

HIGHLIGHTS BY REGION

Fujitsu Limited and Consolidated Subsidiaries

The Fujitsu Group adopted International Financial Reporting Standards (IFRS) in fiscal 2014.

	Japan	Asia	EMEIA	Americas	Oceania																																																													
Market Environment	<p>In 2017, Japan's IT services market grew 1.4% year on year. Following 2016 when growth slowed as the result of major projects coming to an end, growth was held back by a lack of new large projects. Reflecting weak growth in the Japanese economy, we expect market growth to remain at a low level; between 2017 and 2020, we estimate a CAGR of 1.3%. On the other hand, we anticipate the gradual increase of IT spending related to digital transformation. We expect the upgrading of companies' core systems as well as the linking up of existing and new systems to become new growth fields.</p> <p>By industry, we expect to see sustained demand in the manufacturing sector for upgrading core systems for production management and supply chain management. As for retail, we expect growth in investment in such areas as system integration accompanying M&As and increased IT investment geared toward raising productivity and automating operations to deal with labor shortages. In the financial field, we expect investment to shift from the upgrading of existing systems and reducing operating costs to creating new services in such areas as AI and FinTech. In the communications field, we expect carriers to continue to rein in capital spending, but we anticipate gradual expansion in investment related to 5G from 2019 onwards. In the national and local government field, we expect to see ongoing IT demand in such areas as the upgrading and strengthening of system functions, and meeting needs associated with new administrative arrangements. However, public bodies are tending to curb spending on operation and upgrading of existing systems, and we do not expect any rapid progress with initiatives related to digital transformation. Overall, heading toward 2020, against the backdrop of projected growth in the number of overseas visitors to Japan, IT investment aimed at reinforcing related IT infrastructure and strengthening customer-contact points is expected to increase.</p>	<p>In 2017, Asia's IT market grew 12.3% year on year, sustaining the previous fiscal year's strong growth. From 2017 to 2020, we estimate a CAGR of 6.1%, supported by both growth in such hardware markets as smartphones and servers, in addition to rapid expansion in IT service markets.</p>		<p>In 2017, EMEIA's IT market grew 2.9% year on year. The IT market is expected to continue expanding modestly; between 2017 and 2020, we estimate a CAGR of 2.8%. Hardware markets particularly for PCs and servers are contracting. Moreover, prices in infrastructure service markets such as service desk operations have been falling and market scale has been shrinking with the advance of commoditization. Meanwhile, demand has been growing solidly for migrating traditional on-premises business systems to the cloud environment, and for related consulting services and application management.</p>	<p>In 2017, the IT market in the Americas, the largest in the world, grew a substantial 5.9% year on year. We expect the market to continue expanding steadily; between 2017 and 2020, we estimate a CAGR of 5.3%. In recent years, hardware markets including those for PCs and servers have been contracting, while the IT services market for security, cloud, and other services has been growing against the backdrop of advancing digitization.</p>	<p>In 2017, Oceania's IT market expanded 5.5% year on year. The market is expected to gradually increase in scale; between 2017 and 2020, we estimate a CAGR of 3.8%. The IT services market is expected to see sustained strong growth against the backdrop of the advance of digital business. The hardware market, however, is projected to continue to contract.</p>																																																												
Priority Tasks	<p>Customers in Japan are realigning their focus on using ICT for business efficiency to expand their core lines of business, while simultaneously looking to broaden the scope of their operations across industry boundaries. In addition, there is a need to accelerate the deployment of ICT in fields in which it has not made significant inroads thus far. The acquisition of sales staff and systems engineers with greater specialist expertise, more effective proposals, and technological skills, and increasing the number of such talented staff, will help unearth opportunities in these new markets and lead to future growth.</p> <p>We are also moving to increase automation at the system integration front lines through the use of AI and other tools to move away from business approaches thus far where estimates are based on monthly unit costs per worker. This is significantly reducing the areas of development and testing processes that require human intervention. By doing so, we aim to shift from business based on payment for hours worked to business based on value created. In our development itself, we are also moving away from our previous approach of starting from scratch to make elaborate systems in, more or less, one go, to an "agile" approach. This agile model for software development involves breaking the progress of a project into short, clearly defined increments. Through this approach, we aim to shorten turnaround with large-scale system development while ensuring high quality and minimizing the number of unprofitable projects.