

# BUSINESS SUMMARY BY SEGMENT

Fujitsu delivers total solutions in the field of information and communication technology (ICT). Along with the provision of a broad array of services, our comprehensive business encompasses the development, manufacture, sales, and maintenance of the cutting-edge, high-quality, and high-performance products and electronic devices that make these services possible.

REVENUE / BREAKDOWN OF REVENUE\*

SALES (REVENUE)\* BY PRINCIPAL PRODUCTS AND SERVICES

OPERATING PROFIT (LOSS) / OPERATING PROFIT (LOSS) MARGIN

FISCAL 2016 HIGHLIGHTS

## Technology Solutions

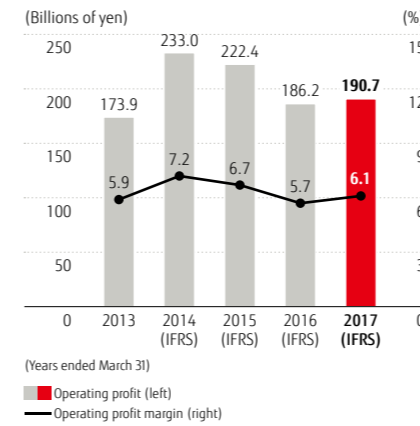
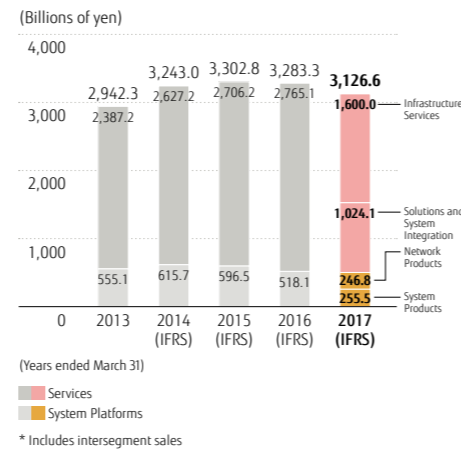
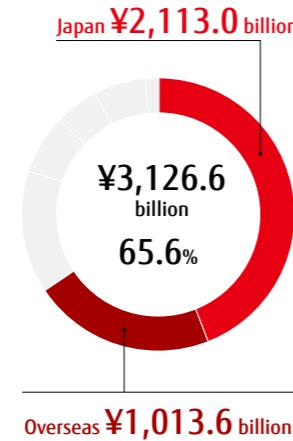
### Business description

#### Services

Fujitsu provides solutions and system integration for system consulting and construction as well as infrastructure services centered on outsourcing services (complete operations and management of information systems).

#### System Platforms

Fujitsu provides system products, such as servers and storage systems that form the backbone of information and communication technology (ICT) systems, and network products, such as mobile-phone base stations, optical transmission systems, and other communications infrastructure.

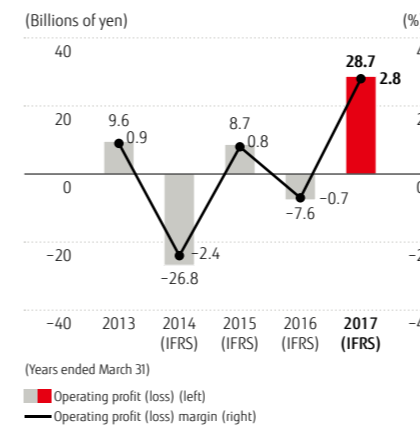
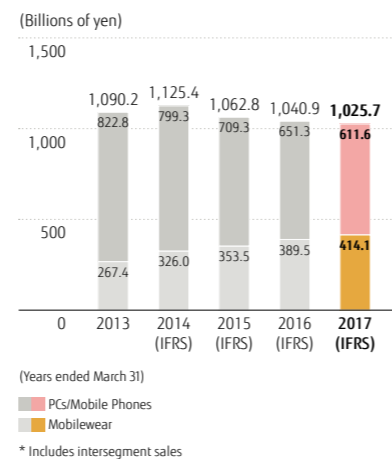
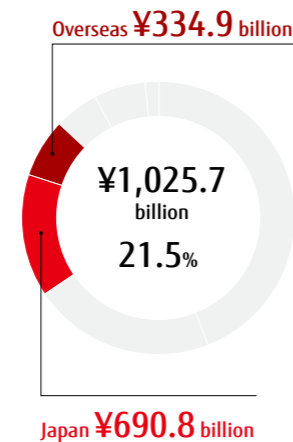


