

1st. Half FY2019 Financial Results



October 31, 2019

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1. Review of 1H FY2019 Financial Results and FY2019 Forecasts

1H FY2019 Financial Results and FY2019 Forecasts

(Unit : Yen in billion)

	FY2018			FY2019			FY2019 (Forecasted on May 14)	
	1H	2H	Full Year	1H	2H Forecasts	FY2019 Forecasts	1H	Full year
Net Sales	363.6	347.1	710.7	343.4	336.5	680.0	340.0	690.0
Operating Income	14.2	13.4	27.6	5.7	9.7	15.5	13.0	28.0
Ratio of Operating Income to Net Sales(%)	3.9	3.9	3.9	1.7	2.9	2.3	3.8	4.1
Share of other comprehensive income of entities accounted for using equity method	0.4	0.8	1.2	0.8	0.9	1.7	0.6	1.2
Ordinary Income (Loss)	9.6	11.4	21.0	4.9	8.0	13.0	12.0	27.0
Net Income (Loss) Attributable to Owners of Parent	0.4	0.9	1.4	0.8	0.1	1.0	6.0	12.0
Net Income per Share (JPY)	1.59	3.50	5.09	2.85	0.78	3.54	21.03	42.06
Dividend per Share (JPY)	7.00	5.00	12.00	5.00	5.00	10.00	5.00	10.00
ROE (%)	0.4	—	0.7	0.8	—	0.5	—	5.4
Exchange Rate (USD/JPY)	110.27	111.62	110.93	108.61	105.00	105.00	105.00	105.00
CU Base ('000JPY/ton)	760	733	747	692	740	740	740	740

Review of 1H FY2019 Results

【YoY basis】

- **Operating profit and ordinary profit declined the impact of intensifying competition for optical products, especially in China, in the information and communications business division of Energy and Information and Communications Company, and stagnant demand for FPCs for smartphones in the electronics, connectors company.**
- **Net income attributable to owners of the parent remained at the same level as the previous year due to a decrease in ordinary losses despite a decrease in ordinary income.**

