

FY2016 Financial Results



Fujikura Ltd.

May 9, 2017

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1. FY2016 Financial Results and FY2017 Forecasts

FY2016 Financial Results

(Unit: Yen in billion)

	FY2015	FY2016	FY2016 - FY2015 Change
Net Sales	678.5	653.7	(24.7)
Operating Income	32.6	34.2	1.5
Ratio of Operating Income to Net Sales (%)	4.8	5.2	0.4
Equity in Net Income (Loss) of Affiliates	(2.9)	1.0	3.9
Ordinary Income (Loss)	24.6	32.5	7.9
Net Income (Loss) Attributable to Owners of Parent	11.3	12.9	1.5
Net Income per Share (JPY)	36.98	44.61	7.63
Dividend per Share (JPY)	8.00	10.00※	2.00
ROE (%)	5.4	6.4	1.0
Exchange Rate (JPY/USD)	120.16	108.36	—
CU Base ('000JPY/ton)	677	604	—

※ Without past corporate income tax in Thailand (2.7 billion yen), ROE would be 7.8%.

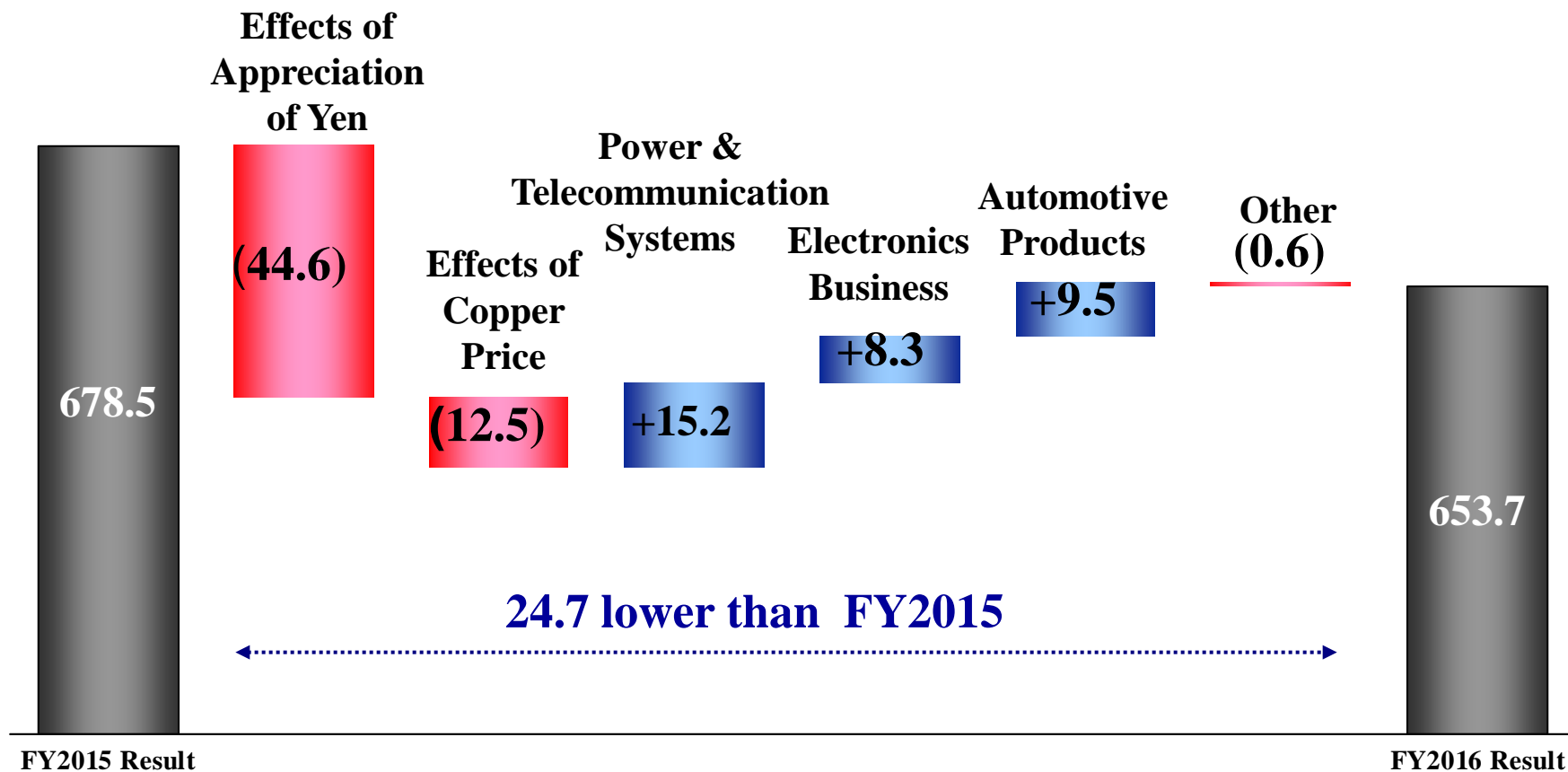
Summary of FY2016 Business Results

- In FY2016, net sales decreased on a YoY basis due to effects of appreciation of the yen (FY2015:120.16 yen/USD → FY2016:108.36 yen/USD) and fall of price of copper (basis of copper price FY2015: 677 thousand yen/t → FY2016: 604 thousand yen/t).
- Operating income increased on a YoY basis owing to the strong market demand in Power & Telecommunication Systems Company, although it partly decreased due to the effects of the appreciation of the yen and soft market demand in Electronics Business Company.
