



Mid-term Business Plan 2019

EMS Business

1. Business Summary
2. Review of Mid-term Business Plan 2016
3. Mid-term Business Plan 2019

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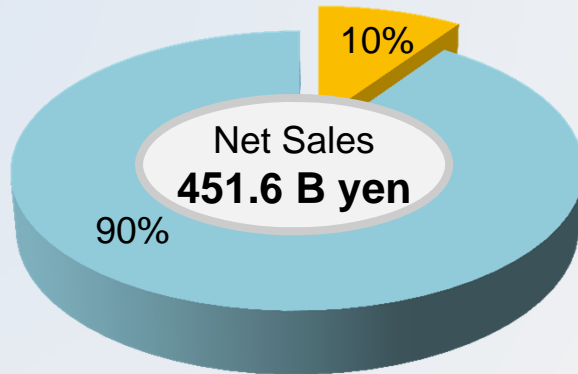
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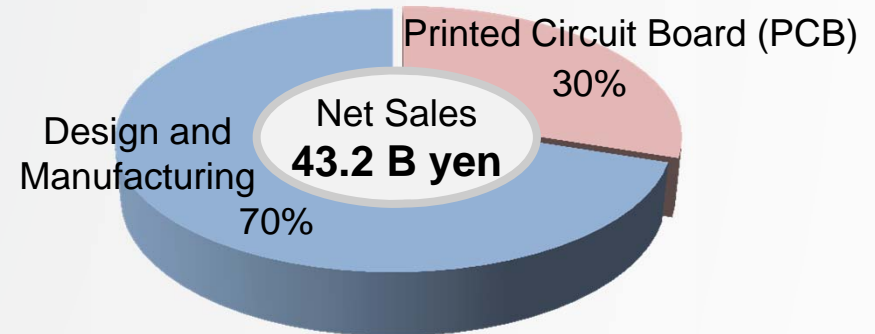
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Business Summary - Position in OKI Group -

- EMS business is the newest and smallest business segment in OKI group
- Toward becoming next pillar of profit in OKI group, we choose proactive investment for maintaining high growth



