

1st Half FY2018 Financial Results



October 31, 2018

Contents

- 1. Review of 1st Half (1H) FY2018 Financial Results and FY2018 Forecast**
- 2. By Segment**
- 3. Shareholder Return**

1. Review of 1st Half (1H) FY2018 Financial Results and FY2018 Forecast

1H FY2018 Financial Results and FY2018 Forecast

(Unit : Yen in billion)

	FY2017			FY2018			FY2018 (Forecasted on Sep.26)	
	1H	2H	Full Year	1H	2H Forecast	FY2018 Forecast	1H	Full year
Net Sales	359.7	380.2	740.0	363.6	356.3	720.0	360.0	720.0
Operating Income	17.5	16.8	34.3	14.2	15.7	30.0	14.0	30.0
Ratio of Operating Income to Net Sales (%)	4.9	4.4	4.6	3.9	4.4	4.2	3.9	4.2
Share of other comprehensive income of entities accounted for using equity method	0.6	0.8	1.5	0.4	1.0	1.5	0.3	1.3
Ordinary Income (Loss)	17.6	16.5	34.1	9.6	16.3	26.0	10.0	26.0
Net Income (Loss) Attributable to Owners of Parent	12.6	5.7	18.3	0.4	13.5	14.0	1.0	14.0
Net Income per Share (JPY)	44.36	20.00	64.36	1.59	47.49	49.08	3.51	49.08
Dividend per Share (JPY)	7.00	7.00	14.00	7.00	7.00	14.00	7.00	14.00
ROE (%)	10.0	—	8.7	0.4	—	6.2	—	6.2
Exchange Rate (JPY/USD)	111.06	110.67	110.86	110.27	105.00	—	—	—
CU Base (1,000JPY/ton)	709	805	757	760	780	—	—	—

※ Impact on the performances of the full year due to the fact that some of the products of the Group are inappropriate regarding quality control is currently being investigated, and in case it is necessary to revise the forecast in the future, that will be announced on a timely basis

Review of 1H FY2018 Results

- Net sales increased on a YoY basis owing to the increased demand from the electronics business and the launch of new models in the automotive products business despite the decrease in sales due to the restructuring of the domestic electric wire sales company in the previous fiscal year.
- In spite of higher earnings from the electronics business and the cost reductions in Eastern Europe manufacturing bases in automotive products business, the impact of the intensifying competition in the domestic and overseas markets and the increasing costs due to material cost rising in the overhead transmission cable project in Bangladesh led to a decrease in the operating income on a YoY basis.
- Ordinary income, on top of the decreasing operating income, decreased on a YoY basis as a result of the foreign exchange revaluation losses by the depreciation of the yen to US\$ borrowings which were introduced for risk hedge in response to increasing the foreign exchange sensitivity of increasing orders received in US\$ in addition. The revaluation losses will be offset by an increase in operating income due to the depreciation of the yen from 3Q onward and profits from the planned exchange rate will be secured at the ordinary profit level for the full year.
- Net income attributable to owners of parent, on top of the decline in ordinary income, decreased due to the extraordinary losses related to the poor performances of Brazilian power business.

1H FY2018 Contributing Factors to Net Sales Change (year-on-year basis)

Net Sales

(Unit : Yen in billion)

Impact of the
restructuring
of the domestic
electric wire
sales company
in FY2017

Effects of
Copper
Prices

+3.6

(8.0)

