

January 31, 2019

FY 2018 Nine-Month Financial Results
April 1, 2018 - December 31, 2018

Fujitsu Limited

Consolidated Financial Results for the Nine months Ended December 31, 2018

[Prepared on the basis of International Financial Reporting Standards]

January 31, 2019

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 Stock exchange listings : Tokyo, Nagoya
 Code number: : 6702
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Scheduled filing date of statutory financial report: : February 7, 2019
 Scheduled dividend payment date: : -
 Supplementary material: : Yes
 Financial results meeting: : Yes (for media and analysts)

1. Consolidated Results for the Nine months Ended December 31, 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 (%)
9 Months FY 2018 (4/1/18-12/31/18)	2,811,862	-3.9	66,542	72.7	91,358	26.2	57,150	-9.0
9 Months FY 2017 (4/1/17-12/31/17)	2,926,372	-0.1	38,529	-29.3	72,395	22.1	62,795	64.0

	Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		Change (%)		Change (%)
9 Months FY 2018 (4/1/18-12/31/18)	51,459	-7.2	26,956	-81.4
9 Months FY 2017 (4/1/17-12/31/17)	55,430	71.9	144,575	177.0

(Yen)

	Earnings per share	
	Basic	Diluted
9 Months FY 2018 (4/1/18-12/31/18)	251.85	251.78
9 Months FY 2017 (4/1/17-12/31/17)	270.33	270.31

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 (%)
December 31, 2018	2,992,175	1,187,121	1,066,432	35.6%
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	539.01

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 December 31, 2018	207,001,821
	As of March 31, 2018	207,001,821
2. Treasury stock held at end of period	As of December 31, 2018	3,660,148
	As of March 31, 2018	1,129,092
3. Average number of shares during period	9 Months FY 2018	204,325,448
	9 Months FY 2017	205,042,042

(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)	3Q FY2018 (As of December 31, 2018)
Assets			
Current assets			
Cash and cash equivalents		452,557	362,291
Trade receivables		965,104	571,377
Other receivables		86,235	154,314
Inventories		241,603	294,745
Others		88,258	317,902
Subtotal		1,833,757	1,700,629
Assets held for sale		33,542	189,123
Total current assets		1,867,299	1,889,752
Non-current assets			
Property, plant and equipment, net of accumulated depreciation		525,581	445,104
Goodwill		42,495	38,743
Intangible assets		130,680	118,252
Investments accounted for using the equity method		107,749	129,392
Other investments		204,043	156,518
Deferred tax assets		129,236	90,946
Others		114,439	123,468
Total non-current assets		1,254,223	1,102,423
Total assets		3,121,522	2,992,175
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables		540,935	505,396
Other payables		362,969	314,199
Short-term borrowings, current portion of long-term debt and lease obligations		135,387	120,711
Accrued income taxes		42,907	1,880
Provisions		47,990	51,872
Others		178,303	226,974
Subtotal		1,308,491	1,221,032
Liabilities directly associated with assets held for sale		14,151	61,689
Total current liabilities		1,322,642	1,282,721
Non-current liabilities			
Long-term debt and lease obligations		266,502	224,034
Retirement benefit liabilities		258,019	171,617
Provisions		29,794	53,091
Deferred tax liabilities		9,823	7,441
Others		29,840	66,150
Total non-current liabilities		593,978	522,333
Total liabilities		1,916,620	1,805,054
Equity			
Share capital		324,625	324,625
Capital surplus		233,941	235,294
Treasury stock, at cost		-7,237	-24,553
Retained earnings		479,776	509,324
Other components of equity		56,692	21,742
Total equity attributable to owners of the parent		1,087,797	1,066,432
Non-controlling interests		117,105	120,689
Total equity		1,204,902	1,187,121
Total liabilities and equity		3,121,522	2,992,175

