

November 19, 2009

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Note: In this presentation, "Fiscal 2010" or "FY 2010" refers to the year ending March 31, 2010. In addition, "Fiscal 2010 six-month" or "FY 10/3(2Q)" refers to the period from April to September 2009.



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- 2. Fiscal 2010 Six-month Results of Operations
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# Fiscal 2010 Six-month performance



# Fiscal 2010 Six-month Financial Highlights

Sales: ¥49 billion (down 1.2% YoY)

Orders received: ¥48.3 billion (down 22.5% YoY)

Orders in hand: ¥103.3 billion (down 8.0% YoY, down 7.8% from the

end of previous year)

Operating income: ¥0.6 billion (down 58.7% YoY)

Ordinary income: ¥1.0 billion (down 41.6% YoY)

Net income: ¥0.07 billion (down 84.4% YoY)

Achieved profitability from the initial forecast of loss. Full year forecast revised upward.

- Continued to cut the cost of "XIOR", FUJITEC's strategic product and expanded Modernization business in the domestic market.
- Established a Supply Chain System through the operation of the "Shanghai Sourcing Center."



# Fiscal 2010 Six-month Results







#### Fiscal 2010 Six-month: Orders Received and Sales



#### Orders received: ¥48.3 billion

(down 22.5% YoY)

- Domestic ¥22.8 billion (down 13.6% YoY)
- Overseas ¥25.4 billion (down 29.1% YoY)

\*Same exchange rates: Down 18.2%

- Sales: ¥49 billion (down 1.2% YoY)
  - Domestic: Up 8.0% YoY
    - Expansion of Modernization business
    - Application of percentage-of-completion method for construction contracts
    - Expanded sales of standard elevator "XIOR" and standard escalator "GS-NX"

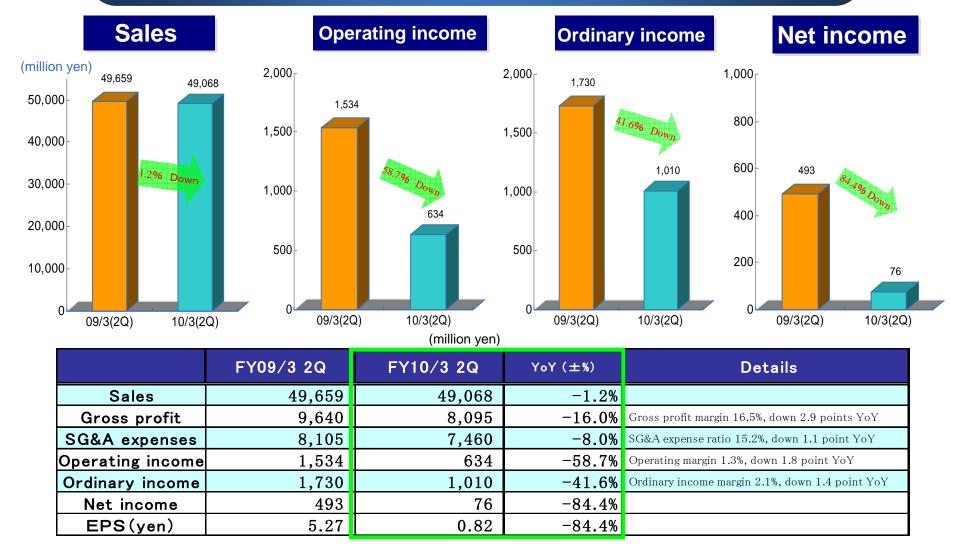
**Growth of modernization and maintenance** 

