

Part I: Financial Results

The impact of foreign exchange fluctuations has been calculated by using the average US dollar, euro, and British pound foreign exchange rates for fiscal 2014 to translate the current period's revenue outside Japan into yen.

1. Explanation of Financial Results

FY2015 Full-Year Financial Results

(Billions of yen)

	FY2014 4/1/14- 3/31/15	FY2015 4/1/15- 3/31/16	Change vs. FY2014		Change vs. Jan. Forecast
				Change (%)	
Revenue	4,753.2	4,739.2	-13.9	-0.3	-60.7
Operating profit	178.6	120.6	-58.0	-32.5	-9.3
[Expenses to transform business model]	[-]	※ [-41.5]	[-41.5]	-	[-11.5]
[Operating profit margin]	[3.8%]	[2.5%]	[-1.3%]		[-0.2%]
Financial income (expenses)	11.7	-7.2	-18.9	-	
Income from investments accounted for using the equity method, net	8.4	18.4	9.9	117.3	
Profit before income taxes	198.8	131.8	-67.0	-33.7	
Profit for the year attributable to owners of the parent	140.0	86.7	-53.2	-38.0	1.7

※ -32.4 for business outside Japan (-21.3 for EMEIA, -9.6 for North America, -1.4 for Other),
-5.1 for realignment of network products, -3.9 for realignment of Ubiquitous Solutions

<Profit or Loss>

Consolidated revenue for fiscal 2015 was 4,739.2 billion yen, essentially unchanged from fiscal 2014 both in Japan and outside Japan. In Japan, revenue from network products and PCs declined, but revenue from system integration services increased. Outside Japan, revenue from network products declined, but results benefited from foreign exchange movements. Primarily in the first half of the fiscal year, effects such as the weakening of the yen against the US dollar served to increase revenue when converted into yen by approximately 45 billion yen compared to fiscal 2014. The ratio of revenue outside Japan was 40.0%, an increase of 0.4 of a percentage point compared to the same period in the prior fiscal year, including the positive impact of foreign exchange movements.

Fujitsu recorded an operating profit of 120.6 billion yen, down 58.0 billion yen from fiscal 2014. The company recorded business model transformation expenses of 41.5 billion yen (32.4 billion yen for business outside Japan, 5.1 billion yen for network products business realignment, and 3.9 billion yen for Ubiquitous Solutions realignment). The deterioration caused by the impact of lower revenue of network products was offset by the impact of higher revenue of system integration services. The operating profit margin was 2.5%, down 1.3 percentage points from the prior fiscal year.

Net financial expenses were 7.2 billion yen, representing a deterioration of 18.9 billion yen from fiscal 2014, when the company recorded a net gain on foreign exchange because of the sharp fall in the value of the yen. Income from investments accounted for using the equity method, net, was 18.4 billion yen, an increase of 9.9 billion yen from fiscal 2014. Fujitsu's system LSI device design and development business was transferred to an affiliate (Socionext Inc., which commenced operations in March 2015, with a ratio of voting rights as follows: 40% Fujitsu, 20% Panasonic Corporation, and 40% Development Bank of Japan, Inc.). In addition, Fujitsu recorded a dilution gain from changes in equity interest stemming from an offering of shares of an affiliate on China's Shenzhen Stock Exchange.

As a result, income before income taxes was 131.8 billion yen, down 67.0 billion yen from the previous fiscal year.

Profit for the year attributable to owners of the parent was 86.7 billion yen, down 53.2 billion yen from fiscal 2014.

(Comparison with Earnings Forecast Announced in January 2016)

Revenue fell short of the projection by 60.7 billion yen because of lower-than-anticipated revenue from network product-related business as well as reduced revenue resulting from foreign exchange fluctuations. Operating profit fell short of the projection by 9.3 billion yen because of such factors as additional business model transformation expenses for business outside Japan (in North America and elsewhere). On the other hand, profit for the year attributable to owners of the parent was essentially in line with the January projection because of improvements in income from investments accounted for using the equity method and lower income tax expenses.

