

Earnings of FY2015/3 1Q

FUJIFILM Holdings Corporation

Jul. 30, 2014

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.

Consolidated Performance for FY2015/3 1Q (Apr. 2014 – Jun. 2014)

(Billions of yen)

	FY2014/3 1Q	FY2015/3 1Q	Change
Revenue	568.7 100%	558.4 100.0%	(10.3) -1.8%
Operating Income	25.1 4.4%	29.8 5.3%	4.7 +18.8%
Income before Income Taxes	30.3 5.3%	29.9 5.3%	(0.4) -1.5%
Net Income Attributable to FUJIFILM Holdings	15.0 2.6%	15.4 2.8%	0.4 +2.8%
Net Income Attributable to FUJIFILM Holdings per Share	¥31.03	¥31.88	¥0.85
Exchange Rates US\$/¥	¥99	¥102	+¥3
€¥	¥129	¥140	+¥11

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Despite the sales of photo imaging business and document business proceeded smoothly, consolidated revenue for the first quarter of FY2015/3 totaled to ¥558.4 billion, down 1.8% compared with the previous fiscal year, reflecting such factors as the decrease of the sales of digital camera caused by the reduction of the lineup accompanied with the shift to high-end models.

There was an impact of a reaction against a rush demand before consumption tax increase in domestic market.

Operating income totaled to ¥29.8 billion, up 18.8% compared with the previous fiscal year, reflecting such factors as improvement of profitability in each business. In addition, an impact of a change of depreciation method also contributed to the increase.

Income before income taxes was ¥29.9 billion, down 1.5% compared with the previous fiscal year, and net income attributable to FUJIFILM Holdings was ¥15.4 billion, up 2.8% compared with the previous fiscal year.

Net income attributable to FUJIFILM Holdings per share was ¥31.88.

Consolidated Revenue and Operating Income by Segments

(Billions of yen)			
Revenue	1Q		Change
	FY2014/3	FY2015/3	
Imaging Solutions	86.0	79.0	(7.0) (-8.1%)
Information Solutions	217.4	204.9	(12.5) (-5.8%)
Document Solutions	265.3	274.5	9.2 (+3.5%)
Total	568.7	558.4	(10.3) (-1.8%)

Note: After elimination of intersegment transaction.

(Billions of yen)			
Operating Income	1Q		Change
	FY2014/3	FY2015/3	
Imaging Solutions	(0.9)	3.2	4.1 (Returned to profitability)
Information Solutions	11.5	12.7	1.2 (+10.3%)
Document Solutions	21.7	21.7	(0) (-0.0%)
Corporate Expenses & Eliminations	(7.2)	(7.8)	(0.6)
Total	25.1	29.8	4.7 (+18.8%)

(Billions of yen)

(Billions of yen)

In the Imaging Solutions segment, revenue amounted to ¥79.0 billion, down 8.1% from the previous fiscal year.

Operating income returned to profitability and recorded ¥3.2 billion.

In the Information Solutions segment, revenue was ¥204.9 billion, down 5.8% from the previous fiscal year.

Operating income was ¥12.7 billion, up 10.3% from the previous fiscal year.

In the Document Solutions segment, revenue was ¥274.5 billion, up 3.5% from the previous fiscal year.

Operating income was ¥21.7 billion, almost flat from the previous fiscal year.

Summary by Operating Segment

■ Imaging Solutions

(Billions of yen)				
Revenue	YoY		Operating income	YoY
79.0	(7.0)	(-8.1%)	3.2	4.1 (Returned to profitability)

- In the photo imaging business, sales of instant cameras remained favorable. In addition, such high-value-added printing business as *Year Album* expanded.
- In the electronic imaging business, total sales decreased due to reduction of compact digital camera's lineup and its sales volume. Otherwise, the sales of the *X Series* proceeded smoothly and the sift to high-end models has been proceeding steadily.
- In the optical device business, the sales of camera modules for smartphones decreased, while the sales of TV camera lenses and other products proceeded smoothly.

Revenue decreased, but the profitability was secured due to the strong sales of instant cameras and profit improvement of digital camera business.

In the photo imaging business, sales of instant cameras remained favorable. In addition, sales of high-value-added printing business expanded, such as *Photobook*, which includes *Year Album*.

