

## FY2023-FY2025 Mid-term Business Plan

# “Realize 25”

June 1<sup>st</sup>, 2023

**YASKAWA ELECTRIC CORPORATION**

# Regarding Mid-term Business Plan “Realize 25”

Since its establishment in 1915, Yaskawa Electric has constantly strived to take on the latest technologies of the times, upholding its corporate motto of being “a technology driven company” and defining its business domain as “electric motors and their applications”. Yaskawa’s mission is to contribute broadly to social development and human welfare through the execution of our business.

Our business environment are in constant state of dramatic changes. Global shortage of materials such as semiconductors, foreign exchange fluctuations, geopolitical risks, and other uncertainties continue, but we must ensure that we are able to capture the expansion of the growing markets.

We are pleased to announce our mid-term business plan "Realize 25," started from FY2023. Based on the Yaskawa Principles, we will strengthen our business activities centered on the solution concept "i<sup>3</sup>-Mechatronics" to achieve our long-term business plan "Vision 2025" as well as to contribute to solving our customers' business challenges and realizing a sustainable society.

Representative Director, President  
**Masahiro Ogawa**

# Yaskawa Principles

Promote behavioral change among employees through deepening understanding of the Yaskawa Principles on a global scale and establish “One YASKAWA” corporate culture

## Our Values

To achieve the mission, our group has set the following three objectives and work hard to achieve them

Focus on quality  
Management efficiency  
Market oriented

## Our Purpose

Yaskawa’s mission is to contribute broadly to social development and human welfare through the execution of our business

## Our Actions

We respect our group’s heritage and strive to realize our mission, and through this, we seek the group’s prosperity and our own well-being by raising society’s trust

The corporate culture that we have cultivated for over 100 years : **6 categories for Yaskawa DNAs**

Technology driven

Customer and  
application focused

Quality first

Mechatronics

Policy-based  
management

Global

## **Review of Mid-term Business Plan “Challenge 25 Plus”**

# Review of “Challenge 25 Plus” (Consolidated)

(Billions of Yen)

	FY2020 Results	FY2022 Target*1	FY2022 Results
<b>Revenue</b>	389.7	<b>470.0</b>	<b>556.0</b>
<b>Operating profit</b>	27.2	<b>61.0</b>	<b>68.3</b>
<b>Operating profit ratio</b>	7.0%	<b>13.0%</b>	<b>12.3%</b>
<b>ROE*2</b>	8.0%	<b>15.0% or more</b>	<b>16.2%</b>
<b>ROIC*3</b>	7.0%	<b>15.0% or more</b>	<b>14.6%</b>
<b>Dividend payout ratio</b>	33.1%	<b>30.0%+α</b>	<b>32.3%</b>

\*1. FY2022 target were at the time of “Challenge 25 Plus” release (April 2021)

\*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

# Review of “Challenge 25 Plus” (Major segments)

(Billions of Yen)

## Motion Control



	FY2020 Results	FY2022 Target*
Revenue	176.0	221.0
Operating profit	24.6	43.7
Operating profit ratio	14.0%	19.8%

## FY2022 Results

**252.1**  
**36.2**  
**14.4%**

## Robotics



Revenue	139.5	177.7
Operating profit	6.9	19.5
Operating profit ratio	5.0%	11.0%

**223.8**  
**26.1**  
**11.7%**

## System Engineering



Revenue	50.8	51.0
Operating profit	-1.0	2.0
Operating profit ratio	-2.0%	3.9%

**51.1**  
**2.6**  
**5.0%**

\*FY2022 target were at the time of “Challenge 25 Plus” release (April 2021)

# Achievements and Tasks of “Challenge 25 Plus”

## Basic Policy

## Achievements

## Tasks to work on

### Policy 1

Transform Business Model through i<sup>3</sup>-Mechatronics ※1

- Structure reformation of robot production
- Accumulated i<sup>3</sup>-Mechatronics cases
- Started operating of Yaskawa Technology Center
- Launched YRM controller and Σ-X
- Started monitored connect service

- Build resilient production system
- Create synergies in cross-business activities at Yaskawa Technology Center
- Increase partners to expand i<sup>3</sup>-Mechatronics