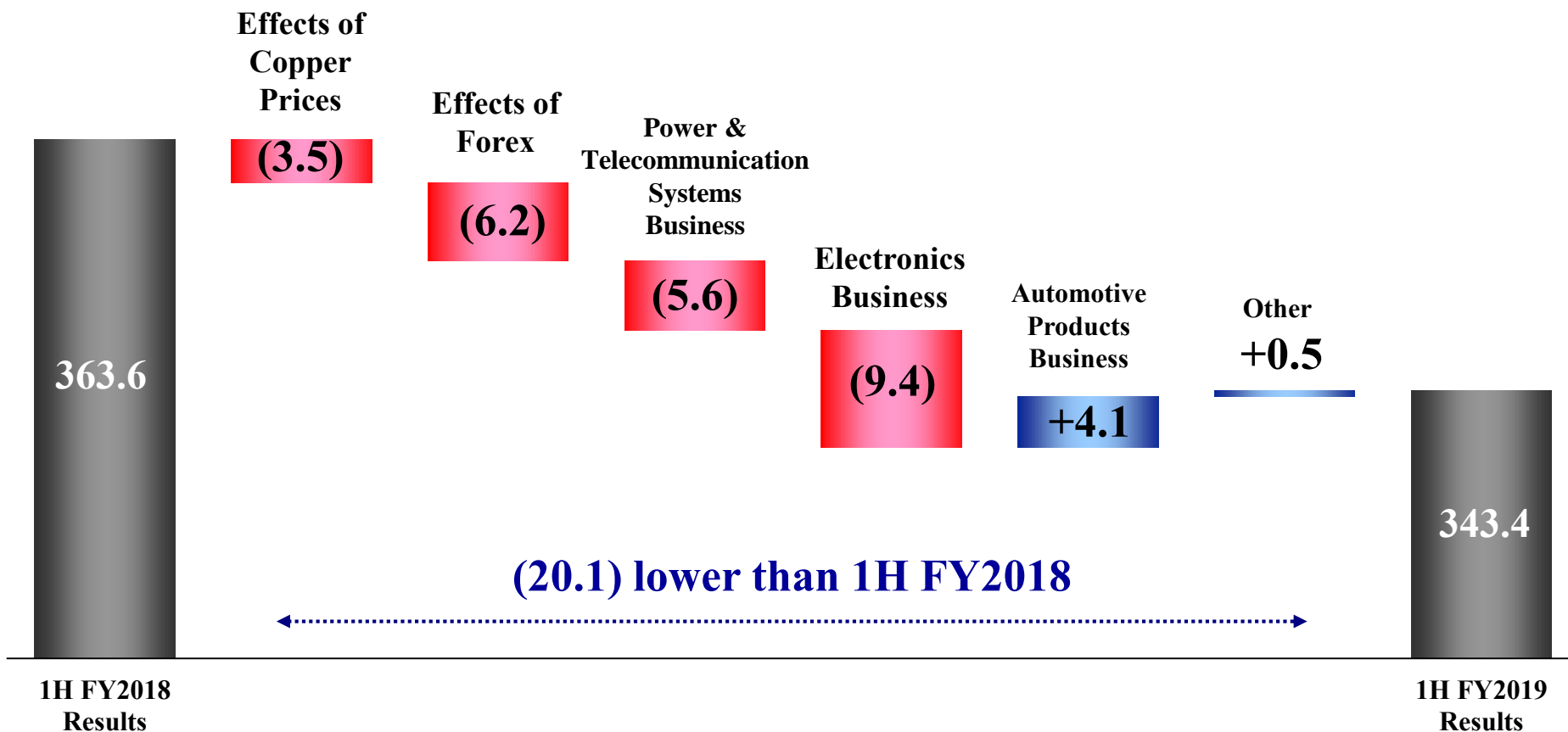
【Full Year Forecast】

- **Continuing from the 1H, intensification of competition for both optical-related products and FPCs is expected, and business structure improvement costs for profit improvement in Telecommunications and Automotive Segment will be recorded, sales, operating profit ordinary profit, attributable to parent company shareholders net profit is expected to decrease.**

1H FY2019 Contributing Factors to Net Sales Change (year-on-year basis)

Net Sales

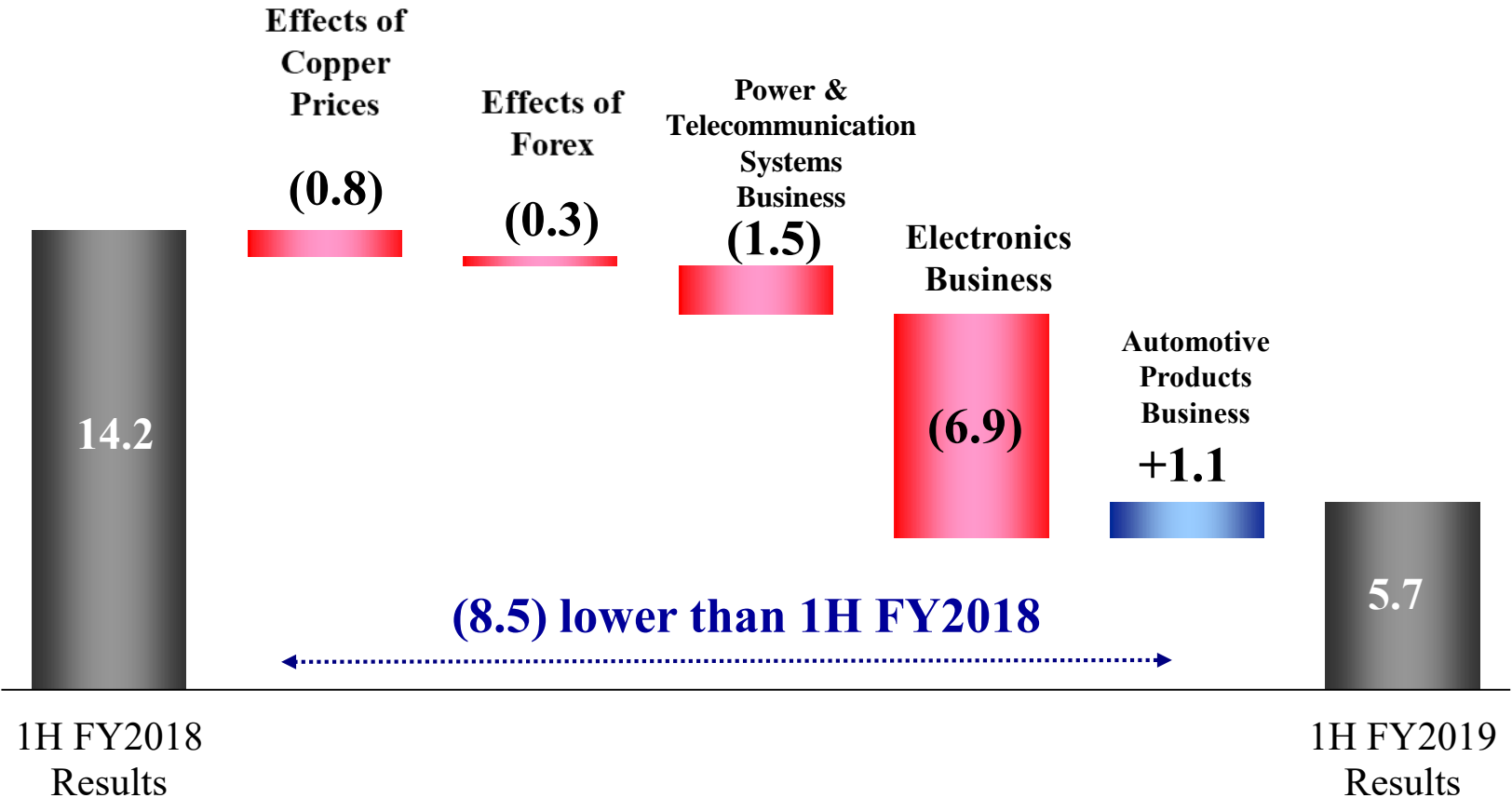
(Unit : Yen in billion)



