

# Financial Results for the Fiscal Year ended March 31, 2017

May 12, 2017

Oki Electric Industry Co., Ltd.

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## Summary of Financial Results

- Operating income decreased year on year due to a transient factor, the provision of allowance for doubtful accounts of 10.9 B yen.
- Profit attributable to owners of parent was 4.7 B yen due to recording extraordinary income and loss.
- Proposed year-end dividend : 30 yen per share (as planned)

(Billion yen)	FY end Mar. 2017	Previous projections (Oct. 28)	Variance	FY end Mar. 2016	Variance
Net sales	451.6	465.0	(13.4)	490.3	(38.7)
Operating income	2.5	15.0	(12.5)	18.6	(16.1)
Ordinary income(loss)	(2.4)	6.0	(8.4)	11.4	(13.8)
Profit attributable to owners of parent	4.7	3.0	+1.7	6.6	(1.9)
USD average exchange rate (Yen)	108.4	105.5		120.2	
EUR average exchange rate (Yen)	118.8	116.8		132.6	

## Segment Information (Net Sales)

- ICT : Approximately achieved its sales targets, incorporating the impact of decrease in sales for telecom carriers and of fire-fighting digital wireless system.
- Mechatronics systems : ATM demands in Chinese market was continuously in a lull. Businesses in other overseas countries and Japan progressed along with its plan.
- Printers: Sales decreased due to the impact of continuing decline in printing demands in offices in addition to the impact of currency exchange.
- EMS: Sales increased year on year despite sales fell short of its plan due to the order delay from a major customer.

(Billion yen)	FY end Mar. 2017	Previous projections (Oct. 28)	Variance	FY end Mar. 2016	Variance
ICT	177.4	180.0	(2.6)	191.2	(13.8)
Mechatronics systems	100.9	105.0	(4.1)	113.7	(12.8)
Printers	112.4	115.0	(2.6)	124.6	(12.2)
EMS	43.2	47.0	(3.8)	42.4	+0.8
Others	17.8	18.0	(0.2)	18.5	(0.7)
<b>Total</b>	<b>451.6</b>	<b>465.0</b>	<b>(13.4)</b>	<b>490.3</b>	<b>(38.7)</b>

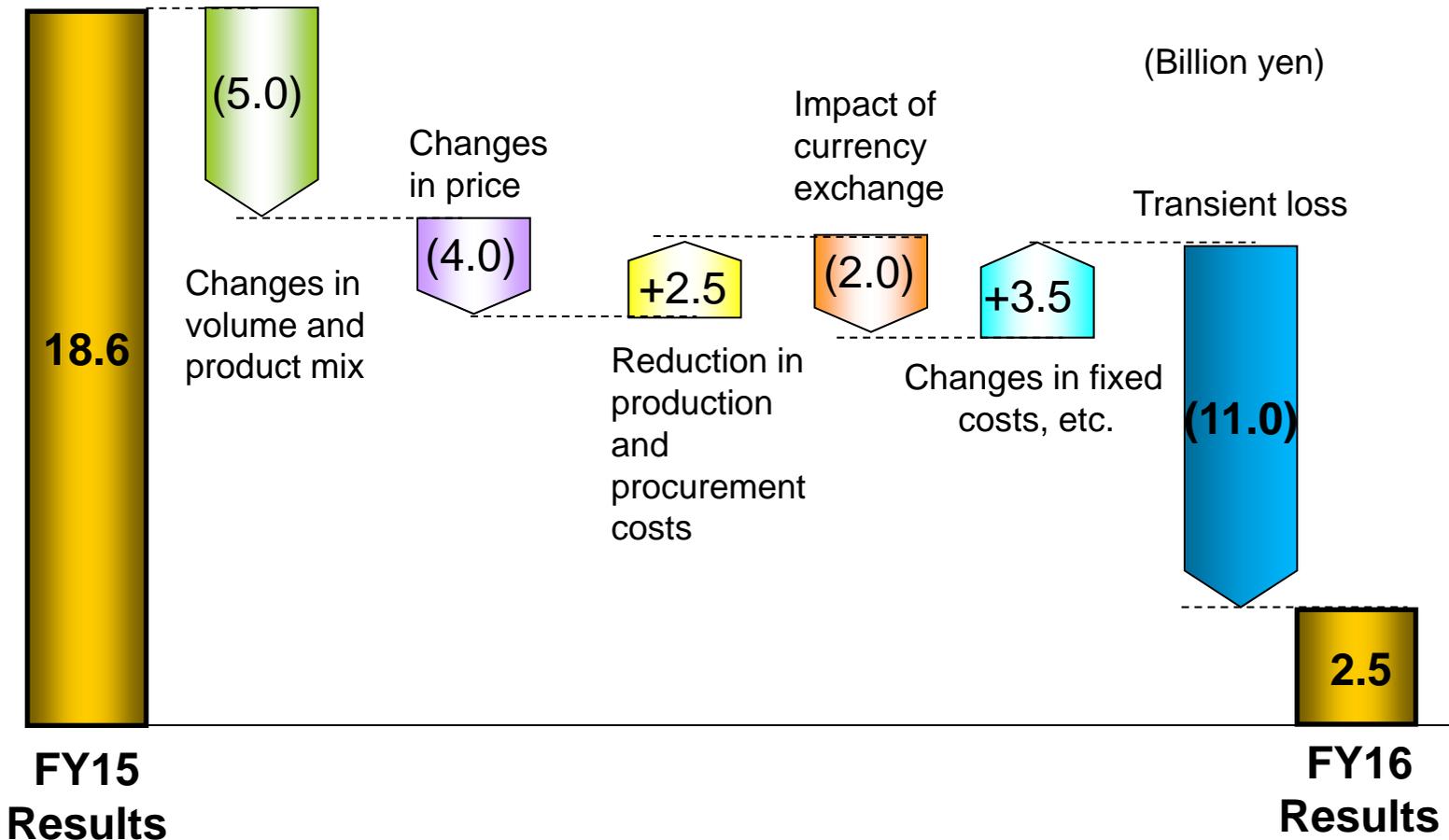
## Segment Information (Operating Income)

- ICT: Operating income significantly improved primarily due to the effect of structural reform.
- Mechatronics systems: Recorded the provisions of allowance for doubtful accounts related to the receivables in Chinese business.
- Printers: Secured profits through the improvement of product mix and thorough review of fixed costs.
- EMS: Operating income decreased due to decline in orders from a major customer.

