

Consolidated Financial Results for FY2019

May 29, 2020
Fuji Electric Co., Ltd.

Summary of Consolidated Financial Results for FY2019 (YoY Comparison)

Sales and income down due to lower demand and foreign exchange influences

(Billion yen)

	FY2018	FY2019	Change
Net Sales	914.9	900.6	-14.3
Operating Income/Loss	60.0 (6.6%)	42.5 (4.7%)	-17.5 (-1.8%)
Ordinary Income/Loss	63.5	44.5	-19.0
Extraordinary Income/Loss	-1.2	-0.7	0.5
Income/Loss before Income Taxes	62.3	43.9	-18.4
Income Taxes	17.2	12.0	-5.2
Net Income Attributable to Non-controlling Interests	4.8	3.1	-1.7
Net Income Attributable to Owners of Parent	40.3	28.8	-11.5

(Average Exchange Rate)

(Yen)

US\$	110.91	108.74	-2.17
EURO	128.41	120.82	-7.59
RMB	16.54	15.60	-0.94

(End of the Month Rate Difference: March 31, 2019 → March 31, 2020)

(Yen)

US\$	106.24→110.99	110.99→108.83	-6.91
EURO	130.52→124.56	124.56→119.55	0.95
RMB	16.92→16.47	16.47→15.31	-0.71

Net Sales

Loss on translation of earnings of overseas subsidiaries	-6.4
Demand decrease	-7.9

Operating Income/Loss

Decrease in sales and production volumes	-8.3
Increase in fixed costs	-3.8
Exchange rate effect	-2.5
Others	-2.9
	-17.5

Non-operating Income/Loss

Net interest expense	-0.3 (1.7 → 1.4)
Foreign exchange loss	-1.4 (0.1 → -1.3)
Others	0.2 (1.7 → 1.9)
	-1.5 (3.5 → 2.0)

Extraordinary Income/Loss

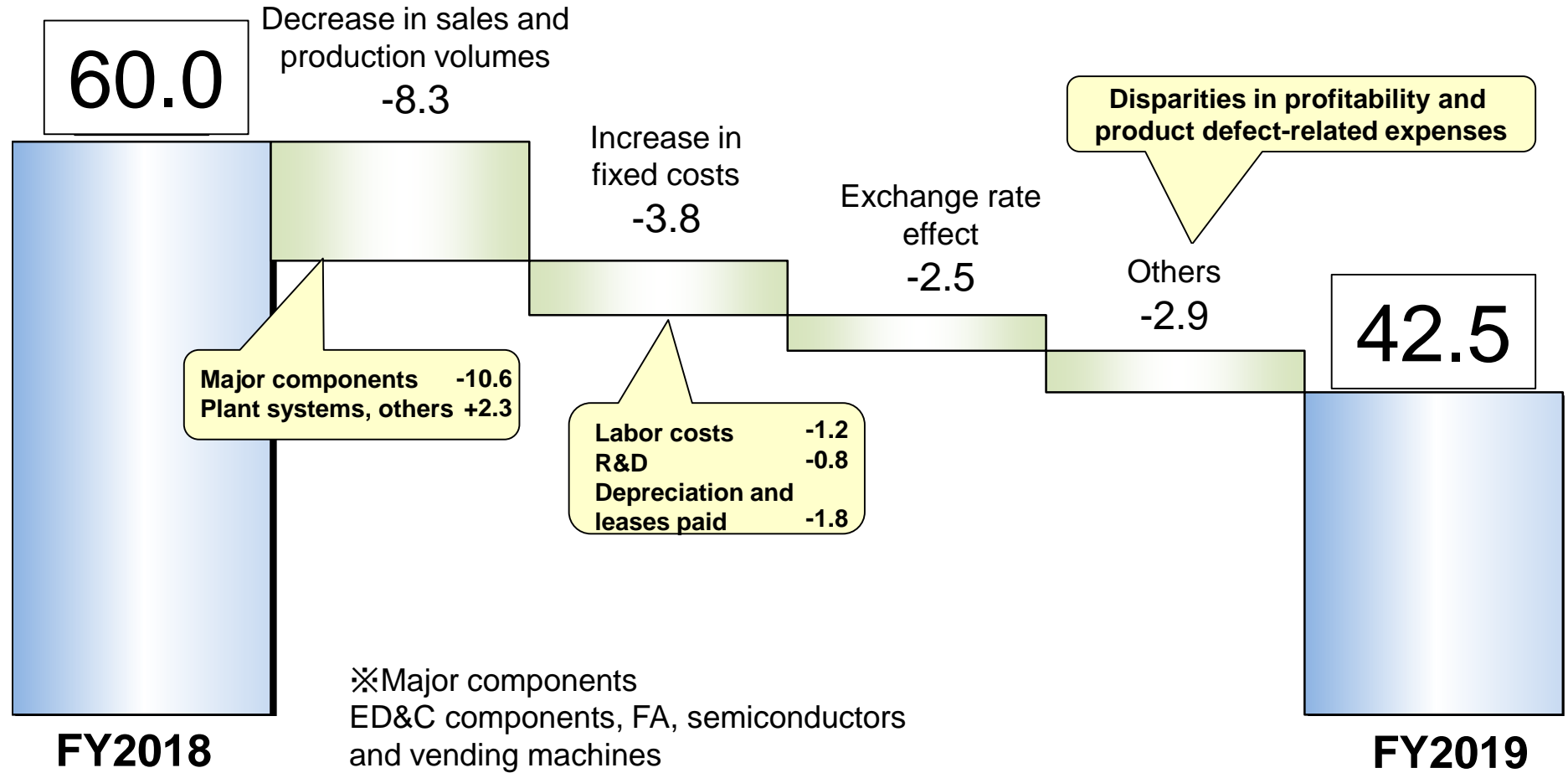
Gain on sales of investment securities	1.5 (1.1 → 2.5)
Loss on valuation of investment securities	-1.2 (-0.3 → -1.5)
Gain on reversal of foreign currency translation adjustments due to subsidiary liquidation	-1.3 (1.3 → 0.0)
Impairment loss	2.2 (-2.2 → 0.0)
Others	-0.7 (-1.0 → -1.7)
	0.5 (-1.2 → -0.7)

