

Financial Results for the Fiscal Year ended March 31, 2014

May 8, 2014

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.

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Overall condition of the Group

Net sales increased by 27.3 B yen, operating income increased by 13.7 B yen year on year.

- Operating income exceeded OKI's plan due to steady Info-telecom Systems business performance and effects of revamping business structure in Printers.

[Average exchange rate]

	FY end. Mar.2014	FY end. Mar.2013
USD	100.2	83.1
EUR	134.4	107.2

Impact of currency exchange

Year on Year: Net sales(+25.1 B yen), Operating income (+4.3 B yen)

(Billion yen)	FY end Mar. 2014		FY end Mar. 2013	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Info-telecom	303.6	23.4	293.0	23.8
Printers	124.8	5.1	111.4	(8.8)
EMS	37.1	1.7	32.7	1.6
Others	17.6	2.8	18.7	3.0
Eliminates & Corp.	—	(5.8)	—	(6.1)
Total	483.1	27.2	455.8	13.5

Segment Information: Info-telecom Systems

■ Impact of currency exchange

- Net sales increased by 8.1 B yen. Operating income increased by 1.6 B yen.

■ Net sales increased by 2.5 B yen excluding the impact of currency exchange.

➤ Solutions & services:

- In solutions, sales of financial systems increased.
- Large projects for services decreased.

➤ Telecom systems:

- Sales of core networks were steady in addition to enterprise networks, maintenance and construction.

➤ Social infrastructure systems:

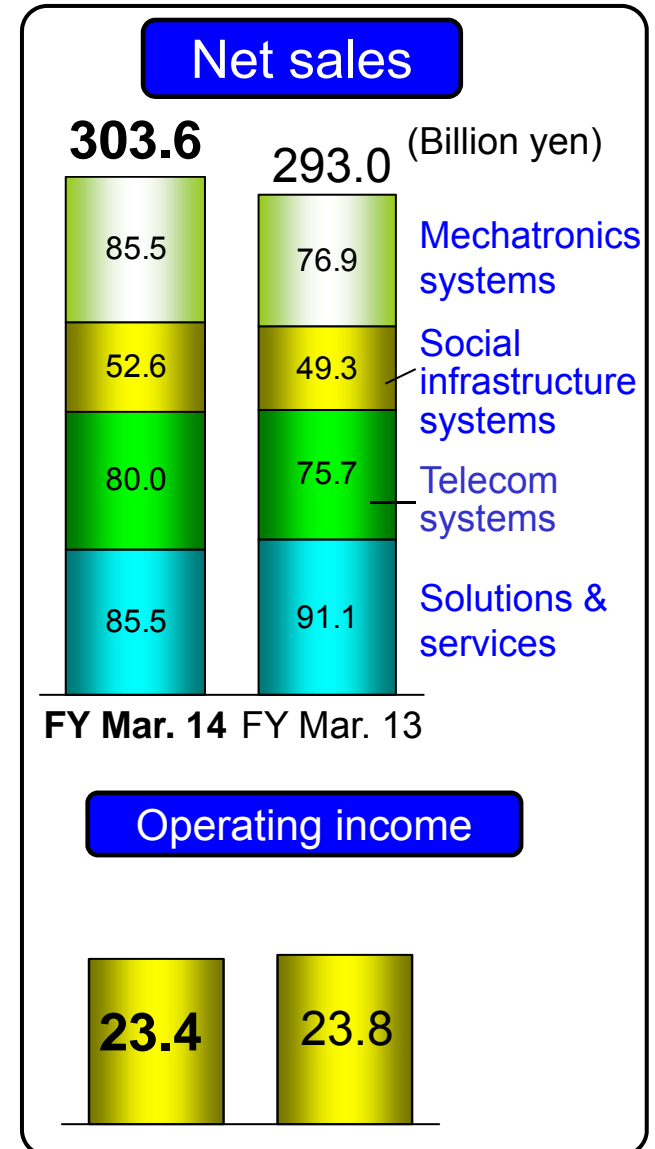
- Sales of systems mainly in firefighting and disaster prevention were firm.

➤ Mechatronics systems:

- Sales of ATMs for convenience stores, cash handling equipment and bank branch terminals for financial institutions were favorable in Japan.
- Sales of ATMs for China were generally steady though shipment to one of the customers postponed to the next fiscal year.

■ Operating income decreased by 2.0 B yen. excluding the impact of currency exchange.

Operating income decreased due to price decline and rise in costs, etc.



