

November 27, 2015
FDK CORPORATION

"Mid-Term Business Plan 1618"

We, FDK group, looked ahead to the future like utilization of the renewable energy resource with high efficiency or the arrival of the smart community where we applied the information and communication technology. For that background, we developed "Mid-Term business plan 2013-2015" focused on strengthening of existing business and nurturing of new business, and we has united in concerted efforts to promote.

We made extra efforts in stabilizing the management and business base by further selection and concentration as its basic strategy, which is business transfer of high frequency business and optical component, business acquisition of power supply system business. And we showed certain accomplishment with both increasing profit-earning capabilities and strengthening the Group's financial base.

However, we were not able to achieve our business revenue because of various factors such as delays of the formation of each market for system battery or lithium ion capacitor. As a result, it is delayed further than the original plan at the present.

As for operating income ratio 7% which we assumed the final target as last year of present Mid-Term Business Plan, it is predicted that achievement of the final target is difficult. Still we are changing to management processes to gain the highest possible profit steadily.

In this environment, we announced new Mid-Term Business Plan as three years starting from fiscal year 2016 with an aim to strengthen the group's business position and enhance its corporate value.

Please refer to presentation document "Mid-Term Business Plan 1618" for details.



Mid-Term Business Plan 1618

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1. Business Performance Review of Mid-Term Business Plan 2013-2015

In this Mid-Term Business Plan 2013-2015, FDK Group promoted business expansion by

- reinforcement of profitability in accordance with improvement of cost structure in existing Battery and Electronic Device business
- development of newly business by the creation of technological synergies in each business



START10
2010-2012

- Business expansion including two battery businesses as well as existing business
- Creation of synergy business and launching on the business



Mid-Term Business Plan
2013-2015

- Expansion of existing battery and electronic business by enhancement of cost competitiveness
- Expansion of Battery System business as synergy business
- Strengthen development of Lithium Ion Capacitor which is positioned as future business

(Unit: Yen100 mill.)

		FY2013 (result)	FY2014 (result)	FY2015 (forecast)	
Plan	Sales	800	950	1,100	Target
	Operating Income	16	38	77	
	(ratio)	2.0%	4.0%	7.0%	
Current	Sales	766	764	810	Current (Forecast)
	Operating Income	14	22	23	
	(ratio)	1.9%	2.9%	2.8%	
Increase/ Decrease	Sales	▲ 34	▲ 186	▲ 290	
	Operating Income	▲ 2	▲ 16	▲ 54	

It is anticipated to erode the original forecast for FY2015, the final year of the plan.

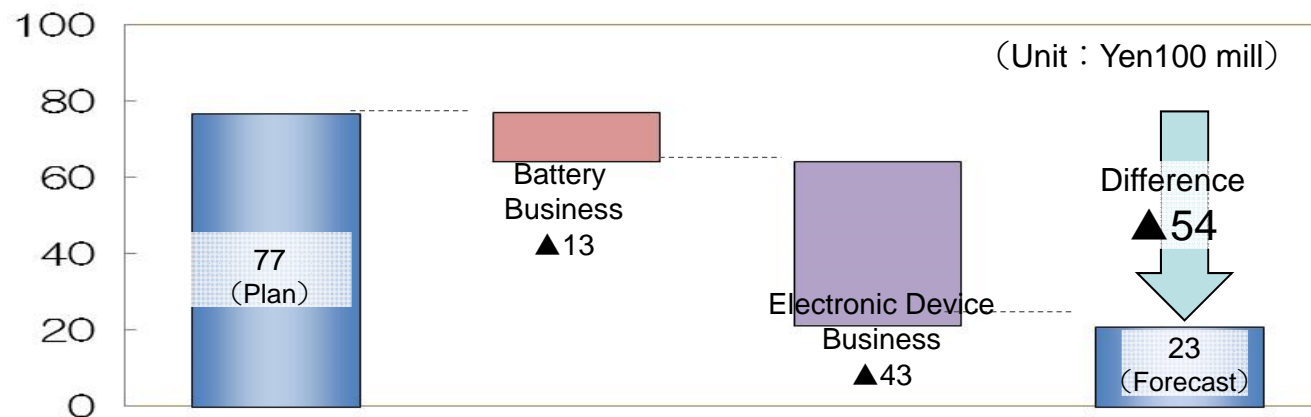
Existing Business

- Ni-MH Battery and Lithium battery have continuously expanded its business because of success in improvement on Cost structure and steady response to the change of market circumstance.
- Alkaline Battery has been significantly blow the plan due to intensifying competition in the domestic market and the delay of expansion to the market worldwide although some measures has been moved on such as renewing new label design on FUJITSU brand and introduced new production line into FDK Indonesia .
- Electronic Devices have a significant difference between plan and result because of intensifying competition in the market especially on Ferrite, Coil and Micro Inductor products although they have executed “Selection and Concentration” of business by strengthening Power Supply business by acquaintance, and transferring High-Frequency products and Optical components business.

New Business

- Battery system could have entered the business in large size models and the models for ICT market, however, has deviated from the plan because of the delay of expansion of overseas business and market situation change for small size products.
- Lithium Ion Capacitor was forced to restructure its business fundamentals due to the delay of market buildup.

