

# FY2015 Financial Results



Fujikura Ltd.

May 10, 2016

# **Contents**

**1.FY2015 Financial Results and FY2016 Forecasts**

**2.Information by Segment**

**3.Shareholder Return**

# **1. FY2015 Financial Results and FY2016 Forecasts**

# FY2015 Financial Results

(Unit: Yen in billion)

	FY2014	FY2015	FY2015-FY2014 Difference
Net Sales	661.5	678.5	17.0
Operating Income	25.0	32.6	7.5
Ratio of Operating Income to Net Sales (%)	3.8	4.8	1.0
Equity Method Income (Loss)	(0.3)	(2.9)	(2.6)
Ordinary Income (Loss)	21.0	24.6	3.6
Net Income (Loss) attributable to owners of parent	12.2	11.3	(0.9)
Net Income per Share (JPY)	37.93	36.98	(0.95)
Dividend per share (JPY)	7.00	8.00	1.00
Exchange Rate (JPY/USD)	109.76	120.16	—
CU Base ('000JPY/ton)	766	677	—

# Summary of FY2015 Business Results

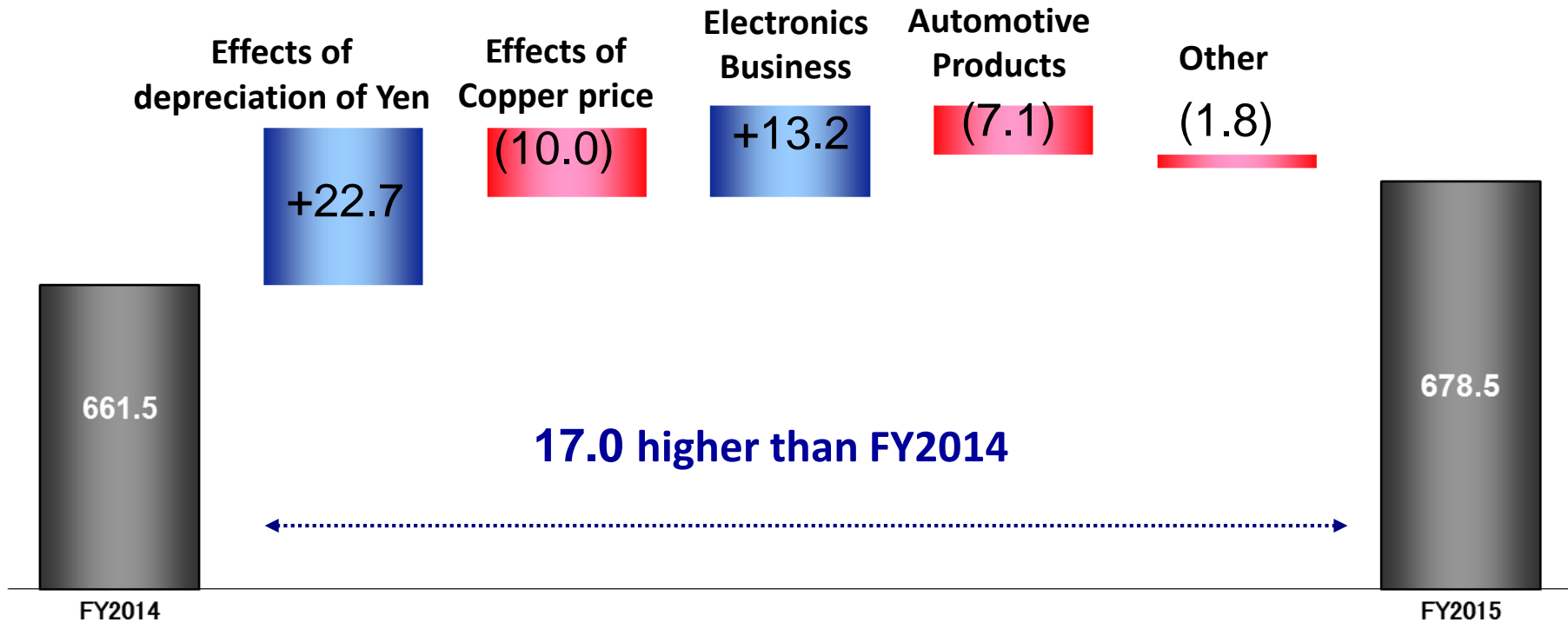
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- In FY2015, net sales increased on a YoY basis owing to effects of depreciation of yen and net sales growth of electronics business.
- Operating income and ordinary income increased on a YoY basis due to the effects of the depreciation of yen and net sales growth of electronics business.
- Net income decreased on a YoY basis due to posting a business structural reform cost in a extraordinary loss.

