

# Financial Results for the Q1 of FY ending March 31, 2014

August 1, 2013

Oki Electric Industry Co., Ltd.

- Indication method of amounts in hundred millions (yen) are as follow:  
Amounts in each item are rounded to the nearest hundred million yen. Variances are calculated in the hundred millions.
- The projections and plans in this material are subject to change depending upon the changes of business environments and other conditions.

# Table of Contents

---

- I. Financial results for the Q1, FY ending Mar. 2014
  - 1. Overall condition of the Group
  - 2. Segment information
  - 3. Changing factors of operating income
  - 4. Profit and loss
  - 5. Balance sheets
  - 6. Cash flows

## Overall condition of the Group

■ Info-telecom business was steady. OKI's overall performance is approximately the same as planned, though Printers business was affected by the deterioration of market condition.

[YoY comparison]

- Net sales increased by 0.1 B yen. (Impact of currency exchange: +5.8 B yen)
- Operating loss increased by 0.1 B yen. (Impact of currency exchange: +0.4 B yen)

(Billion yen)	FY end Mar. 2014		FY end Mar. 2013	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Info-telecom	51.4	0.5	51.0	1.4
Printers	28.0	(1.9)	28.5	(3.0)
EMS	7.8	0.0	6.7	0.1
Others	4.0	0.5	4.9	0.7
Eliminates & Corp.	—	(1.4)	—	(1.4)
<b>Total</b>	<b>91.2</b>	<b>(2.3)</b>	<b>91.1</b>	<b>(2.2)</b>

## Segment Information: Info-telecom Systems

### ■ Impact of currency exchange

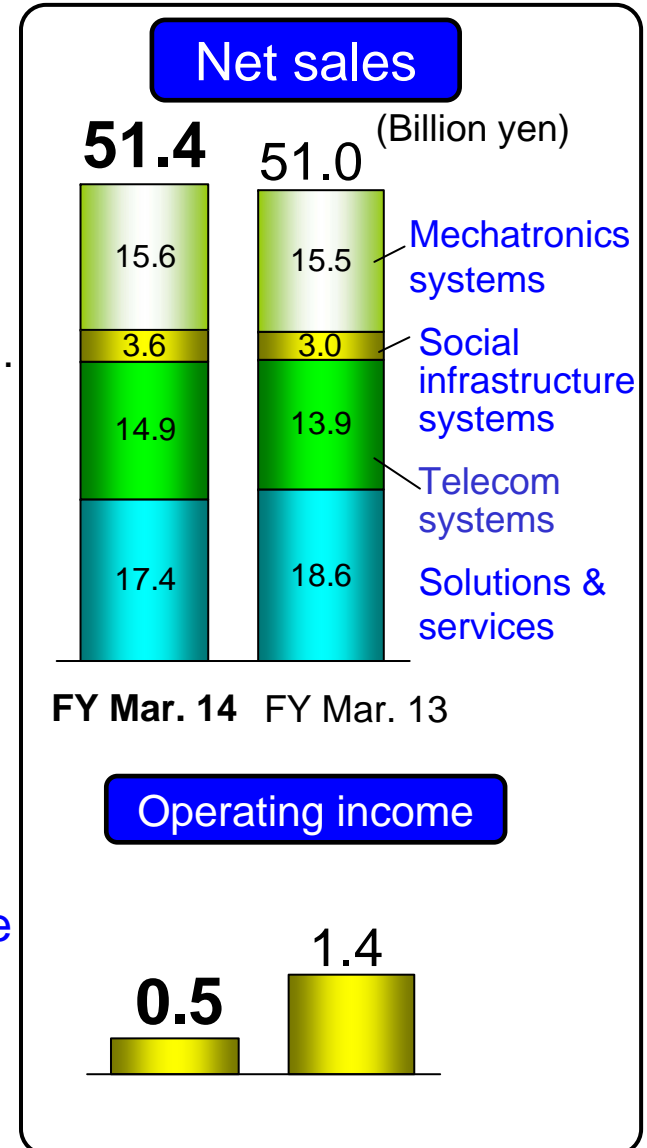
- Net sales increased by 1.7 B yen. Operating income increased by 0.3 B yen.

