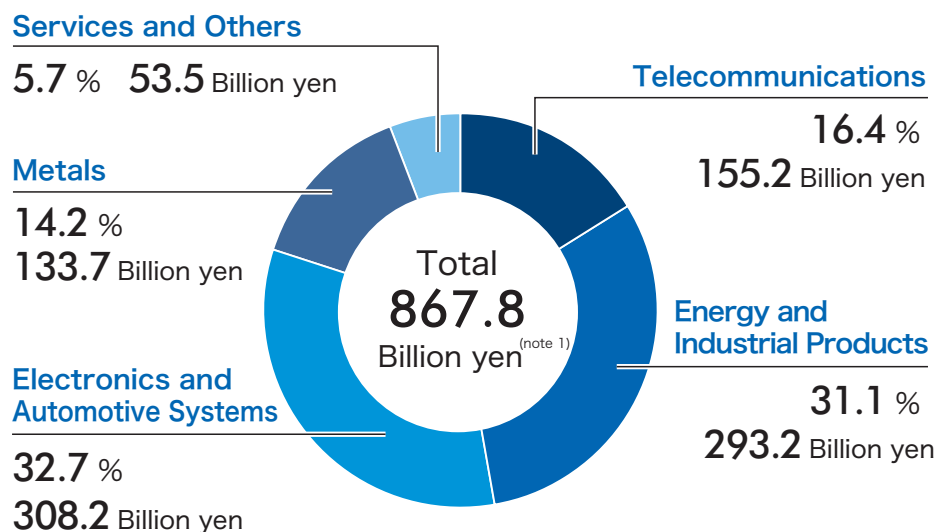


# Business Report

## Percentage of net sales by segment (As of March 2015)



(note 1) Figures excludes intersegment transactions

### Net sales

(Billion yen)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Telecommunications	149.3	144.5	146.1	153.9	155.2
Energy and Industrial Products	253.0	272.2	265.7	298.9	293.2
Electronics and Automotive Systems	209.6	212.0	243.7	291.0	308.2
Metals	152.9	141.6	129.4	130.7	133.7
Light Metals <sup>(note 2)</sup>	209.0	195.6	185.0	96.6	0
Services and Others	37.6	36.5	37.0	44.1	53.5
Eliminations	-85.8	-83.6	-82.3	-83.4	-76.0
<b>Total</b>	<b>925.8</b>	<b>918.8</b>	<b>924.7</b>	<b>931.8</b>	<b>867.8</b>

### Operating income

(Billion yen)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Telecommunications	9.6	4.1	1.9	7.8	5.7
Energy and Industrial Products	0.9	-0.8	2.0	1.7	4.3
Electronics and Automotive Systems	7.8	5.1	9.3	14.0	12.9
Metals	3.2	-0	-1.3	-3.1	-4.9
Light Metals <sup>(note 2)</sup>	11.5	5.7	4.4	4.4	0
Services and Others	2.3	1.7	1.5	0.4	-0.1
Eliminations	-0.1	0.2	-0	0.2	0.1
<b>Total</b>	<b>35.1</b>	<b>15.9</b>	<b>17.8</b>	<b>25.5</b>	<b>17.9</b>

### Operating income (Ratio to net sales)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Telecommunications	6.4%	2.8%	1.3%	5.1%	3.6%
Energy and Industrial Products	0.3%	-0.3%	0.7%	0.6%	1.5%
Electronics and Automotive Systems	3.7%	2.4%	3.8%	4.8%	4.2%
Metals	2.1%	0.0%	-1.0%	-2.3%	-3.7%
Light Metals <sup>(note 2)</sup>	5.5%	2.9%	2.4%	4.6%	-
Services and Others	6.2%	4.7%	4.1%	0.9%	-0.2%
<b>Total</b>	<b>3.8%</b>	<b>1.7%</b>	<b>1.9%</b>	<b>2.7%</b>	<b>2.1%</b>

(note 2) Light Metals: Transferred to "profit/loss in equity method affiliates" under nonoperating income from the second half of FY2013 as a result of the inauguration of UACJ in October 2013.

# Telecommunications

## Optical Communication is an Advanced Technology that Meets the Needs of the Communication Age. Furukawa Electric Provides Diversified Support for Information-oriented Society.