- Ordinary income increased on a YoY basis by the improvement of equity in net income of affiliates in addition to the increase of operating income.
- Net income attributable to owners of parent increased because of the increase of ordinary income and the decrease of business structural reform cost, although there was an increase in tax costs including appropriation of the past corporate income tax.

FY2016 Contributing Factors to Net Sales Change (year-on-year basis)

Net Sales

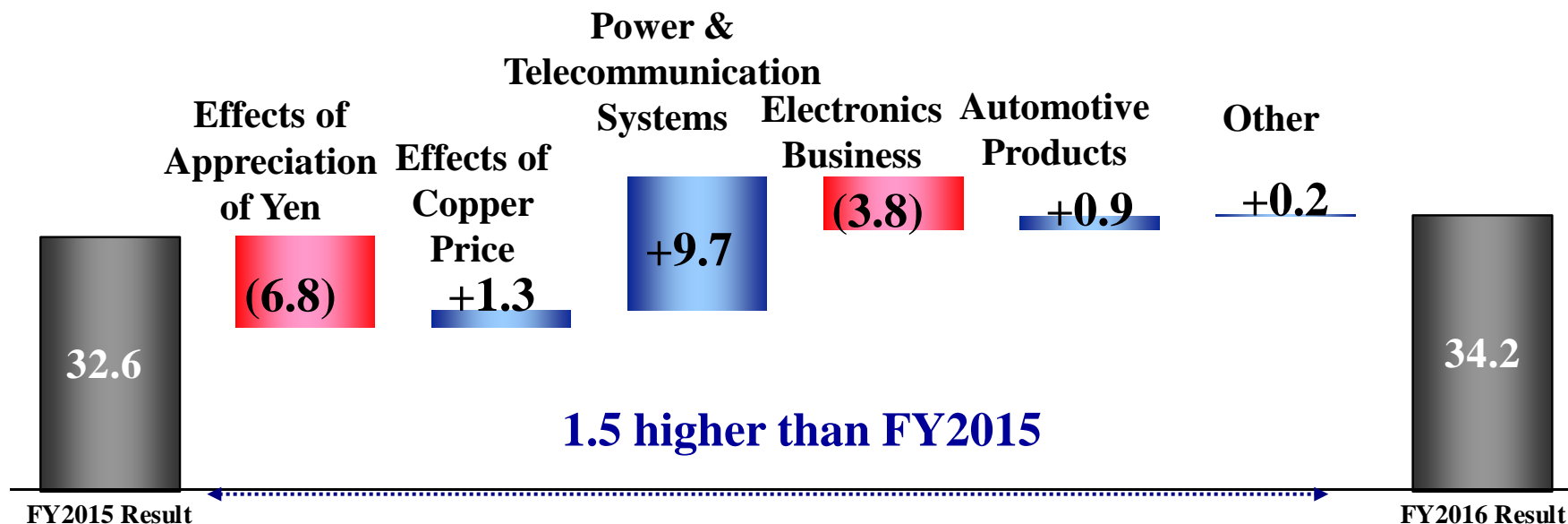
(Unit: Yen in billion)



FY2016 Contributing Factors to Operating Income Change (year-on-year basis)

Operating Income

(Unit: Yen in billion)



FY2016 Extraordinary Profit and Loss

Extraordinary Profit and Loss

(Unit: Yen in billion)

	FY2015	FY2016
Operating Income	32.6	34.2
Equity Method Income	(2.9)	1.0
Ordinary Income	24.6	32.5
Extraordinary Gains	2.7	0.6
Extraordinary Losses	10.1	4.8
Income before Income Taxes and Minority Interests	17.1	28.3
Total Income Taxes	4.6	11.3
Net Income attributable to non-controlling interests	1.2	4.1
Net Income attributable to owners of parent	11.3	12.9

VISCAS business reorganization cost drastically reduced

Posted cost of 2.7 billion yen of the past corporate income tax in Thai site.