### ■ Net sales decreased by 1.3 B yen excluding the impact of currency exchange.

- Solutions & services:  
System integration was steady, services projects decreased.
- Telecom systems:  
Sales of enterprise networks, maintenance and construction were steady.
- Social infrastructure systems:  
Sales of systems for some governmental offices increased.
- Mechatronics systems:  
Sales of ATMs for China generally were steady though delay in sales of some projects.

### ■ Operating income decreased by 1.2 B yen excluding the impact of currency exchange.

Operating income declined due to decrease in volume and change in product mix, etc.



## Segment Information: Printers

### ■ Impact of currency exchange

➤ Net sales increased by 4.1 B yen. Operating income increased by 0.1 B yen.

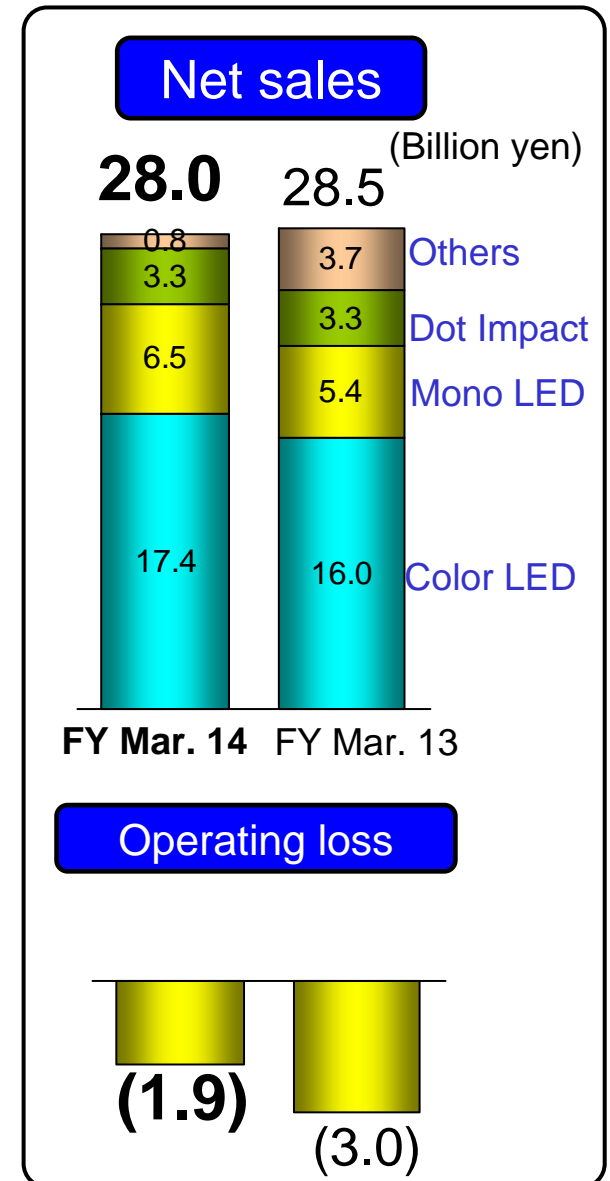
### ■ Net sales decreased by 4.6 B yen excluding the impact of currency exchange.

➤ Color and mono LED printers:  
Unit sales decreased due to the downturn in color printer market, in addition to redefining sales strategies and focusing on models.

➤ Others:  
Sales decreased due to ceasing sales activities of an overseas sales subsidiary in Spain.

### ■ Operating loss decreased by 1.0 B yen excluding the impact of currency exchange.

Operating loss decreased as cut down in fixed costs, due to revamping business structure and reducing transportation cost, offset the impact of volume and price decline.



