



Yaskawa Electric Corporation

(TSE:6506)

- **Fiscal Year 2004 Financial Results (Summary) 1 - 4**
- **Fiscal Year 2005 Risks and Objectives (Summary) 5 - 10**

Presented by Koji Toshima, President
(Original in Japanese)

May 10, 2005

Business Summary

System Engineering: (S)

FY 2004 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)

FY 2004 Sales: 25.4 billion yen

Core products in subsidiaries
 Y-E Data, Inc. (Tokyo Stock Exchange): laser marking devices, computer peripherals, etc.

Yaskawa Information Systems Co., Ltd. (Tokyo Stock Exchange): information management software and services,

Other

Motion Control: (M)

FY 2004 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)

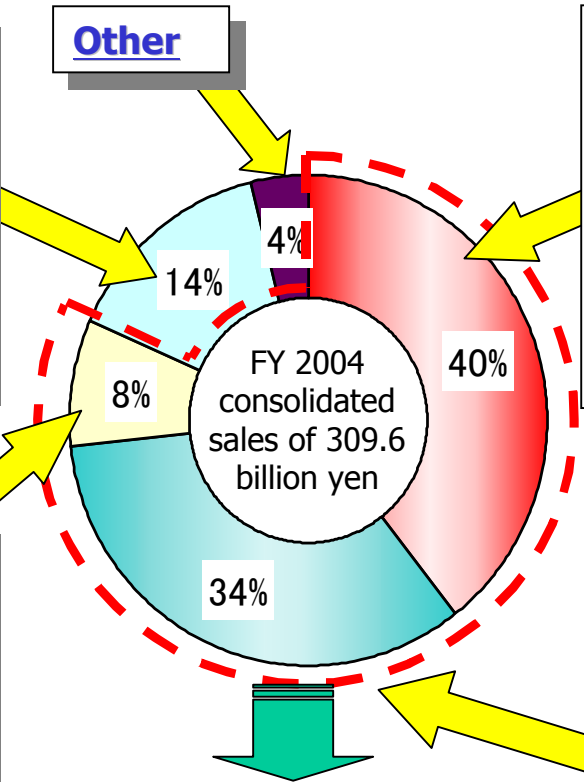


Robotics Automation: (R)

FY 2004 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

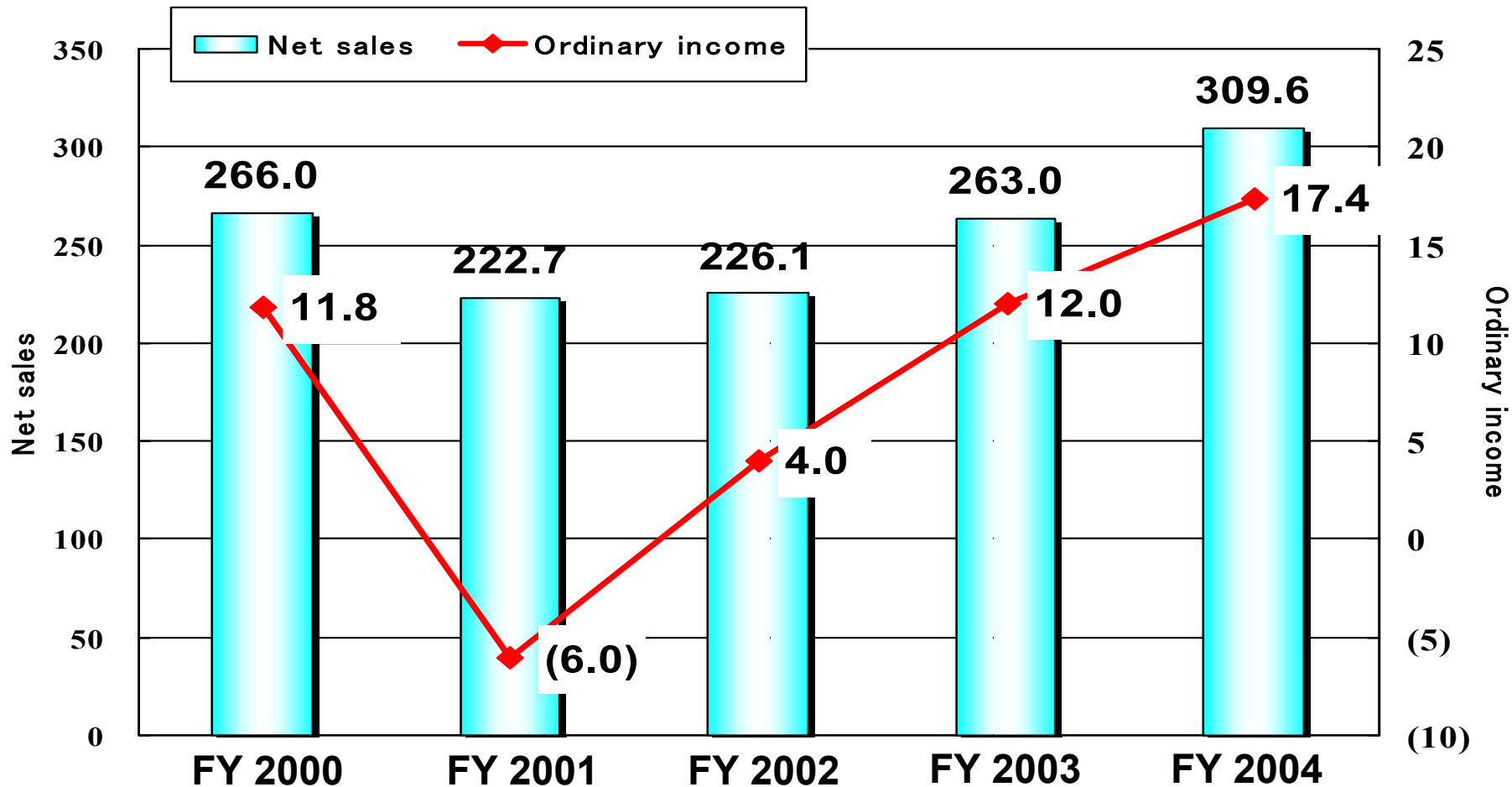
FY 2004 Financial Results (Main Points)