Segment Information: Printers

■ Impact of currency exchange

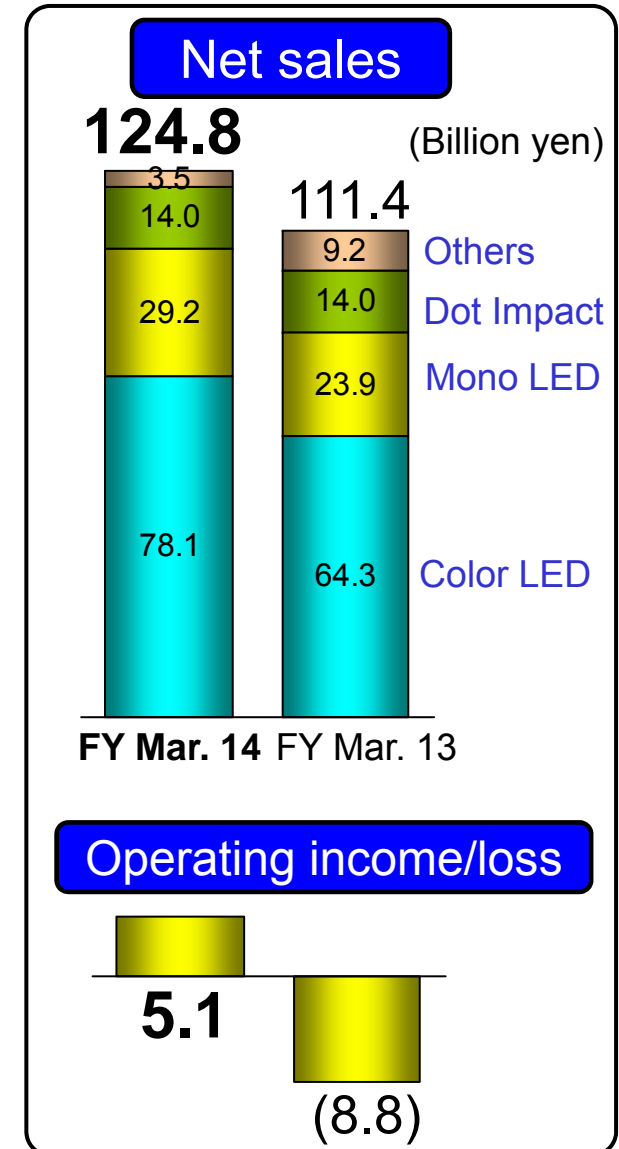
- Net sales increased by 17.0 B yen. Operating income increased by 2.7 B yen.

■ Net sales decreased by 3.6 B yen excluding the impact of currency exchange.

- Color and mono LED printers:
 - Product mix of office printers improved as sales shifted to high value-added models due to redefining sales strategies.
 - Sales increased as sales of new models designed for the copiers/professional domains were favorable.
- Dot impact printers:
 - Worldwide market trend shrank.
- Others:
 - Sales decreased as a result of suspending sales activities at Spanish sales office.

■ Operating income improved by 11.2 B yen excluding the impact of currency exchange.

Operating income improved drastically due to cut down in fixed costs, as part of the efforts to revamp business structure, and improvement in product mix.



Segment Information: EMS, Others

Net sales:

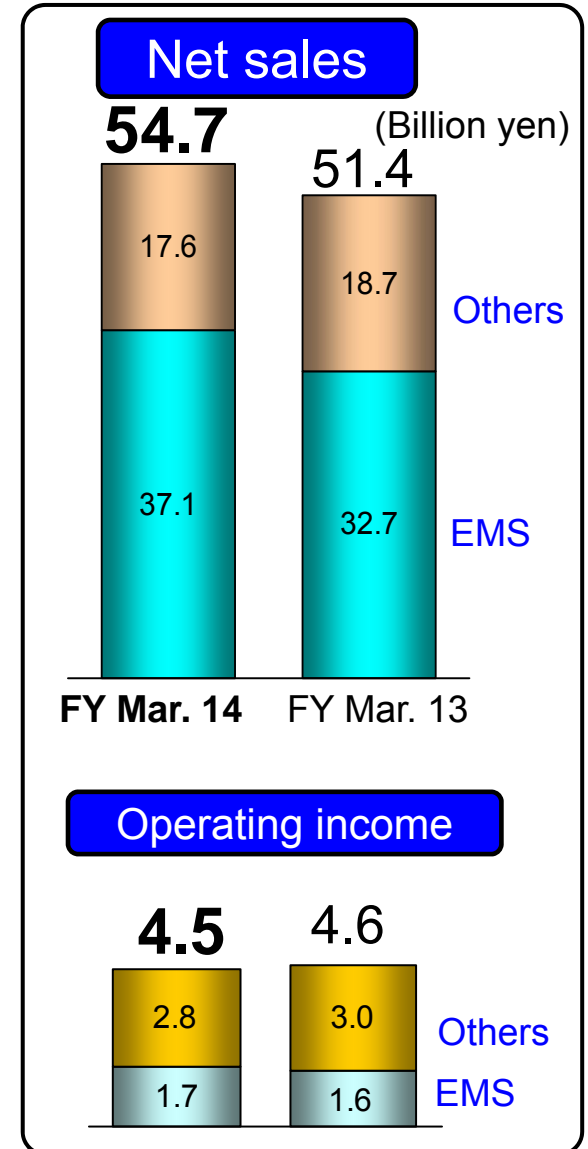
- EMS: Net sales increased by 4.4 B yen.
 - Sales for the telecom equipment market were steady.
 - Effect of new consolidation of OKI Circuits Technology*

- Others: Net sales decreased by 1.1 B yen.
 - Sales of components were favorable.
 - Sales for amusement market decreased.

