

FY2020 Financial Results

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Furukawa Electric Co., Ltd.

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 expenditures.
- Changes in exchange rates of the U.S. dollar, euro, and Asian currencies.
- 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 in 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 Looking Statements in these materials. In addition, following the release of these materials, Furukawa Electric Group assumes no obligation to announce any revisions to forward-looking statement in these materials.

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FURUKAWA ELECTRIC CO., LTD.

Compared with last year

- The economic standstill caused by COVID-19 affected the entire business, resulting in lower profit on decreased revenue.
- From Q3, operating income turned positive, and on a quarterly basis in Q4, profits were higher in the Infrastructure, Electronics & Automotive Systems and Functional Products segments compared to last year.
- Although lower profit/loss in equity method affiliates and the extraordinary loss (provision for product defect compensation and loss on the transfer of a business) were recorded, as a result of the extraordinary gain* (gain on the disposal of non-current assets), net income attributable to owners of the parent company was JPY 10.0 billion.

Compared with the previous forecast

- As a result of upturns in operating income, profit/loss in equity method affiliates and extraordinary gain, net income attributable to owners of the parent company increased by JPY 7.0 billion.

(JPY billion)

	FY2019	*FY2020 Previous forecasts	FY2020	YoY change	Change from previous forecasts
	a	b	c	c-a	c-b
Net Sales	914.4	810.0	811.6	▲ 102.8	+1.6
Operating income	23.6	6.0	8.4	▲ 15.1	+2.4
Ordinary income	22.8	0.5	5.2	▲ 17.6	+4.7
Net income attributable to owners of the parent	17.6	3.0	10.0	▲ 7.6	+7.0

*Continued to reduce strategic shareholdings. In FY2020, reduced shareholdings in 4 companies including 1 company completely eliminated shareholdings.
(During the term of the 2020 Medium-term Management Plan, completely eliminated shareholdings in 17 companies)

*Announced on February 4, 2021

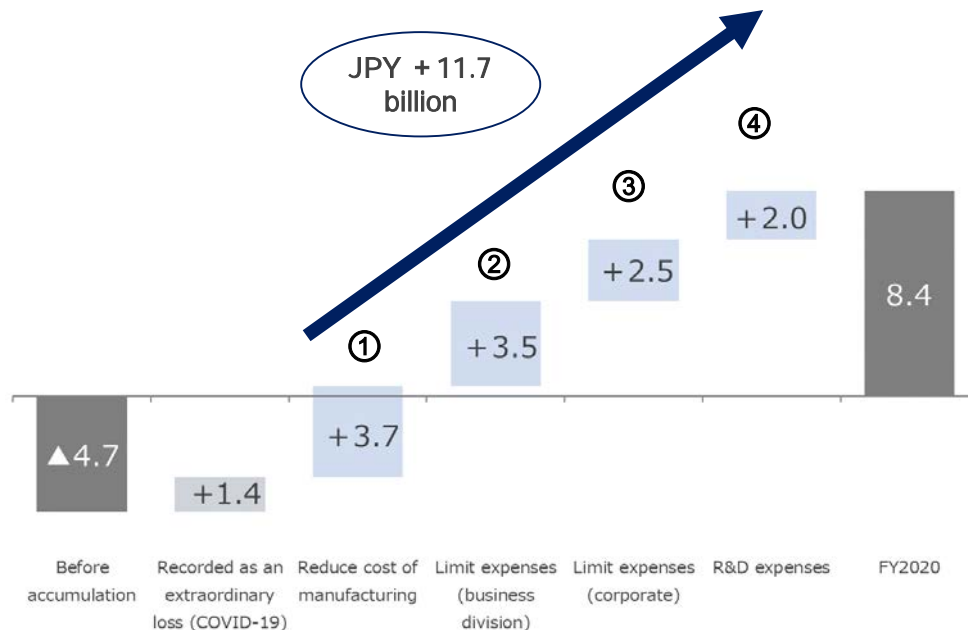
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Effect of the Emergency Management Responses Implemented in FY2020

■ The Emergency Response Team has implemented various responses based on the forecast for deteriorating profits caused by COVID-19, and effects exceeding the original plan* (JPY 9.0 billion) have been realized.

*Announced on August 6, 2020

Annual effect amount

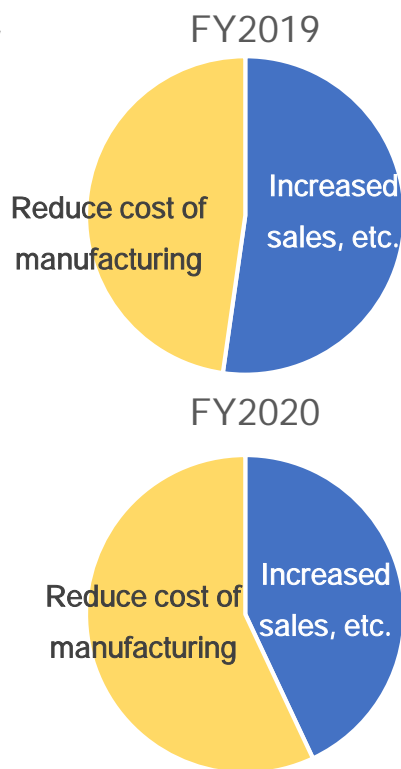


	FY2020 results of effect amount (JPY billion)	Main measures
① Reduce cost of manufacturing	+ 3.7	<ul style="list-style-type: none"> Reduce depreciation expenses by revising the capital investment Reduce costs related to manufacturing
② Limit expenses (business division)	+ 3.5	<ul style="list-style-type: none"> Limit operating expenses (business trip expenses, entertainment expenses, etc.) Cancel or postpone internal events
③ Limit expenses (corporate)	+ 2.5	<ul style="list-style-type: none"> Limit operating expenses (business trip expenses, entertainment expenses, etc.)
④ R&D expenses	+2.0	<ul style="list-style-type: none"> Increase efficiency through the use of simulation analysis and online business meetings
Total	+11.7	

- Although the desired effects have not been realized due to COVID-19, the knowledge and insights gained from the results achieved over the past 2 years will be utilized for the continued transformation of the group in the future

Monetary effect

Operating income basis compared to last year
(JPY billion)



Strengthen the organizational capability to fully execute



Strengthen the business and monozukuri

Manufacturing-sales collaborative activities

Production capability enhancement

- Power cable
- Optical fiber

Reduce the cost of manufacturing

- Japan (Improve productivity and manufacturing methods)
- Overseas (Level-up through kaizen activities)

Sales activities
Share the best practices

Promote the groupwide global purchasing activity

FY2021 Full-year Forecast

- In FY2021, will achieve higher profit on increased revenue. Operating income is forecast to be on the same level as prior to COVID-19 crisis.

(JPY billion)

	FY2019	FY2020	FY2021 Forecasts	YoY change
	a	b	c	c-b
Net Sales	914.4	811.6	880.0	+68.4
Operating income	23.6	8.4	26.0	+17.6
Ordinary income	22.8	5.2	24.0	+18.8
Net income attributable to owners of the parent	17.6	10.0	12.0	+2.0
Average copper price (JPY/kg)	682	770	1,000	-
Average exchange rate (JPY/USD)	109	106	105	-

- Net sales

Higher revenue in the Infrastructure, Electronics & Automotive Systems and Functional Products segments.

Impact of higher copper prices	Increase	JPY 53.8 billion
Impact of the new accounting standards*	Decrease	JPY 50.2 billion

*The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) has been adopted from the fiscal year ending March 31, 2022.

- Operating income

Although depreciation and other fixed costs will increase, after incorporating the cost of manufacturing reductions, profit will increase in the Infrastructure, Electronics & Automotive Systems and Functional Products segments.

- Net income attributable to owners of the parent company

While operating income and profit/loss in equity method affiliates is expected to increase, due mainly to lower extraordinary gain, net income attributable to owners of the parent company is forecast to be JPY 12.0 billion.

