

**FUJITEC CO., LTD. (TSE 1 ⓄSE 1 code 6406 )**  
**FY2008 First Half Year Financial Results**

November 13, 2007

**FUJITEC**

# Contents

1. Topics of 1<sup>st</sup> Half of FY March 2008

2. Summary of Results for 1st Half of FY March 2008

3. Plan of 2<sup>nd</sup> Half and Forecast for FY March 2008

4. Business Strategy and Its Progress

5. Summary of Medium-term Business Plan



# 1. Topics of 1st Half of FY March 2008

## Topics (1) : Incident and Progress Report

- Report on progress in emergency inspections and reinforcement work on elevators
  - June '07: Completed emergency inspections and repairs of 36,000 elevators to deal with problem of broken strands in elevator ropes
  - June '07: Reinforced elevator parts due to insufficient strength of some parts
    - Completed work on 557 of the 560 elevators requiring reinforcement
    - Posted a 400 million yen special loss for reinforcement work, etc.
    - Follow up by a third-party investigative committee  
(Reviewed quality control system, took disciplinary actions against directors and employees responsible for the incident, claimed compensation to the suppliers for damages)
  - September '07: Emergency inspections caused by sheave wear
  
- Reinforced internal control and compliance systems !
  - We seriously accept the recent series of incidents as a warning and instituted measures to further strengthen internal control systems
  - Established Internal Audit Office
  - Reinforce corporate governance system (appointed three outside directors)

## Topics (2) : Review of Business

### ■ Business environment

- Domestic :Steadily growing private sector demand continues to show strong growth  
Receipt of orders in the first half decreased as a result of insufficient strength in steel plates of elevators, and other issues. We expect order volume recovery and brand image restoration in the second half.
- Overseas :In the U.S. demand for apartment buildings will decline, but demand for offices and commercial facilities is expected to remains firm.  
China will see continued growth of across-the-board market demand, including apartment buildings, offices and commercial facilities.  
South Asia demand will rise, lifted by economic growth.
- Unit prices and costs :Unit prices and costs still remain under pressure due to intensified competition and escalating raw material costs.

### ■ MEBO

- April 23: Received a MEBO proposal from Dalton Investments LLC.
- May 9: Submitted a questionnaire to Dalton Investments
- October 9: Received a reply from Dalton Investments → Fujitec is now preparing a response to Dalton Investments

## Topics ③ ) Summary of Results

Posted a special loss of direct costs totaling 400 million yen (actual and estimated amount) incurred in the reinforcement work. Order receipt volume projected at the beginning of this fiscal year is affected.

Non-consolidated (Domestic )

We are focusing on the award volume in the 2<sup>nd</sup> half to reach the long-run target.

Favorable progress due to the receipt of orders for large symbolic projects thanks to economic expansion in China and South Asia.

Consolidated (Overseas )

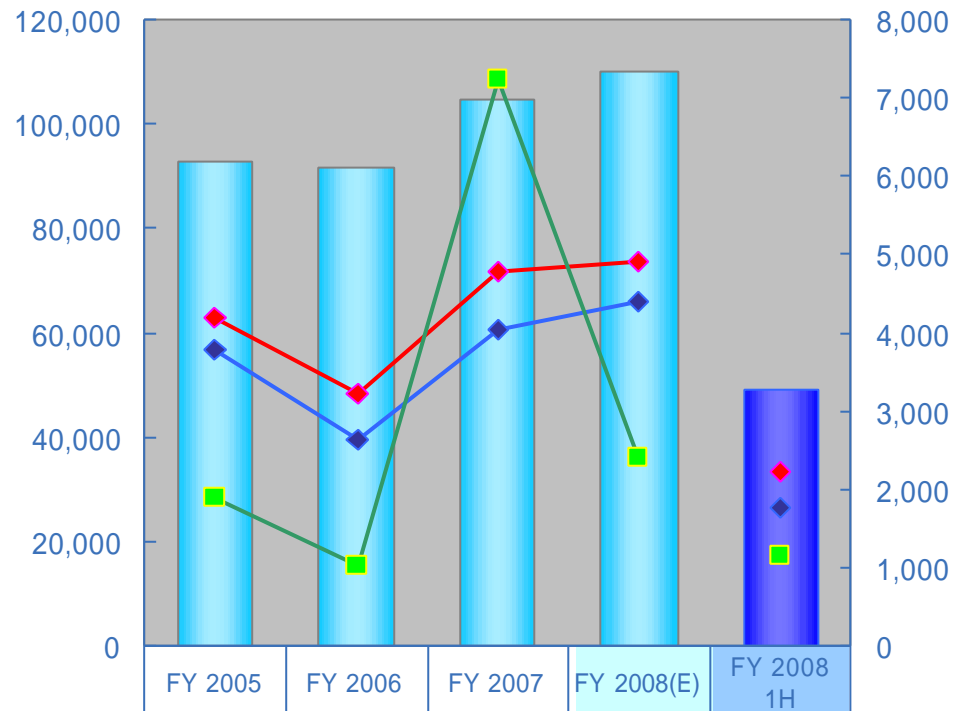
(million yen )

	Consolidated		Non-consolidated	
	Amount	YoY	Amount	YoY
Sales	49,065	4.6%	22,180	1.4%
Operating income	1,751	7.2%	644	26.9%
Ordinary income	2,217	7.5%	2,248	29.6%
Net income	1,157	82.7%	1,162	83.0%
EPS (1 <sup>st</sup> half )	12.36 yen	(Previous year 6.76 yen )	12.42 yen	(Previous year 6.78 yen )

