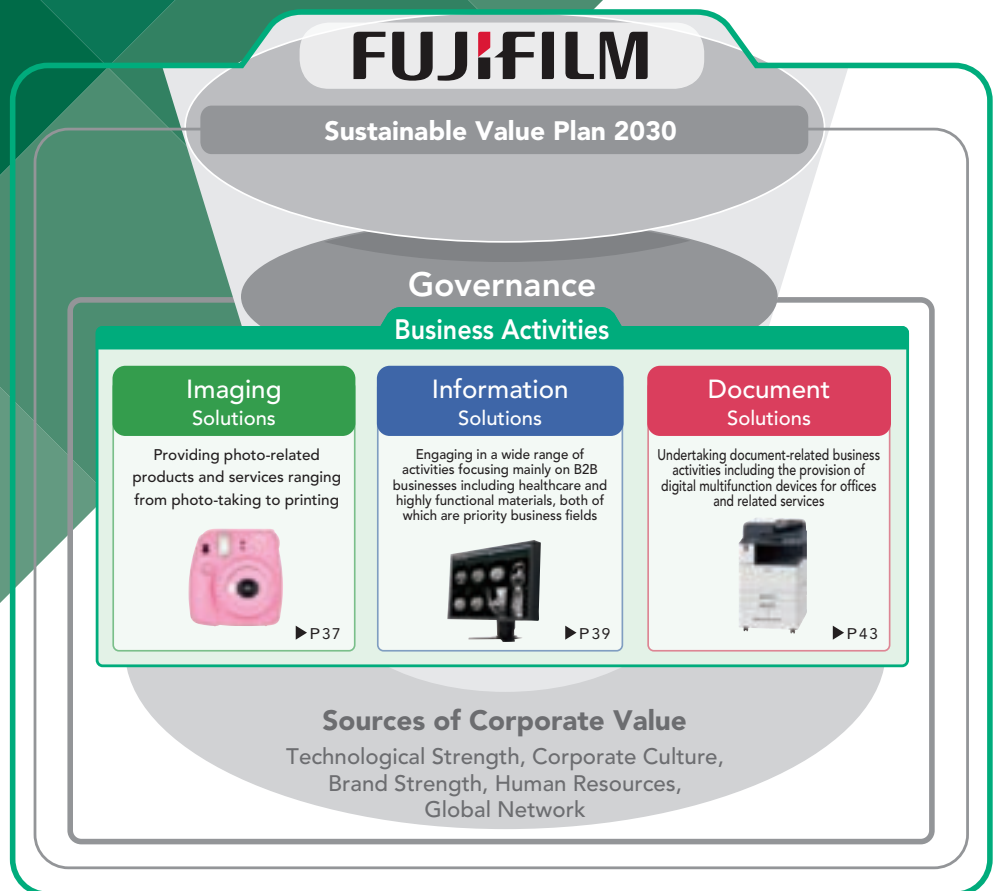


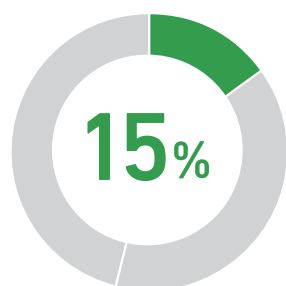
# Business Activities

The Fujifilm Group operates businesses in three business segments: Imaging Solutions, Information Solutions, and Document Solutions. This section shows a performance summary and analysis on change in revenue and operating income for FY2017/3.



# Imaging Solutions

## Proportion of revenue



### Photo Imaging

Provides photo-related products and services, ranging from photo-taking to printing

### Optical Device and Electronic Imaging

Provides products such as the X Series of digital cameras, interchangeable lenses, and TV lenses

## Performance Summary of FY2017/3

In the Imaging Solutions segment, consolidated revenue amounted to ¥341.8 billion (down 3.2% from the previous fiscal year), due to the negative impact of the yen's appreciation (¥32.0 billion) and other factors. Consolidated operating income amounted to ¥36.8 billion (up 15.1% from the previous fiscal year), due to the improvement in profitability in each business, though a negative impact from the decreased sales due to the yen's appreciation was observed.

