

# FY 2014 THIRD QUARTER (CUMULATIVE) CONSOLIDATED FINANCIAL RESULTS

(April 1, 2014 to December 31, 2014)

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## 1. FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2014

### (1) Consolidated Results of Operations

|                               | Net sales<br>(millions of yen) | Operating income<br>(millions of yen) | Ordinary income<br>(millions of yen) | Net income<br>(millions of yen) |
|-------------------------------|--------------------------------|---------------------------------------|--------------------------------------|---------------------------------|
| Nine months ended Dec.31,2014 | 115,880 (11.7%)                | 7,174 (79.2%)                         | 7,031 (100.7%)                       | 4,932 (32.6%)                   |
| Nine months ended Dec.31,2013 | 103,726 (14.2%)                | 4,003 (90.7%)                         | 3,502 (122.5%)                       | 3,720 (—%)                      |

Note1: Comprehensive income: 12,700 million yen ( 51.3%) for nine months ended Dec.31, 2014  
 / 8,396 million yen ( 342.5%) for nine months ended Dec.31, 2013

Note2: Indication of percentages shows the ratio of increase or decrease from the third quarter of the previous fiscal year.

|                               | Net income per share<br>(yen) | Diluted net income<br>per share (yen) |
|-------------------------------|-------------------------------|---------------------------------------|
| Nine months ended Dec.31,2014 | 40.68                         | —                                     |
| Nine months ended Dec.31,2013 | 30.68                         | —                                     |

### (2) Consolidated Financial Position

(Millions of yen)

|                         | Total assets | Net assets | Shareholders'<br>equity ratio |
|-------------------------|--------------|------------|-------------------------------|
| As of December 31, 2014 | 187,072      | 60,891     | 32.3%                         |
| As of March 31, 2014    | 164,762      | 49,108     | 29.6%                         |

<Reference> Shareholders' equity: 60,445 million yen as of Dec.31, 2014 / 48,718 million yen as of Mar.31, 2014

## 2. DIVIDEND INFORMATION

|                            | Dividend per share |                |               |                 |         |
|----------------------------|--------------------|----------------|---------------|-----------------|---------|
|                            | First quarter      | Second quarter | Third quarter | Fiscal-year-end | Annual  |
| Fiscal year 2013           | —                  | 3.00yen        | —             | 3.00yen         | 6.00yen |
| Fiscal year 2014           | —                  | 3.00yen        | —             | 3.00yen         | 6.00yen |
| Fiscal year 2014(forecast) |                    |                |               | 3.00yen         | 6.00yen |

Note1: Revision to recently disclosed dividend forecast: No

## 3. FISCAL YEAR 2014 CONSOLIDATED FINANCIAL FORECAST (April 1, 2014 to March 31, 2015)

(Millions of Yen)

|           | Net sales<br>(percentage change from<br>the previous year) | Operating income<br>(percentage change from<br>the previous year) | Ordinary income<br>(percentage change from<br>the previous year) | Net income<br>(percentage change from<br>the previous year) | Net income<br>per share |
|-----------|--|---|--|---|-------------------------|
| Full Year | 160,000 (10.8%)  | 12,000 (54.3%)  | 10,600 (40.0%)   | 7,900 (57.1%)   | 65.13yen                |

Note: Revision to recently disclosed financial forecast: No

#### 4. OTHER

(1) Changes in significant subsidiaries during the nine months ended December 31, 2014 (changes to specified subsidiaries accompanying the change in scope of consolidation): No

(2) Application of particular accounting method for quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, restatement of revisions

- Changes in accounting policies according to revision of accounting standards, etc : Yes

- Changes in accounting policies due to reasons other than above : No

- Changes in accounting estimates : No

- Restatement of revisions : No

(4) Number of shares outstanding (common share)

- Number of shares outstanding at the end of the period (including treasury stock)

- Number of treasury stocks at the end of the period

- Average number of shares outstanding during nine months ended December 31

|                     |             |                     |             |
|---------------------|-------------|---------------------|-------------|
| Dec./2014:          | 125,490,302 | Mar./2014:          | 125,490,302 |
| Dec./2014:          | 4,247,431   | Mar./2014:          | 4,223,339   |
| Apr./2014-Dec./2014 | 121,256,878 | Apr./2013-Dec./2013 | 121,301,081 |

\* The above description about future matters including financial forecast is based upon information available as of the present time and assumptions we considered valid. Due to various factors, our actual performance could greatly differ from the forecast. For assumptions and notes regarding the forecasts, refer to "Qualitative Information concerning the Forecast of Consolidated Business Results."

