

3Q FY2017 Financial Results



Fujikura Ltd.

February 2, 2018

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1. Review of 3Q FY2017 Financial Results and FY2017 Forecasts

3Q FY2017 Financial Results and FY2017 Forecasts

(Unit: Yen in billion)

	FY2016		FY2017		FY2017 (Forecasted on October, 27)
	1-3Q	Full Year	1-3Q	Full Year	FY2017
Net Sales	481.4	653.7	564.8	730.0	730.0
Operating Income	25.9	34.2	29.8	35.0	38.0
Ratio of Operating Income to Net Sales (%)	5.4	5.2	5.3	4.8	5.2
Share of other comprehensive income of entities accounted for using equity method	0.5	1.0	1.2	1.6	1.4
Ordinary Income (Loss)	24.1	32.5	29.8	33.0	36.0
Net Income (Loss) Attributable to Owners of Parent	8.4	12.9	19.2	20.0	20.0
Net Income per Share (JPY)	29.22	44.61	67.41	70.11	70.11
Dividend per Share (JPY)	—	10.00	—	14.00	14.00
ROE (%)	5.6	6.4	11.3	9.2	9.3
Exchange Rate (JPY/USD)	106.61	108.36	111.70	—	—
CU Base('000JPY/ton)	570	604	743	—	—

Review of 3Q FY2017 Results and Full Year Forecasts

[YoY basis]

- Net sales increased on a YoY basis owing to the increase of demand in each in-house company and effects of depreciation of the yen against foreign currencies and rise in copper price.
- Operating income and ordinary income increased on a YoY basis because of effects of forex and strong performance of Electronics Business Company despite of the rise of costs in Automotive Products Company due to the increased labor turnover rate in Eastern Europe operations mainly in 1H.
- Net income attributable to owners of parent increased owing to the decrease of extraordinary loss and tax expenses in addition to the increase of ordinary income.

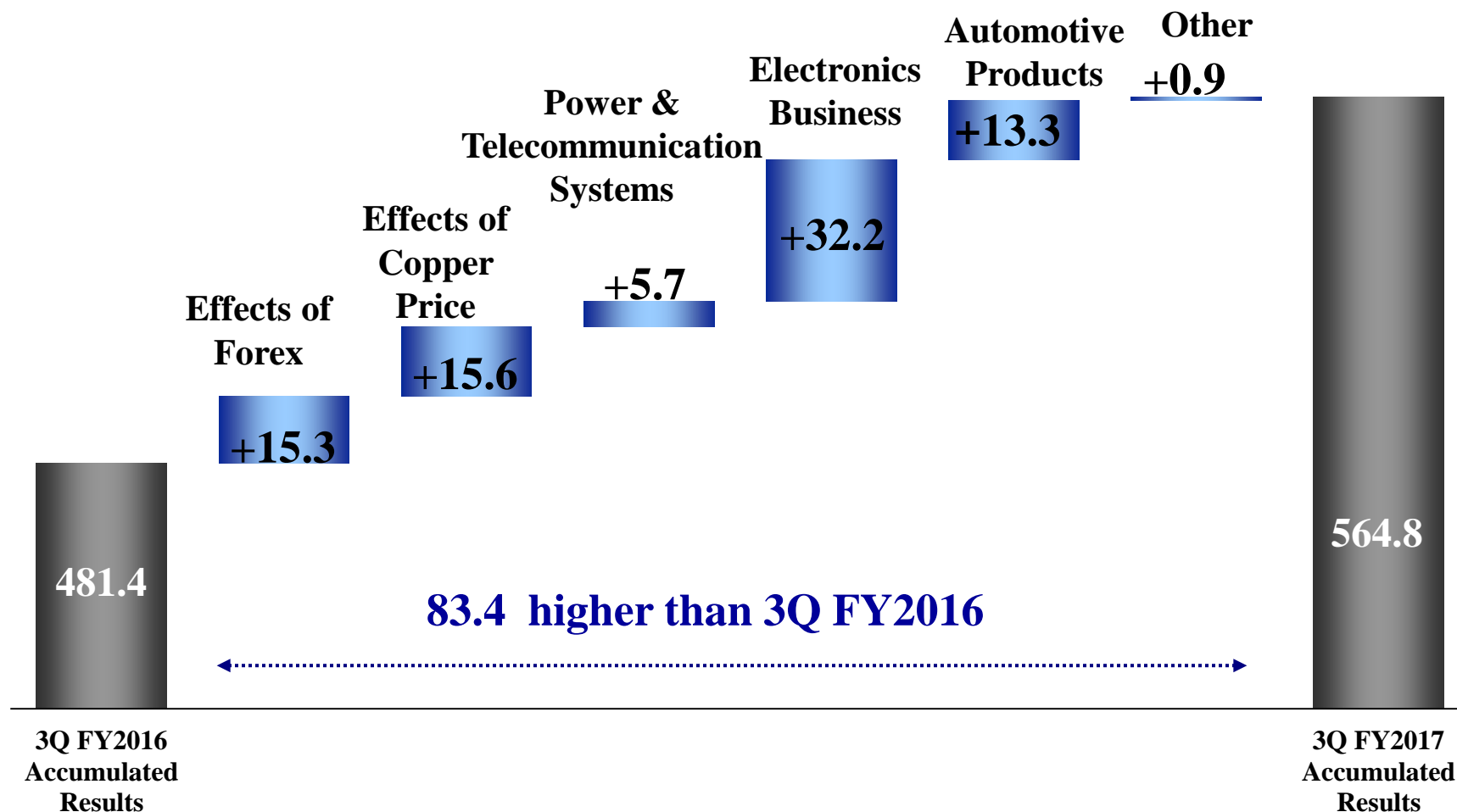
[Full Year Forecasts]

