

FY2017 Financial Results



Fujikura Ltd.

May 11, 2018

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1. FY2017 Financial Results and FY2018 Forecast

FY2017 Financial Results

(Unit: Yen in billion)

	FY2016	FY2017	FY2017 - FY2016 Change
Net Sales	653.7	740.0	+86.2
Operating Income	34.2	34.3	+0.1
Ratio of Operating Income to Net Sales (%)	5.2	4.6	(0.6)
Share of profit of entities accounted for using equity method	1.0	1.5	+0.4
Ordinary Income (Loss)	32.5	34.1	+1.5
Net Income (Loss) Attributable to Owners of Parent	12.9	18.3	+5.4
Net Income per Share (JPY)	44.61	64.36	+19.75
Dividend per Share (JPY)	10.00	14.00	+4.00
ROE (%)	6.4	8.7	+2.3
Exchange Rate (JPY/USD)	108.36	110.86	—
CU Base (1000JPY/ton)	604	757	—

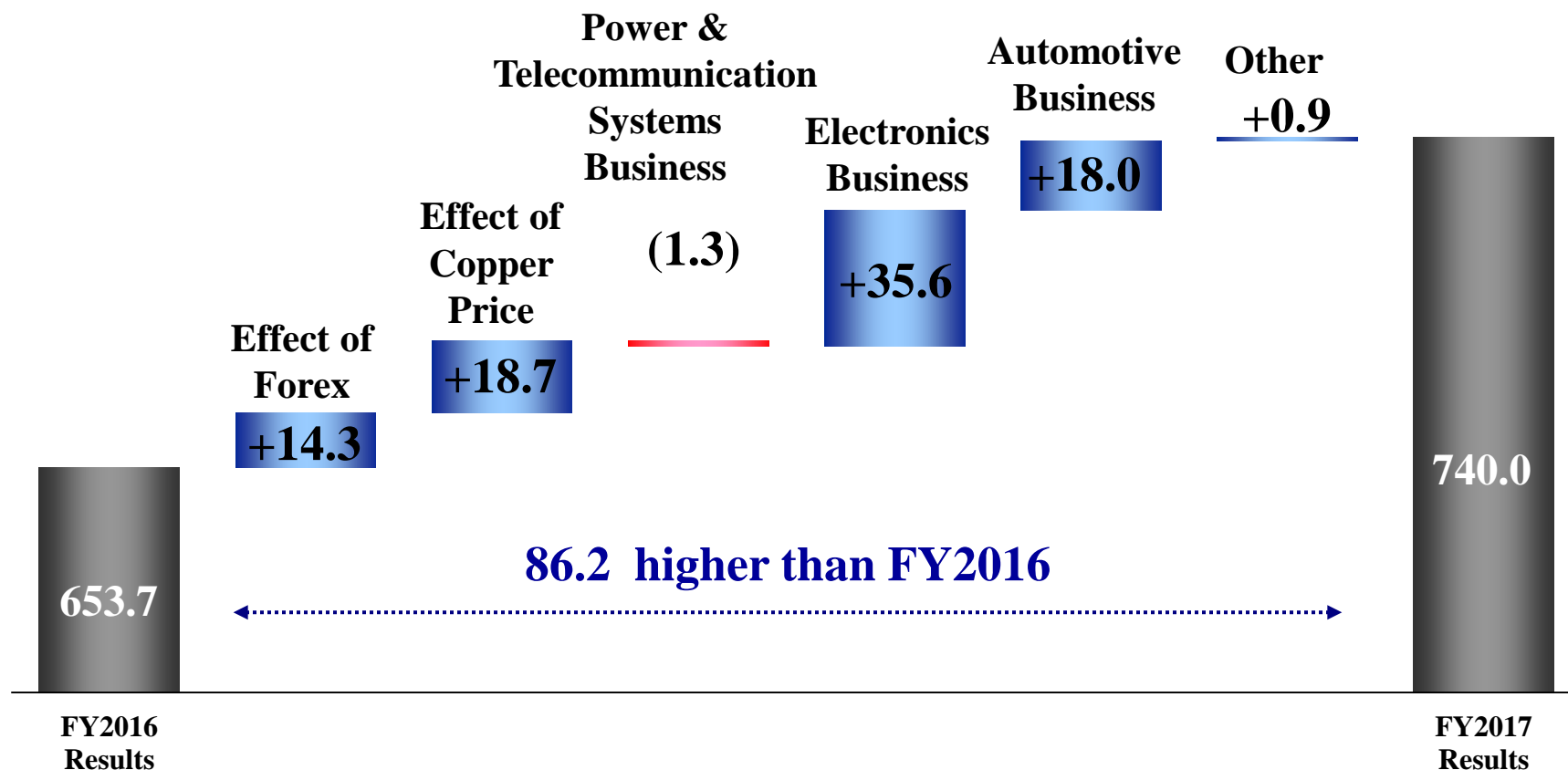
Summary of FY2017 Business Results

- **Net sales increased on a YoY basis owing to the depreciation of the yen, rise in copper price and increase of production volumes in the electronics and automotive businesses.**
- **Operating income was at the same level as the previous year due to the following factors.**
 - (1) **Effect of the depreciation of the yen**
 - (2) **Change in depreciation method in accounting**
 - (3) **Business situations: Demand in electronics business was strong and contributed to the profit increase. Meanwhile, in the automotive business, profitability deteriorated due to an increase in costs associated with rising turnover rates in Eastern European operations mainly in 1H.**
- **Ordinary income increased on a YoY basis by the improvement of share of profit of entities accounted for using equity method and by forex gains.**
- **Net income attributable to owners of parent increased because of the increase of ordinary income and the decrease of tax costs.**

