



YASKAWA Electric Corporation

(TSE 6506)

- **First Half of FY2008 Financial Results Summary
(Ended September 20, 2008)**
- **FY2008 Financial Forecasts Summary
(Ending March 20, 2009)**

Presented by Koji Toshima, President

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.

October 2008

Sales Break Down by Business Segment

Information Technologies :(IT)

Core products

Computer peripherals, laser marking devices, etc.
Information management software and services

System Engineering :(S)

Core products

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



Robotics :(R)

Core products

Arc and spot welding robots, Painting robots, Handling robots
FPD glass sheet transfer robots
New generation robots
Semiconductor wafer transfer robots, etc.



Assembly by new generation robots



Main applications

Main applications



[Electronic components]
Chip mounter

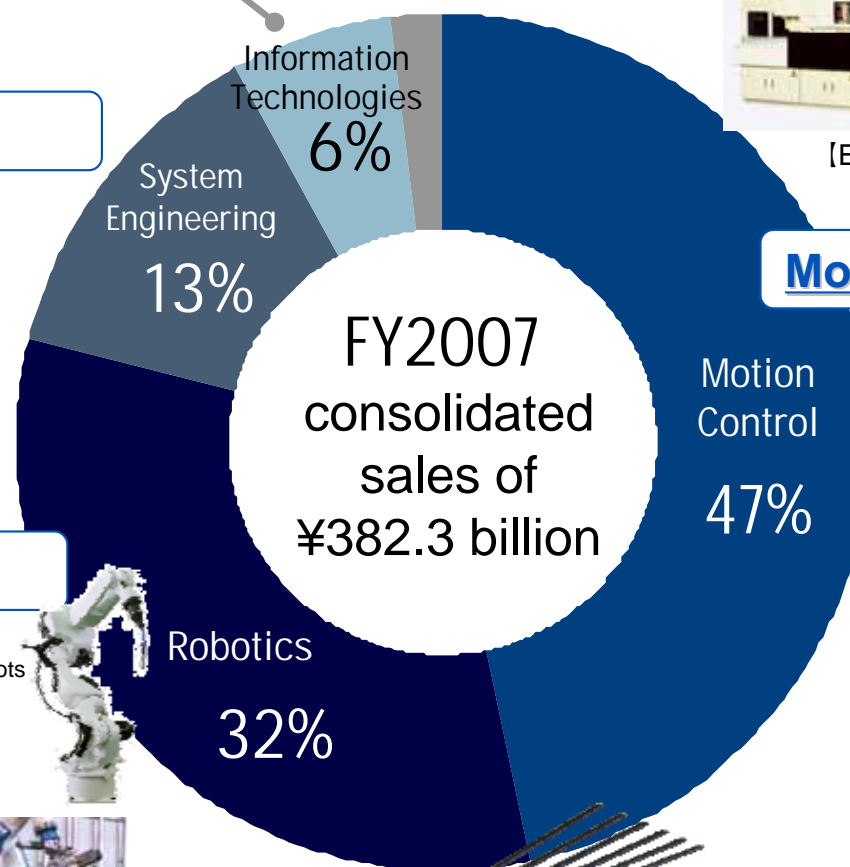


[Machine tools]
Tapping machine

Motion Control :(M)

Core products

AC servo motors and controllers, Linear servo
General purpose AC drives, etc.



Sales Break Down by Destination

Asia

Major subsidiaries

YASKAWA Electric (Shanghai) Co., Ltd. (China)
YASKAWA Electric (Singapore) PTE Ltd. (Singapore)
YASKAWA Electric Korea Corporation (Korea)
YASKAWA Electric Taiwan Corporation (Taiwan)
Shougang Motoman Robot Co., Ltd. (China)
Motoman Motherson Robotics Ltd. (India)