Consolidated B/S (1)

(Unit: Yen in billion)

	As of March 31, 2016	As of March 31, 2017	Change
〈Assets〉	552.6	588.6	+35.9
Current Assets	282.4	296.5	+14.0
Cash and Deposits	34.9	31.7	(3.1)
Notes and Account Receivable	143.8	148.9	+5.1
Inventories	79.2	92.5	+13.2
Fixed Assets	270.2	292.1	+21.8
Tangible Fixed Assets	179.9	195.2	+15.3
Intangible Fixed Assets	21.2	17.0	(4.2)
Sub Total	201.2	212.3	+11.1
Total Investments and Other Assets	68.9	79.7	+10.7

Effects of exchange rates
-5.7 billion yen
Effects of strong yen and
depreciation of currencies of
emerging countries

	March 2016	March 2017
Yuan	17.41	16.29
Dollar	112.62	112.19

Increase by the growth of net
sales of electronics business
and power systems business
reorganization

Capital investment
45.6 billion yen
Depreciation cost
27.5 billion yen
Goodwill amortization
3.5 billion yen

Consolidated B/S (2)

(Unit: Yen in billion)

	As of March 31, 2016	As of March 31, 2017	Change
Total	552.6	588.6	+35.9
(Treasury Stock)	((25.3))	((5.9))	(+19.4)
〈Liability〉	334.6	364.0	+29.3
Notes and Account Payable	73.7	77.2	+3.4
Interest-bearing Debt	199.6	225.9	+26.2
Other Current Liability	39.8	41.3	+1.5
〈Net Cash〉	217.9	224.5	+6.5
Shareholder's Equity	193.6	196.0	+2.4
(Treasury Stock)	((25.3))	((5.9))	(+19.4)
Accumulated Other Comprehensive Income	4.9	6.7	+1.7
Non-controlling Interests	19.4	21.8	+2.4

Increase by power systems business reorganization and share buyback in addition to the increase of capital investment and working capital.

Retirement of treasury stock
65 million shares/27.3 billion
Share buyback
14.2 million shares/7.9 billion yen

FY2017 Forecasts

(Unit: Yen in billion)

	FY2016 Results	2H FY2017 Forecasts	FY2017 Forecasts	FY2017 Forecasts —FY2016 Results Change
Net Sales	653.7	340.0	700.0	46.2
Operating Income	34.2	16.0	38.0	3.7
Ratio of Operating Income to Net sales (%)	5.2	4.7	5.4	0.2
Equity in Net Income (Loss) of Affiliates	1.0	0.8	1.8	0.7
Ordinary Income (Loss)	32.5	15.5	36.0	3.4
Net Income (Loss) Attributable to Parent Company Shareholders	12.9	8.0	20.0	7.1
Net Income per Share (JPY)	44.61	28.05	70.11	25.50
Dividend per Share (JPY)	10.00	7.00	14.00	4.0
ROE (%)	6.4	—	9.0	2.6
Exchange Rate (JPY/USD)	108.36	110.0	110.0	—
Copper Price ('000JPY/ton)	604	650	650	—

※ Without past corporate income tax in Thailand (2.7 billion yen), ROE would be 7.8%。

