

Consolidated Financial Results for 1Q FY2014

July 31, 2014

Fuji Electric Co., Ltd.

Summary of Consolidated Financial Results for 1Q FY2014 (YoY Comparison)

Profit was recorded in terms of operating income, ordinary income, and net income, a trend that continued from the three-month period ended June 30, 2013.

	(Billion yen)		
	1Q FY2013	1Q FY2014	Change
Net Sales	151.7	159.1	7.4
Operating Income/Loss	0.5	1.9	1.4
Ordinary Income/Loss	1.0	1.6	0.6
Extraordinary Income/Loss	-0.2	-0.3	-0.2
Income/Loss before Income Taxes	0.9	1.3	0.4
Income Taxes	0.4	0.7	0.3
Minority Interest in Income/Loss	0.4	0.4	-0.0
Net Income/Loss	0.1	0.2	0.2

Operating Income/Loss			
Cost Reduction	+3.3	Price Decline	-4.6
Higher Production Volume	+3.2	Increase in Fixed Costs	-1.7
Increase in Sales	+1.5	Material Price Hikes	-0.4
Exchange Rate Effect	+0.2		
	+8.2		-6.7

Non-operating Income/Loss			
Net Interest Expense	+0.6	(-0.1→ 0.5)	
Equity in Losses in Affiliates	-0.1	(-0.6→ -0.7)	
Foreign Exchange Losses	-1.4	(1.1→ -0.2)	
Other	+0.1	(0.0→ 0.1)	

	(Yen)		
Average Exchange Rate US\$	98.76	102.16	3.40
Average Exchange Rate EURO	128.95	140.07	11.12

Net Sales and Operating Income by Segment for 1Q FY2014 (YoY Comparison)①

(Billion yen)

	Net Sales			Operating Income/Loss		
	1Q FY2013	1Q FY2014	Change	1Q FY2013	1Q FY2014	Change
Power and Social Infrastructure	24.1	26.6	2.5	-0.6	-0.2	0.4
Industrial Infrastructure	28.9	32.2	3.3	-1.8	-1.7	0.1
Power Electronics	36.1	37.1	1.0	-0.2	0.2	0.3

➤ Power and Social Infrastructure

[Net Sales]

- In the power plant business, net sales were down due to lower orders for thermal power generation facilities and hydropower generation facilities, which offset a rise in orders for solar power generation systems.
- 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.
- In the social information business, net sales increased following a rise in large-scale orders.

[Operating Income/Loss] - Operating results improved 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 and overseas.
- In the industrial plant business, net sales increased due to higher orders primarily from steel plant markets in Japan and overseas.
- 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 large-scale orders for solar power generation facility construction.

[Operating Income/Loss] - Operating results improved due to higher net sales.

➤ Power Electronics

[Net Sales, 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 domestic demand in the machine tool and semiconductor fields as well as solid demand overseas.

Net Sales and Operating Income by Segment for 1Q FY2014 (YoY Comparison)^②

(Billion yen)

	Net Sales			Operating Income/Loss		
	1Q FY2013	1Q FY2014	Change	1Q FY2013	1Q FY2014	Change
Electronic Devices	28.9	31.4	2.4	0.8	2.0	1.2
Food and Beverage Distribution	31.9	30.1	-1.9	3.2	2.6	-0.6
Others	14.2	14.5	0.3	0.4	0.5	0.0
Elimination and Corporate	-12.4	-12.7	-0.3	-1.4	-1.4	0.0
Total	151.7	159.1	7.4	0.5	1.9	1.4

➤ **Electronic Devices**

[Net Sales, Operating Income/Loss]

- In the semiconductors business, net sales and operating results improved due to performance that was consistent with the previous equivalent period in the automotive field; 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 field.
- 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, Operating Income/Loss]

- In the vending machines business, net sales and operating results worsened due to lower demand for coffee machines for convenience stores as well as a decrease in vending machine demand following the consumption tax hike. These factors offset the sales increases that accompanied business expansion in the Chinese market.
- In the store distribution business, net sales and operating results both improved due to higher sales of freezing and refrigerating equipment for convenience stores as well as refrigeration facilities for the distribution field.

