

1st. Half FY2020 Financial Results



November 2, 2020

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1. Review of 1H FY2020 Financial Results and FY2020 Forecasts

1H FY2020 Financial Results and FY2020 Forecasts

(Unit : Yen in billion)

	FY2019			FY2020			FY2020 (Forecasted on Aug 3)	
	1H	2H	Full Year	1H	2H Forecasts	FY2020 Forecasts	1H	Full year
Net Sales	343.5	328.8	672.3	300.5	299.5	600.0	290.0	—
Operating Income	5.8	(2.4)	3.3	8.9	2.1	11.0	1.0	—
Ratio of Operating Income to Net Sales(%)	1.7	(0.7)	0.5	3.0	0.7	1.8	0.3	—
Share of other comprehensive income of entities accounted for using equity method	0.8	0.3	1.1	0.0	(0.6)	(0.6)	(0.0)	—
Ordinary Income (Loss)	5.0	(3.7)	1.3	7.4	(2.9)	4.5	(2.0)	—
Net Income (Loss) Attributable to Owners of Parent	0.8	(39.3)	(38.5)	0.7	(10.7)	(10.0)	(6.5)	—
Net Income per Share (JPY)	2.85	(139.44)	(136.58)	2.71	(39.02)	(36.31)	(23.61)	—
Dividend per Share (JPY)	5.00	0.00	5.00	0.00	0.00	0.00	—	—
ROE (%)	0.8	—	(20.9)	1.0	—	(6.5)	—	—
Exchange Rate (USD/JPY)	108.61	108.83	108.72	106.93	105.00	105.97	—	—
CU Base ('000JPY/ton)	692	671	682	675	—	—	—	—

Review of 1H FY2020 Results

【YoY basis】

- **Although there was a significant decrease in profit due to production suspension of automobile manufactures because of COVID-19, both operating profit and ordinary profit increased. There are mainly 3 reasons. One is an effect of business restructure and cost reduction measures. Another is valuation gain for rising copper price. The other is special demand attributed to Stay Home for digital devices in Electronics Business Company.**
- **Net income attributable to owners of the parent became the same as the previous year due to an influence of COVID-19 and business restructuring expenses etc.**

