

Consolidated Financial Results for 1H FY2014

October 31, 2014
Fuji Electric Co., Ltd.

Summary of Consolidated Financial Results for 1H FY2014 (YOY Comparison)

1H profitability once again achieved for operating income, ordinary income, and net income

(Billion yen)

	1H FY2013	1H FY2014	Change
Net Sales	328.5	345.3	16.9
Operating Income/Loss	3.0	5.9	2.9
Ordinary Income/Loss	2.5	6.1	3.6
Extraordinary Income/Loss	-0.1	-0.6	-0.5
Income/Loss before Income Taxes	2.4	5.4	3.1
Income Taxes	1.2	2.5	1.3
Minority Interest in Income/Loss	0.8	0.9	0.1
Net Income/Loss	0.3	2.0	1.6

(Yen)

Average Exchange Rate US\$	98.85	103.04	4.19
Average Exchange Rate EURO	130.00	138.92	8.92

Net Sales

- Demand increase and gain on translation of earnings of overseas subsidiaries

Operating Income/Loss

Cost Reduction	+7.7	Price Decline	-8.8
Higher Production Volume	+4.2	Increase in Fixed Costs	-2.5
Increase in Sales	+2.4	Material Price Hikes	-0.7
Exchange Rate Effect	+0.5		
	+14.8		-12.0

Non-operating Income/Loss

Net Interest Expense	+0.6	(-0.6 → -0.1)
Foreign Exchange Income/Losses	+0.3	(1.0 → 1.3)
Equity in Income/Losses of Affiliates	-0.1	(-1.0 → -1.1)
Other	-0.1	(0.2 → 0.1)
	+0.7	

Net Sales and Operating Income by Segment for 1H FY2014 (YOY Comparison) ①

(Billion yen)

	Net Sales			Operating Income/Loss		
	1H FY2013	1H FY2014	Change	1H FY2013	1H FY2014	Change
Power and Social Infrastructure	56.9	62.4	5.4	-0.8	-0.4	0.4
Industrial Infrastructure	69.7	73.9	4.2	-1.7	-1.7	0.0
Power Electronics	79.2	82.0	2.8	0.5	1.1	0.6

➤ Power and Social Infrastructure

[Net Sales]

- In the power plant business, net sales were up due to a rise in orders for solar power generation systems, which offset the lower orders for thermal power generation facilities and 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 following a rise in small to medium-scale orders.

[Operating Income/Loss] - Overall, the segment saw improved 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, 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.

[Operating Income/Loss] - Regardless of the higher net sales, the segment's overall operating results were unchanged year on year due to the impacts of intensified cost competition.

➤ Power Electronics

[Net Sales and Operating Income/Loss]

- In the drive business, net sales and operating results worsened as the absence of the large-scale overseas orders for electric equipment for railcars recorded in the previous equivalent period offset the rise in demand for mainstay inverters and servos in Japan and overseas.
- In the power supply business, net sales and operating results were relatively unchanged year on year.
- In the ED&C components business, net sales and operating results improved due to strong demand for machine tools and power distribution equipment.

Net Sales and Operating Income by Segment for 1H FY2014 (YOY Comparison) ②

(Billion yen)

	Net Sales			Operating Income/Loss		
	1H FY2013	1H FY2014	Change	1H FY2013	1H FY2014	Change
Electronic Devices	58.9	65.1	6.2	2.1	3.7	1.6
Food and Beverage Distribution	62.3	61.0	-1.3	4.7	5.0	0.3
Others	28.7	29.7	1.0	1.0	1.0	-0.0
Elimination and Corporate	-27.4	-28.7	-1.4	-2.8	-2.7	0.1
Total	328.5	345.3	16.9	3.0	5.9	2.9

➤ Electronic Devices

[Net Sales and Operating Income/Loss]

- In the semiconductors business, net sales were up 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 worsened due to the negative impacts of changes in prices and the ratios of sales for specific models.