FY2015 Full-Year Consolidated Business Segment Information

<Revenue* and Operating Profit>

(Billions of yen)

		FY2014	FY2015	Change vs. FY2014	
		〔 4/1/2014 ~ 3/31/2015 〕	〔 4/1/2015 ~ 3/31/2016 〕		Change(%)
Technology Solutions	Revenue	3,302.8	3,283.3	-19.4	-0.6
	Japan	2,047.5	2,052.1	4.5	0.2
	Outside Japan	1,255.2	1,231.2	-23.9	-1.9
	Operating profit	222.4	186.2	-36.2	-16.3
	[Operating profit margin]	[6.7%]	[5.7%]	[-1.0%]	
Services	Revenue	2,706.2	2,765.1	58.9	2.2
	Japan	1,615.8	1,681.9	66.0	4.1
	Outside Japan	1,090.4	1,083.2	-7.1	-0.7
	Operating profit	177.2	163.9	-13.3	-7.5
	[Operating profit margin]	[6.5%]	[5.9%]	[-0.6%]	
System Platforms	Revenue	596.5	518.1	-78.3	-13.1
	Japan	431.7	370.1	-61.5	-14.3
	Outside Japan	164.7	147.9	-16.7	-10.2
	Operating profit	45.2	22.3	-22.9	-50.7
	[Operating profit margin]	[7.6%]	[4.3%]	[-3.3%]	
Ubiquitous Solutions	Revenue	1,062.8	1,040.9	-21.9	-2.1
	Japan	705.2	678.3	-26.8	-3.8
	Outside Japan	357.6	362.5	4.8	1.4
	Operating profit	8.7	-7.6	-16.4	-
	[Operating profit margin]	[0.8%]	[-0.7%]	[-1.5%]	
Device Solutions	Revenue	595.6	603.9	8.3	1.4
	Japan	306.0	289.7	-16.3	-5.3
	Outside Japan	289.5	314.2	24.6	8.5
	Operating profit	36.9	30.3	-6.5	-17.7
	[Operating profit margin]	[6.2%]	[5.0%]	[-1.2%]	
Other/Elimination and Corporate**	Revenue	-208.0	-188.8	19.1	-
	Operating profit	-89.5	-88.3	1.1	-
Total	Revenue	4,753.2	4,739.2	-13.9	-0.3
	Japan	2,873.2	2,845.0	-28.1	-1.0
	Outside Japan	1,879.9	1,894.2	14.2	0.8
	Operating profit	178.6	120.6	-58.0	-32.5
	[Operating profit margin]	[3.8%]	[2.5%]	[-1.3%]	

<Ratio of revenue outside Japan>

39.6%

40.0%

0.4%

<Revenue* by Principal Products and Services>

(Billions of yen)

	FY2014	FY2015	Change vs. FY2014	
	(4/1/2014 ~ 3/31/2015)	(4/1/2015 ~ 3/31/2016)		Change(%)
Technology Solutions	3,302.8	3,283.3	-19.4	-0.6
Services	2,706.2	2,765.1	58.9	2.2
Solutions / SI	952.2	1,010.9	58.6	6.2
Infrastructure Services	1,753.9	1,754.2	0.2	0.0
System Platforms	596.5	518.1	-78.3	-13.1
System Products	278.1	262.0	-16.0	-5.8
Network Products	318.4	256.0	-62.3	-19.6
Ubiquitous Solutions	1,062.8	1,040.9	-21.9	-2.1
PCs / Mobile Phones	709.3	651.3	-57.9	-8.2
Mobilewear	353.5	389.5	36.0	10.2
Device Solutions	595.6	603.9	8.3	1.4
LSI***	313.7	314.6	0.9	0.3
Electronic Components	283.4	290.7	7.3	2.6

<External revenue by Location of Customers>

Japan	2,873.2	2,845.0	-28.1	-1.0
Outside Japan	1,879.9	1,894.2	14.2	0.8
EMEIA****	990.6	952.0	-38.6	-3.9
Americas	392.0	420.4	28.3	7.2
Asia	387.1	421.0	33.9	8.8
Oceania	110.0	100.6	-9.4	-8.6

Notes:

* Revenue in each segment includes intersegment revenue.

