

FY2020 1st Half Financial Results (Ended August 31, 2020)

FY2020 Full-Year Forecasts (Ending February 28, 2021)

Notes:

- **Yaskawa Group has voluntarily adopted International Financial Reporting Standards (IFRS) since its Annual Securities Report submitted on May 28, 2020, in order to enhance business management through the unification of accounting standards and to improve the international comparability of financial information in capital markets. We have also changed the segment classification since fiscal 2020. As a result, the figures for the same period of the previous fiscal year were calculated taking into account the impact of these changes. (Please see P.20)**
- 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】

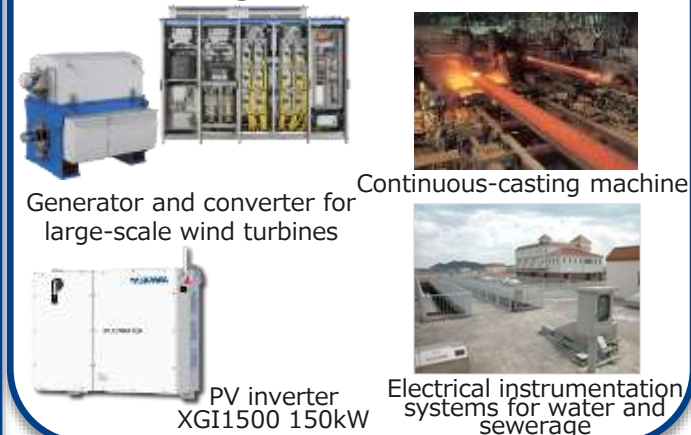
- Industrial robots
 - Arc and spot welding robots, painting robots
 - FPD glass sheet transfer robots, handling robots
- Semiconductor wafer transfer robots
- Biomedical robots
- Collaborative robots



System Engineering

【Core products】

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



Other

- Logistics

1. FY2020 1H Financial Results

(Six Months Ended August 31, 2020)

FY2020 1H Financial Results (Highlights)

- Revenue and operating profit decreased due to the impact of the spread of the new coronavirus infection, which caused companies to refrain from making capital investments globally

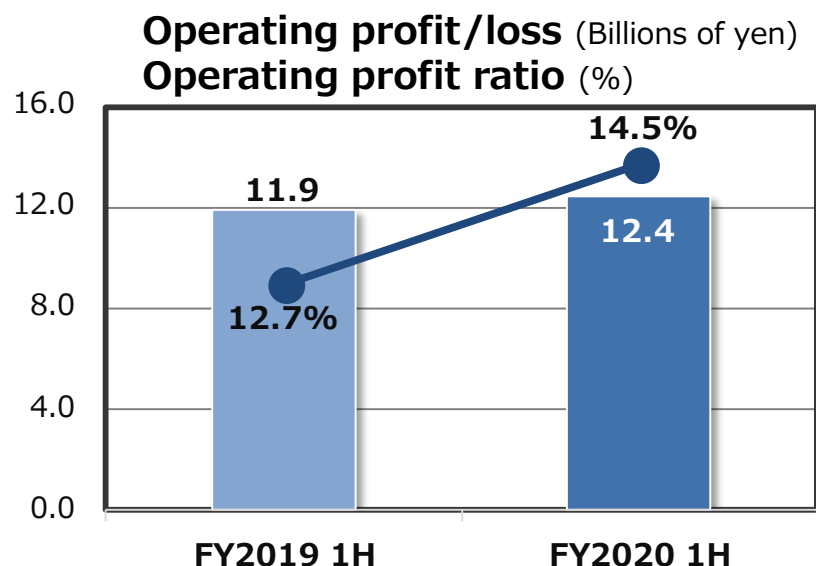
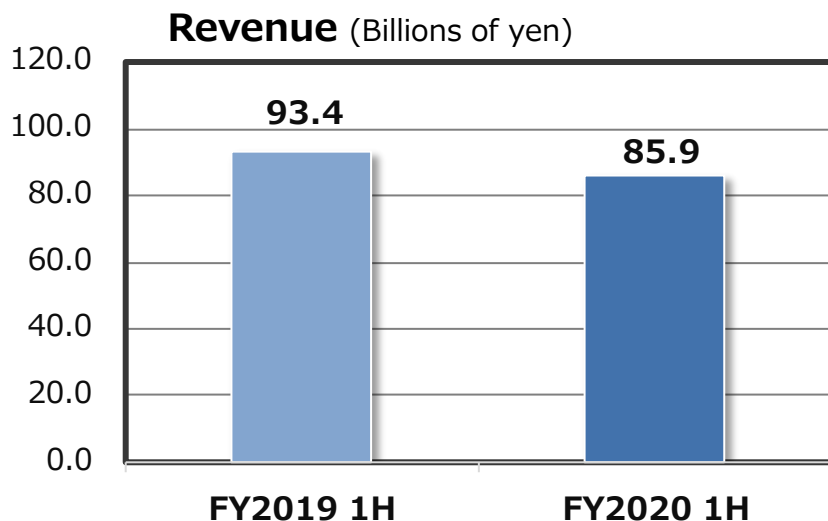
	FY2020 1H Results	FY2019 1H Results	Changes	
			Amounts	%
Revenue	¥ 186.8bn.	¥ 211.8bn.	-¥ 24.9bn.	-11.8%
Operating profit	¥ 13.3bn.	¥ 14.5bn.	-¥ 1.2bn.	-8.3%
Profit before tax	¥ 13.1bn.	¥ 14.2bn.	-¥ 1.1bn.	-7.4%
Profit attributable to owners of parent	¥ 9.5bn.	¥ 10.0bn.	-¥ 0.5bn.	-5.3%

FY2020 1H Financial Results by Business Segment

- Revenue decreased but profit increased for Motion Control and System Engineering
- Revenue and profit decreased for Robotics, impacted by the decline in operations at customers' factories

	FY2020 1H		FY2019 1H		Changes	
	Results	Profit ratio	Results	Profit ratio	Amounts	%
(Billions of yen)						
Revenue	186.8		211.8		-24.9	-11.8%
Motion Control	85.9		93.4		-7.5	-8.1%
Robotics	65.4		80.6		-15.2	-18.9%
System Engineering	24.4		26.3		-1.9	-7.2%
Other	11.2		11.4		-0.3	-2.3%
Operating profit	13.3	7.1%	14.5	6.8%	-1.2	-8.3%
Motion Control	12.4	14.5%	11.9	12.7%	+0.5	+4.4%
Robotics	2.5	3.8%	3.9	4.9%	-1.4	-36.7%
System Engineering	0.2	0.8%	-0.2	-0.7%	+0.4	-
Other	-0.2	-1.9%	-0.1	-0.6%	-0.1	-
Elimination or Corporate	-1.6	-	-1.1	-	-0.5	-

Business Segment Overview: Motion Control



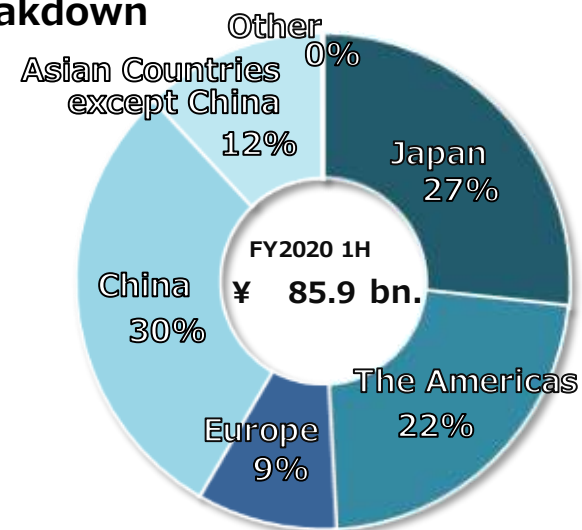
【Revenue】

- AC servo & controller: Applications such as electronic components and metal processing equipment grew in China due to 5G demand increase, and semiconductor-related demand in the U.S. and other countries remained firm
- Drives: China's infrastructure sector performed well, while the U.S. oil & gas-related demand fell sharply

