

FY2011 Management Plan

# First Nine Months Review

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# PL in FY2011 First Nine Months Result

**FURUKAWA ELECTRIC**

	a	b	b-a	
<b>PL</b>	<b>FY10 Q1-Q3</b>	<b>FY11 Q1-Q3</b>	<b>Change</b>	<b>Factors for change</b>
Net Sales	686.7	<b>692.9</b> +0.9%	<b>+6.2</b>	Special factor +12.9 (Bare metal price change, etc.)
Operating Income	26.6	<b>11.5</b>	<b>-15.1</b>	See Page 6 - 9
Interest Expenses	-4.6	-4.0	+0.6	
Foreign Exchange Loss	-0.8	-0.3	+0.5	
Ordinary Profit	23.4	<b>9.9</b>	<b>-13.6</b>	
Extraordinary Profit & Loss	-3.1	-14.6	-11.5	Antitrust in the U.S. (-15.3), Withdrawal from the glass substrate business (-2.6) Sale of securities (+5.4)
Taxes	-1.1	-5.1	-3.9	Impact of tax reform (-3.9)
Minority shares	-4.0	-1.5	+2.5	Furukawa SKY (+1.9)
Net Profit	11.2	<b>-14.8</b>	<b>-26.0</b>	

(Note) Minus signs are attached to negative values.

## BS as of December 31, 2011

FURUKAWA ELECTRIC

	a	b	(Billion yen) b-a
<b>BS</b>	Mar. 31, 2011	<b>Dec. 31, 2011</b>	Change
Total assets	826.9	787.8	-39.1
Interest-bearing debt	341.6	346.9	+5.3
Capital ratio	20.1%	17.3%	-2.8
D/E ratio	2.06	2.55	+0.49
Turnover	1.12	*1.16	+0.04
ROA (OI basis)	4.2%	*2.6%	-1.6

\*at annual rate

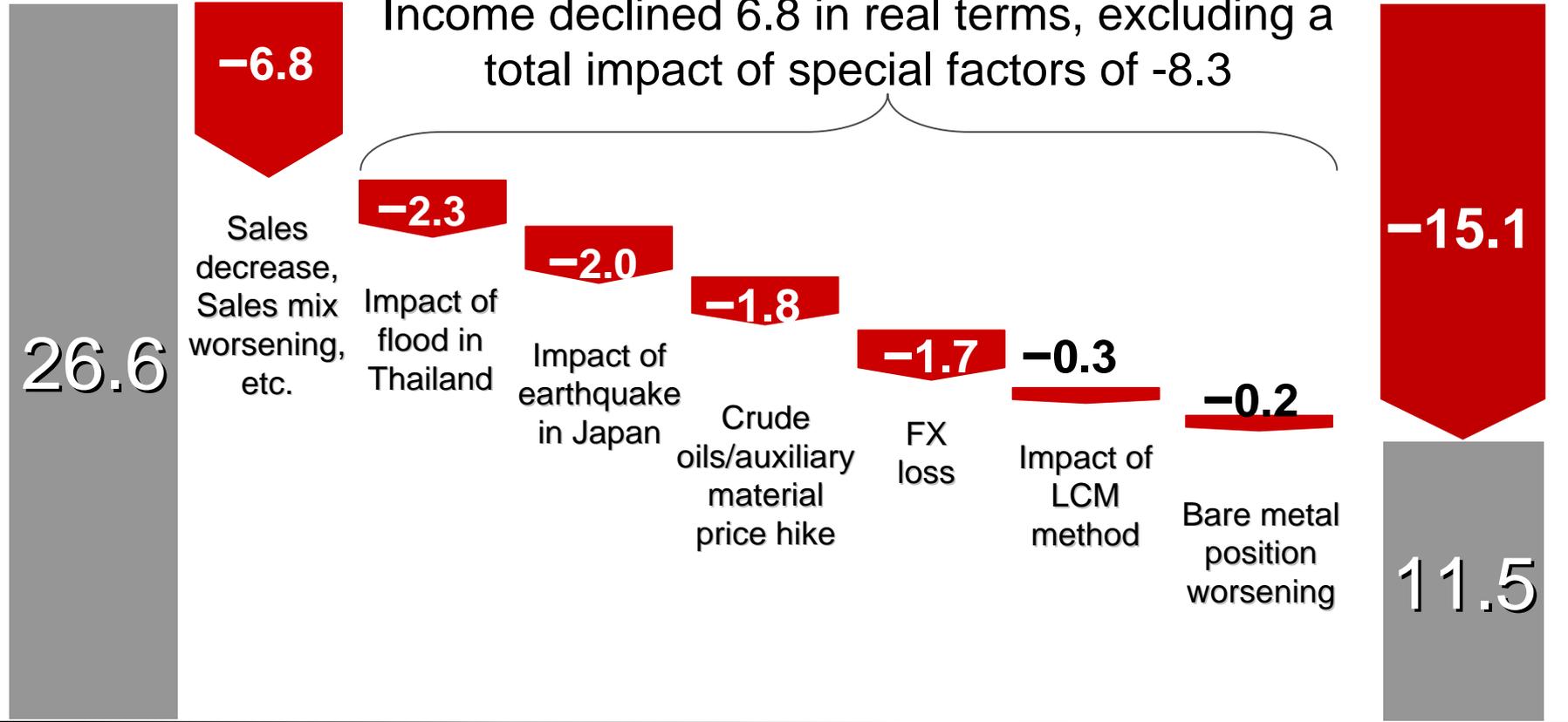
Impact of Thai Floods (Operating Income) and Status of Restoration **FURUKAWA ELECTRIC**

(Billion yen)

