

October 26, 2018

FY 2018 First-Half Financial Results
April 1, 2018 - September 30, 2018

Fujitsu Limited

Consolidated Financial Results for the First-Half Ended September 30, 2018

[Prepared on the basis of International Financial Reporting Standards]

October 26, 2018

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 Stock exchange listings : Tokyo, Nagoya
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Scheduled filing date of statutory financial report: : October 31, 2018
 Scheduled dividend payment date: : November 27, 2018
 Supplementary material: : Yes
 Financial results meeting: : Yes (for media and analysts)

1. Consolidated Results for the First-Half Ended September 30, 2018

(Monetary amounts are rounded to the nearest million yen.)

(1) Consolidated financial results

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.)

(Millions of yen)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
		Change (%)		Change (%)		Change (%)		Change (%)
IH FY 2018 (4/1/18-9/30/18)	1,834,544	-4.6	95,275	240.2	117,211	97.5	86,134	81.4
IH FY 2017 (4/1/17-9/30/17)	1,923,240	0.8	28,002	39.3	59,339	188.0	47,481	236.5

	Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		Change (%)		Change (%)
IH FY 2018 (4/1/18-9/30/18)	81,131	86.6	106,966	41.4
IH FY 2017 (4/1/17-9/30/17)	43,472	266.5	75,643	-

(Yen)

	Earnings per share	
	Basic	Diluted
IH FY 2018 (4/1/18-9/30/18)	396.46	396.36
IH FY 2017 (4/1/17-9/30/17)	212.01	212.00

On October 1, 2018, Fujitsu conducted share consolidation for common stock at a rate of one share for every ten shares. Accordingly, Basic Earnings per Share and Diluted Earnings per Share have been calculated on the basis that share consolidation had been conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

(Millions of yen)

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio (%)
September 30, 2018	3,078,247	1,287,846	1,166,913	37.9%
March 31, 2018	3,121,522	1,204,902	1,087,797	34.8%

2. Dividends per Share (Ordinary Shares)

(Yen)

	Dividends per share				
	1Q	2Q	3Q	Year-end	Full year
FY2017	-	5.00	-	6.00	11.00
FY2018	-	7.00	-	-	-
FY2018(Forecast)	-	-	-	80.00	-

Note: Revision of the latest dividends forecast: None

On October 1, 2018, Fujitsu conducted share consolidation for common stock at a rate of one share for every ten shares. The dividend forecast for the end of the year reflects the value after the share consolidation. In addition, Fujitsu left the value of total annual dividend blank (—) as it is impossible to add up the value of the dividend at the end of First Half and that of the end of Fiscal Year dividend in a simple manner.

3. Consolidated Earnings Forecast for FY2018

(The percentage figures represent the percentage of increase or decrease against the previous year.)

(Millions of yen, except per share data)

	Revenue		Operating profit		Profit for the period attributable to owners of the parent		Basic earnings per share
		Change (%)		Change (%)		Change (%)	
FY2018	3,900,000	-4.8	140,000	-23.3	110,000	-35.0	537.85

Note: Revision of the latest consolidated earnings forecast: None

4. Other Information

(1) Significant changes to subsidiaries in the current reporting period

(Changes to specified subsidiaries resulting from changes in scope of consolidation): Yes

Exclusion; 1 (Name)FUJITSU CLIENT COMPUTING LIMITED

(2) Changes in accounting policies and accounting estimates

1. Changes in accounting policies required by IFRS: Yes

2. Changes arising from factors other than 1: None

3. Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

1. Number of issued shares at end of period	As of September 30, 2018	207,001,821
	As of March 31, 2018	207,001,821
2. Treasury stock held at end of period	As of September 30, 2018	2,606,963
	As of March 31, 2018	1,129,092
3. Average number of shares during period	1H FY 2018	204,641,825
	1H FY 2017	205,044,110

(Note) The numbers of shares given above were calculated on the basis that share consolidation had been conducted at the beginning of the previous consolidated fiscal year.