Currently, the Internet Links the entire world, allowing information from overseas to be obtained in real time, not only in offices but also at home.

In this advanced information-oriented society, optical communication systems are a key technology for enabling people to access important information easily. Furukawa Electric is firmly supporting an ideal base for communication by providing various technologies and products that realize the "FTTH" project, in which optical fiber networks are provided to homes.

### Fiscal 2014 Settlement of Accounts

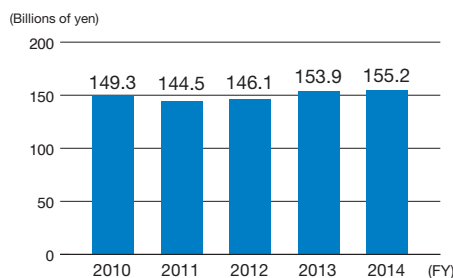
Consolidated sales  
155.2 billion yen (0.9% up year-on-year)

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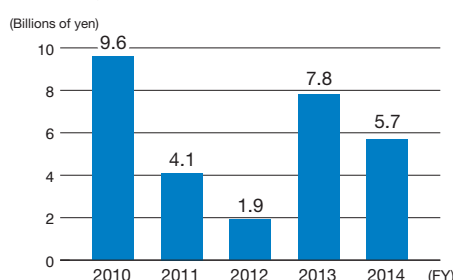
Consolidated operational profit  
5.7 billion yen (27.6% down year-on-year)

- ◆ Trends in overseas business and high-performance products remain generally favorable
- Renewed demand for optical fiber cables in North America and Europe
- Earnings recovery in optical fiber exports due to weakening yen
- Mobile phone related construction in Thailand continues to be lively
- Growing sales of digital coherent products, the next generation in optical communications
- ◆ Tougher domestic competition in optical cables
- ◆ Sluggish demand for network related products

### Net sales



### Operating income



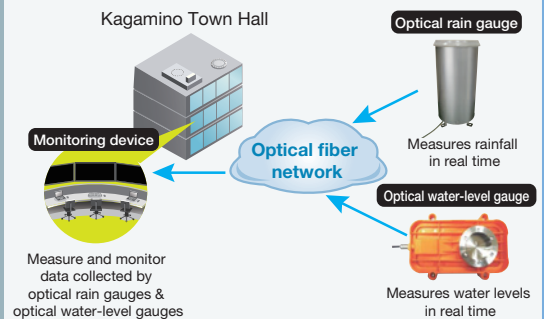
### Fiscal 2014 Main Topics

Apr.

Started demonstration tests on passive sensors for disaster mitigation (collaboration with NTT Data Chugoku and Nippon COMSYS, Chugoku Branch)

Developed and began to test new disaster mitigating system that measures river water levels and rain levels with sensors that use optical fibers.

Cost is reduced to about 1/5 compared with existing electrical sensor systems.



Aug.

Established supplier of LAN solutions products in Mexico - Contributing to demand for communications infrastructure in Latin America -

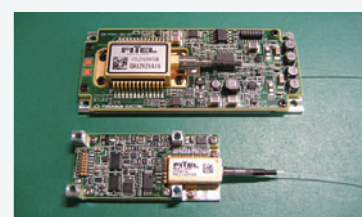


Optical fiber cable manufacturer started operation in Colombia - Contributing to communications infrastructure in Andes and Central America -

\*Also see Special Feature 2 "Efforts of FISA, Our South American Hub"

Sep.

Started production of small ITLA for ultrafast 400Gbps optical digital coherent transmission - Less than half the size of existing type, reduced power consumption -



# Energy and Industrial Products

Using Total Technologies to Construct Advanced Power Networks while Meeting the Needs for Energy Saving and Environmental Preservation.

Few things are as essential for our daily lives and industries as electric power. Furukawa Electric has been meeting the increasing electric power demand through “power transmission systems” and “power distribution cables”. We are also actively responding to the demands of the times for resource saving and environmental preservation. Furukawa Electric is contributing to society by providing various leading-edge technologies such as superconductors and solar generation systems, which are the focus of wide spread attention as energy sources for the next generation.

