



Yaskawa Electric Corporation

(TSE:6506)

- **First Half of Fiscal Year 2005 Financial Results Summary**
(Ended September 20, 2005)
- **Fiscal Year 2005 Financial Forecast Summary**
(Ending March 20, 2006)

Presented by Koji Toshima, President
(Original in Japanese)

November, 2005

Business Summary

System Engineering: (S)

FY2004 Sales: 44.9 billion yen

Core products

electrical instrumentation for service water supply plants and sewage treatment facility systems, electrical systems for steel plants, etc.

Major subsidiaries

Yaskawa Motor Corp.

Information Technologies: (IT)

FY2004 Sales: 25.4 billion yen

Two subsidiaries on the Tokyo Stock Exchange 2nd Section

Core products in subsidiaries

Y-E Data, Inc.:
laser marking devices,
computer peripherals, etc.

Yaskawa Information Systems Co., Ltd.:
information management software
and services,

Other

Motion Control: (M)

FY2004 Sales: 122.9 billion yen

Core products

AC servomotors,
controllers, general
purpose inverters, etc.

Major subsidiaries

Yaskawa Electric Engineering Corp.
Yaskawa Controls Co., Ltd.
Yaskawa Electric America, Inc. (U.S.)
Yaskawa Electric Europe GmbH (Germany)
Yaskawa Electric (Shanghai) Co., Ltd (China)



Robotics Automation: (R)

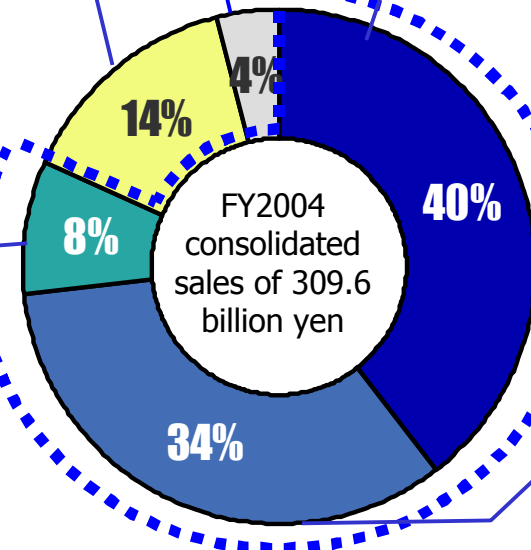
FY2004 Sales: 105.1 billion yen

Core products

(INR) arc and spot welding,
painting and handling robots,
LCD glass sheet transfer
robots
(SER) semiconductor wafer
transfer robots, etc.

Major subsidiaries

Motoman, Inc. (U.S.)
Motoman Robotics Europe AB (Sweden)
Motoman Robotec GmbH (Germany)
Synetics Solutions, Inc. (U.S.)

