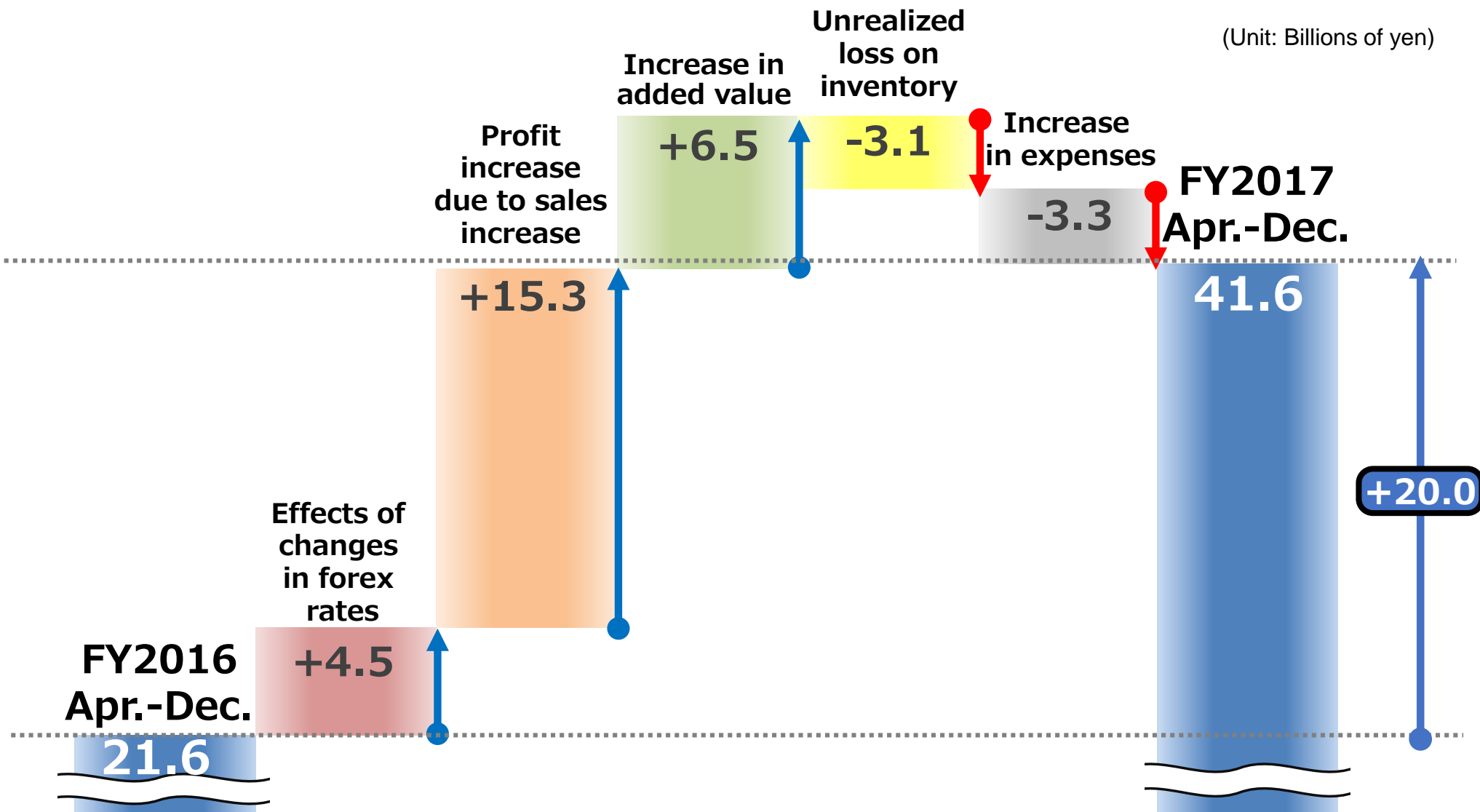
FY2017_Apr.-Dec.



Breakdown of Changes in Operating Income

(FY2016 Nine Months → FY2017 Nine Months)

(Unit: Billions of yen)



Measures for FY2017 3Q

➤ Profitability improvement in core businesses

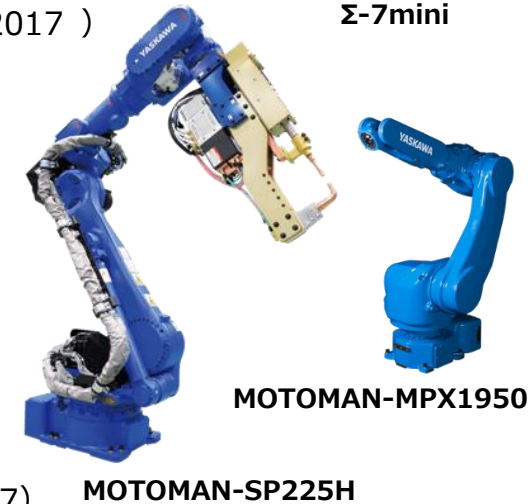
➔ Expansion of product lineup and launch of new products

- One of the world's smallest "Σ-7mini" (Dec. 1, 2017)
- 29 models of multi-purpose robots (Payload 35~600kg)(Nov. 7, 2017)
- Three models of spot-welding robot with a hollow structure (Nov. 29, 2017)
- New painting robot "MOTOMAN-MPX1950" (Nov. 29, 2017)



➔ Development of new markets and business areas

- Joint development of automatic screw tightening device with NITTO SEIKO Co., Ltd. (Nov. 28, 2017)
- Development of AI picking function for robots (Nov. 21, 2017)



➤ Enhancement of development, production and sales capabilities

➔ Initiative related to i³-Mechatronics, a new solution concept utilizing IoT and AI.

