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Company Name: Fuji Electric Co., Ltd.

Representative: Michihiro Kitazawa, President and Chairman of the Board of Directors

Code Number: 6504, listed on the first sections of TSE and NSE, and on FSE

Contact: Masayoshi Kasaki, General Manager, Corporate Administration Office

Corporate Management Planning Headquarters

Telephone: +81-3-5435-7213

Announcement of FY2018 Medium-Term Management Plan Renovation 2018

Fuji Electric Co., Ltd., today announced that it has formulated its FY2018 Medium-Term Management Plan, Renovation 2018. Details are as follows.

I. Operating Environment

In Japan, the Company's operating environment is expected to see increased investment in high-efficiency power generation and renewable energy, a trend stimulated by the deregulation of electricity sales. Redevelopment of social and industrial infrastructure will also progress in light of the upcoming Tokyo 2020 Olympic and Paralympic Games as well as general facility aging, and expansion is anticipated in services that utilize Internet of Things (IoT) to provide safety, peace of mind, and energy savings. Overseas, an increase in social infrastructure investment is anticipated to occur on the back of rising energy demand in emerging countries. At the same time, growth in investment for automating production facilities and realizing high levels of efficiency is forecast to accompany the trend toward more-advanced industries and technological progress.

II. Medium-Term Management Plan

1. Basic Policies

The FY2018 Medium-Term Management has set forth pursuing the "further renovation of Fuji Electric" as its basic policy, and this plan will guide us as we implement growth strategies and improve profitability.

■ Implement Growth Strategies

Under the new medium-term management plan, we will work to grow our business by creating high-value-added products that meet customer demands while also continuing to expand overseas operations by conducting additional mergers and acquisitions. As for specific businesses, we will thoroughly strengthen our social infrastructure, industrial infrastructure, and power electronics businesses.

■ Improve Profitability

The Company has continued to advance its Pro-7 Activities, a Companywide program that entails a ground-up review of all costs associated with business activities as well as efforts to radically improve operational quality in order to prevent waste and losses. Going forward, we will strive to further improve profitability by re-energizing these Pro-7 Activities.

2. Management Targets (Consolidated)

	FY2015 Results	FY2018 Medium-Term Management Plan	Change
Net sales	¥813.6 billion	¥900.0 billion	¥86.4 billion
Operating income	¥45.0 billion	¥54.0 billion	¥9.0 billion
Operating margin	5.5%	6.0%	+0.5 pt

* Assumed exchange rate: US\$1 = ¥110, €1 = ¥120

Financial indicators	FY2015 Results	FY2016 Management plan	FY2018 Medium-Term Management Plan
Net debt-to-equity ratio	0.7 times	0.6 times	0.6 times
Equity ratio	27%	30%	32%
Return on assets	4%	4%	4%
Return on equity	12%	13%	12%

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.