

FY2018 Financial Results



May 14, 2019



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1. FY2018 Financial Results and FY2019 Forecast

FY2018 Financial Results

(Unit : Yen in billion)

	FY2017	FY2018	FY2018-FY2017 Change
Net Sales	740.0	710.7	(29.2)
Operating Income	34.3	27.6	(6.6)
Ratio of Operating Income to Net Sales (%)	4.6	3.9	(0.7)
Share of Profit of Entities Accounted for Using Equity Method	1.5	1.2	(0.2)
Ordinary Income (Loss)	34.1	21.0	(13.1)
Net Income (Loss) Attributable to Owners of Parent	18.3	1.4	(16.9)
Net Income per Share (JPY)	64.36	5.09	(59.27)
Dividend per Share (JPY)	14.00	12.00	(2.00)
ROE (%)	8.7	0.7	(8.0)
Exchange Rate (USD/JPY)	110.86	110.93	—
CU Base ('000 JPY/ton)	757	747	—

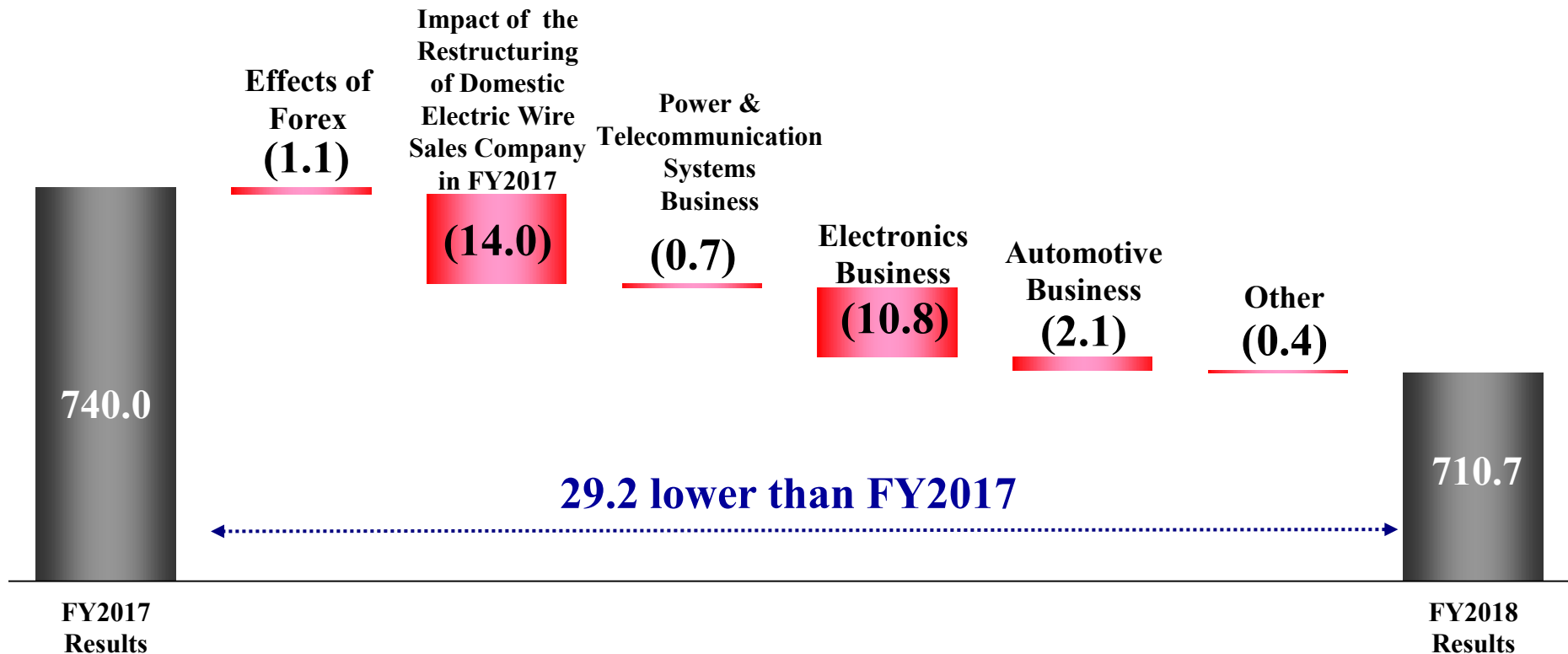
Summary of FY2018 Business Results

- Net sales decreased on a YoY basis due to the impact of a slowdown in demand for smartphones at the Electronics Business Subcompany in addition to the reorganization of a domestic electric wire sales company in the previous fiscal year.