OKI-G Net Sales in FY16



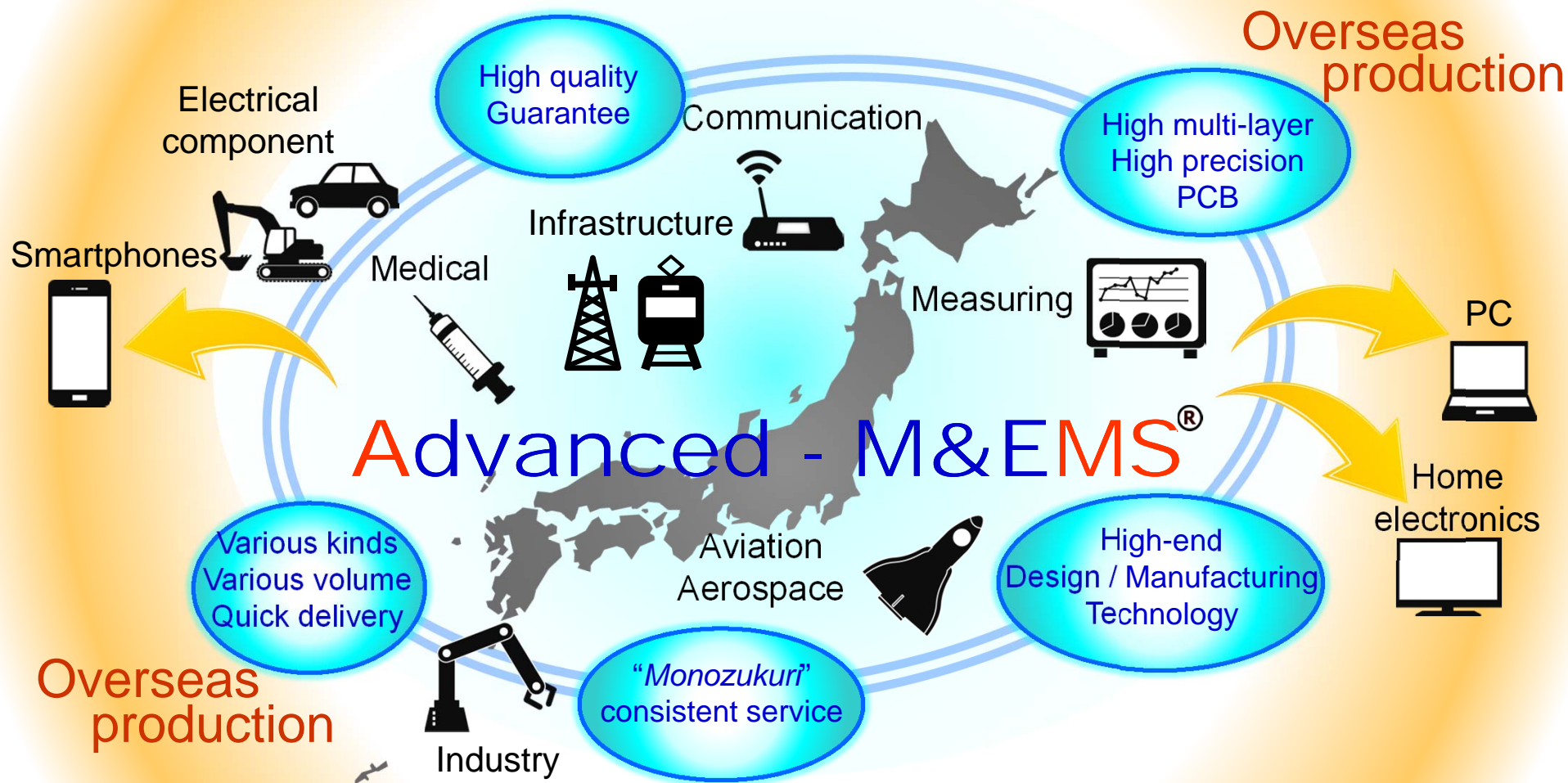
EMS Business Net Sales in FY16

Business Strategies by Segment - Improvement in Portfolio -

Business	Positions in Mid-term Business Plan 2019	Key Words
ICT	Secure stable profitability Create new businesses	Next generation infrastructures, IoT
Mechatronics systems	Get back on a growth path	Emerging countries, Retail market, Strategic products
Printers	Secure stable profitability by strategic transformation	Niche market, LED, Streamlined management
E M S	The points along the way to business EMS into 100.0 B yen business	New market domains, M&A