FY2017 Contributing Factors to Net Sales Change (year-on-year basis)

Net Sales

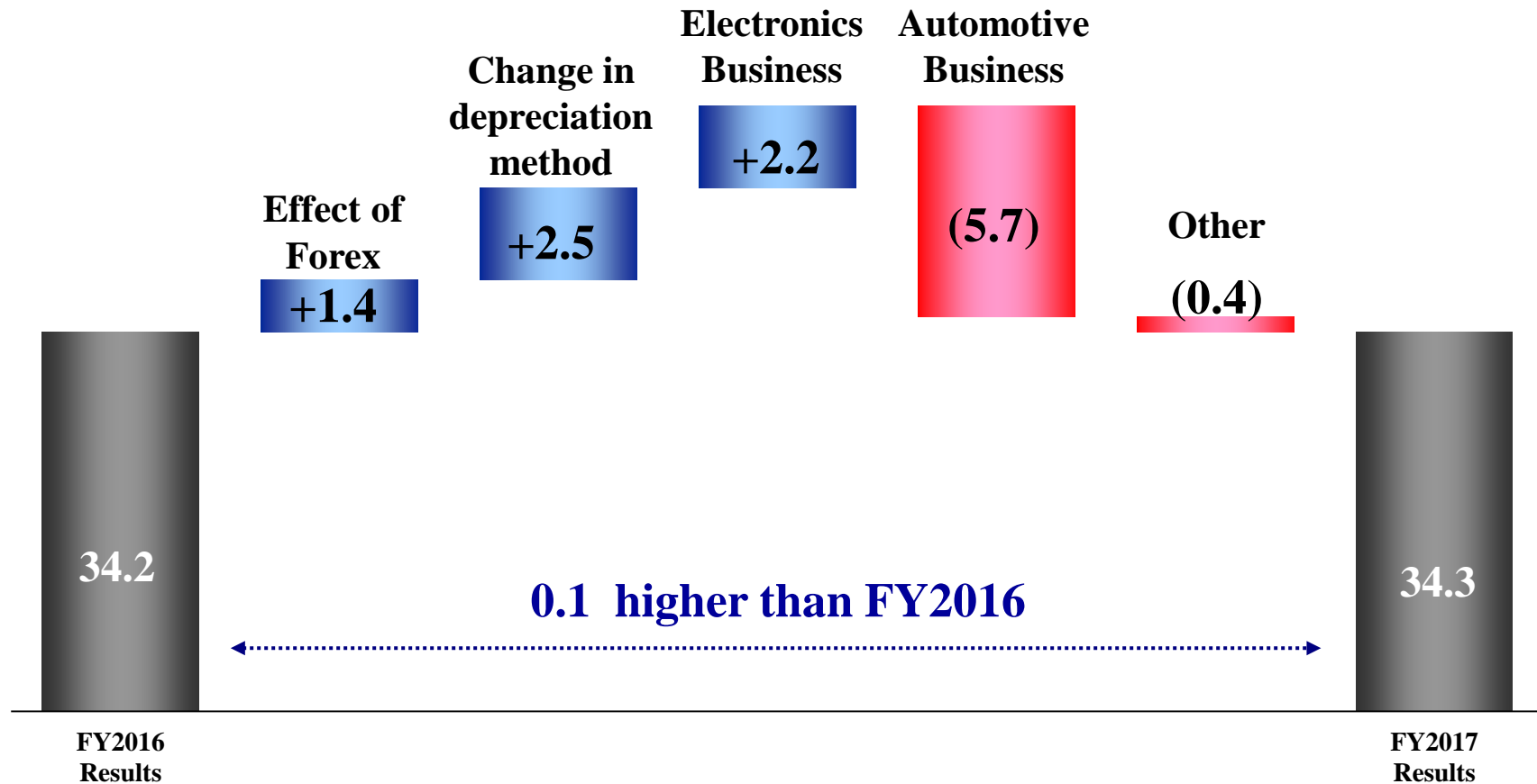
(Unit: Yen in billion)



FY2017 Contributing Factors to Operating Income Change (year-on-year basis)

Operating Income

(Unit: Yen in billion)



FY2017 Extraordinary Profit and Loss

(Unit: Yen in billion)

	FY2016	FY2017
Operating Income	34.2	34.3
Share of profit of entities accounted for using equity method	1.0	1.5
Ordinary Income	32.5	34.1
Extraordinary Income	0.6	1.0
Extraordinary Loss	4.8	6.5
Income before Income Taxes and Non-controlling Interests	28.3	28.6
Total Income Taxes	11.3	7.5
Net Income attributable to non-controlling interests	4.1	2.7
Net Income attributable to owners of parent	12.9	18.3

We have been working on business structural reform since FY2016.

