

# 3Q FY2016 Financial Results



**Fujikura Ltd.**

**February 2, 2017**

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# **1. Review of 3Q FY2016 Financial Results and FY2016 Forecasts**

# 3Q FY2016 Financial Results and FY2016 Forecasts

(Unit: JPY in Billion)

	FY2015		FY2016		FY2016 (Forecasted on October, 28)
	1-3Q	Full Year	1-3Q	Full Year	FY2016
Net Sales	523.9	678.5	481.4	650.0	630.0
Operating Income	27.0	32.6	25.9	32.0	27.0
Ratio of Operating Income to Net sales (%)	5.2	4.8	5.4	4.9	4.3
Equity Method Income (Loss)	0.3	(2.9)	0.5	0.8	0.5
Ordinary Income (Loss)	23.9	24.6	24.1	30.0	24.0
Net Income (Loss) Attributable to Parent Company Shareholders	15.3	11.3	8.4	11.0	10.0
Net Income per Share (JPY)	50.15	36.98	29.22	37.86	34.42
Dividend per share (JPY)	—	8.00	—	10.00	10.00
Exchange Rate (JPY/USD)	121.75	120.16	106.61	—	—
Copper Price ('000JPY/ton)	706	677	570	—	—

# Review of 3Q FY2016 Results and Full Year Forecasts

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## [YoY basis]

- Net sales decreased on a YoY basis due to effects of appreciation of the yen and fall of copper price.
- Operating income and ordinary income remain unchanged owing to the strong business of Power & Telecommunication Systems Company, although there were effects of appreciation of the yen and the decrease of income of Electronics Business Company.
- Net income attributable to parent company shareholders decreased on a YoY basis due to the increase of tax cost by posting a past corporate income tax in tax cost.

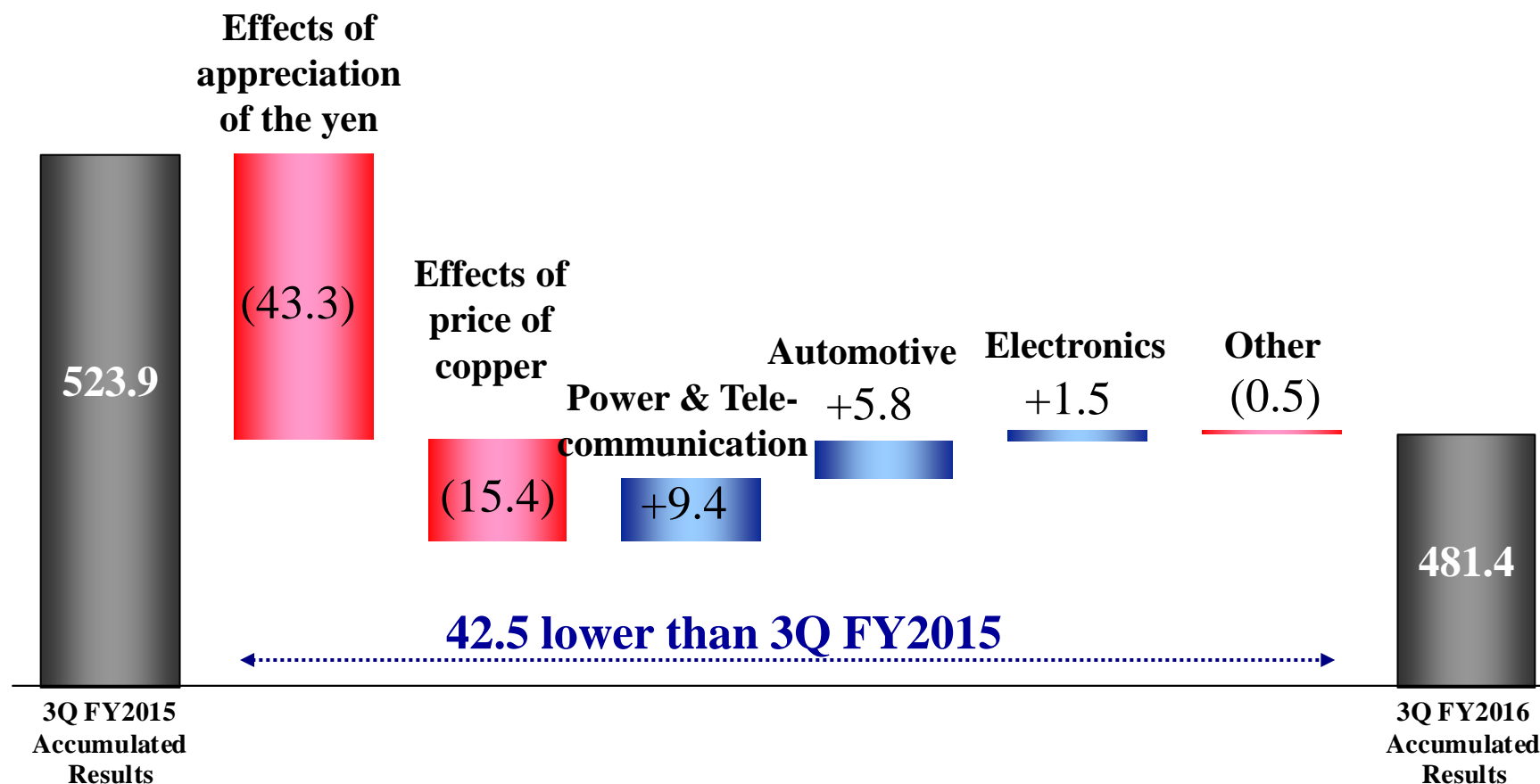
## [Full Year Forecasts]

