

Consolidated Financial Results for 1Q FY2016

July 29, 2016

Fuji Electric Co., Ltd.

Summary of Consolidated Financial Results for 1Q FY2016 (YoY Comparison)

Despite reductions in sales resulted from unfavorable foreign exchange translations, net sales and operating income relatively unchanged year on year due to higher demand centered on the Industrial Infrastructure segment

	(Billion yen)		
	1Q FY2015	1Q FY2016	Change
Net Sales	165.2	165.1	-0.1
Operating Income/Loss	2.4	2.3	-0.1
Ordinary Income/Loss	3.0	0.3	-2.7
Extraordinary Income/Loss	0.9	-0.0	-0.9
Income/Loss before Income Taxes	3.9	0.3	-3.6
Income Taxes	1.3	0.3	-1.0
Profit attributable to non-controlling interests	0.6	0.7	0.2
Profit attributable to owners of parent	2.0	-0.7	-2.7

	(Yen)		
Average Exchange Rate US\$	121.36	108.14	-13.22
Average Exchange Rate EURO	134.16	122.02	-12.14

Net Sales

Demand increase	6.3
Impact on the new consolidation*	1.2
Loss on translation of earnings of overseas subsidiaries	-7.7

Operating Income/Loss

Cost Reduction	4.2	Price Decline	-3.5
Increase in sales	1.6	Increase in Fixed Cost	-1.1
		Exchange Rate Effect	-0.7
		Decrease in production	-0.6
5.8		-5.9	

Non-operating Income/Loss

Net Interest Expense	-0.2	(0.9 → 0.7)
Equity in Losses in Affiliates	0.0	(-0.5 → -0.5)
Foreign Exchange Losses	-2.4	(0.3 → -2.2)
-2.6		(0.6 → -2.0)

Extraordinary Income/Loss

Gain on Sales of Investment Securities	-0.9	(0.9 → 0.0)
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*New Consolidated Subsidiaries
- Reliable Turbine Services LLC
- Fuji Electric Retail Service Co., Ltd.

Net Sales and Operating Income by Segment for 1Q FY2016 (YoY Comparison)①

(Billion yen)

	1Q FY2015		1Q FY2016		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power and Social Infrastructure	27.4	0.2	28.9	0.4	1.6	0.3
Industrial Infrastructure	28.2	-3.3	36.6	-0.9	8.5	2.3
Power Electronics	46.7	1.4	43.4	0.2	-3.3	-1.2

* Figures for 1Q FY2015 reflect the organizational restructuring conducted in FY2016.

■ Power and Social Infrastructure

【Net Sales】 In the power plant business, net sales were down year on year as the increase in orders for thermal power, geothermal power, and hydraulic power generation facilities was outweighed by 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 centered on smart meters.

In the social information business, net sales were down year on year following lower private-sector demand.

【Operating Income】 Operating results 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 up year on year due to contributions from large-scale orders from domestic industries.

Net sales in the industrial plant business were up year on year as a result of strong energy saving and replacement demand in Japan as well as increased data center-related orders.

Net sales were down year on year in the industrial and instrumentation equipment business following a decline in overseas demand.

The equipment construction business saw a year-on-year increase in net sales following contributions from large-scale domestic orders for installation of electrical equipment.

【Operating Income】 Operating results improved due to higher net sales and the benefits of cost reduction efforts.

■ Power Electronics

【Net Sales / Operating Income】

In the drive business, net sales decreased and operating results worsened year on year due to lower demand for inverters overseas, particularly in China, and reductions in sales resulted from unfavorable foreign exchange translations.

In the power supply business, net sales were up year on year as strong performance of switchgear and controlgear operations overseas compensated for the decline in demand for power conditioning sub-systems for megasolar power generation systems. Operating results improved due to higher net sales and the benefits of cost reduction efforts.

In the ED&C components business, net sales decreased and operating results worsened year on year following reduced demand from machine tools and other machinery manufacturers and lower overseas demand, especially in China.

