

Management Plan for FY2018

April 27, 2018

Fuji Electric Co., Ltd.

Corporate Philosophy

We, Fuji Electric, pledge as responsible corporate citizens in a global society to strengthen our trust with communities, customers and partners.

■ Contribute to prosperity ■ Encourage creativity ■ Seek harmony with the environment

Slogan

To be enthusiastic, ambitious and sensitive.

Management Policies

1. Through our innovation in energy and environment technology, we contribute to the creation of responsible and sustainable societies.
2. Achieve further growth through our global business expansion.
3. Maximize our strengths as a team, respecting employees' diverse ambition.

Management Plan for FY2018

(Billion yen)

	FY2017 Results	FY2018 Management Plan	Change	FY2018 Medium-Term Management Plan
Net Sales	893.5	900.0	+6.5	900.0
Operating Income	56.0	58.5	+2.5	54.0
Operating Margin	6.3%	6.5%	+0.2pt	6.0%
Profit Attributable to Owners of Parent	37.8	39.5	+1.7	34.0

【Financial Indicators】

Net D/E Ratio ※1	0.4 times	0.4 times	—	0.7 times
Equity Ratio	36%	37%	+1pt	32%
ROA (Return on assets)	4%	4%	—	4%
ROE (Return on equity)	12%	12%	—	12%

	US\$	EURO	RMB
FY2018 Exchange Rate	¥105	¥125	¥16.5
Foreign Exchange Sensitivity (million yen)※2	70	60	190

※2 Impact on operating income/loss
US\$ and EURO: Impact of ¥1-fluctuations
RMB: Impact of 1% fluctuations

<FY2018 newly consolidated subsidiaries: 3 companies>

- Fuji CAC
- Fuji Gemco
- Fuji SMBE(Thailand)

※1 Net interest-bearing debt ÷ Shareholder's equity

Net Income and Operating Income by Segment

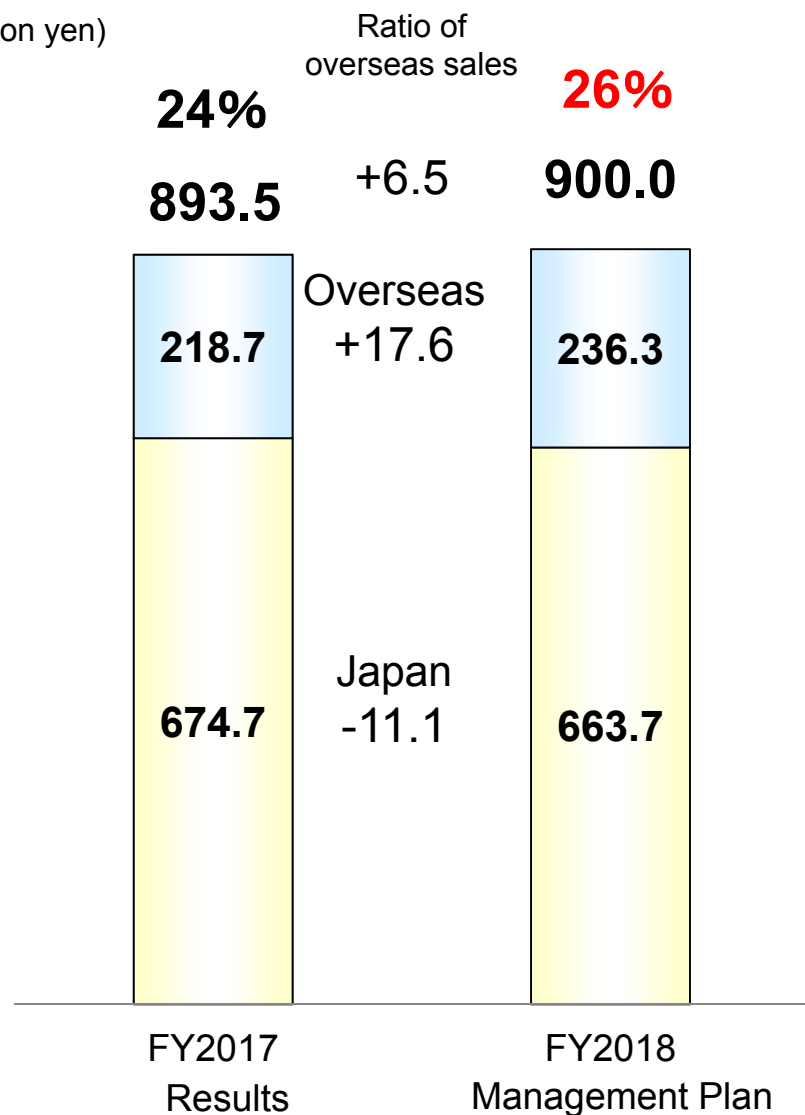
(Billion yen)