1H FY2019 Contributing Factors to Operating Income Change (year-on-year basis)

Operating Income

(Unit : Yen in billion)



1H FY2019 Extraordinary Profit and Loss

(Unit: Yen in billion)

	FY2018			1H FY2019
	1H	2H	Full year	
Operating Income	14.2	13.4	27.6	5.7
Share of other comprehensive income of entities accounted for using equity method	0.4	0.8	1.2	0.8
Ordinary Income	9.6	11.4	21.0	4.9
Extraordinary Income	5.0	0.7	5.7	6.7
Extraordinary Loss	10.3	5.9	16.2	7.1
Income before Income Taxes and Minority Interests	4.3	6.1	10.5	4.6
Total Income Taxes	2.9	4.6	7.5	2.9
Net Income attributable to non-controlling interests	0.9	0.5	1.4	0.8
Net Income attributable to owners of parent	0.4	0.9	1.4	0.8

Extraordinary profit -0.4

- Gain on valuation and sale of investment shares +4.2
 - Loss related to Brazil -3.3
 - reversal of allowance +2.5
 - loss on valuation of shares -5.8
-
- Past service costs associated with the revision of the workers Protection Act in Thailand -0.8

Consolidated B/S (1)

(Unit: Yen in billion)

	As of March 31, 2019	As of Sep. 30, 2019	Change
〈Assets〉	638.3	649.2	+10.9
Current Assets	323.2	325.2	+1.9
Cash and Deposits	36.7	36.8	+0.0
Notes and Account Receivable	141.5	152.1	+10.5
Inventories	117.8	115.3	(2.4)
Fixed Assets	315.0	324.0	+9.0
Tangible Fixed Assets	231.5	231.4	(0.1)
Leased Assets	0.2	7.2	+6.9
Intangible Fixed Assets	11.7	14.1	+2.3
Sub Total	243.5	252.7	+9.1
Total Investments and Other Assets	71.5	71.3	(0.1)

Increased due to seasonal factors at Electronics

The effect of adoption IFRS16 Leased Assets +6.8 billion yen

Consolidated B/S (2)

(Unit: Yen in billion)

	As of March 31, 2018	As of Sep. 30, 2019	Change
Total	638.3	649.2	+10.9
(Treasury Stock)	((6.3))	((6.2))	(+0.0)
〈Liability〉	397.4	421.6	+24.2
Notes and Account Payable	64.9	72.3	+7.3
Interest-bearing Debt	253.5	273.6	+20.1
Leased Liability	0.2	6.2	+5.9
Other Liability	78.6	69.4	(9.1)
〈Net Equity〉	240.9	227.5	(13.3)
Shareholder's Equity	207.5	205.3	(2.2)
(Treasury Stock)	((6.3))	((6.2))	(+0.0)
Accumulated Other Comprehensive Income	9.0	2.5	(6.5)
Non-controlling Interests	24.2	19.7	(4.5)

Increased due to working capital and investments in affiliates

The effect of adoption IFRS16
Leased Liability
+5.8 billion yen

2. By Segment

Financial Results and Forecasts by Segment

(Unit: Yen in billion)

