

FY2011 Management Plan

May 2011

**Masao Yoshida, President
Furukawa Electric**

OP increased by 73% (FY09 20.3⇒FY10 35.1)

Strong demand of telecom cables in North and South America, digital terrestrial broadcasting system and copper and aluminum products in Japan generated OP of 14.8

Loss caused by the disaster was -2.6

Asset improved in both efficiency and quality

efficiency	ROA	2.4⇒4.2%(up1.8)
	Turnover	0.96⇒1.12(up0.16)
quality	DE ratio	2.22⇒2.06(up0.16)
	Capital ratio	19.6%⇒20.1%(up0.5)

FY2010 Earnings

FY2010 Profit increased yoy

FURUKAWA ELECTRIC

(yen in billions)

PL	a	b	b-a
	FY09	FY10	Change
Net Sales	809.7	925.8	-116.1(+14%)
Operating Income	20.3	35.1	+14.8(+73%)
equity method	3.3	0.6	-2.6
foreign exchange	0.8	-0.5	-1.3
Ordinary Profit	19.3	31.4	+12.1(+62%)
minority shareholder	0.1	-6.0	-6.1
Net Income	9.7	12.2	+2.5(+26%)

FY2010 Asset ratio improved

FURUKAWA ELECTRIC

(yen in billions)

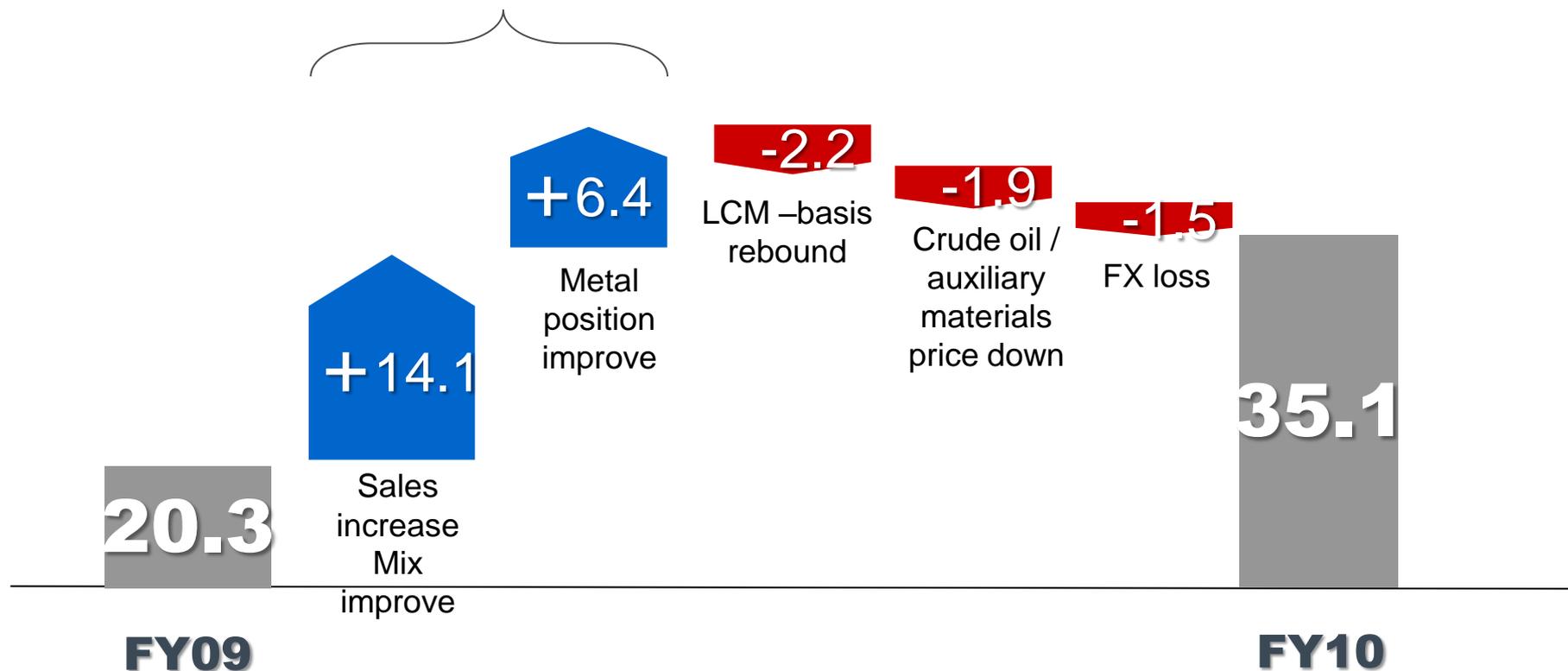
	a	b	b-a
BS	31 Mar.10	31 Mar.11	Change
Total assets	835.8	826.9	-8.9
Capital ratio	19.6%	20.1%	+0.5
Debt	362.1	341.6	-20.5
D/E ratio	2.22	2.06	-0.16
Turnover	0.96	1.12	+0.16
ROA (OI basis)	1.2%	4.2%	+1.8