Notes

1. This financial report is not subject to quarterly review

2. Precautions on usage of earnings projections

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 due 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

(Impact of forecast for basic earnings per share due to consolidation of common shares)

On October 1, 2018, Fujitsu conducted share consolidation for common stock at a rate of one share for every ten shares. Accordingly, for the purposes of calculating the forecast for basic earnings per share, the average number of shares outstanding for the period is calculated on the basis that share consolidation had been conducted at the beginning of the period.

For information regarding the assumptions used to prepare these projections, please refer to the supplemental explanation materials (Presentation Material).

1. Condensed Consolidated Statement of Financial Position

(Millions of yen)

	Notes	FY2017 (As of March 31, 2018)	2Q FY2018 (As of September 30, 2018)
Assets			
Current assets			
Cash and cash equivalents		452,557	433,006
Trade receivables		965,104	600,033
Other receivables		86,235	152,733
Inventories		241,603	276,414
Others		88,258	261,111
Subtotal		1,833,757	1,723,297
Assets held for sale		33,542	186,070
Total current assets		1,867,299	1,909,367
Non-current assets			
Property, plant and equipment, net of accumulated depreciation		525,581	454,684
Goodwill		42,495	43,335
Intangible assets		130,680	120,390
Investments accounted for using the equity method		107,749	128,623
Other investments		204,043	202,655
Deferred tax assets		129,236	86,471
Others		114,439	132,722
Total non-current assets		1,254,223	1,168,880
Total assets		3,121,522	3,078,247
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables		540,935	526,906
Other payables		362,969	330,225
Short-term borrowings, current portion of long-term debt and lease obligations		135,387	147,524
Accrued income taxes		42,907	13,840
Provisions		47,990	43,571
Others		178,303	190,623
Subtotal		1,308,491	1,252,689
Liabilities directly associated with assets held for sale		14,151	60,259
Total current liabilities		1,322,642	1,312,948
Non-current liabilities			
Long-term debt and lease obligations		266,502	224,535
Retirement benefit liabilities		258,019	145,954
Provisions		29,794	29,649
Deferred tax liabilities		9,823	6,444
Others		29,840	70,871
Total non-current liabilities		593,978	477,453
Total liabilities		1,916,620	1,790,401
Equity			
Share capital		324,625	324,625
Capital surplus		233,941	234,173
Treasury stock, at cost		-7,237	-17,257
Retained earnings		479,776	579,237
Other components of equity		56,692	46,135
Total equity attributable to owners of the parent		1,087,797	1,166,913
Non-controlling interests		117,105	120,933
Total equity		1,204,902	1,287,846
Total liabilities and equity		3,121,522	3,078,247

2. Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income

【First-Half Condensed Consolidated Statement of Profit or Loss】		(Millions of yen, except per share data)	
	Notes	1H FY2017 (For the first-half ended September 30, 2017)	1H FY2018 (For the first-half ended September 30, 2018)
Continuing Operations			
Revenue		1,923,240	1,834,544
Cost of sales		-1,402,337	-1,361,704
Gross profit		520,903	472,840
Selling, general and administrative expenses		-500,387	-477,067
Other income (expenses)		7,486	99,502
Operating profit		28,002	95,275
Financial income		31,836	9,537
Financial expenses		-2,567	-2,312
Income from investments accounted for using the equity method, net		2,068	14,711
Profit for the period from continuing operations before income taxes		59,339	117,211
Income tax expenses		-14,677	-31,077
Profit for the period from continuing operations		44,662	86,134
Discontinued operations			
Profit for the period from discontinued operations		2,819	—
Profit for the period		47,481	86,134
Profit for the period attributable to:			
Owners of the parent		43,472	81,131
Non-controlling interests		4,009	5,003
Total		47,481	86,134
Earning per share			
Basic earnings per share (Yen)		212.01	396.46
Diluted earnings per share (Yen)		212.00	396.36
Earning per share from continuing operations			
Basic earnings per share (Yen)		204.83	396.46
Diluted earnings per share (Yen)		204.82	396.36

