

Financial Results for the First Nine Months of the FY ending March 31, 2017

February 2, 2017

Oki Electric Industry Co., Ltd.



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Overview of Q3

➤ Summary of Business

Overall OKI's performance is generally going according to its full year projections announced in October 2016.

➤ Non-operating expenses

Foreign exchange losses were reduced due to reviewing some deals in foreign currencies to reduce the impact of currency exchange, in addition to the exchange fluctuation in Q3.

➤ Arbitration

Hearing of arbitration in China still continues.

➤ Transfer shares of consolidated subsidiary

OKI reviewed the business portfolio as part of its growth strategies.

Summary of Financial Results

- Its business performance turned out approximately as planned though both net sales and operating income decreased year on year.
- 4.3 B yen of foreign exchange losses in non-operating expenses were recorded (recorded 3.4 B yen of foreign exchange losses in the same period last fiscal year).
- 2.5 B yen of the loss related to the Antimonopoly Act was recorded in Q2.

(Billion yen)	9 months FY end. Mar. 2017	9 months FY end. Mar. 2016	Variance
Net sales	304.9	337.6	(32.7)
Operating income	0.4	7.5	(7.1)
Ordinary income (loss)	(4.3)	3.8	(8.1)
Profit (loss) attributable to owners of parent	(12.0)	(1.8)	(10.2)
USD average exchange rate (Yen)	106.6	121.7	
EUR average exchange rate (Yen)	118.0	134.4	

* Foreign exchange losses in non-operating expenses were the loss which generated by the evaluation primarily on our receivables in foreign currency as of December 31, 2016 at the exchange rates based on the same day. These amounts will fluctuate in accordance with the situation of exchange rates in the future.

Segment Information (Net sales)

- ICT : Sales for telecom carriers and fire-fighting digital wireless systems, and large projects for public sector decreased year on year (these factors were incorporated in our plan).
- Mechatronics systems : Sales of ATMs for China decreased as the market was in a lull. Businesses in other countries and Japan were basically stable.
- Printers : Sales decreased due to the impact of decline in printing demands in offices and currency exchange.

(Billion yen)	9 months FY end. Mar.2017	9 months FY end. Mar.2016	Variance
ICT	102.9	114.1	(11.2)
Mechatronics systems	76.2	87.5	(11.3)
Printers	82.0	91.9	(9.9)
EMS	31.0	30.1	0.9
Others	12.9	14.0	(1.1)
Total	304.9	337.6	(32.7)

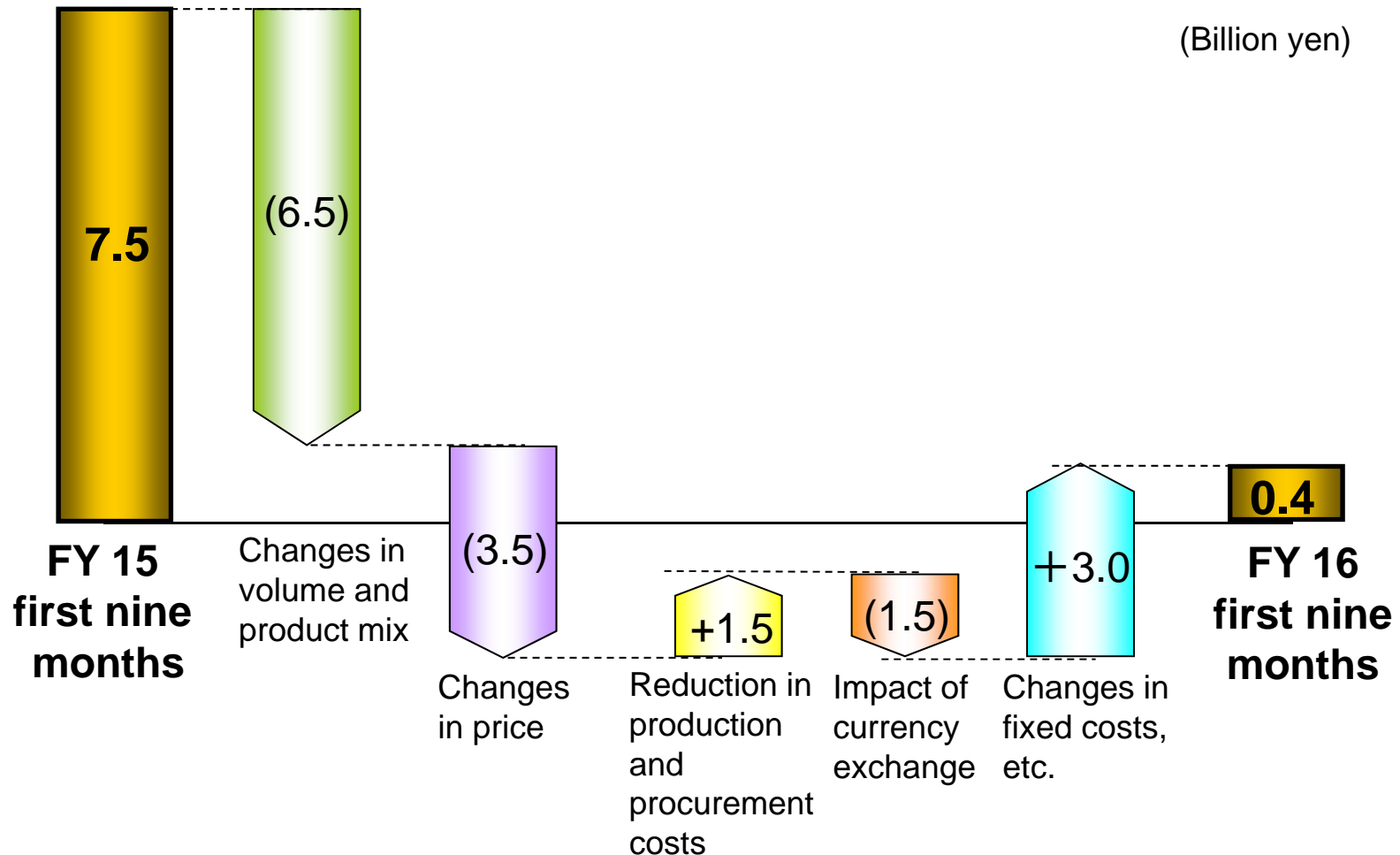
Segment Information (Operating income/loss)

