

Earnings of FY2020/3 Q1

FUJIFILM Holdings Corporation

Aug. 8, 2019

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 FY2020/3 1Q

Performance for FY2020/3 Q1: Main Points

**Operating income increased year-on-year,
increased by 9.9% on a constant-currency basis.
Performance in line with the plan.**

Performance
by segment
(Compared to the
previous fiscal
year)

Revenue

- ✓ Though the total revenue decreased due to a decline in the imaging business and export to the U.S. and Europe in the document business, the healthcare business expanded driven by the medical systems, bio CDMO and regenerative medicine business.

Operating income

- ✓ Due to increased sales in medical systems and bio CDMO, the healthcare business increased.
- ✓ Document increased by improvements of profitability and positive impacts from structural reforms.
- ✓ Imaging and materials decreased due to lower sales.

Special note

- ✓ Decided to conduct a share buyback of ¥50.0 billion (Aug.8) . In accordance with the medium-term management plan, the share buyback of ¥200.0 billion total will be conducted.
- ✓ The acquisition of a manufacturing subsidiary of Biogen Inc., a U.S.-based large biopharmaceutical company completed (Aug.1) .

Consolidated Performance for FY2020/3 Q1 (Apr. 2019 – Jun. 2019)

(Billions of yen)

	Q1				
	FY2019/3	FY2020/3	Change	Impact of exchange rate	Constant-currency basis
Revenue	564.9 100.0%	535.3 100.0%	(29.6) -5.2%	(7.2)	(22.4) -4.0%
Operating Income	36.9 6.5%	37.1 6.9%	0.2 +0.7%	(3.4)	3.6 +9.9%
Income before Income Taxes	45.8 8.1%	26.4 4.9%	(19.4) -42.4%	(6.8)	(12.6) -27.6%
Net Income Attributable to FUJIFILM Holdings	28.3 5.0%	14.7 2.7%	(13.6) -48.2%	(4.7)	(8.9) -31.7%
Net Income Attributable to FUJIFILM Holdings per Share	¥65.83	¥35.82	(¥30.01)	<Other factors of change (YoY) > Operating income --- Raw material prices: + ¥1.1billion	
Exchange Rates	US\$/¥ €/¥	¥109 ¥130	¥1 (¥7)		

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Consolidated Revenue and Operating Income by Segment

(Billions of yen)

Revenue	Q1		Change		Impact of exchange rate	Constant-currency basis	
	FY2019/3	FY2020/3					
Imaging Solutions	87.9	74.6	(13.3)	(-15.1%)	(1.7)	(11.6)	(-13.2%)
Healthcare	101.8	104.1	2.3	(+2.2%)	(1.6)	3.9	(+3.8%)
Healthcare & Material Solutions	235.9	227.6	(8.3)	(-3.5%)	(2.7)	(5.6)	(-2.4%)
Document Solutions	241.1	233.1	(8.0)	(-3.3%)	(2.8)	(5.2)	(-2.2%)
Total	564.9	535.3	(29.6)	(-5.2%)	(7.2)	(22.4)	(-4.0%)

Note: After elimination of intersegment transactions

(Billions of yen)

Operating Income	Q1		Change		Impact of exchange rate	Constant-currency basis	
	FY2019/3	FY2020/3					
Imaging Solutions	12.2	4.5	(7.7)	(-63.2%)	(0.9)	(6.8)	(-55.8%)
Healthcare	0.8	5.3	4.5	(6.6 times)	(1.1)	5.6	(8.0 times)
Healthcare & Material Solutions	18.1	18.9	0.8	(+4.2%)	(1.0)	1.8	(+9.4%)
Document Solutions	14.9	21.7	6.8	(+45.5%)	(1.6)	8.4	(+56.0%)
Corporate Expenses & Eliminations	(8.3)	(8.0)	0.3	-	0.1	0.2	-
Total	36.9	37.1	0.2	(+0.7%)	(3.4)	3.6	(+9.9%)

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Summary by Operating Segment

■ Imaging Solutions

Revenue	YoY		Operating income	(Billions of yen) YoY	
74.6	(13.3)	(-15.1%)	4.5	(7.7)	(-63.2%)

- In the photo imaging business, revenue decreased due to such factors as declined sales of photographic paper, a drop-off period before new products' launches and inventory adjustments by some U.S. retailers for instant photo systems. Sales expansion is aimed mainly with the hybrid instant camera, *instax mini LiPlay*, launched in June 2019.
- In the electronic imaging business, the sales of entry-level mirrorless digital cameras decreased under severe market conditions. The sales of middle- and high-end models were strong including *FUJIFILM X-T30* launched in March 2019, and *FUJIFILM GFX 100* launched in June 2019.
- In the optical device business, revenue decreased, reflecting a declined demand for industrial use lenses such as vehicle-mounted lenses due to an economic slowdown in China. Fujifilm is enhancing a line-up of new products for business growth such as *FUJIFILM PROJECTOR Z5000*, and the *Premista series* of zoom lenses for cinema cameras.