	Initial full-year forecast	Results for first nine months	Restoration
Telecom	-3.0	-0.7	Production of optical components in Thailand resumed in series since March Production in Dongguan, China continued as the second base
Energy/ Industrial	0	0	
Elec/Auto	-1.0	-1.0	No direct damage Indirect damage spread due to disrupted supply chain of automobiles Recovery of aluminum blanks is due in around July
Metals	-0.4	-0.1	
Light Metals	-0.6	-0.5	
<b>Total</b>	<b>-5.0</b>	<b>-2.3</b>	

(Billion yen)

Income declined 6.8 in real terms, excluding a total impact of special factors of -8.3

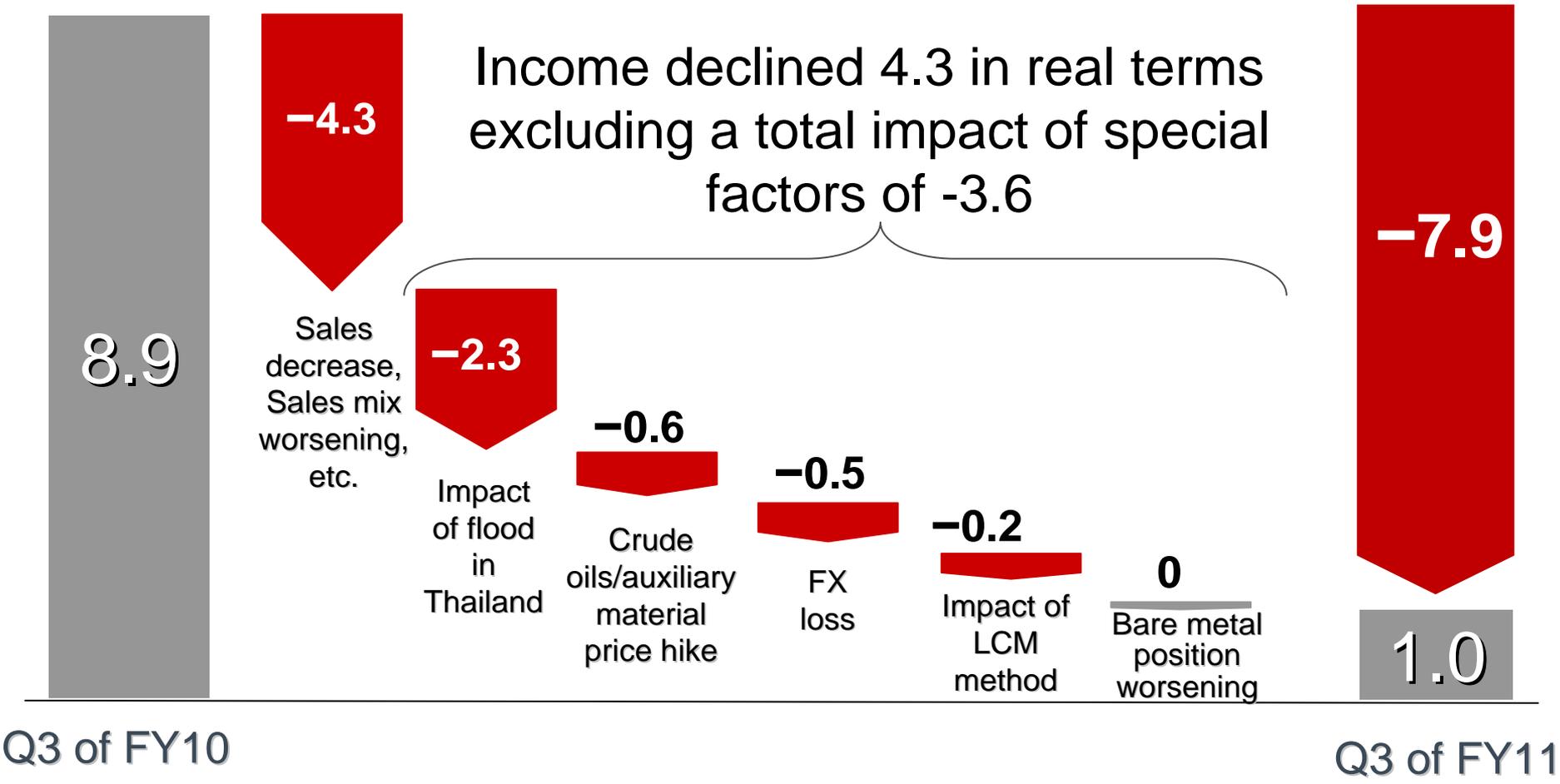


First nine months of FY10

First nine months of FY11

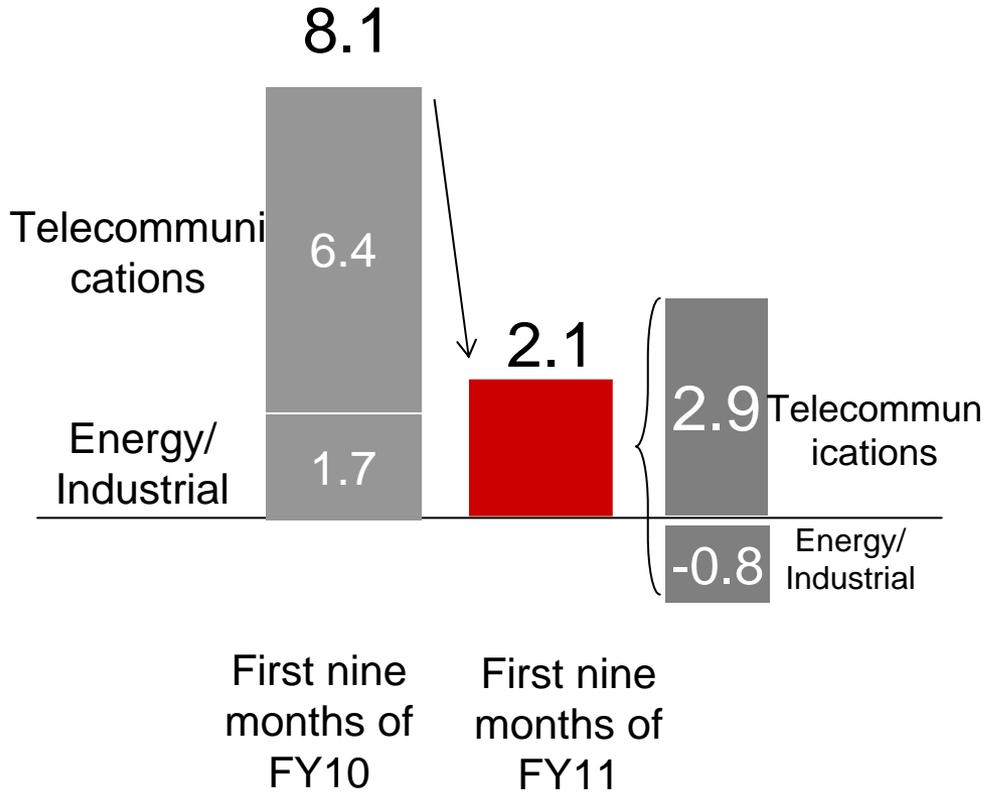
(Billion yen)

Income declined 4.3 in real terms excluding a total impact of special factors of -3.6



# Operating Income Change by Segment (Year on Year)

## Transmission Infrastructure



### Telecommunications

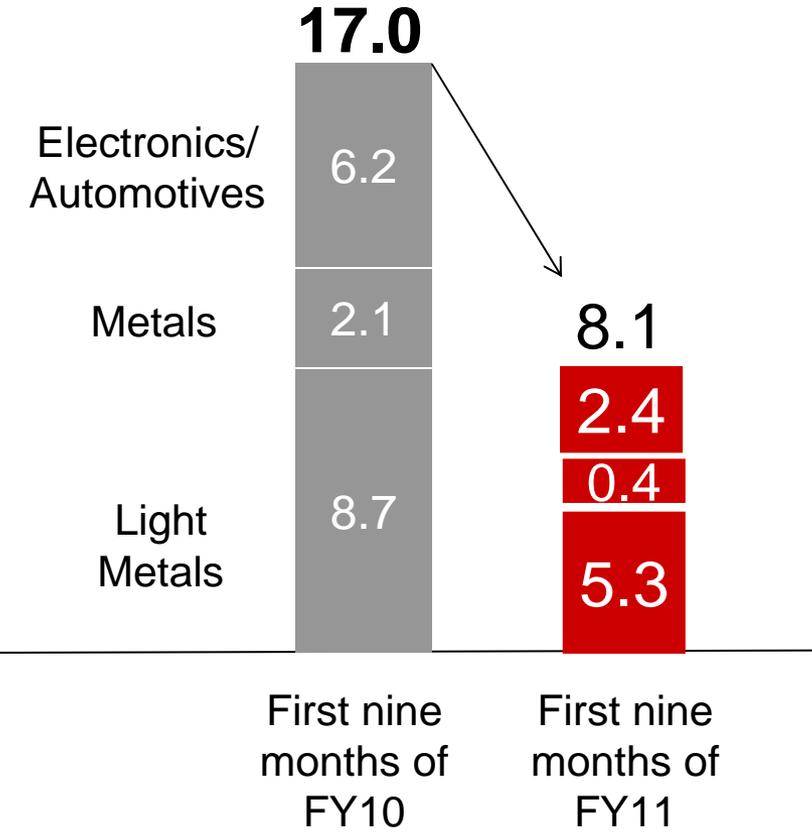
- Demand for optical fibers and cables was robust overseas (North America, Brazil) but deteriorated in Japan due to the strong yen and price competition.
- Demand for network equipment was weak in reaction to the digital terrestrial broadcasting investment last year. Demand for optical amplifiers and communication lasers also weakened with the strong yen and price declines, and was hard hit by the floods in Thailand.

### Energy / Industrial

- Demand for MCPET for LED TV has been decreasing significantly since summer.
- Demand for HV cables and components for power companies in Japan was weak. Demand was robust in China, but price competition was fierce.

# Operating Income Change by Segment (Year on Year)

## Advanced-Function Material



### Electronics/ Automotives

- Demand declined significantly in the electronics area. In particular, demand for aluminum blanks and TEX (Triple-Insulated Wires) fell sharply.
- Operating income in automotive components was below the plan due to the floods in Thailand during the process of recovering from the earthquake in Japan.

### Metals

- Demand also decreased substantially in the electronics area, and in particular demand for copper strips for electronics parts and general-purpose copper foil was weak. Sales volumes of copper foil for lithium ion batteries for EV grew substantially.

