

**Consolidated Financial Report for the fiscal year ended March 31, 2017
(April 1, 2016 – March 31, 2017)**

Summary of Consolidated Financial Results

1. Summary of consolidated statements of operations

	Millions of yen			Millions of U.S. dollars
	FY2016 (A)	FY2015 (B)	Change(% (A)/(B)	FY2016
Net sales	837,765	813,550	103.0%	7,480
Operating income	44,709	45,006	99.3%	399
Ordinary income	46,296	45,614	101.5%	413
Net income attributable to owners of parent	40,978	30,644	133.7%	366
	Yen			U.S. dollars
Net income per share	57.36	42.90	133.7%	0.51

2. Summary of consolidated financial position

	Millions of yen		Millions of U.S. dollars
	3/31/2017	3/31/2016	3/31/2017
Total assets	886,663	845,378	7,917
Net assets	323,863	260,980	2,892
Equity ratio (%)	32.8%	27.3%	-

Note: U.S. dollar amounts in this financial report are translated, for convenience only, at the rate of ¥112=U.S.\$1

**3. Forecast of consolidated earnings for the fiscal year ending March 31, 2018
(April 1, 2017 - March 31, 2018)**

	Millions of yen
	FY2017
Net sales	850,000
Operating income	48,000
Ordinary income	47,000
Net income attributable to owners of parent	29,000
	FY2017
Net income per share	40.60

< Cautionary Statements With Respect to Forward-Looking Statements >

Statements made in this financial report with respect to Fuji Electric's future performance are forward-looking statements based on management's assumptions and beliefs in light of the information currently available to it. Accordingly, actual results could differ from those contained in any forward-looking statements. Potential risks and uncertainties include :

- Sudden changes in general economic conditions in Fuji Electric's markets and changes in its operating environment such as those resulting from changes in trade regulations
- Exchange rate, particularly between the yen and the U.S. dollar and Asian and European currencies
- The ability of Fuji Electric and its subsidiaries to develop and introduce products that incorporate new technology in a timely manner and to manufacture them in a cost-effective way
- The rapid pace of technological innovation, especially in the field of electronics
- Sudden changes in the supply and demand balance in the markets Fuji Electric serves
- Problems involving the intellectual property of Fuji Electric and other companies
- Stock market conditions in Japan

Consolidated Balance Sheets

	Millions of yen		Millions of U.S. dollars
	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>3/31/2017</u>
Assets			
Current assets:			
Cash and deposits	42,045	31,000	375
Notes and accounts receivable-trade	269,676	258,378	2,408
Merchandise and finished goods	56,873	56,290	508
Work in process	48,395	52,410	432
Raw materials and supplies	37,143	36,437	332
Deferred tax assets	17,975	17,091	160
Other	41,586	43,490	371
Allowance for doubtful accounts	(1,226)	(1,167)	(11)
Total Current assets	<u>512,470</u>	<u>493,932</u>	<u>4,576</u>
Noncurrent assets:			
Net Property, plant and equipment			
Buildings and structures, net	84,948	83,200	758
Machinery, equipment and vehicles, net	18,714	18,959	167
Tools, furniture and fixtures, net	5,938	5,816	53
Land	34,963	34,918	312
Lease assets, net	26,190	29,291	234
Construction in progress	2,761	4,290	25
Net Property, plant and equipment	<u>173,517</u>	<u>176,476</u>	<u>1,549</u>
Intangible assets	20,528	20,369	183
Investments and other assets			
Investment securities	127,585	125,265	1,139
Long-term loans receivable	1,255	812	11
Net defined benefit asset	38,452	17,623	343
Deferred tax assets	3,611	2,617	32
Other	9,994	9,074	89
Allowance for doubtful accounts	(884)	(911)	(8)
Total Investments and other assets	<u>180,014</u>	<u>154,481</u>	<u>1,607</u>
Total Noncurrent assets	<u>374,060</u>	<u>351,327</u>	<u>3,340</u>
Deferred assets	<u>132</u>	<u>117</u>	<u>1</u>
Total Assets	<u>886,663</u>	<u>845,378</u>	<u>7,917</u>

