

# FY2016 1Q Financial Results



Fujikura Ltd.

July 28, 2016

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# 1. FY2016 1Q Financial Results

# FY2016 1Q Financial Results

(Unit: Billion JPY)

	FY2015			FY2016		FY2016 (Released on May, 10)	
	1Q	1H	FY2015	1Q	1H Achievement Ratio	1H	FY2016
Net Sales	168.4	345.2	678.5	145.6	44%	330.0	690.0
Operating Income	7.8	17.0	32.6	5.6	47%	12.0	28.0
Ratio of Operating Income to Net Sales (%)	4.7	4.9	4.8	3.9		3.6	4.1
Equity Method Income (Loss)	(0.0)	(0.2)	(2.9)	0.0		0.4	1.1
Ordinary Income (Loss)	7.1	14.2	24.6	4.5	43%	10.5	25.0
Net Income (Loss) attributable to owners of parent	3.9	8.5	11.3	(0.1)		5.0	15.0
Net Income per Share (JPY)	12.77	27.77	36.98	(0.38)		16.93	50.80
Dividend per share (JPY)	—	4.00	8.00	—		5.00	10.00
Exchange Rate (JPY/USD)	121.44	121.88	120.16	108.07		110.0	110.0
Cu Base ('000JPY/ton)	788	741	677	556		550	550

# Summary of FY2016 1Q Business Results

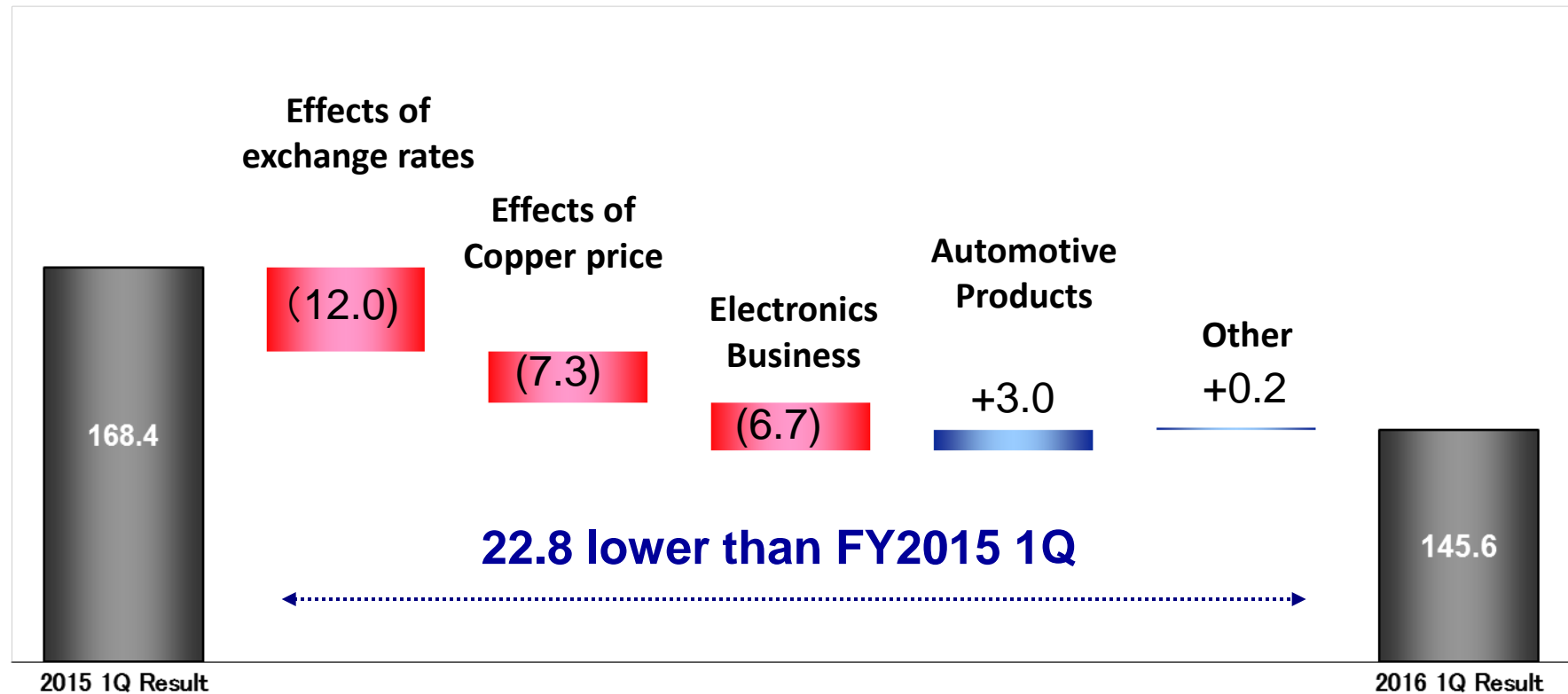
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- **Net sales decreased on a QoQ basis due to the effects of appreciation of the yen and falling of copper price as well as decreased sales of electronics business.**
- **Operating income and ordinary income decreased on a QoQ basis due to the effects of appreciation of the yen and decreased sales of electronics business etc.**
- **Net income decreased on a QoQ basis due to posting provision for the past corporate tax in addition to the decrease of operating income and ordinary income.**