# **1. QUALITATIVE INFORMATION ABOUT CONSOLIDATED BUSINESS RESULTS** **FOR THE NINE MONTHS ENDED DECEMBER 31, 2014**

## **(1) QUALITATIVE INFORMATION ABOUT CONSOLIDATED OPERATING RESULTS**

Looking into the trends in the global economy for the nine months ended December 31, 2014, demand stayed on a moderate expansion trend in the markets the Company mainly services with its products. Although the European economy showed signs of downturn such as declining consumer prices, the US economy continued to expand with help from steady personal consumption and the Chinese economy continued to advance steadily in spite of a slowdown in growth. Meanwhile, a prevailing sense of stagnation in the Japanese economy prompted a decision to institute the consumption tax hike later than planned. Under these circumstances, we focused on developing horizontally existing products and establishing new customers in overseas markets based on our basic policy for fiscal 2014 of “increasing the scale of sales” and “accelerating our overseas expansion.” As a result, net sales during the nine months ended December 31, 2014 were ¥115,880 million, an increase of ¥12,153 million (11.7%) as compared to the same period in the previous year, thanks mainly to strong sales of semiconductor devices primarily for automobiles and white goods and increased sales of PS products linked to expanding corporate investments for domestic telecommunications. For income, operating income and ordinary income both increased significantly as compared to the same period in the previous year, as we recorded operating income of ¥7,174 million, an increase of ¥3,171 million (79.2%), and ordinary income of ¥7,031 million, an increase of ¥3,528 million (100.7%). These results were attributable to an improved income ratio linked to an improved product mix and increased production volume and ongoing efforts to contain fix costs, as well as the absence of the valuation loss on inventories recorded in the previous year due to the termination of mainboards business for TVs. Quarterly net income was ¥4,932 million, an increase of ¥1,211 million (32.6%), even though the growth rate of quarterly net income as compared to the same period in the previous year dwindled because no tax effect was recorded at a US subsidiary that had recorded a tax effect in the previous fiscal year.

Overview of business by segment is as follows.

In the semiconductor device business, although sales of products for TVs and audio decreased, sales of automotive products progressed steadily in the automobile market thanks to increased sales volume of automobiles mainly in the US and the development of electrification all over the world. Sales of inverter IC products for white goods such as air conditioners, refrigerators, and washers for overseas and domestic markets increased significantly. As a result, consolidated net sales from this segment were ¥91,770 million, an increase of ¥10,060 million (12.3%) as compared to the same period in the previous year. Consolidated operating income was ¥8,686 million, an increase of ¥1,596 million (22.5%) as compared to the same period in the previous year.

For the PM business, sales of adaptors slightly increased as compared to the previous year, while sales of products for audio products remained sluggish and sales of products for copiers and industrial machinery became stagnant. As a result, consolidated net sales from this segment were ¥11,242 million, a decrease of ¥644 million (5.4%) as compared to the same period in the previous year. For income, although we succeeded in substantially narrowing the deficit margin owing to the absence of the valuation loss on inventories recorded in the previous year due to the termination of mainboards business for TVs, we were still forced to record consolidated operating loss of ¥534 million (consolidated operating loss of ¥1,139 million in the same period in the previous year).

Sales for the PS business progressed favorably due to the significantly increased sales of power-supply units for telecommunication facilities and the increased sales of products for public agencies, in spite of the sluggish sales of products for private demand. Consolidated net sales from this segment were ¥12,868 million, an increase of ¥2,866 million (28.7%) as compared to the same period in the previous year. Consolidated operating income was ¥717 million, a significant increase of ¥435 million (154.5%) as compared to the same period in the previous year.

## **(2) QUALITATIVE INFORMATION ABOUT CONSOLIDATED FINANCIAL POSITION**

Total assets as of the end of December 31, 2014 were ¥187,072 million, an increase of ¥22,309 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in cash and deposits of ¥1,785 million, inventories of ¥8,445 million, property, plant and equipment of ¥9,525 million, and software of ¥1,126 million.

