



Achieving the Medium-Term Management Plan VISION 2016 and Promoting Continued Growth

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In the fiscal year ended March 31, 2015 (FY2015/3), the U.S. economy continued to expand moderately, while the euro-zone economy remained weak. In Japan, the economy stalled temporarily after the consumption tax hike, but economic recovery subsequently resumed as the yen, which had strengthened excessively after the financial crisis, corrected and returned to a more appropriate level through quantitative and qualitative easing under Abenomics. In this business environment, in November 2014, the Fujifilm Group

announced the medium-term management plan VISION 2016, ending in FY2017/3.

● Medium-Term Management Plan VISION 2016

As demand plummeted for photographic film—a core business that peaked in 2000—Fujifilm decided to undertake drastic business restructuring reforms and concentrate management resources in new priority business fields. This restructuring has resulted in the establishment of

Built a firm and strong management base to generate stable profit and cash

	2000 –	2004 –	2008 –	2012 –	
Growth strategy	<ul style="list-style-type: none"> ● Acquisition of Toyama Chemical ● Acquisition of radiopharmaceuticals manufacturer ● Establishment of FUJIFILM Advanced Research Laboratories ● Establishment of Kyushu plant for FPD materials → Expansion of production lines ● Acquisition of biopharmaceutical contract manufacturing company ● Establishment of FUJIFILM Pharmaceutical Research Laboratory ● Acquisition of ultrasound diagnostic equipment manufacturer ● Acquisition of CMP slurry manufacturer ● Establishment of Open Innovation Hub 				Established a growth base
	<ul style="list-style-type: none"> ● Acquisition of business operation in China ● Expansion of production in China ● Establishment of core sales channels in domestic market ● Restructuring and integration of development / production functions ● Acquisition of BPO division of Australian service provider ● Start of development in China ● Establishment of factory in Vietnam 				
	<ul style="list-style-type: none"> ● Converted Fuji Xerox to a consolidated subsidiary 				
Structural reforms	<ul style="list-style-type: none"> ● Implementation of structural reform centered on Imaging Division ● Companywide implementation of structural reform ● Cost reduction in such businesses as medical systems and graphic systems ● Integration of optical device and electronic imaging businesses ● Transition to a holding company structure 				Built a robust structure

a robust foundation for future growth, centered on the three core healthcare, highly functional materials, and document business fields.

Under the medium-term management plan VISION 2016, Fujifilm aims to achieve record-setting profits and to improve ROE by further fulfilling its business portfolio for sustained growth in the medium-to-long term and by enhancing shareholder returns through the efficient leveraging of profits and a stable cash flow generated from its solid business foundation. The Fujifilm Group has entered a new phase during which it is capable of taking a balanced approach to allocating cash flow to growth investments and shareholder returns.

● Fulfilling Our Business Portfolio

Under the objective of further fulfilling our business portfolio for sustained growth in the medium-to-long term in VISION 2016, we aim to expand sales, profits, and market share through marketing activities and the introduction of new products by positioning as growth drivers the three core healthcare, highly functional materials, and document business fields. In other businesses as well, we aim to maintain our business scale and market advantages, increase productivity and efficiency in operations, and further improve profitability across all businesses.

For FY2017/3, Fujifilm has set targets for revenues of ¥2,630 billion, up 7.8% compared with FY2014/3; record-high operating income of ¥220 billion, up 56.3%; and

record-high net income attributable to FUJIFILM Holdings of ¥120 billion, up 48.1%. These targets are expected to bring about significant improvements in the operating margin to 8.4%, up 2.6 percentage points, and in ROE to 7.0%, up 2.8 percentage points, representing strong progress toward our objectives for an operating margin of 10.0% and ROE of 8.0% in FY2019/3.

