

Consolidated Financial Results **for 3Q FY2018**

February 1, 2019
Fuji Electric Co., Ltd.

Summary of Consolidated Financial Results for 9 months (Apr. - Dec.) FY2018 (YoY Comparison)

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

(Billion yen)

	9 months FY2017	9 months FY2018	Change
Net Sales	601.2	622.3	21.1
Operating Income/Loss	22.4	24.5	2.1
Ordinary Income/Loss	21.8	26.5	4.6
Extraordinary Income/Loss	1.5	1.7	0.2
Income/Loss before Income Taxes	23.4	28.2	4.8
Income Taxes	7.7	8.6	0.9
Net Income Attributable to Non-controlling Interests	2.3	3.2	0.9
Net Income Attributable to Owners of Parent	13.4	16.4	3.0

(Average Exchange Rate)

(Yen)

US\$	111.70	111.14	-0.56
EURO	128.53	129.49	0.96
RMB	16.64	16.61	-0.03

(End of the Month Rate Difference: the end of March → the end of December)

(Yen)

US\$	112.19→113.00	106.24→111.00	3.95
EURO	119.79→134.94	130.52→127.00	-18.67
RMB	16.29→17.29	16.92→16.16	-1.76

Net Sales

Loss on translation of earnings of overseas subsidiary	-5.7
Demand increase	26.8

Operating Income/Loss

Increase in sales volumes	9.1	Increase in fixed cost	-2.7
		Exchange rate effect	-1.1
		Others*	-3.2
	9.1		-7.0

* cost reduction, price fluctuations
and sales mix changes

Non-operating Income/Loss

Net interest expense	0.8	(0.9 → 1.6)
Equity in losses of affiliates	0.4	(-1.0 → -0.6)
Foreign exchange income/loss	0.8	(-0.6 → 0.2)
Others	0.6	(0.1 → 0.8)
	2.5	(-0.6 → 2.0)

Extraordinary Income/Loss

Gain on sales of investment securities	-0.8	(1.7 → 0.9)
Gain on reversal of foreign currency translation adjustments due to subsidiary liquidation	1.3	(0.0 → 1.3)
Others	-0.3	(-0.1 → -0.5)
	0.2	(1.5 → 1.7)

Net Sales and Operating Income by Segment for 9 months (Apr. - Dec.) FY2018 (YoY Comparison)

(Billion yen)

	9 months FY2017		9 months FY2018		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems — Energy Solutions	142.2	4.7	144.3	7.9	2.0	3.2
Power Electronics Systems — Industry Solutions	205.7	2.8	212.4	4.3	6.6	1.5
Power and New Energy	55.8	1.4	71.1	-0.5	15.3	-1.9
Electronic Devices	98.6	10.9	103.8	11.7	5.2	0.8
Food and Beverage Distribution	86.2	4.4	81.7	3.2	-4.5	-1.3
Others	45.5	2.2	45.9	1.8	0.4	-0.5
Elimination and Corporate	-33.0	-4.1	-36.9	-3.9	-4.0	0.2
Total	601.2	22.4	622.3	24.5	21.1	2.1

Business Results by Segment for 9 months (Apr. - Dec.) FY2018 (YoY Comparison) ①

(Billion yen)

		9 months FY2017	9 months FY2018	Change	Overview
Energy Solutions	Net Sales	142.2	144.3	2.0 -1.0*	<p>Energy Management Decrease in net sales primarily as a result of reduced demand for smart meters and industrial power supply equipment, but increase in operating results due to the benefits of cost reduction efforts</p> <p>Power Supply and Facility Systems Increase in net sales and operating results due to an increase in large-scale orders</p> <p>ED&C Components Increase in net sales and operating results because of higher demand seen from distribution panel manufacturers</p>
	Operating Income/Loss	4.7	7.9	3.2	
Industry Solutions	Net Sales	205.7	212.4	6.6 -1.8*	<p>Factory Automation Increase in net sales and operating results due to increased domestic demand centered on low-voltage inverters, motors, and factory automation systems, the benefits of which outweighed the impacts of the bearish trends seen in Chinese and other Asian markets during the second half of the fiscal year</p> <p>Process Automation Decrease in net sales and operating results due to the absence of a large-scale order recorded in the previous equivalent period</p> <p>Social Solutions Decrease in net sales following lower demand for electrical equipment for railcars, but increasing operating results due to the benefits of cost reduction efforts</p> <p>Equipment Construction Increasing in net sales and operating results following an increase in orders for factory power distribution equipment and other electrical equipment construction</p> <p>IT Solutions Increase in net sales and operating results due to an increase in orders centered on the public sector</p>
	Operating Income/Loss	2.8	4.3	1.5 -0.3*	

