

# 3Q FY2018 Financial Results



February 4, 2019

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# **1. Review of 3Q FY2018 Financial Results and FY2018 Forecast**

# 3Q FY2018 Financial Results and FY2018 Forecast

(Unit : Yen in billion)

	FY2017		FY2018		FY2018 (Forecasted on Sep.26)
	1-3Q	Full Year	1-3Q	Full Year Forecast	Full year
Net Sales	564.8	740.0	553.4	720.0	720.0
Operating Income	29.8	34.3	24.1	28.0	30.0
Ratio of Operating Income to Net Sales(%)	5.3	4.6	4.4	3.9	4.2
Share of other comprehensive income of entities accounted for using equity method	1.2	1.5	1.0	1.5	1.3
Ordinary Income (Loss)	29.8	34.1	18.2	21.0	26.0
Net Income (Loss) Attributable to Owners of Parent	19.2	18.3	4.1	4.0	14.0
Net Income per Share (JPY)	67.41	64.36	14.55	14.02	49.08
Dividend per Share (JPY)	—	14.00	—	14.00	14.00
ROE (%)	11.3	8.7	2.5	1.8	6.2
Exchange Rate (USD/JPY)	111.70	110.86	111.15	—	—
CU Base ('000JPY/ton)	743	757	753	—	—

※It was found that some of the products of the Group are inappropriate in terms of quality control. Part of the loss effect related to this case has become clear, and a loss of 1.7 billion yen is recorded in the third quarter. In case of an event further enabling the estimation of the loss impact, there is a possibility that this would be recorded in the future.

# Review of 3Q FY2018 Results and Full Year Forecast

## [YoY basis]

- Net sales decreased on a YoY basis because of effects such as the restructuring of the domestic electric wire sales company in the previous fiscal year.
- Operating income decreased on a YoY basis due to the impact of an intensified competition in the domestic and overseas markets, the impact of changes in product mix and the cost increase caused by soaring material costs in the overhead transmission line project in Bangladesh.
- Ordinary income, on top of the decreasing operating income, decreased on a YoY basis because the effect of the depreciation of Yen against the original plan of 105 Yen/USD in operating income was canceled with the introduction of dollar-denominated borrowings for hedging purpose, which aimed at relieving the dollar-denominated orders increase and exchange losses due to the depreciation of emerging countries currency.
- Net income attributable to owners of parent, on top of the decline in ordinary income, decreased due to the extraordinary losses such as investment loss caused by the slump in businesses for Brazilian electric power market and the loss due to inappropriate cases in quality control.

