

**Consolidated Financial Report for the fiscal year ended March 31, 2018
(April 1, 2017 – March 31, 2018)**

Summary of Consolidated Financial Results

1. Summary of consolidated statements of operations

	Millions of yen			Millions of U.S. dollars
	FY2017 (A)	FY2016 (B)	Change(% (A)/(B)	FY2017
Net sales	893,451	837,765	106.6%	8,429
Operating income	55,962	44,709	125.2%	528
Ordinary income	56,047	46,296	121.1%	529
Net income attributable to owners of parent	37,763	40,978	92.2%	356
	Yen			U.S. dollars
Net income per share	52.87	57.36		0.50

2. Summary of consolidated financial position

	Millions of yen		Millions of U.S. dollars
	3/31/2018	3/31/2017	3/31/2018
Total assets	918,859	886,663	8,668
Net assets	366,546	323,863	3,458
Equity ratio (%)	36.0%	32.8%	-

Note: U.S. dollar amounts in this financial report are translated, for convenience only, at the rate of ¥106=U.S.\$1

**3. Forecast of consolidated earnings for the fiscal year ending March 31, 2019
(April 1, 2018 - March 31, 2019)**

	Millions of yen
	FY2018
Net sales	900,000
Operating income	58,500
Ordinary income	60,000
Net income attributable to owners of parent	39,500
	Yen
	FY2018
Net income per share	55.30

< Cautionary Statements With Respect to Forward-Looking Statements >

Statements made in this financial report with respect to Fuji Electric's future performance are forward-looking statements based on management's assumptions and beliefs in light of the information currently available to it. Accordingly, actual results could differ from those contained in any forward-looking statements. Potential risks and uncertainties include :

- Sudden changes in general economic conditions in Fuji Electric's markets and changes in its operating environment such as those resulting from changes in trade regulations
- Exchange rate, particularly between the yen and the U.S. dollar and Asian and European currencies
- The ability of Fuji Electric and its subsidiaries to develop and introduce products that incorporate new technology in a timely manner and to manufacture them in a cost-effective way
- The rapid pace of technological innovation, especially in the field of electronics
- Sudden changes in the supply and demand balance in the markets Fuji Electric serves
- Problems involving the intellectual property of Fuji Electric and other companies
- Stock market conditions in Japan

Consolidated Balance Sheets

	Millions of yen		<i>Millions of U.S. dollars</i>
	<u>3/31/2018</u>	<u>3/31/2017</u>	<u>3/31/2018</u>
Assets			
Current assets:			
Cash and deposits	33,372	42,045	315
Notes and accounts receivable-trade	287,084	269,676	2,708
Merchandise and finished goods	57,821	56,873	545
Work in process	50,372	48,395	475
Raw materials and supplies	41,564	37,143	392
Deferred tax assets	17,763	17,975	168
Other	49,538	41,586	467
Allowance for doubtful accounts	(1,280)	(1,226)	(12)
Total Current assets	<u>536,234</u>	<u>512,470</u>	<u>5,059</u>
Noncurrent assets:			
Net Property, plant and equipment			
Buildings and structures, net	82,809	84,948	781
Machinery, equipment and vehicles, net	19,384	18,714	183
Tools, furniture and fixtures, net	6,077	5,938	57
Land	34,947	34,963	330
Lease assets, net	28,982	26,190	273
Construction in progress	2,399	2,761	23
Net Property, plant and equipment	<u>174,600</u>	<u>173,517</u>	<u>1,647</u>
Intangible assets	19,330	20,528	182
Investments and other assets			
Investment securities	135,914	127,585	1,282
Long-term loans receivable	731	1,255	7
Net defined benefit asset	40,109	38,452	378
Deferred tax assets	2,263	3,611	21
Other	10,022	9,994	95
Allowance for doubtful accounts	(486)	(884)	(5)
Total Investments and other assets	<u>188,556</u>	<u>180,014</u>	<u>1,779</u>
Total Noncurrent assets	<u>382,487</u>	<u>374,060</u>	<u>3,608</u>
Deferred assets	<u>137</u>	<u>132</u>	<u>1</u>
Total Assets	<u><u>918,859</u></u>	<u><u>886,663</u></u>	<u><u>8,668</u></u>

