

Consolidated Financial Results **for 1Q FY2017**

July 28, 2017

Fuji Electric Co., Ltd.

Summary of Consolidated Financial Results for 1Q FY2017 (YoY Comparison)

Sales and income up due to brisk capital investment demand, new record set for operating income

(Billion yen)

	1Q FY2015	1Q FY2017	Change
Net Sales	165.1	173.5	8.4
Operating Income/Loss	2.3	2.8	0.5
Ordinary Income/Loss	0.3	2.8	2.5
Extraordinary Income/Loss	-0.0	0.1	0.1
Income/Loss before Income Taxes	0.3	2.9	2.6
Income Taxes	0.3	1.2	1.0
Net Income Attributable to Non-controlling Interests	0.7	0.5	-0.2
Net Income Attributable to Owners of Parent	-0.7	1.1	1.9

Net Sales

Gain on translation of earnings of overseas subsidiaries	+2.8
Demand increase excluding exchange rate effect	+5.6

Operating Income/Loss

Cost reduction	3.7	Price decline	-3.8
Increase in sales volume	0.6	Increase in fixed cost	-0.1
Exchange rate effect	0.1		
	4.4		-3.9

Non-operating Income/Loss

Net interest expense	-0.1	(0.7 → 0.6)
Equity in earnings of affiliates	0.1	(-0.5 → -0.4)
Foreign exchange losses	1.9	(-2.2 → -0.3)
Others	0.1	(0.0 → 0.1)
	2.0	(-2.0 → -0.0)

Extraordinary Income/Loss

Gain on sales of noncurrent assets	0.2	(0.0 → 0.2)
Loss on disposal of noncurrent assets	-0.1	(-0.0 → -0.1)
	0.1	(-0.0 → 0.1)

(Average Exchange Rate)

(Yen)

US\$	108.14	111.09	2.95
EURO	122.02	122.19	0.17
RMB	16.53	16.21	-0.32

Net Sales and Operating Income by Segment for 1Q FY2017 (YoY Comparison)

(Billion yen)

	1Q FY2016		1Q FY2017		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems - Energy Solutions	46.5	1.3	42.6	1.5	-3.9	0.2
Power Electronics Systems - Industry Solutions	46.4	-2.6	53.1	-2.8	6.7	-0.3
Power and New Energy	14.0	1.0	17.0	0.8	3.0	-0.2
Electronic Devices	28.5	1.6	30.5	2.8	2.0	1.2
Food and Beverage Distribution	25.7	1.7	25.8	1.2	0.1	-0.6
Others	14.1	0.6	14.4	0.8	0.3	0.2
Elimination and Corporate	-10.1	-1.4	-9.8	-1.4	0.2	-0.0
Total	165.1	2.3	173.5	2.8	8.4	0.5

Business Results by Segment for 1Q FY2017 (YoY Comparison) ①

(Billion yen)

		1Q FY2016	1Q FY2017	Change	Overview
Energy Solutions	Net Sales	46.5	42.6	-3.9	<p><Energy management> Nets sales decreased and operating results worsened year on year primarily due to a decline in smart meter sales volumes.</p> <p><Transmission and distribution systems> Nets sales decreased and operating results worsened year on year, despite strong performance resulted from a rise in capital investment demand, due to the absence of large-scale orders from the industrial field that were recorded in the previous equivalent period.</p> <p><Power supply systems> Nets sales decreased year on year following lower overseas demand in switchgear and controlgear operations.</p> <p><ED&C components> Nets sales and operating results improved year on year as a result of strong demand seen overseas and from machine tool and other machinery manufacturers.</p>
	Operating Income/Loss	1.3	1.5	0.2	
Industry Solutions	Net Sales	46.4	53.1	6.7	<p><Factory automation> Nets sales and operating results improved year on year due to strong conditions in Japan and China centered on markets for inverters, factory automation components, and industrial motors.</p> <p><Environmental and social solutions> Nets sales improved year on year as a result of higher demand in radiation-related equipment and system and environment-related operations. However, operating results worsened following a decrease in overseas sales of electrical equipment for railcars.</p> <p><Equipment construction> Nets sales decreased and operating results worsened year on year as the rebound from large-scale orders recorded in the previous equivalent period offset the benefits of strong performance in plant and air-conditioning equipment operations.</p> <p><IT solutions> Nets sales and operating results improved year on year due to an increase in orders from the public sector and the academic sector.</p>
	Operating Income/Loss	-2.6	-2.8	-0.3	

