

# FY2009 Management Plan

May 2009

Masao Yoshida, President & COO  
Furukawa Electric

## 《Business Environment》

- 'Transmission Infrastructure' business showing robust demand supported by the capex investment on global telecommunication and grid projects
- 'Material Niche' business recovering from the inventory adjustment in 08Q4

## 《Measurement》

- Efficiency improvement (Tightening) in the traditional copper processing business
- Strengthening Infrastructure and Niche business

Surplus in Net Income  
for FY2009

# 1. FY2008 Highlights

# Results for FY2008

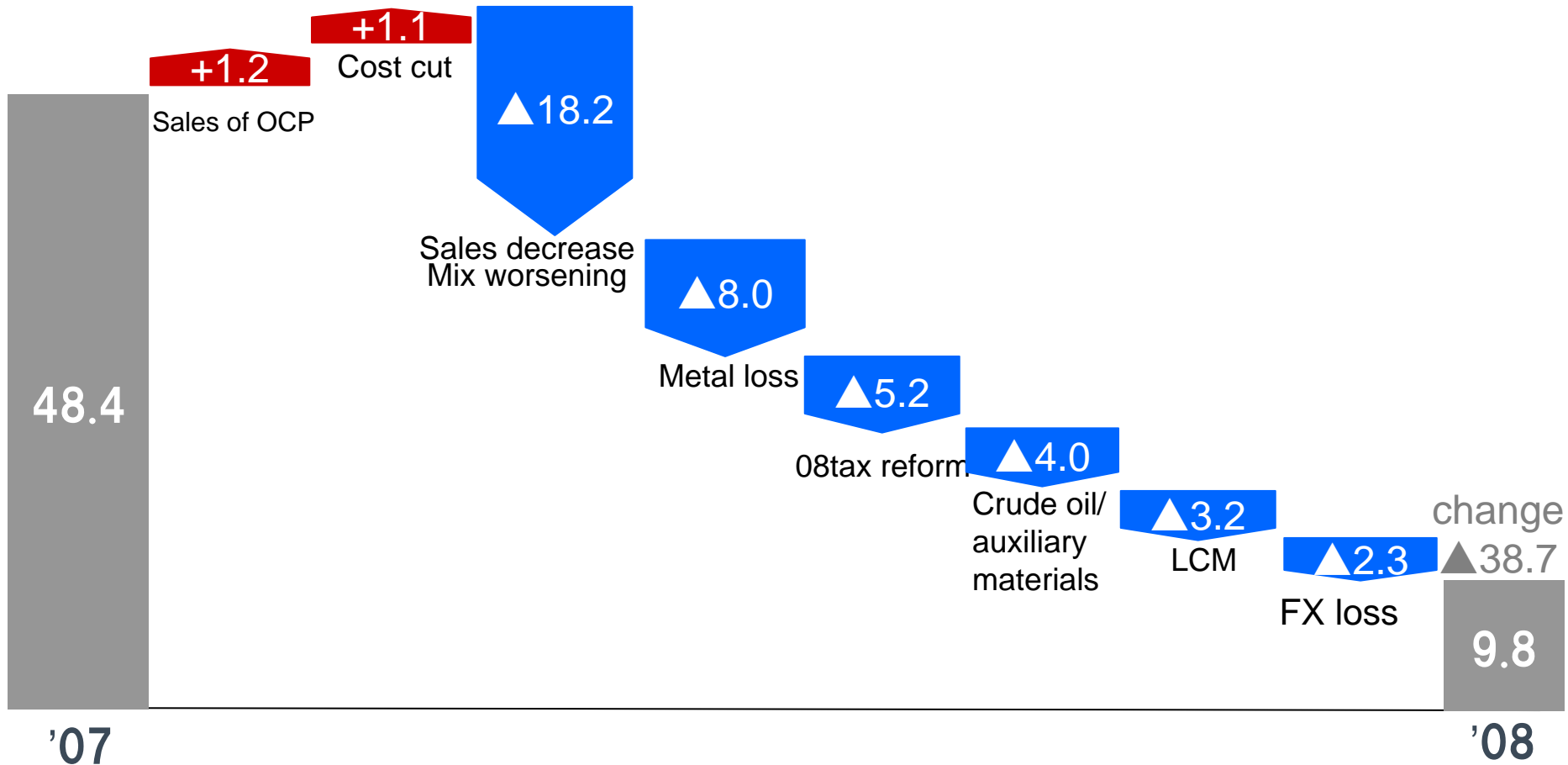
**FURUKAWA ELECTRIC**

	FY07	FY08	difference	(JPY billion) (factors for difference)
<b>Net Sales</b>	<b>1,174.2</b>	<b>1,032.8</b>	<b>▲141.4</b>	
08 tax reform	—	▲5.2	▲5.2	
LCM basis	—	▲3.2	▲3.2	
<b>Operating income</b>	<b>48.4</b>	<b>9.8</b>	<b>▲38.7</b>	
FX loss	▲3.1	▲18.6	▲15.4	(FX loss increased by yen loans)
<b>Ordinary income</b>	<b>40.8</b>	<b>▲14.8</b>	<b>▲55.6</b>	
extraordinary profit	5.4	26.5	+21.1	(FX adj.+18.5,sales of stock +2.6)
extraordinary loss	▲15.2	▲42.6	▲27.4	(impairment▲9.8,enviro.▲10.6)
taxes	▲20.4	▲2.2	+18.1	
tax adjustment	8.9	▲10.5	▲19.4	(deferred tax asset reversal▲14.6)
minority shareholders	▲4.3	6.2	+10.5	
<b>Net income</b>	<b>15.3</b>	<b>▲37.4</b>	<b>▲52.7</b>	
<b>Debt</b>	<b>399.1</b>	<b>383.1</b>	<b>▲15.9</b>	

# FY07⇒08 OI Analysis

FURUKAWA ELECTRIC

(JPY billion)



# FY07⇒08 by Segment

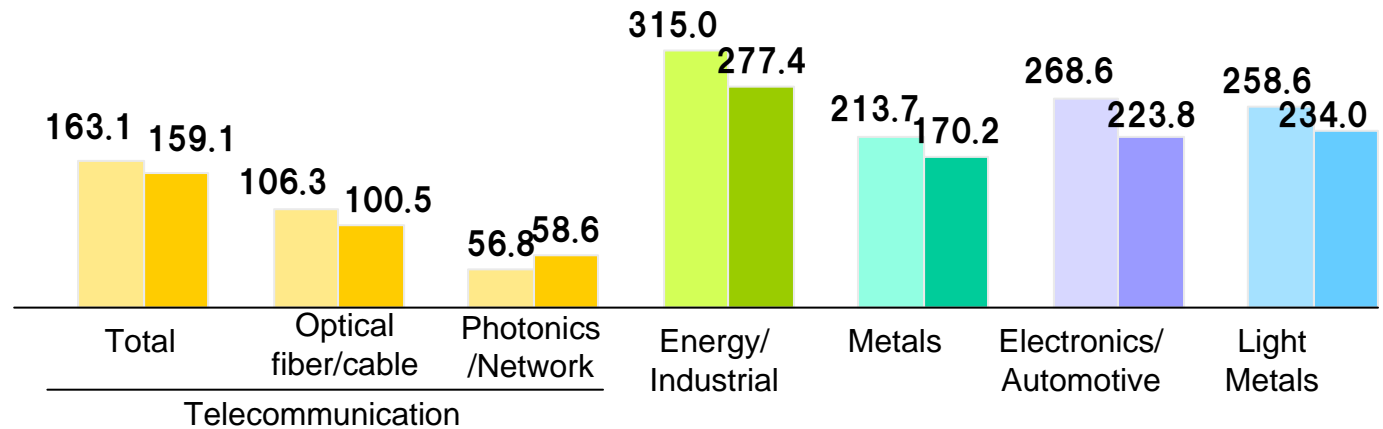
FURUKAWA ELECTRIC

(JPY billion)

