

Food and Beverage Distribution

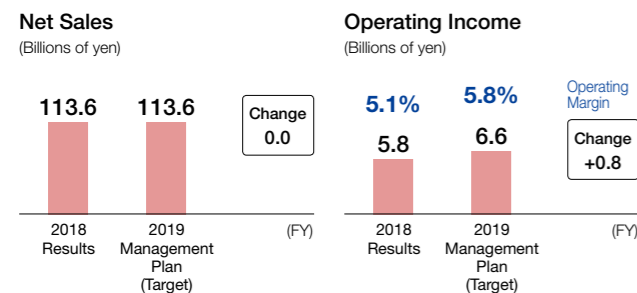
Expand vending machine business in China and Southeast Asia and bolster lineup of labor and energy saving solutions for stores

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Business Areas

- Vending machines**
Beverage vending machines, vending machines for food and other goods
- Store distribution**
Store fixtures and equipment, automatic change dispensers



Awareness of Market Needs

In Japan, customers such as beverage manufacturers, convenience stores, and supermarkets are promoting low-labor, energy-efficient operations in response to social issues such as global warming and labor shortages stemming from the shrinking workforce.

Overseas, growing automation needs, such as those arising from the attention surrounding low-labor convenience stores employing cutting-edge technologies, are expected to stimulate increased demand for vending machines in Fuji Electric's focus market of China. As for Southeast Asia, where markets are still taking shape, market participation by major beverage manufacturers is contributing to higher vending machine needs centered on Thailand.

Strengths of the Food and Beverage Distribution Segment

The strengths of the Food and Beverage Distribution segment include its industry-leading share for vending machines as well as the technological prowess that it has cultivated through the development of freezers and refrigerated showcases for stores. These strengths are centered on the segment's automation, heating and cooling, and currency identification technologies, which will be indispensable strengths in the growing labor saving and energy saving markets.

Fuji Electric began developing its vending machine business in overseas markets a step ahead of the rest of the competitors. In China, our first Dalian factory commenced operations in 2003 as a joint venture with a local partner, and we established

a sales and service company in 2018. Our development and production systems in China were reinforced in 2016 with the construction of the second Dalian factory, which was equipped with state-of-the-art automation equipment.

In Southeast Asia, a vending machine operator company was created in Thailand in 2016 and a vending machine production and sales company in Indonesia was acquired from Kubota Corporation in 2017. These two bases are playing a central role in our efforts to explore these markets.

Priority Measures for Fiscal 2019

Based on an accurate understanding of customer needs, the Food and Beverage Distribution segment is expanding its vending machine business in China and Southeast Asia and bolstering its lineup of labor and energy saving solutions for stores.

Expand vending machine business in China and Southeast Asia

The items sold in vending machines vary greatly between country and region. Fuji Electric is enhancing its vending machine lineup based on the local needs seen in the markets it serves. For example, operational know-how such as combining the favored temperatures and displays of offerings (beverages, foods or other goods), e-money compatible machines, and the development of machines with internal structures compatible with various container shapes.

Furthermore, the Company is engaged in the development of operation systems that support efficient vending machine operations for customers lacking such know-how in China and Southeast Asia in order to encourage local beverage manufacturers to enter into the vending machine market.

Bolster lineup of labor and energy saving solutions

In the Food and Beverage Distribution segment, we are developing store management systems that respond to customers' labor and energy saving needs with functions for managing product inventories, achieving traceability, and optimizing store environments.

We are also bolstering our lineup of other products that help alleviate labor shortages. These products include dual stores / 2Way vending machines that enable convenience stores to be converted into vending machine depots during the nighttime hours as well as automatic change dispensers that simplify the cash handling processes needing to be performed by store staff.

