

# Financial Results for the Second Quarter of the Year 2019

(Six months ended on July 31, 2018)

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

Code Number: 6654

Coordinator: Noriko Shimomura

Director and Executive Officer

Stock: Tokyo Stock Exchange

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Date of the board meeting for this period: September 4, 2018

## 1.Second quarter financial results for the six months ended on July 31(February 1,2018 through July 31,2018)

### (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 2019	1,993	5.1	210	73.1	220	65.3
2nd Q.FY 2018	1,896	0.3	121	(41.1)	133	(38.9)

  

	Net income		Net income per share –basic	Net income per share –diluted
	Millions of yen	%	Yen	Yen
2nd Q.FY 2019	150	29.7	25.47	25.37
2nd Q.FY 2018	115	(20.4)	19.65	19.58

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 2019	11,038	10,337	93.4	1,745.12
FY 2018	10,986	10,295	93.5	1,741.34

Note: Equity capital

2nd Q.FY 2019 10,312 million yen  
FY 2018 10,270 million yen

## 2.Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2018	—	16.00	—	16.00	32.00
FY 2019	—	16.00			
FY 2019 (forecast)			—	16.00	32.00

Note : Revision of dividends forecast for this period : No

## 3.Forecast of operating results for Fiscal Year 2019(February 1,2018 through January 31,2019)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2019	4,300	10.3	430	48.1	447	43.6

  

	Net income		Net income per share
	Millions of yen	%	Yen
FY 2019	309	27.6	52.56

Note 1: Percentages for net sales, operating income etc. for the FY 2019 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 2019	6,669,000	FY 2018	6,669,000
Treasury stock at end of each period	:	2nd Q.FY 2019	759,630	FY 2018	770,922
Average number of shares	:	2nd Q.FY 2019	5,903,252	2nd Q.FY 2018	5,898,078

※ Note with respect to “Forecast of operating results for Fiscal Year 2019”

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 5, 2018.

## Qualitative information / Financial affairs

### 1. Description on business performance

#### (1) General situation

During the first six months of the fiscal year ending January 31, 2019, Japan's economy has continued its recovery trend because of the moderate improvements in capital investment, production activities and consumer spending.

With regard to business prospects going forward, the future of the economy is expected to maintain a recovery trend with the improvement in corporate profits and employment/income circumstance, but it remains uncertain because of such factors as concerns about international trade problems and fiscal deterioration in emerging countries.

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 Telltale module for slave stations of automatic electricity distribution control system and Interface unit for substation devices of railway decreased, on the other hand, Marker light for railway vehicles rapidly increased and Connection box for photovoltaic generation and Breaker auxiliary switch for domestic/overseas substation facilities increased. The cumulative sales amount in the first six months of the fiscal year was 1,993 million yen (increased by 5.1% compared with the previous year).

Regarding the cumulative profit, the net sales exceeded last year, the temporary expense of enlargement of Minami-kusatsu Factory decreased and cut down expenses, the operating income was 210 million yen (increased by 73.1% compared with the previous year), the ordinary income was 220 million yen (increased by 65.3% compared with the previous year), and the net income was 150 million yen (increased by 29.7% compared with the previous year).

#### (2) Products sales

##### Control switches

The sales of Breaker auxiliary switch for domestic/overseas substation facilities increased and Cam switch which is one of our main products was selling well.

The sales amount was 538 million yen (increased by 1.2% compared with the previous year).

##### Connecting devices

The sales of Terminal block which is one of our main products held steady, but Surge absorber terminal block and High withstand voltage fuse holder for photovoltaic generation decreased.

The sales amount was 770 million yen (decreased by 0.4% compared with the previous year).

##### Pilot lamps and Indicators

The sales of Marker light for railway vehicles rapidly increased, and Maclit indicator and Semaphore indicator remained strong.

The sales amount was 297 million yen (increased by 5.5% compared with the previous year).

##### Electronic devices

The sales of Annunciator relay held steady, but Telltale module for slave stations of automatic electricity distribution control system and Interface unit for substation devices of railway decreased.

The sales amount was 262 million yen (decreased by 13.9% compared with the previous year).

##### Third party sales

The sales of Connection box for photovoltaic generation and others reached 124 million yen.

### 2. Description on business performance forecast

As for the prospects of our business performances of January 2019, there have been no changes in the revised forecast that announced on March 8, 2018.

