

**1Q
FY2018**

July 26, 2018



shaping tomorrow with you

Consolidated Financial Results

Fujitsu Limited

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(Billions of yen)

		1Q FY2017 (Actual)	1Q FY2018 (Actual)	Change	(%)
Continuing Operation	Revenue	922.6	867.6	-54.9	-6.0
	Operating Profit	4.9	79.5	74.6	-
	[Operating Profit Margin]	[0.5%]	[9.2%]	[8.7%]	
	Financial income (expenses), etc	2.4	17.4	14.9	609.9
	Profit for the Period Before Income Taxes	7.4	97.0	89.5	-
Profit for the Period Attributable to Owners of the Parent		2.1	72.7	70.6	-

Exchange Rate

U.S. dollar / Yen	111	109	-2	-1.8
Euro / Yen	122	130	8	6.6
British pound / Yen	142	149	7	4.9
Euro / U.S. dollar	1.10	1.19	0.09	8.2

[Revenue]

Impact of restructuring : Approx. -48.0 billion yen Impact from restructuring the Ubiquitous Solutions business
Excl. restructuring : Approx. -7.0 billion yen Revenue from the system integration business in Japan increased.
Overall revenue declined slightly because of lower demand for network products and LSI devices

[Operating Profit] Up 74.6 billion yen

Excl. special items : Approx. -4.8 billion yen Primarily from LSI devices and network products
Special items : Approx. +79.4 billion yen
① Impact of Revision to the Retirement Benefit Plan (see p.27-28): Increase of 91.9 billion yen
② Impact of the sales of businesses: Decrease of 12.5 billion yen
Gain on sale of businesses: Nifty's consumer business -17.0 billion yen, PC business +11.5 billion yen,
Impact of restructuring PC and mobile device businesses -7.0 billion yen

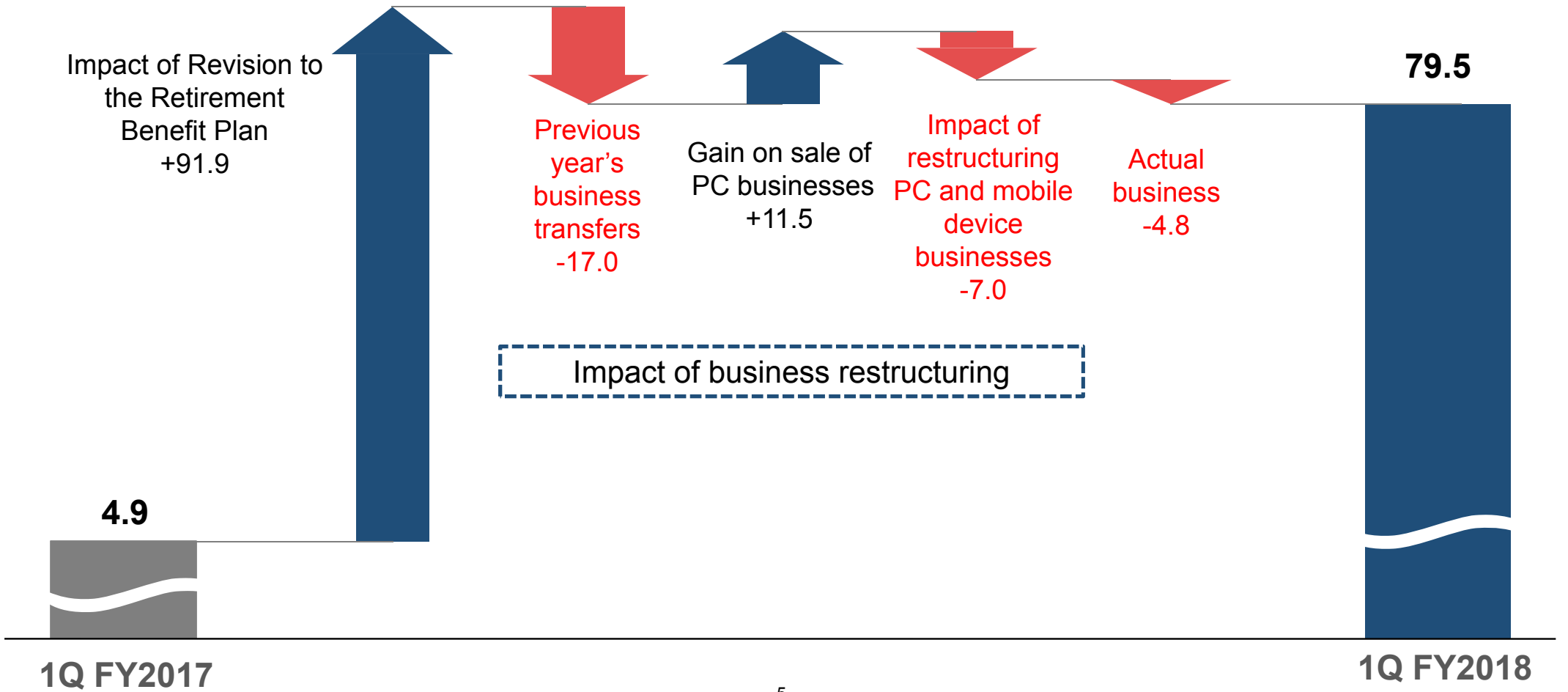
[Financial income (expenses), etc.] Up 14.9 billion yen