**■ Fiscal 2014 Settlement of Accounts**

Consolidated sales  
293.2 billion yen (1.9% down year-on-year)

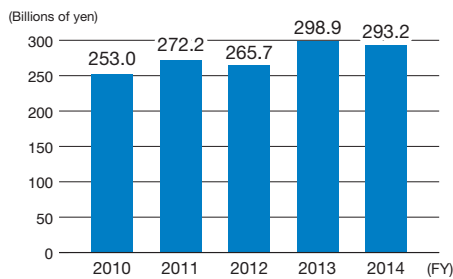
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Consolidated operational profit  
4.3 billion yen (158.2% up year-on-year)

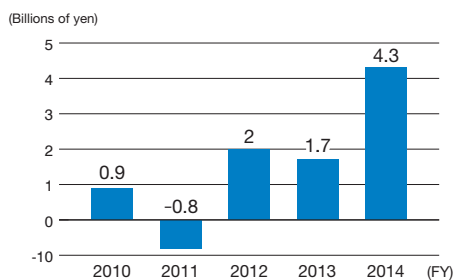
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- ◆ Favorable sales of tape for manufacturing semiconductors
- ◆ Power cable business subsidiary in China received increased orders for domestic use and for export. Profits also improved in response to structural reforms

**■ Net sales**



**■ Operating income**



**Fiscal 2014 Main Topics**

**Jun.** Package order for large-scale OPGW (optical fiber composite overhead ground wire) project in Newfoundland, Canada



**Aug.** Completion of ultra-high voltage riser cable installation for experimental studies of the floating ocean wind farm for Fukushima



\*Also see Special Feature 1 “Renewable Energies”

**Feb.** Reorganization and reinforcement of overseas power cable business  
Basic agreement with Fujikura Ltd. and Viscas Corporation to take over the underground power cable and submarine power cable business from the overseas operations of Viscas (investment ratio: 50% Furukawa Electric, 50% Fujikura)



# Electronics and Automotive Systems

Themes Are Safety, Comfort, and Harmony with Environments. Furukawa Electric is Challenging Transportation Possibilities Using Total Technologies.

In the field of transportation including automobiles, trains, ships, airplanes, and H II rockets, Furukawa Electric combines its proprietary material, electronics, and mechatronics technologies to develop various products forming comfortable transportation environments.

In particular, in the field of automobiles, we offer various electronic components and aluminum body materials including wire harnesses. Furthermore, we are challenging advanced technologies such as ITS\*) systems and has established a firm status as an indispensable supplier for the automobile industry.

\*) ITS: Intelligent Transport Systems

## Fiscal 2014 Settlement of Accounts

Consolidated sales

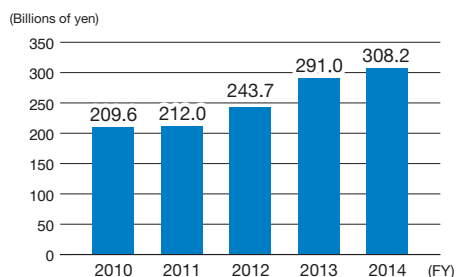
308.2 billion yen (5.9% up year-on-year)

Consolidated operational profit

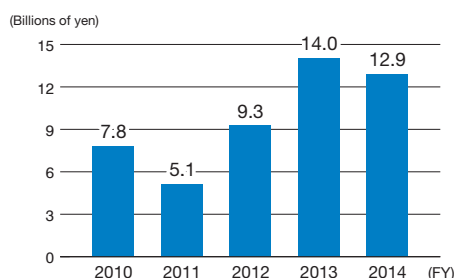
12.9 billion yen (7.7% down year-on-year)

- ◆ Growing sales of aluminum substrate materials for hard disks and heat exchanger parts for electronic devices and rail cars
- ◆ In automotive components business, increased cost of reimporting products from overseas plants due to impact of weakening yen
- ◆ Rising price of lead, a principle raw material of automobile batteries, pushing down profits

## Net sales



## Operating income



## Fiscal 2014 Main Topics

**Jun.** Established wire harness plant in Wuhan, China

**Jul.** Company controlling SE Asia launched in Bangkok, Thailand

Established supplier of connectors for airbags in Brazil



SRC

**Dec.** Jointly established lead storage battery plant in Indonesia

**Jan.** Established supplier and developer of blanks for aluminum memory disks, basic agreement with UACJ (April 1, 2015)



Inside an HDD (Disk is shown circled in red)

# Metals

## Constant Challenges to Material Renovation and Development of New Materials are Facilitating Unlimited Extension of Applications in Every Industry.