## Segment Information: EMS, Others

### ■ Net sales:

#### ➤ EMS:

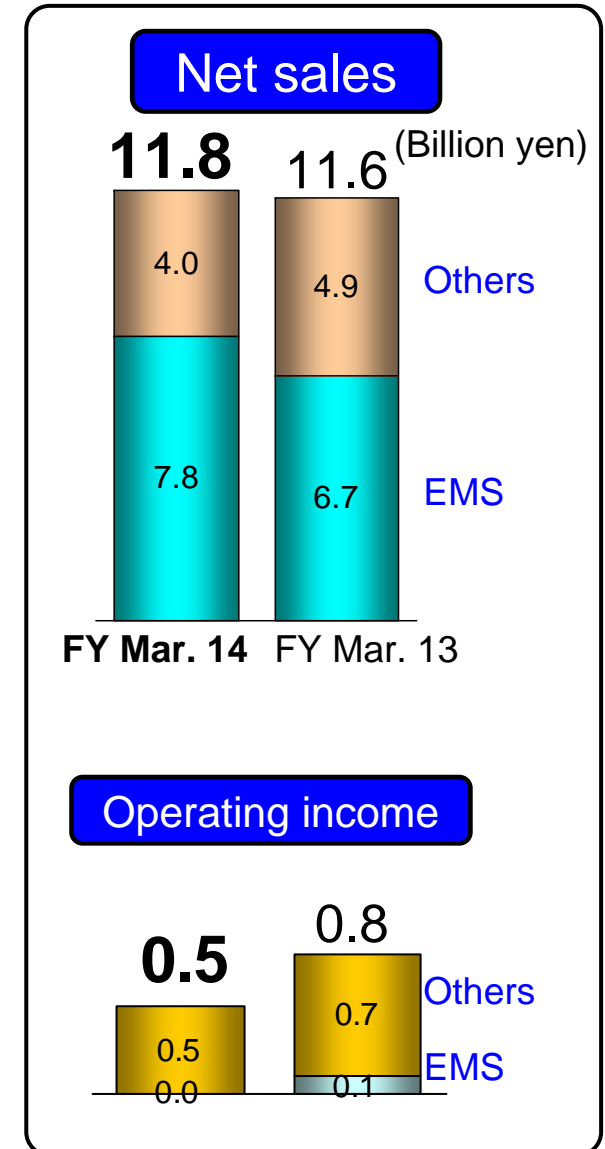
Net sales increased due to new consolidation of OKI Tanaka Circuits in addition to acquisition of new businesses in telecom and medical equipment markets.

#### ➤ Others:

Net sales decreased due to slowing demand in amusement market.

