

Business Briefing Energy Infrastructure business

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November 18 / 25, 2020

FURUKAWA ELECTRIC CO., LTD.

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FURUKAWA ELECTRIC CO., LTD.

- 1. Mid-term Management Plan basic policy and strengths**
- 2. FY2020 results and full-year forecast**
- 3. Future strategy**

1. Mid-term Management Plan basic policy and strengths

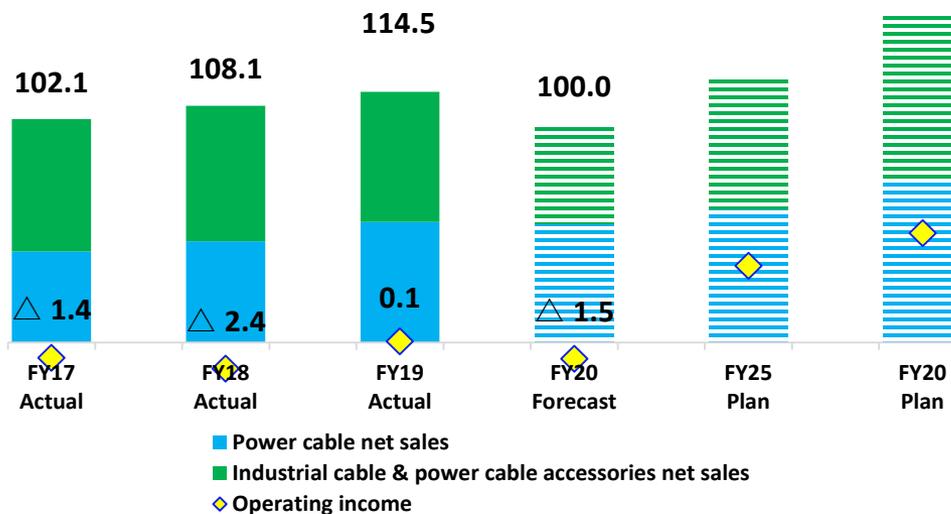
① Mid-term plan

<Transform energy infrastructure into a core business>

FY2019: Achieve profitability

From FY2020: Shift to the growth phase

Performance trends in the energy infrastructure business (Units: JPY billion)



FY2020: Affected by extraordinary factors

Impact on

Net sales: Δ JPY 12.0 billion

Operating income: Δ JPY 2.5 billion

COVID-19

- Lower construction demand and project delays in Japan
- At the subsidiary in China, customer projects were delayed, and sales have been pushed back to next year

Expenses for the evaluation of new materials

- As part of risk management, response to the risk of disruptions to the procurement supply chain

Excluding the extraordinary factors, the performance was generally as planned

1. Mid-term Management Plan basic policy and strengths

② Basic policy and strengths

1) Power cable

• Strengths

In the Japan submarine power cable segment, ample experience in design, installation and manufacture of submarine power cable

In the Japan ultra-high voltage underground cable segment, supply of high quality cable and components and installation capabilities

• Target markets

Japan ultra-high voltage underground power cable Share: 50%+
Renewable energy (submarine + underground cable) Share: 50%+
Overseas submarine power cable (Asia) Respond with high quality

Active orders and TOPIX inquiries in the renewable energy market

• Initiatives

Facilities investments (Cable manufacturing): As planned

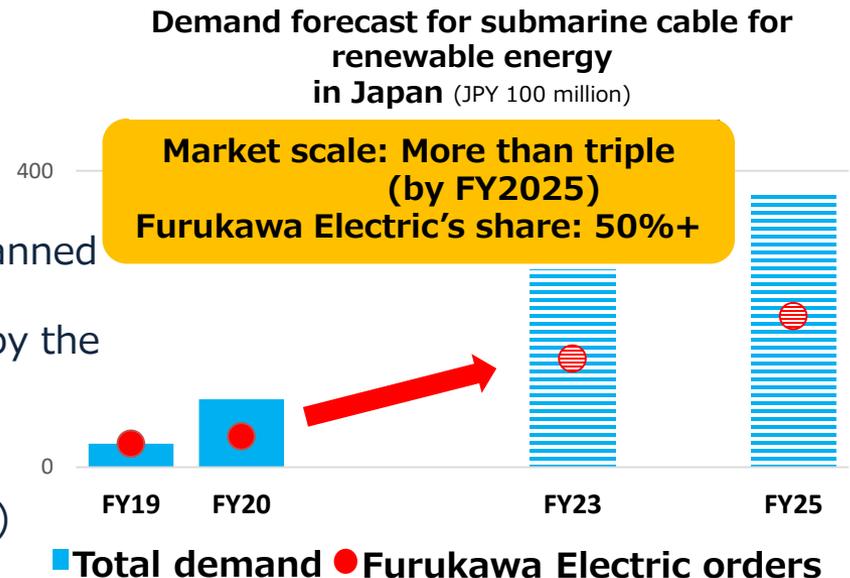
Increase installation capacity:

Although slightly behind schedule, will catch up by the end of FY2020

Technology development:

Generally progressing as planned

Some testing delays overseas (due to COVID-19)



1. Mid-term Management Plan basic policy and strengths

② Basic policy and strengths

2) Industrial cable & power cable accessories

•Strengths

High value-added cable that utilizes the company's polymer development technology (functional cable)

High value-added components based on the polymer and metal material technology (niche market)

•Target markets

Construction market (Expand sales of Rakuraku aluminum cable)

Railroad and civilian market (niche, high value-added)

Electric power transmission component market (low volumes of many products)

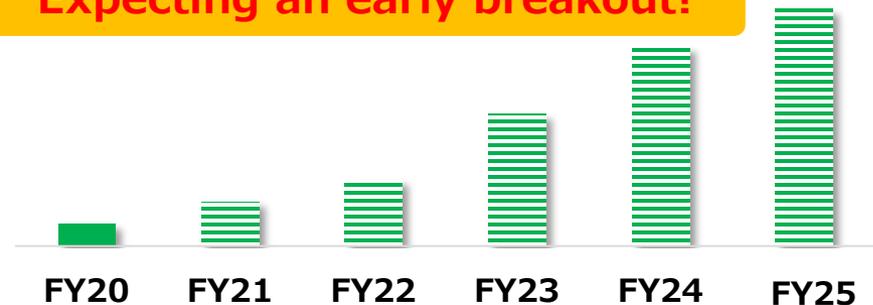
•Initiatives

Sales of functional cable (including Rakuraku aluminum cable) are increasing as planned (Increase installation capabilities, prevent theft, conducting other PR)

TOPIX Recognition of Rakuraku aluminum cable is steadily increasing

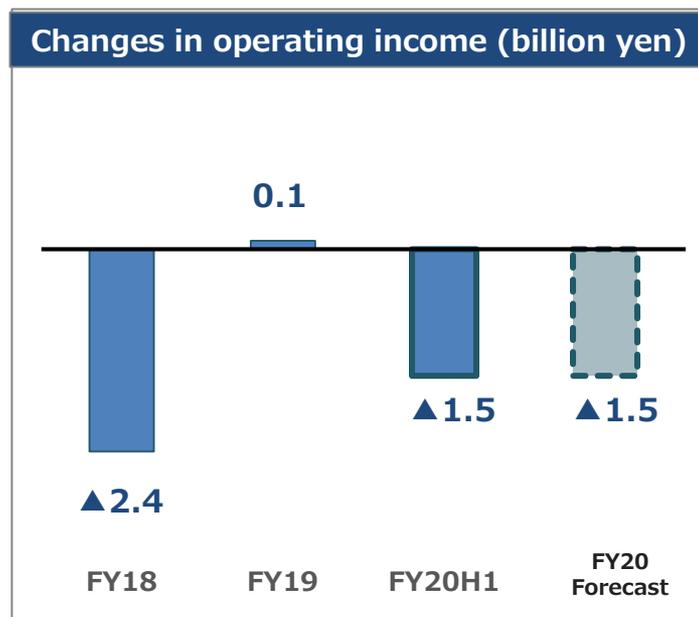
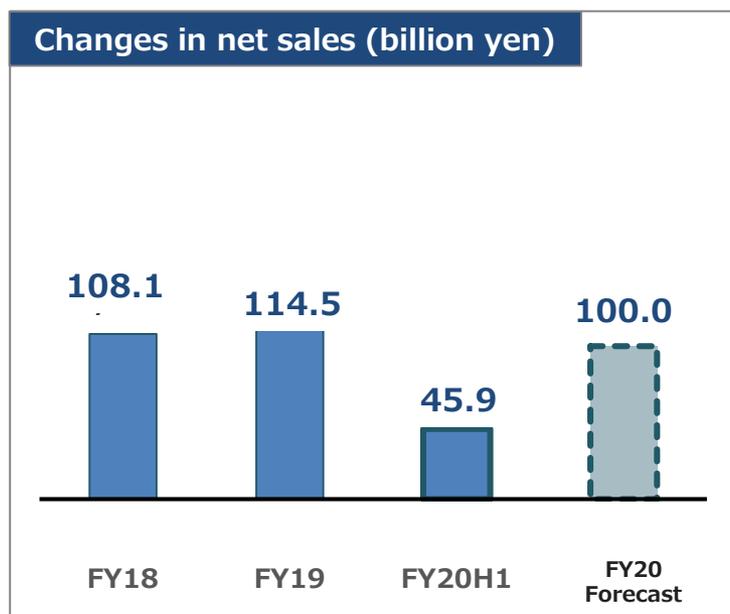
Rakuraku aluminum cable sales plan

