

Financial Results for FY2017 and Medium-term Management Policy

April 2018


Fujitsu General Limited

Any forward-looking statement in this report speaks only as of the date on which it is made; Forward-looking statements are based on the company's current assumptions regarding future business and financial performance; these statements by their nature address matters that are uncertain to different degrees.

Forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to be materially different.

Note:

This report is a translation of Japanese version. In case of any difference between English version and Japanese version, Japanese version shall prevail.

1. Financial Results for FY2017 and Financial Plan for FY2018
 2. Medium-term Management Policy
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1. Financial Results for FY2017 and Financial Plan for FY2018

Sales by Segment

FUJITSU GENERAL LIMITED

(Hundred Million Yen)

	FY2016		FY2017		Change			
		Actual		Actual			%	
Air conditioners	89%	2,324	89%	2,349	-%	25	-1%	1%
(Japan)		(555)		(552)		(-3)		(-1%)
(Overseas)		(1,769)		(1,797)		(28)	(-1%)	(2%)
Telecommunications		146		125		-21		-14%
Electronic devices		117		134		17		15%
Telecommunications and Electronic devices	10%	263	10%	259	-%	-4		-1%
Others	1%	14	1%	15	-%	1		6%
Total	100%	2,601	100%	2,623	-%	22	-1%	1%
Japan	32%	823	31%	812	-1%	-11		-1%
Overseas	68%	1,778	69%	1,811	1%	33		2%

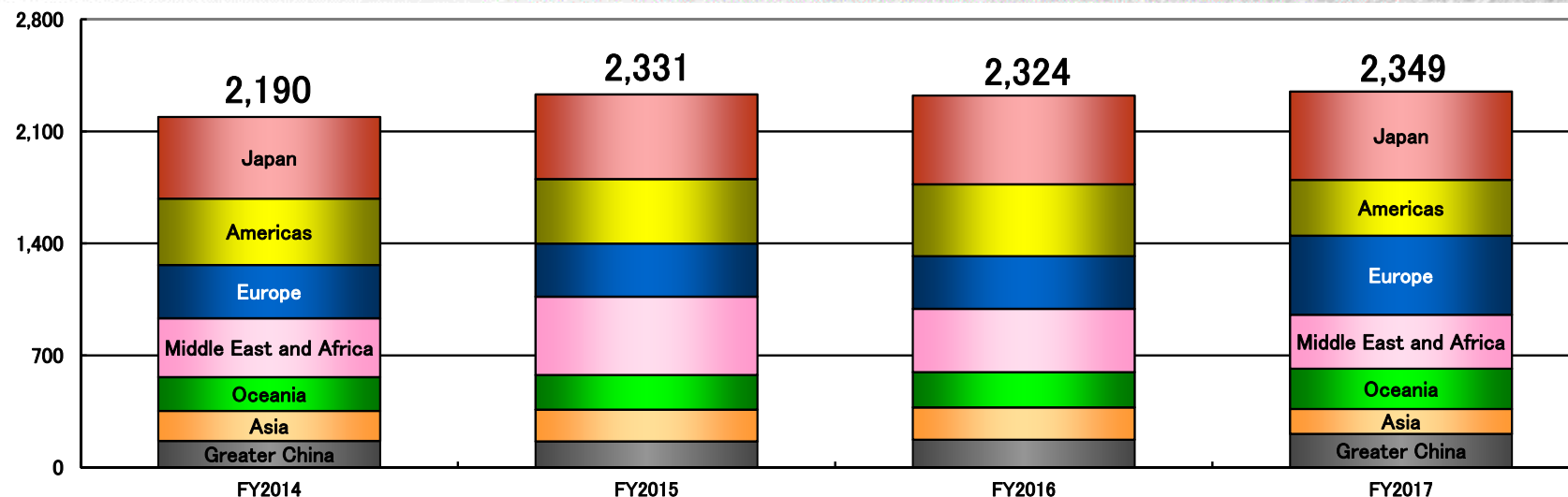
[Note1: subscribers(%) of sales is proportion to Total]

[Note2: subscribers(%) of change % is local currency base]

A/C Sales by Geographic area

FUJITSU GENERAL LIMITED

(Hundred Million Yen)



【Sales by Geographic area】

(Hundred Million Yen)

	FY2014		FY2015		FY2016		FY2017		Change			
	%	Value	%	Value	%	Value	%	Value	%	Value	Local currency base	
Japan	23%	510	23%	529	24%	555	23%	552	-1%	-3	-1%	-1%
Americas	15%	333	14%	332	14%	329	15%	349	1%	20	6%	5%
Europe	19%	415	17%	403	19%	449	21%	494	2%	45	10%	4%
Middle East and Africa	17%	368	21%	490	17%	396	14%	337	-3%	-59	-15%	-14%
Oceania	10%	211	9%	216	10%	220	11%	252	1%	32	15%	10%
Asia	9%	188	9%	199	9%	202	7%	156	-2%	-46	-23%	-24%
Greater China	7%	165	7%	162	7%	173	9%	209	2%	36	21%	16%
Total	100%	2,190	100%	2,331	100%	2,324	100%	2,349	-%	25	1%	-1%
(Overseas Total)	(77%)	(1,680)	(77%)	(1,802)	(76%)	(1,769)	(77%)	(1,797)	(1%)	(28)	(2%)	(-1%)

[Note1: sales to external customers] [Note2: subscribers(%) is proportion to Total]

Consolidated Financial Results

FUJITSU GENERAL LIMITED

Consolidated Statements of Income [Note: subscripts(%) of change % is local currency base] (Hundred Million Yen)

	FY 2016		FY 2017		Change	
	Actual	(ratio)	Actual	(ratio)		%
Net sales	2,601	(100.0%)	2,623	(100.0%)	22	-1% 1%
Gross profit	787	(30.3%)	716	(27.3%)	-71	-9%
Operating income	265	(10.2%)	202	(7.7%)	-63	-24%
Non-operating profit or loss	-25	(-1.0%)	-17	(-0.6%)	8	-%
(exchange gain and loss)	(-28)	(-1.1%)	(-18)	(-0.7%)	(10)	(-%)
Ordinary income	240	(9.2%)	185	(7.1%)	-55	-23%
Extraordinary loss	80	(3.1%)	-	(-%)	-80	-%
Net income※	100	(3.9%)	129	(4.9%)	29	28%

