

FY2011 Management Plan Interim Review

November 2011
Masao Yoshida, President
Furukawa Electric

(billion yen)

● OP exceeded initial forecast

	A	B	C	C-A	C-B
	10Q2	11Q2 ^e	11Q2		
Sales	456.9	450.0	468.7	+11.8	+18.7
Operating Income	17.7	10.0	10.5	-7.2	+0.5

Comparing to the forecast, the recover of automotive production earlier than we expected caused the excess of operating income.

Comparing to last year, demand for optical cables in Brazil and industrial cables in Japan were robust, while under the influence of disaster in Japan and strong yen, our material business for automotive and electronics market were weak. That caused the decrease of operating income.

● Fine for US anti-trust law was counted

A fine of 15.3 billion yen has been put into Q2 earnings as a extraordinary loss. Furukawa intends to generate extraordinary profit for compensating it by sales of its assets.

FY2011H1 results

PL in FY2011H1 result

FURUKAWA ELECTRIC

(billion yen)

	a	b	b-a	
PL	10H1	11H1	Change	
Net Sales	456.9	468.7	+11.8 +2.6%	Extraordinary facts +12.4 Base metal price change etc.
Operating Income	17.7	10.5	-7.2	See Page 6,7
Ordinary Profit	16.1	10.0	-6.2	
Extraordinary Profit & Loss	-3.4	-17.5	-14.1	Anti-trust -15.3
Taxes	-2.7	-4.0	-1.4	
Minority shares	-3.0	-1.6	+1.4	Furukawa SKY+1.5
Net Profit	7.0	-13.2	-20.2	

BS at 30 Sept.11

FURUKAWA ELECTRIC

(billion yen)

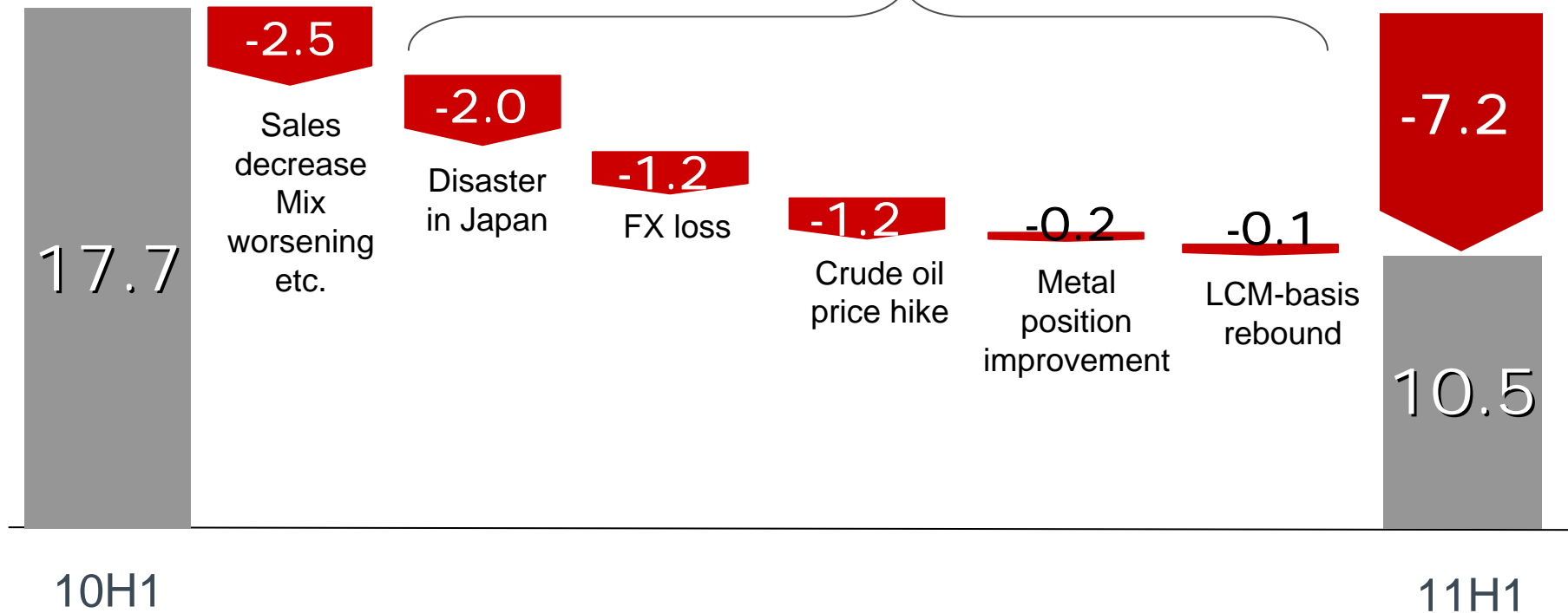
	a	b	b-a
<u>BS</u>	<u>31 Mar.11</u>	<u>30 Sept.11</u>	<u>Change</u>
Total assets	826.9	807.1	-19.8
Debt	341.6	340.2	-1.4
Capital ratio	20.1%	18.1%	-2.0
D/E ratio	2.06	2.33	+0.27
Turnover	1.12	*1.16	+0.04
ROA (OI basis)	4.2%	*2.6%	-1.6

