

Financial Results for the Q1 of FY ending March 31, 2018

July 28, 2017

Oki Electric Industry Co., Ltd.

Overview of Q1

➤ Summary of Business

Q1 results such as net sales and operating income were basically the same as we planned.

➤ Foreign exchange losses in non-operating expenses

Positive outcome of reviewing some deals in foreign currencies and the stable movements in foreign exchange rates resulted in big reduction of foreign exchange losses in non-operating expenses.

➤ Unification of the fiscal period of the subsidiary in Brazil

For unification of the fiscal period, the financial results from this January through June of the subsidiary in Brazil were consolidated in this Q1.

➤ Reformation of Printers business structure

Business structure improvement expenses of 1.2 B yen in extraordinary losses were recorded.

Summary of Financial Results

- Its business performance turned out approximately as planned though both net sales and operating income decreased year on year.
- The loss attributable to owners of parent improved due to the decrease in foreign exchange losses in non-operating expenses. (Foreign exchange losses of 7.1 B yen for the previous first quarter)

(Billion yen)	FY end. Mar. 2018 (Results)	FY end. Mar. 2017 (Results)	Variance
Net sales	90.4	93.2	(2.8)
Operating income (loss)	(3.9)	0.7	(4.6)
Ordinary income (loss)	(3.5)	(6.4)	2.9
Profit (loss) attributable to owners of parent	(4.8)	(6.1)	1.3
USD average exchange rate (Yen)	111.1	108.2	2.9
EUR average exchange rate (Yen)	122.2	122.0	0.2

* Foreign exchange losses in non-operating expenses were the losses which generated by the evaluation primarily on our receivables in foreign currency as of June 30, 2017 at the exchange rates based on the same day. These amounts will fluctuate in accordance with the situation of exchange rates in the future.

Segment Information (Net Sales)

- ICT: Sales were approximately the same as the previous first quarter.
- Mechatronics systems: Sales remained generally the same level as the previous first quarter. The sales increased due to the unification of fiscal period of the subsidiary in Brazil whereas it decreased due to the decline in the large project of cash handling equipment in the domestic market, which performed solidly in the previous year.
- Printers: Sales for office printings decreased along with the strategic transformation toward focusing on industry printings.
- EMS: As planned, sales recovered with the order from a major customer, which was postponed from the previous year.

(Billion yen)	FY end. Mar. 2018 (Results)	FY end. Mar. 2017 (Results)	Variance
ICT	31.2	30.3	0.9
Mechatronics systems	21.2	22.2	(1.0)
Printers	24.9	27.5	(2.6)
EMS	10.3	9.3	1.0
Others	2.8	3.9	(1.1)
Total	90.4	93.2	(2.8)

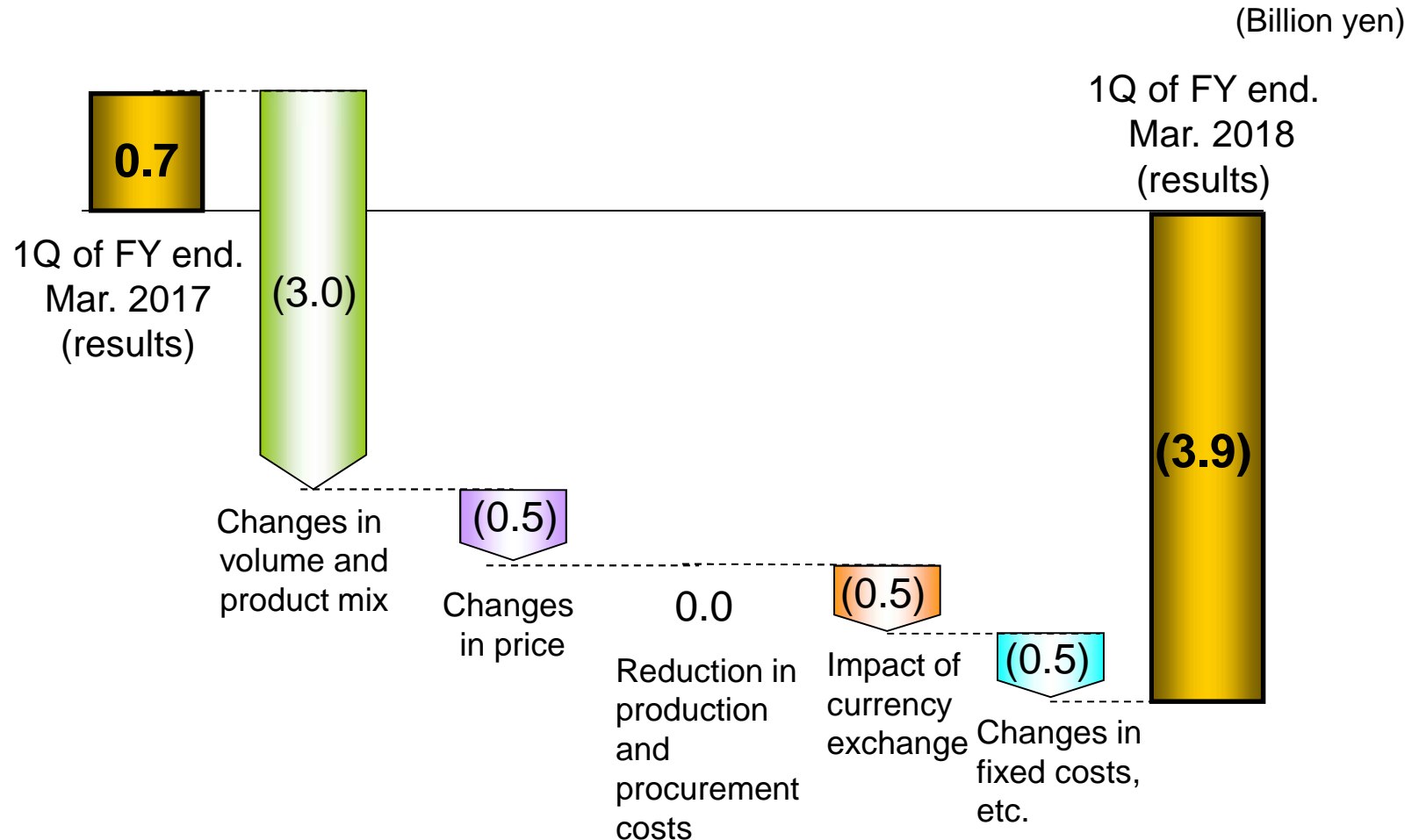
Segment Information (Operating Income/Loss)