Consolidated Balance Sheets

	Millions of yen		<i>Millions of U.S. dollars</i>
	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>3/31/2017</u>
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	165,306	160,416	1,476
Short-term loans payable	62,008	53,795	554
Commercial papers	-	22,000	-
Current portion of bonds	5,000	20,500	45
Lease obligations	11,276	11,970	101
Accrued expenses	36,482	39,285	326
Income taxes payable	31,051	6,390	277
Advances received	45,092	40,247	403
Other	56,186	63,213	502
Total Current liabilities	<u>412,404</u>	<u>417,819</u>	<u>3,682</u>
Noncurrent liabilities:			
Bonds payable	50,000	40,000	446
Long-term loans payable	34,208	48,449	305
Lease obligations	20,972	23,498	187
Deferred tax liabilities	1,218	797	11
Provision for directors' retirement benefits	189	195	2
Net defined benefit liability	40,883	50,729	365
Other	2,923	2,908	26
Total Noncurrent liabilities	<u>150,396</u>	<u>166,578</u>	<u>1,343</u>
Total Liabilities	<u>562,800</u>	<u>584,397</u>	<u>5,025</u>
Net Assets			
Shareholders' equity:			
Capital stock	47,586	47,586	425
Capital surplus	45,985	46,736	411
Retained earnings	166,289	132,111	1,485
Treasury stock	(7,241)	(7,212)	(65)
Total Shareholders' equity	<u>252,619</u>	<u>219,221</u>	<u>2,256</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	42,751	30,254	382
Deferred gains or losses on hedges	(1,600)	(1,132)	(14)
Foreign currency translation adjustments	175	3,377	2
Remeasurements of defined benefit plans	(2,730)	(21,321)	(24)
Total Accumulated other comprehensive income	<u>38,596</u>	<u>11,177</u>	<u>345</u>
Non-controlling interests	<u>32,647</u>	<u>30,581</u>	<u>291</u>
Total Net assets	<u>323,863</u>	<u>260,980</u>	<u>2,892</u>
Total Liabilities and Net assets	<u><u>886,663</u></u>	<u><u>845,378</u></u>	<u><u>7,917</u></u>

Consolidated Statements of Income

	Millions of yen		Millions of U.S. dollars
	FY2016	FY2015	FY2016
Net sales	837,765	813,550	7,480
Cost of sales	624,371	603,235	5,575
Gross profit	213,394	210,314	1,905
Selling, general and administrative expenses	168,684	165,308	1,506
Operating income	44,709	45,006	399
Non-operating income			
Interest income	414	251	4
Dividends income	2,408	2,786	22
Equity in earnings of affiliates	1,204	1,279	11
Other	753	591	7
Total Non-operating income	4,780	4,908	43
Non-operating expenses			
Interest expense	2,135	2,136	19
Foreign exchange losses	319	860	3
Other	738	1,304	7
Total Non-operating expenses	3,193	4,301	29
Ordinary income	46,296	45,614	413
Extraordinary income			
Gain on sales of noncurrent assets	55	989	0
Gain on sales of investment securities	18,849	2,351	168
Gain on insurance adjustment	912	-	8
Total Extraordinary income	19,817	3,340	177
Extraordinary loss			
Loss on disposal of noncurrent assets	568	775	5
Loss on valuation of investment securities	244	167	2
Impairment loss	1,356	282	12
Settlement package	-	640	-
Loss on liquidation of subsidiaries	-	470	-
Other	-	51	-
Total Extraordinary loss	2,170	2,387	19
Income before income taxes	63,943	46,566	571
Income taxes-current	33,157	9,600	296
Income taxes-deferred	(14,234)	3,096	(127)
Income taxes	18,923	12,697	169
Net income	45,019	33,868	402
Net income attributable to non-controlling interests	4,040	3,224	36
Net income attributable to owners of parent	40,978	30,644	366

Consolidated Statements of Comprehensive Income

	Millions of yen		<i>Millions of U.S. dollars</i>
	FY2016	FY2015	<i>FY2016</i>
Net income	45,019	33,868	402
Other comprehensive income			
Valuation difference on available-for-sale securities	12,598	(39,295)	112
Deferred gains or losses on hedges	(464)	(622)	(4)
Foreign currency translation adjustments	(3,604)	(8,300)	(32)
Remeasurements of defined benefit plans	18,359	(34,914)	164
Share of other comprehensive income of associates accounted for using equity method	307	(520)	3
Total other comprehensive Income	27,197	(83,652)	243
Comprehensive income	72,217	(49,783)	645
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	68,397	(51,837)	611
Comprehensive income attributable to non-controlling interests	3,820	2,053	34