# Results (Consolidated)

## Sales / Income

(million yen)



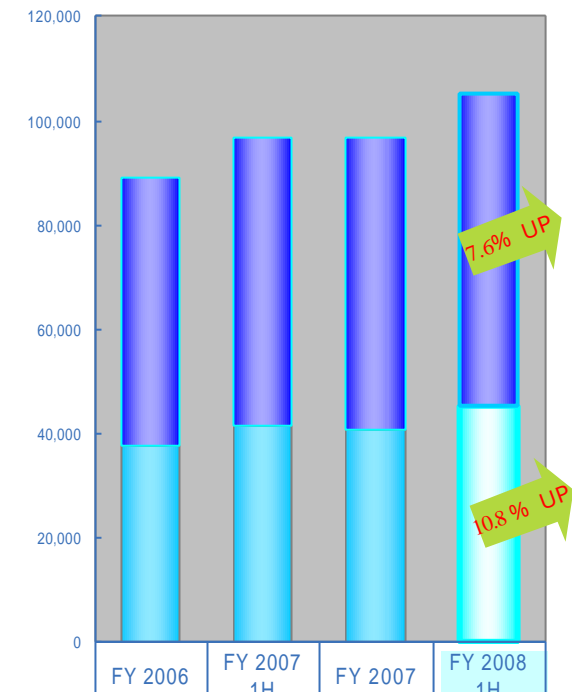
■ Sales(Left)	92,704	91,627	104,716	110,000	49,065
◆ Operating income(Right)	3,792	2,634	4,037	4,400	1,751
◆ Ordinary income(Right)	4,203	3,214	4,772	4,900	2,217
■ Net income(Right)	1,896	1,021	7,245	2,400	1,157

Special gain such as sales of fixed assets

Downward revision by 300 million yen

## Order backlog (half-year base)

(million yen)



■ Order backlog(overseas)	51,459	55,019	55,749	59,957
■ Order backlog(domestic)	37,599	41,866	40,863	45,257

