

# **Business Strategy Meeting**

# **FY2022 Management Challenges**

May 30, 2022

Shiro Kondo

President and Chief Operating Officer  
Fuji Electric Co., Ltd.

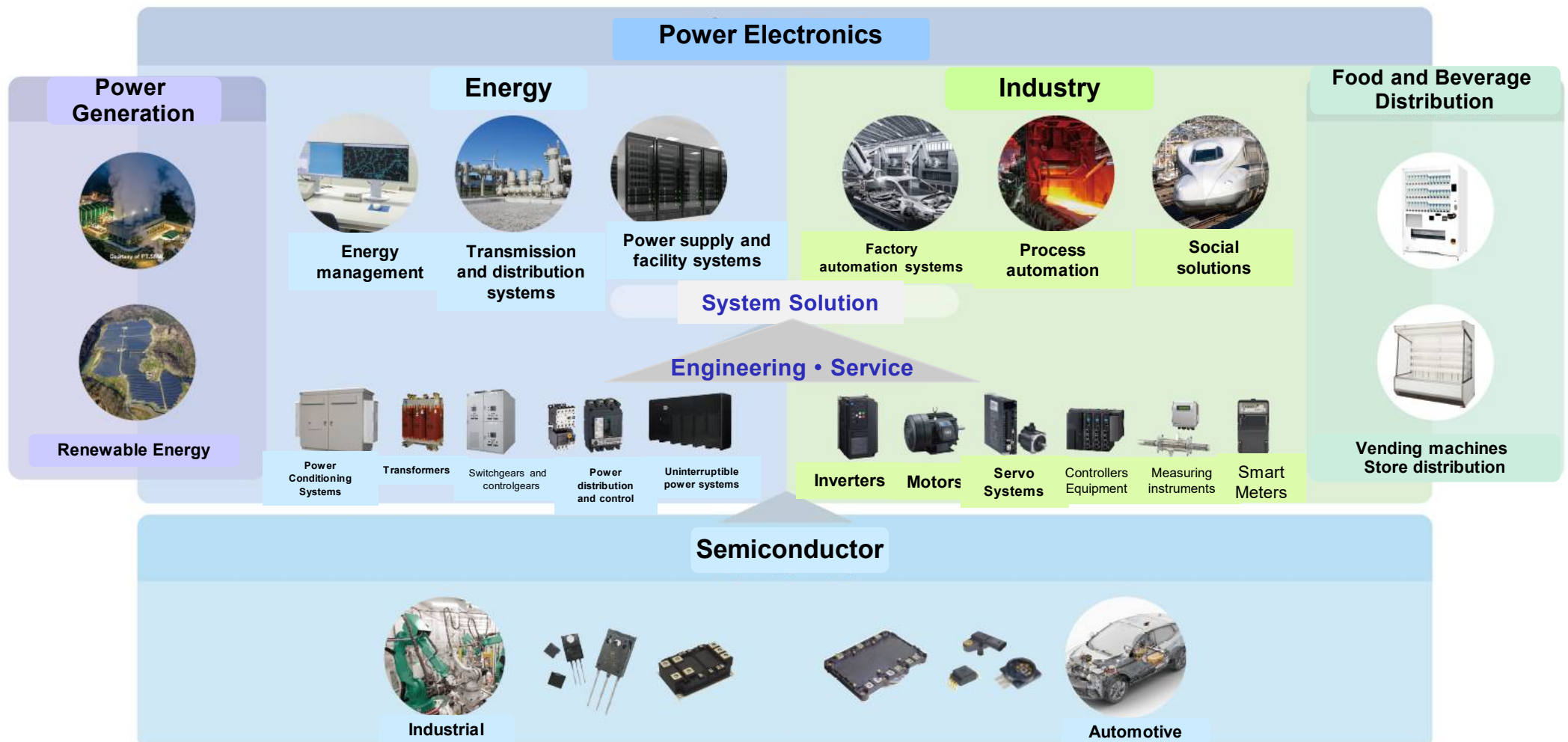
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Through our innovation in energy and environment technology, we contribute to the creation of a responsible and sustainable society.

