

2nd Quarter of FY 2/2020

Financial Results Briefing Materials

October 11, 2019

FURUNO ELECTRIC CO., LTD.

Points to Note:

This document is a translation of the Japanese original. The Japanese original is authoritative.

The information listed in these materials reflect the Company's future prospects as determined by management, based on the information available at the time of announcement, and include potential risks and uncertainties. It should be noted that the actual results may differ substantially from these forecasts, due to these various elements.

The numerical values shown in these materials are the monetary amounts listed in the consolidated balance sheet, consolidated profit-and-loss statement, consolidated statement of changes in shareholders' equity, and notes to consolidated financial statements. Shown values of less than one unit are truncated, and ratios and other values are rounded off.

* "FY" in this material indicates the fiscal year ending February 28(29) of the succeeding year.

** "2Q" in this material represents the three-month period beginning on June 1 and ending on August 31.

◆ Net Sales: Increase

- Sales increased for newly-built merchant vessels in Japan and Asia in the Marine Business.
- Sales increased owing to strong sales of Wireless LAN Access Point for schools in the Wireless LAN Systems.

◆ Profit: Decrease

- Profit declined year over year as a result of increased costs of goods sold due to changes in the product mix, increased elimination of unrealized income, foreign exchange effects, and other factors.

FY 2/2020 2nd Quarterly Results Highlights

FURUNO

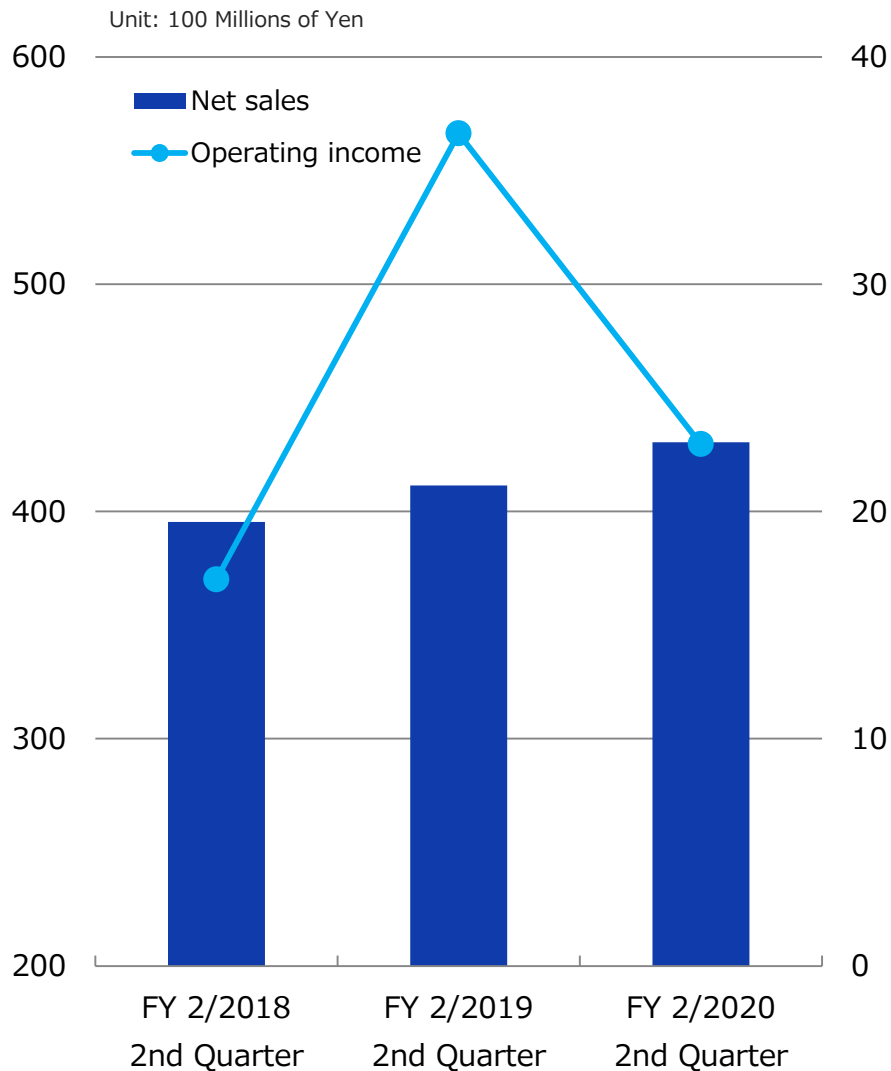
Unit: Millions of Yen	FY 2/2019 2nd Quarter	FY 2/2020 2nd Quarter	Year-over-year (amount)	Year-over-year (ratio)
Net sales	41,152	43,040	+1,888	+4.6%
Gross profit (Sales ratio)	16,893 (41.1%)	15,557 (36.1%)	-1,336 (-4.9)	-7.9%
Operating income (Sales ratio)	3,663 (8.9%)	2,296 (5.3%)	-1,367 (-3.6)	-37.3%
Ordinary income (Sales ratio)	3,853 (9.4%)	2,430 (5.6%)	-1,423 (-3.7)	-36.9%
Profit attributable to owners of parent (Sales ratio)	3,283 (8.0%)	2,188 (5.1%)	-1,095 (-2.9)	-33.4%
R&D expenses (Sales ratio)	2,305 (5.6%)	2,234 (5.2%)	-71 (-0.4)	-3.1%
Capital investment expenses (Sales ratio)	1,215 (3.0%)	1,028 (2.4%)	-187 (-0.6)	-15.4%
Depreciation expenses (Sales ratio)	1,513 (3.7%)	1,563 (3.6%)	+50 (-0.1)	+3.3%