Transmission infrastructure

Material Niche

■ (left) '07 ■ (right) '08

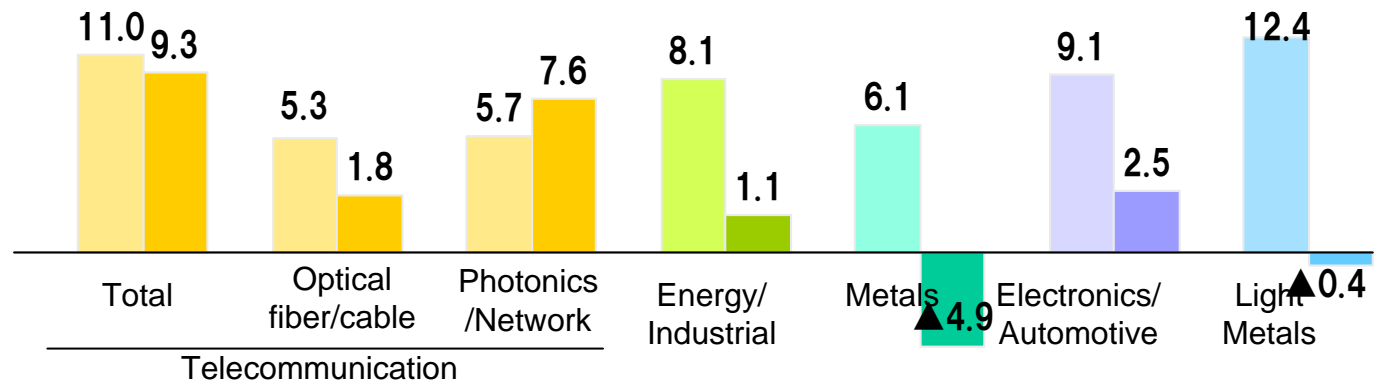


Net sales

FY07: 1,174.2  
FY08: 1,032.8

Operating income

FY07: 48.4  
FY08: 9.8



# Reduced Risks

## ● FX loss in non-operating basis

Yen loan of foreign affiliates caused 6million yen loss per 1 Yen appreciation against US Dollar in 2008

⇒▲ 18.6 billion yen loss to be reduced drastically in FY09

## ● Deferred Tax Asset

7.4billion of DTA accounted for local tax was reversed

⇒balance as of Mar09:

34.9billion yen in consolidated basis

22.1billion yen in non-consolidated basis

## ● Compliance

Reacquisition of JIS approval for copper pipe

The cartel in the foamed plastic business was ordered to be broken up.

⇒The business custom to be completely changed in accordance to the order

## 2. FY2009 Plan



# FY2009 Forecast

FURUKAWA ELECTRIC

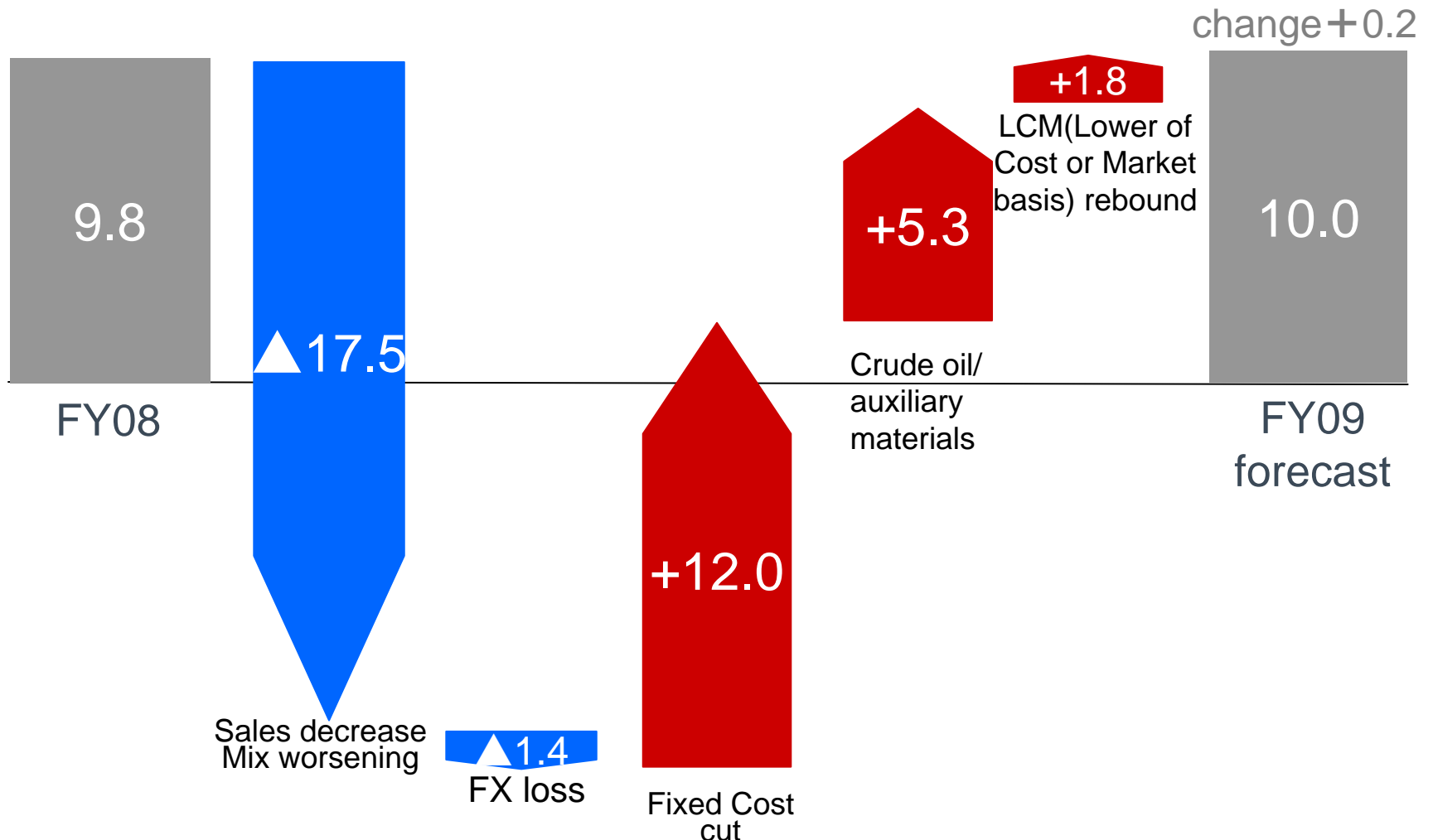
(JPY billion)

	FY08	FY09forecast	difference
<b>Net Sales</b>	1,032.8	<b>807.0</b>	▲225.8
<b>Operating Income</b>	9.8	<b>10.0</b>	+0.2
FX gain / loss	▲18.6	0.5	+19.1
<b>Ordinary Profit</b>	▲14.8	<b>7.0</b>	+21.8
Extraordinary gain	26.5	1.6	▲24.9
Extraordinary loss	▲42.6	▲3.7	+38.9
Tax, adjustments	▲12.7	▲2.2	+10.5
Minority shareholder	+6.2	▲0.2	▲6.4
<b>Net Income</b>	▲37.4	<b>2.5</b>	+39.9
<b>Assumptions</b>			
FX rate (JPY/USD)	103.5	<b>95</b>	
Crude oil(USD/Bbl)	81.9	<b>50</b>	
Copper (JPY/kg)	657.0	<b>480</b>	
Aluminum(JPY/kg)	269.6	<b>200</b>	

# FY08⇒09 OI Analysis

FURUKAWA ELECTRIC

(JPY billion)

