

## New Mid-Term Business Plan, "Realize 25," Launched!

### Let's act in the best interests of our customers and achieve Vision 2025!



Masahiro Ogawa  
Representative Director  
president,  
Yaskawa Electric Corporation

*M. Ogawa*

Linking the World, Connecting People.  
Yaskawa Group Newsletter  
W.W.Y. -World Wide YASKAWA-

# Jun. 2023

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Special Edition

# YASKAWA

Hello, everyone. Subsequent to our announcement of the new mid-term business plan, "Realize 25," on May 16, as president of the group, I would like to share my thoughts with you.

Under Mr. Ogasawara's strong leadership, we managed to capture the capital investment demand represented by new infrastructure in the "Challenge 25 Plus" from FY2019 to FY2022, despite the impact of COVID-19 and semiconductor shortages, and we were able to achieve our goals by setting new records for both revenue and operating profit.

This big achievement is what I would first like to share with you. With this strong momentum, we intend to continue accepting further challenges under the new mid-term business plan, "Realize 25."

"Realize 25," the final stage of "Vision 2025," is the crucial step of the plan that will enable us to accomplish our stated vision, which is achieving an operating income of 100 billion yen. We have set out four key policies to attain this. Please ensure you understand the details of these measures.

Essentially, our business is made up of the profits earned from selling our products. In this context, who determines the "value of the products"? Needless to say, it is the customer. Customers appreciate the value of the products and the services we provide, and when customers purchase our products or use our services, our sales revenue and profits are generated.

Therefore, my request to all of you is to be always aware what the customer or the market needs and wants in your work. Although we are manufacturers, our job is not just to ensure that customers purchase our products, but also to think and work on how we can match our products and services to our customers' need and yet cater to the market demands. This is something I want you to think about.

To give you an analogy, the Yaskawa Group is a big ship. To move forward powerfully, it has various divisions, such as R&D, procurement, manufacturing, sales, service and managing, with different roles and missions for each organization. However, the one thing that all of us have in common is our customer.

Remind yourselves of the roles and missions of the organization you work for, and at the same time, pay attention to "Who are your customers?" and "Are you working with their best interest in mind?" then act with the customers in the center.

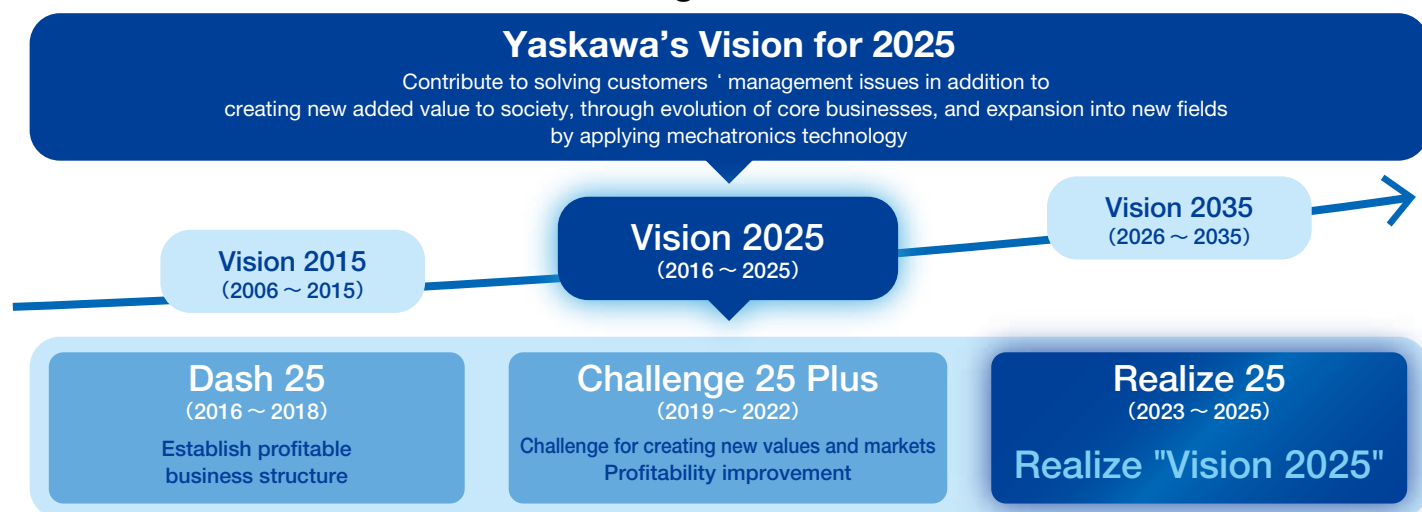
When the vectors of all the employees working at the Yaskawa Group are aligned in one direction, it will prove to be a major driving force for the Yaskawa Group ship to move forward strongly. I am convinced that this is truly sustainable growth, which will help us achieve "Vision 25."

