

Earnings of FY2017/3 1Q

FUJIFILM Holdings Corporation

Jul. 27, 2016

FORWARD-LOOKING STATEMENTS

Forward-looking statements, such as those relating to earnings forecasts and other projections contained in this material, are management's current assumptions and beliefs based on currently available information. Such forward-looking statements are subject to a number of risks, uncertainties, and other factors. Accordingly, actual results may differ materially from those projected due to various factors.

Performance Summary of FY2017/3 1Q

FUJIFILM

Consolidated Performance for FY2017/3 1Q (Apr. 2016 – Jun. 2016)

(Billions of yen)

	FY2016/3 1Q	FY2017/3 1Q	Change
Revenue	590.9 100.0%	547.0 100.0%	(43.9) -7.4%
Operating Income	36.2 6.1%	27.6 5.0%	(8.6) -23.8%
Income before Income Taxes	44.6 7.5%	21.7 4.0%	(22.9) -51.3%
Net Income Attributable to FUJIFILM Holdings	24.3 4.1%	11.2 2.0%	(13.1) -54.1%
Net Income Attributable to FUJIFILM Holdings per Share	¥50.59	¥24.76	-¥25.83
Exchange Rates US\$/¥	¥121	¥108	-¥13
Exchange Rates €/¥	¥134	¥122	-¥12

(Factors of change (YoY))

Operating income — Exchange rate fluctuations: ¥(9.7) billion, Raw material prices: + ¥3.7 billion

Income before income taxes — Foreign exchange gains(losses): ¥(8.3) billion, Gains(losses) on sales of investment securities: ¥(5.6) billion

Consolidated Revenue and Operating Income by Segments

(Billions of yen)

Revenue	1Q		Change		Influence of exchange rate	Currency-neutral basis	
	FY2016/3	FY2017/3					
Imaging Solutions	84.9	76.7	(8.2)	(-9.7%)	(8.5)	0.3	(+0.4%)
Information Solutions	218.1	207.8	(10.3)	(-4.7%)	(16.7)	6.4	(+2.9%)
Document Solutions	287.9	262.5	(25.4)	(-8.8%)	(13.1)	(12.3)	(-4.3%)
Total	590.9	547.0	(43.9)	(-7.4%)	(38.3)	(5.6)	(-0.9%)

Note: After elimination of intersegment transaction.

(Billions of yen)

Operating Income	1Q		Change		Influence of exchange rate	Currency-neutral basis	
	FY2016/3	FY2017/3					
Imaging Solutions	4.5	5.3	0.8	(+17.5%)	-2.8	3.6	(+79.9%)
Information Solutions	14.9	15.0	0.1	(+0.7%)	-4.9	5.0	(+33.5%)
Document Solutions	24.1	14.6	(9.5)	(-39.2%)	(2.0)	(7.5)	(-30.9%)
Corporate Expenses & Eliminations	(7.3)	(7.3)	0.0		0.0	0.0	
Total	36.2	27.6	(8.6)	(-23.8%)	(9.7)	1.1	(+3.0%)

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Summary by Operating Segment

(Billions of yen)

Imaging Solutions

Revenue	YoY		Operating income	YoY	
76.7	(8.2)	(-9.7%)	5.3	0.8	(+17.5%)

- In the photo imaging business, while the overall sales decreased due to the negative impact of yen appreciation and other factors, the sales of instant photo systems such as the *instax* series and *instax* films increased especially in the United States and Europe. The high-value-added printing businesses such as the *photobook* services expanded.
- In the electronic imaging field, while the sales of digital cameras decreased due to the negative impact of yen appreciation, the shift to high-end models such as the mirrorless digital cameras *FUJIFILM X-Pro2* and the sales expansion in Asian region proceeded.
- In the optical device field, the sales decreased due to the sales decrease of camera modules for use in smartphones.

Though revenue decreased due to the negative impact of yen appreciation, operating income increased due to the shift to high-end models of digital camera and other factors.

