

Financial Results for the Year Ended January 31, 2019

Company: **FUJI ELECTRIC INDUSTRY CO., LTD.**
 Code Number: 6654
 Coordinator: Noriko Shimomura
 Executive Officer and General Manager

Stock: Tokyo Stock Exchange
 URL: <http://www.fujidk.co.jp/>
 Head Office: Kyoto, JAPAN
 Telephone: (075) 221-7978

Date of the board meeting for this period: March 7, 2019

Date of the general meeting of shareholders: April 24, 2019

1.Results of fiscal year 2019 (February 1, 2018 through January 31, 2019)

(1) Operating Results

(Unit: Millions of Yen)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2019	3,909	0.2	376	29.4	394	26.5
FY 2018	3,899	3.4	290	(34.6)	311	(33.3)

	Net income		Net income per share		Return on equity	Ratio of Ordinary income to Total assets	Ratio of Operating income to Net sales
			-basic	-diluted			
	Millions of yen	%	Yen	Yen	%	%	%
FY 2019	277	14.1	46.94	46.74	2.7	3.6	9.6
FY 2018	242	(20.1)	41.18	41.01	2.4	2.9	7.5

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

Note 2: Equity in earnings of affiliates: No

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2019	11,109	10,346	92.9	1,746.60
FY 2018	10,986	10,295	93.5	1,741.34

(3) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2019	782	(527)	(189)	780
FY 2018	516	(345)	(218)	714

2.Dividends

	Dividends per share			Total dividends	Payout ratio	Dividends to shareholders' equity ratio
	Interim	Year-end	Annual			
	Yen	Yen	Yen	Millions of yen	%	%
FY 2018	16.00	16.00	32.00	188	77.7	1.8
FY 2019	16.00	16.00	32.00	189	68.2	1.8
FY 2020 (forecast)	16.00	16.00	32.00	—	71.1	—

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	%
Interim	2,085	4.6	134	(35.9)	142	(35.3)
FY 2020	4,300	10.0	405	7.8	420	6.5

	Net income		Net income per share
	Millions of yen	%	Yen
Interim	98	(34.3)	16.76
FY 2020	265	(4.2)	45.01

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

4.Others

- (1) Changes in accounting policy : No
- (2) Changes except (1) : No

※ 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).

Business performance and Financial circumstances

1. Analysis of operating results

(1) General situation

During the fiscal year ending January 31, 2019, Japan's economy slowly recovered because of these factors like increase in business investments and improvements in consumer spending.

With regard to business prospects going forward, the future of the economy is expected to maintain a gradual recovery trend with favorable corporate profits and the improvement in labor and income conditions, but it remains uncertain due to such factors as concerns about slowdown in emerging economies and issues of international trade.

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 Middle and Near East. As a result of this performance, adoption of pilot lamps like Marker light for railway vehicles have promoted, and the sales of Breaker auxiliary switch for substation facilities and Test terminal increased whereas the sales of Automatic power distribution switch and Telltale module decreased. The cumulative sales amount of this fiscal year was 3,909 million yen (increased by 0.2% compared with the previous year).

Regarding the cumulative profit, while personnel costs increased, the temporary expense of enlargement of Minami-kusatsu Factory decreased, and as a result of efforts to curb the manufacturing cost, the operating income was 376 million yen (increased by 29.4% compared with the previous year), the ordinary income was 394 million yen (increased by 26.5% compared with the previous year), and the net income was 277 million yen (increased by 14.1% compared with the previous year).

(2) Operating results by segment

Control switches

The sales of Automatic power distribution switch decreased, although the sales of Cam switch and Breaker auxiliary switch for domestic substation facilities were in good shape.

The sales amount was 1,049 million yen (increased by 1.6% compared with the previous year).

Connecting devices

The sales of Test terminal for domestic/overseas substation facilities, Large current busbar connector for photovoltaic generation and Disconnecting terminal block were strong.

The sales amount was 1,584 million yen (increased by 3.7% compared with the previous year).

Pilot lamps and Indicators

Because of strong sales of Marker light for railway vehicles, Maclit indicator and Semaphore indicator, the sales amount was 602 million yen (increased by 2.4% compared with the previous year).

Electronic devices

The sales of I/O module for substation of railway and Relay unit increased although the sales of Telltale module for slave stations of automatic electricity distribution control system was sluggish.

The sales amount was 542 million yen (decreased by 2.9% compared with the previous year).

Third party sales

As a result of the sales of Connection box for photovoltaic generation, the sales amount of this category reached 130 million yen (decreased by 32.0% compared with the previous year).

2. Forecast for the fiscal year ending January 31, 2020

The economic outlook for the next financial year, the economy will gradually revive with favorable corporate profits and the improvement in labor and income conditions.