Europe

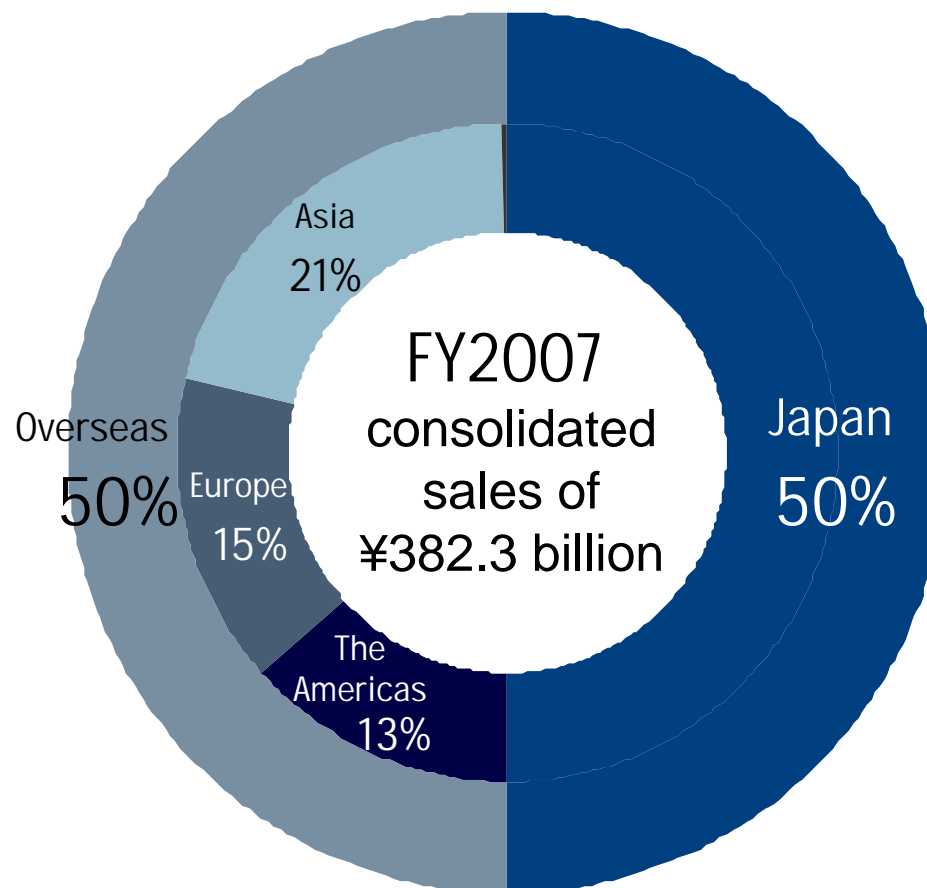
Major subsidiaries

YASKAWA Electric Europe GmbH(Germany)
Motoman Robotics Europe AB (Sweden)
Motoman Robotec GmbH (Germany)
YASKAWA Electric UK, Ltd.(UK)

The Americas

Major subsidiaries

YASKAWA Electric America, Inc. (U.S.)
YASKAWA Eletrico do Brasil Ltda. (Brazil)
Motoman, Inc. (U.S.)



Japan

Major subsidiaries

YE DATA INC.
YASKAWA INFORMATION SYSTEMS Corporation
YASKAWA Electric Engineering Corp.
YASKAWA Controls Co., Ltd.
YASKAWA Motor Corp.

First Half of FY2007 Financial Highlights

**Record high sales achieved and the profits remained about the same as last year while being affected by the strong yen.
All results exceeded the original forecast.**

| | | from the corresponding period last year | from the corresponding original forecast |
|------------------|----------------|--|---|
| Sales | ¥189.4 billion | Up by 3.1% | Up by 2.4% |
| Operating income | ¥15.8 billion | Down by 3.9% | Up by 2.1% |
| Ordinary income | ¥16.6 billion | Down by 1.2% | Up by 7.7% |
| Net income | ¥9.5 billion | Down by 1.6% | Up by 11.9% |

(Sales marked record highs as interim results.)

(M) AC drives: Steady growth for Asian and air-conditioning markets with increasing energy-saving demands.

AC servomotors: High level sales continued due to growth for FPD industry.

(R) Automobile: Europe led sales increase.

FPD: Record high orders (recorded as sales in the second half of the fiscal year.)

Semiconductor: Restrained capital expenditures continued.

