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# Financial Results Briefing

First Half of Fiscal 2012  
(Ended November 30, 2012)

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January 15, 2013

Toyo Denki Seizo K.K.



- Briefing on Financial Results:  
About 25 minutes
  1. Overview of Financial Results for the First Half of Fiscal 2012
  2. Outlook for Fiscal 2012 Full Year Financial Results
  3. Status and Outlook for Individual Business Segments
  4. Other Topics
- Q&A: 30 minutes

1. Overview of Financial Results for  
the First Half of Fiscal 2012  
(June 1 – November 30, 2012)

# 1-1. Key Points

## Overall: Decrease in revenues and earnings

Net sales	¥13,566 million	YoY -28.0%	(-¥5,264 million)
Operating income	(¥515 million)	—	(-¥1,030 million)

## Transportation Systems: Decrease in revenues and earnings

Net sales	¥7,657 million	YoY -36.4%	(-¥4,376 million)
Segment income	¥565 million	YoY -59.0%	(-¥812 million)

## Industrial Systems: Decrease in revenues and earnings

Net sales	¥5,236 million	YoY -17.2%	(-¥1,090 million)
Segment income	(¥45 million)	YoY -186.5%	(-¥97 million)
(Excluding automotive vehicle use)	¥57 million	YoY -70.2%	(-¥134 million)

## Information Equipment Systems: Increase in revenues and earnings

Net sales	¥669 million	YoY +43.8%	(+¥204 million)
Segment income	¥54 million	YoY +38.5%	(+¥15 million)

## 1-2. Overview of Consolidated Financial Results

(Millions of yen)

	1H FY2011	1H FY2012	YoY change
Net sales	18,830	13,566	-5,264
Operating income	515	(515)	-1,030
%	2.7%	—	—
Ordinary income	525	(283)	-809
%	2.8%	—	—
Net income	303	(401)	-704
%	1.6%	—	—
Net income per share (yen)	6.29	(8.32)	-14.61
Orders received	16,884	15,278	-1,606

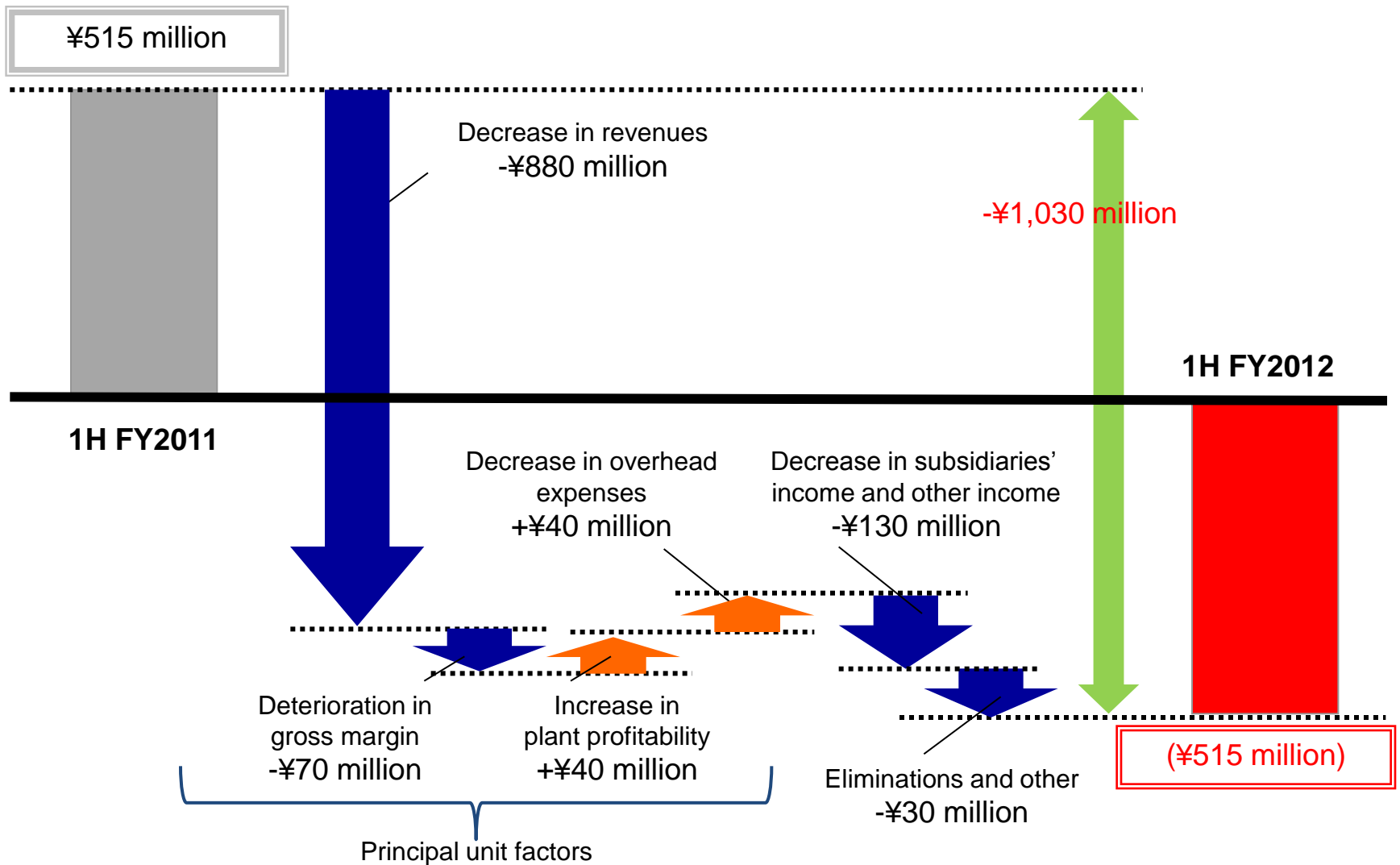
1H FY2012 Forecasts	Difference
14,000	-444
(500)	-15
—	—
(500)	+217
—	—
(600)	+199
—	—
(12.44)	+4.12
16,000	-722