Overseas: Down 7.4% YoY

\*Same exchange rates: Up 6.7%

Strong demand in East Asia, mainly China

## Fiscal 2010 Six-month: Profit and Loss

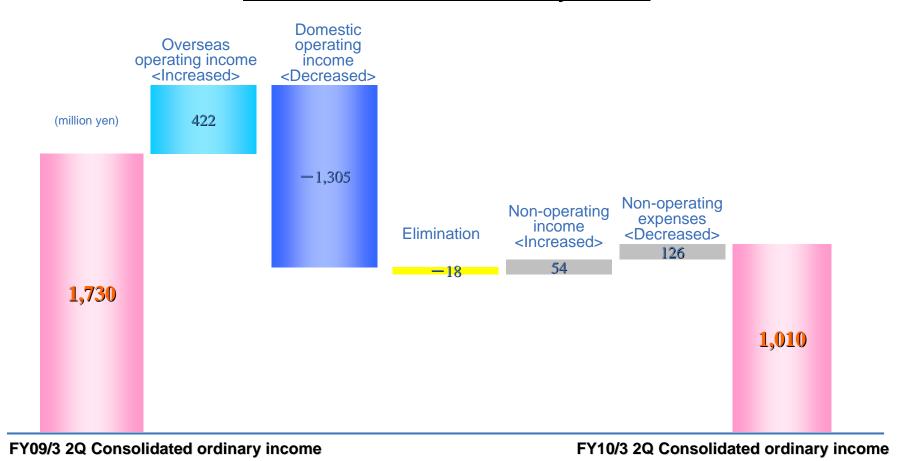


\*Average US\$/yen exchange rate: 96yen in FY2010 six months (106 yen in FY2009 six months) and 90 yen (E) in the 2nd half



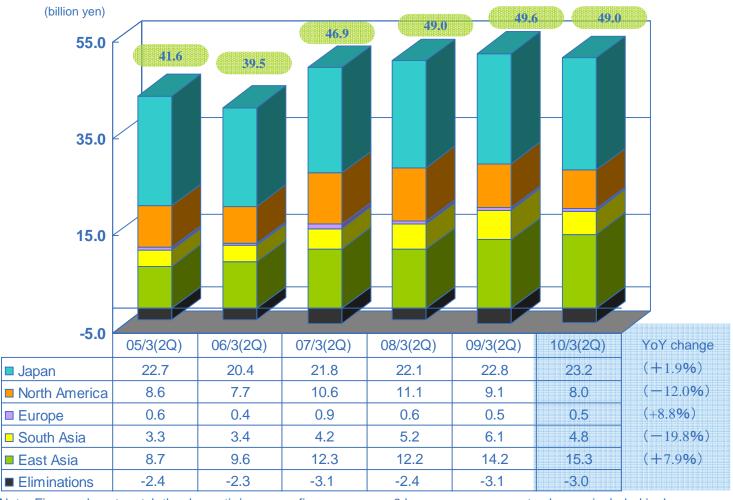
## **YoY Comparison of Consolidated Ordinary Income**

#### Factors for decrease in ordinary income





# Fiscal 2010 Six-month: Sales by Region



Note: Figures do not match the domestic/overseas figures on page 8 because some export sales are included in Japan segment.

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#### Fiscal 2010 Six-month: Sales and Operating Income by Region

(billion yen)

	Sales			Operating income			
	FY09/3 2Q	FY10/3 2Q	YoY change (%)	FY09/3 2Q (Margin %)	FY10/3 2Q (Margin %)	YoY difference	
Japan	22.8	23.2	1.9%	-0.26(-1.2%)	-1.57(-6.8%)	-1.30	
North America	9.1	8.0	-12.0%	-0.05(-0.6%)	0.11 (1.5%)	0.17	
Europe	0.5	0.5	8.8%	-0.01(-3.1%)	-0.00(-0.4%)	<b>0.01</b>	
South Asia	6.1	4.8	-19.8%	0.74 (12.2%)	0.69 (14.2%)	-0.05	
East Asia	14.2	15.3	7.9%	1.12 (7.9%)	1.41 (9.2%)	0.28	
Subtotal	52.8	52.1	-	1.53	0.65	-	
Elimination	-3.1	-3.0	-	0.00	-0.01	-	
Consolidated	49.6	49.0	-1.2%	1.53	0.63		
			Operating margin	3.1%	1.3%		

