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For Immediate Release

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Yokogawa Bridge Holdings Group
Fifth Medium-Term Management Plan

Yokogawa Bridge Holdings Corp. (“the Company”) has established the Fifth Medium-Term Management Plan (for the period from fiscal 2019 to fiscal 2021; “the New Plan”), which comes into effect from fiscal 2019, in preparation for realization of the long-term vision and sustained expansion of the Yokogawa Bridge Holdings Group (“the Group”). A summary of the New Plan follows.

1. Long-term management vision

The Group has set its corporate philosophy as “Contribution to society and the public and sound management” and aims for realization of long-term protection of bridges, multifaceted steel structure engineering, and construction of a robust operational foundation as well as sustained expansion.

2. Progress with the current Fourth Medium-Term Management Plan and basic concept behind the New Plan

The Group was able to fully achieve the numerical targets in the Fourth Medium-Term Management Plan (for the period from fiscal 2016 to fiscal 2018; “the Current Plan”) in its second year as a result of greater-than-expected improvement in business performance. The Company has established the New Plan with the basic concepts of 1) pursuing further the objectives of the Current Plan and 2) aiming to achieve numerical targets that exceed the financial results during the term of the Current Plan by such means as concretely proceeding with a shift in business development from new bridge construction to bridge retrofitting in the Bridge Business and strengthening of the Civil Engineering Business.

Current Plan's Numerical Targets and Results (Underlining indicates achievement of target)

	Target	FY2016 (actual)	FY2017 (actual)	FY2018 (forecast)
Net sales (billion yen)	125.0	113.4	<u>131.0</u>	<u>145.0</u>
Operating profit (billion yen)	7.5	<u>8.0</u>	<u>13.7</u>	<u>11.0</u>
Earnings per share (yen per share)	125	102	<u>226</u>	<u>195</u>

3. Outline of the New Plan

(1) Basic policies

- 1) Pursue maintenance, expansion, and optimization of the Bridge Business by strengthening responsiveness to the bridge retrofit business in addition to new bridge construction.
- 2) Pursue further expansion of the engineered structures business by establishing a dual-plant production system and strengthening the profit-and-loss management framework.
- 3) Further grow the Civil Engineering steel structure engineering business, as exemplified by tunnel segments.
- 4) Also pursue expansion of the overseas bridge, aluminum products, and precision equipment manufacturing businesses.

(2) Numerical targets (fiscal 2021)

<u>Net sales</u>	<u>¥160.0 billion</u>
<u>Operating profit</u>	<u>¥14.0 billion</u>
<u>Net income per share</u>	<u>¥230/share</u>

(3) Business strategy for the core businesses (Bridge Business and Civil Engineering Business)

1) Bridge Business

- Although sluggish growth in orders for new bridge construction is forecast due to a decrease in new route planning, the Group will seek to maintain and boost business performance by bolstering efforts targeting large-scale renewal and repair work. The Group will engage in integrated management of engineers, machinery and equipment, construction capacity, and other management resources in new bridge construction and bridge retrofitting and pursue optimization of resource allocation.
- In the overseas business, the Group will aim to further increase orders received for ODA projects in Myanmar, Bangladesh, and other markets.
- The Group will further expand sales activities for aluminum products (inspection passageways and permanently installed worker platform panels), which are highly rated for corrosion resistance and workability and are being increasingly adopted.

2) Civil Engineering Business

- The Group will aim for sales and profit increases for a third consecutive year from the engineered structures business, a major growth driver. To that end, the Group

will work to bring online as soon as possible a new plant planned for completion in August 2019 (Mobara City, Chiba Prefecture), while also strengthening the profit-and-loss management framework.

- In the Civil Engineering business, we will focus on capturing demand for tunnel segments (underground structures) as well as offshore structures for disaster preparedness and mitigation use.

(4) Safety

The occurrence of a serious accident is the greatest business risk facing the Group, and the Group will continue efforts to maintain safety in on-site construction as the highest priority. The Group will pursue and implement more effective safety measures, such as providing information about past accident cases, enhancement of work procedures, ingenuity in safety equipment and facilities, duplication/redundancy of safety devices, and systemization of work supervision.

(5) Personnel plan

In response to business growth, the Company anticipates an increase in employee headcount by some 250 persons to approx. 2,100 persons from the current level of approx. 1,850 persons and will pursue effective utilization of human resources on a Group-wide basis.

(6) Capital investment

In addition to a new engineered structures plant currently under construction, the Company is planning investment for updating the Bridge Business plant, and investment for productivity improvement, etc. Although ultimately the Company will make investment decisions in each fiscal year, capital expenditures of approx. ¥18.0 billion are anticipated over a three-year period. Of that amount, approx. ¥9.0 billion is planned during the year of completion of the new plant (fiscal 2019).

(7) Capital policy and shareholder returns

100-year durability is required of bridges, a core business of the Group, and the Company considers it extremely important for bridge construction companies to ensure financial soundness to facilitate continuity of operations. For this reason, the Company's basic capital policy remains the same: Maintaining a balance between financial soundness and capital efficiency. Through this basic policy, the Company will continue its shareholder return policy of paying stable dividends and flexibly acquiring

treasury stock. Simultaneously, the Company has set the following targets (lower limit values) in the New Plan.

Financial soundness: Equity ratio of 50% or higher

Capital efficiency: ROE of 8% or higher

Shareholder returns: Dividend payout ratio of 15% or higher

(8) Sustainable Development Goal (SDG) initiatives

In keeping with the philosophy “Service to society and the public and sound management,” for many long years the Group has contributed to society through the development of high-quality, safe societal infrastructure, engaging in the construction of numerous bridges, buildings, and other structures. The Group will continue to engage in a variety of initiatives aimed at helping to realize a sustainable society.