

3. FY2014 Earnings Projections

The global economy, as a whole, is expected to maintain a moderate recovery. This projection comes against the backdrop of an increasingly strong economic recovery in the US, despite the impact of fiscal austerity measures in Europe and lingering uncertainty about the future of emerging market economies. In Japan, too, concerns persist over a prolonged slump in consumer spending following a hike in the consumption tax and increased costs of imported raw materials due to yen depreciation. Still, it is anticipated that Japan's economy is on the road to a modest recovery owing to various government-initiated economic measures.

With regard to the projections announced in July 2014, for the first half of fiscal 2014, Fujitsu's revenue exceeded projections by approximately 40 billion yen and operating profit exceeded projections by approximately 7 billion yen. The weak yen impacted particularly the financial results in the Services sub-segment outside of Japan. In addition, a portion of the demand for mobile phones and LSI devices emerged sooner than anticipated. Further, profitability improved in the businesses such as mobile phones, LSI devices and PCs due to effective cost reductions.

In light of these circumstances, Fujitsu's earnings projections for fiscal 2014 are as outlined below. Assumptions on exchange rates for the second half of the fiscal year have remained unchanged from the previous projections as uncertainty remains due to unstable factor in the market.

For the full fiscal year, Fujitsu is projecting revenue of 4,800 billion yen, unchanged on a consolidated basis from the previous projections. Projected revenue in the Technology Solutions segment has been revised upward by 30 billion yen. In addition to higher revenue in the Services business in Japan from newly consolidated subsidiaries, the impact of the weak yen on the Services business outside Japan in the first half has been incorporated into the projection. Projected revenue in the Ubiquitous Solutions segment has been revised downward by 10 billion yen. Projected revenue in the Mobilewear sub-segment has been upwardly revised by 10 billion yen because of higher-than-anticipated vehicle production on the part of customers, but projected revenue in the PC business has been revised down by 20 billion yen due to lower demand for the second half of the fiscal year. Projected revenue in the Device Solutions segment has been revised down by 20 billion yen due to a downward revision to revenue from electronic components, reflecting the impact of lower demand for use in PCs and smartphones as well as a fall in prices.

Fujitsu is projecting operating profit of 185 billion yen, unchanged on a consolidated basis from the previous projections. Projected operating profit in the Device Solutions segment has been revised down by 3 billion yen because of lower demand, whereas projected operating profit in the Ubiquitous Solutions segment has been revised up by 3 billion yen, as a portion of the improved profitability in PCs has been incorporated into the projection.

There has been no change to projections for profit for the year before income taxes, which is projected to be 190 billion yen, or for profit for the year attributable to owners of the parent, which is projected to be 125 billion yen.

FY2014 Full-Year Consolidated Forecast

(Billions of yen)

	FY2013 (Actual)	FY2014 (Forecast)	Change vs. Previous Forecast*	Change vs. FY2013	
					Change (%)
Revenue	4,762.4	4,800.0	-	37.5	0.8
Operating Profit [Operating Profit Margin]	147.2 [3.1%]	185.0 [3.9%]	- [-%]	37.7 [0.8%]	25.6
Profit for the Year before Income Tax	161.1	190.0	-	28.8	17.9
Profit for the Year (Profit for the Year Attributable to Owners of the Parent)	113.2	125.0	-	11.7	10.4

[Operating Profit by Business Segment]

Technology Solutions	233.0	238.0	-	4.9	2.1
Services	173.8	178.0	-	4.1	2.4
System Platforms	59.2	60.0	-	0.7	1.3
Ubiquitous Solutions	-26.8	7.0	3.0	33.8	-
Device Solutions	11.5	24.0	-3.0	12.4	107.4
Other/Elimination and Corporate	-70.5	-84.0	-	-13.4	-

* Previous Forecast as of July 31, 2014.

