

# The Fujifilm Group's Value Creation History

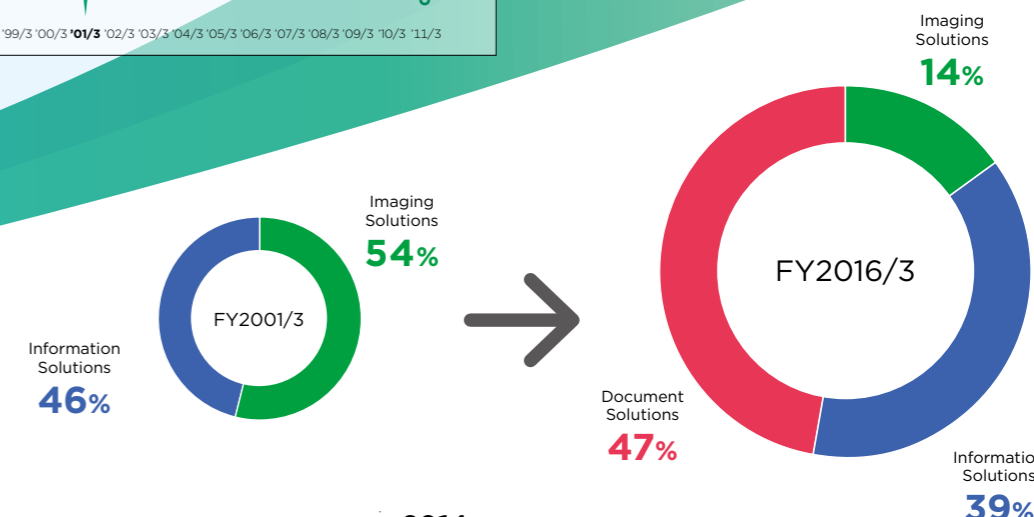
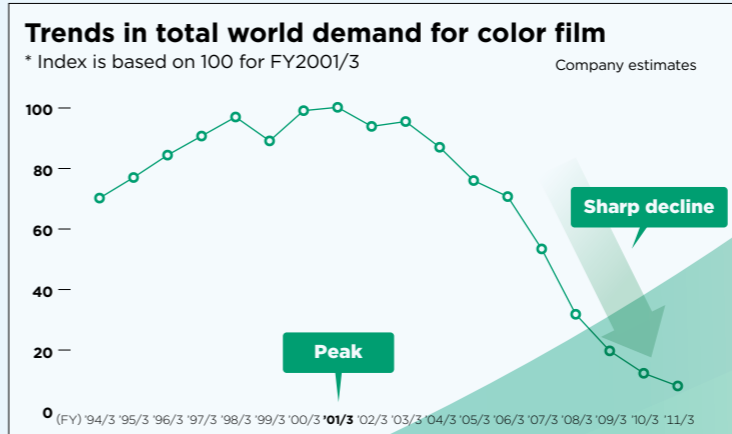
## The history of the Fujifilm Group is a history of innovation.

The Fujifilm Group was established in 1934 to produce photographic film in Japan. Since its founding, Fujifilm has consistently anticipated the future during times of change, has amassed a wide range of technologies, and provided innovative products and services.

Since 2000, demand for photographic film, our mainstay, has declined sharply due to digitization. Putting the Company's future at risk, we undertook drastic business restructuring. The key, at that time, was the advanced and various technological

capabilities of our photographic business. Fujifilm established businesses with a competitive advantage based on a variety of technologies such as optics, chemicals, and electronics, which are needed to develop and produce photo-related products.

The Fujifilm Group, which had overcome a turbulent "second foundation" and gotten back on a growth track, has even more developed products, services, and solutions unique to the Fujifilm Group with the aim of further growth.