We will strive to develop products that meet needs of the times and customers then accelerate purchase and sale by Trading department and sale of machinery and equipment by Production engineering department, in addition to expanding sales of existing products for electric power and heavy electrical machinery.

Although there are concerns about an economic recession due to the drop in crude costs and the protraction of international trade issues, we will develop new markets in Europe and Oceania region, besides Southeast Asia and the Middle and Near East, and will promote development of value-added and cost-competitive products that are designed to match foreign style.

The prospects of our business performances of next financial year are as follows.

The net sales is 4,300 million yen (increased by 10.0% compared with the previous year), the operating income is 405 million yen (increased by 7.8% compared with the previous year), the ordinary income is 420 million yen (increased by 6.5% compared with the previous year), and the net profit is 265 million yen (decreased by 4.2% compared with the previous year).

Financial statements
1. Balance Sheets

Thousands of Yen,%

	As of January 31, 2018		As of January 31, 2019	
	Amount	%	Amount	%
(Assets)				
I Current assets				
1.Cash and deposits	3,914,637		4,280,591	
2.Notes and accounts receivable-trade	1,250,781		1,157,186	
3.Electronically recorded monetary claims	288,485		316,874	
4.Inventories	893,801		889,431	
5.Others	123,030		94,758	
Total current assets	6,470,736	58.9	6,738,842	60.7
II Noncurrent assets				
1.Property, plant and equipment	3,687,468		3,630,163	
2.Intangible assets	23,182		19,831	
3.Investments and other assets	804,812		720,571	
Total noncurrent assets	4,515,464	41.1	4,370,566	39.3
Total assets	10,986,200	100.0	11,109,408	100.0
(Liabilities)				
I Current liabilities				
1.Notes and accounts payable-trade	137,301		118,971	
2.Short-term loans payable	120,000		120,000	
3.Other current liabilities	260,126		380,800	
Total current liabilities	517,427	4.7	619,771	5.6
II Noncurrent liabilities				
1.Deferred tax liabilities	37,372		11,904	
2.Other noncurrent liabilities	136,168		130,990	
Total noncurrent liabilities	173,541	1.6	142,895	1.3
Total liabilities	690,968	6.3	762,666	6.9
(Net assets)				
I Shareholders' equity				
1.Capital stock	1,087,250		1,087,250	
2.Capital surplus	1,704,240		1,707,822	
3.Retained earnings	8,083,179		8,171,479	
4.Treasury stock	(816,477)		(804,521)	
Total shareholders' equity	10,058,192	91.6	10,162,030	91.5
II Valuation and translation adjustments				
Valuation difference on available-for-sale securities	212,365		159,283	
Total valuation and translation adjustments	212,365	1.9	159,283	1.4
III Share option	24,673	0.2	25,427	0.2
Total net assets	10,295,232	93.7	10,346,741	93.1
Total liabilities and net assets	10,986,200	100.0	11,109,408	100.0

2. Statements of Income

Thousands of Yen, %

	As of January 31, 2018		As of January 31, 2019	
	Amount	%	Amount	%
I Net sales	3,899,612	100.0	3,909,311	100.0
II Cost of sales	2,581,326	66.2	2,454,013	62.8
Gross profit	1,318,285	33.8	1,455,297	37.2
III Selling, general, and administrative expenses	1,027,545	26.3	1,079,195	27.6
Operating income	290,740	7.5	376,102	9.6
IV Non-operating income	25,116	0.6	25,010	0.6
V Non-operating expenses	3,981	0.1	6,564	0.2
Ordinary income	311,874	8.0	394,547	10.1
VI Extraordinary income	83,355	2.1	—	—
VII Extraordinary loss	48,509	1.2	1,485	0
Income before income taxes	346,720	8.9	393,062	10.1
Income taxes	103,864	2.7	115,843	3.0
Net income	242,855	6.2	277,218	7.1

3. Statements of Changes in Net Assets

(Unit: Thousands of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	1,087,250	1,704,240	8,083,179	(816,477)	10,058,192
Changes of items during period					
Dividends of surplus			(188,919)		(188,919)
Net income			277,218		277,218
Provision of general reserve			—		—
Purchase of treasury shares				(10)	(10)
Disposal of treasury shares		3,582		11,966	15,548
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	88,299	11,956	103,837
Balance at end of current period	1,087,250	1,707,822	8,171,479	(804,521)	10,162,030