Unit: Yen, annual average exchange rate

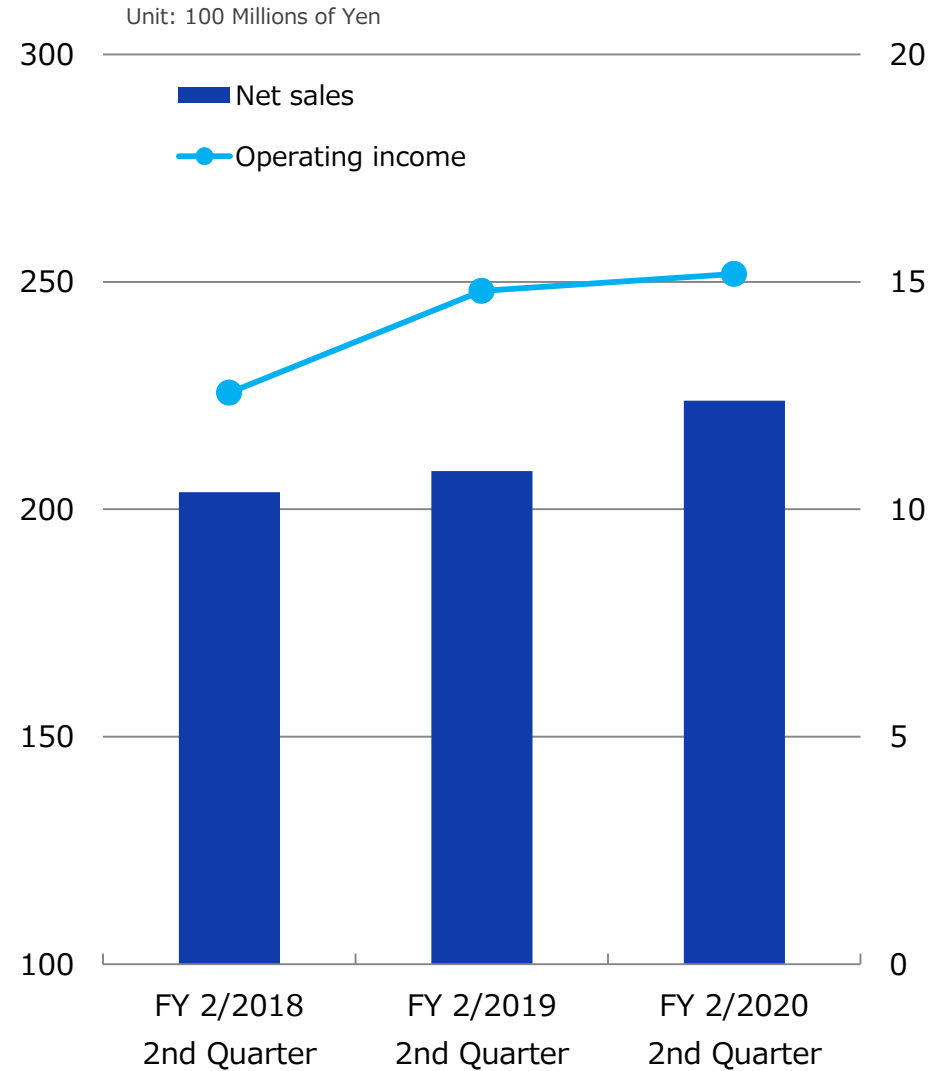
1USD	109	111	+2	+1.4%
1EUR	131	124	-7	-5.2%

