

# 3Q FY2019 Financial Results



February 5, 2020

# Contents

- 1. Review of 3Q FY2019 Financial Results and FY2019 Forecasts**
- 2. By Segment**
- 3. Shareholder Return**

# **1. Review of 3Q FY2019 Financial Results and FY2019 Forecasts**

# 3Q FY2019 Financial Results and FY2019 Forecasts

(Unit : Yen in billion)

	FY2018		FY2019		FY2019 (Forecasted on Oct.31)
	1-3Q	Full Year Forecasts	1-3Q	Full Year Forecasts	Full year
Net Sales	553.4	710.7	518.1	670.0	680.0
Operating Income	24.1	27.6	8.6	8.0	15.5
Ratio of Operating Income to Net Sales(%)	4.4	3.9	1.7	1.2	2.3
Share of other comprehensive income of entities accounted for using equity method	1.0	1.2	1.1	1.4	1.7
Ordinary Income (Loss)	18.2	21.0	7.3	7.0	13.0
Net Income (Loss) Attributable to Owners of the Parent	4.1	1.4	(1.1)	(7.5)	1.0
Net Income per Share (JPY)	14.55	5.09	(3.95)	(26.60)	3.54
Dividend per Share (JPY)	—	12.00	—	7.50	10.00
ROE (%)	2.5	0.7	(0.7)	(3.6)	0.5
Exchange Rate (USD/JPY)	111.15	110.93	108.66	—	—
CU Base ('000JPY/ton)	753	747	689	—	—

# Summary of 3Q FY2019 Results and FY2019 Forecasts

---

## **【YoY basis】**

- **Both operating profit and ordinary profit declined. There are two main reasons. One is the impact of intensifying competition for optical products, especially in China, in the Telecommunication Systems of Power & Telecommunication Systems Company. The other is stagnation in demand, resulting in intensified price competition and changes in product mix, etc. of FPCs for smartphones in the Electronic Product & Connector Company.**
- **Net income attributable to owners of the parent resulted in a net loss due to a decrease in ordinary profit and accounting for business restructuring expenses.**