Operating income:

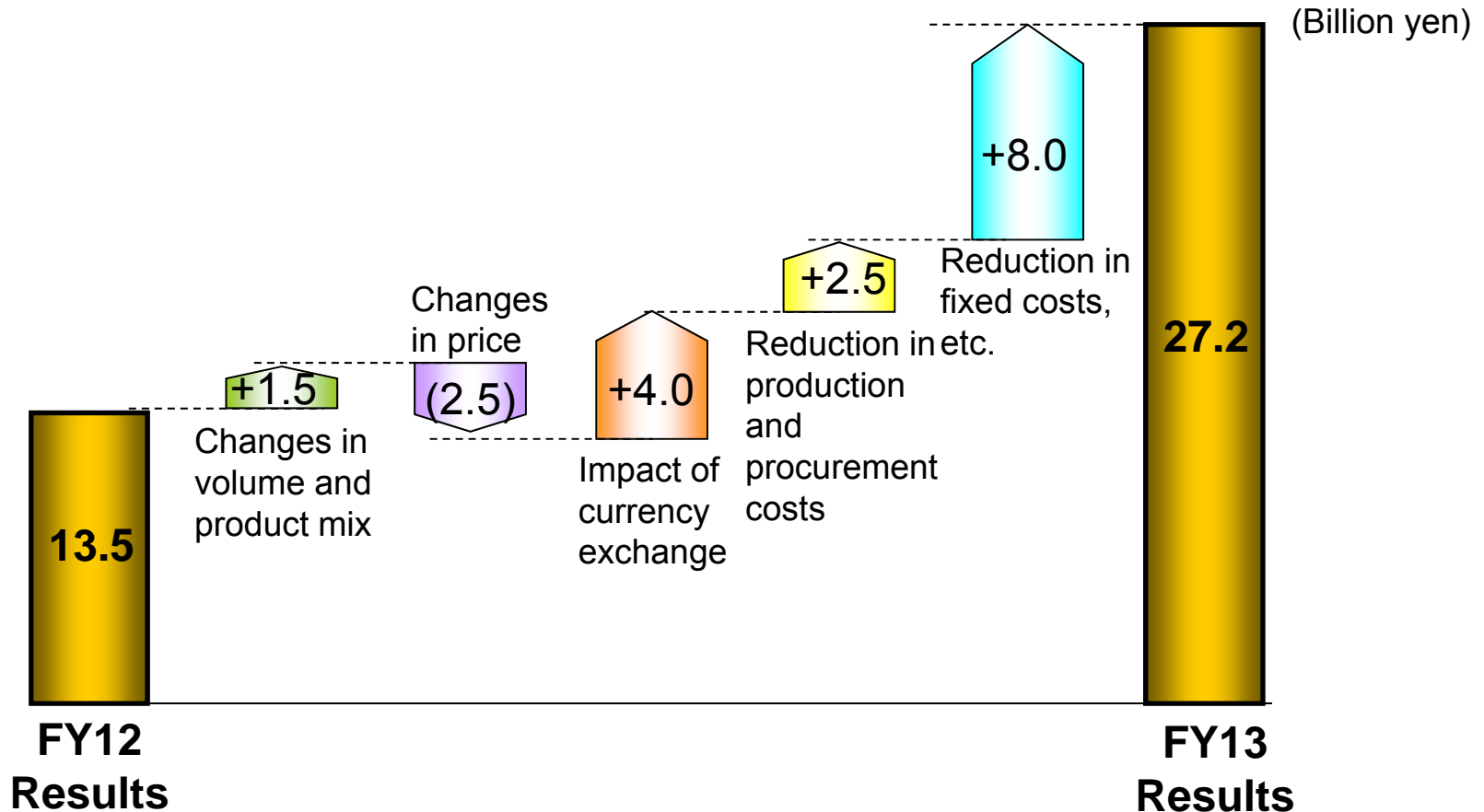
Operating income in Others decreased due to the impact of volume decline in amusement market.

* From April 1, 2014 (Former name : OKI Tanaka Circuits)



Changing Factors of Operating Income

Operating income increased drastically by 13.7 B yen due to the impact of depreciation of yen, in addition to reduction in fixed costs and impact of improvement in product mix due to revamping Printers business structure.



