

Consolidated Financial Results **for 3Q FY2017**

January 30, 2018
Fuji Electric Co., Ltd.

Summary of Consolidated Financial Results for 9 months (Apr.- Dec.) FY2017 (YoY Comparison)

Record highs for operating income, ordinary income, and net income attributable to owners of parent

(Billion yen)

	9 months FY2016	9 months FY2017	Change
Net Sales	555.3	601.2	45.9
Operating Income/Loss	10.7	22.4	11.7
Ordinary Income/Loss	11.0	21.8	10.8
Extraordinary Income/Loss	-0.2	1.5	1.7
Income/Loss before Income Taxes	10.9	23.4	12.5
Income Taxes	3.4	7.7	4.3
Net Income Attributable to Non-controlling Interests	2.6	2.3	-0.3
Net Income Attributable to Owners of Parent	4.9	13.4	8.5

(Average Exchange Rate)

	(Yen)
US\$	106.63 → 111.70 (5.07)
EURO	118.02 → 128.53 (10.51)
RMB	15.95 → 16.64 (0.69)

(Exchange Rate Difference: the end of March → the end of December)

	(Yen)
US\$	112.68→116.49 (3.81) / 112.19→113.00 (0.81) = -3.00
EURO	127.70→122.70 (-5.00) / 119.79→134.94 (15.15) = 20.15
RMB	17.39→16.76 (-0.63) / 16.29→17.29 (1.00) = 1.63

Net Sales

Gain on translation of earnings of overseas subsidiaries	+2.4
Demand increase excluding exchange rate effect	+43.5

Operating Income/Loss

Increase in sales volumes	12.9	Price decline	-11.3
Cost reduction	11.1	Increase in fixed cost	-2.0
Exchange rate effect	1.1		
	25.1		-13.3

Non-operating Income/Loss

Net interest expense	-0.1	(1.0 → 0.9)
Equity in earnings of affiliates	-0.2	(-0.8 → -1.0)
Foreign exchange losses	-0.7	(0.1 → -0.6)
Others	0.1	(0.0 → 0.1)
	-0.9	(0.3 → -0.6)

Extraordinary Income/Loss

Gain on sales of investment securities	1.5 (0.2 → 1.7)
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Net Sales and Operating Income by Segment for 9 months (Apr. – Dec.) FY2017 (YoY Comparison)

**Large increases in sales and income seen by Power Electronics Systems—
Industry Solutions, Electronic Devices, and Food and Beverage Distribution**

(Billion yen)

	9 months FY2016		9 months FY2017		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems — Energy Solutions	148.1	4.9	147.9	5.5	-0.1	0.6
Power Electronics Systems — Industry Solutions	176.5	-1.6	200.8	2.0	24.3	3.6
Power and New Energy	55.6	2.7	55.8	1.4	0.2	-1.3
Electronic Devices	91.5	5.8	98.6	10.9	7.1	5.2
Food and Beverage Distribution	73.8	1.7	86.2	4.4	12.5	2.7
Others	43.3	1.5	45.5	2.2	2.2	0.7
Elimination and Corporate	-33.5	-4.3	-33.7	-4.1	-0.2	0.2
Total	555.3	10.7	601.2	22.4	45.9	11.7

Business Results by Segment for 9 months (Apr. – Dec.) FY2017 (YoY Comparison) ①

(Billion yen)

		9 months FY2016	9 months FY2017	Change	Overview
Energy Solutions	Net Sales	148.1	147.9	-0.1	<p>Energy Management Decrease in net sales and operating results primarily due to declined smart meter sales volumes</p> <p>Transmission and Distribution Decrease in net sales and operating results worsened, despite strong performance resulted from a rise in capital investment demand, due to the absence of large-scale orders from the industrial field recorded in the previous equivalent period</p> <p>Power supply systems Decrease in net sales due to the absence of large-scale orders recorded during the previous equivalent period in switchgear and controlgear operations as well as reduced demand for power conditioning systems for use in solar power generation systems, but increase in operating results due to the benefits of cost reduction efforts</p> <p>ED&C components Increase in net sales and operating result as a result of strong demand seen overseas and from machine tool and other machinery manufacturers</p>
	Operating Income/Loss	4.9	5.5	0.6	
Industry Solutions	Net Sales	176.5	200.8	24.3	<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 due to higher demand for electrical equipment for railcars, but deterioration of operating results due to a less favorable sales mix</p> <p>Equipment construction Decrease in net sales and operating results as the rebound from large-scale orders recorded in the previous equivalent period offset the benefits of strong performance in air-conditioning equipment operations</p> <p>IT solutions Increase in net sales and operating results due to an increase in orders from the academic sector</p>
	Operating Income/Loss	-1.6	2.0	3.6	