Power &
Telecommunication
Systems
Business

+1.8

Electronics
Business

+2.8

Automotive
Products
Business

+3.5

359.7

3.8 higher than 1H FY2017

363.6

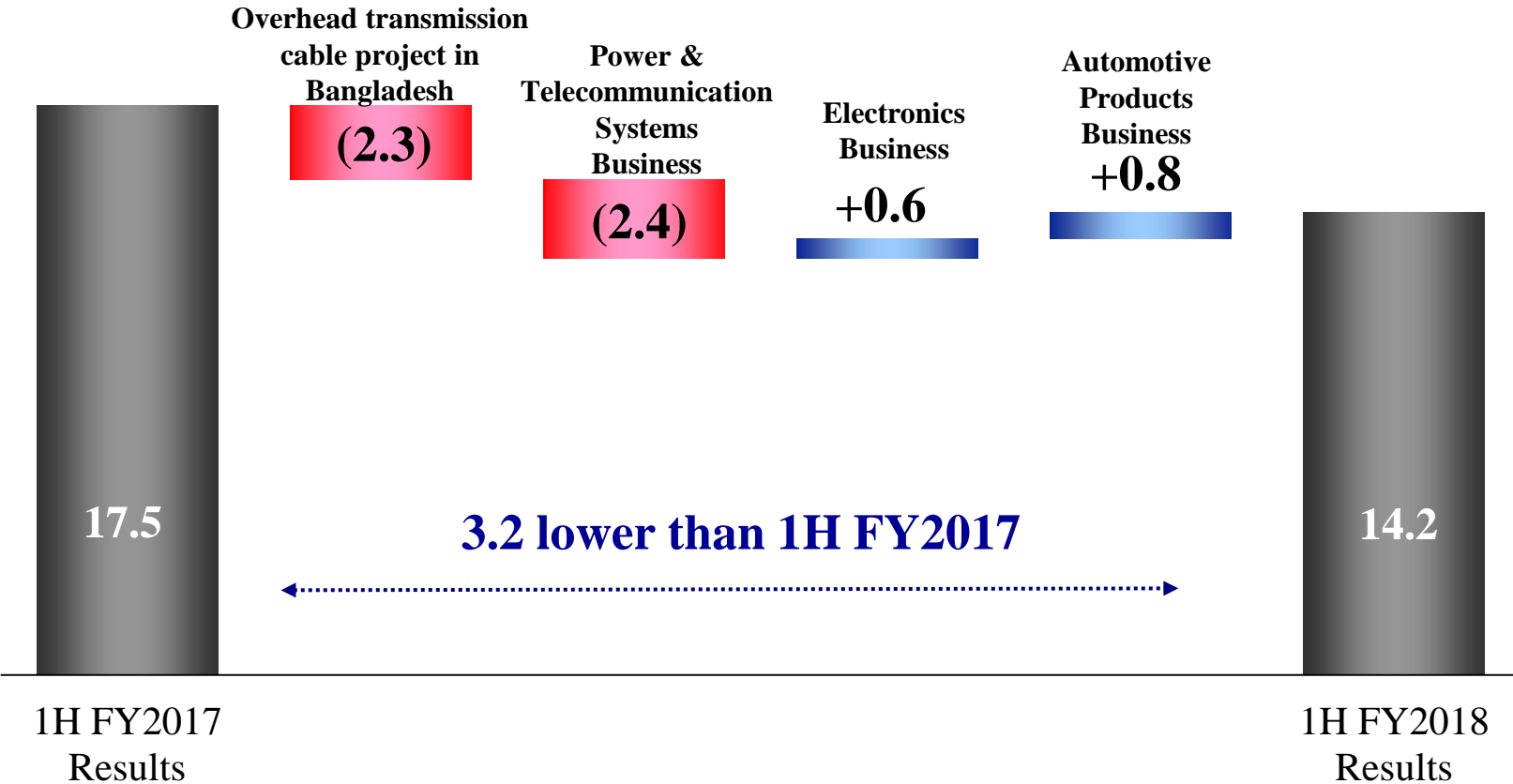
1H FY2017 Results

1H FY2018 Results

1H FY2018 Contributing Factors to Operating Income Change (year-on-year basis)

Operating Income

(Unit : Yen in billion)



1H FY2018 Extraordinary Profit and Loss and Tax Items

Extraordinary Profit and Loss

(Unit: Yen in billion)

