

# FY2019 Financial Results



June 10, 2020

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# 1. FY2019 Financial Results

# The difference between Forecasted and Financial Results(FY2019 )

(Unit : Yen in billion)

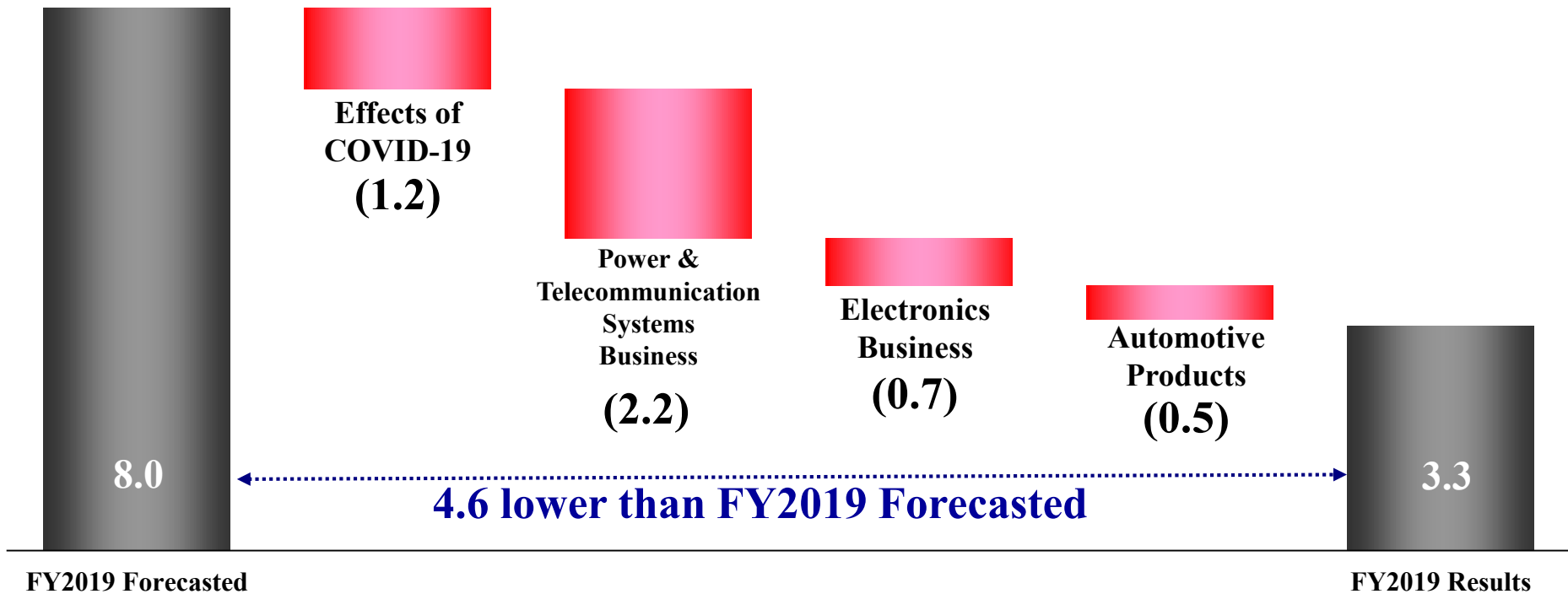
	<b>FY2019</b> (Forecasted on Feb.5)	<b>FY2019</b>	<b>Forecasted-FY2019</b> Change
Net Sales	670.0	672.3	+2.3
Operating Income	8.0	3.3	(4.6)
Ratio of Operating Income to Net Sales(%)	1.2	0.5	(0.7)
Share of other comprehensive income of entities accounted for using equity method	1.4	1.1	(0.2)
Ordinary Income (Loss)	7.0	1.3	(5.6)
Net Income (Loss) Attributable to Owners of Parent	(7.5)	(38.5)	(31.0)
Net Income per Share (JPY)	(26.60)	(136.58)	(109.98)
Dividend per Share (JPY)	7.50	5.00	(2.50)
ROE (%)	(3.6)	(20.9)	(17.3)
Exchange Rate (USD/JPY)	—	108.72	—
CU Base ('000JPY/ton)	—	682	—

- **Both net sales and operating income decreased. This is due to the new coronavirus infection(COVID-19) caused a temporary suspension of operations at bases in China, Europe and America, and valuation loss on copper hedging transactions due to a decline in price at the end of this fiscal year in Power & Telecommunication Systems Company. In addition, the intensifying competition is also a factor of decrease.**
- **Net income(loss) attributable to owners of parent was a net loss due to a decrease in ordinary income, impairment loss on optical business related assets at domestic manufacturing bases and on wire harness manufacturing assets in Europe, and reversal of deferred tax assets.**

# FY2019 Contributing Factors to Operating Income Change (against Forecasted)

## Operating Income

(Unit : Yen in billion)

