

Consolidated Financial Results for 1H FY2015

October 30, 2015
Fuji Electric Co., Ltd.

Summary of Consolidated Financial Results for 1H FY2015 (YoY Comparison)

New records set for operating income and net income

	(Billion yen)		
	1H FY2014	1H FY2015	Change
Net Sales	345.3	354.3	9.0
Operating Income/Loss	5.9	6.9	1.0
Ordinary Income/Loss	6.1	7.0	0.9
Extraordinary Income/Loss	-0.6	0.7	1.3
Income/Loss before Income Taxes	5.4	7.7	2.3
Income Taxes	2.5	2.4	-0.1
Profit attributable to non-controlling interests	0.9	1.1	0.1
Profit attributable to owners of parent	2.0	4.2	2.2

	(Yen)		
Average Exchange Rate US\$	103.04	121.80	18.76
Average Exchange Rate EURO	138.92	135.07	-3.85

Net Sales	
Impact on the new consolidation, Gain on translation of earnings of overseas subsidiaries	

Operating Income/Loss			
Cost Reduction	+8.5	Price Decline	-7.5
Reduction in Fixed Cost	+2.3	Decrease in production, etc	-2.8
Exchange Rate Effect	+0.4		-2.8
	+11.2		-10.3

Non-operating Income/Loss		
Net Interest Expense	+0.6	(-0.1 → 0.6)
Equity in Losses in Affiliates	+0.1	(-1.1 → -1.0)
Foreign Exchange Losses	-0.4	(1.3 → 0.9)
Other	-0.4	(0.1 → -0.3)
	-0.1	(0.2 → 0.1)

Extraordinary Income/Loss		
Gain on Sales of Investment Securities	+0.9	(0.0 → 0.9)
Loss on Disposal of Noncurrent Assets	+0.3	(-0.5 → -0.2)
Loss on Devaluation of Investment Securities	+0.2	(-0.3 → -0.1)

Net Sales and Operating Income by Segment for 1H FY2015 (YoY Comparison) ①

(Billion yen)

	Net Sales			Operating Income/Loss		
	1H FY2014	1H FY2015	Change	1H FY2014	1H FY2015	Change
Power and Social Infrastructure	61.4	70.7	9.3	-0.0	1.4	1.5
Industrial Infrastructure	69.5	67.7	-1.7	-2.2	-3.1	-0.8
Power Electronics	88.8	95.2	6.4	1.3	2.1	0.9

➤ Power and Social Infrastructure

- [Net Sales] - In the power plant business, net sales were up year on year as the increase in orders for thermal power, geothermal power, and hydropower generation facilities outweighed the decrease in orders for solar power generation systems.
- In the social engineering systems business, net sales were up year on year due to higher sales of smart meters.
 - In the social information business, net sales rose year on year following increased orders from the academic sector.

[Operating Income/Loss] - Operating results improved due to higher net sales and the benefits of cost reduction efforts.

➤ Industrial Infrastructure

- [Net Sales] - In the transmission and distribution business, net sales were down year on year, reflecting a decrease in large-scale orders in Japan.
- In the industrial plant business, net sales were up year on year due to strong energy saving and replacement demand in Japan.
 - In the industrial and instrumentation equipment businesses, net sales were relatively unchanged year on year.
 - In the equipment construction business, net sales were rose year on year following increased higher orders for installation of electrical equipment and building equipment.

[Operating Income/Loss] - Operating results worsened due to the decrease in net sales and the negative impacts of changes in the ratios of sales for specific models.

➤ Power Electronics

[Net Sales, Operating Income/Loss]

- In the drive business, net sales and operating results improved year on year as the benefits of strong domestic demand for inverters, servos, and industrial motors and large overseas orders for electric equipment for railcars offset the impacts of a decline in demand due to the bearish state of the Chinese market.
- In the power supply business, net sales and operating results improved year on year due to the robust demand for power supply equipment in Japan as well as the benefits of the consolidation of Fuji SMBE Pte. Ltd. and its subsidiaries.
- In the ED&C components business, net sales were down year on year as a result of the decline in demand from machinery equipment manufacturers for machine tools and other articles, but operating results were relatively unchanged year on year as the benefits of cost reduction efforts counteracted the lower net sales.

Net Sales and Operating Income by Segment for 1H FY2015 (YoY Comparison) ②

(Billion yen)

	Net Sales			Operating Income/Loss		
	1H FY2014	1H FY2015	Change	1H FY2014	1H FY2015	Change
Electronic Devices	65.1	63.2	-1.9	3.7	4.9	1.2
Food and Beverage Distribution	61.0	56.1	-4.8	5.0	3.3	-1.7
Others	29.7	31.4	1.7	1.0	1.1	0.1
Elimination and Corporate	-30.1	-30.1	0.0	-2.7	-2.8	-0.0
Total	345.3	354.3	9.0	5.9	6.9	1.0

➤ **Electronic Devices**

[Net Sales, Operating Income/Loss]

- In the semiconductors business, net sales and operating results worsened year on year due to the impacts of sluggish demand resulted from the bearish state of the Chinese market in the industrial field and the power supply application field, lower demand from major domestic customers centered on machine tools in the industrial field, and reduced sales of certain vehicles equipped with the Company's products in the automotive field.
- In the magnetic disks business, net sales were up year on year due to increased demand from a customer. Operating results improved due to higher net sales and the benefits of cost reduction efforts.

