

Three-Year Rolling Plan Industrial Systems Business Strategies

November 17, 2011
Fuji Electric Co., Ltd.
Industrial Systems Business Headquarters

- Business Overview
- Business Targets
- Business Strategies/Priority Measures

Business Overview

Contributing to energy-saving, sustainable society by combining power electronics and control technologies

Industrial plant engineering business...Mainly for production lines



Large-capacity drive systems
(FY2011 new models)



Plant control systems



Safety measuring equipment



High-speed PLCs
(FY2011 new models)



Measuring instruments/sensors



Gas analyzers
(leading market share in Japan)

Main area: All general industry areas including steel, chemical plants, food products, pharmaceuticals.

Core technologies



Measuring/control technologies

Facility business...Mainly factory power supplies that use power electronics



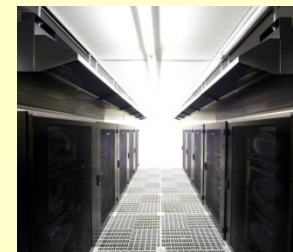
Electric furnace power supplies



Large-capacity rectifier equipment
(No.2 market share worldwide) (leading market share in Japan)

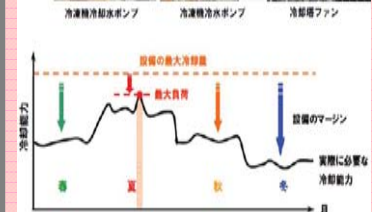


Induction furnaces/high-frequency power supply facilities



IDCs

Main area: All general industries areas including steel, nonferrous metal smelting, chemical plants.



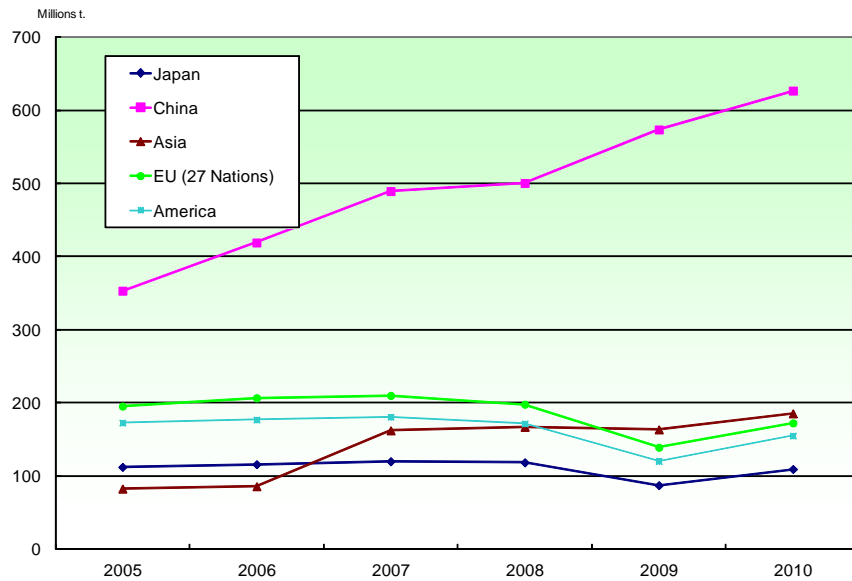
Energy-saving technologies

Business Targets

High growth rates continuing in Asia, China

- Capital investment set to continue in China's market
- In Asia, steel capital investment likely to grow significantly

Crude steel production volumes by region

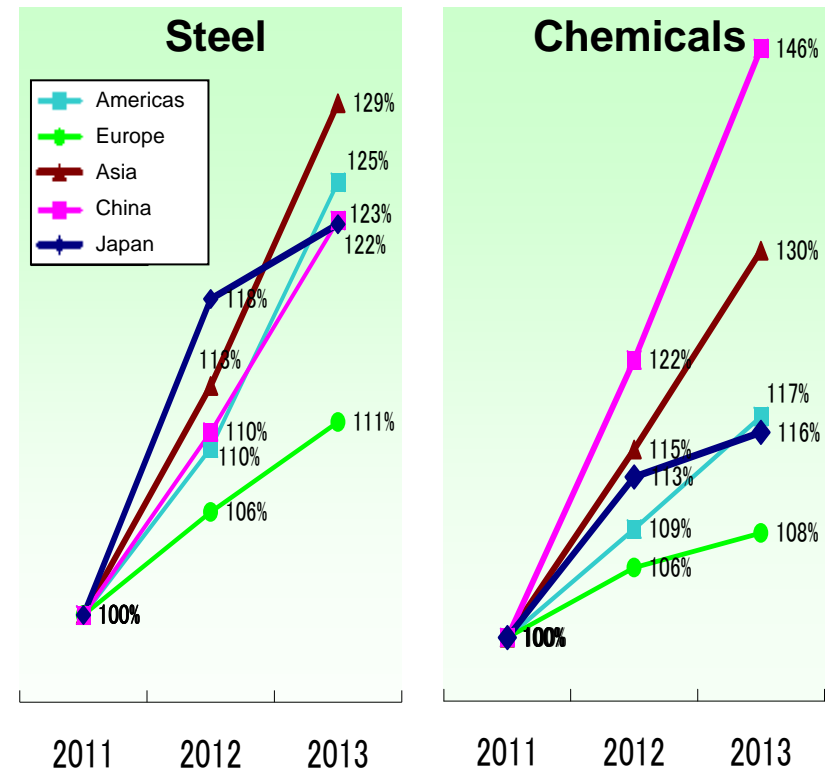


Source: World Steel Association

Steel demand outlook

(World Steel Association, October 12, 2011, announcement)
 2011: Worldwide demand up 6.5% (China 7.5%, India 4.3%)
 2012: Worldwide demand up 5.4% (China 6.0%, India 7.9%)

