

# IR Business Briefing Automotive Product & Battery 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.

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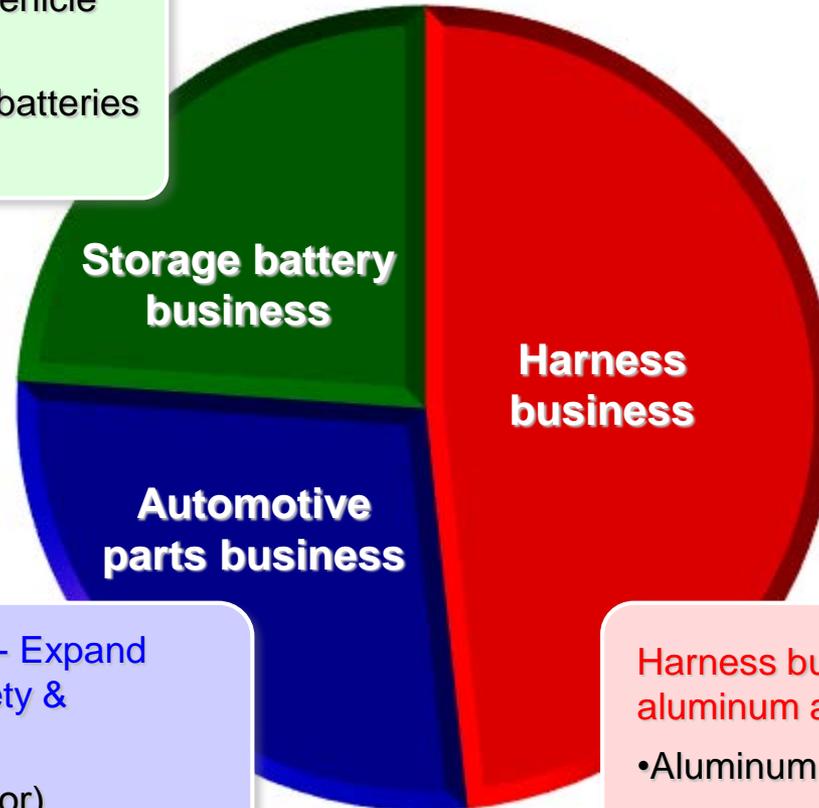
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# Furukawa Electric Co., Ltd.