(Billion yen)	FY end Mar. 2017	Previous projections (Oct. 28)	Variance	FY end Mar. 2016	Variance
ICT	14.4	13.5	+0.9	11.6	+2.8
Mechatronics systems	(11.8)	1.5	(13.3)	6.0	(17.8)
Printers	1.0	0.0	+1.0	1.4	(0.4)
EMS	2.1	2.5	(0.4)	2.3	(0.2)
Others	3.4	3.0	+0.4	4.2	(0.8)
Eliminates & Corp.	(6.5)	(5.5)	(1.0)	(6.9)	+0.4
<b>Total</b>	<b>2.5</b>	<b>15.0</b>	<b>(12.5)</b>	<b>18.6</b>	<b>(16.1)</b>

# Changing Factors of Operating Income

- Operating income dropped on lower sales volume and the transient disposition of loss.



## Balance Sheets

- Working capital was reduced due to inventory reduction while collecting notes and accounts receivables.
- Shareholders' equity ratio and D/E ratio were improved through reduction in total assets.

(Billion yen)	Mar. 2017	Mar. 2016	Variance
Current assets	231.5	277.6	(46.1)
Fixed assets	129.2	134.1	(4.9)
Assets	360.7	411.8	(51.1)
Current liabilities	176.6	199.2	(22.6)
Fixed liabilities	86.9	105.2	(18.3)
Liabilities	263.5	304.4	(40.9)
Shareholders' equity	96.9	106.7	(9.8)
Others	0.3	0.7	(0.4)
Net assets	97.2	107.4	(10.2)
Total liabilities and net assets	360.7	411.8	(51.1)
Shareholders' equity ratio (%)	26.9	25.9	+1.0%
D/E ratio (times)	0.9	1.1	(0.2)pt

# Cash Flows

- Cash flows from operating activities were considerably improved mainly due to improvement in working capital.
- Cash flows from investing activities saw a net cash inflow due to the share transfer of an affiliated company.
- Free cash flows saw a net inflow of 49.6 B yen.

(Billion yen)	FY end. March 2017	FY end. March 2016	Variance
I Cash flows from operating activities	42.0	(3.6)	+45.6
II Cash flows from investing activities	7.6	(13.8)	+21.4
Free cash flows ( I + II )	49.6	(17.4)	+67.0
III Cash flows from financing activities	(44.0)	11.1	(55.1)
Cash and cash equivalents	52.0	46.3	+5.7
Purchases of equipment	8.8	11.6	(2.8)
Depreciation	14.0	14.4	(0.4)

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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## Profit and Loss Projections

- OKI aims to develop its solid base for future growth. Net sales and operating income are expected to be almost the same level as last fiscal year except transient disposition of loss.
- Annual dividend plan: 50 yen per share (same as previous fiscal year)
- Currency exchange rate assumption : ¥110/USD, ¥115/EUR

	FY end. Mar. 2018 (Plan)		FY end. Mar. 2017 (Results)	
	Full year	1 <sup>st</sup> half	Full year	1 <sup>st</sup> half
(Billion yen)				
Net sales	455.0	198.0	451.6	199.3
Operating income(loss)	13.0	(5.0)	2.5	(0.6)
Ordinary income(loss)	12.0	(5.5)	(2.4)	(8.9)
Profit(loss) attributable to owners of parent	8.0	(6.5)	4.7	(13.5)