Capital investment growth by region (steel, chemicals)

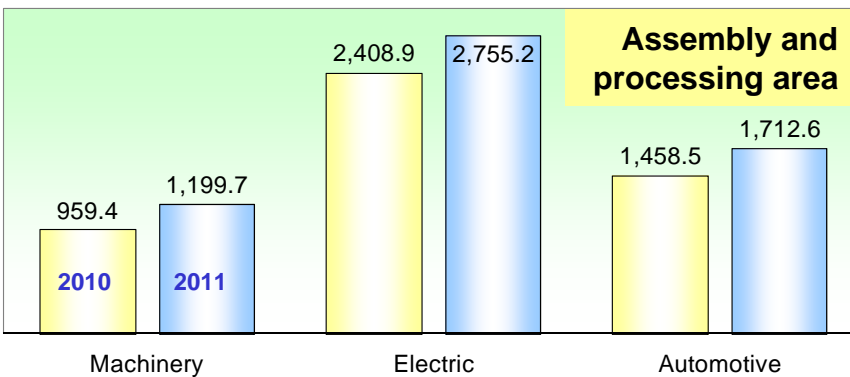
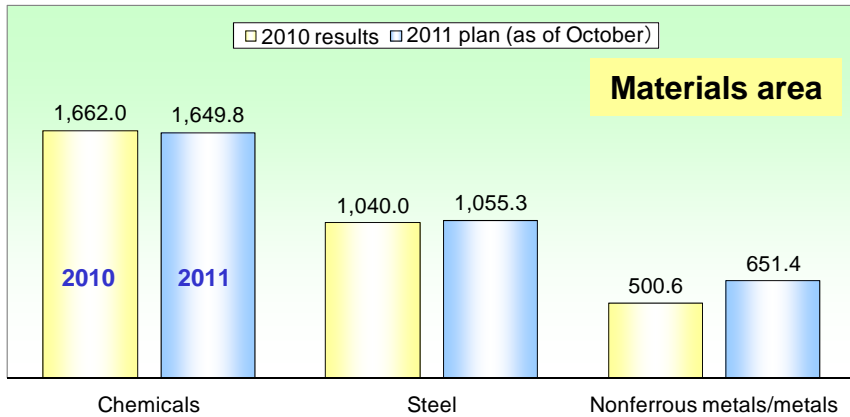


Source: GLOBAL INSIGHT

Yen appreciation, diversified investment due to earthquake disaster, acceleration in transfer of businesses overseas

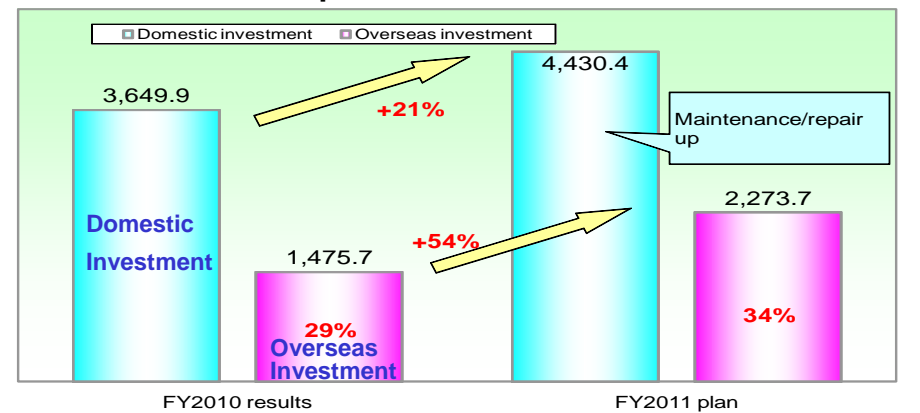
- In Japan, capital investment in manufacturing industry up 21% year on year. Most types of materials, assembly, and processing industries are seeing an increase.
- In short term, investment in maintenance and repair. In long term, environment/energy-saving market expected to trend toward expansion.
- In many manufacturing industries, overseas capital investment is increasing. This is particularly marked for automobiles and nonferrous metals

Manufacturing industry capital investment trends (¥ billion)

