

Earnings of FY2019/3 1H

FUJIFILM Holdings Corporation

Nov. 7, 2018

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.

I would like to present FUJIFILM Holdings' financial results for the first half of the fiscal year ending March 2019.

Performance for FY2019/3 1H : Main Points

**Operating income was in line with the initial target.
Revenue was flat, while operating income largely increased
compared to the previous fiscal year.**

Performance
by segment
(Compared to the
previous fiscal
year)

- ✓ Revenue
Document decreased due to reduction in business of low-profit, low-end printers, while medical systems, bio CDMO, display materials and electronic materials increased
- ✓ Operating income
Medical systems, display materials and electronic materials increased, document largely increased

Special note
(2Q)

- ✓ Structural reforms in document made good progress
- ✓ Started buyback of the Company's shares of ¥100.0 billion, ¥ 22.2 billion bought back by the end of September
- ✓ Established FUJIFILM Toyama Chemical to accelerate development of new drugs

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Let me explain the main points for the first half of the fiscal year ending March 2019.

In the first half of the fiscal year ending March 2019, revenue slightly decreased due to further reduction of low-profit business compared to the initial target, while operating income was in line with the initial target.

Compared to the previous fiscal year, revenue remained at the same level while operating income largely increased.

Regarding performance by segment, sales increased in the medical systems, bio CDMO, display materials and electronic materials business.

Though sales decreased in the document business due to a reduction in low-profit, low-end printers and a change in an accounting method for recognizing revenue from purchased products, if these negative impacts are excluded, the overall revenue had increased. Operating income increased in the medical systems, display materials and electronic materials business, and largely increased in the document business.

In the second quarter, structural reforms at Fuji Xerox, announced in January this year, made good progress.

We started buyback of the Company's shares of up to ¥100.0 billion, and bought back ¥ 22.2 billion by the end of September.

In October, we established FUJIFILM Toyama Chemical to accelerate a development of new drugs.

Consolidated Performance for FY2019/3 1H (Apr. 2018 – Sep. 2018)

(Billions of yen)

	1H				
	FY2018/3 (After amendment)	FY2019/3	Change	Influence of exchange rate	Constant- currency basis
Revenue	1,187.9 100.0%	1,172.7 100.0%	(15.2) -1.3%	(4.1)	(11.1) -0.9%
Operating Income	72.3 6.1%	83.9 7.2%	11.6 +16.0%	(0.5)	12.1 +16.7%
Income before Income Taxes	100.2 8.4%	98.8 8.4%	(1.4) -1.3%	(1.8)	0.4 +0.4%
Net Income Attributable to FUJIFILM Holdings	70.9 6.0%	65.5 5.6%	(5.4) -7.6%	(1.2)	(4.2) -5.9%
Net Income Attributable to FUJIFILM Holdings per Share	¥161.92	¥152.43	(¥9.49)		
Exchange Rates	US\$/¥ ¥111	¥110	(¥1)		
	€/¥ ¥126	¥130	¥4		

〈Other factors of change (YoY)〉 Operating income --- Raw material prices: -¥1.4 billion

*The changes in the classification of the presentation of net periodic pension cost and net periodic postretirement benefit cost are applied retroactively, according to the update of U.S. accounting standards.

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Let's move on to detailed performance information for the first half of the fiscal year ending March 2019.

Consolidated revenue totaled ¥1,172.7 billion, at the same level as the previous fiscal year, reflecting such factors as a sales decrease in the document business due to a reduction in low-profit, low-end printer business, while sales increased in such businesses as the medical systems, bio CDMO, display materials and electronic materials.

Operating income increased due to improvements in profitability in each business, and due to a positive impact from structural reforms in the document business, to ¥83.9 billion, up 16.0% from the previous fiscal year.

Income before income taxes came to ¥98.8 billion, down 1.3% from the previous fiscal year. Net income attributable to FUJIFILM Holdings totaled ¥65.5 billion, down 7.6% from the previous fiscal year.

These reductions are because of a profit gained from a stock valuation booked in the previous fiscal year at the time of consolidating Wako Pure Chemical Industries, Ltd.

Consolidated Revenue and Operating Income by Segment

(Billions of yen)

Revenue	1H		Change		Influence of exchange rate	Constant-currency basis	
	FY2018/3	FY2019/3					
Imaging Solutions	174.8	175.9	1.1	(+0.6%)	(0.4)	1.5	(+0.8%)
Healthcare	200.8	223.4	22.6	(+11.3%)	(1.0)	23.6	(+11.8%)
Healthcare & Material Solutions	480.8	499.0	18.2	(+3.8%)	(1.1)	19.3	(+4.0%)
Document Solutions	532.3	497.8	(34.5)	(-6.5%)	(2.6)	(31.9)	(-6.0%)
Total	1,187.9	1,172.7	(15.2)	(-1.3%)	(4.1)	(11.1)	(-0.9%)

Note: After elimination of intersegment transactions.

(Billions of yen)

Operating Income	1H		Change		Influence of exchange rate	Constant-currency basis	
	FY2018/3 (After amendment)	FY2019/3					
Imaging Solutions	23.8	21.6	(2.2)	(-9.1%)	0.1	(2.3)	(-9.8%)
Healthcare	1.2	2.4	1.2	(+90.5%)	(0.4)	1.6	(+121.7%)
Healthcare & Material Solutions	37.1	37.5	0.4	(+1.0%)	(0.7)	1.1	(+2.9%)
Document Solutions	26.6	43.3	16.7	(+63.0%)	0.1	16.6	(+62.6%)
Corporate Expenses & Eliminations	(15.2)	(18.5)	(3.3)	-	0.0	(3.3)	-
Total	72.3	83.9	11.6	(+16.0%)	(0.5)	12.1	(+16.7%)

Let's move on to segment specific information.

The Imaging Solutions segment recorded revenue of ¥175.9 billion, up 0.6% year-on-year.

Operating income totaled ¥21.6 billion, down 9.1% from the previous fiscal year due to such factors as advertising and promotion costs and upfront R&D investment.

The Healthcare & Material Solutions segment recorded revenue of ¥499.0 billion, up 3.8% year-on-year.

Though expenses related to an integration of pharmaceuticals subsidiaries were recorded, operating income totaled ¥37.5 billion, up 1.0% from the previous fiscal year due to such factors as profit increase in accordance with higher revenue.

Within the Healthcare & Material Solutions segment, the healthcare business recorded revenue of ¥223.4 billion, up 11.3% year-on-year.

Operating income totaled ¥2.4 billion, up ¥1.2 billion from the previous fiscal year.

Document Solutions recorded revenue of ¥497.8 billion, down 6.5% year-on-year, due to such factors as a reduction in low-profit, low-end printer business and a change in an accounting method for recognizing revenue from purchased products.