As for the electronic imaging business, total sales decreased due to reduction of compact digital camera's lineup and its sales volume. Otherwise, the sales of the *X Series* such as *FUJIFILM X-T1* proceeded smoothly and the sift to high-end models has been proceeding steadily.

In the optical device business, the sales of camera modules for smartphones decreased, while the sales of TV camera lenses and other products proceeded smoothly.

In the Imaging Solutions segment, the revenue decreased due to such factors as reduction of sales volume of compact digital cameras, but profit increased and the profitability was secured in this segment reflecting such impacts as the strong sales of instant cameras and profit improvement of digital camera business.

Summary by Operating Segment

Information Solutions

(Billions of yen)

Revenue	YoY	Operating income	YoY
204.9	(12.5) (-5.8%)	12.7	1.2 (+10.3%)

- Among the healthcare field, the medical systems business was affected by a reaction against a rush demand before consumption tax increase in domestic market, but the sales of such products as ultrasound diagnostic equipment proceeded smoothly mainly in overseas market. In the pharmaceuticals business, the sales of ZOSYN from Toyama Chemical proceeded smoothly even though the domestic antimicrobial market was weak.
- In the FPD materials business, the sales of the *WV film* decreased reflecting the weak demand of desktop PC monitors and production adjustment. Though the sales of film for LCD TV proceeded smoothly, the overall sales decreased reflecting the impact of the robust demand of TVs in China and North America in the same period of the previous fiscal year.
- In the graphic systems business, the sales were affected by a reaction against a rush demand before consumption tax increase in domestic market, while the sales increased smoothly in Europe.
- In the industrial products business, overall sales decreased by some delays of sales of such products as sensor films for touch panels and other factors. On the other hand, the sales in the electronic materials business increased, reflecting strong sales of wide range of products in each region.

Though revenue decreased due to the sales reduction in FPD materials business, profit increased owing to profit improvements in each business and other factors.

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In the industrial products business, the overall sales decreased by some delays of sales of such products as sensor films for touch panels and other factors. On the other hand, the sales in the electronic materials business increased, reflecting strong sales of wide range of products in each region.

In the Information Solutions segment, though the revenue decreased due to the reduction in sales of FPD materials business and other factors, profit increased owing to profit improvements in each business and an influence associated with the change of depreciation method.

Summary by Operating Segment

Document Solutions

(Billions of yen)				
Revenue	YoY		Operating income	YoY
274.5	9.2	(+3.5%)	21.7	-0 (-0.0%)

- As for the office products business, the sales volume in Japan decreased because of the backlash of an increase in demand in the second half of the previous fiscal year, and smaller sales arrangement of large-scale contracts compared with the same period of the previous fiscal year. On the other hand, both full-color and monochrome models increased in the Asia-Oceania region.
- In the office printer business, the sales volume of monochrome models increased in Japan and the Asia-Oceania region. The sales volume of exports to Xerox Corporation also increased due to the favorable sales of full-color models.
- Regarding the production services business, although the sales volume in Japan and the Asia-Oceania region decreased, the sales volume increased in exports to Xerox Corporation.
- In the global services business, revenue increased in Japan and the Asia-Oceania region. In Japan, revenue increased owing to a rise in the managed print service (MPS), and sales of a new consolidated subsidiary, Fuji Xerox Service Link Co., Ltd., also contributed to sales growth.

Operating income remained almost flat from the previous fiscal year, compensated the influence of a decline of selling prices and a change in the product mix by growth in the global services business and such improvements as efficiency in expenses.

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In the office printer business, in Japan and the Asia-Oceania region, the sales volume of monochrome models increased. The sales volume of exports to Xerox Corporation also increased due to the favorable sales of full-color models.

Regarding the production services business, although the sales volume in Japan and the Asia-Oceania region decreased, the sales volume increased in exports to Xerox Corporation.

In the global services business, revenue increased in Japan and the Asia-Oceania region.

In Japan, revenue increased owing to a rise in the managed print service (MPS) and sales contribution of a new consolidated subsidiary Fuji Xerox Service Link Co., Ltd., which took over the document-related business of consolidated subsidiary of Mitsubishi Heavy Industries, Ltd.

