

Financial Results for the First Half of FY ending March 31, 2016

November 5, 2015

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 decreased by 5.8 B yen, and operating income declined by 3.0 B yen year on year.
 OKI marked approximately the same as planned excluding Printer business.

(Billion yen)	FY end Mar. 2016		FY end Mar. 2015		Variance	
	Net sales	Operating income(loss)	Net sales	Operating income(loss)	Net sales	Operating income
Info-telecom	133.9	3.7	138.1	3.2	(4.2)	+ 0.5
Printers	59.1	(0.5)	61.6	4.0	(2.5)	(4.5)
EMS	20.6	0.8	20.2	0.6	+ 0.4	+ 0.2
Others	9.5	2.2	8.9	1.6	+ 0.6	+ 0.6
Eliminates & Corp.	-	(2.6)	-	(2.8)	-	+ 0.2
Total	223.0	3.6	228.8	6.6	(5.8)	(3.0)

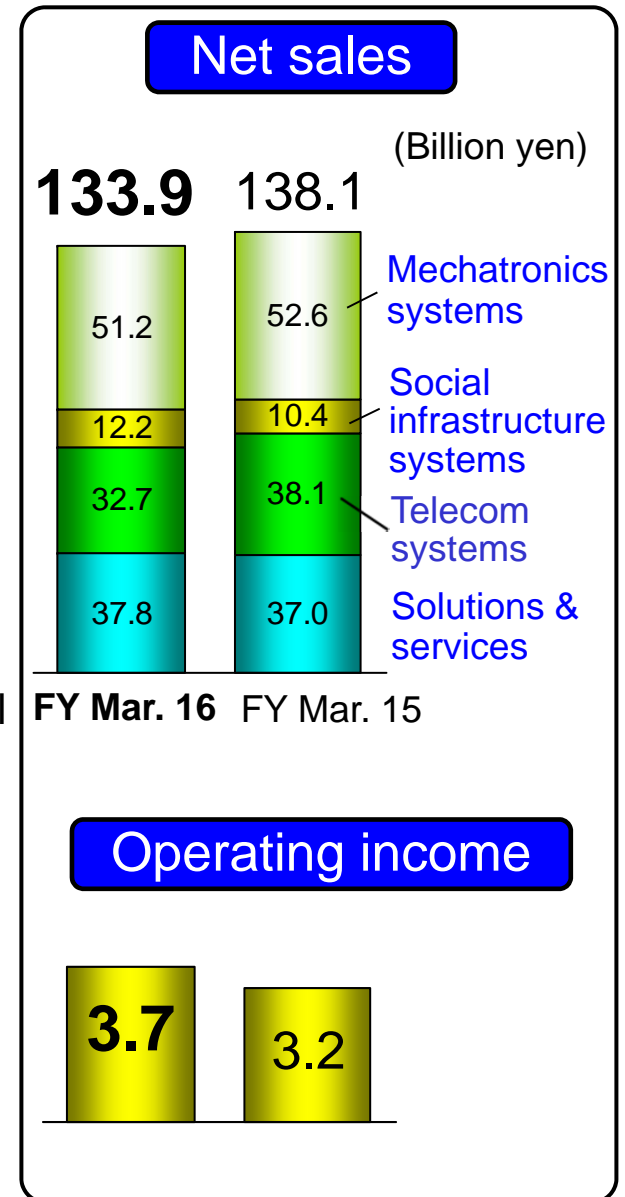
Segment Information: Info-telecom Systems

■ Net sales decreased by 4.2 B yen year on year.

- Solutions & services:
 - Sales of financial institutions and enterprises were favorable.
- Telecom systems:
 - Sales were approximately the same as planned, though sales for telecom carriers decreased.
- Social infrastructure systems:
 - Sales of road transportation related systems and disaster prevention administrative systems for municipalities were healthy.
- Mechatronics systems:
 - Sales of ATMs for a Chinese sales partner and sales in Brazil decreased.
 - Sales of cash handling equipment in Japan were favorable.

■ Operating income increased by 0.5 B yen year on year.

Operating income increased due to reducing fixed cost though sales volume decreased.



