

Food and Beverage Distribution



A Look at the Segment

The vending machines supplied by this segment hold the top share in the domestic market. The segment also provides equipment, such as refrigerated and freezer show-cases and currency handling equipment, and energy-saving store systems. With this diverse lineup, we are adding an extra degree of safety, security, and energy savings along the route of transporting food from producers to consumers.

Utilizing our core heating and cooling technologies, mechatronics technologies accumulated through vending machine and currency handling equipment operations, and system technologies fused with information technologies (IT), we provide optimal products and solutions in the field of food distribution.

FY2011 Major Initiatives

In the vending machine business, we worked to respond to the drive for electricity savings by introducing new hybrid heat pump vending machines, which realize electricity savings of up to 40% compared to last year's models, and continued to encourage customers to upgrade to eco-friendly vending machines. Also, we worked to restructure the business to boost profitability by better addressing the demand for energy consumption reduction and improving efficiency. To this end, we consolidated domestic production into the Mie Factory, shifting away from the previous two factory system that included both the Mie Factory and

the Saitama Factory, and pursued cost reductions by starting up new highly efficient production lines.

In fiscal 2011, there were significant rises in investments in the food distribution industry to recover from the impacts of the Great East Japan Earthquake and to establish new convenience stores and renovate existing ones. In the store distribution business, we worked to expand orders for refrigerated and freezer showcases to be used in convenience stores, while also cutting costs to strengthen business foundations.

FY2012 Policies and Strategies

- Expand vending machine business in China (No. 1 share)
- Expand eco-store business in Chinese and Asian markets
- Develop new businesses utilizing vending machine heating and cooling technologies

The food distribution market in Japan is characterized by a high saturation of vending machines. However, in the focus regions of China and other Asian countries, there is still significant room for growth in this market, which is expected to grow by an average of 68% per year over the next three years. At the same time, the domestic store distribution market is expected to grow by an average of 7% over this period, while average growth rates in China and other parts of Asia will be 12%.

Amidst this strong growth, we anticipate that replacement demand for eco-friendly vending machines will continue rising in Japan. In capturing this demand, we will target higher sales of our high-value-added products by striving to make eco-friendly vending machines the industry standard. Particular focus will be placed on our hybrid heat pump vending machines, which boast industry-leading levels of energy efficiency. In the Chinese market, demand for vending machines is expected to grow as personal income rises and people seek higher levels of convenience. Fuji Electric will work to maintain its No. 1 share in this market by introducing vending machines that meet the specifications sought after in this market and expanding sales through cooperation with local operators.

(Billions of yen)

	FY2011	FY2012 Forecast	Change
Net Sales	115.5	105.4	-10.1
(Overseas Sales)	0.7	2.4	+1.7
Operating Income	2.3	3.5	+1.2

In the store distribution business, we will continue to advance measures to reduce costs associated with our refrigerated and freezer showcases to further stabilize business operations. At the same time, we will solidify foundations for our eco-store business in the growing markets of China and other Asian countries. In addition, we will fuse our heating and cooling technologies with our systems technologies to create new businesses that provide safety, security, and energy savings throughout the food distribution process, spanning from producers to consumers.

Food Distribution Market Scale Forecasts