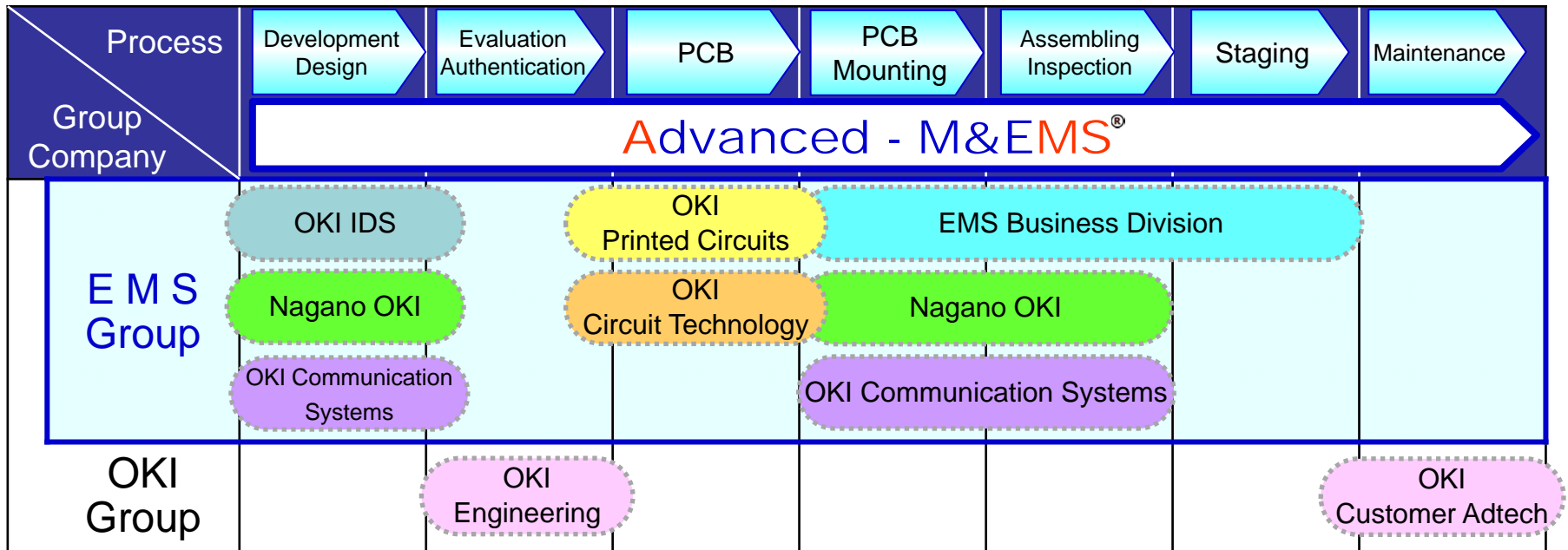
Business Summary - Business Contents -

- Focus on high-end segment, mainly domestic production
- Offer integrated manufacturing (*monozukuri*) service, exploiting features of “Made in Japan”



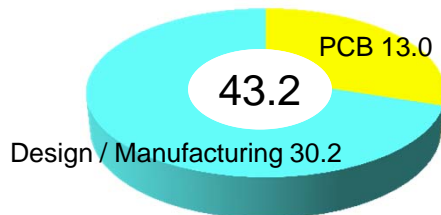
Business Summary - Business Structure -

- Consistent service from design to manufacturing is our character
- Provide design and manufacturing service of high-end products for various markets with comprehensive strength of OKI group



<FY16 Net Sales by Segment>

(Billion yen)



<FY16 Net Sales by Market>

(Billion yen)