Segment Information: Printers

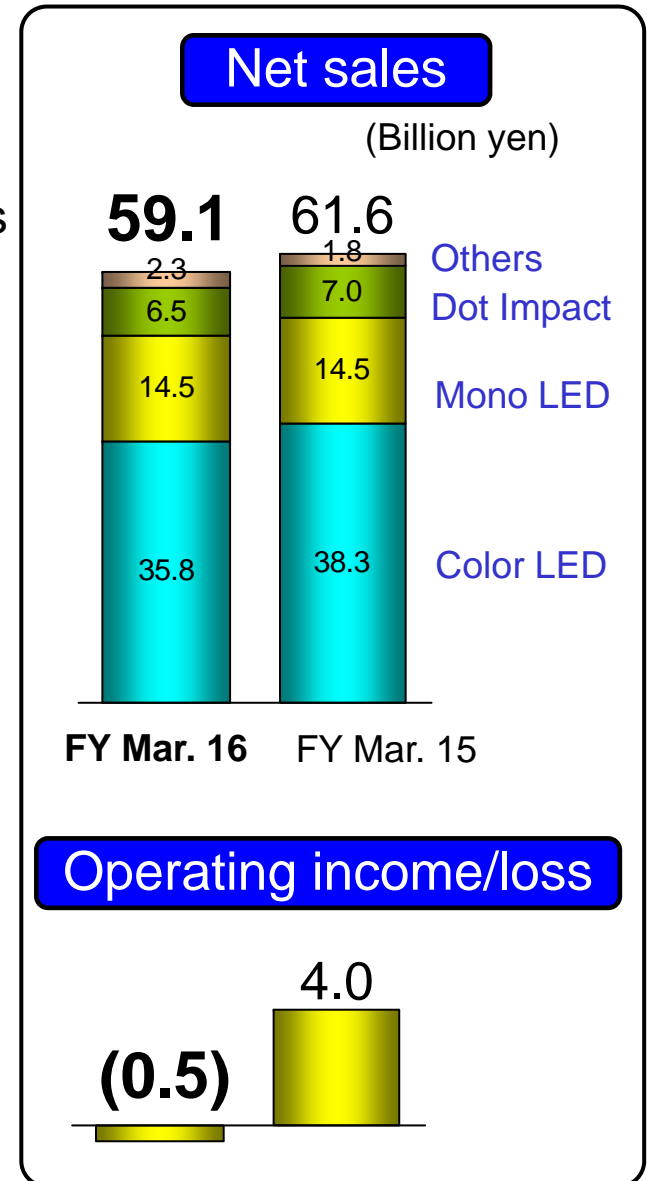
■ Net sales decreased by 2.5 B yen year on year.

➤ Color and mono LED printers:

Sales of the existing products particularly in color printers decreased due to the shrinking of the developed market such as Europe and the U.S., though sales of strategic models including new A3 color MFPs were healthy. In addition, OKI didn't follow other competitors against intensifying price competition in relatively low-end products due to focusing on generating profits that led to decrease sales performance.

■ Operating income worsened 4.5 B yen year on year.

Operating income decreased due to the impact of currency exchange in addition to a drop in sales volume and increase in fixed costs.



Segment Information: EMS, Others

Net sales:

➤ EMS:

