

To our shareholders and investors

# 113th Semiannual Business Report

April 1, 2014 to September 30, 2014

Security Identification Code: 6516

<http://www.sanyodenki.co.jp>

**SANYODENKI**

# 113<sup>th</sup>

## To Our Shareholders



I would like to take the opportunity of the publication of our 113th Semiannual Business Report to say a few words to you.

The SANYO DENKI Group has been carrying out structural reforms since the beginning of last fiscal year in an effort to deliver products and services that boast uniform high quality to customers around the world.

Additionally, we have been working to have sales bases around the world perform the same functions as the parent company in Japan, as part of our efforts to pursue globalization and bolster our sales system. Specifically, we have established technical centers at a number of bases around the world, which are designed to develop their own products to meet local needs, provide samples without delay, customize products and services, provide technical assistance, and speed up maintenance and repair. We have also started to build distributor networks and procure optimal

materials locally, while introducing a uniform system in terms of accounting, internal rules and the development of human resources across the group.

In new product development, we succeeded in developing a number of new products as planned, and they are among the best in the industry in terms of function, energy saving and reliability as described below.

In manufacturing, we built a third factory at SANYO DENKI PHILIPPINES, INC. to boost its manufacturing capacity. The factory began operating as a manufacturing facility for power supplies, stepping motors and servo motors.

The company's operating results for the interim period ended September 30, 2014 are described below.

For the interim period, we declared cash dividends of ¥8.00 per share, an increase of ¥1.00 compared to the same period last year.

In all our activities, we ask sincerely for your continued support.

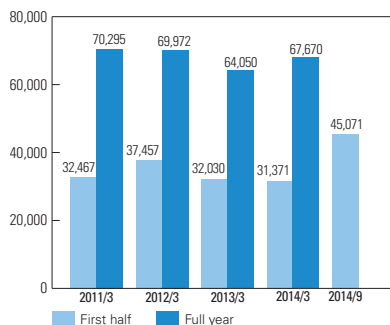
December 2014

Shigeo Yamamoto  
CEO / President & COO

# Consolidated Financial Highlights

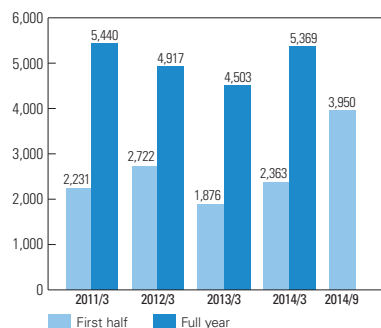
## ● Net Sales

(Millions of Yen)



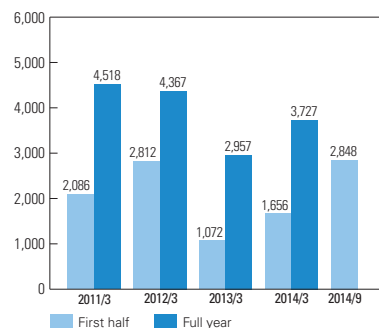
## ● Ordinary Income

(Millions of Yen)



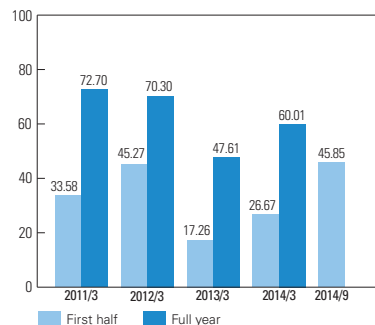
## ● Net Income

(Millions of Yen)



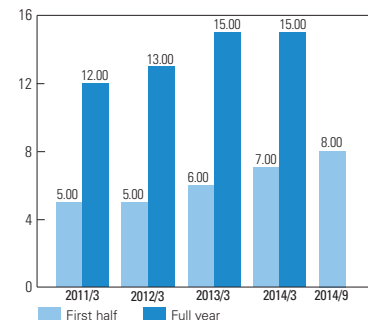
## ● Net Income per Share

(Yen)