FY09→FY10 OP Analysis

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(yen in billions)

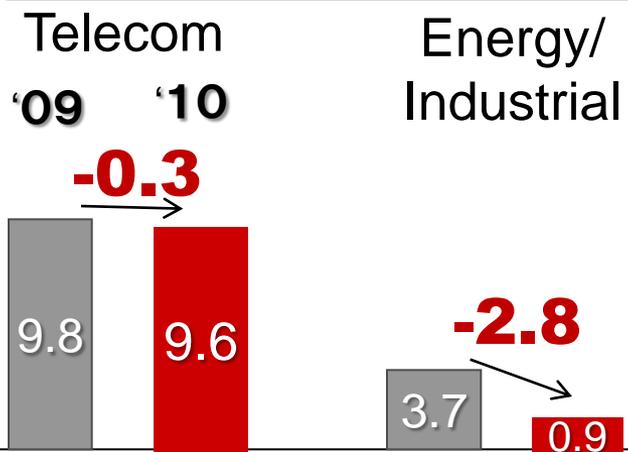
Sales increase and Metal position improvement drove OP growth



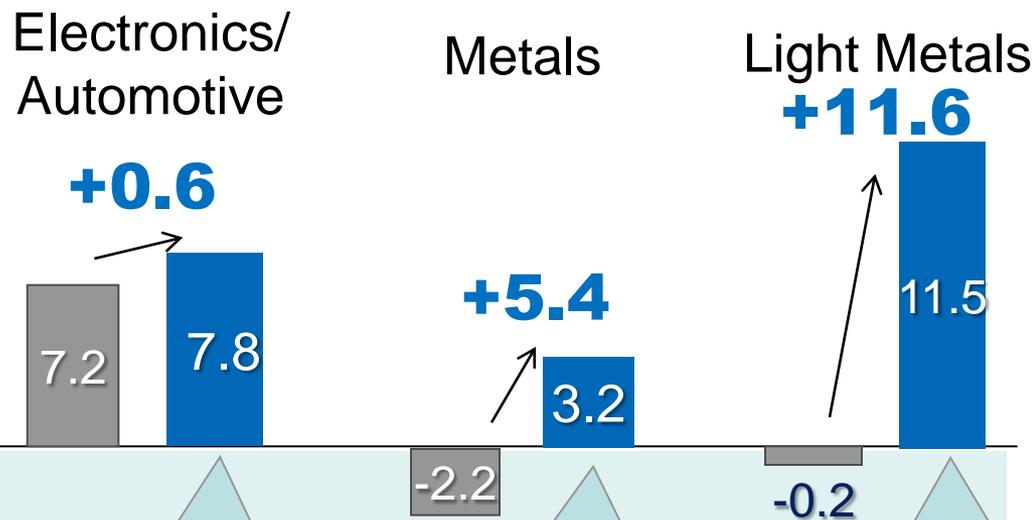
FY09→FY10 OP by Segment

FURUKAWA ELECTRIC
(yen in billions)

Transmission Infrastructure



Functional Material



Strong demand of telecom cables for mobile carrier in North & South America and digital terrestrial broadcasting in Japan
Weak demand of cables in Japan and export for China

Power cables for construction in Japan recovered. Competition of HV cables in China got severer.
Cost of reflection panels for LED TV increased in mass production.

While adjustment of HD aluminum blanks and sudden decrease of wire harness by the disaster in Japan influenced, demand of magnet wires for smart phone and wire-harness in abroad was robust

While demand of copper foil for PCB decreased suddenly in the disaster, recovery of strips for electronics and pipes for air conditioner contributed.

