FUJ¦film

Business Presentation for Imaging Solutions Businesses

FUJIFILM Holdings Corporation

Mar. 22, 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.

Positioning of Imaging Solutions

New CSR Plan "Sustainable Value Plan 2030"

Contribute to resolve global social issues through its business activities

Define "environment," health," "daily life" and "working style" as four key areas

Daily life:

Key Issues

- 1. Contribute to creating a safe and secure society
- Contribute to enriching humanity and relationship between people

Medium-Term Management Plan "VISION2019"

Profit : Improve profitability to generate cash-flow

Growth : Accelerate growth to expand sales and income

Investment : Invest in fields that will form our future

business pillars



1

Realization of a Sustainable Society



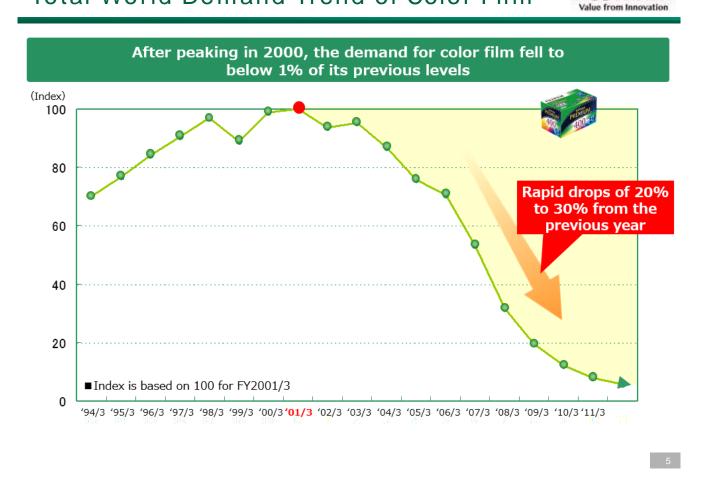


Imaging Solutions Business Overview





Total World Demand Trend of Color Film



Responding to Changes in the Business Environment



6

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Value from Innovation

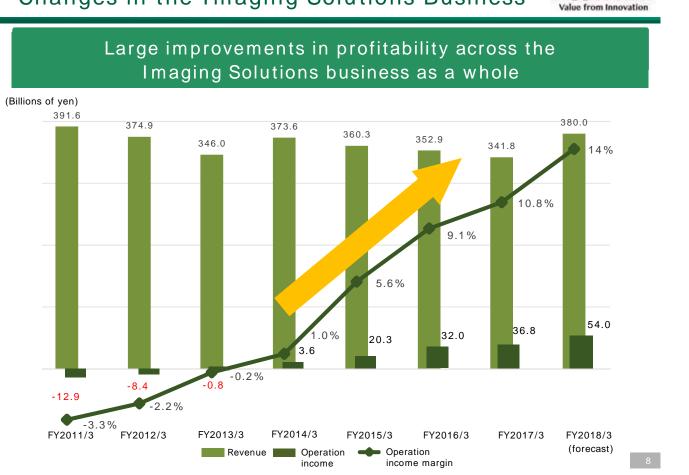


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Activities for creating new demand : "PHOTO RENAISSANCE"



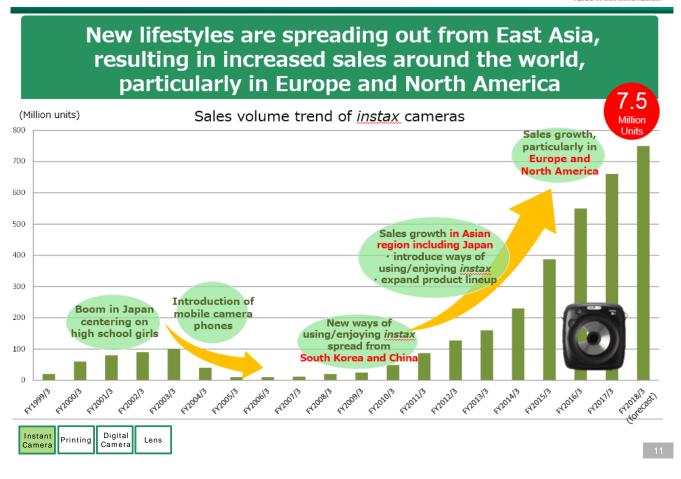
Changes in the Imaging Solutions Business