(S) Although large orders from steel industry were in the trough of sales recording, profitability retained with cost reduction.

(IT) Achieved improvement in profitability by reducing costs and spending.

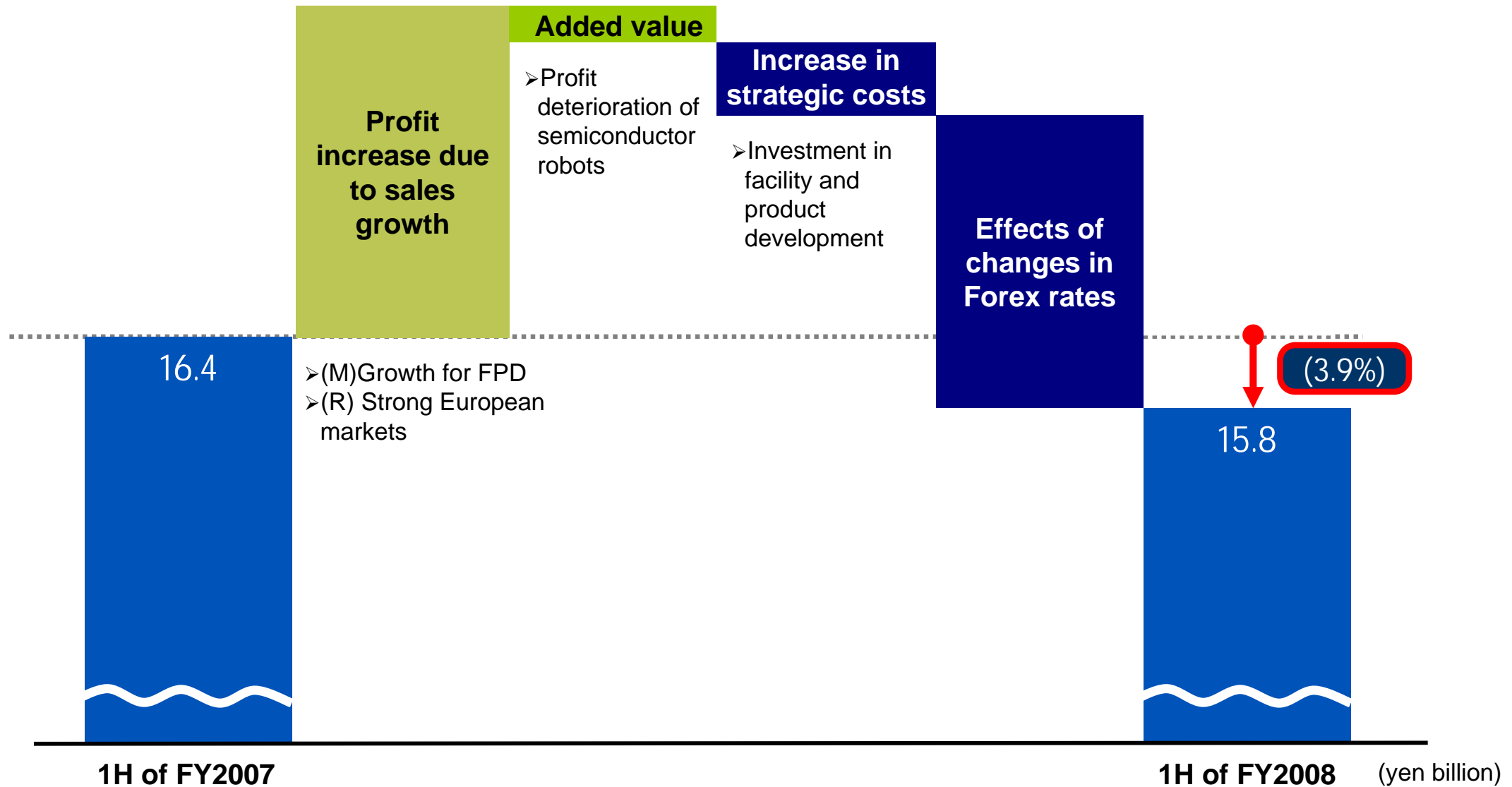
First Half of FY2007 Results by Business Segment

Sales increase led by (M) and (R).

