

Management Plan for FY2019

April 26, 2019

Fuji Electric Co., Ltd.

Management Plan for FY2019

Target year-on-year increases in sales and income
with record-breaking operating income

	FY2018 Results	FY2019 Management Plan	Change	(Billion yen)
Net Sales	914.9	930.0	+15.1	
Operating Income	60.0	62.0	+2.0	
Operating Margin	6.6%	6.7%	+0.1pt	
Net Income Attributable to Owners of Parent	40.3	40.4	+0.1	

【Financial Indicators】

Net D/E Ratio ※	0.4 times	0.4 times	—
Equity Ratio	37%	40%	+3pt
ROA (Return on Assets)	4%	4%	—
ROE (Return on Equity)	12%	11%	-1pt

	US\$	EURO	RMB
FY2019 Exchange Rate	¥ 105.00	¥ 123.00	¥ 16.00
Foreign Exchange Sensitivity (million yen)※	60	70	240

※ Net interest-bearing debt ÷ Shareholder's equity

YoY exchange rate effect

Net sales: -7 billion yen

Operating Income: -2.7 billion yen

※ Impact on operating income/loss

US\$ and EURO: Impact of ¥ 1-fluctuations RMB: Impact of 1% fluctuations

Segment Changes

Before Change (FY2018)

Organization	Segment	Subsegment	
Power Electronics Systems	Power Electronics Systems— Energy Solutions	Energy Management	
		Power Supply and Facility Systems	
		ED&C Components	
	Power Electronics Systems— Industry Solutions	Factory Automation	
		Process Automation	
		Social Solutions	
		Equipment Construction	
		IT Solutions	
	Power and New Energy	Power and New Energy	Power and New Energy



After Change (FY2019)

Organization	Segment	Subsegment
Power Electronics Systems Energy	Power Electronics Systems Energy	Energy Management
		Power Supply and Facility Systems
		ED&C Components
Power Electronics Systems Industry	Power Electronics Systems Industry	Automation Systems
		Social Solutions
		Equipment Construction
		IT Solutions
Power Generation	Power Generation	Power Generation

- Reorganized power electronics systems organization into two businesses
- Changed name of the Power and New Energy segment to the Power Generation segment
- Consolidated factory automation and process automation businesses into single automation systems business

Management Plan for FY2019

Market Trends by Segment

Segment	Market Trends	
Power Electronics Systems Energy	Japan	<ul style="list-style-type: none"> • Strong demand for upgrading aged facilities centered on material field • Solid flow of power distribution equipment orders in conjunction with investment related to the Tokyo Olympics • Ongoing stagnation in industrial machinery demand
	Overseas	<ul style="list-style-type: none"> • Gradual recovery in Chinese market anticipated starting in summer 2019 • Increased infrastructure investment in Asia amid growing power demand
Power Electronics Systems Industry	Japan	<ul style="list-style-type: none"> • Reduced coal-fired thermal demand and projects and intensified competition in thermal power field due to push for carbon-free society • Growing demand for wind power projects as well as for in-house generation-use solar power projects in renewable energy field
	Overseas	<ul style="list-style-type: none"> • Reduced coal-fired thermal demand and intensified competition in thermal power field due to push for carbon-free society • Increase demand in Southeast Asia in solar power field
Electronic Devices	Japan and Overseas	<ul style="list-style-type: none"> • Growing demand for automotive products stemming from the trend toward EVs • Stagnant demand for industrial machinery products in factory automation field, growing demand for renewable energy anticipated overseas
Food and Beverage Distribution	Japan	<ul style="list-style-type: none"> • Continuation of flat demand growth in domestic vending machine market • Rise in labor-saving and energy-saving investment in convenience store field
	Overseas	<ul style="list-style-type: none"> • Modest growth in demand in Chinese vending machine market despite opaqueness • Expansion of Southeast Asian vending machine market projected

Net Income and Operating Income by Segment

(Billion yen)