※Net income attributable to Owners of the Parent

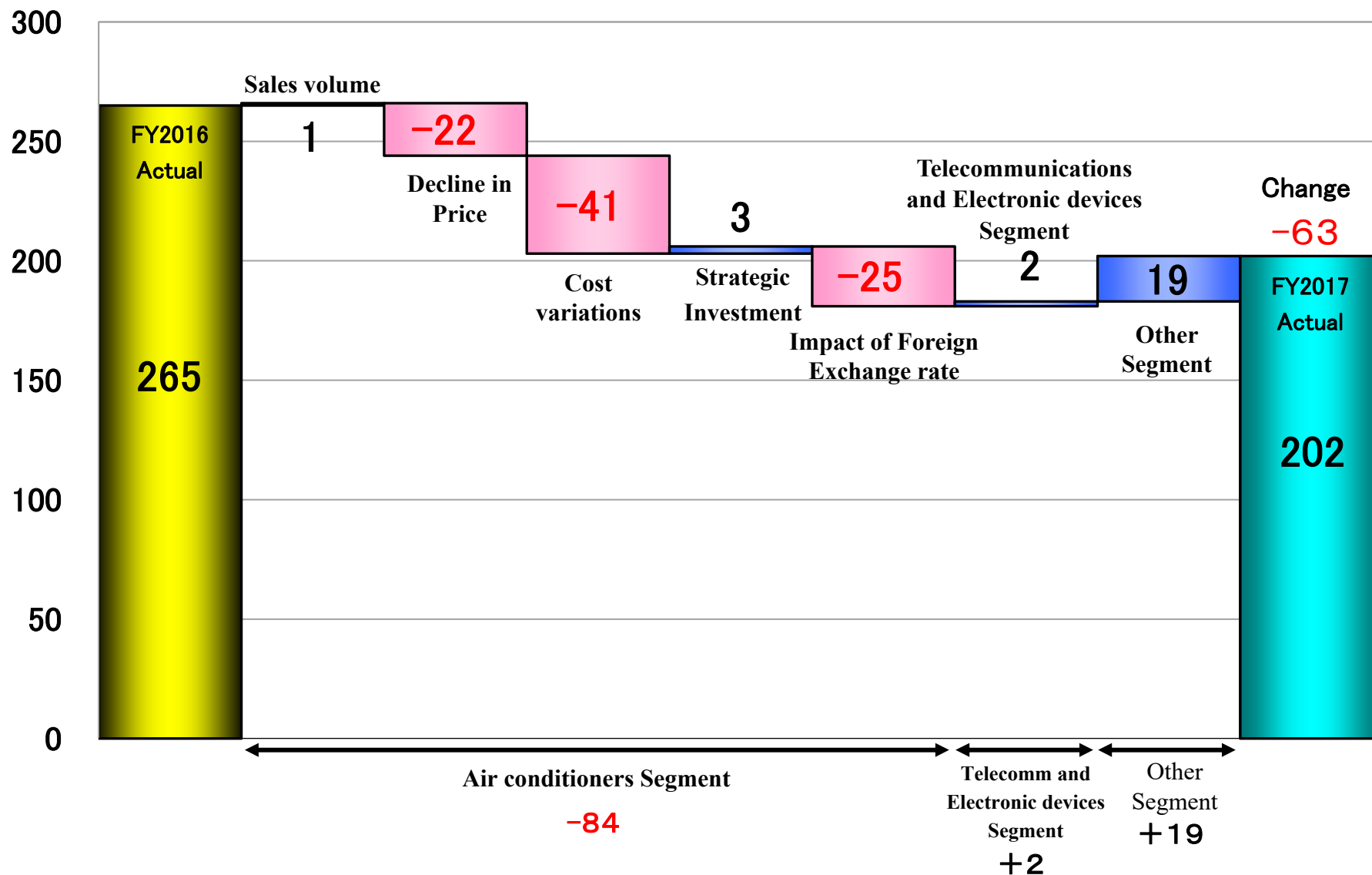
Net income per share	¥95.88	¥122.86	¥26.98
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Foreign Exchange rate	Average	(Closing)	Average	(Closing)	Average	(Closing)
Yen/1USD	110	(112)	110	(106)	-	(-6)
Yen/1AUD	81	(86)	86	(82)	5	(-4)
Yen/1EUR	120	(120)	129	(131)	9	(11)
BAHT/1USD	35.0	(34.3)	32.5	(31.1)	-2.5	(-3.2)
RMB/1USD	6.69	(6.90)	6.65	(6.29)	-0.04	(-0.61)

Analysis of Consolidated Operating income [FY2017] (vs previous year)

FUJITSU GENERAL LIMITED

(Hundred Million Yen)



Segment Information

FUJITSU GENERAL LIMITED

(Hundred Million Yen)

		FY2016	FY2017	Change		
		Actual	Actual		%	
Air conditioners	Net sales	2,324	2,349	25	-1%	1%
	Operating income	246	162	-84	-34%	
	(Operating income margin)	(10.6%)	(6.9%)	(-3.7%)		
Telecommunications and Electronic devices	Net sales	263	259	-4	-1%	
	Operating income	24	26	2	7%	
	(Operating income margin)	(9.3%)	(10.1%)	(0.8%)		
Others	Net sales	14	15	1	6%	
	Operating income	-5	14	19	-	
	(Operating income margin)	(-40.0%)	(91.0%)	(131.0%)		
Total	Net sales	2,601	2,623	22	-1%	1%
	Operating income	265	202	-63	-24%	
	(Operating income margin)	(10.2%)	(7.7%)	(-2.5%)		

[Note1: sales to external customers] [Note2: subscribers(%) of change % is local currency base]

Main Financial Data

FUJITSU GENERAL LIMITED

(Hundred Million Yen)

	FY2016 Actual	FY2017 Actual	Change	
				%
Operating Cash Flow	268	109	-159	-59%
Investing Cash Flow	-49	-59	-10	19%
Free Cash Flow	219	50	-169	-77%

R&D Expense	4.7%	121	4.9%	129	0.2%	8	6%
Capital Expenditures		55		64		9	15%
Depreciation Expense		54		51		-3	-6%

[Note: subscripts(%) is proportion to Net sales]

ROE	11.3%	13.0%	1.7%
Shareholders' equity ratio	47.8%	49.7%	1.9%

Inventory	233	279	46
Days Inventory Outstanding	31.7days	37.8days	6.1days
CCC*	74.5days	74.5days	-
Net D/E ratio (times)	-0.44	-0.41	0.03

*CCC (Cash Conversion Cycle): Days Sales Outstanding + Days Inventory Outstanding - Days Payable Outstanding

Sales by Segment

FUJITSU GENERAL LIMITED

(Hundred Million Yen)

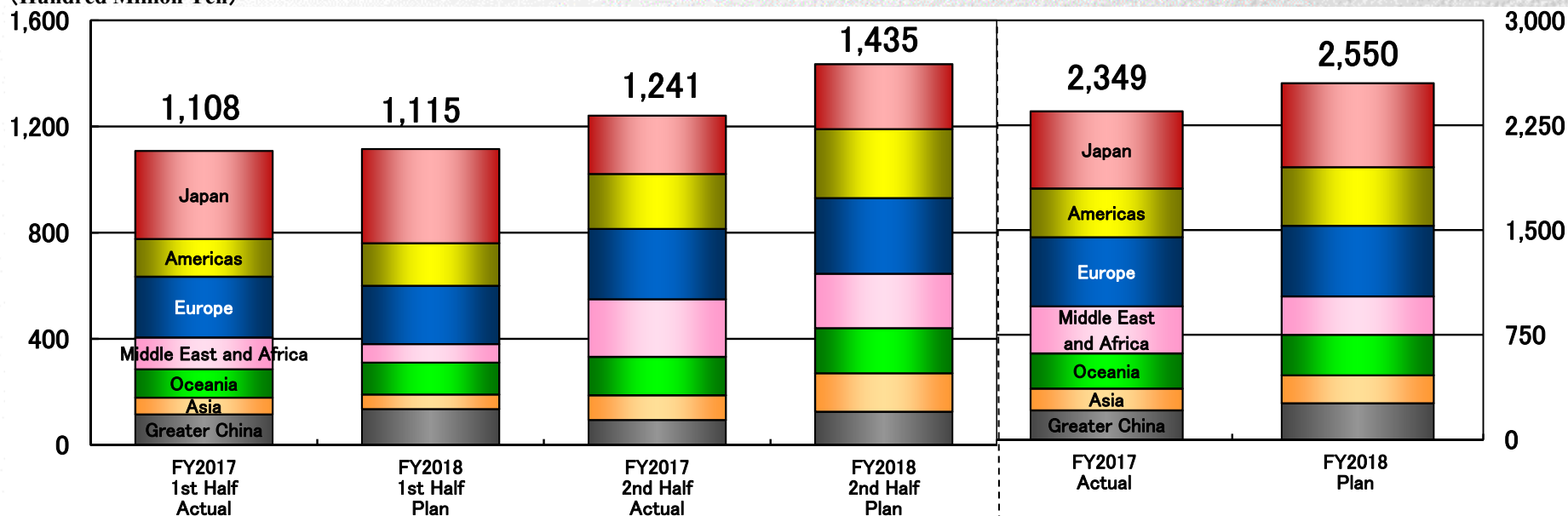
	FY2017 (Actual)			FY2018 (Plan)			Change	
	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year	Full Year	%
Air conditioners	1,108	1,241	89% 2,349	1,115	1,435	89% 2,550	201	8% 9%
(Japan)	(332)	(220)	(552)	(355)	(245)	(600)	(48)	(9%)
(Overseas)	(776)	(1,021)	(1,797)	(760)	(1,190)	(1,950)	(153)	(8%) (9%)
Telecommunications	48	77	125	55	85	140	15	12%
Electronic devices	67	67	134	70	70	140	6	4%
Telecommunications and Electronic devices	115	144	10% 259	125	155	10% 280	21	8%
Others	7	8	1% 15	10	10	1% 20	5	32%
Total	1,230	1,393	100% 2,623	1,250	1,600	100% 2,850	227	8% 9%
Japan	449	363	31% 812	490	410	32% 900	88	11%
Overseas	781	1,030	69% 1,811	760	1,190	68% 1,950	139	8%

[Note1: subscripts(%) is proportion to Total] [Note2: subscripts(%) of change % is local currency base]