### Policy 2

Maximize Profitability in the Growing Market through i<sup>3</sup>-Mechatronics

- Captured demands for EV/battery capex
- Spec-in to customers with new robots for semiconductor equipment manufacturers

- Accelerate automation and in-house production
- Strengthen global production system to eliminate backlogs

### Policy 3

Expand New Domains for Building a Sustainable Society

- Launched new PV inverter for self consumption market
- Expanded business into the agricultural field through National Federation of Agricultural Cooperative Associations of Japan

- Monetization of PV inverter business
- Monetization of agriculture, food, and biomedical robotics businesses

### Others

- Centralized global data through YDX※2
- Formulated Sustainability Policy and identified material issues

- Accelerate Diversity & Inclusion

※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.

※2. YDX : YASKAWA Digital Transformation

## **Mid-term Business Plan “Realize 25” Financial Targets**



# Positioning of “Realize 25”

## Yaskawa’s Vision for 2025

Contribute to solving customers’ management issues in addition to creating new added value to society, through evolution of core businesses, and expansion into new fields by applying mechatronics technology

### Vision 2025 (2016~2025)

Vision 2015  
(2006~2015)

Vision 2035  
(2026~2035)

#### Dash 25 (2016~2018)

Establish profitable  
business structure

#### Challenge 25 Plus (2019~2022)

Challenge for creating  
new values and markets  
Profitability improvement

#### Realize 25 (2023~2025)

**Realize  
“Vision 2025”**

# “Realize 25” Financial Targets (Consolidated)

(Billions of Yen)

	FY2022 Results	FY2023 Forecasts	FY2025 Targets
Revenue	556.0	580.0	650.0
Operating profit	68.3	70.0	100.0
Operating profit ratio	12.3%	12.1%	15.4%
ROE	16.2%	14.1%	15.0% or more
ROIC	14.6%	12.3%	15.0% or more
Dividend payout ratio	32.3%	32.8%	30.0%+α

Investment plan

**Cumulative investments : 150.0**  
(FY2023~FY2025)

FY2022 forex rates : USD/134.12JPY, EUR/139.84JPY, CNY/19.68JPY, KRW/0.103JPY  
FY2023 and FY2025 forex rates : USD/130.00JPY, EUR/140.00JPY, CNY/19.00JPY, KRW/0.100JPY

# “Realize 25” Financial Targets (Major segments)

(Billions of Yen)

## Motion Control



	FY2022 Results	FY2023 Forecasts	FY2025 Targets
Revenue	252.1	265.0	290.0
Operating profit	36.2	39.0	50.0
Operating profit ratio	14.4%	14.7%	17.2%

## Robotics



Revenue	223.8	245.0	285.0
Operating profit	26.1	34.0	50.0
Operating profit ratio	11.7%	13.9%	17.5%