In the Document Solutions segment, although there was an influence of a decline of selling prices and a change in the product mix, the operating income remained almost flat from the previous fiscal year, compensated by the growth in the global services business field and such improvements as efficiency in expenses.

Consolidated Balance Sheet

(Billions of yen)

	Mar. 13	Mar. 14	Jun. 14	Change from Mar. 14		Mar. 13	Mar. 14	Jun. 14	Change from Mar. 14
Cash and cash equivalents	445.4	604.6	632.2	27.6	Short-term and long-term debt	358.3	359.7	342.3	(17.4)
Notes and accounts receivable	588.9	636.8	559.5	(77.3)	Notes and accounts payable	251.0	265.9	247.5	(18.4)
Inventories	399.9	363.7	378.8	15.1	Other liabilities	425.5	403.2	405.3	2.1
Marketable securities and other	127.1	156.6	178.0	21.4	Total liabilities	1,034.8	1,028.8	995.1	(33.7)
Total current assets	1,561.3	1,761.7	1,748.5	(13.2)	Total FUJIFILM Holdings shareholders' equity	1,868.9	2,020.6	2,029.9	9.3
Property, plant and equipment	546.1	530.3	524.2	(6.1)	Noncontrolling interests	155.9	177.6	177.6	0
Goodwill, net	412.2	423.1	421.9	(1.2)	Total equity	2,024.8	2,198.2	2,207.5	9.3
Investment securities and other	540.0	511.9	508.0	(3.9)	Total liabilities and equity	3,059.6	3,227.0	3,202.6	(24.4)
Total noncurrent assets	1,498.3	1,465.3	1,454.1	(11.2)	Exchange Rates	Mar. 13	Mar. 14	Jun. 14	Change from Mar. 14
Total assets	3,059.6	3,227.0	3,202.6	(24.4)	US\$/¥	¥94	¥103	¥101	¥(2)
					€/¥	¥121	¥142	¥138	¥(4)

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Total assets, as of June 30, 2014, totaled ¥3,202.6 billion, down ¥24.4 billion from March 31, 2014. This was mainly due to a decrease in notes and accounts receivable: trade and finance, and other factors.

Total liabilities amounted to ¥995.1 billion, down ¥33.7 billion, owing primarily to a decrease in short-term debt.

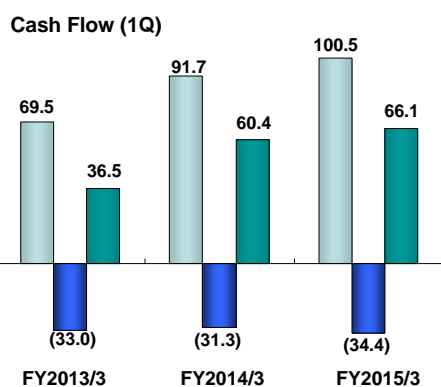
Total FUJIFILM Holdings shareholders' equity was ¥2,029.9 billion, up ¥9.3 billion.

As a result, the current ratio increased by 14.8 percentage points, to 310.2%, the debt-equity ratio decreased by 1.9 percentage points, to 49.0%, and the shareholders' equity ratio increased by 0.8 percentage points, to 63.4%.

Cash Flow

(Billions of yen)

- C/F from operating activities
- C/F from investing activities
- Free cash flow



	FY2013/3 1Q	FY2014/3 1Q	FY2015/3 1Q
Net income	6.2	19.5	19.1
Depreciation & amortization	33.6	33.4	29.1
Change in notes and accounts receivable	57.8	44.2	74.4
Change in inventories	(26.2)	(11.3)	(16.6)
Change in notes and accounts payable-trade	(18.3)	(3.6)	(13.4)
Change in accrued income taxes and other liabilities	16.4	20.1	19.0
Others	0.0	(10.6)	(11.1)
C/F from operating activities	69.5	91.7	100.5
Capital expenditure	(21.7)	(19.6)	(16.0)
Purchases of software	(3.6)	(4.8)	(4.0)
Sales and purchases of marketable and investment securities	5.6	0.9	(9.0)
Others	(13.3)	(7.8)	(5.4)
C/F from investing activities	(33.0)	(31.3)	(34.4)
Free cash flow	36.5	60.4	66.1
C/F from operating activities + Capital expenditure	47.8	72.1	84.5

Cash provided by operating activities totaled ¥100.5 billion, due to a decrease in notes and accounts receivable and other factors.

