

Consolidated Financial Results **for 1Q FY2019**

July 26, 2019

Fuji Electric Co., Ltd.

Summary of Consolidated Financial Results for 1Q FY2019 (YoY Comparison)

Sales and income down due to rebound from large-scale orders in the previous equivalent period and trade friction between the United States and China

(Billion yen)

	1Q FY2018 Results	1Q FY2019 Results	Change
Net Sales	195.8	176.0	-19.8
Operating Income/Loss	6.4	3.6	-2.7
Ordinary Income/Loss	7.4	3.9	-3.5
Extraordinary Income/Loss	1.2	-0.2	-1.4
Income/Loss before Income Taxes	8.6	3.6	-4.9
Income Taxes	2.6	0.9	-1.7
Net Income Attributable to Non-controlling Interests	0.6	0.2	-0.4
Net Income Attributable to Owners of Parent	5.4	2.5	-2.8

(Average Exchange Rate)

(Yen)

US\$	109.07	109.90	0.83
EURO	130.06	123.49	-6.58
RMB	17.13	16.07	-1.05

(End of the Month Rate Difference: March 31, 2019 → June 30, 2019)

(Yen)

US\$	106.24→110.54	110.99→107.79	-7.50
EURO	130.52→127.91	124.56→122.49	0.54
RMB	16.92→16.66	16.47→15.69	-0.52

Net Sales

Loss on translation of earnings of overseas subsidiaries	-1.3
Demand decrease	-18.5

Operating Income/Loss

Cost reduction, price fluctuations and sales mix changes	1.9	Decrease in sales volumes	-3.8
		Increase in fixed cost	-0.5
		Exchange rate effect	-0.3
	1.9		-4.6

Non-operating Income/Loss

Net interest expense	0.3 (0.9 → 1.1)
Foreign exchange loss	-1.0 (0.4 → -0.7)
Others	-0.0 (-0.3 → -0.3)
	-0.8 (1.0 → 0.2)

Extraordinary Income/Loss

Gain on sales of investment securities	0.2 (0.0 → 0.2)
Loss on valuation of investment securities	-0.4 (0.0 → -0.4)
Gain on reversal of foreign currency translation adjustments due to subsidiary liquidation	-1.3 (1.3 → 0.0)
Others	0.0 (-0.1 → -0.0)
	-1.4 (1.2 → -0.2)

Net Sales and Operating Income by Segment for 1Q FY2019 (YoY Comparison)

Sales and income down in all segments except Food and Beverage Distribution

(Billion yen)

	1Q FY2018 Results		1Q FY2019 Forecasts		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems Energy	44.6	1.3	42.4	1.2	-2.2	-0.1
Power Electronics Systems Industry	59.2	-1.4	53.5	-2.7	-5.7	-1.4
Electronic Devices	35.3	4.8	32.9	3.3	-2.4	-1.5
Food and Beverage Distribution	28.5	1.4	28.7	2.2	0.2	0.8
Power Generation	24.5	1.0	14.6	0.6	-9.8	-0.4
Others	14.9	0.5	15.0	0.5	0.1	0.0
Elimination and Corporate	-11.2	-1.3	-11.2	-1.4	0.0	-0.1
Total	195.8	6.4	176.0	3.6	-19.8	-2.7

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

Business Results by Segment for 1Q FY2019 (YoY Comparison) ①

(Billion yen)

