

**Consolidated Results for the First Half of the Fiscal Year Ending February 28, 2019**  
**[Japan GAAP]**

October 10, 2018

Listed company name: YASKAWA Electric Corporation

Stock ticker number: 6506

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

Representative: Hiroshi Ogasawara, Representative Director, President

Stock exchange listings: Tokyo (First section), Fukuoka

(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 Half of the Fiscal Year Ending February 28, 2019**  
**(March 1, 2018 to August 31, 2018)**

(1) Consolidated Statements of Income

(Millions of yen, percentage change from the previous year)

|                                     | Net sales |       | Operating income |        | Ordinary income |       | Profit attributable to owners of parent |        |
|-------------------------------------|-----------|-------|------------------|--------|-----------------|-------|---|--------|
| Six months ended August 31, 2018    | 248,244   | -     | 30,510           | -      | 30,590          | -     | 26,063                                  | -      |
| Six months ended September 20, 2017 | 229,114   | 22.1% | 27,800           | 101.2% | 27,457          | 99.6% | 21,095                                  | 145.0% |

Note: Comprehensive income

Six months ended August 31, 2018: 20,854 million yen (-%)

Six months ended September 20, 2017: 25,509 million yen (-%)

|                                     | Earnings per share (basic, Yen) | Earnings per share (diluted, Yen) |
|-------------------------------------|---------------------------------|-----------------------------------|
| Six months ended August 31, 2018    | 98.58                           | -                                 |
| Six months ended September 20, 2017 | 79.23                           | -                                 |

Note1: The Company changed its accounting period in fiscal 2017 from March 20 to the last day of February. As a result of this change, the period for the first half of the fiscal year ending February 2019 (From March 1, 2018 to August 31, 2018) is different from that of the first half of the previous fiscal year (From March 21, 2017 to September 20, 2017). Therefore, the percentage changes from the previous fiscal year are not shown.

Note2: Earnings per share (diluted) is not shown as there is no dilutive shares.

(2) Consolidated Financial Position

(Millions of yen, except ratio and per share data)

|                         | Total assets | Net assets | Shareholders' equity ratio (%) |
|-------------------------|--------------|------------|--------------------------------|
| As of August 31, 2018   | 463,503      | 242,852    | 51.8                           |
| As of February 28, 2018 | 441,249      | 238,626    | 53.5                           |

Reference: Shareholders' equity

As of August 31, 2018: ¥240,158 million

As of February 28, 2018: ¥235,865 million

## 2. Dividends

|  | Dividends per share (yen) |           |           |          |              |
|--|---------------------------|-----------|-----------|----------|--------------|
|  | End of 1Q                 | End of 2Q | End of 3Q | Year-end | Annual total |
| Year ended February 28, 2018                 | -                         | 20.00     | -         | 20.00    | 40.00        |
| Year ending February 28, 2019                | -                         | 26.00     |           |          |              |
| Year ending February 28, 2019<br>(forecasts) |                           |           | -         | 26.00    | 52.00        |

Note: Revisions to the most recently announced dividend forecast: No

## 3. Projected Consolidated Results for the Fiscal Year Ending February 28, 2019

(from March 1, 2018 to February 28, 2019)

(Millions of yen, percentage change from the corresponding period of the previous year)

|                               | Net sales |   | Operating income |   | Ordinary income |   | Net income attributable to owners of parent |   | Earnings per share (Yen) |
|-------------------------------|-----------|---|------------------|---|-----------------|---|---|---|--------------------------|
|                               |           |   |                  |   |                 |   |   |   |                          |
| Year ending February 28, 2019 | 498,000   | - | 59,000           | - | 60,000          | - | 47,000                                      | - | 177.77                   |

Note: Revisions to the most recently announced sales and earnings forecast: Yes

Note: As the transitional year for the change in accounting period, the previous fiscal year was from March 21, 2017 to February 28, 2018. Therefore, the percentage changes from the previous fiscal year are not shown.

Reference: These forecasts are based on average exchange rate assumptions of 1 USD = 110 JPY, 1 EUR = 130 JPY, 1 RMB = 16.50 JPY and 1 KRW = 0.100 JPY during the period from September 1, 2018 to February 28, 2019.