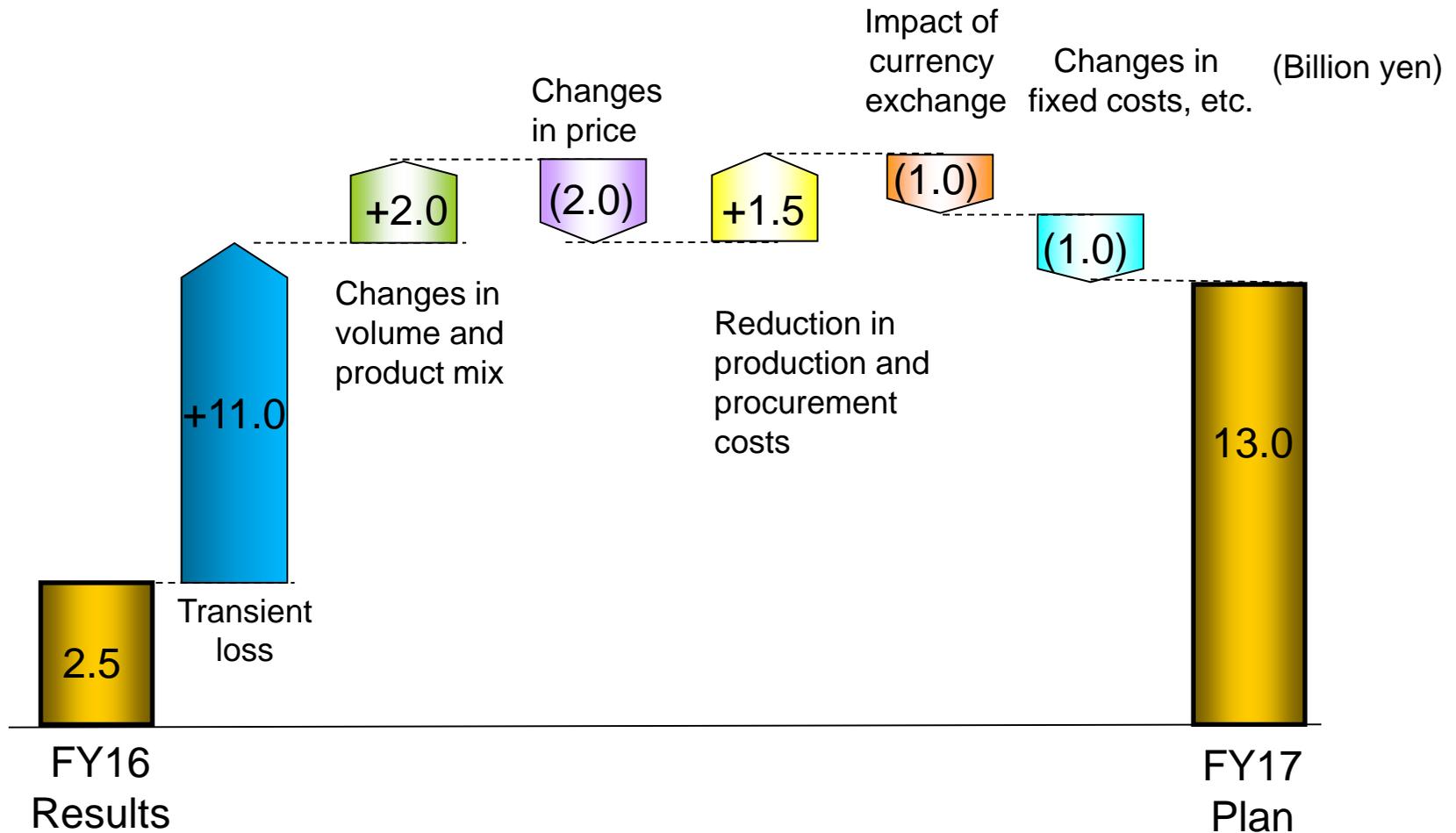
## Segment Information

- ICT: Invest in new businesses as well as securing stable profits.
- Mechatronics systems: Improve performance in Brazil and accelerate global expansion of ATM business.
- Printers: Focus on securing stable profits by implementing structural reform.

		FY end. Mar.2018		FY end. Mar.2017	
		(Plan)		(Results)	
(Billion yen)		Full year	1 <sup>st</sup> half	Full year	1 <sup>st</sup> half
ICT	Net sales	183.0	70.5	177.4	66.9
	Operating income	13.5	0.5	14.4	(0.3)
Mechatronics systems	Net sales	105.0	48.5	100.9	49.0
	Operating income	1.0	(2.0)	(11.8)	1.3
Printers	Net sales	106.0	51.0	112.4	54.3
	Operating income	1.0	(1.5)	1.0	(0.8)
EMS	Net sales	49.0	22.0	43.2	20.9
	Operating income	2.5	0.5	2.1	0.7
Others	Net sales	12.0	6.0	17.8	8.3
	Operating income	1.5	0.5	3.4	1.5
Corporate & Eliminations	Operating income	(6.5)	(3.0)	(6.5)	(3.1)
Total	Net sales	455.0	198.0	451.6	199.3
	Operating income	13.0	(5.0)	2.5	(0.6)

# Changing Factors of Operating Income

- Operating income is expected to improve drastically due to the elimination of transient loss.



# Free Cash Flows Projections

- Improvements in working capital will settle down.
- Shift its focus to investment and future growth while maintaining financial discipline.

(Billion yen)	FY end Mar. 2018 (Plan)	FY end Mar. 2017 (Results)	Variance
I Cash flows from operating activities	13.0	42.0	(29.0)
II Cash flows from investing activities	(15.0)	7.6	(22.6)
Free cash flows ( I + II )	(2.0)	49.6	(51.6)

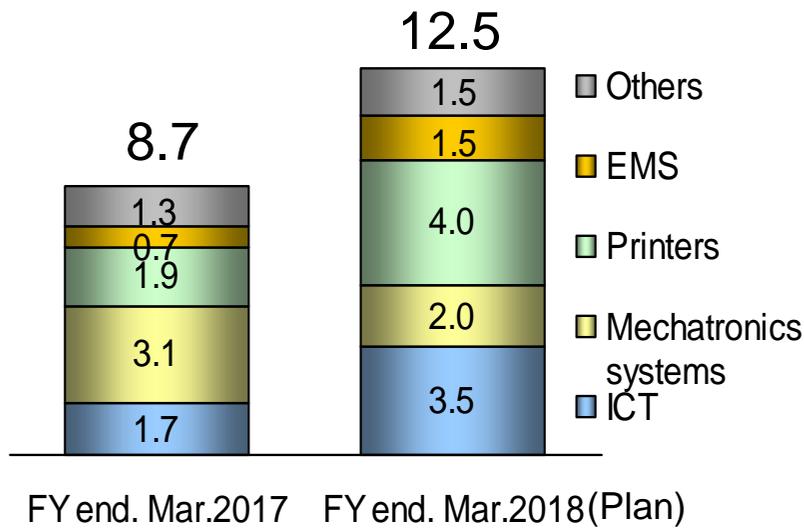
# Capital Expenditure and R&D Expenses Projections

Property, Plant & Equip.

(Billion yen)

R&D Expenses

[Capital Expenditure]



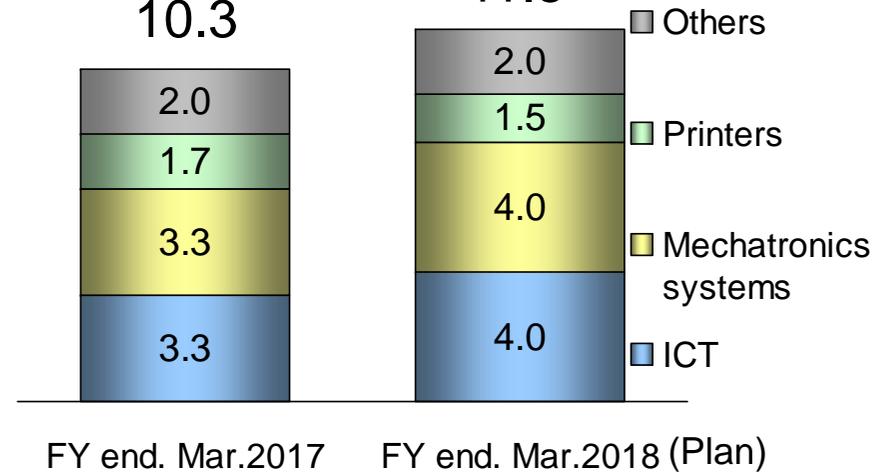
[Depreciation]

