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**No. 2465**

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## **MITSUBISHI ELECTRIC TO STRENGTHEN ITS POWER SYSTEMS BUSINESS**

**Tokyo, May 14, 2009** – Mitsubishi Electric Corporation (President and CEO: Setsuhiro Shimomura) (TOKYO: 6503) announced today its strategy for continued expansion of its power systems business, with an aim to achieve annual sales of 400 billion yen in the period between fiscal 2014-2016 (April 2013 to March 2016).

### **Background**

Mitsubishi Electric's power systems business is involved in the generation, transmission and distribution of electricity, as well as other energy-related fields such as particle beam treatment systems and information and telecommunications systems for power utilities. In the power generation business, Mitsubishi Electric offers products such as turbine generators, hydraulic turbine generators and power plant supervision and control systems, while, in the transmission and distribution related business, the company provides a range of products including high voltage switchgears, power transformers, and protection and control systems.

In Japan, power utility firms reduced their capital investments during the period from 1993 through 2004, but recently, expenditures in energy equipment have seen steady growth, with total investments increasing by 47 percent from 1.5 trillion yen in fiscal 2005 to 2.2 trillion yen in fiscal 2009. Capital expenditures in this field are expected to grow further due to increased demand for more electricity and for the replacement of old equipment.

Despite a current temporary slowdown in demand due to the downturn in the global economy, the overseas market as well is expected to show more mid-term demand for energy equipment, as the economies of emerging markets expand and demand for replacements increases in major markets. Compared to 2004, power generation capacity in each region is expected to show the following growth figures by 2010: 6 percent in North America; 30 percent in China; and 28 percent in Middle East and Africa.

Meanwhile, there is growing demand for power systems that has less impact on the environment, as a means to help tackle climate change. Such demand requires improvements to reduce greenhouse gas emissions, and the development of clean energy technology.

Under these circumstances, there is a need for Mitsubishi Electric to bolster its productivity and competitiveness, despite severe competition in the market due to its industry peers expanding their production capacity, as well as continued profitability risks arising from a stronger yen or increases in material and crude oil prices.

### **Mid-term Business Targets**

Mitsubishi Electric's power systems business has shown a 30 percent growth in sales in the three-year period until March 2009, with approximately 70 percent of its sales derived from the Japanese market and the rest from its operations outside Japan. Under the business conditions stated above, Mitsubishi Electric aims to increase sales in this business by 20 percent, to achieve annual sales of 400 billion yen sometime in the period between fiscal 2014-2016. To expand its business in this field in the mid-term, the company has formulated the following mid-term strategies:

#### ● **Goal**

Mitsubishi Electric will promote sustainable growth strategies to expand its power systems business as a leading manufacturer in the global energy equipment market.

#### ● **Strategies**

##### 1) Expand global business

Mitsubishi Electric currently has the top share in high-voltage circuit breakers for the US market and in super-high voltage switchgears for the Chinese market. During this fiscal year ending March 2010, Mitsubishi Electric plans to strengthen its global switchgear business, as well as its power transformer and power electronics businesses, mainly in the US market.

In the nuclear power plant business, Mitsubishi Electric entered the Chinese market by receiving an order for instrumentation and control system, and this fiscal year, the company will work to attain the necessary license to enter the US market.

In the European market, Mitsubishi Electric succeeded in entering the power transmission systems market in the UK and the hydraulic power generation systems market in Slovenia, and will further continue its efforts to expand its business mainly in these markets.

Furthermore, in India, the company entered the thermal power generation systems business by investing in a local joint venture, and received orders for turbine generators. Mitsubishi Electric intends to further expand its thermal power generation systems business in India. The company is also considering whether to enter the power transmission systems market in this country.

#### 2) Strengthen environment-related businesses in the energy equipment field

Mitsubishi Electric will propose various solutions related to power systems in order to reduce its impact on the environment. The company intends to reduce greenhouse gas emissions from power generation and transmission equipment, contribute to the widespread use of nuclear power generation and photovoltaic systems, and find solutions to challenges arising from dispersed power sources.

#### 3) Enhance product competitiveness

In addition to continuing its previous efforts for increasing market competitiveness, Mitsubishi Electric intends to promote its R&D to develop products that suit global markets and also better harmonize with the environment. The company also plans to develop cutting-edge technologies that differentiate its products from its competitors.

#### 4) Expand production capacity

From April 2005, Mitsubishi Electric's power systems business has been implementing Just-in-Time (JIT) and other productivity improvement activities. In addition to these activities, the company will make investments to aggressively increase its production capacity in order to achieve its mid-term goal of 400 billion yen sales in this field.

In the turbine generator business, for example, Mitsubishi Electric will invest some 11 billion yen in its factory in Japan to raise its annual production capacity from 45 units in fiscal 2009 to 80 in fiscal 2013. The company will also bolster its overseas production and procurement sites, as well as consider future sites.

In switchgears, Mitsubishi Electric intends to increase production capacity in factories in Japan, as well as strengthen overseas production sites mainly in the US and Chinese markets. The company will also consider future overseas sites for this business.

Furthermore, the company has decided to invest some 1.3 billion yen in its power transformer factory in Japan, increasing its annual production capacity from 23GVA in fiscal 2009 to 27GVA in fiscal 2011. The company will consider further enhancements of its production capacity for power transformers based on demands.

### **About Mitsubishi Electric**

With over 80 years of experience in providing reliable, high-quality products to both corporate clients and general consumers all over the world, Mitsubishi Electric Corporation (TOKYO: 6503) is a recognized world leader in the manufacture, marketing and sales of electrical and electronic equipment used in information processing and communications, space development and satellite communications, consumer electronics, industrial technology, energy, transportation and building equipment. The company recorded consolidated group sales of 3,665.1 billion yen (US\$ 37.4 billion\*) in the fiscal year ended March 31, 2009. For more information visit <http://global.mitsubishielectric.com>

\*At an exchange rate of 98 yen to the US dollar, the rate given by the Tokyo Foreign Exchange Market on March 31, 2009.

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