


# For Growth, Profitability and Progress





Fuji Electric is using its strong technological base to build strategic businesses that serve society and enhance everyday life. At the same time, we are restructuring our business portfolio to improve profitability.

The Japanese government has stated its intention to invest ¥630 trillion in public works through the year 2004. Fuji Electric is positioning itself in growing markets by bolstering its capabilities in a wide range of social infrastructure systems.

Strengthening our global business is another important part of our medium-term strategy. Fuji Electric is reinforcing its commitment to overseas manufacturing, marketing and procurement.

# Expanding Social Infrastructure Business

*The foundations of modern society are supported by both the public and private sectors. The public sector, for example, is responsible for the water supply. In other crucial areas, such as transportation and energy, the private sector plays a leading role. Fuji Electric has a long history of supplying both government organizations and private corporations with products and systems needed for the infrastructure that modern societies take for granted. We are actively expanding business activities, with operations divided into six areas of the social infrastructure.*

In October 1994, the Japanese government announced its plan to invest ¥630 trillion in social infrastructure projects through the year 2004. The entire Fuji Electric Group is making a unified effort to improve the efficiency and effectiveness of its infrastructure-related business, aiming to increase orders for the products and systems that will be needed.

Social infrastructure is evolving with the changing times, expanding and diversifying, while creating new market sectors. Fuji Electric sees enormous business opportunities in this area.

Fuji Electric has a long track record in supporting the social infrastructure. We are now making every effort to strengthen our position in a wide range of business—in areas where we are already the market leader, such as water purification and sewage systems, to completely new areas. To guide our expansion, we have divided our infrastructure business into six spheres of operation:

## 1. Land & Ecology Infrastructure

Beginning with sewage systems, Fuji Electric is active in a wide range of environmental fields, including garbage incineration plants, waste disposal facilities and equipment to measure air and water quality.

## 2. Urban Space Infrastructure

The modern city must use space efficiently—not just on the ground, but above and below it as well. Fuji Electric provides “smart” building administration and security systems for high-rise and intelligent buildings. And we are promoting more efficient use of urban space with our advanced systems know-how for such underground space applications as parking structures and common ducts that hold multiple utility lines.

## 3. Energy & Resources Infrastructure

A sufficient, uninterrupted supply of energy and fresh water is a basic requirement of Japan. Fuji Electric has well established technology for thermal and hydroelectric power generation and substation equipment, as well as for clean energy areas such as geothermal and solar power. We are also engaged in new types of plant control systems, including those for desalination plants for seawater and district heating and cooling

## Land & Ecology

### Infrastructure



## Urban Space

### Infrastructure



## Culture & Welfares

### Infrastructure

plants that use recycled heat from treated sewage (a previously untapped energy source).

## 4. Traffic & Logistics Infrastructure

Efficient, rapid transportation—for both people and goods—is essential to modern economies. To maintain and improve transportation, Fuji Electric contributes equipment and systems, mainly for railways and expressways.

## 5. Communication Infrastructure

In the information age, communications represent a key social infrastructure system, linking people and businesses. Fuji Electric has begun to develop multimedia systems for the transmission and processing of images, voice and data. We intend to develop businesses in line with the enormous growth potential of this area.

## 6. Cultural & Welfares Infrastructure

Hospitals and other social welfare facilities are fundamental components of Japan’s social infrastructure, especially in view of the aging population. From hospital systems to leisure and tourism facilities, Fuji Electric is making a major contribution with advanced, automated systems.

# Energy & Resources

## Infrastructure



To fine-tune our efforts and to more efficiently market products and systems that support social infrastructures, we have reorganized operations by integrating activities that were previously spread throughout divisions and Group companies. To oversee and control Group expansion, we have created a new division, whose principal aim is to increase orders and sales for all areas of our infrastructure businesses, excluding water and sewage treatment, where we are already well established.