A/C Sales by Geographic area

FUJITSU GENERAL LIMITED

(Hundred Million Yen)



【Sales by Geographic area】

(Hundred Million Yen)

	FY2017 Actual			FY2018 Plan			Change				
	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year	%	Local currency base
Japan	332	220	552	355	245	600	23	25	48	9%	9%
Americas	142	207	349	160	260	420	18	53	71	20%	20%
Europe	229	265	494	220	285	505	-9	20	11	2%	2%
Middle East and Africa	120	217	337	70	205	275	-50	-12	-62	-18%	-18%
Oceania	107	145	252	120	170	290	13	25	38	15%	16%
Asia	63	93	156	55	145	200	-8	52	44	28%	26%
Greater China	115	94	209	135	125	260	20	31	51	25%	21%
Total (Overseas Total)	1,108 (776)	1,241 (1,021)	2,349 (1,797)	1,115 (760)	1,435 (1,190)	2,550 (1,950)	7 (-16)	194 (169)	201 (153)	9% (9%)	8% (8%)

[Note: sales to external customers]

Consolidated Financial Plan

FUJITSU GENERAL LIMITED

[Note1: subscripts(%) of change % is local currency base] (Hundred Million Yen)

	FY2017 (Actual)			FY2018 (Plan)			Change	
	1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year	Full Year	%
Net sales	1,230	1,393	2,623	1,250	1,600	2,850	227	8% 9%
Operating income	78	124	202	40	130	170	-32	-16%
(Operating income margin)	(6.3%)	(8.9%)	(7.7%)	(3.2%)	(8.1%)	(6.0%)	(-1.7%)	
Ordinary income	81	104	185	40	130	170	-15	-8%
(Ordinary income margin)	(6.6%)	(7.5%)	(7.1%)	(3.2%)	(8.1%)	(6.0%)	(-1.1%)	
Net income※	58	71	129	30	90	120	-9	-7%
(Net income margin※)	(4.7%)	(5.1%)	(4.9%)	(2.4%)	(5.6%)	(4.2%)	(-0.7%)	

※Net income attributable to owners of the parent

Dividend per share (Yen)	12	12	19.5% 24	13	13	22.7% 26	2
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[Note2: subscripts(%) of dividend per share is dividend payout ratio]

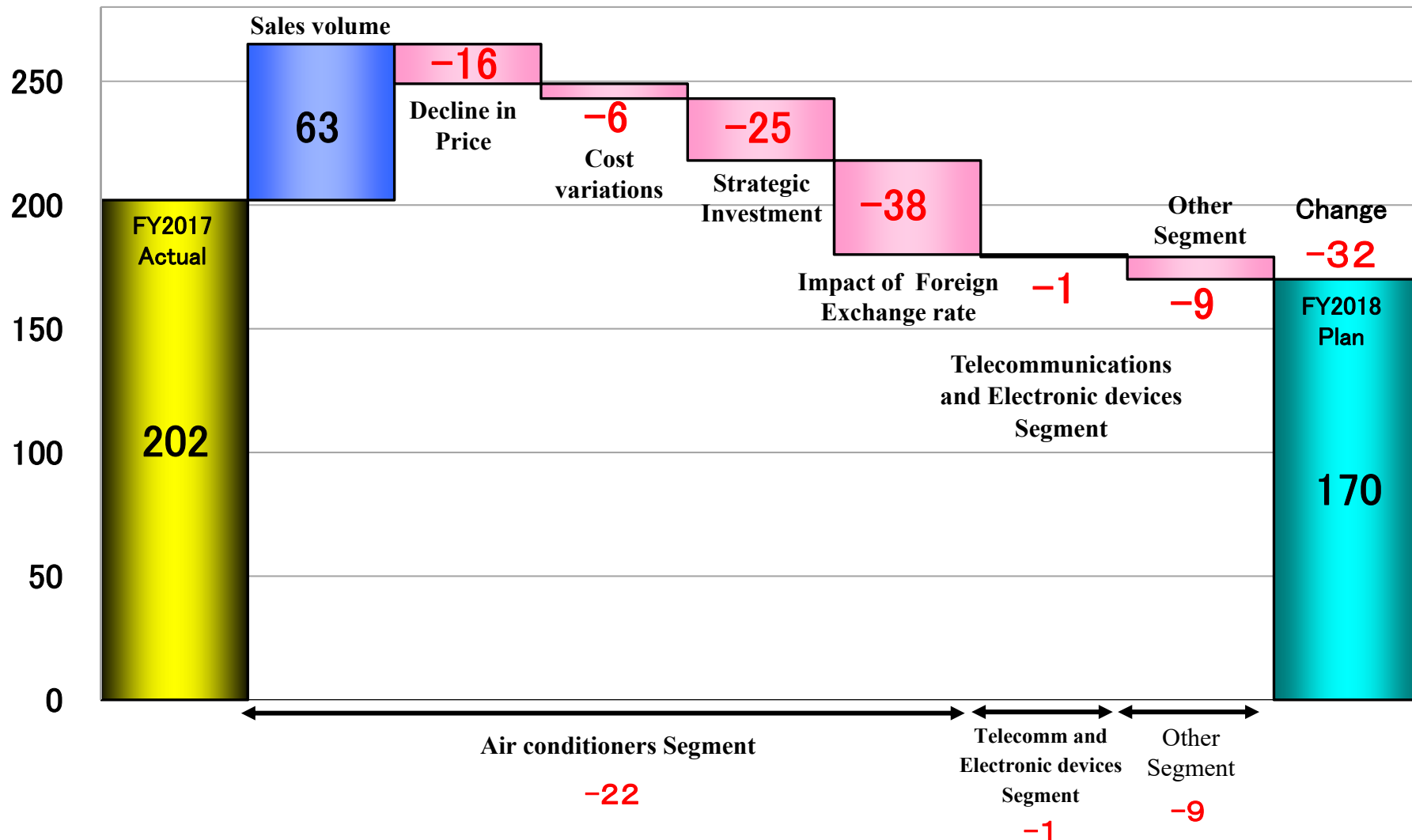
Foreign Exchange Rate (Average)

Yen/1USD	111	110	110	110	110	110	-
Yen/1AUD	86	86	86	85	85	85	-1
Yen/1EUR	125	133	129	130	130	130	1
BAHT/1USD	33.8	31.7	32.5	32.0	32.0	32.0	-0.5
RMB/1USD	6.81	6.48	6.65	6.35	6.35	6.35	-0.30

Analysis of consolidated Operating income [FY2018] (vs previous year)

FUJITSU GENERAL LIMITED

(Hundred Million Yen)



Segment Information, R&D Expenses, Capital Expenditures, Depreciation Expenses

FUJITSU GENERAL LIMITED

(Hundred Million Yen)

		FY2017 (Actual)			FY2018 (Plan)			Change	
		1st Half	2nd Half	Full Year	1st Half	2nd Half	Full Year	Full Year	%
Air conditioners	Net sales	1,108	1,241	2,349	1,115	1,435	2,550	201	8% 9%
	Operating income	71	91	162	30	110	140	- 22	-14%
	(Operating income margin)	(6.4%)	(7.3%)	(6.9%)	(2.7%)	(7.7%)	(5.5%)	(-1.4%)	
Telecommunications and Electronic devices	Net sales	115	144	259	125	155	280	21	8%
	Operating income	5	21	26	5	20	25	- 1	-5%
	(Operating income margin)	(4.4%)	(14.7%)	(10.1%)	(4.0%)	(12.9%)	(8.9%)	(-1.2%)	
Others	Net sales	7	8	15	10	10	20	5	32%
	Operating income	2	12	14	5	-	5	- 9	-64%
	(Operating income margin)	(21.9%)	(161.1%)	(91.0%)	(50.0%)	(-)	(25.0%)	(-66.0%)	
Total	Net sales	1,230	1,393	2,623	1,250	1,600	2,850	227	8% 9%
	Operating income	78	124	202	40	130	170	- 32	-16%
	(Operating income margin)	(6.3%)	(8.9%)	(7.7%)	(3.2%)	(8.1%)	(6.0%)	(-1.7%)	

[Note1: sales to external customers] [Note2: subscribers(%) of change % is local currency base]

R&D Expenses	5.1%	62	4.8%	67	4.9%	129	5.2%	65	4.4%	70	4.7%	135	-0.2%	6	5%
Capital Expenditures		29		35		64		40		70		110		46	73%
Depreciation Expenses		25		26		51		27		28		55		4	9%

[Note3: subscribers(%) is proportion to Net sales]

2. Medium-term Management Policy

(1) Management Policy

FUJITSU GENERAL LIMITED

Slogan : INNOVATION & GLOBALIZATION

– Providing a Brand New Tomorrow to Everyone on Earth

Management Policy : Brush up and enhance 3 powers, “Technological Power,” “Realization Power,” and “Human Power” and challenge the reform.

