

Consolidated Financial Results for 1Q FY2018

July 27, 2018

Fuji Electric Co., Ltd.

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

Continuation of strong domestic and overseas capital investment demand
Large YoY increases in sales and income

	(Billion yen)		
	1Q FY2017 Results	1Q FY2018 Results	Change
Net Sales	173.5	195.8	22.4
Operating Income/Loss	2.8	6.4	3.5
Ordinary Income/Loss	2.8	7.4	4.6
Extraordinary Income/Loss	0.1	1.2	1.1
Income/Loss before Income Taxes	2.9	8.6	5.7
Income Taxes	1.2	2.6	1.4
Net Income Attributable to Non-controlling Interests	0.5	0.6	0.1
Net Income Attributable to Owners of Parent	1.1	5.4	4.2

(Average Exchange Rate)

	(Yen)		
US\$	111.09	109.07	-2.02
EURO	122.19	130.06	7.87
RMB	16.21	17.13	0.92

(End of the Month Rate Difference ; the end of March → the end of June)

	(Yen)		
US\$	112.19→112.00	106.24→110.54	4.49
EURO	119.79→127.97	130.52→127.91	-10.79
RMB	16.29→16.49	16.92→16.66	-0.46

Net Sales

Loss on translation of earnings of overseas subsidiaries	-0.2
Demand increase	22.5

Operating Income/Loss

Increase in sales volumes	6.6	Increase in fixed cost	-2.5
		Exchange rate effect	-0.1
		Others	-0.4
			-3.1
		6.6	-3.1

Non-operating Income/Loss

Net interest expense	0.3	(0.6 → 0.9)
Foreign exchange gain	0.6	(-0.3 → 0.4)
Others	0.1	(-0.3 → -0.2)
		1.0 0.0 1.0

Extraordinary Income/Loss

Gain on sales of noncurrent assets	-0.2	(0.2 → 0.0)
Gain on reversal of foreign currency translation adjustments	1.3	(0.0 → 1.3)
		1.1 (0.1 → 1.2)

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

Higher sales and income in all five segments
Increased income centered on Electronic Devices and reduced loss in
Power Electronics Systems—Industry Solutions

(Billion yen)

	1Q FY2017 Results		1Q FY2018 Results		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems —Energy Solutions	40.7	1.0	44.8	1.3	4.1	0.3
Power Electronics Systems —Industry Solutions	54.7	-2.3	59.0	-1.4	4.3	1.0
Power and New Energy	17.0	0.8	24.5	1.0	7.5	0.2
Electronic Devices	30.5	2.8	35.3	4.8	4.9	2.0
Food and Beverage Distribution	25.8	1.2	28.5	1.4	2.7	0.3
Others	14.4	0.8	14.9	0.5	0.5	-0.3
Elimination and Corporate	-9.6	-1.4	-11.3	-1.3	-1.7	0.1
Total	173.5	2.8	195.8	6.4	22.4	3.5

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

(Billion yen)

		1Q FY2017 Results	1Q FY2018 Results	Change	Overview
Energy Solutions	Net Sales	40.7	44.8	4.1	<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 due to an increase in large-scale projects, but decrease in operating results as a result of a less favorable sales mix</p>
	Operating Income/Loss	1.0	1.3	0.3	<p>ED&C Components Increase in net sales and operating results because of strong demand seen from machine tool and other machinery manufacturers primarily in Japan</p>
Industry Solutions	Net Sales	54.7	59.0	4.3	<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 Increase in net sales because of the benefits of large-scale industrial electric heating orders in Japan and contributions from newly consolidated subsidiaries, but decrease in operating results as a result of a less favorable sales mix</p>
	Operating Income/Loss	-2.3	-1.4	1.0	<p>Social Solutions Increase in net sales and operating results as a result of higher demand for electrical equipment for railcars and for radiation equipment and systems</p> <p>Equipment Construction Increase in net sales following strong performance in electric facilities and construction operations, but decrease in operating results as a result of a less favorable sales mix</p> <p>IT Solutions Decrease in net sales and operating results due to a less favorable sales mix</p>