[FY2017]
Including 3.2 billion yen business structural reform costs both in domestic and overseas

[FY2016]
Including 2.7 billion yen from the past corporate income tax in Thailand.

[FY2017]
Taxes costs decreased owing to the post of income taxes-deferred according to the reorganization in the group

Consolidated B/S (1)

(Unit: Yen in billion)

	As of March 31, 2017	As of March 31, 2018	Change
〈Assets〉	588.6	638.0	+49.4
Current Assets	296.5	328.2	+31.7
Cash and Deposits	31.7	34.2	+2.4
Notes and Accounts Receivable	148.9	151.2	+2.2
Inventories	92.5	113.8	+21.3
Fixed Assets	292.1	309.8	+17.7
Tangible Fixed Assets	195.2	211.2	+16.0
Intangible Fixed Assets	17.0	14.0	(2.9)
Sub Total	212.3	225.3	+13.0
Total Investments and Other Assets	79.7	84.4	+4.6

Increased purchase of stock in the electronics business for shipment in FY2018

Capital investment
42.5 billion yen
(Including investment to production capacity of telecommunication related products)
Depreciation cost
26.8 billion yen

Consolidated B/S (2)

(Unit: Yen in billion)

	As of March 31, 2017	As of March 31, 2018	Change
Total	588.6	638.0	+49.4
(Treasury Stock)	((5.9))	((6.3))	((0.4))
〈Liability〉	364.0	396.0	+32.0
Notes and Accounts Payable	77.2	77.1	(0.0)
Interest-bearing Liabilities	225.9	239.3	+13.4
Other Current Liabilities	41.3	55.6	+14.3
〈Net Equity〉	224.5	241.9	+17.4
Shareholder's Equity	196.0	210.4	+14.4
(Treasury Stock)	((5.9))	((6.3))	((0.4))
Accumulated Other Comprehensive Incomes	6.7	8.8	+2.1
Non-controlling Interests	21.8	22.6	+0.8

Increase of working capital and capital expenditure

FY2018 Forecast

(Unit: Yen in billion)

	FY2017 Results	1H FY2018 Forecasts	FY2018 Forecasts	FY2018 Forecasts —FY2017 Results Change
Net Sales	740.0	360.0	750.0	+10.0
Operating Income	34.3	17.0	39.0	+4.7
Ratio of Operating Income to Net Sales (%)	4.6	4.7	5.2	+0.6
Share of profit of entities accounted for using equity method	1.5	1.0	2.0	+0.5
Ordinary Income (Loss)	34.1	16.0	37.0	+2.9
Net Income (Loss) Attributable to Owners of Parent	18.3	10.0	23.0	+4.7
Net Income per Share (JPY)	64.36	35.06	80.63	+16.27
Dividend per Share (JPY)	14.00	8.00	16.00	+2.00
ROE (%)	8.7	—	10.1	+1.4
Exchange Rate (JPY/USD)	110.86	105.00	105.00	—
CU Base (1000JPY/ton)	757	780	780	—

