

3rd Quarter of FY 2/2020

Financial Results Briefing Materials

January 14, 2020

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.

** "3Q" in this material represents the three-month period beginning on September 1 and ending on November 30.

◆ 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

- The gross profit margin decreased due to changes in the product mix, foreign exchange effects, production adjustment, and other factors.

FY 2/2020 3rd Quarterly Results Highlights

FURUNO

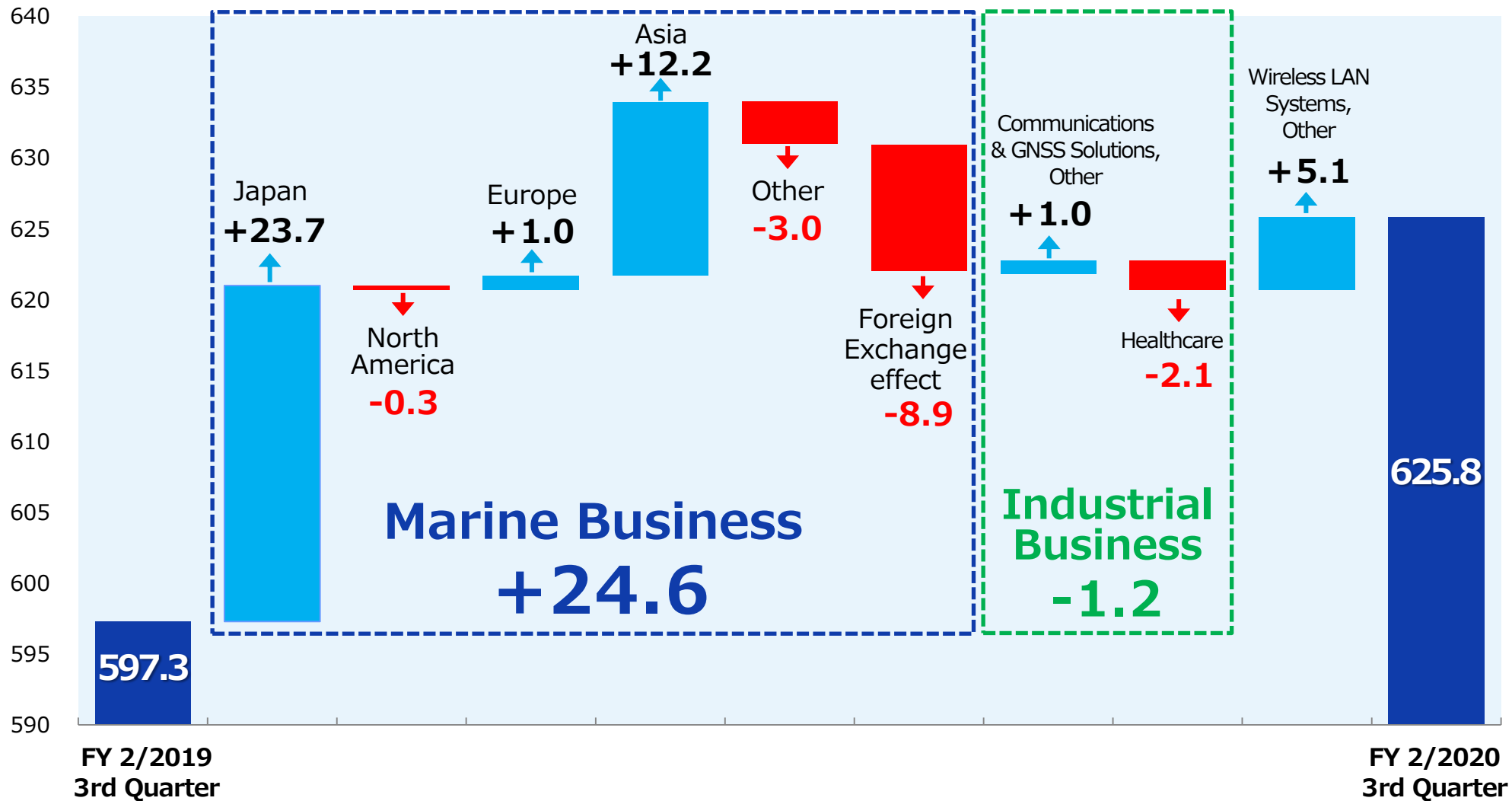
Unit: Millions of Yen	FY 2/2019 3rd Quarter	FY 2/2020 3rd Quarter	Year-over-year (amount)	Year-over-year (ratio)
Net sales	59,729	62,582	+2,853	+4.8%
Gross profit (Sales ratio)	23,666 (39.6%)	22,434 (35.8%)	-1,232 (-3.8)	-5.2%
Operating income (Sales ratio)	3,876 (6.5%)	2,928 (4.7%)	-948 (-1.8)	-24.5%
Ordinary income (Sales ratio)	4,186 (7.0%)	3,062 (4.9%)	-1,124 (-2.1)	-26.9%
Profit attributable to owners of parent (Sales ratio)	3,329 (5.6%)	2,576 (4.1%)	-753 (-1.5)	-22.6%
R&D expenses (Sales ratio)	3,373 (5.6%)	3,176 (5.1%)	-197 (-0.5)	-5.8%
Capital investment expenses (Sales ratio)	1,856 (3.1%)	2,241 (3.6%)	+385 (-0.5)	+20.7%
Depreciation expenses (Sales ratio)	2,295 (3.8%)	2,358 (3.8%)	+63 (±0.0)	+2.7%