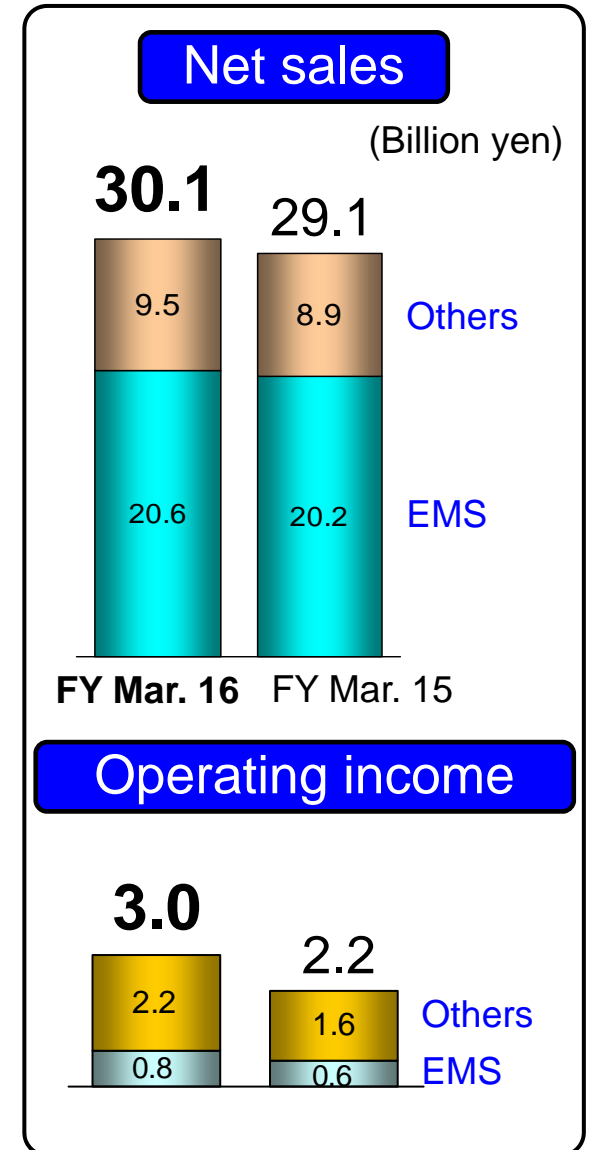
Sales rose due to the increase in new projects and the effect of M&A.

➤ Others:

Sales were continuously favorable mainly in components related business such as reed switches.

Operating income:

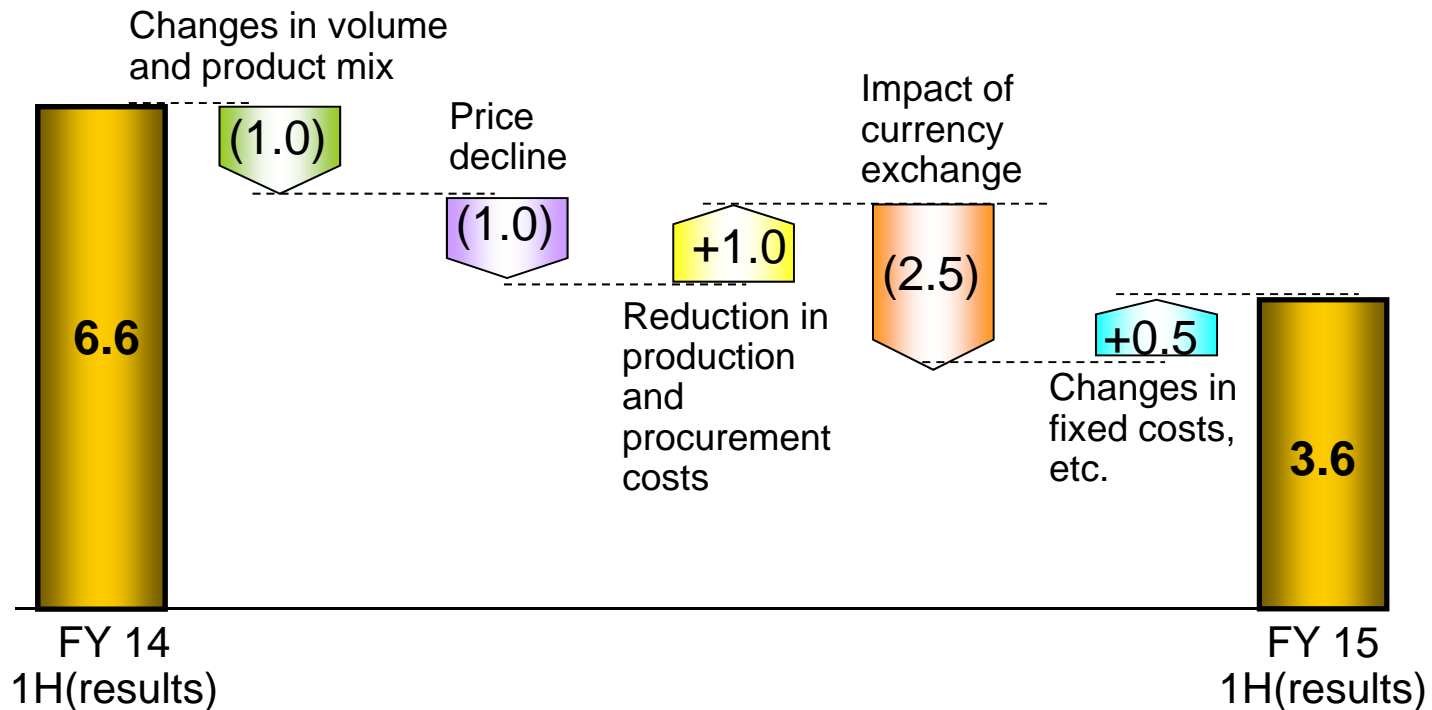
Operating income rose due to increase in sales volume and reducing fixed costs.