	FY2017 Results			FY2018 Management Plan			Change	
	Net Sales	Operating Income/Loss	Operating Margin	Net Sales	Operating Income/Loss	Operating Margin	Net Sales	Operating Income/Loss
Power Electronics Systems — Energy Solutions	217.6	14.0	6.4%	224.4	16.4	7.3%	6.8	2.4
Power Electronics Systems — Industry Solutions	321.0	18.9	5.9%	322.0	19.2	6.0%	1.0	0.3
Power and New Energy	96.9	5.5	5.7%	102.0	6.5	6.4%	5.1	1.0
Electronic Devices	126.9	13.7	10.8%	133.0	15.2	11.4%	6.1	1.5
Food and Beverage Distribution	117.8	6.2	5.3%	116.0	6.5	5.6%	-1.8	0.3
Others	60.4	2.9	4.7%	59.1	2.2	3.7%	-1.3	-0.7
Elimination and Corporate	-47.1	-5.3		-56.5	-7.6		-9.4	-2.3
Total	893.5	56.0	6.3%	900.0	58.5	6.5%	6.5	2.5

※Figures for FY2017 reflect the organizational restructuring conducted in FY2018.

Domestic and Overseas Net Sales by Area

(Billion yen)



Overseas Net Sales by Area

	FY2017 Results	FY2018 Management Plan	Change
Overseas	218.7	236.3	17.6
Asia and Others	51% 110.9	50% 117.5	6.6
China	34% 75.0	36% 86.3	11.4
Europe	8% 17.6	7% 16.7	-0.9
Americas	7% 15.2	7% 15.8	0.6

Composition ratio

Complete FY2018 Medium-Term Management Plan

- Strengthen power electronics systems business
- Further enhance manufacturing capabilities
- Reenergize Pro-7 Activities

New Issues

Proactively invest in expansion of power semiconductor business

Establish a medium-term management plan leading up to FY2023 (100th anniversary of founding)

Priority Measures by Segment

Reorganization of Energy Solutions

Before Change (FY2017)

Subsegment
Energy Management
Transmission and Distribution Systems
Power Supply Systems
ED&C Components



After Change (FY2018)

Subsegment	Main Business Area
Energy Management	Power distribution, Smart meters, Industrial substation, Railway substation, Industrial power supplies
Power Supply and Facility Systems	Data centers, Uninterruptible power systems (UPS), Electrical facilities, Switchgears and controlgears
ED&C Components	Power distribution and control equipment

Energy Solutions—Priority Measures

Energy Management

- Increase orders for energy management systems bundles
- Expand transmission and distribution business in Asia

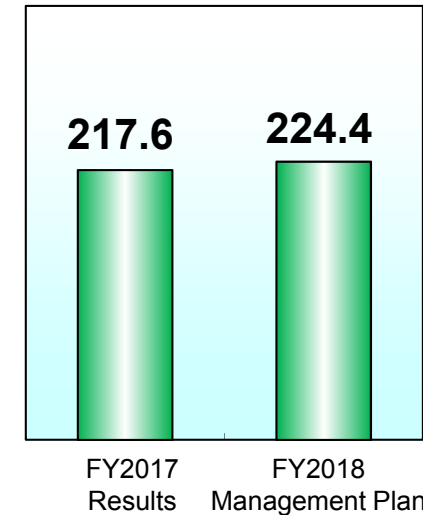
Power Supply and Facility Systems

- **Increase comprehensive factory electric equipment orders**
- Strengthen engineering functions in Asia