- ICT : Effects of the structural reform etc. offset the impact of decrease in sales volume.
- Mechatronics systems : Operating income decreased due to lower sales volumes in Chinese market.
- Printers : Operating income/loss worsened mainly due to the impact of currency exchange.

(Billion yen)	9 months FY end. Mar.2017	9 months FY end. Mar.2016	Variance
ICT	1.2	1.3	(0.1)
Mechatronics systems	0.8	5.9	(5.1)
Printers	(0.7)	0.9	(1.6)
EMS	1.1	1.1	0.0
Others	2.4	3.3	(0.9)
Corporate & Eliminations	(4.5)	(5.0)	0.5
Total	0.4	7.5	(7.1)

Changing Factors of Operating Income (year on year)

- OKI made the effort to reduce fixed costs, etc. against the impact of decrease in sales volume.



Balance Sheets

- Total assets were reduced by the reduction of working capital.
- Levels of shareholders' equity ratio and D/E ratio were stable and approximately the same level as at the beginning of the current fiscal year.

(Billion yen)	Dec. 2016	Mar. 2016	Variance
Current assets	222.9	277.6	(54.7)
Fixed assets	156.7	134.1	22.6
Assets	379.6	411.8	(32.2)
Current liabilities	190.8	199.2	(8.4)
Fixed liabilities	96.2	105.2	(9.0)
Liabilities	287.1	304.4	(17.3)
Shareholders' equity	92.1	106.7	(14.6)
Others	0.4	0.7	(0.3)
Net assets	92.5	107.4	(14.9)
Total liabilities and net assets	379.6	411.8	(32.2)
Shareholders' equity ratio (%)	24.3	25.9	(1.6)%
D/E ratio (times)	1.2	1.1	+0.1pt

Cash Flows

- Cash flows from operating activities improved drastically due to the reduction of working capital.
- Interest-bearing debts were reduced by utilizing free cash flows.

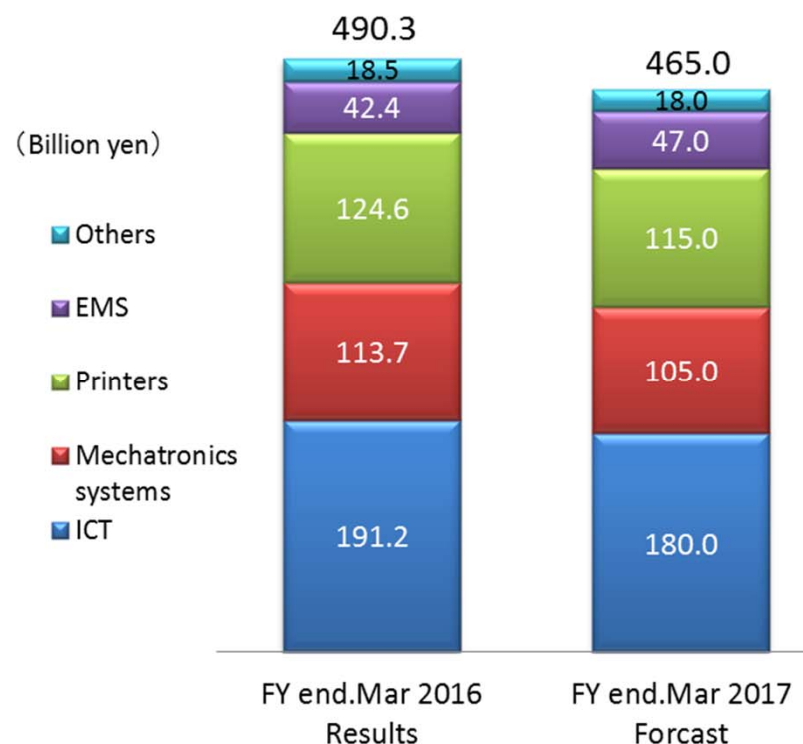
	9 months FY end. Mar.2017	9 months FY end. Mar.2016	Variance
(Billion yen)			
I Cash flows from operating activities	31.9	(0.2)	32.1
II Cash flows from investing activities	(11.0)	(12.8)	1.8
Free cash flows (I + II)	20.9	(13.0)	33.9
III Cash flows from financing activities	(19.6)	5.6	(25.2)
Cash and cash equivalents	47.0	45.5	1.5
Purchases of equipment	(7.4)	(9.0)	1.6
Depreciation	10.2	10.6	(0.4)