Breakdown of the difference about Operating Income

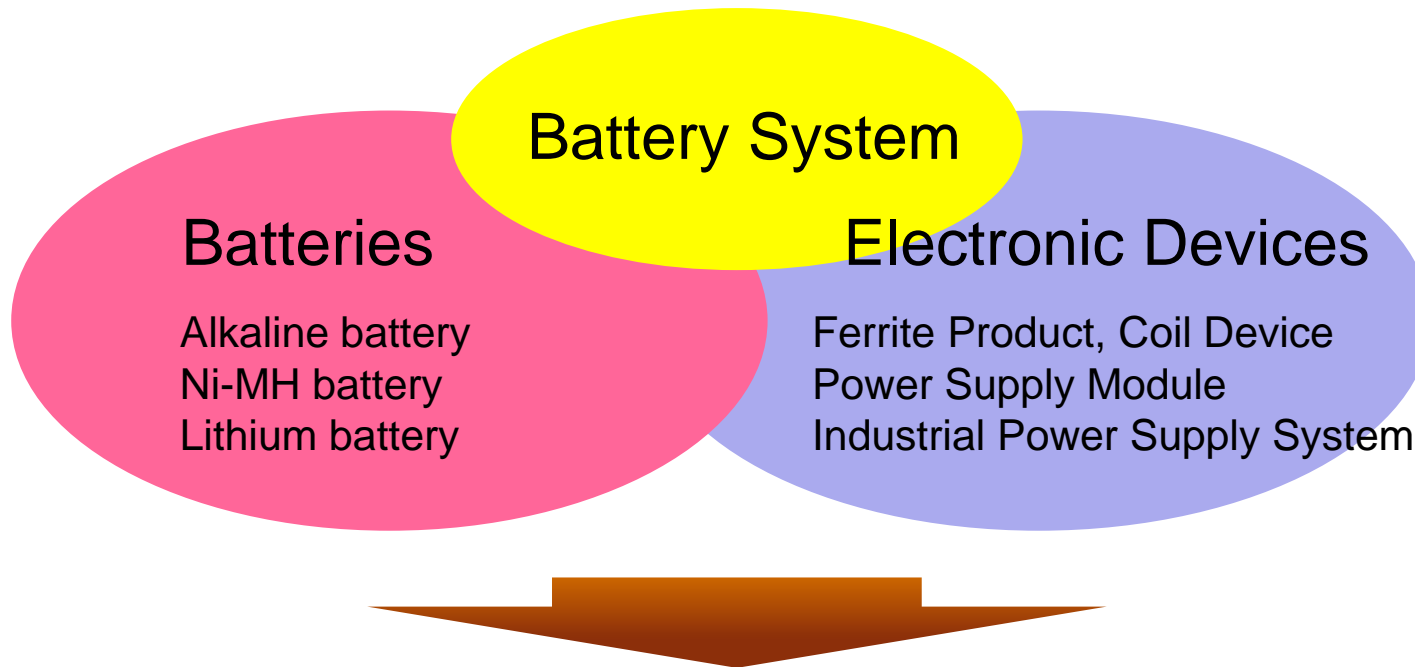


2. Mid-Term Business Plan 1618

FDK group contributes to development of electronics realizing *3E through the development and supply of Batteries and Electronic Devices based on customer satisfaction, and aims at becoming the “Leader in Energy Management Systems Across Multiple Platforms” providing customers with high-efficiency intrinsically safe products.

(*3E: Environmental Conservation, Energy Saving, Economic Development)

FDK group promotes to provide Batteries and Electronic Devices, and Battery System exploiting its technologies



To Industrial market and Consumer market

FDK group continues to provide Batteries, Electronic Devices, and Battery System exploiting its technologies into Industrial and Consumer markets.

Industrial Market

Ferrite Core Piezoelectric Products

Coil Device DCDC Converter

Power Supply system

<Electronic Devices>

Consumer Market

Thin type Lithium battery Lithium Battery Ni-MH Battery (Industrial use) Ni-MH Battery (Consumer use)

Battery unit (Embedded type) Industrial Power Storage System (FPSS) Power Storage System (FPSS)