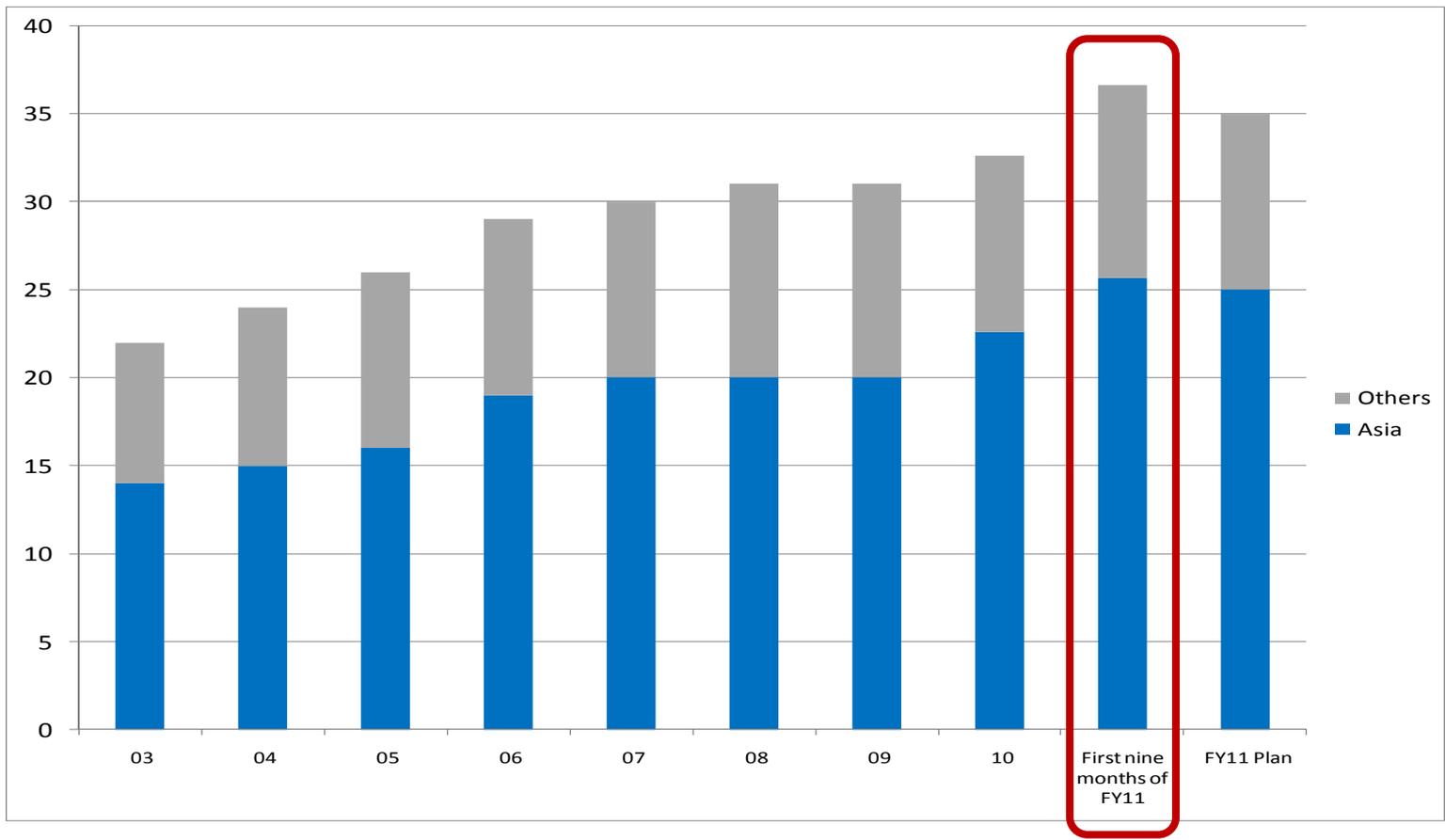
### Light Metals

- Sales volumes generally stalled. In particular, exports of automotive-related products, printing matrices, and hard-disk materials declined.

# Overseas Sales Ratio

(%)