- ICT: Operating income decreased due to the changes in project mix.
- Mechatronics systems: Operating income decreased due to the impact of the unification of fiscal period of the subsidiary in Brazil and the decline in the large project in the domestic market.
- Printers: Operating income decreased due to the decline in sales volume.

(Billion yen)	FY end. Mar. 2018 (Results)	FY end. Mar. 2017 (Results)	Variance
ICT	(0.8)	(0.2)	(0.6)
Mechatronics systems	(1.5)	1.2	(2.7)
Printers	(0.5)	0.4	(0.9)
EMS	0.3	0.1	0.2
Others	0.3	0.7	(0.4)
Corporate & Eliminations	(1.6)	(1.6)	0.0
Total	(3.9)	0.7	(4.6)

Changing Factors of Operating Income/Loss

- Operating income decreased due to the declined sales volume and the worsened product mix.



Balance Sheets

- Total assets were reduced as working capital decreased due to collecting notes and accounts receivables.
- Trend of change in each account was approximately the same as in the past.

(Billion yen)	Jun. 2017	Mar. 2017	Variance
Current assets	214.2	231.5	(17.3)
Fixed assets	130.0	129.2	0.8
Assets	344.2	360.7	(16.5)
Current liabilities	167.0	176.6	(9.6)
Fixed liabilities	86.3	86.9	(0.6)
Liabilities	253.3	263.5	(10.2)
Shareholders' equity	90.7	96.9	(6.2)
Others	0.2	0.3	(0.1)
Net assets	90.9	97.2	(6.3)
Total liabilities and net assets	344.2	360.7	(16.5)
Shareholders' equity ratio (%)	26.4	26.9	(0.5%)
D/E ratio (times)	0.9	0.9	0.0pt

Cash Flows

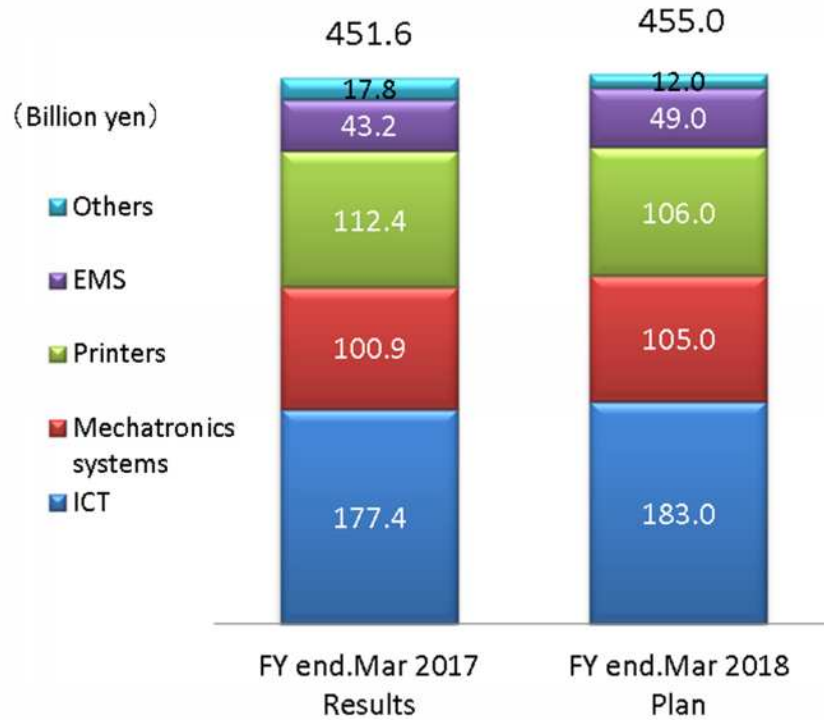
- Cash flows from operating activities decreased compared to the previous first quarter despite the continued reduction of working capital.