- Net sales, operating income, operating income and net income attributable to parent company shareholders for the full fiscal year, are forecasted to increase compared to the figures released last time because of the strong business of Power & Telecommunication Systems Company and recent depreciation of the yen.

# 3Q FY2016 Contributing Factors to Net Sales Change (year-on-year basis)

## Net Sales

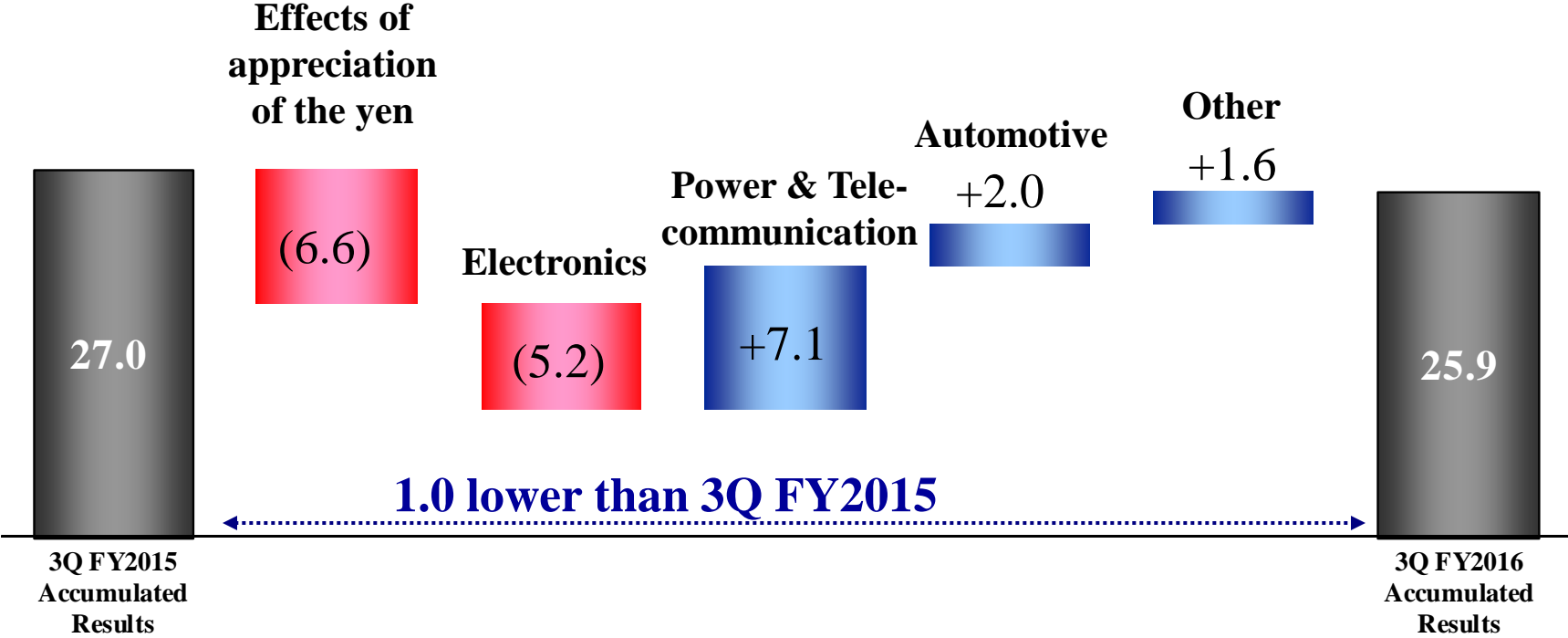
(Unit: JPY in Billion)