*at annual rate

Operating Income Analysis

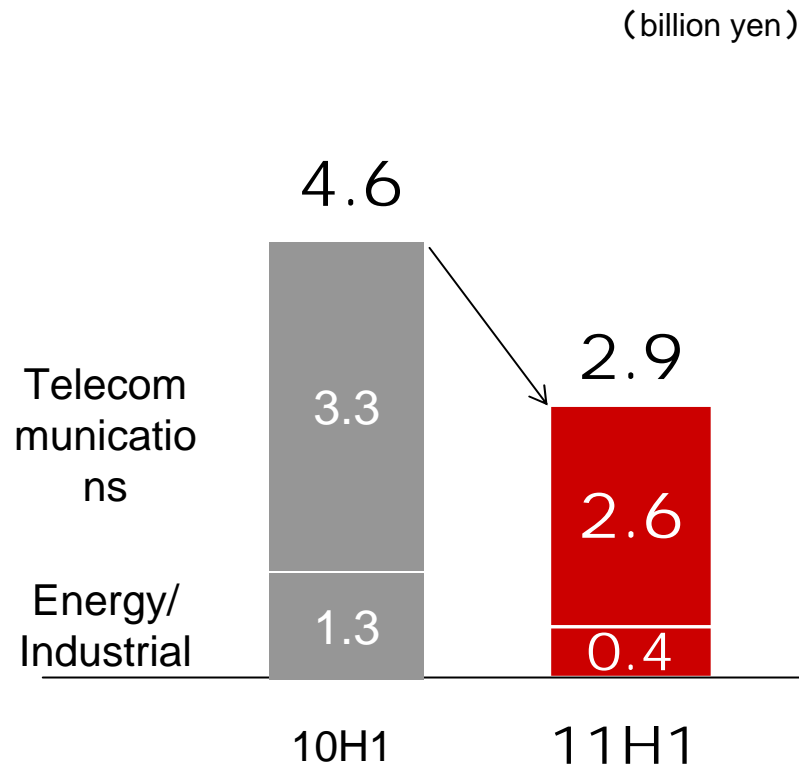
(billion yen)

Disaster, Strong yen, Oil price hike etc.
caused -4.7 billion decline



Operating Income Change by Segment

Transmission Infrastructure



Telecommunications

- Optical fiber cables

Demand in Brazil was robust, while in Japan was weak in export due to strong yen.

- Optical amplifiers and lasers

Demand was weak due to strong yen and price declined. Adding that, demand for network equipments decreased due to reaction against digital terrestrial broadcasting investment of last year.

Energy / Industrial

- Demand for HV cables in China was strong, but competition intensified.

- Demand for electrical parts was weak, while demand for cables of construction increased.

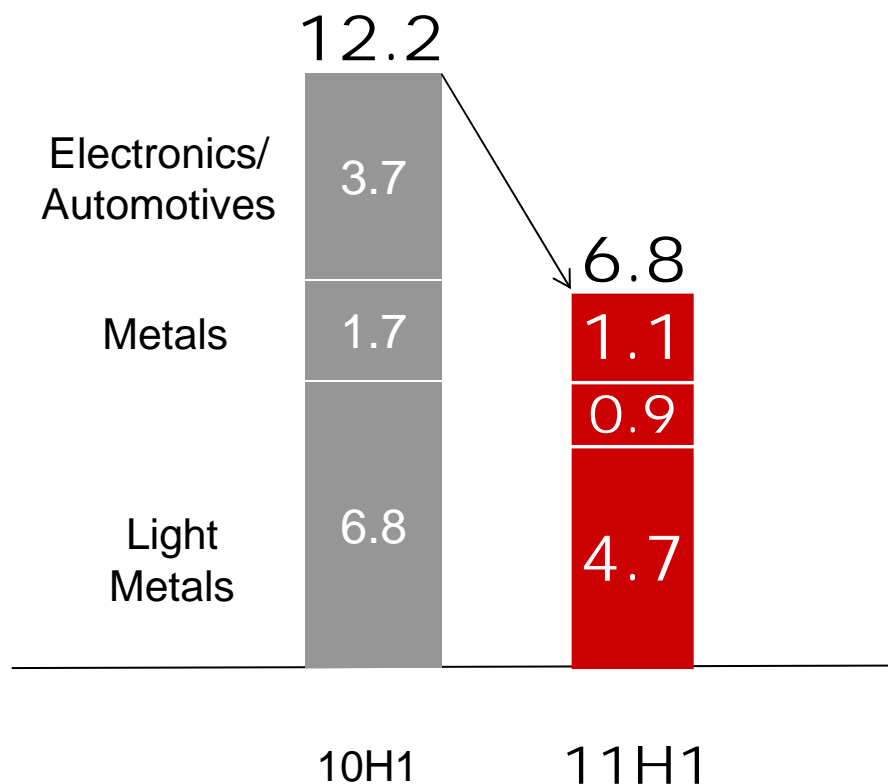
- Demand for MCPET for LED TV decreased and sales came short of our expectation.

