

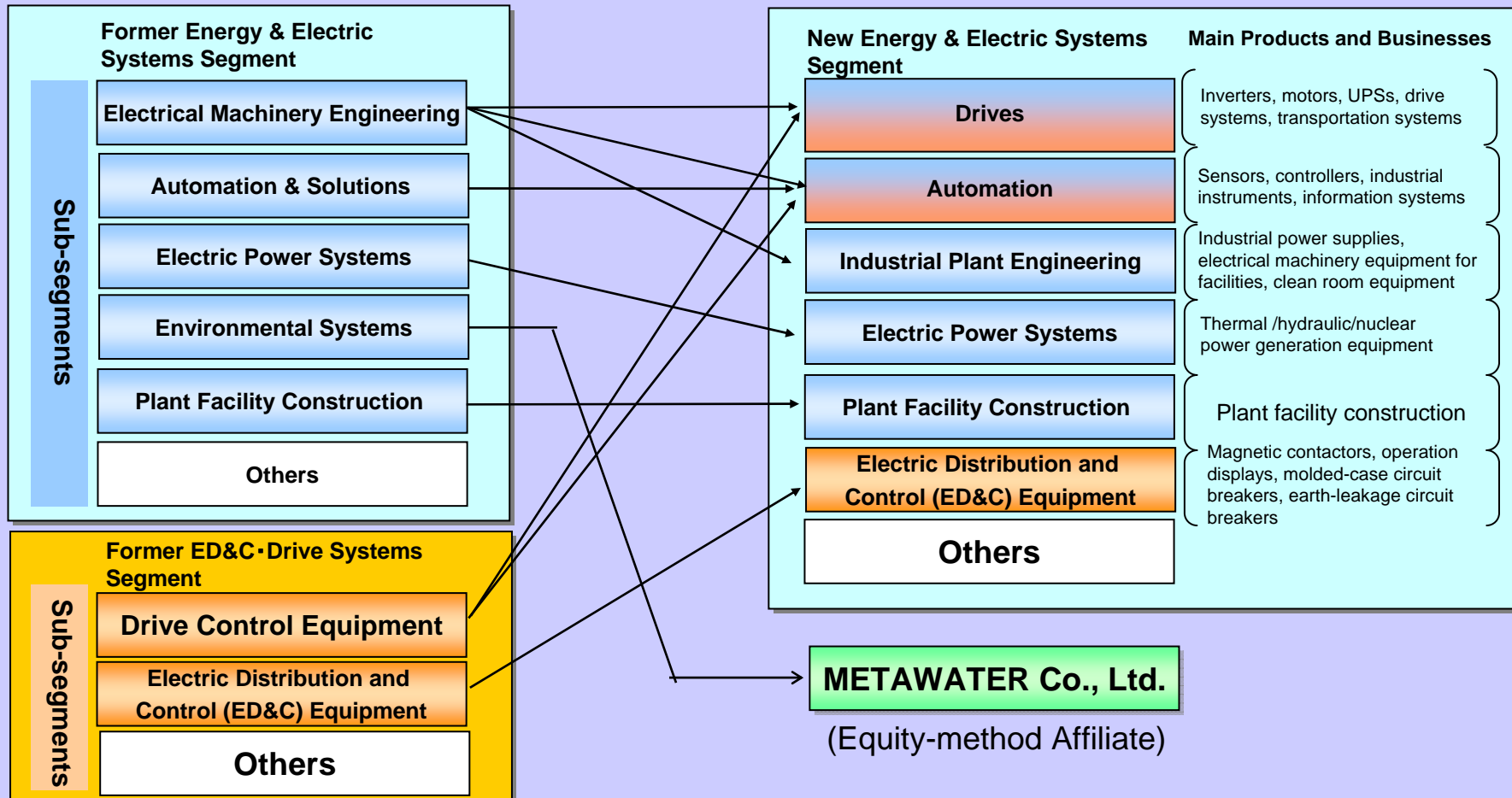
# **Consolidated Financial Results for 1Q FY2008**

**July 30, 2008**

**Fuji Electric Holdings Co., Ltd.**



# Business Structure Realignment



# Net Sales and Operating Income by Segment for 1Q FY2008 (YoY Comparison)

(¥ billion)