# Automotive Components & Batteries - Business Composition (2016 forecast)

## Storage battery business

- Ultra batteries to prevent vehicle idling
- EN standard lead storage batteries



Storage battery business

Harness business

Automotive parts business

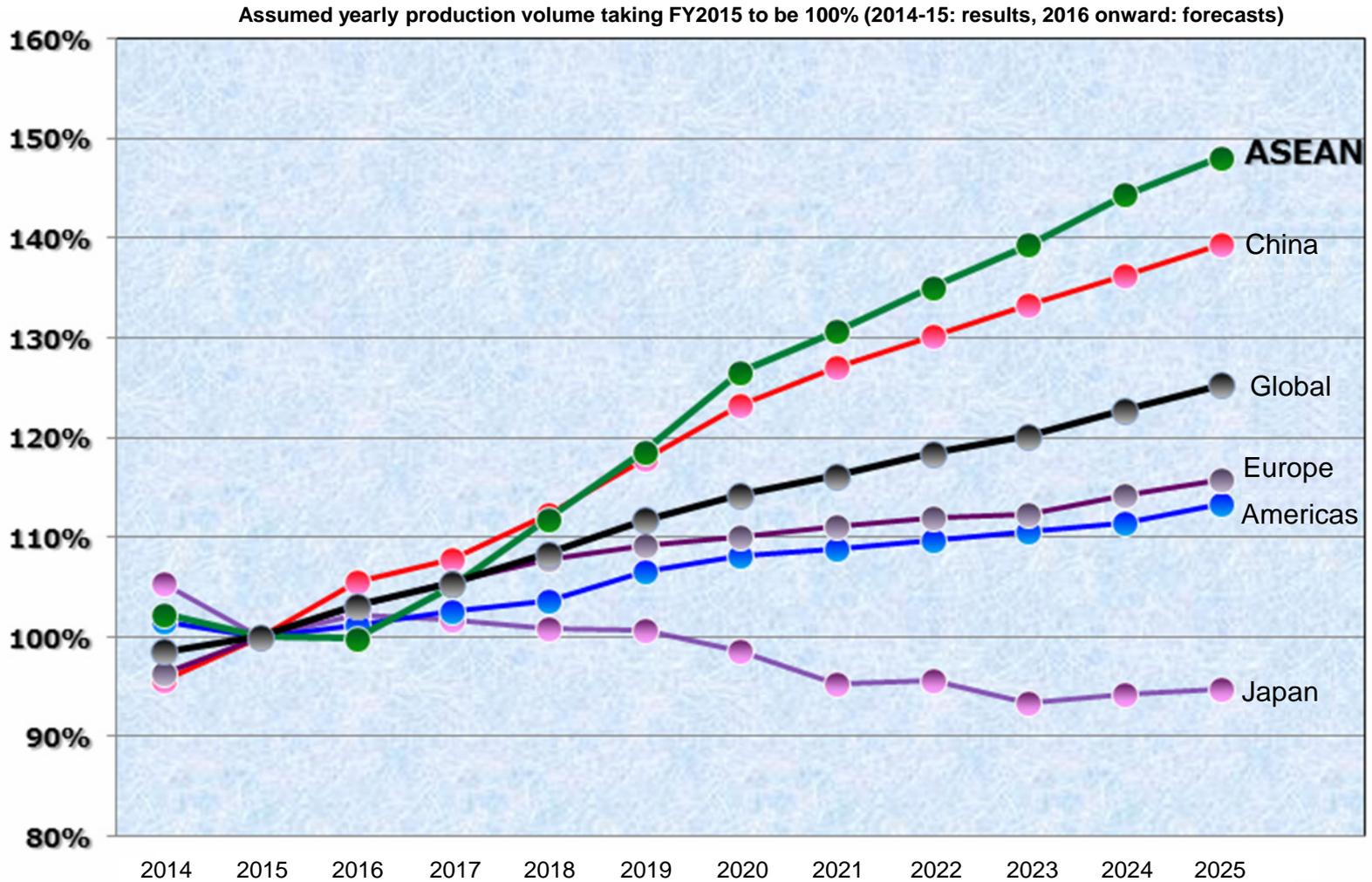
Automotive parts business - Expand business on themes of safety & environment