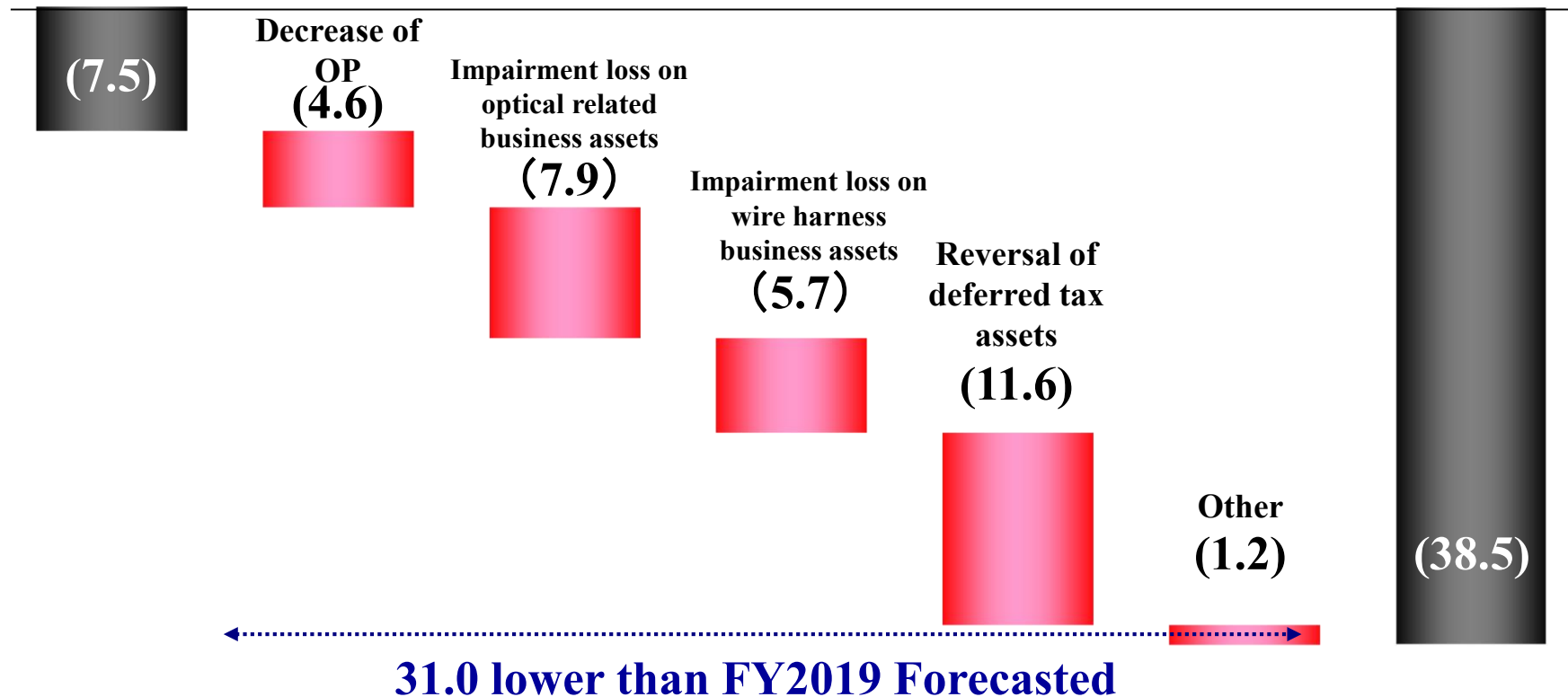


# FY2019 Forecasted / FY2019 Results

## Contributing Factors to Net income(loss) attributable to owners of parent Change

### Net income(loss) attributable to owners of parent

(Unit : Yen in billion)



FY2019 Forecasted

FY2019 Results

# FY2019 Financial Results

(Unit : Yen in billion)

	FY2018	FY2019	FY2019-FY2018 Change
Net Sales	710.7	672.3	(38.4)
Operating Income	27.6	3.3	(24.3)
Ratio of Operating Income to Net Sales(%)	3.9	0.5	(3.4)
Share of other comprehensive income of entities accounted for using equity method	1.2	1.1	(0.1)
Ordinary Income (Loss)	21.0	1.3	(19.7)
Net Income (Loss) Attributable to Owners of Parent	1.4	(38.5)	(39.9)
Net Income per Share (JPY)	5.09	(136.58)	(141.67)
Dividend per Share (JPY)	12.00	5.00	(7.00)
ROE (%)	0.7	(20.9)	(21.6)
Exchange Rate (USD/JPY)	110.93	108.72	—
CU Base ('000JPY/ton)	747	682	—



# Summary of FY2019 Business Results

- **Both operating income and ordinary income decreased. There are 3 main reasons.**

The first is in Telecommunication Systems Company, there was an influence of intensifying competition in optical related products mainly in China.

