

FY2019 1st Quarter Financial Results (Three Months Ended May 31, 2019)

Notes:

- **Starting fiscal 2019, Yaskawa reclassified its business segments through organizational changes designed to optimize Group functions and improve productivity. In addition, we have reviewed the management classification and changed the classification of the destination country/region. Accordingly, the figures for fiscal 2018 have been reclassified into the new segment classification and the country/region of destination. (Please refer to P. 17 and 18)**
- 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

1. FY2019 1Q Financial Results

- FY2019 1Q Financial Results
- Business Segment Overview
- Sales Breakdown by Business Segment
- Sales Breakdown by Destination
- Breakdown of Changes in Operating Income

2. FY2019 Full-Year Forecasts

- FY2019 Full-Year Financial Forecasts

3. Reference

- Retroactive application of business reclassification to the FY2018 results
- Reclassification of prior year due to change of destination
- Capital Expenditure, R&D Investment, Forex Rates and Sensitivity
- Financial Indices
- Net Sales/Operating Income
- Quarterly Sales Trends
- Quarterly Order Trends
- Major Production Bases

Business Overview

Motion Control

【Core products】

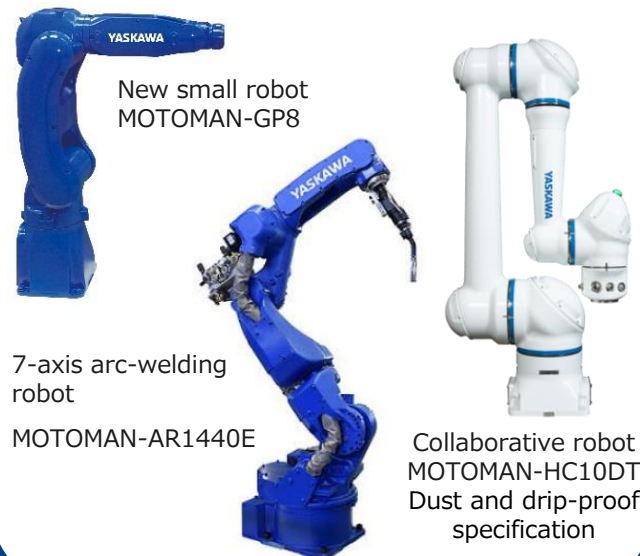
- AC servo motors and controllers
- Linear servo motors
- AC drives



Robotics

【Core products】

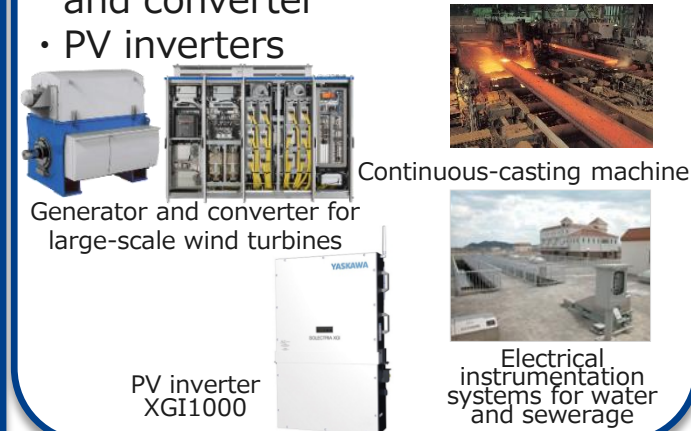
- Industrial robots
 - Arc and spot welding robots, painting robots
 - FPD glass sheet transfer robots, handling robots
- Semiconductor wafer transfer robots
- Biomedical robots
- Collaborative robots



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



Other

【Core products】

- EV drive system
- Logistics

1. FY2019 1Q Financial Results

(Three Months Ended May 31, 2019)

FY2019 1Q Financial Results (Highlights)

- Sales and operating income decreased year on year.

	FY2019	FY2018	Changes	
	Mar.-May.	Mar.-May.	Amounts	%
Net sales	¥ 107.4bn.	¥ 128.2bn.	-¥ 20.8bn.	-16.2%
Operating income	¥ 7.2bn.	¥ 17.2bn.	-¥ 10.0bn.	-58.2%
Ordinary income	¥ 6.9bn.	¥ 16.8bn.	-¥ 9.8bn.	-58.6%
Profit attributable to owners of	¥ 4.7bn.	¥ 15.7bn.	-¥ 11.0bn.	-70.0%

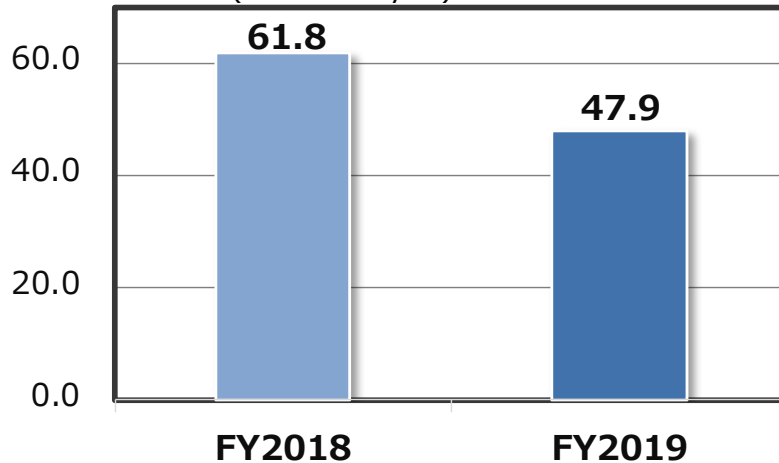
FY2019 1Q Financial Results by Business Segment

- Sales and operating income decreased in Motion Control and Robotics
- Steady performance in System Engineering

	FY2019 Mar.-May.		FY2018 Mar.-May.		Changes <Reference>	
	Results	Income ratio	Results	Income ratio	Amounts	%
(Billions of yen)						
Net sales	107.4		128.2		-20.8	-16.2%
Motion Control	47.9		61.8		-13.9	-22.5%
Robotics	39.1		43.9		-4.8	-10.9%
System Engineering	14.6		11.9		+2.7	+22.6%
Other	5.7		10.6		-4.8	-45.6%
Operating income	7.2	6.7%	17.2	13.4%	-10.0	-58.2%
Motion Control	6.1	12.6%	12.4	20.1%	-6.4	-51.4%
Robotics	1.8	4.6%	5.0	11.4%	-3.2	-64.3%
System Engineering	-0.2	-1.1%	-0.4	-3.2%	+0.2	-
Other	-0.1	-1.3%	0.6	5.7%	-0.7	-
Elimination or Corporate	-0.4	-	-0.5	-	+0.1	-
Ordinary income	6.9	6.5%	16.8	13.1%	-9.8	-58.6%
Profit attributable to owners of parent	4.7	4.4%	15.7	12.3%	-11.0	-70.0%

Business Segment Overview: Motion Control

Sales (Billions of yen)



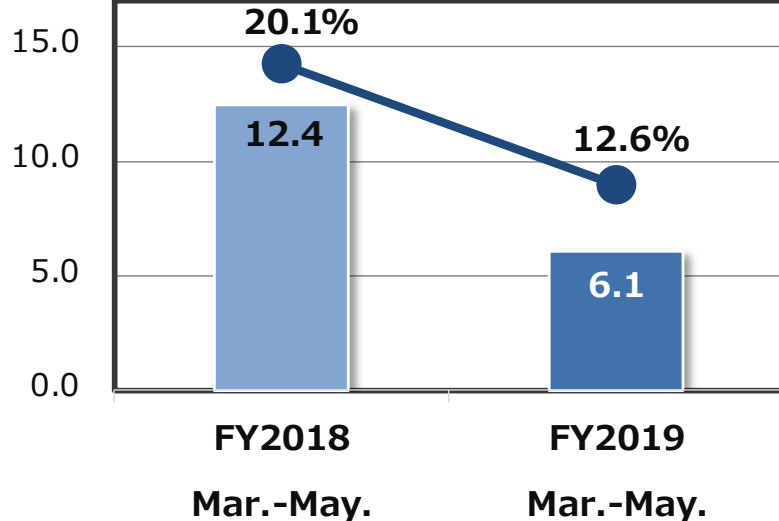
[Sales]

- AC servo&Controller: decreased due to the postponement of investment in the semiconductor market as a whole and the expansion of trade friction between the United States and China
- Drives: solid performance as demand for oil and gas in the U.S. remained firm

