

FY2013 Management Plan First Nine Months Review

February 12, 2014

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Furukawa Electric Co., Ltd.

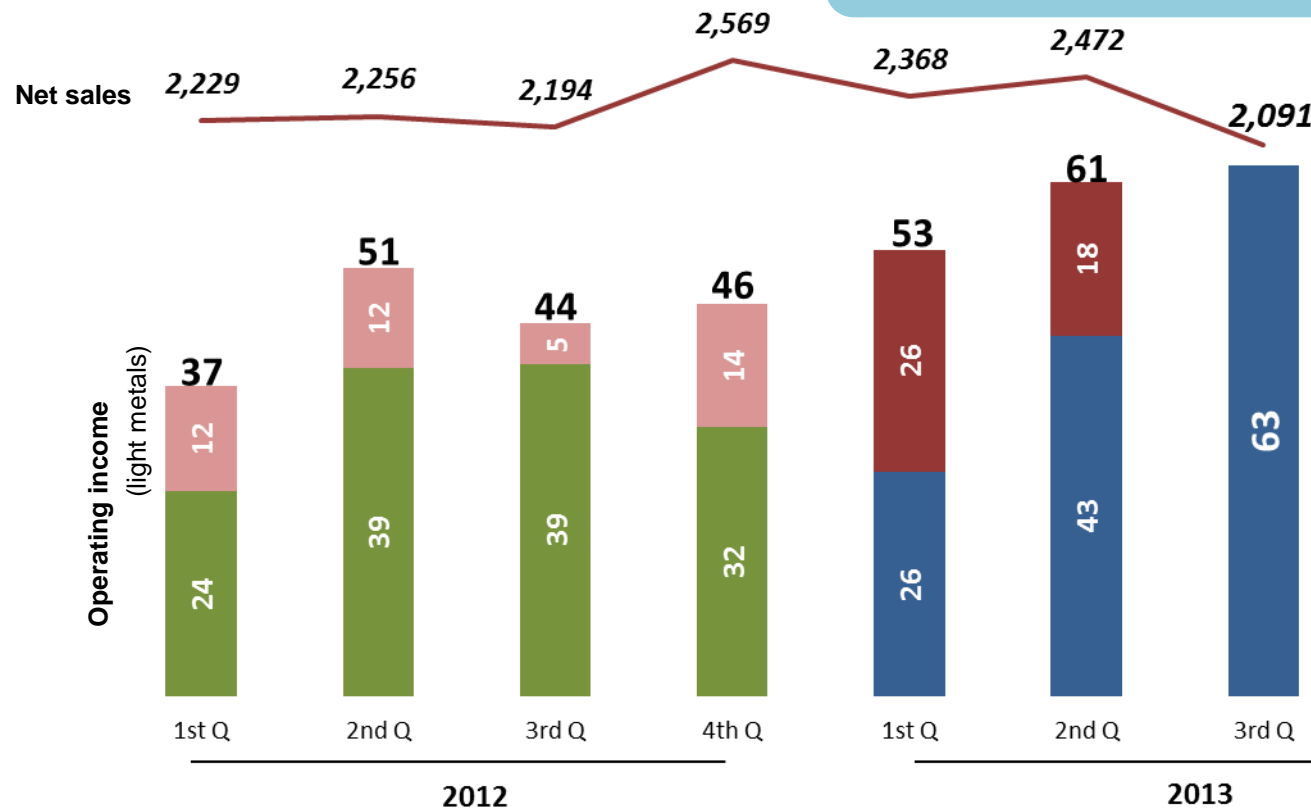
1. First Nine Months Results: Financial Highlights

(Unit: 100 million yen)

- Operating income for the first nine months of FY2013 increased by 34% year on year
- The former Furukawa-Sky Aluminum Corp. (currently UACJ) became an equity method affiliated company from a consolidated subsidiary in Q3

■ **First nine months total:**

- Net sales: 667.9 billion yen ⇒ 693.2 billion yen (+3.8%)
- Operating income: 13.1 billion yen ⇒ 17.6 billion yen (+34.2%)

