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Business Update

Roger Gilbert

CEO Fujitsu, UK & Ireland

10th February 2011

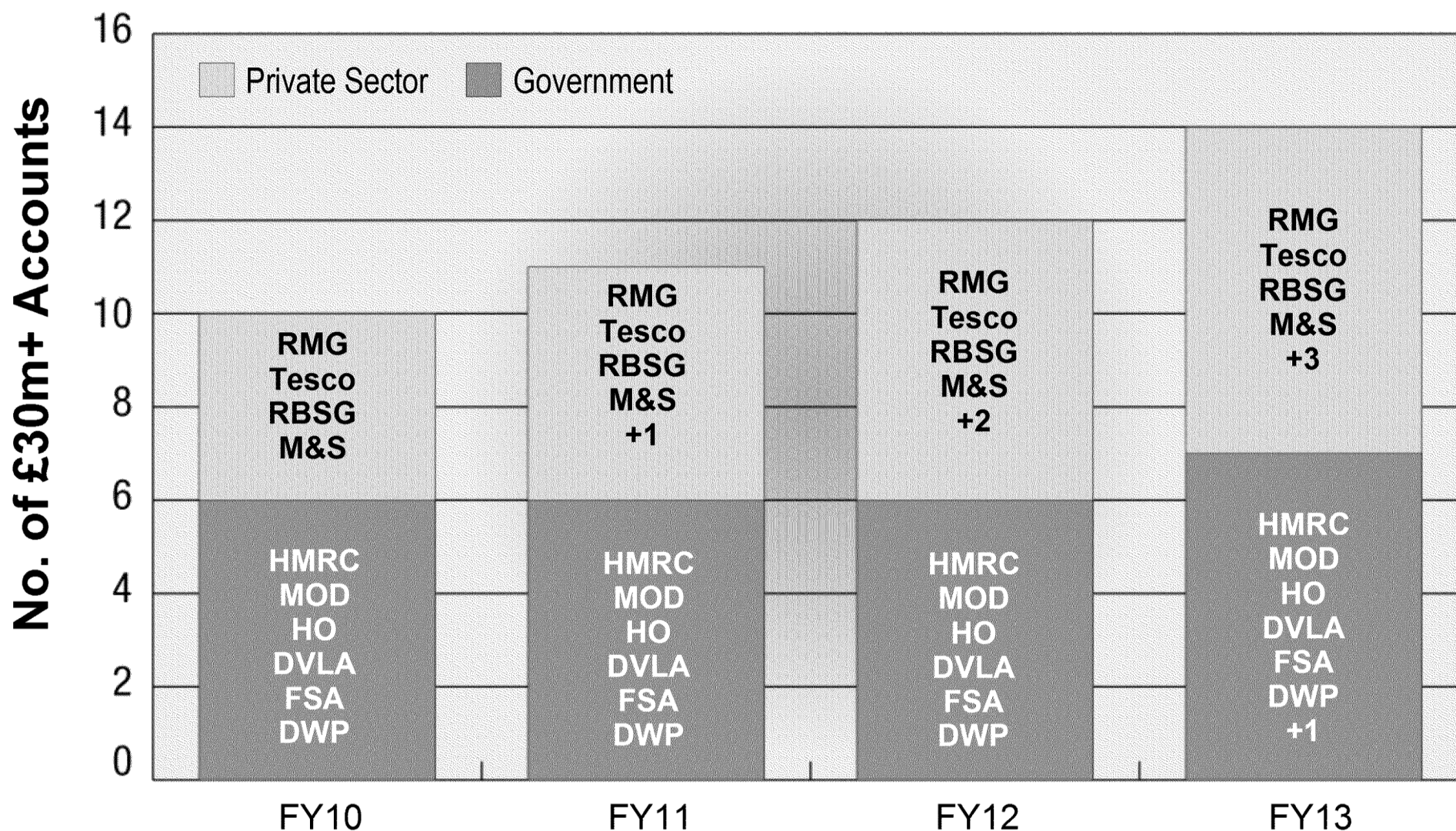
Our Strategy (recap)

- Protect and strengthen our core Infrastructure Services business
- Rebalance our business across Public and Private Sectors from 64%:36% in FY09 approaching 50%:50% in FY13/14
- Increase the contribution of Applications, Networks and Products to our overall business from 25% to 35%

Increase the number of £30m+ accounts...



