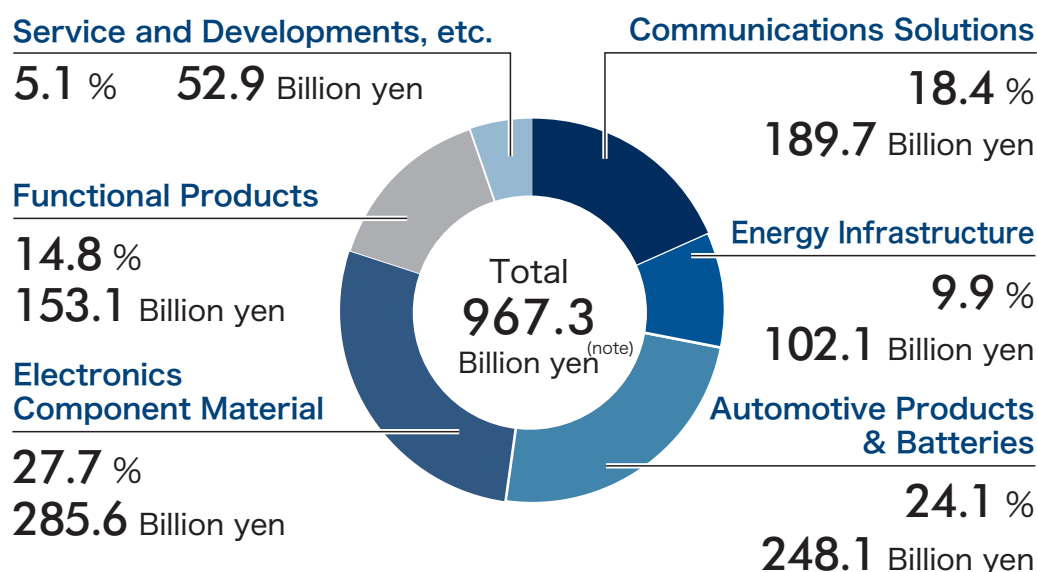


Business Report

Percentage of net sales by segment (As of March 2018)



(note) Figures excludes intersegment transactions

Net sales

(Billion yen)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Infrastructure	—	—	252.7	263.8	291.8
Communications Solutions	—	—	159.1	168.5	189.7
Energy Infrastructure	—	—	93.5	95.3	102.1
Electronics & Automotive Systems	—	—	491.1	455.5	533.8
Automotive Products & Batteries	—	—	234.1	223.4	248.1
Electronics Component Material	—	—	257.0	232.1	285.6
Functional Products	—	—	136.3	131.5	153.1
Service and Developments, etc.	—	—	51.5	49.7	52.9
Eliminations	—	—	- 56.7	- 57.0	- 64.3
Total	931.8	867.8	874.9	843.3	967.3

Operating income

(Billion yen)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Infrastructure	—	—	7.7	14.3	12.8
Communications Solutions	—	—	8.0	14.2	14.1
Energy Infrastructure	—	—	- 0.3	0.1	- 1.4
Electronics & Automotive Systems	—	—	10.5	12.8	18.2
Automotive Products & Batteries	—	—	8.0	10.1	13.2
Electronics Component Material	—	—	2.4	2.7	5.0
Functional Products	—	—	8.5	11.7	14.0
Service and Developments, etc.	—	—	0.4	- 0.1	- 0.2
Eliminations	—	—	0.1	- 0	0.1
Total	25.5	17.9	27.1	38.6	44.8

Operating income (Ratio to net sales)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Infrastructure	—	—	3.1%	5.4%	4.4%
Communications Solutions	—	—	5.0%	8.4%	7.4%
Energy Infrastructure	—	—	- 0.3%	0.2%	- 1.3%
Electronics & Automotive Systems	—	—	2.1%	2.8%	3.4%
Automotive Products & Batteries	—	—	3.4%	4.5%	5.3%
Electronics Component Material	—	—	1.0%	1.2%	1.8%
Functional Products	—	—	6.2%	8.9%	9.1%
Service and Developments, etc.	—	—	0.8%	- 0.3%	- 0.4%
Eliminations	—	—	- 0.1%	0.1%	- 0.1%
Total	2.7%	2.1%	3.1%	4.6%	4.6%