FY2018 Forecast

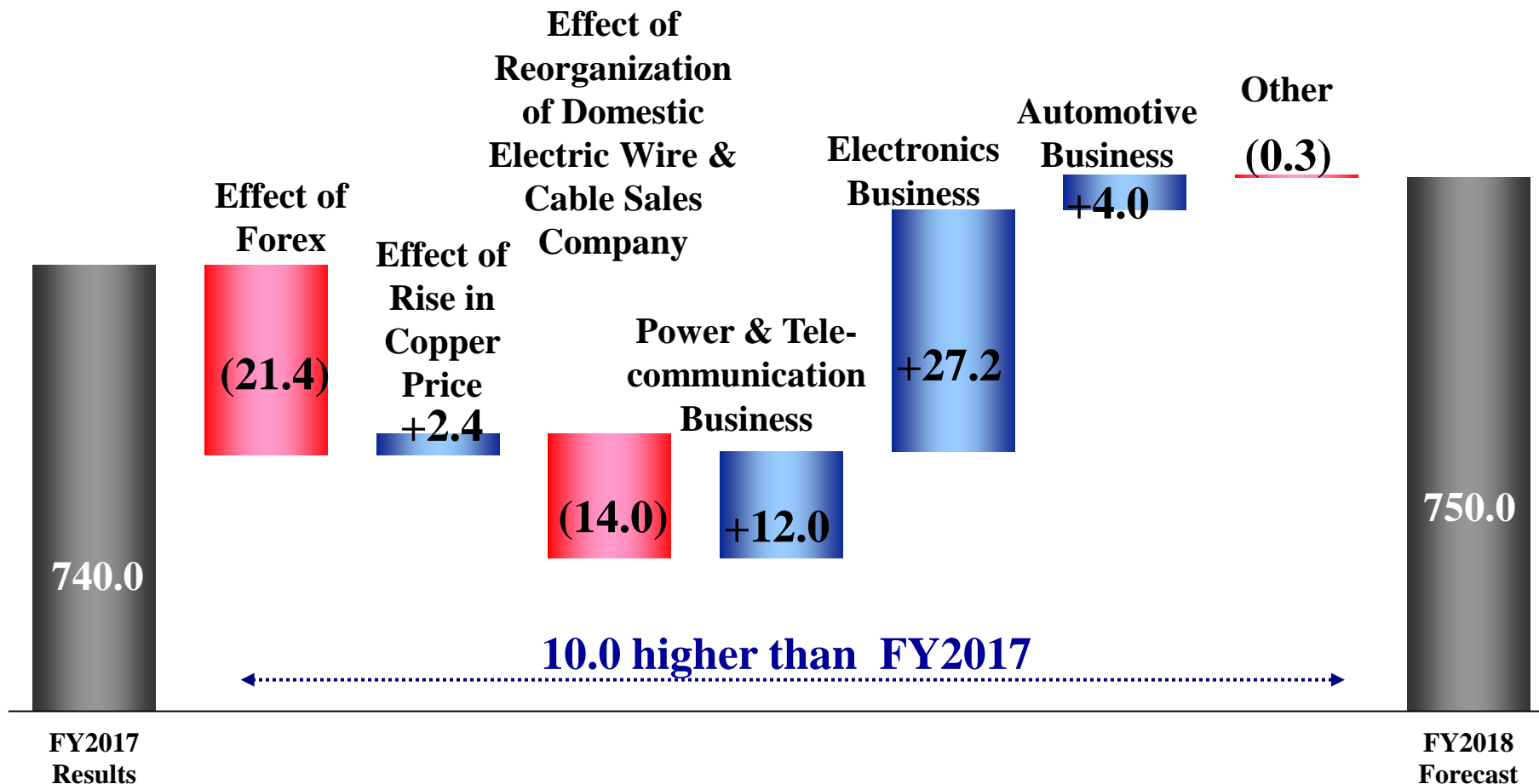
- **Net sales is forecasted to be 750.0 billion yen which is an increase of 10.0 billion yen on a YoY basis owing to the increase of revenue of Electronics Business Company, despite the effect of the appreciation of the yen.**
- **Operating income and ordinary income are expected to increase on a YoY basis owing to a strong demand in the telecommunication business, rise of production volume in the electronics business and improvement of productivity in the automotive business in 2H, despite the effect of the appreciation of the yen.**
- **Net income attributable to owners of parent is projected to be 23.0 billion yen which is an increase of 4.7 billion yen, since ordinary income is expected to increase.**

FY2017 Results/ FY2018 Forecast

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

Net Sales

(Unit: Yen in billion)