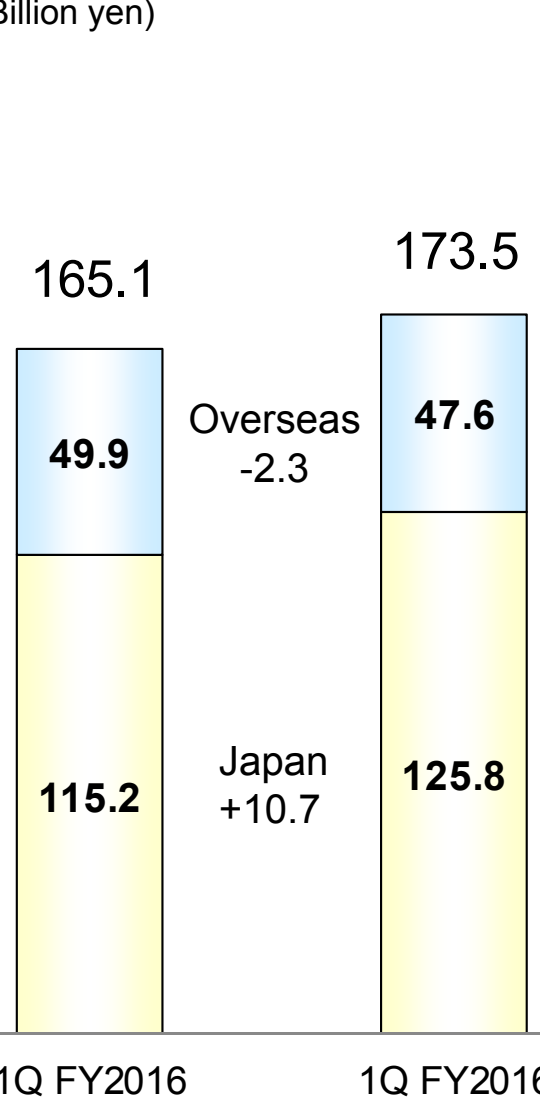
Business Results by Segment for 1Q FY2017 (YoY Comparison) ②

(Billion yen)

		1Q FY2016	1Q FY2017	Change	Overview
Power and New Energy	Net Sales	14.0	17.0	3.0	<Power and new energy> Net sales were up year on year thanks to increases in large-scale orders for solar power generation systems, but operating results worsened year on year as a result of a less favorable sales mix.
	Operating Income/Loss	1.0	0.8	-0.2	
Electronic Devices	Net Sales	28.5	30.5	2.0	<Semiconductors> Nets sales and operating results improved year on year following a rise in demand for semiconductors for the industrial field. <Magnetic disks> Net sales and operating results decreased year on year due to an decline in demand. <div style="border: 1px solid black; padding: 2px; margin-top: 5px;"> *Exchange rate effect Net sales: +1.4 </div>
	Operating Income/Loss	1.6	2.8	1.2	
Food and Beverage Distribution	Net Sales	25.7	25.8	0.1	<Vending machines> Nets sales decreased and operating results worsened year on year as a result of the impacts of a temporary decline in investment stemming from the revision of the expansion plans of customers in the Chinese market, which outweighed the benefits of the brisk demand seen in the domestic market. <Store distribution> Net sales increased year on year due to a rise in demand for store equipment for convenience stores, but operating results worsened year on year as a result of a less favorable sales mix.
	Operating Income/Loss	1.7	1.2	-0.6	