Clean energy

Stable supply of energy

Energy saving · Automation



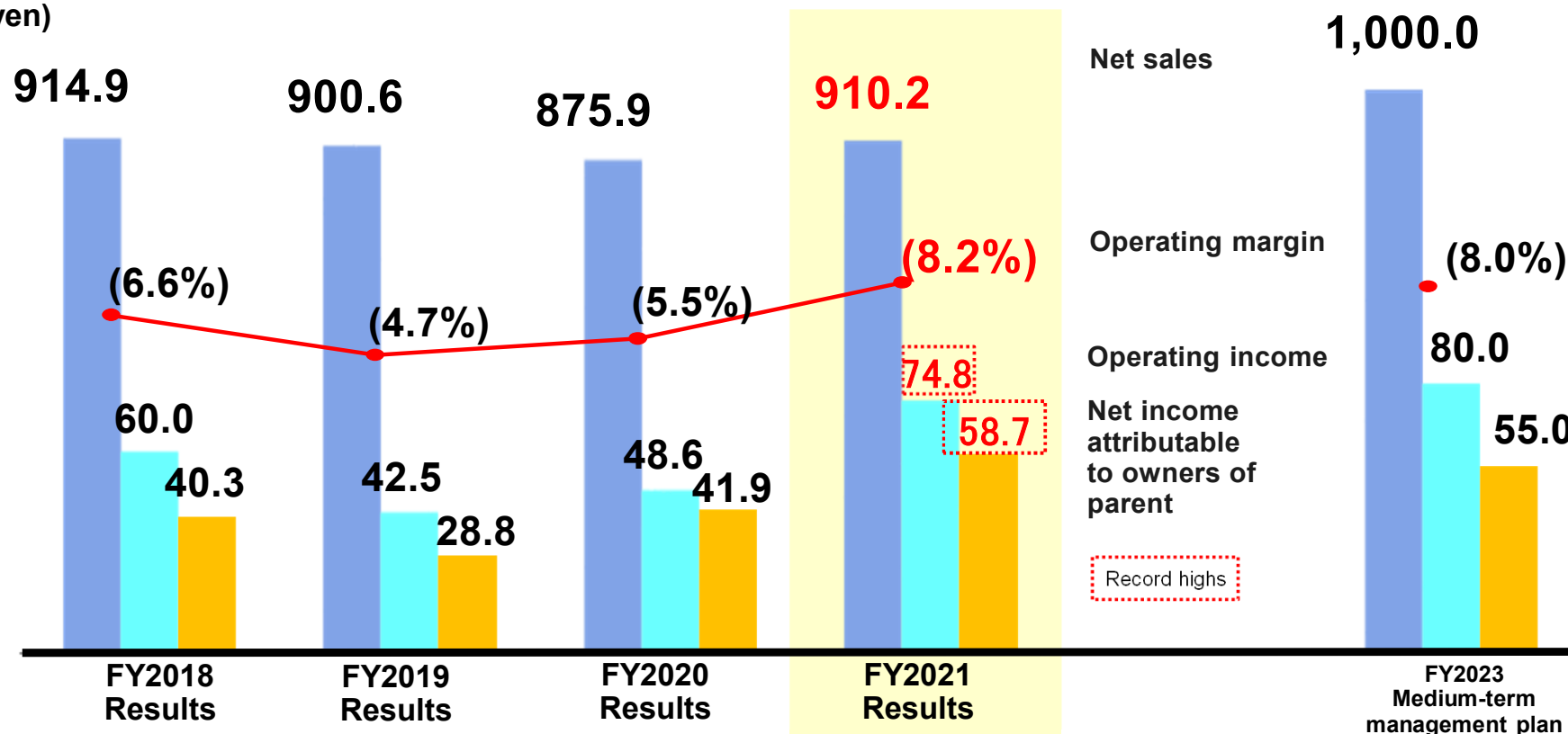
# **I. Initiatives for Accomplishing Targets of FY2023 Medium-Term Management Plan**

## **1. Review of FY2021**

# Performance and Major Indicators

**Operating margin target of FY2023 medium-term management plan achieved two years ahead of schedule**  
Record highs for operating income and net income, but **issued faced in regard to net sales growth**

(Billion yen)

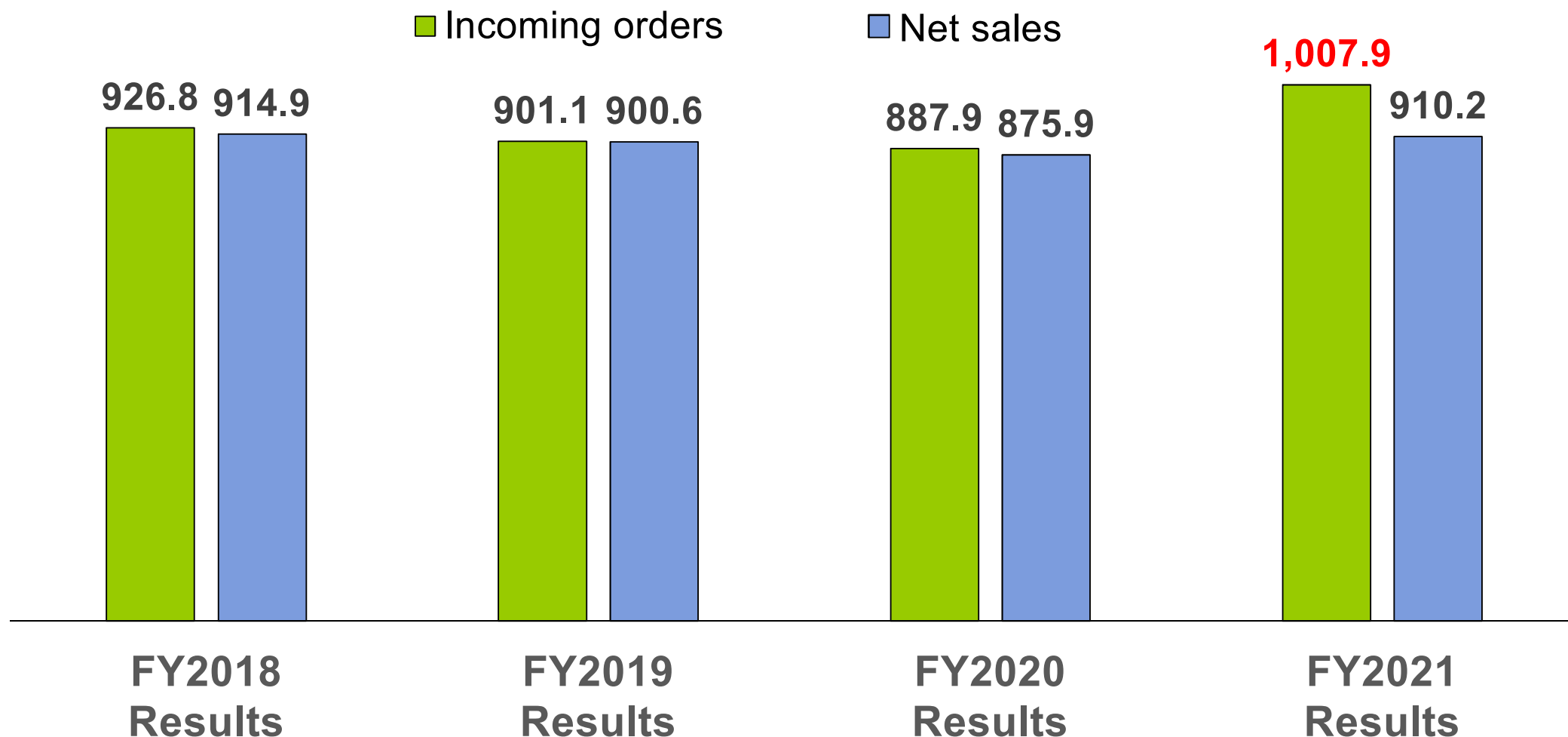


Equity ratio	37%	37%	40%	42%	50%
ROE	12%	8%	11%	13%	11%
ROA	4%	3%	4%	5%	5%
Net debt-equity ratio	0.4 times	0.4 times	0.3 times	0.2 times	0.1 times