◆ **Technological Power**

- Creation of new value from a long-term perspective and evolution of operations
— Enhance company value based on creating innovation

◆ **Realization power**

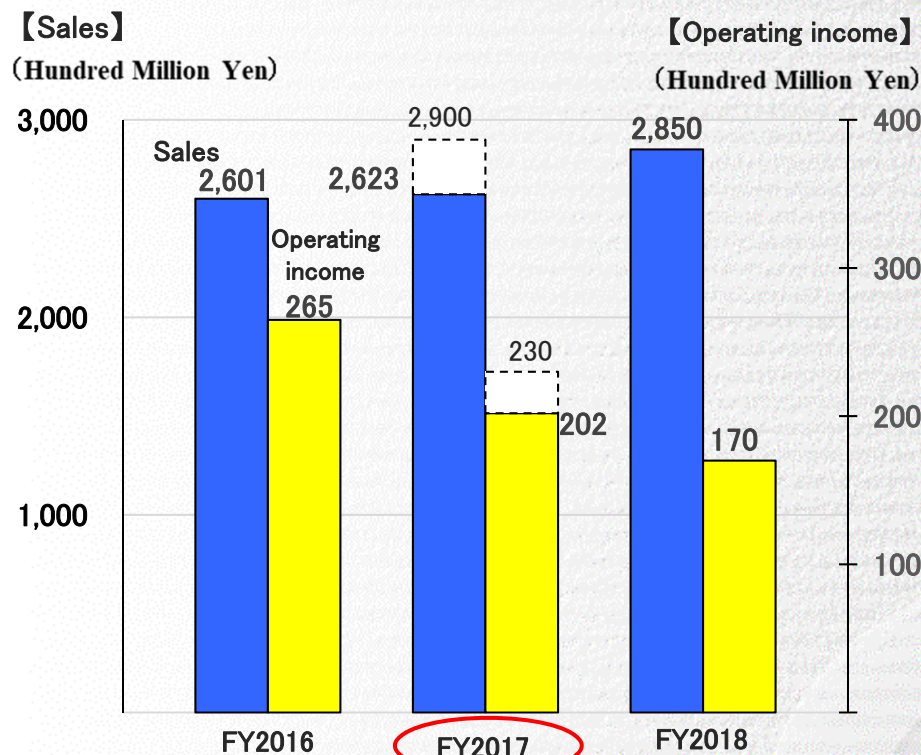
- Improve management speed by making decisions and taking actions speedily

◆ **Human power**

- Enhance productivity by creating a system that promotes employees’ exertion of ability and growth

(2) Progress of Medium-term Plan

FUJITSU GENERAL LIMITED



	FY2016	FY2017		FY2018
	Actual	Plan	Actual	Plan
Sales	2,601	2,900	2,623	2,850
Operating income	265	230	202	170
(Operating income ratio)	(10.2%)	(7.9%)	(7.7%)	(6.0%)

Change (compared with Plan)	
Sales	▲277
Operating income	▲28

◆ Business environment worse than expected

- Deterioration in the Middle East market (slowdown of consumer mind, severe price competition)
- Structural change of supply environment (shortage of semiconductor and electric device) (price increase in parts and raw materials)
- Currency appreciation in country of manufacture (stronger Thai Baht and RMB by weaker dollar)

◆ Delay in alliance and M&A projects ⇒ Each project is going forward step by step

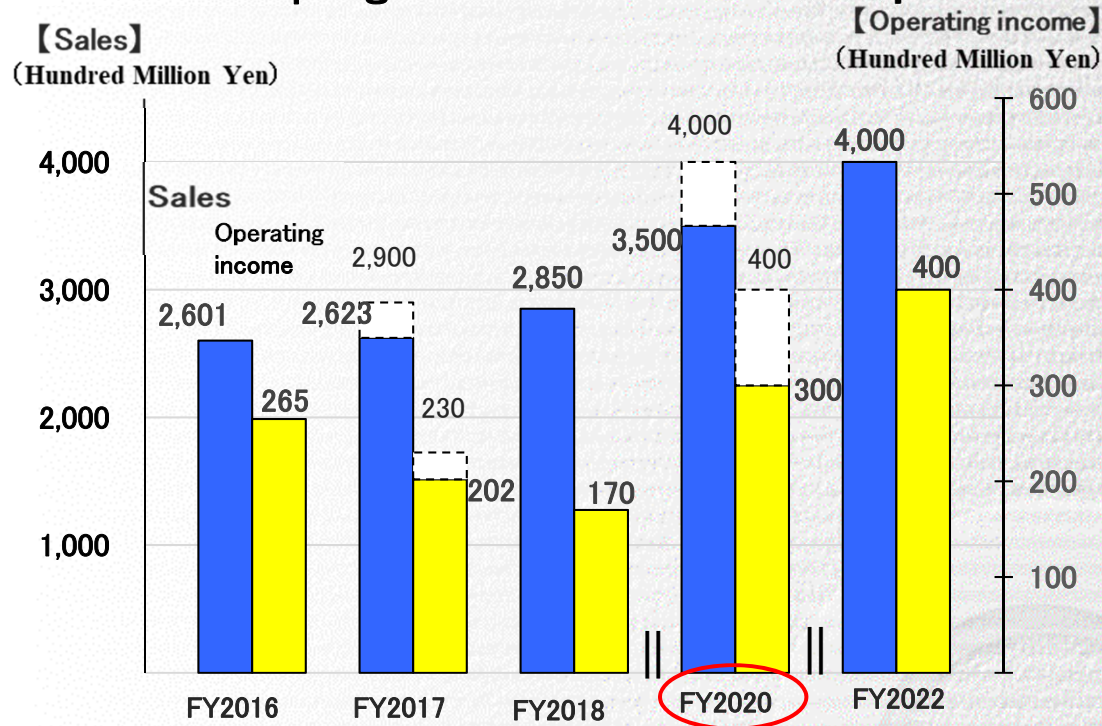
◇ Light commercial business is expanding

- Expansion of small VRF

◇ Household equipment route in Japan keeps double digit expansion

(3) Change the target year in Medium-term Plan FUJITSU GENERAL LIMITED

◆ Change the target year due to worse business environment and the progress of business Tie-up



◆ Extended the target year
(Sales 400 billion, Operating income 40 billion) for 2 years
{FY2020⇒FY2022}

◆ Revised precondition

- Yen/1USD : 120→110
- BAHT/1USD : 35.0→32.0
- RMB/1USD : 6.80→6.35
- 銅価格(USD/t) : 7,000→7,400

*The influence of revised precondition
(Against FY2020 plan
announced April 2017)

Sales : ▲12 billion
Operating income : ▲9 billion

◇ Operating income will be increasing again from FY2019 (bottom is FY2018)

	FY2016	FY2017		FY2018		FY2020		FY2022
	Actual	Plan	Actual	Plan	Plan	Revision	Set value	
Sales	2,601	2,900	2,623	2,850	4,000	3,500	4,000	
Operating income	265	230	202	170	400	300	400	
(Operating income ratio)	(10.2%)	(7.9%)	(7.7%)	(6.0%)	(10.0%)	(8.6%)	(10.0%)	