## Reasons for Change in Revenue from FY2016/3 to FY2017/3

### Increases

- Strong sales were seen for instant photo systems such as the *instax* series and *instax* films, especially in the United States and Europe.
- The *Wall Decor* and other value-added printing businesses also enjoyed solid sales.
- Favorable sales were seen for mirrorless digital cameras such as *FUJIFILM X-T2* and *FUJIFILM X-T20* as well as their accompanying interchangeable lenses.
- Strong sales were seen for *FUJIFILM GFX 50S*, a medium format mirrorless digital camera equipped with a large sized sensor.

### Decreases

- Sales of camera modules for use in smartphones decreased.

## Reasons for Change in Operating Income from FY2016/3 to FY2017/3

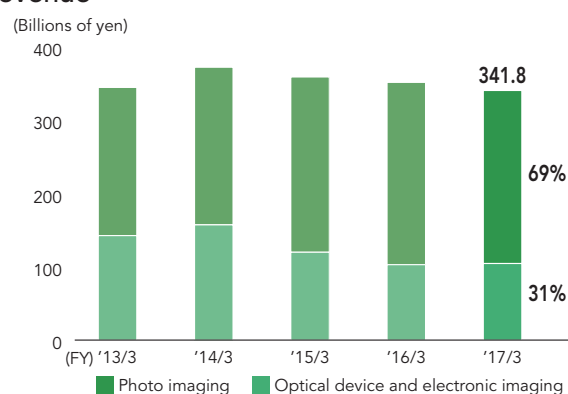
### Increases

- Sales of instant photo systems were strong
- Profitability improved in the electronic imaging field, reflecting the further shift to such high-end digital camera models as the *X Series* and the *FUJIFILM GFX 50S*

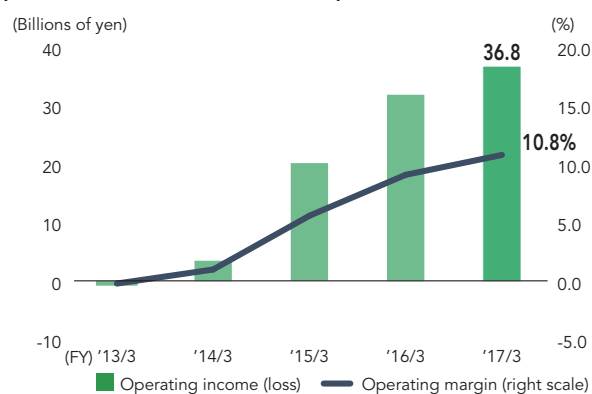
### Decreases

- Negative effect of the yen's appreciation

## Revenue



## Operating income (loss) / Operating margin



|                         | (Billions of yen) |       |       |       |       |
|-------------------------|-------------------|-------|-------|-------|-------|
| FY                      | 2012              | 2013  | 2014  | 2015  | 2016  |
| Revenue                 | 346.0             | 373.6 | 360.3 | 352.9 | 341.8 |
| Operating income (loss) | (0.8)             | 3.6   | 20.3  | 32.0  | 36.8  |
| Total assets            | 327.5             | 322.3 | 322.1 | 314.8 | 365.9 |
| Depreciation            | 13.3              | 13.5  | 11.1  | 12.9  | 11.1  |
| Capital expenditures    | 9.8               | 9.3   | 7.9   | 10.2  | 10.3  |

