

October 29, 2019

FY 2019 First-Half Financial Results
April 1, 2019 - September 30, 2019

Fujitsu Limited

Consolidated Financial Results for the First-Half Ended September 30, 2019

[Prepared on the basis of International Financial Reporting Standards]

October 29, 2019

Company name : Fujitsu Limited
 Stock exchange listings : Tokyo, Nagoya
 Code number: : 6702
 URL: : <https://www.fujitsu.com/global/>
 Representative: : Takahito Tokita, President and Representative Director
 Contact person: : Isamu Yamamori, Corporate Executive Officer, SVP,
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 Scheduled filing date of statutory financial report: : November 1, 2019
 Scheduled dividend payment date: : November 22, 2019
 Supplementary material: : Yes
 Financial results meeting: : Yes (for media and analysts)

1. Consolidated Results for the First-Half Ended September 30, 2019

(Monetary amounts are rounded to the nearest million yen.)

(1) Consolidated financial results

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.)

(Millions of yen)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
		Change (%)		Change (%)		Change (%)		Change (%)
1H FY 2019 (4/1/19-9/30/19)	1,828,763	-0.3	71,060	-25.4	80,805	-31.1	61,949	-28.1
1H FY 2018 (4/1/18-9/30/18)	1,834,544	-4.6	95,275	240.2	117,211	97.5	86,134	81.4

	Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		Change (%)		Change (%)
1H FY 2019 (4/1/19-9/30/19)	63,659	-21.5	51,568	-51.8
1H FY 2018 (4/1/18-9/30/18)	81,131	86.6	106,966	41.4

(Yen)

	Earnings per share	
	Basic	Diluted
1H FY 2019 (4/1/19-9/30/19)	314.08	314.00
1H FY 2018 (4/1/18-9/30/18)	396.46	396.36

On October 1, 2018, Fujitsu conducted share consolidation for common stock at a rate of one share for every ten shares. Basic Earnings per Share and Diluted Earnings per Share have been calculated on the basis that share consolidation had been conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

(Millions of yen)

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio (%)
September 30, 2019	3,112,827	1,287,075	1,170,096	37.6%
March 31, 2019	3,104,842	1,253,630	1,132,055	36.5%

2. Dividends per Share (Ordinary Shares)

(Yen)

	Dividends per share				
	1Q	2Q	3Q	Year-end	Full year
FY2018	-	7.00	-	80.00	-
FY2019	-	80.00	-	-	-
FY2019(Forecast)	-	-	-	80.00	160.00

Note: Revision of the latest dividends forecast: None

On October 1, 2018, Fujitsu conducted share consolidation for common stock at a rate of one share for every ten shares. Dividends prior to the second quarter of fiscal 2018 are recorded at their actual dividend values before this reverse stock split. In addition, with regard to the total annual dividend, because it is not possible to calculate it straightforwardly, the amount is left blank, shown as a “-“. Annual dividend per share values converted to a post-reverse stock split basis is 150 yen per share for fiscal 2018.

3. Consolidated Earnings Forecast for FY2019

(The percentage figures represent the percentage of increase or decrease against the previous year.)

(Millions of yen, except per share data)

	Revenue		Operating profit		Profit for the year attributable to owners of the parent		Basic earnings per share
		Change (%)		Change (%)		Change (%)	
FY2019	3,800,000	-3.9	160,000	22.9	125,000	19.5	616.72

Note: Revision of the latest consolidated earnings forecast: Yes

4. Other Information

(1) Significant changes to subsidiaries in the current reporting period

(Changes to specified subsidiaries resulting from changes in scope of consolidation): No

(2) Changes in accounting policies and accounting estimates

1. Changes in accounting policies required by IFRS: Yes
2. Changes arising from factors other than 1: None
3. Changes in accounting estimates: None

For further details, please refer to “5-1 Notes to Financial Statements-Changes in accounting policies,” on page 6.

(3) Number of issued shares (ordinary shares)

1. Number of issued shares at end of period	As of September 30, 2019	207,001,821
	As of March 31, 2019	207,001,821
2. Treasury stock held at end of period	As of September 30, 2019	4,315,744
	As of March 31, 2019	4,317,954
3. Average number of shares during period	1H FY 2019	202,683,640
	1H FY 2018	204,641,825

(Note) The numbers of shares given above were calculated on the basis that share consolidation had been conducted at the beginning of the previous consolidated fiscal year.

