

# Medium-term Management Policy

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.

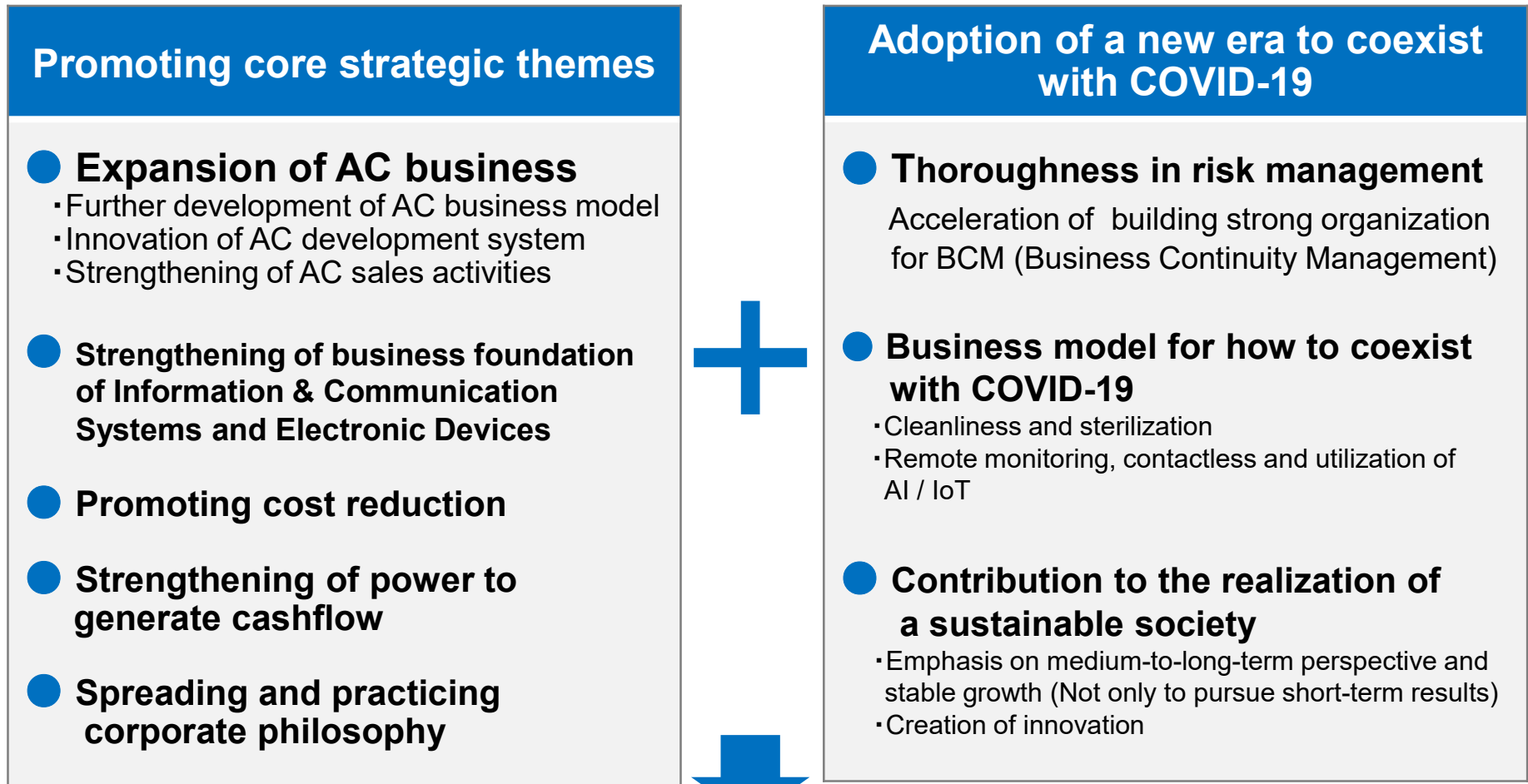
*Note:* This report is a translation of Japanese version. In case of any difference between English version and Japanese version, Japanese version shall prevail.



July, 2020 | FUJITSU GENERAL LIMITED

# Basic policy of Medium-term Plan

(No change in existing core strategic themes)



## Promoting core strategic themes

- **Expansion of AC business**
  - Further development of AC business model
  - Innovation of AC development system
  - Strengthening of AC sales activities
- **Strengthening of business foundation of Information & Communication Systems and Electronic Devices**
- **Promoting cost reduction**
- **Strengthening of power to generate cashflow**
- **Spreading and practicing corporate philosophy**

## Adoption of a new era to coexist with COVID-19

- **Thoroughness in risk management**
  - Acceleration of building strong organization for BCM (Business Continuity Management)
- **Business model for how to coexist with COVID-19**
  - Cleanliness and sterilization
  - Remote monitoring, contactless and utilization of AI / IoT
- **Contribution to the realization of a sustainable society**
  - Emphasis on medium-to-long-term perspective and stable growth (Not only to pursue short-term results)
  - Creation of innovation