Net Sales and Operating Income by Segment for 1Q FY2016 (YoY Comparison)^②

(Billion yen)

	1Q FY2015		1Q FY2016		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Electronic Devices	32.0	2.4	28.5	1.6	-3.5	-0.8
Food and Beverage Distribution	29.3	2.5	25.7	1.7	-3.6	-0.8
Others	15.4	0.5	14.1	0.6	-1.4	0.1
Elimination and Corporate	-13.8	-1.3	-12.2	-1.4	1.6	-0.0
Total	165.2	2.4	165.1	2.3	-0.1	-0.1

* Figures for 1Q FY2015 reflect the organizational restructuring conducted in FY2016.

■ Electronic Devices

【Net Sales / Operating Income】

In the semiconductors business, net sales decreased and operating results worsened year on year as firm performance in the automotive field was outweighed by the impacts of sluggish demand resulted from the bearish state of the Chinese market in the industrial field and the reductions in sales resulted from unfavorable foreign exchange translations in the industrial and power supply application fields.

In the magnetic disks business, net sales were down year on year because of reductions in sales resulted from unfavorable foreign exchange translations, but operating results were relatively unchanged year on year due to the benefits of cost reduction efforts.

■ Food and Beverage Distribution

【Net Sales / Operating Income】

In the vending machine business, net sales decreased and operating results worsened year on year because of the impacts of the reduced vending machine demand in Japan stemming from limited investment among domestic beverage manufacturers.

In the store distribution business, net sales increased and operating results improved year on year as a result of higher sales of freezing and refrigerating facilities and automatic change dispensers for convenience stores.

Net Sales for 1Q FY2016 [Japan and Overseas by Area]

(YoY Comparison)

Net sales up in Japan mainly due to higher demand centered on the Industrial Infrastructure segment
Net sales down overseas due to reductions in sales resulted from unfavorable foreign exchange translations (-7.7Billion yen), offsetting the benefits of increased demand in Asia

(Billion yen)

	1Q Y2015	1Q Y2016	Change
Japan	113.0	115.2	2.2
Overseas	52.2	49.9	-2.3
Asia	22.2	25.5	3.3
China	22.3	17.4	-4.9
Europe	4.2	4.0	-0.2
Americas	3.4	3.0	-0.5
Total	165.2	165.1	-0.1

■ Japan

【Industrial Infrastructure +7.1】

Net sales up due to large-scale orders in the Industrial transmission and distribution business and the equipment construction business

【Power Electronics -2.7】

Net sales down due to lower demand for industrial motors as well as for power conditioning sub-systems for mega solar power generation systems

【Food and Beverage Distribution -3.4】

Net sales down due to reduced vending machine demand in Japan stemming from limited investment among domestic beverage manufacturers

■ Asia

【Industrial Infrastructure +2.1】

Net sales up due to higher demand for industrial plants in the material and IDC fields

【Power Electronics +1.5】

Net sales up due to higher demand for switchgears and controlgears

■ China

【Power Electronics -1.3】

Net sales down due to unfavorable foreign exchange translations and reduced demand for low-voltage inverters and ED&C components

【Electronic -2.2】

Net sales down due to unfavorable foreign exchange translations and changes in magnetic disk sales channels

Consolidated Balance Sheet at the end of 1Q FY2016

Assets

	3/31/16	6/30/16	Change
Cash and time deposit	31.0	27.8	-3.2
Notes and account receivables, trade receivables	258.4	214.5	-43.9
Inventories	145.1	160.4	15.3
Other current assets	59.4	63.2	3.8
Total current assets	493.9	465.9	-28.0
Tangible fixed assets	176.5	171.4	-5.1
Intangible fixed assets	20.4	21.9	1.6
Investments and other assets	154.5	146.4	-8.1
Total long-term assets	351.3	339.7	-11.6
Deferred assets	0.1	0.1	-0.0
Total assets	845.4	805.7	-39.7