# Review of 3Q FY2018 Results and Full Year Forecast

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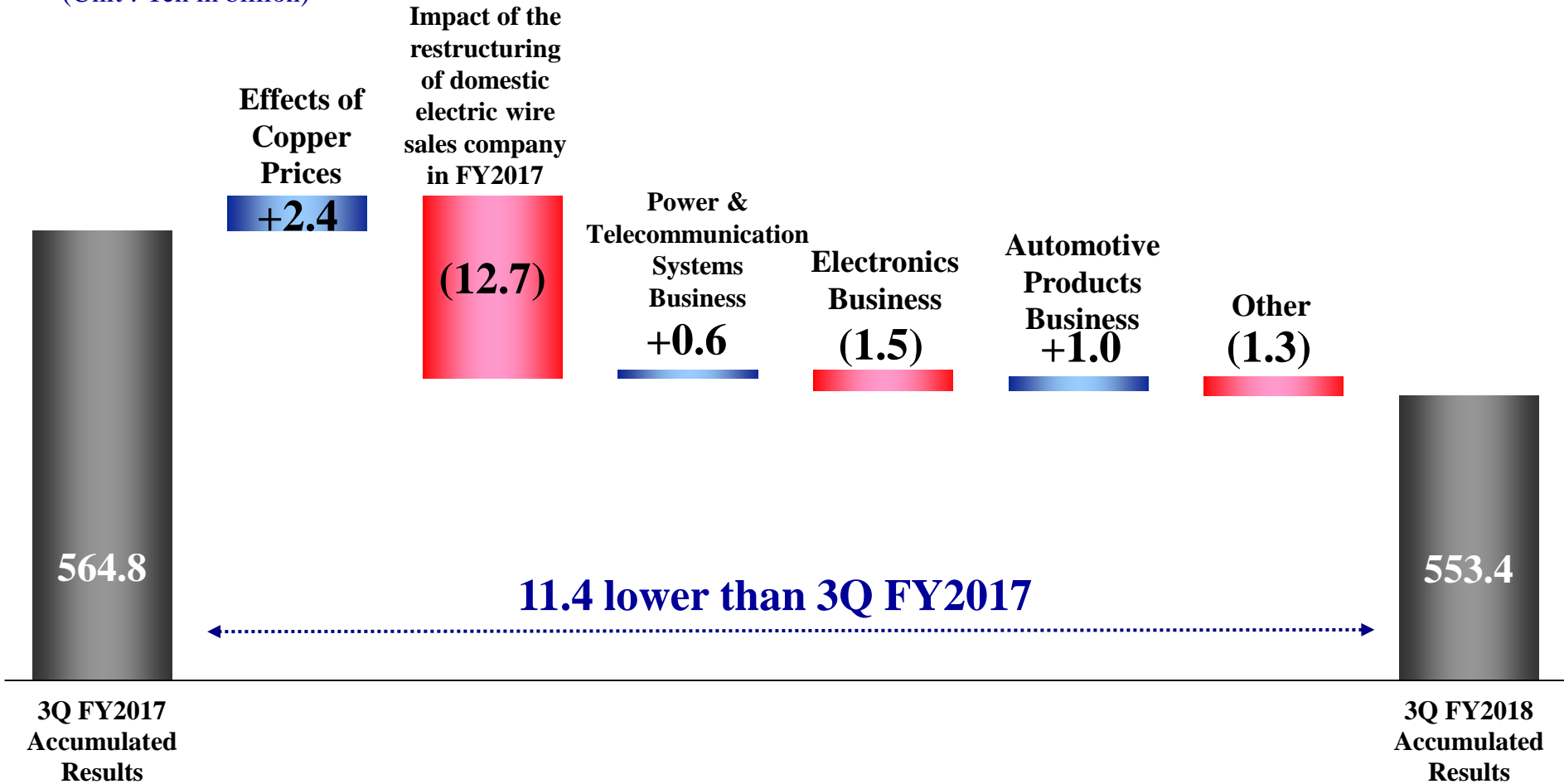
**[Full year forecast compared with the previously released figures]**

- **Operating income is forecasted to decrease due to the impact of changes in product mix of Power & Telecommunication Systems Company and Electronics Business Company in addition to the low demand for wiring harnesses mainly in Asian market of Automotive Products Company, despite positive factors thanks to the depreciation of Yen.**
- **Ordinary income, on top of the decreasing operating income, is forecasted to decrease because of the cancelation effect of the depreciation of Yen against the original plan in operating income with the introduction of dollar-denominated borrowings for hedging purpose, which aimed at relieving the dollar-dominated orders increase and increase in other non-operating expenses.**
- **Net income attributable to owners of parent, on top of the decline in ordinary income, is forecasted to decrease due to the extraordinary loss due to inappropriate cases in quality control and the review of tax expense.**