Review of 1H FY2020 Results

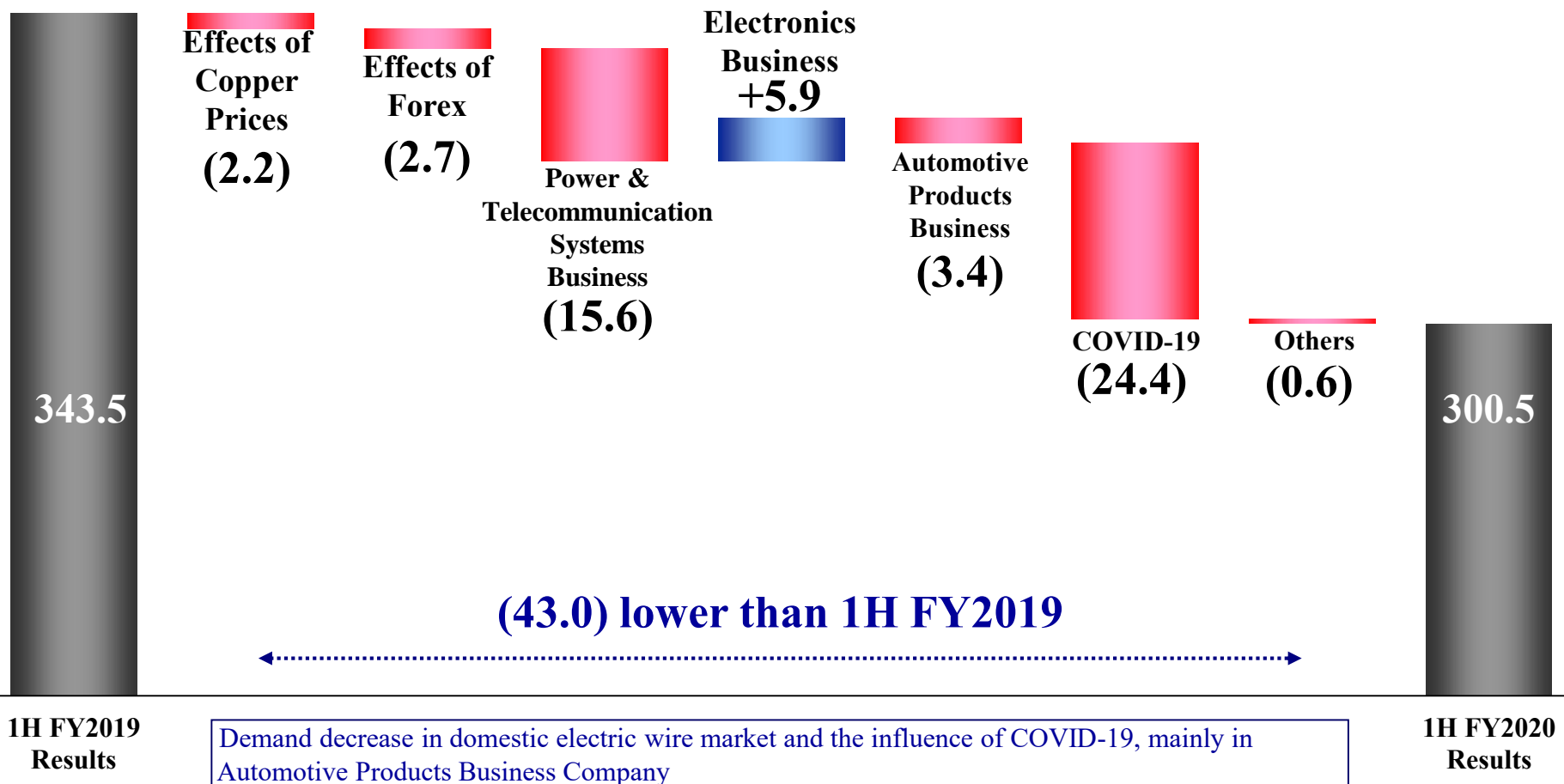
【Full Year Forecast】

- **Net sales is expected to decrease due to a demand decrease in domestic electrical wire market in Power and Telecommunication Systems Company and due to COVID-19 in Automotive Products Business Company.
But, both operating profit and ordinary profit are expected to increase. This is due to the fixed cost reduction through the business restructure and effect of expense reduction measures. In addition, we expect to increase sales of strategic products, ultra-small diameter high-density optical cable(Spider Web Ribbon®/Wrapping Tube Cable™).**
- **Net income attributable to owners of the parent is expected to decrease compared to the previous year due to impairment loss and tax expense burden due to the reversal of deferred tax assets.
We will continue to reform our business structure and improve profitability in this fiscal year.**

1H FY2020 Contributing Factors to Net Sales Change (year-on-year basis)