## Photo Imaging

Revenue **¥236.8** billion YoY **5.1%** Down

## Principal Products and Services

- Instant photo systems
- Printing materials  
Photographic paper and chemicals for color prints  
Inkjet paper and ink  
Thermal paper and ribbon
- Printer devices  
Minilabs (silver type, inkjet type)  
Thermal photo printers
- Labs and photo printing services  
Value-added printing business such as *Photobook*  
Photo printing services
- Photographing sensitive materials  
Color negative films  
Reversal films  
*QuickSnap*



instax mini 8+

## Performance Highlights and Major Initiatives

- Sold 6.6 million units of the *instax* instant camera on a global basis.
- Sales of instant photo systems such as the *instax* series and *instax* films that enable users to enjoy output photos on the spot were strong, especially in the United States and Europe.
- Fujifilm launched *instax SHARE SP-2* responding customers' demand for a device that can produce *instax* prints taken and edited by smartphone in accord with the spread of smartphone. It is popular that it finishes a photo with a *instax*-like atmosphere and Fujifilm has succeeded in expanding new users and developing new sales channel.
- Sales of value-added printing business were strong such as *Wall Decor* printing services that enable users to enjoy decorating their rooms by displaying the users' favorite photos in a panel and a framed canvas, and *Photobook* services including *Year Album* which select and layout photos automatically.

## Optical device and electronic imaging

Revenue **¥105.0** billion YoY **1.5%** Up

## Principal Products and Services

- X Series digital cameras
- *GFX* series medium format mirrorless digital camera equipped with a large sized sensor
- Interchangeable lenses for digital cameras
- TV lenses, cinema lenses
- Security lenses
- Projector lenses



FUJINON MK18-55mm T2.9



FUJIFILM GFX 50S



FUJIFILM X-T2

## Performance Highlights and Major Initiatives

## Electronic imaging

- Strong sales were seen for *FUJIFILM X-T2* and *FUJIFILM X-A3*, which were released in September 2016, as well as their accompanying interchangeable lenses.
- Sales increased for *FUJIFILM GFX 50S*, a medium format mirrorless digital camera equipped with a large sized sensor, which was released in February 2017, and *FUJIFILM X100F* and *FUJIFILM X-T20*, which are the latest models of the X Series that uses original color reproduction technologies to achieve premium image quality.

## Optical devices

- Sales of camera modules for use in smartphones decreased.
- *FUJINON MK18-55 mm T2.9* cinema lenses, which were released in March 2017, are highly regarded in the market for their high optical performance, extremely lightweight design and excellent cost performance.

## Photo Imaging business

## Create demand for new photography, imaging and printing services in the age of digital devices and smartphones

For the fiscal year ended March 31, 2017, sales of the *instax* instant camera increased significantly, thereby contributing to the overall sales of the Imaging Solutions segment. *Instax* has been popular among young digital-native generations especially in Asia. Fujifilm, thereafter, has continued to release attractive new products that satisfy users' needs for self-expression. Our products have been accepted instantly by a wide variety of users around the world especially in North America and Europe, thereby enhancing the new enjoyment of photography.

We have also been developing and providing highly convenient printing services by adopting digital marketing and AI (Artificial Intelligence) technology to meet diversifying customers' needs. In February 2017, we have started operating new services that enable users to automatically create *Photobook* perfectly suited for a "trip" and "wedding" and have received a high evaluation from customers. While conveying the attractiveness of analog technology, we continue to provide innovative products, services and solutions adopting advanced digital technologies in order to contribute to the development of the culture of photography.

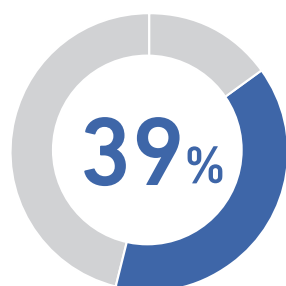


Tetsuya Iwasaki

General Manager of Photo Imaging Products Division, FUJIFILM Corporation

# Information Solutions

## Proportion of revenue



### Healthcare

Develops businesses in the fields of medical systems, pharmaceuticals, bio CDMO, regenerative medicine, and life sciences; operates in three fields of prevention, diagnosis, and treatment

### Highly Functional Materials

Provides display materials, industrial products including non-destructive testing equipment and various types of highly functional films and electronic materials including semiconductor processing materials

### Recording Media

Provides products including computer tape and data archive services

### Graphic Systems

Provides inkjet digital presses, industrial inkjet printheads, plate-making films and computer-to-plate (CTP) plates

## Performance Summary of FY2017/3

In the Information Solutions segment, consolidated revenue amounted to ¥899.5 billion (down 4.5% from the previous fiscal year) due to the negative impact of the yen's appreciation (¥63.5 billion) and other factors, while sales increased in the display materials business, electronic materials business and others. Operating income amounted to ¥83.0 billion (down 8.5% from the previous fiscal year), reflecting such factors as the sales decline impacted by the yen's appreciation.