Cash used in investing activities amounted to ¥34.4 billion, due primarily to purchases of property, plant and equipment.

Thus, free cash flows were ¥66.1 billion.

Consolidated Financial Forecast for FY2015/3 (as of July 30, 2014)

(Billions of yen)

	FY2014/3	FY2015/3 (forecast)	Change from previous year
Revenue	2,440.0 100.0%	2,460.0 100.0%	20.0 +0.8%
Operating Income	140.8 5.8%	160.0 6.5%	19.2 +13.6%
Income before Income Taxes	157.2 6.4%	160.0 6.5%	2.8 +1.8%
Net Income Attributable to FUJIFILM Holdings	81.0 3.3%	85.0 3.5%	4.0 +4.9%
Net Income Attributable to FUJIFILM Holdings per Share	¥ 168.07	¥ 176.36	¥ 8.29
Exchange Rates			
US\$/¥	¥ 100	¥ 100	-
€/¥	¥ 134	¥ 135	+¥ 1

Note: Impact of exchange rate movements on operating income (FY2015/3 full year, ¥1 change) US\$/¥: ¥1.0 billion €/¥: ¥0.8 billion
Premises for silver price (FY2015/3 full year): ¥80,000/kg

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Regarding the forecast for FY2015/3, Fujifilm has left unchanged the forecast as announced on April 30, 2014.

Considering the earnings for the first quarter of FY2015/3, both revenue and operating income exceeded Fujifilm's estimations.

Fujifilm has been proceeding smoothly toward this forecast, and Fujifilm will continue to strongly promote the growth strategy during and after the second quarter.

80th
Anniversary

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 FY2015/3 1Q

Appendix

Earnings of FY2015/3 1Q

■ Imaging Solutions

(Billions of yen)

Revenue	FY2014/3 1Q	FY2015/3 1Q	Change
Photo Imaging	48.5	48.9	0.4 (+0.9%)
Electronic Imaging	20.6	17.5	(3.1) (-15.4%)
Optical Devices	16.9	12.6	(4.3) (-25.1%)
Optical Device & Electronic Imaging	37.5	30.1	(7.4) (-19.8%)
Total	86.0	79.0	(7.0) (-8.1%)

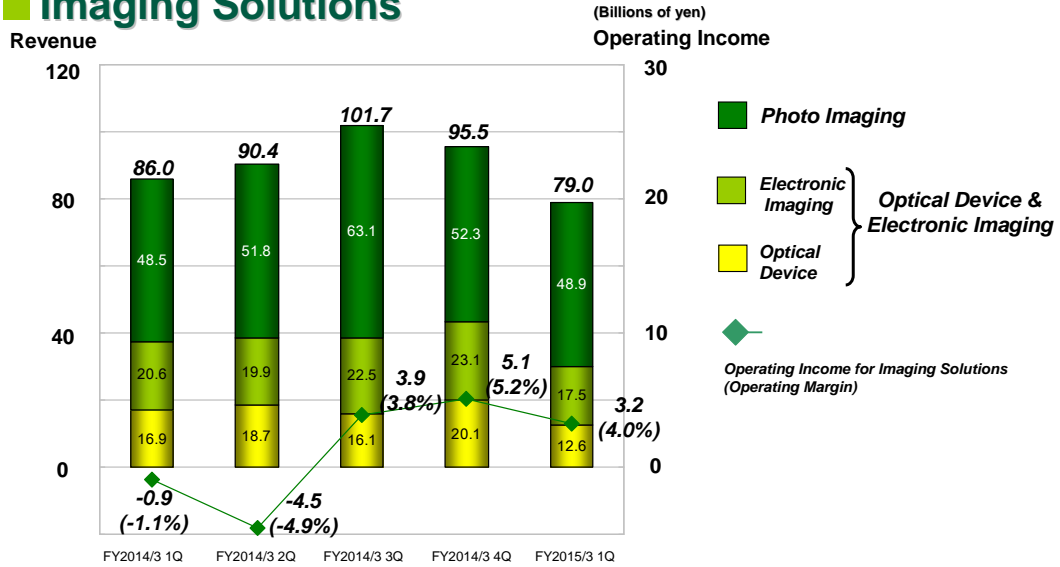
Note: After elimination of intersegment transaction.