# FY2015 Net Sales by Factor (YoY basis)

## Net Sales

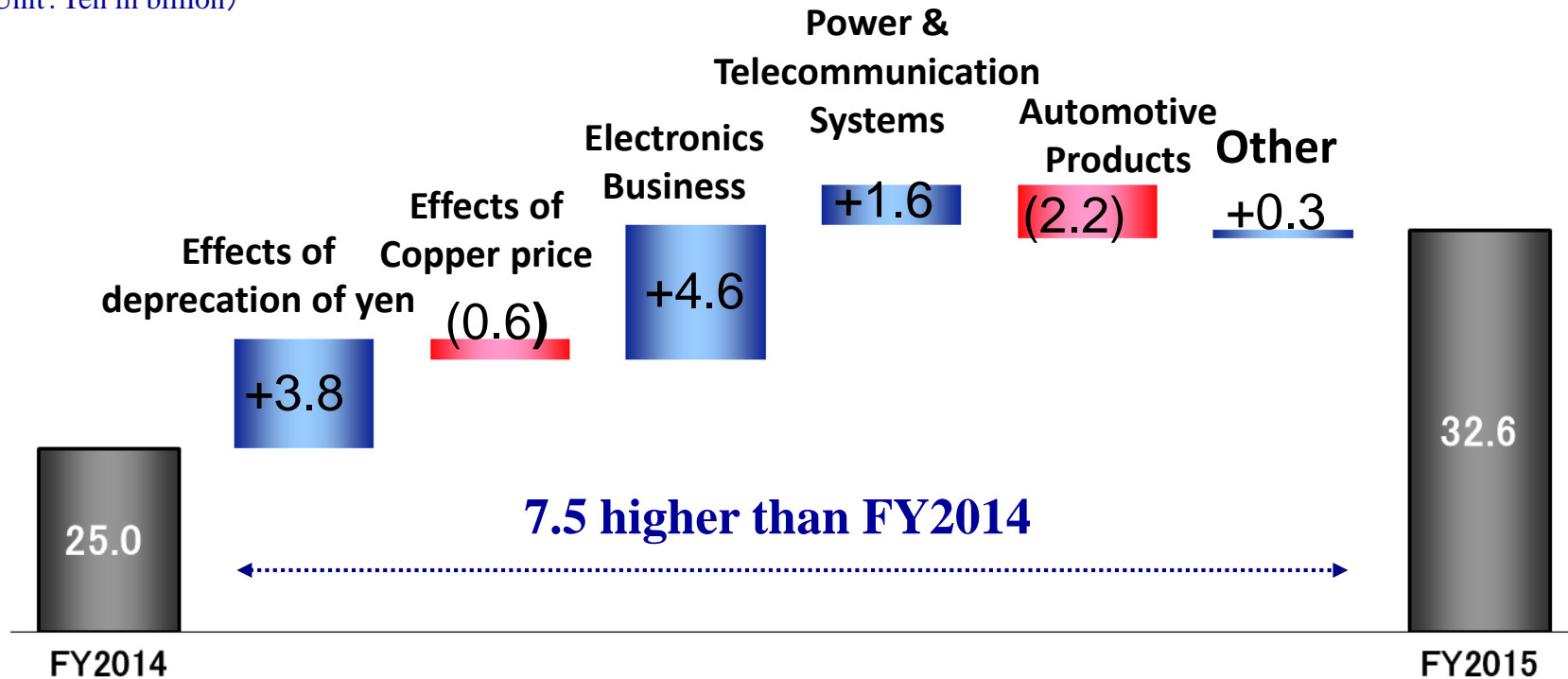
(Unit: Yen in billion)



# FY2014 Operating Income by Factor (YoY basis)

## Operating Income

(Unit: Yen in billion)



# FY2015 Extraordinary Profit and Loss

## Extraordinary Profit and Loss

(Unit: Yen in billion)

	FY2014	FY2015
<b>Operating Income</b>	<b>25.0</b>	<b>32.6</b>
<b>Equity Method Income</b>	<b>(0.3)</b>	<b>(2.9)</b>
<b>Ordinary Income</b>	<b>21.0</b>	<b>24.6</b>
<b>Extraordinary Gains</b>	<b>2.2</b>	<b>2.7</b>
<b>Extraordinary Losses</b>	<b>3.0</b>	<b>10.1</b>
<b>Income before Income Taxes and Minority Interests</b>	<b>20.2</b>	<b>17.1</b>
<b>Total Income Taxes</b>	<b>6.9</b>	<b>4.6</b>
<b>Net Income attributable to non-controlling interests</b>	<b>1.1</b>	<b>1.2</b>
<b>Net Income attributable to owners of parent</b>	<b>12.2</b>	<b>11.3</b>

Viscas loss of entities accounted for using equity method 4.4 billion yen

Business structural reform costs by Viscas joint venture reorganization 6.3 billion yen



# Consolidated B/S (1)

(Unit: Yen in billion)

	As of March 31, 2015	As of March 31, 2016	Difference
<b>〈Assets〉</b>	<b>577.5</b>	<b>552.6</b>	<b>(24.8)</b>
<b>Current Assets</b>	<b>294.6</b>	<b>282.4</b>	<b>(12.2)</b>
<b>Cash and Deposits</b>	<b>35.7</b>	<b>34.9</b>	<b>(0.7)</b>
<b>Notes and Account     Receivable</b>	<b>157.0</b>	<b>143.8</b>	<b>(13.1)</b>
<b>Inventories</b>	<b>78.5</b>	<b>79.2</b>	<b>+0.7</b>
<b>Fixed assets</b>	<b>282.8</b>	<b>270.2</b>	<b>(12.6)</b>
<b>Tangible Fixed     Assets</b>	<b>185.9</b>	<b>179.9</b>	<b>(5.9)</b>
<b>Intangible Fixed     Assets</b>	<b>14.4</b>	<b>21.2</b>	<b>+6.8</b>
<b>Sub Total</b>	<b>200.3</b>	<b>201.2</b>	<b>+0.8</b>
<b>Total Investments and Other Assets</b>	<b>82.5</b>	<b>68.9</b>	<b>(13.5)</b>

