

Consolidated Financial Results for FY2018

April 26, 2019

Fuji Electric Co., Ltd.

Summary of Consolidated Financial Results for FY2018 (YoY Comparison)

Record highs for operating income and ordinary income

(Billion yen)

	FY2017	FY2018	Change
Net Sales	893.5	914.9	21.5
Operating Income/Loss (Operating Margin)	56.0 (6.3%)	60.0 (6.6%)	4.0 (0.3%)
Ordinary Income/Loss	56.0	63.5	7.4
Extraordinary Income/Loss	0.8	-1.2	-2.0
Income/Loss before Income Taxes	56.8	62.3	5.5
Income Taxes	14.8	17.2	2.4
Net Income Attributable to Non-controlling Interests	4.2	4.8	0.6
Net Income Attributable to Owners of Parent	37.8	40.3	2.5

(Average exchange rate)

(Yen)

US\$	110.85	110.91	0.06
EURO	129.70	128.41	-1.29
RMB	16.75	16.54	-0.21

(Difference between year-end foreign exchange rates: March 31, 2018→March 31, 2019)

(Yen)

US\$	112.19→106.24	106.24→110.99	10.70
EURO	119.79→130.52	130.52→124.56	-16.69
RMB	16.29→16.92	16.92→16.47	-1.08

Net Sales

Loss on translation of earnings of overseas subsidiary	-0.1
Demand increase	21.6

Operating Income/Loss

Increase in sales volume	7.8	Increase in fixed cost	-1.8
		Exchange rate effect	-1.3
		Others*	-0.8
	<u>7.8</u>		<u>-3.8</u>

*cost reduction, price fluctuations and sales mix changes

Non-operating Income/Loss

Net interest expense	0.9	(0.9 → 1.7)
Foreign exchange income/loss	2.2	(-2.1 → 0.1)
Others	0.4	(1.3 → 1.7)
	<u>3.4</u>	<u>(0.1 → 3.5)</u>

Extraordinary Income/Loss

Gain on sales of investment securities	-0.6	(1.7 → 1.1)
Loss on valuation of investment securities	0.5	(-0.8 → -0.3)
Gain on reversal of foreign currency translation adjustments due to subsidiary liquidation	1.3	(0.0 → 1.3)
Impairment loss	-2.2	(0.0 → -2.2)
Others	-0.9	(-0.2 → -1.0)
	<u>-2.0</u>	<u>0.8 → -1.2</u>

Summary of Consolidated Financial Results for FY2018 (Comparison with FY2018 Medium-Term Management Plan)

All targets of medium-term management plan accomplished

(Billion yen)

	FY2018 Medium-Term Management Plan	FY2018 Results	Change
Net Sales	900.0	914.9	+14.9
Operating Income/Loss	54.0	60.0	+6.0
Operating Margin	6.0%	6.6%	+0.6pt
Net Income Attributable to Owners of Parent	34.0	40.3	+6.3

【Financial Indicators】

Net D/E Ratio※	0.7 times	0.4 times	-0.3pt
Equity Ratio	32%	37%	+5pt
ROA (Return on assets)	4%	4%	—
ROE (Return on equity)	12%	12%	—

※ Net interest-bearing debt ÷ shareholder's equity

Net Sales and Operating Income by Segment for FY2018 (YoY Comparison)

**Higher sales for all segments excluding Food and Beverage Distribution
Higher income centered on Energy Solutions and Electronic Devices**

(Billion yen)

	FY2017		FY2018		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems — Energy Solutions	217.6	14.0	224.8	16.9	7.2	2.8
Power Electronics Systems — Industry Solutions	321.0	18.9	321.9	19.4	1.0	0.5
Power and New Energy	96.9	5.5	107.0	4.8	10.1	-0.8
Electronic Devices	126.9	13.7	137.3	15.6	10.5	1.9
Food and Beverage Distribution	117.8	6.2	113.6	5.8	-4.1	-0.5
Others	60.4	2.9	62.2	2.8	1.8	-0.1
Elimination and Corporate	-47.1	-5.3	-52.0	-5.2	-4.9	0.1
Total	893.5	56.0	914.9	60.0	21.5	4.0