Consolidated Balance Sheets

	Millions of yen		<i>Millions of U.S. dollars</i>
	<u>3/31/2018</u>	<u>3/31/2017</u>	<u>3/31/2018</u>
Liabilities			
Current liabilities:			
Notes and accounts payable-trade	183,976	165,306	1,736
Short-term loans payable	33,865	62,008	319
Current portion of bonds	20,000	5,000	189
Lease obligations	12,153	11,276	115
Accrued expenses	40,106	36,482	378
Income taxes payable	8,293	31,051	78
Advances received	48,569	45,092	458
Other	58,270	56,186	550
Total Current liabilities	<u>405,236</u>	<u>412,404</u>	<u>3,823</u>
Noncurrent liabilities:			
Bonds payable	40,000	50,000	377
Long-term loans payable	34,435	34,208	325
Lease obligations	23,053	20,972	217
Deferred tax liabilities	4,376	1,218	41
Provision for directors' retirement benefits	185	189	2
Net defined benefit liability	42,519	40,883	401
Other	2,506	2,923	24
Total Noncurrent liabilities	<u>147,076</u>	<u>150,396</u>	<u>1,388</u>
Total Liabilities	<u>552,312</u>	<u>562,800</u>	<u>5,210</u>
Net Assets			
Shareholders' equity:			
Capital stock	47,586	47,586	449
Capital surplus	45,986	45,985	434
Retained earnings	195,517	166,289	1,845
Treasury stock	(7,284)	(7,241)	(69)
Total Shareholders' equity	<u>281,805</u>	<u>252,619</u>	<u>2,659</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	47,665	42,751	450
Deferred gains or losses on hedges	88	(1,600)	1
Foreign currency translation adjustments	1,572	175	15
Remeasurements of defined benefit plans	(496)	(2,730)	(5)
Total Accumulated other comprehensive income	<u>48,830</u>	<u>38,596</u>	<u>461</u>
Non-controlling interests	<u>35,910</u>	<u>32,647</u>	<u>339</u>
Total Net assets	<u>366,546</u>	<u>323,863</u>	<u>3,458</u>
Total Liabilities and Net assets	<u>918,859</u>	<u>886,663</u>	<u>8,668</u>

Consolidated Statements of Income

	Millions of yen		Millions of U.S. dollars
	FY2017	FY2016	FY2017
Net sales	893,451	837,765	8,429
Cost of sales	661,824	624,371	6,244
Gross profit	231,627	213,394	2,185
Selling, general and administrative expenses	175,665	168,684	1,657
Operating income	55,962	44,709	528
Non-operating income			
Interest income	337	414	3
Dividends income	2,166	2,408	20
Equity in earnings of affiliates	1,236	1,204	12
Other	924	753	9
Total Non-operating income	4,664	4,780	44
Non-operating expenses			
Interest expense	1,621	2,135	15
Foreign exchange losses	2,080	319	20
Other	877	738	8
Total Non-operating expenses	4,579	3,193	43
Ordinary income	56,047	46,296	529
Extraordinary income			
Gain on sales of noncurrent assets	209	55	2
Gain on sales of investment securities	1,691	18,849	16
Gain on insurance adjustment	-	912	-
Total Extraordinary income	1,900	19,817	18
Extraordinary loss			
Loss on disposal of noncurrent assets	366	568	3
Loss on valuation of investment securities	776	244	7
Impairment loss	-	1,356	-
Total Extraordinary loss	1,142	2,170	11
Income before income taxes	56,805	63,943	536
Income taxes-current	13,738	33,157	130
Income taxes-deferred	1,064	(14,234)	10
Income taxes	14,803	18,923	140
Net income	42,001	45,019	396
Net income attributable to non-controlling interests	4,237	4,040	40
Net income attributable to owners of parent	37,763	40,978	356

Consolidated Statements of Comprehensive Income

	Millions of yen		<i>Millions of U.S. dollars</i>
	FY2017	FY2016	<i>FY2017</i>
Net income	42,001	45,019	396
Other comprehensive income			
Valuation difference on available-for-sale securities	5,093	12,598	48
Deferred gains or losses on hedges	1,688	(464)	16
Foreign currency translation adjustments	1,597	(3,604)	15
Remeasurements of defined benefit plans	2,301	18,359	22
Share of other comprehensive income of associates accounted for using equity method	171	307	2
Total other comprehensive Income	10,852	27,197	102
Comprehensive income	52,854	72,217	499
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	47,997	68,397	453
Comprehensive income attributable to non-controlling interests	4,856	3,820	46

Consolidated Statements of Shareholders' Equity (FY2017)

	Millions of yen				
	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
BALANCE AT APRIL 1, 2017	47,586	45,985	166,289	(7,241)	252,619
Changes of items during the period					
Dividends from surplus			(8,571)		(8,571)
Net income attributable to owners of parent			37,763		37,763
Purchase of treasury stock				(43)	(43)
Disposal of treasury stock		0		0	0
Change of scope of consolidation			36		36
Change in treasury shares of parent arising from transactions with non -controlling shareholders		0			0
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	29,228	(42)	29,186
BALANCE AT MARCH 31, 2018	47,586	45,986	195,517	(7,284)	281,805

