



Yaskawa Electric Corporation

(TSE: 6506)

Fiscal Year 2003 First Half Financial Results Summary

Presented by Shin Nakayama, President & CEO

(original in Japanese)

Presented on November 14, 2003

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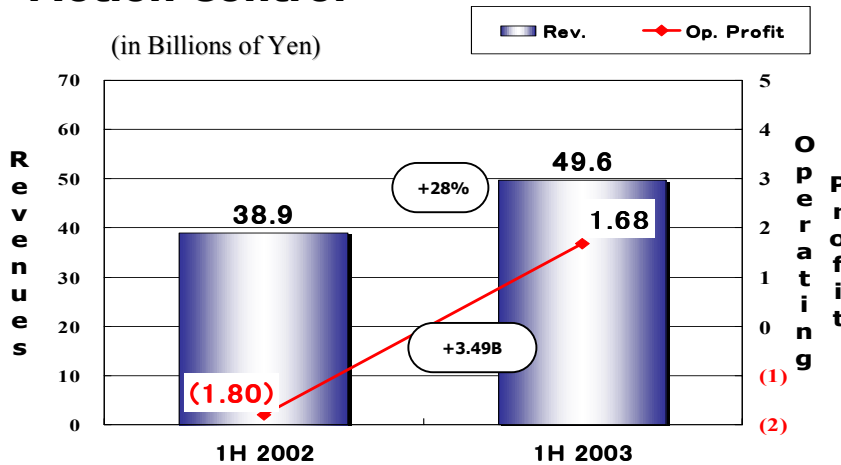
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FY 2003 First Half Financial Results

- **Consolidated Sales Increase from Same Period Prior Year**
20% increase over First Half 2002 to sales of 117.0 billion yen
 - Motion Control and Industrial Robotics increase to overcome continuing stagnation of the semiconductor manufacturing equipment related robotics sales
- **Increased Operating and Ordinary Profits**
1.90 billion yen in operating profit, 4.79 billion yen increase from FY 2002 First Half
1.36 billion yen in ordinary profit, 5.74 billion yen increase from FY 2002 First Half
 - Large improvement over the previous year due to increased sales
 - Both items ending in the black for the First Half of FY 2003
- **Net Profit Improvement Over the Same Period Prior Year**
2003 First Half net loss of 0.55 billion yen
6.29 billion yen improvement from the same period prior year as result of increased ordinary profit

FY 2003 First Half Business Segment Results

Motion Control



Increased Sales and Operating Profit

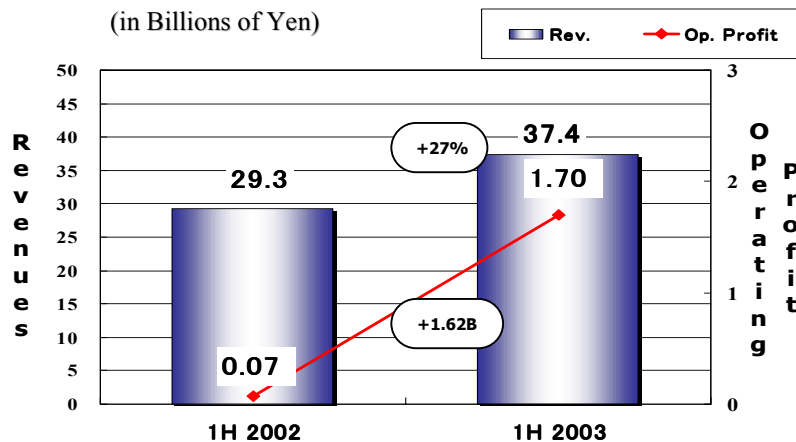
AC Servo Motors:

- Stable LCD, machine tool, metal forming and injection molding machine related markets
- Recovery in chip mounter related sales

Inverters:

- Expansion of exports to the Chinese market
- European sales strengthened through the joint venture with Omron

