

Fiscal 2015 Report—Manufacturing

Based on localization policies (local design, local production, and local consumption), Fuji Electric employs a framework in which production bases in Japan act as mother factories for global manufacturing operations and coordinate with overseas bases in China and other Asian countries. Through this framework, we are able to respond to a diverse range of domestic and overseas market needs. In fiscal 2015, we expanded overseas production through the establishment of new factories in the Americas and India. We also strove to transmit to overseas bases the manufacturing DNA that we have continued to pass down since Fuji Electric's inception while tackling new manufacturing challenges utilizing IoT, specifically improving productivity to create products and services of the highest caliber.

Manufacturing Policy

- Advance global production base strategy
- Strengthen on-site capabilities, production technology capabilities, and human resource development
- Promote global supply chain reforms
- Improve product quality



Junior employee training for the WorldSkills Competition

Major Initiatives in Fiscal 2015

Strengthening of Production Technology Capabilities

We are strengthening our technology capabilities in order to ensure highly competitive manufacturing. Equipment technology engineers have been gathered at the Facility Technology Center, in Saitama Prefecture, to take part in the development of equipment technologies and core fundamental technologies. Through the efforts of these engineers and collaboration among different factories, in fiscal 2015, we were able to improve the actual manufacturing equipment and processes used in production as well as develop automated production lines.

In addition, a mass production line was installed at the Azumino Factory of GE Fuji Meter Co., Ltd. The result of exhaustive in-house design and production efforts, this line realized the mass production of smart meters in a short time and at low cost. (Ratio of automated lines to total lines: 69% in fiscal 2014→89% in fiscal 2015)



Automated line at the Azumino Factory

Improvement of Product Quality

As quality is an essential element in production technologies, we have established the Quality Assurance Working Group within the Companywide Production Technology Committee. This working group carries out initiatives for achieving stable, uniform product quality. In fiscal 2015, we focused on

heightening product quality by implementing quality improvement activities at domestic and overseas bases, expanding the number of employees that pass QC inspection courses, holding training seminars based on failure case examples, and reinforcing risk response capabilities.

Enhancement of Human Resource Development

To strengthen our manufacturing capabilities, which are fundamental to manufacturers, mother factories in Japan are working to accumulate technologies and expertise. Moreover, by encouraging our employees to participate in the WorldSkills Competition, we are eager to nurture ambitious employees with superior abilities in production engineering and technology that

can take on high-level challenges. At the same time, we are actively transmitting the manufacturing DNA cultivated in Japan to overseas operating bases in order to ensure that we can provide the same levels of quality and service anywhere in the world.

TOPICS



Staff of Manufacturing Section of Dalian Fuji Bingshan Vending Machine Co., Ltd.

Improvement of Productivity at Chinese Vending Machine Factory

In fiscal 2015, we sought to improve productivity, shorten production lead times, and reduce stock of work in process. To these ends, we analyzed work processes to identify issues. Based on the findings, process revisions and assembly line layout changes were instituted to boost part-supply efficiency and enable continuous flow production. These efforts created substantial successes in terms of reducing work time and conveyance time.

The Chinese vending machine market is expected to grow substantially going forward, and we anticipate that our vending machine sales volumes will rise in conjunction with this growth. In fiscal 2016, we will utilize the enhancements to our vending machine factory in China, including increased production equipment and a new automated welding line, to further improve productivity through Supply Chain Management (SCM)* activities. We thereby aim to achieve production volumes of 40,000 units in fiscal 2016, up from 29,000 units in fiscal 2015.

* SCM: Strategic management approach of pursuing optimization across entire processes that spreads across the boundaries between companies and organizations to eliminate inefficiencies and thereby create substantial corporate earnings