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Summary by Operating Segment

Information Solutions

(Billions of yen)					
Revenue	YoY		Operating income	YoY	
207.8	(10.3)	(-4.7%)	15.0	0.1	(+0.7%)

- In the medical systems business, the overall sales decreased due to the negative impact of yen appreciation and other factors, while sales proceeded smoothly in the growth fields such as medical IT. In the pharmaceutical business, the overall sales remained unchanged from the previous fiscal year. While the influence of generic drugs was seen in the small molecule pharmaceuticals, the sale of contract manufacturing of biopharmaceuticals were strong.
- In the FPD materials business, the overall sales increased due to the expansion of sales quantity of *WV film* and film for IPS mode.
- In the industrial products business, the overall sales decreased due to the negative impact of yen appreciation, while the sales of touch-panel sensor films *EXCLEAR* were strong. In the electronic materials business, the overall sales increased, reflecting favorable sales of such advanced products as developers and treatment agent.
- In the recording media business, the overall sales decreased due to the decline in total demand of professional-use videotapes and the negative impact of yen appreciation, while sales of computer tape with its unique technologies proceeded smoothly.
- In the graphic systems business, the overall sales decreased due to the negative impact of yen appreciation, while favorable sales were seen in digital printing devices.

Though revenue decreased due to the negative impact of yen appreciation, operating income increased due to the sales expansion in the FPD materials and electronic materials business and profit improvement in each business, and other factors.

Summary by Operating Segment

Document Solutions

(Billions of yen)					
Revenue	YoY		Operating income	YoY	
262.5	(25.4)	(-8.8%)	14.6	(9.5)	(-39.2%)

- Regarding the office products business, the overall sales volume remained unchanged from the previous year. While the sales volume of full-color models in Japan and export shipments to Xerox Corporation decreased, the sales volume increased in Asia-Oceania region.
- In the office printers business, though the sales volume increased in Asia-Oceania region due to strong sales of monochrome models, total sales volume decreased centering on exports to Xerox Corporation.
- Regarding the production services business, the overall sales volume increased, reflecting strong sales of color on-demand publishing systems.
- In the global services business, revenue increased, owing to strong sales in the managed print service business.

Revenue decreased due to the sales decrease in export shipments to Xerox Corporation and reflecting the negative impact of yen appreciation and other factors. Operating income decreased reflecting the decrease in revenues, the negative impact of depreciation of Asian currencies and other factors.

Consolidated Balance Sheet

(Billions of yen)

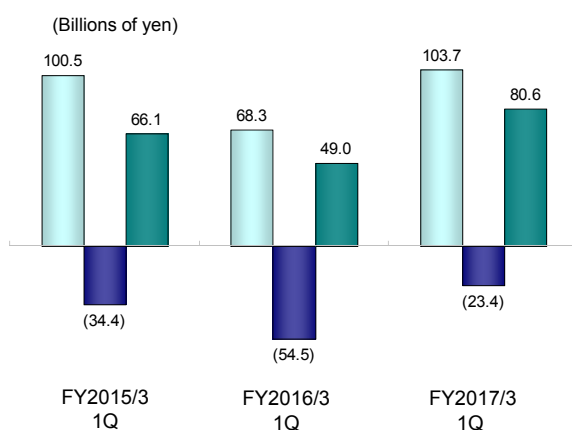
	Mar. 14	Mar. 15	Mar. 16	Change from Mar. 15		Mar. 14	Mar. 15	Mar. 16	Change from Mar. 15
Cash and cash equivalents	726.9	600.9	610.4	9.5	Short-term and long-term debt	349.7	365.7	337.0	(28.7)
Notes and accounts receivable	681.0	663.9	548.2	(115.7)	Notes and accounts payable	269.0	259.3	237.1	(22.2)
Inventories	372.5	352.9	353.6	0.7	Other liabilities	470.5	454.8	416.4	(38.4)
Marketable securities and other	162.8	171.6	169.8	(1.8)	Total liabilities	1,089.2	1,079.8	990.5	(89.3)
Total current assets	1,943.2	1,789.3	1,682.0	(107.3)	Total FUJIFILM Holdings shareholders' equity	2,232.7	2,054.5	1,965.1	(89.4)
Property, plant and equipment	527.4	534.1	518.7	(15.4)	Noncontrolling interests	234.7	229.4	218.2	(11.2)
Goodwill, net	505.0	506.9	482.1	(24.8)	Total equity	2,467.4	2,283.9	2,183.3	(100.6)
Investment securities and other	581.0	533.4	491.0	(42.4)	Total liabilities and equity	3,556.6	3,363.7	3,173.8	(189.9)
Total noncurrent assets	1,613.4	1,574.4	1,491.8	(82.6)					
Total assets	3,556.6	3,363.7	3,173.8	(189.9)					