(Billion yen)	FY end. Mar. 2018 (Results)	FY end. Mar. 2017 (Results)	Variance
Cash flows from operating activities	3.7	19.8	(16.1)
Cash flows from investing activities	(1.1)	(3.7)	2.6
Free cash flows (+)	2.6	16.1	(13.5)
Cash flows from financing activities	(5.8)	(4.8)	(1.0)
Cash and cash equivalents	48.9	57.1	(8.2)
Purchases of equipment	(1.6)	(2.8)	1.2
Depreciation	3.1	3.4	(0.3)

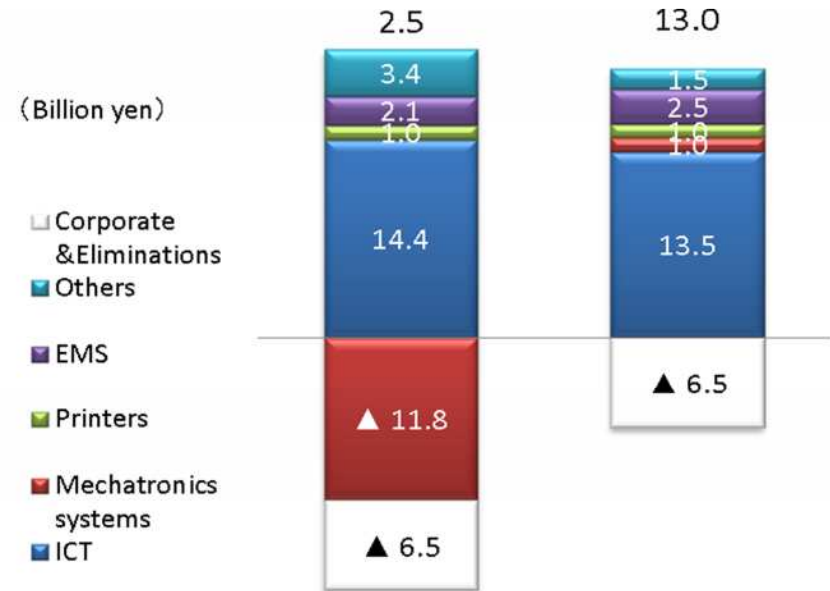
Reference

Segment Information (Full-year Net Sales and Operating Income)

