

Medium-term Management Plan  
**VISION2019**

**FUJIFILM Holdings Corporation**

August 30, 2017

Description of performance projections and future business forecast, found in this material, are based on currently-available information, and contain potential risks and uncertainties. For this reason, actual business performance could be different due to various factors.



# 1. Fujifilm's Future Vision

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Chairman and CEO  
**Shigetaka Komori**

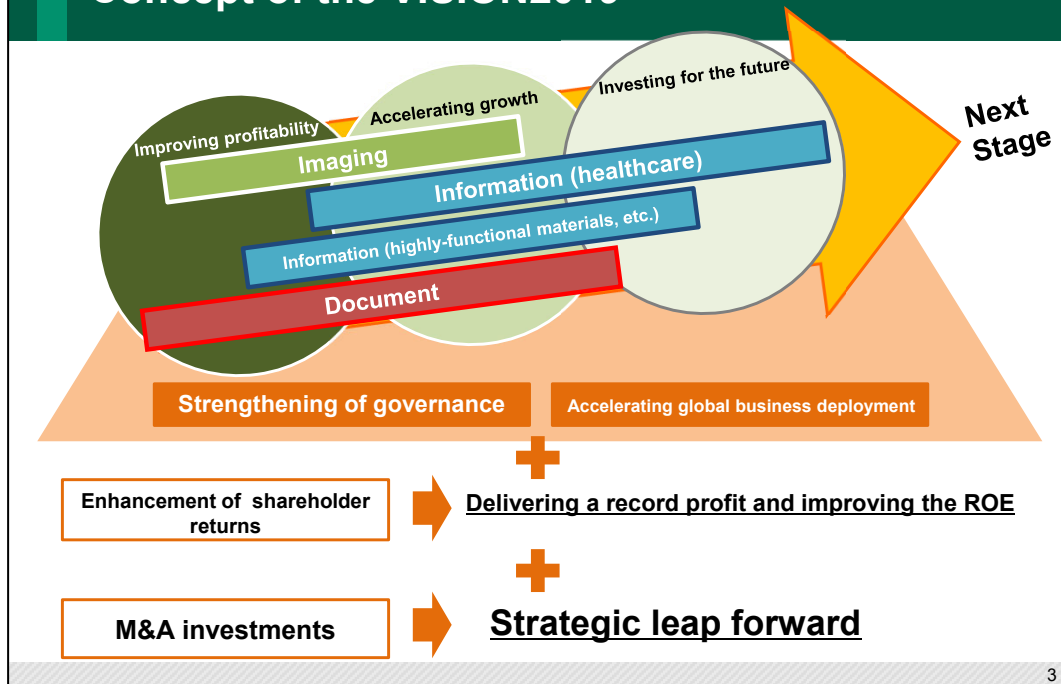


## 2. Medium-Term Management Plan “VISION2019”

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President and COO  
**Kenji Sukeno**

## Concept of the VISION2019



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This is an overview of our new medium-term management plan, VISION2019, which covers a period starting from this fiscal year.

The VISION2019 is a three-year plan, aimed at exploring each of our business operations deeper to further consolidate our business portfolio, established through our previous mid-term plan, VISION2016, to achieve a strategic leap forward.

The VISION2019 maps out our "Imaging," "Healthcare," "Information" and "Document" businesses to the stages of "improving profitability," "accelerating growth" and "investing for the future." Each of the businesses must improve their profitability to generate stable cash-flow and we accelerate growth in main business areas to expand sales and income. We will invest provided cash in fields that will form our future business pillars. These business fields should be fostered into operations that contribute to our group revenues, thereby further consolidating our business portfolio to achieve a strategic leap forward.

We will make active and continuous efforts to strengthen corporate governance as our business foundation.

Global business deployment in areas with room for business expansion will also be accelerated more than ever before to ensure growth in all of our business operations.

In addition to achieving operating income goals through these business activities, we will enhance shareholder returns to deliver a record profit and improve the ROE.

Furthermore, strategic M&A investments will be made to accelerate growth and profitability enhancement to achieve growth that goes beyond what this plan envisages.

## Financial targets

	(Billions of yen)		
	FY2017/3	FY2020/3	Change
<b>Revenue</b>	2,322.2 100.0%	<b>2,600.0</b> 100.0%	+277.8 +12.0%
<b>Operating Income</b>	172.3 7.4%	<b>Record high</b> <b>230.0</b> 8.8%	+57.7 +33.5%
<b>Net Income Attributable to FUJIFILM Holdings</b>	<b>Record high</b> 131.5 5.7%	<b>Record high</b> <b>150.0</b> 5.8%	+18.5 +14.1%
<b>ROE</b>	6.5%	<b>7.3%</b>	+0.8%
<b>Exchange Rates</b>	US\$/¥ ¥108	¥110	+¥2
	€/¥ ¥119	¥120	+¥1
<b>Silver Price (/kg)</b>	¥59,000	¥62,000	+¥3,000

\*Impact of exchange rate fluctuations on operating income (Full year, ¥1 change) US\$/¥:¥0.8 billion, €/¥:¥0.8 billion

**FY2021/3**  
Achieving 8.0% in ROE

Achieving the operating income target  
Enhancement of shareholder returns → Achieving 7.3% in ROE + Topping up revenues and profits through strategic M&A

Here are financial targets set in the VISION2019.