To achieve ROE of 7.0%, we must reach our operating income target by implementing strategies for each business, enhancing shareholder returns, and further increasing profits through strategic M&A investments. Fujifilm plans to invest between ¥400 billion and ¥500 billion as necessary in strategic M&A deals over the three-year period of the medium-term management plan, screening projects based

Concept of VISION 2016

Firm and strong management base
Stable generation of profit and cash



Fulfill its business portfolio to realize stable growth in medium-to-long term

Accelerate growth of core businesses

Expand sales, market share, and operating income using growth drivers of healthcare, highly functional materials, and document business fields, with new product launches
Strategic use of M&A

Profitability improvement in all businesses

Improve profitability by improving productivity and efficiency in every corporate activity while maintaining business scale and advantages

Enhancement of shareholder returns



Achieve record-high profit, improve ROE

Financial targets for VISION 2016

	FY2014/3 (Actual)	FY2015/3 (Actual)	FY2017/3 (Target) (vs. FY2014/3)	FY2019/3 (Target)
Revenue (Billions of yen)	2,440.0	2,492.6	2,630.0 (+7.8%)	
Operating income (Billions of yen)	140.8	172.4	Record High 220.0 (+56.3%)	
Operating margin (%)	5.8%	6.9%	8.4% (+2.6 points)	10.0%
Net income attributable to FUJIFILM Holdings (Billions of yen)	81.0	118.6	Record High 120.0 (+48.1%)	
ROE (%)	4.2%	5.6%	7.0% (+2.8 points)	8.0%

To achieve ROE of 7.0%:

- Full achievement of operating income
- Add on profit by strategic investment activities
- Enhancement of shareholder returns

on projected synergies while focusing on the healthcare, highly functional materials, and document business fields. The Fujifilm Group has engaged in numerous M&A deals from the long-term perspective of expanding its business foundation but currently plans to make strategic investments mainly in deals that are expected to directly contribute to improvements in ROE.

● Shareholder Return Policy

Another objective of VISION 2016 is to enhance shareholder returns.

By the final fiscal year of the medium-term management plan (FY2017/3), Fujifilm plans to return about ¥230 billion to shareholders through dividend payments and

share buybacks over the three-year period. In the first fiscal year (FY2015/3) under the plan, Fujifilm increased the annual dividend by ¥10 per share, to ¥60 per share. For FY2016/3, we plan to increase the dividend by ¥5 per share, to ¥65 per share, marking the sixth consecutive year of higher dividends. In FY2016/3, Fujifilm has already bought back ¥50 billion of its shares.

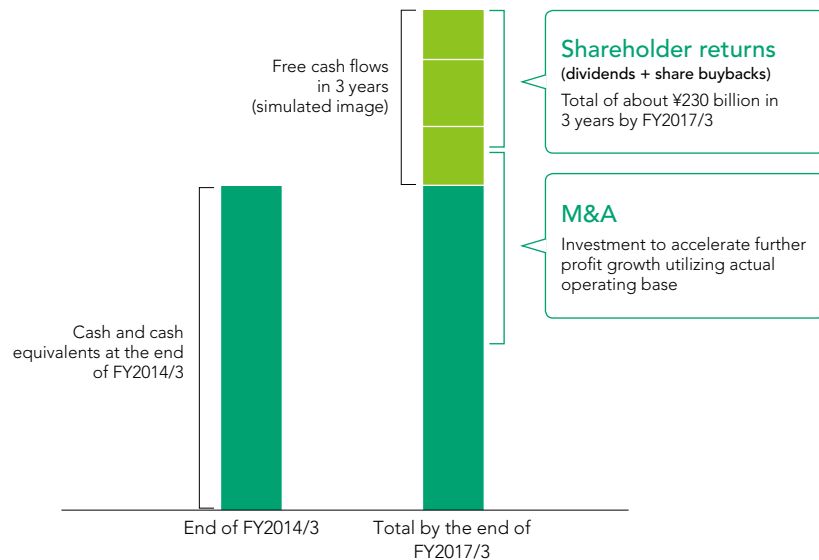
We have received positive feedback from many shareholders and investors regarding our shareholder return policy under the medium-term management plan. After the decline of our core photographic film business, in order to survive, we were forced to restructure operations and prioritize investments in constructing a new foundation for growth over making improvements in capital efficiency and

shareholder returns. Now that we have rebuilt our business foundation, we have transitioned to a phase of proactively allocating cash flow to shareholder returns.