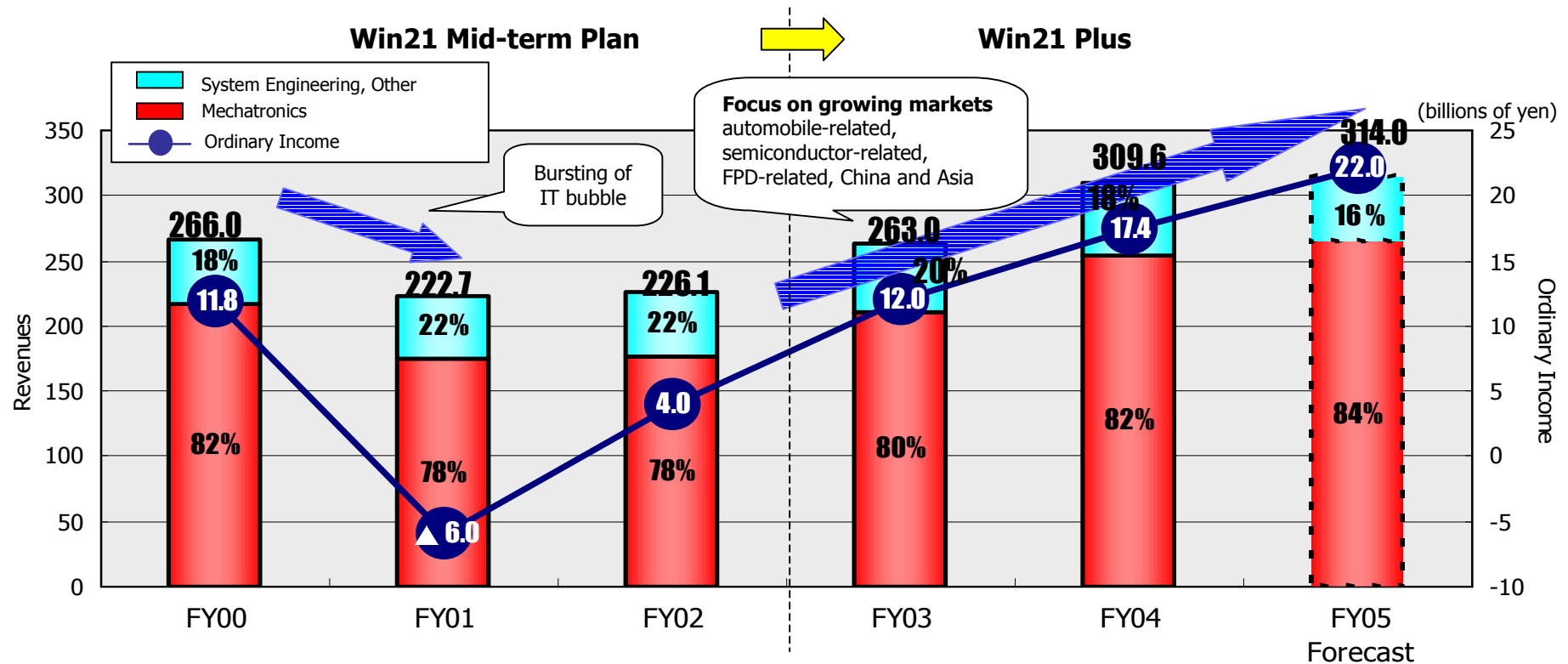


Focus on the mechatronics
businesses, which are the core
businesses of Yaskawa
(82% of sales)

Note: "mechatronics businesses" refers to the
Motion Control, Robotics Automation, and
Information Technologies segments

