Financial Performance

(1) Qualitative Information regarding Consolidated Results of Operations

In the three-month period ended June 30, 2013, Fuji Electric saw domestic market conditions in which areas related to renewable energy and energy saving performed solidly. However, the government's fiscal and financial policies only improved exports and consumer spending. They did not lead to a full-fledged recovery in private sector capital investment. On the whole, overseas markets recovered weakly due to the protracted slump of Europe's economy and softening growth in China, which offset signs of a pick-up in the power electronics and semiconductors areas.

In response to these conditions, Fuji Electric concentrated on advancing the management policies of expanding energy-related businesses and the globalizing operations. At the same time, having positioned the current fiscal year as the new base year for aggressive management, we established foundations of growth with a view to future business expansion and promoted business management strongly focused on earnings in order to strengthen profitability further.

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

Net sales rose ¥5.0 billion year on year, to ¥151.7 billion. By business segment, Power and Social Infrastructure, Power Electronics, Electronic Devices, and Food and Beverage Distribution increased net sales, while Industrial Infrastructure and Others saw net sales decline.

Operating income was ¥0.5 billion, an increase of ¥3.4 billion compared with previous fiscal year's operating loss of ¥3.0 billion, reflecting the higher net sales and improved profitability stemming from rigorous reduction of costs and expenses. Further, ordinary income was ¥1.0 billion year on year, an improvement of ¥4.9 billion compared with previous fiscal year's ordinary loss of ¥3.9 billion. This is the first time the Company has moved into the black with respect to operating income and ordinary income in a first quarter. Net income was ¥0.1 billion, up ¥3.4 billion compared with previous fiscal year's net loss of ¥3.4 billion.

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

(¥ billion)

	1Q Fiscal 2012	1Q Fiscal 2013	Change
Net sales	146.7	151.7	5.0
Operating income/loss	-3.0	0.5	3.4
Ordinary income/loss	-3.9	1.0	4.9
Net income/loss	-3.4	0.1	3.4

Results by Segment

[Power and Social Infrastructure]
YoY: Net sales increased 29%, operating loss deteriorated ¥0.5 billion

Net sales rose 29% year on year, to ¥24.2 billion, while operating loss deteriorated ¥0.5 billion, to ¥0.7 billion.

In the power plant business, net sales were up year on year due to an increase in orders for thermal power generation facilities and solar power generation systems. However, due to intensified price competition, operating results deteriorated year on year. In the social engineering systems business, net sales were down year on year due to lower demand for meters before the changeover to smart meters. Nevertheless, efforts to reduce expenses led to a year-on-year improvement in operating results. In the social information business, net sales and operating results improved year on year, attributable to an increase in large orders.

[Industrial Infrastructure]
YoY: Net sales decreased 18%, operating loss deteriorated ¥0.6 billion

Net sales declined 18% year on year, to ¥28.8 billion, and operating loss deteriorated ¥0.6 billion, to ¥1.7 billion.

In the transmission and distribution business, net sales were down year on year, reflecting the absence of the previous fiscal year's large overseas orders. In the machinery and electronics systems business, net sales declined year on year because the yen's strength until last year curbed customers' capital investment in Japan. The instrumentation and control systems business saw net sales decline year on year due to lower demand for radiation measurement equipment. In the equipment construction business, net sales were down year on year due to the absence of large orders recognized in the previous fiscal year. In the business segment overall, operating loss deteriorated year on year because lower net sales and intensified competition counteracted cost reductions.

[Power Electronics]
YoY: Net sales increased 7%, operating income improved ¥0.7 billion

Net sales rose 7% year on year, to ¥34.9 billion, and operating income improved ¥0.7 billion, to ¥0.1 billion.

In the drive business, net sales and operating results improved year on year thanks to higher demand for inverters and servos overseas and the contribution to sales from large overseas orders for electric equipment for railcars. As for the power supply business, net sales and operating results improved year on year as a result of increased demand for data center power supply facilities and power conditioners for mega solar facilities. In the ED&C components business, net sales and operating results deteriorated year on year because, although there was a pick-up in demand from machinery manufacturers in Japan, who are the mainstay customers of this business, demand did not reach the previous fiscal year's level.