	Millions of yen						
	Accumulated other comprehensive income					Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements Of Defined Benefit Plans	Total Accumulated other comprehensive income		
BALANCE AT APRIL 1, 2017	42,751	(1,600)	175	(2,730)	38,596	32,647	323,863
Changes of items during the period							
Dividends from surplus					-		(8,571)
Net income attributable to owners of parent					-		37,763
Purchase of treasury stock					-		(43)
Disposal of treasury stock					-		0
Change of scope of consolidation					-		36
Change in treasury shares of parent arising from transactions with non -controlling shareholders					-		0
Net changes of items other than shareholders' equity	4,914	1,688	1,397	2,233	10,233	3,263	13,497
Total changes of items during the period	4,914	1,688	1,397	2,233	10,233	3,263	42,683
BALANCE AT MARCH 31, 2018	47,665	88	1,572	(496)	48,830	35,910	366,546

Consolidated Statements of Shareholders' Equity (FY2016)

	Millions of yen				
	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
BALANCE AT APRIL 1, 2016	47,586	46,736	132,111	(7,212)	219,221
Changes of items during the period					
Dividends from surplus			(7,143)		(7,143)
Net income attributable to owners of parent			40,978		40,978
Purchase of treasury stock				(29)	(29)
Disposal of treasury stock		0		0	1
Change of scope of consolidation			342		342
Change in treasury shares of parent arising from transactions with non -controlling shareholders		(751)			(751)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(750)	34,177	(29)	33,398
BALANCE AT MARCH 31, 2017	47,586	45,985	166,289	(7,241)	252,619

	Millions of yen						
	Accumulated other comprehensive income					Non- controlling interests	Net assets
	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements Of Defined Benefit Plans	Total Accumulated other comprehensive income		
BALANCE AT APRIL 1, 2016	30,254	(1,132)	3,377	(21,321)	11,177	30,581	260,980
Changes of items during the period							
Dividends from surplus					-		(7,143)
Net income attributable to owners of parent					-		40,978
Purchase of treasury stock					-		(29)
Disposal of treasury stock					-		1
Change of scope of consolidation					-		342
Change in treasury shares of parent arising from transactions with non -controlling shareholders					-		(751)
Net changes of items other than shareholders' equity	12,496	(467)	(3,201)	18,591	27,418	2,066	29,484
Total changes of items during the period	12,496	(467)	(3,201)	18,591	27,418	2,066	62,882
BALANCE AT MARCH 31, 2017	42,751	(1,600)	175	(2,730)	38,596	32,647	323,863

Consolidated Statements of Cash Flows

	Millions of yen		Millions of U.S. dollars
	FY2017	FY2016	FY2017
I Cash flows from operating activities			
Income before income taxes	56,805	63,943	536
Depreciation and amortization	30,151	29,445	284
Increase (decrease) in allowance for doubtful accounts	(347)	41	(3)
Interest and dividends income	(2,503)	(2,822)	(24)
Interest expenses	1,621	2,135	15
Foreign exchange losses (gains)	741	(53)	7
Loss (gain) on sales of noncurrent assets	(209)	(55)	(2)
Loss (gain) on sales of investment securities	(1,691)	(18,849)	(16)
Loss (gain) on disposal of noncurrent assets	366	568	3
Loss (gain) on devaluation of investment securities	776	244	7
Impairment loss	-	1,356	-
Decrease (increase) in notes and accounts receivable-trade	(16,633)	(14,107)	(157)
Decrease (increase) in inventories	(6,933)	1,557	(65)
Increase (decrease) in notes and accounts payable-trade	18,645	7,169	176
Increase (decrease) in advances received	3,487	4,909	33
Other, net	4,380	(7,411)	41
Subtotal	88,657	68,073	836
Interest and dividends income received	2,507	2,838	24
Interest expenses paid	(1,652)	(2,230)	(16)
Income taxes paid	(36,365)	(10,496)	(343)
Net cash provided by operating activities	53,146	58,185	501
II Cash flows from investing activities			
Purchase of property, plant and equipment	(12,279)	(18,085)	(116)
Proceeds from sales of property, plant and equipment	640	358	6
Purchase of investment securities	(2,362)	(1,549)	(22)
Proceeds from sales of investment securities	2,741	33,251	26
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(130)	-
Payments of loans receivable	(4,634)	(4,371)	(44)
Collection of loans receivable	5,299	4,958	50
Other, net	(3,955)	(4,681)	(37)
Net cash used in investing activities	(14,550)	9,748	(137)
III Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(4,570)	(228)	(43)
Increase (decrease) in commercial papers	-	(22,000)	-
Proceeds from long-term loans payable	2,060	11,355	19
Repayment of long-term loans payable	(25,559)	(16,582)	(241)
Proceeds from issuance of bonds	10,000	15,000	94
Redemption of bonds	(5,000)	(20,500)	(47)
Repayments of lease obligations	(12,785)	(12,879)	(121)
Proceeds from sales of treasury stock	0	1	0
Purchase of treasury stock	(43)	(29)	(0)
Cash dividends paid	(8,571)	(7,143)	(81)
Cash dividends paid to non-controlling interests	(2,364)	(901)	(22)
Other, net	(54)	(2,175)	(1)
Net cash used in financing activities	(46,887)	(56,083)	(442)
IV Effect of exchange rate change on cash and cash equivalents	(374)	(910)	(4)
V Net increase (decrease) in cash and cash equivalents (I + II + III + IV)	(8,664)	10,940	(82)
VI Cash and cash equivalents at beginning of period	41,886	30,838	395
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	108	107	1
VIII Cash and cash equivalents at end of period	33,329	41,886	314

