

FY2018 Medium-Term Management Plan **Renovation 2018**

We will provide an overview of the new FY2018 Medium-Term Management Plan, **Renovation 2018**, while reviewing the FY2015 Medium-Term Management Plan.

Review of the FY2015 Medium-Term Management Plan

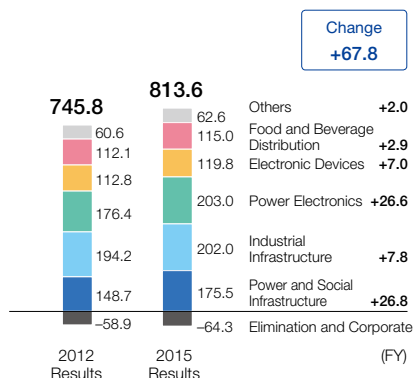
In fiscal 2015, net sales totaled ¥813.6 billion, an increase of ¥67.8 billion from fiscal 2012. Sales were up in all segments, with particularly strong growth seen in the Power and Social Infrastructure and Power Electronics segments. Overseas sales grew ¥37.3 billion from fiscal 2012, representing 27% of net sales at ¥215.8 billion. Main contributors to overseas sales included growth in sales of vending machines to the Chinese market and the benefits of M&A activities conducted in Asia. Striving to solidify our foundations for overseas expansion, we established three overseas factories to expand local

production and local consumption during the period of the FY2015 Medium-Term Management Plan. We also conducted eight M&A transactions, with a total amount of approximately ¥20.0 billion, thereby acquiring additional human resources and sales channels.

Operating income in fiscal 2015 rose ¥23.0 billion from fiscal 2012, amounting to ¥45.0 billion. This growth can be attributed to higher income in all segments, with the Electronic Devices and Power Electronics segments displaying the most substantial increases in income.

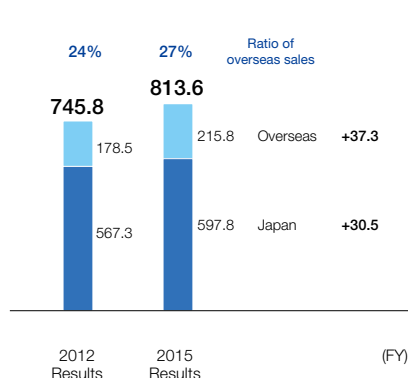
Net Sales (By Segment)

(Billions of yen)



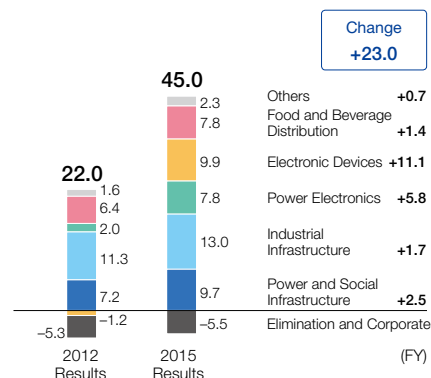
Net Sales (Japan and Overseas)

(Billions of yen)



Operating Income (By Segment)

(Billions of yen)



* Figures for FY2015 Results reflect the organizational restructuring conducted in FY2016.

Established Production Bases

- Asia
 - Thai Factory (power electronics, substation equipment, and vending machines)
 - India Factory (inverters)
- Americas
 - Virginia Factory (inverter boards, electrical equipment for railcars)

Conducted 8 M&A Investment Amount: Approx. ¥20.0 billion

- Asia
 - Fuji Tusco (transformers)
 - Fuji SMBE (switchgear and controlgear)
 - Fuji CAC (engineering)
 - Fuji GEMCO (engineering)
- China
 - Shanghai Electric Fuji Electric Power Technology (Wuxi) (medium-voltage inverters)
- Americas
 - RTS (power plant service)
 - Fuji SEMEC (electrical equipment for railcars)
- Europe
 - Fuji N:teelligence (fuel cells)

Further Renovation of Fuji Electric Renovation 2018

Priority Measures

Implement Growth Strategies

- Reform operating processes in social engineering systems, industrial infrastructure, and power electronics businesses
- Continue expansion of overseas operations through additional M&As
- Create high-value-added products that meet customer demand

Improve Profitability

- Re-energize “Pro-7 Activities”

The FY2018 Medium-Term Management Plan targets net sales of ¥900.0 billion in fiscal 2018, ¥86.4 billion higher than the figure posted in fiscal 2015. By segment, overall sales growth is expected to be driven by the Power and Social Infrastructure, Industrial Infrastructure, and Power Electronics segments, while all segments are forecast to enjoy higher sales. We, of course, plan to expand domestic sales, but we will pursue even larger increases overseas, aiming to raise the ratio of overseas sales to net sales to 30.0%.