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

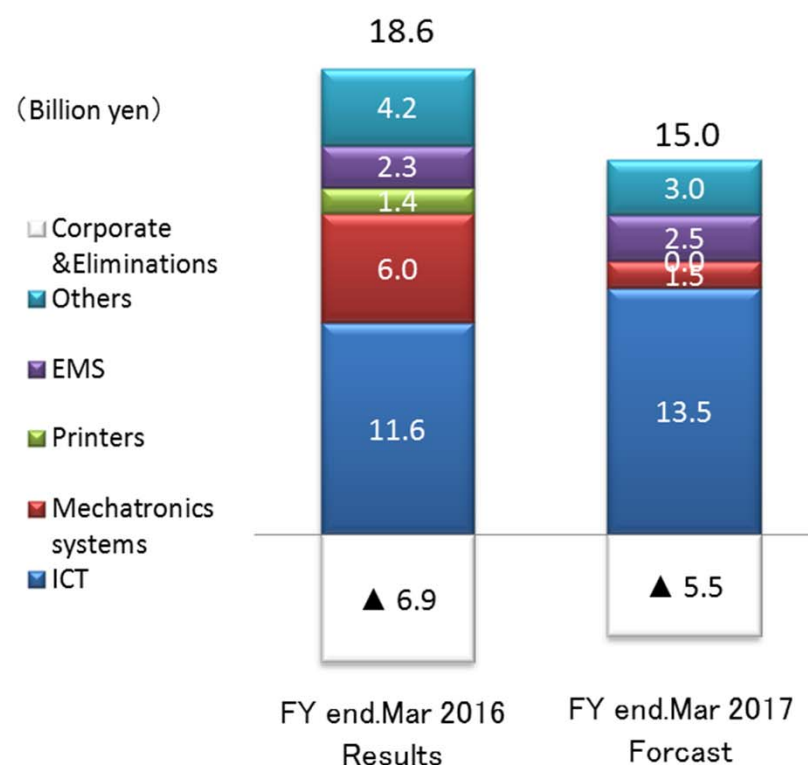
Reference