# Incoming Orders and Net Sales

FY2021 incoming orders surpassing ¥1 trillion  
Disparity between order and sales levels

(Billion yen)



# Segment Performance

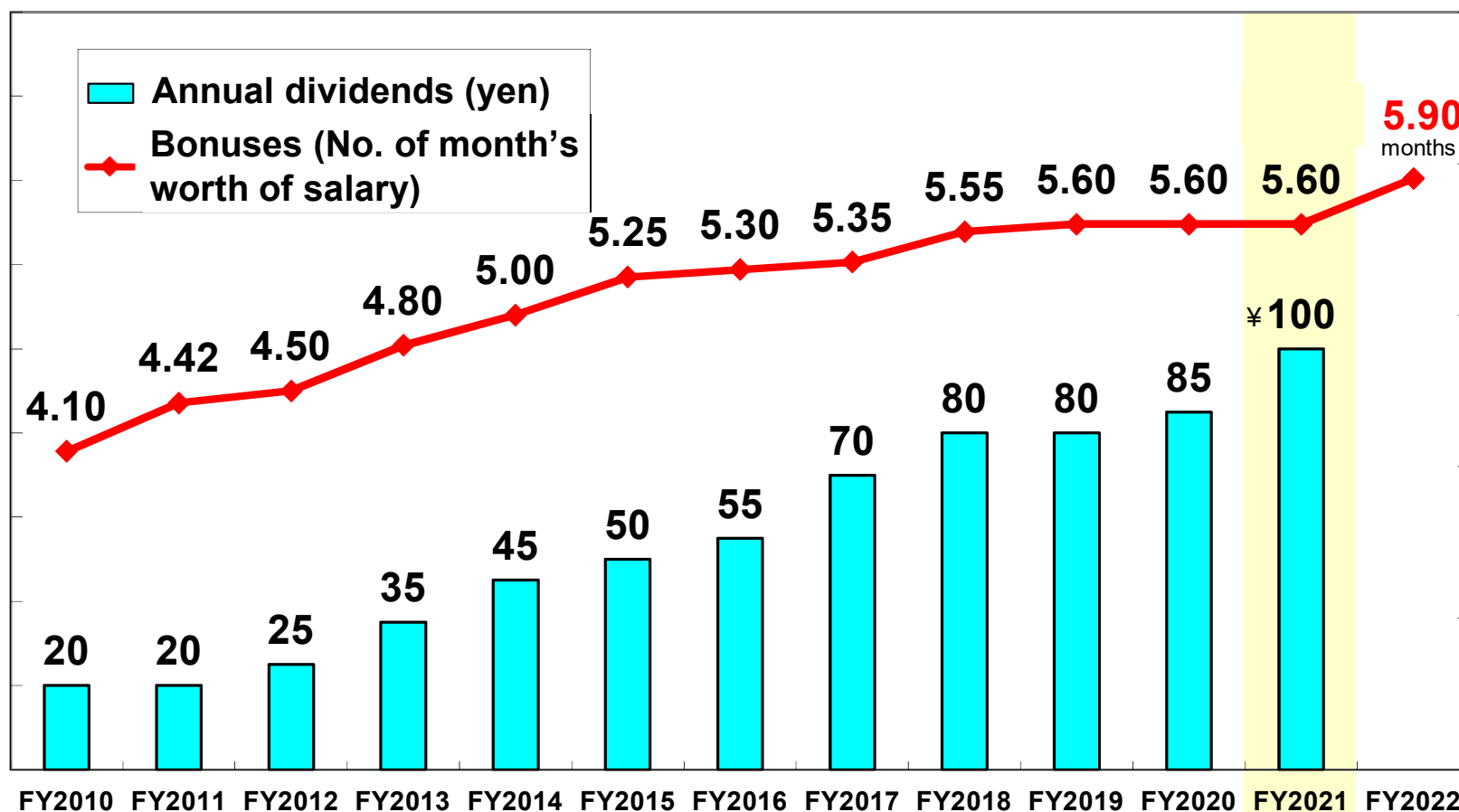
YoY improvements in FY2021 operating margins of all segments

**Challenges faced with regard to growing sales in Power Electronics Industry segment and improving profit margins in Power Generation and Food and Beverage Distribution segments**

(Billion yen)	FY2018 Results		FY2019 Results		FY2020 Results		FY2021 Results	
	Net sales	Operating income / loss (Operating Margin)	Net sales	Operating income / loss (Operating Margin)	Net sales	Operating income / loss (Operating Margin)	Net sales	Operating income / loss (Operating Margin)
Power Electronics Energy	224.1	16.8 (7.5%)	218.0	12.3 (5.7%)	209.2	14.0 (6.7%)	240.6	21.4 (8.9%)
Power Electronics Industry	322.5	19.4 (6.0%)	317.5	16.5 (5.2%)	345.9	21.8 (6.3%)	314.3	23.7 (7.5%)
Semiconductor	137.3	15.6 (11.4%)	137.4	9.7 (7.1%)	157.5	17.7 (11.2%)	178.8	27.1 (15.2%)
Power Generation	107.0	4.8 (4.4%)	109.9	2.3 (2.1%)	80.4	2.5 (3.1%)	78.6	3.1 (4.0%)
Food and Beverage Distribution	113.6	5.8 (5.1%)	104.4	3.8 (3.7%)	76.6	-5.3 (-6.9%)	90.8	3.0 (3.3%)
Others	62.2	2.8 (4.4%)	60.8	2.7 (4.4%)	52.7	2.2 (4.2%)	54.7	2.8 (5.2%)
Elimination and Corporate	-51.9	-5.2 (-)	-47.5	-4.9 (-)	-46.3	-4.3 (-)	-47.5	-6.3 (-)
Total	914.9	60.0 (6.6%)	900.6	42.5 (4.7%)	875.9	48.6 (5.5%)	910.2	74.8 (8.2%)

