



Designing



Mounting

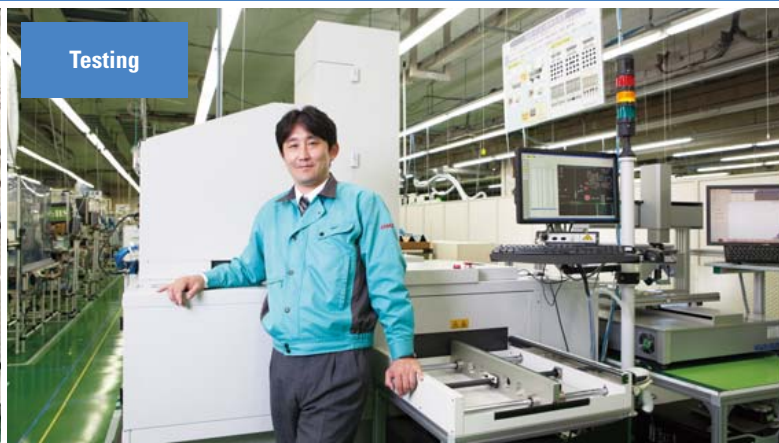
Special Feature
Our EMS Business

EMS Customers Chose

Since starting out in 2002, OKI has continued to expand in the electronic manufacturing services (EMS) business. We provide “Japanese EMS” that mega EMS vendors overseas are not able to keep up with and build up a unique status in this field, with an aim to expanding our business further.



Manufacturing

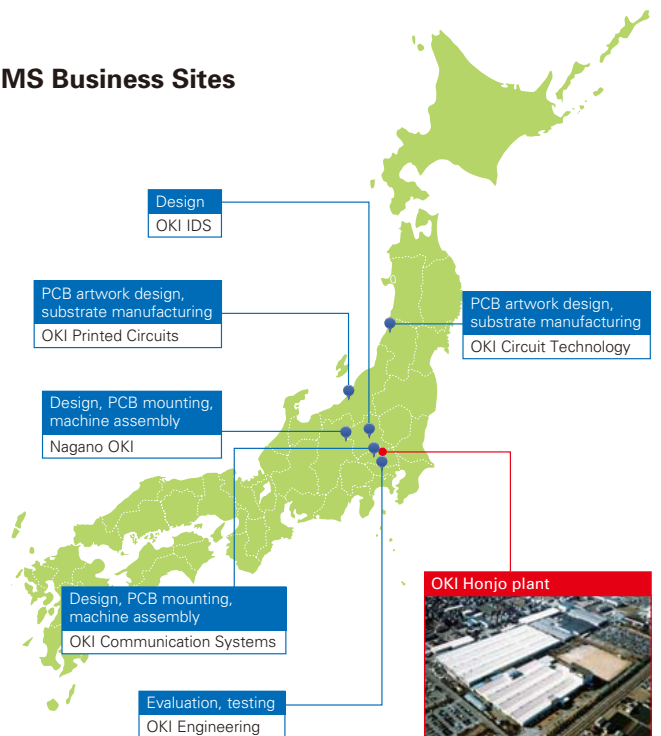


Testing

What “Advanced M&EMS” Means at OKI

OKI provides consigned manufacturing services covering mechatronics and electronics underpinned by an extensive track record as well as design and manufacturing technologies we have amassed through our monozukuri (manufacturing) culture in info-telecom fields. From conventional EMS consignments to options that include DMS processes, we offer a one-stop service across the entire gamut from design and development to mass production. At domestic Group companies starting with the OKI Honjo plant, the mother factory for our EMS business, we offer high-end EMS services that aim to serve as the “virtual factory” of our customers. Among the benefits for our EMS customers are: (1) faster product development and improved cash flow as they can channel resources into their core competencies such as product planning and marketing; (2) the creation of high-value-added products as our production know-how and proprietary technologies can be fused with their ideas and technologies; (3) greater leeway to hedge sales volatility risk as they can manage factory expenses such as fixed assets and capital investments as variable costs; and (4) faster delivery and market launch of products they plan and develop.

