

Consolidated Financial Results for FY2017

April 27, 2018

Fuji Electric Co., Ltd.

Summary of Consolidated Financial Results for FY2017 (YoY Comparison)

Record highs for operating income, operating margin and ordinary income

(Billion yen)

	FY2016	FY2017	Change
Net Sales	837.8	893.5	55.7
Operating Income/Loss (Operating Margin)	44.7 (5.3%)	56.0 (6.3%)	11.3 (0.9%)
Ordinary Income/Loss	46.3	56.0	9.8
Extraordinary Income/Loss	17.6	0.8	-16.9
Income/Loss before Income Taxes	63.9	56.8	-7.1
Income Taxes	18.9	14.8	-4.1
Net Income Attributable to Non-controlling Interests	4.0	4.2	0.2
Net Income Attributable to Owners of Parent	41.0	37.8	-3.2

(Average Exchange Rate)

(Yen)

US\$	108.38	110.85	2.47
EURO	118.79	129.70	10.91
RMB	16.11	16.75	0.64

(Year-end Rate Difference : the end of the previous fiscal year → the end of fiscal year)

(Yen)

US\$	112.68→112.19	112.19→106.24	-5.46
EURO	127.70→119.79	119.79→130.52	18.64
RMB	17.39→16.29	16.29→16.92	1.73

Net Sales

Loss on translation of earnings of overseas subsidiaries	-0.5
Demand increase	56.2

Operating Income/Loss

Increase in sales volumes	20.0	Increase in fixed cost	-5.0
Exchange rate effect	1.1	Cost reduction, others	-4.9
	21.1		-9.8

Non-operating Income/Loss

Net interest expense	0.2	(0.7 → 0.9)
Foreign exchange losses	-1.8	(-0.3 → -2.1)
Others	0.1	(1.2 → 1.3)
	-1.5	1.6 0.1

Extraordinary Income/Loss

Gain on sales of investment securities	-17.2	(18.8 → 1.7)
Loss on valuation on investment securities	-0.5	(-0.2 → -0.8)
Impairment loss	1.4	(-1.4 → 0.0)
Others	-0.6	(0.4 → -0.2)
	-16.9	(17.6 → 0.8)

Net Sales and Operating Income by Segment for FY2017 (YoY Comparison)

Large increases in sales and income centered on Power Electronics Systems—Industry Solutions and Electronic Devices

(Billion yen)

	FY2016		FY2017		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems — Energy Solutions	218.7	13.7	224.1	14.7	5.4	0.9
Power Electronics Systems — Industry Solutions	286.0	13.9	315.9	18.3	29.8	4.3
Power and New Energy	93.8	7.5	96.9	5.5	3.0	-2.0
Electronic Devices	118.5	8.0	126.9	13.7	8.4	5.7
Food and Beverage Distribution	109.6	6.0	117.8	6.2	8.2	0.2
Others	59.1	2.1	60.4	2.9	1.3	0.8
Elimination and Corporate	-48.0	-6.6	-48.4	-5.3	-0.5	1.3
Total	837.8	44.7	893.5	56.0	55.7	11.3

Business Results by Segment for FY2017 (YoY Comparison) ①

(Billion yen)

		FY2016	FY2017	Change	Overview
Energy Solutions	Net Sales	218.7	224.1	5.4	<p>Energy Management Decrease in net sales primarily due to a decline in smart meter sales volumes while operating results were relatively unchanged due to the benefits of cost reduction efforts</p> <p>Transmission and distribution systems Increase in net sales due to contributions from large-scale power and industrial field orders from overseas, but decrease in operating results as a result of a less favorable sales mix</p> <p>Power supply systems Decrease in net sales due to reduced demand for power conditioning systems for use in solar power generation systems, but improved operating results due to the benefits of cost reduction efforts</p> <p>ED&C components Increase in net sales and operating results as a result of strong demand seen from machine tool and other machinery manufacturers as well as from overseas semiconductor manufacturers</p>
	Operating Income/Loss	13.7	14.7	0.9	
Industry Solutions	Net Sales	286.0	315.9	29.8	<p>Factory automation Increase in net sales and operating results due to strong conditions in Japan and China centered on markets for inverters and factory automation components</p> <p>Process automation Increase in net sales and operating results because of the brisk replacement demand seen in the Japanese market</p> <p>Environmental and social solutions Increase in net sales and operating results as a result of higher demand for electrical equipment for railcars in Asia and other regions</p> <p>Equipment construction Increase in net sales following strong performance in air-conditioning equipment and electricity and information distribution operations, but decrease in operating results as a result of a less favorable sales mix</p> <p>IT solutions Increase in net sales and operating results due to increases in orders from the academic sector and large-scales orders from the public sector</p>
	Operating Income/Loss	13.9	18.3	4.3	