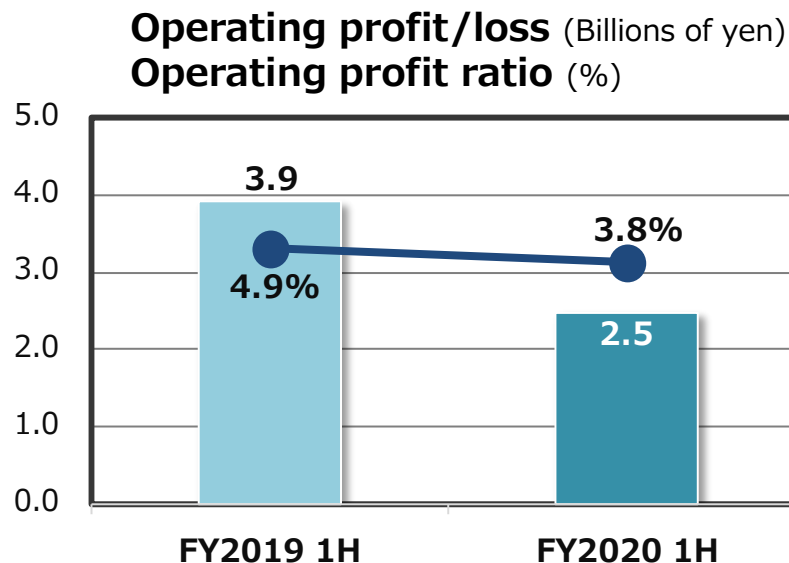
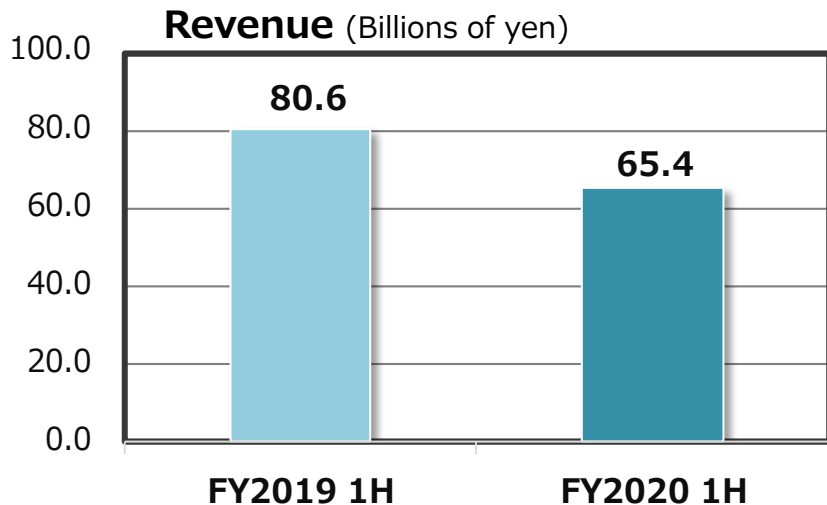
【Operating profit】

- Increased due to improvements in profitability reflecting revenue growth in China and the effect of cost control

Revenue breakdown by region



Business Segment Overview: Robotics



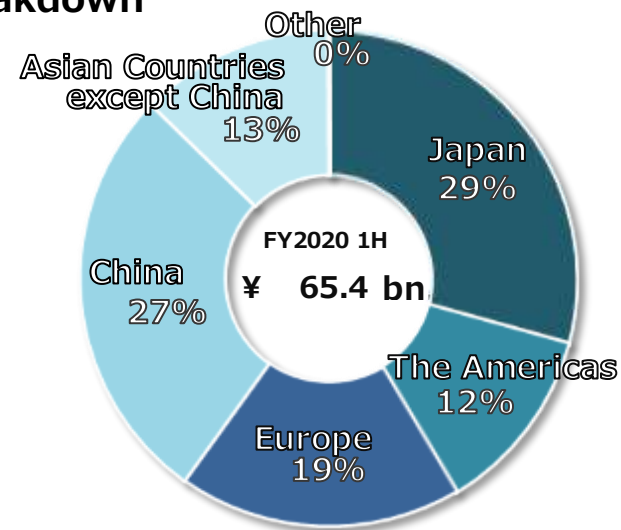
【Revenue】

- Automobile market was sluggish because capital investment was restrained due to a decline in the operations of customers' plants
- In the general industrial sector, in addition to China's demand related to 5G, there was a movement to actively invest against the backdrop of accelerating automation needs in the wake of the new coronavirus
- Sales of semiconductor robots were steady in Japan and South Korea

【Operating profit】

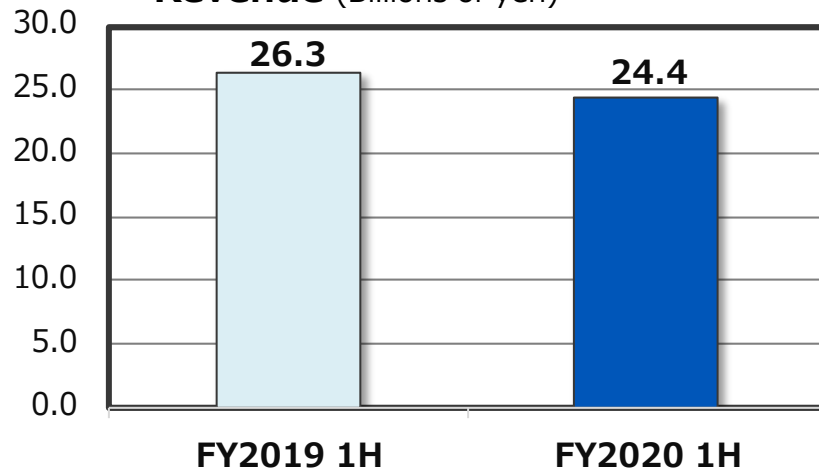
- Decreased due to a decrease in revenue and deterioration in capacity utilization, despite cost reductions

Revenue breakdown by region



Business Segment Overview: System Engineering

Revenue (Billions of yen)



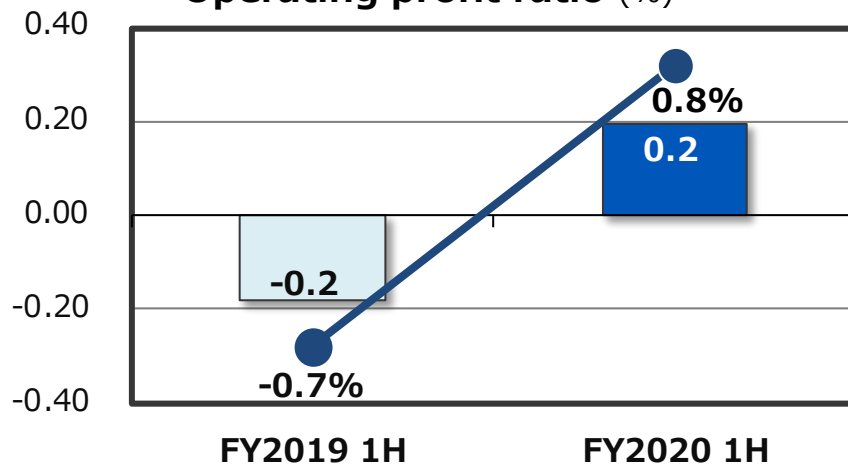
【Revenue】

- In Japan, while water supply and sewerage systems were sluggish, steel plant-related business was firm
- Sales of PV inverter improved due to the launch of new products
- Overall segment revenue decreased especially in Japan due to the impact of the new coronavirus

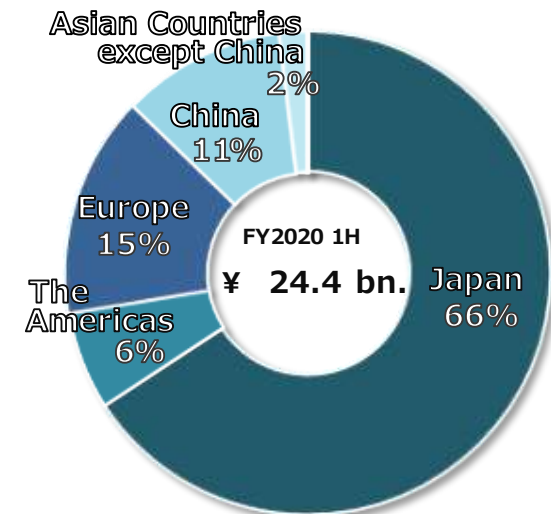
【Operating profit】

- Improved mainly due to structural reforms and the effect of launching new products

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

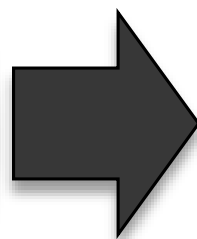
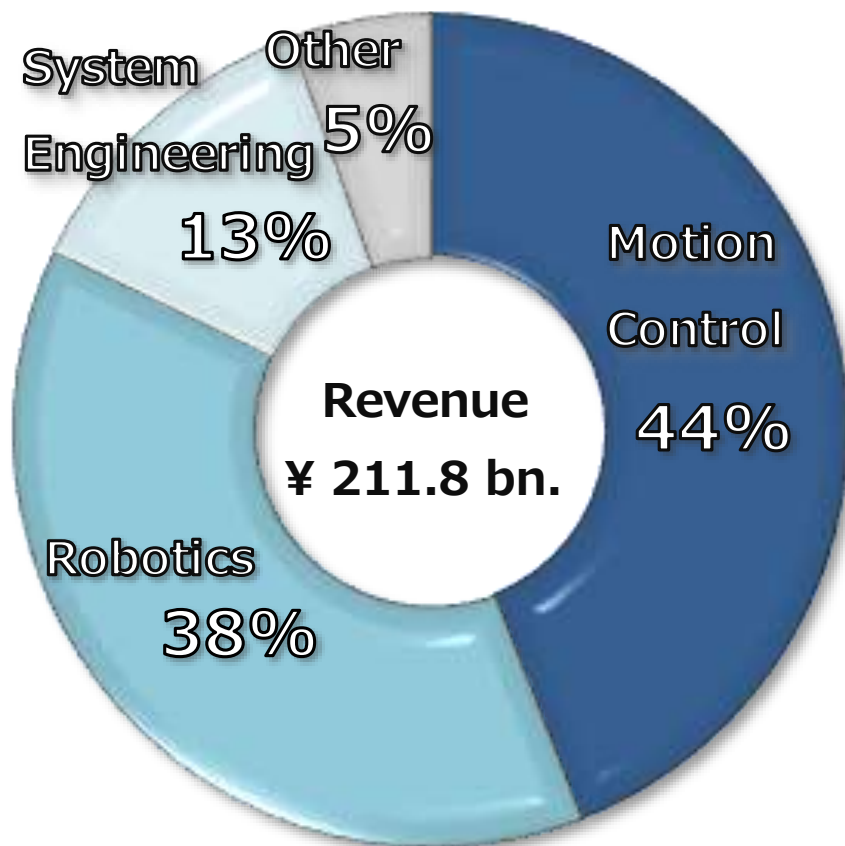