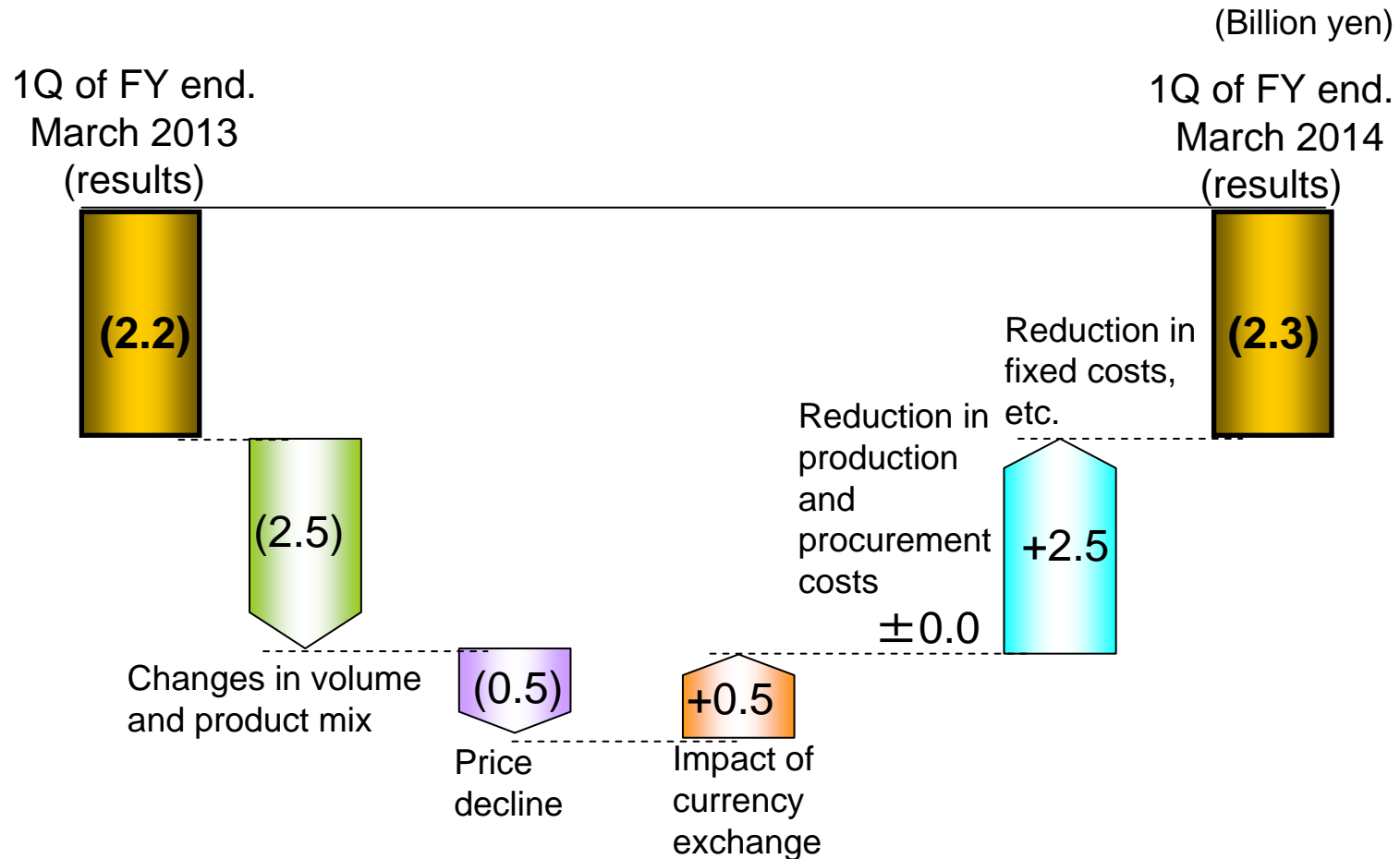
### ■ Operating income:

Operating income declined by 0.3 B yen due to decrease in sales for amusement market.



# Changing Factors of Operating Income

■ Reduction in fixed costs due to revamping Printers business structure, etc. offset decline in volume, change in product mix, and price decline.



## Q1 Profit and Loss

[Y on Y comparison]

(Billion yen)	FY Mar. 2014	FY Mar. 2013
Net Sales	<b>91.2</b>	91.1
Cost of Sales	<b>70.0</b>	66.7
SG&A	<b>23.4</b>	26.7
Operating loss	<b>(2.3)</b>	(2.2)
Other income/loss	<b>3.8</b>	(1.1)
Ordinary income/loss	<b>1.6</b>	(3.3)
Extraordinary loss	<b>(1.6)</b>	(0.3)
Income before income taxes	<b>0.0</b>	(3.6)
Net loss	<b>(1.3)</b>	(4.1)

- SG&A improved as allowance for doubtful accounts and transportation cost, etc. decreased.
- Other income and expenses improved due to exchange gain (from -0.9 B yen to 3.9 B yen) and decline in interest expense, etc.
- Main extraordinary loss  
-Expense for revamping Printers business structure(-1.5 B yen)