	FY2018 Results			FY2019 Management Plan			Change	
	Net Sales	Operating Income/ Loss	Operating Margin	Net Sales	Operating Income/ Loss	Operating Margin	Net Sales	Operating Income/ Loss
Power Electronics Systems Energy	224.1	16.8	7.5%	220.0	16.8	7.6%	-4.1	0.0
Power Electronics Systems Industry	322.5	19.4	6.0%	332.0	21.9	6.6%	9.5	2.5
Power Generation	107.0	4.8	4.4%	116.0	4.3	3.7%	9.0	-0.5
Electronic Devices	137.3	15.6	11.4%	150.3	17.5	11.6%	12.9	1.9
Food and Beverage Distribution	113.6	5.8	5.1%	113.6	6.6	5.8%	0.0	0.8
Others	62.2	2.8	4.4%	60.0	2.2	3.7%	-2.2	-0.5
Elimination and Corporate	-51.9	-5.2		-61.9	-7.4		-10.0	-2.2
Total	914.9	60.0	6.6%	930.0	62.0	6.7%	15.1	2.0

※Figures for FY2018 reflect the organizational restructuring conducted in FY2019

Priority Measures by Segment

【Priority Measures】

Shared

- **Expand system operations in Asia by commencing operations at new factory building in Thailand**

Energy Management

- **Introduce new global products (transformers, GISs)**

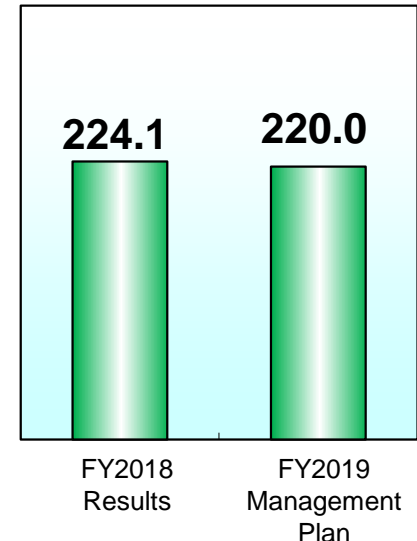
Power Supply and Facility Systems

- **Expand comprehensive equipment orders**

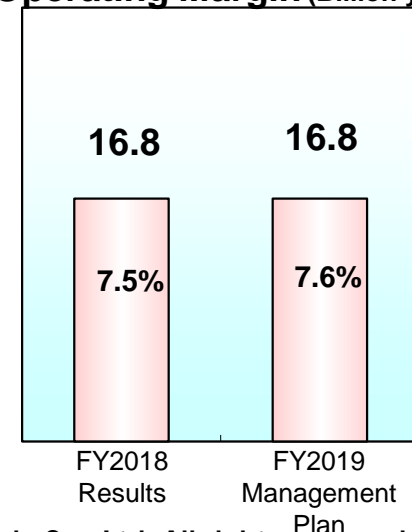
ED&C Components

- **Increase share of products for distribution panel manufacturers**

Net Sales (Billion yen)



Operating Income / Operating Margin (Billion yen)



【Priority Measures】

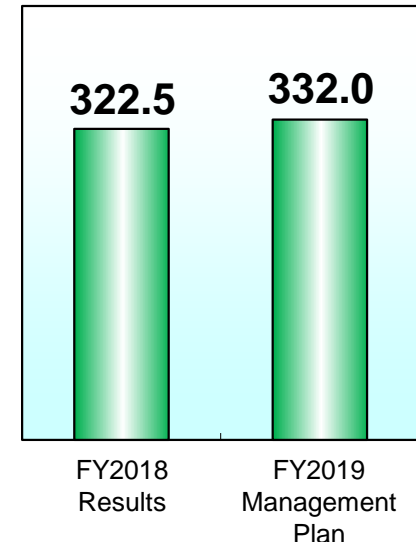
Automation Systems

- **Grow system operations in China, Southeast Asia, and India**
- **Strengthen production and engineering systems for SOx scrubbers**
- **Expand upgrade and service operations in Japan and overseas**

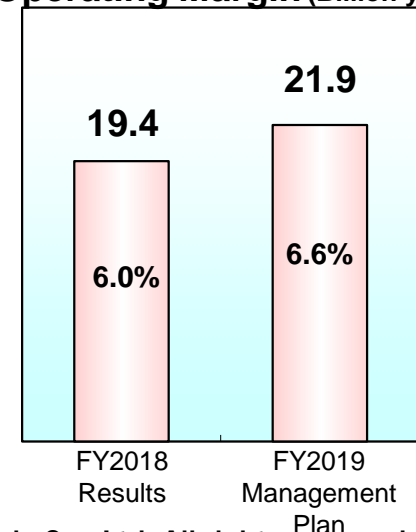
Social Solutions

- **Reinforce North American railcar production system**

Net Sales (Billion yen)