Communications Solutions

Business divisions

Optical Fiber and Cable Products, FITEL Products
Broadband Solutions

Fiscal 2017 Settlement of Accounts

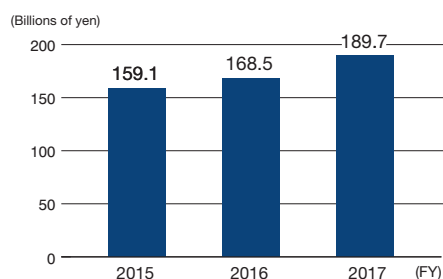
Consolidated net sales
189.7 billion yen (12.6% up year-on-year)

Consolidated operating income
14.1 billion yen (0.5% down year-on-year)

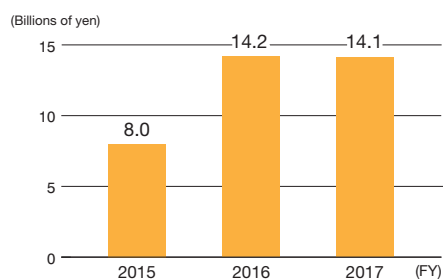
In Communications Solutions business, although sales of digital coherent-related products have fallen by continuing inventory adjustments in the Chinese market, demand for optical fiber and cable has been strong globally, and network systems-related construction work and sales of equipment have trended well in Japan.

In addition, we also decided on investment to increase production in September last year to strengthen our optical fiber manufacturing capacity to about double the level of fiscal year 2016 by fiscal year 2019. We will build a production and supply framework able to cope with globally increasing demand and promote sales expansion in the global market.

Net sales



Operating income



Fiscal 2017 Main Topics

- Dec.**
- ▶ Furukawa Electric Group is opening a new manufacturing facility in Mexico focused on the production of solutions for the communications market
 - Close to the United States, the plant will allow Furukawa Electric Group to rapidly and flexibly meet its clients' needs –

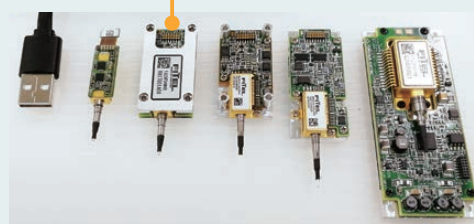


- Jan.**
- ▶ CommScope and OFS Extend Long-Term Fiber Partnership

- New eight-year supply commitment to address growing demand for bandwidth –

- Feb.**
- ▶ Furukawa Electric Receives “Okochi Memorial Production Prize”

- Prize received in recognition of developing variable wavelength laser modules for high-capacity digital coherent optical telecommunications systems –



Energy Infrastructure

Business divisions

Power Cable, Industrial Cable & Power Cable Accessories

Fiscal 2017 Settlement of Accounts

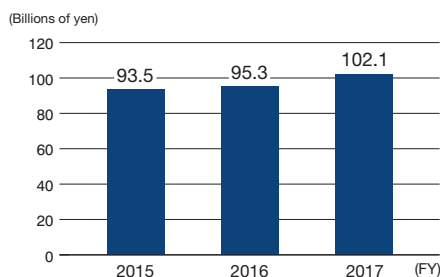
Consolidated net sales
102.1 billion yen (7.2% up year-on-year)

Consolidated operating income
-1.4 billion yen (¥1.5 billion deterioration year-on-year)

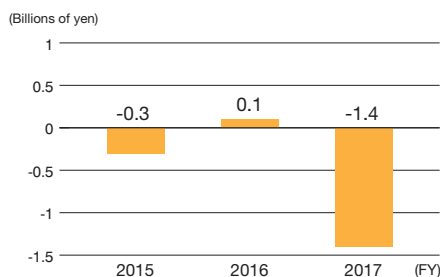
In Energy Infrastructure business, although we had some large projects in electrical construction work in Japan, an increase in our product composition ratio for low-profit export business related to underground power cable, etc., put pressure on profit overall.

By strengthening our construction and installation capacity, including the securement of human resources, and conducting production capability enhancement through technical development and facility investment, we will accumulate orders for ultra-high-voltage cable and submarine cable projects in Asian markets including Japan.

