

FY2016

Financial Results Briefing

- FY2016 Financial Results and FY2017 Targets

FUJITSU FRONTTECH LIMITED

April 27, 2017

1. Summary of FY2016 Consolidated Financial Results

Consolidated Results of Operations

[Billion yen]

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
FY2016	111.2	5.7	5.1	3.7	153.37 yen
FY2015	120.1	5.5	4.7	3.3	135.93 yen
Year-on-Year	-8.9	+0.2	+0.4	+0.4	
Figures announced in January	110.0	6.2	5.1	3.6	150.21 yen
Changes from the figures announced in January	+0.2	-0.5	±0	+0.1	

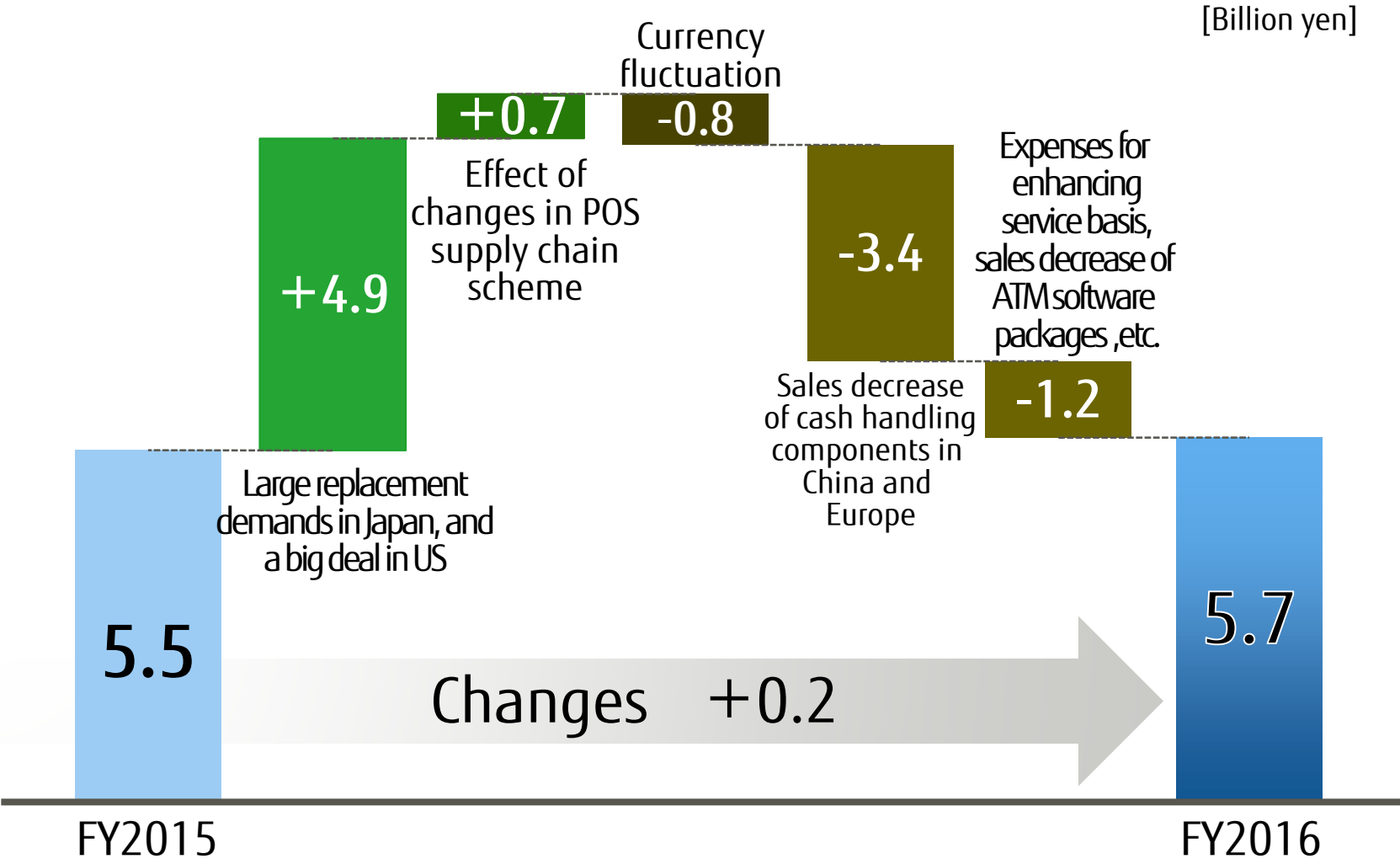
Sales Outside Japan (Ratio of Sales Outside Japan)

