

# **Consolidated Financial Results for 1H FY2016**

**October 28, 2016**  
**Fuji Electric Co., Ltd.**

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

Regardless of increased demand and progress in growth strategies and cost reductions, sales and income decreased due to the impacts of unfavorable foreign exchange rates

(Billion yen)

	1H FY2015	1H FY2016	Change
Net Sales	354.3	351.6	-2.8
Operating Income/Loss	6.9	5.9	-1.0
Ordinary Income/Loss	7.0	2.7	-4.3
Extraordinary Income/Loss	0.7	-0.0	-0.7
Income/Loss before Income Taxes	7.7	2.7	-5.0
Income Taxes	2.4	1.1	-1.3
Profit attributable to non-controlling interests	1.1	1.6	0.5
Profit attributable to owners of parent	4.2	0.0	-4.1

(Yen)

Average Exchange Rate US\$	121.80	105.29	-16.51
Average Exchange Rate EURO	135.07	118.15	-16.92

## Net Sales

Demand Increase	10.0
Impact on the new consolidation*	2.1
Loss on translation of earnings of overseas subsidiaries	-14.8

## Operating Income/Loss

Cost Reduction	9.6	Price Decline	-7.1
Increase in Sales	2.4	Decrease in Production	-2.0
		Increase in Fixed Cost	-1.9
		Exchange Rate Effect	-2.0
	12.0		-13.0

## Non-operating Income/Loss

Net Interest Expense	-0.1 ( 0.6 → 0.5 )
Equity in Losses in Affiliates	0.2 ( -1.0 → -0.9 )
Foreign Exchange Losses	-3.5 ( 0.9 → -2.6 )
Others	0.1 ( -0.3 → -0.1 )
	-3.3 ( 0.1 → -3.1 )

## Extraordinary Income/Loss

Gain on Sales of Investment Securities	-0.8 ( 0.9 → 0.1 )
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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 1H FY2016 (YoY Comparison)①

(Billion yen)

	1H FY2015		1H FY2016		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power and Social Infrastructure	70.7	1.4	70.5	2.5	-0.2	1.1
Industrial Infrastructure	65.8	-4.3	80.6	-0.6	14.8	3.7
Power Electronics	97.6	2.8	91.5	0.4	-6.2	-2.4

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

## ■ Power and Social Infrastructure

**Net sales decreased ¥0.2 billion, operating income increased ¥1.1 billion**

- In the power plant business, net sales were down and operating results worsened as the increase in orders for 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 and operating results improved due to higher sales of smart meters.
- In the social information business, net sales were up and operating results improved following higher sales targeting the academic field.

## ■ Industrial Infrastructure

**Net sales increased ¥14.8 billion, operating loss decreased ¥3.7 billion**

- In the transmission and distribution business, net sales were up and operating results improved due to contributions from large-scale orders from domestic industries.
- In the industrial plant business, net sales were up and operating results improved as a result of strong energy saving and replacement demand in Japan as well as increased sales in new solutions businesses targeting data centers.
- Net sales were down in the industrial and instrumentation equipment business following a decline in overseas demand, but operating results improved due to the benefits of cost reduction efforts.
- In the equipment construction business, net sales were up and operating results improved following contributions from large-scale domestic orders for installation of electrical equipment.

## ■ Power Electronics

**Net sales decreased 6%, operating income decreased ¥2.4 billion**

\*Exchange rate effect  
Net sales : -5.9 Operating income : -0.5

- In the drive business, net sales decreased due to lower demand for inverters overseas, particularly in China, and the impacts of unfavorable foreign exchange rates, and operating results worsened due to the lower sales and adverse foreign exchange influences as well as increased upfront investment and R&D expenditures at overseas bases.
- In the power supply business, net sales were down as the decline in demand for power conditioning sub-systems for megasolar power generation systems and the impacts of unfavorable foreign exchange rates offset the strong performance of switchgear and controlgear operations overseas. Regardless, operating results improved due to 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 the impacts of unfavorable foreign exchange rates.

# Net Sales and Operating Income by Segment for 1H FY2016 (YoY Comparison)②

(Billion yen)

	1H FY2015		1H FY2016		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Electronic Devices	63.4	4.9	57.6	3.2	-5.7	-1.7
Food and Beverage Distribution	54.7	3.8	49.5	2.0	-5.3	-1.7
Others	31.4	1.1	28.3	1.1	-3.1	0.0
Elimination and Corporate	-29.3	-2.8	-26.3	-2.8	3.0	0.0
<b>Total</b>	<b>354.3</b>	<b>6.9</b>	<b>351.6</b>	<b>5.9</b>	<b>-2.8</b>	<b>-1.0</b>

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

## ■ Electronic Devices

**Net sales decreased ¥5.7 billion, operating income decreased ¥1.7 billion**

- In the semiconductors business, net sales decreased and operating results worsened as firm performance in the automotive field and the recovery of demand in the industrial and power supply application fields were counteracted by the impacts of unfavorable foreign exchange rates.
- In the magnetic disks business, net sales were down and operating results worsened because of the declines in demand following deteriorating market conditions and the impacts of unfavorable foreign exchange rates.