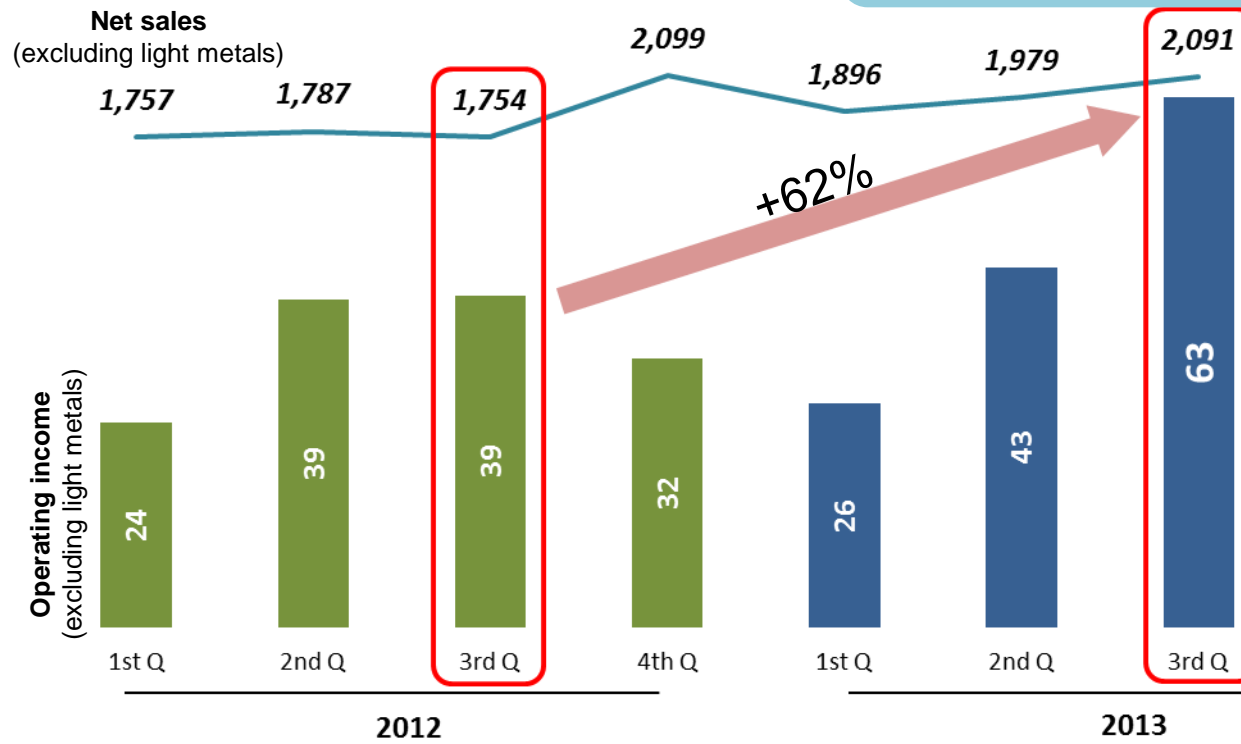


1. First Nine Months Results (excluding light metals) **FURUKAWA ELECTRIC**

(Unit: 100 million yen)

- In FY2013 Q3, net sales and operating income increased by 19% and 62% respectively year on year
- Telecommunications, electronics and automotive systems contributed to profit increase

- **Year on year change** (excluding light metals)
 - Net sales: 175.4 billion yen \Rightarrow 209.1 billion yen (+19.2%)
 - Operating income: 3.9 billion yen \Rightarrow 6.3 billion yen (+61.5%)



1. First Nine Months Results First Nine Months P&L

P&L	FY2012 First Nine Months	FY2013 First Nine Months	Change	Factors of Change (Unit: 100 million yen)
	A	B	B-A	
Net sales	6,679	6,932	+253	See Page 7
			+3.8%	
Operating income	131	176	+45	See Page 8
			+34.2%	
Ordinary profit	123	212	+88	FX: +6 (10 ⇒ 16), Equity method: +20 (7 ⇒ 27), Reversal of allowance for doubtful accounts: +10, etc.
			+71.4%	
Extraordinary P&L	-20	-76	-56	Impairment: -26 (-3 ⇒ -29), Structural reform expenses -24 (-4 ⇒ -28), etc.
Income taxes, adjustments	-46	-49	-2	
Minority interests	-16	-16	-1	
Net profit	41	71	+29	
			+70.9%	
Average copper price (¥/kg)	669.2	752.4	+83.2	
Average FX rate (¥/\$)	79.39	96.83	+17.44	