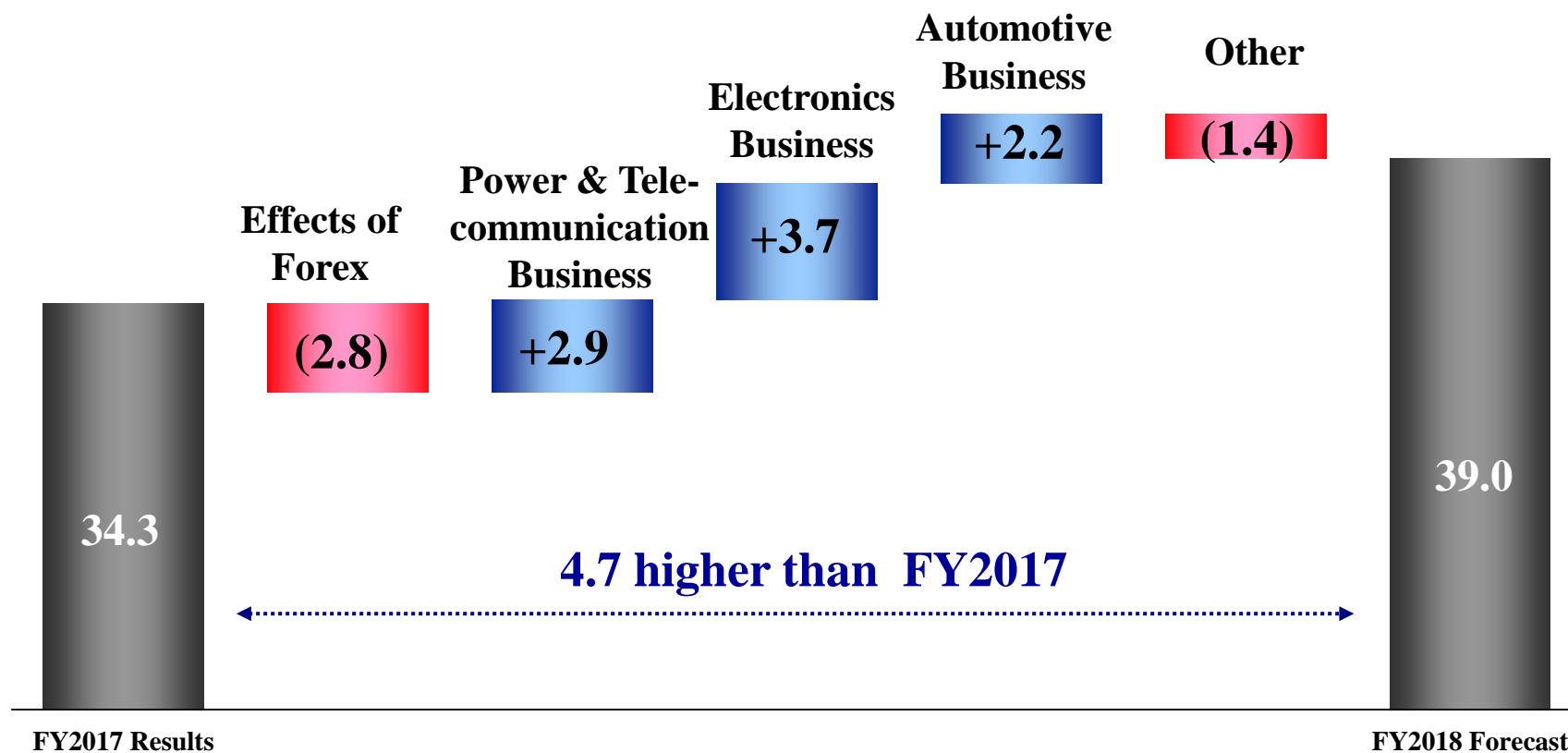


FY2017 Results/ FY2018 Forecast

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

Operating Income

(Unit: Yen in billion)



2. By Segment

Financial Records and Forecast by Segment

(Unit: Yen in billion)

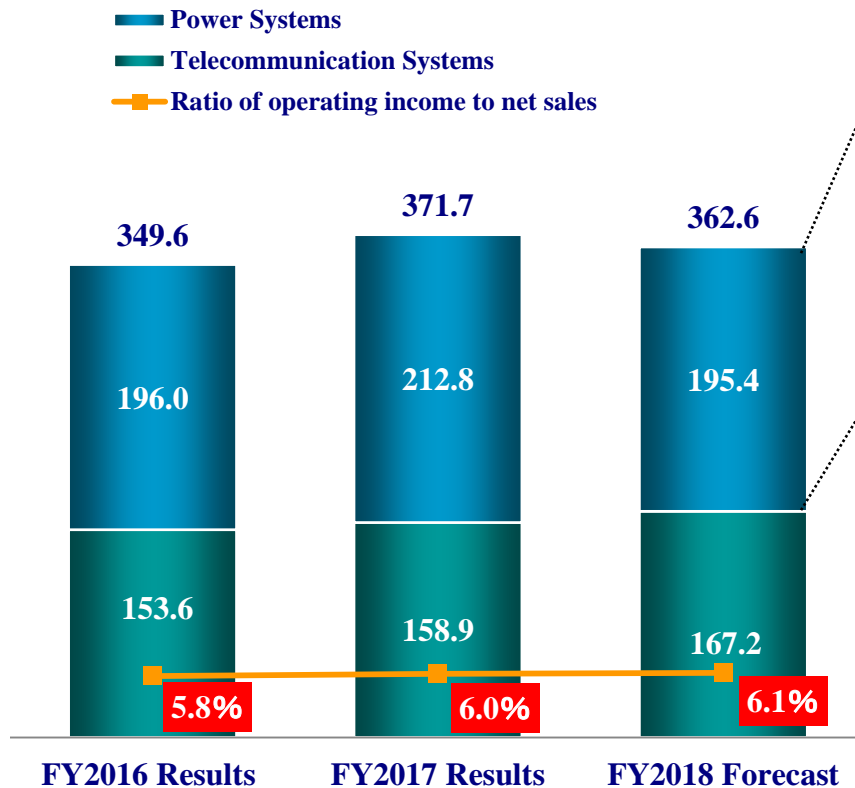
Net Sales					Operating Income & Ratio of Operating Income to Net Sales			
Segment	FY2016	FY2017	1H 2018 Forecast	FY2018 Forecast	FY2016	FY2017	1H 2018 Forecast	FY2018 Forecast
Power & Telecommunication System Company	349.6	371.7	176.3	362.6	20.3 5.8%	22.4 6.0%	9.7 5.5%	22.1 6.1%
Electronics Business Company	156.7	195.9	98.3	214.0	7.5 4.8%	10.4 5.3%	6.6 6.7%	14.0 6.5%
Automotive Products Company	133.1	157.0	77.9	158.3	2.5 1.9%	(3.1) (2.0%)	(1.3) (1.7%)	(1.0) (0.7%)
Real Estate Business Company	10.1	10.9	5.3	10.6	4.6 45.8%	5.5 50.2%	2.4 45.8%	4.7 44.3%
Other	4.1	4.2	2.0	4.1	(0.9)	(0.8)	(0.4)	(0.8)
Total	653.7	740.0	360.0	750.0	34.2 5.2%	34.3 4.6%	17.0 4.7%	39.0 5.2%

Power & Telecommunication Systems Company

- In FY2017, net sales increased owing to the rise of copper price and the depreciation of the yen. Operating income increased because of the change in depreciation method in accounting in addition to the effects of forex.
- In FY2018, operating income is forecasted to be at the same level as the previous year owing to the strong demand in the telecommunication business despite the effect of appreciation of the yen.