Equity-method gains: Impact of the revaluation of shares still held in accordance with the majority sale of the PC business +11.5 billion yen

[Profit for the Period Attributable to Owners of the Parent] Up 70.6 billion yen

Factors Behind Change in Operating Profit

(Billions of yen)



Business Segment Information



(Billions of yen)

		1Q FY2017 (Actual)	1Q FY2018 (Actual)	Change	(%)
Revenue	Technology Solutions	672.6	664.3	-8.3	-1.2
	Services	574.2	574.5	0.2	0.0
	System Platforms	98.3	89.8	-8.5	-8.7
	Ubiquitous Solutions	154.0	115.3	-38.6	-25.1
	Device Solutions	135.3	131.3	-4.0	-3.0
	Other/Elimination and Corporate	-39.4	-43.3	-3.9	-
	Total	922.6	867.6	-54.9	-6.0
OpPL	Technology Solutions	5.2	4.0	-1.1	-22.4
	Services	8.3	11.0	2.7	33.2
	System Platforms	-3.0	-7.0	-3.9	-
	Ubiquitous Solutions	5.5	0.1	-5.3	-97.1
	Device Solutions	3.4	0.7	-2.7	-79.3
	Other/Elimination and Corporate	-9.2	74.6	83.9	-
	Total	4.9	79.5	74.6	-

Technology Solutions

(Billions of yen)

Technology Solutions	1Q FY2017 (Actual)	1Q FY2018 (Actual)	Change	
				(%)
Revenue	672.6	664.3	-8.3	-1.2
Services	574.2	574.5	0.2	0.0
System Platforms	98.3	89.8	-8.5	-8.7
Operating profit	5.2	4.0	-1.1	-22.4
[Operating profit margin]	[0.8%]	[0.6%]	[-0.2%]	

[Revenue]

Services was in line with the previous year. System Platforms fell, primarily due to the impact of lower demand for Network Products.

[Operating Profit]

Operating profit rose for Services. Operating profit declined for System Platforms, due to the impact of lower revenue for Network Products.

Revenue (breakdown)

Japan	431.2	428.1	-3.1	-0.7
Outside Japan	241.3	236.2	-5.1	-2.1

Technology Solutions (Services)

(Billions of yen)

Services	1Q FY2017 (Actual)	1Q FY2018 (Actual)	Change	
				(%)
Revenue	574.2	574.5	0.2	0.0
Solutions/SI	218.9	228.9	9.9	4.6
Infrastructure Services	355.3	345.6	-9.7	-2.7
Operating profit	8.3	11.0	2.7	33.2
[Operating profit margin]	[1.5%]	[1.9%]	[0.4%]	

[Revenue]

In line with the previous year.

(Solutions/SI)

Revenues from the manufacturing industry as well as the retailing and distribution industry, which were strong last year, continued to increase. Revenue from the public sector also increased.

(Infrastructure Services)

In Japan, revenue was in line with the previous year in real terms. Revenue fell due to the impact of transferring a certain number of projects to Solutions/SI.

Outside Japan, weak performance continued in Europe and North America.

[Operating Profit]

Operating profit rose, primarily driven by the impact of higher revenue in Japan.

