

Financial Results for the FY Ended March 31, 2020

May 13, 2020

Oki Electric Industry Co., Ltd.

Today's Announcement

As it is extremely difficult to estimate rational future estimation due to the global spread of novel coronavirus diseases (COVID-19), we have decided to set its forecasts of business results for the fiscal year ending March 31, 2021 as “Undecided.”

We will carefully assess the impact of COVID-19 on our business results and announce them as soon as details become clear.

In addition, the announcement of the New Medium-term Management Plan, which was scheduled to be announced by the end of this month, will also be postponed.

Impact of COVID-19

< Estimated Impact and Future Forecast >

- Some of our important customers in the ICT business, such as transportation and passenger industries are significantly affected by the refraining of outings following the declaration of an emergency situation, and there is concern that this may affect their investment plans.
- As for ATMs outside Japan, the impact of lockdowns have been seen mainly in Asia (India, Indonesia, etc.), and the timing of bidding by financial institutions in each country is uncertain.
- In the area of Printers, there is concern that restrictions on outings and the promotion of work from home in Europe and the Americas will lead to a decrease in demand for printing at offices, which will have a significant impact on sales of consumables.
- In terms of overall production, some parts of the supply chain are affected.

The impact of these factors on business results will depend on the progress of measures to combat COVID-19 in each country and region in the future. We will report as soon as it becomes possible to make a judgment with certain reasonableness.

Summary of Financial Results

- Net sales and profits are as expected. (Substantially* higher sales and profits than the previous fiscal year)
- The year-end dividend will be ¥50 yen per share, as planned.

(Billion yen)	FY2020/3 Results	Projections (As of Feb.7)	Variance	FY2019/3 Results	Variance
Net sales	457.2	465.0	(7.8)	441.5	+15.7
Operating income	16.8	18.5	(1.7)	17.5	(0.7)
Ordinary income	13.8	15.5	(1.7)	15.5	(1.7)
Profit attributable to owners of parent	14.1	14.0	+0.1	8.4	+5.7
USD average exchange rate (Yen)	108.74	110.00		110.91	
EUR average exchange rate (Yen)	120.82	125.00		128.41	

※Excluding the impact of COVID-19

Segment Information (Net Sales)

- ICT: Increased substantially year on year due expansion of projects related to social infrastructure and networks, as well as expansion of the scope of application of the percentage-of-completion method mainly to some government agencies.
- Mechatronics Systems: Decreased year on year, upon the completion of large-scale project in the previous fiscal year, besides reduced operations at Shenzhen plant due to the spread of COVID-19.
- Printers: Declined for office in Europe. Appreciation of yen against Euro also affected.
- EMS: Decrease year on year, due to the decline in FA(factory automation) and semiconductor-related sales besides the delay in some material procurement.

(Billion yen)	FY2020/3 Results	Projections (As of Feb.7)	Variance	FY2019/3 Results	Variance
ICT	229.1	232.0	(2.9)	184.3	+44.8
Mechatronics Systems	70.7	72.0	(1.3)	82.7	(12.0)
Printers	92.3	96.0	(3.7)	102.6	(10.3)
EMS	59.8	60.0	(0.2)	66.2	(6.4)
Others	5.4	5.0	+0.4	5.6	(0.2)
Total	457.2	465.0	(7.8)	441.5	+15.7

*Results of EMS and Others are restated.

Segment Information (Operating Income)