		1Q FY2018 Results	1Q FY2019 Results	Change	Overview	
Power Electronics Systems	Energy	Net Sales	44.6	42.4	-2.2	<p>Energy Management Decrease in net sales primarily as a result of the rebound from large-scale projects undertaken overseas during the previous equivalent period, but increase in operating results due to the benefits of cost reduction efforts</p> <p>Power Supply and Facility Systems Increase in net sales and operating results, despite the absence of a large-scale order recorded in the previous equivalent period in Japan, as a result of a rise in large-scale overseas orders in switchgear and controlgear operations</p>
		Operating Income/Loss	1.3	1.2	-0.1	<p>ED&C Components Decrease in net sales and operating results due to reduced demand from machine tool and other equipment manufacturers in Japan and overseas</p>
	Industry	Net Sales	59.2	53.5	-5.7	<p>Automation Systems Decrease in net sales and operating results following reduced demand for low-voltage inverters and FA components in Japan and overseas</p> <p>Social Solutions Decrease in net sales and operating results due to the absence of large-scale orders for electrical equipment for railcars recorded in the previous equivalent period</p>
		Operating Income/Loss	-1.4	-2.7	-1.4	<p>Equipment Construction Increase in net sales and operating results due to strong demand for plant and air-conditioning equipment construction</p> <p>IT Solutions Decrease in net sales and operating results because of the rebound from large-scale orders recorded in the previous equivalent period</p>

Business Results by Segment for 1Q FY2019 (YoY Comparison) ②

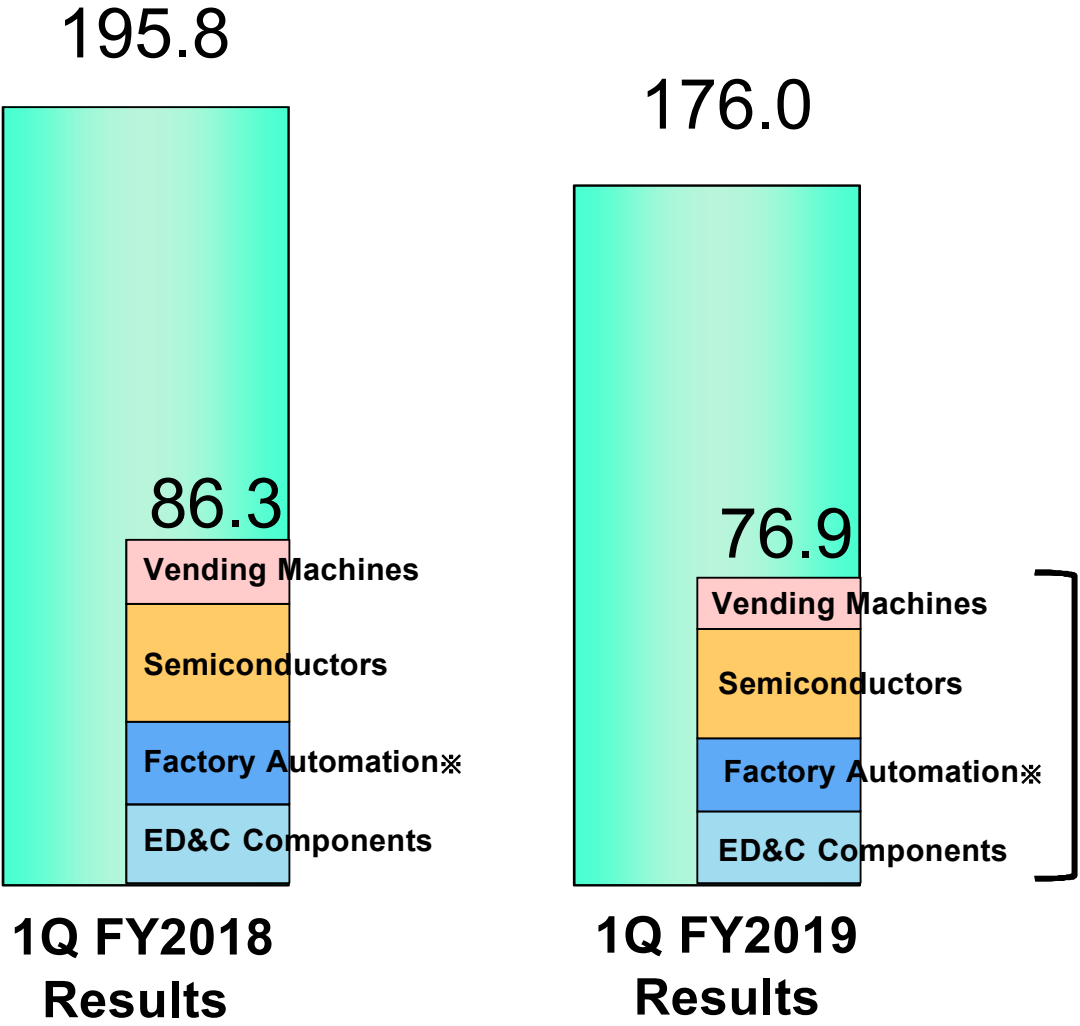
(Billion yen)