Consolidated Statements of Shareholders' Equity (FY2016)

	Millions of yen				
	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
BALANCE AT APRIL 1, 2016	47,586	46,736	132,111	(7,212)	219,221
Changes of items during the period					
Dividends from surplus			(7,143)		(7,143)
Profit attributable to owners of parent			40,978		40,978
Purchase of treasury stock				(29)	(29)
Disposal of treasury stock		0		0	1
Change of scope of consolidation			342		342
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(751)			(751)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(750)	34,177	(29)	33,398
BALANCE AT MARCH 31, 2017	47,586	45,985	166,289	(7,241)	252,619

	Millions of yen						
	Accumulated other comprehensive income					Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements Of Defined Benefit Plans	Total Accumulated other comprehensive income		
BALANCE AT APRIL 1, 2016	30,254	(1,132)	3,377	(21,321)	11,177	30,581	260,980
Changes of items during the period							
Dividends from surplus					-		(7,143)
Profit attributable to owners of parent					-		40,978
Purchase of treasury stock					-		(29)
Disposal of treasury stock					-		1
Change of scope of consolidation					-		342
Change in treasury shares of parent arising from transactions with non-controlling shareholders					-		(751)
Net changes of items other than shareholders' equity	12,496	(467)	(3,201)	18,591	27,418	2,066	29,484
Total changes of items during the period	12,496	(467)	(3,201)	18,591	27,418	2,066	62,882
BALANCE AT MARCH 31, 2017	42,751	(1,600)	175	(2,730)	38,596	32,647	323,863

Consolidated Statements of Shareholders' Equity (FY2015)

	Millions of yen				
	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
BALANCE AT APRIL 1, 2015	47,586	46,735	109,543	(7,184)	196,680
Changes of items during the period					
Dividends from surplus			(7,144)		(7,144)
Profit attributable to owners of parent			30,644		30,644
Purchase of treasury stock				(28)	(28)
Disposal of treasury stock		0		0	1
Change of scope of consolidation			(931)		(931)
Change in treasury shares of parent arising from transactions with non-controlling shareholders					-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	22,568	(28)	22,541
BALANCE AT MARCH 31, 2016	47,586	46,736	132,111	(7,212)	219,221

	Millions of yen						
	Accumulated other comprehensive income					Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements Of Defined Benefit Plans	Total Accumulated other comprehensive income		
BALANCE AT APRIL 1, 2015	69,528	(513)	10,978	13,665	93,659	29,296	319,636
Changes of items during the period							
Dividends from surplus					-		(7,144)
Profit attributable to owners of parent					-		30,644
Purchase of treasury stock					-		(28)
Disposal of treasury stock					-		1
Change of scope of consolidation					-		(931)
Change in treasury shares of parent arising from transactions with non-controlling shareholders					-		-
Net changes of items other than shareholders' equity	(39,274)	(618)	(7,601)	(34,986)	(82,482)	1,284	(81,197)
Total changes of items during the period	(39,274)	(618)	(7,601)	(34,986)	(82,482)	1,284	(58,655)
BALANCE AT MARCH 31, 2016	30,254	(1,132)	3,377	(21,321)	11,177	30,581	260,980