Revenue (breakdown)

Japan	360.4	365.6	5.1	1.4
Outside Japan	213.7	208.8	-4.9	-2.3

Technology Solutions (System Platforms)

(Billions of yen)

System Platforms	1Q FY2017 (Actual)	1Q FY2018 (Actual)	Change	
				(%)
Revenue	98.3	89.8	-8.5	-8.7
System Products	50.1	51.8	1.7	3.5
Network Products	48.2	37.9	-10.3	-21.4
Operating profit	-3.0	-7.0	-3.9	-
[Operating profit margin]	[-3.1%]	[-7.8%]	[-4.7%]	

[Revenue]

(System Products)

Revenue rose from x86 servers both inside and outside Japan.

(Network Products)

Revenue fell 21.4% due to the impact of an ongoing curtailment in investments for mobile phone base stations in Japan.

[Operating Profit]

Operating profit deteriorated, primarily in Network Products, due to the considerable impact of lower revenue from mobile phone base stations in Japan.

Revenue (breakdown)

Japan	70.7	62.4	-8.3	-11.7
Outside Japan	27.5	27.3	-0.2	-0.9

Ubiquitous Solutions

(Billions of yen)

Ubiquitous Solutions	1Q FY2017 (Actual)	1Q FY2018 (Actual)	Change	
				(%)
Revenue	154.0	115.3	-38.6	-25.1
Operating profit	5.5	0.1	-5.3	-97.1
[Operating profit margin]	[3.6%]	[0.1%]	[-3.5%]	

Revenue (breakdown)

Japan	119.9	79.6	-40.2	-33.6
Outside Japan	34.1	35.6	1.5	4.6

[Revenue]

Revenue fell by approximately 48.0 billion yen due to the impact of the decline in revenue associated with business restructuring.

Impact came from restructuring the mobile phone business and the fact that revenue from the consumer PC business is no longer consolidated.

Excluding the impact of restructuring, revenue increased by approximately 8%.

Revenue rose in the enterprise PC business.

[Operating Profit]

Operating profit fell by approximately 7.0 billion yen due to the impact of lower revenue due to restructuring.

Excluding that, operating profit rose by 1.7 billion yen.

Device Solutions

(Billions of yen)

Device Solutions	1Q FY2017 (Actual)	1Q FY2018 (Actual)	Change	
				(%)
Revenue	135.3	131.3	-4.0	-3.0
LSI	69.6	61.5	-8.1	-11.7
Electronic Components	65.9	70.1	4.1	6.3
Operating profit	3.4	0.7	-2.7	-79.3
[Operating profit margin]	[2.6%]	[0.5%]	[-2.1%]	

[Revenue]

Revenue fell primarily due to a decrease in sales volume in LSI devices for smartphones.

Revenue from electronic components aimed at PCs and manufacturing equipment rose.

[Operating Profit]

Operating profit fell, due in part to the impact of the continued strong yen, as well as the impact of lower demand for LSI devices for smartphones.

Revenue (breakdown)

Japan	66.2	59.0	-7.2	-10.9
Outside Japan	69.1	72.3	3.1	4.6

Cash Flows

(Billions of yen)

	1Q FY2017 (Actual)	1Q FY2018 (Actual)	Change
I Cash flows from operating activities	81.6	104.6	22.9
II Cash flows from investing activities	-31.4	18.8	50.2
I + II Free Cash Flow	50.2	123.5	73.2
III Cash flows from financing activities	9.6	-43.4	-53.1
IV Cash and Cash Equivalents at End of Period	444.7	534.1	89.3

[Cash flows from operating activities]

The increase in cash inflows was primarily due to the Impact of Revision to the Retirement Benefit Plan (see p. 27-28).

[Cash flows from investing activities]

For investing activities, cash inflows exceeded cash outflows, resulting in a net inflow. This was due to the impact of the sale of general shares in China of a company that was an affiliate until the previous year, as well as the majority sale of the PC business.

Assets, Liabilities and Equity

(Billions of yen)

	Year-end FY2017	End of 1Q FY2018	Change
Total Assets	3,121.5	3,056.4	-65.0
Total Liabilities	1,916.6	1,803.2	-113.3
Total Equity	1,204.9	1,253.2	48.3
Total Equity Attributable to Owners of the Parent	1,087.7	1,134.9	47.1

Reference: Financial Indices

Interest-bearing Loans	402.2	388.5	-13.7
Net Interest-bearing Loans	-50.2	-145.2	-95.0
D/E Ratio (Times)	0.37	0.34	-0.03
Net D/E Ratio (Times)	-0.05	-0.13	-0.08
Equity Attributable to Owners of the Parent Ratio (%)	34.8	37.1	2.3