Effects of exchange rates  
-23.5 billion yen  
Effects of strong yen and depreciation  
of currencies of emerging countries

	March 2015	March 2016
TB	3.69	3.20
Yuan	19.35	17.41
Dollar	120.15	112.62

Effects of exchange rates and  
drop of copper price

Mainly effects of exchange rates  
Capital investment 31.9 billion yen  
Depreciation cost 26.6 billion yen

Increase of goodwill by acquiring an  
optical components manufacturing  
and sales company

Revaluation of securities	-7.8
Assets by employee retirement benefit	-5.4

# Consolidated B/S (2)

(Unit: Yen in billion)

	As of March 31, 2015	As of March 31, 2016	Difference
<b>Total</b>	<b>577.5</b>	<b>552.6</b>	<b>(24.8)</b>
<b>(Treasury Stock)</b>	<b>((19.7))</b>	<b>((25.3))</b>	<b>((5.5))</b>
<b>〈Liability〉</b>	<b>343.0</b>	<b>334.6</b>	<b>(8.3)</b>
<b>Notes and Account Payable</b>	<b>78.6</b>	<b>73.7</b>	<b>(4.9)</b>
<b>Interest-bearing Debt</b>	<b>205.1</b>	<b>199.6</b>	<b>(5.4)</b>
<b>Other Current Liability</b>	<b>37.0</b>	<b>37.9</b>	<b>+0.8</b>
<b>〈Net Cash〉</b>	<b>234.5</b>	<b>217.9</b>	<b>(16.5)</b>
<b>Shareholder's Equity</b>	<b>187.8</b>	<b>193.6</b>	<b>+5.7</b>
<b>(Treasury Stock)</b>	<b>((19.7))</b>	<b>((25.3))</b>	<b>((5.5))</b>
<b>Accumulated other comprehensive income</b>	<b>30.6</b>	<b>4.9</b>	<b>(25.7)</b>
<b>Non-controlling interests</b>	<b>15.9</b>	<b>19.4</b>	<b>+3.4</b>

Treasury stocks as of the end of March, 2016 61 million shares

Decrease of foreign currency translation adjustment -16.0 bn yen  
Valuation difference on available for sales securities -5.4 bn yen  
Total cumulative amount of adjustment regarding employee retirement benefit -4.1 bn yen

# FY2016 Forecasts

(Unit: Yen in billion)

	FY2015	FY2016 First Half (Forecasts)	FY2016 (Forecasts)	Difference
Net Sales	678.5	330.0	690.0	11.5
Operating Income	32.6	12.0	28.0	(4.6)
Ratio of Operating Income to Net Sales (%)	4.8	3.6	4.1	▲0.7
Equity Method Income (Loss)	(2.9)	(0.4)	1.1	4.0
Ordinary Income (Loss)	24.6	10.5	25.0	0.4
Net Income (Loss) attributable to owners of parent	11.3	5.0	15.0	3.7
Net Income per Share (JPY)	36.98	16.69	50.07	13.09
Dividend per share (JPY)	8.00	5.00	10.00	—
Exchange Rate (JPY/USD)	120.16	110.0	110.0	—
CU Base ('000JPY/ton)	677	550	550	—

