

Financial Results for the Third Quarter of the Year 2019

(Nine months ended on October 31, 2018)

Company: **FUJI ELECTRIC INDUSTRY CO., LTD.** Stock: Tokyo Stock Exchange
 Code Number: 6654 URL: <http://www.fujidk.co.jp/>
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Date of the board meeting for this period: December 4, 2018

1.Third quarter financial results for the nine months ended on October 31(February 1, 2018 through October 31, 2018)

(1) Operating Results

(Unit: Millions of yen)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
3rd Q.FY 2019	2,915	3.1	283	34.4	297	32.6
3rd Q.FY 2018	2,827	0.7	211	(34.4)	224	(33.3)

	Net income		Net income per share -basic	Net income per share -diluted
	Millions of yen	%	Yen	Yen
3rd Q.FY 2019	206	15.1	35.00	34.85
3rd Q.FY 2018	179	(20.5)	30.44	30.32

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

(2) Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
3rd Q.FY 2019	11,088	10,286	92.5	1,736.39
FY 2018	10,986	10,295	93.5	1,741.34

Note: Equity capital

3rd Q.FY 2019 10,260 million yen
 FY 2018 10,270 million yen

2.Dividends

	Dividend per share				
	1st Q.	2nd Q.	3rd Q.	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 : 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	:	3rd Q.FY 2019	6,669,000	FY 2018	6,669,000
Treasury stock at end of each period	:	3rd Q.FY 2019	759,630	FY 2018	770,922
Average number of shares	:	3rd Q.FY 2019	5,905,314	3rd 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).

Qualitative information / Financial affairs

1. Description on business performance

(1) General situation

During the first nine 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 and production activities.

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 Marker light for railway vehicles rapidly increased and Breaker auxiliary switch for domestic/overseas substation facilities increased whereas the sales of Telltale module for slave stations of automatic electricity distribution control system and Switch disconnecter for photovoltaic generation decreased. The cumulative sales amount in the first nine months of the fiscal year was 2,915 million yen (increased by 3.1% compared with the previous year).

Regarding the cumulative profit, the net sales exceeded last year and the temporary expense of enlargement of Minami-kusatsu Factory decreased, the operating income was 283 million yen (increased by 34.4% compared with the previous year), the ordinary income was 297 million yen (increased by 32.6% compared with the previous year), and the net income was 206 million yen (increased by 15.1% compared with the previous year).

(2) Products sales

Control switches

The sales of Cam switch and Breaker auxiliary switch for domestic/overseas substation facilities were in good shape, while the sales of Switch disconnecter for photovoltaic generation and Automatic power distribution switch decreased.

The sales amount was 775 million yen (decreased by 0.5% compared with the previous year).

Connecting devices

Test terminal and Disconnecting terminal block for domestic/overseas substation facilities were selling well.

The sales amount was 1,180 million yen (increased by 2.1% compared with the previous year).

Pilot lamps and Indicators

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

The sales amount was 441 million yen (increased by 7.8% compared with the previous year).

Electronic devices

The sales of Telltale module for slave stations of automatic electricity distribution control system and Interface unit for substation devices of railway decreased.

The sales amount was 391 million yen (decreased by 10.9% compared with the previous year).

Third party sales

The sales of Connection box for photovoltaic generation and others reached 127 million yen (increased by 193.3% compared with the previous year).

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 October 31, 2018
	Amount	Amount
(Assets)		
I Current assets		
1.Cash and deposits	3,914,637	4,186,292
2.Notes and accounts receivable-trade	1,250,781	1,137,420
3.Electronically recorded monetary claims	288,485	294,023
4.Merchandise	—	516
5.Finished goods	130,725	163,058
6.Work in process	355,503	369,216
7.Raw materials	407,571	395,326
8.Others	123,030	117,681
Total current assets	6,470,736	6,663,535
II Noncurrent assets		
(1) Property, plant and equipment		
1.Buildings, net	1,998,654	1,942,617
2.Land	1,347,627	1,347,627
3.Others, net	341,186	378,216
Total property, plant and equipment	3,687,468	3,668,461
(2) Intangible assets	23,182	18,086
(3) Investments and other assets		
1.Investment securities	782,757	718,266
2.Others	22,055	20,315
Total investments and other assets	804,812	738,581
Total noncurrent assets	4,515,464	4,425,129
Total assets	10,986,200	11,088,665