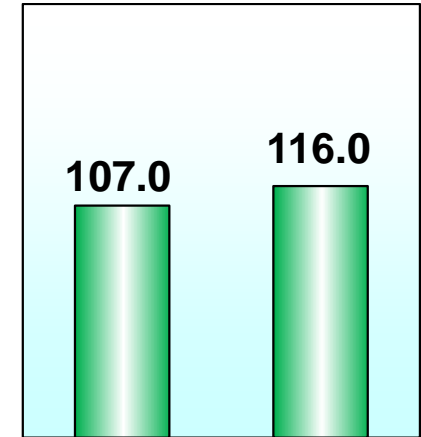
Operating Income / Operating Margin (Billion yen)



【Priority Measures】

- **Increase renewable energy orders**
- **Grow service businesses**
- **Conduct thorough progress management procedures for large-scale projects**
- **Strengthen and expand domestic nuclear power facility decommissioning business**

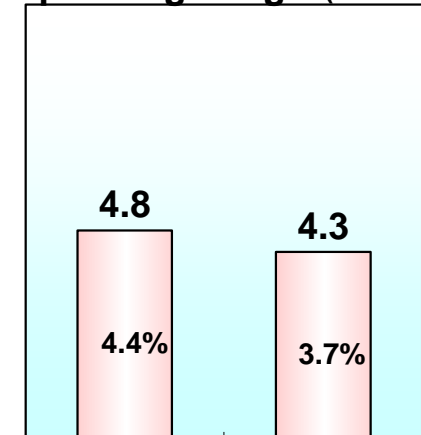
Net Sales (Billion yen)



FY2018
Results

FY2019
Management
Plan

**Operating Income /
Operating Margin** (Billion yen)



FY2018
Results

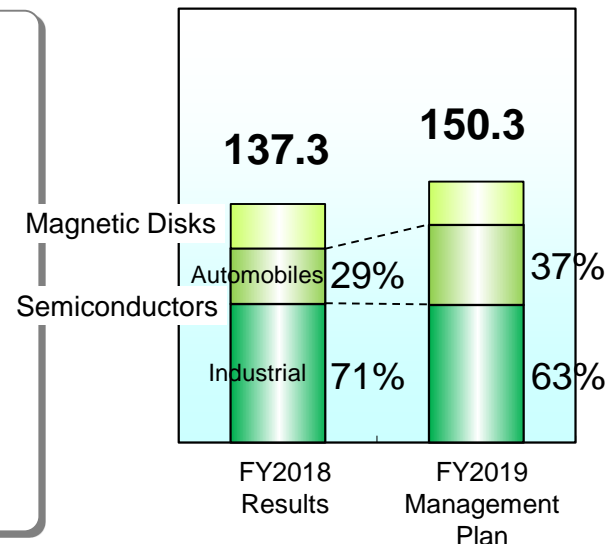
FY2019
Management
Plan

【Priority Measures】

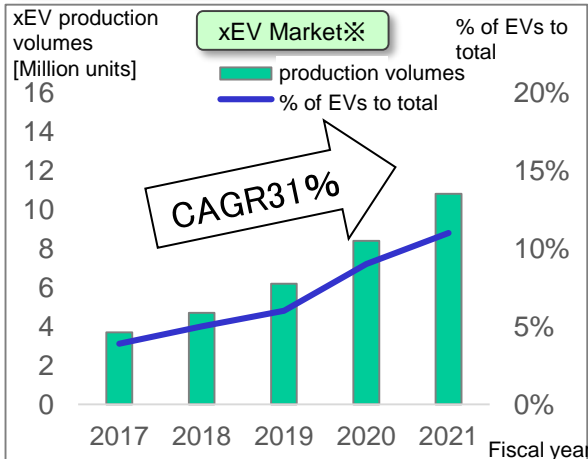
Semiconductors

- Accelerate production capacity increases for 8-inch wafers
- Commence mass production of new products for automotive applications
- Increase sales of 7th-generation industrial IGBTs

Net Sales (Billion yen)