[Billion yen]

FY2016	28.0 (25.2%)
FY2015	35.2 (29.3%)

	Average exchange rate during period (1USD =)
FY2016	108 yen
FY2015	120 yen

Major Factors for Changes in Operating Income



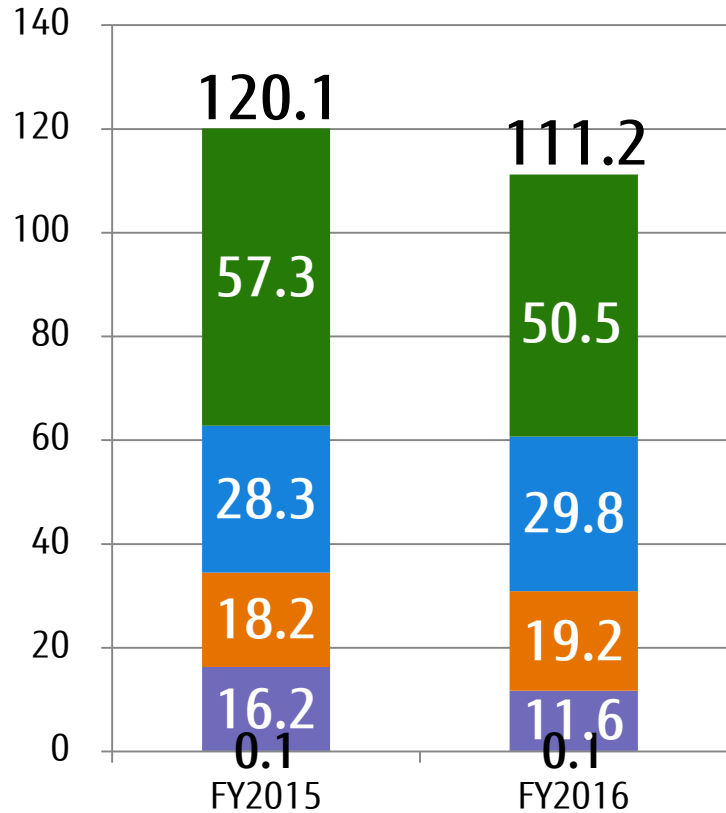
Sales / Operating income by Business Segment

[Billion yen]

	FY2015		FY2016		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Global Product Business	57.3	3.9	50.5	2.9	-6.8	-1.0
Service Integration Business	28.3	3.5	29.8	2.3	+1.5	-1.2
Public Solution Business	18.2	1.3	19.2	1.8	+1.0	+0.5
Frontline Solution Business	16.2	-1.2	11.6	0.3	-4.6	+1.5
Other/ Corporate (Including strategic investments)	0.1	-2.0	0.1	-1.6	±0	+0.4
Total	120.1	5.5	111.2	5.7	-8.9	+0.2

Sales by Business Segment

[Billion Yen]



Global Product Business : 50.5 Billion Yen
(year-on-year decrease of 6.8 billion yen, down 12%)

- Decrease of cash handling components in Chinese market
- Decrease of ATM in Japan due to peak out of large replacement demand
- Increase of cash handling components for cash management systems for retail stores in US
- Good performance of banking terminal business in Japan due to large replacement demand

Service Integration Business : 29.8 Billion Yen
(year-on-year increase of 1.5 billion yen, up 5%)

- Growth of kitting services and other LCM services
- Decrease of ATM software packages

Industrial/Public Business : 19.2 Billion Yen
(year-on-year increase of 1.0 billion yen, up 5%)

- Steady performance of totalizator related terminals
- Growth of large scale display systems for public racing facilities and bidding system for used cars

Frontline Solution Business: 11.6 Billion Yen
(year-on-year decrease of 4.6 billion yen, down 28%)

- Decrease due to changes in POS terminal supply chain scheme
- Increase of RFID and palm vein authentication systems

Sales by Regions

[Billion yen]

	FY2015	FY2016	Change
Japan	84.9	83.2	-1.7
Outside Japan (Ratio of Sales Outside Japan)	35.2 (29.3%)	28.0 (25.2%)	-7.2
Americas	9.6	15.9	+6.3
Europe	12.3	7.6	-4.7
Asia	13.2	4.4	-8.8
China	9.7	3.0	-6.7
Other	0.1	0.1	±0
Total	120.1	111.2	-8.9