# 1-3. Overview of Business Segment Results

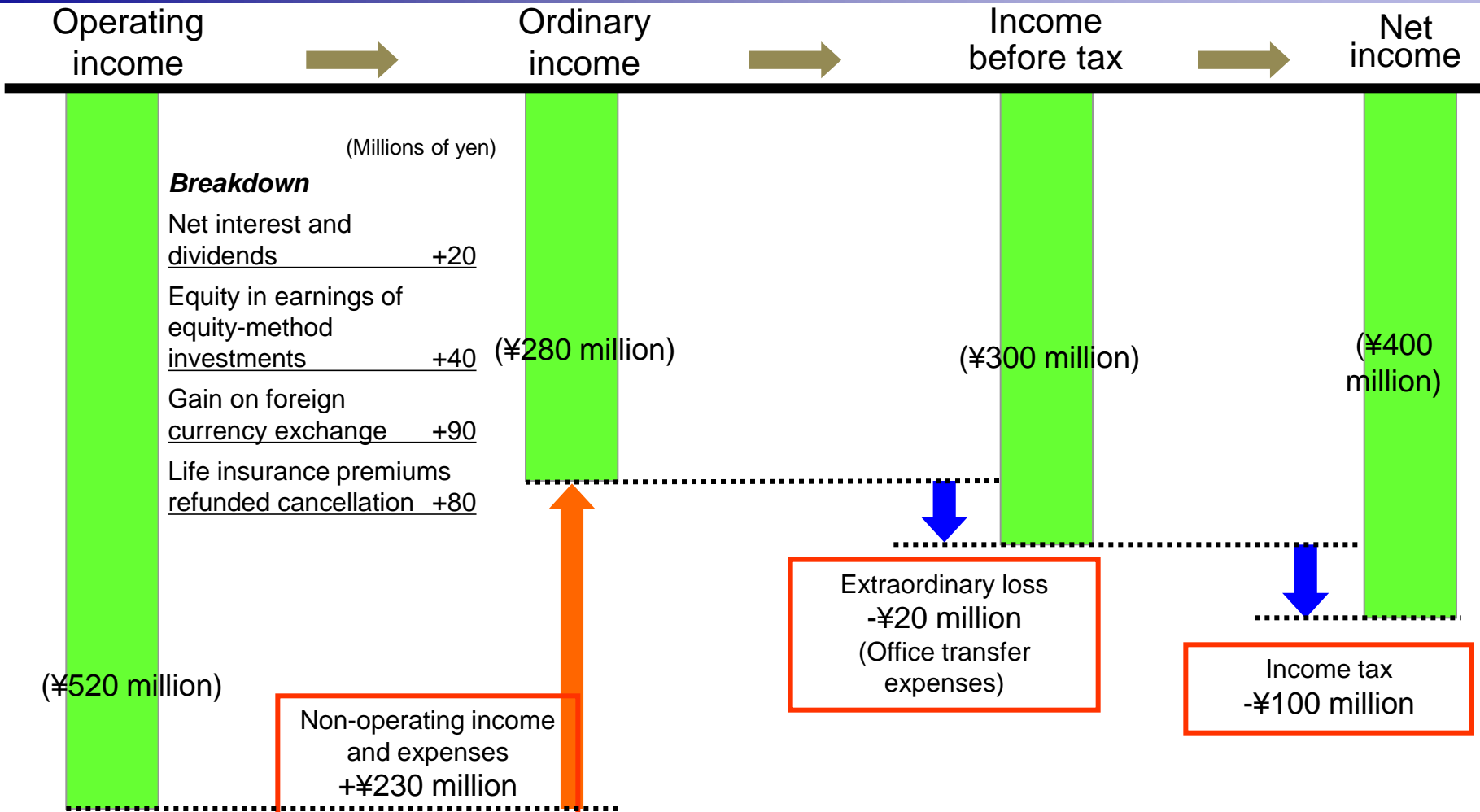
(Millions of yen)

		Transportation Systems	Industrial Systems	Information Systems	Adjustment Amount	Total
Orders received	1H FY2011	8,786	6,574	1,518	5	16,884
	1H FY2012	7,958	6,348	967	3	15,278
	YoY change	-828	-226	-551	-2	-1,606
Net sales	1H FY2011	12,033	6,326	465	5	18,830
	1H FY2012	7,657	5,236	669	3	13,566
	YoY change	-4,376	-1,090	+204	-2	-5,264
Segment income	1H FY2011	1,377	52	39	(979)	515
	1H FY2012	565	(45)	54	(1,090)	(515)
	YoY change	-812	-97	+15	-111	-1,030

# 1-4. Factors Contributing to Changes in Operating Income



# 1-5. Details of Non-Operating Income and Expenses





## 1-6. Consolidated Financial Position

(Millions of yen)

	May 31, 2012	November 30, 2012	Change	Notes
Total assets	38,086	38,567	+545	
Current assets	21,415	20,973	-442	
Fixed assets	16,670	17,629	+959	
Total liabilities	23,036	23,652	+615	
Of which, interest-bearing debt	9,385	11,146	+1,761	
Net assets	15,049	14,914	-135	
Equity ratio	39.5%	38.7%	-0.8%	
Net assets per share (yen)	312.12	309.35	-2.77	

## 2. Outlook for Fiscal 2012 Full Year Financial Results

## 2-1. Outlook for Consolidated Financial Results for Fiscal 2012

(Millions of yen)

	FY2011	1H FY2012	FY2013 (Revised Forecasts)	Compared with FY2011
Orders received	32,670	15,278	38,000	+5,330
Net sales	38,570	13,566	33,000	-5,570
Operating income	1,701	(515)	700	-1,001
%	4.4%	-	2.1%	-2.3%
Ordinary income	1,788	(283)	750	-1,038
%	4.6%	-	2.3%	-2.3%
Net income	785	(401)	350	-435
%	2.0%	-	1.1%	-0.9%
Net income per share (yen)	16.29	(8.32)	7.26	-9.03

### 3. Status and Outlook for Individual Business Segments

## 3-1. Order Environment by Business Segment

	Comments
Market overall	<ul style="list-style-type: none"> <li>(1) Domestic economy shows an improvement trend</li> <li>(2) Despite a lingering sense of uncertainty regarding China, overall overseas improvement</li> <li>(3) Correction in foreign currency exchange rates; trend toward a weakening yen</li> </ul>
Transportation Systems	<ul style="list-style-type: none"> <li>(1) Domestic orders to remain flat</li> <li>(2) Continued robust overseas demand for urban transportation networks</li> </ul>
Industrial Systems	<ul style="list-style-type: none"> <li>(1) Growing expectation surrounding a recovery in domestic capital investment centering on upgrade demand</li> <li>(2) Expectation surrounding growth mainly in South Korea and Southeast Asia</li> </ul>
Information Equipment Systems	<ul style="list-style-type: none"> <li>(1) Settled orders in IC-compatible equipment relating to railway station operations; focus on renewal demand</li> <li>(2) Expectations that energy efficient remote monitoring systems will help expand the market</li> </ul>

## 3-2. Transportation Systems

### (1) Consolidated financial results for 1H FY2012

	1H FY2011	1H FY2012	YoY change
Orders received	8,786	7,958	-828
Net sales	12,033	7,657	-4,376
Segment income	1,377	565	-812
Profit ratio	11.4%	7.4%	-4.0%

### (2) Forecast for consolidated financial results for FY2012

(Millions of yen)

	FY2011	FY2012 Forecast	YoY change
Orders received	17,506	21,200	+3,694
Net sales	23,991	17,500	-6,491
Segment income	2,701	1,770	-931
Profit ratio	11.3%	10.1%	-1.2%

