

## Financial Performance

### (1) Qualitative Information regarding Consolidated Results of Operations

In the nine-month period ended December 31, 2014, the domestic economy experienced a modest recovery trend. While the rebound was felt from the demand rush that preceded the April 2014 consumption tax hike, this was offset by positive factors including a rise in capital investment. Overseas, activity was weak in certain markets, but the overall trend was that of gradual improvement supported by the recovery of the United States and other major developed nations.

In response to these conditions, Fuji Electric concentrated on advancing the management policies of expanding energy-related businesses and globalizing operations. At the same time, we positioned the current fiscal year as a year for aggressive management expansion, a step forward from the previous year, which was designated as the first year for aggressive management. As such, we worked to boost profitability focused on businesses in the Industrial Infrastructure and Power Electronics segments while strengthening overseas operations.

Consolidated business results for the nine-month period were as follows.

Net sales rose ¥39.2 billion year on year, to ¥541.8 billion, following increased demand and beneficial foreign exchange translations. In addition, all business segments experienced a year-on-year increase in net sales.

Operating income improved ¥5.6 billion year on year, to ¥11.4 billion. This reflected higher net sales and improved profitability stemming from cost reductions. Further, ordinary income increased ¥7.0 billion, to ¥13.6 billion. Net income rose ¥8.9 billion, to ¥11.2 billion. In this manner, all three income figures increased substantially over the nine-month period ended December 31, 2013.

Consolidated results of operations for the nine-month period were as follows.

(¥ billion)

	Nine-month period ended December 31, 2013	Nine-month period ended December 31, 2014	Change
Net sales	502.6	541.8	39.2
Operating income	5.9	11.4	5.6
Ordinary income	6.6	13.6	7.0
Net income	2.3	11.2	8.9

## Results by Segment

### [Power and Social Infrastructure]

**YoY: Net sales increased 18%, operating results improved ¥1.0 billion**

Net sales rose 18% year on year, to ¥102.2 billion, and operating loss decreased ¥1.0 billion year on year, and operating income of ¥0.3 billion was recorded accordingly.

In the power plant business, net sales were up year on year due to a rise in orders for solar power generation systems, which offset the decline in large-scale orders for hydropower generation facilities. In the social engineering systems business, net sales were up due to higher sales centered on power systems and other items in the power grid field as well as smart meters. In the social information business, net sales increased as a result of the rise in activities targeting small to medium-scale orders. Overall, the segment saw improved operating results due to higher net sales.

### [Industrial Infrastructure]

**YoY: Net sales increased 7%, operating results improved ¥0.6 billion**

Net sales rose 7% year on year, to ¥116.7 billion, and operating loss decreased ¥0.6 billion year on year, to ¥1.0 billion.

In the transmission and distribution business, net sales were up year on year, reflecting a rise in large-scale orders in Japan. In the industrial plant business, net sales increased following strong domestic replacement demand. In the industrial and instrumentation equipment business, net sales were relatively unchanged year on year. In the equipment construction business, net sales increased due to a rise in orders for air-conditioning facility construction and solar power generation facility construction. The segment's overall operating results improved year on year due to the higher net sales.

### [Power Electronics]

**YoY: Net sales increased 4%, operating results improved ¥1.2 billion**

Net sales rose 4% year on year, to ¥129.7 billion, and operating income improved ¥1.2 billion year on year, to ¥2.6 billion.

In the drive business, net sales and operating results were relatively unchanged year on year as the decrease in overseas orders for electric equipment for railcars was counterbalanced by a rise in demand for mainstay inverters and servos in Japan and overseas. In the power supply business, net sales and operating results were up year on year as a result of increased overseas demand for power supply equipment coupled with the robust demand for power conditioners for mega solar power generation projects in Japan. In the ED&C components business, net sales and operating results improved year on year due to strong demand for machine tools and power distribution equipment.

**[Electronic Devices]**

**YoY: Net sales increased 13%, operating results improved ¥1.6 billion**

Net sales rose 13% year on year, to ¥105.1 billion, and operating income improved ¥1.6 billion year on year, to ¥5.9 billion.

In the semiconductors business, net sales were up year on year due to strong demand for inverters, servos, and other industrial machinery in the industrial field and recovered demand for products for telecommunications equipment in the power supply application field, factors that outweighed the decrease in demand in the automotive field following the consumption tax hike in Japan. Operating results improved due to higher net sales and the benefits of cost reduction efforts. In the magnetic disks business, net sales increased, but operating results were unchanged year on year due to the negative impacts of changes in prices and the ratios of sales for specific models.

**[Food and Beverage Distribution]**

**YoY: Net sales increased 1%, operating results improved ¥0.9 billion**

Net sales rose 1% year on year, to ¥88.0 billion, and operating income improved ¥0.9 billion year on year, to ¥6.1 billion.