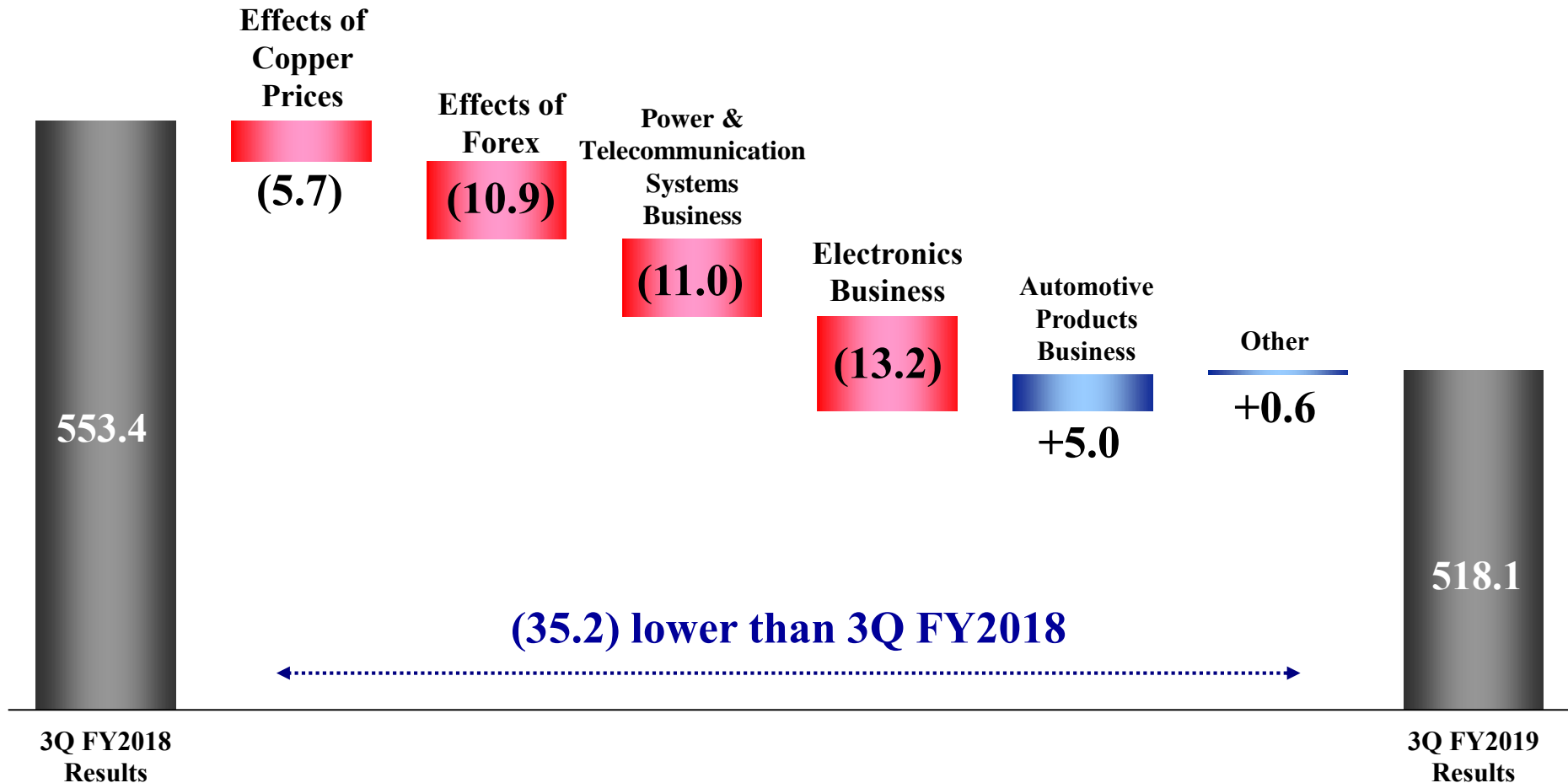
## **【Full Year Forecast】**

- **Profitability of optical-related products is expected to deteriorate from the previous forecast due to declining demand in China and global intensifying competition.**
- **FPC is expected to suffer worsening due to product mix for smartphones and the resulting intensified competition.**
- **Net income attributable to owners of the parent is expected to result in a net loss due to a decrease in ordinary profit, and accounting for business restructuring expenses.**