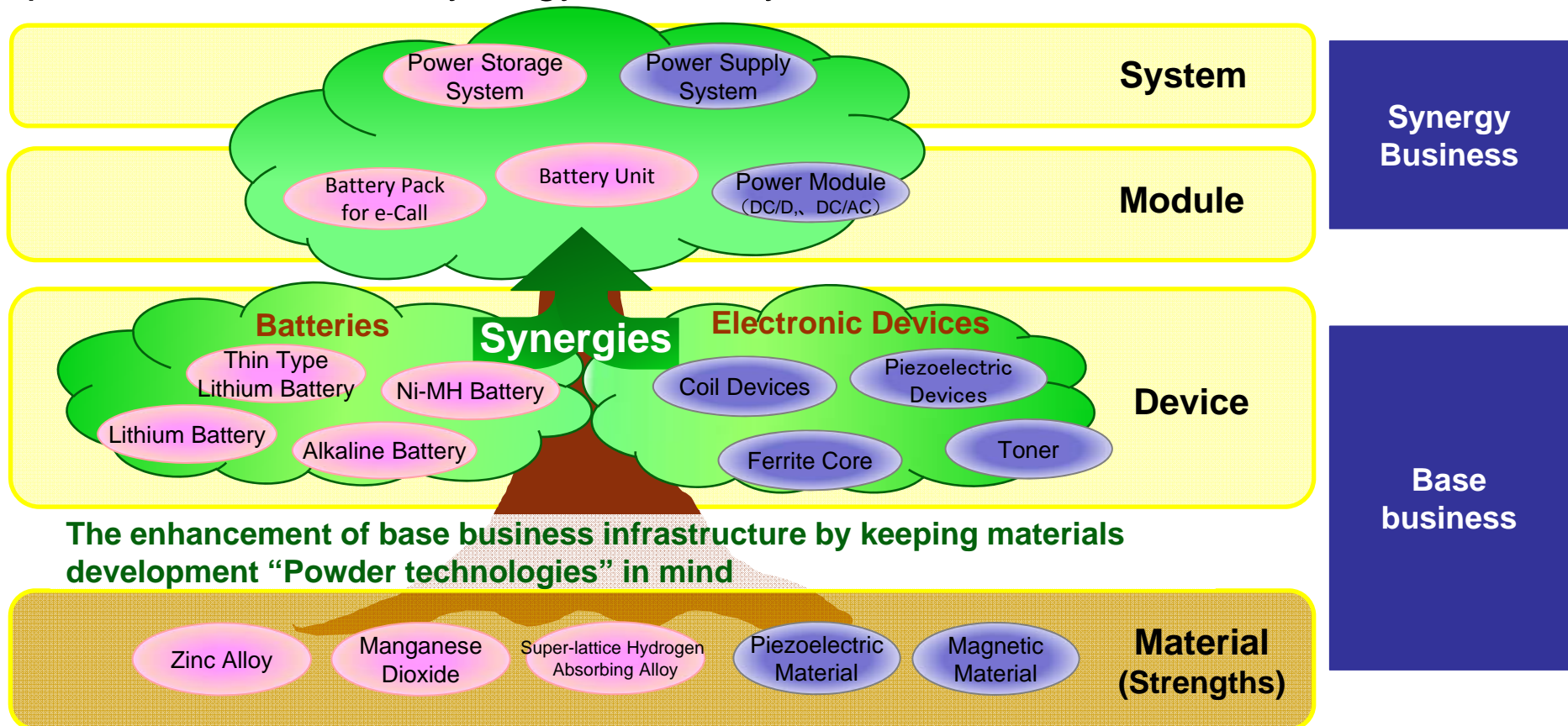
Battery unit (Compatible to Lead Acid battery) Alkaline Battery

<Batteries & Battery System>

Business Portfolio



FDK Group intends to achieve sustainable growth as “ Leader in Energy Management Systems Across Multiple Platforms” through strengthening base businesses that get back to the material development and developing products that utilize synergy of Battery and Electronic Device business.

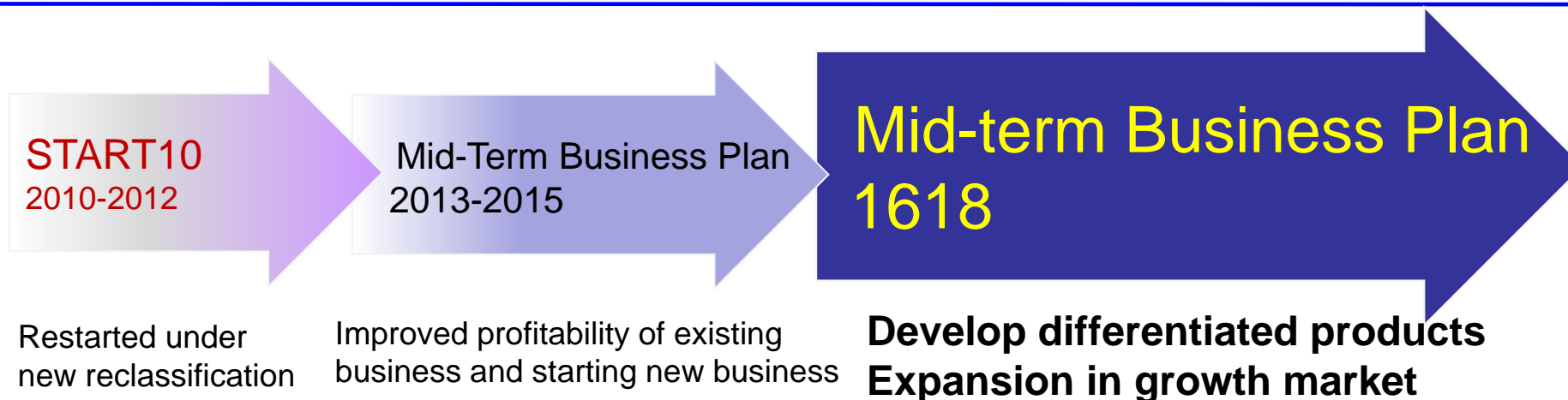


Social Environment

- Expanse of the reliable and safety needs in the social infrastructure
- Change of the domestic electricity infrastructure by expansion of the use of the renewable energy and revision of the Electricity Business Act.
- Change of population dynamics such as increase in world population, the declining birthrate and aging society
- Concern of the Chinese economy slowdown
- Continuation of the tendency to weak yen

Business Environment

- Growing consciousness to CSR
- Increasing importance of Product-Quality and Management-Quality
- Tendency to decrease price of natural resource
- Sharp rising in labor costs at overseas manufacturing base
- Change market structure by business market maturity and the rise of the Chinese competitors
- Legislation toward promoting energy-saving policy
- Enlarging demand to in-vehicle telematics appliance



■ Develop differentiated products

- Develop new material toward next generation
- Develop wide range products from materials to system products corresponding to diverse market needs

■ Expansion in growth market

- Secure and expand sales channels for battery and electronic devices in global market
- Expand new products in the market that utilize synergy of Battery and Electronic technologies



Enhancing the presence of the company as manufacturer of system management for energies

FDK Group enhances the corporate value as the company bringing about a prosperous future through supplying products that make use of material technologies.