10.6

10.0

10.3

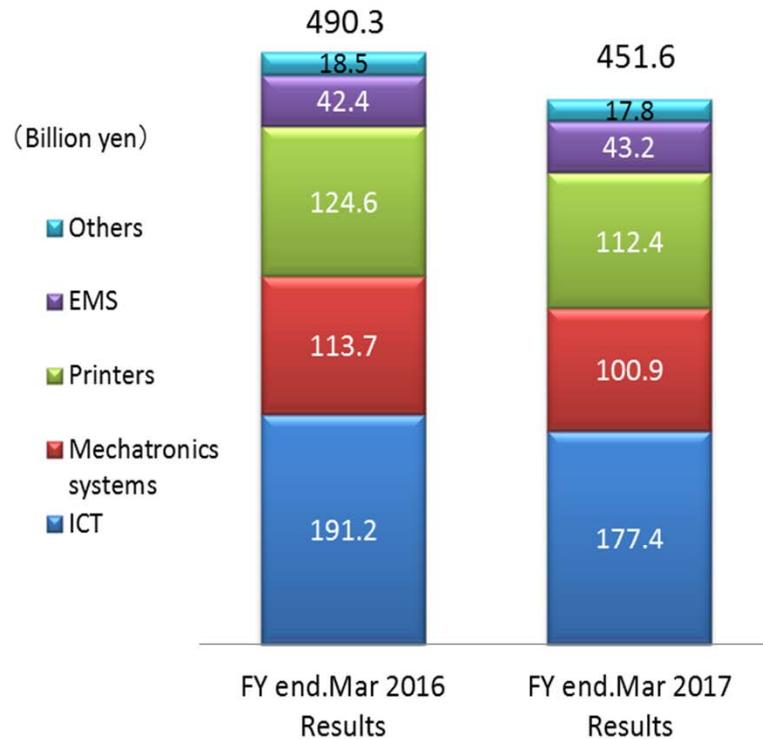
11.5



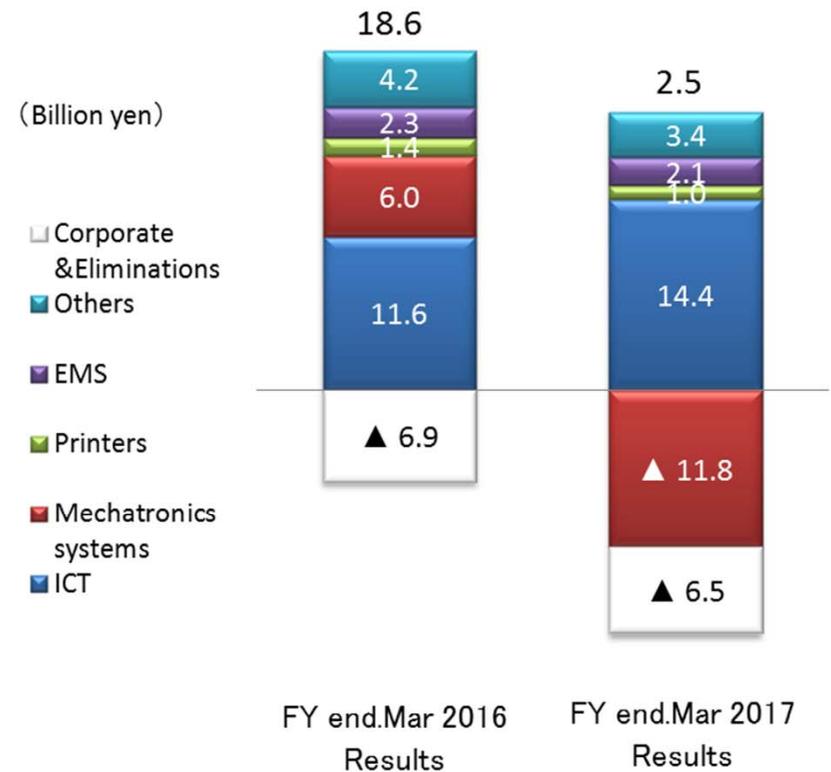
# Reference

# Segment Information (Full-year Net Sales and