

To Our Shareholders and Investors

Promoting Global Business Activities by Taking Advantage of the Group's Strengths in Our Efforts to Further Raise Our Corporate Value

China Market Stagnates While Other Markets Remain Strong

The demand environment of the elevator and escalator market was stable with the global economy undergoing modest growth. North America experienced a robust market environment due to economic growth, while Asian countries also saw steady demand. However, the world's largest market for elevators and escalators in China has been a difficult market due to decelerating growth. Under these conditions, the Fujitec Group continued to regard China as its most important market and proactively promoted various measures in an effort to expand operations.

Meanwhile, Japan saw a steady market environment mainly in hotels and distribution facilities. Additionally, the modernization sector, which updates older elevator and escalator systems, enjoyed strong sales of product packages for replacing control devices with the latest models. We will continue to accelerate measures for enhancing our presence and increasing our shares of the global and Japanese markets.

Record-High Net Sales and Operating Income Achieved in Japan for Two Consecutive Fiscal Years

Our consolidated performance for the fiscal year ended March 31, 2018 is as follows. Consolidated net sales increased 0.8%

year over year to ¥168,795 million, with domestic net sales of ¥64,935 million, up 3.4%, and overseas net sales of ¥103,860 million, down 0.8%. Operating income fell 15.9% year over year to ¥10,665 million, achieving the target that was revised in the middle of the term.

Looking at performance by segment, both sales and profits rose in Japan due to an increase in orders for the new installation business and a rise in profits from our after-sales market business. As a result, we achieved record-high net sales and operating income in Japan for the second consecutive fiscal year.

In North America, sales increased due to orders received for modernization in addition to the increased frequency of orders for new installations, mainly in major U.S. cities. Both sales and profits were up in South Asia due to steady performance in Malaysia and Indonesia along with an expansion of our after-sales market business in Singapore.

In East Asia, our performance was strong in Hong Kong and Taiwan. In China, although we received orders for a record number of elevators and escalators, both sales and profits decreased due to a decline in sales prices, which was attributed to the fierce competition for orders, as well as rising materials costs. While the Chinese market continues to be tough, we will strive to increase orders by taking appropriate measures that correspond with the market environment.

● Business Results (Fiscal Years Ended March 31)

	2017	2018	Percentage Change (%)
Net sales	167,442	168,795	0.8
Domestic	62,798	64,935	3.4
Overseas	104,644	103,860	(0.8)
Operating income	12,687	10,665	(15.9)
Ordinary income	13,110	11,911	(9.1)
Profit attributable to owners of parent	8,564	8,857	3.4

Toward the Achievement of Targets under the Mid-Term Management Plan

The three-year Mid-Term Management Plan “No Limits! Push Forward Together!” got underway in April 2016. Under this plan, we aim to provide safe and reliable products to people around the world for sustainable enhancement of our corporate value in the global market.

For the fiscal year and final year of the management plan ending March 31, 2019, our targets are net sales of ¥170,000 million and operating income of ¥10,300 million. To achieve these targets, we have undertaken various measures for both the global market and the Japanese market under the following four key objectives of the action vision: 1) Increase Fujitec’s market share by identifying and supporting specific regional needs; 2) Increase competitiveness through the unification of product specifications; 3) Innovate procurement systems and establish a new global network for product design; and 4) Enhance the quality of Fujitec’s corporate management.

Proactively Carrying Out Business Activities by Anticipating Market Needs

To increase Fujitec’s market share and support specific regional needs, we are making efforts to receive orders from high-profile projects in global and Japanese markets. Our most recent achievement is the order received for high-speed elevators traveling at 720 meters per minute for the Snowland Project in Zhangjiakou, the site of the 2022 Beijing Winter Olympics and Paralympics. Running through the mountain, this will be the world’s longest traveling elevator with a distance of 638 meters when complete.

In Japan, demand is expected for tourism-related facilities for inbound visitors and we are striving to strengthen our sales activities to win orders. With strong demand for modernization, we are making product proposals matched to customer requests.

Commencing Full-Fledged Sales of Global Standard Elevators

To increase competitiveness through the unification of product



Takakazu Uchiyama
President and Chief Executive Officer

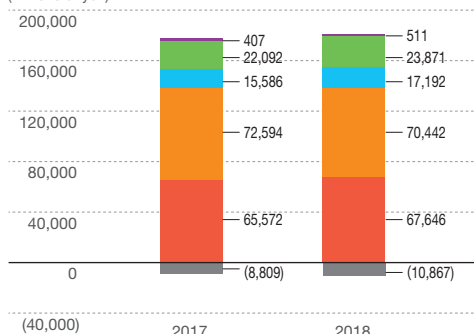
specifications, we are consolidating our global standard elevators into ZEXIA (with machine room) and REXIA (without machine room) for release to the global market. For escalators, we have developed a new method in which a new escalator is retrofitted to the existing truss (structure that supports the weight of the escalator and movable load) and began sales in Japan and the global market.