Exchange Rates	Mar. 14	Mar. 15	Mar. 16	Change from Mar. 15
US\$/¥	¥120	¥113	¥103	¥10
€/¥	¥130	¥128	¥114	¥14

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Cash Flows

- C/F from operating activities
- C/F from investing activities
- Free cash flows (without acquisitions of businesses)



(Billions of yen)

	FY2015/3 1Q	FY2016/3 1Q	FY2017/3 1Q
Net income	19.1	28.3	13.7
Depreciation & amortization	29.1	28.6	29.5
Change in notes and accounts receivable	74.4	59.2	80.7
Change in inventories	(16.6)	(25.5)	(20.4)
Change in notes and accounts payable-trade	(13.4)	(14.1)	(2.7)
Change in accrued income taxes and other liabilities	19.0	13.3	3.2
Others	(11.1)	(21.5)	(0.3)
C/F from operating activities	100.5	68.3	103.7
Capital expenditure	(16.0)	(13.8)	(20.3)
Purchases of software	(4.0)	(5.8)	(3.2)
Sales and purchases of marketable and investment securities	(9.0)	7.4	7.8
Acquisitions of businesses	0.0	(35.2)	(0.3)
Others	(5.4)	(7.1)	(7.4)
C/F from investing activities	(34.4)	(54.5)	(23.4)
Free cash flows	66.1	13.8	80.3
Free cash flows without acquisitions of businesses	66.1	49.0	80.6

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Consolidated Financial Forecast for FY2017/3 (as of Jul. 27, 2016)

(Billions of yen)

	FY2016/3	FY2017/3	Change
Revenue	2,491.6 100.0%	2,550.0 100.0%	58.4 +2.3%
Operating Income	191.2 7.7%	220.0 8.6%	28.8 +15.1%
Income before Income Taxes	194.5 7.8%	220.0 8.6%	25.5 +13.1%
Net Income Attributable to FUJIFILM Holdings	123.3 4.9%	125.0 4.9%	1.7 +1.4%
Net Income Attributable to FUJIFILM Holdings per Share	¥264.87	¥277.47	¥12.60
ROE	5.8%	6 to 7%	—
Exchange Rates US\$/¥	¥120	¥110	¥(10)
€/\$	¥133	¥125	¥(8)
Silver Price (/kg)	¥60,000	¥60,000	—

Note: Impact of exchange rate movements on operating income (FY2017/3 full year) US\$/¥: ¥0.8 billion €/¥: ¥0.8 billion

FUJIFILM

Value from Innovation

At Fujifilm, we are continuously innovating — creating new technologies, products and services that inspire and excite people everywhere.

Our goal is to empower the potential and expand the horizons of tomorrow's businesses and lifestyles.

FUJIFILM Holdings Corporation

Corporate Communication Office, Corporate Planning Div.

<http://www.fujifilmholdings.com/en/index.html>

Earnings for FY2017/3 1Q

Appendix

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FY2017/3 1Q Appendix

FUJIFILM

Earnings for FY2017/3 1Q

■ Imaging Solutions

(Billions of yen)

Revenue	1Q		
	FY2016/3	FY2017/3	Change
Photo Imaging	58.3	52.6	(5.7) (-9.9%)
Electronic Imaging	16.3	15.9	(0.4) (-2.4%)
Optical Devices	10.3	8.2	(2.1) (-19.8%)
Optical Device & Electronic Imaging Products	26.6	24.1	(2.5) (-9.1%)
Total	84.9	76.7	(8.2) (-9.7%)

Note: After elimination of intersegment transaction.