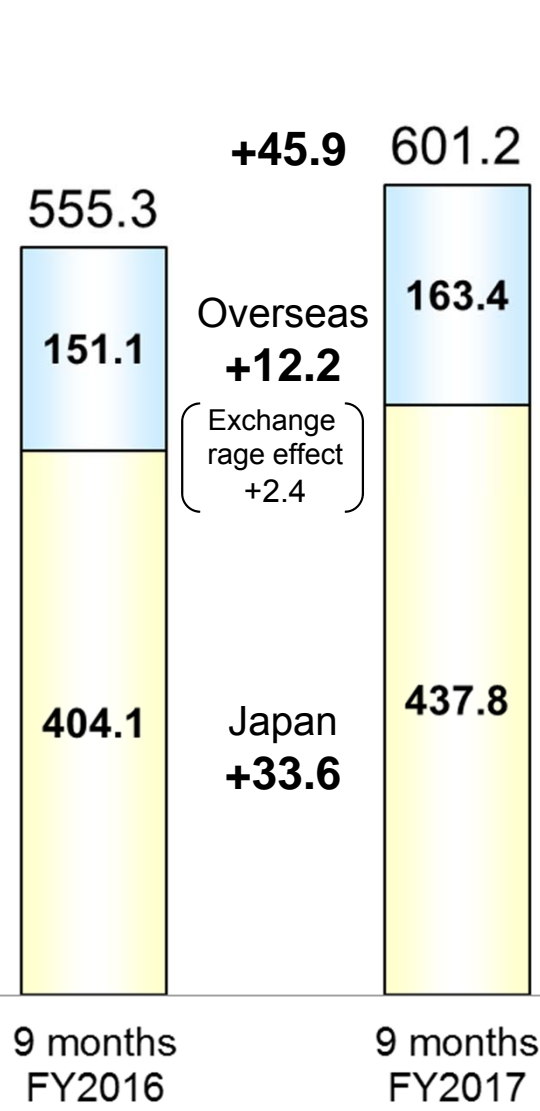
Business Results by Segment for 9 months (Apr. – Dec.) FY2017 (YoY Comparison) ②

(Billion yen)

		9 months FY2016	9 months FY2017	Change	Overview
Power and New Energy	Net Sales	55.6	55.8	0.2	<p>Large-scale orders in Japan contributing to higher sales of thermal power generation systems while sales decrease in the renewable energy field due to declines in large-scale orders for hydro and geothermal power generation systems</p> <p>Decrease in operating income as a result of a less favorable sales mix</p>
	Operating Income/Loss	2.7	1.4	-1.3	
Electronic Devices	Net Sales	91.5	98.6	7.1	<p>Improved net sales and operating results in the semiconductors business due to solid demand from the automotive field coupled with increased demand from machine tool and other industrial fields in the Japanese and Chinese markets resulted from rising automation and labor saving needs</p> <p>Lower net sales in the magnetic disk business as a result of reduced demand and unfavorable foreign exchange influences but improved operating results due to the benefits of cost reduction efforts</p>
	Operating Income/Loss	5.8	10.9	5.2	
				Exchange rate effect 0.9	
Food and Beverage Distribution	Net Sales	73.8	86.2	12.5	<p>Vending machines</p> <p>Increase in net sales and operating results following higher demand from customers in the Japanese market as well as the recovery of the Chinese market</p> <p>Store distribution</p> <p>Increase in net sales and operating results due to a rise in demand for store equipment for convenience stores</p>
	Operating Income/Loss	1.7	4.4	2.7	

Domestic and Overseas Net Sales and Net Sales by Overseas Area for 9 months (Apr. – Dec.) FY2017 (YoY Comparison)

