

Consolidated Financial Results for FY2016

April 28, 2017

Fuji Electric Co., Ltd.

Summary of Consolidated Financial Results for FY2016 (YoY Comparison)

New record set for net income

(Billion yen)

	FY2015	FY2016	Change
Net Sales	813.6	837.8	24.2
Operating Income/Loss (Operating Margin)	45.0 (5.5%)	44.7 (5.3%)	-0.3 (-0.2%)
Ordinary Income/Loss	45.6	46.3	0.7
Extraordinary Income/Loss	1.0	17.6	16.7
Income/Loss before Income Taxes	46.6	63.9	17.4
Income Taxes	12.7	18.9	6.2
Net Income Attributable to Non- controlling Interests	3.2	4.0	0.8
Net Income Attributable to Owners of Parent	30.6	41.0	10.3

(Average Exchange Rate)

(Yen)

US\$	120.14	108.38	-11.76
EURO	132.58	118.79	-13.79
RMB	18.85	16.11	-2.74

Net Sales

Loss on translation of earnings of overseas subsidiaries	-4.2
Impact on the new consolidation*	4.8
Demand increase	23.6

Operating Income/Loss

Cost reduction	25.4	Price decline	-17.8
Increase in sales	3.0	Decrease in production	-4.1
		Exchange rate effect	-3.5
		Increase in fixed cost	-3.2
	28.4		-28.6

Non-operating Income/Loss

Net interest expense	-0.2	(0.9 → 0.7)
Equity in earnings of affiliates	-0.1	(1.3 → 1.2)
Foreign exchange losses	0.5	(-0.9 → -0.3)
Others	0.7	(-0.7 → 0.0)
	1.0	(0.6 → 1.6)

Extraordinary Income/Loss

Gain on sales of noncurrent assets	-0.9	(1.0 → 0.1)
Gain on sales of investment securities	16.5	(2.4 → 18.8)
Loss on disposal of noncurrent assets	0.2	(-0.8 → -0.6)
Loss on valuation on investment securities	-0.1	(-0.2 → -0.2)
Impairment loss	-1.1	(-0.3 → -1.4)
Others	2.1	(-1.2 → 0.9)
	16.7	1.0 17.6

Net Sales and Operating Income by Segment for FY2016 (YoY Comparison)

(Billion yen)

	FY2015		FY2016		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power and Social Infrastructure	175.5	9.7	194.8	11.9	19.3	2.2
Industrial Infrastructure	199.4	11.2	209.1	14.6	9.7	3.4
Power Electronics	208.8	9.4	205.9	8.6	- 2.9	- 0.8
Electronic Devices	120.2	9.8	118.5	8.0	- 1.7	- 1.7
Food and Beverage Distribution	110.0	8.0	109.6	6.0	- 0.5	- 2.0
Others	62.6	2.3	59.1	2.1	- 3.5	- 0.3
Elimination and Corporate	- 62.9	- 5.5	- 59.1	- 6.6	3.8	- 1.1
Total	813.6	45.0	837.8	44.7	24.2	- 0.3

Business Results by Segment for FY2016 (YoY Comparison) ①

(Billion yen)

		FY2015	FY2016	Change	Overview
Power and Social Infrastructure	Net Sales	175.5	194.8	19.3	<ul style="list-style-type: none"> ● In the power plant business, net sales were up and operating results improved year on year due to an increase in large-scale orders for hydraulic power generation facilities. ● In the social engineering systems business, net sales were up and operating results improved year on year due to higher sales of smart meters. ● In the social information business, net sales were up and operating results improved year on year following a rise in large-scale orders from the public sector and an increase in projects in the academic sector.
	Operating Income/Loss	9.7	11.9	2.2	
Industrial Infrastructure	Net Sales	199.4	209.1	9.7	<ul style="list-style-type: none"> ● In the transmission and distribution business, net sales were up and operating results improved year on year due to contributions from large-scale orders from domestic industries. ● In the industrial plant business, net sales were up and operating results improved year on year as a result of strong energy saving and replacement demand in Japan as well as increased sales in new solutions businesses targeting data centers. ● In the industrial and instrumentation equipment business, net sales were up and operating results improved year on year due to the robust replacement demand seen in Japan. ● In the equipment construction business, net sales were relatively unchanged year on year while operating results improved due to the benefits of cost reduction efforts.
	Operating Income/Loss	11.2	14.6	3.4	

Business Results by Segment for FY2016 (YoY Comparison) ②

(Billion yen)

