SoftBank Group Corp.: FY25Q2 Global Conference Call Q&A

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Q&A
Speaker1
Q1:
The newly appointed Prime Minister appears to be quite positive on AI. What kind of initiatives might we expect in Japan to accelerate AI adoption, and how could this present an opportunity for the SoftBank Group?

A1:
(Goto) We will need to study the Prime Minister's policies carefully, so we would like to continue monitoring her remarks closely. However, I believe that the preparations needed to accelerate AI development are common across the world. Securing sufficient data centers, and ensuring enough power supply for those data centers, remain a common and indispensable priority. SoftBank Group has ample potential to play a significant role in these areas.

Q2:
Regarding the recent acquisition of ABB's robotics business, I think this has attracted a lot of attention in Japan, home to some of the world's largest robotics companies. Could you share some of the reactions you have received from your partner companies regarding what kind of opportunities this might create for SoftBank Group?

A2:
(Goto) Although not much time has passed since the announcement, our group companies in the robotics business and related affiliates have welcomed this acquisition. Our business partners and key customers are also watching with great interest how SoftBank Group will evolve through this acquisition, and how their own

relationships with their clients may change as a result.

Speaker2

Q1:

On Stargate, I understand that SoftBank Group and OpenAI have announced plans to build 1.5 gigawatts out of a total of 10 gigawatts. What level of leverage can we expect from that investment? And given that Oracle has communicated plans for 5.5 gigawatts, leaving around 3 gigawatts remaining, would you consider further expansion, or is 1.5 gigawatts essentially the scale you intend to pursue?

A1:

(Goto) Even for the 1.5-gigawatt projects we are now advancing, we still need to determine matters such as the structure of the project financing, the size of each tranche, and the overall economics. Therefore, we are not yet in a position to provide details. Since the overall framework has yet to be finalized, it is difficult to calculate costs at this stage, so we would like to ask for your patience until we are ready to make an announcement. As for the project with Oracle, we are not currently considering participation.

Speaker3

Q1:

You mentioned that you are confident LTV will remain below 25%. Could you provide an indication of the pro forma LTV level or range based on current market values?

A1:

(Goto) At this stage, I would like to simply say that our LTV remains well below the 25% level. While we are not in a position to provide future figures, we expect to maintain this comfortable level below 25% through the end of March 2026.

Speaker4

Q1:

On your financing strategy going forward, my understanding is that you plan to manage operations with a balanced mix of assets, debt, and cash. In connection with the second closing of OpenAI and the acquisition of ABB’s robotics business, would you consider taking out a bridge loan first and then replacing it with permanent financing later, to allow sufficient time for that process?

A1:

(Goto)I think that would be a very standard approach for an investment company like ours. When the timing of payments for multiple investment or acquisition projects overlaps, it is common practice to first arrange a bridge loan with our core banking syndicate and then take time to consider takeout financing.

Q2:

You mentioned “diverse approaches” for refinancing bridge loans. To what extent do you expect to rely on corporate bonds over the next year?

A2:

(Goto) That will be determined by our financial policy. If we were to raise all necessary funds through debt alone, the LTV would deteriorate. Reallocating assets, in other words selling existing assets and redirecting the proceeds into new investments, is also an important theme. We have already taken many such actions during the first half. Going forward, management will continue to discuss carefully how to retain or replace assets. While we will utilize leverage within a reasonable range, we ask that you exercise discretion over which measures to take while keeping LTV firmly in mind.

Speaker5

Q1:

The Stargate announcement included participation from SB Energy. What role do you expect from SB Energy to play in data center development, given the power constraints associated with HPC?

A1:

(Goto) For SB Energy’s role, one possible approach is that it could own the real estate for data center projects. A project structure could then be built on top of that, where financing is arranged and the facility is leased to tenants, or off-takers.

Q2:

Do you see potential for SB Energy to participate in projects beyond those related to SoftBank Group and work with third-party data center projects?

A2:

(Goto) At this point we are not assuming such cases, but in the future there could be

room for flexibility to some extent.

Speaker6

Q1:

The presentation materials include a slide indicating that SoftBank Group will hold approximately an 11% stake in OpenAI after the restructuring. Does that figure take into account the planned $22.5 billion investment in OpenAI by the end of December 2025?

A1:

(Goto) That is correct.

Q2:

On the margin loan secured by Arm shares, which was upsized to $20 billion from $13.5 billion, did you pledge additional Arm shares for the upsizing?

A2:

(Goto) We did not pledge any additional Arm shares. The existing pledge has sufficient value and headroom, and the bank syndicate has confirmed that it is adequate.

Speaker7

Q1:

Regarding the valuation of OpenAI as of the end of September 2025, are you incorporating the $500 billion valuation that was reported in October? Given that, there may be potential for derivative valuation gains in Q3. How should we think about this?