Trends in Consolidated Net Sales and Ordinary Income

Sustainable growth and higher earnings after a V-shaped recovery



Drastic cost structure reform

establishment of specialized production companies

Continuous cost structure reform

Business restructuring and mechatronics shift

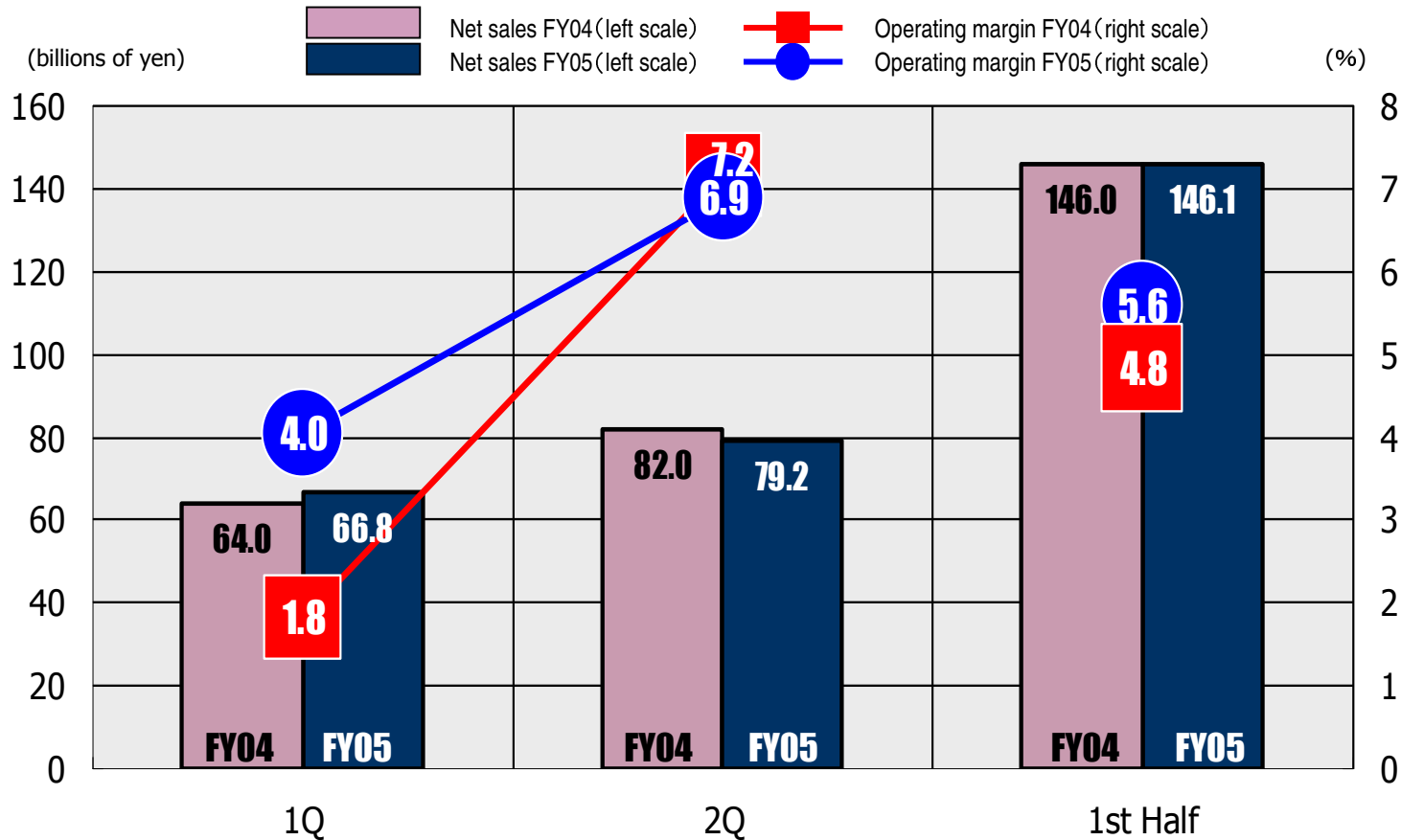
Expansion and strengthening of Mechatronics business

First Half of FY2005 Financial Results (Main Points)

- **We marked the record highs for the financial results in the first half of fiscal year**
Net sales of 146.1 billion yen, operating income of 8.1 billion yen, ordinary income of 8.1 billion yen and net income of 2.7 billion yen
These are all record highs
- **(R): Profitability was Improved substantially through increase promotion to the auto-related market and production enhancement**
Net sales increased by 3.8 billion yen from the same period of FY04 to 54.3 billion yen
Operating income increased by 1.6 billion yen from the same period of FY04 to 4.4 billion yen
Operating margin rose to 8.1% compared to 5.5% for the same period of FY04
- **(M): A downturn in semiconductor industry was almost offset by improvement in profitability and market cultivation**
Net sales increased by 0.1 billion yen from the same period of FY04 to 61.5 billion yen
Operating income decreased by 0.3 billion yen from the same period of FY04 to 4.6 billion yen
- **(S): Profit structure reform was steadily carried out**
We had carried out rightsizing program at the beginning of this period
The Orders amount of the parent company for this period was more than planned
- **Overseas sales increased in Europe and Asia**
Overseas sales increased by 6% over last fiscal year to 66.7 billion yen
Ratio of foreign sales to total sales rose to 46% compared to 43% for the same period of FY04

First Half of FY2005 Consolidated Net Sales and Operating margin

Profitability has improved though net sales remained almost the same level as the previous fiscal year



First Half of FY2005 Financial Results by Business Segment

(R): Both net sales and operating income are more than planned at the beginning of this period

(M): We managed to minimize the negative effect of a downturn in semiconductor industry

(billions of yen)