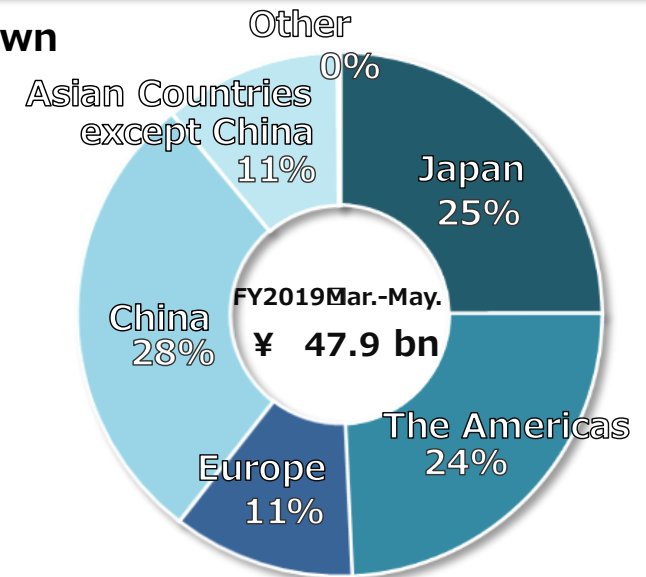
[Operating income]

- Decreased due to decline in global AC servo sales caused by demand decline continuing from the middle of the previous fiscal year

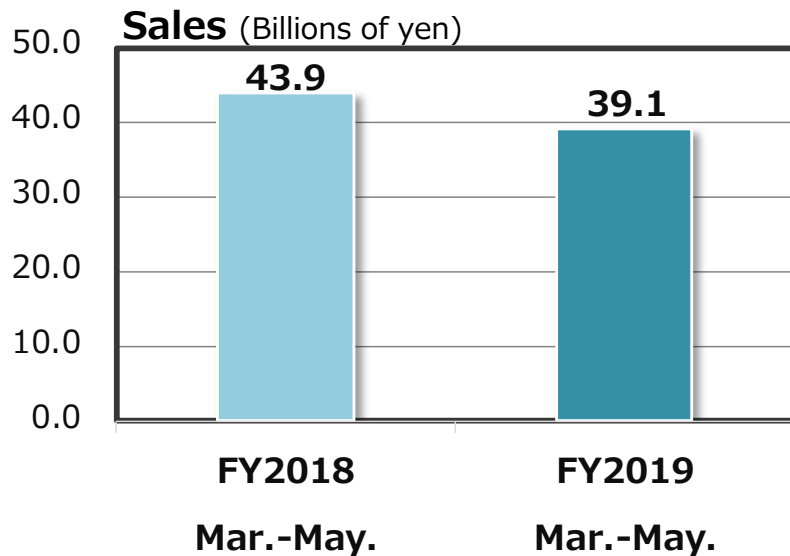
Operating income (Billions of yen)
Operating income ratio (%)



Sales breakdown by region



Business Segment Overview: Robotics



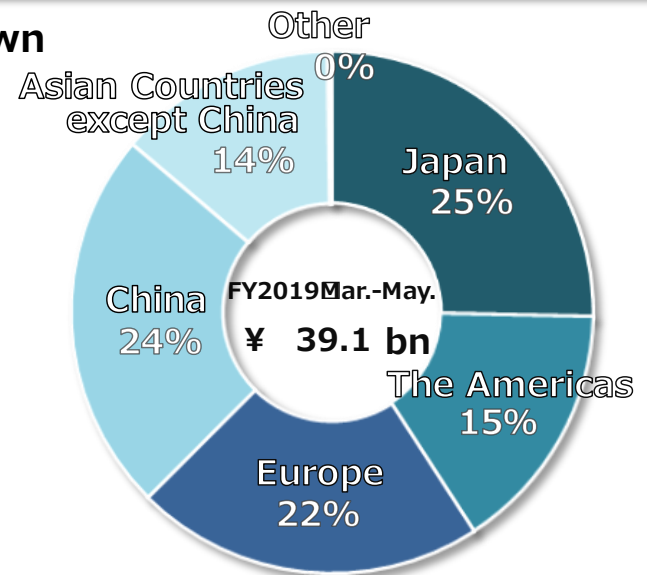
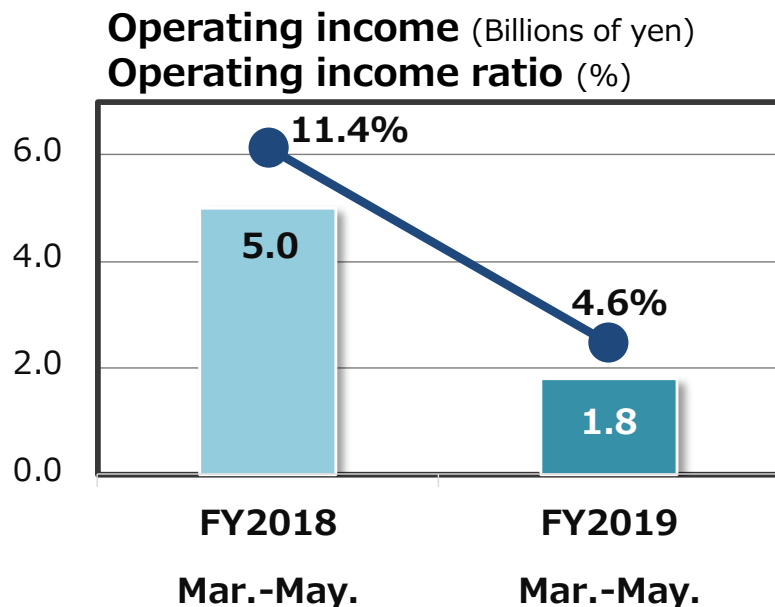
【Sales】

- Automobile-related sales were solid in Japan and Europe, but sales were sluggish in the Americas.
- Investment in automation in general industries, continued to be sluggish

【Operating income】

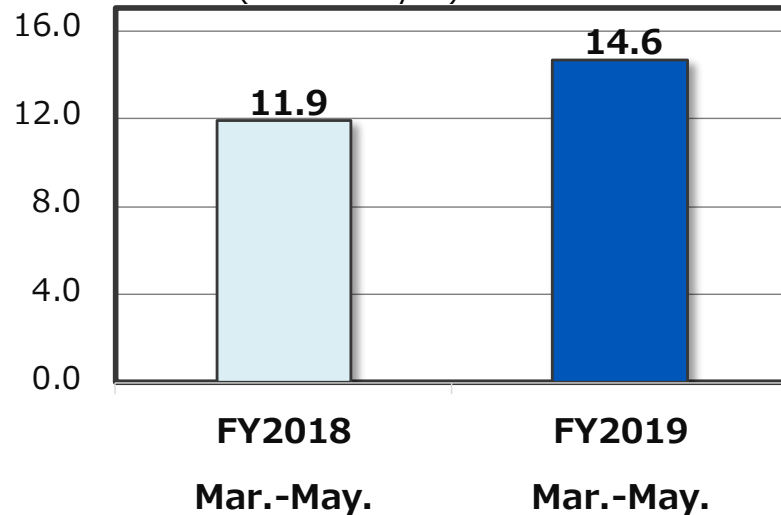
- Year-on-year decline due to lower operation ratio caused by the decrease in production volume

Sales breakdown by region

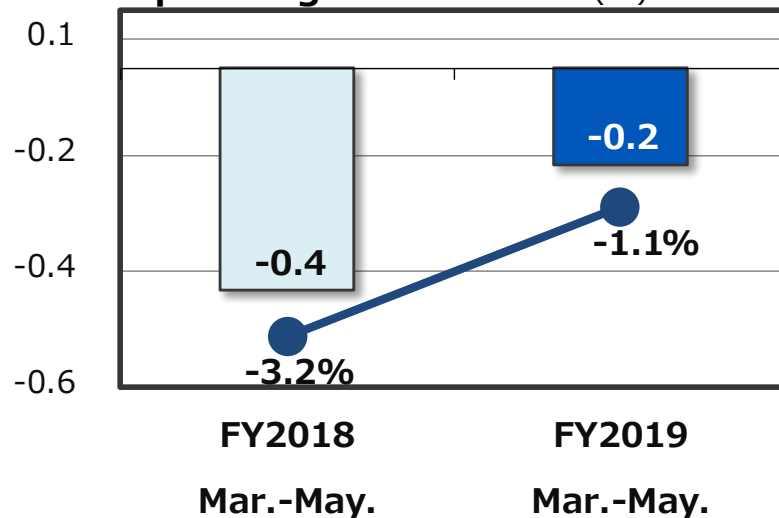


Business Segment Overview: System Engineering

Sales (Billions of yen)