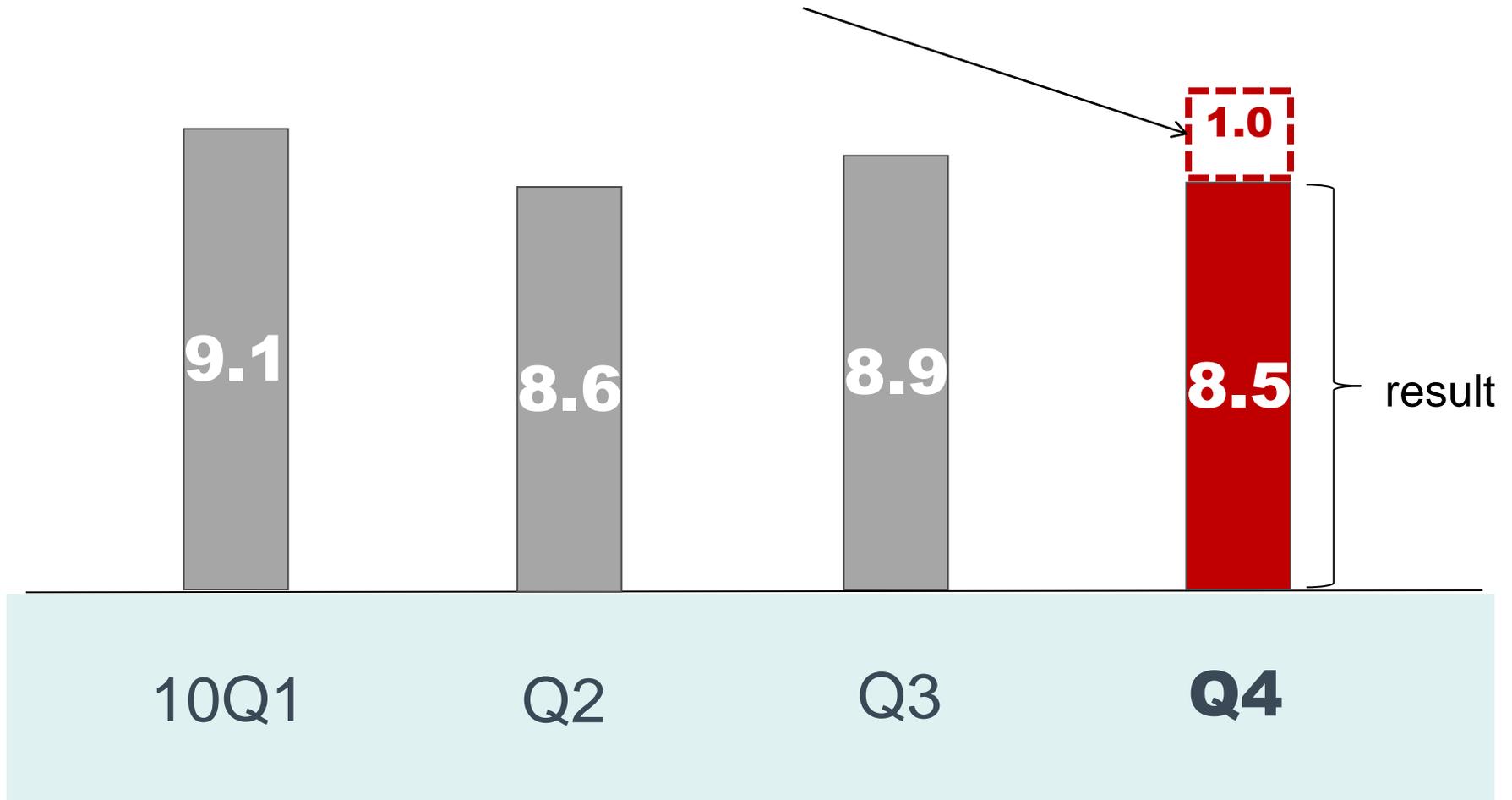
Firm demand of thick aluminum plates for semiconductor and LCD manufacturing equipment
Export for growing areas increased

OP by quarter and impact of disaster FURUKAWA ELECTRIC

(yen in billions)

(+)Cables for construction increased

(-)Wire harness, copper foil decreased



Measures for FY2012 Medium term plan

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● Global expansion of transmission infrastructure businesses

<Telecommunications>

Preform JV agreement with Hen Tong China (Starting in Spring of 2012)

<Energy>

Industrial Cable JV agreement with Huatong China (Started in Nov.2010)

● Strengthening the position of functional materials

<Industrial products> Starting mass production of MCPET for LED TV (FY10 Q3-)

<Elec/Auto systems> Starting mass production of HD blanks (FY10 Q3-)

<Metals> Planning increase in production of copper foils for EV,HEV and print circuit board

● Tightening in traditional businesses

<Elec/Auto systems> Integrated magnet wire production into two (Oct.2010-)

<Metals> Reforming domestic production of copper pipe
(until the end of FY2011)

<Metals> Started copper strips JV in China (Dec.2010)

FY2011 Management Plan

Usual operation with 25% power savings

Mie works: Optical fiber, Semicon tape, Copper wire, Magnet wire
Material production site in western Japan

Nikko: Rolled copper, Aluminum blanks
Utilizing hydro-power generation
Surplus power for sale in summer

Imaichi: Copper foil
Utilizing co-generator

Chiba: Optical cable, Power cable
Holiday shift, Day-Night shift

Hiratsuka: MCPET, Semicon tape
Holiday shift, Day-Night shift, Power-generator

Transmission Infrastructure

Telecom

Optical Fiber: Possible demand for restoration, but low in Japan 

China  EU,US 

Device, Network: Japan  Overseas 

Demand for digital terrestrial broadcasting 

Energy

UHV: Weak demand in Japan  China  Other developing 

Construction: Commodity bottom out, possible demand for restoration 

Functional materials

Electronics

LCD, Semicon:

Strong demand for MCPET

Severe competition in semicon tape

Stagnant in Leadframes

Hard Disk:

Recovery in Aluminum blanks

FPC, Lithium:

Recovery in copper foil

Automotive

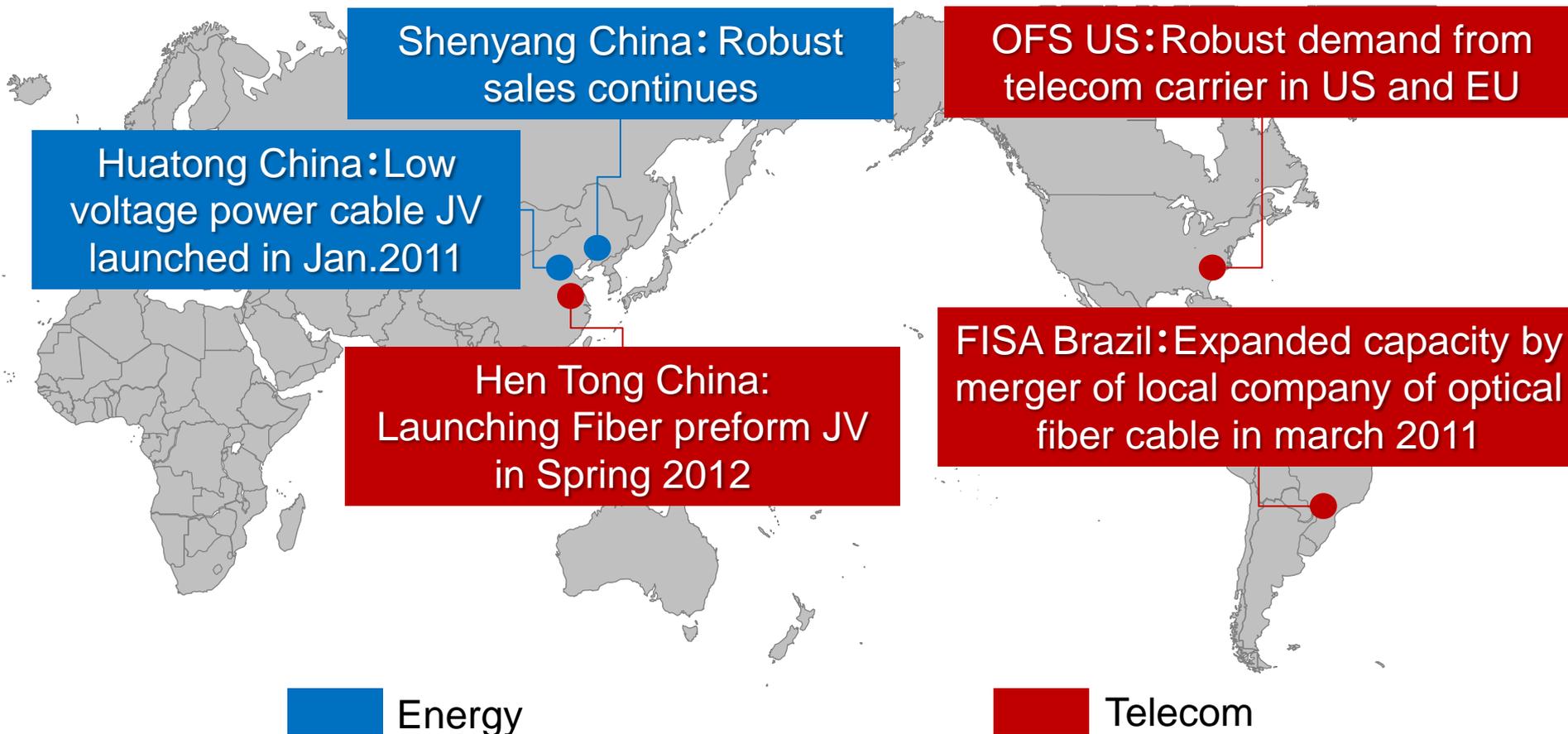
Wire harness:

1st Half 2nd Half

Battery for EV:

Long term growth in copper foil

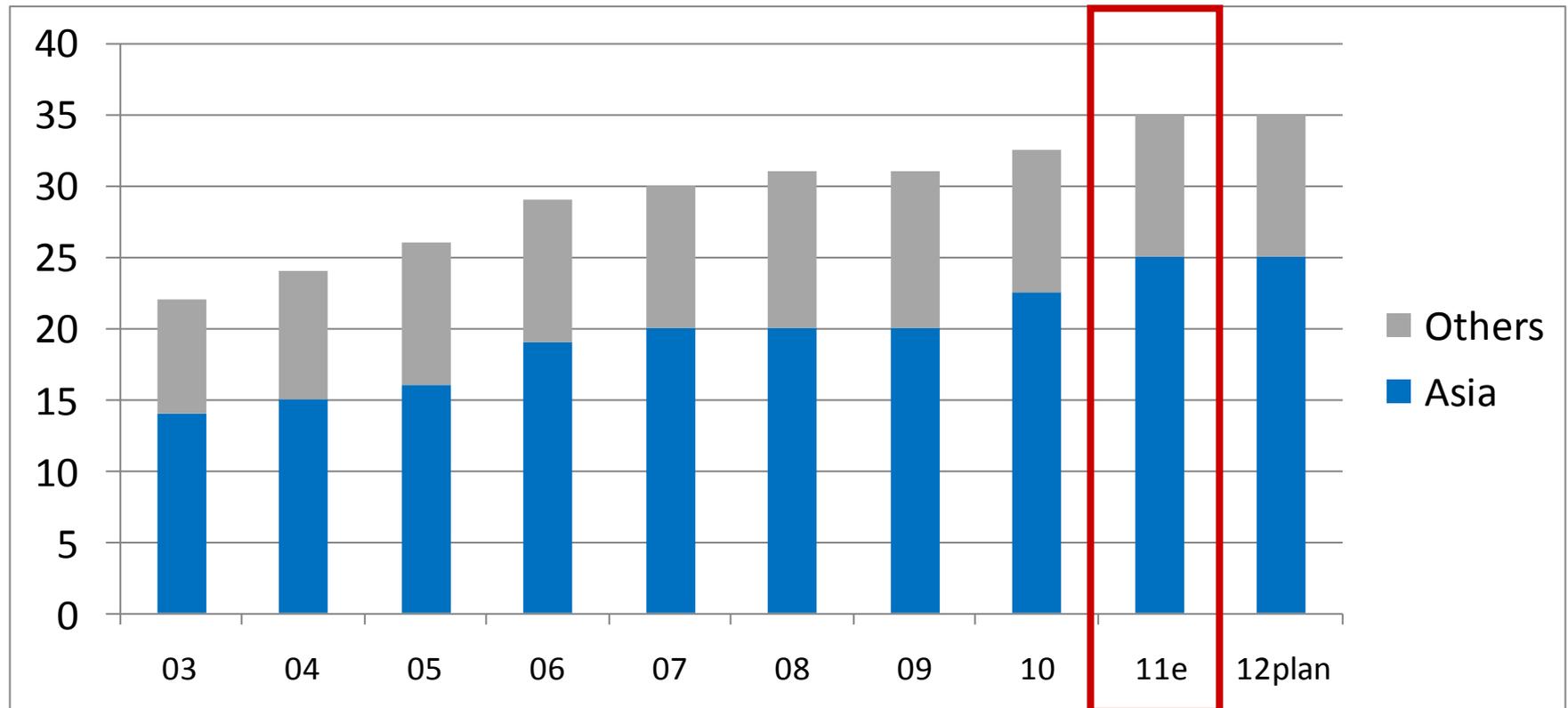
Global expansion in Transmission Infrastructure business



Overseas sales ratio

(%)

33% in 2010, 35% in 2011 to reach 12 plan



Progress in Functional materials business

MCPET

Finished expansion of capacity for LED TV

Four times in quantity yoy in FY2011

Copper Foil

Expand production to double for EV

Glass blanks

Reconsider market environment

Lead battery

Consolidate a new affiliate of Furukawa
Battery

Tightening of traditional businesses

Industrial cable Expand OEM production in China and retreat from non-profitable business

Magnet wire Maximize effect of consolidation of three affiliates

Copper pipe Downsize domestic production and retreat from non-profitable business

FY2011 Forecast

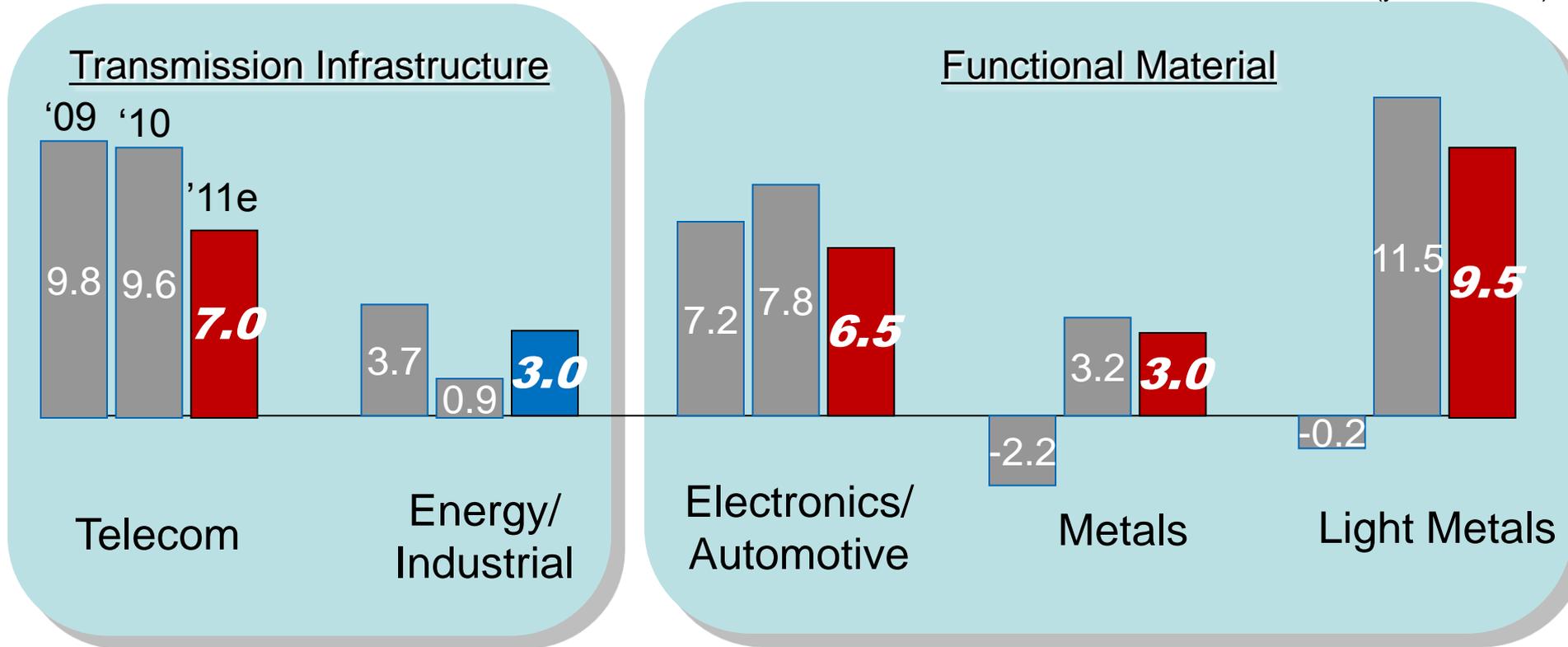
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			a	b	(yen in billions) b-a
	FY10	FY11e	1H11	2H11	change
Net sales	925.8	950.0	450.0	500.0	+50.0
Operating Income	35.1	31.0	10.0	21.0	+11.0
Ordinary Income	31.4	29.0	9.0	20.0	+11.0
Net profit	12.2	11.5	3.5	8.0	+4.5
<u>precondition</u>					
FX(yen/dollar)	85.7	85			
Copper(yen/kg)	738	860			
Crude oil(dollar/bbl)	84	115			