Consolidated Statements of Cash Flows

	Millions of yen		Millions of U.S. dollars
	FY2016	FY2015	FY2016
I Cash flows from operating activities			
Income before income taxes	63,943	46,566	571
Depreciation and amortization	29,445	29,723	263
Increase (decrease) in allowance for doubtful accounts	41	(527)	0
Interest and dividends income	(2,822)	(3,037)	(25)
Interest expenses	2,135	2,136	19
Foreign exchange losses (gains)	(53)	6	(0)
Loss (gain) on sales of noncurrent assets	(55)	(989)	(0)
Loss (gain) on sales of investment securities	(18,849)	(2,351)	(168)
Loss (gain) on disposal of noncurrent assets	568	775	5
Loss (gain) on devaluation of investment securities	244	167	2
Impairment loss	1,356	282	12
Loss on liquidation of subsidiaries	-	470	-
Decrease (increase) in notes and accounts receivable-trade	(14,107)	(22,609)	(126)
Decrease (increase) in inventories	1,557	(7,811)	14
Increase (decrease) in notes and accounts payable-trade	7,169	12,513	64
Increase (decrease) in advances received	4,909	1,750	44
Other, net	(7,411)	(1,439)	(66)
Subtotal	68,073	55,627	608
Interest and dividends income received	2,838	3,035	25
Interest expenses paid	(2,230)	(2,186)	(20)
Income taxes paid	(10,496)	(8,026)	(94)
Net cash provided by operating activities	58,185	48,450	520
II Cash flows from investing activities			
Purchase of property, plant and equipment	(18,085)	(17,843)	(161)
Proceeds from sales of property, plant and equipment	358	1,994	3
Purchase of investment securities	(1,549)	(4,657)	(14)
Proceeds from sales of investment securities	33,251	5,878	297
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(130)	-	(1)
Payments of loans receivable	(4,371)	(6,888)	(39)
Collection of loans receivable	4,958	6,242	44
Other, net	(4,681)	(4,134)	(42)
Net cash used in investing activities	9,748	(19,410)	87
III Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(228)	(11,245)	(2)
Increase (decrease) in commercial papers	(22,000)	3,000	(196)
Proceeds from long-term loans payable	11,355	19,520	101
Repayment of long-term loans payable	(16,582)	(20,106)	(148)
Proceeds from issuance of bonds	15,000	15,000	134
Redemption of bonds	(20,500)	(15,000)	(183)
Repayments of lease obligations	(12,879)	(14,490)	(115)
Proceeds from sales of treasury stock	1	1	0
Purchase of treasury stock	(29)	(28)	(0)
Cash dividends paid	(7,143)	(7,144)	(64)
Cash dividends paid to non-controlling interests	(901)	(1,002)	(8)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,107)	-	(19)
Other, net	(68)	(70)	(1)
Net cash used in financing activities	(56,083)	(31,566)	(501)
IV Effect of exchange rate change on cash and cash equivalents	(910)	(2,099)	(8)
V Net increase (decrease) in cash and cash equivalents (I + II + III + IV)	10,940	(4,625)	98
VI Cash and cash equivalents at beginning of period	30,838	31,895	275
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	107	3,552	1
VIII Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	17	-
IX Cash and cash equivalents at end of period	41,886	30,838	374

Consolidated Segment Information

Information on net sales, and profit or loss by each reporting segment

As of April 1, 2016, reflecting change of organization structure, the reporting segments were reclassified in Industrial Infrastructure, Power Electronics, Electronic Devices and Food and Beverage Distribution.

The reporting segment information for the fiscal year ended March 31, 2016 has been reclassified to reflect this change.

FY2016

	Millions of yen								
	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	193,159	206,238	182,142	115,306	109,246	31,672	837,765	-	837,765
Inter-segment sales and transfers	1,636	2,878	23,712	3,155	311	27,427	59,121	(59,121)	-
Total sales	194,795	209,117	205,855	118,462	109,557	59,099	896,887	(59,121)	837,765
Segment profits (losses)	11,923	14,572	8,640	8,030	6,029	2,064	51,260	(6,551)	44,709

FY2015

	Millions of yen								
	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	174,007	197,239	180,716	117,247	109,751	34,587	813,550	-	813,550
Inter-segment sales and transfers	1,480	2,142	28,057	2,944	283	27,999	62,907	(62,907)	-
Total sales	175,488	199,381	208,774	120,191	110,034	62,586	876,457	(62,907)	813,550
Segment profits (losses)	9,736	11,172	9,431	9,779	8,027	2,335	50,481	(5,475)	45,006

FY2016

	Millions of U.S. dollars								
	Power and Social Infrastructure	Industrial Infrastructure	Power Electronics	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	1,725	1,841	1,626	1,030	975	283	7,480	-	7,480
Inter-segment sales and transfers	15	26	212	28	3	245	528	(528)	-
Total sales	1,739	1,867	1,838	1,058	978	528	8,008	(528)	7,480
Segment profits (losses)	106	130	77	72	54	18	458	(58)	399

Supplemental Consolidated Financial Materials**1. Financial summary**

	Billions of yen		
	FY2016	FY2017 [Forecast]	FY2015
Net sales	837.8	850.0	813.6
Operating income	44.7	48.0	45.0
Ordinary income	46.3	47.0	45.6
Net income attributable to owners of parent	41.0	29.0	30.6

2. Number of consolidated subsidiaries

	Billions of yen		
	FY2016	FY2017 [Forecast]	FY2015
Number of consolidated subsidiaries	68	70	69
Japan	23	23	22
Overseas	45	47	47
Number of equity-method associates	5	5	5