Over 130 years since its establishment, Furukawa Electric has been constantly offering advanced materials ranging from copper and aluminum materials to wires and cables, as well as various related materials.

Constant challenges to material innovation are facilitating creation of materials with new potentiality and unlimited extension of applications from familiar products to the high technology field. These materials dramatically change our lives and the foundation of the industries.

### Fiscal 2014 Settlement of Accounts

Consolidated sales

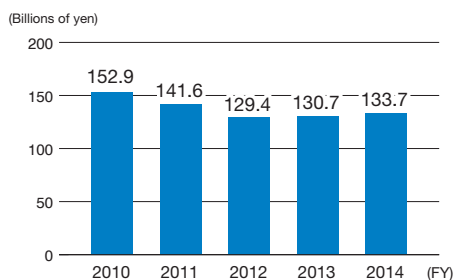
133.7 billion yen (2.3% up year-on-year)

Consolidated operational profit

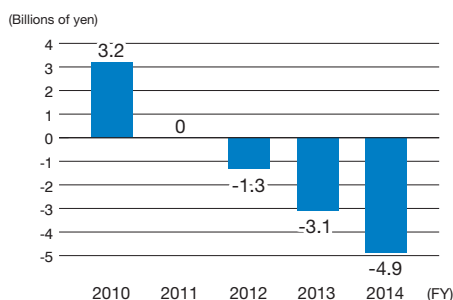
-4.9 billion yen (¥1.9 billion worse year-on-year)

- ◆ Improved productivity at Taiwan subsidiary in copper foil business
- ◆ At domestic copper foil plant, declining operations in copper foil for automobile lithium ion batteries due to sluggish demand for electric vehicles
- ◆ Worsening profits in copper strip products due to impact of partial shutdown of operations at Nikko Works

### Net sales



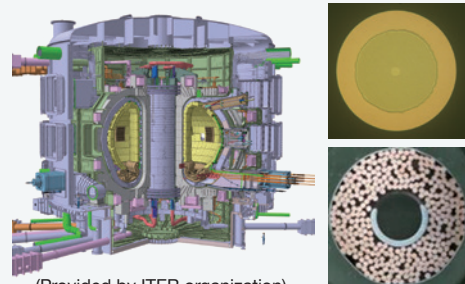
### Operating income



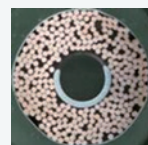
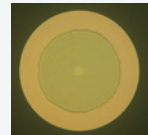
### Fiscal 2014 Main Topics

Oct.

Received order for superconducting cables for ITER (International Thermonuclear Experimental Reactor)



(Provided by ITER organization)



Top: Superconducting material  
Bottom: Cross-section of superconducting cable

Jan.

Restarted full production of copper strip products at Nikko Works

Furukawa Electric's Nikko Works suffered damage, including a collapsed roof at part of its production plant, due to record snowfalls in Nikko, Tochigi Prefecture in February 2014. A partial shutdown of its copper strip product operations was unavoidable.

In spite of the heavy damage, they were able to restart full operations within just 10.5 months thanks to the support and efforts of various related parties.



Copper strip products



Lead frames for electronic devices



New raw strip plant



# R&D

## Furukawa Electric Group will Mobilize the Group’s Abilities and Contribute to Society with its Material Technology Based Around the Theme of “Using Technology Acquired Through our Material Capabilities to Help Realize a Society that is Comfortable for Living.”

Our R&D division, to activate our development capabilities, will concentrate and integrate various technologies now scattered among different departments and subsidiaries and affiliates. By using our research laboratories in the United States and European Union as a foothold, we will promote the internationalization of our research and development projects.

In addition to such activities, we will aggressively promote Open Innovation by cooperation not only with universities and public research institutes, but also with industrial companies.

### ■ New R&D organization on Nov.16, 2014

Change from classification by products to classification by research stages (basic research / development of essential technologies / product development)