## 3-3. Industrial Systems

### (1) Consolidated financial results for 1H FY2012

	1H FY2011	1H FY2012	YoY change
Orders received	6,574 6,297	6,348 6,121	-226 -176
Net sales	6,326 6,177	5,236 5,029	-1,090 -1,148
Segment income <sup>1</sup>	52 191	(45) 57	(97) -134
Profit ratio <sup>1</sup>	0.8% 3.1%	— 1.1%	— -2.0%

### (2) Forecast for consolidated financial results for FY2012

(Millions of yen)

	FY2011	FY2012 Forecast	YoY change
Orders received	12,439 11,932	14,700 14,200	+2,261 +2,268
Net sales	12,265 11,761	13,500 12,900	+1,235 +1,139
Segment income <sup>1</sup>	253 534	820 950	+567 +416
Profit ratio <sup>1</sup>	2.1% 4.5%	6.1% 7.4%	+4.0% +2.9%

Note: Figures in blue exclude automotive vehicle use data

## 3-4. Information Equipment Systems

### (1) Consolidated financial results for 1H FY2012

	1H FY2011	1H FY2012	YoY change
Orders received	1,518	967	-551
Net sales	465	669	+204
Segment income	39	54	+15
Profit ratio	8.4%	8.1%	-0.3%

### (2) Forecast for consolidated financial results for FY2012

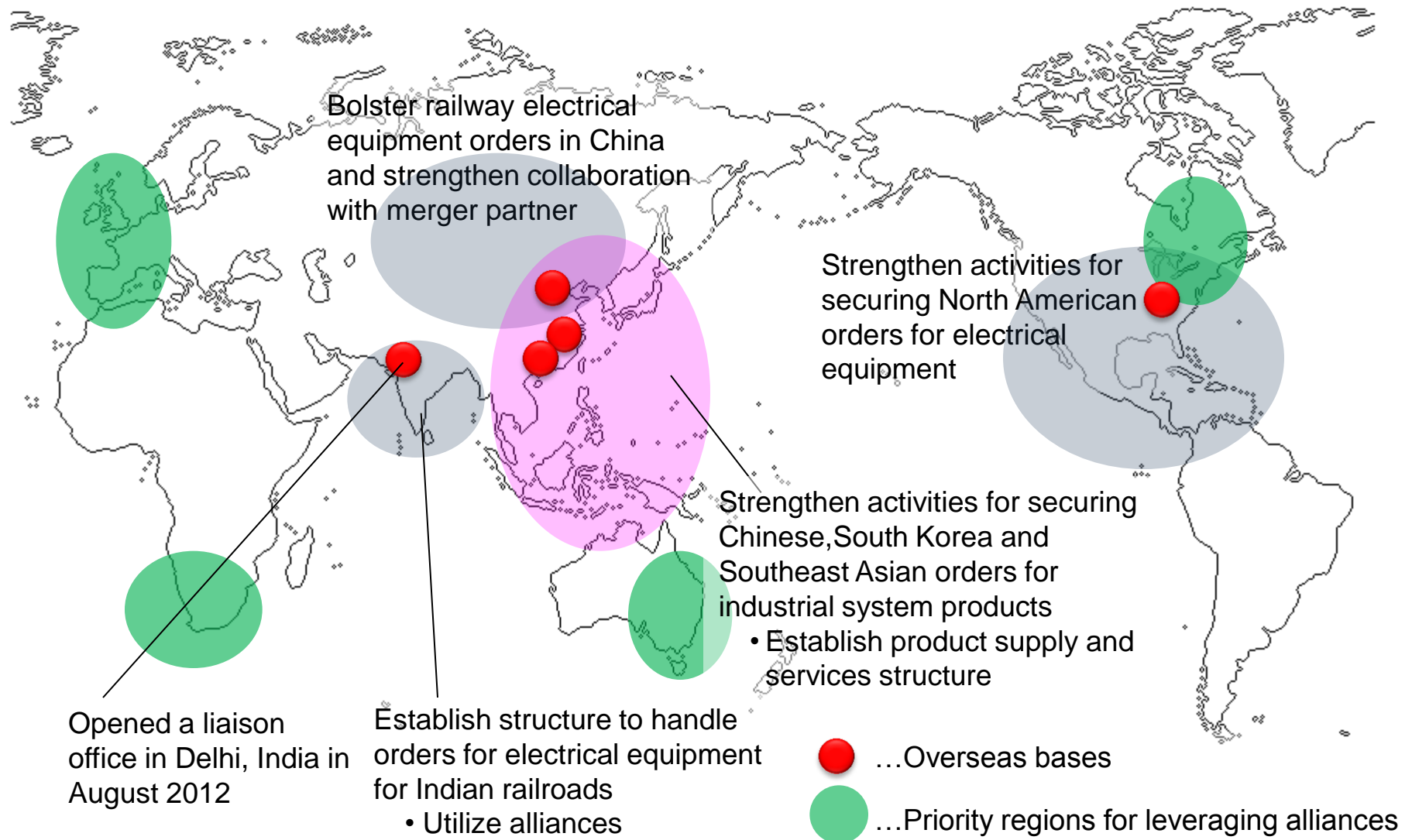
(Millions of yen)

	FY2011	FY2012F orecast	YoY change
Orders received	2,714	2,100	-614
Net sales	2,303	2,000	-303
Segment income	666	260	-406
Profit ratio	28.9%	13.0%	-15.9%



## 4. Other Topics

# 4-1. Global Expansion



## 4-2. Transportation Systems

### ■ Order received for a full set of rail carriage electrical equipment for the Los Angeles light rail vehicle (LRV) project

Toyo Denki's North American subsidiary, TOYO DENKI USA, INC., received an order for the contract won by Kinki Sharyo. The order comprises a full set of rail carriage electrical equipment (propulsion inverters, traction motors, and driving gear units) for the Los Angeles LRV project

#### **Orders Received**

- First order: 78 vehicles; approximately ¥2.6 billion  
(Portion manufactured in Japan: ¥0.2 billion; Portion manufactured in the US: ¥2.4 billion)

#### **Delivery / Sales Period**

- Delivery to commence from June 2013
- Plans to record the bulk of sales by FY2014

#### **Option**

- Option: Also continue efforts to secure orders for 157 vehicles (approximately ¥4.0 billion)
- Plans for delivery by 2019



## 4-3. Transportation Systems

- Following supply to JR West in June 2012, Toyo Denki delivered its E<sup>3</sup> Solution railway power storage system to Tobu Railway Co., Ltd. in July 2012

The E<sup>3</sup> Solution System absorbs and stores the regenerative energy that is produced when braking to decelerate or stop. Moreover, the System discharges the stored energy when trains accelerate.