- Capital tie-up with XCompass Ltd., an AI venture company (Dec. 31, 2017)



2. FY2017 Full-year Financial Forecasts

FY2017 Full-year Financial Forecasts (Highlights)

- Record-high sales and profits planned on the back of solid orders**

	<u>FY2017</u>	FY2016 Results	<u>Changes</u>		<u>FY2017</u>
	<u>Forecasts</u> 〈Reference basis〉		<u>Amounts</u>	<u>%</u>	<u>Previous forecasts</u> 〈Reference basis〉
Net sales	<u>¥ 466.0bn.</u>	¥ 394.9bn.	<u>+¥ 71.1bn.</u>	<u>+18.0%</u>	¥ 466.0bn.
Operating income	<u>¥ 57.0bn.</u>	¥ 30.4bn.	<u>+¥ 26.6bn.</u>	<u>+87.4%</u>	¥ 57.0bn.
Ordinary income	<u>¥ 57.0bn.</u>	¥ 32.0bn.	<u>+¥ 25.0bn.</u>	<u>+78.3%</u>	¥ 57.0bn.
Profit attributable to owners of parent	<u>¥ 41.0bn.</u>	¥ 20.4bn.	<u>+¥ 20.6bn.</u>	<u>+101.0%</u>	¥ 41.0bn.

Note1: The figures of FY2017 Forecasts 〈Reference basis〉 and previous forecasts are based on the assumption that the accounting period remains unchanged. (from March 21, 2017 to March 20, 2018) (Please refer to the appendix on P. 15 for details.)

Note2: The figures of FY2017 previous forecasts were announced on October 23, 2017

3. Reference

Impact of change in accounting period

Impact of change in accounting period from March 20 to the last day of February

FY2017 Financial Forecasts (Unit: Billions of yen)		Before Change			After Change		
		1H	2H Forecasts	Full-year Forecasts	2H Forecasts	Full-year Forecasts	Changes
Net Sales		229.1	236.9	466.0	220.9	450.0	-16.0
(M)	Motion Control	110.4	103.0	213.4	99.8	210.2	-3.1
(R)	Robotics	80.4	87.8	168.3	84.4	164.8	-3.5
(S)	System Engineering	28.2	34.3	62.5	26.0	54.1	-8.4
	Other	10.1	11.8	21.9	10.8	20.9	-1.0
Operating Income		27.8	29.2	57.0	26.2	54.0	-3.0
(M)	Motion Control	21.8	19.6	41.4	19.1	40.8	-0.5
(R)	Robotics	8.6	10.2	18.7	9.5	18.0	-0.7
(S)	System Engineering	-1.8	0.4	-1.4	-1.3	-3.1	-1.7
	Other	-0.1	-0.2	-0.3	-0.3	-0.3	-0.1
	Elimination or Corporate	-0.7	-0.7	-1.5	-0.8	-1.5	-0.0
Ordinary Income		27.5	29.5	57.0	26.5	54.0	-3.0
Profit attributable to owners of parent		21.1	19.9	41.0	17.9	39.0	-2.0

Impact of retroactive application of revision in the division of business segments (FY2016)

- The PV inverter business, which was previously included in Motion Control, is included in System Engineering, starting fiscal 2017.

(Unit: Billions of yen)		FY2016 (After segment revision)						Changes	
		1Q	2Q	1H	3Q	4Q	2H	Full-Year	Full-Year
Net sales		90.4	97.3	187.6	97.0	110.2	207.2	394.9	-
(M)	Motion Control	40.8	42.4	83.2	42.5	46.3	88.8	172.0	-11.3
(R)	Robotics	32.4	36.0	68.4	33.7	37.9	71.6	140.0	-
(S)	System Engineering	11.7	13.0	24.7	15.5	19.2	34.7	59.4	+11.2
	Other	5.5	5.9	11.4	5.4	6.8	12.2	23.5	+0.1
Operating income		5.5	8.4	13.8	7.8	8.8	16.6	30.4	-
(M)	Motion Control	4.6	6.2	10.8	6.1	5.9	12.0	22.8	+2.0
(R)	Robotics	2.2	3.4	5.6	2.3	2.3	4.7	10.3	-
(S)	System Engineering	-0.9	-0.7	-1.6	-0.1	1.1	1.0	-0.6	-1.5
	Other	-0.2	-0.2	-0.4	-0.1	-0.2	-0.3	-0.7	-0.5
	Elimination or Corporate	-0.3	-0.2	-0.6	-0.4	-0.4	-0.7	-1.3	-

Capital Expenditure, R&D Investment, Forex Rates

◆ Capital expenditure (Consolidated)

(Unit: Billions of yen)

	FY2015	FY2016	FY2017 Plan
Capital Expenditure	16.8	14.9	20.0
Depreciation and Amortization	13.1	12.1	13.0

◆ R&D investment (Consolidated)

(Unit: Billions of yen)

	FY2015	FY2016	FY2017 Plan
R&D investment	16.8	18.0	18.0

◆ Forex rates (Consolidated)

(Unit: Yen)

	FY2015				FY2016				FY2017 Forecasts			
	4-12	4Q	2H	Full-year	4-12	4Q	2H	Full-year	4-12 (Actual)	4Q	2H	Full-year
U.S. dollar	121.6	118.5	119.8	120.8	106.3	114.5	109.6	108.4	111.7	110.0	111.1	111.3
Euro	134.2	129.7	131.8	133.0	118.5	121.5	118.4	119.2	127.1	130.0	131.2	127.8

