

# Financial Results for the Second Quarter of the Year 2020

(Six months ended on July 31, 2019)

Company: **FUJI ELECTRIC INDUSTRY CO., LTD.**

Code Number: 6654

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Director and Executive Officer

Stock: Tokyo Stock Exchange

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Date of the board meeting for this period: September 3, 2019

## 1.Second quarter financial results for the six months ended on July 31(February 1,2019 through July 31,2019)

### (1) Operating Results

(Unit: Millions of Yen)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
2nd Q.FY 2020	1,903	(4.5)	138	(34.4)	154	(30.0)
2nd Q.FY 2019	1,993	5.1	210	73.1	220	65.3

  

	Net income		Net income per share –basic	Net income per share –diluted
	Millions of yen	%	Yen	Yen
2nd Q.FY 2020	119	(20.5)	20.21	20.13
2nd Q.FY 2019	150	29.7	25.47	25.37

Note: Percentages for net sales, operating income etc. show increase (decrease) from previous year's second quarter.

### (2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2nd Q.FY 2020	11,115	10,405	93.4	1,752.84
FY 2019	11,097	10,346	93.0	1,746.60

Note: Equity capital

2nd Q.FY 2020 10,380 million yen

FY 2019 10,321 million yen

## 2.Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2019	—	16.00	—	16.00	32.00
FY 2020	—	16.00			
FY 2020 (forecast)			—	16.00	32.00

Note : Revision of dividends forecast for this period : No

## 3.Forecast of operating results for Fiscal Year 2020(February 1,2019 through January 31,2020)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2020	4,300	10.0	405	7.8	420	6.5

  

	Net income		Net income per share
	Millions of yen	%	Yen
FY 2020	265	(4.2)	45.01

Note 1: Percentages for net sales, operating income etc. for the FY 2020 show increase (decrease) from the previous year.

2: Revision of operating results forecast for this period : No

#### 4.Others

(1) Application of special accounting policy for quarterly financial reporting : No

(2) Changes in the accounting policy : No

(3) Changes except (2) : No

(4) About number of shares

Number of shares issued	:	2nd Q.FY 2020	6,669,000	FY 2019	6,669,000
Treasury stock at end of each period	:	2nd Q.FY 2020	746,930	FY 2019	759,630
Average number of shares	:	2nd Q.FY 2020	5,915,134	2nd Q.FY 2019	5,903,252

※ Note with respect to “Forecast of operating results for Fiscal Year 2020”

Forecasts announced by the company referred to above be prepared based on management’s assumptions with information available at this time and therefore involve known and unknown risks and uncertainties.

Please note such risks and uncertainties may cause the actual results to be materially different from the forecasts (earnings forecast, dividend forecast, and other forecasts).

Supplementary financial materials will be posted on our web site on September 4, 2019.

## Qualitative information / Financial affairs

### 1. Description on business performance

#### (1) General situation

During the first six months of the fiscal year ending January 31, 2020, Japan's economy slowly recovered because of these factors like improvements in consumer spending and steady corporate earnings.

With regard to business prospects going forward, the future of the economy is expected to maintain a gradual recovery trend with improvement in labor and income conditions, but it remains uncertain because of the concerns about slowdown in global economies due to prolonged international trade issues.

Under these circumstances, we focused our sales activity on the domestic market of electric power, general industries, electric railway and overseas market of Southeast Asia and the Near and Middle East. As a result of this performance, the sales of I/O interface unit for substation of railway and Test terminal for domestic/overseas substation facilities increased whereas the sales of some products including Terminal block for electric power and Connection box for photovoltaic generation decreased. The cumulative sales amount in the first six months of the fiscal year was 1,903 million yen (decreased by 4.5% compared with the previous year).

Regarding the cumulative profit, the net sales was less than last year's, the operating income was 138 million yen (decreased by 34.4% compared with the previous year), the ordinary income was 154 million yen (decreased by 30.0% compared with the previous year), while Reversal of provision for loss on dissolution of the employees' pension fund of 12 million yen recorded as extraordinary profit, the net income was 119 million yen, a decrease of 30 million yen from the previous year (decreased by 20.5% compared with the previous year).

#### (2) Products sales

##### Control switches

The sales of Cam switch and Conductor switch panel for rolling stock cars were in good shape, although the sales of Auxiliary switch for overseas was sluggish.

The sales amount was 532 million yen (decreased by 1.0% compared with the previous year).

##### Connecting devices

The sales of Test terminal for domestic/overseas substation facilities were strong, but the sales of Surge absorber terminal block and Disconnecting terminal block were soft.

The sales amount was 725 million yen (decreased by 5.9% compared with the previous year).

