

6. FY 2012 Consolidated Earnings Projections

Against a backdrop of Europe where the real economy is in decline due to the sovereign debt crisis and emerging market countries experiencing slowing growth, the global economy is undergoing a tepid recovery. At the same time, the pace of recovery is expected to continue increasing steadily, buoyed by growing domestic demand in emerging market countries. In Japan, the lingering effects of interruptions caused by the Great East Japan Earthquake and the Thai floods, as well as the impact of yen appreciation, have created a challenging economic environment. However, the economy is gradually gaining traction and is expected to continue on a mild recovery path. The rebound in ICT spending in Japan is projected to be mild during the first half of fiscal 2012, but the scope of the recovery is expected to expand in the second half as corporate earnings recuperate and progress is made in efforts to rebuild following the earthquake.

In light of this business environment, Fujitsu has made the following earnings projections for fiscal 2012.

For the first half of fiscal 2012, the company is projecting consolidated net sales of 2,100.0 billion yen, roughly the same level as the first half of fiscal 2011. Despite the impact of sales in the same period of fiscal 2011, including for the next-generation supercomputer system, overall sales in fiscal 2012 are expected to be flat. This is due to higher sales of network products in Japan, combined with a recovery in sales of car audio and navigation systems and electronic components. ICT spending in Japan is anticipated to recover in some sectors, such as manufacturing and retailing, but a full-scale recovery is not expected until the second half of the fiscal year, with sales in the services business and server-related businesses also expected to remain sluggish.

Fujitsu is projecting that operating income will be held to 5.0 billion yen for the first half of fiscal 2012, roughly on par with the same period in fiscal 2011, which was adversely affected by the lingering impact of the earthquake. The capacity utilization rate of production lines in the LSI device business is expected to be low until the end of the first half of the fiscal year, and the Technology Solutions business will also continue to face harsh conditions during the first half. The net loss for the first half of fiscal 2012 is expected to be 10.0 billion yen, representing a deterioration of approximately 15.0 billion yen from the corresponding period of the previous fiscal year. This is due to the effect lower tax expenses had in the previous fiscal year associated with the decision to liquidate a subsidiary in Europe and a stock transfer executed in line with group company reorganization.

On a full-year basis, Fujitsu is projecting consolidated net sales of 4,550.0 billion yen for fiscal 2012, an increase of 1.8% in comparison with fiscal 2011. Fujitsu expects growth in its network products, electronic components and car audio and navigation systems businesses, and in the second half, a recovery in its services business in Japan and an upturn in demand for LSI devices.

Fujitsu is projecting full-year operating income of 135.0 billion yen, representing an increase of approximately 30.0 billion yen from the previous fiscal year. In addition to the effect of increased sales, Fujitsu will promote global cost reductions, particularly in its hardware businesses. The company is projecting an operating income margin of 3%, an improvement of 0.6% from the previous fiscal year.

Fujitsu is projecting full-year net income of 60.0 billion.

Although uncertainties regarding future exchange rate movements are expected to continue, these earnings projections assume yen exchange rates of 80 yen for the US dollar, 105 yen (first half) and 100 yen (second half) for the euro, and 130 yen for the British pound.

	First Half			(Billion Yen) Full-Year		
	FY 2012 (Forecast)	FY 2011 (Actual)	Change vs. First Half FY 2011	FY 2012 (Forecast)	FY 2011 (Actual)	Change vs. FY 2011
Net Sales	2,100.0	2,092.3	7.6	4,550.0	4,467.5	82.4
Operating Income [Operating Income Margin]	5.0 [0.2%]	7.0 [0.3%]	-2.0 [-0.1%]	135.0 [3.0%]	105.3 [2.4%]	29.6 [0.6%]
Net Income	-10.0	5.7	-15.7	60.0	42.7	17.2

Policy on Dividends and Dividend Forecast

Article 40 of Fujitsu Limited's Articles of Incorporation grants the Board of Directors the authority to distribute retained earnings. As part of Fujitsu's basic policy on the exercise of this authority, a portion of retained earnings is paid to shareholders to provide a stable return, and a portion is retained by the company to strengthen its financial base and support new business development opportunities that will result in improved long-term performance. In addition, while taking into consideration its level of profit, when a sufficient volume of internal reserves is secured, including through the acquisition of its own shares, Fujitsu aims to more proactively distribute profits to shareholders.

In June 2011, the company projected 60.0 billion yen in net income for fiscal 2011. At that time, in light of the lingering impact of the Great East Japan Earthquake, there was still some uncertainty in Japan with respect to spending on ICT. However, as risks related to procurement subsided, the company planned to pay an interim dividend of 5 yen per share and an annual dividend of 10 yen per share, the same level of dividends paid in fiscal 2010.

In fiscal 2011, in addition to lagging recovery to investments in ICT both in and outside of Japan and the impact of the historic high valuation of the yen, the impact of the Thai floods, operating income fell below that of the previous fiscal year. Nevertheless, in addition to improvements being made to profitability in its services business outside of Japan, net income rose above projections disclosed in January 2012 and remain at a steady level.

Moreover, the company's financial condition is steadily improving, with interest-bearing debt at its lowest level in the past decade.

