

Consolidated Financial Results for 1H FY2019

November 1, 2019
Fuji Electric Co., Ltd.

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

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

(Billion yen)

	1H FY2018 Results	1H FY2019 Results	Change
Net Sales	419.4	406.7	-12.8
Operating Income/Loss	18.5	11.1	-7.4
Ordinary Income/Loss	19.4	10.9	-8.6
Extraordinary Income/Loss	1.9	-0.7	-2.6
Income/Loss before Income Taxes	21.3	10.1	-11.2
Income Taxes	6.6	3.2	-3.4
Net Income Attributable to Non-controlling Interests	2.1	1.0	-1.2
Net Income Attributable to Owners of Parent	12.5	6.0	-6.6

(Average Exchange Rate)

(Yen)

US\$	110.26	108.63	-1.63
EURO	129.85	121.42	-8.43
RMB	16.75	15.68	-1.07

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

(Yen)

US\$	106.24→113.57	110.99→107.92	-10.40
EURO	130.52→132.14	124.56→118.02	-8.16
RMB	16.92→16.50	16.47→15.13	-0.92

Net Sales

Loss on translation of earnings of overseas subsidiaries	-5.5
Demand decrease	-7.3

Operating Income/Loss

Decrease in sales volumes	-3.8
Increase in fixed costs	-2.4
Exchange rate effect	-1.1
Others*	-0.1
	<u>-7.4</u>

*cost reduction, price fluctuations and sales mix changes

Non-operating Income/Loss

Net interest expense	0.3	(0.7 → 1.0)
Foreign exchange loss	-1.6	(0.7 → -1.0)
Others	0.2	(-0.5 → -0.3)
	<u>-1.2</u>	(0.9 → -0.3)

Extraordinary Income/Loss

Gain on sales of investment securities	-0.5	(0.7 → 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	-0.4	(-0.1 → -0.5)
	<u>-2.6</u>	(1.9 → -0.7)

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

Income down in all segments except Food and Beverage Distribution

(Billion yen)

	1H FY2018 Results		1H FY2019 Results		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power Electronics Systems Energy	93.8	5.0	98.1	3.6	4.3	-1.3
Power Electronics Systems Industry	142.1	1.9	138.7	-0.7	-3.4	-2.6
Electronic Devices	71.8	8.6	65.8	6.0	-6.0	-2.6
Food and Beverage Distribution	56.3	2.6	54.7	2.9	-1.6	0.3
Power Generation	49.2	1.9	41.8	0.8	-7.3	-1.1
Others	30.3	1.1	30.7	1.2	0.4	0.0
Elimination and Corporate	-24.0	-2.6	-23.2	-2.7	0.8	-0.1
Total	419.4	18.5	406.7	11.1	-12.8	-7.4

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

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

(Billion yen)

		1H FY2018 Results	1H FY2019 Results	Change	Overview	
Power Electronics Systems	Energy	Net Sales	93.8	98.1	4.3	<p>Energy Management Decrease in net sales 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	5.0	3.6	-1.3	<p>ED&C Components Decrease in net sales and operating results due to reduced demand from machine tool and other equipment manufacturers</p>
	Industry	Net Sales	142.1	138.7	-3.4	<p>Automation Systems Decrease in net sales and operating results following reduced demand for low-voltage inverters and factory automation components in Japan and overseas</p> <p>Social Solutions Decrease in net sales and operating results due to the absence of large-scale projects for electrical equipment for railcars recorded in the previous equivalent period</p>
		Operating Income/Loss	1.9	-0.7	-2.6	<p>Equipment and Construction Decrease in net sales following declines in electrical and air-conditioning equipment construction projects, but increase in operating results due to the benefits of cost reduction efforts</p> <p>IT Solutions Increase in net sales and operating results because of a rise in large-scale orders in the private sector</p>

