

Consolidated Financial Results for 1H FY2018

October 26, 2018
Fuji Electric Co., Ltd.

Summary of Consolidated Financial Results for 1H FY2018 (YoY Comparison)

Large YoY increase in sales and income Record highs for operating income, ordinary income, and net income attributable to owners of parent

(Billion yen)

	1H FY2017	1H FY2018	Change
Net Sales	395.0	419.4	24.4
Operating Income/Loss	12.7	18.5	5.8
Ordinary Income/Loss	11.7	19.4	7.7
Extraordinary Income/Loss	-0.0	1.9	1.9
Income/Loss before Income Taxes	11.7	21.3	9.6
Income Taxes	4.3	6.6	2.4
Net Income Attributable to Non-controlling Interests	1.3	2.1	0.9
Net Income Attributable to Owners of Parent	6.2	12.5	6.3

(Average Exchange Rate)

(Yen)

US\$	111.06	110.26	-0.80
EURO	126.29	129.85	3.56
RMB	16.42	16.75	0.33

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

(Yen)

US\$	112.19→112.73	106.24→113.57	6.79
EURO	119.79→132.85	130.52→132.14	-11.44
RMB	16.29→16.96	16.92→16.50	-1.09

Net Sales

Loss on translation of earnings of overseas subsidiary	-0.6
Demand increase	25.0

Operating Income/Loss

Increase in sales volumes	9.5	Increase in fixed cost	-1.5
		Exchange rate effect	-0.5
		Others*	-1.7
	9.5		-3.7

*cost reduction, price fluctuations and sales mix changes

Non-operating Income/Loss

Net interest expense	0.4	(0.4 → 0.7)
Equity in losses of affiliates	0.4	(-1.0 → -0.6)
Foreign exchange income/losses	1.0	(-0.4 → 0.7)
Others	0.1	(-0.0 → 0.1)
	1.9	(-1.0 → 0.9)

Extraordinary Income/Loss

Gain on sales of investment securities	0.7	(0.0 → 0.7)
Gain on reversal of foreign currency translation adjustments due to subsidiary liquidation	1.3	(0.0 → 1.3)
Others	-0.1	(-0.0 → -0.1)
	1.9	(-0.0 → 1.9)

Net Sales and Operating Income by Segment for 1H FY2018 (YoY Comparison)

Higher sales and income in five principal segments

(Billion yen)

	1H FY2017		1H FY2018		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems —Energy Solutions	89.7	2.0	94.2	5.0	4.5	3.0
Power Electronics Systems —Industry Solutions	138.3	1.8	141.8	1.9	3.4	0.1
Power and New Energy	37.9	1.2	49.2	1.9	11.3	0.7
Electronic Devices	64.7	6.7	71.8	8.6	7.1	1.8
Food and Beverage Distribution	55.5	2.2	56.3	2.6	0.8	0.4
Others	29.9	1.5	30.3	1.1	0.5	-0.4
Elimination and Corporate	-21.0	-2.8	-24.0	-2.6	-3.1	0.2
Total	395.0	12.7	419.4	18.5	24.4	5.8

Business Results by Segment for 1H FY2018 (YoY Comparison) ①

(Billion yen)

		1H FY2017	1H FY2018	Change	Overview
Energy Solutions	Net Sales	89.7	94.2	4.5	<p>Energy Management Increase in net sales and operating results due to solid performance with regard to energy management systems and industrial substation equipment</p> <p>Power Supply and Facility Systems Increase in net sales and operating results due to an increase in large-scale orders for electrical facilities and other offerings</p>
	Operating Income/Loss	2.0	5.0	3.0	<p>ED&C Components Increase in net sales and operating results because of strong demand seen from machine tool and other machinery manufacturers.</p>
Industry Solutions	Net Sales	138.3	141.8	3.4	<p>Factory Automation Increase in net sales and operating results due to increased overseas and domestic demand centered on low-voltage inverters, motors, and factory automation systems</p> <p>Process Automation Decrease in net sales and operating results due to the absence of large-scale orders recorded in the previous equivalent period</p> <p>Social Solutions Increase in net sales and operating results as a result of higher orders for radiation equipment and systems</p>
	Operating Income/Loss	1.8	1.9	0.1	<p>Equipment Construction Increase 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>