Forecast for FY2014 Full-Year Consolidated Business Segment Information

<Revenue* by Principal Products and Services>

(Billions of yen)

	FY2013 (Actual)	FY2014 (Forecast)		Change vs. FY2013		
		Current Forecast**	Change vs. Previous Forecast***		Change(%)	Change(%) Constant Currency****
Technology Solutions	3,243.0	3,320.0	30.0	76.9	2.4	2
Services	2,627.2	2,690.0	30.0	62.7	2.4	2
Solutions / SI	920.4	940.0	10.0	19.5	2.1	2
Infrastructure Services	1,706.7	1,750.0	20.0	43.2	2.5	1
System Platforms	615.7	630.0	-	14.2	2.3	2
System Products	272.7	280.0	-	7.2	2.7	2
Network Products	343.0	350.0	-	6.9	2.0	2
Ubiquitous Solutions	1,125.4	1,040.0	-10.0	-85.4	-7.6	-8
PCs / Mobile Phones	799.3	700.0	-20.0	-99.3	-12.4	-13
Mobilewear	326.0	340.0	10.0	13.9	4.3	4
Device Solutions	600.2	590.0	-20.0	-10.2	-1.7	-2
LSI*****	321.6	290.0	-	-31.6	-9.8	-10
Electronic Components	280.2	300.0	-20.0	19.7	7.1	7

Notes:

- * Revenue includes intersegment revenue.
- ** Current forecast as of October 30, 2014.
- *** Previous forecast as of July 31, 2014.
- **** The impact of exchange rate fluctuation has been calculated by using the average U.S. dollar, euro and British pound exchange rates for FY2013 to translate the current period's revenue outside Japan into yen.
- ***** Revenue figures for LSI include intrasegment revenue to the electronic components segment.
- ***** "Other/Elimination and Corporate" includes Japan's next-generation supercomputer project; facility services and the development of information services for Fujitsu Group companies; and welfare benefits for Fujitsu Group employees, as well as strategic expenses such as basic research and joint costs associated with Group management conducted by the parent company.

<Revenue* and Operating Profit>

(Billions of yen)

		FY2013 (Actual)	FY2014 (Forecast)		Change vs. FY2013		
			Current Forecast**	Change vs. Previous Forecast***	Change(%)	Change(%) Constant Currency****	
Technology Solutions	Revenue	3,243.0	3,320.0	30.0	76.9	2.4	2
	Japan	2,054.2	2,090.0	10.0	35.7	1.7	2
	Outside Japan	1,188.7	1,230.0	20.0	41.2	3.5	2
	Operating Profit [Operating Profit Margin]	233.0 [7.2%]	238.0 [7.2%]	- [- %]	4.9 [- %]	2.1	
Services	Revenue	2,627.2	2,690.0	30.0	62.7	2.4	2
	Operating Profit [Operating Profit Margin]	173.8 [6.6%]	178.0 [6.6%]	- [-0.1%]	4.1 [- %]	2.4	
	System Platforms	615.7	630.0	-	14.2	2.3	2
	Operating Profit [Operating Profit Margin]	59.2 [9.6%]	60.0 [9.5%]	- [- %]	0.7 [-0.1%]	1.3	
Ubiquitous Solutions	Revenue	1,125.4	1,040.0	-10.0	-85.4	-7.6	-8
	Japan	794.4	680.0	-20.0	-114.4	-14.4	-14
	Outside Japan	331.0	360.0	10.0	28.9	8.7	7
	Operating Profit [Operating Profit Margin]	-26.8 [-2.4%]	7.0 [0.7%]	3.0 [0.3%]	33.8 [3.1%]	-	
Device Solutions	Revenue	600.2	590.0	-20.0	-10.2	-1.7	-2
	Japan	291.9	310.0	-10.0	18.0	6.2	6
	Outside Japan	308.3	280.0	-10.0	-28.3	-9.2	-10
	Operating Profit [Operating Profit Margin]	11.5 [1.9%]	24.0 [4.1%]	-3.0 [-0.3%]	12.4 [2.2%]	107.4	
LSI	Operating Profit	0.0	8.0	-	7.9	-	
Electronic Components	Operating Profit	11.4	16.0	-3.0	4.5	39.4	
Other/Elimination and Corporate*****	Revenue	-206.3	-150.0	-	56.3	-	-
	Operating Profit	-70.5	-84.0	-	-13.4	-	
Total	Revenue	4,762.4	4,800.0	-	37.5	0.8	0
	Japan	2,960.9	2,940.0	-20.0	-20.9	-0.7	-1
	Outside Japan	1,801.4	1,860.0	20.0	58.5	3.2	2
	Operating Profit [Operating Profit Margin]	147.2 [3.1%]	185.0 [3.9%]	- [- %]	37.7 [0.8%]	25.6	