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

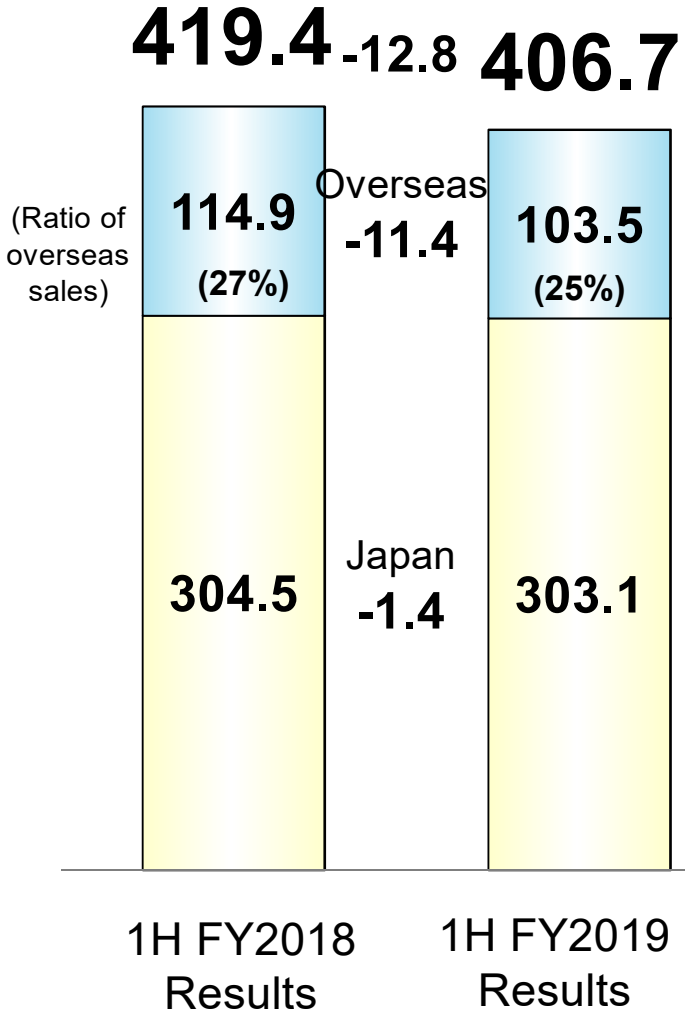
(Billion yen)

		1H FY2018 Results	1H FY2019 Results	Change	Overview					
Electronic Devices	Net Sales	71.8	65.8	-6.0	Lower net sales and operating results for semiconductors due to reduced demand in the industrial field centered on the Japanese and Chinese markets as well as the impacts of foreign exchange influences outweighed increased demand for automotive power semiconductors for electrified vehicles (xEVs) Lower net sales and operating results for magnetic disks due to reduced demand for products for computer and data center applications					
	Operating Income/Loss	8.6	6.0	-2.6	Breakdown of Electronic Devices Sales					
				-0.8		1H FY2018 Results	1H FY2019 Results	Distribution of Semiconductor Sales by Fields		1H FY2018 Results
					Semiconductors	58.1	54.5	Industrial Modules	50%	46%
					Magnetic Disks	13.7	11.3	Industrial Discrete Devices	23%	20%
								Automobiles	27%	34%
Food and Beverage Distribution	Net Sales	56.3	54.7	-1.6	Vending Machines Decrease in net sales and operating results due to reduced demand in the Japanese and Chinese markets					
	Operating Income/Loss	2.6	2.9	0.3	Store Distribution Increase in net sales and operating results thanks to an increase in demand for store equipment for convenience stores					
Power Generation	Net Sales	49.2	41.8	-7.3	Decrease in net sales and operating results as the decline in large-scale solar power generation system projects outweighed the increase in large-scale thermal and geothermal power generation system projects					
	Operating Income/Loss	1.9	0.8	-1.1						

Exchange rate effect

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

(Billion yen)



(Billion yen)