Business Results by Segment for FY2018 (YoY Comparison) ①

(Billion yen)

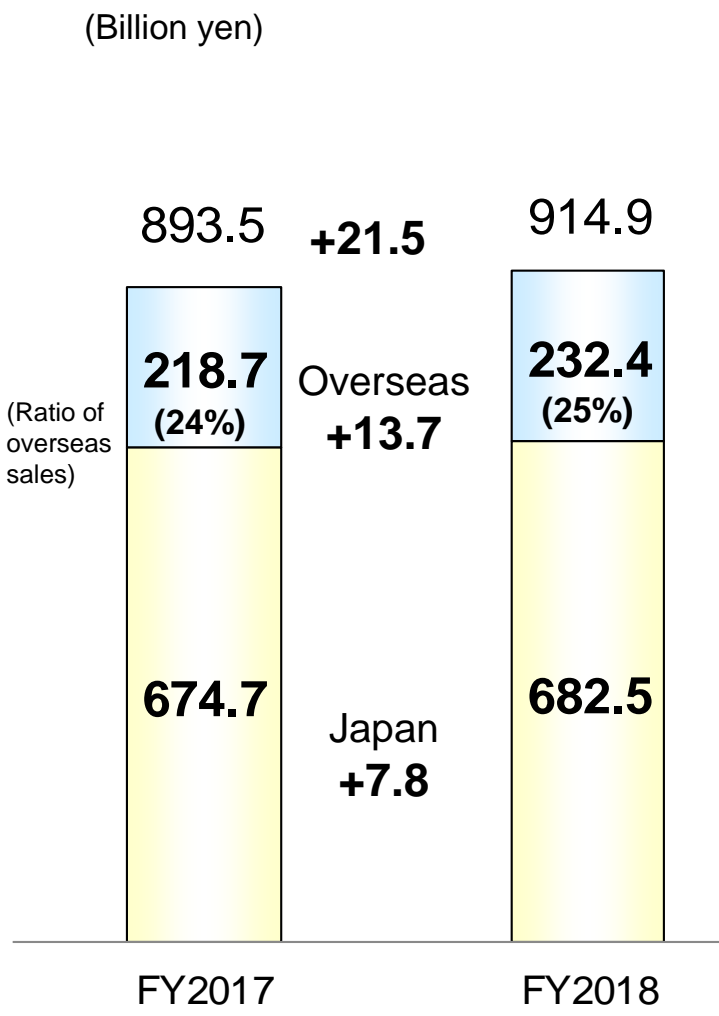
		FY2017	FY2018	Change	Overview
Energy Solutions	Net Sales	217.6	224.8	7.2	<p>Energy Management Decrease in net sales primarily as a result of the rebound from a large-scale project undertaken overseas during the previous fiscal year and reduced demand for smart meters, but increase in operating results due to the benefits of cost reduction efforts</p>
	Operating Income/Loss	14.0	16.9	2.8	<p>Power Supply and Facility Systems Increase in net sales and operating results due to an increase in large-scale orders in Japan</p> <p>ED&C Components Increase in net sales and operating results because of strong demand from distribution panel manufacturers</p>
Industry Solutions	Net Sales	321.0	321.9	1.0	<p>Factory Automation Increase in net sales and operating results due to increased domestic demand centered on inverters, motors, and factory automation systems, the benefits of which outweighed the impacts of the bearish trends seen overseas during the second half of the fiscal year</p>
	Operating Income/Loss	18.9	19.4	0.5	<p>Process Automation Decrease in net sales and operating results due to the absence of a large-scale order recorded in the previous fiscal year</p> <p>Social Solutions Decrease in net sales and operating results primarily as a result of lower demand for electrical equipment for railcars</p> <p>Equipment Constructions Increase in net sales and operating results following an increase in orders for construction of electrical equipment such as factory power distribution equipment</p> <p>IT Solutions Increase in net sales and operating results due to an increase in orders from the academic sector and the public sector</p>