Liabilities and Net Assets

		(Billion yen)		
		3/31/16	6/30/16	Change
	Notes and account payables, trade payables	160.4	136.6	-23.8
	Interest-bearing debts	184.7	195.6	10.8
	Other liabilities	239.2	230.8	-8.5
	Total liabilities	584.4	562.9	-21.5
	Common stock	47.6	47.6	-
	Capital surplus	46.7	46.7	-
	Retained earnings	132.1	128.2	-4.0
	Treasury stock at cost	-7.2	-7.2	-0.0
	Shareholders' equity	219.2	215.3	-4.0
	Accumulated other comprehensive income	11.2	-2.2	-13.4
	Non-controlling interests	30.6	29.8	-0.8
	Total net assets	261.0	242.8	-18.2
	Total liabilities and net assets	845.4	805.7	-39.7
	Equity ratio (%)	27.3	26.4	-0.8
	Net Interest-bearing debts	153.9	167.9	14.0
	Net debt-equity ratio (times)	0.7	0.8	0.1

Consolidated Forecasts for 1H FY2016 (Comparison with Previous Forecasts)

Forecasts for six-month period ending September 30, 2016, revised for the Industrial Infrastructure and Food and Beverage Distribution segments based on current conditions

(Billion yen)

	1H FY2016		Change
	Forecasts (Apr.27,2016)	Forecasts (Jul.28,2016)	
Net Sales	370.5	370.5	0.0
Operating Income/Loss	5.4	5.4	0.0
Ordinary Income/Loss	3.8	3.8	0.0
Profit attributable to owners of parent	0.9	0.9	0.0

Assumed Exchange Rate for 2Q FY2016

	US\$	EURO
Assumed Exchange Rate	¥110	¥120

(Billion yen)

	1H FY2016				Change	
	Forecasts (Apr.27,2016)		Forecasts (Jul.28,2016)		Net Sales	Operating Income/Loss
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss		
Power and Social Infrastructure	71.6	2.4	71.6	2.4	0.0	0.0
Industrial Infrastructure	84.5	-2.3	86.9	-1.8	2.4	0.5
Power Electronics	97.1	1.3	97.1	1.3	0.0	0.0
Electronic Devices	58.7	2.8	58.7	2.8	0.0	0.0
Food and Beverage Distribution	56.4	3.8	54.0	3.0	-2.4	-0.8
Others	27.8	0.8	27.8	0.9	0.0	0.1
Elimination and Corporate	-25.7	-3.4	-25.7	-3.2	0.0	0.2
Total	370.5	5.4	370.5	5.4	0.0	0.0

Consolidated Forecasts for 1H FY2016 (YoY Comparison)

(Billion yen)

	1H		Change
	FY2015 Results	FY2016 Forecasts (Jul.28,2016)	
Net Sales	354.3	370.5	16.2
Operating Income/Loss	6.9	5.4	-1.5
Ordinary Income/Loss	7.0	3.8	-3.2
Profit attributable to owners of parent	4.2	0.9	-3.3

(Billion yen)

	1H FY2015 Results		1H FY2016 Forecasts (Jul.28,2016)		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power and Social Infrastructure	70.7	1.4	71.6	2.4	0.9	1.0
Industrial Infrastructure	65.8	-4.3	86.9	-1.8	21.1	2.4
Power Electronics	97.6	2.8	97.1	1.3	-0.5	-1.4
Electronic Devices	63.4	4.9	58.7	2.8	-4.6	-2.1
Food and Beverage Distribution	54.7	3.8	54.0	3.0	-0.7	-0.8
Others	31.4	1.1	27.8	0.9	-3.7	-0.1
Elimination and Corporate	-29.3	-2.8	-25.7	-3.2	3.6	-0.4
Total	354.3	6.9	370.5	5.4	16.2	-1.5

* Figures for 1H FY2015 reflect the organizational restructuring conducted in FY2016.