The number of consolidated subsidiaries in 2H FY2019 changed from 72 to 73 companies.
Newly consolidated: Fuji Electric Consul Neowatt Pvt. Ltd. (FCN)

Breakdown of Changes in Operating Results for FY2019 (YoY Comparison)

Income down due to reduced sales and production volumes, foreign exchange influences, upfront investments, and higher product defect-related expenses

(Billion yen)



Net Sales and Operating Income by Segment for FY2019 (YoY Comparison)

**Higher sales in Electronic Devices and Power Generation segments
Lower income in all segments**

(Billion yen)

	FY2018		FY2019		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems Energy	224.1	16.8	218.0	12.3	-6.1	-4.5
Power Electronics Systems Industry	322.5	19.4	317.5	16.5	-5.0	-2.9
Electronic Devices	137.3	15.6	137.4	9.7	0.1	-5.9
Food and Beverage Distribution	113.6	5.8	104.4	3.8	-9.2	-1.9
Power Generation	107.0	4.8	109.9	2.3	2.9	-2.5
Others	62.2	2.8	60.8	2.7	-1.4	-0.1
Elimination and Corporate	-51.9	-5.2	-47.5	-4.9	4.4	0.3
Total	914.9	60.0	900.6	42.5	-14.3	-17.5

※Figures for FY2018 reflect the organizational restructuring conducted in FY2019.

Business Results by Segment for FY2019 (YoY Comparison) ①

(Billion yen)

		FY2018	FY2019	Change	Overview	
Power Electronics Systems	Energy	Net Sales	224.1	218.0	-6.1	Energy Management Decrease in net sales and operating results due to lower demand for smart meters and the rebound from large-scale projects undertaken overseas during the previous fiscal year, the impacts of which offset the benefits of strong demand for power supply equipment for industrial and railcar applications Power Supply and Facility Systems Increase in net sales and operating results, despite the absence of large-scale orders recorded in the previous fiscal year in Japan, as a result of a rise in large-scale overseas orders in switchgear and controlgear operations ED&C Components Decrease in net sales due to reduced demand from machine manufacturers, including those of machine tools, and decrease in operating results following lower demand and higher expenses incurred as a result of product defects.
		Operating Income/Loss	16.8	12.3	-4.5	
	Industry	Net Sales	322.5	317.5	-5.0	Automation Systems Decrease in net sales and operating results due to lower demand for low-voltage inverters and factory automation components centered on the domestic and Chinese markets that stemmed from the trade friction between the United States and China as well as the ceased operations at bases in China and lower demand seen by bases in Asia, Europe, and the United States that was a result of the global COVID-19 pandemic Social Solutions Decrease in net sales due to the absence of large-scale orders for electrical equipment for railcars recorded in the previous fiscal year, but increase in operating results as a result of the benefits of cost reductions Equipment Construction Decrease in net sales due to the absence of large-scale orders recorded in the previous fiscal year, but increase in operating results because of the benefits of cost reduction efforts IT Solutions Increase in net sales and operating results because of a rise in large-scale orders in the private sector and the academic sector
		Operating Income/Loss	19.4	16.5	-2.9	

