Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

In the three-month period ended June 30, 2015, the domestic economy experienced a modest recovery trend, as evidenced by such factors as improvements in capital investment levels. Overseas, economic slowdown was witnessed in certain Asian countries, most notably China, but the overall trend was that of gradual improvement supported by the recovery of the United States and major European developed nations.

In this environment, the Company defined the basic policies of complete the FY2015 Medium-Term Management Plan and advance growth strategies in preparation for the next medium-term management plan. We also pushed forward with measures to expand the power plant business as well as operations in the Industrial Infrastructure and Power Electronics segments and overseas businesses while also pursuing improvements in overall profitability.

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

Net sales rose ¥6.1 billion year on year, to ¥165.2 billion, following increased demand and beneficial foreign exchange translations. By business segment, Power and Social Infrastructure, Power Electronics, Electronic Devices, and Others saw increased net sales, while Industrial Infrastructure and Food and Beverage Distribution saw net sales decline.

Operating income improved ¥0.5 billion year on year, to ¥2.4 billion. This improvement was largely attributable to contributions being made by increased profitability stemming from cost reductions. Further, ordinary income increased ¥1.4 billion, to ¥3.0 billion. At the same time, profit attributable to owners of parent rose ¥1.8 billion, to ¥2.0 billion. In this manner, operating income, ordinary income, and profit attributable to owners of parent all showed year-on-year increases.

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

(¥ billion)

	1Q Fiscal 2014	1Q Fiscal 2015	Change
Net sales	159.1	165.2	6.1
Operating income	1.9	2.4	0.5
Ordinary income	1.6	3.0	1.4
Profit attributable to owners of parent	0.2	2.0	1.8

Results by Segment

[Power and Social Infrastructure]
YoY: Net sales increased 4%, operating results improved slightly

Net sales increased 4% year on year, to ¥27.4 billion, and operating income improved slightly, to ¥0.2 billion.

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 were relatively unchanged year on year. Overall, the segment saw improved operating results due to higher net sales.

[Industrial Infrastructure]
YoY: Net sales decreased 2%, operating results worsened ¥0.6 billion

Net sales decreased 2% year on year, to ¥29.4 billion, and operating loss worsened ¥0.6 billion year on year, to ¥2.5 billion.

In the transmission and distribution business, net sales were down year on year, reflecting a decrease in large-scale orders in Japan. Net sales in both the industrial plant business and the industrial and instrumentation equipment business were up year on year due to strong energy saving and replacement demand in Japan. In the equipment construction business, net sales were relatively unchanged year on year. Overall, the segment saw operating results worsen due to the decrease in net sales and the negative impacts of changes in the ratios of sales for specific models.

[Power Electronics]
YoY: Net sales increased 13%, operating results improved ¥0.9 billion

Net sales increased 13% year on year, to ¥45.6 billion, and operating income ¥0.9 billion year on year, to ¥1.0 billion.

In the drive business, net sales were up year on year following higher demand for inverters, servos, and industrial motors in Japan. In the power supply business, net sales were up year on year due to the robust demand for power supply equipment and power conditioning sub-systems for mega solar power generation projects 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 up year on year due to strong demand from machinery equipment manufacturers for machine tools and other articles. The segment's overall operating results improved year on year due to the higher net sales and the benefits of cost reduction efforts.

[Electronic Devices]

YoY: Net sales increased 1%, operating results improved ¥0.3 billion

Net sales increased 1% year on year, to ¥31.8 billion, and operating income improved ¥0.3 billion year on year, to ¥2.3 billion.

In the semiconductors business, net sales and operating results worsened year on year as the impacts of reduced sales of certain vehicles equipped with the Company's products in the automotive field and lower demand in China and other parts of Asia in the power supply application field offset the relatively strong demand seen in the industrial field. In the magnetic disks business, net sales and operating results improved year on year due to increased demand from a customer.

[Food and Beverage Distribution]

YoY: Net sales decreased 1%, operating results worsened ¥0.4 billion

Net sales decreased 1% year on year, to ¥29.8 billion, and operating income worsened ¥0.4 billion year on year, to ¥2.2 billion.

In the vending machine 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 in the Chinese market. In the store distribution business, net sales were down year on year following lower sales of freezing and refrigerating facilities for convenience stores, while operating results were relatively unchanged year on year as a result of cost reduction efforts.

[Others]

YoY: Net sales increased 6%, operating results improved ¥0.1 billion

Net sales increased 6% year on year, to ¥15.4 billion, and operating income improved ¥0.1 billion year on year, to ¥0.5 billion.

Note: Effective April 1, 2015, the Company underwent an organizational restructuring, resulting in changes in the business segments contained within the following reportable segments: Power and Social Infrastructure, Industrial Infrastructure, and Power Electronics. Year on year comparisons utilize figures recalculated for performance in the three-month period ended June 30, 2014, based on the new categorization of business segments.