##### Pilot lamps and Indicators

The sales of all kinds of Indicators for overseas including Fault indicator were selling well, but the sales of Fault indicator and Indicator for pedestrian-control signal for domestic market were flat.

The sales amount was 286 million yen (decreased by 3.6% compared with the previous year).

##### Electronic devices

Because of strong sales of I/O interface unit, Telltale module for slave stations of automatic electricity distribution control system and Annunciator relay, the sales amount was 281 million yen (increased by 7.2% compared with the previous year).

##### Third party sales

Because of the decline in sales of Connection box for photovoltaic generation, the sales amount was 77 million yen (decreased by 37.6% compared with the previous year).

### 2. Description on business performance forecast

As for the prospects of our business performances of January 2020, there have been no changes in the revised forecast that announced on March 7, 2019.

### 3.Non-consolidated quarterly balance sheets

Thousands of Yen

	As of January 31, 2019	As of July 31, 2019
	Amount	Amount
<b>(Assets)</b>		
<b>I Current assets</b>		
1.Cash and deposits	4,280,591	4,254,285
2.Notes and accounts receivable-trade	1,157,186	1,151,766
3.Electronically recorded monetary claims	316,874	295,554
4.Securities	—	200,500
5.Merchandise	500	—
6.Finished goods	135,712	158,676
7.Work in process	338,426	378,588
8.Raw materials	414,791	452,970
9.Others	37,701	54,585
<b>Total current assets</b>	<b>6,681,785</b>	<b>6,946,928</b>
<b>II Noncurrent assets</b>		
(1) Property, plant and equipment		
1.Buildings, net	1,913,842	1,864,904
2.Land	1,347,627	1,347,627
3.Others, net	368,693	338,526
Total property, plant and equipment	3,630,163	3,551,058
(2) Intangible assets	19,831	26,579
(3) Investments and other assets		
1.Investment securities	700,967	526,343
2.Others	64,755	64,269
Total investments and other assets	765,723	590,612
<b>Total noncurrent assets</b>	<b>4,415,718</b>	<b>4,168,250</b>
<b>Total assets</b>	<b>11,097,503</b>	<b>11,115,178</b>

### 3.Non-consolidated quarterly balance sheets

Thousands of Yen

	As of January 31, 2019	As of July 31, 2019
	Amount	Amount
<b>(Liabilities)</b>		
<b>I Current liabilities</b>		
1.Accounts payable-trade	118,971	129,751
2.Short-term loans payable	120,000	120,000
3.Income taxes payable	68,894	67,143
4.Provision for bonuses	63,560	57,708
5.Provision for directors' bonuses	3,860	—
6.Provision for product warranties	25,562	39,289
7.Others	218,923	196,910
<b>Total current liabilities</b>	<b>619,771</b>	<b>610,803</b>
<b>II Noncurrent liabilities</b>		
1.Provision for retirement benefits	48,563	63,778
2.Provision for loss on dissolution of the employees' pension fund	48,140	—
3.Others	34,287	35,452
<b>Total noncurrent liabilities</b>	<b>130,990</b>	<b>99,231</b>
<b>Total liabilities</b>	<b>750,762</b>	<b>710,034</b>
<b>(Net assets)</b>		
<b>I Shareholders' equity</b>		
1.Capital stock	1,087,250	1,087,250
2.Capital surplus	1,707,822	1,710,519
3.Retained earnings	8,171,479	8,196,456
4.Treasury stock	(804,521)	(791,071)
<b>Total shareholders' equity</b>	<b>10,162,030</b>	<b>10,203,154</b>
<b>II Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	159,283	177,273
<b>Total valuation and translation adjustments</b>	<b>159,283</b>	<b>177,273</b>
<b>III Share option</b>	<b>25,427</b>	<b>24,716</b>
<b>Total net assets</b>	<b>10,346,741</b>	<b>10,405,144</b>
<b>Total liabilities and net assets</b>	<b>11,097,503</b>	<b>11,115,178</b>