Operating income (Billions of yen)
Operating income ratio (%)



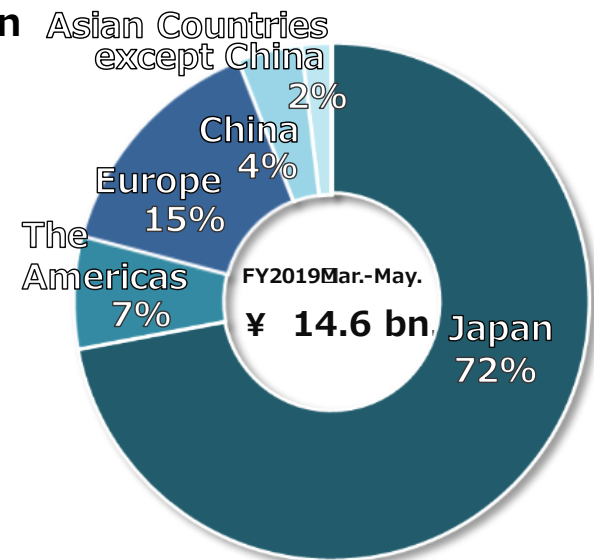
[Sales]

- Sales of PV inverters were solid, although sales of electrical products for large-scale wind turbines were sluggish.
- Sales related to steel plants and social systems were firm.

[Operating income]

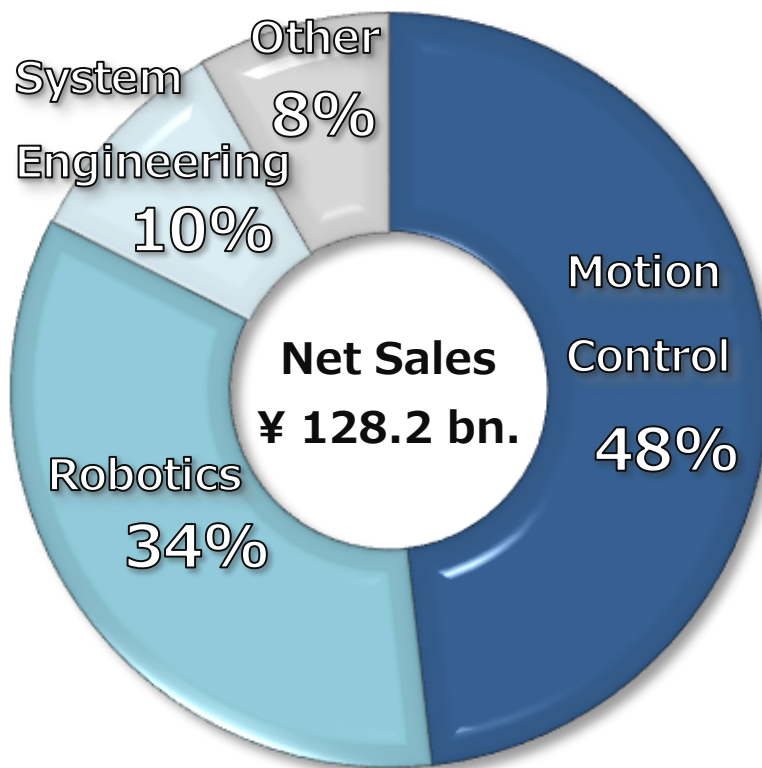
- Profitability increased due to cost reduction through business reforms.

Sales breakdown by region

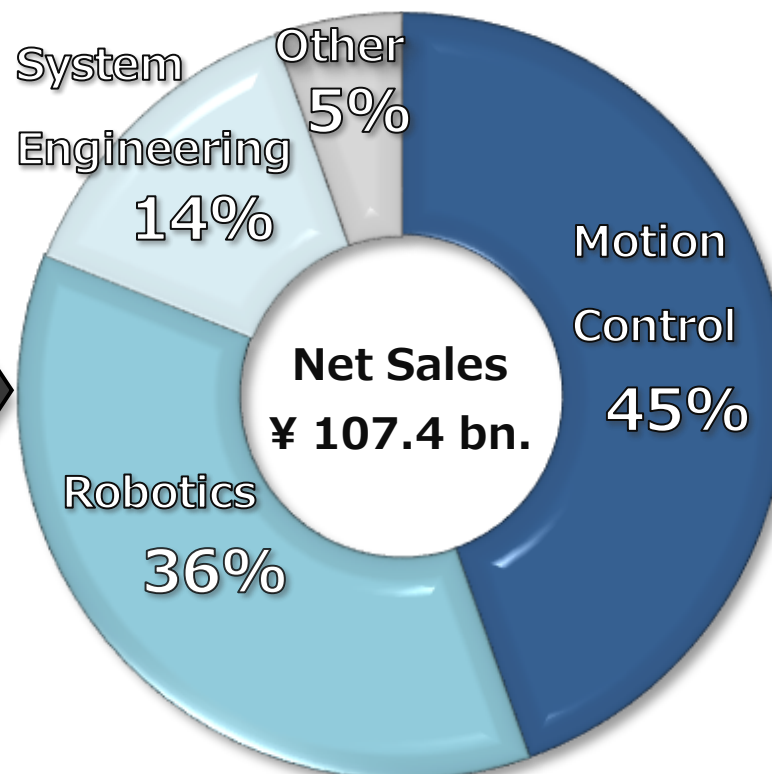


Sales Breakdown by Business Segment

FY2018 Mar.-May.



FY2019 Mar.-May.



Sales Breakdown by Destination (1)

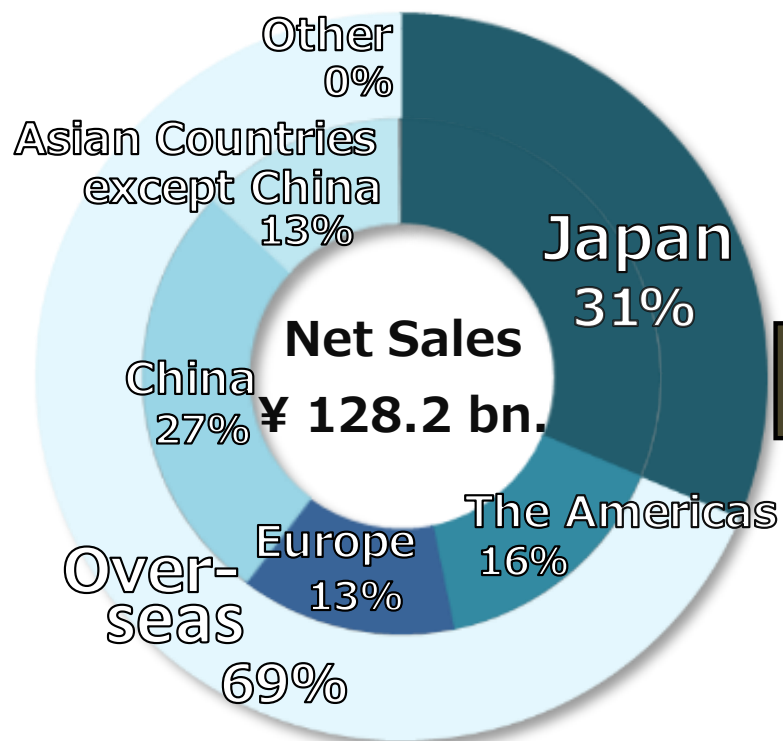
- Sales declined in China and other Asian countries.