Revenue breakdown by region

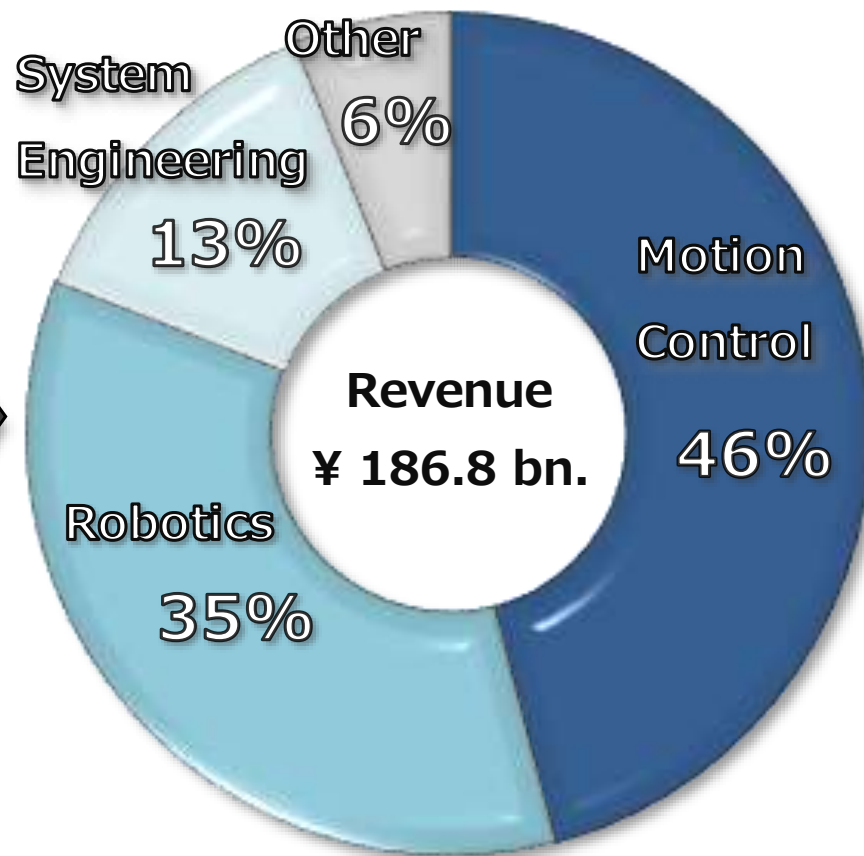


Sales Breakdown by Business Segment

FY2019 1H



FY2020 1H



Sales Breakdown by Destination (1)

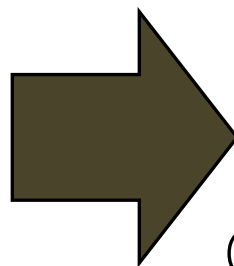
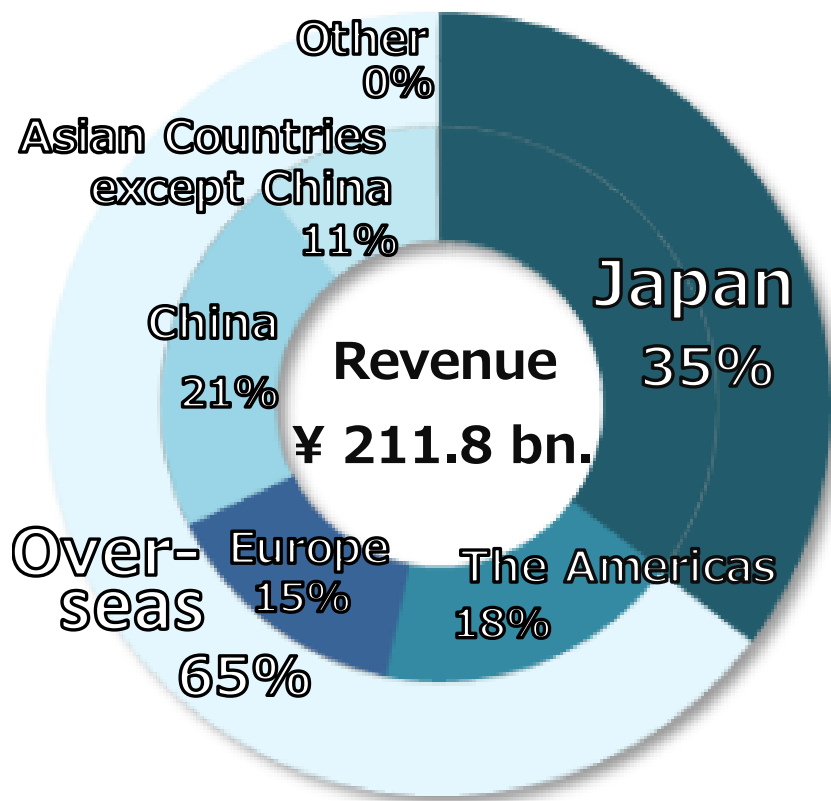
- Overall revenue decreased, although China saw year-on-year revenue increase.

(Billions of yen)	FY2020	FY2019	Changes	
	1H	1H	Amounts	%
Revenue	186.8	211.8	-24.9	-11.8%
Japan	67.1	74.8	-7.7	-10.3%
Overseas	119.7	136.9	-17.2	-12.6%
The Americas	29.0	38.0	-9.0	-23.8%
Europe	23.7	30.9	-7.3	-23.5%
China	48.1	45.2	+2.9	+6.5%
Asian Countries except China	18.9	22.5	-3.7	-16.2%
Other	0.1	0.3	-0.2	-63.4%

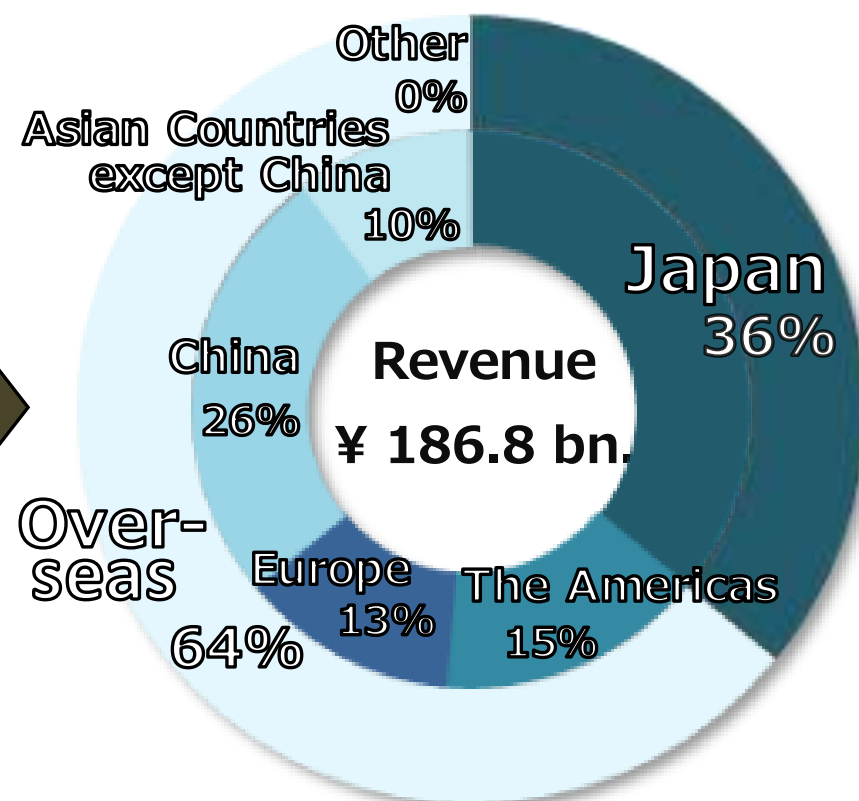
Note : Europe includes Middle East and Africa.

