

Results Briefing for FY2019 (Ended February 29, 2020)

Notes:

- **Starting fiscal 2019, Yaskawa reclassified its business segments through organizational changes designed to optimize Group functions. In addition, we have reviewed the management classification and changed the classification of the destination country/region. Accordingly, the figures for fiscal 2018 have been reclassified into the new segment classification and the country/region of destination. (Please refer to P. 22 and 23)**
- 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.
- Figures in this document are rounded off, and may differ from those in other documents such as financial results.
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YASKAWA ELECTRIC CORPORATION

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Business Overview

Motion Control

【Core products】

- AC servo motors and controllers
- Linear servo motors
- AC drives
- PM motor



Robotics

【Core products】

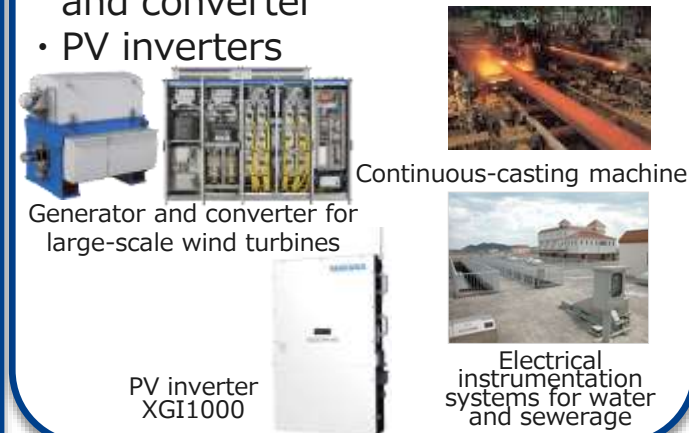
- Industrial robots
 - Arc and spot welding robots, painting robots
 - FPD glass sheet transfer robots, handling robots
- Semiconductor wafer transfer robots
- Biomedical robots
- Collaborative robots



System Engineering

【Core products】

- Electrical systems for steel plants
- Electrical instrumentation systems for water supply plants and sewage treatment facilities
- Large-scale wind power generator and converter
- PV inverters



Other

【Core products】

- EV drive system
- Logistics

1 . FY2019 Financial Results (Ended February 29, 2020)

FY2019 Financial Results (Highlights)

- Sales and operating profit decreased due to the decline in global capital expenditure demand impacted by the prolonged U.S.–China trade friction**

	FY2019	FY2018	Changes	
	Results	Results	Amounts	%
Net sales	¥ 411.0bn.	¥ 474.6bn.	-¥ 63.7bn.	-13.4%
Operating profit	¥ 22.3bn.	¥ 49.8bn.	-¥ 27.4bn.	-55.1%
Ordinary profit	¥ 23.4bn.	¥ 50.8bn.	-¥ 27.5bn.	-54.1%
Profit attributable to owners of parent	¥ 14.4bn.	¥ 41.2bn.	-¥ 26.7bn.	-64.9%

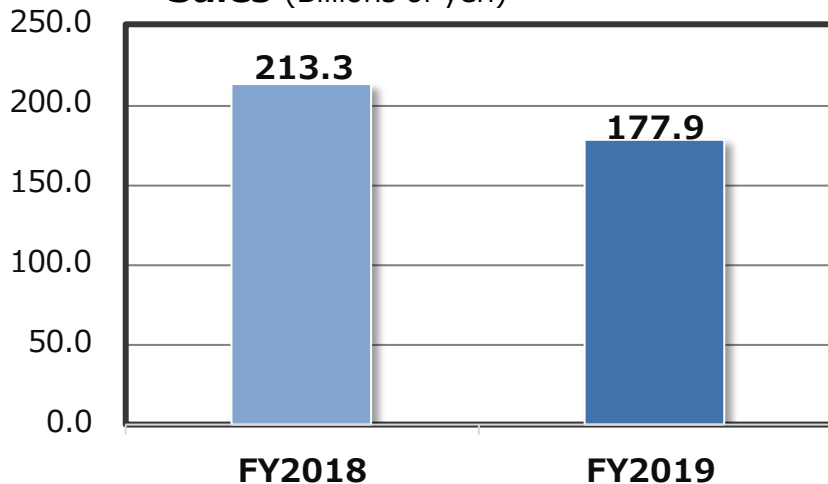
FY2019 Financial Results by Business Segment

- Sales and operating profit decreased in Motion Control and Robotics
- Sales and operating profit increased in System Engineering through structural reforms

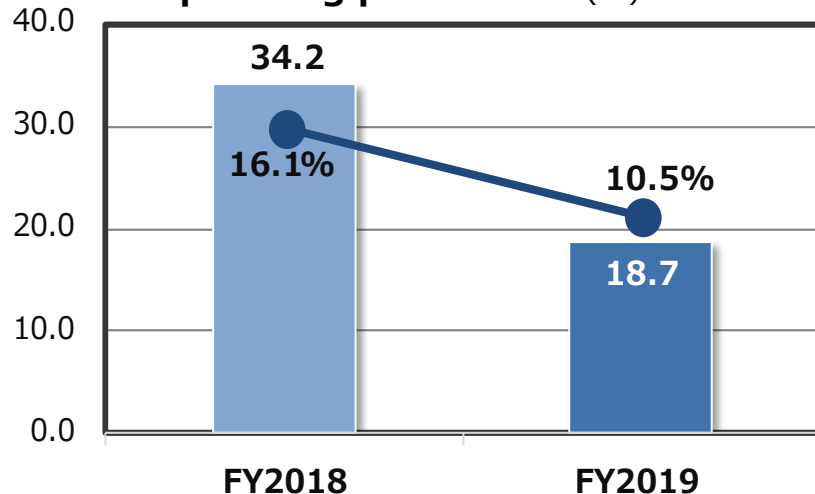
(Billions of yen)	FY2019		FY2018		Changes	
	Results	Profit ratio	Results	Profit ratio	Amounts	%
Net sales	411.0		474.6		-63.7	-13.4%
Motion Control	177.9		213.3		-35.4	-16.6%
Robotics	152.2		178.0		-25.8	-14.5%
System Engineering	58.1		51.6		+6.5	+12.5%
Other	22.8		31.8		-9.0	-28.2%
Operating profit	22.3	5.4%	49.8	10.5%	-27.4	-55.1%
Motion Control	18.7	10.5%	34.2	16.1%	-15.5	-45.4%
Robotics	5.5	3.6%	17.3	9.7%	-11.8	-68.2%
System Engineering	0.2	0.3%	-0.3	-0.5%	+0.5	-
Other	-0.3	-1.1%	0.4	1.4%	-0.7	-
Elimination or Corporate	-1.8	-	-2.0	-	+0.2	-
Ordinary profit	23.4	5.7%	50.8	10.7%	-27.5	-54.1%
Profit attributable to owners of parent	14.4	3.5%	41.2	8.7%	-26.7	-64.9%

Business Segment Overview: Motion Control

Sales (Billions of yen)



Operating profit/loss (Billions of yen)
Operating profit ratio (%)



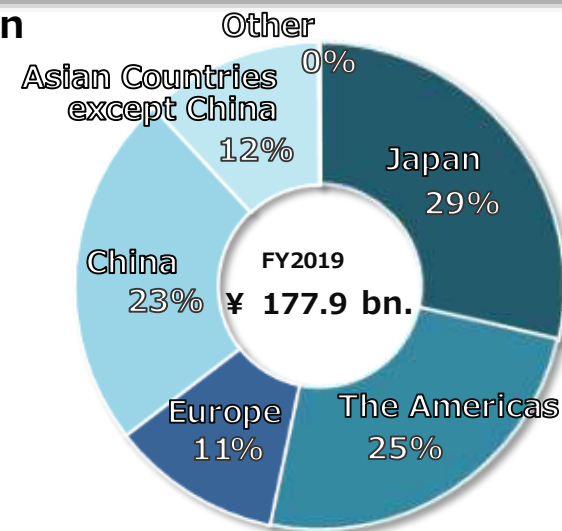
【Sales】

- AC servo & controller business: Semiconductor-related demand is on a recovery trend, but the impact of the U.S.-China trade friction and the outbreak of the new coronavirus led to lower sales.
- Drives business: Oil- and gas-related demand from the U.S. was firm in the first half, but demand for capital investment stagnated mainly in China and other Asian countries, causing sluggish sales.

【Operating profit】

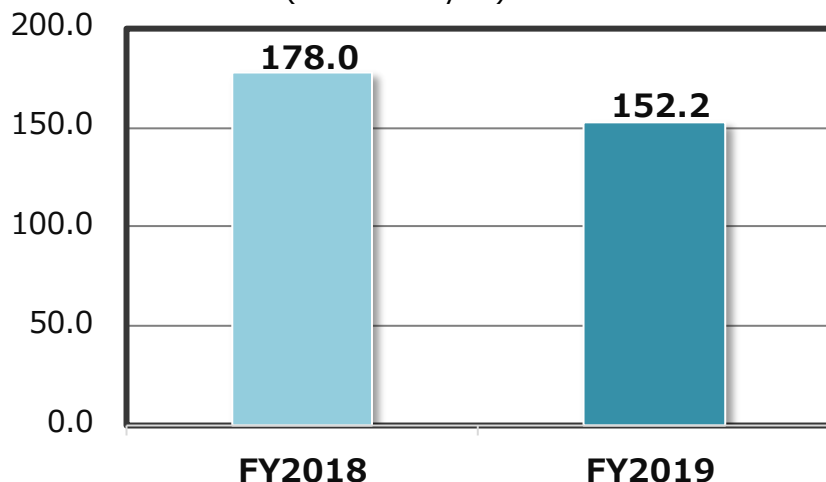
- Decreased because of deterioration in capacity utilization as well as weak sales mainly in AC servo & controller business due to sluggish demand.