Reference: 2nd Quarterly Comparison (Cumulative and Single-Quarter) over Three Years

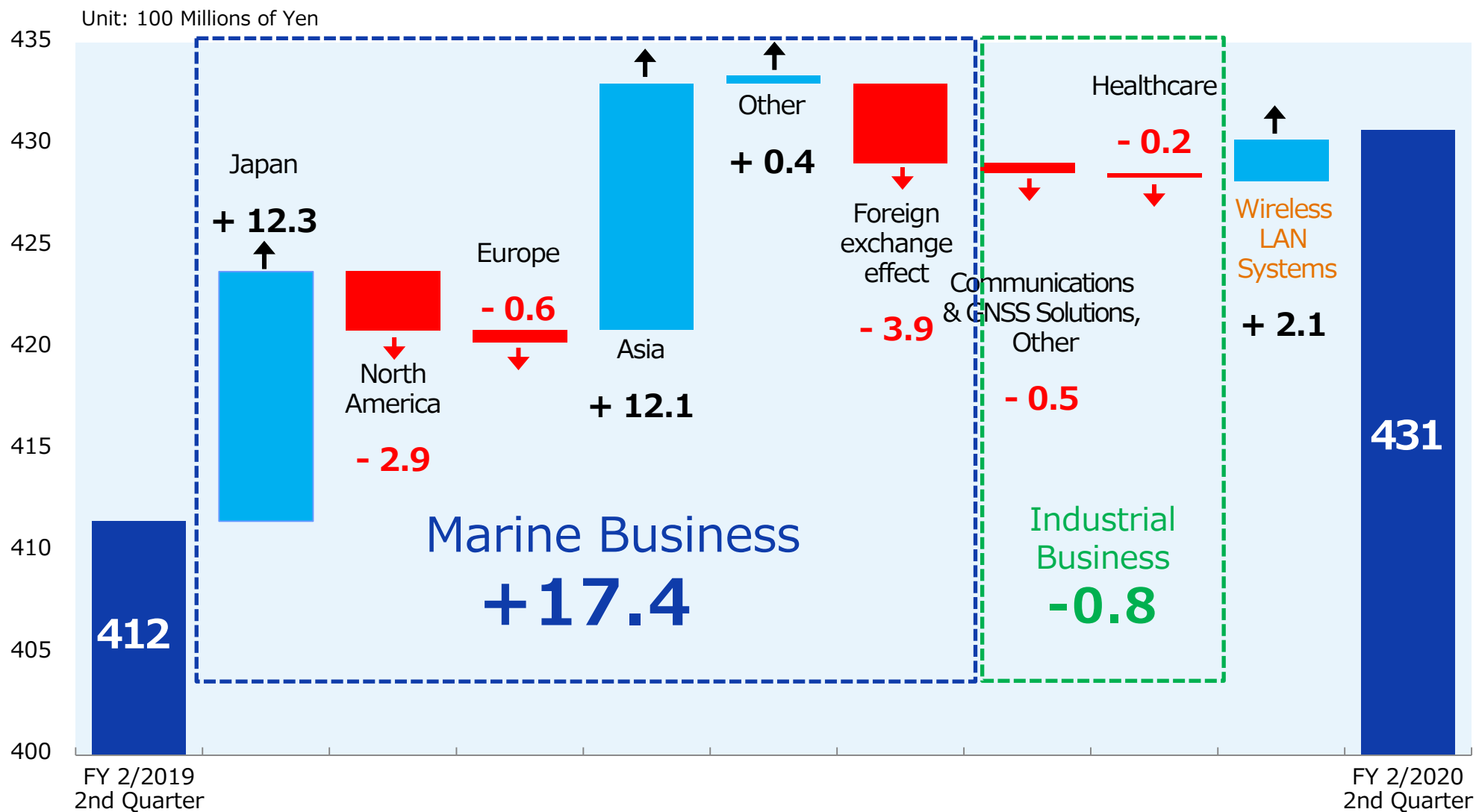