Business Results by Segment for FY2018 (YoY Comparison) ②

(Billion yen)

		FY2017	FY2018	Change	Overview																																																				
Power and New Energy	Net Sales	96.9	107.0	10.1	<p>Lower thermal power system sales, increased renewable energy system sales due to large-scale orders for solar power generation systems and others</p> <p>Decrease in operating income due to higher costs associated with a large-scale order</p>																																																				
	Operating Income/Loss	5.5	4.8	-0.8																																																					
Electronic Devices	Net Sales	126.9	137.3	10.5	<p>Increase in net sales thanks to higher demand for products for automotive applications and for magnetic disks. These factors offset the impacts of the sluggish demand seen in the domestic industrial power semiconductor market during the second half of the fiscal year</p> <p>Increase in operating income due to higher sales</p>																																																				
	Operating Income/Loss	13.7	15.6	1.9																																																					
		<table border="1"> <thead> <tr> <th rowspan="3">Breakdown of Electronic Devices Sales</th> <th colspan="2">FY2017</th> <th colspan="2">FY2018</th> <th colspan="4">Distribution of Semiconductor Sales by Fields</th> </tr> <tr> <th colspan="2"></th> <th colspan="2"></th> <th colspan="2">FY2017</th> <th colspan="2">FY2018</th> </tr> <tr> <th>4Q</th> <th>Full year</th> <th>4Q</th> <th>Full year</th> <th>4Q</th> <th>Full year</th> <th>4Q</th> <th>Full year</th> </tr> </thead> <tbody> <tr> <td>Semiconductors</td> <td>23.9</td> <td>107.5</td> <td>28.1</td> <td>111.8</td> <td colspan="4">Industrial Modules</td> </tr> <tr> <td>Magnetic Disks</td> <td>4.3</td> <td>19.4</td> <td>5.4</td> <td>25.5</td> <td colspan="4">Industrial Discrete Devices</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td colspan="4">Automobiles</td> </tr> </tbody> </table>				Breakdown of Electronic Devices Sales	FY2017		FY2018		Distribution of Semiconductor Sales by Fields								FY2017		FY2018		4Q	Full year	4Q	Full year	4Q	Full year	4Q	Full year	Semiconductors	23.9	107.5	28.1	111.8	Industrial Modules				Magnetic Disks	4.3	19.4	5.4	25.5	Industrial Discrete Devices									Automobiles			
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Food and Beverage Distribution	Net Sales	117.8	113.6	-4.1	<p>Vending Machines</p> <p>Increase in net sales and operating results largely thanks to increased demand from domestic customers</p> <p>Store Distribution</p> <p>Decrease in net sales and operating results because of a decline in demand for store equipment for convenience stores</p>																																																				
	Operating Income/Loss	6.2	5.8	-0.5																																																					

Sales by Japan and Overseas Area for FY2018 (YoY Comparison)



(Billion yen)

	FY2017	FY2018	Change
Overseas	218.7	232.4	13.7
Asia and Others	110.9	121.7	10.8
China	75.0	78.4	3.4
Europe	17.6	16.5	-1.1
Americas	15.2	15.8	0.6

Energy Solutions	-2.3
Industry Solutions	+1.8
Power and New Energy	+3.3
Electronic Devices	+11.0
Food and Beverage	
Distribution	+ 0.8

Energy Solutions	-3.6
Industry Solutions	+2.1
Power and New Energy	+4.6
Electronic Devices	+7.9

Energy Solutions	+ 0.9
Industry Solutions	- 0.4
Power and New Energy	+ 0.3
Electronic Devices	+2.8
Food and Beverage	
Distribution	+ 0.2
Others	- 0.3

Summary of Consolidated Financial Results for FY2018 (Comparison with Forecasts)

(Billion yen)

