

Mid-term Business Plan “Challenge 25 Plus”

Let’s be conscious of “DIY (Do It Yourself)”
and move forward to achieve our goals!



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The market environment surrounding the YASKAWA group has changed significantly due to the impact of the COVID-19. In the first half of FY2020, the global trend to refrain from capital investment was remarkable by this impact. In China, however, economic activity has been rapidly recovered, and investment in new infrastructure*1 has been actively conducted. Global demand also began to recover, particularly in the automotive and semiconductor markets.

Under these circumstances, the final year of the mid-term business plan “Challenge 25” was extended a year to FY2022 considering the impact of the market. And in April 2021, the YASKAWA group announced its revised version of mid-term business plan “Challenge 25 Plus (FY2019-FY2022).”

During the “Challenge 25 Plus,” we will reform our business model through “i3-Mechatronics” and enhance efficiency and profitability by realizing digital management through YASKAWA Digital Transformation (YDX). In addition, we will further speed up toward achieving the long-term business plan “Vision 2025” by incorporating activities based on the sustainability policy, aimed at realizing a sustainable society.

I would like each members of the YASKAWA group to reconfirm your roles and always try to act with a vision to the optimal for the entire YASKAWA group. And keep “DIY” in mind as you take actions toward the goals of “Challenge 25 Plus” and “Vision 2025.”

*1 New Infrastructure: Digitization of industries in China, centered on seven fields which includes the next-generation communications standard “5G,” “new-energy vehicles,” and “AI.”

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YASKAWA

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① Promote Sustainable Management

In recent years, disasters due to climate change, widening of diversity, and human rights issues such as discrimination have attracted considerable attention. Against this backdrop, international efforts such as the Sustainable Development Goals (SDGs) have made significant progresses. Under these circumstances, YASKAWA group has established its sustainability policy based on the corporate mission and identified materiality. We will contribute to the development of a sustainable society by implementing measures to solve these challenges, under “Challenge 25 Plus.”

Yaskawa Group's Materiality

Create Social Value and Solve Social Issues through Business Activities

- Realize revolutionary industrial automation through i³-Mechatronics
- Build clean social infrastructure and foundation for safe and comfortable living
- Develop new technologies and business domains through open innovations

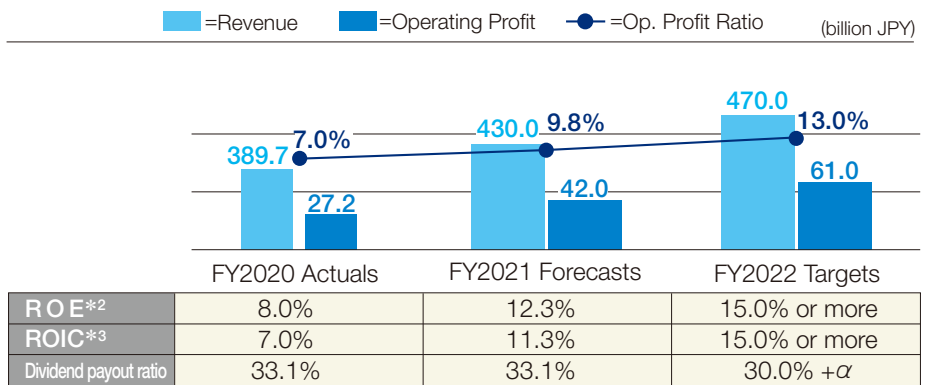
Strengthen Management Foundation that Contributes to Sustainable Society/Businesses

- Sustainable and productive manufacturing
- Create a rewarding workplace and human resource development
- Fair and transparent governance system

② “Challenge 25 Plus” Financial Targets

In response to major changes in the market, such as COVID-19, we have brought down our revenue target to 470 billion JPY (initially 540 billion JPY) for “Challenge 25 Plus,” and our operating profit target to 61 billion JPY (initially 70 billion JPY).

Through YDX, we will promote “visualization of data” and “create rewarding workplace” to develop a management structure that is resistant to the market changes that have accelerated due to COVID-19. Consequently, even though we have lowered the final targets for revenue and operating profit, we aim to achieve our original target of 13% for the operating profit ratio, which we set as the most important KPI.