Total liabilities were ¥126,180 million, an increase of ¥10,526 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in notes and accounts payable-trade of ¥3,447 million, loans of ¥1,758 million, and commercial papers of ¥3,000 million.

Total net assets were ¥60,891 million, an increase of ¥11,782 million from the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings of ¥4,766 million, and foreign currency translation adjustment of ¥7,757 million.

## **(3) QUALITATIVE INFORMATION ABOUT CONSOLIDATED FINANCIAL FORECAST**

While there are mounting factors with unpredictable impacts such as unstable elements in political and social spheres emerging from the Middle East, Europe and elsewhere in the world, dropping crude oil prices, and erratic fluctuations in exchange rates, we still expect that the global economy will overall continue to recover, with ongoing expansion in the US as before, moderate expansion of the Chinese economy in spite of downward risk, and a gradual recovery of the economy in Europe. The Japanese economy is expected to moderately recover in spite of anxiety over the future economic trends, as the personal consumption is expected to progress steadily through improved income circumstances and decreasing energy costs. Under these circumstances, the Company group will strive to increase the scale of sales and accelerate overseas development of “environmentally-friendly and energy saving” and “green energy” related products including in emerging countries, and strengthen its supply capability by reinforcing production lines in the front-end wafer processes and the back-end assembly processes in order to steadily exploit increasing orders for sales, in addition to implementing measures focused mainly on the optimization of the production and procurement structure in response to the weaker-yen environment. Through these measures, the Company group will make concerted efforts to achieve the group plan for fiscal 2014.

## **2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS**

### **(1) QUARTERLY CONSOLIDATED BALANCE SHEETS**

Millions of yen

|  | March 31<br>2014      | December 31<br>2014          |
|--|-----------------------|------------------------------|
| <b>ASSETS</b>                          |                       |                              |
| Current assets                         |                       |                              |
| Cash and deposits                      | 14,943                | <b>16,728</b>                |
| Notes and accounts receivable - trade  | 33,986                | <b>33,710</b>                |
| Merchandise and finished goods         | 13,760                | <b>16,762</b>                |
| Work in process                        | 20,885                | <b>24,467</b>                |
| Raw materials and supplies             | 11,464                | <b>13,326</b>                |
| Deferred tax assets                    | 1,614                 | <b>1,579</b>                 |
| Other                                  | 4,171                 | <b>6,400</b>                 |
| Allowance for doubtful accounts        | (61)                  | <b>(25)</b>                  |
| Total current assets                   | <u>100,764</u>        | <u><b>112,948</b></u>        |
| Non-current assets                     |                       |                              |
| Property, plant and equipment          |                       |                              |
| Buildings and structures, net          | 18,697                | <b>20,471</b>                |
| Machinery, equipment and vehicles, net | 20,944                | <b>25,162</b>                |
| Tools, furniture and fixtures, net     | 944                   | <b>1,163</b>                 |
| Land                                   | 5,183                 | <b>5,498</b>                 |
| Leased assets, net                     | 3,506                 | <b>2,790</b>                 |
| Construction in progress               | 5,699                 | <b>9,414</b>                 |
| Total property, plant and equipment    | <u>54,975</u>         | <u><b>64,500</b></u>         |
| Intangible assets                      |                       |                              |
| Software                               | 2,420                 | <b>3,546</b>                 |
| Other                                  | 1,198                 | <b>1,485</b>                 |
| Total intangible assets                | <u>3,618</u>          | <u><b>5,032</b></u>          |
| Investments and other assets           |                       |                              |
| Investment securities                  | 2,265                 | <b>1,910</b>                 |
| Deferred tax assets                    | 888                   | <b>72</b>                    |
| Other                                  | 2,493                 | <b>2,848</b>                 |
| Allowance for doubtful accounts        | (242)                 | <b>(242)</b>                 |
| Total investments and other assets     | <u>5,404</u>          | <u><b>4,589</b></u>          |
| Total non-current assets               | <u>63,998</u>         | <u><b>74,123</b></u>         |
| Total assets                           | <u><u>164,762</u></u> | <u><u><b>187,072</b></u></u> |