Cumulative comparison



Single-quarter comparison



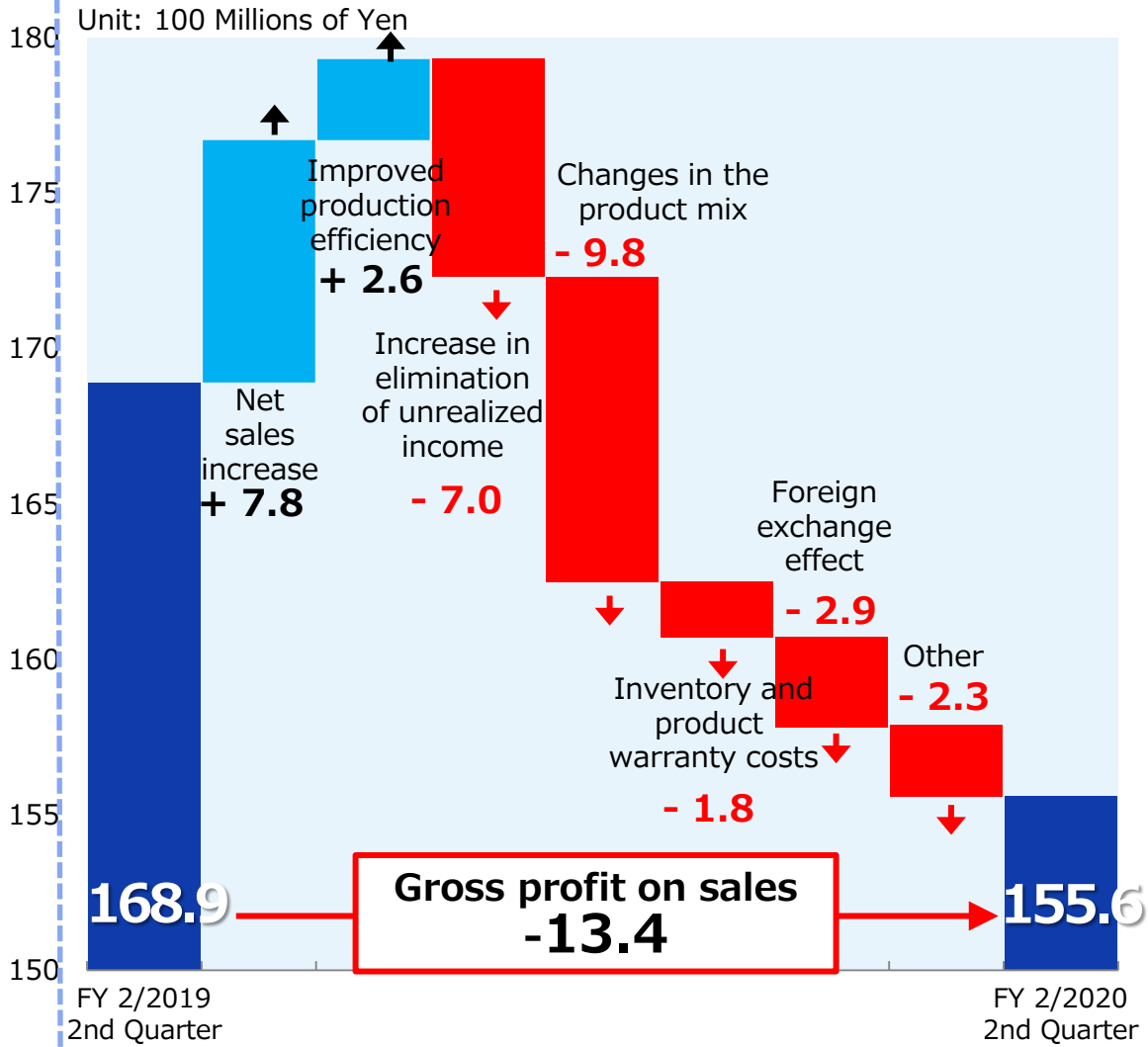
Analysis of Increase/Decrease in Net Sales



