

# Financial Results for the Fiscal Year ended March 31, 2012

May 9, 2012

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 FY ended March 2012

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

## II. Projections for the FY ending March 2013

1. Policy for FY end. March 2013
2. Segment information
3. Changing factors of operating income
4. Profit and loss projections
5. Cash flow projections
6. Capital expenditure and R&D expenses projections

## Overall condition of the Group

- OKI's full-year operating income increased drastically despite the impact of the flood damage in Thailand in Printers segment.

[YoY comparison]

- Net sales decreased by 4.6 B yen. (Impact of currency exchange:-5.3 B yen, Impact of the unification of accounting period for consolidated subsidiaries in China:+5.1 B yen)
  - Info-telecom segment: Sales increased mainly in Mechatronics systems.
  - Printers segment: Sales decreased due to the impact of flood damage in Thailand in addition to the impact of currency exchange.
  - Sales for EMS and components related business in Others increased. EMS: Electronics Manufacturing Service
- Operating income increased by 6.4 B yen. (Impact of currency exchange:+0.2 B yen, Impact of the unification of accounting period for consolidated subsidiaries in China:-0.3 B yen)
  - Improved drastically due to reducing variable costs and impact of improving fixed costs.

(Billion yen)	FY end Mar. 2012		FY end Mar. 2011		Previous projections	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Info-telecom	267.2	18.7	260.7	14.7	266.5	19.0
Printers	112.0	1.1	125.0	0.2	112.5	0.5
EMS	31.3	1.5	31.0	1.3	31.5	1.5
Others	17.6	2.5	15.9	1.5	17.5	2.5
Eliminates & Corp.	—	(6.4)	—	(6.7)	—	(6.5)
<b>Total</b>	<b>428.1</b>	<b>17.4</b>	<b>432.7</b>	<b>11.0</b>	<b>428.0</b>	<b>17.0</b>

# Segment Information: Info-telecom Systems

■ 1. Impact of the unification of accounting period for consolidated subsidiaries in China

- Net sales increased by 4.2 B yen. Operating income decreased by 0.2 B yen.

■ 2. Impact of currency exchange

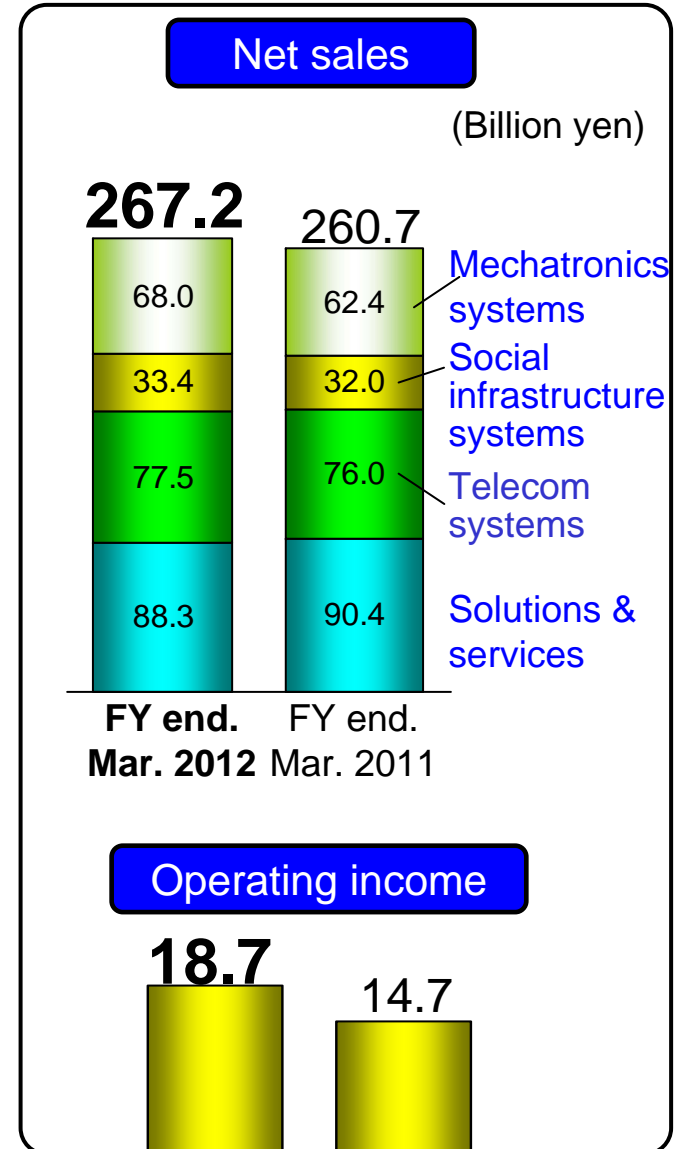
- Net sales decreased by 1.1 B yen. Operating income increased by 0.1 B yen.

■ Net sales increased by 3.4 B yen excluding 1 and 2 (above).