By FY2020/3, which is the final year of this three-year plan, we aim to achieve ¥2,600.0 billion in net sales and a record-high ¥230.0 billion in operating income, exceeding the ¥207.3 billion recorded in FY 2008/3.

The target for net income attributable to shareholders is a record ¥150.0 billion, bringing the ROE to 7.3%.

These are targets reflecting organic business growth, with revenues and profits to be topped up through strategic M&A investments.

This should bring the ROE to 8.0% in FY2021/3.

## Financial targets by segment

(Billions of yen)

Revenue	FY2017/3	FY2020/3	Change	
Imaging Solutions	341.8	380.0	38.2	(+11.2%)
Healthcare	384.0	500.0	116.0	(+30.2%)
Information Solutions	899.5	1,120.0	220.5	(+24.5%)
Document Solutions	1,080.9	1,100.0	19.1	(+1.8%)
<b>Total</b>	<b>2,322.2</b>	<b>2,600.0</b>	<b>277.8</b>	<b>(+12.0%)</b>

Note: After elimination of intersegment transaction.

Operating Income [Operating Margin]	FY2017/3	FY2020/3	Change	
Imaging Solutions	36.8 [10.8%]	45.0 [11.8%]	8.2	(+22.3%)
Healthcare	12.4 [3.2%]	40.0 [8.0%]	27.6	(3.2 times)
Information Solutions	83.0 [9.2%]	125.0 [11.2%]	42.0	(+50.6%)
Document Solutions	82.7 [7.6%]	95.0 [8.6%]	12.3	(+14.9%)
Corporate Expenses & Eliminations	(30.2)	(35.0)	(4.8)	
<b>Total</b>	<b>172.3 [7.4%]</b>	<b>230.0 [8.8%]</b>	<b>57.7</b>	<b>(+33.5%)</b>

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Next, here are the financial targets for each of our business segments.

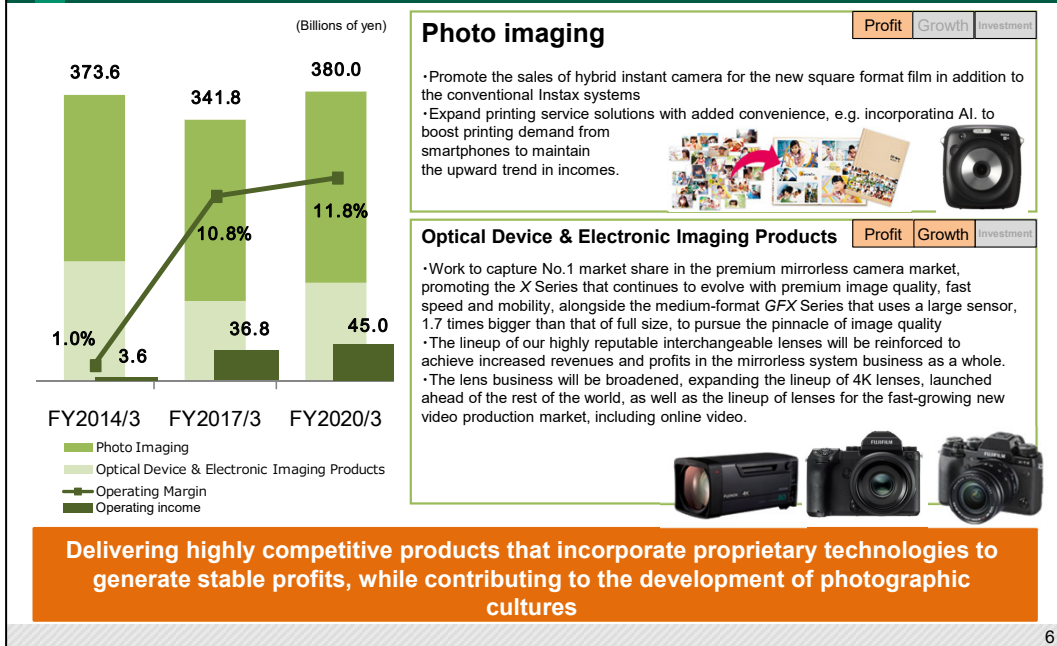
The targets for the imaging solutions segment are ¥380.0 billion in net sales and ¥45.0 billion in operating income.

The targets for the information solutions segment are ¥1,120.0 billion in net sales and ¥125.0 billion in operating income.