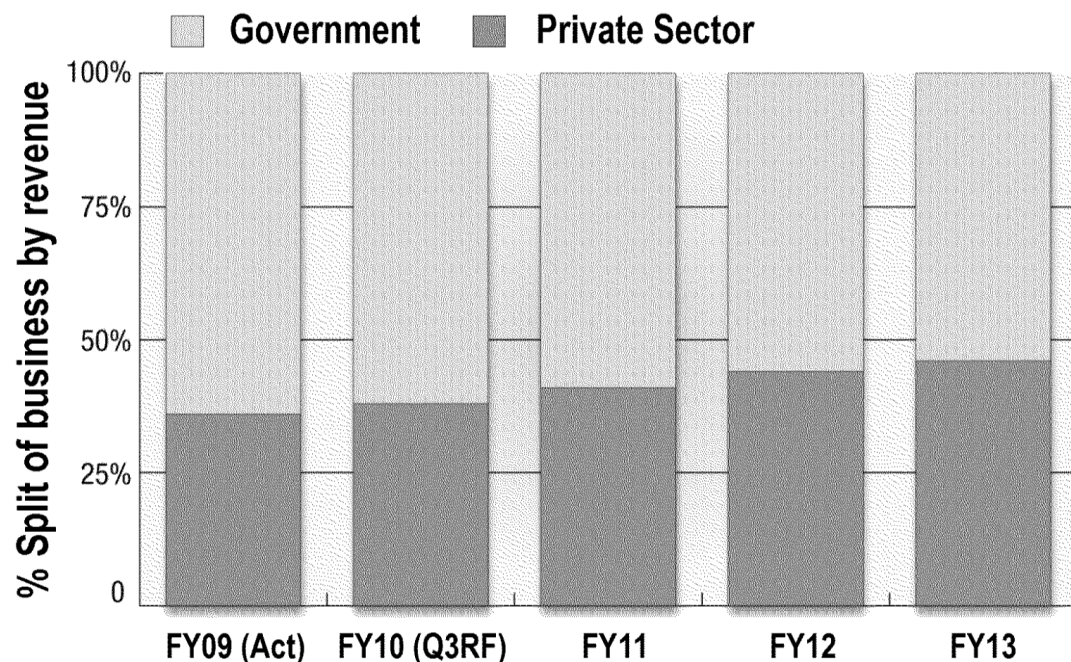
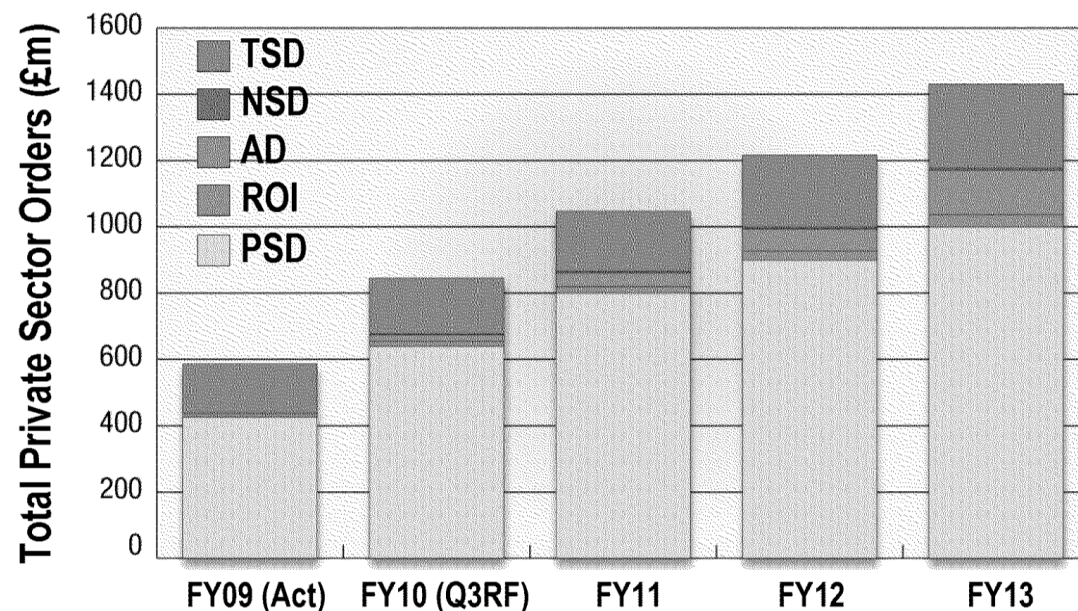
... because these are profitable, stable sources of long term income



