

Looking Toward 2nd Half FY2020

Fujikura Ltd.

Masahiko Ito, President & CEO

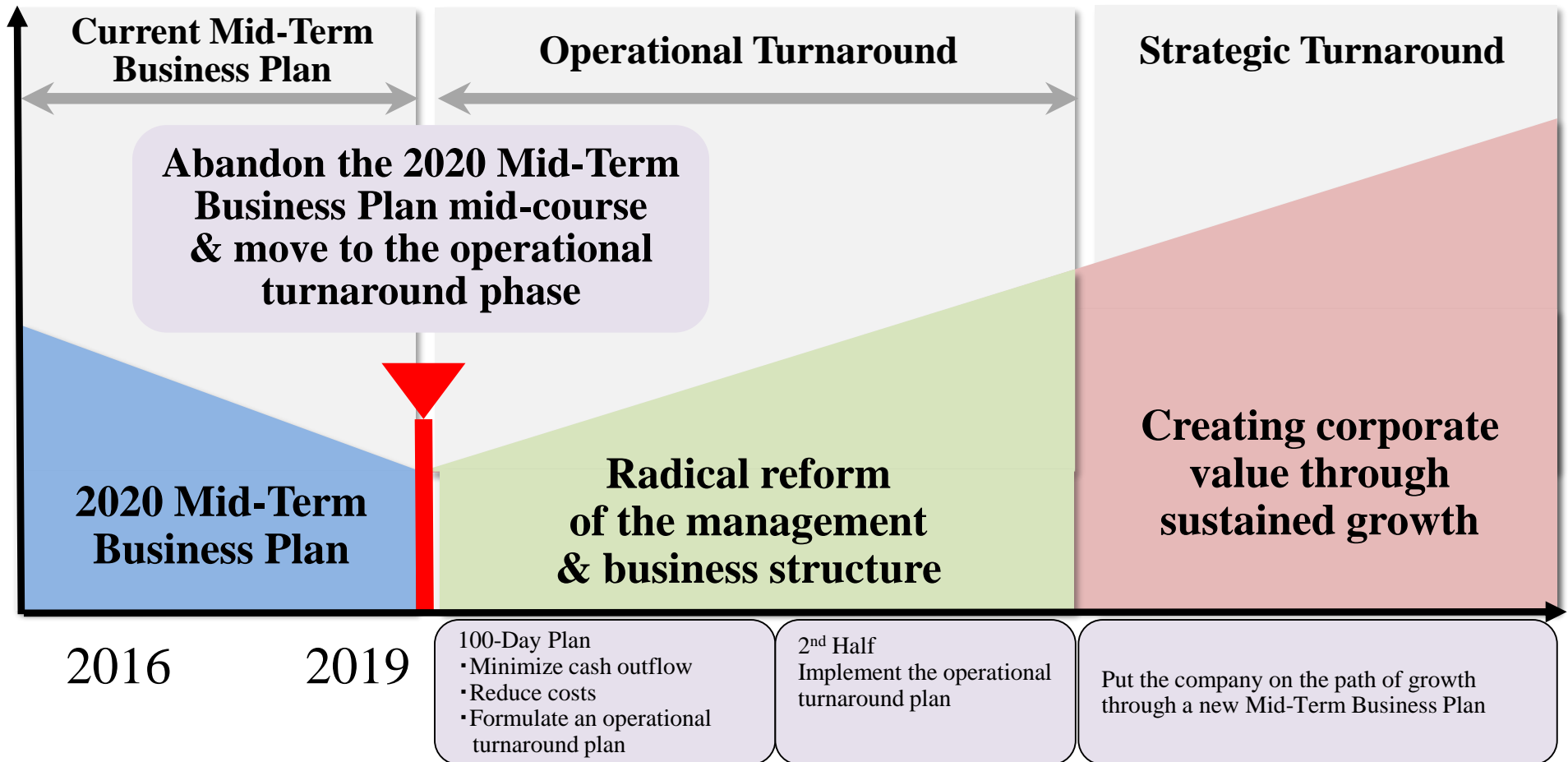
November 2, 2020

Introduction

- The impact of COVID-19 on our three main businesses is broadly divided between infrastructure-related businesses and other businesses. While conditions remain unstable, there are rays of light in the telecommunication systems business.
- The sales cycle for electronics differs from normal years and this is making it difficult to forecast sales. Fujikura therefore must take a conservative view of industry conditions.
- We are marshalling all of our strength to implement the measures announced on September 14, 2020.