The targets for the document solutions segment are ¥1,100.0 billion in net sales and ¥95.0 billion in operating income.

Next, let me explain our business strategy for each of these business segments.

## Imaging Solutions



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Firstly, take a look at the “Profit,” “Growth” and “investment” icons, shown on the top-right corner for each of the business categories. Those colored in orange indicate the roles that the applicable business category is expected to play over the next three years. The “Profit” icon indicates that the category is expected to boost profitability to generate cash-flow, while the “Growth” icon indicates that the category’s growth is expected to accelerate, expanding revenues and profits. The “Investment” icon shows that the category is to make future-oriented investments to evolve into a major business pillar.

Let me firstly explain the business strategy of our Imaging Solutions segment.

During the past three years, sales in this segment have decreased due to reviews of low-profitability businesses including a reduction in the sale of compact digital cameras, but through a transition to higher-profitability businesses, the segment has achieved a sharp recovery through expanded sales of distinctive products that incorporate proprietary technologies.

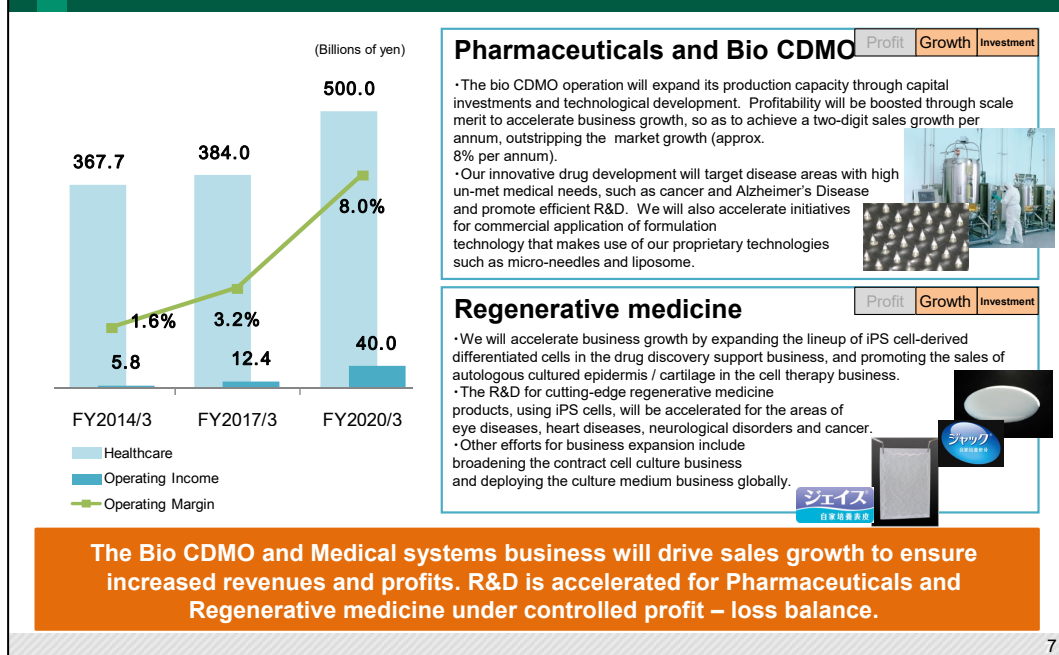
In the photo imaging business, the fast-growing Instax camera systems will be promoted in Europe and North America, and their sales expansion will be reinforced in emerging economies, which are expected to enjoy greater buying power and experience growth in young population. The newly-introduced hybrid instant camera within its range equipped with digital image processing technology, for the square format film will be complemented with the development of new products that cater to the needs of respective regions and customer bases so as to maintain sustainable growth on the global basis. AI will be utilized to also expand printing service solutions of greater convenience. We will generate printing demand from smartphones to achieve business expansion.

In the optical Device and electronic imaging Products field, we will aim to capture No.1 market share in the premium mirrorless camera market, promoting the X Series that continues to evolve with premium image quality, fast speed and mobility, alongside the medium-format GFX Series that uses a large sensor, 1.7 times bigger than that of full size, to pursue the pinnacle of image quality. The lineup of our highly reputable interchangeable lenses will be reinforced to cover all photographic ranges, in an effort to achieve increased revenues and profits in the mirrorless system business as a whole.

In the broadcast category, the lens business will be broadened, expanding the lineup of 4K lenses, launched ahead of its competitors, as well as the lineup of lenses for the fast-growing new video production market, including online video.

The Imaging Solutions segment will continue to deliver highly competitive products that incorporate our proprietary technologies to generate stable profits, while contributing to the development of photographic cultures.

## Information Solutions (healthcare)



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Next, I am talking about the Healthcare category of the Information Solutions segment.

