

October 31, 2012

FUJIFILM Holdings Corporation

## FY2013/3 Second Quarter Performance Explanation Briefing

### Main Questions and Answers

**Q1:** Please explain the breakdown by segment of the downward forecasts for FY2013/3 that you have announced today.

**A1:** Regarding revenues, we are now estimating that revenues for the Imaging Solutions segment will be just under ¥300 billion, for the Document Solutions segment over ¥1,000 billion, and the Information Solutions segment about ¥900 billion.

**Q2:** You must have had to revise your plan for the second half of FY2013/3 downward along with your revised forecast for FY2013/3. What is the main reason for this revision?

**A2:** The main reason is that we think the negative impact of the economic deterioration in Europe and China will continue in the second half of FY2013/3. By the way, the impact of the anti-Japanese products' movements in China will be relatively small.

**Q3:** How much do you estimate your free cash flow will be for FY2013/3? What is your plan concerning how you will use your free cash flow, and what do you think about your shareholder return?

**A3:** We will maintain a ¥40 dividend for FY2013/3, and the total amount of dividends to be paid will be ¥20 billion. As we estimate a free cash flow of ¥45 billion in FY2013/3, the dividend payout ratio will be more than 40%. We focus more so on our dividend payout than buybacks. However, our current share price is too low as those of other companies, and our PBR is lower than 0.4. We should consider some necessary measures to raise that price, and now we are discussing this issue internally.

**Q4:** Do you have any strategies, (such as new product launches), that will allow you to gain market share for FPD materials in the next fiscal year?

**A4:** Unfortunately, our market share for the 40  $\mu$  *FUJITAC* is relatively low. During the first half of FY2013/3, we have been trying to improve the quality and change specifications to meet customers' requests, and we aim to raise our market share in the second half of FY2013/3. Moreover, we will start to sell the thin 25  $\mu$  *FUJITAC* as soon as possible and increase sales in the small and medium-sized displays market. We will also develop WV film for small and medium-sized displays to compensate for lower sales in the monitor market to maintain or increase sales of FPD materials.

**Q5:** How do you forecast the document business performance for the second half of FY2013/3?

**A5:** Sales of the document business proceeded smoothly until mid-August. However, since the end of August, the export business of Xerox Corporation has declined rapidly. Profitability was down due to a change in the product mixture balance; sales of large production printing systems were weak; on the other hand, low-end printers sold well. Regarding the economic situation in Europe, we do not see optimistic conditions emerging during the second half of FY2013/3. We will compensate for lower sales in the European market during the second half of FY2013/3 by increasing sales in the Japanese as well as other Asian and Pacific markets; at the same time, we will try hard to reduce costs (including SG&A expenses).

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