[Electronic Devices]
YoY: Net sales increased 11%, operating income improved ¥2.0 billion

Net sales rose 11% year on year, to ¥28.7 billion, and operating income improved ¥2.0 billion, to ¥0.5 billion.

In the semiconductors business, net sales were up year on year due to firm demand in the automotive electronics business and a recovery trend in demand for inverters, servos, and other industrial machinery. The business moved into black, posting operating income, compared to previous fiscal year's operating loss, as a result of higher earnings and reduction of fixed costs. As for the magnetic disks business, net sales declined due to a slowdown in the HDD market. Despite lower net sales, the business maintained operating results at the previous fiscal year's level thanks to fixed cost reductions.

[Food and Beverage Distribution]
YoY: Net sales increased 11%, operating income improved ¥2.1 billion

Net sales rose 11% year on year, to ¥31.9 billion, and operating income improved ¥2.1 billion, to ¥3.2 billion.

In the vending machines business, net sales surpassed those of previous fiscal year because steady sales of energy-saving environment-friendly vending machines and coffee machines for convenience stores compensated for the stoppage of sales of certain food and beverage items through vending machines. The store distribution business posted higher net sales due to increased sales of freezing, refrigerating, and energy-saving facilities mainly for convenience stores. Both businesses improved operating results year on year by increasing revenues and reducing costs.

[Others]
YoY: Net sales decreased 5%, operating income unchanged

Net sales declined 5% year on year, to ¥14.2 billion, and operating income was unchanged at ¥0.4 billion.

(2) Quantitative Information regarding Consolidated Financial Position

(¥ billion)

	March 31, 2013	Breakdown (%)	June 30, 2013	Breakdown (%)	Change
Total assets	765.6	100.0	745.5	100.0	-20.0
Interest-bearing debt	226.7	29.6	210.1	28.2	-16.7
Shareholder's equity*1	194.6	25.4	198.3	26.6	+3.7
Debt-equity ratio*2 (times)	1.2		1.1		-0.1

*1 Net Assets = Total net assets − Minority interests

*2 D/E ratio = Interest-bearing debt / Net assets

Total assets stood at ¥745.5 billion on June 30, 2013, down ¥20.0 billion from the previous fiscal year-end. Total current assets declined ¥26.8 billion principally because a decrease in notes and accounts receivable-trade offset an increase in inventories. Total noncurrent assets were up ¥6.6 billion due to a higher valuation difference on available-for-sale securities.

Interest-bearing debt as of June 30, 2013, amounted to ¥210.1 billion, down ¥16.7 billion from the previous fiscal year-end. Further, net interest-bearing debt—interest-bearing debt net of cash and cash equivalents—was approximately unchanged from the previous fiscal year-end and amounted to ¥187.0 billion on June 30, 2013.

Net assets on June 30, 2013, stood at ¥220.7 billion, up ¥5.1 billion from the previous fiscal year-end, which was mainly due to increases in valuation difference on available-for-sale securities and foreign currency translation adjustments, which counteracted lower retained earnings. In addition, net assets—total net assets net of minority interests—was up ¥3.7 billion from the previous fiscal year-end, standing at ¥198.3 billion on June 30, 2013. The debt-equity ratio (interest-bearing debt ÷ net assets) on June 30, 2013, was down 0.1 times from the previous fiscal year-end, to 1.1 times. The net debt-equity ratio (net interest-bearing debt ÷ net assets) on June 30, 2013, declined 0.1 times from the previous fiscal year-end, to 0.9 times.

(3) Qualitative Information regarding Consolidated Forecasts and Forecast Information

In light of the business result trends of the three-month period ended June 30, 2013, Fuji Electric has revised its consolidated forecast of business results for the six-month period ending September 30, 2013, which was announced on April 25, 2013.

The forecast for the six-month period ending September 30, 2013, assumes exchange rates of US$1 = ¥90 and € 1 = ¥115.

(Six-month period ending September 30, 2013) (¥ billion)

	Previous announcement	Revised announcement	Change
Net sales	320.0	320.0	0.0
Operating income	0.5	2.0	1.5
Ordinary income/loss	-2.5	1.5	4.0
Net income/loss	-4.0	0.0	4.0

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