

IR Business Briefing Communications Solutions Business

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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 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 in 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 Looking Statements 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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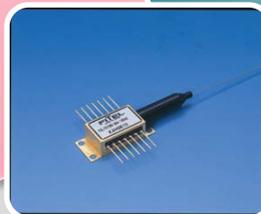
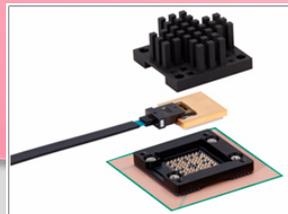
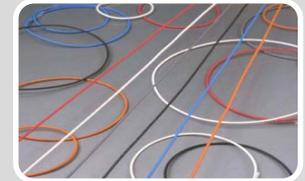
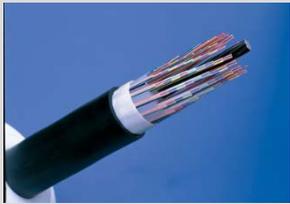
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**Fiber/Cable
Business**

**Solutions &
Systems Business**

**FITEL Products
Business**

**Broadband
Business**

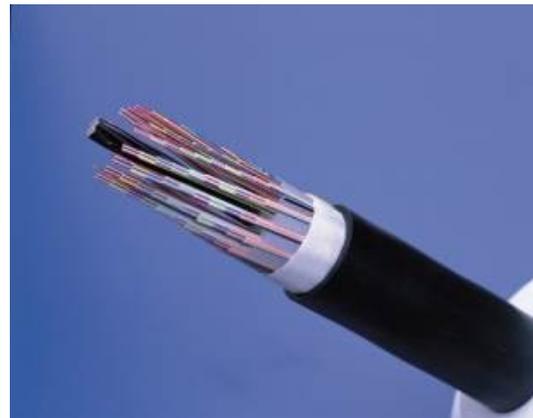


Contributing to the expansion of various communication networks worldwide with our broad product line-up and new product development capability

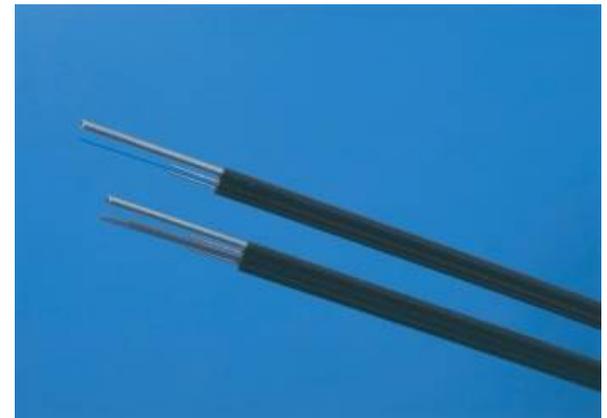
***Our fiber and cable business is one of the world's biggest**
In 2001 we inherited OFS, the optical fiber arm of the former Lucent Technologies



Optical fibers



Optical fiber cables



Optical drop cables

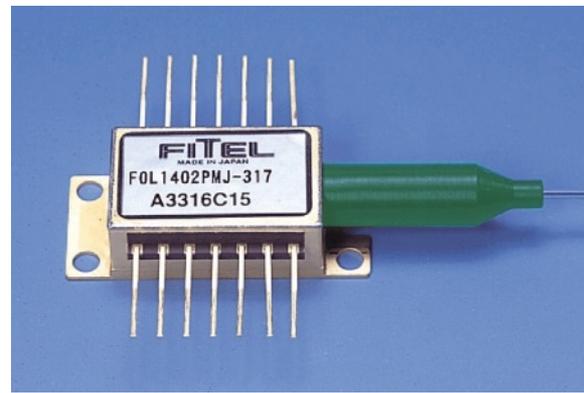
Contributing to the building of a high-speed, high-capacity communications infrastructure by providing optical components, equipment and systems

Optical components for optical digital coherent (ITLA etc.)
Equipment/Tools for FTTX optical distribution network
(Fusion Splicer etc.)
Fiber laser, optical sensing/monitoring systems

***No.1 global share in ITLA**



Tunable laser modules
(ITLA)



High-output laser module



Optical connector

Provides full-service solutions for high-speed, high-capacity communications and broadcasting

Sales expansion and development of systems related to infrastructure toughening, disaster prevention and reduction, etc.

FTTH systems, E-PON, 10Gig Multi Service Router, Notification system for local disaster prevention, antennas, etc.