CAPEX, Depreciation & Amortization and R&D Expenses

Expand business profits and strengthen the response for creating businesses that solve the social issues based on an awareness of SDGs

- CAPEX: Secure profits through new orders and strengthen the foundation for stable manufacturing
- R&D expenses: Focus on new products, technologies and manufacturing methods that will lead to higher profits in the medium to long-term

(JPY billion)

	FY2019	FY2020	FY2021 Forecasts	YoY change
	a	b	c	c-b
CAPEX	53.1	40.0	45.0	+5.0
Depreciation and amortization	29.4	32.2	37.0	+4.8
R&D expenses	21.7	20.2	22.0	+1.8

< Main areas in FY2021 >

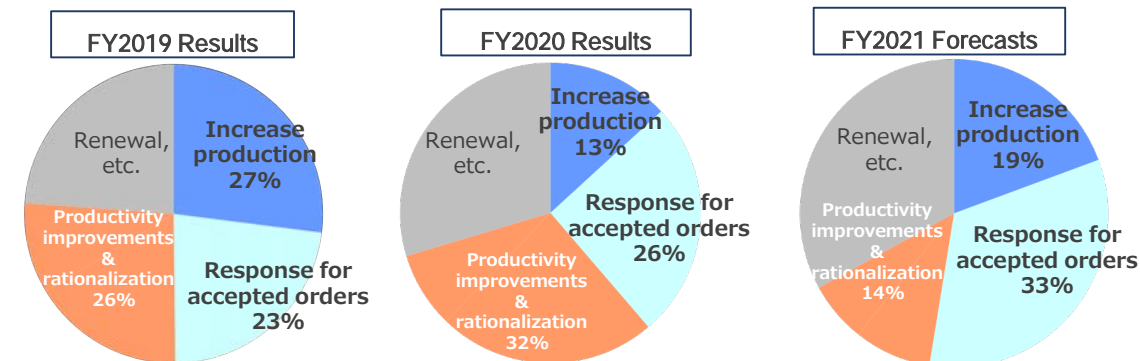
CAPEX

- Response for accepted orders (mainly Automotive Products and Infrastructure businesses)
- Reduce business risk by strengthening the foundation for stable manufacturing
- Responses aimed at solving social issues (infrastructure for supporting high speed, large volume communications and renewable energy business)

R&D expenses

- Increase the profits in existing businesses (response to 5G/CASE, renewable energy)
- Create new businesses (next generation infrastructure, medical domain)

Breakdown of the main CAPEX



- In FY2020, although profit fell and the indicator for capital efficiency declined, fiscal strength has steadily improved.

(In March 2021, the credit rating* was raised from B to A)

Free cash flow was an outflow of JPY 2.4 billion, but cumulatively from FY2018 through FY2020, free cash flow of JPY 21.9 billion was created against the plan of JPY 10.0 – 15.0 billion.

*Rating issued by Rating and Investment Information, Inc. (R&I)

- In FY2021, efforts will be made to further improve fiscal strength.

Also, while investing for business profit growth, appropriate working capital management and management with a focus on capital efficiency will be promoted.

Free cash flow is expected to be positive.

	FY2019 Results	FY2020 Results	YoY change	FY2021 Forecasts	YoY change
	a	b	b-a	c	c-b
Equity capital ratio	30.2%	31.2%	+1.0	33%	+1.8
NET D/E ratio	0.8	0.8	▲0.0	0.8	▲0.0
Return on operating assets (Operating income / Operating assets*)	6.1%	2.2%	▲3.9	7%	+4.9
ROE	7.2%	4.0%	▲3.2	5%	+1.0

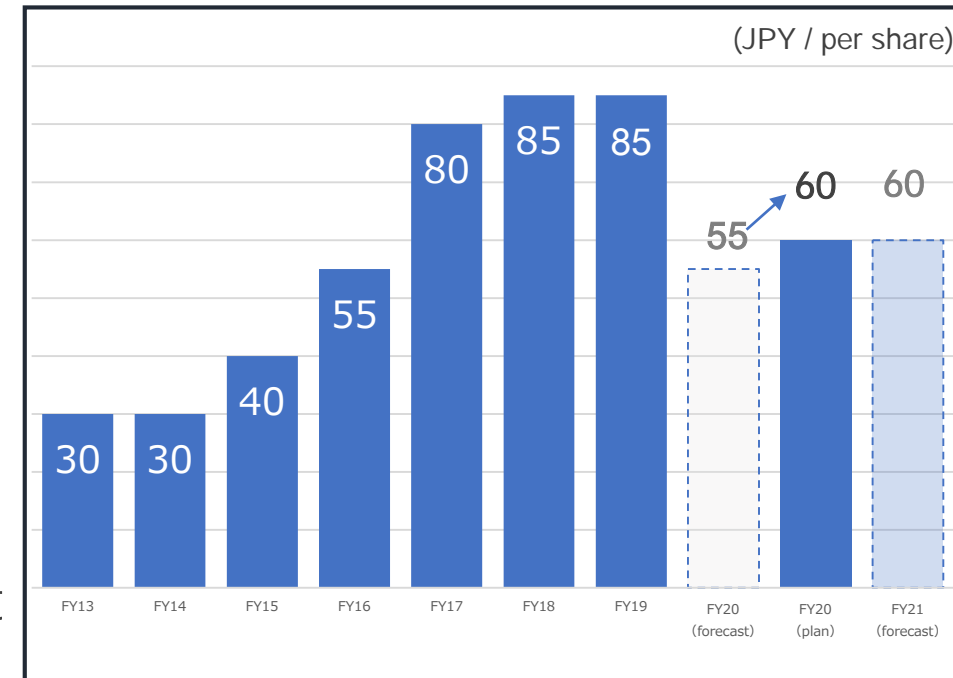
* Operating assets = inventories + tangible and intangible fixed assets

- As the dividend for FY2020, based on the financial results, a dividend of JPY 60 per share will be issued (increase of JPY 5 from the previous forecast).

Furukawa Electric is aiming to manage the company with a focus on capital efficiency and has set forth a basic policy of balancing between providing shareholder returns and making strategic investments in future growth, fostering next generation new businesses and improving financial health.

Regarding shareholder returns, maintaining a stable dividend has been designated as one of the most important management matters.

- In FY2021, with the aim of maintaining a stable dividend, it is forecast to issue an annual dividend of JPY 60 per share.



*We conducted a one-for-ten reverse stock split of our company's common shares effective October 1, 2016. Therefore, the dividends per share for FY2013 to 2015 shown in the graph have been increased 10 fold to make them comparable to the dividends following the reverse stock split

	FY2016	FY2017	FY2018	FY2019	FY2020		FY2021
	Result	Result	Result	Result	Forecast*	plan	Forecast
Annual dividend per share	55 yen	80 yen	85 yen	85 yen	55 yen	60 yen	60 yen

*Announced on November 5, 2020

FY2020 Results

FY2020 Results – P/L Summary

(JPY billion, JPY/kg, JPY/USD)

	FY2019		*FY2020 Previous Forecasts	FY2020		YoY change		Change from previous forecasts	Breakdown of change (Full year)
	Results	Q4		Results	Q4		Q4		
	a	a'	b	c	c'	c-a	c'-a'	c-b	
Net sales	914.4	238.3	810.0	811.6	248.6	▲ 102.8	+10.3	+1.6	▲102.8 (▲11%) See page 13
Operating income	23.6	8.3	6.0	8.4	9.1	▲ 15.1	+0.9	+2.4	▲15.1 (▲64%) See page 14
(Margin)	2.6%	3.5%	0.7%	1.0%	3.7%	▲ 1.5	+0.2	+0.3	
Profit/loss in equity method affiliates	2.5	1.2	–	▲ 0.9	▲ 0.4	▲ 3.4	▲ 1.6	–	
Foreign exchange gain/loss	▲ 1.0	▲ 0.6	–	0.5	1.4	+1.5	+2.0	–	
Ordinary income	22.8	8.9	0.5	5.2	9.0	▲ 17.6	+0.1	+4.7	▲17.6 (▲77%)
(Margin)	2.5%	3.7%	0.1%	0.6%	3.6%	▲ 1.9	▲ 0.1	+0.6	
Extraordinary income/loss	8.0	6.8	12.0	16.1	5.7	+8.1	▲ 1.1	+4.1	·Extraordinary income +18.5 (14.9 → 33.4)
Income taxes	11.8	5.1	–	9.2	4.6	▲ 2.5	▲ 0.5	–	
Net income attributable to non-controlling interests	1.4	0.5	–	2.1	0.5	+0.7	+0.0	–	·Extraordinary loss ▲10.3 (▲7.0 → ▲17.3)
Net income attributable to owners of parent	17.6	10.2	3.0	10.0	9.5	▲ 7.6	▲ 0.7	+7.0	▲7.6 (▲43%)
(Margin)	1.9%	4.3%	0.4%	1.2%	3.8%	▲ 0.7	▲ 0.4	+0.9	
Average copper price	682	660	720	770	937				
Average exchange rate	109	109	106	106	106				