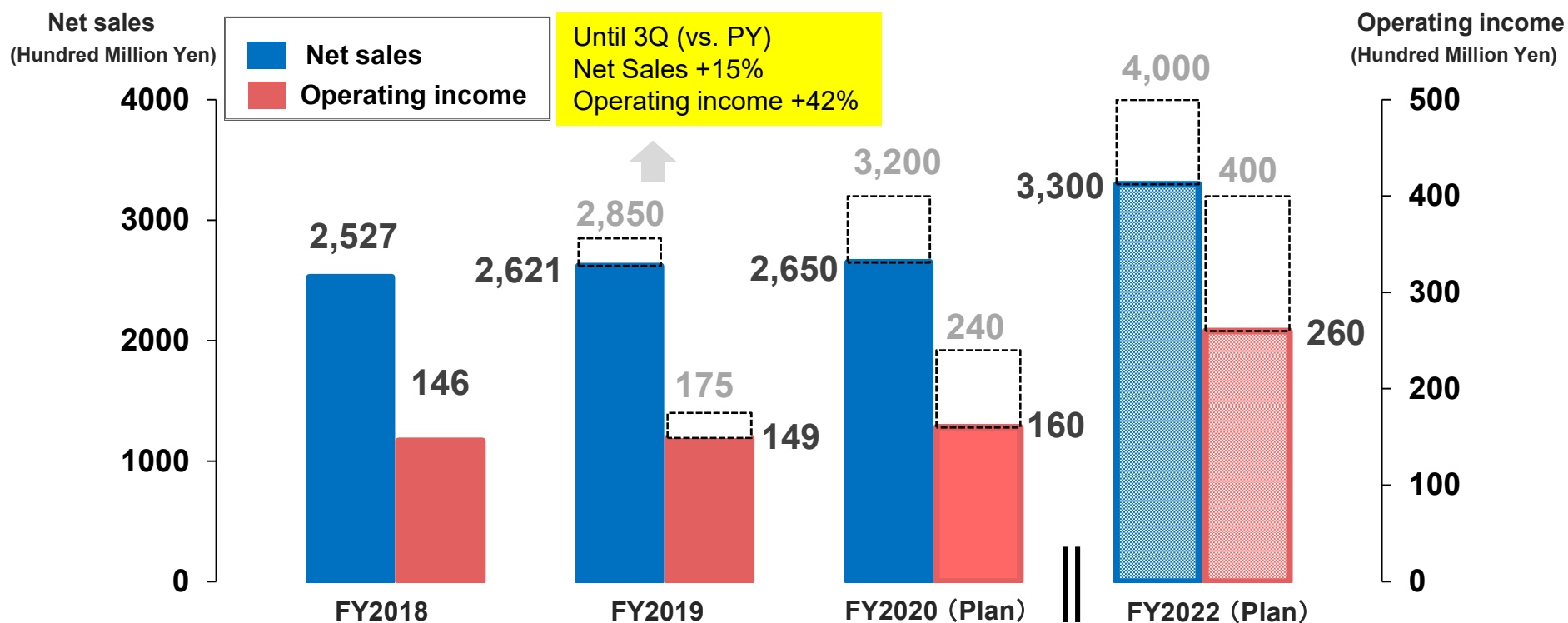
## Sustainability

**Our Mission - Living together for our future -**

# Progress of Medium-term Plan and revision of target



## Revision based on recent business environment (such as COVID-19)



	FY2018	FY2019		FY2020		FY2022	
	Actual	Initial fcst.	Actual	Previous plan	Revised plan	Previous plan	Revised plan
Net sales	2,527	2,850	2,621	3,200	2,650	4,000	3,300
Operating income (%)	146 (5.8%)	175 (6.1%)	149 (5.7%)	240 (7.5%)	160 (6.0%)	400 (10.0%)	260 (7.9%)

Change (compared with initial forecast plan)

Net Sales	-229
Operating income	-26
(Effects of COVID-19)	(-43)

Change (compared with previous plan) Change (compared with previous plan)

	-550	-700
	-80	-140
	(-75)	

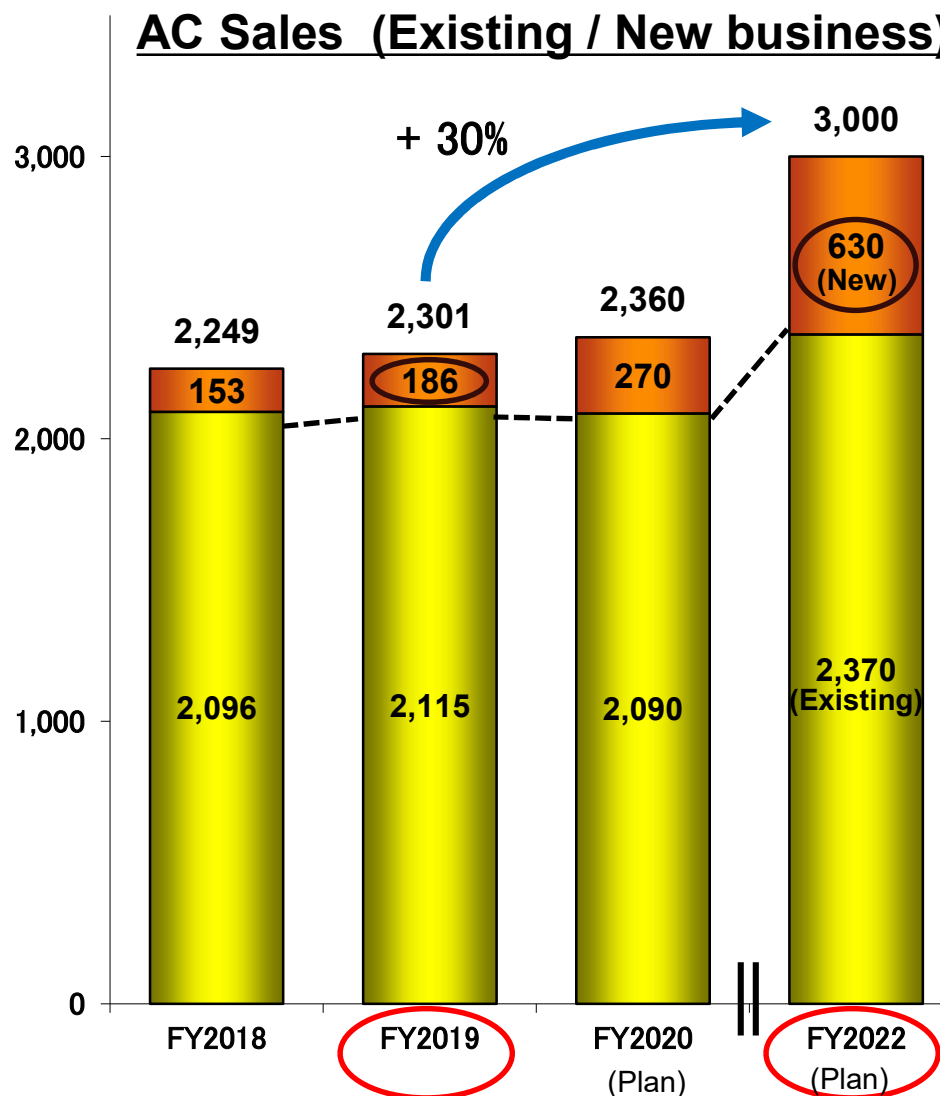
# Medium-term Plan (AC)