Unit: Yen, annual average exchange rate

1USD	110	110	—	—
1EUR	131	123	-8	-6.3%

Analysis of Increase/Decrease in Net Sales

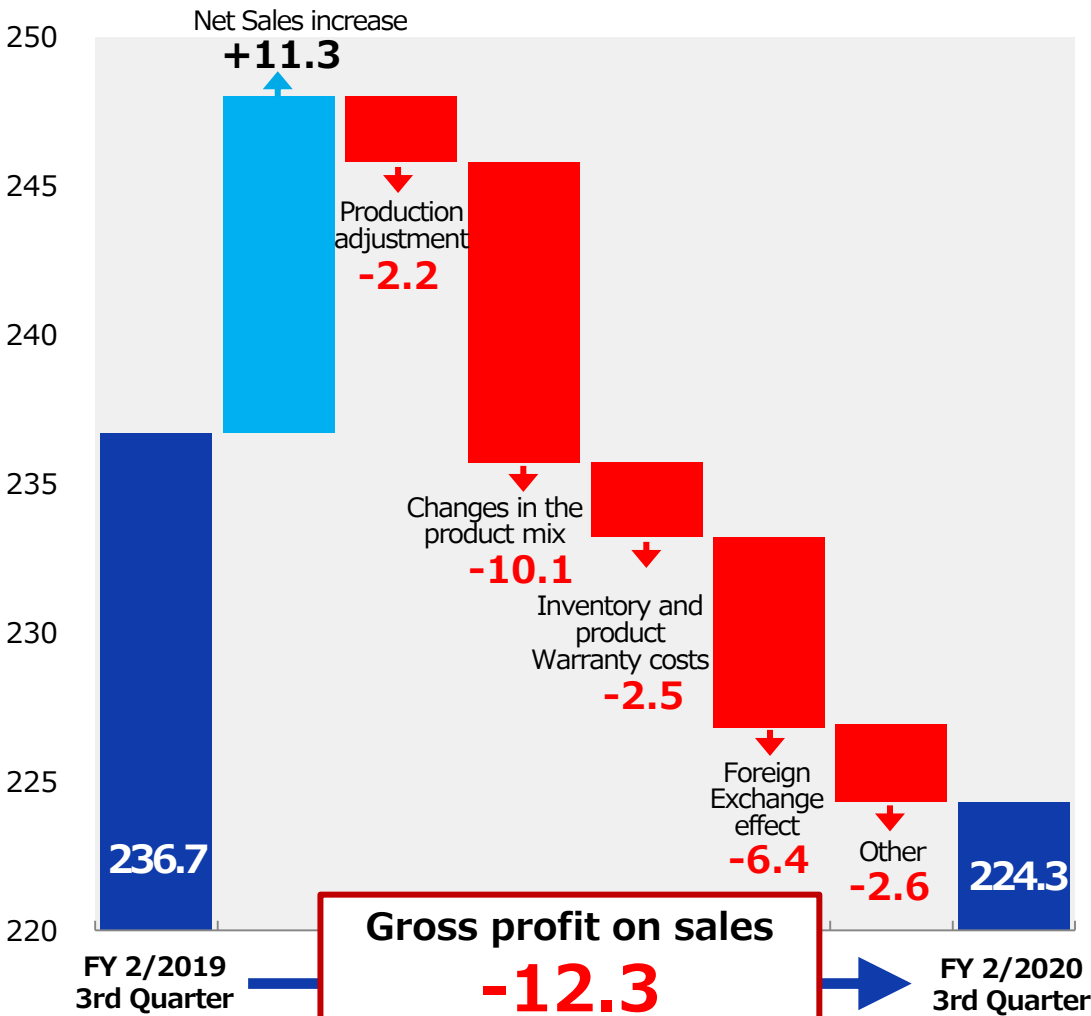
(Unit: 100 Millions of Yen)