Operating income totaled ¥43.3 billion, up 63.0% from the previous fiscal year due to improved profitability in each business and a positive impact from structural reforms.

Performance Summary of FY2019/3 1H FUJIFILM

Summary by Operating Segment

■ Imaging Solutions	Revenue		YoY		Operating income		YoY	
	175.9	1.1	(+0.6%)	21.6	(2.2)	(-9.1%)	(Billions of yen)	

- In the photo imaging business, sales were strong for instant photo systems such as the *instax* series and *instax* films. *instax SQUARE SQ6*, the instant camera launched in May 2018 gained popularity with the younger generation who are familiar with SNS.
- The sales volume of *instax* series totaled 3.5 million units.
- In the electronic imaging business, *FUJIFILM X-T3* was launched in September. The sales were favorable, receiving recognition for its high-speed, high-precision auto focus and high video performance. Sales of interchangeable lenses remained solid.
- In the optical device business, sales increased for various industrial-use lenses. We put our effort in increasing the market share by strengthening our product lineup to address expanding needs for 4K video creation, announcing the launch of portable broadcast lenses with the world's highest 46x zoom.

Revenue increased due to solid sales in all businesses, while operating income decreased due to advertising and promotion costs and R&D investment.

First, I would like to present the results for our Imaging Solutions segment.

In the photo imaging business, sales were strong for instant photo systems such as the *instax* series and *instax* films. The sales volume of the *instax* series totaled 3.5 million units in the first half of this fiscal year. *instax SQUARE SQ6*, the instant camera launched in May 2018, has gained popularity with the younger generation familiar with SNS. We will work on a further increase in sales and brand awareness of *instax* through a global promotion featuring Taylor Swift as the *instax* global partner.

In the electronic imaging business, we launched *FUJIFILM X-T3*, which carries the fourth-generation new sensor and high-speed image processing engine for the *X Series*. It has received recognition for its high-speed, high-precision auto focus and high video performance, and contributed to a revenue increase. Sales of interchangeable lenses were also favorable and to capture the increasing demand for interchangeable lenses, an expansion of production facilities has been decided.

In the optical device business, sales of various industrial-use lenses proceeded steadily. We are strengthening our product lineup to address expanding needs for 4K video creation, announcing a launch of 4K portable broadcast lenses with the world's highest 46x zoom.

In the Imaging Solutions segment, revenue increased due to solid sales in all businesses, while operating income decreased due to such factors as advertising and promotion costs and R&D investment for next generation products for further sales expansion.

Summary by Operating Segment

Healthcare & Material Solutions	Revenue		YoY		Operating income		YoY	
	(Billions of yen)							
	499.0	18.2	(+3.8%)	37.5	0.4	(+1.0%)		

• In the healthcare business field, the medical systems business enjoyed brisk sales in such business areas X-ray imaging diagnostics and endoscopes. In the pharmaceutical business, *Avigan Tablet*, the anti-influenza drug, was supplied to a national stockpile in Japan. Fujifilm established FUJIFILM Toyama Chemical as of October 2018 to accelerate a development of new drugs. In the bio CDMO business, expansion of facilities contributed to an increase in contract manufacturing and development of bio-pharmaceuticals.

• As for the highly functional materials business field, in addition to solid sales of TAC products, strong sales of products related to touch-panels and OLED were seen in the display materials business. In the electronic materials business, sales increased mainly for advanced products of photo resists and peripheral materials related to photolithography.

• In the recording media business, though sales decreased, we are expanding the sales of magnetic tapes for data storage, using unique technologies such as barium ferrite (BaFe) particles. In the graphic systems business, sales decreased due to a decline in total demand for graphic arts film and CTP plates. In the inkjet business, favorable sales were seen in ink and industrial inkjet printheads.

Revenue increased due to strong sales in the medical systems, bio CDMO, display materials and electronic materials. Operating income increased due to improvements in profitability of each business.

Next is our Healthcare & Material Solutions segment.

In the healthcare business field, the medical systems business enjoyed brisk sales in such business areas as X-ray imaging diagnostics and endoscopes.

In the pharmaceutical business, overall sales increased due to the supply of the *Avigan Tablet*, the anti-influenza drug, to a national stockpile in Japan. Also, Fujifilm made TOYAMA CHEMICAL a wholly-owned subsidiary and merged the company with FUJIFILM RI Pharma to form FUJIFILM Toyama Chemical as of October 2018 in order to accelerate a development of new drugs.

In the bio CDMO business the contract process development and manufacturing business of bio-pharmaceuticals progressed favorably. Expansion of facilities, which has been conducted since last fiscal year contributed to the sales increase.

In the regenerative medicine business, sales increased due to favorable sales of cell culture media for bio-pharmaceuticals by Irvine Scientific Sales Company and IS JAPAN, which Fujifilm acquired in June 2018.

In the life science business, strong sales of products including relaunched *ASTALIFT ESSENCE DESTINY serum* and supplements such as the *MetabARRIER* series contributed to a revenue increase.

As for the highly functional materials business field, in addition to solid sales of TAC products, strong sales of products related to touch-panels and OLED were seen in the display materials business.

Among the industrial products, the sales of *EXCLEAR*, touch-panel sensor films, showed steady growth along with industrial-use X-ray film and *Prescale*, pressure measurement film.

In the electronic materials business, sales increased mainly for advanced products of photo resists and peripheral materials related to photolithography. As the semiconductor market expands, Fujifilm aims to achieve growth that exceeds the market rate with its extensive product line-up.

In the fine chemical business, the sales remained at the same level as the previous year, reflecting the solid sales of such products as polymerization initiator, which is one of raw materials for high water absorption resins.

In the recording media business, though sales decreased, we are expanding the sales of magnetic tapes for data storage, using unique technologies such as barium ferrite (BaFe) particles.

In the graphic systems business, sales decreased due to a decline in total demand for graphic arts film and CTP plates. In the printing plates field, we are expanding the sales of such high value-added products as process-less plates with high environmental performance.

In the inkjet business, solid sales were seen in ink and industrial inkjet printheads mainly in the ceramics field. Fujifilm plans to expand its sales not only in the existing fields, but also in new areas such as textile and others by introducing unique products.

In the Healthcare & Material Solutions segment, revenue increased due to strong sales in the medical systems, bio CDMO, display materials and electronic materials business. Operating income increased due to improvements in profitability of each business and so on.