(Hundred Million Yen)

[New business]

## AC Sales (Existing / New business)



	FY2018	FY2019	FY2020	FY2022	3year average growth
India	102	33	128	320	+113%
North America	21	30	37	70	+33%
Europe	-	32	17	100	+46%
Australia	20	91	88	130	+13%
Others	10	-	-	10	-%
<b>Total</b>	<b>153</b>	<b>186</b>	<b>270</b>	<b>630</b>	<b>+50%</b>

[Existing business]

Retail store	360	324	350	350	+3%
Housing industry	223	249	280	320	+9%
<b>Domestic total</b>	<b>583</b>	<b>573</b>	<b>630</b>	<b>670</b>	<b>+5%</b>
RAC	1,301	1,328	1,243	1,420	+2%
VRF	179	182	190	240	+10%
Others	33	32	27	40	+8%
<b>Overseas total</b>	<b>1,513</b>	<b>1,542</b>	<b>1,460</b>	<b>1,700</b>	<b>+3%</b>
<b>Total</b>	<b>2,096</b>	<b>2,115</b>	<b>2,090</b>	<b>2,370</b>	<b>+4%</b>

AC Total	FY2018	FY2019	FY2020	FY2022	3year average growth
	2,249	2,301	2,360	3,000	+9%

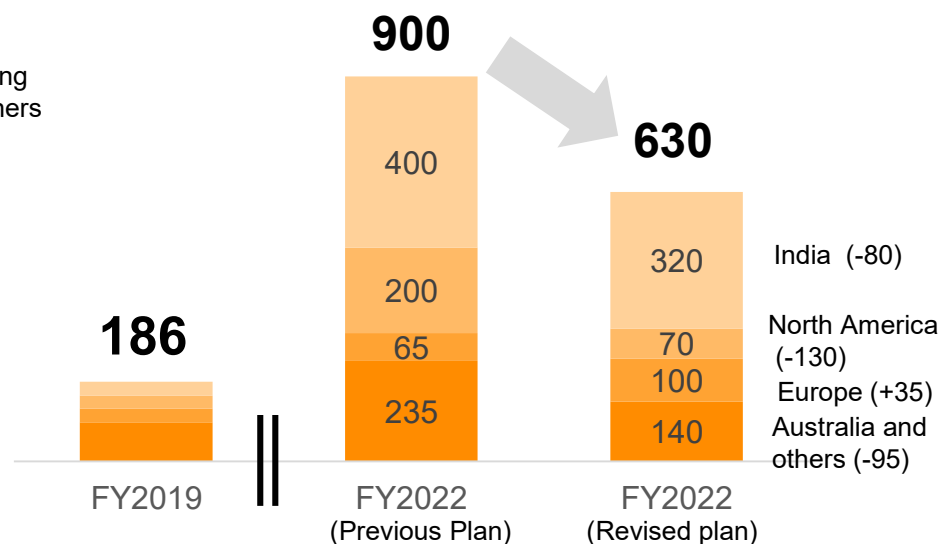
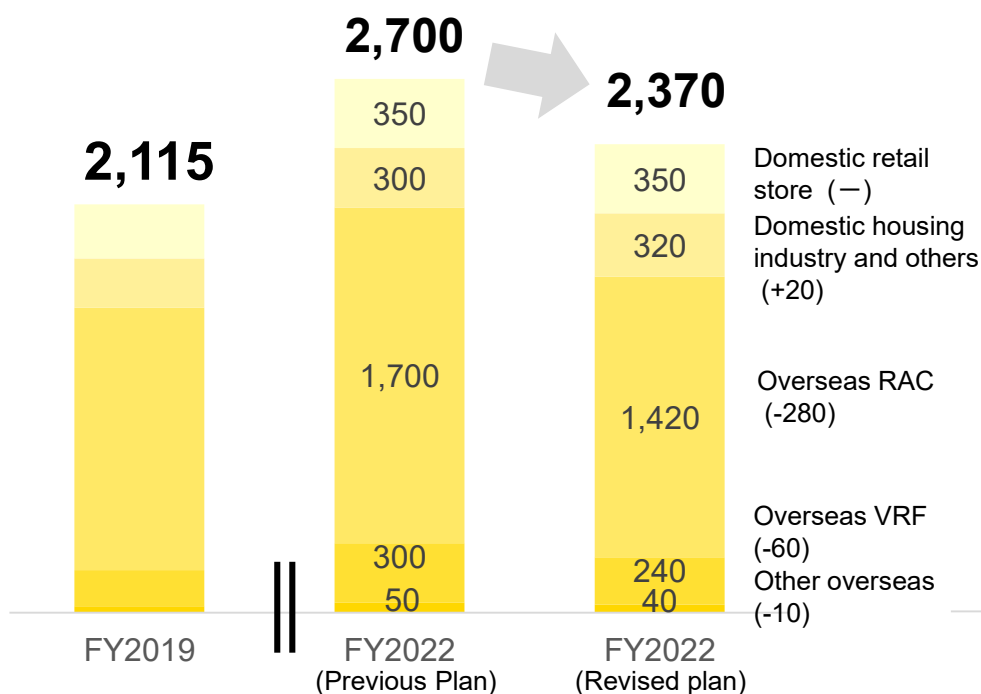
# Medium-term Plan (AC)