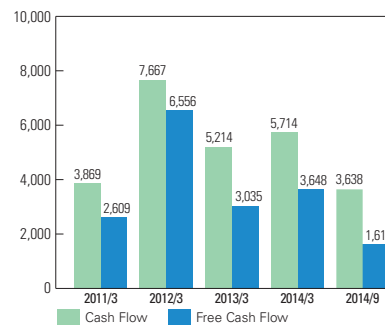
## ● Cash Dividends per Share

(Yen)



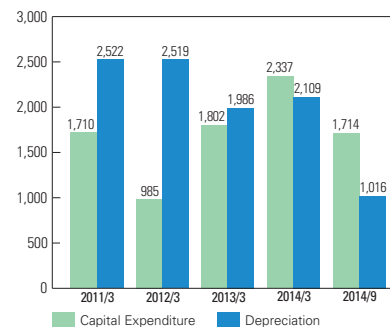
## ● Cash Flow & Free Cash Flow

(Millions of Yen)



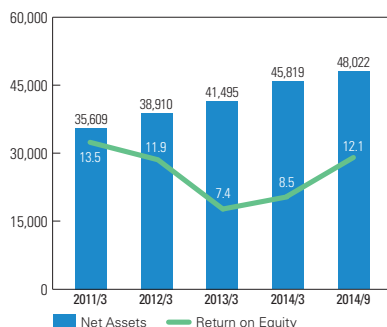
## ● Capital Expenditure & Depreciation

(Millions of Yen)



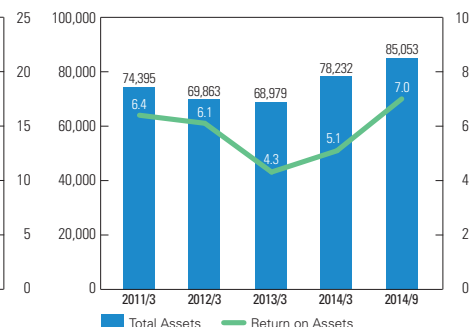
## ● Net Assets & Return on Equity

(Millions of Yen)



## ● Total Assets & Return on Assets

(%) (Millions of Yen)



Note: In preparation of consolidated financial statements so far, necessary adjustments for consolidated accounting have been made with using the financial statements of 14 overseas consolidated subsidiaries as of three months previously. To prepare the most up-to-date consolidated financial statements, we changed our accounting method to use the financial statements of the overseas consolidated subsidiaries for the same period as that of the company, effective from the fiscal year ending March 31, 2015. Therefore, the above results for the interim period ended September 30, 2014 includes the three-month results from January 1 to March 31, 2014 of the overseas consolidated subsidiaries.

# San Ace

## Cooling Systems Products

"San Ace" is SANYO DENKI's brand name for cooling systems products, such as cooling fans and cooling fan units.

E.g.: used in cooling quick chargers for electric vehicles.

DC fan  
**San Ace 120 9GV** type



# SANUPS

## Power Systems Products

"SANUPS" is SANYO DENKI's brand name for power supply equipment, including power conditioners for photovoltaic generation systems, uninterruptible power supplies (UPS), inverters and engine generators.

E.g.: used in backup power of communication equipment.

ONLINE UPS  
**SANUPS A23C**



# SANMOTION

## Servo Systems Products

"SANMOTION" is SANYO DENKI's brand name for servo systems, such as servo motors, servo amplifiers, stepping motors, stepping drivers, motion controllers and encoders.

E.g.: used in joint axes of robots.

AC SERVO SYSTEMS  
**SANMOTION R**



## High Airflow Long Life Fan

### ● San Ace 9LG Type

This product is a 120 × 120 × 38 mm long life fan that delivers industry-leading class\* high airflow. It has an expected life of 180,000 hours (approximately 20 years), which is suitable cooling solution for equipment that must operate without maintenance for extended periods, such as mobile communication base stations, communications equipment, and power conditioners for photovoltaic generation systems.