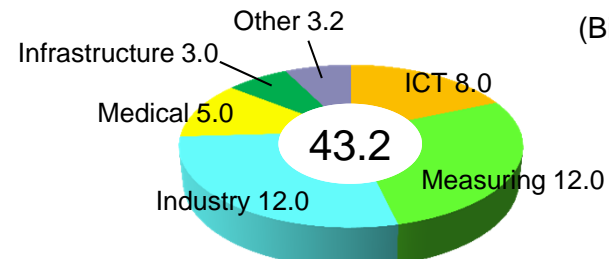


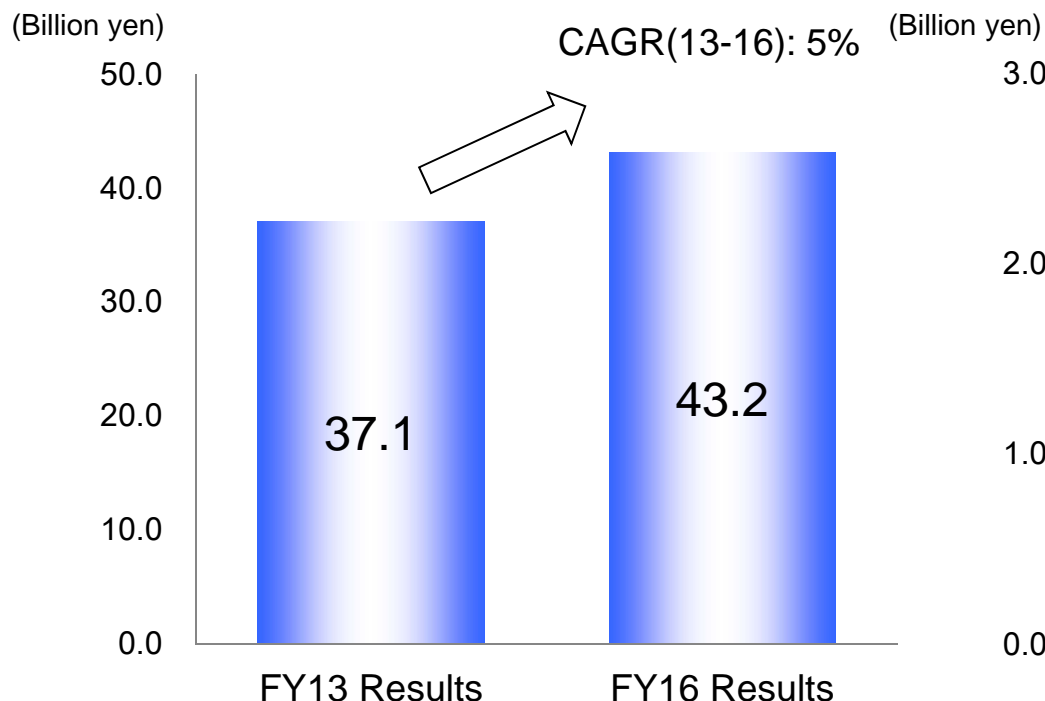
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Review of Mid-term Business Plan 2016

- Marked increase both in net sales and operating income
- Captured business seeds for FY17 or later growth, by cultivating the new market
 - Medical : already entered into --- sales expansion in progress
 - Aviation Aerospace : trial production order received --- seek full-scale entry