Revenue decreased due to such factors as declined sales of instant photo systems and mirrorless digital cameras. Operating income decreased due to the revenue decrease.

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Summary by Operating Segment

■ Healthcare & Material Solutions

Revenue	YoY		Operating income	(Billions of yen) YoY	
227.6	(8.3)	(-3.5%)	18.9	0.8	(+4.2%)

- The medical systems business enjoyed brisk sales in such business areas as medical IT and endoscopes. In the bio CDMO business, expansion of facilities contributed to an increase in contract process development and manufacturing of bio-pharmaceuticals. In the regenerative medicine business, sales largely increased by the consolidation of FUJIFILM Irvine Scientific, a leading company in cell culture media, in June 2018.
- In the display materials business, though the overall revenue decreased mainly due to a decline in the demand for *WV film*, the sales of the new products related to OLED showed strong growth.
- In the electronic materials business, sales were solid mainly for advanced peripheral materials related to photolithography.
- In the recording media business, revenue increased due to solid sales of magnetic tape for high volume data storage.
- In the graphic systems business, sales decreased due to a decline in the demand for printing plates.

Though overall revenue decreased, healthcare expanded driven by the bio CDMO, medical systems and regenerative medicine. Operating income increased by improved profitability in healthcare.

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Summary by Operating Segment

(Billions of yen)

Document Solutions

Revenue	YoY		Operating income	YoY	
233.1	(8.0)	(-3.3%)	21.7	6.8	(+45.5%)

- In the office products business, although the sales decreased in export to the U.S. and Europe, the sales of *DocuCentre-VI C2264*, color multifunction devices for small offices and the *ApeosPort-VII C* series, color multifunction devices with enhanced security functions were solid in Japan, Asia and China.
- In the production services business, strong sales continued for a high-speed and high-quality on-demand color production printer called the *Iridesse™ Production Press* in each region.
- In the solutions and services business, a large BPO contract in Australia was acquired. In Japan, sales were favorable with expansion of one-stop services that support the design, maintenance etc. of IT environments in offices.

Though revenue decreased due to such factors as a decline in export to the U.S. and Europe, operating income increased by improvements in profitability and positive impacts from structural reforms.

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Consolidated Balance Sheet

(Billions of yen)

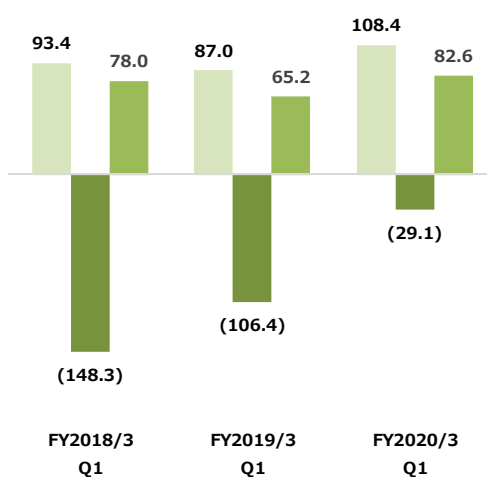
	Mar.18	Mar.19	Jun.19	Change from Mar.19		Mar.18	Mar.19	Jun.19	Change from Mar.19
Cash and cash equivalents	768.2	654.7	702.4	47.7	Short-term and long-term debt	454.2	524.1	524.1	(0.0)
Notes and accounts receivable	619.1	617.8	522.2	(95.6)	Notes and accounts payable	248.5	238.4	219.4	(19.0)
Inventories	361.3	374.5	398.4	23.9	Other liabilities	491.5	407.3	476.8	69.5
Other current assets	112.2	83.9	101.9	18.0	Total liabilities	1,194.2	1,169.8	1,220.3	50.5
Total current assets	1,860.8	1,730.9	1,724.9	(6.0)	Total FUJIFILM Holdings shareholders' equity	2,079.1	2,037.0	2,022.2	(14.8)
Property, plant and equipment	537.5	526.8	518.1	(8.7)	Noncontrolling interests	219.6	207.9	205.3	(2.6)
Goodwill, net	591.6	655.5	645.7	(9.8)	Total equity	2,298.7	2,244.9	2,227.5	(17.4)
Investment securities and other	503.0	501.5	559.1	57.6	Total liabilities and equity	3,492.9	3,414.7	3,447.8	33.1
Total noncurrent assets	1,632.1	1,683.8	1,722.9	39.1					(yen)
Total assets	3,492.9	3,414.7	3,447.8	33.1	Exchange Rates	Mar.18	Mar.19	Jun.19	Change from Mar.19
					US\$/¥	¥106	¥111	¥108	(¥3)
					€/¥	¥131	¥125	¥122	(¥3)