Note: Average rate during the period

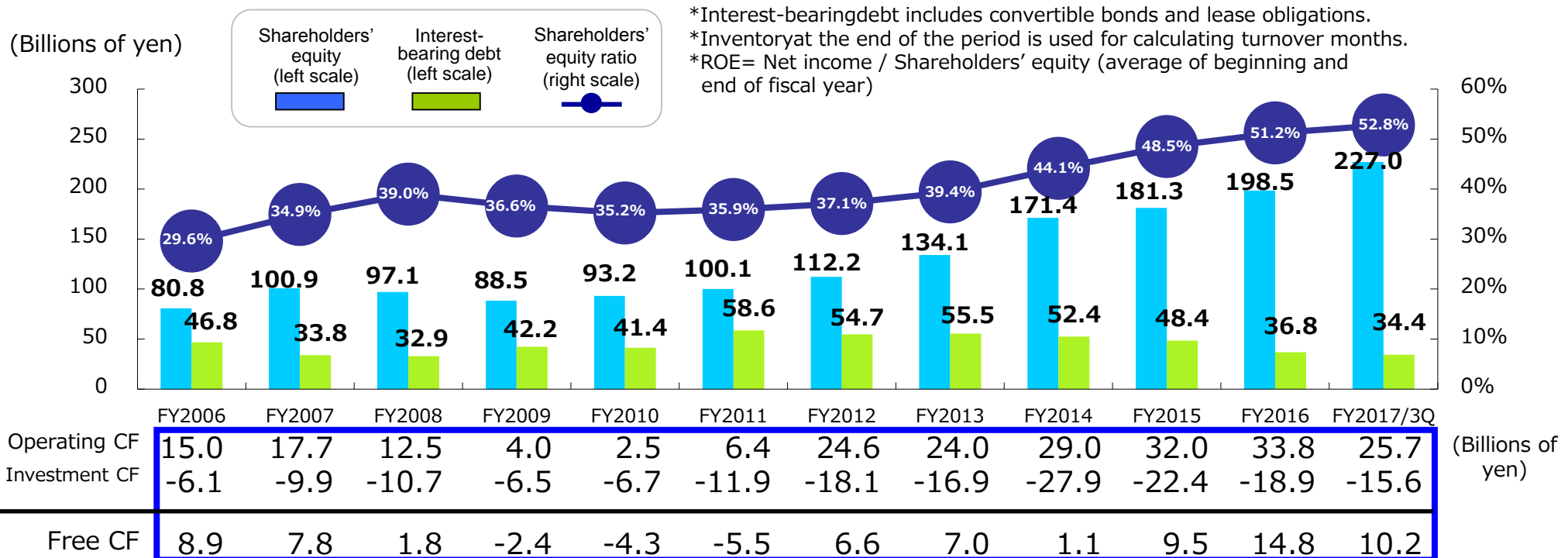
Financial Indices

As of March 20, 2017

➤ Shareholders' equity ratio	51.2%
➤ Shareholders' equity	198.5 billion yen
➤ Interest-bearing debt	36.8 billion yen
➤ D/E ratio	0.19
(Net D/E ratio)	0.04
➤ Inventory	79.9 billion yen
Turnover	2.4 months
➤ ROE	10.7%