Business Strategy

■ Base business

- Develop next-generation materials
- Actively promote into growing field in the industrial market.
- Strengthen battery sales on the global consumer market

■ Synergy Business

- Put synergy products on the market
- Promote Energy related solution products into the market

■ M & A

- Strengthen operations by making use of alliances

Strengthening Corporate Structure

Management Targets

Development of next-generation new materials



FDK Group accelerates material development toward the future in close cooperation with off-site institutes in addition to internal experience and know-how.

Alliance with off-site institute

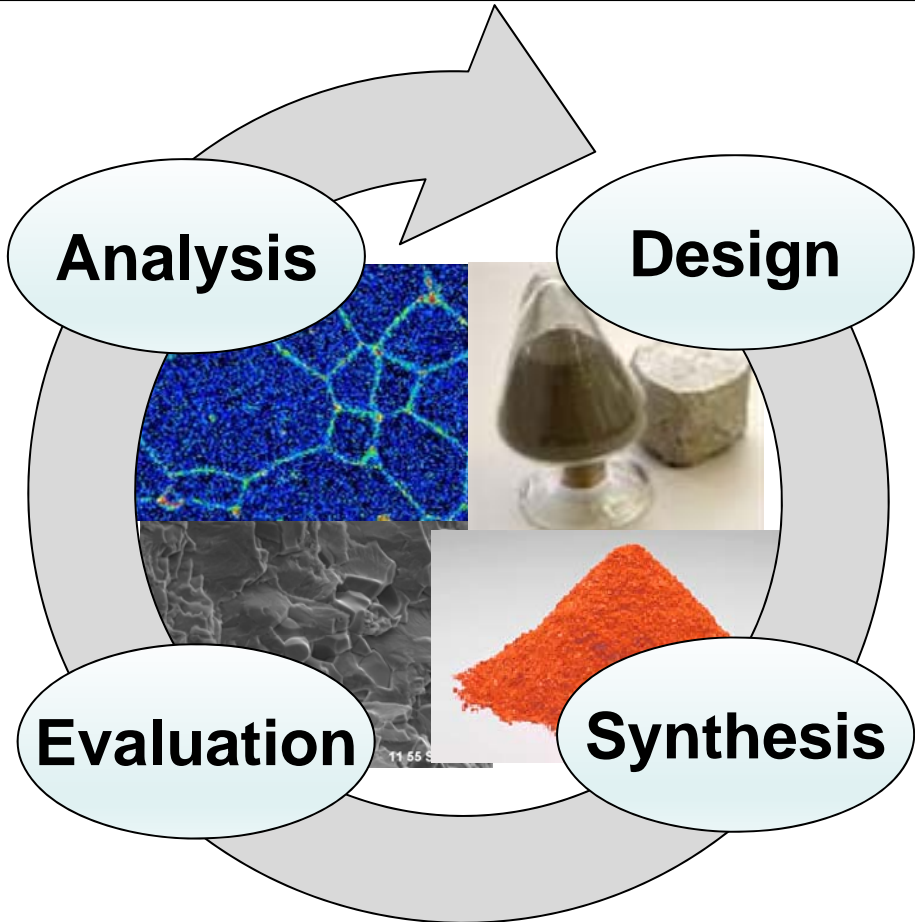
FUJITSU Group (Fujitsu Lab)

▪

University (Joint Research)