# FY2016 1Q Net Sales by Factor (QoQ basis)

## Net Sales

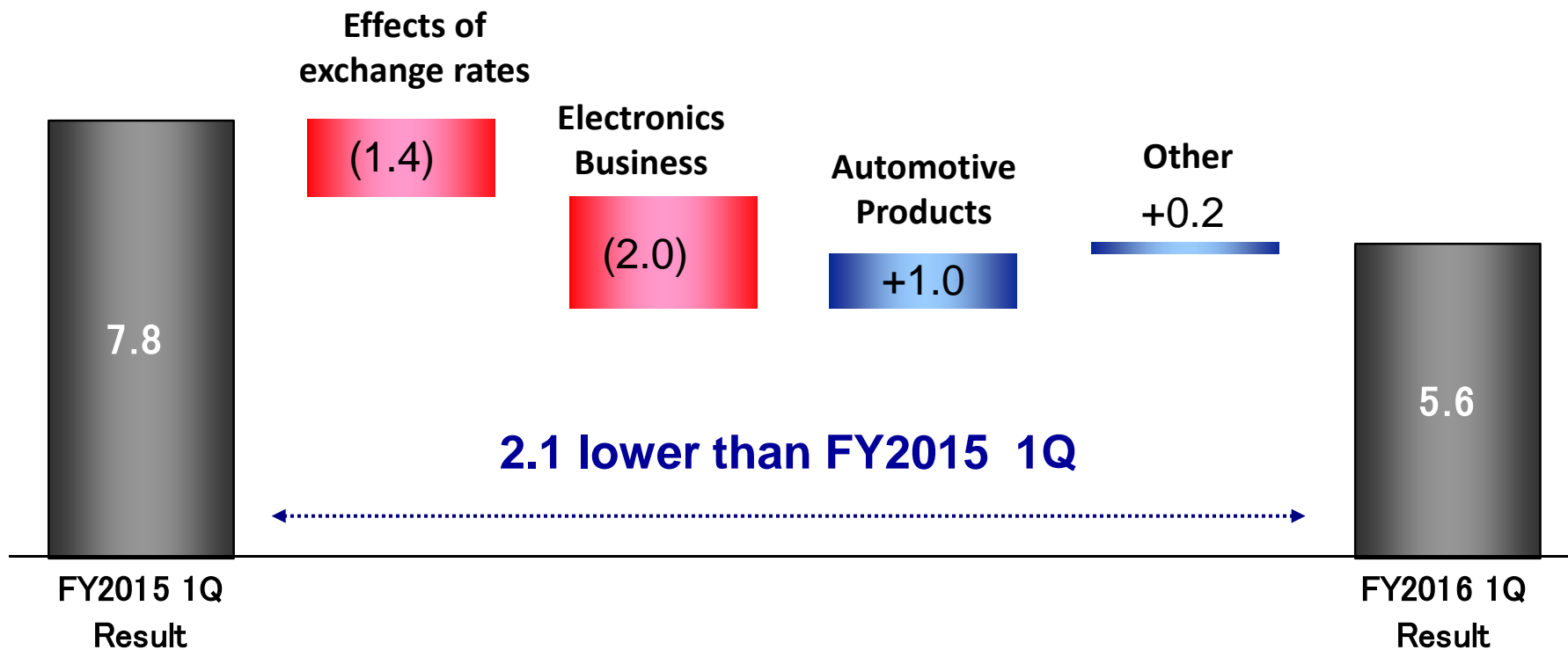
(Unit: Billion JPY)