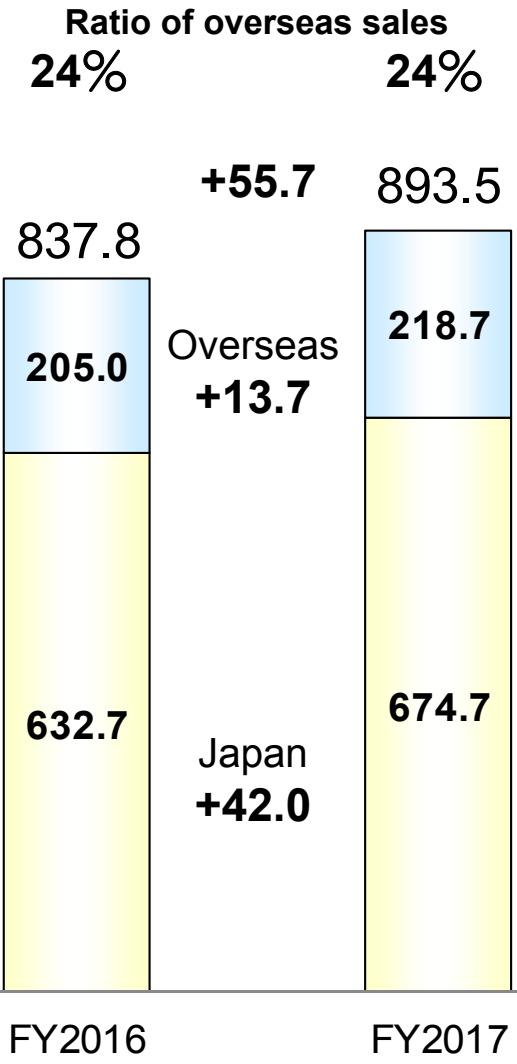
Business Results by Segment for FY2017 (YoY Comparison) ②

(Billion yen)

		FY2016	FY2017	Change	Overview
Power and New Energy	Net Sales	93.8	96.9	3.0	Increased sales for thermal power generation systems primarily due to large-scale domestic orders, decreased sales for renewable energy systems due to decline in large-scale orders for hydro power and solar power generation systems, deterioration of operating results due to a less favorable sales mix
	Operating Income/Loss	7.5	5.5	-2.0	
Electronic Devices	Net Sales	118.5	126.9	8.4	Increase in net sales and operating income as a result of solid demand from the automotive field coupled with the increased demand for power semiconductors from industrial fields, which was a result of rising automation, labor saving, and energy saving needs in the Chinese and Japanese markets
	Operating Income/Loss	8.0	13.7	5.7	
				Exchange rate effect +0.8	
Food and Beverage Distribution	Net Sales	109.6	117.8	8.2	Vending machine Although the revision of customers' plans caused performance in the Chinese market to remain around the same level as in the previous fiscal year, increase in net sales and operating results due to higher demand from customers in the Japanese market
	Operating Income/Loss	6.0	6.2	0.2	Store distribution Increase in net sales following a rise in demand for store equipment for convenience stores, but decrease in operating results as a result of a less favorable sales mix

Domestic and Overseas Net Sales and Net Sales by Overseas Area for FY2017 (YoY Comparison)

(Billion yen)



	FY2016	FY2017	Change
Overseas	205.0	218.7	13.7
Asia and Others	106.1	110.9	4.8
China	67.5	75.0	7.5
Europe	16.6	17.6	1.0
Americas	14.8	15.2	0.4

Breakdown of Overseas Sales Change (FY2017 vs FY2016):

- Energy Solutions: +7.8
- Industry Solutions: +4.4
- Power and New Energy: -3.8
- Electronic Devices: +4.9
- Food and Beverage: +0.4
- Distribution: 0.0