Profit and Loss

(Billion yen)	FY Mar. 2014	FY Mar. 2013
Net Sales	483.1	455.8
Cost of Sales	354.6	337.4
SG&A	101.3	104.9
Operating income	27.2	13.5
Other income & expenses	9.5	6.8
Ordinary income	36.7	20.3
Extraordinary loss	(4.9)	(1.7)
Income before income taxes	31.8	18.6
Net income	27.4	13.6

[Y on Y comparison]

- SG&A decreased as fixed costs were cutdown due to revamping Printers business structure, etc.
- Recorded exchange gain of 11.3 B yen in other income and expenses.
 - Exchange gain +2.5 B yen (from +8.8 B yen to +11.3 B yen)
- Recorded 4.3 B yen of expense for revamping business structures in Printers, etc. in extraordinary loss.

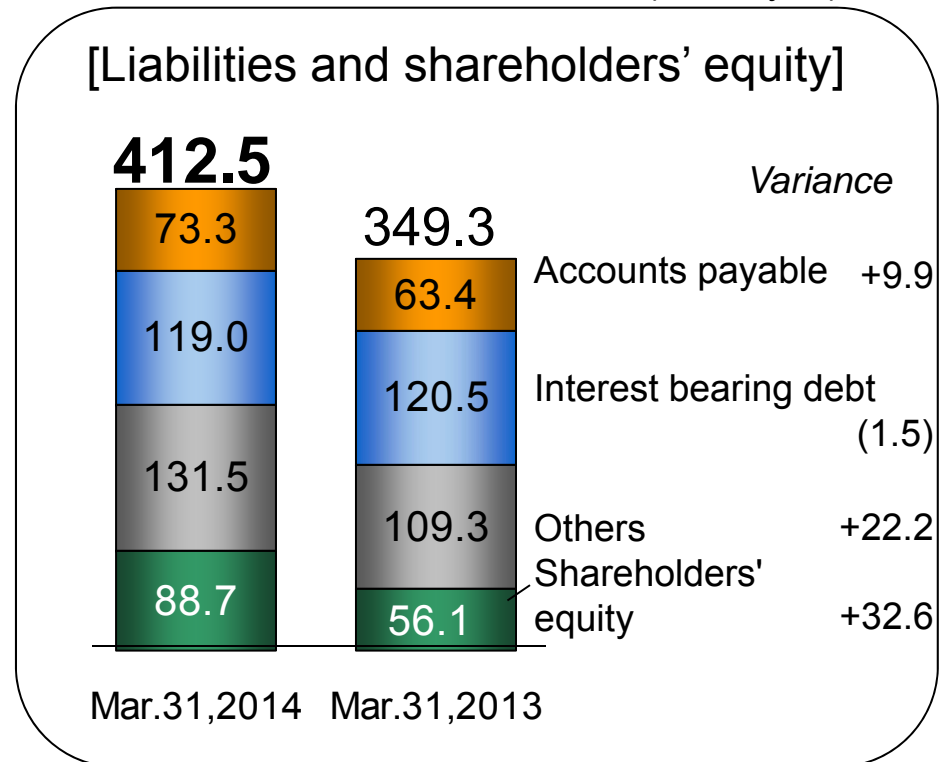
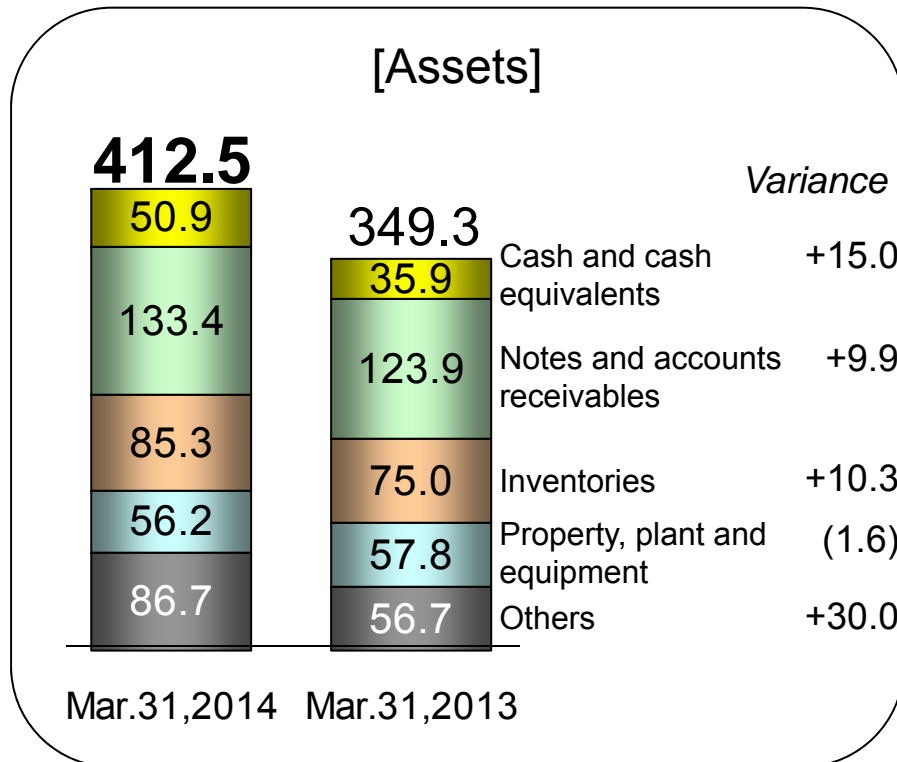
[Reference: Closing exchange rate]