(Billions of yen)

Operating Income [Operating Margin]	FY2014/3 1Q	FY2015/3 1Q	Change
Imaging Solutions	(0.9) [-1.1%]	3.2 [4.0%]	4.1 (Returned to profitability)

Change in Quarterly Earnings by Operating Segment

■ Imaging Solutions



Earnings of FY2015/3 1Q

Information Solutions

(Billions of yen)

Revenue	FY2014/3 1Q	FY2015/3 1Q	Change
Healthcare	79.7	76.8	(2.9) (-3.7%)
Graphic Systems	66.0	65.2	(0.8) (-1.2%)
FPD Materials	40.0	30.4	(9.6) (-24.1%)
Recording Media	10.9	10.5	(0.4) (-3.9%)
Industrial Products Electronic Materials & Others	20.8	22.0	1.2 (+5.8%)
Total	217.4	204.9	(12.5) (-5.8%)

Note: After elimination of intersegment transaction.

(Billions of yen)

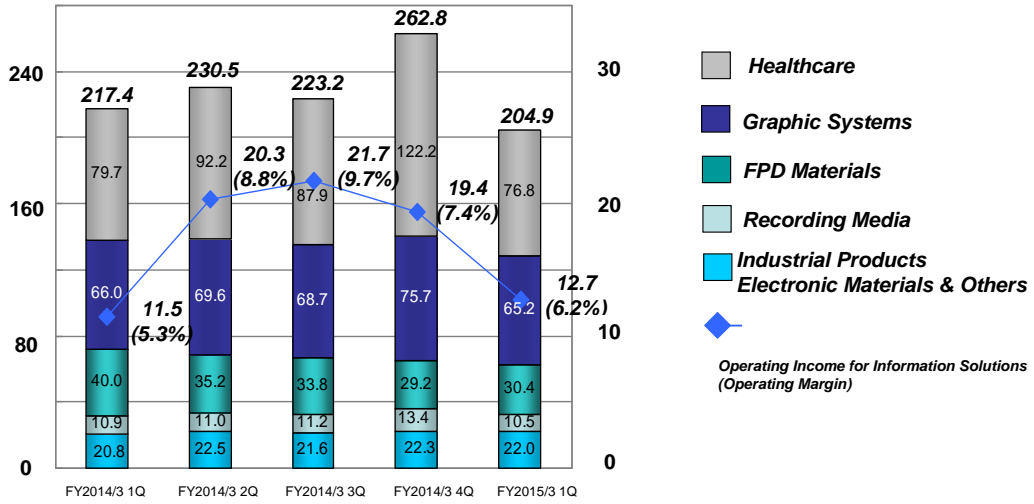
Operating Income [Operating Margin]	FY2014/3 1Q	FY2015/3 1Q	Change
Information Solutions	11.5 [5.3%]	12.7 [6.2%]	1.2 (+10.3%)

Change in Quarterly Earnings by Operating Segment

Information Solutions

Revenue

(Billions of yen)
Operating Income



Note: After elimination of intersegment transaction.

Earnings of FY2015/3 1Q

Document Solutions

(Billions of yen)

Revenue	FY2014/3 1Q	FY2015/3 1Q	Change	
Office Products	127.7	126.6	(1.1)	(-0.9%)
Office Printers	42.2	43.6	1.4	(+3.4%)
Production Services	35.9	34.3	(1.6)	(-4.3%)
Global Services	33.9	39.9	6.0	(+17.6%)
Others	25.6	30.1	4.5	(+17.8%)
Total	265.3	274.5	9.2	(+3.5%)