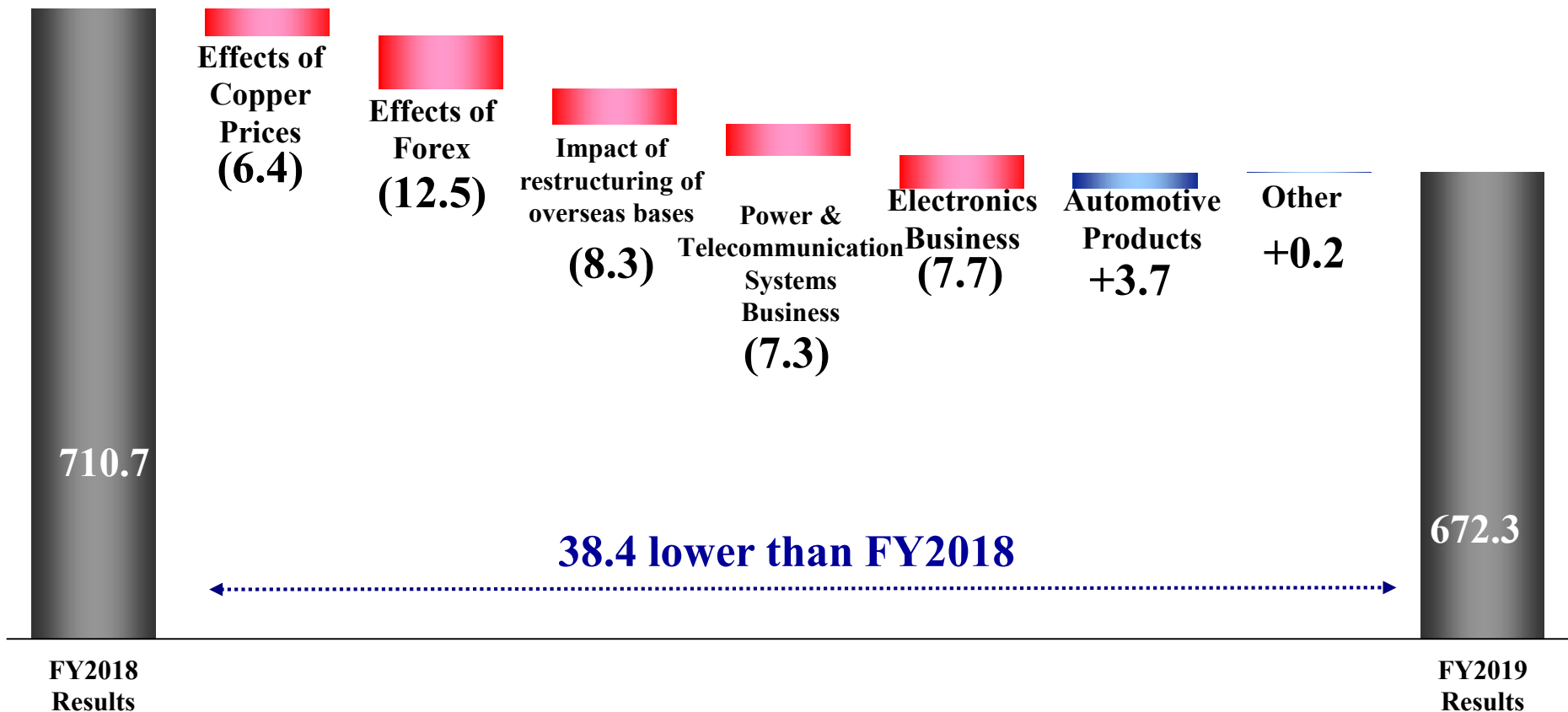
The second is in Electronic Products & Connector Company, there was a decline of FPC's demand for smartphone. Along with this decline, there were intensifying price competition and change in product mix.

The final is the influence of COVID-19 since 4Q FY2019.
- **Net income(loss) attributable to owners of parent was a net loss due to a decrease in ordinary income, impairment loss, business restructuring expenses and reversal of deferred tax assets.**