Consolidated Financial Positions and Cash Flows

■ Consolidated Financial Position

[Billion yen]

	Total Assets	Total Liabilities	Total Equity
FY2016	74.6	30.6	44.0
FY2015	72.8	32.4	40.4
Change	+1.8	-1.8	+3.6

Capital Adequacy Ratio
58.6%
55.1%

■ Consolidated Cash Flows

[Billion yen]

	C/F from operating activities A	C/F from investing activities B	Free C/F A + B	C/F from financing activities C	C/F A + B + C	Cash and cash equivalents at the end of year
FY2016	12.5	-3.0	9.5	-1.7	7.8	18.8
FY2015	8.1	-2.2	5.9	-3.0	2.9	10.9
Change	+4.4	-0.8	+3.6	+1.3	+4.9	+7.9

- **Peak out of large replacement demands of financial institutions**
 - ATM and banking terminals: Expectations for new solutions such as solutions for mini banks
- **Changes of Retail market in North America**
 - Cash management systems: Chances are expanding due to introduction by a major company
 - Expansion of demands for new solutions including frontline
- **Changes and intensifying price competition in Chinese and European Market**
 - China: Investments shifting from urban areas to local regions and rural parts, and from ATM to teller automations
 - Europe: Diversification of customer' s requirements and requests for low prices
- **Growing importance of digital technologies in frontlines**
 - Expansion of use of biometric authentication, correspondence to labor shortage, and business efficiency improvement (applying RFID to logistics and retail businesses)
- **Further progress from products to services**
 - Demands are shifting from hardware to new customer experiences. (Public racing facilities)

- **Reviewing and enhancement of our business basis**
 - Changes of POS terminal supply chain scheme
 - Unifying Solution and Service business organizations
 - Visualization of manufacturing process
- **Development Investment in core products for midterm growth**
 - Small-sized BRU (Small-sized ATM, Expanding fields other than financial sectors)
 - Large-sized BRU (Expanding fields to developing countries, retail back office cash management systems, and etc.)
 - 8th generation totalizator terminal, sports council lot
- **Vertically Integrated Solution and Services based on frontline products**
 - Establishing business planning organization, starting development of new solution
- **Digital Manufacturing**
 - Introduction of 3D printer, 3D scanner, GP4, VPS and etc.

Global Product Business

- Corresponding to changes of financial institutions' frontlines in Japan
 - Next ATM+ Internationally issued IC credit card+ linkage with smartphones
 - Solutions for mini banks
- Expanding to retail market in addition to global ATM market (Frontline / Back office)
- China: ATM for rural part, and TCR /
India and other developing countries : Recycling type ATM

Service Integration Business

- Expanding integration business+ corresponding to Fintech
- Commercialization of integrated biometric authentication platform and sensor platform
- Expansion of cash management services, and opening US market

FY2017~Focusing Fields (2)

Public Solution Business

- Cloud Service for public racing
- Solutions for public racing facilities including large scale display systems
- Display systems for auctions, medical services, traffics, and digital signage
- High value added cutting by 5-axis machining

Frontline Solution Business

- Expanding fields of palm vein authentication, and IoT sensors such as RFID and beacon (Retail, logistics, medical services, and etc.)
- Multi settlement solution and services including IC card

Business Basis

- Digital processing whole SCM
- Pursuing lower cost and higher quality
- Market strategies and investments to focusing business fields (including M&A), to achieve midterm aims
- Training future leaders and work style reform

2. Summary of FY2017 Full-year Targets

Consolidated Earnings Forecast

[Billion yen]

		Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
FY2017 Forecast	1 st Half	50.0	1.1	0.8	0.4	16.69 yen
	Full-year	110.0	5.6	4.8	3.4	141.86 yen
FY2016 Results	1 st Half	51.4	2.9	2.1	1.5	62.44 yen
	Full-year	111.2	5.7	5.1	3.7	153.37 yen
Change	1 st Half	-1.4	-1.8	-1.3	-1.1	
	Full-year	-1.2	-0.1	-0.3	-0.3	

Sales Outside Japan (Ratio of Sales Outside Japan)

[Billion yen]

FY2017 Forecast	29.4 (26.7%)
FY2016 Results	28.0 (25.2%)

	Average Currency Exchange Rate During Period(1USD=)
FY2017 Assumption	1 st Half 108 yen
	2 nd Half 105 yen
FY2016	108 yen