## Online UPS

### ● SANUPS A11J

This product is a 3-phase 4-wire 400 VAC type UPS developed for Asian and European markets. It can provide uninterrupted stable power even during outages or dips in voltage.

## Peripheral Equipment

### ● LAN Interface Card / SANUPS SOFTWARE

This product is a network-related product of SANUPS designed to support the latest version of the Internet protocol IPv6. This support for the IPv6, which has been promoted around the world, ensures long-term and reliable availability.



\* This information is based on SANYO DENKI's research as of December 2014, collected from same capacity cooling fans for industrial use.

## 2-Phase Stepping System

### ● SANMOTION F2 Stepping Driver

This product is an AC input stepping driver that can drive the motor with low vibration and high torque. It is available in a variety of countries and regions thanks to a wide range of power supply voltage from 100 V to 240 VAC. Automatic function to identify the input voltage achieves control with optimal motor characteristics. It is suitable for machine tools, semiconductor manufacturing equipment, food-related equipment, and industrial sewing machines.



## AC Servo System

### ● SANMOTION R Middle Inertia AC Servo Motor

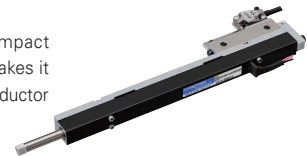
The lineup of middle inertia AC servo motors has been expanded with a 275 mm square flange size type with a rated output of 37 kW. It provides industry-leading class\* acceleration performance by increasing maximum torque. Total motor length of 553 mm is the smallest size in the industry,\* and mass has been decreased by approximately 20% compared with our conventional products, which contributes to space saving in devices. It is suitable for injection molding machines, spring forming machines, hydraulic pump systems, and other devices that require high torque and high acceleration.



## Linear Servo System

### ● Compact Cylinder Linear Servo Motor

The compact cylinder linear servo motor has been added to the lineup of the linear servo system. This compact 12-mm-wide motor provides 5.1 N rated thrust, and high-hit-rate operation with high acceleration and deceleration makes it possible to increase the system speed. It is suitable for component mounting heads of chip mounters and semiconductor manufacturing equipment.



## AC Servo Encoder

### ● Compact and High Accuracy Battery-Less Optical Absolute Encoder HA035

The compact and high accuracy battery-less optical absolute encoder HA035 has been added to the lineup of the servo motor encoder. This encoder delivers maintenance-free operation since it does not include a battery, which is a part with a limited lifespan. The HA035 can also withstand harsher environments than our conventional products due to its enhanced environmental durability. This encoder is built into the SANMOTION servo motor series manufactured by SANYO DENKI. It is ideal for high-accuracy applications, including industrial equipment such as machine tools, injection molding machines and robots, as well as transport machines.



## Peripheral Equipment

### ● SANMOTION C Image Processing Devices and Touch Panel

Two image processing devices and a touch panel have been developed for its SANMOTION C motion controller. This enhancement of the lineup of SANMOTION C peripheral equipment allows even more advanced total solutions to be offered. They are suitable for developing systems of conveying machinery and inspection equipment.



\* This information is based on SANYO DENKI's research as of December 2014, collected from same capacity AC servo motors.

## Review of Consolidated Operations

During the six-month period ended September 30, 2014, the Japanese economy moved along a modest recovery path as capital expenditures showed signs of recovery. In this economic climate, demand was strong from manufacturers of machine tools, robots, manufacturing equipment for semiconductors and other capital-intensive equipment—the company's primary customers.

As a result, consolidated net sales for the six-month interim period under review increased 43.7% period on period, to ¥45,071 million, while consolidated operating income jumped 68.8%, to ¥3,573 million. Consolidated ordinary income rose 67.1%, to ¥3,950 million, and net income amounted to ¥2,848 million, representing a 71.9% increase from the previous six month period. The amount of orders received grew 44.1%, to ¥48,264 million, and the order backlog expanded 35.8%, to ¥16,981 million.