- Operating income and ordinary income are forecasted to decrease compared with the figures released last time due to the effects of inventory adjustment of optical components mainly for data centers. It is also because that we are still working to improve productivity in Eastern European operations of Automotive Products Company.
- Forecast of net income attributable to parent company shareholders has not changed from the figure released last time due to the post of income taxes-deferred in 2Q.

3Q FY2017 Contributing Factors to Net Sales Change (year-on-year basis)

Net Sales

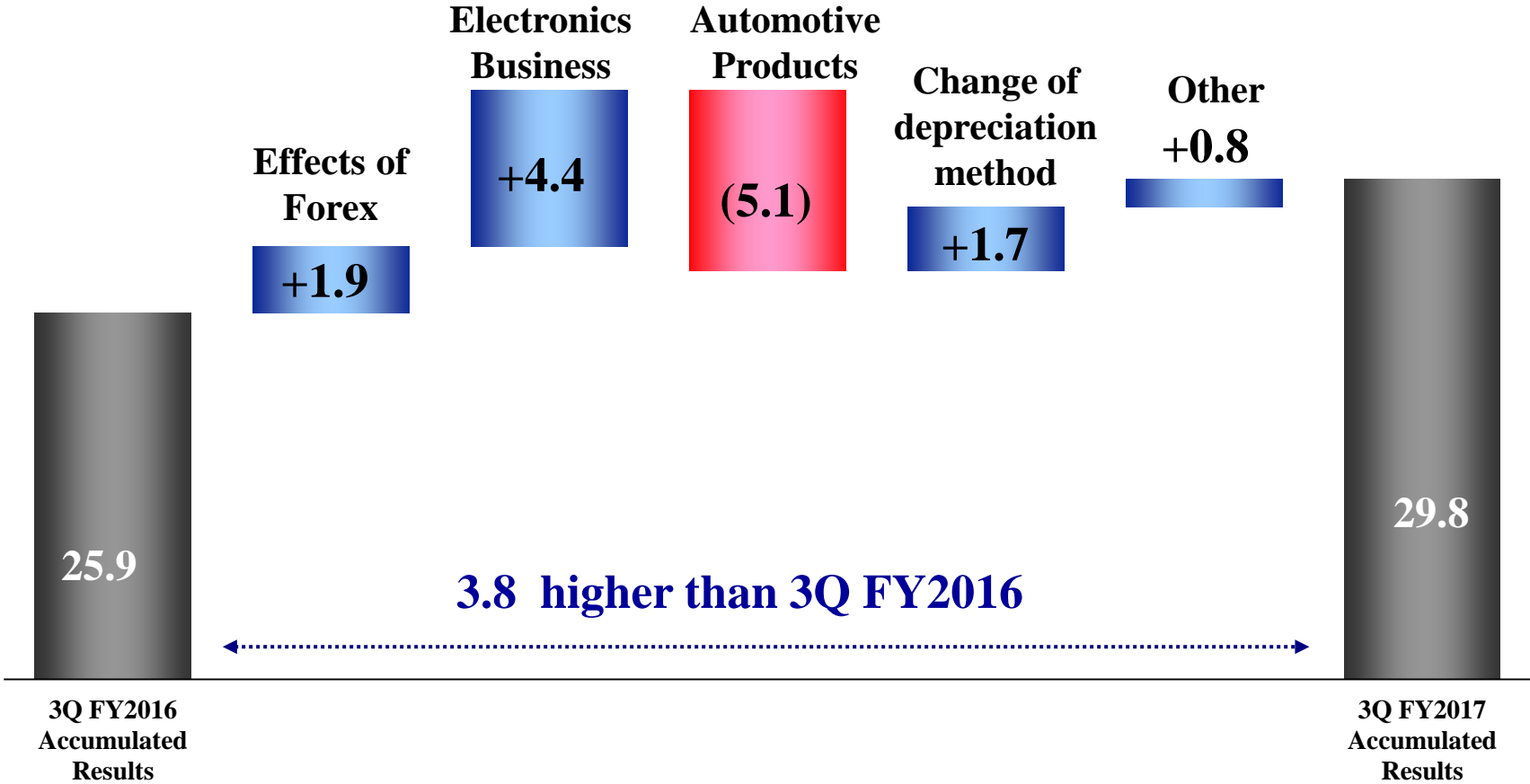
(Unit: Yen in billion)



3Q FY2017 Contributing Factors to Operating Income Change (year-on-year basis)

Operating Income

(Unit: Yen in billion)



3Q FY2017 Extraordinary Profit and Loss

(Unit: Yen in billion)

	FY2016		FY2017
	1-3Q	Full Year	1-3Q
Operating Income	25.9	34.2	29.8
Share of other comprehensive income of entities accounted for using equity method	0.5	1.0	1.2
Ordinary Income	24.1	32.5	29.8
Extraordinary Income	0.3	0.6	0.7
Extraordinary Loss	4.3	4.8	1.9
Income before Income Taxes and Minority Interests	20.2	28.3	28.6
Total Income Taxes	8.7	11.3	6.9
Net Income attributable to non-controlling interests	3.0	4.1	2.4
Net Income attributable to owners of parent	8.4	12.9	19.2

[1-3Q FY2016]
Including 2.7 billion yen of the past corporate income tax in Thailand.

[1-3Q FY2017]
Taxes 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 Dec. 31, 2017	Change
〈Assets〉	588.6	662.6	+74.0
Current Assets	296.5	350.8	+54.2
Cash and Deposits	31.7	36.0	+4.2
Notes and Account Receivable	148.9	166.6	+17.7
Inventories	92.5	120.9	+28.3
Fixed Assets	292.1	311.8	+19.7
Tangible Fixed Assets	195.2	210.0	+14.7
Intangible Fixed Assets	17.0	15.1	(1.9)
Sub Total	212.3	225.1	+12.7
Total Investments and Other Assets	79.7	86.7	+7.0

Increased due to the sales increase in total and sales peak of Electronics Business Company in 3Q