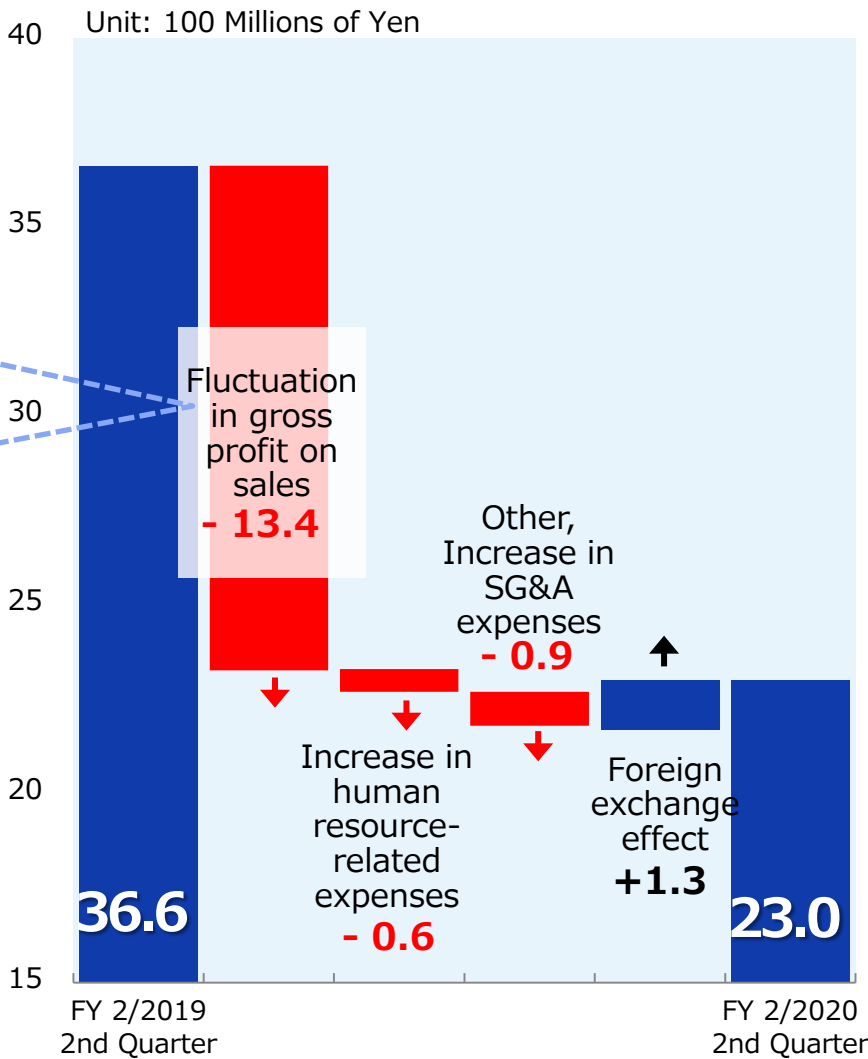
*Exchange Rate Sensitivity (actual results as of February 28, 2019)
 [USD] Net sales 1.2 100M yen, Operating income 0.5 100M yen
 [Euro] Net sales 1.4 100M yen, Operating income 0.6 100M yen