<Net Sales>



<Operating Income>

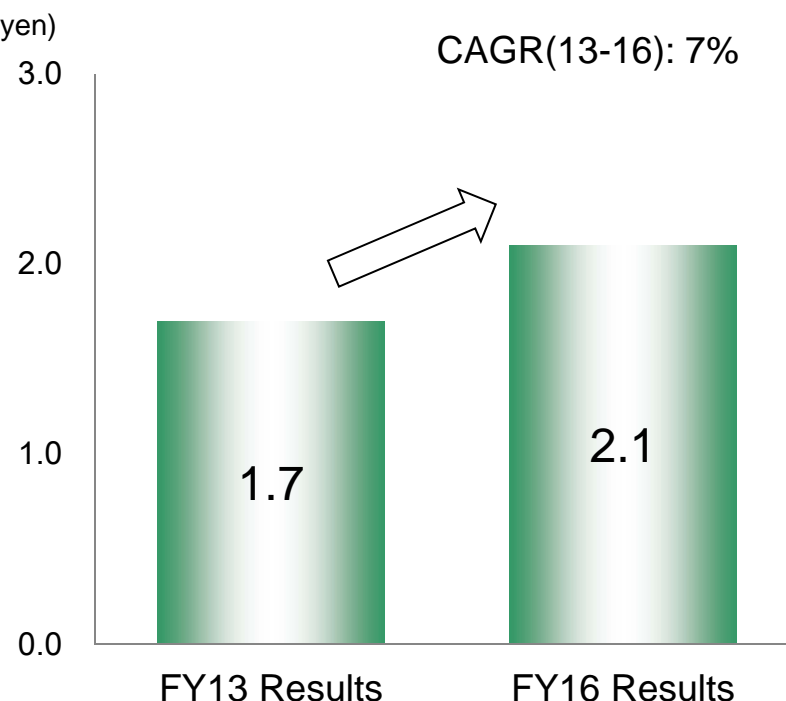


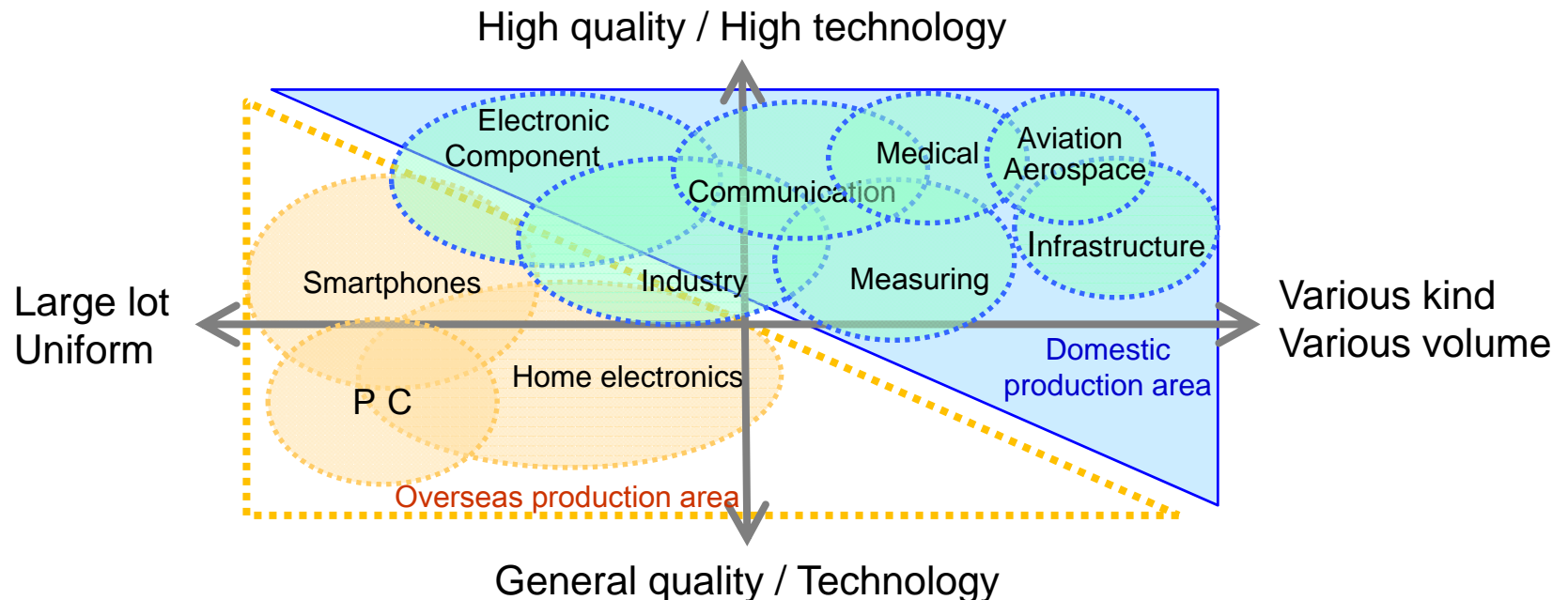
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Business Strategy in Mid-term Business Plan 2019

【Basic Policy】

- Ongoing expansion in high-end market, in which continuous domestic production is projected
- Aim 100.0 B yen in sales in year 202X



【Business Strategy】

- Full-scale entry to the new market, aviation aerospace and electric component
- Expand by new M&A, as well as by maximizing the effect of past M&A and business transfer