	Valuation and translation adjustments		Share option	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	212,365	212,365	24,673	10,295,232
Changes of items during period				
Dividends of surplus				(188,919)
Net income				277,218
Provision of general reserve				—
Purchase of treasury shares				(10)
Disposal of treasury shares				15,548
Net changes of items other than shareholders' equity	(53,082)	(53,082)	753	(52,328)
Total changes of items during period	(53,082)	(53,082)	753	51,509
Balance at end of current period	159,283	159,283	25,427	10,346,741

4. Statements of Cash Flows

Thousands of Yen

	Year ended January 31, 2018	Year ended January 31, 2019
Description	Amount	Amount
I . Net cash provided by (used in) operating activities		
Income before income taxes	346,720	393,062
Depreciation and amortization	300,460	291,025
Increase (decrease) in provision for directors' bonuses	1,810	2,050
Increase (decrease) in provision for retirement benefits	3,636	(5,510)
Interest and dividends income	(13,776)	(14,446)
Interest expenses	1,214	1,096
Insurance fee	—	(2,545)
Increase (decrease) in provision for loss on dissolution of the employees' pension fund	48,140	—
Increase (decrease) in provision for product warranties	—	25,562
Loss (gain) on sales of investment securities	(63,155)	—
Loss (gain) on sales of land	(20,200)	—
Loss (gain) on investments in partnership	2,092	5,467
Subsidy income	(4,197)	—
Loss on retirement of property, plant and equipment	368	1,485
Decrease (increase) in notes and accounts receivable-trade	(70,119)	65,205
Decrease (increase) in inventories	46,301	4,370
Increase (decrease) in notes and accounts payable-trade	44,060	(18,329)
Others	(31,886)	165,882
Subtotal	591,470	914,374
Interest and dividends received	14,559	14,495
Interest expenses paid	(1,146)	(1,096)
Proceeds from subsidy income	4,197	—
Proceeds from insurance income	—	2,545
Income taxes paid	(92,629)	(147,767)
Net cash provided by (used in) operating activities	516,451	782,551
II .		
Payment for time deposits	(5,300,000)	(5,900,000)
Proceeds from time deposits	4,800,000	5,600,000
Proceeds from sales of short-term investment securities	500,000	—
Purchase of property, plant and equipment	(438,496)	(225,661)
Proceeds from sales of tangible assets	30,000	—
Purchase of intangible assets	(5,960)	(1,890)
Purchase of investment securities	(554)	—
Proceeds from sales of investment securities	69,843	—
Net cash provided by (used in) investing activities	(345,168)	(527,552)
III .		
Payment for short-term loans	(30,000)	—
Cash dividends paid	(188,498)	(189,183)
Purchase of treasury shares	—	(10)
Net cash provided by (used in) financing activities	(218,498)	(189,194)
IV . Effect of exchange rate change on cash and cash equivalents	(1,460)	148
V . Net increase (decrease) in cash and cash equivalents	(48,676)	65,954
VI . Cash and cash equivalents-Beginning	763,313	714,637
VII . Cash and cash equivalents-Ending	714,637	780,591

5. Others

(1) Actual of orders

Thousands of Yen

	Year ended January 31, 2018	Year ended January 31, 2019
Products category	Amount	Amount
Control switches	1,044,946	1,071,406
Connecting devices	1,548,070	1,571,608
Pilot lamps and Indicators	565,765	611,811
Electronic devices	567,192	592,766
Third party sales	308,008	19,708
Total	4,033,983	3,867,301

(2) Backlog of orders

Thousands of Yen

	Year ended January 31, 2018	Year ended January 31, 2019
Products category	Amount	Amount
Control switches	173,111	195,315
Connecting devices	149,736	137,226
Pilot lamps and Indicators	69,262	78,819
Electronic devices	96,835	146,697
Third party sales	115,724	4,603
Total	604,671	562,661

(3) Sales

Thousands of Yen

	Year ended January 31, 2018	Year ended January 31, 2019
Products category	Amount	Amount
Control switches	1,032,299	1,049,202
Connecting devices	1,527,398	1,584,118
Pilot lamps and Indicators	588,362	602,255
Electronic devices	559,267	542,905
Third party sales	192,283	130,829
Total	3,899,612	3,909,311

① Distribution channel

Thousands of Yen

	Year ended January 31, 2018	Year ended January 31, 2019
	Amount	Amount
Domestic sales	3,504,177	3,580,004
Overseas sales	395,435	329,306
Total	3,899,612	3,909,311

② Foreign market for trading company (overseas sales)

Thousands of Yen

	Year ended January 31, 2018	Year ended January 31, 2019
	Amount	Amount
Southeast Asia	205,418	191,431
Middle East	113,152	71,485
China	48,438	51,237
Europe	9,114	9,940
U.S.A.	19,310	5,211
Total	395,435	329,306