Business Results by Segment for 1H FY2018 (YoY Comparison) ②

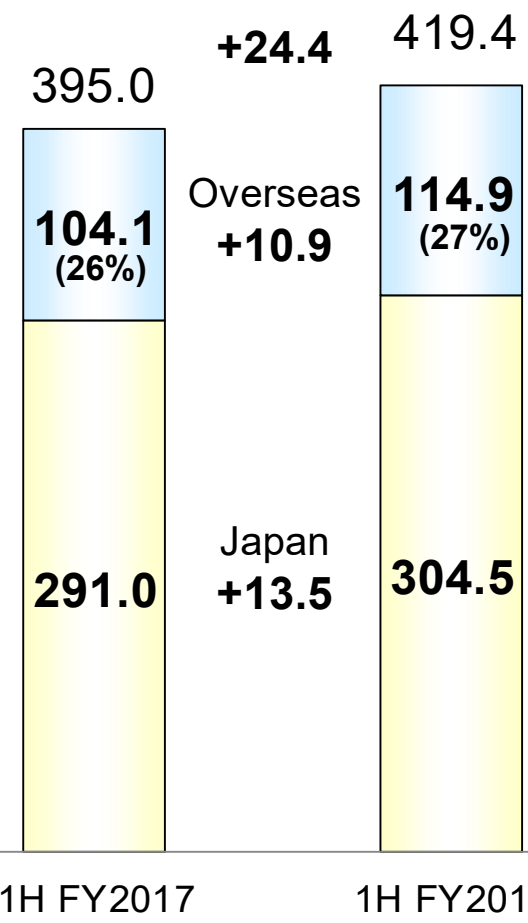
(Billion yen)

		1H FY2017	1H FY2018	Change	Overview																						
Power and New Energy	Net Sales	37.9	49.2	11.3	Higher thermal power system sales and increased renewable energy system sales due to large-scale orders for solar power generation systems Increased income following sales growth																						
	Operating Income/Loss	1.2	1.9	0.7																							
Electronic Devices	Net Sales	64.7	71.8	7.1	Higher net sales for semiconductors as a result of solid demand from the industrial and automotive fields Higher net sales for magnetic disks thanks to increased demand Increased income following sales growth																						
	Operating Income/Loss	6.7	8.6	1.8																							
		<table border="1"> <caption>Breakdown of Electronic Devices Sales</caption> <thead> <tr> <th></th> <th>1H FY2017</th> <th>1H FY2018</th> </tr> </thead> <tbody> <tr> <td>Semiconductors</td> <td>55.7</td> <td>58.1</td> </tr> <tr> <td>Magnetic Disks</td> <td>9.1</td> <td>13.7</td> </tr> </tbody> </table>				1H FY2017	1H FY2018	Semiconductors	55.7	58.1	Magnetic Disks	9.1	13.7	<table border="1"> <caption>Distribution of Semiconductor Sales by Fields</caption> <thead> <tr> <th></th> <th>1H FY2017</th> <th>1H FY2018</th> </tr> </thead> <tbody> <tr> <td>Industrial Modules</td> <td>49%</td> <td>50%</td> </tr> <tr> <td>Industrial Discrete Devices*</td> <td>25%</td> <td>23%</td> </tr> <tr> <td>Automobiles</td> <td>26%</td> <td>27%</td> </tr> </tbody> </table>			1H FY2017	1H FY2018	Industrial Modules	49%	50%	Industrial Discrete Devices*	25%	23%	Automobiles	26%	27%
	1H FY2017	1H FY2018																									
Semiconductors	55.7	58.1																									
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*Including photoconductors																											
Food and Beverage Distribution	Net Sales	55.5	56.3	0.8	Vending Machines Increase in net sales and operating results thanks to increased demand from domestic customers coupled with the recovery of the Chinese market																						
	Operating Income/Loss	2.2	2.6	0.4	Store Distribution Decrease in net sales and operating results because of a decline in demand for store equipment for convenience stores																						