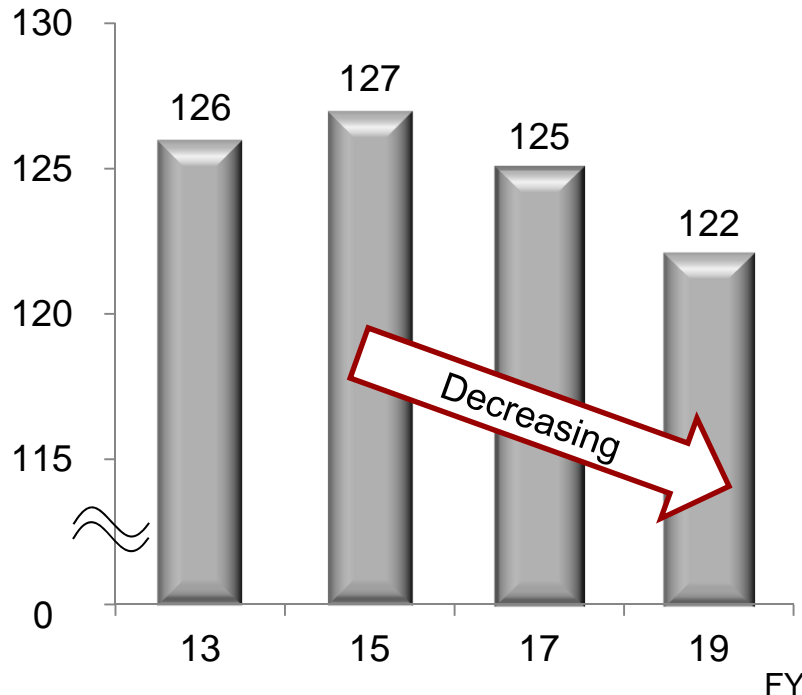
Market Trends

- Domestic production is in decreasing trend
Horizontal division of labor in manufacturing is likely to progress further
--- In addition to the shift to overseas production, acceleration of leveraging EMS services may occur

<Domestic Production Forecast>

(Trillion yen)

CAGR(16-20Forecast): -2%

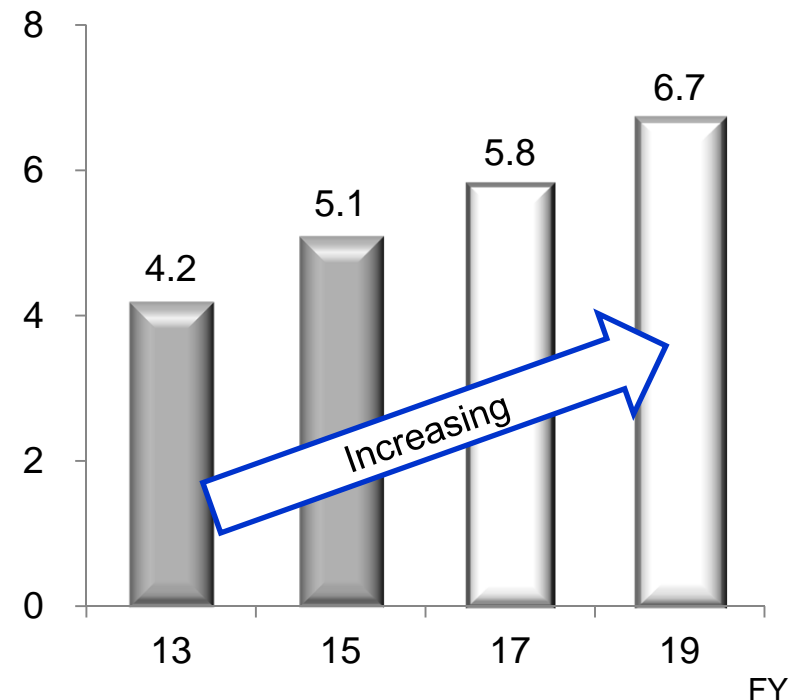


Source: JIDEA Research group (Domestic production by segment)

<Domestic EMS Demand Forecast>

(Trillion yen)



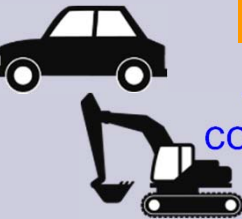
CAGR(11-15Results): 7%



Source: METI (Basic Survey of Japanese Business Structure and Activities), Forecast by OKI

Focus Measurement (1)

- Make full use of opportunities, market changes and new channel, progress “the transfer of the whole factory” and “the entry into the new market”