Rebalance our business

Grow our Private Sector business at pace ...

- RBSG - £147m
- Shell - £82m
- AIG - £33m
- Boots - £25m

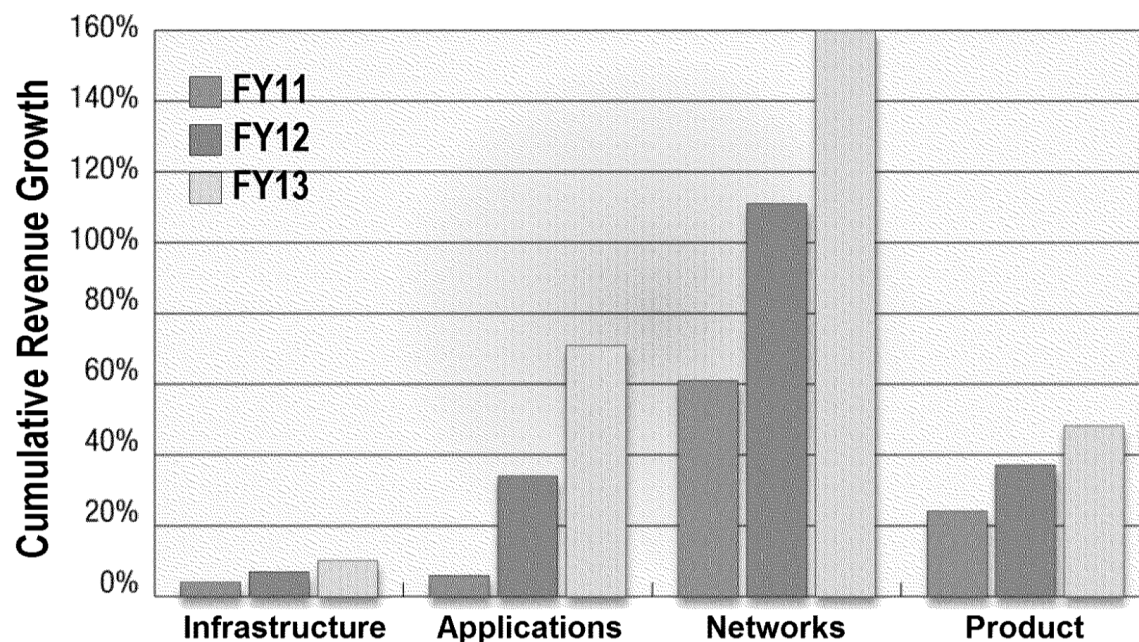


... to reduce our dependence on Government

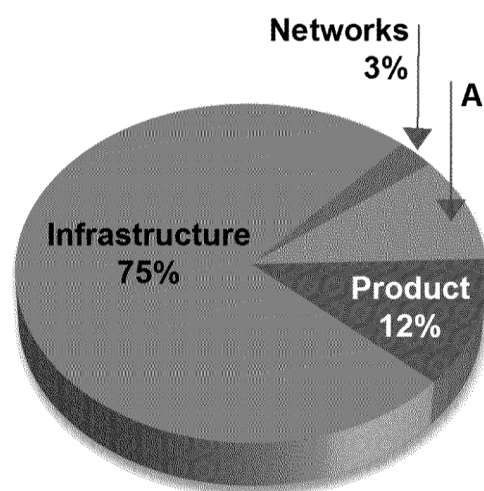
Balancing our business mix



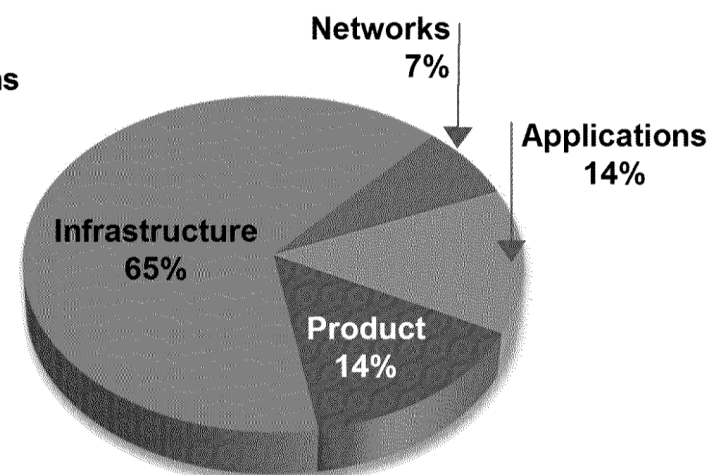
Our Applications,
Networks and Product
businesses will grow...



... to increase their
contribution to our
business.



FY10



FY13

The Headlines

- Government sector is not a good place to be this year
- Exceptional Sales growth in the Private Sector
- Excellent progress by the Horizontal Divisions
- Cloud and other investments
- Ireland: Success under tough market conditions
- Delivery performance

Government Cuts



■ Fujitsu's shares plunge in Tokyo after slashing full year profit forecast

The shares fell 9.4 percent to 494 yen on the Tokyo Stock Exchange, the biggest intraday decline since January 2009.

“Fiscal tightening among European governments, particularly the UK, which Fujitsu is highly exposed to along with generally weak IT spending environment at home leaves its next term’s earnings outlook with more negative surprises”