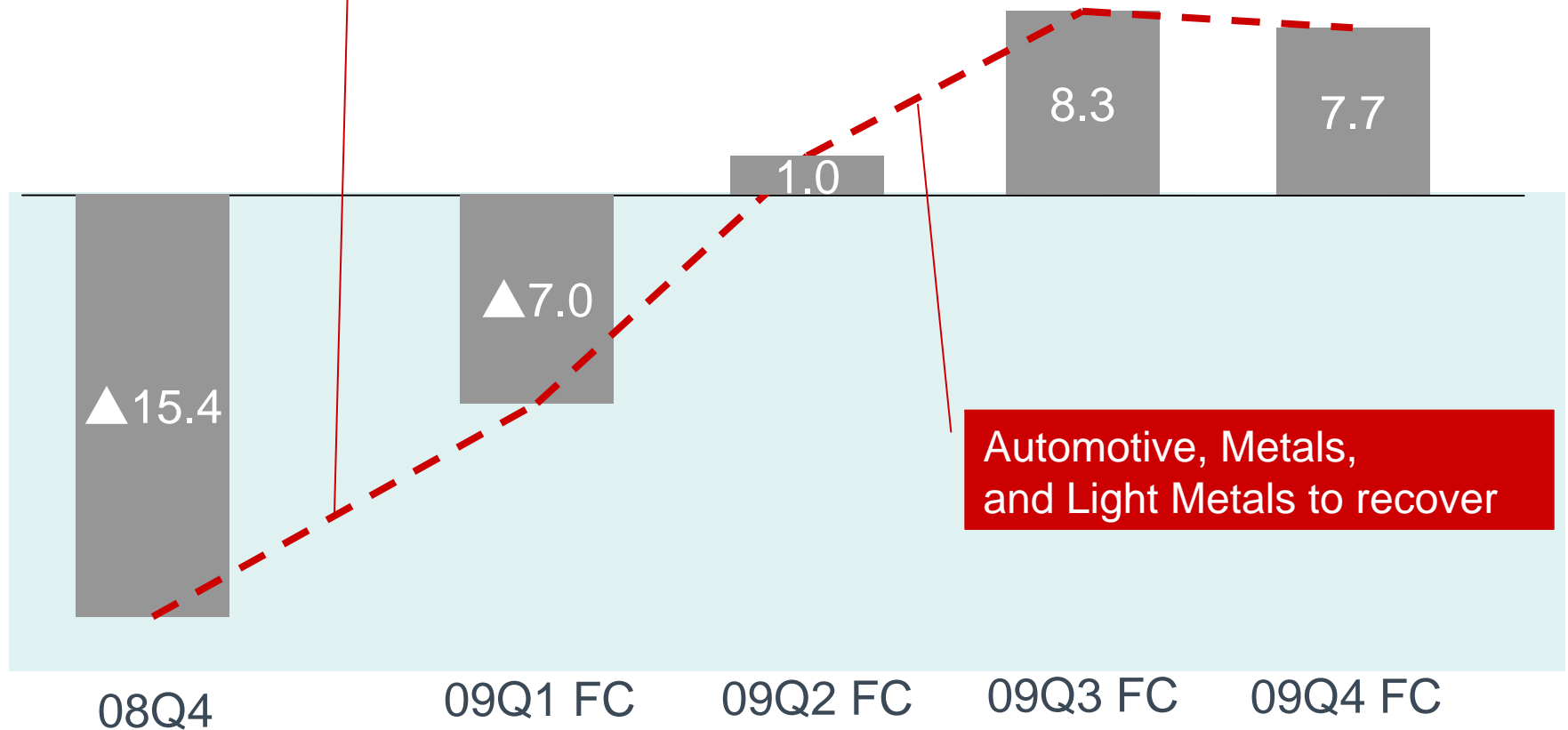


# Forecast to turn black in 09Q2

FURUKAWA ELECTRIC

(JPY billion)

- Telecom, Energy sectors recovering
- Inventory adjustment of electronics settled
- Effect of fixed cost cut, etc.



# Fixed Cost of 12b yen

**FURUKAWA ELECTRIC**

(JPY billion)

Equipments	+4.0	Impairment Cutting capex Unification of copper wire, foamed plastics equipments
Labor costs	+6.0	Directors' remuneration cut by 10-20% Management salary cut 5% Cut overtime hours Headcount Cut of temporary workers
Additional measures	+2.0	Further 5% Directors' remuneration cut Etc.
Total	+12.0	

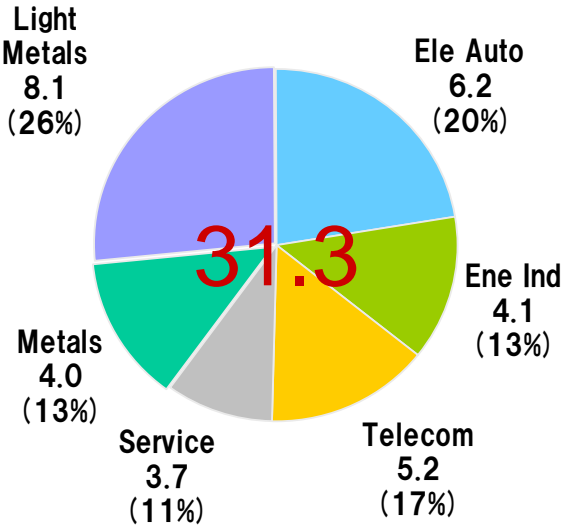
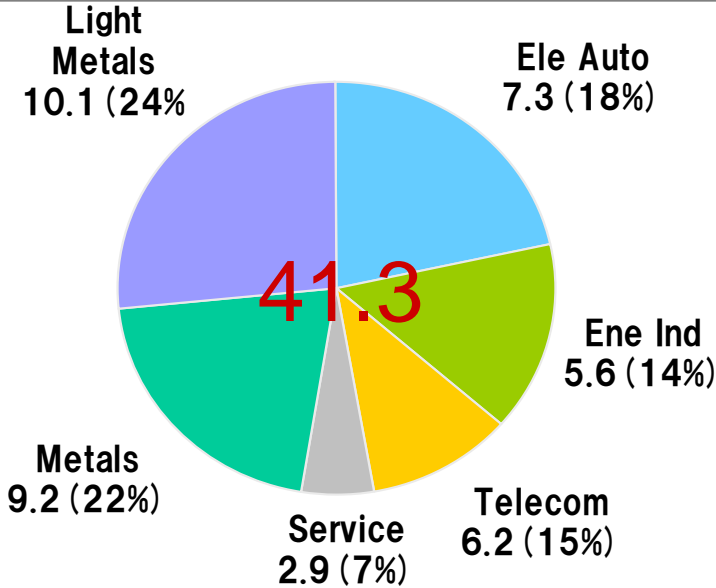
# Capex to be kept within depreciation level

(JPY billion)

	FY08	FY09 FC	difference
A: Capex	41.3	31.3	▲ 10.0
B: Depre.	46.9	44.5	▲ 2.4
B-A	+5.6	+13.2	+7.6

