Long-term Business Plan FY2016 - FY2025

Vision 2025

April 20, 2015

YASKAWA ELECTRIC CORPORATION

20 May 2016 revision 1: P.2 FY2015 financial values changed to actual
Our Vision for 2025

Offer a new value to society through fusion of core technology advancement and open innovation

Our Goal

Respect Life
We aim to contribute to improving quality of life and building a sustainable society with technologies accumulated over the past century.

Empower Innovation
We venture in new technologies/domains/targets to bring “Waku-Waku”*¹ excitement to people.

Deliver Results
We promise to deliver assured results to stakeholders, while continuously enhancing business execution capabilities.

Our Business Domains

Mechatronics
Achieve revolutionary industrial automation, through combination of world’s leading edge technologies and open innovation.

Clean Power
Provide safe and secure living in a sustainable society.

Humatronics*²
Create a society where people’s capabilities are maximized, through the application of mechatronics technology to medical/welfare segment.

*p² Humatronics: Term coined to denote a cross of Human and Mechatronics

*¹ "Waku-Waku" : Onomatopoeia used in Japanese language to express someone’s feeling of enthusiasm.
## Financial Goals for FY 2025

<table>
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<th>FY 2015 Actual (JPY)</th>
<th>FY 2025 Goals (JPY)</th>
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<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>411.3 billion</td>
<td>Double FY 2015 level or more</td>
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<td>(From *New Business %)</td>
<td>5%</td>
<td>Double FY 2015 level or more</td>
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<tr>
<td><strong>Operating Income (Ratio)</strong></td>
<td>36.7 billion (8.9%)</td>
<td>100.0 billion (10% or more)</td>
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<td><strong>Dividend Payout Ratio</strong></td>
<td>23.6%</td>
<td>* Above 30%</td>
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<tr>
<td><strong>ROE</strong></td>
<td>12.8%</td>
<td>13% or more</td>
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* New Business: Clean Power & Humatronics Business Domain

* Gradual increase to 30% by 2020

* Above 30%
Changes Surrounding Yaskawa

Global Population Change

Effect on market structure is expected from aging population, lower birth rates in developed countries, and population rise in developing countries.
- Rise in commodity prices and pay rates in developing countries
- Increased awareness for quality of life due to increased longevity

Increase in Energy Consumption

Rapid population increase results in the increase in energy consumption and environmental awareness.
- Expansion of environmental protection measures and fuel reduction awareness
- Growth in distributed power usage
- Increase in renewable energy supply

Advance in ICT

Rapid advancement in ICT will trigger a radical change in manufacturing.
- IoT*1 Supported Device
- BtO*2 Support
- “Smart” manufacturing/operation automation through Industrie 4.0*3

*1 IoT: Abbreviation for Internet of Things
*2 BtO (Built to order): Products specially made for the customer who orders it
*3 Industrie 4.0: Concept originating from a German governmental project, which promotes the computerization of manufacturing industry.
Strategies for 2025 Vision

**Mechatronics**

**Pursue World No.1 in Core Business**
- Pursue and achieve global No.1 share in motion control and robotics segments

**Mechatronics**

**Deliver Revolutionary Industrial Automation**
- Combine world’s leading edge mechatronics and ICT technology in order to provide a brand new solution to automation

**Clean Power**

**Establish Energy Creation/Storage/Application Business**
- While globally expanding the renewable energy business, electric drivetrain business will be developed in order to establish a new core business domain

**Humatronics**

**Challenge in Medical/Welfare Market**
- Reinforce human capabilities and develop devices that will raise people’s quality of life, creating opportunities to enter new markets
Strategy 1: Pursue World No.1 in Core Business

Pursue and achieve global share No.1 in existing core businesses with strategies below.

**Servo**
- Develop integrated controller
- Tap into actuator market development
- Design combined components

**Robot**
- Create robot and human cooperative model for manufacturing industry
- Enhance application and integration
- Develop robot for assembly application

**Drive**
- Offer energy saving/storage solution
- Develop harmonic-less/regeneration application market
- Enter and capture market the volume zone

Internet of Things (IoT) Supported
Strategy 2: Revolutionary Industrial Automation

Automation of challenging operations

Progress of automation is slow in many manufacturing processes including assembly of electronic device and food production. Innovative solution will be provided with world’s leading edge technology and development.

Make things happen with “Visible” and “Connectable” devices

Development of “Visible”, “Connectable” interactive equipment will be promoted through fusion of automation component and ICT technology.

Expansion of Open Innovation

Combination of Yaskawa’s technology and surrounding technology through open innovation is necessary, to enable the development of high spec but user-friendly device/module, and to develop new business markets.
Strategy 3: Energy “Creation”/“Storage”/“Application”

Clean Power Across the World!
Strengthen solar power and large-scale wind power generation, in order to accelerate global business expansion.

Optimize Electric Power Usage!
Increase in introduction of renewable energy is likely to promote consumer’s need for systems, such as peak-cut systems and grid power stability. Yaskawa will work on electricity storage systems and contribute to further expansion of renewable energy.

Into the Electric Drivetrain Market!
New electrical mobility market, which will eventually replace fossil fuels, is to be developed through the use of open innovation.
Robot technology from past experience in field of industrial automation and alliances including industry-academia-government collaboration, will be applied to create a visionary market for medical/welfare devices. We define a device that can enhance quality of life through combining Yaskawa’s Mechatronics technology and human capabilities as “Humatronics Device”.

Current activities

Wider product mix for medical/welfare devices with Actuators

Future development

Generation of new market

2025

Ultralight
Simple Design
Easy to use

Independence support
Wider usability

2015
Organizational/Individual Capabilities for 2025

Stronger Global HQ Function
• Stronger ability to lead the company
• Stronger ability to create group synergies
• Stronger ability to support each group member

Better Area Management
• Strengthening of regional R&D, manufacturing and sales capabilities
• Regionally integrated and unified Human Resource management
• Completion of management “localization”

Diversity Promotion
• Create a culture that can utilize strengths of a diverse workforce

Strategic Global HR
• Strategically develop next generation leaders
• Early identification and development of global key talent
• Promotion of cross-function, cross-border projects

Attractive Work Environment
• Transformation of way of working to ensure work-life balance
• Guarantee fair recognition of challenges and accomplishments
• Fast-track promotion of passionate young workers
Activities unique to each global region, such as strengthening of strategic collaboration with local universities and others, are key to creating shared values with local communities. We will create a model in Kitakyushu City, Japan, to be an example for the whole world.

From the “Robot Village” to the World!
Promotion of robot revolution at Yaskawa’s “Robot Village”
• Establish “Robot Village” as a place for demos and experiments
• Collaborate with universities and colleges in the field of research, development and education related to robots
• Hold robot workshops in YASKAWA Innovation Center
  ⇒ With robotics as the keyword, the aim is to create an innovative idea-generating site, through the buildup of industry-academia-government collaboration.

Create an Inclusive & Creative Environment for People with Disabilities
Collaboration with employment facilities for the disabled people
• Provide a working environment for disabled persons to develop and manufacture equipment for disable persons by themselves (e.g. ReWalk), while using such equipment on-site.
Disclaimer

Forward-looking statements in this material are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable.

Actual results may differ from these statements for a number of reasons.