Sales breakdown by region



Business Segment Overview: Robotics

Sales (Billions of yen)



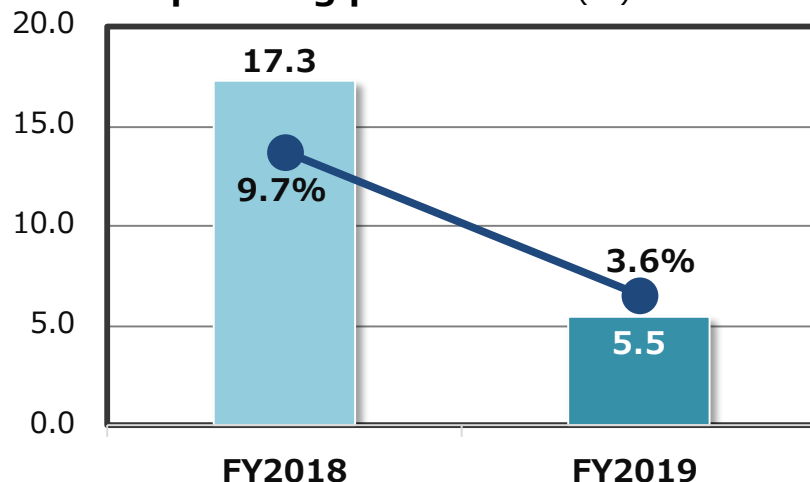
[Sales]

- Overall segment sales declined due to the impact of the U.S.-China trade friction and the outbreak of a new coronavirus.
- Sales of automobile-related products were firm in Japan, but sluggish overseas due to curbs on capital investment.
- In the general industrial sector, investment in automation continued to be sluggish, mainly in China.

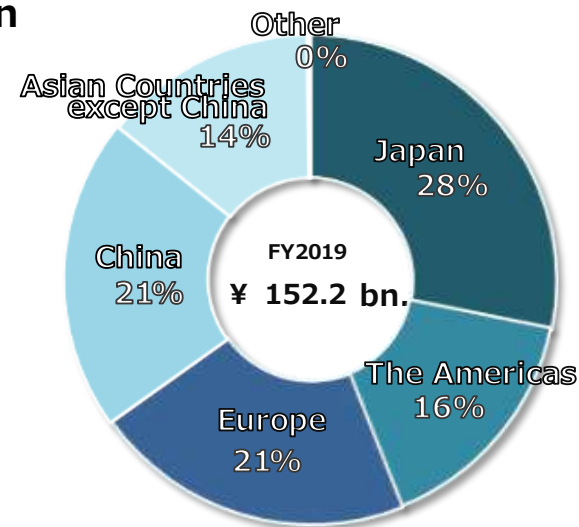
[Operating profit]

- Declined due to deterioration of capacity utilization caused by sales decrease and inventory adjustment.

Operating profit/loss (Billions of yen)
Operating profit ratio (%)

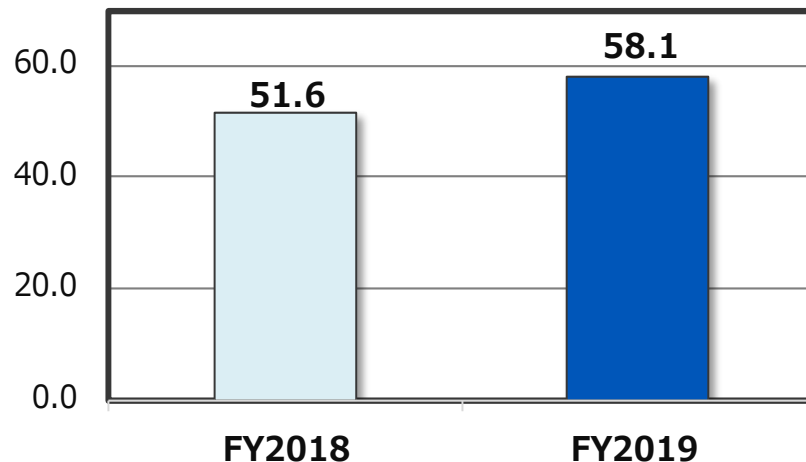


Sales breakdown by region



Business Segment Overview: System Engineering

Sales (Billions of yen)



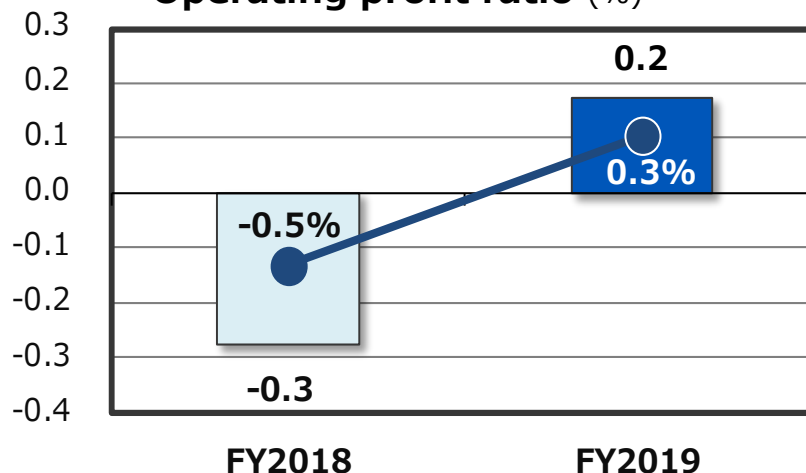
【Sales】

- Sales of steel plant-related products and electric systems for water supply and sewage systems in Japan remained firm.
- Sales in the environmental energy field (electrical products for photovoltaic power generation and large-scale wind turbines) decreased.
- Sales in the entire segment increased due to the effect of new consolidation.

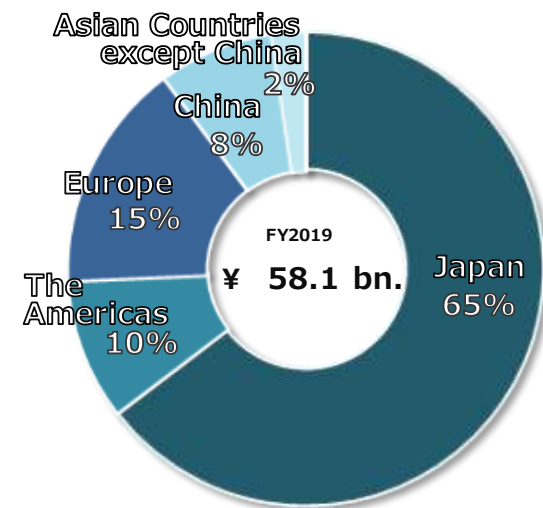
【Operating profit】

- Returned to profitability by cost reduction through business restructuring

Operating profit/loss (Billions of yen)
Operating profit ratio (%)

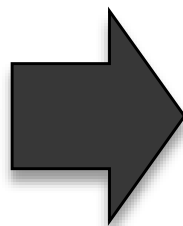
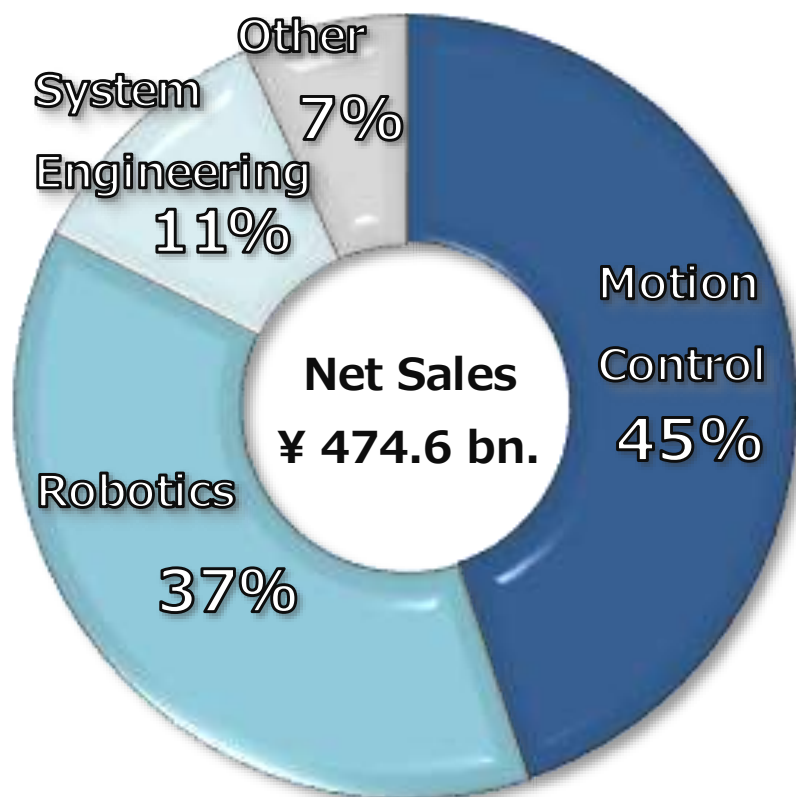