(Billions of yen)	FY2019	FY2018	Changes	
	Mar.-May.	Mar.-May.	Amounts	%
Net sales	107.4	128.2	-20.8	-16.2%
Japan	37.6	40.2	-2.6	-6.4%
Overseas	69.8	88.0	-18.2	-20.7%
The Americas	18.8	19.8	-1.0	-5.1%
Europe	16.1	17.2	-1.2	-6.9%
China	24.0	34.2	-10.2	-29.9%
Asian Countries except China	10.8	16.5	-5.7	-34.5%
Other	0.2	0.2	-0.0	-23.9%

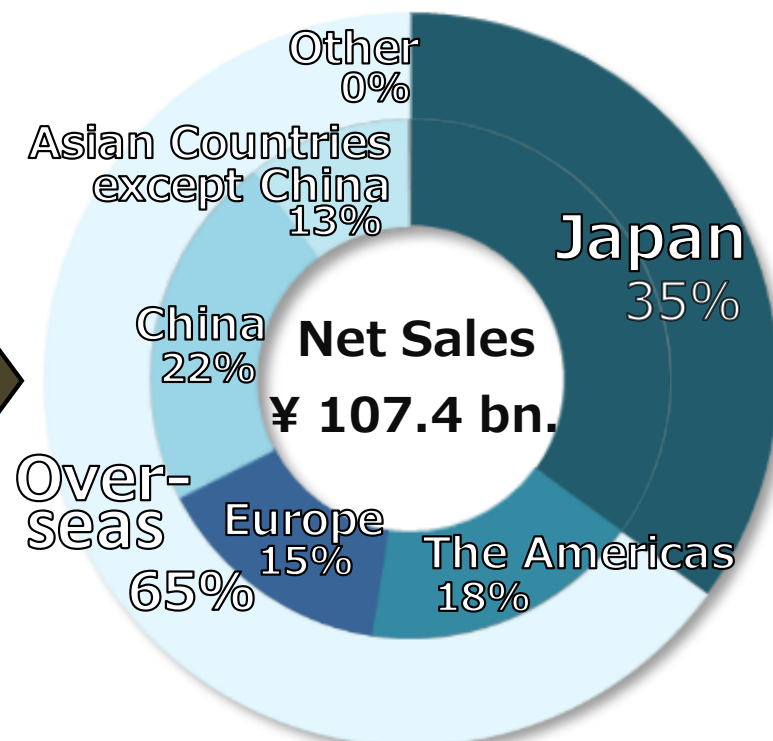
Note: Europe includes Middle East and Africa.

Sales Breakdown by Destination (2)

FY2018 Mar.-May.



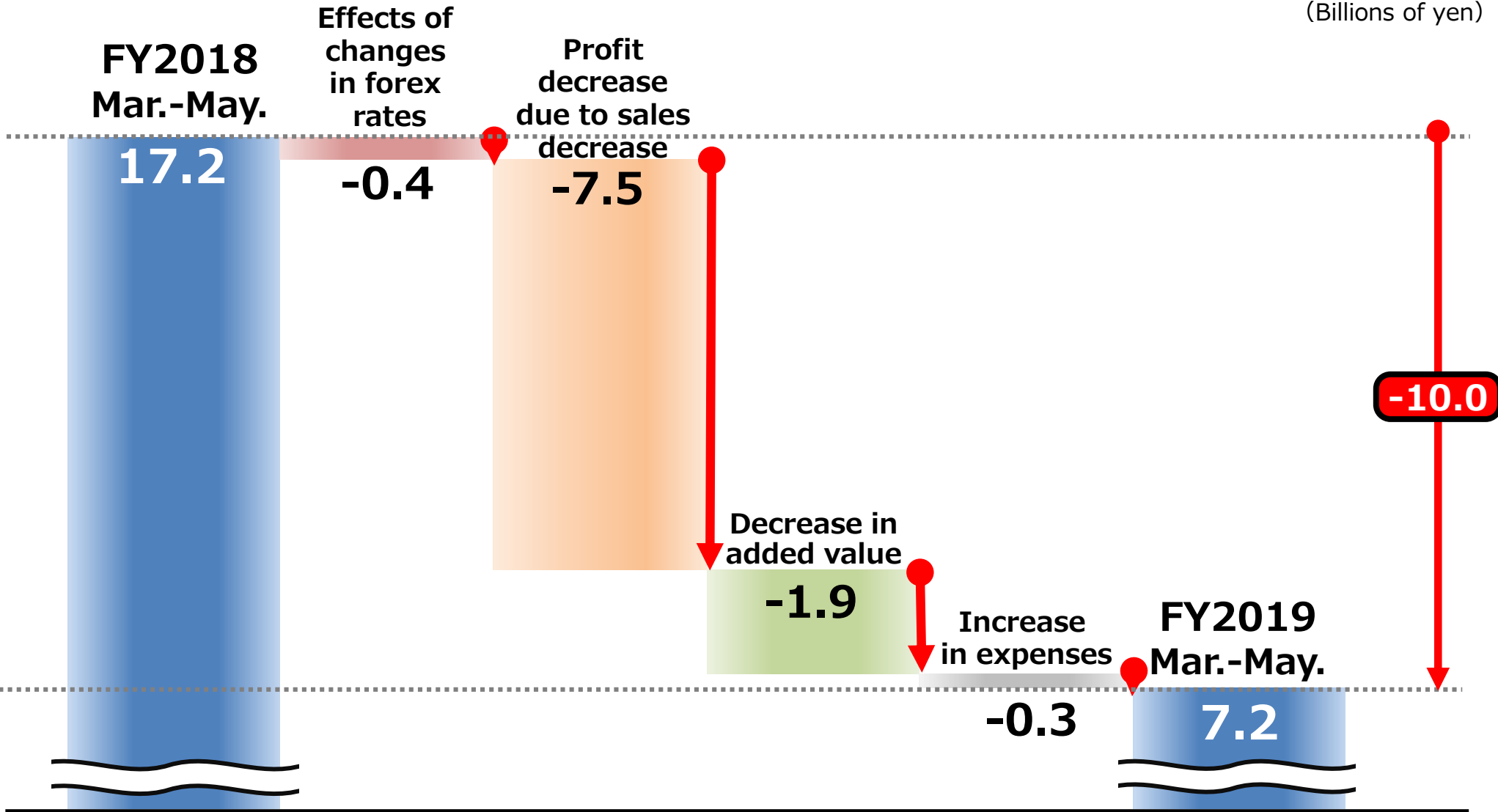
FY2019 Mar.-May.



Note: Europe includes Middle East and Africa.

Breakdown of Changes in Operating Income

(Billions of yen)



Measures for FY2019 1Q

➤ Initiatives for Sustainable Social Development and Enhancement of Corporate Value

➔ Revision of “Vision 2025” and launch of new mid-term business plan “Challenge 25”

- Redefined business domains into "factory automation and optimization" and "mechatronics applications" with i³-Mechatronics at the core
- Strengthen initiatives and disclosure of non-financial information including ESG

➔ Designated for the third time as corporation by Green Asia International Strategic Comprehensive Special Zone

- Promote initiatives for the establishment of the R&D and production base (Yaskawa Technology Center (tentative name) for the environment-friendly products



Image of Yaskawa Technology Center

➤ Enhance lineup of robots

➔ Launch of collaborative robot “MOTOMAN-HC10DT” dust and drip-proof specification (July 2019)

- Introduction is possible even in severe environments.

➔ Launch of new multi-purpose robot “MOTOMAN-GP20HL” (June 2019)

- Useful for automation in various fields including sealing



MOTOMAN-HC10DT
dust and drip-proof specification

MOTOMAN-GP20HL

2. FY2019 Full-Year Financial Forecasts (Year Ending February 29, 2020)

FY2019 Financial Forecasts (Highlight)

- Financial forecasts announced on April 11, 2019 remain unchanged.

	FY2019 Forecasts	FY2018 Results	Changes	
			Amounts	%
Net sales	¥ 465.0bn.	¥ 474.6bn.	-¥ 9.6bn.	-2.0%
Operating income	¥ 46.5bn.	¥ 49.8bn.	-¥ 3.3bn.	-6.6%
Ordinary income	¥ 48.0bn.	¥ 50.8bn.	-¥ 2.8bn.	-5.6%
Profit attributable to owners of parent	¥ 35.0bn.	¥ 41.2bn.	-¥ 6.2bn.	-15.0%

3 . Reference

Retroactive application of business reclassification to the FY2018 results

Reclassified the PM motor business of Yaskawa Motor Co. Ltd., which used to be included in System Engineering, as Motion Control starting FY2019

FY2018 (After segment revision)								Changes
(Unit: Billions of yen)	1Q	2Q	1H	3Q	4Q	2H	Full-Year	Full-Year
Net sales	128.2	120.0	248.2	113.1	113.3	226.4	474.6	-
Motion Control	61.8	56.0	117.8	50.3	45.2	95.5	213.3	+7.8
Robotics	43.9	44.3	88.2	43.6	46.2	89.8	178.0	-
System Engineering	11.9	11.5	23.5	12.4	15.8	28.2	51.6	-7.8
Other	10.6	8.2	18.8	6.8	6.2	13.0	31.8	-
Operating income	17.2	13.3	30.5	11.1	8.1	19.3	49.8	-
Motion Control	12.4	9.9	22.4	7.3	4.6	11.9	34.2	+0.3
Robotics	5.0	4.2	9.2	4.4	3.7	8.1	17.3	-
System Engineering	-0.4	-0.3	-0.7	0.1	0.3	0.4	-0.3	-0.3
Other	0.6	-0.0	0.6	-0.1	0.0	-0.1	0.4	-
Elimination or Corporate	-0.5	-0.5	-1.0	-0.4	-0.5	-0.9	-2.0	-