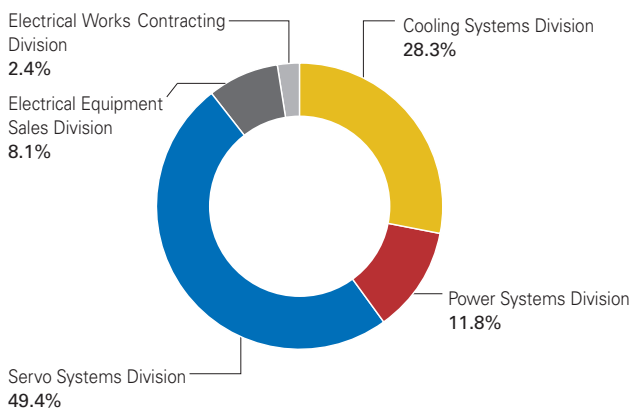
### Cooling Systems Division

San Ace, SANYO DENKI's brand name for cooling systems products, saw buoyant demand for servo amplifiers, machine tools and other products from the factory automation industry. Demand was also brisk for power conditioners for photovoltaic generation systems from the environment industry.

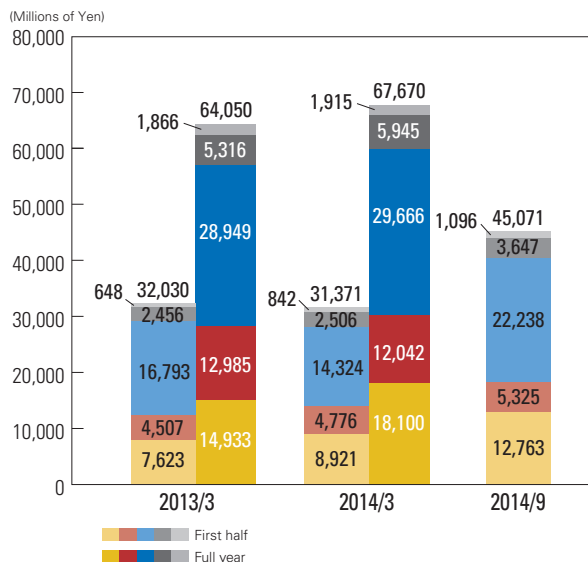
In addition, demand for servers from the data center industry, traditionally a high-volume client, and for products related to power supplies increased in North America, Taiwan, and Japan.

As a result, net sales increased 43.1% period on period, to ¥12,763 million. The amount of orders received rose 35.2%, to ¥12,685 million, and the order backlog grew 15.2%, to ¥2,734 million.

### Net Sales Composition



### Net Sales by Segment



## Power Systems Division

SANUPS, SANYO DENKI's brand name for power supply equipment, enjoyed strong demand for engine generators from government agencies and for uninterruptible power supply (UPS) systems from the information and communication industry.

Demand for power conditioners for photovoltaic generation systems in the low-stress interconnection market increased reflecting the introduction of new products.

Accordingly, net sales rose 11.5% period on period, to ¥5,325 million. The amount of orders received increased 9.2%, to ¥6,665 million, and the order backlog expanded 15.4%, to ¥3,927 million.

## Servo Systems Division

SANMOTION, SANYO DENKI's brand name for servo system products, saw strong demand from machine tools, mounters and general industries thanks to steady growth in IT-related capital investment in China.

Demand also remained brisk for robots and injection molding machines, due to higher capital expenditure in the automobile-related industries.

As a result, net sales increased 55.2% year on year, to ¥22,238 million. The amount of orders received rose 57.1%, to ¥22,736 million, and the order backlog climbed 38.2%, to ¥5,201 million.

## Electrical Equipment Sales Division

Sales of industrial electrical equipment, control equipment and electric materials showed steady growth in the transportation, telecommunications and industrial equipment-related markets, and demand remained strong for equipment of power conditioners for photovoltaic generation systems and related control panels.

In the steel-related market, we saw greatly increased demand for the replacement of outdated production facilities equipment. In addition, demand for spare parts for important equipment strengthened due to stable operation of equipment.

