

3. FY2014 Earnings Projections

Fujitsu's financial performance in the third quarter exceeded the company's previous projections owing to the contributions made by improved profitability in the company's Services sub-segment in Japan, PCs and LSI device businesses.

In light of these circumstances, Fujitsu's earnings projections for fiscal 2014 are as outlined below. Assumptions on exchange rates for the fourth quarter of fiscal 2014 have also been revised, from 100 yen to 110 yen for the US dollar and from 160 to 175 yen for the British pound. The assumed yen to euro exchange rate remains unchanged at 135 yen per euro.

For the full fiscal year, Fujitsu is projecting revenue of 4,800 billion yen, unchanged on a consolidated basis from the previous projections, although projections by segment have been revised. Projected revenue in the Technology Solutions segment has been revised upward by 20 billion yen. Although projected revenue from network products has been revised downward, primarily revenue in North America, projected revenue from the Services sub-segment has been revised upward in anticipation of strong performance in the Services sub-segment in Japan and a beneficial impact of the weak yen on the Services business outside Japan. Projected revenue in the Ubiquitous Solutions segment has been revised upward by 5 billion yen in anticipation of higher unit sales of mobile phones. Projected revenue in the Device Solutions segment has been revised down by 10 billion yen. Although the weak yen benefits revenue, the downward revision in the projection reflects lower anticipated demand for electronic components.

Fujitsu is projecting operating profit of 185 billion yen, unchanged on a consolidated basis from the previous projections, but segment projections have changed. Projected operating profit in the Technology Solutions segment has been revised downward by 7 billion yen. Projected operating profit in the Services sub-segment has been revised upward by 3 billion yen, but projected operating profit in the System Platforms sub-segment has been revised down by 10 billion yen. In addition to an anticipated decline in revenue from network products, the revised projection reflects anticipated increases in component costs in system products resulting from yen weakness and euro weakness versus the US dollar. Projected operating profit in the Ubiquitous Solutions segment has been revised upward by 3 billion yen, primarily because of an anticipated rise in unit sales of mobile phones, and projected operating profit in the Device Solutions segment has been revised up by 10 billion yen on anticipated cost efficiencies and beneficial currency effects. Projected operating profit in the Other/Elimination and Corporate segment has been revised down by 6 billion yen on the impact of anticipated company-wide strategic investment expenses for future growth.

The projection for profit for the year before income taxes has been revised upward by 10 billion yen, to 200 billion yen, and the projection for profit for the year attributable to owners of the parent has been revised up by 7 billion yen, to 132 billion yen. The revised projections reflect the beneficial impact of the gain on foreign exchange throughout the first nine months of fiscal 2014.

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	200.0	10.0	38.8	24.1
Profit for the Year Attributable to Owners of the Parent	113.2	132.0	7.0	18.7	16.6

[Operating Profit by Business Segment]

Technology Solutions	233.0	231.0	-7.0	-2.0	-0.9
Services	173.8	181.0	3.0	7.1	4.1
System Platforms	59.2	50.0	-10.0	-9.2	-15.6
Ubiquitous Solutions	-26.8	10.0	3.0	36.8	-
Device Solutions	11.5	34.0	10.0	22.4	193.8
Other/Elimination and Corporate	-70.5	-90.0	-6.0	-19.4	-

* Previous Forecast as of October 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	3,340.0	20.0	96.9	3.0	1
Services	2,627.2	2,720.0	30.0	92.7	3.5	1
Solutions / SI	920.4	950.0	10.0	29.5	3.2	3
Infrastructure Services	1,706.7	1,770.0	20.0	63.2	3.7	0
System Platforms	615.7	620.0	-10.0	4.2	0.7	-1
System Products	272.7	280.0	-	7.2	2.7	2
Network Products	343.0	340.0	-10.0	-3.0	-0.9	-3
Ubiquitous Solutions	1,125.4	1,045.0	5.0	-80.4	-7.1	-8
PCs / Mobile Phones	799.3	705.0	5.0	-94.3	-11.8	-12
Mobilewear	326.0	340.0	-	13.9	4.3	2
Device Solutions	600.2	580.0	-10.0	-20.2	-3.4	-7
LSI*****	321.6	300.0	10.0	-21.6	-6.7	-10
Electronic Components	280.2	280.0	-20.0	-0.2	-0.1	-4

Notes:

- * Revenue includes intersegment revenue.
- ** Current forecast as of January 30, 2015.
- *** Previous forecast as of October 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	3,340.0	20.0	96.9	3.0	1
	Japan	2,054.2	2,100.0	10.0	45.7	2.2	2
	Outside Japan	1,188.7	1,240.0	10.0	51.2	4.3	-1
	Operating Profit [Operating Profit Margin]	233.0 [7.2%]	231.0 [6.9%]	-7.0 [-0.3%]	-2.0 [-0.3%]	-0.9	
Services	Revenue	2,627.2	2,720.0	30.0	92.7	3.5	1
	Operating Profit [Operating Profit Margin]	173.8 [6.6%]	181.0 [6.7%]	3.0 [0.1%]	7.1 [0.1%]	4.1	
System Platforms	Revenue	615.7	620.0	-10.0	4.2	0.7	-1
	Operating Profit [Operating Profit Margin]	59.2 [9.6%]	50.0 [8.1%]	-10.0 [-1.4%]	-9.2 [-1.5%]	-15.6	
Ubiquitous Solutions	Revenue	1,125.4	1,045.0	5.0	-80.4	-7.1	-8
	Japan	794.4	685.0	5.0	-109.4	-13.8	-14
	Outside Japan	331.0	360.0	-	28.9	8.7	5
	Operating Profit [Operating Profit Margin]	-26.8 [-2.4%]	10.0 [1.0%]	3.0 [0.3%]	36.8 [3.4%]	-	
Device Solutions	Revenue	600.2	580.0	-10.0	-20.2	-3.4	-7
	Japan	291.9	300.0	-10.0	8.0	2.8	3
	Outside Japan	308.3	280.0	-	-28.3	-9.2	-16
	Operating Profit [Operating Profit Margin]	11.5 [1.9%]	34.0 [5.9%]	10.0 [1.8%]	22.4 [4.0%]	193.8	
LSI	Operating Profit	0.0	23.0	15.0	22.9	-	
Electronic Components	Operating Profit	11.4	11.0	-5.0	-0.4	-4.2	
Other/Elimination and Corporate*****	Revenue	-206.3	-165.0	-15.0	41.3	-	-
	Operating Profit	-70.5	-90.0	-6.0	-19.4	-	
Total	Revenue	4,762.4	4,800.0	-	37.5	0.8	-1
	Japan	2,960.9	2,940.0	-	-20.9	-0.7	-1
	Outside Japan	1,801.4	1,860.0	-	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%

- %

1.0%

[Miscellaneous Forecasts for FY2014]

a.Exchange rate (Average)

(Yen)

	9 Months		4Q		Change vs. previous forecast**
	FY2013	FY2014	FY2013	FY2014	
	Actual	Actual	Actual	Current Forecast*	
U.S. Dollar	99 [100]	107 [115]	103	110	10
euro	132 [137]	140 [143]	141	135	-
British pound	156 [163]	176 [181]	170	175	15

Figures in [] are average exchange rates for the third quarter (October 1 - December 31).

Reference information:

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

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

euro: Increase/decrease by approximately 0.1 billion yen.

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

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

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

euro: Increase/decrease by approximately 0.1 billion yen.

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

b.R&D Expenses

(Billions of yen)

	9 Months		Full-Year		Change vs. previous forecast**
	FY2013	FY2014	FY2013	FY2014	
	Actual	Actual	Actual	Current Forecast*	
R&D expenses	166.8	151.5	222.5	230.0	-
As % of revenue	5.0%	4.5%	4.7%	4.8%	-

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

(Billions of yen)

	9 Months		Full-Year		Change vs. previous forecast**
	FY2013	FY2014	FY2013	FY2014	
	Actual	Actual	Actual	Current Forecast*	
Technology Solutions	48.4	50.3	69.5	85.0	-
Ubiquitous Solutions	11.5	8.1	14.9	13.0	-
Device Solutions	24.7	43.5	33.9	54.0	-
Other/Corporate	3.7	3.2	4.3	3.0	-
Capital Expenditures	88.5	105.2	122.8	155.0	-
Depreciation	84.5	89.0	115.9	120.0	-

d.Cash Flows

(Billions of yen)

	9 Months		Full-Year		Change vs. previous forecast**
	FY2013	FY2014	FY2013	FY2014	
	Actual	Actual	Actual	Current Forecast*	
Profit attributable to owners of the parent	58.4	51.7	113.2	132.0	7.0
Depreciation, amortization & impairment loss	129.1	133.9	186.4	185.0	-
Others	-179.7	-81.3	-123.1	-37.0	3.0
(A)Cash flows from operating activities	7.8	104.3	176.5	280.0	10.0
(B)Cash flows from investing activities	-86.4	-142.4	-128.9	-190.0	-
(C)Free cash flow (A)+(B)	-78.5	-38.1	47.5	90.0	10.0
(D)Cash flows from financing activities	133.9	76.1	-46.2	-30.0	-
(E)Total (C)+(D)	55.4	38.0	1.3	60.0	10.0

Notes:

* Current forecast as of January 30, 2015.

** Previous forecast as of October 30, 2014.

e.PC Shipments

(Millions of units)

	Full-Year		Change vs. previous forecast**
	FY2013 Actual	FY2014 Current Forecast*	
PC Shipments	5.90	4.80	-

f.Mobile Phone Shipments

(Millions of units)

	Full-Year		Change vs. previous forecast**
	FY2013 Actual	FY2014 Current Forecast*	
Mobile Phone Shipments	3.70	3.30	0.20

Notes:

* Current forecast as of January 30, 2015.

** Previous forecast as of October 30, 2014.