Consolidated Segment Information

Information on net sales, and profit or loss by each reporting segment

As of April 1, 2017, reflecting change of organization structure, the reporting segments were reclassified from Power and Social Infrastructure, Industrial Infrastructure, Power Electronics, Electronic Devices and Food and Beverage Distribution, to Power Electronics Systems - Energy Solutions, Power Electronics Systems - Industry Solutions, Power and New Energy, Electronic Devices, Food and Beverage Distribution. The reporting segment information for the fiscal year ended March 31, 2017 has been reclassified to reflect this change.

FY2017

	Millions of yen								
	Power Electronics Systems - Energy Solutions	Power Electronics Systems - Industry Solutions	Power and New Energy	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	217,861	306,754	96,757	123,502	117,485	31,089	893,451	-	893,451
Inter-segment sales and transfers	6,239	9,108	121	3,368	268	29,313	48,421	(48,421)	-
Total sales	224,100	315,863	96,879	126,871	117,753	60,403	941,872	(48,421)	893,451
Segment profits (losses)	14,662	18,273	5,521	13,699	6,234	2,859	61,250	(5,288)	55,962

FY2016

	Millions of yen								
	Power Electronics Systems - Energy Solutions	Power Electronics Systems - Industry Solutions	Power and New Energy	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	210,285	277,826	93,427	115,306	109,246	31,672	837,765	-	837,765
Inter-segment sales and transfers	8,461	8,200	410	3,155	311	27,427	47,967	(47,967)	-
Total sales	218,747	286,027	93,838	118,462	109,557	59,099	885,732	(47,967)	837,765
Segment profits (losses)	13,725	13,949	7,479	8,030	6,029	2,064	51,279	(6,569)	44,709

FY2017

	Millions of U.S. dollars								
	Power Electronics Systems - Energy Solutions	Power Electronics Systems - Industry Solutions	Power and New Energy	Electronic Devices	Food and Beverage Distribution	Others	Total	Adjustments	Consolidated
Net Sales									
Sales to third parties	2,055	2,894	913	1,165	1,108	293	8,429	-	8,429
Inter-segment sales and transfers	59	86	1	32	3	277	457	(457)	-
Total sales	2,114	2,980	914	1,197	1,111	570	8,886	(457)	8,429
Segment profits (losses)	138	172	52	129	59	27	578	(50)	528

Supplemental Consolidated Financial Materials

1. Financial summary

	Billions of yen		
	FY2017	FY2018 [Forecast]	FY2016
Net sales	893.5	900.0	837.8
Operating income	56.0	58.5	44.7
Ordinary income	56.0	60.0	46.3
Net income attributable to owners of parent	37.8	39.5	41.0

2. Number of consolidated subsidiaries

	Billions of yen		
	FY2017	FY2018 [Forecast]	FY2016
Number of consolidated subsidiaries	70	72	68
Japan	23	23	23
Overseas	47	49	45
Number of equity-method associates	5	5	5

3. Net income per share

	Yen		
	FY2017	FY2018 [Forecast]	FY2016
Net income per share	52.87	55.30	57.36

4. Average exchange rates (Yen)

	Yen		
	FY2017	FY2018 [Forecast]	FY2016
US\$	110.85	105.00	108.38
EURO	129.70	125.00	118.79

5. Net sales by reporting segment

	Billions of yen		
	FY2017	FY2016	
Power Electronics Systems - Energy Solutions	224.1	218.7	
Power Electronics Systems - Industry Solutions	315.9	286.0	
Power and New Energy	96.9	93.8	
Electronic Devices	126.9	118.5	
Food and Beverage Distribution	117.8	109.6	
Others	60.4	59.1	
Subtotal	941.9	885.7	
Elimination	(48.4)	(48.0)	
Total	893.5	837.8	

