

FEATURE: MID-TERM BUSINESS PLAN 2016

The OKI Group launched the Mid-term Business Plan 2016 in April 2014. Along with targeting operating income of ¥34.0 billion in fiscal year 2016 through sustainable growth, we aim to “become a high-value added creation group, contributing to the realization of safe and comfortable society.”

1 Mid-term Business Plan 2016: Corporate Policy

The OKI Group defines our medium- to long-term vision in the Mid-term Business Plan 2016 as “become a high-value added creation group, contributing to the realization of safe and comfortable society.” We have set group management plan, a milestone set in order to achieve this vision.

Moreover, we established the Group’s corporate policy to proceed with this plan as “realizing sustainable growth through continuous investment by securing stable profitability.”

In contrast to the previous mid-term business plan aiming of management reconstruction, the current mid-term plan steers the Group to the growth mode with securing stable profits in core businesses. The new plan also flexibly responds to changes in the business environment and focuses on initiatives for sustainable growth by expanding businesses in global markets and entering the field of next-generation social infrastructure.

Corporate policy
Realize sustainable growth through continuous investment by securing stable profitability

2 Mid-term Business Plan 2016: Key Management Targets

In the Mid-term Business Plan 2016, we plan net sales of ¥560.0 billion and operating income of ¥34.0 billion for the final fiscal year 2016, and target an operating profit margin of 6%, a shareholders’ equity ratio of more than 30%, and a debt-equity ratio of less than 1 times as management targets in the same year. The net sales target is an increase of ¥76.9 billion from fiscal year 2013 mainly in overseas sales, and the operating income target is set as ¥6.8 billion growth driven largely by the Info-telecom Systems business and the Printers business. In addition, the current plan targets an overseas sales ratio of 40%.

Concurrent with business strategies towards growth, we set financial strategies to continuously strengthen the Group’s financial foundation by securing periodic profits and generating cash flows with working capital reduction. As for our dividend policy, we will work to continuously and steadily deliver dividends in the future by securing stable profits.

Financial targets
Operating profit margin **6%**
Shareholders’ equity ratio **More than 30%**
DE ratio **Less than 1 times**

Results and Mid-term Plan Targets

Foreign exchange rate assumptions: ¥95/\$ ¥125/€

	FY2013 results		FY2016 targets
Net sales	¥483.1 billion		¥560.0 billion
Overseas sales	¥146.0 billion	Expand profitability in areas of specialty	¥220.0 billion
Operating income	¥27.2 billion		¥34.0 billion
Operating profit margin	5.6%		6%
Shareholders’ equity ratio	21.5%	Realize sustainable growth	More than 30%
DE ratio	1.3 times		Less than 1 times
Dividend	¥3		Stable dividend

3 Management Strategy

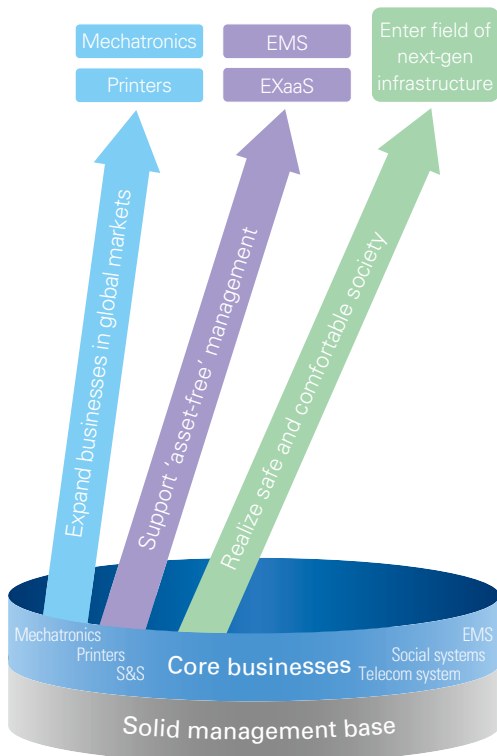
OKI is executing business strategies with a dual emphasis on “securing stable profits” and “achieving sustainable growth” based on the management policy set in the Mid-term Business Plan 2016.

Securing stable profits

In addition to capturing opportunities accurately in the domestic financial system business and the ATM business in the stably growing Chinese market, we will work to secure renewal demands for social and telecom infrastructure systems. We will also generate stable profits with effects of the structural reforms in the Printers business conducted in fiscal year 2013, and optimization in the Info-telecom Systems business and EMS business.

Achieving sustainable growth

We will add new approaches based on changes in the business environment and implement various measures through three pillars of “expanding business in global markets,” “supporting customers’ ‘asset-free’ management,” and “entering field of next-generation social infrastructure,” while continuing initiatives we have implemented so far.



▶ Expanding business in global markets

While working to develop other overseas ATM markets following our entry into Russia, Indonesia, and India, we will make a full-scale entry into ATM business in Brazil through the company we set up in January 2014, and expand ATM sales across the Central and South America regions. Moreover, we look to expand our products into areas like cash handling equipment and maintenance services. We will also promote high-value added printers for the office solution and professional markets worldwide. To facilitate our global development by reinforcing the organizational structure, we established the Overseas Marketing & Sales Division in April, 2014.

▶ Supporting customers’ “asset-free” management

We are working to reinforce “EXaaS™” sales and develop its market. EXaaS offers cloud computing services, life-cycle management (LCM) services, which extend from introduction planning to operations of ATMs, information terminals, and printers, and BPO services. Moreover, we are developing fields such as medical, new energy for high-end EMS services and maintenance operations that offer services to meet the needs of customers with “asset-free” management models.

▶ Entering field of next-generation social infrastructure

We are embarking on creation of new businesses by leveraging our strengths, such as sensing and network technologies. Among the target fields are disaster prevention and reduction as well as aging infrastructure concerns. To make a full-scale entry into such fields, we established the Next Social Infrastructure Business Planning Taskforce that is responsible for drafting strategies.

Other key measures

Along with executing the aforementioned strategies, we will reform production and design, lower procurement costs, and reduce working capital. We also seek to strengthen R&D functions as well as personnel policies such as reassigning people into growth fields, leveraging international human resources, and promoting career opportunities for women employees.