# Dividends and Bonuses

Returning of profits to shareholders and employees  
Increase of ¥15 per share in annual dividend payments in accordance  
with basic policy of paying stable and continuous dividends



Dividend payout ratio	18.9	24.2	13.6	25.5	23.0	23.3	19.2	26.5	28.4	39.7	29.0	<b>24.3</b>	(%)
Equity ratio	19.3	20.6	25.4	28.0	32.1	27.3	32.8	36.1	37.0	36.7	39.6	<b>42.3</b>	(%)
Net income attributable to owners of parent	15.1	11.8	26.4	19.6	28.0	30.6	41.0	37.8	40.3	28.8	41.9	<b>58.7</b>	(Billion yen)

Note: Dividend figures reflect the stock consolidation conducted on October 1, 2018.

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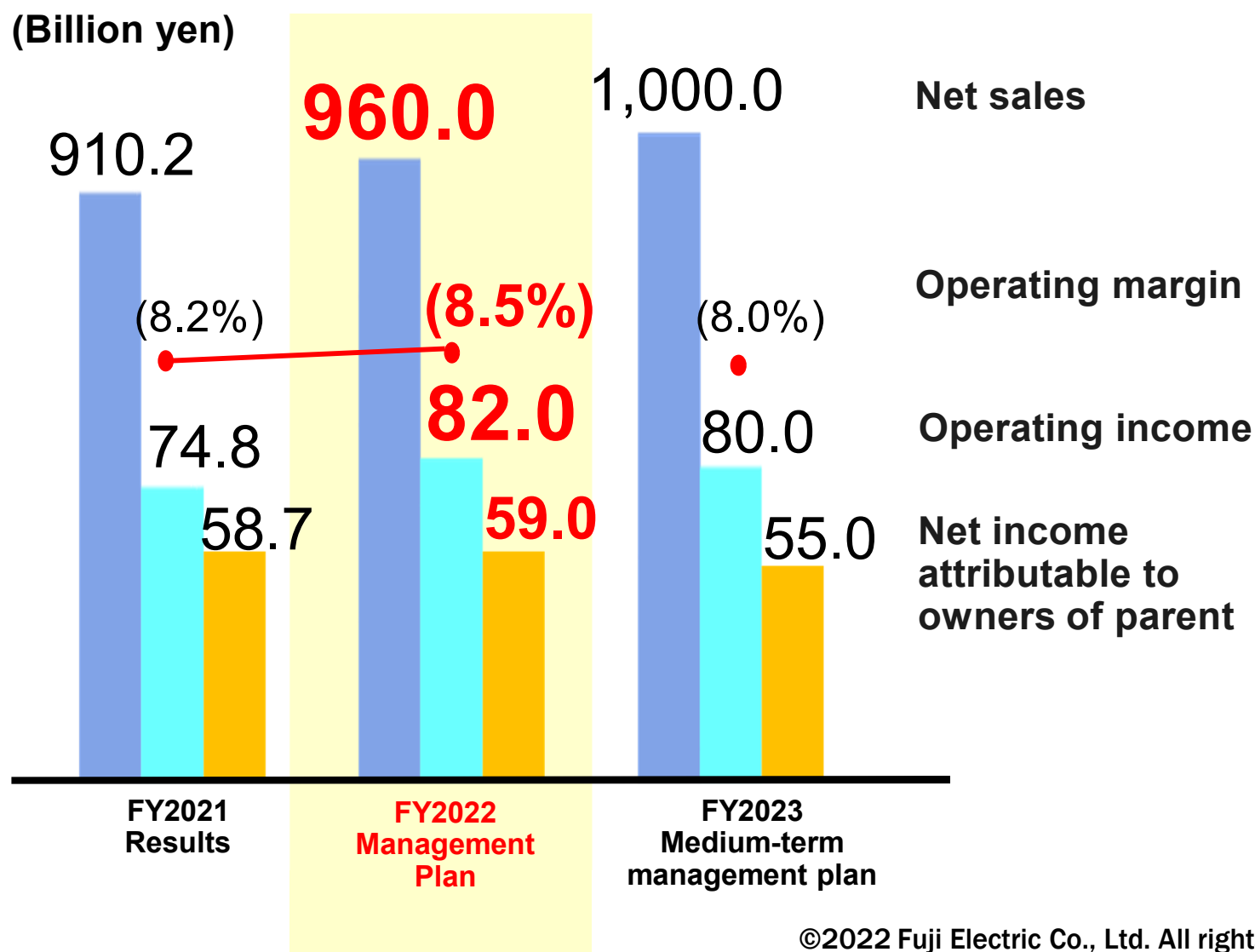