- The entire Group is united in our resolve to succeed in an operational turnaround of Fujikura.

Abandoning the Mid-Term Business Plan and Moving to the Operational Turnaround Phase

(* From materials published on June 10, 2020)



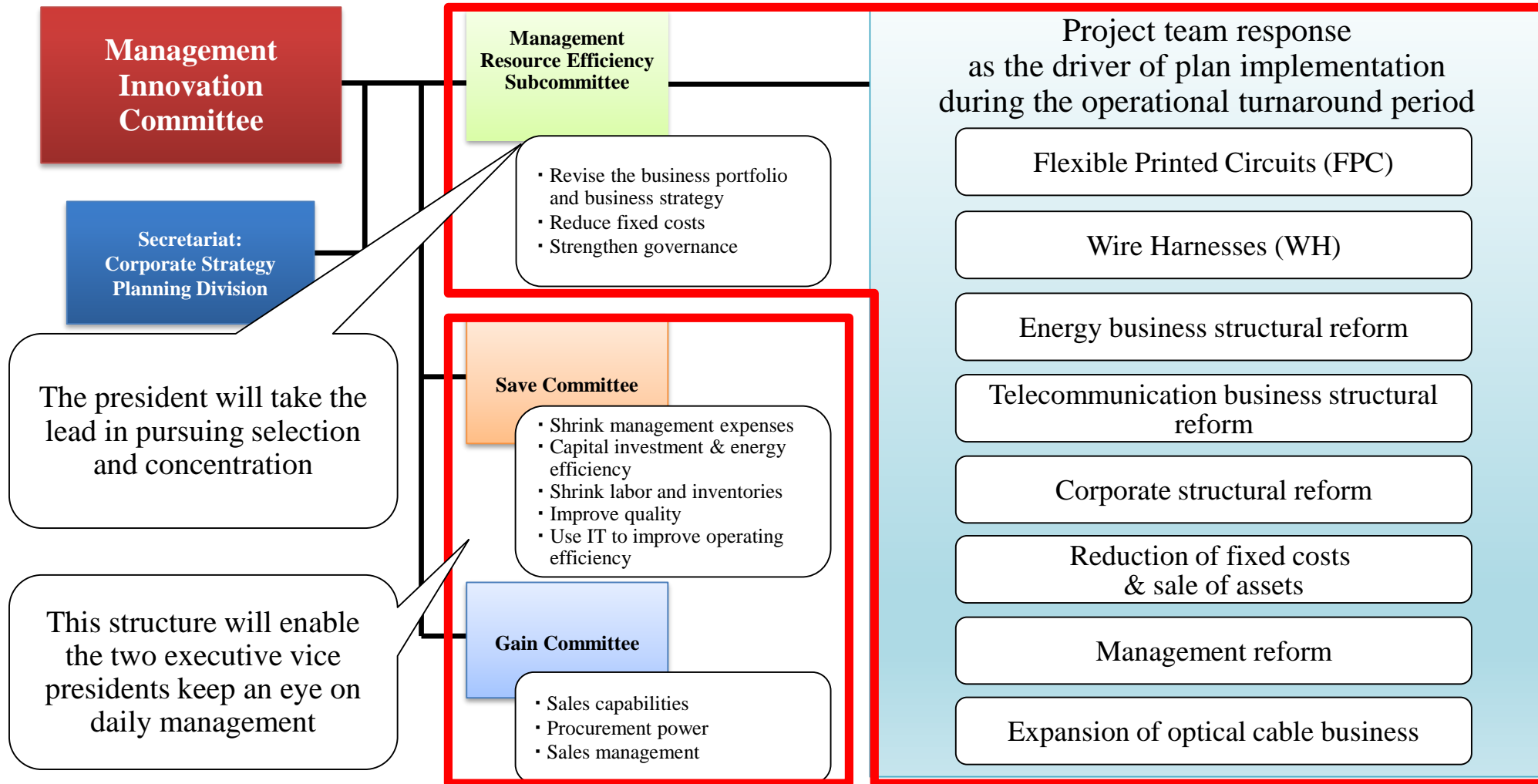
- We will establish an operational turnaround period, albeit a short one to normalize operations ⇒ then disclose the operational turnaround plan and policies in the 2nd half of FY2020.
- The new Mid-Term Business Plan incorporating our post-coronavirus growth strategy will be disclosed and implemented after we have successfully turned operations around (strategic turnaround).