In the vending machines business, net sales were relatively unchanged year on year as the sales increases that accompanied the expansion of the Chinese market offset the impacts of detracting factors in the domestic market, namely the unseasonable weather as well as a decrease in vending machine demand following the consumption tax hike. Operating results improved due to the benefits of cost reduction efforts. In the store distribution business, net sales were up year on year following increased demand for freezing and refrigerating facilities for convenience stores as well as for refrigeration facilities for the distribution sector. In addition, operating results improved due to higher net sales and the benefits of cost reduction efforts.

**[Others]**

**YoY: Net sales increased 3%, operating results were unchanged year on year**

Net sales rose 3% year on year, to ¥45.5 billion, and operating income were unchanged year on year at ¥1.5 billion.

## (2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2014	Breakdown (%)	December 31, 2014	Breakdown (%)	Change
Total assets	810.8	100.0	856.8	100.0	46.0
Interest-bearing debt	199.5	24.6	214.4	25.0	14.9
Shareholder's equity* <sup>1</sup>	227.2	28.0	235.0	27.4	7.8
Debt-equity ratio* <sup>2</sup> (times)	0.9		0.9		0.0

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

\*2 Debt-equity ratio = Interest-bearing debt / Shareholders' equity

Total assets on December 31, 2014, stood at 856.8 billion, an increase of ¥46.0 billion from the end of the previous fiscal year. Total current assets increased ¥33.9 billion, due mainly to a rise in inventories, which offset a decrease in notes and accounts receivable-trade. Total noncurrent assets were up ¥12.2 billion, due to an increase in investment securities, which counteracted a decrease in net defined benefit asset.

Interest-bearing debt as of December 31, 2014, amounted to ¥214.4 billion, up ¥14.9 billion from the previous fiscal year-end. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—increased ¥19.8 billion from the previous fiscal year-end, amounting to ¥185.9 billion on December 31, 2014.

Net assets on December 31, 2014, stood at ¥262.0 billion, up ¥10.8 billion from the previous fiscal year-end. This was because increases stemming from valuation difference on available-for-sale securities and foreign currency translation adjustments outweighed a decrease in retained earnings mainly due to the adoption of the Accounting Standard for Retirement Benefits. In addition, shareholders' equity—total net assets net of minority interests—was up ¥7.8 billion from the previous fiscal year-end, standing at ¥235.0 billion on December 31, 2014. The debt-to-equity ratio (interest-bearing debt ÷ shareholders' equity) was unchanged from the previous fiscal year-end, at 0.9 times. Also, the net debt-to-equity ratio (net interest-bearing debt ÷ shareholders' equity) was 0.8 times, up 0.1 time from the previous fiscal year-end.

### (3) Qualitative Information regarding Consolidated Forecasts and Forecast Information

In light of the business result trends of the nine-month period ended December 31, 2014, Fuji Electric has revised its consolidated forecast for full-year business results for the fiscal year ending March 31, 2015, which was announced on October 30, 2014, together with financial results for the six-month period ended September 30, 2014.

The forecast for the remainder of the fiscal year ending March 31, 2015, assumes exchange rates of US\$1 = ¥110 and € 1 = ¥140.

(Consolidated Forecasts for the Fiscal Year Ending March 31, 2015) (¥ billion)

	Previous announcement	Revised announcement	Change
Net sales	790.0	800.0	10.0
Operating income	40.0	41.0	1.0
Ordinary income	41.0	43.0	2.0
Net income	24.0	27.0	3.0

Reference: Consolidated Forecasts for the Fiscal Year Ending March 31, 2015, by Segment (¥billion)

	Net sales			Operating income (loss)		
	Previous announcement	Revised announcement	Change	Previous announcement	Revised announcement	Change
Power and Social Infrastructure	165.1	168.5	3.4	8.3	8.3	0.0
Industrial Infrastructure	204.7	204.7	0.0	12.6	12.6	0.0
Power Electronics	181.7	181.7	0.0	8.7	8.7	0.0
Electronic Devices	126.9	133.5	6.6	7.7	8.0	0.3
Food and Beverage Distribution	118.7	118.7	0.0	7.3	8.0	0.7
Others	57.1	57.1	0.0	1.7	1.7	0.0
Elimination and Corporate	(64.2)	(64.2)	0.0	(6.3)	(6.3)	0.0
Total	790.0	800.0	10.0	40.0	41.0	1.0

Net sales are expected to be ¥10.0 billion higher than the previous forecasts due to increased demand in the Power and Social Infrastructure and Electronic Devices segments. Operating results are expected to climb ¥1.0 billion above the previous forecasts due to higher-than-forecast operating results in the Electronic Devices and Food and Beverage Distribution segments resulted from the benefits of cost reduction efforts.