The healthcare field aims to achieve ¥500.0 billion in net sales and an operating margin of 8.0% by bringing about further growth in medical systems, life science and bio CDMO and by achieving profitability in the pharmaceuticals and regenerative medicines businesses.

The pharmaceutical, Bio CDMO and regenerative medicine business is in the fostering stage to eventually become one of our future business pillars.

The growth-driving Bio CDMO operation will expand its production capability through capital investments and technological development. Profitability will be boosted through scale merit to accelerate business growth, so as to achieve the sales growth of at least 10 percent per annum.

In the field of new drug development, we are targeting areas with significant unmet medical needs, including Alzheimer's disease and cancer, to push forward with effective research and development, developing our pipeline which includes the Alzheimer's disease drug *T-817MA*.

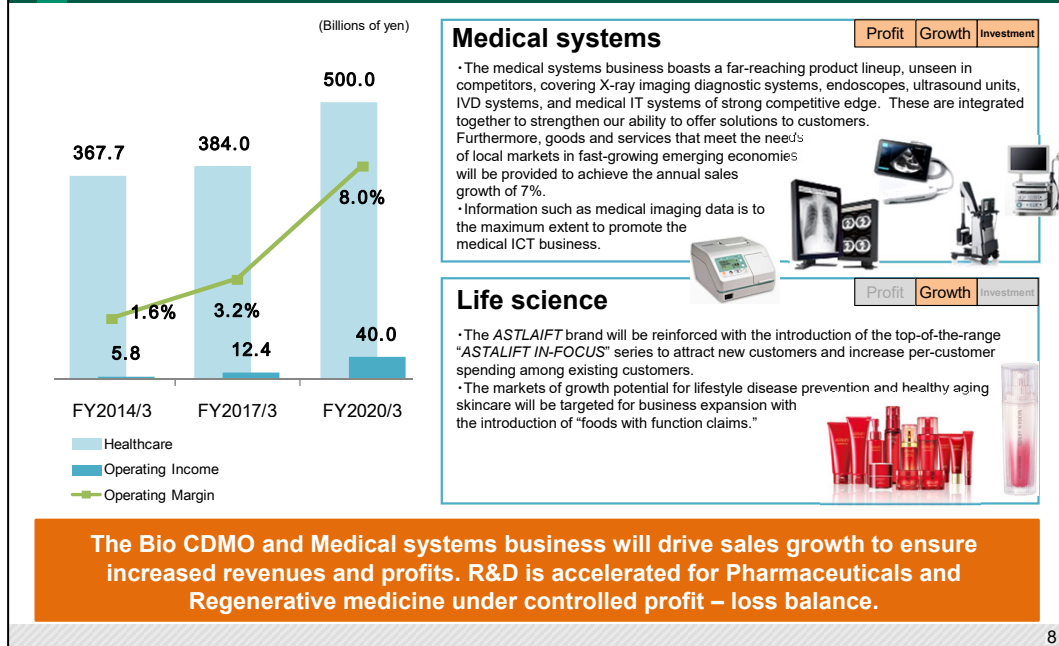
In the area of Drug Delivery System (DDS) for accurately delivering drugs to the affected area, we will accelerate initiatives for establishing commercial application of formulation technology that makes use of our proprietary technologies such as micro-needles and liposome.

In regenerative medicine, we will expand the lineup of iPS cell-derived differentiation cells in the drug



discovery support business, and promote the sales of autologous cultured epidermis / cartilage in the cell therapy business for accelerated business expansion. The R&D for cutting-edge regenerative medicine products, using iPS cells, will be accelerated for the areas of eye diseases, heart diseases, neurological disorders and cancer. Other efforts for business expansion include broadening the contract cell culture business and deploying the culture medium business globally.