Summary by Operating Segment

Document Solutions

(Billions of yen)				
Revenue	YoY		Operating income	YoY
497.8	(34.5)	(-6.5%)	43.3	16.7 (+63.0%)

- In the office products business, though overall sales volume decreased from the previous fiscal year, the sales of multifunction devices developed for the Chinese market remained solid. In the office printer business, we reduced business of low-end printers.
- In the production services business, though the overall number of sales units decreased mainly in the low-to-mid speed models, strong sales were seen for a high-speed and high-quality on-demand color production printer mainly in the U.S. and Europe.
- In the solutions and services business, though the sales of business-specific solutions and BPO contracts showed steady growth, overall sales decreased due to a change in an accounting method for recognizing revenue from purchased products.

Though revenue declined due to a reduction in low-profit, low-end printer business and so on, sales in China and solutions and services business remained solid. Operating income largely increased due to a positive impact from improvements in profitability and structural reforms.

Lastly, I would like to talk about the Document Solutions segment.

First, as for the office products business within the office products and printers business, though the overall sales volume decreased from the previous fiscal year, the sales of multifunction devices developed for the Chinese market remained solid. In the office printer business, we reduced business of low-profit, low-end printers.

In the production services business, though the overall number of sales units fell, strong sales were seen for an on-demand production color printer called the *Iridesse™ Production Press* mainly in the U.S. and Europe. In May 2018, Fuji Xerox opened Future Edge, a hub for open innovation to work together with its customers on transforming communications utilizing printing technologies. Expansion of sales is targeted through demonstration of enhanced productivity of print operations and work-style innovations.

In the solutions and services business, though the sales of business-specific solutions and BPO (Business Process Outsourcing) contracts showed steady growth, overall sales decreased due to a change in an accounting method for recognizing revenue from purchased products. With the new value creation strategy called *Smart Work Innovation*, Fuji Xerox launched *Smart Work Entry*, a solution to improve efficiency in cumbersome processing of handwritten information with the use of unique AI (artificial intelligence) technologies in July. We aim for further growth in the service field by continuously providing services that support our customers in improvements of work efficiency and productivity.

Revenue in the Document Solutions segment declined due to a reduction in some low-profit, low-end printer business and others. Operating income increased due to such factors as improvements in profitability and a positive impact from structural reforms.

We will continue our efforts to expand growing areas such as the solutions and services business and the production services business, while enhancing profitability by accomplishing structural reforms.

Consolidated Balance Sheet

(Billions of yen)

	Mar. 17	Mar. 18	Sep. 18	Change from Mar. 18		Mar. 17	Mar. 18	Sep. 18	Change from Mar. 18
Cash and cash equivalents	876.0	768.2	600.6	(167.6)	Short-term and long-term debt	558.8	454.2	451.0	(3.2)
Notes and accounts receivable	635.8	619.1	585.8	(33.3)	Notes and accounts payable	257.9	248.5	241.2	(7.3)
Inventories	339.2	361.3	403.7	42.4	Other liabilities	448.4	491.5	420.9	(70.6)
Other current assets	183.8	112.2	100.9	(11.3)	Total liabilities	1,265.1	1,194.2	1,113.1	(81.1)
Total current assets	2,034.8	1,860.8	1,691.0	(169.8)	Total FUJIFILM Holdings shareholders' equity	2,043.6	2,079.1	2,084.2	5.1
Property, plant and equipment	520.6	537.5	530.7	(6.8)	Noncontrolling interests	224.5	219.6	201.9	(17.7)
Goodwill, net	499.8	591.6	662.7	71.1	Total equity	2,268.1	2,298.7	2,286.1	(12.6)
Investment securities and other	478.0	503.0	514.8	11.8	Total liabilities and equity	3,533.2	3,492.9	3,399.2	(93.7)
Total noncurrent assets	1,498.4	1,632.1	1,708.2	76.1					(yen)
Total assets	3,533.2	3,492.9	3,399.2	(93.7)	Exchange Rates	Mar. 17	Mar. 18	Sep. 18	Change from Mar. 18
					US\$/¥	¥112	¥106	¥114	¥8
					€/¥	¥120	¥131	¥132	¥1

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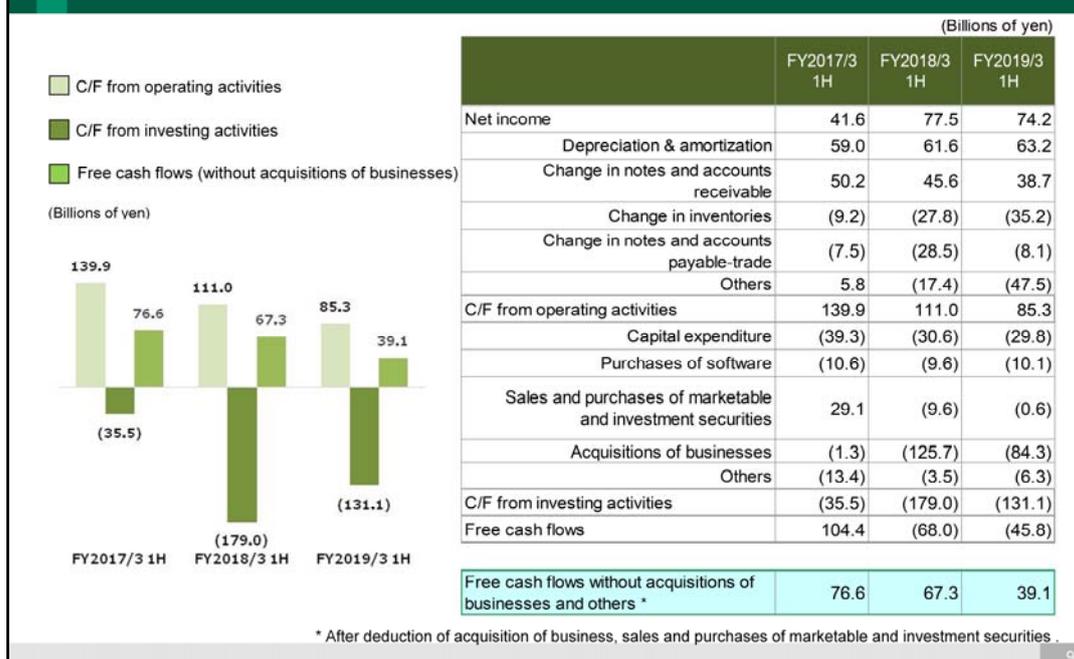
Next, let's look at our balance sheet.

Assets as of the end of September 2018 totaled ¥3,399.2 billion, down by ¥93.7 billion from the end of March 2018, mainly due to a decrease in cash and cash equivalents.

Liabilities decreased by ¥81.1 billion to ¥1,113.1 billion, while shareholders' equity increased by ¥5.1 billion to total ¥2,084.2 billion.

The current ratio increased by 1.0 percentage points to 281.1%. Our debt-equity ratio decreased by 4.0 percentage points to 53.4%, and our shareholders' equity ratio increased by 1.8 percentage points to 61.3%.