# FY2016 Forecasts

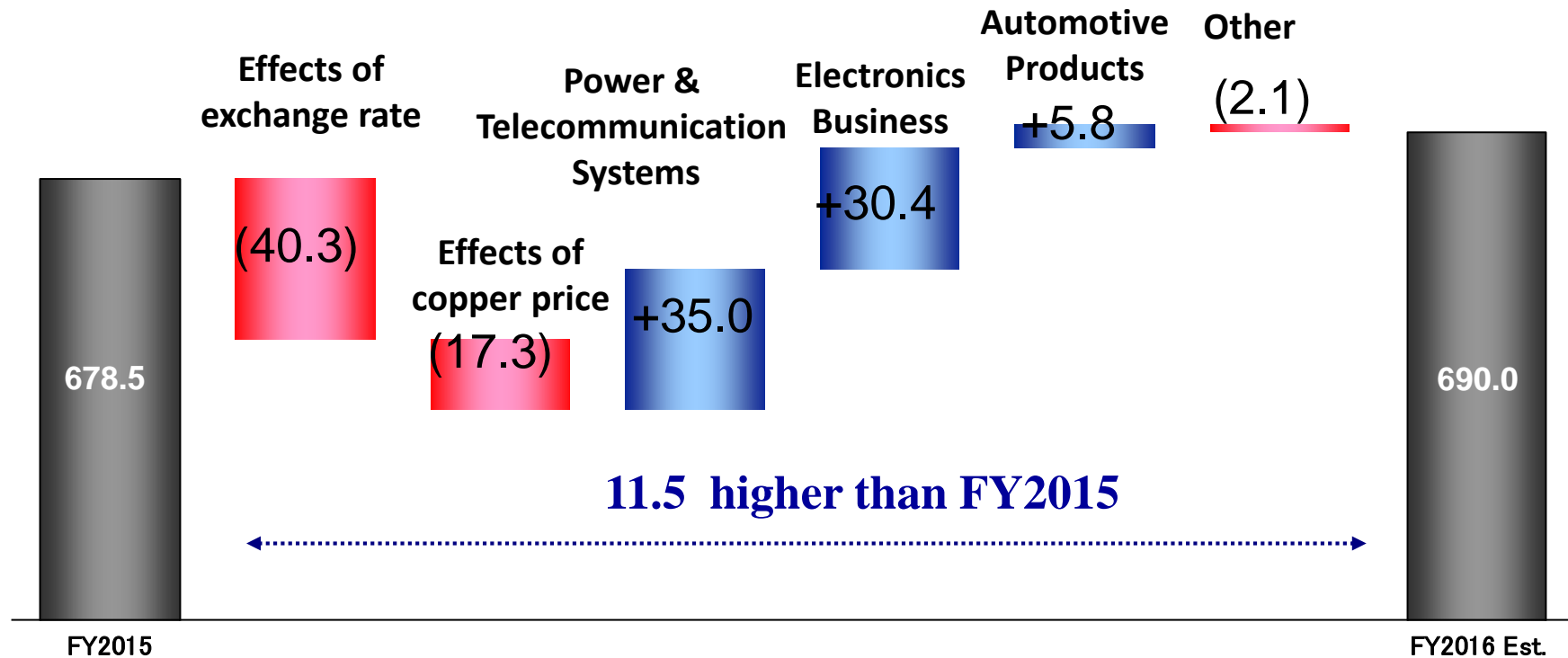
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- **Net sales is expected to be 690 billion yen that is 11.5 billion higher than that of the previous fiscal year owing to the increase of net sales of Electronics Business including FPC and other factors.**
- **Regarding incomes, operating income is expected to be 28 billion yen due to the effect of exchange rates. Ordinary income is to be 25 billion yen owing to the decrease of non-operating expense. Net income is expected to be 15 billion yen because of the decrease of extraordinary loss of the business structural reform costs which was posted in the previous fiscal year.**

# Net Sales by Factor (YoY basis) FY2015 Results vs. FY2016 Forecasts

## Net Sales

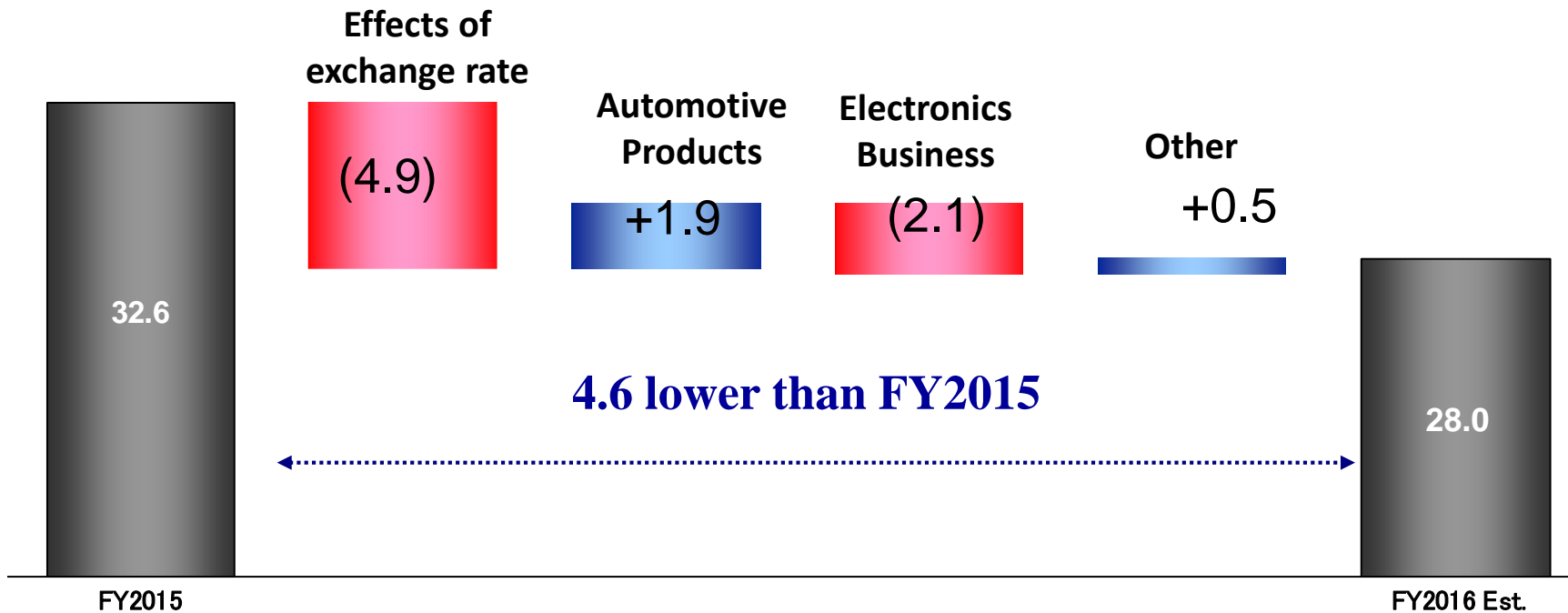
(Unit: Yen in billion)