Net Sales for 1Q FY2014 [Japan and Overseas by area] (YoY Comparison)

(Billion yen)

	1Q FY2013	1Q FY2014	Change
Japan	113.3	116.1	2.8
Overseas	38.4	43.0	4.7
Asia and Others	15.8	16.6	0.7
China	15.0	19.8	4.8
Europe	3.9	4.0	0.1
Americas	3.7	2.7	-1.0

Industrial Infrastructure +1.3
Electronic Devices -1.6

Electronic Devices +3.5
Food and Beverage Distribution +1.3

Consolidated Balance Sheet at the end of 1Q FY2014

Assets					Liabilities and Net Assets		(Billion yen)		
		3/31/14	6/30/14	Change			3/31/14	6/30/14	Change
Cash and time deposit		34.0	24.3	-9.7	Notes and account payables, trade payables	142.1	127.8	-14.3	
Notes and account receivables, trade receivables		222.5	193.7	-28.7	Interest-bearing Debts	199.5	191.6	-7.9	
Inventories		121.4	142.9	21.5	Other liabilities	217.9	226.4	8.4	
Other current assets		51.4	50.7	-0.7	Total liabilities	559.5	545.8	-13.8	
Total current assets		429.3	411.7	-17.6	Common stock	47.6	47.6	-	
Tangible fixed assets		172.6	168.6	-4.0	Capital surplus	46.7	46.7	0.0	
Intangible fixed assets		13.9	13.6	-0.3	Retained earnings	102.6	84.0	-18.7	
Investments and other assets		194.8	194.4	-0.4	Treasury stock at cost	-7.1	-7.2	-0.0	
Total long-term assets		381.3	376.6	-4.7	Shareholders' equity	189.8	171.1	-18.7	
Deferred assets		0.2	0.2	-0.0	Accumulated other comprehensive income (Remeasurements of defined benefit plans)	37.4	46.7	9.3	
Total assets		810.8	788.4	-22.3		(-10.6)	(-9.6)	(1.1)	
					Minority interests in consolidated subsidiaries	24.0	24.9	0.8	
					Total net assets	251.2	242.7	-8.6	
					Total liabilities and net assets	810.8	788.4	-22.3	
					Total Net Assets Ratio (%)	28.0	27.6	-0.4	
					Net Interest-bearing Debts	166.1	168.1	2.0	
					Net debt-equity ratio (times)	0.7	0.8	0.1	

Consolidated Forecasts for 1H FY2014 (Comparison with Previous Forecasts)

(Billion yen)

	1H FY2014 Forecasts (Apr. 24, 2014)	1H FY2014 Forecasts (Jul. 30, 2014)	Change
Net Sales	329.5	340.0	10.5
Operating Income/Loss	2.5	4.5	2.0
Ordinary Income/Loss	0.4	3.0	2.6
Net Income/Loss	-2.0	0.3	2.3

Assumed Exchange Rate in 2Q FY2014

*Operating income basis

	US\$	EURO
Assumed Exchange Rate	¥100.00	¥135.00
One Yen Effect * (Million yen)	20	10

(Billion yen)

	Net Sales			Operating Income/Loss		
	1H FY2014 Forecasts (Apr. 24, 2014)	1H FY2014 Forecasts (Jul. 30, 2014)	Change	1H FY2014 Forecasts (Apr. 24, 2014)	1H FY2014 Forecasts (Jul. 30, 2014)	Change
Power and Social Infrastructure	58.2	61.0	2.8	-0.8	-0.5	0.3
Industrial Infrastructure	73.0	76.5	3.5	-1.5	-1.3	0.2
Power Electronics	80.0	80.7	0.6	1.1	1.3	0.2
Electronic Devices	59.5	61.4	1.9	2.4	3.0	0.6
Food and Beverage Distribution	59.2	59.9	0.7	3.5	4.1	0.6
Others	27.2	28.2	1.0	0.6	0.8	0.2
Elimination and Corporate	-27.5	-27.6	-0.1	-2.7	-2.9	-0.2
Total	329.5	340.0	10.5	2.5	4.5	2.0

Consolidated Forecasts for 1H FY2014 (Comparison with Results for 1H FY2013)

(Billion yen)

	1H FY2013 Results	1H FY2014 Forecasts (Jul. 30, 2014)	Change
Net Sales	328.5	340.0	11.5
Operating Income/Loss	3.0	4.5	1.5
Ordinary Income/Loss	2.5	3.0	0.5
Net Income/Loss	0.3	0.3	0.0

(Billion yen)

	Net Sales			Operating Income/Loss		
	1H FY2013 Results	1H FY2014 Forecasts (Jul. 30, 2014)	Change	1H FY2013 Results	1H FY2014 Forecasts (Jul. 30, 2014)	Change
Power and Social Infrastructure	56.9	61.0	4.1	-0.8	-0.5	0.3
Industrial Infrastructure	69.7	76.5	6.7	-1.7	-1.3	0.4
Power Electronics	79.2	80.7	1.5	0.5	1.3	0.8
Electronic Devices	58.9	61.4	2.4	2.1	3.0	0.9
Food and Beverage Distribution	62.3	59.9	-2.4	4.7	4.1	-0.5
Others	28.7	28.2	-0.5	1.0	0.8	-0.2
Elimination and Corporate	-27.4	-27.6	-0.3	-2.8	-2.9	-0.1
Total	328.5	340.0	11.5	3.0	4.5	1.5