Cash Flows



Next, with regard to our cash-flow, net cash provided by operating activities totaled ¥85.3 billion due to a decrease in notes and accounts receivable and other factors.

Net cash used in investing activities amounted to ¥131.1 billion, due to the acquisition of Irvine Scientific Sales Company and IS JAPAN and so on.

As a result, free cash flow without acquisitions of businesses and others was ¥39.1 billion.

Earnings for FY2019/3 1H

Structural Reforms of Fuji Xerox

Let me talk about our initiatives for structural reforms of Fuji Xerox, a consolidated subsidiary.

Structural Reforms of Fuji Xerox

Structural reforms progressed smoothly, realized ¥8.5 billion of positive impact in FY2019/3 1H. Business base to be established in new growth areas.

	FY2018/3 Actual	FY2019/3 Forecast	From FY2020/3 Forecast
Structural reform expenses etc.	¥70.0 billion (Full year)	¥25.0 billion	¥6.0 billion
Positive impact (Compared to FY2017/3)	-	¥27.0 billion	¥55.0 billion

FY2019/3	1Q (actual)	2Q (actual)	1H (actual)	Full year (forecast)
Structural reform expenses etc.	¥3.3 billion	¥1.8 billion	¥5.1 billion	¥25.0 billion
Positive impact (Compared to FY2017/3)	¥1.0 billion	¥7.5 billion	¥8.5 billion	¥27.0 billion

As for our initiatives for structural reforms of Fuji Xerox, announced on January 31 this year, one-time expenses including structural reform costs in the first half of the fiscal year ending March 2019 totaled ¥5.1 billion, while a positive impact from the structural reforms was ¥8.5 billion.

By executing structural reforms, we aim to establish a business base where sustainable growth can be realized by reducing expenses and maintaining profitability and productivity to withstand market changes and competition, while reinvesting in new growth areas.

Earnings of FY2019/3 1H

Forecast for FY2019/3

Forecast for FY2019/3					FUJIFILM
Consolidated Financial Forecast for FY2019/3 (as of Nov. 7, 2018)					
(Billions of yen)					
	FY2018/3 (After amendment)	FY2019/3 (Previous forecast)	FY2019/3	Change from previous forecast	Change from previous year
Revenue	2,433.4	2,510.0	2,470.0	(40.0)	36.6
	100.0%	100.0%	100.0%	-1.6%	+1.5%
Operating income excluding one-time expenses	193.3	225.0	225.0	0.0	31.7
One-time expenses including structural reform expenses	(70.0)	(25.0)	(25.0)	0.0	45.0
Operating Income	123.3	200.0	200.0	0.0	76.7
	5.1%	8.0%	8.1%	0.0%	+62.2%
Income before Income Taxes	197.8	205.0	205.0	0.0	7.2
	8.1%	8.2%	8.3%	0.0%	+3.6%
Net Income Attributable to FUJIFILM Holdings	140.7	130.0	130.0	0.0	(10.7)
	5.8%	5.2%	5.3%	0.0%	-7.6%
Net Income Attributable to FUJIFILM Holdings per Share	¥322.62	¥302.16	¥305.31	¥3.15	(¥17.31)
ROE	6.8%	6.2%	6.2%	0.0%	-0.6%
Exchange Rates US\$/¥	¥111	¥110	¥110	-	(¥1)
€/¥	¥130	¥130	¥130	-	-
Silver Price (/kg)	¥61,000	¥62,000	¥59,000	(¥3,000)	(¥2,000)

Currency impact vs previous forecast	
Revenue	-15.0
Operating Income	-4.0

* Exchange rate
sensitivity for
operating income
(FY2019/3 full year)
US\$/¥: ¥0.8 billion
€/¥: ¥0.8 billion

Regarding our consolidated financial forecast for the fiscal year ending March 2019, we lowered our forecast for revenue by ¥40.0 billion to ¥2,470.0 billion, by thoroughly conducting a reduction in low-profit business as part of strengthening business operations in the Document Solutions segment. We will retain 1.5% revenue growth compared to the previous fiscal year.

On the other hand, although we had a negative impact from weak emerging-market currencies, the forecast for operating income, ¥200.0 billion, up 62.2% from the previous fiscal year, has not been revised from the previous forecast as improvements in profitability and structural reforms at Fuji Xerox are making good progress.

The forecast for income before income taxes and net income attributable to FUJIFILM Holdings are not revised from the previous forecast, either. We will continue to advance our growth strategy, while promoting further expansion of sales and improvement in profitability in order to achieve our consolidated financial forecast.

The buyback of the Company's shares of ¥100.0 billion, which started in August this year, has proceeded according to the plan. The annual dividend for the fiscal year ending March 2019 is expected to be 80 yen per share, an increase of 5 yen from the previous fiscal year. We will strengthen shareholder returns, in addition to achieving the operating profit target through business activities.

Fujifilm Group Global Branding Campaign: NEVER STOP



Fujifilm started its “NEVER STOP” global branding campaign in Japan and the U.S. from October, to communicate its diverse array of business operations as well as its corporate mindset continuing to take on new challenges. Roll-out planned at later dates in Europe, China and Southeast Asia.

Finally, we would like to introduce our global branding campaign “NEVER STOP” started from October.

In our history, we enhanced our presence in the global market by “never stopping” to challenge and technically surpass Kodak, who was the global leader in the photographic film industry.

From the year 2000 onwards, we bravely confronted a crisis of losing our core business, which was a sudden decline in demand for photographic film, and we “never stopped,” taking the bold decision to launch the “Second Foundation” of the company, greatly transforming its business structure.

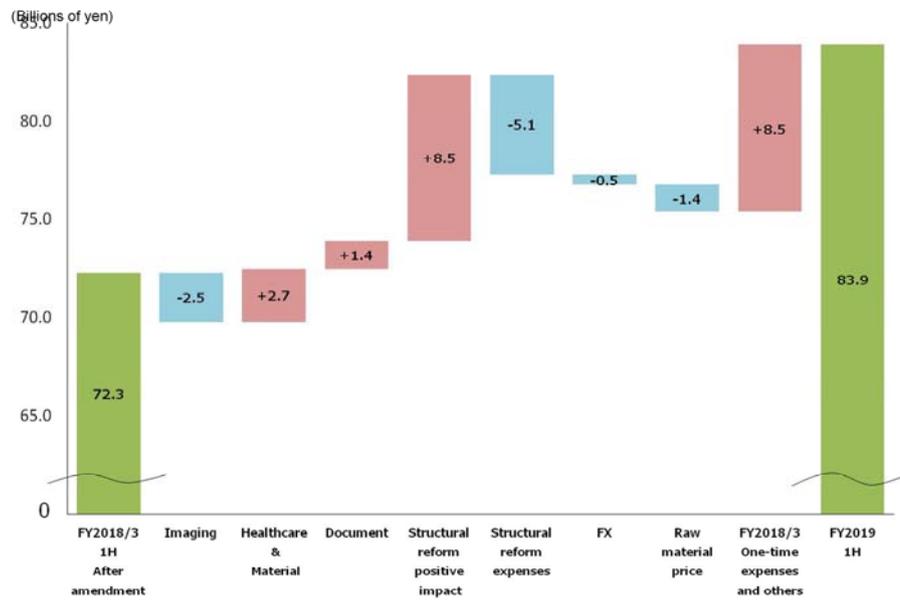
Now, we provide new value through innovative advanced technologies, contributing to the solution of various issues facing society, and “never stop” building on our innovations and expertise to achieve continued corporate growth.