- Solutions & services:  
Sales for ATM management and monitoring services were steady. Overall sales decreased due to the impact of postponement of investment plan in enterprise market etc.
- Telecom systems:  
Demands for the optical access systems increased. Sales for home gateway were also steady.
- Social infrastructure systems:  
Large project replacements for some governmental systems increased.
- Mechatronics systems:  
Sales for ATM in Japan were steady. ATMs in China enjoyed brisk sales continuously.

■ Operating income increased by 4.1 B yen excluding 1 and 2 (above).

Operating income increased due to changes in product mix, impact of reducing variable costs, in addition to improvement in marginal profit caused by increase in volume.



# Segment Information: Printers

■ 1. Impact of the unification of accounting period for consolidated subsidiaries in China

➤ Net sales increased by 0.9 B yen. Operating income decreased by 0.2 B yen.

■ 2. Impact of currency exchange

➤ Net sales decreased by 4.2 B yen. Operating income increased by 0.1 B yen.

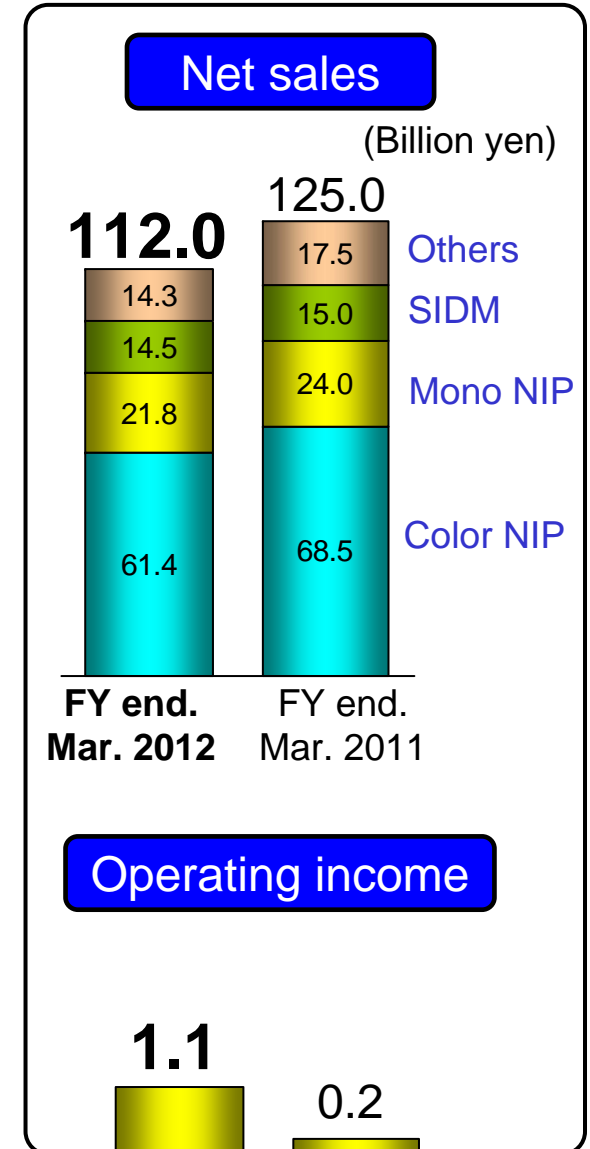
■ Net sales decreased by 9.7 B yen, excluding 1 and 2 (above).

➤ Color and Mono NIP:  
Overall sales decreased due to the impact of flood damage in Thailand, etc. Sales for flagship new A4 color and mono models increased.

➤ SIDM, others:  
Unit sales for SIDM decreased due to the impact of flood damage in Thailand, etc.

■ Operating income increased by 1.0 B yen excluding 1 and 2 (above).

Price decline and impact of decrease in marginal profits from volume decline were offset by decline in sales expense by the impact of flood in Thailand in addition to reducing variable costs.



NIP: Non-Impact Printer      SIDM: Serial Impact Dot Matrix

## Segment Information: EMS, Others

### ■ Net sales:

#### ➤ EMS:

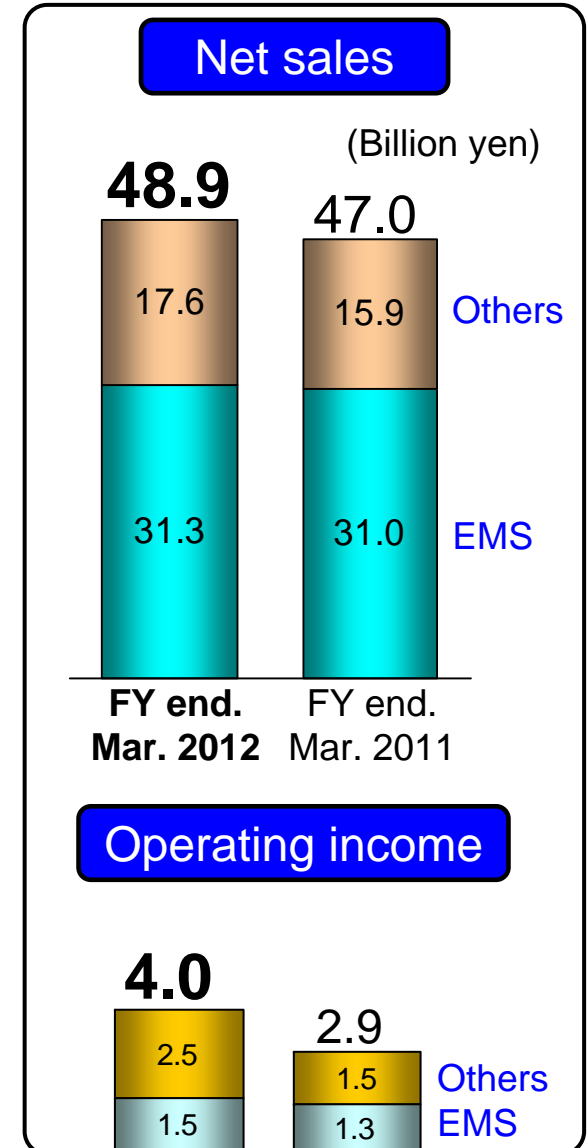
- Business expanded favorably by utilizing its unique business model, such as high-end type EMS.
- Sales for measurement and industrial equipment markets were steady.