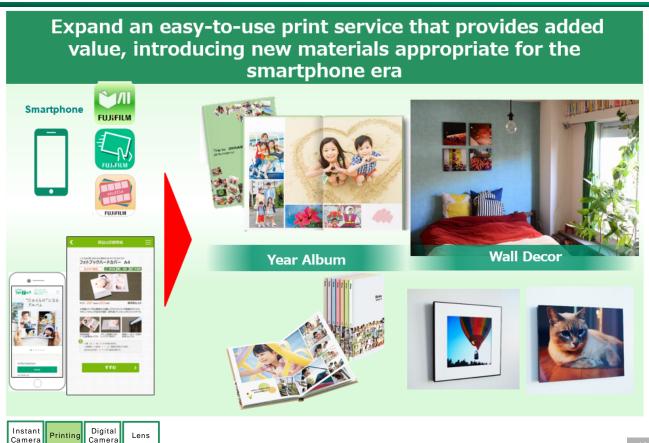






Lens

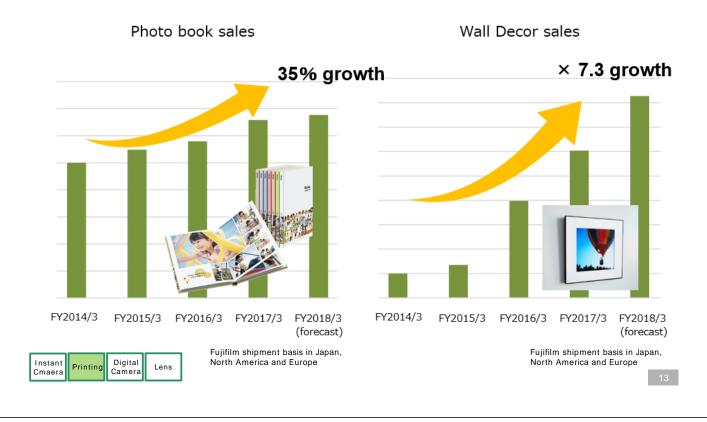




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alue from Innovation

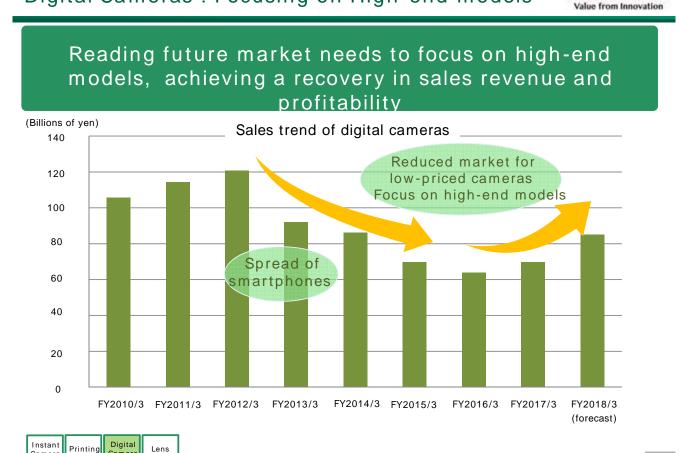
Solid growth in sales of Photo book/Wall Decor



Digital Cameras : Focusing on High-end models

Camera

Camera

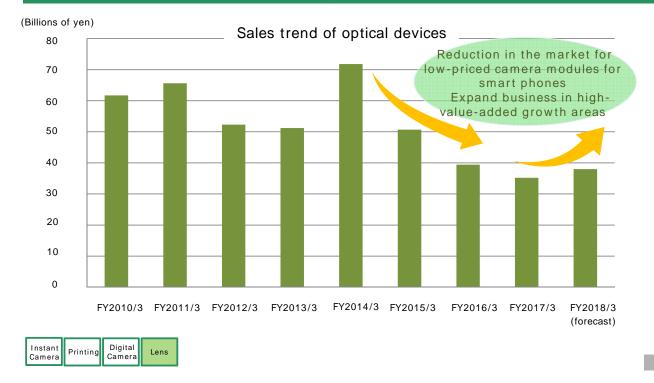


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Value from Innovation

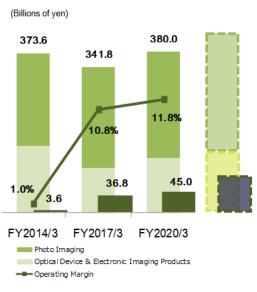
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Improving profitability by focusing on lenses for various industrial applications where high-quality optical technology is required such as broadcasting, cinematography and security



Medium-Term Management Plan "VISION2019"

Delivering highly competitive products that incorporate proprietary technologies to generate stable profits, while contributing to the development of photographic cultures





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alue from Innovation

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At Last

FUJ:FILM Value from Innovation



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Business Presentation for Photo Imaging Business

Mar.22, 2018

FUJIFILN

Chapter Photo Imaging Business Overview 1 Expand the Instant Photo System Chapter 2 **Business** Chapter **Expand the Printing Business** 3 FUJHFILM

Chapter Photo Imaging Business Overview

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Photo Imaging Business Overview

FUIFILM Was free lossestion

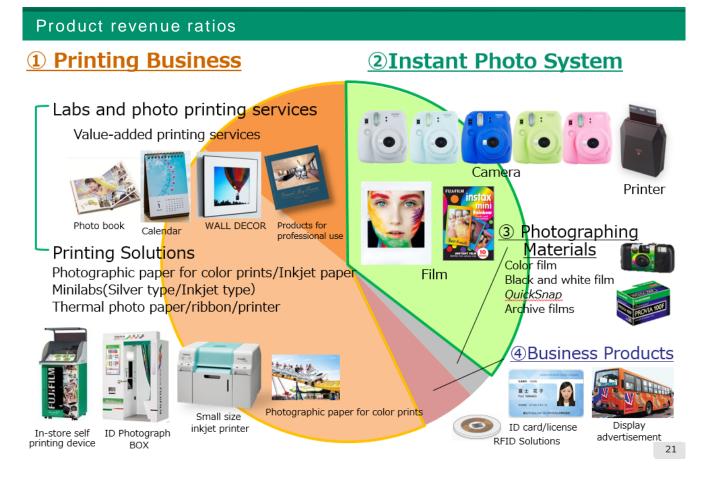
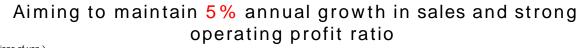
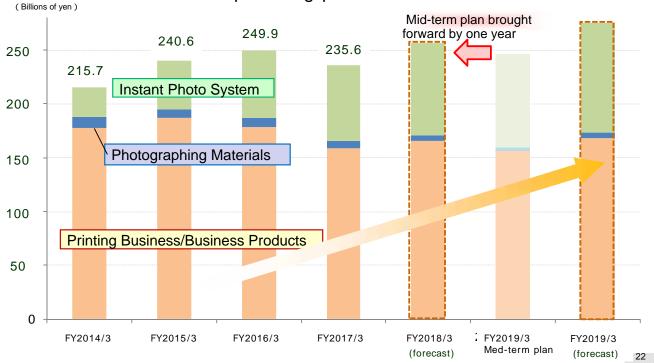


Photo Imaging Business Overview



Revenue trend







Expanded business opportunities

77.5% of people in Japan now own a smartphone, with 2.6 billion smartphone owners worldwide

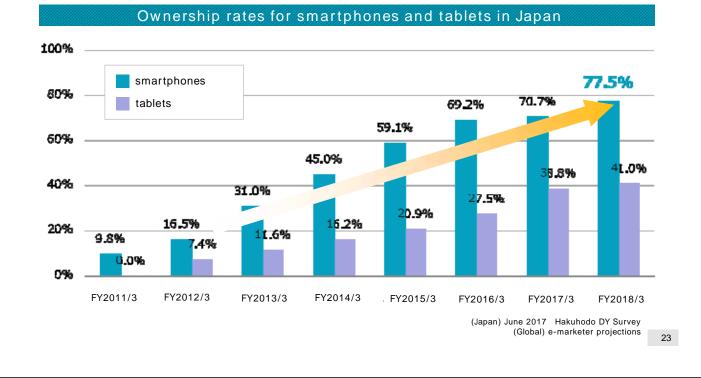


Photo Imaging Business Overview

FUIHFILM

Expanded business opportunities

Spread of smartphones has led to an increasing number of photographs taken reaching 1 trillion shots worldwide