Sales breakdown by region

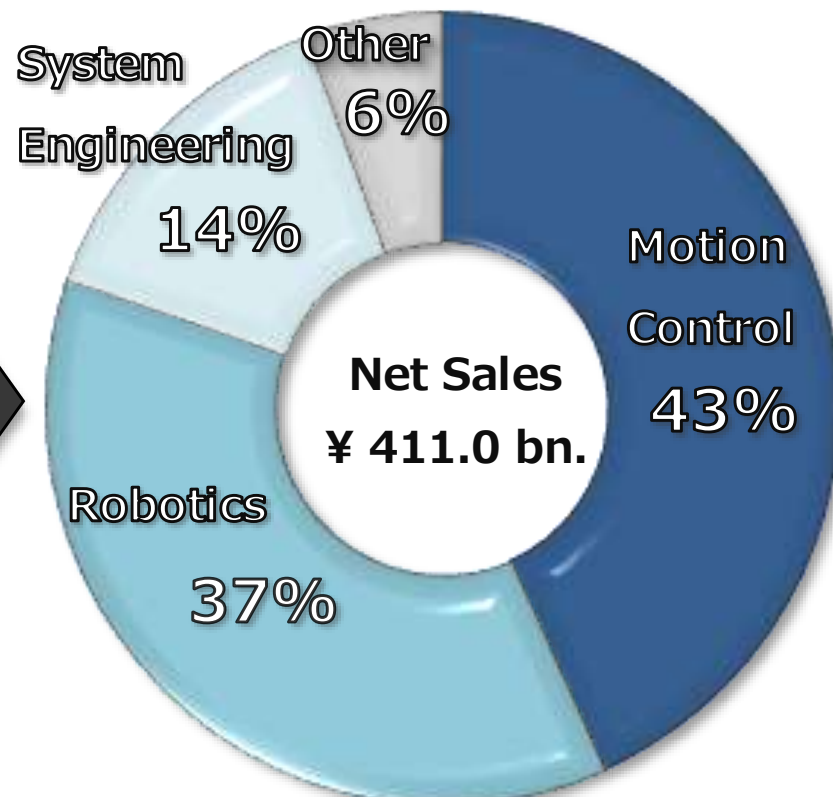


Sales Breakdown by Business Segment

FY2018



FY2019



Sales Breakdown by Region (1)

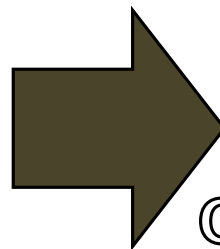
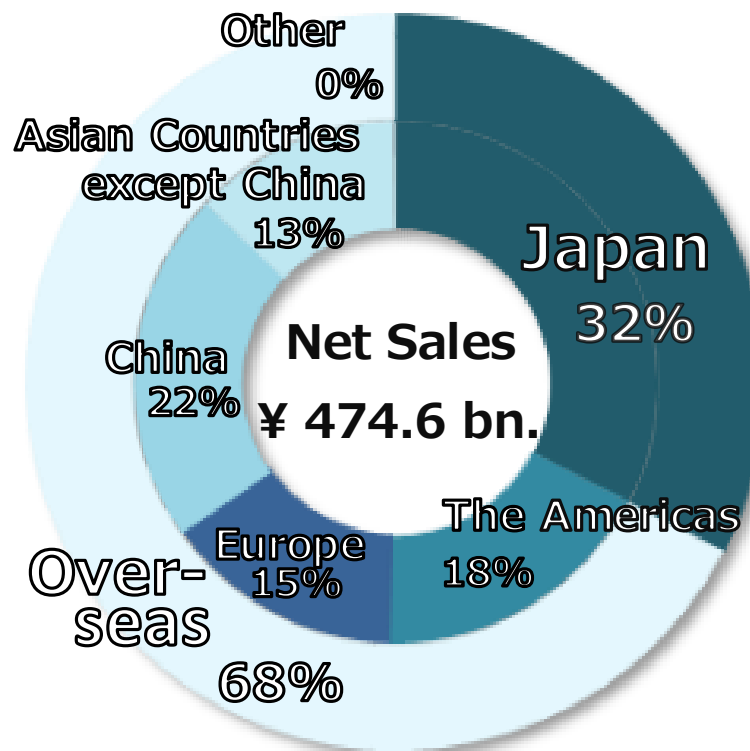
- Sales declined especially in China and other Asian countries**

	FY2019	FY2018	Changes	
			Amounts	%
Net sales	411.0	474.6	-63.7	-13.4%
Japan	151.5	154.5	-3.1	-2.0%
Overseas	259.5	320.1	-60.6	-18.9%
The Americas	73.9	84.9	-11.0	-13.0%
Europe	61.3	70.4	-9.2	-13.0%
China	80.0	103.4	-23.4	-22.6%
Asian Countries except China	43.9	60.9	-17.0	-28.0%
Other	0.4	0.4	+0.0	+1.3%

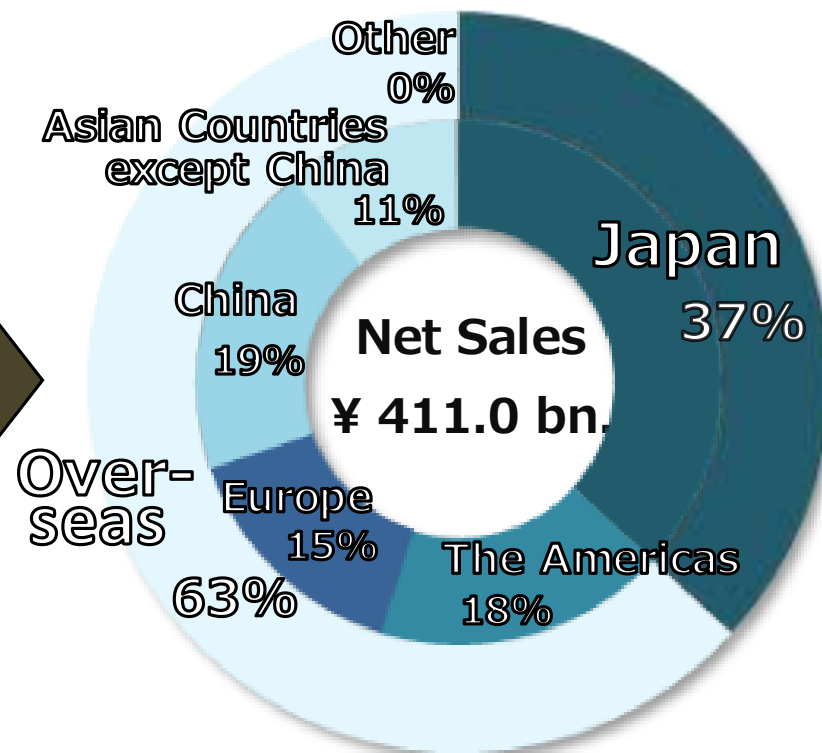
Note : Europe includes Middle East and Africa.

Sales Breakdown by Region (2)

FY2018



FY2019



Note : Europe includes Middle East and Africa.

Breakdown of Changes in Operating Profit (FY2018 → FY2019)

(Billions of yen)

FY2018
49.8

Effects of
changes
in forex
rates

-3.0

Profit
decrease
due to sales
decrease
-19.2

Decrease in
added value
-8.4

Decrease
in expenses
+3.1

FY2019
22.3

-27.5

2. Progress of the Mid-Term Business Plan “Challenge 25” (FY2019 - FY2021)

Progress and Results of "Challenge 25"(FY19-21) and Future Initiatives

	Progress and results	Future Initiatives
Policy 1 Transform Business Model through i ³ -Mechatronics	<ul style="list-style-type: none"> ■ Establishment of a sales system <ul style="list-style-type: none"> • Identified customers' management issues through top sales • Established cross-business sales through single-face sales activity ■ Strengthen technology and product development <ul style="list-style-type: none"> • Started construction of Yaskawa Technology Center (Scheduled to open in FY 21). • Started development of integrated controller "YRM Controller (tentative name)" ■ Strengthen production functions <ul style="list-style-type: none"> • Robot production began in Slovenia 	<ul style="list-style-type: none"> ■ Reinforcement of the sales system <ul style="list-style-type: none"> • Early creation of synergies through the acquisition of subsidiaries (service and engineering functions) ■ Strengthen technology and product development <ul style="list-style-type: none"> • Accelerating the integration of the development system in preparation for the opening of the Yaskawa Technology Center • Early commercialization of "YRM Controller (tentative name)" ■ Strengthen production functions <ul style="list-style-type: none"> • Global expansion of Yaskawa Solution Factory production system
Policy 2 Maximize Profitability in the Growing "Robotics" Business Field	<ul style="list-style-type: none"> ■ Strengthen initiatives in the areas of "3C" "automobile" and "semiconductor" <ul style="list-style-type: none"> • Expanding the lineup of robots through the development of new products (collaborative robot, SCARA robot, semiconductor wafer transfer robots) 	<ul style="list-style-type: none"> ■ Strengthen initiatives in the areas of "3C" "automobile" and "semiconductor" <ul style="list-style-type: none"> • Strengthen collaboration with leading companies in growth markets • Steadily capture semiconductor-related demand for "5G" introduction
Policy 3 Expand New Domains by Strengthening Resources through "Selection and Concentration"	<ul style="list-style-type: none"> ■ Expansion of energy saving applications <ul style="list-style-type: none"> • Reinforced solution proposal capability by combination of AC drive and high-efficiency motor ■ Improved the profitability of the clean power business <ul style="list-style-type: none"> • Received continued orders for large-scale wind turbine projects • Launched new PV inverter products 	<ul style="list-style-type: none"> ■ Full-Scale launch of food & agri business <ul style="list-style-type: none"> • Establishment of solutions for food production and vegetable factories • Expanding sales of picking, packing, and palletizing products in the food industry
Enhancement of business foundation	<ul style="list-style-type: none"> ■ Building foundation for digital transformation <ul style="list-style-type: none"> • Accelerate activities to centralize global data and integrate business processes 	<ul style="list-style-type: none"> ■ Establishing foundation for digital transformation <ul style="list-style-type: none"> • Speed up enhancement of corporate structure through the YDX * project (* Yaskawa Digital Transformation)