#### ➤ Others:

Sales for components related business increased due to the increase in demand for amusement market, etc.

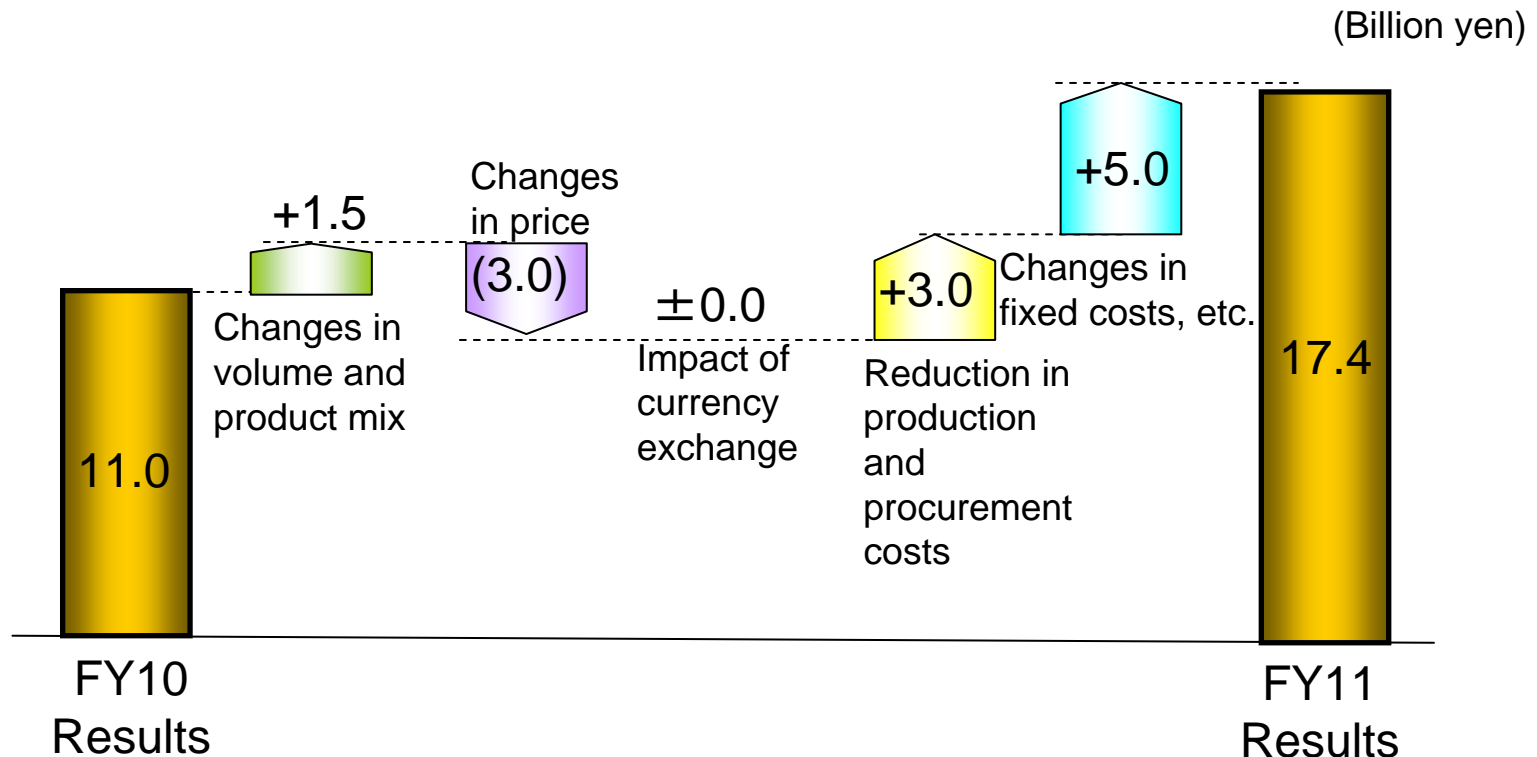
### ■ Operating income:

Operating income increased by 1.1 B yen due to the improvement in marginal profit caused by increase in volume, etc.