#### 4.Non-consolidated quarterly statements of income

Thousands of Yen

	Six months ended July 31, 2018	Six months ended July 31, 2019
	Amount	Amount
I Net sales	1,993,193	1,903,430
II Cost of sales	1,242,618	1,226,706
<b>Gross profit</b>	<b>750,575</b>	<b>676,723</b>
III Selling, general and administrative expenses	540,088	538,685
<b>Operating income</b>	<b>210,487</b>	<b>138,037</b>
IV Non-operating income		
1.Interest income	1,235	1,114
2.Dividends income	5,785	6,783
3.Subsidy income	—	6,417
4.Others	4,563	2,236
Total non-operating income	11,585	16,551
V Non-operating expenses		
1.Interest expenses	543	543
2.Loss on investments in partnership	1,383	—
3.Others	0	38
Total non-operating expenses	1,928	582
<b>Ordinary income</b>	<b>220,143</b>	<b>154,006</b>
VI Extraordinary income		
Reversal of provision for loss on dissolution of the employees' pension fund	—	12,028
Total extraordinary incomes	—	12,028
VII Extraordinary loss		
Loss on retirement of noncurrent assets	1,464	1,197
Total extraordinary losses	1,464	1,197
<b>Income before income taxes</b>	<b>218,679</b>	<b>164,838</b>
Income taxes	68,305	45,311
<b>Net income</b>	<b>150,373</b>	<b>119,527</b>

## 5.Non-consolidated quarterly statements of cash flows

Thousands of Yen

	Six months ended July 31, 2018	Six months ended July 31, 2019
Description	Amount	Amount
<b>I. Net cash provided by (used in) operating activities</b>		
Income before income taxes	218,679	164,838
Depreciation and amortization	125,667	151,536
Increase (decrease) in provision for directors' bonuses	3,710	(3,860)
Increase (decrease) in provision for retirement benefits	(2,231)	15,215
Interest and dividends income	(7,021)	(7,898)
Interest expenses	543	543
Increase(decrease) in provision for loss on dissolution of the employees' pension fund	—	(48,140)
Increase(decrease) in provision for product warranties	—	13,727
Loss (gain) on investments in partnership	1,383	—
Subsidy income	—	(6,417)
Loss on retirement of property, plant and equipment	1,464	1,197
Decrease (increase) in notes and accounts receivable-trade	83,760	26,739
Decrease (increase) in inventories	(17,930)	(100,805)
Increase (decrease) in notes and accounts payable-trade	(31,677)	10,779
Others	121,421	(927)
Subtotal	497,769	216,528
Interest and dividends received	7,134	8,043
Interest expenses paid	(566)	(567)
Proceeds from subsidy income	—	6,417
Income taxes paid	(68,610)	(55,816)
<b>Net cash provided by (used in) operating activities</b>	<b>435,727</b>	<b>174,605</b>
<b>II. Net cash provided by (used in) investing activities</b>		
Payment for time deposits	(3,300,000)	(3,400,000)
Proceeds from time deposits	3,100,000	3,400,000
Purchase of tangible assets	(116,922)	(90,283)
Purchase of intangible assets	(2,201)	(15,199)
Others	—	50
<b>Net cash provided by (used in) investing activities</b>	<b>(319,123)</b>	<b>(105,433)</b>
<b>III. Net cash provided by (used in) financing activities</b>		
Purchase of treasury shares	(10)	—
Cash dividends paid	(94,479)	(94,065)
Others	—	0
<b>Net cash provided by (used in) financing activities</b>	<b>(94,490)</b>	<b>(94,065)</b>
<b>IV. Effect of exchange rate change on cash and cash equivalents</b>	<b>(1,026)</b>	<b>(1,413)</b>
<b>V. Net increase (decrease) in cash and cash equivalents</b>	<b>(21,086)</b>	<b>(26,306)</b>
<b>VI. Cash and cash equivalents-Beginning</b>	<b>714,637</b>	<b>780,591</b>
<b>VII. Cash and cash equivalents-Ending</b>	<b>735,724</b>	<b>754,285</b>

## 6.Others

### (1) Actual of orders

Thousands of Yen	
	Six months ended July 31, 2019
Products category	Amount
Control switches	552,621
Connecting devices	748,721
Pilot lamps and Indicators	314,899
Electronic devices	282,855
Third party sales	136,918
Total	2,036,015

### (2) Backlog of orders

Thousands of Yen	
	Six months ended July 31, 2019
Products category	Amount
Control switches	215,251
Connecting devices	160,523
Pilot lamps and Indicators	107,121
Electronic devices	148,515
Third party sales	63,835
Total	695,247



### (3) Sales

Thousands of Yen	
	Six months ended July 31, 2019
Products category	Amount
Control switches	532,685
Connecting devices	725,424
Pilot lamps and Indicators	286,597
Electronic devices	281,037
Third party sales	77,686
Total	1,903,430

#### ① Sales form

Thousands of Yen	
	Six months ended July 31, 2019
	Amount
Domestic sales	1,724,520
Overseas sales	178,910
Total	1,903,430

Note: The details of overseas sales are listed below.

#### ② Foreign market for trading company (overseas sales)

Thousands of Yen	
	Six months ended July 31, 2019
	Amount
Southeast Asia	124,012
Middle East	28,588
China	25,529
Europe	495
U.S.A.	284
Total	178,910