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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)



	(Billions of yen)		
	FY2018/3 Q1	FY2019/3 Q1	FY2020/3 Q1
Net income	47.6	31.3	18.8
Depreciation & amortization	30.7	31.3	30.0
Change in notes and accounts receivable	74.5	58.5	85.9
Change in inventories	(30.6)	(29.3)	(30.4)
Change in notes and accounts payable - trade	(21.2)	(7.5)	(8.9)
Others	(7.6)	2.7	13.0
C/F from operating activities	93.4	87.0	108.4
Capital expenditure	(13.4)	(14.8)	(18.5)
Purchases of software	(3.3)	(3.8)	(3.8)
Sales and purchases of marketable and investment securities	(7.2)	(0.2)	(3.3)
Acquisitions of businesses	(125.7)	(84.4)	0.0
Others	1.3	(3.2)	(3.5)
C/F from investing activities	(148.3)	(106.4)	(29.1)
Free cash flows	(54.9)	(19.4)	79.3
Free cash flows without acquisitions of businesses and others *	78.0	65.2	82.6

* After deduction of acquisitions of businesses, sales and purchases of marketable and investment securities.

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Earnings for FY2020/3 Q1

Structural Reforms of Fuji Xerox

Structural Reforms of Fuji Xerox

(Billions of yen)

	FY2018/3 (Actual)	FY2019/3 (Actual)	FY2020/3 (Forecast)	FY2021/3 (Forecast)	TOTAL
Structural reform expenses etc.	70.0	16.1	10.0	2.0	98.1
Positive impact	0.0	31.0	18.0	6.0	55.0

FY2020/3	Q1 (Actual)	Full Year
Structural reform expenses etc.	4.1	10.0
Positive impact	8.3	18.0

The structural reforms in the Q1 of FY2020/3 proceeded as planned.

Consolidated Financial Forecast for FY2020/3 (as of Aug. 8, 2019)

(Billions of yen)

	FY2019/3	FY2020/3 (VISION2019)	FY2020/3	Change from previous year	Change from VISION2019
Revenue	2,431.5 100.0%	2,600.0 100.0%	2,480.0 100.0%	48.5 +2.0%	(120.0) -4.6%
Operating Income	209.8 8.6%	230.0 8.8%	Record -high 240.0 9.7%	30.2 +14.4%	10.0 +4.3%
Income before Income Taxes	212.8 8.8%	-	Record -high 245.0 9.9%	32.2 +15.2%	-
Net Income	157.1 6.5%	-	Record -high 177.0 7.1%	19.9 +12.6%	-
Net Income Attributable to FUJIFILM Holdings	138.1 5.7%	150.0 5.8%	Record -high 155.0 6.3%	16.9 +12.2%	5.0 +3.3%
Net Income Attributable to FUJIFILM Holdings per Share	¥326.81	-	¥378.71	¥51.90	-
ROE	6.7%	7.3%	7.5%	+0.8%	+0.2%
Exchange Rates US\$/¥	¥111	¥110	¥110	(¥1)	-
€/\$	¥128	¥120	¥125	(¥3)	¥5
Silver Price (/kg)	¥55,000	¥62,000	¥58,000	¥3,000	(¥4,000)

* Exchange rate sensitivity for operating income (FY2020/3 full year) US\$/¥: ¥0.8 billion €/¥: ¥0.8 billion