# Changing Factors of Operating Income

■ Operating income increased by 6.4 B yen year-on-year due to the decline in variable costs, impact of efforts in reducing fixed costs, in addition to improvement in marginal profit caused by increase in volume mainly in Info-telecom segment.



## Profit and Loss

(Billion yen)	FY Mar. 2012	FY Mar. 2011
Net Sales	<b>428.1</b>	432.7
Cost of Sales	<b>317.0</b>	318.6
SG&A	<b>93.7</b>	103.0
Operating income	<b>17.4</b>	11.0
Other income & expenses	<b>(2.9)</b>	(5.1)
Recurring income	<b>14.6</b>	5.9
Extraordinary loss	<b>(2.5)</b>	(31.2)
Income before income taxes	<b>12.0</b>	(25.3)
Net income (loss)	<b>8.0</b>	(27.0)

### [Y on Y comparison]

- SG&A decreased due to the impact of reducing fixed costs, etc.
- Other income and expenses improved as interest expense and foreign exchange loss decreased.
- Extraordinary income and loss improved drastically as there were no costs associated with revamping business structure which was recorded in the last fiscal year.
  - Loss on revising retirement benefit scheme (-22.4 B yen→0.0 B yen)
  - Special retirement benefit (-11.8 B yen→-0.4 B yen)
  - Loss on revaluation of investments in securities (-2.5B yen→-0.2 B yen)
  - Loss caused by the flood in Thailand after adding income related it (0.0 B yen →-1.3 B yen)
- Net sales drastically improved by 35.0 B yen.

### [Reference: Currency exchange rate]

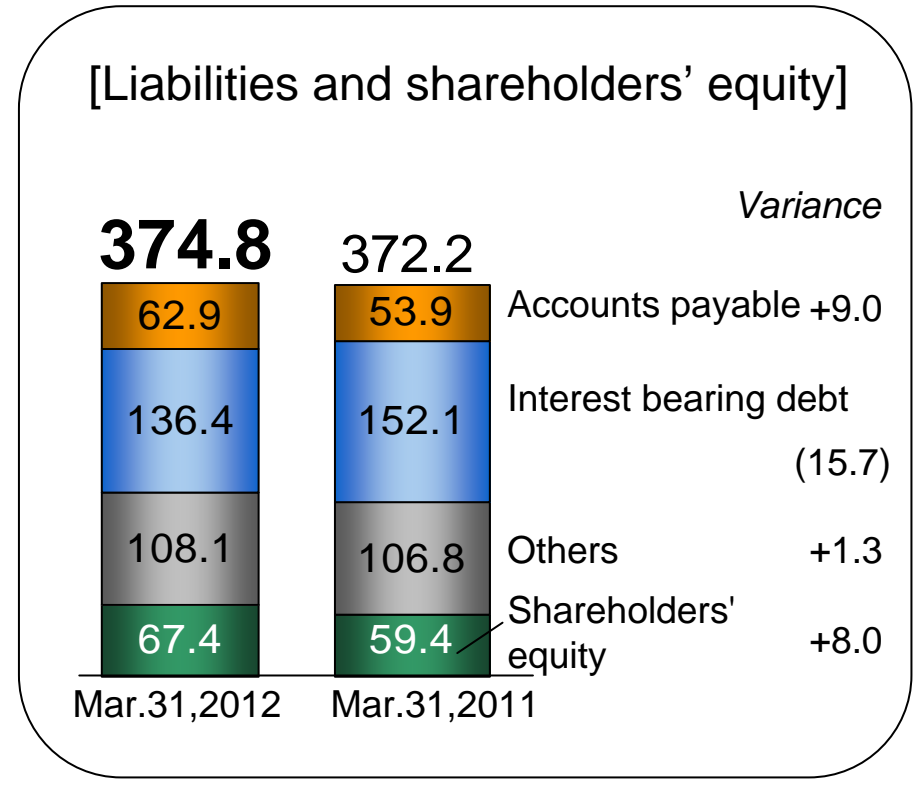
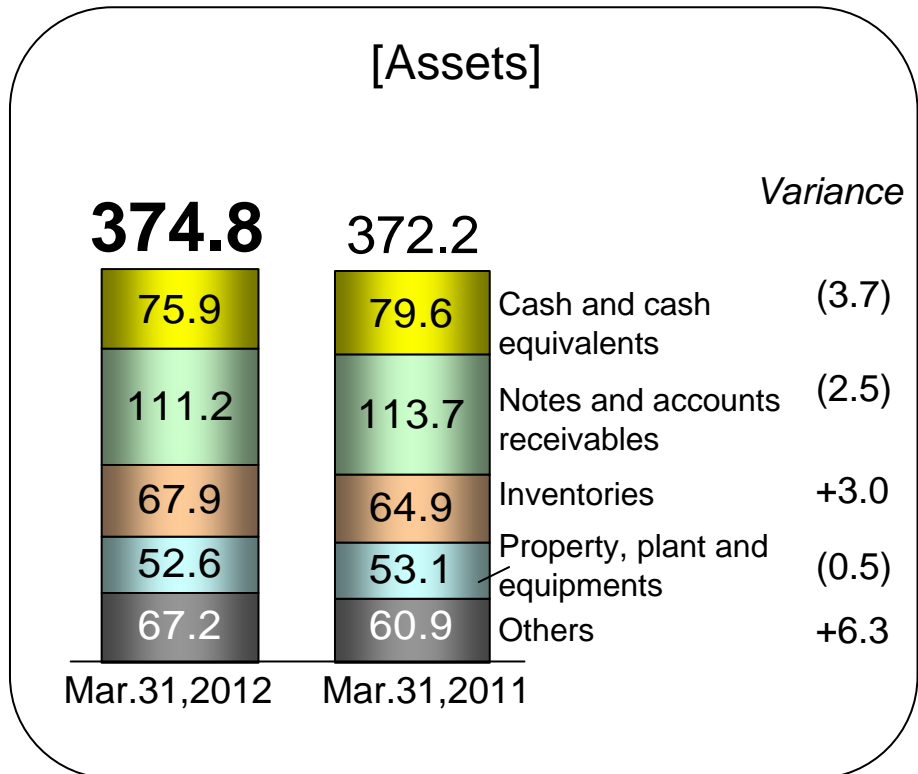
	FY Mar. 2012	FY Mar. 2011
USD	79.1	85.7
EUR	109.0	113.1