1. First Nine Months Results B/S

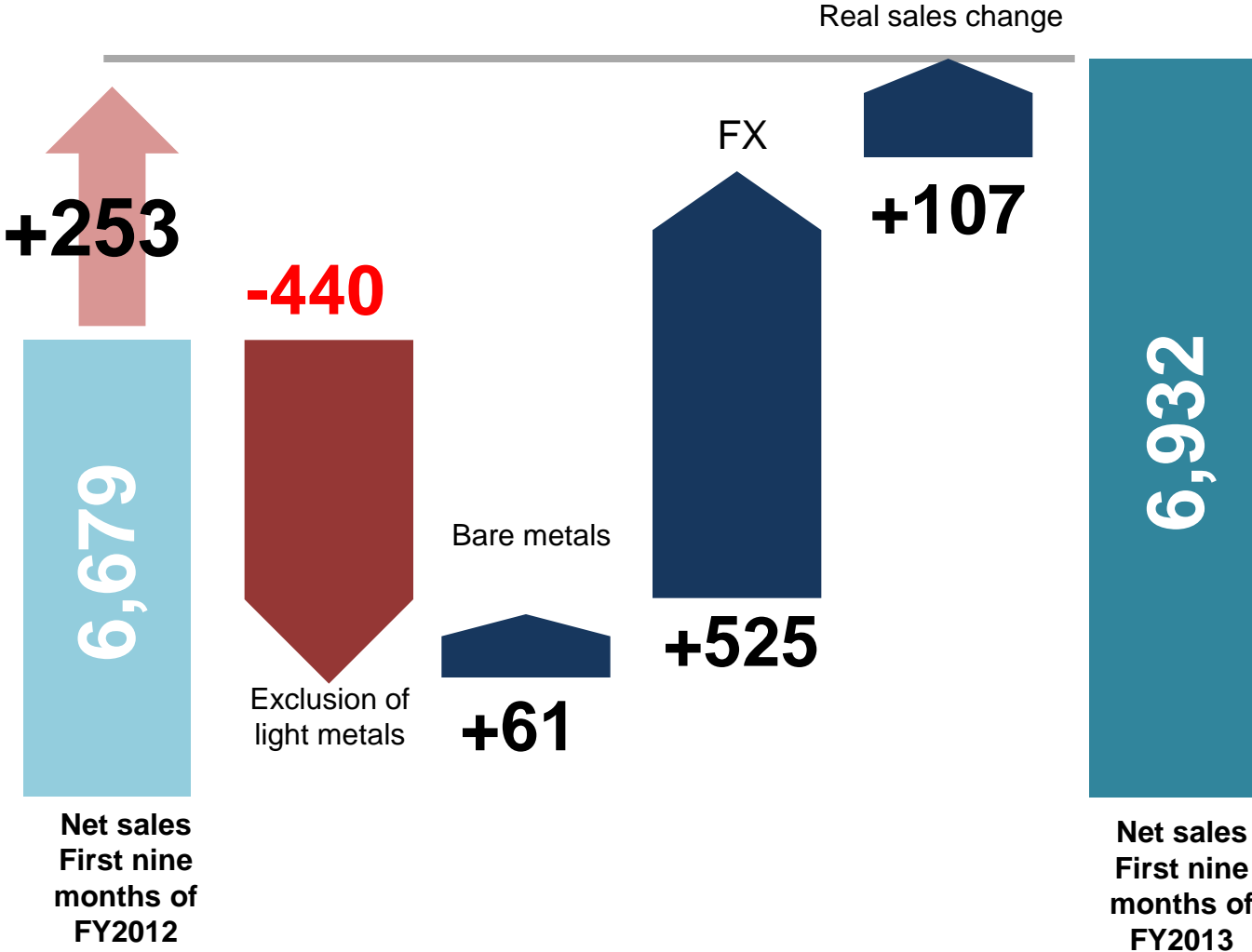
B/S	(Unit: 100 million yen)			
	e/FY2012	e/FY2013 3 rd Q	Change	Factors of Change
	A	B	B-A	
Total assets	8,197	7,365	-832	Exclusion of light metals: -1,663 Others: +830 (increases in cash / deposits, accounts receivables, inventories, and tangible fixed assets; impact of weak yen and new consolidation)
Debt	3,205	3,010	-195	Exclusion of light metals: -707 Others: +512 (increases in working capital and tangible fixed assets; impact of weak yen and new consolidation)
Capital ratio	20.2%	25.1%	+4.9%	
D/E ratio	1.93	1.63	-0.30	
Turnover ratio (annualized net sales / total assets)	1.13	1.26	+0.13	
ROA (annualized ordinary profit / total assets)	2.1%	3.8%	+1.7%	