(Unit: Yen in billion)

Net sales and Ratio of Operating Income to Net Sales



Power Systems

- In FY2017, net sales increased owing to the rise in copper price.
- In FY2018, net sales is expected to decrease due to the effect of the reorganization of a domestic electric wire and cable sales company in FY2017. (-14.0 billion yen)

Telecommunication Systems

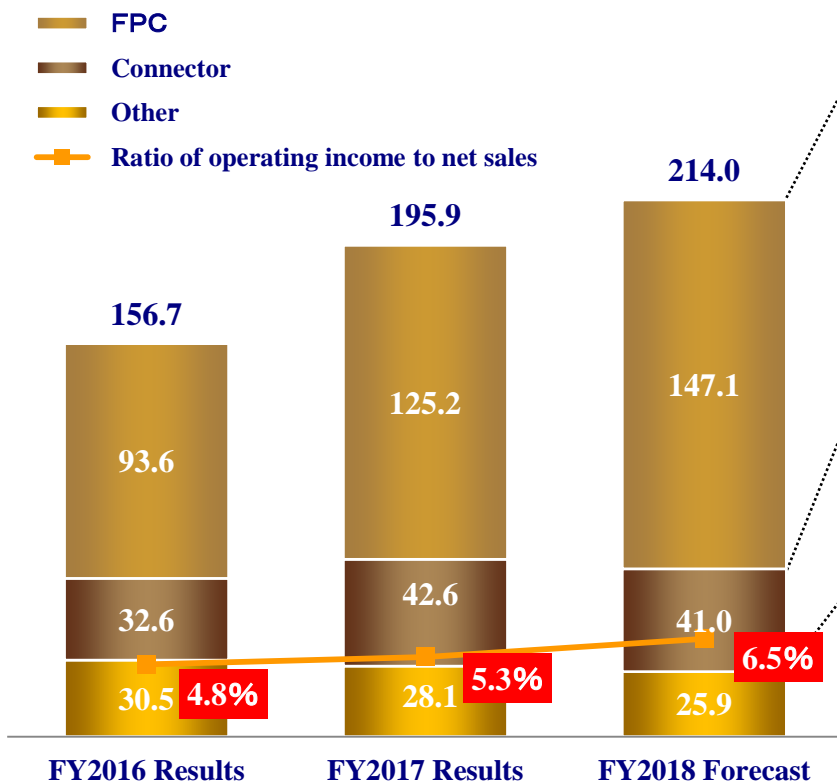
- In FY2017, net sales increased owing to the depreciation of the yen and the strong demand for overseas FTTx.
- In FY2018, net sales is expected to increase owing to the effect of the start of the contribution of the investment in optical fibers to earnings as well as a pause of stock adjustment for data centers, despite the effect of appreciation of the yen.

Electronics Business Company

- In FY2017, both net sales and operating income increased on a YoY basis owing to the strong demand for FPCs and connectors in smartphone application.
- In FY2018, both net sales and operating income are projected to increase because of the growth of FPC business in smartphone application.

(Unit: Yen in billion)

Net sales and Ratio of Operating Income to Net Sales



FPC

- In FY2017, net sales increased owing to the increase of demand mainly in smartphone application.
- In FY2018, net sales is projected to increase owing to the continued strong demand in smartphone application.

Connector

- In FY2017, net sales increased owing to the increase of demand mainly in smartphone and industrial equipment application.
- In FY2018, net sales is forecasted to be at the same level, excluding the effect of the appreciation of the yen.