## Points of change in AC sales plan in FY2022

[Hundred Million Yen]

Existing business -330

New business -270



### ● Main point of change

- Sales revision of Japan domestic housing industry and others (+20)
- Reflecting decrease in demand caused by COVID-19 (Overseas RAC-280, VRF-60, the other overseas-10)

### ● Main point of change

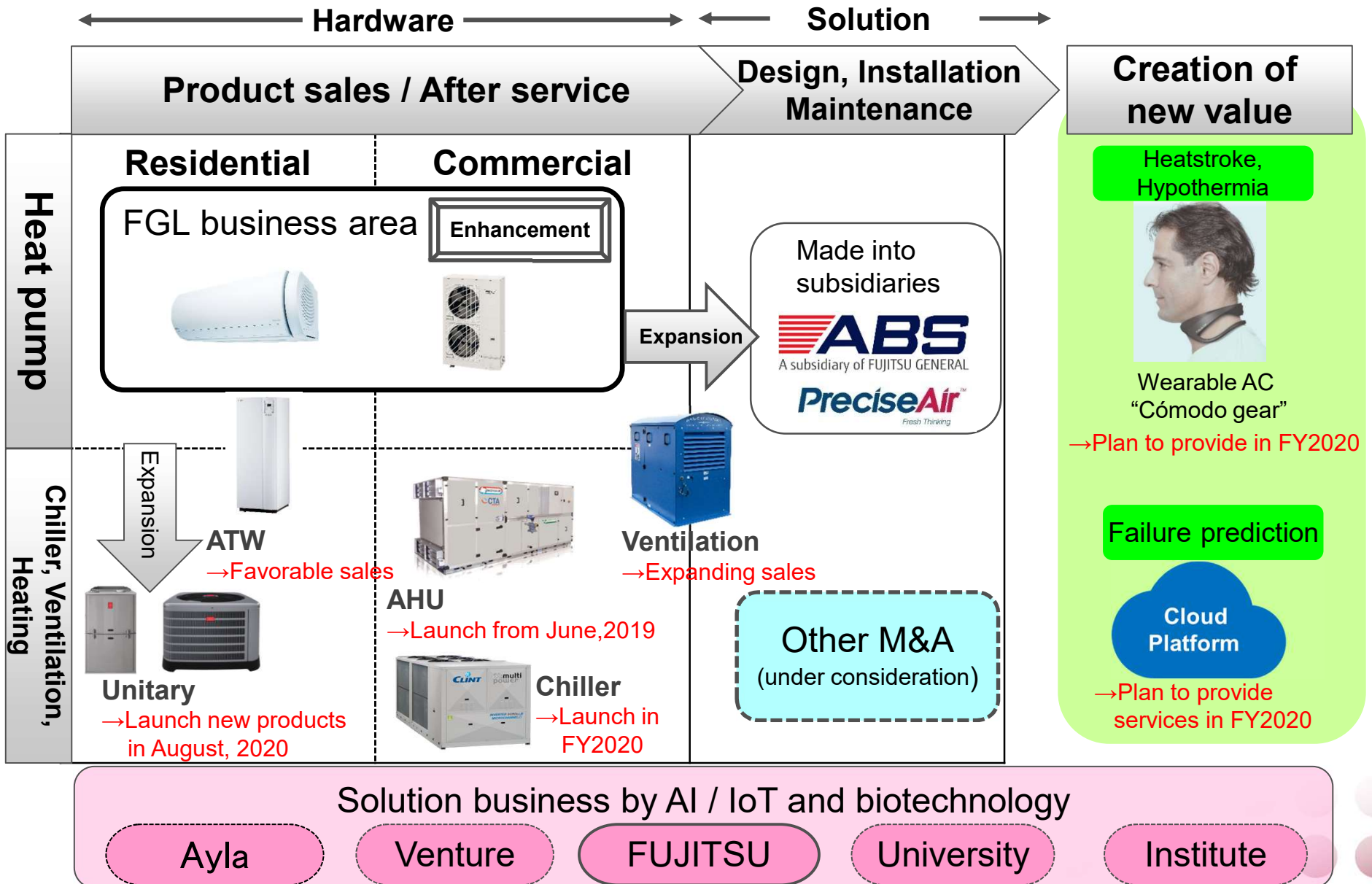
- India: Reflecting delay in launching of direct sales structure (-80)
- North America: Revision of effects of alliance and M&A (-130)
- Europe: Additional effects of alliance and M&A (+35)
- Australia and others: Revision of sales (-95)