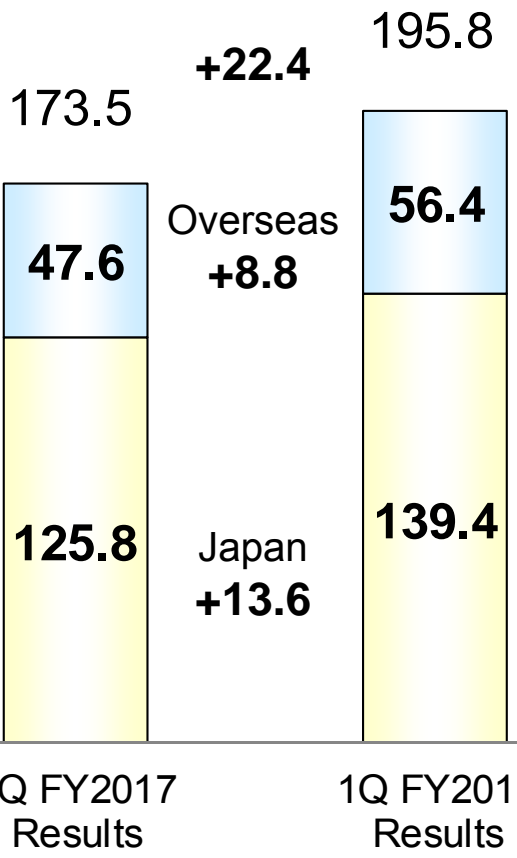
Business Results by Segment for 1Q FY2018 (YoY Comparison) ②

(Billion yen)

		1Q FY2017 Results	1Q FY2018 Results	Change	Overview																																								
Power and New Energy	Net Sales	17.0	24.5	7.5	Higher thermal power system sales due to large-scale orders in Japan, increased renewable energy system sales due to large-scale orders for solar power generation systems Increased income following sales growth																																								
	Operating Income/Loss	0.8	1.0	0.2																																									
Electronic Devices	Net Sales	30.5	35.3	4.9	Higher net sales and operating results for semiconductors 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 automation, labor saving, and energy saving needs in the Chinese and Japanese markets Higher net sales and operating results for magnetic disks due to a rise in demand for nearline storage																																								
	Operating Income/Loss	2.8	4.8	2.0																																									
<table border="1"> <thead> <tr> <th colspan="3">Breakdown of Electronic Devices Sales</th> <th>1Q FY2017 Results</th> <th>1Q FY2018 Results</th> <th colspan="3">Distribution of Semiconductor Sales by Fields</th> <th>1Q FY2017 Results</th> <th>1Q FY2018 Results</th> </tr> </thead> <tbody> <tr> <td colspan="3">Semiconductors</td> <td>26.6</td> <td>29.5</td> <td colspan="3">Industrial Modules</td> <td>49%</td> <td>51%</td> </tr> <tr> <td colspan="3">Magnetic Disks</td> <td>3.9</td> <td>5.8</td> <td colspan="3">Industrial Discrete Devices*</td> <td>25%</td> <td>23%</td> </tr> <tr> <td colspan="3"></td> <td></td> <td></td> <td colspan="3">Automobiles</td> <td>26%</td> <td>26%</td> </tr> </tbody> </table> <p style="text-align: right;">*Including photoconductors</p>						Breakdown of Electronic Devices Sales			1Q FY2017 Results	1Q FY2018 Results	Distribution of Semiconductor Sales by Fields			1Q FY2017 Results	1Q FY2018 Results	Semiconductors			26.6	29.5	Industrial Modules			49%	51%	Magnetic Disks			3.9	5.8	Industrial Discrete Devices*			25%	23%						Automobiles			26%	26%
Breakdown of Electronic Devices Sales			1Q FY2017 Results	1Q FY2018 Results	Distribution of Semiconductor Sales by Fields			1Q FY2017 Results	1Q FY2018 Results																																				
Semiconductors			26.6	29.5	Industrial Modules			49%	51%																																				
Magnetic Disks			3.9	5.8	Industrial Discrete Devices*			25%	23%																																				
					Automobiles			26%	26%																																				
Food and Beverage Distribution	Net Sales	25.8	28.5	2.7	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	1.2	1.4	0.3	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 1Q FY2018 (YoY Comparison)

(Billion yen)



	1Q FY2017 Results	1Q FY2018 Results	Change
Overseas	47.6	56.4	8.8
Asia and Others	22.3	27.8	5.5
China	16.8	21.0	4.3
Europe	4.3	4.2	-0.1
Americas	4.3	3.4	-0.9

Energy Solutions + 0.4
Industry Solutions + 1.7
Power and New Energy + 1.0
Electronic Devices + 4.1
Food and Beverage
Distribution + 1.7

Energy Solutions + 0.3
Industry Solutions + 0.7
Power and New Energy + 2.2
Electronic Devices + 2.5

Energy Solutions + 0.4
Industry Solutions + 0.4
Electronic Devices + 1.8
Food and Beverage
Distribution + 1.7

Consolidated Balance Sheet at the end of 1Q FY2018

(Billion yen)