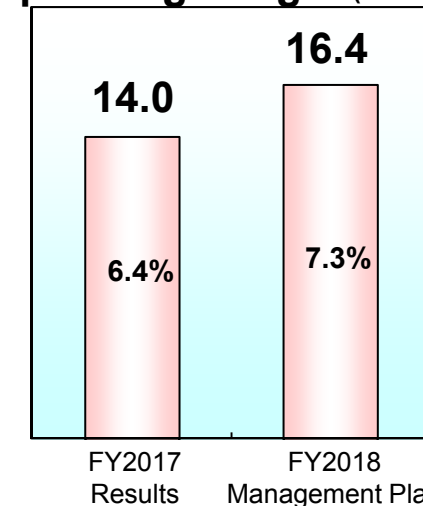
ED&C Components

- Incorporate domestic construction demand

Net Sales (Billion yen)



Operating Income/ Operating Margin (Billion yen)



Industry Solutions—Priority Measures

Factory Automation

- Introduce global specification products for China and other Asian markets
- **Expand FA System operations**

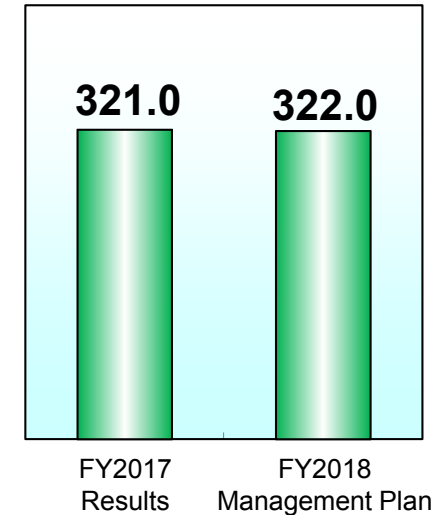
Process Automation

- Address rise in new and replacement demand accompanying recovery of domestic capital investment
- Increase orders for plant system bundles for Asia

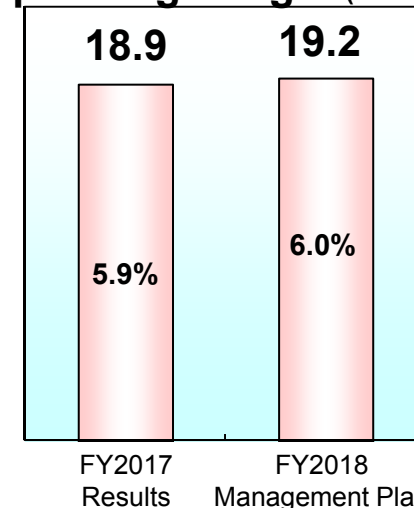
Social Solutions

- Accelerate development of new electrical equipment for railcars

Net Sales (Billion yen)



Operating Income/ Operating Margin (Billion yen)



Power and New Energy—Priority Measures

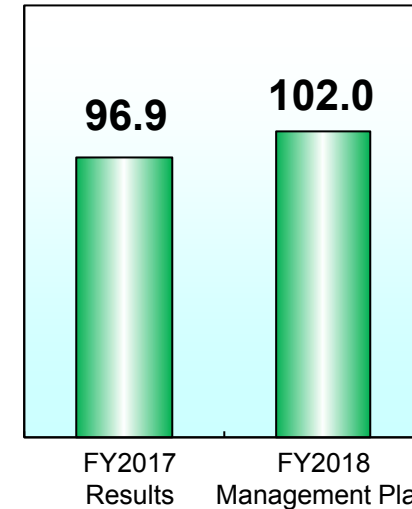
- Expand thermal and geothermal power generation service operations