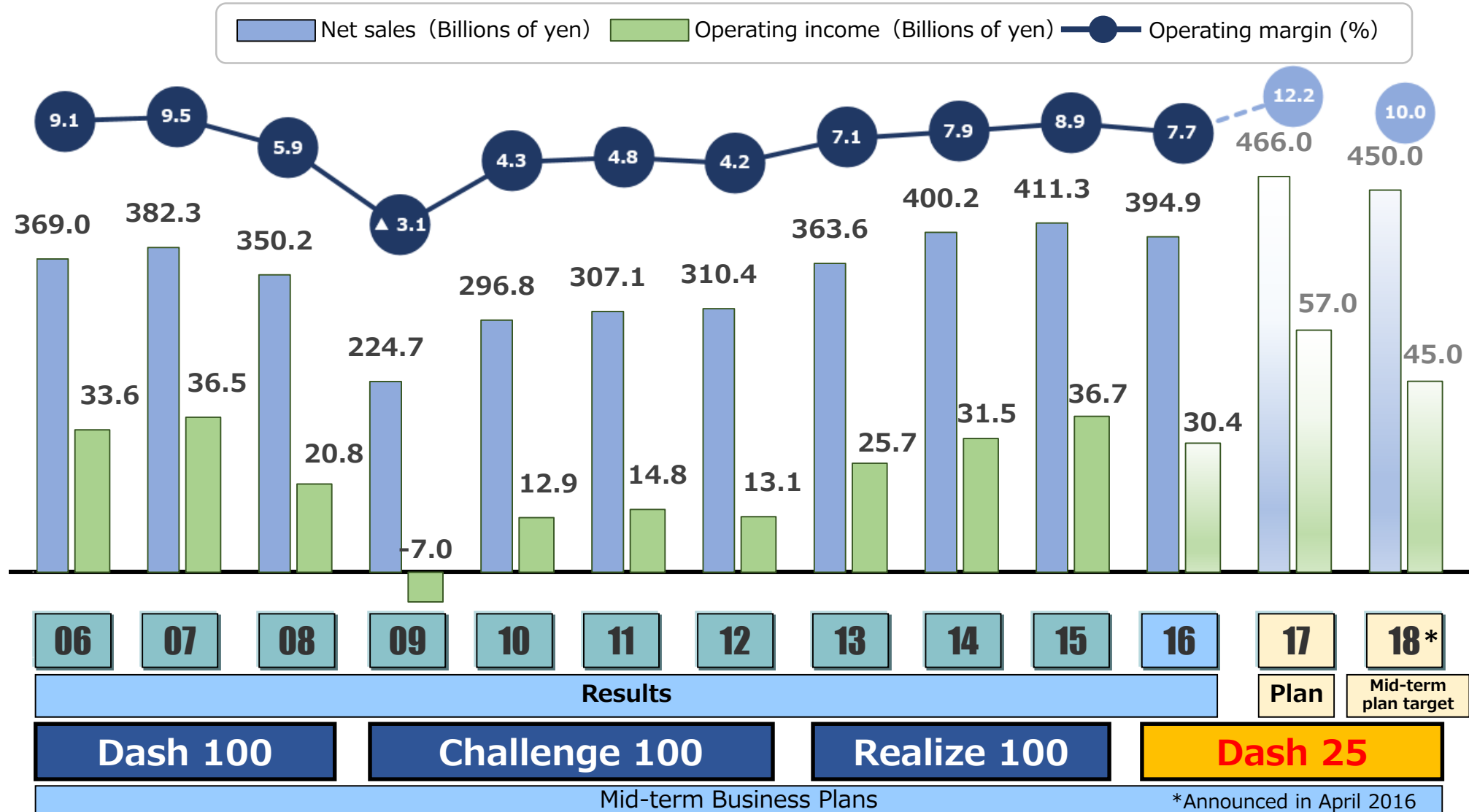
As of December 20, 2017

➤ Shareholders' equity ratio	52.8%
➤ Shareholders' equity	227.0 billion yen
➤ Interest-bearing debt	34.4 billion yen
➤ D/E ratio	0.15
(Net D/E ratio)	0.03
➤ Inventory	104.8 billion yen
Turnover	2.8 months