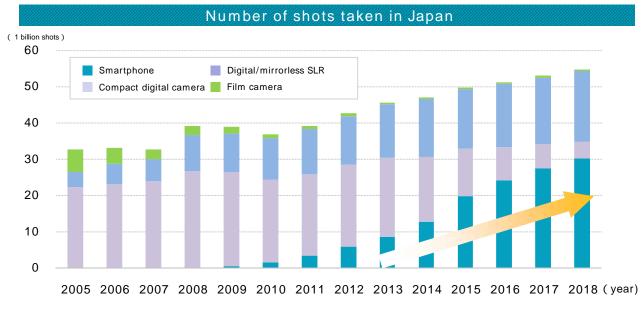


Photo Imaging Business Overview

FULL HELL

Shift in the value and positioning of photographic images

Photographs are considered as a means of

Communication & Self-Expression

Photographic media are changing and evolving



Facebook **2.1** User billion people Instagram 0.8 User billion



Core Values "Shooting," "Preserving," "Displaying," "Gifting"



Facebook/Instagram user numbers : <u>http://www.uniad.co.jp/260204</u> Facebook is a registered trademark of Facebook, Inc. Instagram is a registered trademark of Instagram





Chapter 2 Expand the Instant Photo System Business



Instant photo system "instax"

The official name of the product is "instax," being used around the world. In Japan it is known by its nickname "Cheki."



Expand the Instant Photo System Business



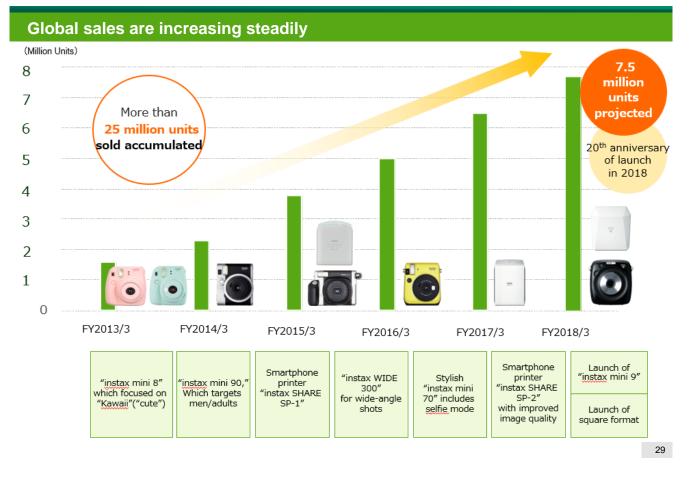
About instant photo system "instax"

Providing immediate output and texture of photograph, it can be harnessed as a real communications tool



A unique service that can be used in various ways





Expand the Instant Photo System Business

FUJIFILM
Value from Innevallers

Product Group			Concept	Main target	
" <u>instax</u> " mini	mini 8+ (Japan)	666	The world's cutest instant camera	Young women	
	mini 9 (Overseas)	6 6 6			
	mini 70	.	Have fun shooting	Men and women in their 20s and 30s	
	mini 90		"NEO CLASSIC"	Men who love cameras	
" <u>instax</u> " WIDE	WIDE 300	10	"instax wide" for large images	Families	
"instax" printer	SHARE SP-2 SP-3	-	Easy "instax" printing of smartphone photos	Smartphone users	
" <mark>instax</mark> " SQUARE	SQ 10		Simply enjoy being creative	Millennials	

Expanding users



Shift in the value and positioning of photographs

Keeping records and memories



Spread of smart phones and SNS





Images are now a communication tool too

Photographs have become a more familiar, integral part of our daily lives

Expand the Instant Photo System Business



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instax feels fresh and has real value





Designed for millennials with artistic sensitivity and desire to express themselves Responding to the popularity of the square format on SNS and other platforms New products launched in fiscal year 2017

New format "square format"

instax SHARE SP-3 50



Image from a smartphone can also be printed on square format "instax" film Highly artistic square format supports smartphone user s self-expression

Expand the Instant Photo System Business



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New products launched in fiscal year 2017

New "instax SQUARE" format





Raising the profile of "instax" and widening the customer base through collaborations with popular characters in Japan and overseas

FUJIFILM Was free lowesting

1.Development of products that meet targets

A diverse range of design films



Development of highly artistic film targeting users with high sensitivity to fashion and art

Expand the Instant Photo System Business



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1.Development of products that meet targets

Wide variety of film lineup



©Disney ©Disney. Based on the "Winnie the Pooh" works by A.A. Milne and E.H.Shepard. ©1976, 2015 SANRIO CO., LTD. APPROVAL NO.S560717 ©2015 San-X Co., Ltd. All Rights Reserved.

Colorful designs and collaborations with popular characters a diverse range of films are launched for sale



2.Global development

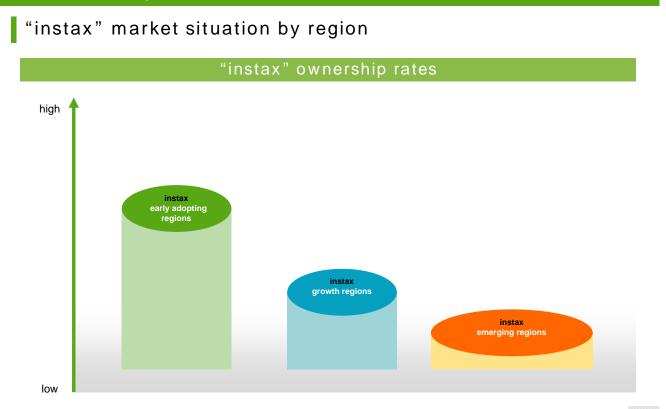


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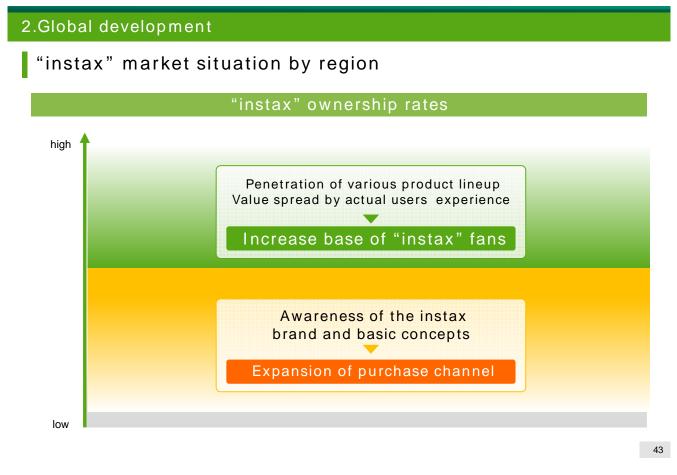
Expand the Instant Photo System Business