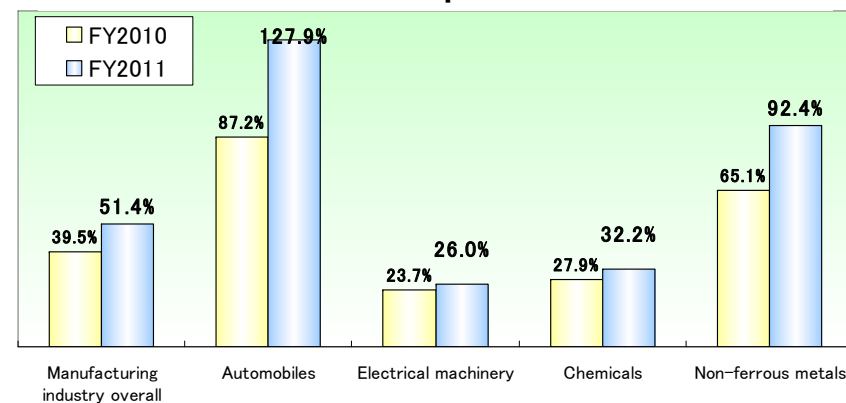


Source: Bank of Japan, Quarterly short-term economic survey October 3, 2011

Manufacturing industry domestic/overseas capital investment trends (¥ billion)



Overseas/domestic capital investment ratio



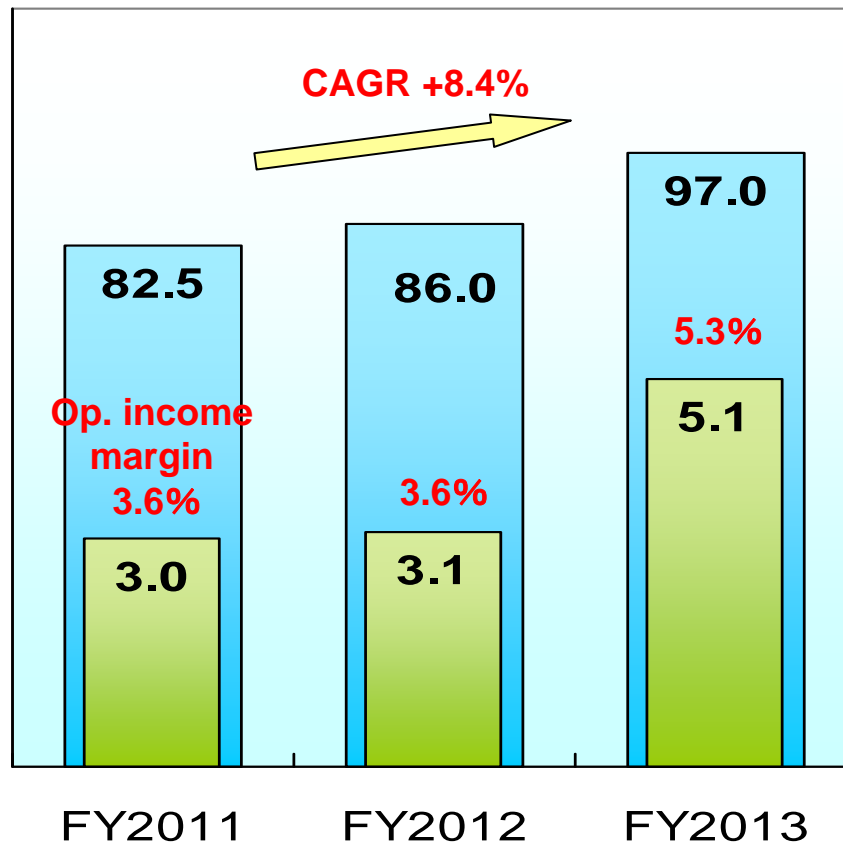
Source: "Nationwide capital investment plans survey," Development Bank of Japan

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Business Targets

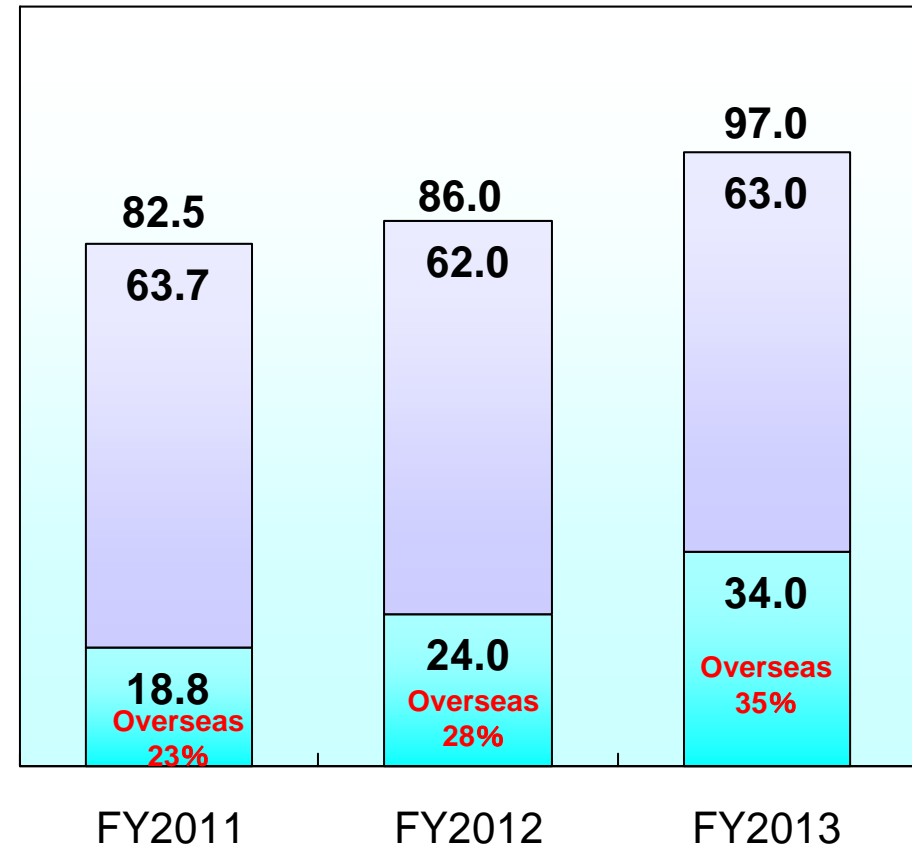
Net sales/Operating income
(¥ billion)

■ Net sales ■ Operating income



Japan/Overseas net sales
(¥ billion)

■ Overseas ■ Japan



* The net sales/operating income figures in this document are forecast figures or target figures.