 Japan : An operating loss of ¥1.57 billion due mainly to provision for losses on contracts despite strong modernization sales

 N. America/Europe : Despite the effect of the yen appreciation, turned into profitability due to profit improvement and reduction of fixed costs

South Asia: The effect of the yen appreciation lowered sales and earnings but the operation was favorable and turned out almost as planned (profit margin improved)

East Asia : Due to sales increase and reduced costs in China, sales and earnings exceeded the effect of exchange



# Fiscal 2010 Six-month: Financial Indicators

#### Gross margin, SG&A expense ratio, Operating margin





# Fiscal 2010 Six-month: Consolidated B/S, CF

#### (million yen)

	Mar. '09	FY10/3 (2Q)	Change %	Remarks
Current assets	60,644			
Cash and deposits	21,422	20,760	-3.1%	
Notes and accounts receivable-trade	24,460	27,280	11.5%	
Inventories	13,506	13,933	3.2%	
Others	1,254	1,454	16.0%	
Fixed assets	40,179	41,655	3.7%	
Tangible fixed exects	25.025	20 517	10.40/	
Tangible fixed assets	25,835	·	6 10/	Increase of ¥2.7 billion in construction in progress
Intangible fixed assets	2,613			
Investments and others	11,730			¥1.3 billion decrease in investments and others
Total assets	100,823	105,085	4.2%	
Current liabilities	31,659	34,204	8.0%	
Notes and accounts payable-trade	10,697	11,308	5.7%	
Short-term debt	6,339	3,971	-37.4%	Repaid short-term debt
Current portion of long-term debt	112	134	19.1%	
Accrued income taxes	554	631	13.8%	
Provision for losses on contracts	1,224	3,035	147.9%	
Others	12,730	15,124	18.8%	Increase in advances from customers
Long-term liabilities	9,353	10,103	8.0%	
Net assets	59,810	60,777	1.6%	¥500 million decrease in retained earnings, ¥1.4 billion decrease in deducted foreign currency translation adjustments, etc.
Equity ratio %	54.9%		_	
Total liabilities & net assets	100,823	105,085	4.2%	
BPS	591.9yen	606.0yen		

FY09/3 (2Q)	FY10/3 (2Q)
3,055	2,809
-9,007	-415
-5,952	2,393
-3,920	-4,107
7,435	9,118
	3,055 -9,007 -5,952 -3,920



#### Free cash flows up ¥2.4 billion

#### **[Operating cash flows]**

Posting of depreciation and provision for losses on contracts in addition to income

#### [Investing cash flows]

Net decrease of ¥900 million in time deposits Acquisition of tangible fixed assets of ¥1.7 billion

#### **(Financing cash flows)**

Net decrease of ¥2.3 billion in short/long-term debt

Repayment of ¥800 million to a minority shareholder

Interests and dividend payments of ¥900 million



## **Upward Revisions to Fiscal 2010 Forecast**

 Consolidated: Contributions of sales increase due to expansion of new installations and expanded profit margins from the decline in raw material prices in China

(million yen)

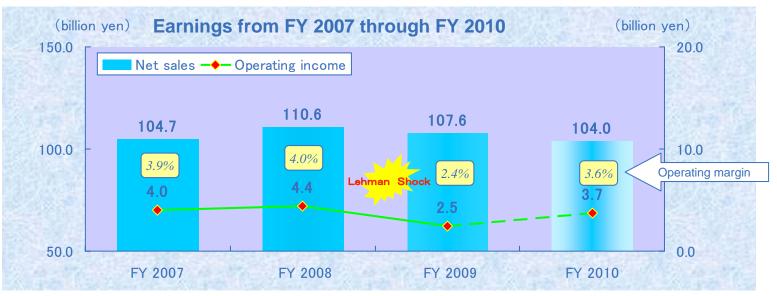
<b>Consolidated</b>	Sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	103,000	1,400	1,900	700	7.48yen
Revised forecast (B)	104,000	3,700	4,100	2,100	22.44yen
Difference (B-A)	1,000	2,300	2,200	1,400	
Pct. change	1.0%	164.3%	115.8%	200.0%	
Previous fiscal year	107,609	2,568	2,544	-649	-6.94yen