*Amir Anvarzadeh, BGC Partners Asian equity sales team, London,
28th January 2011 after Fujitsu reported earnings.*

Competitors

■ Capita

- FY10 revenue down 10%

■ Capgemini

- Q3 sales down 26% in UK public sector

■ Logica

- Q3 UK revenue down 11% year-on-year

■ Atos Origin

- Q3 UK revenue down 8% year-on-year

Two factors

■ Government Memorandum of Understanding

- Government have insisted that we reduce our billings in FY10/11 by £46M
- Impact on profit: £20M to £30M

■ Moratorium on New Contracts and Commitments

- All contracts and extensions over £1M (now £5M) require central approval
- December YTD Sales in Government: £300M (2009: £785M)
- Impact on profit: circa £30M

■ However – one or two slip through:

NI Court Service

HMRC



IT Outsource

£26m

Desktop Refresh

£11m

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Private Sector Sales



Major Wins Year to Date

■ New Client

RBS		Virtual Desktop Service	£147m
Shell		Distributed Support	£82m
Centrica		Desktop Managed Service	£77m
AIG Europe		Infrastructure solution	£33m
Boots		Store Maintenance	£25m
BAT		Global Service Desk	£13m
Lexmark		IT Support	£8m
Kentucky Fried Chicken		Support and Maintenance	£7m