➤ Food and Beverage Distribution

[Net Sales and Operating Income/Loss]

- In the vending machines business, net sales were down due to a decrease in vending machine demand following the impacts of unseasonable weather and the consumption tax hike in Japan. These factors in the domestic market offset the sales increases that accompanied business expansion in the Chinese market. Operating results worsened as the lower net sales counteracted the benefits of cost reduction efforts.
- In the store distribution business, net sales were relatively unchanged year on year, but operating results improved due to the benefits of cost reduction efforts.

Net Sales for 1H FY2014 [Japan and Overseas by Area] (YOY Comparison)

(Billion yen)

	1H FY2013	1H FY2014	Change	
Japan	245.9	253.2	7.2	Power and Social Infrastructure +5.1 Industrial Infrastructure -3.9
Overseas	82.6	92.2	9.6	
Asia and others	34.5	35.7	1.2	
China	32.3	41.7	9.3	Electronic Devices +5.6 Food and Beverage Distribution +2.2
Europe	8.5	8.5	-0.0	
Americas	7.2	6.3	-0.9	

Summary of Consolidated Financial Results for 1H FY2014 (Comparison with forecasts)

(Billion yen)

	1H FY2014		
	Forecasts (Jul.30, 2014)	Results	Change
Net Sales	340.0	345.3	5.3
Operating Income/Loss	4.5	5.9	1.4
Ordinary Income/Loss	3.0	6.1	3.1
Net Income/Loss	0.3	2.0	1.6

Net Sales

- Demand increase and gain on translation of earnings of overseas subsidiaries

Operating Income/Loss

- Increase in sales and reduction in fixed costs

(Yen)

Average Exchange Rate US\$	101.08	103.04	1.96
Average Exchange Rate EURO	137.54	138.92	1.38

Net Sales and Operating Income by Segment for 1H FY2014 (Comparison with forecasts)

(Billion yen)

	Net Sales			Operating Income/Loss		
	Forecasts (Jul. 30, 2014)	Results	Change	Forecasts (Jul. 30, 2014)	Results	Change
Power and Social Infrastructure	61.0	62.4	1.4	-0.5	-0.4	0.1
Industrial Infrastructure	76.5	73.9	-2.5	-1.3	-1.7	-0.4
Power Electronics	80.7	82.0	1.3	1.3	1.1	-0.2
Electronic Devices	61.4	65.1	3.7	3.0	3.7	0.7
Food and Beverage Distribution	59.9	61.0	1.1	4.1	5.0	0.8
Others	28.2	29.7	1.5	0.8	1.0	0.2
Elimination and Corporate	-27.6	-28.7	-1.1	-2.9	-2.7	0.2
Total	340.0	345.3	5.3	4.5	5.9	1.4

Consolidated Balance Sheet at the end of 1H FY2014

Assets	3/31/14	9/30/14	Change
Cash and time deposit	34.0	32.3	-1.7
Notes and account receivables, trade receivables	222.5	173.7	-48.8
Inventories	121.4	159.2	37.8
Other current assets	51.4	55.5	4.1
Total current assets	429.3	420.7	-8.6
Tangible fixed assets	172.6	169.5	-3.1
Intangible fixed assets	13.9	14.0	0.1
Investments and other assets	194.8	189.0	-5.8
Total long-term assets	381.3	372.4	-8.8
Deferred assets	0.2	0.1	-0.0
Total assets	810.8	793.3	-17.5

(Billion yen)

Liabilities and Net Assets	3/31/14	9/30/14	Change
Notes and account payables, trade payables	142.1	132.5	-9.6
Interest-bearing Debts	199.5	187.5	-12.0
Other liabilities	217.9	225.7	7.7
Total liabilities	559.5	545.6	-13.9
Common stock	47.6	47.6	-
Capital surplus	46.7	46.7	+0.0
Retained earnings	102.6	85.7	-16.9
Treasury stock at cost	-7.1	-7.2	-0.0
Shareholders' equity	189.8	172.9	-16.9
Accumulated other comprehensive income (Remeasurements of defined benefit plans)	37.4 (-10.6)	48.9 (-8.5)	11.5 (2.1)
Minority interests in consolidated subsidiaries	24.0	25.9	1.9
Total net assets	251.2	247.7	-3.5
Total liabilities and net assets	810.8	793.3	-17.5
Total net assets ratio (%)	28.0	28.0	0.0
Net interest-bearing debts	166.1	159.9	-10.1
Net debt-equity ratio (times)	0.7	0.7	0.0