## Reasons for Change in Revenue from FY2016/3 to FY2017/3

### Increases

- In medical systems business, sales in growth fields of In-vitro Diagnostic (IVD) systems, endoscopes and others were strong.
- In pharmaceuticals business, Bio CDMO performed well.
- In display materials business, sales of WV films and films for VA mode were steady.
- In industrial products business, EXCLEAR delivered good sales results.
- In electronic materials business, sales of advanced products related to photolithography materials and others were strong.
- In recording media business, sales of data storage tapes were solid.
- In graphic systems business, sales grew for inkjet digital presses and industrial inkjet printheads.

### Decreases

- In pharmaceuticals business, sales decreased mainly due to the influence of generic drugs in the category of small-molecule drugs.

## Reasons for Change in Operating Income from FY2016/3 to FY2017/3

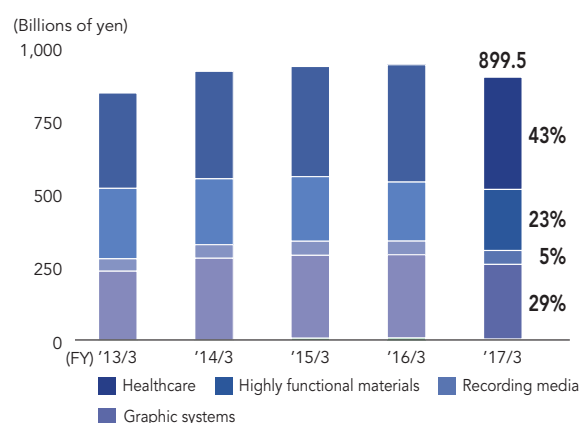
### Increases

- Profitability improved in each business

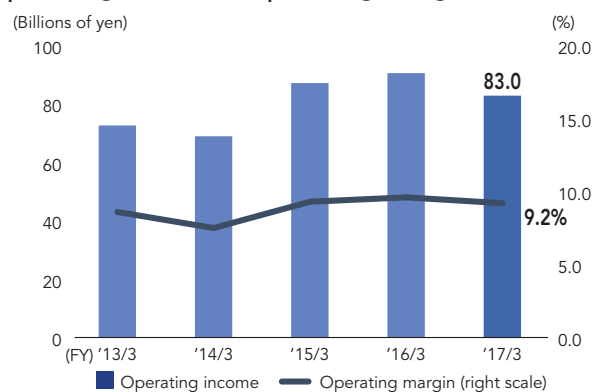
### Decreases

- The negative impact of the yen's appreciation

## Revenue



## Operating income / Operating margin



|                         | (Billions of yen) |         |         |         |                |
|-------------------------|-------------------|---------|---------|---------|----------------|
| FY                      | 2012              | 2013    | 2014    | 2015    | 2016           |
| Revenue                 | 845.5             | 919.6   | 936.2   | 942.1   | <b>899.5</b>   |
| Operating income (loss) | 72.8              | 69.1    | 87.3    | 90.7    | <b>83.0</b>    |
| Total assets            | 1,330.3           | 1,333.1 | 1,454.1 | 1,457.6 | <b>1,542.4</b> |
| Depreciation            | 71.9              | 68.8    | 51.2    | 52.0    | <b>49.1</b>    |
| Capital expenditures    | 39.9              | 32.4    | 29.4    | 39.3    | <b>40.1</b>    |

## Healthcare

Revenue **¥384.0** billion YoY **4.3%** Down

## Medical Systems

## Principal Products and Services

- Digital X-ray imaging diagnostic systems: *FCR, DR*
- Medical-use picture archiving and communications systems *SYNAPSE*
- Endoscope systems
- Ultrasound diagnostic equipment
- In-vitro diagnostic (IVD) systems
- X-ray films