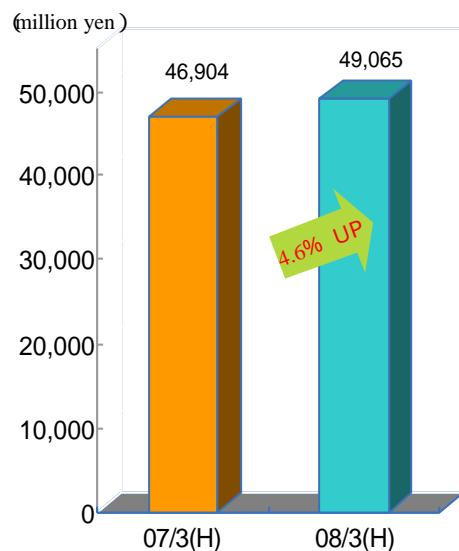


## 2. Summary of Results for 1st Half of FY March 2008

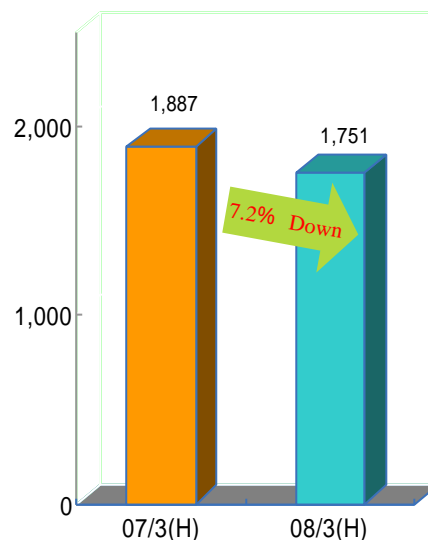


# FY 2008 1H Summary of Results (Consolidated)

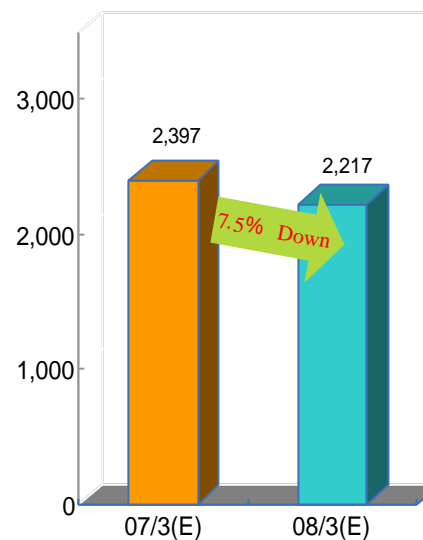
## Sales



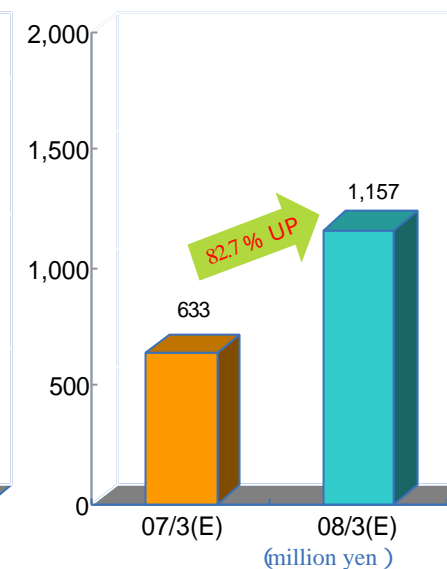
## Operating income



## Ordinary income



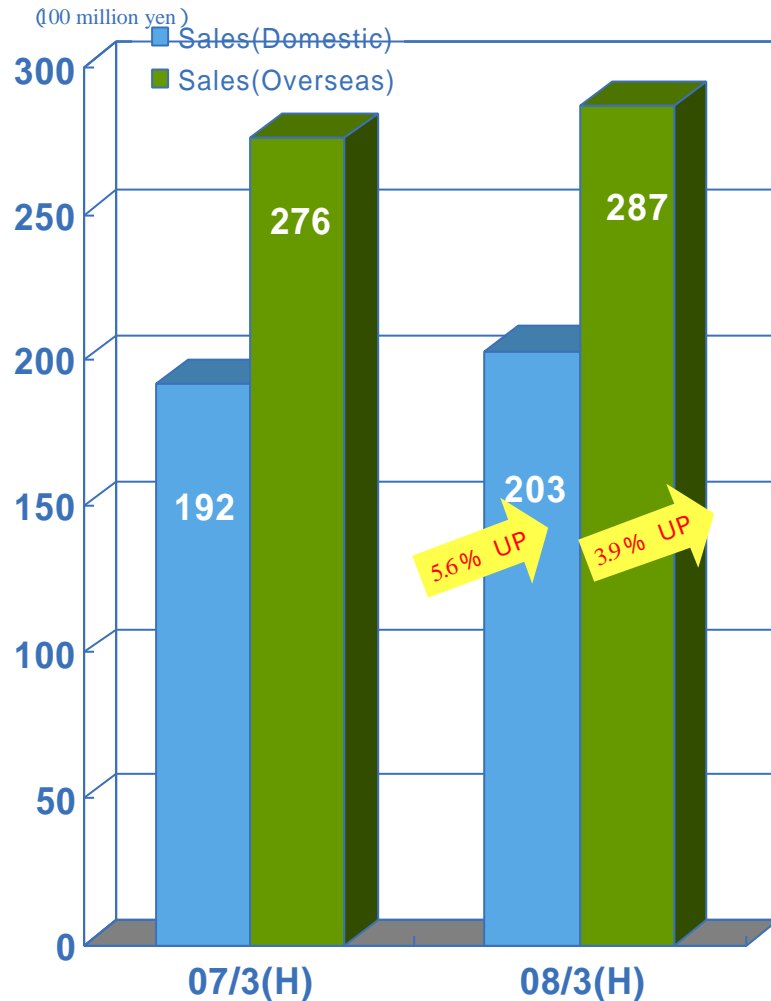
## Net income



	FY 2007 1H	Forecast at the beginning of FY2008	FY 2008 1H	YoY(±%)	Comments
<b>Sales</b>	<b>46,904</b>	<b>49,000</b>	<b>49,065</b>	<b>4.6%</b>	Comparison of YoY : Domestic 5.6%, Overseas 3.9%
<b>Gross profit</b>	<b>9,216</b>		<b>9,474</b>	<b>2.8%</b>	Gross margin 19.3%, 0.3 points YoY
<b>SG &amp; A expenses</b>	<b>7,328</b>		<b>7,722</b>	<b>5.4%</b>	SG&A expenses ratio 15.7%, +0.1 points YoY
<b>Operating income</b>	<b>1,887</b>	<b>1,700</b>	<b>1,751</b>	<b>7.2%</b>	Operating margin 3.6%, 0.4 points YoY
<b>Ordinary income</b>	<b>2,397</b>	<b>2,000</b>	<b>2,217</b>	<b>7.5%</b>	Ordinary margin 4.5%, 0.6 points YoY
<b>Net income</b>	<b>633</b>	<b>1,400</b>	<b>1,157</b>	<b>82.7%</b>	Special loss for product improvement 400 million yen
<b>EPS (yen)</b>	<b>6.76</b>	<b>14.96</b>	<b>12.36</b>	<b>82.8%</b>	

\* Average dollar-yen exchange rate :120yen for 1st half and 118 yen for the full-year(Assumed)

