

October 26, 2023
Fuji Electric Co., Ltd.

President's Message

Hello everyone. My name is Kondo of Fuji Electric Co.

Thank you very much for your participation in the financial results briefing for the second quarter of fiscal year 2023. As you have already been informed, the year 2023 will mark the 100th anniversary of Fuji Electric's founding.

It is also the final year of our current five-year medium-term management plan. We have been working toward our goals of achieving net sales of 1 trillion yen and an operating margin of 8% or higher. We achieved the operating margin two years ahead of schedule and net sales of 1 trillion yen in FY2022, one year ahead of schedule.

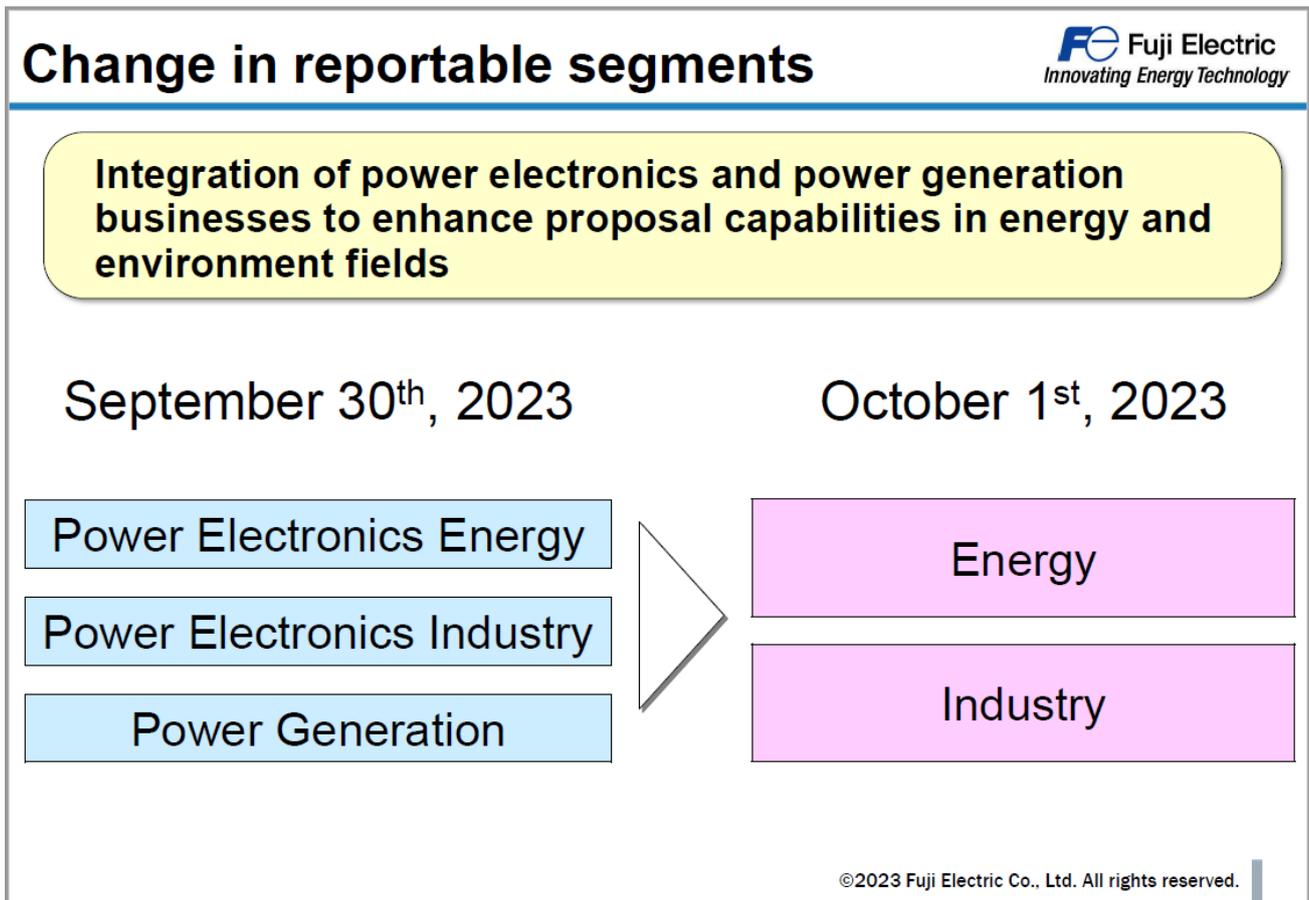
In the spring of this year, we explained what we must do in fiscal year 2023, to lead us into the next medium-term management plan. Specifically, I have said that we will once again return to profit-oriented management, and that we will focus not only on operating profit but also on net income.