|   | March 31<br>2014 | December 31<br>2014 |
|---|------------------|---------------------|
| <b>LIABILITIES AND NET ASSETS</b>                     |                  |                     |
| Liabilities   |                  |                     |
| Current liabilities                                   |                  |                     |
| Notes and accounts payable - trade                    | 18,345           | 21,793              |
| Short-term loans payable                              | 27,030           | 26,289              |
| Current portion of bonds                              | -                | 4,100               |
| Commercial papers                                     | 15,000           | 18,000              |
| Lease obligations                                     | 1,248            | 1,257               |
| Income taxes payable                                  | 157              | 352                 |
| Provision for directors' bonuses                      | -                | 37                  |
| Accrued expenses                                      | 8,532            | 8,540               |
| Other   | 1,061            | 3,582               |
| Total current liabilities                             | <u>71,376</u>    | <u>83,952</u>       |
| Non-current liabilities                               |                  |                     |
| Bonds payable   | 30,000           | 25,900              |
| Long-term loans payable                               | 5,000            | 7,500               |
| Lease obligations                                     | 2,296            | 1,473               |
| Deferred tax liabilities                              | 1,951            | 2,171               |
| Provision for directors' retirement benefits          | 18               | 24                  |
| Net defined benefit liability                         | 3,087            | 2,121               |
| Asset retirement obligations                          | 60               | 60                  |
| Other   | 1,863            | 2,977               |
| Total non-current liabilities                         | <u>44,277</u>    | <u>42,228</u>       |
| Total liabilities                                     | <u>115,654</u>   | <u>126,180</u>      |
| Net assets  |                  |                     |
| Shareholders' equity                                  |                  |                     |
| Capital stock   | 20,896           | 20,896              |
| Capital surplus                                       | 11,028           | 10,301              |
| Retained earnings                                     | 20,340           | 25,106              |
| Treasury shares                                       | (3,954)          | (3,975)             |
| Total shareholders' equity                            | <u>48,310</u>    | <u>52,328</u>       |
| Accumulated other comprehensive income                |                  |                     |
| Valuation difference on available-for-sale securities | 461              | 599                 |
| Foreign currency translation adjustment               | (1,615)          | 6,142               |
| Remeasurements of defined benefit plans               | 1,561            | 1,374               |
| Total accumulated other comprehensive income          | <u>407</u>       | <u>8,116</u>        |
| Minority interests                                    | 390              | 446                 |
| Total net assets                                      | <u>49,108</u>    | <u>60,891</u>       |
| Total liabilities and net assets                      | <u>164,762</u>   | <u>187,072</u>      |

**(2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME AND  
QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Millions of yen

| <b>QUARTERLY CONSOLIDATED STATEMENTS OF INCOME</b> | Nine months<br>ended<br>Dec.31, 2013 | Nine months<br>ended<br>Dec.31, 2014 |
|--|--------------------------------------|--------------------------------------|
| Net sales  | 103,726                              | <b>115,880</b>                       |
| Cost of sales                                      | <u>79,160</u>                        | <u><b>84,953</b></u>                 |
| Gross profit                                       | <u>24,566</u>                        | <u><b>30,926</b></u>                 |
| Selling, general and administrative expenses       | <u>20,563</u>                        | <u><b>23,752</b></u>                 |
| Operating income                                   | <u>4,003</u>                         | <u><b>7,174</b></u>                  |
| Non-operating income                               |                                      |                                      |
| Interest income                                    | 6                                    | 7                                    |
| Dividend income                                    | 31                                   | 39                                   |
| Foreign exchange gains                             | 281                                  | 431                                  |
| Miscellaneous income                               | 297                                  | 402                                  |
| Total non-operating income                         | <u>616</u>                           | <u><b>881</b></u>                    |
| Non-operating expenses                             |                                      |                                      |
| Interest expenses                                  | 597                                  | 597                                  |
| Miscellaneous loss                                 | 519                                  | 427                                  |
| Total non-operating expenses                       | <u>1,116</u>                         | <u><b>1,024</b></u>                  |
| Ordinary income                                    | <u>3,502</u>                         | <u><b>7,031</b></u>                  |
| Extraordinary income                               |                                      |                                      |
| Gain on sales of non-current assets                | 0                                    | 1                                    |
| Gain on sales of investment securities             | -                                    | 408                                  |
| Total extraordinary income                         | <u>0</u>                             | <u><b>410</b></u>                    |
| Extraordinary losses                               |                                      |                                      |
| Loss on retirement of non-current assets           | 15                                   | 4                                    |
| Loss on sales of non-current assets                | 2                                    | -                                    |
| Total extraordinary losses                         | <u>18</u>                            | <u><b>4</b></u>                      |
| Income before income taxes and minority interests  | <u>3,484</u>                         | <u><b>7,436</b></u>                  |
| Income taxes                                       | <u>(224)</u>                         | <u><b>2,488</b></u>                  |
| Income before minority interests                   | <u>3,709</u>                         | <u><b>4,948</b></u>                  |
| Minority interests in income (loss)                | <u>(11)</u>                          | <u><b>15</b></u>                     |
| Net income   | <u><u>3,720</u></u>                  | <u><u><b>4,932</b></u></u>           |