Net Sales by Japan and Overseas Area for 1Q FY2017 (YoY Comparison)

(Billion yen)



	1Q FY2016	1Q FY2017	Change
Overseas	49.9	47.6	-2.3
Asia and Others	25.5	22.3	-3.2
China	17.4	16.8	-0.6
Europe	4.0	4.3	0.3
Americas	3.0	4.3	1.3

■ Asia
【Industry Solutions】
 Sales decrease in electrical equipment for railcars
【Power and New Energy】
 Sales decrease in thermal power

■ China
【Energy Solutions】
 Sales increase in ED&C components
【Industry Solutions】
 Sales Increase in factory automation
【Electronic Devices】
 Sales increase in power semiconductors
 Sales decrease in magnetic disks due to changes in sales channels
【Food and Beverage Distribution】
 Sales decrease in vending machine

■ Americas
【Industry Solutions】
 Sales increase in electrical equipment for railcars
【Power and New Energy】
 Sales increase in geothermal power

Consolidated Balance Sheet at the end of 1Q FY2017

Assets				Liabilities and Net Assets			
	3/31/17	6/30/17	Change		3/31/17	6/30/17	Change
Cash and time deposit	42.0	28.8	-13.2	Notes and account payables, trade payables	165.3	148.1	-17.2
Notes and account receivables, trade receivables	269.7	223.6	-46.1	Interest-bearing debts	151.2	175.6	24.4
Inventories	142.4	165.2	22.7	Other liabilities	246.3	211.4	-34.9
Other current assets	58.3	65.7	7.4	Total liabilities	562.8	535.1	-27.7
Total current assets	512.5	483.3	-29.2	Common stock	47.6	47.6	-
Tangible fixed assets	173.5	171.9	-1.7	Capital surplus	46.0	46.0	-
Intangible fixed assets	20.5	19.9	-0.7	Retained earnings	166.3	163.2	-3.1
Investments and other assets	180.0	189.5	9.5	Treasury stock at cost	-7.2	-7.2	-0.0
Total long-term assets	374.1	381.2	7.1	Shareholders' equity	252.6	249.5	-3.1
Deferred assets	0.1	0.2	0.0	Accumulated other comprehensive income	38.6	48.1	9.5
Total assets	886.7	864.7	-22.0	Non-controlling interests	32.6	31.9	-0.7
Equity Ratio (%)	32.8	34.4	1.6	Total net assets	323.9	329.6	5.7
Net Interest-bearing Debts	109.3	147.0	37.7	Total liabilities and net assets	886.7	864.7	-22.0
Net debt-equity ratio (times)	0.4	0.5	0.1				

Consolidated Financial Results Forecasts for 1H FY2017 (Comparison with Forecasts)

1H forecast raised out of consideration for current conditions

(Billion yen)

	1H FY2017		Change
	Forecasts (Apr.27, 2017)	Forecasts (July 27, 2017)	
Net Sales	368.9	370.0	1.1
Operating Income/Loss	6.1	7.0	0.9
Ordinary Income/Loss	3.2	4.5	1.3
Net Income Attributable to Owners of Parent	0.0	1.1	1.1

2Q Assumed Exchange Rate

Exchange Rate	(Yen)		
	US\$	EURO	RMB
Exchange Rate	105	115	15.7

(Billion yen)

	1H FY2017				Change	
	Forecasts (Apr.27, 2017)		Forecasts (July 27, 2017)			
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems - Energy Solutions	92.0	2.5	92.6	3.1	0.6	0.6
Power Electronics Systems - Industry Solutions	120.0	-2.2	121.2	-1.6	1.2	0.6
Power and New Energy	38.2	1.7	37.7	1.0	-0.5	-0.7
Electronic Devices	58.1	4.5	61.5	5.2	3.4	0.7
Food and Beverage Distribution	54.8	2.0	52.5	1.7	-2.3	-0.3
Others	27.7	0.8	27.7	0.8	0.0	0.0
Elimination and Corporate	-21.8	-3.1	-23.1	-3.1	1.3	0.0
Total	368.9	6.1	370.0	7.0	1.1	0.9