Changing Factors of Operating Income

Operating income decreased due to a decline in sales volume and the impact of currency exchange.

(Billion yen)



1H Profit and Loss

(Billion yen)	FY Mar. 2016	FY Mar. 2015
Net Sales	223.0	228.8
Cost of Sales	164.8	170.9
SG&A	54.6	51.3
Operating income	3.6	6.6
Other income & expenses	(0.9)	3.0
Ordinary income	2.7	9.6
Extraordinary income/loss	0.1	(0.1)
Income before income taxes	2.7	9.5
Profit attributable to owners of parent	0.9	10.3

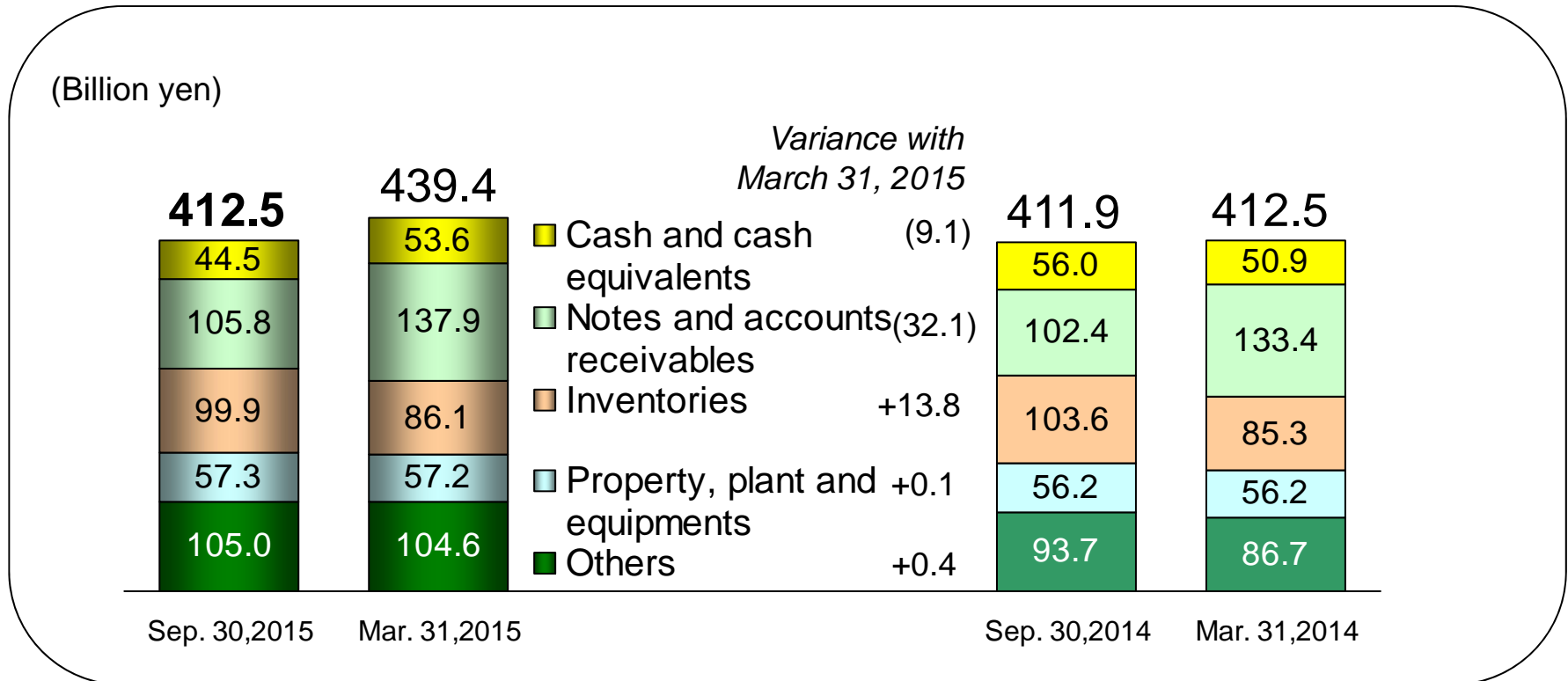
[Y on Y comparison]