(Billion yen)



	9 months FY2016	9 months FY2017	Change
Overseas	151.1	163.4	12.2
Asia and Others	75.3	79.8	4.5
China	53.2	58.6	5.4
Europe	12.4	13.2	0.8
Americas	10.2	11.8	1.6

Breakdown of Overseas Net Sales Change (FY2016 vs FY2017):

- Energy Solutions +7.6
- Industry Solutions +3.5
- Power and New Energy -3.6
- Electronic Devices +4.4
- include Semiconductors +6.6
- Food and Beverage +0.3
- Distribution

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

- Energy Solutions +4.9
- Industry Solutions +0.5
- Power and New Energy -3.6
- Electronic Devices +2.9
- include Semiconductors +0.6

Breakdown of China Net Sales Change (FY2016 vs FY2017):

- Energy Solutions +1.8
- Industry Solutions +2.0
- Electronic Devices +0.9
- include Semiconductors +5.3
- Food and Beverage +0.5
- Distribution

Summary of Consolidated Financial Results for 3Q (Oct.- Dec.) FY2017 (YoY Comparison)

(Billion yen)	3Q FY2016	3Q FY2017	Change
Net Sales	203.7	206.1	2.4
Operating Income/Loss	4.8	9.6	4.8
Ordinary Income/Loss	8.3	10.1	1.8
Net Income Attributable to Owners of Parent	4.9	7.2	2.3

(Average Exchange Rate)	(Yen)		
US\$	109.30	112.98	3.68
EURO	117.78	133.01	15.23
RMB	15.97	17.08	1.11

(Exchange Rate Difference: the end of March → the end of December)	(Yen)		
US\$	101.12→116.49	112.73→113.00	-15.10
EURO	113.36→122.70	132.85→134.94	-7.25
RMB	15.14→16.76	16.96→17.29	-1.29

Net Sales	
Loss on translation of earnings of overseas subsidiaries	-6.5
Demand increase excluding exchange rate effect	+8.9

Operating Income/Loss			
Increase in sales volumes	5.1	Price decline	-3.5
Cost reduction	4.1	Increase in fixed cost	-0.9
Exchange rate effect	0.1		
	9.3		-4.4

Non-operating Income/Loss	
Foreign exchange losses	-3.0 (2.7 → -0.2)

	3Q FY2016		3Q FY2017		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems — Energy Solutions	53.5	2.4	53.7	2.7	0.2	0.2
Power Electronics Systems — Industry Solutions	64.0	0.6	66.6	0.9	2.5	0.3
Power and New Energy	24.8	0.7	17.9	0.2	-6.9	-0.4
Electronic Devices	33.9	2.6	33.9	4.2	0.0	1.6
Food and Beverage Distribution	24.3	-0.3	30.7	2.2	6.4	2.5
Others	15.0	0.4	15.6	0.7	0.6	0.3
Elimination and Corporate	-11.8	-1.5	-12.2	-1.3	-0.5	0.2
Total	203.7	4.8	206.1	9.6	2.4	4.8

(Billion yen)

Consolidated Balance Sheet at the end of 3Q FY2017

Assets

	3/31/17	12/31/17	Change
Cash and time deposit	42.0	30.5	-11.6
Notes and account receivables, trade receivables	269.7	246.7	-22.9
Inventories	142.4	174.9	32.5
Other current assets	58.3	77.9	19.5
Total current assets	512.5	530.0	17.5
Tangible fixed assets	173.5	174.4	0.9
Intangible fixed assets	20.5	19.1	-1.5
Investments and other assets	180.0	197.3	17.3
Total long-term assets	374.1	390.8	16.7
Deferred assets	0.1	0.1	0.0
Total assets	886.7	921.0	34.3
Equity Ratio (%)	32.8	34.3	1.5
Net Interest-bearing Debts	109.3	150.4	41.1
Net debt-equity ratio (times)	0.4	0.5	0.1

Liabilities and Net Assets

(Billion yen)