***E-PON ONU has top share in Japan CATV market (over 70%)**



E-PON ONU



10Gig Multi Service Router

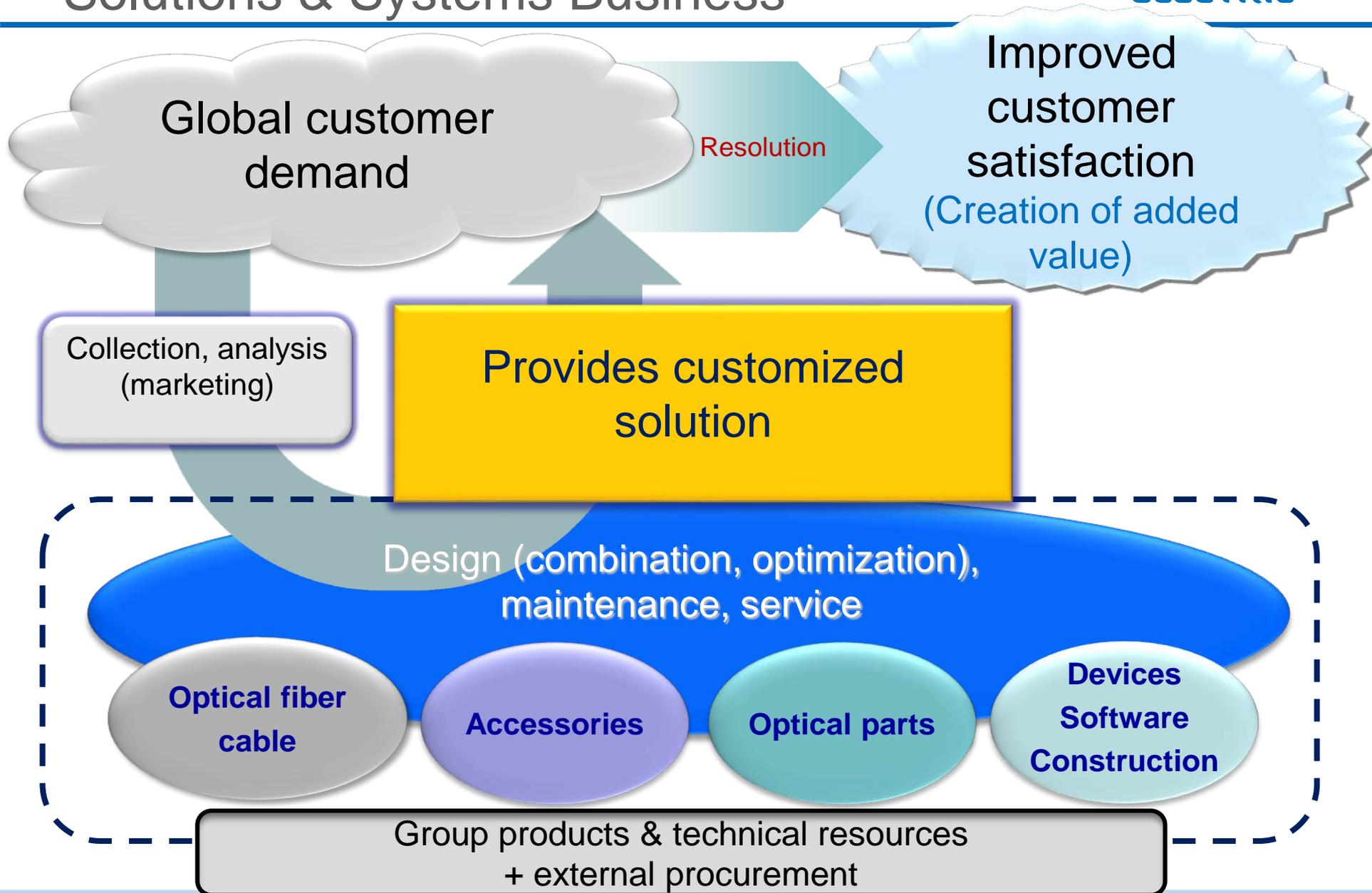


Notification system for local disaster prevention



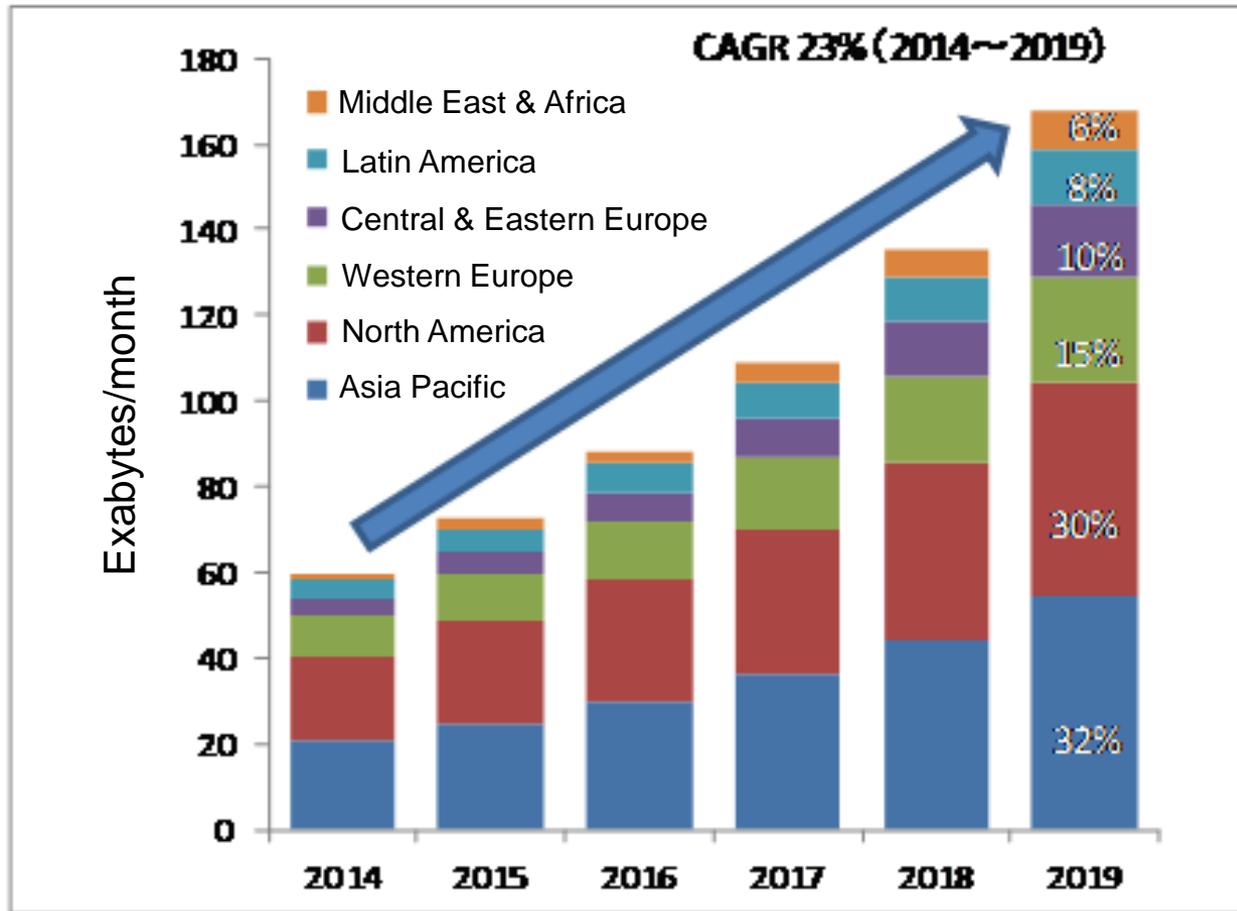
Broadcasting antennas

Solutions & Systems Business



Trend of Communications Traffic Capacity (Worldwide)