Sales Breakdown by Destination (2)

FY2019 1H



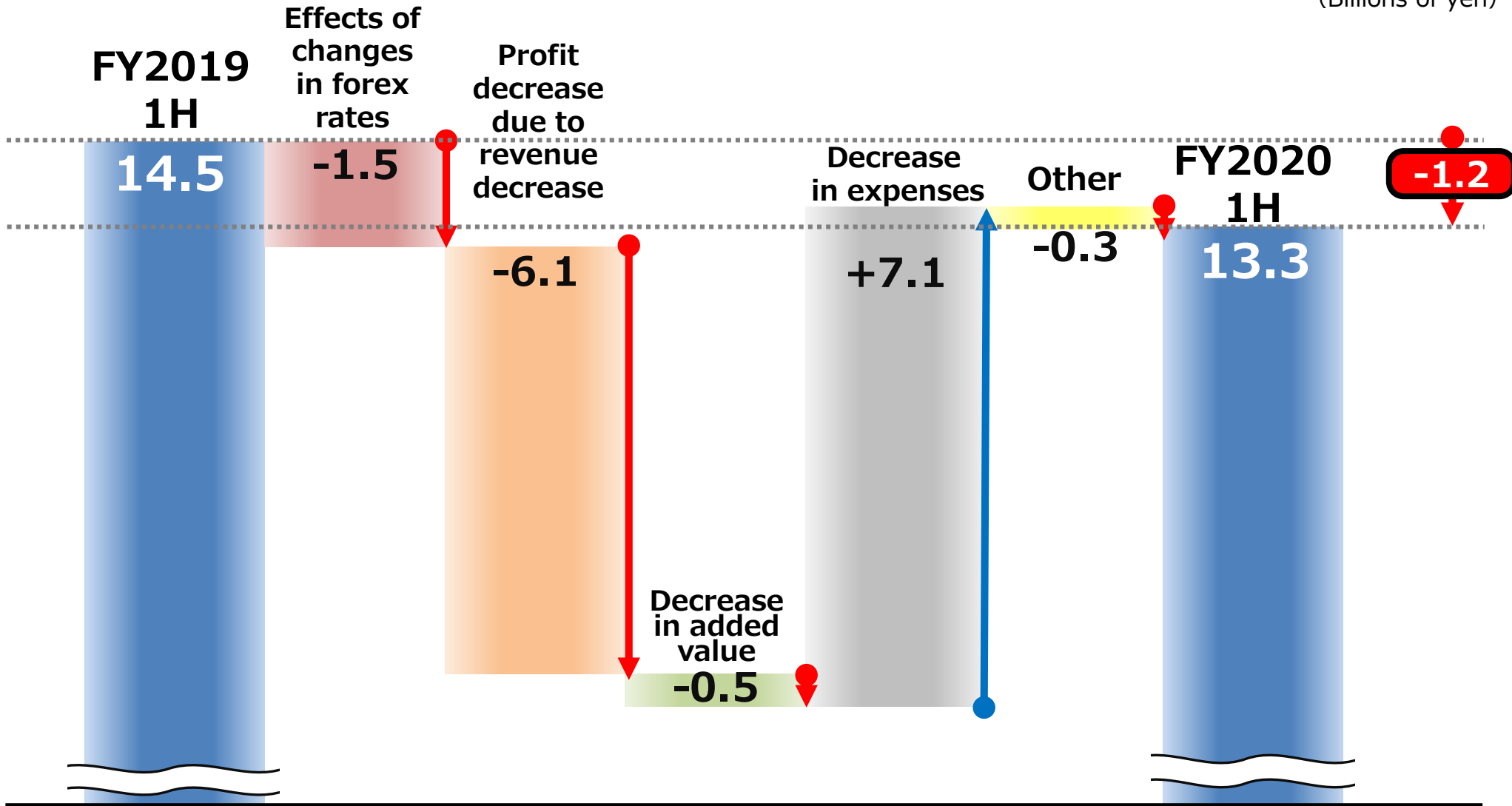
FY2020 1H



Note : Europe includes Middle East and Africa.

Breakdown of Changes in Operating Income (FY2019 1H→FY2020 1H)

(Billions of yen)



Measures for FY2020 1H

➤ Establishment of "i³-Mechatronics" business model

➔ Development capabilities

- Prepared development environment and infrastructure, and search for joint development partners for the establishment of YASKAWA Technology Center
- Started customer tests of YRM controller^(tentative name) that enable integrated control of motion and robotics

➔ Sales capabilities

- Integrated the services business by acquiring a subsidiary with service and engineering functions
- Started full-scale operation of "i3 DIGITAL", a subsidiary to provide IoT solutions to manufacturing industry in July 2020
- Started customer tests of a new semiconductor wafer handling robot
- Expanded sales of XGI1500 PV inverter

➔ Production capabilities

- Applied production methods at YASKAWA Solution Factory to AC drive plant in Japan



New semiconductor wafer handling clean robot
"SEMISTAR-GEKKO MD124D"

➤ Reinforcement of the management base through "digital transformation"

➔ Promotion of YDX* and work-style reform

- Visualization of management information progressed by standardizing global business processes
- Expanded use of telework and accelerated online sales activities in response to the spread of new coronavirus infection

*An abbreviation for YASKAWA digital transformation;
Yaskawa's unique activities to realize digital transformation

2. FY2020 Full-Year Forecasts

(Year Ending February 28, 2021)

FY2020 Financial Forecasts (Highlight)

- Demand is expected to gradually recover from the second half to the next fiscal year
- Although there are some positive signs in the market environment, it is assumed that it will take some time for a full-scale recovery due to the re-expansion of the new coronavirus infection and the resurgence of U.S.-China trade friction

	FY2020 Forecasts	FY2019 Results	Changes	
			Amounts	%
Revenue	¥ 366.8bn.	¥ 411.0bn.	-¥ 44.1bn.	-10.7%
Operating profit	¥ 22.3bn.	¥ 24.2bn.	-¥ 1.9bn.	-7.9%
Profit before tax	¥ 22.5bn.	¥ 24.6bn.	-¥ 2.1bn.	-8.7%
Profit attributable to owners of parent	¥ 15.5bn.	¥ 15.6bn.	-¥ 0.1bn.	-0.4%

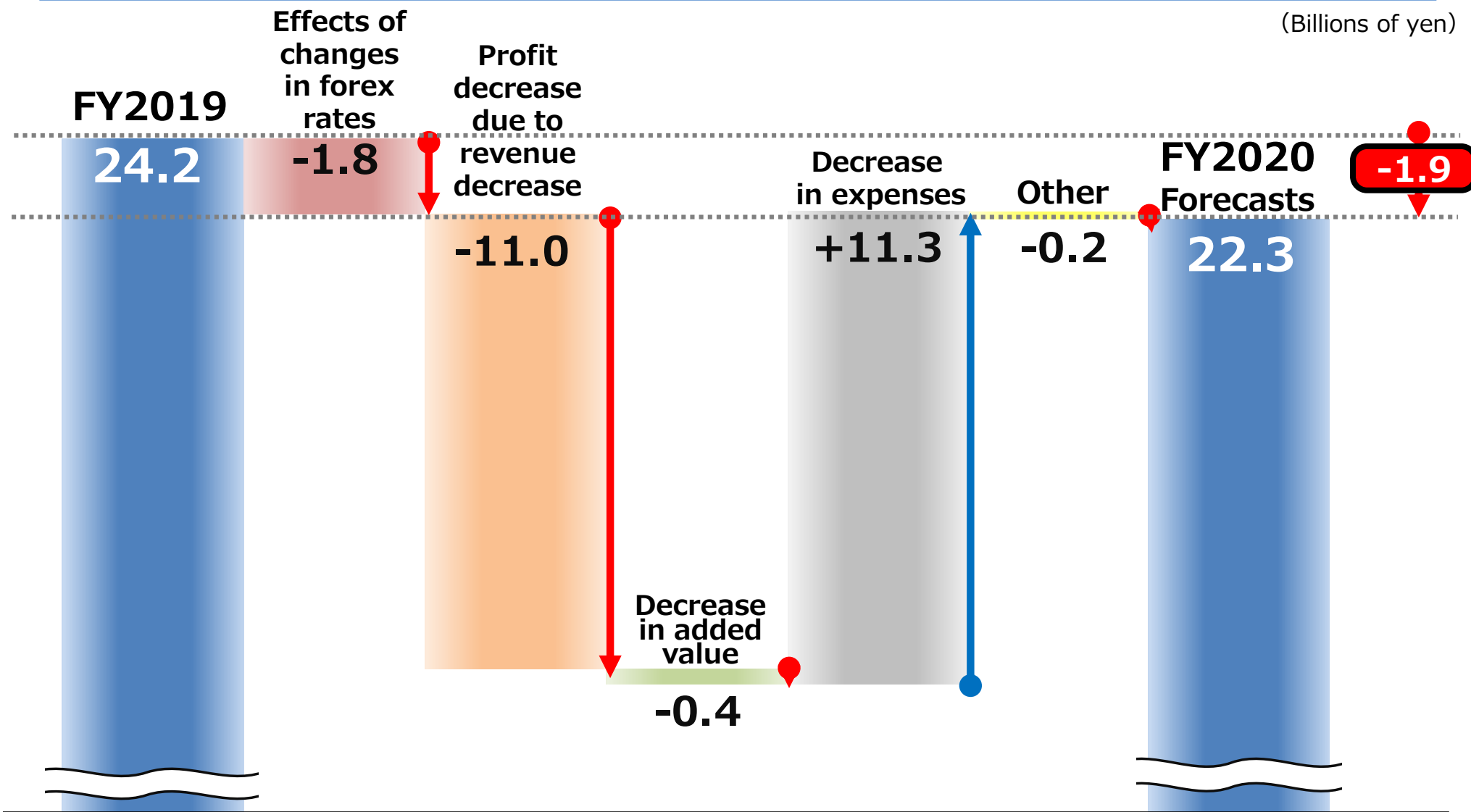
FY2020 Full-Year Financial Forecasts by Business Segment