	FY2017			1H FY2018
	1H	2H	Full year	
Operating Income	17.5	16.8	34.3	14.2
Share of other comprehensive income of entities accounted for using equity method	0.6	0.8	1.5	0.4
Ordinary Income	17.6	16.5	34.1	9.6
Extraordinary Income	0.6	0.4	1.0	5.0
Extraordinary Loss	1.7	4.7	6.5	10.3
Income before Income Taxes and Minority Interests	16.4	12.2	28.6	4.3
Total Income Taxes	1.8	5.6	7.5	2.9
Net Income attributable to non-controlling interests	1.9	0.8	2.7	0.9
Net Income attributable to owners of parent	12.6	5.7	18.3	0.4

Includes the gain on sales of investment securities, etc.

Includes the losses due to poor performances of Brazilian power business

Consolidated B/S (1)

(Unit: Yen in billion)

	As of March 31, 2018	As of Sep. 30, 2018	Change
〈Assets〉	638.0	678.7	+40.7
Current Assets	324.1	356.8	+32.6
Cash and Deposits	34.2	38.6	+4.3
Notes and Account Receivable	151.2	172.1	+20.9
Inventories	113.8	121.6	+7.8
Fixed Assets	313.8	321.9	+8.0
Tangible Fixed Assets	211.2	229.7	+18.4
Intangible Fixed Assets	14.0	13.0	(1.0)
Sub Total	225.3	242.8	+17.4
Total Investments and Other Assets	88.4	79.0	(9.4)

Increased due to the seasonality
in electronics business

Capital investment
33.2 billion yen
(Mainly investment of Electronics and
Telecommunication)
Depreciation cost
15.4 billion yen

Consolidated B/S (2)

(Unit: Yen in billion)

	As of March 31, 2018	As of Sep. 30, 2018	Change
Total liabilities net assets	638.0	678.7	+40.7
(Treasury Stock)	((6.3))	((6.3))	(+0.0)
〈Liability〉	396.0	433.5	+37.4
Notes and Account Payable	77.1	82.1	+5.0
Interest-bearing Debt	239.3	269.4	+30.0
Other Current Liability	55.6	54.7	(0.8)
〈Net Equity〉	241.9	245.1	+3.2
Shareholder's Equity	210.4	209.0	(1.4)
(Treasury Stock)	((6.3))	((6.3))	(+0.0)
Accumulated Other Comprehensive Income	8.8	13.0	+4.2
Non-controlling Interests	22.6	23.1	+0.4

Increase in working capital and capital expenditure

2. By Segment

Financial Results and Forecast by Segment

(Unit: Yen in billion)

Net Sales					Operating Income and Ratio of Operating Income to Net Sales			
Segment	1H FY2017 Results	1H FY2018 Results	Change	2H FY2018 Forecast	1H FY2017 Results	1H FY2018 Results	Change	2H FY2018 Forecast
Power & Telecommunication Systems Company	181.4	179.0	(2.3)	177.6	12.1 6.7%	7.1 4.0%	(4.9) (2.7%)	8.7 5.0%
Electronics Business Company	96.4	98.8	+2.3	91.6	5.8 6.1%	6.7 6.8%	+0.8 +0.7%	5.6 6.2%
Automotive Products Company	73.3	77.7	+4.3	78.6	(2.8) (3.9%)	(2.1) (2.8%)	+0.7 +1.1%	0.0 0.0%
Real Estate Business Company	5.5	5.4	(0.1)	5.3	2.8 51.2%	2.5 46.3%	(0.3) (4.8%)	2.3 43.4%
Other	2.9	2.5	(0.4)	3.0	(0.4)	0.0	+0.4	(1.0)
Total	359.7	363.6	+3.8	356.3	17.5 4.9%	14.2 3.9%	(3.2) (0.9%)	15.7 4.4%

