

FY2017 1st Half Financial Results Briefing

FUJITSU FRONTECH LIMITED
October 25, 2017

1. Summary of FY2017 1st Half Consolidated Financial Results

- Consolidated Results of Operations
- Sales / Operating income by Business Segment
- Sales by Regions
- Consolidated Financial Positions and Cash Flows

Consolidated Results of Operations

[Billion yen]

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
FY2017 First Half	47.4	1.9	1.9	1.3	55.40 yen
FY2016 First Half	51.4	2.9	2.1	1.5	62.44 yen
Year-on-Year	-4.1	-1.0	-0.2	-0.2	
Figures announced in July	48.6	1.8	1.6	1.1	45.86 yen
Changes from the figures announced in July	-1.2	+0.1	+0.3	+0.2	

Sales Outside Japan (Ratio of Sales Outside Japan)

[Billion yen]

FY2017 First Half	11.6 (24.4%)
FY2016 First Half	12.3 (23.8%)

	Average exchange rate during period (1USD =)
FY2017 First Half	111 yen
FY2016 First Half	105 yen

Sales / Operating income by Business Segment

[Billion yen]

	FY2016 First Half		FY2017 First Half		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Global Product Business	23.7	0.9	18.7	0.7	-5.0	-0.2
Service Integration Business	14.8	1.8	13.4	1.5	-1.4	-0.3
Public Solution Business	8.5	1.0	8.8	0.2	+0.3	-0.8
Frontline Solution Business	4.3	-0.1	6.3	0.3	+2.0	+0.4
Other / Corporate (Including strategic investments)	0.1	-0.7	0.0	-0.7	±0	±0
Total	51.4	2.9	47.4	1.9	-4.1	-1.0

Sales by Regions

[Billion yen]

	FY2016 First Half	FY2017 First Half	Change
Japan	39.1	35.8	-3.4
Outside Japan (Ratio of sales outside japan)	12.3 (23.8%)	11.6 (24.4%)	-0.7
Americas	7.9	5.4	-2.5
Europe	2.5	3.5	+1.0
Asia	1.9	2.7	+0.8
China	0.9	1.6	+0.7
Other	0.0	0.0	±0
Total	51.4	47.4	-4.1

Consolidated Financial Positions and Cash Flows

■ Consolidated Financial Position

[Billion yen]

	Total Assets	Total Liabilities	Total Equity
FY2017 First Half	70.1	24.8	45.4
FY2016	74.6	30.6	44.0
Change	-4.5	-5.8	+1.3

Capital Adequacy Ratio
64.2%
58.6%

■ Consolidated Cash Flows

[Billion yen]

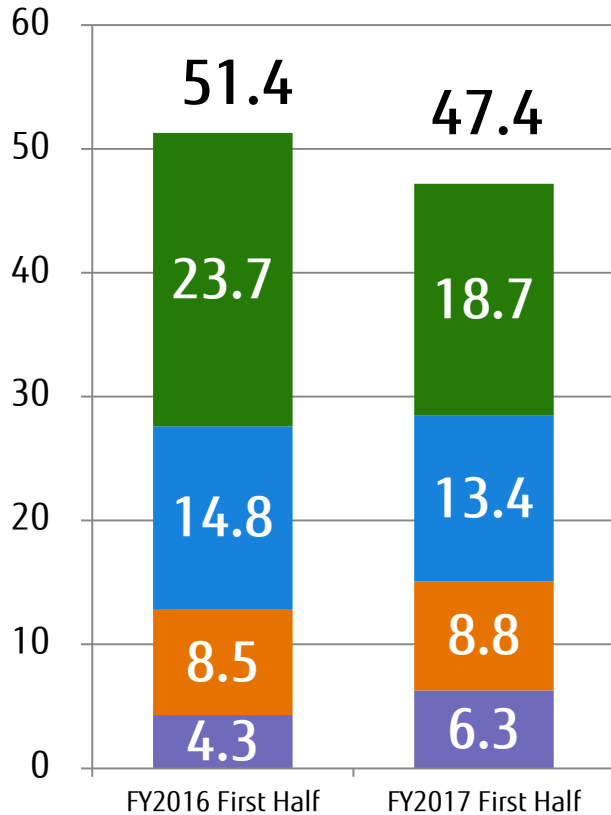
	C/F from operating activities A	C/F from investing activities B	Free C/F A+B	C/F from financing activities C	C/F A+B+C	Cash and cash equivalents at the end of period
FY2017 First Half	4.4	-2.5	1.9	-0.8	1.1	19.9
FY2016 First Half	3.9	-1.6	2.3	-0.8	1.5	12.2
Change	+0.6	-0.9	-0.3	±0	-0.4	+7.7