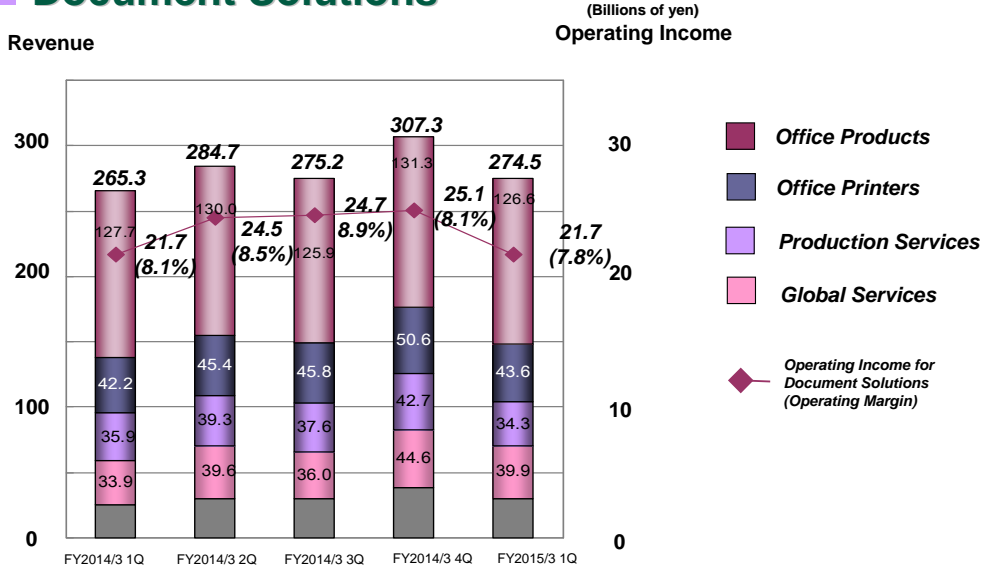
Note: After elimination of intersegment transaction.

(Billions of yen)

Operating Income [Operating Margin]	FY2014/3 1Q	FY2015/3 1Q	Change	
Document Solutions	21.7 [8.1%]	21.7 [7.8%]	(0)	(-0.0%)

Change in Quarterly Earnings by Operating Segment

Document Solutions



Note: After elimination of intersegment transaction.

Revenue from Domestic and Overseas

(Billions of yen)

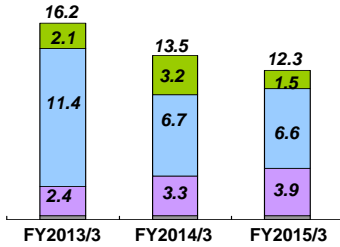
	FY2014/3 1Q		FY2015/3 1Q		Change	
	Ratio (%)		Ratio (%)			
Domestic	41.1%	233.8	40.3%	225.3	(8.5)	(-3.7%)
The Americas	18.2%	103.7	18.5%	103.5	(0.2)	(-0.3%)
Europe	12.0%	68.3	12.9%	72.0	3.7	(+5.5%)
China	11.1%	63.3	10.7%	59.2	(4.1)	(-6.5%)
Asia and others	28.7%	162.9	28.3%	157.6	(5.3)	(-3.2%)
Overseas	58.9%	334.9	59.7%	333.1	(1.8)	(-0.5%)
Consolidated total	100.0%	568.7	100.0%	558.4	(10.3)	(-1.8%)

Capital Expenditure , Depreciation & Amortization

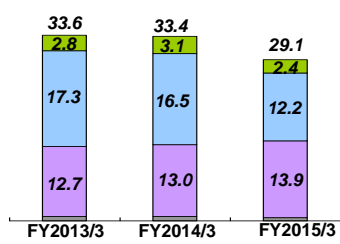
■ Imaging Solutions ■ Information Solutions
■ Document Solutions ■ Corporate

(Billions of yen)

Capital Expenditure (1Q)



Depreciation & Amortization (1Q)



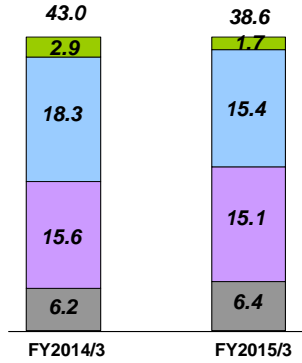
	FY2013/3		FY2014/3		FY2015/3	
	1Q	Full Year	1Q	Full Year	1Q	Full year (forecast)
Imaging	2.1	9.9	3.2	9.3	1.5	
Information	11.4	39.9	6.7	32.4	6.6	
Document	2.4	24.8	3.3	23.9	3.9	
Corporate	0.3	2.1	0.3	1.4	0.3	
Capex *	16.2	76.7	13.5	67.0	12.3	75.0
Imaging	2.8	13.3	3.1	13.5	2.4	
Information	17.3	71.8	16.5	68.6	12.2	
Document	12.7	53.1	13.0	56.1	13.9	
Corporate	0.8	3.3	0.8	3.2	0.6	
Depreciation & Amortization	33.6	141.5	33.4	141.4	29.1	120.0
Depreciation*	20.9	93.4	20.6	90.7	15.7	75.0