(Billions of yen)

	FY2020		FY2019		Changes	
	Forecasts	Profit ratio	Results	Profit ratio	Amounts	%
Revenue	366.8		411.0		-44.1	-10.7%
Motion Control	164.9		180.4		-15.6	-8.6%
Robotics	131.4		152.2		-20.8	-13.7%
System Engineering	48.4		55.5		-7.1	-12.8%
Other	22.2		22.8		-0.6	-2.8%
Operating profit	22.3	6.1%	24.2	5.9%	-1.9	-7.9%
Motion Control	20.8	12.6%	20.6	11.4%	+0.3	+1.3%
Robotics	5.2	3.9%	6.5	4.3%	-1.3	-20.2%
System Engineering	0.3	0.6%	0.5	0.8%	-0.2	-37.1%
Other	-0.3	-1.4%	-0.0	-0.1%	-0.3	-
Elimination or Corporate	-3.7	-	-3.3	-	-0.4	-

Breakdown of Changes in Operating Income (FY2019 → FY2020 Forecasts)

(Billions of yen)



Measures for FY2020 2H

➤ Establishment of "i³-Mechatronics" business model

➔ Development capabilities

- Start customer tests of new series of AC servo drive
- Complete preparation for the establishment of YASKAWA technology Center (Planned to open in March 2021)

➔ Sales capabilities

- Expand i³-Mechatronics through enhancing collaboration with partners
- Build a new service model through integrated operation of sales and service

➔ Production capabilities

- Complete application of production methods at YASKAWA Solution Factory to all plants in Japan

➤ Reinforcement of the management base through "digital transformation"

➔ Promotion of YDX and work-style reform

- Accelerate the visualization of management information through the digital management board
- Increase job satisfaction by introducing a new personnel evaluation system that enhances the link and transparency of "performance" and "evaluation"



Rendering of YASKAWA Technology Center



AC servo motor production line
At YASKAWA Solution Factory

3 . Reference

Retroactive Application of IFRS/Business Reclassification to the FY2019 1H & Full-Year Results

(Unit: Billions of yen)

	FY2019 1H				FY2019_Full Year			
	Japanese accounting standards	Change IFRS	Change Business reclassification	IFRS (After segment revision)	Japanese accounting standards	Change IFRS	Change Business reclassification	IFRS (After segment revision)
Net sales , Revenue	211.8	-	-	211.8	411.0	-	-	411.0
Motion Control	92.4	-	+1.0	93.4	177.9	-	+2.6	180.4
Robotics	80.6	-	-	80.6	152.2	-	-	152.2
System Engineering	27.4	-	-1.0	26.3	58.1	-	-2.6	55.5
Other	11.4	-	-	11.4	22.8	-	-	22.8
Operating profit	12.5	+2.0	-	14.5	22.3	+1.9	-	24.2
Motion Control	10.9	+0.6	+0.4	11.9	18.7	+0.5	+1.3	20.6
Robotics	3.4	+0.3	+0.2	3.9	5.5	+0.1	+0.9	6.5
System Engineering	-0.7	+0.5	+0.1	-0.2	0.2	+0.7	-0.5	0.5
Other	-0.2	+0.1	-	-0.1	-0.3	+0.2	-	-0.0
Elimination or Corporate	-0.9	+0.5	-0.7	-1.1	-1.8	+0.2	-1.7	-3.3
Profit attributable to owners of parent	8.8	+1.2	-	10.0	14.4	+1.1	-	15.6

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

Capital expenditure, R&D investment

(Unit : Billions of Yen)

	F Y 2 0 1 8	F Y 2 0 1 9	F Y 2 0 2 0 (Plan)
Capital expenditure	35.65	25.47	25.00
Depreciation and Amortization	14.31	16.75	16.00
R&D investment	20.79	19.00	18.00

Forex rates

Note: Average rate during the period

(Unit : Yen)

	F Y 2 0 1 8			F Y 2 0 1 9			F Y 2 0 2 0 (Forecasts)		
	1H	2H	Full-year	1H	2H	Full-year	1H (Result)	2H	Full-Year
USD	109.3	111.7	110.5	109.2	108.8	109.0	107.2	104.0	105.6
EUR	129.9	127.8	128.9	122.6	120.1	121.4	120.4	123.0	121.7
CNY	16.81	16.28	16.56	15.91	15.48	15.70	15.23	15.40	15.31
KRW	0.100	0.099	0.100	0.093	0.092	0.093	0.089	0.090	0.089

Forex sensitivity

(Unit : Billions of Yen)

	Impact of 1% fluctuation (FY2020 Full-Year Forecasts)	
	Revenue	Operating profit
USD	approx. 0.66	approx. 0.12
EUR	approx. 0.52	approx. 0.08
CNY	approx. 0.90	approx. 0.23
KRW	approx. 0.16	approx. 0.13

Financial Indices

As of February 29, 2020

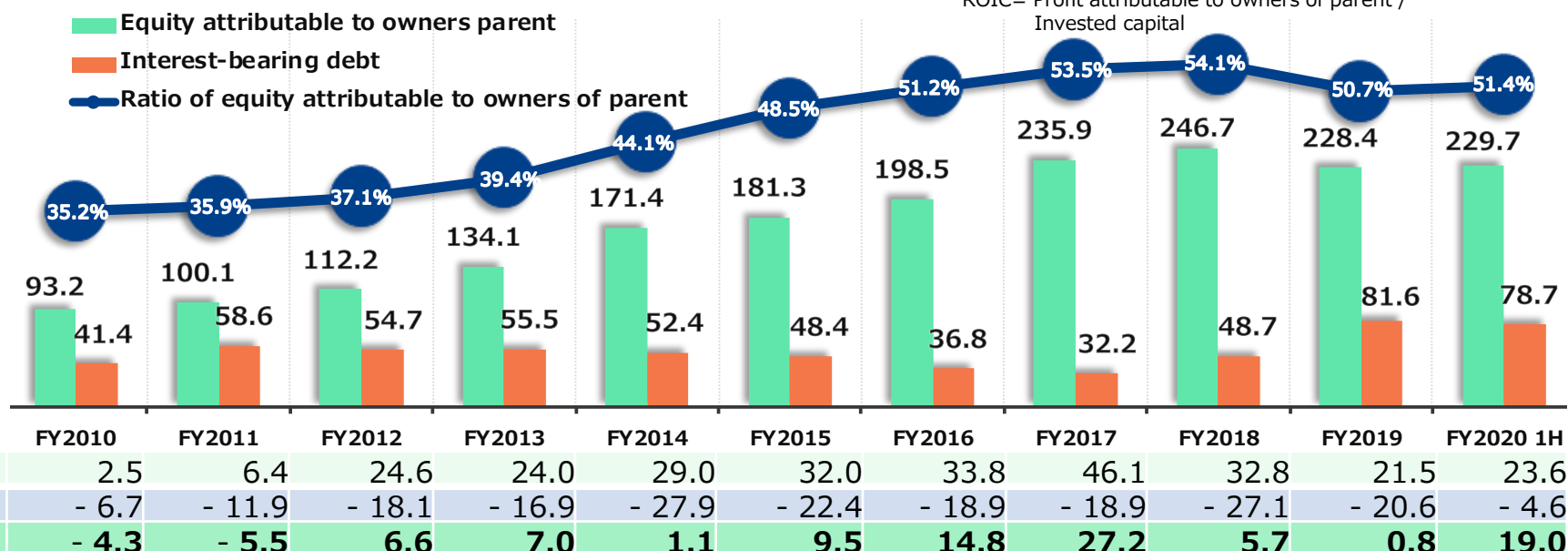
➤ Ratio of equity attributable to owners of parent	50.7%
➤ Equity attributable to owners of parent	228.4 billion yen
➤ Interest-bearing debt	81.6 billion yen
➤ D/E ratio	0.36
➤ (Net D/E ratio)	0.18
➤ Inventory	102.0 billion yen
➤ Turnover	3.0 months
➤ ROE	6.6%
➤ ROIC	5.9%

As of August 31, 2020

➤ Ratio of equity attributable to owners of parent	51.4%
➤ Equity attributable to owners of parent	229.7 billion yen
➤ Interest-bearing debt	78.7 billion yen
➤ D/E ratio	0.34
➤ (Net D/E ratio)	0.14
➤ Inventory	106.6 billion yen
➤ Turnover	3.3 months