FY08 result

FY09 forecast

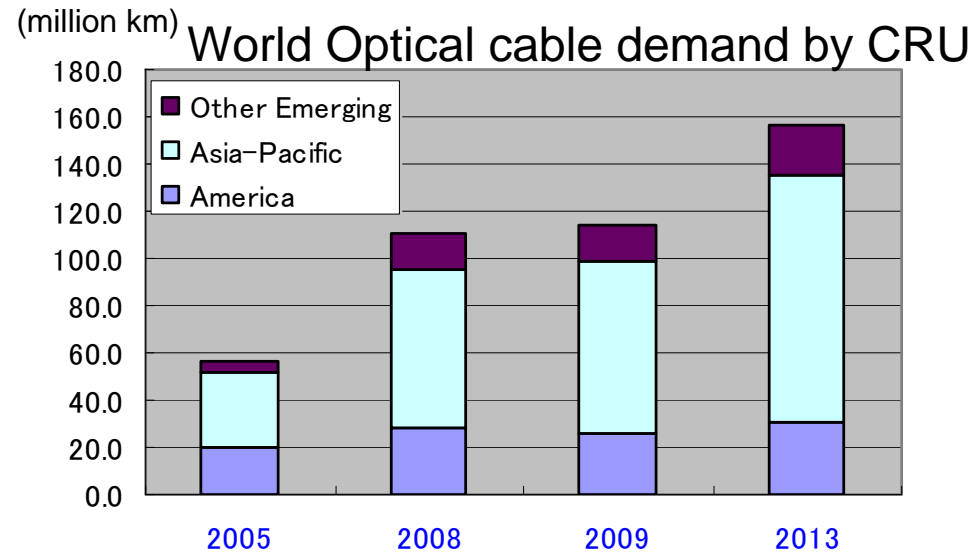
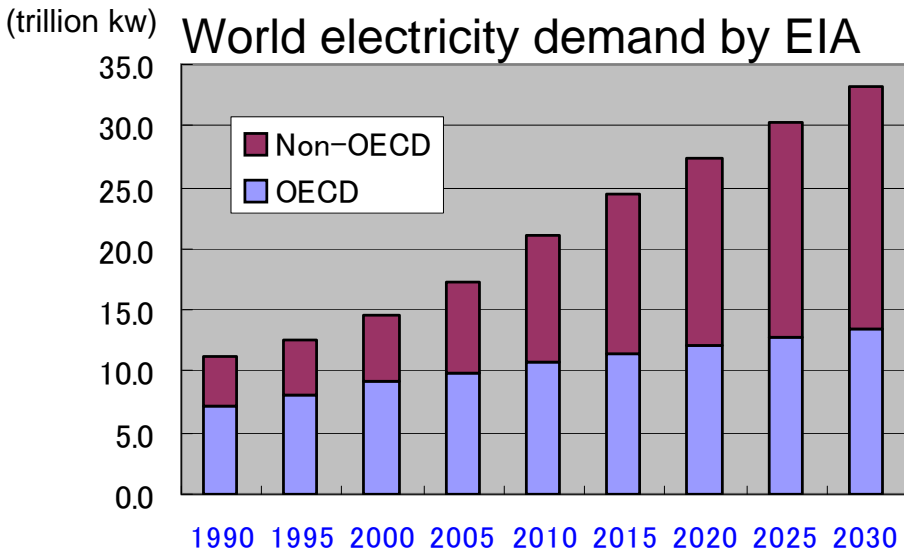


# Realignment and Expansion

- ▼ Efficiency Improvement (Tightening) of traditional business
- Global expansion of transmission infrastructure business
- Strengthening the position of niche business

	2008												2009												2010											
	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3
Telecom	● Optical Cable/OFS Europe Capacity Increased												▼ Optical Cable/Production Sites Unification in Japan												● Optical Fiber/JV Launch in India ● Cable/Capacity Increase in Indonesia											
Energy Industrial	● HV Cable parts/Furukawa Power Components Consolidation ● HV Cable/Capacity Increase at Shenyang Furukawa ● HV Cable parts/Inoue Works to be 100% subsidiary												▼ Foam ed plastic/Production unification of partial items ● HV Cable/Capacity Increase at Shenyang Furukawa ▼ Copper wire/Production unification in Japan												▼ LV Cable/Sales unification with Showa cable											
Metals	■ Copper foil/Capacity increase ■ Copper foil/Integration of an affiliate in Japan																																			
Electronics													■ Glass blanks/Production launch												▼ Magnet wire / Integration with affiliate											
Light Metals	■ Aluminum for radiator/Partnership with a Korean company ■ Aluminum for Solar generator panel holder /Capacity increase ■ Aluminum for printing board /Capital participation to an English company																																			
Headquarter													▼ Integration of affiliates in North America												▼ FIF (Nuclear Fuel Industries) shares partially sold to Westing House											

# Transmission Infrastructure Business in growth region



China (HV Power cable)..... robust by stimulus plan in China

Thailand (semiconductor laser) robust by NGN, China US project

India (Optical fiber)..... JV with Universal Cable since Sep.09

Indonesia (Optical cable)..... robust by surging domestic demand

Europe (Optical cable)..... robust by British and German project

# Niches for electronics turning for recovery

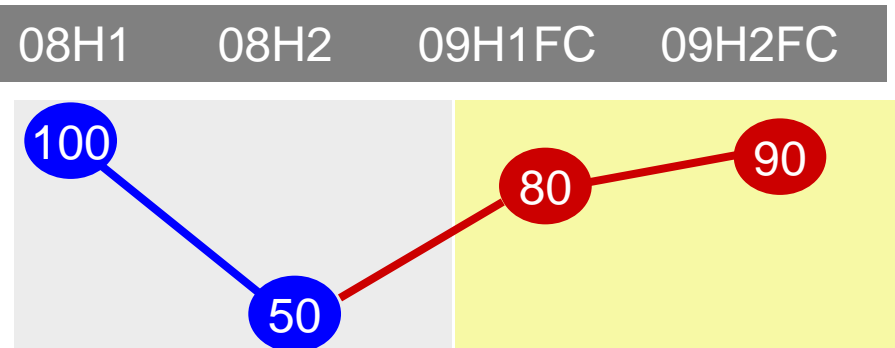
FURUKAWA ELECTRIC

Quantity basis

08H1=100

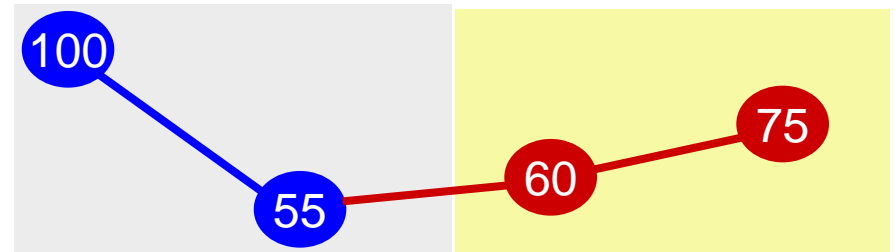
## Copper foil

*for Li battery, print circuit board*



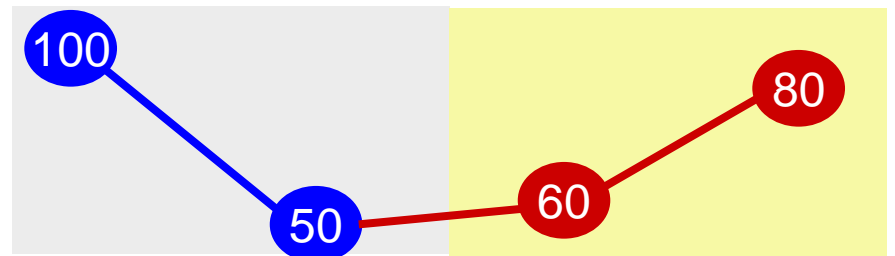
## Semiconductor Process Tape

*for wafer dicing process*



## Aluminum blank disk

*for hard disk drive*





Although the environment being tough,  
Furukawa estimates 5.0 JPY dividend  
per share (interim 2.5, end of term 2.5)  
based on the stable dividend policy.