# 3Q FY2019 Contributing Factors to Net Sales Change (year-on-year basis)

## Net Sales

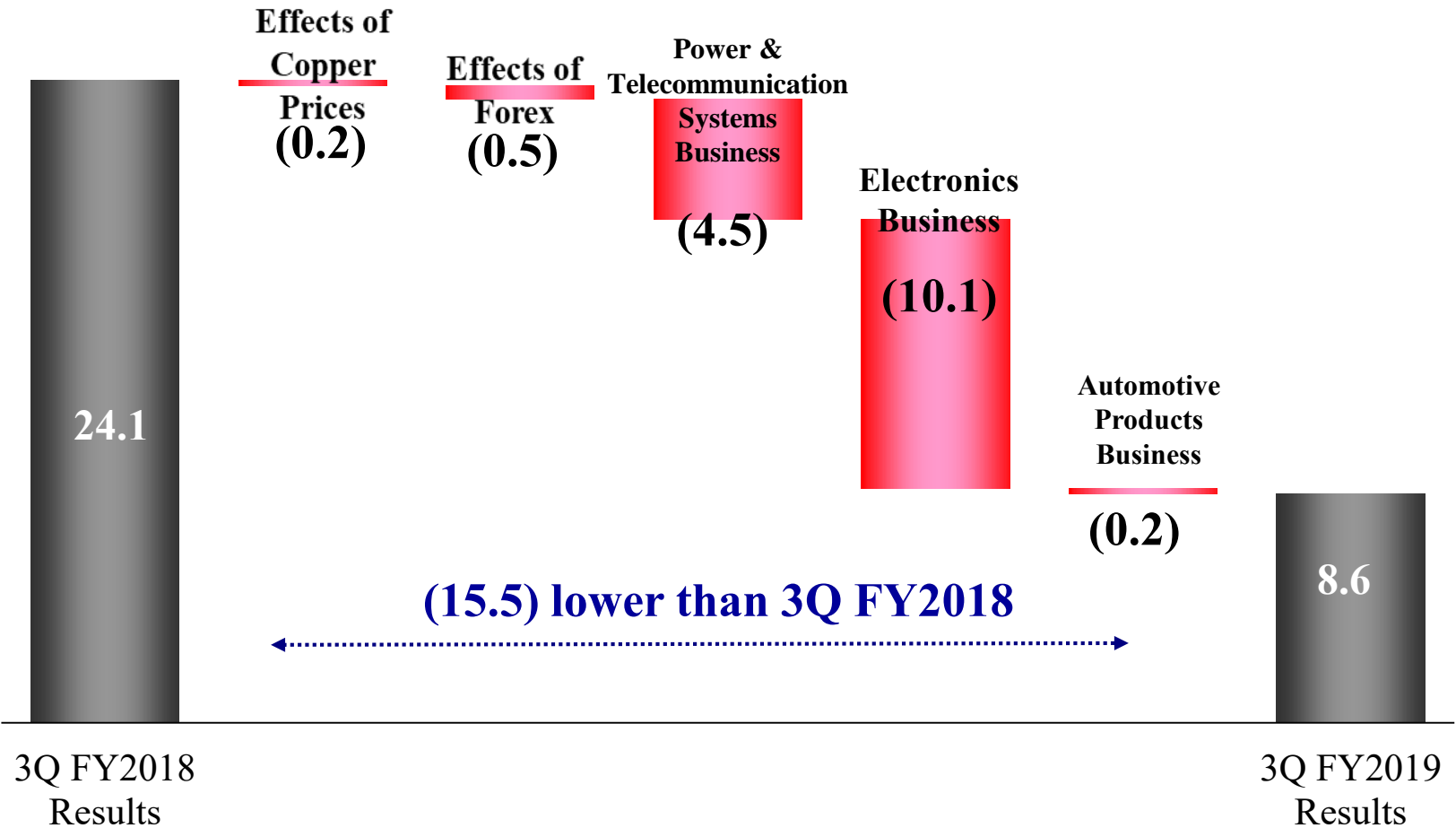
(Unit : Yen in billion)



# 3Q FY2019 Contributing Factors to Operating Income Change (year-on-year basis)

## Operating Income

(Unit : Yen in billion)





# 3Q FY2019 Extraordinary Profit and Loss

(Unit: Yen in billion)

	FY2018		FY2019
	1-3Q	Full year	1-3Q
<b>Operating Income</b>	<b>24.1</b>	<b>27.6</b>	<b>8.6</b>
Share of other comprehensive income of entities accounted for using equity method	1.0	1.2	1.1
<b>Ordinary Income</b>	<b>18.2</b>	<b>21.0</b>	<b>7.3</b>
<b>Extraordinary Income</b>	<b>5.7</b>	<b>5.7</b>	<b>9.3</b>
<b>Extraordinary Loss</b>	<b>13.1</b>	<b>16.2</b>	<b>11.3</b>
<b>Income before Income Taxes and Minority Interests</b>	<b>10.8</b>	<b>10.5</b>	<b>5.3</b>
<b>Total Income Taxes</b>	<b>5.2</b>	<b>7.5</b>	<b>5.1</b>
<b>Net Income attributable to non-controlling interests</b>	<b>1.4</b>	<b>1.4</b>	<b>1.3</b>
<b>Net Income attributable to owners of parent</b>	<b>4.1</b>	<b>1.4</b>	<b>(1.1)</b>