# 3Q FY2018 Contributing Factors to Net Sales Change (year-on-year basis)

## Net Sales

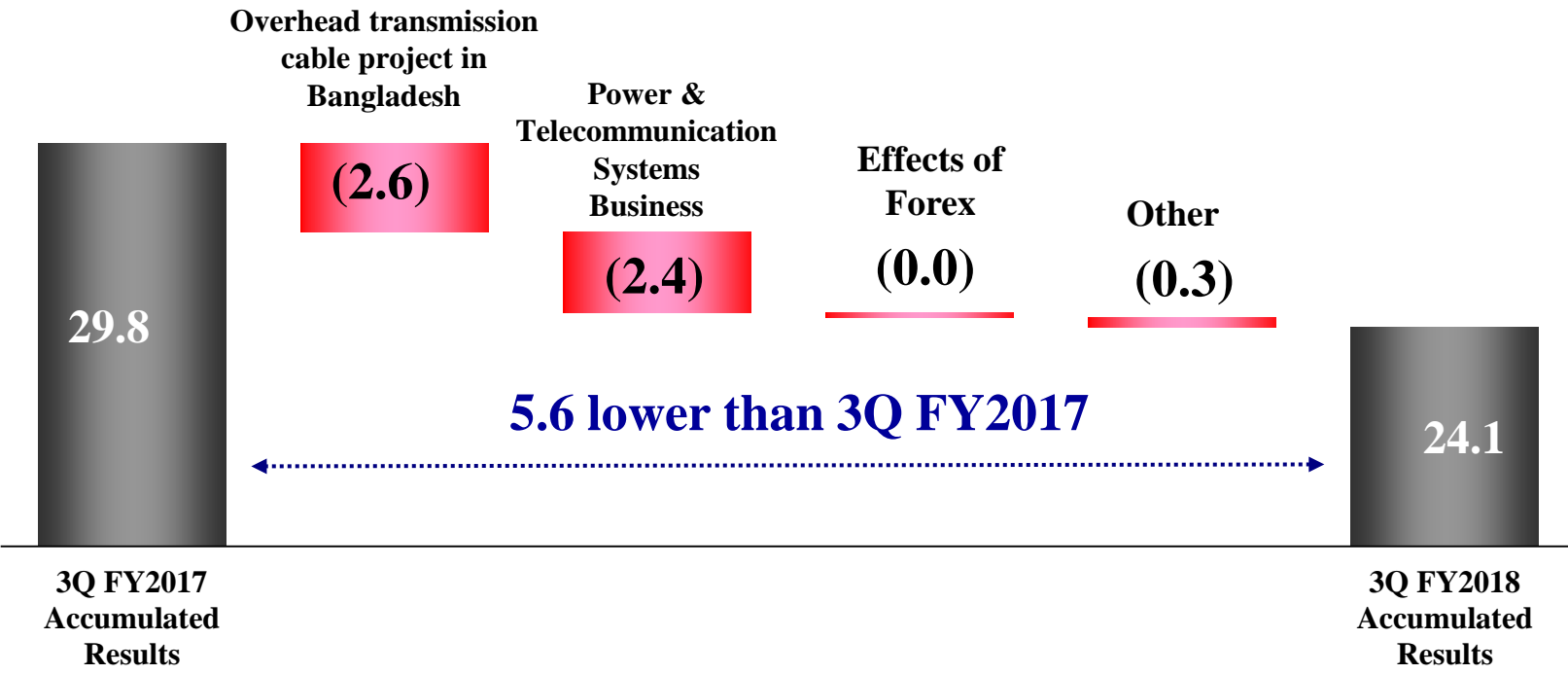
(Unit : Yen in billion)



# 3Q FY2018 Contributing Factors to Operating Income Change (year-on-year basis)

## Operating Income

(Unit : Yen in billion)





# 3Q FY2018 Extraordinary Profit and Loss

(Unit: Yen in billion)

	FY2017		FY2018
	1-3Q	Full year	1-3Q
<b>Operating Income</b>	<b>29.8</b>	<b>34.3</b>	<b>24.1</b>
Share of other comprehensive income of entities accounted for using equity method	1.2	1.5	1.0
<b>Ordinary Income</b>	<b>29.8</b>	<b>34.1</b>	<b>18.2</b>
<b>Extraordinary Income</b>	<b>0.7</b>	<b>1.0</b>	<b>5.7</b>
<b>Extraordinary Loss</b>	<b>1.9</b>	<b>6.5</b>	<b>13.1</b>
<b>Income before Income Taxes and Minority Interests</b>	<b>28.6</b>	<b>28.6</b>	<b>10.8</b>
<b>Total Income Taxes</b>	<b>6.9</b>	<b>7.5</b>	<b>5.2</b>
<b>Net Income attributable to non-controlling interests</b>	<b>2.4</b>	<b>2.7</b>	<b>1.4</b>
<b>Net Income attributable to owners of parent</b>	<b>19.2</b>	<b>18.3</b>	<b>4.1</b>