Non-consolidated: Reduced operating loss through cost-cutting effect and increase in modernization work in the sluggish domestic market

(million yen)

Non-consolidated	Sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	54,000	-1,600	300	200	2.14yen
Revised forecast (B)	51,000	-1,000	900	900	9.62yen
Difference (B-A)	-3,000	600	600	700	
Pct. change	-5.6%	-	200.0%	350.0%	
Previous fiscal year	51,039	-960	159	-5,879	-62.82yen

#### Highlights of Revisions to Earnings and Operating Environment





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## **Second Half Objectives**

#### Global market:

- Increase sales to target new installation demand and improve profit margin in the Chinese market
- Strengthen activities in the growing Indian market
- Strengthen Modernization business in addition to being selective in accepting orders in the US and Europe

#### Domestic market:

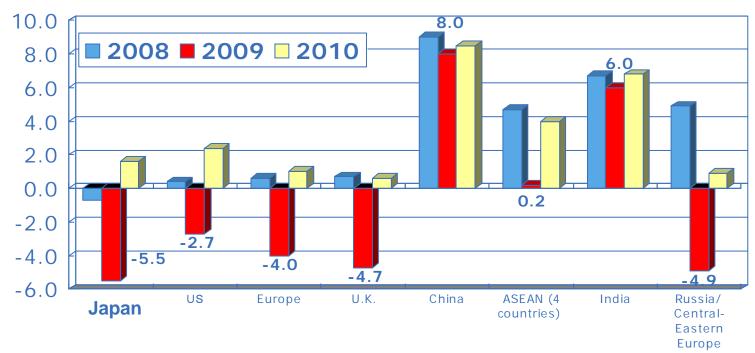
- Increase sales of strategic products "XIOR" and "GS-NX" and secure profit margin
- Thorough quality control including raw material procurement, production and shipping and cost reduction in cooperation with the Shanghai Sourcing Center and Big Wing
- Strengthen sales in the metropolitan area
- Expand sales of Services and Modernization businesses



## **Global Market Environment**

- World's 2009 GDP Forecast
  - Asian region is on a recovery trend; Negative growth in Japan, US and Europe

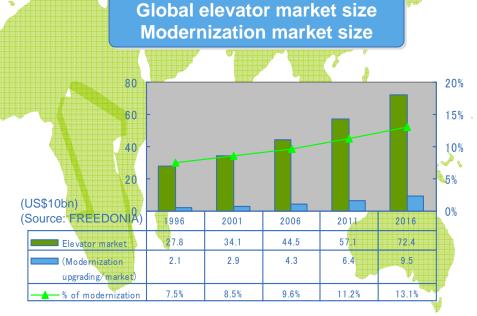
#### Real GDP growth rate (%)



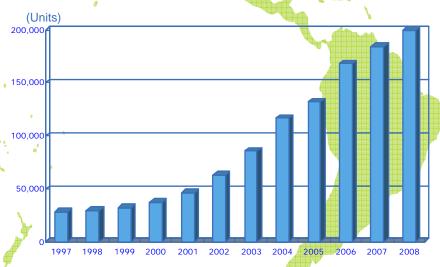
(Source: The Bank of Tokyo Mitsubishi UFJ)

## **Policy toward Overseas Market**

- Introduce new elevators to increase share in China
- Full-scale operation of "Shanghai Sourcing Center" → Global device
   supply system
- Full-scale operations in India
- Promotion of Modernization business in the mature market