Medical-use picture archiving and communications systems *SYNAPSE*

## Performance Highlights and Major Initiatives

- In the X-ray imaging diagnostic field, sales of the *CALNEO* series, a DR cassette digital X-ray imaging diagnostic system, were strong.
- In the medical IT field, sales of systems, particularly *SYNAPSE* increased steadily.
- In the endoscope field, strong sales were seen particularly in *LASEREO*, the endoscope system paired with laser light, and in the new series of gastroscopes.
- In the ultrasound diagnosis field, sales increased steadily in a range of ultrasound imaging diagnostic devices that were newly launched, such as the compact sized, light weighted and tablet typed *Sonosite iviz*.
- In the IVD field, a mycoplasma antigen inspection kit *FUJI DRI-CHEM IMMUNO AG Cartridge Myco* was launched in October 2016, as the vitro diagnostics reagent for use with *FUJI DRI-CHEM IMMUNO AG1*.

## Pharmaceuticals, Bio CDMO

## Principal Products and Services

- Small-molecule drugs
- Contract development and manufacturing organization of biopharmaceuticals
- Radiopharmaceuticals



OZEX fine granules for children (15%)

## Performance Highlights and Major Initiatives

- In March 2017, the Bio CDMO Division was established, the market that is expected to make strong growth to expand its contract development and manufacturing operations for biopharmaceuticals.
- The Bio CDMO business progressed steadily.
- Sales in the small-molecule drugs decreased mainly due to the influence of generic drugs.
- As the nation-wide stockpile in Japan of the anti-influenza drug *Avigan Tablet 200mg* was announced by the Japanese government in March 2017, the supply of the anti-influenza drug has started.
- In the field of new drug development, Fujifilm is promoting the development of pipelines, for example, in the United States in March 2017, initiating Phase II of the clinical investigation of "FF-10501", an anti cancer drug for refractory myelodysplastic syndromes as a type of hematological malignancies.

## Regenerative Medicine

## Principal Products and Services

- iPS cells for drug discovery support
- Recombinant peptide
- Autologous cultured epidermis/cartilage



Autologous cultured epidermis "JACE"

## Performance Highlights and Major Initiatives

- In June 2016, Cellular Dynamics International, Inc. (CDI), which is a leading company in the development and manufacturing of iPS cells, established a Cooperative Research and Development Agreement, related to the treatment of retinal degenerative disease with the National Eye Institute (NEI) in the United States.
- In September 2016, a new company was established in the United States in order to develop cell therapy for the treatment of retinal diseases utilizing iPS cells in cooperation with Dr. David Gamm, a world authority on treatment of retinal diseases.
- In September 2016, CDI was granted a patent in Japan related to the technology required for the safe and efficient generation of iPS cells, following the United States and Australia.

## Life Sciences

## Principal Products and Services

- Functional cosmetics
- Nutritional supplement products
- Hair care products

Functional cosmetics series *ASTALIFT*

## Performance Highlights and Major Initiatives

- The high-function skin lotion *ASTALIFT MOIST LOTION* and the whitening skin lotion *ASTALIFT WHITE BRIGHT LOTION* were released in September 2016 and March 2017, respectively.
- Sales of new products including skincare products and nutritional supplement products were strong.

## Highly Functional Materials

Revenue **¥208.9** billion YoY **3.3%** Up

### Display Materials

Revenue **¥97.8** billion YoY **1.9%** Up

#### Principal Products and Services

- FUJITAC protective film for polarizers
- WV film for expanding viewing angles

FUJITAC protective film for polarizers



#### Performance Highlights and Major Initiatives

- Sales of WV films and films for VA mode and IPS mode were steady.
- While maintaining sales of products for LCD TVs, Fujifilm is working to expand sales of high-end products for use in small and medium-sized displays including OLED related products and actively develop such new business fields as the materials related to touch panels

### Industrial Products, Electronic Materials

Revenue **¥111.1** billion YoY **4.6%** Up

#### Principal Products and Services

- Non-destructive testing equipment and materials
- Touch panel materials
- Solar cell materials
- Semiconductor processing materials



EXCLEAR touch-panel sensor film

#### Performance Highlights and Major Initiatives

##### Industrial Products

- Strong sales in new business fields such as the touch-panel sensor film EXCLEAR were seen.
- Revenue decreased due to the yen's appreciation and slower sales in existing business fields such as industrial-use X-ray films.