FY2011e OP by segment

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(yen in billions)



Demand of fiber, cable and devices in EU,US are robust

Demand in Japan is stagnant due to peaking out of terrestrial digital broadcasting system

Weak demand of power cable in Japan continues, Growth in developing countries are robust

MCPET contributes by expanded capacity

While recovery of magnet wire and aluminum blanks continues, impact of disaster for automotive business continues in 1H 2011

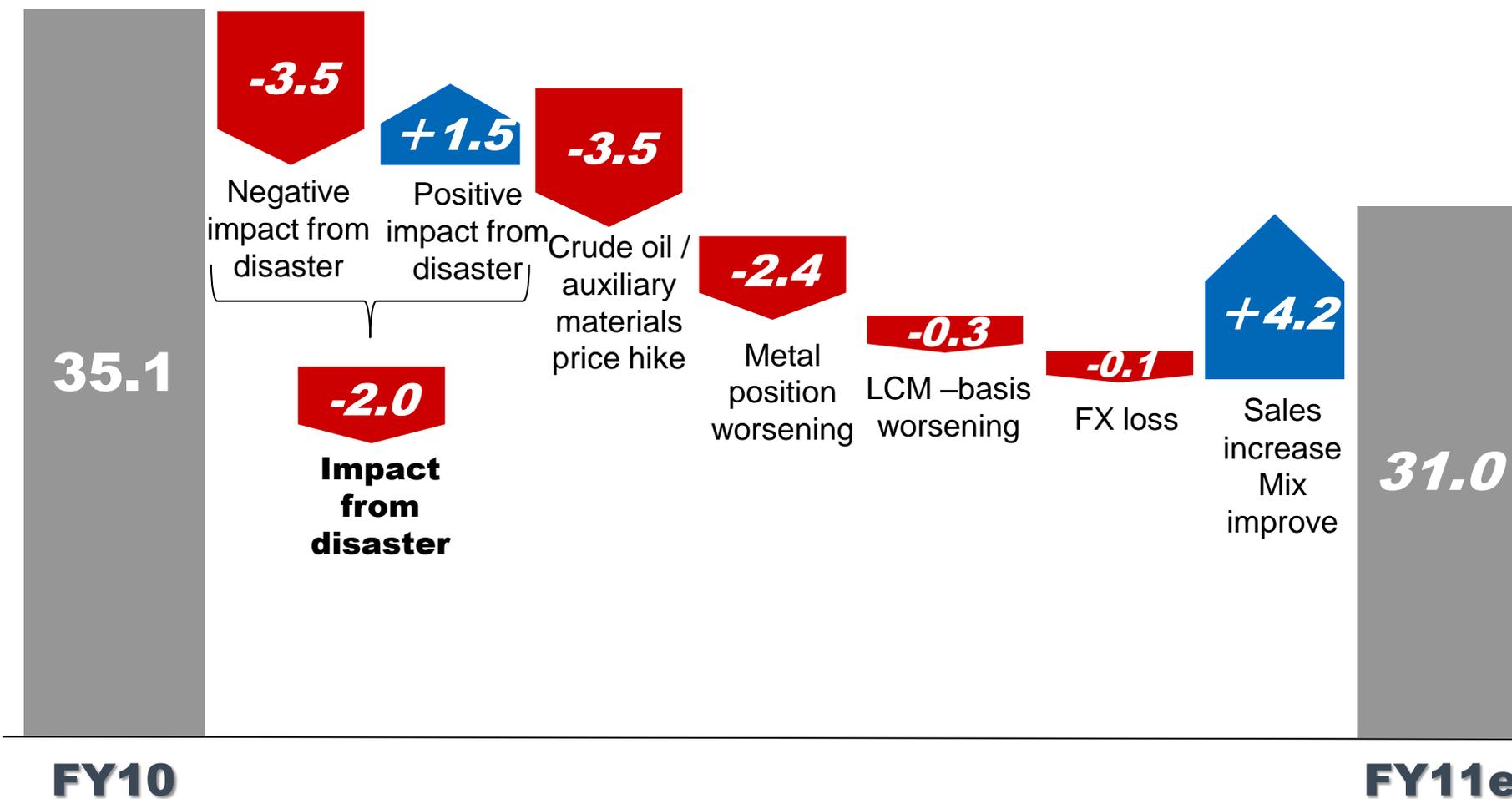
While recovery of strips, foils continues, pipes decrease from the last summer of severe heat wave

