

Business Briefing Communications Solutions business

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FURUKAWA ELECTRIC CO., LTD.

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- 1. Mid-term Management Plan basic policy and strengths**
- 2. FY2020 results and full-year forecast**
- 3. Future strategy**
- 4. Status of the global solutions business**
- 5. Status of optical cable in North America**

1. Mid-term Management Plan basic policy and strengths

Furukawa G Plan 2020 Basic policy

Global business development with an eye on the advances in 5G

Strengths

- Global production sites in growth markets
- Differentiation through high performance products and technology (optical fiber & cable, digital coherent products and network technology)



United States
Increase rollable ribbon cable production capacity



Colombia
Strengthen capabilities for optical cable and connectivity products
Respond to the *izzy telecom project



Morocco
Strengthen capabilities for optical cable and connectivity products

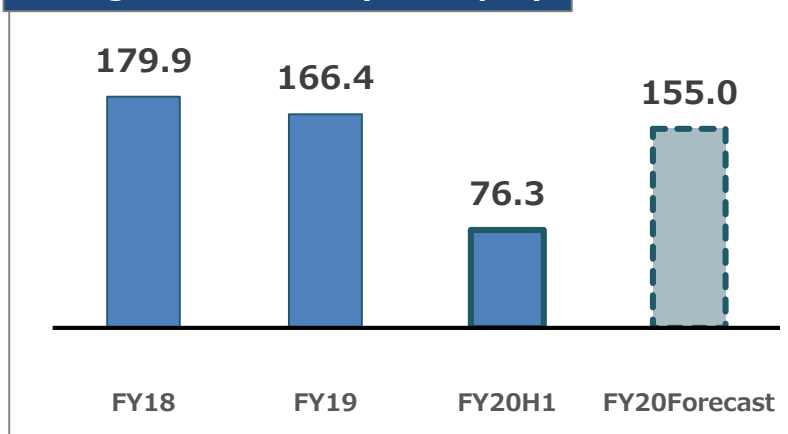
Business opportunities for Furukawa Electric in the age of 5G



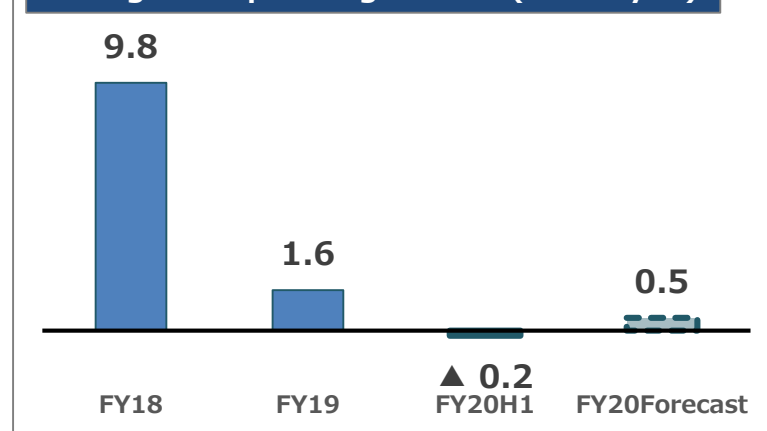
2. FY2020 results and full-year forecast

- Global optical fiber and cable products business will achieve higher profits compared to last year
 - ✓ In North America, both optical fiber and cable will achieve increased profits on higher revenue compared to last year
 - ✓ Still room for growth even after defeating COVID-19
 - ✓ In Central and South America, on a local currency basis, overcome the impact of COVID-19 and achieve strong results
- In the FITEL products business, although sales of optical devices centered on ITLA will increase, industrial lasers will decline due to limited customer investments
- In the broadband solutions business, although shipment volumes of FTTH terminals are expected to increase following the widespread implementation of teleworking, the business will deteriorate compared to last year due to the numerous limited capital investments by customers resulting from the impact of COVID-19

Changes in net sales (billion yen)



Changes in operating income (billion yen)