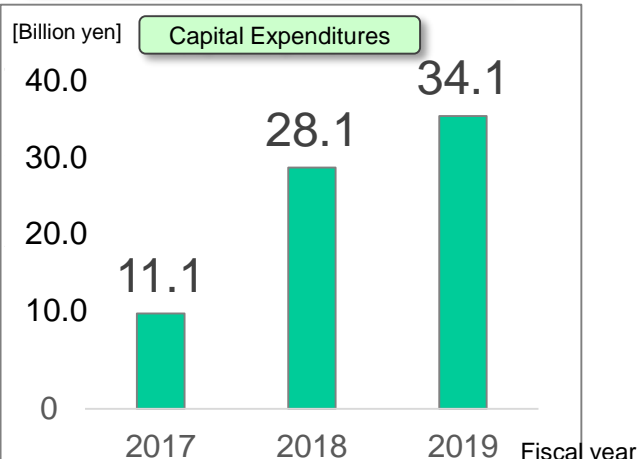


Demand Growth Stemming from Trend Toward EVs

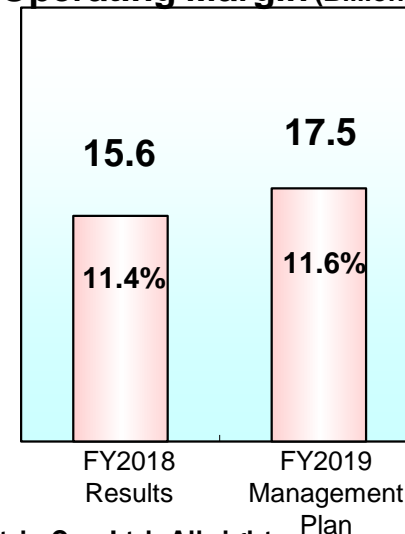


※Exclude mild hybrids

Aggressive Investments



Operating Income / Operating Margin (Billion yen)



【Priority Measures】

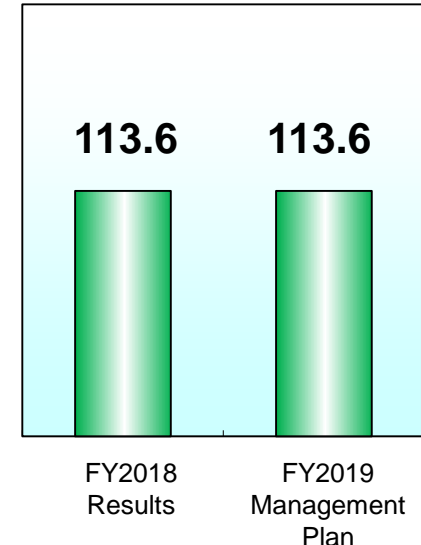
Vending Machines

- **China: Bolster lineup and approach new customers**
- **Southeast Asia: Expand lineup and develop service systems**
- **Boost competitiveness with high-value-added products**

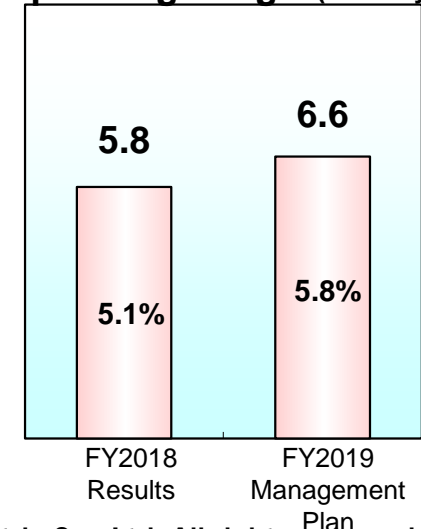
Store Distribution

- **Develop new convenience store products**
- **Enhance solutions for store labor-saving investments (Dual stores, vending machine convenience stores, etc.)**