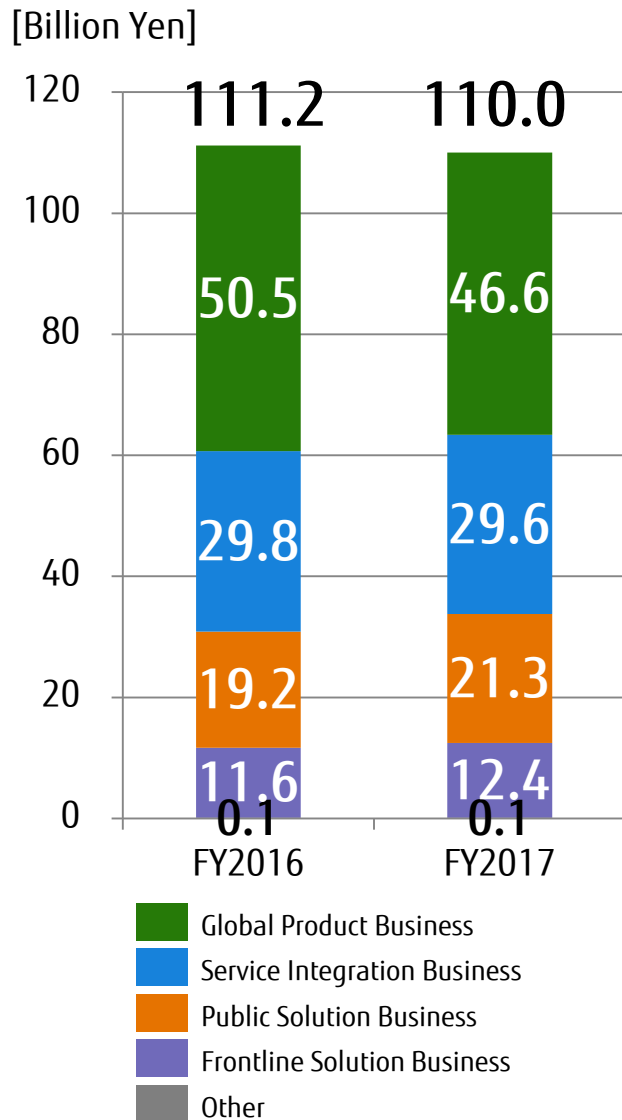
Forecast of Sales and Operating Income by Business Segments



[Billion yen]

	FY2016		FY2017		Change	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Global Product Business	50.5	2.9	46.6	1.4	-3.9	-1.5
Service Integration Business	29.8	2.3	29.6	3.2	-0.2	+0.9
Public Solution Business	19.2	1.8	21.3	1.6	+2.1	-0.2
Frontline Solution Business	11.6	0.3	12.4	0.6	+0.8	+0.3
Other / Corporate	0.1	-1.6	0.1	-1.2	±0	+0.4
Total	111.2	5.7	110.0	5.6	-1.2	-0.1

Sales by Business Segment



Global Product Business : 46.6 Billion Yen
(year-on-year decrease of 3.9 billion yen, down 8%)

- Decrease due to peak out of large replacement demands of banking terminals in Japan
- Peak out of large demand of cash handling components for cash management systems for retail stores in US
- Increase due to launching new products to China and other developing countries

Service Integration Business : 29.6 Billion Yen
(year-on-year decrease of 0.2 billion yen, down 1%)

- Decrease of software package for banking terminals
- Steady performance of retail service business

Industrial/Public Business : 21.3 Billion Yen
(year-on-year increase of 2.1 billion yen, up 11%)

- Growth of public racing related business
- Increase of large scale display systems

Frontline Solution Business: 12.4 Billion Yen
(year-on-year increase of 0.8 billion yen, up 7%)

- Increase of mobile terminals due to installation for large account
- Growth of RFID business