The Yaskawa Principles are the collective thoughts of each employee in our organization, and i<sup>3</sup>-Mechatronics is a way to put these principles into practice. YDX (YASKAWA Digital Transformation) is a great asset to connect "customer needs/wants and our products" through i<sup>3</sup>-Mechatronics to our tangible actions.

Additionally, the Yaskawa Technology Center (YTC) exists to generate synergies across internal and external boundaries as a technological development hub for the Group. In this way, an environment and a platform are in place for us to bring i<sup>3</sup>-Mechatronics to action. All we have to do now is think in depth about how we can use this platform and do our best to fulfill the role assigned to us as individuals.

I sincerely request you all to review your roles and act for your customers. Stay flexible and speedy with the drastically changing market and work hard with me to achieve the goal of "Realize 25"!

## Positioning of "Realize 25"



In May 2023, Yaskawa Group announced the start of new mid-term business plan "Realize 25" (FY2023-FY2025) the final stage of "Vision 2025" (FY2016-FY2025).

Based on Yaskawa Principles, Realize 25 is expected to strengthen business operations that penetrate the i<sup>3</sup>-Mechatronics\*<sup>1</sup> solution concept, thereby maximizing the value of solutions to improve and evolve, which is what our customers needs and wants.

We, at the Yaskawa group, aim to achieve the goals of our long-term business plan, "Vision 2025" and contribute to resolving customer management issues and realizing a sustainable society.

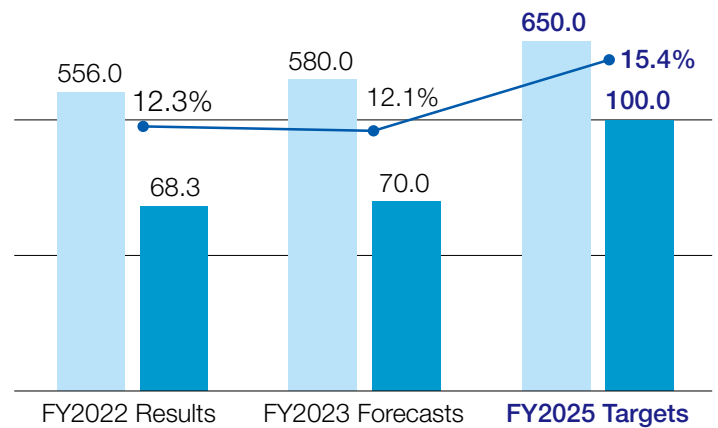
\* 1 i<sup>3</sup>-Mechatronics : Combination of "mechatronics"(proposed by Yaskawa in 1969, word that combined mechanism and electronics) and the three "i"(integrated, intelligent, innovative) ,which stands for a solution concept that contributes to solving customers' business challenges.

## "Realize 25" Financial Targets (Consolidated)

Our financial targets for FY2025 are: Revenue of 650 billion JPY, an operating profit of 100 billion JPY, and operating profit ratio of 15.4%. The ROE\*<sup>2</sup> and ROIC\*<sup>3</sup> should be at least 15%, and the payout ratio should be 30% + alpha. The investment plan includes a three-year total of 150 billion JPY.

The Yaskawa Group aims to contribute to the realization of a sustainable society by creating new value through the expansion of i<sup>3</sup>-Mechatronics and the evolution of robotics, and by achieving "Vision 2025." The four basic policies for achieving this goal are as follows.