2.Earnings Forecast for FY2018

Financial Forecast

(Billions of yen)

	FY2017 (Actual)	FY2018(Forecast)		Change	Change (%)
		Current Forecast	Change vs. Previous Forecast		
Continuing Operation	Revenue	4,098.3	3,900.0	-	-198.3 -4.8
	Operating Profit	182.4	140.0	-	-42.4 -23.3
	[Operating Profit Margin]	[4.5%]	[3.6%]	[-%]	[-0.9%]
Profit for the Year Attributable to Owners of the Parent		169.3	110.0	-	-59.3 -35.0

With respect to the gains recorded in the first quarter stemming from the changes to the retirement plan and the majority sale of the PC business, it is expected that business transformation expenses of the same magnitude will be recorded, so there is no change to the full-year financial forecast announced at the beginning of the fiscal year.

Exchange Rate (* Exchange rates which are currently forecasted for the second quarter and after.)

U.S. dollar / Yen	111	*	105	-	-6	-5.4
Euro / Yen	130	*	130	-	-	-
British pound / Yen	147	*	145	-	-2	-1.4
Euro / U.S. dollar	1.17	*	1.10	-	-0.07	-6.0

Ratio of Revenue Outside Japan	36.8%	37.7%	-	0.9%
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2.Earnings Forecast for FY2018

Financial Forecast

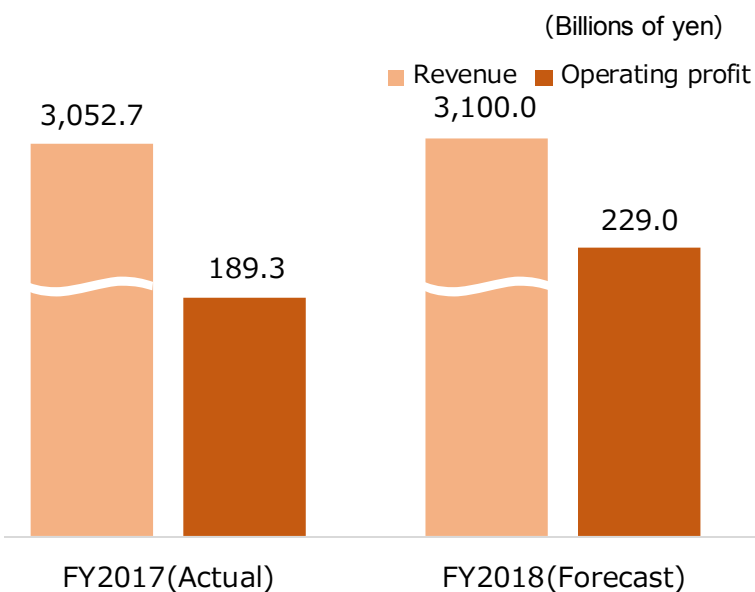


(Billions of yen)

		FY2017 (Actual)	FY2018 (Forecast)		Change	Change (%)
			Current Forecast	Change vs. Previous Forecast		
Revenue	Technology Solutions	3,052.7	3,100.0	-	47.2	1.5
	Services	2,598.3	2,640.0	-	41.6	1.6
	System Platforms	454.3	460.0	-	5.6	1.2
	Ubiquitous Solutions	663.9	470.0	-	-193.9	-29.2
	Device Solutions	560.0	540.0	-	-20.0	-3.6
	Other/Elimination and Corporate	-178.2	-210.0	-	-31.7	-
	Total	4,098.3	3,900.0	-	-198.3	-4.8
OPPL	Technology Solutions	189.3	229.0	-	39.6	20.9
	Services	163.4	195.0	-	31.5	19.3
	System Platforms	25.9	34.0	-	8.0	31.2
	Ubiquitous Solutions	11.3	2.0	-	-9.3	-82.4
	Device Solutions	13.6	13.0	-	-0.6	-4.7
	Other/Elimination and Corporate	-31.8	-104.0	-	-72.1	-
	Total	182.4	140.0	-	-42.4	-23.3

Technology Solutions

[Revenue and Operating Profit]