## Information Solutions (healthcare)



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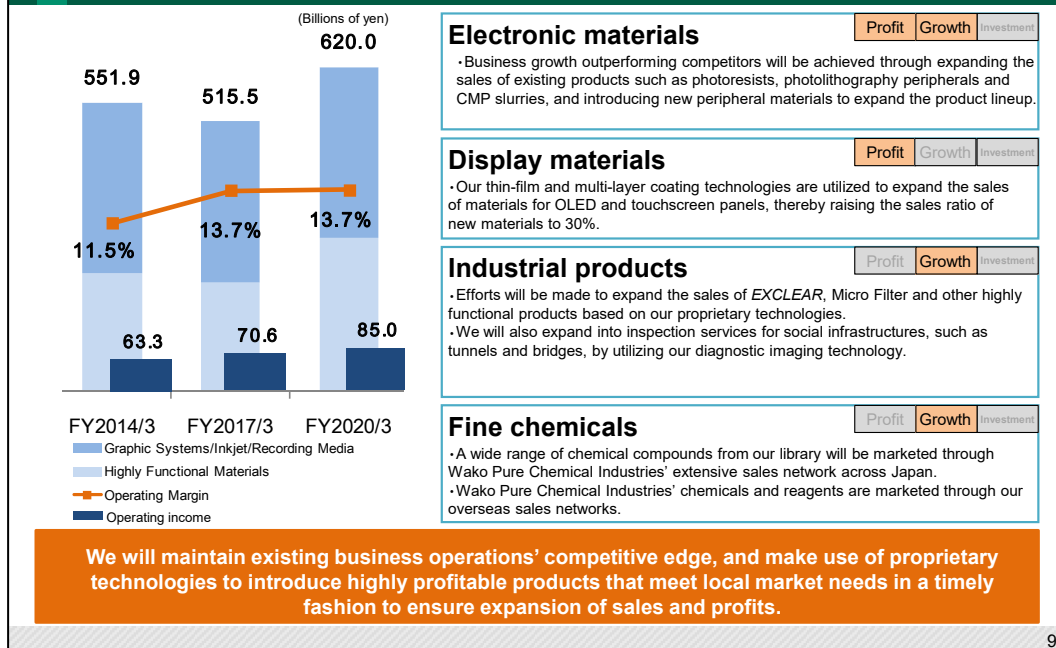
This slide describes the areas of Medical systems and Life science, which contribute to greater growth and profitability improvement in the healthcare field.

The medical systems business boasts a far-reaching product lineup, covering X-ray imaging diagnostic systems, medical IT, endoscopes, ultrasound units and IVD systems, based on our image processing technology. The versatility reinforces the delivery of comprehensive solutions built around medical IT systems of strong competitive edge. In fast-growing emerging economies and other overseas markets, we will offer goods and services that meet local needs to expand business. Information such as medical imaging data is to be utilized to the maximum extent to promote the medical ICT business. We aim to achieve the annual sales growth of 7% in the medical systems business.

In life science, the top-of-the-range *ASTALIFT IN-FOCUS* series is added to the *ASTALIFT* skincare brand to enhance the skin care brand image. Efforts are made to attract new customers and increase per-customer spending among existing customers to achieve sales expansion. In the dietary supplement category, the markets for lifestyle disease prevention and healthy aging care will be targeted for business expansion with the introduction of "foods with function claims."

In the healthcare field of the Information Solutions segment, Medical systems, Bio CDMO and Life science will drive sales growth to ensure increased revenues and profits. R&D is accelerated for Pharmaceuticals and Regenerative medicine under controlled profit-loss balance so as to foster this category.

## Information Solutions (highly functional materials, etc.)



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Here, let me explain non-healthcare categories of the Information Solutions segment. These are categories that increase sales and accelerate growth while ensuring a high level of profitability.

The electronic materials business will continue to expand the sales of existing products, such as peripheral materials for cutting-edge photolithography, and introduce new peripheral materials to expand the product lineup to achieve the level of business growth outperforming competitors.

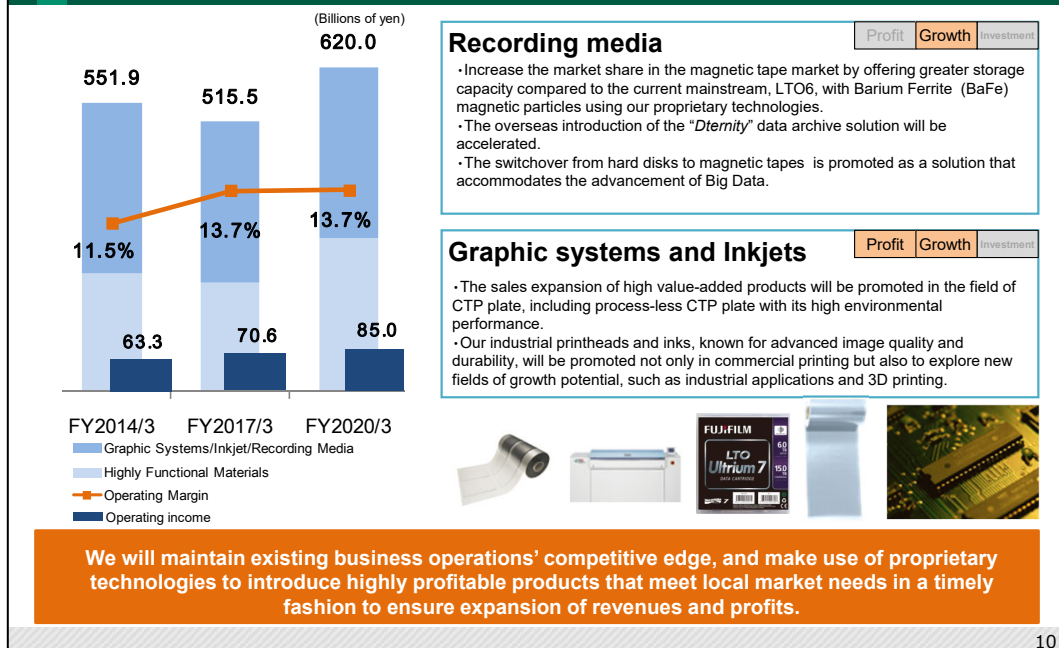
The display materials business will expand the sales of existing products to maintain our strong market position we have established, and tap into our thin-film and multi-layer coating technologies to introduce new materials such as those for OLED and touch panels. In FY2020/3, the sales ratio of new materials will be raised to 30% to continue to secure strong sales and high profitability.