*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

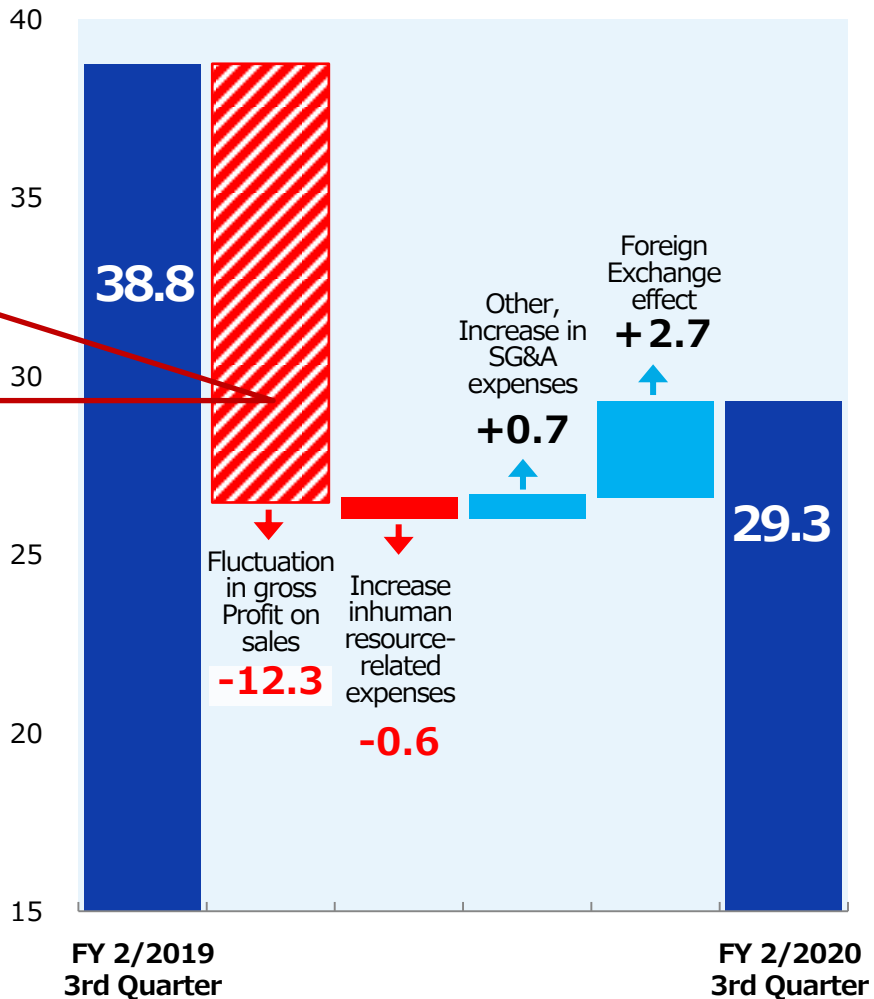
Analysis of Increase/Decrease in Gross Profit on Sales

(Unit: 100 Millions of Yen)



Analysis of Increase/Decrease in Operating Income

(Unit: 100 Millions of Yen)