	End of Mar. 2014	End of Mar. 2013
USD	102.9	94.0
EUR	141.6	120.7

Balance Sheet

- Total assets increased by 63.2 B yen due to the impact of projected benefit obligation on balance sheet.
- Shareholders' equity rose by 32.6 B yen. Shareholders' equity ratio improved from 16.1% to 21.5%.
- Net D/E ratio: 1.5 times → 0.8 times (D/E ratio: 1.3 times)

(Billion yen)



Cash Flows

- Free cash flows saw a net inflow of 17.9 B yen due to improvement in net income and working capital.

(Billion yen)	FY end. March 2014	FY end. March 2013
I Cash flows from operating activities	31.9	(11.6)
Net income before income taxes	31.8	18.6
Depreciation & amortization	14.2	13.0
Changes in working capital	1.6	(15.8)
Others	(15.7)	(27.4)
II Cash flows from investing activities	(14.0)	(9.2)
Purchase of property, plants & equipment	(7.8)	(11.9)
Others	(6.2)	2.7
Free cash flows (I + II)	17.9	(20.8)
III Cash flows from financing activities	(4.3)	(21.1)
Net cash flows (I + II + III)	13.6	(41.9)

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

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Policy for FY ending March 2015

Start of “Mid-term Business Plan,” change gear to “growth”

◆ **Secure stable profitability in base businesses**

- Acquire stable domestic demand in Info-telecom Systems business
- Expand profit of ATM business in China market where growth is stable
- In Printers, improve profitability by strengthening marketing strategies

◆ **Accelerate global deployment**

- Expand regions for ATM sales
- Make a full-scale entry into ATM business in Brazil

◆ **Develop markets for sustainable growth**

- Undertake full-scale activity for entering fields of next-generation social infrastructure
- Open up medical and new energy business areas with maintenance and EMS businesses

Management targets for FY2014 (Billion yen)

Net sales:525.0 Operating income:28.5 Net income:17.5

Summary of segment information

[Full year comparison]

- Net sales is expected to increase by 41.9 B yen to 525.0 B yen.
- Operating income is expected to increase by 1.3 B yen to 28.5 B yen.

[Currency exchange rate]

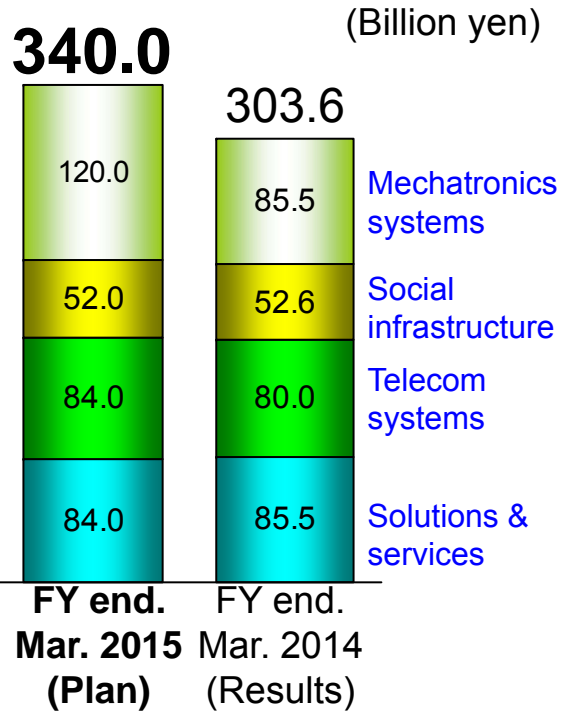
	FY end. Mar.2015	FY end. Mar.2014
USD	100.0	100.2
EUR	135.0	134.4

(Billion yen)		FY end. Mar.2015 (Plan)		FY end. Mar. 2014 (Results)	
		Full year	1 st half	Full year	1 st half
Info-telecom	Net sales	340.0	133.0	303.6	120.3
	Operating income	22.5	2.0	23.4	4.4
Printers	Net sales	128.0	60.0	124.8	57.3
	Operating income	8.0	2.5	5.1	(0.6)
EMS	Net sales	40.0	19.0	37.1	18.0
	Operating income	2.0	0.5	1.7	0.5
Others	Net sales	17.0	8.0	17.6	8.4
	Operating income	2.5	1.0	2.8	1.3
Corporate & Eliminations	Operating income	(6.5)	(3.0)	(5.8)	(2.8)
Total	Net sales	525.0	220.0	483.1	204.0
	Operating income	28.5	3.0	27.2	2.8

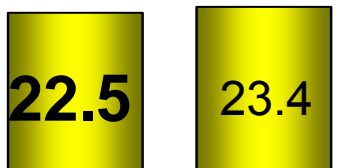
Segment information

[Info-telecom]