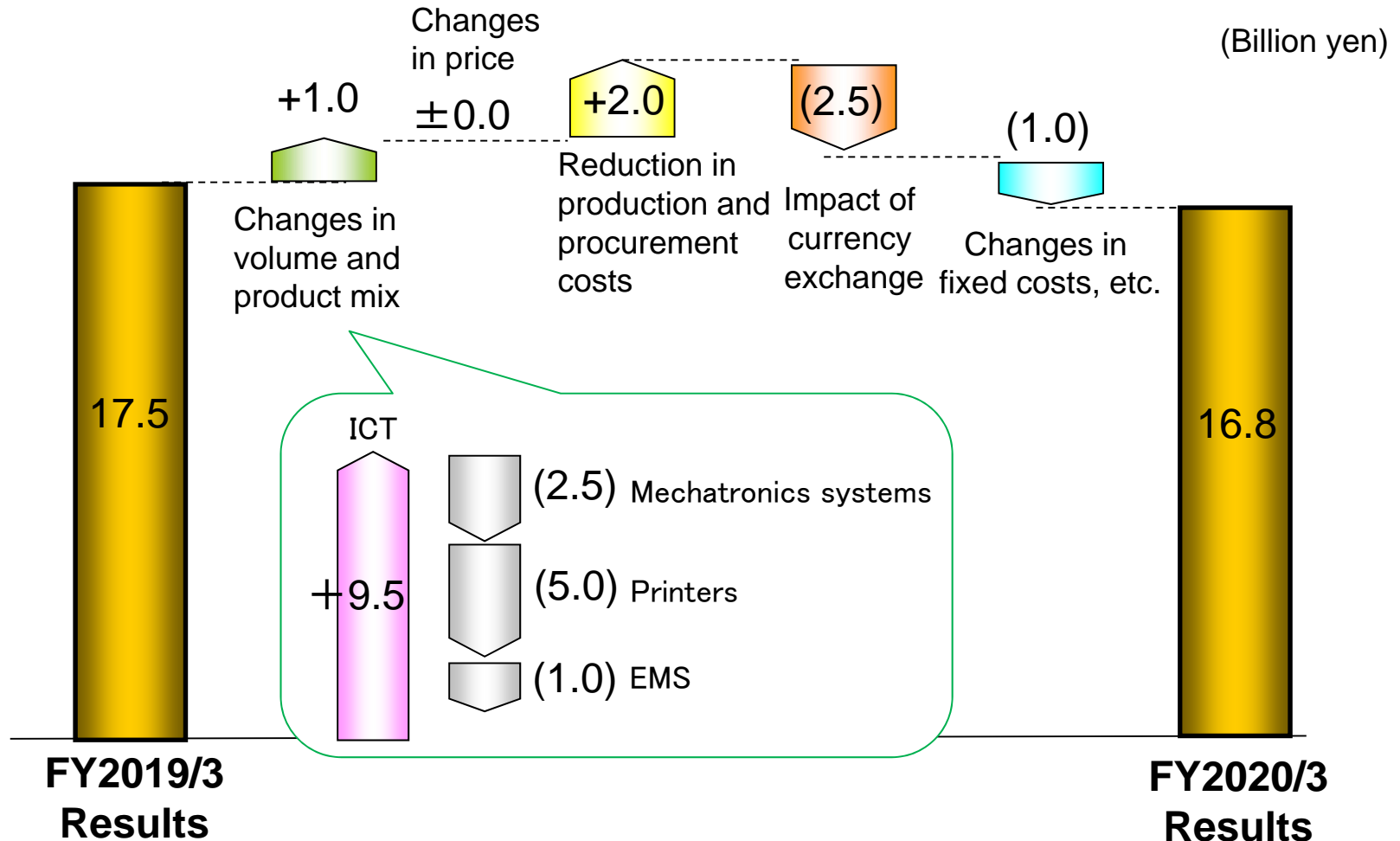
- ICT: Increased significantly year on year, upon the steady increase in sales.
- Mechatronics Systems: Decreased due to a decrease in plant operation, although the impact of sales decrease was offset by the effect of structural reform implemented in the previous fiscal year offset.
- Printers: Decreased upon sales decline and forex impact of strong yen against Euro.
- EMS: Decreased due to sales decline.

(Billion yen)	FY2020/3 Results	Projections (As of Feb. 7)	Variance	FY2019/3 Results	Variance
ICT	20.8	19.0	+1.8	14.7	+6.1
Mechatronics Systems	(0.3)	1.0	(1.3)	0.1	(0.4)
Printers	2.8	4.0	(1.2)	5.7	(2.9)
EMS	2.1	2.0	+0.1	3.7	(1.6)
Others	0.4	0.5	(0.1)	0.9	(0.5)
Corporate & Eliminations	(9.0)	(8.0)	(1.0)	(7.6)	(1.4)
Total	16.8	18.5	(1.7)	17.5	(0.7)

*Results of EMS and Others are restated.

Reasons for Changes in Operating Income

- Changes in sales volume and product mix differ by segment. Forex impact was compensated by cost reduction. Strategic expenses increased.



Balance Sheets

- Although sales increased significantly, working capital and interest-bearing debt stayed the same as previous fiscal year-end due to sales leveling and inventory control.
- Stabilized funds through long-term shifts in interest-bearing debt.
- Improvements of shareholders' equity ratio by 1.4 points and D/E ratio by 0.1 times.