FY2017 Forecasts

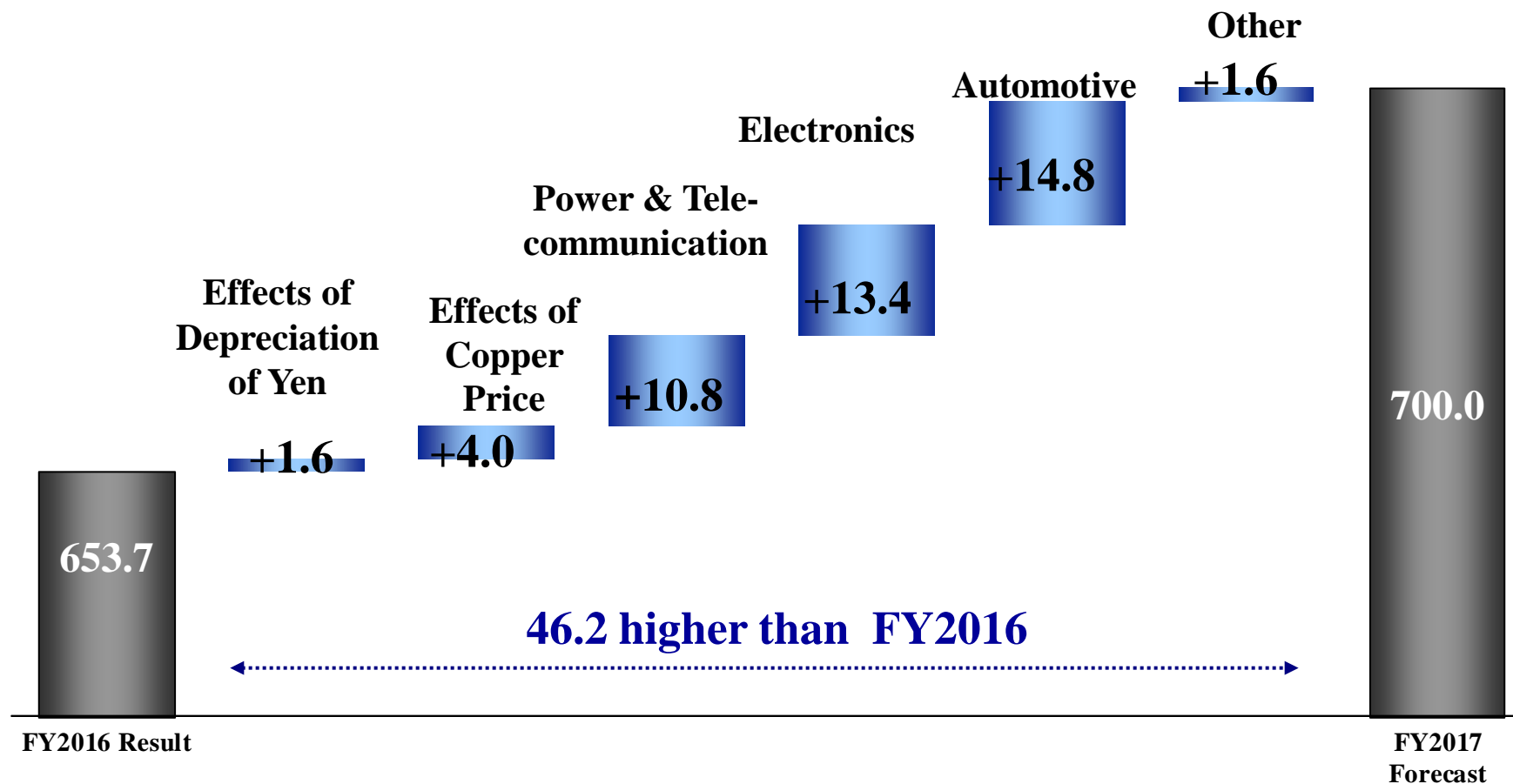
- **Net sales is forecasted to be 700 billion yen which is an increase of 46.2 billion yen on a YoY basis owing to the increase of revenue in each company; Power & Telecommunication Company, Electronics Business Company and Automotive Products Company.**
- **Operating income and ordinary income are expected to increase on a YoY basis owing to sales increase of electronics business and the change of depreciation method (declining-balance method ⇒straight-line method in Japan) and other factors, although there will be rising costs according to volume increase in addition to effects of severe competition in general.**
- **Net Income attributable to owners of parent is projected to be 20 billion yen which is an increase of 7.1 billion yen, since ordinary income is expected to increase and business structural improvement costs and past corporate income tax costs which were appropriated in the previous fiscal year would not be posted.**

FY2016 Results/ FY2017 Forecasts

Contributing Factors to Net Sales Change (year-on-year basis)

Net Sales

(Unit: JPY in Billion)

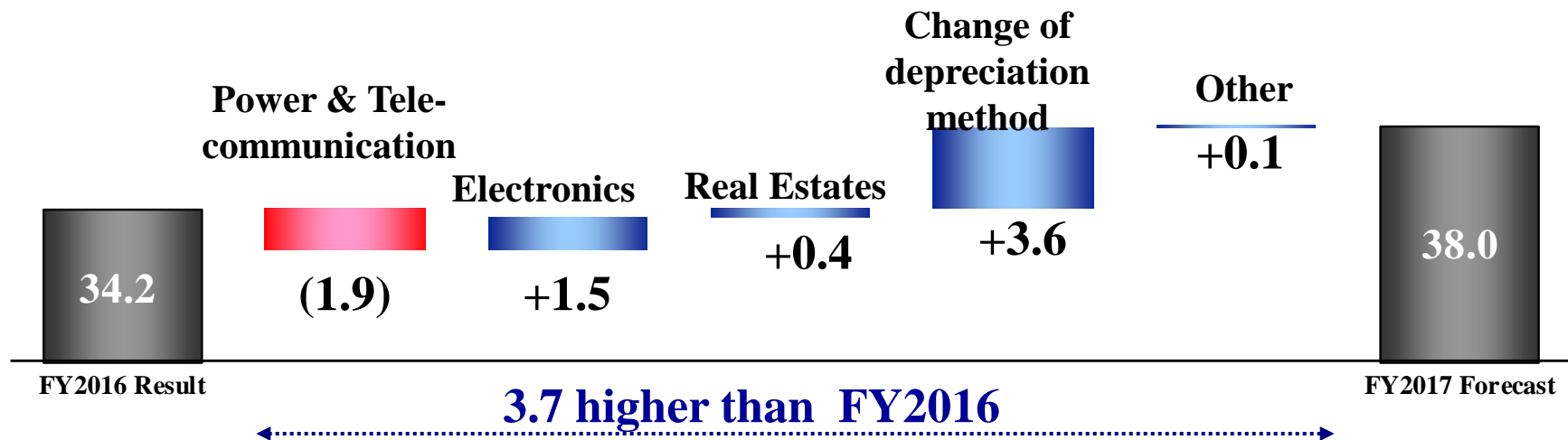


FY2016 Results/ FY2017 Forecasts

Contributing Factors to Operating Income Change (year-on-year basis)