IP traffic forecast to nearly triple from 2014 to 2019

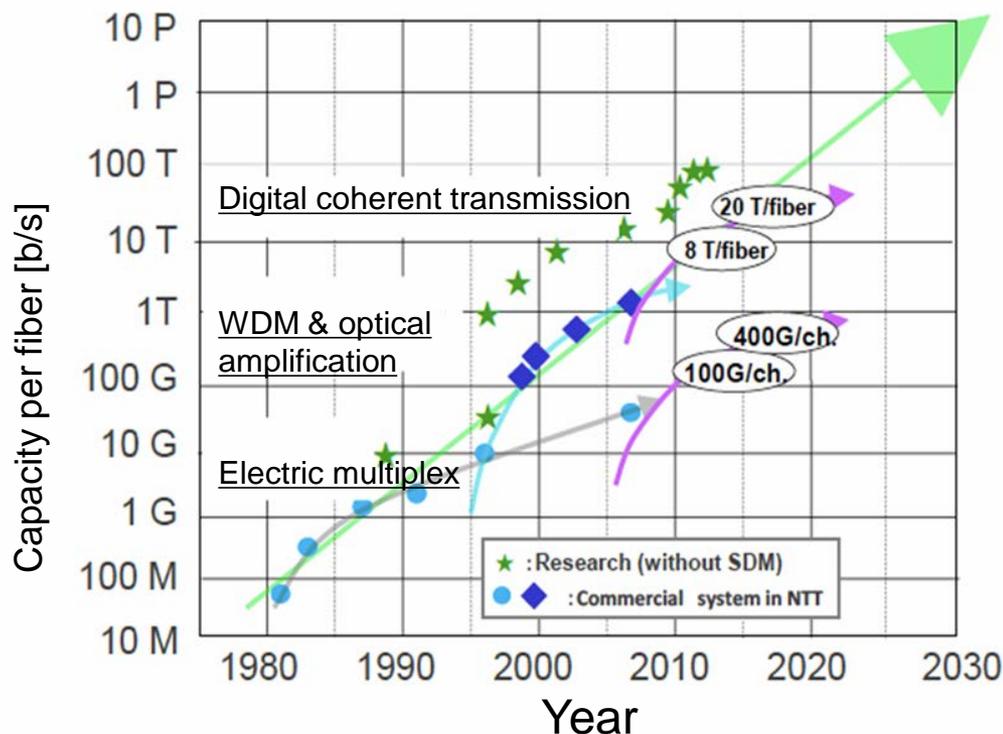


Source: CISCO Visual Networking Index (VNI)
Global IP Traffic (Exabyte/Month)

High-Speed High-Capacity Trends

Mostly 100G/400G digital coherent transmission for long-distance, submarine

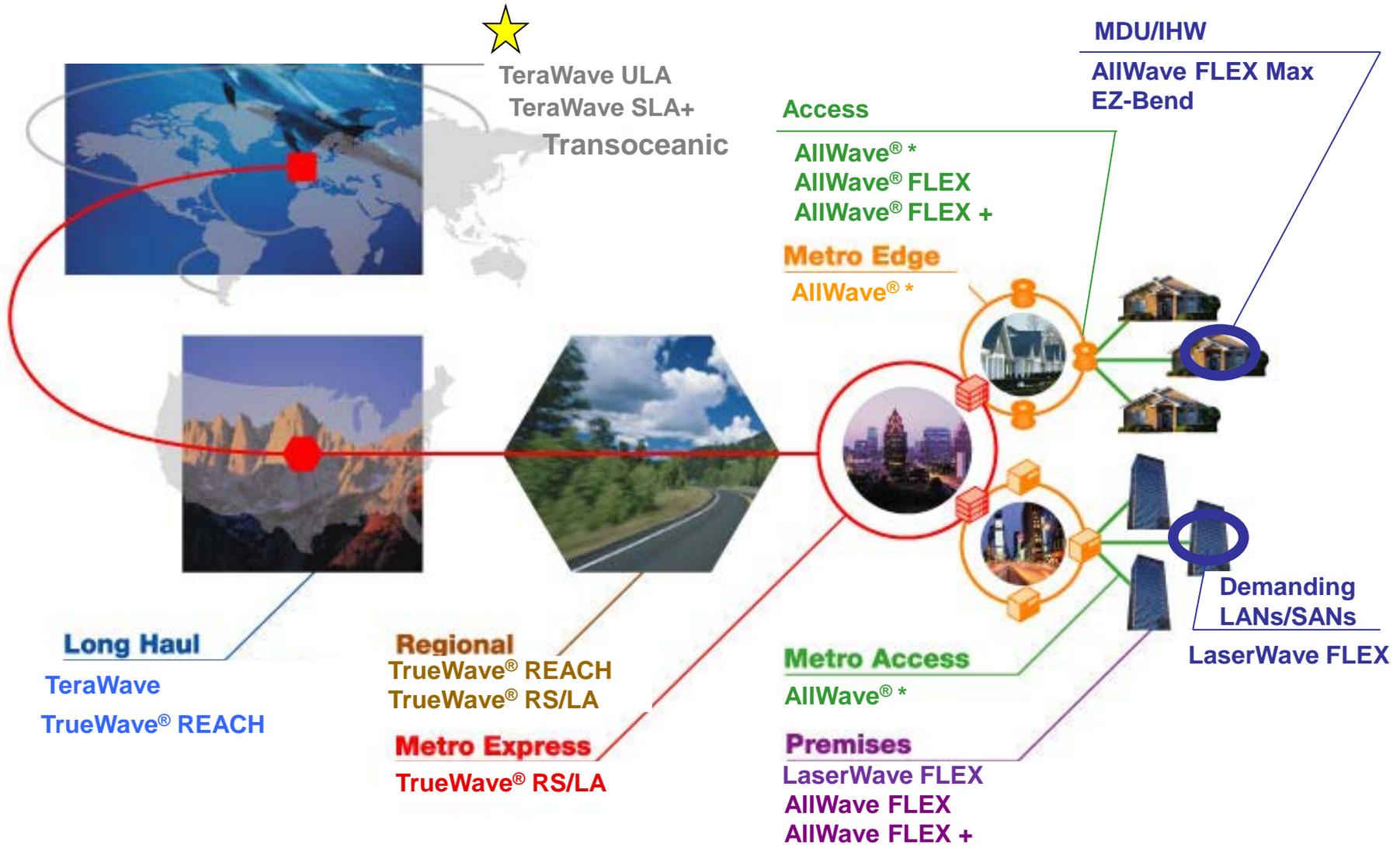
- (1) Expected to increase from 10G to 100G in 2018, centered on metro networks
- (2) Promoting introduction of 400G to connections between hyper data centers
- (3) Further increase in demand for optical submarine cables supporting elimination of communications borders