Net Sales

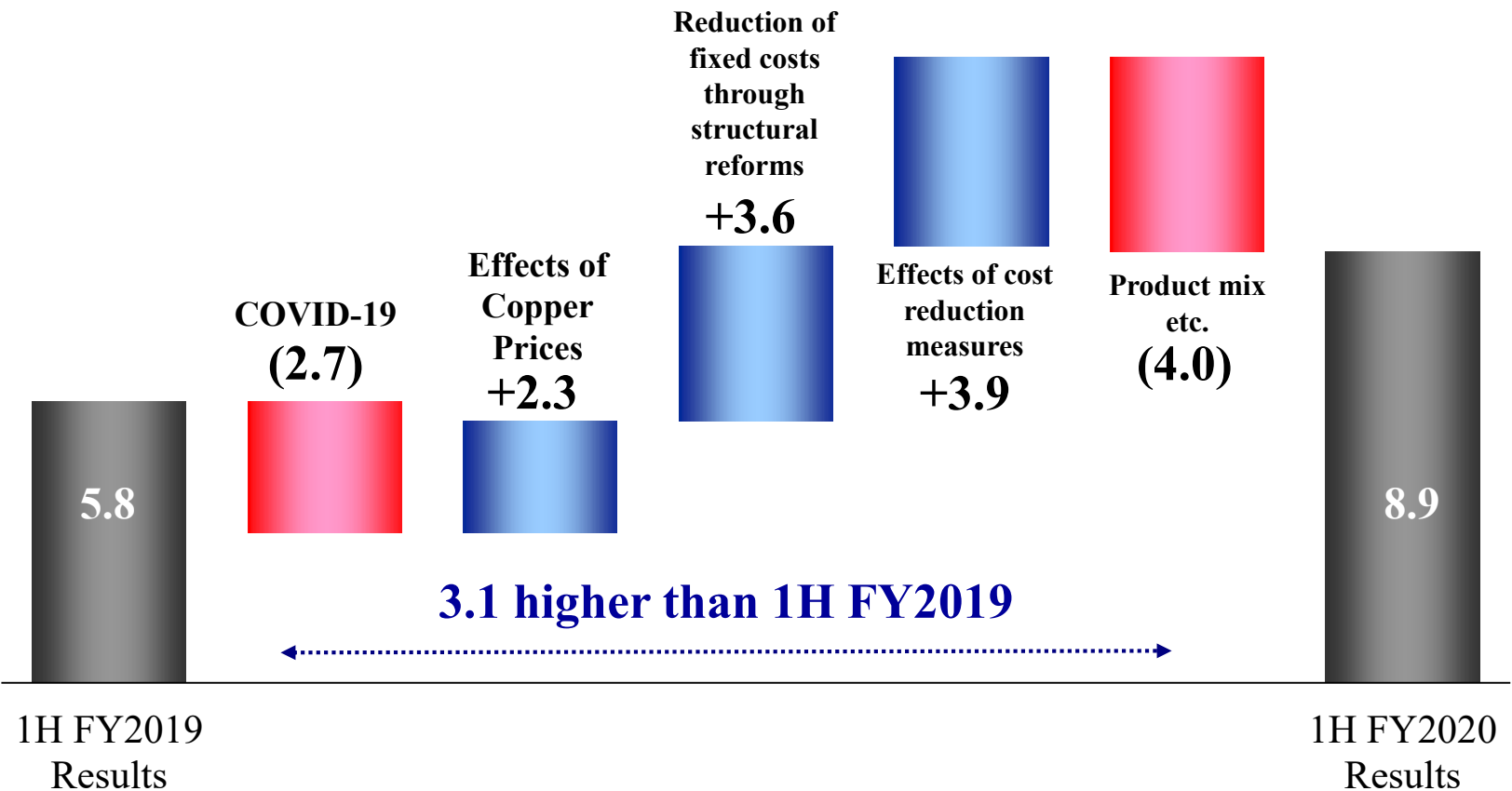
(Unit : Yen in billion)



1H FY2020 Contributing Factors to Operating Income Change (year-on-year basis)

Operating Income

(Unit : Yen in billion)



Although there were some decrease factors in profit(COVID-19 and the intensifying competition in optical fiber and FPC), the profit increased through business restructure and various measures to reduce costs.