1. First Nine Months Results B/S (excluding light metals)

B/S	e/FY2012	e/FY2013 3 rd Q	Change	(Unit: 100 million yen) Factors of Change
	A	B	B-A	
Total assets	6,534	7,365	+830	Increases in cash / deposits, accounts receivables, inventories, and tangible fixed assets; impact of weak yen and new consolidation
Debt	2,497	3,010	+512	Increases in working capital and tangible fixed assets; impact of weak yen and new consolidation
Capital ratio	25.4%	25.1%	-0.3%	
D/E ratio	1.51	1.63	+0.12	
Turnover ratio (annualized net sales / total assets)	1.13	1.08 [*]	-0.05	[*] Annualized net sales are calculated by excluding light metals in the 1 st half
ROA (annualized ordinary profit / total assets)	2.1%	3.8%	+1.7%	

1. First Nine Months Results Analysis of Changes in Net Sales

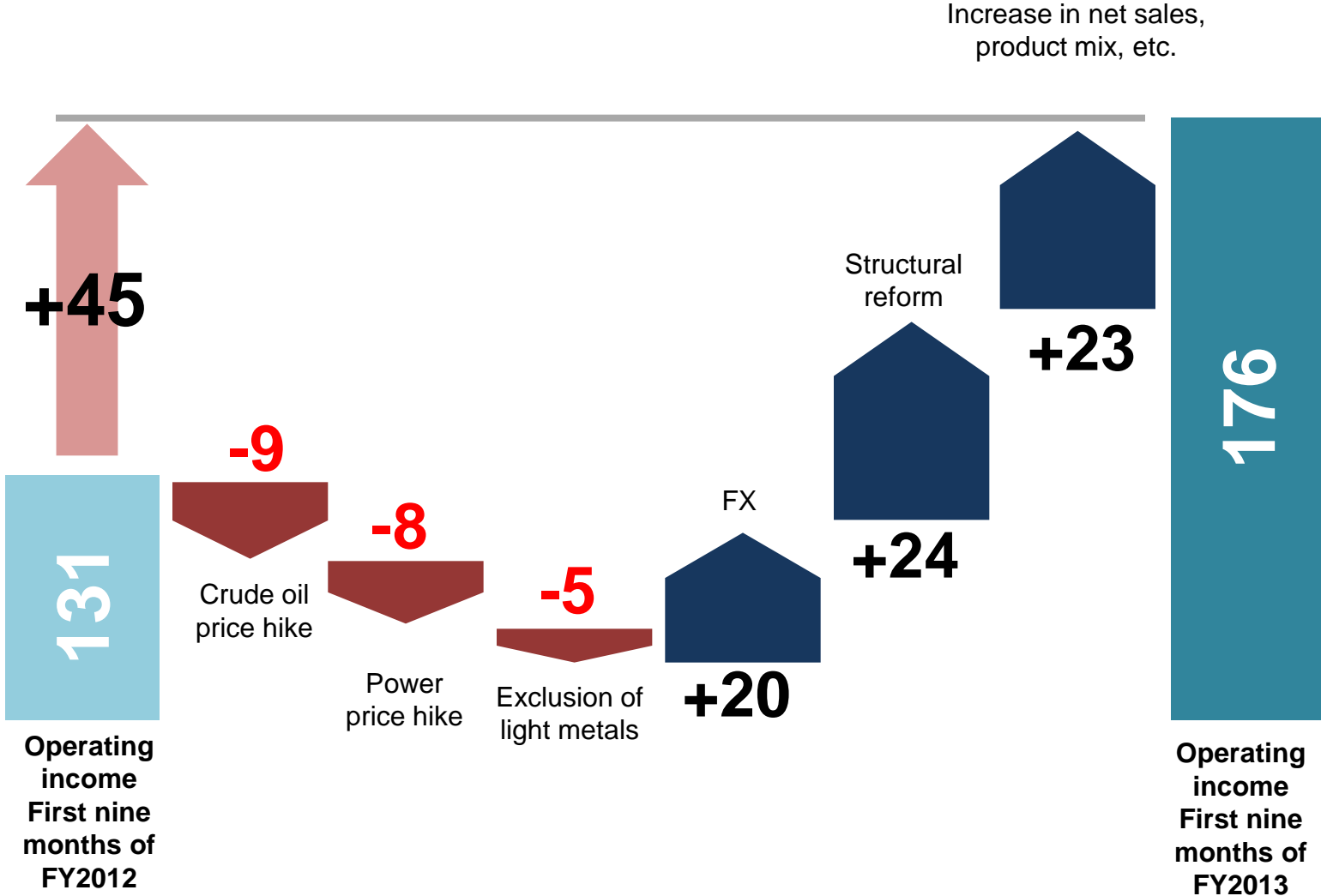
(Unit: 100 million yen)