# FY2016 1Q Operating Income by Factor (QoQ basis)

## Operating Income

(Unit: Billion JPY)



# FY2016 1Q Extraordinary Profit and Loss

## Extraordinary Profit and Loss

(Unit: Billion JPY)

	FY2015 1Q	FY2016 1Q
<b>Operating Income</b>	<b>7.8</b>	<b>5.6</b>
<b>Equity Method Income</b>	<b>(0.0)</b>	<b>0.0</b>
<b>Ordinary Income</b>	<b>7.1</b>	<b>4.5</b>
<b>Extraordinary Gains</b>	<b>0.0</b>	<b>0.1</b>
<b>Extraordinary Losses</b>	<b>0.3</b>	<b>0.2</b>
<b>Income before Income Taxes and Minority Interests</b>	<b>6.8</b>	<b>4.4</b>
<b>Total Income Taxes</b>	<b>2.5</b>	<b>3.9</b>
<b>Net Income attributable to non-controlling interests</b>	<b>0.3</b>	<b>0.6</b>
<b>Net Income attributable to owners of parent</b>	<b>3.9</b>	<b>(0.1)</b>

2.7 billion yen of provision for the past corporate tax in Thai affiliates was posted.



# Consolidated B/S ( 1 )

(Unit: Billion JPY)

	As of March 31, 2016	As of June 30, 2016	Change
〈Assets〉	552.6	530.7	(21.9)
<b>Current Assets</b>	<b>282.4</b>	<b>262.2</b>	<b>(20.1)</b>
<b>Cash and Deposits</b>	<b>34.9</b>	<b>33.1</b>	<b>(1.7)</b>
<b>Notes and Account     Receivable</b>	<b>143.8</b>	<b>129.3</b>	<b>(14.5)</b>
<b>Inventories</b>	<b>79.2</b>	<b>79.3</b>	<b>+0.1</b>
<b>Fixed assets</b>	<b>270.2</b>	<b>268.4</b>	<b>(1.7)</b>
<b>Tangible Fixed     Assets</b>	<b>179.9</b>	<b>179.5</b>	<b>(0.4)</b>
<b>Intangible Fixed     Assets</b>	<b>21.2</b>	<b>18.4</b>	<b>(2.8)</b>
<b>Sub Total</b>	<b>201.2</b>	<b>197.9</b>	<b>(3.3)</b>
<b>Total Investments     and Other Assets</b>	<b>68.9</b>	<b>70.5</b>	<b>+1.5</b>

Effects of exchange rates  
-25.6 billion yen  
Effects of strong yen and depreciation  
of currencies of emerging countries

	March 2016	June 2016
TB	3.20	2.93
Yuan	17.41	15.51
Dollar	112.62	102.96

Effects of exchange rates and  
falling of copper price

Decreased mainly by the effects of  
exchange rates  
Capital investment 13.5 billion yen  
Depreciation cost 6.2 billion yen

Revaluation of securities  
-2.3 billion yen

# Consolidated B/S ( 2 )

(Unit: Billion JPY)

	As of March 31, 2016	As of June 30, 2016	Change
<b>Total</b>	<b>552.6</b>	<b>530.7</b>	<b>(21.9)</b>
<b>(Treasury Stock)</b>	<b>((25.3))</b>	<b>((0.2))</b>	<b>(+25.0)</b>
<b>〈Liability〉</b>	<b>334.6</b>	<b>333.8</b>	<b>(0.8)</b>
<b>Notes and Account Payable</b>	<b>73.7</b>	<b>64.5</b>	<b>(9.1)</b>
<b>Interest-bearing Debt</b>	<b>199.6</b>	<b>206.5</b>	<b>+6.9</b>
<b>Other Current Liability</b>	<b>39.8</b>	<b>41.5</b>	<b>+1.6</b>
<b>〈Net Cash〉</b>	<b>217.9</b>	<b>196.8</b>	<b>(21.0)</b>
<b>Shareholder's Equity</b>	<b>193.6</b>	<b>190.0</b>	<b>(3.5)</b>
<b>(Treasury Stock)</b>	<b>((25.3))</b>	<b>((0.2))</b>	<b>(+25.0)</b>
<b>Accumulated other comprehensive income</b>	<b>4.9</b>	<b>(11.7)</b>	<b>(16.7)</b>
<b>Non-controlling interests</b>	<b>19.4</b>	<b>18.6</b>	<b>(0.8)</b>

Increased mainly due to capital investment

In May, 2016, 65 million shares of treasury stock were retired.