Please refer to the supplements to financial results available on Yaskawa Electric's website for details.  
(<https://www.yaskawa.co.jp/en/ir/materials/br>)

**\*Notes:**

(1) Major Change in Scope of Consolidation: No

(2) Use of accounting methods that are specific to the preparation of the quarterly consolidated financial statements: No

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements:

1. Changes in accounting policies accompanying revisions in accounting standards: No
2. Changes other than in 1.: No
3. Changes in accounting estimates: No
4. Restatements: No

(4) Number of Common Shares Outstanding

|  |                                  |             |                                     |             |
|--|----------------------------------|-------------|-------------------------------------|-------------|
| The number of shares outstanding including treasury shares | As of August 31, 2018            | 266,690,497 | As of February 28, 2018             | 266,690,497 |
| The number of treasury shares                              | As of August 31, 2018            | 2,876,291   | As of February 28, 2018             | 674,399     |
| Average during the period                                  | Six months ended August 31, 2018 | 264,382,864 | Six months ended September 20, 2017 | 266,248,949 |

Note: The number of treasury shares includes the shares of the Company (284,800 shares as of August 31, 2018, 290,100 shares as of February 28, 2018) held by “Board Benefit Trust (BBT)” and “Employee Stock Ownership Plan (J-ESOP).” The shares of the Company held by BBT and J-ESOP are included in treasury shares deducted in calculating the average number of shares during period. (287,872 shares for 2Q of the year ending February 2019, 52,914 shares for 2Q of the year ended February 2018)

\* This financial report is not subject to the audit procedure.

\*About the appropriate use of business forecasts and other matters

- 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, and are not disclosed for the purpose of making a commitment to their achievement. Actual results may differ from these statements for a number of reasons.
- The Company will hold a results briefing for securities analysts and institutional investors on October 11, 2018.

#### 4. Qualitative Information on Quarterly Results

##### Business Performance

The Company changed its accounting period in fiscal 2017 from March 20 to the last day of February. As a result of this change, the period for the first half of the fiscal year ending February 2019 (From March 1, 2018 to August 31, 2018) is different from that of the first half of the previous fiscal year (From March 21, 2017 to September 20, 2017). Therefore, the year-on-year changes of the management results are not shown.

The business performance of the Yaskawa Group in the first half of fiscal 2018 (March 1, 2018 – February 28, 2019) was steady overall while varying conditions were seen in different markets. There was a slowdown in the smartphone-related demand, and semiconductor-related capital expenditures were weak in the 2Q. However, capital expenditures for the purpose of automation of production equipment and labor saving continued, and automotive/EV-related demand remained strong. As a result, the Yaskawa Group achieved record-high results for the first half, although the figures fell short of the forecasts announced on April 12, 2018.

<Management environment of each region>

Japan:

Capital expenditures for the purpose of automation of production equipment and labor saving in the manufacturing industry continued. Especially in the automobile-related sector, capital expenditures were strong due to the demand for facility replacement for the improvement of production efficiency.

U.S.:

While the current economic activities are in a positive state, oil&gas-related demand remained high. However, the semiconductor-related demand stagnated.

Europe:

Capital expenditures in the clean power sector, including those for large-scale wind generation remained high, in addition to the capital expenditures in the manufacturing industry, especially in the automobile-related sector.

China:

Smartphone-related demand slowed down, and cautious stance was taken in the manufacturing sector overall for capital expenditures due to the effect of U.S. China trade conflict. However, the growth markets such as EV-related industry, as well as the energy-saving demand created by the tightening of environmental regulations were steady.

Asia except China:

The OLED-related demand was sluggish especially in Korea, while capital investment demand in the automobile sector remained steady.

The business performance of the first half of fiscal 2018 is as follows.

|   | Six months ended<br>September 20, 2017 | Six months ended<br>August 31, 2018 | Change    |
|---|--|-------------------------------------|-----------|
| Net sales                               | 229,114 million JPY                    | 248,244 million JPY                 | -         |
| Operating income                        | 27,800 million JPY                     | 30,510 million JPY                  | -         |
| Ordinary income                         | 27,457 million JPY                     | 30,590 million JPY                  | -         |
| Profit attributable to owners of parent | 21,095 million JPY                     | 26,063 million JPY                  | -         |
| Average exchange rate for USD           | 111.45 JPY                             | 109.34 JPY                          | -2.11 JPY |
| Average exchange rate for EUR           | 124.41 JPY                             | 129.87 JPY                          | +5.46 JPY |

#### Performance by Business Segment

The business of the Yaskawa Group is divided into four segments.

