

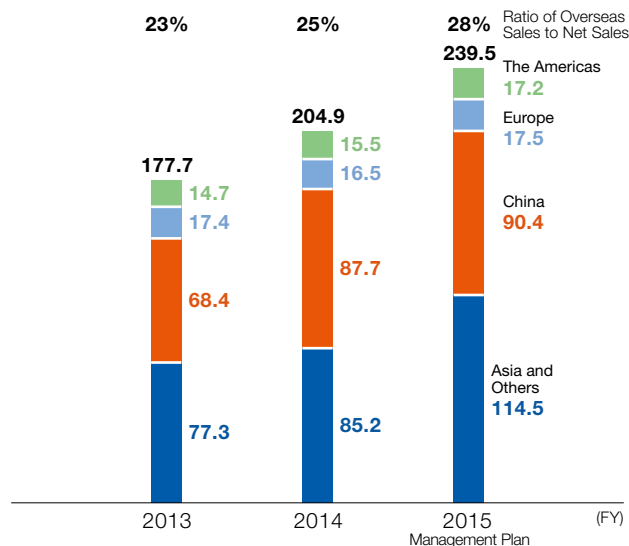
Review of Operations — Overseas Operations

Fiscal 2014 Performance

Overseas net sales increased ¥27.2 billion year on year to ¥204.9 billion, increasing from the previous year in all segments atop growth in demand, as well as the benefits of foreign exchange differences. The ratio of overseas sales to net sales increased 2 percentage points to 25%.

By region, Asia and China both saw significant year-on-year sales increases. Asia recorded sales from large-scale thermal and geothermal power generation projects and an increase in demand for power electronics, while China saw sales growth mainly driven by power semiconductors and vending machines. In the Americas, sales increased year on year, mainly in the drive business. In Europe, on the other hand, sales remained sluggish.

Sales Outside Japan (Billions of yen)



Major Initiatives in Fiscal 2014

Acquisition and Consolidation of a Low-voltage Switchboard Manufacturer in Singapore

In December 2014, we acquired the low-voltage switchboard and control gear solutions manufacturer SMB Electric Pte. Ltd. (SMBE) and converted it into consolidated subsidiary Fuji SMBE Pte. Ltd.

SMBE had experience conducting business operations in Singapore, Malaysia, Indonesia, and Australia and a record of delivering many installations, including data centers, commercial facilities, and industrial plant and factory equipment.

In addition to the distribution channels we have, SMBE's sales channels in the Asia-Pacific region and engineering capabilities will be utilized to increase the number of industrial plant and system projects that combine SMBE's low-voltage switchboards and Fuji Electric's power electronics. Moreover, we will also work to open new markets through production of medium-voltage switchboards.



Fuji SMBE Pte. Ltd.



Low-voltage switchboard

Full Operational Start at the Thailand Production Factory

Fuji Electric Manufacturing (Thailand) Co., Ltd., the core production facility of power electronics (inverters, UPS, and other items) for Asia and Europe, ramped up to full-scale operation as a multi-business factory with the start of production of substation equipment (gas-insulated switchgear) as well as the Twistar vending machine for China and Asia.



Gas-insulated switchgear

Reinforcing Sales Activities by Fuji Tusco Co., Ltd.

Fuji Tusco Co., Ltd. was established in October 2013 through a capital investment in Tusco Trafo Co., Ltd. The company has now started production, and in August 2014, delivered its first power transformer. Fuji Tusco will expand its product lineup and make mutual use of distribution channels to bolster its sales promotion activities.



Power transformer

Fiscal 2015 Management Plan and Main Initiatives

We aim to achieve ¥239.5 billion in overseas sales, a ¥34.6 billion year-on-year increase.

We will bolster our manufacturing and engineering systems in Asia, while further promoting local production for local consumption in the U.S. and India. We will also conduct M&As to secure human resources and sales channels with close ties to local areas. Our initiatives by region are as follows.

Asia

We will work to expand orders in thermal and geothermal power generation and the smart community field, centered on power distribution. In the transformer business, we will also expand orders by strengthening our manufacturing and engineering systems. We will establish an inverter assembly factory in India, and expand our power electronics orders and sales by introducing new power electronics products, such as inverters and UPS, and leveraging Fuji SMBE to strengthen our switchgear and controlgear business.

China

In China, we will expand sales of power electronics by strengthening our cooperative relationship with Shanghai Electric Group Co., Ltd., and promoting sales expansion with a focus on new products. Meanwhile, we will strengthen our sales structure to expand sales of vending machines, which are expected to see growth in demand.

Europe

We will strengthen sales of fuel cells and accelerate the launch of new power electronics products, such as inverters. We will also expand sales of power semiconductors by capturing increasing demand for new energy applications.

The Americas

In addition to increasing orders by bolstering after sales business of the thermal and geothermal power generation business, we will start production of railcar systems in the U.S., where replacement demand is expected, and work to capture more orders. Moreover, by accelerating launches for new products such as inverters and UPS, we will work to expand sales of power electronics.

Consolidated Subsidiaries Overseas (As of July 1, 2015)

Increase of **18** companies → **43** companies since March 31, 2015 to