Exchange rate effect

Business Results by Segment for FY2019 (YoY Comparison) ②

(Billion yen)

		FY2018	FY2019	Change	Overview																						
Electronic Devices	Net Sales	137.3	137.4	0.1	<p>Decrease in net sales for semiconductors as the benefits of higher demand for automotive power semiconductors for electrified vehicles (xEVs) were outweighed by the impacts of negative foreign exchange influences and lower demand in the industrial field centered on the Chinese market attributable to the trade friction between the United States and China and the global COVID-19 pandemic. Decrease in operating results as a result higher expenses associated with upfront investments for bolstering capacity as well as negative foreign exchange influences and increased product repair costs</p> <p>Increase in net sales and operating results for magnetic disks thanks to higher demand for data centers and the benefits of cost reductions</p>																						
	Operating Income/Loss	15.6	9.7	-1.5		-5.9																					
		<table border="1"> <thead> <tr> <th>Breakdown of Electronic Devices Sales</th> <th>FY2018</th> <th>FY2019</th> </tr> </thead> <tbody> <tr> <td>Semiconductors</td> <td>111.8</td> <td>110.9</td> </tr> <tr> <td>Magnetic Disks</td> <td>25.5</td> <td>26.5</td> </tr> </tbody> </table>			Breakdown of Electronic Devices Sales	FY2018	FY2019	Semiconductors	111.8	110.9	Magnetic Disks	25.5	26.5	<table border="1"> <thead> <tr> <th>Distribution of Semiconductor Sales by Fields</th> <th>FY2018</th> <th>FY2019</th> </tr> </thead> <tbody> <tr> <td>Industrial Modules</td> <td>49%</td> <td>45%</td> </tr> <tr> <td>Industrial Discrete Devices</td> <td>22%</td> <td>20%</td> </tr> <tr> <td>Automobiles</td> <td>29%</td> <td>35%</td> </tr> </tbody> </table>		Distribution of Semiconductor Sales by Fields	FY2018	FY2019	Industrial Modules	49%	45%	Industrial Discrete Devices	22%	20%	Automobiles	29%	35%
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Food and Beverage Distribution	Net Sales	113.6	104.4	-9.2	<p>Vending Machines</p> <p>Decrease in net sales and operating results due to reduced demand in the Japanese and Chinese markets and delays in customers' vending machine installation plans in Japan and China as a result of the global COVID-19 pandemic</p>																						
	Operating Income/Loss	5.8	3.8	-1.9	<p>Store Distribution</p> <p>Decrease in net sales following lower demand for store equipment for convenience stores as a result of the global COVID-19 pandemic, but increase in operating results thanks to the benefits of cost reduction activities</p>																						
Power Generation	Net Sales	107.0	109.9	2.9	<p>Increase in net sales due to an increase in large-scale thermal power generation system projects, which offset the decline in large-scale solar power generation system projects. Conversely, decrease in operating results because of disparities in profitability between projects and increased expenses associated with a large-scale overseas project</p>																						
	Operating Income/Loss	4.8	2.3	-2.5																							