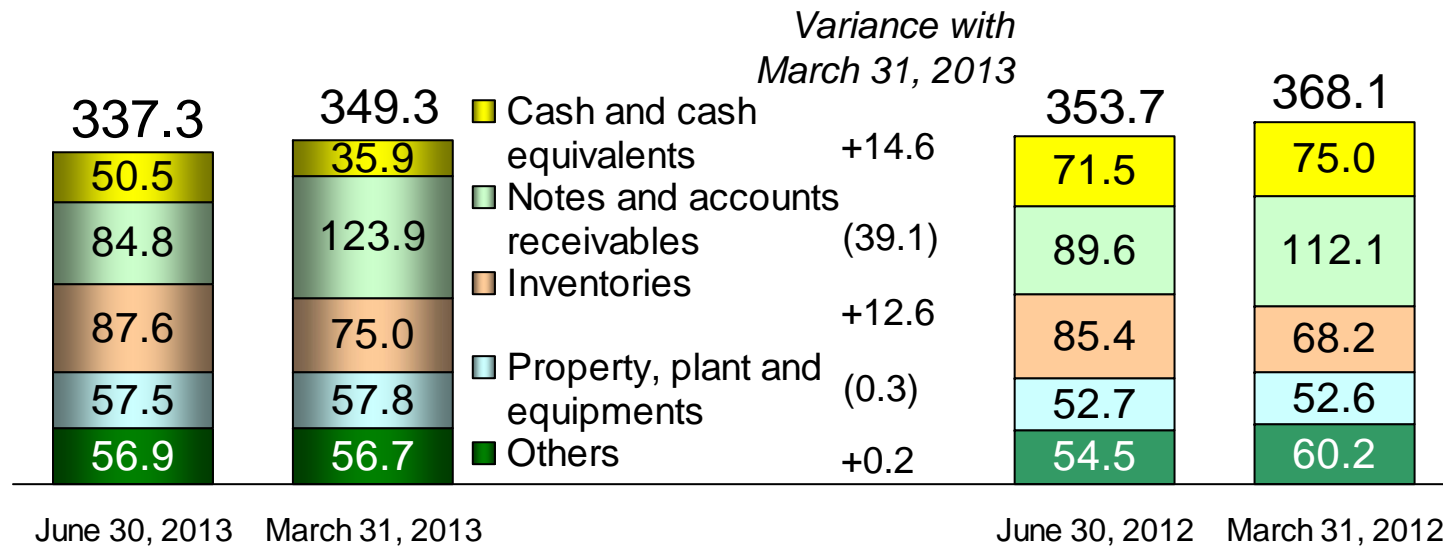
[Ref.]	Closing exchange rate		Average exchange rate	
	End of Jun. 2013	End of Mar. 2013	3 months FY end. Mar. 2014	3 months FY end. Mar. 2013
USD	<b>98.6</b>	94.0	<b>98.8</b>	80.2
EUR	<b>128.6</b>	120.7	<b>129.0</b>	102.9