*2 ROE : Return on Equity = Profit attributable to owners of parent/Shareholders' equity

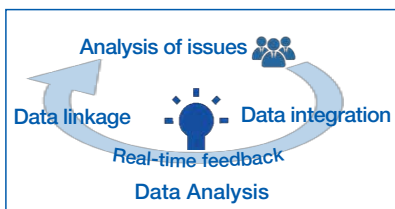
*3 ROIC : Return on Invested Capital = Profit Attributable to Owners of the Parent/Invested Capital

Basic Policies of “Challenge 25 Plus”

Basic Policy 1 Transform Business Model through i³-Mechatronics

Contribute to solving customers' management issues through cross-business initiatives with evolution of manufacturing, sales and technology

① Strengthen Sales Capability to Realize i³-Mechatronics



Aim to expand solutions that realize “i³-Mechatronics” and strengthen our capabilities to offer solutions that increases added value of customers.

② Develop Technologies/Product Development to Realize i³-Mechatronics



Accelerate global development across businesses by building an integrated development structure at “Yaskawa Technology Center.”

③ Strengthen Manufacturing Functions to Demonstrate i³-Mechatronics



Expand “Yaskawa Solution Factory” concept globally to realize efficient and optimal manufacturing.

④ Strengthen Service Businesses through Demonstration of i³-Mechatronics



Contribute to improving customer’s production efficiency by offering new data services based on predictive diagnostics.

Basic Policy 2 Maximize Profitability in the Growing Market through i³-Mechatronics

Business expansion by leveraging open innovation in the rapid growing “Robotics” market*4



Strengthen creating market presence in China and Asia, centered on “3C”^{*5} “New Infrastructure” market



Promote initiatives with car and parts manufacturers in “Automotive” market



Strengthen initiatives in the “Semiconductor” production equipment market

*4 “Robotics” Market: Automation area including robots

*5 3C: Abbreviations for consumer and digital communications equipment (from the acronyms Computer, Communication and Consumer Electronics)

Basic Policy 3 Expand New Domains for Building a Sustainable Society

Contribute to realizing sustainable society through world-class mechatronic technologies

Energy Saving & Clean Power

We will take on the challenge of technological innovation to realize carbon free society and change the future through products utilizing the industry’s top-level power conversion. Through these efforts, our goal in FY2025 is to reduce CO₂ emissions by 100 times of the amount emitted by Yaskawa group (CCE100*6).



Food & Agriculture

We will contribute to stabilization of food supply by applying industry leading automation technologies to food production processes and agriculture.

Humatronics*7

We will support people’s health and lifestyles by establishing a business model to respond to demand for automation in the medical and welfare field.

*6 CCE100 (Contribution to Cool Earth 100): Target to reduce CO₂ emissions from our products by more than 100 times by 2025

*7 Humatronics: A coined term combining “human” and “mechatronics”

Strengthening Management Foundation

Through digital transformation and quality management, we have started the unification of management data and standardization of business processes, with an aim to strengthen YASKAWA group’s integrated operation on a global level, as well as to make quicker decisions and thoroughly improve management efficiency through YDX. In addition, we are committed to promoting and strengthening sustainable management that meets society’s expectations.

1 Improve Management Efficiency through YDX

Promote “visualization of data” and “creation of a rewarding workplace” to improve our management structure that is resilient to market changes accelerated by COVID-19

- **Sophisticated business management**
Enhancement of added value through visualization of management data
- **Improve productivity**
Efficiency improvement through visualization of business data
- **Work style reform**
Realizing flexible and diverse working styles
- **Awareness reform**
Enhancing employee job satisfaction

2 Strengthen Management Foundation that Contributes to Sustainable Society/Businesses

We will implement sustainable management that meets the expectations of our diverse stakeholders and strive to create social value and solve social issues through our business and corporate activities, communication and co-creations with them.

- **Sustainable and productive manufacturing**
- **Create a rewarding workplace and human resource development**
- **Fair and transparent governance system**

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