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

## Net Sales

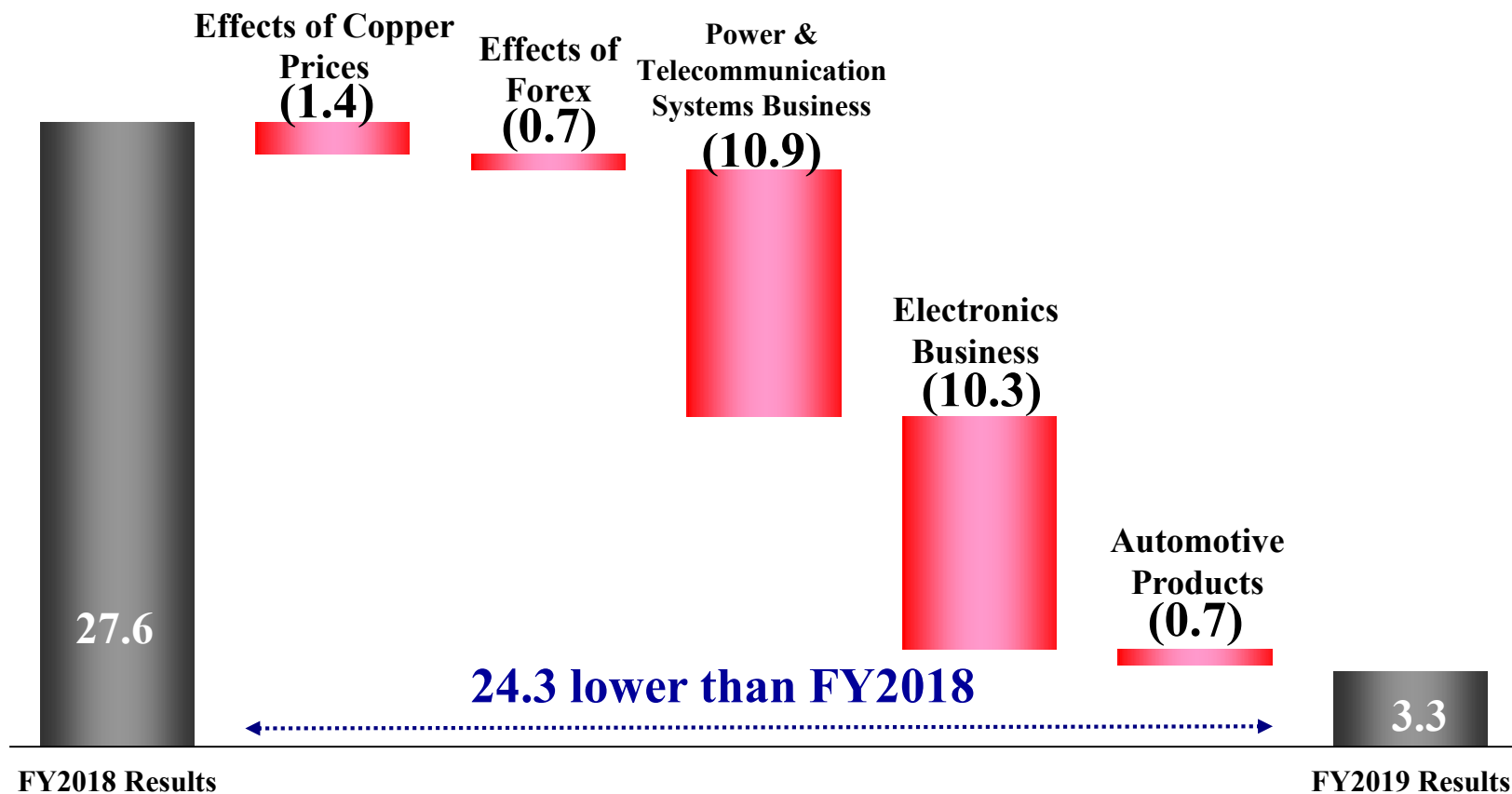
(Unit : Yen in billion)



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

## Operating Income

(Unit : Yen in billion)



# FY2019 Extraordinary Profit and Loss

(Unit: Yen in billion)

	FY2018	FY2019
<b>Operating Income</b>	<b>27.6</b>	<b>3.3</b>
<b>Share of other comprehensive income of entities accounted for using equity method</b>	<b>1.2</b>	<b>1.1</b>
<b>Ordinary Income</b>	<b>21.0</b>	<b>1.3</b>
<b>Extraordinary Income</b>	<b>5.7</b>	<b>9.6</b>
<b>Extraordinary Loss</b>	<b>16.2</b>	<b>30.7</b>
<b>Income (Loss) before Income Taxes and Minority Interests</b>	<b>10.5</b>	<b>(19.7)</b>
<b>Total Income Taxes</b>	<b>7.5</b>	<b>17.3</b>
<b>Net Income attributable to non-controlling interests</b>	<b>1.4</b>	<b>1.4</b>
<b>Net Income (Loss) attributable to owners of parent</b>	<b>1.4</b>	<b>(38.5)</b>

## **Extraordinary profit (21.0)**

- Gain on valuation and sale of investment shares +6.8
- Impairment Loss (17.2)
- Optical related assets of domestic bases
- Wire harness manufacturing assets in Europe
- Loss related to Brazil (3.9)
- Business restructuring expenses (3.6)

## **Reversal of deferred tax assets (10.3)**

# FY2020 Forecast

## Reduction of depreciation due to impairment Improvement of business structure

(Unit: Yen in billion)

Segment	Amount	Comments
<b>Power &amp; Telecommunication Systems Company</b>	3.0	<u>Reduction of depreciation due to impairment:</u> • Optical fiber manufacturing assets (Effect 2.2 billion yen) • Fiber laser manufacturing assets (Effect 0.6 billion yen)
<b>Electronics Business Company</b>	0.4	
<b>Automotive Products Business Company</b>	3.6	<u>Reduction of depreciation due to impairment:</u> Wire harness manufacturing assets in Europe etc. (effect 1.5 billion yen) <u>Improvement of business structure:</u> Labor cost reduction in Europe, Asia and North of South America etc. (effect of 1.9 billion yen)
<b>Electronic Products &amp; Connector Company</b>	4.0	
<b>Total</b>	7.0	