3 . FY2020 Forecasts (Ending February 28, 2021)

FY2020 1Q Financial Forecasts (Highlight)

- China's supply chain is normalizing and the semiconductor and electronic parts markets continue to recover.
- There is a risk of the global spread of the new coronavirus adversely affecting the customers' operation.
- Based on the currently available information, the forecast for FY2020 1Q is announced as follows.

	FY2020 1Q Forecasts (IFRS)		FY2019 1Q Results (Japanese accounting standards)
Revenue	¥ 90.0bn.	Net sales	¥ 107.4bn.
Operating profit	¥ 4.2bn.	Operating profit	¥ 7.2bn.
		Ordinary profit	¥ 6.9bn.
Profit attributable to owners of parent	¥ 3.2bn.	Profit attributable to owners of parent	¥ 4.7bn.

[Note] FY2020 1Q forecasts are based on International Financial Reporting Standards (IFRS)

FY2020 1Q Financial Forecasts by Business Segment

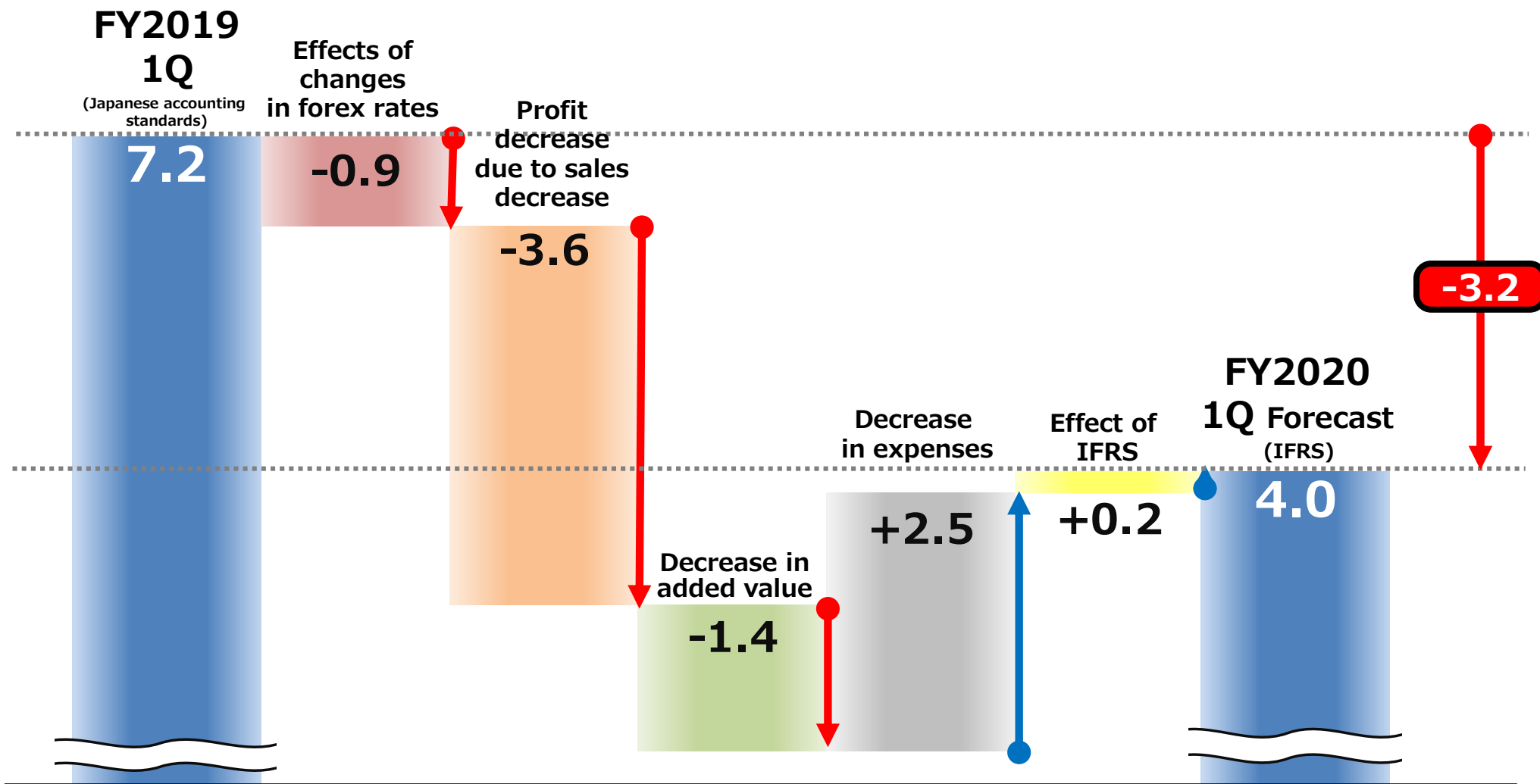
	FY2020 1Q	
(Billions of yen)	Forecasts (IFRS)	Profit ratio
Revenue	92.5	
Motion Control	44.4	
Robotics	29.5	
System Engineering	13.3	
Other	5.4	
Operating profit	4.0	4.3%
Motion Control	5.2	11.7%
Robotics	-0.8	-2.7%
System Engineering	-0.1	-0.8%
Other	-0.1	-1.9%
Elimination or Corporate	-0.2	-

	FY2019 1Q	
(Billions of yen)	Results (Japanese accounting standards)	Profit ratio
Net sales	107.4	
Motion Control	47.9	
Robotics	39.1	
System Engineering	14.6	
Other	5.7	
Operating profit	7.2	6.7%
Motion Control	6.1	12.6%
Robotics	1.8	4.6%
System Engineering	-0.2	-1.1%
Other	-0.1	-1.4%
Elimination or Corporate	-0.4	-

[Note] FY2020 1Q forecasts are based on International Financial Reporting Standards (IFRS)

Breakdown of Changes in Operating Profit (FY2019 1Q → FY2020 1Q Forecast)

(Billions of yen)



Measures for FY2020

➤ Establishment of "i³-Mechatronics" business model

➔ Strengthen development capabilities

- Accelerating preparations for the establishment of the Yaskawa Technology Center (Scheduled to open in FY2021)
 - Integration of development functions across businesses
 - Building an integrated development system from basic research to mass production and quality control
- Early commercialization of integrated controller "YRM Controller (tentative name)"
 - Realizes integrated control of robots and motion control products



Rendering of Yaskawa Technology Center

➔ Strengthen sales capabilities

- Establishment of a new subsidiary "i3 DIGITAL" (Scheduled in July 2020)
 - Succession of AI/IoT business for automating manufacturing industry from equity method company "YE DIGITAL"
- Maximizing benefits of acquiring a subsidiary with service and engineering functions
 - Establish a consistent support system from inquiry to service

➔ Strengthen production capabilities

- Global expansion of production methods at Yaskawa Solution Factory
 - Accelerate production automation through data utilization and respond to sudden demand fluctuations

➤ Reinforcement of the management base through "digital transformation"