# 3Q FY2016 Contributing Factors to Operating Income Change (year-on-year basis)

## Operating Income

(Unit: JPY in Billion)



# 3Q FY2016 Extraordinary Profit and Loss

## Extraordinary Profit and Loss

(Unit: JPY in Billion)

	FY2015		FY2016
	1-3Q	Full Year	1-3Q
<b>Operating Income</b>	<b>27.0</b>	<b>32.6</b>	<b>25.9</b>
<b>Equity Method Income</b>	<b>0.3</b>	<b>(2.9)</b>	<b>0.5</b>
<b>Ordinary Income</b>	<b>23.9</b>	<b>24.6</b>	<b>24.1</b>
<b>Extraordinary Gains</b>	<b>0.9</b>	<b>2.7</b>	<b>0.3</b>
<b>Extraordinary Losses</b>	<b>3.1</b>	<b>10.1</b>	<b>4.3</b>
<b>Income before Income Taxes and Minority Interests</b>	<b>21.7</b>	<b>17.1</b>	<b>20.2</b>
<b>Total Income Taxes</b>	<b>5.4</b>	<b>4.6</b>	<b>8.7</b>
<b>Net Income attributable to non-controlling interests</b>	<b>0.9</b>	<b>1.2</b>	<b>3.0</b>
<b>Net Income attributable to parent company shareholders</b>	<b>15.3</b>	<b>11.3</b>	<b>8.4</b>

Structural reform cost  
2.9 billion yen  
Legal settlement:  
1.1 billion yen

Posting cost of 2.6 billion yen including a past corporate income tax at Thai sites.



# Consolidated B/S (1)

(Unit: JPY in Billion)

	As of March 31, 2016	As of Dec. 31, 2016	Difference
<b>&lt;Assets&gt;</b>	<b>552.6</b>	<b>604.6</b>	<b>+51.9</b>
<b>Current Assets</b>	<b>282.4</b>	<b>322.2</b>	<b>+39.8</b>
<b>Cash and Deposits</b>	<b>34.9</b>	<b>46.1</b>	<b>+11.1</b>
<b>Notes and Account     Receivable</b>	<b>143.8</b>	<b>155.9</b>	<b>+12.1</b>
<b>Inventories</b>	<b>79.2</b>	<b>92.8</b>	<b>+13.5</b>
<b>Fixed Assets</b>	<b>270.2</b>	<b>282.4</b>	<b>+12.1</b>
<b>Tangible Fixed     Assets</b>	<b>179.9</b>	<b>188.1</b>	<b>+8.1</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>206.6</b>	<b>+5.3</b>
<b>Total Investments and Other Assets</b>	<b>68.9</b>	<b>75.8</b>	<b>+6.8</b>

Effects of foreign exchange rate  
+ 600 million yen

	Mar. 2016	Dec. 2016
TB	3.20	3.25
Yuan	17.41	16.74
US\$	112.62	116.49

Securing liquidity in hand to  
prepare for payment of working  
capital

In addition to the increase of  
electronics business due to  
seasonality, these items  
increased for data centers and  
telecommunication  
infrastructure because of the  
strong telecommunication  
business.