Operating Income)

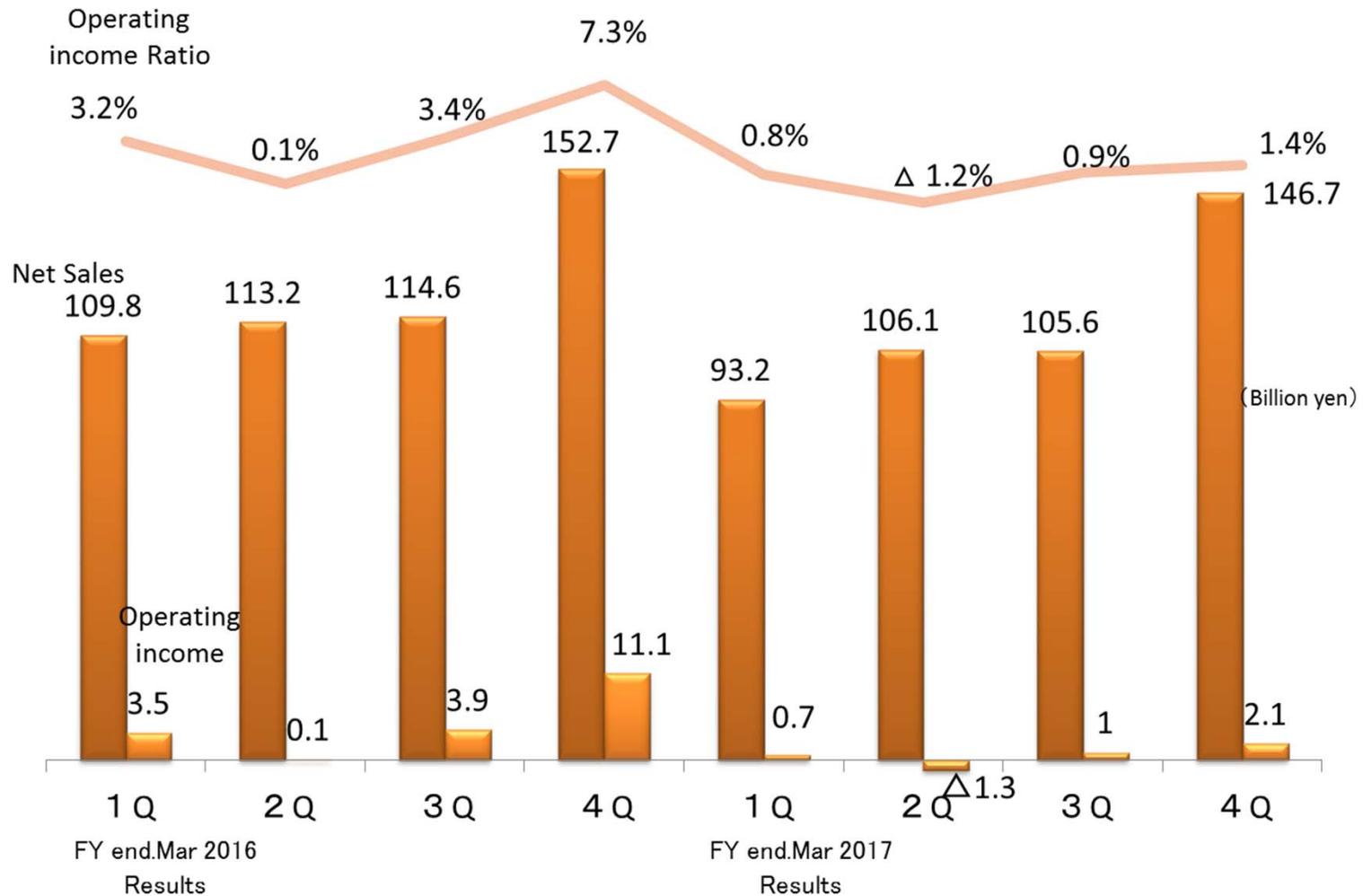
## Net Sales



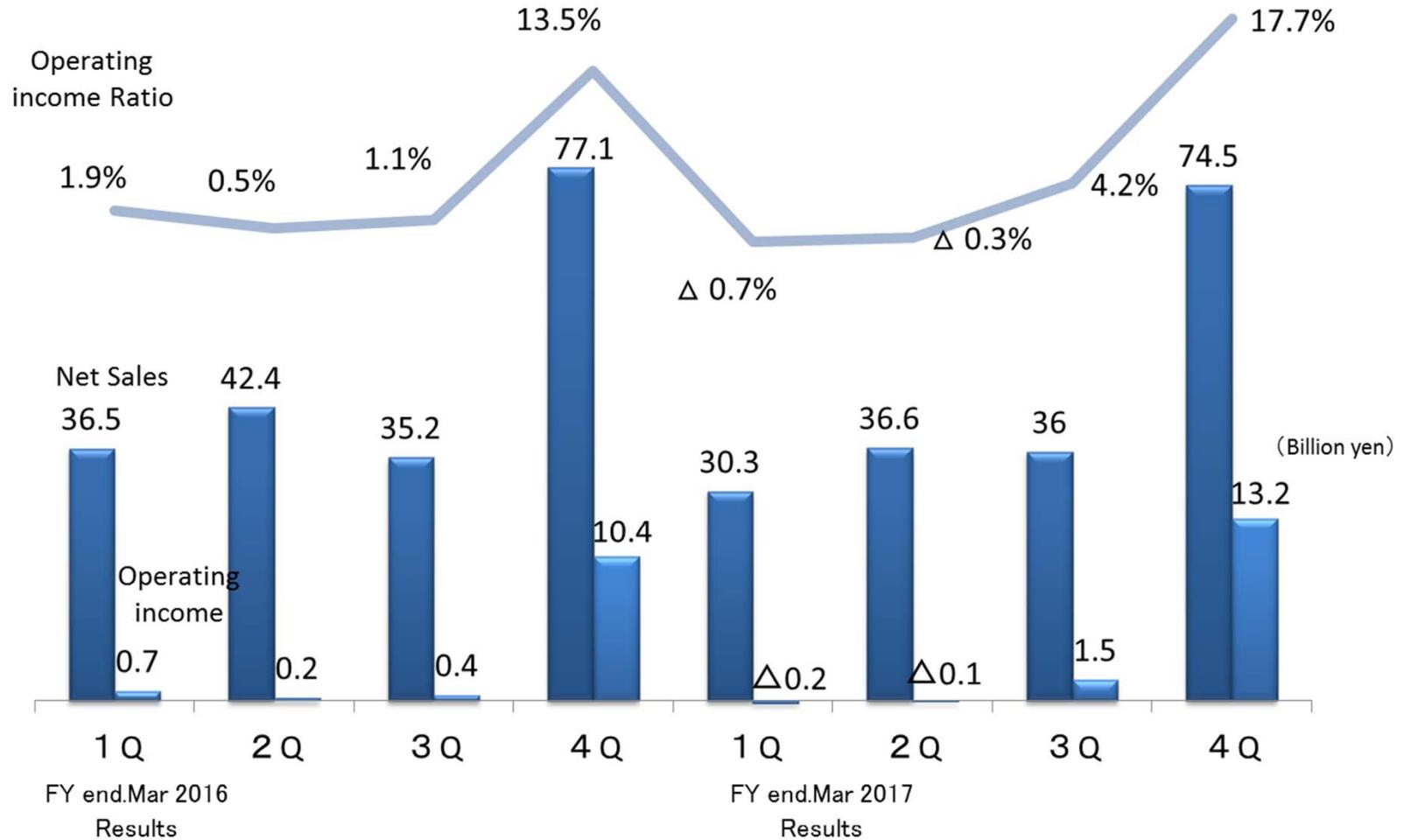
## Operating Income



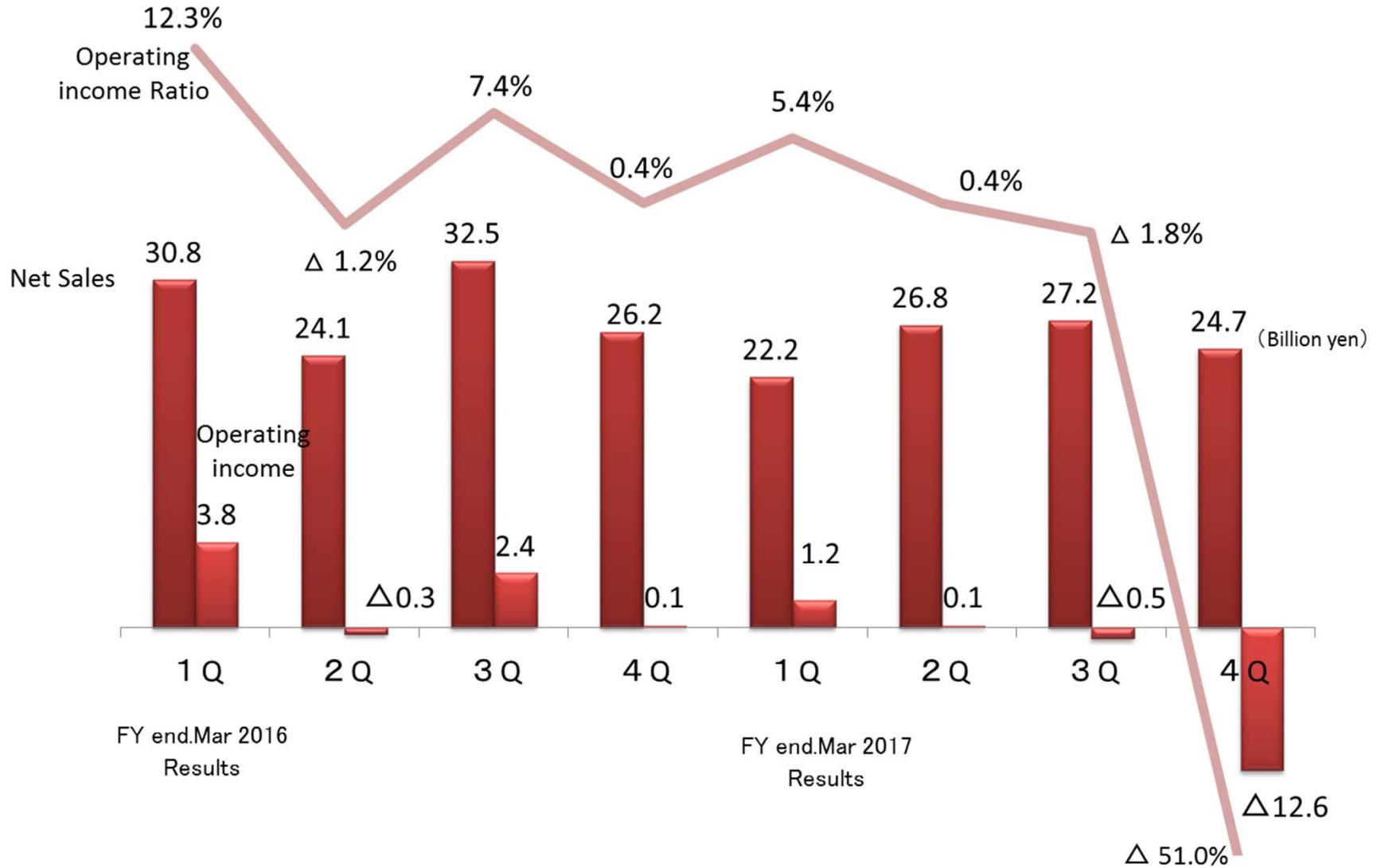