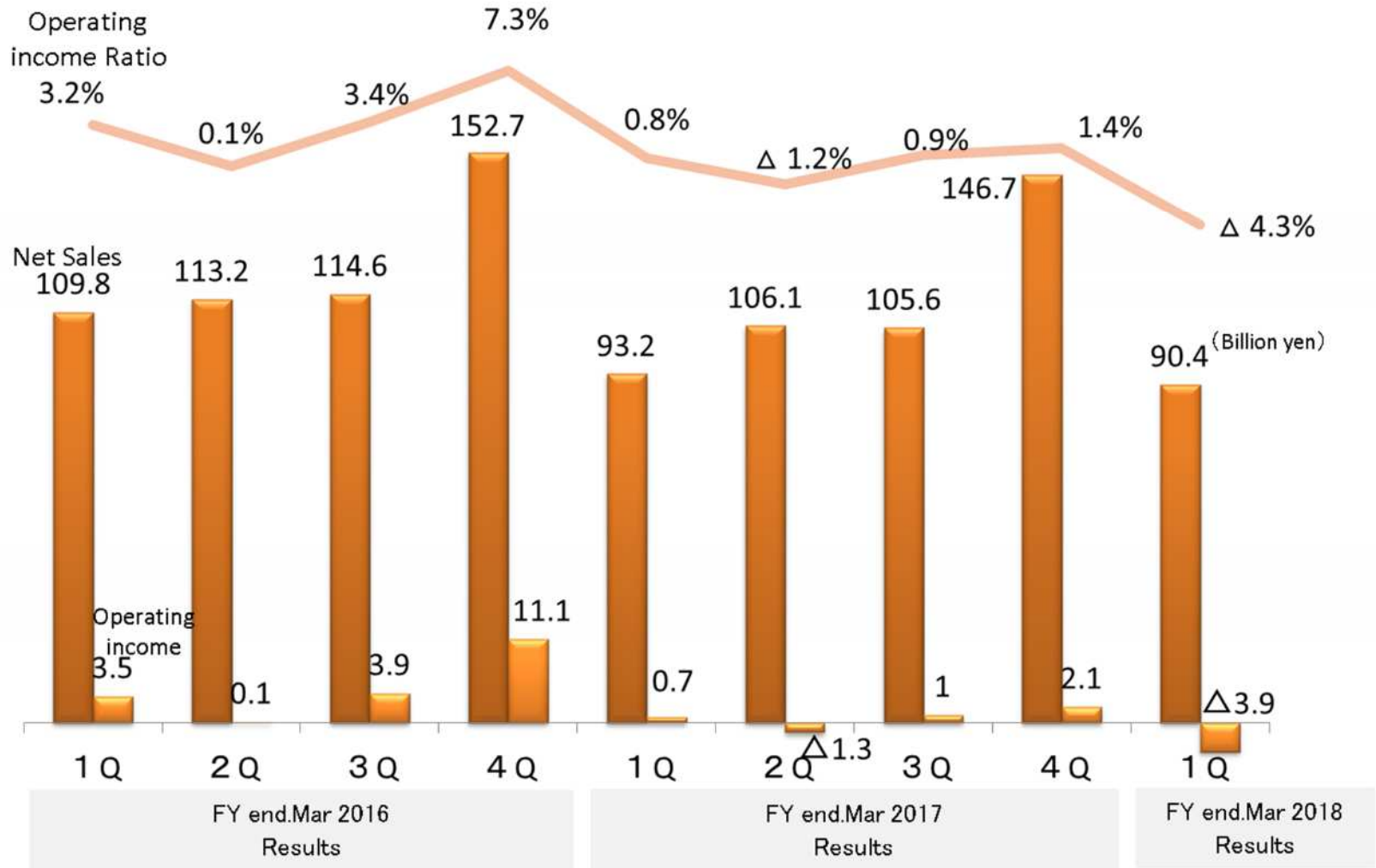
Net Sales



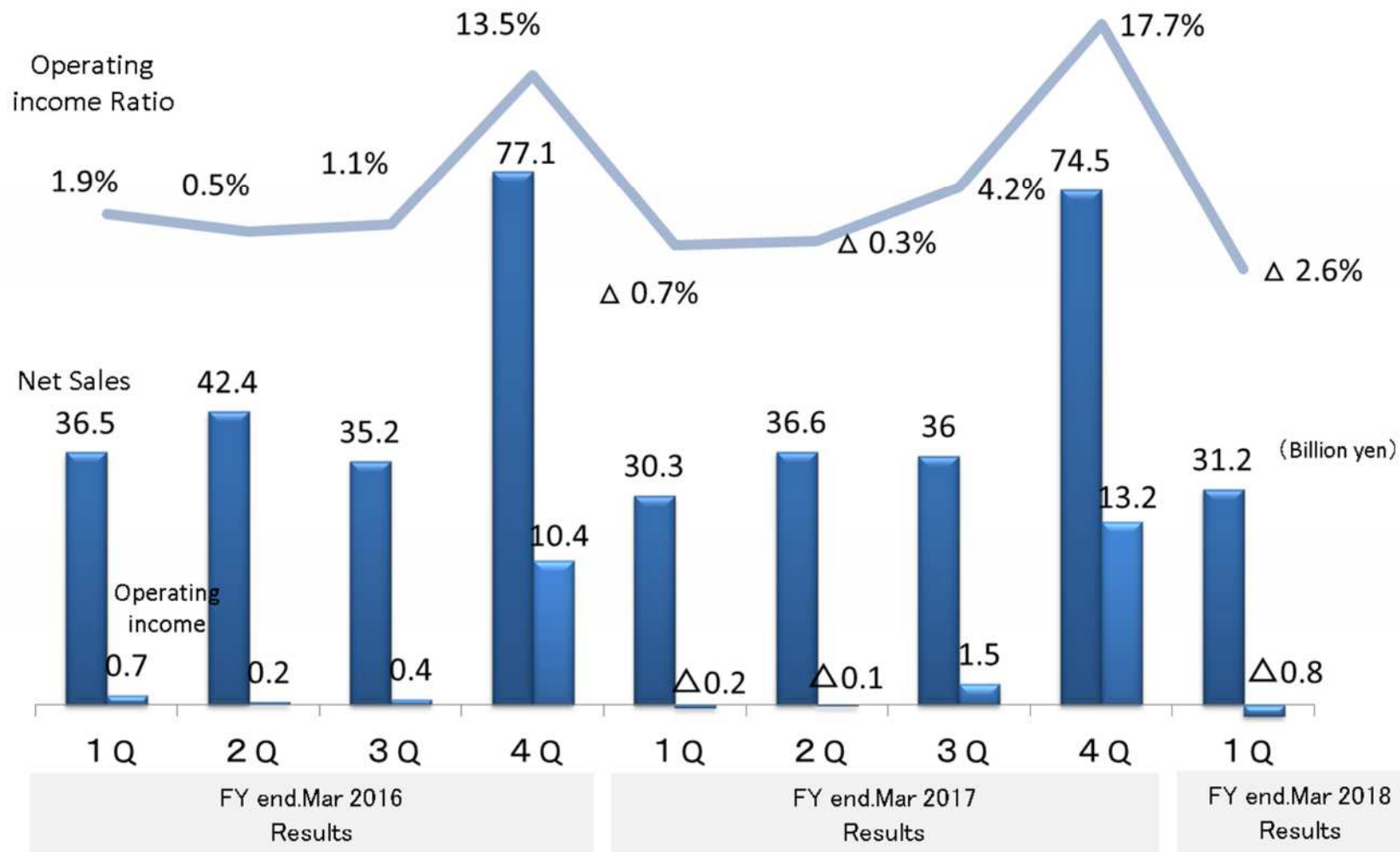
Operating Income