● Other income and expenses turned negative as exchange gain in last fiscal year became to loss in this fiscal year (from 4.2 B yen to -1.1 B yen).

[Ref.]	Closing exchange rate		Average exchange rate	
	End of Sep. 2015	End of Mar. 2015	6 months FY end. Mar. 2016	6 months FY end. Mar. 2015
USD	120.0	120.3	121.8	103.1
EUR	134.9	130.4	135.1	138.9

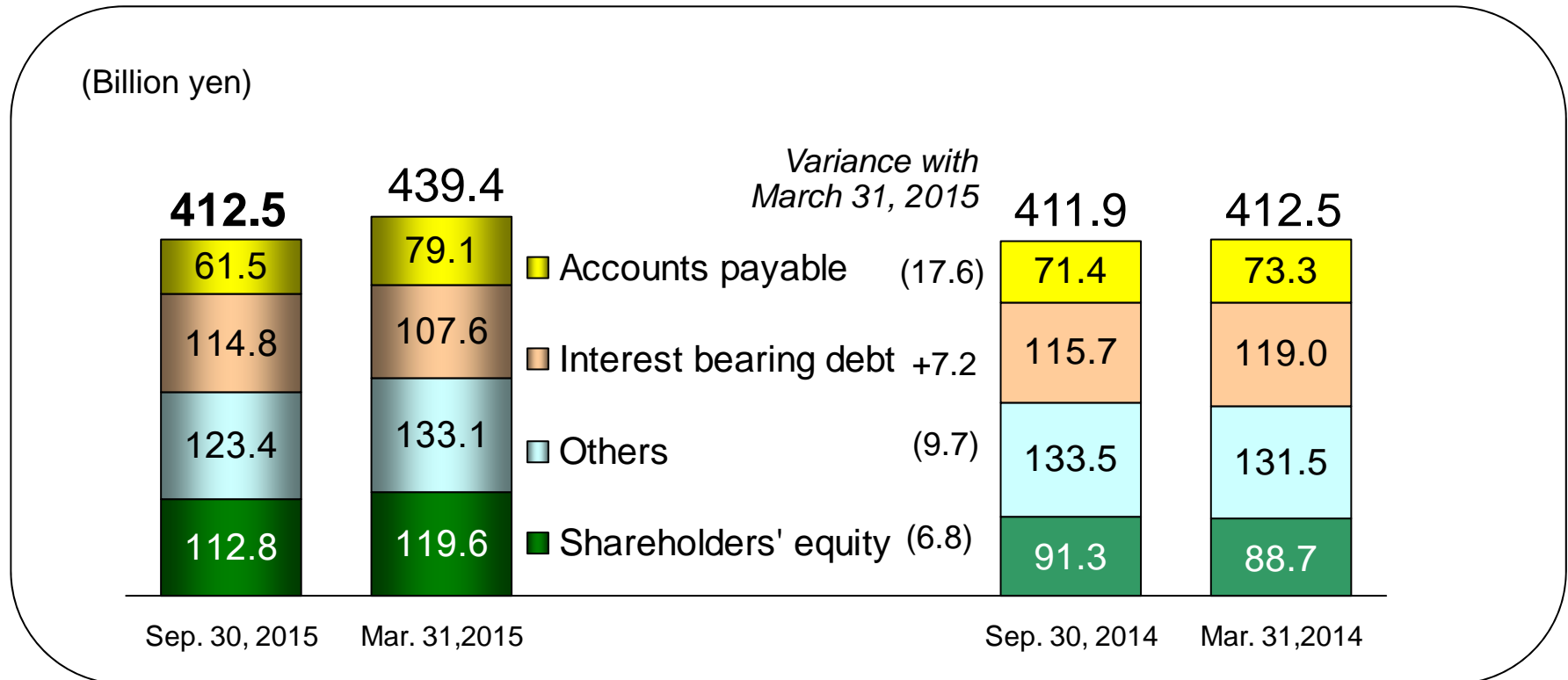
Balance Sheet [Assets]