First nine months of FY11: Rose to 36.6%, backed by growth in Southeast Asia



## Revision of Forecast for FY2011

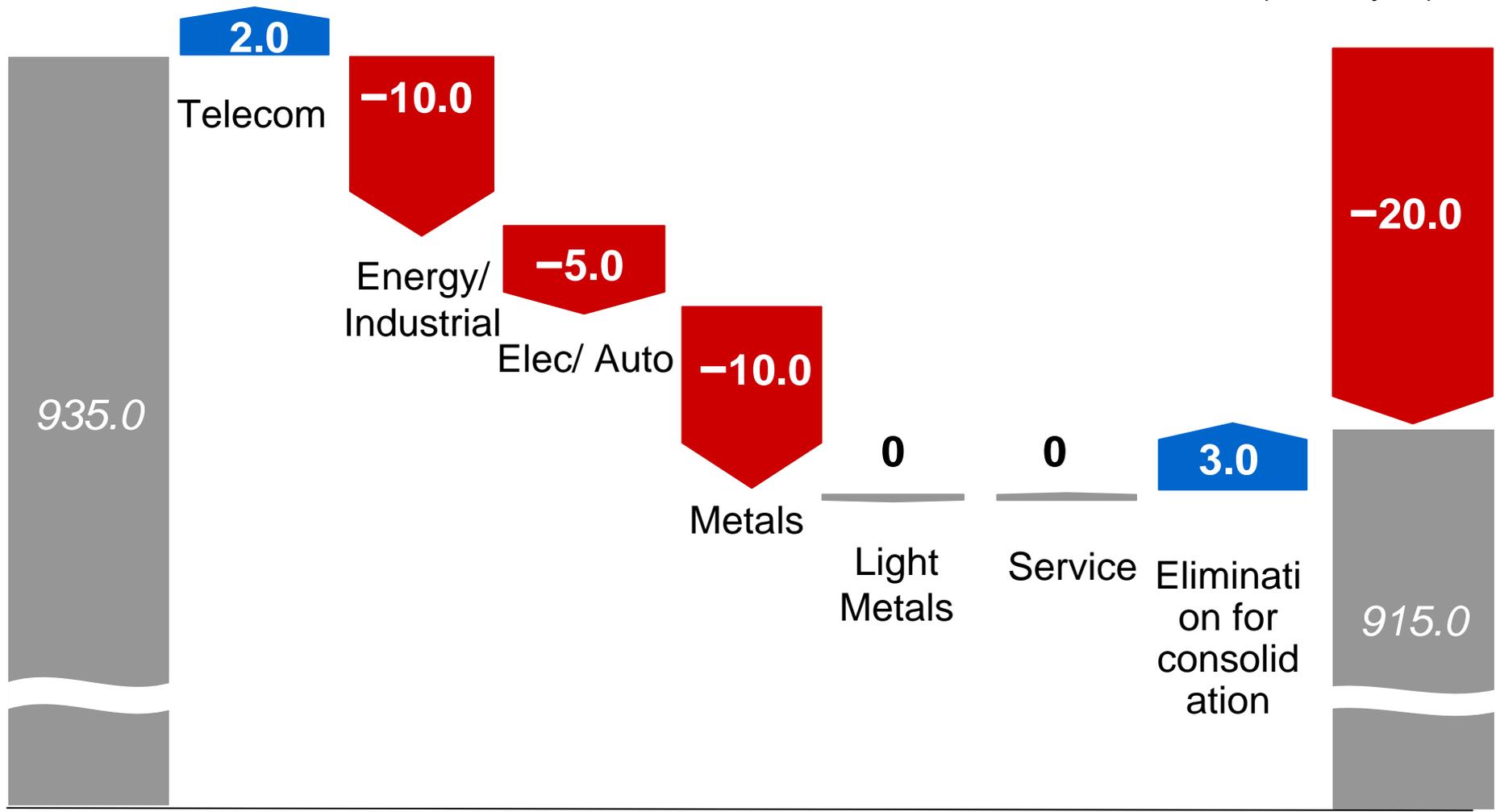
FURUKAWA ELECTRIC

(Billion yen)

	First nine months of FY11	FY11 Forecast		
	Result	Initial	<b>Revised</b>	<b>Change</b>
Net sales	692.9	935.0	<b>915.0</b>	<b>-20.0</b>
Operating Income	11.5	17.0	<b>12.5</b>	<b>-4.5</b>
Ordinary Profit	9.9	14.5	<b>9.0</b>	<b>-5.5</b>
Net Profit	-14.8	-5.0	<b>-15.0</b>	<b>-10.0</b>
Dividend	Interim 2.5 yen	Annual Undecided	Annual <b>2.5 yen</b> <b>(Interim 2.5 yen, Year-end 0)</b>	
<u>Assumptions</u>				
FX rate (JPY/USD)	79.0	80	78	(Q4 77)
Copper (JPY/kg)	722.6	750	690	(Q4 600)
Crude oil (USD/Bbl)	108.2	107	109	(Q4 108)

# Net Sales Analysis (Initial Forecast for FY2011 ⇒ Revised Forecast) **FURUKAWA ELECTRIC**

(Billion yen)



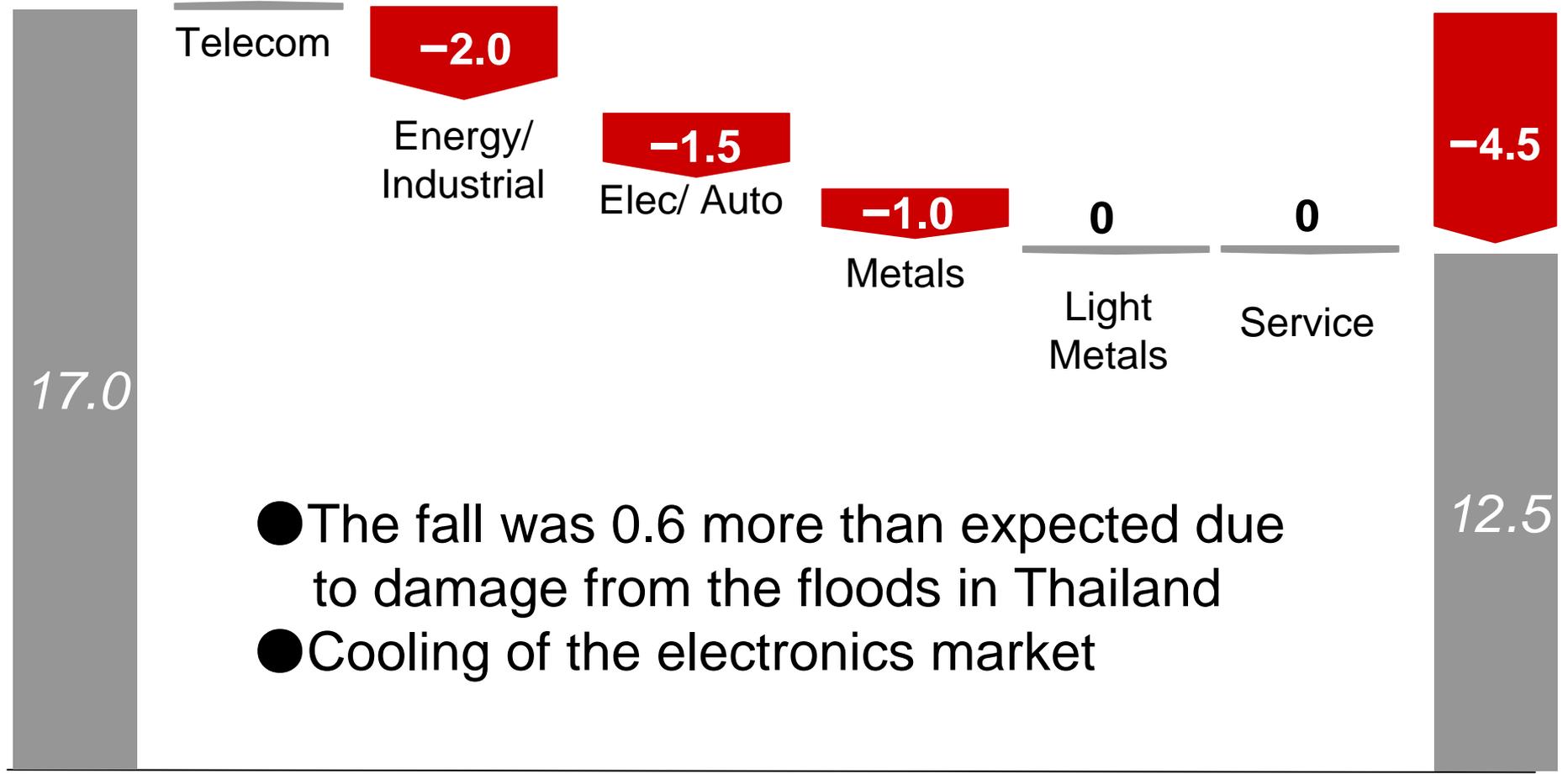
Initial Forecast  
(Nov.7)