2.Global development



FULFILM View from Inscention



Expand the Instant Photo System Business

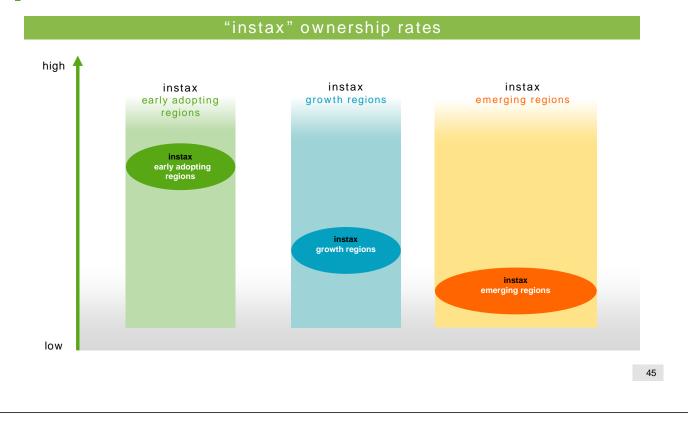


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2.Global development

"instax" market situation by region



Expand the Instant Photo System Business



2.Global development In-store promotions

"instax" in early-adopting regions







Japan



Oceania





2.Global development In-store promotions

"instax" in growth regions





U.S.A.



Germany

Expand the Instant Photo System Business



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2.Global development In-store promotions

"instax" in emerging regions



China



Malaysia



Mexico



Thailand



2.Global development Utilizing the Internet and SNS



Based on real examples from users the value provided by instax is spreading globally



generate new value

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3.Concept for future development

Image quality





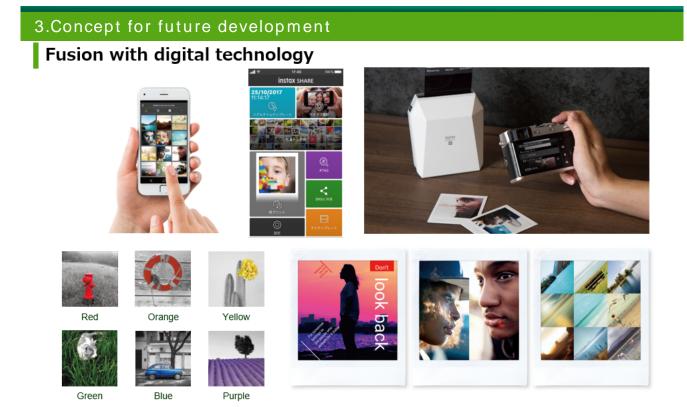
Design



Expand the Instant Photo System Business



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Expanding the range of use and enjoyment



3.Concept for future development

Use of diverse print formats



"instax mini"



"instax SQUARE"



"instax WIDE"

Expanding the range of self-expression

Expand the Instant Photo System Business



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3.Concept for future development



Provide products that give users a more "real" texture, promoting the further expansion of the service



Chapter Expand the Printing Business 3 Expand the Instant Photo System Photo Imaging Business Overview 55 Business Expand the Printing Business Product revenue ratios **Printing Business** Instant photo system Labs and photo printing services Value-added printing services . Camera Printer Film WALL DECOR Photo book Products for Calendar professional use Photographing **Printing solutions** materials Color film Black and white film Photographic paper for color prints/Inkjet paper Minilabs(Silver type/Inkjet type) *QuickSnap* Film for archiving Thermal photo paper/ribbon/printer **Business products** 11.17 A ID card/license Display RFID Solutions advertisement Small size In-store self ID Photograph 0 printing device Photographic paper for color prints

inkjet printer

BOX

50

HUJ IHIUN Vierfren installer

Printing Business Overview



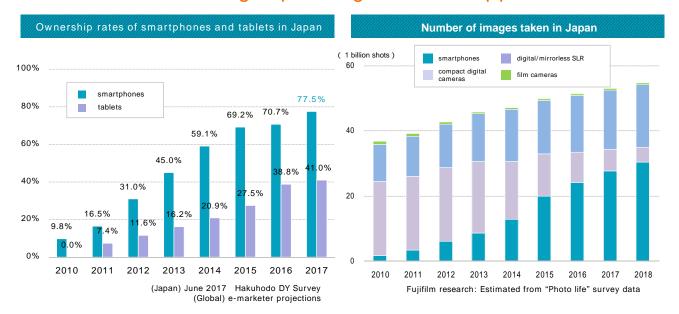
Expand the Printing Business



Expanded business opportunities

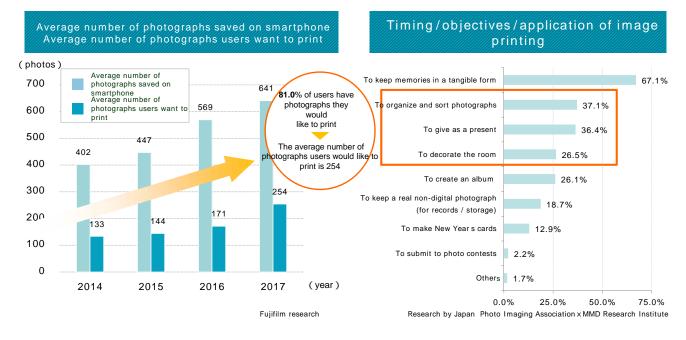
Consumers are taking an increasing number of photographs due to the spread of smartphones

This creates larger printing business opportunities





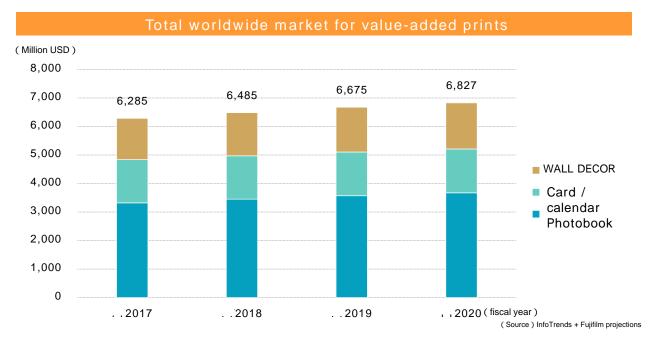
Expanded business opportunities



81% of users want to print images, and the number of images they want to print is growing. In addition to conventional usages, users now use their prints in various new ways including gifts, displays, and albums.