# 3. Segment Data

# FY08⇒09 Forecast by Segment

FURUKAWA ELECTRIC

(JPY billion)

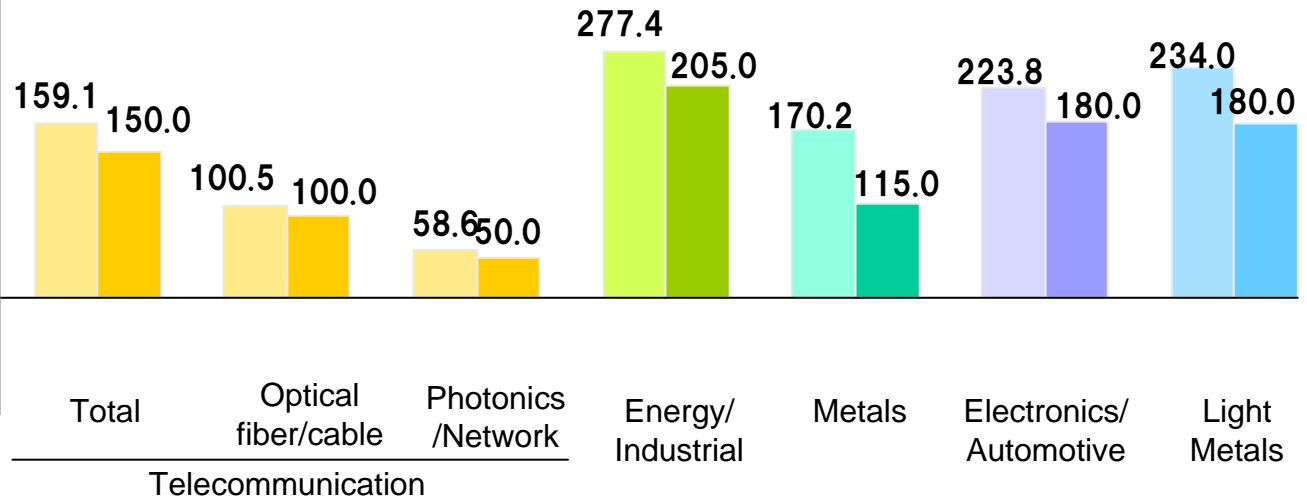
## Transmission Infrastructure

## Material Niche

■ (Left)FY08 ■ (Right)FY09fc

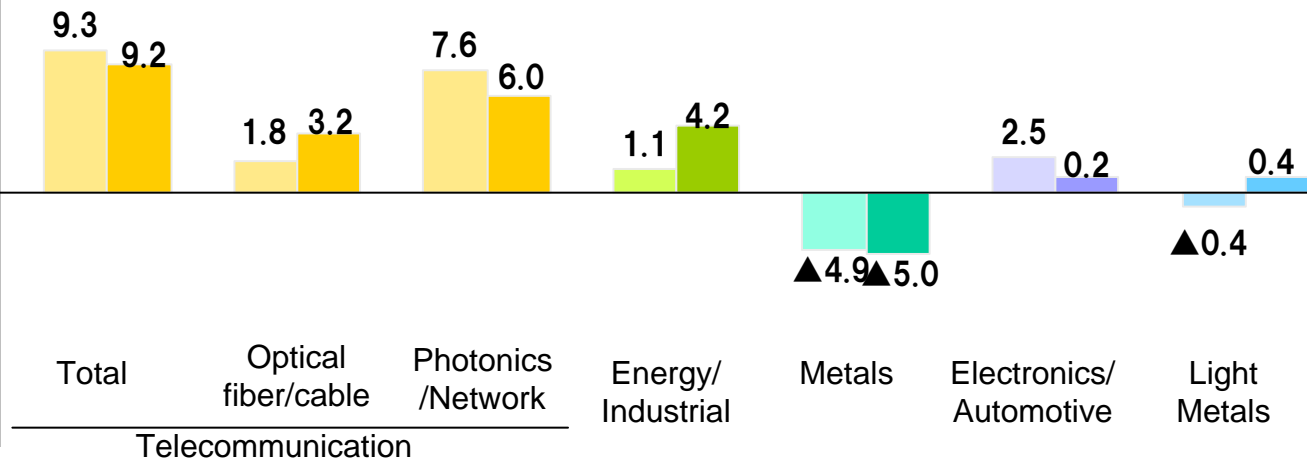
### Net sales

FY08: 1,032.8  
**FY09fc: 807.0**



### Operating Income

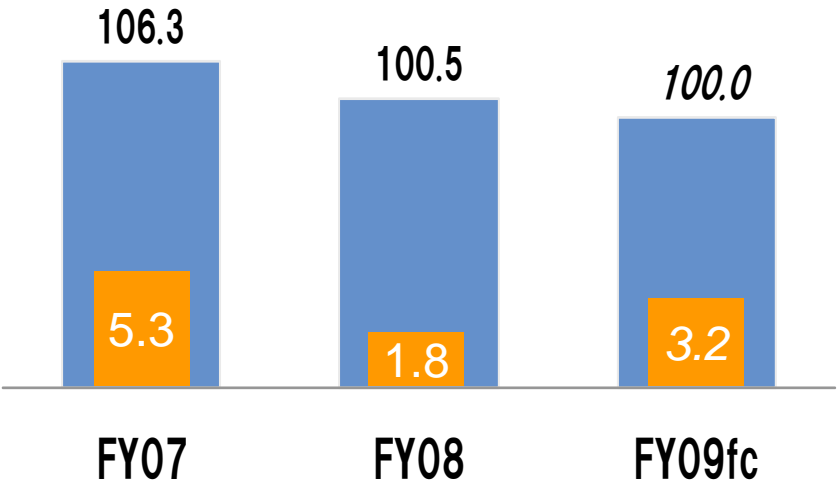
FY08: 9.8  
**FY09fc: 10.0**



# Telecommunications <Optical Fiber/Cable> **FURUKAWA ELECTRIC**

Net sales ■ Operating income ■

Factors for operating income

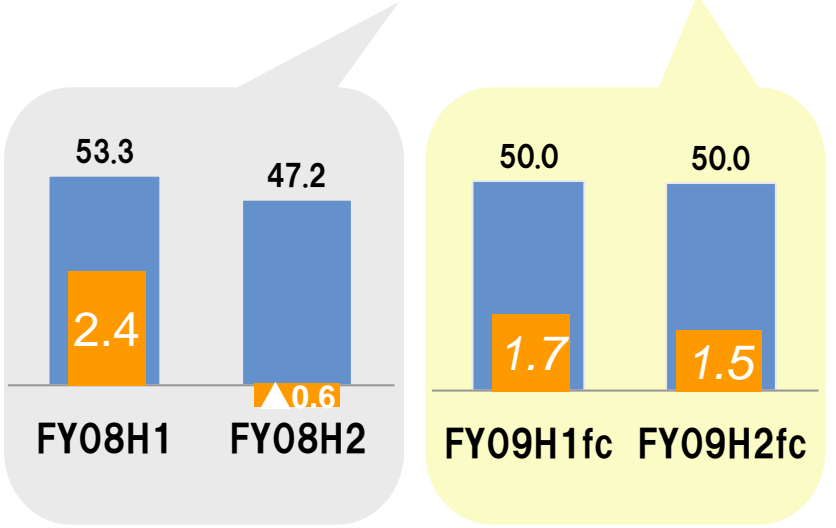


(JPY billion)

**FY07→FY08**

5.3→1.8  
▲ 3.5

- + Demand for LAN cables in Brazil was solid
- ▲ Demand for optical cables in Japan was weak
- ▲ Demand for optical cables of OFS in North America was sluggish
- ▲ FX loss by 1.0



**FY08→FY09fc**

1.8→3.2  
+ 1.4

- + Demand for Optical cables of OFS increases in Europe
- + Demand for Optical fibers in Asia is surging
- ▲ Weak demand for optical cables continues in Japan

# Telecommunications <Photonics/Network> **FURUKAWA ELECTRIC**

Net sales  Operating income 

Factors for operating income

(JPY billion)

FY07→FY08

5.7→7.6

+1.8

- + Up1.2 due to the sale of loss-making subsidiaries in US in FY07H1
- + Demand for optical amplifiers and lasers for NGN was solid in Japan
- + Demand for routers and CATV-related products was robust in Japan

