

# New Mid-Term Management Plan

For Achieving Sustainable Growth of Our Corporate Value

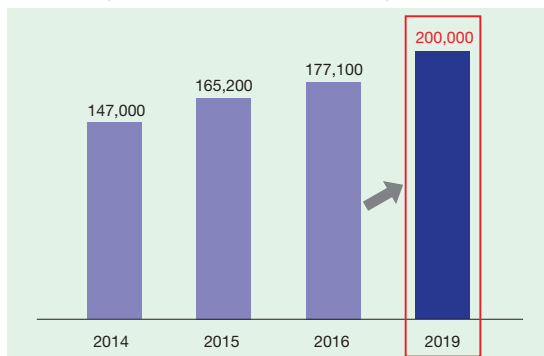
# No Limits!

## Push Forward Together!

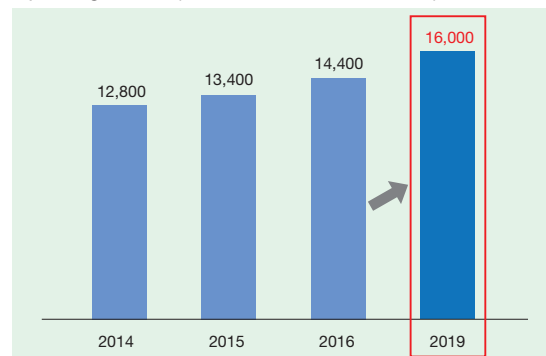
### Target Management Indicators

Our target management indicators for the fiscal year ending March 31, 2019, which is the final year of the Mid-Term Management Plan, are net sales of ¥200,000 million, operating income of ¥16,000 million and an operating margin of 8.0% on a consolidated basis.

Net Sales (Fiscal Years Ended March 31) (Millions of yen)



Operating Income (Fiscal Years Ended March 31) (Millions of yen)



Fujitec launched a new three-year Mid-Term Management Plan, “No Limits! Push Forward Together!” This slogan conveys our strong resolve to do our best together to achieve our goals rather than merely maintaining the status quo. In the fiscal year ending March 31, 2019, the final year of the plan, we aim to achieve net sales of ¥200,000 million and operating income of ¥16,000 million.



## Mid-Term Management Plan (FY2016 to FY2018)

### 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.
4. Enhance the quality of Fujitec's corporate management.

## Action Vision

We have set the following four key objectives to achieve the targets.

### Regional Strategy

Increase Fujitec's market share by identifying and supporting specific regional needs.

- Aim for market share expansion by providing products and services respectively matched to mature markets and emerging country markets.
- Strive to improve the level of customer satisfaction and enhance the Fujitec brand by receiving orders for high-profile projects.

### Product and Technology Strategy

Increase competitiveness through the unification of product specifications.

- Aim for higher competitiveness through a strong supply chain by unifying and standardizing products.
- Internally manufacture and raise the production efficiency of primary devices and strengthen forward-looking R&D.

### Operation Strategy

Innovate procurement systems and establish a new global network for product design.

- Promote bulk procurement and establish a structure that maximizes global design resources.
- Accelerate initiatives to promote unified operation of the escalator business while strengthening the modernization business.

### Corporate Strategy

Enhance the quality of Fujitec's corporate management.

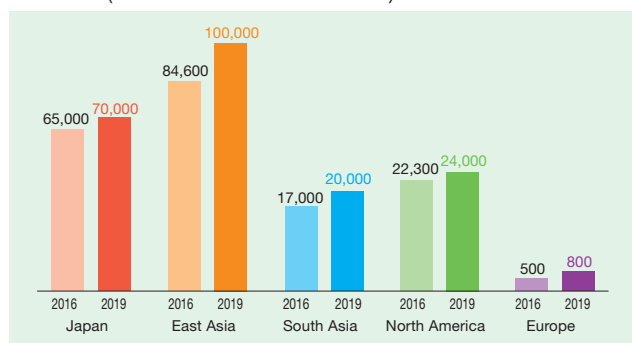
- Raise the quality of management by strengthening corporate governance; establish and improve IT-based infrastructure; support the development of global human resources; and implement initiatives to ensure safety and security of products and services.

## Segment-Specific Targets

For the fiscal year ending March 31, 2019, we aim to increase both sales and profits in all segments.