▪

Overseas Laboratory



Utilizing CAE

- Designing Material

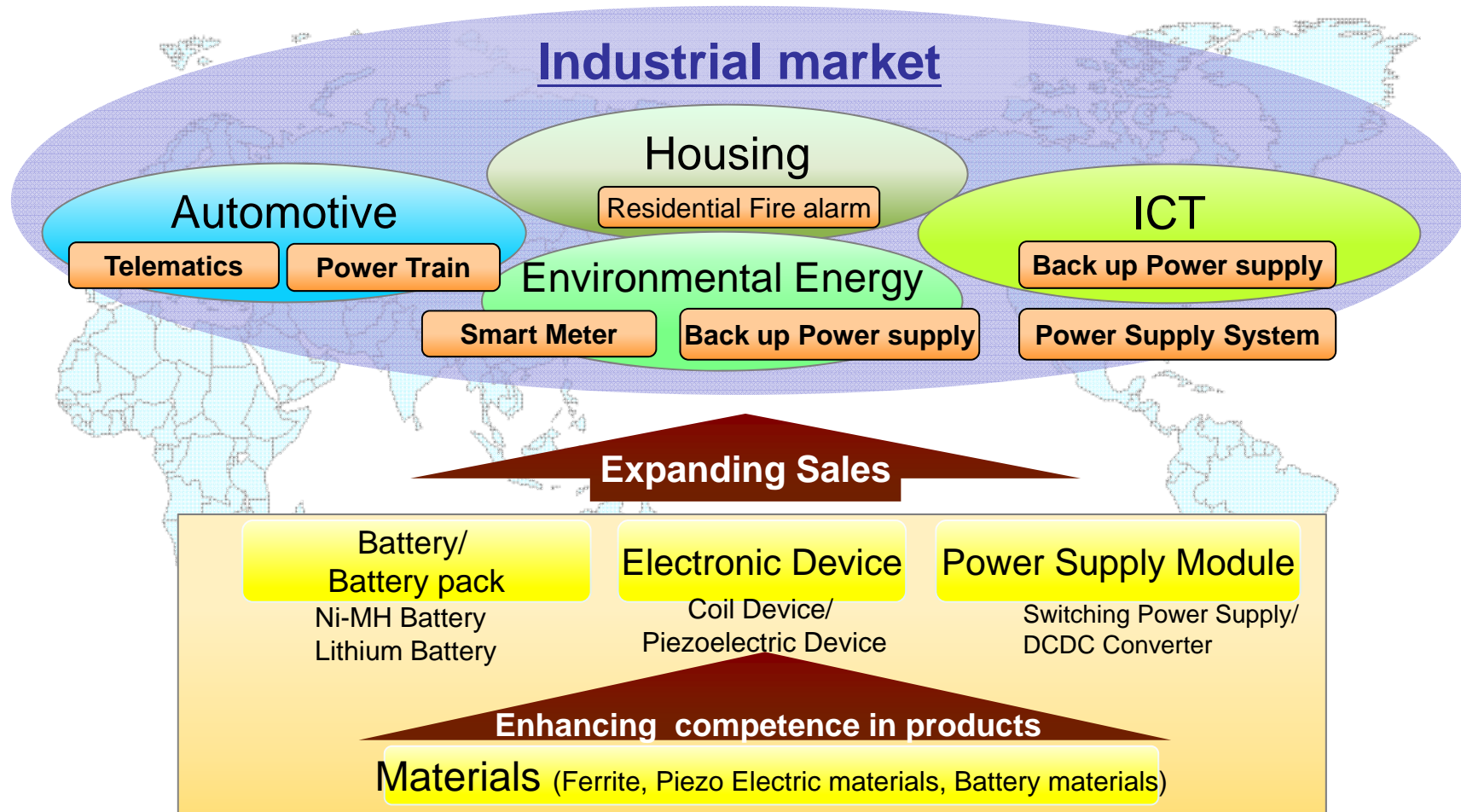
■ Designing Synthesis Process

Sintering Grinding

CAE : Computer Aided Engineering

Active promotion into growth fields in industrial market **FDK**

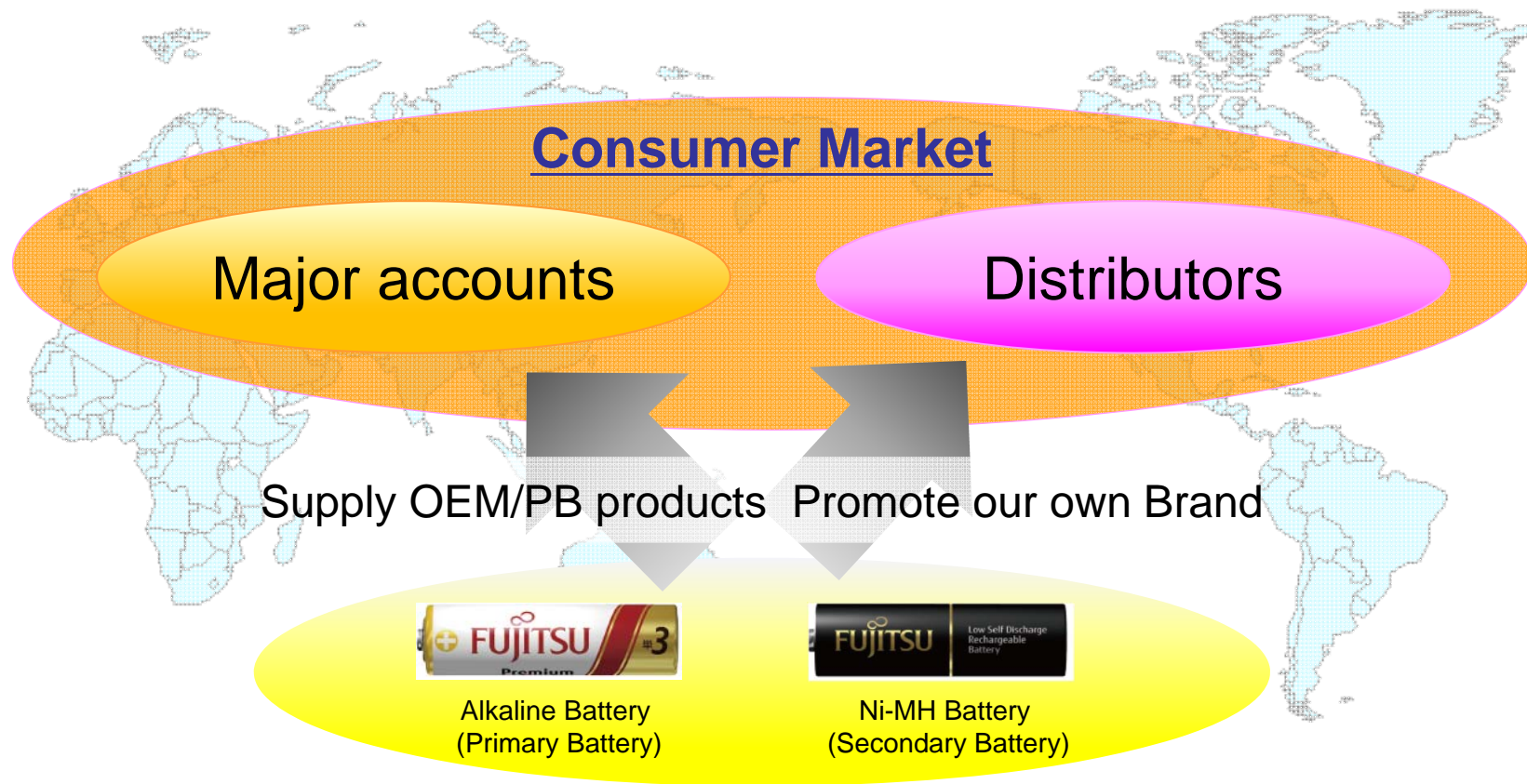
FDK group continues to promote valuable products that conform to the market needs in the Industrial markets with high potential.