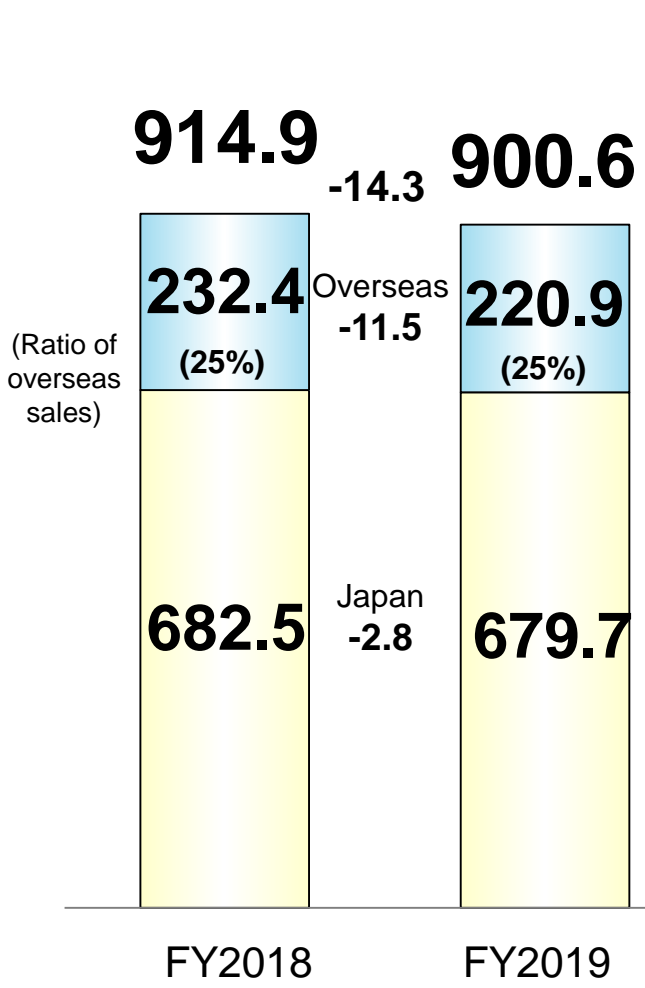
Exchange rate effect

Net Sales by Japan and Overseas Area for FY2019 (YoY Comparison)

Lower overseas sales due to reduced sales to China

(Billion yen)

(Billion yen)



	FY2018	FY2019	Change
Overseas	232.4	220.9	-6.4 -11.5
Asia and Others	121.7	124.6	2.9
China	78.4	62.6	-15.7
Europe	16.5	19.0	2.5
Americas	15.8	14.7	-1.2

Power Supply and Facility Systems +11.2
Energy Management -5.0
Automation Systems -1.6
ED&C Components -0.7

Vending Machines -4.5
Semiconductors -4.0
Automation Systems -3.7
Power Supply and Facility Systems -1.6
ED&C Components -1.4

Semiconductors +2.2

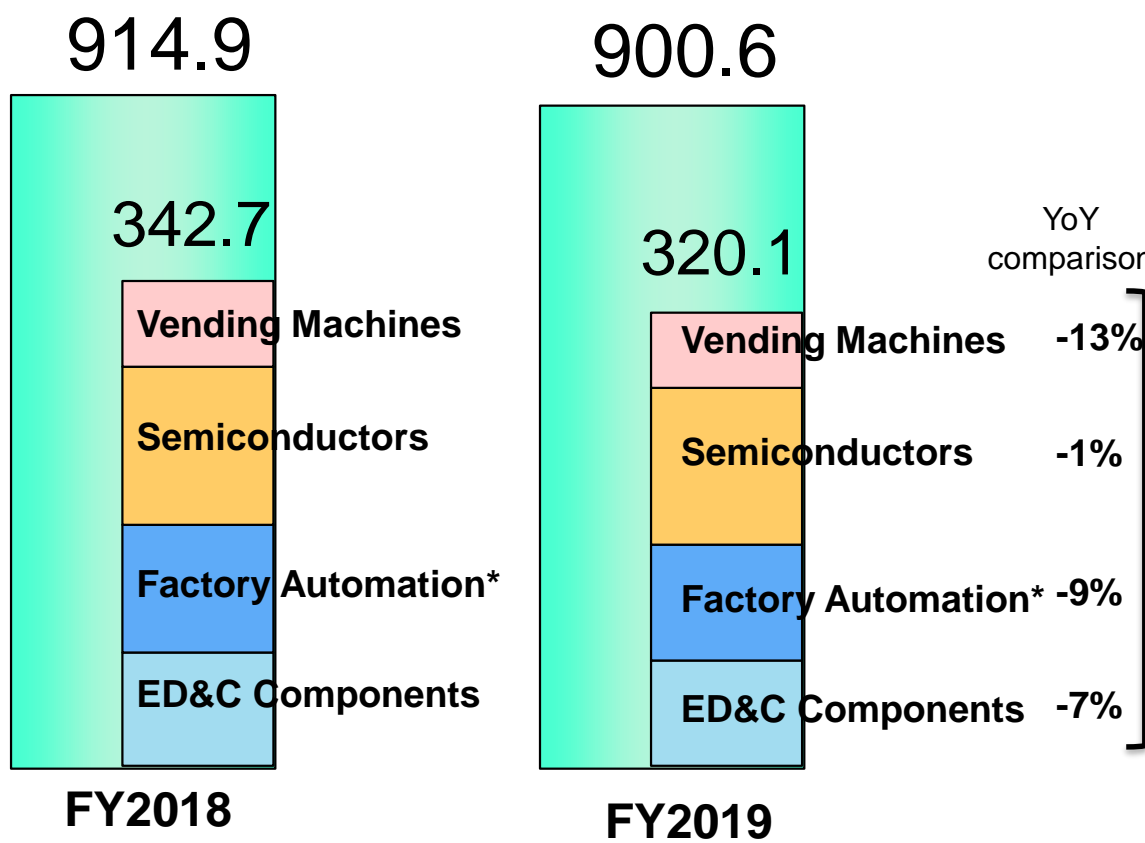
Energy Management +1.0
Social Solutions -1.1
Power Generation -0.9