Expand the Printing Business

Expanded business opportunities



The market for value-added prints such as Photo book and WALL DECOR as larger numbers of people make more use of new print applications

59



Expanded business opportunities

Harnessing the increased use of print services and spread of smartphones as a business opportunity to expand value added print services



Expand the Printing Business



1. Development of value-added print services hotoZINE Designed frame Year Albun Photo Multiple products images one print Square print Beautiful skin prin Framed COYOMI prints calendar Shuffle print

Based on the concept of "more photographs in your life to enrich your life," Fujifilm proposes value-added print products and services to cope with the expanded demand for using prints in an increasing number of ways

FULL Value from home section

Preserving

1. Development of value-added print services

Year Album



The "Image Organizer" is Fujifilm's proprietary image analysis technology, which incorporates AI. The atmosphere of a particular trip or, for example, wedding ceremony, can be captured in a single album.

Make albums easily through automatic photo selection

This innovative service has been available since 2013. It allows users to lay out an album in as little as five minutes

Expand the Printing Business



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1. Development of value-added print services



For family, for friends, for partners. The 'Sha-prise' promotion, which encouraged users to send photographs to a special somebody alongside a special message, helped popularize the Shuffle Print service





Many smartphone photographs capturing various persons can be brought together in a single cute layout: This print service is particularly popular among girls and women in their teens and 20s

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The WALL DECOR print service is ideal for those who want to use photographs as part of their homes stylish interior design

Expand the Printing Business

1. Development of value-added print services



New stylish photo books that allow users to express their own world

These photo books have been well received, with users providing comments such as "it looks stylish like a magazine" and "I can express myself artistically" A new design is to be released in June 2018.



PhotoZINE Slim (to be released in June 2018) This product was developed to target social media users, encouraging them to collect photographs of their hobbies and organize the photographs in the smartphone. The shape is designed to feel

reminiscent of a smartphone.





65





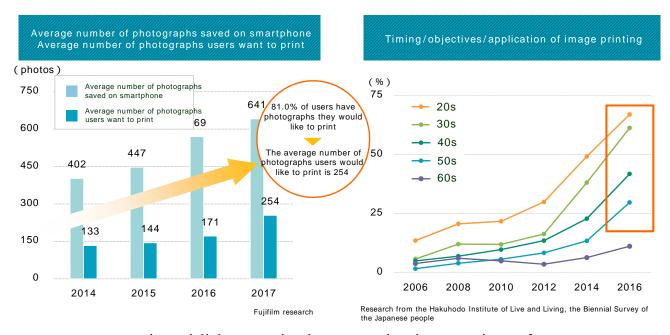
Fujifilm will continue to offer attractive added value print products and services, driving further growth of the market.

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Expand the Printing Business



2.Expand smartphone based print infrastructure



In addition to the increase in the number of photographs taken on smartphones

smartphones are increasingly being used as a portal for online shopping

2. Expand smartphone based print infrastructure



In addition to existing print infrastructure (such as stores and PCs), Fujifilm is focusing on the expansion of infrastructure and development of solutions for smartphones

Expand the Printing Business



Fujifilm Online Print Services

- Available for smartphone since 2016
- Users can order a diverse range of value-added print products and services from their smartphone



The same products and services can be ordered from a store, a PC or a smartphone Fujifilm plans to expand the range of EC functionality that leverages digital marketing







2.Expand smartphone based print infrastructure

Super Easy Print Applications

- Launched into the market in December 2017
- Received approximately 8 times the number of orders. of standard print order applications, gaining popularity for its easy usability
 - order with a single coin (¥500)
 - delivery in two days
 - simple operation in three steps



Fujifilm plans to expand the range of products and services that are available with a single coin including the square print and shuffle print services (Spring 2018)

Ongoing development of unique, appealing applications Expand infrastructure that allows simple ordering of a diverse range of print products and services 71

Expand the Printing Business



smartphone users

Who are Verizon?

Sales revenue

FY2017/3

10

2Q

3Q

 Largest US smart phone service carrier Approximately 140 million subscribers

Provides cloud storage services for

Approximately 30 million members

- (September 2016)
- Provide print services through Co-Brand

Prints & Gifts

- Users can order various types of photo goods from standard prints to WALL DECOR
- Sales revenue expanding steadily since the start of service



FUJ!FUM

order print products/services from smartphones/PC

compatible with a wide range
of value-added print
products/services

Fujifilm is looking to engage in further tie-ups with other companies Preparing print infrastructure that allows prints to be ordered at anytime and anywhere

4Q

FY2016/3

30

















Expand the Printing Business

FUJIFILM

3.Expand promotions and customer touch points



写真と、 ちょっといい暮らし。 ^{by FUJIFILM}



"Intangible value proposal" Promotion for communicating customer feedback and photo usage ideas Powerful communication on the strength and value of images

Expand the Printing Business



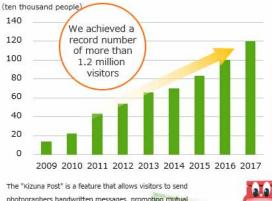
73

3.Expand promotions and customer touch points

"Photo Is" A photo exhibition of 50,000 people

One of Japan's largest participatory photo exhibitions, bringing together those who enjoy looking at photos with those who took them From 2017, the exhibition will feature 50,000 people's photos





photographers handwritten messages, promoting mutual communication between exhibition visitors and those submitting their photographs, an important characteristic of this exhibition

From FY2017 onwards, Fujifilm will be organizing participatory photo exhibitions that people from overseas can also join The expansion to include overseas participation will take place through venues

such as "Photokina," the industry's largest exhibition

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Expand the Printing Business



3.Expand promotions and customer touch points

WONDER PHOTO SHOP

FUJIFILM

Wonder Photo Shop opened in Harajuku, Tokyo in February, 2014, as a forum for communication with customers in the "smartphone generation".