1H FY2020 Extraordinary Profit and Loss

(Unit: Yen in billion)

	FY2019			1H FY2020
	1H	2H	Full year	
Operating Income	5.8	(2.4)	3.3	8.9
Share of other comprehensive income of entities accounted for using equity method	0.8	0.3	1.1	0.0
Ordinary Income	5.0	(3.7)	1.3	7.4
Extraordinary Income	6.8	2.9	9.7	1.6
Extraordinary Loss	7.1	23.6	30.7	5.0
Income before Income Taxes and Minority Interests	4.6	(24.4)	(19.8)	4.0
Total Income Taxes	3.0	14.3	17.3	2.5
Net Income attributable to non-controlling interests	0.8	0.6	1.4	0.8
Net Income attributable to owners of parent	0.8	(39.3)	(38.5)	0.7

Extraordinary profit (3.4)

- Gain on sale of investment shares +0.7
- Factories fixed costs during the suspension period due to COVID-19 (2.0)
- Business restructuring expenses(1.7)

FY2020 Forecast

Reduction of depreciation due to impairment Improvement of business structure

(Unit: Yen in billion)

Segment	FY2020			
	1H	2H	Full year	Comment
Power & Telecommunication Systems Company	1.5	1.5	3.0	【impairment】 ▪ Optical fiber manufacturing assets (2.2) ▪ Fiber laser manufacturing assets (0.6)
Electronics Business Company	0.2	0.2	0.4	
Automotive Products Business Company	1.8	1.8	3.6	【impairment】 ▪ Wire harness manufacturing assets in Europe etc. (1.5) 【business structure】 ▪ Labor cost reduction in Europe, Asia and North of South America etc. (1.9)
Electronic Products & Connector Company	2.0	2.0	4.0	
Other	0.1	0.6	0.7	【business structure】 ▪ Labor cost reduction in head office etc. (0.7)
Total	3.6	4.1	7.7	

Consolidated B/S (1)

(Unit: Yen in billion)

	As of March 31, 2020	As of Sep. 30, 2020	Change	
〈Assets〉	576.1	589.1	+13.0	
Current Assets	299.8	322.7	+22.9	Accumulation of liquidity at hand to handle COVID-19
Cash and Deposits	44.7	66.9	+22.3	
Notes and Account Receivable	128.9	137.1	+8.2	
Inventories	103.7	101.5	(2.1)	
Fixed Assets	276.3	266.4	(9.9)	
Tangible Fixed Assets	210.6	204.0	(6.5)	
Intangible Fixed Assets	15.7	13.7	(2.1)	CAPEX +10.2 Depreciation (16.3) Sales & Retirement etc. (2.5)
Sub Total	226.3	217.7	(8.6)	
Total Investments and Other Assets	50.0	48.7	(1.2)	

Consolidated B/S (2)

(Unit: Yen in billion)

	As of March 31, 2020	As of Sep. 30, 2020	Change
Total	576.1	589.1	+13.0
(Treasury Stock)	((10.9))	((10.9))	(+0.0)
〈Liability〉	404.0	412.6	+8.6
Notes and Account Payable	65.8	69.6	+3.9
Interest-bearing Debt	260.7	270.0	+9.4
Other Liability	77.5	72.9	(4.6)
〈Net Equity〉	172.1	176.5	+4.4
Shareholder's Equity	159.9	163.7	+3.8
(Treasury Stock)	((10.9))	((10.9))	(+0.0)
Accumulated Other Comprehensive Income	(7.9)	(7.6)	+0.3
Non-controlling Interests	20.0	20.3	+0.3
Equity-to-asset ratio	26.4%	26.5%	+0.1%

Although interest-bearing debt increased because of an increase in accumulation of liquidity at hand to handle COVID-19, the NET D/E ratio is improved.
(59:41⇒57:43)
Net Debt 216.0⇒203.1 (12.9)