Exchange rate effect

Breakdown of Net Sales by Products for FY2019 (YoY Comparison)

Lower sales primarily as a result of reduced demand for major components

(Billion yen)



Breakdown of changes in net sales
(YoY Comparison)

Major components	-22.7
Plant systems, others	+8.4
Total	-14.3

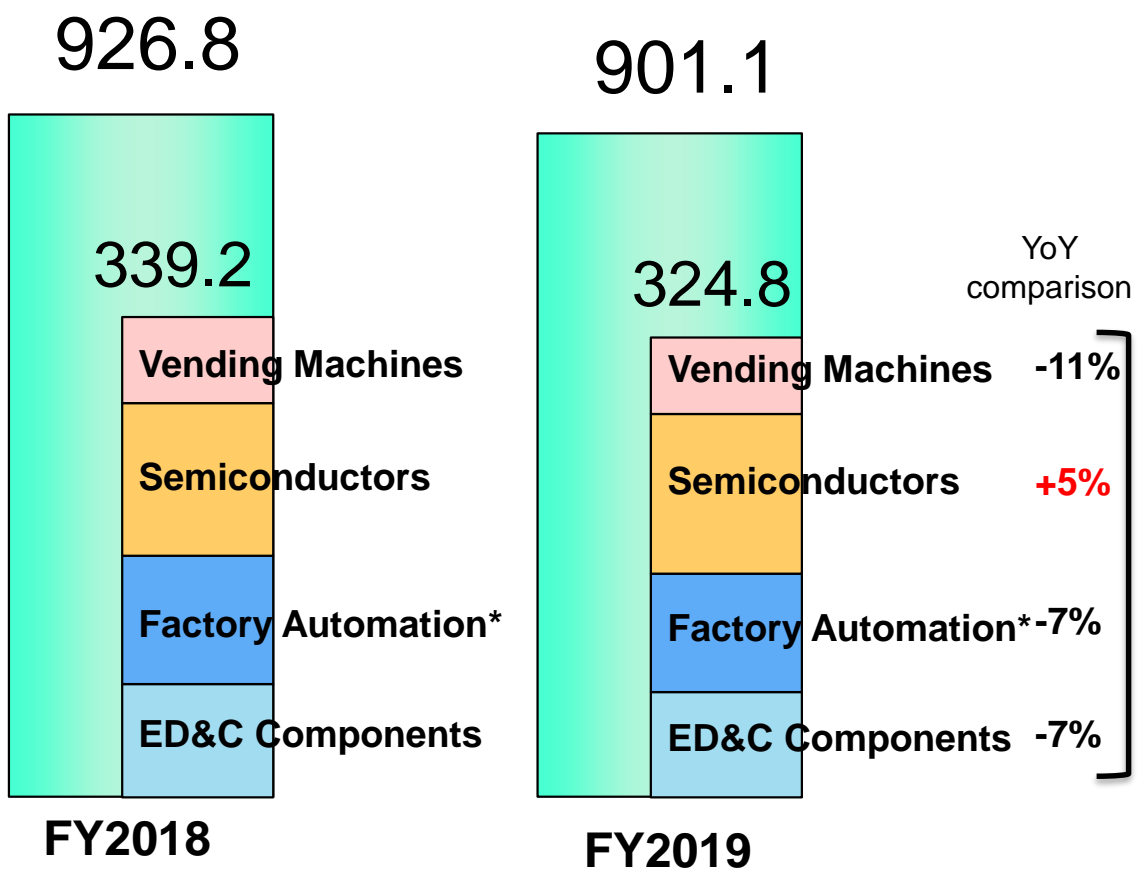
Major components

※Factory Automation: low-voltage inverters, motors, FA components and measuring instruments

Breakdown of Amount of Orders Received by Products for FY2019 (YoY Comparison)

Higher orders for semiconductors
Lower orders for plant systems due to the absence of large-scale orders
and the impacts of COVID-19

(Billion yen)