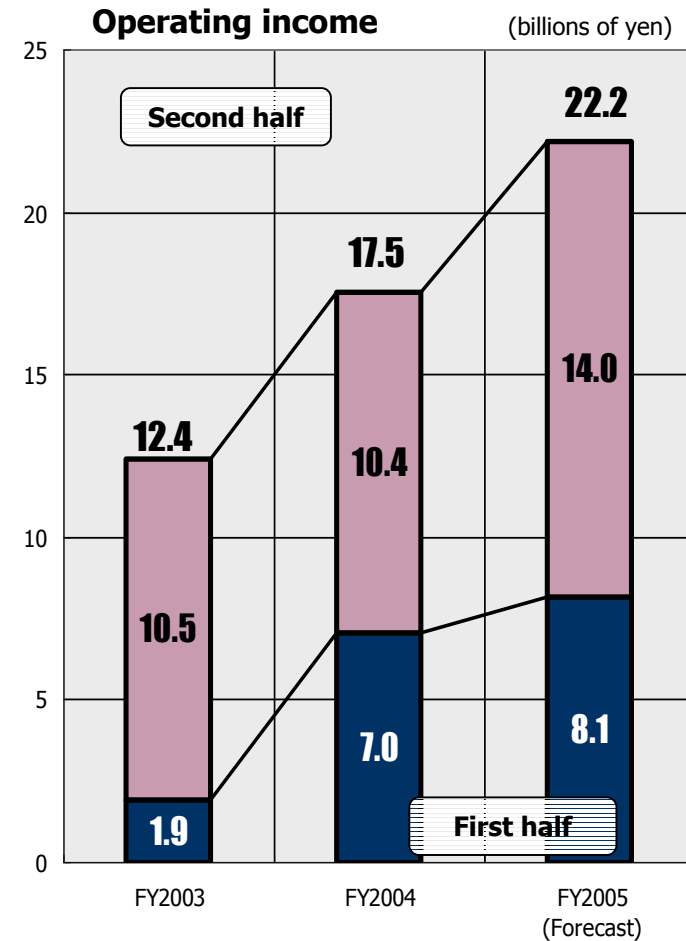
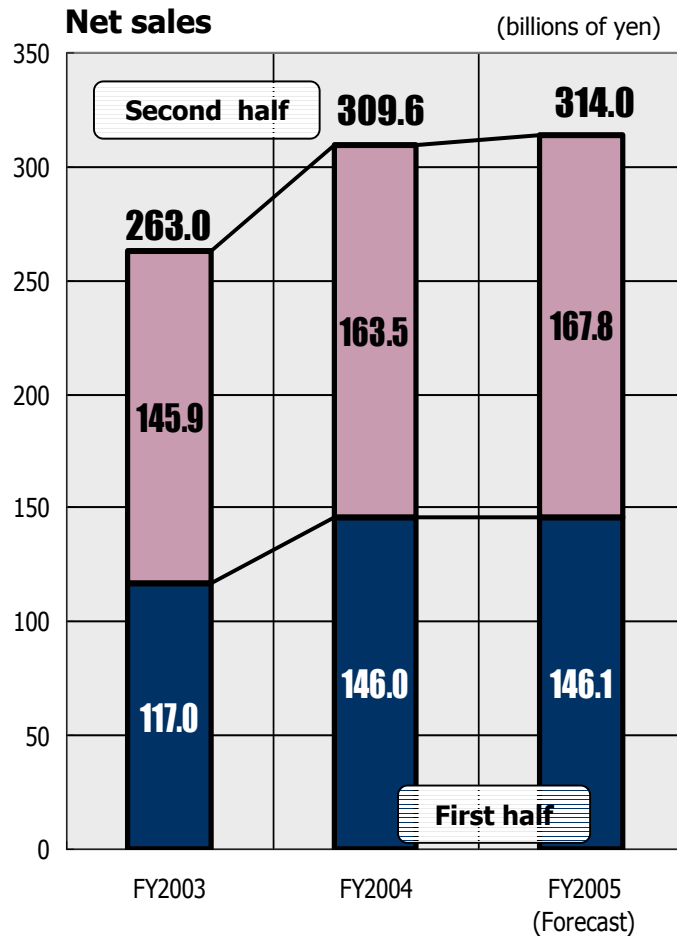
Business segment		1H/2004	1H/2005		Change Y on Y	
			Original plan	Actual	Original plan	Actual
(M)	Net sales	61.3	60.1	61.5	(1.2)	+0.1
	Operating income	4.9	3.3	4.6	(1.6)	(0.3)
(R)	Net sales	50.5	53.4	54.3	+2.9	+3.7
	Operating income	2.7	3.5	4.4	+0.8	+1.6
(S)	Net sales	16.0	14.9	14.4	(1.1)	(1.5)
	Operating income	(2.1)	(1.6)	(1.8)	+0.5	+0.2
(IT)	Net sales	11.6	11.8	11.0	+0.2	(0.6)
	Operating income	0.6	0.5	0.1	(0.1)	(0.4)
Other	Net sales	6.5	4.8	4.8	(1.7)	(1.7)
	Operating income	0.7	0.5	0.8	(0.2)	+0.0
Total	Net sales	146.0	145.0	146.1	(1.0)	+0.1
	Operating income	7.0	6.0	8.1	(1.0)	+1.1