*Announced on February 4, 2021

Extraordinary income :

- Gain on the disposal of non-current assets (22.1 : Q1)
- Gain on the sale of investment securities (9.5 : Q4)

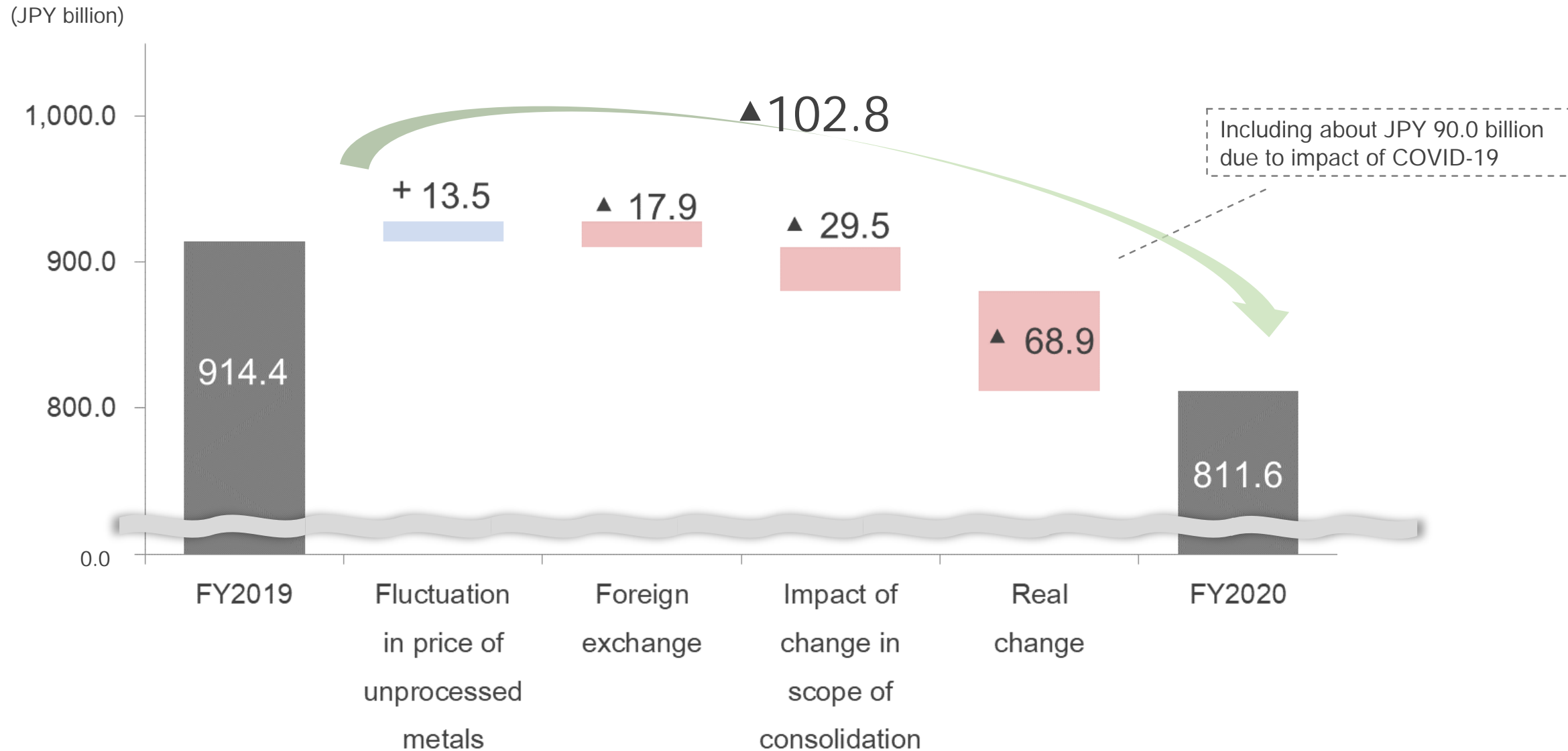
Extraordinary loss :

- Provision for product defect compensation (▲4.8 : Q1)
- Loss on the transfer of a business (▲3.7 : Q1)
- Impairment loss on non-current assets (▲2.5 : Q4)
- Loss caused by COVID-19 (▲1.4 : Q2)*

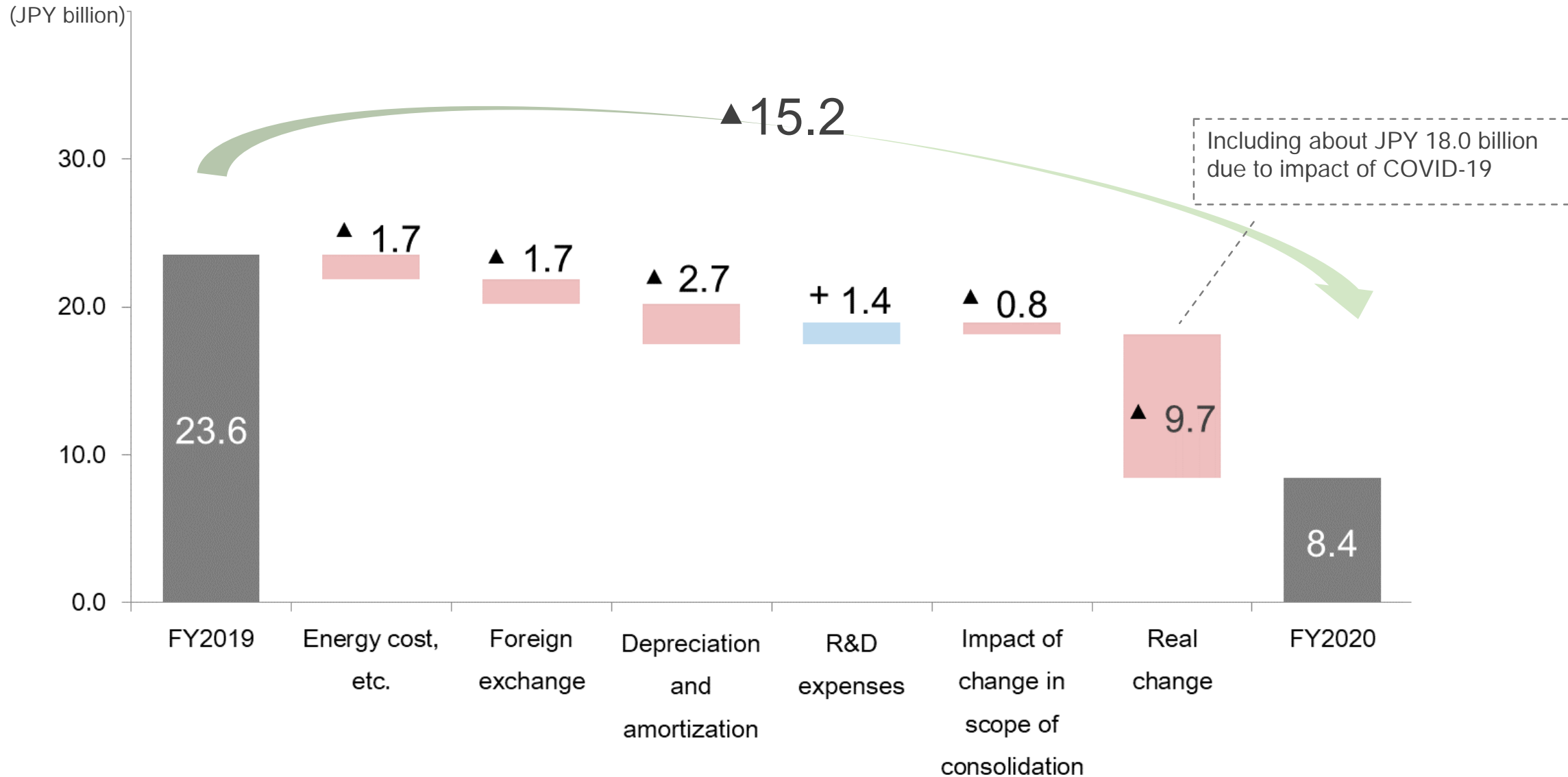
*Recorded an extraordinary loss for the fixed expenses incurred while operations at several overseas subsidiaries were suspended to prevent the spread of COVID-19 infections