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2015	Breakdown (%)	June 30, 2015	Breakdown (%)	Change
Total assets	904.5	100.0	886.1	100.0	(18.4)
Interest-bearing debt	191.2	21.1	206.4	23.3	+15.2
Shareholder's equity*1	290.3	32.1	282.2	31.8	(8.2)
Debt-equity ratio*2 (times)	0.7		0.7		0.0

*1 Shareholders' equity = Total net assets － non-controlling interests

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

Total assets on June 30, 2015, stood at ¥886.1 billion, a decrease of ¥18.4 billion from the end of the previous fiscal year. Total current assets decreased ¥8.3 billion, as the decline in notes and accounts receivable-trade counteracted the rise in inventories. Total noncurrent assets were down ¥10.1 billion, due to decreases stemming from valuation difference on available-for-sale securities.

Interest-bearing debt as of June 30, 2015, amounted to ¥206.4 billion, up ¥15.2 billion from the previous fiscal year-end. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—increased ¥18.4 billion from the previous fiscal year-end, amounting to ¥177.7 billion on June 30, 2015.

Net assets on June 30, 2015, stood at ¥311.6 billion, down ¥8.0 billion from the previous fiscal year-end. This was because of decreases stemming from valuation difference on available-for-sale securities. In addition, shareholders' equity—total net assets net of non-controlling interests—was down ¥8.2 billion from the previous fiscal year-end, standing at ¥282.2 billion on June, 2015. The debt-to-equity ratio (interest-bearing debt ÷ shareholders' equity) was 0.7 times, unchanged from the previous fiscal year-end. Also, the net debt-to-equity ratio (net interest-bearing debt ÷ shareholders' equity) was 0.6 times, up 0.1 times.

(3) Qualitative Information regarding Consolidated Forecasts and Forecast Information

In light of the business result trends seen in the three-month period ended June 30, 2015, Fuji Electric has chosen to revise the consolidated forecast for business results for the six months ending September 30, 2015, that was announced together with financial results for the fiscal year ended March 31, 2015, on April 27, 2015.

The forecast for the six months ending September 30, 2015, assumes exchange rates of US$1 = ¥115 and € 1 = ¥125 for the period from July 1, 2015, onward.

(Consolidated Forecasts for the Six Months Ending September 30, 2015) (¥ billion)

	Previous announcement	Revised announcement	Change
Net sales	364.3	364.3	0.0
Operating income	6.0	6.0	0.0
Ordinary income	3.8	4.3	0.5
Profit attributable to owners of parent	1.0	2.0	1.0

The forecast for the fiscal year ending March 31, 2016, that was announced together with financial results for the fiscal year ended March 31, 2015, on April 27, 2015, has not been revised. This decision was made despite the following disparity between the performance and forecasts for individual segments.

(Consolidated Forecasts for the Fiscal Year Ending March 31, 2016) (¥ billion)

	Previous announcement	Revised announcement	Change
Net sales	850.0	850.0	0.0
Operating income	45.0	45.0	0.0
Ordinary income	45.0	45.0	0.0
Profit attributable to owners of parent	29.0	29.0	0.0

(Reference: Consolidated Forecasts for the Fiscal Year Ending March 31, 2016, by Segment) (¥billion)

	Net sales			Operating income (loss)		
	Previous announcement	Revised announcement	Change	Previous announcement	Revised announcement	Change
Power and Social Infrastructure	176.6	178.1	1.5	8.4	8.9	0.5
Industrial Infrastructure	208.6	209.1	0.5	12.5	13.0	0.5
Power Electronics	219.5	219.5	0.0	9.6	9.6	0.0
Electronic Devices	137.3	135.3	(2.0)	10.3	9.3	(1.0)
Food and Beverage Distribution	120.0	120.0	0.0	8.5	8.5	0.0
Others	61.4	61.4	0.0	1.9	1.9	0.0
Elimination and Corporate	(73.4)	(73.4)	0.0	(6.1)	(6.1)	0.0
Total	850.0	850.0	0.0	45.0	45.0	0.0

Net sales are anticipated to exceed the previously released forecasts in the Power and Social Infrastructure and Industrial Infrastructure segments due to higher demand, while sales in the Electronic Devices segment are expected to fall below these forecasts. As a result, overall net sales will be in line with the previously released forecasts.

Meanwhile, operating results are projected to be worse than previously forecast in the Electronic Devices segment following lower net sales, while the benefit of increased net sales and reduced costs will lead operating results in the Power and Social Infrastructure and Industrial Infrastructure segments to be better than anticipated. As a result, overall operating results will be in line with the previously released forecasts.

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