➤ **Food and Beverage Distribution**

[Net Sales, Operating Income/Loss]

- In the vending machines business, net sales and operating results worsened year on year because the impacts of the reduced vending machine demand in Japan stemming from limited investment among domestic beverage manufacturers outweighed the benefits of increased sales following the expansion of operations in the Chinese market.
- In the store distribution business, net sales and operating results worsened year on year as a result of lower sales of freezing and refrigerating facilities for convenience stores.

* Figures for 2Q FY2014 reflect the organizational restructuring conducted in FY2015.

Net Sales for 1H FY2015 [Japan and Overseas by Area] (YoY Comparison)

(Billion yen)

		1H FY2014	1H FY2015	Change
Japan		253.2	248.6	-4.6
Overseas		92.2	105.7	13.6
	Asia and Others	35.7	46.3	10.6
	China	41.7	44.7	3.1
	Europe	8.5	8.1	-0.5
	Americas	6.3	6.7	0.3

Power and Social Infrastructure +4.5
Industrial Infrastructure -2.2
Electronic Devices -3.9
Food and Beverage Distribution -5.5

Power and Social Infrastructure +5.0
Industrial Infrastructure +1.8
Power Electronics +5.8

Electronic Devices +4.0

Summary of Consolidated Financial Results for 1H FY2015 (Comparison with Forecasts)

(Billion yen)

	1H FY2015		
	Forecasts (Jul.30, 2015)	Results	Change
Net Sales	364.3	354.3	-10.0
Operating Income/Loss	6.0	6.9	0.9
Ordinary Income/Loss	4.3	7.0	2.7
Profit attributable to owners of parent	2.0	4.2	2.2

(Yen)

Average Exchange Rate US\$	118.18	121.80	3.62
Average Exchange Rate EURO	129.58	135.07	5.49

Operating Income/Loss

Improvement due to Reduction in Fixed Cost, etc.

Non-Operating Income/Loss

Improvement due to Exchange Rate Effect

Net Sales and Operating Income by Segment for 1H FY2015 (Comparison with Forecasts)

(Billion yen)

	Net Sales			Operating Income/Loss		
	Forecasts (Jul. 30, 2015)	Results	Change	Forecasts (Jul. 30, 2015)	Results	Change
Power and Social Infrastructure	73.2	70.7	-2.5	1.1	1.4	0.3
Industrial Infrastructure	69.3	67.7	-1.6	-3.2	-3.1	0.1
Power Electronics	101.1	95.2	-5.9	2.1	2.1	-0.0
Electronic Devices	67.1	63.2	-3.9	4.5	4.9	0.4
Food and Beverage Distribution	56.3	56.1	-0.2	3.2	3.3	0.1
Others	29.9	31.4	1.5	0.9	1.1	0.2
Elimination and Corporate	-32.5	-30.1	2.4	-2.7	-2.8	-0.1
Total	364.3	354.3	-10.0	6.0	6.9	0.9

➤ **Power and Social Infrastructure**

- [Net Sales] -Net sales fell below forecasts due to the extension of the standard period for construction projects in the power plant business.
 [Operating Income/Loss] -Operating results exceeded forecasts due to the benefits of lower fixed costs, and changes in the ratios of sales for specific models in the power plant business.

➤ **Industrial Infrastructure**

- [Net Sales] -Net sales fell below forecasts due to the delay of domestic projects in the equipment construction business.
 [Operating Income/Loss] -Operating results exceeded forecasts due to the benefits of lower fixed costs and cost reduction efforts.

➤ **Power Electronics**

- [Net Sales] -Net sales fell below forecasts due to the impacts of the bearish Chinese market on sales of inverters, servos, and ED&C components.
 [Operating Income/Loss] -Operating results were in line with forecasts due to the benefits of lower fixed costs and cost reduction efforts

➤ **Electronic Devices**

- [Net Sales] -Net sales fell below forecasts due to lower demand from major domestic customers centered on machine tools in the industrial field of the semiconductors business, a result of the bearish Chinese market.
 [Operating Income/Loss] -Operating results exceeded forecasts due to the benefits of lower fixed costs and foreign exchange influences.

➤ **Food and Beverage Distribution**

- [Net Sales] -Net sales fell below forecasts due to reduced demand stemming from the limited investment among domestic beverage manufacturers in the vending machine business.
 [Operating Income/Loss] -Operating results exceeded forecasts due to the benefits of lower fixed costs and cost reduction efforts.