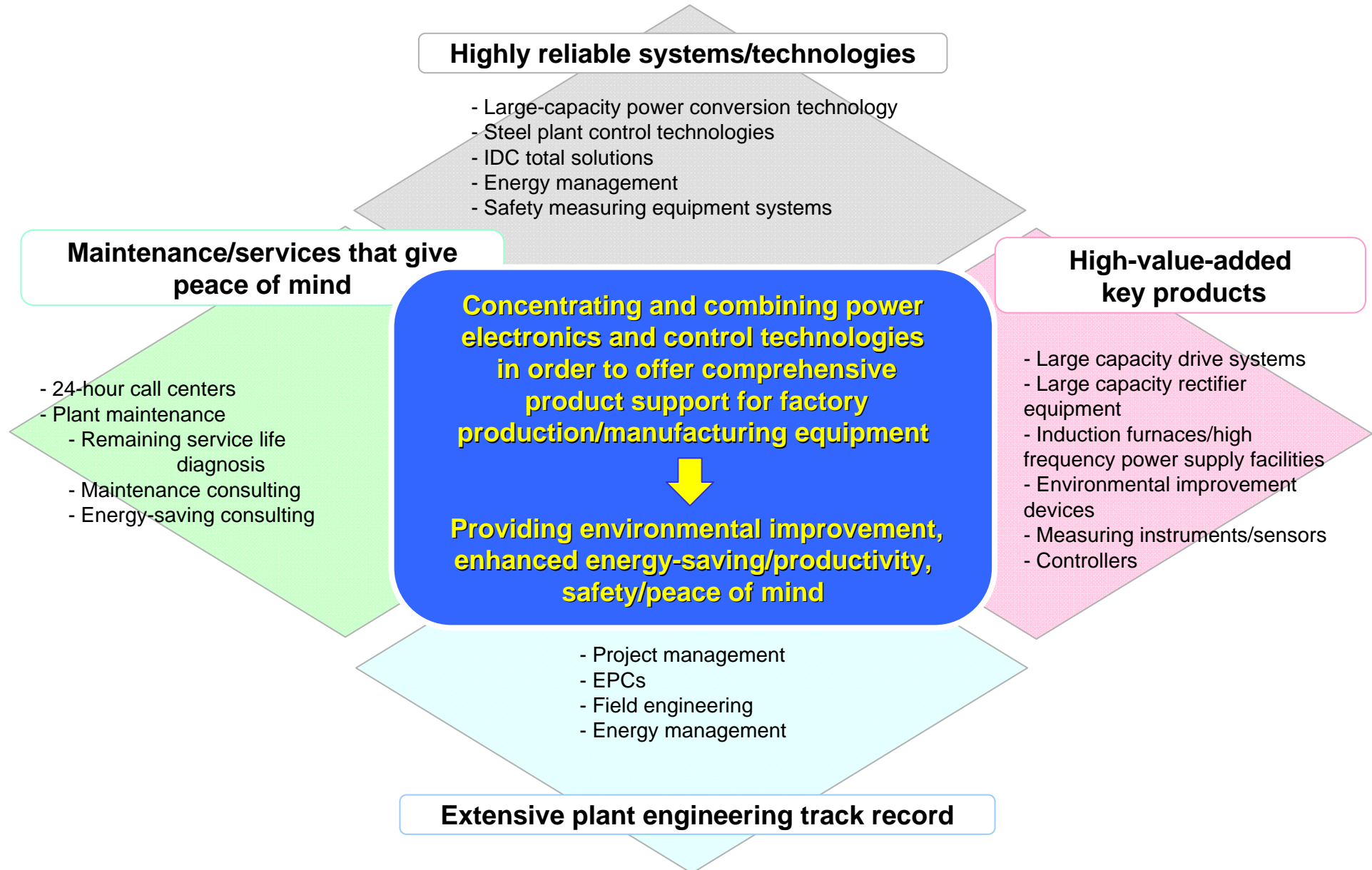
Business Strategies/Priority Measures

Basic Direction/Business Strategies

- Overseas: Expand business centered on materials industries area in Asia, China
 - Expand business through business localization and based on narrowing down of markets/areas
 - > Markets: **Asia, China**
 - > Areas: **Materials industries** centered on steel
 - > System: **Build engineering systems for each region** by shifting resources
- Japan: Unearth equipment renewal demand and strengthen profitability
 - **Strengthen product lifecycle services**
 - **Secure earnings through rigorous cost reduction and strengthening of profitability**