# Basic policy of Medium-term Plan (No change in existing core strategic themes)

## Promoting core strategic themes

- **Expansion of AC business**
  - Further development of AC business model
  - Innovation of AC development system
  - Strengthening of AC sales activities
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# Progress of HVAC business model



# Strengthening of alliance

## Unitary (North America)

- Joint development with Rheem (USA)

- Started mutual supply of products from 2016
- Launch new products in August, 2020



## ATW (Europe)

- Joint development with Atlantic (France)

- Partnership for about 30 years (Sales distributor of our AC)
- Joint development of ATW



## AHU and Chiller (Europe)

- Joint development with G.I.Holding (Italy)

- Products combined with our outdoor units of VRF as heat source of AHU on sale
- Joint development of small inverter Chiller
- Planning to expand to Australia and the Middle East

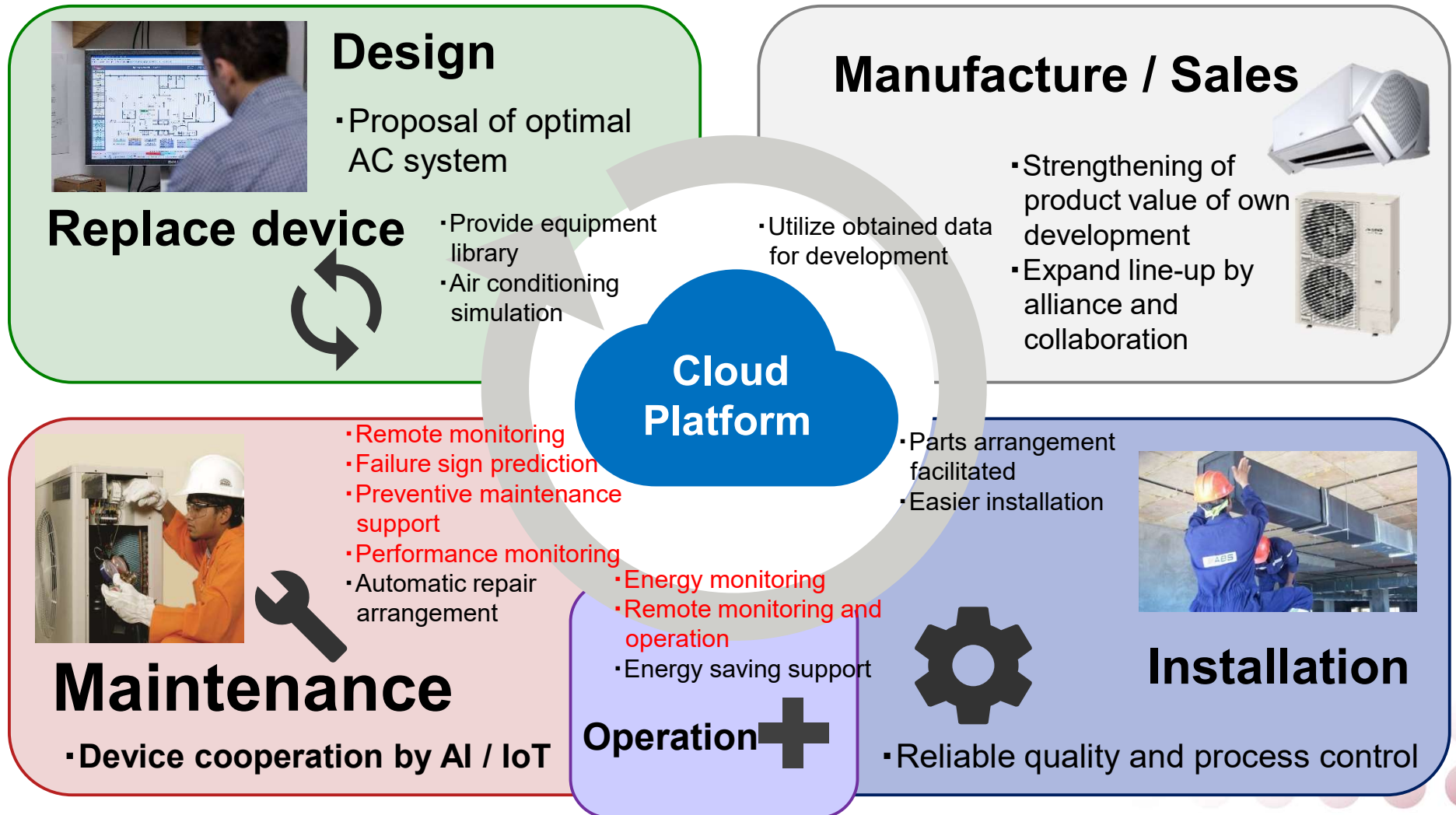


- Expand products line-up and increase sales by alliance
- Fossil fuels, gas etc. ➔ Renewable energy & Shifting to heat pump technology