- Loss on changes in equity (heavy magnet wire) (▲0.5 : Q3)

Analysis of Changes in Net Sales (YoY)



Analysis of Changes in Operating Income (YoY)



Net Sales and Operating Income by Segment (1)

- Although profit declined year-on-year through Q3 due to COVID-19 crisis, all segments overperformed compared to the previous forecast

(JPY billion)

	Net sales					Operating Income					(+) Increase profits / (-) decrease profits
	FY2019	*FY2020 Previous Forecasts	FY2020	YoY Change	Change from previous forecasts	FY2019	*FY2020 Previous Forecasts	FY2020	YoY Change	Change from previous forecasts	
	a	b	c	c-a	c-b	d	e	f	f-d	f-e	
Infrastructure	280.9	255.0	259.2	▲ 21.7	+4.2	1.7	▲ 3.0	▲ 2.1	▲ 3.8	+0.9	
Communications Solutions	166.4	155.0	158.3	▲ 8.1	+3.3	1.6	▲ 0.5	▲ 0.2	▲ 1.9	+0.3	YoY (+) Firm demand for optical fiber, optical cable in North America and digital coherent products (-) Although the FTTH solution business in South America is performing well and revenue increased on a local currency basis, profit decreased due to the impact of foreign exchange (depreciation of the Brazilian real) (-) Optical fiber and cable competition continued to be severe in Asia (-) Increased depreciation expenses (-) Decreased profit from network products in Japan and industrial lasers due to depressed customer capital investments caused by COVID-19 Compared to previous forecast · Slightly overperformed
Energy Infrastructure	114.5	100.0	100.9	▲ 13.6	+0.9	0.1	▲ 2.5	▲ 1.9	▲ 2.0	+0.6	YoY (+) Steady progress continued to be made in relation to renewable energy in Japan and underground cable projects in Japan and overseas (-) Due to the impact of COVID-19, decreased revenue from products for the construction and wholesalers market in Japan and railroad market, as well as deferred sales at the subsidiary in China due to construction project delays (-) Higher one-time evaluation expenses following the adoption of new materials Compared to previous forecast · Slightly overperformed

*Announced on February 4, 2021

*Announced on February 4, 2021

Net Sales and Operating Income by Segment (2)

	Net sales					Operating Income					(+) Increase profits / (-) decrease profits
	FY2019	*FY2020 Previous Forecasts	FY2020	YoY Change	Change from previous forecasts	FY2019	*FY2020 Previous Forecasts	FY2020	YoY Change	Change from previous forecasts	
	a	b	c	c-a	c-b	d	e	f	f-d	f-e	
Electronics & Automotive Systems	509.3	440.0	433.0	▲ 76.3	▲ 7.0	14.8	5.5	5.9	▲ 9.0	+0.4	
Automotive Products & Batteries	257.6	250.0	235.1	▲ 22.6	▲ 14.9	10.9	5.0	5.0	▲ 5.9	▲ 0.0	YoY (-) Impact of COVID-19 resulted in the temporary suspension of operations and lower operating levels after reopening at overseas factories, as well as increased transportation costs and alternative production expenses. Transportation costs continued to be higher from Q3 due to soaring container shipping costs and typhoons (-) Increased facility depreciation expenses on the investments for the accepted orders (+) In the batteries business, improved productivity at the overseas subsidiary and recovering automotive battery demand in Japan Compared to previous forecast · Generally unchanged
Electronics Component Materials	251.7	190.0	198.0	▲ 53.7	+8.0	3.9	0.5	0.9	▲ 3.0	+0.4	YoY (-) Decreased revenue due to lower automotive, construction and electric appliance demand caused by COVID-19 (-) Impact of the business reorganization: transfer of the copper tube and heavy magnet wire businesses Compared to previous forecast · Slightly overperformed
Functional Products	115.9	110.0	114.7	▲ 1.2	+4.7	7.5	5.5	6.3	▲ 1.2	+0.8	YoY (+) Robust demand for data center products, which started a full-scale recovery from FY2019 Q4 (-) In the functional plastic product business, delays to civilian construction projects in Japan caused by COVID-19 (-) Decreased revenue from tape for semiconductor process due to weak smartphone demand and customer inventory adjustments in H1 (-) Although demand for copper foil for automotive batteries recovered from H2, demand was lower in H1 due to COVID-19. Decreased profit due in part to the impact differences in the product mix of copper foil for circuits Compared to previous forecast · Slightly overperformed
Service and Developments, etc.	50.3	45.0	38.7	▲ 11.6	▲ 6.3	▲ 0.3	▲ 2.0	▲ 1.7	▲ 1.4	+0.3	YoY (-) Decreased revenue from service due to the impact of COVID-19, the impact of the business transfer, etc.
Elimination of Intra-company transactions	▲ 42.0	▲ 40.0	▲ 34.0	+8.0	+6.0	▲ 0.1	0.0	0.1	+0.2	+0.1	
Total	914.4	810.0	811.6	▲ 102.8	+1.6	23.6	6.0	8.4	▲ 15.1	+2.4	

*Announced on February 4, 2021

*Announced on February 4, 2021

FY2020 Results – B/S Summary

(JPY billion)

	End of 2019Q4	End of 2020Q4	Change
	a	b	b-a
Current assets	386.2	429.8	+43.6
Cash and bank deposits	54.4	84.4	+30.0
Notes and accounts receivable trade	192.5	191.9	▲ 0.6
Inventories	115.9	120.8	+5.0
Non-current assets	408.4	402.2	▲ 6.2
Tangible fixed assets	254.2	246.7	▲ 7.5
Intangible fixed assets	16.1	20.3	+4.2
Investments and other assets	138.1	135.2	▲ 2.9
Total Assets	794.6	832.0	+37.4
Current liabilities	319.6	315.2	▲ 4.4
Non-current liabilities	201.9	225.2	+23.3
Total Liabilities	521.6	540.4	+18.8
Shareholders' equity	256.7	260.4	+3.7
Accumulated other comprehensive income	▲ 16.4	▲ 0.5	+15.9
Net income attributable to non-controlling interests	32.8	31.7	▲ 1.0
Total Net assets	273.0	291.6	+18.6
Total Liabilities and Net assets	794.6	832.0	+37.4
Interest-bearing liabilities	251.1	290.6	+39.5
Capital ratio	30.2%	31.2%	+1.0
NET D/E ratio	0.8	0.8	▲0.0
Return on operating assets	6.1%	2.2%	▲ 3.9
ROE	7.3%	4.0%	▲ 3.3

Cash and deposits

Increased by JPY 30.0 billion

Increased the liquidity of cash on hand

Inventories

Increased by JPY 5.0 billion

Construction and other projects that are expected to be recorded as net sales in the future

Secure appropriate inventory levels following the recovery in automotive product demand
Impact of higher copper prices

Impact of the business transfer
JPY ▲6.9 billion

Tangible / intangible non-current assets

Decreased by 3.3 billion

Impact of increased / decreased CAPEX

JPY + 7.8 billion

Impact of the business transfer

JPY ▲8.1 billion

Impairment loss / disposal

JPY ▲4.0 billion

NET interest-bearing debt

Increased by JPY 9.5 billion

(JPY 196.7 billion → JPY 206.3 billion)

Free cash flow

FY2020

JPY ▲2.4 billion

FY2018-FY2020
total amount

JPY + 21.9 billion

FY2020 Results - CAPEX, Depreciation & Amortization and R&D Expenses

(JPY billion)

	FY2018	FY2019	*FY2020 Previous forecasts	FY2020	YoY change	Change from previous forecasts
	a	b	c	d	d-b	d-c
CAPEX	50.0	53.1	47.0	40.0	▲ 13.1	▲ 7.0
Depreciation and amortization	26.3	29.4	32.5	32.2	+2.8	▲ 0.3
R&D expenses	21.1	21.7	20.5	20.2	▲ 1.5	▲ 0.3