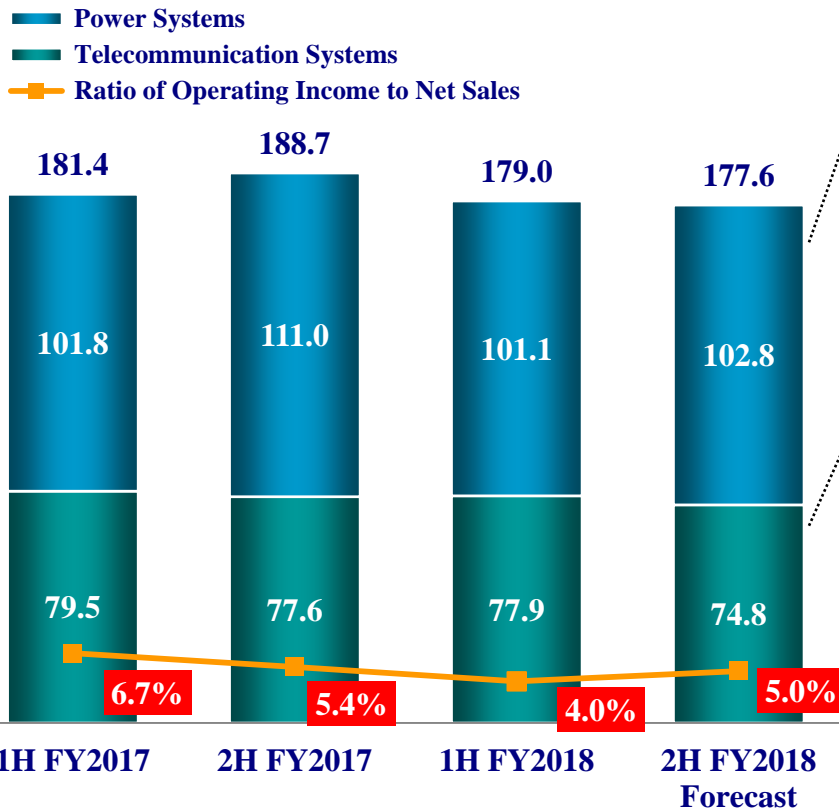
※Figures shown above for FY2017 have been restated to reflect part of the management system changes implemented.

Power & Telecommunication Systems Company

- In 1H, although copper prices rose, net sales remained unchanged on a YoY basis owing to the restructuration of the domestic electric wire sales company in FY2017. Operating income decreased on a YoY basis due to stiff competition in the domestic and overseas market and an increase in cost of Bangladesh overhead transmission cable project.
- For 2H, operating income is forecast to increase compared to 1H in normalization in the cost of Bangladesh overhead transmission cable project in 1H.

(Unit: Yen in billion)

Net sales and Ratio of Operating Income to Net Sales



Power Systems

- Although copper prices rose, net sales in 1H remained unchanged on a YoY basis owing to the restructuration of the domestic electric wire sales company in FY2017.
- For 2H, net sales is forecast to remain unchanged from 1H FY2018.

Telecommunication Systems

- Net sales in 1H decreased owing to stiff competition mainly in optical components, etc.
- For 2H, net sales is forecast to decrease due to seasonality of FTTx project in North America.