# Progress of solution business

## Propose solution over whole life cycle for AC system



# Innovation of AC development system

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## 1) Strengthening of AC development system

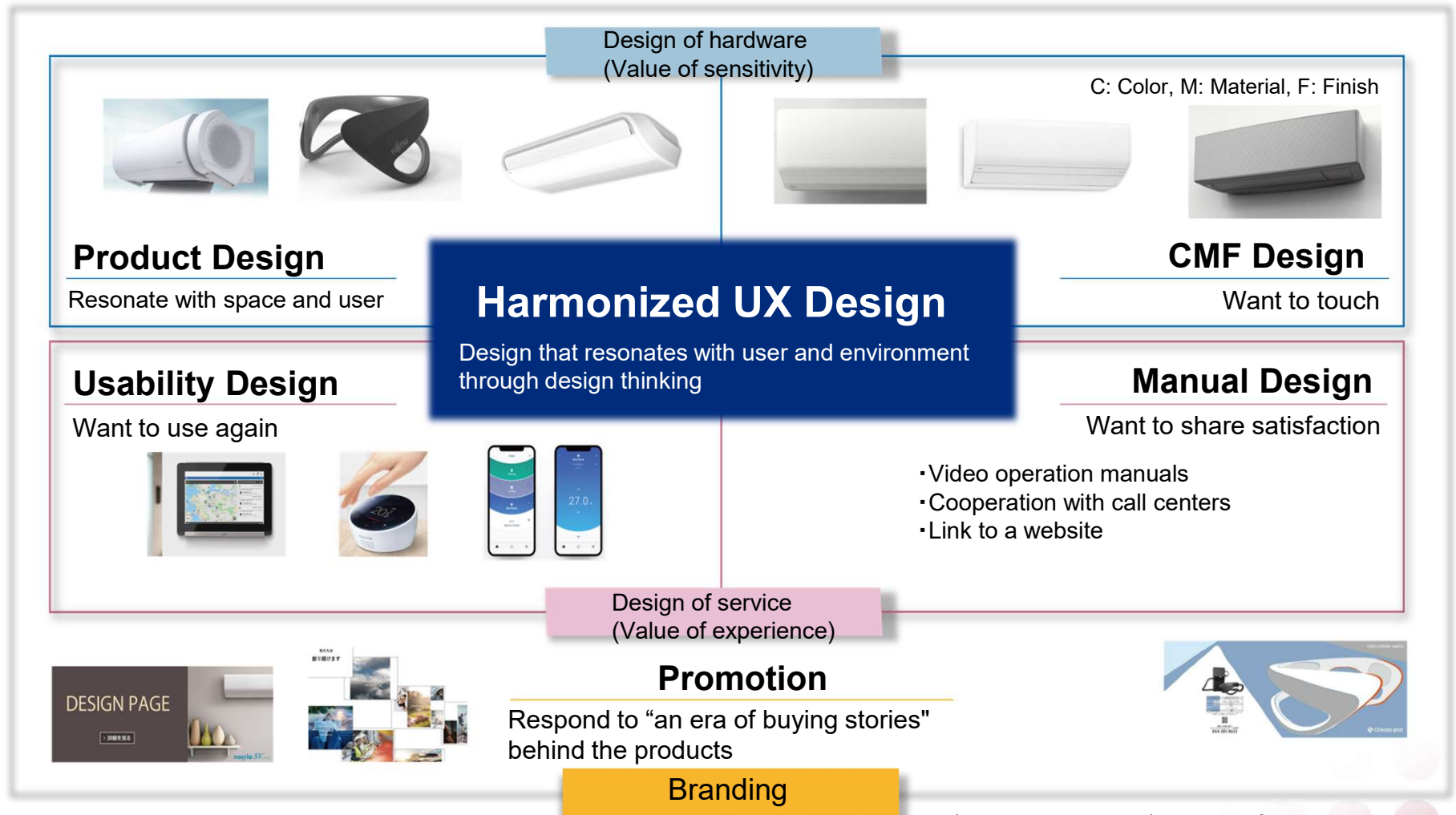
- Strengthening of 3 global R&D bases (Japan, Thailand and China) and 2 regional R&D bases (Europe and North America)
- Reallocation of resources to focus on: new and energy efficient refrigerant, AI / IoT, priority regions and commercial products
- Coexistence with COVID-19: cleanliness, sterilization, contactless and remote control
- Product development focused on sensitivity and usability

## 2) Organizational transformation to maximize human potential

- Strengthening of operation process
  - Promoting model base design and expanding standardization design
  - Promoting improvement for design efficiency and productivity by using Product Lifecycle Engineering, Product Lifecycle Management and Computer Aided Engineering
- Development of human resources
  - Developing “impact method” : Strengthening of team management and team activity
  - Technical Academy of AC: Strategically developing engineers
- Capital expenditure
  - New laboratory for the study of human sensitivity in our R&D facility in Japan, gradual launch of the test center in Thailand

# Innovation of AC development system

## ● Product development focused on sensitivity and usability



UX (User Experience): Value of sensitivity and experience to generate positive emotions

# Strengthening of AC sales activities

[5 key expansion projects]