(Billions of yen)

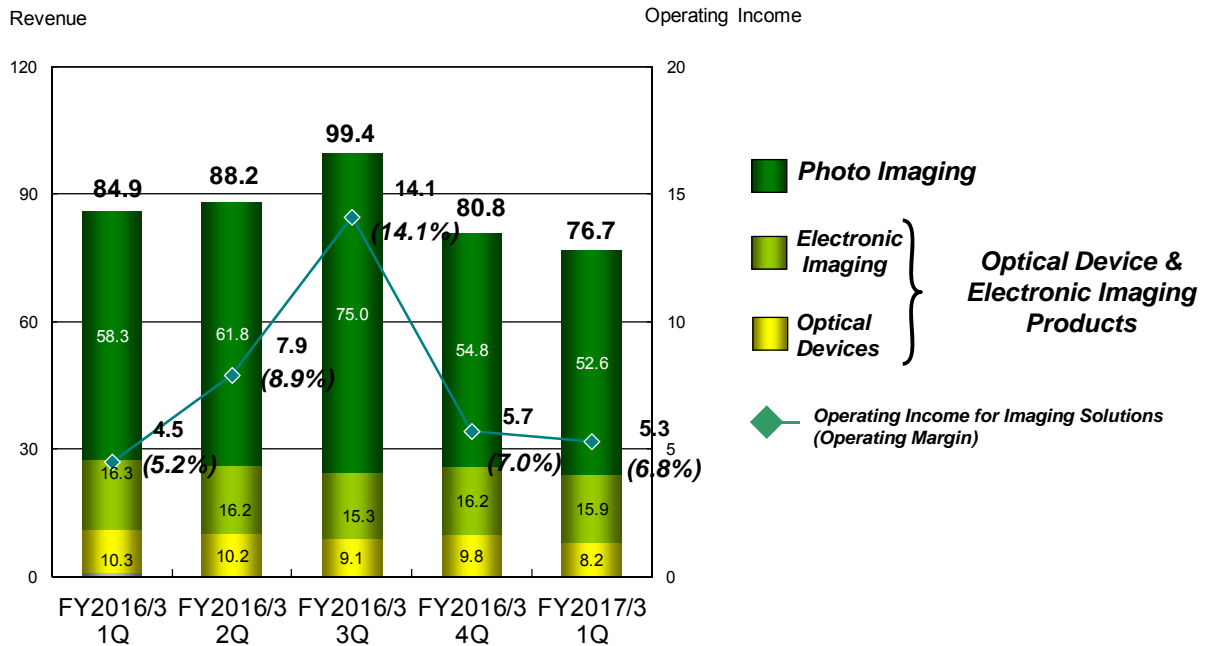
Operating Income [Operating Margin]	1Q		
	FY2016/3	FY2017/3	Change
Imaging Solutions	4.5 [5.2%]	5.3 [6.8%]	0.8 (+17.5%)

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Change in Quarterly Earnings by Operating Segment

■ Imaging Solutions

(Billions of yen)



Earnings for FY2017/3 1Q

■ Information Solutions

(Billions of yen)

Revenue	1Q		
	FY2016/3	FY2017/3	Change
Healthcare	88.0	83.1	(4.9) (-5.6%)
FPD Materials	20.9	23.7	2.8 (+13.4%)
Industrial Products Electronic Materials	25.3	25.3	0.0 (-0.2%)
Highly Functional Materials	46.2	49.0	2.8 (+5.9%)
Recording Media	10.8	9.8	(1.0) (-9.2%)
Graphic Systems	71.5	64.1	(7.4) (-10.4%)
Others	1.6	1.8	0.2 (+16.5%)
Total	218.1	207.8	(10.3) (-4.7%)