While demand of thick plate for LNG vessel recover, unclear in 2H 2011

FY10→FY11e OP Analysis

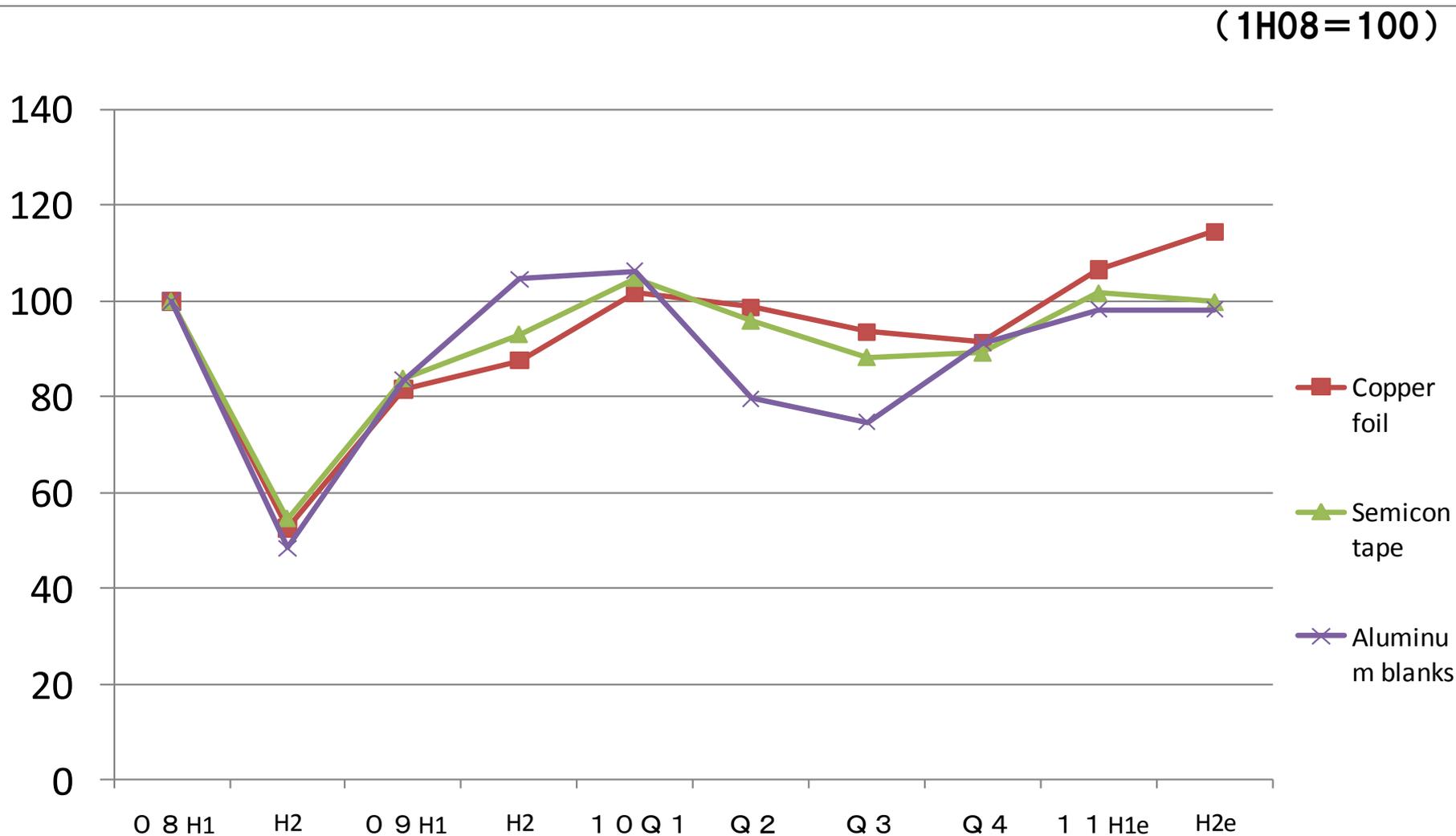
FURUKAWA ELECTRIC

(yen in billions)