- ▶ Solutions and system integration increased revenues as growth in the provision of services for the manufacturing, services, and mobile communications carrier industries more than offset the winding down of the peak period for business deals involving large-scale projects in the financial field and for business deals related to the development of the national identification number system in the public sector. Also, infrastructure services performed steadily centered on outsourcing in Japan.
- ▶ System products recorded lower revenues as the growth of x86 servers in Japan was unable to completely offset the significant effect of exchange rates and lower volumes in Europe. Network products saw revenues decline because a year-on-year increase in mobile-phone base stations in Japan did not fully counteract a decrease in revenues in North America, which mainly reflected lower revenues from optical transmission systems due to new model introduction accompanying a changeover phase. Yen appreciation also had an impact on revenues.
- ▶ The Services sub-segment outside Japan recognized a decline in revenues due to exchange rates, mainly in Europe, and the ending of a large-scale public sector project.
- ▶ As a result of advancing business model transformation, including measures to shift toward digital businesses and increase efficiency overseas as well as reorganize datacenters in Japan, the segment incurred business model transformation expenses of ¥36.2 billion, which comprised ¥33.6 billion for the Services sub-segment and ¥2.6 billion for the System Platforms sub-segment.

## Ubiquitous Solutions

### Business description

Fujitsu manufactures PCs within a made-in-Japan framework, delivering high-quality, high-added-value products including desktop PCs, laptop PCs, water- and dust-resistant tablets, and customization options. With mobile phones, Fujitsu supplies mobile communications carriers with its own mid-range to high spec smartphone and tablet products centering on the Raku-Raku Phone series and the Raku-Raku Smartphone. We supply high-quality and easy-to-use smartphones to Mobile Virtual Network Operators (MVNOs) and various products to corporations that satisfy a wide range of customization needs. For mobilewear, Fujitsu is responding to diverse needs with "Connectivity" Products, among them intuitively operated car navigation systems that connect to mobile phones for a more enjoyable driving experience.

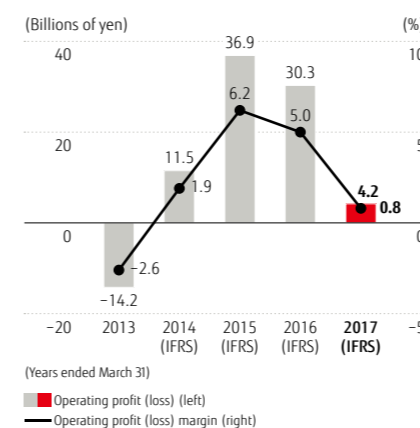
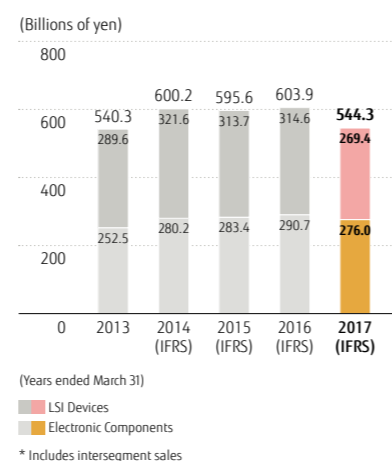
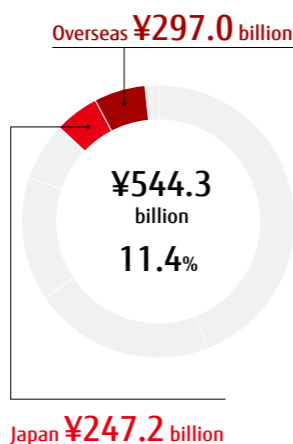


- ▶ The PC business booked lower revenues overseas due to exchange rates but grew revenues in Japan centered on corporate customers. The mobile phone business posted a decline in revenues, which reflected lower unit shipments due to a lengthening of the replacement cycle in the smartphone market. Nonetheless, operating profit improved thanks to higher revenues from the PC business in Japan and increased cost-effectiveness stemming from cost reductions in the PC and mobile phone businesses.
- ▶ The mobilewear business grew earnings as a result of higher revenues in Europe and North America.
- ▶ As a result of advancing business model transformation, including measures to shift toward digital businesses and increase efficiency overseas as well as reorganize overseas production bases, the segment incurred business model transformation expenses of ¥4.3 billion.

## Device Solutions

### Business description

In the LSI device business, Fujitsu offers wafer foundry services, LSI device sales, and system memory businesses such as FRAM and FCRAM. In the electronic components business, publicly listed consolidated subsidiaries such as Shinko Electric Industries, Fujitsu Component, and FDK provide semiconductor packages and other electronic components as well as structural components such as batteries, relays, and connectors.



- ▶ Regarding LSI devices, demand was weak, particularly for smartphones. In addition, revenues from LSI devices and electronic components were down due to yen appreciation versus the US dollar.
- ▶ As a result of a reorganization of production bases for electronic components in Japan and overseas, the segment incurred expenses of ¥4.0 billion.