Developing new products and services from communication with customers Creating demand for new print services through our directly-operated store

Expand the Printing Business



Wonder Photo Shop, stores operated by Fujifilm, now operate in 25*countries around the world, introducing people

around the world to new ways of enjoying photographs

75

Expand the Printing Business



3.Expand promotions and customer touch points

Fujifilm is rolling out an increasing number of directly-operated stores overseas



El Corte Inglés (Department store, Spain)



Holland America Line* Holland America Line (CRUISE SHIP, US)

JESSOPE Jessopean JESSOPE (Photo chainstore, UK)

<u>Harvey Norman</u>

Harvey Norman (High-end furniture store, Australia, Singapore, other countries)

Collaborations with major retailers Revamping the image of photo shops around the world

The names of each company listed are trademarks or registered trademarks. 77

Expand the Printing Business



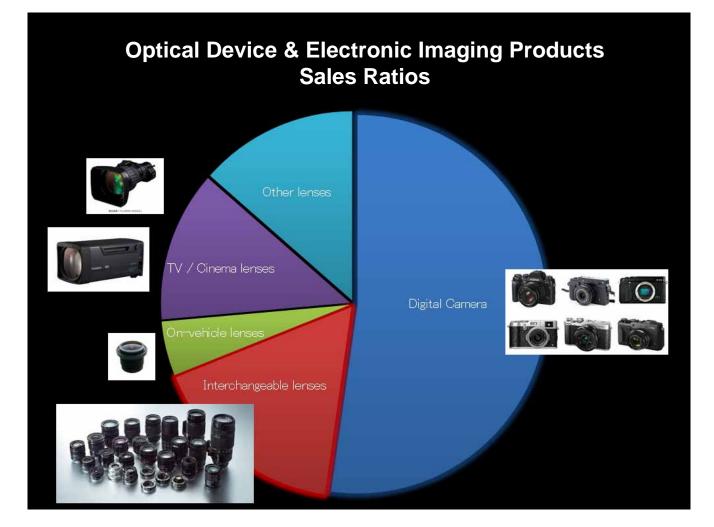


As the Industry's Only Total Solution Provider, Fujifilm is proposing new ways of enjoying photographs and developing infrastructure that will allow users to print photographs anytime, anywhere, while also expanding the printing business.



Business Presentation for Digital Camera Business

Mar. 22, 2018



By fusing our world-leading optical device technology with digital image processing technology that achieves the highest quality,

Fujifilm develops, produces and sells imaging equipment that provides an emotional impact, reliability and convenience, responding speedily, acting innovatively, and continually evolving,

polishing the Fujinon and Fujifilm brands, to continue providing customers with superior products and services.

By fusing our world-leading optical device technology with digital image processing technology that achieves the highest quality,

Fujifilm develops, produces and sells imaging equipment that provides an emotional impact, reliability and convenience, responding speedily, acting innovatively, and continually evolving,

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World-Leading Optical Device Technology



By fusing our world-leading optical device technology with digital image processing technology that achieves the highest quality,

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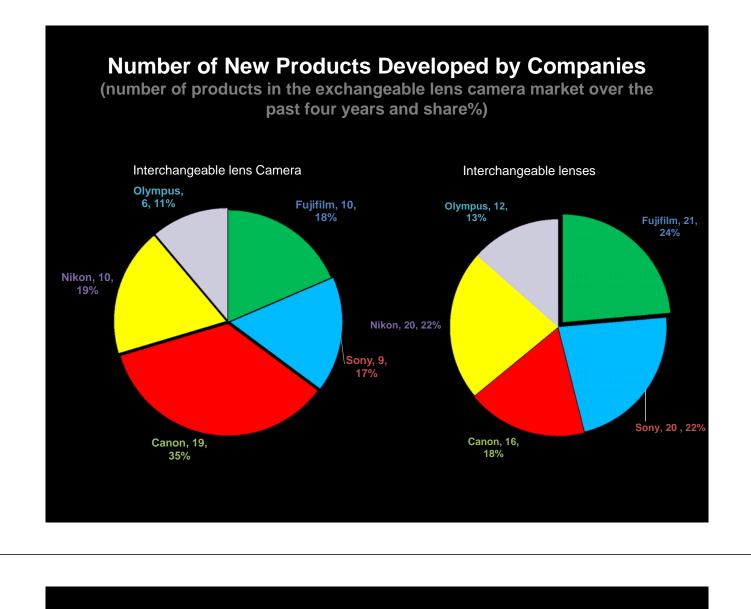
Image Processing Technology of the Highest Quality



By fusing our world-leading optical device technology with digital image processing technology that achieves the highest quality,

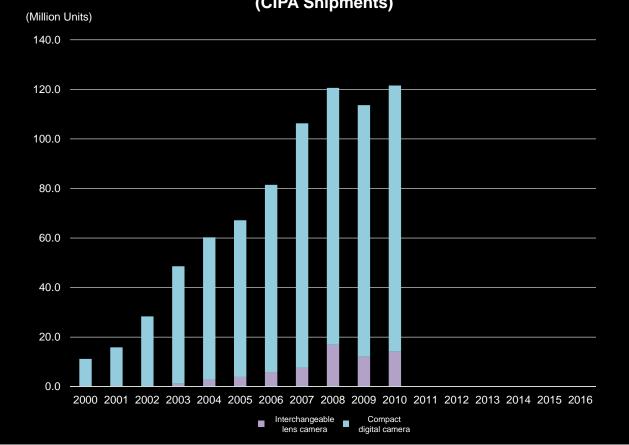
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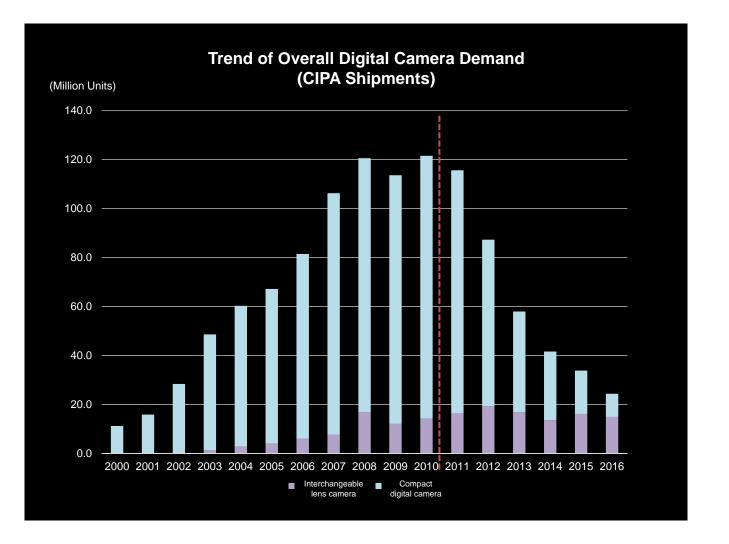