Other

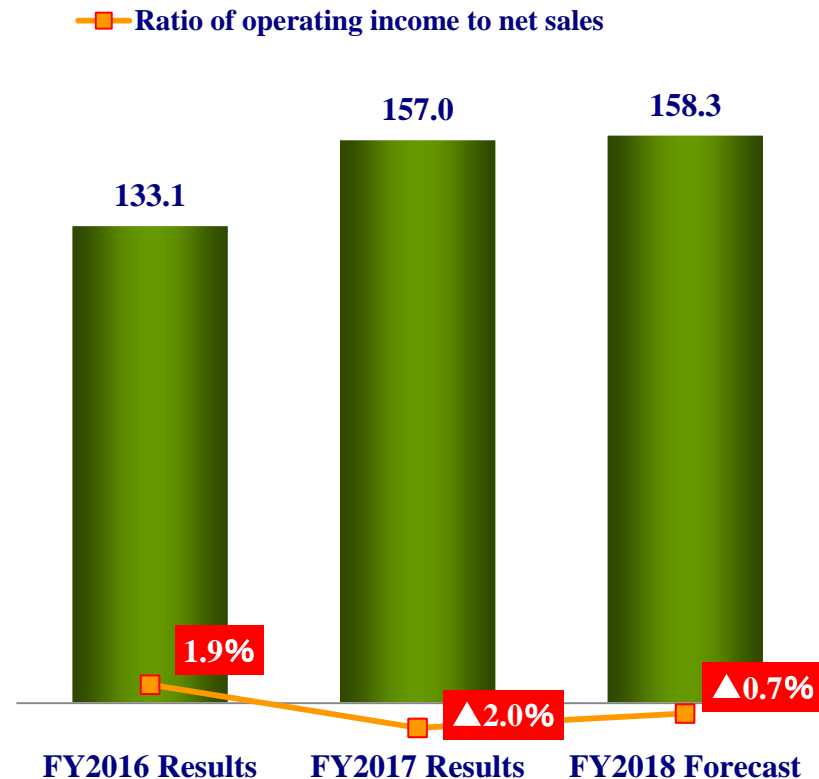
- In both FY2017 and FY2018, net sales tend to decrease due to the product mix.

Automotive Products Company

- In FY2017, net sales increased on a YoY basis owing to the launch of a new car model. However, operating income decreased due to the rise in costs in East European operations in 1H.
- In FY2018, net sales is forecasted to be at the same level as the previous fiscal year owing to the launch of a new car model despite the effect of appreciation of the yen. Regarding operating income, we expect to improve productivity in Eastern European operations in 2H.

(Unit: Yen in billion)

Net sales and Ratio of Operating Income to Net Sales



Automotive Products

- In FY2017, net sales increased on a YoY basis owing to the launch of a new car model in addition to the effect of the depreciation of the yen. Operating income decreased due to the increase of turnover rate in East European operations mainly in 1H.
- In FY2018, net sales is projected to increase on a YoY basis owing to the launch of a new car model. Regarding operating income, we will continue to work on improvement of productivity in Eastern European operations.

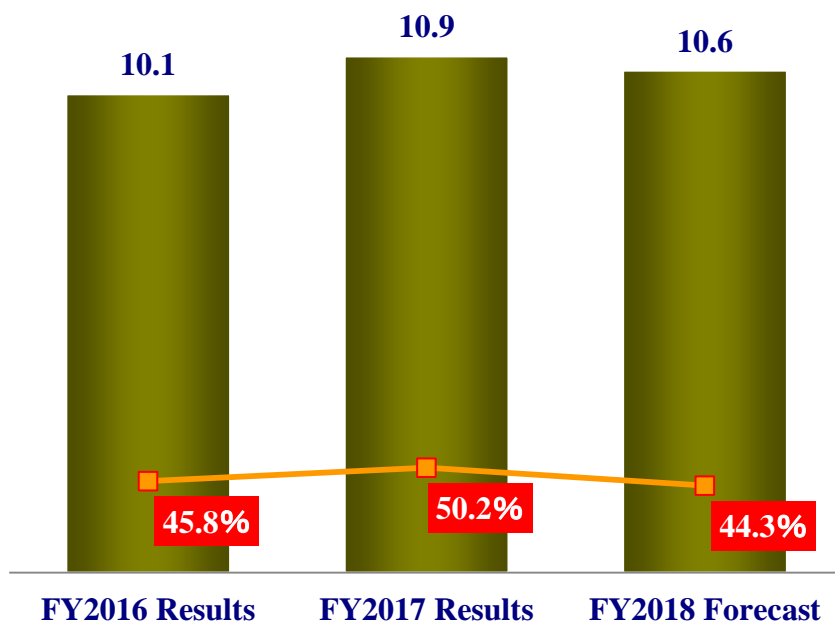
Real Estate Business Company

- Real estate rental incomes 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

- In FY2017, operating income increased owing to the real estate acquired in FY2016.
- In FY2018, stable revenues are continuously expected.

CAPEX and Depreciation

(Unit: Yen in billion)

	FY2016	FY2017	FY2018 Forecasts
CAPEX	45.6	42.5	47.0
(for manufacturing business)	37.0	40.1	45.0
(for real estate business)	8.5	2.4	2.0
Depreciation Cost	27.5	26.8	33.0
(for manufacturing business)	25.7	24.8	31.0
(for real estate business)	1.8	1.9	2.0

Note: The above figures include leasing costs.

CAPEX is expected to reach its peak in FY2018.

Beyond FY 2019, we will enhance return on investment, and will improve financial strength.