- ◆ Complete transfer of businesses overseas during FY2012, begin reaping benefits from FY2013
- ◆ Secure earnings and resources for overseas development by expanding product lifecycle services and rigorously improving efficiency of businesses in Japan

Business Strengths



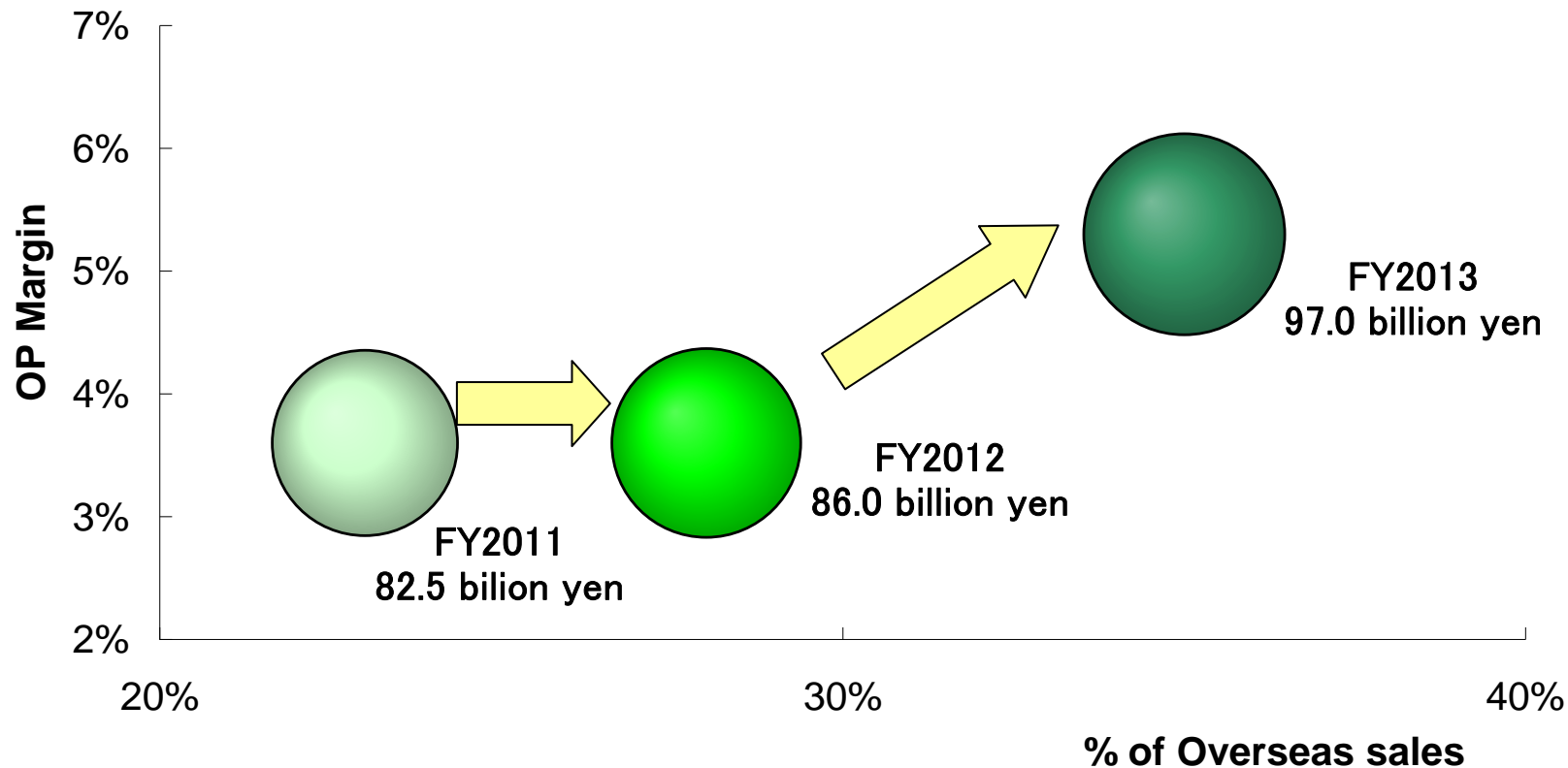
Growth Strategies

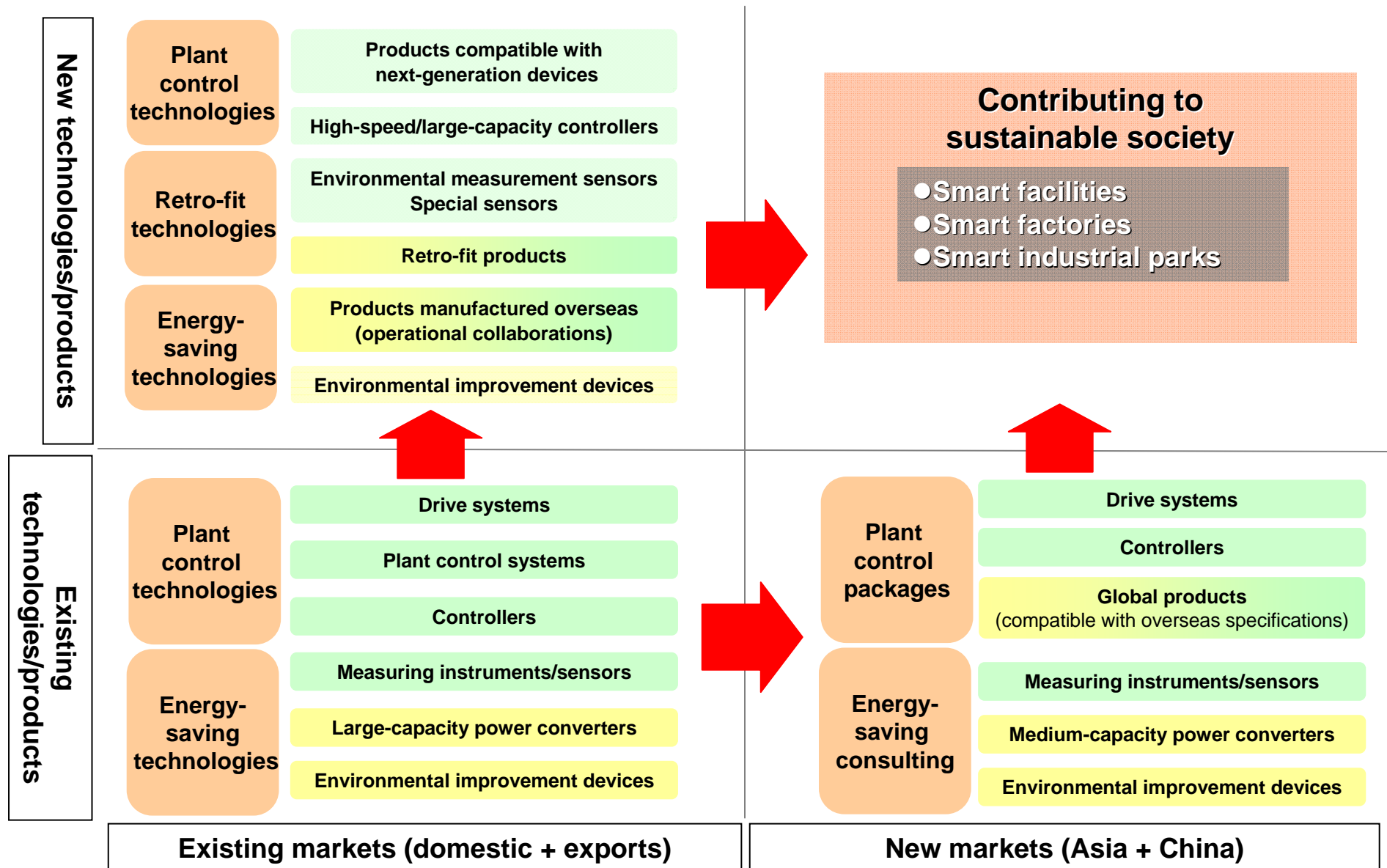