# Balance Sheet

- Shareholders' equity ratio improved to 18.0% by accumulating net income.
- Net D/E ratio: 0.9 times

(billion yen)



## Cash Flows

- Free cash flows increased by 17.2 B yen due to increase in net income and improvement in working capital.

(Billion yen)	FY end. March 2012	FY end. March 2011	Notes
<b>I Cash flows from operating activities</b>	23.8	1.6	
Net income before income taxes	12.0	(25.3)	
Depreciation & amortization	12.7	14.1	
Changes in working capital	5.9	(5.5)	
Others	(6.8)	18.3	
<b>II Cash flows from investing activities</b>	(9.4)	(4.4)	
Purchase of property, plants & equipment	(8.8)	(6.5)	
Others	(0.6)	2.1	
<b>Free cash flows ( I + II )</b>	14.4	(2.8)	
<b>III Cash flows from financing activities</b>	(17.6)	11.2	
<b>Net cash flows ( I + II + III )</b>	(3.2)	8.4	

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

# Table of Contents

---

## I. Financial results for the FY ended March 2012

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

## II. Projections for the FY ending March 2013

1. Policy for FY end. March 2013
2. Segment information
3. Changing factors of operating income
4. Profit and loss projections
5. Cash flow projections
6. Capital expenditure and R&D expenses projections

## Policy for FY end. March 2013

[Mid year of Mid-term Business Plan]

A year for “step” to the “jump”

**“Invest proactively for growth”**

[Management targets for FY2012]

Net sales: 440.0 B yen  
Operating income: 18.5 B yen  
Net income: 11.0 B yen

## Policy for FY end. March 2013

---

### ● **Enforce stable profitable business further**

- Secure financial and telecom systems replacement
- Expand profit of maintenance and services business
- Acquire re-establishment demand for fire prevention digital wireless communication systems and disaster prevention administrative radio systems

### ● **Accelerate measures for growth**

- Continue to expand ATM business in China and develop new markets
- Upsize cloud and LCM service businesses
- Expand sales through proactive investment in printer business
- Explore new areas in EMS business

## Summary of segment information

### [Full year comparison]

- Net sales is expected to increase by 11.9 B yen to 440.0 B yen, mainly in focusing businesses.
- Operating income is expected to increase by 1.1 B yen to 18.5 B yen.

### [Currency exchange rate]

	FY12	FY11
USD	76.0	79.1
Euro	100.0	109.0

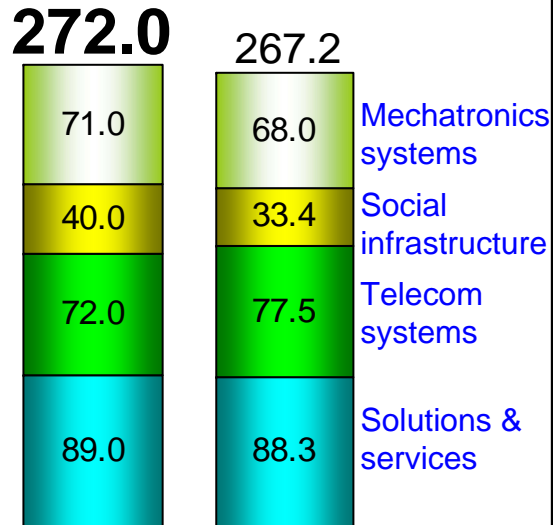
(billion yen)		FY end. Mar.2013 (Plan)		FY end. Mar. 2012 (Results)	
		Full year	1 <sup>st</sup> half	Full year	1 <sup>st</sup> half
Info-telecom	Net sales	272.0	109.0	267.2	108.9
	Operating income	19.5	4.0	18.7	4.4
Printers	Net sales	116.0	55.0	112.0	55.4
	Operating income	1.0	(2.5)	1.1	(1.8)
EMS	Net sales	36.0	16.0	31.3	15.5
	Operating income	2.0	0.5	1.5	0.5
Others	Net sales	16.0	8.0	17.6	8.7
	Operating income	2.5	1.0	2.5	1.4
Corporate & Eliminations	Operating income	(6.5)	(3.0)	(6.4)	(3.1)
Total	Net sales	440.0	188.0	428.1	188.4
	Operating income	18.5	0.0	17.4	1.5