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

【Nine Months Condensed Consolidated Statement of Profit or Loss】		(Millions of yen, except per share data)	
	Notes	9 Months FY2017 (For the nine months ended December 31, 2017)	9 Months FY2018 (For the nine months ended December 31, 2018)
Continuing Operations			
Revenue		2,926,372	2,811,862
Cost of sales		-2,144,188	-2,083,533
Gross profit		782,184	728,329
Selling, general and administrative expenses		-750,730	-713,465
Other income (expenses)		7,075	51,678
Operating profit		38,529	66,542
Financial income		35,459	11,199
Financial expenses		-4,054	-3,332
Income from investments accounted for using the equity method, net		2,461	16,949
Profit for the period from continuing operations before income taxes		72,395	91,358
Income tax expenses		-18,831	-34,208
Profit for the period from continuing operations		53,564	57,150
Discontinued operations			
Profit for the period from discontinued operations		9,231	—
Profit for the period		62,795	57,150
Profit for the period attributable to:			
Owners of the parent		55,430	51,459
Non-controlling interests		7,365	5,691
Total		62,795	57,150
Earning per share			
Basic earnings per share (Yen)		270.33	251.85
Diluted earnings per share (Yen)		270.31	251.78
Earning per share from continuing operations			
Basic earnings per share (Yen)		236.10	251.85
Diluted earnings per share (Yen)		236.07	251.78

【Nine Months Condensed Consolidated Statement of Comprehensive Income】		(Millions of yen)	
	Notes	9 Months FY2017 (For the nine months ended December 31, 2017)	9 Months FY2018 (For the nine months ended December 31, 2018)
Profit for the period		62,795	57,150
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		—	-10,578
Remeasurement of defined benefit plans		83,862	-11,604
		83,862	-22,182
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		3,758	-7,315
Cash flow hedges		-13	-11
Available-for-sale financial assets		-7,105	—
Share of other comprehensive income of investments accounted for using the equity method		1,278	-686
		-2,082	-8,012
Total other comprehensive income for the period, net of taxes		81,780	-30,194
Total comprehensive income for the period		144,575	26,956
Total comprehensive income attributable to:			
Owners of the parent		134,381	21,537
Non-controlling interests		10,194	5,419
Total		144,575	26,956

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

	Notes	3Q FY2017 (For the three-month ended December 31, 2017)	3Q FY2018 (For the three-month ended December 31, 2018)
Continuing Operations			
Revenue		1,003,132	977,318
Cost of sales		-741,851	-721,829
Gross profit		261,281	255,489
Selling, general and administrative expenses		-250,343	-236,398
Other income (expenses)		-411	-47,824
Operating profit		10,527	-28,733
Financial income		3,623	2,416
Financial expenses		-1,487	-1,774
Income from investments accounted for using the equity method, net		393	2,238
Profit for the period from continuing operations before income taxes		13,056	-25,853
Income tax expenses		-4,154	-3,131
Profit for the period from continuing operations		8,902	-28,984
Discontinued operations			
Profit for the period from discontinued operations		6,412	—
Profit for the period		15,314	-28,984
Profit for the period attributable to:			
Owners of the parent		11,958	-29,672
Non-controlling interests		3,356	688
Total		15,314	-28,984
Earning per share			
Basic earnings per share (Yen)		58.32	-145.67
Diluted earnings per share (Yen)		58.31	-145.68
Earning per share from continuing operations			
Basic earnings per share (Yen)		31.27	-145.67
Diluted earnings per share (Yen)		31.26	-145.68

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

	Notes	3Q FY2017 (For the three-month ended December 31, 2017)	3Q FY2018 (For the three-month ended December 31, 2018)
Profit for the period		15,314	-28,984
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		—	-17,463
Remeasurement of defined benefit plans		45,495	-25,616
		45,495	-43,079
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		-280	-7,159
Cash flow hedges		-49	-5
Available-for-sale financial assets		7,344	—
Share of other comprehensive income of investments accounted for using the equity method		1,108	-783
		8,123	-7,947
Total other comprehensive income for the period, net of taxes		53,618	-51,026
Total comprehensive income for the period		68,932	-80,010
Total comprehensive income attributable to:			
Owners of the parent		64,683	-79,986
Non-controlling interests		4,249	-24
Total		68,932	-80,010