## Extraordinary profit -1.9

- Gain on valuation and sale of investment shares +6.5
- Loss related to Brazil -3.8
- reversal of allowance +2.8
- loss on valuation of shares -6.7
- Business restructuring expenses -3.1
- Past service costs associated with the revision of the workers Protection Act in Thailand -0.8

# Consolidated B/S (1)

(Unit: Yen in billion)

	As of March 31, 2019	As of Dec. 31, 2019	Change
〈Assets〉	638.3	643.1	+4.8
<b>Current Assets</b>	<b>323.2</b>	<b>321.5</b>	<b>(1.6)</b>
Cash and Deposits	36.7	37.3	+0.5
Notes and Account Receivable	141.5	144.3	+2.7
Inventories	117.8	114.5	(3.3)
<b>Fixed Assets</b>	<b>315.0</b>	<b>321.5</b>	<b>+6.4</b>
Tangible Fixed Assets	231.5	229.9	(1.5)
Leased Assets	0.2	6.8	+6.5
Intangible Fixed Assets	11.7	15.8	+4.1
Sub Total	243.5	252.7	+9.1
Total Investments and Other Assets	71.5	68.8	(2.6)

The effect of adoption IFRS16  
Leased Assets  
+6.5 billion yen

# Consolidated B/S (2)

(Unit: Yen in billion)

	As of March 31, 2018	As of Dec. 31, 2019	Change
<b>Total</b>	<b>638.3</b>	<b>643.1</b>	<b>+4.8</b>
<b>(Treasury Stock)</b>	<b>((6.3))</b>	<b>((9.5))</b>	<b>((3.2))</b>
<b>〈Liability〉</b>	<b>397.4</b>	<b>417.1</b>	<b>+19.7</b>
<b>Notes and Account Payable</b>	<b>64.9</b>	<b>69.1</b>	<b>+4.1</b>
<b>Interest-bearing Debt</b>	<b>253.5</b>	<b>272.7</b>	<b>+19.2</b>
<b>Leased Liability</b>	<b>0.2</b>	<b>6.0</b>	<b>+5.7</b>
<b>Other Liability</b>	<b>78.6</b>	<b>69.2</b>	<b>(9.3)</b>
<b>〈Net Equity〉</b>	<b>240.9</b>	<b>226.0</b>	<b>(14.9)</b>
<b>Shareholder's Equity</b>	<b>207.5</b>	<b>198.6</b>	<b>(8.9)</b>
<b>(Treasury Stock)</b>	<b>((6.3))</b>	<b>((9.5))</b>	<b>((3.2))</b>
<b>Accumulated Other Comprehensive Income</b>	<b>9.0</b>	<b>6.8</b>	<b>(2.2)</b>
<b>Non-controlling Interests</b>	<b>24.2</b>	<b>20.5</b>	<b>(3.7)</b>

Increased due to investments in affiliates, etc.