		1Q FY2007	1Q FY2008	Changes
Net Sales	Energy & Electric Systems	97.6	93.3	-4.3
	Electronic Devices	45.7	41.3	-4.3
	Retail Systems	41.1	37.3	-3.7
	Others	9.9	10.3	+0.4
	Elimination	-11.5	-10.8	+0.6
	<b>Total</b>	<b>182.9</b>	<b>171.5</b>	<b>-11.4</b>
Operating Income	Energy & Electric Systems	-6.5	-2.7	+3.7
	Electronic Devices	2.3	-4.3	-6.6
	Retail Systems	1.2	1.0	-0.1
	Others	0.2	0.4	+0.1
	Elimination/ Corporate	-0.2	0	+0.2
	<b>Total</b>	<b>-3.0</b>	<b>-5.6</b>	<b>-2.6</b>

### Energy & Electric Systems

➤ Large orders for clean room facility increased due to strong private sector demand in Japan. However, overall sales declined due to effect of exclusion of Fuji Electric Water Environmental Systems Co., Ltd. and FFC Systems Limited from consolidated subsidiaries. Operating income improved due to increase in real-term sales, excluding a decrease in sales resulting from the effect of decrease in consolidated subsidiaries.

### Electronic Devices

➤ Semiconductor sales for automobile remained strong. However, overall semiconductor sales declined, due mainly to sluggish PDP driver demand and prolonged inventory adjustments by customers. Operating income also deteriorated due to a decrease in sales and exchange rate effect.

➤ Magnetic disk sales declined due to decreased shipments of certain models resulting from model changes and a drop in sales from major customers. Operating income significantly deteriorated due to reduced output resulting from weak demand, an increase in depreciation and lease expense, and exchange rate effect.

➤ Both sales and operating income of imaging devices declined due to effect of price decline.

### Retail Systems

➤ Overall sales declined due to a decrease in demand from modification of cigarette vending machines for age identification and a drop in cold-chain equipment sales.

➤ Operating income remained almost on a par with previous year due to the structural reform launched last year.

## Net Sales and Operating Income by Segment for 1Q FY2008 (Comparison with Forecast)

(¥ billion)

		1Q FY2008 Forecasts	1Q FY2008 Results	Changes
Net Sales	Energy & Electric Systems	97.0	93.3	-3.7
	Electronic Devices	47.0	41.3	-5.7
	Retail Systems	37.0	37.3	+0.3
	Others	10.0	10.3	+0.3
	Elimination	-11.0	-10.8	+0.2
	<b>Total</b>	<b>180.0</b>	<b>171.5</b>	<b>-8.5</b>
Operating Income	Energy & Electric Systems	-4.0	-2.7	+1.3
	Electronic Devices	-1.0	-4.3	-3.3
	Retail Systems	1.5	1.0	-0.5
	Others	-0.5	0.4	+0.9
	Elimination/ Corporate	-0.5	-0	+0.5
	<b>Total</b>	<b>-4.5</b>	<b>-5.6</b>	<b>-1.1</b>

### *Energy & Electric Systems*

➤ Overall sales were lower than projected due to postponed delivery of some plant systems and a domestic downturn market. Operating income increased due to improvement in gross profit ratio of plant systems.

### *Electronic Devices*

➤ Both sales and operating income in semiconductor field were lower than projected due to prolonged inventory adjustments by industry IGBT module customers.

➤ Magnetic disk sales were lower than projected due to reduced shipments of certain models resulting from model changes and a drop in sales from major customers. Operating income deteriorated significantly due to reduced output resulting from weak sales.

# Consolidated Balance Sheet for 1Q FY2008

## Assets

	08/03/31	08/06/30	Changes
Cash and time deposit	22.2	15.5	-6.6
Notes and account receivables, trade receivables	286.5	212.7	-73.7
Inventories	166.7	189.3	+22.6
Other current assets	55.7	56.2	+0.4
<b>Total current assets</b>	<b>531.2</b>	<b>473.9</b>	<b>-57.3</b>
Tangible fixed assets	183.2	190.2	+6.9
Intangible fixed assets	10.8	9.2	-1.6
Investments and other assets	310.1	336.8	+26.6
<b>Total long-term assets</b>	<b>504.2</b>	<b>536.2</b>	<b>+32.0</b>
Deferred assets	0.4	0.4	0.0
<b>Total assets</b>	<b>1,035.9</b>	<b>1,010.6</b>	<b>-25.2</b>

## Liabilities and Net Assets

(¥ billion)