Robotics Automation

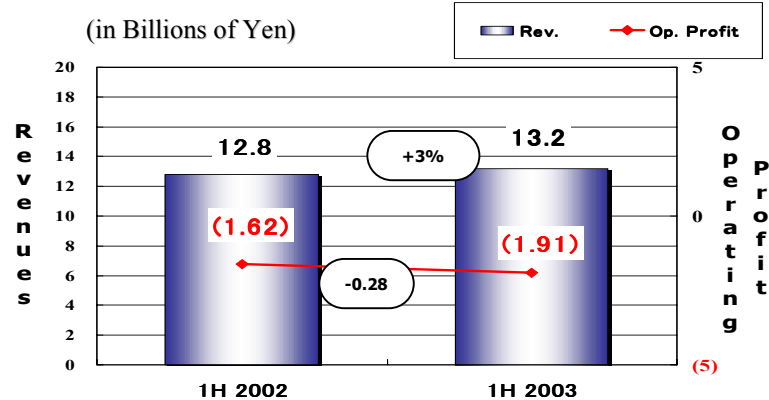


Increased Sales and Operating Profit

- Increased orders of arc welding robots in Europe
- LCD sheet handling robot sales greater than forecasted
- Continued stagnation of semiconductor manufacturing equipment market was offset by increased sales in other markets

FY 2003 First Half Business Segment Results

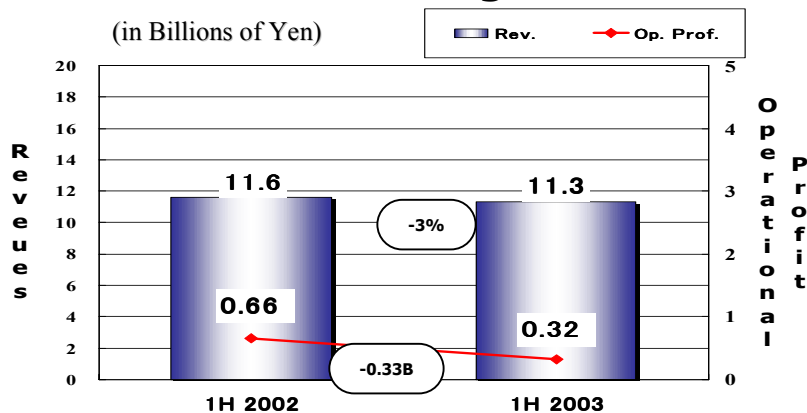
Systems Engineering Division



Maintaining Sales and Operating Profit

- Stagnation in water utilities and steel plants capital investment
- Increased elevator IPM motor sales led to stable sales overall compared with the prior year

Information Technologies Division



Future Growth Market

- Information technology related sales slipped as a result of a flat First Half for the information industry as a whole
- Current trends are a part of the expected growth cycle of this industry

Other Business Segments: Sales of 5.4B Yen (+6%), Operating Profit of 0.31B Yen (+0.52B Yen)
(Comparison to Same Period Previous Year)

Win 21 Plus in Action: FY 2003 First Half Activities

2003 Activities

New C-50 (Cost Reduction) Program

Overhead Reduction

Workforce Rightsizing and Business Process Optimization

Maintaining Order Volume

Improving Asset Efficiency

Inventory Reduction

Sale of Non-Performing Assets

Win 21 Plus

Policy Advancement

- Continuous Cost Reform (robust model)
- Business Process/Work Efficiency Improvements
- Increase Market Share/Maximize Opportunities
- Strengthen tie between Strategic Policy Monitoring and Financial Goals
- Reinforce Process to Maximize Corporate Value

New Approach

- Chinese Market Penetration (New Chinese Strategy Division)
- Cultivation of New Business (New Business Development Function)
- Reinforce Ability to Implement Policies through Cross-Functional Activities

FY 2003 Revised Forecast

- **Anticipate continuing bullish markets for both Motion Control and Robotics Automation.**
- **Order trend continues high level in both automobile related and LCD manufacturing related areas compensating for the delayed recovery of the semiconductor manufacturing equipment related market.**
- **Cost reductions put in place during this First Half through new products, etc., will largely contribute to attaining profit targets in the Second Half.**

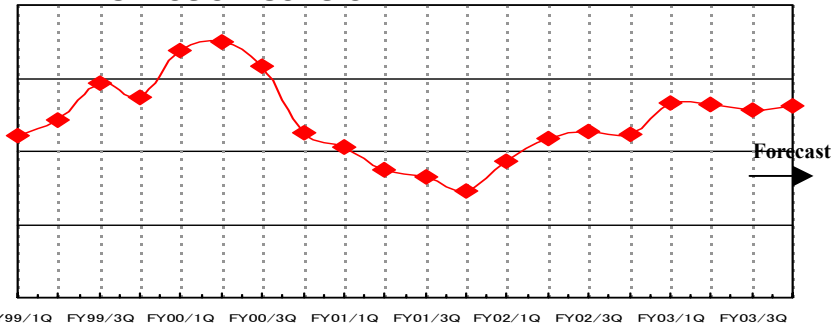
FY 2003 Revised Forecast

(Comparison with previous fiscal year)