A1:

(Kimiwada) As of the end of September, we assessed the valuation by referencing the October transactions and taking into account relevant risk factors. In Q3, this risk adjustment will no longer be necessary, so it is reasonable to expect a potential value increase.

Q2:

You mentioned that you did not value it at $500 billion, but can we understand that the valuation as of the end of September was relatively close to that level?

A2:

(Kimiwada) Yes, we valued it based on the $500 billion level, after factoring in certain risks.

Q3:

Regarding the annual $3 billion payment to OpenAI under the Crystal intelligence initiative, how much has been paid so far, and when do you expect the full amount of the $3 billion payment to be made?

A3:

(Goto) We plan to start providing services externally in earnest from next year, but for this year we are focusing on extensive use within the group. Payments will be made in accordance with usage by our group companies. This year, however, payments will be made by SoftBank Group.

Speaker8

Q1:

After the completion of the Ampere acquisition, is it correct to understand that you plan to expand a large-scale AI chip business including Arm?

A1:

(Jason) We can't announce specifics. If we are successful in our design efforts—funded by SoftBank Group and Arm—Arm and SoftBank Group should be able to capture meaningful demand within Stargate. Execution is the primary risk in accelerated computing, and many have struggled. Power availability is also a constraint. Arm has a history of high ROI and conservative announcements. Stay tuned over the next 12 months.

Q2:

The acquisition of ABB's robotics business is expected to close by the end of 2026, so operations would start from 2027. I believe the total addressable market (TAM) for robotics is larger than that for chips. How do you view the scale and capital needs of the robotics business?

A2:

(Goto) As you mentioned, the robotics business is a field with dynamic growth

potential and many areas yet to be developed. While ABB's robotics business may seem legacy at first glance, centered on industrial robots, it has over 7,000 employees and extensive experience. SoftBank Group's robotics business began with Pepper, and today we have a broad portfolio of robotics-related companies with strong technological capabilities. We are very much looking forward to seeing how ABB's robotics business, with its solid foundation, will collaborate with this portfolio to create meaningful synergies. Robotics applications will continue to expand across logistics, automated warehouses, and autonomous driving, so we hope you look forward to this evolution.

Q3:

Wouldn't it be interesting to combine it with the German robotics company Agile Robots, for instance?

A3:

(Goto) Agile Robots is truly an exciting company for us.

Speaker9

Q1:

The two financial policies you have are to keep LTV below 25% and to maintain at least two years' worth of bond redemptions in cash on hand. I assume these two are inversely related. In a worst-case scenario or during a down cycle, how should we think about the prioritization between these two financial policies?

A1:

(Goto) Both are equally important, and we intend to manage our financial management policy by addressing both carefully. LTV reflects the company's overall condition, but if our cash position were to fall short, it could lead to default. For a company like ours with large-scale bond issuance, we must always be prepared for occasional market shutdowns. We analyze past shutdown periods and, taking a conservative view, believe that securing a cash position equivalent to two years of bond redemptions enables us to mitigate unexpected risks. As an investment company, we differ fundamentally from firms with predictable cash flows. This is precisely why we adhere to a policy of maintaining a level of security against market risk that far exceeds conventional requirements. We understand the importance of this policy better than anyone else.

Speaker10

Q1:

I understand that SoftBank Group has previously invested in several autonomous driving companies. Could you give a bit more color on why you are particularly excited about Wayve and how it can compete with some of the already established players in this space?

A1:

(Navneet) Wayve recently announced a partnership with Uber to launch a pilot of fully autonomous robotaxis in London, targeting spring 2026 for trials—Uber's first Level 4 pilot without a safety driver. In April 2025, Wayve began local learning in Japan.
The company has also made progress with multiple OEMs; notably, Nissan has signed production agreements. NVIDIA signed an LOI for up to $500 million as part of its UK AI pledge. Wayve and NVIDIA have been collaborating since 2018, and NVIDIA also participated in Wayve's Series C round.
Another leader in our portfolio is Nuro, which raised at a $6 billion valuation with backing from Uber and NVIDIA. We believe the market is large enough to accommodate multiple players, much like to ride-sharing space.

Speaker11

Q1:

If we look at the amounts you have invested in OpenAI and the valuations at those times, the stake math suggests roughly a 12% ownership for SVF, but your presentation shows around 11%. Was there any adjustment due to the Public Benefit Corporation (PBC) conversion or other factors?

A1:

(Navneet) There were no particular offsets that caused dilution, but you need to take into account acquisitions such as io, Jony (Jonathan) Ive's company. Overall, we marked our position to the $500 billion round, and that is how we arrive at approximately 11% ownership.

Q2:

Does this include the stake purchase from employees as well —the $1.1 billion plus $1.4 billion portions?

A2:
(Navneet) Yes.

Q3:
Since the next $22.5 billion investment will be made by SVF2, will SVF2 borrow that money from SoftBank Group to make that investment? Has the interest rate been determined yet?

