

**Consolidated Results for the First Quarter of the Fiscal Year Ending February 29, 2020**  
**[Japan GAAP]**

July 11, 2019

Listed company name: YASKAWA Electric Corporation  
<https://www.yaskawa-global.com/>  
 Representative: Hiroshi Ogasawara, Representative Director, President  
 Stock exchange listings: Tokyo (First section), Fukuoka  
 Stock ticker number: 6506

(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 Quarter of the Fiscal Year Ending February 29, 2020 (March 1, 2019 to May 31, 2019)**

(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	
Three months ended May 31, 2019	107,443	-16.2%	7,186	-58.2%	6,933	-58.6%	4,711	-70.0%
Three months ended May 31, 2018	128,216	-	17,190	-	16,763	-	15,718	-

Note: Comprehensive income

Three months ended May 31, 2019: -2,078 million yen (-%)

Three months ended May 31, 2018: 13,383 million yen (-%)

	Earnings per share (basic, Yen)	Earnings per share (diluted, Yen)
Three months ended May 31, 2019	17.90	-
Three months ended May 31, 2018	59.36	-

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

Note 2: 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 May 31, 2019	442,121	233,137	52.0
As of February 28, 2,019	455,663	249,753	54.1

Reference: Shareholders' equity

As of May 31, 2019: ¥230,110 million

As of February 28, 2019: ¥246,737 million

## 2. Dividends

	Dividends per share (yen)				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual total
Year ended February 28, 2019	-	26.00	-	26.00	52.00
Year ending February 28, 2020	-				
Year ending February 28, 2020 (forecasts)		26.00	-	26.00	52.00

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

## 3. Projected Consolidated Results for the Fiscal Year Ending February 29, 2020

(from March 1, 2019 to February 29, 2020)

(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 29, 2020	465,000	-2.0%	46,500	-6.6%	48,000	-5.6%	35,000	-15.0%	135.43

Note: Revisions to the most recently announced sales and earnings forecast: No

Reference: These forecasts are based on average exchange rate assumptions of 1 USD = 110 JPY and 1 EUR = 125 JPY during the period from June 1, 2019 to February 29, 2020.

Please refer to the supplements to financial results available on Yaskawa Electric's website for details. (<https://www.yaskawa-global.com/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: Yes
2. Changes other than in 1.: Yes
3. Changes in accounting estimates: No
4. Restatements: No

(3) Number of Common Shares Outstanding

The number of shares outstanding including treasury shares	As of May 31, 2019	266,690,497	As of February 28, 2019	266,690,497
The number of treasury shares	As of May 31, 2019	4,877,406	As of February 28, 2019	2,877,251
Average during the period	Three months ended May 31, 2019	263,173,184	Three months ended May 31, 2018	264,809,354

Note: The number of treasury shares includes the shares of the Company (284,800 shares as of May 31, 2019, 284,800 shares as of February 28, 2019) 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. (284,800 shares for 1Q of the year ending February 2020, and 290,100 shares for 1Q of the year ended February 2019)

\*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 telephone conference for securities analysts and institutional investors on July 11, 2019.

#### 4. Qualitative Information on Quarterly Results

##### Business Performance

Although the operating environment of the Yaskawa Group during the first quarter was firm in some markets, including the oil- and gas-related market in the U.S., the Group faced difficult conditions due to the postponement of investment in the semiconductor market as a whole and a cautious attitude toward capital investment on a global basis caused by intensifying trade friction between the United States and China. Under such an environment, the Yaskawa Group's sales decreased year on year, especially in China and other Asian countries, and operating profit decreased compared to the corresponding period last fiscal year, when we enjoyed positive performance.

##### <Management environment of each region>

###### Japan:

Although automobile-related demand remained firm, the semiconductor-related capital investment, which declined from the middle of the previous fiscal year, remained weak.

###### U.S.:

Amid continued robust economic growth, demand in the semiconductor and automobile markets stagnated, while demand in the oil and gas markets remained firm.

###### Europe:

Demand for automobiles was firm, but overall capital investment was sluggish due to the economic downturn.

###### China:

Although there were signs of recovery due to monetary easing and other fiscal policies, there was a decline in demand for upgrading and automating production facilities, which had remained at a high level in the same period last year, due to stagnant capital investment reflecting the impact of trade friction between the United States and China.

###### Asia except China:

Demand was weak as a result of substantial adjustments in the semiconductor market, particularly in South Korea.

The business performance of the first quarter of fiscal 2019 is as follows.