Comments

Upper line : 1H results and YoY basis

Bottom line : 2H forecast and Comparison with 1H results

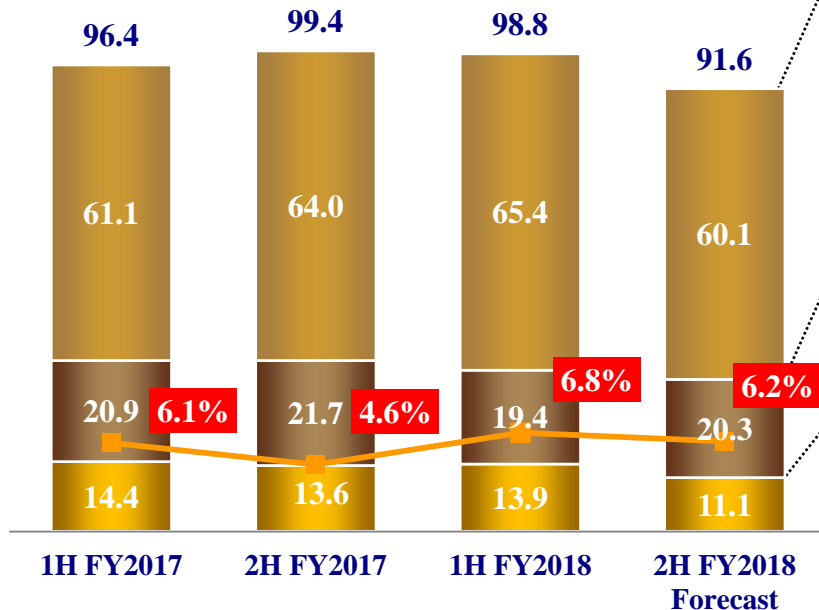
Electronics Business Company

- In 1H FY 2018, net sales increased on a YoY basis owing to strong demand of FPCs for smartphone.
- For 2H FY 2018, net sales of FPCs for smartphone is projected to decrease due to seasonality mainly in 4Q, but ratio of operating income to net sales is expected to rise owing to production improvement, products mix, etc.

(Unit: Yen in billion)

Net sales and Ratio of Operating Income to Net Sales

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



FPC

- In 1H, net sales increased on a YoY basis owing to strong demand in smartphone application.
- In 2H, net sales of FPCs for smartphone is projected to decrease due to seasonality, mainly in 4Q.

Connector

- In 1H, net sales decreased due to the impact of changes in products mix, etc. on a YoY basis.
- In 2H, net sales is projected to be comparable to 1H.

Other

- Results in 1H remained unchanged on a YoY basis.
- In 2H, net sales is projected to decrease due to products mix.

Comments

Upper line : 1H results and YoY basis

Bottom line : 2H forecast and Comparison with 1H results

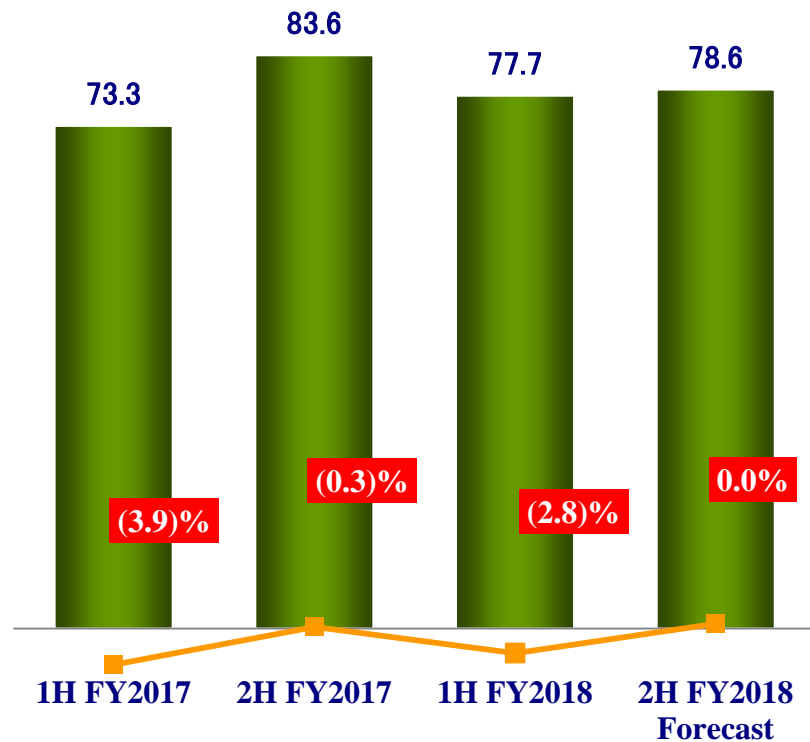
Automotive Products Company

- In 1H, net sales increased on a YoY basis owing to the launch of new models for cars. Operating income increased because of the reduction in emergency cost against the increase in the turnover rate in Eastern Europe manufacturing bases booked in 1Q FY2017.
- For 2H, in spite of a decrease due to the change in the fuel consumption test method in Europe, a break-even in terms of operating income is expected owing to launches of new models for cars and productivity improvement.