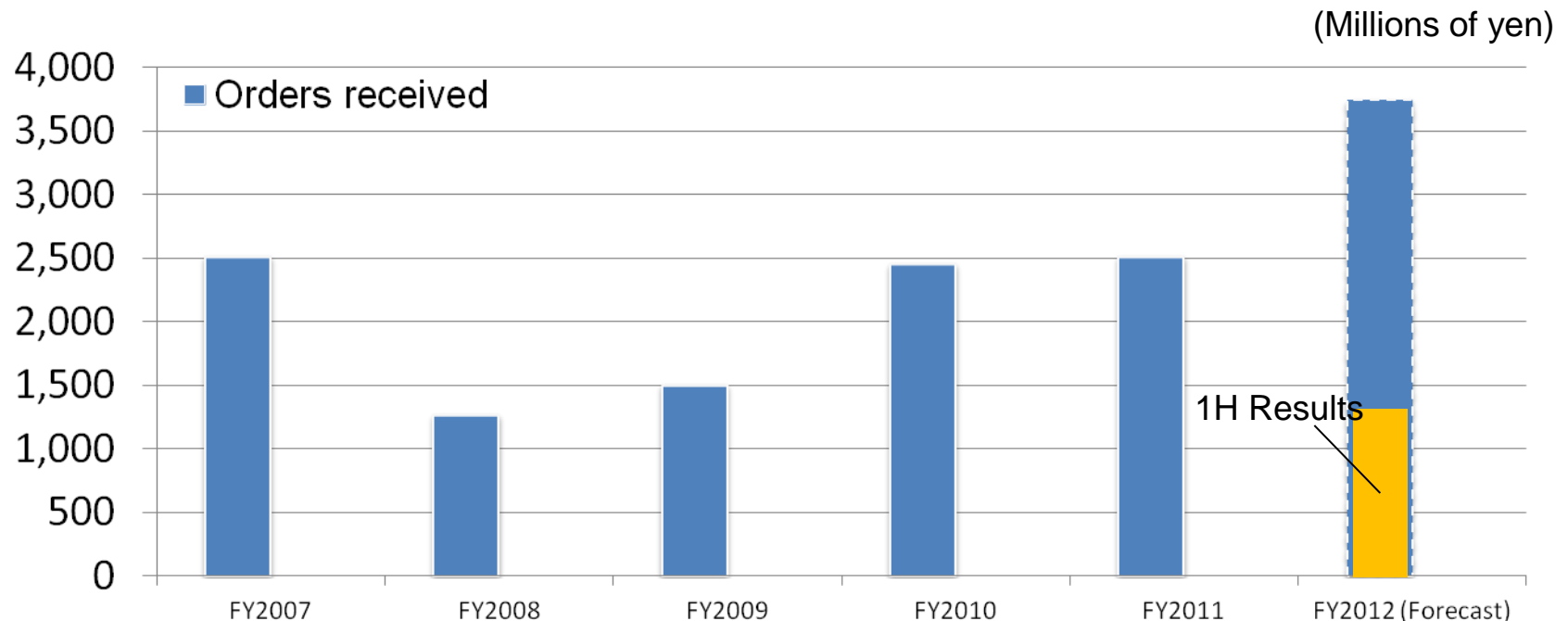
The railway power storage system delivered to Tobu Railway compensates for the increased burden during peak operating hours attributable to the introduction of new vehicles and changes in train schedules.



## 4-4. Industrial Systems

### ■ Robust inquiries for automotive testing equipment

- Delivered simulation testing equipment for the development of the gasoline-fueled, hybrid, and electric vehicles of each major automobile manufacturer in Japan
- Inquiries also from affiliated component manufacturers
- Deliveries overseas to the local subsidiaries of Japanese manufacturers and major automobile manufacturers in South Korea



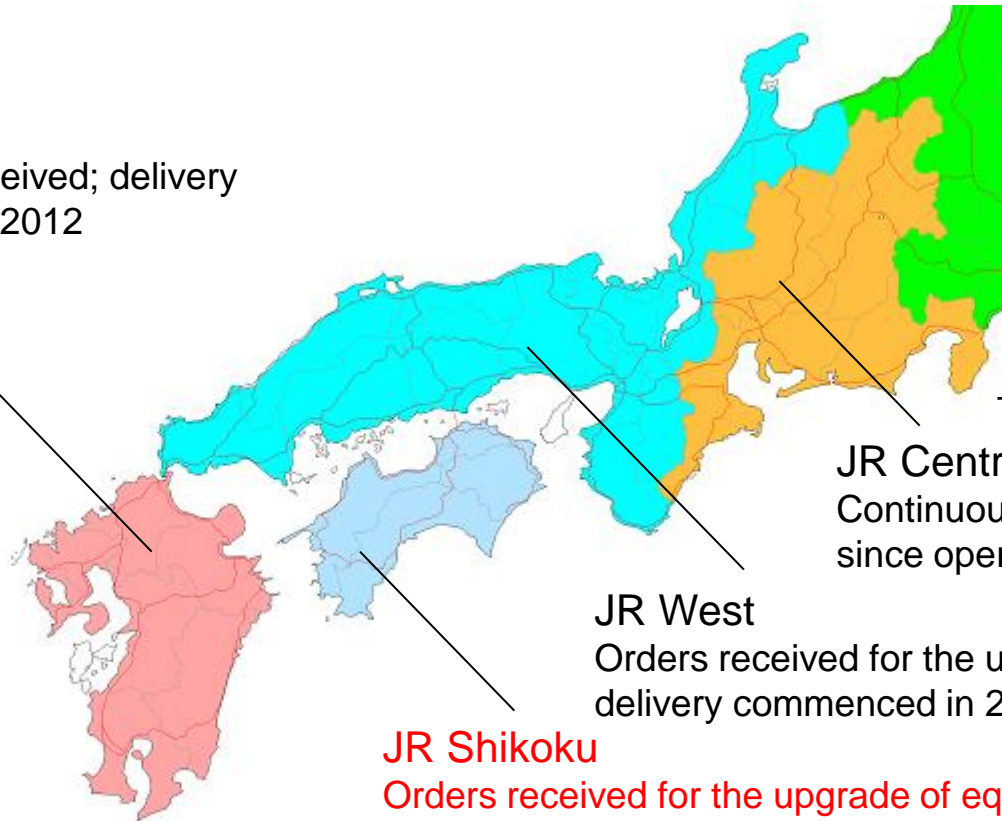
## 4-5. Information Equipment Systems

- Orders received from JR Shikoku for the upgrade of ticket issuing handy terminals

Following on from JT Tokai and JR West, orders received from JR Shikoku for the upgrade of ticket issuing handy terminals

### JR Kyushu

New orders received; delivery commenced in 2012



Ticket issuing handy terminal

### JR Central

Continuous stream of orders received since operations commenced in 1987

### JR West

Orders received for the upgrade of equipment; delivery commenced in 2012

### JR Shikoku

Orders received for the upgrade of equipment; delivery to commence in 2013

Thank you for your interest.