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	1H FY2019 Results	1H FY2020 Results	Change	2H FY2020 Forecast	1H FY2019 Results	1H FY2020 Results	Change	2H FY2020 Forecast
Power & Telecommunication Systems Company	167.4	147.2	(20.3)	148.7	4.4	8.3	+3.8	4.0
					2.7%	5.6%	3.0%	2.7%
Electronics Business Company	90.2	95.5	+5.3	74.6	(0.0)	1.8	+1.8	(4.6)
					(0.0%)	1.9%	1.9%	(6.2%)
Automotive Products Company	77.3	50.0	(27.3)	67.8	(1.2)	(3.7)	(2.5)	0.2
					(1.6%)	(7.4%)	(5.8%)	0.3%
Electronic Products & Connector Company	167.5	145.4	(22.1)	142.4	(1.3)	(1.9)	(0.6)	(4.4)
					(0.8%)	(1.3%)	(0.5%)	(3.1%)
Real Estate Business Company	5.7	5.4	(0.3)	5.5	2.8	2.6	(0.2)	2.4
					48.9%	48.2%	(0.7%)	43.1%
Other	2.9	2.5	(0.4)	2.9	(0.2)	(0.1)	+0.1	0.1
Total	343.5	300.5	(43.0)	299.5	5.8	8.9	+3.1	2.1
					1.7%	3.0%	1.3%	0.7%

※ Figures shown above for FY2019 has been restated to reflect management system changes implemented.

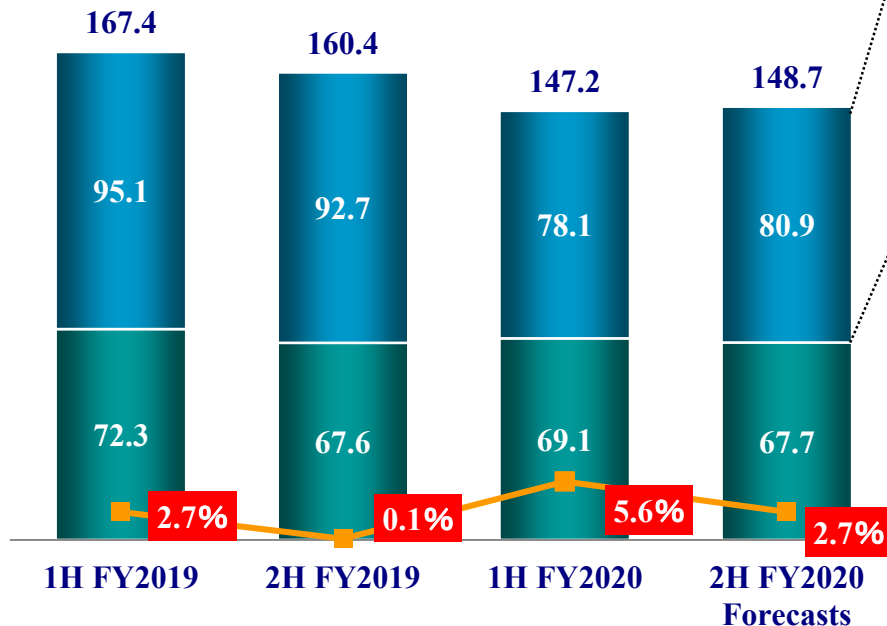
Power & Telecommunication Systems Company

- In 1H, net sales decreased on a YoY basis due to the decrease in demand in domestic electric wire market and the intensifying competition in optical fiber. But, profit increased due to fixed cost reduction through business restructure and valuation gain for rising copper price.
- For 2H, we expect increases of both sales and profit due to an improvement of product mix etc.

(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

- First-half results decreased due a decline in demand in domestic construction sales market etc.
- For 2H, sales are expected to increase owing to seasonality.

Telecommunication Systems

- First-half results decreased due to intensifying competition for optical fiber in China.
- For 2H, besides seasonality, sales are expected to decrease because we are still in an intensifying competitive environment.