Operating Income

(Unit: JPY in Billion)



2. Reviews by Segment

Financial Records and Forecasts by Segment

(Unit: Yen in billion)

Net Sales

Operating Income & Ratio of Operating Income to Net Sales

Segment	FY2015	FY2016	1st Half	FY2017	FY2015	FY2016	1st Half	FY2017
			2017	Forecasts			2017	Forecasts
			Forecasts				Forecasts	
Power & Telecommunication System Company	366.5	349.6	181.0	365.6	14.3	20.3	9.4	21.1
					3.9%	5.8%	5.2%	5.8%
Electronics Business Company	161.2	156.7	80.4	171.7	12.3	7.5	4.4	9.6
					7.6%	4.8%	5.5%	5.6%
Automotive Products Company	135.9	133.1	70.8	146.7	2.4	2.5	0.0	2.6
					1.8%	1.9%	0.0%	1.8%
Real Estate Business Company	10.7	10.1	5.4	10.8	5.4	4.6	2.6	5.2
					50.4%	45.8%	49.0%	48.1%
Other	4.3	4.1	2.2	4.9	(1.7)	(0.9)	(0.4)	(0.6)
Total	678.5	653.7	340.0	700.0	32.6	34.2	16.0	38.0
					4.8%	5.2%	4.7%	5.4%

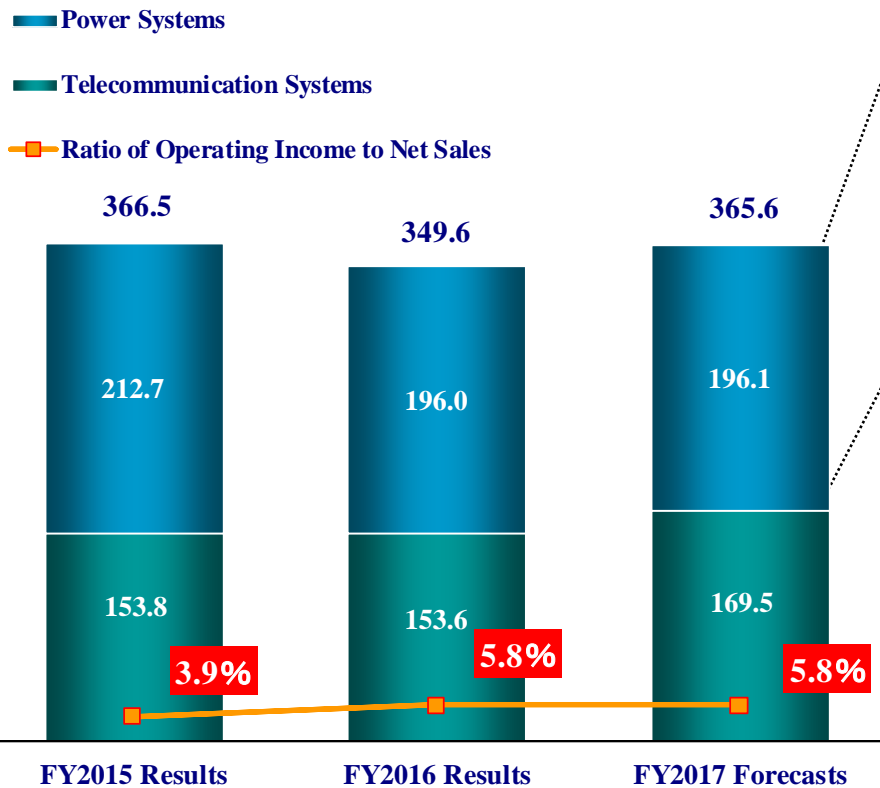
※Figures shown above for FY2015 has been restated to reflect organizational changes implemented on April 1, 2016.

Power & Telecommunication Systems Company

- In FY2016, net sales decreased due to effects of appreciation of the yen and fall of price of copper, but operating income increased owing to strong market demand in telecommunication business and improvement of product mix.
- For FY2017, ratio of operating income to net sales is expected to be at the same level on a YoY basis owing to the decrease in depreciation cost by the change of depreciation method, although there will be severe competition and increase in cost by capital investment to increase production capacities in the optical related business.

(Unit: Yen in billion)

Net sales & Ratio of Operating Income to Net Sales



Power Systems

- In FY2016, net sales decreased due to effects of appreciation of the yen and fall of price of copper.
- In FY2017, net sales is expected to be the same level on a YoY basis.