Revised Forecast

# Operating Income Analysis

(Billion yen)

0



- The fall was 0.6 more than expected due to damage from the floods in Thailand
- Cooling of the electronics market

Initial Forecast  
(Nov. 7)

Revised Forecast

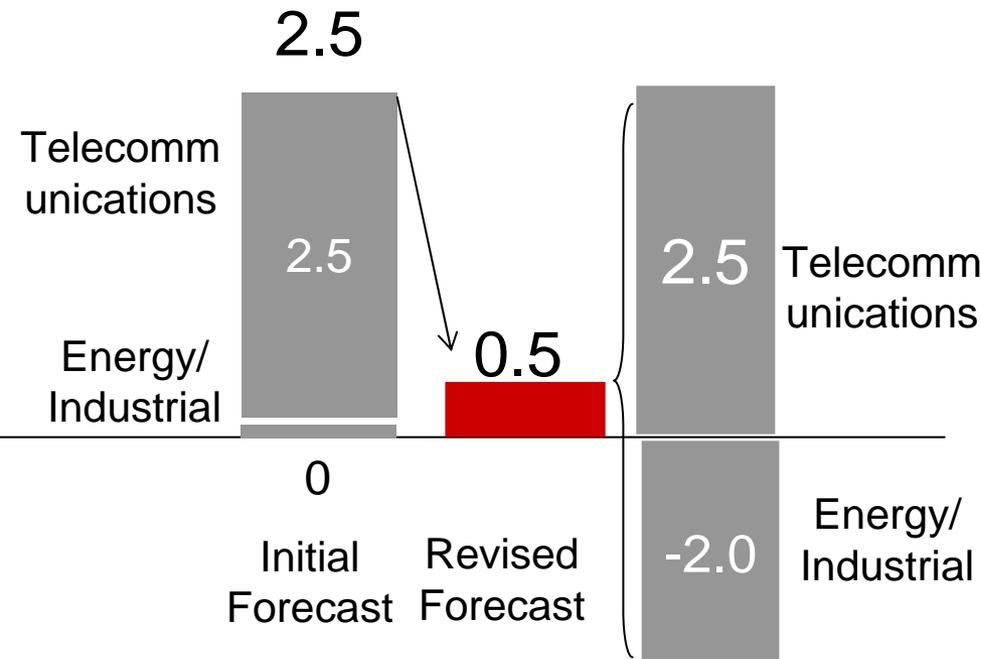
## Impact of Thai Floods (Operating Income) and Status of Restoration

	Initial full-year forecast	Results for Q1-Q3	Forecast for Q4	(Billion yen) Revised forecast
Telecom	<b>-3.0</b>	-0.7	-1.3	<b>-2.0</b>
Elec/ Auto	<b>-1.0</b>	-1.0	-1.3	<b>-2.3</b>
Metals	<b>-0.4</b>	-0.1	-0.5	<b>-0.6</b>
Light Metals	<b>-0.6</b>	<b>-0.5</b>	-0.3	<b>-0.7</b>
<b>Total</b>	<b>-5.0</b>	<b>-2.3</b>	<b>-3.3</b>	<b>-5.6</b>

In addition, an extraordinary loss of 0.7 will be posted, and net profit will be -6.3.

## Operating Income Change by Segment

## Transmission Infrastructure



## Telecommunications

● Operating income did not change from the initial forecast overall, as the performance of optical fibers and cables was weak in Japan, although the impact of the flood in Thailand was smaller than expected.