Taken from NTT Technology Journal (Aug. 2014)

Business Strategy

– Group's optical fiber types and applications



*AllWave® includes AllWave One, AllWave +, AllWave LL, standard AllWave

Business Strategy

– Optical fiber manufacturing bases

OFS

Increase productivity of optical fiber for Western markets where demand is strong (from 2015 to 2017)

Furukawa Electric (Mie)

Increase productivity of optical fiber and optical fiber base materials for Asia & Europe (from 2015 to 2016)

JOHOT & FXOC (China)

Increase productivity of optical fiber base materials and increase production of optical fiber (from 2016 to 2017)

Brondby

Sturbridge

Avon

Somerset

Norcross

FXOC

FEC(Mie)

JOHOT

BFFO

FISA

BFFO (India)

Increase production of optical fiber
Supplied to booming Indian optical fiber market (from 2013 to 2015)

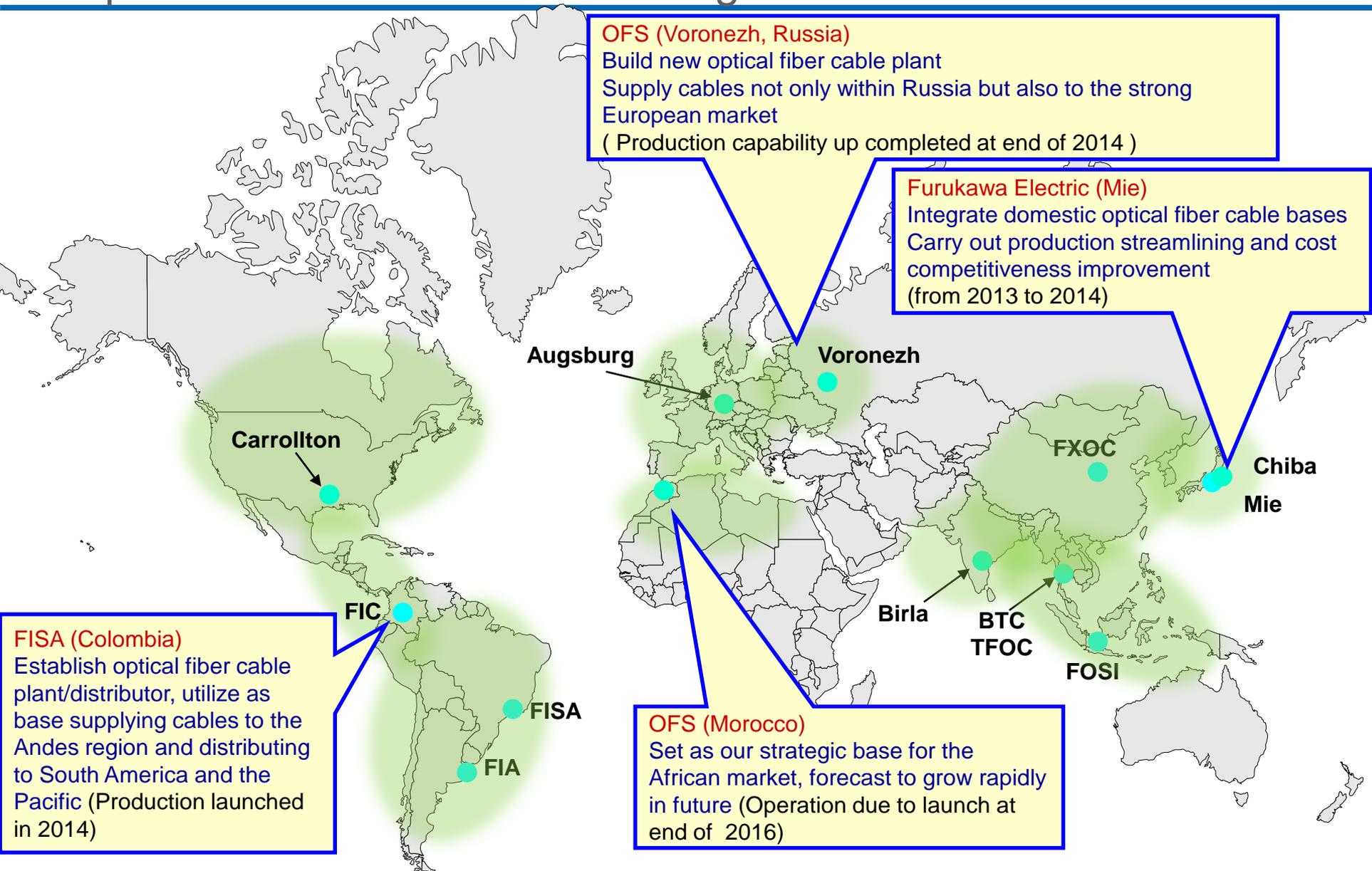
FISA (Brazil)

Increase production of optical fiber (from 2014 to 2015)

