

TRANSLATION



Interim Report  
On  
First-Half FY 2015 Financial Results  
(Six months ended September 30, 2015)

FUJITSU LIMITED

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*Note:*

This English translation of the interim report contains minor stylistic differences from the original Japanese version.

## **To Our Shareholders**

This interim report for our 116th business period (fiscal 2015, from April 1, 2015 to March 31, 2016) covers financial results for the first half of fiscal 2015, April 1, 2015 to September 30, 2015.

This year, Fujitsu celebrated the 80th anniversary of its foundation. During this milestone 80th year, we aim to transform our business model into one that can respond to rapidly changing markets, so that the company will continue to grow steadily going ahead.

Since assuming the position of the president at the Annual Shareholders' Meeting held in June 2015, I have managed the company based on the acknowledgement of three issues: 1) changing our business framework to focus on services; 2) expanding revenue in areas of innovation; and 3) enhancing our growth in global market. Regarding the Fujitsu Group's financial performance for the first half of fiscal 2015, although revenue exceeded that in the same period of the previous fiscal year, operating profit declined. For details, please see "Summary of FY 2015 First-Half Consolidated Results" on page 3.

With respect to the interim dividend, despite a loss for the period in the first half of fiscal 2015, the progress is in line with the plan at the beginning of the fiscal year. Accordingly, Fujitsu will pay an interim dividend of 4 yen per share as initially projected.

In light of the above, we announced our management direction for transformation of our business model at the same time as release of the financial results for the first half of fiscal 2015 in October 2015. This management direction includes solutions for issues related to the business results for the first half of fiscal 2015. For details regarding the management direction, please see "Management Direction" on page 6.

Furthermore, ahead of the new management direction's announcement, we had already begun the business model transformation, including efforts to reorganize the network business, with a view to next-generation growth.

Going forward, I believe that continuing this transformation based on our long-term strategy is the most important challenge for Fujitsu, and we will implement it with the greatest sense of urgency. In addition, we will make timely reports to all stakeholders regarding progress of the transformation and the measures we are taking.

As an indispensable partner to our customers, we at the Fujitsu Group will continue to aim for growth along with all stakeholders as we look forward to our centenary and beyond. We would like to ask you, our valued shareholders, for your continued support and guidance in our business going forward.

November 2015

Tatsuya Tanaka, President and Representative Director

**FY 2015 Full-Year Consolidated Forecast (Billion Yen)**

|                  | Business Segment                       | FY 2014        | FY 2015 Forecast |
|------------------|--|----------------|------------------|
| Revenue          | Technology Solutions                   | 3,302.8        | 3,400.0          |
|                  | Ubiquitous Solutions                   | 1,062.8        | 1,030.0          |
|                  | Device Solutions                       | 595.6          | 630.0            |
|                  | Other/Elimination and Corporate        | -208.0         | -180.0           |
|                  | <b>Total</b>                           | <b>4,753.2</b> | <b>4,880.0</b>   |
| Operating Profit | Technology Solutions                   | 222.4          | 235.0            |
|                  | Ubiquitous Solutions                   | 8.7            | -10.0            |
|                  | Device Solutions                       | 36.9           | 40.0             |
|                  | Other/Elimination and Corporate        | -89.5          | -115.0           |
|                  | <b>Total</b>                           | <b>178.6</b>   | <b>150.0</b>     |
|                  | [Ratio of Operating Profit to Revenue] | [3.8%]         | [3.1%]           |
|                  | <b>Profit for the Period</b>           | <b>140.0</b>   | <b>100.0</b>     |
|                  | <b>Free Cash Flow</b>                  | <b>79.6</b>    | <b>60.0</b>      |

(\*) In this report, profit for the period attributable to owners of the parent is presented as “Profit for the Period.”