Operating Income Change by Segment

FURUKAWA ELECTRIC

Functional Material

(billion yen)



Electronics/ Automotives

- Decrease of depreciation of glass blanks by impairment and restructuring of magnet wire business contribute to profit growth.
- Demand for wire harness and battery decreased due to drop of automotive production.

Metals

- Although demand for copper pipe for air-conditioner decreased, Effect of restructuring contributed to profit growth.
- Demand for copper strip for electronics parts copper foil excluding for lithium ion battery of EV were stagnant.

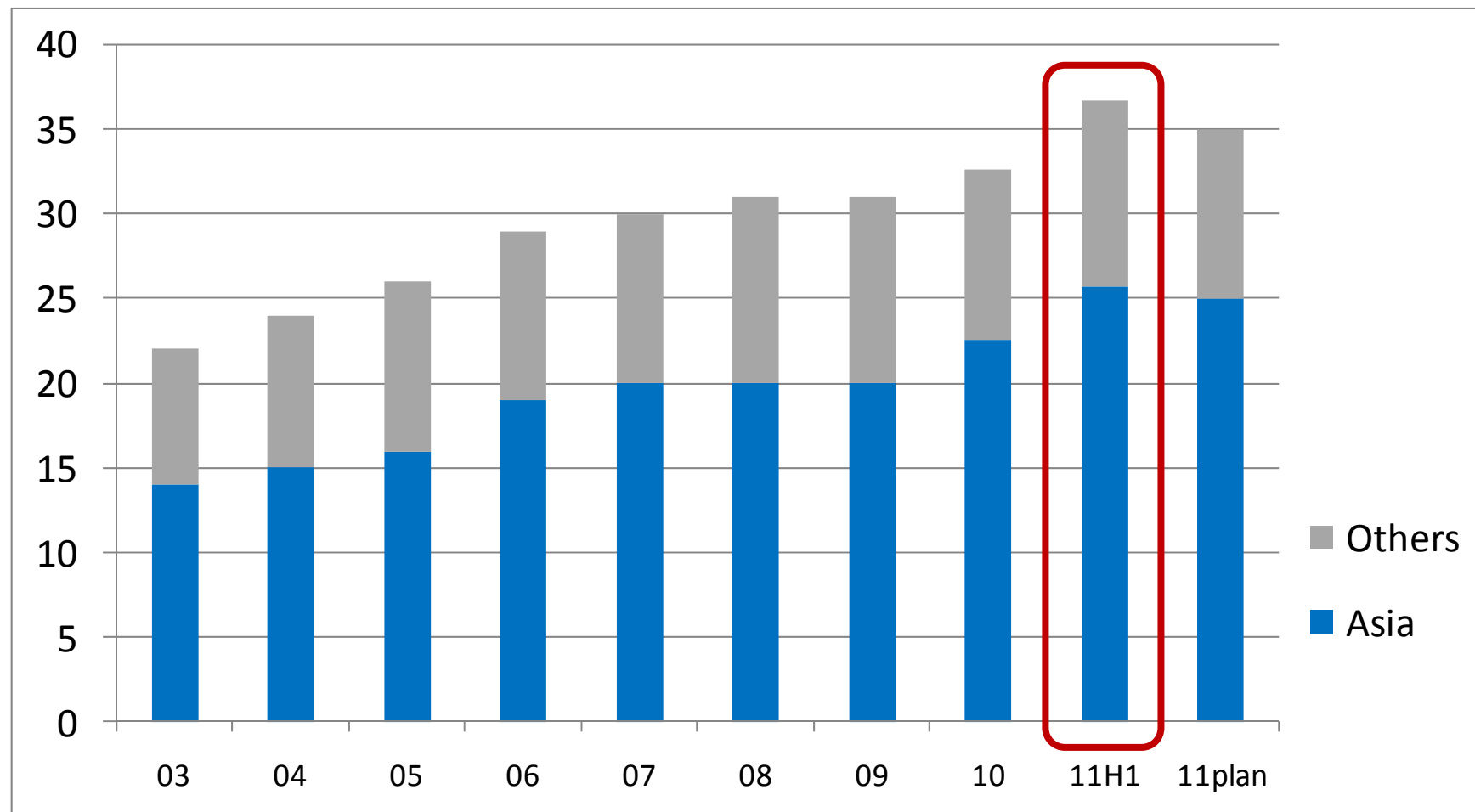
Light Metals

Sales dropped due to decline of automotive parts and export.