Net sales

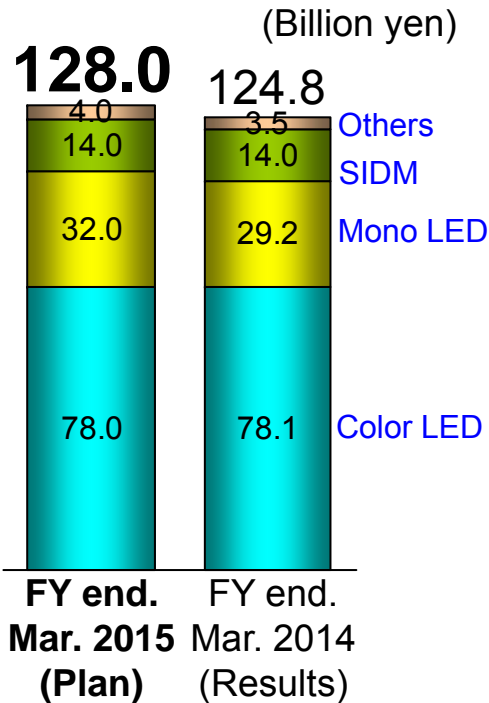


Operating income

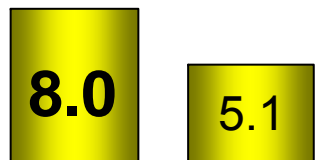


[Printers]

Net sales

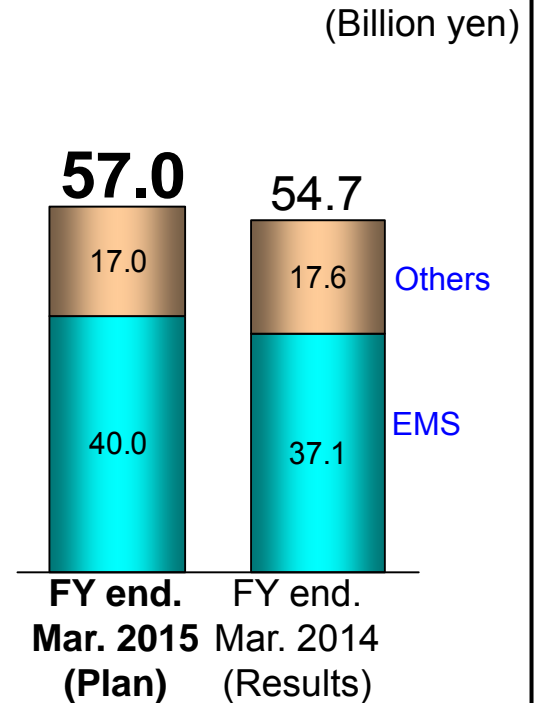


Operating income

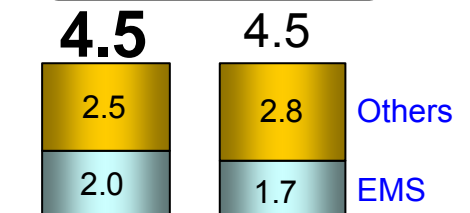


[EMS, others]

