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Fuji Electric's FY2023 Medium-Term Management Plan, "Reiwa Prosperity 2023"

Fuji Electric Co., Ltd. ("FE"), headquartered in Tokyo, Japan, led by President Michihiro Kitazawa, is pleased to announce that it has formulated a new five-year Medium-Term Management Plan called "Reiwa Prosperity 2023," set to end in fiscal 2023, which marks the 100th anniversary of the company's foundation.

1. Background

It is part of FE's Corporate Philosophy to contribute to prosperity, encourage creativity, and seek harmony with the environment, and part of its Management Policy to contribute to the creation of responsible and sustainable societies through the energy and environment businesses.

With the background of rising populations and economic development in emerging countries around the world, energy consumption has spiked, leading to issues that urgently need to be addressed, such as the climate change represented by global warming, as well as atmospheric pollution and loss of biodiversity.

Under these circumstances, FE has set the basic plan of establishing the foundation of sustainable growth and formulated a new five-year Medium-Term Management Plan called "Reiwa Prosperity 2023." Its main targets are achieving ¥1 trillion of net sales and more than 8% of the operating margin.

FE is working to achieve the United Nations' SDGs (Sustainable Development Goals) through its energy and environment businesses by both stimulating economic growth and solving social and environmental issues in order to achieve prosperity for both society and the company.

2. The Medium-Term Management Plan

FE is tackling the following key issues with the basic plan of establishing the foundation for sustainable growth.

1) Key Issues

■ Promotion of growth strategies

Looking at business opportunities in energy-saving and automation investment in industrial and social infrastructures as well as the shift to electric cars, FE is investing in management resources to strengthen the power electronic systems and power semiconductors businesses, which drive the company's growth. Overseas, FE is expanding its business to foreign markets with high growth potential—mainly Southeast Asia, India, and China.

■ Further improvement of profitability

By strengthening human resources to push forward with the shift to autonomous operation at overseas bases, FE will ensure local production for local consumption on a global level. It will also utilize the IoT to reduce manufacturing lead time and works in progress by building information platforms for the design, purchasing, production, and testing operations at all factories.

■ Ongoing reinforcement of operating foundations

FE will proactively promote initiatives toward the environment, human resources, and governance, which support its operating foundation. It will also evolve the company-wide Pro-7 as well as continue working to improve work efficiency and quality.

2) Management Goals (Consolidated)

FE has set targets that emphasize the balance between growth, profitability/efficiency, and financial soundness.

	FY2018 results	FY2023 Medium-Term Management Plan	Change
Net sales	914.9 billion yen	1 trillion yen	+ 85.1 billion yen
Operating income	60.0 billion yen	80.0 billion yen	+ 20.0 billion yen
Operating margin	6.6%	8.0%	+ 1.4pt
Net income attributable to owners of parent	40.3 billion yen	55.0 billion yen	+ 14.7 billion yen

*Assumed exchange rates: 1 USD = 105 JPY, 1 EUR = 123 JPY, 1 CNY = 16 JPY

Financial indicators

Net D/E ratio	0.4 times	0.1 times	- 0.3
Equity ratio	37%	50%	+ 13pt
ROA (return on assets)	4%	5%	+ 1pt
ROE (return on equity)	12%	11%	- 1pt
Payout ratio	28%	30%	+ 2pt

Cautionary Statements:

Statements made in this document regarding estimates or projections are forward-looking statements based on management's judgments and assumptions in light of information currently available. Actual results may differ materially from those projections as a result of uncertainties inherent in such judgments and assumptions as well as changes in business operations or other internal or external conditions. Accordingly, management gives no guarantee regarding the reliability of any information contained in these forward-looking statements.