Elevator/escalator market sizes in China



(Source: Prepared by Fujitec based on China Elevator Association and the industry data)



# The Market in Japan (New Installations)

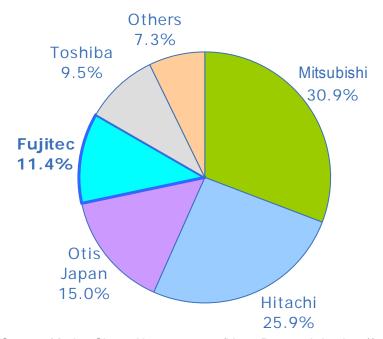
- Demand for newly constructed elevators for buildings and condos hover around the 25,000 unit level
- Sluggish demand for residential development expected to continue

#### No. of elevators/escalators in Japan



(Source: Japan Elevator Association)

#### Japan's elevator market in FY08



(Source: Market Share Almanac 2009 (Yano Research Institute))

## Standard Elevator "XIOR"



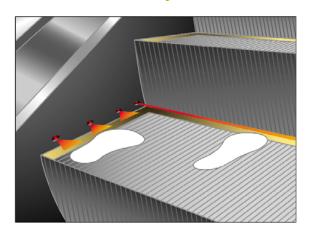
- Highlights of amended Building Standard Law
  - Required to install Unintended Car Movement Protection
  - Required to install Earthquake Control
     Operation Device
  - Reinforce safety measures (clarification of standards)
- Certified by Japan's Ministry of Land,
   Infrastructure and Tourism for all types of elevators in response to the amended Building Standard Law

## Standard Escalator "GS-NX" Series

- Global standard product
  - -Line-up of new safety devices
    - Industry first! "Foot Safety Sensor" which prevents shoes and clothes from getting caught
    - "Skirt Guard LED Lighting" \* which realizes energy-saving and a longer life A safer "Reflective Beam Sensor-sensitive Energy-saving Operation Device" \*

\* Optional specification

**Foot Safety Sensor** 



**Skirt Guard LED Lighting** 

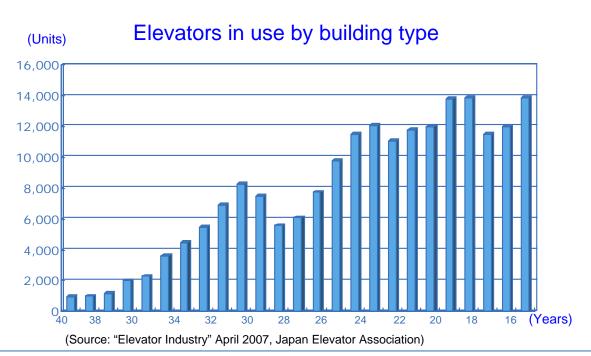


Reflective Beam Sensor-sensitive Energy-saving Operation Device

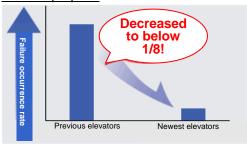


## **After-market Services (1)**

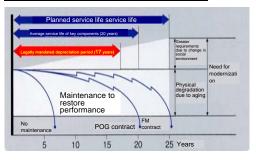
- About 600,000 elevators now operating in Japan
- 100,000 elevators are in service beyond 25 years (increase of 10,000 elevators/year) = Total market scale of about ¥1 trillion
- A demand for modernization of 10,000 elevators/year would generate annual market of ¥100 billion



