

Financial Results for the First Half of FY ending March 31, 2015

October 31, 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 and operating income increased year on year.
Each segment recorded favorable results exceeding the plan.**

[YoY comparison]

- Net sales increased by 12.2% or 24.8 B yen.
- Operating income increased by 134.5% or 3.8 B yen.

(Billion yen)	FY end Mar. 2015		FY end Mar. 2014	
	Net sales	Operating income (loss)	Net sales	Operating income (loss)
Info-telecom	138.1	3.2	120.3	4.4
Printers	61.6	4.0	57.3	(0.6)
EMS	20.2	0.6	18.0	0.5
Others	8.9	1.6	8.4	1.3
Eliminates & Corp.	—	(2.8)	—	(2.8)
Total	228.8	6.6	204.0	2.8

Segment Information: Info-telecom Systems

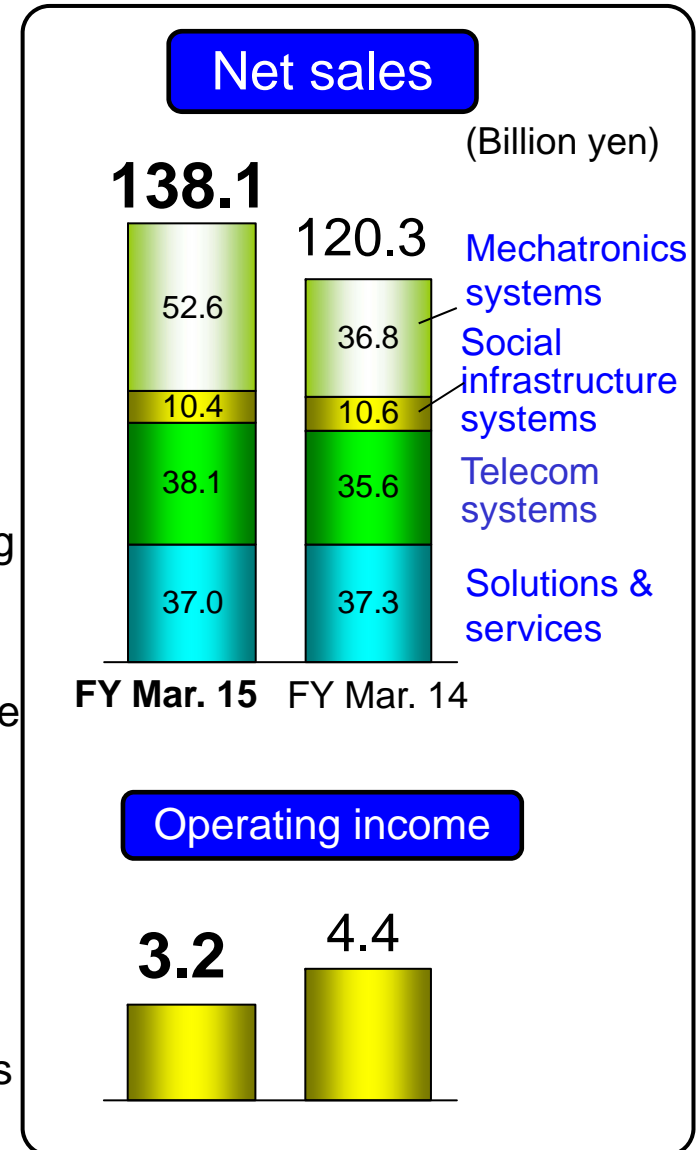
■ Net sales increased by 17.8 B yen year on year.

- Solutions & services:
 - Sales were steady, approximately the same as the previous year.
- Telecom systems:
 - For telecom carriers, demand for core networks ran its course.
 - Sales of home networks, GE-PON, maintenance and construction were steady.
- Social infrastructure systems:
 - Sales of systems for disaster prevention and firefighting remained healthy.
- Mechatronics systems:
 - Sales of ATMs for overseas market including China were strong, in addition to the effect of Brazilian subsidiary consolidation.

■ Operating income decreased by 1.2 B yen year on year.

Operating income declined due to the impact of consolidation of the subsidiary in Brazil though each business was favorable.