3.Non-consolidated quarterly balance sheets

Thousands of Yen

	As of January 31, 2018	As of October 31, 2018
	Amount	Amount
(Liabilities)		
I Current liabilities		
1.Accounts payable-trade	137,301	122,071
2.Short-term loans payable	120,000	120,000
3.Income taxes payable	87,938	48,198
4.Provision for bonuses	65,102	109,397
5.Provision for directors' bonuses	1,810	8,100
6.Provision for product warranties	—	25,562
7.Others	105,274	219,634
Total current liabilities	517,427	652,963
II Noncurrent liabilities		
1.Provision for retirement benefits	54,074	49,721
2.Provision for loss on dissolution of the employees' pension fund	48,140	48,140
3.Others	71,326	51,434
Total noncurrent liabilities	173,541	149,295
Total liabilities	690,968	802,259
(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	8,100,924
4.Treasury stock	(816,477)	(804,521)
Total shareholders' equity	10,058,192	10,091,475
II Valuation and translation adjustments		
1.Valuation difference on available-for-sale securities	212,365	169,502
Total valuation and translation adjustments	212,365	169,502
III Share option	24,673	25,427
Total net assets	10,295,232	10,286,405
Total liabilities and net assets	10,986,200	11,088,665

4.Non-consolidated quarterly statements of income

Thousands of Yen

	Nine months ended October 31, 2017	Nine months ended October 31, 2018
	Amount	Amount
I Net sales	2,827,649	2,915,572
II Cost of sales	1,841,781	1,819,836
Gross profit	985,867	1,095,736
III Selling, general and administrative expenses	774,590	811,792
Operating income	211,277	283,944
IV Non-operating income		
1. Interest income	2,011	1,834
2. Dividends income	6,492	5,785
3. Subsidy income	4,197	—
4. Others	3,854	10,054
Total non-operating income	16,555	17,674
V Non-operating expenses		
1. Interest expenses	938	820
2. Commission fee	—	0
3. Loss on investments in partnership	2,092	2,861
4. Others	79	—
Total non-operating expenses	3,110	3,682
Ordinary income	224,722	297,936
VI Extraordinary income		
1. Gain on sales of investment securities	63,140	—
2. Gain on sales of land	20,200	—
Total extraordinary incomes	83,340	—
VII Extraordinary loss		
1. Loss on retirement of noncurrent assets	70	1,464
2. Provision for loss on dissolution of the employees' pension fund	48,140	—
Total extraordinary losses	48,210	1,464
Income before income taxes	259,852	296,471
Income taxes	80,313	89,807
Net income	179,539	206,663

5.Others

(1) Actual of orders

Thousands of Yen	
	Nine months ended October 31, 2018
Products category	Amount
Control switches	802,450
Connecting devices	1,173,326
Pilot lamps and Indicators	472,997
Electronic devices	466,568
Third party sales	17,950
Total	2,933,292

(2) Backlog of orders

Thousands of Yen	
	Nine months ended October 31, 2018
Products category	Amount
Control switches	199,898
Connecting devices	142,826
Pilot lamps and Indicators	100,938
Electronic devices	172,201
Third party sales	6,526
Total	622,391

(3) Sales

Thousands of Yen

	Nine months ended October 31, 2018
Products category	Amount
Control switches	775,663
Connecting devices	1,180,236
Pilot lamps and Indicators	441,321
Electronic devices	391,202
Third party sales	127,148
Total	2,915,572

① Sales form

Thousands of Yen

	Nine months ended October 31, 2018
Market	Amount
Domestic sales	2,676,733
Overseas sales	238,839
Total	2,915,572

② Foreign market for trading company (overseas sales)

Thousands of Yen

	Nine months ended October 31, 2018
Market	Amount
Southeast Asia	138,001
Middle East	49,816
China	39,264
Europe	6,630
U.S.A.	5,125
Total	238,839