• Sales	255.0 Billion Yen	(+28.9B, +13%)
• Operating Profit	13.2 Billion Yen	(+6.9B)
• Ordinary Profit	12.0 Billion Yen	(+8.0B)
• Net Profit	6.0 Billion Yen	(+8.5B)

Order Trends in 2003

YEC Motion Control

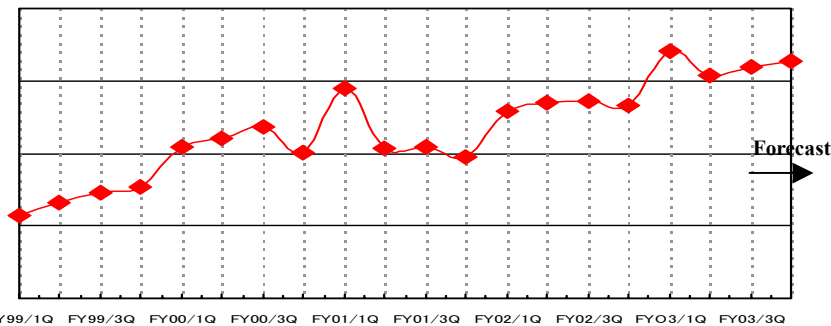


Motion Control

Orders picked up quickly at the beginning of the period and maintained this high level throughout the period.

Related Markets: semiconductor and LCD manufacturing equipment, electronics, machine tool, injection molding machines, metal forming, elevator, HVAC, and textiles.

YEC Industrial Robotics

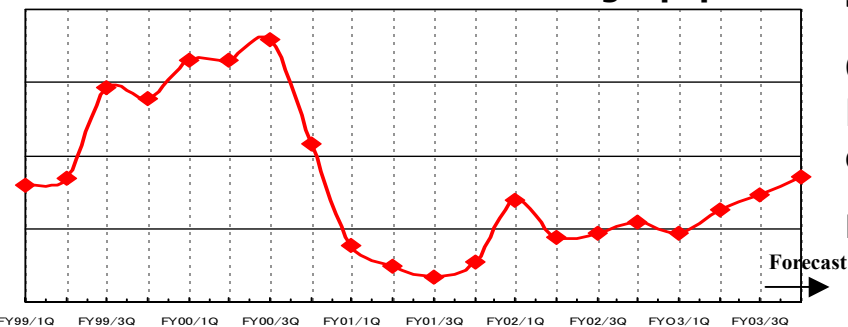


Industrial Robotics

Orders in the automobile related markets were stable through the period. LCD related orders continued good conditions.

Related Markets: arc welding, spot welding, painting, handling, LCD sheet handling.

YEC Semiconductor Manufacturing Equipment



Semiconductor Manufacturing Equipment/Robotics

Orders continued to be stagnant through the period. Recovery in this industry is delayed beyond expectations.

Related Markets: semiconductor manufacturing equipment.

FY 2003 Cost Model Actualization (Consolidated)

Substantial Improvement in Earnings

New C-50 Program Cost Reductions:

- **Cost reduction through development, re-engineering current products**
- **EMS/overseas production**
- **New manufacturing subsidiaries (est. 2002) result in cost reductions**

Workforce Rightsizing

- **ERP adoption**
- **Location and function centralization**
- **Business process improvements**

Overhead Reduction

- **Central purchasing and e-purchasing**

Value Chain Improvements

- **Greater value-added through each process, cost reductions, productivity improvements**
- **Administrative and operational cost redundancies elimination**



Balance Sheet Reform (Consolidated)

FY 2003 First Half Actual

March 2003

■ D/E Ratio 3.2

Major Actions

- Inventory Reduced
- Accounts Receivable Turnover Reduced
- Sale of Investment Stocks
- Sale of Land