These five guidelines are key elements of our policy:

- Develop new customers and challenge new product fields and new markets
- Propose new technologies in markets and fields that are already well established
- Expand sales based on our nationwide marketing network.
- Integrate manufacturing, marketing and technical support to secure orders for turnkey projects
- Expand and strengthen our sales channels.

# Communication

## Infrastructure



# Traffic & Logistics

## Infrastructure

### Water Treatment Systems

Fuji Electric used its original water purification technology to create a wastewater treatment system for the Kansai International Airport. Over 15,000 cubic meters of wastewater is recycled or treated for release into the sea daily.

### Petroleum Storage Plants

With few energy resources of its own, Japan depends on petroleum storage capacity, another key area of the infrastructure. Fuji Electric's monitoring systems contribute to the safe, efficient storage of petroleum.

### Tunnel Ventilation Systems

Fuji Electric's tunnel ventilation system takes in automobile exhaust inside a tunnel, passes it through purification devices, and then returns clean air to the tunnel. This keeps air within the tunnel clean and helps to maintain visibility.

### Transportation Control Systems

The Rainbow Bridge, a bridge complex for both automobile transportation and a new mass transit system, symbolizes the future of Tokyo's infrastructure development. Fuji Electric provided the central monitoring and control systems, data processing equipment and man/machine interface for this bridge.



The Kansai International Airport



A plant of Japan Underground Oil Storage Co., Ltd.



The Kan-etsu Tunnel



The Rainbow Bridge

# Overseas Bases: Key Elements of Our Business Plan

*With imports benefiting from the strong yen and the users of our components shifting production offshore, high sales growth cannot be expected in the domestic market. Fuji Electric is therefore emphasizing growth and improved profitability by cutting costs and creating a more efficient, global network. By shifting production overseas, increasing sales in overseas markets and expanding*



*local procurement, our global strategy will create low-cost and efficient operations.*

*From China and Southeast Asia to Germany, the United Kingdom and the United States, we are expanding on all fronts: manufacturing, marketing and procurement. In particular, we are opening new procurement offices in Southeast Asia and Europe in order to sharply increase the use of overseas materials and parts.*

## MANUFACTURING

Fuji Electric is making a companywide effort to increase its overseas production ratio.

This is exemplified by Fuji Electric Dalian, a wholly owned subsidiary in Dalian, China, which began production of magnetic contactors, molded-case circuit breakers and earth leakage circuit breakers in December 1994 and industrial motors in July 1995. We also made a large investment to expand the factory of Dalian Fuji Electric Motor Co., Ltd. to supply industrial motors to the Japanese, Chinese and U.S. markets, and for the Southeast Asian production bases of Japanese air conditioner manufacturers.

Fuchunjiang Fuji Electric was established in December 1994 to manufacture and market various types of hydraulic turbines and generators. We expect operations to grow in line with increased demand for electric power in China and the expansion there of hydroelectric power generation.

To meet growing demand in China and Southeast Asia for organic photoconductive drums, we are planning to increase the production capacity at Hong Kong Fujidenki by the fall of 1995 with an investment of ¥2 billion.

We are boosting the production capacity of single-phase induction motors in Indonesia at our joint venture EMI (P.T. Elemotor Menides Indonesia). This will help meet growing demand for fan motors used in air conditioners and other machinery as the offshore production shift of Japanese consumer electronics manufacturers accelerates.

In March 1995, we established Fuji Electric Philippines, Inc. We intend to begin producing discrete semiconductors in October 1996. Paid-in capital will be approximately US\$26 million, with nearly all output intended for Asian markets.

At Fuji Electric (Scotland) Ltd., we have doubled production of power devices. Shipments of power devices to Europe are growing with a recovery in demand for industrial equipment there. Although we had been supplying the European market from both our U.K. subsidiaries and our Matsumoto Factory, the yen's continued strength and the approach of full capacity at our Matsumoto Factory have led to our decision to expand capacity overseas.