Consolidated Financial Results Forecasts for 1H FY2017 (YoY Comparison)

(Billion yen)

	1H FY2016	1H FY2017	Change
Net Sales	351.6	370.0	18.4
Operating Income/Loss	5.9	7.0	1.1
Ordinary Income/Loss	2.7	4.5	1.8
Net Income Attributable to Owners of Parent	0.0	1.1	1.1

(Billion yen)

	1H FY2016		1H FY2017		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems - Energy Solutions	94.6	2.4	92.6	3.1	-2.0	0.6
Power Electronics Systems - Industry Solutions	112.5	-2.2	121.2	-1.6	8.7	0.5
Power and New Energy	30.8	2.1	37.7	1.0	6.9	-1.0
Electronic Devices	57.6	3.2	61.5	5.2	3.9	2.0
Food and Beverage Distribution	49.5	2.0	52.5	1.7	3.0	-0.3
Others	28.3	1.1	27.7	0.8	-0.6	-0.4
Elimination and Corporate	-21.7	-2.8	-23.1	-3.1	-1.4	-0.3
Total	351.6	5.9	370.0	7.0	18.4	1.1

* Figures for 1H FY2016 reflect the organizational restructuring conducted in FY2017.

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

Consolidated forecast unchanged, segment forecasts revised

(Billion yen)

	FY2017		Change
	Forecasts (Apr.27, 2017)	Forecasts (July 27, 2017)	
Net Sales	850.0	850.0	0.0
Operating Income/Loss	48.0	48.0	0.0
Ordinary Income/Loss	47.0	47.0	0.0
Net Income Attributable to Owners of Parent	29.0	29.0	0.0

Assumed Exchange Rate from 2Q to 4Q

	US\$	EURO	RMB
Exchange Rate (Yen)	105	115	15.7
One Yen Effect (Million yen)	20	50	120

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

(Billion yen)

	FY2017				Change	
	Forecasts (Apr.27, 2017)		Forecasts (July 27, 2017)			
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems - Energy Solutions	219.3	14.0	219.9	14.6	0.6	0.6
Power Electronics Systems - Industry Solutions	294.7	15.9	295.9	16.5	1.2	0.6
Power and New Energy	100.5	6.5	100.0	5.8	-0.5	-0.7
Electronic Devices	112.7	8.3	117.1	9.8	4.4	1.5
Food and Beverage Distribution	118.4	8.0	114.0	6.5	-4.4	-1.5
Others	57.4	1.7	57.4	1.7	0.0	0.0
Elimination and Corporate	-53.2	-6.4	-54.5	-6.9	-1.3	-0.5
Total	850.0	48.0	850.0	48.0	0.0	0.0

Consolidated Financial Results Forecasts for FY2017 (YoY Comparison)

(Billion yen)

	FY2016	FY2017	Change
Net Sales	837.8	850.0	12.2
Operating Income/Loss	44.7	48.0	3.3
Ordinary Income/Loss	46.3	47.0	0.7
Net Income Attributable to Owners of Parent	41.0	29.0	-12.0

	FY2016		FY2017		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	219.9	14.6	1.2	0.9
Power Electronics Systems - Industry Solutions	286.0	13.9	295.9	16.5	9.9	2.5
Power and New Energy	93.8	7.5	100.0	5.8	6.2	-1.7
Electronic Devices	118.5	8.0	117.1	9.8	-1.3	1.8
Food and Beverage Distribution	109.6	6.0	114.0	6.5	4.5	0.4
Others	59.1	2.1	57.4	1.7	-1.7	-0.3
Elimination and Corporate	-48.0	-6.6	-54.5	-6.9	-6.5	-0.4
Total	837.8	44.7	850.0	48.0	12.2	3.3

* Figures for FY2016 reflect the organizational restructuring conducted in FY2017.

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