Consolidated Forecasts for FY2016 (Comparison with Previous Forecasts)

Full-year forecasts revised for the Industrial Infrastructure and Food and Beverage Distribution segments following revision of forecasts for six-month period ending September 30, 2016

(Billion yen)

	FY2016		Change
	Forecasts (Apr.27,2016)	Forecasts (Jul.28,2016)	
Net Sales	830.0	830.0	0.0
Operating Income/Loss	47.0	47.0	0.0
Ordinary Income/Loss	47.0	47.0	0.0
Profit attributable to owners of parent	31.0	31.0	0.0

Assumed Exchange Rate from 2Q to 4Q FY2016

	*Operating income basis	
	US\$	EURO
Assumed Exchange Rate	¥110	¥120
One Yen Effect * (Million yen)	50	50

(Billion yen)

	FY2016				Change	
	Forecasts (Apr.27,2016)		Forecasts (Jul.28,2016)		Net Sales	Operating Income/Loss
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss		
Power and Social Infrastructure	177.9	10.5	177.9	10.5	0.0	0.0
Industrial Infrastructure	214.5	13.1	216.9	13.6	2.4	0.5
Power Electronics	214.6	11.6	214.6	11.6	0.0	0.0
Electronic Devices	120.0	7.5	120.0	7.5	0.0	0.0
Food and Beverage Distribution	116.0	8.8	113.6	8.0	-2.4	-0.8
Others	55.0	2.0	55.0	2.1	0.0	0.1
Elimination and Corporate	-68.2	-6.4	-68.2	-6.2	0.0	0.2
Total	830.0	47.0	830.0	47.0	0.0	0.0

Consolidated Forecasts for FY2016 (YoY Comparison)

(Billion yen)

	Full year		Change
	FY2015 Results	FY2016 Forecasts (Jul.28,2016)	
Net Sales	813.6	830.0	16.4
Operating Income/Loss	45.0	47.0	2.0
Ordinary Income/Loss	45.6	47.0	1.4
Profit attributable to owners of parent	30.6	31.0	0.4

(Billion yen)

	FY2015 Results		FY2016 Forecasts (Jul.28,2016)		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power and Social Infrastructure	175.5	9.7	177.9	10.5	2.4	0.8
Industrial Infrastructure	199.4	11.2	216.9	13.6	17.5	2.4
Power Electronics	208.8	9.4	214.6	11.6	5.9	2.1
Electronic Devices	120.2	9.8	120.0	7.5	-0.2	-2.2
Food and Beverage Distribution	110.0	8.0	113.6	8.0	3.6	-0.1
Others	62.6	2.3	55.0	2.1	-7.6	-0.3
Elimination and Corporate	-62.9	-5.5	-68.2	-6.2	-5.3	-0.8
Total	813.6	45.0	830.0	47.0	16.4	2.0

* Figures for FY2015 reflect the organizational restructuring conducted in FY2016.

Strengthen Chinese vending machine operations in response to rapid rise in demand

1. Double Production Capacity

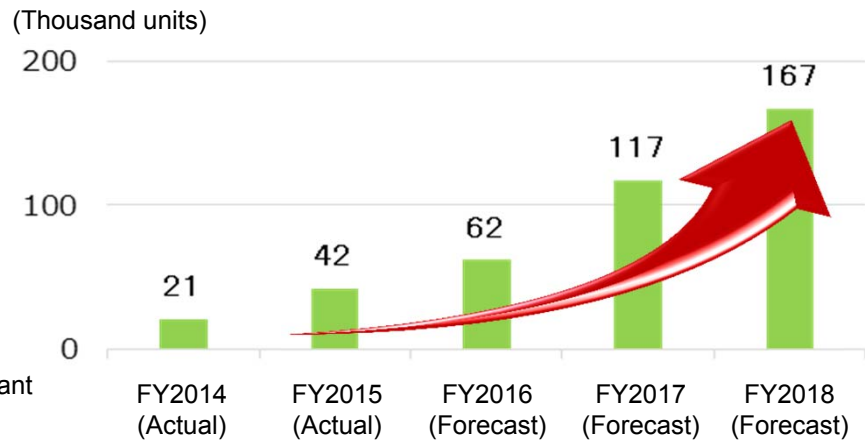
Construct 2nd plant in Dalian to realize annual production capacity of 100,000 units