		FY2015	FY2016	Change	Overview
Power Electronics	Net Sales	208.8	205.9	- 2.9	<ul style="list-style-type: none"> ● In the drive business, net sales increased year on year as the strong performance of inverters and servos counteracted the impacts of unfavorable foreign exchange rates and a decline in large-scale overseas orders for electrical equipment for railcars. However, operating results worsened as a result of upfront investments in overseas production bases. ● In the power supply business, net sales were down year on year due to the decline in demand for power conditioning sub-systems for megasolar power generation systems and the impacts of unfavorable foreign exchange rates. Regardless, operating results improved due to the benefits of cost reduction efforts. ● In the ED&C components business, net sales decreased and operating results worsened year on year following reduced demand from machine tool and other machinery manufacturers as well as from distribution board manufacturers. <div style="border: 1px solid black; padding: 2px; margin-top: 5px;"> *Exchange rate effect Net sales: -2.1 Operating income: -0.8 </div>
	Operating Income/Loss	9.4	8.6	- 0.8	
Electronic Devices	Net Sales	120.2	118.5	- 1.7	<ul style="list-style-type: none"> ● In the semiconductors business, net sales increased and operating results improved year on year, despite the adverse impacts of foreign exchange influences, due to the recovery of demand in the industrial and power supply application fields as well as the continuation of firm performance in the automotive field. ● In the magnetic disks business, net sales were down and operating results worsened year on year because of the declines in demand following deteriorating market conditions. <div style="border: 1px solid black; padding: 2px; margin-top: 5px;"> *Exchange rate effect Net sales: -1.3 Operating income: -2.5 </div>
	Operating Income/Loss	9.8	8.0	- 1.7	

Business Results by Segment for FY2016 (YoY Comparison) ③

(Billion yen)

		FY2015	FY2016	Change	Overview
Food and Beverage Distribution	Net Sales	110.0	109.6	- 0.5	<ul style="list-style-type: none"> ● In the vending machine business, net sales decreased and operating results worsened year on year. Demand was down in the Japanese market due to industry reorganizations and limited investment among domestic beverage manufacturers while performance in the Chinese market was impacted by the revision of installation plans, which offset the benefits of our progress in acquiring new customers. ● In the store distribution business, net sales increased year on year due to a rise in demand for store equipment and automatic change dispensers for convenience stores, but operating results worsened year on year as a result of a less favorable sales mix.
	Operating Income/Loss	8.0	6.0	- 2.0	

Net Sales for FY2016 [Japan and Overseas] (YoY Comparison)

Net sales up in Japan mainly due to higher demand centered on Power and Social Infrastructure, and Industrial Infrastructure

Net sales down overseas due to unfavorable foreign exchange transaction and sales decrease in power plant

(Billion yen)

	FY2015	FY2016	Change		Change
			Sales increase/decrease	Exchange rate effect	
Japan	597.8	632.7	35.0	0.0	35.0
Overseas	215.8	205.0	-6.6	-4.2	-10.8
Asia and Others	103.9	106.1	2.8	-0.6	2.3
China	82.6	67.5	-12.4	-2.7	-15.2
Europe	16.7	16.6	0.7	-0.8	-0.1
Americas	12.6	14.8	2.3	-0.1	2.2
Total	813.6	837.8	28.4	-4.2	24.2

■ **Japan**

【**Power and Social Infrastructure**】

Sales increase in power plant, social engineering systems and social information

【**Industrial Infrastructure**】

Sales increase in transmission and distribution, industrial plant and industrial and instrumentation equipment

【**Power Electronics**】

Sales decrease in power supply

■ **Asia**

【**Power and Social Infrastructure**】

Sales decrease in power plant

【**Industrial Infrastructure**】

Sales increase in industrial plant

【**Power Electronics**】

Sales increase in power supply

【**Electronic Devices**】

Sales increase due to changes in magnetic disk sales channels

■ **China**

【**Electronic Devices**】

Sales increase in semiconductors

Sales decrease due to decrease demand and changes in magnetic disk sales channels

【**Food and Beverage Distribution**】

Sales decrease in vending machines

■ **Americas**

【**Power and Social Infrastructure**】

Sales increase in power plant

Summary of Consolidated Financial Results for FY2016 (Comparison with Forecasts)

(Billion yen)

	FY2016		Change
	Forecasts (Jan. 26, 2017)	Results	
Net Sales	820.0	837.8	17.8
Operating Income/Loss	45.0	44.7	-0.3
Ordinary Income/Loss	43.0	46.3	3.3
Net Income Attributable to Owners of Parent	27.0	41.0	14.0
(4Q Average Exchange Rate)			
			(Yen)
US\$	100.00	113.64	13.64
EURO	110.00	121.08	11.08
RMB	15.30	16.57	1.27

Net Sales

- Gain on translation of earnings of overseas subsidiaries +14.1
- Sales increase in Power and Social Infrastructure +11.3
- Sales decrease in Industrial Infrastructure -8.9