Includes the gains on sales of investment securities

Includes losses due to the slump in Brazilian electric power businesses (8.0 billion yen), the loss due to inappropriate cases in quality control (1.7 billion yen) and the business structure improvement expenses

# Consolidated B/S (1)

(Unit: Yen in billion)

	As of March 31, 2018	As of Dec. 31, 2018	Change
<b>〈Assets〉</b>	<b>638.0</b>	<b>660.7</b>	<b>+22.7</b>
<b>Current Assets</b>	<b>324.1</b>	<b>347.3</b>	<b>+23.1</b>
<b>Cash and Deposits</b>	<b>34.2</b>	<b>43.5</b>	<b>+9.2</b>
<b>Notes and Account     Receivable</b>	<b>151.2</b>	<b>157.6</b>	<b>+6.4</b>
<b>Inventories</b>	<b>113.8</b>	<b>122.3</b>	<b>+8.4</b>
<b>Fixed Assets</b>	<b>313.8</b>	<b>313.4</b>	<b>(0.4)</b>
<b>Tangible Fixed Assets</b>	<b>211.2</b>	<b>226.8</b>	<b>+15.5</b>
<b>Intangible Fixed     Assets</b>	<b>14.0</b>	<b>11.8</b>	<b>(2.2)</b>
<b>Sub Total</b>	<b>225.3</b>	<b>238.7</b>	<b>+13.3</b>
<b>Total Investments and Other Assets</b>	<b>88.4</b>	<b>74.6</b>	<b>(13.8)</b>

Increased due to the seasonality  
in electronics business

Capital investment  
42.1 billion yen  
(Mainly investment of Electronics and  
Telecommunication)  
Depreciation cost  
23.3 billion yen

# Consolidated B/S (2)

(Unit: Yen in billion)

	As of March 31, 2018	As of Dec. 31, 2018	Change
<b>Total</b>	<b>638.0</b>	<b>660.7</b>	<b>+22.7</b>
(Treasury Stock)	((6.3))	((6.3))	(+0.0)
<b>〈Liability〉</b>	<b>396.0</b>	<b>420.9</b>	<b>+24.8</b>
Notes and Account Payable	77.1	73.2	(3.8)
Interest-bearing Debt	239.3	275.3	+36.0
Other Current Liability	55.6	48.6	(6.9)
<b>〈Net Equity〉</b>	<b>241.9</b>	<b>239.8</b>	<b>(2.1)</b>
Shareholder's Equity (Treasury Stock)	210.4 ((6.3))	210.6 ((6.3))	+0.2 (+0.0)
Accumulated Other Comprehensive Income	8.8	5.8	(2.9)
Non-controlling Interests	22.6	23.2	+0.6