\*Exchange rate effect

Net sales : -6.5 Operating income : -1.5

## ■ Food and Beverage Distribution

**Net sales decreased ¥5.3 billion, operating income decreased ¥1.7 billion**

- In the vending machine business, net sales decreased and operating results worsened 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 due to the strong performance of automatic change dispensers and store facilities, but operating results worsened year on year as a result of a less favorable sales mix.

# Net Sales for 1H FY2016 [Japan and Overseas by Area] (YoY Comparison)

Net sales up in Japan mainly due to higher demand centered on the Industrial Infrastructure  
Net sales down overseas due to reduction in sales resulted from unfavorable foreign exchange translations (-¥14.6 billion)

(Billion yen)

	1H FY2015	1H FY2016	Change	Exchange rate effect	Sales increase/ decrease
Japan	248.6	256.8	8.2	-0.2	8.4
Overseas	105.7	94.7	-11.0	-14.6	3.6
Asia and others	46.3	47.5	1.2	-5.3	6.5
China	44.7	33.4	-11.3	-7.1	-4.2
Europe	8.1	7.6	-0.5	-1.3	0.8
Americas	6.7	6.2	-0.4	-0.9	0.5
Total	354.3	351.6	-2.8	-14.8	12.0

■ Japan

**【Power and Social Infrastructure】**

Sales increase in social engineering systems business

**【Industrial Infrastructure】**

Sales increase in transmission and distribution, and industrial plant businesses

**【Food and Beverage Distribution】**

Substantial sales decrease in vending machine business

■ Asia

**【Industrial Infrastructure】**

Sales increase in industrial plant business

**【Power Electronics】**

Sales increase in power supply business

**【Electronic Devices】**

Sales increase due to the changes in magnetic disk sales channels

■ China

**【Electronic Devices】**

Sales decrease due to the changes in magnetic disk sales channels

# Summary of Consolidated Financial Results for 1H FY2016 (Comparison with Forecasts)

(Billion yen)

	1H FY2016		Change
	Forecasts (Jul.28, 2016)	Results	
Net Sales	370.5	351.6	-18.9
Operating Income/Loss	5.4	5.9	0.5
Ordinary Income/Loss	3.8	2.7	-1.1
Profit attributable to owners of parent	0.9	0.0	-0.9

(Yen)

Average Exchange Rate US\$	109.07	105.29	-3.78
Average Exchange Rate EURO	121.01	118.15	-2.86

## Net Sales

Loss on translation of earnings of overseas subsidiaries	-6.1
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## Operating Income/Loss

Income buoyed by fixed cost reductions	+1.1
Income lowered by impacts of unfavorable foreign exchange rates	-0.6

## Non-operating Income/Loss

Income lowered by impacts of unfavorable foreign exchange rates	-1.9
Other factors	+0.3

(Billion yen)

## by segment

	1H FY2016				Change	
	Forecasts (Jul. 28, 2016)		Results		Change	
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power and Social Infrastructure	71.6	2.4	70.5	2.5	-1.1	0.1
Industrial Infrastructure	86.9	-1.8	80.6	-0.6	-6.3	1.3
Power Electronics	97.1	1.3	91.5	0.4	-5.7	-0.9
Electronic Devices	58.7	2.8	57.6	3.2	-1.1	0.4
Food and Beverage Distribution	54.0	3.0	49.5	2.0	-4.5	-0.9
Others	27.8	0.9	28.3	1.1	0.5	0.2
Elimination and Corporate	-25.7	-3.2	-26.3	-2.8	-0.7	0.4
<b>Total</b>	<b>370.5</b>	<b>5.4</b>	<b>351.6</b>	<b>5.9</b>	<b>-18.9</b>	<b>0.5</b>

# Consolidated Balance Sheet at the end of 1H FY2016

## Assets

	16/3/31	16/9/30	Change
Cash and time deposit	31.0	28.8	-2.2
Notes and account receivables, trade receivables	258.4	190.7	-67.6
Inventories	145.1	162.3	17.1
Other current assets	59.4	63.5	4.1
<b>Total current assets</b>	<b>493.9</b>	<b>445.3</b>	<b>-48.6</b>
Tangible fixed assets	176.5	170.5	-6.0
Intangible fixed assets	20.4	21.3	1.0
Investments and other assets	154.5	168.7	14.2
<b>Total long-term assets</b>	<b>351.3</b>	<b>360.5</b>	<b>9.2</b>
Deferred assets	0.1	0.2	0.0
<b>Total assets</b>	<b>845.4</b>	<b>806.0</b>	<b>-39.4</b>

## Liabilities and Net Assets

(Billion yen)