Through this campaign, we will communicate our diverse array of business operations as well as its corporate mindset continuing to take on new challenges around the world, as we aim for further growth globally.

Earnings for FY2019/3 1H

Appendix

Analysis of Operating Income Change (Against FY2018/3 1H)



Earnings for FY2019/3 2Q/1H

(Billions of yen)

	2Q			1H		
	FY2018/3 (After amendment)	FY2019/3	Change	FY2018/3 (After amendment)	FY2019/3	Change
Revenue	616.4 100.0%	607.8 100.0%	(8.6) -1.4%	1,187.9 100.0%	1,172.7 100.0%	(15.2) -1.3%
Operating Income	38.2 6.2%	47.0 7.7%	8.8 +23.0%	72.3 6.1%	83.9 7.2%	11.6 +16.0%
Income before Income Taxes	42.6 6.9%	53.0 8.7%	10.4 +24.7%	100.2 8.4%	98.8 8.4%	(1.4) -1.3%
Net Income Attributable to FUJIFILM Holdings	27.1 4.4%	37.2 6.1%	10.1 +37.2%	70.9 6.0%	65.5 5.6%	(5.4) -7.6%
Exchange Rates	US\$/¥ ¥111	¥111	-	¥111	¥110	(¥1)
	€/¥ ¥130	¥130	-	¥126	¥130	¥4

〈Other factors of change (2Q/1H YoY)〉 Operating income --- Raw material prices: -¥0.7 billion / -¥1.4 billion

Earnings for FY2019/3 2Q/1H

(Billions of yen)

Revenue	2Q			1H		
	FY2018/3	FY2019/3	Change	FY2018/3	FY2019/3	Change
Imaging Solutions	89.8	88.0	(1.8) (-2.1%)	174.8	175.9	1.1 (+0.6%)
Healthcare	109.5	121.6	12.1 (+11.2%)	200.8	223.4	22.6 (+11.3%)
Healthcare & Material Solutions	250.8	263.1	12.3 (+4.9%)	480.8	499.0	18.2 (+3.8%)
Document Solutions	275.8	256.7	(19.1) (-6.9%)	532.3	497.8	(34.5) (-6.5%)
Total	616.4	607.8	(8.6) (-1.4%)	1,187.9	1,172.7	(15.2) (-1.3%)

Note: After elimination of intersegment transactions.

(Billions of yen)

Operating Income [Operating Margin]	2Q			1H		
	FY2018/3 (After amendment)	FY2019/3	Change	FY2018/3 (After amendment)	FY2019/3	Change
Imaging Solutions	11.3 [12.5%]	9.4 [10.7%]	(1.9) (-16.8%)	23.8 [13.5%]	21.6 [12.2%]	(2.2) (-9.1%)
Healthcare	2.4 [2.2%]	1.6 [1.3%]	(0.8) (-33.3%)	1.2 [0.6%]	2.4 [1.1%]	1.2 (+90.5%)
Healthcare & Material Solutions	18.6 [7.4%]	19.4 [7.4%]	0.8 (+4.2%)	37.1 [7.7%]	37.5 [7.5%]	0.4 (+1.0%)
Document Solutions	16.2 [5.8%]	28.4 [11.0%]	12.2 (+75.5%)	26.6 [5.0%]	43.3 [8.6%]	16.7 (+63.0%)
Corporate Expenses & Eliminations	(7.9)	(10.2)	(2.3)	(15.2)	(18.5)	(3.3)
Total	38.2 [6.2%]	47.0 [7.7%]	8.8 (+23.0%)	72.3 [6.1%]	83.9 [7.2%]	11.6 (+16.0%)

FY2019/3 2Q (3 Months) Performance by Operating Segment**Imaging Solutions**

- In the photo imaging business, sales were strong for instant photo systems such as the *instax* series and *instax* films.
- In the electronic imaging business, we launched *FUJIFILM X-T3* in September. It has received recognition for its high-speed, high-precision auto focus and high video performance, and sold well.

Healthcare & Material Solutions

- In the healthcare business field, the medical systems business enjoyed brisk sales in such business areas as X-ray imaging diagnostics and ultrasound. In the pharmaceutical business, the *Avigan Tablet*, the anti-influenza drug, was supplied to a national stockpile in Japan. In the bio CDMO business the contract process development and manufacturing business of bio pharmaceuticals progressed favorably. In the regenerative medicine business, we have successfully developed intestinal epithelial cells derived from human iPS cells in joint research conducted with Nagoya City University.
- In the highly functional materials business field, solid sales of TAC products and new products related to touch-panels and OLED were seen in the display materials business. In the industrial products business, the sales of *EXCLEAR* were favorable. Revenue in the electronic materials business increased, reflecting strong sales of such advanced products as peripheral materials related to photolithography.

Document Solutions

- Though sales in China and the solutions and services business remained solid, revenue declined due to a reduction in low-profit printer business and a change in an accounting method for recognizing revenue from purchased products. With the new value creation strategy called *Smart Work Innovation*, Fuji Xerox is sequentially providing services with the use of unique AI technologies to support customers in improvements of work efficiency and productivity.
- Operating income largely increased due to a positive impact from structural reforms and so on.

Earnings for FY2019/3 2Q/1H

■ Imaging Solutions

(Billions of yen)

Revenue	2Q					1H						
	FY2018/3	FY2019/3	Change	Constant-currency basis		FY2018/3	FY2019/3	Change	Constant-currency basis			
Photo Imaging	58.6	57.1	(1.5)	(-2.6%)	(0.9)	(-1.6%)	112.4	112.9	0.5	(+0.4%)	0.9	(+0.8%)
Electronic Imaging	21.4	21.3	(0.1)	(-0.3%)	0.2	(+1.3%)	43.7	44.1	0.4	(+1.0%)	0.4	(+1.1%)
Optical Devices	9.8	9.6	(0.2)	(-3.0%)	(0.1)	(-2.6%)	18.7	18.9	0.2	(+0.8%)	0.2	(+0.7%)
Optical Device & Electronic Imaging Products	31.2	30.9	(0.3)	(-1.1%)	0.1	(+0.1%)	62.4	63.0	0.6	(+0.9%)	0.6	(+1.0%)
Total	89.8	88.0	(1.8)	(-2.1%)	(0.8)	(-1.0%)	174.8	175.9	1.1	(+0.6%)	1.5	(+0.8%)

Note: After elimination of intersegment transactions.