## System Engineering



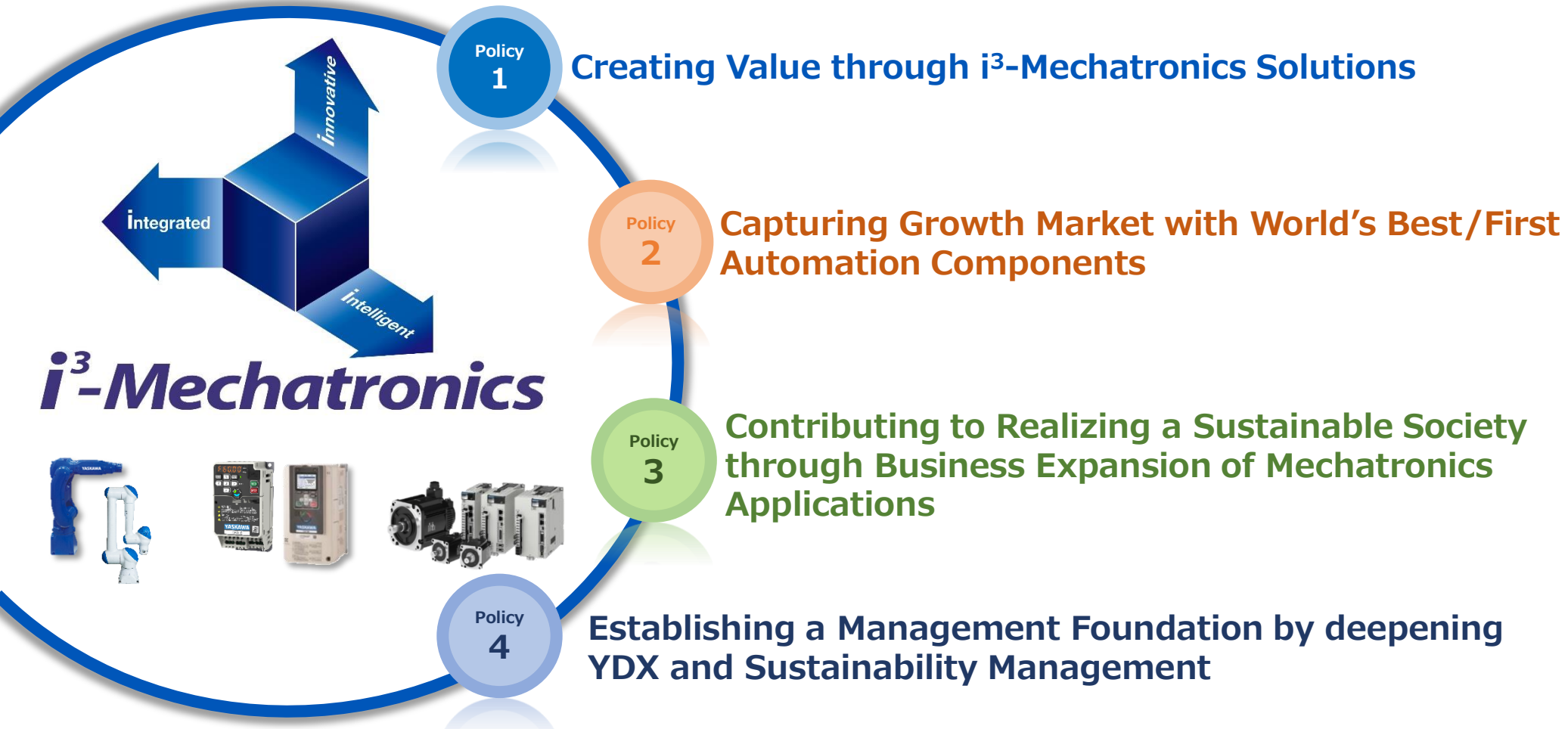
Revenue	51.1	47.0	50.0
Operating profit	2.6	1.5	4.0
Operating profit ratio	5.0%	3.2%	8.0%

FY2022 forex rates : USD/134.12JPY, EUR/139.84JPY, CNY/19.68JPY, KRW/0.103JPY  
 FY2023 and FY2025 forex rates : USD/130.00JPY, EUR/140.00JPY, CNY/19.00JPY, KRW/0.100JPY

## **Mid-term Business Plan “Realize 25” Aim and Policies**

# Aim and Policies of “Realize 25”

Provide new values by expansion of  $i^3$ -Mechatronics and evolution of robotics to achieve “Vision 2025” and contribute to realizing a sustainable society



## **Mid-term Business Plan “Realize 25” Policies and Initiatives**

# **Policy 1**

**Creating Value through  
i<sup>3</sup>-Mechatronics Solutions**

# Policy1: 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

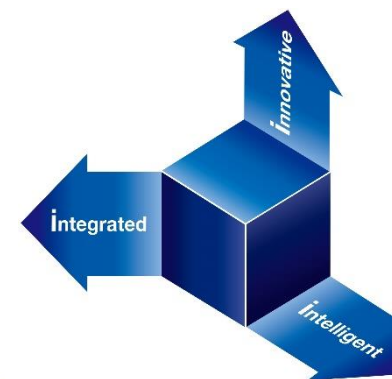
Evolving group-wide manufacturing with i<sup>3</sup>-Mechatronics