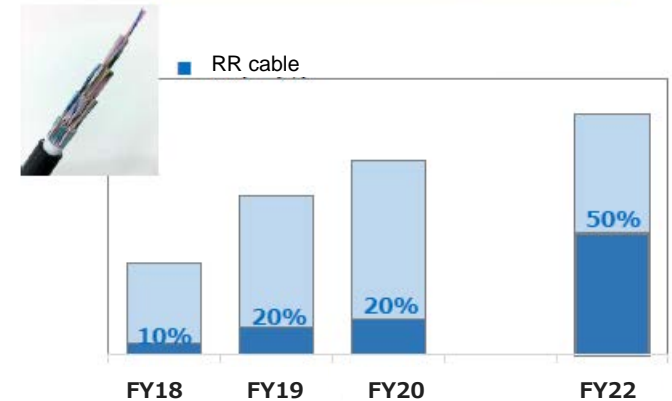


3. Future strategy

<Global optical fiber and cable>

- In response to the increasingly competitive environment, strengthen cost competitiveness, expand sales of high performance products and deepen the FTTH solutions, and through this, aim to increase earnings
 - ✓ Low bending loss fiber
 - ✓ Rollable ribbon (RR) cable
 - ✓ High count multi-core solutions
 - ✓ Cable with connectors for outdoor applications, etc.

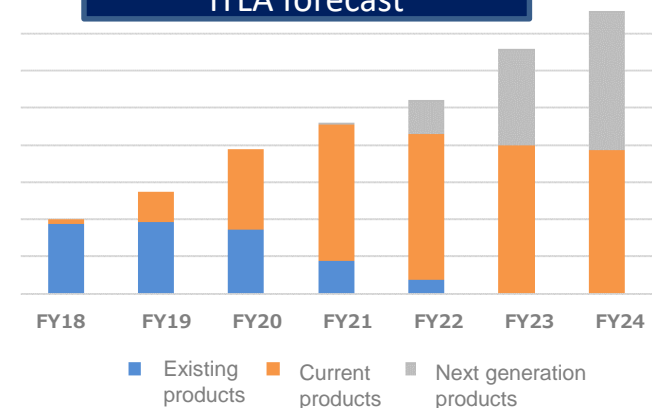
North America optical cable net sales forecast



<Optical device products>

- Along with progress in increasing sales of existing ITLA products, make definite advances in replacing the existing line-up with next generation products (higher performance, smaller)

ITLA forecast



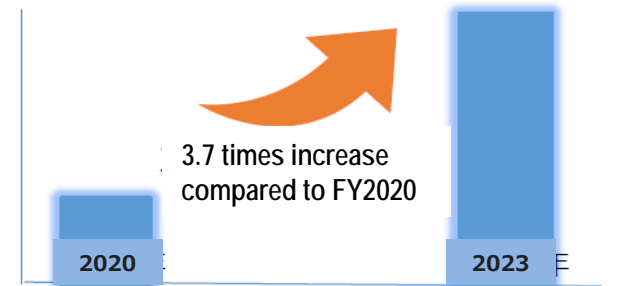
3. Future strategy

<Industrial lasers>

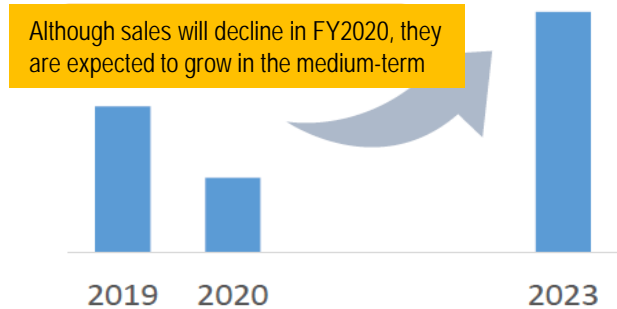
- Prepare for medium to long-term electric vehicle market growth
- Along with enhancing beam mode control for hard to process materials centered on copper, advance the development of Blue-IR lasers

<Broadband solutions>

- Increase sales by introducing new OLT with the industry's first redundancy function
- Strengthen the launch of new products directed at the advancements in broadband infrastructure



Electric vehicle traction battery capacity (Source: Survey by Furukawa Electric)