### 3.Non-consolidated quarterly balance sheets

Thousands of Yen

	As of January 31, 2018	As of July 31, 2018
	Amount	Amount
<b>(Assets)</b>		
<b>I Current assets</b>		
1.Cash and deposits	3,914,637	4,135,724
2.Notes and accounts receivable-trade	1,250,781	1,148,089
3.Electronically recorded monetary claims	288,485	307,416
4.Merchandise	—	337
5.Finished goods	130,725	150,081
6.Work in process	355,503	361,654
7.Raw materials	407,571	399,658
8.Others	123,030	96,708
<b>Total current assets</b>	<b>6,470,736</b>	<b>6,599,671</b>
<b>II Noncurrent assets</b>		
(1) Property, plant and equipment		
1.Buildings, net	1,998,654	1,971,392
2.Land	1,347,627	1,347,627
3.Others, net	341,186	340,019
Total property, plant and equipment	3,687,468	3,659,039
(2) Intangible assets	23,182	20,251
(3) Investments and other assets		
1.Investment securities	782,757	738,885
2.Others	22,055	21,027
Total investments and other assets	804,812	759,912
<b>Total noncurrent assets</b>	<b>4,515,464</b>	<b>4,439,204</b>
<b>Total assets</b>	<b>10,986,200</b>	<b>11,038,875</b>

### 3.Non-consolidated quarterly balance sheets

Thousands of Yen

	As of January 31, 2018	As of July 31, 2018
	Amount	Amount
<b>(Liabilities)</b>		
<b>I Current liabilities</b>		
1.Accounts payable-trade	137,301	105,623
2.Short-term loans payable	120,000	120,000
3.Income taxes payable	87,938	71,842
4.Provision for bonuses	65,102	58,725
5.Provision for directors' bonuses	1,810	5,520
6.Others	105,274	181,385
<b>Total current liabilities</b>	<b>517,427</b>	<b>543,097</b>
<b>II Noncurrent liabilities</b>		
1.Provision for retirement benefits	54,074	51,842
2.Provision for loss on dissolution of the employees' pension fund	48,140	48,140
3.Others	71,326	57,816
<b>Total noncurrent liabilities</b>	<b>173,541</b>	<b>157,799</b>
<b>Total liabilities</b>	<b>690,968</b>	<b>700,896</b>
<b>(Net assets)</b>		
<b>I Shareholders' equity</b>		
1.Capital stock	1,087,250	1,087,250
2.Capital surplus	1,704,240	1,707,822
3.Retained earnings	8,083,179	8,139,184
4.Treasury stock	(816,477)	(804,521)
<b>Total shareholders' equity</b>	<b>10,058,192</b>	<b>10,129,735</b>
<b>II Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	212,365	182,815
<b>Total valuation and translation adjustments</b>	<b>212,365</b>	<b>182,815</b>
<b>III Share option</b>	<b>24,673</b>	<b>25,427</b>
<b>Total net assets</b>	<b>10,295,232</b>	<b>10,337,979</b>
<b>Total liabilities and net assets</b>	<b>10,986,200</b>	<b>11,038,875</b>

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

Thousands of Yen

	Six months ended July 31, 2017	Six months ended July 31, 2018
	Amount	Amount
I Net sales	1,896,576	1,993,193
II Cost of sales	1,237,527	1,242,618
<b>Gross profit</b>	<b>659,048</b>	<b>750,575</b>
III Selling, general and administrative expenses	537,423	540,088
<b>Operating income</b>	<b>121,624</b>	<b>210,487</b>
IV Non-operating income		
1.Interest income	1,328	1,235
2.Dividends income	6,492	5,785
3.Subsidy income	4,197	—
4.Others	2,574	4,563
Total non-operating income	14,592	11,585
V Non-operating expenses		
1.Interest expenses	662	543
2.Commission fee	—	0
3.Loss on investments in partnership	2,092	1,383
4.Foreign exchange losses	284	—
Total non-operating expenses	3,039	1,928
<b>Ordinary income</b>	<b>133,177</b>	<b>220,143</b>
VI Extraordinary income		
Gain on sales of investment securities	63,140	—
Gain on sales of land	20,200	—
Total extraordinary incomes	83,340	—
VII Extraordinary loss		
Loss on retirement of noncurrent assets	70	1,464
Provision for loss on dissolution of the employees' pension fund	48,140	—
Total extraordinary losses	48,210	1,464
<b>Income before income taxes</b>	<b>168,307</b>	<b>218,679</b>
Income taxes	52,390	68,305
<b>Net income</b>	<b>115,917</b>	<b>150,373</b>