Capital investment 29.6 billion yen  
Depreciation cost 20.9 billion yen

# Consolidated B/S (2)

(Unit: JPY in Billion)

	As of March 31, 2016	As of Dec. 31, 2016	Difference
<b>Total</b>	<b>552.6</b>	<b>604.6</b>	<b>+51.9</b>
<b>(Treasury Stock)</b>	<b>((25.3))</b>	<b>((5.9))</b>	<b>(+19.4)</b>
<b>〈Liabilities〉</b>	<b>334.6</b>	<b>383.5</b>	<b>+48.8</b>
<b>Notes and Account Payable</b>	<b>73.7</b>	<b>80.7</b>	<b>+6.9</b>
<b>Interest-bearing Debt</b>	<b>199.6</b>	<b>243.1</b>	<b>+43.5</b>
<b>Other Current Liability</b>	<b>39.8</b>	<b>40.0</b>	<b>+0.1</b>
<b>〈Net Assets〉</b>	<b>217.9</b>	<b>221.0</b>	<b>+3.1</b>
<b>Shareholder's Equity</b>	<b>193.6</b>	<b>191.6</b>	<b>(1.9)</b>
<b>(Treasury Stock)</b>	<b>((25.3))</b>	<b>((5.9))</b>	<b>(+19.4)</b>
<b>Total Valuation and Translation Adjustment</b>	<b>4.9</b>	<b>8.0</b>	<b>+3.0</b>
<b>Non-controlling interests</b>	<b>19.4</b>	<b>21.4</b>	<b>+2.0</b>

In addition to the increase in capital expenditure and working capital, it increased due to business restructuring of Power Systems business and share buyback.

Retirement of own shares  
65 million shares/  
27.3 billion yen  
Share buyback  
14.2 million shares/  
7.9 billion yen

## 2. By Segment

# Financial Records and Forecasts by Segment

(Unit: JPY in Billion)

## Net Sales

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

Segment	1-3Q FY2015 Results	1-3Q FY2016 Results	Difference	FY2016 Full Year Forecasts	1-3Q FY2015 Results	1-3Q FY2016 Results	Difference	FY2016 Full Year Forecasts
Power & Tele- communication Systems Company	279.2	254.4	(24.7)	344.8	10.9	14.7	3.7	17.8
					3.9%	5.8%	1.9%	5.2%
Electronics Business Company	130.9	119.1	(11.8)	157.8	11.9	5.5	(6.4)	7.2
					9.1%	4.7%	(4.5%)	4.6%
Automotive Products Company	102.7	97.2	(5.4)	133.2	1.2	2.4	1.2	3.4
					1.2%	2.5%	1.4%	2.6%
Real Estate Business Company	8.0	7.5	(0.5)	10.2	4.1	3.8	(0.3)	4.5
					50.9%	50.6%	(0.3%)	44.5%
Other	3.0	3.0	0.0	4.1	(1.2)	(0.6)	0.5	(1.0)
<b>Total</b>	<b>523.9</b>	<b>481.4</b>	<b>(42.5)</b>	<b>650.0</b>	<b>27.0</b>	<b>25.9</b>	<b>(1.0)</b>	<b>32.0</b>
					5.2%	5.4%	0.2%	4.9%