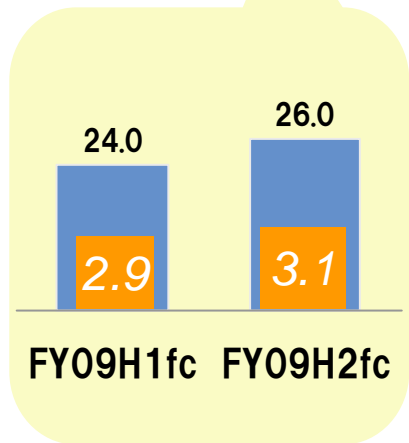
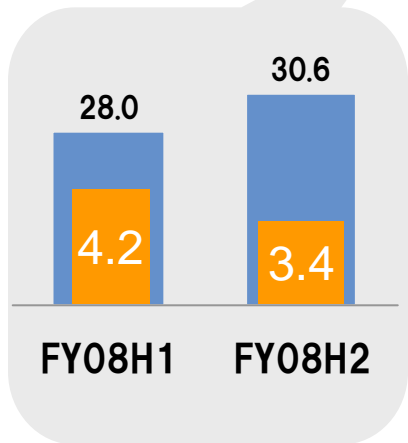
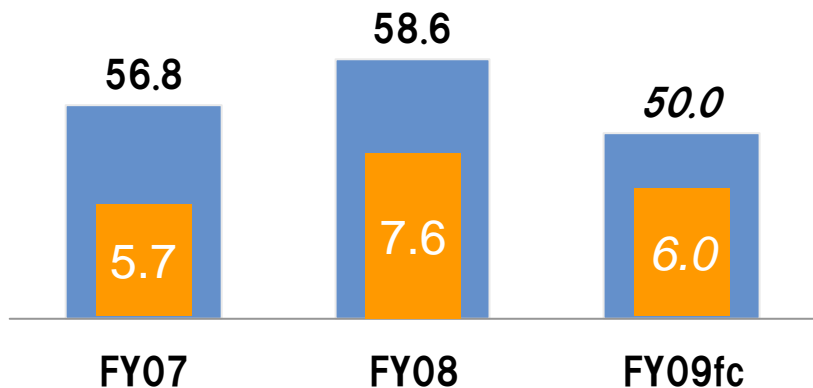
FY08→

FY09fc

7.6→6.0

▲1.6

- + Firm demand for optical amplifier for NGN continues
- + Demand for optical lasers is surging in China and US
- ▲ Conservative forecast for routers and CATV-related products in Japan

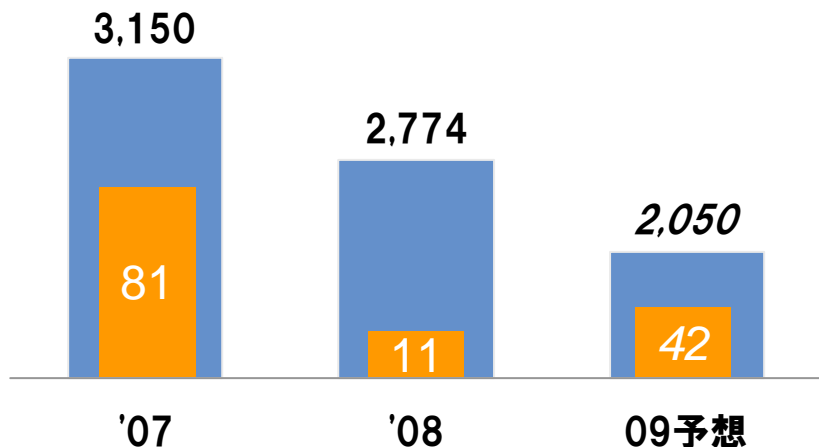


# Energy / Industrial products

<Copper wires, Power cables, plastic products>

Net sales ■ Operating income ■

Factors for operating income



FY07→FY08

8.1→1.1

▲7.1

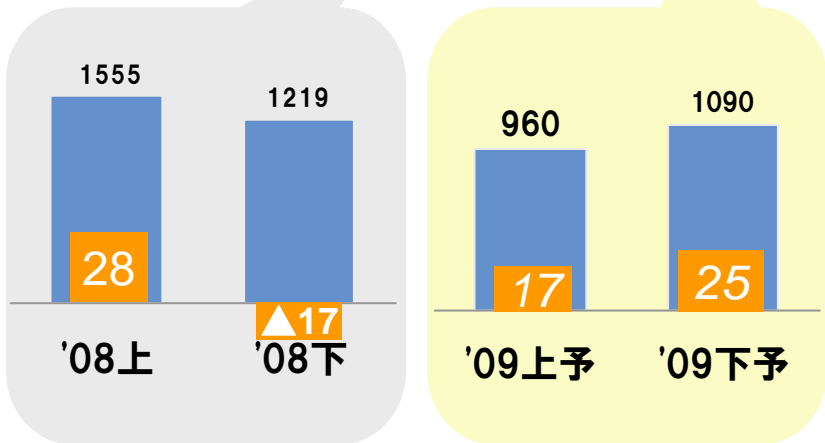
Energy

(JPY billion)

- + Demand for high-voltage cables was solid in China
- ▲ Weak demand for industrial cables in Japan
- ▲ Back spread from copper caused metal loss

Industrial products

- ▲ Demand for semiconductor tapes slowed down
- ▲ Demand for foamed products sluggish



FY08→

FY09fc

1.1→4.2

+3.1

Energy

- + Strong demand for HV cables continues in China
- + Demand for industrial cables recovers in Japan
- + Metal gain of copper wires recovers