1. First Nine Months Results

Analysis of Changes in Operating Income

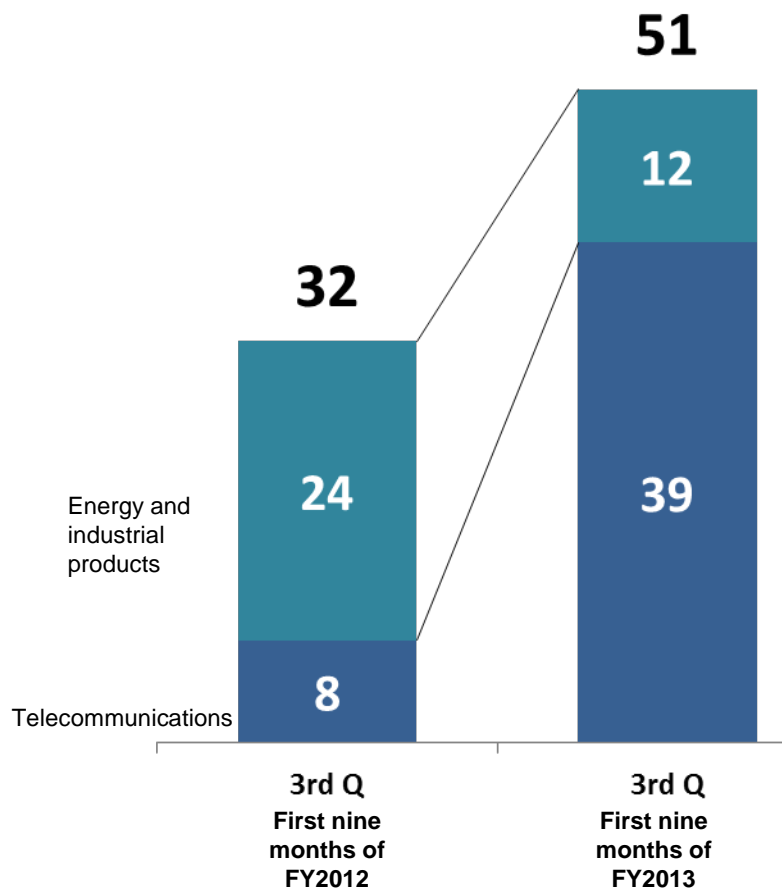
(Unit: 100 million yen)



1. First Nine Months Results Operating Income by Segment (year on year)

(Unit: 100 million yen)

Transmission infrastructures



Telecommunications: 8 ⇒ 39 (+31)

■ Optical fibers and cables: 14 ⇒ 22 (+8)

- (+) Strong demand of LAN solutions continued in South America
Demand of optical cables remained stable in Japan
Volume of fiber exports decreased while profitability improved attributable to the impact of weak yen
- (-) Communication projects in North America remained low
Demand in China stagnated

■ Photonics and networks: -6 ⇒ 17 (+23)

- (+) Sales of optical digital coherent related products expanded in China and Japan
Demand of mobile communication systems rebounded
Investments for 3G mobile phones expanded in Thailand

