

FY2017 Second Quarter Results Briefing Q&A (Summary),
Yaskawa Electric Corporation
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[Speakers]

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Q: How is the status of the AC servo & controller business in your motion control segment in China?

A:

- Performance was good in the first half, backed by aggressive smartphone-related demand.
- Current orders are temporarily slowing down due to decreases in the days of operations in China in line with its National Day holiday.
- It's become possible to use smartphone payments and other such means in various situations of daily life in China, and smartphones have become an indispensable part of people's lives. Because of that, we believe that aggressive investment will continue in further enhancements for higher standards of functions in such areas as verification of individuals and security.
- In addition to investment in new model smartphones, investment will continue in the automation of their production.

Q : How is your outlook for profitability for your robotics business?

A:

- We have achieved our initial 10 percent profitability target for our robotics business during the first half of this year.
- Unless there are major changes in the market, we expect to be able to achieve this level for the full year as well.
- We will aim to increase volume with new low-cost products and aim for further improvements in profitability.

Q: Your PV inverter business is sluggish. What types of countermeasures do you have in mind?

A:

- A slump in the market environment related to this business has tied in to the

slump in sales.

- We will aim for sales increases with the new products which are currently under development.
- We are pushing forward structural reform, for example integrating development resources related to this business in the United States.
- We will continue to make efforts in the power conversion technology required for PV inverters while bearing in mind deployments for new uses.

Q : What sort of impact does the spread of electric vehicles have on your business environment?

A:

- Because motors and inverters for electric vehicles are the key components for these vehicles, EV manufacturers will be taking the lead in their manufacturing; our company will make aggressive efforts in the areas that they can't touch as they increase their number of models.
- Production facilities for electric vehicles are simpler with no parts related to engines or exhaust; however, investments are being made for new facilities to increase the output of EVs, which is resulting in positive impact on us, primarily our robotics business.

Q : Profitability levels are improving, and free cash flow is increasing. How do you plan to use the cash in the time to come?

A:

- We are planning to invest in strengthening our capacities to match our increasing orders.
- We will also set our sights on alliances and M&As and invest in looking toward the future, chiefly in the area of core technology (motors and their control).
- We will also push forward our investment in advanced automation for our factories leveraging our products.
- In our current mid-term business plan period, we plan to spend around six percent of our sales for such growth investment.