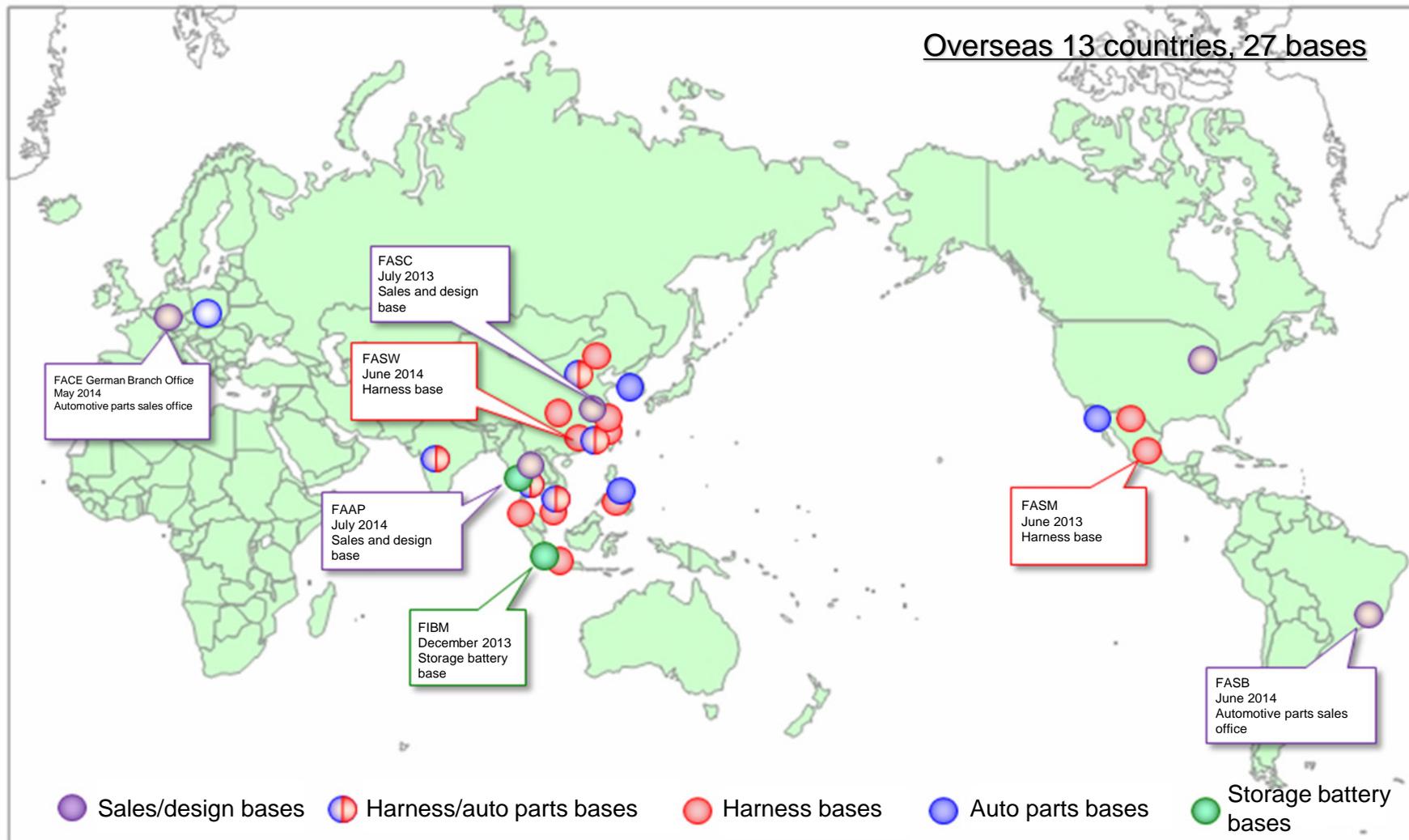
- SRC (steering roll connector)
- BSS (Lead-Acid battery state monitoring sensor)
- perimeter monitoring radar, vehicle interior lighting, etc.

Harness business - Change to aluminum and global shift

- Aluminum electric wires
- Anticorrosive terminals ( $\alpha$  terminal series)
- High-pressure harnesses