Comments Upper line : 1H results and Y o Y basis
Bottom line : 2H forecast and Comparison with 1H results

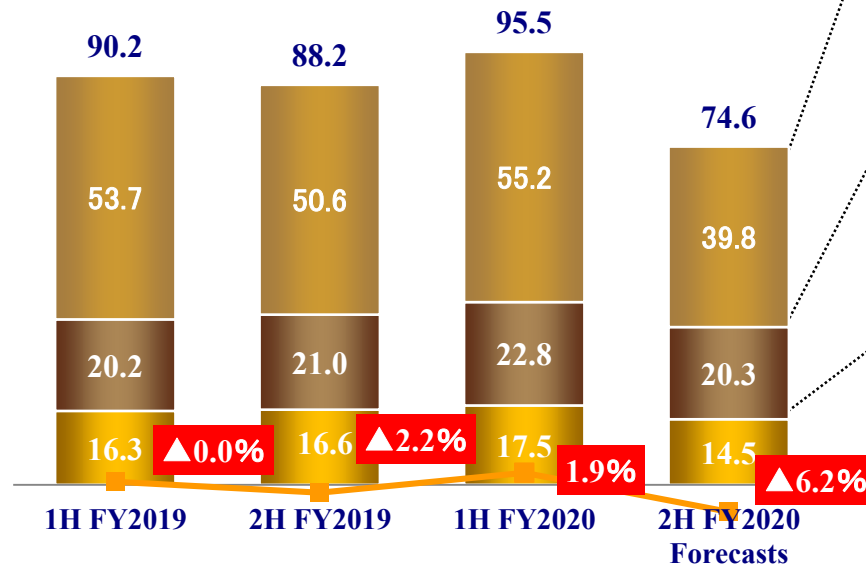
Electronics Business Company

- Compared to the same period last year, sales and profit increased due to special demand attributed to Stay Home for digital devices etc.
- In the second half, sales and profit for smartphone are projected to decrease owing to seasonality. It is conservative because the demand in 4Q is uncertain.

(Unit: Yen in billion)

Net sales and Ratio of Operating Income to Net Sales

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



FPC

- In 1H, sales increased for mainly smartphone on a YoY basis.
- In 2H, we expect sales to be less than usual since 4Q demand prospect is uncertain .

Connector

- In 1H, sales increased due to demand for smartphone.
- In 2H, sales for smartphone application is projected to decrease owing to seasonality.

Other

- In 1H, net sales increased due to special demand attributed to Stay Home.
- In 2H, sales are expected to decrease due to decline the demand for Stay Home.

Comments Upper line : 1H results and Y o Y basis
Bottom line : 2H forecast and Comparison with 1H results

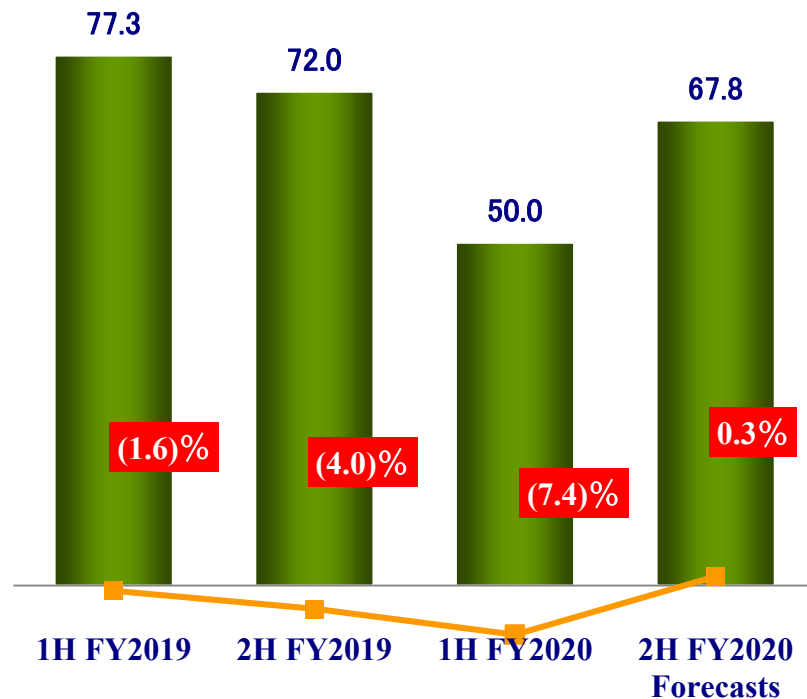
Automotive Products Company

- In 1H, both net sales and profit significantly decrease on a YoY basis because production of automobile manufactures was suspended due to lockdown which was carried out all around the world because of COVID-19.
- In the second half of the year, we will improve productivity mainly in Europe and expect to return to profitability. It is also assumed the influence of COVID-19 will be reduced.