Net Sales by Japan and Overseas Area for 1H FY2018 (YoY Comparison)

(Billion yen)

Figures in parentheses are the ratio of overseas sales



	1H FY2017	1H FY2018	Change
Overseas	104.1	114.9	10.9
Asia and Others	49.8	57.6	7.8
China	37.1	41.7	4.6
Europe	8.8	8.2	-0.6
Americas	8.3	7.4	-0.9

Energy Solutions -1.6
 Industry Solutions +2.3
 Power and New Energy +1.1
 Electronic Devices +6.5
 Food and Beverage
 Distribution +3.2

Energy Solutions -1.5
 Industry Solutions +1.2
 Power and New Energy +2.8
 Electronic Devices +5.4

Electronic Devices +1.5
 Food and Beverage
 Distribution +2.8

Summary of Consolidated Financial Results for 1H FY2018 (Comparison with Previous Forecasts)

Higher-than-forecast net sales and operating income due to strong capital investment demand

(Billion yen)

	Forecasts (Jul. 26, 2018)	Results	Change
Net Sales	400.0	419.4	19.4
Operating Income/Loss	13.0	18.5	5.5
Ordinary Income/Loss	12.2	19.4	7.2
Net Income Attributable to Owners of Parent	7.5	12.5	5.0

Net Sales	
Higher demand and early emergence of 2 nd -half demand	+15.6
Gain on translation of earnings of overseas demand	+3.8

Operating Income/Loss	
Increase in sales volumes and others	+4.8
Exchange rate effect	+0.7

(Average Exchange Rate)

(Yen)

US\$	105.00	110.26	5.26
EURO	125.00	129.85	4.85
RMB	16.50	16.75	0.25

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

(Yen)

US\$	106.24→105.00	106.24→113.57	8.57
EURO	130.52→125.00	130.52→132.14	7.14
RMB	16.92→16.50	16.92→16.50	0.0

Net Sales and Operating Income by Segment for 1H FY2018 (Comparison with Previous Forecasts)

(Billion yen)

	Forecasts (Jul. 26, 2018)		Results		Change		Reasons for Changes in Net Sales
	Net Sales	Operating Income/ Loss	Net Sales	Operating Income/ Loss	Net Sales	Operating Income/ Loss	
Power Electronics Systems —Energy Solutions	88.4	3.0	94.2	5.0	5.8	2.0	Increased demand and early commencement of projects in the energy management business Higher demand in the ED&C component business
Power Electronics Systems —Industry Solutions	132.4	0.8	141.8	1.9	9.4	1.1	Early commencement of projects in the equipment construction business Early commencement of projects in the IT solutions business
Power and New Energy	51.2	2.2	49.2	1.9	-2.0	-0.3	Decreases associated with standards for recording progress of sales for thermal and geothermal projects and lower service sales
Electronic Devices	66.2	7.0	71.8	8.6	5.6	1.6	Higher demand in the semiconductor business Higher demand in the magnetic disks business
Food and Beverage Distribution	58.0	2.4	56.3	2.6	-1.7	0.2	Higher demand for vending machines in Japan, but lower demand in China resulting in decreases Decreases resulted from decline in demand in store distribution business
Others	29.4	1.1	30.3	1.1	0.9	0.0	
Elimination and Corporate	-25.8	-3.6	-24.0	-2.6	1.8	1.0	
Total	400.0	13.0	419.4	18.5	19.4	5.5	

Consolidated Balance Sheet at the end of 1H FY2018

(Billion yen)

Assets		3/31/18	9/30/18	Change
Cash and time deposit		33.4	29.0	-4.4
Notes and account receivables, trade receivables		287.1	270.8	-16.3
Inventories		149.8	180.8	31.1
Other current assets		48.3	52.8	4.6
Total current assets		518.5	533.5	15.0
Tangible fixed assets		174.6	175.6	1.0
Intangible fixed assets		19.3	19.3	-0.0
Investments and other assets		202.2	181.6	-20.6
(Net defined benefit asset)		(40.1)	(15.5)	(-24.6)
Total long-term assets		396.1	376.5	-19.6
Deferred assets		0.1	0.2	0.0
Total assets		914.7	910.1	-4.6
Net interest-bearing debt※1		130.2	133.1	3.0
Net D/E ratio※2 (times)		0.4	0.4	0.0
Equity ratio		36.1%	37.2%	1.0%