### Sales

Strengthening strategic approach to customers and their supply chains

### Service

Innovating product and service quality throughout the product lifecycle



## *i<sup>3</sup>-Mechatronics*

## Realizing new revolutionary industrial automation

### *i*ntegrated

integrated • coordinated  
production site

### *i*ntelligent

intelligent  
production site

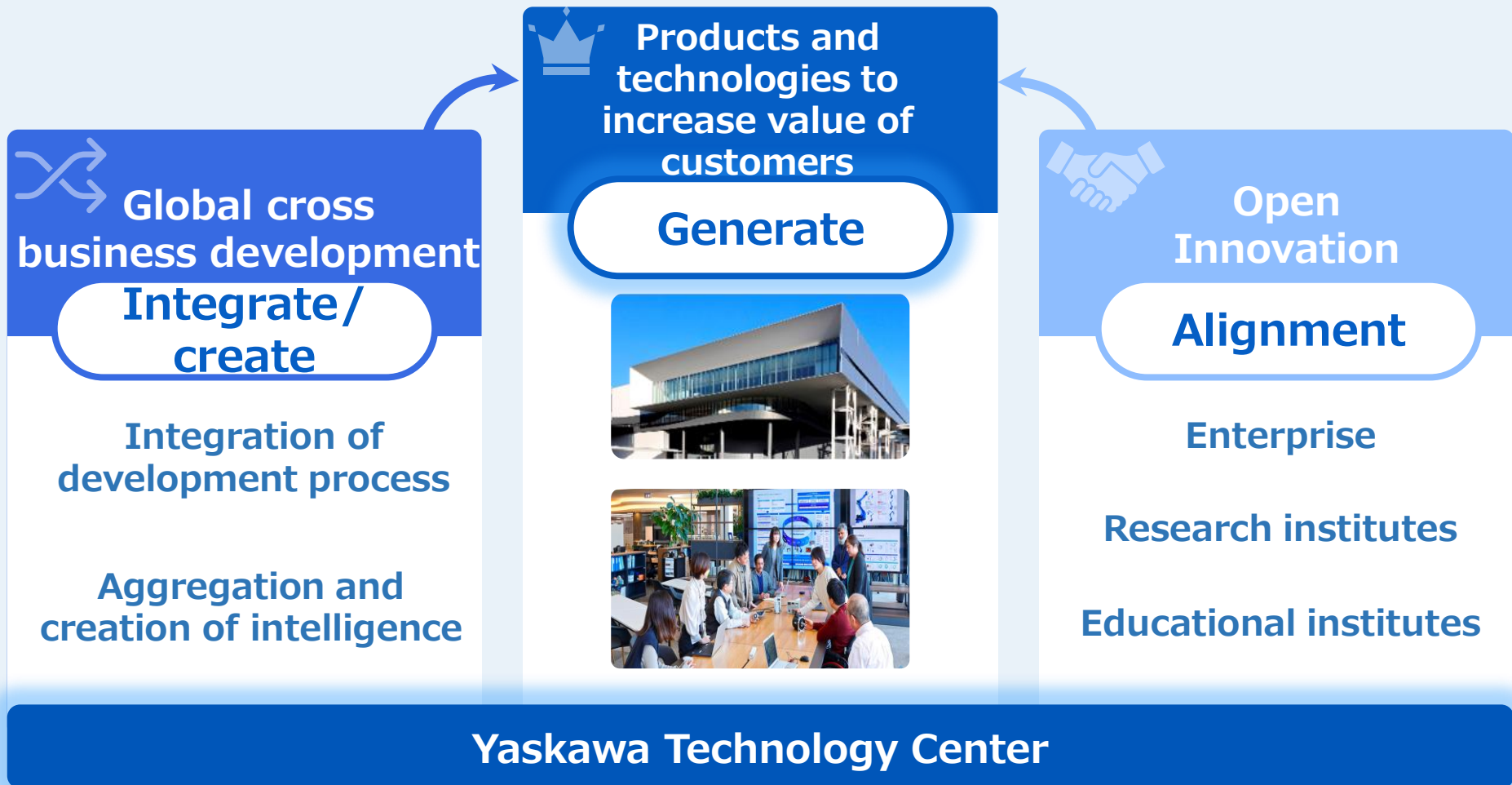
### *i*nnovative

innovative  
production site



# Enhancing Technological Development Capabilities to Increase Values of Customers

**Generate industry leading products and technologies in the industry at Yaskawa Technology Center and increase values of customers**