# Consolidated B/S (1)

(Unit: Yen in billion)

	As of March 31, 2019	As of March 31, 2020	Change	
〈Assets〉	638.3	576.0	(62.2)	
<b>Current Assets</b>	<b>323.2</b>	<b>299.7</b>	<b>(23.4)</b>	
<b>Cash and Deposits</b>	<b>36.7</b>	<b>44.6</b>	<b>+7.8</b>	Accumulation of liquidity at hand to handle COVID-19
<b>Notes and Account Receivable</b>	<b>141.5</b>	<b>128.9</b>	<b>(12.6)</b>	<ul style="list-style-type: none"> <li>• Sales decrease due to COVID-19 in fiscal year end</li> <li>• Decrease due to business restructuring in China</li> </ul>
<b>Inventories</b>	<b>117.8</b>	<b>103.6</b>	<b>(14.1)</b>	
<b>Fixed Assets</b>	<b>315.0</b>	<b>276.3</b>	<b>(38.7)</b>	
<b>Tangible Fixed Assets</b>	<b>231.5</b>	<b>205.4</b>	<b>(26.0)</b>	CAPEX +30.1 Depreciation(35.7) Impairment Loss (17.2)
<b>Leased Assets</b>	<b>0.2</b>	<b>5.1</b>	<b>+4.8</b>	
<b>Intangible Fixed Assets</b>	<b>11.7</b>	<b>15.7</b>	<b>+4.0</b>	
<b>Sub Total</b>	<b>243.5</b>	<b>226.3</b>	<b>(17.2)</b>	
<b>Total Investments and Other Assets</b>	<b>71.5</b>	<b>49.9</b>	<b>(21.5)</b>	Reversal of deferred tax assets (10.3)

# Consolidated B/S (2)

(Unit: Yen in billion)

	As of March 31, 2019	As of March 31, 2020	Change
<b>Total</b>	<b>638.3</b>	<b>576.0</b>	<b>(62.2)</b>
<b>(Treasury Stock)</b>	<b>((6.3))</b>	<b>((10.9))</b>	<b>((4.5))</b>
<b>〈Liability〉</b>	<b>397.4</b>	<b>403.9</b>	<b>+6.5</b>
<b>Notes and Account Payable</b>	<b>64.9</b>	<b>65.7</b>	<b>+0.7</b>
<b>Interest-bearing Debt</b>	<b>253.5</b>	<b>260.6</b>	<b>+7.1</b>
<b>Leased Liability</b>	<b>0.2</b>	<b>5.4</b>	<b>+5.1</b>
<b>Other Liability</b>	<b>78.6</b>	<b>72.1</b>	<b>(6.5)</b>
<b>〈Net Equity〉</b>	<b>240.9</b>	<b>172.1</b>	<b>(63.1)</b>
<b>Shareholder's Equity</b>	<b>207.5</b>	<b>159.9</b>	<b>(47.6)</b>
<b>(Treasury Stock)</b>	<b>((6.3))</b>	<b>((10.9))</b>	<b>((4.5))</b>
<b>Accumulated Other Comprehensive Income</b>	<b>9.0</b>	<b>(7.8)</b>	<b>(16.9)</b>
<b>Non-controlling Interests</b>	<b>24.2</b>	<b>20.0</b>	<b>(4.2)</b>

The effect of adoption of IFRS16  
Leased Liability +5.0 billion yen

Net Income (Loss)  
Attributable to Owners of Parent (38.5)

Currency translation adjustment(9.9)

# CAPEX and Depreciation Cost

(Unit: Yen in billion)

	FY2018	FY2019
<b>CAPEX</b>	<b>55.7</b>	<b>30.1</b>
<b>(for manufacturing business)</b>	<b>54.3</b>	<b>28.7</b>
<b>(for real estate business)</b>	<b>1.3</b>	<b>1.3</b>
<b>Depreciation Cost</b>	<b>31.5</b>	<b>35.7</b>
<b>(for manufacturing business)</b>	<b>29.4</b>	<b>33.7</b>
<b>(for real estate business)</b>	<b>2.0</b>	<b>2.0</b>



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

(Unit: Yen in billion)

	FY2018			FY2019		
	1H	2H	Full year	1H	2H	Full year
<b>Interest-bearing Debts</b>	269.4	253.5	253.5	273.6	260.6	260.6
<b>Net Financial Profit/Loss</b>	(0.9)	(1.0)	(2.0)	(1.0)	(0.9)	(1.9)
<b>Free Cash Flow</b>	(18.8)	16.4	(2.3)	(18.3)	28.9	10.6