	16/3/31	16/9/30	Change
Notes and account payables, trade payables	160.4	131.6	-28.8
Interest-bearing debts	184.7	183.8	-0.9
Other liabilities	239.2	233.2	-6.0
<b>Total liabilities</b>	<b>584.4</b>	<b>548.7</b>	<b>-35.7</b>
Common stock	47.6	47.6	-
Capital surplus	46.7	46.0	-0.8
Retained earnings	132.1	128.9	-30.2
Treasury stock at cost	-7.2	-7.2	0.0
<b>Shareholders' equity</b>	<b>219.2</b>	<b>215.3</b>	<b>-4.0</b>
Accumulated other comprehensive income	11.2	12.6	10.4
Non-controlling interests	30.6	29.5	-1.1
<b>Total net assets</b>	<b>261.0</b>	<b>257.3</b>	<b>-3.7</b>
<b>Total liabilities and net assets</b>	<b>845.4</b>	<b>806.0</b>	<b>-39.4</b>
Equity ratio (%)	27.3	28.3	1.0
Net Interest-bearing debts	153.9	155.2	1.3
Net debt-equity ratio (times)	0.7	0.7	-

# Consolidated Cash Flow for 1H FY2016

(Billion yen)

	1H FY2015	1H FY2016
Cash Flows from Operating Activities	17.2	21.2
Cash Flows from Investing Activities	-12.5	-9.6
Free Cash Flow	4.7	11.6
Cash Flows from Financing Activities	-11.3	-11.0
Effect of Exchange Rate Change and Others	3.1	-2.8
Increase / Decrease	-3.4	-2.2
Cash and Cash Equivalents at Beginning of Year	31.9	30.8
Cash and Cash Equivalents at End of Year	28.5	28.6



# Consolidated Forecasts for FY2016 (Comparison with Previous Forecasts)

## Consolidated forecasts revised to reflect changes in foreign exchange rates

(Billion yen)

	FY2016		Change
	Forecasts (Jul.28,2016)	Forecasts (Oct. 27,2016)	
Net Sales	830.0	820.0	-10.0
Operating Income/Loss	47.0	45.0	-2.0
Ordinary Income/Loss	47.0	43.0	-4.0
Profit attributable to owners of parent	31.0	27.0	-4.0

### 2nd-Half Foreign Exchange Rates

	US\$	EURO	RMB
Exchange rate	¥100	¥110	¥15.3
Foreign exchange sensitivity (million yen)*	100	20	50

\* Impact on operating income/loss  
US\$ and EURO: Impact of ¥1-fluctuations  
RMB: Impact of 1% fluctuations

(Billion yen)

	FY2016				Change	
	Forecasts ( Jul. 28, 2016)		Forecasts(Oct. 27, 2016)			
	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss	Net Sales	Operating Income/Loss
Power and Social Infrastructure	177.9	10.5	183.5	11.1	5.6	0.5
Industrial Infrastructure	216.9	13.6	218.0	15.1	1.1	1.5
Power Electronics	214.6	11.6	204.1	8.9	-10.6	-2.6
Electronic Devices	120.0	7.5	111.0	5.9	-9.0	-1.7
Food and Beverage Distribution	113.6	8.0	112.9	8.0	-0.7	0.0
Others	55.0	2.1	57.6	2.2	2.6	0.1
Elimination and Corporate	-68.2	-6.2	-67.2	-6.1	1.0	0.1
Total	830.0	47.0	820.0	45.0	-10.0	-2.0

# Consolidated Forecasts for FY2016 (YoY Comparison)

(Billion yen)

	Full year		Change
	FY2015 Results	FY2016 Forecasts (Oct. 27, 2016)	
Net Sales	813.6	820.0	6.4
Operating Income/Loss	45.0	45.0	0.0
Ordinary Income/Loss	45.6	43.0	-2.6
Profit attributable to owners of parent	30.6	27.0	-3.6

### 2nd-Half Foreign Exchange Rates

	US\$	EURO	RMB
Exchange rate	¥100	¥110	¥15.3
Foreign exchange sensitivity (million yen)*	100	20	50

\* Impact on operating income/loss  
US\$ and EURO: Impact of ¥1-fluctuations  
RMB: Impact of 1% fluctuations

(Billion yen)

	FY2015 Results		FY2016 Forecasts (Oct. 27, 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	183.5	11.1	8.1	1.3
Industrial Infrastructure	199.4	11.2	218.0	15.1	18.7	3.9
Power Electronics	208.8	9.4	204.1	8.9	-4.7	-0.5
Electronic Devices	120.2	9.8	111.0	5.9	-9.2	-3.9
Food and Beverage Distribution	110.0	8.0	112.9	8.0	2.9	0.0
Others	62.6	2.3	57.6	2.2	-5.0	-0.1
Elimination and Corporate	-62.9	-5.5	-67.2	-6.1	-4.3	-0.7
Total	813.6	45.0	820.0	45.0	6.4	0.0

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

## Interim dividend of ¥5 per share decided

(Yen)

	Interim	Year-end	Annual
FY2015	5.00	5.00	10.00
FY2016	5.00	TBD	TBD

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