3. Net income per share

	Yen		
	FY2016	FY2017 [Forecast]	FY2015
Net income per share	57.36	40.60	42.90

4. Sales exchange rate (Yen)

	Yen		
	FY2016	FY2017 [Forecast]	FY2015
US\$	108.38	105.00	120.14
EURO	118.79	115.00	132.58

5. Net sales by reporting segment

	Billions of yen	
	FY2016	FY2015
Power and Social Infrastructure	194.8	175.5
Industrial Infrastructure	209.1	199.4
Power Electronics	205.9	208.8
Electronic Devices	118.5	120.2
Food and Beverage Distribution	109.6	110.0
Others	59.1	62.6
Subtotal	896.9	876.5
Elimination	(59.1)	(62.9)
Total	837.8	813.6

	Billions of yen		
	FY2016	FY2017 [Forecast]	FY2015
Power Electronics Systems - Energy Solutions	218.7	219.3	-
Power Electronics Systems - Industry Solutions	286.0	294.7	-
Power and New Energy	93.8	100.5	-
Electronic Devices	118.5	112.7	-
Food and Beverage Distribution	109.6	118.4	-
Others	59.1	57.4	-
Subtotal	885.7	903.2	-
Elimination	(48.0)	(53.2)	-
Total	837.8	850.0	-

Note : Net sales include inter-segment transactions.

6. Operating income by reporting segment

	Billions of yen	
	FY2016	FY2015
Power and Social Infrastructure	11.9	9.7
Industrial Infrastructure	14.6	11.2
Power Electronics	8.6	9.4
Electronic Devices	8.0	9.8
Food and Beverage Distribution	6.0	8.0
Others	2.1	2.3
Subtotal	51.3	50.5
Elimination	(6.6)	(5.5)
Total	44.7	45.0

	Billions of yen		
	FY2016	FY2017 [Forecast]	FY2015
Power Electronics Systems - Energy Solutions	13.7	14.0	-
Power Electronics Systems - Industry Solutions	13.9	15.9	-
Power and New Energy	7.5	6.5	-
Electronic Devices	8.0	8.3	-
Food and Beverage Distribution	6.0	8.0	-
Others	2.1	1.7	-
Subtotal	51.3	54.4	-
Elimination	(6.6)	(6.4)	-
Total	44.7	48.0	-

7. Net overseas sales

	Billions of yen		
	FY2016	FY2017 [Forecast]	FY2015
Asia (except for China)	106.1	108.4	103.9
China	67.5	71.3	82.6
Europe	16.6	16.0	16.7
America	14.8	17.3	12.6
Total	205.0	213.0	215.8

8. R&D expenditures

	Billions of yen	
	FY2016	FY2015
Power and Social Infrastructure	4.9	5.7
Industrial Infrastructure	5.5	6.2
Power Electronics	9.4	9.6
Electronic Devices	10.5	9.2
Food and Beverage Distribution	4.6	5.3
Others	0.0	0.0
Total	34.9	35.9
Ratio to net sales (%)	4.2%	4.4%

	Billions of yen		
	FY2016	FY2017 [Forecast]	FY2015
Power Electronics Systems - Energy Solutions	8.0	7.5	-
Power Electronics Systems - Industry Solutions	8.6	9.3	-
Power and New Energy	3.2	3.6	-
Electronic Devices	10.5	10.0	-
Food and Beverage Distribution	4.6	4.4	-
Others	0.0	0.1	-
Total	34.9	35.0	-
Ratio to net sales (%)	4.2%	4.1%	-

9. Plant and equipment investment (including leases)

	Billions of yen	
	FY2016	FY2015
Power and Social Infrastructure	2.0	2.2
Industrial Infrastructure	2.1	2.1
Power Electronics	9.4	8.1
Electronic Devices	8.9	7.4
Food and Beverage Distribution	3.7	2.0
Others	1.1	5.9
Total	27.1	27.7
(Leases)	11.0	9.2

Note: Leases are included in total plant and equipment investment.

	Billions of yen		
	FY2016	FY2017 [Forecast]	FY2015
Power Electronics Systems - Energy Solutions	6.0	6.0	-
Power Electronics Systems - Industry Solutions	6.3	4.8	-
Power and New Energy	1.2	1.5	-
Electronic Devices	8.9	12.2	-
Food and Beverage Distribution	3.7	6.5	-
Others	1.1	0.7	-
Total	27.1	31.8	-
(Leases)	11.0	16.7	-

Note: Leases are included in total plant and equipment investment.