GE-PON : Gigabit Ethernet Passive Optical Network



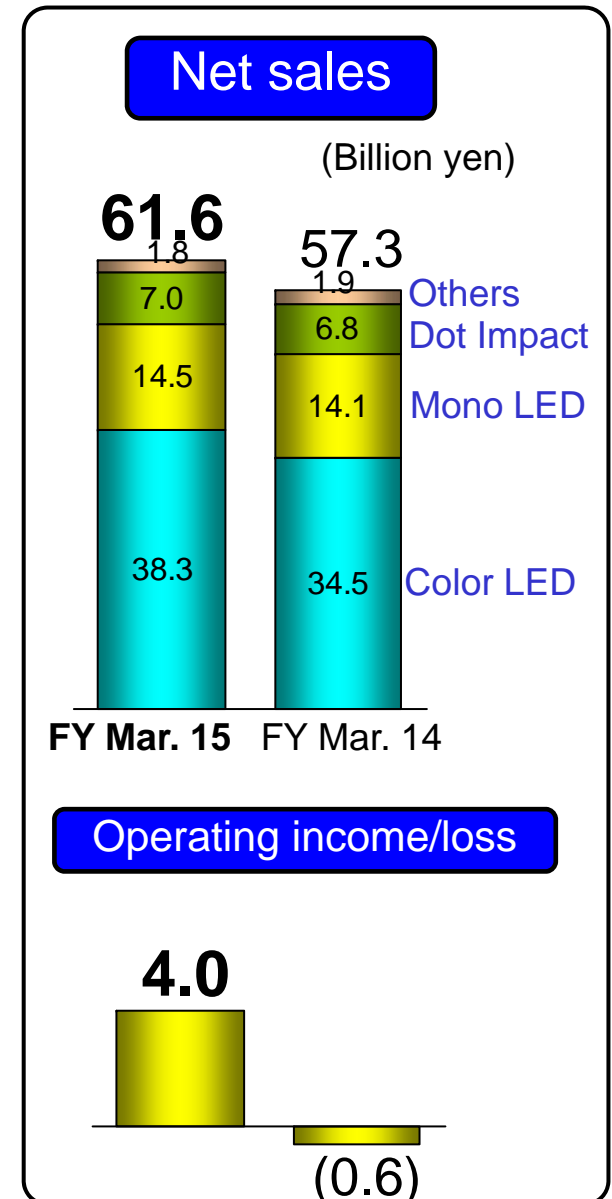
Segment Information: Printers

■ Net sales increased by 4.3 B yen year on year.

- Color and mono LED printers:
 - Sales of color LED printers were steady mainly in new models which were launched in the previous fiscal year.
 - Sales of mono LED printers were shifted to the high-end models in line with the strategies.
- Dot impact printers:
 - Big orders were acquired, etc.

■ Operating income improved by 4.6 B yen year on year.

Operating income improved drastically due to the product mix improvement and the effect of reducing fixed costs, etc.



Segment Information: EMS, Others

■ Net sales:

➤ EMS:

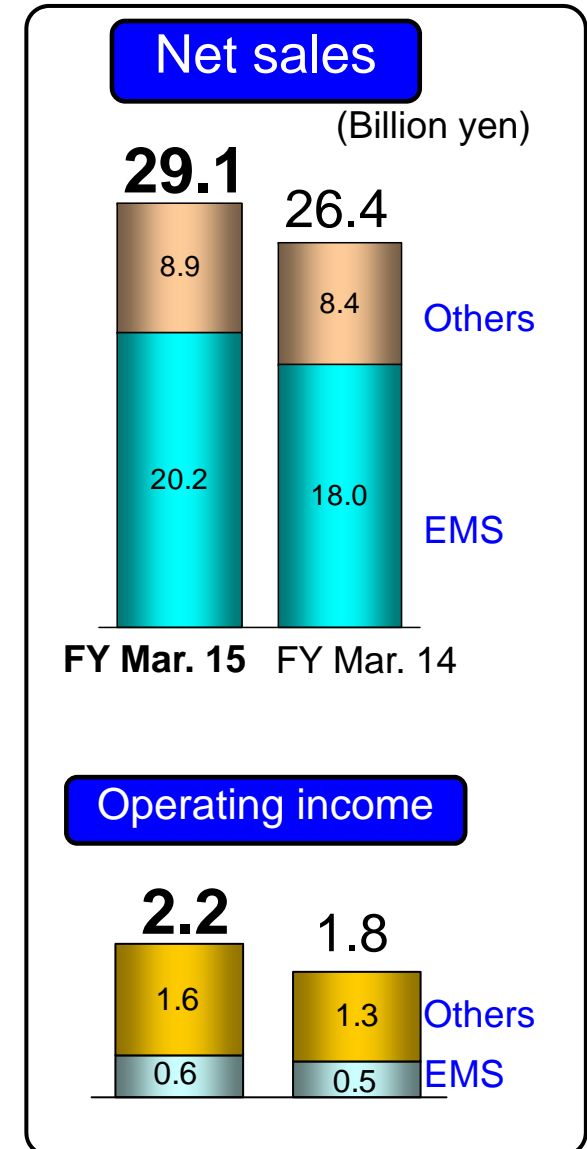
Sales increased due to the developing new customers was going as planned.