Consequently, net sales increased 45.5% year on year, to ¥3,647 million. The amount of orders received jumped 64.4%, to ¥4,894 million, and the order backlog rose 57.8%, to ¥4,261 million.

## Electrical Works Contracting Division

As for works related to steel mill plant equipment, renewal construction works of superannuated steel production equipment and repair works progressed as expected.

In addition, we saw further growth in demand for total construction including equipment installation, construction design of photovoltaic generation systems continued to boom, and we received active inquiries regarding projects approved in the previous fiscal year.

As a result, net sales increased 30.1% year on year, to ¥1,096 million. The amount of orders received expanded 131.8%, to ¥1,282 million, and the order backlog jumped 231.5%, to ¥856 million.

### Reorganization of Overseas Group Bases

We integrated and reorganized the group bases in China (Shenzhen and Shanghai), Taiwan and Singapore. By integrating the functions of sales marketing, material procurement and repair business in each regional block-based unit, we are providing more rapid and higher-quality services.



### Establishment of New Technical Centers

New technical centers were established in the four locations of Shanghai, Taiwan, Singapore and Thailand to conduct technical support, development of products, and training of local engineers. We also plan to open the new technical centers in North America and Europe.



Articulated robot

### Full-Scale Operation of Third Factory at SANYO DENKI PHILIPPINES, INC.

The third factory of SANYO DENKI PHILIPPINES, INC. began operation in May 2014 as a production factory for power supplies, stepping motors and AC servo motors.

#### Overview of the Third Factory for SANYO DENKI PHILIPPINES, INC.

Floor area	14,400m <sup>2</sup>
Items to be produced	Power supplies, stepping motors and AC servo motors
Production capacity	Power supplies (approximately 9,300 units per month) Stepping motors (approximately 185,000 units per month) AC servo motors (approximately 4,000 units per month)



Appearance of the third factory



# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of Yen)

	FY2015 (As of September 30, 2014)	FY2014 (As of March 31, 2014)	Change		FY2015 (As of September 30, 2014)	FY2014 (As of March 31, 2014)	Change
<b>ASSETS:</b>				<b>LIABILITIES:</b>			
<b>Current Assets</b>	<b>56,615</b>	<b>51,959</b>	<b>4,656</b>	<b>Current Liabilities</b>	<b>29,878</b>	<b>26,006</b>	<b>3,872</b>
<b>Fixed Assets</b>	<b>28,438</b>	<b>26,273</b>	<b>2,165</b>	<b>Long-term Liabilities</b>	<b>7,152</b>	<b>6,406</b>	<b>745</b>
Property, plant and equipment, net	19,452	18,656	795	<b>Total Liabilities</b>	<b>37,031</b>	<b>32,412</b>	<b>4,618</b>
Intangible assets	515	508	7	<b>NET ASSETS:</b>			
Investments and other assets	8,471	7,108	1,362	<b>Shareholders' Equity</b>	<b>45,533</b>	<b>44,086</b>	<b>1,446</b>
<b>Total Assets</b>	<b>85,053</b>	<b>78,232</b>	<b>6,821</b>	<b>Accumulated Other Comprehensive Income</b>	<b>2,483</b>	<b>1,727</b>	<b>756</b>
				<b>Minority Interests</b>	<b>6</b>	<b>5</b>	<b>0</b>
				<b>Total Net Assets</b>	<b>48,022</b>	<b>45,819</b>	<b>2,203</b>
				<b>Liabilities and Net Assets</b>	<b>85,053</b>	<b>78,232</b>	<b>6,821</b>

## Consolidated Statements of Income

(Millions of Yen)