Industrial laser sales forecast

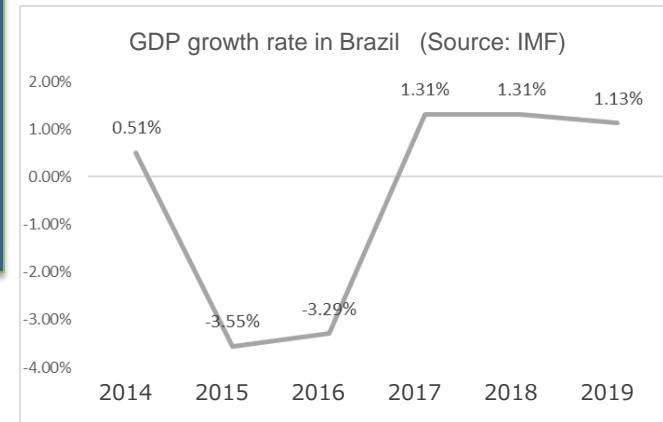


4. Status of the global solutions business

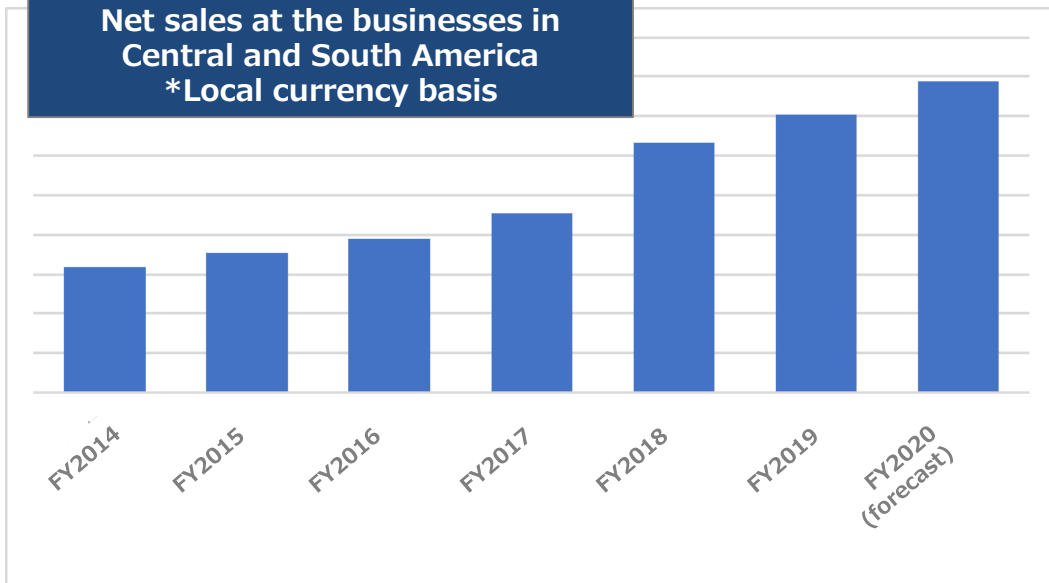
Expect to steadily expand the business in Central and South America, where economic growth is slowing, and achieve increased profits on higher revenue (*)

- In addition to LAN solutions (FCS) and FTTH solutions (FBS), develop new solutions for DX (FIS), and accelerate business growth
- As a new FTTH solution, promote the EZ!Grow* solution, which has high scalability and excellent installation features

(*Local currency basis)