➤ Others:

Sales in components related business were continuously steady.

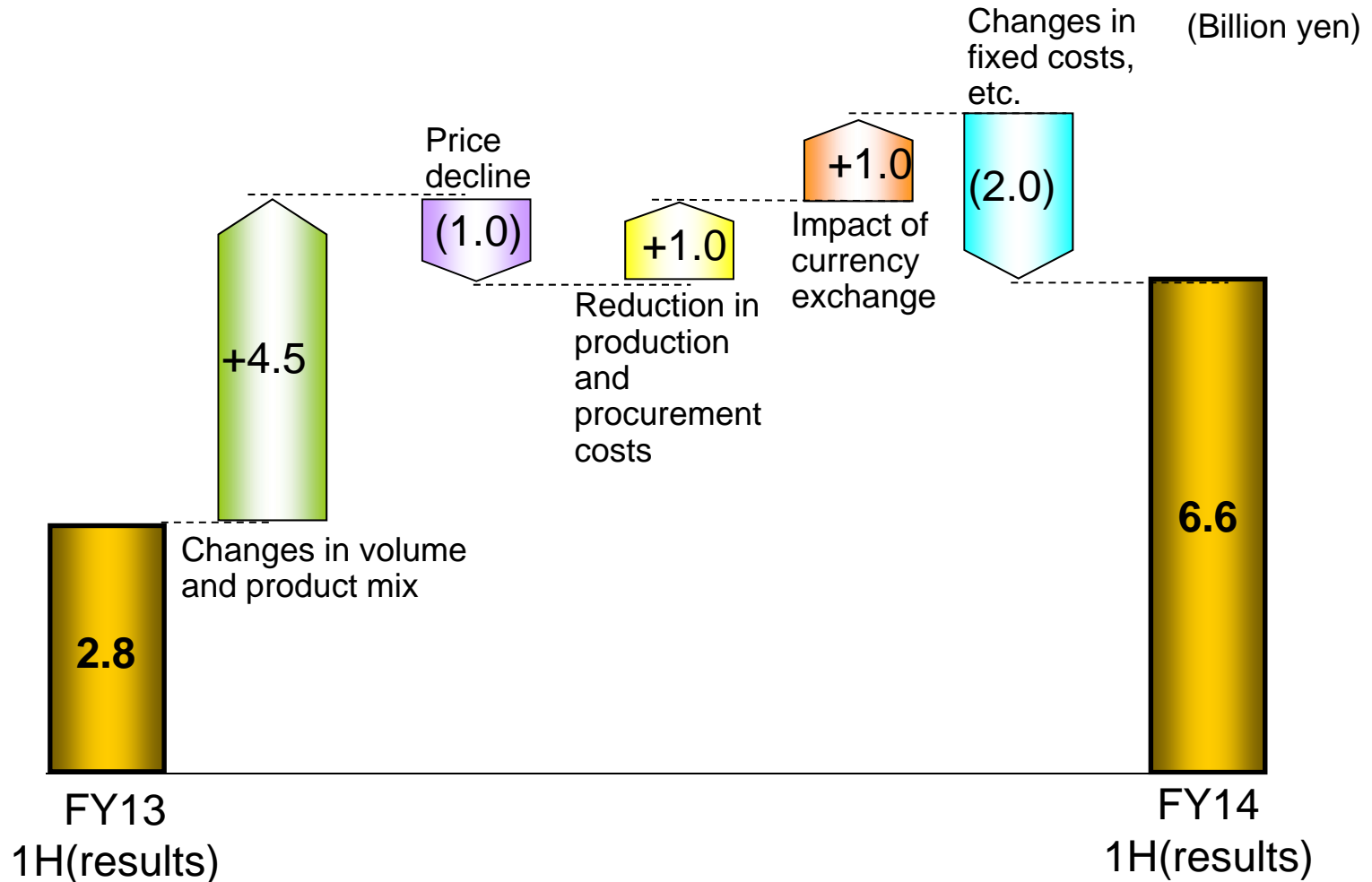
■ Operating income:

Operating income rose due to the increase in sales volume.



Changing Factors of Operating Income

Operating income increased drastically due to increase in sales volume and product mix improvement.



1H Profit and Loss

(Billion yen)	FY Mar. 2015	FY Mar. 2014
Net Sales	228.8	204.0
Cost of Sales	179.0	152.8
SG&A	51.3	48.4
Operating income	6.6	2.8
Other income & expenses	3.0	4.2
Ordinary income	9.6	7.0
Extraordinary loss	(0.1)	(3.3)
Income before income taxes	9.5	3.7
Net income	10.3	1.8

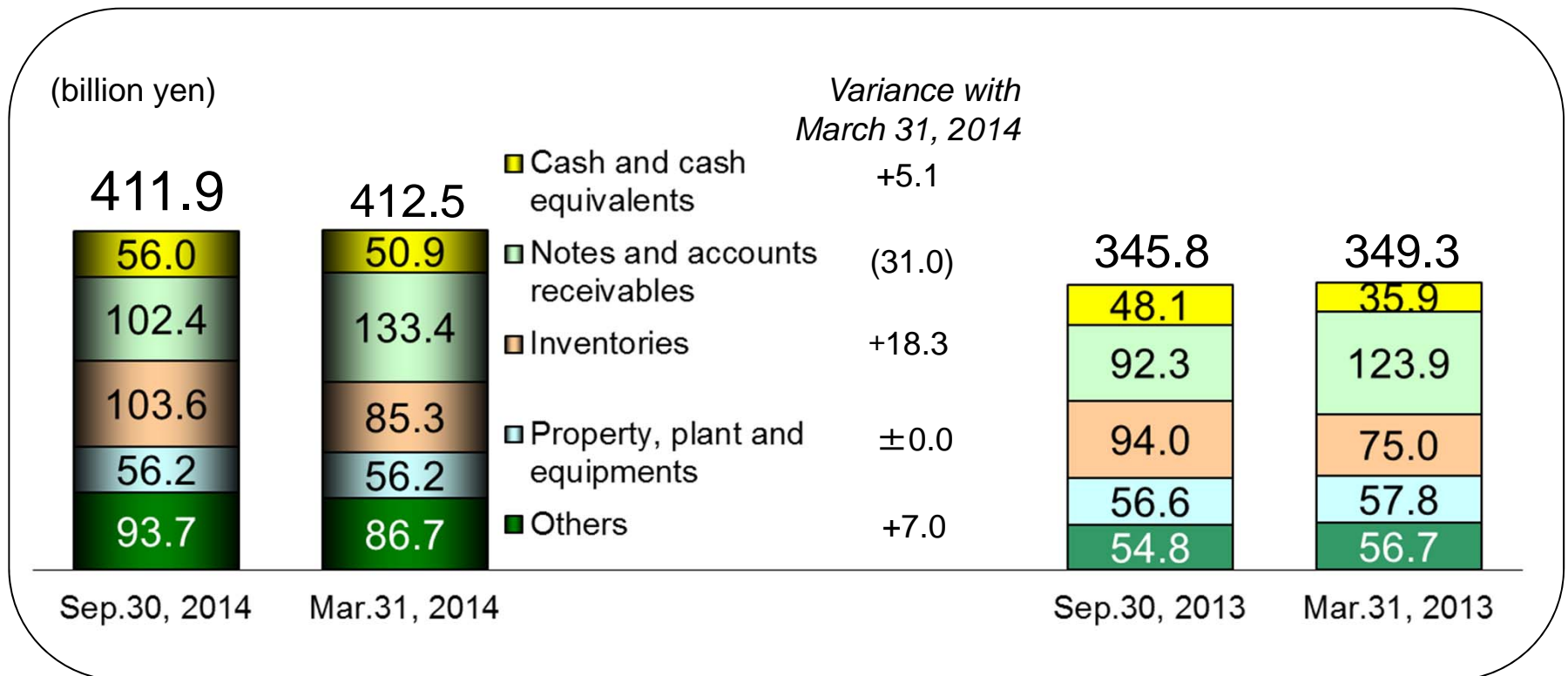
[Y on Y comparison]