	Three months ended, May 31, 2018	Three months ended, May 31, 2019	Change
Net sales	128,216 million JPY	107,443 million JPY	-16.2%
Operating income	17,190 million JPY	7,186 million JPY	-58.2%
Ordinary income	16,763 million JPY	6,933 million JPY	-58.6%
Profit attributable to owners of parent	15,718 million JPY	4,711 million JPY	-70.0%
Average exchange rate for USD	107.76 JPY	110.96 JPY	+3.20 JPY
Average exchange rate for EUR	130.86 JPY	124.73 JPY	-6.13 JPY
Average exchange rate for CNY	17.05 JPY	16.38 JPY	-0.67 JPY
Average exchange rate for KRW	0.101 JPY	0.096 JPY	-0.005 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 quarter of fiscal 2019 is as follows.

Beginning in the first quarter under review, the Yaskawa Group has reclassified its business segments through organizational changes designed to optimize functionality, effectively utilize resources, and improve production efficiency. The PM motor business previously included in the "System Engineering" is now included in the Drives business in "Motion Control".

Accordingly, the year-on-year change in each segment is calculated by reclassifying the figures for the same period of the previous year into the revised segment.

Motion Control	Net sales	47,915 million JPY (down by 22.5% year-on-year)
	Operating income	6,054 million JPY (down by 51.4% year-on-year)
<p>Motion Control segment is comprised of AC servo &amp; controller business and drives business. The overall segment performance declined due to decline in global sales caused by demand decline in AC servo &amp; controller business continuing from the middle of the previous fiscal year, although sales in the drives business were steady in the U.S. and China.</p> <p>&lt;AC servo &amp; controller business&gt;</p> <ul style="list-style-type: none"> <li>There was a cautious attitude toward capital investment on a global basis 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. As a result, sales and operating income decreased due to slowdown in demand for upgrading and automating production facilities, which had remained at a high level in the same period last year.</li> </ul> <p>&lt;Drives business&gt;</p> <ul style="list-style-type: none"> <li>Both sales and operating income were solid as demand for oil and gas in the U.S. and infrastructure in China remained firm.</li> </ul>		
Robotics	Net sales	39,141 million JPY (down by 10.9% year-on-year)
	Operating income	1,788 million JPY (down by 64.3% year-on-year)
<p>Sales of welding and painting robots and other automobile-related products were solid in Japan and Europe, but sales were sluggish in the Americas. In addition, investment in automation in general industries, particularly in China, continued to be sluggish, which led to year on year sales decline. Operating income saw year on year decline due to lower operation ratio caused by the decrease in production volume.</p>		
System Engineering	Net sales	14,639 million JPY (up by 22.6% year-on-year)
	Operating loss	-166 million JPY (improved by 216 million JPY year-on-year)
<p>The System Engineering segment consists of the Environment and Social System business and the Industrial Automation Drive business conducted by a subsidiary, Yaskawa Automation &amp; Drives Corp. Segment sales increased due to the effect of a newly consolidated subsidiary. Profitability increased due to cost reduction through business reforms.</p> <p>&lt; Environment and Social System business &gt;</p> <ul style="list-style-type: none"> <li>In the clean power field, sales of PV inverters were solid, although sales of electrical products for large-scale wind turbines were sluggish. In the social system business, sales of electrical systems for water and sewage systems in Japan remained firm.</li> </ul> <p>&lt; Industrial Automation Drive business &gt;</p> <ul style="list-style-type: none"> <li>Steel plant-related business performed well, capturing replacement demand mainly in Japan.</li> </ul>		

Other	Net sales	5,747 million JPY (down by 45.6% year-on-year)
	Operating loss	-77 million JPY (worsened by 679 million JPY year-on-year)
<p>Other segment is comprised of IT-related business and logistics business.  Sales and profitability year on year were lower due to the loss of the temporary effect from the start of commercial production of EV-related products occurred in the corresponding period last year.</p>		

### 3. Consolidated Financial Statements

#### 1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2019	As of May 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	39,320	36,501
Notes and accounts receivable — trade	136,201	127,891
Merchandise and finished goods	66,668	63,862
Work in process	19,221	19,216
Raw materials and supplies	25,599	25,275
Other	12,561	8,719
Allowance for doubtful accounts	-2,379	-2,248
Total current assets	297,193	279,218
Non-current assets		
Property, plant and equipment	80,142	79,083
Intangible assets		
Goodwill	6,797	7,168
Other	22,252	27,118
Total intangible assets	29,050	34,286
Investments and other assets		
Other	49,696	49,961
Allowance for doubtful accounts	-420	-428
Total investments and other assets	49,276	49,532
Total non-current assets	158,469	162,902
Total assets	455,663	442,121

(Millions of yen)