Net sales at the businesses in Central and South America
*Local currency basis



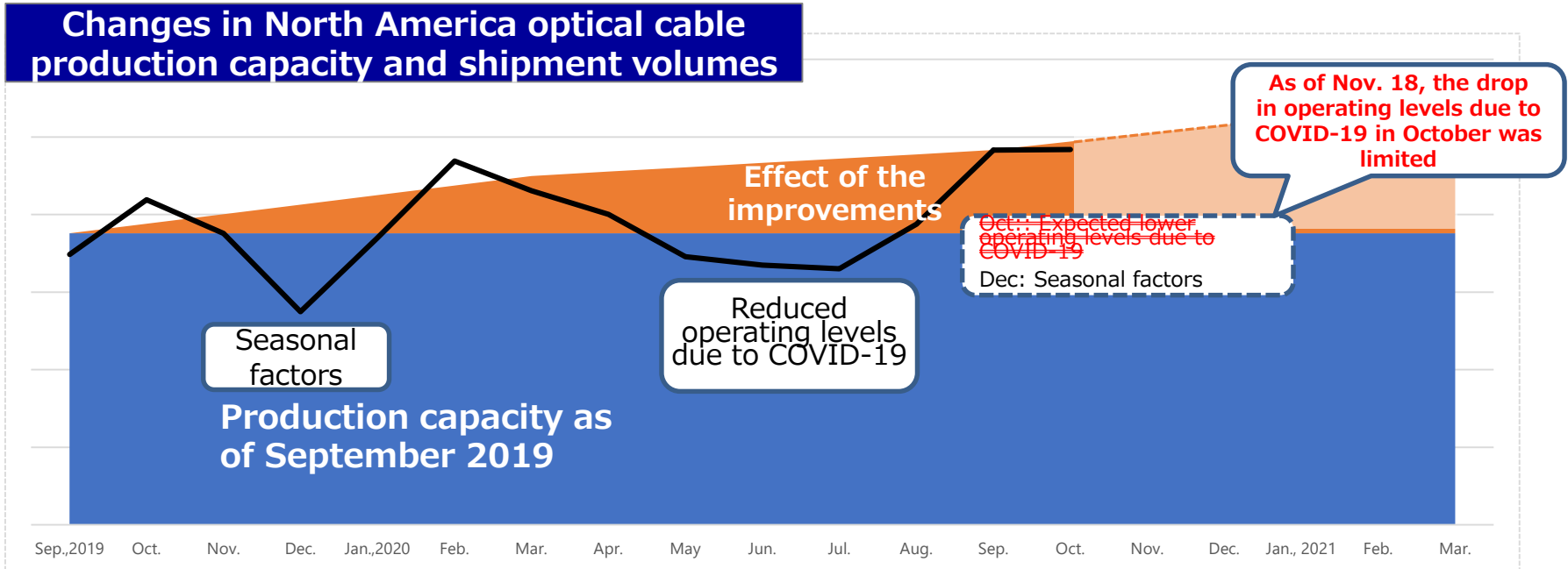
List of FEL locations in Central and South America



*EZ!Grow (Cascade Solution): Furukawa Electric's unique FTTH network construction method of connecting multiple relay devices in series

5. Status of optical cable in North America

- Demand environment for optical fiber and cable in North America has remained firm. Furukawa Electric's optical cable shipment volumes are expected to be at least 20% higher than last year.
- In North America, production volumes were unchanged from last year in the first half due to COVID-19, but they have started to recover since bottoming in July. Efforts will be made in the second half to further increase production volumes and reduce costs.



Thank you very much
for your attention.



Appendix Product overview

	Optical Fiber and Cable Products		FITEL Products		Broadband solutions Business	
products	<ul style="list-style-type: none"> • Low loss fibers for submarine power cable and long distance • Low bending loss fiber for building/residential applications 	<ul style="list-style-type: none"> • Rollable ribbon cable 	<ul style="list-style-type: none"> • Variable wavelength laser modules (ITLA*) 	<ul style="list-style-type: none"> • Industrial lasers 	<ul style="list-style-type: none"> • FTTH system devices 	<ul style="list-style-type: none"> • Network routers
applications	<ul style="list-style-type: none"> • Telecommunications business • Video broadcasts • Data centers 	<ul style="list-style-type: none"> • Telecommunications business • Video broadcasts • Data centers 	<ul style="list-style-type: none"> • Digital coherent signal light source 	<ul style="list-style-type: none"> • Cutting and welding process, etc. 	<ul style="list-style-type: none"> • Telecommunications service • Broadcast service • Design, installation 	<ul style="list-style-type: none"> • High speed, high capacity telecommunications service • Establish VPN
customers	<ul style="list-style-type: none"> • Telecommunications carriers • CATV providers • OTT 		<ul style="list-style-type: none"> • System vendors • Transmission device manufacturers 	<ul style="list-style-type: none"> • Industrial processing manufactures 	<ul style="list-style-type: none"> • CATV providers • Municipalities • Telecommunications providers 	<ul style="list-style-type: none"> • Telecommunications providers • General companies

*ITLA : Integrable Tunable Laser Assembly

Appendix – Consideration of the priority SDGs topics: Optical fiber and cable

<Maximize the positive impact>

In optical fiber and cable, given the advances in 5G and the further increases in communications traffic due to COVID-19, contribute to the development and expansion of sustainable, robust communications infrastructure and safe, robust urban planning.