Decrease of foreign currency translation adjustment -15.5 bn yen  
Valuation difference on available for sales securities -1.7 bn yen

## 2. By Segment

# Financial Records and Forecasts by Segment

(Unit: Billion JPY)

Net Sales					Operating Income and Ratio of Operating Income to Net Sales			
Segment	FY2015 1Q	FY2015 1H	FY2016 1Q	FY2016 1H Forecasts	FY2015 1Q	FY2015 1H	FY2016 1Q	FY2016 1H Forecasts
Power & Telecommunication Systems Company	92.6	185.7	80.3	176.2	4.1	7.6	3.2	5.4
					4.4%	4.1%	3.9%	3.1%
Electronics Business Company	37.6	84.8	27.7	82.8	2.2	7.0	0.1	3.2
					6.0%	8.3%	0.2%	3.9%
Automotive Products Company	34.4	67.2	34.2	63.9	0.7	0.6	1.5	1.7
					2.1%	0.8%	4.3%	2.6%
Real Estate Business Company	2.7	5.4	2.5	5.0	1.4	2.8	1.3	2.5
					51.0%	51.7%	52.5%	49.5%
Other	1.0	2.1	0.9	2.0	(0.5)	(0.9)	(0.3)	(0.9)
<b>Total</b>	<b>168.4</b>	<b>345.2</b>	<b>145.6</b>	<b>330.0</b>	<b>7.8</b>	<b>17.0</b>	<b>5.6</b>	<b>12.0</b>
					4.7%	4.9%	3.9%	3.6%

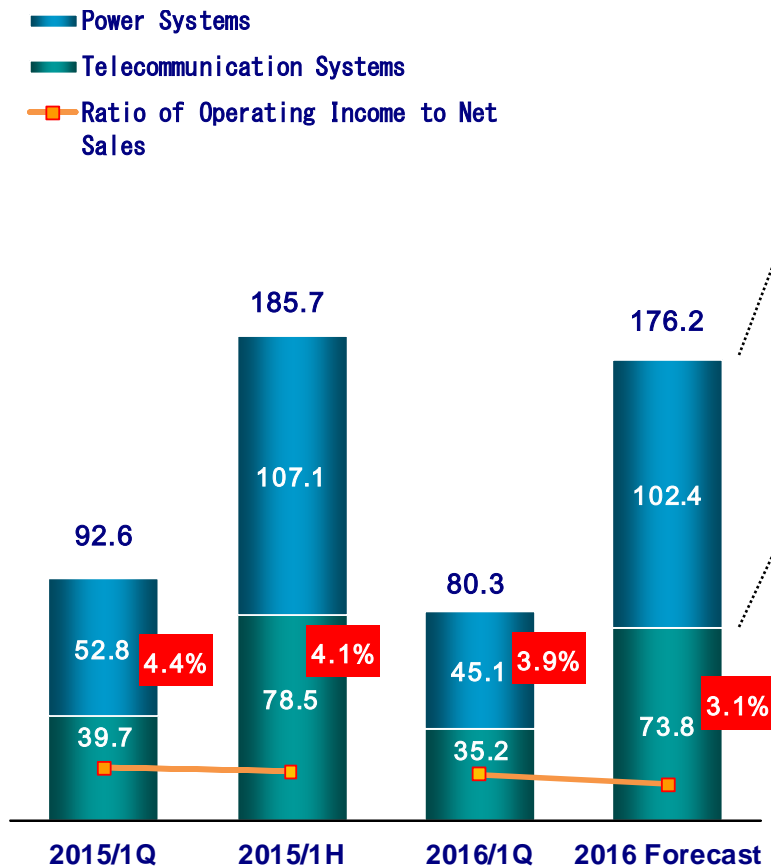
※Figures shown above for FY2015 has been restated to reflect organizational changes implemented on April 1, 2016.