## Quarterly Transition of Net Sales and Operating Income



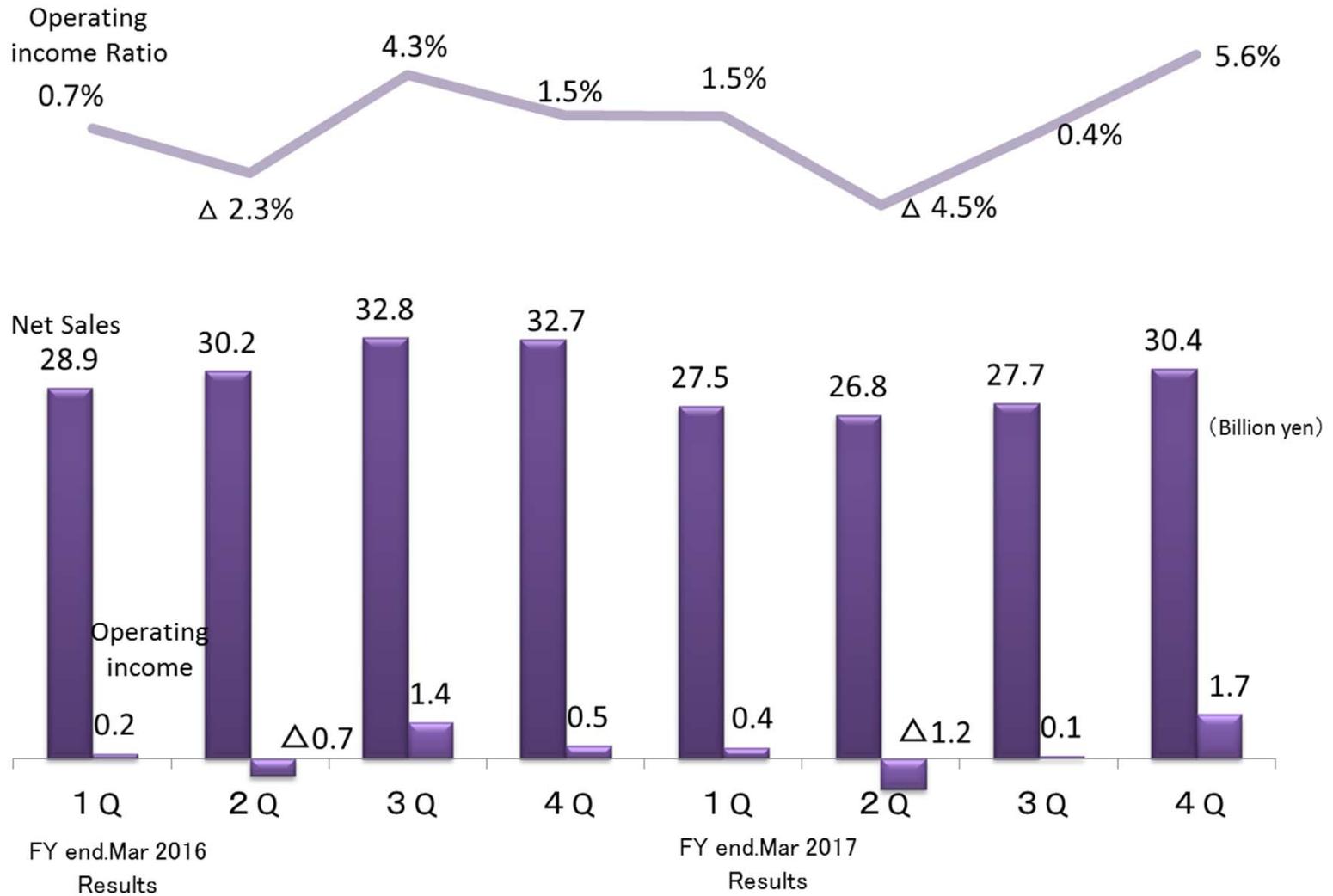
## Quarterly Transition of Net Sales and Operating Income(ICT)