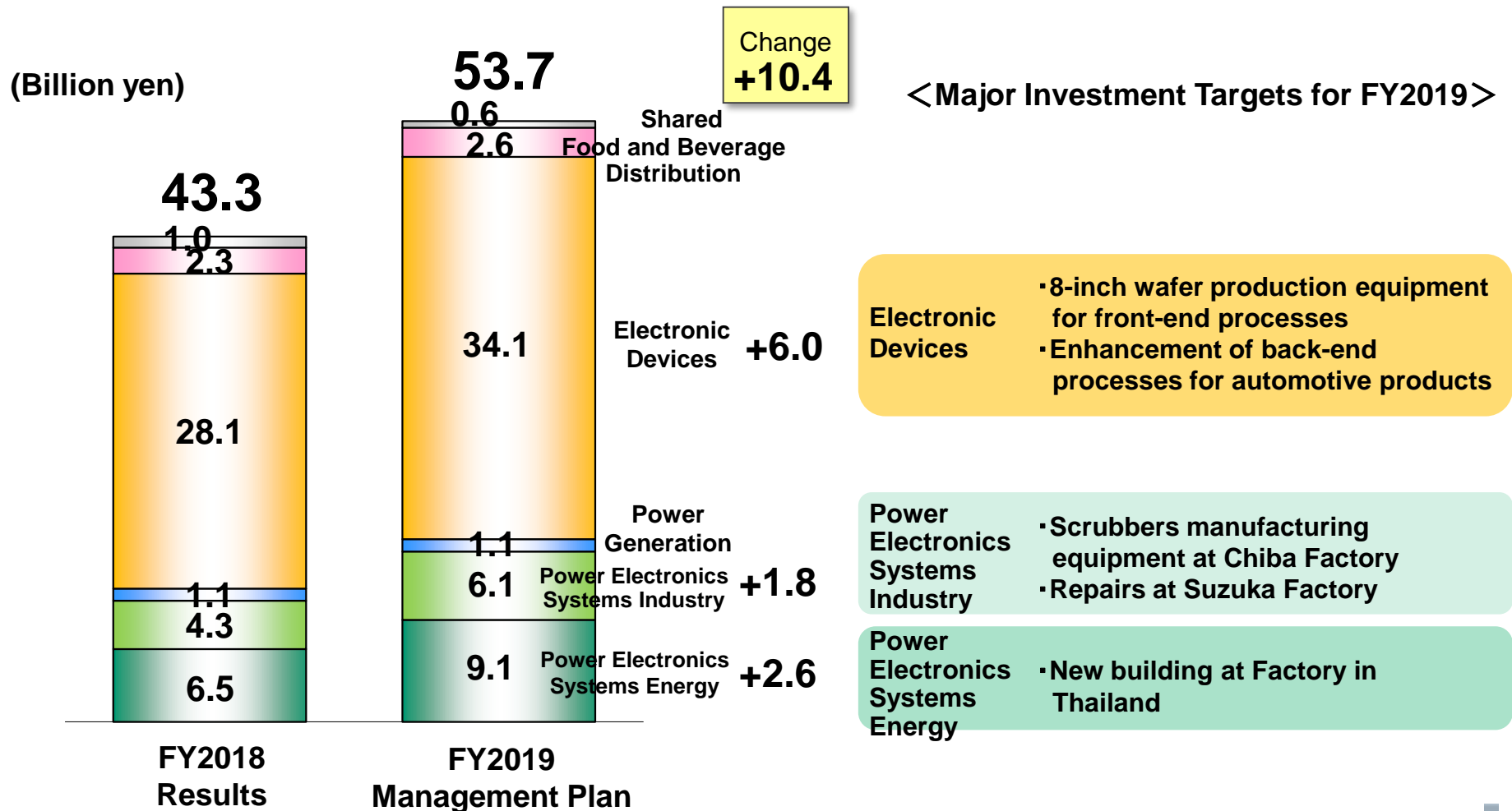
Net Sales (Billion yen)