### <u>Elevator useful life is 17 years for Japanese</u> taxation purpose

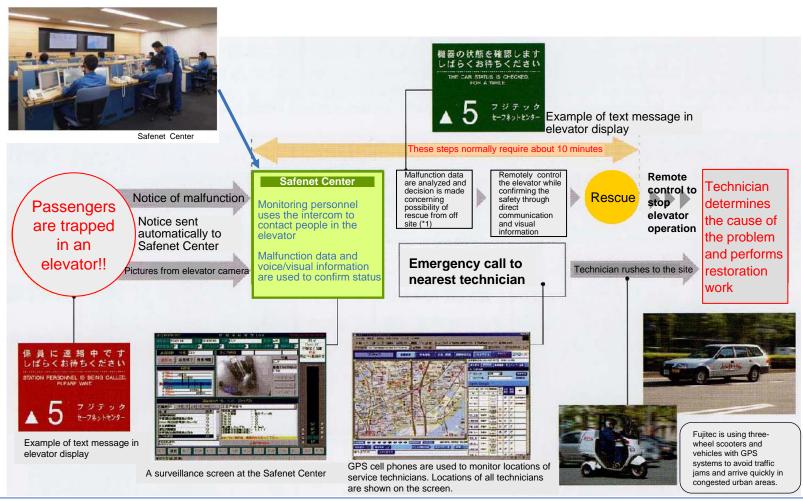


#### Elevators also need modernization



# **After-market Services (2)**

Remote maintenance surveillance system



## **Initiatives in Japan: Infrastructure**

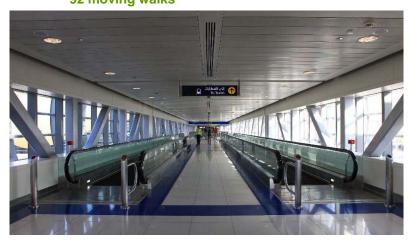
- Build an infrastructure that supports business plan
  - -Big Step: Base for developing and manufacturing escalators (Toyooka, Hyogo)
    - Establish a speedy consistent structure extending from development to manufacturing
  - —Big Fit: Field Base (Ibaraki, Osaka)
    - Start field-related technology development and training, services and modernization businesses and components center to establish an after-market sales structure





# Large Project Deliveries (Japan/Overseas)

# ■ Dubai Metro (UAE) 92 moving walks



■ The Sail (Singapore)
25 elevators and escalators



■ Beijing Subway Line 4 (China)

108 escalators



■ Aeon Tsuchiura Shopping Center (Japan)

40 elevators and escalators



# **Large Project Orders (Overseas)**

■ Anshan Housing Development Project (China)



■ZhouXin Yuan SiQi (China) 76 elevators



■Wanda Group Shenyang Project (China)

26 escalators



■ Shin Kong Mitsukoshi Department Store-Zouying (Taiwan)

59 elevators, escalators and moving walks



# **Large Project Orders (Overseas)**

#### ■ Ngau Chi Wan No.2 (Hong Kong)

33 elevators



#### ■ Tseung Kwan O Area 56 Development (Hong Kong)

53 elevators and escalators



## ■ Nationwide Children's Hospital (U.S.A) 15 elevators





## Forecasts for Fiscal 2010 (Revised on Nov. 5)

(million yen)

Consolidated	FY 2009	FY 2010(E)	YoY change
Net sales	107,609	104,000	-3.4%
Operating income	2,568	3,700	44.0%
Ordinary income	2,544	4,100	61.1%
Net income	-649	2,100	-
EPS	-6.94 yen	22.44 yen	

Non- consolidated	FY 2009	FY 2010(E)	YoY change
Net sales	51,039	51,000	-0.1%
Operating income	-960	-1,000	-
Ordinary income	159	900	463.8%
Net income EPS	-5,879 -62.82yen	900 9.62yen	-

#### Final year of 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
- Research and development

FY 2009 2 billion yen

FY 2010 plan 1.9 billion yen

#### Capital investment

FY 2009 2.7 billion yen (Japan 1.9 billion yen, South and East Asia 600 million yen, North America 200 million yen)

FY 2010 plan 7.3 billion yen (Japan 5 billion yen, South and East Asia, etc. 2.3 billion yen)