Breakdown of changes in Amount of Orders Received (YoY Comparison)

Major components	-14.3
Plant systems, others	-11.3
Total	-25.6

Major components

※Factory Automation: low-voltage inverters, motors, FA components and measuring instruments

Summary of Consolidated Financial Results for FY2019 (Comparison with Forecasts)

Lower sales and income following reductions in demand and production due to impacts of COVID-19 pandemic

(Billion yen)	FY2019		Changes
	Forecasts (Jan. 30, 2020)	Results	
Net Sales	915.0	900.6	-14.4
Operating Income/Loss	50.0	42.5	-7.5
Ordinary Income/Loss	51.6	44.5	-7.1
Net Income Attributable to Owners of Parent	33.0	28.8	-4.2

Net Sales	
Loss on translation of earnings of overseas subsidiaries	1.8
Demand decrease	-16.2

Operating Income/Loss	
Decrease in sales and production volumes	-8.0
Increase in fixed costs	4.9
Exchange rate effect	0.4
Others	-4.9

(Billion yen)	FY2019				Changes	
	Forecasts (Jan. 30, 2020)		Results		Net Sales	Operating Income/ Loss
	Net Sales	Operating Income/ Loss	Net Sales	Operating Income/ Loss		
Power Electronics Systems Energy	217.0	13.8	218.0	12.3	1.0	-1.5
Power Electronics Systems Industry	337.0	19.4	317.5	16.5	-19.5	-2.9
Electronic Devices	136.0	11.6	137.4	9.7	1.4	-1.9
Food and Beverage Distribution	112.0	5.8	104.4	3.8	-7.6	-2.0
Power Generation	116.0	4.3	109.9	2.3	-6.1	-2.0
Others	60.0	2.4	60.8	2.7	0.8	0.3
Elimination and Corporate	-63.0	-7.3	-47.5	-4.9	15.5	2.4
Total	915.0	50.0	900.6	42.5	-14.4	-7.5

Increase in cash and deposits for disaster response purposes and in fixed costs following growth investments

Assets

	3/31/19	3/31/20	Change
Cash and time deposit	29.3	64.1	34.8
Notes and account receivables, trade receivables	308.8	294.5	-14.3
Inventories	177.0	188.1	11.1
Other current assets	58.0	49.0	-9.0
Total current assets	573.1	595.7	22.6
Tangible fixed assets	182.1	201.9	19.8
Intangible fixed assets	17.8	24.6	6.8
Investments and other assets	179.4	174.5	-4.9
Total long-term assets	379.4	401.0	21.6
Deferred assets	0.2	0.1	-0.0
Total assets	952.7	996.8	44.2
ROA	4%	3%	-1%
ROE	12%	8%	-4%
Net interest-bearing debt※1	124.9	153.6	28.8
Net D/E ratio※2 (times)	0.4	0.4	0.1
Equity ratio	37.0%	36.7%	-0.4%

Liabilities and Net Assets

	3/31/19	3/31/20	Change
Notes and account payables, trade payables	196.7	179.9	-16.8
Interest-bearing debts	154.0	217.4	63.4
Other liabilities	209.9	193.5	-16.4
Total liabilities	560.6	590.8	30.2
Capital stock	47.6	47.6	—
Capital surplus	46.1	45.9	-0.1
Retained earnings	223.9	241.3	17.4
Treasury stock at cost	-7.3	-7.3	-0.0
Shareholders' equity	310.3	327.5	17.2
Accumulated other comprehensive income	42.6	38.1	-4.5
Non-controlling interests	39.1	40.4	1.2
Total net assets	392.1	406.0	13.9
Total liabilities and net assets	952.7	996.8	44.2