# Operating Income by Factor (YoY basis) FY2015 Results vs. FY2016 Forecasts

## Operating Income

(Unit: Yen in billion)



## 2. By Segment

# Financial Records and Forecasts by Segment

(Unit: Yen in billion)

Net Sales					Operating Income & Ratio of Operating Income to Net Sales			
Segment	FY2014	FY2015	1st Half 2016 Forecasts	FY2016 Forecasts	FY2014	FY2015	1st Half 2016 Forecasts	FY2016 Forecasts
<b>Power &amp; Telecommunication System Company</b>	<b>366.2</b>	<b>364.1</b>	<b>176.2</b>	<b>363.3</b>	<b>11.7</b>	<b>15.7</b>	<b>5.4</b>	<b>12.4</b>
					<b>3.2%</b>	<b>4.3%</b>	<b>3.1%</b>	<b>3.4%</b>
<b>Electronics Business Company</b>	<b>140.4</b>	<b>161.2</b>	<b>82.8</b>	<b>180.1</b>	<b>6.9</b>	<b>12.1</b>	<b>3.2</b>	<b>9.0</b>
					<b>5.0%</b>	<b>7.5%</b>	<b>3.9%</b>	<b>5.0%</b>
<b>Automotive Products Company</b>	<b>139.2</b>	<b>135.9</b>	<b>63.9</b>	<b>131.4</b>	<b>4.3</b>	<b>2.4</b>	<b>1.7</b>	<b>3.8</b>
					<b>3.1%</b>	<b>1.7%</b>	<b>2.6%</b>	<b>2.9%</b>
<b>Real Estate Business Company</b>	<b>10.6</b>	<b>10.7</b>	<b>5.0</b>	<b>10.1</b>	<b>5.1</b>	<b>5.4</b>	<b>2.5</b>	<b>4.3</b>
					<b>47.9%</b>	<b>50.4%</b>	<b>49.5%</b>	<b>42.5%</b>
<b>Other</b>	<b>4.8</b>	<b>6.6</b>	<b>2.0</b>	<b>5.2</b>	<b>(3.0)</b>	<b>(2.9)</b>	<b>(0.9)</b>	<b>(1.5)</b>
<b>Total</b>	<b>661.5</b>	<b>678.5</b>	<b>330.0</b>	<b>690.0</b>	<b>25.0</b>	<b>32.6</b>	<b>12.0</b>	<b>28.0</b>
					<b>3.8%</b>	<b>4.8%</b>	<b>3.6%</b>	<b>4.1%</b>

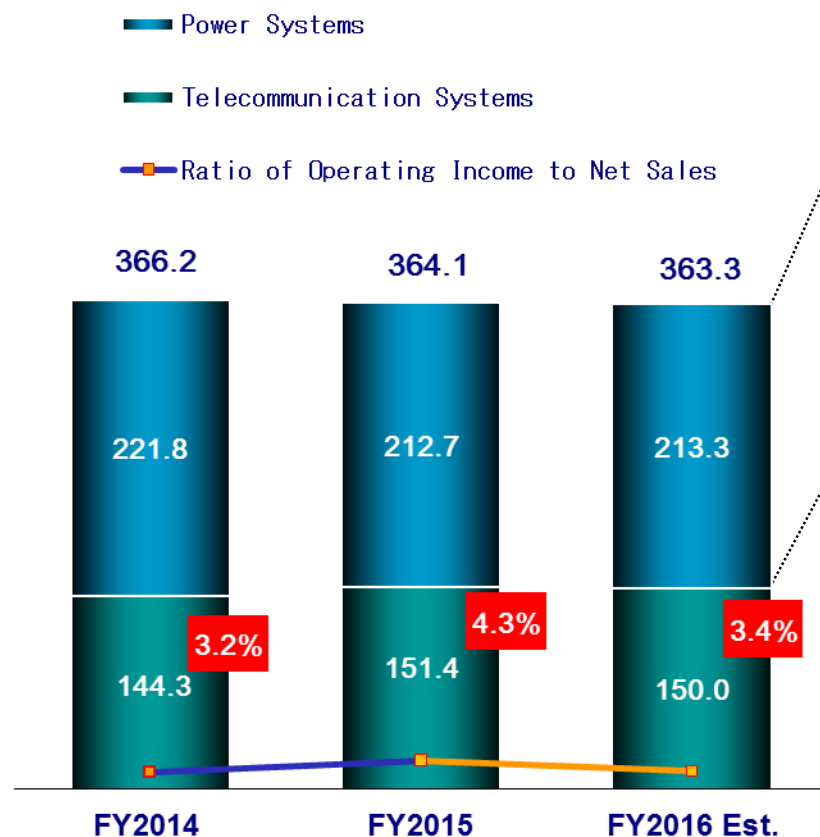


# Power & Telecommunication Systems Company

- In FY2015, net sales remained the same level due to the depreciation of yen, although there were effects of drop of copper price. However, operating income increased owing to depreciation of yen and strong demand in both domestic and overseas markets.
- In FY2016, net sales is expected to remain unchanged owing to the effects of the reorganization of the domestic infrastructure business although there will be the effects of the drop of copper price. Operating income is expected to decrease due to the effects of the appreciation of yen.