Change(compared with plan)	
sales	▲277
Operating income	▲28

Change(compared with plan)	
Sales	▲500
Operating income	▲100

(3) Changes in Medium-term Management Policy FUJITSU GENERAL LIMITED

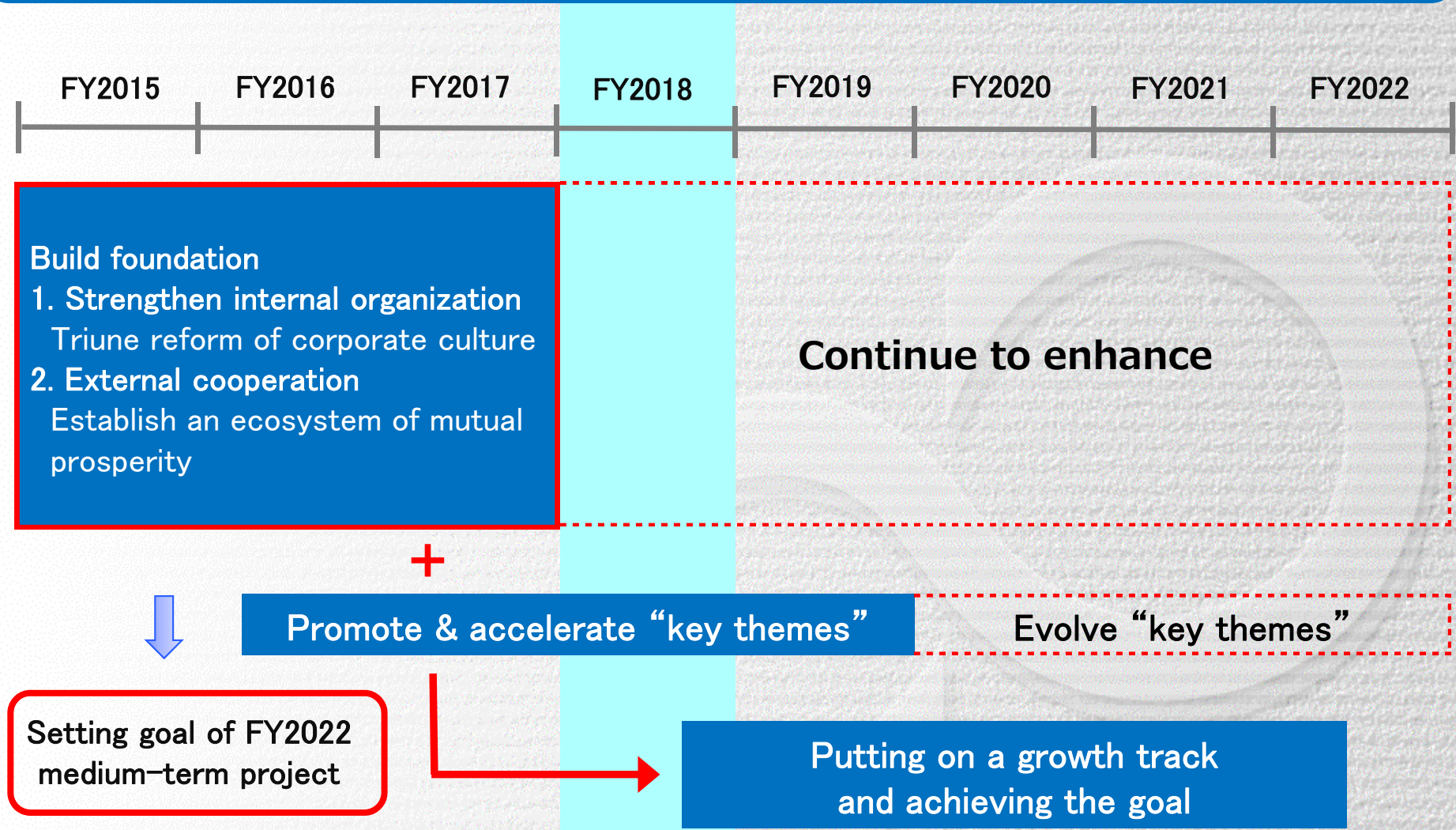
◆ Segment Break down

(Hundred Million Yen)

		FY2016 (Actual)	FY2017 (Actual)	FY2018 (Plan)	FY2020 (Plan)	FY2022 (Plan)
A/C	Net sales	2,324	2,349	2,550	3,150	3,600
	Operating income	246	162	140	260	350
	(%)	(10.6%)	(6.9%)	(5.5%)	(8.3%)	(9.7%)
Telecomm & Elec Dev, Others	Net sales	277	274	300	350	400
	Operating income	19	40	30	40	50
	(%)	(6.8%)	(14.6%)	(10.0%)	(11.4%)	(12.5%)
Total	Net sales	2,601	2,623	2,850	3,500	4,000
	Operating income	265	202	170	300	400
	(%)	(10.2%)	(7.7%)	(6.0%)	(8.6%)	(10.0%)

(4) Medium-term project roadmap

Positioning of each fiscal year



(4)–① The trinity reform of corporate culture FUJITSU GENERAL LIMITED

Reset Corporate Vision

Personnel policy

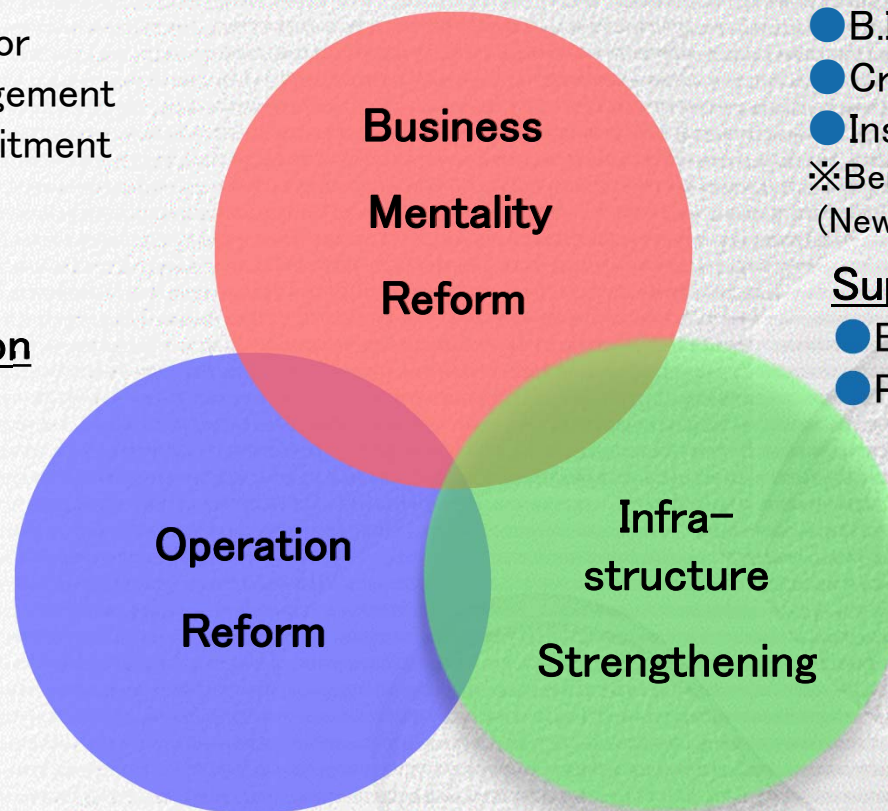
- Redress long hours labor
- Introduce health management
- Restart in-house recruitment
- Promote D&I
- Introduce new uniform

Activate communication

- General BAR
- Dinner with President
- 1on1 meeting (plan)

Operation reform

- “Akasuri” campaign
- Expand impact method
- Open Innovation



Create innovation

- B.I.G.※
 - Cross-sectorial Ideason
 - Institute 10%-Rule (Plan)
- ※Being Innovative Group
(Newly organized in Nov 2016)