Overseas Sales Ratio

(%)

FY11H1: 36.7% grew in ASEAN



FY2011 Management Plan

Transmission Infrastructure

⇨ Sales will change $\pm 5\%$ or less vs 11H1

⇨ Sales will increase $+5\%$ or more vs 11H1

⇨ Sales will decrease -5% or more vs 11H1

Telecommunications

Optical fiber cable: Japan: Weak demand for cables continues

Global: Robust demand for fibers continues

Photonics Networks: Weak demand for amps and lasers continues

Flooding in Thai influences production of laser

Power transmission

High Voltage: Japan: Weak demand for power companies continues

China: Robust order continues

Construction: Demand is recovering from reaction after disaster

Functional Materials

Electronics

- LCD, SPD: Demand for MCPET for LCD TV decreases
Competition of tapes for semiconductors intensifies
Demand for lead-frames and connectors drops
- HDD: Demand for aluminum blanks declines due to inventory adjustment and user's damage from flooding in Thailand
- FPC, LIB: Weak demand for copper foil for batteries continues due to decline of battery demand

Automotives

- Wire Harness: Production of Automotive recovers in H2, while influence from flooding in Thailand is worried
- Foil for EV: Production growth continues in EV business

Revision of forecast for FY12

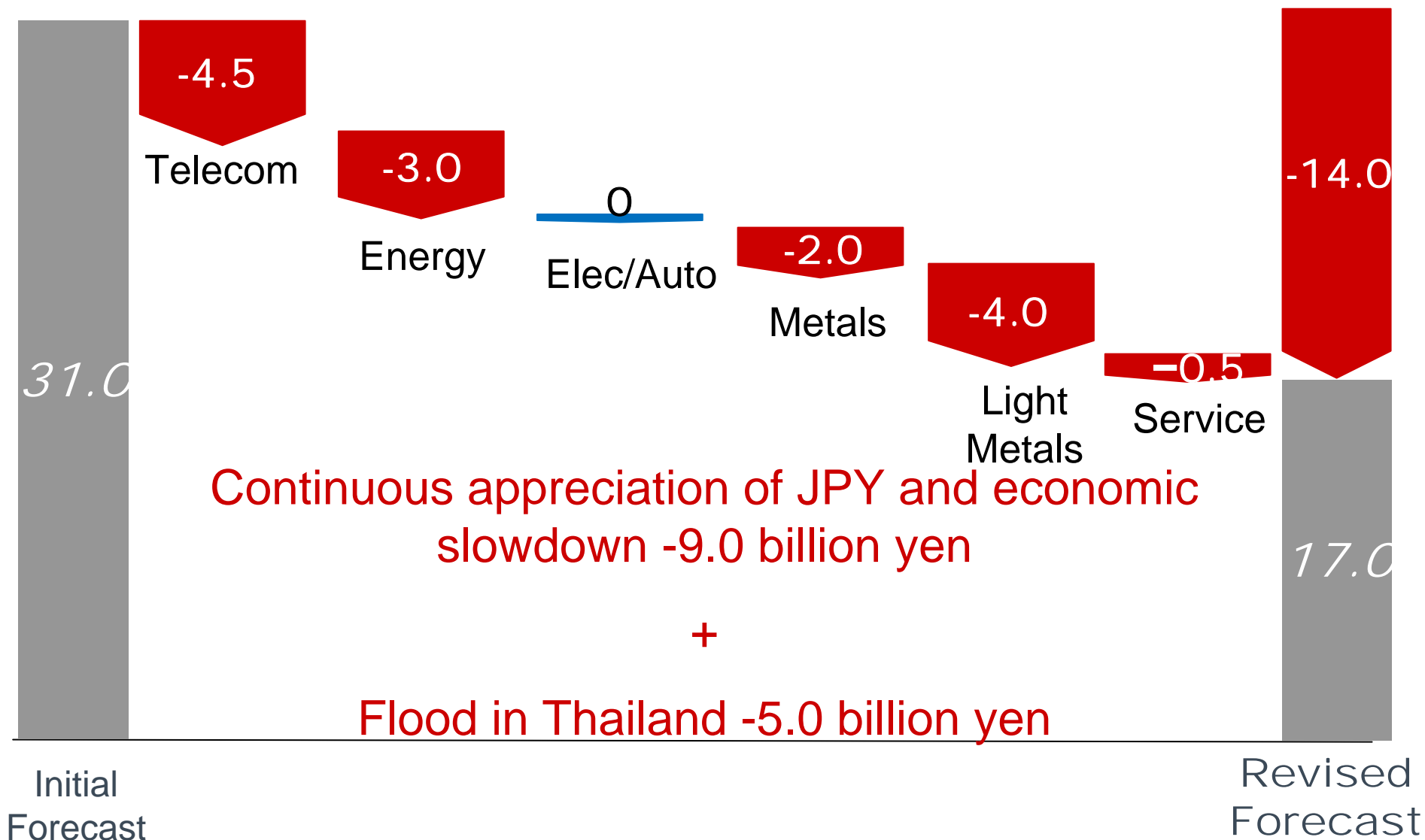
FURUKAWA ELECTRIC

(billion yen)