**Free Cash Flow = Cash Flow by Operating Activities + Interests Paid + Investing Cash Flow**

## 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	FY2018	FY2019	Change	FY2018	FY2019	Change
<b>Power &amp; Telecommunication Systems Company</b>	<b>354.8</b>	<b>327.8</b>	<b>(27.0)</b>	<b>17.7</b>	<b>4.5</b>	<b>(13.2)</b>
				<b>5.0%</b>	<b>1.4%</b>	<b>(3.6%)</b>
<b>Electronics Business Company</b>	<b>185.0</b>	<b>175.1</b>	<b>(9.9)</b>	<b>8.3</b>	<b>(2.2)</b>	<b>(10.6)</b>
				<b>4.5%</b>	<b>(1.3%)</b>	<b>(5.8%)</b>
<b>Automotive Products Business Company</b>	<b>154.1</b>	<b>152.4</b>	<b>(1.6)</b>	<b>(3.2)</b>	<b>(3.7)</b>	<b>(0.5)</b>
				<b>(2.1%)</b>	<b>(2.5%)</b>	<b>(0.4%)</b>
<b>Electronic Products &amp; Connector Company</b>	<b>339.2</b>	<b>327.6</b>	<b>(11.5)</b>	<b>5.1</b>	<b>(6.0)</b>	<b>(11.1)</b>
				<b>1.5%</b>	<b>(1.9%)</b>	<b>(3.4%)</b>
<b>Real Estate Business Company</b>	<b>10.8</b>	<b>11.2</b>	<b>+0.4</b>	<b>5.0</b>	<b>5.3</b>	<b>+0.3</b>
				<b>46.1%</b>	<b>47.7%</b>	<b>+1.6%</b>
<b>Other</b>	<b>5.8</b>	<b>5.5</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.5)</b>	<b>(0.2)</b>
<b>Total</b>	<b>710.7</b>	<b>672.3</b>	<b>(38.4)</b>	<b>27.6</b>	<b>3.3</b>	<b>(24.3)</b>
				<b>3.9%</b>	<b>0.5%</b>	<b>(3.4%)</b>

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

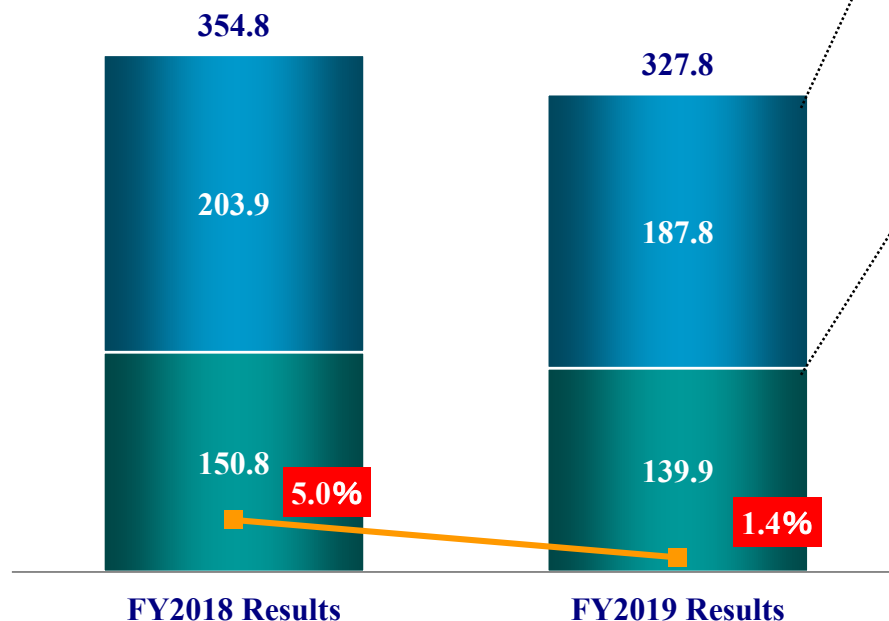
# Power & Telecommunication Systems Company

- In FY2019, both sales and operating income decreased. In Power Systems Company there was a recovery from the reactionary loss on the construction work of Bangladesh overhead transmission cable project in FY2018, but sales and operating income in Telecommunication Systems Company decreased due to the impact of intensifying competition for optical related products in China.

(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 FY2019, sales decreased due to the sale of consolidated subsidiaries responsible for power transmission line manufacturing in China and the drop in copper prices.

## Telecommunication Systems

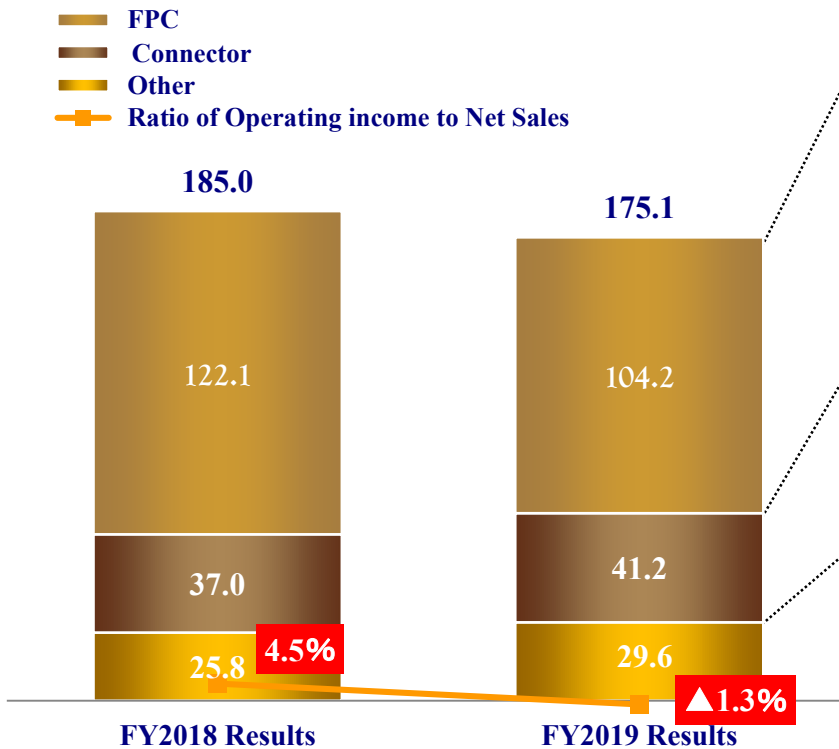
- In FY2019, sales decreased due to the impact of intensifying competition for optical related products in China.