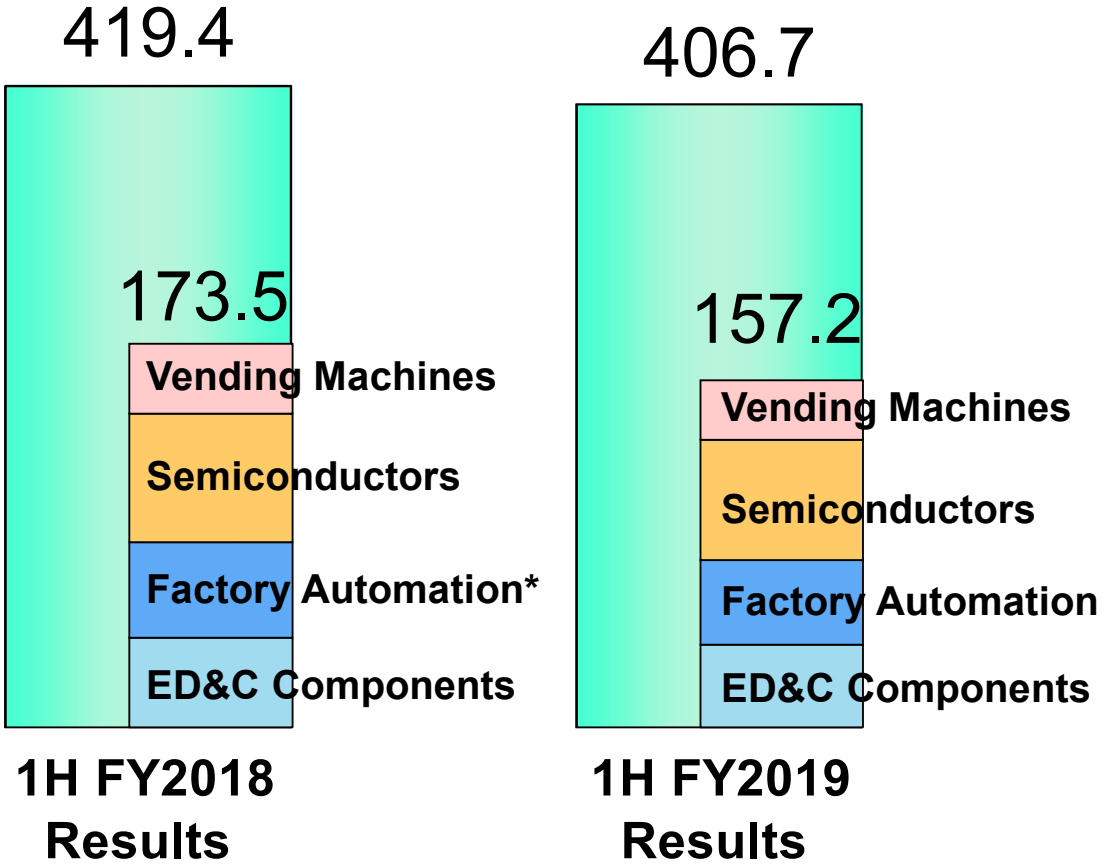
	1H FY2018 Results	1H FY2019 Results	Change
Overseas	114.9	103.5	-11.4
Asia and Others	57.6	55.8	-1.8
China	41.7	32.7	-9.0
Europe	8.2	8.8	0.5
Americas	7.4	6.3	-1.1

- Energy +3.0
 - Industry -7.5
 - Electronic Devices -5.0
 - Food and Beverage -3.2
 - Distribution -3.2
 - Power Generation +1.1
- Energy Management -2.1
 - Power Supply and Facility Systems +6.5
 - ED&C Components -1.0
 - Automation Systems -1.9
 - Social Solutions -0.9
 - Magnetic Disks -2.4
 - Power Generation +0.6
- ED&C Components -0.9
 - Automation Systems -1.9
 - Semiconductors -3.0
 - Vending Machines -3.1
- Semiconductors +0.9
- Social Solutions -1.1

Breakdown of Changes in Net Sales by Products for 1H FY2019 (YoY Comparison)

Decrease in net sales as a result of reduced demand for major components and the absence of large-scale power plants orders recorded in the previous equivalent period, increase in system projects

(Billion yen)