#### Dividends

FY 2009 10 yen (Interim 5 yen, Year-end 5 yen)

FY 2010 (est) 8 yen (Interim 4 yen, Year-end 4 yen)



31

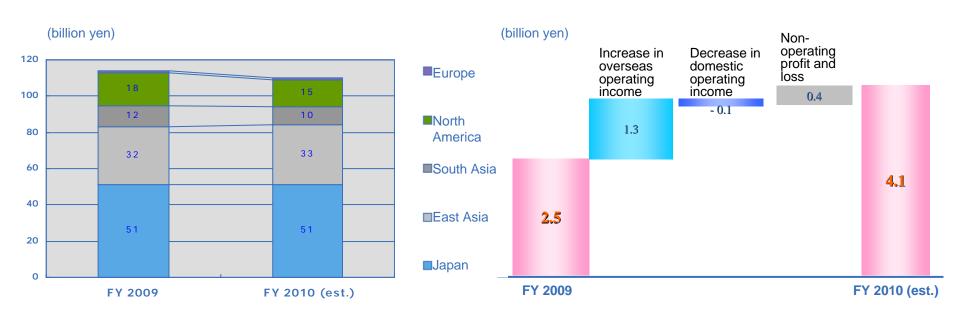
<sup>\* 2</sup>nd half average dollar-yen exchange rate: 90 yen (assumed)

# Fiscal 2010 Earnings Plan

- Offset slumps in Japan with Asia (particularly China)
- Strategic investment, etc. for continuous growth
- Thorough reduction of costs and general administrative expense



#### **[Estimation of factors for decrease in ordinary income]**





## **Global Strategy**

#### **Europe**

 Strengthen maintenance operations and increase sales of modernization



Japan

- Increase sales of new standard elevators "XIOR"
- Increase volume of maintenance customers and increase sales of modernization
- Infrastructure building (Big Fit, Big Step)



New York Times Tower (U.S.A)





HSBC Headquarters (U.K.)



- •Strengthen infrastructure to increase sales in China
- •Utilize the Shanghai Sourcing Center
- Secure maintenance customers and increase sales of modernization



- •Conduct efficient operations that reflect local markets
- •Reinforce maintenance operations, increase sales of modernization



Shanghai Fujitec City (China)

#### **South Asia**

- •Increase sales in ASEAN region
- Strengthen activities toward Indian market



Four Seasons Hotel Mumbai (India)



Torre Repsol YPF (Argentina)









## Corporate Profile (as of September 30, 2009)

Name: FUJITEC CO., Ltd.

Established: Feb 1948 (Listed on May 1963)

Head office: 591-1 Miyata-cho, Hikone, Shiga (Big Wing)

Activities: R&D, manufacturing, marketing, installation and maintenance of elevators, escalators,

moving walkways, new transportation systems, etc.

Common stock: 12,533 million yen (shares issued: 93,767,317)

Directors: President & CEO, Takakazu Uchiyama

5 directors, 3 outside directors, 1 full-time corporate auditor

(2 outside corporate auditors )

Employees: Consolidated 7,694(non-consolidated 2,873)

Group: 28 group companies (including 18 consolidated subsidiaries)

(North and South America, East and South Asia, China, Europe/Middle East)

Audit firm: Osaka Audit Corporation

Banks: Resona Bank, Mizuho Corporate Bank, Bank of Tokyo-Mitsubishi UFJ

Major shareholders: Citigroup Global Markets, Inc. ,14.8%; Uchiyama International Ltd., 10.7%;

(No. of shareholders 3,672) Fuji Electric Holdings Co., Ltd., 5.4%; Credit Suisse Zurich, 4.9%; Resona

Bank 4.5%; Master Trust Bank of Japan, 4.3%

(-98 from Mar. 31, '09)



composition (as of

Sept. 30, '09)



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This presentation was prepared to provide information on the company's Fiscal 2010 Six-month 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, 2009. 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.