In the industrial equipment business, we will expand the sales of highly functional products that use proprietary technologies, such as a touch panel sensor film EXCLEAR and the Micro Filter, which has an excellent microporous structure for precision filtering. We will also expand into inspection services for social infrastructures, such as tunnels and bridges, by utilizing our diagnostic imaging technology.

The fine chemical business will market our wide range of chemical compounds through Wako Pure Chemical Industries' extensive sales network across Japan, while also fusing our technology with that of Wako Pure Chemical Industries in order to expand the business through the development of an expanded and improved portfolio of competitive specialty chemicals and reagents.

Furthermore, in other fields such as medical systems and electronic materials, Wako Pure Chemical Industries will harness our company's global resources in order to accelerate overseas development, so as to achieve, by FY2020/3, sales of at least 10% greater than FY2017/3.

## Information Solutions (highly functional materials, etc.)



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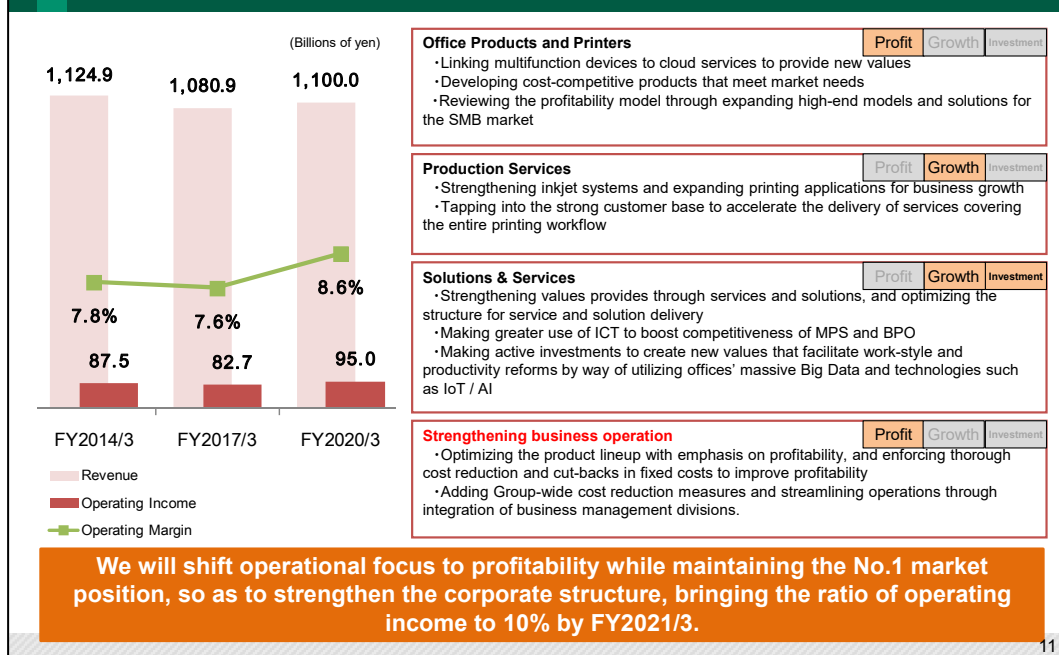
Next, we will increase the market share in the magnetic tape market by offering greater storage capacity compared to the current mainstream, LTO6, with Barium Ferrite (BaFe) magnetic particles and promoting switchover from hard disks to magnetic tapes as a solution that accommodates the advancement of Big Data.

In the graphic systems business, the sales expansion of high value-added products will be promoted in the field of CTP plates, including process-less CTP plate with its high environmental performance.

In the inkjet business, our printheads and inks for industrial use, known for advanced image quality and durability, will be promoted to explore new fields of printing for growth potential, such as industrial applications and 3D printing.

The Information Solutions segment including high-function materials, will maintain existing business operations' competitive edge, e.g. strong market share, while making use of proprietary technologies to introduce highly profitable products that meet local market needs in a timely fashion to ensure expansion of revenues and profits.

## Document Solutions



Finally, let me explain the vision for the Document Solutions segment.

Fuji Xerox have achieved the No.1 market position in Japan, Asia and Oceania regions over the last few years, establishing excellent customer base.

For the three year period covered in the VISION2019, we will shift into more profitability-focused operation while maintaining the market-leading position.