Net Sales					Operating Income and Ratio of Operating Income to Net Sales			
Segment	1H FY2018 Results	1H FY2019 Results	Change	2H FY2019 Forecast	1H FY2018 Results	1H FY2019 Results	Change	2H FY2019 Forecast
Power & Telecommunication Systems Company	179.0	167.4	(11.6)	173.3	7.1 4.0%	4.4 2.7%	(2.7) (1.4%)	6.9 4.0%
Electronics Business Subcompany	98.8	88.4	(10.3)	76.7	6.7 6.8%	(0.2) (0.3%)	(7.0) (7.1%)	0.9 1.3%
Automotive Products Subcompany	77.7	79.0	+1.2	78.0	(2.1) (2.8%)	(1.0) (1.3%)	+1.1 +1.5%	(0.4) (0.6%)
Electronic Products & Connector Company	176.5	167.4	(9.0)	154.7	4.5 2.6%	(1.2) (0.8%)	(5.8) (3.3%)	0.5 0.4%
Real Estate Business Company	5.4	5.6	+0.2	5.5	2.5 46.3%	2.7 48.9%	+0.2 +2.6%	2.5 44.8%
Other	2.5	2.8	+0.3	2.9	0.0	(0.1)	(0.1)	(0.1)
Total	363.6	343.4	(20.1)	336.5	14.2 3.9%	5.7 1.7%	(8.5) (2.2%)	9.7 2.9%

※ From FY 2019 the Automotive Electronics Business Subcompany has integrated with the old Electronics Business Subcompany to become Electronic Products & Connector Company.

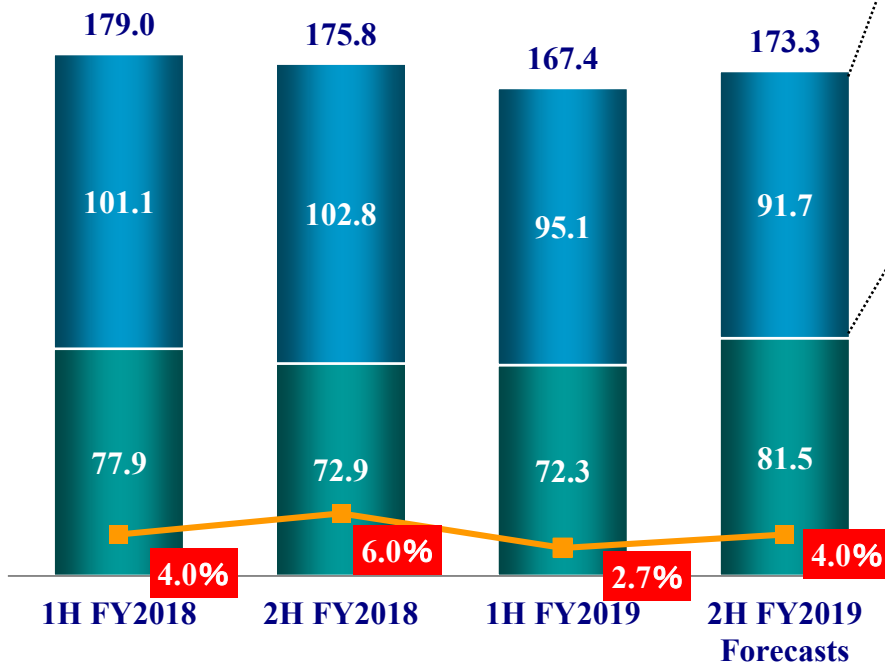
Power & Telecommunication Systems Company

- In 1H, Compared to the same period of the previous year, in the Power business, there was a deficit reduction due to a reaction to the increase in the costs of Bangladesh transmission line construction in FY2018, but in the Telecommunications business, there was an impact of intensifying competition for optical fiber in China. So Sales and operating profit decreased.
- For 2H, we expects a improvement of product mix although sales decrease.

(Unit: Yen in billion)

Net sales and Ratio of Operating Income to Net Sales

- Power Systems
- Telecommunication Systems
- Ratio of Operating Income to Net Sales



Power Systems

- 1H sales and operating profit decreased due to the impact of falling copper prices and the sale of a Chinese transmission line manufacturer.
- For 2H, sales are expected to decline due to the impact of the sale of a Chinese transmission line manufacturer in 19-1Q.