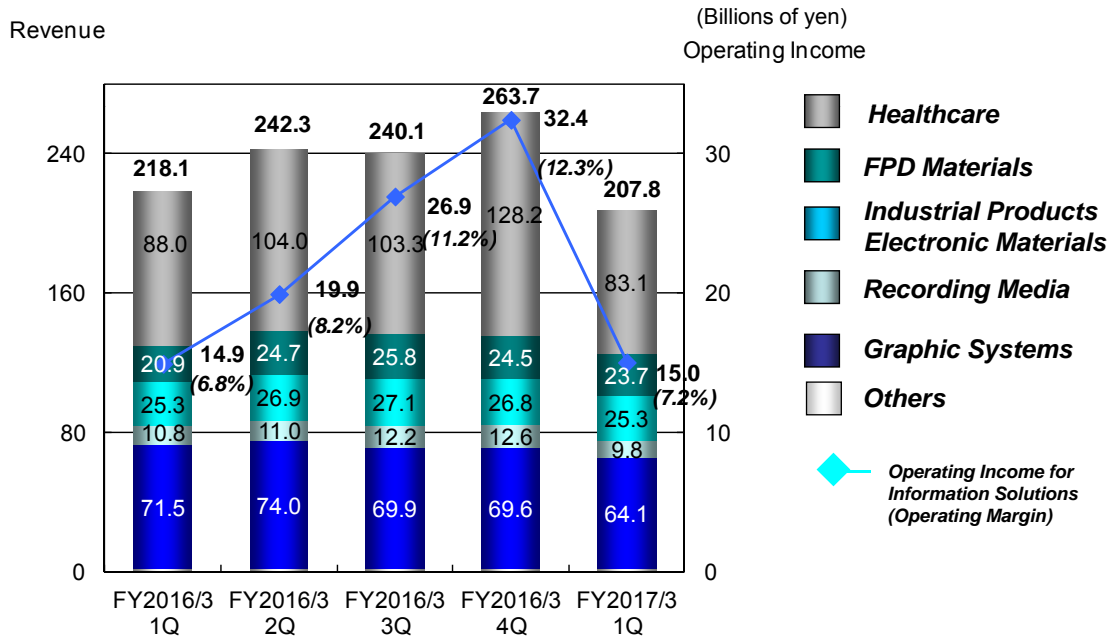
Note: After elimination of intersegment transaction.

(Billions of yen)

Operating Income [Operating Margin]	1Q		
	FY2016/3	FY2017/3	Change
Information Solutions	14.9 [6.8%]	15.0 [7.2%]	0.1 (+0.7%)

Change in Quarterly Earnings by Operating Segment

Information Solutions



Earnings for FY2017/3 1Q

Document Solutions

(Billions of yen)

Revenue	1Q		
	FY2016/3	FY2017/3	Change
Office Products	125.5	118.9	(6.6) (-5.3%)
Office Printers	51.5	39.2	(12.3) (-23.9%)
Production Services	38.0	33.6	(4.4) (-11.6%)
Global Services	44.0	44.6	0.6 (+1.4%)
Others	28.9	26.2	(2.7) (-9.2%)
Total	287.9	262.5	(25.4) (-8.8%)

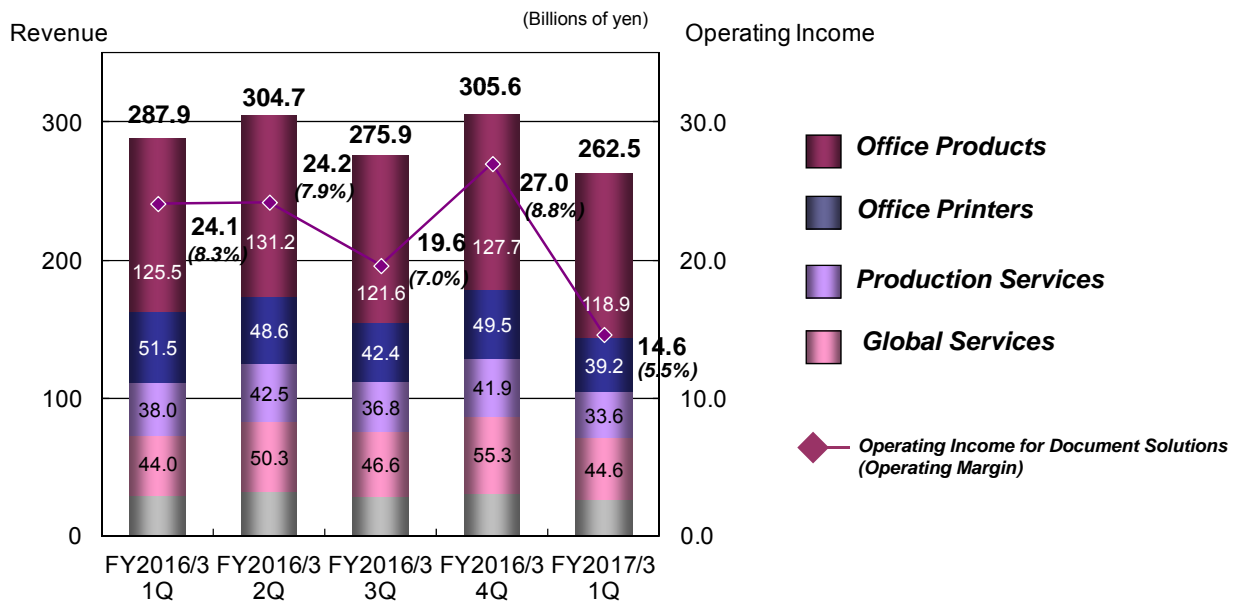
Note: After elimination of intersegment transaction.