Consolidated Balance Sheet at the end of 1H FY2015

Assets		3/31/15	9/30/15	Change
Cash and time deposit		32.0	28.6	-3.3
Notes and account receivables, trade receivables		237.6	185.5	-52.2
Inventories		137.6	164.3	26.6
Other current assets		55.8	61.1	5.3
Total current assets		463.0	439.4	-23.6
Tangible fixed assets		175.0	180.0	5.1
Intangible fixed assets		15.3	19.9	4.6
Investments and other assets		251.2	201.7	-49.5
Total long-term assets		441.5	401.6	-39.8
Deferred assets		0.1	0.1	0.0
Total assets		904.5	841.2	-63.4

Liabilities and Net Assets		(Billion yen)		
		3/31/15	9/30/15	Change
Notes and account payables, trade payables		150.6	128.4	-22.3
Interest-bearing Debts		191.2	196.2	5.0
Other liabilities		243.0	227.1	-15.9
Total liabilities		584.9	551.7	-33.2
Common stock		47.6	47.6	-
Capital surplus		46.7	46.7	0.0
Retained earnings		109.5	109.2	-0.3
Treasury stock at cost		-7.2	-7.2	-0.0
Shareholders' equity		196.7	196.3	-0.3
Accumulated other comprehensive income (Remeasurements of defined benefit plans)		93.7 (13.7)	63.7 (15.1)	-29.9 (1.5)
Non-controlling interests		29.3	29.4	0.1
Total net assets		319.6	289.5	-30.1
Total liabilities and net assets		904.5	841.2	-63.4
Total Net Assets Ratio (%)		32.1	30.9	-1.2
Net Interest-bearing Debts		159.3	167.7	8.4
Net debt-equity ratio (times)		0.5	0.6	0.1

Consolidated Cash Flow for 1H FY2015

(Billion yen)

		1H FY2014	1H FY2015
	Cash Flows from Operating Activities	26.8	17.2
	Cash Flows from Investing Activities	-6.4	-12.5
	Free Cash Flow	20.4	4.7
	Cash Flows from Financing Activities	-24.9	-11.3
	Effect of Exchange Rate Change and Others	2.6	3.1
	Increase / Decrease	-1.9	-3.4
	Cash and Cash Equivalents at Beginning of Year	33.4	31.9
	Cash and Cash Equivalents at End of Year	31.5	28.5

Consolidated Financial Results Forecasts for FY2015 (Comparison with Previous Forecasts)

(Billion yen)

	FY2015 Forecasts (Ju.30,2015)	FY2015 Forecasts (Oct.29,2015)	Change
Net Sales	850.0	850.0	0.0
Operating Income/Loss	45.0	45.0	0.0
Ordinary Income/Loss	45.0	45.0	0.0
Profit attributable to owners of parent	29.0	29.0	0.0

Assumed Exchange Rate from 3Q to 4Q FY2015

*Operating income basis

	US\$	EURO
Assumed Exchange Rate	¥115.00	¥125.00
One Yen Effect * (Million yen)	10	30

(Billion yen)

	Net Sales			Operating Income/Loss		
	FY2015 Forecasts (Ju.30,2015)	FY2015 Forecasts (Oct.29,2015)	Change	FY2015 Forecasts (Ju.30,2015)	FY2015 Forecasts (Oct.29,2015)	Change
Power and Social Infrastructure	178.1	178.8	0.7	8.9	9.4	0.5
Industrial Infrastructure	209.1	212.7	3.6	13.0	13.0	0.0
Power Electronics	219.5	218.5	-1.0	9.6	9.6	0.0
Electronic Devices	135.3	124.1	-11.2	9.3	8.6	-0.7
Food and Beverage Distribution	120.0	123.6	3.6	8.5	8.5	0.0
Others	61.4	61.5	0.1	1.9	2.1	0.2
Elimination and Corporate	-73.4	-69.1	4.3	-6.1	-6.1	0.0
Total	850.0	850.0	0.0	45.0	45.0	0.0

Consolidated Financial Results Forecasts for FY2015 (YoY Comparison)

(Billion yen)

	FY2014 Results	FY2015 Forecasts (Oct.29,2015)	Change
Net Sales	810.7	850.0	39.3
Operating Income/Loss	39.3	45.0	5.7
Ordinary Income/Loss	43.1	45.0	1.9
Profit attributable to owners of parent	28.0	29.0	1.0

(Billion yen)

	Net Sales			Operating Income/Loss		
	FY2014 Results	FY2015 Forecasts (Oct.29,2015)	Change	FY2014 Results	FY2015 Forecasts (Oct.29,2015)	Change
Power and Social Infrastructure	169.2	178.8	9.6	7.8	9.4	1.6
Industrial Infrastructure	191.4	212.7	21.3	11.1	13.0	1.9
Power Electronics	200.9	218.5	17.6	7.6	9.6	2.0
Electronic Devices	137.2	124.1	-13.1	8.1	8.6	0.5
Food and Beverage Distribution	119.1	123.6	4.5	8.5	8.5	-0.0
Others	61.2	61.5	0.3	1.9	2.1	0.2
Elimination and Corporate	-68.3	-69.1	-0.8	-5.7	-6.1	-0.4
Total	810.7	850.0	39.3	39.3	45.0	5.7

* Figures for FY2014 reflect the organizational restructuring conducted in FY2015.

Interim dividend increased ¥1 per share to ¥5

(Yen)

	Interim	Year-end	Annual
FY2014	4.00	5.00	9.00
FY2015	5.00	TBD	TBD

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