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

Thousands of Yen

	Six months ended July 31, 2017	Six months ended July 31, 2018
Description	Amount	Amount
<b>I. Net cash provided by (used in) operating activities</b>		
Income before income taxes	168,307	218,679
Depreciation and amortization	134,702	125,667
Increase (decrease) in provision for directors' bonuses	920	3,710
Increase (decrease) in provision for retirement benefits	7,012	(2,231)
Interest and dividends income	(7,821)	(7,021)
Interest expenses	662	543
Increase(decrease) in provision for loss on dissolution of the employees' pension fund	48,140	—
Loss (gain) on sales of investment securities	(63,140)	—
Loss (gain) on sales of land	(20,200)	—
Loss (gain) on investments in partnership	2,092	1,383
Subsidy income	(4,197)	—
Loss on retirement of property, plant and equipment	70	1,464
Decrease (increase) in notes and accounts receivable-trade	39,608	83,760
Decrease (increase) in inventories	12,730	(17,930)
Increase (decrease) in notes and accounts payable-trade	42,769	(31,677)
Others	(11,238)	121,421
Subtotal	350,418	497,769
Interest and dividends received	8,551	7,134
Interest expenses paid	(616)	(566)
Proceeds from subsidy income	4,197	—
Income taxes paid	(27,140)	(68,610)
<b>Net cash provided by (used in) operating activities</b>	<b>335,410</b>	<b>435,727</b>
<b>II. Net cash provided by (used in) investing activities</b>		
Payment for time deposits	(3,000,000)	(3,300,000)
Proceeds from time deposits	2,700,000	3,100,000
Proceeds from sales of short-term investment securities	300,000	—
Purchase of tangible assets	(342,277)	(116,922)
Proceeds from sales of tangible assets	30,000	—
Purchase of intangible assets	(6,005)	(2,201)
Purchase of investment securities	(355)	—
Proceeds from sales of investment securities	69,818	—
<b>Net cash provided by (used in) investing activities</b>	<b>(248,818)</b>	<b>(319,123)</b>
<b>III. Net cash provided by (used in) financing activities</b>		
Payment for short-term loans	(30,000)	—
Purchase of treasury shares	—	(10)
Cash dividends paid	(94,347)	(94,479)
<b>Net cash provided by (used in) financing activities</b>	<b>(124,347)</b>	<b>(94,490)</b>
<b>IV. Effect of exchange rate change on cash and cash equivalents</b>	<b>(989)</b>	<b>(1,026)</b>
<b>V. Net increase (decrease) in cash and cash equivalents</b>	<b>(38,744)</b>	<b>21,086</b>
<b>VI. Cash and cash equivalents-Beginning</b>	<b>763,313</b>	<b>714,637</b>
<b>VII. Cash and cash equivalents-Ending</b>	<b>724,569</b>	<b>735,724</b>

## 6.Others

### (1) Actual of orders

Thousands of Yen	
	Six months ended July 31, 2018
Products category	Amount
Control switches	532,717
Connecting devices	753,478
Pilot lamps and Indicators	324,358
Electronic devices	311,966
Third party sales	12,256
Total	1,934,777

### (2) Backlog of orders

Thousands of Yen	
	Six months ended July 31, 2018
Products category	Amount
Control switches	167,554
Connecting devices	132,330
Pilot lamps and Indicators	96,171
Electronic devices	146,654
Third party sales	3,544
Total	546,255



### (3) Sales

Thousands of Yen	
	Six months ended July 31, 2018
Products category	Amount
Control switches	538,274
Connecting devices	770,885
Pilot lamps and Indicators	297,449
Electronic devices	262,147
Third party sales	124,436
Total	1,993,193

#### ① Sales form

Thousands of Yen	
	Six months ended July 31, 2018
	Amount
Domestic sales	1,823,283
Overseas sales	169,910
Total	1,993,193

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, 2018
	Amount
Southeast Asia	104,856
Middle East	28,065
China	25,506
Europe	6,361
U.S.A.	5,120
Total	169,910