<http://www.toyodenki.co.jp/en/>

**Inquiries**

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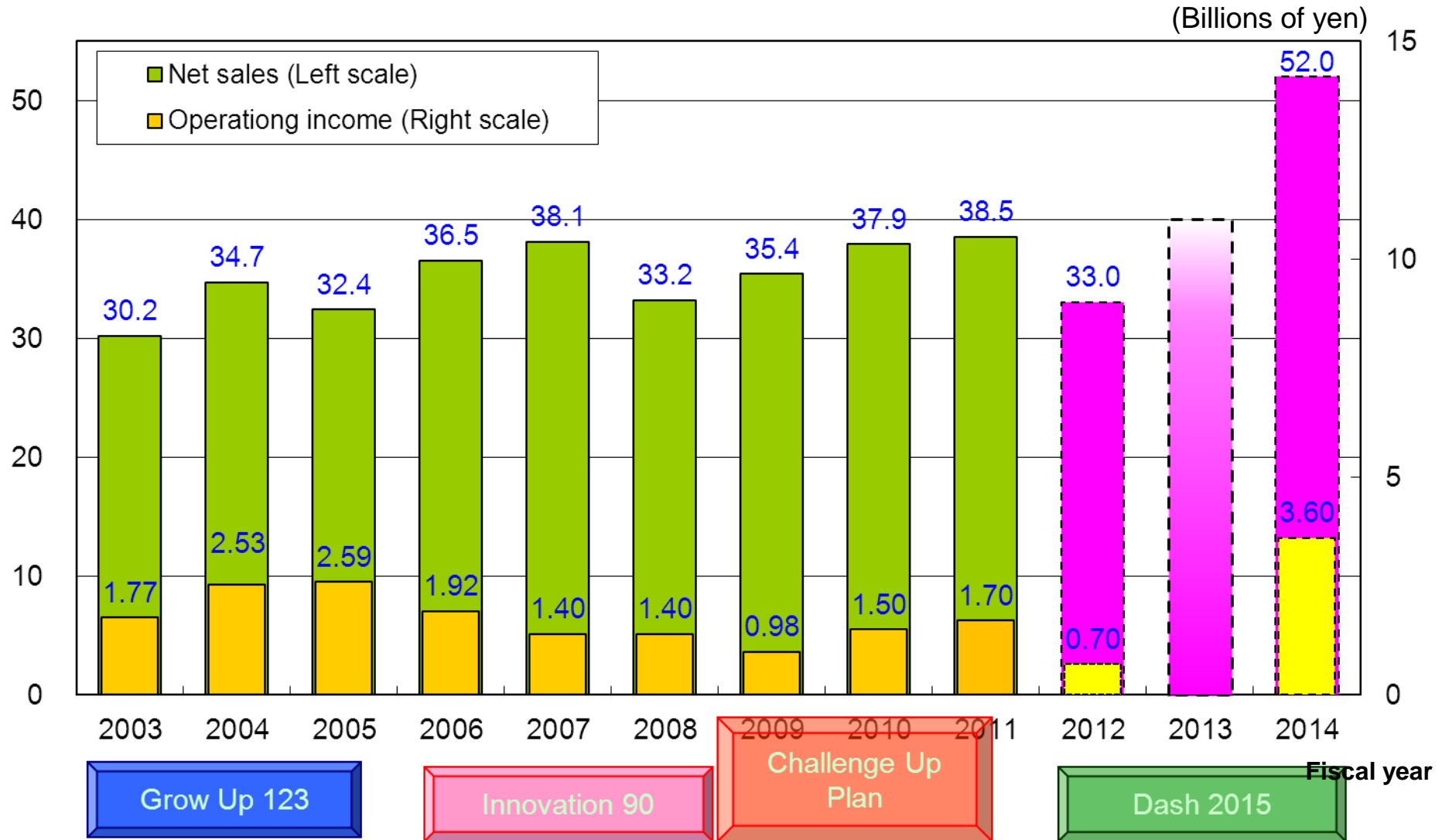
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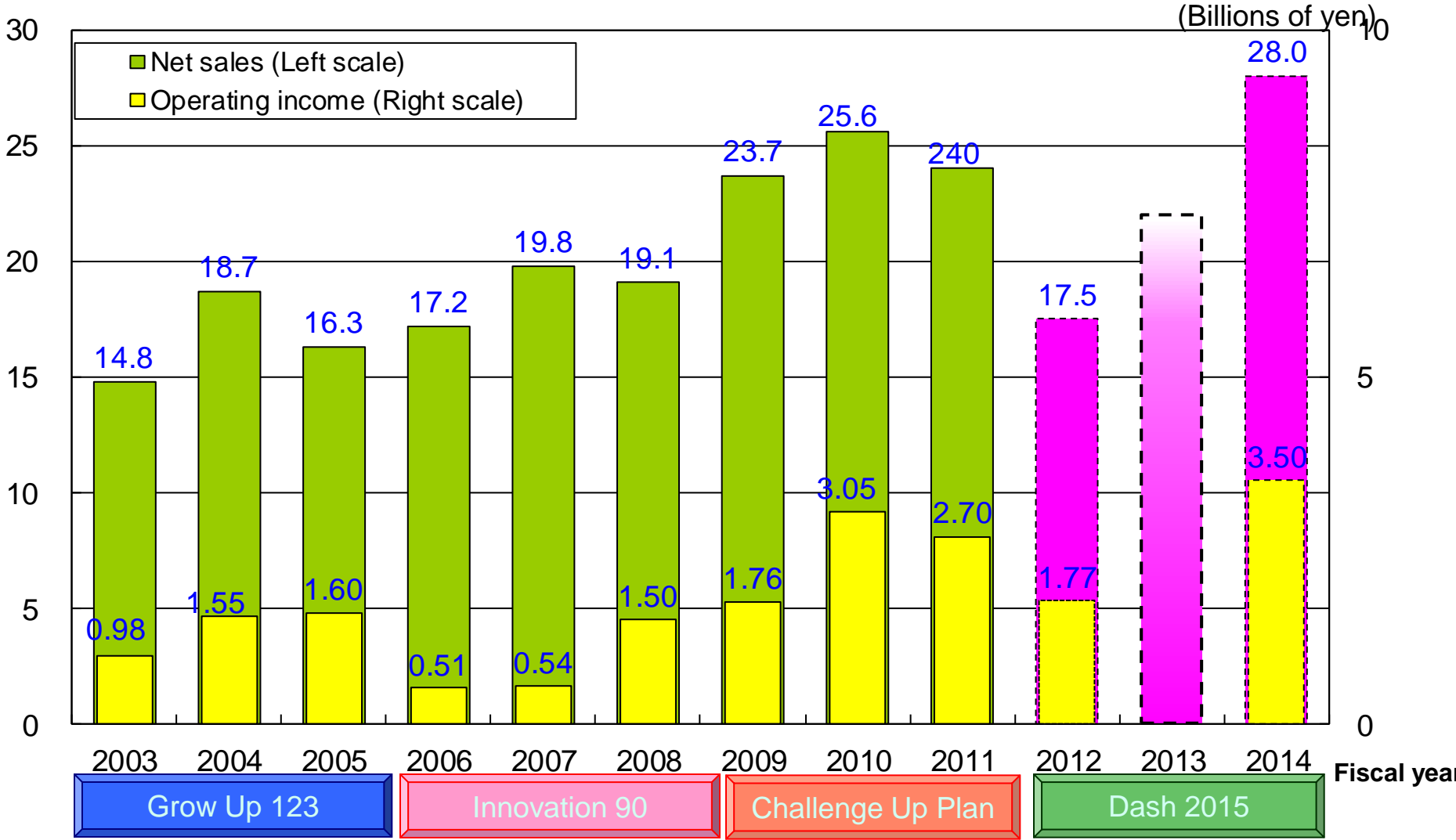