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

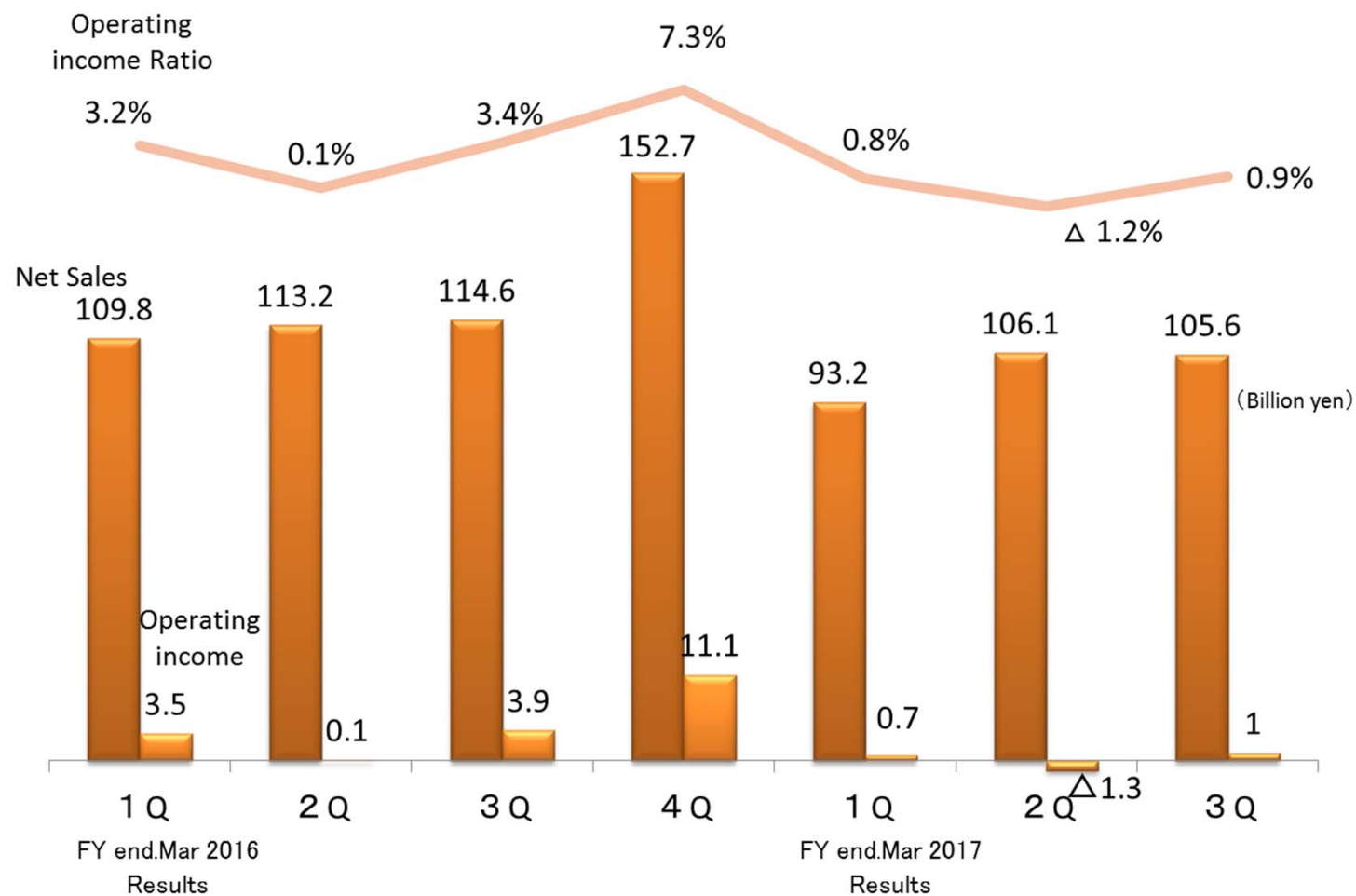
Net Sales



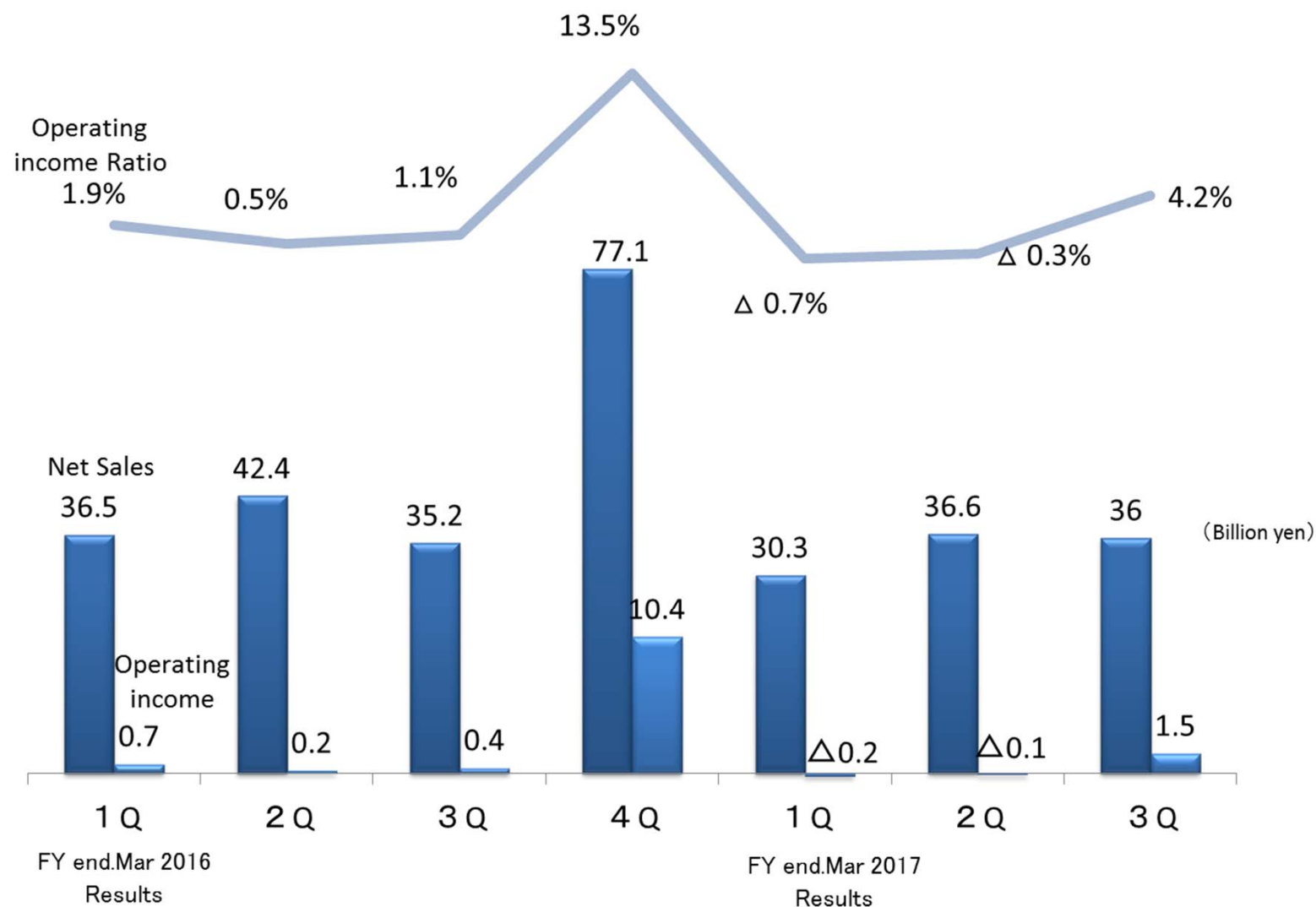