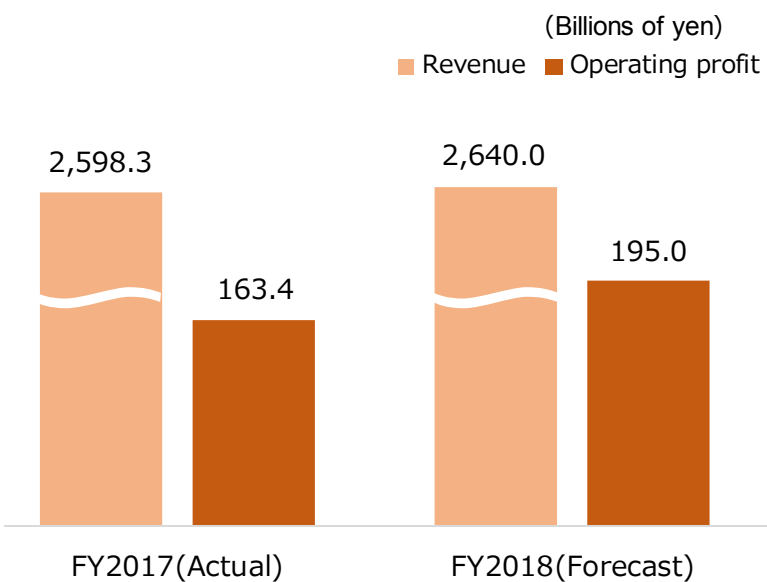


(Billions of yen)

Technology Solutions	FY2017 (Actual)	FY2018 (Forecast)		Change	Change (%)
		Current Forecast	Change vs. Previous Forecast		
Revenue	3,052.7	3,100.0	-	47.2	1.5
Services	2,598.3	2,640.0	-	41.6	1.6
System Platforms	454.3	460.0	-	5.6	1.2
Operating profit	189.3	229.0	-	39.6	20.9
[Operating profit margin]	[6.2%]	[7.4%]	[-%]	[1.2%]	
Revenue (breakdown)					
Japan	1,998.3	2,050.0	-	51.6	2.6
Outside Japan	1,054.3	1,050.0	-	-4.3	-0.4

Technology Solutions (Services)

[Revenue and Operating Profit]

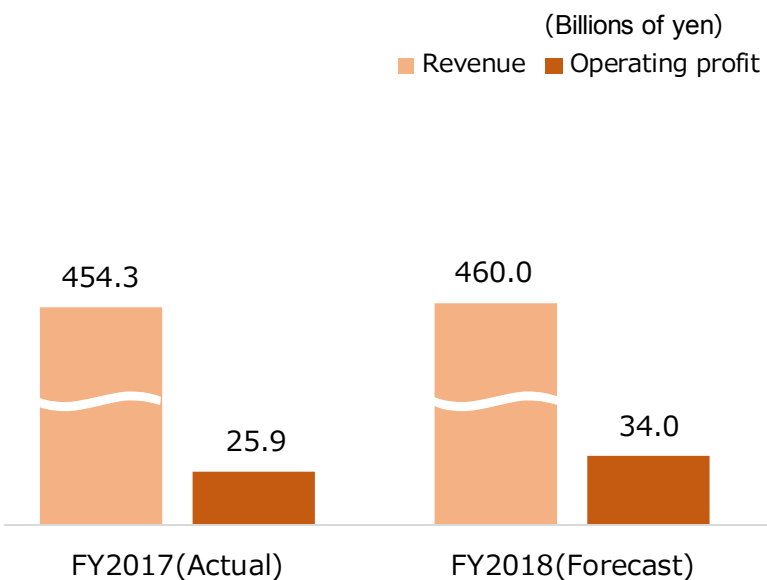


(Billions of yen)

Services	FY2017 (Actual)	FY2018 (Forecast)		Change	Change (%)
		Current Forecast	Change vs. Previous Forecast		
Revenue	2,598.3	2,640.0	-	41.6	1.6
Solutions/SI	1,012.0	1,040.0	-	27.9	2.8
Infrastructure Services	1,586.3	1,600.0	-	13.6	0.9
Operating profit	163.4	195.0	-	31.5	19.3
[Operating profit margin]	[6.3%]	[7.4%]	[-%]	[1.1%]	

Technology Solutions (System Platforms)

[Revenue and Operating Profit]