FY2005 Financial Forecast (Main Points)

- **Profit forecast of FY05 was revised upward setting record highs for two consecutive fiscal years**
Operating income: (previous) 20.5 billion yen (revised) 22.2 billion yen
Ordinary income: (previous) 20.0 billion yen (revised) 22.0 billion yen
- **(R): Continue to increase sales and improve productivity in order to raise profit margin further**
- **(M): Simultaneous pursuit of market cultivation and profit improvement**
- **(S): Achieve balance between revenue and expenditure through profit structure reform**
- **(IT): Downward revision of Yaskawa Information Systems Co., Ltd was caused by temporary factor which has already been solved**
- **Resumption of dividend payment has been announced. Regular dividend of 5 yen per share and commemorative dividend of 1 yen per share related to the 90th Anniversary of the Company.**

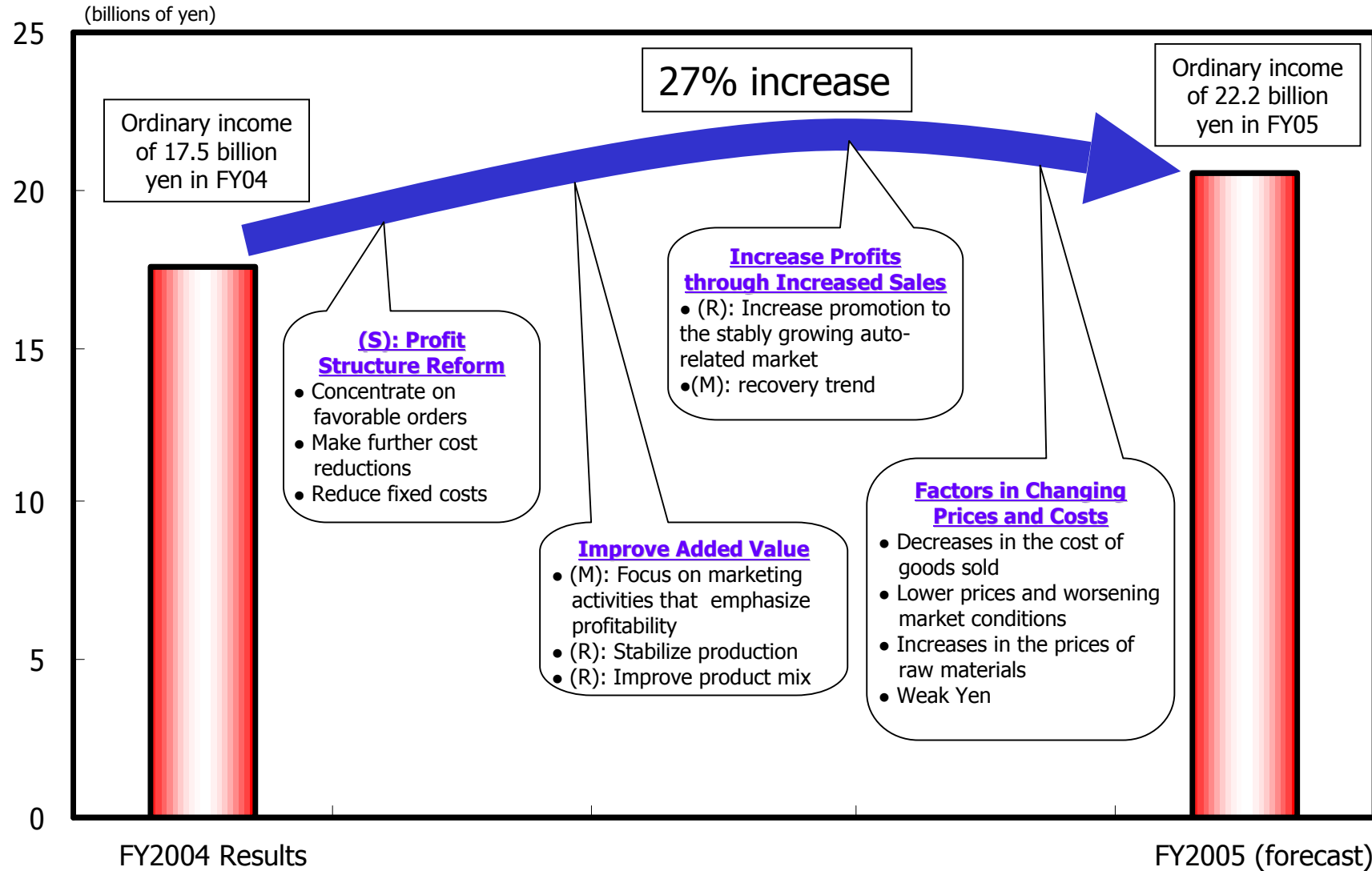
FY2005 Consolidated Financial Forecast

Profitability will improve further through profit structure reform and business operations focused on profitability

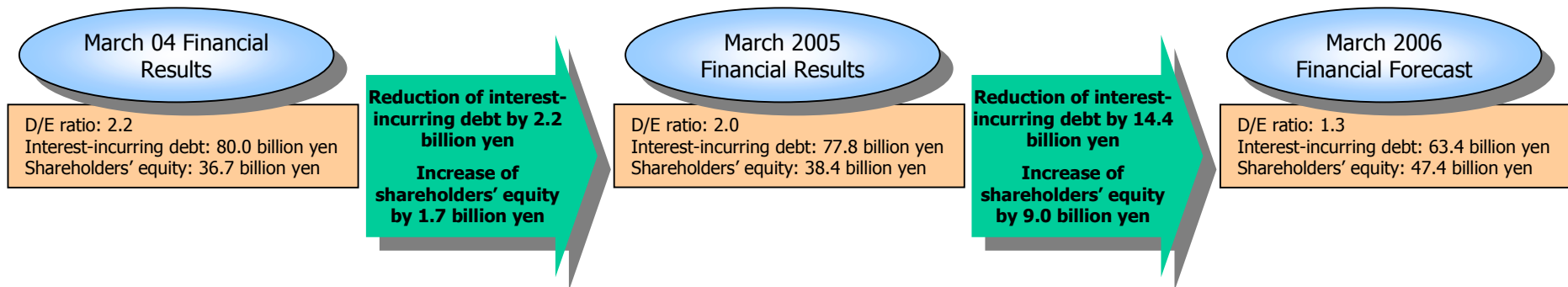


FY2005 Profit Contribution Breakdown (Consolidated – Estimate)

(Comparison to FY04)

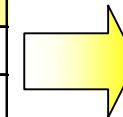


Balance Sheet Reform (Consolidated)