(Unit: Yen in billion)

Net sales and Ratio of Operating Income to Net Sales

— Ratio of Operating Income to Net sales



Automotive Products

- Sales in the first half decreased due to customer production suspension.
- In the second half of the year, sales is expected to increase because of reduction of COVID-19 influence.

Comments Upper line : 1H results and Y o Y basis
Bottom line : 2H forecast and Comparison with 1H results

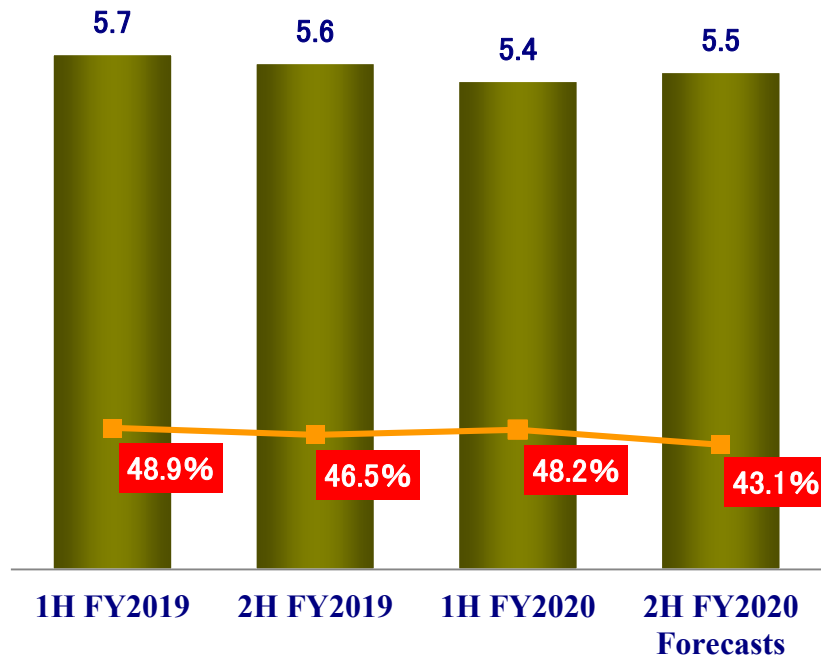
Real Estate Business Company

■ 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)

	FY2019		1H FY2019	FY2020 Forecasts (11.2)
	1H	Full year		
CAPEX	19.7	30.1	10.2	17.0
(for manufacturing business)	18.8	28.8	9.6	16.0
(for real estate business)	0.9	1.4	0.6	1.0
Depreciation Cost	17.7	35.7	16.3	33.0
(for manufacturing business)	16.7	33.7	15.3	31.0
(for real estate business)	1.0	2.0	1.0	2.0

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

(Unit: Yen in billion)

	FY2019			FY2020
	1H	2H	Full year	1H
Interest-bearing Debts①	273.6	260.7	260.7	270.0
Cash and deposits②	36.9	44.7	44.7	66.9
①－②Net Debt	236.8	216.0	216.0	203.1
Net Financial Profit/Loss	(1.0)	(0.9)	(1.9)	(0.8)
Free Cash Flow	(18.3)	29.0	10.7	16.3

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

3. Shareholder Return

■ Interim dividends FY2020 Results

We regret to say there is no interim dividends in FY2020.