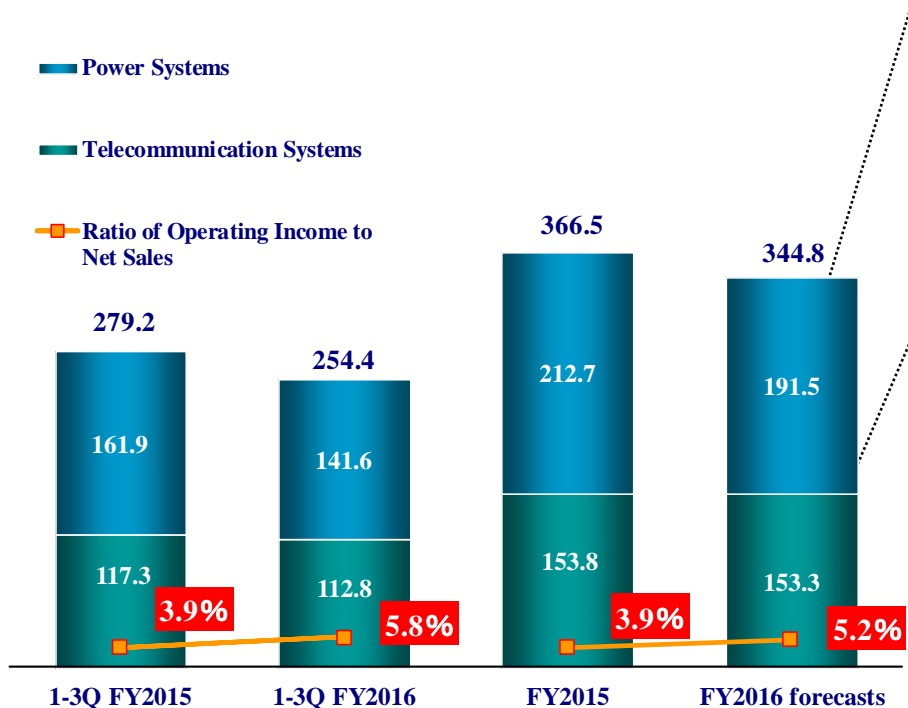
※Figures shown above for FY2015 has been restated to reflect organizational changes implemented on April 1, 2016.

# Power & Telecommunication Systems Company

- In 1-3Q (Accumulated) FY2016, net sales decreased due to effects of appreciation of the yen and fall of price of copper, but operating income increased owing to strong telecommunication business and improvement of product mix
- For the full fiscal year, operating income is projected to increase owing to the continued strong telecommunication business.

(Unit: JPY in Billion)

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



## Power Systems

- In 1-3Q (Accumulated) FY2016, net sales decreased due to fall of price of copper. For the full fiscal year, it is also estimated to decrease.

## Telecommunication Systems

- In 1-3Q (Accumulated) FY2016, net sales remain unchanged on a YoY basis owing to the strong demand for data centers and telecommunication infrastructure although there were effects of foreign exchange rates. For the full fiscal year, it is forecasted to remain unchanged on a YoY basis.