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

(Unit: Yen in billion)

	FY2016			FY2017		
	1st Half	2nd Half	Fiscal Year	1st Half	2nd Half	Fiscal Year
Interest-bearing Debts	229.7	225.9	225.9	241.0	239.3	239.3
Net Financial Profit/Loss	(0.6)	(0.6)	(1.2)	(0.2)	(0.7)	(1.0)
Free Cash Flow	(18.5)	4.2	(14.3)	(11.4)	7.9	(3.4)

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

3. Return to Shareholders

Profit Return

■ Basic Policy of FY2020 Mid-term

Dividend payout ratio 20% or higher

■FY2017 Forecast

◆Dividends 14.0 yen per share

(Interim 7.0 yen per share, Year-end 7.0 yen per share, 4.0 billion yen)

FY2016 Result 10.0 yen per share

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

(4.0 yen of increase compared with FY2016)

Dividend Payout Ratio in FY2017 21.8%

Profit Return

■ Basic Policy of FY2020 Mid-term

Dividend payout ratio 20% or higher

■ FY2018 Forecast

◆ **Dividends 16.0 yen per share**

(Interim 8.0 yen per share, Year-end 8.0 yen per share, 4.5 billion yen)

(2.0 yen of increase compared with FY2017)

Dividend Payout Ratio in FY2018 19.8%

- **(References) FY 2016 Results 22.4%**
- FY 2017 Results 21.8%**
- FY2018 Results 19.8%**

**Average Dividend Payout Ratio
in these three years: 21.1%**



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.

【Contact】 Investor Relation Group
TEL:+81 3 5606 1112
FAX:+81 3 5606 1539
E-mail: fjk_ir@fujikura.co.jp

【FY2017 Financial Results Appendix】

Net Sales and Operating Income by Segment

Net Sales Records by Segment

Unit: Yen in billion

		FY2016							FY2017							FY2018 Est.		
		1Q	2Q	3Q	4Q	1H	2H	Full Year	1Q	2Q	3Q	4Q	1H	2H	Full Year	1H	2H	Full Year
Power & Telecommunication Systems Company	Power Systems	45.1	46.3	50.2	54.4	91.4	104.6	196.0	50.4	51.3	58.7	52.2	101.8	111.0	212.8	92.0	103.4	195.4
	Telecommunication Systems	35.2	35.9	41.7	40.8	71.1	82.5	153.6	40.0	40.1	40.6	38.0	80.2	78.6	158.9	84.3	82.9	167.2
		80.3	82.2	91.9	95.2	162.5	187.1	349.6	90.4	91.5	99.3	90.3	182.0	189.7	371.7	176.3	186.3	362.6
Electronics Business Company	FPC	14.6	27.5	29.4	22.1	42.0	51.5	93.6	20.5	40.6	39.9	24.1	61.1	64.0	125.2	68.0	79.0	147.1
	Connector	5.3	8.5	10.2	8.5	13.8	18.7	32.6	8.2	12.7	12.9	8.7	20.9	21.7	42.6	17.4	23.6	41.0
	Other	7.8	8.1	7.7	6.8	16.0	14.5	30.5	7.3	7.1	6.7	6.8	14.4	13.6	28.1	12.8	13.0	25.9
	27.7	44.2	47.3	37.6	71.8	84.9	156.7	36.0	60.4	59.7	39.7	96.4	99.4	195.9	98.3	115.7	214.0	
Automotive Products Company		34.2	29.6	33.5	35.8	63.8	69.2	133.1	36.1	37.2	42.2	41.4	73.3	83.6	157.0	77.9	80.4	158.3
Real Estate Business Company		2.5	2.5	2.5	2.6	5.0	5.1	10.1	2.7	2.7	2.7	2.6	5.5	5.4	10.9	5.3	5.3	10.6
Other		0.9	1.1	1.1	1.0	2.0	2.1	4.1	1.1	1.1	1.0	0.9	2.2	1.9	4.2	2.0	2.1	4.1
Total		145.6	159.6	176.2	172.3	305.2	348.5	653.7	166.5	193.2	205.1	175.1	359.7	380.2	740.0	360.0	390.0	750.0

Operating Income Records by Segment

Power & Telecommunication Systems Company	3.2	4.4	7.2	5.5	7.5	12.7	20.3	5.7	6.4	5.7	4.4	12.1	10.2	22.4	9.7	12.4	22.1
Electronics Business Company	0.1	2.5	2.9	2.0	2.6	4.9	7.5	1.3	4.5	4.9	(0.3)	5.8	4.5	10.4	6.6	7.3	14.0
Automotive Products Company	1.5	0.1	0.9	0.1	1.5	1.0	2.5	(1.2)	(1.6)	0.2	(0.5)	(2.8)	(0.2)	(3.1)	(1.3)	0.2	(1.0)
Real Estate Business Company	1.3	1.3	1.2	0.8	2.6	2.0	4.6	1.4	1.3	1.3	1.3	2.8	2.6	5.5	2.4	2.2	4.7
Other	(0.3)	(0.2)	(0.2)	(0.2)	(0.5)	(0.4)	(0.9)	(0.2)	(0.2)	(0.0)	(0.3)	(0.4)	(0.3)	(0.8)	(0.4)	(0.3)	(0.8)
Total	5.6	8.1	12.0	8.4	13.8	20.4	34.2	7.0	10.5	12.2	4.5	17.5	16.8	34.3	17.0	22.0	39.0

Fujikura Ltd.