*Exchange rate effect

Business Results by Segment for 9 months (Apr. - Dec.) FY2018 (YoY Comparison) ②

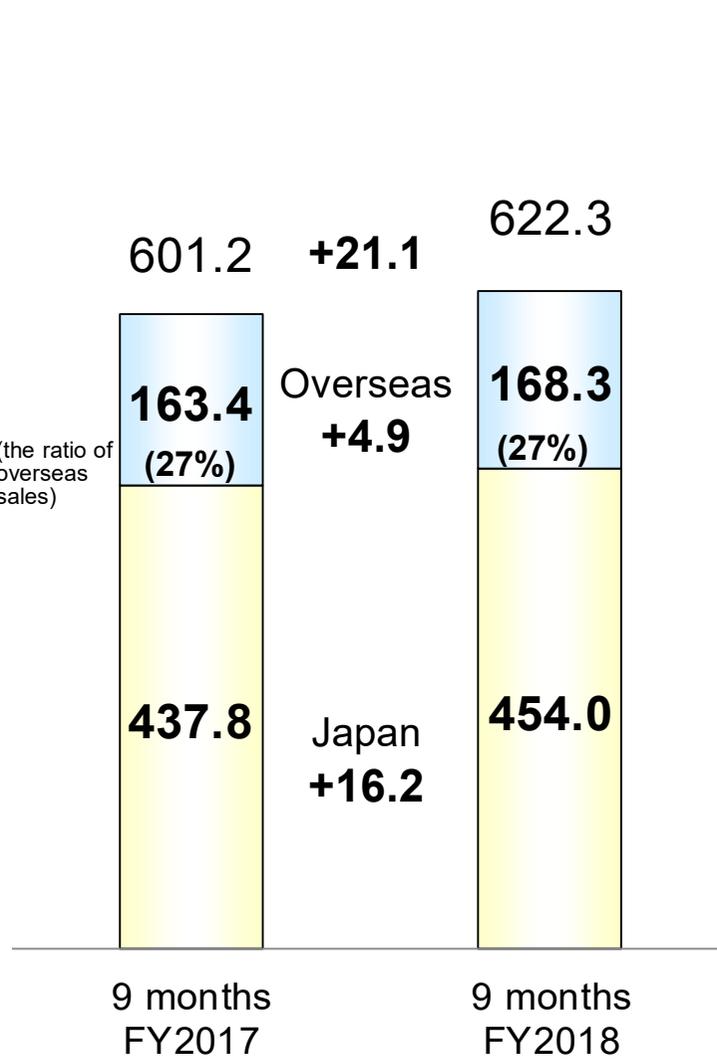
(Billion yen)

		9 months FY2017	9 months FY2018	Change	Overview																								
Power and Energy	Net Sales	55.8	71.1	15.3	Higher thermal power system sales, increased renewable energy system sales due to large-scale orders for solar power generation systems Decrease in operating income due to higher costs associated with a large-scale order																								
	Operating Income/Loss	1.4	-0.5	-1.9																									
Electronic Devices	Net Sales	98.6	103.8	5.2 -2.3*	Increase in net sales thanks to the robust demand for power semiconductors for automotive applications as well as higher demand for magnetic disks. These factors offset the impacts of the slowdown in the industrial power semiconductor market that emerged during the second half of the fiscal year Increase in operating income due to higher sales																								
	Operating Income/Loss	10.9	11.7	0.8 -0.6*																									
		<table border="1"> <thead> <tr> <th rowspan="3">Breakdown of Electronic Devices Sales</th> <th colspan="2">3Q FY2017</th> <th colspan="2">3Q FY2018</th> </tr> <tr> <th>Oct - Dec.</th> <th>Apr. - Dec.</th> <th>Oct.- Dec.</th> <th>Apr. - Dec.</th> </tr> </thead> <tbody> <tr> <td>Semiconductors</td> <td>27.9</td> <td>83.6</td> <td>25.7</td> <td>83.8</td> </tr> <tr> <td>Magnetic Disks</td> <td>6.0</td> <td>15.1</td> <td>6.4</td> <td>20.1</td> </tr> </tbody> </table>				Breakdown of Electronic Devices Sales	3Q FY2017		3Q FY2018		Oct - Dec.	Apr. - Dec.	Oct.- Dec.	Apr. - Dec.	Semiconductors	27.9	83.6	25.7	83.8	Magnetic Disks	6.0	15.1	6.4	20.1					
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Food and Beverage Distribution	Net Sales	86.2	81.7	-4.5 -0.5*	Vending Machines Increase in net sales and operating results largely thanks to increased demand from customers Store Distribution Decrease in net sales and operating results because of a decline in demand for store equipment for convenience stores																								
	Operating Income/Loss	4.4	3.2	-1.3																									