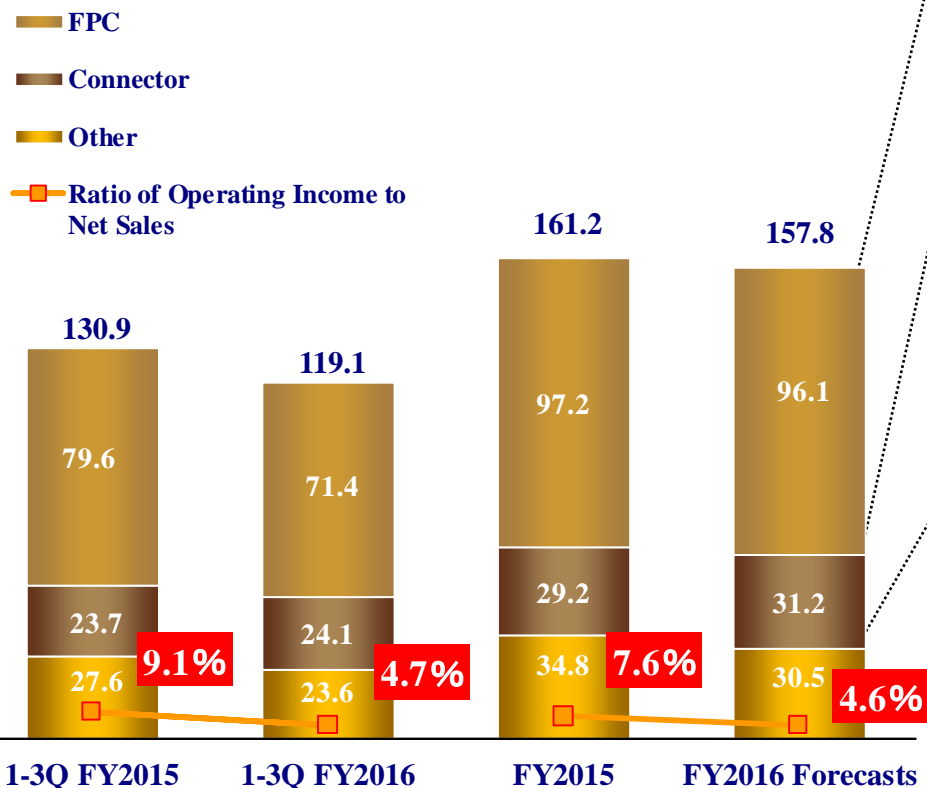
Comments by YoY basis

# Electronics Business Company

- In 1-3Q (Accumulated) FY2016, net sales decreased due to the effect of foreign exchange rates. Operating income decreased due to the effect of severe competition in addition to that of the foreign exchange rates.
- For the full fiscal year, both net sales and net income are estimated to decrease.

(Unit: JPY in Billion)

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



### FPC

- In 1-3Q (Accumulated) FY2016, net sales decreased mainly due to effect of foreign exchange rates. For the full fiscal year, net sales is also estimated to decrease.

### Connector

- In 1-3Q (Accumulated) FY2016, net sales increased owing to new product models even though it was effected by the foreign exchange rate. For the full fiscal year, net sales is also projected to increase.

### Other

- In 1-3Q (Accumulated) FY2016, net sales decreased due to the effect of foreign exchange rates. For the full fiscal year, net sales is also forecasted to decrease.