Operating Income



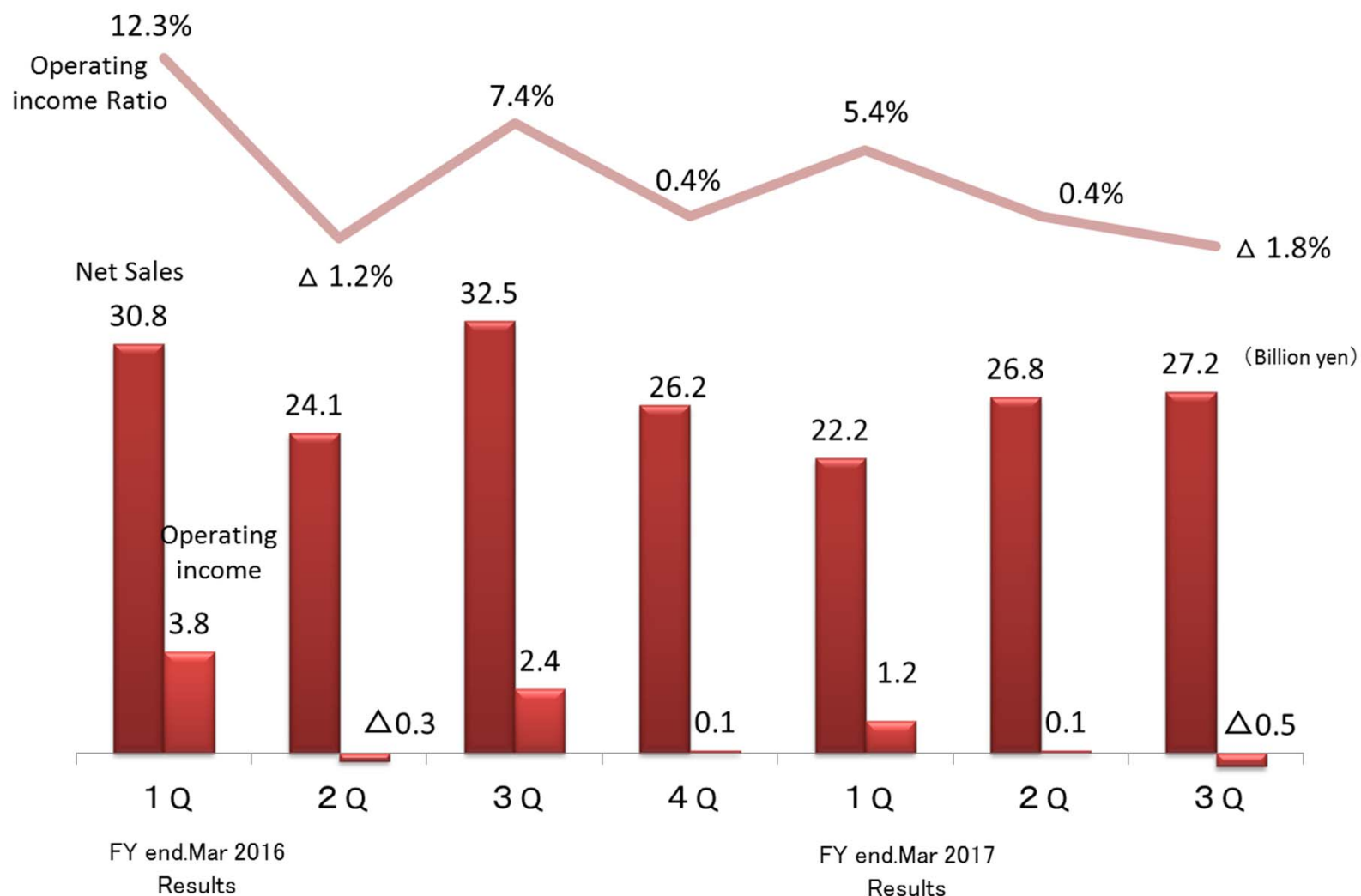
Quarterly Transition of Net Sales and Operating Income