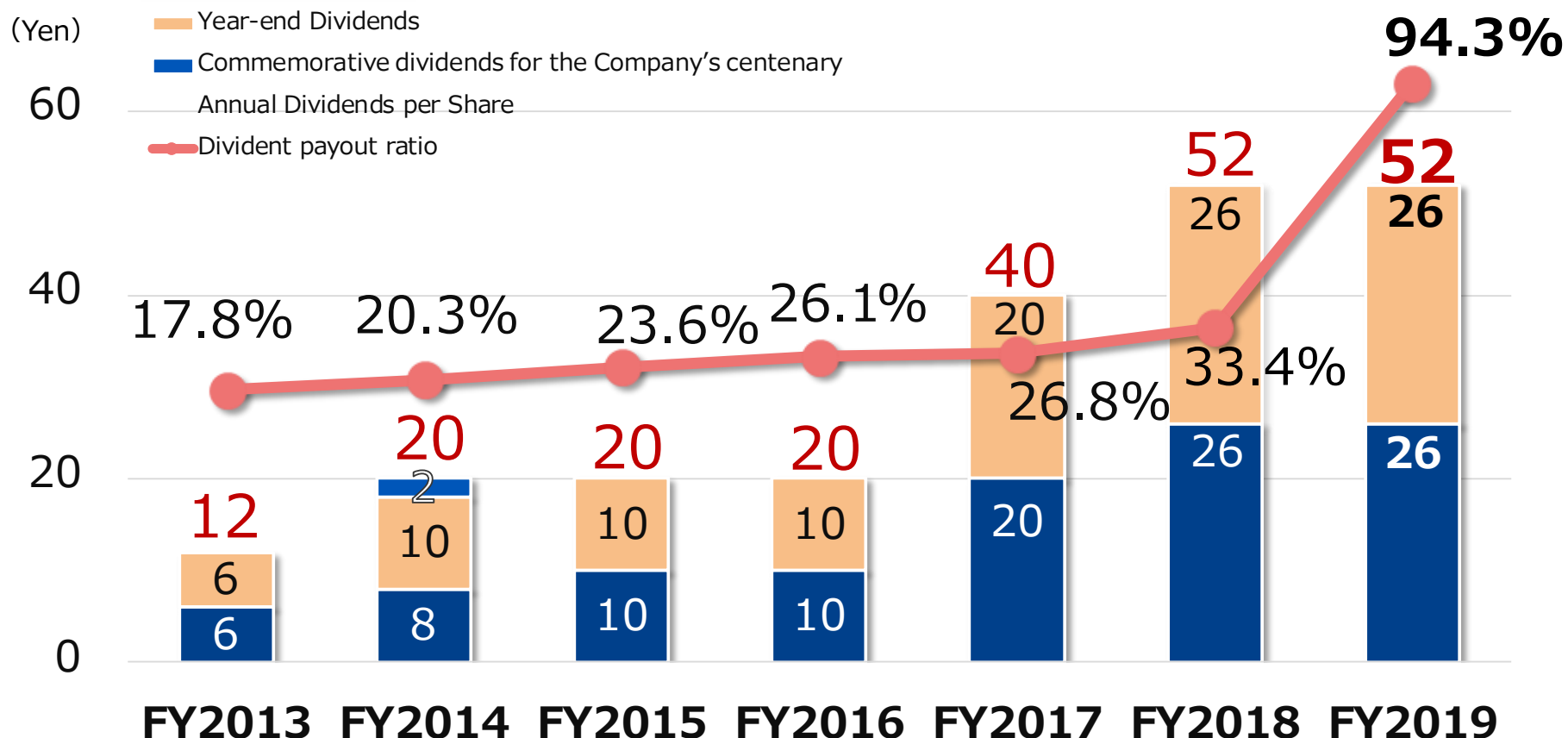
➔ Promotion of the YDX* Project * Yaskawa Digital Transformation

- Unify global data and standardize business processes through code unification

Shareholder Return (Dividends)

- Annual dividend for FY2019 is ¥52 per share, unchanged from the previous fiscal year. (Dividend payout ratio: 94.3%)

Dividends



4 . Reference

Retroactive application of business reclassification to the FY2018 results

Reclassified the PM motor business of Yaskawa Motor Co. Ltd., which used to be included in System Engineering, as Motion Control starting FY2019

FY2018 (After segment revision)								Changes
(Unit: Billions of yen)	1Q	2Q	1H	3Q	4Q	2H	Full-Year	Full-Year
Net sales	128.2	120.0	248.2	113.1	113.3	226.4	474.6	-
Motion Control	61.8	56.0	117.8	50.3	45.2	95.5	213.3	+7.8
Robotics	43.9	44.3	88.2	43.6	46.2	89.8	178.0	-
System Engineering	11.9	11.5	23.5	12.4	15.8	28.2	51.6	-7.8
Other	10.6	8.2	18.8	6.8	6.2	13.0	31.8	-
Operating income	17.2	13.3	30.5	11.1	8.1	19.3	49.8	-
Motion Control	12.4	9.9	22.4	7.3	4.6	11.9	34.2	+0.3
Robotics	5.0	4.2	9.2	4.4	3.7	8.1	17.3	-
System Engineering	-0.4	-0.3	-0.7	0.1	0.3	0.4	-0.3	-0.3
Other	0.6	-0.0	0.6	-0.1	0.0	-0.1	0.4	-
Elimination or Corporate	-0.5	-0.5	-1.0	-0.4	-0.5	-0.9	-2.0	-

Retroactive application of destination change to the FY2018 results

- Beginning in FY 2019, management categories were revised and the classification of destination countries and regions was changed.
- Transferred the results of Middle East and Africa from "Other" to "Europe"
- Transferred the results of Hong Kong from "Asian countries except China" to "China"

FY2018 (After destination change)

Changes

Full-Year

(Unit: Billions of yen)

1Q 2Q 1H 3Q 4Q 2H Full-Year

Net sales	128.2	120.0	248.2	113.1	113.3	226.4	474.6	-
Japan	40.2	38.4	78.6	35.3	40.6	76.0	154.5	-
Overseas	88.0	81.6	169.7	77.8	72.7	150.4	320.1	-
The Americas	19.8	21.2	41.0	22.3	21.6	43.9	84.9	-
Europe	17.2	17.0	34.3	19.5	16.7	36.1	70.4	+3.9
China	34.2	26.6	60.8	23.0	19.7	42.6	103.4	+3.2
Asian Countries except China	16.5	16.7	33.3	12.9	14.7	27.7	60.9	-3.2
Other	0.2	0.1	0.3	0.1	0.1	0.1	0.4	-3.9

Capital Expenditure, R&D Investment, Forex Rates and Sensitivity

- With the postponement of the announcement of the FY2020 full-year business forecast, the announcement of the "capital expenditure" "depreciation and amortization" and "R&D investment" plans will also be postponed.

Capital expenditure, R&D investment

(Unit : Billions of Yen)

	F Y 2 0 1 7	F Y 2 0 1 8	F Y 2 0 1 9
Capital expenditure	19.69	35.65	24.23
Depreciation and Amortization	12.69	14.31	16.21
R&D investment	19.07	20.79	19.00

Forex rates

Note: Average rate during the period

(Unit : Yen)

	F Y 2 0 1 7			F Y 2 0 1 8			F Y 2 0 1 9			FY2020 ^(Plan)
	1H	2H	Full-year	1H	2H	Full-year	1H	2H	Full-year	1Q
U.S. dollar	111.5	111.5	111.5	109.3	111.7	110.5	109.2	108.8	109.0	107.0
Euro	124.4	133.3	128.8	129.9	127.8	128.9	122.6	120.1	121.4	118.0
Yuan	16.35	17.08	6.71	16.81	16.28	16.56	15.91	15.48	15.70	15.20
Won	0.099	0.101	0.099	0.100	0.099	0.100	0.093	0.092	0.093	0.088

Forex sensitivity

(Unit : Billions of Yen)

	Impact of 1% fluctuation (FY2019, full-year)	
	Net sales	Operating profit
U.S. dollar	approx. 0.82	approx. 0.14
Euro	approx. 0.64	approx. 0.12
Yuan	approx. 0.76	approx. 0.17
Won	approx. 0.20	approx. 0.13

Financial Indices

As of February 28, 2019

➤ Shareholders' equity ratio	54.1%
➤ Shareholders' equity	246.7 billion yen
➤ Interest-bearing debt	48.7 billion yen
➤ D/E ratio	0.20
(Net D/E ratio)	0.04
➤ Inventory	111.5 billion yen
Turnover	2.8 months
➤ ROE	17.1%
➤ ROIC	17.2%

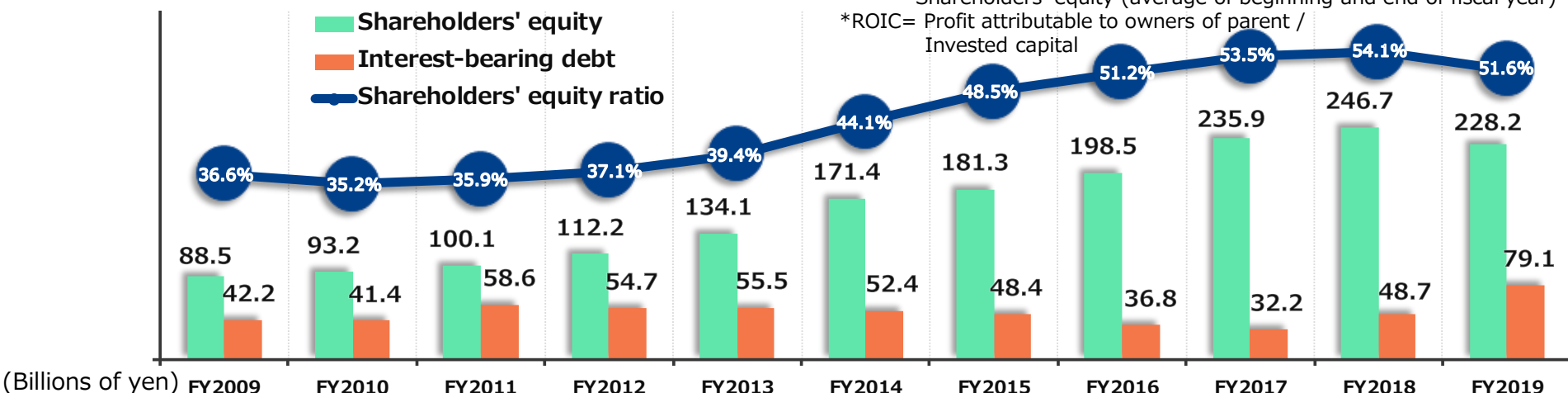
As of February 29, 2020

➤ Shareholders' equity ratio	51.6%
➤ Shareholders' equity	228.2 billion yen
➤ Interest-bearing debt	79.1 billion yen
➤ D/E ratio	0.35
(Net D/E ratio)	0.17
➤ Inventory	101.7 billion yen
Turnover	3.0 months
➤ ROE	6.1%
➤ ROIC	5.6%