Liabilities and Net Assets		3/31/18	9/30/18	Change
Notes and account payables, trade payables		184.0	176.9	-7.1
Interest bearing-debts		163.5	161.9	-1.6
Other liabilities		200.7	195.9	-4.8
Total liabilities		548.2	534.7	-13.5
Capital stock		47.6	47.6	-
Capital surplus		46.0	46.0	0.0
Retained earnings		195.5	201.9	6.4
Treasury stock		-7.3	-7.3	-0.0
Shareholders' equity		281.8	288.2	6.4
Accumulated other comprehensive income		48.8	50.1	1.3
Non-controlling interests		35.9	37.1	1.2
Total net assets		366.5	375.4	8.9
Total liabilities and net assets		914.7	910.1	-4.6

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

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

Consolidated Cash Flow for 1H FY2018

(Billion yen)

	1H FY2017	1H FY2018
Cash Flows from Operating Activities	0.4	18.0
Cash Flows from Investing Activities	-6.6	-8.7
Free Cash Flow	-6.2	9.2
Cash Flows from Financing Activities	-6.8	-15.1
Cash and Cash Equivalents at End of Period	29.4	28.8

Increase in funds following partial cancellation of retirement benefit trusts

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

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

(Billion yen)

	Forecasts (Jul. 26, 2018)	Forecasts (Oct. 25, 2018)	Change
Net Sales	900.0	910.0	10.0
Operating Income/Loss	58.5	61.0	2.5
Ordinary Income/Loss	60.0	62.5	2.5
Net Income Attributable to Owners of Parent	39.5	41.5	2.0

2H Assumed Exchange Rate

	US\$	EURO	RMB
Exchange Rate (Yen)	105	125	16.5
Foreign Exchange Rate Sensitivity (Million yen)	70	20	130

*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)

(Billion yen)

	Forecasts (Jul. 26, 2018)		Forecasts (Oct. 25, 2018)		Change		Reasons for Changes in Net Sales
	Net Sales	Operating Income/ Loss	Net Sales	Operating Income/ Loss	Net Sales	Operating Income/ Loss	
Power Electronics Systems —Energy Solutions	224.4	16.4	225.0	17.4	0.6	1.0	Higher demand in the energy management systems business and the ED&C components business
Power Electronics Systems —Industry Solutions	322.0	19.2	323.0	19.2	1.0	0.0	Higher demand in the equipment construction business and the IT solutions business
Power and New Energy	102.0	6.5	102.0	6.2	0.0	-0.3	
Electronic Devices	133.0	15.2	140.0	15.9	7.0	0.7	Higher demand in the magnetic disks business and the semiconductors business
Food and Beverage Distribution	116.0	6.5	113.0	6.2	-3.0	-0.3	Lower demand in the store distribution business
Others	59.1	2.2	62.1	2.4	3.0	0.2	
Elimination and Corporate	-56.5	-7.6	-55.1	-6.4	1.3	1.1	
Total	900.0	58.5	910.0	61.0	10.0	2.5	

Consolidated Financial Results Forecasts for FY2018 (YoY Comparison)

(Billion yen)

	FY2017 Results	FY2018 Forecasts	Change
Net Sales	893.5	910.0	16.5
Operating Income/Loss	56.0	61.0	5.0
Ordinary Income/Loss	56.0	62.5	6.5
Net Income Attributable to Owners of Parent	37.8	41.5	3.7