- Operating income decreased on a YoY basis due to the impact of intensifying competition in the domestic and overseas markets, the increasing costs from material cost rising in the overhead transmission cable project in Bangladesh and the effect of a sharp decline in demand for smartphones in 4Q.
- Ordinary income decreased on a YoY basis in addition to the decrease in operating income, because as a result of introducing dollar-denominated borrowing for hedging purpose to secure a profit of 105 Yen/\$ in the opening plan, a part of the operating income increase due to the depreciation of the Yen against the planned rate got canceled and due to an increase in non-operating expenses such as the interest rate burden.
- Net income attributable to owners of parent decreased due to the extraordinary losses related to the poor performances of the Brazilian power business and the loss on non-conforming products, in addition to the decrease in ordinary income.

FY2018 Contributing Factors to Net Sales Change (year-on-year basis)

Net Sales

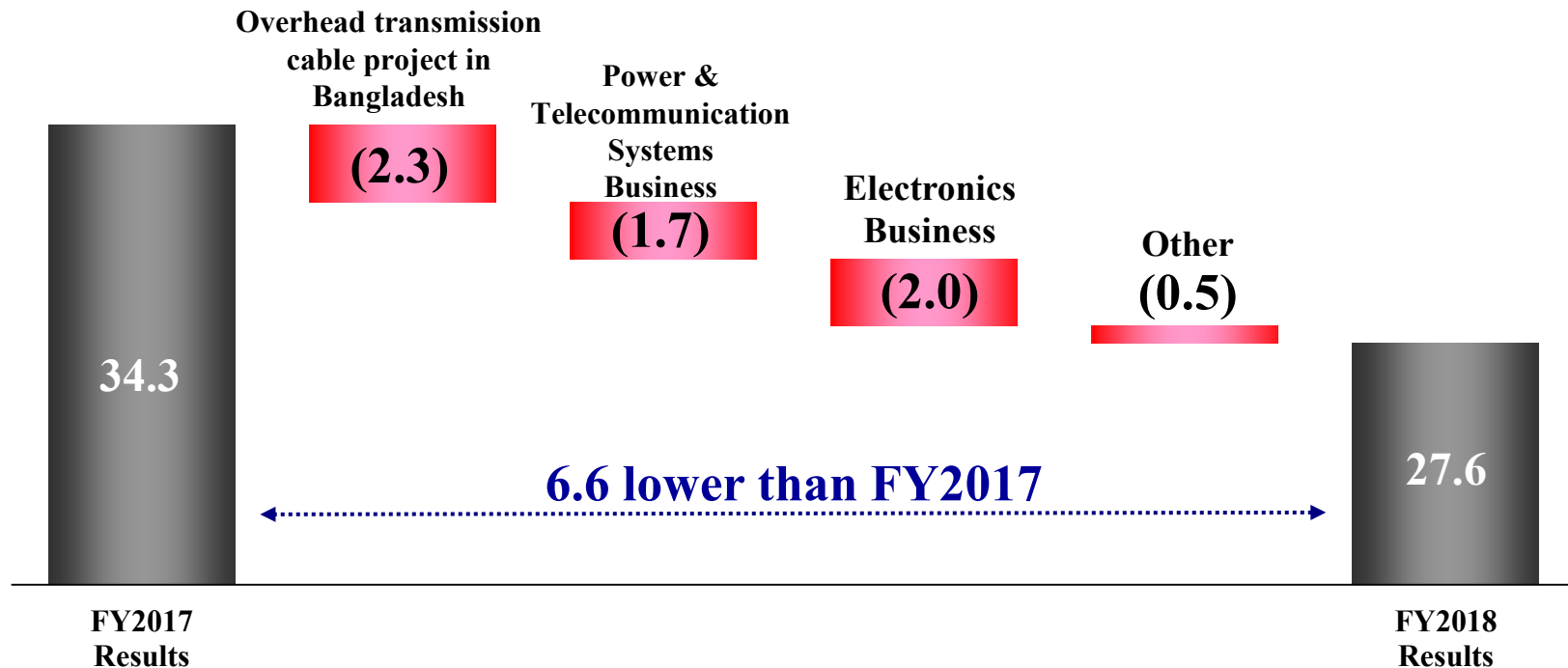
(Unit : Yen in billion)