(unit: billion yen, %)

| | 1H of FY2008 | | 1H of FY2007 | | Change | |
|-------------------------|--------------|--------------|--------------|--------------|---------------|---------|
| | | income ratio | | income ratio | (billion yen) | (%) |
| Sales | 189.4 | | 183.7 | | +5.7 | +3.1% |
| (M) | 90.9 | | 86.4 | | +4.5 | +5.3% |
| (R) | 63.8 | | 60.2 | | +3.6 | +6.0% |
| (S) | 19.7 | | 22.3 | | (2.6) | (11.5%) |
| (IT) | 11.1 | | 11.2 | | (0.1) | (0.9%) |
| Operating income | 15.8 | 8.4% | 16.4 | 9.0% | (0.6) | (3.9%) |
| (M) | 10.2 | 11.3% | 10.4 | 12.1% | (0.2) | (1.7%) |
| (R) | 4.1 | 6.4% | 4.0 | 6.7% | +0.1 | +1.5% |
| (S) | 0.6 | 3.5% | 0.7 | 3.6% | (0.1) | (13.2%) |
| (IT) | 0.3 | 3.5% | 0.1 | 1.7% | +0.2 | +110.6% |
| Ordinary income | 16.6 | 8.8% | 16.9 | 9.2% | (0.2) | (1.2%) |
| Net income | 9.5 | 5.0% | 9.6 | 5.3% | (0.2) | (1.6%) |

Breakdown of Changes in Operating Income (First half of FY07 to First half of FY08)



FY2008 Financial Forecast : Main Points

- Securing sales for the orders from FPD and steel industries
- Sales expansion with new products
- Thorough cost management



Aim at achieving results about the same as last year

(M) AC servomotors: Market share expansion by full rollout of new products overseas
AC drives: Enhancement of the new product lineup and take in the demand for energy saving

(R) Automobile: Capture demands for the small car market with next-generation robots
FPD: Secure sales and profits by efficient production of large orders
Semiconductor: Respond to the market adjustments by streamlining business structure

(S) Steel: Improve profitability by securing sales of order items
Medium-voltage drives: Sales expansion by developing applications of energy-saving technology

FY2008 Outlook by Business Segment

FY2008 forecast revised reflecting the changes in the environment

(unit: billion yen, %)

| | FY2008 | | | | Change from original forecast | |
|-------------------------|--------------|--------------|-------------------|--------------|-------------------------------|---------|
| | forecast | income ratio | original forecast | income ratio | (billion yen) | (%) |
| Sales | 385.0 | | 400.0 | | (15) | (3.8%) |
| (M) | 173.9 | | 187.0 | | (13) | (7.0%) |
| (R) | 130.0 | | 134.0 | | (4) | (3.0%) |
| (S) | 50.0 | | 47.5 | | +3 | +5.3% |
| (IT) | 24.0 | | 24.0 | | +0 | +0.0% |
| Operating income | 34.0 | 8.8% | 38.0 | 9.5% | (4) | (10.5%) |
| (M) | 18.3 | 10.6% | 21.4 | 11.4% | (3) | (14.5%) |
| (R) | 9.3 | 7.2% | 10.7 | 8.0% | (1) | (13.1%) |
| (S) | 4.5 | 9.1% | 3.1 | 6.5% | +1 | +45.2% |
| (IT) | 1.2 | 5.0% | 1.0 | 4.2% | +0 | +20.0% |
| Ordinary income | 35.0 | 9.1% | 38.0 | 9.5% | (3) | (7.9%) |
| Net income | 20.0 | 5.2% | 21.0 | 5.3% | (1) | (4.8%) |