As a result of these factors, the company will pay a year-end dividend of 5 yen per share as initially planned. Including the interim dividend of 5 yen, Fujitsu will pay annual dividends of 10 yen per share, the same level paid in fiscal 2010.

Fujitsu plans to continue its policy of paying dividends from retained earnings based on financial results twice a year, at the half-year and year-end. In its forecast for fiscal 2012, the company does not anticipate problems in its financial condition. In accordance with its policy of paying stable dividends, therefore, in fiscal 2012 Fujitsu plans to pay an annual dividend of 10 yen per share (5 yen as an interim dividend), the same amount paid in fiscal 2011.

Reference

a) Major Financial Indices

(Billion Yen, except for ratio and period items)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Net Sales	5,330.8	4,692.9	4,679.5	4,528.4	4,467.5
Sales Outside of Japan	1,923.6	1,499.8	1,748.3	1,587.3	1,506.0
[Ratio of Sales Outside of Japan to Total Sales]	[36.1%]	[32.0%]	[37.4%]	[35.1%]	[33.7%]
Operating Income Margin	3.8%	1.5%	2.0%	2.9%	2.4%
Return on Equity	5.0%	-13.2%	12.0%	6.8%	5.1%
Inventories	383.1	306.4	322.3	341.4	334.1
[Inventory Turnover Ratio]	[13.40]	[13.61]	[14.88]	[13.65]	[13.23]
[Monthly Inventory Turnover]	[1.03 times]	[0.98 times]	[1.04 times]	[1.02 times]	[1.01 times]
Total Assets	3,821.9	3,221.9	3,228.0	3,024.0	2,945.5
[Total Assets Turnover Ratio]	[1.37]	[1.33]	[1.45]	[1.45]	[1.50]
Shareholders' Equity	911.6	782.9	865.8	903.9	926.0
[Shareholders' Equity Ratio]	[23.9%]	[24.3%]	[26.8%]	[29.9%]	[31.4%]
Owners' Equity	948.2	748.9	798.6	821.2	841.0
[Owners' Equity Ratio]	[24.8%]	[23.2%]	[24.7%]	[27.2%]	[28.6%]
Market Value-based Shareholders' Equity Ratio	35.3%	23.4%	39.1%	32.2%	30.6%
Interest-Bearing Loans	887.3	883.4	577.4	470.8	381.1
Net Interest-Bearing Loans	339.4	355.3	157.2	112.2	114.4
D/E Ratio	0.94	1.18	0.72	0.57	0.45
Net D/E Ratio	0.36	0.47	0.20	0.14	0.14
Cash Flows From Operating Activities	322.0	248.0	295.3	255.5	240.0
Free Cash Flow [excluding special factors*1]	38.1 [17.3]	23.4 [7.8]	296.4 [111.6]	113.4 [73.3]	49.1 [43.5]
Loans / Cash Flows from Operating Activities	2.8 years	3.6 years	2.0 years	1.8 years	1.6 years
Interest Coverage Ratio	15.1	14.2	18.1	21.8	25.9

Note:

Owners' Equity:

Return on Equity:

Inventory Turnover Ratio:

Net Assets – Share Warrants – Minority Interests

$Net\ Income \div \{(Owners' Equity\ at\ Start\ of\ Period + Owners' Equity\ at\ End\ of\ Period) \div 2\}$

$Net\ Sales \div \{(Beginning\ Balance\ of\ Inventories + Ending\ Balance\ of\ Inventories) \div 2\}$

<i>Monthly Inventory Turnover:</i>	<i>Net Sales ÷ Average Inventories during Period(*2) ÷ 12</i>
<i>Total Assets Turnover Ratio:</i>	<i>Net Sales ÷ {(Beginning Balance of Total Assets + Ending Balance of Total Assets) ÷ 2}</i>
<i>Shareholders' Equity Ratio:</i>	<i>Shareholders' Equity ÷ Total Assets</i>
<i>Owners' Equity Ratio:</i>	<i>(Net Assets – Share Warrants - Minority Interests) ÷ Total Assets</i>
<i>Market Value-based Shareholders' Equity Ratio:</i>	<i>Market Capitalization ÷ Total Assets</i>
<i>Net Interest-Bearing Loans:</i>	<i>Interest-Bearing Loans – Cash Equivalents</i>
<i>D/E Ratio:</i>	<i>Interest-Bearing Loans ÷ Owners' Equity</i>
<i>Net D/E Ratio:</i>	<i>(Interest-bearing Loans - Cash Equivalents) ÷ Owners' Equity</i>
<i>Loans / Cash Flows from Operating Activities:</i>	<i>Interest-Bearing Loans ÷ Cash Flows from Operating Activities</i>
<i>Interest Coverage Ratio:</i>	<i>Cash Flows from Operating Activities ÷ Interest Expense</i>

*1: Free cash flow excluding one-time items excludes the following:

- Proceeds from sales of investment securities
- Proceeds from acquisitions of subsidiaries in line with changes to scope of consolidation
- Proceeds from business transfers

*2: Average inventories during period are calculated as the average of the ending balance of inventories for each of the four quarters of the fiscal year.