(Unit: Yen in billion)

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



## Power Systems

- In FY2015, net sales decreased due to the effects of the drop of copper price.
- In FY2016, net sales is expected to remain unchanged owing to the effects of the reorganization of the domestic infrastructure business (Viscas and Fujikura Dia Cable) although there will be effects of the drop in price of copper.

## Telecommunication Systems

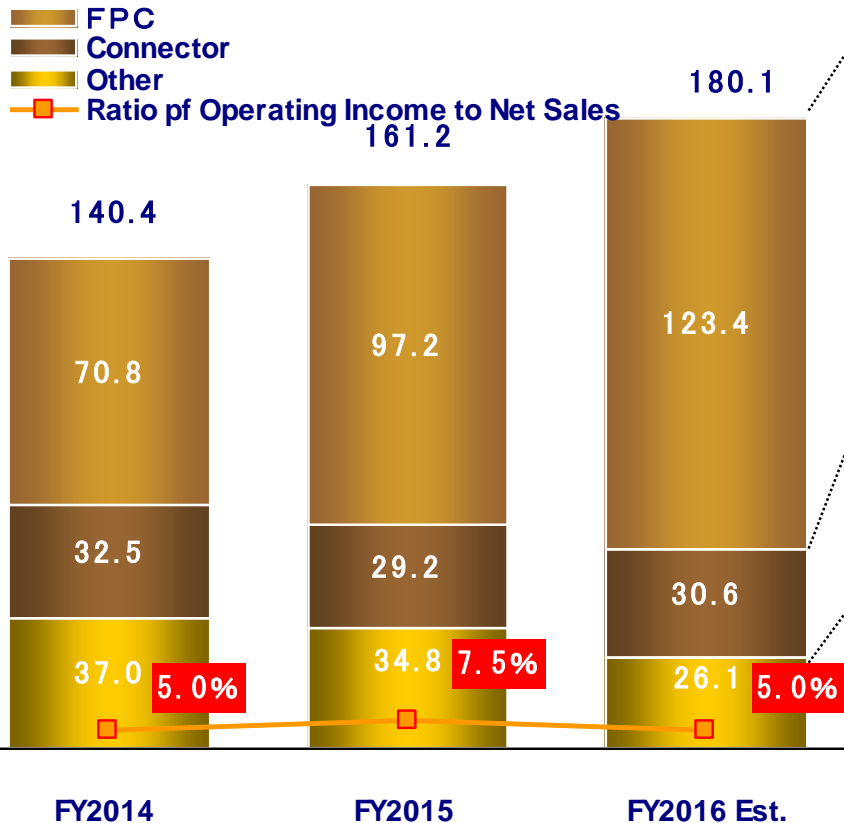
- In FY2015, net sales increased because of the effects of exchange rates.
- In FY2016, net sales is expected to remain unchanged due to the effects of the exchange rates although there will be strong demand in overseas markets.

# Electronics Business Company

- In FY2015, both net sales and operating income drastically increased on a YoY bases owing to FPC.
- In 2016, net sales will be expected to increase centering on FPC, but operating income is expected to decrease due to the intensive competition and the effects of exchange rates.

(Unit: Yen in billion)

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



### FPC

- In FY2015, net sales drastically increased owing to products for smart phones and others.
- In FY2016, net sales is expected to increase.

### Connector

- In FY2015, net sales decreased due to products for smartphone bases and industrial machines.
- In FY2016, net sales is expected to increase owing to products for smartphones.

### その他

- In FY2015, net sales of HDD decreased by the effects of consolidation of suppliers of our major customer.
- In FY2016, net sales of electronic wire is expected to decrease due to the change of specification of our customer. Net sales of HDD is expected to decrease due to the shrink of computer market.