	Billions of yen		
	FY2017	FY2018 [Forecast]	FY2016
Power Electronics Systems - Energy Solutions	217.6	224.4	-
Power Electronics Systems - Industry Solutions	321.0	322.0	-
Power and New Energy	96.9	102.0	-
Electronic Devices	126.9	133.0	-
Food and Beverage Distribution	117.8	116.0	-
Others	60.4	59.1	-
Subtotal	940.5	956.5	-
Elimination	(47.1)	(56.5)	-
Total	893.5	900.0	-

6. Operating income by reporting segment

	Billions of yen	
	FY2017	FY2016
Power Electronics Systems - Energy Solutions	14.7	13.7
Power Electronics Systems - Industry Solutions	18.3	13.9
Power and New Energy	5.5	7.5
Electronic Devices	13.7	8.0
Food and Beverage Distribution	6.2	6.0
Others	2.9	2.1
Subtotal	61.3	51.3
Elimination	(5.3)	(6.6)
Total	56.0	44.7

	Billions of yen		
	FY2017	FY2018 [Forecast]	FY2016
Power Electronics Systems - Energy Solutions	14.0	16.4	-
Power Electronics Systems - Industry Solutions	18.9	19.2	-
Power and New Energy	5.5	6.5	-
Electronic Devices	13.7	15.2	-
Food and Beverage Distribution	6.2	6.5	-
Others	2.9	2.2	-
Subtotal	61.3	66.1	-
Elimination	(5.3)	(7.6)	-
Total	56.0	58.5	-

7. Net overseas sales

	Billions of yen		
	FY2017	FY2018 [Forecast]	FY2016
Asia (except for China)	110.9	117.5	106.1
China	75.0	86.3	67.5
Europe	17.6	16.7	16.6
America	15.2	15.8	14.8
Total	218.7	236.3	205.0

8. R&D expenditures

	Billions of yen	
	FY2017	FY2016
Power Electronics Systems - Energy Solutions	8.1	8.0
Power Electronics Systems - Industry Solutions	9.0	8.6
Power and New Energy	3.5	3.2
Electronic Devices	10.4	10.5
Food and Beverage Distribution	4.5	4.6
Others	0.2	0.0
Total	35.6	34.9
Ratio to net sales (%)	4.0%	4.2%

	Billions of yen		
	FY2017	FY2018 [Forecast]	FY2016
Power Electronics Systems - Energy Solutions	7.6	6.4	-
Power Electronics Systems - Industry Solutions	9.4	9.8	-
Power and New Energy	3.5	3.4	-
Electronic Devices	10.4	11.1	-
Food and Beverage Distribution	4.5	4.4	-
Others	0.2	0.1	-
Total	35.6	35.2	-
Ratio to net sales (%)	4.0%	3.9%	-

9. Plant and equipment investment (including leases)

	Billions of yen	
	FY2017	FY2016
Power Electronics Systems - Energy Solutions	4.9	6.0
Power Electronics Systems - Industry Solutions	2.7	6.3
Power and New Energy	1.5	1.2
Electronic Devices	11.1	8.9
Food and Beverage Distribution	4.8	3.7
Others	1.5	1.1
Total	26.5	27.1
(Leases)	13.1	11.0

Note: Leases are included in total plant and equipment investment.

	Billions of yen		
	FY2017	FY2018 [Forecast]	FY2016
Power Electronics Systems - Energy Solutions	4.8	6.7	-
Power Electronics Systems - Industry Solutions	2.8	5.7	-
Power and New Energy	1.5	1.1	-
Electronic Devices	11.1	33.2	-
Food and Beverage Distribution	4.8	2.8	-
Others	1.5	0.9	-
Total	26.5	50.6	-
(Leases)	13.1	28.6	-

Note: Leases are included in total plant and equipment investment.

10. Depreciation, Leases paid

	Billions of yen	
	FY2017	FY2016
Power Electronics Systems - Energy Solutions	5.1	4.9
Power Electronics Systems - Industry Solutions	4.1	4.0
Power and New Energy	1.2	1.1
Electronic Devices	13.1	12.7
Food and Beverage Distribution	2.0	2.1
Others	1.2	1.2
Total	26.6	25.9
(Leases)	1.1	1.1

	Billions of yen		
	FY2017	FY2018 [Forecast]	FY2016
Power Electronics Systems - Energy Solutions	4.9	5.5	-
Power Electronics Systems - Industry Solutions	4.2	4.7	-
Power and New Energy	1.2	1.3	-
Electronic Devices	13.1	14.5	-
Food and Beverage Distribution	2.0	2.4	-
Others	1.2	1.0	-
Total	26.6	29.4	-
(Leases)	1.1	1.5	-