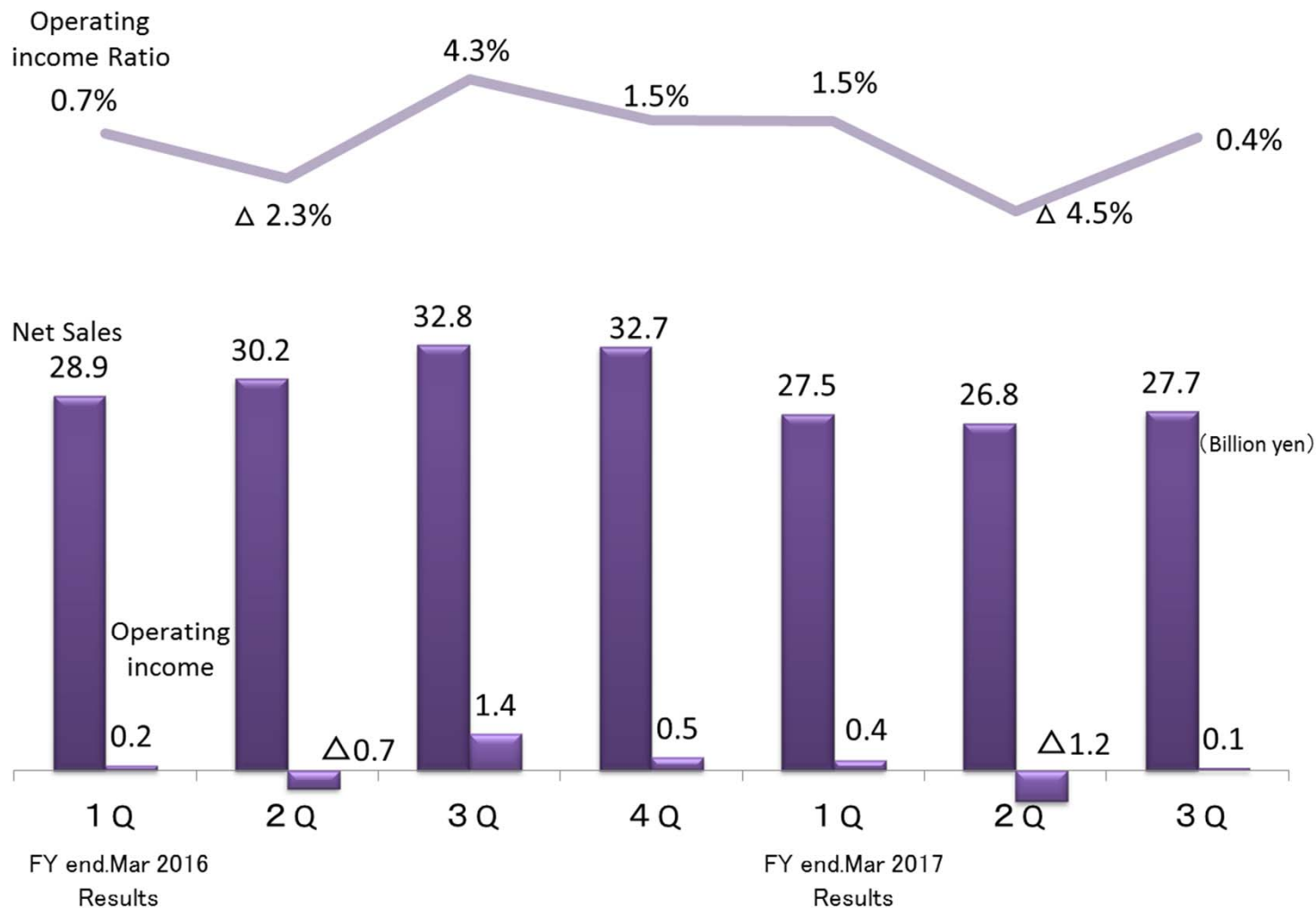
Quarterly Transition of Net Sales and Operating Income(ICT)