(Billions of yen)

Operating Income [Operating Margin]	1Q		
	FY2016/3	FY2017/3	Change
Document Solutions	24.1 [8.3%]	14.6 [5.5%]	(9.5) (-39.2%)

Change in Quarterly Earnings by Operating Segment

Document Solutions



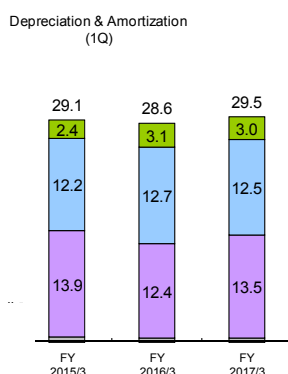
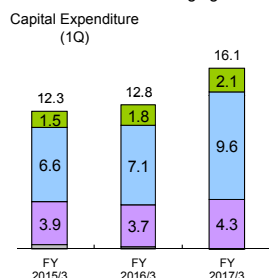
Revenue from Domestic and Overseas

(Billions of yen)

	FY2016/3 1Q		FY2017/3 1Q		Change	
	Ratio (%)		Ratio (%)			
Domestic	38.4%	227.0	40.5%	221.7	(5.3)	(-2.3%)
The Americas	21.3%	126.1	19.9%	108.6	(17.5)	(-13.9%)
Europe	12.1%	71.2	11.7%	64.0	(7.2)	(-10.2%)
China	10.9%	64.6	11.6%	63.3	(1.3)	(-2.0%)
Asia and others	28.2%	166.6	27.9%	152.7	(13.9)	(-8.3%)
Overseas	61.6%	363.9	59.5%	325.3	(38.6)	(-10.6%)
Consolidated total	100.0%	590.9	100.0%	547.0	(43.9)	(-7.4%)

Capital Expenditure , Depreciation & Amortization

■ Corporate
 ■ Document
 ■ Information
 ■ Imaging



(Billions of yen)

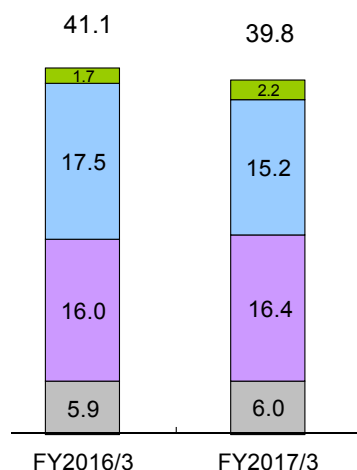
	1Q			Full year		
	FY 2015/3	FY 2016/3	FY 2017/3	FY 2015/3	FY 2016/3	FY2017/3 (forecast)
Imaging	1.5	1.8	2.1	7.9	10.1	-
Information	6.6	7.1	9.6	29.3	39.3	-
Document	3.9	3.7	4.3	17.3	23.3	-
Corporate	0.3	0.2	0.1	1.6	1.4	-
Capex *	12.3	12.8	16.1	56.1	74.1	95.0
Imaging	2.4	3.1	3.0	11.1	12.9	-
Information	12.2	12.7	12.5	51.0	52.0	-
Document	13.9	12.4	13.5	58.7	54.5	-
Corporate	0.6	0.4	0.5	2.1	2.0	-
Depreciation & Amortization	29.1	28.6	29.5	122.9	121.4	120.0
Depreciation*	15.7	15.2	14.1	65.1	65.9	68.0

*Note: Figures do not include amounts for rental equipment handled by the Document Solutions segment and others.