	FY2015 (Six months ended September 30, 2014)	FY2014 (Six months ended September 30, 2013)	Change
<b>Net Sales</b>	<b>45,071</b>	<b>31,371</b>	<b>13,699</b>
<b>Cost of Sales</b>	<b>34,876</b>	<b>24,201</b>	<b>10,675</b>
<b>Gross Profit</b>	<b>10,194</b>	<b>7,169</b>	<b>3,024</b>
<b>Selling, General and Administrative Expenses</b>	<b>6,621</b>	<b>5,053</b>	<b>1,568</b>
<b>Operating Income</b>	<b>3,573</b>	<b>2,116</b>	<b>1,456</b>
<b>Non-operating Income</b>	<b>441</b>	<b>304</b>	<b>136</b>
<b>Non-operating Expenses</b>	<b>64</b>	<b>57</b>	<b>6</b>
<b>Ordinary Income</b>	<b>3,950</b>	<b>2,363</b>	<b>1,587</b>
<b>Extraordinary Income</b>	<b>0</b>	<b>1</b>	<b>(1)</b>
<b>Extraordinary Loss</b>	<b>1</b>	<b>172</b>	<b>(170)</b>
<b>Income before Income Taxes</b>	<b>3,949</b>	<b>2,192</b>	<b>1,756</b>
<b>Income Taxes</b>	<b>1,100</b>	<b>536</b>	<b>564</b>
<b>Income before Minority Interests</b>	<b>2,848</b>	<b>1,656</b>	<b>1,191</b>
<b>Minority Interests</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
<b>Net Income</b>	<b>2,848</b>	<b>1,656</b>	<b>1,191</b>

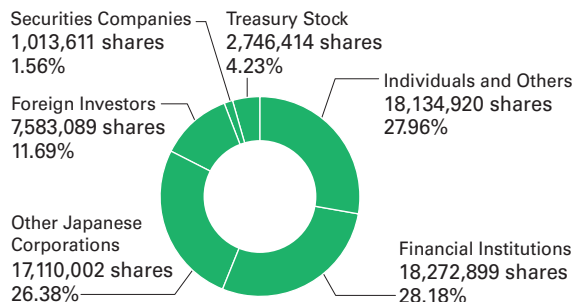
## Consolidated Statements of Cash Flows

(Millions of Yen)

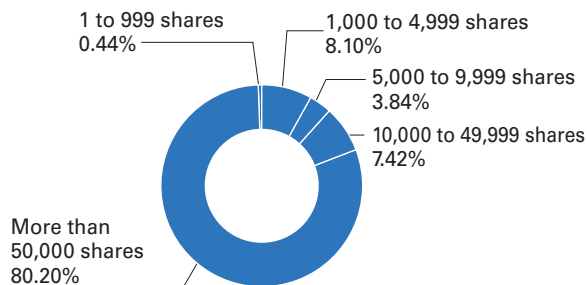
	FY2015 (Six months ended September 30, 2014)	FY2014 (Six months ended September 30, 2013)	Change
<b>Cash Flows from Operating Activities</b>	<b>3,638</b>	<b>3,355</b>	<b>282</b>
<b>Cash Flows from Investing Activities</b>	<b>(2,026)</b>	<b>(1,558)</b>	<b>(467)</b>
<b>Cash Flows from Financing Activities</b>	<b>(1,757)</b>	<b>(830)</b>	<b>(926)</b>
<b>Cash and Cash Equivalents Translation Difference</b>	<b>188</b>	<b>755</b>	<b>(566)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>43</b>	<b>1,722</b>	<b>(1,678)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>13,719</b>	<b>9,733</b>	<b>3,986</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>13,763</b>	<b>11,455</b>	<b>2,307</b>

Note: In preparation of consolidated financial statements so far, necessary adjustments for consolidated accounting have been made with using the financial statements of 14 overseas consolidated subsidiaries as of three months previously. To prepare the most up-to-date consolidated financial statements, we changed our accounting method to use the financial statements of the overseas consolidated subsidiaries for the same period as that of the company, effective from the fiscal year ending March 31, 2015. Therefore, the above results for the interim period ended September 30, 2014 includes the three-month results from January 1 to March 31, 2014 of the overseas consolidated subsidiaries.