<Minimize the negative impact>

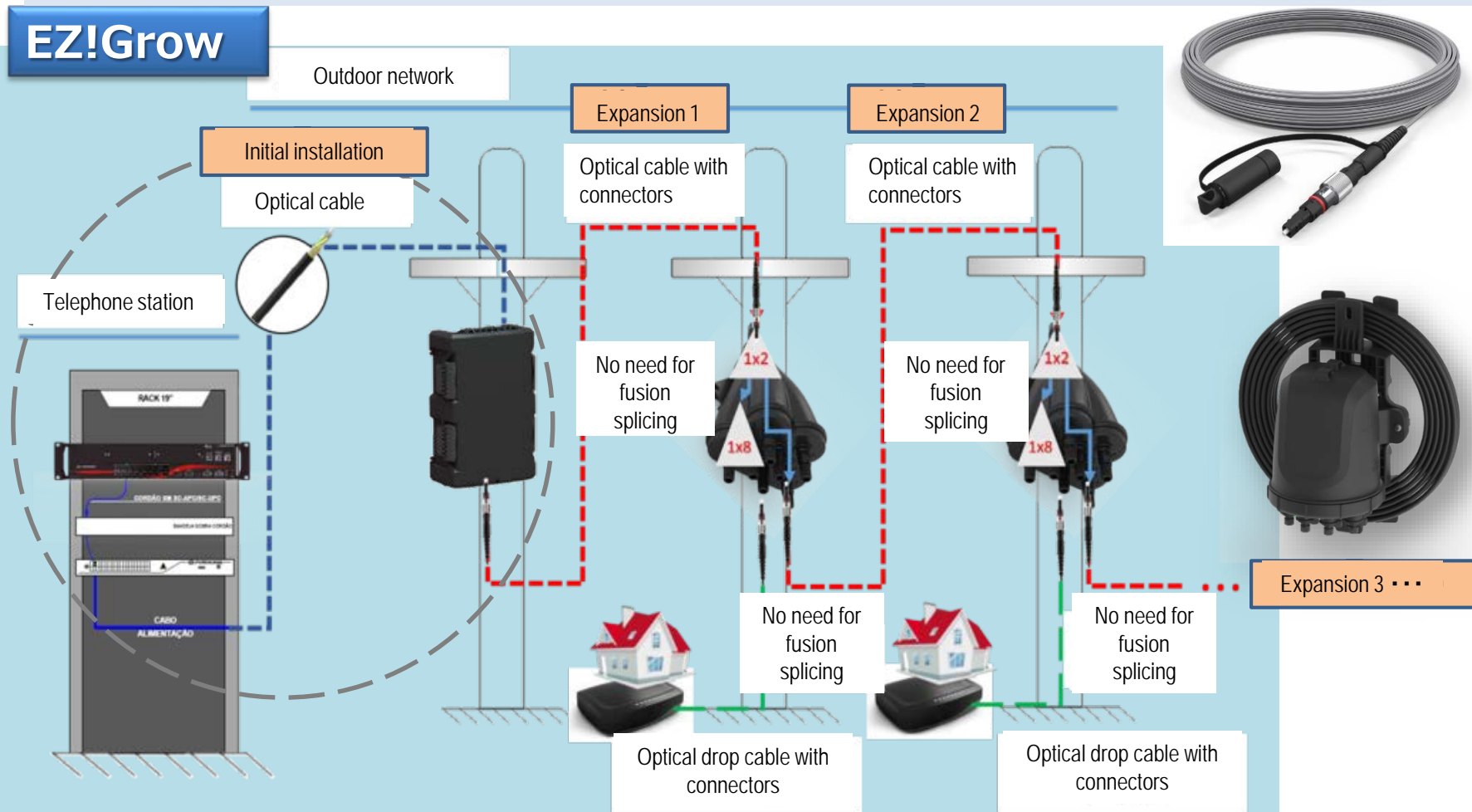
Reducing greenhouse gas emissions during manufacturing is recognized to be an important issue, and various initiatives are being advanced such as energy conservation in the manufacturing plants.



Appendix – FTTH solutions that have been evaluated highly by customers

- Network expansion in line with the increase in demand ⇒ Limit the initial investment
- Easy connections utilizing optical cable with connectors ⇒ Reduce the time required for expansion

EZ!Grow



Appendix

- Solutions portfolio in Central and South America