	11Q2	FY2011	Forecast	
	result	Initial	<i>revised</i>	<i>change</i>
Sales	468.7	950.0	935.0	-15.0
Operating Income	10.5	31.0	17.0	-14.0
Ordinary Profit	10.0	29.0	14.5	-14.5
Net Profit	-13.2	3.0	-5.0	-8.0
Dividend	2Q 2.5	4Q 5.5	Undecided	
<u>Precondition</u>				
FX rate (JPY/USD)	82.0	85	80	(H2 77)
Copper (JPY/kg)	772	860	750	(H2 730)
Crude oil (USD/Bbl)	109	115	107	(H2 104)

Operating Income Analysis

(billion yen)



Loss of -5.0 billion yen is included in the revised prospect

Status of suffered business are as follows.

Lasers for amplifier/ Flooded. Preparing for alternative production in Japan

Copper for lead frame/ Flooded. Considering alternative production in Japan

Copper for air conditioner/ No direct damages. Possibility of decline due to
damages on users

Wire harness/ No direct damages. Possibility of decline due to damages on
supply chain

Aluminum blanks for HDD/ Made in Japan. Possibility of decrease due to
damages on users

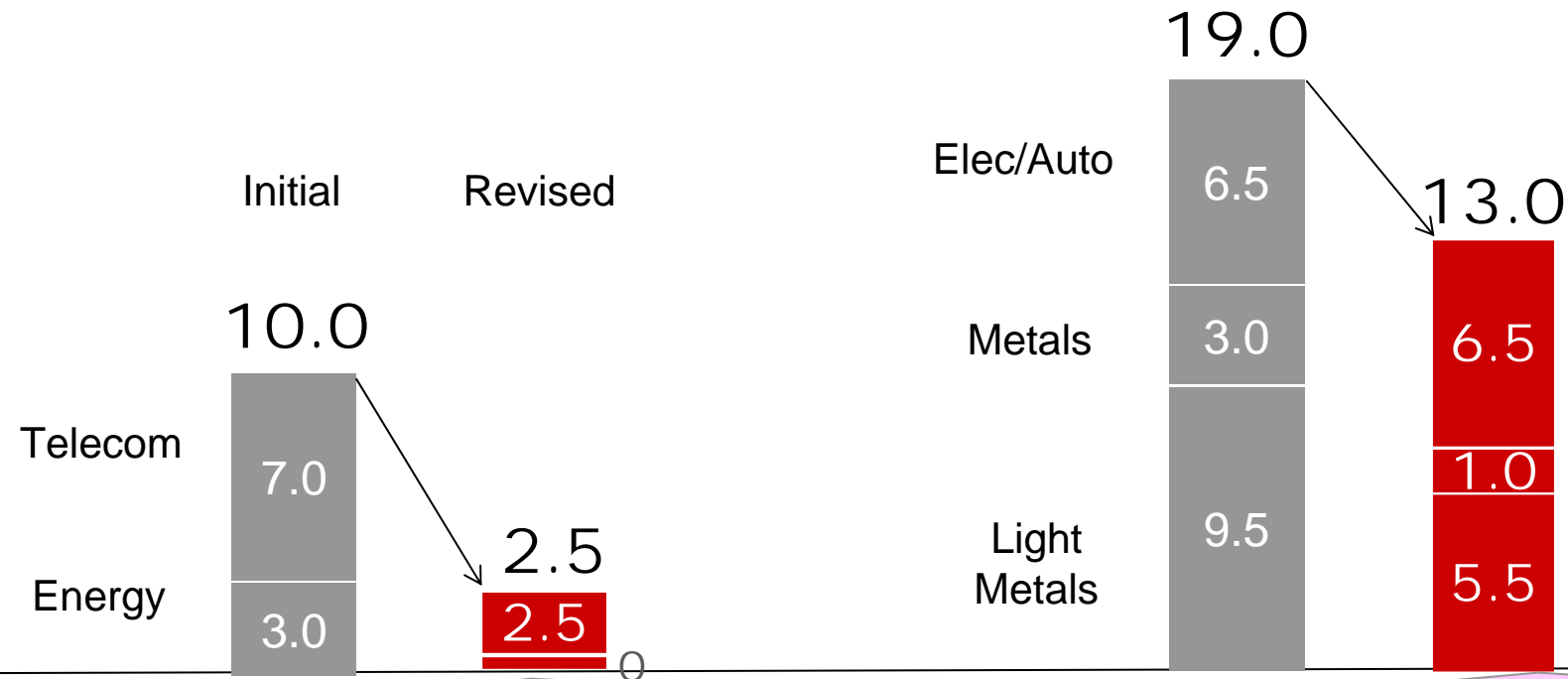
Damages on equipments may be compensated by insurance