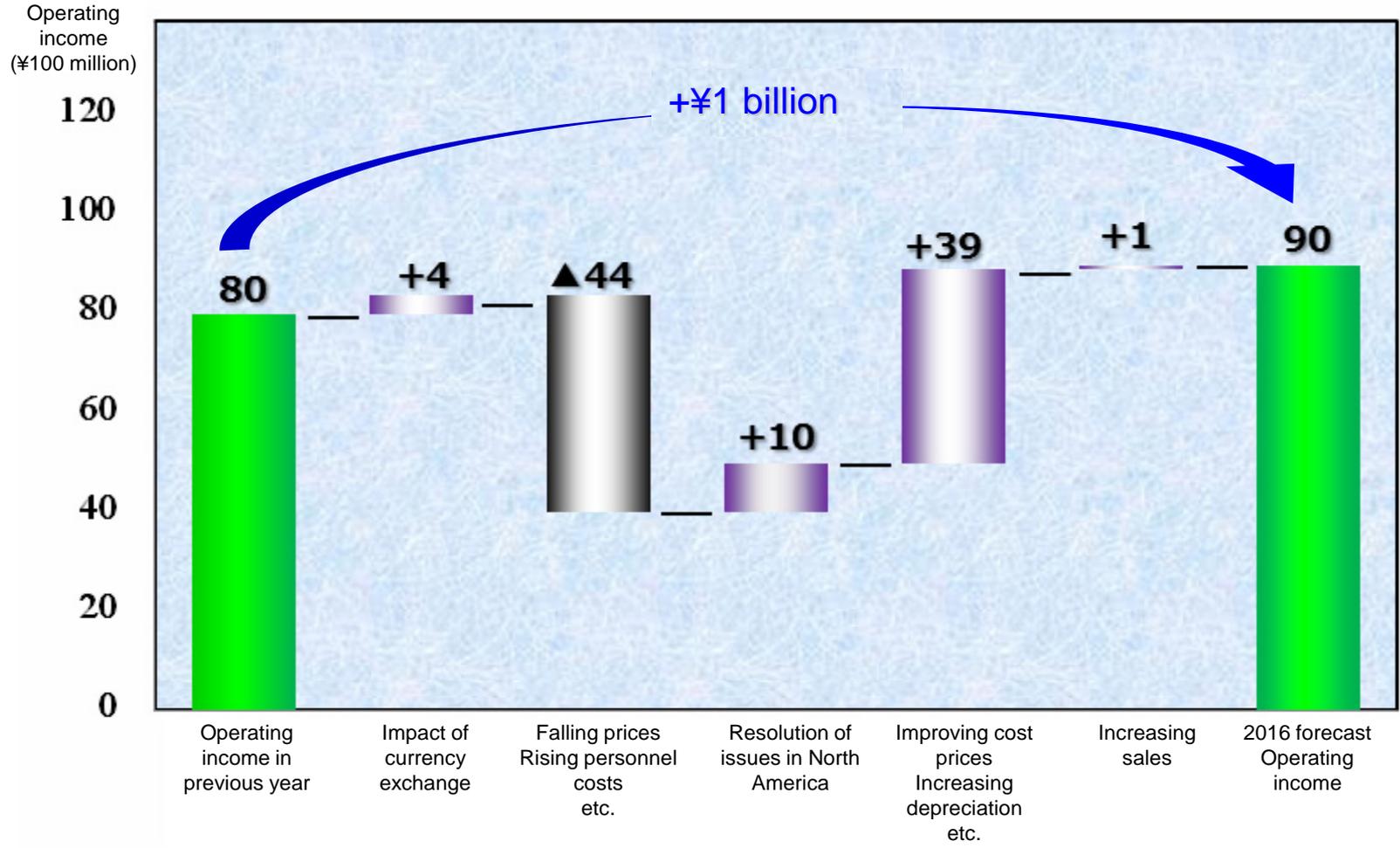
# Automotive Products & Batteries – Assumed Vehicle Production Volume