Net sales



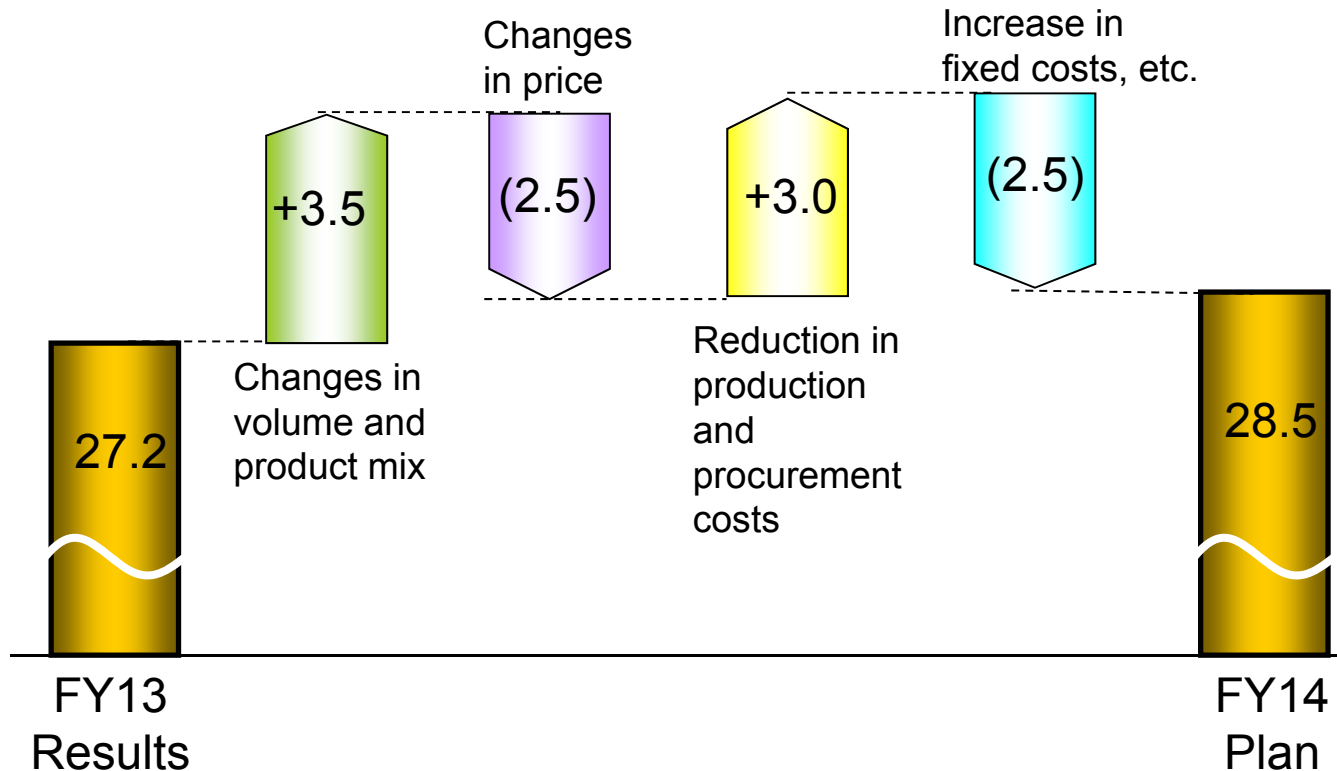
Operating income



Changing factors of operating income

Operating income is planned to increase by 1.3 B yen year on year by securing stable profitability in base businesses, and offsets costs for launching ATM business in Brazil.

(Billion yen)



Profit and loss projections

- Ordinary income and net income are expected to decrease since the impact of exchange gain in other income is not projected, which was recorded the previous fiscal year (11.3 B yen).
- Annual dividend plan: 4 yen per share
(interim period :2 yen, year-end: 2 yen)

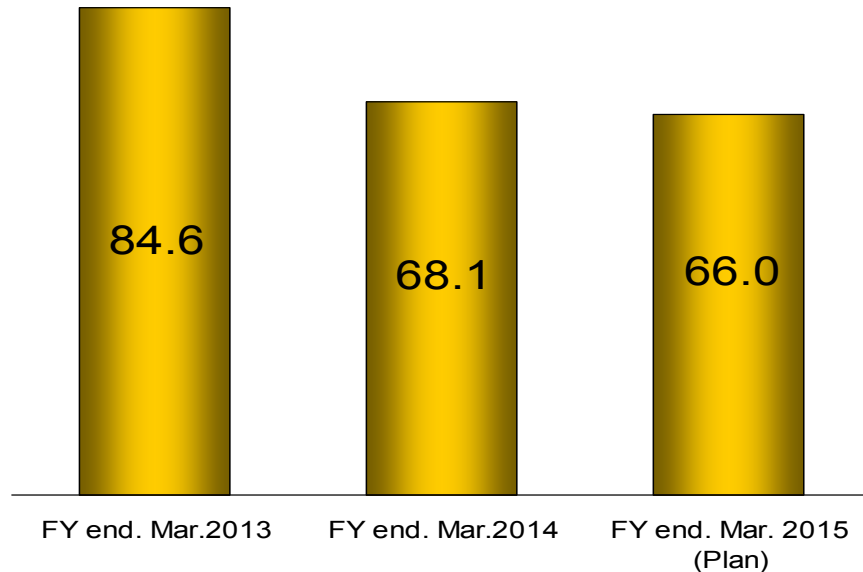
(Billion yen)	FY end. Mar. 2015 (Plan)		FY end. Mar.2014 (Results)	
	Full year	1 st half	Full year	1 st half
Net sales	525.0	220.0	483.1	204.0
Operating income	28.5	3.0	27.2	2.8
Ordinary income	25.5	1.0	36.7	7.0
Net income	17.5	1.0	27.4	1.8