# Electronics Business Company

- In FY2019, sales decreased mainly in FPC for smartphones. Operating income also decreased due to decline of demand, changes in product mix and increased fixed cost burden because of decreased revenue.

(Unit: Yen in billion)

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



### FPC

- In FY2019, demand for smartphones was on a declining trend. We plan to have a production system to match the sales scale.

### Connector

- In FY2019, sales increased due to changes in product mix.

### Other

- In FY2019, sales increased due to changes in product mix.

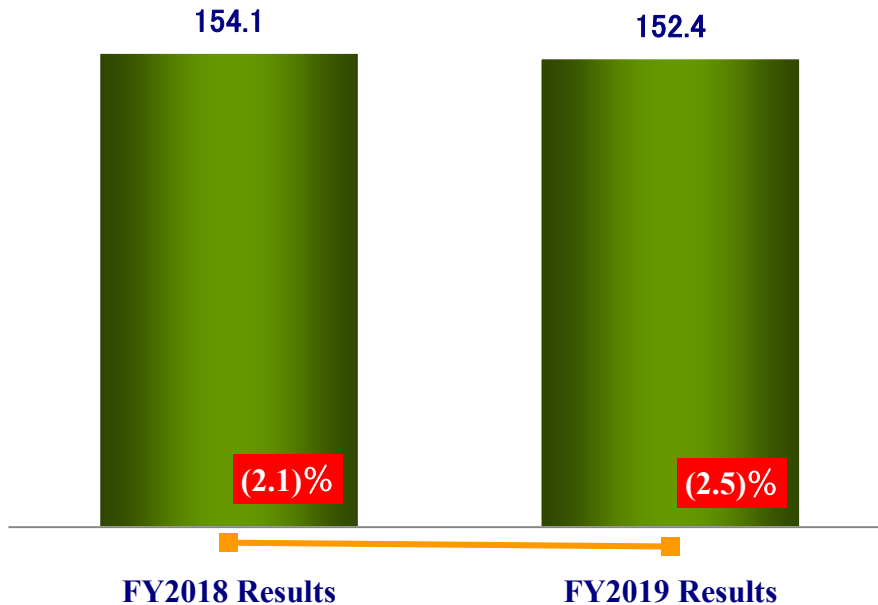
# Automotive Products Business Company

- In FY 2019, sales increased excluding the effects of foreign exchange. Operating income decreased due to COVID-19 since 4Q FY2019.
- We plan to deal with the productivity improvement in Europe.

(Unit: Yen in billion)

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

— Ratio of Operating Income to Net sales



## Automotive Products

- In FY2019, operating income decreased because profitability improvement in Europe has been delayed since FY2018, and due to COVID-19.
- We plan to promote downsizing of Eastern European factories and review the system to suit the location.