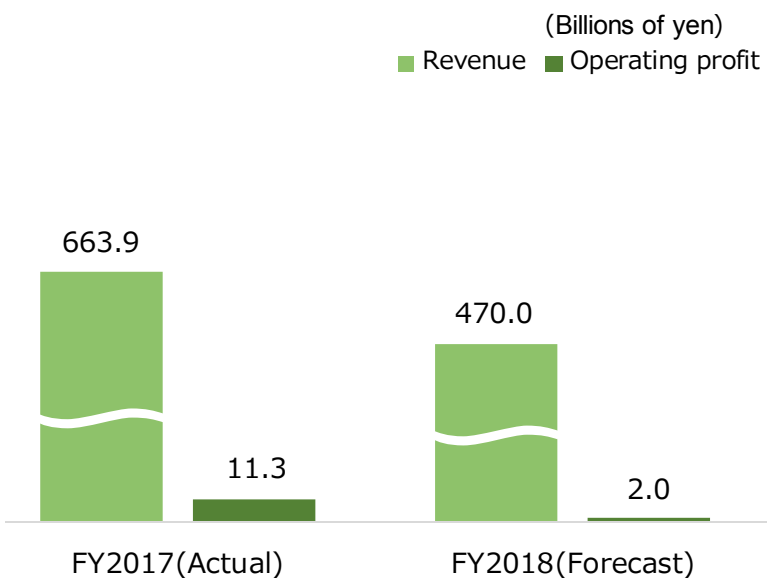


(Billions of yen)

System Platforms	FY2017 (Actual)	FY2018 (Forecast)		Change	Change (%)
		Current Forecast	Change vs. Previous Forecast		
Revenue	454.3	460.0	-	5.6	1.2
System Products	248.7	270.0	-	21.2	8.6
Network Products	205.6	190.0	-	-15.6	-7.6
Operating profit	25.9	34.0	-	8.0	31.2
[Operating profit margin]	[5.7%]	[7.4%]	[-%]	[1.7%]	

Ubiquitous Solutions

[Revenue and Operating Profit]



(Billions of yen)

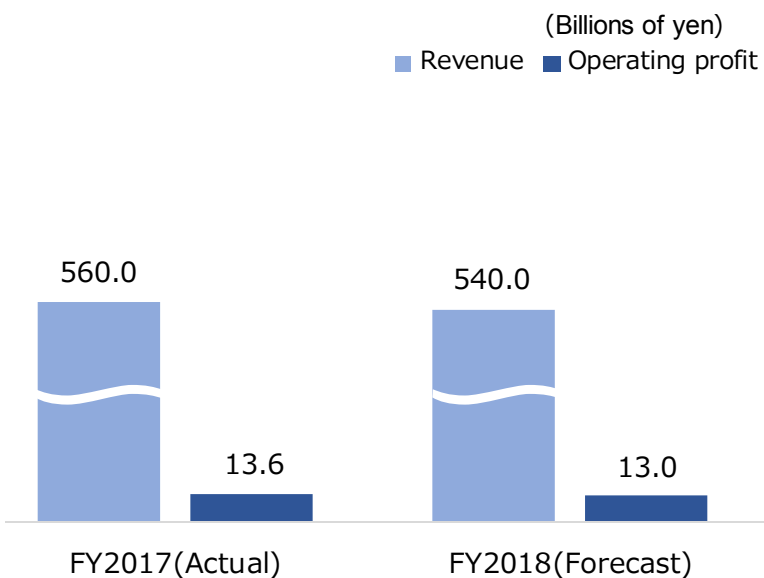
Ubiquitous Solutions	FY2017 (Actual)	FY2018 (Forecast)		Change	
		Current Forecast	Change vs. Previous Forecast		(%)
Revenue	663.9	470.0	-	-193.9	-29.2
Operating profit	11.3	2.0	-	-9.3	-82.4
[Operating profit margin]	[1.7%]	[0.4%]	[-%]	[-1.3%]	

Revenue (breakdown)

Japan	502.1	330.0	-	-172.1	-34.3
Outside Japan	161.7	140.0	-	-21.7	-13.5

Device Solutions

[Revenue and Operating Profit]



(Billions of yen)

Device Solutions	FY2017 (Actual)	FY2018 (Forecast)		Change	Change (%)
		Current Forecast	Change vs. Previous Forecast		
Revenue	560.0	540.0	-	-20.0	-3.6
LSI	280.1	250.0	-	-30.1	-10.8
Electronic Components	281.0	290.0	-	8.9	3.2
Operating profit	13.6	13.0	-	-0.6	-4.7
[Operating profit margin]	[2.4%]	[2.4%]	[-%]	[-%]	
Revenue (breakdown)					
Japan	271.1	263.0	-	-8.1	-3.0
Outside Japan	288.9	277.0	-	-11.9	-4.1