Breakdown of changes in net sales (YoY Comparison)

Major components	-16.3
Power generation	-7.3
Systems, others	+10.8
	-12.8

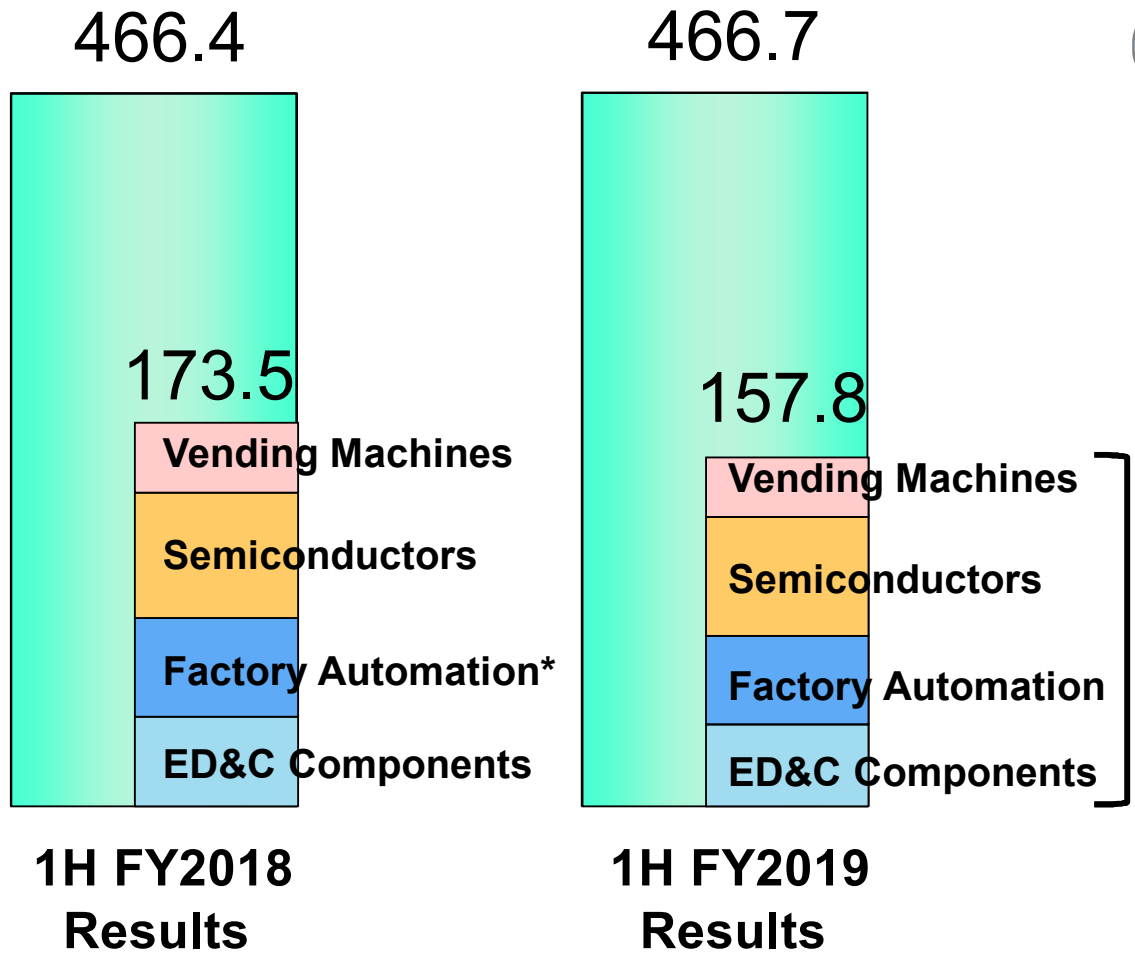
Major components

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

Breakdown of Changes in Amount of Orders Received by Products for 1H FY2019 (YoY Comparison)

Orders unchanged year on year, large increase in system projects

(Billion yen)