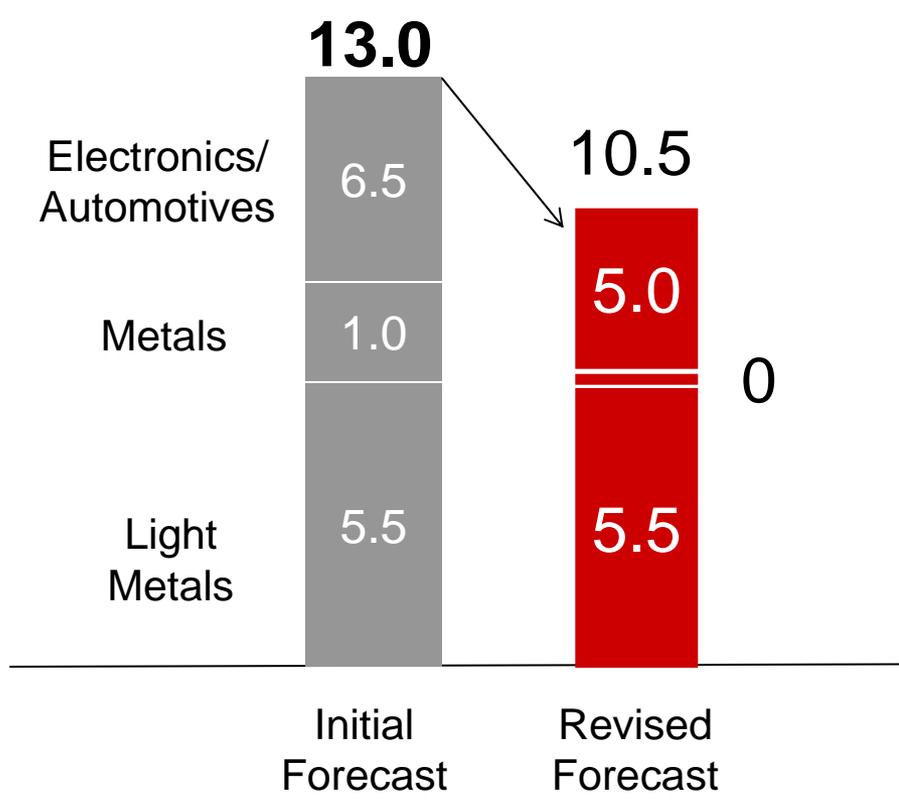
## Energy/ Industrial

● The decline in demand for MCPET for LED TV is larger and more prolonged than expected.

● The performance of components for power companies in Japan was also weak.

# Operating Income Change by Segment

## Advanced-Function Material



**Electronics/Automotive**

- The fall in demand for aluminum blanks and TEX is large and prolonged.
- The impact of the flooding in Thailand will be larger than expected.

**Metals**

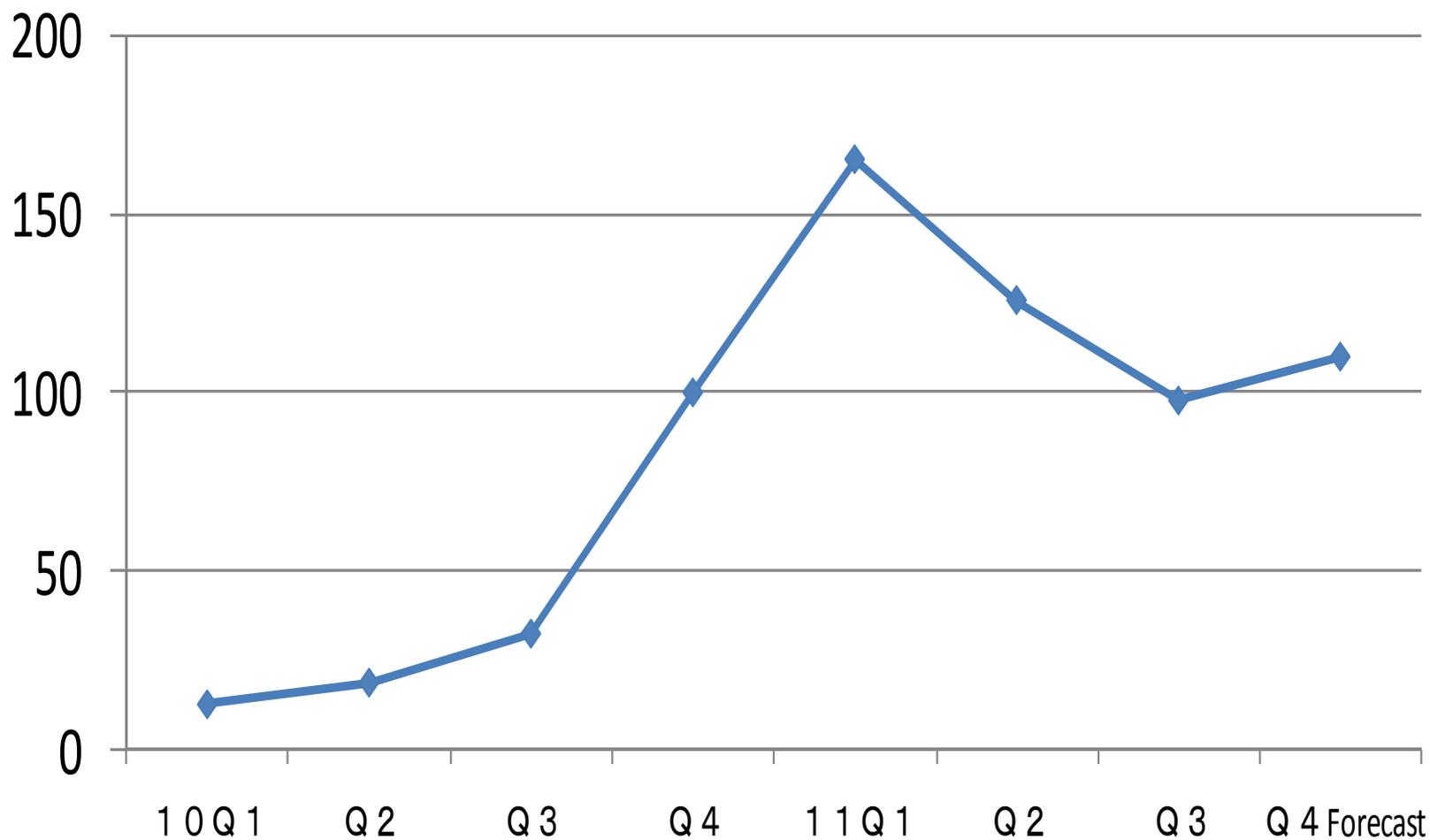
- The fall in demand for copper strips for electronics parts, contact materials, and general-purpose copper foil is significant.