Cash Flows



(Billions of yen)

	FY2017 (Actual)	FY2018 (Forecast)	Change vs. Previous Forecast
Free Cash Flow	177.8	120.0	-

Business Segment Information

[Quarterly Breakdown of Results]



(Reference)

		FY2017 (Actual)				FY2018 (Actual)
		1Q	2Q	3Q	4Q	1Q
Technology Solutions	Revenue	672.6	737.6	740.1	902.2	664.3
	OPPL	5.2	39.6	29.5	114.9	4.0
Services	Revenue	574.2	625.6	636.9	761.4	574.5
	OPPL	8.3	34.4	29.7	90.9	11.0
System Platforms	Revenue	98.3	112.0	103.2	140.7	89.8
	OPPL	-3.0	5.1	-0.1	24.0	-7.0
Ubiquitous Solutions	Revenue	154.0	166.6	165.9	177.3	115.3
	OPPL	5.5	5.1	0.9	-0.2	0.1
Device Solutions	Revenue	135.3	144.0	141.7	138.8	131.3
	OPPL	3.4	3.8	4.2	2.1	0.7
Other/Elimination and Corporate	Revenue	-39.4	-47.7	-44.6	-46.4	-43.3
	OPPL	-9.2	-25.6	-24.1	27.1	74.6
Total	Revenue	922.6	1,000.6	1,003.1	1,172.0	867.6
	OPPL	4.9	23.0	10.5	143.9	79.5

(Billions of yen)

Business Segment Information



[Revenue Breakdown-In and Outside Japan]

(Reference)

(Billions of yen)

		1Q FY2017 (Actual)	1Q FY2018 (Actual)	Change	(%)
Technology Solutions	Revenue	672.6	664.3	-8.3	-1.2
	Japan	431.2	428.1	-3.1	-0.7
	Outside Japan	241.3	236.2	-5.1	-2.1
Services	Revenue	574.2	574.5	0.2	0.0
	Japan	360.4	365.6	5.1	1.4
	Outside Japan	213.7	208.8	-4.9	-2.3
System Platforms	Revenue	98.3	89.8	-8.5	-8.7
	Japan	70.7	62.4	-8.3	-11.7
	Outside Japan	27.5	27.3	-0.2	-0.9
Ubiquitous Solutions	Revenue	154.0	115.3	-38.6	-25.1
	Japan	119.9	79.6	-40.2	-33.6
	Outside Japan	34.1	35.6	1.5	4.6
Device Solutions	Revenue	135.3	131.3	-4.0	-3.0
	Japan	66.2	59.0	-7.2	-10.9
	Outside Japan	69.1	72.3	3.1	4.6
Other/Elimination and Corporate	Revenue	-39.4	-43.3	-3.9	-
Total	Revenue	922.6	867.6	-54.9	-6.0
	Japan	578.5	522.5	-55.9	-9.7
	Outside Japan	344.0	345.0	1.0	0.3

Ratio of Revenue Outside Japan

37.3%

39.8%

2.5%

Financial Results of Consolidated Subsidiaries Outside Japan



(Reference)

(Billions of yen)

		1Q FY2017 (Actual)	1Q FY2018 (Actual)	Change
Outside Japan	Revenue	334.8	335.6	0.7
	Operating Profit	-11.0	-6.8	4.1
EMEIA	Revenue	175.7	185.1	9.3
	Operating Profit	-11.2	-4.1	7.1
Americas	Revenue	69.0	60.3	-8.6
	Operating Profit	-0.7	-3.6	-2.9
Asia	Revenue	63.1	66.2	3.0
	Operating Profit	-0.1	0.5	0.7
Oceania	Revenue	26.8	23.7	-3.0
	Operating Profit	1.1	0.3	-0.7

Note: 1.Revenue and operating profit are stated to reflect region of consolidated subsidiaries.

EMEIA...Europe, Middle East, India and Africa

2.Revenue includes Inter-region revenue.