Telecommunication Systems

- 1H sales and operating profit decreased due to intensifying competition for optical fiber in China.
- For 2H, sales are expected to increase due to sales expansion of optical products and increase in overseas FTTx construction.

Comments Upper line : 1H results and Y o Y basis
Bottom line : 2H forecast and Comparison with 1H results

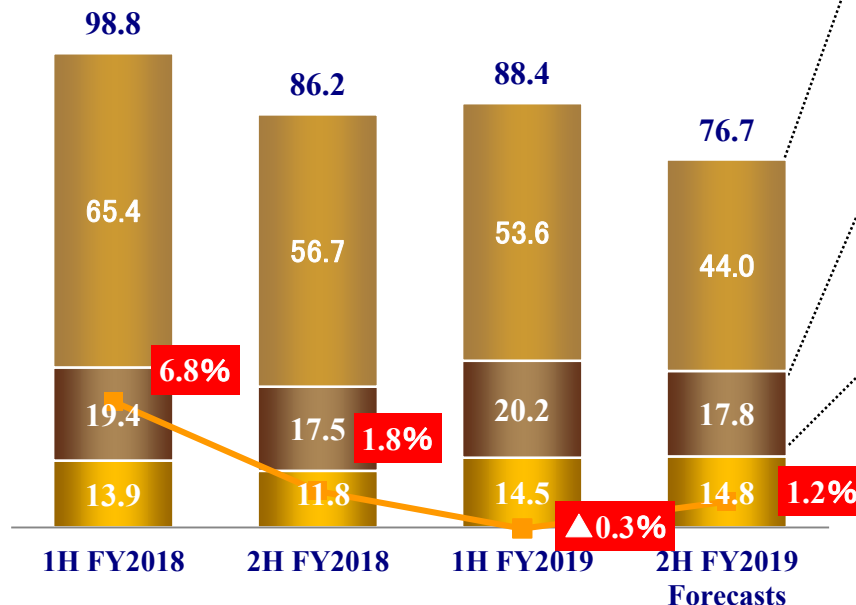
Electronics Business Subcompany

- Compared to the same period last year, FPC sales in the first half declined due to intensive price competition in smartphones market. Operating profit declined due to an increase in fixed costs associated with the decline in sales.
- In 2H, sales are expected to decline due to seasonal factors in smartphone products.

(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
<ul style="list-style-type: none"> ■ In 1H, net sales and operating profit decreased for smartphone applications due to intensive price competition on a YoY basis. ■ In 2H, net sales for smartphone application is projected to decrease owing to seasonality.
Connector
<ul style="list-style-type: none"> ■ Sales in 1H were the same as the previous year. ■ In 2H, net sales for smartphone application is projected to decrease owing to seasonality.
Other
<ul style="list-style-type: none"> ■ Sales in 1H were the same as the previous year. ■ In 2H, expect sales similar to 1H.

Comments Upper line : 1H results and Y o Y basis
Bottom line : 2H forecast and Comparison with 1H results

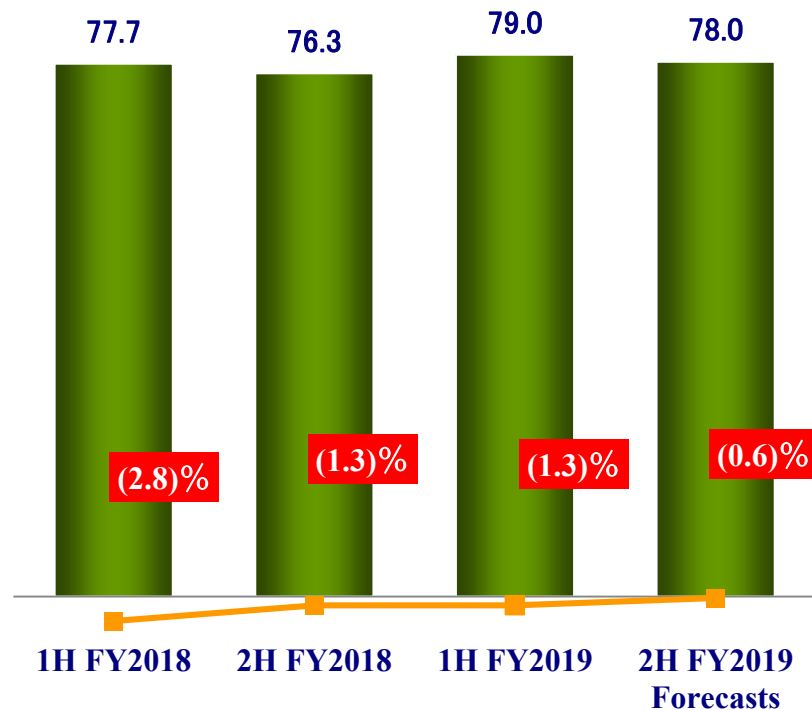
Automotive Products Subcompany

- Sales in 1H were almost the same as the previous year. Continue to improve productivity.
- In 2H, productivity is expected to improve mainly in Europe, and the deficit is expected to decrease.