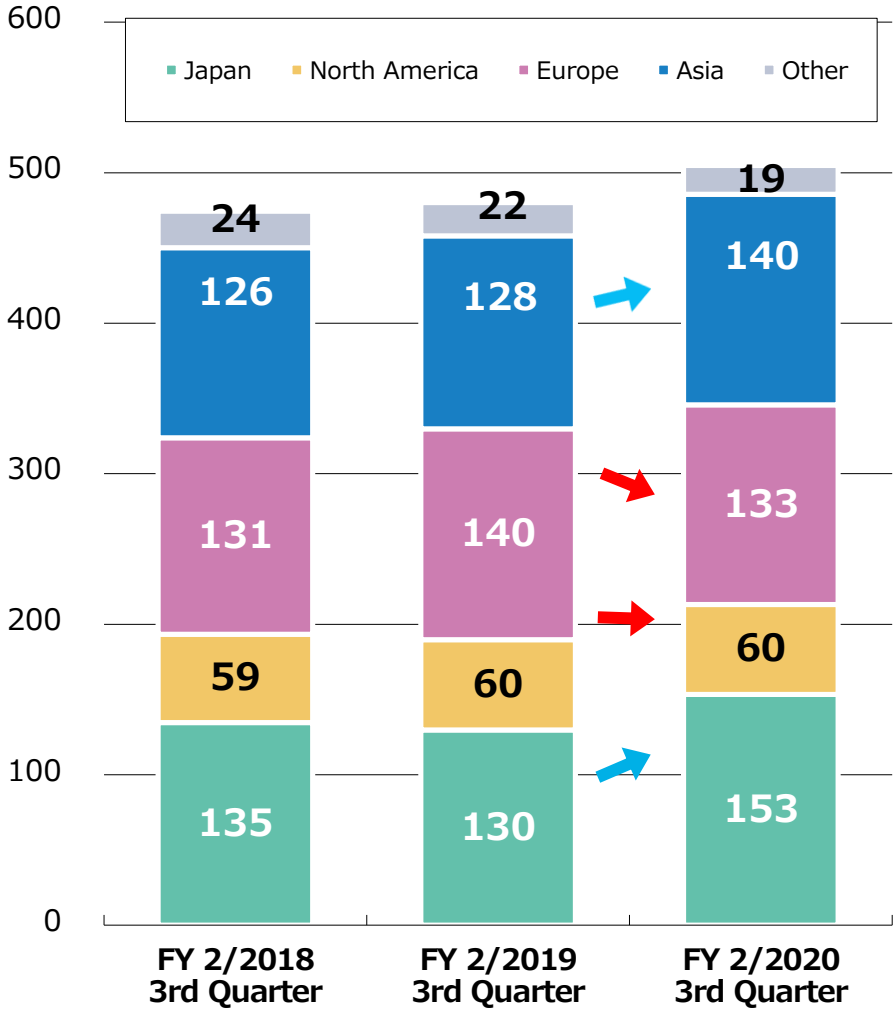


*Foreign exchange effects on operating income: -3.7 100M yen

"100M" in this material indicates 100 Million

Net sales by Marine Business /Sales by Region

(Unit: 100 Millions of Yen)



Marine Business:

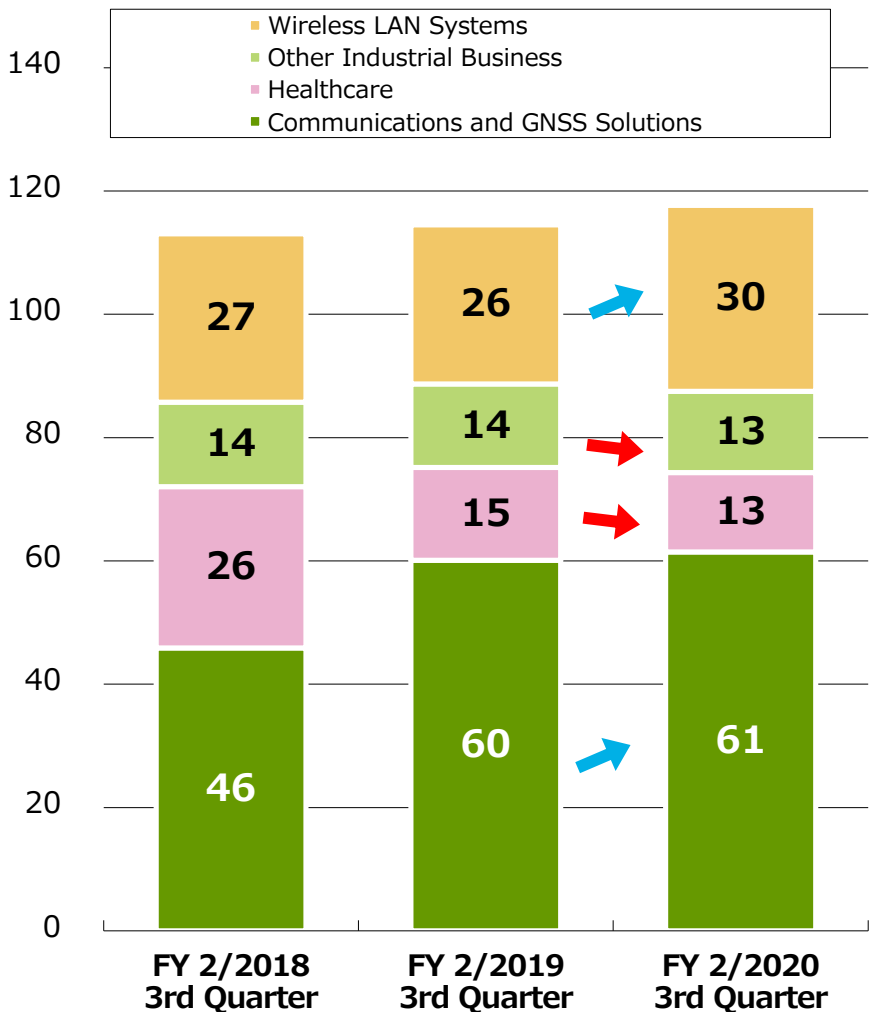
Net sales 505 100M yen (+5.1% year on year)
Segment Profit 18.8 100M yen (-10.8 100M yen)
 ⇒ Revenue rose in Japan and Asia
 ⇒ Profit declined due to changes in the product mix, foreign exchange effects, production adjustment, and other factors.

- ◆ **Japan: Net sales 153** 100M yen (+18.3%)
 - Revenue increased for newly-built merchant vessels
- ◆ **North America: Net sales 60** 100M yen (-0.4%)
 - Same level as same period in previous year
- ◆ **Europe: Net sales 133** 100M yen (-5.3%)
 - Revenue decreased due to foreign exchange effects(-8.4 100M yen)
- ◆ **Asia: Net sales 140** 100M yen (+9.0%)
 - Revenue increased for newly-built merchant vessels

"100M" in this material indicates 100 Million

Net sales by Industrial Business & Wireless LAN systems /Sales by Products

(Unit: 100 Millions of Yen)



Industrial Business:

Net sales **87.5** 100M yen (-1.3% year on year)

Segment Profit **3.5** 100M yen (-1.3 100M yen)

- ⇒ **Communications & GNSS Solutions reported a slight decrease in contract business sales, but ETC on-board devices increased receipts**
- ⇒ **Healthcare recorded slightly less revenue due to sluggish sales of FURUNO products.**
- ⇒ **Profit decreased due to changes in the product mix and increased inventory-related costs.**

◆ Communications & GNSS Solutions:

Net sales **61.4** 100M yen (+2.2%)

◆ Healthcare: Net sales **12.9** 100M yen (-14.1%)

Wireless LAN Systems:

Net sales **30.1** 100M yen (+16.8% year on year)

Segment Profit **6.1** 100M yen (+2.1 100M yen)

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

Unit: Millions of Yen	Previous forecast (Announced April 15, 2019)		Latest forecast (Announced January 14, 2020)		Change (amount)	Change (ratio)
	FY 2/2019 Actual results	FY 2/2020 Forecast	FY 2/2020 Forecast			
Net sales	82,108	82,000	82,000		±0	±0.0%
Operating income	4,771	4,000	2,500		-1,500	-37.5%
(Sales ratio)	(5.8%)	(4.9%)	(3.0%)		(-1.9)	
Ordinary income	5,112	4,000	3,000		-1,000	-25.0%
(Sales ratio)	(6.2%)	(4.9%)	(3.6%)		(-1.3)	
Profit attributable to owners of parent	4,026	3,000	2,500		-500	-16.6%
(Sales ratio)	(4.9%)	(3.7%)	(3.0%)		(-0.7)	

Profit is estimated to be lower than originally expected because of the declining gross profit margin due to changes in the product mix, production adjustment to reduce inventory, and other factors.

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