# FY 2008 1H Domestic and Overseas Sales

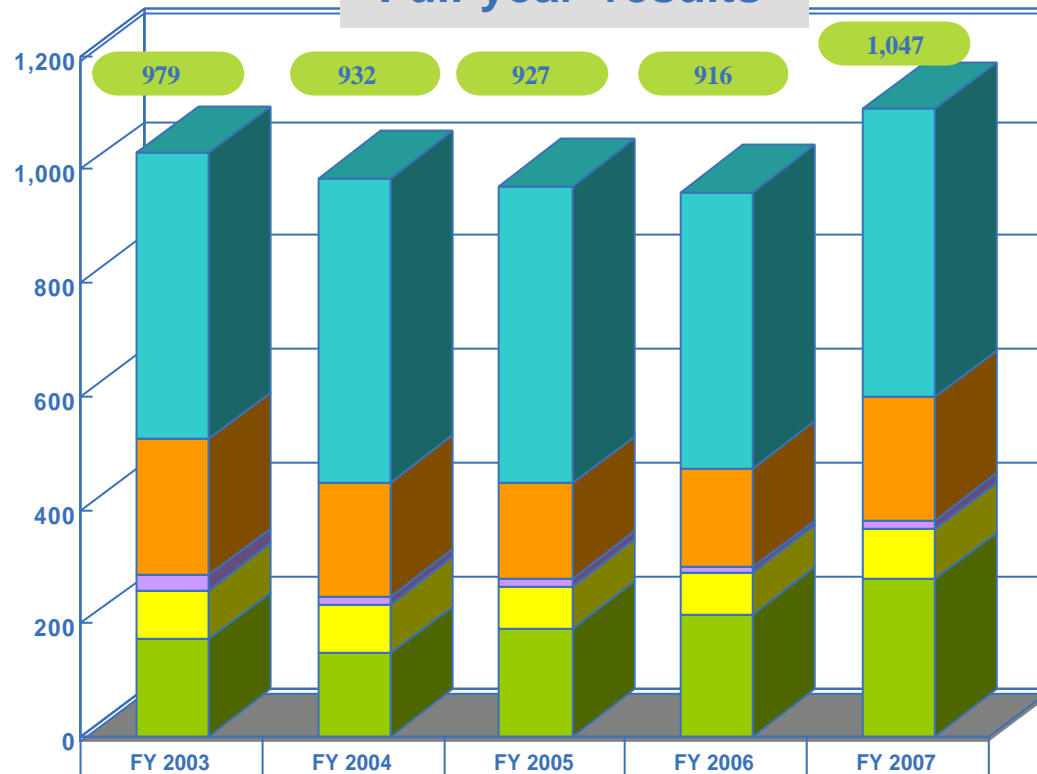


- Sales :49 billion yen (YoY 4.6% )
  - **Domestic** :YoY 5.6%  
Expansion of new construction demand (condos, shopping malls etc.)  
•Sales expansion of standard elevators without machine rooms Exceed- ↓
  - Demand for modernization  
•Sales expansion of renewal package
  - **Overseas** :YoY 3.9%  
Demand expansion in Asia, especially South Asia.
  
- Order backlog :105.2 billion yen (YoY 8.9% )
  - Domestic 10.8% (2Q slowdown )
  - Overseas 7.6%

# FY 2008 1H Sales by Region

(100 million yen)

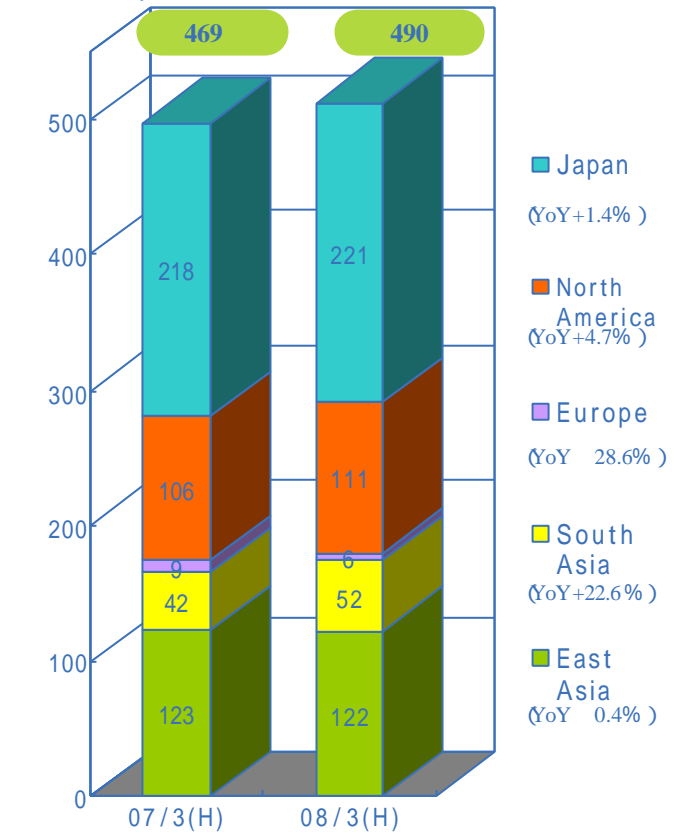
## Full-year results



Japan	505	537	523	486	507
North America	240	200	168	175	216
Europe	25	14	13	9	17
South Asia	87	86	74	74	87
East Asia	172	148	192	216	278

## Half-year results

(100 million yen)



- Japan  
(YoY+1.4%)
- North America  
(YoY+4.7%)
- Europe  
(YoY -28.6%)
- South Asia  
(YoY+22.6%)
- East Asia  
(YoY -0.4%)

## FY 2008 1H Sales and Operating Income by Region

(100 million yen)

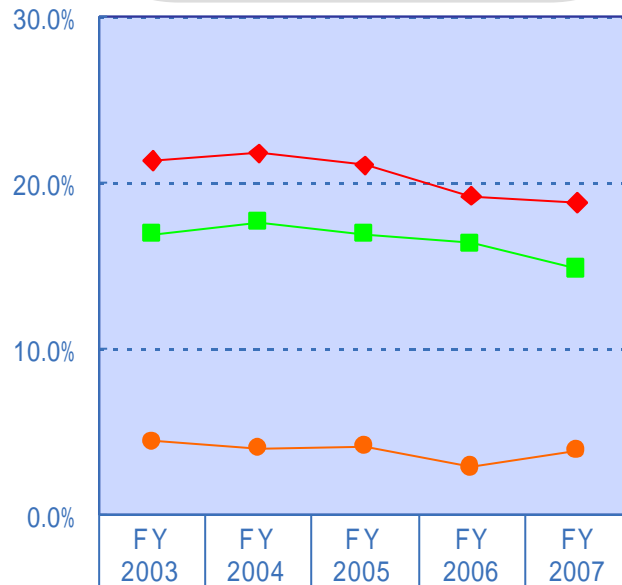
	Sales			Operating income		
	FY 2008 1H	FY 2007 1H	YoY (%)	FY 2008 1H (margin %)	FY 2007 1H (margin %)	YoY
Japan	221	218	1.4%	6.4 (2.9%)	5.0 (2.3%)	↑ 1.4
North America	111	106	4.7%	0.8 ( 0.8%)	1.7 ( 1.6%)	↑ 0.9
Europe	6	9	28.6%	0.0 (0.3%)	0.1 ( 1.4%)	↑ 0.1
South Asia	52	42	22.6%	4.9 (9.3%)	3.9 (9.1%)	↑ 1.0
East Asia	122	123	0.4%	7.1 (5.8%)	12.5 (10.2%)	↓ 5.4
Subtotal	515	500	-	17.6	19.6	
Intra-company transaction	24	31	-	0.1	0.8	
Consolidated	490	469	4.6%	17.5	18.8	
			<b>Operating margin</b>	<b>3.6%</b>	<b>4.0%</b>	