Reclassification of prior year due to change of destination (FY2018 results)

- Beginning in FY 2019, management categories were revised and the classification of destination countries and regions was changed.
- Transferred the results of Middle East and Africa from "Other" to "Europe"
- Transferred the results of Hong Kong from "Asian countries except China" to "China"

FY2018 (After segment revision)

(Unit: Billions of yen)	1Q	2Q	1H	3Q	4Q	2H	Full-Year	Changes Full-Year
Net sales	128.2	120.0	248.2	113.1	113.3	226.4	474.6	-
Japan	40.2	38.4	78.6	35.3	40.6	76.0	154.5	-
Overseas	88.0	81.6	169.7	77.8	72.7	150.4	320.1	-
The Americas	19.8	21.2	41.0	22.3	21.6	43.9	84.9	-
Europe	17.2	17.0	34.3	19.5	16.7	36.1	70.4	+3.9
China	34.2	26.6	60.8	23.0	19.7	42.6	103.4	+3.2
Asian Countries except China	16.5	16.7	33.3	12.9	14.7	27.7	60.9	-3.2
Other	0.2	0.1	0.3	0.1	0.1	0.1	0.4	-3.9

Capital Expenditure, R&D Investment, Forex Rates

Capital expenditure, R&D investment

(Unit : Billions of Yen)

	F Y 2 0 1 7	F Y 2 0 1 8	F Y 2 0 1 9 (Plan)
Capital expenditure	19.69	35.65	30.00
Depreciation and Amortization	12.69	14.31	15.00
R&D investment	19.07	20.79	21.00

Forex rates

Note: Average rate during the period

(Unit : Yen)

	F Y 2 0 1 7			F Y 2 0 1 8			F Y 2 0 1 9 (Forecasts)	
	1 Q	1 H	Full-Year	1 Q	1 H	Full-Year	1 Q	Full-Year
U.S. dollar	111.9	111.5	111.5	107.8	109.3	110.5	111.0	110.0
Euro	120.9	124.4	128.8	130.9	129.9	128.9	124.7	125.0
Yuan	16.25	16.35	16.71	17.05	16.81	16.56	16.38	16.50
Won	0.099	0.099	0.099	0.101	0.100	0.100	0.096	0.100

Forex sensitivity

(Unit : Billions of Yen)

	Impact of 1% fluctuation (FY2019, full-year)	
	Net sales	Operating income
U.S. dollar	approx. 0.94	approx. 0.23
Euro	approx. 0.75	approx. 0.18
Yuan	approx. 1.06	approx. 0.26
Won	approx. 0.31	approx. 0.20

Financial Indices

As of February 28, 2019

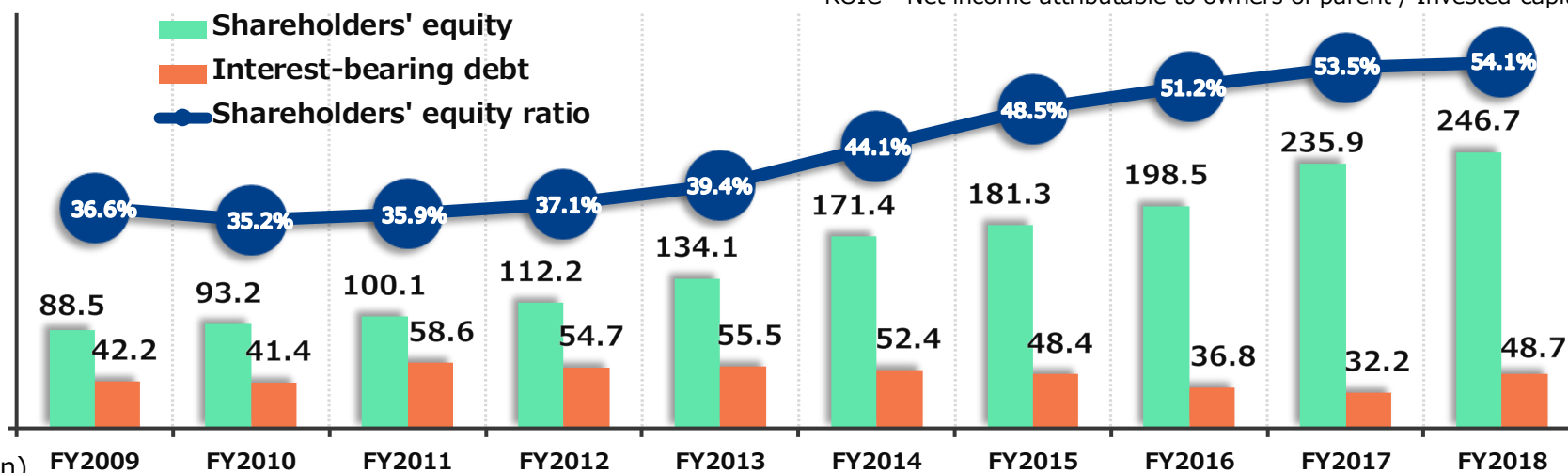
➤ Shareholders' equity ratio	54.1%
➤ Shareholders' equity	246.7 billion yen
➤ Interest-bearing debt	48.7 billion yen
➤ D/E ratio	0.20
(Net D/E ratio)	0.04
➤ Inventory	111.5 billion yen
Turnover	2.8 months
➤ ROE	17.1%
➤ ROIC	17.2%

As of May 31, 2019

➤ Shareholders' equity ratio	52.1%
➤ Shareholders' equity	230.1 billion yen
➤ Interest-bearing debt	54.7 billion yen
➤ D/E ratio	0.24
(Net D/E ratio)	0.08
➤ Inventory	108.4 billion yen
Turnover	3.0 months

*Interest-bearing debt includes lease obligations.
 *Inventory at the end of the period is used for calculating turnover months.
 *ROE= Net income attributable to owners of parent /
 Shareholders' equity (average of beginning and end of fiscal year)
 *ROIC= Net income attributable to owners of parent / Invested capital

(Billions of yen)