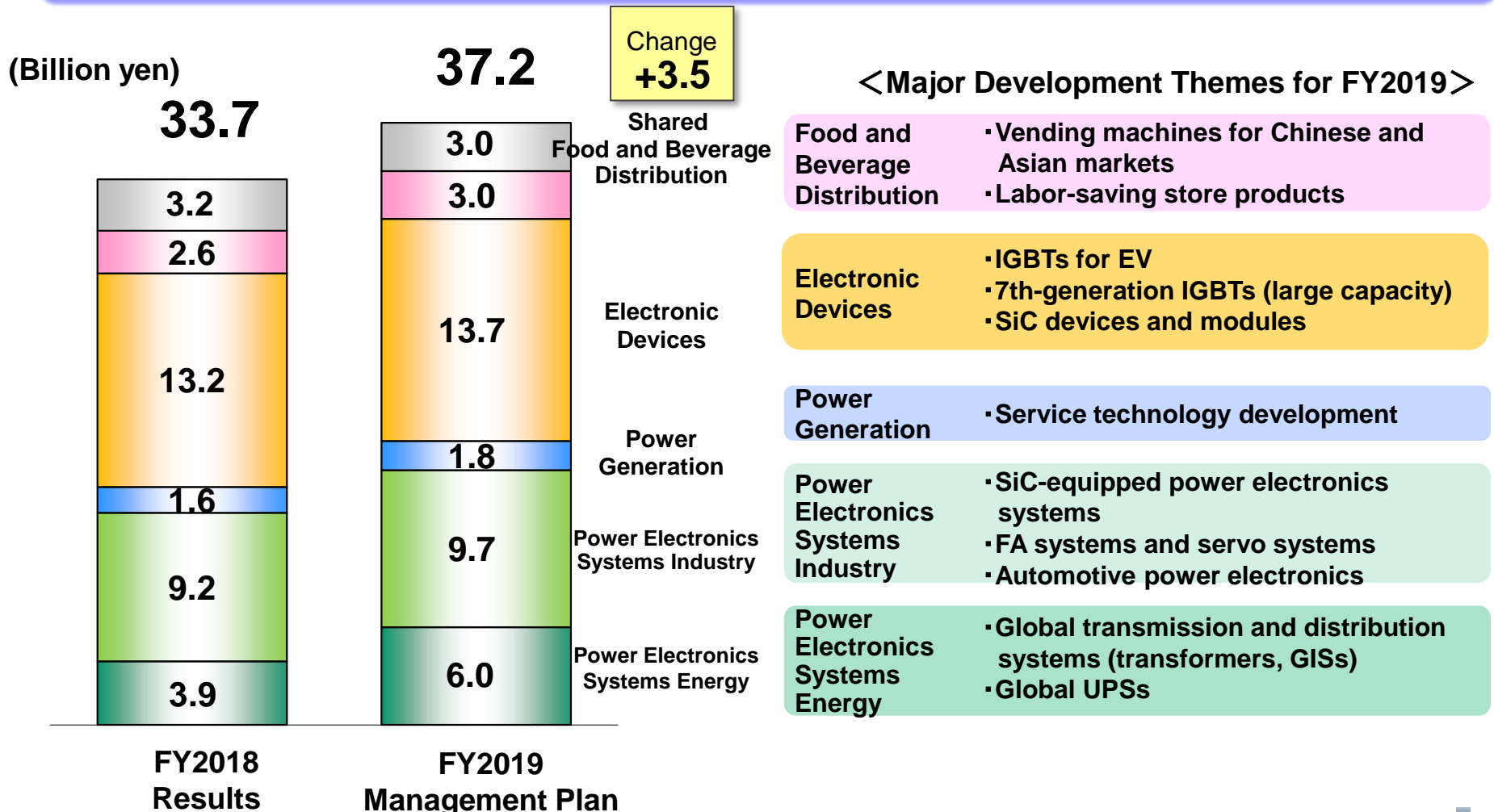
Operating Income / Operating Margin (Billion yen)



Increase capital investment centered on Electronic Devices and Power Electronics Systems



Develop products for boosting global competitiveness



Note: 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, 2019.

● Improve work efficiency and quality

- Productivity increases through expanded introduction of RPA
- Digitization of quality records
 - Reduce worktime and improve quality through test and inspection automation

● Promote workstyle reforms to boost productivity

- Location Flexible working systems and workhour adjustment systems
- Prevention of excessive workhours and promotion of systematic leave acquisition

Management Plan for 1H FY2019

(Billion yen)

	1H FY2018 (Results)	1H FY2019 (Management Plan)	Change
Net sales	419.4	411.5	-7.9
Operating Income	18.5	15.6	-2.9
Ordinary Income	19.4	14.8	-4.6
Net Income Attributable to Owners of Parent	12.5	8.6	-3.9

	US\$	EURO	RMB
FY2019 Assumed Exchange Rate	¥105	¥123	¥16.0

(Billion yen)

	1H FY2018 (Results)		1H FY2019 (Management Plan)		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems Energy	93.8	5.0	95.2	4.7	1.4	-0.3
Power Electronics Systems Industry	142.1	1.9	140.3	0.8	-1.8	-1.1
Power Generation	49.2	1.9	45.1	0.9	-4.1	-1.0
Electronic Devices	71.8	8.6	71.7	8.3	-0.1	-0.3
Food and Beverage Distribution	56.3	2.6	55.1	2.9	-1.2	0.3
Others	30.3	1.1	31.4	1.0	1.1	-0.1
Elimination and Corporate	-24.0	-2.6	-27.2	-3.0	-3.2	-0.4
Total	419.4	18.5	411.5	15.6	-7.9	-2.9

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