Support for employees

- Enhance welfare benefits
- Provide special incentive

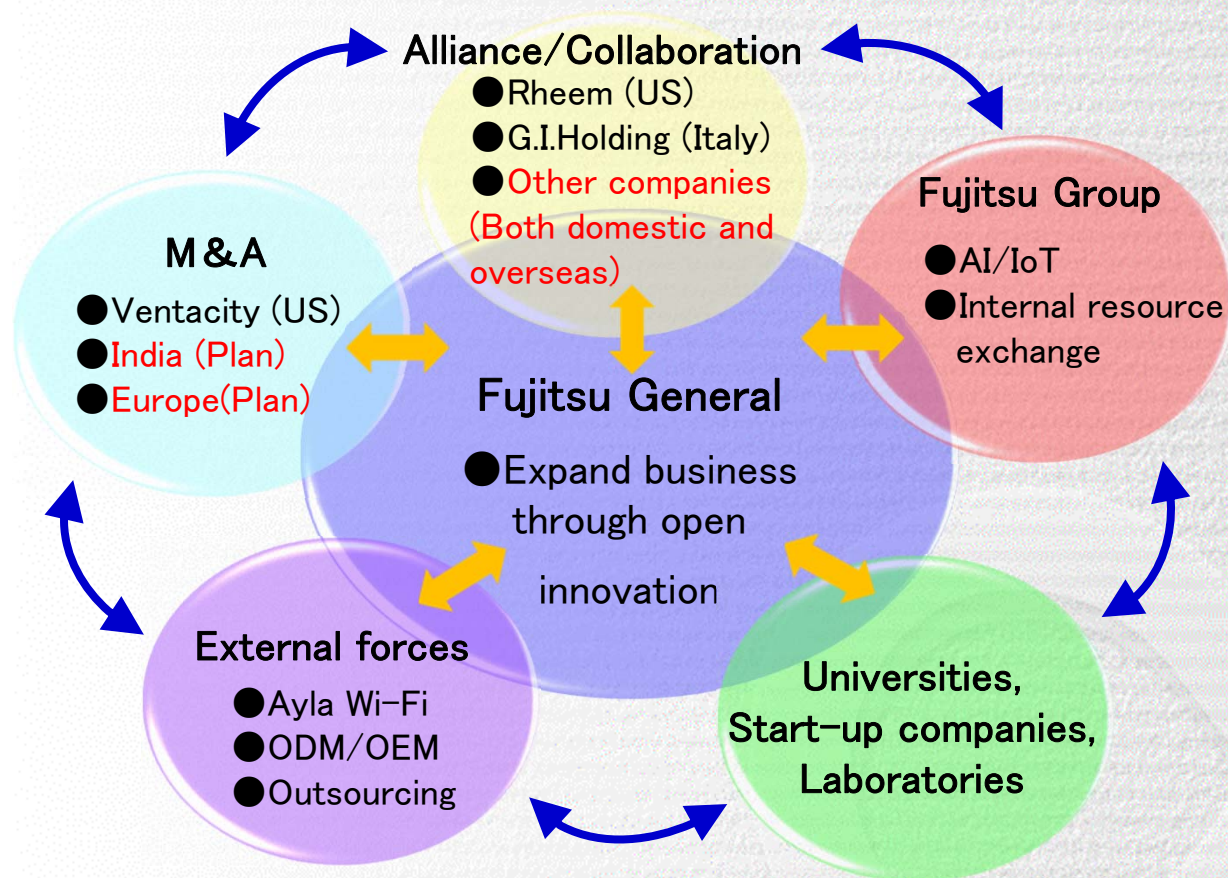
Infrastructure Strengthening

- Promote the use of IT
- Office365
- In-house LAN
- New “history hall”
- New tech building in Kawasaki

“Management to think of
and make use of employees”

(4)-② Ecosystem of mutual prosperity

FUJITSU GENERAL LIMITED



<Efforts for new Business>

- Rheem
Starting mutual OEM
Starting joint development
- G. I. Holding
AHU※ 2018 release
Starting joint development
- Ventacity
Joint development products will release in 2018
- Ayla
Joint development of A/C operation application (already released)
- Fujitsu group
products for AI/IoT (Under Consideration)

※Air Handling Unit

(5) Priority themes

FUJITSU GENERAL LIMITED

- I . Expansion of air conditioner business**
 - 1) Environment surrounding our air conditioner business
 - 2) Innovation of air conditioner development system
 - 3) Strengthening of air conditioner sales activities

- II . Strengthening of business foundation of information & communication system and electronic devices**

- III . Promotion of total cost reduction for achievement of operating income rate more than 10%**

- IV. Strengthening of power to yield cash**

- V . Promotion and strengthening of the management to think of and make use of persons**

(5) I -1) Environment surrounding our A/C business FUJITSU GENERAL LIMITED

Forecast of the world demand for air conditioner :
Continuous growth at an annual rate of around 5~6 %

- Emerging countries : Market expansion
- Developed countries : Price increase, Heating market expansion

Changes in AC business market

① Refrigerant

- Lower GWP & better energy efficiency simultaneously

② Wider utilization of AI/IoT into AC

- Need to be faster than competitors
- Open innovation, bigger investment on R&D

③ Market change

- New comers with unique technology. Chinese getting stronger
- Users preference: “thing” to “experience”, “ownership” to “use”

④ Structural change of supply environment

- Shortage of semiconductor, electric device
- Continuous price increase in materials, parts and components

(5) I -2) Innovation of A/C development system

FUJITSU GENERAL LIMITED

Basic policy of business development**① Our own development**

- Strengthening of basic technology (Heat pump, Standardized model) → Establishment of core technology
- Development of differentiated products from other companies (Flagship, VRF, etc.)
- Strengthening of cost competitiveness (Concurrent development, Drastic strengthen of VE)

② Our company + alliance

- Bringing up of new technologies (IoT, AI, etc.)
→ In-house accumulation of technologies
- Creation of innovation (B.I.G※¹, Free discussion, 10% rule)

③ Utilization of external forces

- ODM/OEM procurement (Popular models, Line up products, etc.)
- Product range not owned by our company (Chiller, AHU, Unitary, etc.)

Renovate development system

<Various Achievements>

- The smallest VRF
- The industry's first "heating sterilizing of heat exchanger"
- Development of RAC's standardization

Use external resources to speed up

<Various Achievements>

- Expanding supply of ODM for foreign markets
- Starting new business
- Entering concrete phase in the creation of new value

Find a way out of self sufficiency

※¹ Being Innovative Group
(Newly organized group in Nov 2016)

(5) I -2) Innovation of A/C development system

FUJITSU GENERAL LIMITED

Concrete activities

- Acceleration of the development of impact method
(Activation of organizational management and communication)
- Building the system of education program for young engineers
- Speedup of development of standardized designing
- Strengthening of 3 development bases※
 - Clarification of roles and authority transfer to worksite
 - In 2017, Constructed Technology building in Thailand
 - In 2019, Technology research building (tentative name) will be established in Japan
 - In 2020, 1,200 Air conditioning engineers in the world
- ※:Japan, China, Thailand
- Strengthening of cost reduction system
- Elimination of wastes in the development process
<Waigaya (free communication among employess),
AKASURI (Elimination of unnecessary things in workplace), IT>

(5) I -3) Strengthening of A/C sales activities

FUJITSU GENERAL LIMITED

Basic policy : Evolve 5 business bases※ through “Glocalization”

※:Americas, Europe, Middle East, Asia/Oceania, Japan

Promotion of 5 key “expansion projects”

(Sales FY2017 234.9 billion yen→ FY2022 360 billion yen increase by 53%)

Existing projects	<ol style="list-style-type: none"> 1. Expansion of foreign commercial business 2. Aggressive capture of housing equipment route in Japan
New projects	<ol style="list-style-type: none"> 3. Capture and expansion of Indian market 4. Acceleration of collaboration with Rheem in North America 5. Product development utilizing external forces

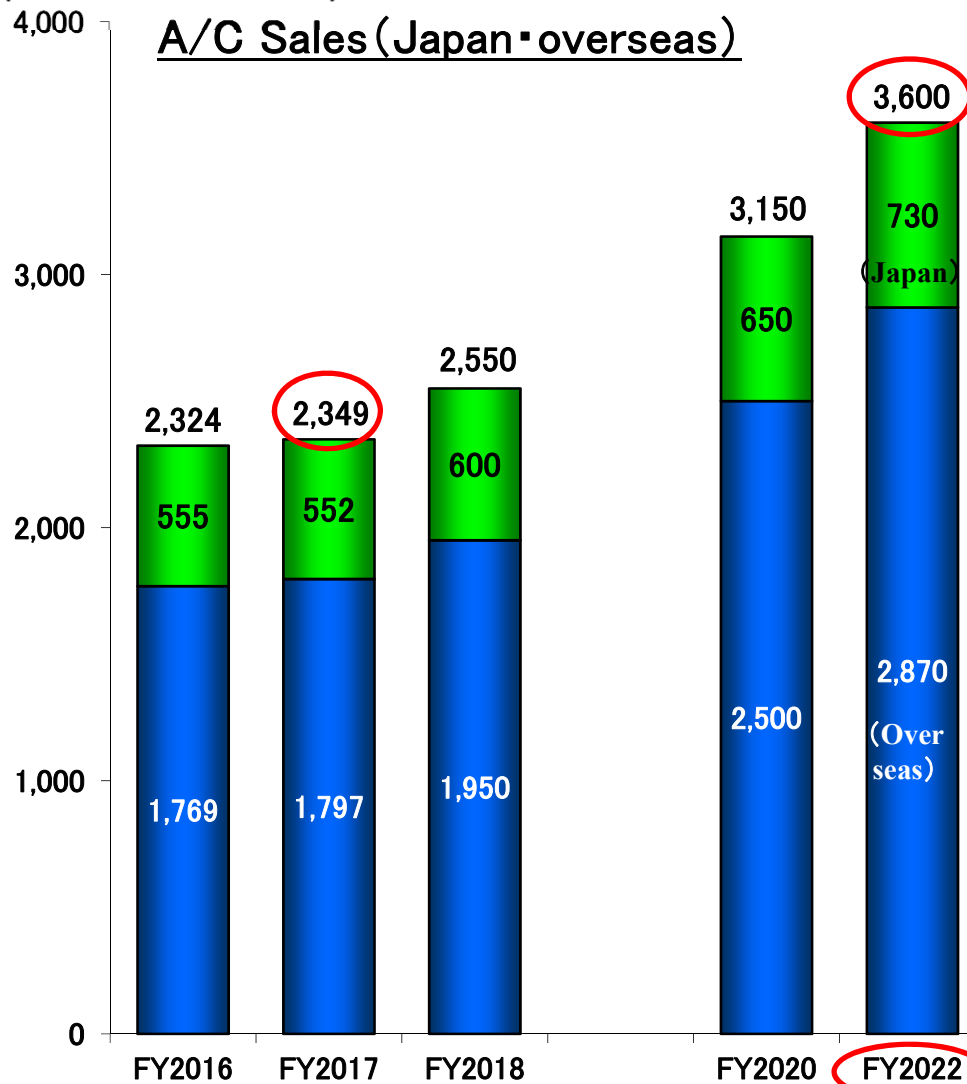
Strategic investment frame for further expansion