【First-Half Condensed Consolidated Statement of Comprehensive Income】		(Millions of yen)	
	Notes	1H FY2017 (For the first-half ended September 30, 2017)	1H FY2018 (For the first-half ended September 30, 2018)
Profit for the period		47,481	86,134
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		—	6,885
Remeasurement of defined benefit plans		38,367	14,012
		38,367	20,897
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		4,038	-156
Cash flow hedges		36	-6
Available-for-sale financial assets		-14,449	—
Share of other comprehensive income of investments accounted for using the equity method		170	97
		-10,205	-65
Total other comprehensive income for the period, net of taxes		28,162	20,832
Total comprehensive income for the period		75,643	106,966
Total comprehensive income attributable to:			
Owners of the parent		69,698	101,523
Non-controlling interests		5,945	5,443
Total		75,643	106,966

【Second-Quarter Condensed Consolidated Statement of Profit or Loss】 (Millions of yen, except per share data)

	Notes	2Q FY2017 (For the three-month ended September 30, 2017)	2Q FY2018 (For the three-month ended September 30, 2018)
Continuing Operations			
Revenue		1,000,602	966,887
Cost of sales		-726,263	-712,557
Gross profit		274,339	254,330
Selling, general and administrative expenses		-250,417	-236,008
Other income (expenses)		-872	-2,640
Operating profit		23,050	15,682
Financial income		29,630	3,497
Financial expenses		-1,212	-942
Income from investments accounted for using the equity method, net		467	1,974
Profit for the period from continuing operations before income taxes		51,935	20,211
Income tax expenses		-8,316	-10,031
Profit for the period from continuing operations		43,619	10,180
Discontinued operations			
Profit for the period from discontinued operations		-786	—
Profit for the period		42,833	10,180
Profit for the period attributable to:			
Owners of the parent		41,323	8,375
Non-controlling interests		1,510	1,805
Total		42,833	10,180
Earning per share			
Basic earnings per share (Yen)		201.53	40.97
Diluted earnings per share (Yen)		201.52	40.90
Earning per share from continuing operations			
Basic earnings per share (Yen)		203.98	40.97
Diluted earnings per share (Yen)		203.97	40.90

【Second-Quarter Condensed Consolidated Statement of Comprehensive Income】 (Millions of yen)

	Notes	2Q FY2017 (For the three-month ended September 30, 2017)	2Q FY2018 (For the three-month ended September 30, 2018)
Profit for the period		42,833	10,180
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		—	7,466
Remeasurement of defined benefit plans		29,882	13,828
		29,882	21,294
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		4,081	1,682
Cash flow hedges		26	5
Available-for-sale financial assets		-14,333	—
Share of other comprehensive income of investments accounted for using the equity method		649	567
		-9,577	2,254
Total other comprehensive income for the period, net of taxes		20,305	23,548
Total comprehensive income for the period		63,138	33,728
Total comprehensive income attributable to:			
Owners of the parent		60,660	31,649
Non-controlling interests		2,478	2,079
Total		63,138	33,728

3. Condensed Consolidated Statement of Changes in Equity

【1H FY2017 (For the six-month period ended September 30, 2017)】

(Millions of yen)

Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury stock, at cost	Retained earnings	Other components of equity	Total		
Balance at April 1, 2017	324,625	231,640	-12,502	265,893	71,636	881,292	137,910	1,019,202
Profit for the period				43,472		43,472	4,009	47,481
Other comprehensive income					26,226	26,226	1,936	28,162
Total comprehensive income for the period	—	—	—	43,472	26,226	69,698	5,945	75,643
Purchase of treasury stock			-57			-57	-1	-58
Dividends paid				-10,252		-10,252	-2,506	-12,758
Transfer to retained earnings				37,191	-37,191	—		—
Others		329				329	-701	-372
Balance at September 30, 2017	324,625	231,969	-12,559	336,304	60,671	941,010	140,647	1,081,657