2. Business Circumstances for the First Half and Measures and Prospects for the Second Half

- Overview of Sales
- Global Product Business
- Service Integration Business
- Public Solution Business
- Frontline Solution Business

Overview of Sales

[Billion yen]



- Global Product Business
- Service Integration Business
- Public Solution Business
- Frontline Solution Business

Global Product Business

ATMs, Banking terminals, Cash handling components, Global system and solutions

Service Integration Business

ATM / Financial / Industrial solutions
Vertically integrated solution (New organization)
LCM services, Financial services, Retail services

Public Solution Business

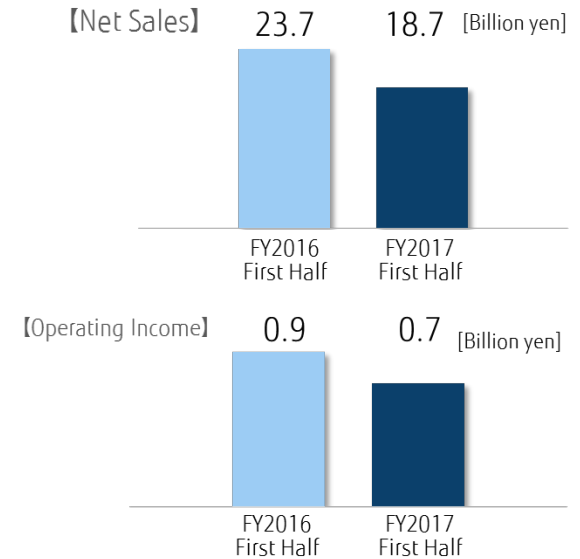
Totalizator systems, Display systems, Auction system, Metal molds and precision cutting

Frontline Solution Business

Palm vein authentication, RFID, Mobile systems, Settlement solution, Retail systems

Business Circumstances for the 1st Half

- **Cash handling component business**
 - Back office cash management systems for retail stores in North America: Reduction due to end of big-order cycle, multiple clients beginning trials
 - Global ATM: Increased due to demand frontloading in Central & South America. Continual requests for low prices
 - Chinese market: Increased demand for ticket vending machine for subway, compact ATMs for rural areas, intensified demand for lower prices
- **Domestic financial institute business**
 - ATMs/banking terminals: Reduction due to end of big-order cycle



Measures and Prospects for the 2nd Half

- **Cash handling component business**
 - Boosting BRU lineup from large to compact models, and continuing efforts to thoroughly reduce costs
 - Pushing to accelerate business deals regarding cash management systems for retail stores in North America
 - Chinese market: Expanding efforts for rural-area ATMs and ticket vending machines for subway
- **Domestic financial institute business**
 - Sales promotion of quick counters and recycle cashiers for branch operation reforming