</p>	<p>We aim to sustain strong growth by conducting selection and concentration that reflects the situation of each country, expanding businesses through maximum utilization of the integrated One Asia framework that includes Japan, while establishing the Fujitsu brand.</p>		<p>Until now, our focus in Europe has been on strengthening services businesses by hiring and training personnel with new skill sets suited to the digital services field while reducing personnel numbers in the region as a whole. Now we are also emphasizing measures to further raise profitability. Specifically, we are concentrating management resources in Germany, the United Kingdom, and elsewhere where we have strong customer bases, while enhancing customer interfaces and sharpening our focus on strategically important industries. To enhance the setup of our product business, we are revamping our global development and production structure and have begun work toward closing our manufacturing and R&D site in Augsburg, Germany as part of our transition to a business model affording greater cost competitiveness. While concentrating management resources in the United Kingdom, Germany, and other European countries where we have strong customer bases, we are moving toward eliminating unprofitable bases while reducing indirect costs across Europe as a whole.</p>	<p>We will continue to reinforce our services business, including consulting services and application services, to provide customers with the leading-edge digital ICT optimally suited to their business models. In November 2018, we established Fujitsu Intelligence Technology, a new company that will formulate and carry out strategy for our AI business, in Vancouver, Canada, a country that offers a world-class ecosystem. Around the hub of its new Vancouver "AIHQ," Fujitsu plans to forge strong ties with North American companies, hiring local AI talent, as it leads AI development.</p>																																																													
Revenue (Years ended March 31)	<p>Revenue (Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2016</td><td>3,366.5</td></tr> <tr><td>2017</td><td>3,108.1</td></tr> <tr><td>2018</td><td>3,005.7</td></tr> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2016	3,366.5	2017	3,108.1	2018	3,005.7	<p>Revenue (Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2016</td><td>466.3</td></tr> <tr><td>2017</td><td>285.6</td></tr> <tr><td>2018</td><td>277.1</td></tr> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2016	466.3	2017	285.6	2018	277.1		<p>Revenue (Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2016</td><td>963.5</td></tr> <tr><td>2017</td><td>756.7</td></tr> <tr><td>2018</td><td>810.1</td></tr> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2016	963.5	2017	756.7	2018	810.1	<p>Revenue (Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2016</td><td>421.9</td></tr> <tr><td>2017</td><td>284.7</td></tr> <tr><td>2018</td><td>280.7</td></tr> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2016	421.9	2017	284.7	2018	280.7	<p>Revenue (Billions of yen)</p> <table border="1"> <tr><th>Year</th><th>Revenue (Billions of yen)</th></tr> <tr><td>2016</td><td>103.9</td></tr> <tr><td>2017</td><td>92.5</td></tr> <tr><td>2018</td><td>100.5</td></tr> </table> <p>Note: Includes intersegment sales</p>	Year	Revenue (Billions of yen)	2016	103.9	2017	92.5	2018	100.5																				
Year	Revenue (Billions of yen)																																																																	
2016	3,366.5																																																																	
2017	3,108.1																																																																	
2018	3,005.7																																																																	
Year	Revenue (Billions of yen)																																																																	
2016	466.3																																																																	
2017	285.6																																																																	
2018	277.1																																																																	
Year	Revenue (Billions of yen)																																																																	
2016	963.5																																																																	
2017	756.7																																																																	
2018	810.1																																																																	
Year	Revenue (Billions of yen)																																																																	
2016	421.9																																																																	
2017	284.7																																																																	