A3:
(Goto) SoftBank Group will provide capital to SVF2, which will then use it for the investment.

Q4:
SoftBank Group may be Arm's second-largest customer after Apple. Is it correct that around 15–16% of Arm's revenue came from SoftBank Group last quarter? What is SoftBank Group using this for, and what is the outlook for this cost, which is approximately $700 million on annualized basis?

A4:
(Jason) The approximately $700 million run-rate has increased in three stages—$50 million per quarter about a year ago, then around $126 million, and most recently about $178 million. It consists of license and design services, effectively representing funded R&D at a lower margin than royalties. This enables SoftBank Group and related parties, such as Graphcore, to work on accelerated compute alternatives that could serve Stargate and others. Accelerated compute typically requires multiple generations before achieving market-grade performance. For example, NVIDIA is now on its seventh generation, and AMD on its third or fourth. Costs continue to accrue while multiple versions are under development, but once a product ships, we can expect revenue and gross profit. Market ASPs for high-end accelerated compute chips are roughly $30,000 to $50,000, with margins of around 50–75%. If we reach even a double-digit percentage of Stargate capacity, the potential chip value would be in the tens of billions. We will share more updates when milestones are achieved—tape-out, samples returning and performing to target, and then non-cancelable POs—likely within the next 12 months.

Speaker12

Q1:

I am curious about valuations across the AI industry—there seem to be concerns about circular investing among OpenAI, NVIDIA, and Oracle. What's your view on that? Is that one of the reasons you decided to sell your NVIDIA stake?

A1:

(Goto) We feel that valuations in the AI sector have increased compared with two years ago. However, if we determine that such valuations are fair, we would make investments based on that assessment. For us, as long as our financial position allows, the key factor is whether a company is strategically important, rather than whether its valuation seems high. Regarding the sale of NVIDIA shares, this was utilized to secure funds for our various initiatives, especially our significant $30 billion investment in OpenAI. It does not represent any change in our view of NVIDIA itself.

Q2:

China has long held a leading position in robotics, but SoftBank Group has remained cautious about investing there. Given China's lead, what is your current investment appetite in that market?

A2:

(Goto) We recognize that China offers numerous investment opportunities in AI-related areas, including robotics, and that there are many excellent engineers and entrepreneurs there. However, our primary arena is the United States, and it is important for us not to face obstacles in doing business there. We must carefully ensure that our investments do not conflict with U.S. regulations such as CFIUS. From that perspective, investing in China is currently very difficult for us.

Speaker13

Q1: Originally, I believe there was consideration as to whether the OpenAI investment would be made directly by SoftBank Group or through SVF2. What was the reason for ultimately deciding to invest through SVF2? I understand that since Masa owns over 17% of SVF2, it would allow him to capture value directly, but I assume there are other reasons as well. As a late-stage investment, over what timeframe do you expect to monetize, for example through an IPO?

A1:

(Goto) The investment in OpenAI is classified as a minority investment in a private company. OpenAI has raised capital from external investors in multiple rounds, and each investor has made their investment with the understanding that it could be monetized in the future. An IPO is one possible option for that. For that reason, we classified this as a transaction aligned with the fund's mandate and decided at the outset to make the investment through the Vision Fund 2. Future investments will be decided at the appropriate time, and in this case, we made a clear decision based on that timing. The nature of the company has not changed, so it was natural for us to continue investing through the same vehicle, a decision that was also confirmed by the Board of Directors.

Q2:

If possible, please comment on the expected timing of the IPO.

A2:

(Goto) The timing of the IPO will be determined by the company itself, so we prefer not to comment from our side.

Speaker14

Q1:

SoftBank Group has historically invested in and acquired many software and IT companies, but ABB is a hardware company, which is somewhat unusual. In the past, your focus on software companies meant that as each portfolio company grew, overall value increased. This time, however, you are acquiring a robotics business. Will your management approach place greater emphasis on synergies with your existing semiconductor and software-related investments? Do you expect a different management or organizational structure compared with your past investments?

A1:

(Goto) The acquisition of ABB's robotics business means bringing on board a team with deep industry experience and a well-established operational structure. Even now, as an investment holding company, we have subsidiaries such as SoftBank Corp., a telecommunications company, and Arm, each operating independently to enhance their corporate value. We expect ABB's robotics business to follow the same path leveraging its existing resources and expertise to grow its value as part of the group.

At the same time, we have high expectations for the growth of robotics business as a whole. ABB's business has traditionally focused on legacy industrial machinery, but we also own several venture companies specializing in AI-driven technologies. By combining their technological strengths with ABB's operational and production capabilities, we expect to create strong synergies and meaningful innovation.

Q2:

Do you have any specific plans for the organizational structure?

A2:

(Goto) The completion of the acquisition will take about another year, so we plan to take time to carefully consider the structure before then.

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