Business Circumstances for the 1st Half

➤ Integration business

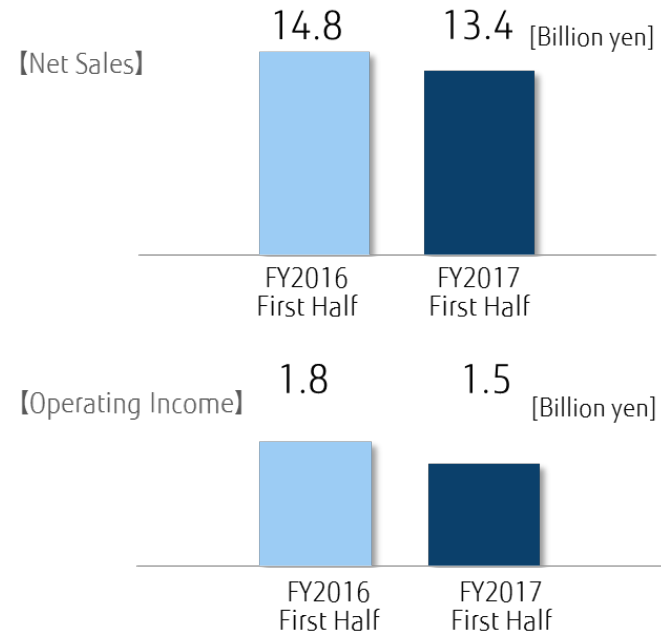
- Reduction due to end of big-order cycle for branch software packages
- Decrease of domestic ATM software packages

➤ Service business

- Reduction of sales accompanying end of development in large-scale entrusted development orders won in the previous fiscal year
- Steady performance of ATM outsourcing business
- Expansion of ATMs for stores corresponding globally issued IC card
- Expansion of business talks to win orders for cash management services (TC/CM)

➤ Vertically integrated solution business

- Acquired PoCs for RFID platform



Measures and Prospects for the 2nd Half

- Accelerating sales promotion for branch operation reforming solution
- Accelerating sales promotion to develop new cashpoints for in-store ATM
- Expanding and improving sales promotion and infrastructure base for cash management services (TC/CM)
- Expanding realm of public solutions (soccer lottery terminals, etc.)
- Expansion of PoCs for RFID platform. Expansion of RFID solution efforts in North American market

Business Circumstances for the 1st Half

➤ Public racing business

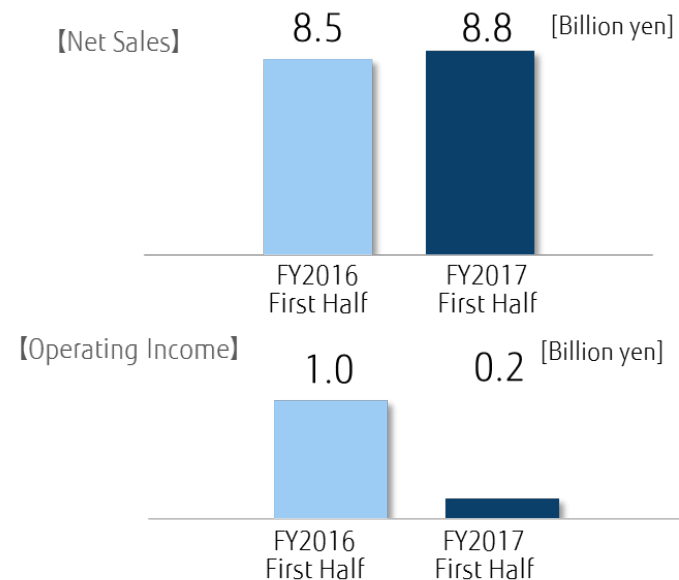
- Extension of operating services
- Reduction due to lean period before business push for new totalizator terminals
- Prior investment for new products such as soccer lottery terminal

➤ Display system business

- Increase due to business push for flight information display system

➤ Auction system business

- Continued development of business for big used car auction sites



Measures and Prospects for the 2nd Half

➤ Public racing business

- Start installation of 8th generation totalizator terminals and soccer lottery terminals
- Sales promotion for new solutions such as cashless cloud service for government-operated gambling in Japan (horserace, cycling, motorboat, etc.) and attended betting terminals

➤ Display system business

- Deliberation of project for display solutions involving the giant screen market

➤ Auction system business

- Development and sales promotion of new auction system employing universal terminals