Telecommunication Systems

- In FY2016, net sales remained unchanged on a YoY basis owing to the strong demand for data centers and telecommunication infrastructure, although there were effects of foreign exchange rates.
- In FY2017, net sales is projected to increase on a YoY basis owing to business growth for data centers and overseas FTTx.

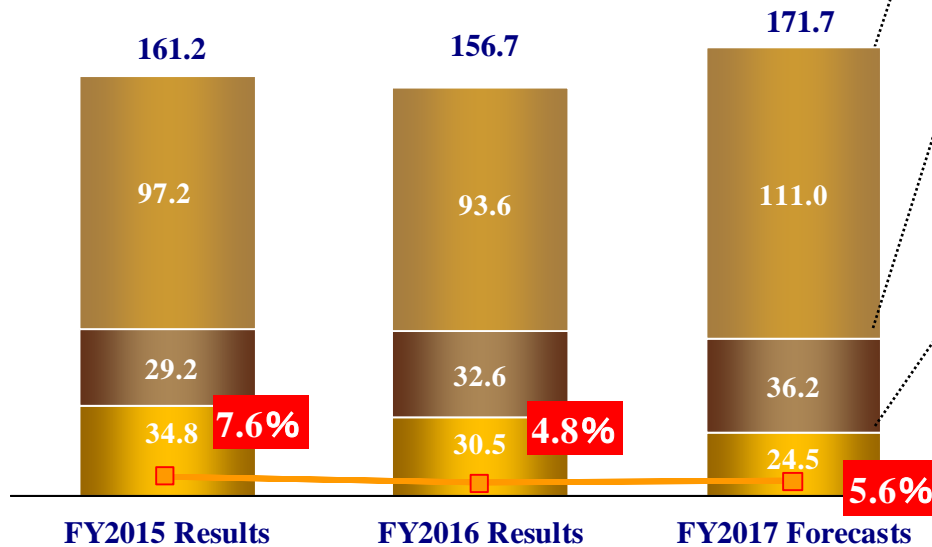
Electronics Business Company

- In FY2016, net sales decreased due to the effect of foreign exchange rates. Operating income decreased due to the effect of severe competition in addition to that of the foreign exchange rates.
- For FY2017, both net sales and net income are projected to increase owing to the growing number of models for smartphone application of major customers and effects of business structural reform.

(Unit: Yen in billion)

Net sales & Ratio of Operating Income to Net Sales

- FPC
- Connector
- Other
- Ratio of Operating Income to Net Sales



FPC

- In FY2016, net sales decreased mainly due to effect of foreign exchange rates.
- For FY2017, net sales is projected to increase by the expansion of products for smartphone of major customers

Connector

- In FY2016, net sales increased owing to acquiring new customers even though it was effected by the foreign exchange rate.
- For FY2017, net sales is projected to increase by sales expansion for new customers.

Other

- In FY2016, net sales decreased due to the effect of foreign exchange rates and product mix.
- For FY2017, net sales is forecasted to decrease due to change of specification in some products and product mix.

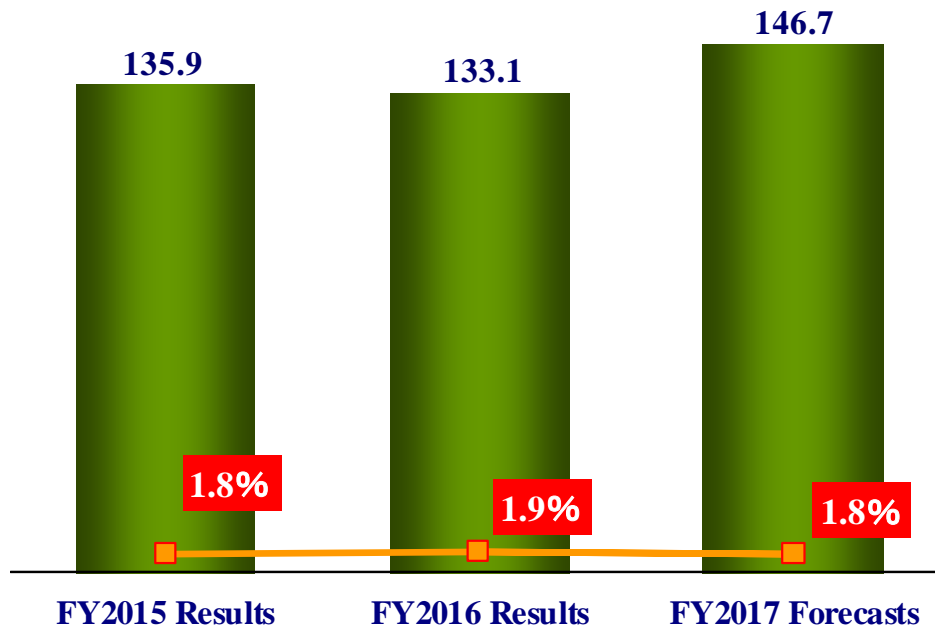
Automotive Products Company

- In FY2016, net sales remained almost unchanged on a YoY basis due to the effect of foreign exchange rates, although shipping volume increased. Ratio of operating income to net sales was at the same level on a YoY basis due to the rise of costs for launching of new sites in low cost countries, although there was an increase in sales of new models and effects of reduction of fixed cost in Asian region.
- For FY2017, net sales is projected to increase by new models but ratio of operating income to net sales is forecasted to be at the same level on a YoY, since it would take time to improve production.