The performance of each business segment for the first half of fiscal 2018 is as follows.

|   |                  |                     |
|---|------------------|---------------------|
| Motion Control  | Net sales        | 113,566 million JPY |
|   | Operating income | 22,203 million JPY  |
| <p>Motion Control segment is comprised of AC servo &amp; controller business and drives business. Although AC servo &amp; controller business saw stagnant sales in China, sales for drives business were strong globally. As a result, the segment performance remained steady.</p> <p>&lt;AC servo &amp; controller business&gt;</p> <ul style="list-style-type: none"> <li>On the back of the progress of sophistication and automation of production equipment in the manufacturing sector, the Yaskawa group captured the demand in such growth markets as lithium ion batteries. However, the sales were stagnant because the smartphone-related demand in China slowed down, and semiconductor-related capital expenditures were weak.</li> </ul> <p>&lt;Drives business&gt;</p> <ul style="list-style-type: none"> <li>Sales remained strong globally on the back of energy-saving demand due to tightening of environmental regulation in China and steady U.S. oil&amp;gas-related demand.</li> </ul> |                  |                     |
| Robotics  | Net sales        | 88,205 million JPY  |
|   | Operating income | 9,235 million JPY   |
| <p>Sales were strong on the back of strong global demand.</p> <ul style="list-style-type: none"> <li>Automobile-related sales including such products as welding and painting robots were strong especially in Japan, Europe and China on the back of robust capital investment demand.</li> <li>Sales for the general industries were stagnant due to the slowdown in the smartphone-related demand, although there was continued demand for automation of production equipment and labor saving.</li> </ul>   |                  |                     |
| System Engineering  | Net sales        | 27,708 million JPY  |
|   | Operating loss   | -500 million JPY    |
| <p>Sales remained steady, and operating loss saw an improvement because of the progress in the structural reforms in the clean power business.</p> <ul style="list-style-type: none"> <li>Sales of the steel plant and social system businesses were solid as we captured the demand for facility replacement, even though there was some effect from the issue in the progress of projects in Japan.</li> <li>As for the clean power business, sales related to large-scale wind turbines grew in Europe, while the PV inverter sales in the U.S. market were sluggish.</li> </ul>   |                  |                     |
| Other   | Net sales        | 18,763 million JPY  |
|   | Operating loss   | 573 million JPY     |
| <p>Other segment is comprised of IT-related business and logistics business.</p> <p>Sales and operating income grew due to the effect from subsidiary newly consolidated and a temporary effect from the start of commercial production of EV-related products.</p>   |                  |                     |

## 5. Consolidated Financial Statements

### 1) Consolidated Balance Sheets

(Millions of yen)

|                                       | As of February 28, 2018 | As of August 31, 2018 |
|---------------------------------------|-------------------------|-----------------------|
| <b>Assets</b>                         |                         |                       |
| Current assets                        |                         |                       |
| Cash and deposits                     | 42,279                  | 51,341                |
| Notes and accounts receivable — trade | 142,039                 | 141,901               |
| Merchandise and finished goods        | 58,640                  | 64,342                |
| Work in process                       | 19,311                  | 19,235                |
| Raw materials and supplies            | 22,100                  | 24,616                |
| Other                                 | 23,320                  | 20,591                |
| Allowance for doubtful accounts       | -2,695                  | -1,860                |
| Total current assets                  | 304,995                 | 320,167               |
| Non-current assets                    |                         |                       |
| Property, plant and equipment         | 67,956                  | 74,744                |
| Intangible assets                     |                         |                       |
| Goodwill                              | 2,931                   | 2,572                 |
| Other                                 | 19,108                  | 20,719                |
| Total intangible assets               | 22,039                  | 23,291                |
| Investments and other assets          |                         |                       |
| Other                                 | 46,637                  | 45,538                |
| Allowance for doubtful accounts       | -379                    | -238                  |
| Total investments and other assets    | 46,258                  | 45,299                |
| Total non-current assets              | 136,254                 | 143,336               |
| Total assets                          | 441,249                 | 463,503               |

(Millions of yen)

|   | As of February 28, 2018 | As of August 31, 2018 |
|---|-------------------------|-----------------------|
| <b>Liabilities</b>                                    |                         |                       |
| Current liabilities                                   |                         |                       |
| Notes and accounts payable — trade                    | 84,795                  | 82,688                |
| Short-term loans payable                              | 22,498                  | 24,746                |
| Provision for directors' bonuses                      | 59                      | 29                    |
| Other   | 54,319                  | 60,927                |
| Total current liabilities                             | 161,673                 | 168,392               |
| Non-current liabilities                               |                         |                       |
| Long-term loans payable                               | 8,977                   | 18,532                |
| Provision for directors' retirement benefits          | 202                     | 230                   |
| Provision for stocks payment                          | 367                     | 340                   |
| Net defined benefit liability                         | 25,917                  | 25,228                |
| Other   | 5,484                   | 7,928                 |
| Total non-current liabilities                         | 40,949                  | 52,259                |
| Total liabilities                                     | 202,623                 | 220,651               |
| Net assets  |                         |                       |
| Shareholders' equity                                  |                         |                       |
| Capital stock   | 30,562                  | 30,562                |
| Capital surplus                                       | 27,717                  | 27,693                |
| Retained earnings                                     | 164,360                 | 185,100               |
| Treasury shares                                       | -1,338                  | -12,484               |
| Total shareholders' equity                            | 221,301                 | 230,872               |
| Accumulated other comprehensive income                |                         |                       |
| Valuation difference on available-for-sale securities | 10,961                  | 8,945                 |
| Deferred gains or losses on hedges                    | 13                      | 19                    |
| Foreign currency translation adjustment               | 4,126                   | 672                   |
| Remeasurements of defined benefit plans               | -538                    | -350                  |
| Total accumulated other comprehensive income          | 14,563                  | 9,286                 |
| Non-controlling interests                             | 2,761                   | 2,694                 |
| Total net assets                                      | 238,626                 | 242,852               |
| Total liabilities and net assets                      | 441,249                 | 463,503               |