EMS Business Sites



Four Competitive Advantages

OKI has for over 130 years continued to build social infrastructure products such as phone networks and many categories of telecom equipment that are vital and never afford even a second of break. Our technologies for realizing high quality and high reliability were developed over this span. In the production of our own products, our record in high-mix, low-volume manufacturing spans many years and is formidable. Drawing on our years of experience and track record, we have leveraged our proprietary technologies and know-how to expand our EMS business.

Moreover, we have become proficient in managing flexible production lines, drawing on the know-how we amassed in efficiently managing high-mix, low-volume manufacturing through our many customer dealings to date. With the entire team constantly searching for task process efficiency improvements, we advance such initiatives by shining a light on sub-tasks embedded in each phase of the entire process and search for task process efficiency improvements with the delivery deadline firmly in mind. Our EMS business can deliver low-cost solutions via scale economies as an OKI Group member, benefits from group procurement of materials and parts, and synergies from pruning processing costs using just-in-time (JIT) manufacturing methods.

Current Initiatives

In fiscal year 2015, we acquired the Ome factory of Yokogawa Manufacturing Corporation as a follow-on move to the printed circuit board business we obtained from TANAKA KIKINZOKU KOGYO K.K. in fiscal year 2012. We have commenced production there as the factory handover came with a consignment for all the printed circuit board (PCB) and substrate mounting Yokogawa Manufacturing had previously carried out in Japan. The Ome factory enables an integrated production approach extending from PCBs to PCB mounting, helping to open a way with customers requiring quick delivery.

Since we launched the EMS business in 2002, it has expanded while developing markets for communications equipment, industrial instruments, measuring instruments, and medical equipment. We will go further in developing customers with products where our strengths—delivering

Four Reasons Customers Prefer OKI

1 High-quality, high-reliability *monozukuri*

For customers products, we draw on technological capabilities and know-how honed at the frontlines of Japan's *monozukuri* manufacturing culture, globally recognized for its high quality and reliability.

2 Strong capabilities in high-mix, low-volume manufacturing

We are flexible in responding to customers needs, even for consigned production work that other EMS providers seem to avoid, drawing on the know-how in high-mix, low-volume manufacturing we have amassed over the years in honing our products.

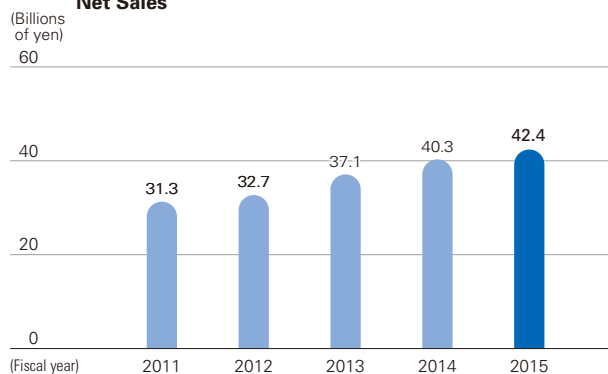
3 Flexible on delivery times

We fine-tune our response on delivery times, from quick delivery to even a sudden revision in deadlines.

4 A rigorously low-cost approach

In addition to low-cost procurement leveraging the OKI Group's scale economies, we prune processing costs via an iterative *kaizen* approach and ingenuity.

Net Sales



high quality and high reliability and high-mix, low-volume manufacturing—differentiate us from rivals. We will seek to develop new markets such as energy and aviation and space equipment and further expand our business.

Responsibility for People's Safety Infuses Our *monozukuri* Culture

For medical equipment, adherence to extremely high task process standards is necessary because malfunctions could result in incidents that put people's lives at risk. There is considerable pride that goes into a *monozukuri* culture that prizes high quality, and medical equipment requires a different sort of *monozukuri* approach than what is commonly accepted for info-telecom systems. It was a culture shock for me, but I have gained an appreciation for the safety-first values and sense of mission necessary to manufacture medical equipment where people's lives could be at stake. Morale among frontline employees is high, and we constantly look for ways to be original and creative every day, such as coming up with our own ideas for tools.

Voice

EMS Production Section-2
EMS Business Division

Takao Kimura