Business Strategy

– Optical fiber cable manufacturing bases

**FURUKAWA
ELECTRIC**



– Optical fiber development roadmap

On-site/in-home systems

Low bend loss
Easy installation



- Excellent macrobend performance
- Easy to install solutions

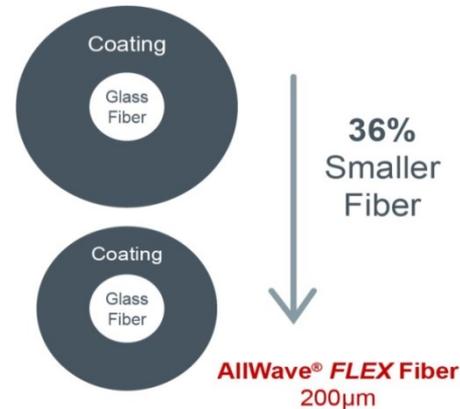


Short-medium distance systems

Multifiber, small diameter,
low loss
Low bend loss



- High density cable designs favor improved macrobend performance, lower loss and smaller diameter fibers

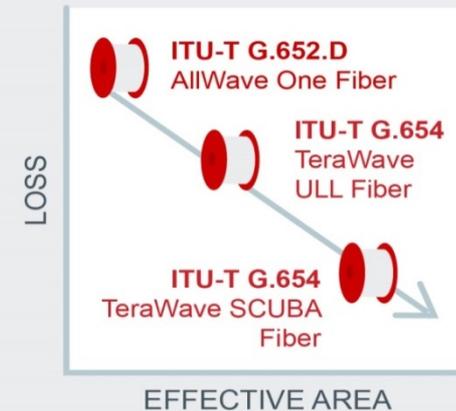


Long distance systems

Ultralow loss