- Explore new markets in Africa and the Middle East

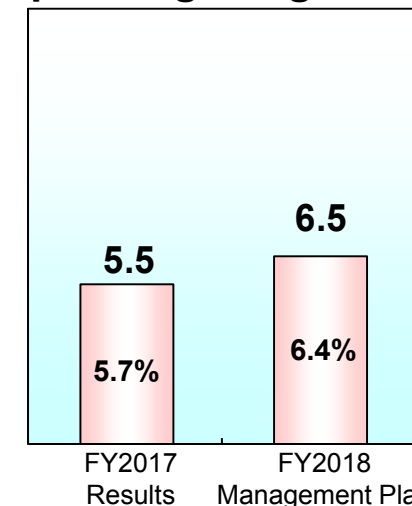
- Increase orders utilizing Japan's feed-in-tariff scheme

- Enhance nuclear power generation equipment decommissioning system operations

Net Sales (Billion yen)



**Operating Income/
Operating Margin** (Billion yen)

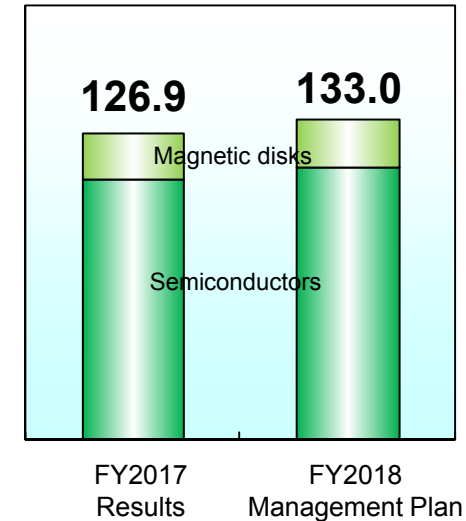


Electronic Devices—Priority Measures

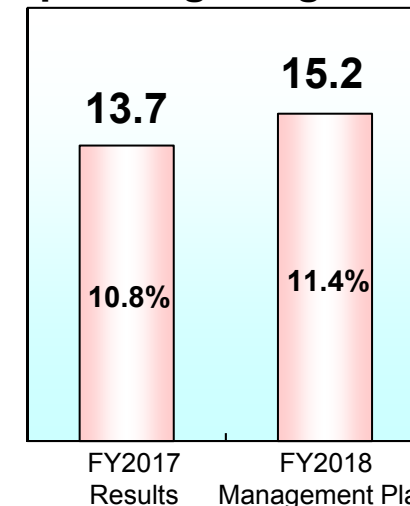
Power Semiconductors

- Proactively invest in future business expansion
- Ensure stable supplies of materials
- Address demand growth by accelerating schedule for back-end production capacity increases
- Step up development of IGBTs for EVs (start deliveries in 2019)
- Commence mass production of All-SiC (Trench MOSFET)

Net Sales (Billion yen)



Operating Income/ Operating Margin (Billion yen)



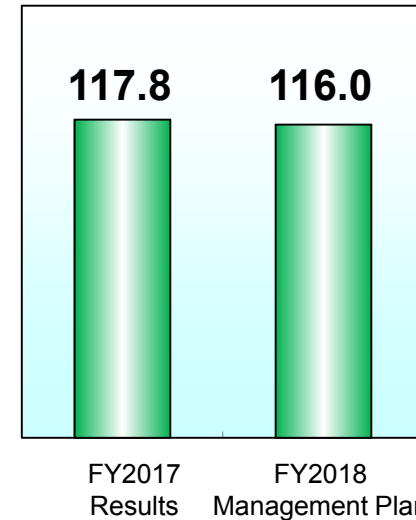
Vending Machines

- **Expand vending machine operations in China**
 - Approach new customers
 - Bolster lineup (cup vending machines, food vending machines, etc.)
- Create vending machine market in Southeast Asia
 - Commence operation of Indonesian factory
- Develop high-value-added products

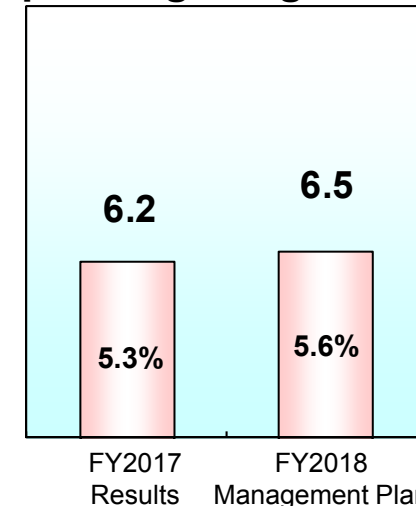
Store Distribution

- Development convenience store products
- Create labor-saving products for next-generation stores