Net Sales (Fiscal Years Ended March 31)

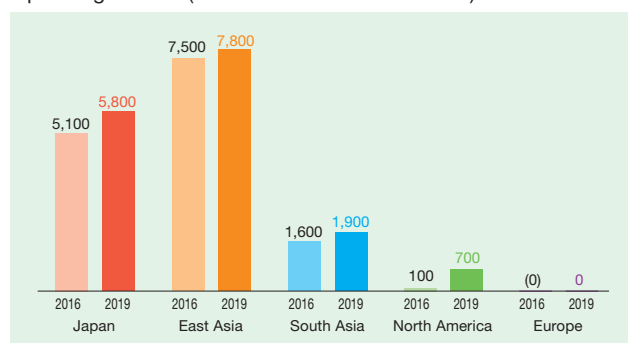
(Millions of yen)



Excluding reconciliations

Operating Income (Fiscal Years Ended March 31)

(Millions of yen)



Excluding reconciliations

## Regional Strategy

### East Asia

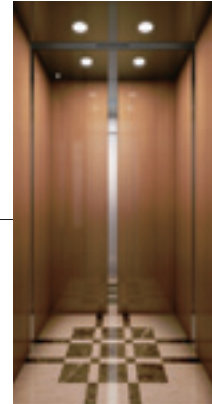
#### China

- Strengthen the sales network and improve cost competitiveness
- Supply standard models globally

#### Hong Kong, Taiwan and Korea

- Focus on the modernization business in Hong Kong
- Supply modernization equipment globally from Taiwan
- Supply custom-made models globally from Korea

In East Asia, we will strive to increase our market share in China (the world's largest market) by strengthening our sales network and improving our product development capabilities and cost competitiveness. In the mature markets of Hong Kong, Taiwan and Korea, we will focus on the promotion of the modernization business. We will also establish a global-market supply chain in which we will deliver standard models of elevators and escalators from China, custom-made elevators from Korea and modernization equipment from Taiwan.



### South Asia

- Invest management resources in India and the ASEAN region
- Expand production capacity in India

In South Asia, we will invest our management resources in India and the ASEAN region, where growth is expected. We will aim to strengthen our presence by further expanding our elevator production capacity in India and improving our capabilities in developing and supplying products that can also be offered to markets such as the Mekong area. In Sri Lanka, where we established our subsidiary in 2014, we received an order for 16 elevators and escalators for the Lotus Tower (height: 350 meters), a TV tower that will be the tallest in the country when it is completed.

### North America and Europe

- Carry out sales activities to win orders for new installations in large cities
- Focus on expanding businesses in the after-sales service market

In North America and Europe, we will aim for stable profitability by expanding the new installation business in large cities and reinforcing our foundation in the after-sales service market mainly in the modernization business. In New York, we have received an order for 14 elevators for One Manhattan Square, a multi-purpose high-rise building. We will continue to accelerate activities for receiving orders in New York and other large cities.

### Japan

- Raise profitability and increase market share in the new installation business
- Focus on the modernization business

In Japan, we will aim to improve profitability through cost reduction measures and increase our market share in the new installation business. In the after-sales service market, we will continue to focus on the modernization business to reinforce our revenue base.



# Product and Technology Strategy

## Concept Improving market competitiveness with global models

### Product strategy

- Integrate products across global production bases (elevators, escalators and modernization)

### Technology strategy

- Develop technologies for equipment that supports the product lineup
- Carry out forward-looking R&D

In each product category, namely elevators, escalators and modernization, we will enhance our market competitiveness by integrating products among global production bases, including Japan. In addition, we will improve our price competitiveness and create new product value by developing technologies for equipment that supports the product lineup by carrying out forward-looking R&D.

## Operation Strategy

- Promoting procurement through global bulk purchasing
- Building a global design network
- Promoting unified operation of the escalator business
- Promoting the global modernization business



We will aim to reduce purchase costs and logistics costs by promoting procurement innovation through bulk purchasing by the entire Fujitec Group. In addition, we will build a global design network to support the design resources the Fujitec Group possesses. In the escalator business, we will promote unified operation at production bases in China and Japan. At the same time, we will promote the global modernization business centering on Taiwan.

## Corporate Strategy

- Strengthening corporate governance
- Strengthening the development of global human resources
- Strengthening the establishment of IT-based infrastructure
- Implementing initiatives for safety and quality



Based on our basic policy on corporate governance, we will build a governance structure that is highly ethical and transparent and will strengthen our internal control and risk management systems. We will also strengthen our global management structure and promote the establishment of the Fujitec Group's IT infrastructure by leveraging the latest information technologies.

For the development of global human resources, we will strive to enhance our training programs by encouraging employees all over the world to share the same set of values while respecting their expertise and diversity so that we can contribute to customers and society.

With regard to initiatives for safety and quality, we will continue to ensure safety by further improving our field technologies for elevator and escalator installation and maintenance. At the same time, we will build a quality assurance system for our products on a global scale.