The effect of adoption IFRS16  
Leased Liability  
+5.5 billion yen

## 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 FY2018 Results	1-3Q FY2019 Results	Change	FY2019 Full Year Forecasts	1-3Q FY2018 Results	1-3Q FY2019 Results	Change	FY2019 Full Year Forecasts
<b>Power &amp; Telecommunication Systems Company</b>	<b>270.3</b>	<b>249.3</b>	<b>(20.9)</b>	<b>323.9</b>	<b>11.9</b> <b>4.4%</b>	<b>6.6</b> <b>2.7%</b>	<b>(5.2)</b> <b>(1.7%)</b>	<b>7.0</b> <b>2.2%</b>
<b>Electronics Business Subcompany</b>	<b>154.0</b>	<b>138.5</b>	<b>(15.4)</b>	<b>172.1</b>	<b>10.8</b> <b>7.1%</b>	<b>0.5</b> <b>0.4%</b>	<b>(10.3)</b> <b>(6.7%)</b>	<b>(1.3)</b> <b>(0.8%)</b>
<b>Automotive Products Subcompany</b>	<b>116.7</b>	<b>117.3</b>	<b>+0.6</b>	<b>156.9</b>	<b>(2.3)</b> <b>(2.1%)</b>	<b>(2.4)</b> <b>(2.1%)</b>	<b>(0.0)</b> <b>0%</b>	<b>(2.5)</b> <b>(1.6%)</b>
<b>Electronic Products &amp; Connector Company</b>	<b>270.7</b>	<b>255.9</b>	<b>(14.8)</b>	<b>329.1</b>	<b>8.4</b> <b>3.1%</b>	<b>(1.9)</b> <b>(0.8%)</b>	<b>(10.4)</b> <b>(3.9%)</b>	<b>(3.8)</b> <b>(1.2%)</b>
<b>Real Estate Business Company</b>	<b>8.1</b>	<b>8.4</b>	<b>+0.3</b>	<b>11.2</b>	<b>3.7</b> <b>46.1%</b>	<b>4.0</b> <b>48.2%</b>	<b>+0.3</b> <b>+2.1%</b>	<b>5.3</b> <b>47.4%</b>
<b>Other</b>	<b>4.1</b>	<b>4.3</b>	<b>+0.2</b>	<b>5.6</b>	<b>(0.0)</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.4)</b>
<b>Total</b>	<b>553.4</b>	<b>518.1</b>	<b>(35.2)</b>	<b>670.0</b>	<b>24.1</b> <b>4.4%</b>	<b>8.6</b> <b>1.7%</b>	<b>(15.5)</b> <b>(2.7%)</b>	<b>8.0</b> <b>1.2%</b>

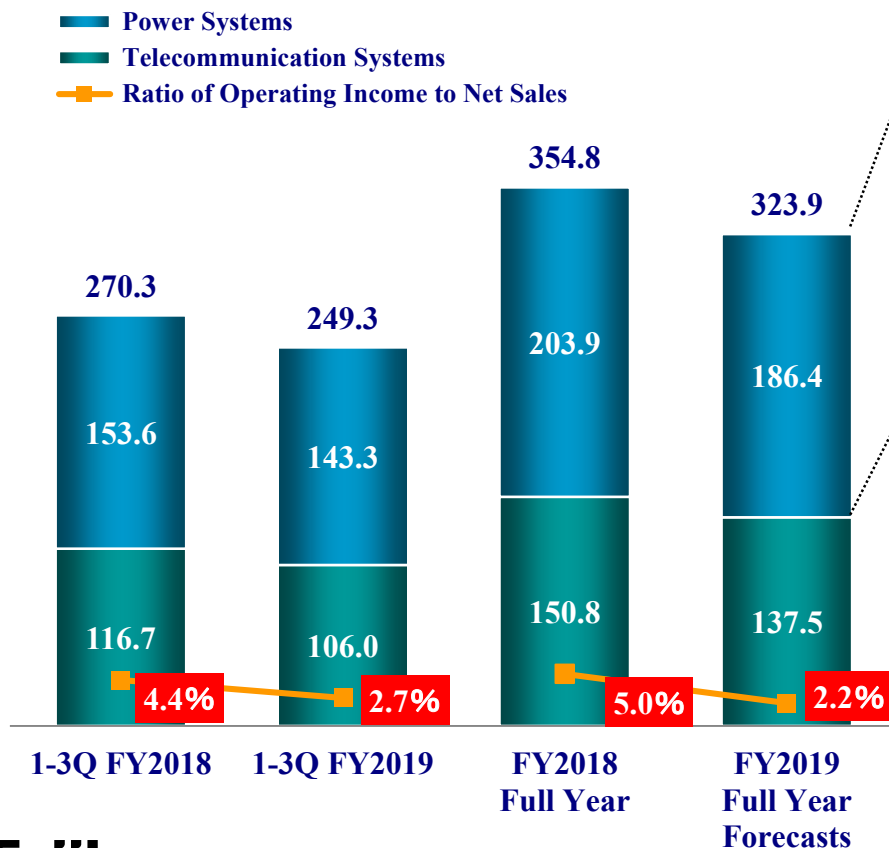
※ From FY 2019 the Automotive Electronics Business Subcompany has integrated with the old Electronics Business Subcompany to become Electronic Products & Connector Company.