Notes

1. This financial report is not subject to quarterly review
2. Precautions on usage of earnings projections

These materials may contain forward-looking statements that are based on management’s current information, views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors listed below.

- General economic and market conditions in key markets
(Particularly in Japan, Europe, North America, and Asia, including China)
- Fluctuations in exchange rates or interest rates
- Fluctuations in capital markets
- Intensifying price competition
- Changes in market positioning due to competition in R&D
- Changes in the environment for the procurement of parts and components
- Changes in competitive relationships due to collaborations, alliances and technical provisions
- Risks related to public regulations, public policy and tax matters
- Risks related to product or services defects
- Potential emergence of unprofitable projects
- Risks related to R&D investments, capital expenditures, business acquisitions, business restructuring, etc.
- Risks related to natural disasters and unforeseen events
- Changes in accounting policies

For information regarding the assumptions used to prepare these projections, please refer to the supplemental explanation materials (Presentation Material).

Financial Tables

1. Consolidated Statement of Financial Position

(Millions of yen)

	Notes	FY2018 (As of March 31, 2019)	2Q FY2019 (As of September 30, 2019)
Assets			
Current assets			
Cash and cash equivalents		416,684	413,002
Trade receivables		906,120	693,460
Other receivables		119,446	77,968
Inventories		226,045	290,889
Others		217,673	279,446
Subtotal		1,885,968	1,754,765
Assets held for sale		73,381	85,342
Total current assets		1,959,349	1,840,107
Non-current assets			
Property, plant and equipment, net of accumulated depreciation	5-1	439,078	591,802
Goodwill		38,348	37,588
Intangible assets		116,905	106,382
Investments accounted for using the equity method		147,788	149,255
Other investments		149,799	141,705
Deferred tax assets		105,663	102,377
Others		147,912	143,611
Total non-current assets		1,145,493	1,272,720
Total assets		3,104,842	3,112,827
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables		528,744	490,103
Other payables		426,344	331,044
Short-term borrowings, current portion of long-term debt and lease obligations	5-1	130,875	203,923
Accrued income taxes		13,517	18,351
Provisions		56,489	40,298
Others		201,333	210,400
Subtotal		1,357,302	1,294,119
Liabilities directly associated with assets held for sale		7,605	9,507
Total current liabilities		1,364,907	1,303,626
Non-current liabilities			
Long-term debt and lease obligations	5-1	185,336	255,684
Retirement benefit liabilities		181,246	184,425
Provisions		55,388	35,654
Deferred tax liabilities		2,820	1,646
Others		61,515	44,717
Total non-current liabilities		486,305	522,126
Total liabilities		1,851,212	1,825,752
Equity			
Share capital		324,625	324,625
Capital surplus		235,455	235,085
Treasury stock, at cost		-29,556	-29,545
Retained earnings		576,857	623,151
Other components of equity		24,674	16,780
Total equity attributable to owners of the parent		1,132,055	1,170,096
Non-controlling interests		121,575	116,979
Total equity		1,253,630	1,287,075
Total liabilities and equity		3,104,842	3,112,827

2. Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income

【First-Half Condensed Consolidated Statement of Profit or Loss】		(Millions of yen, except per share data)	
	Notes	1H FY2018 (For the first-half ended September 30, 2018)	1H FY2019 (For the first-half ended September 30, 2019)
Revenue		1,834,544	1,828,763
Cost of sales		-1,361,704	-1,317,102
Gross profit		472,840	511,661
Selling, general and administrative expenses		-477,067	-428,942
Other income		113,970	5,115
Other expenses		-14,468	-16,774
Operating profit		95,275	71,060
Financial income		9,537	4,354
Financial expenses		-2,312	-2,653
Income from investments accounted for using the equity method, net		14,711	8,044
Profit for the period before income taxes		117,211	80,805
Income tax expenses		-31,077	-18,856
Profit for the period		86,134	61,949
Profit for the period attributable to:			
Owners of the parent		81,131	63,659
Non-controlling interests		5,003	-1,710
Total		86,134	61,949
Earning per share			
Basic earnings per share (Yen)		396.46	314.08
Diluted earnings per share (Yen)		396.36	314.00