Capital investment
30.7 billion yen
(Including investment to production capacity of optical related products)
Depreciation cost
20.3 billion yen

Consolidated B/S (2)

(Unit: Yen in billion)

	As of March 31, 2017	As of Dec. 31, 2017	Change
Total	588.6	662.6	+74.0
(Treasury Stock)	((5.9))	((6.3))	((0.4))
〈Liability〉	364.0	409.1	+45.0
Notes and Account Payable	77.2	91.7	+14.5
Interest-bearing Debt	225.9	255.6	+29.7
Other Current Liability	41.3	42.4	+1.1
〈Net Equity〉	224.5	253.5	+29.0
Shareholder's Equity	196.0	211.3	+15.3
(Treasury Stock)	((5.9))	((6.3))	((0.4))
Accumulated Other Comprehensive Income	6.7	18.2	+11.5
Non-controlling Interests	21.8	23.9	+2.1

Increased purchase of stock according to the sales peak of Electronics Business Company in 3Q

Working capital and capital expenditure

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	1-3Q FY2016 Results	1-3Q FY2017 Results	Change	FY2017 Full Year Forecasts	1-3Q FY2016 Results	1-3Q FY2017 Results	Change	FY2017 Full Year Forecasts
Power & Telecommunication System Company	254.4	281.4	+27.0	368.0	14.7 5.8%	17.9 6.4%	+3.2 +0.6%	23.0 6.3%
Electronics Business Company	119.1	156.2	+37.0	191.4	5.5 4.7%	10.8 6.9%	+5.2 +2.3%	11.1 5.8%
Automotive Products Company	97.2	115.6	+18.3	155.3	2.4 2.5%	(2.6) (2.3%)	(5.1) (4.8%)	(3.8) (2.5%)
Real Estate Business Company	7.5	8.2	+0.7	10.9	3.8 50.6%	4.1 50.4%	+0.3 (0.2%)	5.4 50.0%
Other	3.0	3.3	+0.2	4.1	(0.6)	(0.5)	+0.1	(0.8)
Total	481.4	564.8	+83.4	730.0	25.9 5.4%	29.8 5.3%	+3.8 (0.1%)	35.0 4.8%

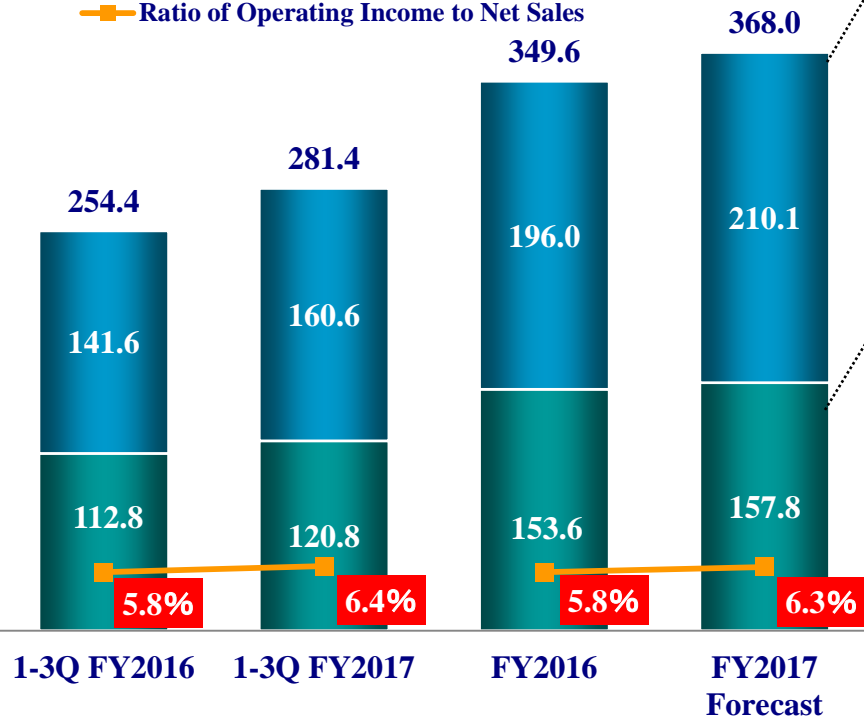
Power & Telecommunication Systems Company

- In 1-3Q FY2017, both net sales and operating income increased owing to rise of copper price and effects of forex.
- In the full-year forecast, both net sales and operating income are projected to increase.