# Segment information

## [Info-telecom]

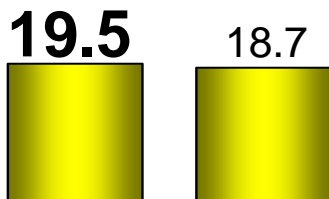
### Net sales

(billion yen)



**FY end. Mar. 2013 (Plan)**   **FY end. Mar. 2012 (Results)**

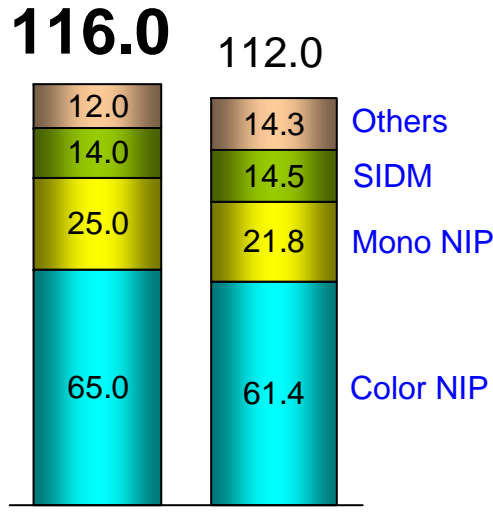
### Operating income



## [Printers]

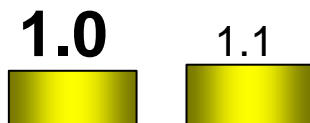
### Net sales

(billion yen)



**FY end. Mar. 2013 (Plan)**   **FY end. Mar. 2012 (Results)**

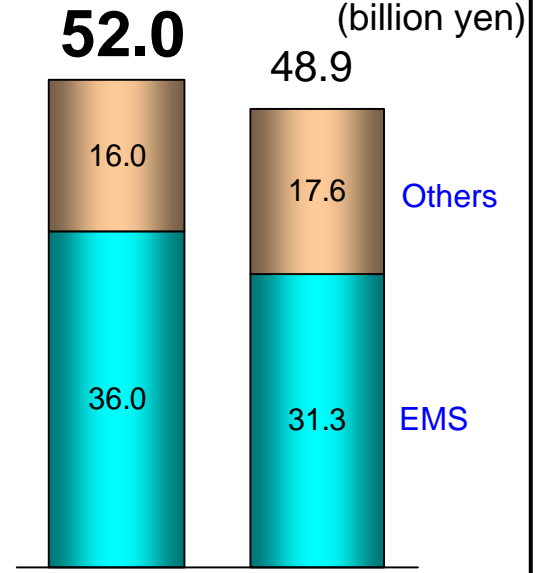
### Operating income



## [EMS, others]

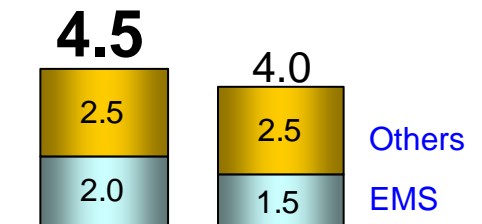
### Net sales

(billion yen)