## Breakdown by Type of Shareholders



## Breakdown by Number of Shares Held



## Number of Shares and Shareholders

(As of September 30, 2014)

Number of Authorized Shares	250,000,000 shares
Number of Issued Shares	64,860,935 shares
Number of Shareholders	5,137

## Major Shareholders

(As of September 30, 2014)

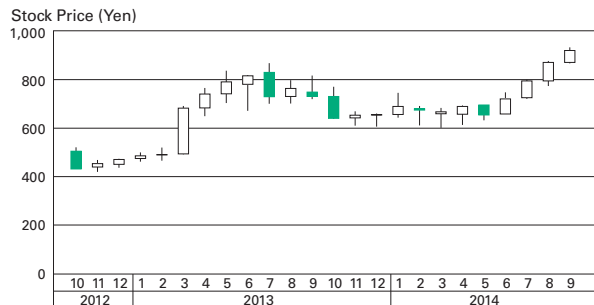
Name	Thousands of Shares	% of Total Shares
KYODO KOGYO CO., LTD.	9,229	14.2
Japan Trustee Services Bank, Ltd. (trust account)	3,572	5.5
Mizuho Bank Ltd.	2,274	3.5
TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	1,913	3.0
The Master Trust Bank of Japan, Ltd. (trust account)	1,900	2.9
SANYO KAIHATSU CO., LTD.	1,594	2.5
Nippon Life Insurance Company	1,339	2.1
THE CHASE MANHATTAN BANK, N.A.		
LONDON SECS LENDING OMNIBUS ACCOUNT	1,281	2.0
SN Kohsan Ltd.	990	1.5
THE HACHIJUNI BANK, LTD.	975	1.5

Notes: 1. The number of shares shown in the above list is rounded down to the nearest thousand shares.

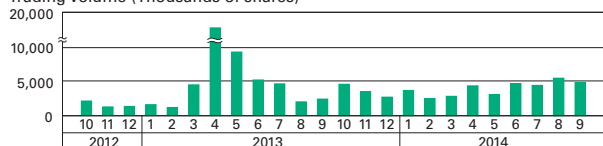
2. The Company holds 2,746 thousand shares of treasury stock, which are excluded from the major shareholders list above.

## Stock Price Range (Tokyo Stock Exchange)

(As of September 30, 2014)



## Trading Volume (Thousands of shares)



## Corporate Information

### Corporate Data

(As of September 30, 2014)

Company Name	SANYO DENKI CO., LTD.
Established	August 1927
Head Office	3-33-1, Minami-Otsuka, Toshima-ku, Tokyo 170-8451, Japan TEL: +81-3-5927-1020
Paid-in Capital	¥9,926 million
Number of Employees	2,959 (Consolidated)

### Board of Directors and Corporate Auditors

(As of September 30, 2014)

Representative Director*	Shigeo Yamamoto
Director*	Kaoru Tamura
Director*	Nobumasa Kodama
Director*	Yoshimasa Matsumoto
Director	Yuichiro Miyake
Director	Toru Suzuki
Corporate Auditor (Full time)	Sakon Hatanaka
Corporate Auditor (Full time)	Fumio Amano
Corporate Auditor	Hisayuki Ogura
Corporate Auditor	Takeshi Yamamoto

\*Operating Officer

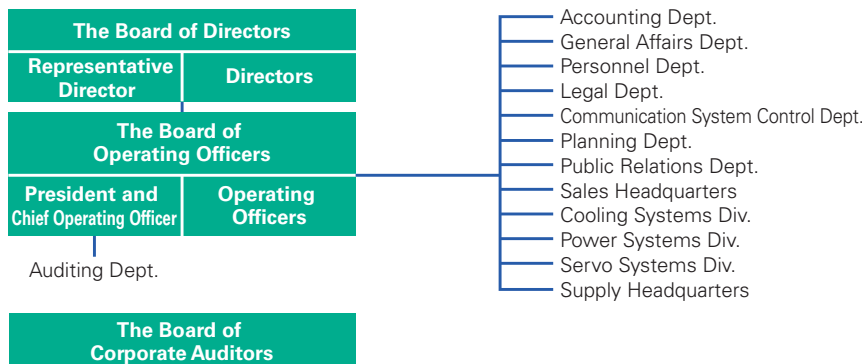
### Operating Officers

(As of September 30, 2014)