To innovate procurement systems and establish a new global network for product design, we are working to reduce costs by standardizing components and purchasing in bulk to respond to the commercialization of global standard elevators.

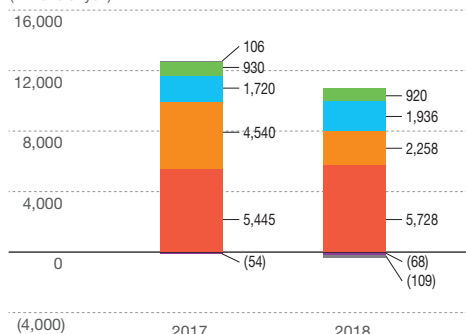
As part of our efforts to establish a new flow of commerce on a global level, a new logistics site was set up in Shanghai.

● Performance by Segment (Fiscal Years Ended March 31)

Net Sales
(Millions of yen)



Operating Income
(Millions of yen)



To Our Shareholders and Investors

Further, we are building an information network that connects sales and manufacturing sites worldwide to make the best use of design resources within the Fujitec Group.

To enhance the quality of Fujitec's corporate management, we are working to create a better workplace environment featuring smartphones and internally developed applications.

Increase in Sales and Decline in Profits Expected in the Fiscal Year Ending March 31, 2019

In the fiscal year ending March 31, 2019, the elevator and escalator market in Japan is expected to see steady demand in the Tokyo metropolitan area, where large-scale development projects are ongoing. Demand in North America and South Asia is anticipated to remain strong overall. In East Asia, however, profitability is expected to continue to decline due to the fierce price competition in China.

Under these conditions, we expect both sales and profits to rise in Japan due to strong demand. In East Asia, both sales and profits are likely to decline due to rising costs in South Korea in addition to the harsh environment in China. Profits are also anticipated to decline in South Asia because of stagnant demand in Singapore and other countries despite expected growth in demand in India. In North America, demand is expected to remain strong and an increase in profits is anticipated mainly in the service business. In Europe, sales are expected to decrease due to the sell-off of a subsidiary in Germany.

Given these factors, we are projecting an increase in net sales of 0.7% year on year and a decline in operating income of 3.4% year on year.

Annual Dividends of ¥42 Planned for the Fiscal Year Ending March 31, 2019

Thanks to the support of our shareholders and investors, we

celebrated our 70th anniversary on February 9, 2018, and I hereby express my sincerest gratitude.

With regard to profit distribution, our basic policy for paying dividends is to regard enhancement of the return of profit to our shareholders as our top management priority. At the same time, we balance the need to retain internal reserves to ensure the long-term stability of the company's foundation. We will continue to allocate internal reserves effectively for activities that raise our corporate value, for example, making capital investments in growth fields, funding investments and financing for our global business expansion and investing in R&D. Fujitec also executes repurchases of treasury stock.

For the fiscal year ended March 31, 2018, reflecting the consolidated results for the fiscal year, the year-end cash dividends amounted to ¥20 per share, including an ordinary dividend of ¥15 and a 70th anniversary commemorative dividend of ¥5. Combined with the interim dividend of ¥15 per share, total dividends per share amounted to ¥35 for the fiscal year. For the fiscal year ending March 31, 2019, we plan to pay dividends of ¥42 per share in total.

We will continue to promote global business activities by taking advantage of the strengths of the Fujitec Group in our efforts to further raise our corporate value. We hope our shareholders and investors will continue to lend us their support and cooperation.

June 22, 2018



Takakazu Uchiyama
President and Chief Executive Officer

● Targets by Segment for Fiscal Year Ending March 31, 2019

	(Millions of yen)		
	Net Sales	Operating Income	Operating Margin (%)
Japan	71,000	5,800	8.2
East Asia	68,000	1,800	2.6
South Asia	17,000	1,800	10.6
North America	24,000	1,100	4.6
Europe	300	0	—
Total	180,300	10,500	5.8
Reconciliations	(10,300)	(200)	—
Consolidated	170,000	10,300	6.1

● Annual Dividends (Fiscal Years Ended March 31)

