Q&A for Briefing Session on Business Plan
"YASKAWA IR Day 2026" (Summary)
Yaskawa Electric Corporation
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[Speakers]
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(Note):
Motion Control: Motion Control segment
AC servo: AC servo & controller business (Motion Control segment)
Drives: Drives business (Motion Control segment)
Robotics: Robotics segment
System Engineering: System Engineering segment
Other: Other segment

Q While the overall targets for FY2029 (operating profit of 100 billion yen and an operating profit ratio of 15%) appear reasonable, Motion Control seems somewhat conservative whereas Robotics appears optimistic. Could you explain the background behind these assumptions?

A In AC servo, we have adopted a conservative approach due to the high level of uncertainty associated with entry into new markets such as motors and actuators. In Drives as well, we have refrained from setting overly aggressive targets and instead prioritize stable profitability. On the other hand, the assumptions for Robotics do not reflect a simple increase in profitability of conventional industrial robots, but rather incorporate a higher proportion of high-margin semiconductor-related applications. As volumes increase, profitability in conventional industrial robots is also expected to improve, and the margin is based on a combination of these factors.

Q The long-term plan targets an operating profit ratio exceeding 20%. Does this mean Motion Control aims for 25–30% of profit ratio, or that Robotics will also achieve profit ratio of 20%?

A In Motion Control, we expect margins to exceed 20% as investments are absorbed and volumes expand. In Robotics, while fixed costs have risen ahead of growth due to investments, we anticipate improvement as volumes increase, including through the full-scale operation of Robot Factory No.5. At present, we assume a level slightly below 20%.

Q Could you provide your view on the scale of topline growth in new areas (agriculture and medical), India, and data centers?

A For agriculture and medical under Dash 35, we are not assuming significant expansion at this stage. Although we are targeting a scale in the range of several tens of billions of yen, uncertainty remains high. In India, we see strong potential driven by changes in supply chains, including production relocation from China as a result of decoupling between China and the United States. Depending on how supply chains evolve, it is uncertain whether India will expand as rapidly as China did, but it could become one of our key markets by FY2029. Data center-related demand is currently expanding. For AC servo, we expect growth of approximately 1.2 times year-on-year. In Drives, demand consists of building HVAC and server cooling. Building HVAC has seen strong orders through channel-based business and has increased significantly compared with the previous fiscal year, and we expect this trend to continue throughout the Dash 35 period. Server cooling demand is also growing. Our products are highly valued for their built-in harmonic suppression functions and compact installation footprint, and only a limited number of companies can provide such capabilities. Maintaining this advantage will contribute to expanding profitability during the mid-term plan. In addition, due to the increasing use of semiconductors in data centers, output expansion is progressing rapidly, and orders from major semiconductor equipment manufacturers are also increasing.

Q What is your outlook for market share expansion in the United States? AC servo and Drives seem to have improved, but can further improvement be expected, particularly in data center-related and priority industries?

A Supported by strong semiconductor-related demand linked to data centers, we expect AC servo to achieve several percentage points of share expansion. In Drives business, although competition remains in markets such as oil and gas, order trends are improving, and demand for server cooling in data centers is expected to increase. As revenue expand under Dash 35, we expect market share to increase accordingly.

Q Could the timeline for Drives adoption (standardization) in the U.S. data center market around FY2027–FY2028 be brought forward?

A In North America, pipeline expansion has already begun among global players, including major

technology companies such as GAFAM. While the timeline depends on market trends and cannot be determined definitively, it could be brought forward depending on demand conditions.

Q What are the objectives and targets for the robot factory in the United States?

A The robot factory in the United States is positioned as a flagship facility, and we are aiming to accelerate its start-up. We are primarily considering the production of small-sized models, collaborative robots, and MOTOMAN NEXT. We plan to implement the concept of Robot Factory No.5 in Japan, which enables integrated production of motors and robots, and target the start of operations in FY2027. The facility will also be utilized as a verification site for AI applications, contributing to the advancement of our in-house production capabilities. In addition, regarding the local production of semiconductor robots, we are currently making adjustments, taking into account the timing of local incentives and other factors.

Q What are the growth drivers during the mid-term plan period?

A In Motion Control, data center-related demand is expected to drive growth, particularly in the first half of the mid-term plan. In Robotics, AI robots such as MOTOMAN NEXT are expected to begin contributing more meaningfully to revenue toward the latter half of the plan. For the time being, conventional robots will remain the main driver of revenue growth.

Q You mentioned that the profit margin target for motors entering new markets has been set lower. Is the target-setting approach for the Motion Control based on a more conservative outlook rather than the current performance level?

A This does not reflect any concerns about growth potential. In advanced actuators, integration of motors and gears is the key, but it will take time to reduce gear costs. Therefore, we have taken a conservative view on profit margins until FY2029.

Q What is your strategy for advanced actuators, and how competitive are these in China?

A In China, our AC servo continues to secure both sales and profitability, and we maintain competitiveness even against emerging local manufacturers, while pursuing a different strategy. Actuators for humanoid robots are still in the early stages in terms of both specifications and cost, and establishing these will require 10–20 years. Furthermore, various safety regulations apply depending on the application area where actuators are used, requiring compliance with such standards. Under these conditions, we will clarify going forward how we differentiate our advanced actuators currently under development from Chinese products.