Analysis of Increase/Decrease in Profit

Analysis of Increase/Decrease in Gross Profit on Sales



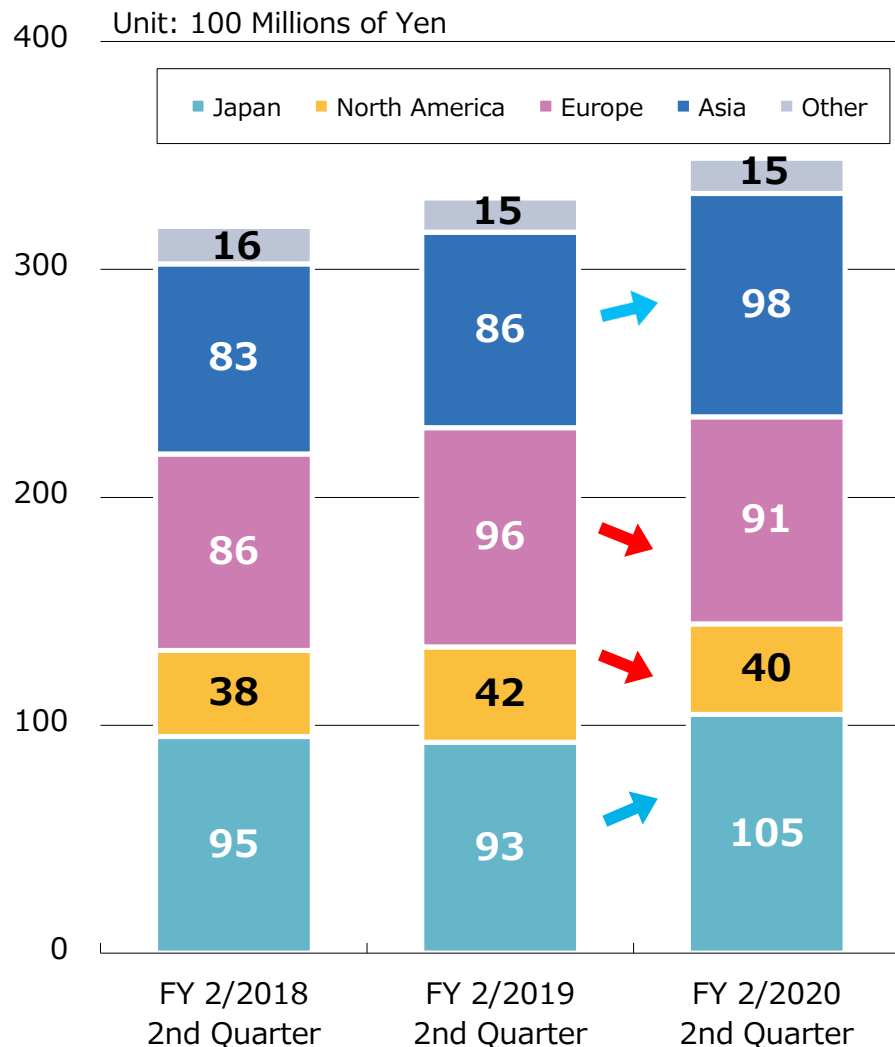
Analysis of Increase/Decrease in Operating Income



*Foreign exchange effects on operating income: -1.6 100M yen

"100M" in this material indicates 100 Million

Net sales by Marine Business /Sales by Region



Marine Business:

Net sales 349 100M yen (+5.3% year on year)

Segment Profit 15.5 100M yen (-12.9 100M yen)

⇒ Revenue rose in Japan and Asia

⇒ Profit declined due to changes in the product mix, increased elimination of unrealized income, foreign exchange effects, and other factors.

◆ **Japan: Net sales 105** 100M yen (+13.3%)

➤ Revenue increased for newly-built merchant vessels

◆ **North America: Net sales 40** 100M yen (-5.3%)

➤ Revenue from small-sized products declined.

◆ **Europe: Net sales 91** 100M yen (-5.5%)