# Power & Telecommunication Systems Company

- In 1-3Q FY2019, compared to the same period of the previous year, although there was an increase in profit in the Power Systems business due to a reaction to the increase in the costs of Bangladesh transmission line construction in FY2018, total sales and operating profit of Power & Telecommunication Systems Company decreased due to an impact of intensifying competition of optical products in China in the Telecommunication Systems business.

(Unit: Yen in billion)

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



## Power Systems

- 1-3Q FY2019 results decreased due to the impact of falling copper prices and the sale of a Chinese transmission line manufacturer.

## Telecommunication Systems

- 1-3Q FY2019 results decreased due to intensifying competition for light-related products in China.

Comments by YoY basis

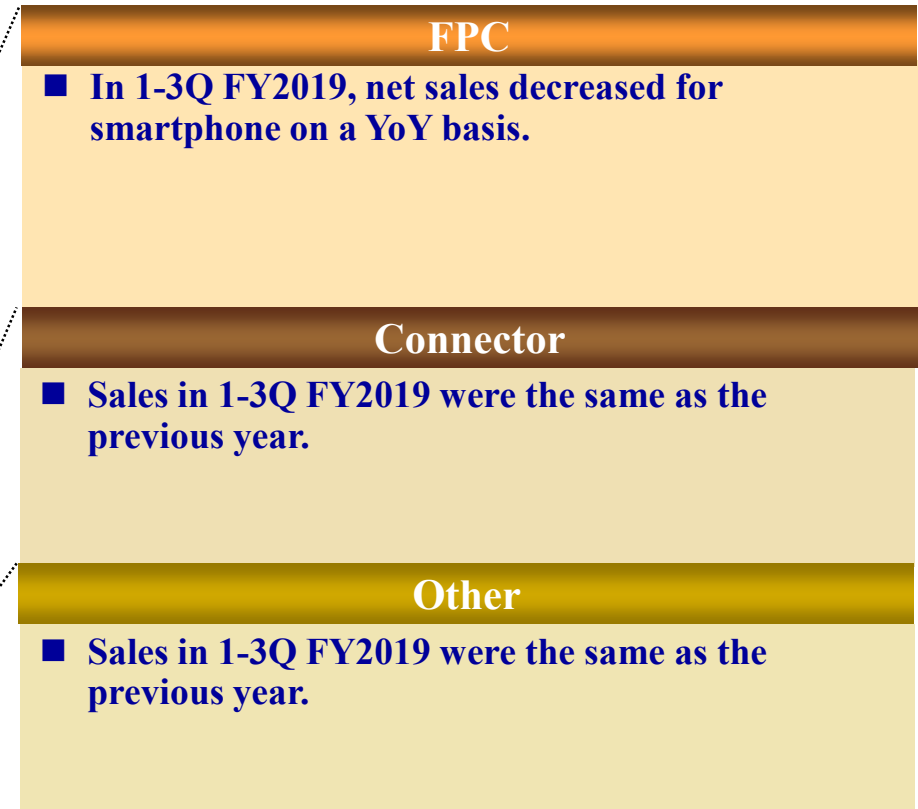
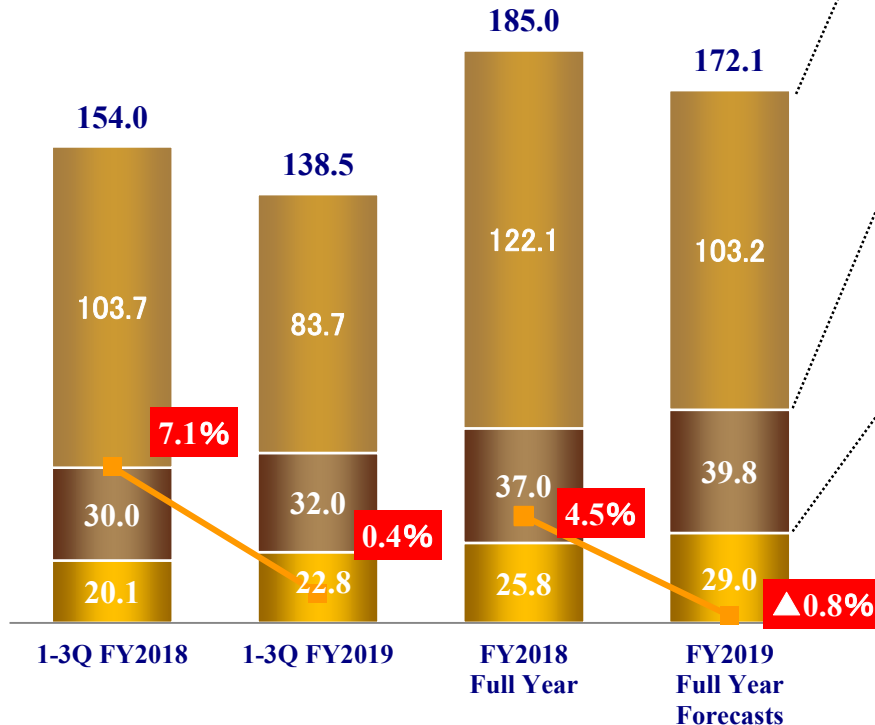
# Electronics Business Subcompany