Strengthening sales activity in the consumer market



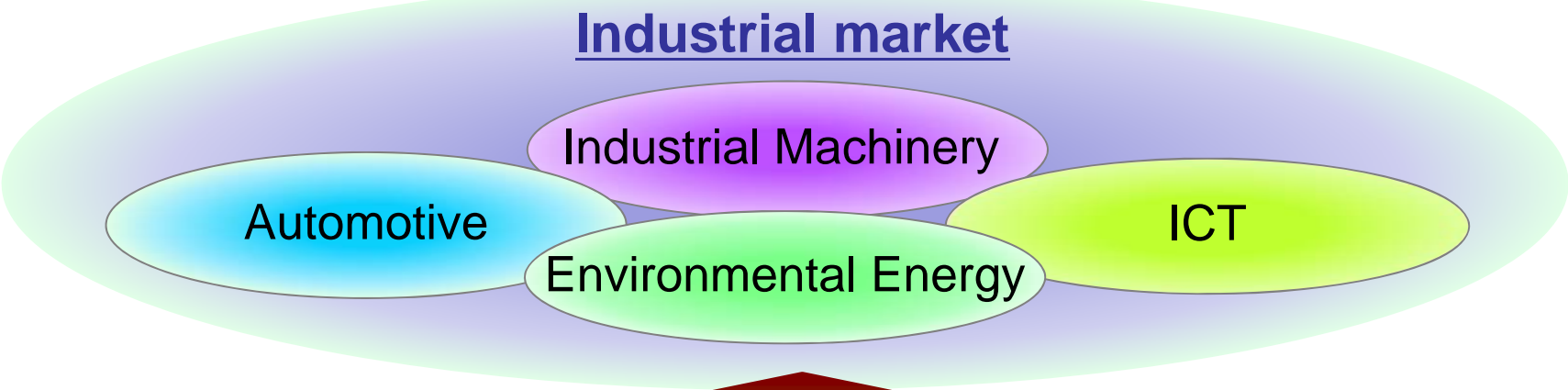
FDK Group actively develops business globally enhancing its Brand awareness and recognition through alliance with major accounts and distributors.



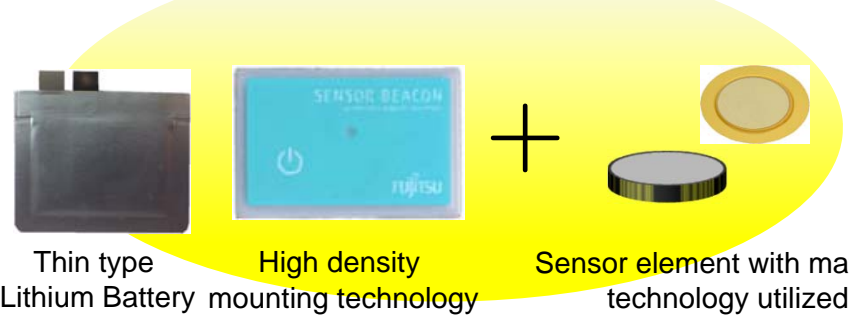
Release the synergy products into the market



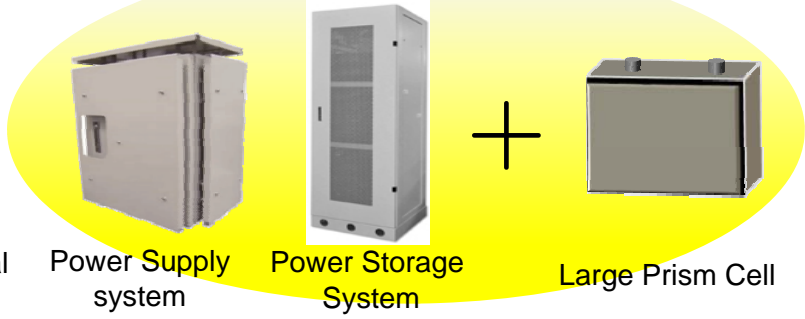
FDK Group releases synergy products made use of its technologies owned at Battery and Electronic Device business respectively into the industrial market.