	Theme	Status
Existing business	Expansion of international commercial business	↗
	Aggressive capture of domestic housing industry channel	↗
New business	Capture and expansion of Indian market	↘
	Expansion of North America business by acceleration of collaboration	↗
	The promotion of business alliance	↗

[Strategy of important market]

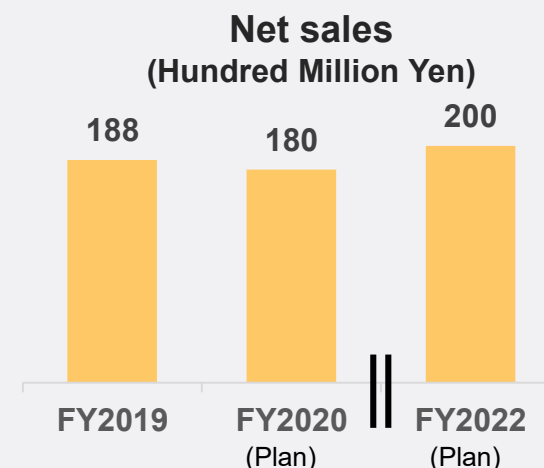
Region	Future strategy	Priority
North America	<ul style="list-style-type: none"> <li>Expand alliance and consider M&amp;A</li> <li>Increase market share in south region and seek multi-brand strategy</li> </ul>	★★★
Europe	<ul style="list-style-type: none"> <li>Strengthen sales of ATW and Chiller by alliance</li> <li>Expand sales in Italy</li> </ul>	★★
Oceania	<ul style="list-style-type: none"> <li>Expand after sales services and maintenance business</li> <li>New business (Chiller and Rooftop)</li> </ul>	★★
India	<ul style="list-style-type: none"> <li>Release new products suited to local market needs</li> <li>Create synergy with ABS</li> </ul>	★★★
Japan	<ul style="list-style-type: none"> <li>Strengthen system of installation and expand internet sales</li> <li>Expand housing industry channel continuously</li> </ul>	★★

# Strengthening of business foundation of Info & Comm Syst. and Electronic Devices



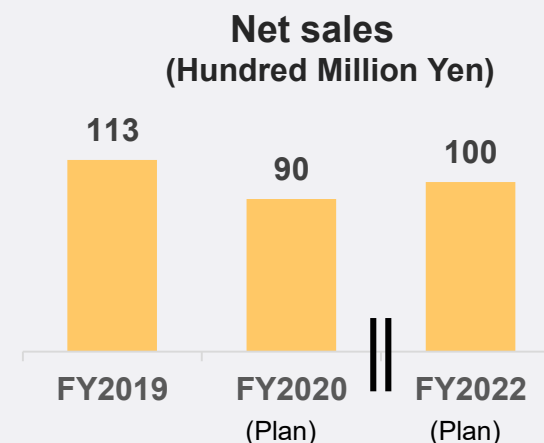
## Info & Comm Syst.

- 1) Development of stock business leveraging abundant operating assets and strong customer relationships
- 2) Development of new disaster prevention digital radio and full-scale promotion
- 3) Expansion of business domain for private sector systems (human resources and Business Process Outsourcing)



## Electronic Devices

- 1) Further expansion of business in China
- 2) Promote new customer relationships
- 3) New business development

