



June 18, 2019

Name of Company: Furukawa Electric Co., Ltd.  
Name of Representative: Keiichi Kobayashi, President  
(Code: 5801 First Section of the Tokyo Stock Exchange)  
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**Notice Regarding the Integration of Sales Functions and Business Alliance with SWCC Showa Holdings Co., Ltd. in the General-purpose Power Cable Business for Construction and Wholesalers**

The company has concluded with SWCC Showa Holdings Co., Ltd. a letter of intent as stated in the attached document regarding the business alliance, integration of the sales functions and establishment of a new jointly funded sales company in the general-purpose power cable business for construction and wholesalers.

The company has no capital or personal ties with SWCC Showa Holdings Co., Ltd. that require notification, but the company and its subsidiaries do conduct business transactions with SWCC Showa Holdings Co., Ltd. and its subsidiaries in relation to copper wire and cable products.

This business alliance and integration of the sales functions is expected to have minimal impact on the business results during the current fiscal year.

Attachment: Details of the business alliance and integration of the sales functions in general-purpose power cable for construction and wholesalers

End of document

## Attachment

June 18, 2019

SWCC Showa Holdings Co., Ltd.  
(Code: 5805)  
Furukawa Electric Co., Ltd.  
(Code: 5801)

Details of the business alliance and integration of the sales functions in general-purpose power cable for construction and wholesalers

SWCC Showa Holdings Co., Ltd. (Representative Director and President: Takayo Hasegawa, hereinafter “SWCC”) and Furukawa Electric Co., Ltd. (Representative Director and President: Keiichi Kobayashi, hereinafter “Furukawa Electric”) have concluded a letter of intent dated June 18, 2019 regarding a business alliance, integration of the sales functions and establishment of a jointly funded new sales company (hereinafter “Sales Company”) in the general-purpose power cable business for construction and wholesalers.

Going forward, SWCC and Furukawa Electric will negotiate and conclude the final agreement, and following examination by the Japan Fair Trade Commission, they will aim to start sales operations at the new Sales Company from April 1, 2020.

### 1. Background and objective of the integration

In the construction and wholesaler segment in Japan, although the currently postponed investments will continue even after the Tokyo Olympic and Paralympic Games, over the medium to long-term, demand is expected to decline overall due to structurally lower demand in areas outside the Tokyo metropolitan area and lower new residential housing starts following the decline in population. In addition, the business is facing pressing issues such as higher logistics costs and increasing productivity triggered by a shortage in labor.

SWCC and Furukawa Electric have diligently worked to reform and improve the businesses in their respective groups, but they have reached a shared awareness that improving earnings will be extremely difficult to achieve alone. Based on this awareness, SWCC and Furukawa Electric reached a basic agreement to form a business alliance and integrate their sales divisions in the general-purpose power cable business for construction and wholesalers. Through this, the companies will work to streamline the sales operations at the new jointly funded Sales Company, as well as centrally manage the inventory, strive to enhance deliveries and product lineups and provide an even higher level of customer service.

### 2. Overview of the business alliance and integration of the sales function

Establishment of a new Sales Company: It is planned to integrate the sales functions for general-purpose power cable for construction and wholesalers that are performed by SWCC’s wholly-owned subsidiaries SWCC Cable Systems Co., Ltd. (Representative Director and President: Yukio Kawase, hereinafter “SWCC CS”) and SDS, Inc (Representative Director and President: Satoshi Fujiki, hereinafter “SDS”) and Furukawa Electric’s wholly-owned subsidiary Furukawa Elecom Co., Ltd. (Representative Director and President: Hikaru Fukuchi,

hereinafter “Furukawa Elecom”), and establish a new Sales Company.

Integration of the product brands: It is planned to integrate the main general-purpose power cable brands (IV, CV (6.6kV and less), CVV, VVF, VVR and Eco-friendly cable of these) under the brand name “SWCC Furukawa (tentative)”.

Streamlining manufacturing and logistics: Concerning the main brands integrated into the above new brand, consideration will be given to streamlining operations, including the integration and closure of manufacturing and logistics locations within the SWCC and Furukawa Electric groups.

In addition, the manufacturing companies and logistics companies will continue to conduct business under the existing capital relationships. Also, SWCC CS, SDS and Furukawa Elecom will continue to conduct sales operations with a focus on the products other than general-purpose power cable for construction and wholesalers.

### 3. Overview of the new Sales Company

Name:	(Tentative) SFCC Co., Ltd.
Abbreviated name:	(Tentative) SFCC (( <u>S</u> howa <u>F</u> urukawa <u>C</u> able <u>C</u> o., Ltd.)
Brand name:	(Tentative) SWCC FURUKAWA
Capital stock:	Undecided
Investment ratio:	SWCC: 60%, Furukawa Electric: 40%
Head office:	Kawasaki City, Kanagawa Prefecture
Start of sales operations:	(Target) April 1, 2020

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