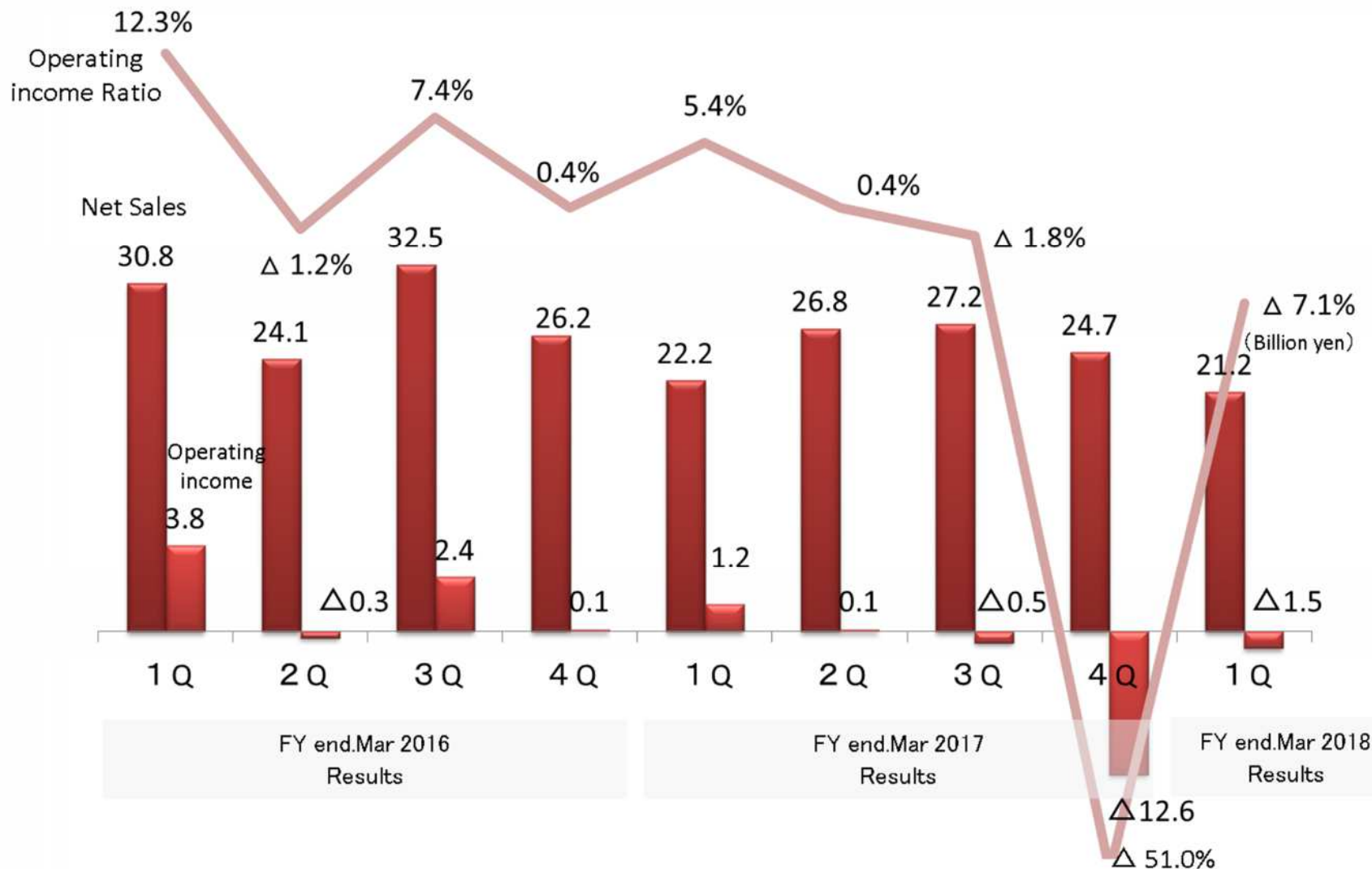
Quarterly Transition of Net Sales and Operating Income