Business Circumstances for the 1st Half

➤ Mobile system business

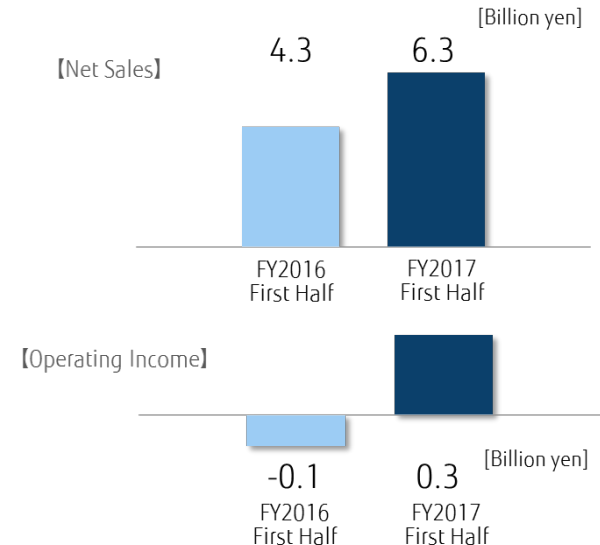
- Continued to push business for big orders related to logistics companies (2nd half of FY2016 to 1st half of FY2017)

➤ Palm vein authentication business

- Extension centered around efforts for overseas, such as North America, Brazil and Korea

➤ RFID business

- Extension in Japan cored around apparel tags and specimen container tags, steady transition in overseas business



Measures and Prospects for the 2nd Half

➤ Mobile/settlement solution business

- Development of multi-settlement solutions and launch of services to cater to IC credit, debit and all types of e-money needs

➤ Palm vein authentication business

- Expand and improve product lineup for PC login market as well as boost peripheral products for embedded market, such as multifunction copying machines and access management devices

➤ RFID business

- Sales promotion for RFID R/W equipment in Japan and overseas linen tag business

3. Summary of FY2017 Full-year Targets

- Consolidated Earnings Forecast
- Sales and Operating Income Forecast by Business Segments
- Sales Forecast by Regions

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 1 0.0	5.6	4.8	3.4	1 4 1.7 6 yen
FY2016 Results	1 1 1.2	5.7	5.1	3.7	1 5 3.3 7 yen
Change	-1.2	-0.1	-0.3	-0.3	

※Average Currency Exchange Rate for the 2nd Half 1USD=110yen

Though there are positive factors such as currency exchange rate in the second half, considering the price competition in global business, there are no changes to the earnings forecast.

Sales and Operating Income Forecast 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 (Including strategic investments)	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 Forecast by Regions

[Billion yen]

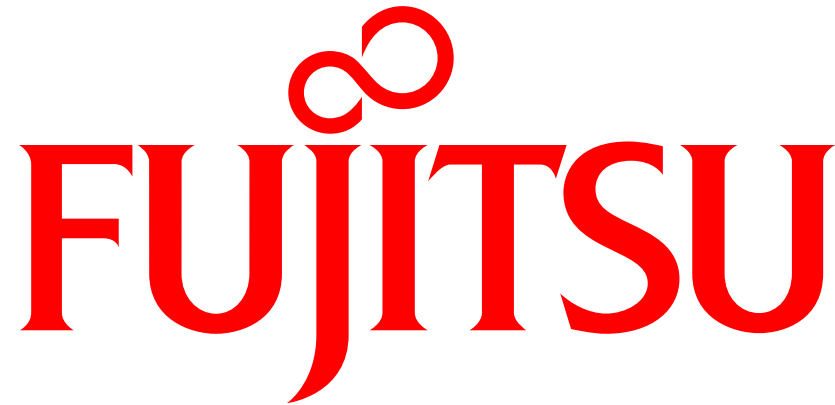
	FY2016	FY2017	Change
Japan	83.2	80.6	-2.6
Outside Japan (Ratio of Sales Outside Japan)	28.0 (25.2%)	29.4 (26.7%)	+1.4
Americas	15.9	11.8	-4.1
Europe	7.6	9.5	+1.9
Asia	4.4	8.1	+3.7
China	3.0	5.3	+2.3
Other	0.1	0.0	-0.1
Total	111.2	110.0	-1.2

<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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