Digital Camera Market Trends

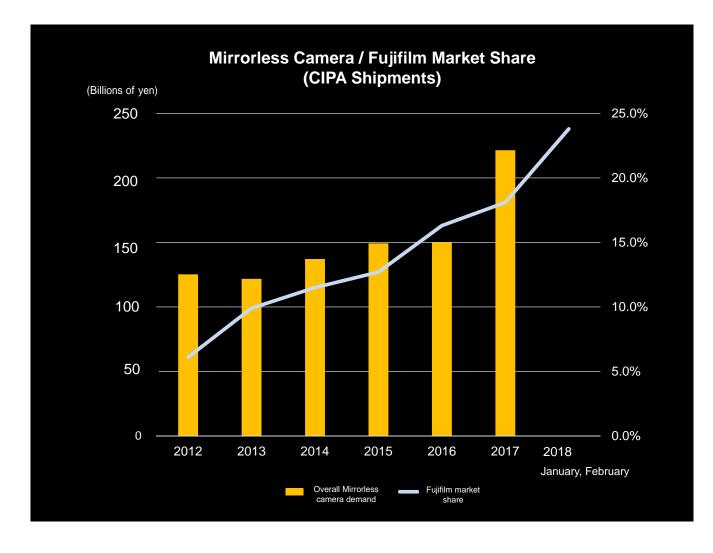
Overall Digital Camera Demand (CIPA Shipments)



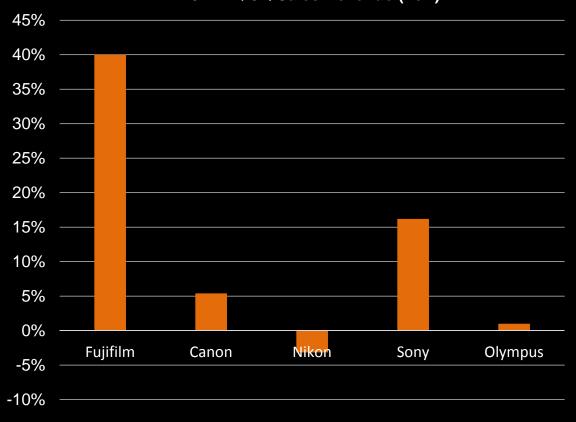




Interchangeable lens Camera / Mirrorless Camera Ratios (CIPA Shipments) (Billions of yen) 800 45% 40% 700 35% 600 30% 500 25% 400 20% 300 15% 200 10% 100 5% 0 0% 2012 2013 2014 2015 2016 2017 2018 January, February SLR Mirrorless Mirrorless camera cameras camera ratio



Manufacturers (Camera/Imaging Division) FY 2017 1Q-3Q Sales Revenue (YoY)



Why sales of Fujifilm's Mirrorless Cameras are increasing

Evolution of digital devices & Differentiation by analog / responsive performance

Moving Away from Compact Digital Cameras, Selecting and Focusing on High-end Models



Ur Leica (1914)



Contax S (1949)



Nikon F (1959)

Game Change

Breaking away from 100 years of 35mm film and 70 years of SLR cameras





X100 (March 2011)



Mirror Less Less is More

Less is More

Compact, lightweight cameras applicable in various scenes without overwhelming the subject

Quiet shutter without mirror shock, maintaining the relationship with the subject

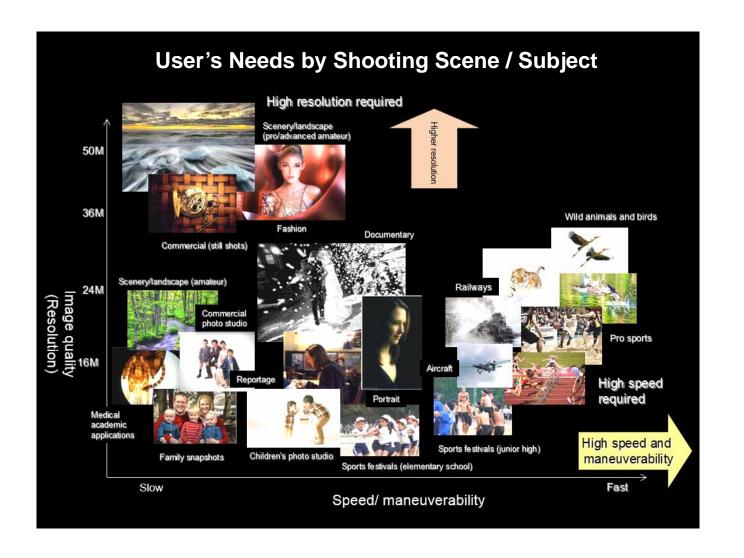
High image quality unaffected by shock from the mirror

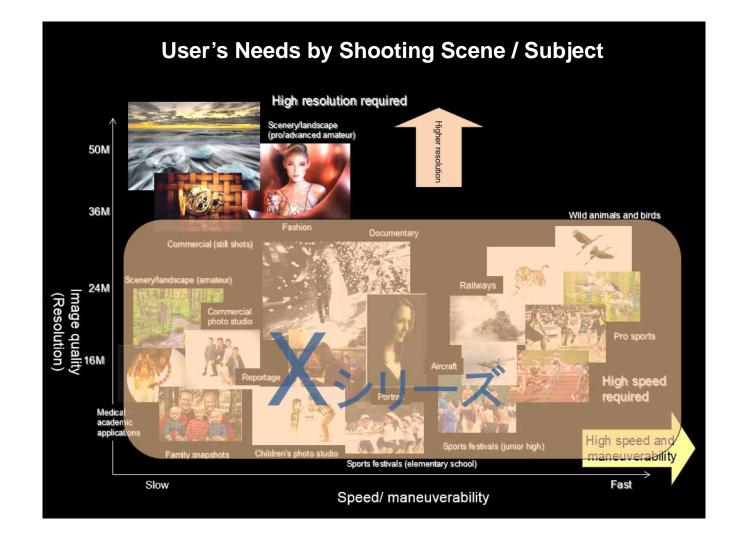
Precise focus control directly adjusted by the image sensor