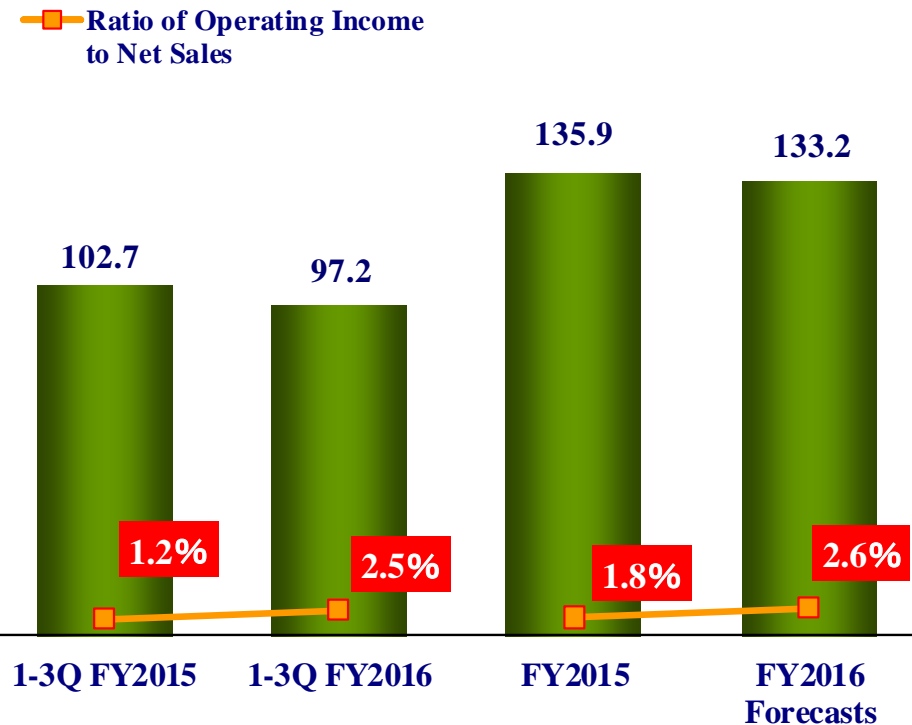
Comments by YoY basis

# Automotive Products Company

- In 1-3Q (Accumulated) FY2016, net sales remain almost unchanged due to the effects of foreign exchange rate, but operating income increased owing to the launch of new models and the effects of reduction of fixed cost by structural reform.
- For the full fiscal year, net sales is forecasted to remain unchanged on a YoY basis, but operating income is projected to increase owing to a reduction of fixed cost and productivity improvement.

(Unit: JPY in Billion)

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



## Automotive Products

- In 1-3Q (Accumulated) FY2016, if effects of foreign exchange rates were excluded, net sales would be increased by the launching of new car models. Operating income increased owing to the effects of structural reform. For the full fiscal year, operating income is projected to increase.

Comments by YoY basis

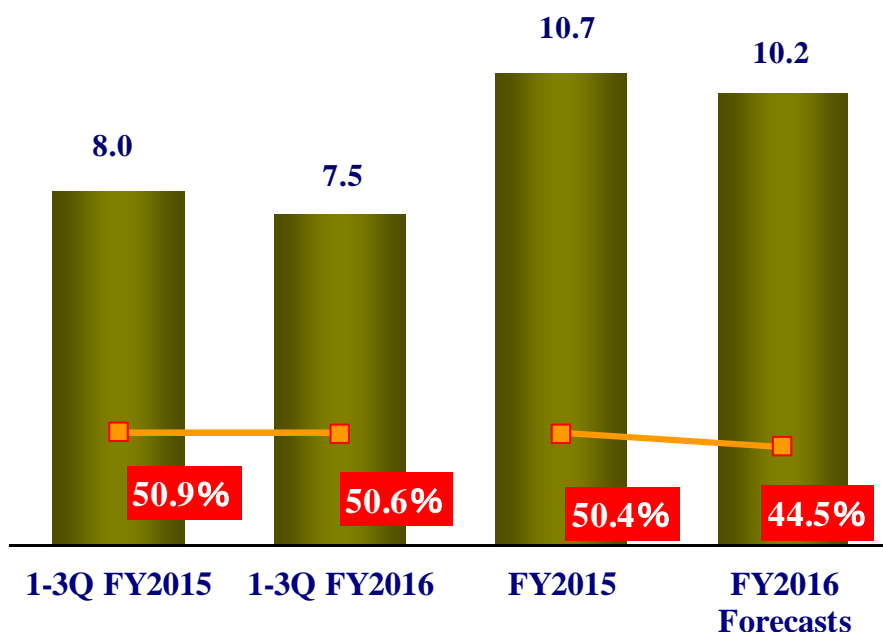
# Real Estate Business Company

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

(Unit: JPY in Billion)

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

■ Ratio of Operating Income to Net Sales



## Real Estates

■ In 1-3Q (Accumulated) FY2016, real estate business continued to contribute to consolidated operating income. For the full fiscal year, operating income is estimated to decrease due to a temporary cost regarding acquiring a building

Comments by YoY basis



# CAPEX and Depreciation

(Unit: JPY in Billion)

	FY2015		FY2016	FY2016 Forecasts (October 28)
	1-3Q	FY2015	1-3Q	
<b>CAPEX</b>	<b>21.2</b>	<b>31.9</b>	<b>29.6</b>	<b>42.0</b>
(for manufacturing business)	21.1	31.3	29.3	33.0
(for real estate business)	0.1	0.6	0.3	9.0
<b>Depreciation Cost</b>	<b>20.4</b>	<b>26.6</b>	<b>20.9</b>	<b>29.0</b>
(for manufacturing business)	19.0	24.8	19.7	27.0
(for real estate business)	1.3	1.7	1.2	2.0

Note: The above figures include leasing costs.