Estimated exchange rates

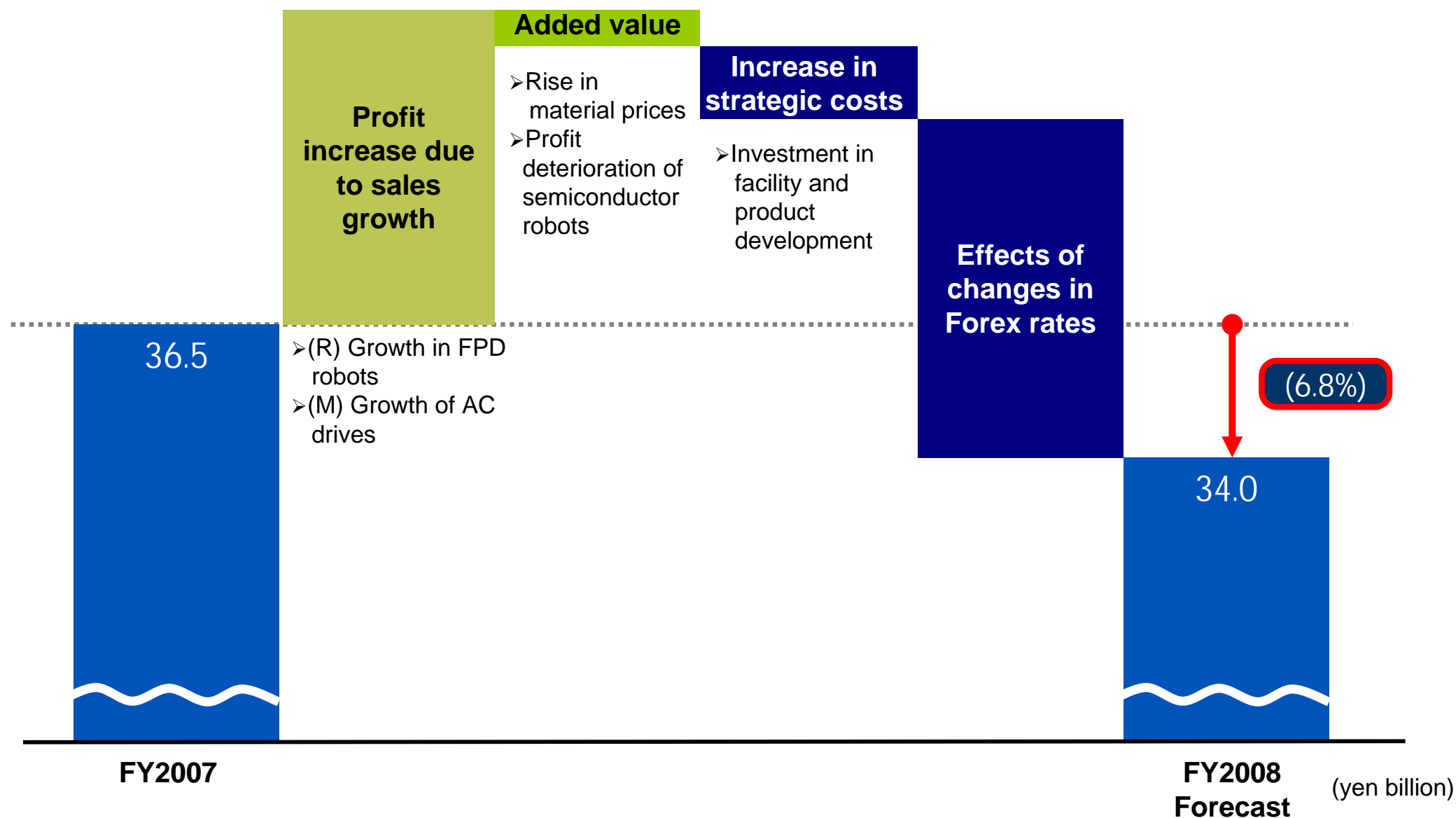
\$1=¥103.1

\$1=¥100.0

€1=¥151.3

€1=¥150.0

Breakdown of Changes in Operating Income (FY07 to FY08)



Balance Sheet Structural Reform (Consolidated)