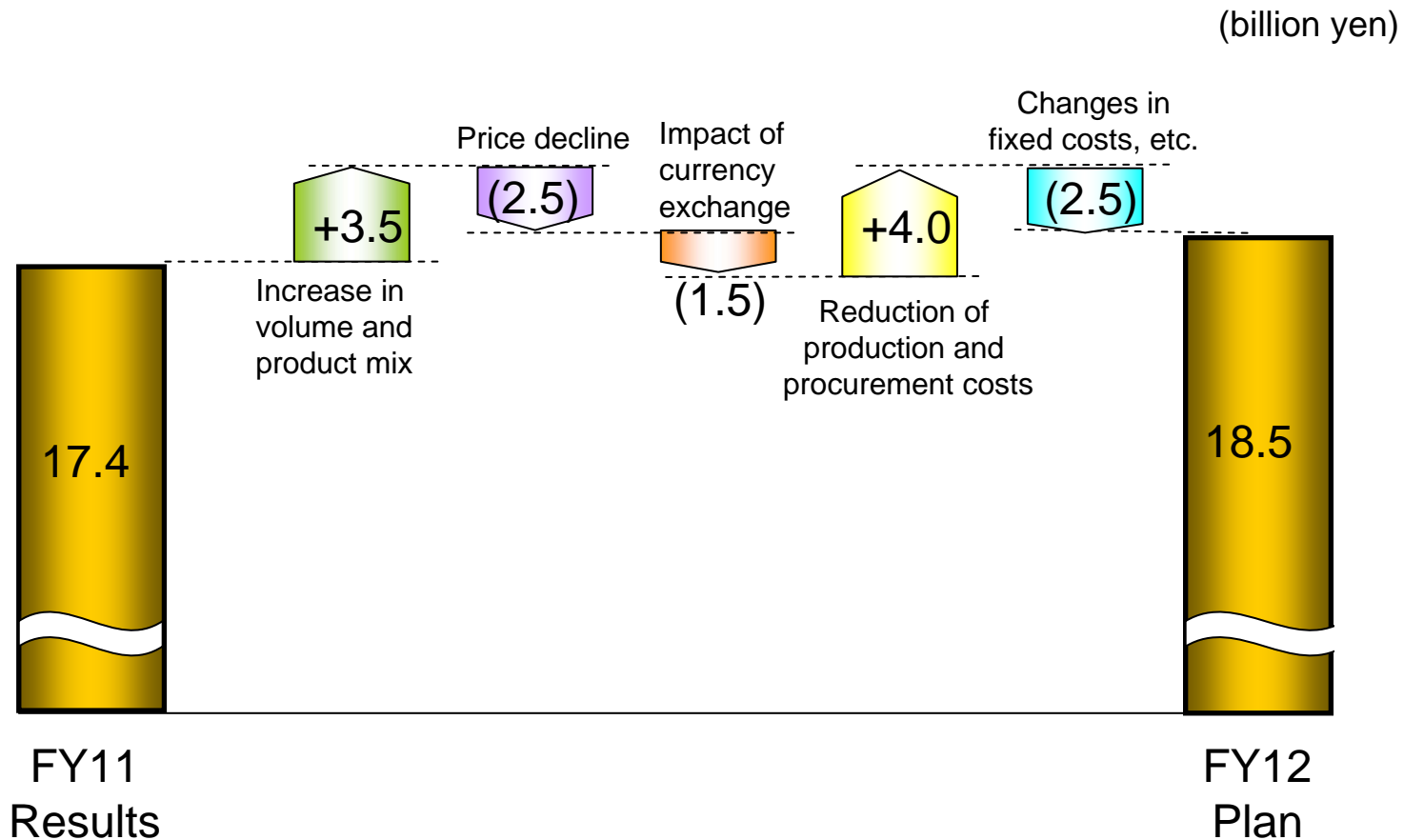
**FY end. Mar. 2013 (Plan)**   **FY end. Mar. 2012 (Results)**

### Operating income



# Changing factors of operating income

■ Operating income is expected to increase by 1.1 B yen year-on-year. The rise in volume as well as reduction in variable costs offset increase of investment for growth, such as proactive sales in printer business.





## Profit and loss projections

- Net income is expected to increase by 3.0 B yen to 11.0 B yen. There will be no extraordinary loss related to the damage caused by the flooding in Thailand recorded last fiscal year, in addition to increase in net income.

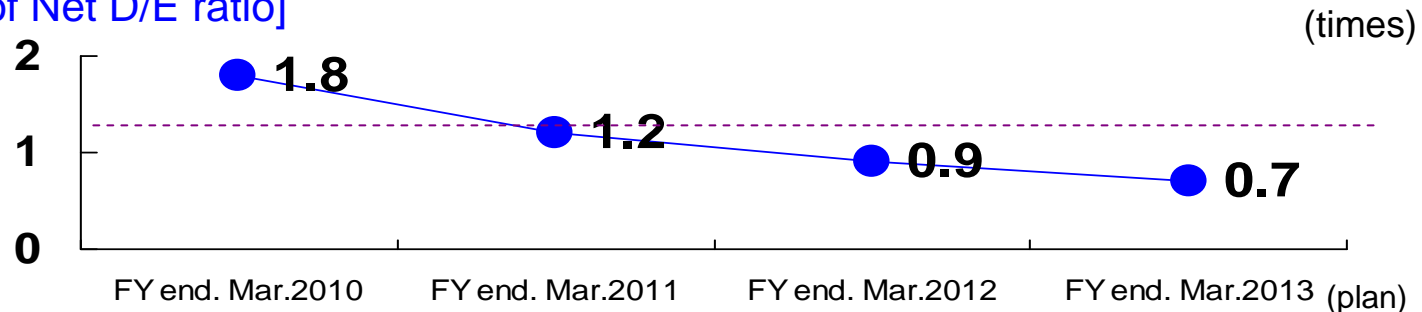
(billion yen)	FY end. Mar. 2013 (Plan)		FY end. Mar.2012 (Results)	
	Full year	1 <sup>st</sup> half	Full year	1 <sup>st</sup> half
Net sales	440.0	188.0	428.1	188.4
Operating income	18.5	0.0	17.4	1.5
Recurring income	15.5	(1.5)	14.6	(0.9)
Net income	11.0	(2.0)	8.0	(5.0)