- Reduction of Interest Incurring Debt

September 2003

■ D/E Ratio 3.0

FY 2003 Second Half Forecast

September 2003

■ D/E Ratio 3.0

Major Actions

- Inventory Reduction
- Securitization of Receivables
- Sale of Assets

- Reduction of Interest Incurring Debt
- Increase Shareholders' Equity

March 2004

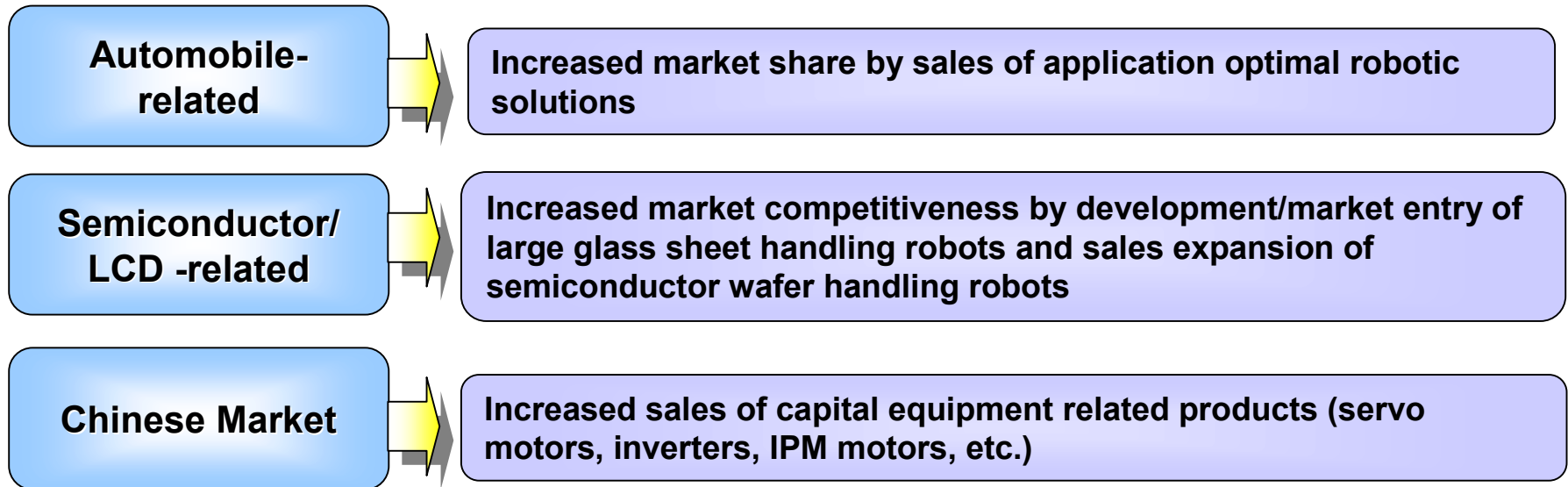
■ D/E Ratio 2.2

Inventory Reduction Support Activities

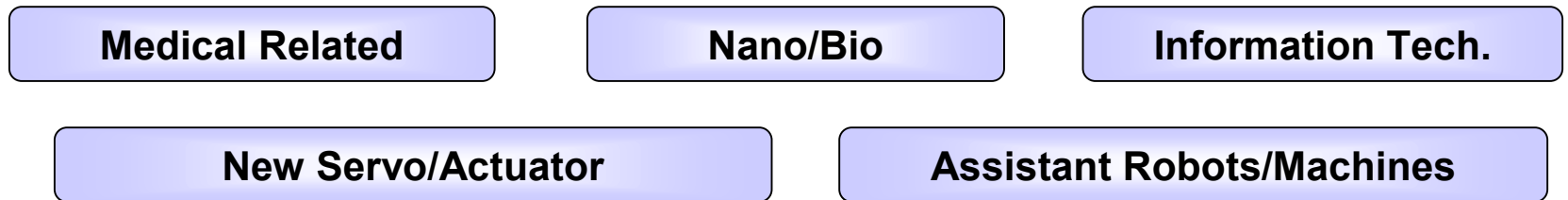
- Enhancing functions of related departments
- Continue decreasing procurement lead time
- Making control processes comprehensive and concrete

Capturing High Growth and New Markets

High Growth Focus: Automobile-related, Semiconductor/LCD-related, Chinese markets



New Market Focus: Nurturing new markets yields 10 Billion Yen in sales by 2005



Differentiation and superior competitiveness through technology and product advances

Notes

Disclaimer:

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 undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.