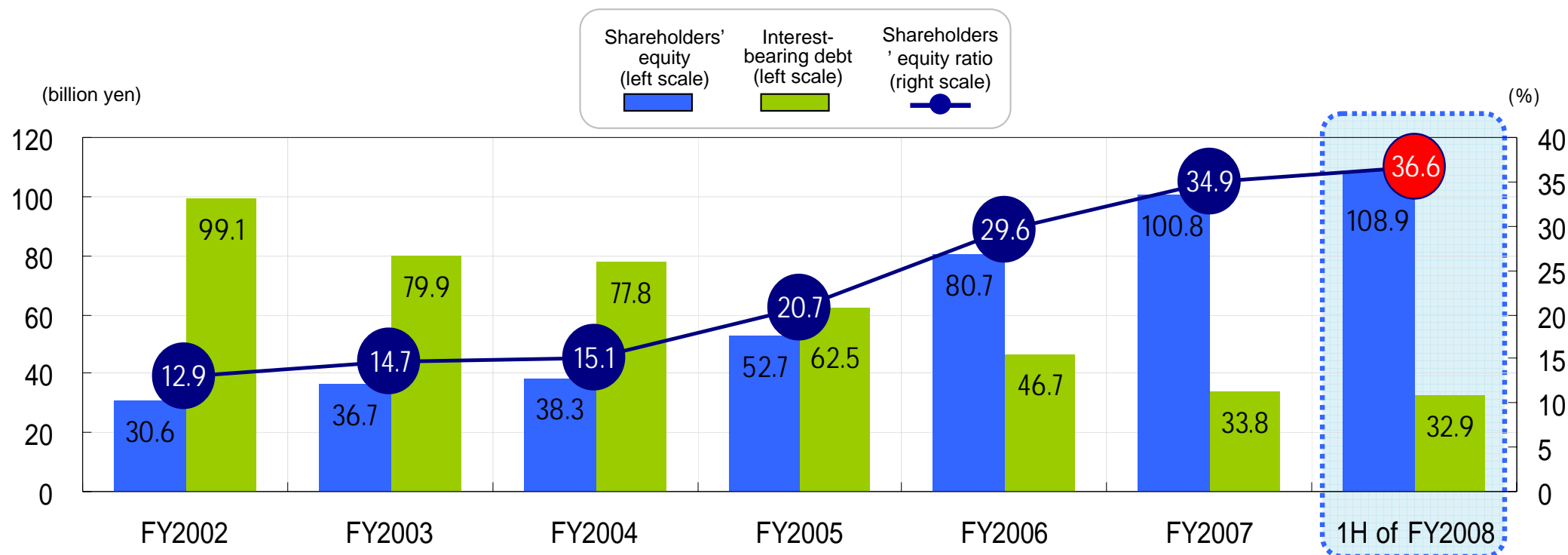
FY2007

- Shareholders' equity ratio 34.9%
- Shareholders' equity ¥100.8 bn.
- Interest-bearing debt ¥33.8 bn.
- D/E ratio 0.34
- Inventory ¥57.9bn.
(Turnover) (1.8 months)

1H of FY2008

- Shareholders' equity ratio 36.6%
- Shareholders' equity ¥108.9 bn.
- Interest-bearing debt ¥32.9 bn.
- D/E ratio 0.30
- Inventory ¥65.7bn.
(Turnover) (2.0 months)

Average inventory during the FY is used for calculating turnover months.



Risk Factors

1. Change in exchange rates

There is a possibility that changes in exchange rates, such as sharp appreciation of the Japanese yen, may affect our business results negatively

| | | | |
|-------------|--|------------|-----------|
| (Reference) | Actual exchange rates in 1H of FY2007 | \$1=¥120.0 | €1=¥161.8 |
| | Actual exchange rates in 2H of FY2007 | \$1=¥110.8 | €1=¥160.9 |
| | Actual exchange rates in 1H of FY2008 | \$1=¥105.6 | €1=¥163.1 |
| | Estimated exchange rates in 2H of FY2008 | \$1=¥100.0 | €1=¥140.0 |

2. Market environment

There is an increasing risk that we are negatively affected by global economic slowdown, which may lead to decline in orders.

3. Price increase for raw materials and parts

We try our best to control the price within the scope of our expectation, however there remains strong pressure for price increase.

This may affect our profit in a negative way