In France, we established Fuji Electric France S.A. This manufacturing base for measuring instruments will expand our position in this important market and other European countries.

## MARKETING

In August 1994, we established Suzhou Lanlian-Fuji Instruments, Co., Ltd., a joint venture to market measuring instrument. This will support and expand business with the petrochemical industry in China. And, as part of our strategy to increase our market share of inverters, we led the industry by establishing Fuji Electric Technology and Service (Shenzhen)

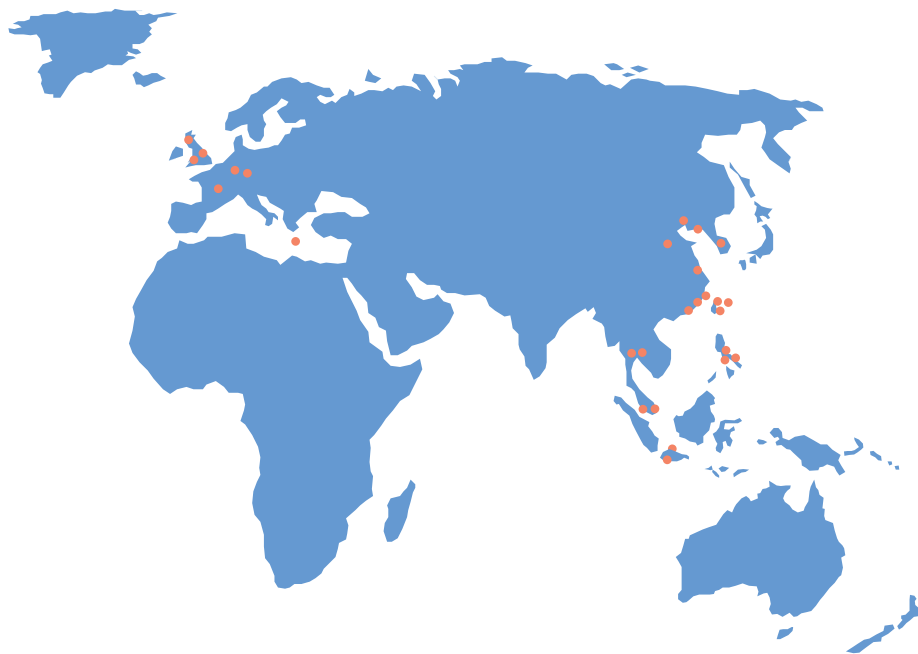


Co., Ltd., a subsidiary to provide such services as engineering, repair and maintenance, not just for stand-alone inverters, but also for imported equipment incorporating Fuji Electric inverters.

In March 1995, we established Fuji/GE (Taiwan) Co., Ltd., a joint venture in Taiwan with General Electric Co. of the United States, to market electrical distribution and control equipment, inverters, motors and related products. With Fuji/GE Private Ltd. of Singapore, we are now well positioned in the markets of Southeast Asia and Taiwan.

We are currently preparing to establish P.T. Bukaka Fuji Electric, in Jakarta, Indonesia, for the planning, design, procurement, marketing and maintenance of equipment used in electric power substations.

We have increased the capital of our German subsidiary, Fuji Electric GmbH, to improve our ability to support the overseas expansion of our



customers and to bolster our international competitiveness. We are expanding both the number of staff and the service network.

#### PROCUREMENT

During fiscal 1996, Fuji Electric intends to establish procurement offices in the United Kingdom and Singapore. These new offices will build on our established network of procurement offices in the United States, South Korea, Taiwan and Hong Kong and will be staffed with purchasing specialists. In order to achieve sharp cost savings, we are aiming for a dramatic increase in overseas procurement, from ¥22 billion, or 8% of material costs, at present.



Fuji Electric Dalian Co., Ltd.



Fuji Electric (Scotland) Ltd. (photo by Graeme Macklin)



Hong Kong Fujidenki Co., Ltd.



U.S. Fuji Electric Inc.