- **Consolidated net sales, operating income and ordinary income were all record highs**
Net sales of 309.6 billion yen, operating income of 17.5 billion yen, and ordinary income of 17.4 billion yen
(prior record highs: FY 1997 net sales of 268.6 billion yen, FY 1997 operating income of 13.3 billion yen, and FY 2003 ordinary income of 12.0 billion yen)
- **(R): Sales greatly increased and rose above 100 billion yen for the first time**
Net sales increased by 24.6 billion yen (31%) over last fiscal year to 105.1 billion yen
- **(M): Profitability greatly improved as sales increased**
Net sales increased by 17.8 billion yen (17%) over last fiscal year to 122.9 billion yen. Operating income more than doubled to 9.1 billion yen.
- **Overseas sales increased**
Overseas sales increased by 31.7 billion yen (32%) over last fiscal year to 130.2 billion yen. The structural ratio of foreign sales increased from 37% to 42%
- **Net income decreased**
Partly due to the impairment of goodwill at a U.S. subsidiary, net income decreased by 3.9 billion yen (68%) to 1.8 billion yen

Trends in Consolidated Net Sales and Ordinary Income

(billions of yen)

Sustainable growth and higher earnings after a V-shaped recovery

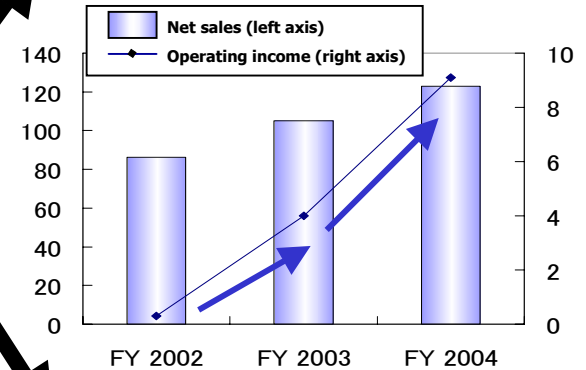


FY 2004 Financial Results by Business Segment

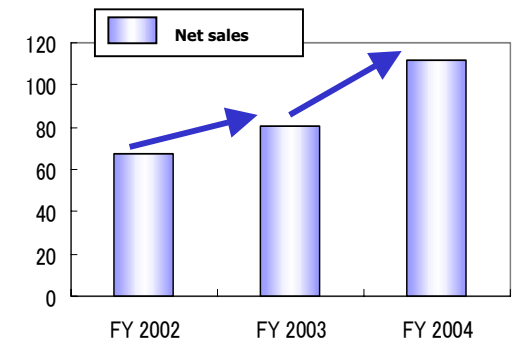
(billions of yen)

