

Q&A Summary of the IR Business Briefing of Furukawa Electric Co., Ltd.

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Contents: Functional Products business

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Q : How much progress have you made in expanding the uses for and diversification of tape for semiconductor process?

A : Two examples are shown on page 8. The example on the left is something we are placing maximum effort into developing as a key product for expanding the uses. The example on the right is a product that we have started supplying to customers, including for memory related applications.

Q : What is the status of improvements in the copper foil business?

A : Production capacity of copper foil for printed wiring boards at the Taiwan plant has returned to about 70% of the capacity prior to the fire , and the plant is currently operating at full capacity. The level of inquiries from customers, including Japan and Taiwan, is strong. Demand is also steadily growing, and we plan to return capacity to 80% this fiscal year.

Q : Concerning tape for semiconductor process, there is a risk you will lose market share due to competition from South Korean manufacturers. What is the recent situation and medium-term outlook?

A : Logic semiconductor customers face issues with heat generation, and we are moving forward with development in consultation with these customers. We are focusing on advanced technology, and we will launch new products that will definitely lead to near-term

improvements to profit.

Q: For thermal management products, you plan to start operations at your location in the Philippines this summer. To what extent do you expect this will contribute to higher profit?

A: Currently, production is divided 6:4 between the Philippines and China, and it will expand to 8:2 in the future. This year, net sales are forecast to increase 15% compared to last year, and the Philippines site will be positioned as the main production site for infrastructure and data centers.

Q: What are your thoughts regarding investments in tape for semiconductor process?

A: Basically, investments have been made primarily in product development rather than capital investments, but with the aim of capturing market growth going forward, we will consider investing in increased production. Currently, we are in the final stages of developing a new product, and we are concentrating our efforts there.

Q: Concerning high frequency compatible copper foil, what features does Furukawa Electric offer?

A: The smooth surface and good adhesion with plastic are the main points. Concerning the surface treatment for ensuring good adhesion, development is conducted based on the type of plastic used by the customer.

Q: You have a wide range of functional products, but are you facing any issues, such as a need to narrow down the businesses or downsize the low profit margin businesses?

A: We believe there is always a need to consider how the business portfolio is organized. Memory disks and thermal management products were weighted heavily toward personal computers several years ago, but that focus has been redirected primarily toward data centers. While remaining constantly vigilant of the changes in the market, we will downsize the areas in which technological differentiation is no longer possible and launch well-differentiated products in growing markets.

Q: Have there been any businesses or products you have withdrawn from in the past several years?

A: The primary domain has changed from personal computers to 5G and data centers. Also, the products for game consoles, which were a large source of demand in the past, have currently been positioned as a diminishing product lineup (due to the limits in product

differentiation).

Q: Concerning competition within the tape for semiconductor process market, what is the status of market share and other factors?

A: There are 4 Japanese manufacturers competing within the market. The market share of each company is generally stable, and we have recently been in third position.

Q: As competition intensifies for memory disks, will you be able to expand net sales and profit?

A: In the past, memory disks were primarily for PCs. However, this demand has declined, and currently, competition is intensifying in the area of thinner disks for data centers. We will respond to customer needs through the development of materials that support thinner disks and shock resistance.

Q: In the copper foil business, based on the perspective of obtaining the targeted return on operating assets, do you expect to realize high profitability similar to the past if you can achieve the planned operating levels? Also, what are your thoughts about the positioning of copper foil for batteries?

A: We are planning to restore production capacity of copper foil for printed wiring boards at the Taiwan plant to 80% of the pre-fire capacity. Concerning the remaining 20% (of prior capacity), we will cease production of low-margin products and concentrate on the high-end products. If we can operate at full capacity, we should be able to secure sufficient profits. Our main source of earnings is copper foil for printed wiring boards, and we will concentrate on the high-end products such as high frequency compatible copper foil in particular. Copper foil for batteries has been positioned as a baseload product, and we have no intention to greatly expand production.

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