*Note: Figures do not include amounts for rental equipment handled by the Document Solutions segment.
The Company changed its depreciation method from the fiscal year ending March 31, 2015.

R&D Expenses, SG&A Expenses

- Imaging Solutions
- Information Solutions
- Document Solutions
- Corporate

R&D Expenses (1Q)



(Billions of yen)

	FY2014/3		FY2015/3	
	1Q	Full year	1Q	Full year (forecast)
Imaging	2.9	6.1	1.7	-
Information	18.3	67.5	15.4	-
Document	15.6	63.4	15.1	-
Corporate	6.2	27.4	6.4	-
R&D Expenses	43.0	164.4	38.6	165.0
<ratio to revenue>	7.6%	6.7%	6.9%	6.7%
SG&A Expenses	152.5	615.9	149.8	-
<ratio to revenue >	26.8%	25.2%	26.9%	-

Exchange Rates, Sensitivity of Currency, and Number of Employees

Exchange Rates

(yen)

	FY2014/3					FY2015/3	
	1Q	2Q	3Q	4Q	Full year	1Q	Full year (forecast)
US\$/¥	99	99	101	103	100	102	100
€/¥	129	131	137	141	134	140	135

Impact of exchange rate movements on operating income (FY2015/3 full year, ¥1 change)
 US\$/¥: ¥1.0 billion €/¥: ¥0.8 billion

Raw Material Prices

(Average)

(¥1,000/kg)

	FY2014/3					FY2015/3	
	1Q	2Q	3Q	4Q	Full year	1Q	Full year (forecast)
Silver	78	68	68	67	71	65	80

Number of Employees

	2013 Jun.	2013 Sep.	2013 Dec.	2014 Mar.	2014 Jun.
Consolidated Total	79,965	79,837	80,113	78,595	79,192

Pipeline of Consolidated FUJIFILM Group

Development code	Therapeutic category	Formulation	Region	Development stage	Note
T-705	Anti-influenza drug	Oral	U.S.A.	P III	Under clinical trials utilizing subsidy from the U.S. Department of Defense Already approved as <i>AVIGAN</i> in Japan
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 Center for iPS Cell Research and Application of Kyoto University
T-4288	Macrolide antibacterial drug	Oral	Japan	P I	
Bio ITK-1	Anticancer drug (prostate cancer)	Injection	Japan	P III	
FF-10501	Anticancer drug (myelodysplastic syndrome)	Oral	Japan	P I	Promoting clinical development with the MD Anderson Cancer Center (U.S.A.)
			U.S.A.	Preparing for P I	
Bio FF-21101	Anticancer drug (intractable solid cancer) (armed antibody)	Injection	U.S.A./ Europe/ Japan	Under non-clinical trial	Promoting clinical development with the MD Anderson Cancer Center (U.S.A.)
FF-10502	Anticancer drug (intractable solid cancer)	Injection	U.S.A./ Europe/ Japan	Under non-clinical trial	
F-1311	Radiopharmaceuticals (diagnosis drug for prostate cancer)		Japan	P I	

Note: FKB327 (a biosimilar of adalimumab) from FUJIFILM KYOWA KIRIN Biologics, a equity method affiliated company, is under phase I clinical trials in Europe.

Appendix

FUJIFILM Holdings – Investor Relations

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

FUJIFILM Holdings Annual Report 2014

http://www.fujifilmholdings.com/en/investors/annual_reports/2014/index.html

IR Events Materials

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

- **Business presentation materials**

- Nov. 2013 Business Presentation for Medical Systems Business
- Nov. 2013 Business Presentation for Pharmaceuticals Business

What Kind of Company is Fujifilm?

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