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1. Turnaround Plan Implementation

Turnaround Plan Implementation Structure (1): Management Innovation Committee Structure



- The president will take the lead in vigorous implementation of the plan during the operational turnaround period.
- Daily management will be fortified and a process of selection and concentration vigorously pursued.

Turnaround Plan Implementation Structure (2): Driven by Project Teams

- Response by project teams will serve as the driver of plan implementation during the operational turnaround period.
- Project teams will vigorously pursue implementation and the Management Efficiency Improvement Committee will monitor progress.

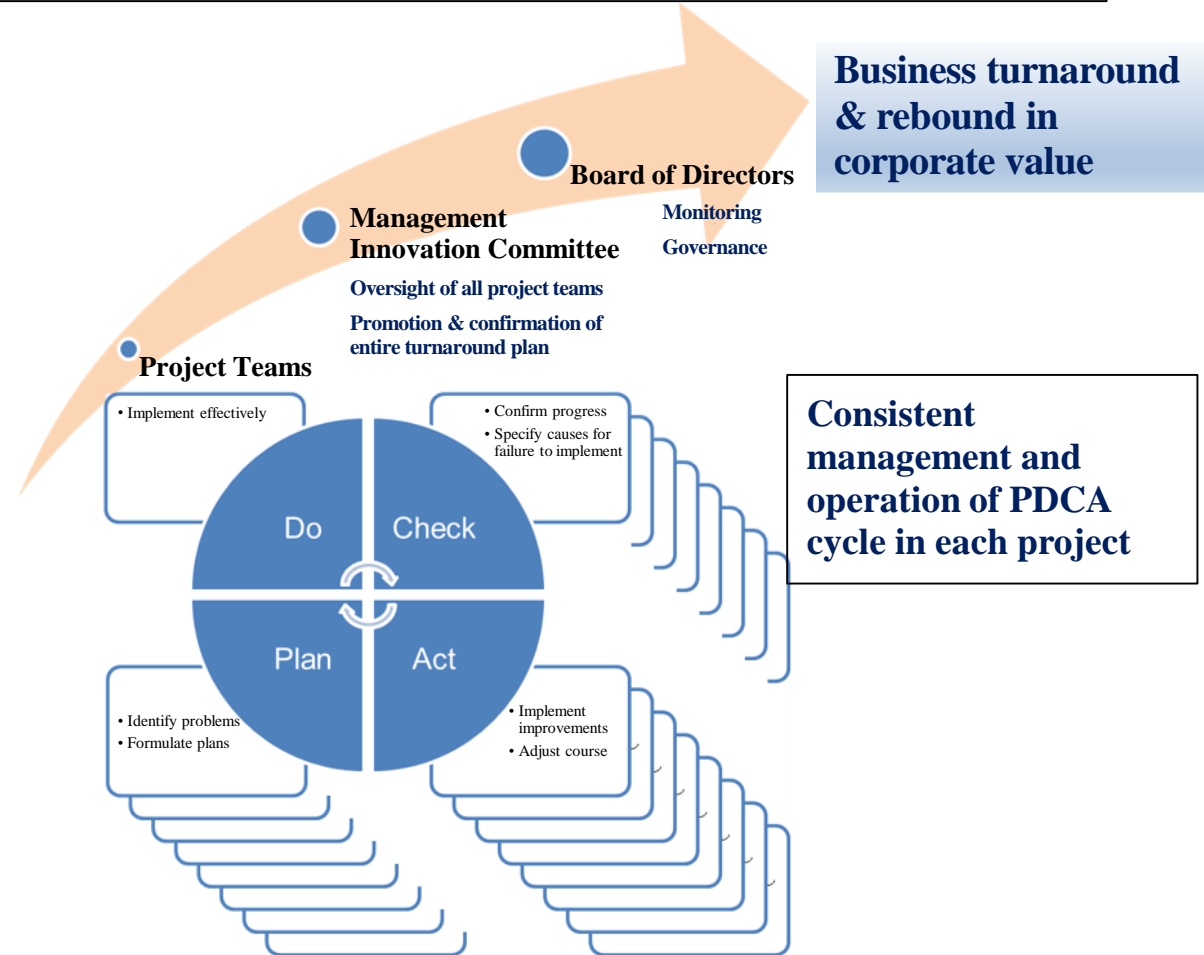
	FY2020 2H	FY2021 1H	FY2021 2H	FY2022 1H	FY2022 2H
FPC	→				
WH	→				
Energy business structural reform	→				
Telecommunication business structural reform	→				
Corporate structural reform	→				
Reduction of fixed costs & sale of assets	→				
Management reform	→	→			
Expansion of optical cable business	→				