##### Electronic Materials

- Strong sales were seen for such photolithography materials as advanced photo resists, developers and treatment agents, CMP slurries, and Image Sensor Color Mosaic.
- Fujifilm continues to expand sales to large accounts utilizing the broad product lineup, including Ultra Pure Solutions, Inc., a U.S. solvent manufacturer and marketer, which became a consolidated subsidiary in December 2015, and Wako Pure Chemical Industries, Ltd. which became a consolidated subsidiary in April 2017, with the aim of further enhancing business.

### Regenerative Medicine business

#### Accelerate the development of regenerative medicine by holding three key components

Regenerative medicine is the process of using yourself or others' cells for damaged tissues and organs that are difficult to reproduce, to restore the function. There are 3 key components, "cells", "culture medium / cytokine" and "scaffolds" to realize regenerative medicine. Fujifilm has generated high-quality "scaffolds" by using materials technologies, cultivated in the development and production of photographic film.

We gained capabilities of development, manufacturing and sales in the cellular field through the acquisition of Japan Tissue Engineering Co., Ltd., which is the first Japanese company that developed and commercialized regenerative medicine products, and Cellular Dynamics International, Inc., which is a world leading developer and manufacturer of iPS cells, in 2014 and 2015, respectively. Thereafter in 2017, Wako Pure Chemical Industries, Ltd., which is an operator of culture medium business, became a consolidated subsidiary, thereby making us hold all the three key components of regenerative medicine in the Fujifilm Group. We will accelerate development by harnessing the synergies within the Group, and drive the industry forward as a leading company in regenerative medicine.



Aiichiro Hiruma

General Manager of the Regenerative Medicine Division, FUJIFILM Corporation

### Electronic materials business

#### Speedily and steadily provide high-value-added products that support technological innovation

In the electronic materials business, we develop, produce, and globally supply materials essential for semiconductor manufacturing, such as photo resists, developers and treatment agents, CMP slurries, and Image Sensor Color Mosaic. By ascertaining needs of not only semiconductor manufacturers but also peripheral companies such as manufacturing equipment makers, we achieve development utilizing design and compound synthesis technologies relating to organic compounds, and supplying products in a highly clean production process.

As the IoT and other technological innovation advances, the importance of semiconductors, which underpin such advancement, is rising every day. We will continue to provide high-value-added products quickly and steadily, while precisely foreseeing future needs so as to achieve growth that goes beyond that of the industry.



Keiji Miyahashi

Director & Senior Vice President, General Manager of Electronics Materials Division, FUJIFILM Corporation



## Recording Media

Revenue **¥47.6** billion YoY **2.1%** Up

## Principal Products and Services

- Magnetic recording tape for computers
- Data archive service



FUJIFILM LTO Ultrium 7 Data Cartridge  
computer tape with BaFe magnetic particles

## Performance Highlights and Major Initiatives

- Revenue grew owing to solid performance of data storage computer tape with unique technologies such as Barium Ferrite (BaFe) particles technology.
- While expanding sales of BaFe products to data archive field in accord with swelling digital data, Fujifilm will steadily respond to customer needs in the big data era by further disseminating its data archive service *dternity*.

## Graphic Systems

Revenue **¥255.8** billion YoY **10.2%** Down

## Principal Products and Services

- Printing materials, CTP plates
- Digital printing equipment
- Inkjet digital presses
- Industrial inkjet printheads

## Performance Highlights and Major Initiatives

- In January 2017, the Inkjet Business Division was established with the aim of responding to diverse consumer needs with inkjet technologies and further expanding businesses.
- While sales grew for inkjet digital presses and industrial inkjet printheads, revenue decreased due to the appreciation of the Japanese yen.