In this context, we have set an operating profit margin of over 9% as one of our targets for FY2023. Arai will give a detailed explanation of the results for the first half of the fiscal year later. Net sales, operating profit, ordinary profit, and profit attributable to owners of parent, all reached record highs.

However, having said that, I am sure you are all aware that the market situation and the global situation have become very uncertain. For our company, we will have to conduct our operations while keeping a close eye on how the Chinese economy will fare, how resource prices will fluctuate in the future in light of the recent developments in the Middle East, and how inflation, policy interest rates, and exchange rates will move in response to such fluctuations.

We have only about two months left in the third quarter, but we must carefully assess the trends I have just mentioned, grasp the future of the market, and determine how we will finish fiscal year 2023. We will then work out what kind of launch pad we will use for the new medium-term management plan starting from FY2024. In the midst of all this, we have reorganized our organization.

As you may already know, we reorganized our organization as of October 1.



To be more specific, in anticipation of the new medium term management plan, we have reorganized the three segments of Power Electronics Energy, Power Electronics Industry, and Power Generation into two segments, namely, Energy and Industry.

In the growth framework of the Business Strategy explained in a meeting held on May 30, I mentioned that one of the key factors for Fuji Electric's growth is the synergy between Power Electronics and Power Generation. As the introduction of renewable energy is to be promoted further, synergies between energy management and new energy will be created through PPA, supply and demand adjustment, and regional microgrids. We also talked about the synergies that will emerge in the nuclear power and power electronics industries, and in the radiation equipment and systems.

We formulated a plan for the second half of this fiscal year, aiming at the next medium-term management plan, and we have changed segments to see if we can reap the benefits of this fusion from the current fiscal year.

Change in reportable segments

September 30th, 2023

October 1st, 2023

September 30 th , 2023		October 1 st , 2023	
Power Electronics Energy Energy Management Energy Management Transmission and Distribution Systems Power Supply and Facility Systems ED&C Components		Energy Power Generation Thermal • Geothermal • Hydro Energy Management Energy Management Transmission and Distribution Systems New Energy (Solar • Wind) Power Supply and Facility Systems ED&C Components	
Power Generation Thermal • Geothermal • Hydro New Energy (Solar • Wind) Nuclear Power		Industry Automation Social Solution Nuclear Power • Radiation Equipment and Systems Mobility Solution Others Equipment Construction IT Solution	
Power Electronics Industry Automation Social Solution Radiation Equipment and Systems Mobility Solution Others Equipment Construction IT Solution		©2023 Fuji Electric Co., Ltd. All rights reserved.	

We have placed thermal, geothermal, and hydroelectric power in Power Generation in the Energy segment. And we have integrated new energy, mainly solar and wind, under Energy Management. The other one is that we have put Nuclear Power, which was in Power Generation, together with the Radiation Unit under Social Solution in the Industry segment, and we are going to promote it with Radiation Equipment and Systems.

I repeat, this is one of the items in our growth framework, but with reorganization from this October, we will reap the fruits of this reorganization in order to firmly create the next medium-term strategy. In any case, although the economic situation is difficult to foresee, we will continue to conduct solid operations and remain profitable in the future.

Thank you very much for your cooperation today.