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

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

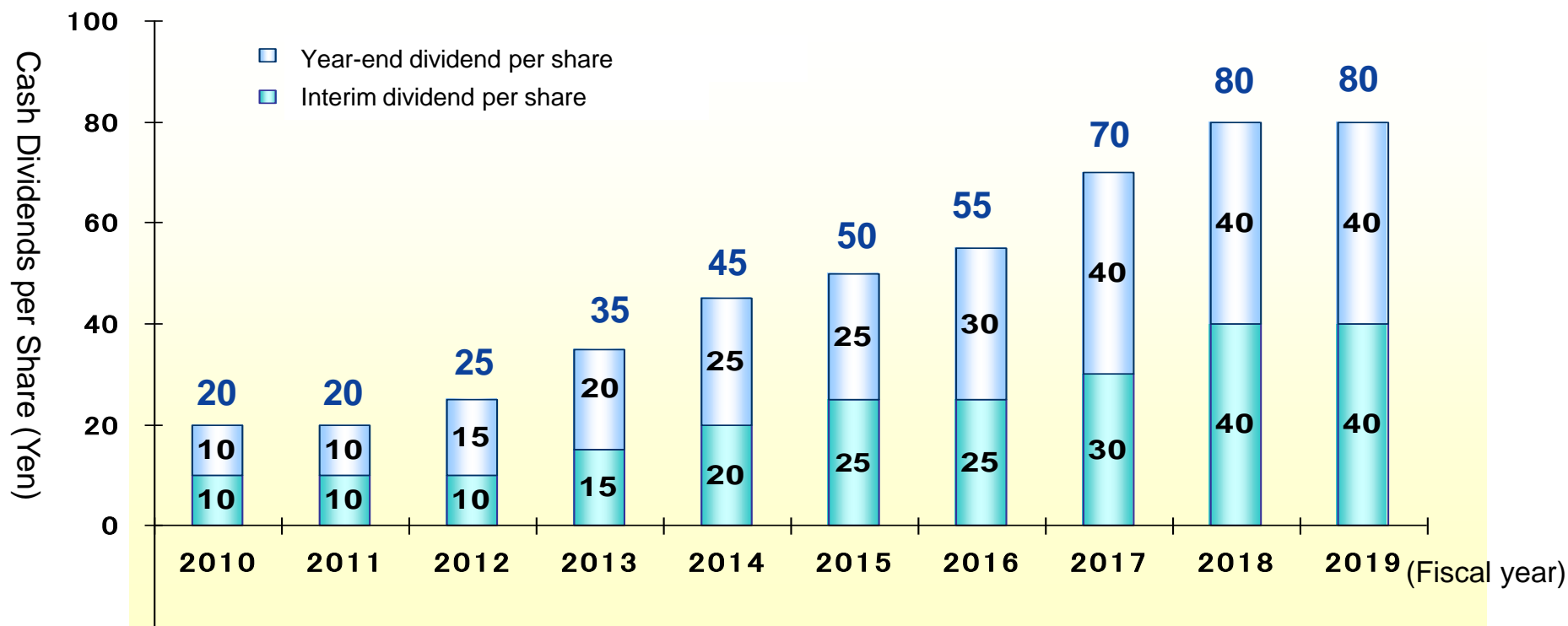
Consolidated Cash Flows for FY2019

(Billion yen)

	FY2018	FY2019
I Cash Flows from Operating Activities	54.9	46.1
II Cash Flows from Investing Activities	-21.4	-27.6
I + II Free Cash Flow	33.5	18.5
III Cash Flows from Financing Activities	-38.2	16.9
IV Cash and Cash Equivalents at End of Period	29.1	63.7