- M&A to achieve 5 projects
 - ⇒ Ventilation/Heating/Hot Water business in Europe, India etc.
 - ⇒ AC designing solution business incl. installation & service
- Expand both hardware & software(servicing)
- New R&D centers in Japan, North America, Europe, India
- Others (establishment of factory in India, Expansion of production in Thailand, IT investment etc.)

(5) I -3) Strengthening of A/C sales activities

FUJITSU GENERAL LIMITED

(Hundred Million Yen)



We aim at the annual rate of 9 percent which is over market growth in main A/C business

[Existing business]

	FY2017	FY2020	FY2022	Compared with FY2017	5 years average expansion
Japan	552	600	650	+98	+3%
Overseas	1,693	2,100	2,250	+557	+6%
Existing Total	2,245	2,700	2,900	+655	+5%

[New business]

Japan	-	50	80	+80	-
Overseas	104	400	620	+516	+43%
New Total	104	450	700	+596	+46%

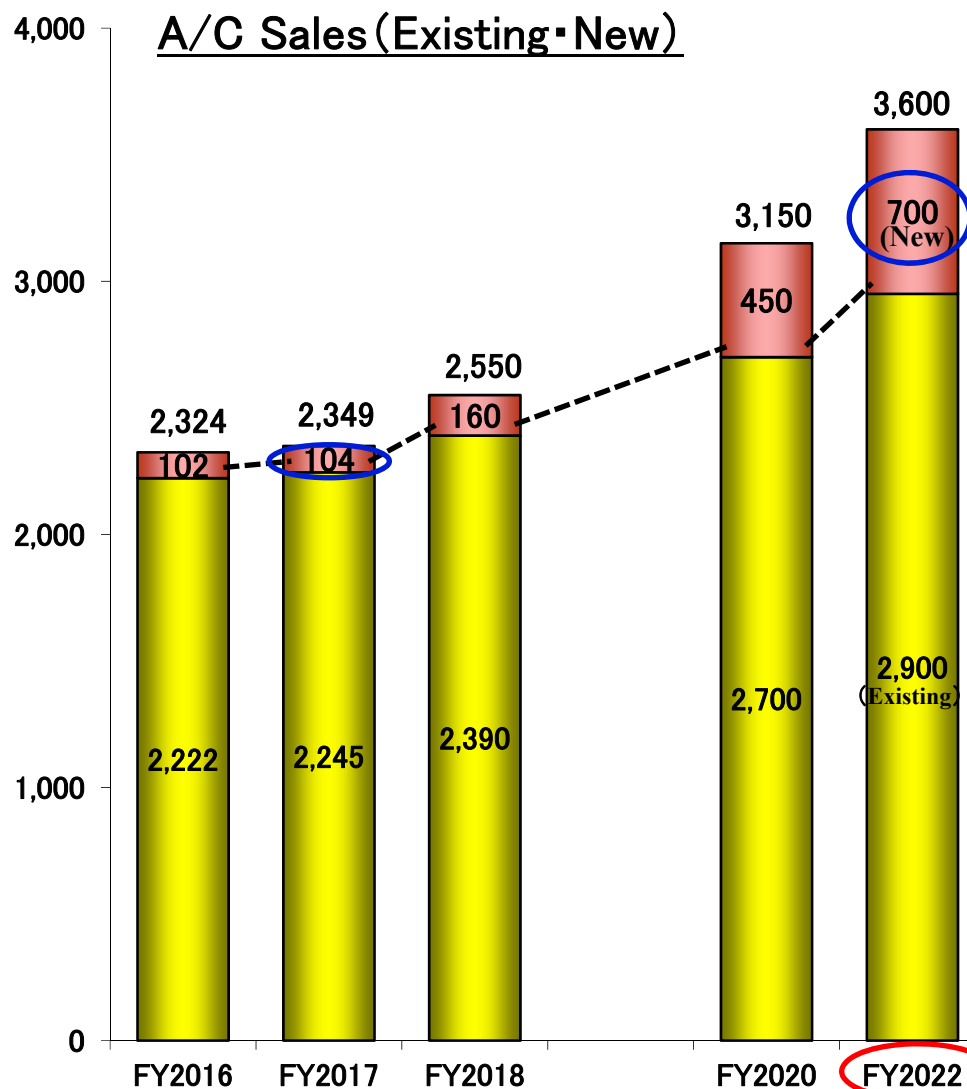
[Total]

Japan	552	650	730	+178	+6%
Overseas	1,797	2,500	2,870	+1,073	+10%
A/C Total	2,349	3,150	3,600	+1,251	+9%

(5) I -3) Strengthening of A/C sales activities

FUJITSU GENERAL LIMITED

(Hundred Million Yen)



[New business]

	FY2017	FY2020	FY2022	compared with FY2017	5 years Average expansion
India※	100	320	450	+350	+35%
North America	4	50	100	+96	+90%
Europe	-	20	50	+50	-
the others	-	60	100	+100	-
Total	104	450	700	+596	146%

[Existing business]

Retail store	350	350	350	-	-
Housing Industry	202	250	300	+98	+8%
Domestic Total	552	600	650	+98	+3%
RAC	1,466	1,750	1,850	+384	+5%
VRF	191	300	350	+159	+13%
Others	36	50	50	+14	+7%
Overseas total	1,693	2,100	2,250	+557	+6%
Existing business	2,245	2,700	2,900	+655	+5%

A/C Total 2,349 3,150 3,600 | +1,251 +9%

※Including connection Results of joint venture

(5) I -3) Strengthening of A/C sales activities

FUJITSU GENERAL LIMITED

Promotion of 5 key “expansion projects”

	Theme	2022 Sales Goal	Sales Measures
Existing Business	① Expansion of foreign commercial business	123 Billion	<ul style="list-style-type: none"> ● Stronger support for design agents & consultants ● Business expansion mainly through small VRF
	② Aggressive capture of domestic housing equipment route	30 Billion	<ul style="list-style-type: none"> ● Stronger organization for installation, servicing, sales ● Promote use of IT — Launch internal project
New Business	③ Capture and expansion of Indian market	45 Billion	<ul style="list-style-type: none"> ● Revision of joint venture, M&A in AC design & install company ● Input more human power & resources, Accelerate products development, Local production
	④ Acceleration of collaboration with Rheem of North America	10 Billion	<ul style="list-style-type: none"> ● Mutual OEM (full-scale entry to unitary/rooftop market) ● Joint development of local products, work together in production, logistics, procurement.
	⑤ The promotion of business alliance	10 Billion	<ul style="list-style-type: none"> ● Develop new partners ● Creating synergy (joint development)

(5) I -3) Strengthening of A/C sales activities

FUJITSU GENERAL LIMITED

Strategy of the most important market

① Expansion of the business scale ⇒ India

[Sales goal: (FY2017) 10.0 billion yen → (FY2022) 45.0 billion yen (+35.0 billion yen)]