■ =Revenue ■ =Operating profit ● =Operating profit ratio (Billions of Yen)



ROE	16.2%	14.1%	<b>15.0% or more</b>
ROIC	14.6%	12.3%	<b>15.0% or more</b>
Dividend payout ratio	32.3%	32.8%	<b>30.0%+α</b>
Investment plan	Cumulative investments:150.0 (FY2023~FY2025)		

\* 2 ROE : Return on Equity = Profit attributable to owners of parent divided by shareholders' equity

\* 3 ROIC : Return on Invested Capital= Profit attributable to owners of parent divided by invested Capital

## Policy 1 Creating Value through i<sup>3</sup>-Mechatronics Solutions

**Strengthening technology, production, sales, and service functions**

- Technology** Enhancing technological development capabilities to increase values of customers
- Production** Evolving group-wide manufacturing with i<sup>3</sup>-Mechatronics
- Sales** Strengthening strategic approach to customers and their supply chains
- Service** Innovating product and service quality throughout the product lifecycle

**Realizing new revolutionary industrial automation**

**i**ntegrated  
integrated-coordinated  
production site

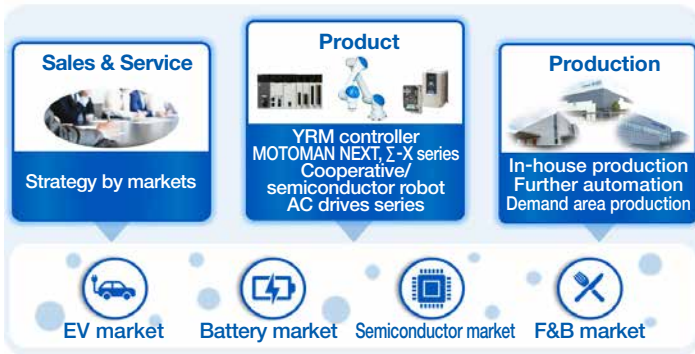
**i**ntelligent  
intelligent  
production site

**i**nnovative  
innovative  
production site

The Group will further enhance its world-class products and technologies, which constitute its key strengths, to deliver solutions to its customers. Additionally, we will become the flagship of i<sup>3</sup>-Mechatronics at our production sites for the optimal and sustainable supply of these products, thereby further enhancing the competitiveness of our products through cutting-edge manufacturing. By utilizing Big Data in these processes, feasible solutions, using high-quality products, can be provided to customers.

This is the i<sup>3</sup>-Mechatronics solution concept. By seamlessly connecting the requirements and wants of our customers with those of our products, which are the group's strengths, we will increase our contributions to our customers. By doing so, we can expand the scope of our business and create more value.

## Policy 2 Capturing Growth Market with World's Best/First Automation Components

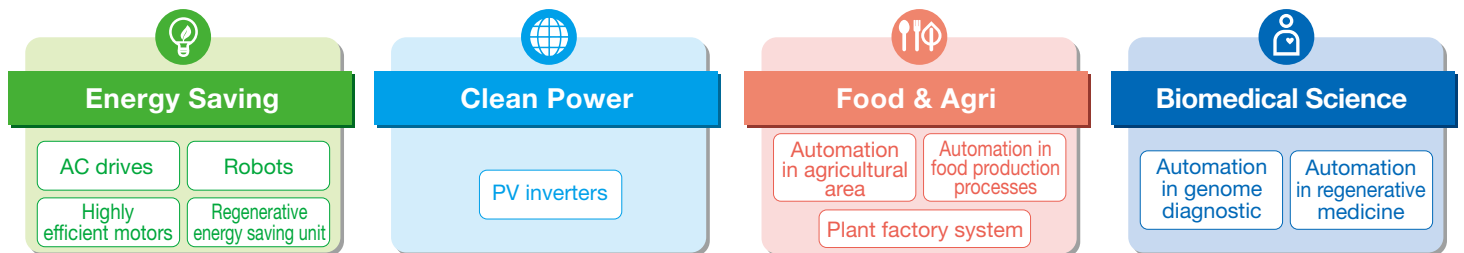


In emerging markets, such as EVs, batteries, semiconductors, and food, with a focus on automation components, we capture demand by developing market-specific strategies globally.

At the mother plant of each SBU\*<sup>4</sup> in Japan, we will promote alignment of R&D, procurement and manufacturing, while strengthening our global production structure based on the policy of "production in demand areas." Through these practices, we will create global, stable production that is resilient to environmental changes and risks.

\* 4 SBU : Strategic Business Unit

## Policy 3 Contributing to Realizing a Sustainable Society through Business Expansion of Mechatronics Applications



Expanding the sales of green products will help customers improve their energy efficiency and reduce their environmental impact.