R&D Expenses, SG&A Expenses

■ Imaging
 ■ Information
 ■ Document
 ■ Corporate

R&D Expenses (1Q)



(Billions of yen)

	1Q		Full year	
	FY2016/3	FY2017/3	FY2016/3	FY2017/3 (Forecast)
Imaging	1.7	2.2	8.0	-
Information	17.5	15.2	67.3	-
Document	16.0	16.4	63.2	-
Corporate	5.9	6.0	24.5	-
R&D Expenses	41.1	39.8	163.0	170.0
<ratio to revenue>	7.0%	7.3%	6.5%	6.7%
SG&A Expenses	154.5	151.3	622.4	-
<ratio to revenue>	26.1%	27.7%	25.0%	-

Exchange Rates, Raw Material Prices, and Number of Employees

Exchange Rates

(yen)

	FY2016/3					FY2017/3	
	1Q	2Q	3Q	4Q	Full year	1Q	Full year (forecast)
US\$/¥	121	122	122	115	120	108	110
€/¥	134	136	133	128	133	122	125

Raw Material Prices (Average)

(¥1,000/kg)

	FY2016/3					FY2017/3	
	1Q	2Q	3Q	4Q	Full year	1Q	Full year (forecast)
Silver	64	60	58	54	60	57	60

Number of Employees

	2015 Jun.	2015 Sep.	2015 Dec.	2016 Mar.	2016 Jun.
Consolidated Total	78,792	78,158	77,928	78,150	78,882

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Pipeline

Development code	Therapeutic category	Formulation	Region	Development stage	Note
T-705	Anti-influenza drug	Oral	Japan	Approved	Approved in March 2014 (AVIGAN®)
			U.S.A.	P III	Under clinical trials utilizing subsidy from the U.S. Department of Defense
T-3811	Quinolone synthetic antibacterial drug	Oral	China	Submitted an application for permission	Already launched as <i>Geninax</i> in Japan
T-2307	Antifungal drug	Injection	U.S.A.	P I completed	
T-817MA	Alzheimer's disease drug	Oral	U.S.A.	P II	Undertaking clinical trials with the Alzheimer's Disease Cooperative Study
			Japan	P II	Engaging in the search and identification of biomarkers with the CiRA of Kyoto University
T-4288	Macrolide antibacterial drug	Oral	Japan	P II	
Bio ITK-1	Castration-resistant prostate cancer drug	Injection	Japan	P III	
FF-10501	Relapsed or Refractory myelodysplastic syndrome drug	Oral	Japan	P I completed	
			U.S.A.	P I	Promoting clinical trial with the MD Anderson Cancer Center
FF-10502	Advanced/recurrent pancreatic/ovarian cancer drug	Injection	U.S.A.	P I	Promoting clinical trial with the MD Anderson Cancer Center
			Europe/Japan	Under non-clinical trial	
Bio FF-21101	Advanced/recurrent non-small cell lung/pancreatic cancer drug (armed antibody)	Injection	U.S.A.	P I	Promoting clinical trial with the MD Anderson Cancer Center
			Europe/Japan	Under non-clinical trial	
F-1311	Diagnostic drug for prostate cancer (Radiopharmaceuticals)		Japan	P II	
FF-10101	Acute Myeloid Leukemia (AML) drug	Oral	U.S.A.	Under non-clinical trial	

Note: FKB327 (a biosimilar of adalimumab) of FUJIFILM KYOWA KIRIN Biologics (FKB), an equity method affiliated company is under phase III clinical trial in U.S.A. and other countries. FKB238 (a biosimilar of bevacizumab) of JV between FKB and AstraZeneca is under phase I clinical trial in Europe.

