Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

In the nine-month period ended December 31, 2012, the operating environment for Fuji Electric proved to be difficult for its power electronics and semiconductor operations overseas due to the market stagnation that stemmed from the sovereign debt crisis in Europe and the delayed recovery in demand that was particularly prominent in China. Domestically, conditions were relatively firm during the first half of the fiscal year. However, domestic economic conditions started to decelerate in the summer as a result of sluggish conditions in the global economy.

In this environment, the Company pushed forward with initiatives geared toward advancing the management policies of “expand energy-related businesses” and “globalize.” At the same time, we worked to reinforce management foundations by pursuing improved profitability through thorough cost reductions, strengthening manufacturing capabilities, improving cash flows by reducing inventories, and developing sales and production foundations to expand overseas operations.

Consolidated business results for the nine-month period ended December 31, 2012, were as follows.

Net sales increased ¥40.3 billion year on year, to ¥500.8 billion, largely due to the contributions of large-scale contracts in the power generation business. By business segment, year-on-year increases in the net sales of the Power and Social Infrastructure, Industrial Infrastructure, and Other segments counteracted year-on-year decreases in the net sales of the Power Electronics, Electronic Devices, and Food and Beverage Distribution segments.

In operating results, operating loss improved ¥0.9 billion year on year, to ¥4.2 billion. Likewise, ordinary loss improved ¥4.3 billion year on year, to ¥4.6 billion.

Net loss improved ¥2.5 billion year on year, to ¥3.4 billion.

Operating results for the nine-month period ended December 31, 2012, were as follows.

(¥ billion)

	3Q Fiscal 2011	3Q Fiscal 2012	Change
Net sales	460.6	500.8	40.3
Operating income/loss	-5.1	-4.2	0.9
Ordinary income/loss	-8.9	-4.6	4.3
Net income/loss	-6.0	-3.4	2.5

Results by Segment

[Power and Social Infrastructure]
YoY: Net sales increased 47%, operating results worsened ¥0.3 billion

Net sales rose 47% year on year, to ¥120.9 billion, and operating loss worsened ¥0.3 billion year on year, to ¥0.6 billion.

Sales in the power generation business were up year on year due to large scale orders for thermal power plants. In the social infrastructure business, sales increased centered on the energy distribution business. However, overall operating results in this segment dropped because of the heavy impacts of intensified price competition, particularly in the power generation business, which offset the benefits of efforts to lower costs and general expenses in each business.

[Industrial Infrastructure]
YoY: Net sales increased 12%, operating results improved ¥0.3 billion

Net sales rose 12% year on year, to ¥76.5 billion, and operating loss improved ¥0.3 billion year on year, to ¥0.5 billion.

Sales in the industrial plant business and the facilities business increased year on year following firm replacement demand. This demand was particularly robust in Japan. While operating results in both businesses were impacted by intensified cost competition, these impacts were outweighed by the benefits of the higher sales and lower costs, and operating results improved year on year for both business businesses accordingly.

[Power Electronics]
YoY: Net sales decreased 6%, operating results worsened ¥2.1 billion

Net sales decreased 6% year on year, to ¥98.9 billion, and operating results worsened ¥2.1 billion year on year, to ¥0.9 billion.

In the drive business, sales decreased substantially year on year due to sluggish overseas demand, particularly in China, and a slump in exports in Japan. Regardless of the relatively firm demand for power supplies to be used in telecommunications infrastructure, sales in the power supply business declined due to lower demand for power supplies for the manufacturing industry and for use in IT equipment. In the ED&C components business, the domestic market saw decreased demand in the machine tool and semiconductor fields, which resulted in sales declines in this business. Operating results for the entire segment were down following the lower sales.

[Electronic Devices]
YoY: Net sales decreased 5%, operating results worsened ¥3.3 billion

Net sales decreased 5% year on year, to ¥80.2 billion, and operating loss worsened ¥3.3 billion year on year, to ¥3.8 billion.

In the semiconductor business, demand in the automotive electronics business was relatively firm, while demand in the industrial and power supply application businesses was down. As a result, both sales and operating results worsened. In the magnetic disk business, sales were essentially unchanged year on year. However, operating results improved year on year due to the benefits of the business restructuring initiatives implemented in the previous fiscal year.

[Food and Beverage Distribution]
YoY: Net sales decreased 2%, operating results improved ¥5.0 billion

Net sales decreased 2% year on year, to ¥80.5 billion, and operating income improved ¥5.0 billion year on year, to ¥3.7 billion.

In the vending machine business, there was strong replacement demand from beverage manufacturers for energy-saving environmentally friendly vending machines. However, sales declined year on year after sales of the food and beverage items sold in vending machines were stopped.. In the store distribution business, sales rose as a result of increased orders for the establishment of new convenience stores and the renovation of existing stores as well as automatic change dispenser replacement demand. Operating results improved for both businesses due to cost reductions and the benefits from the business restructuring initiatives implemented in the previous fiscal year.

[Others]
YoY: Net sales increased 4%, operating results improved ¥1.0 billion

Net sales rose 4% year on year, to ¥80.2 billion, and operating income improved ¥1.0 billion year on year, to ¥1.5 billion.

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2012	Breakdown (%)	December 31, 2012	Breakdown (%)	Change
Total assets	792.8	100.0	739.0	100.0	-53.9
Interest-bearing debt	255.9	32.3	236.7	32.0	-19.2
Shareholder's equity*1	163.6	20.6	155.2	21.0	-8.4
Debt-equity ratio*2 (times)	1.6		1.5		-0.1

*1 Shareholders' equity = Total net assets － Minority interests

*2 D/E ratio = Interest-bearing debt/ Shareholders' equity

Total assets stood at ¥739.0 billion on December 31, 2012, down ¥53.9 billion from the end of the previous fiscal year. Total current assets decreased ¥46.6 billion principally because of lower cash and cash and deposits following the redemption of bonds and a decline in notes and accounts receivable-trade. Total noncurrent assets decreased ¥7.3 billion due to declines in the value of investment securities following differences in mark-to-market valuation.

Interest-bearing debt on December 31, 2012, amounted to ¥236.7 billion, a decrease of ¥19.2 billion from the previous fiscal year-end that was primarily attributable to the redemption of bonds. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—amounted to ¥214.5 billion on December 31, 2012, an increase of ¥22.9 billion from the previous fiscal year-end.

Net assets stood at ¥175.0 billion on December 31, 2012, ¥8.2 billion lower than at the end of the previous fiscal year. This was primarily due to lower retained earnings and valuation difference on available-for-sale securities. In addition, shareholders' equity—net assets net of minority interests—was down ¥8.4 billion from the previous fiscal year-end, standing at ¥155.2 billion on December 31, 2012. The debt-to-equity ratio (interest-bearing debt ÷ shareholders' equity) declined 0.1 times from the previous fiscal year-end, to 1.5 times. Also, the net debt-to-equity ratio (net interest-bearing debt ÷ shareholders' equity) was 1.4 times, up 0.2 times from the previous fiscal year-end.

(3) Qualitative Information Regarding Consolidated Forecasts

Consolidated forecasts for business results for the full fiscal year ending March 31, 2013, are unchanged from those announced on October 25, 2012.

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