Turnaround Plan Implementation Structure (3): PDCA Cycle-based Management

- **Biggest management challenge**
⇒ **Creating an effective framework for vigorous implementation**



Build a framework for implementing the plan and disclose progress in a timely and appropriate manner.



View on Investment and Cash Flow in Each Business During the Operational Turnaround Period

Policy on capital investments in main businesses this fiscal year and next fiscal year

Business	FY2019	FY2020	FY2021	View on subsequent investment
Telecommunication Systems	Reduced from mid-year	Concentration on growth businesses		Investment based on growth strategy after turnaround
Electronics	Continued curtailment of investments			
Automotive Products	Relocation from Eastern Europe to North Africa		Minimum necessary	

- Telecommunication Systems ... Investments concentrated in SWR/WTC, which is the core of the optical cable solutions business.
- Electronics ... Major cutbacks (no investment in capacity increases; investments mainly in renovation)
- Automotive WH ... Mainly concentrated in relocation from Eastern Europe to North Africa. Strict curtailment of investment thereafter.

* This is the current view and policy. The policy may change, depending on changes in the future business environment.

**Cash flow and profit distribution during the operational turnaround period:
We intend to reward stakeholders by being strictly selective in capital investments, financial belt-tightening, focusing on business turnaround and business selection and concentration, and by achieving a turnaround aimed at growth businesses and a rebound in corporate value.**

Impact During Operational Turnaround Period

At present, we project the following benefits, in accordance with the turnaround plan

(Billions of yen)

Category	FY2020	FY2021	FY2022	FY2023 onward
Early retirement, etc.	0.7	1.9	1.9	1.9
Structural business improvements (location reorganization, etc.)		3.5	4.4	6.2
Benefit from impairment losses, etc. in FY2019	7.0	7.0	7.0	7.0
Total benefit from improvement in fixed costs	7.7	12.4	13.3	15.1
Extraordinary loss posted for the above measures	9.5	6.0	4.0	2.0

* FY2020 based on financial forecasts

We will build on these measures and work to improve profitability.

2. Main Business Initiatives

Telecommunication Business Expansion in the U.S. & Europe (1)

Overview

Fujikura established a joint venture in the U.S. in 1984, acquired it as a wholly owned subsidiary in 2005, and is continuing to expand in the U.S., Europe, and Australia through regional headquarters.