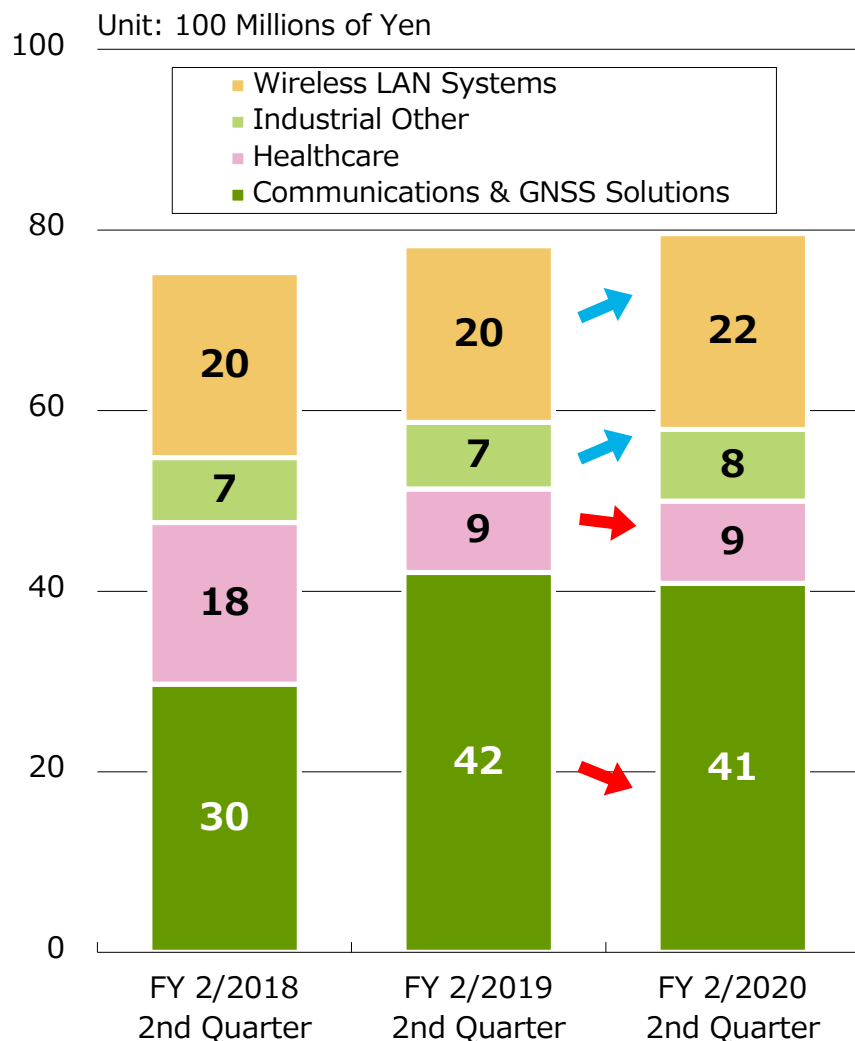
➤ Revenue decreased due to foreign exchange effects

◆ **Asia: Net sales 98** 100M yen (+14.3%)

➤ Revenue increased for newly-built merchant vessels

"100M" in this material indicates 100 Million

Net sales by Industrial Business & Wireless LAN Access Point /Sales by Products



Industrial Business:

Net sales 57.9 100M yen (-1.3% year on year)

Segment Profit 1.7 100M yen (-2.4 100M yen)

⇒ **Communications & GNSS Solutions reported a slight decline in contract business sales.**

⇒ **Healthcare recorded slightly less revenue due to sluggish sales of our machinery.**

⇒ **Profit decreased due to changes in the product mix and increased inventory-related costs.**

◆ Communications & GNSS Solutions:

Net sales 40.9 100M yen (-2.8%)

◆ **Healthcare: Net sales 9.1** 100M yen (-2.0%)

Wireless LAN Systems:

Net sales 21.7 100M yen (+10.7% year on year)

Segment Profit 5.3 100M yen (+1.3 100M yen)

⇒ **Revenue and profit increased thanks to favorable sales of Wireless LAN Access Point.**

Corporate Profile

Since commercializing the world's first fish finder in 1948, FURUNO has supplied many types of products for the marine electronics market. By using its exclusive knowledge of ultrasonic and electronics technologies, FURUNO has developed a wide array of products that have been world firsts and Japan firsts.



As of Feb 28, 2019

Company Name	FURUNO ELECTRIC CO., LTD.
Headquarters	Nishinomiya City, Hyogo, Japan
Incorporated	May 23, 1951
Business	Manufacturing and sale of maritime and industrial electronic products
Paid-in Capital	7,534 million yen
President	Yukio Furuno

Investor Relations⇒ <http://www.furuno.co.jp/en/ir/>

Products Site⇒ <http://www.furuno.com/en/>

Corporate Movie⇒ <http://www.furuno.com/special/en/corporatemovie/>

Achieve better safety, security and comfort to bring about a society and sea navigation that considers the needs of people and the environment