Revised forecast of OP by segment FURUKAWA ELECTRIC

Transmission Infrastructure

Functional Materials

(billion yen)



Telecommunications)
 Demand for optical in Japan declines
 Impact of flood in Thailand on the production of lasers

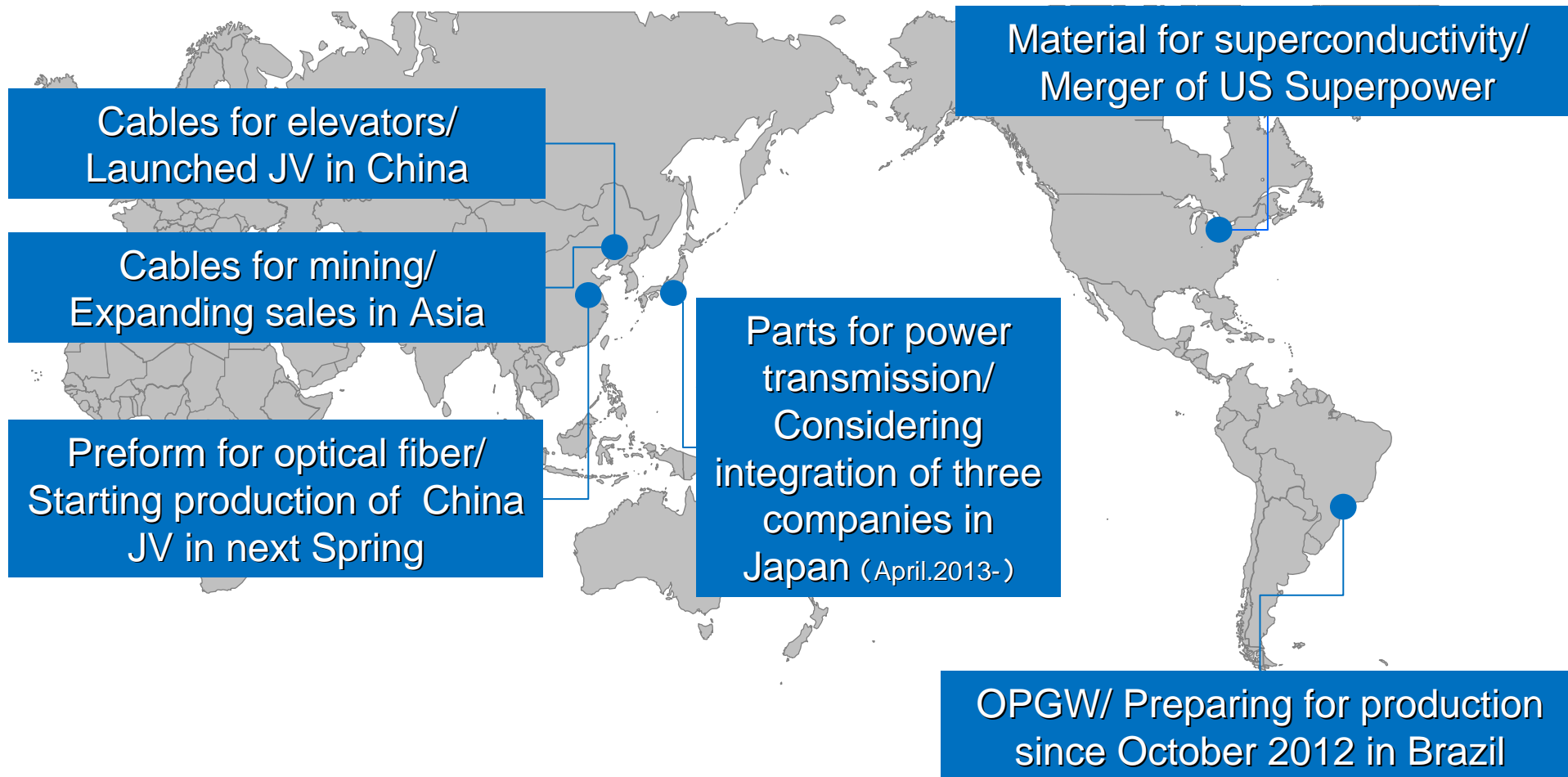
Energy / Industrial products)
 Demand for MCPET, foamed plastics and tapes for semiconductor processing declines

Electronics/ Automotive parts)
 Demand for HDD blanks declines due to damages on its users. Production recovery continues

Metals)
 Demand for copper strips and foils for electronics parts decreases

Light Metals)
 Demand for plates for LCD/SPE declines. Export decreases due to influence of flood in Thailand.

