

HIGHLIGHTS BY SEGMENT

Fujitsu Limited and Consolidated Subsidiaries

	Technology Solutions			Ubiquitous Solutions	Device Solutions																																																																																											
	Services	System Platforms																																																																																														
Market Environment	<p>In the IT services market, system investment related to digital transformation is expected to gather momentum in Japan in such areas as IoT-related investment in the manufacturing industry and consumption tax-related measures in the distribution sector, system upgrades centered on cloud services in the public sector, law revisions, and the "My Number" Social Security and Tax Number System, which is seeing increasing use. In addition, investment in digital transformation is expected to expand across industries.</p> <p>Overseas, ongoing growth in investment is expected particularly in emerging markets.</p>	<p>In the server market, the size of the market itself has been shrinking in Japan due to the spread of cloud-based services, but some level of growth is expected, supported by upgrading demand in anticipation of the end of extended support for Windows Server 2008 scheduled for January 2020. Overseas, expansion is expected on growth in emerging markets and increased demand for datacenters. In the network market, the investment policies of telecommunications carriers in and outside Japan have shifted from strengthening infrastructure to reinforcing service businesses, which has coincided with the decline in facility-related investment. Meanwhile, 5G-related activity has been picking up. We anticipate that future capital investment will be allocated mainly to base stations and core networks.</p>		<p>The growth trend has continued in the market for PCs for corporate customers supported by projects to replace PCs equipped with Windows 7 with those installed with Windows 10 before the end of extended support for Windows 7, scheduled for January 2020. We expect the market to remain firm.</p>	<p>The semiconductor market saw double-digit year-on-year growth in the first half of the fiscal year ended March 31, 2019. However, the picture changed completely in the second half, with the market contracting from December. This was due to a sharp decline in the memory market stemming from falling prices as well as to the impact on non-memory products resulting from weak demand for end products such as smartphones and servers.</p>																																																																																											
Fiscal 2018 Highlights	<p>Revenue Solution/SI has been seeing improved performance for business deals related to production management and IoT in the manufacturing sector centering on the auto industry. In the distribution sector, demand for system upgrading has been brisk across a wide range of fields including food wholesale, real estate, construction, and retail. In the public arena, there have been growing numbers of large-scale business deals and projects to conform to legal revisions. As a result of these developments, revenue increased significantly to a record high.</p> <p>With infrastructure services, revenue expanded in Japan due to the spread of network services and growth in the number of product-related projects in some areas. However, overall revenue declined owing to a drop in sales following the conclusion of projects for large customers through to the previous fiscal year.</p> <p>Operating profit On an actual business basis, profit increased markedly in Japan, but overall profit growth was held down by a decline in profit on an actual business basis overseas and owing to the recognition of business model transformation costs.</p>	<p>Revenue In the system products business, sales rose sharply underpinned by growth in large-scale deals in Japan and expanded sales of IA servers overseas. In the network products business, revenue declined steeply owing to communications carriers in and outside Japan continuing to hold down investment in mobile phone base stations prior to the transition to 5G, and also to a decline in demand from telecommunications carriers in North America.</p> <p>Operating profit On an actual business basis, profit increased mainly in the system products business, but overall operating profit declined significantly year on year due to business model transformation costs of ¥24.8 billion related to restructuring efforts in Europe.</p>		<p>Revenue Sales of PCs for corporate customers in Japan increased, underpinned by demand for upgrading PCs in anticipation of the end of Windows 7 support. However, overall sales decreased owing to the impact of a supply shortage of certain parts, and the sale of the consumer PC business to Lenovo. As for mobile phones, sales fell sharply due to the sale of the business in the fiscal year ended March 31, 2018.</p> <p>Operating profit Operating profit in both the PC and mobile phone businesses declined significantly as a result of business sales and business model transformation costs, particularly in Europe.</p>	<p>Revenue Revenue declined sharply year on year due to sluggish demand for smartphone applications and the impact of deconsolidation as part of structural reforms at Aizu Fujitsu Semiconductor Manufacturing (AFSM), an 8-inch wafer fab in the Aizu-Wakamatsu area, in April 2018, and at sales company Fujitsu Electronics Inc. (FEI), in January 2019.</p> <p>Operating profit Operating profit declined year on year due to the decline in sales of smartphone applications and the impact of the FEI deconsolidation noted above.</p>																																																																																											
Revenue (Years ended March 31)	<table border="1"> <caption>Revenue (Billions of yen)</caption> <thead> <tr> <th>Year</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>3,302.8</td> <td>3,283.3</td> <td>3,126.6</td> <td>3,052.7</td> <td>3,123.7</td> </tr> <tr> <td>Infrastructure Services</td> <td>2,706.2</td> <td>2,765.1</td> <td>2,624.2</td> <td>2,598.3</td> <td>1,556.6</td> </tr> <tr> <td>Solutions and System Integration</td> <td>596.5</td> <td>518.1</td> <td>502.3</td> <td>454.3</td> <td>1,107.1</td> </tr> <tr> <td>Network Products</td> <td></td> <td></td> <td></td> <td></td> <td>186.4</td> </tr> <tr> <td>System Products</td> <td></td> <td></td> <td></td> <td></td> <td>273.4</td> </tr> </tbody> </table> <p>Note: Includes intersegment sales</p>		Year	2015	2016	2017	2018	2019	Total	3,302.8	3,283.3	3,126.6	3,052.7	3,123.7	Infrastructure Services	2,706.2	2,765.1	2,624.2	2,598.3	1,556.6	Solutions and System Integration	596.5	518.1	502.3	454.3	1,107.1	Network Products					186.4	System Products					273.4	<table border="1"> <caption>Revenue (Billions of yen)</caption> <thead> <tr> <th>Year</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>1,062.8</td> <td>1,040.9</td> <td>645.5</td> <td>663.9</td> <td>509.9</td> </tr> <tr> <td>PCs/Mobile Phones</td> <td>709.3</td> <td>651.3</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Mobilewear</td> <td>353.5</td> <td>389.5</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ubiquitous Solutions</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Note: Includes intersegment sales</p>		Year	2015	2016	2017	2018	2019	Total	1,062.8	1,040.9	645.5	663.9	509.9	PCs/Mobile Phones	709.3	651.3				Mobilewear	353.5	389.5				Ubiquitous Solutions						<table border="1"> <caption>Revenue (Billions of yen)</caption> <thead> <tr> <th>Year</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>595.6</td> <td>603.9</td> <td>544.3</td> <td>560.0</td> <td>487.0</td> </tr> <tr> <td>LSI Devices</td> <td>313.7</td> <td>314.6</td> <td>269.4</td> <td>280.1</td> <td>210.0</td> </tr> <tr> <td>Electronic Components</td> <td>283.4</td> <td>290.7</td> <td>276.0</td> <td>281.0</td> <td>277.8</td> </tr> </tbody> </table> <p>Note: Includes intersegment sales</p>		Year	2015	2016	2017	2018	2019	Total	595.6	603.9	544.3	560.0	487.0	LSI Devices	313.7	314.6	269.4	280.1	210.0	Electronic Components	283.4	290.7	276.0	281.0	277.8
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Note: On November 1, 2017, Fujitsu transferred a portion of the Company's shareholding in Fujitsu TEN Limited to DENSO CORPORATION. As a result, Fujitsu TEN became classified as a discontinued business. It has therefore been excluded from the revenue and operating profit of the Ubiquitous Solutions business in the fiscal years ended March 31, 2017 and March 31, 2018.