		1Q FY2018 Results	1Q FY2019 Results	Change	Overview																								
Electronic Devices	Net Sales	35.3	32.9	-2.4	<p>Decrease in net sales and operating results as the benefits of higher demand for automotive power semiconductors were outweighed by the impacts of lower demand in the industrial field stemming from slowdown in the Japanese and Chinese markets</p> <p>Decrease in net sales and operating results due to lower demand for personal computers and data centers</p> <table border="1"> <thead> <tr> <th colspan="2">Breakdown of Electronic Devices Sales</th> <th>1Q FY2018 Results</th> <th>1Q FY2019 Results</th> </tr> </thead> <tbody> <tr> <td>Semiconductors</td> <td></td> <td>29.5</td> <td>27.5</td> </tr> <tr> <td>Magnetic Disks</td> <td></td> <td>5.8</td> <td>5.4</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Distribution of Semiconductor Sales by Fields</th> <th>1Q FY2018 Results</th> <th>1Q FY2019 Results</th> </tr> </thead> <tbody> <tr> <td>Industrial Modules</td> <td>51%</td> <td>47%</td> </tr> <tr> <td>Industrial Discrete Devices</td> <td>23%</td> <td>20%</td> </tr> <tr> <td>Automobiles</td> <td>26%</td> <td>33%</td> </tr> </tbody> </table>	Breakdown of Electronic Devices Sales		1Q FY2018 Results	1Q FY2019 Results	Semiconductors		29.5	27.5	Magnetic Disks		5.8	5.4	Distribution of Semiconductor Sales by Fields	1Q FY2018 Results	1Q FY2019 Results	Industrial Modules	51%	47%	Industrial Discrete Devices	23%	20%	Automobiles	26%	33%
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Operating Income/Loss	4.8	3.3	-1.5																										
Food and Beverage Distribution	Net Sales	28.5	28.7	0.2	<p>Vending Machines</p> <p>Decrease in net sales and operating results due to reduced demand in the Japanese and Chinese markets</p>																								
	Operating Income/Loss	1.4	2.2	0.8	<p>Store Distribution</p> <p>Increase in net sales and operating results thanks to an increase in demand for store equipment for convenience stores</p>																								
Power Generation	Net Sales	24.5	14.6	-9.8	<p>Decrease in net sales and operating results for thermal power systems</p> <p>Decrease in net sales and operating results for renewable energy systems due to large-scale projects for hydro power and solar power generation systems</p>																								
	Operating Income/Loss	1.0	0.6	-0.4																									

Breakdown of Changes in Net Sales for 1Q FY2019 (YoY Comparison)

Sales down due to rebound from large-scale Power Generation segment orders in the previous equivalent period and lower sales of major components

(Billion yen)



Breakdown of changes in net sales (YoY Comparison)