	08/03/31	08/06/30	Changes
Notes and account payables, trade payables	186.6	153.0	-33.5
Debts	356.2	335.0	-21.1
Other liabilities	229.7	251.0	+21.3
<b>Total liabilities</b>	<b>772.6</b>	<b>739.2</b>	<b>-33.4</b>
Common stock	47.5	47.5	0
Capital surplus	46.7	46.7	0
Retained earnings	116.4	107.4	-9.0
Treasury stock at cost	-7.0	-7.0	0
<b>Shareholders' equity</b>	<b>203.7</b>	<b>194.6</b>	<b>-9.0</b>
Valuation and transaction adjustments	50.7	70.3	+19.6
Minority interests in consolidated subsidiaries	8.8	6.4	-2.3
<b>Total net assets</b>	<b>263.2</b>	<b>271.4</b>	<b>+8.2</b>
<b>Total liabilities and net assets</b>	<b>1,035.9</b>	<b>1,010.6</b>	<b>-25.2</b>

Shareholders' equity	254.4	265.0	+10.5
Shareholders' equity ratio (%)	24.6	26.2	+1.6
D/E ratio (time)	1.4	1.3	-0.1

# Consolidated Statements of Cash Flow

(¥ billion)

	1Q FY2007	1Q FY2008
Cash flows from operating activities	-8.8	21.6
Cash flows from investing activities	-9.1	-2.2
Free cash flow	-17.9	19.3
Cash flow used in financing activities	22.7	-26.8
Effect of exchange rate changes on cash and cash equivalent	0.3	0.5
Net increase/decrease in cash and cash equivalents	5	-7
Cash and cash equivalents at beginning of year	19.1	22.0
Cash and cash equivalents of newly consolidated subsidiaries	0	0.3
Cash and cash equivalents at end of year	24.2	15.4

## Consolidated Forecast for 1st Half of FY2008 (Comparison with Original Forecast)

(billion yen)

	1H FY2008 Original Forecasts	1H FY2008 Revised forecast	Changes																			
<b>Net Sales</b>	<b>400.0</b>	<b>384.0</b>	<b>(-4.0%) -16.0</b>	<div style="border: 1px solid black; border-radius: 15px; padding: 10px; background-color: #e0f7fa;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Decrease in Depreciation and Lease Expense</td> <td style="text-align: right;">+0.7</td> <td rowspan="3" style="font-size: 2em; vertical-align: middle;">}</td> <td rowspan="3" style="border: 1px solid black; padding: 2px 5px; text-align: center;"><b>+2.2</b></td> </tr> <tr> <td>Exchange Effect</td> <td style="text-align: right;">+0.7</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">+0.8</td> </tr> <tr> <td>Decrease in Sales</td> <td style="text-align: right;">-8.3</td> <td rowspan="4" style="font-size: 2em; vertical-align: middle;">}</td> <td rowspan="4" style="border: 1px solid black; padding: 2px 5px; text-align: center;"><b>-10.2</b></td> </tr> <tr> <td>Revaluation of Inventories</td> <td style="text-align: right;">-0.8</td> </tr> <tr> <td>Price Decline</td> <td style="text-align: right;">-0.7</td> </tr> <tr> <td>Increase in Costs</td> <td style="text-align: right;">-0.4</td> </tr> </table></div>	Decrease in Depreciation and Lease Expense	+0.7	}	<b>+2.2</b>	Exchange Effect	+0.7	Others	+0.8	Decrease in Sales	-8.3	}	<b>-10.2</b>	Revaluation of Inventories	-0.8	Price Decline	-0.7	Increase in Costs	-0.4
Decrease in Depreciation and Lease Expense	+0.7	}	<b>+2.2</b>																			
Exchange Effect	+0.7																					
Others	+0.8																					
Decrease in Sales	-8.3	}	<b>-10.2</b>																			
Revaluation of Inventories	-0.8																					
Price Decline	-0.7																					
Increase in Costs	-0.4																					
<b>Operating Income</b>	<b>0.5</b>	<b>-7.5</b>	<b>-8.0</b>																			
<b>Ordinary Income</b>	<b>0.5</b>	<b>-8.0</b>	<b>-8.5</b>																			
<b>Net Income</b>	<b>-7.0</b>	<b>-11.5</b>	<b>-4.5</b>																			
<b>Net Sales</b>	<b>400.0</b>	<b>384.0</b>	<b>(-4.0%) -16.0</b>	<div style="border: 1px solid black; border-radius: 15px; padding: 10px; background-color: #e0f7fa;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Exchange Rate Effect</td> <td style="text-align: right;">-1.1</td> </tr> <tr> <td>Net Interest Expenses</td> <td style="text-align: right;">+0.4</td> </tr> <tr> <td>Income on Investment in Equity-method Affiliates</td> <td style="text-align: right;">+0.2</td> </tr> </table> </div>	Exchange Rate Effect	-1.1	Net Interest Expenses	+0.4	Income on Investment in Equity-method Affiliates	+0.2												
Exchange Rate Effect	-1.1																					
Net Interest Expenses	+0.4																					
Income on Investment in Equity-method Affiliates	+0.2																					
<b>Net Income</b>	<b>-7.0</b>	<b>-11.5</b>	<b>-4.5</b>																			