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	1-3Q FY2017 Results	1-3Q FY2018 Results	Change	FY2018 Full Year Forecast	1-3Q FY2017 Results	1-3Q FY2018 Results	Change	FY2018 Full Year Forecast
<b>Power &amp; Telecommunication Systems Company</b>	<b>280.3</b>	<b>270.3</b>	<b>(9.9)</b>	<b>357.3</b>	<b>17.9</b> <b>6.4%</b>	<b>11.9</b> <b>4.4%</b>	<b>(5.9)</b> <b>(2.0%)</b>	<b>14.9</b> <b>4.2%</b>
<b>Electronics Business Company</b>	<b>156.2</b>	<b>154.0</b>	<b>(2.1)</b>	<b>190.7</b>	<b>10.8</b> <b>6.9%</b>	<b>10.8</b> <b>7.1%</b>	<b>+0.0</b> <b>+0.2%</b>	<b>11.7</b> <b>6.2%</b>
<b>Automotive Products Company</b>	<b>115.6</b>	<b>116.7</b>	<b>+1.1</b>	<b>155.2</b>	<b>(2.6)</b> <b>(2.3%)</b>	<b>(2.3)</b> <b>(2.1%)</b>	<b>+0.2</b> <b>+0.2%</b>	<b>(3.3)</b> <b>(2.2%)</b>
<b>Real Estate Business Company</b>	<b>8.2</b>	<b>8.1</b>	<b>(0.1)</b>	<b>10.8</b>	<b>4.1</b> <b>50.4%</b>	<b>3.7</b> <b>46.1%</b>	<b>(0.4)</b> <b>(4.3%)</b>	<b>5.0</b> <b>45.9%</b>
<b>Other</b>	<b>4.4</b>	<b>4.1</b>	<b>(0.2)</b>	<b>5.7</b>	<b>(0.4)</b>	<b>(0.0)</b>	<b>+0.4</b>	<b>(0.2)</b>
<b>Total</b>	<b>564.8</b>	<b>553.4</b>	<b>(11.4)</b>	<b>720.0</b>	<b>29.8</b> <b>5.3%</b>	<b>24.1</b> <b>4.4%</b>	<b>(5.6)</b> <b>(0.9%)</b>	<b>28.0</b> <b>3.9%</b>

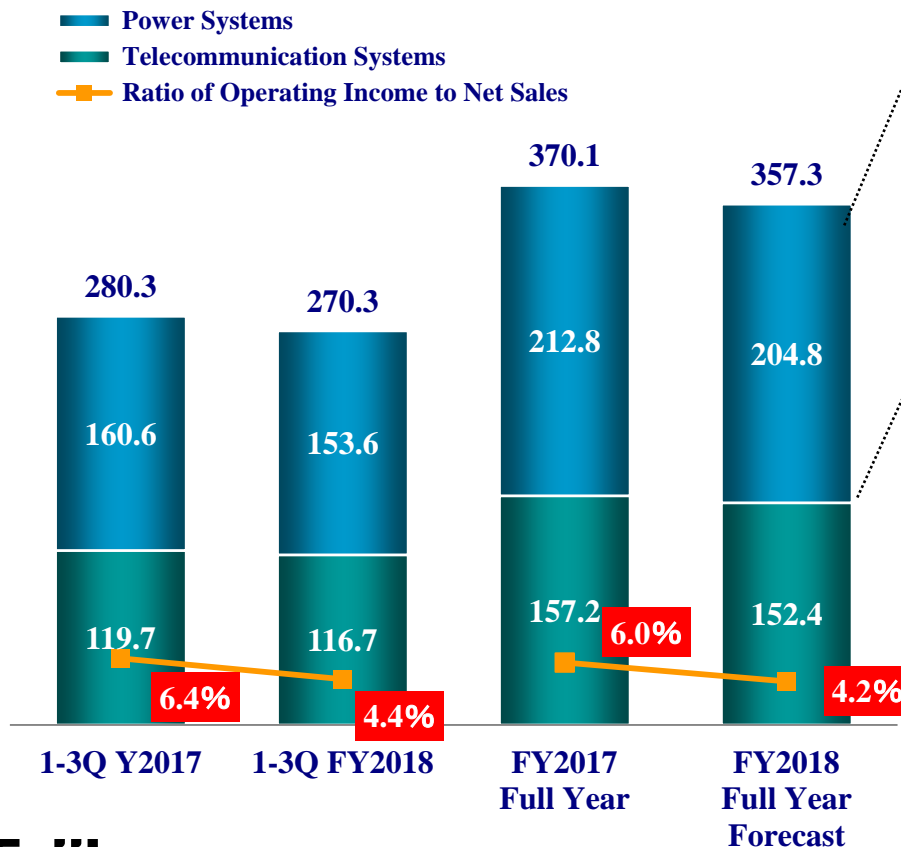
※Figures shown above for FY2017 have been restated to reflect part of the management system changes implemented.