Operating Income/Loss

- Lower Industrial Infrastructure earnings
- Decrease in Power Electronics earnings when foreign exchange influence are excluded
- Reduced earnings and less favorable sale mix in Food and Beverage Distribution

Non-operating Income/Loss

- Foreign exchange influences +2.3

Extraordinary Income/Loss

- Gain on sales of investment securities +18.7

	Forecasts (Jan. 26, 2017)		Results		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power and Social Infrastructure	183.5	11.1	194.8	11.9	11.3	0.8
Industrial Infrastructure	218.0	15.1	209.1	14.6	-8.9	-0.5
Power Electronics	204.1	8.9	205.9	8.6	1.8	-0.3
Electronic Devices	111.6	6.6	118.5	8.0	6.9	1.4
Food and Beverage Distribution	110.2	7.0	109.6	6.0	-0.6	-1.0
Others	58.5	2.3	59.1	2.1	0.6	-0.2
Elimination and Corporate	-65.9	-6.0	-59.1	-6.6	6.8	-0.6
Total	820.0	45.0	837.8	44.7	17.8	-0.3

Consolidated Balance Sheet at the end of FY2016

Assets			
	3/31/16	3/31/17	Change
Cash and time deposit	31.0	42.0	11.0
Notes and account receivables, trade receivables	258.4	269.7	11.3
Inventories	145.1	142.4	-2.7
Other current assets	59.4	58.3	-1.1
Total current assets	493.9	512.5	18.5
Tangible fixed assets	176.5	173.5	-3.0
Intangible fixed assets	20.4	20.5	0.2
Investments and other assets	154.5	180.0	25.5
Total long-term assets	351.3	374.1	22.7
Deferred assets	0.1	0.1	0.0
Total assets	845.4	886.7	41.3

Liabilities and Net Assets				(Billion yen)
	3/31/16	3/31/17	Change	
Notes and account payables, trade payables	160.4	165.3	4.9	
Interest-bearing debts	184.7	151.2	-33.5	
Other liabilities	239.2	246.3	7.0	
Total liabilities	584.4	562.8	-21.6	
Common stock	47.6	47.6	-	
Capital surplus	46.7	46.0	-0.8	
Retained earnings	132.1	166.3	34.2	
Treasury stock at cost	-7.2	-7.2	-0.0	
Shareholders' equity	219.2	252.6	33.4	
Accumulated other comprehensive income	11.2	38.6	27.4	
Non-controlling interests	30.6	32.6	2.1	
Total net assets	261.0	323.9	62.9	
Total liabilities and net assets	845.4	886.7	41.3	
Total Net Assets Ratio (%)	27.3	32.8	5.5	
Net Interest-bearing Debts	153.9	109.3	-44.6	
Net debt-equity ratio (times)	0.7	0.4	-0.3	

Consolidated Cash Flow for FY2016

(Billion yen)

	FY2015	FY2016
Net cash provided operating activities	48.5	58.2
Net cash used in investing activities	-19.4	9.7
Free Cash Flow	29.0	67.9
Net cash used in financing activities	-31.6	-56.1
Cash and Cash Equivalents at End of Year	30.8	41.9

(Yen)

	Interim	Year-end	Annual
FY2015	5.00	5.00	10.00
FY2016	5.00	6.00(plan)	11.00(plan)

Consolidated Financial Results Forecasts for 1H FY2017 (YoY Comparison)

(Billion yen)

	1H FY2016 (Results)	1H FY2017 (Forecasts)	Change
Net Sales	351.6	368.9	17.3
Operating Income/Loss	5.9	6.1	0.2
Ordinary Income/Loss	2.7	3.2	0.5
Net Income Attributable to Owners of Parent	0.0	0.0	0.0

	US\$	EURO	RMB
FY2017 Assumed Exchange Rate	¥105	¥115	¥15.7

(Billion yen)

	1H FY2016 (Results)		1H FY2017 (Forecasts)		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems - Energy Solutions	94.6	2.4	92.0	2.5	-2.6	0.0
Power Electronics Systems - Industry Solutions	112.5	-2.2	120.0	-2.2	7.5	0.0
Power and New Energy	30.8	2.1	38.2	1.7	7.4	-0.3
Electronic Devices	57.6	3.2	58.1	4.5	0.5	1.3
Food and Beverage Distribution	49.5	2.0	54.8	2.0	5.3	-0.0
Others	28.3	1.1	27.7	0.8	-0.6	-0.4
Elimination and Corporate	-21.7	-2.8	-21.8	-3.1	-0.1	-0.3
Total	351.6	5.9	368.9	6.1	17.3	0.2

* Figures for 1H FY2016 reflect the organizational restructuring conducted in FY2017.

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