Aeff expansion

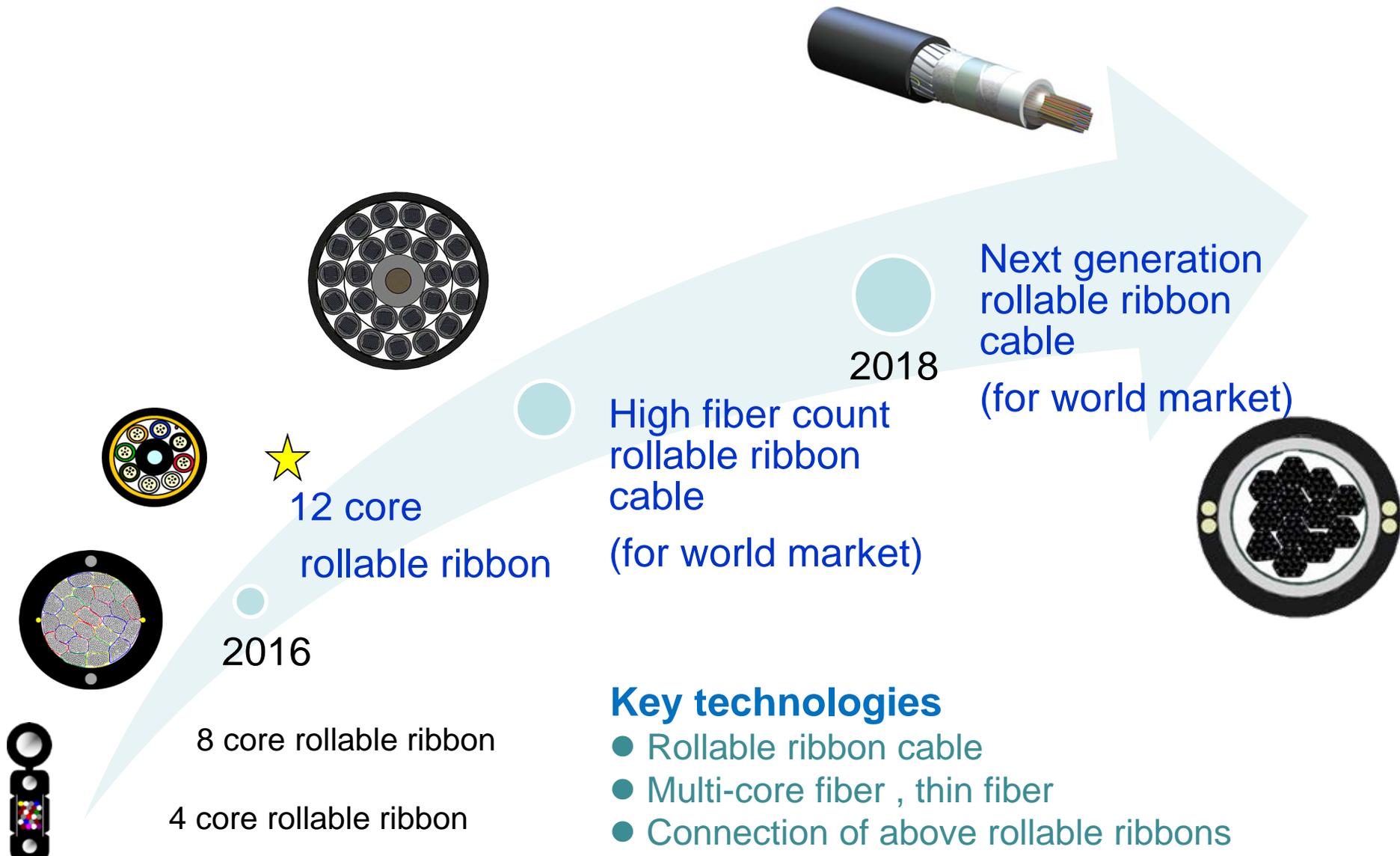


- Coherent transmission systems favor lower loss and higher effective area

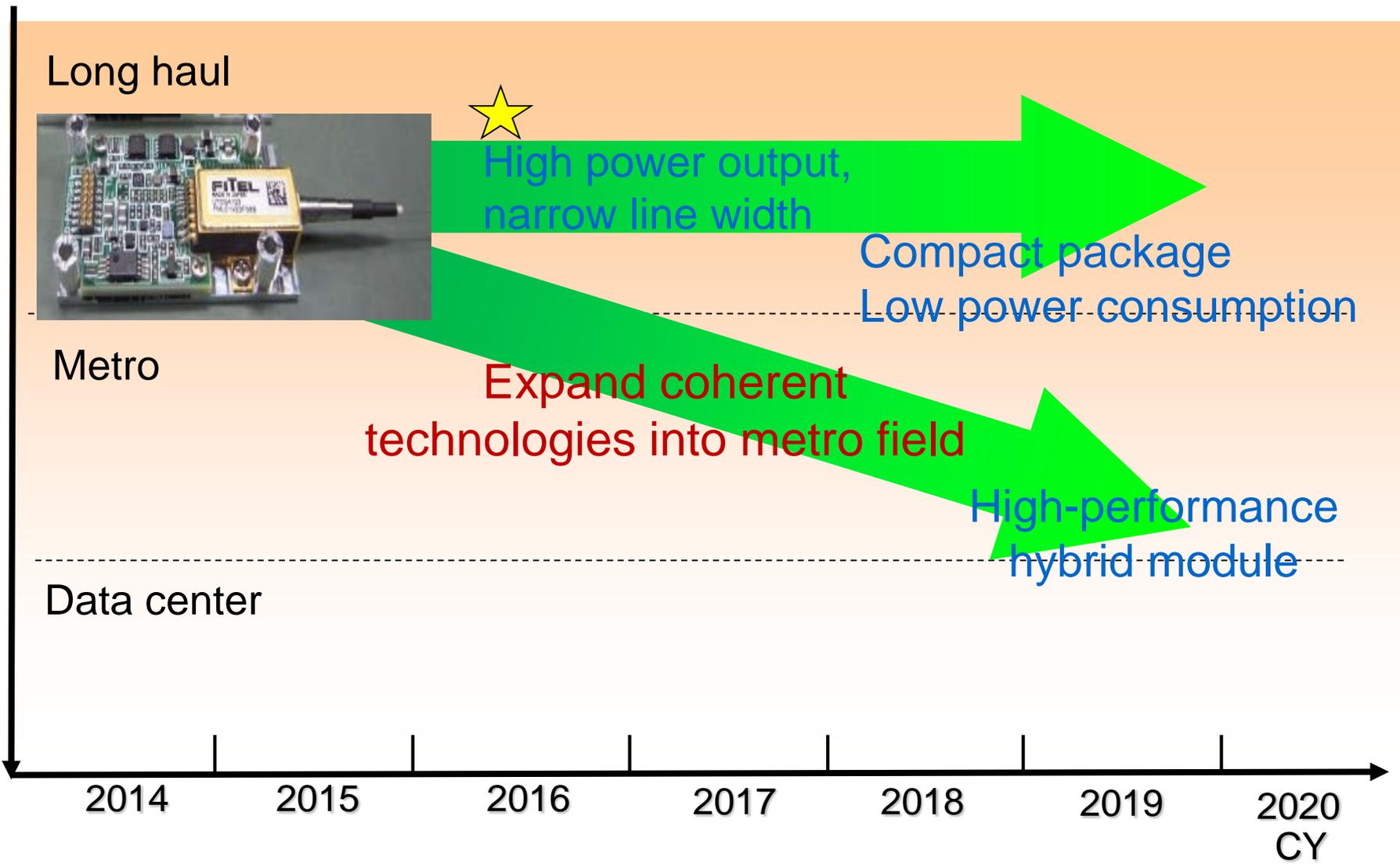


Business Strategy

– Optical fiber cable development roadmap



Business Strategy – ITLA development roadmap



Business Strategy

– Domestic solutions business development (CATV)

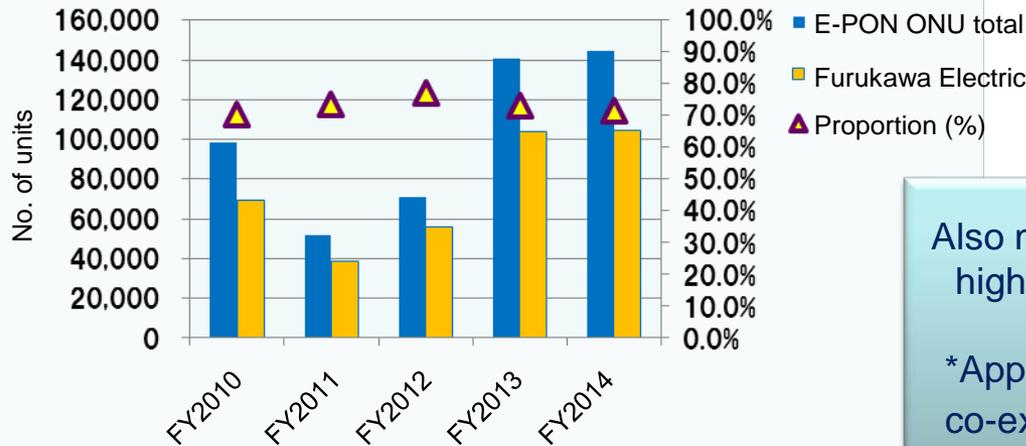
➤ Offer one-stop solution for full-service systems, provides solution proposals, equipment, design and installation for CATV operators
(Track record of more than 45 years)