Expecting an early breakout!



2. FY2020 results and full-year forecast

- **COVID-19 is expected to result in decreased profits due to lower revenue from general use power cable and components for the construction market in Japan and reduced operating levels at the power cable subsidiary and delays in customer projects in China**
- **Higher one-time evaluation expenses following the adoption of new materials will continue through the end of the current fiscal year**



3. Future strategy

① Further strengthen the existing strategy

- Capture the demand for reinforcing the electric power grid in the Japan ultra-high voltage underground power cable market
- Secure the demand in the rapidly growing renewable energy market
In the offshore wind power segment, which is expected to rapidly grow directed towards becoming carbon neutral in 2050, accelerate and strengthen business development through the use of advanced technology
- Accelerate and strengthen sales promotion through the development of accessory components for Rakuraku cable

② Centered on energy, develop the businesses aimed at achieving the SDGs



Contribute to the realization of a carbon-free society

“Protect the global environment”

Actively participate in reinforcing the infrastructure

“Realize safe, secure and convenient daily life”



Installation of submarine water pipes

Thank you very much
for your attention.

Bound to  ***Innovate***

Appendix Product overview

Energy Infrastructure						
	 		 		   	
Products	<ul style="list-style-type: none"> • Ultra high voltage (220kV and higher) and high voltage (66kV and higher) underground transmission cables, accessories and installation 	<ul style="list-style-type: none"> • Submarine transmission cables and installation 	<ul style="list-style-type: none"> • Low to medium voltage power cables 	<ul style="list-style-type: none"> • Electric power distribution accessories and overhead transmission line accessories 		
Applications	<ul style="list-style-type: none"> • Underground power lines between power plants - substations - large factories • New energy power station related (interconnections) 	<ul style="list-style-type: none"> • Submarine power cable from new energy power stations such as offshore wind power stations (new business domain) • Interconnections between regions and to islands 	<ul style="list-style-type: none"> • Indoor wiring in factories, buildings • Wiring of the distribution board/ control panel for factory facilities/equipment • Wiring of mobile equipment • Solar power systems • Wiring of ship's onboard electrical equipment 	<ul style="list-style-type: none"> • Electrical materials for distribution lines • Direct and branch cable connections • Insulation and protection for connectors • Electric power supply to railroad cars 		
Customers	<ul style="list-style-type: none"> • Electric power (distribution) companies, large factories, etc. • New energy source electric power companies (SPC) 	<ul style="list-style-type: none"> • New energy source electric power companies (SPC) • Electric power (distribution) companies 	<ul style="list-style-type: none"> • Construction contractors • Electronic appliance manufacturers • Railroad companies • Shipbuilding companies 	<ul style="list-style-type: none"> • Electric power companies • Construction contractors • Railroad companies 		