

Review of Operations — Overseas Operations

Major Initiatives in Fiscal 2012

Prepared a Base for Expanding Overseas Businesses

The European debt crisis made for a weak market, and demand was especially slow to pick up in China. Conditions were generally harsh, mainly for power electronics and semiconductors of electronic devices. As a result, overseas sales were flat year on year at ¥178.5 billion in fiscal 2012.

Against this backdrop, we forged ahead with the construction of manufacturing, sales, and engineering foundations for overseas business expansion. In manufacturing, we began building a new factory in Thailand looking to grow power electronics sales, chiefly in Asia. We also set up production lines for back-end processing in Shenzhen, China, as a step to expand our business in China's power semiconductor market. Further, we endeavored to augment engineering functions in Singapore and Indonesia to drum up more plant business focused on industrial infrastructure.

Major Initiatives in Fiscal 2013

Expand Production Overseas and Increase Sales through New Global Products

We are targeting sales growth in the industrial infrastructure and power electronics businesses, as well as in semiconductors in the electronic devices business, and vending machines in the food and beverage distribution business. For power electronics, we will develop new global products and expand production at the new factory in Thailand. For power semiconductors, we aim to strengthen price competitiveness by increasing production at the new factory in Shenzhen, China. We will also work to grow vending machine operations, mainly in China, and build up our customer base for the industrial infrastructure business in Asia and China by enhancing sales and engineering networks.

In fiscal 2013, we aim to grow overseas sales by 4% year on year to ¥186 billion.

Asia and Others

For the Asian market where industrial infrastructure investment is expected to expand, we will actively deploy new global products that are produced locally, such as inverters, UPSs, and PCSs, with an eye to sales expansion.

In addition, we will work to boost orders for thermal and geothermal power generation equipment, and plants and systems for materials industries. At the same time, we will strengthen our ability to meet local needs by establishing sales bases in South Korea, Vietnam, Myanmar, and Cambodia.

China

Looking to increase power semiconductor sales in China, we built a new wing for back-end processing production lines at our Shenzhen factory. The objective is to promote product development and production in tune with local needs, and to strengthen our competitive edge. We also aim to expand business by extending our sales network, mainly in industrial infrastructure, and collaborating with local companies to find new customers. In the vending machine business as well, we aim to shore up our operational foundation through the consolidation of two local subsidiaries as we aggressively expand into the China market.

Europe

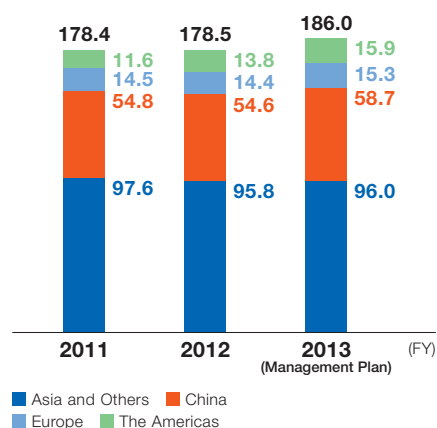
In Europe, demand related to renewable energy and energy conservation is expected to climb. We will work here to augment sales capabilities starting with sales bases and technical centers, roll out new products including power semiconductors and inverters, and reinforce fuel cell sales.

The Americas

In addition to capital participation in a power provider's geothermal project, we will work to increase orders, including by cultivating new customers in fields such as thermal power and biomass power generation equipment. We will also work to tap into major future growth projected in the South American region. Here, our Brazil sales base established in January 2013 will lead development of the inverter, power semiconductor, and industrial plant and system markets.

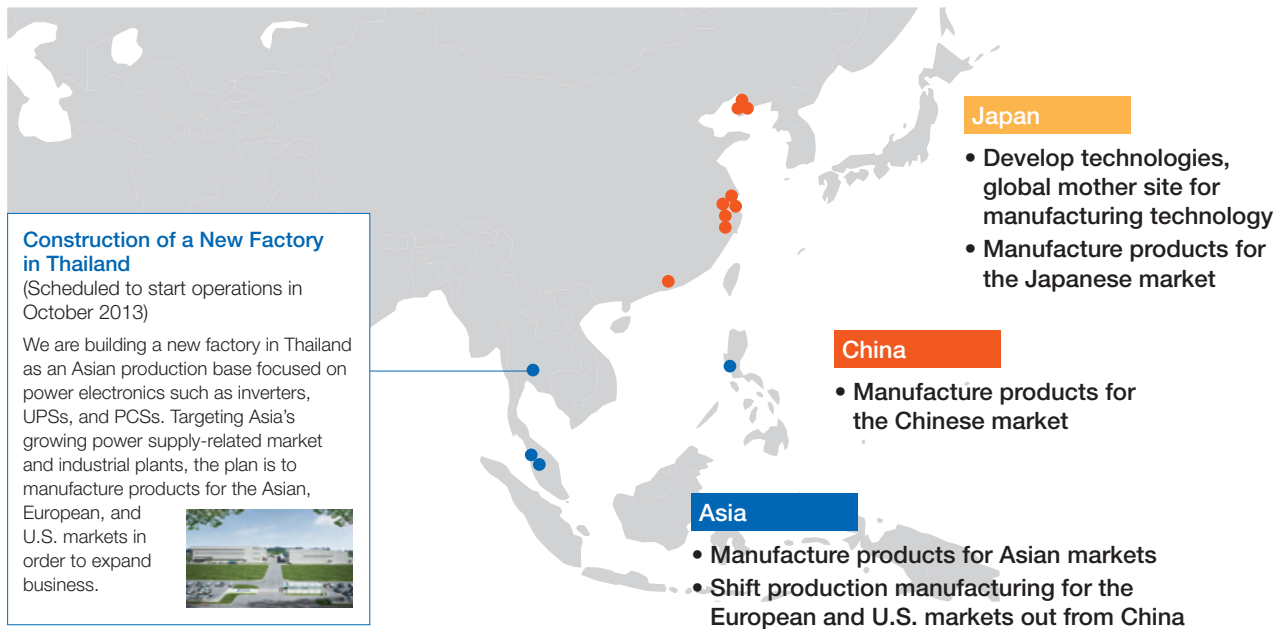
Overseas Sales

(Billions of yen)



Three-Hub Manufacturing Structure

To ensure quality and bolster cost competitiveness as well as distribute risk, we will establish manufacturing hubs in the three countries and regions of Japan, China, and Asia.



Enhance Sales and Engineering Network

We will enhance our sales and engineering network, mainly in Asia and China.

- Sales subsidiaries
- Branches and sales offices of sales subsidiaries (existing)
- To be established in fiscal 2013 (including planned)
- ▲ Branches
- Representative offices