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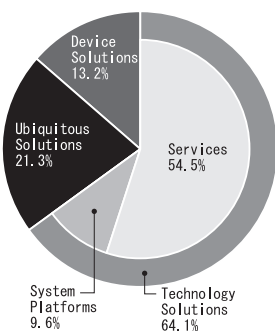
## Summary of FY 2015 First-Half Consolidated Results

\*For details, please refer to “FY 2015 First-Half Financial Results” available on the Fujitsu website at: <http://www.fujitsu.com/global/about/ir/data/results/>

### Highlight (Billion Yen)

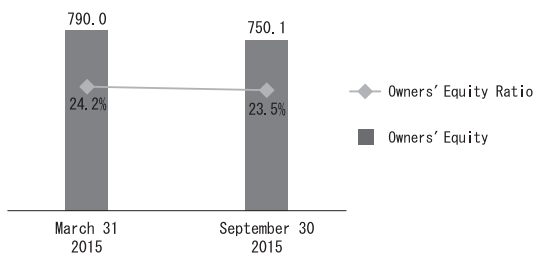
|                        | 1H FY 2014 | 1H FY 2015 |
|------------------------|------------|------------|
| Revenue                | 2,192.8    | 2,241.2    |
| [Overseas Sales Ratio] | [40.5%]    | [41.7%]    |
| Operating Profit       | 32.2       | -12.4      |
| Profit for the Period  | 24.1       | -15.9      |
| Free Cash Flow         | -4.7       | -39.0      |

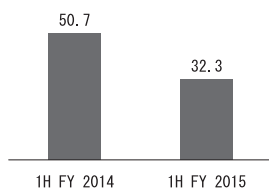
### Breakdown of Revenue by Business Segment (%)



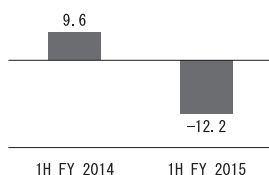
(\*) Revenue includes intersegment revenue.

### Owners' Equity Ratio (Billion Yen)



**Operating Profit by Business Segment (Billion Yen)****Technology Solutions**

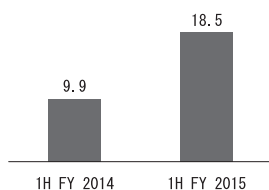
The Technology Solutions segment saw a decline in operating profit. In the Services sub-segment, there was a positive impact of higher revenue from system integration services on the back of increased investment by customers in the financial services sector and public sector, whereas there were a lump-sum expense incurred due to a subsidiary in Japan changing its retirement benefit plan and higher expenses for our sales expansion efforts in the internet service provider business. The System Platforms sub-segment suffered a fall in revenue from network products due to low capital spending by customers during the first-half period, in addition to the recognition of one-time expenses of approximately 5 billion yen to cover the costs of reallocating employees and other costs in the network business in Japan.

**Ubiquitous Solutions**

For PCs, revenue declined as the cycle of higher demand for upgrades as a consequence of the ending of support for an operating system had peaked in the first quarter of the previous fiscal year. In addition, the decline in the values of the euro and the yen against the US dollar caused procurement costs for US dollar-denominated components to rise in Europe and Japan. Results were also adversely impacted by expenses incurred to deal with a defective model of mobile phone.

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## Device Solutions



Operating profit in the Device Solutions segment increased, due to the increase in revenue from LSI devices, primarily from devices used in smartphones, in addition to the increase in the value of US dollar-denominated exports of both LSI devices and electronic components because of the decline in the value of the yen against the US dollar.

## Other/Elimination and Corporate

The Fujitsu Group increased strategic investments in such fields as next-generation clouds for IoT platforms and future healthcare services.

## Stock (As of September 30, 2015)

|                               |   |
|-------------------------------|---|
| Number of Authorized Shares:  | 5,000,000,000                                     |
| Number of Outstanding Shares: | 2,070,018,213                                     |
| Stated Capital:               | ¥324,625,075,685                                  |
| Number of Shareholders:       | 163,952 (10,853 increase from the end of FY 2014) |