- Other income and expenses worsened mainly due to decrease in exchange gain (from 5.2 B yen to 4.2 B yen)
- Extraordinary loss improved since revamping Printers business structure which was implemented in previous fiscal year settled down.
- Net income rose by 8.5 B yen.

[Ref.]	Closing exchange rate		Average exchange rate	
	End of Sep. 2014	End of Mar. 2014	6 months FY end. Mar. 2015	6 months FY end. Mar. 2014
USD	109.5	102.9	103.1	98.9
EUR	138.9	141.6	138.9	130.0

Balance Sheet [Assets]

- Total assets was 411.9 B yen, approximately the same as the end of the FY2013.
- Cash and cash equivalents increased by 5.1 B yen to 56.0 B yen.
- Trend of change in each asset was the same as in the past.



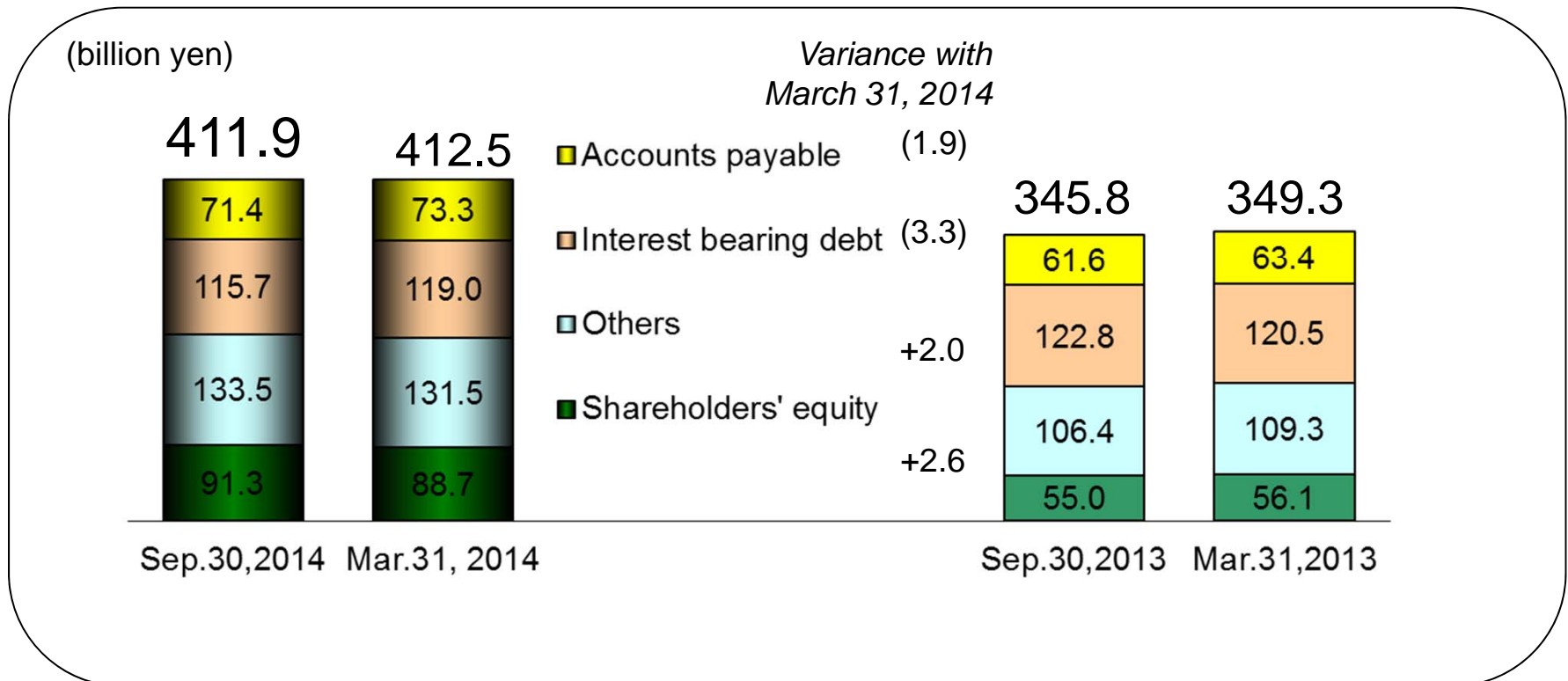
Balance Sheet [Liabilities and shareholders' equity]