【Reference】 Consolidated Forecasts for FY2014
(No Revisions to the Forecast Announced on April 24, 2014)

(Billion yen)

	FY2013 Results	FY2014 Forecasts	Change
Net Sales	759.9	780.0	20.1
Operating Income/Loss	33.1	38.0	4.9
Ordinary Income/Loss	36.7	39.0	2.3
Net Income/Loss	19.6	23.0	3.4

(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	0.7
Industrial Infrastructure	189.5	202.7	13.2	9.6	11.6	1.9
Power Electronics	174.7	179.7	4.9	5.3	8.3	3.0
Electronic Devices	123.0	118.4	-4.6	6.5	7.6	1.1
Food and Beverage Distribution	120.1	118.6	-1.5	8.0	7.1	-0.9
Others	60.0	57.1	-2.9	1.9	1.7	-0.2
Elimination and Corporate	-59.8	-61.6	-1.8	-5.9	-6.6	-0.7
Total	759.9	780.0	20.1	33.1	38.0	4.9

【Reference】 Net Sales and Operating Income by Segment for FY2013 (After Organizational Restructuring)

(Billion yen)

	Net Sales					Operating Income/Loss				
	1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q	4Q	Full year
Power and Social Infrastructure	24.1	32.8	29.7	65.7	152.3	-0.6	-0.2	0.1	8.3	7.7
Industrial Infrastructure	28.9	40.9	39.4	80.4	189.5	-1.8	0.1	0.2	11.2	9.6
Power Electronics	36.1	43.1	45.5	50.0	174.7	-0.2	0.6	0.9	3.9	5.3
Electronic Devices	28.9	30.0	33.9	30.2	123.0	0.8	1.3	2.2	2.2	6.5
Food and Beverage Distribution	31.9	30.3	25.2	32.6	120.1	3.2	1.4	0.5	2.9	8.0
Others	14.2	14.5	15.3	16.0	60.0	0.4	0.6	0.5	0.3	1.9
Elimination and Corporate	-12.4	-14.9	-14.8	-17.6	-59.8	-1.4	-1.4	-1.5	-1.6	-5.9
Total	151.7	176.8	174.1	257.3	759.9	0.5	2.5	2.9	27.3	33.1

[Details of Organizational Restructuring]

- An information system subsidiary was transferred from the Power and Social Infrastructure segment to the Industrial Infrastructure segment.
- Motor and Generator Division was established within the Power Electronics segment. As a result, the Power Electronics segment now recognizes internal sales of motors.
- Automotive IGBT module operations were transferred from the Electronic Devices segment to the Power Electronics segment, and are now included among automotive power electronics operations.
As a result, external sales of automotive IGBT modules are now attributed to the Power Electronics segment, whereas the Electronic Devices segment recognizes internal sales.

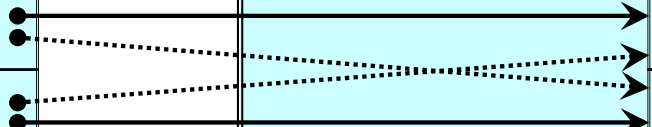
【Reference】 Revision of Subsegment

【Before the changes】

Segment	Subsegment
Power and Social Infrastructure	Power Plant
	Social Engineering Systems
	Social Information
Industrial Infrastructure	Transmission and Distribution
	<u>Machinery and Electronics Systems</u>
	<u>Instrumentation and Control Systems</u>
	Equipment Construction
Power Electronics	Drive
	Power Supply
	ED&C Components
Electronic Devices	Semiconductors
	Magnetic Disks
Food and Beverage Distribution	Vending Machines
	Store Distribution
Others	

【After the changes】

Segment	Subsegment
Power and Social Infrastructure	Power Plant
	Social Engineering Systems
	Social Information
Industrial Infrastructure	Transmission and Distribution
	<u>Industrial Plant</u>
	<u>Industrial and Instrumentation Equipment</u>
	Equipment Construction
Power Electronics	Drive
	Power Supply
	ED&C Components
Electronic Devices	Semiconductors
	Magnetic Disks
Food and Beverage Distribution	Vending Machines
	Store Distribution
Others	



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