System Integration



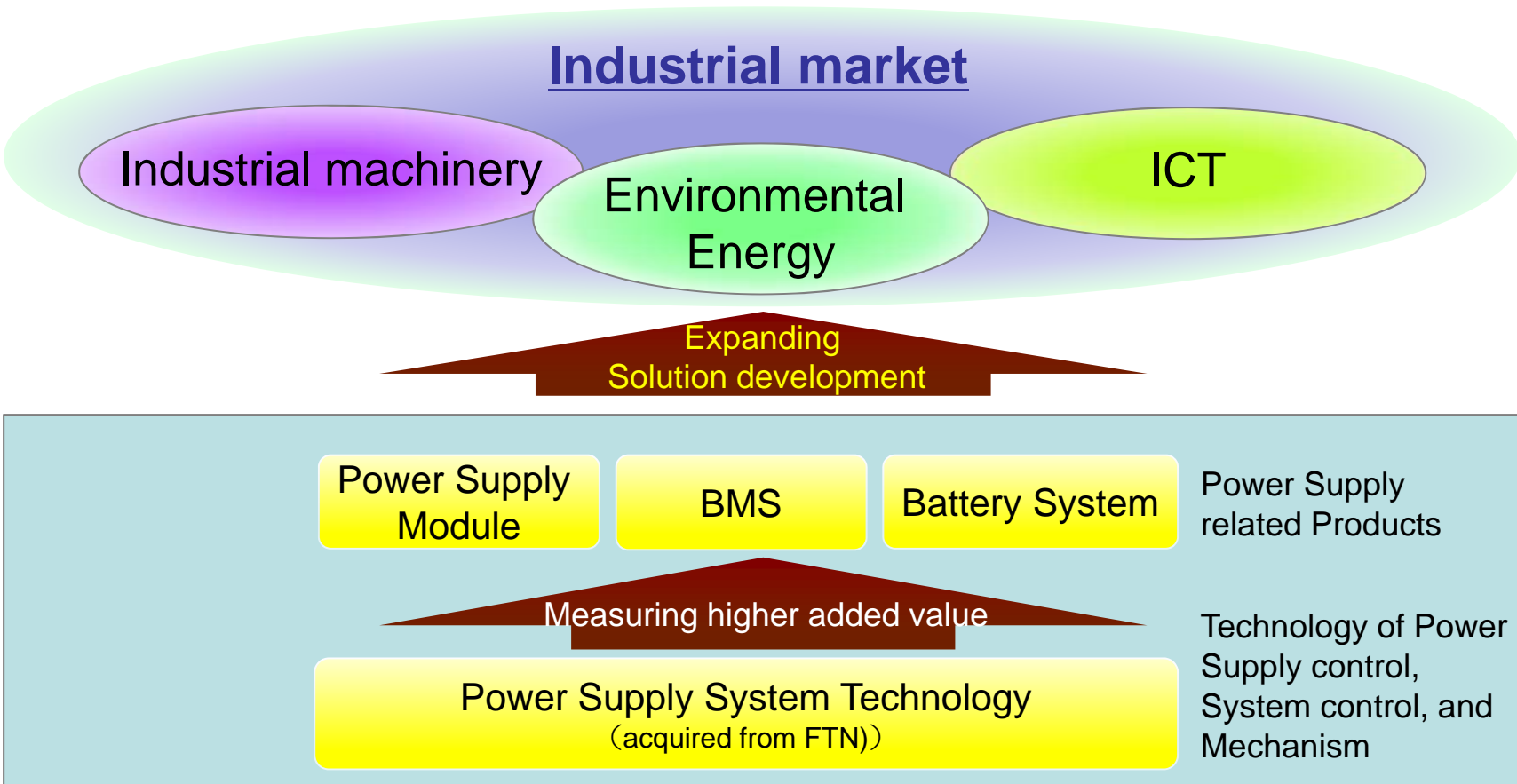
Wearable Device



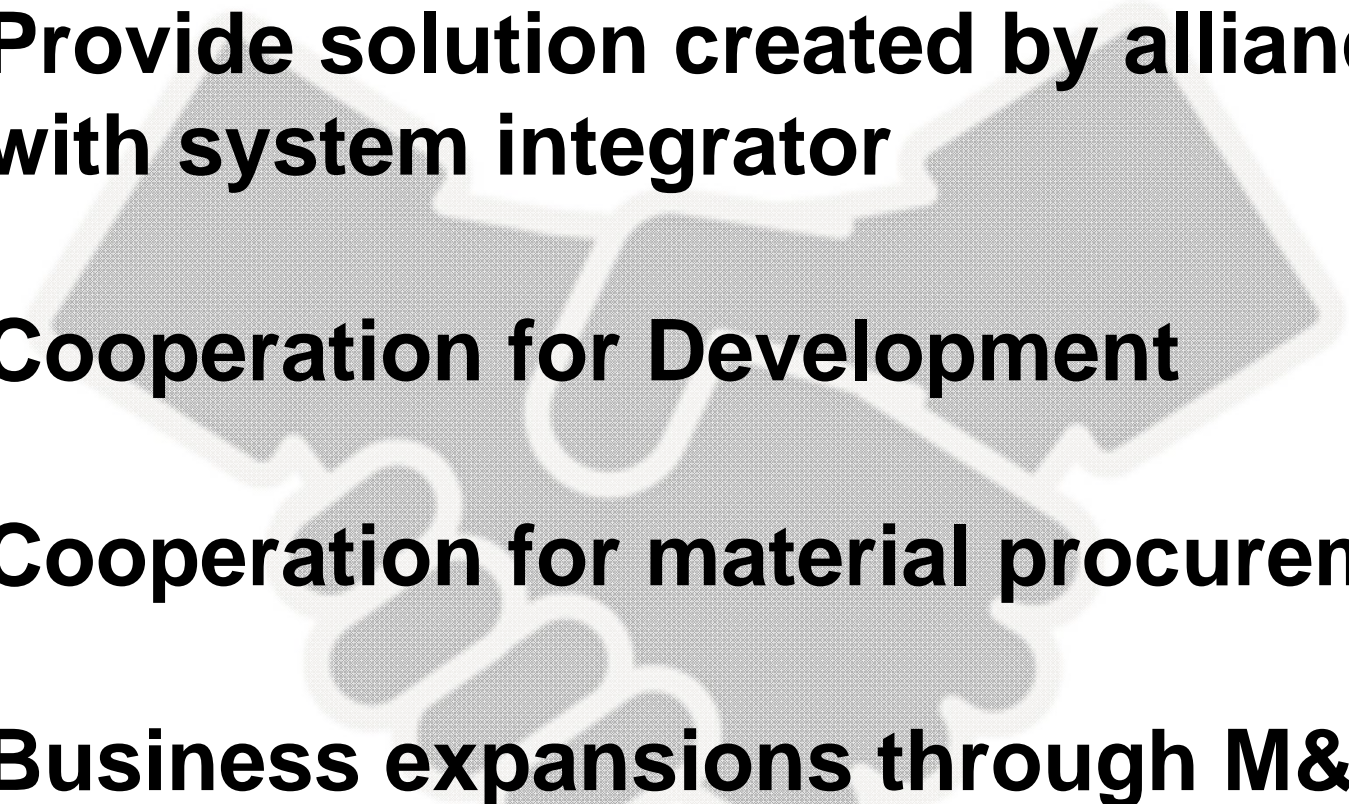
Intelligent Power Storage System

Market development of energy related solution products **FDK**

FDK Group develops the Power Supply-related products with higher added values by applying technology of Power Supply System.