*Announced on August 6, 2020

CAPEX

- In FY2020, efforts were made to limit capital expenses by reducing costs during the implementation stage and re-assessing the demand trends and operational situation. These efforts resulted in lower capital expenses both year-on-year and compared to the previous forecast
- Cumulative amount from FY2018 – FY2020 were generally as planned (Planned: JPY 140.0 billion, Actual: JPY 143.1 billion)

R&D expenses

- In FY2020, the priority of the research themes was revised with consideration for with-COVID-19 / post-COVID-19 and based on the changes within the markets and society. Also, the efficiency of the research activities was increased by promotion of working from home and utilization of simulation and digital technologies, resulting in lower R&D expenses both year-on-year and compared to the previous forecasts
- Cumulative amount from FY2018 – FY2020 were less than the planned amount (Planned: JPY 70.0 billion, Actual: JPY 63.0 billion)

FY2021 Full-year Forecasts

FY2021 Full-year Forecasts

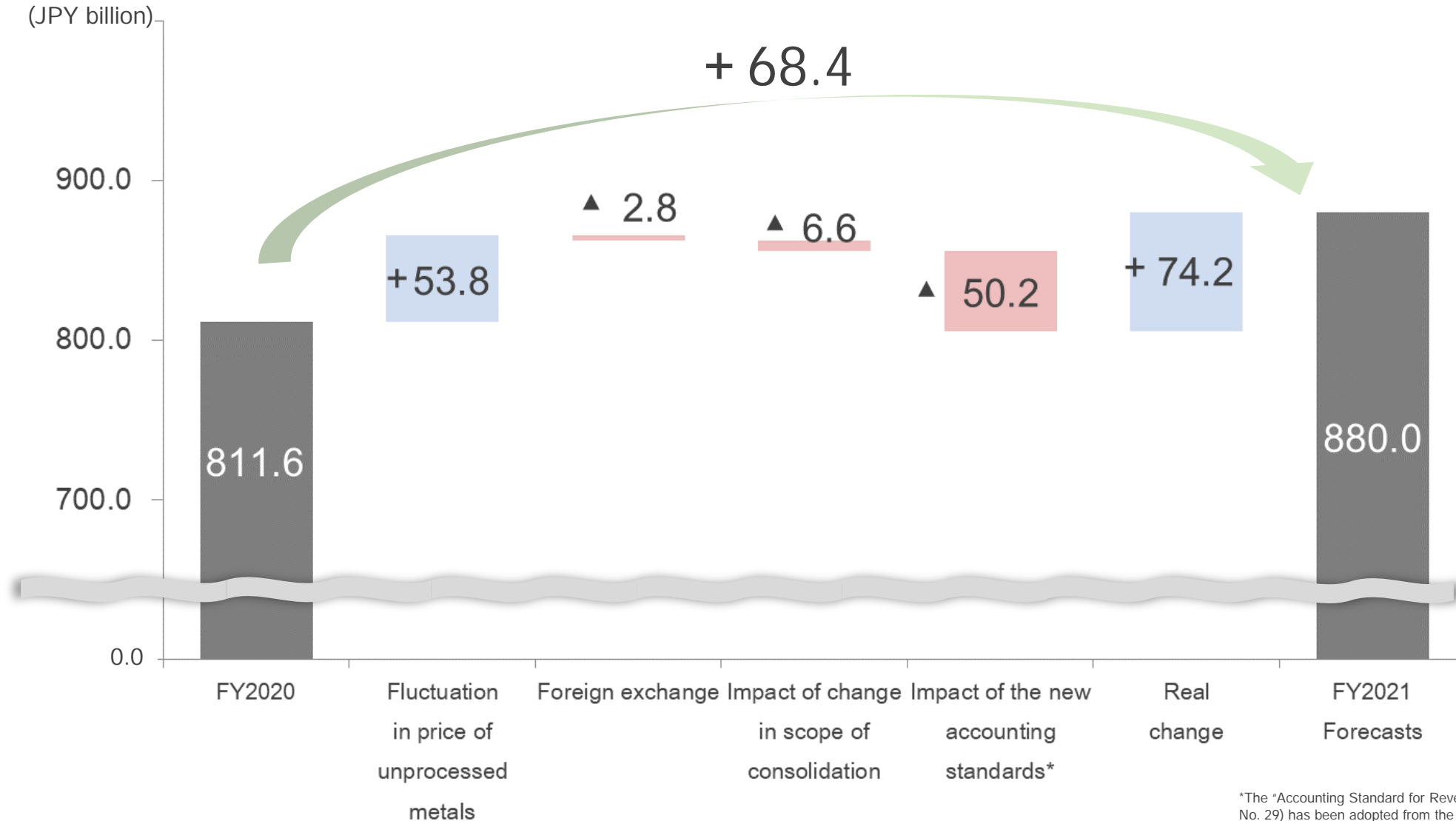
- In FY2021, will achieve higher profit on increased revenue. Operating income is forecast to be on the same level as prior to COVID-19 crisis.

(JPY billion, JPY/kg, JPY/USD)

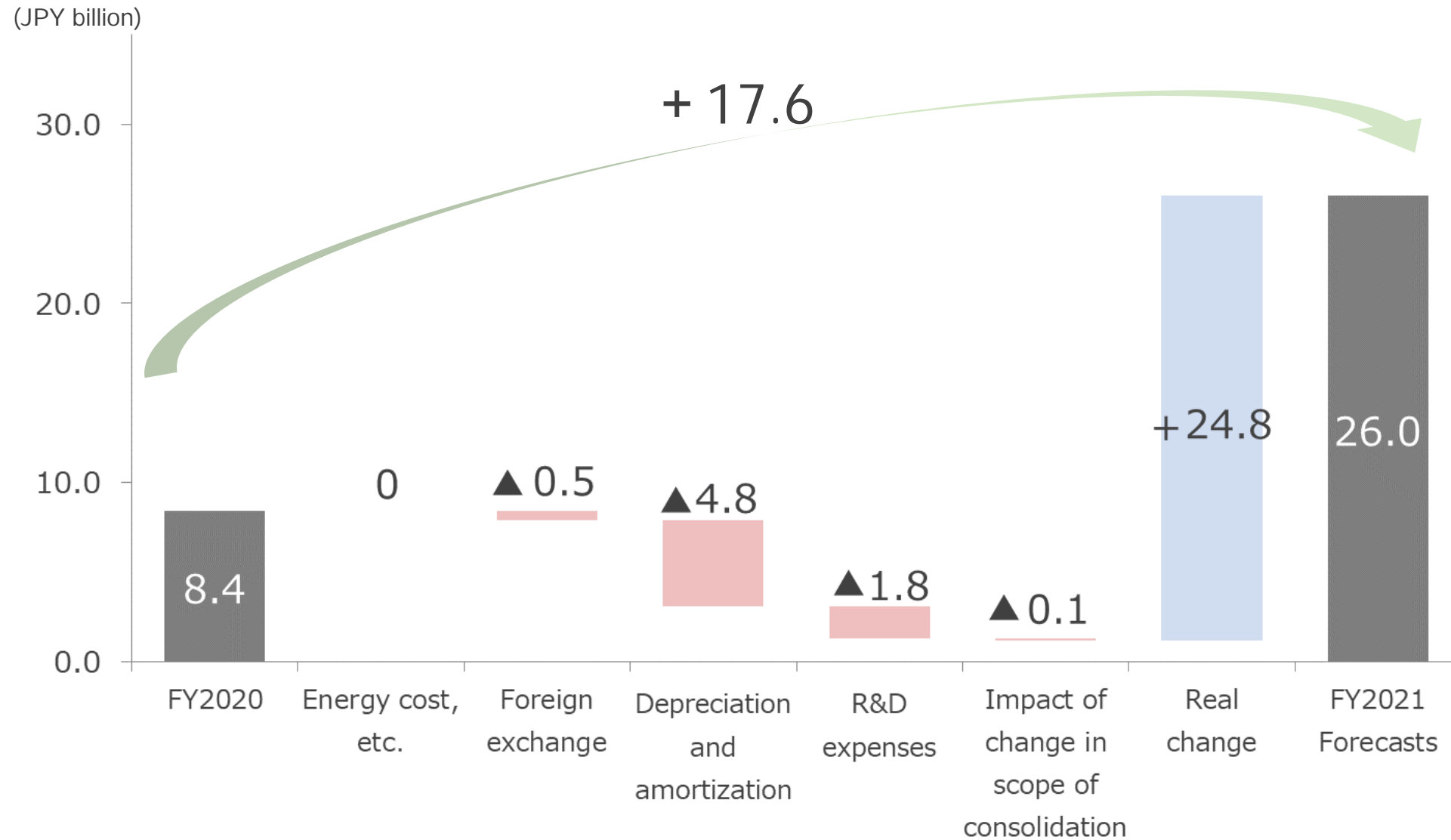
	FY2019	FY2020	FY2021 Forecasts	YoY change	Breakdown of change
	a	b	c	c-b	
Net sales	914.4	811.6	880.0	+68.4	+68.4 (+8%) See page 21 · Including impact of the new accounting standards* ▲50.2
Operating income	23.6	8.4	26.0	+17.6	▲17.6 (+208%) See page 22
(Margin)	2.6%	1.0%	3.0%	+1.9	
Profit/loss in equity method affiliates	2.5	▲ 0.9	-	-	
Foreign exchange gain/loss	▲ 1.0	0.5	-	-	
Ordinary income	22.8	5.2	24.0	+18.8	+18.8 (+363%)
(Margin)	2.5%	0.6%	2.7%	+2.1	
Extraordinary income/loss	8.0	16.1	▲ 3.5	▲ 19.6	
Income taxes	11.8	9.2	-	-	
Net income attributable to non-controlling interests	1.4	2.1	-	-	
Net income attributable to owners of parent	17.6	10.0	12.0	+2.0	+2.0(+20%)
(Margin)	1.9%	1.2%	1.4%	+0.1	
Average copper price	682	770	1,000	-	
Average exchange rate	109	106	105	-	

