



October 15, 2019

Name of Company: Furukawa Electric Co., Ltd.
Name of Representative: Keiichi Kobayashi, President
(Code: 5801 First Section of the Tokyo Stock Exchange)
Contact: Mami Masuda, General Manager, Investor & Public Relations Dept.
(TEL. 03-3286-3050)

Notice Regarding the Conclusion of a Joint Venture Agreement with SWCC Showa Holdings Co., Ltd. in the General-purpose Power Cable Business for Construction and Wholesalers

The company has, as stated in the attached document, adequately completed the examination by the Japan Fair Trade Commission in relation to the establishment of the jointly funded sales company SFCC Co., Ltd., and the integration of the sales divisions, announced in the “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” on June 18, 2019 and concluded a joint venture agreement with SWCC Showa Holdings Co., Ltd. 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 function is expected to have minimal impact on the business results during the current fiscal year.

Attachment: Notice Regarding the Conclusion of a Joint Venture Agreement in the General-purpose Power Cable Business for Construction and Wholesalers

End of Document

Attachment

October 15, 2019

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

Notice Regarding the Conclusion of a Joint Venture Agreement in the General-purpose Power Cable Business for Construction and Wholesalers

Regarding the establishment of the jointly funded sales company SFCC Co., Ltd. (hereinafter “SFCC”) and integration of the sales divisions announced in the “Notice Regarding the Integration of Sales Functions and Business Alliance in the General-purpose Power Cable Business for Construction and Wholesalers” on June 18, 2019, 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 adequately completed the examination by the Japan Fair Trade Commission and concluded a joint venture agreement.

1. Background and objective of the establishment of SFCC

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 further improving earnings will be extremely difficult to achieve alone. Based on this awareness, SWCC and Furukawa Electric reached an agreement to form a business alliance in the general-purpose power cable business for construction and wholesalers that involves the integration of their sales divisions and establishment of the jointly funded sales company SFCC. SFCC will work to streamline sales operations, 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

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”) will be integrated into SFCC.

Integrated brand products: The main general-purpose power cable brands (IV, CV (6.6kV and less), CVV, VVF, VVR and Eco-friendly cable types of these) of both companies will be integrated under the brand name “SWCC FURUKAWA”.

3. Details of the manufacturing and logistics locations of the integrated brand SWCC Furukawa

The products under the integrated brand to be sold by SFCC are planned to be supplied from the Mie Office, Koga Plant (Ibaraki Prefecture) and Aichi Plant of SWCC CS in the SWCC Group and from the Hiratsuka Plant (Kanagawa Prefecture) and Tochigi Plant of Furukawa Electric Industrial Cable Co., Ltd. (Representative Director and President: Koichiro Matsumoto) in the Furukawa Electric Group.

It is planned for the SWCC Group’s logistics subsidiary Logis-Works CO.,LTD. (Representative Director and President: Kazuhiko Aida, hereinafter “Logis”) and the Furukawa Electric Group’s logistics subsidiary Furukawa Logistics Corp. (Representative Director and President: Yasuo Yoshida, hereinafter “Furukawa Logistics”) to consolidate the logistics processing and delivery operations for the integrated brand products into Logis.

The manufacturing companies and logistics companies will continue to conduct business under their existing capital relationships.

4. Overview of SFCC

(1) Name	SFCC Co., Ltd
(2) Abbreviated name	SFCC (Showa Furukawa Cable Co., Ltd.)
(3) Brand name	SWCC FURUKAWA
(4) Head Office	1-14, Nisshincho, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture
(5) Name and title of the representative	(Tentative) Representative Director and President: Mitsuaki Kurosu
(6) Business description	Sales of power cable and cable for construction and wholesalers, as well as their accessories and related materials
(7) Capital stock	(Tentative) 490 million yen
(8) Start of sales operations	(Tentative) April 1, 2020
(9) Fiscal term closing	March
(10) Investment ratio	SWCC: 60% Furukawa Electric: 40%
(11) Branch offices	Head office (Kawasaki), Kansai Branch, Chubu Branch, Tohoku Branch, Kyushu Branch

5. Business outlook for SFCC

SFCC will conduct sales activities with the aim of achieving net sales of 50 billion yen during the fiscal year ending March 31, 2021.

Contacts for inquiries regarding this notice

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