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Announcement on Variance between 2Q Earnings Forecast and Results and Adjustment to Full-year Earnings Forecast for Fiscal Year Ending March 31, 2017

Furukawa Electric Co., Ltd. would like to inform you of a variance between the consolidated earnings forecast for the first six months of the fiscal year ending in March 31, 2017, which was released on May 11, 2016, and the actual results being released today. We would also like to inform you of the following adjustment to the earnings forecast for the full fiscal year ending March 31, 2017.

1. Variance between consolidated earnings forecast and results for the first six months of fiscal year ending March 31, 2017 (April 1-September 30, 2016)

	Net sales	Operating income	Recurring profit	Net income attributable to parent company shareholders	Net income per share
	million yen	million yen	million yen	million yen	yen
Previous forecast (A) (announced on May 11, 2016)	410,000	9,500	6,500	5,000	70.82
Actual results (B)	397,569	13,275	10,175	6,671	94.55
Variance (B-A)	(12,431)	3,775	3,675	1,671	-
Variance rate (%)	(3.0)	39.7	56.5	33.4	-
Reference: Actual results for the previous fiscal year (first six months of fiscal year ended March 31, 2016)	428,150	9,139	7,948	1,964	27.82

*The Company executed a one-for-ten reverse stock split of its common shares effective October 1, 2016. Net income per share for the previous term and for the term under review takes into account the impact of this reverse stock split.

2. Adjustment to consolidated full-year earnings forecast for fiscal year ending March 31, 2017 (April 1, 2016-March 31, 2017)

	Net sales	Operating income	Recurring profit	Net income attributable to parent company shareholders	Net income per share
	million yen	million yen	million yen	million yen	yen
Previous forecast (A) (announced on May 11, 2016)	860,000	27,500	25,500	12,500	177.04
Adjusted forecast (B)	820,000	29,000	25,500	12,500	177.04
Variance (B-A)	(40,000)	1,500	0	0	-
Variance rate (%)	(4.7)	5.5	0.0	0.0	-
Reference: Actual results for the previous fiscal year (full fiscal year ended March 31, 2016)	874,879	27,116	18,710	10,007	141.74

*The Company executed a one-for-ten reverse stock split of its common shares effective October 1, 2016. Net income per share for the previous term and for the term under review takes into account the impact of this reverse stock split.

3. Reasons for variance and adjustment

In the first half of the fiscal year ending March 31, 2017, consolidated net sales fell below the previous estimate due mainly to the impact of the fall in copper and metal prices on the market and the strong yen. However, the optical fiber cable business was favorable and the negative impact in the automotive products business caused by the earthquake disaster was lower than initially projected. As a result, operating income, ordinary income and profit attributable to owners of parent exceeded the previous estimates.

Looking at the full-year earnings forecast, the Company expects net sales to decline in consideration of the copper and metal prices on the market and the latest conditions of the foreign exchange market. Meanwhile, in terms of income, operating income is expected to increase as the optical fiber cable business continues to be favorable although the yen's appreciation may give a negative effect.

Given these factors, the Company has revised the estimates for net sales and operating income announced on May 11, 2016.

Note

The above forecasts are based on available information as of the date of release of these materials, and on assumptions as of that date about uncertain factors that may impact future results.

Actual results may differ significantly from the forecasts due to various future factors.