### 1934 - 1950s

#### Engaging in the Domestic Production of Photographic Film / Establishing a Sales Network in Japan

- Forged a robust position as a manufacturer of comprehensive photosensitive materials
- Expanded into the lens and optical equipment fields
- Diversified business operations into the medical, graphic systems, magnetic materials, and related fields



Ashigara factory at time of establishment

### 1960 - 1970s

#### Expanding Business / Improvement of Technologies

- Commenced the development of a global network by establishing local overseas subsidiaries and offices
- Established Fuji Xerox Co., Ltd., as a joint venture between Rank Xerox Ltd., in the United Kingdom, and entered into the copy machine business field
- Pioneered the successful research, development, and commercialization of color negative films



High-performance color negative film *Fuji Color FII 400*

### 1980 - 1990s

#### Digitization / Accelerating Globalization

- Accelerating the pace of globalization by increasing the number of overseas production bases in a bid to forge a widely recognized global presence
- Pioneered efforts to digitize the photography, medical, and graphic systems fields
- Introduced a host of world-first products, including the *FCR* line of digital X-ray imaging diagnostic systems and digital cameras



The world's first digital X-ray imaging diagnostic system *FCR*

### 2000 - 2013

#### Second Foundation

- Converted Fuji Xerox to a consolidated subsidiary
- Implemented business structural reform in response to rapid digitization
- Established FUJIFILM Advanced Research Laboratories
- Transitioned to a holding company structure as FUJIFILM Holdings Corporation
- Expanded into the healthcare field, including the pharmaceuticals business



FUJIFILM Advanced Research Laboratories, based on the concept of "Intellectual Fusion, Innovation and Value Creation"

### 2014 -

#### Aiming for further growth

- Announced medium-term CSR plan Sustainable Value Plan 2016 and medium-term management plan VISION 2016 in 2014
- Formulated "Value from Innovation" as the Company's new corporate slogan to mark 80th anniversary
- Launched Open Innovation Hubs in Japan, the United States, and Europe



Open Innovation Hub, a place for new value co-creation with business partners

#### Groundbreaking product portfolio created by Fujifilm Group

● Japan First ● World First

- 1934 ● Motion picture film
- Plate-making film
- 1936 ● Photographic film
- X-ray film
- 1948 ● Still cameras
- 1954 ● Industrial X-ray film
- 1958 ● FUJITAC (TAC film)
- 1959 ● Videotapes for broadcasting

- 1962 ● Plain paper copier
- 1965 ● PS plates
- Magnetic recording tape for computers
- 1969 ● Filtration filter
- 1971 ● Home videotapes
- 1975 ● Full-color copy machine
- 1976 ● High-performance color negative film *Fuji Color FII 400*

- 1983 ● Digital X-ray imaging diagnostic system *FCR*
- 1986 ● *QuickSnap*, a one-time-use recyclable camera
- 1988 ● Digital still camera (development)
- 1993 ● High-speed production publisher
- 1996 ● Digital minilab
- *WV film*
- Computer-to-plate (CTP) plates
- 1999 ● Medical-use picture archiving and communications systems *SYNAPSE*