Power generation	-9.8
Major components	-9.4
Others	-0.6
Total Change	-19.8

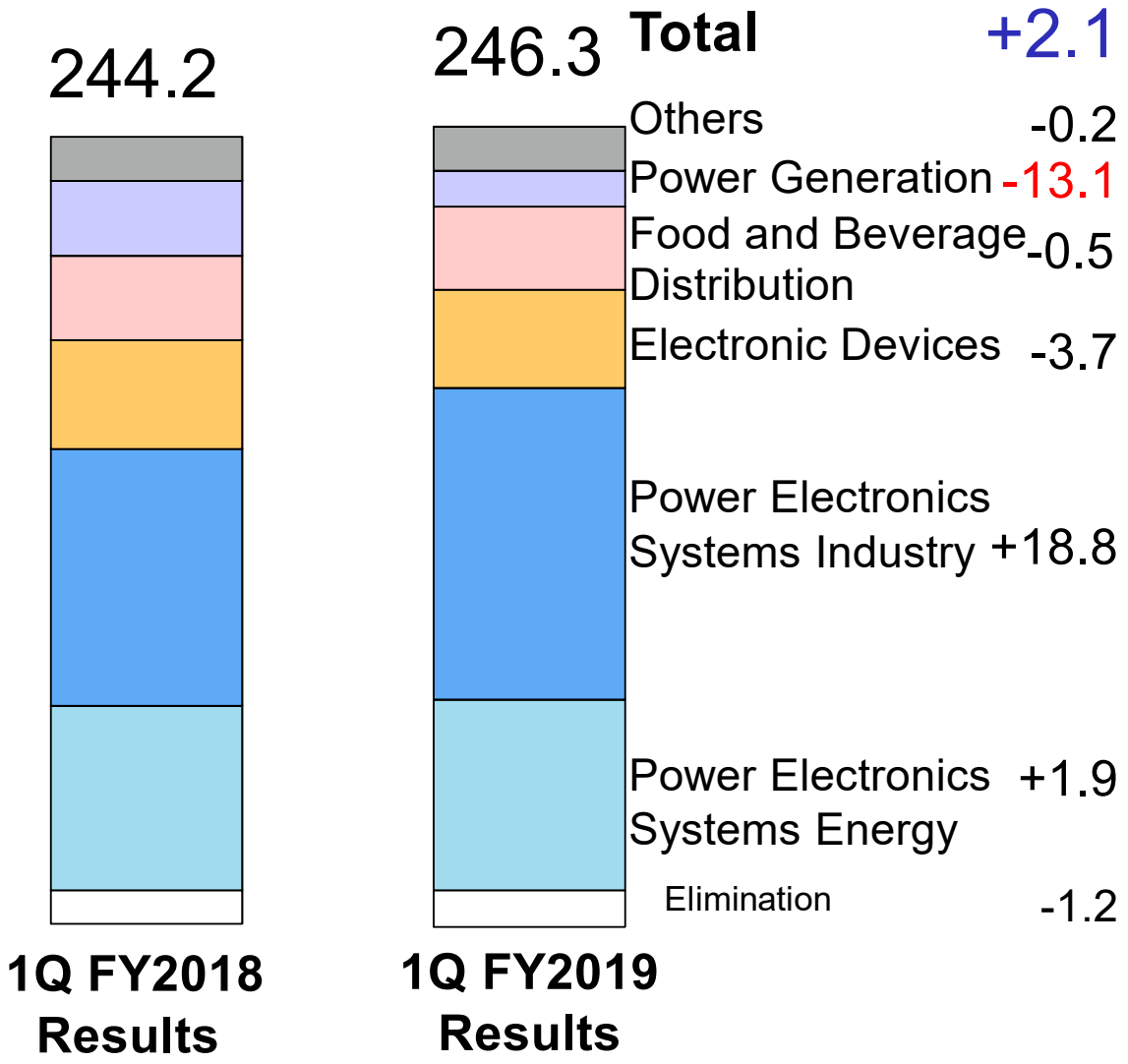
Major components

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

Breakdown of Changes in Amount of Orders Received for 1Q FY2019 (YoY Comparison)

Up ¥2.1 billion, despite rebound from decreased orders of Power Generation segment and major components due to power electronics systems orders

(Billion yen)