➤ E-PON ONU has held top share (over 70%) of CATV market more than 5 years

No.1 track record in FTTH system installations



E-PON ONU volume & share



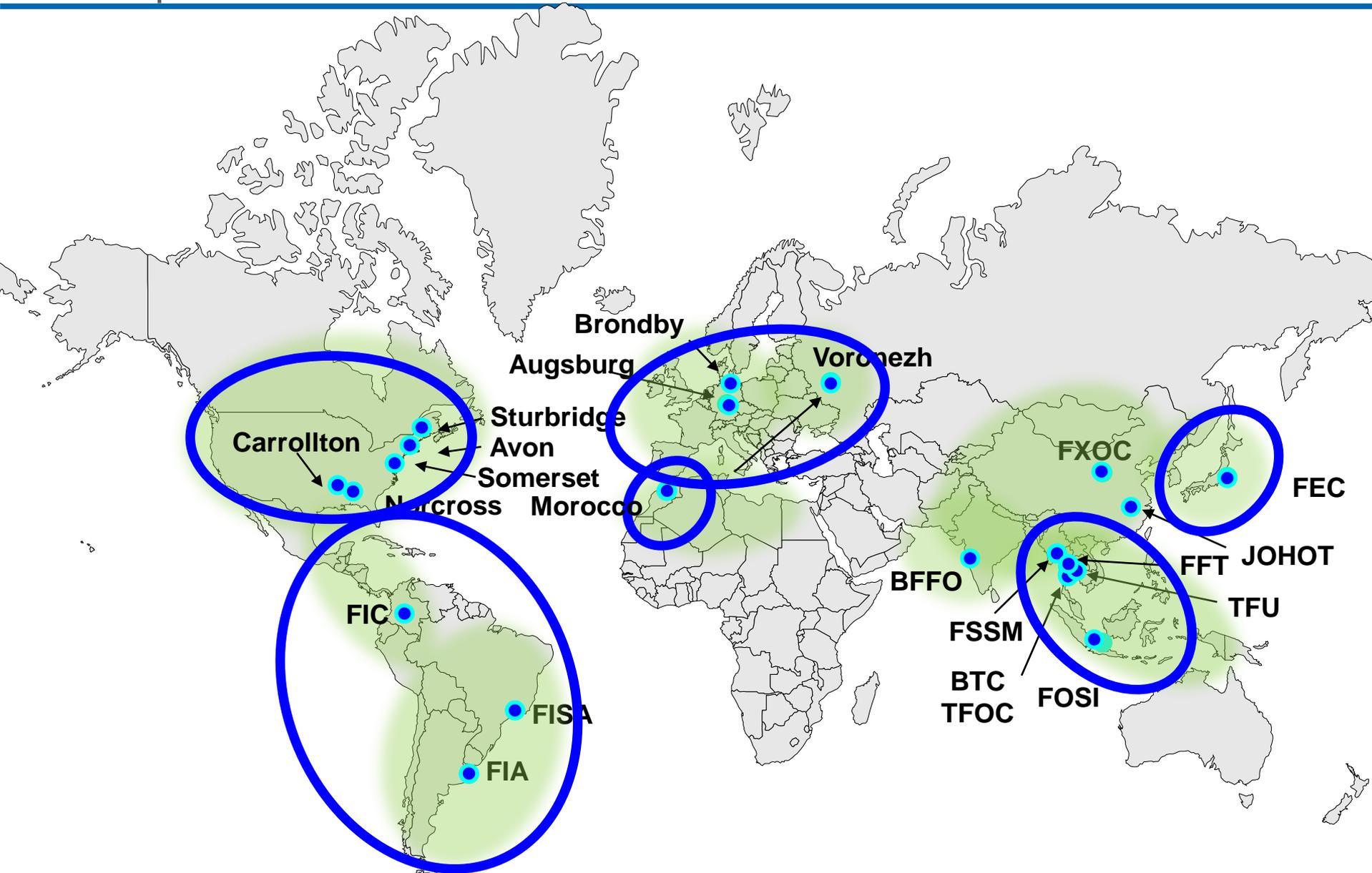
(Source: Furukawa Electric)

Also maintain and raise the top share of our high-speed, high-capacity compatible next-generation 10G-EPON

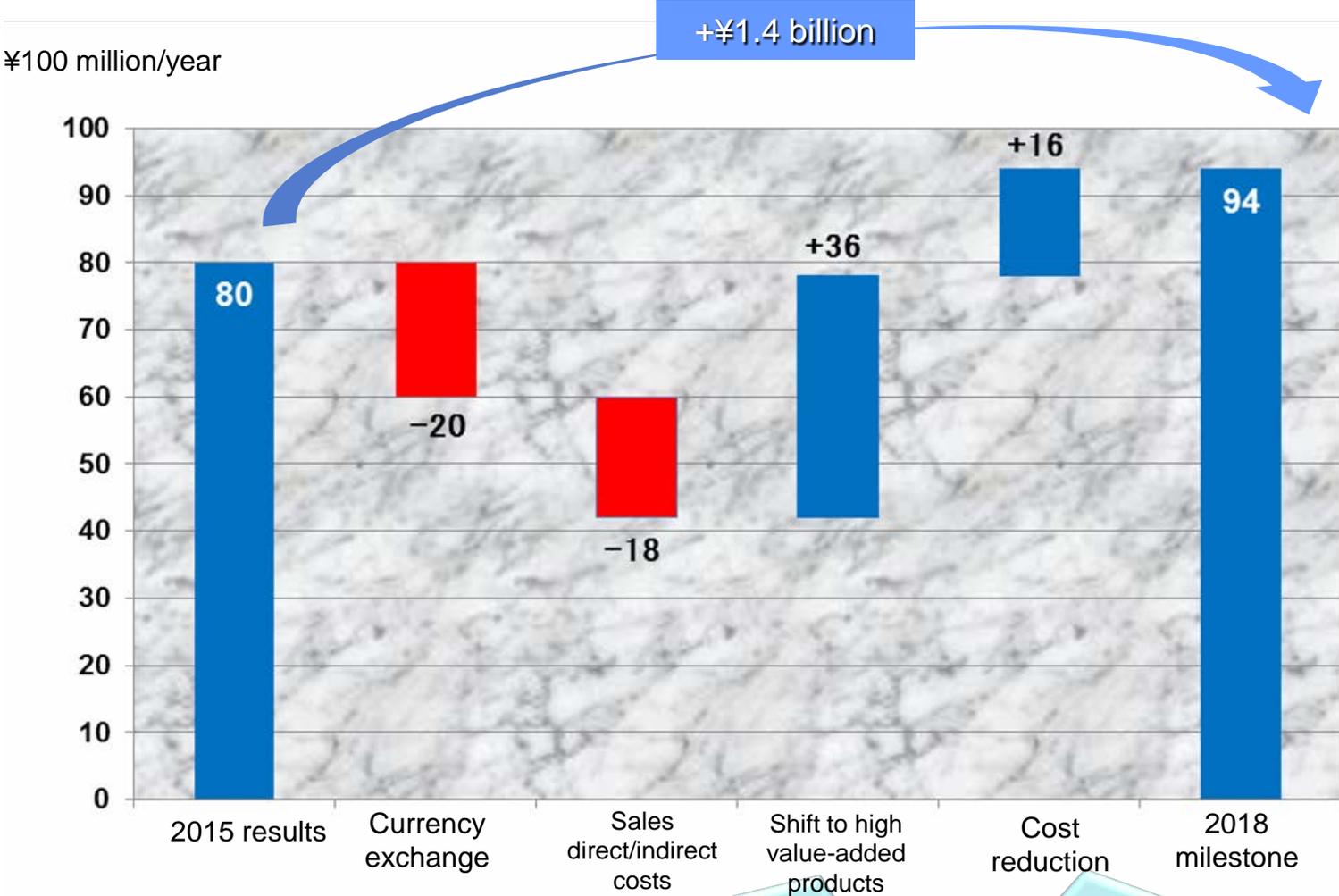
*Approval received in April 2016 from KDDI for the first co-existence model of 10G-EPON and existing E-PON