# Power & Telecommunication Systems Company

- Net sales in 1Q decreased due to the effects of exchange rate and falling of copper price on QoQ basis. Operating income decreased because of the effects of the exchange rate.
- Achievement rate of net sales in 1Q against the 1H forecast was 46%, which was steady performance considering seasonal factors. That of operating income was 58% owing to strong optical fibers and optical components etc. in telecommunication systems. In 2Q, the effect of exchange rate is a concern.

(Unit: Billion JPY)

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



## Power Systems

- Net sales in 1Q decreased due to the effect of falling of copper price.
- Net sales in 1Q reached 44% of the 1H forecast.

## Telecommunication Systems

- Net sales in 1Q decreased due to the effect of exchange rate.
- Net sales in 1Q reached 48% of the 1H forecast.

### Comments

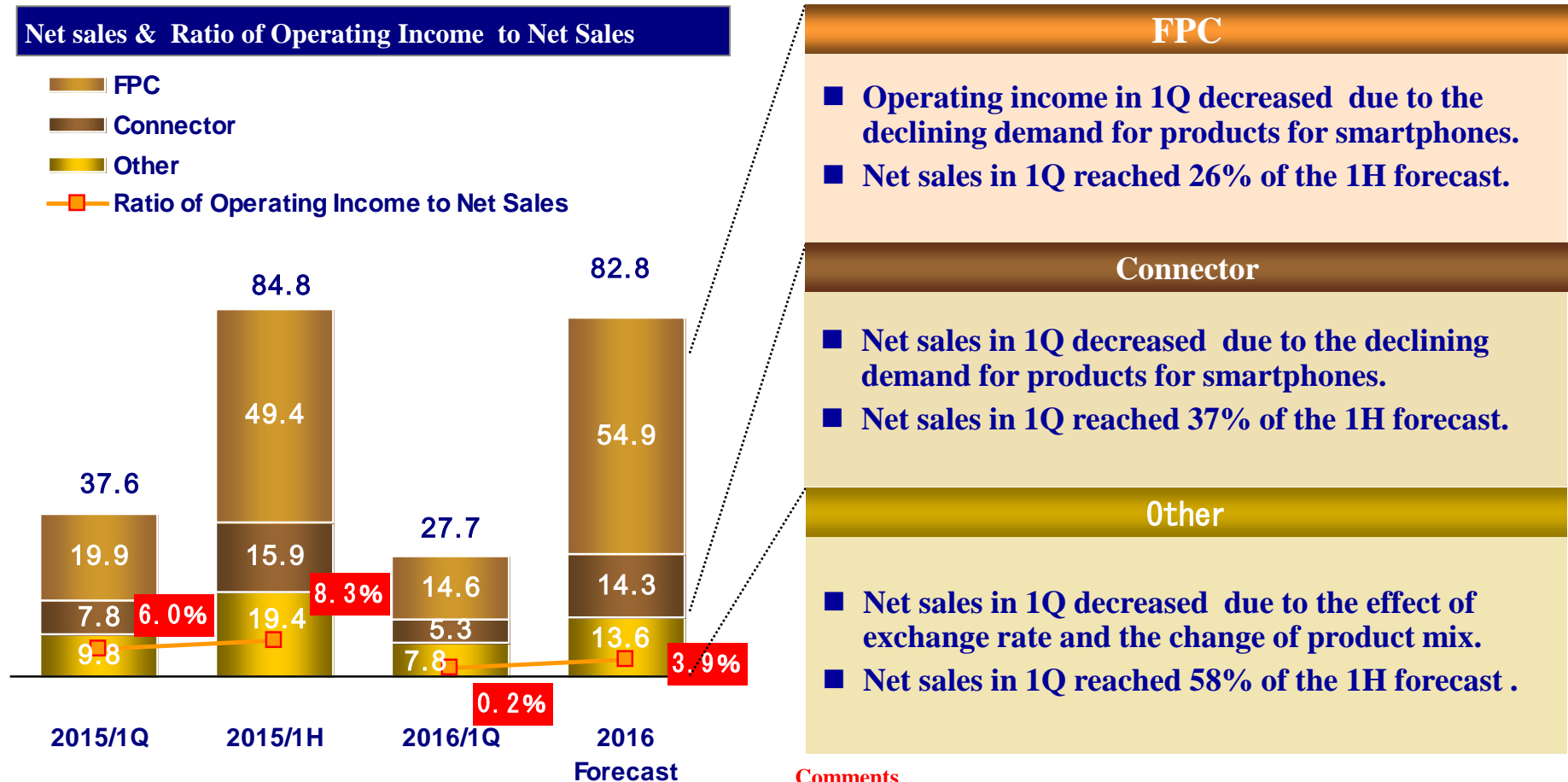
Above: FY2016/1Q Results (QoQ)