【1H FY2018 (For the six-month period ended September 30, 2018)】

(Millions of yen)

Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury stock, at cost	Retained earnings	Other components of equity	Total		
Balance at April 1, 2018	324,625	233,941	-7,237	479,776	56,692	1,087,797	117,105	1,204,902
Cumulative effects of changes in accounting policies				20,200	-20,467	-267		-267
Balance as of the beginning of the period reflecting Changes in Accounting Policies	324,625	233,941	-7,237	499,976	36,225	1,087,530	117,105	1,204,635
Profit for the period				81,131		81,131	5,003	86,134
Other comprehensive income					20,392	20,392	440	20,832
Total comprehensive income for the period	—	—	—	81,131	20,392	101,523	5,443	106,966
Purchase of treasury stock		-5	-10,028			-10,033		-10,033
Disposal of treasury stock			8			8		8
Share-based payment transactions		73				73		73
Dividends paid				-12,352		-12,352	-2,022	-14,374
Transfer to retained earnings				11,023	-11,023	—		—
Others		164		-541	541	164	407	571
Balance at September 30, 2018	324,625	234,173	-17,257	579,237	46,135	1,166,913	120,933	1,287,846

4. Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Notes	1H FY2017 (For the first-half ended September 30, 2017)	1H FY2018 (For the first-half ended September 30, 2018)
<i>Cash flows from operating activities</i>			
Profit for the period from continuing operations before income taxes		59,339	117,211
Depreciation, amortization and impairment loss		83,413	74,489
Increase (decrease) in provisions		-20,040	-3,320
Increase (decrease) in net defined benefit liability		-8,127	-91,800
Interest and dividend income		-3,518	-3,724
Interest charges		2,177	1,563
Equity in earnings of affiliates, net		-2,084	-14,711
Gain on sales of subsidiaries' stock		-18,095	-14,029
(Increase) decrease in trade receivables		121,075	220,585
(Increase) decrease in inventories		-39,463	-65,744
Increase (decrease) in trade payables		-80,337	-18,355
Other, net		-17,299	-112,609
Cash generated from operations		<u>77,041</u>	<u>89,556</u>
Interest received		958	1,264
Dividends received		3,421	3,736
Interest paid		-2,182	-1,938
Income taxes paid		-24,497	-46,335
Net cash provided by operating activities		<u>54,741</u>	<u>46,283</u>
<i>Cash flows from investing activities</i>			
Purchases of property, plant, equipment, and intangible assets		-67,868	-62,131
Proceeds from sales of investment securities		34,751	40,942
Net proceeds from sale of subsidiaries and business		-1,180	16,840
Collection of loans receivable		997	2,469
Other, net		-2,072	2,957
Net cash provided by (used in) investing activities		<u>-35,372</u>	<u>1,077</u>
<i>Cash flows from financing activities</i>			
Increase (decrease) in short-term borrowings		28,112	11,727
Proceeds from long-term debt and issuance of bonds		817	62
Repayment of long-term debt and bonds		-1,830	-36,539
Payment of lease obligation		-6,625	-6,132
Purchase of treasury stock		-57	-10,028
Dividends paid to owners of the parent		-10,252	-12,352
Other, net		-3,191	-731
Net cash provided by (used in) financing activities		<u>6,974</u>	<u>-53,993</u>
Net increase (decrease) in cash and cash equivalents		<u>26,343</u>	<u>-6,633</u>
Cash and cash equivalents at beginning of period		<u>383,969</u>	<u>452,671</u>
Effect of exchange rate changes on cash and cash equivalents		<u>2,576</u>	<u>3,000</u>
Cash and cash equivalents at end of period		<u>412,888</u>	<u>449,038</u>

5. Notes to Financial Statements

1. Cautionary Note Regarding Assumptions of a Going Concern

None.