3. Condensed Consolidated Statement of Changes in Equity

【9 Months FY2017 (For the nine months period ended December 31, 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				55,430		55,430	7,365	62,795
Other comprehensive income					78,951	78,951	2,829	81,780
Total comprehensive income for the period	—	—	—	55,430	78,951	134,381	10,194	144,575
Purchase of treasury stock			-92			-92	-2	-94
Disposal of treasury stock			1			1		1
Dividends paid				-20,504		-20,504	-4,787	-25,291
Transfer to retained earnings				82,124	-82,124	—		—
Acquisition (disposal) of non-controlling interests		-180				-180	-371	-551
Changes in ownership interests in subsidiaries		395		-395		—	-17,911	-17,911
Balance at December 31, 2017	324,625	231,855	-12,593	382,548	68,463	994,898	125,033	1,119,931

【9 Months FY2018 (For the nine months period ended December 31, 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				51,459		51,459	5,691	57,150
Other comprehensive income					-29,922	-29,922	-272	-30,194
Total comprehensive income for the period	—	—	—	51,459	-29,922	21,537	5,419	26,956
Purchase of treasury stock		-6	-17,324			-17,330		-17,330
Disposal of treasury stock			8			8		8
Share-based payment transactions		109				109		109
Dividends paid				-26,660		-26,660	-2,998	-29,658
Transfer to retained earnings				-14,910	14,910	—		—
Acquisition (disposal) of non-controlling interests		1,626				1,626	1,041	2,667
Changes in ownership interests in subsidiaries				-541	541	—	122	122
Others		-376				-388		-388
Balance at December 31, 2018	324,625	235,294	-24,553	509,324	21,742	1,066,432	120,689	1,187,121

4. Condensed Consolidated Statements of Cash Flows

	(Millions of yen)	
Notes	9 Months FY2017 (For the nine months ended December 31, 2017)	9 Months FY2018 (For the nine months ended December 31, 2018)
<i>Cash flows from operating activities</i>		
Profit for the period from continuing operations before income taxes	72,395	91,358
Depreciation, amortization and impairment loss	124,805	116,585
Increase (decrease) in provisions	-21,803	29,761
Increase (decrease) in net defined benefit liability	-7,056	-83,399
Interest and dividend income	-4,821	-5,760
Interest charges	3,244	2,421
Equity in earnings of affiliates, net	-2,477	-16,949
Gain on sales of subsidiaries' stock	-18,168	-14,029
(Increase) decrease in trade receivables	115,245	242,869
(Increase) decrease in inventories	-58,190	-88,422
Increase (decrease) in trade payables	-66,073	-32,200
Other, net	-33,133	-163,204
Cash generated from operations	103,968	79,031
Interest received	1,440	2,411
Dividends received	4,971	5,274
Interest paid	-3,507	-2,875
Income taxes paid	-35,966	-67,514
Net cash provided by operating activities	70,906	16,327
<i>Cash flows from investing activities</i>		
Purchases of property, plant, equipment, and intangible assets	-98,665	-91,800
Proceeds from sales of investment securities	35,109	63,781
Net proceeds from sale of subsidiaries and business	5,232	32,528
Collection of loans receivable	21,787	14,652
Other, net	-1,021	-2,033
Net cash provided by (used in) investing activities	-37,558	17,128
<i>Cash flows from financing activities</i>		
Increase (decrease) in short-term borrowings	24,162	22,795
Proceeds from long-term debt and issuance of bonds	819	62
Repayment of long-term debt and bonds	-21,932	-72,587
Payment of lease obligation	-9,474	-8,865
Purchase of treasury stock	-92	-17,324
Dividends paid to owners of the parent	-20,504	-26,660
Other, net	-5,351	185
Net cash used in financing activities	-32,372	-102,394
Net increase (decrease) in cash and cash equivalents	976	-68,939
Cash and cash equivalents at beginning of period	383,969	452,671
Effect of exchange rate changes on cash and cash equivalents	3,966	-167
Cash and cash equivalents at end of period	388,911	383,565

5. Notes to Financial Statements

1. Cautionary Note Regarding Assumptions of a Going Concern

None.