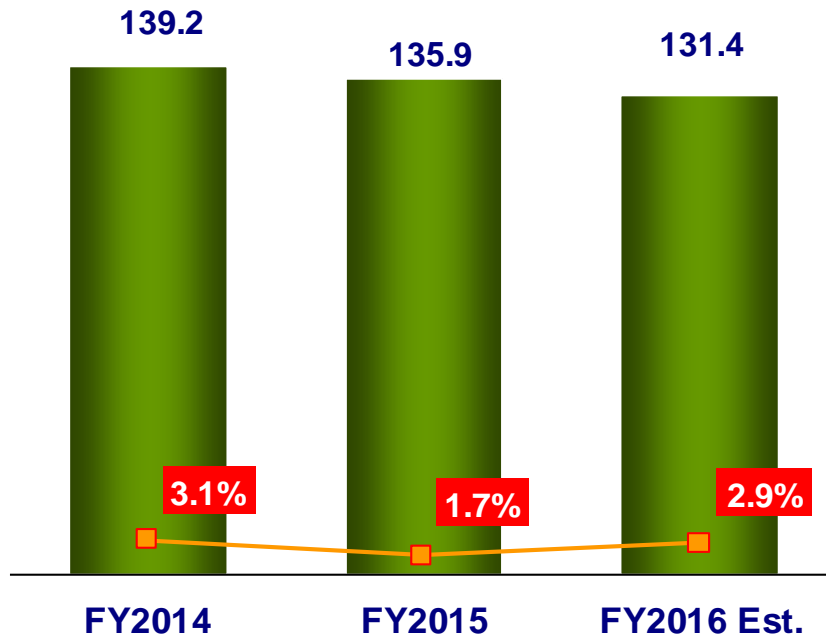
# Automotive Products Company

- In FY2015, net sales decreased due to the effects of a decreased production by Chinese customers. Operating income decreased because of the effects of a decreased production of Chinese customer and increase of production costs in European sites.
- In FY2016, net sales is expected to increase by launching new models if the effects of exchange rates are excluded in European and Latin American regions. Operating income is expected to increase owing to an improvement in production costs.

(Unit: Yen in billion)

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

—■— Ratio of Operating Income to Net Sales



## Automotive Products

- In FY2015, net sales decreased due to the effects of a decreased production of Chinese customer.
- In FY2016, net sales in Latin American region is expected to increase by launching new models.

# Real Estate Business Company

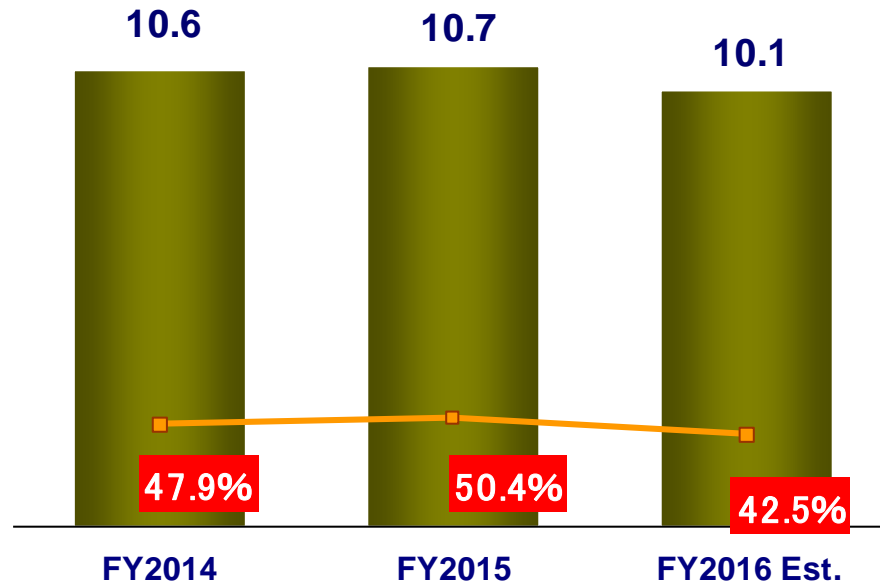
- Revenues of leasing real estate properties continue to contribute to operating income.
- In FY2016, operating income is expected to decrease due to the change of rent and a temporary cost to acquire real estate.

(Unit: Yen in billion)

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

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— Ratio of Operating Income to Net Sales



- Stable rental revenues are continuously expected.

# CAPEX and Depreciation Cost

(Unit: Yen in billion)

	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016 Est.</b>
<b>CAPEX</b>	<b>24.6</b>	<b>31.9</b>	<b>47.0</b>
(for manufacturing business)	<b>24.4</b>	<b>31.3</b>	<b>38.0</b>
(for real estate business)	<b>0.1</b>	<b>0.6</b>	<b>9.0</b>
<b>Depreciation Cost</b>	<b>28.2</b>	<b>26.6</b>	<b>30.0</b>
(for manufacturing business)	<b>26.2</b>	<b>24.8</b>	<b>28.0</b>
(for real estate business)	<b>1.9</b>	<b>1.7</b>	<b>2.0</b>

**Note: The above figures include leasing costs.**

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

(Unit: Yen in billion)

	FY2014			FY2015		
	1st Half	2nd Half	Fiscal Year	1st Half	2nd Half	Fiscal Year
<b>Interest-bearing Debts</b>	<b>198.3</b>	<b>205.1</b>	<b>205.1</b>	<b>197.2</b>	<b>199.6</b>	<b>199.6</b>
<b>Net Financial Profit/Loss</b>	<b>(0.8)</b>	<b>(0.8)</b>	<b>(1.6)</b>	<b>(0.8)</b>	<b>(0.5)</b>	<b>(1.3)</b>
<b>Free Cash Flow</b>	<b>(11.0)</b>	<b>8.6</b>	<b>(2.4)</b>	<b>7.6</b>	<b>6.2</b>	<b>13.8</b>