# **I. Initiatives for Accomplishing Targets of FY2023 Medium-Term Management Plan**

## **2. Priority Measures for FY2022**

# Positioning of FY2022 Management Plan

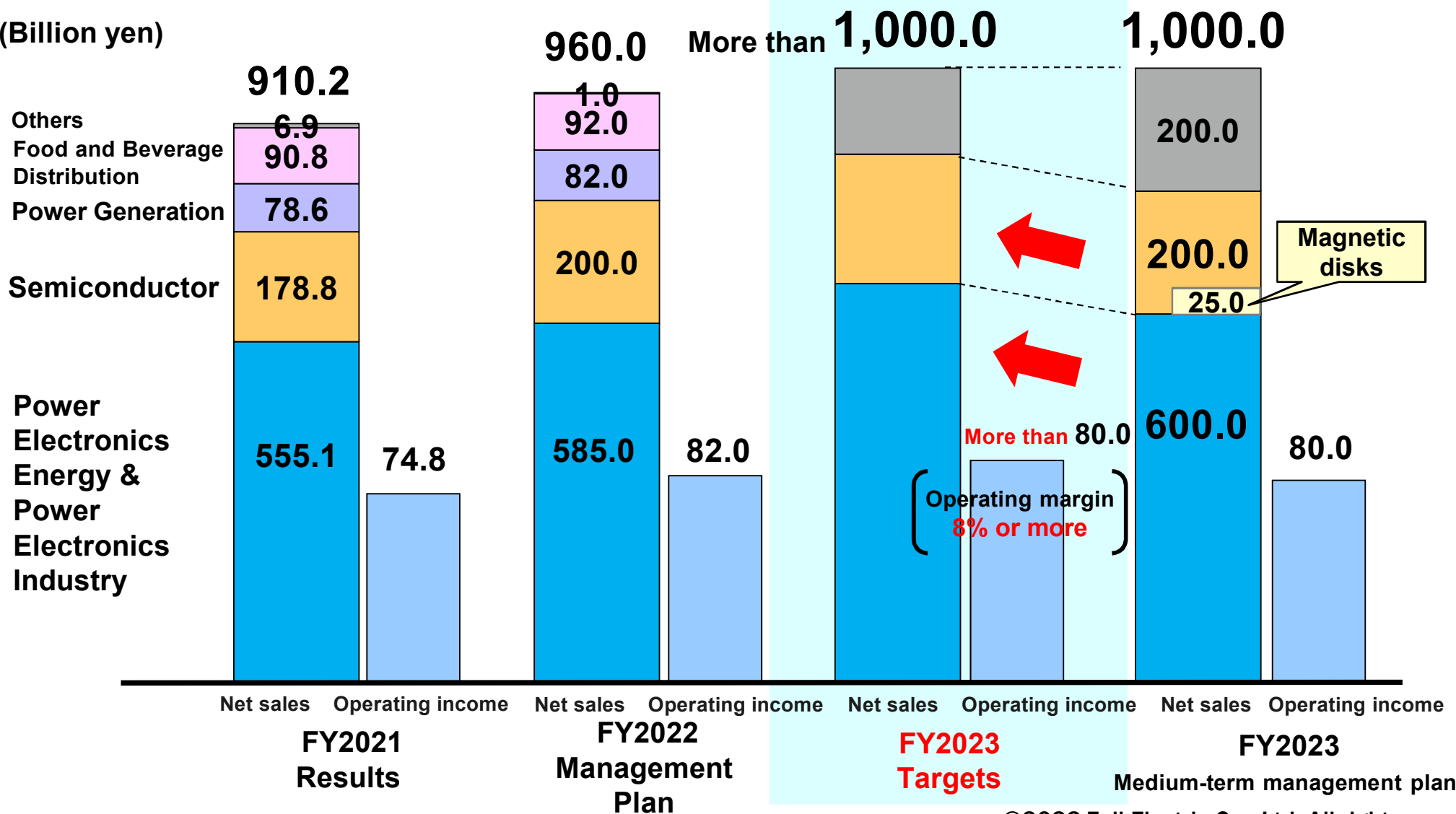
Ongoing progress toward medium-term management plan targets of net sales of ¥1 trillion and operating margin of 8% or higher  
Year of final preparations for accomplishing FY2023 targets



# FY2023 Medium-Term Management Plan Targets (Directives)

Accomplishment of targets through growth of power electronics and semiconductor sales

(Billion yen)



## Promote growth strategies

- Growth of semiconductor business  
→ **Steady investment in augmenting production capacity**
- Expansion of power electronics business  
→ **Swift launches of new products** and expansion of overseas operations
- Expansion of carbon neutrality-related businesses

## Further improve profitability

- Minimization of supply chain risks
- Promotion of digital manufacturing reforms