【First-Half Condensed Consolidated Statement of Comprehensive Income】		(Millions of yen)	
	Notes	1H FY2018 (For the first-half ended September 30, 2018)	1H FY2019 (For the first-half ended September 30, 2019)
Profit for the period		86,134	61,949
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		7,048	2,423
Remeasurement of defined benefit plans		14,047	-1,832
Share of other comprehensive income of investments accounted for using the equity method		-198	-63
		20,897	528
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		-156	-10,205
Cash flow hedges		-6	-82
Share of other comprehensive income of investments accounted for using the equity method		97	-622
		-65	-10,909
Total other comprehensive income for the period, net of taxes		20,832	-10,381
Total comprehensive income for the period		106,966	51,568
Total comprehensive income attributable to:			
Owners of the parent		101,523	54,116
Non-controlling interests		5,443	-2,548
Total		106,966	51,568

【Second-Quarter Condensed Consolidated Statement of Profit or Loss】

(Millions of yen, except per share data)

	Notes	2Q FY2018 (For the three-month ended September 30, 2018)	2Q FY2019 (For the three-month ended September 30, 2019)
Revenue		966,887	990,026
Cost of sales		-712,557	-703,743
Gross profit		254,330	286,283
Selling, general and administrative expenses		-236,008	-212,761
Other income		2,540	1,587
Other expenses		-5,180	-7,434
Operating profit		15,682	67,675
Financial income		3,497	1,306
Financial expenses		-942	-1,143
Income from investments accounted for using the equity method, net		1,974	6,704
Profit for the period before income taxes		20,211	74,542
Income tax expenses		-10,031	-18,160
Profit for the period		10,180	56,382
Profit for the period attributable to:			
Owners of the parent		8,375	56,565
Non-controlling interests		1,805	-183
Total		10,180	56,382
Earning per share			
Basic earnings per share (Yen)		40.97	279.08
Diluted earnings per share (Yen)		40.90	279.01

【Second-Quarter Condensed Consolidated Statement of Comprehensive Income】

(Millions of yen)

	Notes	2Q FY2018 (For the three-month ended September 30, 2018)	2Q FY2019 (For the three-month ended September 30, 2019)
Profit for the period		10,180	56,382
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		7,528	-1,258
Remeasurement of defined benefit plans		14,010	-1,639
Share of other comprehensive income of investments accounted for using the equity method		-244	57
		21,294	-2,840
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		1,682	-2,553
Cash flow hedges		5	87
Share of other comprehensive income of investments accounted for using the equity method		567	-808
		2,254	-3,274
Total other comprehensive income for the period, net of taxes		23,548	-6,114
Total comprehensive income for the period		33,728	50,268
Total comprehensive income attributable to:			
Owners of the parent		31,649	50,672
Non-controlling interests		2,079	-404
Total		33,728	50,268

3. Condensed Consolidated Statement of Changes in Equity

【1H FY2018 (For the six-month period ended September 30, 2018)】

(Millions of yen)

Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury stock, at cost	Retained earnings	Other components of equity	Total		
Balance at April 1, 2018	324,625	233,941	-7,237	479,776	56,692	1,087,797	117,105	1,204,902
Cumulative effects of changes in accounting policies				20,200	-20,467	-267		-267
Balance as of the beginning of the period reflecting Changes in Accounting Policies	324,625	233,941	-7,237	499,976	36,225	1,087,530	117,105	1,204,635
Profit for the period				81,131		81,131	5,003	86,134
Other comprehensive income					20,392	20,392	440	20,832
Total comprehensive income for the period	—	—	—	81,131	20,392	101,523	5,443	106,966
Purchase of treasury stock		-5	-10,028			-10,033		-10,033
Disposal of treasury stock			8			8		8
Share-based payment transactions		73				73		73
Dividends paid				-12,352		-12,352	-2,022	-14,374
Transfer to retained earnings				11,023	-11,023	—		—
Others		164		-541	541	164	407	571
Balance at September 30, 2018	324,625	234,173	-17,257	579,237	46,135	1,166,913	120,933	1,287,846