Transfer complete line of production technologies—from sheet metal working to coating and assembly—from Mie Factory (domestic mother factory); introduce latest automated equipment for welding and assembly processes to realize efficient manufacturing
(Total investment: Approx. ¥5.0 billion)



Dalian Fuji Bingshan Vending Machine No. 2 Plant
Construction commenced in July 2016

Chinese Vending Machine Market



* The Company's estimations

2. Strengthen Development Frameworks

Triple development staff (increase to approx. 100 people, FY2016 - FY2018)

3. Enhance Sales and Services Frameworks

Triple sales and service bases (increase to approx. 100 bases, FY2016 - FY2018)

Beverage vending machine for Chinese market equipped with digital signage features



Segments	Subsegments	Main Business Areas
Power and Social Infrastructure	Power Plant	Thermal / Geothermal / Hydraulic power generation facilities Solar power generation systems, Fuel cells
	Social Engineering Systems	Energy management systems, Smart meters
	Social Information	Information systems
Industrial Infrastructure	Transmission and Distribution	Substation equipment, Industrial power supply facilities
	Industrial Plants	Industrial drive systems, Plant control systems Industrial energy management systems Data centers, <u>Distribution systems, Plant factory</u> (*1)
	Industrial Measurement Equipment	Measuring instruments and sensors Radiation monitoring systems
	Equipment Construction	Electrical and air conditioning equipment installation
Power Electronics	Drive	Inverters, Servo systems, Motors, <u>Controllers</u> (*2), Railcar systems
	Power Supply	Uninterruptible power systems (UPS) Power conditioning sub-systems(PCS), Switchboards
	ED&C Components	Power distribution and control equipment
Electronic Devices	Semiconductors	Power semiconductors, Photoconductors
	Magnetic Disks	Magnetic recording media
Food and Beverage Distribution	Vending Machines	Beverage and food vending machines
	Store Distribution	Store facilities and equipment, Currency handling equipment

*1 Organizational restructuring (April 28, 2016) : Change the Distribution system/Plant factory Businesses to the Industrial Plants Subsegment of the Industrial Infrastructure Segment from the Store Distribution Subsegment of the Food and Beverage Distribution Segment.

*2 Organizational restructuring (April 28, 2016) : Change the Controllers Business to the Drive Subsegment of the Power Electronics Segment from the Industrial Measurement Equipment Subsegment of the Industrial Infrastructure Segment.

Reference : Net Sales and Operating Income by Segment for FY2015 Fuji Electric (After Organizational Restructuring)

Innovating Energy Technology

(Billion yen)

	Net Sales					Operating Income/Loss				
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Power and Social Infrastructure	27.4	43.3	35.9	68.9	175.5	0.2	1.3	1.2	7.1	9.7
Industrial Infrastructure	28.2	37.6	40.9	92.7	199.4	-3.3	-1.0	-0.1	15.5	11.2
Power Electronics	46.7	51.0	51.7	59.5	208.8	1.4	1.4	1.6	5.1	9.4
Electronic Devices	32.0	31.4	30.5	26.3	120.2	2.4	2.5	2.5	2.4	9.8
Food and Beverage Distribution	29.3	25.4	22.4	32.9	110.0	2.5	1.2	0.1	4.1	8.0
Others	15.4	16.0	15.5	15.7	62.6	0.5	0.5	0.7	0.6	2.3
Elimination and Corporate	-13.8	-15.5	-15.2	-18.4	-62.9	-1.3	-1.4	-1.4	-1.3	-5.5
Total	165.2	189.1	181.8	277.5	813.6	2.4	4.5	4.6	33.5	45.0

* Changes have been made to FY2015 net sales figures for Industrial Infrastructure and Power Electronics.

【Details of Organizational Restructuring】

• Distribution systems/Plant factory :

Change the Distribution system/Plant factory Businesses to the Industrial Plants Subsegment of the Industrial Infrastructure Segment from the Store Distribution Subsegment of the Food and Beverage Distribution Segment.

• Controllers :

Change the Controllers Business to the Drive Subsegment of the Power Electronics Segment from the Industrial Measurement Equipment Subsegment of the Industrial Infrastructure Segment.

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