Below: Progress against the forecast for FY2016/1H

# Electronics Business Company

- Net Sales and operating income in 1Q decreased on QoQ due to the declining demand for smartphones.
- Achievement rate of net sales in 1Q against the 1H forecast was 33% and that of operating income was 2% due to seasonal factors. In 2Q, the demand for products for smartphone is expected to decrease. We will try to minimize the effect for profit by improving cost structure.

(Unit: Billion JPY)



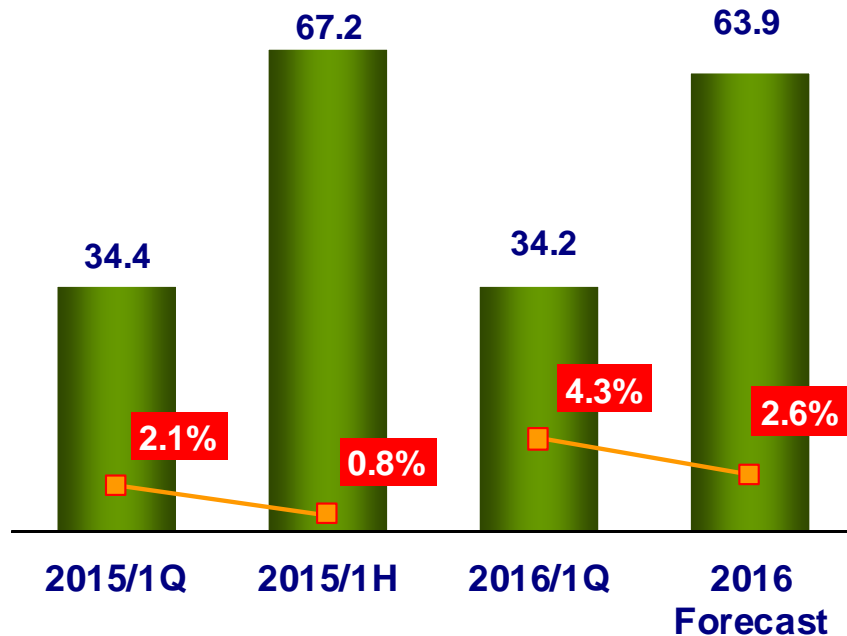
# Automotive Products Company

- Without the effect of exchange rate, net sales and operating income in 1Q increased owing to the launching of new models and the effect of the reduction of fixed costs by structural reform
- Achievement rate of net sales in 1Q against the forecast for 1H was 54%, and that of operating income was 86% owing to the production cost improvement mainly in Asian region in addition to seasonal factors. 2Q is also expected to be in line with the initial forecast.

(Unit: Billion JPY)

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

—■— Ratio of Operating Income to Net Sales



## Automotive products

- Without the effect of exchange rate, net sales in 1Q increased mainly in European region owing to the launching of new models.
- Net sales in 1Q reached 54% of the 1H forecast.