## 3. Shareholder Return

# Profit Return

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## ■ Basic Policy in 2020 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, 2.9 billion yen)**

**FY2015 8.0 yen per share ( Interim 4.0 yen per share , Year-end 4.0 per share)**

**(2.0 yen of increase compared to FY2015)**

### ◆Shares buyback 14.2 million shares/ 7.9 billion yen

**(Results of 3Q Accumulated in FY2016)**

<b>Dividend Payout Ratio in FY2016</b>	<b>26.0%</b>
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<b>Total Return Ratio in FY2016</b>	<b>97.9%</b>
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**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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【3Q FY2016 Financial Results Appendix】

Net Sales and Operating Income by Segment

Net Sales Records and Forecasts by Segment

Unit: Billion  
in JPY

		FY2015						FY2016						FY2016 released on October 28		
		1Q	2Q	3Q	4Q	1H	2H	Full Year	1Q	2Q	3Q	4Q Est.	1H	2H Est.	Full Year Est.	Full Year Forecasts
Power Systems	Power Systems	52.8	54.3	54.7	50.9	107.1	105.6	212.7	45.1	46.3	50.2	49.8	91.4	100.1	191.5	194.9
	Telecommunication Systems	39.7	38.8	38.8	36.5	78.5	75.3	153.8	35.2	35.9	41.7	40.5	71.1	82.2	153.3	144.6
Power & Telecommunication		92.6	93.1	93.6	87.3	185.7	180.9	366.5	80.3	82.2	91.9	90.4	162.5	182.3	344.8	339.5
FPC	FPC	19.9	29.5	30.2	17.6	49.4	47.8	97.2	14.6	27.5	29.4	24.7	42.0	54.1	96.1	90.6
	Connector	7.8	8.1	7.8	5.5	15.9	13.3	29.2	5.3	8.5	10.2	7.1	13.8	17.4	31.2	28.3
	Other	9.8	9.6	8.2	7.2	19.4	15.4	34.8	7.8	8.1	7.7	6.8	16.0	14.5	30.5	28.5
Electronics Business Company		37.6	47.2	46.1	30.3	84.8	76.4	161.2	27.7	44.2	47.3	38.7	71.8	86.0	157.8	147.5
Automotive Products Company		34.4	32.8	35.5	33.2	67.2	68.7	135.9	34.2	29.6	33.5	35.9	63.8	69.4	133.2	128.3
Real Estate Business Company		2.7	2.7	2.6	2.7	5.4	5.3	10.7	2.5	2.5	2.5	2.6	5.0	5.1	10.2	10.1
Other		1.0	1.1	0.9	1.2	2.1	2.1	4.3	0.9	1.1	1.1	1.0	2.0	2.1	4.1	4.5
Total		168.4	176.8	178.7	154.6	345.2	333.3	678.5	145.6	159.6	176.2	168.6	305.2	344.8	650.0	630.0

Operating Income Records and Forecasts by segment

Power & Telecommunication	4.1	3.6	3.4	3.3	7.6	6.7	14.3	3.2	4.4	7.2	3.0	7.5	10.2	17.8	13.6
Electronics Business Company	2.2	4.8	5.0	0.3	7.0	5.3	12.3	0.1	2.5	2.9	1.7	2.6	4.6	7.2	6.3
Automotive Products Company	0.7	(0.2)	0.7	1.2	0.6	1.8	2.4	1.5	0.1	0.9	1.0	1.5	1.9	3.4	3.4
Real Estate Business Company	1.4	1.4	1.3	1.3	2.8	2.6	5.4	1.3	1.3	1.2	0.7	2.6	1.9	4.5	4.5
Other	(0.5)	(0.4)	(0.3)	(0.5)	(0.9)	(0.8)	(1.7)	(0.3)	(0.2)	(0.2)	(0.3)	(0.5)	(0.5)	(1.0)	(0.7)
Total	7.8	9.2	10.0	5.7	17.0	15.6	32.6	5.6	8.1	12.0	6.1	13.8	18.2	32.0	27.0

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

Fujikura Ltd.