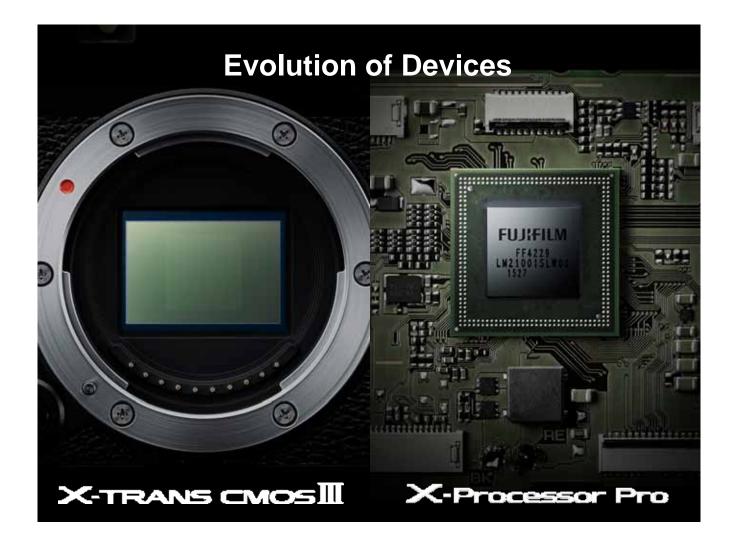
High performance, compact lightweight lenses through short flange back and back focus

Electronic viewfinder allowing prior image check before shooting, and displaying the subject brightly even in dark environments

Reduced image failure rate due to various image recognition technologies to reduce failure such as face detection autofocus and automatic scene detection mode







Evolution of Speed and Maneuverability

		2012	2015	2017
		X-E1	X-E2S	X-E3
Startup time	Sec	1.00	0.92	0.40
EVF display lag	Sec	0.05	0.005	0.005
AF (focusing speed)	Sec	0.10	0.06	0.05
AF (moving subject) focusing rate	%	100	167	233
			. – –	
AF method		Single	AF-Zone	New Tracking
AF method AF number of points	points	Single 49	AF-∠one 49	New Tracking 325
	points fps			C C
AF number of points	•	49	49	325
AF number of points Burst shot speed	fps	49 5.6	49 7.0	325 8.0

Examples of Functionality Evolution





Differentiation by analog / responsive performance





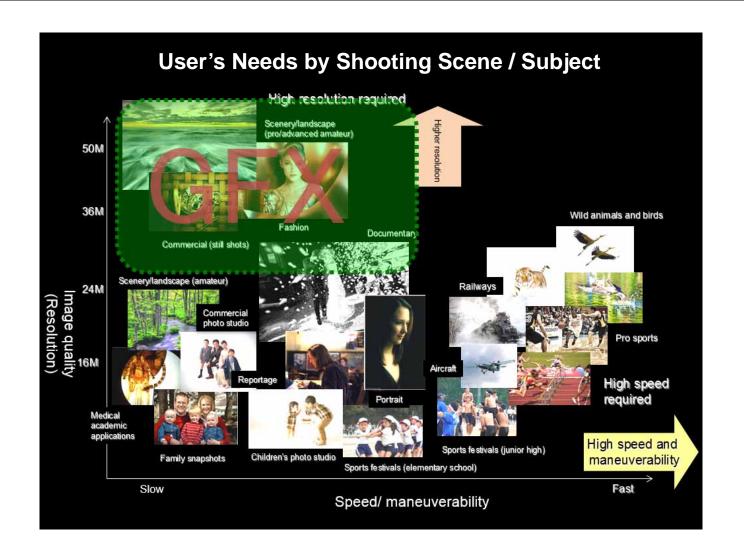




High performance device

Interchangeable lenses lineup (X Series)











Mid 2017

Late 2017

Early 2017

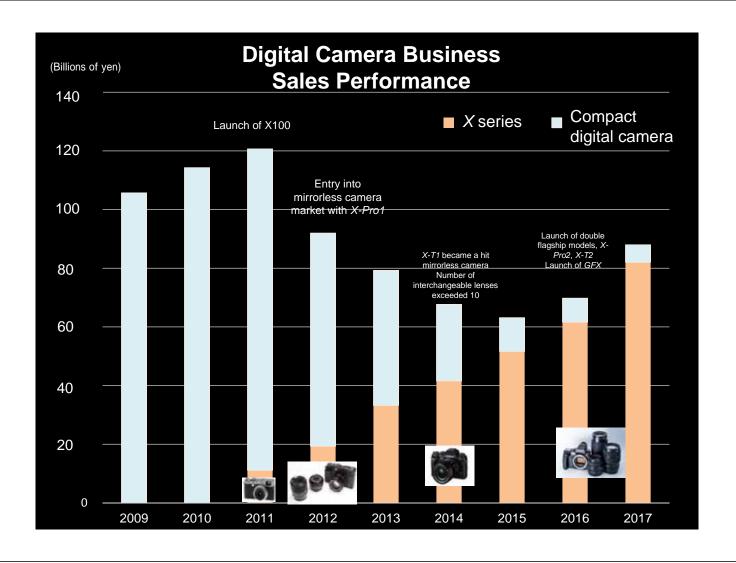
Early 2017

Mid 2017

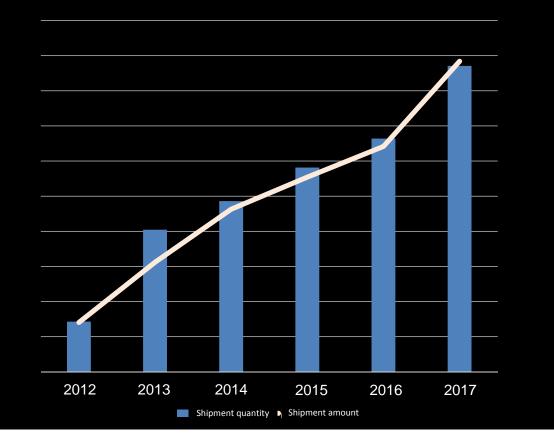
Early 2017











Future Growth Strategies

Invest and strengthen all areas : development, production, brand marketing, and services

Development: Development of attractive lens products by Fujifilm's proprietary device technology (sensors, processors) and 4K/8K lens technology

Production: Strengthen interchangeable lens capacities (e.g. expansion of the floor area of the Yamato Plant) and improve productivity (e.g. increased use of automated production)

Marketing: Promoting the use of direct marketing (e.g: within the new Fujifilm Imaging Plaza in Marunouchi)

Services: FPS (Fujifilm Professional Service) etc.

Preparing for the 2020 Tokyo Olympics

Keep Innovating with Passion for Photography.