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

Systems, others	+23.6
Major components	-15.7
Power generation	-7.6
Total	+0.3

Major components

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

Summary of Consolidated Financial Results for 1H FY2019 (Comparison with Previous Forecasts)

Income lower than forecast due to reduced demand for major components

(Billion yen)	Forecasts (Jul. 25, 2019)	Results	Change
Net Sales	405.5	406.7	1.2
Operating Income/Loss	12.6	11.1	-1.5
Ordinary Income/Loss	11.8	10.9	-0.9
Net Income Attributable to Owners of Parent	6.5	6.0	-0.5

(Billion yen)	Forecasts (Jul. 25, 2019)		Results		Change		Reasons for changes
	Net Sales	Operating Income/ Loss	Net Sales	Operating Income/ Loss	Net Sales	Operating Income/ Loss	
Power Electronics Systems Energy	94.2	3.7	98.1	3.6	3.9	-0.1	- Lower income, despite higher sales stemming from ahead-of-schedule recording of power supply and facility system sales, as a result of a less favorable sales mix
Power Electronics Systems Industry	138.3	0.0	138.7	-0.7	0.4	-0.7	- Decreased income , regardless of increases in large-scale IT solutions orders, due to reduced demand for low-voltage inverters and factory automation components
Electronic Devices	68.7	7.1	65.8	6.0	-2.9	-1.1	- Reduced sales and income following lower semiconductor demand and losses for new product launch losses
Food and Beverage Distribution	55.1	2.9	54.7	2.9	-0.4	0.0	- Decreased sales and income in the vending machine business due to delayed sales in Japan and reduced demand in China - Higher sales and income in the store distribution business as a result of increased demand for store equipment for convenience stores
Power Generation	45.1	0.9	41.8	0.8	-3.3	-0.1	- Lower sales and income because of large-scale projects being delayed until the second half of fiscal year
Others	31.4	1.0	30.7	1.2	-0.6	0.2	
Elimination and Corporate	-27.2	-3.0	-23.2	-2.7	4.0	0.3	
Total	405.5	12.6	406.7	11.1	1.2	-1.5	

Consolidated Balance Sheet at the End of 1H FY2019

(Billion yen)

Assets		3/31/19	9/30/19	Change
Cash and time deposit		29.3	23.1	-6.2
Notes and account receivables, trade receivables		308.8	266.7	-42.2
Inventories		177.0	205.0	28.0
Other current assets		58.0	66.0	8.0
Total current assets		573.1	560.8	-12.3
Tangible fixed assets		182.1	181.8	-0.3
Intangible fixed assets		17.8	24.9	7.1
Investments and other assets		179.4	182.8	3.3
Total long-term assets		379.4	389.5	10.1
Deferred assets		0.2	0.1	-0.0
Total assets		952.7	950.4	-2.2

Net interest-bearing debt※1	124.9	163.2	38.4
Net D/E ratio※2 (times)	0.4	0.5	0.1
Equity ratio	37.0%	37.1%	0.0%

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

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

Liabilities and Net Assets		3/31/19	9/30/19	Change
Notes and account payables, trade payables		196.7	169.2	-27.5
Interest-bearing debts		154.0	185.9	31.9
Other liabilities		209.9	204.8	-5.2
Total liabilities		560.6	559.8	-0.8
Capital stock		47.6	47.6	—
Capital surplus		46.1	45.9	-0.1
Retained earnings		223.9	224.2	0.3
Treasury stock at cost		-7.3	-7.3	-0.0
Shareholders' equity		310.3	310.4	0.1
Accumulated other comprehensive income		42.6	42.1	-0.6
Non-controlling interests		39.1	38.1	-1.0
Total net assets		392.1	390.6	-1.5
Total liabilities and net assets		952.7	950.4	-2.2

Consolidated Cash Flow for 1H FY2019

(Billion yen)

		1H FY2018	1H FY2019
I	Cash Flows from Operating Activities	18.0	1.3
II	Cash Flows from Investing Activities	-8.7	-23.8
I + II	Free Cash Flow	9.2	-22.6
III	Cash Flows from Financing Activities	-15.1	16.8
IV	Cash and Cash Equivalents at End of Period	28.8	22.7