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Consolidated Financial Forecast for FY2017/3 by Segments (as of Jul. 27, 2016)

(Billions of yen)

Revenue	FY2016/3	FY2017/3	Change
Imaging Solutions	353.3	365.0	11.7
Information Solutions	964.2	985.0	20.8
Document Solutions	1,174.1	1,200.0	25.9
Total	2,491.6	2,550.0	58.4

Note: After elimination of intersegment transaction.

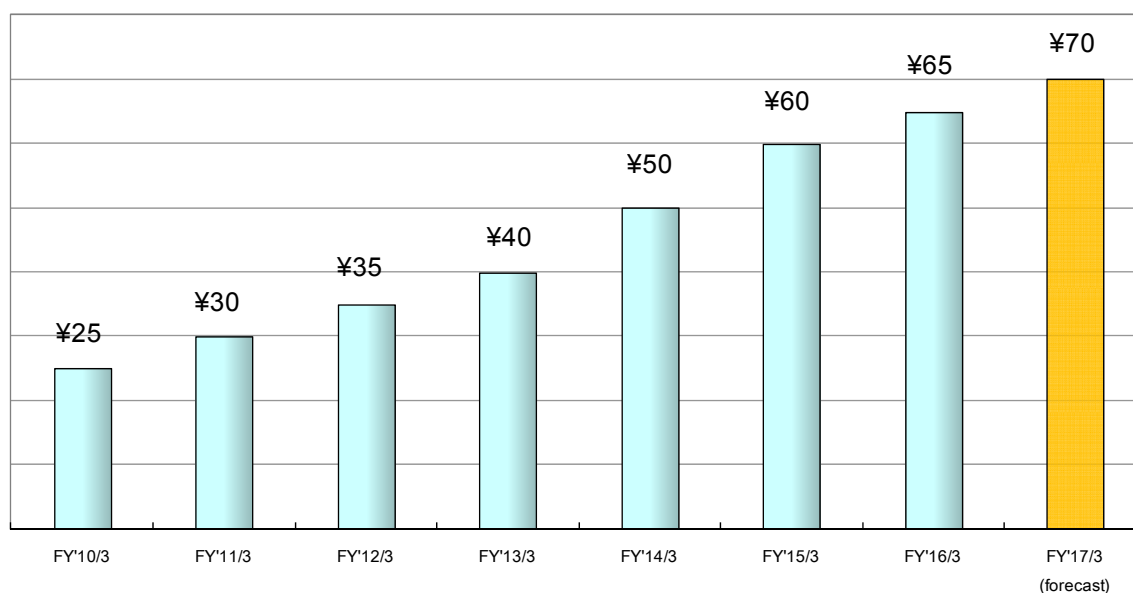
Operating Income	FY2016/3	FY2017/3	Change
Imaging Solutions	32.2	38.0	5.8
Information Solutions	94.1	102.0	7.9
Document Solutions	94.9	110.0	15.1
Corporate Expenses & Eliminations	(30.0)	(30.0)	0.0
Total	191.2	220.0	28.8

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Shareholder Returns

Dividend

Dividend for FY2017/3 is planned ¥70 per share, increased ¥5 from previous fiscal year. The dividend increase will be the 7 consecutive years.



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Appendix

[FUJIFILM Holdings – Investor Relations](#)

<http://www.fujifilmholdings.com/en/investors/index.html>

[FUJIFILM Holdings Annual Report 2016](#)

http://www.fujifilmholdings.com/en/investors/annual_reports/2016/index.html

[IR Events Materials](#)

http://www.fujifilmholdings.com/en/investors/ir_events/business_presentations/index.html

- Business presentation materials
- Dec. 2015 Business Presentation for Electronic Materials Business
- Mar. 2016 Presentation of R&D activities
- May. 2016 Presentation of Document Solutions

[What Kind of Company is Fujifilm?](#)

<http://www.fujifilmholdings.com/en/investors/guidance/index.html>

FUJIFILM

Value from Innovation

At Fujifilm, we are continuously innovating — creating new technologies, products and services that inspire and excite people everywhere.

Our goal is to empower the potential and expand the horizons of tomorrow's businesses and lifestyles.

FUJIFILM Holdings Corporation

Corporate Communication Office, Corporate Planning Div.

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