## Evolving Group-wide Manufacturing with i<sup>3</sup>-Mechatronics

**Improve product competitiveness by implementing i<sup>3</sup>-Mechatronics solutions at our own production sites, pursue higher productivity, and advanced production management**



Motion Control Plant



Robot Plant



Drives Factory

**Expand  
production site  
automation**

**Enhance data  
utilization**

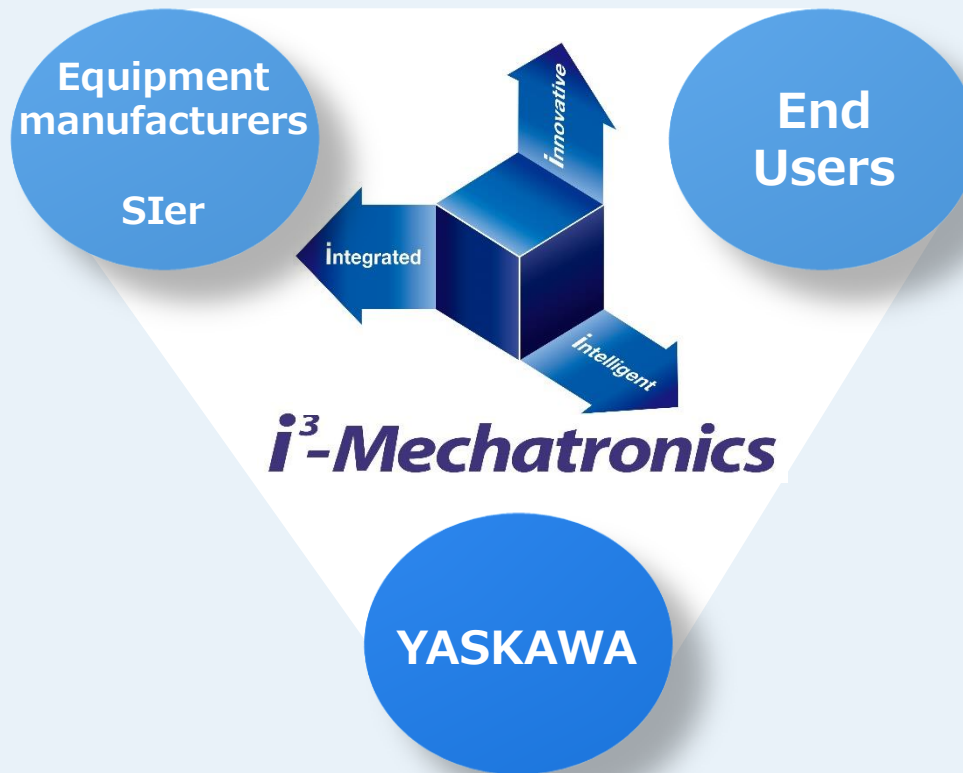
**Deploy  
production  
management  
system**

**Optimize parts  
logistics**

**Global expansion of cutting-edge manufacturing  
evolved at mother factory in Japan**

## Strengthening Strategic Approach to Customers and Their Supply Chains

**Strengthen relationships with end users, equipment manufacturers, and other customers to provide optimal solutions for expanding businesses**