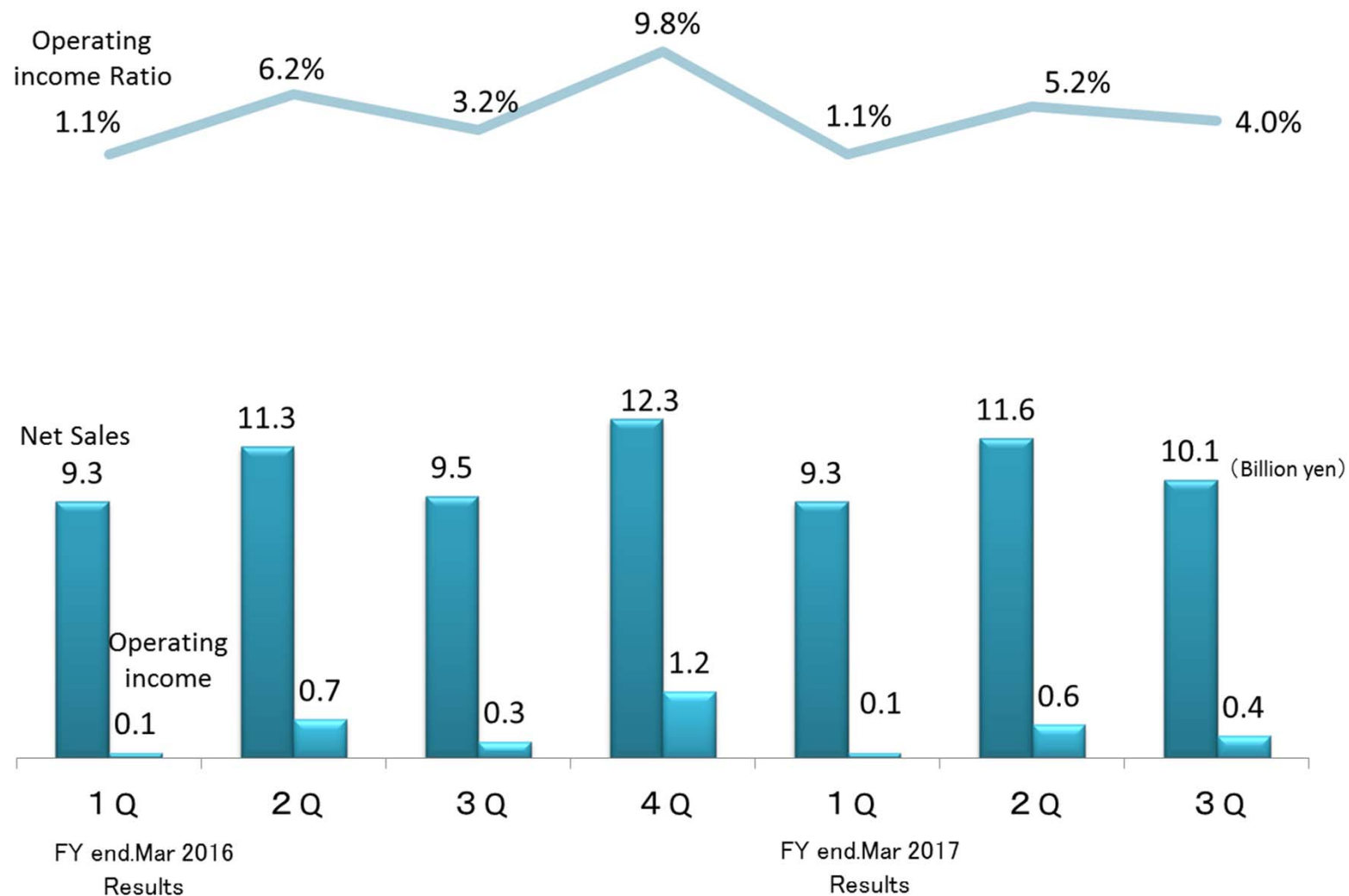
Quarterly Transition of Net Sales and Operating Income(Mechatronics Systems)



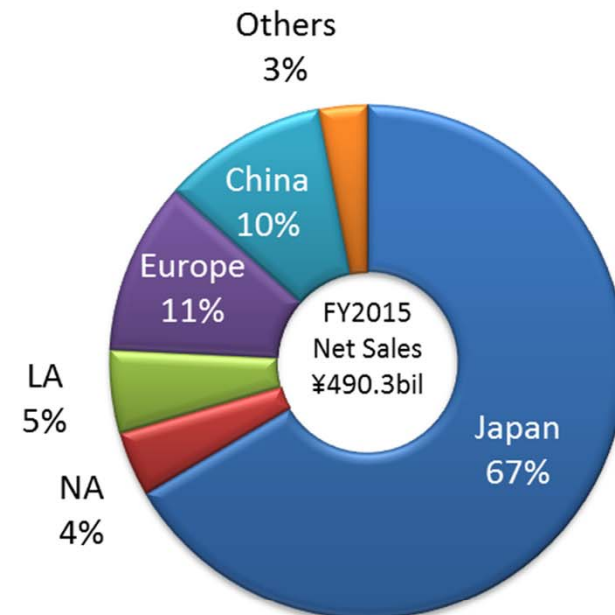
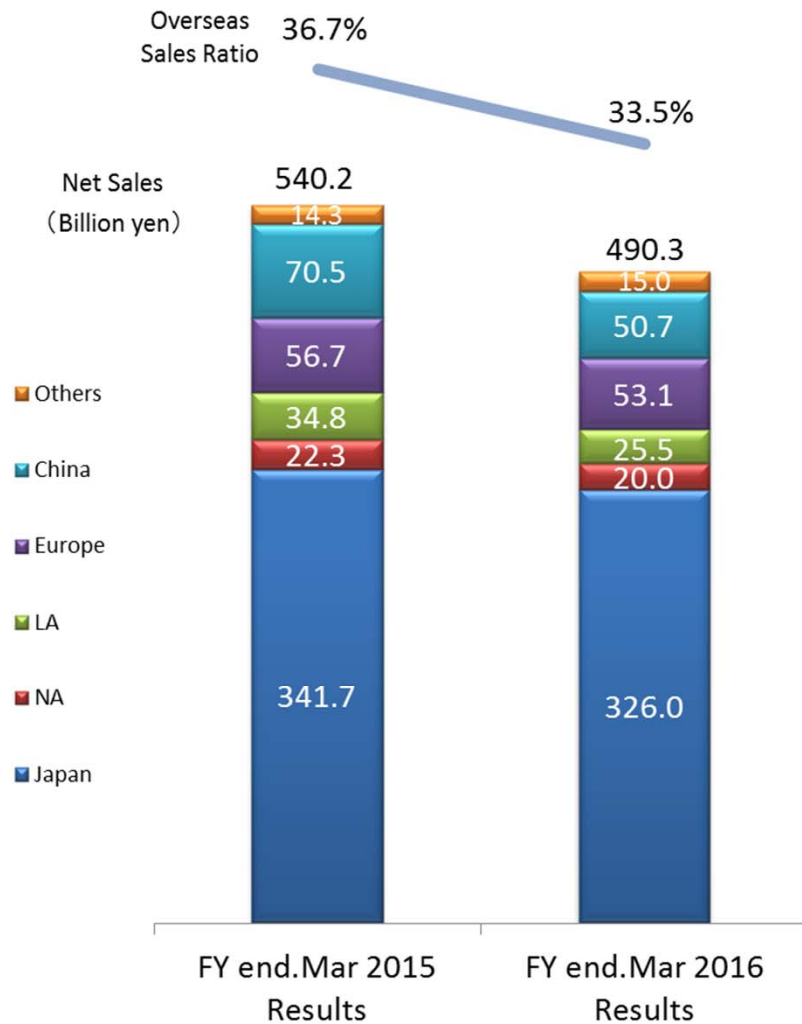
Quarterly Transition of Net Sales and Operating Income(Printers)