(Billions of yen)

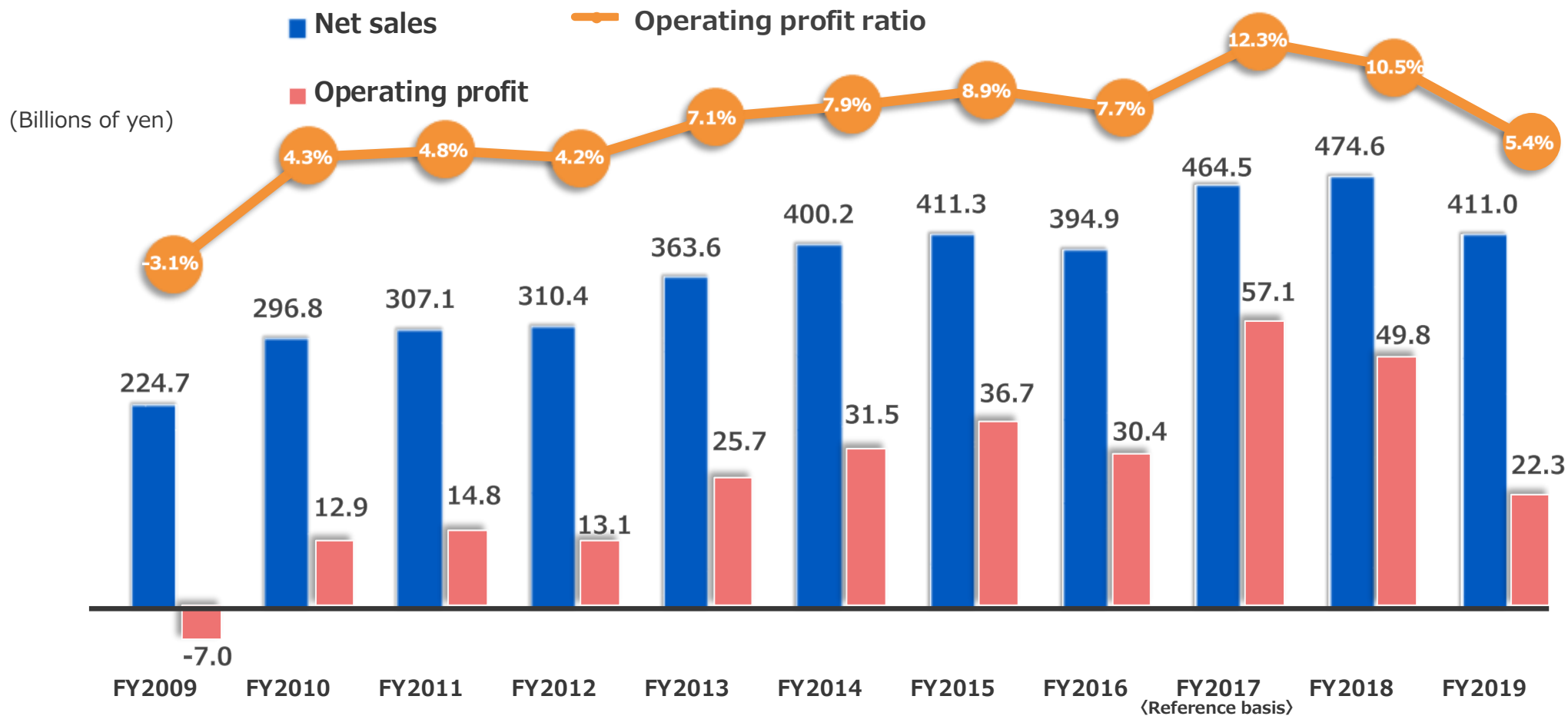
*Interest-bearing debt includes lease obligations.
 *Inventory at the end of the period is used for calculating turnover months.
 *ROE= Profit attributable to owners of parent /
 Shareholders' equity (average of beginning and end of fiscal year)
 *ROIC= Profit attributable to owners of parent /
 Invested capital



(Billions of yen)

Operating CF	4.0	2.5	6.4	24.6	24.0	29.0	32.0	33.8	46.1	32.8	20.9
Investment CF	- 6.5	- 6.7	- 11.9	- 18.1	- 16.9	- 27.9	- 22.4	- 18.9	- 18.9	- 27.1	- 20.6
Free CF	- 2.4	- 4.3	- 5.5	6.6	7.0	1.1	9.5	14.8	27.2	5.7	0.3

Net Sales/Operating Profit (FY2009 - FY2019)



Challenge 100

Realize 100

Dash 25

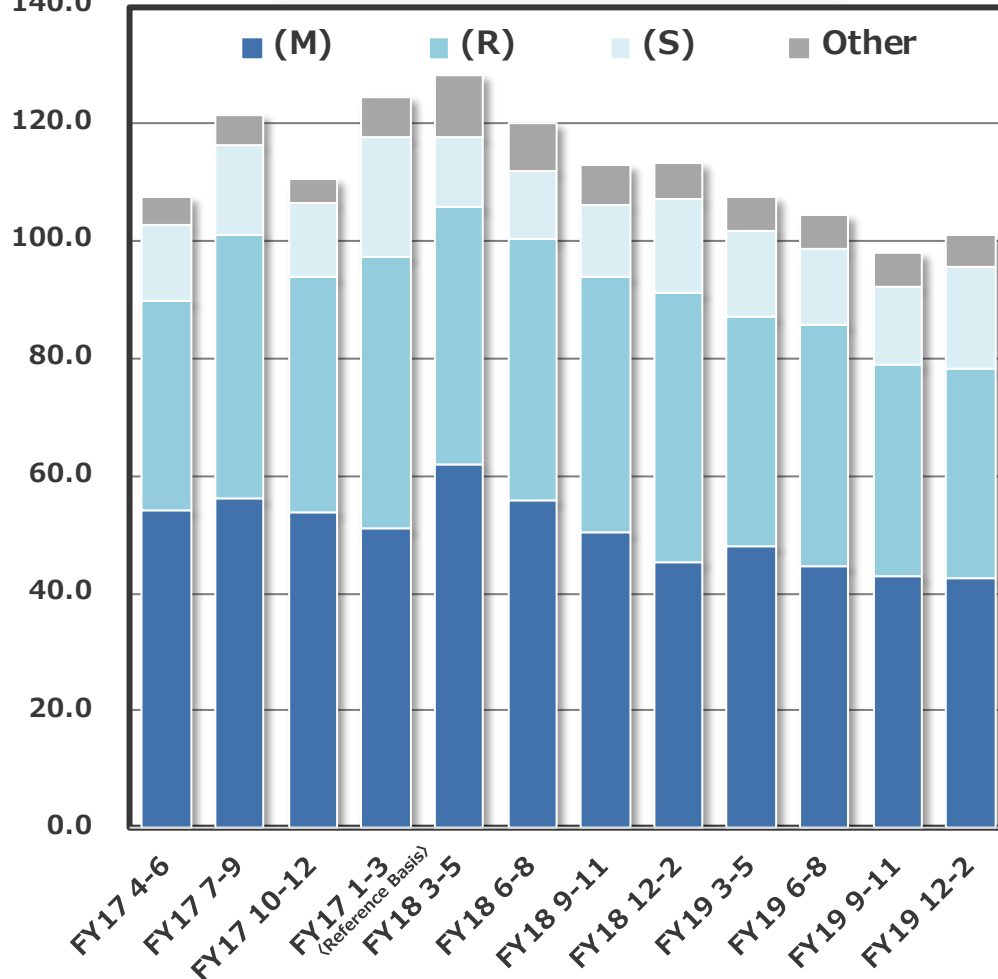
Challenge 25

Mid-term business plans

Quarterly Sales Trends (1)