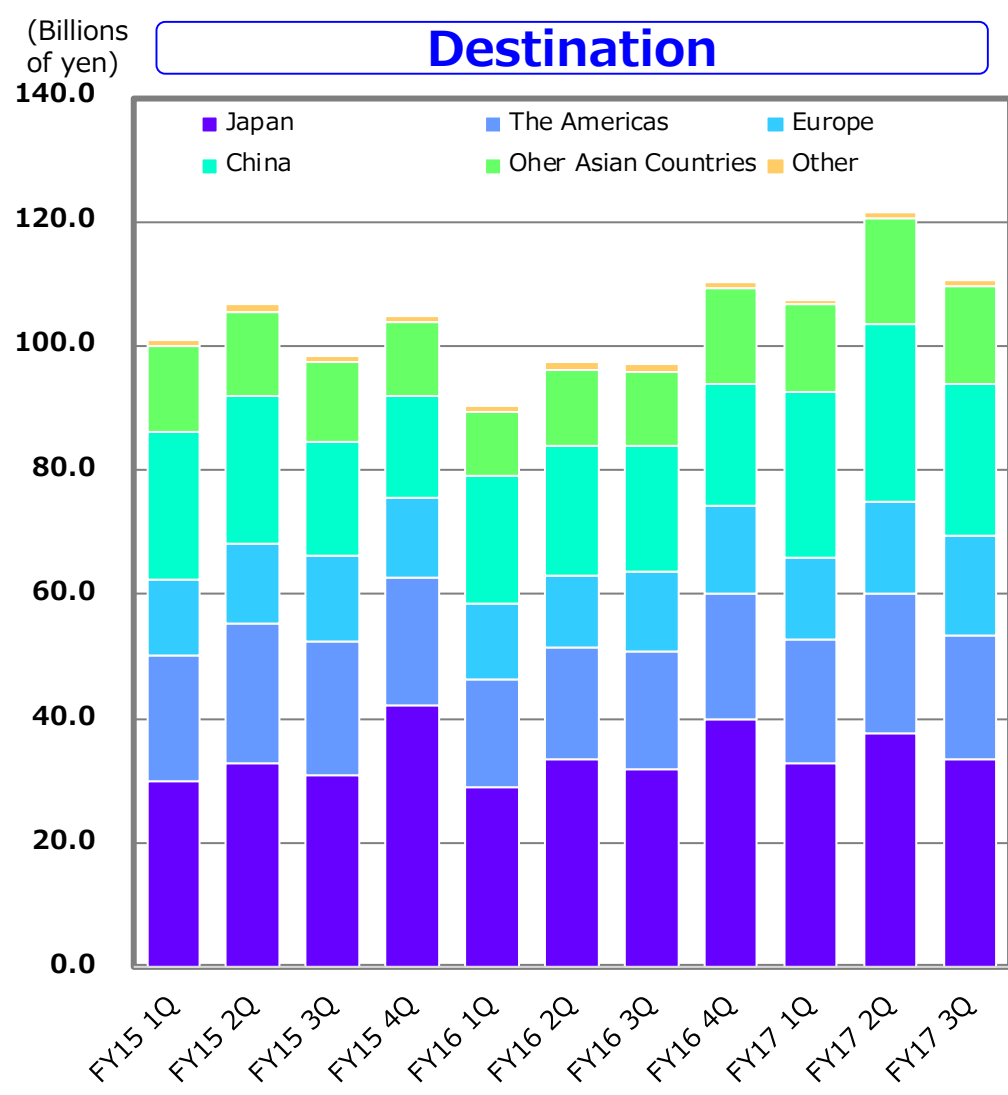
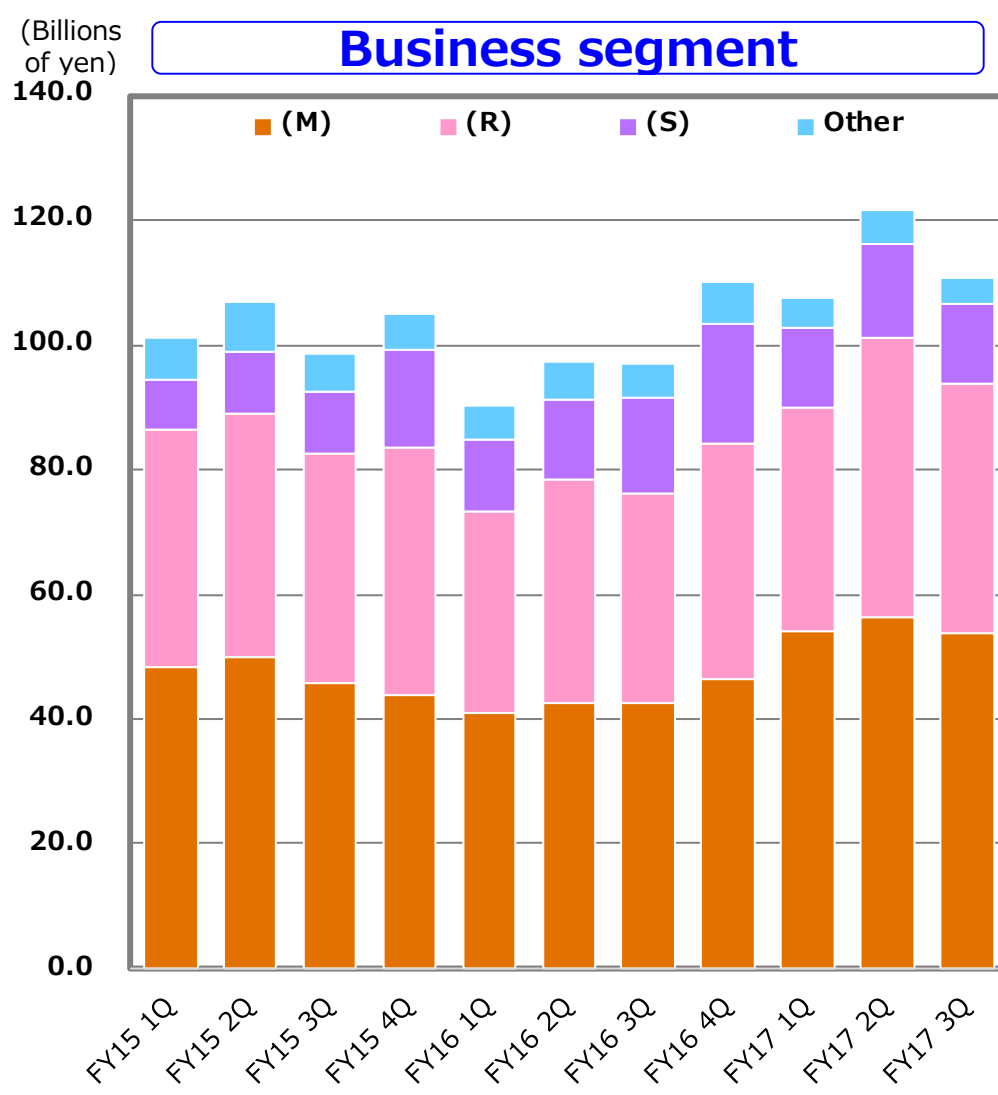


Net Sales/Operating Income (FY2006-2018 Plan)

- Projected to achieve targets of mid-term business plan, Dash 25, a year ahead



Quarterly Sales Trends (1)