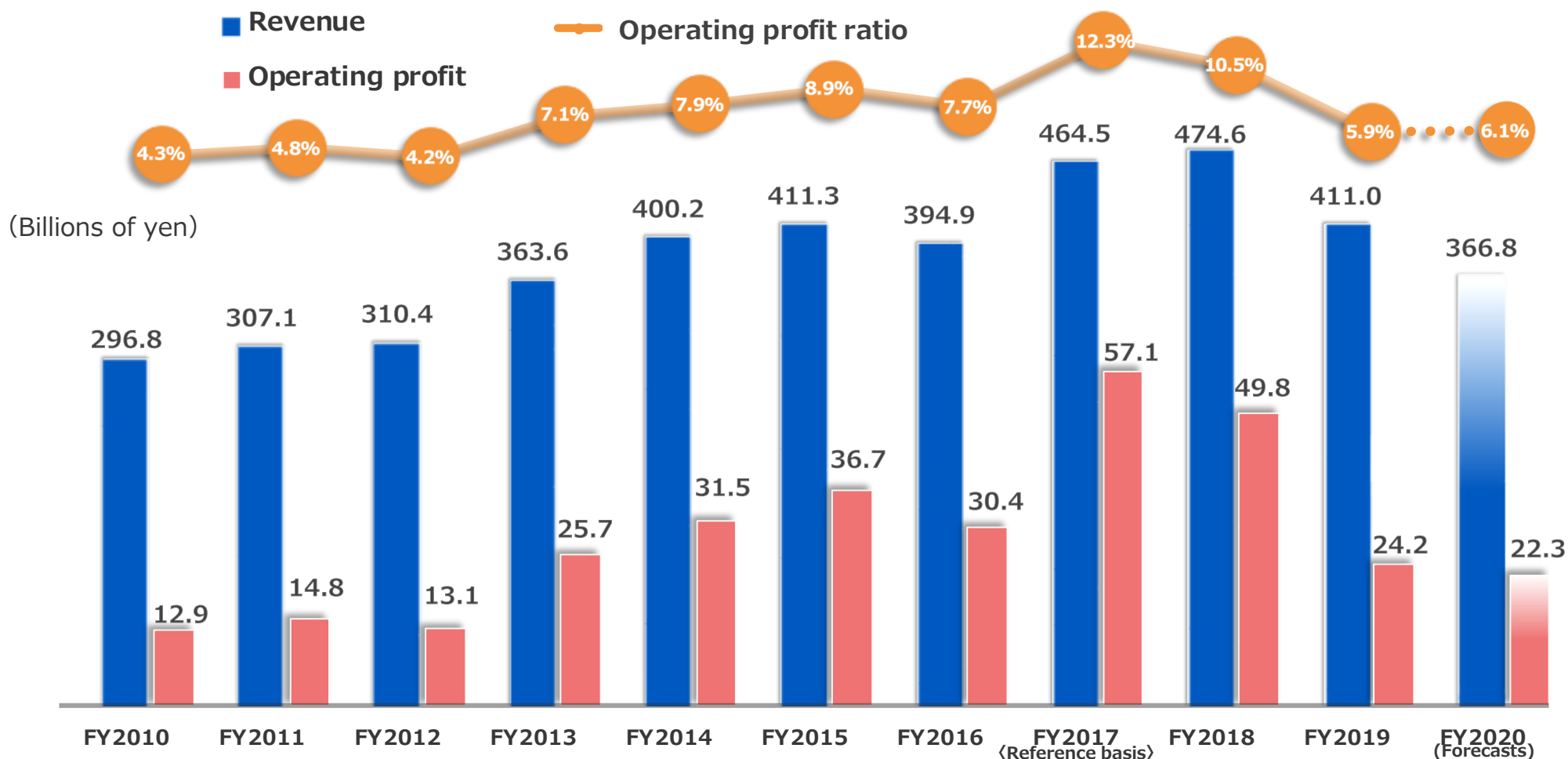
*Interest-bearing debt includes lease obligations.
 *Inventory at the end of the period is used for calculating turnover months.
 *ROE= Profit attributable to owners of parent / Shareholders' equity (average of beginning and end of fiscal year)
 *ROIC= Profit attributable to owners of parent / Invested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

(Billions of yen)



[Note] Data up to February 2019 are based on Japanese GAAP.

Revenue / Operating Profit (FY2010 - FY2020 Forecasts)



Challenge 100

Realize 100

Dash 25

Challenge 25

Mid-term business plans

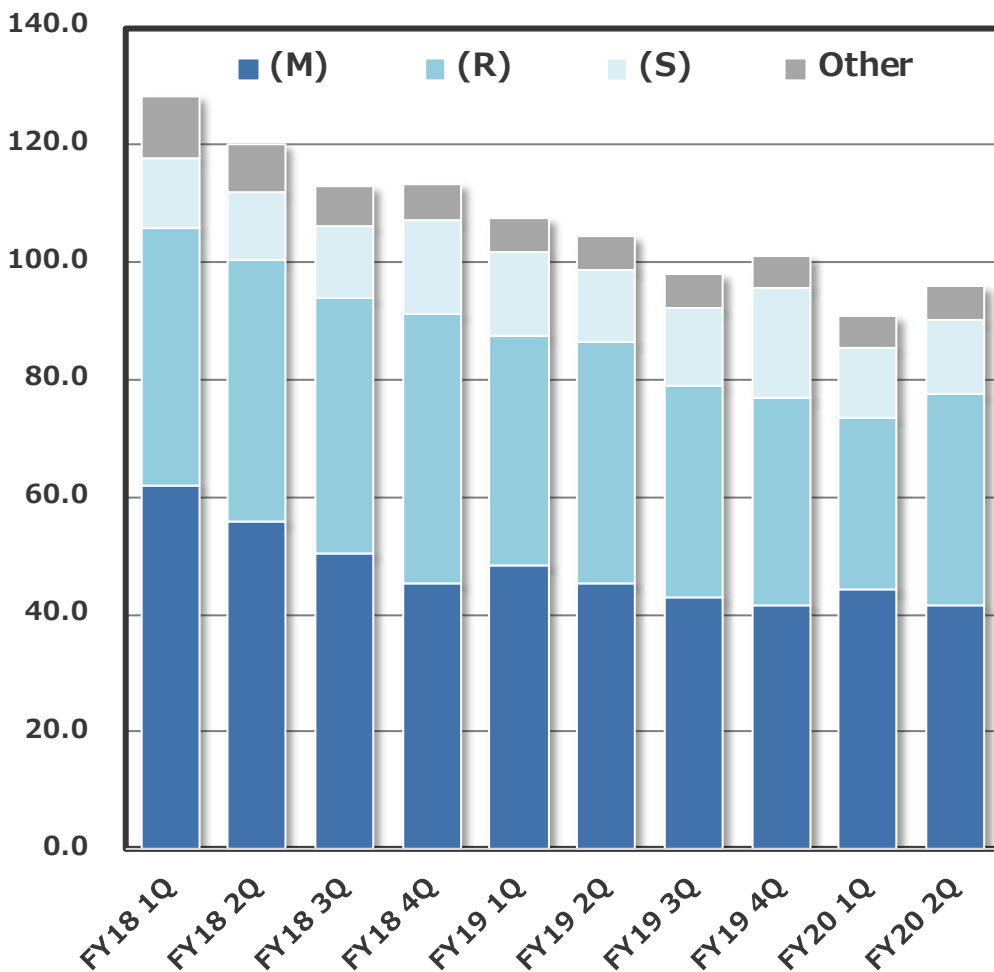
Note1: Data up to FY2018 are based on Japanese GAAP.

Note2: The data for FY2017 are made on a reference basis. (March 21, 2017 – March 20, 2018)

Quarterly Sales Trends (1)

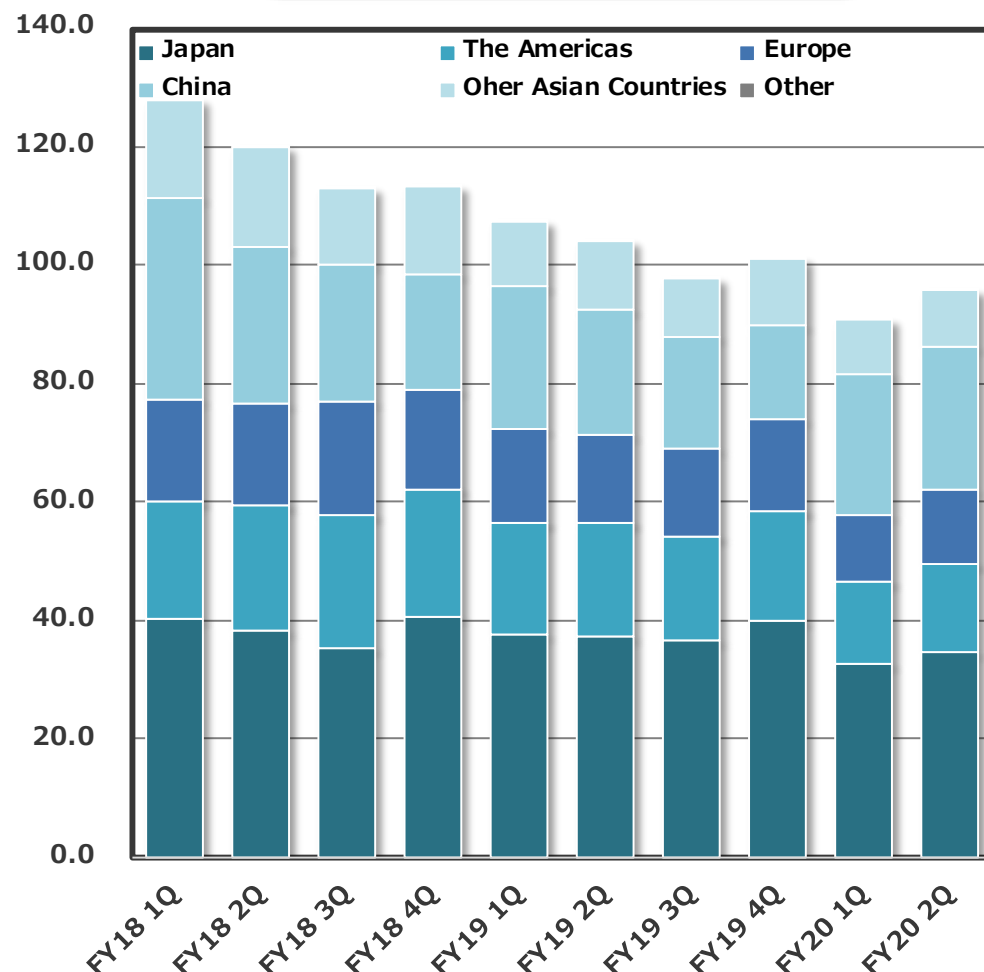
Business segment

(Billions of yen)