(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

- In 1-3Q FY2017, net sales increased owing to rise of copper price. In the full-year forecast, net sales is projected to increase.

Telecommunication Systems

- In 1-3Q FY2017, net sales increased owing to the effects of forex and strong demand for overseas FTTx. In the full-year forecast, net sales is projected to increase.

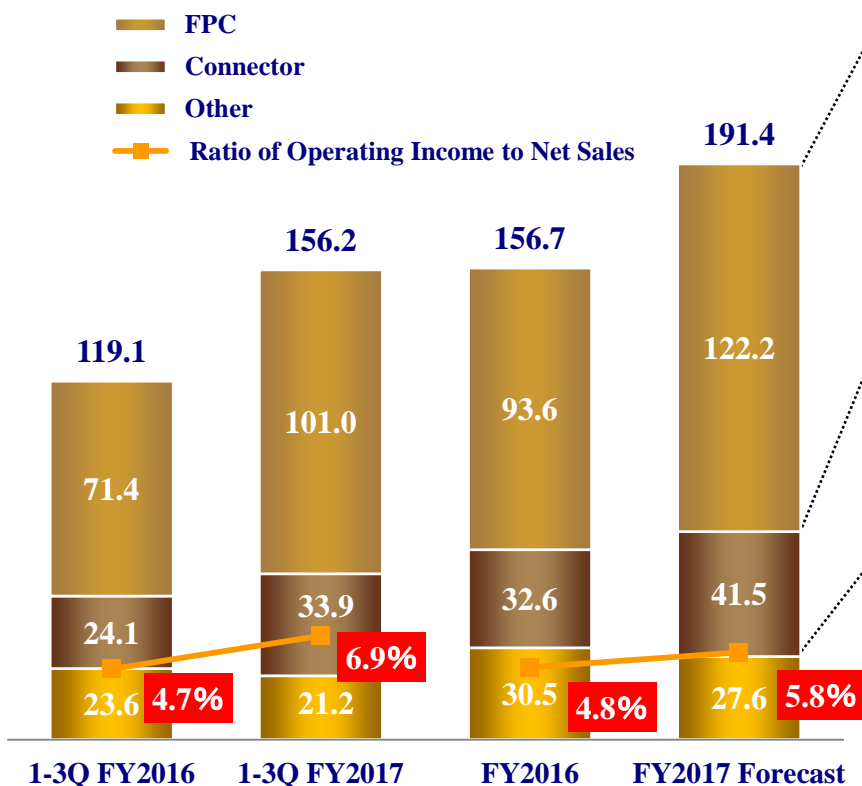
Comments by YoY basis

Electronics Business Company

- In 1-3Q 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 the full-year forecast, both net sales and operating income are projected to increase.

(Unit: Yen in billion)

Net sales and Ratio of Operating Income to Net Sales



FPC

■ In 1-3Q FY2017, net sales increased owing to the increase of demand mainly in smartphone application. In the full-year forecast, net sales is projected to increase.

Connector

■ In 1-3Q FY2017, net sales increased owing to the increase of demand mainly in smartphone application. In the full-year forecast, net sales is projected to increase.

Other

■ In 1-3Q FY2017, net sales decreased due to the effect of product mix. In the full-year forecast, net sales is expected to decrease.