*Exchange rate effect

Sales by Japan and Overseas Area for 9 months (Apr. - Dec.) FY2018 (YoY Comparison)

(Billion yen)



	9 months FY2017	9 months FY2018	Change
Overseas	163.4	168.3	4.9
Asia and Others	79.8	86.0	6.2
China	58.6	59.8	1.2
Europe	13.2	12.1	-1.2
Americas	11.8	10.4	-1.4

Energy Solutions -4.0
 Industry Solutions +1.1
 Power and New Energy +1.8
 Electronic Devices +5.6
 Food and Beverage
 Distribution +1.2

Energy Solutions -4.5
 Industry Solutions +1.6
 Power and New Energy +4.0
 Electronic Devices +5.6

Energy Solutions +0.8
 Industry Solutions -0.8
 Electronic Devices +0.6
 Food and Beverage
 Distribution +0.8

*Exchange rate effect

Summary of Consolidated Financial Results for 3Q (Oct. - Dec.) FY2018 (YoY Comparison)

(Billion yen)

	3Q FY2017	3Q FY2018	Change
Net Sales	206.1	202.8	-5.1* -3.3
Operating Income/Loss	9.6	6.0	-0.6* -3.7
Ordinary Income/Loss	10.1	7.0	-3.1
Net Income Attributable to Owners of Parent	7.2	3.8	-3.3

(Average Exchange Rate)

(Yen)

	3Q FY2017	3Q FY2018	Change
US\$	112.98	112.90	-0.08
EURO	133.01	128.78	-4.23
RMB	17.08	16.32	-0.76

(End of the Month Rate Difference: the end of September → the end of December)

(Yen)

US\$	112.73→113.00	113.57→111.00	-2.84
EURO	132.85→134.94	132.14→127.00	-7.23
RMB	16.96→17.29	16.50→16.16	-0.67

	3Q FY2017		3Q FY2018		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems —Energy Solutions	52.6	2.6	50.1	2.9	-0.9* -2.5	0.3
Power Electronics Systems —Industry Solutions	67.4	1.0	70.6	2.4	-1.5* 3.2	-0.2* 1.5
Power and New Energy	17.9	0.2	21.9	-2.3	4.0	-2.6
Electronic Devices	33.9	4.2	32.1	3.1	-2.2* -1.8	-0.4* -1.1
Food and Beverage Distribution	30.7	2.2	25.4	0.5	-0.4* -5.3	-1.7
Others	15.6	0.7	15.6	0.6	-0.0	-0.1
Elimination and Corporate	-12.0	-1.3	-12.9	-1.3	-0.9	-0.0
Total	206.1	9.6	202.8	6.0	-3.3	-3.7

*Exchange rate effect

Consolidated Balance Sheet at the end of 3Q FY2018

(Billion yen)

Assets		3/31/18	12/31/18	Change
Cash and time deposit		33.4	25.9	-7.5
Notes and account receivables, trade receivables		287.1	278.5	-8.5
Inventories		149.8	199.1	49.4
Other current assets		48.3	68.9	20.7
Total current assets		518.5	572.5	54.0
Tangible fixed assets		174.6	178.5	3.9
Intangible fixed assets		19.3	18.9	-0.5
Investments and other assets		202.2	168.6	-33.7
(Net defined benefit asset)		(40.1)	(15.8)	(-24.3)
Total long-term assets		396.1	365.9	-30.3
Deferred assets		0.1	0.2	0.0
Total assets		914.7	938.5	23.8
Net interest-bearing debt※1		130.2	174.4	44.2
Net D/E ratio※2 (times)		0.4	0.5	0.1
Equity ratio		36.1%	34.3%	-1.8%