(Unit: Yen in billion)

Net sales and Ratio of Operating Income to Net Sales

— Ratio of Operating Income to Net sales



Automotive Products

- In 1H, net sales increased on a YoY basis owing to the launch of new models for cars.
- In spite of the effects caused by the change in the fuel consumption test method in Europe, net sales in 2H is expected to remain unchanged from 1H owing to launch of new models for cars.

Comments

Upper line : 1H results and YoY basis

Bottom line : 2H forecast and Comparison with 1H results

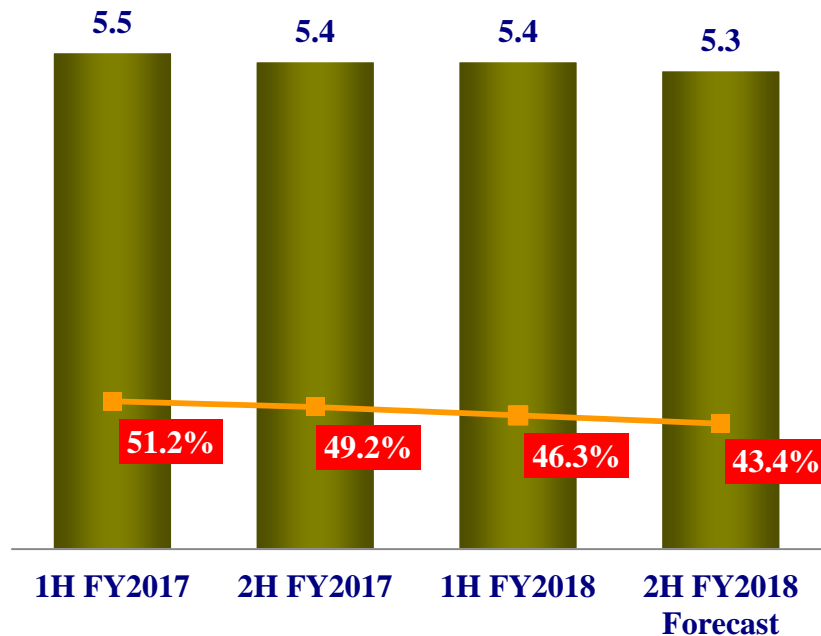
Real Estate Business Company

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

(Unit: Yen in billion)

Net sales and Ratio of Operating Income to Net Sales

—■ Ratio of Operating Income to Net Sales



Real Estate

- Stable revenues from leasing properties are continuously expected

Capital Investment and Depreciation Cost

(Unit: Yen in billion)

	FY2017		1H FY2018	FY2018 Forecasts (5.11)
	1H	Full year		
Capital Investment	21.3	42.5	33.2	47.0
(for manufacturing business)	20.6	40.1	32.4	45.0
(for real estate business)	0.6	2.4	0.8	2.0
Depreciation Cost	13.2	26.8	15.4	33.0
(for manufacturing business)	12.2	24.8	14.4	31.0
(for real estate business)	0.9	1.9	1.0	2.0

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

(Unit: Yen in billion)

	FY2017			FY2018
	1H	2H	Full year	1H
Interest-bearing Debts	241.0	239.3	239.3	269.4
Net Financial Profit/Loss	(0.2)	(0.7)	(1.0)	(0.9)
Free Cash Flow	(11.4)	7.9	(3.4)	(18.8)