Acuity Select series



Industry-use inkjet head (*Starfire*)

## C O L U M N

## Solving social issues through business

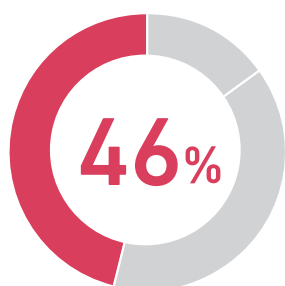
CO<sub>2</sub> emissions reduction with energy-saving data storage system

To address global warming prevention through business, the Fujifilm Group is developing products and services that are highly effective for reducing CO<sub>2</sub> emissions, aiming to achieve its target of a reduction in CO<sub>2</sub> emissions of 20 million tons by FY2021/3 (compared with FY2006/3).

The introduction of the *dternity* On-site Archive, an energy-saving data storage system, is one of those examples. This product stores low-use data in a high-capacity magnetic tape, thereby reducing power consumption and CO<sub>2</sub> emissions by roughly 74% compared to all the storage of data on HDD. The high-capacity magnetic tape uses Barium Ferrite (BaFe) particles developed and commercialized for the first time by Fujifilm with a dramatic improvement in data tape capacity.

# Document Solutions

## Proportion of revenue



### Office products

Provides digital multifunction devices and other devices for office use

### Production services

Provides high-speed, high-quality digital printing systems and associated services

### Office printers

Provides printers for office use

### Global services

Supports finding solutions to customers' document-related issues through improvements to corporate document solutions and operational processes

## Performance Summary of FY2017/3

In the Document Solutions segment, consolidated revenue amounted to ¥1,080.9 billion (down 7.2% from the previous fiscal year), due to the sales decrease in export shipments to the United States and Europe centering on the office printer business, the negative impact of the depreciation of Asian currencies against the yen (¥57.2 billion) and other factors. Operating income amounted to ¥82.7 billion (down 6.0% from the previous fiscal year), mainly due to the negative impacts from the decline in export shipments to the United States and Europe and the yen's appreciation despite enhanced efficiency of selling, general and administrative expenses.

## Reasons for Change in Revenue from FY2016/3 to FY2017/3

### Increases

- In the office products business, positive sales were seen for the new *ApeosPort-VI C* and *DocuCentre-VI C* series of A3 full-color multifunction devices which can be linked with various cloud services. The number of units sold in Asia and Oceania increased for both monochrome and color multifunction devices.
- In the production services business, the sales of color on-demand publishing systems increased steadily.
- In the global services business, Managed print service business proceeded smoothly both in Japan and the Asia-Oceania region.

### Decreases

- The sales of office printer declined mainly in exports to Europe and the United States.
- Negative impact of the depreciation of Asia's local currencies

## Reasons for Change in Operating Income from FY2016/3 to FY2017/3

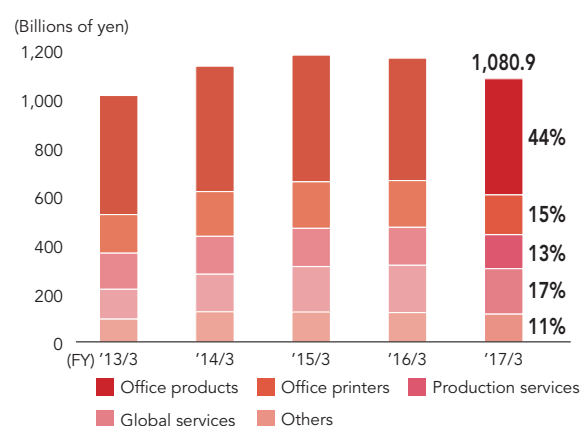
### Increase

- Enhanced efficiency of selling, general and administrative expenses

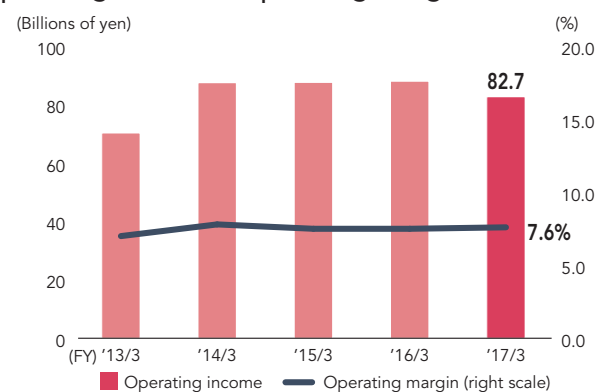
### Decrease

- Drop in exports to Europe and the United States and negative impact of the yen's appreciation.