- Compared to the same period last year, sales in 1-3Q FY2019 declined for smartphones, mainly FPC. Operating profit declined due to fluctuations in demand, changes in product mix, and an increase in fixed costs associated with the decline in sales.

(Unit: Yen in billion)

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

- FPC
- Connector
- Other
- Ratio of Operating income to Net Sales



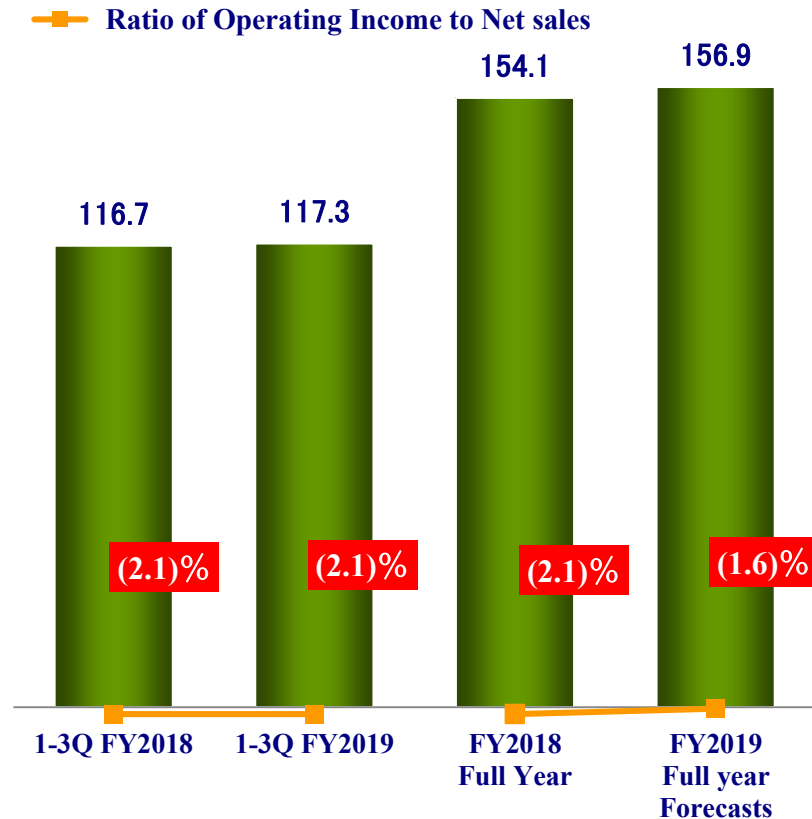
Comments by YoY basis

# Automotive Products Subcompany

- Sales in 1-3Q FY2019 were almost the same as the previous year. Continue to improve productivity.