*The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) has been adopted from the fiscal year ending March 31, 2022

Analysis of Changes in Net Sales (YoY)



Analysis of Changes in Operating Income (YoY)



Net Sales and Operating Income Forecasts by Segment

(JPY billion)

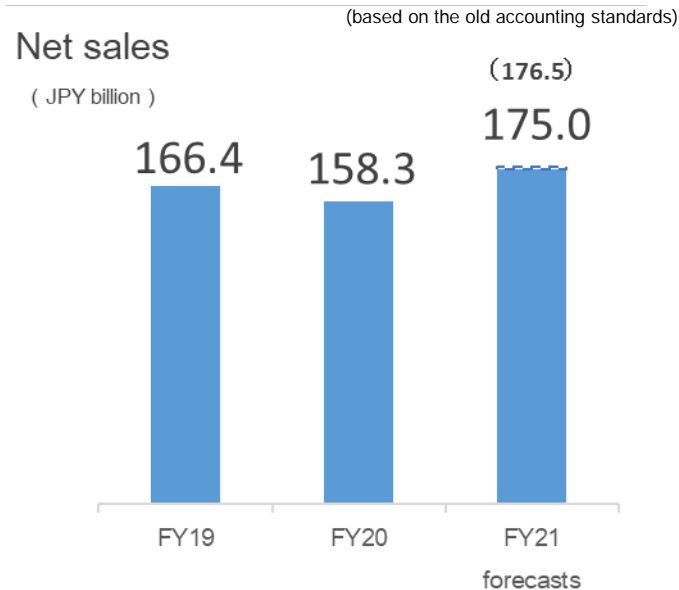
		FY2019	FY2020	FY2021 Forecasts	YoY Change
		a	b	c	c-b
N e t S a l e s	Infrastructure	280.9	259.2	280.0	+20.8
	Communications Solutions	166.4	158.3	175.0	+16.7
	Energy infrastructure	114.5	100.9	105.0	+4.1
	Electronics & Automotive Systems	509.3	433.0	480.0	+47.0
	Automotive Products & Batteries	257.6	235.1	260.0	+24.9
	Electronics Component Materials	251.7	198.0	220.0	+22.0
	Functional Products	115.9	114.7	115.0	+0.3
	Service and Developments, etc.	50.3	38.7	37.0	▲ 1.7
	Elimination of intra-company transactions	▲ 42.0	▲ 34.0	▲ 32.0	+2.0
	Total	914.4	811.6	880.0	+68.4

O p e r a t i n g I n c o m e	Infrastructure	1.7	▲ 2.1	5.5	+7.6
	Communications Solutions	1.6	▲ 0.2	4.5	+4.7
	Energy infrastructure	0.1	▲ 1.9	1.0	+2.9
	Electronics & Automotive Systems	14.8	5.9	14.0	+8.1
	Automotive Products & Batteries	10.9	5.0	12.0	+7.0
	Electronics Component Materials	3.9	0.9	2.0	+1.1
	Functional Products	7.5	6.3	9.0	+2.7
	Service and Developments, etc.	▲ 0.3	▲ 1.7	▲ 2.5	▲ 0.8
	Elimination of intra-company transactions	▲ 0.1	0.1	0.0	▲ 0.1
	Total	23.6	8.4	26.0	+17.6

【Reference】 Net sales based on the old accounting standards

FY2021 Forecasts	YoY Change
c'	c'-b
288.2	+29.0
176.5	+18.2
111.7	+10.8
512.6	+79.6
264.4	+29.3
248.2	+50.2
124.0	+9.3
37.4	▲ 1.3
▲ 32.0	+2.0
930.2	+118.6

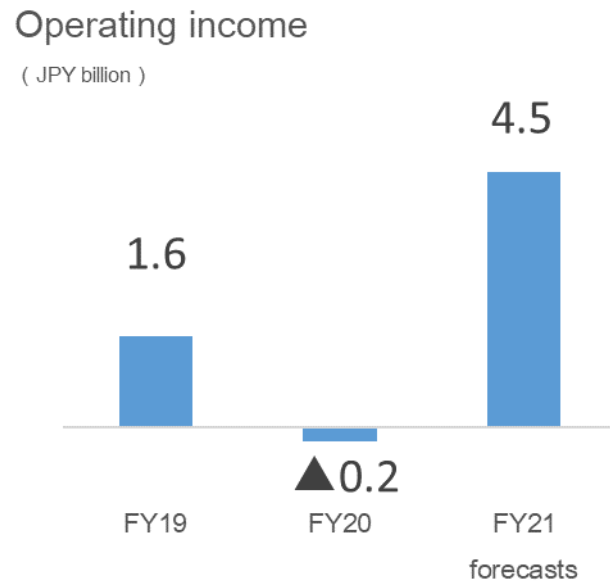
1-(1) Infrastructure (Communications Solutions)



■FY2021 Net sales (yoy) JPY +16.7 bil. (JPY+18.2 bil.)
(based on the old accounting standards)

Operating income (yoy) JPY +4.7 bil.

- (+) Steadily capture optical fiber and cable demand through improved productivity in North America
- (+) Network products in Japan and industrial lasers will improve following a recovery in the depressed customer capital investments caused by COVID-19
- (-) Increase in depreciation expenses



Focus points

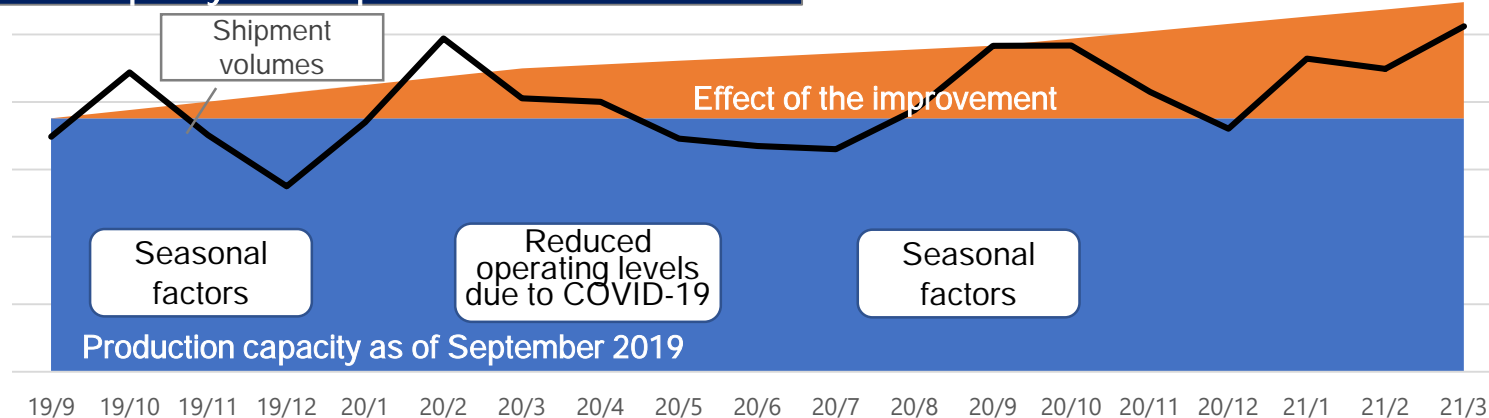
- Differentiate the products and improve cost competitiveness as initiatives in optical fiber and cable
- Enhance the product lineup and accelerate sales for data centers
- Develop next generation products directed at the realization of Society 5.0
- In addition to Central and South America, expand the solutions business in the other regions