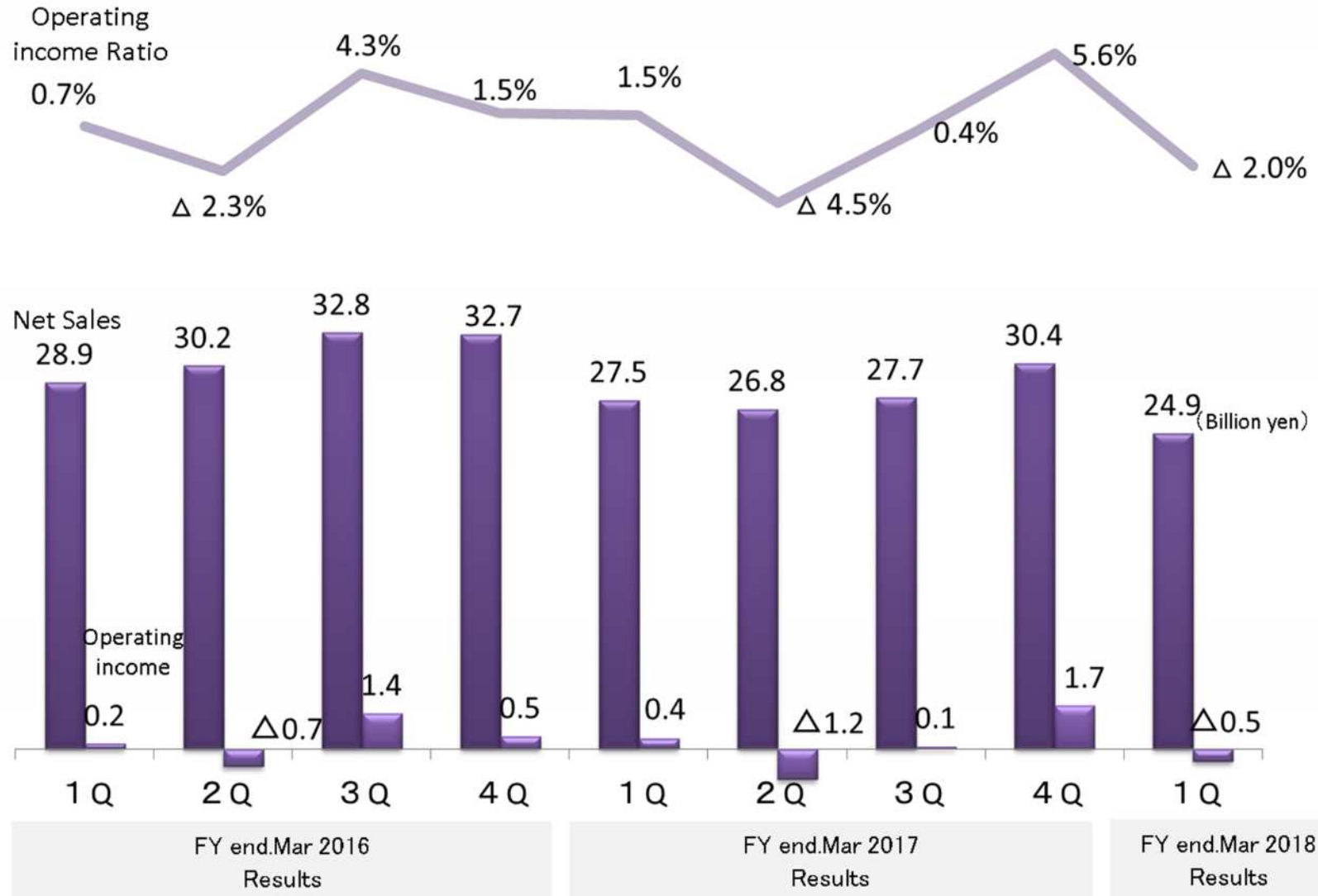
Quarterly Transition of Net Sales and Operating Income(ICT)