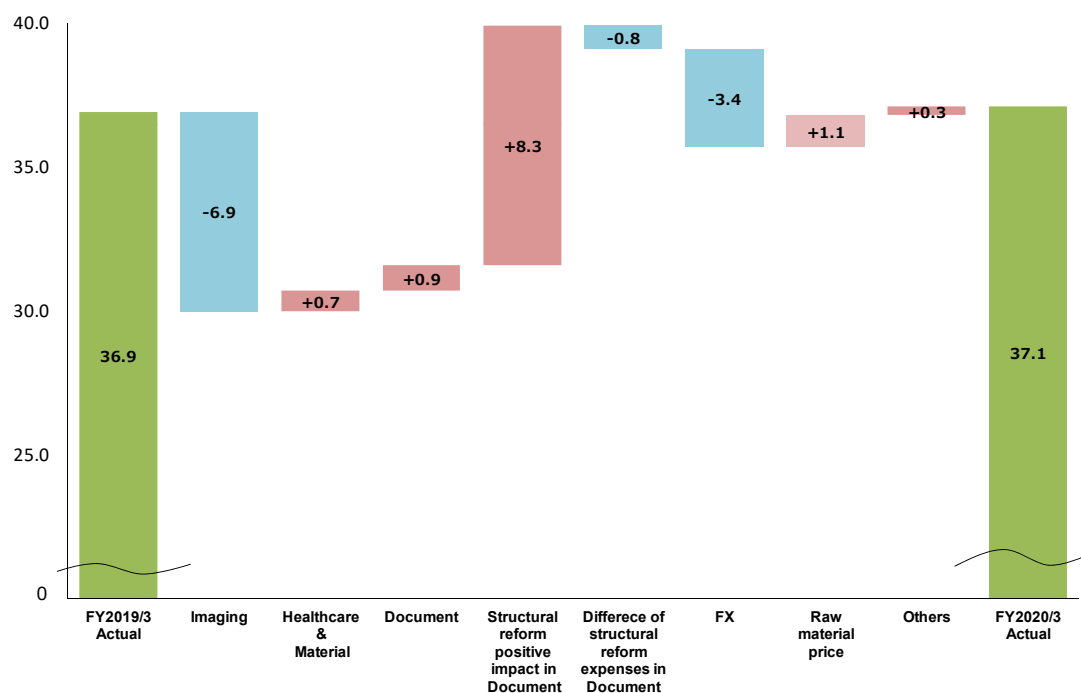
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Earnings for FY2020/3 Q1

Appendix

Analysis of Operating Income Change (Against FY2019/3 Q1)

(Billions of yen)



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Earnings for FY2020/3 Q1

■ Imaging Solutions

(Billions of yen)

Revenue	Q1			
	FY2019/3	FY2020/3	Change	
				Constant-currency basis
Photo Imaging	55.8	46.9	(8.9) (-16.0%)	(8.0) (-14.4%)
Electronic Imaging	22.8	19.6	(3.2) (-13.9%)	(2.5) (-10.8%)
Optical Devices	9.3	8.1	(1.2) (-12.8%)	(1.1) (-12.0%)
Optical Device & Electronic Imaging Products	32.1	27.7	(4.4) (-13.6%)	(3.6) (-11.1%)
Total	87.9	74.6	(13.3) (-15.1%)	(11.6) (-13.2%)

Note: After elimination of intersegment transactions

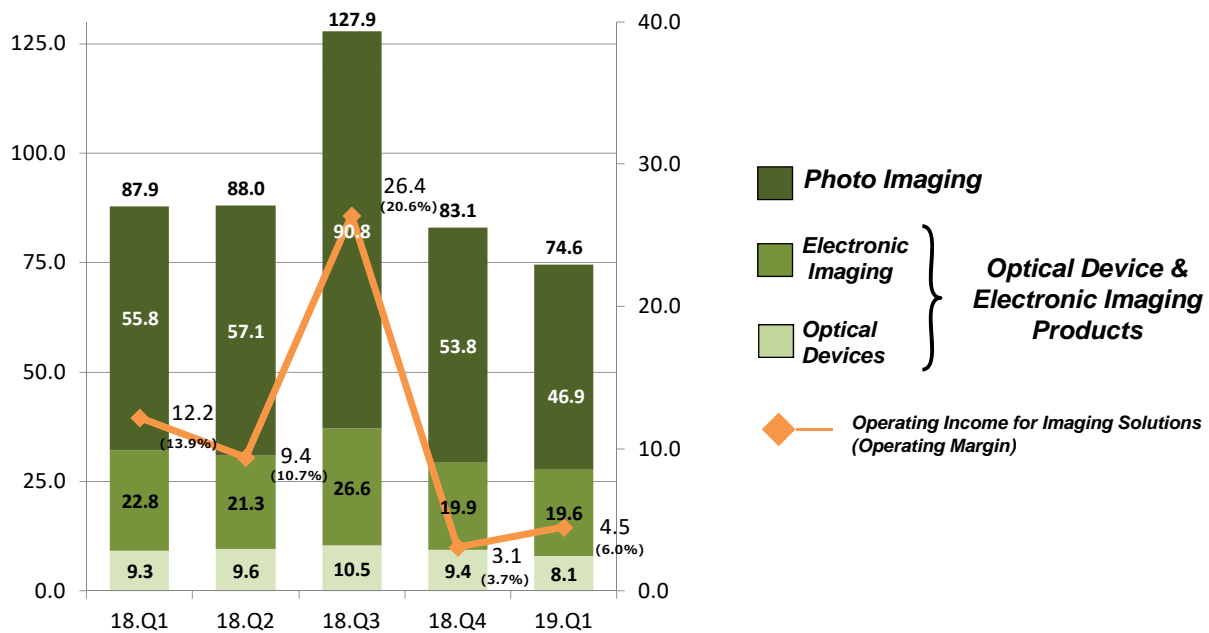
Operating Income [Operating Margin]	Q1			
	FY2019/3	FY2020/3	Change	
				Constant-currency basis
Imaging Solutions	12.2 [13.9%]	4.5 [6.0%]	(7.7) (-63.2%)	(6.8) (-55.8%)