President and Chief Operating Officer		Shigeo Yamamoto
Senior Executive Operating Officer	In charge of Supply, General Manager of Supply Headquarters	Kaoru Tamura
Senior Executive Operating Officer	In charge of Technical Development, General Manager of Cooling Systems Div.	Nobumasa Kodama
Major Operating Officer	In charge of Sales Organization, General Manager of Sales Headquarters, In charge of Overseas Sales Bases	Yoshimasa Matsumoto
Major Operating Officer	In charge of Quality Control, General Manager of Power Systems Div.	Shigejiro Miyata
Operating Officer	In charge of Production Organization and Production Engineering	Kazuyuki Kitazawa
Operating Officer	Deputy General Manager of Sales Headquarters, In charge of Corporate Planning Organization, In charge of Power Systems Business	Yasuyuki Koizumi
Operating Officer	In charge of Administrative Organization, Manager of Accounting Dept.	Kanichiro Tamokami
Operating Officer	Representative of Ueda Factories, President and Representative Director of SANYO DENKI Techno Service Co., Ltd.	Keiichi Kitamura
Operating Officer	General Manager of Servo Systems Div.	Toshihiko Baba

### Organization

(As of September 30, 2014)



## SHAREHOLDER INFORMATION

Fiscal Year	From April 1 to March 31 of the following year
Regular General Meeting of Shareholders	To be held within three months from April 1 each year
Record Date for Shareholders Entitled to Receive Dividends	For year-end cash dividends: March 31 of each year For interim dividends: September 30 of each year
Method of Notification	Via electronic notification. (In case electronic notification is unavailable because of unavoidable circumstances, notification will be published in the Nihon Keizai Shimbun.)
Custodian of Shareholder Registration	JAPAN SECURITIES AGENTS, LTD. 1-2-4, Nihonbashi-Kayabacho, Chuo-ku, Tokyo 103-8202, Japan
Handling Office	JAPAN SECURITIES AGENTS, LTD. (Head Office) 1-2-4, Nihonbashi-Kayabacho, Chuo-ku, Tokyo 103-8202, Japan
Mailing Address and Telephone Referral	JAPAN SECURITIES AGENTS, LTD. (Agency Department) 2-8-4, Izumi, Suginami-ku, Tokyo 168-8620, Japan Toll Free: 0120-707-843 (In Japan only)

### Stock-related Inquiries and Notifications:

#### Payment of unpaid dividends

Please contact the above-mentioned custodian of shareholder registration.

#### Contact for changes of address, requests for buyback of odd-lot shares or sales of additional lots, and the payment of dividends

Please contact the securities company with which your account is held.

\*If you set up a special account in lieu of an account with a securities company, please contact JAPAN SECURITIES AGENTS, LTD. As for shareholders of former SANYO KOGYO CO., LTD., please contact Tokyo Securities Transfer Agent Co., Ltd. (Toll Free: 0120-49-7009) as the account managing agency for procedures associated with shares recorded in the special account.

Requests regarding various kinds of share-related procedures can be made via the Internet.

#### **JAPAN SECURITIES AGENTS, LTD.:**

<http://www.jsa-hp.co.jp/name/index.html>

#### **Tokyo Securities Transfer Agent Co., Ltd.:**

<http://www.tosyodai.co.jp/holder/listed/procedure/index.html>

(Some of the forms can be printed out.)

#### **SANYO DENKI's IR Information Section:**

[http://www.sanyodenki.co.jp/ir/index\\_ir.html](http://www.sanyodenki.co.jp/ir/index_ir.html)

This Business Report contains forward-looking statements including earnings forecasts. The actual results may differ materially from the forecasts herein due to various factors.

## SANYO DENKI CO., LTD.

Head Office: 3-33-1, Minami-Otsuka, Toshima-ku, Tokyo 170-8451, Japan  
TEL: +81-3-5927-1020

URL: <http://www.sanyodenki.co.jp>