We are gradually expanding our business domains through a combination of M&A and organic growth.

Providing products and rolling out total solutions for telecommunication construction
⇒ A model case is being rolled out in the U.S. now.

Special Features

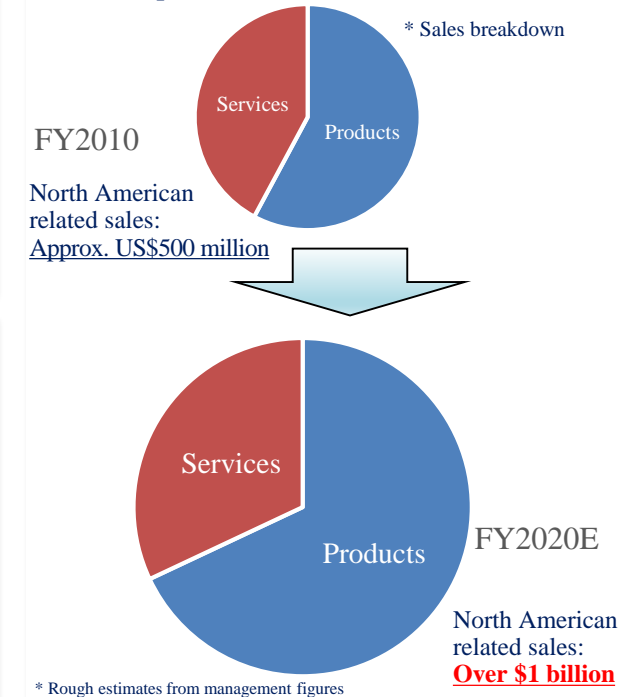
Technology development:

Developed in Japan, using the knowledge of Japan, the U.S., and Europe
(* including peripheral components and solutions)

Manufacturing: SWR and WTC manufactured mainly in Japan, the U.S., and Europe
(install high-quality fiber made in Japan)

Market: Will expand the solution business in Europe and the U.S. over the medium to long term as demand for FTTH and DC expands

Expansion of sales related to North American locations in the cable business during the COVID-19 pandemic



Fujikura's presence has increase in North America in recent years. For top-tier data centers (roughly equal to HSDC), we estimate our share in the ultra-high density fiber optic cable market at around 30%.