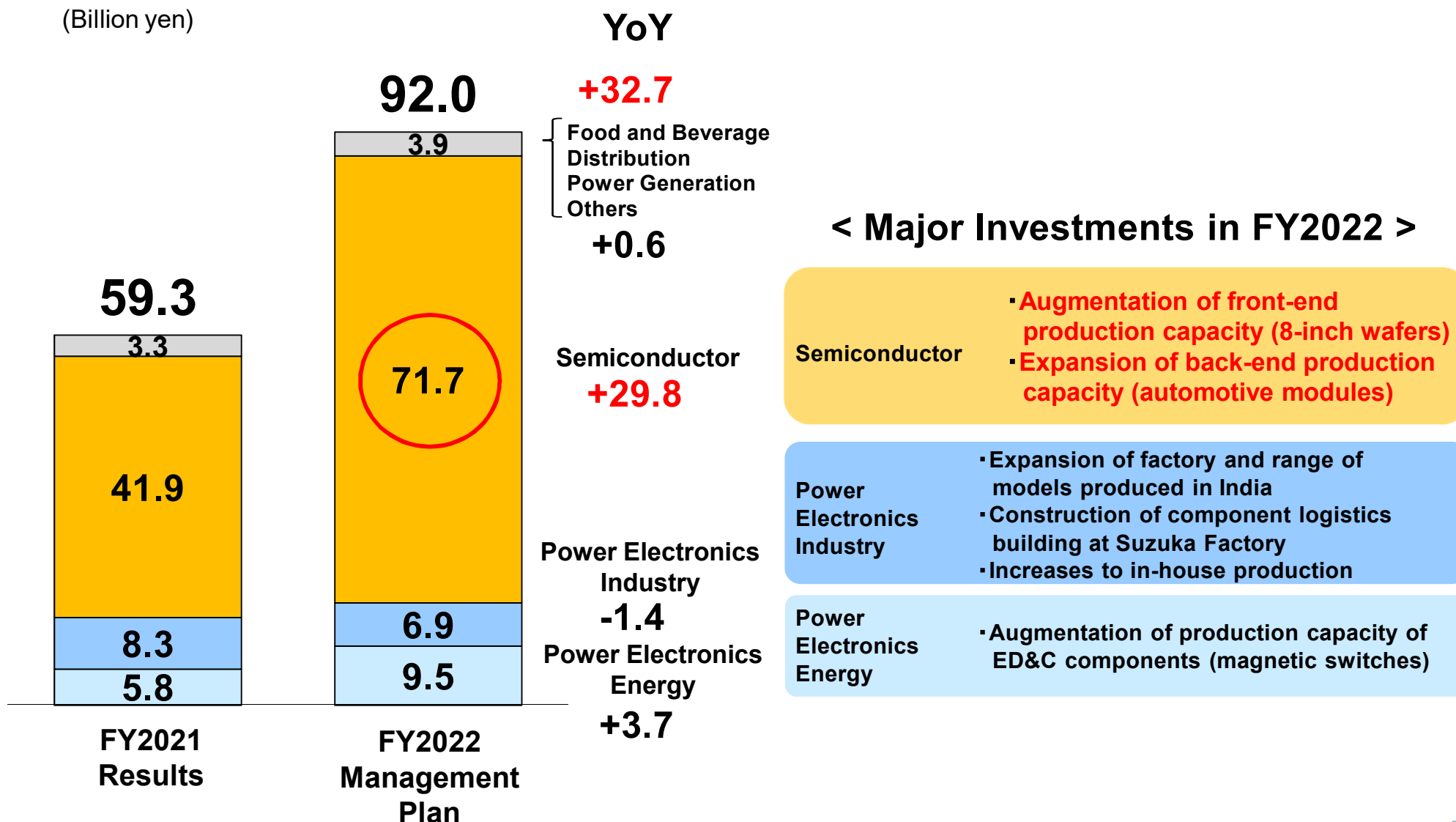
## Ongoing reinforcement of operating foundation (ESG)

- Promotion of Environmental Vision 2050 (environmental)
- Proactive investment in human capital (social)
- Reinforcement of risk management capabilities (governance)

# Growth Investments (Capital Investment)

Increased investments in augmenting power semiconductor production capacity in response to robust demand

(Billion yen)

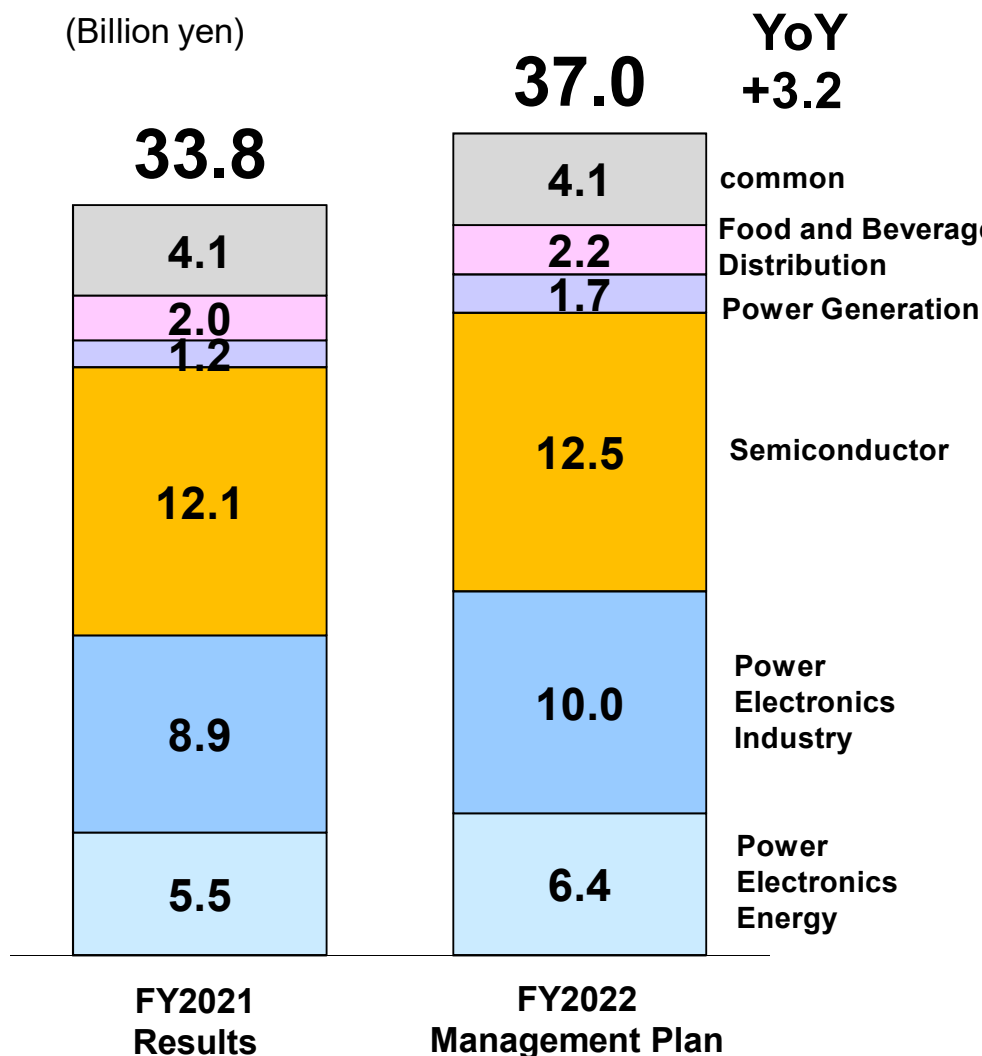


Note: Figures for FY2021 performance reflect the business reorganization undertaken in the FY2022.