## 2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

|   | Six months ended<br>September 20, 2017 | Six months ended<br>August 31, 2018 |
|---|--|-------------------------------------|
| Net sales   | 229,114                                | 248,244                             |
| Cost of sales   | 151,593                                | 164,904                             |
| Gross profit  | 77,521                                 | 83,340                              |
| Selling, general and administrative expenses                  | 49,720                                 | 52,829                              |
| Operating profit  | 27,800                                 | 30,510                              |
| Non-operating income  |  |                                     |
| Interest income   | 115                                    | 168                                 |
| Dividend income   | 243                                    | 306                                 |
| Share of profit of entities accounted for using equity method | 379                                    | 624                                 |
| Subsidy income  | 117                                    | 566                                 |
| Gain on bad debts recovered                                   | 95                                     | —                                   |
| Other   | 84                                     | 93                                  |
| Total non-operating income                                    | 1,036                                  | 1,759                               |
| Non-operating expenses  |  |                                     |
| Interest expenses   | 303                                    | 284                                 |
| Foreign exchange losses                                       | 787                                    | 1,270                               |
| Other   | 288                                    | 124                                 |
| Total non-operating expenses                                  | 1,379                                  | 1,679                               |
| Ordinary profit   | 27,457                                 | 30,590                              |
| Extraordinary income  |  |                                     |
| Gain on sales of non-current assets                           | 7                                      | 33                                  |
| Gain on sales of investment securities                        | 0                                      | 84                                  |
| Gain on sales of shares of subsidiaries and associates        | 0                                      | —                                   |
| Gain on liquidation of subsidiaries and associates            | 7                                      | —                                   |
| Gain on acquisition of subsidiary                             | —                                      | 2,963                               |
| Other   | 0                                      | 4                                   |
| Total extraordinary income                                    | 15                                     | 3,085                               |
| Extraordinary losses  |  |                                     |
| Loss on sales and retirement of non-current assets            | 68                                     | 60                                  |
| Loss on valuation of investment securities                    | 91                                     | 353                                 |
| Loss on valuation of shares of subsidiaries and associates    | 7                                      | —                                   |
| Impairment loss   | 14                                     | 0                                   |
| Other   | 0                                      | 0                                   |
| Total extraordinary losses                                    | 182                                    | 414                                 |
| Profit before income taxes                                    | 27,291                                 | 33,261                              |
| Income taxes — current  | 7,285                                  | 6,871                               |
| Income taxes — deferred                                       | -1,395                                 | 117                                 |
| Total income taxes  | 5,889                                  | 6,988                               |
| Profit  | 21,401                                 | 26,272                              |
| Profit attributable to non-controlling interests              | 306                                    | 208                                 |
| Profit attributable to owners of parent                       | 21,095                                 | 26,063                              |



Consolidated Statements of Comprehensive Income

(Millions of yen)

|  | Six months ended<br>September 20, 2017 | Six months ended<br>August 31, 2018 |
|--|--|-------------------------------------|
| Profit   | 21,401                                 | 26,272                              |
| Other comprehensive income   |  |                                     |
| Valuation difference on available-for-sale securities                                | 1,430                                  | -1,882                              |
| Deferred gains or losses on hedges   | -94                                    | 5                                   |
| Foreign currency translation adjustment  | 2,585                                  | -3,311                              |
| Remeasurements of defined benefit plans, net of tax                                  | 131                                    | 154                                 |
| Share of other comprehensive income of entities accounted for<br>using equity method | 55                                     | -383                                |
| Total other comprehensive income   | 4,107                                  | -5,417                              |
| Comprehensive income   | 25,509                                 | 20,854                              |
| Comprehensive income attributable to   |  |                                     |
| Comprehensive income attributable to owners of parent                                | 25,154                                 | 20,786                              |
| Comprehensive income attributable to non-controlling interests                       | 354                                    | 67                                  |

3) Notes to the Consolidated Financial Statements

(Notes pertaining to the presumption of a going concern)

None

(Note in case of significant changes in the amount of shareholders' equity)

None