FY2018 Contributing Factors to Operating Income Change (year-on-year basis)

Operating Income

(Unit : Yen in billion)



FY2018 Extraordinary Profit and Loss

(Unit: Yen in billion)

	FY2017	FY2018
Operating Income	34.3	27.6
Share of Profit of Entities Accounted for Using Equity Method	1.5	1.2
Ordinary Income	34.1	21.0
Extraordinary Income	1.0	5.7
Extraordinary Loss	6.5	16.2
Income before Income Taxes and Minority Interests	28.6	10.5
Total Income Taxes	7.5	7.5
Net Income Attributable to Non-controlling Interests	2.7	1.4
Net Income Attributable to Owners of Parent	18.3	1.4

Includes the gain on sales of investment securities

Includes the losses due to poor performance of Brazilian power business (10.1 billion yen), the loss on non-conforming products (1.7 billion yen), the business structural reform costs

Consolidated B/S (1)

(Unit: Yen in billion)

	As of March 31, 2018	As of March 31, 2019	Change
〈Assets〉	638.0	638.3	+0.2
Current Assets	324.1	323.2	(0.9)
Cash and Deposits	34.2	36.7	+2.5
Notes and Account Receivable	151.2	141.5	(9.6)
Inventories	113.8	117.8	+3.9
Fixed Assets	313.8	315.0	+1.1
Tangible Fixed Assets	211.2	231.8	+20.5
Intangible Fixed Assets	14.0	11.7	(2.3)
Sub Total	225.3	243.5	+18.1
Total Investments and Other Assets	88.4	71.5	(16.9)

Decreases mainly due to Electronics Business Company and Automotive Products Company

Capital investment
55.7 billion yen
(Including investment of Electronics and Telecommunication)
Depreciation cost
31.5 billion yen

Consolidated B/S (2)

(Unit: Yen in billion)

	As of March 31, 2018	As of March 31, 2019	Change
Total	638.0	638.3	+0.2
(Treasury Stock)	((6.3))	((6.3))	(+0.0)
〈Liability〉	396.0	397.4	+1.3
Notes and Account Payable	77.1	64.9	(12.1)
Interest-bearing Debt	239.3	253.5	+14.1
Other Current Liability	55.6	53.6	(2.0)
〈Net Equity〉	241.9	240.9	(1.0)
Shareholder's Equity	210.4	207.5	(2.8)
(Treasury Stock)	((6.3))	((6.3))	(+0.0)
Accumulated Other Comprehensive Income	8.8	9.0	+2.0
Non-controlling Interests	22.6	24.2	+1.5

Increase in capital expenditure

FY2019 Forecast

(Unit : Yen in billion)

	FY2018 Results	1H FY2019 Forecast	FY2019 Forecast	FY2019 Forecast —FY2018 Results Change
Net Sales	710.7	340.0	690.0	(20.7)
Operating Income	27.6	13.0	28.0	+0.3
Ratio of Operating Income to Net Sales(%)	3.9	3.8	4.1	+0.2
Share of Profit of Entities Accounted for Using Equity Method	1.2	0.6	1.2	+0.0
Ordinary Income (Loss)	21.0	12.0	27.0	+5.9
Net Income (Loss) Attributable to Owners of Parent	1.4	6.0	12.0	+10.5
Net Income per Share (JPY)	5.09	21.03	42.06	+36.97
Dividend per Share (JPY)	12.00	5.00	10.00	(2.00)
ROE (%)	0.7	—	5.4	+4.7
Exchange Rate (USD/JPY)	110.93	105.00	105.00	—
CU Base ('000JPY/ton)	747	740	740	—

※ It was found that some of the products of the Group are inappropriate in terms of quality control. Part of the loss effect related to this case has become clear, and a loss of 1.7 billion yen is recorded in FY2018. If there is a need to review the consolidated business forecast, we will publish them on a timely basis.