Millions of yen

| <b>QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</b> | Nine months<br>ended<br>Dec.31, 2013 | <b>Nine months<br/>ended<br/>Dec.31, 2014</b> |
|--|--------------------------------------|---|
| Income before minority interests                                 | 3,709                                | <b>4,948</b>                                  |
| Other comprehensive income                                       |                                      |   |
| Valuation difference on available-for-sale securities            | 405                                  | <b>137</b>                                    |
| Foreign currency translation adjustment                          | 4,281                                | <b>7,800</b>                                  |
| Remeasurements of defined benefit plans, net of tax              | -                                    | <b>(186)</b>                                  |
| Total other comprehensive income                                 | <u>4,687</u>                         | <u><b>7,751</b></u>                           |
| Comprehensive income   | <u><b>8,396</b></u>                  | <u><b>12,700</b></u>                          |
| Comprehensive income attributable to                             |                                      |   |
| Comprehensive income attributable to owners of parent            | 8,412                                | <b>12,640</b>                                 |
| Comprehensive income attributable to minority interests          | (15)                                 | <b>59</b>                                     |

**(3) SEGMENT INFORMATION****[Information on Net Sales, Incomes or Losses by Individual Reportable Segments]****NINE MONTHS ENDED DECEMBER 31, 2013**

Millions of yen

|                                    | Reportable Segments   |       |         |        | Total   | Adjusted Amount | Amount stated in Quarterly Consolidated Statements of Income |
|------------------------------------|-----------------------|-------|---------|--------|---------|-----------------|--|
|                                    | Semi-conductor Device | CCFL  | PM      | PS     |         |                 |  |
| Sales                              |                       |       |         |        |         |                 |  |
| (1) Sales to Customers             | 81,709                | 128   | 11,886  | 10,001 | 103,726 | —               | 103,726  |
| (2) Intersegment Sales or Transfer | 1,013                 | —     | 511     | 4      | 1,530   | (1,530)         | —  |
| Total                              | 82,723                | 128   | 12,398  | 10,006 | 105,257 | (1,530)         | 103,726  |
| Operating Income (loss) by segment | 7,089                 | (598) | (1,139) | 281    | 5,632   | (1,629)         | 4,003  |

**NINE MONTHS ENDED DECEMBER 31, 2014**

Millions of yen

|                                    | Reportable Segments   |        |        | Total   | Adjusted Amount | Amount stated in Quarterly Consolidated Statements of Income |
|------------------------------------|-----------------------|--------|--------|---------|-----------------|--|
|                                    | Semiconductor Devices | PM     | PS     |         |                 |  |
| Sales                              |                       |        |        |         |                 |  |
| (1) Sales to Customers             | 91,770                | 11,242 | 12,868 | 115,880 | —               | 115,880  |
| (2) Intersegment Sales or Transfer | 637                   | 474    | 1      | 1,112   | (1,112)         | —  |
| Total                              | 92,407                | 11,716 | 12,869 | 116,993 | (1,112)         | 115,880  |
| Operating Income (loss) by segment | 8,686                 | (534)  | 717    | 8,868   | (1,694)         | 7,174  |