1-(1) Infrastructure (Communications Solutions)

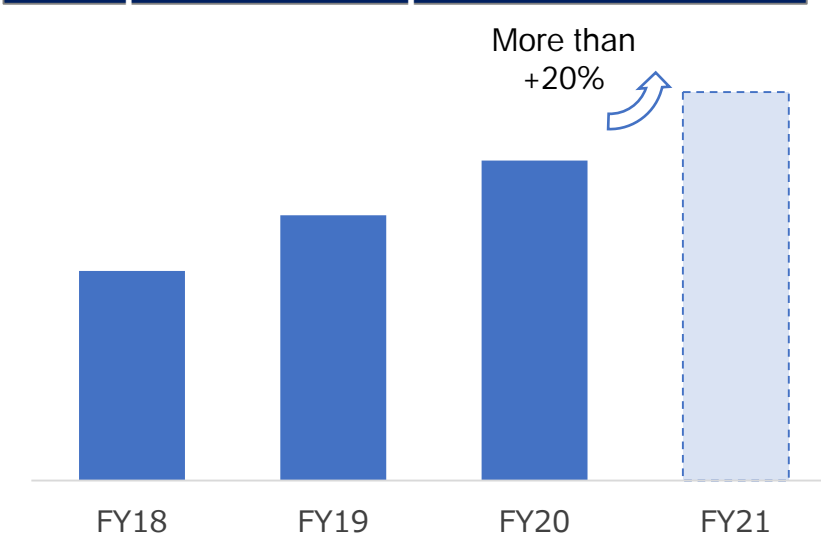
- Strong demand in North America for optical fiber and cable has remained ongoing, and Q4 (January - March) optical fiber shipments increased by more than 20% compared to Q3.
- In FY2021, based on continued economic stimulus measures by the US government (RDOF*), continued efforts will be made to increase production volumes through improved productivity and reduce costs, and optical fiber shipments are forecast to increase by more than 20% for the year.

*RDOF : Rural Digital Opportunity Fund

Changes in North America optical cable production capacity and shipment volumes



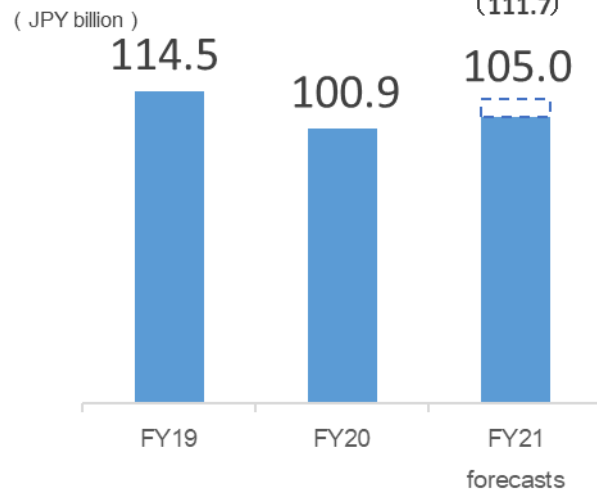
Changes in North America* optical fiber shipment volumes



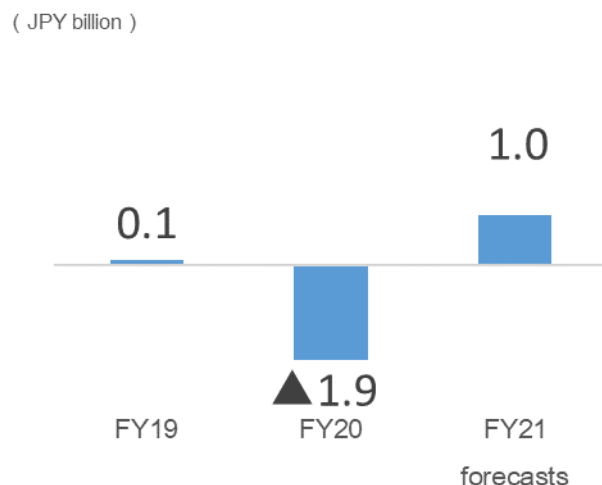
*Including insourcing shipment

1-(2) Infrastructure (Energy Infrastructure)

Net sales (based on the old accounting standards)



Operating income



■FY2021

Net sales (yoy)

JPY +4.1 bil. (JPY+10.8 bil.)

(based on the old accounting standards)

Operating income (yoy)

JPY +2.9 bil.

- (+) Acquire underground cable projects in Japan and overseas and projects related renewable energy in Japan
- (+) One-time evaluation costs following the adoption of new materials will not be incurred in FY2021
- (+) At the subsidiary in China, the construction projects delays caused by COVID-19 will end
- (+) Although no major recovery is foreseen in the industrial power cable and power cable accessories market, expect to realize improvements through increased sales of functional power cable and other products and reductions to the cost of manufacturing

Focus points

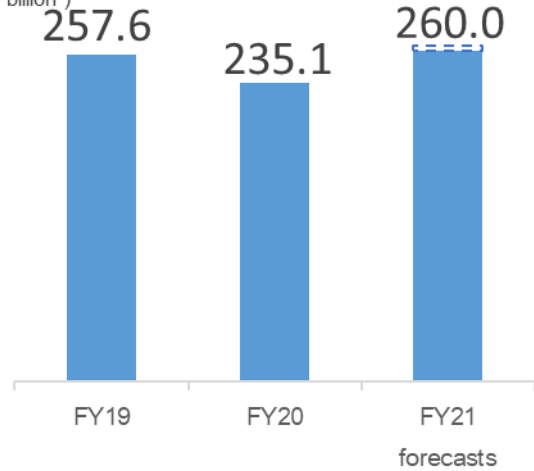
- Acquire project orders in the target markets (renewable energy in Japan and extra-high voltage underground cable)
- Enhance cable manufacturing capability of submarine cable for the growing renewable energy market
- Enhance installation capability in order to definitely capture the demand for the electric power grid renewal
- Expand sales of lightweight and flexible aluminum CV cable / functional power cable that contributes to less work and faster installation during construction projects

2-(1) Electronics & Automotive Systems (Automotive Products & Batteries)

(based on the old accounting standards)

Net sales

(JPY billion)



■FY2021

Net sales (yoy)

JPY +24.9 bil. (JPY+29.3 bil.)

(based on the old accounting standards)

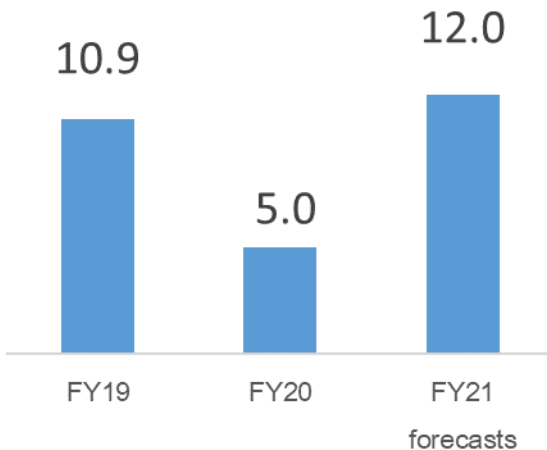
Operating income (yoy)

JPY +7.0 bil.