# Power & Telecommunication Systems Company

- In 1-3Q FY2018, although copper price rose, net sales decreased due to the restructuring of the domestic electric wire sales company in FY2017. Operating income decreased on a YoY basis due to an intensified competition in the domestic and overseas market and an increase in the cost of Bangladesh overhead transmission line project.

(Unit: Yen in billion)

## Net sales and Ratio of Operating Income to Net Sales



## Power Systems

- In 1-3Q FY2018, although copper price rose, net sales decreased on a YoY basis due to the restructuring of the domestic electric wire sales company in FY2017.

## Telecommunication Systems

- In 1-3Q FY2018, although investment on optical fiber contributed to revenues, net sales decreased on a YoY basis due to a temporary leveling off in demand of data center market.

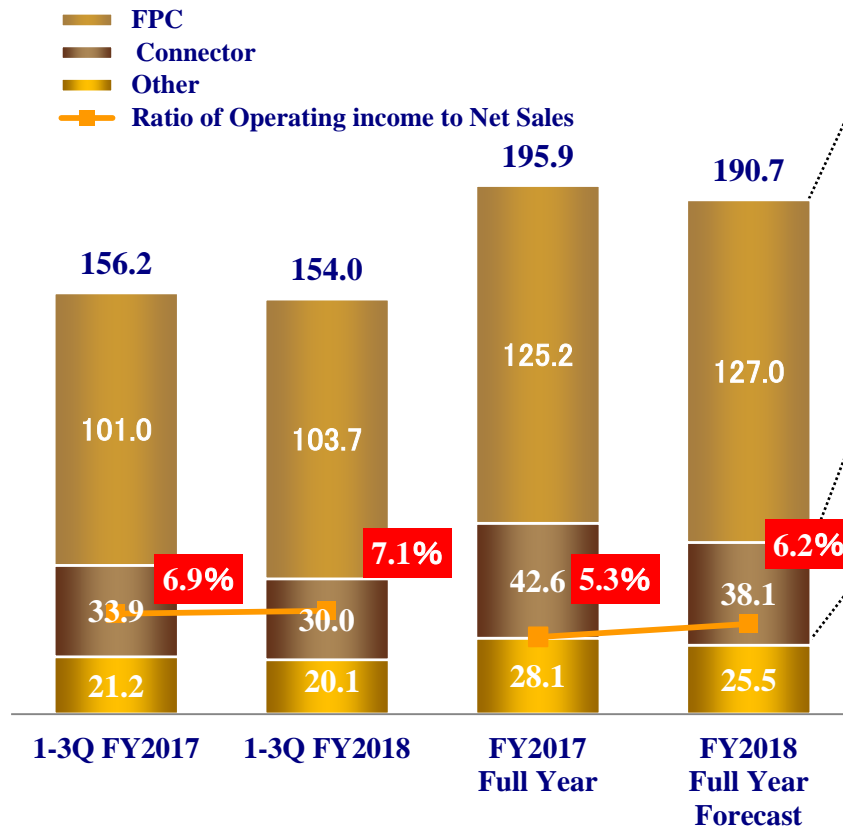
Comments on YoY basis

# Electronics Business Company

- In 1-3Q FY2018, both net sales and operating income remained unchanged on a YoY basis owing to cost reductions by actions such as yield improvement and automation despite a manufacturing difficulty increase mainly in FPC.

(Unit: Yen in billion)

## Net sales and Ratio of Operating Income to Net Sales



**FPC**

- In 1-3Q FY2018, net sales increased owing to strong demand in smartphone application on a YoY basis.

**Connector**

- In 1-3Q FY2018, net sales decreased due to the impact of changes in product mix on a YoY basis.

**Other**

- In 1-3Q FY2018, net sales remained unchanged on a YoY basis.