BMS : Battery Management System

- 
- **Provide solution created by alliance with system integrator**
 - **Cooperation for Development**
 - **Cooperation for material procurement**
 - **Business expansions through M&A**

3. Strengthening Corporate Structure

Challenge of further strengthening of product quality

Initiatives aimed at cost reduction

Promoting corporate social responsibility (CSR)

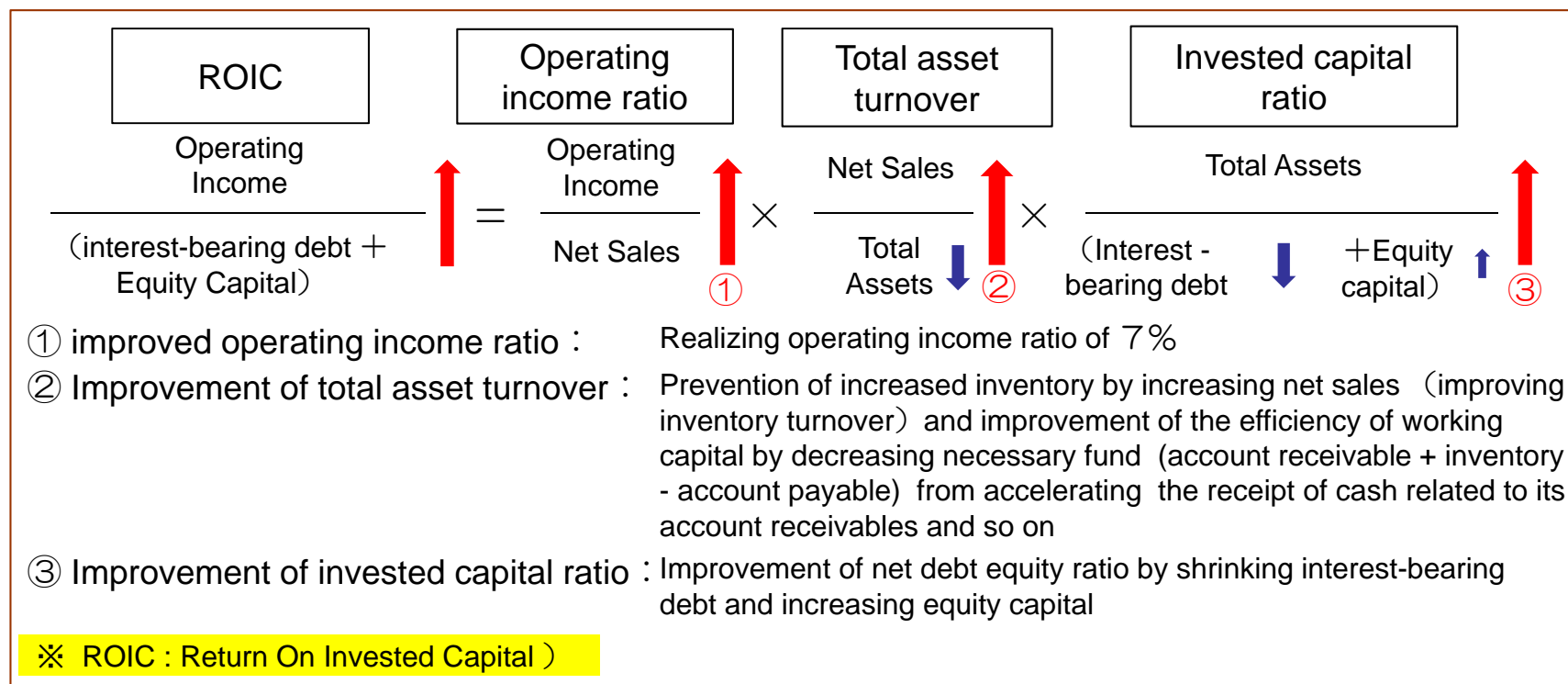
Organizational reforms and nurturing human resources

Expansion and maintenance of information available base

Improvement of financial structure

By improvement of Return on investment (ROIC), FDK aims for restoration of financial structure through sustained growth and improvement of the corporate value to extend in the future.

[Implement action plans for invested-capital improvement]



4. Management Targets

FY2015 Indicator - Forecast

Sales (in 100 Million Yen)	: 810
Operating income ratio	: 2.8%
ROIC	: 4.7%
Net debt-to-equity ratio	: 15 %
Total asset turnover	: 1.4
Net debt equity ratio	: 1.4



FY2018 Indicator - Plan

Sales (in 100 Million Yen)	: 1,000
Operating income ratio	: 7%
ROIC	: 15% or more
Net debt-to-equity ratio	: 30% or more
Total asset turnover	: 1.6
Net debt equity ratio	: 0.1

FDK

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Technology creating a better future