	FY2018		Change
	Forecasts (Jan. 31, 2019)	Results	
Net Sales	905.0	914.9	9.9
Operating Income/Loss	58.0	60.0	2.0
Ordinary Income/Loss	60.0	63.5	3.5
Net Income Attributable to Owners of Parent	38.0	40.3	2.3

Net Sales

Gain on translation of earnings of overseas subsidiaries	4.0
Increase demand excluding exchange rate effect	5.9

Operating Income/Loss

Increase in sales and production volumes	1.6
Exchange rate effect	0.4

(Average exchange rate)	(Yen)		
US\$	109.61	110.91	1.30
EURO	128.37	128.41	0.04
RMB	16.58	16.54	-0.04

(Difference between year-end foreign exchange rates: March 31, 2018 → March 31, 2019)	(Yen)		
US\$	106.24→105.00	106.24→110.99	5.99
EURO	130.52→125.00	130.52→124.56	-0.44
RMB	16.92→16.50	16.92→16.47	-0.03

Summary of Consolidated Financial Results by Segment for FY2018 (Comparison with Forecasts)

(Billion yen)

	FY2018				Change	
	Forecasts (Jan. 31, 2019)		Results			
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems — Energy Solutions	225.0	17.4	224.8	16.9	-0.2	-0.5
Power Electronics Systems — Industry Solutions	323.0	19.2	321.9	19.4	-1.1	0.2
Power and New Energy	102.0	4.2	107.0	4.8	5.0	0.6
Electronic Devices	134.0	15.0	137.3	15.6	3.3	0.6
Food and Beverage Distribution	113.0	6.2	113.6	5.8	0.6	-0.4
Others	62.1	2.4	62.2	2.8	0.1	0.4
Elimination and Corporate	-54.1	-6.5	-52.0	-5.2	2.1	1.3
Total	905.0	58.0	914.9	60.0	9.9	2.0

Consolidated Balance Sheet at the End of FY2018

(Billion yen)

Assets		3/31/18	3/31/19	Change
Cash and time deposit		33.4	29.3	-4.1
Notes and account receivables, trade receivables		287.1	308.8	21.7
Inventories		149.8	177.0	27.2
Other current assets		48.3	58.0	9.7
Total current assets		518.5	573.1	54.6
Tangible fixed assets		174.6	182.1	7.5
Intangible fixed assets		19.3	17.8	-1.5
Investments and other assets		202.2	179.4	-22.8
(Net defined benefit asset)		(40.1)	(16.4)	(-23.7)
Total long-term assets		396.1	379.4	-16.7
Deferred assets		0.1	0.2	0.0
Total assets		914.7	952.7	37.9
ROA		4%	4%	0%
ROE		12%	12%	-0%
Net interest-bearing debt※1		130.2	124.9	-5.3
Net D/E ratio※2 (times)		0.4	0.4	0.0
Equity ratio		36.1%	37.0%	0.9%

Liabilities and Net Assets		3/31/18	3/31/19	Change
Notes and account payables, trade payables		184.0	196.7	12.7
Interest-bearing debts		163.5	154.0	-9.5
Other liabilities		200.7	209.9	9.2
Total liabilities		548.2	560.6	12.4
Capital stock		47.6	47.6	—
Capital surplus		46.0	46.1	0.1
Retained earnings		195.5	223.9	28.4
Treasury stock at cost		-7.3	-7.3	-0.0
Shareholders' equity		281.8	310.3	28.5
Accumulated other comprehensive income		48.8	42.6	-6.2
Non-controlling interests		35.9	39.1	3.2
Total net assets		366.5	392.1	25.5
Total liabilities and net assets		914.7	952.7	37.9