Business Segment		FY 2003	FY 2004	Change
(M)	Net sales	105.0	122.9	17.8
	Operating income	4.0	9.1	5.0
(R)	Net sales	80.4	105.1	24.6
	Operating income	5.2	7.2	2.0
(S)	Net sales	40.3	44.9	4.5
	Operating income	0.9	(2.0)	(3.0)
(IT)	Net sales	24.4	25.4	1.0
	Operating income	1.1	1.5	0.3
Other	Net sales	12.7	11.1	(1.5)
	Operating income	1.0	1.7	0.6
Total	Net sales	263.0	309.6	46.5
	Operating income	12.4	17.5	5.1

(M): Profitability greatly improved as sales increased

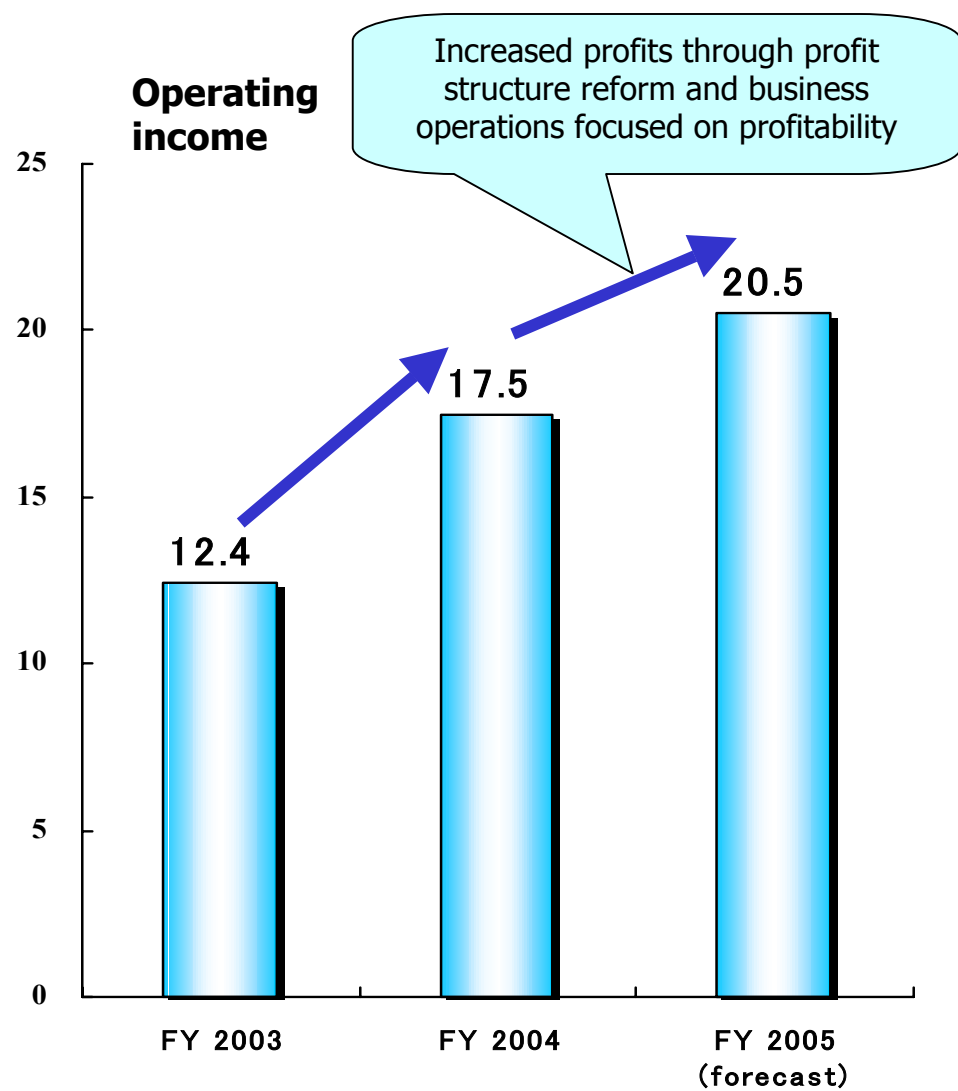
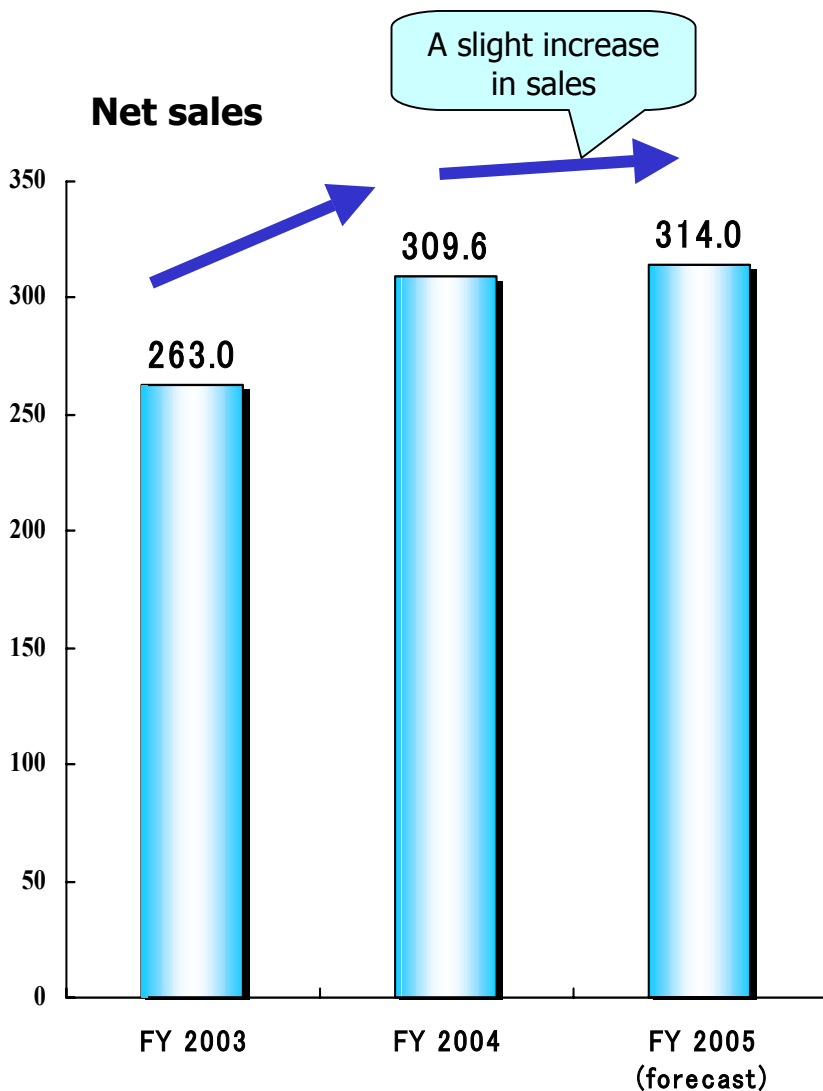