➤ Utilize our long-nurtured wireless technology even for solution development in the disaster prevention field

Business Strategy – Overseas solutions business development



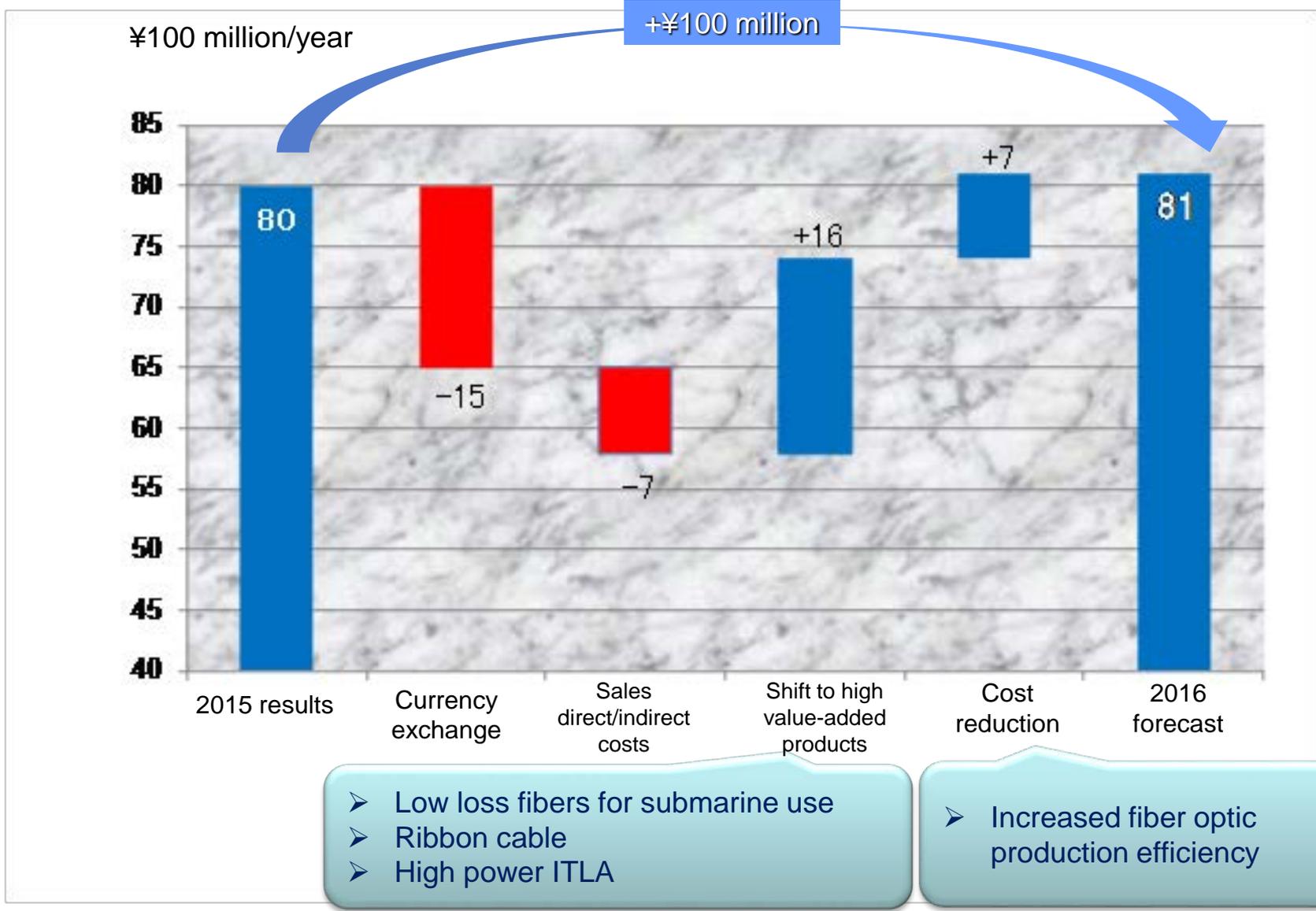
Operating Income - '15 results v. '18 milestone



- Low loss fibers for submarine use
- Ribbon cable
- High power ITLA

- Increased fiber optic production efficiency

Operating Income - '15 results v. '16 forecast



FY2016 Communications Solutions Segment Business Plan

- ❑ Promote global business operations
 - Establish market-based functional (lateral) global organization
 - Implement FGS (Furukawa Global Sourcing)
- ❑ Further enhance earning power of focus products
 - Increase fiber optic production
 - Keep ITLA's No.1 global share by new product development and cost reduction
- ❑ Reinforce business foundation through structural reform
 - Enhance customer response capability
 - Transform solutions business of SE Asian bases
 - Improve earnings of domestic-related companies
- ❑ Accelerate creation of new business & new products
 - Strengthen sales & development of ribbon cables, low loss fiber optics for submarine use, etc. for data center market
 - Enhance IoT response (Set up implementation team)
 - Promote commercialization of fiber lasers