Breakdown of Asia and Others Sales Change (FY2017 vs FY2016):

- Energy Solutions: +4.6
- Industry Solutions: +0.4
- Power and New Energy: -2.6
- Electronic Devices: +2.3

Breakdown of China Sales Change (FY2017 vs FY2016):

- Energy Solutions: +2.3
- Industry Solutions: +2.6
- Electronic Devices: +2.3
- Food and Beverage: +0.2
- Distribution: 0.0

Summary of Consolidated Financial Results for FY2017 (Comparison with Forecasts)

(Billion yen)

	FY2017		Change
	Forecasts (Jan. 29, 2017)	Results	
Net Sales	875.0	893.5	18.5
Operating Income/Loss	53.0	56.0	3.0
Ordinary Income/Loss	51.0	56.0	5.0
Net Income Attributable to Owners of Parent	31.0	37.8	6.8

Net Sales

Gain on translation of earnings of overseas subsidiaries	7.8
Demand increase excluding exchange rate effect	10.7

Operating Income/Loss

Increase in sales and production

(Average Exchange Rate)	(Yen)		
US\$	110.03	110.85	0.82
EURO	125.15	129.70	4.55
RMB	16.41	16.75	0.34

(Year-end Rate Difference : the end of FY2016 → the end of FY2017)	(Yen)		
US\$	112.19→105.00	112.19→106.24	1.24
EURO	119.79→115.00	119.79→130.52	15.52
RMB	16.29→15.7	16.29→16.92	1.22

Summary of Consolidated Financial Results by Segment for FY2017 (Comparison with Forecasts)

(Billion yen)

	FY2017				Change	
	Forecasts (Jan. 29, 2017)		Results			
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems — Energy Solutions	220.0	14.6	224.1	14.7	4.1	0.1
Power Electronics Systems — Industry Solutions	308.9	18.5	315.9	18.3	7.0	-0.2
Power and New Energy	98.0	5.3	96.9	5.5	-1.1	0.2
Electronic Devices	122.4	12.8	126.9	13.7	4.5	0.9
Food and Beverage Distribution	116.0	6.5	117.8	6.2	1.8	-0.3
Others	58.9	2.0	60.4	2.9	1.5	0.9
Elimination and Corporate	-49.2	-6.7	-48.4	-5.3	0.8	1.4
Total	875.0	53.0	893.5	56.0	18.5	3.0

Consolidated Balance Sheet at the End of FY2017

(Billion yen)

Assets

	3/31/17	3/31/18	Change
Cash and time deposit	42.0	33.4	-8.7
Notes and account receivables, trade receivables	269.7	287.1	17.4
Inventories	142.4	149.8	7.3
Other current assets	58.3	66.0	7.7
Total current assets	512.5	536.2	23.8
Tangible fixed assets	173.5	174.6	1.1
Intangible fixed assets	20.5	19.3	-1.2
Investments and other assets	180.0	188.6	8.5
Total long-term assets	374.1	382.5	8.4
Deferred assets	0.1	0.1	0.0
Total assets	886.7	918.9	32.2
Net interest-bearing debt※1	141.6	130.2	-11.4
Net D/E ratio※2 (times)	0.5	0.4	-0.1
Equity ratio	32.8%	36.0%	3.1%

Liabilities and Net Assets

	3/31/17	3/31/18	Change
Notes and account payables, trade payables	165.3	184.0	18.7
Interest-bearing debts	151.2	128.3	-22.9
Lease obligations	32.2	35.2	3.0
Other liabilities	214.0	204.7	-9.3
Total liabilities	562.8	552.3	-10.5
Capital stock	47.6	47.6	-
Capital surplus	46.0	46.0	0.0
Retained earnings	166.3	195.5	29.2
Treasury stock at cost	-7.2	-7.3	-0.0
Shareholders' equity	252.6	281.8	29.2
Accumulated other comprehensive income	38.6	48.8	10.2
Non-controlling interests	32.6	35.9	3.3
Total net assets	323.9	366.5	42.7
Total liabilities and net assets	886.7	918.9	32.2

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

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

Consolidated Cash Flow for FY2017

(Billion yen)