Consolidated Financial Results Forecasts for FY2019 (YoY Comparison)

Net sales unchanged year on year, despite higher system and automotive power semiconductor sales,
as a result of the impacts of foreign exchange influences

Deterioration of operating results due to higher upfront investment expenses and impacts of foreign exchange influences

(Billion yen)	FY2018 Results	FY2019 Forecasts (Oct. 31, 2019)	Change
Net Sales	914.9	915.0	0.1
Operating Income/Loss	60.0	50.0	-10.0
Ordinary Income/Loss	63.5	51.6	-11.9
Net Income Attributable to Owners of Parent	40.3	33.0	-7.3

2H Assumed Exchange Rate

2H Assumed exchange rate of RMB changed
from ¥16.0 to ¥15.0

	US\$	EURO	RMB
Exchange Rate (yen)	105	123	15.0
One Yen Effect (Million yen)	50	60	140

* Impact on operating income/loss

US\$ and EURO: Impact of ¥1-fluctuation / RMB: Impact of 1% fluctuations

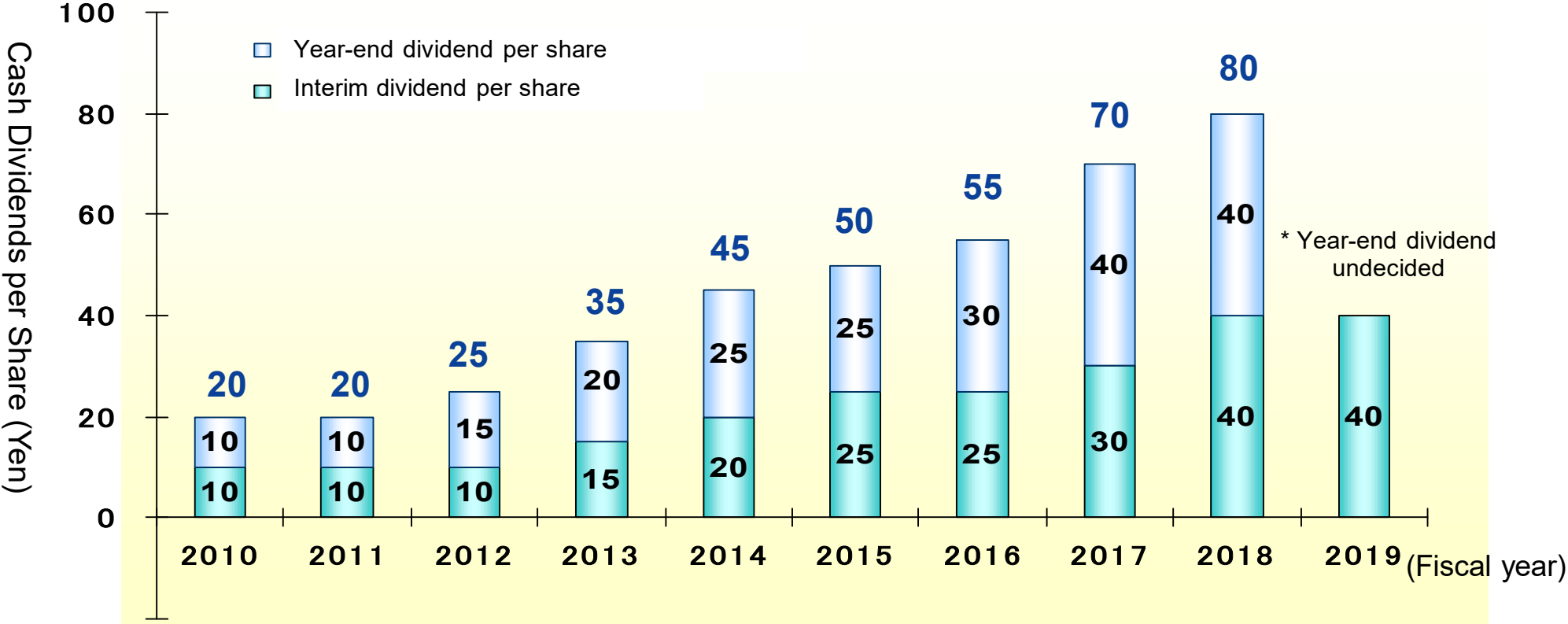
	FY2018		FY2019		Change		Reasons for changes
	Net Sales	Operating Income/ Loss	Net Sales	Operating Income /Loss	Net Sales	Operating Income/ Loss	
Power Electronics Systems Energy	224.1	16.8	217.0	13.8	-1.6 -7.1	-0.4 -3.0	- Lower sales and income due to absence of large-scale power supply and facility system orders recorded in the previous fiscal year, reduced demand for ED&C components and smart meters, and higher R&D expenditures
Power Electronics Systems Industry	322.5	19.4	337.0	19.4	-2.5 14.5	-0.5 0.0	- Higher sales as a result of large-scale IT solutions orders from the public sector, the benefits of newly consolidating FCN in the automation systems business, and SOx scrubber sales, but operating results unchanged year on year due to reduced revenues from low-voltage inverters and factory automation components
Electronic Devices	137.3	15.6	136.0	11.6	-1.3 -4.7	-4.0 -2.0	- Higher sales in semiconductor operations due to increased demand for automotive semiconductors, but lower income as a result of higher depreciation and leases paid, a rise in expenses for starting up new production equipment, and the impacts of new product launch losses and foreign exchange influences - Lower sales and income in magnetic disk operations due to reduced demand for products for computer and data center applications
Food and Beverage Distribution	113.6	5.8	112.0	5.8	-1.6	0.0	- Decreases in sales and income in the vending machine business due to reduced demand in China - Higher income in the store distribution business as a result of increased demand for store equipment for convenience stores
Power Generation	107.0	4.8	116.0	4.3	9.0	-0.5	- Higher sales as a result of the benefits of large-scale thermal power generation projects but lower income due to a less favorable sales mix
Others	62.2	2.8	60.0	2.4	-2.2	-0.4	
Elimination and Corporate	-51.9	-5.2	-63.0	-7.3	-11.1	-2.1	
Total	914.9	60.0	915.0	50.0	0.1 -9.9	-10.0 -3.0	