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Change in Quarterly Earnings by Segment

Imaging Solutions

(Billions of yen)
Revenue
Operating Income



Earnings for FY2020/3 Q1

Healthcare & Material Solutions

(Billions of yen)

Revenue	Q1					
	FY2019/3	FY2020/3	Change		Constant-currency basis	
Healthcare	101.8	104.1	2.3	(+2.2%)	3.9	(+3.8%)
Display Materials	23.0	20.8	(2.2)	(-9.5%)	(2.2)	(-9.5%)
Industrial Products Electronic Materials Fine Chemical	43.6	41.2	(2.4)	(-5.2%)	(2.2)	(-4.7%)
Highly Functional Materials	66.6	62.0	(4.6)	(-6.7%)	(4.4)	(-6.4%)
Recording Media	9.3	9.7	0.4	(+3.3%)	0.4	(+3.3%)
Graphic Systems/Inkjet	57.9	51.5	(6.4)	(-11.0%)	(5.5)	(-9.5%)
Others	0.3	0.3	0.0		0.0	
Total	235.9	227.6	(8.3)	(-3.5%)	(5.6)	(-2.4%)

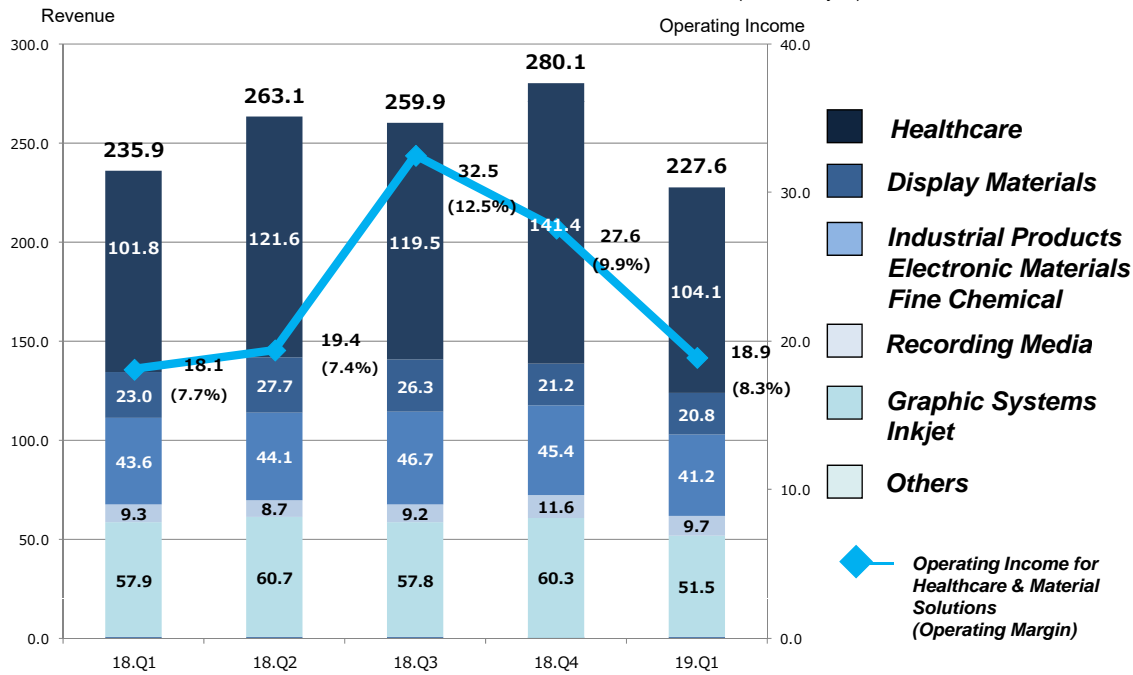
Note: After elimination of intersegment transactions

Operating Income [Operating Margin]	Q1					
	FY2019/3	FY2020/3	Change		Constant-currency basis	
Healthcare	0.8 [0.8%]	5.3 [5.1%]	4.5	(6.6 times)	5.6	(8.0 times)
Healthcare & Material Solutions	18.1 [7.7%]	18.9 [8.3%]	0.8	(+4.2%)	1.8	(+9.4%)

Change in Quarterly Earnings by Segment

Healthcare & Material Solutions

(Billions of yen)