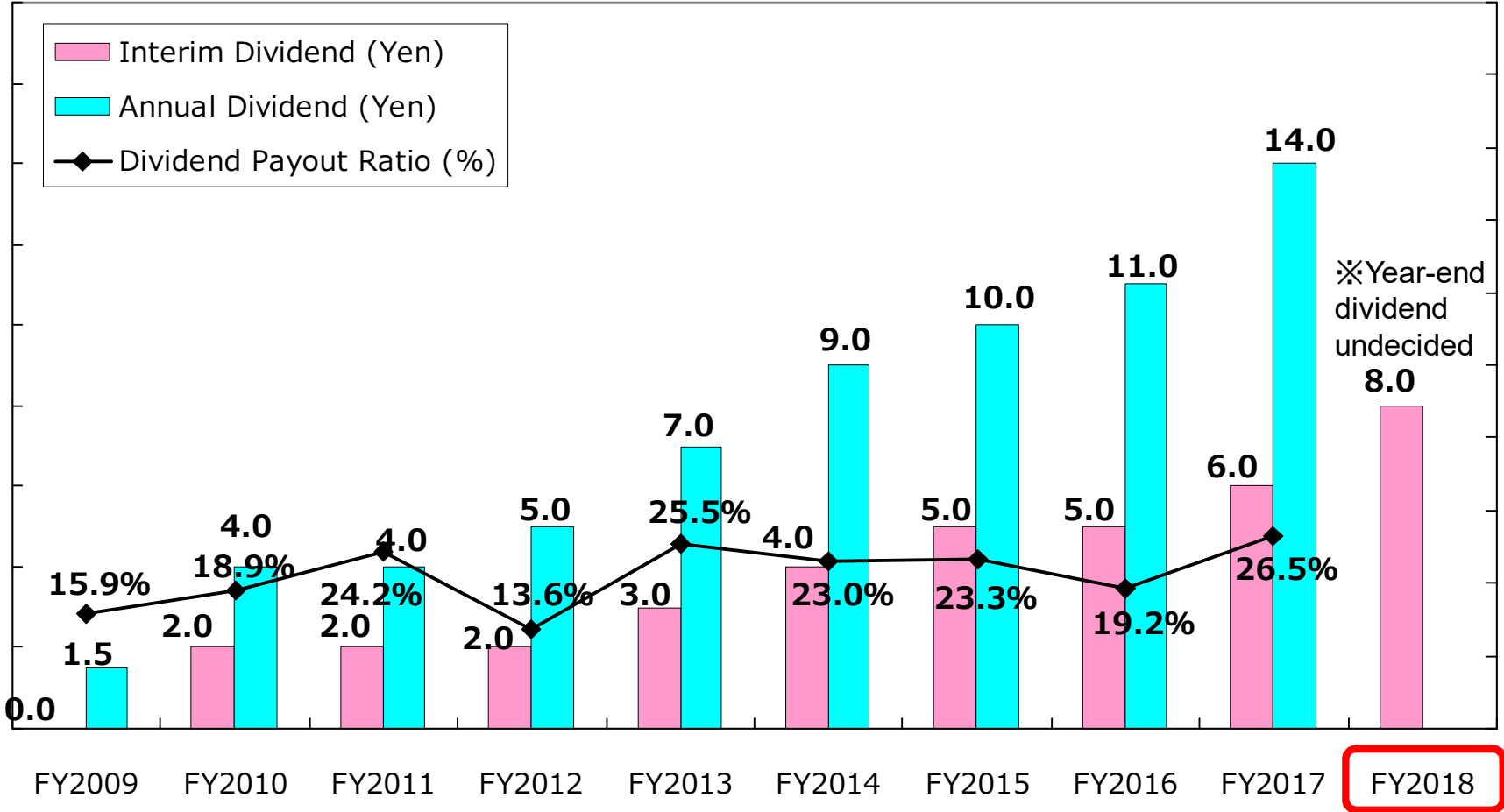
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 US\$ and EURO : Impact of ¥1-fluctuations
 RMB: Impact of 1% fluctuations

	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	6.2	5.1	0.7
Electronic Devices	126.9	13.7	140.0	15.9	13.1	2.2
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	-55.1	-6.4	-8.0	-1.1
Total	893.5	56.0	910.0	61.0	16.5	5.0

Interim dividend increased ¥2 year on year to ¥8



Net Income (Billion yen)	6.8	15.1	11.8	26.4	19.6	28.0	30.6	41.0	37.8	41.5
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