Free cash flows projections

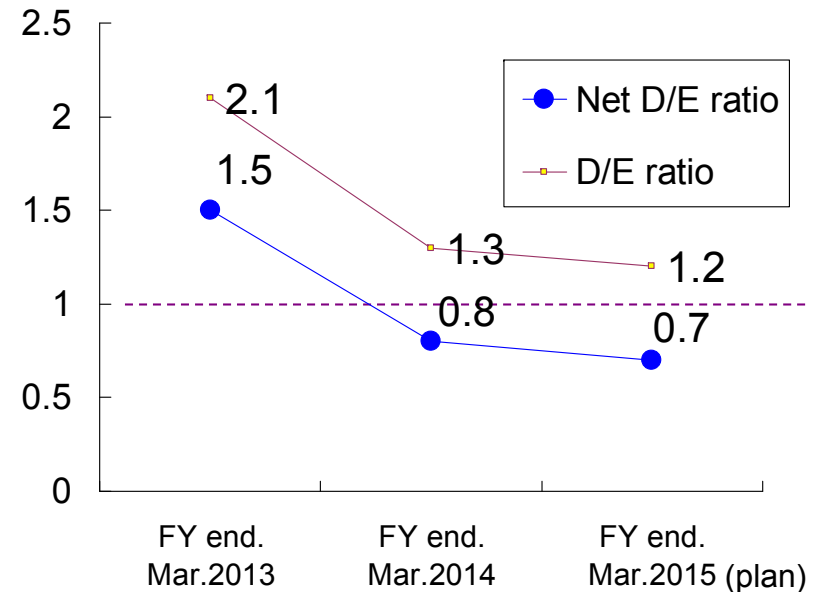
- Secure stable cash flows and improve financial ground further

(Billion yen)	FY end Mar. 2015 (Plan)	FY end Mar. 2014 (Results)
I Cash flows from operating activities	25.0	31.9
II Cash flows from investing activities	(15.0)	(14.0)
Free cash flows (I + II)	10.0	17.9

[Balance of net interest bearing debt] (Billion yen)



[Trend of Net D/E ratio] (Times)



Capital expenditure and R&D expenses projections

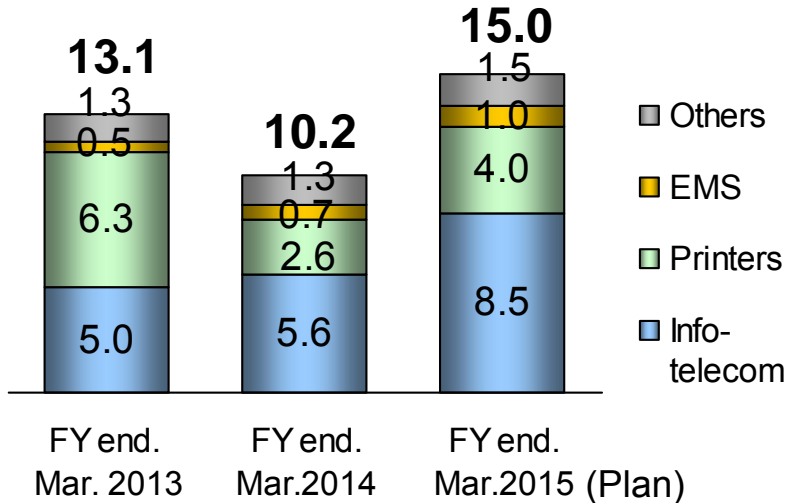
- Enhance investment mainly in Info-telecom Systems business

Property, Plant & Equip.

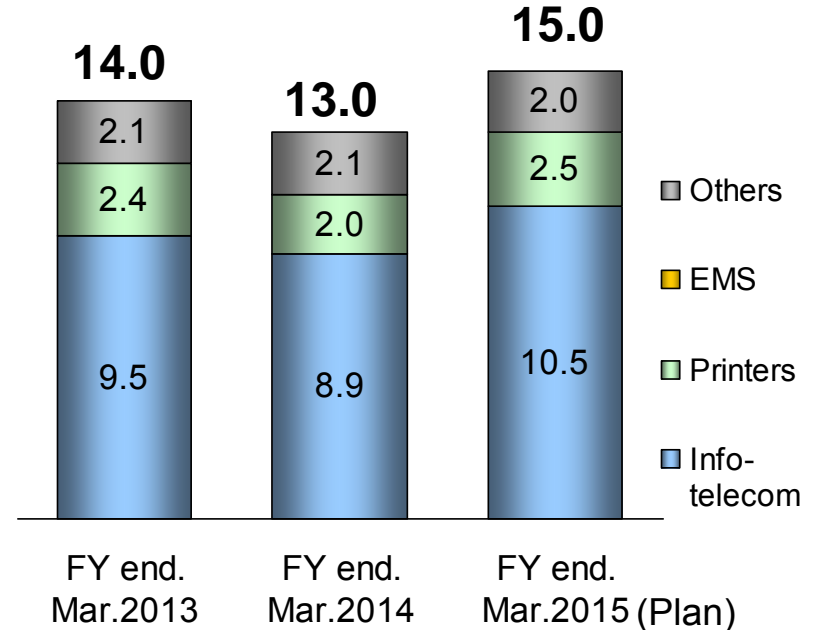
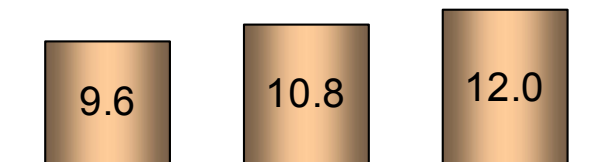
(Billion yen)

R&D Expenses

[Capital Expenditure]



[Depreciation]





Open up your dreams