FY2019 Forecast

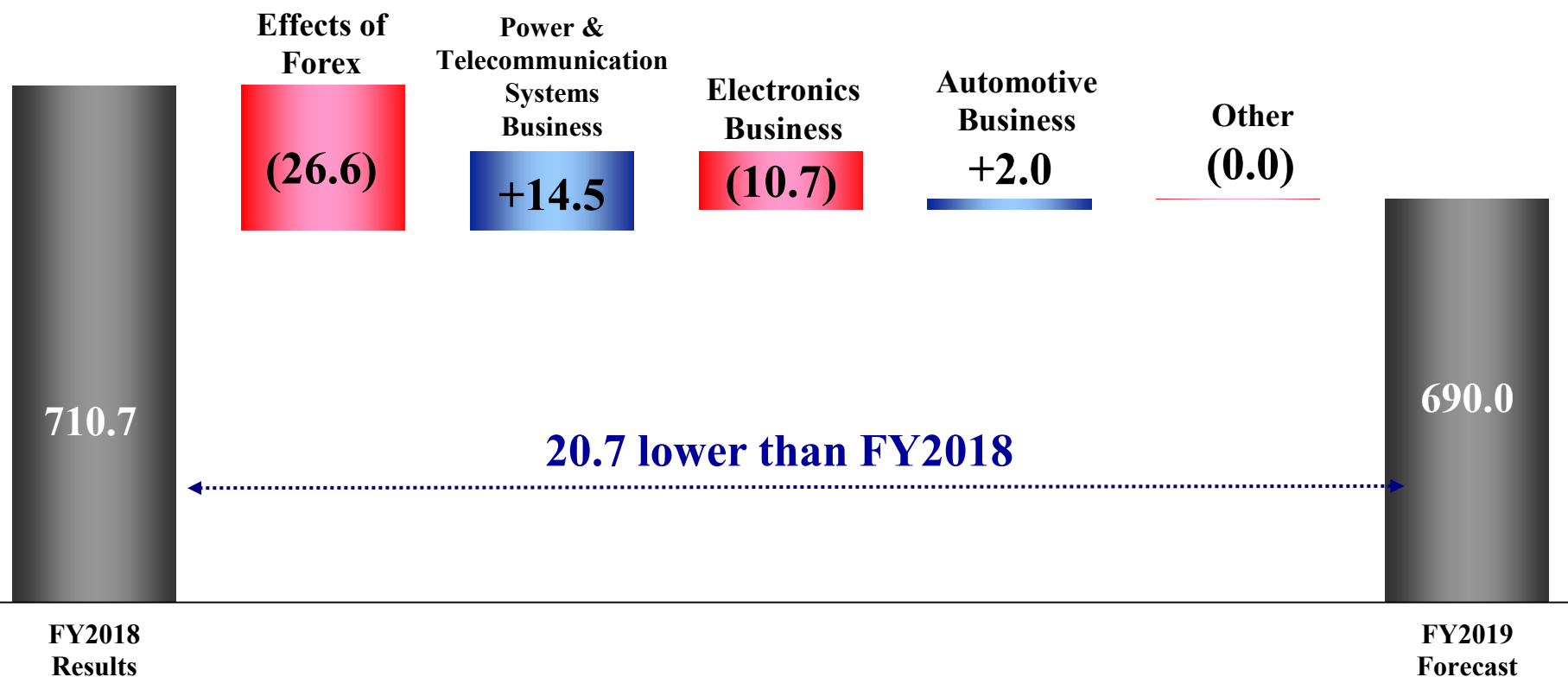
- Net sales are expected to decrease mainly due to the impact of foreign exchange rates.
- Operating income is expected to be similar to the previous fiscal year due to the cost improvement of Automotive Products Subcompany and the cancellation of material cost increase in construction of overhead transmission cable in Bangladesh despite the adverse effects of exchange rate and the intensified competition in optical fiber, etc.
- Ordinary income is expected to increase due to the improvement in non-operating income and loss.
- Net income attributable to owners of parent is expected to increase due to the decrease of extraordinary losses in addition to the increase of ordinary income.