Net sales



Operating income



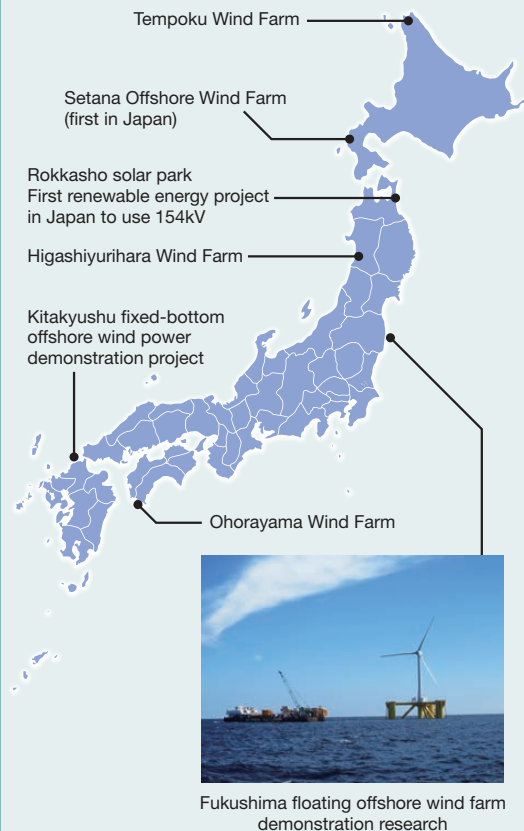
Fiscal 2017 Main Topics

Apr.

► Haneda Office was opened



Taking advantage of the highest experience in the new energy projects, we will continue our contribution to the decarbonization of the society.



Fukushima floating offshore wind farm demonstration research

Automotive Products & Batteries

Business divisions

Automotive Products & Batteries

Fiscal 2017 Settlement of Accounts

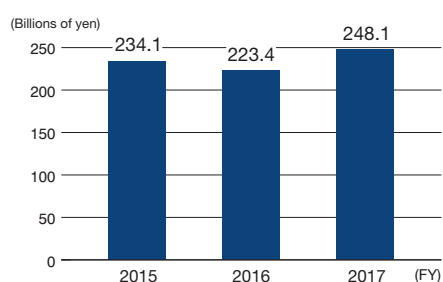
Consolidated net sales
248.1 billion yen (11.1% up year-on-year)

Consolidated operating income
13.2 billion yen (31.2% up year-on-year)

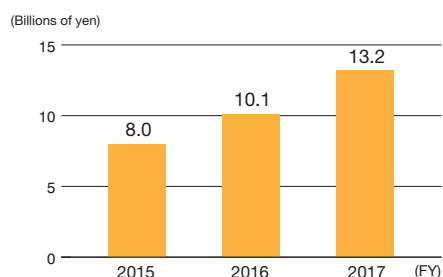
In Automobile Parts business, total sales have increased by recovering from the stagnation of domestic demand due to the impact of the Kumamoto Earthquake of April 2016, etc., and sales of wire harnesses for new vehicle models increased.

We will advance the switch to production in optimal locations such as using production bases in Southeast Asia, aim to improve cost competitiveness, and strengthen our aluminum wire harness production framework to respond to needs for lighter products.

Net sales



Operating income



Fiscal 2017 Main Topics

Aug.

- ▶ Selection as an Official Team Sponsor of the World's Most Prestigious Motorcycle Road Racing Championship
- Contributing to the growth of motor sports –



Movistar Yamaha MotoGP team

Jan.

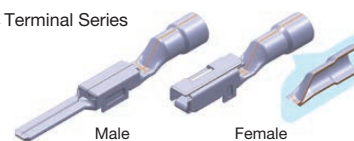
- ▶ Furukawa Automotive Systems to Being Selling Automatic Cutting and Crimping Equipment to Spread “α Terminal Series” Worldwide

- New product set to accelerate conversion to aluminum harnesses and help to make greener cars –



Automatic cutting and crimping equipment

α Terminal Series



α Terminal



From now on, in addition to expanding the target of the α terminal series to two-wheel vehicle from four-wheel vehicles, the sales of this automatic cutting crimping machine will be sequentially started in Asia, Europe and United States. By encouraging the worldwide distribution of the “α terminal series”, we will further accelerate the conversion from the copper wire harnesses to the aluminum wire harnesses and contribute to the greening of automobiles.

Electronics Component Material

Business divisions

Electric Conductor, Magnet Wire,
Copper & High Performance Material Products, Copper Tube

Fiscal 2017 Settlement of Accounts

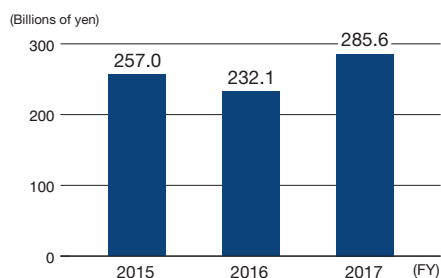
Consolidated net sales
285.6 billion yen (23.1% up year-on-year)

Consolidated operating income
5.0 billion yen (83.2% up year-on-year)

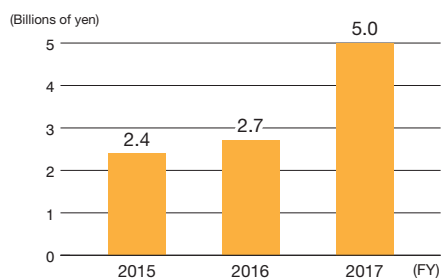
In copper strip and high-performance material business, we improved operating profit margin by optimizing the product mix and captured strong demand with increased production based on productivity improvements. Because of that and increased sales of magnet wire business for automobiles and smartphones, Electronic component materials business results trended well.