(Unit: Yen in billion)

Net sales and Ratio of Operating Income to Net Sales

— Ratio of Operating Income to Net sales



Automotive Products

- Sales in 1H were almost the same as the previous year.
- In 2H, productivity is expected to improve mainly in Europe, and the deficit is expected to decrease.

Comments Upper line : 1H results and Y o Y basis
Bottom line : 2H forecast and Comparison with 1H results

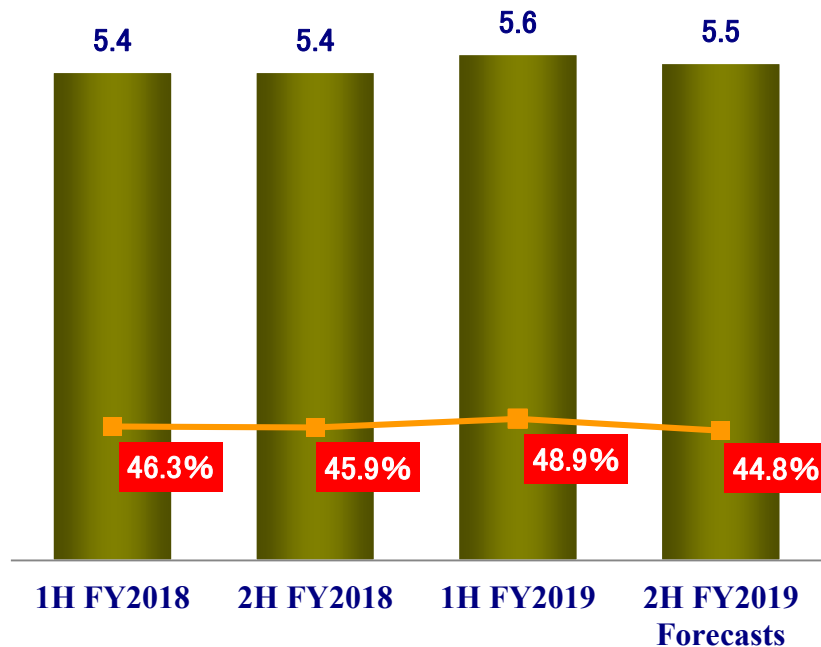
Real Estate Business Company

■ Revenues from leasing real estate properties continue to contribute to 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)

	FY2018		1H FY2019	FY2019 Forecasts (5.14)
	1H	Full year		
CAPEX	33.2	55.7	19.6	37.0
(for manufacturing business)	32.4	54.3	18.7	35.5
(for real estate business)	0.8	1.3	0.8	1.5
Depreciation Cost	15.4	31.5	17.7	37.0
(for manufacturing business)	14.4	29.4	16.7	35.0
(for real estate business)	1.0	2.0	0.9	2.0

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

(Unit: Yen in billion)

	FY2018			FY2019
	1H	2H	Full year	1H
Interest-bearing Debts	269.4	253.5	253.5	273.6
Net Financial Profit/Loss	(0.9)	(1.0)	(2.0)	(1.0)
Free Cash Flow	(18.8)	16.4	(2.3)	(18.3)

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

3. Shareholder Return

Profit Return

■ Basic Policy of 2020 Mid-term

Dividend payout ratio 20% or higher

■ FY2019 Forecasts

◆ Dividends 10.0 yen per share

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

FY2018 Result 12.0 yen per share

(Interim 7.0 yen per share, Year-end 5.0 yen per share)

(2.0yen of decrease compared with FY2018)

◆ FY2016-2019 forecast cumulative net income 33.7 billion yen

Payout ratio 38.9%

◆ Purchase of treasury stock (2H of FY2019, 10 mil shares/ 5.5bil yen)

FY2016-2019 forecast cumulative total return ratio 78.7%



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.