FY2018 Results / FY2019 Forecast

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

Net Sales

(Unit : Yen in billion)

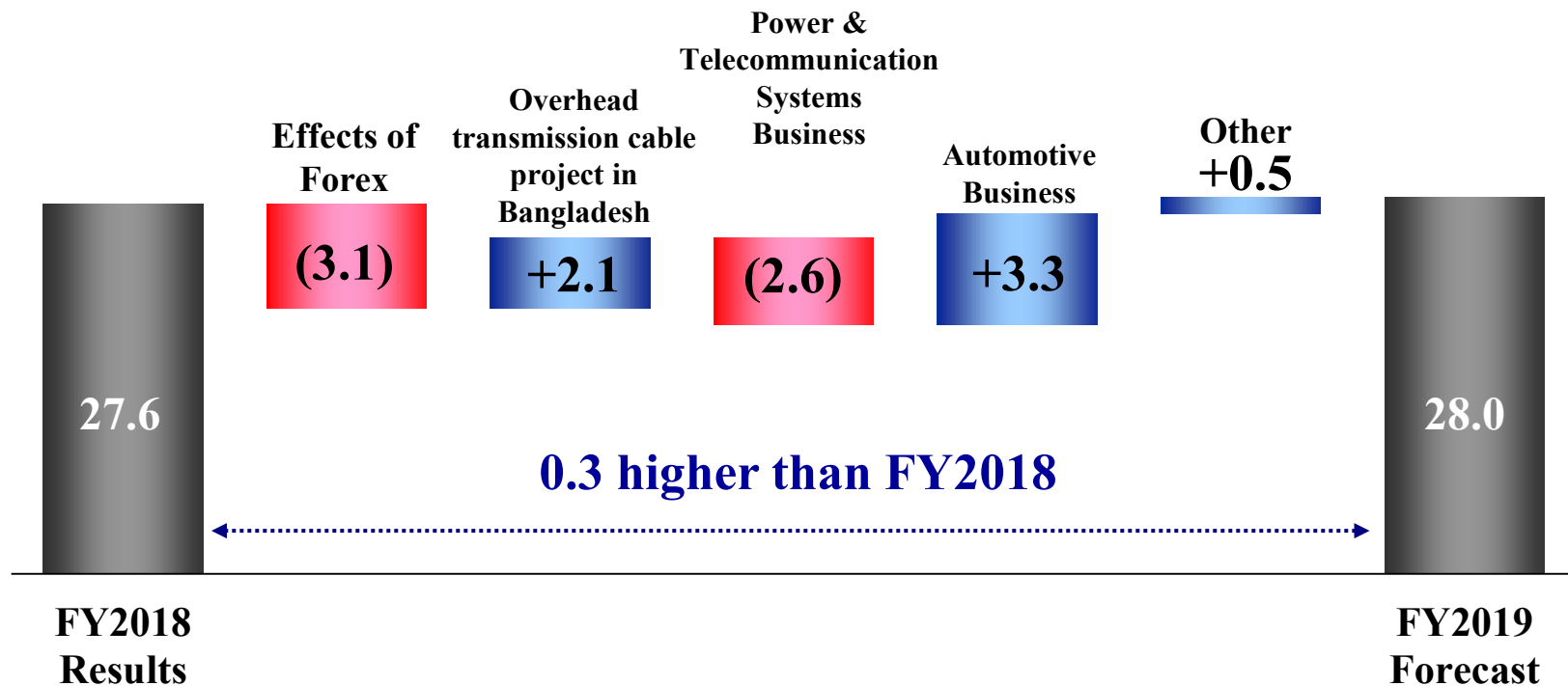


FY2018 Results / FY2019 Forecast

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

Operating Income

(Unit : Yen in billion)



2. By Segment

Financial Results and Forecast by Segment

(Unit: Yen in billion)

Net Sales					Operating Income and Ratio of Operating Income to Net Sales			
Segment	FY2017	FY2018	1H 2019 Forecast	FY2019 Forecast	FY2017	FY2018	1H 2019 Forecast	FY2019 Forecast
Power & Telecommunication Systems Company	370.1	354.8	174.3	356.6	22.3	17.7	6.3	14.5
					6.0%	5.0%	3.6%	4.1%
Electronics Business Subcompany	195.9	185.0	83.2	167.7	10.4	8.3	4.8	8.7
					5.3%	4.5%	5.8%	5.2%
Automotive Products Subcompany	157.0	154.1	73.9	148.3	(3.1)	(3.2)	(0.6)	(0.1)
					(2.0%)	(2.1%)	(0.9%)	(0.1%)
Electronic Products & Connector Company	353.0	339.2	157.2	316.1	7.2	5.1	4.1	8.5
					2.1%	1.5%	2.7%	2.7%
Real Estate Business Company	10.9	10.8	5.6	11.2	5.5	5.0	2.6	5.0
					50.2%	46.1%	46.6%	45.2%
Other	5.9	5.8	5.7	5.9	(0.7)	(0.2)	(0.1)	(0.1)
Total	740.0	710.7	340.0	690.0	34.3	27.6	13.0	28.0
					4.6%	3.9%	3.8%	4.1%

※ Figures shown above for FY2017 have been restated to reflect management system changes implemented.