(R): Sales greatly increased



FY 2005 Consolidated Financial Results Outlook

(billions of yen)



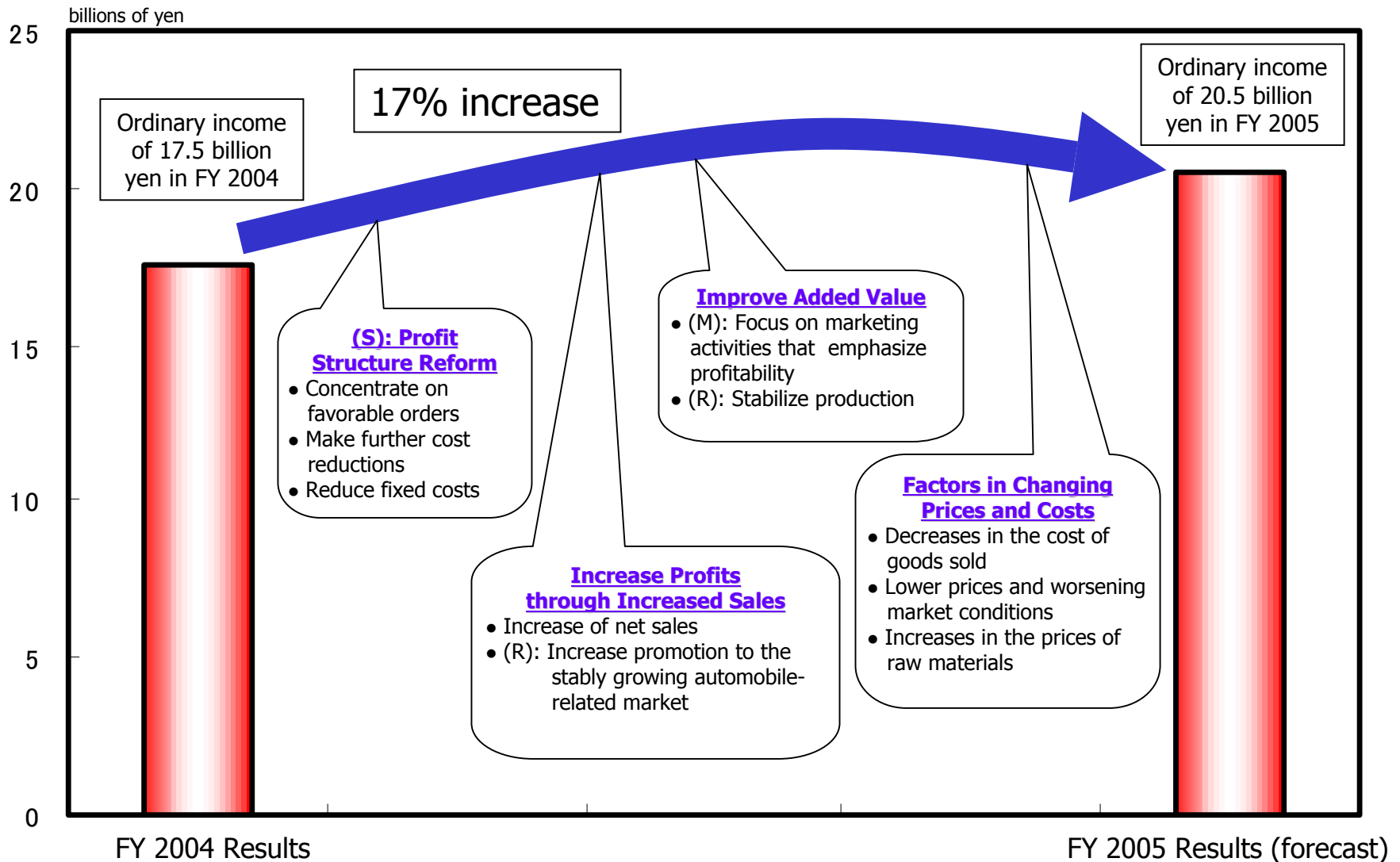
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FY 2005 Financial Results (Main Points)

- **While sales slightly increase, profitability improvements will progress and operating income will increase 17% (new record high)**
Net sales: 314.0 billion yen (1.4% increase)
Operating income: 20.5 billion yen (17.0% increase)
Ordinary income: 20.0 billion yen (14.9% increase)
- **(S): Restore profitability through profit structure reform**
- **(M): Focus on sales activities that emphasize profitability**
- **(R): Continue to increase sales and profits, specifically in the automobile-related market**
- **Strengthen promotion to Asian markets, particularly China**

FY 2005 Profit Breakdown (Consolidated – Estimate)

(Comparison to FY 2004)



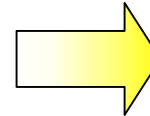
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Balance Sheet Reform (Consolidated)



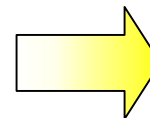
billions of yen, except ratios

	March 2004	March 2005
Interest-incurring debt	80.0	77.8
Shareholders' equity	36.7	38.4
D/E ratio	2.2	2.0



March 2006
D/E ratio is expected to improve to 1.4

Inventories (consolidated)	54.3	52.7
Inventory turnover (months)	2.5	2.0



Inventory turnover will decrease despite only a slight increase in sales. The period will be less than 2 months by March 2006.

Risk Factors

Market conditions

A recovery in the semiconductor- and LCD-related markets is expected to begin in the first half of FY 2005, but there is a fear that the downward trend 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.

Influence of changing currency value

There is a possibility of a decline in exports and a reduction in profits due to appreciation of the yen greater than expected.

Second half FY 2004 exchange rate: \$1 = ¥106, €1 = ¥136

FY 2005 assumed exchange rate: \$1 = ¥105, €1 = ¥135

Notes

Disclaimer:

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