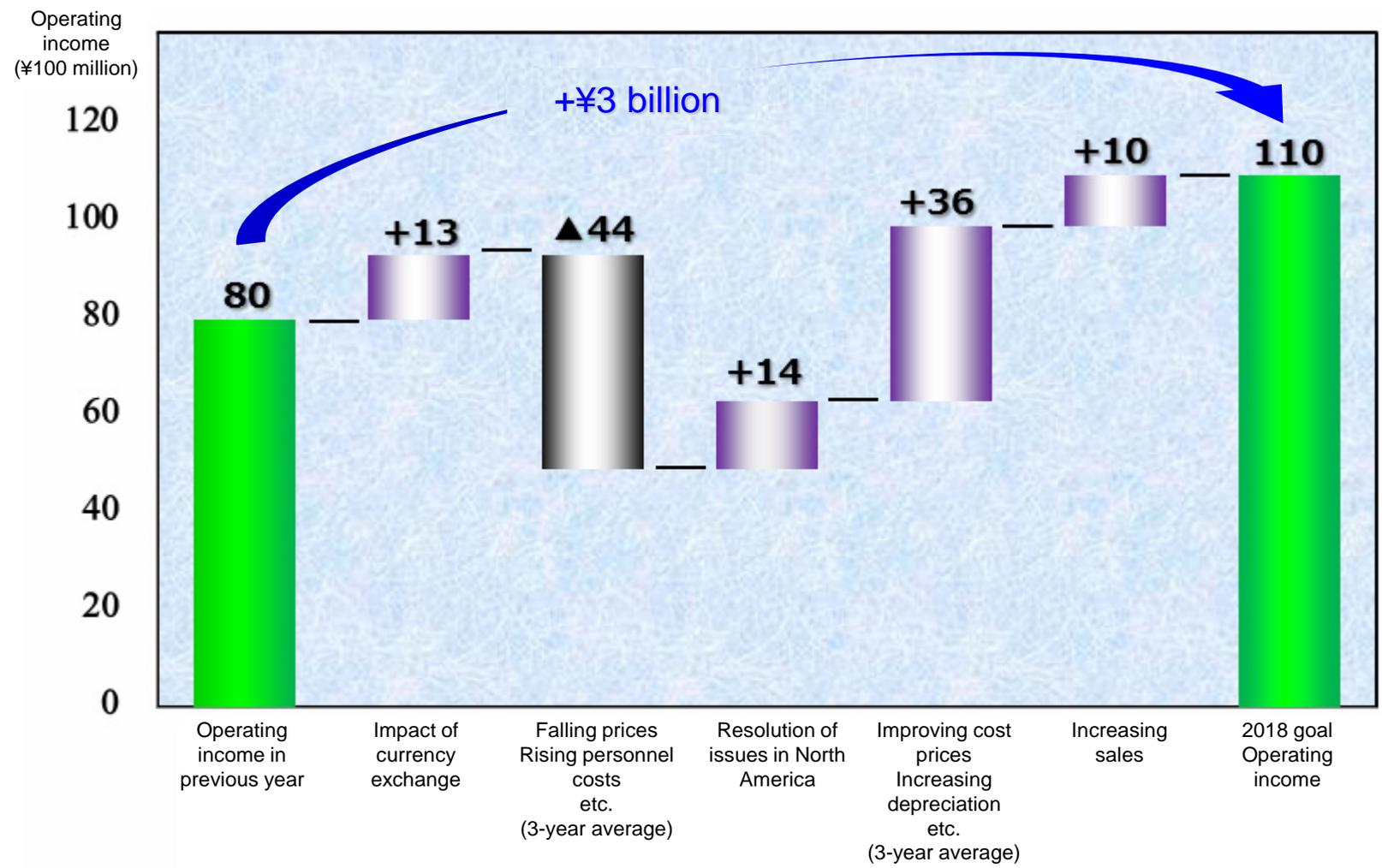


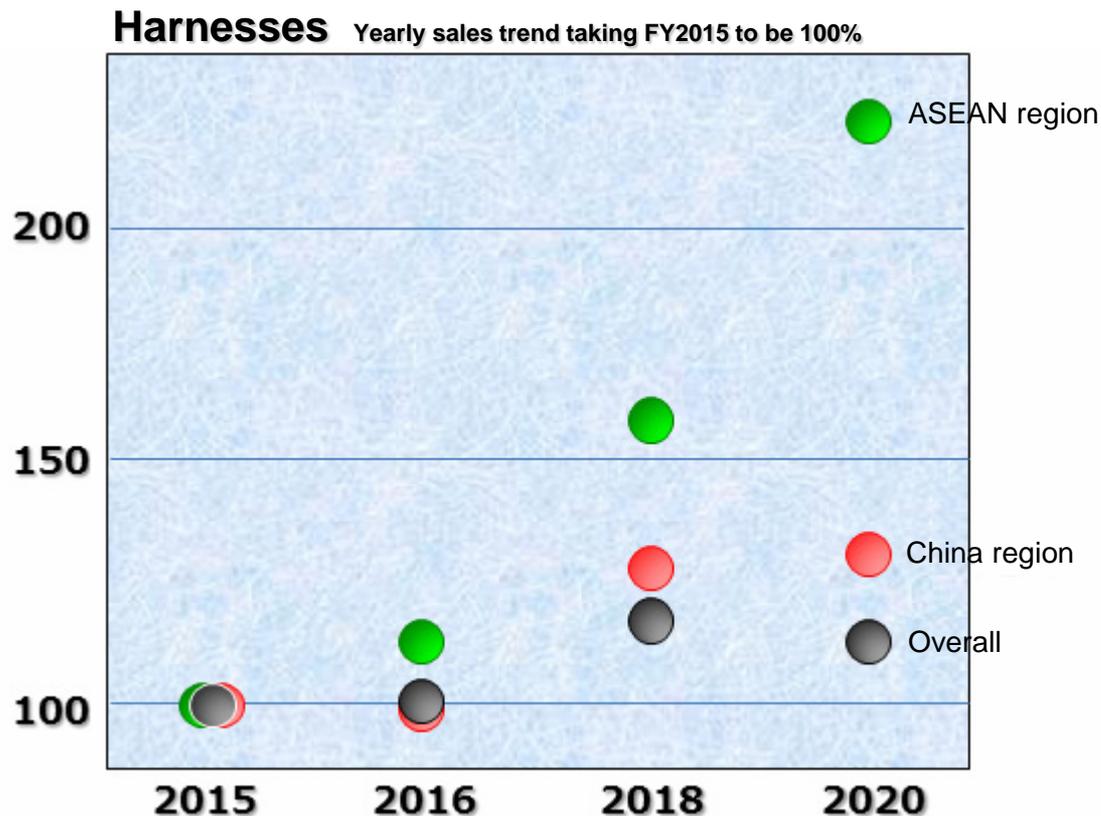
	2015	2016	YoY
<b>Sales</b>	<b>2,383</b>	<b>2,400</b>	<b>101%</b>
<b>Operating income</b>	<b>80</b>	<b>90</b>	<b>113%</b>
<b>Operating income rate</b>	<b>3.6%</b>	<b>3.8%</b>	<b>+ 0.2%</b>