※ From FY2019 the Automotive Products Business company unified with the old Electronics Business company to become the Electronic Products & Connector Company.

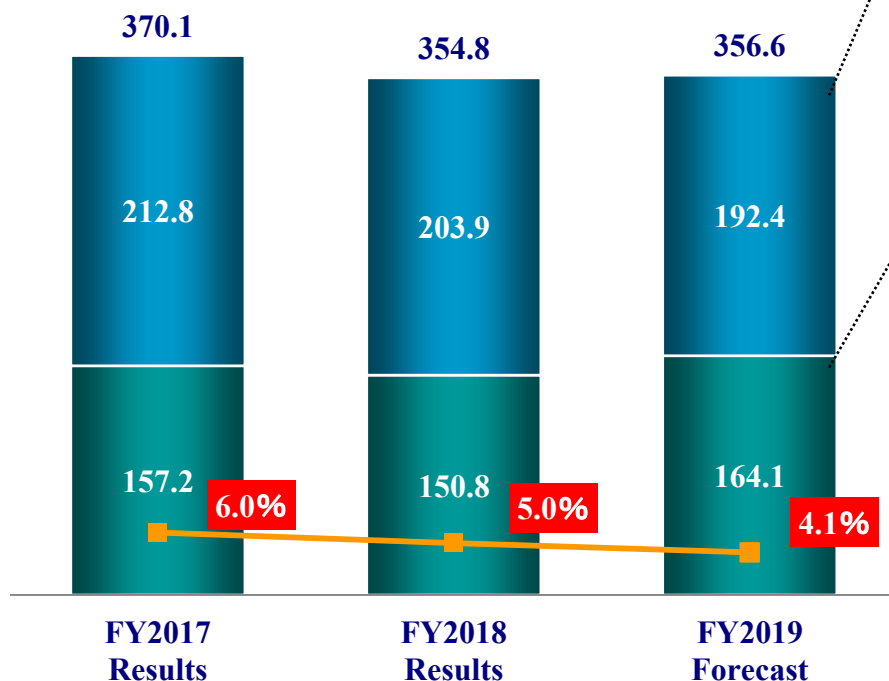
Power & Telecommunication Systems Company

- In FY2018, sales decreased due to the reorganization of a domestic electric wire sales company in FY2017. Operating income decreased due to an intensified competition in domestic and overseas markets and an increase in cost of Bangladesh overhead transmission cable project.
- In FY2019, although there will be no increase in the cost of Bangladesh transmission cable construction, we expect to see a decline in operating income due to the effects of exchange rates and the intensifying competition in optical fibers.

(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 FY2018, sales decreased due to the effects of the reorganization of a domestic electric wire sales company in FY2017.
- In FY2019, sales expected to decrease due to the effects of the restructuring of China's power transmission line business.

Telecommunication Systems

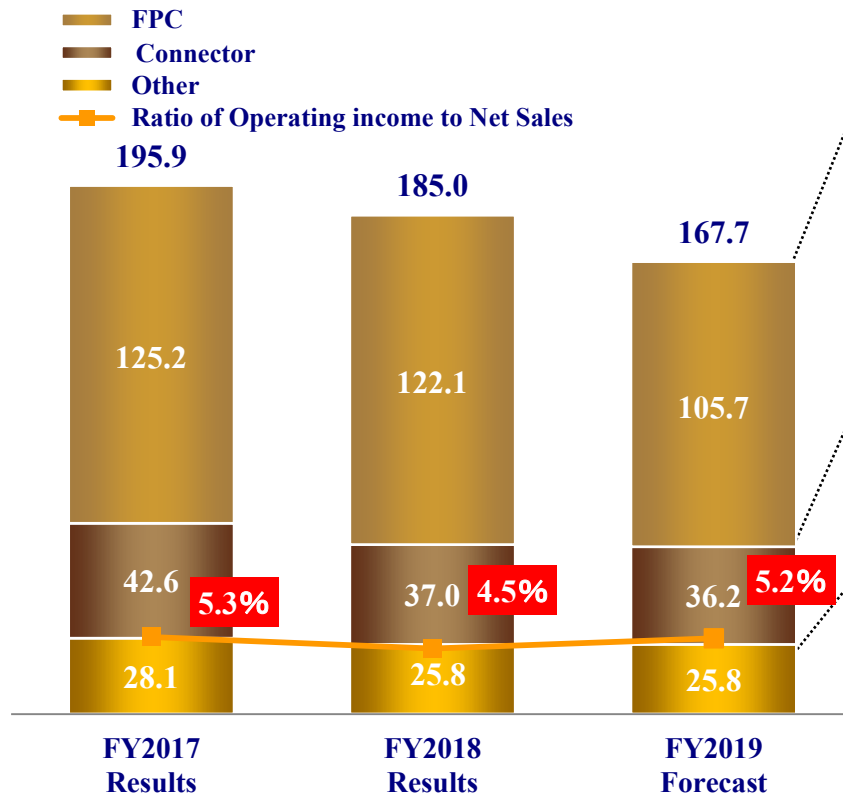
- In FY2018, in spite of the contribution of optical fiber investment, sales declined due to a temporary leveling off in demand of data centers.
- In FY2019, despite the impact of foreign exchange rates, we expect sales to increase due to new projects in overseas FTTx construction.