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

Exchange rate effect

Dividend of Surplus

Interim dividend decided ¥40 per share



Dividend payout ratio	2010	2011	2012	2013	2014	2015	2016	2017	2018
	18.9%	24.2%	13.6%	25.5%	23.0%	23.3%	19.2%	26.5%	28.4%

※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.

Consolidated Financial Results Forecasts for FY2019 (Comparison with Previous Forecasts)

(Billion yen)	FY2019 Forecasts (Jul. 25, 2019)	FY2019 Forecasts (Oct. 31, 2019)	Change
Net Sales	930.0	915.0	-15.0
Operating Income/Loss	62.0	50.0	-12.0
Ordinary Income/Loss	63.6	51.6	-12.0
Net Income Attributable to Owners of Parent	40.4	33.0	-7.4

(Billion yen)	Forecasts (Jul. 25, 2019)		Forecasts (Oct. 31, 2019)		Change			
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss		
Power Electronics Systems Energy	220.0	16.8	217.0	13.8	-3.0	-3.0		
Power Electronics Systems Industry	332.0	21.9	337.0	19.4	5.0	-2.5		
Electronic Devices	150.3	17.5	136.0	11.6	-14.3	-5.9		
Food and Beverage Distribution	113.6	6.6	112.0	5.8	-1.6	-0.8		
Power Generation	116.0	4.3	116.0	4.3	0.0	0.0		
Others	60.0	2.2	60.0	2.4	0.0	0.2		
Elimination and Corporate	-61.9	-7.4	-63.0	-7.3	-1.1	0.1		
Total	930.0	62.0	915.0	50.0	-3.7	-15.0	-1.1	-12.0

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