

Review of Operations (Overseas Operations)

Fuji Electric is applying its policy of local design, local production, and local consumption to building overseas operating foundations. As part of this undertaking, we are establishing and strengthening sales, engineering, and production bases in China, other parts of Asia, the Americas, and Europe. We have also conducted a total of nine overseas M&A activities over the period spanning from fiscal 2013 to fiscal 2017 for the purpose of acquiring human resources and sales channels. Leveraging these bases, we have been successful in approaching customers and strengthening engineering capabilities overseas, and these efforts have led to the acquisition of steel, cement, and other plant orders, primarily in Asia.

Going forward, we will promote enhanced coordination between manufacturing and engineering bases in Japan and other areas in the pursuit of higher sales in China, India, and other growing Asian markets.

Overseas Sales

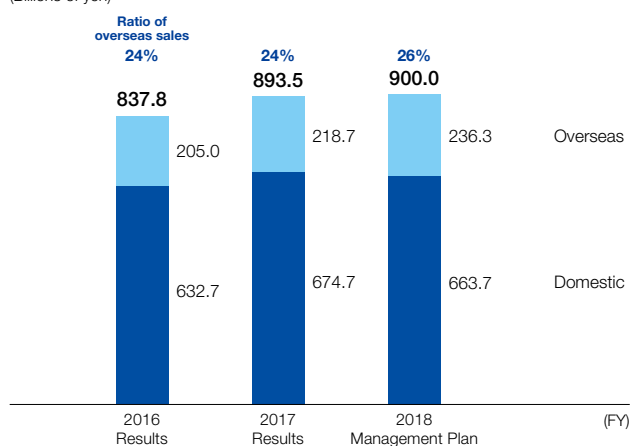
In fiscal 2017, overseas sales increased ¥13.7 billion year on year, to ¥218.7 billion. This growth was driven by performance in China and other parts of Asia, which accounted for more than 80% of these sales.

The Energy Solutions segment benefited from large-scale orders for substation equipment in Asia. Meanwhile, the Industry Solutions segment and the Electronic Devices segment enjoyed increased demand for FA components, inverters, and power semiconductors due to the rising production facility automation and energy saving needs in the Chinese market.

In fiscal 2018, we will target overseas sales of ¥236.3 billion, an increase of ¥17.6 billion year on year, by further expanding operations in Asia and China.

Domestic and Overseas Sales

(Billions of yen)



Priority Measures for Fiscal 2018

Asia

- Acquire large-scale thermal and geothermal power generation system orders and grow after sales businesses (Power and New Energy)
- Step up efforts to acquire steel and cement plant orders by utilizing Fuji Gemco and Fuji CAC (Industry Solutions)
- Commence operation at the Indonesia Factory to strengthen operating foundations in the Southeast Asian vending machine market in order to create a new model vending machine market (Food and Beverage Distribution)

China

- Boost FA component and system sales by catering to production facility automation needs (Industry Solutions)
- Introduce new solar power generation PCSs and accelerate solar power generation system order acquisition activities with joint ventures with Shanghai Electric Group to address rising renewable energy demand (Industry Solutions)
- Increase orders for air conditioner power semiconductors by growing inverter-equipped air conditioner sales (Electronic Devices)
- Expand sales of new products for automobiles amid national movement to promote EVs (Electronic Devices)
- Bolster vending machine lineup in response to diversifying market needs (Food and Beverage Distribution)

Americas

- Strengthen systems for local production and consumption by transferring development and engineering functions to railcars

operations bases acquired through M&A activities in order to expand overseas systems operations (Industry Solutions)

- Expand thermal power and geothermal power after-sales businesses to address rising aged power plants after-sales service demand (Power and New Energy)

Europe

- Reinforce European production systems through commencement of knockdown production* of inverters (Industry Solutions)

* A manufacturing technique in which the main parts of a product are procured from another country or another company and then assembled for sale in the local market

Overseas Sales (by Region)

(Billions of yen)