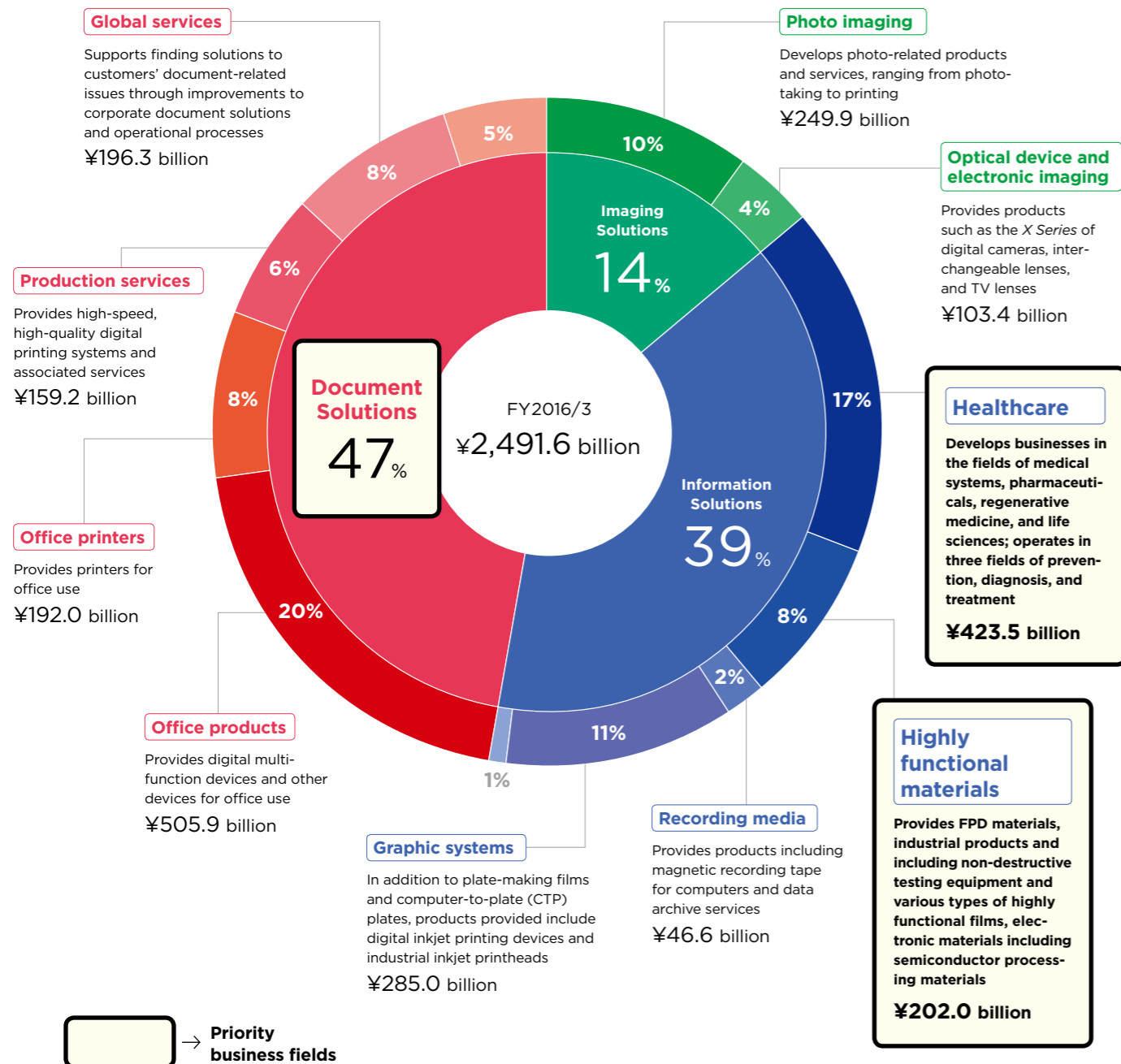
- 2003 ● Double-balloon endoscope
- 2004 ● Full digital endoscope
- 2006 ● Functional cosmetics
- 2011 ● Magnetic recording tape for computers that utilizes barium ferrite (BaFe) particles
- 2011 ● Next-generation inkjet digital printer *Jet Press 720*
- 2012 ● Endoscope with a laser light source system *LASEREO*

- 2014 ● Production printer *Color 1000i Press*
- 2014 ● Data archive service *d.ternity*
- 2015 ● Broadcast zoom lens compatible with 4K cameras
- 2016 ● Integrated archive system *SYNAPSE VNA*

# Business Portfolio and Competitive Advantages

We created our current business portfolio by leveraging the advanced and unique technological capabilities developed through our photographic business and overcoming the risk of disappearing incurred in our core business due to digitization.

We are now pursuing a growth strategy centered on the three business fields of healthcare and highly functional materials, included in Information Solutions, and Document Solutions.



## Imaging Solutions' Competitive Advantages

### Photo imaging

- A wide range of technologies and knowhow related to photographs cultivated in photographic film development
- Strong market position as a leading company in the imaging field
- Collective strength capable of providing services from photo-taking to printing

instax instant camera

Annual worldwide sales volume  
**Exceeded 5 million units**



### Optical device and electronic imaging

- Superior descriptive capability and color reproducibility of a digital camera based on its unique imaging design technology cultivated in the development of high-performance lenses and photographic film
- Advanced optical technologies and high-precision processing and assembly technologies required in lens manufacturing that accommodate the high-definition digital age

Broadcast zoom lens compatible with 4K cameras

**World First\***

\* A portable broadcast zoom lens with optical performance compatible with broadcast 4K cameras equipped with 2/3 inch sensor