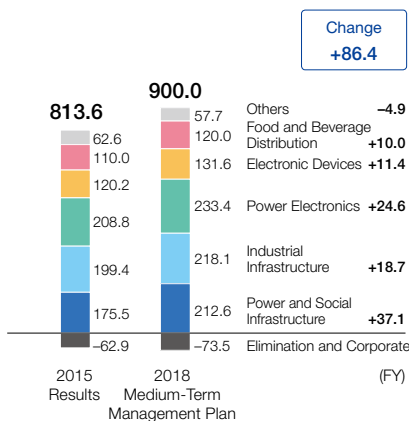
Fiscal 2018's operating income is forecast to be ¥54.0 billion, up ¥9.0 billion from fiscal 2015. The majority of this increase is set to come from growth in the Power Electronics segment, and we will thoroughly reinforce this segment's profit structure to achieve this growth. At the same time, we will re-energize our Pro-7 activities to boost earnings capacity in the pursuit of record-breaking profit attributable to owners of parent.

Management Targets

(Billions of yen)	FY2015 Results	FY2018 Medium-Term Management Plan
Net Sales	813.6	900.0
Operating Income	45.0	54.0
Operating Margin	5.5%	6.0%
Profit Attributable Owners of Parent	30.6	34.0
Net Debt-Equity Ratio	0.7 times	0.6 times
Equity Ratio	27%	32%
ROA	4%	4%
ROE	12%	12%

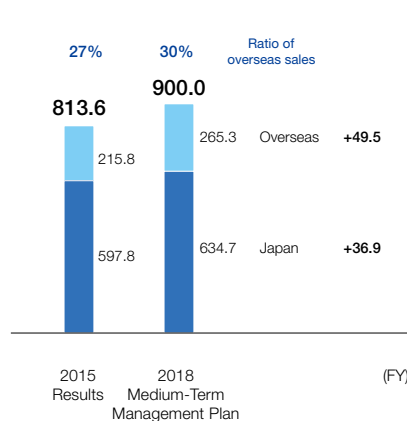
Net Sales (By Segment)

(Billions of yen)



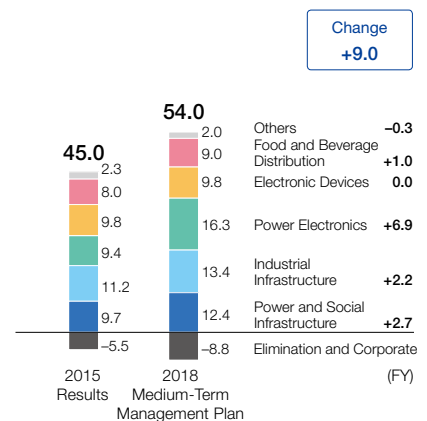
Net Sales (Japan and Overseas)

(Billions of yen)



Operating Income (By Segment)

(Billions of yen)



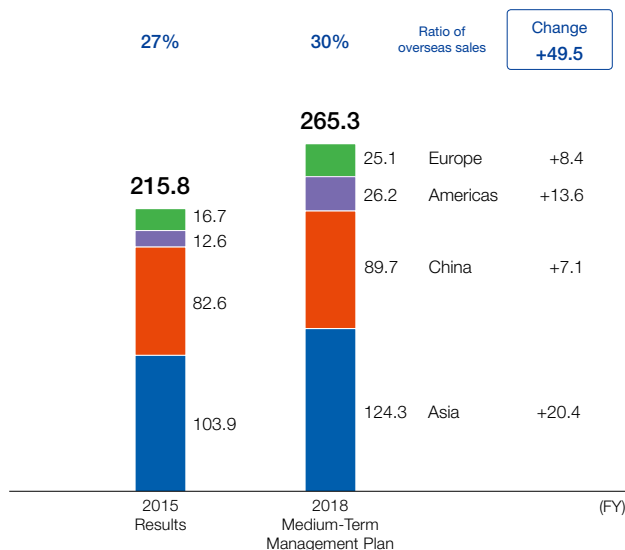
* Figures for FY2015 Results reflect the organizational restructuring conducted in FY2016.