Earnings for FY2020/3 Q1

Document Solutions

(Billions of yen)

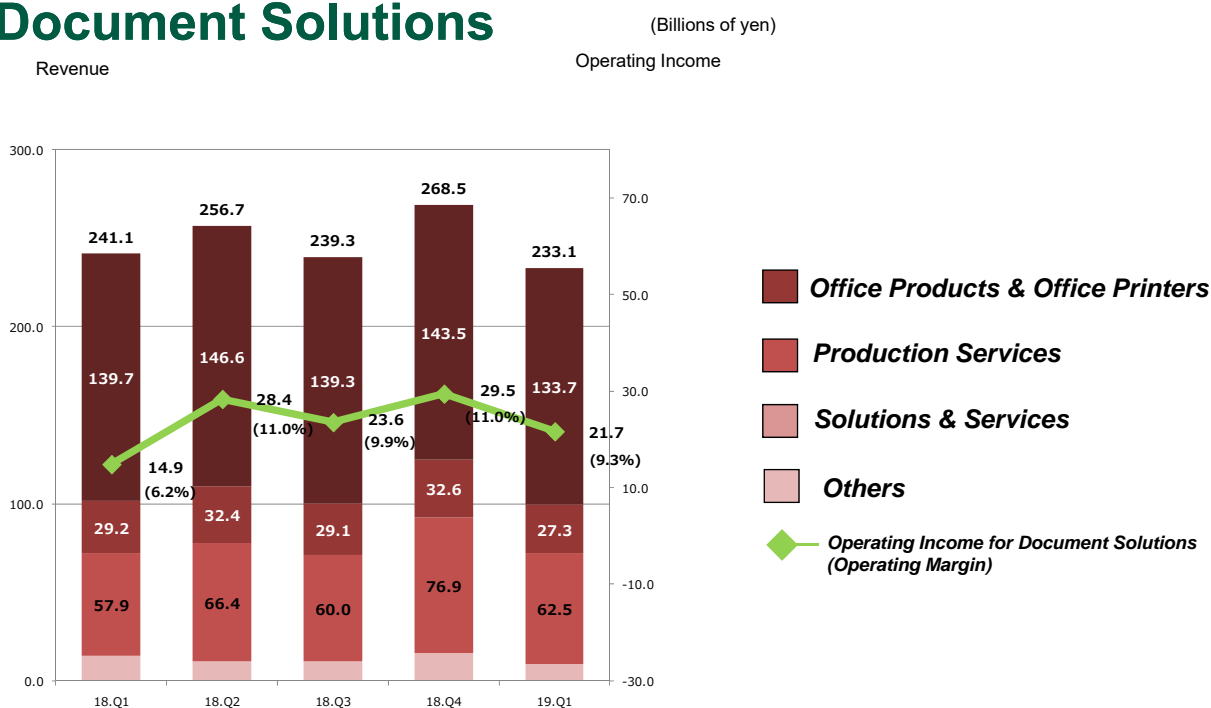
Revenue	Q1			
	FY2019/3	FY2020/3	Change	
Office Printers	30.1	28.8	(1.3)	(-4.3%)
Office Products & Printers	139.7	133.7	(6.0)	(-4.3%)
Production Services	29.2	27.3	(1.9)	(-6.5%)
Solutions & Services	57.9	62.5	4.6	(+8.1%)
Others	14.3	9.6	(4.7)	
Total	241.1	233.1	(8.0)	(-3.3%)

Note: After elimination of intersegment transactions

Operating Income [Operating Margin]	Q1			
	FY2019/3	FY2020/3	Change	
Document Solutions	14.9 [6.2%]	21.7 [9.3%]	6.8	(+45.5%)

Change in Quarterly Earnings by Segment

Document Solutions



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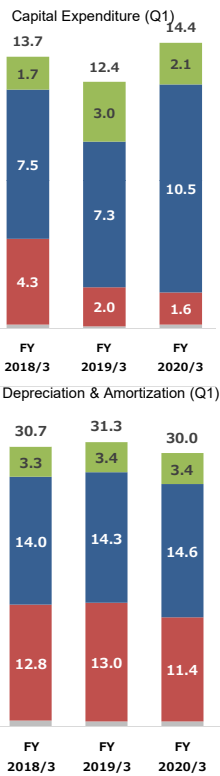
Revenue by Destination

(Billions of yen)