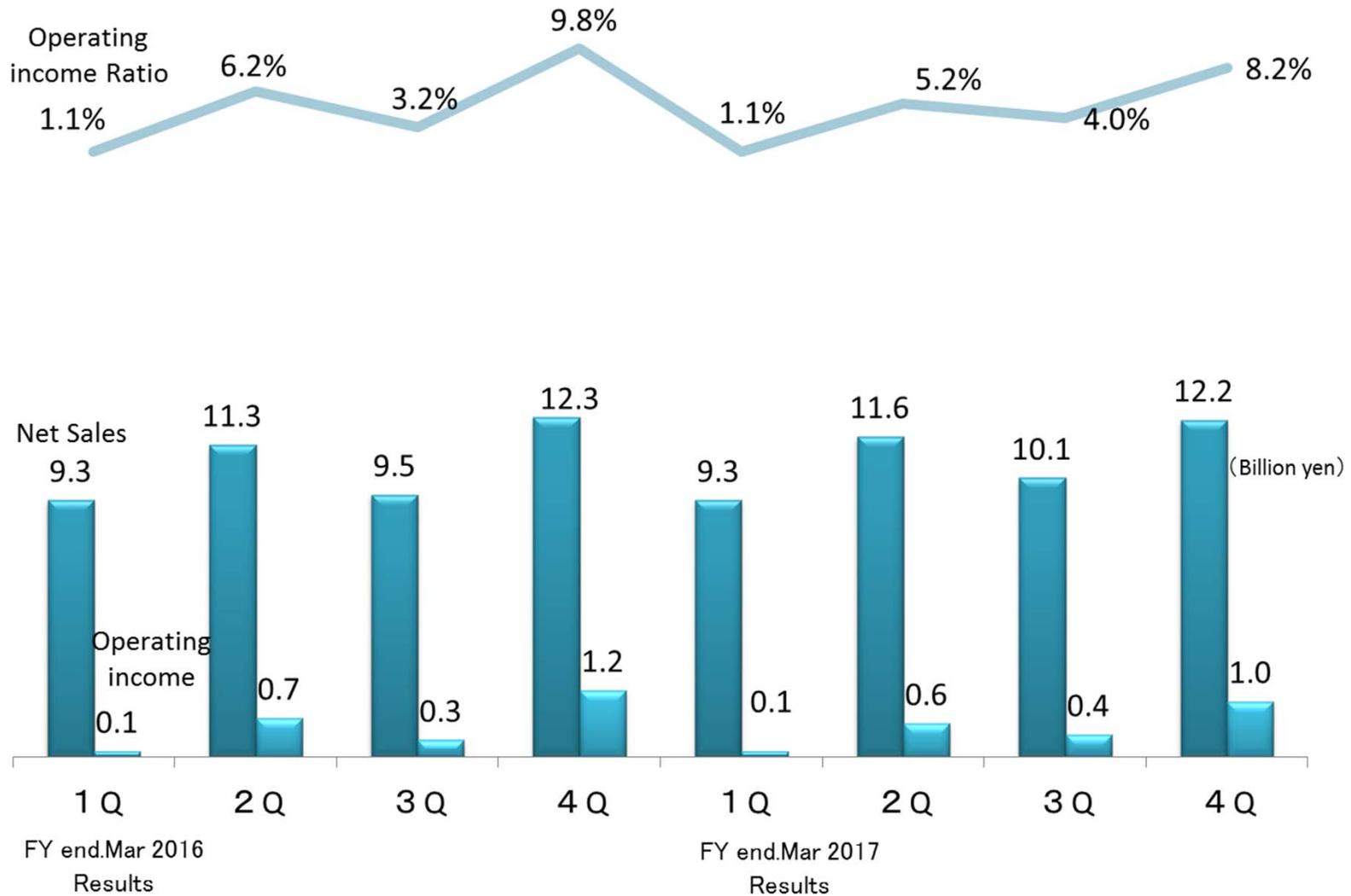
## Quarterly Transition of Net Sales and Operating Income(Mechatronics Systems)