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, 2017
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	Full year (Plan)
Net sales	109.8	113.2	114.6	152.7	93.2	106.1	105.6	465.0
Operating income	3.5	0.1	3.9	11.1	0.7	(1.3)	1.0	15.0
Non-operating income & expenses	2.4	(3.6)	(2.5)	(3.5)	(7.1)	(1.2)	3.6	-
Ordinary income/loss	5.9	(3.5)	1.4	7.6	(6.4)	(2.5)	4.6	6.0
Extraordinary income/loss	0.1	0.2	(0.3)	0.3	0.0	(2.6)	(0.3)	-
Income/loss before income taxes	6.0	(3.3)	1.1	7.9	(6.4)	(5.1)	4.3	-
Profit/loss attributable to owners of parent	3.2	(2.3)	(2.7)	8.4	(6.1)	(7.4)	1.5	3.0

Financial Highlights

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

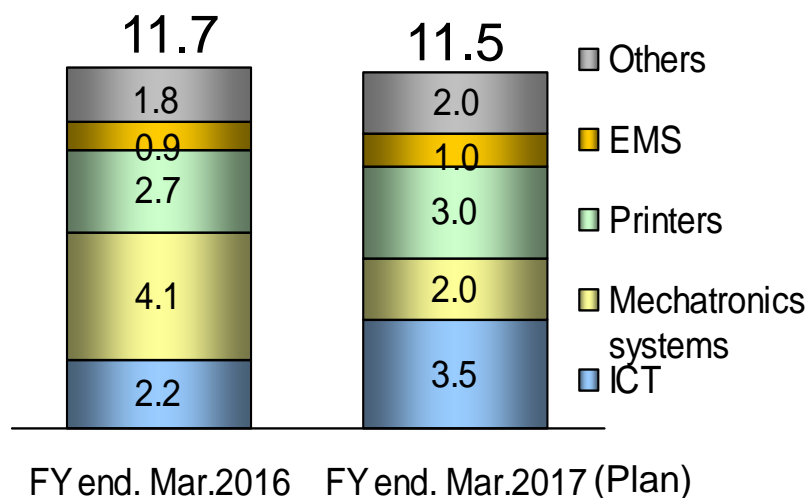
Capital Expenditure and R&D Expenses Projections

Property, Plant & Equip.

(Billion yen)

R&D Expenses

[Capital Expenditure]



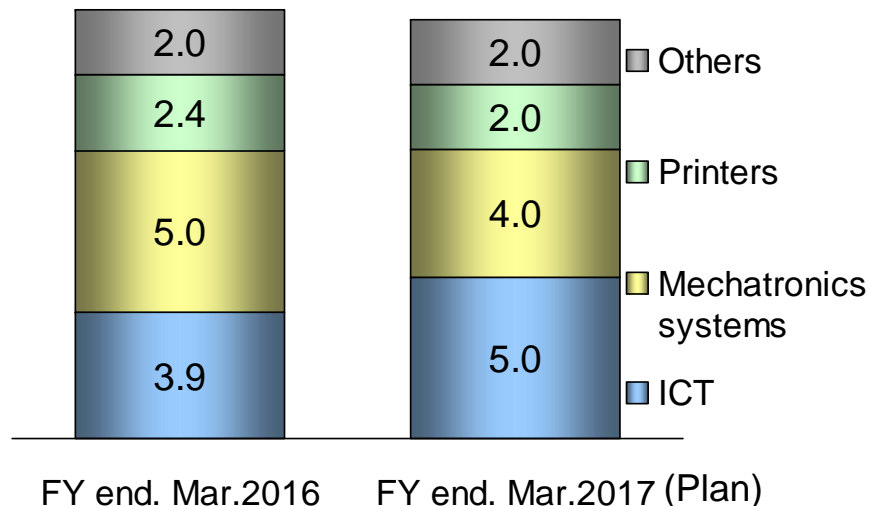
[Depreciation]

11.2

12.0

13.3

13.0



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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