11. Number of employees

	Billions of yen	
	FY2017	FY2016
Power Electronics Systems - Energy Solutions	6,838	6,827
Power Electronics Systems - Industry Solutions	7,820	7,453
Power and New Energy	1,340	1,307
Electronic Devices	6,506	6,315
Food and Beverage Distribution	2,574	2,592
Others	1,931	2,009
Total	27,009	26,503
Japan	17,704	17,716
Overseas	9,305	8,787

	Billions of yen		
	FY2017	FY2018 [Forecast]	FY2016
Power Electronics Systems - Energy Solutions	6,473	6,586	-
Power Electronics Systems - Industry Solutions	8,185	8,392	-
Power and New Energy	1,340	1,338	-
Electronic Devices	6,506	6,763	-
Food and Beverage Distribution	2,574	2,582	-
Others	1,931	2,013	-
Total	27,009	27,674	-
Japan	17,704	17,942	-
Overseas	9,305	9,732	-

Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

Results of Operations in the Fiscal Year Ended March 31, 2018

In the fiscal year ended March 31, 2018, a gentle, overseas recovery trend was seen in the Company's operating environment supported by robust demand for machine tools and robots, which was driven by increased production facility automation and labor saving needs in China and other countries. In Japan, there was a modest recovery trend against the backdrop of higher demand resulted from increases in replacements of aged equipment and investments in automation and labor saving.

In this environment, we moved ahead with the FY2018 Medium-Term Management Plan, Renovation 2018. Acting in accordance with the plan's basic policy of "further renovation of Fuji Electric," we are implementing the growth strategies of strengthening the power electronics systems business and further enhancing manufacturing capabilities while also pursuing improved profitability by reenergizing the Pro-7 Activities that entail reviewing all costs associated with business activities.

Consolidated net sales in the fiscal year ended March 31, 2018, increased ¥55.7 billion year on year, to ¥893.5 billion, as a result of higher demand. Higher sales were posted in all business segments, with particularly large increases being seen in the Power Electronics Systems—Industry Solutions, Electronic Devices, and Food and Beverage Distribution segments. In addition, consolidated operating income rose ¥11.3 billion year on year, to ¥56.0 billion, due to the benefits of higher demand and cost reduction efforts, and ordinary income was up ¥9.8 billion, to ¥56.0 billion. Both of these figures represented new record highs. Net income attributable to owners of parent, meanwhile, decreased ¥3.2 billion, to ¥37.8 billion, because of the absence of the gain on sales of investment securities recorded in the previous fiscal year.

Consolidated results of operations for the fiscal year ended March 31, 2018, were as follows.

	(¥ billion)		
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Change
Net sales	837.8	893.5	55.7
Operating income	44.7	56.0	11.3
Ordinary income	46.3	56.0	9.8
Net income attributable to owners of parent	41.0	37.8	(3.2)

Results by Segment

Power Electronics Systems—Energy Solutions

Net sales: ¥224.1 billion (up 2% year on year)

Operating income: ¥14.7 billion (up ¥0.9 billion year on year)

In the Power Electronics Systems—Energy Solutions segment, net sales and operating income were up year on year. Solid performance in the ED&C components business supported by increased machine tool demand outweighed the impacts of reduced demand in the energy management business and the power supply systems business.

- In the energy management business, net sales decreased year on year primarily due to a decline in smart meter sales volumes while operating results were relatively unchanged from the previous fiscal year due to the benefits of cost reduction efforts.

- In the transmission and distribution systems business, net sales increased year on year due to

contributions from large-scale power and industrial field orders from overseas. However, operating results worsened year on year as a result of a less favorable sales mix.

- In the power supply systems business, net sales decreased year on year due to reduced demand for power conditioning systems for use in solar power generation systems. Regardless, operating results improved year on year due to the benefits of cost reduction efforts.

- In the ED&C components business, net sales and operating results improved year on year as a result of strong demand seen from machine tool and other machinery manufacturers as well as from overseas semiconductor manufacturers.

Power Electronics Systems—Industry Solutions

Net sales: ¥315.9 billion (up 10% year on year)

Operating income: ¥18.3 billion (up ¥4.3 billion year on year)

In the Power Electronics Systems—Industry Solutions segment, net sales and operating income increased year on year. Performance was driven by the factory automation business, which benefited from robust demand for the automation of production facilities in Japan and China, and the process automation business, which enjoyed brisk replacement demand in the Japanese market, as well as by the IT solutions business.

- In the factory automation business, net sales and operating results improved year on year due to strong conditions in Japan and China centered on markets for inverters and factory automation components.

- In the process automation business, net sales and operating results improved year on year because of the brisk replacement demand seen in the Japanese market.