> Focus efforts on Asia's, China's steel/materials industries

- Coordinate with overseas forays of Japanese companies
- Build local production local consumption systems (strengthen engineering and purchasing)
- Advance development of package products for overseas (energy-saving, small capacity, etc.)

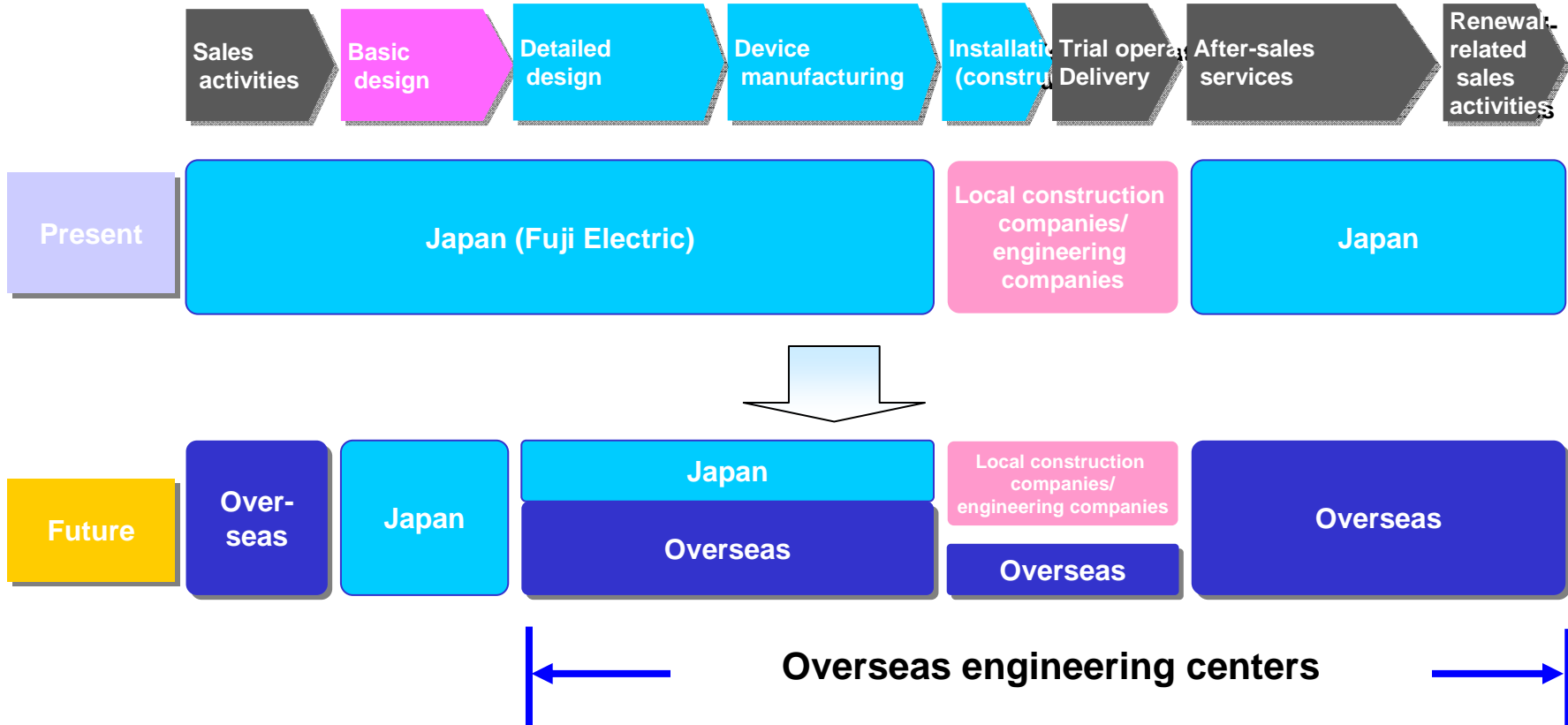
> Unearth equipment renewal demand centered on energy-saving