Free Cash Flow = Cash Flow by Operating Activities + Interests Expense + Invested Cash Flow

3. Shareholder Return

Profit Return

■ Basic Policy of 2020 Mid-term

Dividend payout ratio 20% or higher

■ FY2018 Forecast

◆ **Dividends 14.0 yen per share** (Interim: 7.0 yen per share, Year-end: 7.0 yen per share, 4.0 billion yen)

FY2017 Result 14.0 yen per share (Interim: 7.0 yen per share, Year-end: 7.0 yen per share)
(Unchanged from FY2017)

Dividend Payout Ratio in FY2018 28.5%



Special Notes:

Statements in this presentation that relate to future to results and events (including statements regarding Fujikura's revenue and earnings guidance) and based on Fujikura's current expectations. Actual results in future periods may differ materially form 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.

【1H FY2018 Financial Results Appendix】

Net Sales and Operating Income by Segment

Net Sales Records and Forecast by Segment

Unit: Yen in Billion

		FY2017						FY2018					
		1Q	2Q	3Q	4Q	1H	2H	Full Year	1Q Results	2Q Results	1H Results	2H Forecasts	Full Year Forecasts
Power & Telecommunication Systems Company	Power Systems	50.4	51.3	58.7	52.2	101.8	111.0	212.8	50.1	50.9	101.1	102.8	203.9
	Telecommunication Systems	39.8	39.7	40.1	37.5	79.5	77.6	157.2	39.4	38.4	77.9	74.8	152.7
		90.3	91.0	98.9	89.8	181.4	188.7	370.1	89.6	89.4	179.0	177.6	356.6
Electronics Business Company	FPC	20.5	40.6	39.9	24.1	61.1	64.0	125.2	25.5	39.8	65.4	60.1	125.6
	Connector	8.2	12.7	12.9	8.7	20.9	21.7	42.6	8.3	11.0	19.4	20.3	39.8
	Other	7.3	7.1	6.7	6.8	14.4	13.6	28.1	6.7	7.2	13.9	11.1	25.1
	Electronics Business Company	36.0	60.4	59.7	39.7	96.4	99.4	195.9	40.6	58.1	98.8	91.6	190.5
	Automotive Products Company	36.1	37.2	42.2	41.4	73.3	83.6	157.0	43.3	34.4	77.7	78.6	156.3
	Real Estate Business Company	2.7	2.7	2.7	2.6	5.5	5.4	10.9	2.7	2.6	5.4	5.3	10.7
	Other	1.2	1.6	1.5	1.4	2.9	2.9	5.9	1.2	1.2	2.5	3.0	5.6
	Total	166.5	193.2	205.1	175.1	359.7	380.2	740.0	177.6	185.9	363.6	356.3	720.0

Operating Income Records and Forecast by Segment

Power & Telecommunication Systems Company	5.7	6.3	5.7	4.4	12.1	10.1	22.3	5.4	1.6	7.1	8.7	15.9
Electronics Business Company	1.3	4.5	4.9	(0.3)	5.8	4.5	10.4	0.9	5.7	6.7	5.6	12.4
Automotive Products Company	(1.2)	(1.6)	0.2	(0.5)	(2.8)	(0.2)	(3.1)	(0.2)	(1.9)	(2.1)	0.0	(2.1)
Real Estate Business Company	1.4	1.3	1.3	1.3	2.8	2.6	5.5	1.3	1.2	2.5	2.3	4.8
Other	(0.2)	(0.1)	(0.0)	(0.3)	(0.4)	(0.3)	(0.7)	0.0	(0.0)	0.0	(1.0)	(1.0)
Total	7.0	10.5	12.2	4.5	17.5	16.8	34.3	7.5	6.7	14.2	15.7	30.0

※Figures shown above for FY2017 have been restated to reflect part of the management system changes implemented.

Fujikura Ltd.