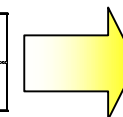
(billions of yen, except ratios)

	March 2004	March 2005	September 2005	March 2006 (forecast)
Interest-incurring debt	80.0	77.8	72.2	63.4
Shareholders' equity	36.7	38.4	42.1	47.4
D/E ratio	2.2	2.0	1.7	1.3



March 2006
 D/E ratio is expected to improve to 1.3

Inventories	54.3	52.7	59.0	50.0
Inventory turnover(months)	2.5	2.0	2.4	1.9



Worsening of Inventory turnover is temporary. The period will be less than 2 months by March 2006.

Risk Factors

■ **Market conditions**

The semiconductor and LCD-related markets are showing a indication of recovery, but there is a concern that the adjustment phase will continue for an extended period of time.

■ **Rising raw material and component prices**

Although strenuous efforts are being made to keep the influence of rising prices on profits within an expected range, continued strong pressure of price increases may negatively affect profitability.

■ **Global economic slowdown**

There is a possibility of being negatively affected by such as a decline in exports due to the economic slowdown in the U.S. and/or China.

Notes:

First half of FY2005 exchange rate: \$1 = ¥109, €1 = ¥136

Second half of FY2005 assumed exchange rate: \$1 = ¥105, €1 = ¥130

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.