Net Sales (Billion yen)

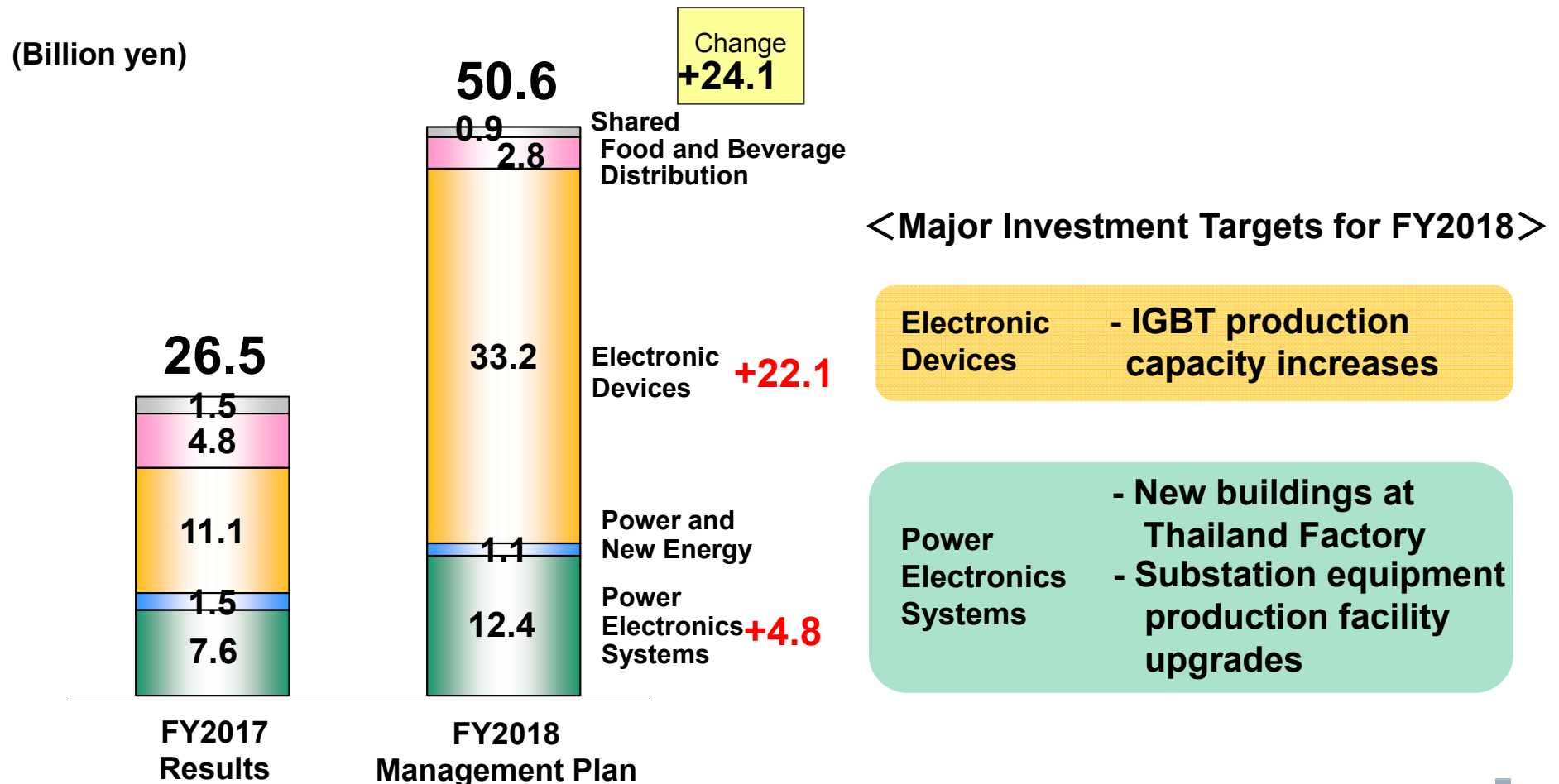


**Operating Income/
Operating Margin** (Billion yen)



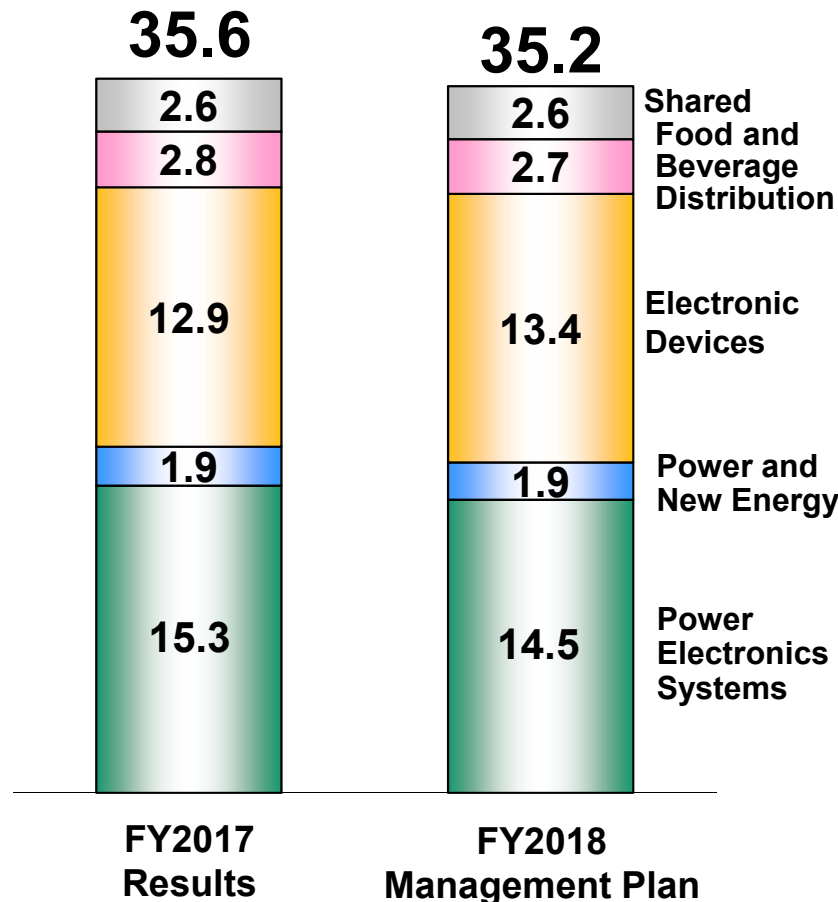
Capital Investment

Increase capital investment centered on electronic devices and power electronics systems



Develop competitive, high-value-added products

(Billion yen)



<Major Development Themes for FY2018>

- Food and Beverage Distribution**
 - Equipment and systems utilizing IoT
 - Labor-saving products for next-generation stores
- Electronic Devices**
 - SiC devices and modules
 - EV modules
- Power and New Energy**
 - Fuel cell and service technology development
- Power Electronics Systems**
 - SiC-equipped power electronics systems
 - FA systems and servo systems
 - Field devices and systems compatible with IoT
 - Automotive power electronics and electrical equipment for railcars
 - Global transformers

Note: Figures for R&D expenditures above have been divided by segment based on theme and may therefore differ from the figures contained in the consolidated financial report for the fiscal year ended March 31, 2018.