Assets

	3/31/18	6/30/18	Change
Cash and time deposit	33.4	28.6	-4.8
Notes and account receivables, trade receivables	287.1	255.6	-31.5
Inventories	149.8	168.6	18.9
Other current assets	48.3	49.3	1.0
Total current assets	518.5	502.0	-16.4
Tangible fixed assets	174.6	172.7	-1.9
Intangible fixed assets	19.3	19.3	-0.1
Investments and other assets	202.2	196.3	-5.9
Total long-term assets	396.1	388.2	-7.9
Deferred assets	0.1	0.2	0.0
Total assets	914.7	890.4	-24.3
Net interest-bearing debt※1	130.2	147.2	17.0
Net D/E ratio※2 (times)	0.4	0.5	0.1
Equity ratio	36.1%	36.5%	0.4%

Liabilities and Net Assets

	3/31/18	6/30/18	Change
Notes and account payables, trade payables	184.0	168.6	-15.4
Interest-bearing debts	128.3	141.3	13.0
Lease obligations	35.2	34.2	-1.0
Other liabilities	200.7	185.4	-15.3
Total liabilities	548.2	529.5	-18.7
Capital stock	47.6	47.6	-
Capital surplus	46.0	46.0	0.0
Retained earnings	195.5	194.8	-0.8
Treasury stock	-7.3	-7.3	-0.0
Shareholders' equity	281.8	281.0	-0.8
Accumulated other comprehensive income	48.8	44.2	-4.6
Non-controlling interests	35.9	35.6	-0.3
Total net assets	366.5	360.9	-5.6
Total liabilities and net assets	914.7	890.4	-24.3

※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 Financial Results Forecasts for FY2018 (YoY Comparison)

No change to initial first-half or full-year forecasts

(Billion yen)	FY2017 Results		FY2018 Forecasts (Apr. 26, 2018)		Change	
	1H	Full year	1H	Full year	1H	Full year
Net Sales	395.0	893.5	400.0	900.0	5.0	6.5
Operating Income/Loss	12.7	56.0	13.0	58.5	0.3	2.5
Ordinary Income/Loss	11.7	56.0	12.2	60.0	0.5	4.0
Net Income Attributable to Owners of Parent	6.2	37.8	7.5	39.5	1.3	1.7

Assumed Exchange Rate from 2Q to 4Q

	US\$	EURO	RMB
Exchange Rate (Yen)	105	125	16.5
Foreign Exchange Rate Sensitivity (Million yen)	60	50	150

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

(Billion yen)	FY2017 Results				FY2018 Forecasts (Apr. 26, 2018)				Change			
	Net Sales		Operating Income/Loss		Net Sales		Operating Income/Loss		Net Sales		Operating Income/Loss	
	1H	Full year	1H	Full year	1H	Full year	1H	Full year	1H	Full year	1H	Full year
Power Electronics Systems —Energy Solutions	89.7	217.6	2.0	14.0	88.4	224.4	3.0	16.4	-1.3	6.8	1.0	2.4
Power Electronics Systems —Industry Solutions	138.3	321.0	1.8	18.9	132.4	322.0	0.8	19.2	-5.9	1.0	-1.0	0.3
Power and New Energy	37.9	96.9	1.2	5.5	51.2	102.0	2.2	6.5	13.3	5.1	1.0	1.0
Electronic Devices	64.7	126.9	6.7	13.7	66.2	133.0	7.0	15.2	1.5	6.1	0.3	1.5
Food and Beverage Distribution	55.5	117.8	2.2	6.2	58.0	116.0	2.4	6.5	2.5	-1.8	0.2	0.3
Others	29.9	60.4	1.5	2.9	29.4	59.1	1.1	2.2	-0.5	-1.3	-0.4	-0.7
Elimination and Corporate	-21.0	-47.1	-2.8	-5.3	-25.8	-56.5	-3.6	-7.6	-4.8	-9.4	-0.8	-2.3
Total	395.0	893.5	12.7	56.0	400.0	900.0	13.0	58.5	5.0	6.5	0.3	2.5

※Figures for FY2017 reflect the organizational restructuring conducted in FY2018.

©2018 Fuji Electric Co., Ltd. All rights reserved.

1. These materials are outside the scope of auditing procedures required by law, and as of the date of this results presentation, financial statement auditing procedures required by law have not yet been completed.
2. Statements made in this documents or in the presentation to which they pertain regarding estimates or projections are forward-looking statements based on the company's judgments and assumptions in light of information currently available. Actual results may differ materially from those projected as a result of uncertainties inherent in such judgments and assumptions, as well as changes in business operations or other internal or external conditions. Accordingly, the company gives no guarantee regarding the reliability of any information contained in these forward-looking statements.
3. These documents are for information purpose only, and do not constitute an inducement by the company to make investments.
4. Unauthorized reproduction of these documents, in part or in whole, is prohibited.