PSD Sales: December Year to Date: £519M (2009: £180M)

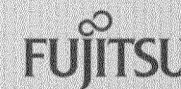
Win Rate on Competitive Opportunities

Win Rate – Value	21%	35%
Win Rate – No. Deals	38%	39%

The Headlines

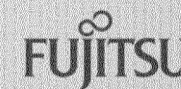
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Network Solutions Division



- There are strong synergies between FTEL's capability and the access to the market provided by the UK and Ireland Region
- The two companies have worked together over the last 12 months and have demonstrated the potential for growth
- Moving towards full integration with FTEL
- Sales – Wins and preferred supplier negotiations
 - BAA (£12M)
 - Ford (£10M)
 - M&B Network Tower (£20M)
- Global WAN and 3rd Party spend initiatives

Technology Solutions Division



- Fujitsu First
- PRIMERGY – 5% market share by FY13/14
- ETERNUS

Applications Division

- Market awareness with increased press and analyst coverage
- New propositions and campaigns
- New client acquisition with specialist application sales capability
- Exploiting partner channels

The Oracle logo, consisting of the word "ORACLE" in a bold, sans-serif font.

- Application Cloud Service
 - Independent Software Vendors
 - Consulting
 - Migration & Development

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Investment

- Within the UK&I Mid Term Plan (MTP) we have investments of £114M for major programmes including:
 - Cloud
 - Applications
 - Dynamic Infrastructure Services

- Fujitsu Limited and Global Business Group (GBG) are supporting growth:
 - Dynamic Infrastructure Services – Develop our global leadership
 - Mobile Professional
 - Virtualised Client
 - TRIOLE for Service
 - Global WAN
 - Cloud

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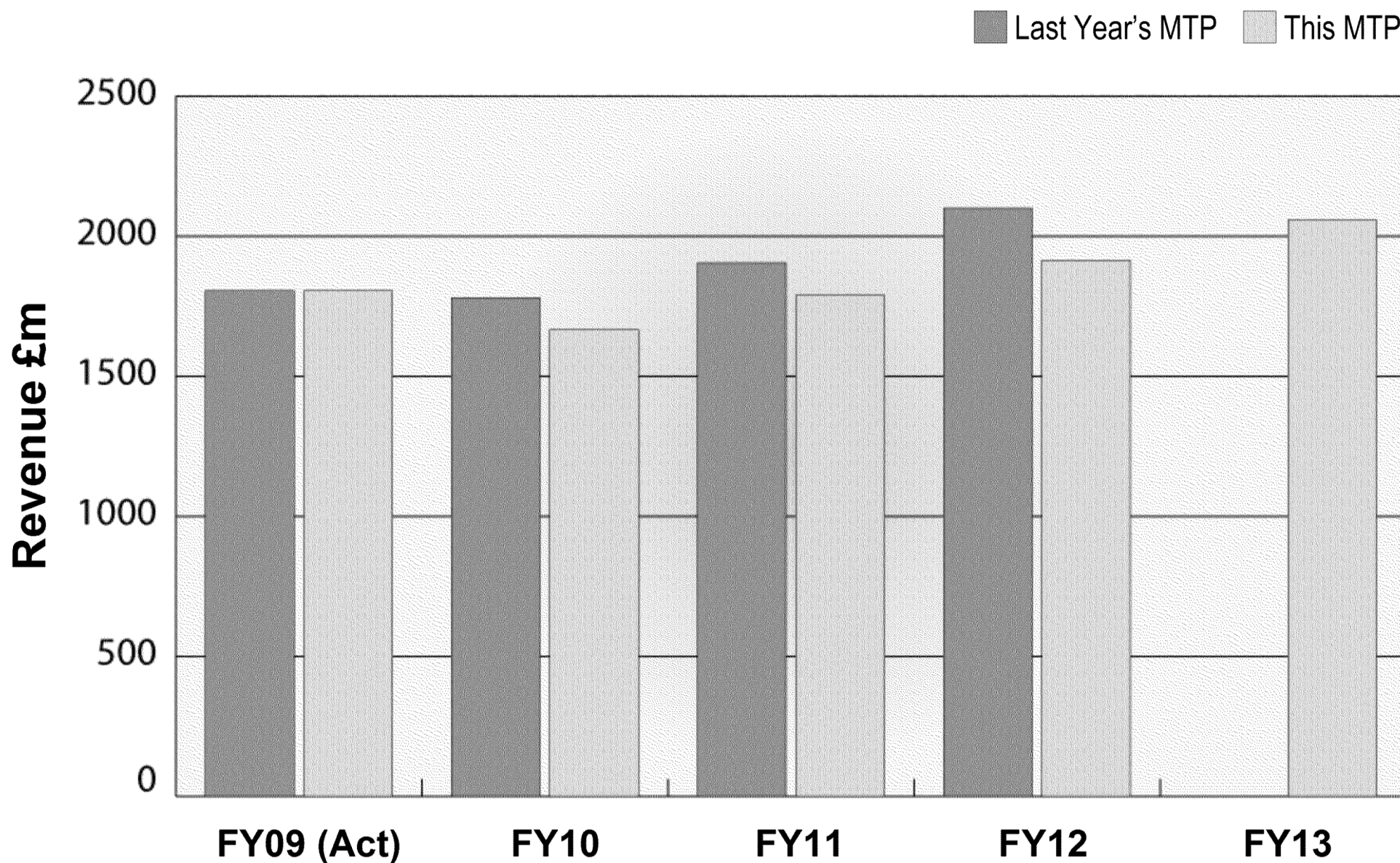
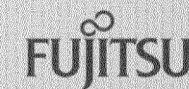
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- **Delivery performance**