Comments on YoY basis

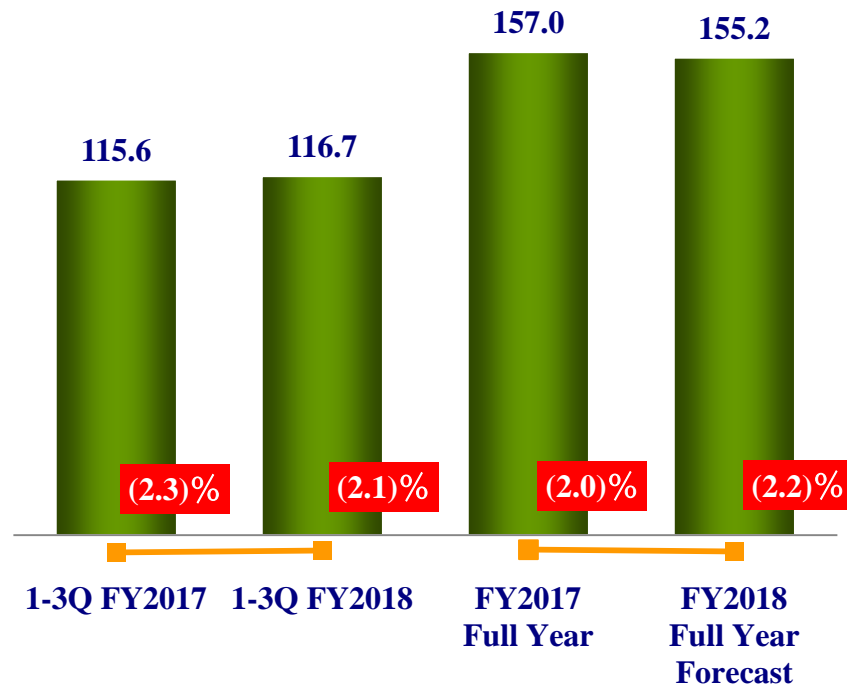
# Automotive Products Company

- In 1-3Q FY2018, although extraordinary costs against the increase in the turnover rate in Eastern European operations reduced, this business has been facing difficult circumstances due to the slowing down of automobile sales in the domestic and Chinese markets. We will continue to work on cost reduction.

(Unit: Yen in billion)

## Net sales and Ratio of Operating Income to Net Sales

— Ratio of Operating Income to Net sales



## Automotive Products

- In 1-3Q FY2018, although new car models were launched, net sales remained unchanged on a YoY basis due to the slowing down in the domestic and Chinese markets.

Comments on YoY basis



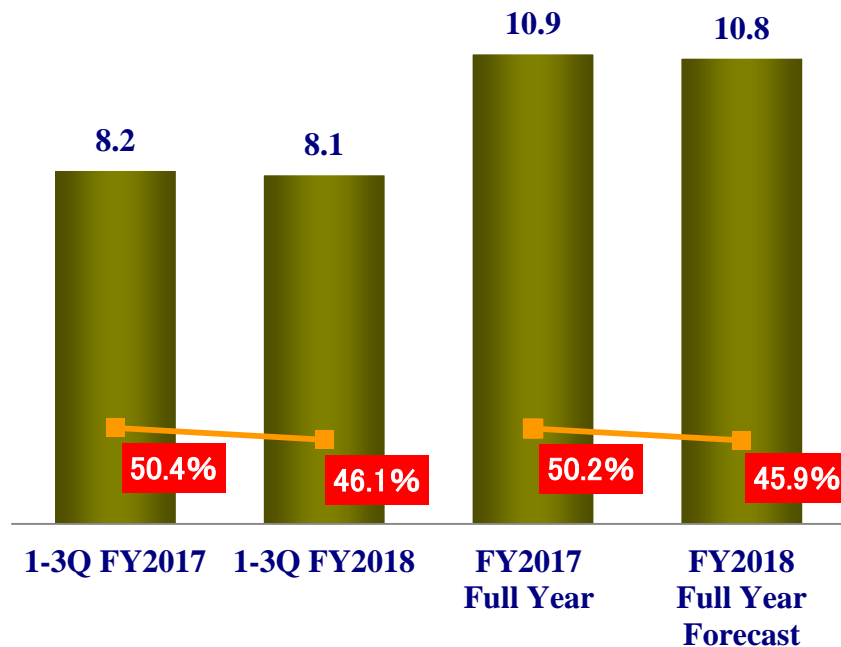
# Real Estate Business Company

■ 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.