- **Japan :** Operating margin improved owing to increase of modernization and repair works
- **North America & Europe :** reduction of operating loss continued thanks to selection and focus on profitable sale
- **South and East Asia :** In South Asia, profits increased in accordance with sales increase. In China, operating margin decreased due to fierce price competition and hike in raw materials price.

# Financial Ratios

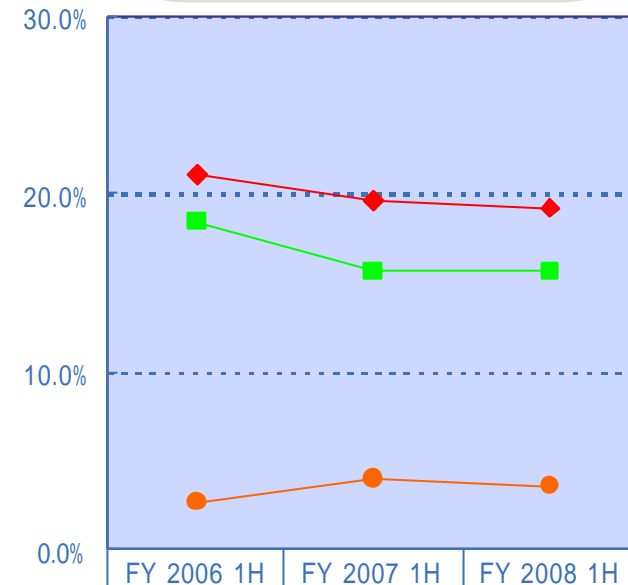
## Gross margin, SG&A expenses ratio, operating margin

### Full-year results



◆ Gross margin	21.3%	21.7%	21.0%	19.2%	18.7%
■ SG&A expenses ratio	16.9%	17.7%	16.9%	16.3%	14.8%
● Operating margin	4.4%	4.0%	4.1%	2.9%	3.9%

### Half-year results



◆ Gross margin	21.1%	19.6%	19.3%
■ SG&A expenses ratio	18.5%	15.6%	15.7%
● Operating margin	2.6%	4.0%	3.6%

# FY 2008 1H Consolidated B/S, CF

(million yen)

	FY 2007	FY 2008 1H	Change %	Comments
<b>Current assets</b>	75,832	71,516	5.7%	
Cash & deposits	23,317	19,467	16.5%	Used for repayment of short-term borrowings
Notes and accounts receivable	29,984	28,297	5.6%	
Inventories	16,964	21,365	25.9%	Buildup for sales increase in 2H
Others	5,566	2,385	57.1%	Decrease of accrued revenue due to proceeds of land sales
<b>Fixed assets</b>	47,056	46,577	1.0%	
Tangible fixed assets	29,108	29,088	0.1%	
Intangible fixed assets	4,166	4,344	4.3%	
Investment & others	13,782	13,144	4.6%	
<b>Total assets</b>	122,889	118,093	3.9%	
<b>Current liabilities</b>	42,521	36,962	13.1%	
Notes and accounts payable	12,537	12,430	0.9%	
Short-term borrowings	13,140	8,115	38.2%	Decrease of short-term borrowings in Japan and North America
Advance received	6,160	7,960	29.2%	
Others	10,683	8,456	20.8%	Decrease of accrued liability for equipment
<b>Fixed liabilities</b>	8,580	8,435	1.7%	
<b>Net assets</b>	71,786	72,695	1.3%	
<b>Equity ratio %</b>	54.3%	57.3%	-	
<b>Liabilities and net assets</b>	122,889	118,093	3.9%	

(million yen)

	FY 2007 1H	FY 2008 1H
Operating cash flow	889	876
Investing cash flow	2,111	1,012
Free cash flow	1,222	135
Financing cash flow	637	6,625
Cash & cash equivalents at end	18,720	12,502

## Repayment of short-term borrowings

5.3 billion yen

### 【Operating cash flow】

Posting of net income before taxes, depreciation and  
Increase of inventories etc.