- Focus efforts on particular competence in power converters, environmental improvement devices
- Develop environmental sensors, retro-fit products



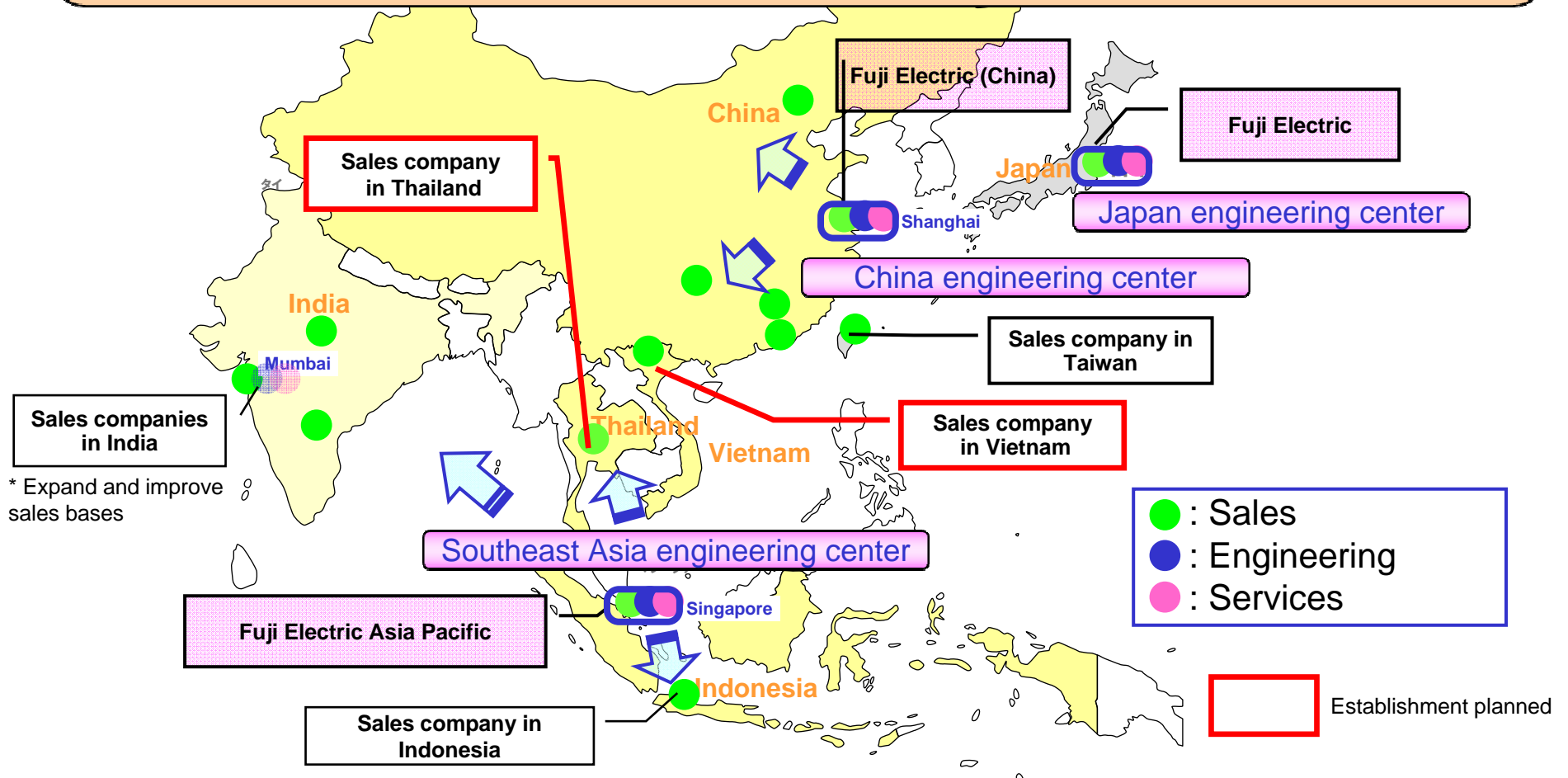


Accelerate localization of sales/engineering/manufacturing/services and development of global products