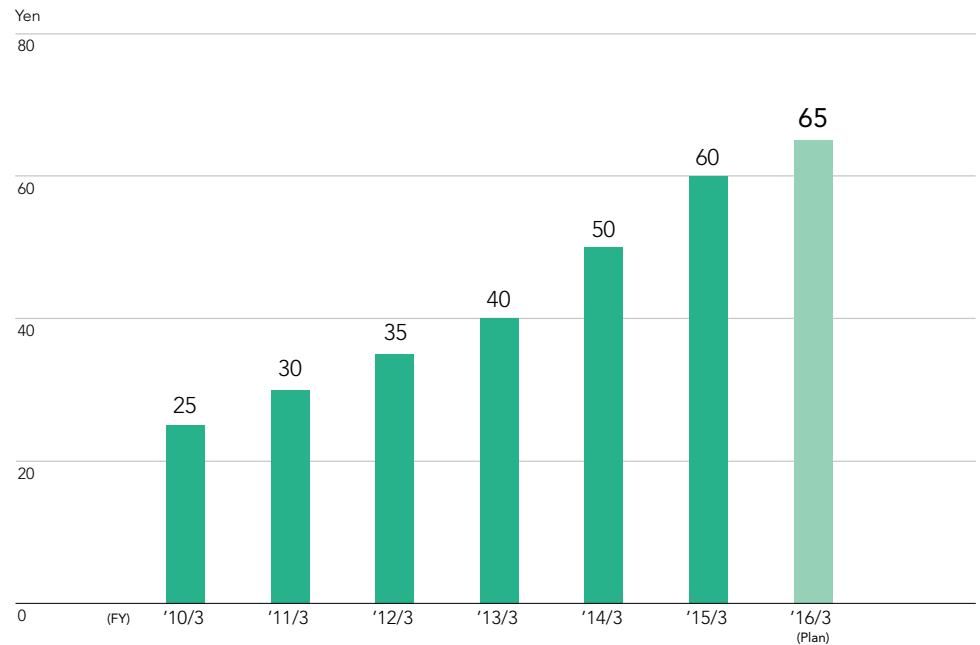
● Toward Sustainable Growth

To achieve sustainable growth, the Fujifilm Group aims to further expand in the medium-to-long term in the core healthcare, highly functional materials, and document business fields—the growth drivers identified in the medium-term management plan. In the healthcare field, we are strengthening the business foundation with the aim of quickly gaining earnings contributions from the pharmaceuticals business and the regenerative medicine business, in addition to stable profits from the medical systems business.

Enhancement of shareholder returns and make efficient use of cash



Cash dividends per share



In 2014, the efficacy of our anti-influenza drug AVIGAN® Tablet 200mg was suggested against Ebola hemorrhagic fever, which greatly enhanced the visibility of our pharmaceuticals business. The pros and cons of our entry into the pharmaceuticals market were debatable until this time. However, we believe the stream of media reports on AVIGAN® has raised awareness of the exceptional value provided by our pharmaceuticals business and the significant role it plays in addressing unmet medical needs. The knowledge of fine chemicals that we have accumulated

over many years is a core competence that can be applied to the pharmaceuticals business. For example, many of our advanced technologies accumulated through the development of photographic film technology can be applied to the pharmaceuticals business, such as synthesis and design technologies that help increase efficiency in the drug synthesis process, and analysis technology for understanding new mechanisms of drug agents. In the contract manufacturing of biopharmaceuticals, which are difficult to manufacture, our highly reliable, high-quality, and low-cost

production technologies, which have been garnered from the manufacture of photographic film, contribute to improved efficiencies and stability in the production process. During the term covered under VISION 2016, we are searching for the contract manufacturing of biopharmaceuticals to drive growth and steadily contribute to enhanced profitability. We aim to bring to market several new drugs by 2018 and beyond, which are anticipated to make a major contribution to earnings.

With the aim of strengthening our business foundation in the regenerative medicine field, Japan Tissue Engineering Co., Ltd. (J-TEC)—the only company in Japan that has obtained approval to produce and distribute regenerative medicine products—was made into a consolidated subsidiary in December 2014. Fujifilm also announced plans in March 2015 to acquire Cellular Dynamics International, Inc. (CDI), a global leader in the development and production of iPS cells, and completed the buyout in May 2015. With these acquisitions and developments, Fujifilm has entered into the area of iPS cell-based drug discovery support services. At the same time, Fujifilm aims to drive change as a leading company advancing the field of regenerative medicine using iPS cells through the fusion of technologies and expertise from the new Group additions J-TEC and CDI with a recombinant peptide developed by Fujifilm (a scaffold material needed for cell growth).

While leveraging its strengths, the Fujifilm Group is making every effort to further increase corporate value by aiming for sustainable growth over the longer term. We would like to express our sincere appreciation for the unending support and understanding of our stakeholders.

Fujifilm's regenerative medicine initiatives