	As of February 28, 2019	As of May 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable — trade	71,823	64,383
Short-term loans payable	28,991	35,781
Provision for directors' bonuses	70	64
Provision for product warranties	1,285	1,182
Other	51,462	51,825
Total current liabilities	153,632	153,237
Non-current liabilities		
Long-term loans payable	16,858	16,100
Provision for directors' retirement benefits	232	201
Provision for stocks payment	707	707
Provision for product warranties	796	743
Net defined benefit liability	27,148	26,839
Other	6,534	11,154
Total non-current liabilities	52,277	55,746
Total liabilities	205,909	208,983
Net assets		
Shareholders' equity		
Capital stock	30,562	30,562
Capital surplus	27,638	27,638
Retained earnings	193,333	191,199
Treasury shares	-12,487	-20,228
Total shareholders' equity	239,047	229,171
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,948	6,036
Deferred gains or losses on hedges	15	26
Foreign currency translation adjustment	1,959	-3,955
Remeasurements of defined benefit plans	-1,232	-1,169
Total accumulated other comprehensive income	7,690	938
Non-controlling interests	3,015	3,027
Total net assets	249,753	233,137
Total liabilities and net assets	455,663	442,121



## 2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Three months ended May 31, 2018	Three months ended May 31, 2019
Net sales	128,216	107,443
Cost of sales	84,665	73,273
Gross profit	43,550	34,170
Selling, general and administrative expenses	26,360	26,983
Operating profit	17,190	7,186
Non-operating income		
Interest income	49	107
Dividend income	7	12
Share of profit of entities accounted for using equity method	285	222
Subsidy income	59	129
Other	46	91
Total non-operating income	447	563
Non-operating expenses		
Interest expenses	152	206
Foreign exchange losses	631	534
Other	90	75
Total non-operating expenses	874	816
Ordinary profit	16,763	6,933
Extraordinary income		
Gain on sales of non-current assets	5	11
Gain on acquisition of subsidiary	2,963	—
Gain on change in equity	1	16
Total extraordinary income	2,970	27
Extraordinary losses		
Loss on sales and retirement of non-current assets	15	45
Loss on valuation of investment securities	322	265
Loss on valuation of shares of subsidiaries and associates	—	159
Other	0	—
Total extraordinary losses	337	469
Profit before income taxes	19,395	6,491
Income taxes — current	4,801	3,561
Income taxes — deferred	-1,243	-1,888
Total income taxes	3,557	1,672
Profit	15,838	4,818
Profit attributable to non-controlling interests	119	107
Profit attributable to owners of parent	15,718	4,711

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended May 31, 2018	Three months ended May 31, 2019
Profit	15,838	4,818
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,317	-924
Deferred gains or losses on hedges	-0	11
Foreign currency translation adjustment	-1,024	-5,854
Remeasurements of defined benefit plans, net of tax	114	51
Share of other comprehensive income of entities accounted for using equity method	-226	-180
Total other comprehensive income	-2,455	-6,896
Comprehensive income	13,383	-2,078
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,264	-2,040
Comprehensive income attributable to non-controlling interests	119	-37

### 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

(Change in accounting policies)

(Application of Accounting Standards for Revenue Recognition)

As it became possible to apply "Accounting standard for revenue recognition"(Business Accounting Standards No. 29, March 30, 2018 hereinafter referred to as "revenue recognition accounting standard".) and "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 of March 30, 2018) at the beginning of the fiscal year beginning on or after April 1, 2018, the Company applied accounting standards for revenue recognition, etc. at the beginning of the first quarter under review, and recognized revenue in the amount that it expects to receive in exchange for a promised good or service when control of that good or service is transferred to a customer.

The application of the revenue recognition accounting standard, etc. is in accordance with the transitional treatment as provided in the proviso of Paragraph 84 of the revenue recognition accounting standard, and if a new accounting policy is retroactively applied before the beginning of the current first quarter, the cumulative effect is added or deducted from the retained earnings at the beginning of the current first quarter, and the new accounting policy is applied from the balance at the beginning of the current first quarter. However, the Company has applied the policy prescribed in Paragraph 86 of the Revenue Recognition Accounting Standard, and has not retroactively applied the new accounting policy to contracts for which almost all amounts of revenue were recognized prior to the beginning of the current 1st quarter under the previous treatment.

The effect of the adoption of this accounting standard on the quarterly consolidated financial statements is immaterial.

(Application of IFRS No. 16 "Leasing")

Certain overseas consolidated subsidiaries apply IFRS No. 16 "Leasing" from the beginning of the first quarter under review and record assets and liabilities on the quarterly consolidated balance sheet, in principle, for all leases as lessees' accounting treatment.

The Company adopts a method to recognize the cumulative effect of adoption of this new accounting standard, which is recognized as a transitional measure, on the initial date of adoption.

The effect of the adoption of this accounting standard on the quarterly consolidated financial statements is immaterial.