

Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

The economic climate in which the Fuji Electric operated in during the three-month period ended June 30, 2012, benefited from a gradual recovery trend in domestic demand that remained solid. Overseas, however, harsh conditions continued as the sluggish market conditions resulted from sovereign debt crisis in Europe persisted. Conditions were particularly harsh for power electronics and semiconductor fields following the deceleration of economic growth in China.

In this harsh environment, we continued to focus on advancing the management policies of expanding energy-related businesses and globalizing operations. 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 three-month period were as follows.

Net sales increased ¥6.6 billion year on year, to ¥146.7 billion. By segments, net sales in the Power Generation / Social Infrastructure, Industrial Infrastructure, Food and Beverage Distribution, and Others segments showed year-on-year increases, while net sales in the Power Electronics and Electronic Devices segments decreased year on year.

In operating results, the higher net sales and the benefits from the business restructuring initiatives implemented in the previous fiscal year drove income up. As a result, operating loss improved ¥2.5 billion year on year, to ¥3.0 billion, and ordinary loss improved ¥3.2 billion, to ¥3.9 billion. Likewise, net loss for the period improved ¥2.0 billion, ¥3.4 billion.

Consolidated results of operations for the period were as follows.

(¥ billion)

	1Q Fiscal 2011	1Q Fiscal 2012	Change
Net sales	140.1	146.7	6.6
Operating income/loss	-5.5	-3.0	2.5
Ordinary income/loss	-7.1	-3.9	3.2
Net income/loss	-5.4	-3.4	2.0

Results by Segment

[Power Generation / Social Infrastructure] YoY: Net sales increased 13%, operating results improved ¥0.7 billion

Net sales increased 13% year on year, to ¥24.3 billion, and operating loss improved ¥0.7 billion, to ¥0.3 billion.

Sales in the power generation business were up year on year due to sales contributions from large-scale orders for thermal power plants to be used overseas. Operating results improved due to the sales increases. In the social infrastructure business, sales increased due to a rise in demand for the products supplied in the transformer and power distribution equipment businesses transferred from Japan AE Power Systems Corporation as well as for radiation measurement equipment. Operating results improved following sales increases and lower costs.

[Industrial Infrastructure] YoY: Net sales increased 25%, operating results unchanged

Net sales increased 25% year on year, to ¥22.5 billion, but operating loss were unchanged at ¥1.0 billion.

In the industrial plant business, sales were up due to strong domestic demand and the results of our efforts to strengthen our network of engineering bases in Asia, which serve overseas customers. In the facilities business, sales increased following a rise in large-scale overseas orders. However, both businesses were affected by increased cost competition with companies from Europe and the United States, which was further fueled by the strength of the Japanese yen. As a result, operating results were unchanged.

[Power Electronics] YoY: Net sales decreased 12%, operating results worsened ¥1.2 billion

Net sales decreased 12% year on year, to ¥31.1 billion, and operating loss worsened ¥1.2 billion, to ¥0.3 billion.

In the drive business, sales were down due to the impacts of the inventory adjustment trend seen among domestic customers and sluggish demand overseas, particularly in China. In the power supply business, regardless of strong demand for power supply equipment for telecommunications infrastructure, sales decreased as a result of lower demand for IT devices. In the ED&C components business, sales declined due to reduced demand in the domestic machine tool and semiconductor markets as well as decreased investment in Taiwan, Korea, and other parts of Asia. Operating results worsened for all businesses as a result of the drops in sales.

[Electronic Devices] YoY: Net sales decreased 11%, operating results worsened ¥0.1 billion

Net sales decreased 11% year on year, to ¥25.9 billion, and operating loss worsened ¥0.1 billion, to ¥1.6 billion.

In the semiconductor business, demand in the automotive electronics business was up, 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 down due to lower selling prices, but operating results improved thanks to benefits of the business restructuring initiatives implemented in the previous fiscal year.

[Food and Beverage Distribution] YoY: Net sales increased 14%, operating results improved ¥2.7 billion

Net sales increased 14% year on year, to ¥28.8 billion, and operating results improved ¥2.7 billion, to ¥1.1 billion.

In the vending machine business, sales increased due to strong replacement demand from beverage producers for energy-saving environmentally friendly vending machines, particularly new hybrid-heat-pump vending machines. In the store distribution business, sales were up due to increased orders for the establishment of new convenience stores and the renovation of existing stores as well as large-scale automatic change dispenser replacement demand. Operating results improved for both businesses due to higher sales and the benefits from the business restructuring initiatives implemented in the previous fiscal year.

[Others] YoY: Net sales increased 10%, operating results improved ¥0.3 billion

Net sales increased 10% year on year, to ¥25.1 billion, and operating results improved ¥0.3 billion, hitting the breakeven point.

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2012	Breakdown (%)	June 30, 2012	Breakdown (%)	Change
Total assets	792.8	100.0	772.8	100.0	-20.0
Interest-bearing debt	255.9	32.3	252.4	32.7	-3.5
Shareholder's equity*1	163.6	20.6	151.7	19.6	-11.9
Debt-equity ratio*2 (times)	1.6		1.7		+0.1

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

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

Total assets stood at ¥772.8 billion as of June 30, 2012, down ¥20.0 billion from March 31, 2012.

Current assets declined ¥9.8 billion due to a decrease in notes and accounts receivable-trade, which offset a rise in inventories. Noncurrent assets decreased ¥10.3 billion due to declines in value of investment securities following differences in mark-to-market valuation.

Interest-bearing debt stood at ¥252.4 billion on June 30, 2012, down ¥3.5 billion from March 31, 2012. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—increased ¥7.7 billion from March 31, 2012, to ¥199.3 billion on June 30, 2012.

Net assets were ¥170.6 billion on June 30, 2012, down ¥12.6 billion from March 31, 2012. This was the result of decreases in retained earnings and the valuation difference on available-for-sale securities. In addition, shareholders' equity, which is calculated by subtracting minority interests in consolidated subsidiaries from total net assets, amounted to ¥151.7 billion, down ¥11.9 billion from March 31, 2012. The debt-to-equity ratio (interest-bearing debt ÷ shareholders' equity) was 1.7 times, up 0.1 times. The net debt-to-equity ratio (net interest-bearing debt ÷ shareholders' equity) was 1.3 times, up 0.1 times.

(3) Qualitative Information Regarding Consolidated Forecasts

The company has not revised the consolidated results forecast for the second quarter and the full fiscal year that was announced on April 26, 2012, when the results were released.