(Unit: Yen in billion)

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



## Automotive Products

- Sales in 1-3Q FY2019 were almost the same as the previous year.

Comments by YoY basis



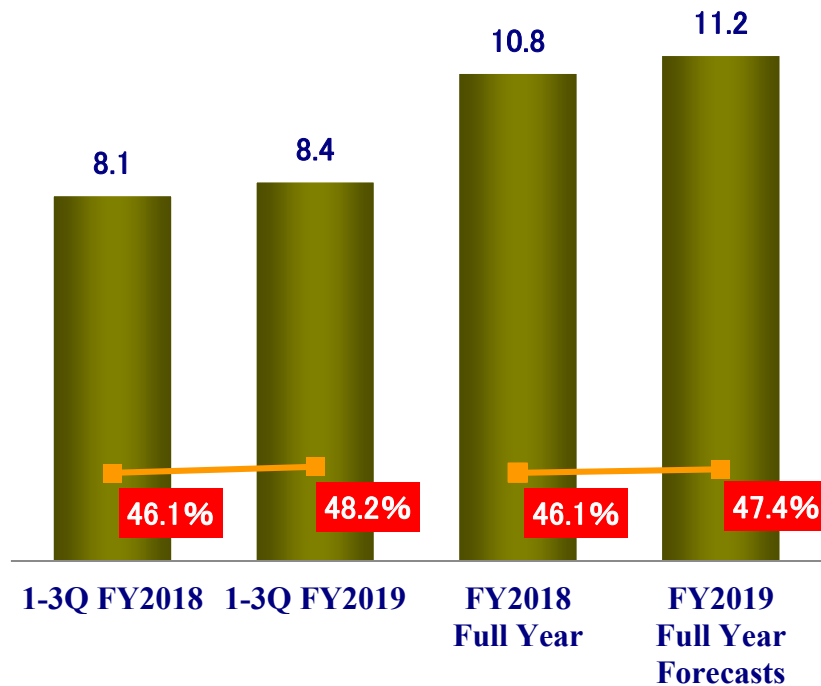
# Real Estate Business Company

■ 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 Estate

■ Continuous stable revenues from leasing properties are expected.

# CAPEX and Depreciation Cost

(Unit: Yen in billion)

	FY2018		1-3Q FY2019	FY2019 Forecasts (5.14)
	1-3Q	Full year		
<b>CAPEX</b>	<b>42.1</b>	<b>55.7</b>	<b>24.1</b>	<b>37.0</b>
(for manufacturing business)	41.2	54.3	23.1	35.5
(for real estate business)	0.9	1.3	0.9	1.5
<b>Depreciation Cost</b>	<b>23.3</b>	<b>31.5</b>	<b>27.5</b>	<b>37.0</b>
(for manufacturing business)	21.7	29.4	26.0	35.0
(for real estate business)	1.5	2.0	1.5	2.0

## 3. Shareholder Return

# Profit Return

---

## ■ Basic Policy of 2020 Mid-term

**Dividend payout ratio 20% or higher**

## ■ FY2019 Forecasts

### ◆ Dividends 7.5 yen per share

(Interim 5.0 yen per share, Year-end 2.5 yen per share, 2.1 billion yen)

**FY2018 Result 12.0 yen per share**

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

(4.5yen of decrease compared with FY2018)

### ◆ FY2016-2019 forecast cumulative net income 25.2billion yen

**Payout ratio 49.3%**

### ◆ Purchase of treasury stock (2H of FY2019, 10 mil shares/ 4.6bil yen)

**FY2016-2019 forecast cumulative total return ratio 99.0%**



#### 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.