<Ratio of Revenue outside Japan>

37.8%

38.8%

0.5%

1.0%

[Miscellaneous Forecasts for FY2014]

a.Exchange rate (Average)

(Yen)

	FY2013		FY2014		Change vs. previous forecast**
	1Q, 2Q	3Q, 4Q	1Q, 2Q	3Q, 4Q	
	Actual	Actual	Actual	Current Forecast*	
U.S. Dollar	99	102	103	100	-
euro	130	139	139	135	-
British pound	152	166	173	160	-

Reference information:

A 1 yen fluctuation (depreciation/appreciation) had the following effect on operating profit in the first-half of FY2014.

U.S. dollar : Increase/decrease by approximately 0.1 billion yen.

euro: Increase/decrease by approximately 0.1 billion yen.

British pound: Increase/decrease by approximately 0 billion yen.

A 1 yen fluctuation (depreciation/appreciation) is expected to have the following effect on operating profit in the second half of FY2014.

U.S. dollar : Increase/decrease by approximately 0.2 billion yen.

euro: Increase/decrease by approximately 0.2 billion yen.

British pound: Increase/decrease by approximately 0.1 billion yen.

b.R&D Expenses

(Billions of yen)

	First-Half		Full-Year		Change vs. previous forecast**
	FY2013	FY2014	FY2013	FY2014	
	Actual	Actual	Actual	Current Forecast*	
R&D expenses	111.9	101.4	222.5	230.0	-
As % of revenue	5.2%	4.6%	4.7%	4.8%	-

c.Capital Expenditures and Depreciation (Property, Plant and Equipment)

(Billions of yen)

	First-Half		Full-Year		Change vs. previous forecast**
	FY2013	FY2014	FY2013	FY2014	
	Actual	Actual	Actual	Current Forecast*	
Technology Solutions	30.5	34.0	69.5	85.0	-
Ubiquitous Solutions	7.5	5.7	14.9	13.0	-
Device Solutions	17.4	29.8	33.9	54.0	10.0
Other/Corporate	1.9	1.5	4.3	3.0	-
Capital Expenditures	57.4	71.1	122.8	155.0	10.0
Depreciation	55.7	57.9	115.9	120.0	-

d.Cash Flows

(Billions of yen)

	First-Half		Full-Year		Change vs. previous forecast**
	FY2013	FY2014	FY2013	FY2014	
	Actual	Actual	Actual	Current Forecast*	
Profit attributable to owners of the parent	14.6	24.1	113.2	125.0	-
Depreciation, amortization & impairment loss	86.3	86.8	186.4	185.0	-
Others	-96.7	-22.5	-123.1	-40.0	-
(A)Cash flows from operating activities	4.2	88.4	176.5	270.0	-
(B)Cash flows from investing activities	-58.7	-93.1	-128.9	-190.0	-
(C)Free cash flow (A)+(B)	-54.5	-4.7	47.5	80.0	-
(D)Cash flows from financing activities	90.5	10.7	-46.2	-30.0	-
(E)Total (C)+(D)	36.0	6.0	1.3	50.0	-

Notes:

* Current forecast as of October 30, 2014.

** Previous forecast as of July 31, 2014.

e.PC Shipments

(Millions of units)

	First-Half		Full-Year		Change vs. previous forecast**
	FY2013 Actual	FY2014 Actual	FY2013 Actual	FY2014 Current Forecast*	
PC Shipments	2.46	2.41	5.90	4.80	-0.30

f.Mobile Phone Shipments

(Millions of units)

	First-Half		Full-Year		Change vs. previous forecast**
	FY2013 Actual	FY2014 Actual	FY2013 Actual	FY2014 Current Forecast*	
Mobile Phone Shipments	1.30	1.70	3.70	3.10	-

Notes:

* Current forecast as of October 30, 2014.

** Previous forecast as of July 31, 2014.