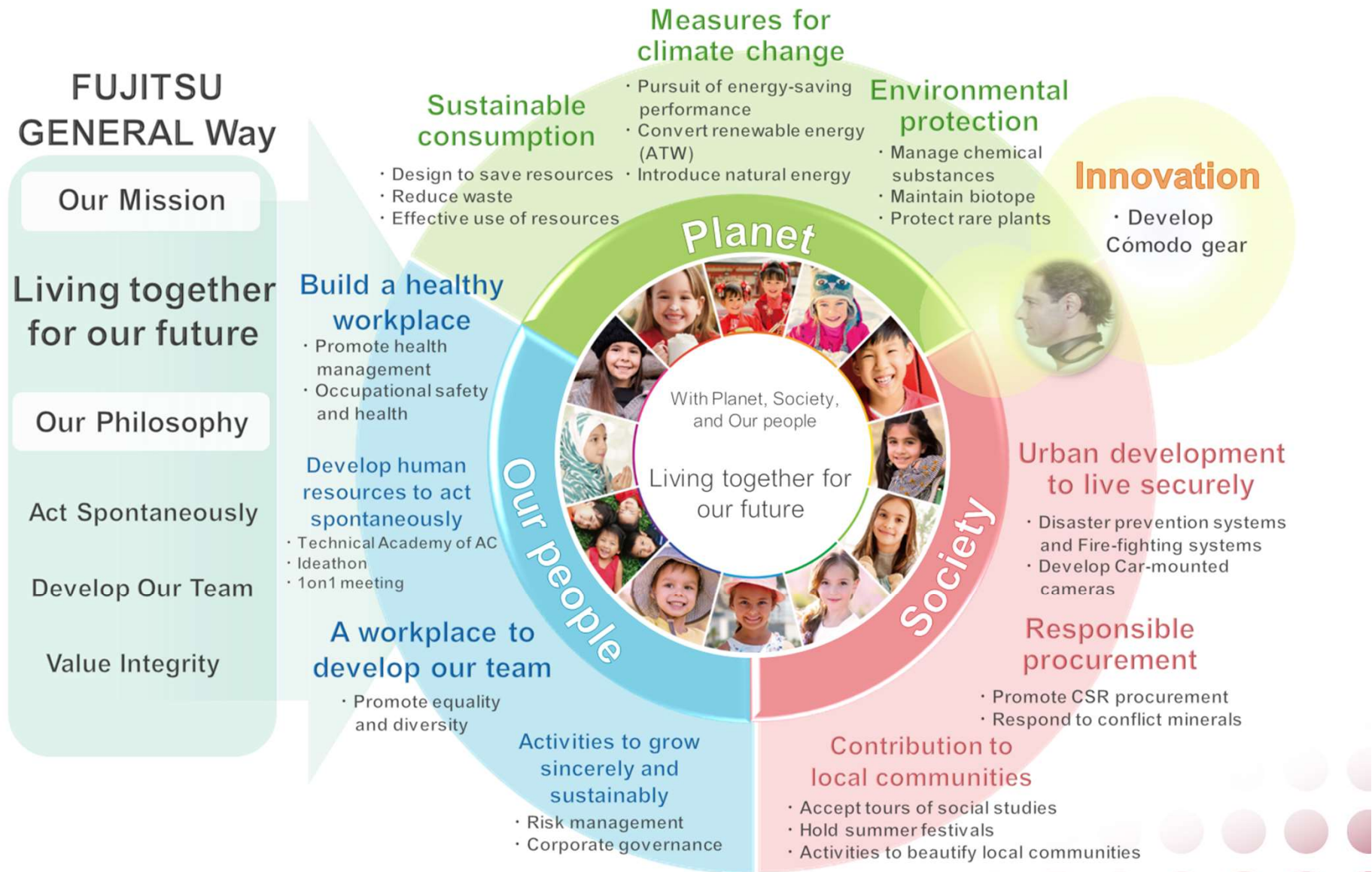




# Contribution to the realization of a sustainable society



## 【Diagram of our business focused on Sustainability】



# Contribution to the realization of a sustainable society

## Planet

- **Contribution to global warming countermeasures**
  - Development of energy-saving products and shifting from fossil fuels to renewable energy
- **Contribution to a recycling-based society**
  - Promoting home appliance recycling business, focus on designing resource saving products

## Society

- **Creation of innovation**
  - Towards solving social issues (Measures for heatstroke, etc.)
- **Providing clean and safe space**
  - Strengthening of “Heating sterilization of heat exchanger”, contactless and remote monitoring, etc.

## Our people

- **Strengthening of health management**
  - Strengthening of external communications, supporting families
- **Supporting flexible working styles in response to COVID-19**
  - Adoption of work-at-home system and design of new “workflow systems”

**\* Plan to publish “Sustainability Report” in October, 2020**

# Contribution to the realization of a sustainable society

## [Contribution to planet and environment] ATW business in Europe

### ● Global warming countermeasures in Europe

- Europe is a leader in environmental issues,  
EU's renewable energy target: more than 20% in 2020, 32% in 2030,  
net-zero CO2 emissions in 2050

### ● Current situation in Europe

- About 80% of household's energy consumption is water heater and heating  
(About 75% of heating is still generated from fossil fuels)

### ATW (Air to Water)

- Reduce about 80% of greenhouse gas emissions compared with fossil fuels
- About 4-5 times more energy efficient than electric heaters
- Use heat pump technology (Positioned "renewable energy" in Europe and Japan)
- No emission of toxic gas
- **Contribution to our business: Net sales / 40+ billion yen, Profit / 10+ Billion yen  
(Total from FY2007 to FY2019)  
+ reduce CO2 emissions compared with fossil fuels**



**Promote shifting from fossil fuels to renewable energy**



# Contribution to the realization of a sustainable society



## [Contribution to society] Solving social issues by our innovation

-Living together for our future-

Achieve a comfortable, secure and safe society

Measures for heatstroke



### CÓMODO gear

Cooling device to get comfort  
(Plan to provide from FY2020)

Elderly care



### Home sensing

Utilization for life from data of cognitive behaviors  
(Under trial test)

QOL  
(Quality of Life)



Cleanliness and sterilization



Comfortable heating

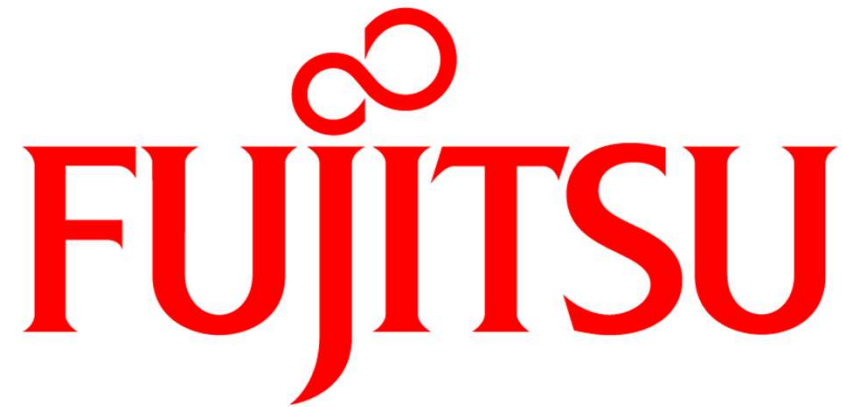


Generate water



Measures for hot weather



The logo features a red infinity symbol positioned above the word "FUJITSU". The word "FUJITSU" is rendered in a bold, red, serif typeface.

FUJITSU GENERAL

– Living together for our future –