Destination

(Billions of yen)



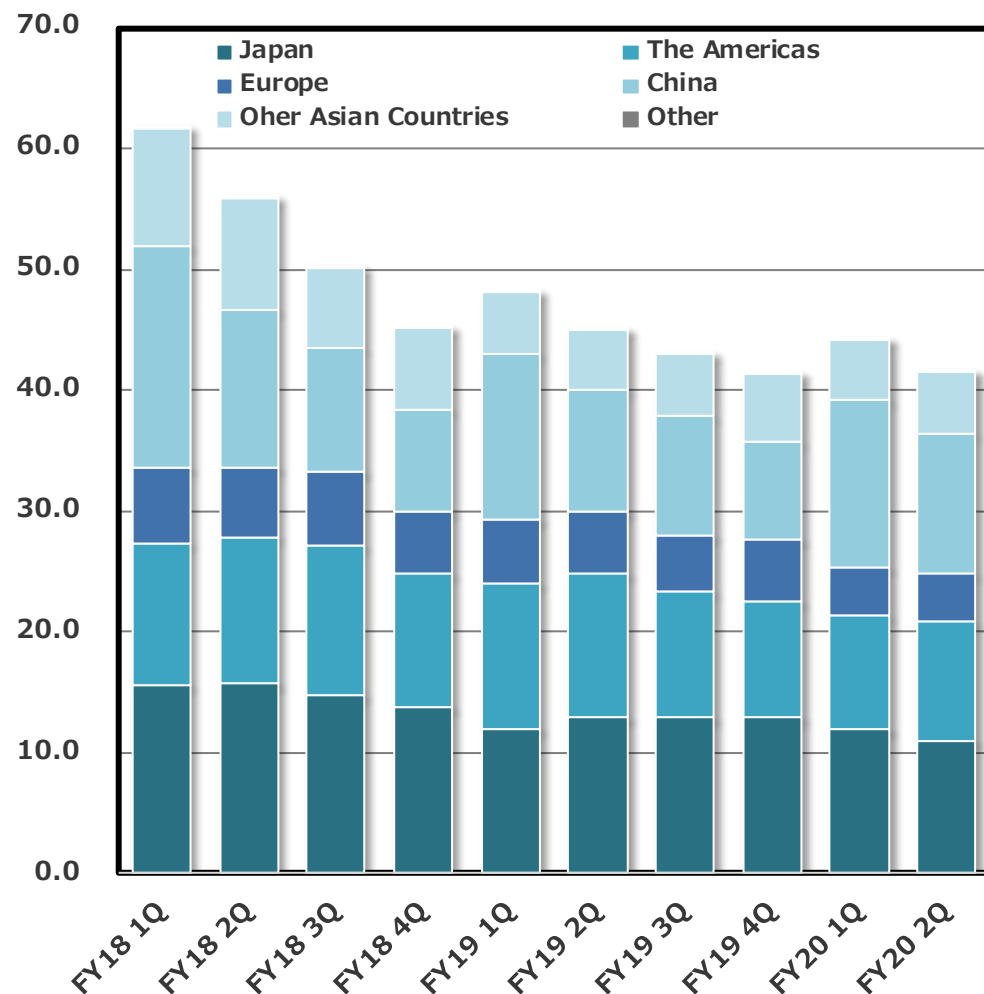
Note1: Data of FY 19 and FY 20 are based on the values after segment reclassification.

Note2: (M) = Motion Control (R) = Robotics (S) = System Engineering

Quarterly Sales Trends (2)

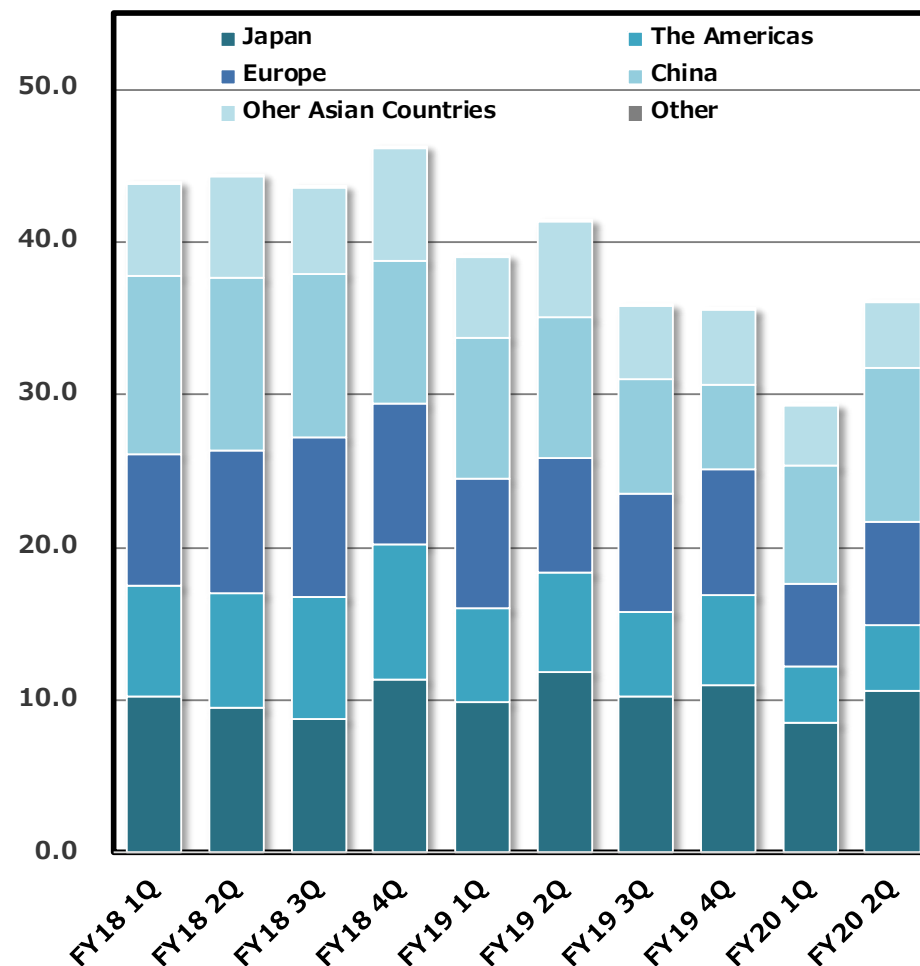
Motion Control

(Billions of yen)



Robotics

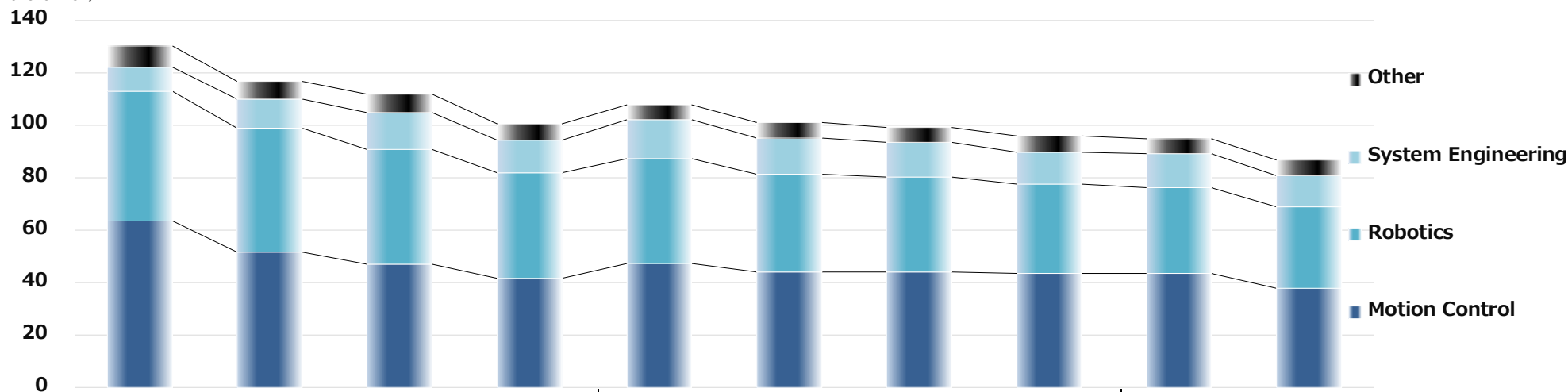
(Billions of yen)



Note: Data of FY 19 and FY 20 are based on the values after segment reclassification.