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

## 3. Shareholder Return

# Profit Return

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■ **Basic Policy of FY2015 Mid-term**    **Total return ratio 30% or higher**

■ **FY2015 forecasts**

◆ **Dividends 8.0 yen per share**

(Interim 4.0 yen per share, Year-end 4.0 yen per share, 2.4 billion yen)

FY2014 7.0 yen per share ( Interim 3.5 yen per share , Year-end 3.5 per share)

(1.0 yen of increase compared with FY2014)

◆ **Repurchase of own shares 9.6 million shares/ 5.5 billion yen**

<b>Dividend payout ratio in FY2015</b>	<b>21.6%</b>
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<b>Total return ratio in FY2015</b>	<b>70.8%</b>
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# Profit Return

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■ **Basic Policy of FY2020 Mid-term**    **Total return 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, 3.0 billion yen)

(2.0 yen of increase compared with FY2015)

■ **Retirement of treasury stocks**

◆ **Total shares repurchased from FY2012 to FY2015**

**61million shares/25.3 billion yen**

◆ **Shares repurchased in April, 2016**

**4 million shares/2.2 billion yen**

**Regarding 65 million shares of treasury stocks repurchased, their retirement was approved at the Board of Directors today.**

<b>Dividend payout ratio in FY2016</b>	<b>20%</b>
<b>Total return ratio in FY2016</b>	<b>35%</b>



*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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【FY2015 Appendix】

Net Sales and Operating Income by Segment

Net Sales records and estimations by segment

Unit: Yen in billion

		FY2014							FY2015							FY2016 Est		
		1Q	2Q	3Q	4Q	1H	2H	Full Year	1Q	2Q	3Q	4Q	1H	2H	Full Year	1H	2H	Full Year
Power & Telecommunication	Power Systems	52.9	56.6	58.6	53.7	109.5	112.3	221.8	52.8	54.3	54.7	50.9	107.1	105.6	212.7	102.4	110.9	213.3
	Telecommunication Systems	33.0	33.6	37.7	40.0	66.6	77.7	144.3	39.1	38.4	38.2	35.7	77.5	73.9	151.4	73.8	76.2	150.0
Power & Telecommunication		85.8	90.4	96.4	93.7	176.1	190.1	366.2	91.9	92.7	93.0	86.5	184.6	179.5	364.1	176.2	187.1	363.3
Electronics Business Company	FPC	10.8	17.3	23.2	19.5	28.1	42.7	70.8	19.9	29.5	30.2	17.6	49.4	47.8	97.2	54.9	68.4	123.4
	Connector	7.1	8.1	9.8	7.5	15.2	17.3	32.5	7.8	8.1	7.8	5.5	15.9	13.3	29.2	14.3	16.3	30.6
	Others	10.0	8.9	9.0	9.1	18.9	18.1	37.0	9.8	9.6	8.2	7.2	19.4	15.4	34.8	13.6	12.5	26.1
Electronics Business Company		27.9	34.3	42.0	36.0	62.2	78.1	140.4	37.6	47.2	46.1	30.3	84.8	76.4	161.2	82.8	97.2	180.1
Automotive Products Company		34.6	32.1	36.9	35.5	66.7	72.5	139.2	34.4	32.8	35.5	33.2	67.2	68.7	135.9	63.9	67.5	131.4
Real Estate Company		2.6	2.8	2.6	2.6	5.4	5.2	10.6	2.7	2.7	2.6	2.7	5.4	5.3	10.7	5.0	5.1	10.1
Others		1.0	1.2	1.0	1.5	2.3	2.5	4.8	1.6	1.5	1.4	2.1	3.1	3.5	6.6	2.0	3.2	5.2
Total		152.1	160.7	179.1	169.6	312.8	348.7	661.5	168.4	176.8	178.7	154.6	345.2	333.3	678.5	330.0	360.0	690.0

Operating Income records and estimations by segment

Power & Telecommunication	3.3	2.4	3.3	2.7	5.7	6.0	11.7	4.4	4.0	3.8	3.5	8.4	7.3	15.7	5.4	6.9	12.4
Electronics Business Company	0.0	1.4	3.4	1.9	1.5	5.4	6.9	2.1	4.8	4.9	0.3	6.9	5.2	12.1	3.2	5.7	9.0
Automotive Products Company	1.5	0.3	1.9	0.4	1.8	2.4	4.3	0.7	(0.2)	0.6	1.3	0.5	1.9	2.4	1.7	2.1	3.8
Real Estate Company	1.3	1.3	1.2	1.2	2.7	2.4	5.1	1.3	1.4	1.4	1.3	2.7	2.7	5.4	2.5	1.8	4.3
Others	(0.5)	(0.6)	(0.9)	(1.0)	(1.1)	(1.9)	(3.0)	(0.8)	(0.8)	(0.7)	(0.6)	(1.6)	(1.3)	(2.9)	(0.9)	(0.6)	(1.5)
Total	5.7	4.9	9.0	5.4	10.6	14.4	25.0	7.8	9.2	9.9	5.7	17.0	15.6	32.6	12.0	16.0	28.0

Fujikura Ltd.