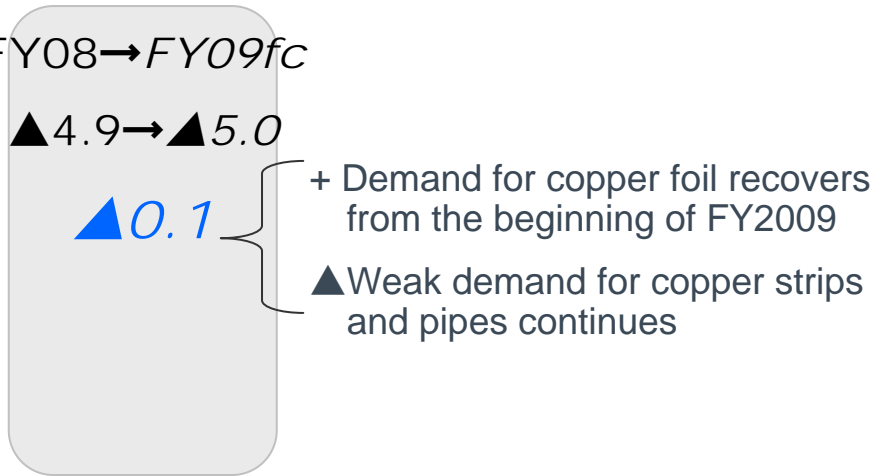
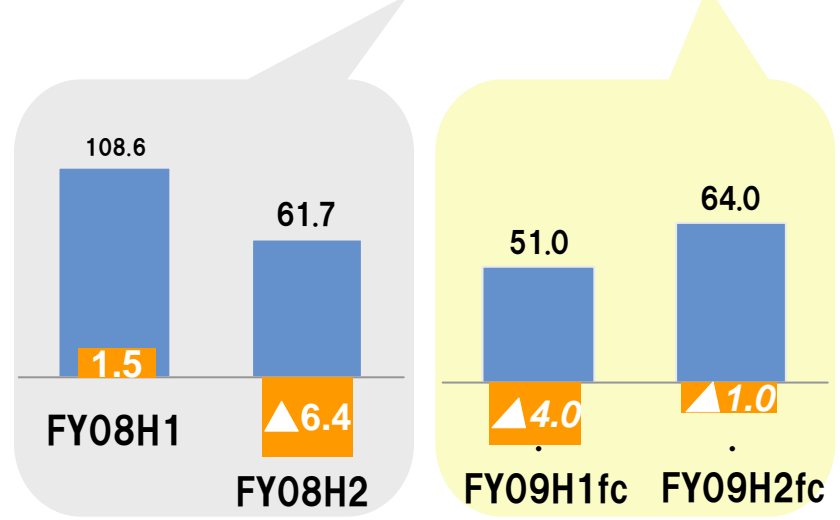
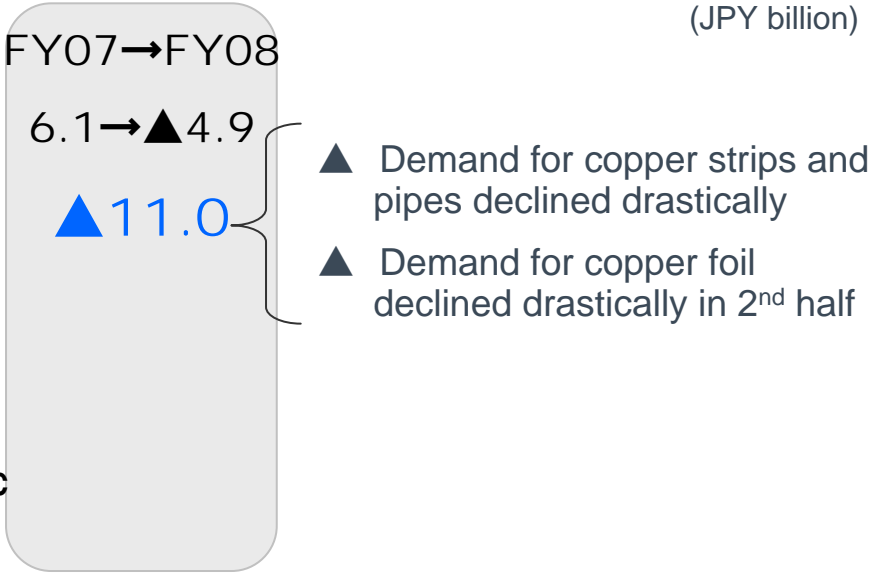
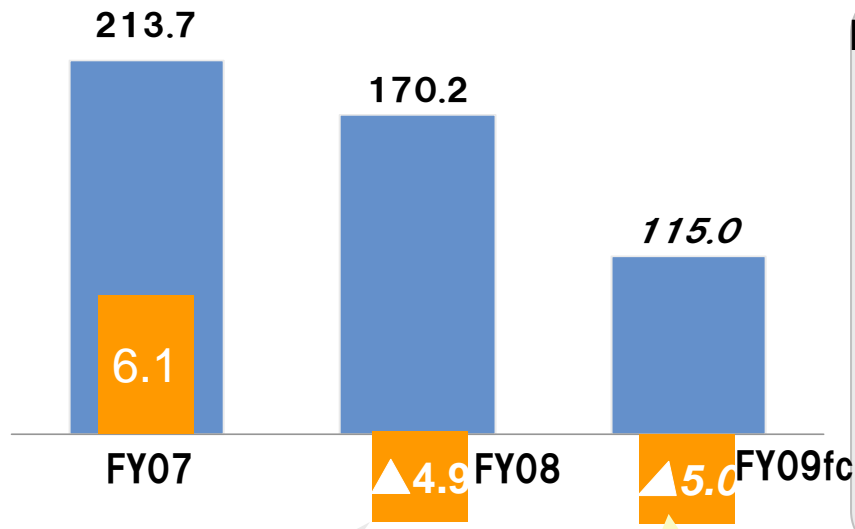
Industrial products

- + Demand for foamed products recovers in overseas market
- ▲ Weak demand for foamed products continues in Japan

# Metals<Copper strips, pipes, foils>

Net sales ■ Operating income ■

Factors for operating income

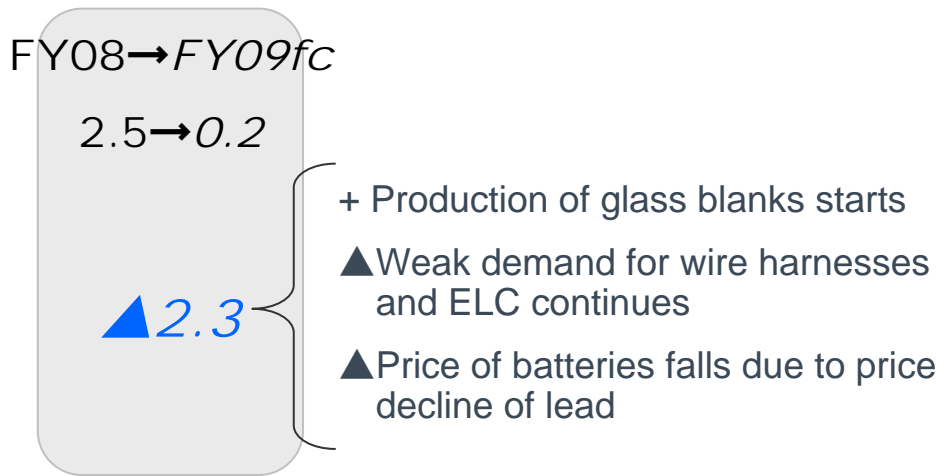
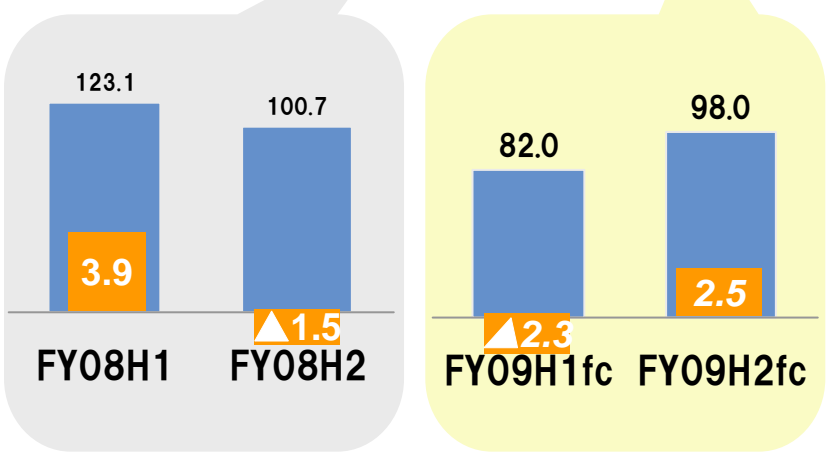
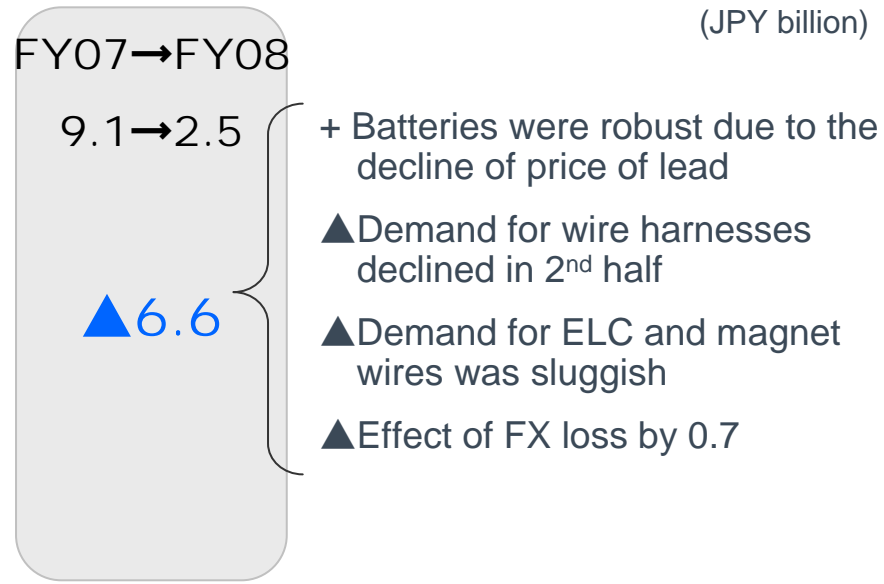
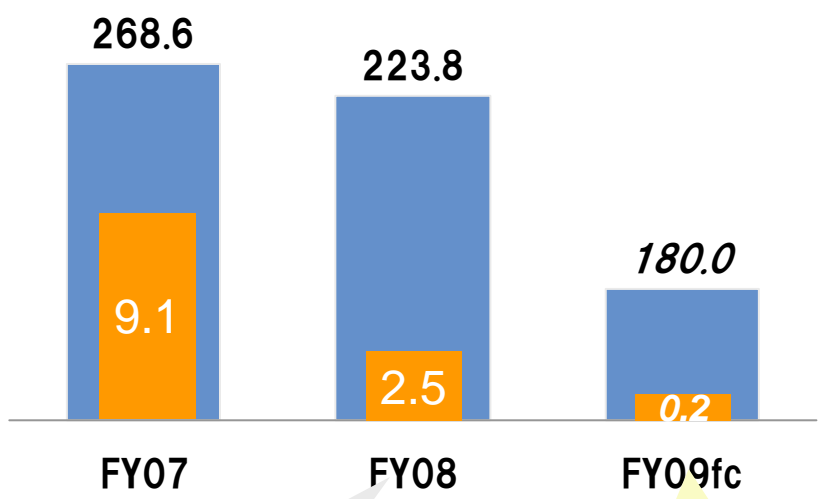