# Automotive Products & Batteries - 2016 Operating Profit Forecasts

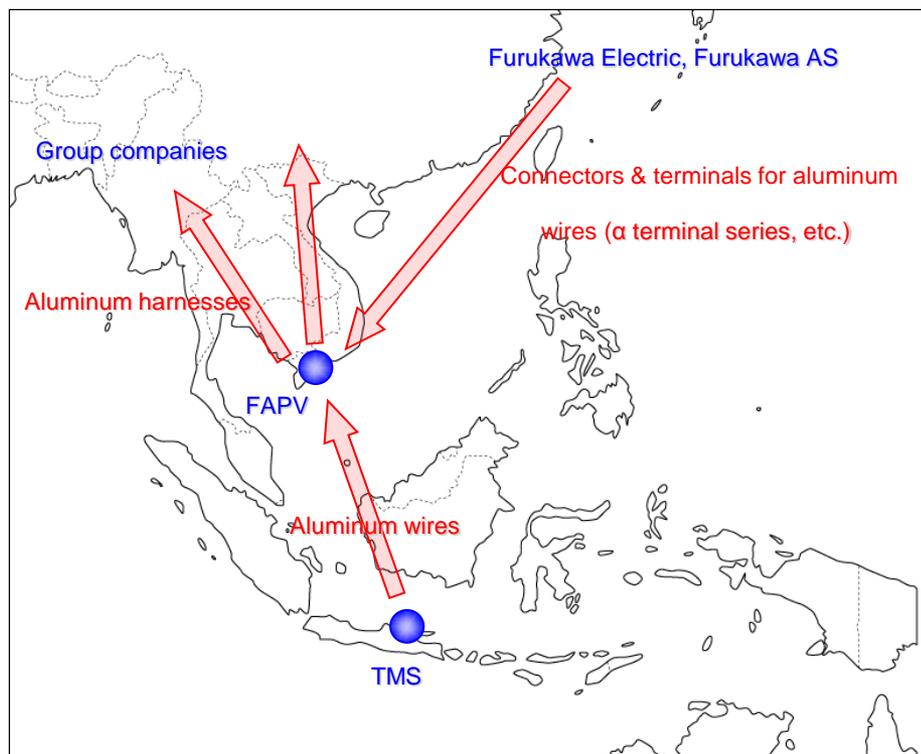


# Automotive Products & Batteries - 2018 Operating Profit Goals





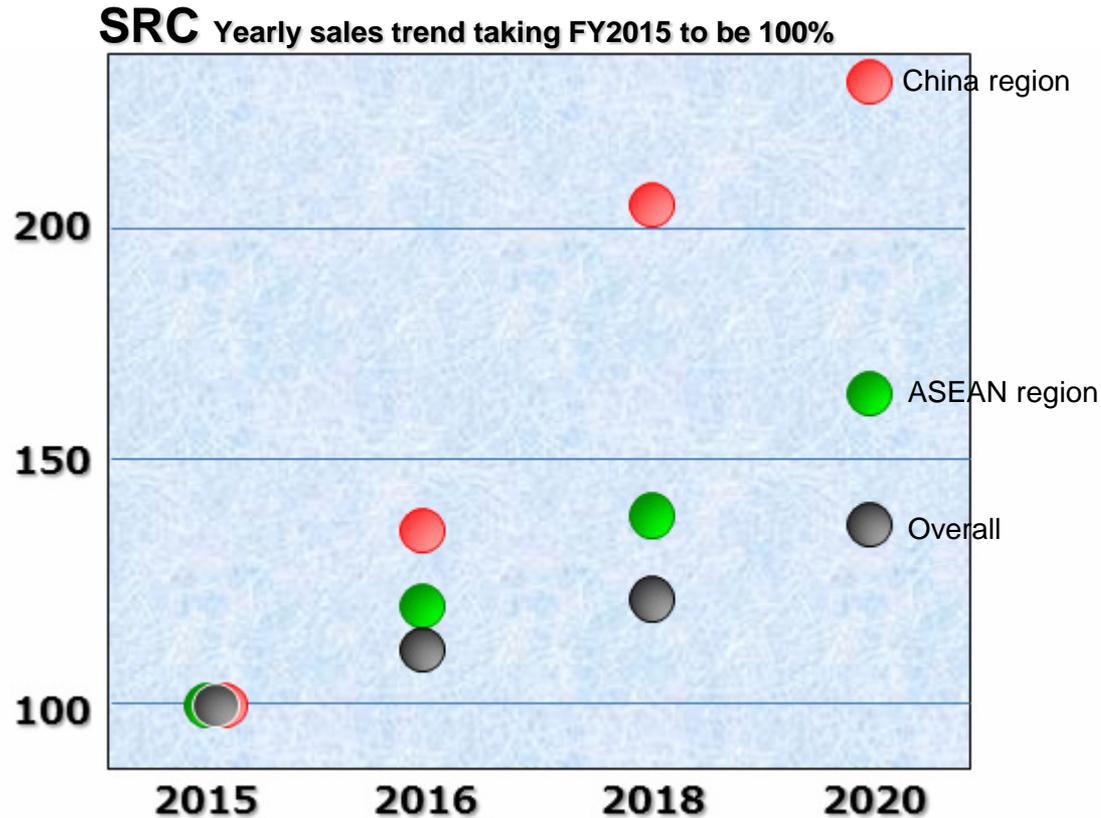
- In order to attract demand from overseas Japanese car makers, establish controlling companies in China and ASEAN (Thailand) to carry out design/sales
- Accelerate the shift to both regions because their markets are expanding in contrast to Japan's shrinking market



## Keep the overall process of materials-wires-harnesses within the Group

- An integrated manufacturing system within the Group enables the optimization of alloy development and process design