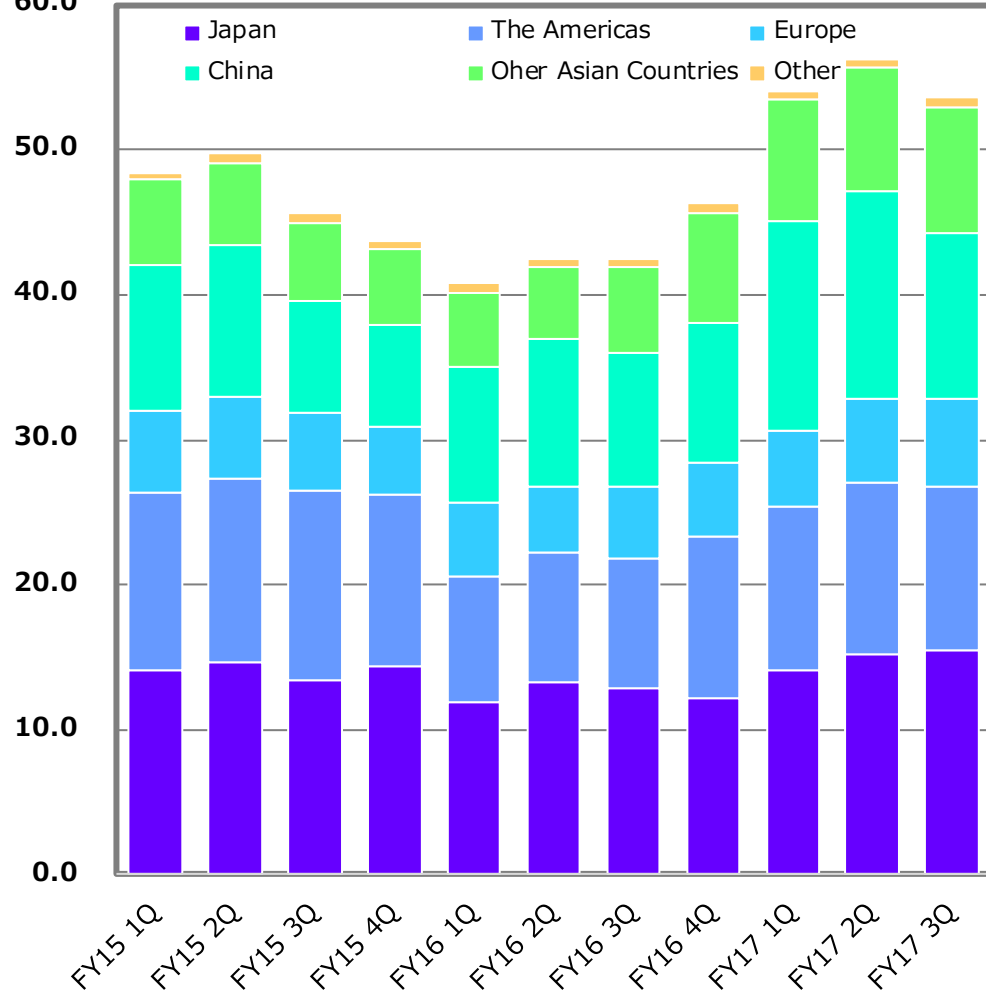
Note1: (M) = Motion Control (R) = Robotics (S) = System Engineering

Note2: The figures for FY2015 do not reflect the change in the division of business segments implemented 1Q FY2017.

Quarterly Sales Trends (2)