- (+) Recovery in the automotive market
- (+) Start deliveries of wire harnesses for global vehicle models, and realize the benefits of investing in increased production
- (-) Increase in depreciation expenses on the capital investments for accepted orders
- (-) Increase in transportation costs
- (-) Impact of lower customer production volumes due to the semiconductor shortage

Operating income

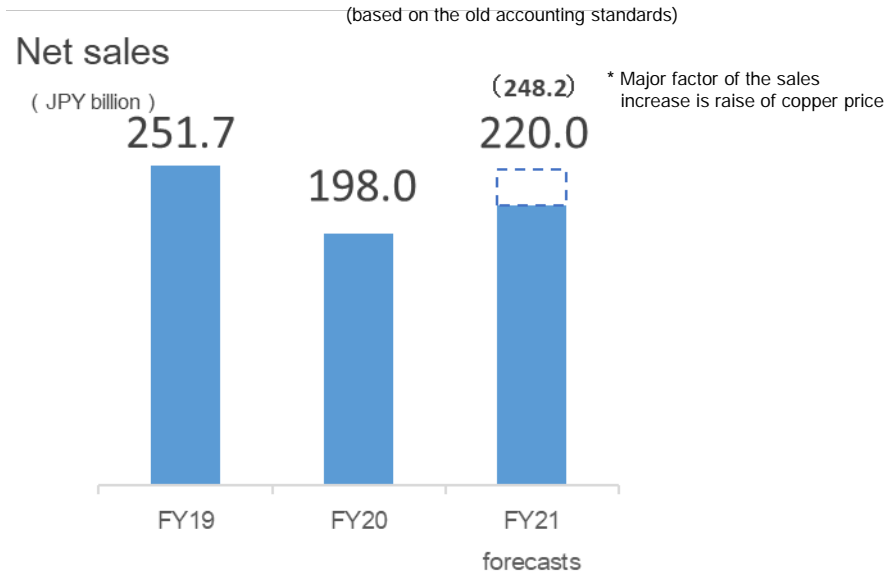
(JPY billion)



Focus points

- Strengthen the global supply chain to ensure BCP
- Establish a framework for increasing production in Asia directed at higher wire harness volumes for North America
- Utilize the capabilities in aluminum and other materials to proactively capture demand for lighter weight and smaller size in response to CASE, including vehicle electrification and autonomous driving
- Develop new applications for peripheral monitoring radar (agricultural machinery, construction machinery, traffic infrastructure, etc.)
- Start mass production of high performance BSS® for electric vehicles
- Initiatives aimed at becoming carbon neutral

2-(2) Electronics & Automotive Systems (Electronics Component Materials)



■FY2021

Net sales (yoy)

JPY +22.0 bil. (JPY+50.2 bil.)

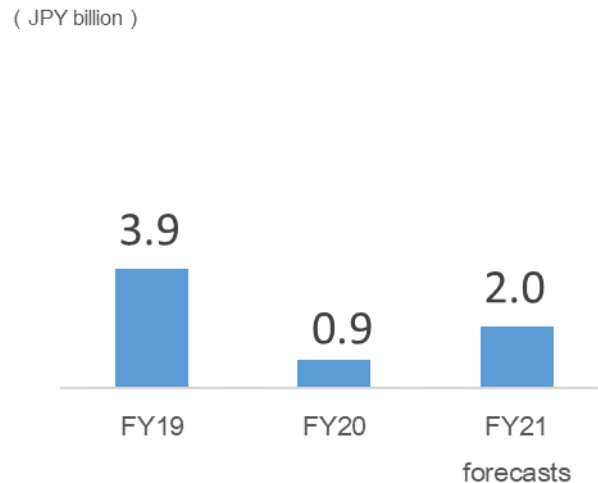
(based on the old accounting standards)

Operating income (yoy)

JPY +1.1 bil.

- (+) Steadily capture recovering demand mainly for electronics and in-vehicle products
- (+) Realize the benefits of investing in increased production of nickel titanium alloy products

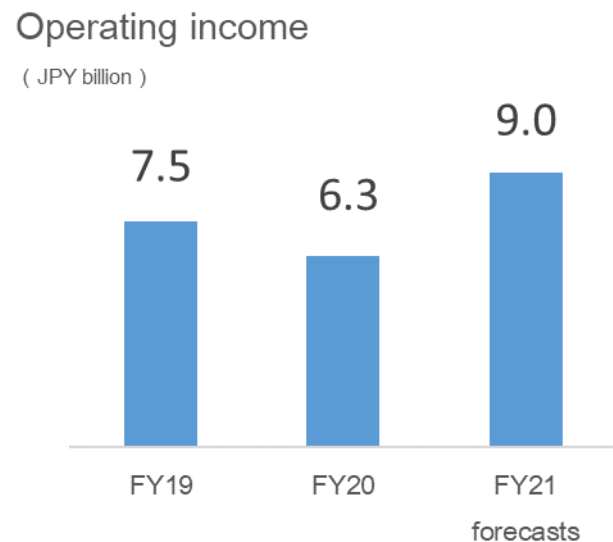
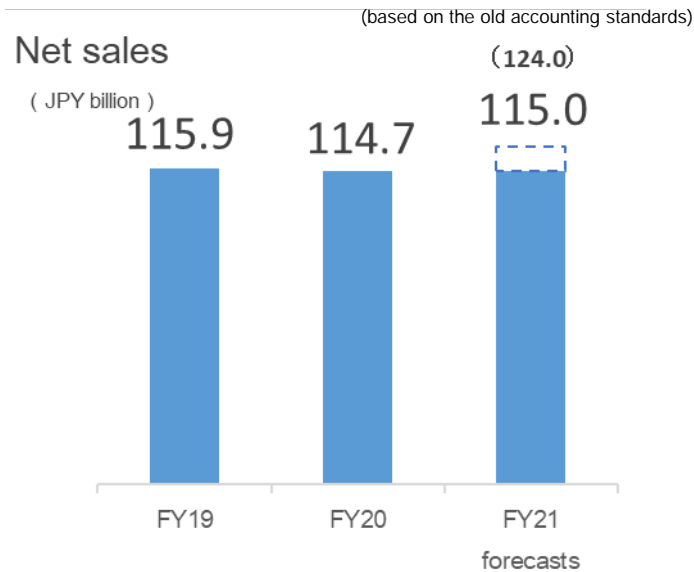
Operating income



Focus points

- Increase sales of heat-resistant oxygen-free copper strips for power semiconductors and heat dissipation materials
- Increase sales of original alloys that support higher performance electronic devices
- Increase sales of well-differentiated magnet wire for server inductors and 5G communications infrastructure
- Steadily capture demand for medical devices that use nickel titanium alloy products

3 Functional Products



■FY2021

Net sales (yoy)

JPY +0.3 bil. (JPY+9.3 bil.)

(based on the old accounting standards)

Operating income (yoy)

JPY +2.7 bil.

- (+) Capture the active semiconductor and data center product demand, mainly tape for semiconductor process and heat dissipation / cooling products
- (+) In the copper foil business, along with progressively restoring the Taiwan Plant, focus on high value added products
- (+) Increase sales of disaster prevention and skill-free products

Focus points

- Develop, propose and introduce next generation products that will be a new source of earnings primarily in 5G, data centers and renewable energy markets
- Cultivate new markets and propose new applications including existing products
- Strengthen a system for development, manufacture and sales to steadily and flexibly respond to any market change such as further increase volumes of data traffic
- Establish a system for mass production at the Philippines Plant with the aim of capturing the demand for heat dissipation / cooling products for data centers

- In FY2021, definitely strengthen the backbone of the company and plan the 2025 Medium-term Management Plan

- Reform the businesses

Continue to revise the business portfolio by strengthening the key businesses and responding to the low-margin and non-core businesses

- Establish and better foster new businesses

Create environment-friendly businesses and businesses that solve the social issues

- Strengthen management with a focus on capital efficiency

Evolve the “return on operating assets” indicator in the 2020 Medium-term Management Plan, and shift to target management focused on capital efficiency with increased awareness of the “cost of capital”

Thank you very much
for your attention.

Bound to  ***Innovate***

Appendix Segments and Business Divisions

Segment	Sub-segment	Business Division
Infrastructure	Communications Solutions	Optical Fiber and Cable Products
		FITEL Products
		Broadband Solutions Business
	Energy Infrastructure	Power Cable
		Industrial Cable & Power Cable Accessories
Electronics & Automotive Systems	Automotive Products & Batteries	Automotive Products
		Batteries
	Electronics Component Materials	Electric Conductor (including fine magnet wire)
		Copper & High Performance Material Products
Functional Products		AT & Functional Plastics
		Thermal Management Solution & Products
		Memory Disk
		Copper Foil
Service and Developments, etc.		