【1H FY2019 (For the six-month period ended September 30, 2019)】

(Millions of yen)

Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury stock, at cost	Retained earnings	Other components of equity	Total		
Balance at April 1, 2019	324,625	235,455	-29,556	576,857	24,674	1,132,055	121,575	1,253,630
Profit for the period				63,659		63,659	-1,710	61,949
Other comprehensive income					-9,543	-9,543	-838	-10,381
Total comprehensive income for the period	—	—	—	63,659	-9,543	54,116	-2,548	51,568
Purchase of treasury stock			-31			-31		-31
Disposal of treasury stock			42			42		42
Share-based payment transactions		170				170		170
Dividends paid				-16,214		-16,214	-1,880	-18,094
Transfer to retained earnings				-1,650	1,650	—		—
Others		-540		499	-1	-42	-168	-210
Balance at September 30, 2019	324,625	235,085	-29,545	623,151	16,780	1,170,096	116,979	1,287,075

4. Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Notes	1H FY2018 (For the first-half ended September 30, 2018)	1H FY2019 (For the first-half ended September 30, 2019)
<i>Cash flows from operating activities</i>			
Profit for the period before income taxes		117,211	80,805
Depreciation, amortization and impairment loss	5-1	74,489	108,263
Increase (decrease) in provisions		-3,320	-22,045
Increase (decrease) in net defined benefit liability		-91,800	-15,741
Interest and dividend income		-3,724	-3,724
Interest charges		1,563	2,064
Income from investments accounted for using the equity method, net		-14,711	-8,044
(Gain) loss on sales of subsidiaries' stock		-14,029	309
(Increase) decrease in trade receivables		220,585	195,773
(Increase) decrease in inventories		-65,744	-72,961
Increase (decrease) in trade payables		-18,355	-28,714
Other, net		-112,609	-119,139
Cash generated from operations		89,556	116,846
Interest received		1,264	1,490
Dividends received		3,736	3,615
Interest paid		-1,938	-2,104
Income taxes paid		-46,335	-4,624
Net cash provided by operating activities		46,283	115,223
<i>Cash flows from investing activities</i>			
Purchases of property, plant, equipment, and intangible assets		-62,131	-61,762
Proceeds from sales of investment securities		40,942	14,278
Net proceeds from sale of subsidiaries and business		16,840	-3,873
Collection of loans receivable		2,469	1,310
Other, net		2,957	2,175
Net cash provided by (used in) investing activities		1,077	-47,872
<i>Cash flows from financing activities</i>			
Increase (decrease) in short-term borrowings		11,727	31,515
Proceeds from long-term debt and issuance of bonds		62	3
Repayment of long-term debt and bonds		-36,539	-40,117
Payment of lease obligation	5-1	-6,132	-34,163
Purchase of treasury stock		-10,028	-31
Dividends paid to owners of the parent		-12,352	-16,214
Other, net		-731	220
Net cash used in financing activities		-53,993	-58,787
Net increase (decrease) in cash and cash equivalents		-6,633	8,564
Cash and cash equivalents at beginning of period		452,671	416,742
Effect of exchange rate changes on cash and cash equivalents		3,000	-1,317
Cash and cash equivalents at end of period		449,038	423,989

5. Notes to Financial Statements

1. Changes in accounting policies

Excluding the changes stated below, the major accounting policies that were applied to this first half's consolidated financial statements are the same policies that were applied to the previous fiscal year.

Starting from this first quarter, the Fujitsu Group has adopted IFRS 16 Leases. The accounting policies that were applied and the cumulative effect recognized at the beginning of the fiscal year are reflected in the first quarter report [Notes to Financial Statements] 1. Changes in accounting policies.

The effect on assets, liabilities, equity, operating profit, and profit for the period in the first half was immaterial. With the adoption of IFRS 16, because payments of lease liabilities are included in Cash Flows from Financing Activities, adjustments related to depreciation of right-of-use assets and others are included in Cash Flows from Operating Activities. As a result, in the first half Net Cash Provided by Operating Activities increased by 28,495 million yen, and Net Cash Used in Financing Activities decreased by 28,495 million yen, compared with what would have been achieved under the previous standard, IAS 17.

2. Cautionary Note Regarding Assumptions of a Going Concern

None.