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

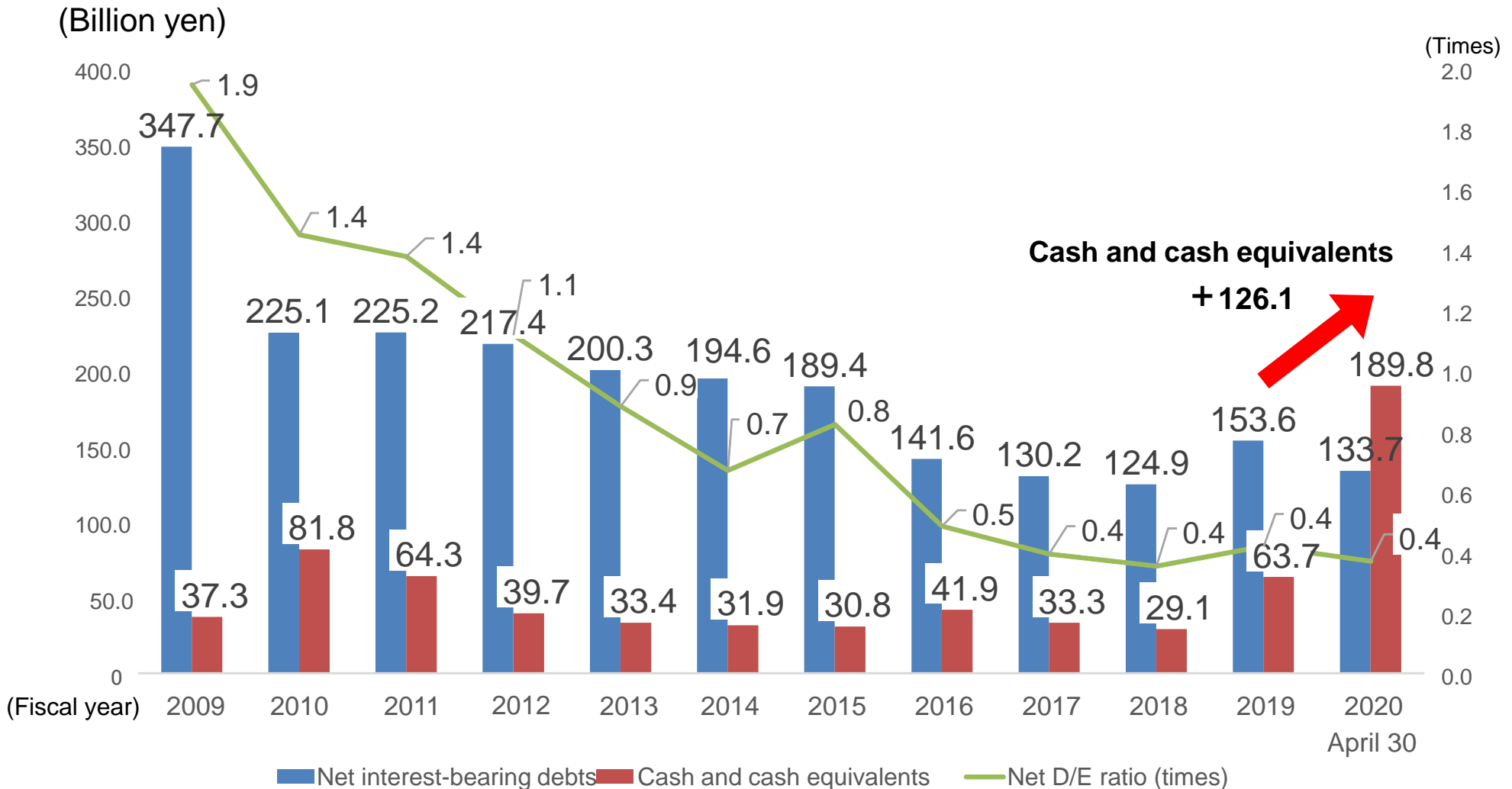


Dividend payout ratio	18.9%	24.2%	13.6%	25.5%	23.0%	23.3%	19.2%	26.5%	28.4%	39.7%
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※Dividend figures for prior to the reverse stock split (the fiscal years ended March 31, 2011 to 2018, and the six-month period ended September 30, 2018) are per five shares. ©2020 Fuji Electric Co., Ltd. All rights reserved.

(Reference) Net Interest-Bearing Debt, Cash and Cash Equivalents, and Net D/E Ratio

Sufficient liquidity secured to safeguard against further economic decline



Summary of Consolidated Financial Results for 4Q FY2019 (YoY Comparison)

(Billion yen)

	4Q FY2018	4Q FY2019	Change
Net Sales	292.7	288.9	-3.8
Operating Income/Loss	35.5	25.7	-9.8
Ordinary Income/Loss	37.0	26.8	-10.2
Net Income Attributable to Owners of Parent	23.9	18.5	-5.4

(Billion yen)

	4Q FY2018		4Q FY2019		Change	
	Net Sales	Operating Income/ Loss	Net Sales	Operating Income/ Loss	Net Sales	Operating Income/ Loss
Power Electronics Systems Energy	80.4	9.0	71.8	7.6	-8.6	-1.3
Power Electronics Systems Industry	109.7	15.1	113.1	15.4	3.4	0.4
Electronic Devices	33.5	3.9	34.8	0.8	1.3	-3.1
Food and Beverage Distribution	31.9	2.6	26.7	0.7	-5.1	-1.8
Power Generation	35.9	5.2	40.3	1.2	4.4	-4.1
Others	16.3	1.0	15.1	1.0	-1.2	-0.1
Elimination and Corporate	-15.0	-1.3	-13.0	-1.0	2.1	0.2
Total	292.7	35.5	288.9	25.7	-3.8	-9.8

■ Low-voltage inverters amount of orders received

	4Q QoQ	4Q YoY	Full-year YoY
All	-4%	-14%	-14%
Japan	11%	2%	-7%
Overseas	-18%	-27%	-20%

■ Semiconductors amount of orders received

	4Q QoQ	4Q YoY	Full-year YoY
All	-4%	12%	5%
Automobiles	9%	24%	20%
Industrial Discrete Devices	-6%	0%	-12%
Industrial Modules	-12%	7%	2%

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