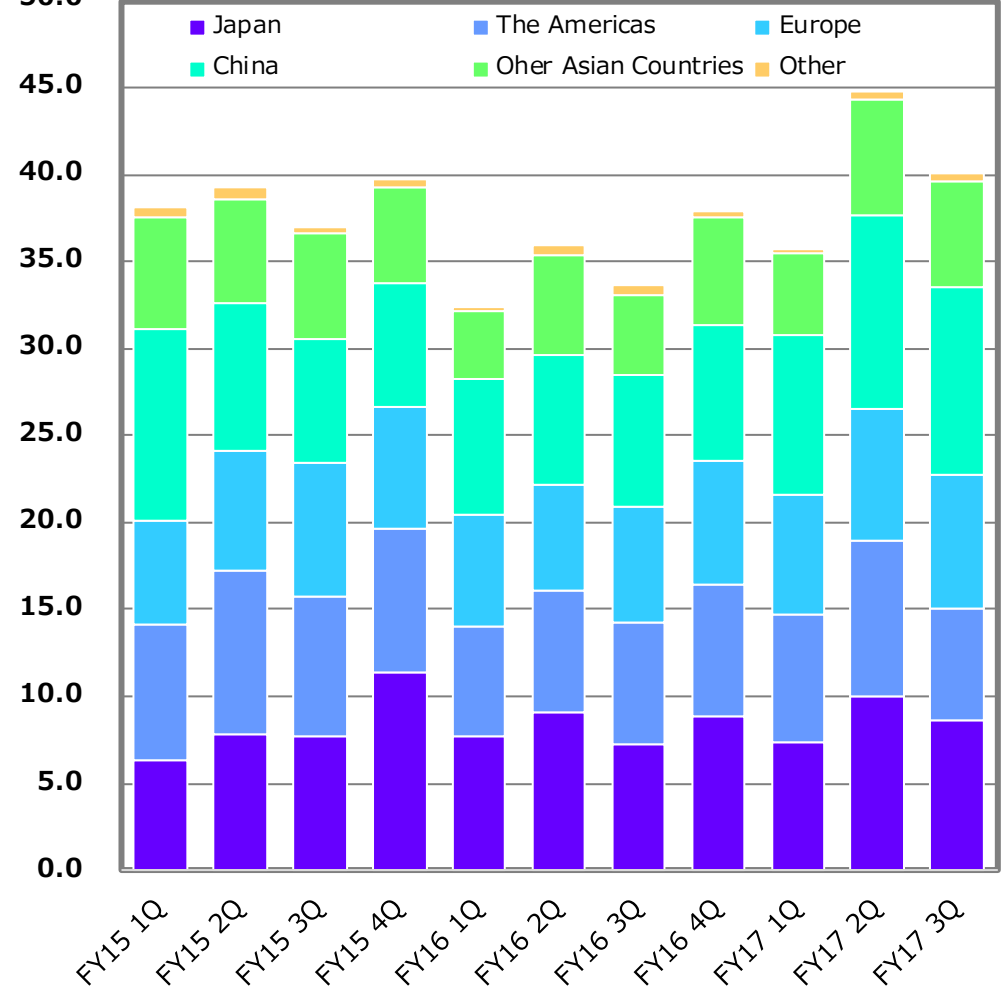
(Billions of yen)
60.0

Motion Control



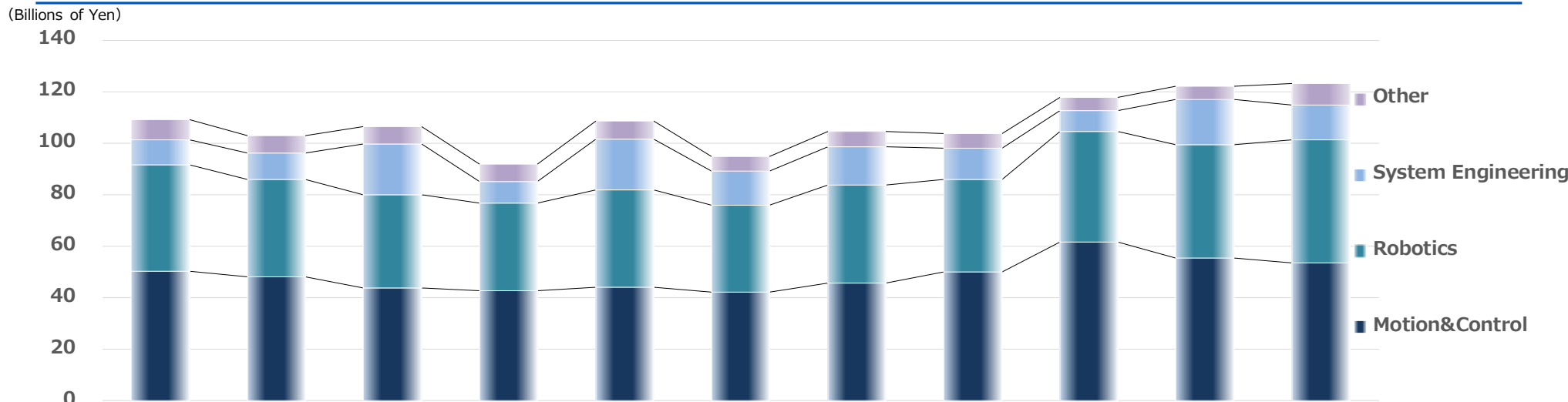
(Billions of yen)
50.0

Robotics



Note: The figures for FY2015 do not reflect the change in the division of business segments implemented 1Q FY2017.

Quarterly Order Trends by Business Segment



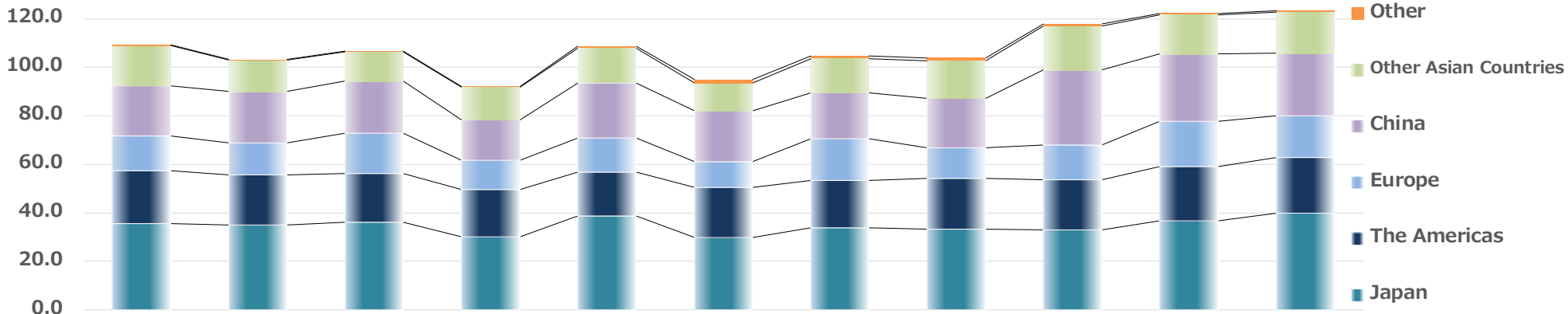
		FY2015				FY2016				FY2017		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
全社	YoY	+8%	+6%	+1%	▲17%	▲1%	▲8%	▲2%	+13%	+8%	+29%	+18%
	QoQ	▲1%	▲6%	+3%	▲14%	+18%	▲13%	+10%	▲1%	+13%	+4%	+1%
YoY	(M)	+3%	+5%	▲8%	▲12%	▲12%	▲12%	+5%	+17%	+39%	+31%	+17%
	(R)	+17%	+18%	+1%	▲14%	▲9%	▲11%	+5%	+7%	+14%	+31%	+25%
	(S)	+23%	+3%	+40%	▲37%	+106%	+31%	▲24%	+43%	▲59%	+33%	▲10%
QoQ	(M)	+3%	▲4%	▲9%	▲2%	+3%	▲4%	+8%	+9%	+23%	▲10%	▲3%
	(R)	+6%	▲8%	▲4%	▲7%	+12%	▲11%	+13%	▲5%	+19%	+2%	+8%
	(S)	▲28%	+5%	+96%	▲57%	+134%	▲33%	+14%	▲20%	▲33%	+118%	▲23%
Forex rates	U.S. dollar	120.2	123.5	121.0	118.5	110.8	103.5	104.8	114.5	111.9	111.1	112.2
	Euro	131.2	137.4	133.9	129.7	124.5	115.6	115.3	121.5	120.9	127.9	132.4

Note1: (M) = Motion Control (R) = Robotics (S) = System Engineering

Note2: The figures for FY2015 do not reflect the change in the division of business segments implemented 1Q FY2017.