- Total assets decreased by 26.9 B yen to 412.5 B yen due to reduction in notes and accounts receivables, etc.
- Cash and cash equivalents decreased by 9.1 B yen to 44.5 B yen.
- Trend of change in each asset was the same as in the past.



Balance Sheet [Liabilities and shareholders' equity]

- Shareholders' equity decreased by 6.8 B yen to 112.8 B yen. Shareholders' equity ratio: 27.3%.
- Interest bearing debt increased by 7.2 B yen to 114.8 B yen. D/E ratio: 1.0 times.



Cash Flows

- Cash flows from operating activities became a net outflow due to decrease in net income and working capital. Cash flows from investing activities was approximately the same as the previous fiscal year. Free cash flows resulted in a net outflow of 12.7 B yen.

(Billion yen)	FY end. Mar. 2016	FY end. Mar. 2015
I Cash flows from operating activities	(3.5)	23.0
Net income before income taxes	2.7	9.5
Depreciation & amortization	6.9	6.8
Change in working capital	(0.5)	12.2
Others	(12.6)	(5.5)
II Cash flows from investing activities	(9.2)	(10.0)
Purchase of property, plants & equipment	(6.5)	(5.1)
Others	(2.7)	(4.9)
Free Cash Flows(I + II)	(12.7)	13.0
III Cash flows from financing activities	3.7	(8.4)
Net cash flows (I + II + III)	(9.0)	4.6

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

(Billion yen)	Full year projections for the FY end. Mar. 2016		
	Nov. 5, 2015	Previous projections	Variance
Net sales	515.0	545.0	(30.0)
Info-telecom	320.0	340.0	(20.0)
Printers	130.0	140.0	(10.0)
EMS	46.0	46.0	-
Others	19.0	19.0	-
Operating income	17.0	30.0	(13.0)
Info-telecom	15.5	24.0	(8.5)
Printers	2.0	7.0	(5.0)
EMS	2.5	2.5	-
Others	4.0	3.5	+0.5
Eliminates & Corp.	(7.0)	(7.0)	-
Ordinary income	14.5	28.0	(13.5)
Profit attributable to owners of parent	10.0	22.0	(12.0)

[Information for full year projections]

(Info-telecom)

- Continue the suspension of shipment for a Chinese existing partner

- Continue the economic stagnation in Brazil

(Printers)

- Intensify the price competition in existing products market

- Accelerate developing sales channels for strategic products

*Exchange rate in 2H

USD 125yen

EUR 135yen

Future Outlook

Aim to achieve the financial targets for Mid-term Business Plan 2016 continuously

- | | | |
|---------------------------------|---|--|
| - Operating profit margin
6% | - Shareholders' equity ratio
More than 30% | - Debt equity ratio
Less than 1.0 times |
|---------------------------------|---|--|

Business outlook

[Info-telecom]

- ◆ Continue steady businesses in domestic market
- ◆ Begin the full-scale ATM business with a Chinese new partner from the next fiscal year
- ◆ Contribute to our profitability in big projects we won bids in Brazil from the next fiscal year

[Printers]

- ◆ Strengthen the support system of sales channels in Europe and the United States to expand strategic products with centering on new product
- ◆ Deepen our niche and high-value-added strategy by developing specific industries, such as medical care and design
- ◆ Expand professional printer business by synergy effect of the acquisition of wide format printer business

[EMS]

- ◆ Enjoy good performance at a pace far exceeding the mid-term business plan



Open up your dreams