### Comments

Above: FY2016/1Q Results (QoQ)

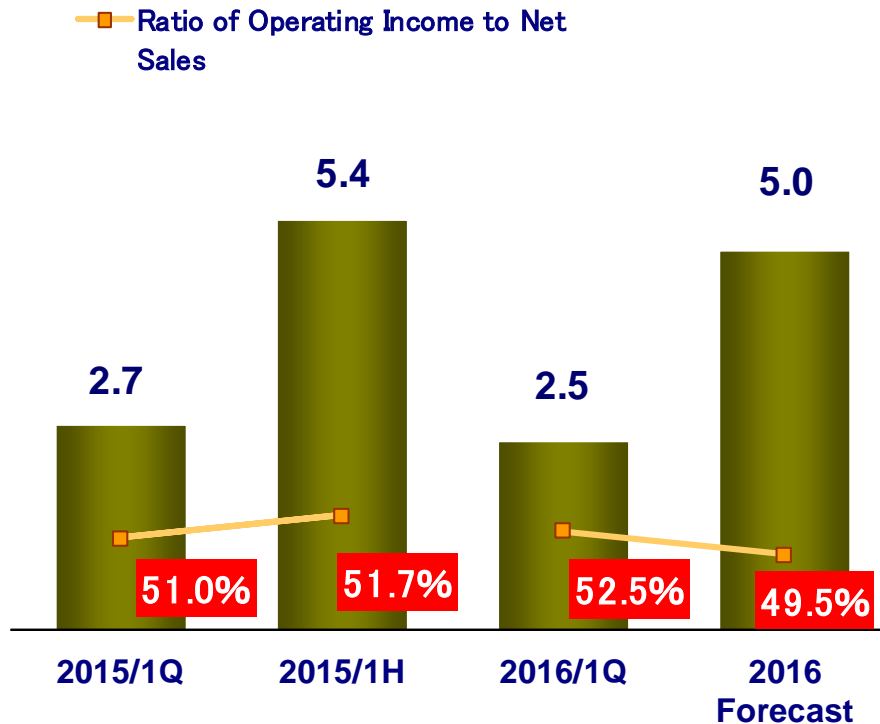
Below: Progress against the forecast for FY2016/1H

# Real Estate Business Company

■ Revenue of leasing real estate properties continuously contribute to operating income.

(Unit: Billion JPY)

Net sales & Ratio of Operating Income to Net Sales



Real Estate Business

■ Stable rental revenues are continuously expected.





*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 1Q Financial Results Appendix】

### Net Sales and Operating Income by Segment

#### Net Sales Records and Forecasts by Segment

Unit: Billion JPY

		FY2015						FY2016	FY2016 Forecast on May 10	
		1Q	2Q	3Q	4Q	1H	2H			Full Year
	Power Systems	52.8	54.3	54.7	50.9	107.1	105.6	212.7	45.1	102.4
	Telecommunication Systems	39.7	38.8	38.8	36.5	78.5	75.3	153.8	35.2	73.8
	Power & Telecommunication Systems	92.6	93.1	93.6	87.3	185.7	180.9	366.5	80.3	176.2
	FPC	19.9	29.5	30.2	17.6	49.4	47.8	97.2	14.6	54.9
	Connector	7.8	8.1	7.8	5.5	15.9	13.3	29.2	5.3	14.3
	Other	9.8	9.6	8.2	7.2	19.4	15.4	34.8	7.8	13.6
	Electronics Business Company	37.6	47.2	46.1	30.3	84.8	76.4	161.2	27.7	82.8
	Automotive Products Company	34.4	32.8	35.5	33.2	67.2	68.7	135.9	34.2	63.9
	Real Estate Business Company	2.7	2.7	2.6	2.7	5.4	5.3	10.7	2.5	5.0
	Other	1.0	1.1	0.9	1.2	2.1	2.1	4.3	0.9	2.0
	Total	168.4	176.8	178.7	154.6	345.2	333.3	678.5	145.6	330.0

#### Operating Income records and estimations by segment

Power & Telecommunication Systems	4.1	3.6	3.4	3.3	7.6	6.7	14.3	3.2	5.4
Electronics Business Company	2.2	4.8	5.0	0.3	7.0	5.3	12.3	0.1	3.2
Automotive Products Company	0.7	(0.2)	0.7	1.2	0.6	1.8	2.4	1.5	1.7
Real Estate Business Company	1.4	1.4	1.3	1.3	2.8	2.6	5.4	1.3	2.5
Other	(0.5)	(0.4)	(0.3)	(0.5)	(0.9)	(0.8)	(1.7)	(0.3)	(0.9)
Total	7.8	9.2	9.9	5.7	17.0	15.6	32.6	5.6	12.0

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Fujikura Ltd.