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

(Billions of Yen)

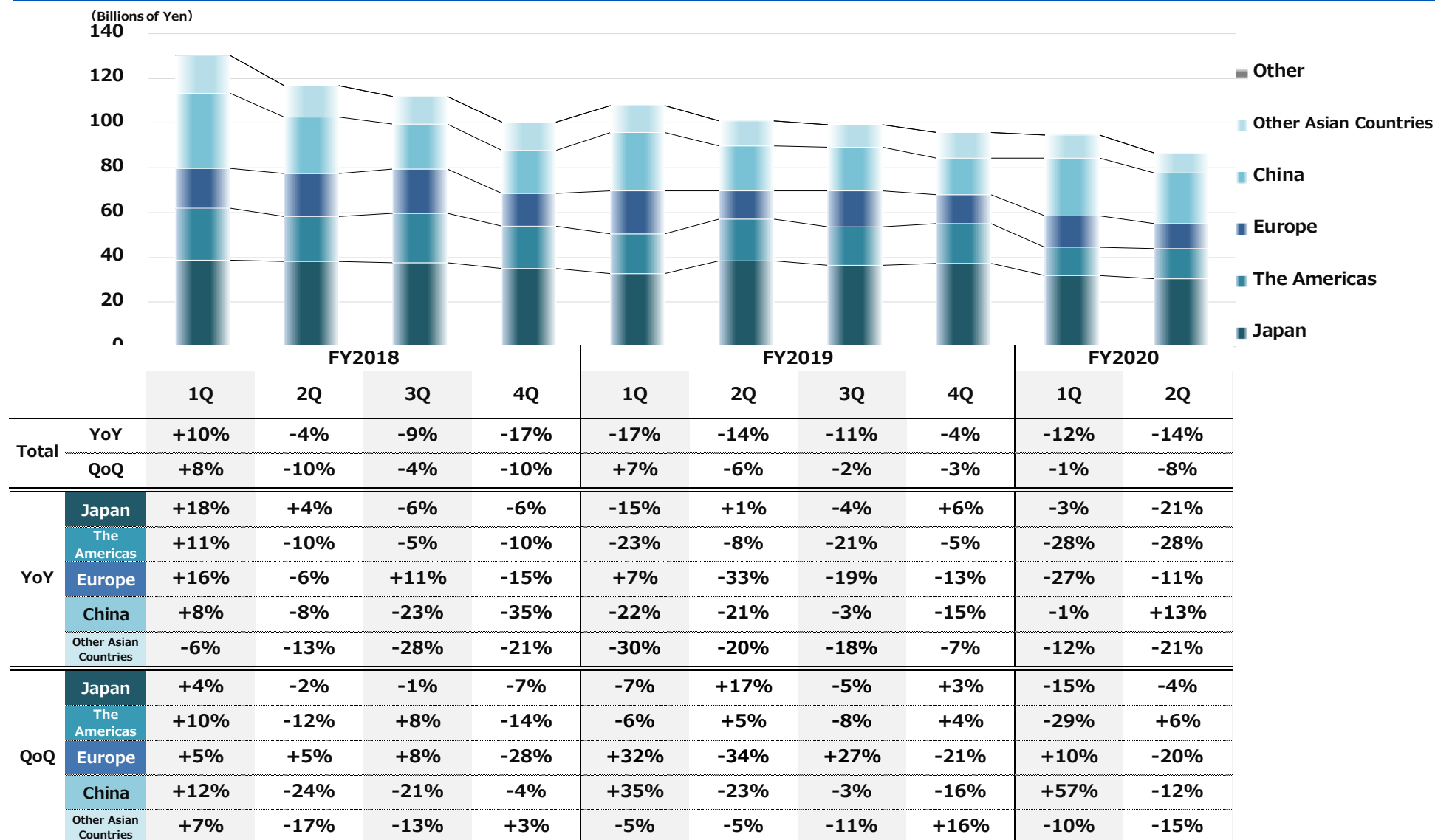


		FY2018				FY2019				FY2020	
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Total	YoY	+10%	-4%	-9%	-17%	-17%	-14%	-11%	-4%	-12%	-14%
	QoQ	+8%	-10%	-4%	-10%	+7%	-6%	-2%	-3%	-1%	-8%
YoY	(M)	+3%	-7%	-12%	-20%	-26%	-15%	-7%	+4%	-8%	-14%
	(R)	+15%	+7%	-8%	-10%	-19%	-22%	-17%	-15%	-18%	-16%
	(S)	+14%	-37%	+4%	-17%	+64%	+27%	-6%	-3%	-13%	-14%
QoQ	(M)	+21%	-19%	-9%	-11%	+13%	-7%	-0%	-1%	+0%	-13%
	(R)	+11%	-4%	-7%	-9%	-0%	-7%	-2%	-6%	-4%	-5%
	(S)	-39%	+20%	+27%	-11%	+21%	-7%	-6%	-8%	+8%	-8%
Forex rates	U.S. dollar	107.8	110.8	112.7	110.6	111.0	107.6	108.2	109.5	107.6	106.8
	Euro	130.9	128.9	129.6	125.9	124.7	120.6	119.3	120.9	117.9	122.8

Note1: (M) = Motion Control (R) = Robotics (S) = System Engineering

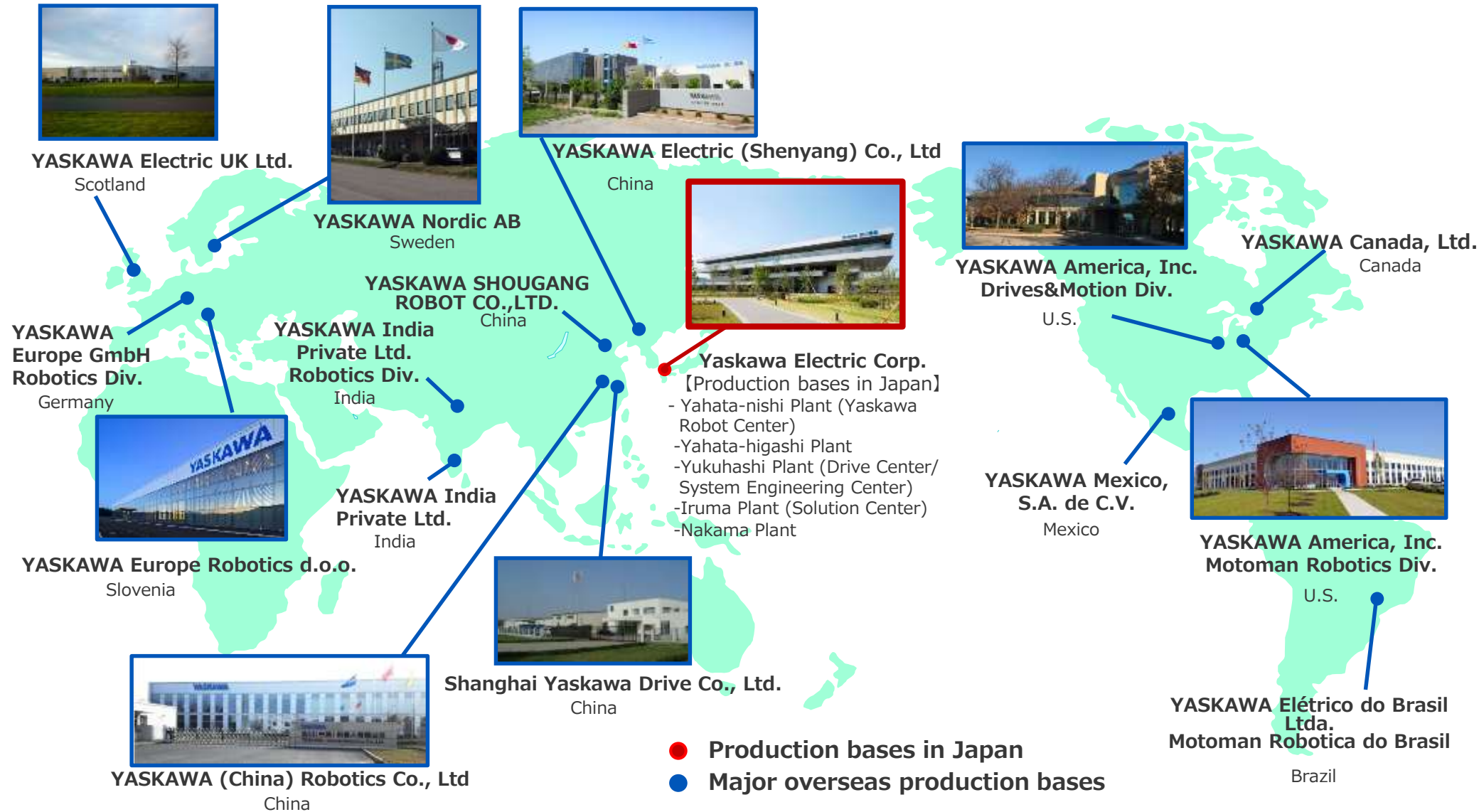
Note2: Data of FY2019 and FY2020 are based on the values after segment reclassification.

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



Note: Data of FY2019 and FY2020 are based on the values after segment reclassification.

Major Production Bases



YASKAWA