# Reference: Trends in Consolidated Net Sales and Operating Income, and Forecast

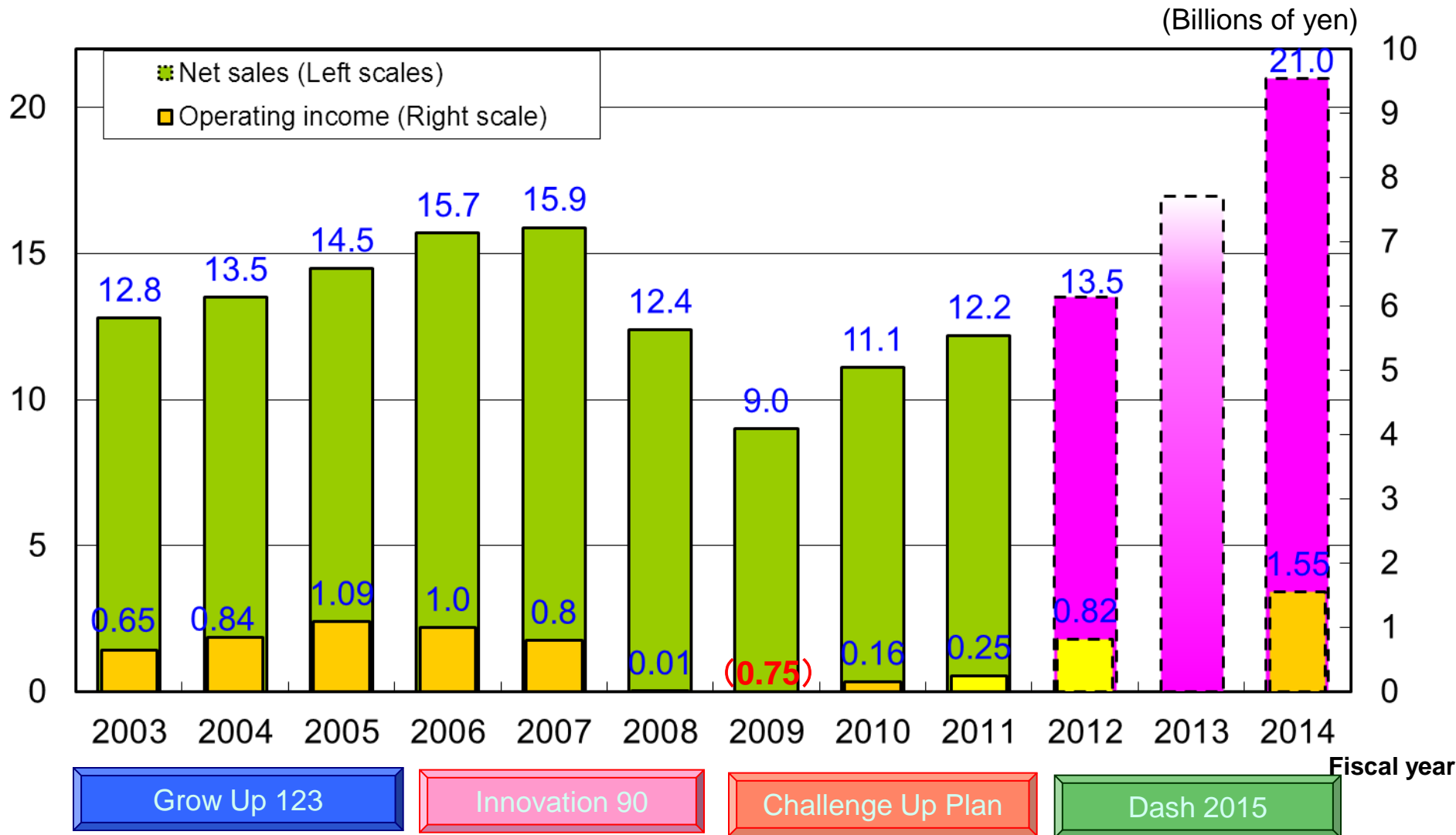




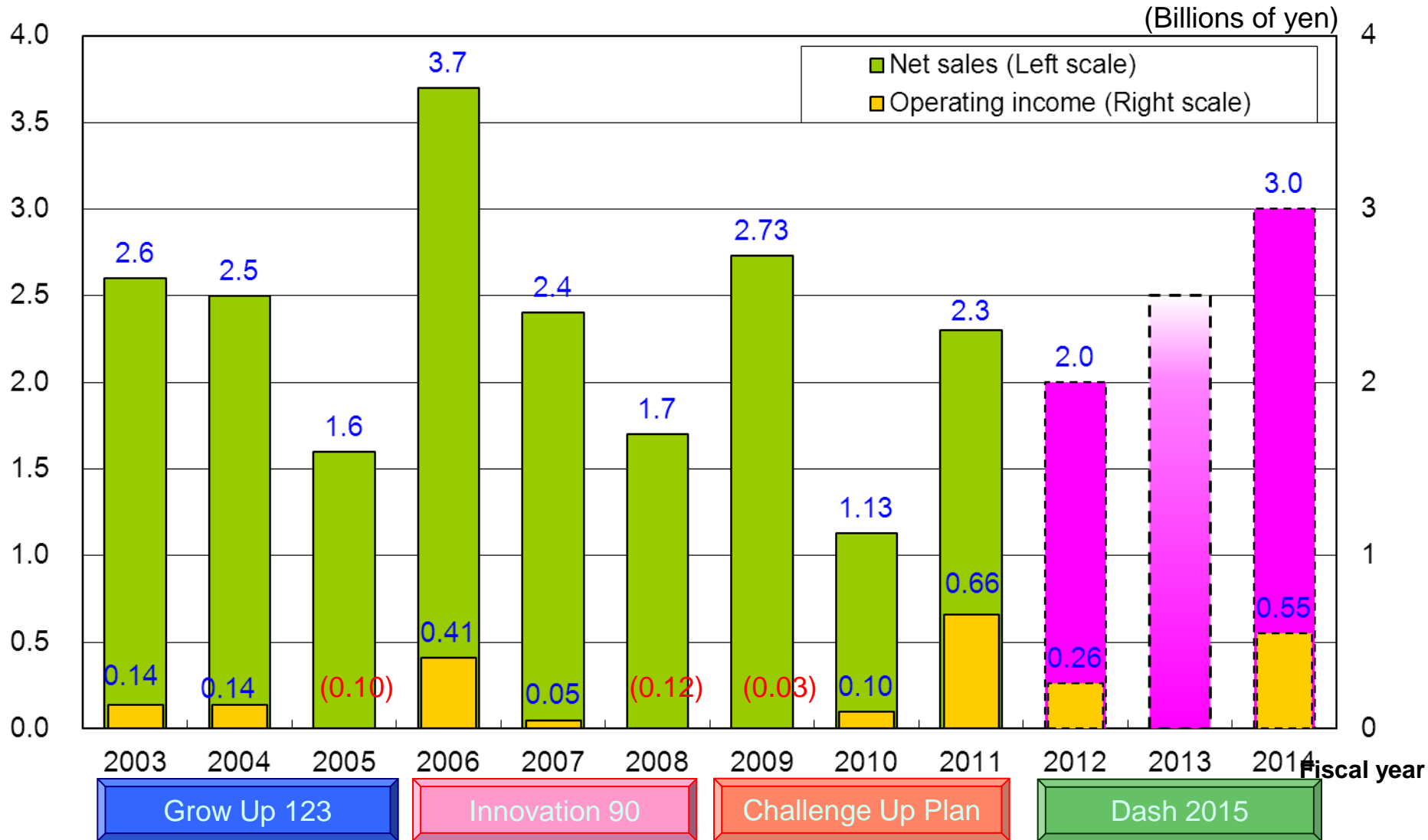
# Reference: Performance Trends in Transportation Systems, and Forecast