- Consolidated effects of joint venture +20.0 billion yen
- M&A(facility design company, ventilation etc.) +5.0 billion yen
- Introduction of local products
(Standard model, local production) +8.0 billion yen

② Expansion of profits ⇒ North America

[Sales goal: (2017) 27.5 billion yen → (2022) 47.5 billion yen (+20.0 billion yen)]

- Direct effects by joint development with Rheem company +9.6 billion yen
- Expansion of commercial business which focus on VRF +8.5 billion yen
- Ventacity and other M&A effects + α

(5) II-1. Strengthening of business foundation of information & communication system

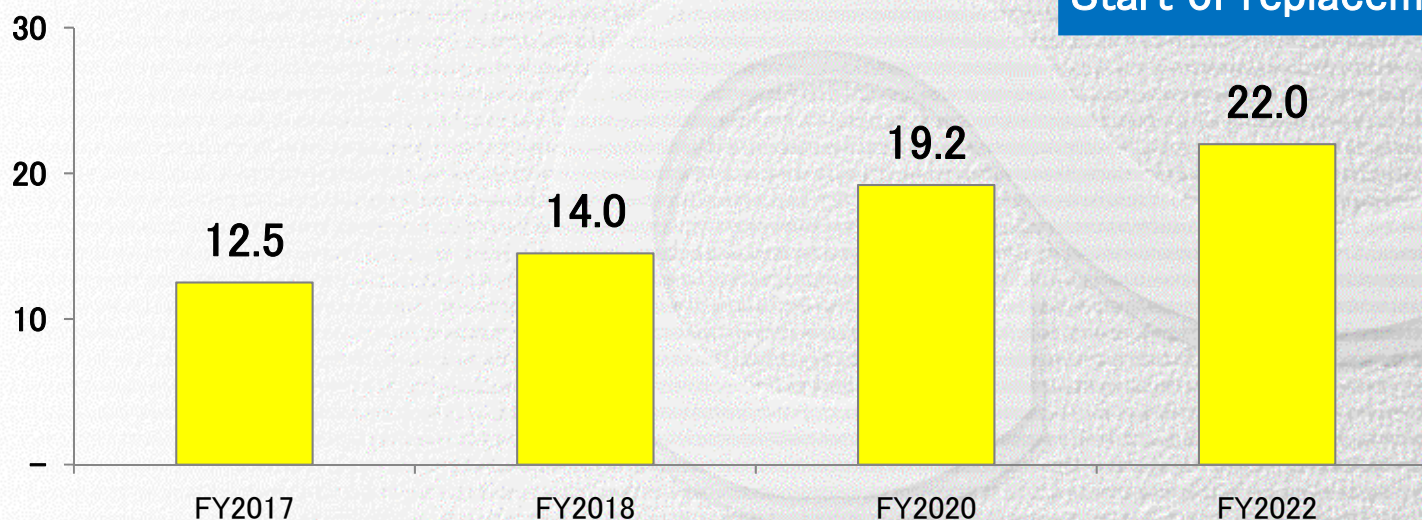
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Information & Communication system

- ① Establishment of business model of disaster prevention by coordination with fire-fighting equipment utilizing the strengthening of fire-fighting business
- ② Strengthening of development of stock business
- ③ Active development of private demand
- ④ Capture and expansion of business by cross divisional activity

- Business development envisaging the replacement demand for FY2021 and thereafter

(Billions of yen) 【Net sales】



(5) II-2. Strengthening of business foundation of electronic devices

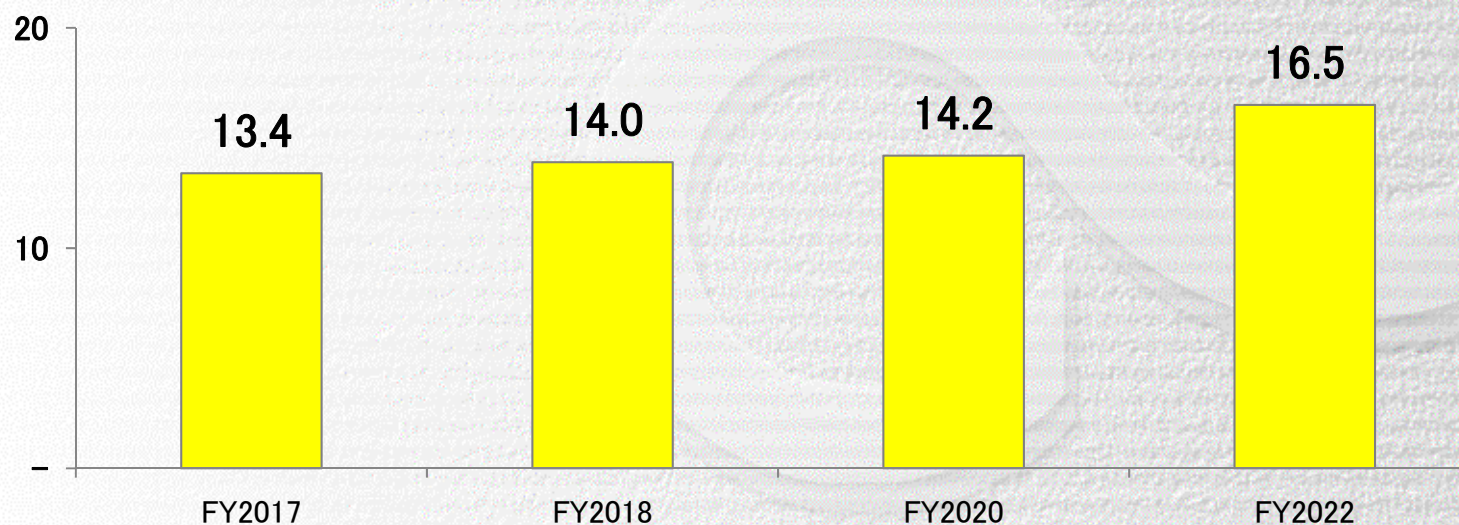
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Electric devices

- ① Restart of new business development
- ② Speedup of cost reduction activity
- ③ Expansion of Chinese business
- ④ Strengthening of production management system. (including IT investment)
- ⑤ New establishment of Kobe Branch for dealing with customers
- ⑥ Creation of new business by our own products

● FY2022 Net sales 16.5 billion yen

(Billions of yen) 【Net sales】



(5) III. Promote cost reduction to meet the goal of operating income ratio for more than 10%

FUJITSU GENERAL LIMITED

Promote cost reduction

- ① Promote “AKASURI campaign”
- ② Cost reduction/VE, Promotion of In-house production
- ③ Quality improvement
- ④ Reduce the wastes of inventory assets by half
- ⑤ Strengthen manufacturing (“monozukuri”)
- ⑥ Innovate IT system



Enhance management of changing supplier market

(Organized “Cost Improvement Division”)

- VE : selecting main models and faster release
- multiple supplier for parts procurement
- Taking added value by expanding in-house production
- Acceleration of taking alternative materials

Efforts in sales

- Absorbing fixed cost by expanding sales
- Improve product mix (Expand sales of high-end products and large-sized systems)
- Improve brand image (Increase sales price)

(5) IV. Generate cash flow

FUJITSU GENERAL LIMITED

① Promote operational efficiency

- ◇ Promote CCC improvement
(Target: shorten more than 15% versus FY2017 in FY2022)
 - Improve inventory turnover period, shorten collection period

② How to use the cash

- ◇ Investment for growth (strengthen R&D, improve peripheral equipment, develop sales, etc.)
 - ⇒ Consider M&A
- ◇ Shareholder returns: sustainable and stable profit distribution.
Target a dividend payout ratio of 20% for the time being
(Target 30% in the future)
- ◇ Investment in human resources
(human resources development, increase motivation)

V. Promoting and strengthening the management to think of and make use of persons

FUJITSU GENERAL LIMITED

Realization of a workplace that keeps employees' high spirit and to tackle our reform

◇ Motivate employees and improve their productivities

① Health management

(Certified as “white-500” in February 2018)

② Reduce overtime work

(already finished review of agreement for overtime work)

③ Education/ Training

④ Enrichment of welfare benefits

⑤ Promote diversity

Financial Results for FY2017 and Medium-term Management Policy

-END-

FUJITSU GENERAL LIMITED