Liabilities and Net Assets		3/31/18	12/31/18	Change
Notes and account payables, trade payables		184.0	168.3	-15.7
Interest bearing-debts		163.5	200.1	36.6
Other liabilities		200.7	210.6	9.9
Total liabilities		548.2	579.0	30.8
Capital stock		47.6	47.6	-
Capital surplus		46.0	46.1	0.1
Retained earnings		195.5	200.0	4.5
Treasury stock		-7.3	-7.3	-0.0
Shareholders' equity		281.8	286.4	4.6
Accumulated other comprehensive income		48.8	35.8	-13.0
Non-controlling interests		35.9	37.4	1.5
Total net assets		366.5	359.6	-7.0
Total liabilities and net assets		914.7	938.5	23.8

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

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

Consolidated Financial Results Forecasts for FY2018 (Comparison with Previous Forecasts)

Downward revision to full-year business results forecasts based on business trends

(Billion yen)

	Forecasts (Oct. 25, 2018)	Forecasts (Jan. 31, 2019)	Change
Net Sales	910.0	905.0	-5.0
Operating Income/Loss	61.0	58.0	-3.0
Ordinary Income/Loss	62.5	60.0	-2.5
Net Income Attributable to Owners of Parent	41.5	38.0	-3.5

4Q Assumed Exchange Rate

	US\$	EURO	RMB
Exchange Rate (Yen)	105	125	16.5
Foreign Exchange Rate Sensitivity (Million yen)	50	30	90

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

Consolidated Financial Results Forecasts for FY2018 (Comparison with Previous Forecasts)

Downward revisions instituted to forecasts for Power and New Energy segment in reflection of 3Q performance and to forecasts for Electronic Devices segment in reflection of reduced demand for industrial power semiconductors and magnetic disks following market deterioration

(Billion yen)

	Forecasts (Oct. 25, 2018)		Forecasts (Jan. 31, 2019)		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems —Energy Solutions	225.0	17.4	225.0	17.4	0.0	0.0
Power Electronics Systems —Industry Solutions	323.0	19.2	323.0	19.2	0.0	0.0
Power and New Energy	102.0	6.2	102.0	4.2	0.0	-2.0
Electronic Devices	140.0	15.9	134.0	15.0	-6.0	-0.9
Food and Beverage Distribution	113.0	6.2	113.0	6.2	0.0	0.0
Others	62.1	2.4	62.1	2.4	0.0	0.0
Elimination and Corporate	-55.1	-6.4	-54.1	-6.5	1.0	-0.1
Total	910.0	61.0	905.0	58.0	-5.0	-3.0

Consolidated Financial Results Forecasts for FY2018 (YoY Comparison)

(Billion yen)

	FY2017 Results	FY2018 Forecasts	Change
Net Sales	893.5	905.0	11.5
Operating Income/Loss	56.0	58.0	2.0
Ordinary Income/Loss	56.0	60.0	4.0
Net Income Attributable to Owners of Parent	37.8	38.0	0.2

4Q Assumed Exchange Rate

	US\$	EURO	RMB
Exchange Rate (Yen)	105	125	16.5
Foreign Exchange Rate Sensitivity (Million yen)	50	30	90

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

	FY2017 Results		FY2018 Forecasts		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	225.0	17.4	7.4	3.4
Power Electronics Systems —Industry Solutions	321.0	18.9	323.0	19.2	2.0	0.3
Power and New Energy	96.9	5.5	102.0	4.2	5.1	-1.3
Electronic Devices	126.9	13.7	134.0	15.0	7.1	1.3
Food and Beverage Distribution	117.8	6.2	113.0	6.2	-4.8	-0.0
Others	60.4	2.9	62.1	2.4	1.7	-0.5
Elimination and Corporate	-47.1	-5.3	-54.1	-6.5	-7.0	-1.2
Total	893.5	56.0	905.0	58.0	11.5	2.0

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