Sales Forecast by Regions

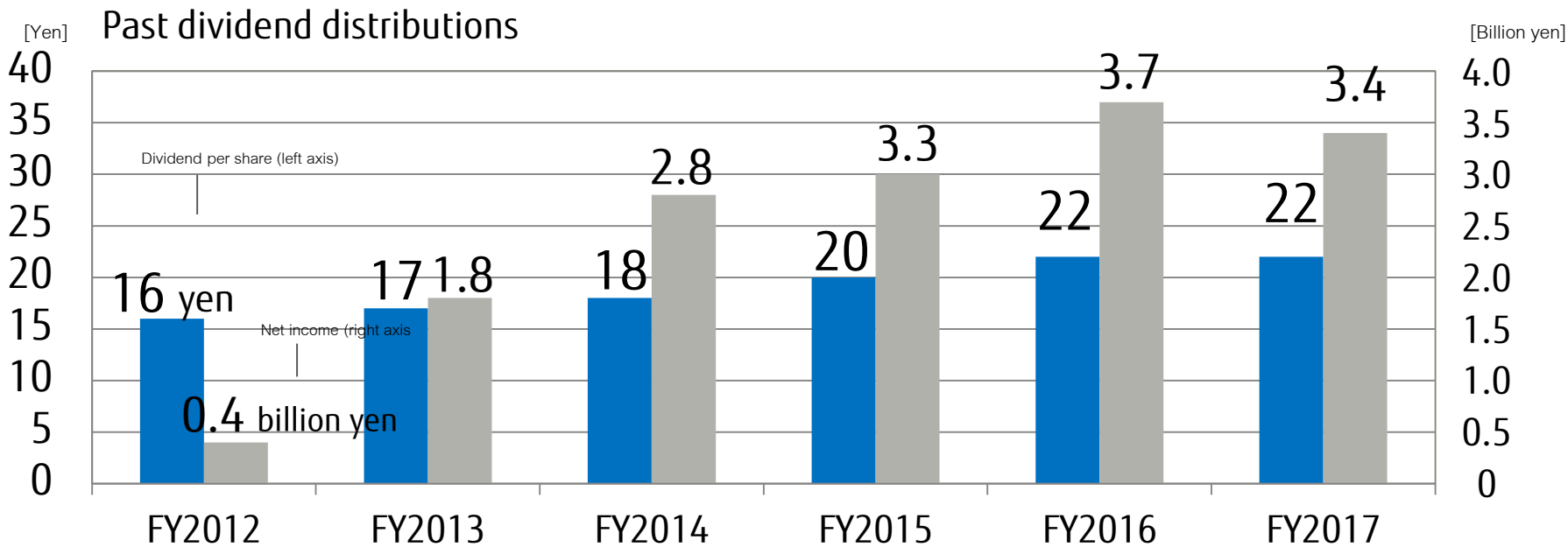
[Billion yen]

	FY2016	FY2017	Change
Japan	83.2	80.6	-2.6
Outside Japan	28.0 (25.2%)	29.4 (26.7%)	+1.4
Americas	15.9	11.8	-4.1
Europe	7.6	9.5	+1.9
Asia	4.4	8.1	+3.7
China	3.0	5.3	+2.3
Other	0.1	0	-0.1
Total	111.2	110.0	-1.2

Dividends

Dividend policy: Placing a focus on stable dividend payouts, dividends are decided in consideration of profits in each fiscal year and future business developments.

Item	Interim	Year-end	Full year
FY2016	11 yen	11 yen (scheduled)	22 yen (scheduled)
FY2017	11 yen (planned)	11 yen (planned)	22 yen (planned)

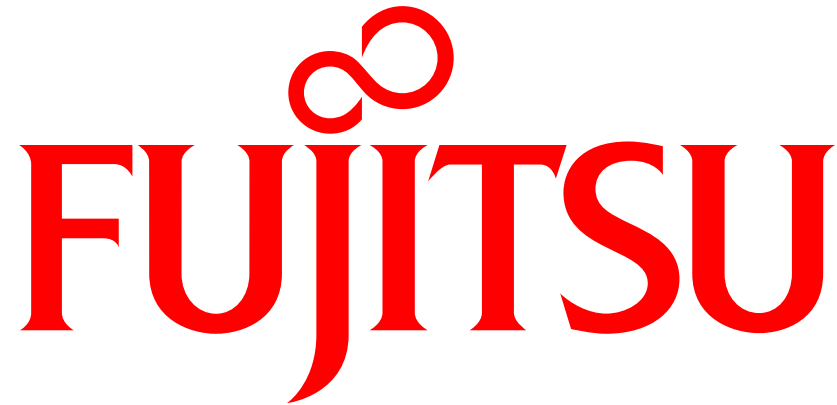


<Notes Regarding Forward-Looking Statements>

- This material contains certain statements about projections and forecasts for the future plans, strategies, and performance based on assumptions made using information available to Fujitsu Frontech at that time.
- In addition, this material contains various risks and uncertainties (including economic trend, fierce competitions in the related industries, market demands, foreign exchange rates, tax rules and other regulations). Accordingly, please be informed that the actual results may materially differ from the forecasts made by the Company.

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