<b>Sales Exchange Rate US\$</b>	<b>¥100.00</b>	<b>¥102.28</b>
---------------------------------	----------------	----------------

Exchange rate applied for 2Q: ¥100/US\$

Exchange rate effect of one yen for 2Q based on operating income/loss: ¥130 million/US\$

# Net Sales and Operating Income Forecasts by Segment for 1st Half of FY2008 (Comparison with Original Forecasts)

(billion yen)

		1H FY2008 Original Forecasts	1H FY2008 Revised forecasts	Changes
Net Sales	Energy & Electric Systems	225.0	223.0	-2.0
	Electronic Devices	104.0	90.0	-14.0
	Retail Systems	73.0	73.0	0.0
	Others	22.0	22.0	0.0
	Eliminations	-24.0	-24.0	0.0
	Total	400.0	384.0	-16.0
Operating Income	Energy & Electric Systems	-2.0	-2.0	0.0
	Electronic Devices	2.0	-6.0	-8.0
	Retail Systems	1.0	1.0	0.0
	Others	0.5	0.5	0.0
	Eliminations	-1.0	-1.0	0.0
	Total	0.5	-7.5	-8.0

### Energy & Electric Systems

➤ Plant system sales are expected to remain on track with the original forecast. However, overall sales are expected to be lower than originally projected due to a sluggish domestic ED&C market. Operating income is expected to be on a par with the original forecast.

### Electronic Devices

➤ Both sales and operating income of semiconductors are expected to fall significantly below the original forecast due to prolonged inventory adjustments by industry IGBT module customers.

➤ Magnetic disk sales are expected to fall significantly short of the original forecast due to reduced shipments of certain models resulting from model changes and a drop in sales from major customers. Operating income is expected to be significantly lower than originally projected, due mainly to reduced output resulting from weak sales and declined yields attributable to launch of new models.

### Retail Systems

➤ Both sales and operating income are expected to remain on track with the original forecast.

# Net Sales and Operating Income Full-year Forecasts by Segment for FY2008 (Comparison with Original Forecasts)

(billion yen)

	FY2008 Original Forecasts	FY2008 Revised forecast	Changes
<b>Net Sales</b>	<b>925.0</b>	<b>890.0</b>	<b>-35.0</b> (-3.8%)
<b>Operating Income</b>	<b>42.0</b>	<b>22.5</b>	<b>-19.5</b>
<b>Ordinary Income</b>	<b>42.0</b>	<b>22.5</b>	<b>-19.5</b>
<b>Net Income</b>	<b>20.0</b>	<b>8.0</b>	<b>-12.0</b>
<b>Sales Exchange Rate US\$</b>	<b>¥97.50</b>	<b>¥98.64</b>	

(billion yen)

		FY2008 Original Forecasts	FY2008 Revised forecasts	Changes
<b>Net Sales</b>	Energy & Electric Systems	550.0	544.0	-6.0
	Electronic Devices	235.0	202.0	-33.0
	Retail Systems	148.0	148.0	0.0
	Others	49.0	49.0	0.0
	Eliminations	-57.0	-53.0	+4.0
	<b>Total</b>	<b>925.0</b>	<b>890.0</b>	<b>-35.0</b>
<b>Operating Income</b>	Energy & Electric Systems	22.5	20.0	-2.5
	Electronic Devices	16.0	1.0	-15.0
	Retail Systems	4.0	2.0	-2.0
	Others	1.5	1.5	0.0
	Eliminations	-2.0	-2.0	0.0
	<b>Total</b>	<b>42.0</b>	<b>22.5</b>	<b>-19.5</b>

Exchange rate applied for 2Q: ¥100/US\$ ¥160/€

Exchange rate applied for 2nd half of FY2008: ¥95/US\$ ¥150/€

Exchange rate effect of one yen for 2Q - 4Q based on operating income/loss: ¥450 million/US\$ ¥600 million/€

## *Disclaimer*

1. Statements made in this documents or in the presentation to which they pertain regarding estimates or projections are forward-looking statements based on the company's judgments and assumptions in light of information currently available. Actual results may differ materially from those projected as a result of uncertainties inherent in such judgments and assumptions, as well as changes in business operations or other internal or external conditions. Accordingly, the company gives no guarantee regarding the reliability of any information contained in these forward-looking statements.
2. These documents are for information purpose only, and do not constitute an inducement by the company to make investments.
3. Unauthorized reproduction of these documents, in part or in whole, is prohibited.