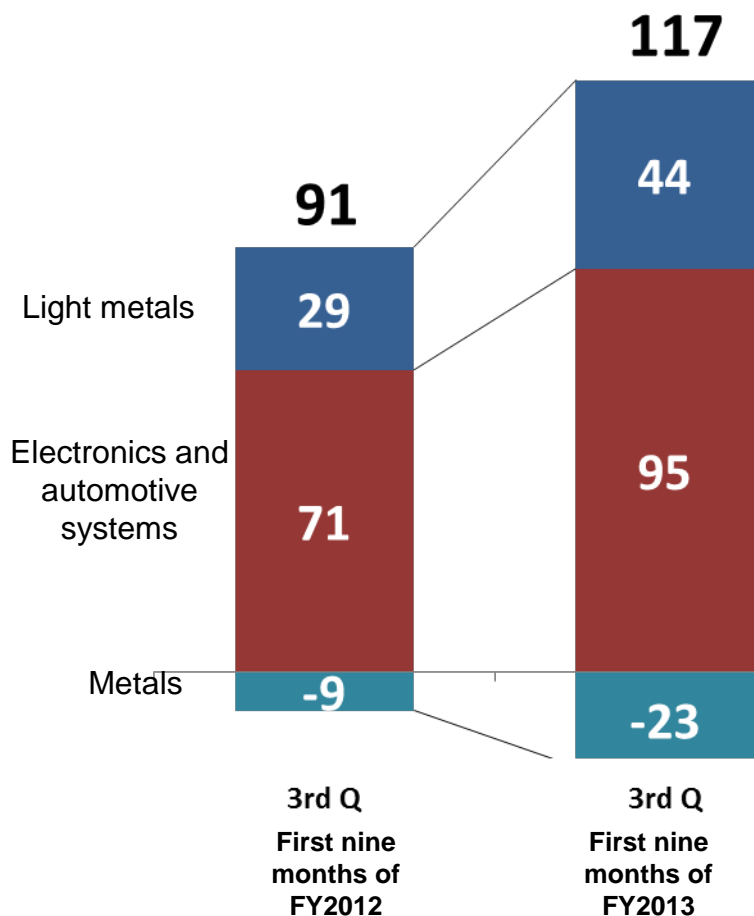
Energy and industrial products: 24 ⇒ 12 (-12)

- (+) Demand of protective covers for cables including Green Trough remained stable
Semiconductor tape remained strong
- (-) Demand of power companies in China and Japan remained weak
Sales of MCPET dropped considerably due to sharp declines in demand of LCD-TV

1. First Nine Months Results Operating Income by Segment (year on year)

(Unit: 100 million yen)

Advanced-function materials



Electronics and automotive systems: 71 ⇒ 95 (+24)

- (+) Automotive wire harnesses for new models remained strong
Demand of memory disks for data centers remained stable
Positive impact of structural reforms of Totoku Electric Co., Ltd.
- (-) Costs of imported materials increased due to weak yen

Metals: -9 ⇒ -23 (-13)

- (-) Copper foils: Despite an increase in demand of copper foils for on-vehicle lithium ion batteries for HEV and PHEV, competition intensified

Shift of production from Japan to Taiwan delayed

Profitability deteriorated due to a hike in power prices

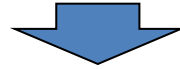
Copper strips: Weak demand of plated strip products

Light metals: 29 ⇒ 44 (+15)