# Growth Investments (Research and Development)

Continuation of proactive investments in development of power electronics and power semiconductors  
Investments in mobility field, global products, and products related to carbon neutrality

(Billion yen)



## < Major Development Themes in FY2022 >

Food and Beverage Distribution

- Energy saving, labor saving, and non-face-to-face system products

Power Generation

- New products for renewable energy and decentralized power supplies
- New service-related products

Semiconductors

- **Automotive IGBTs**
- **SiC modules and chips**
- **Industrial 8th-generation IGBTs and next-generation SiC devices**

Power Electronics Industry

- **Global plant and process automation products**
- **Mobility field products (railcars, vessel systems, and traffic systems)**

Power Electronics Energy

- **Global products (transformers, gas-insulated switchgears, switchgears and controlgears, etc.)**

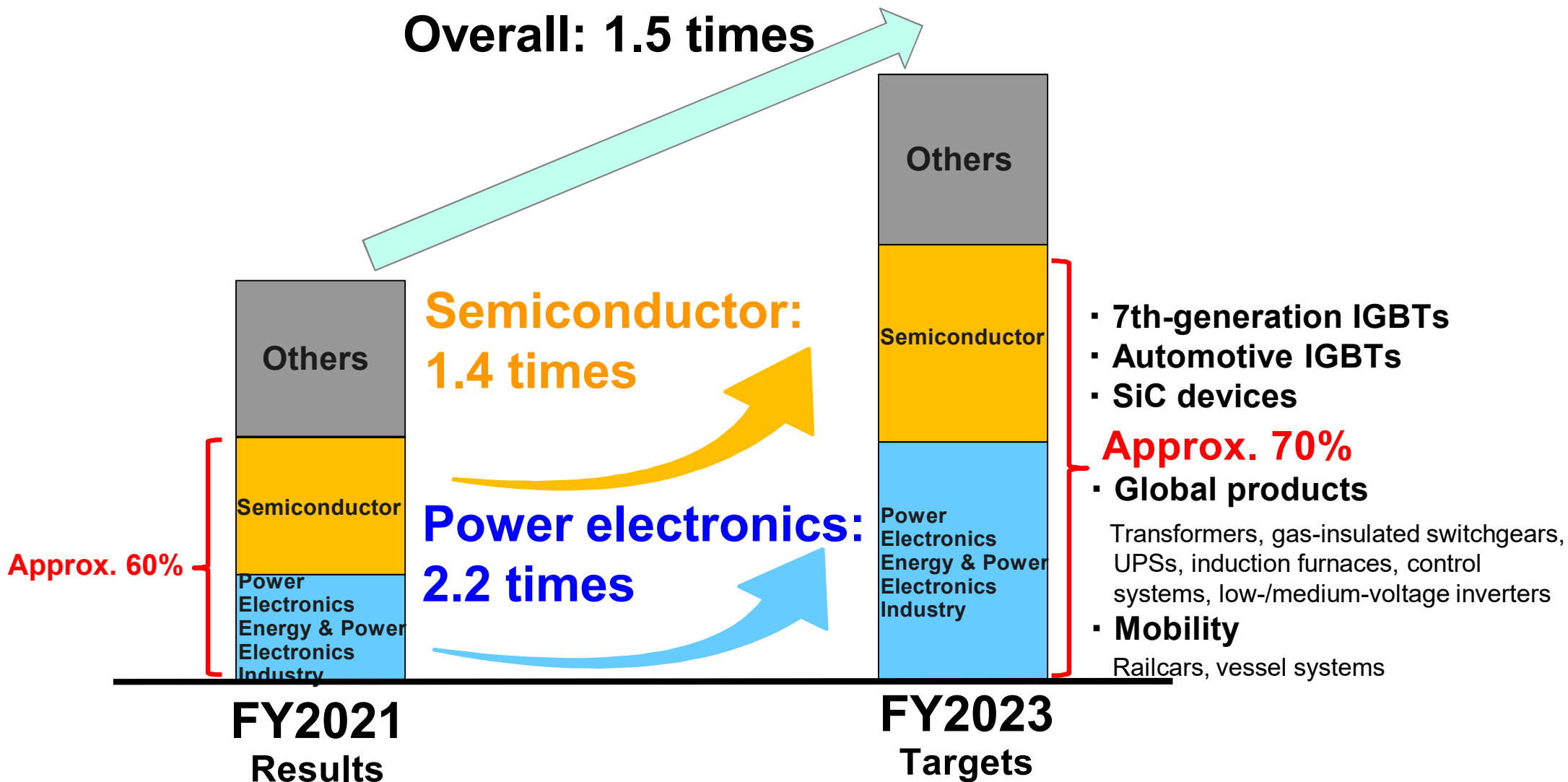
Notes:

1. The R&D expenditure figures above represent expenditures that have been allocated to segments based on theme and may therefore differ from figures contained in consolidated financial reports.
2. Figures for FY2021 performance reflect the business reorganization undertaken in the FY2022.

# Sales Contributions from New Products

Contributions from new products to achievement of target of ¥1 trillion in net sales

Overall: 1.5 times



Note: Figures above reflect new products launched over the period from FY2019 to FY2023 ("new products" are defined as those products that have been on the market for five or fewer years).