Pursue **global coordination** based on local production and consumption to further enhance manufacturing capabilities

Realize more efficient and higher value production through automation and in-house productions

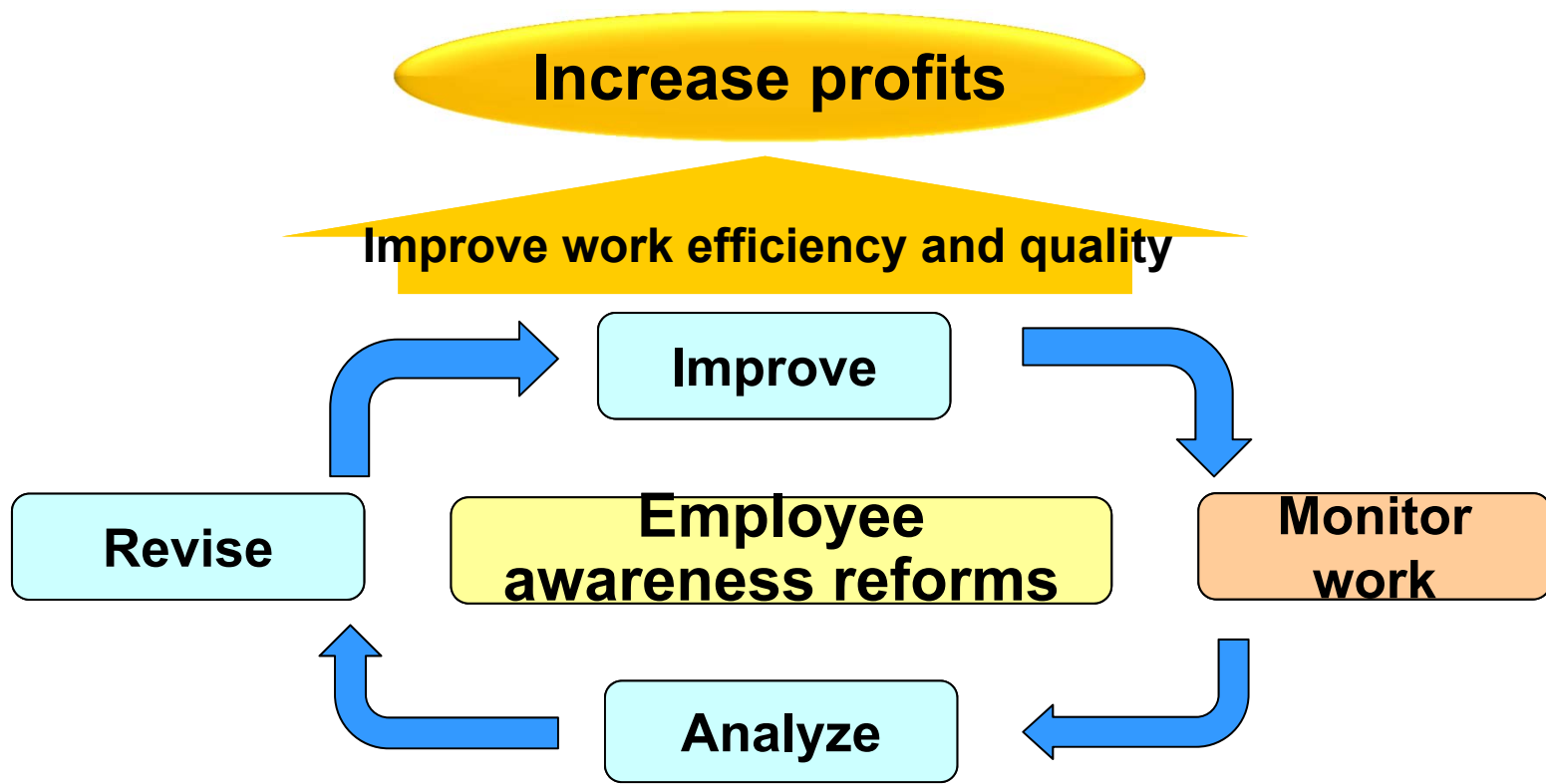
Boost productivity by standardizing components and ensuring reliability

Create factories linked through IoT

Cultivate human resources at overseas production bases

Reenergize of Pro-7 Activities

Promote Pro-7 Activities through concerted effort by all employees and deploy initiatives overseas



- <Examples Initiatives>
- Increase amount of time spent outside of office by sales staff
 - Introduce production monitoring and simple automation measures at overseas bases
 - Track skills and expertise of field test staff and standardize test plans