Close-Up

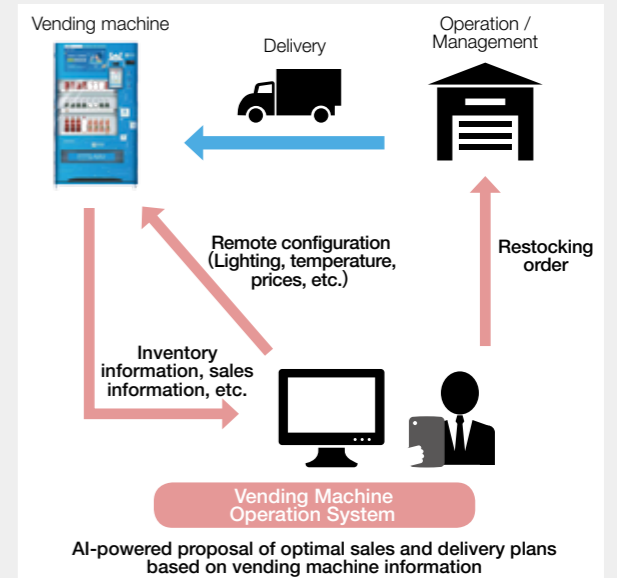
Supporting efficient vending machine operations for customers with AI

Many vending machine business operators in China lack know-how.

Issues faced in this market include losses of sales opportunities due to depleted stock as well as slow progress in streamlining delivery routes. Improving investment returns through efficient operations will be key to promoting the spread of vending machines going forward.

Capitalizing on the technologies and know-how Fuji Electric boasts as a leading manufacturer in the domestic market, we are moving ahead with the development of a system that uses artificial intelligence (AI) to support vending machine operations. Areas in which this system is applicable include the formulation of the necessary sales and delivery plans and the demand projections for items sold in vending machines.

By packaging AI-powered operation systems with vending machines, Fuji Electric seeks to drive the expansion of vending machine markets by creating frameworks for maximizing customer earnings.

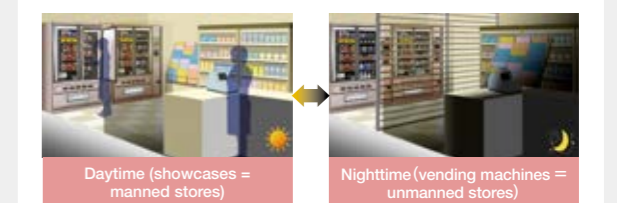


Contributing to labor and energy savings at stores

Realizing store labor savings with vending machine automation technologies

In the store distribution business, there is a rising need for the automation technologies that Fuji Electric has fostered through the development of vending machines. We are thus seeing a rise in the introduction of self-service cash registers using Fuji Electric's automatic change dispensers as well as vending machine convenience stores.

Fuji Electric is also proposing a new store model for stores that have difficulty securing nighttime staff. In this model, we create dual stores / 2Way vending machines that reduce labor requirements and improve consumer convenience by functioning as showcases during the day and vending machines at night.

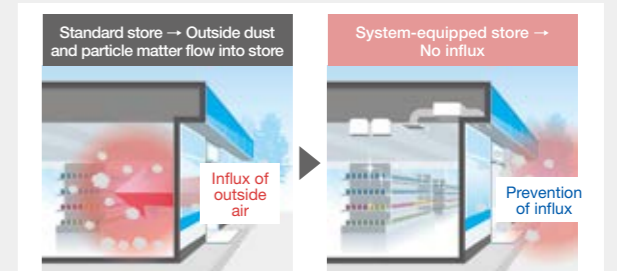


Reducing air-conditioning energy consumption and influx of dust and particle matter through store air pressure control

Fuji Electric has developed and launched a new system for controlling the air pressure inside of stores.

This system uses sensors to control the balance of air intake and exhaust by ventilation fans and other equipment to prevent influxes of outside air when automatic doors are opened or closed. Furthermore, the system realizes a 10% reduction in energy consumption by lowering the burden placed on air conditioners while also cutting particle matter influx by 30%, thereby decreasing the amount of cleaning work needing to be done by employees.

This system has won great praise from customers for its ability to contribute to labor and energy savings in stores.



- 10% reduction in energy consumption
- 30% reduction in particle matter influx

Note: Figures based on a verification test