## Principal Shareholders

| Name   | Shareholder's investment in Fujitsu Limited |                               |
|--|---|-------------------------------|
|  | Number of shares held (thousands)           | Percentage of shares held (%) |
| Fuji Electric Co., Ltd.                          | 228,391                                     | 11.04                         |
| The Master Trust Bank of Japan, Ltd. (for trust) | 70,757                                      | 3.42                          |
| Japan Trustee Services Bank, Ltd. (for trust)    | 69,277                                      | 3.35                          |
| Fujitsu Employee Shareholding Association        | 53,678                                      | 2.59                          |
| State Street Bank and Trust Company              | 37,779                                      | 1.83                          |
| Mizuho Bank, Ltd.                                | 36,963                                      | 1.79                          |
| Asahi Mutual Life Insurance Company              | 35,180                                      | 1.70                          |
| The Bank of New York Mellon SA/NV 10             | 32,329                                      | 1.56                          |
| State Street Bank and Trust Company 505225       | 30,621                                      | 1.48                          |
| State Street Bank West Client Treaty 505234      | 28,627                                      | 1.38                          |

### Note:

The shares held by Fuji Electric Co., Ltd. and Mizuho Bank, Ltd. include trust properties that are trusted to Mizuho Trust & Banking Co., Ltd. and re-trusted to Trust & Custody Services Bank, Ltd. as retirement benefit trust assets.

## ***Management Direction***

In our management direction announced in October 2015, we have identified three pillars of strategy that we regard as necessary for achieving sustainable business growth of the Fujitsu Group. They are: 1) business model transformation with a focus on connected services; 2) seizing the potential of digital innovation; and 3) implementation of these initiatives at a global level.

### **1. Business Model Transformation**

The Fujitsu Group will transform its business structure by centering on “connected services.”

We will transform our traditional business structure, in which Technology Solutions, Ubiquitous Solutions and Device Solutions are vertically integrated, into a structure where we will increase our competitiveness in the evolving IoT marketplace by focusing our management resources on the Technology Solutions segment, in which the Fujitsu Group has an edge, and expanding it on a global basis as connected services.

Connected services refer to an approach to provide our customers with more integrated, top-line services by utilizing our wealth of knowledge in solutions, system integration and infrastructure services, together with a wide variety of software including cloud software and middleware, and shifting our core hardware, including servers, storage and networking, to software.

In addition, lines of businesses that demand more agility, such as Ubiquitous Solutions and Device Solutions, will become group companies, where they will have the independence to develop more competitive products and build their businesses.

### **2. Digital Innovation**

The Fujitsu Group will work to strengthen its sales capabilities through digital innovation.

We are strengthening our industry-specific sales organization globally, so that we can get more deeply involved at the conception phase with our customer’s businesses and projects. Our people in our industry-specific sales teams have a wealth of knowledge and experience in their industry, line of business, service sector, or core technology, and can support the customer from the planning stage. The industry-specific sales teams will collaborate with the account sales teams, which provide customer-centric support, as a unified team to build a cooperative relationship in new areas of opportunity that would emerge with the advancement of IoT.

The provision of one-stop support to customers has been one of Fujitsu’s long-standing strengths. We are confident that we can further differentiate ourselves by adding our specialist capabilities to it.

### **3. Global Presence**

The Global Delivery Organization has been established as part of the Global Matrix Organization launched last year. We have worked on the evolution of the Global Delivery Organization, and from this fiscal year, we will further expand the Global Delivery Center’s (GDC) capabilities. We plan to increase the number of GDC personnel, and under integrated management, we are pooling service-delivery resources in multiple countries around the world, enabling each region flexibility in accessing these resources while generating significant cost efficiencies.

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In addition, we have reinforced our sales organization for the Asian market, which holds a huge potential for growth in digital innovation. Through integration of the originally separate sales organizations in Japan and the Asian region as “One Asia,” we ensure that the know-how developed in Japan will be shared throughout Asia, while aiming to accelerate the decision-making process for investments and business negotiations.

#### **【Glossary】**

IoT (Internet of Things):

A system in which not only PCs and servers, but a wide variety of things are connected to the internet and exchange information.

Big Data:

Refers to large volumes of heterogeneous data, the use of which is attracting attention as a way of generating new sources of value.

AI (Artificial Intelligence):

Going forward, artificial intelligence is expected to be used in a wide range of fields.