

### **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, and 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 lull in consumer spending following a hike in the consumption tax and increased costs of imported raw materials due to yen depreciation. Still, firm economic recovery is expected to continue owing to various government-initiated economic measures.

For the first quarter of fiscal 2014, Fujitsu reported revenue of 1,068.6 billion yen, up 69.4 billion yen over the first quarter of fiscal 2013, and operating profit of 7.2 billion yen, a year-on-year improvement of 18.0 billion yen.

Operating profit improved in the first quarter of this fiscal year on a temporary increase in demand for PCs resulting from the end of support for an operating system, as well as the impact of structural reforms implemented in the mobile phone business in the prior fiscal year. Increased operating profit was achieved even with a one-time posting of profit in the prior fiscal year stemming from a partial buyout in the retirement benefit plan of a European subsidiary.

With regard to projections made at the beginning of the fiscal year, Technology Solutions and Device Solutions segments performed essentially as had been expected. However, temporarily increased demand for PCs was higher than anticipated, which in turn led Ubiquitous Solutions and consolidated results overall to exceed projections.

Compared to assumptions made at the start of the fiscal year, the yen is now weakening somewhat more than expected, however, given future uncertainties, for the second quarter and beyond Fujitsu has not changed its foreign exchange rate assumptions of 100 yen for the US dollar, 135 yen for the euro, and 160 yen for the British pound.

In light of these circumstances, at the present time projections for the first half of fiscal 2014 and full-year fiscal 2014 remain unchanged from those announced at the beginning of the fiscal year.

**FY2014 First-Half Consolidated Forecast**

(Billions of yen)

	1H FY2013 (Actual)	1H FY2014 (Forecast)	Change vs. Previous Forecast*	Change vs.	
				1H FY2013	Change (%)
Revenue	2,151.6	2,150.0	-	-1.6	-0.1
Operating Profit [Operating Profit Margin]	30.3 [ 1.4%]	25.0 [ 1.2%]	- [ -%]	-5.3 [ -0.2%]	-17.7
Profit for the Period before Income Taxes	34.6	25.0	-	-9.6	-27.9
Profit for the period (Profit for the Period Attributable to Owners of the Parent)	14.6	10.0	-	-4.6	-31.7

**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 Taxes	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

\* Previous Forecast as of April 30, 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	3,290.0	-	46.9	1.4	1
Services	2,627.2	2,660.0	-	32.7	1.2	1
Solutions / SI	920.4	930.0	-	9.5	1.0	1
Infrastructure Services	1,706.7	1,730.0	-	23.2	1.4	1
System Platforms	615.7	630.0	-	14.2	2.3	2
System Products	272.7	280.0	-	7.2	2.7	3
Network Products	343.0	350.0	-	6.9	2.0	2
Ubiquitous Solutions	1,125.4	1,050.0	-	-75.4	-6.7	-7
PCs / Mobile Phones	799.3	720.0	-	-79.3	-9.9	-10
Mobilewear	326.0	330.0	-	3.9	1.2	1
Device Solutions	600.2	610.0	-	9.7	1.6	1
LSI*****	321.6	290.0	-	-31.6	-9.8	-10
Electronic Components	280.2	320.0	-	39.7	14.2	14

Notes:

- \* Revenue includes intersegment revenue.
- \*\* Current forecast as of July 31, 2014.
- \*\*\* Previous forecast as of April 30, 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	3,290.0	-	46.9	1.4	1
	Japan	2,054.2	2,080.0	-	25.7	1.3	1
	Outside Japan	1,188.7	1,210.0	-	21.2	1.8	1
	Operating Profit [Operating Profit Margin]	233.0 [7.2%]	238.0 [7.2%]	- [ - %]	4.9 [ - %]	2.1	
Services	Revenue	2,627.2	2,660.0	-	32.7	1.2	1
	Operating Profit [Operating Profit Margin]	173.8 [6.6%]	178.0 [6.7%]	- [ - %]	4.1 [0.1%]	2.4	
System Platforms	Revenue	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	1,050.0	-	-75.4	-6.7	-7
	Japan	794.4	700.0	-	-94.4	-11.9	-12
	Outside Japan	331.0	350.0	-	18.9	5.7	5
	Operating Profit [Operating Profit Margin]	-26.8 [-2.4%]	4.0 [0.4%]	- [ - %]	30.8 [2.8%]	-	
Device Solutions	Revenue	600.2	610.0	-	9.7	1.6	1
	Japan	291.9	320.0	-	28.0	9.6	10
	Outside Japan	308.3	290.0	-	-18.3	-5.9	-6
	Operating Profit [Operating Profit Margin]	11.5 [1.9%]	27.0 [4.4%]	- [ - %]	15.4 [2.5%]	133.3	
LSI	Operating Profit	0.0	8.0	-	7.9	-	
Electronic Components	Operating Profit	11.4	19.0	-	7.5	65.5	
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	2,960.0	-	-0.9	-0.0	-0
	Outside Japan	1,801.4	1,840.0	-	38.5	2.1	1
	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%

38.3%

- %

0.5%

## [Miscellaneous Forecasts for FY2014]

### a. Exchange rate (Average)

(Yen)

	FY2013 (Actual)	FY2014		
		1Q (Actual)	2Q, 3Q, 4Q (Forecast)	Change vs. previous forecast*
U.S. Dollar	100	102	100	-
euro	134	140	135	-
British pound	159	172	160	-

#### Reference information:

Average exchange rates for the first quarter of FY2013 are as follows.

U.S. dollar : 99 yen

euro: 129 yen

British pound: 152 yen

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

U.S. dollar : Increase/decrease by approximately 0 billion yen.

euro: Increase/decrease by approximately 0 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, third and fourth quarters of FY2014.

U.S. dollar : Increase/decrease by approximately 0.6 billion yen.

euro: Increase/decrease by approximately 0.3 billion yen.

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

### b. R&D Expenses

(Billions of yen)

	FY2013 (Actual)	FY2014 (Forecast)		
		Previous Forecast*	Current Forecast**	Change
R&D Expenses	222.5	230.0	230.0	-
As % of revenue	4.7%	4.8%	4.8%	- %

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

(Billions of yen)

	FY2013 (Actual)	FY2014 (Forecast)		
		Previous Forecast*	Current Forecast**	Change
Technology Solutions	69.5	85.0	85.0	-
Ubiquitous Solutions	14.9	13.0	13.0	-
Device Solutions	33.9	44.0	44.0	-
Other/Corporate	4.3	3.0	3.0	-
Capital Expenditures	122.8	145.0	145.0	-
Depreciation	115.9	120.0	120.0	-

### d. Cash Flows

(Billions of yen)

	FY2013 (Actual)	FY2014 (Forecast)		
		Previous Forecast*	Current Forecast**	Change
Profit attributable to owners of the parent	113.2	125.0	125.0	-
Depreciation, amortization & impairment loss	186.4	185.0	185.0	-
Others	-123.1	-40.0	-40.0	-
(A)Cash flows from operating activities	176.5	270.0	270.0	-
(B)Cash flows from investing activities	-128.9	-190.0	-190.0	-
(C)Free cash flow (A)+(B)	47.5	80.0	80.0	-
(D)Cash flows from financing activities	-46.2	-30.0	-30.0	-
(E)Total (C)+(D)	1.3	50.0	50.0	-

#### Notes:

\* Previous forecast as of April 30, 2014.

\*\* Current forecast as of July 31, 2014.

**e. PC Shipments**

(Millions of units)

	FY2013 (Actual)	FY2014 (Forecast)		
		Previous Forecast*	Current Forecast**	Change
PC Shipments	5.90	5.10	5.10	-

**f. Mobile Phone Shipments**

(Millions of units)

	FY2013 (Actual)	FY2014 (Forecast)		
		Previous Forecast*	Current Forecast**	Change
Mobile Phone Shipments	3.70	3.10	3.10	-

**Notes:**

\* Previous forecast as of April 30, 2014.

\*\* Current forecast as of July 31, 2014.