10. Depreciation, Leases paid

	Billions of yen	
	FY2016	FY2015
Power and Social Infrastructure	1.9	1.8
Industrial Infrastructure	2.3	2.1
Power Electronics	5.7	5.7
Electronic Devices	12.7	14.1
Food and Beverage Distribution	2.1	2.3
Others	1.2	1.4
Total	25.9	27.3
(Leases)	1.1	1.2

	Billions of yen		
	FY2016	FY2017 [Forecast]	FY2015
Power Electronics Systems - Energy Solutions	4.9	5.6	-
Power Electronics Systems - Industry Solutions	4.0	4.3	-
Power and New Energy	1.1	1.3	-
Electronic Devices	12.7	13.6	-
Food and Beverage Distribution	2.1	2.2	-
Others	1.2	0.9	-
Total	25.9	27.9	-
(Leases)	1.1	1.3	-

11. Number of employees

	Billions of yen	
	FY2016	FY2015
Power and Social Infrastructure	2,539	2,478
Industrial Infrastructure	5,216	5,348
Power Electronics	7,832	7,795
Electronic Devices	6,315	6,481
Food and Beverage Distribution	2,592	2,369
Others	2,009	2,037
Total	26,503	26,508
Japan	17,716	17,635
Overseas	8,787	8,873

	Billions of yen		
	FY2016	FY2017 [Forecast]	FY2015
Power Electronics Systems - Energy Solutions	6,827	6,994	-
Power Electronics Systems - Industry Solutions	7,453	7,753	-
Power and New Energy	1,307	1,326	-
Electronic Devices	6,315	6,321	-
Food and Beverage Distribution	2,592	2,696	-
Others	2,009	1,968	-
Total	26,503	27,058	-
Japan	17,716	17,900	-
Overseas	8,787	9,158	-

Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

Results of Operations in the Fiscal Year Ended March 31, 2017

In the fiscal year ended March 31, 2017, economic instability was seen overseas against a backdrop of factors such as the risk of economic downturn in Asia, most apparent in China, and uncertainty regarding government policy in Europe and the United States. Nevertheless, an overall trend toward modest recovery was witnessed overseas driven by principal developed countries, including the United States and European countries. In the domestic economy, the general trend was that of gentle recovery, despite the rapid foreign exchange rate fluctuations seen over a short period of time that were a result of the growing sense of uncertainty in the overseas economy.

In this environment, we unveiled the FY2018 Medium-Term Management Plan, Renovation 2018. Acting in accordance with the plan's basic policy of "further renovation of Fuji Electric," we are implementing growth strategies including reforming operating processes in social engineering systems, industrial infrastructure, and power electronics businesses; expanding overseas operations; and creating high-value-added products while also improving profitability.

During the fiscal year ended March 31, 2017, although operations felt the impacts of foreign exchange rate fluctuations, we advanced the various measures of our growth strategies, and demand grew. As a result, net sales increased ¥24.2 billion year on year, to ¥837.8 billion. By business segment, Power and Social Infrastructure and Industrial Infrastructure saw increased net sales, while Power Electronics, Electronic Devices, Food and Beverage Distribution, and Others saw net sales decline.

Operating income decreased ¥0.3 billion year on year, to ¥44.7 billion, as the impacts of upfront investments in Power Electronics and foreign exchange rate fluctuations outweighed the benefits of cost reduction efforts. Meanwhile, ordinary income increased ¥0.7 billion, to ¥46.3 billion. At the same time, net income attributable to owners of parent climbed ¥10.3 billion, reaching a new record high of ¥41.0 billion due to the recording of gain on sales of investment securities.

Consolidated results of operations for the fiscal year ended March 31, 2017, were as follows.
(¥ billion)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Change
Net sales	813.6	837.8	24.2
Operating income	45.0	44.7	(0.3)
Ordinary income	45.6	46.3	0.7
Net income attributable to owners of parent	30.6	41.0	10.3

Results by Segment

[Power and Social Infrastructure]

YoY: Net sales increased 11%, operating income increased ¥2.2 billion

Net sales increased 11% year on year, to ¥194.8 billion, and operating income increased ¥2.2 billion year on year, to ¥11.9 billion.

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.