The Office Product and Printers business, which is the main income source, will work toward actualizing the Smart Work Gateway concept, linking multifunction devices to cloud services to provide new values, developing cost-competitive products that meet market needs, and adjusting the product mix to shift to high-end models to secure strong profitability.

The Production Services business will tap into the strong customer base to accelerate the delivery of services covering the entire printing workflow. We will work toward business growth by further strengthening collaboration with Fujifilm's Graphic Systems business, and making full use of the FF/XC network in the inkjet category for global business deployment.

The high-growth Solutions & Services business has been established by amalgamating the previously separate Solutions business and Services business. We will offer value-added solutions based on customers' business types and operations so as to achieve even greater growth. Active investments will be made to create new values that facilitate work-style and productivity reforms by way of utilizing offices' Big Data and technologies such as IoT and AI, in an effort to lead the growth of the Solutions & Services category.

In an effort to strengthen business operation, we will optimize the product lineup with emphasis on profitability, and enforce thorough cost reduction and cut-backs in fixed costs to improve profitability. In addition to Fuji Xerox's past cost reduction measures, we will add Group-wide cost reduction measures and streamline operations through integration of business management divisions, so as to become leaner over the next three years, bringing the ratio of operating income to 10% by FY2021/3.

## Shareholder returns and M&A investments

### Shareholder returns

(Share buybacks + Dividends)

**Total: ¥300.0 billion**

Share buybacks: ¥200.0 billion

Dividends: ¥100.0 billion

¥70 per share in FY2017/3

-> ¥95 per share in FY2020/3

(Continuous dividend increase for 10 years)

### M&A investment

**Total: ¥500.0 billion**

Investment allocation for further accelerating revenue / profit growth

**We will improve ROE to 7.3% by achieving record profits in organic business operations, and boosting shareholder returns. Furthermore, the ROE will be raised to 8.0% in FY2021/3 by accelerating growth and profitability enhancement with strategic M&A investments.**

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Finally, let me explain the policy on how cash will be allocated.

Over the three years to FY2020/3, we will make shareholder returns worth ¥300.0 billion in total, combining dividends and share buybacks.

More specifically, this management plan, under the policy of achieving the dividend payout ratio of at least 25%, envisages share buybacks worth ¥200.0 billion and dividend payout totaling ¥100.0 billion over the next three years.

We plan to pay out ¥95 per share in dividend in the final year, marking consecutive dividend increase for 10 years.

Please note that, at today's Board of Directors meeting, a resolution was passed for the company to buyback its own shares limited to a maximum of ¥50.0 billion in FY2018/3.

This plan aims to achieve the ROE of 7.3% by achieving financial targets in each of the business activities, as explained earlier, as well as boosting shareholder returns.

Furthermore, M&A investment worth ¥500.0 billion is anticipated over the three-year period as a strategic move to accelerate growth.

In FY2021/3, the ROE will be raised to 8.0% by achieving record profits in organic business operations and accelerating growth and profitability enhancement with strategic M&A investments.

This concludes the description of the medium-term management plan, VISION2019.



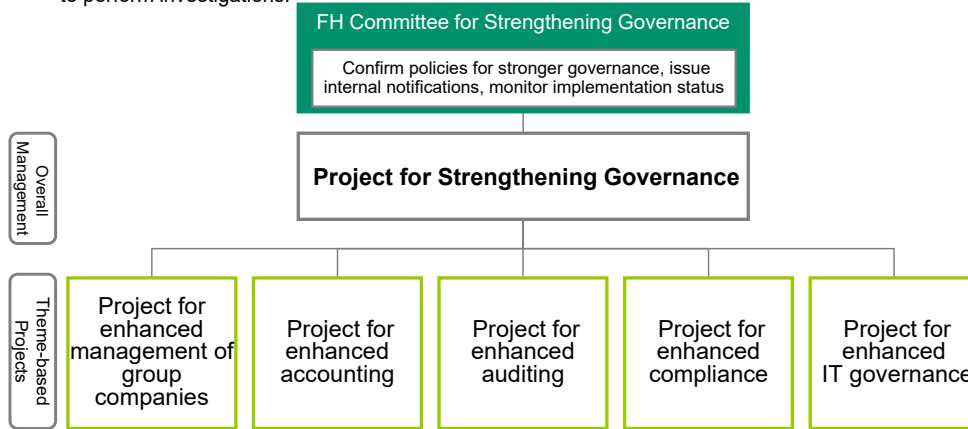
### 3. Activities for Strengthening of Governance

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General Manager of Corporate Planning Division  
**Masaru Yoshizawa**

## Frameworks for Implementation

- FH Committee for Strengthening Governance (Chair: FH President K. Sukeno) is setting up projects for addressing each theme, to analyze the cause of the issue and to formulate measures to prevent recurrence.
- Each project will invite members from FH, FF, and FX, and the three companies will come together to perform investigations.