### 【Investing cash flow】

Collection of proceeds of land sales 3.3 billion yen  
Acquisition of fixed assets 1.9 billion yen  
Time deposits 2.3 billion yen

### 【Financing cash flow】

Repayment of short-term borrowings and payment of  
dividends etc. 5.9 billion yen



### **3. Plan of 2nd Half and Forecast for FY March 2008**

# Progress of Full-year Forecast

(100 million yen)

	Full-year forecast revised on October 23,2007	1H results	2H plan	1H/Full-year (%)
Sales	1,100	490	610	44.5%
Domestic	480	203	277	42.3%
Overseas	620	287	333	46.3%
Operating income	44	17	27	38.6%
Ordinary income	49	22	27	44.9%
Net income	24	11	13	45.8%
Orders received	1,130	552	578	48.8%



# Forecast for FY2008

(million yen )

Non-consolidated	FY 2007 Actual	FY 2008 Forecast	YoY
Sales	50,797	53,000	4.3%
Operating income	1,058	1,200	13.3%
Ordinary income	2,305	2,800	21.5%
Net income	5,481	1,400	74.5%
EPS	58.55 yen	14.96 yen	

Consolidated	FY 2007 Actual	FY 2008 Forecast	YoY
Sales	104,716	110,000	5.0%
Operating income	4,037	4,400	9.0%
Ordinary income	4,772	4,900	2.7%
Net income	7,245	2,400	66.9%
EPS	77.32 yen	25.58 yen	

\* Average dollar-yen exchange rate :118 yen (assumed)

## Launch of new medium-term business plan

### “Regeneration for Quality”

Strengthening the trust of customers by prioritizing safety and quality

Supply products that are number-one on a global scale

Reform the corporate structure to build a sound base for sustained growth

## Capital investment

FY 2007 4.7 billion yen (Japan 3.4 billion yen, South and East Asia 1.2 billion yen, North America 0.1 billion yen )

**FY 2008 Plan 2.4 billion yen** (Japan 1.7 billion yen, South and East Asia 0.6 billion yen )

## Dividend

FY 2007 12 yen (Interim 5 yen, year end 7 yen

= Ordinary 5 yen+ extra 2 yen )

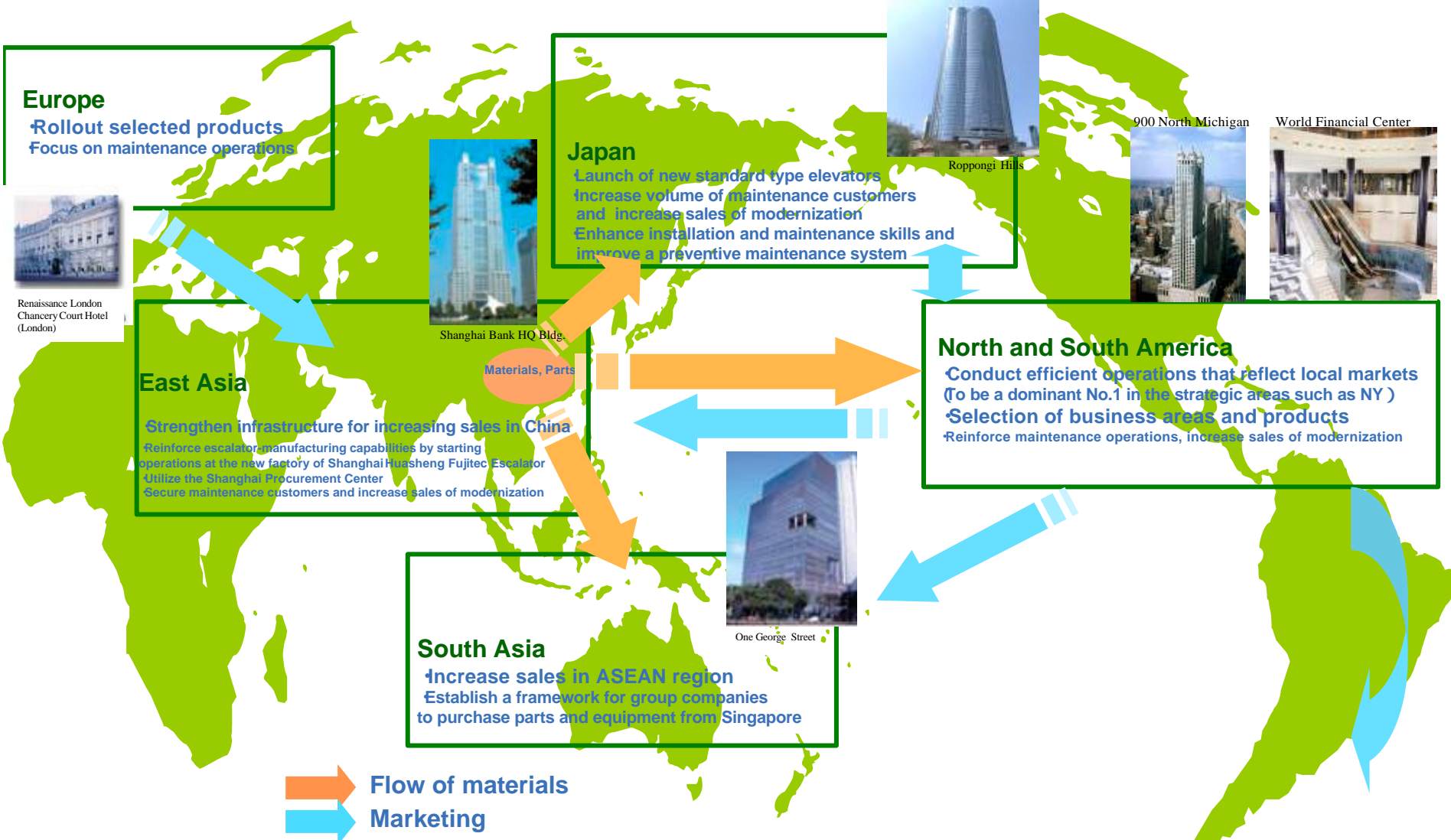
**FY 2008 Plan 12 yen** (Interim 5 yen, year end 7 yen