### SET/MET\*

Understand customers' business challenges and propose optimal solutions

### Strengthen technical support and proposal activities

Improve equipment performance and enhance solution quality

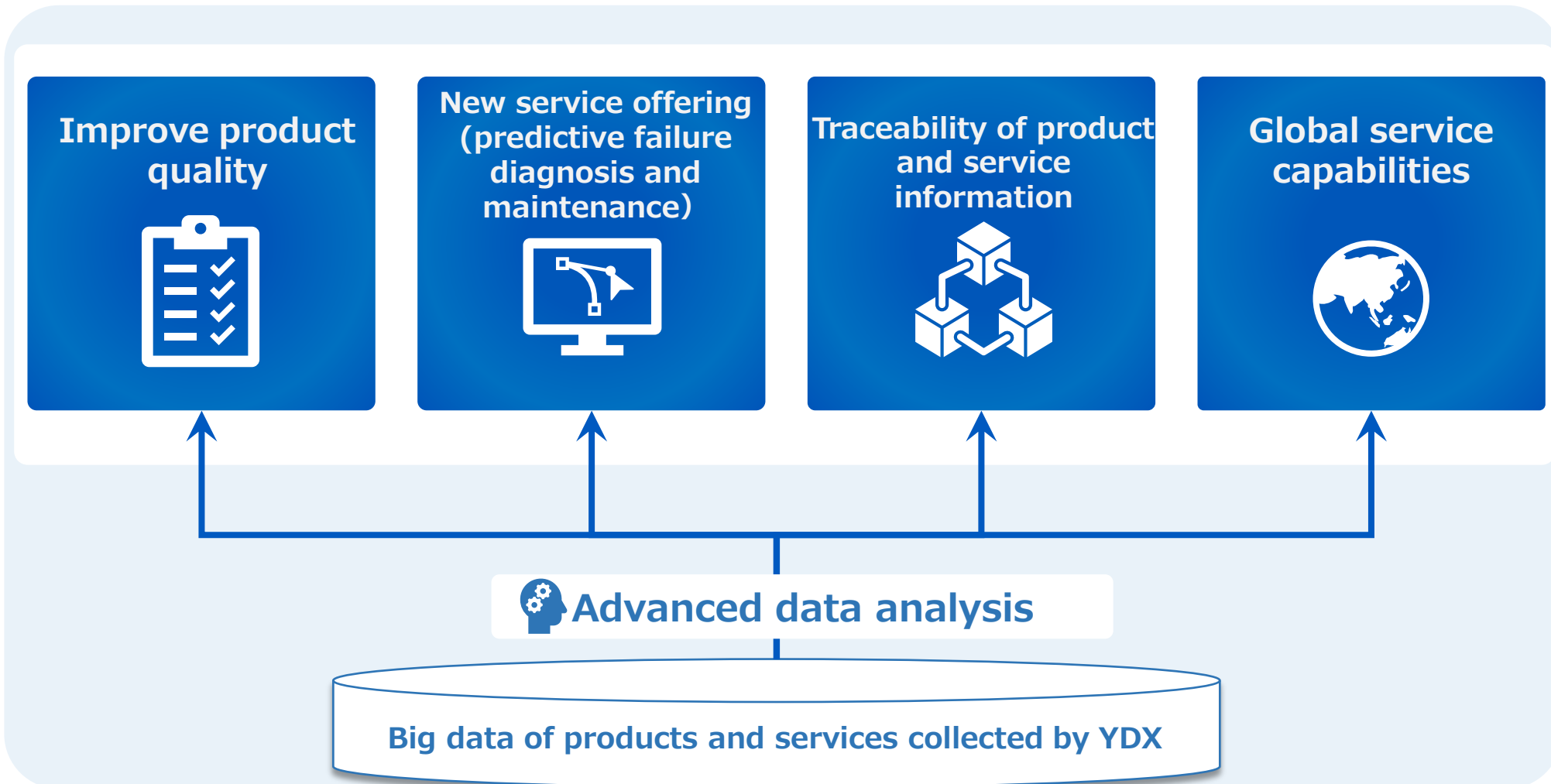
### Partnership

Collaborate with equipment manufactures and SIers, and provide optimal solutions

\*SET/MET : Marketing activities to understand management challenges through direct sales by top executives

# Innovating Product and Service Quality Throughout the Product Lifecycle

**Deploy global service that keep customers' facilities running  
based on utilizing big data accumulated through YDX**



## **Policy 2**

**Capturing Growth Market with World's  
Best/First Automation Components**

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

Securely capture demand in growing markets by developing global market-specific strategies centered on automation components and building optimal production systems

### Sales & Service



Strategy by markets

### Product



YRM controller  
MOTOMAN NEXT,  $\Sigma$ -X series  
Cooperative/semiconductor robot  
AC drives series