1. Exchange Rates (Average) and Impact of Fluctuation

	FY2017 (Actual)	FY2018			Impact of Exchange Rate Fluctuation 2Q/3Q/4Q (Forecast)*
		1Q (Actual)	2Q/3Q/4Q (Forecast)	Change vs. Previous Forecast	
U.S. dollar / Yen	111	109	105	-	-0.4 Billion yen
Euro / Yen	130	130	130	-	-0.1 Billion yen
British pound / Yen	147	149	145	-	-0.1 Billion yen
Euro / U.S. dollar	1.17	1.19	1.10	-	-1.2 Billion yen

* Impact of 1 yen fluctuation on operating profit (yen appreciation).

Impact of 0.01 dollar fluctuation on operating profit (euro depreciation).

(Reference)

Supplementary Information for FY2018 Forecasts



2. Capital Expenditures and Depreciation (Property, Plant and Equipment)

(Billions of yen)

	1Q		Full year		Change vs. Previous Forecast
	FY2017 (Actual)	FY2018 (Actual)	FY2017 (Actual)	FY2018 (Forecast)	
Technology Solutions	9.8	15.7	46.1	52.0	-
Ubiquitous Solutions	0.6	0.2	7.4	3.0	-
Device Solutions	8.1	4.9	32.9	35.0	-
Other / Corporate	1.8	1.1	7.4	10.0	-
Capital Expenditures	20.6	22.1	94.0	100.0	-
Depreciation	26.1	24.6	107.0	100.0	-

3. R&D Expenses

R&D Expenses	40.3	34.6	158.6	140.0	-
[As % of Revenue]	[4.4%]	[4.0%]	[3.9%]	[3.6%]	-

Impact of Revision to the Retirement Benefit Plan

■ Partial Changes to the Fujitsu Corporate Pension Fund, Fujitsu's Main Pension Plan in Japan

Before the change: defined benefit plan ⇒ After the change: risk-sharing corporate pension plan

[Overview of plans]

- Defined benefit plan : Company bears full investment risk for pension assets
- Risk-sharing corporate pension plan: pension asset investment risk is split between company and employees
 - Company : to prepare for the risk that the plan may become under-funded, the company will contribute certain amounts in advance, adding to plan assets
 - Employees: if the value of plan assets fluctuates beyond a certain level, their benefits are adjusted accordingly (Because of the risk reserve contributed by the company and the controls over investment risk for pension assets, it is expected that the level of benefits will basically be maintained)

[Financial impact]

- Impact on profit and loss: A non-recurring gain in the first quarter of 91.9 billion yen (including increase in contributions, full-year impact for FY2018 of 86.9 billion yen)
- Under-funded amount : 215.2 billion yen (end of March 2018) ⇒ 114.1 billion yen (end of June 2018), an improvement of approximately 100 billion yen
 - Risk-sharing corporate pension plans are treated as defined contribution plans for accounting purposes, resulting in settlement of pension liabilities and pension assets

(Reference)

Impact of Revision to the Retirement Benefit Plan



[Impact on Profit and Loss for FY2018]

(Billions of yen)

	1Q (Actual)	2Q/3Q/4Q (Forecast)	Total (Forecast)
Operating profit	※1 91.9	※2 -5.0	86.9

※1 Non-recurring gain on the shift to the new plan

※2 Impact of increase in contributions

[Impact on Cash Flows for FY2018]

Operating cash flow	※3 31.7	※4 -24.3	7.4
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※3 In accordance with the shift to the new plan, pension benefit trust assets are returned

※4 Payment of special contribution and risk reserve contribution

[Status of Under-funded Portion]

(Billions of yen)

	Year-end FY2017	End of 1Q FY2018	Change
Retirement benefit assets	42.7	46.6	3.9
Retirement benefit liabilities	-258.0	-160.8	97.1
Net under-funded portion	-215.2	-114.1	101.0



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Cautionary Statement

These materials may contain forward-looking statements that are based on management's current information, views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors listed below.

- General economic and market conditions in key markets (Particularly in Japan, Europe, North America, and Asia, including China)
- Fluctuations in exchange rates or interest rates
- Fluctuations in capital markets
- Intensifying price competition
- Changes in market positioning due to competition in R&D
- Changes in the environment for the procurement of parts and components
- Changes in competitive relationships relating to collaborations, alliances and technical provisions
- Risks related to public regulations, public policy and tax matters
- Risks related to product or services defects
- Potential emergence of unprofitable projects
- Risks related to R&D investments, capital expenditures, business acquisitions, business restructuring, etc.
- Risks related to natural disasters and unforeseen events
- Changes in accounting policies