## Information Solutions' Competitive Advantages

### Healthcare

- Proprietary image processing technologies capable of providing optimal images in diagnosis
- Advanced chemical compounds, design capabilities, and technologies that enable development of pharmaceuticals that respond to unmet medical needs
- Extensive technologies and patent portfolio related to regenerative medicine, such as iPSC cell-related technologies
- Extensive chemical compound library of 200,000 types

Medical-Use Picture Archiving and Communications Systems

**No. 1** domestic market share  
**No. 2** global market share



### Highly functional materials

- Advanced technologies, such as functional materials for imparting high functionality to film
- Advanced film forming and coating technologies capable of meeting market requirements for thinness and largeness
- Market position backed by cost competitiveness and stable supply
- Rapid and accurate product formulation and development capabilities based on customer needs

FUJITAC protective film for polarizers

**No. 1** global market share

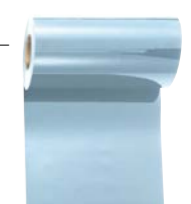


Image sensor-use COLOR MOSAIC

**No. 1** global market share

Approval and launch of regenerative medicine products

**Japan First**

## Document Solutions' Competitive Advantages

- Excellent customer base leveraging a powerful direct sales structure in Japan and the regions of Asia and Oceania
- Diverse product lineups that meet customers' wide-ranging needs
- Consistent service provided globally in cooperation with Xerox Corporation in the United States