[Industrial Infrastructure]

YoY: Net sales increased 5%, operating income increased ¥3.4 billion

Net sales increased 5% year on year, to ¥209.1 billion, and operating income increased ¥3.4 billion year on year, to ¥14.6 billion.

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.

[Power Electronics]

YoY: Net sales decreased 1%, operating income decreased ¥0.8 billion

Net sales decreased 1% year on year, to ¥205.9 billion, and operating income decreased ¥0.8 billion year on year, to ¥8.6 billion.

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.

[Electronic Devices]

YoY: Net sales decreased 1%, operating income decreased ¥1.7 billion

Net sales decreased 1% year on year, to ¥118.5 billion, and operating income decreased ¥1.7 billion year on year, to ¥8.0 billion.

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.

[Food and Beverage Distribution]

YoY: Net sales decreased slightly, operating income decreased ¥2.0 billion

Net sales decreased slightly year on year, to ¥109.6 billion, and operating income decreased ¥2.0 billion year on year, to ¥6.0 billion.

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.

[Others]

YoY: Net sales decreased 6%, operating income decreased ¥0.3 billion

Net sales decreased 6% year on year, to ¥59.1 billion, and operating income decreased ¥0.3 billion year on year, to ¥2.1 billion.

Forecasts for the Fiscal Year Ending March 31, 2018

Forecasts for consolidated business results in the fiscal year ending March 31, 2018, are as follows.

Further, forecasts for the fiscal year ending March 31, 2018, assume exchange rates of US\$1 = ¥105 and €1 = ¥115.

Consolidated Business Results Forecasts (¥ billion)

	Fiscal year ended March 31, 2017 Results	Fiscal year ending March 31, 2018 Forecasts	Change
Net sales	830.0	850.0	12.2
Operating income	47.0	48.0	3.3
Ordinary income	46.3	47.0	0.7
Net Income attributable to owners of parent	41.0	29.0	(12.0)

Forecasts by Segment (¥ billion)

	Fiscal year ending March 31, 2018 Forecasts	
	Net Sales	Operating Income
Power Electronics Systems – Energy Solutions	219.3	14.0
Power Electronics Systems – Industry Solutions	294.7	15.9
Power and New Energy	100.5	6.5
Electronic Devices	112.7	8.3
Food and Beverage Distribution	118.4	8.0
Others	57.4	1.7
Elimination and Corporate	(53.2)	(6.4)
Total	850.0	48.0

Effective from April 1, 2017, the Company reorganized its business segments to create the following six segments: Power Electronics Systems—Energy Solutions, Power Electronics Systems—Industry Solutions, Power and New Energy, Electronic Devices, Food and Beverage Distribution, and Others.

In the fiscal year ending March 31, 2018, the Power Electronics Systems – Energy Solutions business segment will focus on securing a sufficient share of the domestic smart meter market while incorporating domestic replacement demand in the substation systems business. At the same time, effort will be devoted to expanding operations by enhancing manufacturing and engineering capabilities in Asia. Furthermore, this segment will introduce power supplies equipped with SiC power semiconductors with the aim of providing a total facility lineup encompassing everything from data center to server power supplies. In the ED&C components business, we will seek to capture domestic construction demand.

The Power Electronics Systems – Industry Solutions business segment will work to expand systems operations that address automation needs in Japan and China in the factory automation business and capture domestic replacement demand while leveraging Asian engineering subsidiaries to take advantage of capital investment demand in the process automation business. In addition, this segment will promote sales to the logistics industry and accelerate the development of new transportation systems products in the environmental and social solutions business.

The Power and New Energy business segment will work to increase orders for thermal and geothermal power generation plant while growing service operations and increasing orders in the new energy business.

The Electronic Devices business segment will seek to grow industrial and automotive field sales in the semiconductor business. In addition, this segment will accelerate the development of new SiC power semiconductors and automotive field products with the aim of creating competitive power electronics while also expanding post-process production overseas.

The Food and Beverage Distribution business segment will expand its vending machine business in China, Asia, and other overseas markets while boosting competitiveness by developing high-value-added products and pursuing further cost reductions. In the store distribution business, the segment will strive to increase orders of store equipment from supermarkets and convenience stores while developing new products.