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

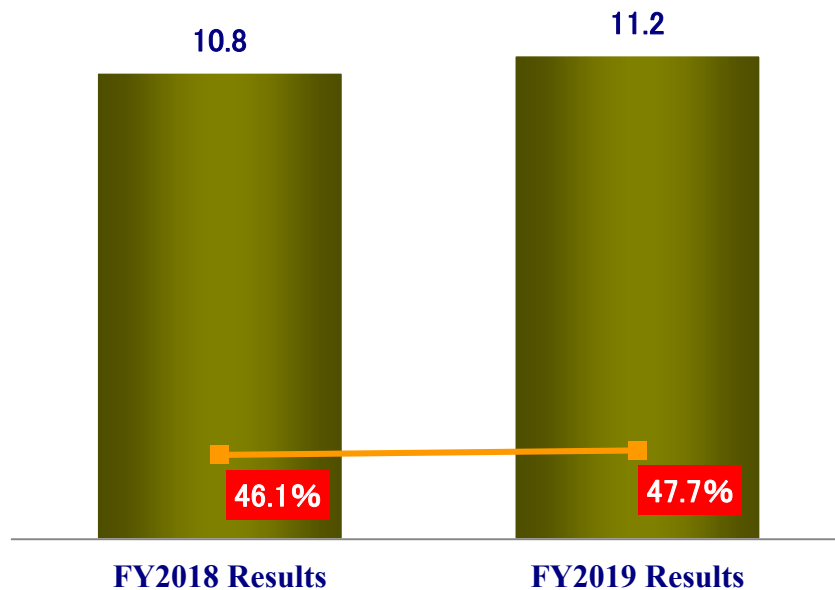
# Real Estate Business Company

- 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

## **4. FY2020 Forecast**



# FY2020 Forecast

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- **The consolidated business forecast is undecided at this time. Because it is quite difficult to make a rational forecast due to uncertain future business trends under COVID-19 expansion. We plan to announce our forecast promptly when rational forecasts become possible.**

## 4. Shareholder Return

# Shareholder Return

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## ■ Basic Policy of 2020 Mid-term

**Dividend payout ratio 20% or higher**

## ■ FY2019 Forecasts

### ◆ Dividends 5.0 yen per share

(Interim 5.0 yen per share, Year-end no distribution, 1.4 billion yen)

**FY2018 Result 12.0 yen per share**

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

(7.0 yen of decrease compared with FY2018)

**We regret to say FY2019 year-end dividends won't be paid.**

## ■ FY2020 Forecasts

**It is undecided because we cannot make rational forecast due to COVID-19.**



#### 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 form 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.

【FY2019 Financial Results Appendix】

Net Sales and Operating Income by Segment

Net Sales Records and Forecast by Segment

Unit: Yen in Billion

	FY2018							FY2019						
	1Q	2Q	3Q	4Q	1H	2H	Full Year	1Q	2Q	3Q	4Q	1H	2H	Full Year
Power Systems	50.1	50.9	52.4	50.3	101.1	102.8	203.9	48.1	47.0	48.1	44.5	95.1	92.7	187.8
Telecommunication Systems	39.4	38.4	38.8	34.1	77.9	72.9	150.8	35.9	36.3	33.7	33.9	72.3	67.6	139.9
Power & Telecommunication Systems Company	89.6	89.4	91.2	84.5	179.0	175.8	354.8	84.0	83.3	81.9	78.4	167.4	160.3	327.8
FPC	25.5	39.8	38.3	18.4	65.4	56.7	122.1	18.9	34.6	30.0	20.5	53.6	50.5	104.2
Connector	8.3	11.0	10.6	6.9	19.4	17.5	37.0	7.4	12.7	11.7	9.1	20.2	20.9	41.2
Other	6.7	7.2	6.1	5.6	13.9	11.8	25.8	6.1	8.4	8.2	6.8	14.5	15.1	29.6
Electronics	40.6	58.1	55.1	31.0	98.8	86.2	185.0	32.5	55.8	50.1	36.5	88.4	86.6	175.1
Automotive Products	43.3	34.4	39.0	37.3	77.7	76.3	154.1	41.4	37.6	38.3	35.1	79.0	73.4	152.4
Electronics Automotive Connector Company	83.9	92.6	94.1	68.4	176.5	162.6	339.2	74.0	93.4	88.4	71.7	167.4	160.1	327.6
Real Estate Business Company	2.7	2.6	2.7	2.7	5.4	5.4	10.8	2.8	2.8	2.8	2.8	5.6	5.6	11.2
Other	1.2	1.2	1.6	1.6	2.5	3.2	5.8	1.4	1.4	1.4	1.2	2.8	2.6	5.5
Total	177.6	185.9	189.8	157.3	363.6	347.1	710.7	162.3	181.1	174.6	154.1	343.4	328.8	672.3

Operating Income Records and Forecast by Segment

Power & Telecommunication Systems Company	5.4	1.6	4.7	5.8	7.1	10.5	17.7	1.9	2.5	2.2	(2.1)	4.4	0.1	4.5
Electronics	0.9	5.7	4.1	(2.5)	6.7	1.5	8.3	(2.8)	2.6	0.8	(2.8)	(0.2)	(2.0)	(2.2)
Automotive Products	(0.2)	(1.9)	(0.1)	(0.8)	(2.1)	(1.0)	(3.2)	(0.1)	(0.8)	(1.4)	(1.3)	(1.0)	(2.7)	(3.7)
Electronics Automotive Connector Company	0.6	3.8	3.9	(3.3)	4.5	0.5	5.1	(3.0)	1.7	(0.6)	(4.1)	(1.2)	(4.8)	(6.0)
Real Estate Business Company	1.3	1.2	1.2	1.2	2.5	2.5	5.0	1.4	1.2	1.3	1.3	2.7	2.6	5.3
Other	0.0	(0.0)	(0.0)	(0.1)	0.0	(0.2)	(0.2)	(0.0)	(0.1)	(0.0)	(0.3)	(0.1)	(0.3)	(0.5)
Total	7.5	6.7	9.8	3.5	14.2	13.4	27.6	0.2	5.4	2.8	(5.2)	5.7	(2.4)	3.3

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

Fujikura Ltd.