	3/31/17	12/31/17	Change
Notes and account payables, trade payables	165.3	156.0	-9.3
Interest-bearing debts	151.2	180.7	29.5
Other liabilities	246.3	234.7	-11.6
Total liabilities	562.8	571.4	8.6
Common stock	47.6	47.6	-
Capital surplus	46.0	46.0	0.0
Retained earnings	166.3	171.1	4.8
Treasury stock at cost	-7.2	-7.3	-0.0
Shareholders' equity	252.6	257.4	4.8
Accumulated other comprehensive income	38.6	58.1	19.5
Non-controlling interests	32.6	34.1	1.4
Total net assets	323.9	349.5	25.7
Total liabilities and net assets	886.7	921.0	34.3

Consolidated Financial Results Forecasts for FY2017 (Comparison with Previous Forecasts)

Consolidated full-year forecasts increased in light of the business result trends

	(Billion yen)					
	Forecasts (Oct. 26, 2017)	Forecasts (Jan. 29, 2018)	Change			
Net Sales	870.0	875.0	5.0			
Operating Income/Loss	52.0	53.0	1.0			
Ordinary Income/Loss	51.0	51.0	0.0			
Net Income Attributable to Owners of Parent	31.0	31.0	0.0			

4Q Assumed Exchange Rate			
	US\$	EURO	RMB
Exchange rate (Yen)	105	115	15.7
One Yen Effect (Million yen)	40	10	50

*Impact on operating income/loss
US\$ and EURO : Impact of ¥1-fluctuations
RMB: Impact of 1% fluctuations

	Forecasts (Oct. 26, 2017)		Forecasts (Jan. 29, 2018)		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems — Energy Solutions	220.0	14.6	220.0	14.6	0.0	0.0
Power Electronics Systems — Industry Solutions	305.9	18.0	308.9	18.5	3.0	0.5
Power and New Energy	100.0	5.8	98.0	5.3	-2.0	-0.5
Electronic Devices	120.4	11.3	122.4	12.8	2.0	1.5
Food and Beverage Distribution	114.0	6.5	116.0	6.5	2.0	0.0
Others	58.9	2.0	58.9	2.0	0.0	0.0
Elimination and Corporate	-49.2	-6.2	-49.2	-6.7	0.0	-0.5
Total	870.0	52.0	875.0	53.0	5.0	1.0

Consolidated Financial Results Forecasts for FY2017 (YoY Comparison)

(Billion yen)

	FY2016 Results	FY2017 Forecasts (Jan. 29, 2018)	Change
Net Sales	837.8	875.0	37.2
Operating Income/Loss	44.7	53.0	8.3
Ordinary Income/Loss	46.3	51.0	4.7
Net Income Attributable to Owners of Parent	41.0	31.0	-10.0

(Billion yen)

	FY2016 Results		FY2017 Forecasts (Jan. 29, 2018)		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	220.0	14.6	1.3	0.9
Power Electronics Systems — Industry Solutions	286.0	13.9	308.9	18.5	22.9	4.6
Power and New Energy	93.8	7.5	98.0	5.3	4.2	-2.2
Electronic Devices	118.5	8.0	122.4	12.8	3.9	4.8
Food and Beverage Distribution	109.6	6.0	116.0	6.5	6.4	0.5
Others	59.1	2.1	58.9	2.0	-0.2	-0.1
Elimination and Corporate	-48.0	-6.6	-49.2	-6.7	-1.2	-0.1
Total	837.8	44.7	875.0	53.0	37.2	8.3

■ Breakdown of Electronic Devices Sales

(Billion yen)

	3Q FY2016	3Q FY2017
Semiconductors	27.3	27.9
Magnetic Disks	6.6	6.0

■ Distribution of Semiconductor Sales by Field

	3Q FY2016	3Q FY2017
Industrial	46%	47%
Automotive	26%	29%
Consumers and Others*	28%	24%

* Including photoconductors

■ Sales breakdown of Magnetic Disks

	3Q FY2016	3Q FY2017
Magnetic Disk Sales Units (Millions of units)	7	10
Ratio of Aluminum Substrate Magnetic Disk	92%	37%
Ratio of Glass Substrate Magnetic Disk	8%	63%

■ Order Growth Rates (Reference)

	3Q FY2017 Results	
	Vs. 2Q	YoY
Power semiconductors	-2%	+10%

	3Q FY2017 Results	
	Vs. 2Q	YoY
Inverters	+16%	+10%

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