# CAPEX and Depreciation Cost

(Unit: Yen in billion)

	FY2017		1-3Q FY2018	FY2018 Forecast (May 11)
	1-3Q	Full year		
<b>CAPEX</b>	<b>30.7</b>	<b>42.5</b>	<b>42.1</b>	<b>47.0</b>
(for manufacturing business)	29.9	40.1	41.2	45.0
(for real estate business)	0.8	2.4	0.9	2.0
<b>Depreciation Cost</b>	<b>20.3</b>	<b>26.8</b>	<b>23.3</b>	<b>33.0</b>
(for manufacturing business)	18.8	24.8	21.7	31.0
(for real estate business)	1.4	1.9	1.5	2.0

## 3. Shareholder Return

# Profit Return

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## ■ 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)

### ◆ FY2016 ~ FY2018 (Forecast) (Cumulative)

**Net Income            35.2 billion yen**

**Dividend Payout ratio    31%**



#### 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.

【3Q 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	3Q Results	4Q Forecast	1H Results	2H Forecast	Full Year Forecast
Power & Telecommunication Systems Company	Power Systems	50.4	51.3	58.7	52.2	101.8	111.0	212.8	50.1	50.9	52.4	51.2	101.1	103.6	204.8
	Telecommunication Systems	39.8	39.7	40.1	37.5	79.5	77.6	157.2	39.4	38.4	38.8	35.7	77.9	74.5	152.4
		90.3	91.0	98.9	89.8	181.4	188.7	370.1	89.6	89.4	91.2	86.9	179.0	178.2	357.3
Electronics Business Company	FPC	20.5	40.6	39.9	24.1	61.1	64.0	125.2	25.5	39.8	38.3	23.3	65.4	61.6	127.0
	Connector	8.2	12.7	12.9	8.7	20.9	21.7	42.6	8.3	11.0	10.6	8.0	19.4	18.7	38.1
	Other	7.3	7.1	6.7	6.8	14.4	13.6	28.1	6.7	7.2	6.1	5.3	13.9	11.5	25.5
	Electronics Business Company	36.0	60.4	59.7	39.7	96.4	99.4	195.9	40.6	58.1	55.1	36.7	98.8	91.9	190.7
	Automotive Products Company	36.1	37.2	42.2	41.4	73.3	83.6	157.0	43.3	34.4	39.0	38.4	77.7	77.4	155.2
	Real Estate Business Company	2.7	2.7	2.7	2.6	5.5	5.4	10.9	2.7	2.6	2.7	2.7	5.4	5.4	10.8
	Other	1.2	1.6	1.5	1.4	2.9	2.9	5.9	1.2	1.2	1.6	1.6	2.5	3.2	5.7
	Total	166.5	193.2	205.1	175.1	359.7	380.2	740.0	177.6	185.9	189.8	166.5	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	4.7	2.9	7.1	7.7	14.9
Electronics Business Company	1.3	4.5	4.9	(0.3)	5.8	4.5	10.4	0.9	5.7	4.1	0.8	6.7	4.9	11.7
Automotive Products Company	(1.2)	(1.6)	0.2	(0.5)	(2.8)	(0.2)	(3.1)	(0.2)	(1.9)	(0.1)	(0.9)	(2.1)	(1.1)	(3.3)
Real Estate Business Company	1.4	1.3	1.3	1.3	2.8	2.6	5.5	1.3	1.2	1.2	1.2	2.5	2.4	5.0
Other	(0.2)	(0.1)	(0.0)	(0.3)	(0.4)	(0.3)	(0.7)	0.0	(0.0)	(0.0)	(0.2)	0.0	(0.3)	(0.2)
Total	7.0	10.5	12.2	4.5	17.5	16.8	34.3	7.5	6.7	9.8	3.8	14.2	13.7	28.0

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

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