## Cash flow projections

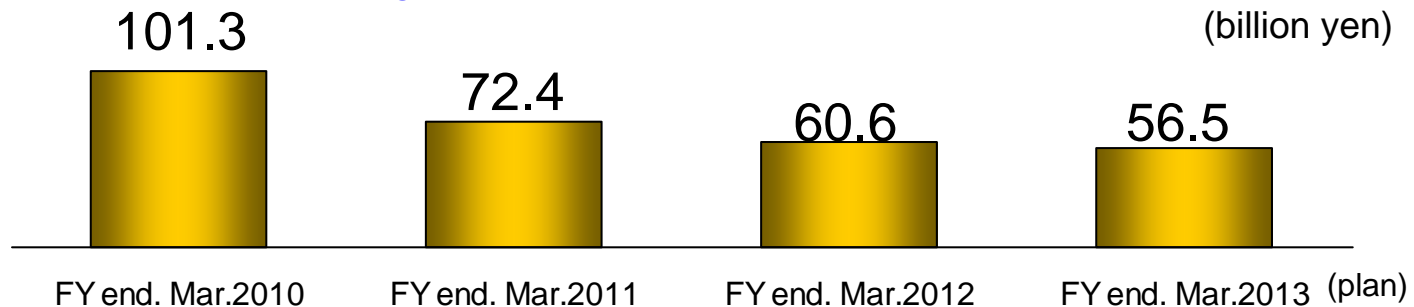
- Focus on generating cash flows. Improve financial structure, following last fiscal year.

(billion yen)	FY end Mar. 2013 (Plan)	FY end Mar. 2012 (Results)
I Cash flows from operating activities	23.0	23.8
II Cash flows from investing activities	(17.0)	(9.4)
Free cash flows ( I + II )	6.0	14.4

[Trend of Net D/E ratio]



[Balance of net interest bearing debt]



# Capital expenditure and R&D expenses projections

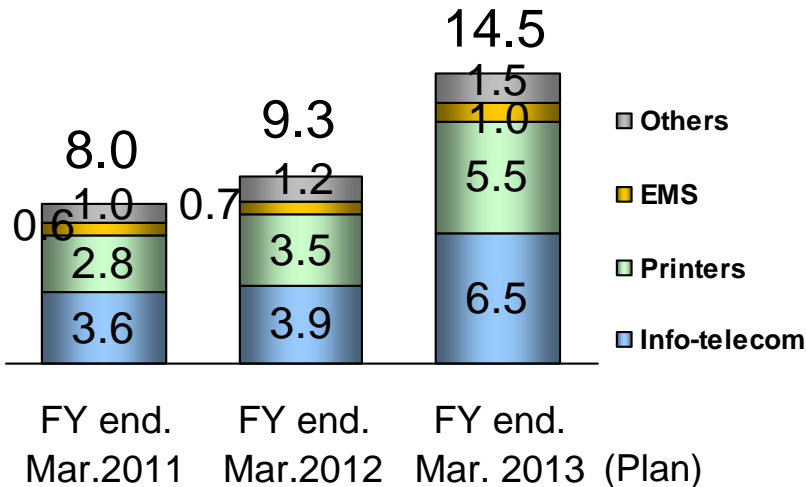
- Strengthen competitiveness through investment in focusing businesses, according to business development.

## Property, Plant & Equip.

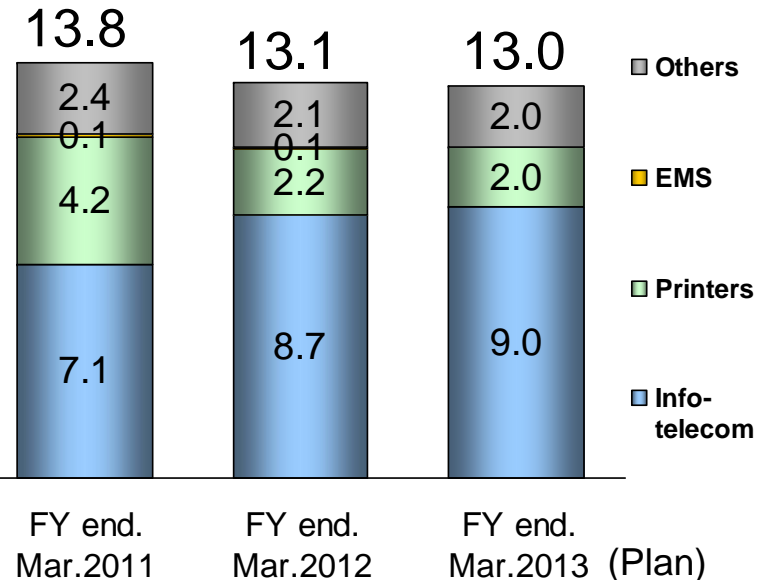
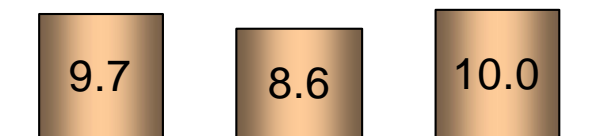
(billion yen)

## R&D Expenses

### [Capital Expenditure]



### [Depreciation]





*Open up your dreams*