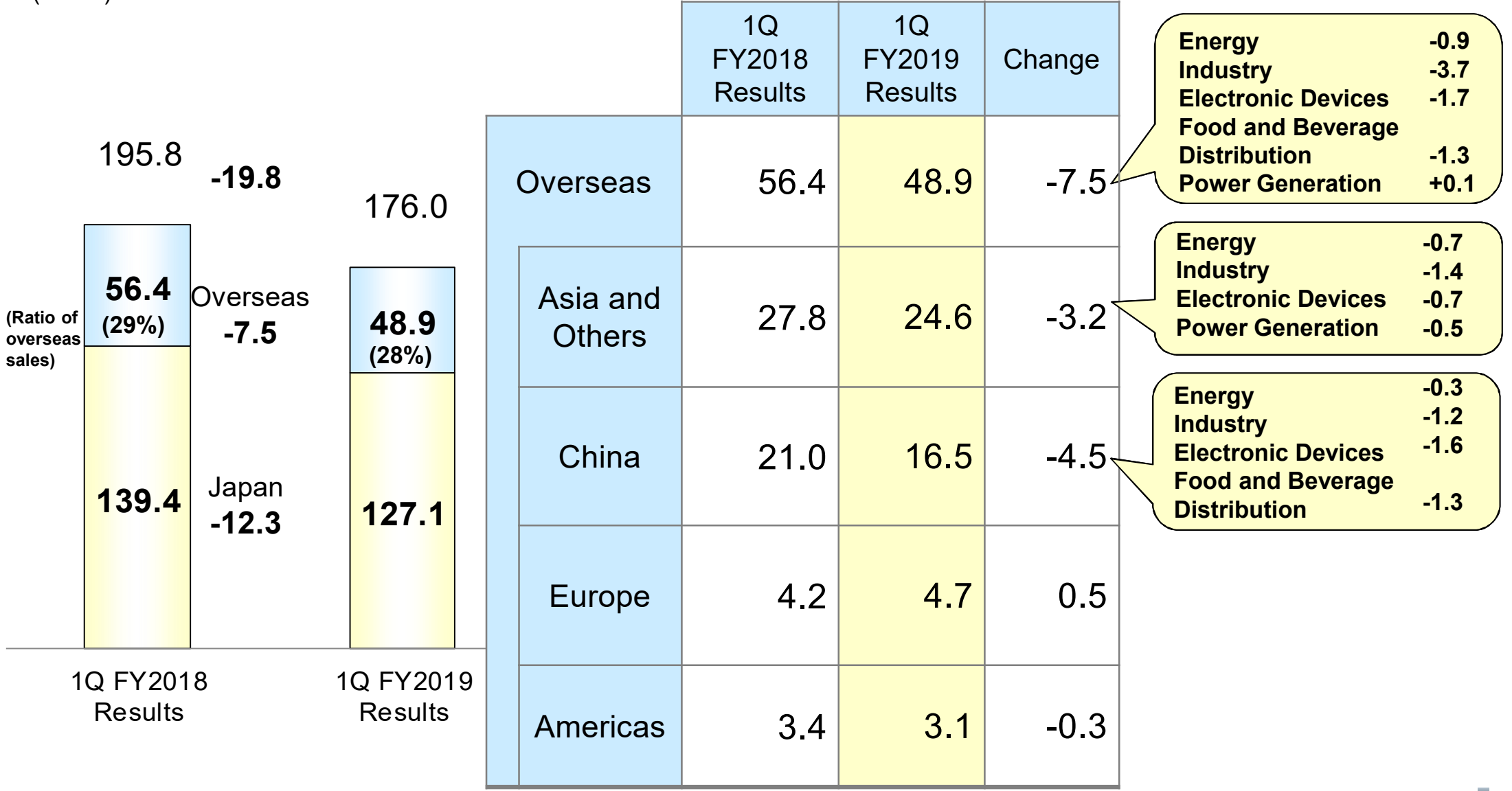
Breakdown of changes in Amount of Orders Received (YoY Comparison)

Power generation	-13.1
Major components (ED&C components, factory automation, semiconductors and vending machines)	-11.0
Increase in system orders and others	+26.2
Total	+2.1

Net Sales by Japan and Overseas Area for 1Q FY2019 (YoY Comparison)

(Billion)

(Billion yen)