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2016	Breakdown (%)	March 31, 2017	Breakdown (%)	Change
Total assets	845.4	100.0	886.7	100.0	+41.3
Interest-bearing debt	184.7	21.9	151.2	17.1	(33.5)
Shareholder's equity*1	230.4	27.3	291.2	32.8	+60.8
Debt-equity ratio*2 (times)	0.7		0.8		-0.3

*1 Shareholders' equity = Total net assets - Non-controlling interests

*2 Debt-equity ratio = Interest-bearing debt / Shareholders' equity

Total assets on March 31, 2017, stood at ¥886.7 billion, an increase of ¥41.3 billion from the end of the previous fiscal year-end. Total current assets increased ¥18.5 billion as the rise in notes and accounts receivable-trade and cash and deposits counteracted the decline in inventories. Total noncurrent assets were up ¥22.7 billion primarily due to an increase in net defined benefit asset.

Interest-bearing debt as of March 31, 2017, amounted to ¥151.2 billion, down ¥33.5 billion from the previous fiscal year-end largely due to a decrease in commercial papers. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—decreased ¥44.6 billion from the previous fiscal year-end, amounting to ¥109.3 billion on March 31, 2017.

Net assets on March 31, 2017, stood at ¥323.9 billion, up ¥62.9 billion from the previous fiscal year-end due to increases in retained earnings, remeasurements of defined benefit plans, and valuation difference on available-for-sale securities. In addition, shareholders' equity—total net assets net of non-controlling interests—was up ¥60.8 billion from the previous fiscal year-end, standing at ¥291.2 billion on March 31, 2017. The debt-to-equity ratio (interest-bearing debt ÷ shareholders' equity) was 0.5 times, down 0.3 times from the previous fiscal year-end. Also, the net debt-to-equity ratio (net interest-bearing debt ÷ shareholders' equity) was 0.4 times, down 0.3 times from the previous fiscal year-end.

(¥ billion)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Change
Net cash provided by operating activities	48.5	58.2	9.7
Net cash provided by (used in) investing activities	(9.4)	9.7	29.2
Free cash flow	29.0	67.9	38.9
Net cash used in financing activities	(31.6)	(56.1)	(24.5)
Cash and cash equivalents at the end of period	30.8	41.9	11.0

In the fiscal year ended March 31, 2017, consolidated free cash flow (net cash from operating activities + net cash from investing activities) was a positive ¥67.9 billion, an improvement of ¥38.9 billion compared with positive free cash flow of ¥29.0 billion in the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities was ¥58.2 billion, compared with ¥48.5 billion in the previous fiscal year. Major factors increasing cash included the recording of income before income taxes and an increase in notes and accounts payable-trade. Major factors decreasing cash included an increase in notes and accounts receivable-trade.

This was an improvement of ¥9.7 billion year on year.

Cash flows from investing activities

Net cash provided by investing activities was ¥9.7 billion, compared with net cash used in investing activities of ¥19.4 billion in the previous fiscal year. This was primarily a result of gain on sales of investment securities.

This was an improvement of ¥29.2 billion year on year.

Cash flows from financing activities

Net cash used in financing activities was ¥56.1 billion, compared with ¥31.6 billion in the previous fiscal year. This was principally due to a decrease in commercial papers and the repayment of lease obligations.

As a result, consolidated cash and cash equivalents on March 31, 2017, amounted to ¥41.9 billion, up ¥11.0 billion from the previous fiscal year-end.

(3) Basic Policy Regarding Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2017, and the Fiscal Year Ending March 31, 2018

We intend to return profit gained through business activities to shareholders. At the same time—while maintaining and strengthening our management foundation—we intend to appropriate profit for consolidated shareholders' equity in order to secure internal reserves for research and development, capital investment, development of human resources, and other uses reflecting a medium-to-long-term viewpoint.

We will determine the amount of dividends to be paid from retained earnings in light of the above medium-to-long-term business cycle; our policy of paying stable and continuous dividends; and a comprehensive evaluation of the business results from the relevant fiscal year, research and development and capital investment plans for future growth, and the operating environment.

We regard the acquisition of treasury stock as a flexible mechanism to supplement dividends from retained earnings when warranted by the cash flow position.

Based on a rigorous evaluation of performance during the fiscal year ended March 31, 2017, forecasted performance for the fiscal year ending March 31, 2018, and our financial position, we plan to pay a year-end dividend of ¥6 per share for the fiscal year ended March 31, 2017. Together with the interim dividend, this will make for an annual dividend of ¥11 per share for the fiscal year ended March 31, 2017, to be paid from retained earnings.

We have not yet decided the dividend to be paid for the fiscal year ending March 31, 2018.