= Ordinary 5 yen+commemorative 2 yen )



## 4. Business Strategy and Its Progress

# Global Strategy



## Domestic Strategy (1)

- Spring 2008: Launch new products (new standard elevator model)
  - Order acceptance to start from next fiscal year
  - A strategic product that is competitive in price and will give Fujitec a competitive edge in technology and quality
- Rebuild the brand featuring “Safety and Security.”
  - Reinforce quality control system
  - Improve field technology (maintenance)
  - Separate maintenance and periodic inspection divisions
  - Reinforce Customer Satisfaction (CS)



## Domestic Strategy (2)

- Respond proactively to expanding demand in Japan for modernization and maintenance

R&D of new products to be concentrated in head office, **Big Wing**

- Response to modernization will be handled by facilities at the site of former head office (Ibaraki City, Osaka)
  - New facilities: Modernization Center
  - Parts Center
- Bolster field technology (maintenance): The following facilities will be located at the site of the former head office (Ibaraki City, Osaka)
  - Wide area disaster prevention headquarters (West: Ibaraki; East: Takanawa)
  - Field Engineering Research Institute
  - Field Training Center

New Toyooka Escalator Plant

- Upgrade Escalator Plant in Toyooka, Hyogo Prefecture
  - Upgrade to an integrated plant supporting all functions, from R&D and production to testing



## Overseas Business Strategy and Order Trends

- Strategic move to expand into India in the current term
  - Open Engineering Center in Chennai, East India
- Steady award of overseas orders
  - Orders strong in North American and East and South Asian markets
  - Chinese market
    - Shanghai Huasheng Fujitec Escalator: Won a large order for escalators for Beijing subway
    - Huasheng Fujitec: Won an order for elevators for “The Peninsula Shanghai”, one of the world’s leading five-star hotels



Beijing Subway Line 4 station

## Overseas Order Trends (2)



Fujitec North America  
A new stadium of the 'New York Giants'



Fujitec Canada  
A 37-story state-of-the-art office building



Fujitec Hong Kong  
A 41-story super high rise office building



Fujitec Taiwan  
A 15-story headquarters building of Kelty



Fujitec Singapore  
A large commercial facility 'City Square Mall'



Fujitec Malaysia  
A large commercial complex 'Jaya Jusco Bukit Tinggi'

## 5. Summary of Medium-term Business Plan ‘Regeneration for Quality’





# Medium-term Business Plan (2007-2009)

## Regeneration for Quality

New medium-term business plan Foundation for further advancement in next 3 years

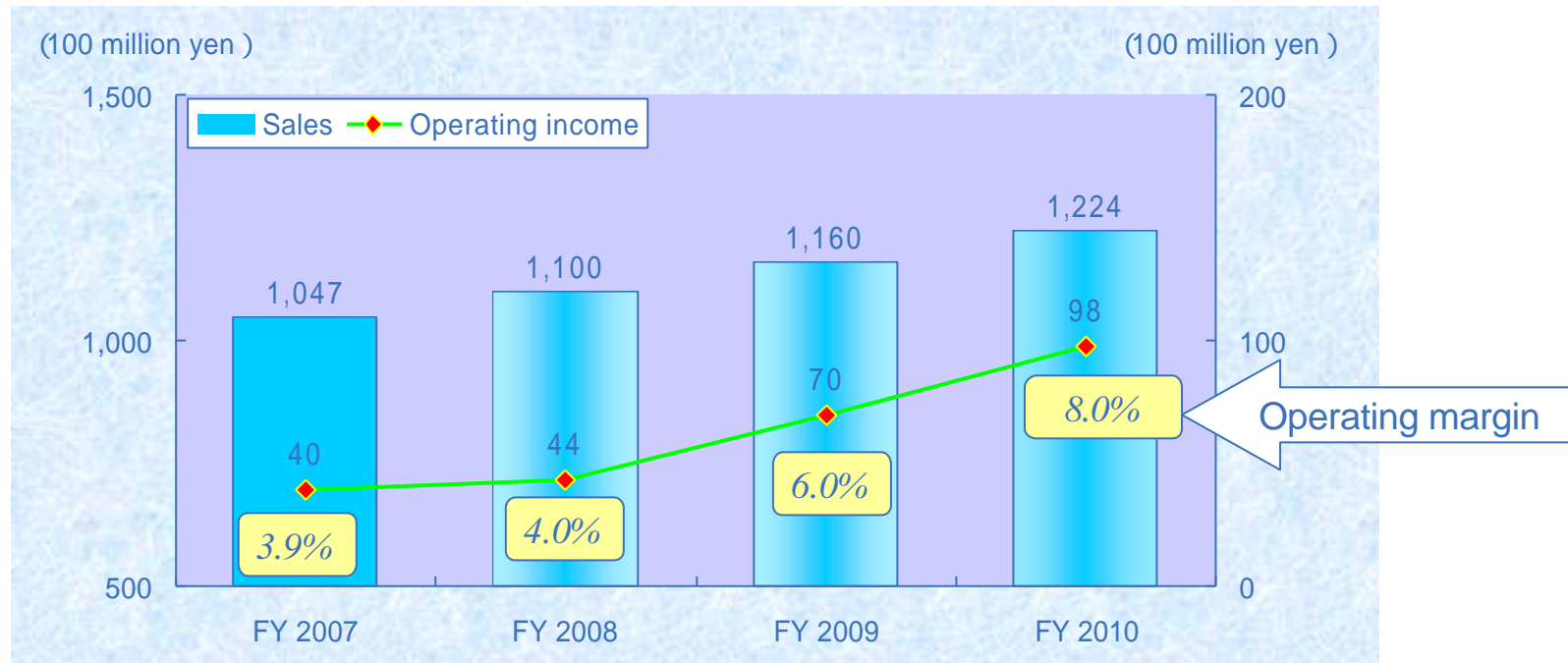
### Management vision

- Strengthening the trust of customers by prioritizing safety and quality
- Supply products that are number-one on a global scale
- Reform the corporate structure to build a sound base for sustainable growth