Electronics Business Subcompany

- In FY2018, sales and operating income decreased due to the decline in demand for FPCs and connectors, mainly for smartphone in 4Q.
- In FY2019, although sales are expected to decrease mainly due to the appreciation of the yen and due to smartphones, but operating income is expected to be in line with FY2018 thanks to product mix change and cost reduction by actions such as yield improvement.

(Unit: Yen in billion)

Net Sales and Ratio of Operating Income to Net Sales



FPC
<ul style="list-style-type: none"> ■ In FY2018 & FY2019, demand for smartphones is on a declining trend. Improve profitability by incorporating high value products.
Connector
<ul style="list-style-type: none"> ■ In FY2018, sales decreased due to changes in product mix. ■ In FY2019, expected sales in line with FY2018.
Other
<ul style="list-style-type: none"> ■ In FY2018, sales decreased due to changes in product mix. ■ In FY2019, expected sales in line with FY2018.

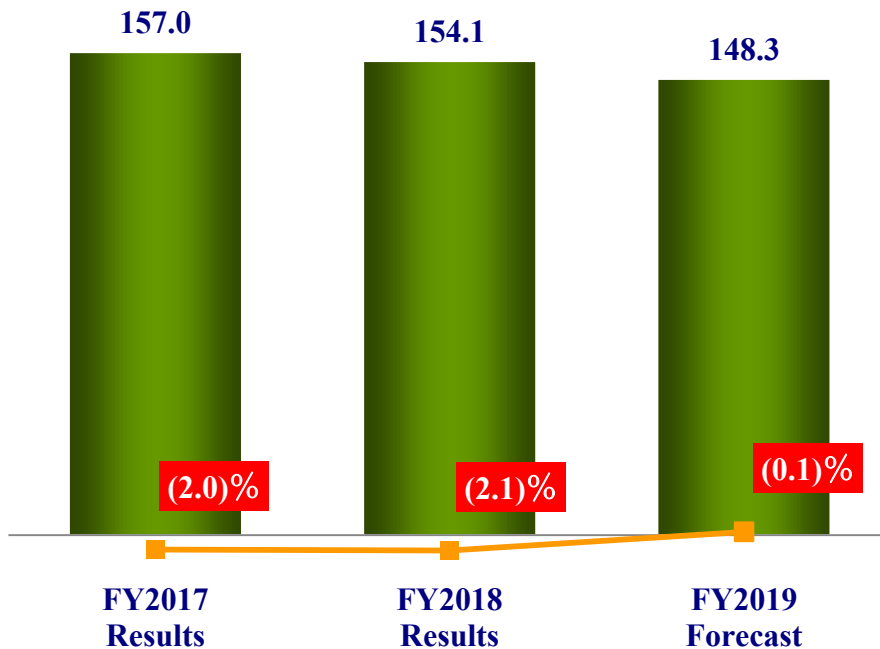
Automotive Products Subcompany

- In FY2018, although emergency cost for increase of turnover rate in Eastern Europe production reduced, operating loss was similar to the previous year due to the effect of reducing production by customers in Asia.
- In FY2019, although sales are expected to fall due to the strong yen, operating income is expected to break even due to the transfer of manufacturing from Eastern Europe to Morocco and the structural reforms in Asia.