A3 multifunction device

**Sales volume market share in Asia-Pacific region**

**No. 1**



## Financial Highlights

	2006/3	2007/3	2008/3	2009/3	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	Thousands of U.S. dollars*9
	Millions of yen											
<b>Revenue:</b>												
Domestic	¥1,329,284	¥1,303,647	¥1,259,506	¥1,134,192	¥1,059,395	¥1,034,806	¥1,012,685	¥1,002,385	¥1,036,856	¥1,026,542	¥1,005,818	\$ 8,901,044
Overseas	1,338,211	1,478,879	1,587,322	1,300,152	1,122,298	1,182,278	1,182,608	1,212,311	1,403,097	1,466,063	1,485,806	13,148,726
Total	2,667,495	2,782,526	2,846,828	2,434,344	2,181,693	2,217,084	2,195,293	2,214,696	2,439,953	2,492,605	2,491,624	22,049,770
Cost of sales	1,593,804	1,638,337	1,692,758	1,511,242	1,316,835	1,313,103	1,327,567	1,364,196	1,518,911	1,531,097	1,514,992	13,407,009
<b>Operating expenses:</b>												
Selling, general and administrative	735,058	760,042	759,139	694,740	588,109	570,608	581,405	568,233	615,883	627,966	622,420	5,508,141
Research and development	182,154	177,004	187,589	191,076	175,120	165,302	173,373	168,151	164,351	161,144	163,033	1,442,770
Operating income before restructuring and other charges	156,479	207,143	—	—	101,629	168,071	—	—	—	—	—	—
Restructuring and other charges	86,043	94,081	—	—	143,741	31,715	—	—	—	—	—	—
Operating income (loss)*1	70,436	113,062	207,342	37,286	(42,112)	136,356	112,948	114,116	140,808	172,398	191,179	1,691,850
Interest and dividend income	8,133	11,376	13,462	10,012	6,138	5,148	5,042	4,764	6,219	5,858	6,206	54,920
Interest expense	(3,886)	(6,351)	(7,380)	(7,037)	(4,577)	(4,071)	(3,420)	(4,363)	(4,181)	(4,567)	(4,374)	(38,708)
Income (loss) before income taxes	79,615	103,264	199,342	9,442	(41,999)	117,105	89,187	119,186	157,154	197,102	194,529	1,721,496
Net income (loss) attributable to FUJIFILM Holdings*2	37,016	34,446	104,431	10,524	(38,441)	63,852	43,758	54,266	80,996	118,553	123,313	1,091,265
Capital expenditures*3	¥179,808	¥165,159	¥170,179	¥112,402	¥ 77,913	¥ 89,932	¥ 90,946	¥ 76,660	¥ 67,004	¥ 56,127	¥ 74,143	\$ 656,133
Depreciation*3	156,928	146,325	159,572	149,912	135,103	106,622	96,555	93,407	90,711	65,137	65,891	583,106
Net cash provided by operating activities	272,558	297,276	298,110	209,506	314,826	199,354	135,133	199,451	292,532	263,731	221,869	1,963,442
Average number of shares outstanding (in thousands)	509,525	510,621	508,354	498,837	488,608	486,297	481,699	481,715	481,915	482,050	465,556	
Total assets	¥3,027,491	¥3,319,102	¥3,266,384	¥2,896,637	¥2,827,428	¥2,708,841	¥2,739,665	¥3,059,596	¥3,226,969	¥3,556,569	¥3,363,674	\$29,767,027
Long-term debt	74,329	267,965	256,213	253,987	140,269	119,314	20,334	317,592	314,968	313,045	310,388	2,746,797
Total FUJIFILM Holdings shareholders' equity	1,963,497	1,976,508	1,922,353	1,756,313	1,746,107	1,722,526	1,721,769	1,868,870	2,020,639	2,232,714	2,054,453	18,181,000
Number of employees	75,845	76,358	78,321	76,252	74,216	78,862	81,691	80,322	78,595	79,235	78,150	
<b>Per share of common stock (Yen / U.S. dollars) :</b>												
Net income (loss) attributable to FUJIFILM Holdings*2,4	¥ 72.65	¥ 67.46	¥ 205.43	¥ 21.10	¥ (78.67)	¥ 131.30	¥ 90.84	¥ 112.65	¥ 168.07	¥ 245.94	¥ 264.87	\$ 2.34
Cash dividends*5	25.00	25.00	35.00	30.00	25.00	30.00	35.00	40.00	50.00	60.00	65.00	0.58
FUJIFILM Holdings shareholders' equity*6	3,848.32	3,867.04	3,811.19	3,594.52	3,573.66	3,576.03	3,574.32	3,878.46	4,192.43	4,630.00	4,560.41	40.36
Stock price at year-end	3,930	4,820	3,530	2,125	3,220	2,576	1,941	1,836	2,771	4,277	4,451	39.39
PBR (price-to-book value ratio) (times)*7	1.02	1.25	0.93	0.59	0.90	0.72	0.54	0.47	0.66	0.92	0.98	
PER (price-to-earnings ratio) (times)*7	54.09	71.45	17.18	100.71	—	19.62	21.37	16.30	16.49	17.39	16.80	
ROE (return on equity) (%)	1.9	1.7	5.4	0.6	(2.2)	3.7	2.5	3.0	4.2	5.6	5.8	
ROA (return on assets) (%)	1.2	1.1	3.2	0.3	(1.3)	2.3	1.6	1.9	2.6	3.5	3.6	
Amount of CO <sub>2</sub> emissions throughout the entire product lifecycle*8 (unit: 1000 t-CO <sub>2</sub> )	5,049	5,356	5,549	4,987	4,434	4,806	5,133	4,843	4,680	4,737	4,496	
Water usage per unit (input) (input amount/revenue) (unit: 1000t / ¥100 million)	2.44	2.07	1.98	2.26	2.39	2.40	2.49	2.38	2.02	1.94	1.90	

\*1 Operating income (loss) for the fiscal years ended March 31, 2006, 2007, 2010, and 2011, presented in the table above are operating income (loss) after the recognition of restructuring and other charges.

\*2 Effective from the fiscal year ended March 31, 2010, net income (loss) is stated as net income (loss) attributable to FUJIFILM Holdings.

\*3 Figures do not include amounts for rental equipment handled by the Document Solutions segment and others.

\*4 The net income (loss) attributable to FUJIFILM Holdings per share is calculated based on the weighted average number of shares of common stock (excluding treasury stock) outstanding for the year.

\*5 Cash dividends per share represent the amount declared per share for each period.

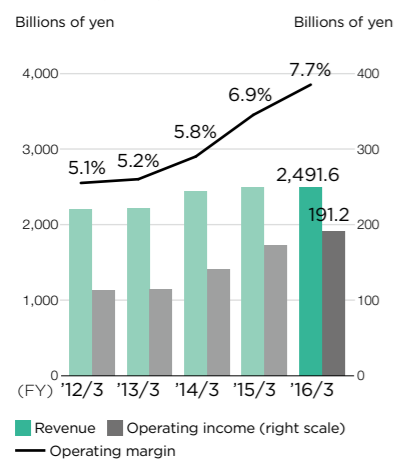
\*6 The FUJIFILM Holdings shareholders' equity per share is calculated based on the number of shares (excluding treasury stock) outstanding at the end of each period.