Comments by YoY basis

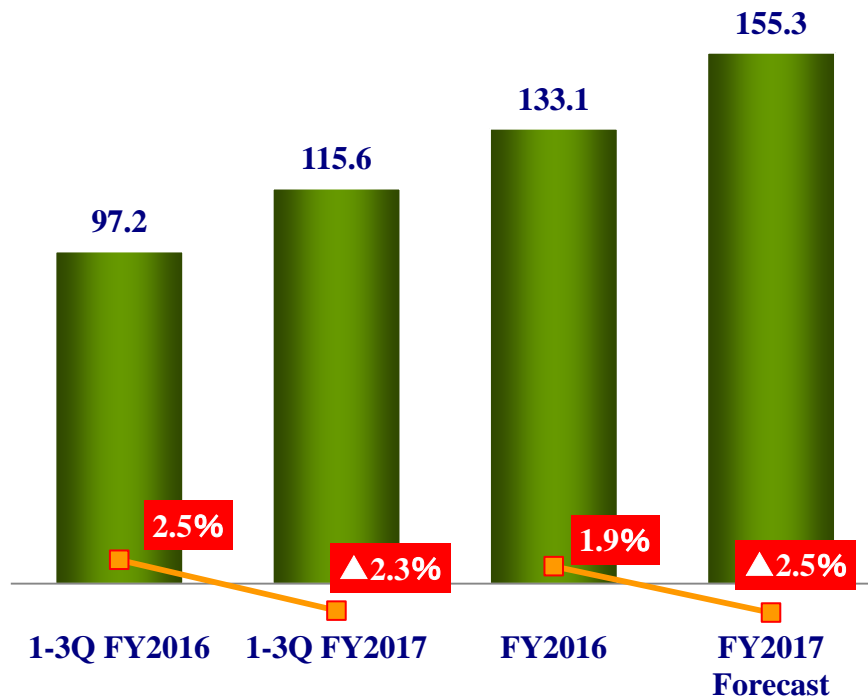
Automotive Products Company

- In 1-3Q FY2017, net sales increased on a YoY basis owing to launching of new model. However, operating income decreased due to the rise in costs in East European production sites in 1H.
- In the full-year forecast, net sales is projected to increase but operating income is forecasted to decrease because it is taking time to improve productivity in Eastern European production sites.

(Unit: Yen in billion)

Net sales and Ratio of Operating Income to Net Sales

—■— Ratio of Operating Income to Net Sales



Automotive Products

- In 1-3Q FY2017, net sales increased on a YoY basis owing to launching of new model in addition to the effects of forex. Operating income decreased because it is taking time to improve productivity in Eastern European production sites. We are taking measures for the recovery of earning power.