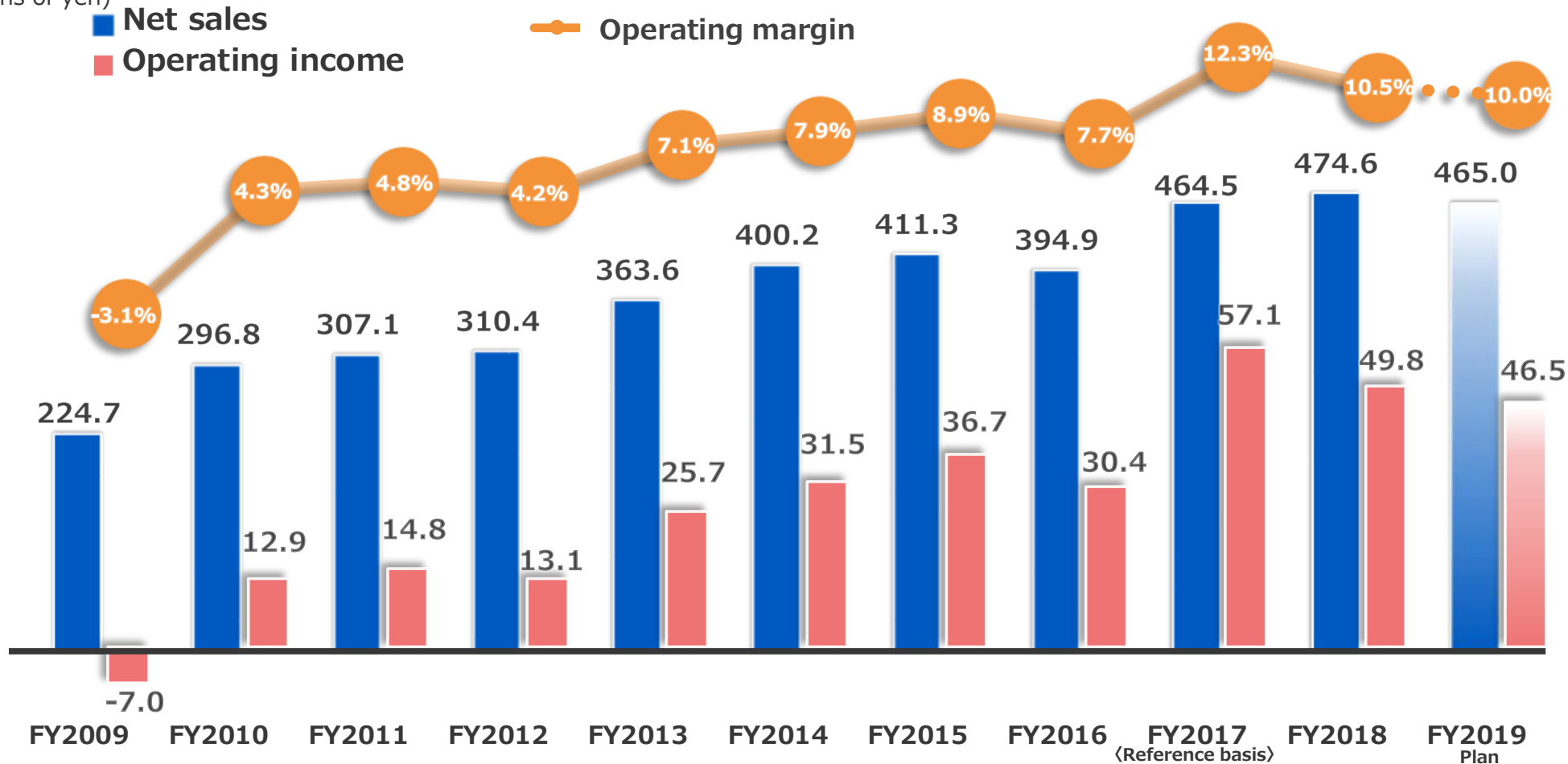


(Billions of yen)

Operating CF	4.0	2.5	6.4	24.6	24.0	29.0	32.0	33.8	46.1	32.8
Investment CF	- 6.5	- 6.7	- 11.9	- 18.1	- 16.9	- 27.9	- 22.4	- 18.9	- 18.9	- 27.1
Free CF	- 2.4	- 4.3	- 5.5	6.6	7.0	1.1	9.5	14.8	27.2	5.7

Net Sales/Operating Income (FY2009 - FY2019 Forecasts)

(Billions of yen)



Challenge 100

Realize 100

Dash 25

Challenge 25

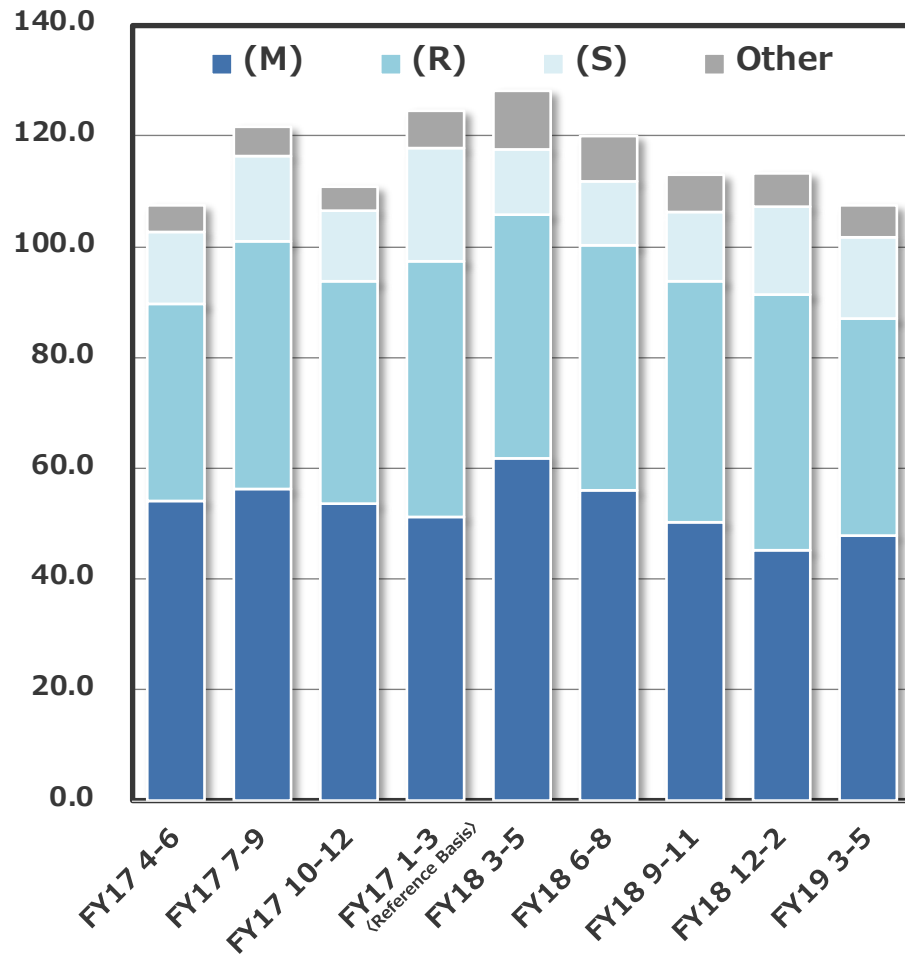
Mid-term business plans

Note: The data for FY2017 are made on a reference basis. (March 21, 2017 – March 20, 2018)

Quarterly Sales Trends (1)

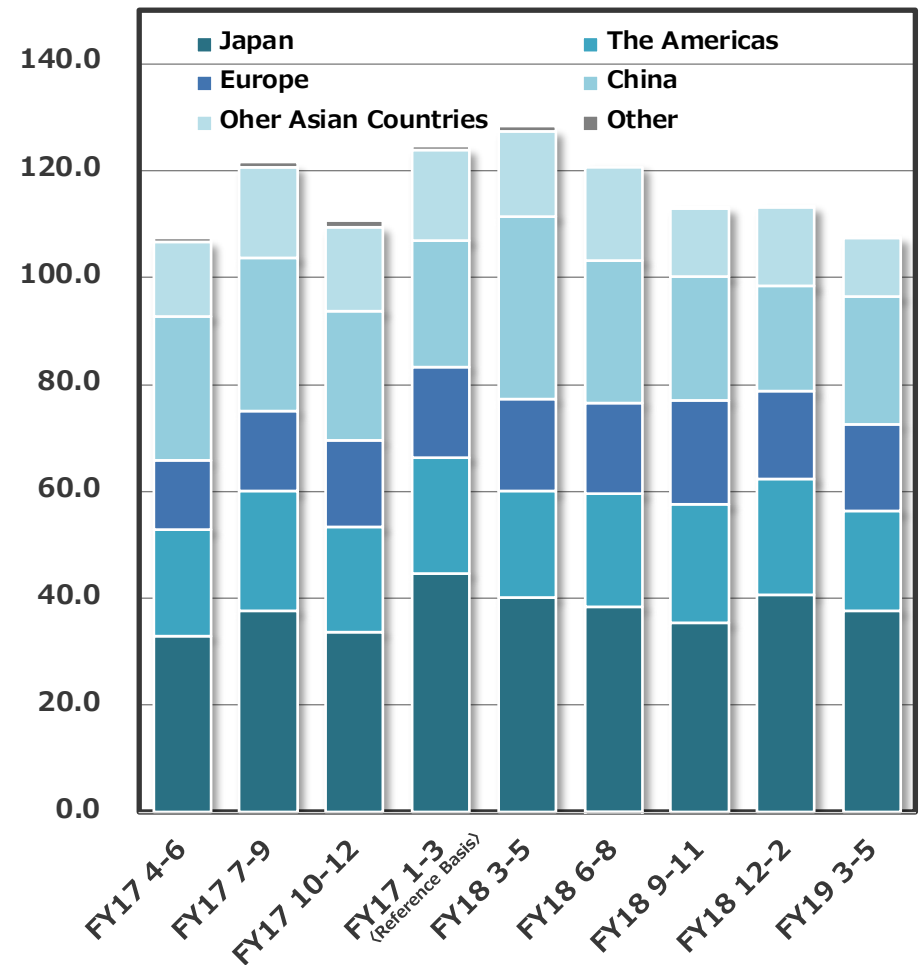
Business segment

(Billions of yen)



Destination

(Billions of yen)



Note1: The data for FY2017 4Q(1-3) are made on a reference basis. (December 21, 2017 – March 20, 2018)

