

3. FY2017 Earnings Forecasts

The revenue and operating profit of FUJITSU TEN (in the Ubiquitous Solutions segment), the shares of which Fujitsu today (April 28) decided to sell, are not included in fiscal 2017 forecasts. For comparative purposes, actual revenue (-376.7 billion yen) and operating profit (-11.4 billion yen) for fiscal 2016 are also presented to reflect this change.

For fiscal 2017, Fujitsu is projecting revenue of 4,100.0 billion yen. Excluding the impact of the loss of approximately 50 billion yen in revenue from the sale of Nifty, revenue is projected to be essentially unchanged from fiscal 2016. While revenue from mobile phones is expected to decline because of a lengthening of the replacement cycle for smartphones, revenue in the Services sub-segment outside of Japan is expected to increase, and revenue from LSI devices is also expected to rise on a rebound in demand, resulting in overall revenue that is essentially unchanged from fiscal 2016.

The forecast for operating profit is 185.0 billion yen, an increase of 67.5 billion yen over fiscal 2016. One factor contributing to this anticipated improvement is the elimination of 42.0 billion yen in business model transformation expenses that were recorded in fiscal 2016. In contrast to the past two fiscal years, in which there were upfront expenses, under fiscal 2017 business model transformation plans expenses and profits are expected to offset one another, thereby having no impact on profit and loss. On a business segment basis, operating profit in the Services sub-segment of the Technology Solutions segment is projected to rise by 51.9 billion yen. In addition to the impact of a 33.6 billion yen reduction in business model transformation expenses and an anticipated recovery in Services outside Japan, Fujitsu anticipates steadily higher operating profit in Japan, primarily from the services sub-segment. Operating profit in the Device Solutions segment is also projected to rise by 9.7 billion yen, primarily from the impact of higher revenues.

The projected profit for the year attributable to owners of the parent is 145.0 billion yen, up 56.5 billion yen from fiscal 2016.

Assumptions on exchange rates for fiscal 2017 are 105 yen for the US dollar, 115 yen for the euro, and 130 yen for the British pound.

[Full-year] (Billions of yen)

	FY2016 (Actual)	FY2017 (Forecast)	Change vs. FY2016	
				Change(%)
Revenue	4,132.9	4,100.0	-32.9	-0.8
Operating Profit	117.4	185.0	67.5	57.5
[Business Model Transformation Expenses]	[-42.0]	[-]	[42.0]	-
[Operating Profit Margin]	[2.8%]	[4.5%]	[1.7%]	
Profit for the Year Attributable to Owners of the Parent	88.4	145.0	56.5	63.9

[Revenue by Business Segment]

Technology Solutions	3,126.6	3,070.0	-56.6	-1.8
Services	2,624.2	2,570.0	-54.2	-2.1
System Platforms	502.3	500.0	-2.3	-0.5
Ubiquitous Solutions	645.5	640.0	-5.5	-0.9
Device Solutions	544.3	560.0	15.6	2.9
Other/Elimination and Corporate	-183.5	-170.0	13.5	-
Total	4,132.9	4,100.0	-32.9	-0.8

[Operating Profit by Business Segment]

Technology Solutions	[-36.2]	190.7	[-]	250.0	[36.2]	59.2	31.1
Services	[-33.6]	150.0	[-]	202.0	[33.6]	51.9	34.6
System Platforms	[-2.6]	40.7	[-]	48.0	[2.6]	7.2	17.9
Ubiquitous Solutions	[-1.7]	17.3	[-]	14.0	[1.7]	-3.3	-19.4
Device Solutions	[-4.0]	4.2	[-]	14.0	[4.0]	9.7	229.1
Other/Elimination and Corporate	[-]	-94.9	[-]	-93.0	[-]	1.9	-
Total	[-42.0]	117.4	[-]	185.0	[42.0]	67.5	57.5

*Figures in [] are Business Model Transformation Expenses