Q For advanced actuators for humanoid robots, will you manufacture the gears in-house?

A At this point, we assume that gears will be sourced externally. However, looking ahead to the

future, we have also begun exploring gearless approaches, particularly in terms of optimizing the relationship between torque and reduction ratio.

Q What are the challenges and progress in the social implementation of AI robotics?

A One of the key challenges has been the engineering capabilities required to implement AI decision-making. As a result, expansion of sales has been limited so far. However, by packaging the solutions we have developed and deploying them horizontally, we are getting a sense of progress toward broader social implementation, and we are confident in the significant potential. For tasks that were previously considered difficult to automate, we will expand the use of AI robot MOTOMAN NEXT as a solution.

Q What are the quantitative targets related to AI, including MOTOMAN NEXT?

A As a quantitative indicator, the number of units sold of MOTOMAN NEXT will be an important KPI for tracking progress. We have established numerical targets internally and manage milestones accordingly, but these details are not disclosed at this time.

Q What are the key factors behind changes in operating profit from FY2025 to FY2029?

A We expect operating profit to increase by 52.7 billion yen over the four-year period. The main driver is profit increase due to revenue increase, amounting to approximately 60 billion yen. In addition, we anticipate a mid-teen billion yen contribution from higher added value. On the other hand, total expenses are expected to increase by more than 20 billion yen due to investments and labor costs. Regarding revenue increase, this includes capturing demand in semiconductors and data center-related areas, as well as revenue contributions from AI robot MOTOMAN NEXT in the latter half of the period.

Q In China, your strategy has traditionally emphasized profitability over volume. How is this approach reflected in the new mid-term plan?

A In the previous mid-term plan, while there were some challenges in expanding volume in China, we improved profitability by focusing on maintaining margins amid intensifying competition. In the new plan, while monitoring competitive conditions, we will re-strengthen our China-specific sales strategies and expand volume. The FA market in China has transitioned from a highly chaotic phase to a more mature market with fair competition. Under these conditions, we will aim to pursue both quality and volume while differentiating ourselves.

Q I would like to ask about how you approach project acquisition in Robotics. While declining margins were cited as a challenge, last year you secured large-scale OEM projects, which may have had relatively lower margins but contributed significantly to revenue. I understand that such projects can also lead to higher-margin projects in the future. What is your strategy for

project acquisition in the new mid-term plan?

A It is true that system projects account for a large share of revenue, and within these we have implemented i³-Mechatronics while providing high value-added proposals to customers. However, expanding system projects requires significant costs in terms of personnel and facilities. Rather than expanding such projects excessively, we will maintain them at an appropriate level, while enhancing the value of standalone robots such as AI robot MOTOMAN NEXT and aim to improve overall profitability through an optimal balance.

Q You plan to increase revenue of semiconductor-related robots. Could you provide an image of the revenue mix by year? Also, how does profitability differ between semiconductor robots and general industrial robots?

A In FY2025, semiconductor-related applications accounted for slightly less than 10% of total Robotics segment revenue of just under 250 billion yen. While demand will grow due to semiconductor expansion driven by AI-related data centers as well as new projects, we expect the ratio to remain at around 10% going forward. Although operating margins are not disclosed, profitability is higher than that of industrial robots and is closer to AC servo levels, and we intend to leverage this to contribute to overall profit growth.

Q How do you expect the breakdown between AC servo and Drives in the Motion Control segment for FY2027 and FY2029? Also, given the current demand environment, the revenue outlook appears somewhat conservative. What is the reason behind this assumption?

A For FY2027, we expect volume growth in AC servo reflecting the current expansion in demand. In contrast, while Drives have growth potential, we expect their scale to remain somewhat smaller relative to AC servo. By FY2029, AC servo is expected to account for slightly more than half of Motion Control revenue, with the remainder coming from Drives. Currently, data centers are driving demand; however, there are concerns about whether construction can continue indefinitely worldwide. In Japan, there are constraints on building facilities, and globally there are concerns about power shortages. While the United States is currently leading, and global demand may expand further, our plan incorporates these uncertainties.

Q As in previous plans, there appears to be limited discussion of sales strategy in the mid-term plan. Given the shift from selling products to providing solutions, changes in sales personnel, sales methods, and target customers for robots, will there be a review of the organizational structure?

A Historically, mid-term plans have not focused heavily on sales, but internally we do have detailed sales strategies. Under Vision 2025, we integrated sales functions by business division. Going forward, particularly in Japan, we will further segment by region and application, strengthening specialized sales teams focused on areas such as medical and food. To expand

physical AI going forward, we also recognize the need to evolve our sales organization and approaches.

Q Some competitors have adopted an open approach, allowing AI companies and developers to distribute robots and reportedly secured orders for 1,000 AI robots. How does Yaskawa plan to expand adoption of AI robots?

A Based on our solution concept of i³-Mechatronics, we pursue a strategy of enhancing robot value through “solutions” rather than products alone. Therefore, instead of adopting a distribution model, we will expand primarily through our customer channels. We have consistently followed this approach and have earned the trust of our customers, which has led them to choose Yaskawa. Through this approach, we believe we can further expand the adoption of our robots.