In magnet wire business, we will further promote cooperation with the Superior Essex Inc. (US) Group, which we have engaged in for some time, and capture high function magnet wire demand for automobile electrification mainly in European market.

Net sales



Operating income



Fiscal 2017 Main Topics

Apr.

► Furukawa Electric Develops Oxygen-free Copper Strips with Superior Heat-resisting Properties

- World-leading heat-resisting properties realized through proprietary structure control -

Dec.

► Opening ceremony of the Essex Furukawa Magnet Wire Europe facility in Bad Arolsen, Germany

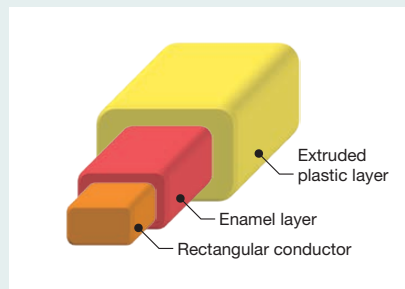


Bad Arolsen, Germany – November 8, 2017

Mar.

► High-voltage Rectangular Magnet Wire Takes First Place in the Innovation Award

- Contributing to the Electrification of European Automobiles -



HVWW®

Functional Products

Business divisions

AT & Functional Plastics, Thermal Management Solution & Products, Memory Disk, Copper Foil

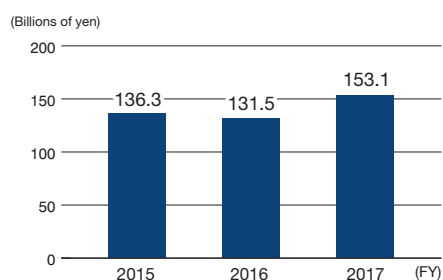
Fiscal 2017 Settlement of Accounts

Consolidated net sales
153.1 billion yen (16.4% up year-on-year)

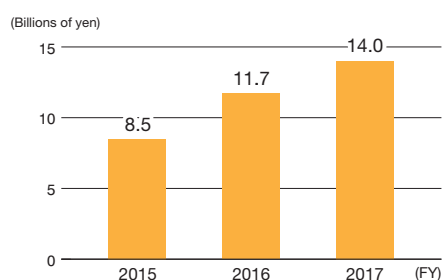
Consolidated operating income
14.0 billion yen (19.8% up year-on-year)

In copper foil business, in addition to capturing strong demand by improving productivity, operating profit margin improved due to an optimization of product mix. We will advance the integrated management of our manufacturing and sales bases in Japan and Taiwan, implement optimal function sharing, and allocate management resources to high performance foils to build a system that can ensure profits stably. In thermal and electronic parts business, sales of heat dissipation products for data centers trended firmly. Furthermore, in AT / functional plastics business, we expanded sales of products that contribute to the conversion of power poles and power cables to underground facilities such as underground cable-protecting pipes, etc.

Net sales



Operating income



Fiscal 2017 Main Topics

May

Furukawa Electric Launches “EFLEX Square Duct” Underground Cable-protecting Pipe to Help Eliminate Power Poles

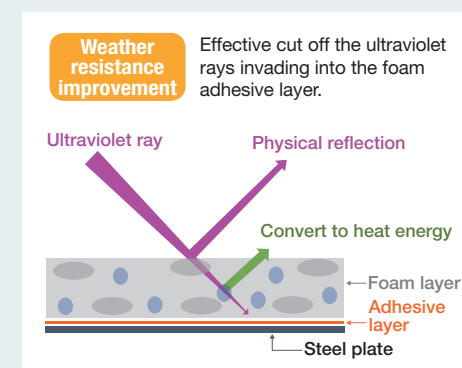
- The perfect pipe for compact multi-strip piping helps to reduce costs –



Nov.

Furukawa Electric Develops “TAIKO ACE®” a Non-film Type Foam Material with Improved Weather Resistance

- Helps to control condensation from metallic roofs on carports, garages, and more –



UV accelerated test