# Electronics/Automotive Systems

<Magnet wires, Electronics Components, Automotive parts>

Net sales ■ Operating income ■

Factors for operating income

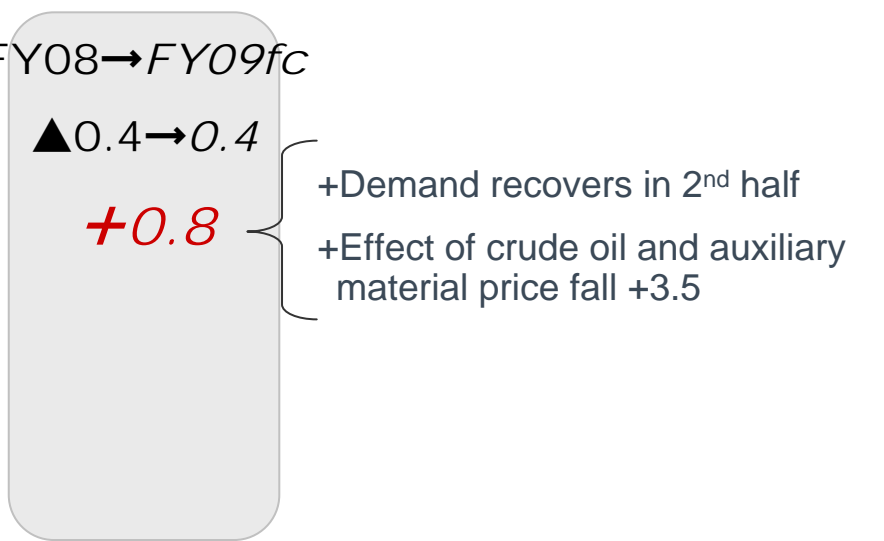
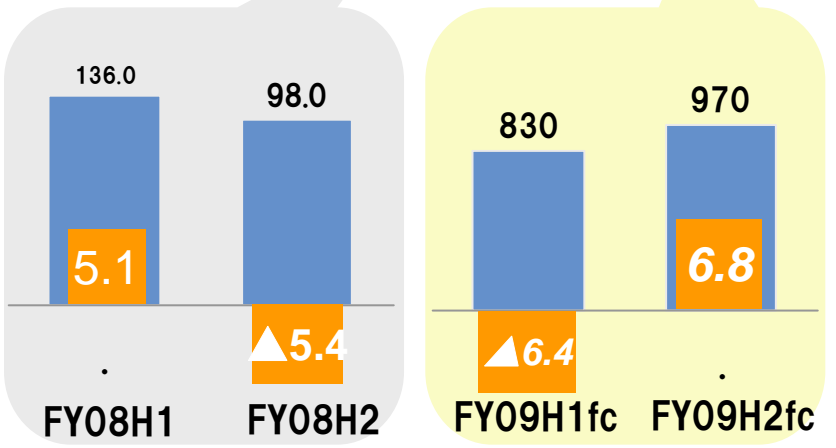
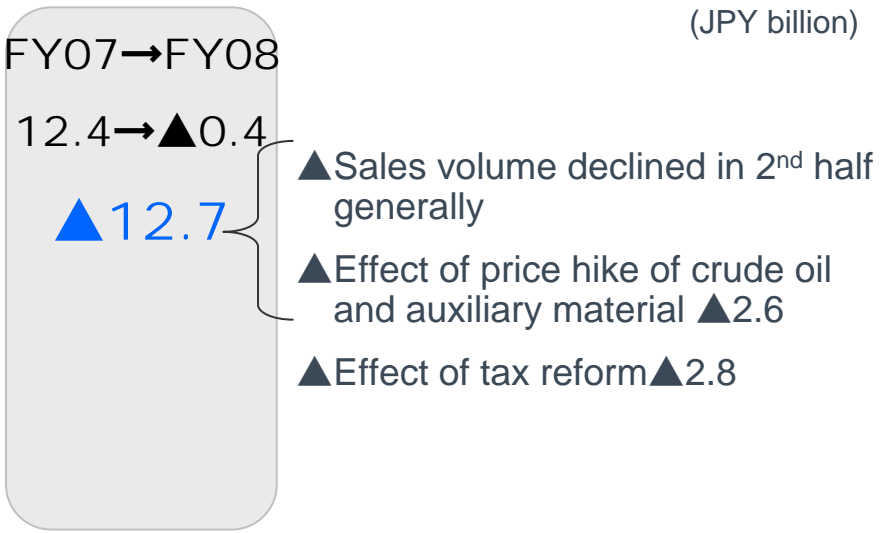
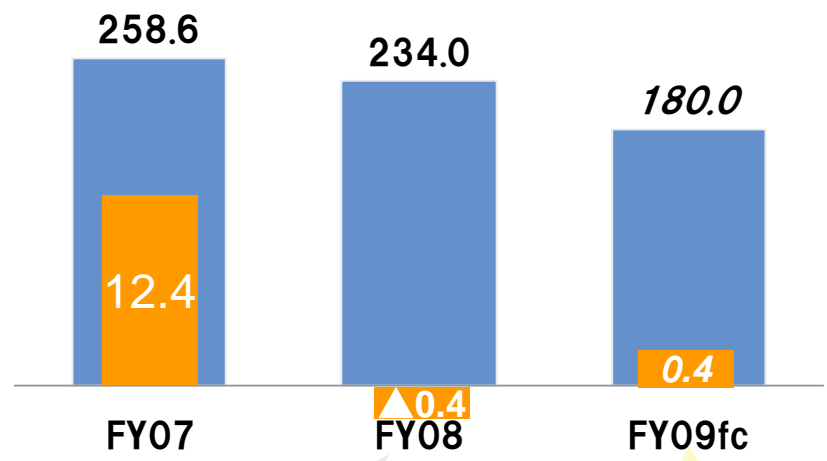




# Light Metals < Aluminum processing products > **FURUKAWA ELECTRIC**

Net sales ■ Operating income ■

Factors for operating income



## Three directions

- ◎ Global expansion of the transmission infrastructure business
- ◎ Strengthening our position in the material niche business
- ◎ Efficiency improvement (Tightening) in the traditional business

Aiming at PL growth,  
we shall reduce BS risk by  
restructuring our portfolio

## 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, the Furukawa Electric Group assumes no obligation to publicly announce any revisions to forward-looking statements in these materials.

## Copyrights

The Furukawa Electric Co., Ltd. retains copyrights and other rights involving these materials. Copying and otherwise reusing these materials in any way without prior consent is prohibited.