## Revenue



## Operating income / Operating margin



|                      | (Billions of yen) |         |         |         |         |         |
|----------------------|-------------------|---------|---------|---------|---------|---------|
| FY                   | 2012              | 2013    | 2014    | 2015    | 2016    | 2016    |
| Revenue              | 1,008.0           | 1,124.9 | 1,166.9 | 1,165.4 | 1,080.9 | 1,080.9 |
| Operating income     | 70.3              | 87.5    | 87.6    | 87.9    | 82.7    | 82.7    |
| Total assets         | 1,069.8           | 1,109.0 | 1,173.8 | 1,138.1 | 1,115.4 | 1,115.4 |
| Depreciation         | 54.6              | 58.4    | 62.0    | 58.1    | 55.3    | 55.3    |
| Capital expenditures | 24.8              | 23.9    | 17.3    | 23.3    | 20.0    | 20.0    |



**Office Products**

Revenue **¥477.0** billion YoY **5.1%** Down

**Principal Products and Services**

- Office-use color/monochrome digital multifunction devices



ApeosPort-VI C7771

**Performance Highlights and Major Initiatives**

- Sales were strong in the Asia-Oceania region, especially in China. Positive sales were seen for the new ApeosPort VI C / DocuCentre-VI C series of A3 full-color multifunction devices capable of linking with various cloud services, which were released in Japan as well as in the Asia-Oceania region in December 2016.
- Overall sales volume remained unchanged from the previous fiscal year, while sales volume decreased in Japan, reflecting the backlash against the replacement of multi-function devices in major domestic convenience stores in the previous fiscal year and decrease in sales volume centering on monochrome models in export shipments to the United States and Europe.

**Office Printers**

Revenue **¥163.2** billion YoY **15.0%** Down

**Principal Products and Services**

- Color/monochrome office printers



DocuPrint CM310 dw

**Performance Highlights and Major Initiatives**

- The sales volume of export shipment especially to Europe and the United States declined.

**Production Services**

Revenue **¥139.6** billion YoY **10.5%** Down

**Principal Products and Services**

- On-demand publishing systems
- Computer printing systems



Versant™ 3100 Press

**Performance Highlights and Major Initiatives**

- Sales of printing system for mission-critical operations were strong in Japan.
- Sales of production printers Versant™ 3100 Press and Versant 180 Press, which meet various finishing needs for on-demand printing were steady.

**Global Services**

Revenue **¥186.8** billion YoY **3.8%** Down

**Principal Products and Services**

- Managed print services(MPS)
- Business process outsourcing

**Performance Highlights and Major Initiatives**

- Sales decreased due to the negative impact of the depreciation of Asia's local currencies
- The managed print services business proceeded smoothly in both Japan and the Asia-Oceania region.

**Document Solutions**

**To help our customers create values in their business**

The phenomenal innovation of communication technologies has led to the development of a worldwide network connection. The further acceleration of ICT and IoT will certainly increase the volume of distributed information. Under such circumstances, Fuji Xerox has been establishing a communication environment that enables business people to simply and safely use the necessary information anytime, anywhere and with anybody in the optimal form with the use of communication technologies and know-how centering on documents. Our focus is to provide our customers with various solutions in diverse business scenes, including optimization of business flow and strengthening of customer relationships in order to improve their businesses. We will continue to offer services that will eventually lead to solving social issues, while enlarging our focus to cover municipalities and local communities.



Hiroshi Kurihara  
President and Representative  
Director, Fuji Xerox Co., Ltd.