Accelerating global growth of transmission infrastructure businesses



Strengthening Functional material businesses

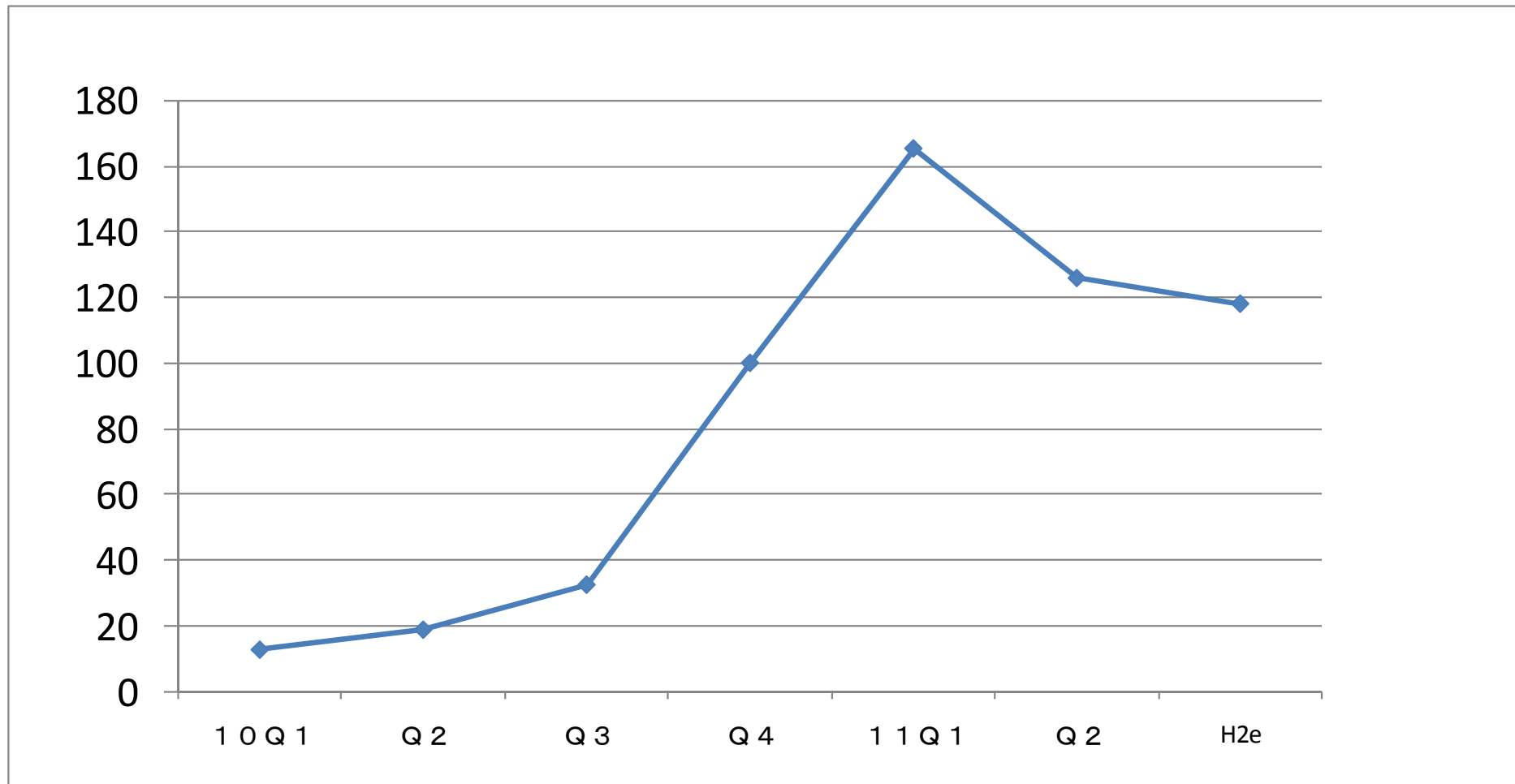
- MCPET** Reducing Cost, Expanding application to illuminations and automotives
- Copper Foil** Accelerating increasing of capacity of Taiwan plant for EV batteries to Aug.2012
- Wire harness** Expanding sales of Chinese affiliate
Integrating two affiliates in US