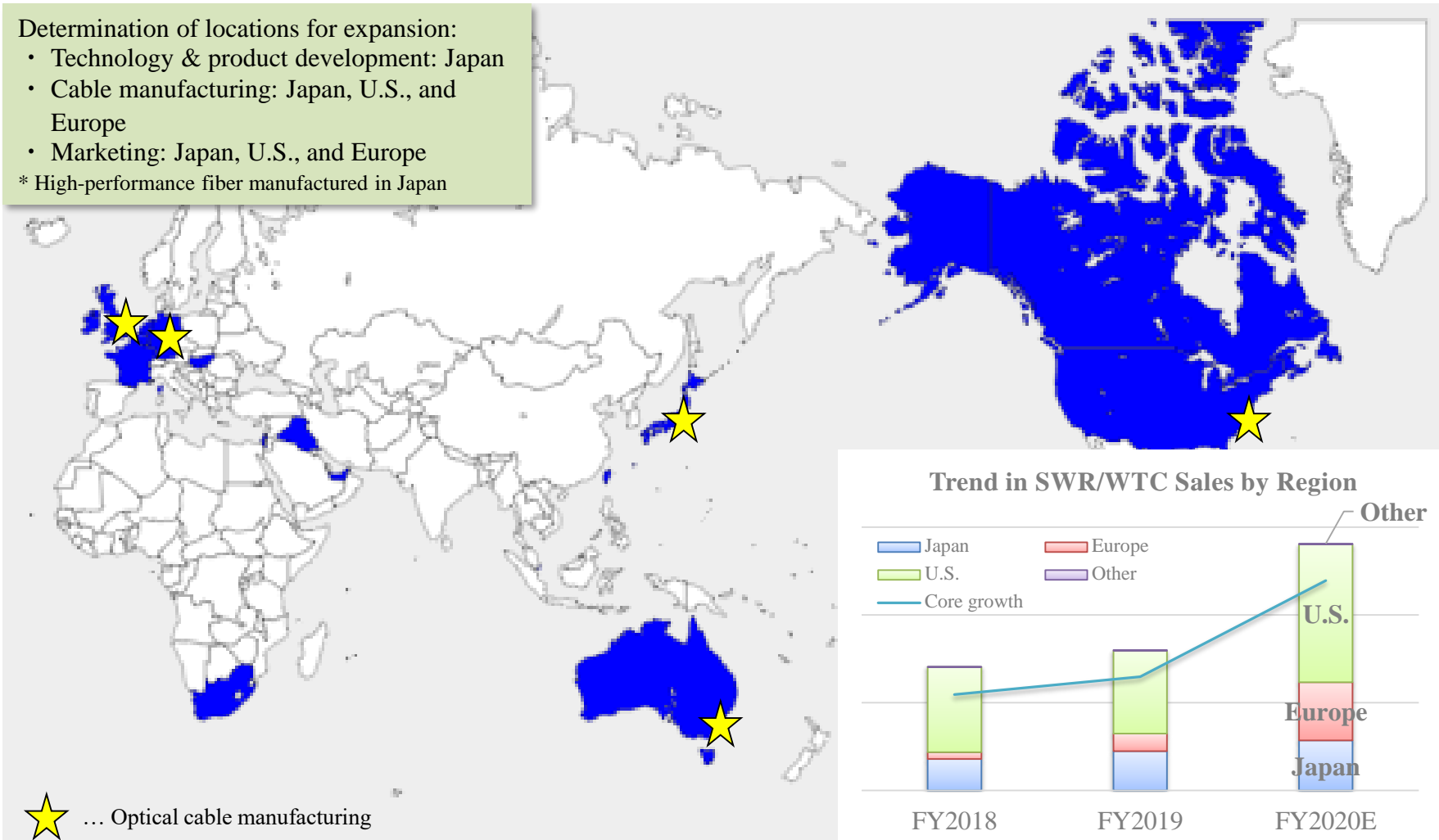
This is an area that is certain to grow in the future, even in midst of the COVID-19 pandemic, and we have decided to concentrate management resources in the optical cable installation solution business.

Telecommunication Business Expansion in the U.S. & Europe (2)

SWR & WTC business is growing rapidly and making progress **in the FTTx, CATV, 5G, and HSDC markets** in North America and Europe.

Determination of locations for expansion:

- Technology & product development: Japan
- Cable manufacturing: Japan, U.S., and Europe
- Marketing: Japan, U.S., and Europe
- * High-performance fiber manufactured in Japan



★ ... Optical cable manufacturing

The market is expanding rapidly and we have expanded to 16 countries as of 2020.

Conclusion

- Implementation of the operational turnaround plan is our commitment to all of our stakeholders.
 - ⇒ We will operate the PDCA cycle and steadily make progress on the turnaround plan.
- Additional new measures will be formulated and implemented as necessary.
- Initiatives in each business
 - ✓ Telecommunication: This is a core area of our business. (We will continue to concentrate management resources in the telecommunication business and take steps to achieve growth.)
 - ✓ FPC and automotive WH: These two areas will be downsized to an appropriate scale.
- We will be strictly selective in capital investments during the operational turnaround period and will continue our policy of a large reduction in total investments.
- We will implement the turnaround without designating any part of our business as off-limits, and the entire company will unite as one team in working to accomplish a turnaround with unwavering determination.



Disclaimer: These materials contain Fujikura's management policy (intentions) for FY2020. Statements about sales, profits, and other forward-looking statements about FY2020 and future fiscal years are based on market decisions made according to the latest information available at the time. Fujikura's intentions in regard to investments have been quantified, but may change at some point in the future due to changes in the business environment or other factors.