	FY2019/3 Q1		FY2020/3 Q1		Change	
	Ratio (%)		Ratio (%)			
Japan	40.7%	229.9	41.4%	221.4	(8.5)	(-3.7%)
The Americas	19.0%	107.6	18.5%	99.2	(8.4)	(-7.7%)
Europe	12.7%	71.8	12.8%	68.8	(3.0)	(-4.2%)
China	12.9%	73.1	12.8%	68.7	(4.4)	(-5.9%)
Asia and others	27.6%	155.6	27.3%	145.9	(9.7)	(-6.2%)
Overseas	59.3%	335.0	58.6%	313.9	(21.1)	(-6.3%)
Consolidated total	100.0%	564.9	100.0%	535.3	(29.6)	(-5.2%)

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Capital Expenditure, Depreciation & Amortization



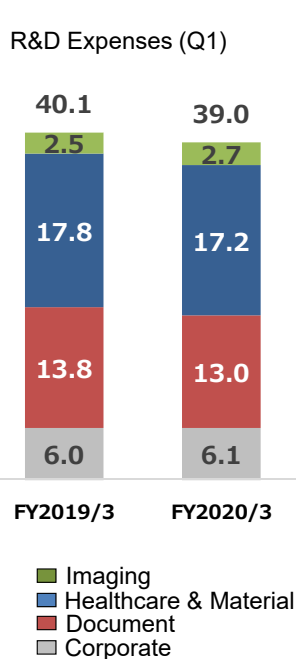
(Billions of yen)

	Q1			Full year		
	FY 2018/3	FY 2019/3	FY 2020/3	FY 2018/3	FY 2019/3	FY2020/3 (forecast)
Imaging	1.7	3.0	2.1	9.4	10.6	
Healthcare & Material	7.5	7.3	10.5	42.7	50.5	
Document	4.3	2.0	1.6	13.8	11.7	
Corporate	0.2	0.1	0.2	1.6	2.6	
Capex *	13.7	12.4	14.4	67.5	75.4	90.0
Imaging	3.3	3.4	3.4	13.3	14.1	
Healthcare & Material	14.0	14.3	14.6	57.5	63.1	
Document	12.8	13.0	11.4	54.7	50.1	
Corporate	0.6	0.6	0.6	2.1	2.6	
Depreciation & Amortization	30.7	31.3	30.0	127.6	129.9	128.0
Depreciation *	16.2	16.7	16.3	66.5	70.9	

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

- Imaging
- Healthcare & Material
- Document
- Corporate

R&D Expenses, SG&A Expenses



(Billions of yen)

	Q1		Full Year	
	FY2019/3	FY2020/3	FY2019/3	FY2020/3 (forecast)
Imaging	2.5	2.7	9.9	
Healthcare & Material	17.8	17.2	69.8	
Document	13.8	13.0	51.2	
Corporate	6.0	6.1	25.2	
R&D Expenses	40.1	39.0	156.1	155.0
<ratio to revenue>	7.1%	7.3%	6.4%	6.3%
SG&A Expenses	158.7	152.3	631.6	
<ratio to revenue>	28.1%	28.4%	26.0%	

Exchange Rates, Raw Material Prices, and Number of Employees

Exchange Rates

(yen)

	FY2019/3					FY2020/3	
	Q1	Q2	Q3	Q4	Full year	Q1	Full year (forecast)
US\$/¥	109	111	113	110	111	110	110
€/¥	130	130	129	125	128	123	125

Raw Material Prices (Average)

(¥1,000/kg)

	FY2019/3					FY2020/3	
	Q1	Q2	Q3	Q4	Full year	Q1	Full year (forecast)
Silver	58	54	53	55	55	53	58

Number of Employees

	2018.Jun	2018.Sep	2018.Dec	2019.Mar	2019.Jun
Consolidated Total	77,060	75,329	74,425	72,332	72,358

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Forecast for FY2020/3

Consolidated Financial Forecast for FY2020/3 (as of Aug. 8, 2019)

(Billions of yen)

	FY2020/3 1H	FY2020/3 2H	FY2020/3
Revenue	1,170.0 100.0%	1,310.0 100.0%	2,480.0 100.0%
Operating Income	93.0 7.9%	147.0 11.2%	240.0 9.7%
Income before Income Taxes	95.0 8.1%	150.0 11.5%	245.0 9.9%
Net Income Attributable to FUJIFILM Holdings	58.0 5.0%	97.0 7.4%	155.0 6.3%

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Consolidated Financial Forecast for FY2020/3 by Segment (as of Aug. 8, 2019)

(Billions of yen)

Revenue	FY2019/3	FY2020/3 (VISION2019)	FY2020/3	Change from previous year		Change from VISION2019
Imaging Solutions	386.9	380.0	400.0	13.1	(+3.4%)	20.0
Healthcare	484.3	500.0	510.0	25.7	(+5.3%)	10.0
Material	554.7	620.0	560.0	5.3	(+1.0%)	(60.0)
Healthcare & Material Solutions	1,039.0	1,120.0	1,070.0	31.0	(+3.0%)	(50.0)
Document Solutions	1,005.6	1,100.0	1,010.0	4.4	(+0.4%)	(90.0)
Total	2,431.5	2,600.0	2,480.0	48.5	(+2.0%)	(120.0)

Note: After elimination of intersegment transactions.