- Shareholders' equity increased by 2.6 B yen to 91.3 B yen thanks to accumulating net income despite decrease by the impact of revision of accounting standard.

Shareholders' equity ratio: 22.2%

- Interest bearing debt decreased by 3.3 B yen to 115.7 B yen

D/E ratio: 1.3 times



Cash Flows

- Cash flows from operating activities rose by 8.4 B yen year on year due to increase in net income.
- Free Cash flows saw a net inflow of 13.0 B yen due to the outflow increase in cash flows from investing activities.

(Billion yen)	FY end. Mar. 2015	FY end. Mar. 2014
I Cash flows from operating activities	23.0	14.6
Net income before income taxes	9.5	3.7
Depreciation & amortization	6.8	6.9
Change in working capital	12.2	12.2
Others	(5.5)	(8.2)
II Cash flows from investing activities	(10.0)	(3.9)
Purchase of property, plants & equipment	(5.1)	(3.5)
Others	(4.9)	(0.4)
Free Cash Flows(I + II)	13.0	10.7
III Cash flows from financing activities	(8.4)	0.7
Net cash flows (I + II + III)	4.6	11.4

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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Full Year Projections

◆ OKI revises full year projections upward in light of favorable 1H performance.

(Billion yen)	Full year projections for the FY end. Mar. 2015			FY end. Mar.2014
	Oct. 31, 2014	Previous projections	Variance	
Net sales	535.0	525.0	+10.0	483.1
Info-telecom	347.0	340.0	+7.0	303.6
Printers	130.0	128.0	+2.0	124.8
EMS	40.0	40.0	—	37.1
Others	18.0	17.0	+1.0	17.6
Operating income	30.0	28.5	+1.5	27.2
Info-telecom	22.0	22.5	(0.5)	23.4
Printers	9.5	8.0	+1.5	5.1
EMS	2.0	2.0	—	1.7
Others	3.0	2.5	+0.5	2.8
Eliminates & Corp.	(6.5)	(6.5)	—	(5.8)
Ordinary income	29.0	25.5	+3.5	36.7
Net income	21.0	17.5	+3.5	27.4

*Exchange rate
in 2H
USD 105yen
EUR 135yen

Related Information of Each Segment

<p>Info telecom system</p>	<ul style="list-style-type: none"> ➤ Solutions for financial institutions and governmental offices are favorable. ➤ In Telecom systems, sales for telecom carriers and enterprises are approximately the same as planned. ➤ In Social infrastructure systems, sales of digitalization of fire prevention wireless systems and transportation infrastructure fields are favorable. ➤ In Mechatronics systems, sales of ATMs for overseas market, including China are totally steady, whereas customers' investment tends to be postponed in Brazilian market.
<p>Printers</p>	<ul style="list-style-type: none"> ➤ Sales of strategic products designed for the office solution and professional market are steady. ➤ Sales of high-end models designed for the office printer market are favorable.
<p>EMS Others</p>	<ul style="list-style-type: none"> ➤ Developing new customers is going as planned. ➤ Sales for components related business continues stably.



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