■ Year-end dividends FY2020 Forecast

As a result of comprehensive consideration based on the consolidated business forecast and environment, we regret to say we will not pay any dividends in FY2020.

We will continue to work on improving the business structure in order to realize an early return of dividends.



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.

【1H FY2020 Financial Results Appendix】

Net Sales and Operating Income by Segment

Net Sales Records and Forecast by Segment

Unit: Yen in Billion

	FY2019							FY2020					FY2020 Forecast on August
	1Q	2Q	3Q	4Q	1H	2H	Full Year	1Q Results	2Q Results	1H Results	2H Forecasts	Full Year Forecasts	1H Est.
Power Systems	48.1	47.0	48.2	44.5	95.1	92.7	187.9	38.7	39.4	78.1	80.9	159.0	79.5
Telecommunication Systems	36.0	36.3	33.7	33.9	72.3	67.6	140.0	31.8	37.3	69.1	67.7	136.9	68.3
Power & Telecommunication Systems Company	84.1	83.4	81.9	78.4	167.4	160.4	327.8	70.5	76.7	147.2	148.7	295.8	147.9
Electronics													
FPC	19.0	34.7	30.1	20.5	53.7	50.6	104.3	22.2	33.0	55.2	39.8	95.0	50.1
Connector	7.5	12.8	11.8	9.2	20.2	21.0	41.2	9.0	13.9	22.8	20.3	43.1	19.6
Other	7.0	9.3	9.1	7.5	16.3	16.6	32.9	8.1	9.4	17.5	14.5	31.9	16.9
Electronics	33.5	56.7	50.9	37.3	90.2	88.2	178.3	39.3	56.2	95.5	74.6	170.0	86.5
Automotive Products	40.6	36.7	37.5	34.5	77.3	72.0	149.3	16.3	33.7	50.0	67.8	117.8	47.7
Electronics Automotive Connector Company	74.0	93.5	88.4	71.7	167.5	160.1	327.6	55.6	89.9	145.4	142.4	287.8	134.3
Real Estate Business Company	2.8	2.8	2.8	2.8	5.7	5.6	11.3	2.7	2.7	5.4	5.5	10.9	5.4
Other	1.4	1.5	1.5	1.2	2.9	2.7	5.6	1.2	1.4	2.5	2.9	5.4	2.5
Total	162.4	181.1	174.6	154.2	343.5	328.8	672.3	129.9	170.6	300.5	299.5	600.0	290.0

Operating Income Records and Forecast by Segment

Power & Telecommunication Systems Company	1.9	2.5	2.2	(2.1)	4.4	0.1	4.6	3.5	4.7	8.3	4.0	12.3	4.6
Electronics	(2.8)	2.8	0.9	(2.8)	(0.0)	(1.9)	(2.0)	(1.3)	3.1	1.8	(4.6)	(2.8)	(2.0)
Automotive Products	(0.3)	(1.0)	(1.5)	(1.4)	(1.2)	(2.9)	(4.1)	(2.8)	(0.9)	(3.7)	0.2	(3.5)	(3.9)
Electronics Automotive Connector Company	(3.1)	1.8	(0.7)	(4.2)	(1.3)	(4.8)	(6.1)	(4.1)	2.2	(1.9)	(4.4)	(6.3)	(5.9)
Real Estate Business Company	1.5	1.3	1.3	1.3	2.8	2.6	5.4	1.3	1.3	2.6	2.4	5.0	2.5
Other	(0.0)	(0.1)	(0.0)	(0.3)	(0.2)	(0.3)	(0.5)	(0.1)	0.0	(0.1)	0.1	0.0	(0.3)
Total	0.3	5.5	2.9	(5.3)	5.8	(2.4)	3.3	0.6	8.3	8.9	2.1	11.0	1.0

※Since the transfer of some businesses from the Automotive Products business segment to the Electronics business segment from FY2020, the amounts for FY 2019 have been reclassified and displayed again.

Fujikura Ltd.