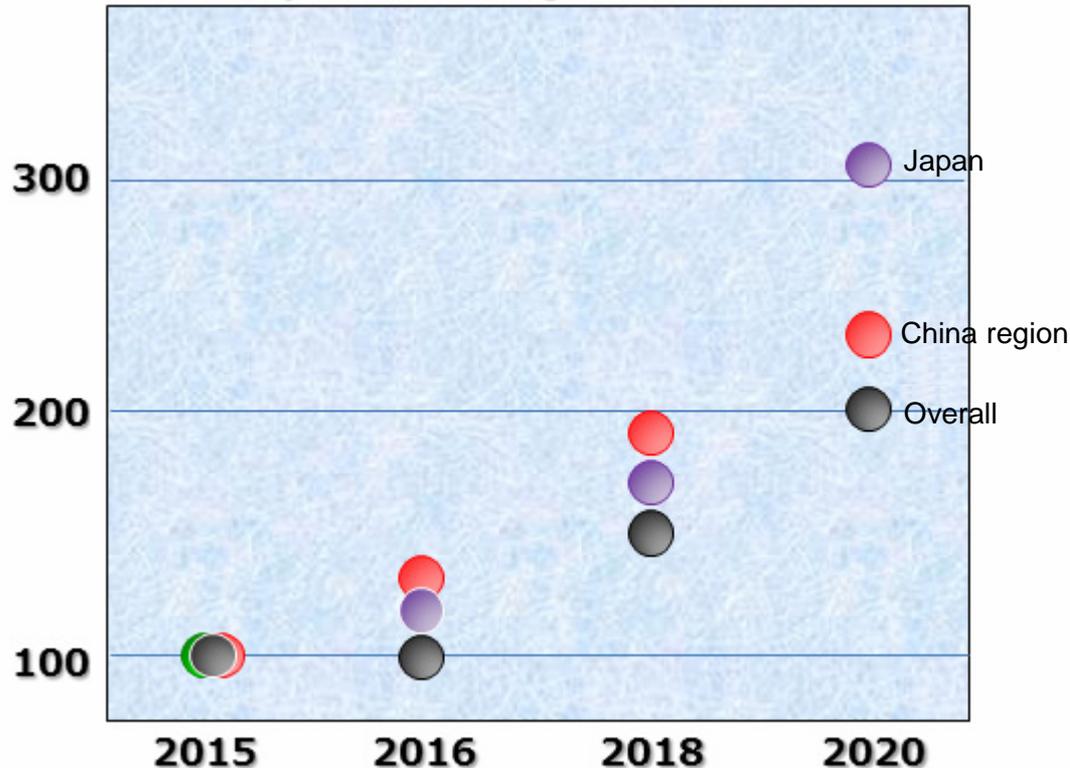
# Automotive Parts Business – Expand Business on Themes of Safety & Environment



Establish regional controlling companies in China and ASEAN

- + Set up bases in regions expected to expand due to regulation (India, Brazil)
- Set up sales bases for European car makers, where there is much scope for share expansion

**BSS** Yearly sales trend taking FY2015 to be 100%



- Currently building a supply system of three bases in North America, China and Philippines (for Japan)
- Introduction in 2017 of second generation that will enable highly precise detection of battery capacity degradation

## Perimeter monitoring radar



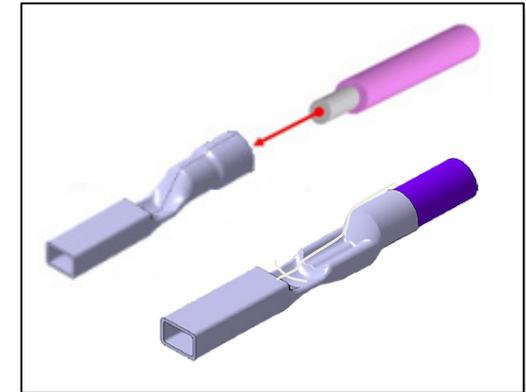
- Key device for ADAS\*
  - Developed high-frequency/signal transmission technologies fostered in communications field
  - Realized higher-level safety and applicability than leading European makers
  - Third pillar of automotive parts business  
2020 sales target: ¥10 billion
- \* Advanced Driving Assistance System

## Reflective boards for vehicle interior lighting/instrument



- Used in reflective boards for lighting and instruments, making cars more lightweight
- Adopted microcellular foam technology to achieve light weight, high reflectance, and superb workability
- Resolved the issue of irregular illuminance in energy-saving key device LEDs

## Anticorrosive terminals for aluminum wires (α terminal series)



- New anticorrosive terminals, resolving the issue of rust between heterogeneous parts in changing to aluminum in harnesses
- Using copper alloy technology and laser technology to achieve both high reliability and productivity
- Production began in 2015  
Adopted in new Land Cruiser model in same year