## Balance Sheet [Assets]

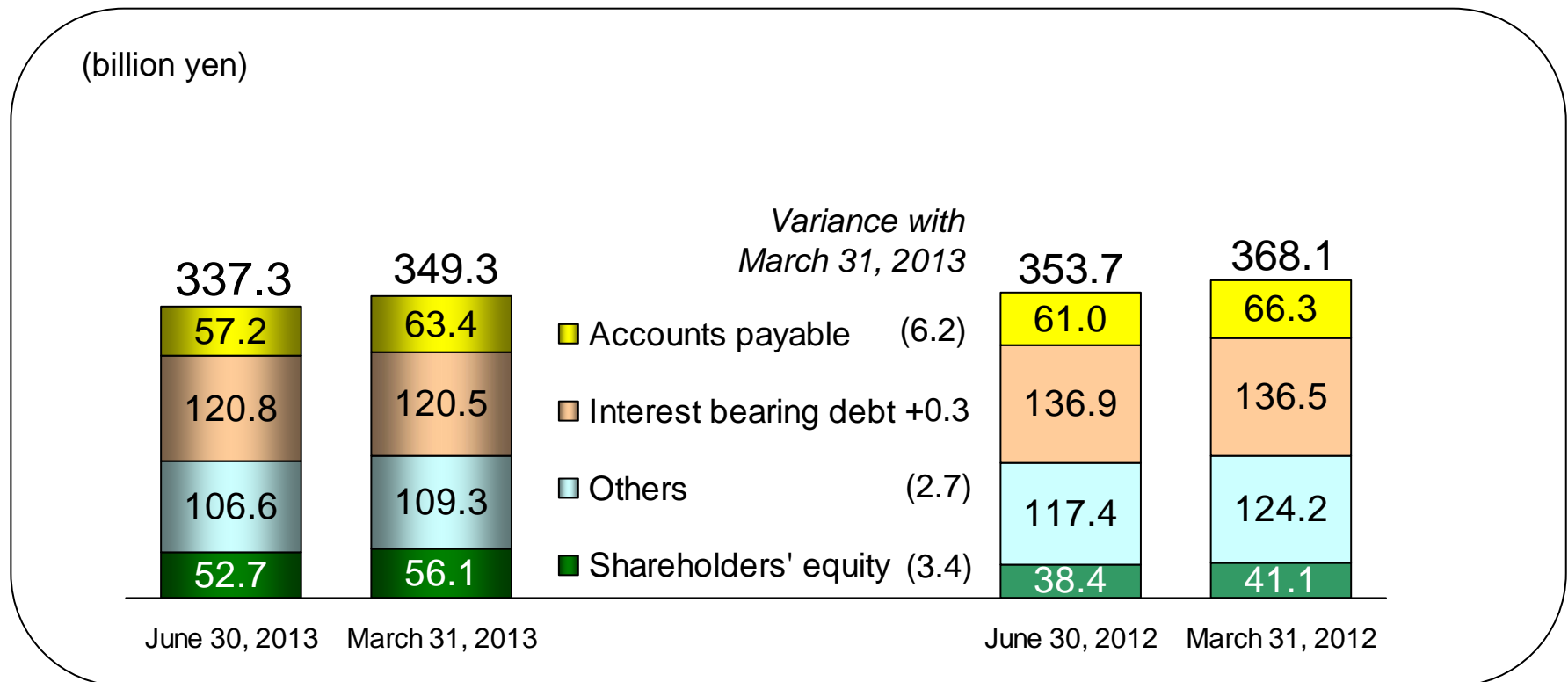
- Total assets declined by 12.0 B yen due to reduction in notes and accounts receivables.
- Cash and cash equivalents increased by 14.6 B yen.
- Due to the tendency of larger sales in Q4 of the previous fiscal year, notes and account receivables at March end increased. These receivables are collected in cash, etc., during this Q1 which reduces the portion of receivables at June end. Inventories declined at March end and increased at June end because of production equalization during this Q1.

(billion yen)



## Balance Sheet [Liabilities and shareholders' equity]

- Shareholders' equity decreased by 3.4 B yen due to recording net loss and a dividend payment on preferred shares, etc.  
Shareholders' equity ratio: 15.6%
- Net interest bearing debt decreased by 14.3 B yen to 70.3 B yen.  
Net D/E ratio: 1.3 times



## Cash Flows

- Free cash flows saw a net inflow of 15.0 B yen due to improvement in net income and working capital.

(Billion yen)	<b>FY end. Mar. 2014</b>	FY end. Mar. 2013
<b>I Cash flows from operating activities</b>	<b>16.8</b>	<b>(1.3)</b>
Net income before income taxes	0.0	(3.6)
Depreciation & amortization	3.4	2.8
Change in working capital	21.9	0.6
Others	(8.5)	(1.1)
<b>II Cash flows from investing activities</b>	<b>(1.8)</b>	<b>(3.7)</b>
Purchase of property, plants & equipment	(1.7)	(2.0)
Others	(0.1)	(1.7)
<b>Free Cash Flows( I + II )</b>	<b>15.0</b>	<b>(5.0)</b>
<b>III Cash flows from financing activities</b>	<b>(1.0)</b>	<b>(0.4)</b>
<b>Net cash flows ( I + II + III )</b>	<b>14.0</b>	<b>(5.4)</b>

Free cash flows and net cash flows are the total of each item which are rounded to the nearest hundred million yen.



*Open up your dreams*