(Unit: Yen in billion)

Net Sales and Ratio of Operating Income to Net Sales

— Ratio of Operating Income to Net sales



Automotive Products

- In FY2018, sales were similar to the previous year.
- In FY2019, sales expected to decline due to the impact of the strong yen.

From FY2019 the Automotive Products Business Subcompany unified with the old Electronics Business Subcompany to become the Electronic Products & Connector Company.

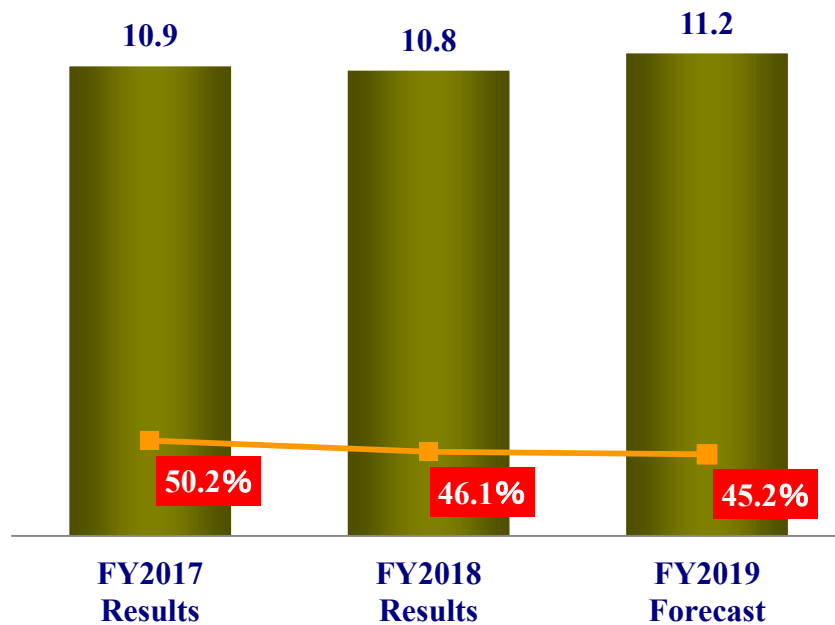
Real Estate Business Company

■ 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 Estate

■ Stable revenues from leasing properties are continuously expected

CAPEX and Depreciation Cost

(Unit: Yen in billion)

	FY2017	FY2018	FY2019 Forecast
CAPEX	42.5	55.7	37.0
(for manufacturing business)	40.1	54.3	35.5
(for real estate business)	2.4	1.3	1.5
Depreciation Cost	26.8	31.5	37.0
(for manufacturing business)	24.8	29.4	35.0
(for real estate business)	1.9	2.0	2.0

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

(Unit: Yen in billion)

	FY2017			FY2018		
	1H	2H	Full year	1H	2H	Full year
Interest-bearing Debts	241.0	239.3	239.3	269.4	253.5	253.5
Net Financial Profit/Loss	(0.2)	(0.7)	(1.0)	(0.9)	(1.0)	(2.0)
Free Cash Flow	(11.4)	7.9	(3.4)	(18.8)	16.4	(2.3)

Free Cash Flow = Cash Flow by Operating Activities + Interests Expense + Invested Cashflow

3. Shareholder Return

Profit Return

■ Basic Policy of 2020 Mid-term

Dividend payout ratio 20% or higher

■ FY2018 Forecast

◆ Dividends 12.0 yen per share

(Interim 7.0 yen per share, Year-end 5.0 yen per share, 3.4 billion yen)

FY2017 Results 14.0 yen per share

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

(2.0 yen decrease compared with FY2017)

◆ FY2016 ~ FY2018 (Cumulative) Net Income 32.7 billion yen

Dividend Payout ratio 31.5%

Profit Return

■ Basic Policy of 2020 Mid-term

Dividend payout ratio 20% or higher

■ FY2019 Forecast

◆ Dividends 10.0 yen per share

(Interim 5.0 yen per share, Year-end 5.0 yen per share, 2.8 billion yen)
(2.0 yen decrease compared with FY2018)

Dividend Payout ratio in FY2019 23.8%



Special Notes:

Statements in this presentation that relate to future to results and events (including statements regarding Fujikura's revenue and earnings guidance) and 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.