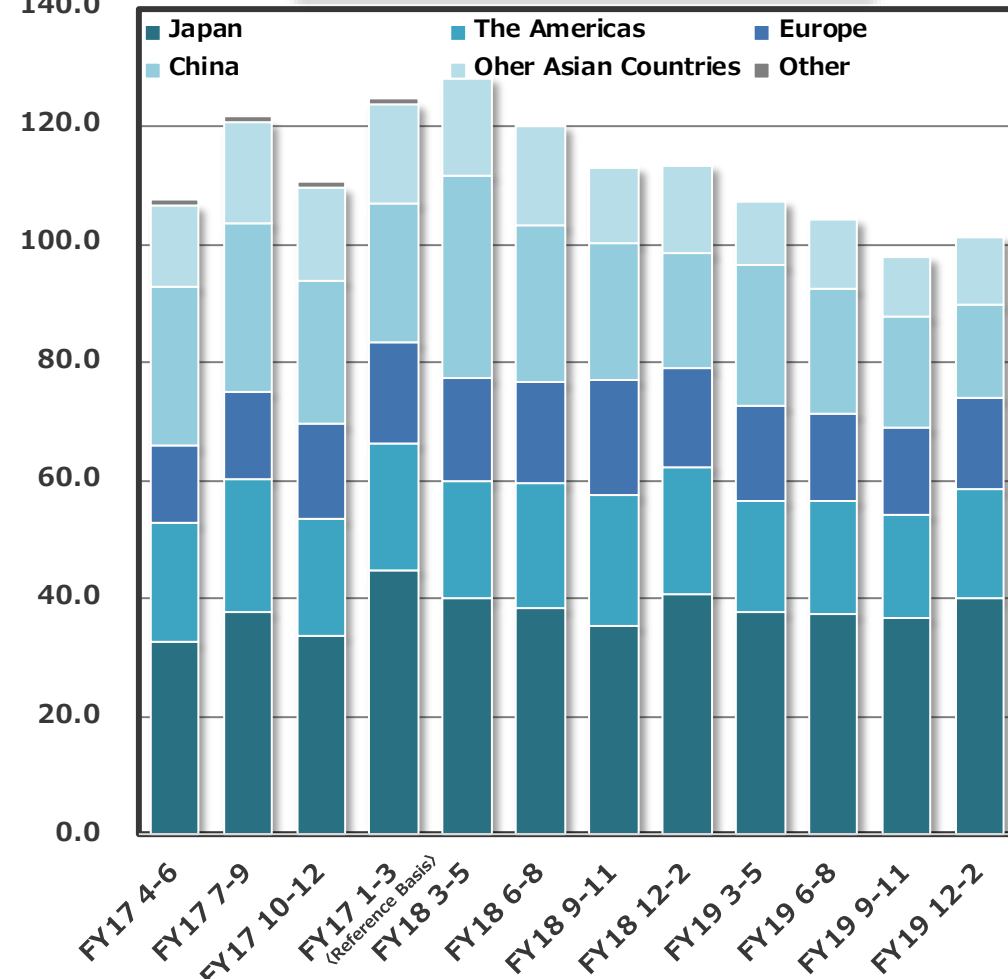
Business segment

(Billions of yen)
140.0



Destination

(Billions of yen)
140.0



Note1: The data for FY2017 4Q(1-3) are made on a reference basis. (December 21, 2017 – March 20, 2018)

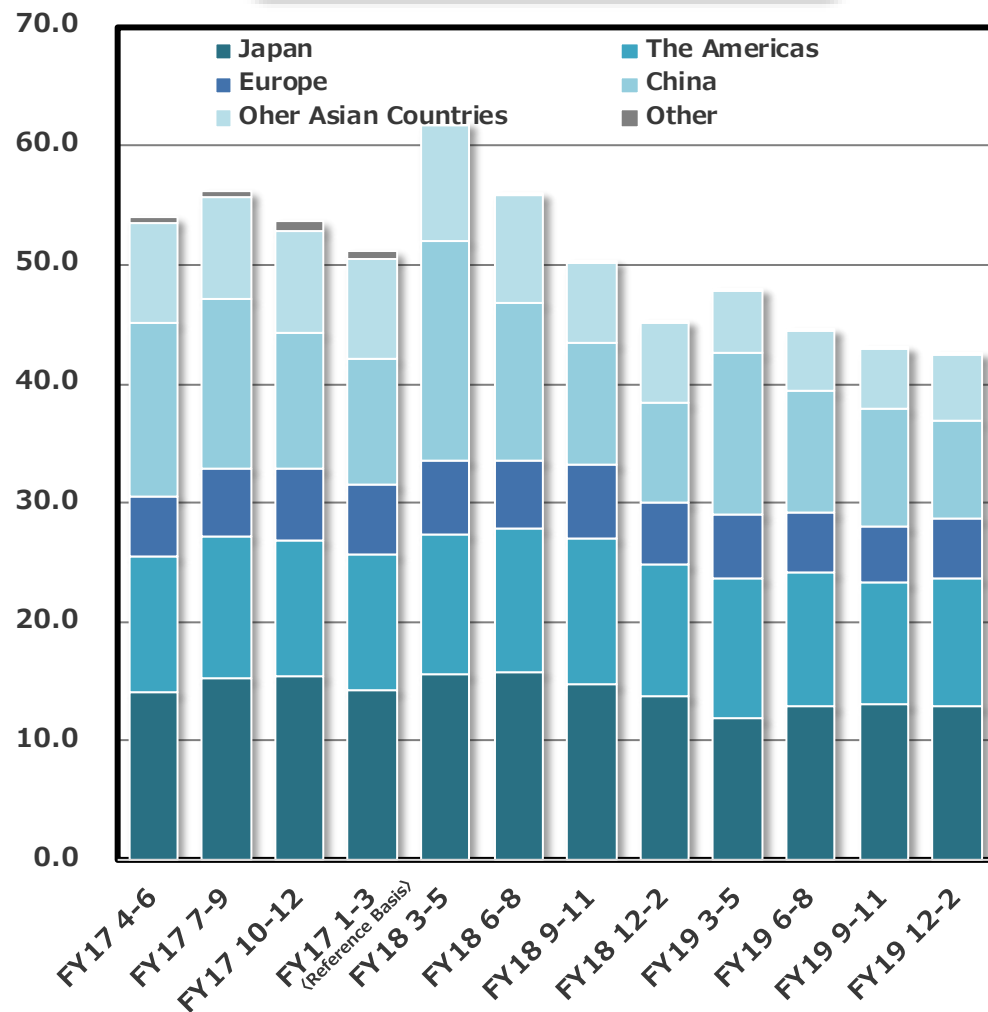
Note2: The FY2017 data are based on the previous segment classification and management classification (destination classification) before revision.

Note3: (M) = Motion Control (R) = Robotics (S) = System Engineering

Quarterly Sales Trends (2)

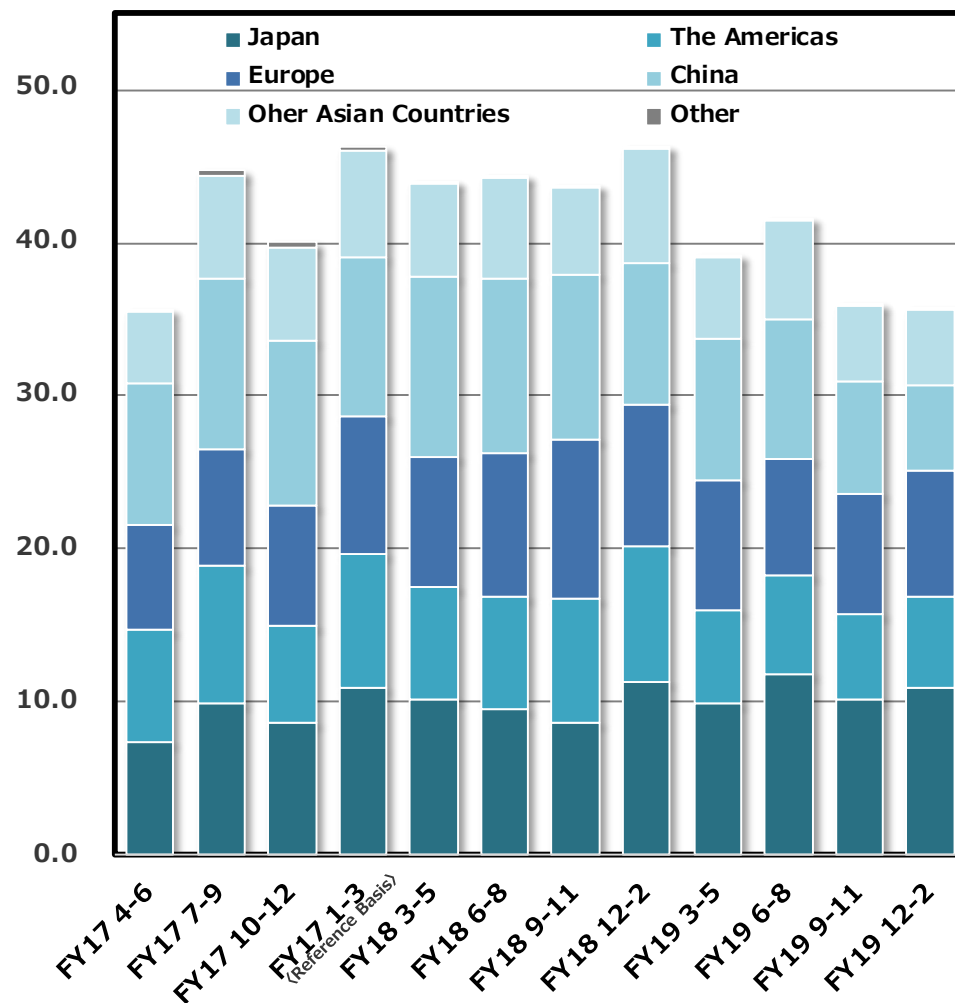
Motion Control

(Billions of yen)



Robotics

(Billions of yen)