# Reference: Performance Trends in Industrial Systems, and Forecast

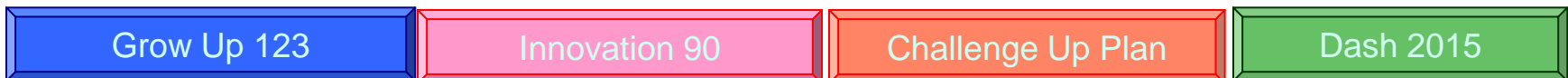
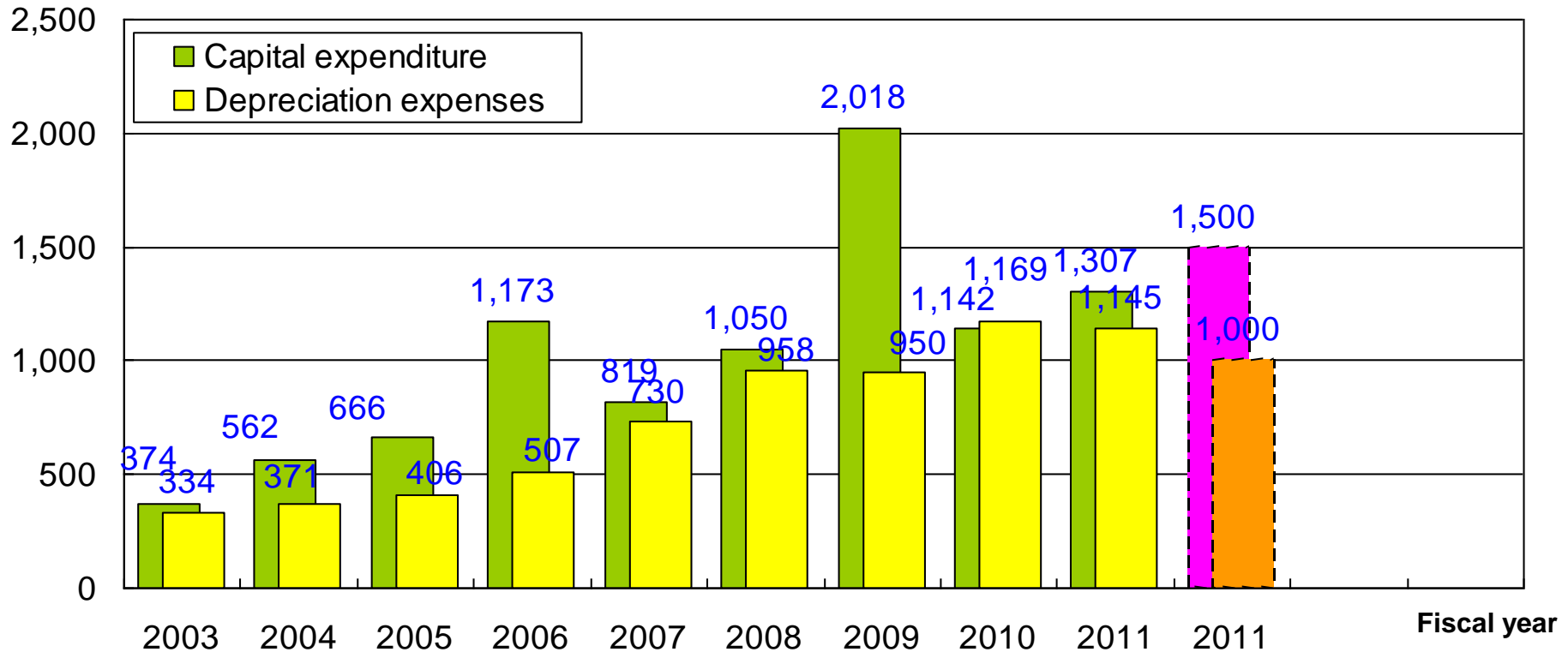