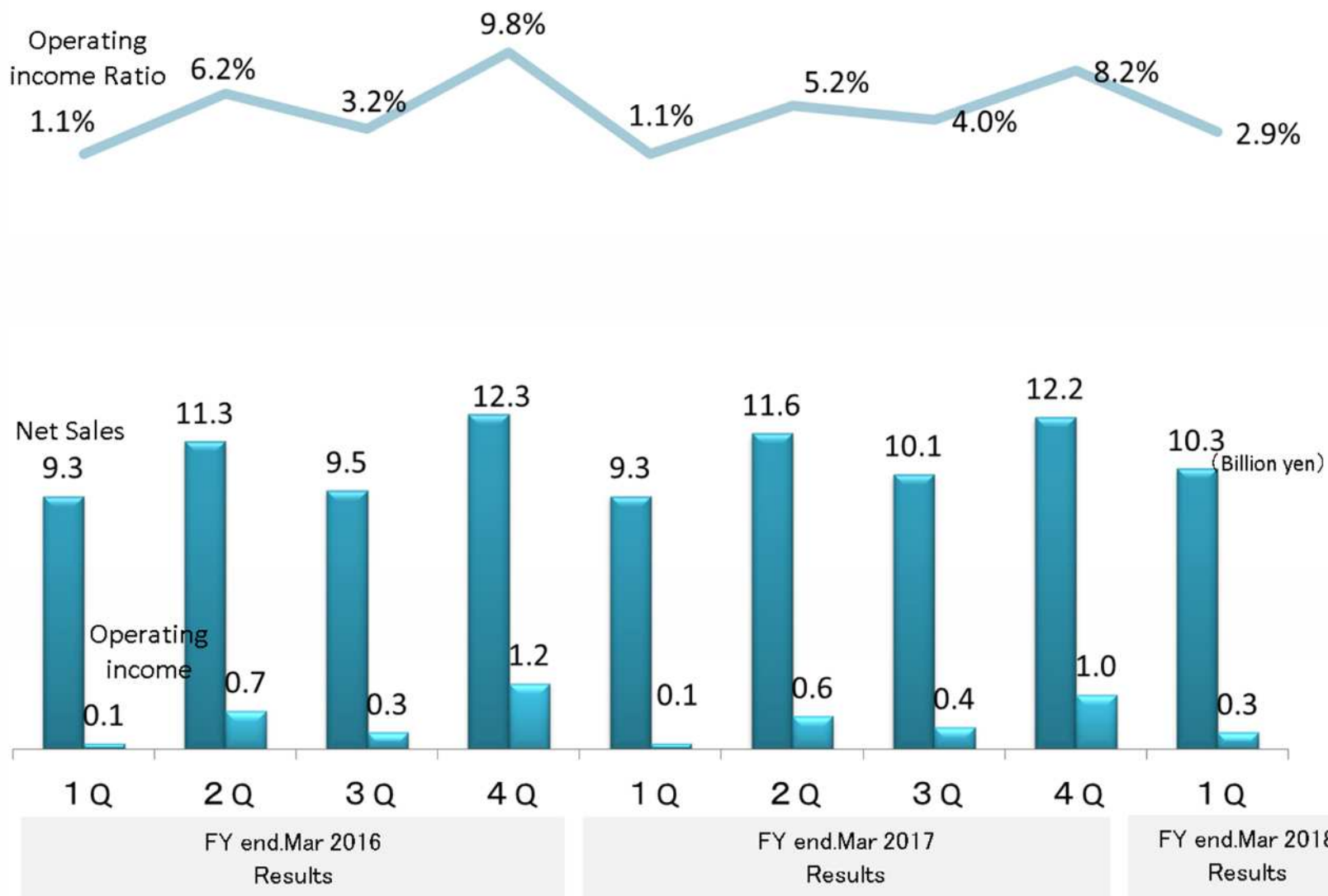
Quarterly Transition of Net Sales and Operating Income(Mechatronics Systems)