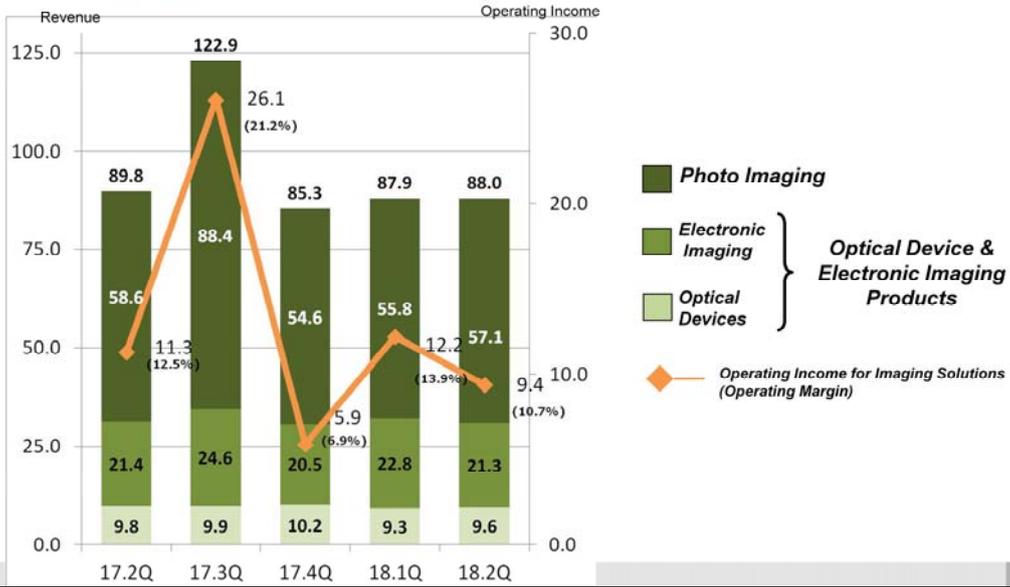
(Billions of yen)

Operating Income [Operating Margin]	2Q					1H						
	FY2018/3 (After amendment)	FY2019/3	Change	Constant-currency basis		FY2018/3 (After amendment)	FY2019/3	Change	Constant-currency basis			
Imaging Solutions	11.3 [12.5%]	9.4 [10.7%]	(1.9)	(-16.8%)	(1.2)	(-10.6%)	23.8 [13.5%]	21.6 [12.2%]	(2.2)	(-9.1%)	(2.3)	(-9.8%)

Change in Quarterly Earnings by Segment

■ Imaging Solutions

(Billions of yen)



Earnings for FY2019/3 2Q/1H

Healthcare & Material Solutions

(Billions of yen)

Revenue	2Q						1H					
	FY2018/3	FY2019/3	Change		Constant-currency basis		FY2018/3	FY2019/3	Change		Constant-currency basis	
Healthcare	109.5	121.6	12.1	(+11.2%)	13.1	(+12.1%)	200.8	223.4	22.6	(+11.3%)	23.6	(+11.8%)
Display Materials	22.7	27.7	5.0	(+22.3%)	5.0	(+22.3%)	47.0	50.7	3.7	(+7.9%)	3.7	(+7.9%)
Industrial Products												
Electronic Materials	42.9	44.1	1.2	(+2.9%)	0.9	(+2.2%)	85.0	87.7	2.7	(+3.1%)	2.6	(+3.1%)
Fine Chemical												
Highly Functional Materials	65.6	71.8	6.2	(+9.6%)	5.9	(+9.2%)	132.0	138.4	6.4	(+4.8%)	6.3	(+4.8%)
Recording Media	10.5	8.7	(1.8)	(-17.7%)	(1.8)	(-17.6%)	22.1	18.0	(4.1)	(-18.5%)	(4.0)	(-18.0%)
Graphic Systems/Inkjet	65.0	60.7	(4.3)	(-6.8%)	(3.9)	(-6.2%)	125.6	118.6	(7.0)	(-5.6%)	(6.9)	(-5.5%)
Others	0.2	0.3	0.1		0.1		0.3	0.6	0.3		0.3	
Total	250.8	263.1	12.3	(+4.9%)	13.4	(+5.4%)	480.8	499.0	18.2	(+3.8%)	19.3	(+4.0%)

Note: After elimination of intersegment transactions.

(Billions of yen)

Operating Income [Operating Margin]	2Q						1H					
	FY2018/3 (After amendment)	FY2019/3	Change		Constant-currency basis		FY2018/3 (After amendment)	FY2019/3	Change		Constant-currency basis	
Healthcare	2.4 [2.2%]	1.6 [1.3%]	(0.8)	(-33.3%)	(0.1)	(-4.2%)	1.2 [0.6%]	2.4 [1.1%]	1.2	(+90.5%)	1.6	(+121.7%)
Healthcare & Material Solutions	18.6 [7.4%]	19.4 [7.4%]	0.8	(+4.2%)	1.6	(+8.6%)	37.1 [7.7%]	37.5 [7.6%]	0.4	(+1.0%)	1.1	(+2.9%)

Change in Quarterly Earnings by Segment

Healthcare & Material Solutions



Earnings for FY2019/3 2Q/1H

Document Solutions

(Billions of yen)

Revenue	2Q						1H					
	FY2018/3	FY2019/3	Change		Constant-currency basis		FY2018/3	FY2019/3	Change		Constant-currency basis	
Office Printers	38.9	32.6	(6.3)	(-16.0%)	(6.0)	(-15.3%)	77.7	62.7	(15.0)	(-19.3%)	(14.4)	(-18.5%)
Office Products & Printers	158.3	146.6	(11.7)	(-7.4%)	(10.7)	(-6.8%)	310.4	286.3	(24.1)	(-7.8%)	(22.8)	(-7.3%)
Production Services	35.2	32.4	(2.8)	(-7.7%)	(2.6)	(-6.9%)	67.2	61.6	(5.6)	(-8.3%)	(5.4)	(-7.9%)
Solutions & Services	68.9	66.4	(2.5)	(-3.5%)	(1.8)	(-2.6%)	128.5	124.3	(4.2)	(-3.2%)	(3.3)	(-2.5%)
Others	13.4	11.3	(2.1)		(1.9)		26.2	25.6	(0.6)		(0.4)	
Total	275.8	256.7	(19.1)	(-6.9%)	(17.0)	(-6.2%)	532.3	497.8	(34.5)	(-6.5%)	(31.9)	(-6.0%)

Note: After elimination of intersegment transactions.