Quarterly Order Trends by Destination

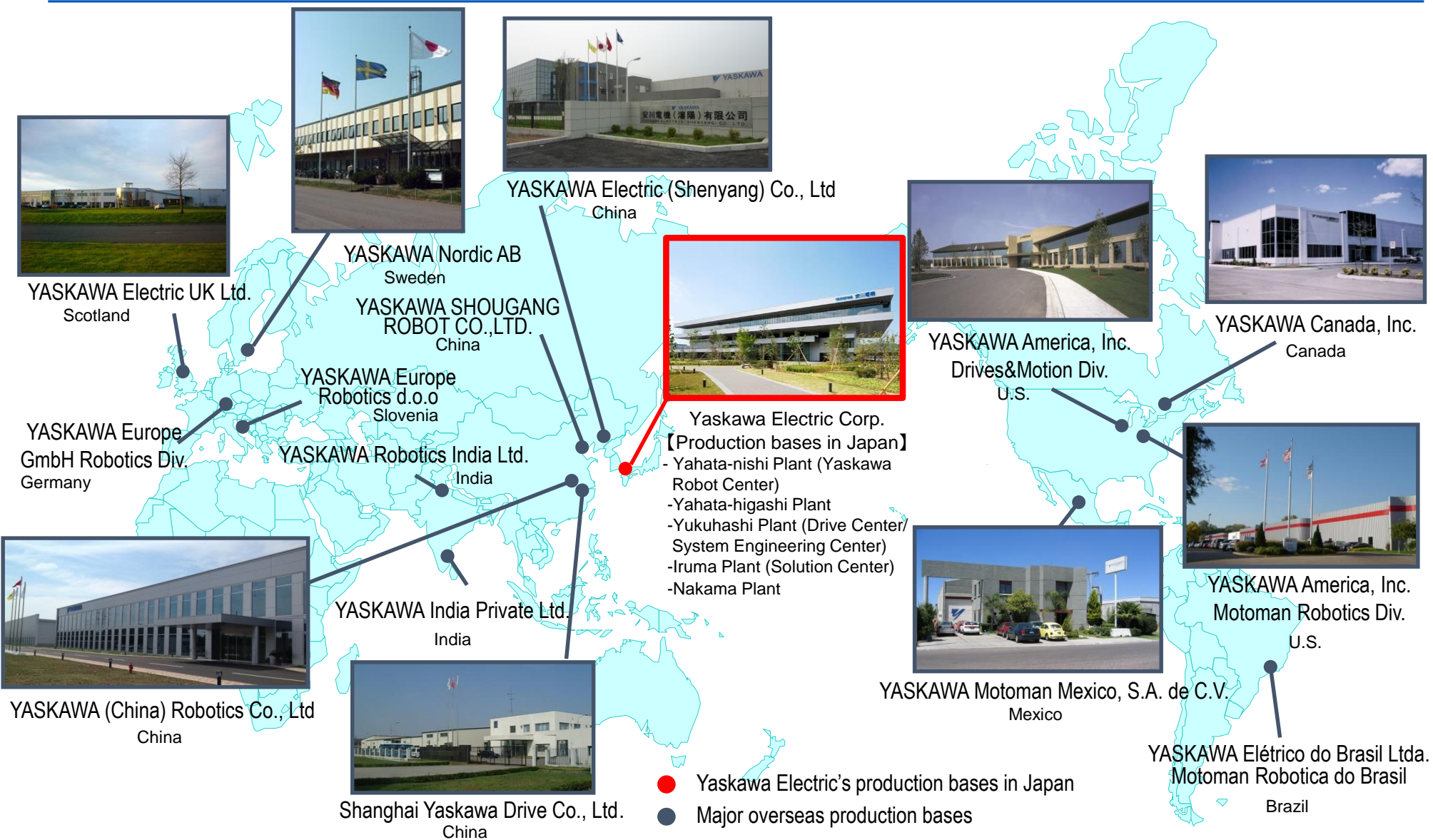
(Billions of Yen)
140.0



		FY2015				FY2016				FY2017		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Total	YoY	+8%	+6%	+1%	▲17%	▲1%	▲8%	▲2%	+13%	+8%	+29%	+18%
	QoQ	▲1%	▲6%	+3%	▲14%	+18%	▲13%	+10%	▲1%	+13%	+4%	+1%
YoY	Japan	▲3%	▲7%	▲11%	▲16%	+9%	▲15%	▲6%	+11%	▲15%	+23%	+18%
	The Americas	+30%	+17%	+3%	▲8%	▲17%	▲1%	▲2%	+7%	+15%	+9%	+17%
	Europe	+15%	+6%	+24%	▲29%	▲3%	▲18%	+2%	+6%	+2%	+73%	▲0%
	China	▲7%	+14%	+18%	▲21%	+10%	▲2%	▲12%	+21%	+36%	+34%	+38%
	Other Asian Countries	+32%	+14%	▲10%	▲12%	▲13%	▲10%	+17%	+15%	+27%	+40%	+20%
QoQ	Japan	+0%	▲2%	+3%	▲17%	+29%	▲23%	+14%	▲2%	▲1%	+12%	+9%
	The Americas	+1%	▲4%	▲3%	▲2%	▲8%	+14%	▲5%	+7%	▲1%	+8%	+2%
	Europe	▲14%	▲9%	+26%	▲28%	+17%	▲23%	+58%	▲25%	+13%	+30%	▲9%
	China	▲2%	+2%	+2%	▲23%	+37%	▲9%	▲9%	+7%	+53%	▲11%	▲6%
	Other Asian Countries	+6%	▲21%	▲5%	+12%	+4%	▲19%	+23%	+10%	+15%	▲10%	+5%

Note: The figures for FY2015 do not reflect the change in the division of business segments implemented 1Q FY2017.

Major Production Bases



YASKAWA

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