Consolidated Cash Flow for 1H FY2014

(Billion yen)

		1H FY2013	1H FY2014
	Cash Flows from Operating Activities	21.7	26.8
	Cash Flows from Investing Activities	-7.6	-6.4
	Free Cash Flow	14.1	20.4
	Cash Flows from Financing Activities	-30.5	-24.9
	Effect of Exchange Rate Change and Others	0.4	2.6
	Increase / Decrease	-16.0	-1.9
	Cash and Cash Equivalents at Beginning of Year	39.7	33.4
	Cash and Cash Equivalents at End of Year	23.7	31.5

Upward Revision of Consolidated Financial Result Forecasts for FY2014 (Comparison with forecasts as of April 24, 2014)

(Billion yen)

	FY2014 Forecasts (Apr. 24, 2014)	FY2014 Forecasts (Oct. 30, 2014)	Change
Net Sales	780.0	790.0	10.0
Operating Income/Loss	38.0	40.0	2.0
Ordinary Income/Loss	39.0	41.0	2.0
Net Income/Loss	23.0	24.0	1.0

	US\$	EURO
Assumed Exchange Rate from 3Q to 4Q	¥100.00	¥135.00

(Billion yen)

	Net Sales			Operating Income/Loss		
	FY2014 Forecasts (Apr. 24, 2014)	FY2014 Forecasts (Oct. 30, 2014)	Change	FY2014 Forecasts (Apr. 24, 2014)	FY2014 Forecasts (Oct. 30, 2014)	Change
Power and Social Infrastructure	165.1	165.1	0.0	8.3	8.3	0.0
Industrial Infrastructure	202.7	204.7	2.0	11.6	12.6	1.0
Power Electronics	179.7	181.7	2.0	8.3	8.7	0.4
Electronic Devices	118.4	126.9	8.5	7.6	7.7	0.1
Food and Beverage Distribution	118.6	118.7	0.1	7.1	7.3	0.2
Others	57.1	57.1	0.0	1.7	1.7	0.0
Elimination and Corporate	-61.6	-64.2	-2.6	-6.6	-6.3	0.3
Total	780.0	790.0	10.0	38.0	40.0	2.0

Interim dividend increased ¥1 per share to ¥4

(Yen)

	Interim	Year-end	Annual
FY2013	3.00	4.00	7.00
FY2014	4.00	TBD	TBD

【Reference】 Consolidated Financial Result Forecasts for FY2014 (YOY Comparison)

(Billion yen)

	FY2013 Results	FY2014 Forecasts	Change
Net Sales	759.9	790.0	30.1
Operating Income/Loss	33.1	40.0	6.9
Ordinary Income/Loss	36.7	41.0	4.3
Net Income/Loss	19.6	24.0	4.4

	US\$	EURO
Assumed Exchange Rate from 3Q to 4Q	¥100.00	¥135.00

(Billion yen)

	Net Sales			Operating Income/Loss		
	FY2013 Results	FY2014 Forecasts	Change	FY2013 Results	FY2014 Forecasts	Change
Power and Social Infrastructure	152.3	165.1	12.8	7.7	8.3	0.6
Industrial Infrastructure	189.5	204.7	15.2	9.6	12.6	3.0
Power Electronics	174.7	181.7	7.0	5.3	8.7	3.4
Electronic Devices	123.0	126.9	3.9	6.5	7.7	1.2
Food and Beverage Distribution	120.1	118.7	-1.4	8.0	7.3	-0.7
Others	60.0	57.1	-2.9	1.9	1.7	-0.2
Elimination and Corporate	-59.8	-64.2	-4.4	-5.9	-6.3	-0.4
Total	759.9	790.0	30.1	33.1	40.0	6.9

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