### Production



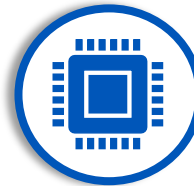
In-house production  
Further automation  
Demand area production



EV market



Battery market



Semiconductor market



F&B market

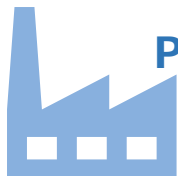
## Establishing Optimized Global Production System and Resilient Supply Chain

Improve production capacity and productivity to meet the growing demands and establish global production system that is resilient to environmental changes and risks

### Mother Factory in Japan

Enhance production and procurement structure

Advancement of mother factory

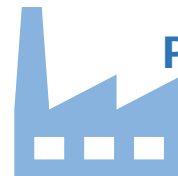


Promotion of in-house production and automation

### Global Factory

Strengthen production in demanded areas

Deployment of cutting-edge manufacturing methods



Promotion of in-house production and further automation

**Stable manufacturing on global basis**

## **Policy 3**

**Contributing to Realizing a Sustainable Society through Business Expansion of Mechatronics Applications**



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



## Energy Saving

Expand sales of “green” products to improve customers’ **energy efficiency** and **reduce environmental impact**

AC drives

Robots

Highly efficient  
motors

Regenerative energy  
saving unit



PM motor  
AC drive GA500  
AC drive GA700



## Clean Power

Full scale business expansion based on new products realizing **world-class energy creation**

PV inverters



Enewell-SOL P3

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



## Food & Agri

Combine core technologies to achieve  
**food safety** and **stable supply**

Automation in  
agricultural area

Automation in  
food production  
processes

Plant factory  
system

Plant Factory System  
"Agrine"



## Biomedical Science

Bring **brighter future** for all people

Automation in  
genome  
diagnostics

Automation in  
regenerative  
medicine

Double-arm robot for  
biomedical applications  
"Mahoro"



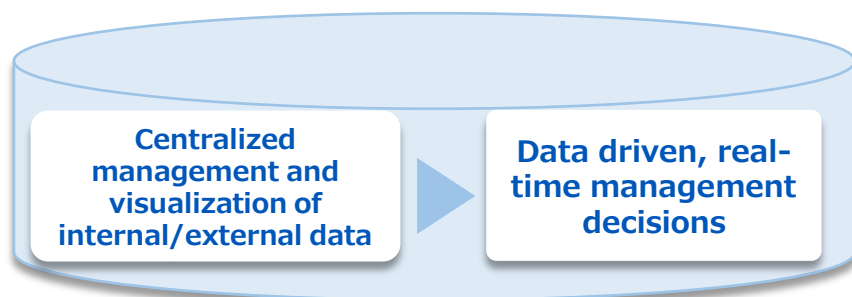
# **Policy 4**

**Establishing a Management Foundation by  
deepening YDX and Sustainability  
Management**

## Providing New Value through YDX Chain Based on PLM Restructuring

Create customer value through PLM\* restructuring with  
“YDX-II”(second phase of YDX)

Construct Yaskawa data lake that supports digital management



Establish YDX chain throughout the product lifecycle



Realize operational reformation  
that will lead to customer value

YDX- I ~to date (internal DX)