(Billion yen)	Mar. 2020	Mar. 2019	Variance
Current assets	236.7	223.2	+13.5
Fixed assets	135.7	142.3	(6.6)
Assets	372.5	365.5	+7.0
Current liabilities	159.9	176.2	(16.3)
Fixed liabilities	106.1	89.1	+17.0
Liabilities	266.0	265.3	+0.7
Shareholders' equity	106.2	99.9	+6.3
Others	0.2	0.3	(0.1)
Net assets	106.4	100.2	+6.2
Total liabilities and net assets	372.5	365.5	+7.0
Shareholders' equity ratio (%)	28.5	27.3	+1.2
D/E ratio (times)	0.7	0.8	(0.1)

Cash Flows

- Free cash flows amounted to a net inflow of ¥29.5 billion.
- Net cash used in investing activities decreased due to proceeds from sales of assets resulting from a review of fixed assets.
- Maintained a sufficient level of cash reserves to prepare for changes in the market environment.

(Billion yen)	FY2020/3	FY2019/3	Variance
I Cash flows from operating activities	32.5	6.4	+26.1
II Cash flows from investing activities	(3.0)	(12.1)	+9.1
Free cash flows (I+II)	29.5	(5.7)	+35.2
III Cash flows from financing activities	(9.2)	(13.0)	+3.8
Cash and cash equivalents	46.5	26.8	+19.7
Purchases of PP&E and intangible assets	16.3	13.4	+2.9
Depreciation	12.6	12.4	+0.2

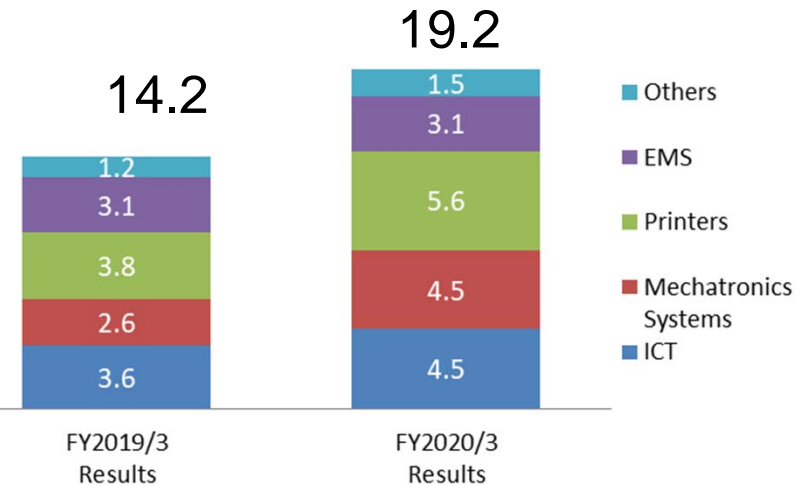
Capital Expenditure and R&D Expense

PP&E and Intangible Assets

R&D Expenses

(Billion yen)

[Capital Expenditure]

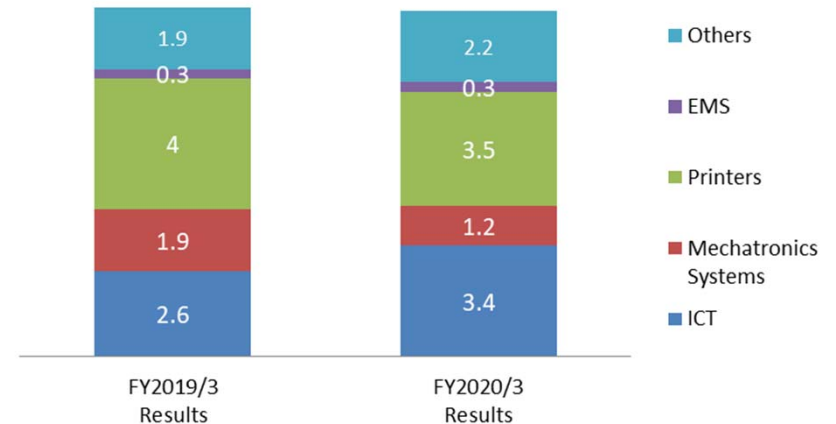


[Depreciation]

11.6 11.9

10.7

10.6



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.