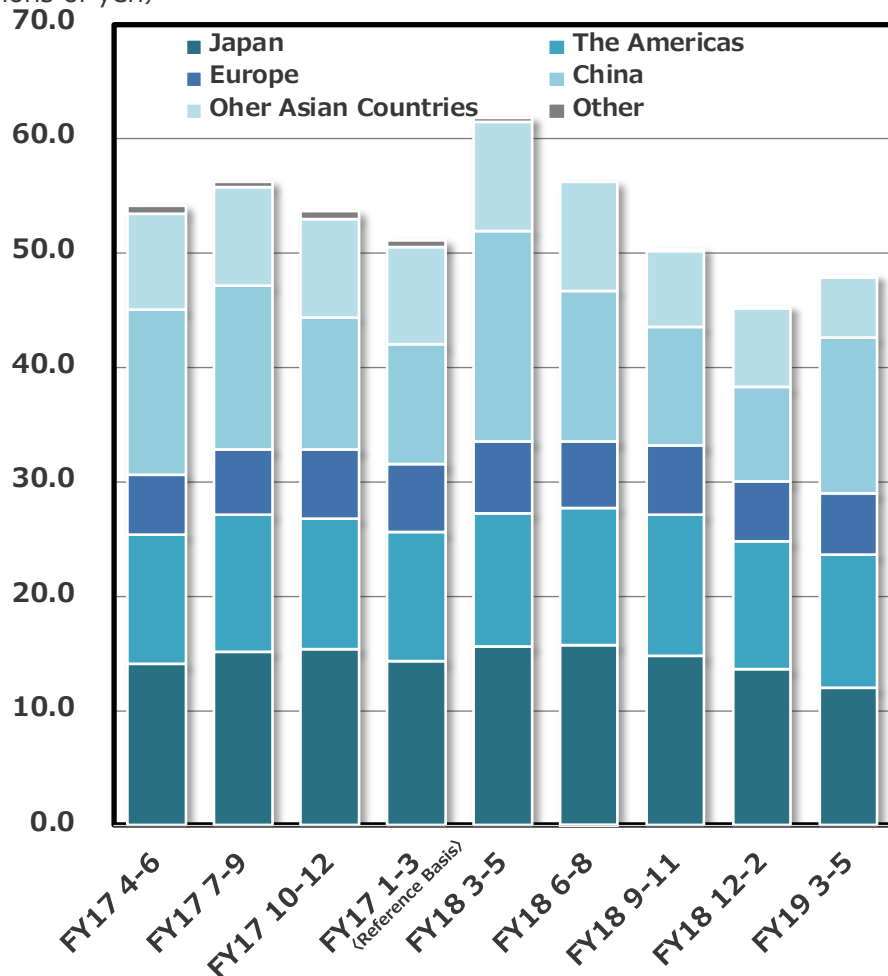
Note2: The FY2017 data are based on the previous segment classification and management classification (destination classification) before revision.

Note3: (M) = Motion Control (R) = Robotics (S) = System Engineering

Quarterly Sales Trends (2)

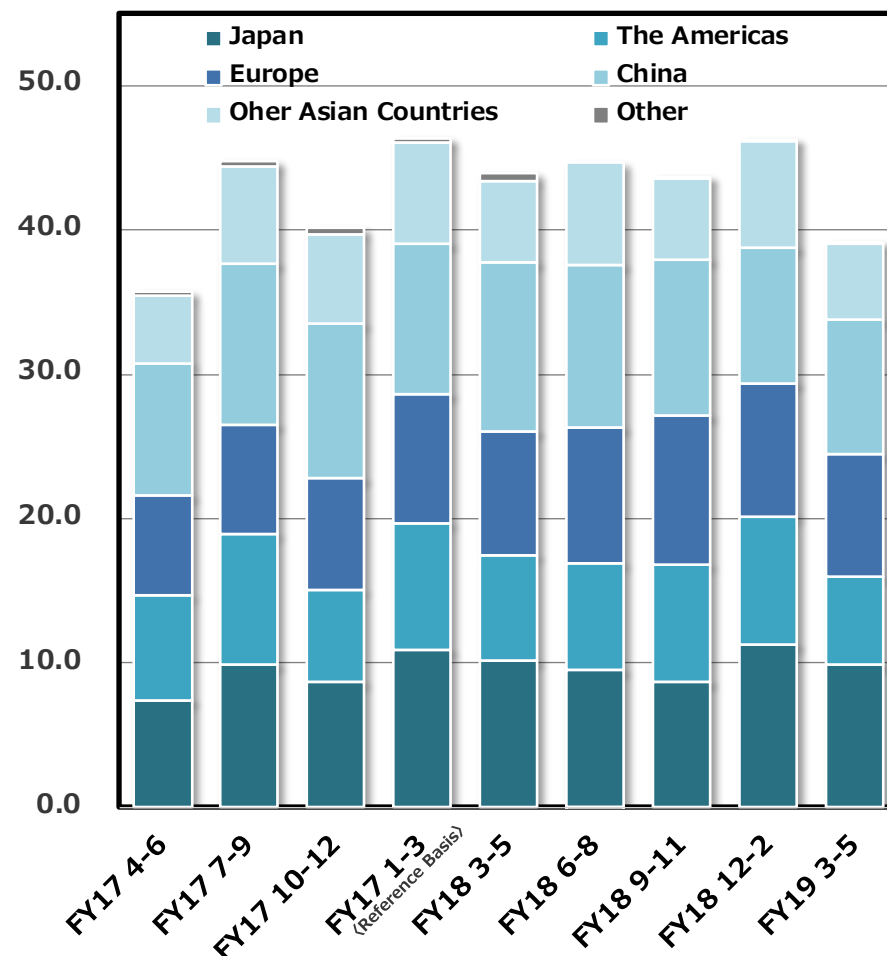
Motion Control

(Billions of yen)



Robotics

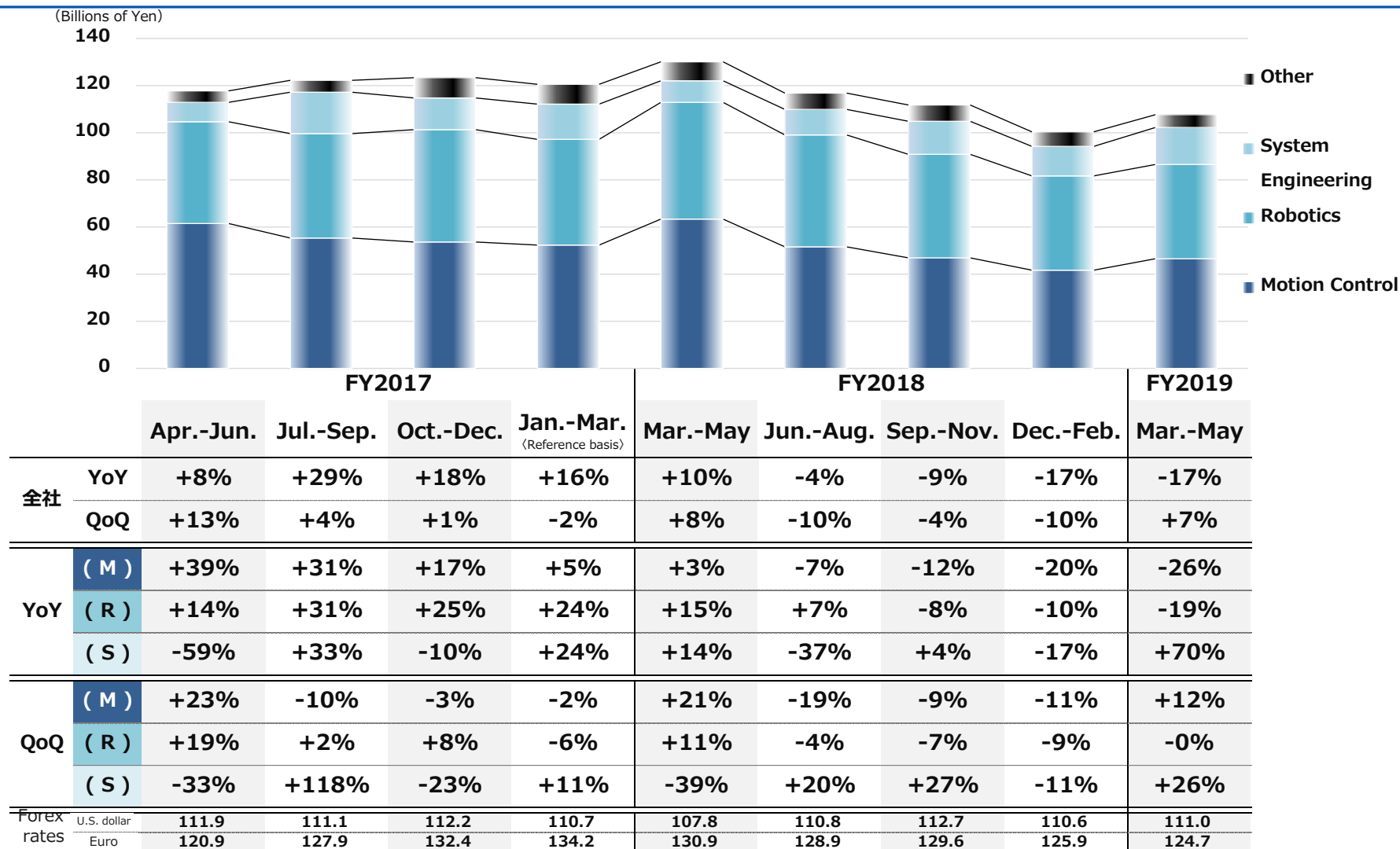
(Billions of yen)



Note1: The data for FY2017 4Q(1-3) are made on a reference basis. (December 21, 2017 – March 20, 2018)

Note2: The FY2017 data are based on the previous segment classification and management classification (destination classification) before revision.