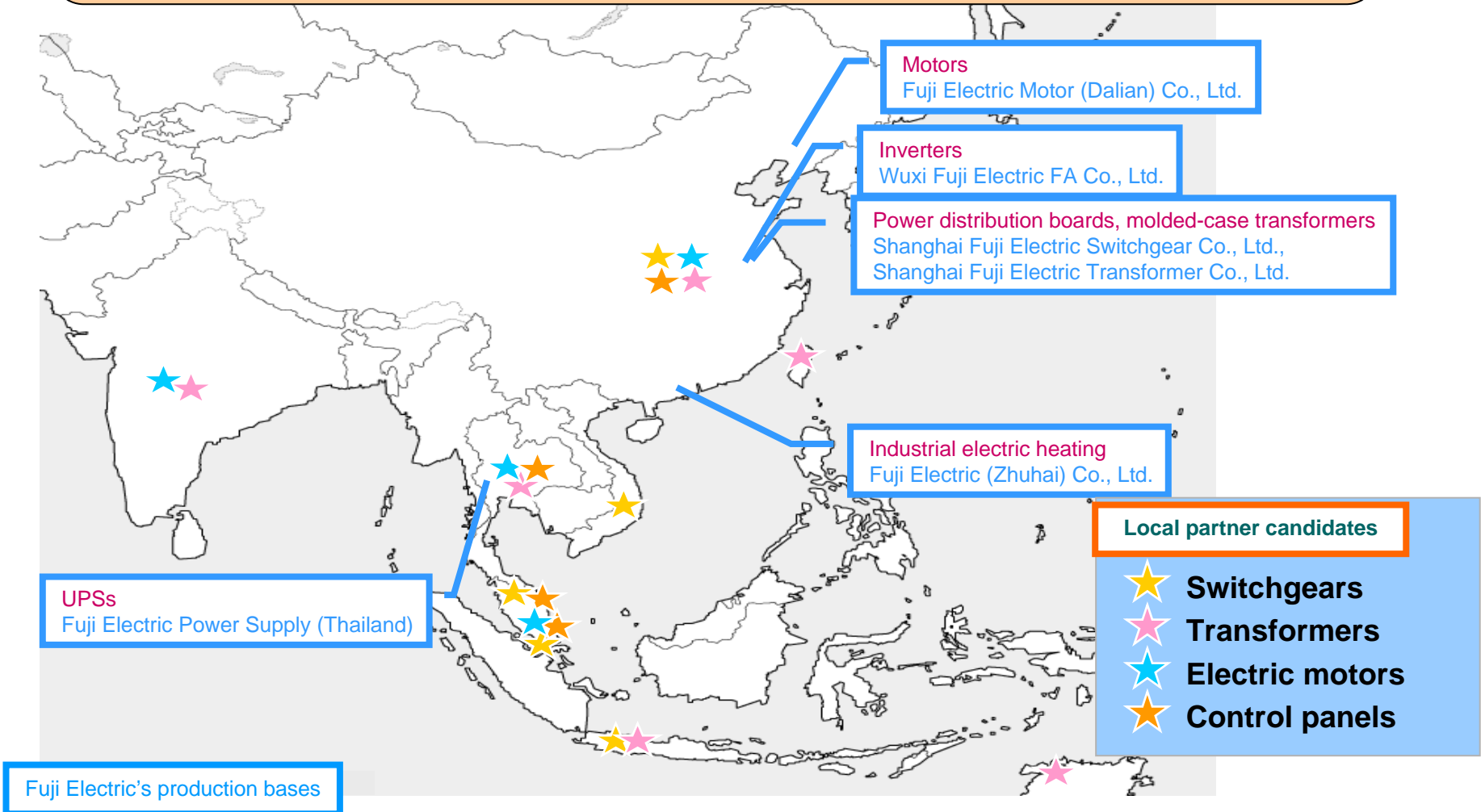


Overseas Businesses—Sales/Engineering Bases

- > Establish sales bases for each market
 - > For engineering bases, will create/consolidate centers for each area (Japan/Asia/China)
- (Plan to increase personnel by FY2013) China: 50 to 110, Asia: 10 to 60



- > Build local production local consumption systems in each market
- > Basically cater to projects
- > Develop operational collaborations, M&A with promising partners



> **Unearth equipment renewal demand based on extensive delivery track record**



> **Cost reductions/strengthening profitability**

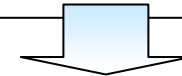
1. **Advance rigorous cost reductions**

- Increase adoption of overseas products, promote development of package products

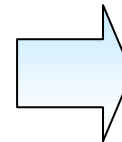
2. **Increase efficiency of domestic businesses**

- Increase operational efficiency by enhancing engineering skills

> Transfer engineers to overseas businesses (approximately 50 personnel)



Increase earnings of domestic businesses
FY2013 profit margin: +3% versus FY2011



Secure overseas
business resources

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