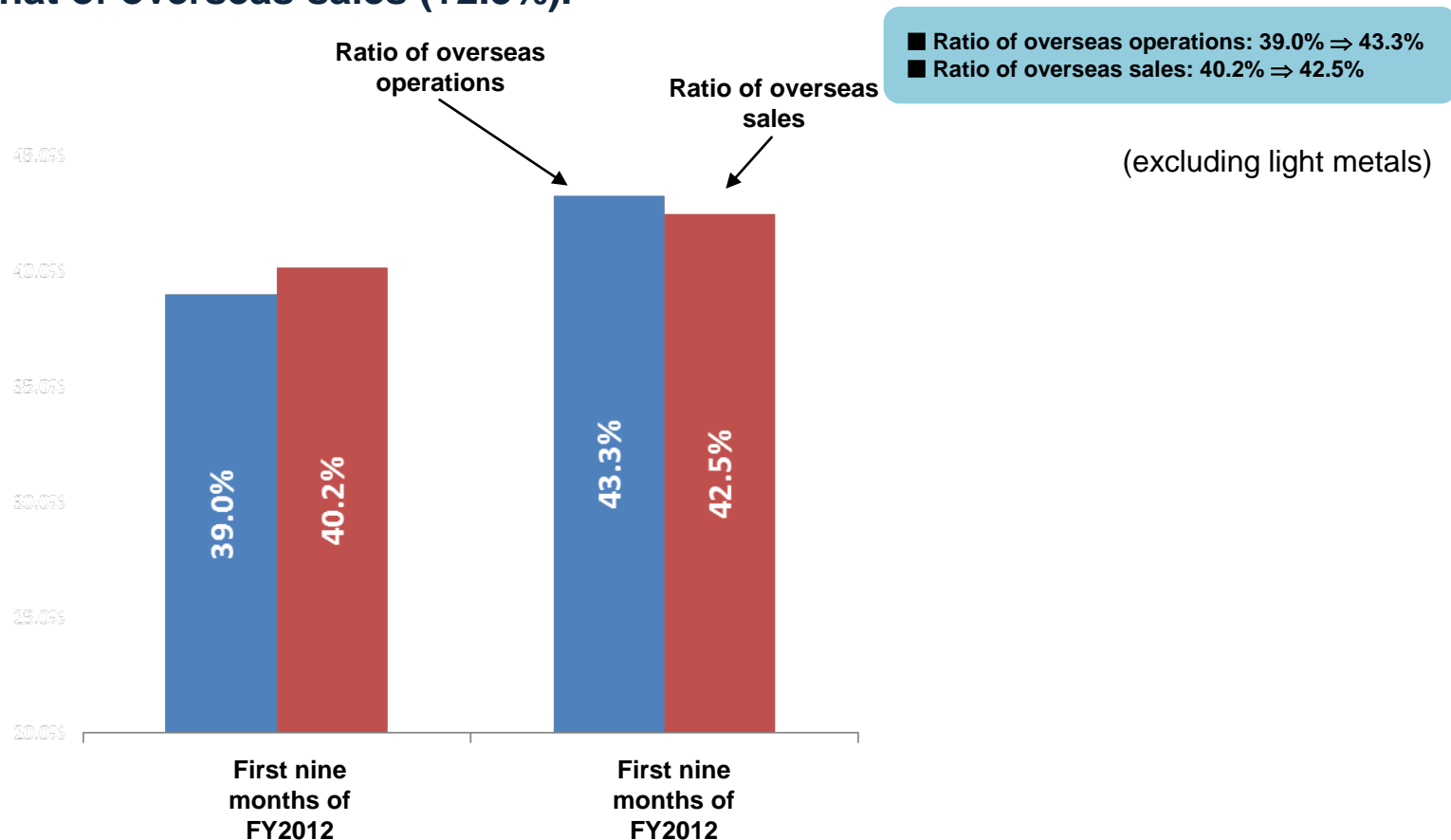
Since the former Furukawa-Sky Aluminum Corp. (currently, UACJ) became an equity method affiliated company through the merger with the former Sumitomo Light Metal Industries, Ltd. on October 1, 2013, an operating income of 4.4 billion yen is for the first six months of FY2013.

2. Overseas Operations / Overseas Sales (year on year)

Increases in production costs in Japan ⇒ Acceleration of production shift to overseas aimed at reducing costs



Growth of ratio of overseas operations (4.3%) mainly in automotive products is higher than that of overseas sales (+2.3%).



3. Full Year Forecast

■ Full year forecast remains unchanged

(Unit: 100 million yen)

	FY2012 Full Year Results A	First Nine Months of FY2013	FY2013 Full Year Forecast B	B-A
Net sales	9,247	6,932	9,400	+153
Operating income	178	176	250	+72
Ordinary profit	176	212	240	+64
Net profit	36	71	50	+14
Average copper price (¥ / kg)	696.4	752.4	750.0	+53.6
Average FX rate (¥ / \$)	79.81	96.83	100.00	+20.19

3. Full Year Forecast Operating Income by Segment

	FY2012 Full Year Results A	First Nine Months of FY2013	FY2013 Full Year Forecast B	B-A
Telecommunications	19	39	65	+46
Energy and industrial products	20	12	10	-10
Electronics and automotive systems	93	95	150	+57
Metals	-13	-23	-30	-17
Light metals	44	44	44	+1
Services, etc.	15	8	11	-4
Total	178	176	250	+72

Thank you for your attention



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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 capital expenditures.
- Changes in exchange rates of the U.S. dollar, euro, and Asian currencies.
- The 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 at 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 the figures in the plans contained in these materials. In addition, following the release of these materials, Furukawa Electric Group assumes no obligation to publicly announce any revisions to forward-looking statements in these materials.

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