(Billions of yen)

Operating Income [Operating Margin]	2Q						1H					
	FY2018/3 (After amendment)	FY2019/3	Change		Constant-currency basis		FY2018/3 (After amendment)	FY2019/3	Change		Constant-currency basis	
Document Solutions	16.2 [5.8%]	28.4 [11.0%]	12.2	(+75.5%)	13.2	(+81.7%)	26.6 [5.0%]	43.3 [8.6%]	16.7	(+63.0%)	16.6	(+62.6%)

Change in Quarterly Earnings by Segment

Document Solutions



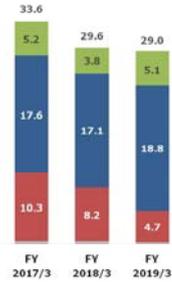
Revenue by Destination

(Billions of yen)

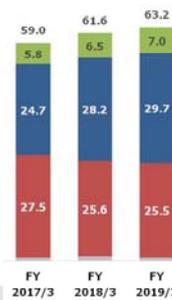
	FY2018/3 1H		FY2019/3 1H		Change	
	Ratio (%)		Ratio (%)			
Domestic	41.2%	489.5	41.0%	480.8	(8.7)	(-1.8%)
The Americas	19.4%	230.0	18.8%	220.0	(10.0)	(-4.3%)
Europe	12.1%	144.4	12.8%	150.4	6.0	(+4.1%)
China	12.2%	145.0	12.7%	149.4	4.4	(+3.1%)
Asia and others	27.3%	324.0	27.4%	321.5	(2.5)	(-0.8%)
Overseas	58.8%	698.4	59.0%	691.9	(6.5)	(-0.9%)
Consolidated total	100.0%	1,187.9	100.0%	1,172.7	(15.2)	(-1.3%)

Capital Expenditure , Depreciation & Amortization

Capital Expenditure (1H)



Depreciation & Amortization (1H)



(Billions of yen)

	2Q			1H			Full year		
	FY 2017/3	FY 2018/3	FY 2019/3	FY 2017/3	FY 2018/3	FY 2019/3	FY 2017/3	FY 2018/3	FY2019/3 (forecast)
Imaging	3.1	2.1	2.1	5.2	3.8	5.1	10.3	9.4	
Healthcare & Material	8.0	9.6	11.5	17.6	17.1	18.8	40.1	42.7	
Document	6.0	3.9	2.7	10.3	8.2	4.7	20.0	13.8	
Corporate	0.4	0.3	0.3	0.5	0.5	0.4	1.4	1.6	
Capex *	17.5	15.9	16.6	33.6	29.6	29.0	71.8	67.5	80.0
Imaging	2.9	3.2	3.6	5.8	6.5	7.0	11.1	13.3	
Healthcare & Material	12.1	14.2	15.4	24.7	28.2	29.7	49.1	57.5	
Document	13.0	12.8	12.5	27.5	25.6	25.5	55.3	54.7	
Corporate	0.5	0.7	0.4	1.0	1.3	1.0	2.1	2.1	
Depreciation & Amortization	28.5	30.9	31.9	59	61.6	63.2	117.6	127.6	119.0
Depreciation *	14.7	16.6	16.7	28.9	32.8	33.4	58.9	66.5	

- Imaging
- Healthcare & Material
- Document
- Corporate

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

R&D Expenses, SG&A Expenses

R&D Expenses (1H)



(Billions of yen)

	2Q		1H		Full year	
	FY2018/3	FY2019/3	FY2018/3	FY2019/3	FY2018/3	FY2019/3 (forecast)
Imaging	2.4	2.4	4.1	4.9	9.0	
Healthcare & Material	18.5	17.2	34.4	35.0	70.0	
Document	14.4	13.4	28.5	27.2	63.5	
Corporate	6.3	6.4	12.2	12.4	25.4	
R&D Expenses	41.6	39.4	79.2	79.5	167.9	161.0
<ratio to revenue>	6.7%	6.5%	6.7%	6.8%	6.9%	6.5%
SG&A Expenses	162.4	164.8	321.5	323.5	677.8	
<ratio to revenue>	26.4%	27.1%	27.0%	27.5%	27.9%	

- Imaging
- Healthcare & Material
- Document
- Corporate

Exchange rates, Raw Material Prices, and Number of Employees

Exchange Rates

(yen)

	FY2018/3					FY2019/3				
	1Q	2Q	1H	2H	Full year	1Q	2Q	1H	2H (forecast)	Full year (forecast)
US\$/¥	111	111	111	111	111	109	111	110	110	110
€/¥	122	130	126	133	130	130	130	130	130	130

Raw Material Prices (Average)

(¥1,000/kg)

	FY2018/3					FY2019/3				
	1Q	2Q	1H	2H	Full year	1Q	2Q	1H	2H (forecast)	Full year (forecast)
Silver	63	60	62	60	61	58	54	57	62	59

Number of Employees

	2017.Sep	2017.Dec	2018.Mar	2018.Jun	2018.Sep
Consolidated Total	80,315	80,067	77,739	77,060	75,329

**Amendment to FY2018/3 Financial Results (Operating Income)
Accompanying the Change in Accounting Method**

(Billions of yen)															
Operating Income	FY 2018/3 (Before amendment)														
	1Q	2Q	3Q	4Q	Full Year										
Imaging Solutions	12.6	11.3	26.1	6.0	56.0										
Healthcare	(0.8)	2.7	5.5	13.3	20.7										
Healthcare & Material Solutions	18.9	19.1	23.2	31.6	92.8										
Document Solutions	11.7	17.4	11.4	(26.5)	14.0										
Corporate Expenses & Eliminations	(7.4)	(7.7)	(8.0)	(9.0)	(32.1)										
Total	35.8	40.1	52.7	2.1	130.7										
(Billions of yen)															
Operating Income	FY 2018/3 (After amendment)														
	1Q	Change	2Q	Change	3Q	Change	4Q	Change	Full Year	Change					
Imaging Solutions	12.5	(0.1)	11.3	0.0	26.1	0.0	5.9	(0.1)	55.8	(0.2)					
Healthcare	(1.2)	(0.4)	2.4	(0.3)	5.2	(0.3)	13.3	0.0	19.7	(1.0)					
Healthcare & Material Solutions	18.5	(0.4)	18.6	(0.5)	22.7	(0.5)	31.6	0.0	91.4	(1.4)					
Document Solutions	10.4	(1.3)	16.2	(1.2)	10.1	(1.3)	(28.3)	(1.8)	8.4	(5.6)					
Corporate Expenses & Eliminations	(7.3)	0.1	(7.9)	(0.2)	(8.0)	0.0	(9.1)	(0.1)	(32.3)	(0.2)					
Total	34.1	(1.7)	38.2	(1.9)	50.9	(1.8)	0.1	(2.0)	123.3	(7.4)					

