



Medium-Term Business Plan

Accelerate Growth 2023

Four Basic Strategies: Review

1 Implement IA2IA & Smart Manufacturing and Transform Value Provision

Expansion of value provided

- Move IA2IA concept to the implementation phase
- Expand the scope of smart manufacturing solutions provided for customers

Substantiated the value provided and accumulated results and achievements

- ◆ Steady progress in IA2IA/smart manufacturing business development initiatives
 - Number of new solutions: 100 (FY21 and FY22, cumulative)
 - Number of orders outside Japan: 355 (FY21 and FY22, cumulative)
- ◆ Increase in number of orders for MAC/MAIC* projects requiring high-level project execution and integration capabilities
- ◆ Carbon-neutral feasibility study through cooperation between nine companies in different industries
- ◆ FKDPP, an autonomous control AI algorithm, took the highest honor in the Japan Industrial Technology Awards [P.57](#)

* MAC: Main Automation Contractor
MAIC: Main Automation and Information Contractor

Establish recurring/subscription and other new business models and accelerate scaling up of business

- ◆ Strengthen the quality and quantity of human resources to promote DX and IT/OT convergence to customers.
Example: Employees acquired certified S.I.R.I. assessors for promotion of business [P.33](#)
- ◆ Develop human resources capable of proposing solutions and promote the transformation of mindsets
Example: Established the Global Training Center in Singapore [P.65](#)
- ◆ Strengthen communication and KPI monitoring with regional offices
- ◆ Accelerate businesses to capture strong customer inquiries at Yokogawa Digital Corporation.

2 Strengthen Industry Responsiveness and Expand Cross-industry Business

Expansion of value provided

- Provide new value to customers who are making the shift to being integrated energy companies
- Expand other industry and cross-industry business

Making progress on initiatives to boost orders in focus industries

- ◆ Orders received in focus industries
 - Renewable energy: ¥7.1 billion (1.8 times vs. FY20)
 - High-performance chemical (overseas): ¥13.6 billion (2.3 times vs. FY20)
 - Pharmaceutical and food: ¥20.7 billion (1.1 times vs. FY20)
- ◆ M&A and alliances to grow focus industries
 - Acquired Dublix, a provider of optimization technologies for waste-to-energy and biomass power plants
 - Established “SynCrest”, a joint venture with Otsuka Chemical [P.48](#)
- ◆ Increase in project orders for hydrogen, ammonia, etc.
- ◆ Increase in orders in the water business outside Japan (seawater desalination, water recycling, etc.)

Business growth in the Life Business (especially outside Japan)

- ◆ Taking advantage of our Japan market expertise; building a strong foundation for the existing pharma, food, and water businesses; accelerating growth overseas
- ◆ Pursuit of M&A deals and alliances, particularly in the life science and pharma fields, to strengthen our business platforms and portfolio

Examples: ● Upskilling overseas personnel
● Strengthen support from Japan for overseas operations
● Improved customer demonstrations
● Digital marketing utilization

AG2023 Target

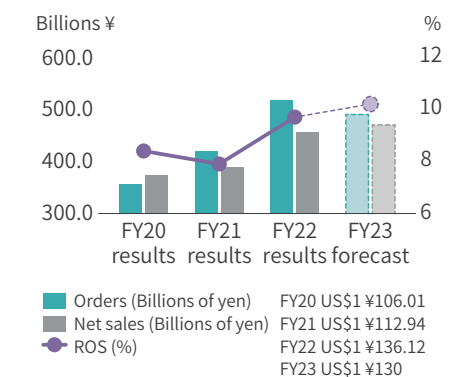
	AG2023 target	FY22 results	FY23 forecast
Order growth	8~10%/year *FY20~FY23	20.7%/year *FY20~FY22	11.3%/year *FY20~FY23
Sales growth	4~6%/year *FY20~FY23	10.5%/year *FY20~FY22	7.9%/year *FY20~FY23
ROS	10% (FY23)	9.7%	10.2%
EPS growth	16~18%/year *FY20~FY23	42.3%/year *FY20~FY22	31.8%/year** *FY20~FY23
ROE	10% or more (FY23)	10.9%	11.1%** *FY20~FY23
Sales cash flow	¥140 billion or more (3 years cumulative)	¥92 billion (2 years cumulative)	¥140 billion (3 years cumulative)

AG2023 exchange rate: US\$1 = ¥105

FY22 average exchange rate: US\$1 = ¥136.12

FY23 forecast exchange rate: US\$1 = ¥130

**The Company has resolved to acquire of own shares. “EPS growth and ROE” in the FY23 forecast does not consider the impact of the acquisition of own shares. Therefore, it may change depending on the status of future acquisition of own shares.



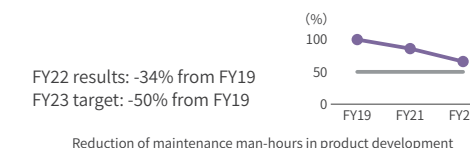
3 Ensure Profitability and Sound Growth

Ensure profitability and sound growth

- Aggregate knowledge and improve efficiency with large projects
- Focus resources on product groups that deliver high value
- Generate profits from software and engineering

Progress is being made in building a business process and system for operational excellence, which is the key to improving profitability in the medium to long term. We have developed an overall vision and will accelerate initiatives to achieve it.

- ◆ Improvement of efficiency in product development by shifting resources while addressing parts procurement difficulties



- ◆ Implementation of initiatives to improve efficiency in project delivery and services
- ◆ Cost reduction in project procurement: approx. 2 billion yen (FY21 and FY22)

Tenaciously pursue each measure despite newly pushing up cost factors

- ◆ Procurement difficulties and soaring prices of production parts and project supplies
 - Continue to negotiate, expand suppliers, use alternative parts, design changes, etc.
 - Optimize selling prices
- ◆ Accelerate infrastructure development to globally improve operational efficiency (four transformation projects)
 - ① Organizational structure reforms
 - ② Standardize business processes and promote cooperation between processes and data infrastructure innovation
 - ③ Develop infrastructure to improve customer experience
 - ④ Unify the HR system and develop data infrastructure
- ◆ Shorten the CCC days
 - Through persistent effort, change local business customs and long-standing habits
 - Continue PDCA for improvement

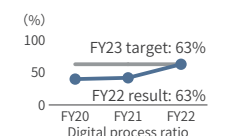
4 Optimize Internal Operations and Transform Mindsets

Strengthen the corporate base

- Strengthen strategic planning functions
- Cultivate a corporate and organizational culture that encourages entrepreneurial spirit
- Strengthen internal DX and transform business models
- Transform skills and improve engagement

The importance of skills transformation and mindset change is well recognized. Every initiative is moving forward.

- ◆ Our internal DX initiatives are progressing steadily [P.54](#)



- ◆ Progress in efforts to transform the skills and mindset of human resources
 - Increased number of DX human resources in IT sector
 - Progress in training certified S.I.R.I. assessors to lead IA2IA/smart manufacturing [P.33](#)
 - Established a global training center
- ◆ Development of solution proposers is making good progress [P.65](#)

Accelerate efforts to move into the implementation an HR strategy that is aligned with management strategy [P.62](#)

- ◆ Globally integrate the HR system, processes, and HR database and build a base for the optimal allocation of human resources across the Group
- ◆ Define the quality and quantity of HR required to meet future needs and align this with business strategy.
- ◆ Develop human resources matching the needs of our business strategy (human resources with skills such as DX and solutions) and strengthen our recruitment capabilities

Examples: ● Enhance educational opportunities for all Group employees through Yokogawa University.
● Strengthen development of business leaders (e.g., global training centers).