Restructuring traditional businesses

- Copper Pipe** Reforming production in Japan till Dec.2011

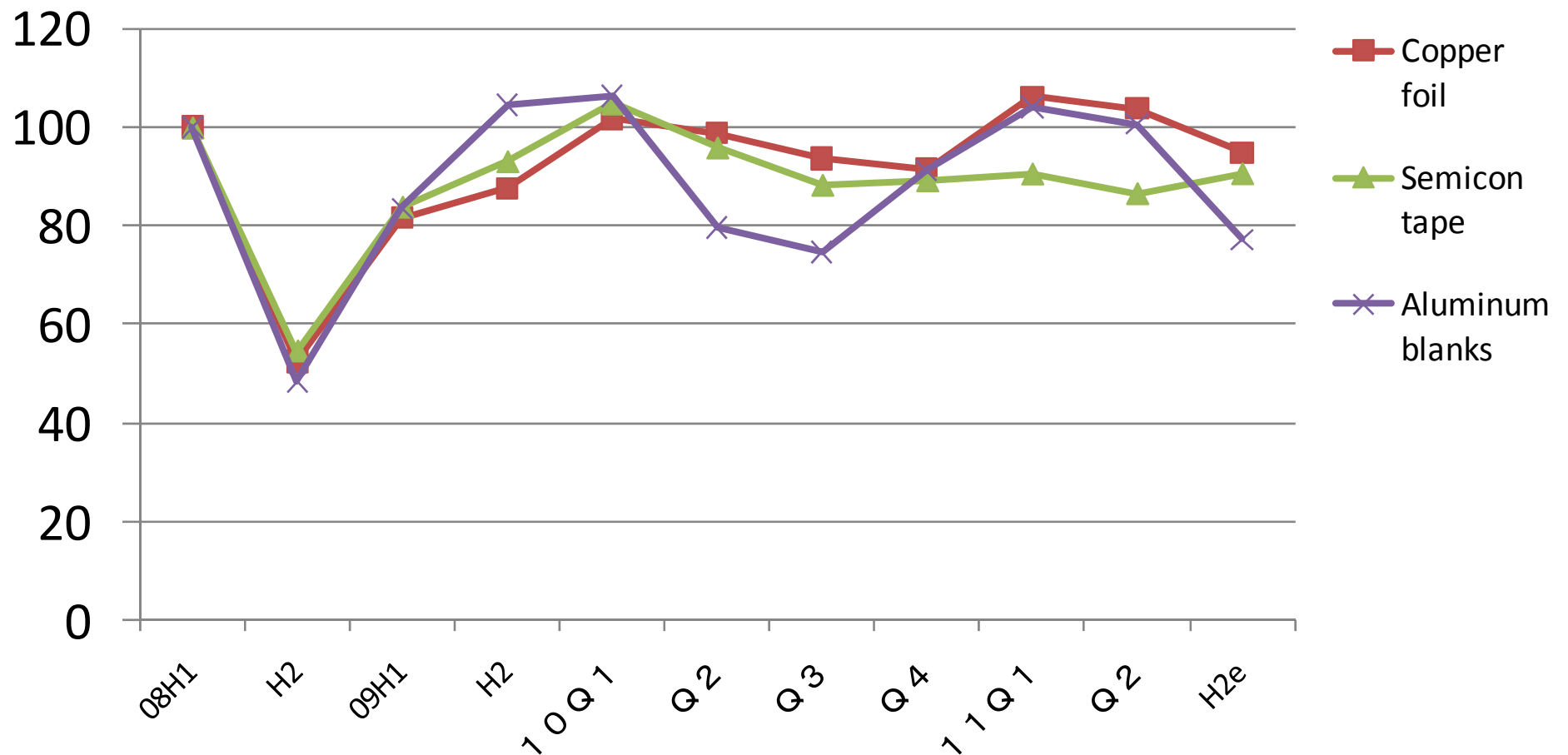
Sales Index «MCPET for LCD TV»

(10Q4=100)



Sales Index «Functional Material» FURUKAWA ELECTRIC

(08H1 = 100)



Thank you for your attention.



Forward-Looking Statements

Projections of future sales and earnings in these materials are “forward-looking statements.” Management offers these projections in good faith and on the basis of information presently available. Information in these statements reflects assumptions about such variables as economic trends and currency exchange rates.

Forward-looking statements incorporate known and unknown risks as well as other uncertainties that include, but are not limited to, the following items.

- Economic trends in the U.S., Europe, Japan and elsewhere in Asia, particularly with regard to consumer spending and corporate capital expenditures.
- Changes in exchange rates of the U.S. dollar, euro, and Asian currencies.
- The Furukawa Electric Group’s ability to respond to rapid advances in technology.
- Changes in assumptions involving financial and managerial matters and the operating environment.
- Current and future trade restrictions and related matters at foreign countries.
- Changes in the market value of securities held by the Furukawa Electric Group.

Due to the above factors, actual sales, earnings, and other operating results may differ significantly from the figures in the plans contained in these materials. In addition, following the release of these materials, Furukawa Electric Group assumes no obligation to publicly announce any revisions to forward-looking statements in these materials.

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