Workstyle Reforms

- Promote and expand Location Flexible working systems
 - Expand scope of applicability for telecommuting (nursing care, injuries), allow for by-hour-use
- Reduce extensive workhours
 - Lower number of employees working more than 80 hours of overtime a month to zero by FY2023
- Encourage employees to acquire 5 consecutive days of paid vacation

Diversity

- Empower female employees
 - Proactively recruit female university students
 - Increase number of female managers
(215 in FY2017 → 300 in FY2020)
- Increase number of differently abled employees
 - Achieved 2.5% ratio of differently abled employees in FY2017
 - Expand scope of duties performed by differently abled employees

(Included in Nadeshiko Brand selection for 3 consecutive years)



(Ministry of Economy, Trade and Industry and Tokyo Stock Exchange)

(Received highest ranking of Eruboshi certification)



(Ministry of Health, Labour and Welfare)



Management Plan for 1H FY2018

(Billion yen)

	1H FY2017 (Results)	1H FY2018 (Management Plan)	Change
Net Sales	395.0	400.0	5.0
Operating Income/Loss	12.7	13.0	0.3
Ordinary Income/Loss	11.7	12.2	0.5
Net Income Attributable to Owners of Parent	6.2	7.5	1.3

	US\$	EURO	RMB
FY2018 Assumed Exchange Rate	¥105	¥125	¥16.5

(Billion yen)

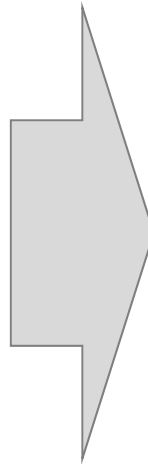
	1H FY2017 (Results)		1H FY2018 (Management Plan)		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems — Energy Solutions	89.7	2.0	88.4	3.0	-1.3	1.0
Power Electronics Systems — Industry Solutions	138.3	1.8	132.4	0.8	-5.9	-1.0
Power and New Energy	37.9	1.2	51.2	2.2	13.3	1.0
Electronic Devices	64.7	6.7	66.2	7.0	1.5	0.3
Food and Beverage Distribution	55.5	2.2	58.0	2.4	2.5	0.2
Others	29.9	1.5	29.4	1.1	-0.5	-0.4
Elimination and Corporate	-21.0	-2.8	-25.8	-3.6	-4.8	-0.8
Total	395.0	12.7	400.0	13.0	5.0	0.3

※Figures for 1H FY2017 reflect the organizational restructuring conducted in FY2018. ©2018 Fuji Electric Co., Ltd. All rights reserved.

Subsegment Changes

Before Change (FY2017)

Segment	Subsegment
Power Electronics Systems —Energy Solutions	Energy Management
	Transmission and Distribution
	Power Supply Systems
	ED&C Components
Power Electronics Systems —Industry Solutions	Factory Automation
	Process Automation
	Environmental and Social Solutions
	Equipment Construction
	IT Solutions
Power and New Energy	Power and New Energy
Electronic Devices	Electronic Devices
Food and Beverage Distribution	Vending Machines
	Store Distribution



After Change (FY2018)

Subsegment	Main business Area
Energy Management	Power distribution, Smart meters, Industrial substation, Railway substation, Industrial power supplies
Power Supply and Facility Systems	Data centers, Uninterruptible power systems (UPS), Switchgears and controlgears, Electrical facilities
ED&C Components	Power distribution and control equipment
Factory Automation	Inverters, motors, FA components, Measuring instruments and sensors, FA systems
Process Automation	Drive control systems, Measuring and control systems
Social Solutions	Transport systems, Radiation monitoring systems
Equipment Construction	Electricity and air conditioning equipment construction
IT Solutions	Information systems
Power and New Energy	Thermal, geothermal and hydro power generation plants, Solar power generation systems, Fuel cells, Nuclear power generation equipment
Electronic Devices	Semiconductors, Magnetic disks
Vending Machines	Beverage and food vending machines
Store Distribution	Store equipment, Currency handling equipment

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