Quarterly Order Trends by Business Segment *Average forex rates during period used

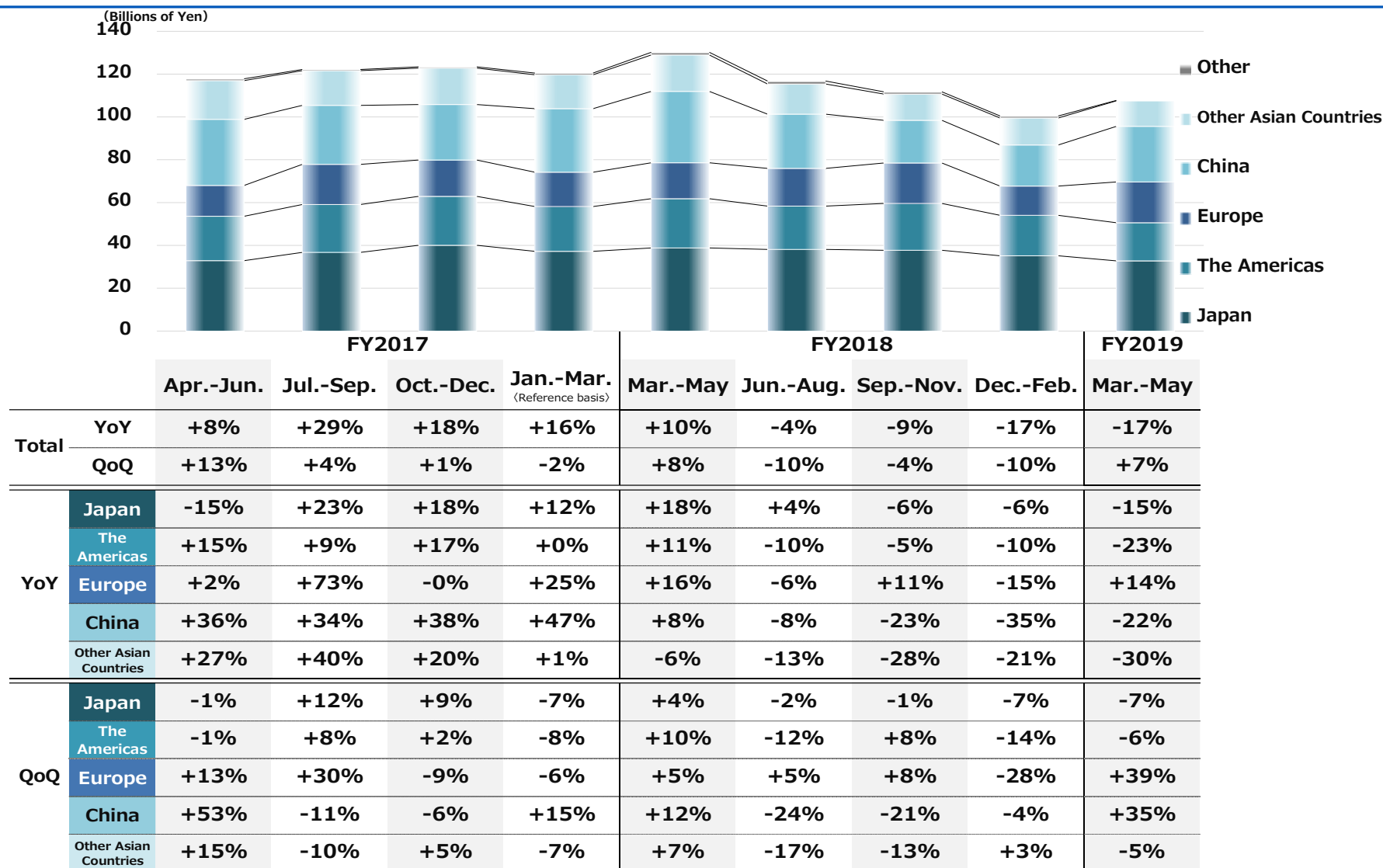


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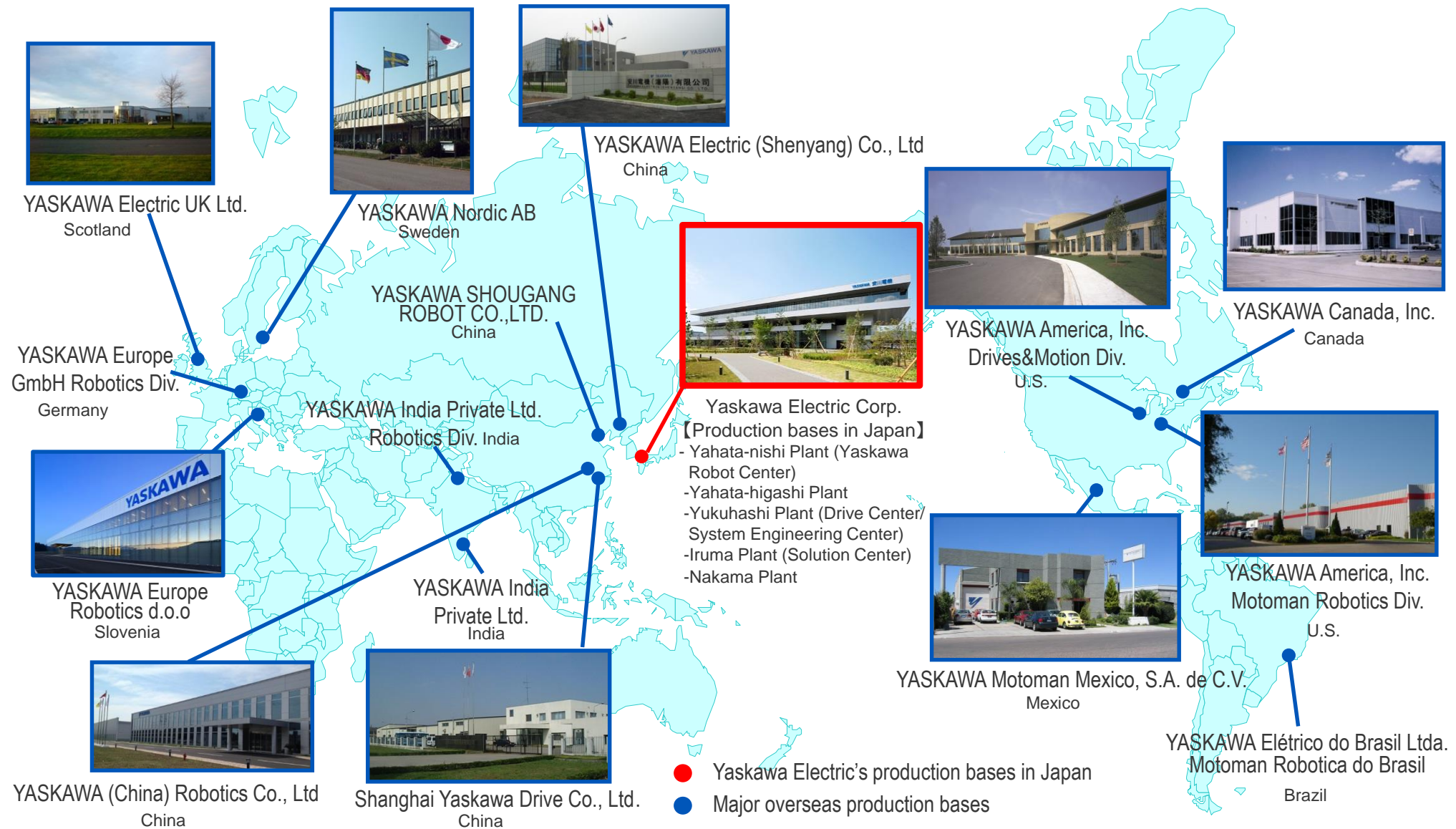
Quarterly Order Trends by Destination *Average forex rates during period used



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Major Production Bases



YASKAWA