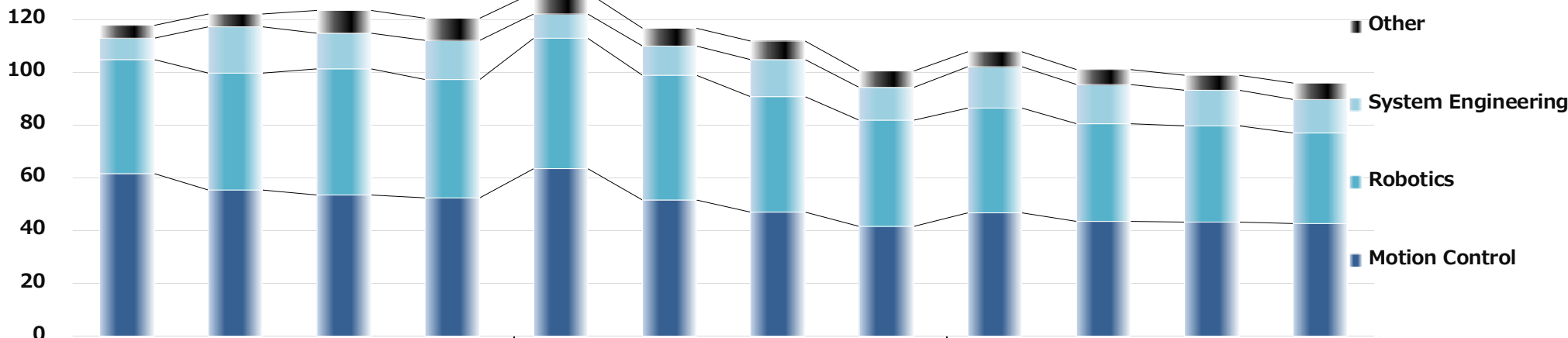
Note1: The data for FY2017 4Q(1-3) are made on a reference basis. (December 21, 2017 – March 20, 2018)

Note2: The FY2017 data are based on the previous segment classification and management classification (destination classification) before revision.

Quarterly Order Trends by Business Segment *Average forex rates during period used

(Billions of Yen)

140

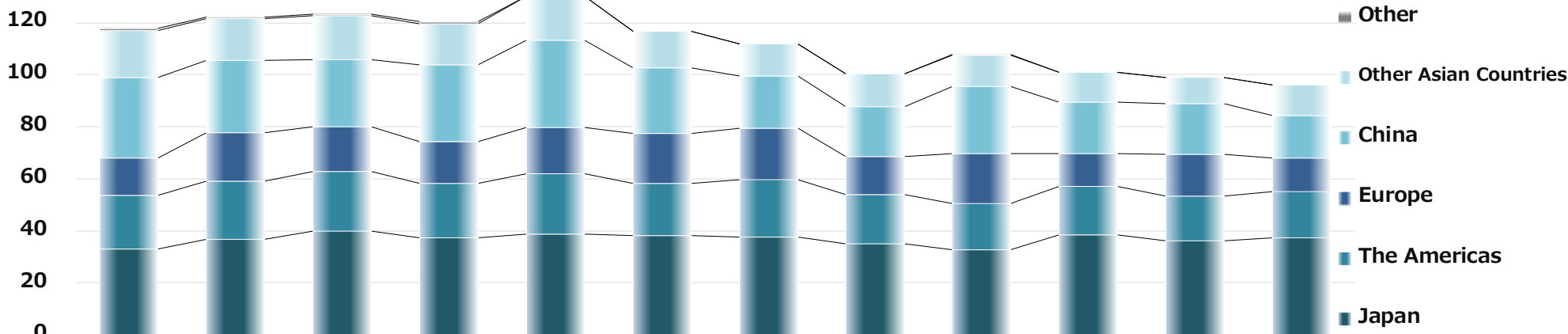


FY2017					FY2018				FY2019			

Quarterly Order Trends by Destination *Average forex rates during period used

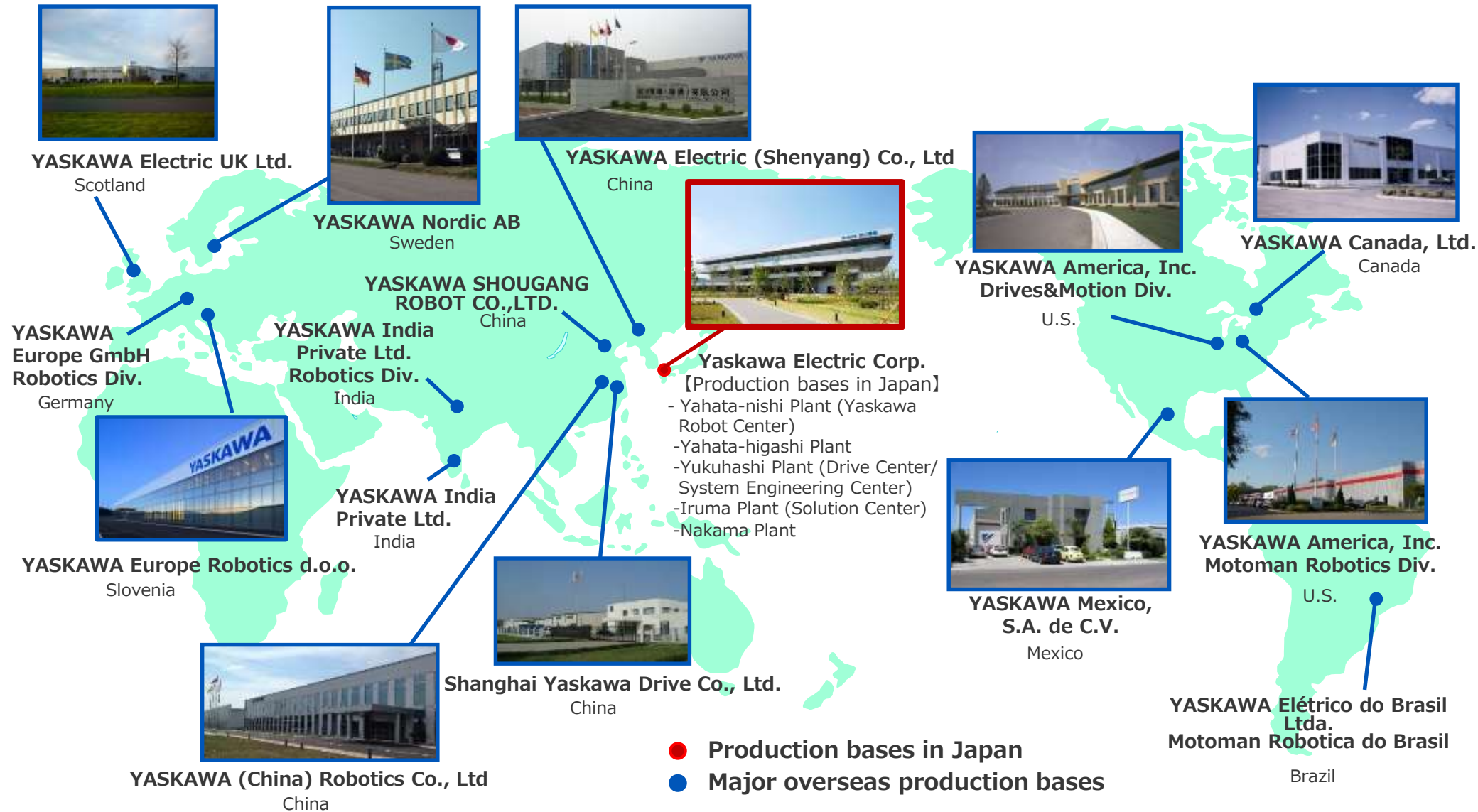
(Billions of Yen)

140



		FY2017				FY2018				FY2019			
		Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar. <small>(Reference basis)</small>	Mar.-May	Jun.-Aug.	Sep.-Nov.	Dec.-Feb.	Mar.-May	Jun.-Aug.	Sep.-Nov.	Dec.-Feb.
Total	YoY	+8%	+29%	+18%	+16%	+10%	-4%	-9%	-17%	-17%	-13%	-11%	-4%
	QoQ	+13%	+4%	+1%	-2%	+8%	-10%	-4%	-10%	+7%	-6%	-2%	-3%
YoY	Japan	-15%	+23%	+18%	+12%	+18%	+4%	-6%	-6%	-15%	+1%	-4%	+6%
	The Americas	+15%	+9%	+17%	+0%	+11%	-10%	-5%	-10%	-23%	-8%	-21%	-5%
	Europe	+2%	+73%	-0%	+25%	+16%	-6%	+11%	-15%	+6%	-33%	-19%	-13%
	China	+36%	+34%	+38%	+47%	+8%	-8%	-23%	-35%	-22%	-21%	-3%	-15%
	Other Asian Countries	+27%	+40%	+20%	+1%	-6%	-13%	-28%	-21%	-30%	-19%	-18%	-7%
QoQ	Japan	-1%	+12%	+9%	-7%	+4%	-2%	-1%	-7%	-7%	+17%	-6%	+3%
	The Americas	-1%	+8%	+2%	-8%	+10%	-12%	+8%	-14%	-6%	+5%	-8%	+4%
	Europe	+13%	+30%	-9%	-6%	+5%	+5%	+8%	-28%	+30%	-34%	+27%	-21%
	China	+53%	-11%	-6%	+15%	+12%	-24%	-21%	-4%	+35%	-23%	-3%	-16%
	Other Asian Countries	+15%	-10%	+5%	-7%	+7%	-17%	-13%	+3%	-5%	-4%	-12%	+16%

Major Production Bases



YASKAWA