※1 Net interest-bearing debt: Interest-bearing debt – Cash and cash equivalents

※2 Net D/E ratio: Net interest-bearing debt ÷ Shareholder's equity

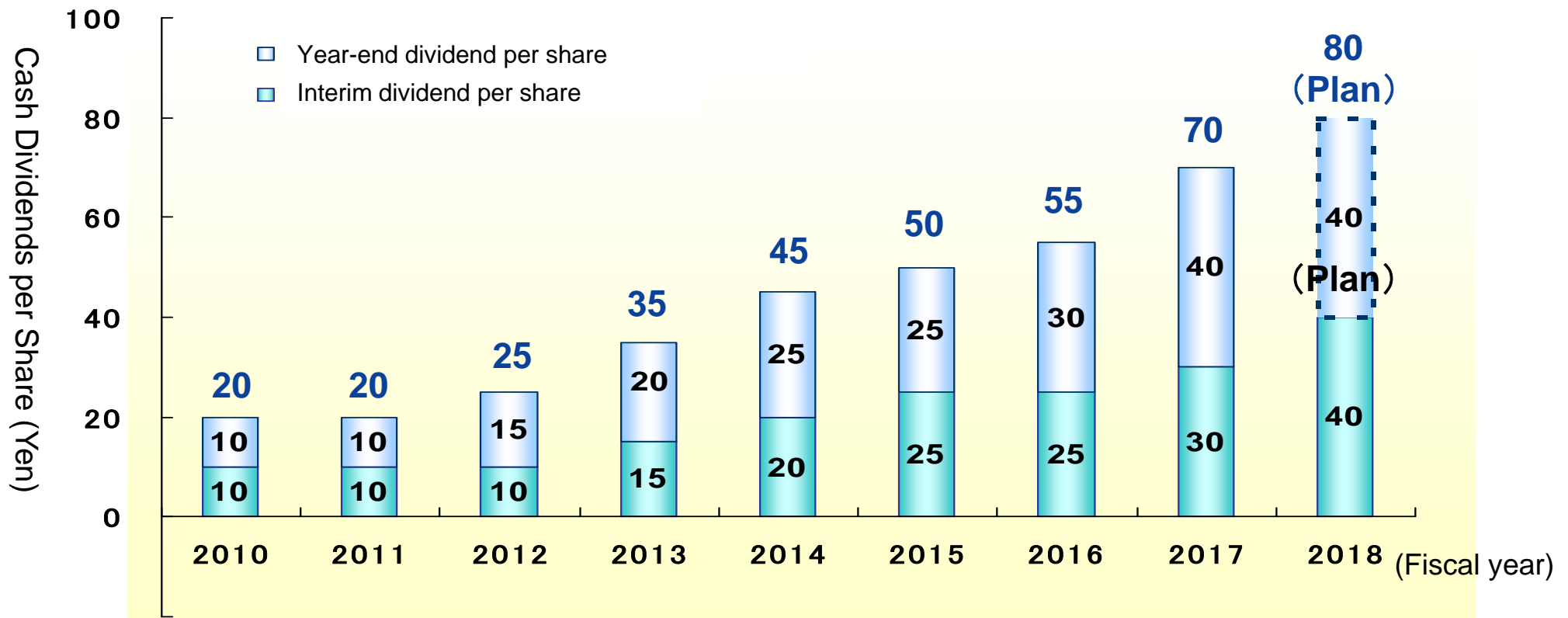
Consolidated Cash Flow for FY2018

(Billion yen)

		FY2017	FY2018
I	Cash Flows from Operating Activities	53.1	54.9
II	Cash Flows from Investing Activities	-14.6	-21.4
I + II	Free Cash Flow	38.6	33.5
III	Cash Flows from Financing Activities	-46.9	-38.2
IV	Cash and Cash Equivalents at End of Year	33.3	29.1

Dividend of Surplus

Dividends decided based on consolidated results, R&D and capital investment plans, and economic outlooks with basic policy of issuing stable, continuous dividends from a medium-to-long-term perspective



Dividend payout ratio	18.9%	24.2%	13.6%	25.5%	23.0%	23.3%	19.2%	26.5%	28.4%
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※Dividend figures for prior to the reverse stock split (the fiscal years ended March 31, 2011 to 2018, and the six-month period ended September 30, 2018) are per five shares. ©2019 Fuji Electric Co., Ltd. All rights reserved.

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