## **II. Growth Strategies for FY2024 and Beyond**



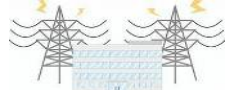
## Basic Stance Toward Formulation of Next Medium-Term Management Plan

- Examination of potential measures for **new medium-term management plan to begin in FY2024** based on vision of what type of company Fuji Electric should become and wants to become **with eye to 2030**
- Creation of social value in **energy and environment field** by utilizing business and technology mixes **centered on power electronics and power semiconductors**

## Creation of social value in energy and environment field centered on power electronics and power semiconductor

### Contribution to reductions in greenhouse gas emissions

#### Suppliers



Power companies    Power generators

#### Users



Factories    Facilities    Automobiles    Railways    Ports

#### Increasing mainstream presence of clean energy

- Solar power
- Wind power
- Geothermal power
- Micro-hydro/hydro
- Fuel cells
- Decentralized power supplies
- Fuel conversion

#### Energy supply stabilization and optimization

- Power distribution equipment
- Electricity storage systems
- UPSs
- Power conditioning systems

#### Popularization of energy-saving equipment and systems

- Transformers
- Motors, inverters
- Semiconductors
- Vending machines

#### Increased electrification

- Power semiconductors for xEVs
- Electric propulsion systems for ships

DC electricity distribution

Heat-related products (IH, heat pumps)

Carbon neutral ports

Hydrogen-related products (production, storage, transportation, and utilization)

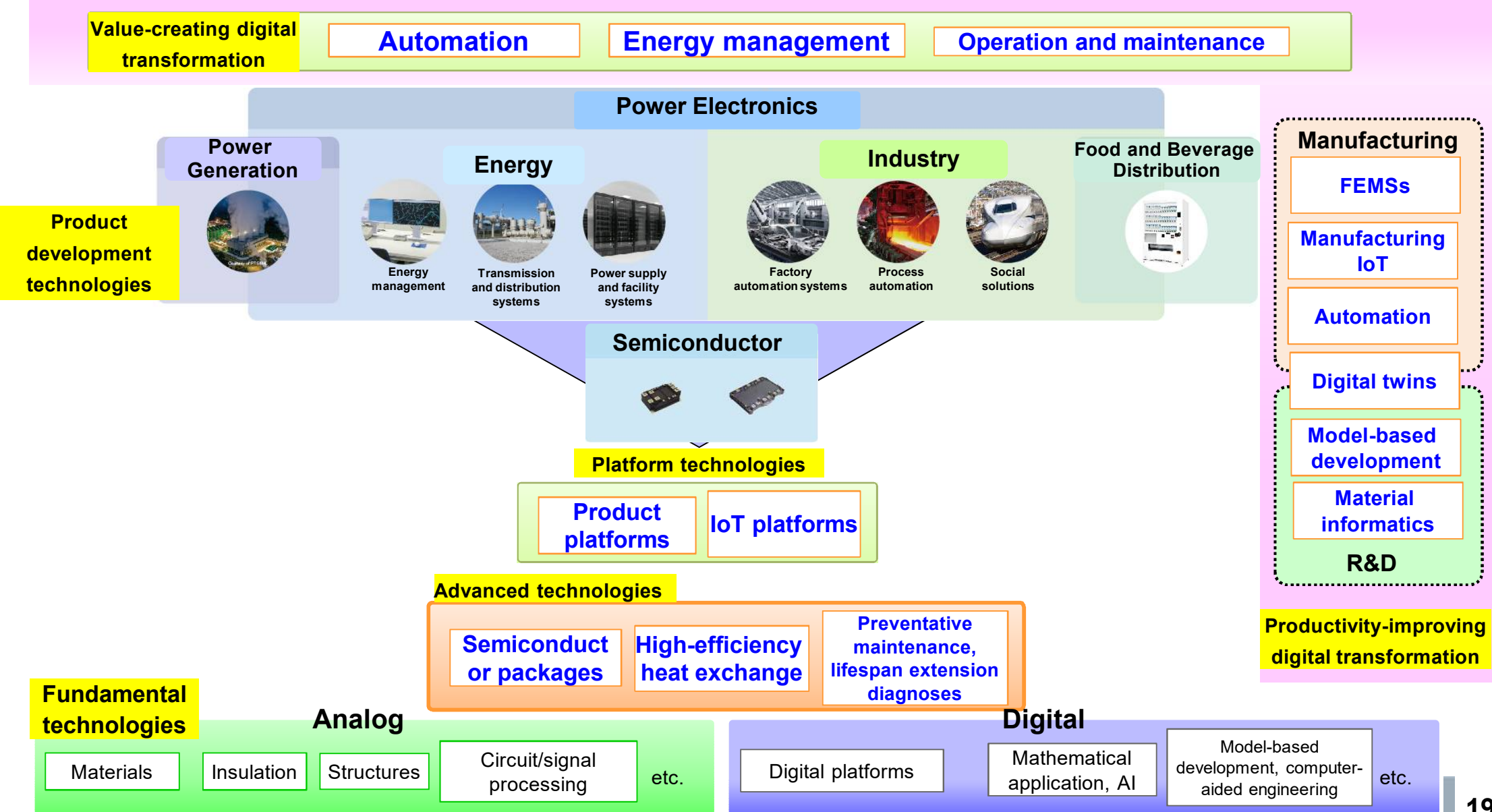
#### AI-powered streamlining and optimization

- Decentralized power supply networking (virtual power plants)
- CEMSS, FEMSS, BEMSS, and HEMSS

#### Adoption of eco-friendly materials

# Generation of Technology-Based Competitive Edge

**Generation of competitive edge based on technology mix centered on power electronics and power semiconductor technologies**



## Management Policies

- 1. Through our innovation in energy and environment technology, we contribute to the creation of a responsible and sustainable society.**
- 2. Achieve further growth through our global business expansion.**
- 3. Maximize our strengths as a team, respecting employees' diverse ambition.**

## Slogan

**To be enthusiastic, ambitious and sensitive.**

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