Consolidated Balance Sheet at the End of 1Q FY2019

(Billion yen)

Assets		3/31/19	6/30/19	Change
Cash and time deposit		29.3	25.1	-4.2
Notes and account receivables, trade receivables		308.8	279.9	-28.9
Inventories		177.0	205.2	28.3
Other current assets		58.0	67.4	9.4
Total current assets		573.1	577.7	4.6
Tangible fixed assets		182.1	181.6	-0.5
Intangible fixed assets		17.8	17.0	-0.8
Investments and other assets		179.4	176.4	-3.0
(Net defined benefit asset)		(16.4)	(16.6)	(0.2)
Total long-term assets		379.4	375.1	-4.3
Deferred assets		0.2	0.1	-0.0
Total assets		952.7	952.9	0.3
Net interest-bearing debt※1		124.9	155.7	30.8
Net D/E ratio※2 (times)		0.4	0.5	0.1
Equity ratio		37.0%	36.2%	-0.8%

Liabilities and Net Assets		3/31/19	6/30/19	Change
Notes and account payables, trade payables		196.7	185.2	-11.5
Interest-bearing debts		154.0	180.6	26.6
Other liabilities		209.9	203.9	-6.0
Total liabilities		560.6	569.7	9.1
Capital stock		47.6	47.6	—
Capital surplus		46.1	46.1	0.0
Retained earnings		223.9	220.8	-3.2
Treasury stock at cost		-7.3	-7.3	-0.0
Shareholders' equity		310.3	307.1	-3.2
Accumulated other comprehensive income		42.6	38.3	-4.3
Non-controlling interests		39.1	37.7	-1.4
Total net assets		392.1	383.2	-8.9
Total liabilities and net assets		952.7	952.9	0.3

※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 FY2019 (Comparison with Previous Forecasts)

Downward revision to forecast for six-month performance based on three-month performance
 No change to forecast for full-year performance released on April 25, 2019, in light of high levels of opaqueness

(Billion yen)	FY2019 (Forecasts as of Apr. 25, 2019)		FY2019 (Forecasts as of July 25, 2019)		Change	
	1H	Full year	1H	Full year	1H	Full year
	Net Sales	411.5	930.0	405.5	930.0	-6.0
Operating Income/Loss	15.6	62.0	12.6	62.0	-3.0	0.0
Ordinary Income/Loss	14.8	63.6	11.8	63.6	-3.0	0.0
Net Income Attributable to Owners of Parent	8.6	40.4	6.5	40.4	-2.1	0.0

Assumed Exchange Rate from 2Q to 4Q

	US\$	EURO	RMB
Exchange Rate (Yen)	105	123	16.0
Foreign Exchange Rate Sensitivity (Million yen)	60	60	200

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

(Billion yen)	FY2019 (Forecasts as of Apr. 25, 2019)				FY2019 (Forecasts as of July 25, 2019)				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	95.2	220.0	4.7	16.8	94.2	220.0	3.7	16.8	-1.0	0.0	-1.0	0.0
Power Electronics Systems Industry	140.3	332.0	0.8	21.9	138.3	332.0	0.0	21.9	-2.0	0.0	-0.8	0.0
Electronic Devices	71.7	150.3	8.3	17.5	68.7	150.3	7.1	17.5	-3.0	0.0	-1.2	0.0
Food and Beverage Distribution	55.1	113.6	2.9	6.6	55.1	113.6	2.9	6.6	0.0	0.0	0.0	0.0
Power Generation	45.1	116.0	0.9	4.3	45.1	116.0	0.9	4.3	0.0	0.0	0.0	0.0
Others	31.4	60.0	1.0	2.2	31.4	60.0	1.0	2.2	0.0	0.0	0.0	0.0
Elimination and Corporate	-27.2	-61.9	-3.0	-7.4	-27.2	-61.9	-3.0	-7.4	0.0	0.0	0.0	0.0
Total	411.5	930.0	15.6	62.0	405.5	930.0	12.6	62.0	-6.0	0.0	-3.0	0.0

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