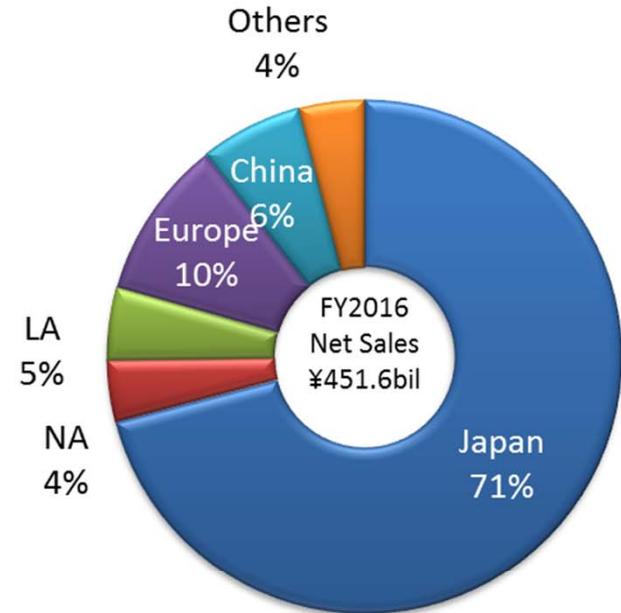
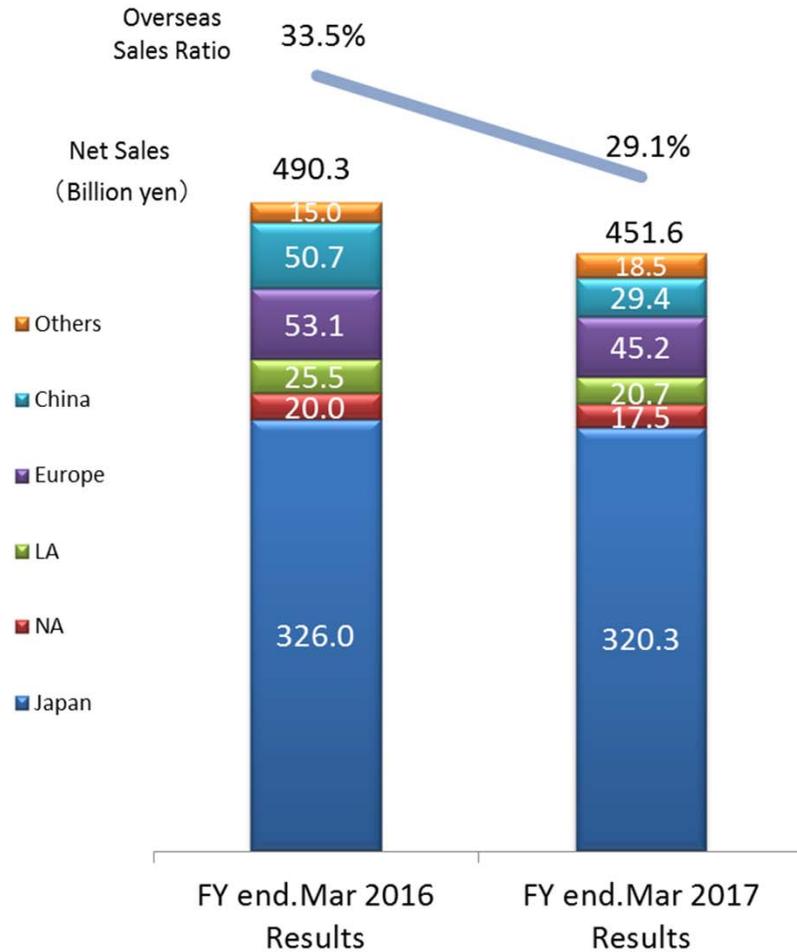
## Quarterly Transition of Net Sales and Operating Income(Printers)



## Quarterly Transition of Net Sales and Operating Income(EMS)



# Sales by Region



## Quarterly Transition of Profit and Loss

Results (Billion yen)	FY end. Mar. 31, 2016				FY end. Mar. 31, 2017				FY end. Mar. 31, 2018
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Full year (Plan)
Net sales	109.8	113.2	114.6	152.7	93.2	106.1	105.6	146.7	455.0
Operating income	3.5	0.1	3.9	11.1	0.7	(1.3)	1.0	2.1	13.0
Non-operating income & expenses	2.4	(3.6)	(2.5)	(3.5)	(7.1)	(1.2)	3.6	(0.2)	-
Ordinary income/loss	5.9	(3.5)	1.4	7.6	(6.4)	(2.5)	4.6	1.9	12.0
Extraordinary income/loss	0.1	0.2	(0.3)	0.3	0.0	(2.6)	(0.3)	18.9	-
Income/loss before income taxes	6.0	(3.3)	1.1	7.9	(6.4)	(5.1)	4.3	20.9	-
Profit/loss attributable to owners of parent	3.2	(2.3)	(2.7)	8.4	(6.1)	(7.4)	1.5	16.7	8.0

# Financial Highlights

Results (Billion yen)	FY end. Mar. 31, 2016				FY end. Mar. 31, 2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Total assets	421.9	412.5	414.8	411.8	387.1	371.9	379.6	360.7
Net assets	119.8	113.6	110.6	107.4	99.2	93.1	92.5	97.2
Interest-bearing debt	109.5	114.8	118.3	122.1	118.7	107.8	109.7	87.0
Shareholders' equity	118.8	112.8	110.3	106.7	98.7	92.6	92.1	96.9
Shareholders' equity ratio (%)	28.1	27.3	26.6	25.9	25.5	24.9	24.3	26.9
D/E ratio (times)	0.9	1.0	1.1	1.1	1.2	1.2	1.2	0.9
Free cash flows	1.6	(14.3)	(0.3)	(3.4)	16.1	(3.3)	8.1	28.7
Cash and cash equivalents	53.7	44.5	45.5	46.3	57.1	43.0	47.0	52.0
USD average exchange rate (Yen)	121.4	122.2	121.5	115.5	108.2	102.4	109.3	113.6
EUR average exchange rate (Yen)	134.2	135.9	133.0	127.2	122.0	114.3	117.8	121.1

# Notice

- The projections and plans in this material are based on information currently available to OKI as of the date of publication and certain assumptions judged as rational, therefore actual results are subject to change depending upon the changes of business environments and other conditions.
- 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.



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