Data centralization, business reform, management visualization

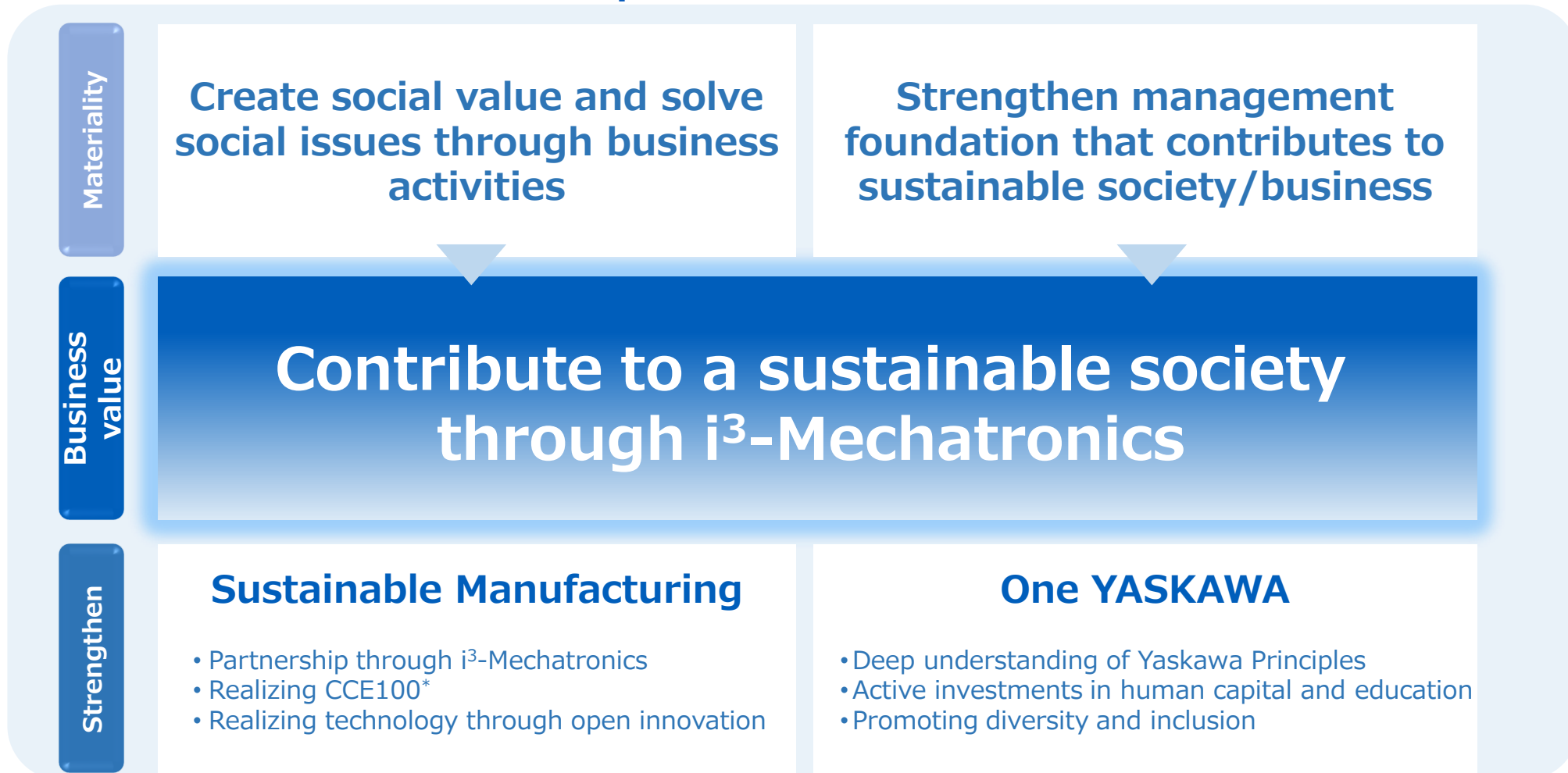
YDX- II from now~(internal+external DX)

Create customer value from product/service perspectives

\*PLM: Product Lifecycle Management

# Promoting Sustainability Management through Strengthening Initiatives towards Materiality

**Implement sustainable management that fulfills the expectations of our stakeholders**



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



# Yaskawa Group will continue to advance by embodying our Principles

The Yaskawa Group's mission is to contribute broadly to social development and human welfare through the execution of our business.

The mid-term business plan "Realize 25" is the final chapter of our Vision 2025 as well as a new start for what lies ahead of us.

We will firmly determine what actions to take towards the uncertain future, and to continue to be a company expected by the society.

## Disclaimer

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- The information within this document is made as of the date of writing. Any forward-looking statements are made according to the assumptions of management and are subject to change as a result of risks and uncertainties.

YASKAWA Electric Corporation undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise.

- Figures in this document are rounded. Please note that these figures may differ from other materials, such as financial results.

# **YASKAWA**