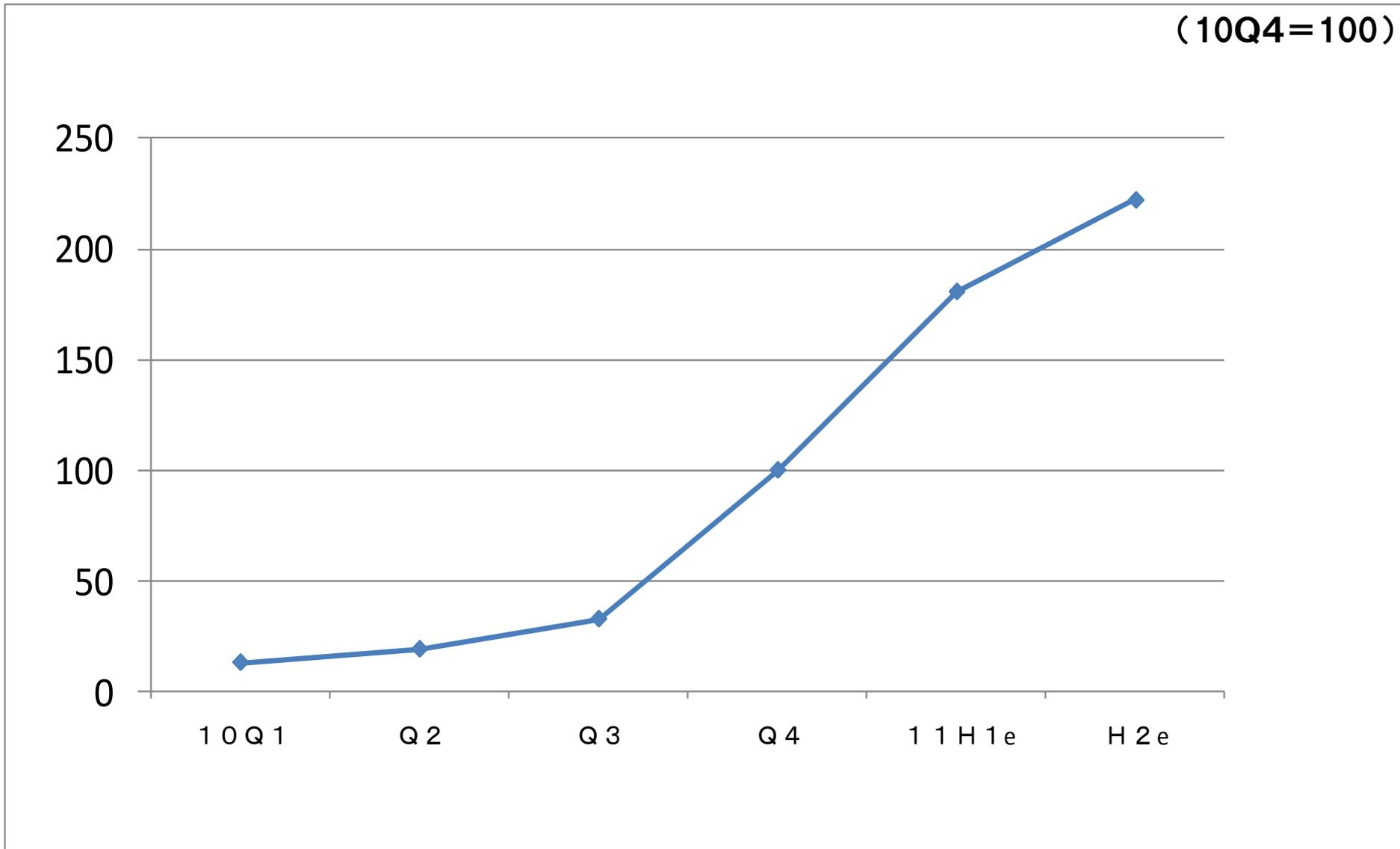
Functional material Sales index

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MCPET Sales volume index

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FY2011 Capex and R&D forecast

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(yen in billions)

	<i>a</i> FY10	<i>b</i> FY11e	<i>b-a</i> change
Capex	27.9	41.5	+13.6
Depreciation	40.4	42.0	+1.6
R&D	18.3	20.4	+2.1

FY2011 BS forecast

FURUKAWA ELECTRIC

(yen in billions)

	a	b	b-a
BS	31 Mar.11	31 Mar.12	Change
Total assets	826.9	840.0	+13.1
Capital ratio	20.1%	20.5%	+0.4
Debt	341.6	335.0	-6.6
D/E ratio	2.06	1.95	-0.11
Turnover	1.12	1.13	+0.01
ROA (OI basis)	4.2%	3.7%	-0.6

FY11 dividend forecast

	FY10	FY11e	<i>change</i>
Annual Dividend	5.5yen	5.5yen	0

Although in unclear environment,
Furukawa estimates 5.5 JPY dividend per share
(interim 2.5, end of term 3.0)
based on the stable dividend policy.

Thank you for your attention.
We will now take **questions.**



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.

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