** "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 figures for LSI include intrasegment revenue to the electronic components segment.

**** EMEIA...Europe, Middle East, India and Africa

Technology Solutions

Revenue in the Technology Solutions segment amounted to 3,283.3 billion yen, essentially unchanged from the previous fiscal year. Revenue in Japan remained on par with the previous fiscal year. Revenue in the Services sub-segment rose due to growth in system integration services on higher investment by customers in the financial services sector and public sector. Revenue from Infrastructure services was also solid, primarily from outsourcing services. In the System Platforms sub-segment, however, revenue in mobile phone base stations and optical transmission systems declined due to continuing investment constraints by telecommunications carriers. In addition, in server-related business, despite growth in x86 servers, revenue fell, particularly in mainframe-related business, due to a reduction in large-scale deals. Revenue outside Japan fell 1.9%. In the Services sub-segment, although revenue in Asia rose, revenue in the UK declined as it was an off-demand period for large-scale deals, as well as weakness in the US. In the System Platforms sub-segment, although there was higher revenue from x86 servers in Europe, overall revenue fell on declines in optical transmissions systems in North America, as investments by telecommunications carriers continued to be constrained with respect to relevant segments of Fujitsu's business.

The segment posted an operating profit of 186.2 billion yen, representing a decline of 36.2 billion yen compared to the previous fiscal year. The decline was the result of recording 35.9 billion yen in business model transformation expenses (30.7 billion yen related to business outside Japan, and 5.1 billion yen for network business realignment). Excluding the expenses for business model transformation, the adverse impact of lower revenue in network products and the impact of component cost increases for hardware products due to foreign exchange movements were absorbed through greater cost efficiencies and the impact of higher Services revenue in Japan, so operating profit was essentially unchanged from the previous year.

Ubiquitous Solutions

Revenue in the Ubiquitous Solutions segment was 1,040.9 billion yen, a decrease of 2.1% from the previous fiscal year. Revenue in Japan fell by 3.8%. For both enterprise and consumer PCs, revenue declined as the cycle of higher demand for upgrades resulting from the ending of support for an operating system had peaked in the first quarter of the prior fiscal year. For mobile phones, although smartphone revenue increased both for consumer phones and enterprise phones, overall revenue fell due in part to the decline in unit sales of feature phones. Revenue outside Japan rose by 1.4%. Unit sales of PCs in Europe fell, but revenue in the Mobilewear sub-segment rose, primarily in Europe and the US.

The Ubiquitous Solutions segment posted an operating loss of 7.6 billion yen, representing a deterioration of 16.4 billion yen from the previous fiscal year. In PCs, in addition to lower revenue, higher procurement costs for US dollar-denominated components in Europe and Japan, due to the continuing weakness of the yen and of the euro against the US dollar, adversely impacted results, causing a significant deterioration. In mobile phones, the deterioration caused by the impact of lower revenue and the impact of expenses incurred in the first half of the fiscal year to deal with a defective mobile phone model was largely offset by product development efficiencies and cost-saving measures. Operating profit in the Mobilewear sub-segment rose due to the effect of higher revenue.

Device Solutions

Revenue in the Device Solutions segment amounted to 603.9 billion yen, up 1.4%, due in part to the effects of the weak yen.

The segment posted an operating profit of 30.3 billion yen, down 6.5 billion yen from the previous fiscal year. Despite the impact of higher US dollar-denominated sales of both LSI devices and electronic components in the first half due to the continuing weakness of the yen against the US dollar, operating profit declined due to the impact of transferring the system LSI device business to an affiliate, as well as the impact of revenue declines due to lower total demand for smartphones and PCs, especially in the second half.

Other/Elimination and Corporate

This segment recorded an operating loss of 88.3 billion yen, representing an improvement of 1.1 billion yen from the previous fiscal year. While strategic investments were expanded in fields such as next-generation cloud platforms as a platform for using IoT*, the operating loss narrowed on progress in expense efficiencies and the recording of the partial release of reserves related to a legal dispute.

*IoT (Internet of Things): A structure where a wide variety of things, not only PCs and servers, are connected to the internet and exchange information.