### Strategic points

- **Improvement of gross margin** by launch of new products and procurement from China. Achievement of **operating margin of 8%** by reduction of fixed expenses !
- **Market share expansion** in growing markets (China, Middle East, India etc. ) based on sales records for symbolic buildings in Japan and global markets
- Strengthening earnings by **expansion of maintenance and modernization in mature markets**

# Goal of Medium-term Business Plan



## Major measures

- Launch of new standard type elevators in Japan and application of the products for global markets
- Earnings increase in maintenance and modernization businesses
- Increasing sales of elevators and escalators in China and strengthening of production and procurement system
- Increase sales in ASEAN region
- Conduct efficient operations that reflect America and Europe markets

# Overseas Operations

Consolidated subsidiary  
Non-consolidated subsidiary  
Affiliate company

FUJITEC UK LTD.  
FUJITEC DEUTSCHLAND GmbH  
FUJITEC EGYPT CO., LTD.  
FUJITEC SAUDI ARABIA CO., LTD.



Europe - Middle and Near East

East Asia Japan

Fujitec Co., Ltd.

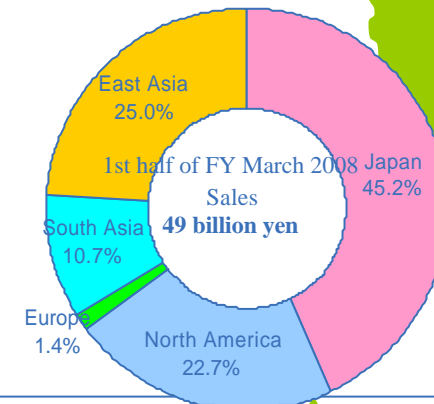
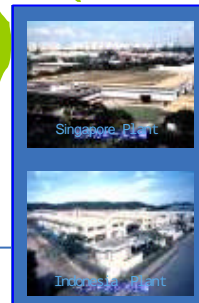
North and South America

FUJITEC (HK) CO., LTD. (production base )  
1 sales subsidiary (HONG KONG)  
FUJITEC TAIWAN CO., LTD. (production base )  
FUJITEC KOREA CO., LTD. (production base )  
China HUASHENG FUJITEC ELEVATOR CO., LTD. (production base )  
China SHANGHAI HUASHENG FUJITEC ESCALATOR CO., LTD. (production base )  
China FUJITEC SHANGHAI TECHNOLOGIES CO., LTD. (R&D base )  
China FUJITEC SHANGHAI SOURCING CENTER CO., LTD. (procurement base )

South Asia

FUJITEC SINGAPORE CORPN. LTD. (production base )  
P.T. FUJITEC INDONESIA (production base )  
5 sales subsidiaries (SINGAPORE, MALAYSIA, INDIA, PHILIPPINES, VIETNAM)

FUJITEC AMERICA, INC.  
FUJITEC CANADA, INC.  
FUJITEC VENEZUELA, C.A.  
FUJITEC ARGENTINA S.A.  
FUJITEC PACIFIC, INC.



# Corporate Profile (As of September 30, 2007)

- Name : **FUJITEC CO., LTD.**
- Established : Feb.1948 (Listed on May 1963)
- Head office : 591-1, Miyata-cho, Hikone-shi, Shiga (Big Wing)
- Line of business : R&D, manufacturing, selling, installation and maintenance of elevators, escalators, moving walks, vertical parking equipment, new transportation systems etc
- Paid-in capital : **12,533 million yen (Shares issued 93,767,317)**
- Directors : President & CEO **Takakazu Uchiyama** Chairman of the Board  
Four other directors Three outside directors One corporate auditor  
(another two outside corporate auditors)
- Employees : Consolidated 7,228 (Non-consolidated 2,582)
- Group companies : 28 affiliate companies (including 17 consolidated subsidiaries)  
(North and South America, East Asia, South Asia, China, Europe Middle and Near East)
- Audit firm : Osaka Audit Corporation
- Banks : Resona, Mizuho Corporate, Tokyo-Mitsubishi UFJ
- Major shareholders : Uchiyama International 10.7%, Mellon Bank 8.9%,  
(Number of shareholders 3,805) The Master Trust Bank of Japan 6.0%, Fuji Electric 5.4%, CGML 5.3%



**Inquiry :** IR office : TEL 0749 30-7111  
Mail : ir@fj.fujitec.co.jp

<http://www.fujitec.co.jp>

This presentation was prepared to provide information on the company's first half of FY March 2008 results and medium-term business plan. The purpose of these materials is not to solicit investments in the company's stock or other securities. All information in this presentation is based on data that is current as of September 30, 2007. The company makes no guarantees regarding the accuracy or completeness of this information and retains the right to revise this information at any time with no prior notification.