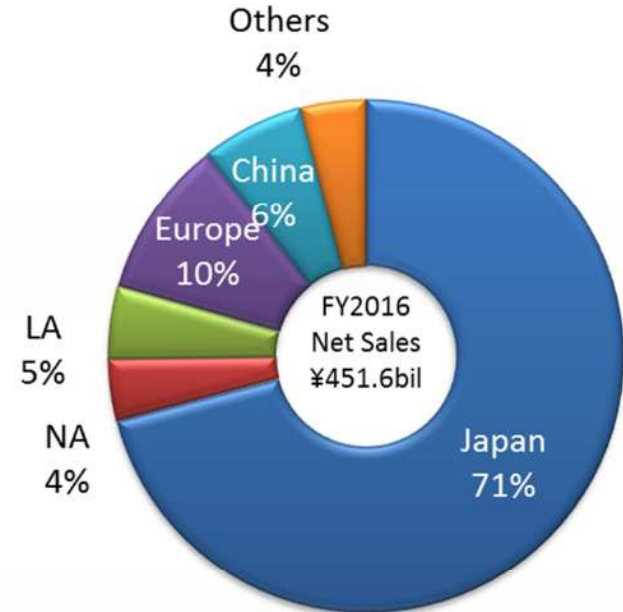
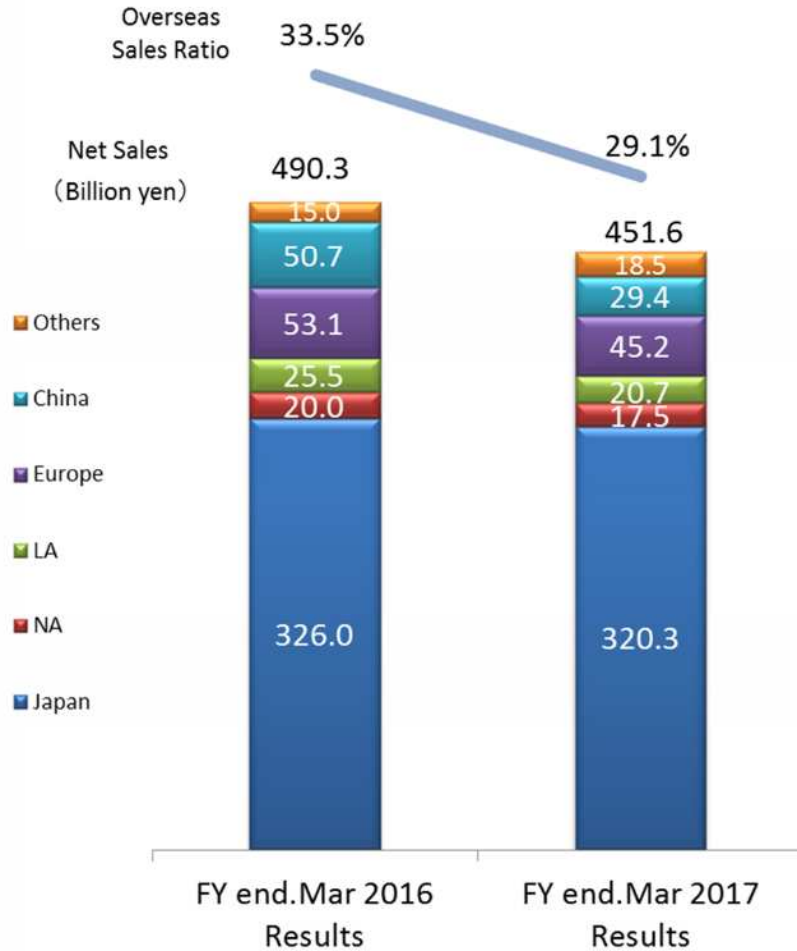
Quarterly Transition of Net Sales and Operating Income(Printers)



Quarterly Transition of Net Sales and Operating Income(EMS)



Sales by Region



Quarterly Transition of Profit and Loss

Results (Billion yen)	FY end. Mar. 31, 2016				FY end. Mar. 31, 2017				FY end. Mar. 31, 2018	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	Full year (Plan)
Net sales	109.8	113.2	114.6	152.7	93.2	106.1	105.6	146.7	90.4	455.0
Operating income	3.5	0.1	3.9	11.1	0.7	(1.3)	1.0	2.1	(3.9)	13.0
Non-operating income & expenses	2.4	(3.6)	(2.5)	(3.5)	(7.1)	(1.2)	3.6	(0.2)	0.4	-
Ordinary income/loss	5.9	(3.5)	1.4	7.6	(6.4)	(2.5)	4.6	1.9	(3.5)	12.0
Extraordinary income/loss	0.1	0.2	(0.3)	0.3	0.0	(2.6)	(0.3)	18.9	(0.7)	-
Income/loss before income taxes	6.0	(3.3)	1.1	7.9	(6.4)	(5.1)	4.3	20.9	(4.2)	-
Profit/loss attributable to owners of parent	3.2	(2.3)	(2.7)	8.4	(6.1)	(7.4)	1.5	16.7	(4.8)	8.0

Financial Highlights

Results (Billion yen)	FY end. Mar. 31, 2016				FY end. Mar. 31, 2017				FY end. Mar. 31, 2018
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Total assets	421.9	412.5	414.8	411.8	387.1	371.9	379.6	360.7	344.2
Net assets	119.8	113.6	110.6	107.4	99.2	93.1	92.5	97.2	90.9
Interest-bearing debt	109.5	114.8	118.3	122.1	118.7	107.8	109.7	87.0	84.4
Shareholders' equity	118.8	112.8	110.3	106.7	98.7	92.6	92.1	96.9	90.7
Shareholders' equity ratio (%)	28.1	27.3	26.6	25.9	25.5	24.9	24.3	26.9	26.4
D/E ratio (times)	0.9	1.0	1.1	1.1	1.2	1.2	1.2	0.9	0.9
Free cash flows	1.6	(14.3)	(0.3)	(3.4)	16.1	(3.3)	8.1	28.7	2.6
Cash and cash equivalents	53.7	44.5	45.5	46.3	57.1	43.0	47.0	52.0	48.9
USD average exchange rate (Yen)	121.4	122.2	121.5	115.5	108.2	102.4	109.3	113.6	111.1
EUR average exchange rate (Yen)	134.2	135.9	133.0	127.2	122.0	114.3	117.8	121.1	122.2

Notice

- The projections and plans in this material are based on information currently available to OKI as of the date of publication and certain assumptions judged as rational, therefore actual results are subject to change depending upon the changes of business environments and other conditions.
- 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.



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