# Reference: Information Equipment Systems Financial Results Trends, and Forecast



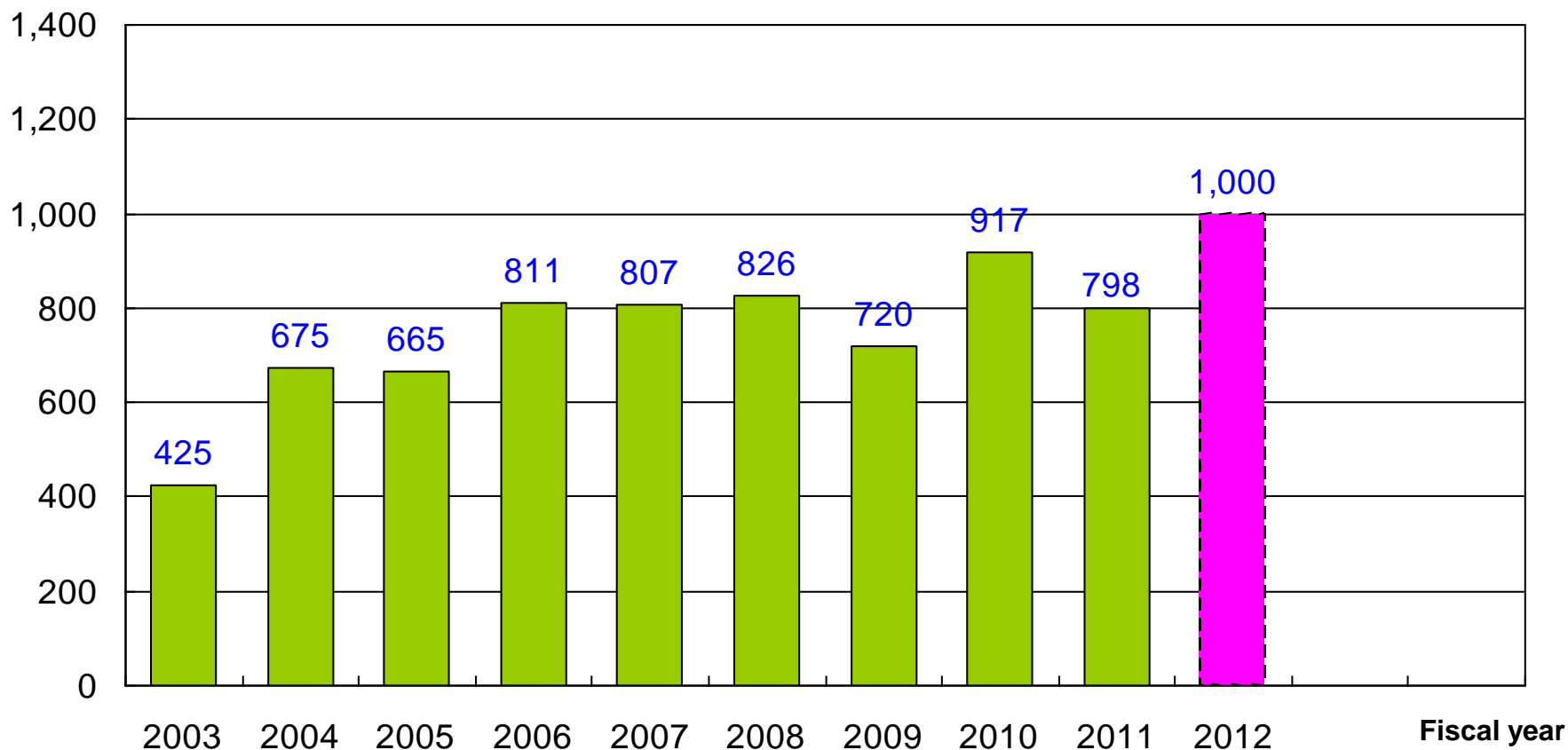
# Reference: Trends in Consolidated Capital Expenditure and Depreciation Expenses, and Forecast

(Millions of yen)



# Reference: Trends in Consolidated Research and Development Expenses, and Forecast

(Millions of yen)



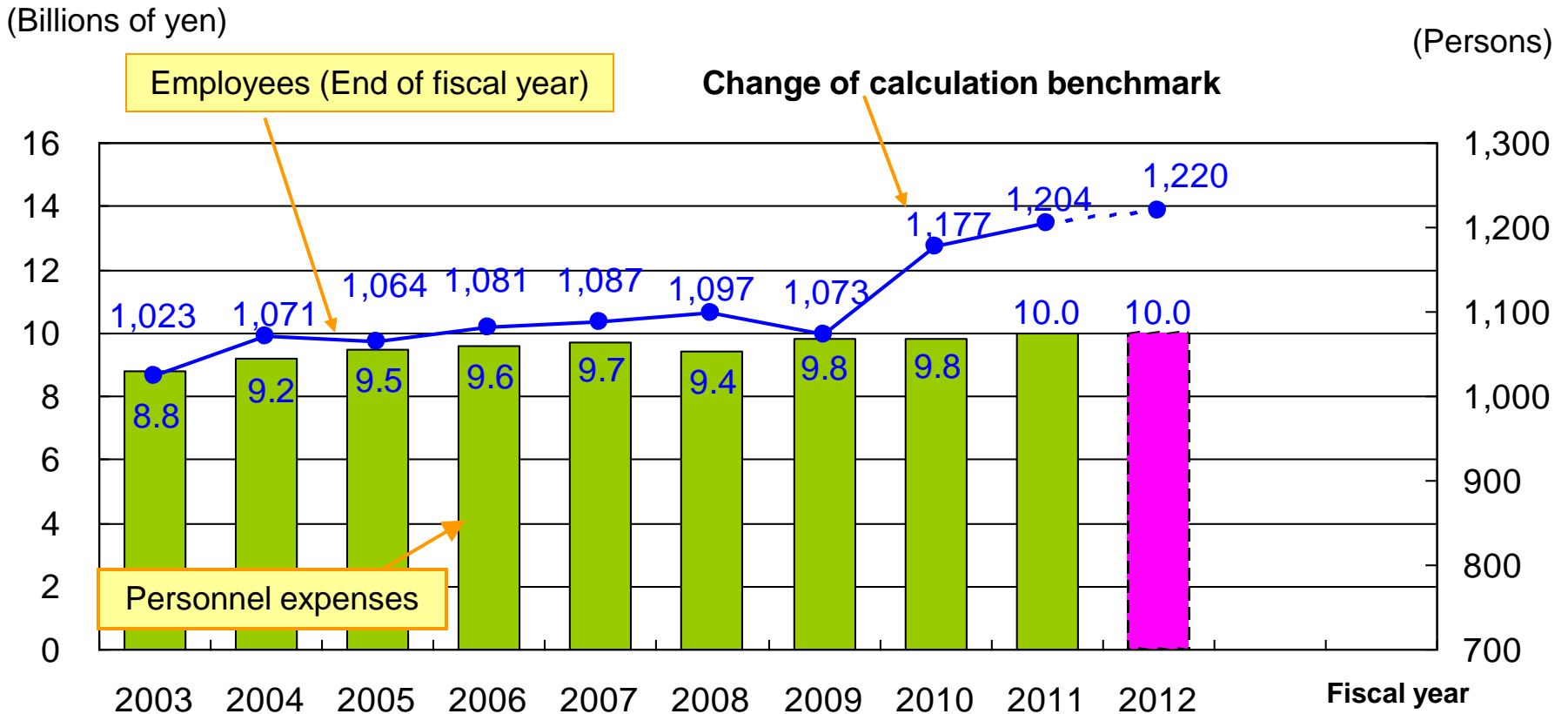
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Innovation 90

Challenge Up Plan

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# Reference: Trends in Consolidated Personnel Expenses and Number of Employees, and Forecast



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Challenge Up Plan

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- Forward-looking statements contained in this material are the judgments of the Toyo Denki Group based on data available at the time of publication of this material. Such statements and descriptions are by no means comprehensive.