- In the environmental and social solutions business, net sales and operating results improved year on year as a result of higher demand for electrical equipment for railcars in Asia and other regions.

- In the equipment construction business, net sales increased year on year following strong performance in air-conditioning equipment and electricity and information distribution operations. Operating results, however, worsened year on year as a result of a less favorable sales mix.

- In the IT solutions business, net sales and operating results improved year on year due to increases in orders from the academic sector and large-scales orders from the public sector.

Power and New Energy

Net sales: ¥96.9 billion (up 3% year on year)

Operating income: ¥5.5 billion (down ¥2.0 billion year on year)

- In the power and new energy business, net sales increased year on year because the benefits of large-scale orders for thermal power generation systems counteracted the impacts of the decline in large-scale orders for hydro power generation systems and solar power generation systems. However, operating income worsened year on year as a result of a less favorable sales mix.

Electronic Devices

Net sales: ¥126.9 billion (up 7% year on year)

Operating income: ¥13.7 billion (up ¥5.7 billion year on year)

- In the electronic devices business, net sales and operating income improved year on year 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.

Food and Beverage Distribution

Net sales: ¥117.8 billion (up 7% year on year)

Operating income: ¥6.2 billion (up ¥0.2 billion year on year)

• In the vending machine business, although the revision of customers' plans caused performance in the Chinese market to remain around the same level as in the previous fiscal year, overall net sales and operating results improved year on year due to higher demand from customers in the Japanese market.

• In the store distribution business, net sales increased year on year following a rise in demand for store equipment for convenience stores. However, operating results worsened year on year as a result of a less favorable sales mix.

Others

Net sales: ¥60.4 billion (up 2% year on year)

Operating income: ¥2.9 billion (up ¥0.8 billion year on year)

Forecasts for the Fiscal Year Ending March 31, 2019

Forecasts for consolidated business results in the fiscal year ending March 31, 2019, are as follows. Further, forecasts for the fiscal year ending March 31, 2019, assume exchange rates of US\$1 = ¥105 and €1 = ¥125.

Consolidated Business Results Forecasts (¥ billion)

	Fiscal year ended March 31, 2018 Results	Fiscal year ending March 31, 2019 Forecasts	Change
Net sales	893.5	900.0	6.5
Operating income	56.0	58.5	2.5
Ordinary income	56.0	60.0	4.0
Net Income attributable to owners of parent	37.8	39.5	1.7

Forecasts by Segment (¥ billion)

	Fiscal year ending March 31, 2019 Forecasts	
	Net sales	Operating income
Power Electronics Systems —Energy Solutions	224.4	16.4
Power Electronics Systems —Industry Solutions	322.0	19.2
Power and New Energy	102.0	6.5
Electronic Devices	133.0	15.2
Food and Beverage Distribution	116.0	6.5
Others	59.1	2.2
Elimination and Corporate	(56.5)	(7.6)
Total	900.0	58.5

Effective from April 1, 2018, the Company partially reorganized the areas of operations contained within the Power Electronics Systems—Energy Solutions and Power Electronics Systems—Industry Solutions business segments.

In the fiscal year ending March 31, 2019, the Power Electronics Systems—Energy Solutions business segment will focus on incorporating domestic replacement demand in the energy management business while expanding its operations in Asia. This segment will also enhance its overseas engineering and manufacturing capabilities in the power supply and facility systems business and work to take advantage of demand from domestic and overseas machinery

manufacturers as well as domestic construction demand in the ED&C components business.

The Power Electronics Systems—Industry Solutions will endeavor to expand its factory automation systems operations in response to the automation needs of the Japanese and Chinese markets in the factory automation business. At the same time, this segment will seek to augment its overseas engineering and manufacturing capabilities and grow plant system orders in the process automation business. The focus of the social solutions business will be to accelerate the development of new products for expanding overseas railroad operations.

The Power and New Energy business segment will work to expand its thermal and geothermal power generation service operations while increasing domestic and overseas orders in the renewable energy and new energy fields.

The Electronic Device segment will strive to boost sales in the industrial field, which is seeing increased demand around the world, while also accelerating the development of new products in response to the trend toward electric vehicles in the automotive field and bolstering its production capacity to grow operations in this field.

The aims of the Food and Beverage Distribution business segment's efforts in the vending machine business will be to expand overseas operations centered on China and other parts of Asia and to boost competitiveness by developing high-value-added products and reducing costs. In the store distribution business, the segment will strive to increase orders for store equipment from convenience stores while developing new products that help realize labor savings.