(Unit: Yen in billion)

Net sales & Ratio of Operating Income to Net Sales

—■— Ratio of Operating Income to Net Sales



Automotive Products

- Other than the effect of foreign exchange rate, business expansion is continued according to launching of new models,

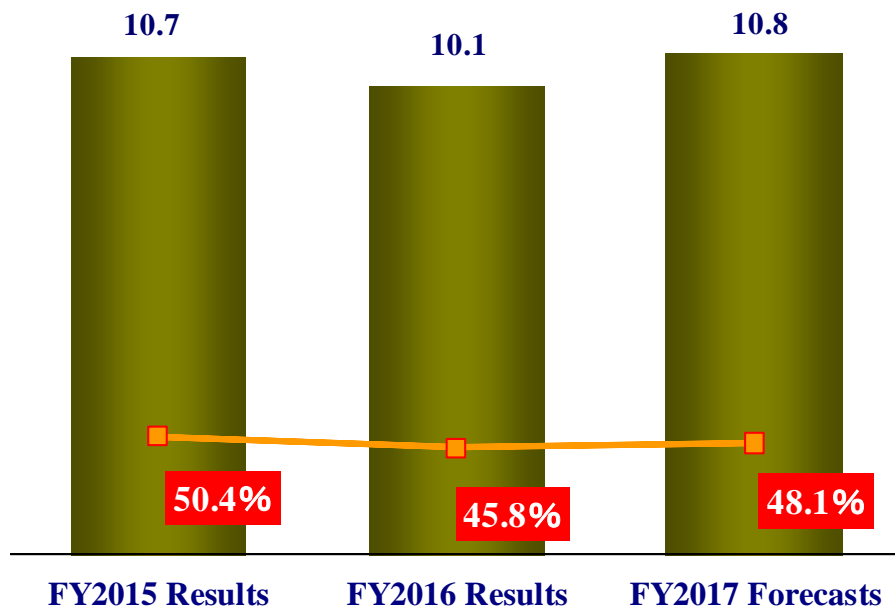
Real Estate Business Company

■ Revenues from leasing real estate properties continue to contribute to consolidated operating income.

(Unit: Yen in billion)

Net sales & Ratio of Operating Income to Net Sales

—■— Ratio of Operating Income to Net Sales



Real Estate

- In FY2016, operating income decrease due to a temporary cost regarding acquiring a building
- For FY2017, both net sales and operating income are projected to increase by the acquired building's contribution to profit and no temporary cost.

CAPEX and Depreciation Cost

(単位:億円)

	FY2015	FY2016	FY2017 Est.
CAPEX	31.9	45.6	48.0
(for manufacturing business)	31.3	37.0	46.0
(for real estate business)	0.6	8.5	2.0
Depreciation Cost	26.6	27.5	28.5
(for manufacturing business)	24.8	25.7	26.5
(for real estate business)	1.7	1.8	2.0

Note: The above figures include leasing costs.

Interest-bearing Debts, Net Financial Profit and Free Cash Flow

(Unit: Yen in billion)

	FY2015			FY2016		
	1st Half	2nd Half	Fiscal Year	1st Half	2nd Half	Fiscal Year
Interest-bearing Debts	197.2	199.6	199.6	229.7	225.9	225.9
Net Financial Profit/Loss	(0.8)	(0.5)	(1.3)	(0.6)	(0.6)	(1.2)
Free Cash Flow	7.6	6.2	13.8	(18.5)	4.2	(14.3)

Free Cash Flow=Cash Flow by Operating Activities + Interest Paid + Investing Cash Flow

3. Return to Shareholders

Profit Return

■ Basic Policy of FY2020 Mid-term

Dividend payout ratio 20% or higher

■FY2016 Forecasts

◆Dividends 10.0 yen per share

(Interim 5.0 yen per share, Year-end 5.0 yen per share, 2.8 billion yen)

FY2015 8.0 yen per share (Interim 4.0 yen per share , Year-end 4.0 per share)

(2.0 yen of increase compared with FY2015)

◆Shares buyback 14.2 million shares/ 7.9 billion yen (Results in FY2016)

Dividend Payout Ratio in FY2016	22.4%
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Total Return Ratio in FY2016	83.5%
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Profit Return