Consolidated Financial Forecast for FY2019/3 by Segment (as of Nov. 7, 2018)

(Billions of yen)

Revenue	FY2018/3	FY2019/3 (Previous forecast)	FY2019/3	Change from previous forecast	Influence of exchange rate	Change from previous year	
Imaging Solutions	383.0	400.0	400.0	0.0	(3.0)	17.0	(+4.4%)
Healthcare	443.0	475.0	485.0	10.0	(3.0)	42.0	(+9.5%)
Material	559.6	585.0	575.0	(10.0)	(2.0)	15.4	(+2.8%)
Healthcare & Material Solutions	1,002.6	1,060.0	1,060.0	0.0	(5.0)	57.4	(+5.7%)
Document Solutions	1,047.8	1,050.0	1,010.0	(40.0)	(7.0)	(37.8)	(-3.6%)
Total	2,433.4	2,510.0	2,470.0	(40.0)	(15.0)	36.6	(+1.5%)

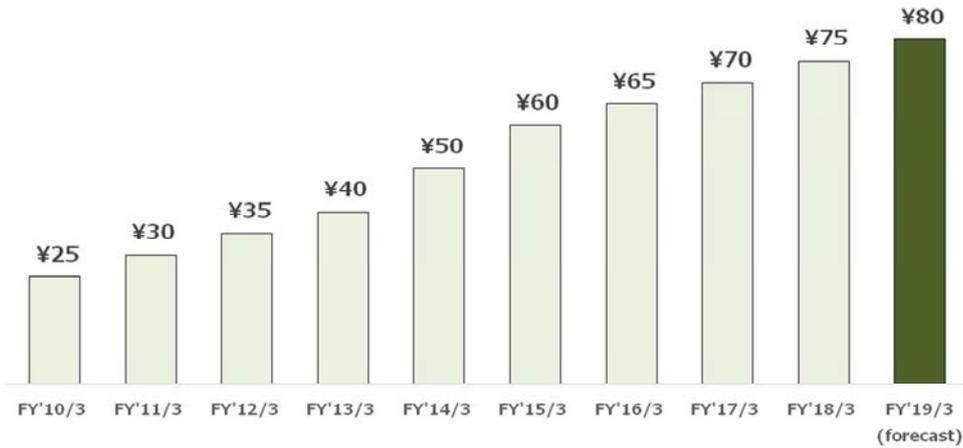
Note: After elimination of intersegment transactions.

Operating Income	FY2018/3 (After amendment)	FY2019/3 (Previous forecast)	FY2019/3	Change from previous forecast	Influence of exchange rate	Change from previous year	
Imaging Solutions	55.8	60.0	60.0	0.0	(1.0)	4.2	(+7.5%)
Healthcare	19.7	21.0	23.0	2.0	(1.5)	3.3	(+16.8%)
Material	71.7	70.0	70.0	0.0	(0.5)	(1.7)	(-2.4%)
Healthcare & Material Solutions	91.4	91.0	93.0	2.0	(2.0)	1.6	(+1.8%)
Operating income excluding one- time expenses	78.4	107.0	107.0	0.0	(1.0)	28.6	(+36.5%)
One-time expenses including structural reform expenses	(70.0)	(25.0)	(25.0)	0.0	0.0	45.0	-
Document Solutions	8.4	82.0	82.0	0.0	(1.0)	73.6	(9.8 times)
Corporate Expenses & Eliminations	(32.3)	(33.0)	(35.0)	(2.0)	0.0	(2.7)	
Total	123.3	200.0	200.0	0.0	(4.0)	76.7	(+62.2%)

Shareholder Returns

■ Dividend

Dividend for FY2019/3 is planned at ¥80 per share, increased by ¥5 from the previous fiscal year. The dividend increase is expected for 9 consecutive years.



Pipeline (as of Nov. 7, 2018)

Development code	Therapeutic category	Formulation	Region	Development stage
T-705	Anti-influenza drug	Oral	Japan	Approved
			U.S.A.	P III
	Severe fever with thrombocytopenia syndrome virus drug	Oral	Japan	P III
T-3811	Quinolone synthetic antibacterial drug	Oral	China	Submitted an application for permission
T-2307	Antifungal drug	Injection	U.S.A.	P I
T-817MA	Alzheimer's disease drug	Oral	U.S.A.	P II
			Japan	P II
T-4288	New fluoroketolide antibacterial drug	Oral	Japan	P III
FF-10501	Myelodysplastic syndrome drug	Oral	Japan	P I
			U.S.A.	P II
FF-10502	Advanced/recurrent solid cancer drug	Injection	U.S.A.	P II
FF-21101	Bio Advanced/recurrent solid cancer drug (Armed antibody)	Injection	U.S.A.	P I
F-1311	Diagnostic drug for prostate cancer (Radiopharmaceuticals)	Injection	Japan	P II
FF-10101	Acute Myeloid Leukemia (AML) drug	Oral	U.S.A.	P I
F-1515	Anti-tumor (neuroendocrine tumors) drug (Radiopharmaceuticals)	injection	Japan	P I
FF-10832	Advanced solid cancer drug (Gemcitabine liposome)	injection	U.S.A.	P I
F-1614	Anti-tumor (pheochromocytoma) drug (Radiopharmaceuticals)	Injection	Japan	P II

Note: FKB327 (a biosimilar of adalimumab) of FUJIFILM KYOWA KIRIN Biologics (FKB), an equity method affiliated company, was filed in EU in September 2018.

FKB238 (a biosimilar of bevacizumab) of JV between FKB and AstraZeneca is under phase III clinical trial in U.S.A., Europe, and others.

The development of ITK-1 (Castration-resistant prostate cancer drug) has been discontinued.

Appendix

FUJIFILM Holdings – Investor Relations

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

FUJIFILM Holdings Integrated Report 2018

http://www.fujifilmholdings.com/en/investors/ir_library/integrated_reports/index.html

IR Events Materials

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

- Business presentation materials

-Dec. 2016 Business Presentation for Pharmaceuticals/Regenerative Medicine Business

-Mar. 2017 Business Presentation for Electronic Materials Business

-Mar. 2018 Business Presentation for Imaging Solutions Businesses

What Kind of Company is Fujifilm?

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

Global Branding Campaign: NEVER STOP

<https://brand.fujifilm.com/neverstop/en/>

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>