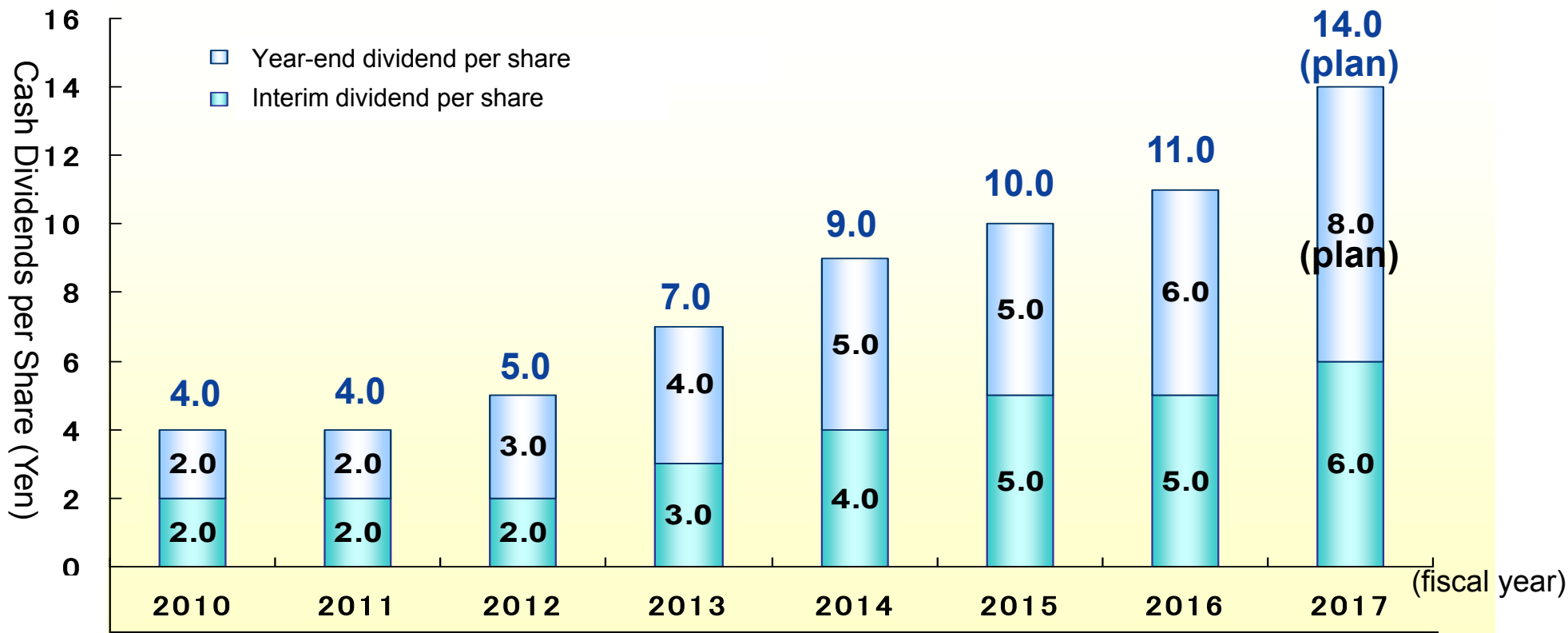
		FY2016	FY2017
I	Cash Flows from Operating Activities	58.2	53.1
II	Cash Flows from Investing Activities	9.7	-14.6
I + II	Free Cash Flow	67.9	38.6
III	Cash Flows from Financing Activities	-56.1	-46.9
IV	Cash and Cash Equivalents at End of Year	41.9	33.3

Proceeds from sales of investment securities

FY2016	FY2017
33.3	2.7

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	2010	2011	2012	2013	2014	2015	2016	2017
	18.9%	24.2%	13.6%	25.5%	23.0%	23.3%	19.2%	26.5%

■ Breakdown of Electronic Devices Sales

(Billion yen)

	FY2016	FY2017
Semiconductors	97.0	107.5
Magnetic Disks	21.5	19.4
Total	118.5	126.9

■ Distribution of Semiconductor Sales by Field

	FY2016	FY2017
Industrial	46%	48%
Automotive	28%	27%
Consumers and others*	26%	25%

* Including photoconductors

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