■ Basic Policy of FY2020 Mid-term

Dividend payout ratio 20% or higher

■FY2017 Forecasts

◆Dividends 14.0 yen per share

(Interim 7.0 yen per share, Year-end 7.0 yen per share, 3.9 billion yen)

(4.0 yen of increase compared with FY2016)

Dividend Payout Ratio in FY2017 20.0%



Special Notes:

Statements in this presentation that relate to future results and events (including statements regarding Fujikura's revenue and earnings guidance) are based on Fujikura's current expectations. Actual results in future periods may differ materially from those currently expected because of a number of risks and uncertainties. These factors include the effects of general economics on the level of demand for Fujikura's products and services, and on Fujikura's ability to manage supply and delivery logistics; the level and intensity of competition in the electronic and telecommunication equipment industries, the pricing pressures that result, the ability of Fujikura to timely and effectively manage product transitions, component/material availability and cost; the ability of Fujikura to develop new products based on new or evolving technology; and the ability of Fujikura to manage its inventory levels to minimize excess inventory.

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【FY2016 Financial Results Appendix】

Net Sales and Operating Income by Segment

Net Sales Records and Forecasts by Segment

Unit: Yen in billion

		FY2015							FY2016							FY2017 Est.		
		1Q	2Q	3Q	4Q	1H	2H	Full Year	1Q	2Q	3Q	4Q	1H	2H	Full Year	1H	2H	Full Year
Power Systems	Power Systems	52.8	54.3	54.7	50.9	107.1	105.6	212.7	45.1	46.3	50.2	54.4	91.4	104.6	196.0	97.0	99.1	196.1
	Telecommunication Systems	39.7	38.8	38.8	36.5	78.5	75.3	153.8	35.2	35.9	41.7	40.8	71.1	82.5	153.6	83.9	85.5	169.5
Power & Telecommunication		92.6	93.1	93.6	87.3	185.7	180.9	366.5	80.3	82.2	91.9	95.2	162.5	187.1	349.6	181.0	184.6	365.6
Electronics Business Company	FPC	19.9	29.5	30.2	17.6	49.4	47.8	97.2	14.6	27.5	29.4	22.1	42.0	51.5	93.6	51.4	59.5	111.0
	Connector	7.8	8.1	7.8	5.5	15.9	13.3	29.2	5.3	8.5	10.2	8.5	13.8	18.7	32.6	16.5	19.6	36.2
	Other	9.8	9.6	8.2	7.2	19.4	15.4	34.8	7.8	8.1	7.7	6.8	16.0	14.5	30.5	12.3	12.1	24.5
Electronics Business Company		37.6	47.2	46.1	30.3	84.8	76.4	161.2	27.7	44.2	47.3	37.6	71.8	84.9	156.7	80.4	91.3	171.7
Automotive Products Company		34.4	32.8	35.5	33.2	67.2	68.7	135.9	34.2	29.6	33.5	35.8	63.8	69.2	133.1	70.8	75.8	146.7
Real Estate Business Company		2.7	2.7	2.6	2.7	5.4	5.3	10.7	2.5	2.5	2.5	2.6	5.0	5.1	10.1	5.4	5.4	10.8
Other		1.0	1.1	0.9	1.2	2.1	2.1	4.3	0.9	1.1	1.1	1.0	2.0	2.1	4.1	2.2	2.7	4.9
Total		168.4	176.8	178.7	154.6	345.2	333.3	678.5	145.6	159.6	176.2	172.3	305.2	348.5	653.7	340.0	360.0	700.0

Operating Income Records and Forecasts by segment

Power & Telecommunication	4.1	3.6	3.4	3.3	7.6	6.7	14.3	3.2	4.4	7.2	5.5	7.5	12.7	20.3	9.4	11.7	21.1
Electronics Business Company	2.2	4.8	5.0	0.3	7.0	5.3	12.3	0.1	2.5	2.9	2.0	2.6	4.9	7.5	4.4	5.2	9.6
Automotive Products Company	0.7	(0.2)	0.7	1.2	0.6	1.8	2.4	1.5	0.1	0.9	0.1	1.5	1.0	2.5	0.0	2.6	2.6
Real Estate Business Company	1.4	1.4	1.3	1.3	2.8	2.6	5.4	1.3	1.3	1.2	0.8	2.6	2.0	4.6	2.6	2.5	5.2
Other	(0.5)	(0.4)	(0.3)	(0.5)	(0.9)	(0.8)	(1.7)	(0.3)	(0.2)	(0.2)	(0.2)	(0.5)	(0.4)	(0.9)	(0.4)	(0.1)	(0.6)
Total	7.8	9.2	10.0	5.7	17.0	15.6	32.6	5.6	8.1	12.0	8.4	13.8	20.4	34.2	16.0	22.0	38.0

※Figures shown above for FY2015 have been restated to reflect organizational changes implemented on April 1, 2016.

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