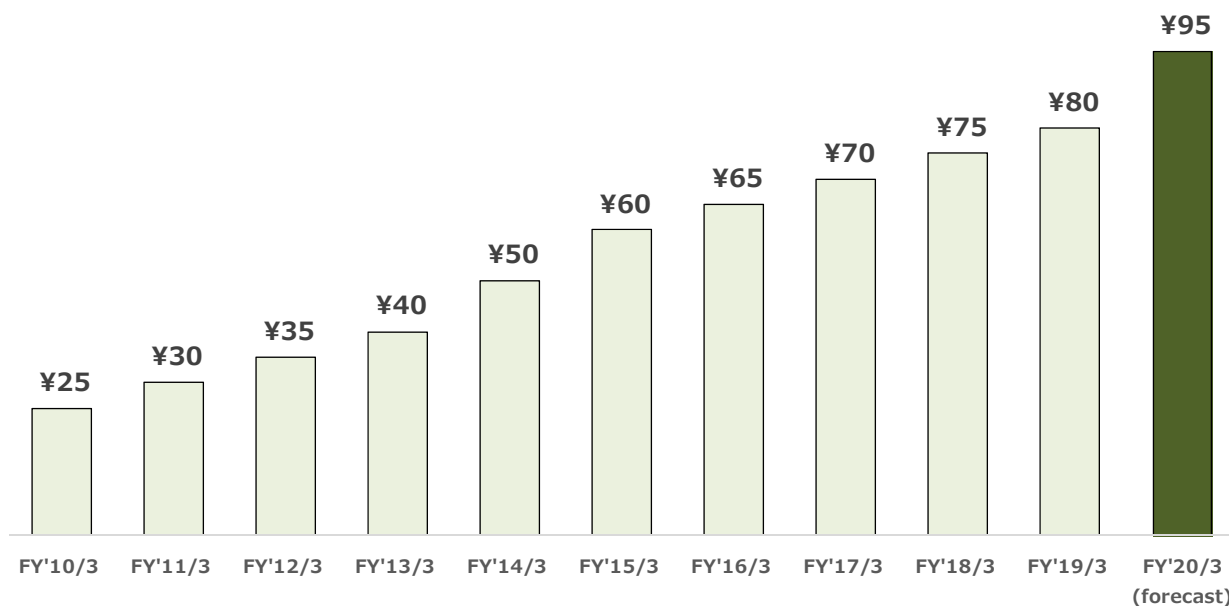
Operating Income	FY2019/3	FY2020/3 (VISION2019)	FY2020/3	Change from previous year		Change from VISION2019
Imaging Solutions	51.1	45.0	53.0	1.9	(+3.7%)	8.0
Healthcare	33.3	40.0	44.0	10.7	(+32.1%)	4.0
Material	64.3	85.0	65.0	0.7	(+1.1%)	(20.0)
Healthcare & Material Solutions	97.6	125.0	109.0	11.4	(+11.7%)	(16.0)
Document Solutions	96.4	95.0	119.0	22.6	(+23.4%)	24.0
Corporate Expenses & Eliminations	(35.3)	(35.0)	(41.0)	(5.7)	-	(6.0)
Total	209.8	230.0	240.0	30.2	(+14.4%)	10.0

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Shareholder Returns

Dividend

Dividend for FY2020/3 is planned at ¥95 per share, increased by ¥15 from the previous fiscal year. The dividend increase is expected for 10 consecutive years.



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Pipeline (as of Aug. 8, 2019)

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	Approved
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
	Functional recovery after stroke (promoting the effect of rehabilitation)		Japan	P II
T-4288	New fluoroketolide antibacterial drug	Oral	Japan	Submitted an application for permission
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 II
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 / II
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

Appendix

[FUJIFILM Holdings – Investor Relations](http://www.fujifilmholdings.com/en/investors/index.html)

<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)

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)

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

• Business presentation materials

- Mar. 2018 Business Presentation for Imaging Solutions Business
- Jan. 2019 Business Presentation for Pharmaceuticals/Bio CDMO/Regenerative Medicine Business
- Feb. 2019 ESG Briefing

[What Kind of Company is Fujifilm?](http://www.fujifilmholdings.com/en/investors/guidance/index.html)

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

[Global Branding Campaign: NEVER STOP](https://brand.fujifilm.com/neverstop/en/)

<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>