Overseas Operations

Overseas net sales are projected to amount to ¥265.3 billion in fiscal 2018, rising ¥49.5 billion from fiscal 2015 largely due to higher sales in Asia and the Americas. This growth will be due in part to the benefits reaped from up-front investments conducted thus far, including M&A and collaborative activities. We will also carry out new measures for growing overseas

Overseas Net Sales (By Area)

(Billions of yen)



operations. These measures will include expanding our business in Asia by establishing an APAC regional corporate strategy office, developing overseas production bases, and advancing additional M&A activities. Principal measures by region are described below.

Asia

- Establish APAC regional corporate strategy office in Singapore to oversee operations in the ASEAN region
- Expand systems business by utilizing bases acquired through M&A activities (Industrial Infrastructure, Power Electronics)
- Bolster vending machine product lineup and establish operator companies (Food and Beverage Distribution)

China

- Expand vending machine market and invest in production increases (Food and Beverage Distribution)
- Expand operations in motion, factory automation, and other new fields (Power Electronics)

The Americas

- Expand power plant after-sales businesses (Power and Social Infrastructure)
- Grow railcar business (Power Electronics)
- Develop uninterruptible power systems (UPSs) based on U.S. specifications for brisk data center market (Power Electronics)

Europe

- Expand fuel cell business (Power and Social Infrastructure)
- Promote sales of power semiconductors (Electronic Devices)
- Launch an inverter production base (Power Electronics)

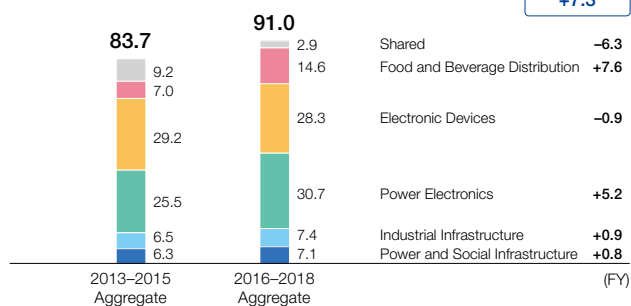
Capital Investment

Under the FY2018 Medium-Term Management Plan, we will expand capital expenditures aimed at overseas production while enhancing manufacturing capabilities using the Internet of Things (IoT).* In the Food and Beverage Distribution segment, we plan to build a new factory in China to support the brisk vending machine business in this country. Capital expenditures in the Power Electronics segment, meanwhile, will include those for bolstering production facilities at factories in the United States and Thailand as well as for establishing the Power Electronics Technical Center at the Suzuka Factory, which will enable us to heighten R&D capabilities by consolidating development divisions.

* Internet of Things: Framework for fundamentally revolutionizing business and our daily lives by connecting various objects through networks and enabling them to achieve optimal, autonomous control of one another

Capital Investment

(Billions of yen)



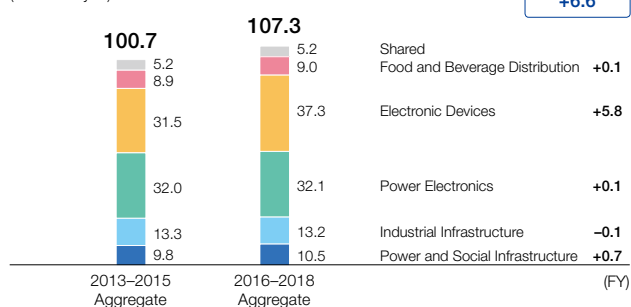
Research and Development

R&D ventures will be focused on the Power Electronics segment as well as the Electronic Devices segment. In the Electronic Devices segment, in particular, we will accelerate the development of SiC devices and modules while developing automotive and railcar modules as a form of up-front investment in future growth.

Furthermore, we will develop differentiated equipment and platform technologies to create solutions for breeding customer value using IoT.

Research and Development

(Billions of yen)



* Figures for R&D expenditures above have been divided by segment based on theme and may therefore differ from the figures contained in the consolidated financial report for the fiscal year ended March 31, 2016.