(note) FH: FUJIFILM Holdings Corporation, FF: FUJIFILM Corporation, FX: Fuji Xerox Co., Ltd.

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Finally, I would like to explain the progress we are making on projects to achieve stronger governance.

As explained at the first-quarter financial results announcement on August 14, we established a comprehensive project system to implement thorough and continuous governance enhancement, starting with the establishment of Committee for Strengthening Governance in July, chaired by president Sukeno.

Currently, five projects are underway to address different themes. Project members come from FUJIFILM Holdings, FUJIFILM Corporation and Fuji Xerox, as the entire Fujifilm Group works to address these issues.



3. Activities for Strengthening of Governance		FUJIFILM
Issues and Measures		
Projects	Issues	Measures currently under taken
Project for enhanced management of group companies	<ul style="list-style-type: none"> <li>Stronger supervision of group companies</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening supervising functions by the Board of Directors</li> <li>Rebuilding risk management structures</li> <li>Establishing Subsidiaries Administration Division</li> <li>Redesigning regional integration functions</li> <li>Reviewing procedures for supervising, selecting and evaluating senior local executives, checking compensation</li> <li>Reviewing processes for budget planning</li> </ul>
Project for enhanced accounting	<ul style="list-style-type: none"> <li>Ensuring appropriateness of accounting procedures, establishing systems that demonstrate control functions</li> </ul>	<ul style="list-style-type: none"> <li>Separating functions for management/ financial accounting</li> <li>Integrating/rebuilding FH's financial accounting functions</li> </ul>
Project for enhanced auditing	<ul style="list-style-type: none"> <li>Rebuilding/strengthening internal audit systems</li> <li>Rebuilding/strengthening J-SOX systems</li> <li>Strengthening auditing functions through FH Audit &amp; Supervisory Board Members</li> </ul>	<ul style="list-style-type: none"> <li>Integrating internal audit functions into FH/ implementing global audit</li> <li>Integrating J-SOX evaluation systems into FH/ making internal controls more effective</li> <li>Establishing Audit &amp; Supervisory Board Office/strengthening coordination between auditors</li> </ul>
Project for enhanced compliance	<ul style="list-style-type: none"> <li>Raising and spreading awareness of compliance issues</li> <li>Establishing highly effective/reliable internal whistleblowing system</li> </ul>	<ul style="list-style-type: none"> <li>Implement compliance re-education</li> <li>Rebuild internal whistleblowing system/ raise wider awareness of the system/strengthen information sharing with accounting auditor</li> </ul>
Project for enhanced IT governance	<ul style="list-style-type: none"> <li>Strengthening monitoring of group companies, engaging in more efficient communication within the group</li> </ul>	<ul style="list-style-type: none"> <li>Harnessing IT to establish foundations for improved monitoring/establishing foundations for improved communications</li> </ul>

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Now, I would like to explain the issues associated with the five projects and the measures we have in place for addressing them.

Firstly, with regard to the project for enhanced management of group companies, we will work to strengthen control and supervision over the group as a whole by rebuilding systems including those in place for reporting important matters related to group companies as well as approval processes. Through other measures including revisions of reporting lines and approval regulations, we will ensure that systems are in place for guaranteeing that the provision of information within the group is appropriate. To start with, Subsidiaries Administration Division was newly established on August 1 in FUJIFILM Holdings.

Secondly, with regard to the project for enhanced accounting, we will, with the aim of ensuring that we have in place systems are guaranteeing the appropriateness of accounting procedures and ensuring that internal controls are functioning, separate management accounting and financial accounting functions and also integrate financial accounting functions.

Thirdly, with regard to the project for enhanced auditing, we are aiming to strengthen audit functions throughout the entire group by building systems for rolling out global audits based on integrated functionality within the group as well as stronger and more efficient auditing capacity making use of IT.

Fourthly, with regard to the project for enhanced compliance, we will be working to review our risk management systems through the implementation of re-education on compliance for all employees, to follow the compliance education that has already been provided to senior management, in addition to preparing whistleblowing systems for all group companies.

Finally, with regard to the project for enhanced IT governance, we will be effectively harnessing IT to implement monitoring frameworks to ensure the appropriate and timely understanding of business circumstances at each group company while also working to prepare IT infrastructure to ensure smooth communication within the group.

We will keep you up-to-date on the progress of our efforts to achieve stronger governance through our five projects. Thank you very much for your kind attention.

## 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](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](http://www.fujifilmholdings.com/en/investors/ir_events/business_presentations/index.html)

- Business presentation materials
- May. 2016 Presentation of Document Solutions
- Dec. 2016 Business Presentation for Pharmaceuticals/Regenerative Medicine Business
- Mar. 2017 Business Presentation for Electronic Materials Business

### **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 Communications Office, Corporate Planning Div.

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