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2017	Breakdown (%)	March 31, 2018	Breakdown (%)	Change
Total assets	886.7	100.0	918.9	100.0	+32.2
Interest-bearing debt	183.5	20.7	163.5	17.8	(20.0)
Shareholder's equity*1	291.2	32.8	330.6	36.0	+39.4
Debt-to-equity ratio*2 (times)	0.6		0.5		(0.1)

*1 Shareholders' equity = Total net assets - Non-controlling interests

*2 Debt-to-equity ratio = Interest-bearing debt / Shareholders' equity

Total assets on March 31, 2018, stood at ¥918.9 billion, an increase of ¥32.2 billion from the end of the previous fiscal year. Total current assets increased ¥23.8 billion as the rise in notes and accounts receivable-trade and inventories outweighed the decline in cash and deposits. Total noncurrent assets were up ¥8.4 billion due to an increase stemming from valuation difference on available-for-sale securities.

Interest-bearing debt as of March 31, 2018, amounted to ¥163.5 billion, down ¥20.0 billion from the previous fiscal year-end, as a result of a decrease in current portion of long-term loans payable. Furthermore, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—decreased ¥11.4 billion from the previous fiscal year-end, amounting to ¥130.2 billion on March 31, 2018.

Net assets on March 31, 2018, stood at ¥366.5 billion, up ¥42.7 billion from the previous fiscal year-end. This outcome was because of increases stemming from capital surplus, valuation difference on available-for-sale securities, and remeasurements of defined benefit plans. In addition, shareholders' equity—total net assets net of non-controlling interests—was up ¥39.4 billion from the previous fiscal year-end, standing at ¥330.6 billion on March 31, 2018. The debt-to-equity ratio (interest-bearing debt ÷ shareholders' equity) was 0.5 times, down 0.1 times from the previous fiscal year-end. Also, the net debt-to-equity ratio (net interest-bearing debt ÷ shareholders' equity) was 0.4 times, down 0.1 times from the previous fiscal year-end.

(¥ billion)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Change
Net cash provided by operating activities	58.2	53.1	(5.0)
Net cash provided by (used in) investing activities	9.7	(14.6)	(24.3)
Free cash flow	67.9	38.6	(29.3)
Net cash used in financing activities	(56.1)	(46.9)	9.2
Cash and cash equivalents at the end of period	41.9	33.3	(8.6)

In the fiscal year ended March 31, 2018, consolidated free cash flow (net cash from operating activities + net cash from investing activities) was a positive ¥38.6 billion, a decrease of ¥29.3 billion compared with positive free cash flow of ¥67.9 billion in the previous fiscal year.

Cash flows from operating activities

Net cash provided by operating activities was ¥53.1 billion, compared with ¥58.2 billion in the previous fiscal year. Major factors increasing cash included income before income taxes and an increase in notes and accounts payable-trade. Major factors decreasing cash included income taxes paid and an increase in notes and accounts receivable-trade.

This was a decrease of ¥5.0 billion year on year.

Cash flows from investing activities

Net cash used in investing activities was ¥14.6 billion, compared with net cash provided by investing activities of ¥9.7 billion in the previous fiscal year. This was primarily related to the purchase of property, plant and equipment.

This was a deterioration of ¥24.3 billion year on year.

Cash flows from financing activities

Net cash used in financing activities was ¥46.9 billion, compared with ¥56.1 billion in the previous fiscal year. This was principally due to repayment of long-term loans payable and repayments of lease obligations.

As a result, consolidated cash and cash equivalents on March 31, 2018, amounted to ¥33.3 billion, down ¥8.6 billion from the previous fiscal year-end.

(3) Basic Policy Regarding Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2018, and the Fiscal Year Ending March 31, 2019

We intend to return profit gained through business activities to shareholders. At the same time—while maintaining and strengthening our management foundation—we intend to appropriate profit for consolidated shareholders' equity in order to secure internal reserves for research and development, capital investment, development of human resources, and other uses reflecting a medium-to-long-term viewpoint.

We will determine the amount of dividends to be paid from retained earnings in light of the above medium-to-long-term business cycle; our policy of paying stable and continuous dividends; and a comprehensive evaluation of the business results from the relevant fiscal year, research and development and capital investment plans for future growth, and the operating environment.

We regard the acquisition of treasury stock as a flexible mechanism to supplement dividends from retained earnings when warranted by the cash flow position.

Based on a rigorous evaluation of performance during the fiscal year ended March 31, 2018, forecasted performance for the fiscal year ending March 31, 2019, and our financial position, we plan to pay a year-end dividend of ¥8 per share for the fiscal year ended March 31, 2018. Together with the interim dividend, this will make for an annual dividend of ¥14 per share for the fiscal year ended March 31, 2018, to be paid from retained earnings.

We have not yet decided the dividend to be paid for the fiscal year ending March 31, 2019.