**Light Metals**

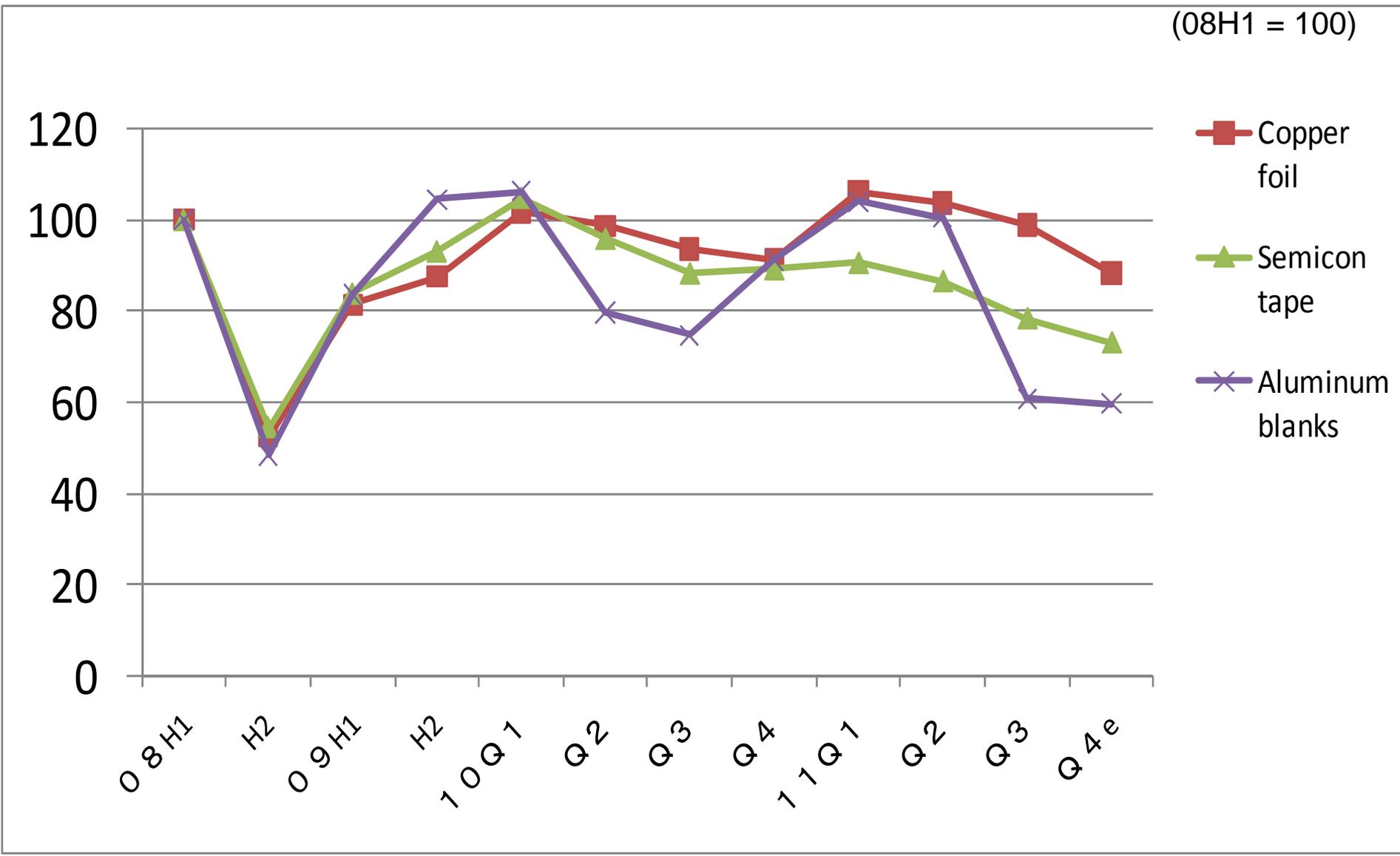
- The lackluster performance of automotive-related products, printing matrices, and hard-disk materials will continue.
- Exports of can materials will decline with the impact of the Thai floods.

# Sales Index «MCPET for LED TV»

(10Q4=100)



# Sales Index «Advanced-Function Material»



# Strategic Initiatives for FY2011 (1)

## ● Business restructuring

- Complete withdrawal from the glass substrate business
- Streamlining of the copper pipe business in Japan completed  
(December 2011)
- Review of the integration of three companies of parts for power transmission commenced  
(Time of integration: Front-loaded from April 2013 to October 2012)
- The in-car connector business of Mitsubishi Cable Industries acquired  
(December 2011)
- It was decided to underwrite the capital increase of Totoku Electric and make it a consolidated subsidiary. (February 2012)

## ● Sale of assets such as investment securities and real estate

# Strategic Initiatives for FY2011 (2)

## ● Strategic moves for global growth

- Preform for optical fiber: Joint venture with Jiangsu Hengtong Photoelectric in China is to start up (Spring 2012)
- Joint venture with Furukawa Electric (Xian) and Jiangsu Hengtong Photoelectric in China agreed (December 2011)
- Production of OPGW (optical ground wires) is to begin in FISA in Brazil (October 2012)
- SuperPower Inc. in the United States acquired (February 2012)
- Furukawa Automotive Systems established a new company to manufacture wire harnesses in the Philippines (January 2012)
- Enhancement of electrolytic copper foil production in Taiwan
  - For batteries: A new company is to begin production (August 2012)
  - For circuits: Production is to be enhanced (June 2012)

Thank you for your attention.