\*7 The price-to-book value ratio (PBR) and price-to-earnings ratio (PER) are calculated based on the stock price as of the end of each fiscal year.

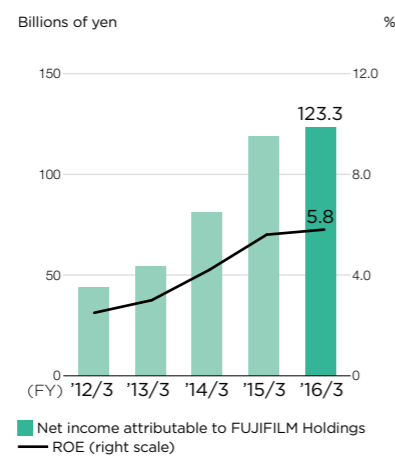
\*8 CO<sub>2</sub> emission amounts represent those from not only direct in-house activities but also from the entire product lifecycle (from raw material procurement to product manufacturing, shipping, use, and eventual disposal).

\*9 U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥113=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2016.

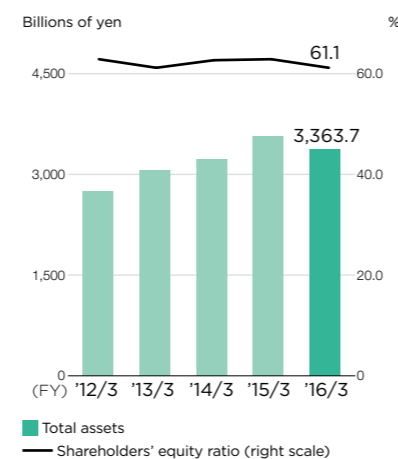
### Revenue / Operating income / Operating margin



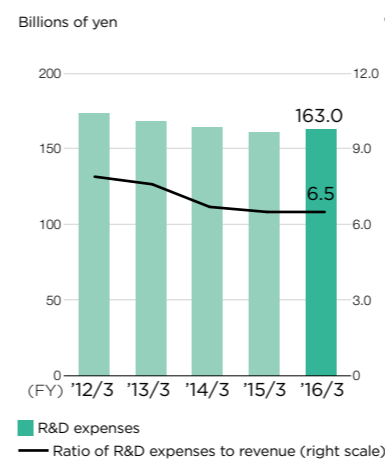
### Net income attributable to FUJIFILM Holdings / ROE



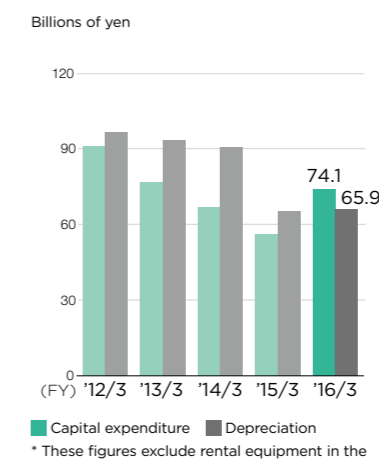
### Total assets / Shareholders' equity ratio



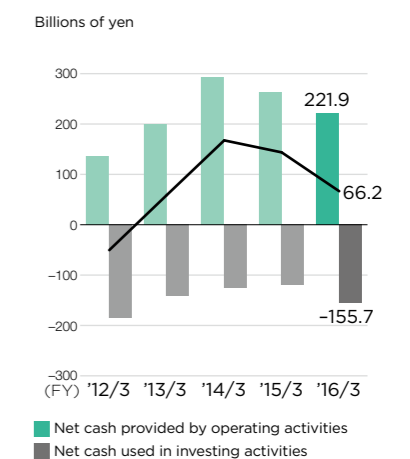
### R&D expenses / Ratio of R&D expenses to revenue



### Capital expenditures / Depreciation\*



### Cash flows



\* These figures exclude rental equipment in the Document Solutions segment and others.

\* Free cash flows: Net cash provided by operating activities + Net cash used in investing activities