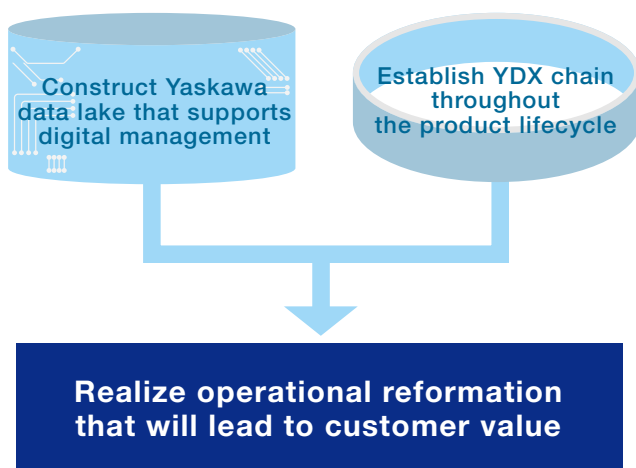
The company pursues full-scale business growth with a new line of power conditioners for solar power generation, thereby delivering world-class energy.

By integrating our core technologies to support food safety and stable supply, as well as automation in the agricultural field, we will contribute to solving global social issues.

By deploying our company's automated solutions in regenerative medicine, such as genomic analysis and iPS cells, the company aims to create a future in which everyone can be human and shine brighter.

## Policy 4 Establishing a Management Foundation by deepening YDX and Sustainability Management

### 1 Providing New Value through YDX Chain Based on PLM\*<sup>5</sup> Restructuring



This new approach rebuilds the Product Lifecycle Management (PLM) by connecting data from the formation of product technology to the flow of production and supply chain information in the process. By doing so, we continue to improve our operations and provide new value to customers.

\* 5 PLM : Product Lifecycle Management

### 2 Promoting Sustainability Management through Strengthening Initiatives towards Materiality



\* 6 CCE100 (Contribution to Cool Earth 100) : Target to reduce CO<sub>2</sub> emissions from our products by more than 100 times by 2025

In our Sustainability Policy, we identify the materiality of contributions to society through i<sup>3</sup>-Mechatronics, including KPI settings. These initiatives were strengthened through a PDCA cycle. We also focus on the human resources that support our business and work to promote our principles on a global basis, aiming to be one YASKAWA, i.e., a totally aligned Yaskawa Group.





(YEU) YASKAWA EUROPE GmbH

## (YEU) Opens its New European Headquarters in Hattersheim, Germany

Reporter: Sohei Fukada, Corporate Communications Dept., Corporate Branding Div. (YEC)



Ribbon-cutting at the opening ceremony

(YEU) has moved from the city of Eschborn on the outskirts of Frankfurt to the city of Hattersheim, also in the state of Hesse, a 10-minute drive from Frankfurt International Airport. In addition to functioning as the headquarters in EMEA (Europe, Middle East, and Africa), it also functions as a large base with about 250 DMC-related employees, as well as an academy of about 20 robots.

A grand opening ceremony was held on Tuesday, April 25, with more than 200 guests. The welcome address at the ceremony was delivered by the representatives of the State of Hesse, the Mayor of Hattersheim, the Consul General of Japan in Frankfurt,

and other German and Japanese officials. Iaido performances, violin recitals, and dancing were followed by performances by robots and Japanese kagami-biraki.

Besides the European guests, a number of executives from Yaskawa Electric, including Mr. Ogasawara, Chairman of the Board, and Mr. Ogawa, President, were also present. The launch also included technology presentations focusing on digital applications and sustainability, as well as facility tours.

The new headquarters of (YEU) will from now on be used to expand business throughout EMEA.



(YEU) new European headquarters

The new headquarters can also be viewed on the (YEU) official website.

[https://www.yaskawa.eu.com/header-meta/news-events/article/yaskawa-opens-new-european-headquarters-in-hattersheim\\_n19580](https://www.yaskawa.eu.com/header-meta/news-events/article/yaskawa-opens-new-european-headquarters-in-hattersheim_n19580)



Greetings from Mr. Ogawa, President of (YEC)



Greetings from Mr. Schnekenburger, Regional Manager, EMEA



Greetings from Mr. Mead, President of (YEU)



Kagami-Biraki to pray for the prosperity of the new headquarters



Violin-playing and robot-dancing in tandem



(YEU)  
Fumio Ando

Due to the impact of the COVID-19, the relocation was delayed by a year, but we successfully finished moving in March of this fiscal year, the first year of the new Mid-Term Business Plan. A grand opening ceremony was held in April with the cooperation of all parties involved. As the regional headquarters, we intend to enhance our functions and continue to be a strong leader in business across EMEA.

**Note** The Yaskawa group newsletter "W.W.Y." is for internal use only. Please refrain from distributing the copies to third parties.

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