Comments by YoY basis

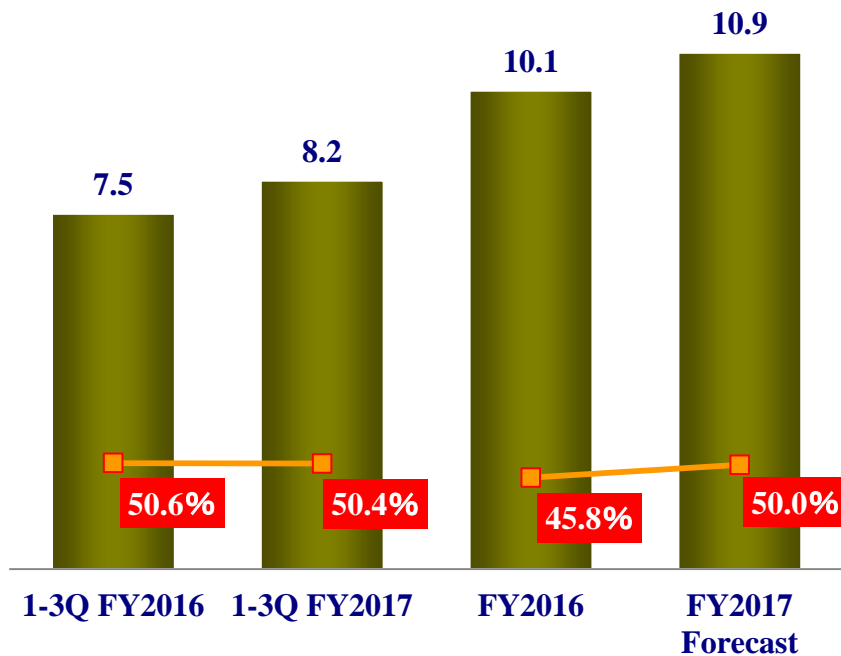
Real Estate Business Company

■ 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 Estates

■ Stable revenues from leasing properties are continuously expected

CAPEX and Depreciation

(Unit: Yen in billion)

	FY2016		FY2017	FY2017 Forecasts (May 9)
	1-3Q	FY2016	1-3Q	
CAPEX	29.6	45.6	30.7	48.0
(for manufacturing business)	29.3	37.0	29.9	46.0
(for real estate business)	0.3	8.5	0.8	2.0
Depreciation Cost	20.9	27.5	20.3	28.5
(for manufacturing business)	19.7	25.7	18.8	26.5
(for real estate business)	1.2	1.8	1.4	2.0

Note: The above figures include leasing costs.

3. Shareholder Return

Profit Return

■ Basic Policy of FY2020 Mid-term

Dividend payout ratio 20% or higher

■ FY2017 Forecasts

◆ 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 20.0%



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 FY2017 Financial Results Appendix】

Net Sales and Operating Income by Segment

Net Sales Records and Forecasts by Segment

Unit: Yen in billion

		FY2016							FY2017							FY2017 released on October
		1Q	2Q	3Q	4Q	1H	2H	Full Year	1Q	2Q	3Q	4Q Est.	1H	2H Est.	Full Year Est.	Full Year Forecasts
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	49.5	101.8	108.3	210.1	209.0
	Telecommunication Systems	35.2	35.9	41.7	40.8	71.1	82.5	153.6	40.0	40.1	40.6	36.9	80.2	77.5	157.8	162.6
		80.3	82.2	91.9	95.2	162.5	187.1	349.6	90.4	91.5	99.3	86.5	182.0	185.9	368.0	371.7
Electronics Business Company	FPC	14.6	27.5	29.4	22.1	42.0	51.5	93.6	20.5	40.6	39.9	21.1	61.1	61.1	122.2	126.8
	Connector	5.3	8.5	10.2	8.5	13.8	18.7	32.6	8.2	12.7	12.9	7.6	20.9	20.5	41.5	39.6
	Other	7.8	8.1	7.7	6.8	16.0	14.5	30.5	7.3	7.1	6.7	6.4	14.4	13.2	27.6	26.6
		27.7	44.2	47.3	37.6	71.8	84.9	156.7	36.0	60.4	59.7	35.2	96.4	94.9	191.4	193.1
Automotive Products Company		34.2	29.6	33.5	35.8	63.8	69.2	133.1	36.1	37.2	42.2	39.7	73.3	81.9	155.3	149.5
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	10.9
Other		0.9	1.1	1.1	1.0	2.0	2.1	4.1	1.1	1.1	1.0	0.8	2.2	1.9	4.1	4.6
Total		145.6	159.6	176.2	172.3	305.2	348.5	653.7	166.5	193.2	205.1	165.1	359.7	370.2	730.0	730.0

Operating Income Records and Forecasts 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	5.0	12.1	10.8	23.0	24.8
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	5.2	11.1	11.3
Automotive Products Company	1.5	0.1	0.9	0.1	1.5	1.0	2.5	(1.2)	(1.6)	0.2	(1.1)	(2.8)	(0.9)	(3.8)	(2.8)
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	5.4	5.4
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)	(0.9)
Total	5.6	8.1	12.0	8.4	13.8	20.4	34.2	7.0	10.5	12.2	5.1	17.5	17.4	35.0	38.0

Fujikura Ltd.