2018	280.7																																																																	
Year	Revenue (Billions of yen)																																																																	
2016	103.9																																																																	
2017	92.5																																																																	
2018	100.5																																																																	
Operating Profit (Loss) / Operating Profit (Loss) Margin (Years ended March 31)	<p>Operating Profit (Loss) / Operating Profit (Loss) Margin (Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Loss) (Billions of yen)</th><th>Operating Profit (Loss) Margin (%)</th></tr> <tr><td>2016</td><td>202.8</td><td>6.0</td></tr> <tr><td>2017</td><td>221.4</td><td>7.1</td></tr> <tr><td>2018</td><td>182.5</td><td>6.1</td></tr> </table> <p>Legend: Operating profit (left), Operating profit margin (right)</p>	Year	Operating Profit (Loss) (Billions of yen)	Operating Profit (Loss) Margin (%)	2016	202.8	6.0	2017	221.4	7.1	2018	182.5	6.1	<p>Operating Profit (Loss) / Operating Profit (Loss) Margin (Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Loss) (Billions of yen)</th><th>Operating Profit (Loss) Margin (%)</th></tr> <tr><td>2016</td><td>9.5</td><td>2.0</td></tr> <tr><td>2017</td><td>-0.1</td><td>-0.2</td></tr> <tr><td>2018</td><td>4.8</td><td>1.7</td></tr> </table> <p>Legend: Operating profit (loss) (left), Operating profit (loss) margin (right)</p>	Year	Operating Profit (Loss) (Billions of yen)	Operating Profit (Loss) Margin (%)	2016	9.5	2.0	2017	-0.1	-0.2	2018	4.8	1.7		<p>Operating Profit (Loss) / Operating Profit (Loss) Margin (Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Loss) (Billions of yen)</th><th>Operating Profit (Loss) Margin (%)</th></tr> <tr><td>2016</td><td>-0.2</td><td>-1.5</td></tr> <tr><td>2017</td><td>-1.7</td><td>-12.6</td></tr> <tr><td>2018</td><td>9.0</td><td>1.1</td></tr> </table> <p>Legend: Operating profit (loss) (left), Operating profit (loss) margin (right)</p>	Year	Operating Profit (Loss) (Billions of yen)	Operating Profit (Loss) Margin (%)	2016	-0.2	-1.5	2017	-1.7	-12.6	2018	9.0	1.1	<p>Operating Profit (Loss) / Operating Profit (Loss) Margin (Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Loss) (Billions of yen)</th><th>Operating Profit (Loss) Margin (%)</th></tr> <tr><td>2016</td><td>-0.3</td><td>-1.3</td></tr> <tr><td>2017</td><td>2.1</td><td>0.8</td></tr> <tr><td>2018</td><td>6.5</td><td>2.3</td></tr> </table> <p>Legend: Operating profit (loss) (left), Operating profit (loss) margin (right)</p>	Year	Operating Profit (Loss) (Billions of yen)	Operating Profit (Loss) Margin (%)	2016	-0.3	-1.3	2017	2.1	0.8	2018	6.5	2.3	<p>Operating Profit (Loss) / Operating Profit (Loss) Margin (Billions of yen) (%)</p> <table border="1"> <tr><th>Year</th><th>Operating Profit (Loss) (Billions of yen)</th><th>Operating Profit (Loss) Margin (%)</th></tr> <tr><td>2016</td><td>2.6</td><td>2.5</td></tr> <tr><td>2017</td><td>3.4</td><td>3.8</td></tr> <tr><td>2018</td><td>4.0</td><td>4.1</td></tr> </table> <p>Legend: Operating profit (loss) (left), Operating profit margin (right)</p>	Year	Operating Profit (Loss) (Billions of yen)	Operating Profit (Loss) Margin (%)	2016	2.6	2.5	2017	3.4	3.8	2018	4.0	4.1
Year	Operating Profit (Loss) (Billions of yen)	Operating Profit (Loss) Margin (%)																																																																
2016	202.8	6.0																																																																
2017	221.4	7.1																																																																
2018	182.5	6.1																																																																
Year	Operating Profit (Loss) (Billions of yen)	Operating Profit (Loss) Margin (%)																																																																
2016	9.5	2.0																																																																
2017	-0.1	-0.2																																																																
2018	4.8	1.7																																																																
Year	Operating Profit (Loss) (Billions of yen)	Operating Profit (Loss) Margin (%)																																																																
2016	-0.2	-1.5																																																																
2017	-1.7	-12.6																																																																
2018	9.0	1.1																																																																
Year	Operating Profit (Loss) (Billions of yen)	Operating Profit (Loss) Margin (%)																																																																
2016	-0.3	-1.3																																																																
2017	2.1	0.8																																																																
2018	6.5	2.3																																																																
Year	Operating Profit (Loss) (Billions of yen)	Operating Profit (Loss) Margin (%)																																																																
2016	2.6	2.5																																																																
2017	3.4	3.8																																																																
2018	4.0	4.1																																																																