Delivery

- Some good progress in resolving problem accounts
 - HNG-X
 - FSA
 - PwC
- Gold Teams and Delivery Assurance have helped but need strengthening
- But we still have delivery issues
 - DWP
- We need to take urgent action
 - Technical Governance
 - Due Diligence
 - Resource Planning
 - Reporting
 - Review Structure

The Numbers

UK & Ireland Revenue



Key numbers – FY10/11

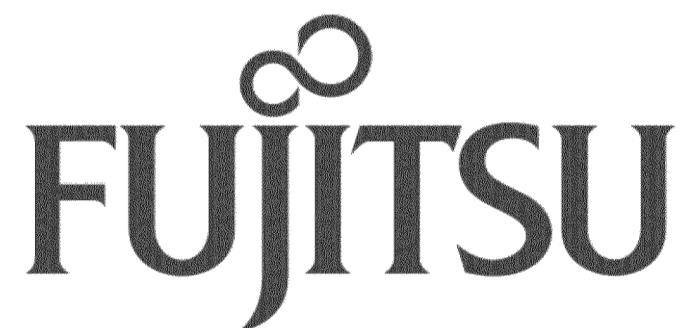
Orders	1078	512	1,590	1,815
Backlog	4,713	147	4,860	5,068
Revenue	1,308	358	1,666	1,750
Gross Margin	17.0%	23.2%	18.3%	20.5%
Operating Profit	40	28	68	119
Profit Before Tax	32	13	45	100
Free Cash Flow	(55)	(27)	(82)	(37)

Key Numbers – FY11

Orders	1,590	1,892
Backlog	4,860	4,975
Revenue	1,666	1,788
Gross Margin	18.3%	18.7%
Operating Profit	68	74
Profit Before Tax	45	4
Free Cash Flow	(82)	(83)

Focus for the rest of Q4

- Successfully close significant sales campaigns:
- Increase pipeline building and external revenue focus in Applications, Technology Solutions and Network Solutions Divisions
- Drive Fujitsu First programme for PRIMERGY and ETERNUS products
- Improve our performance on major transition and transformation programmes



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