Market	Opportunities	Measurements
 Medical	<ul style="list-style-type: none"> Increasing new entrants Market reorganization 	<ul style="list-style-type: none"> Expand from design to consistent order (Acquire medical certification of design process) Drive forward “the transfer of the factory whole” by acquiring new entrants
 <div>NEW</div> Aviation Aerospace	<ul style="list-style-type: none"> Obtained channel by business transfer of PCB Growing needs for cost reduction 	<ul style="list-style-type: none"> Widen the order coverage from PCB Increase the certification of JAXA(Aviation), JIS Certificates (Aerospace)
 <div>NEW</div> Electric component	<ul style="list-style-type: none"> Automation, computerization Exclusive domestic contracts with Xylon for IP of ADAS IoT for factory 	<ul style="list-style-type: none"> Obtain orders from design to trial production (FPGA*1, ADAS*2 technology) Expand for construction equipment and specific automobile (ADAS, images, wireless technology) Take in Ether-CAT*3 demand

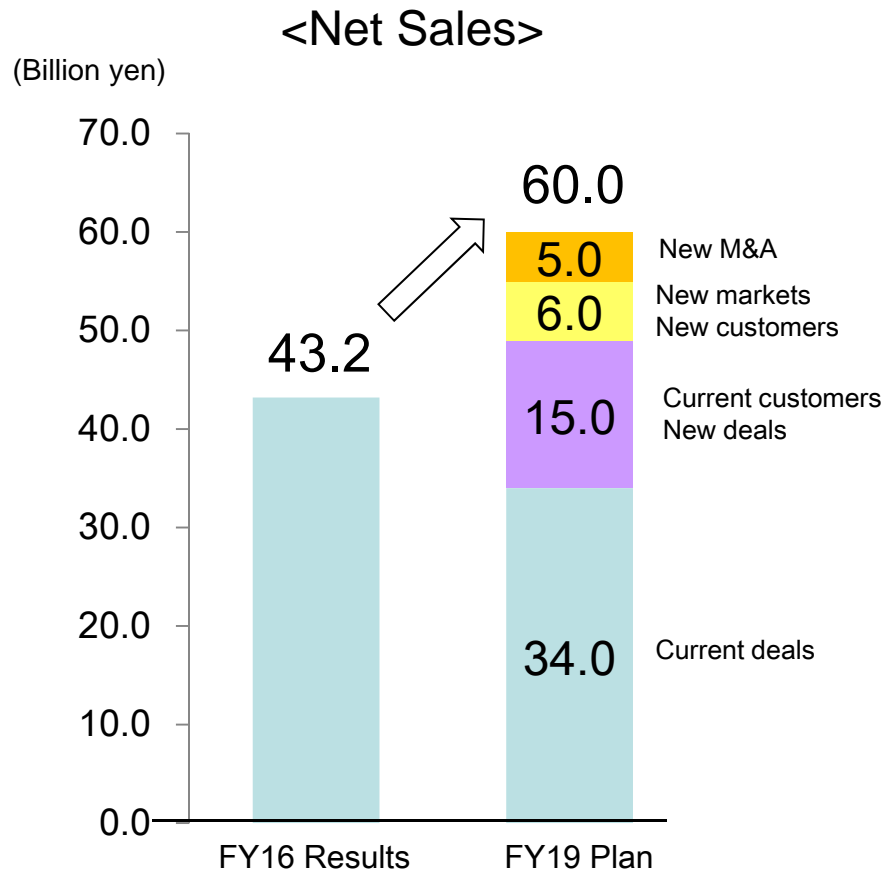
*1 FPGA: Field-programmable gate array

*2 ADAS: Advanced Driving Assistant System

*3 Ether-CAT: Ethernet for Control Automation Technology

Focus Measurement (2)

- Continuous discussion of new M&A for the sake of synergy effect
- Toward expanding new deals, enhance sales activities with group cooperation
- 5.0 B yen of capital expenditure for enhancing manufacturing



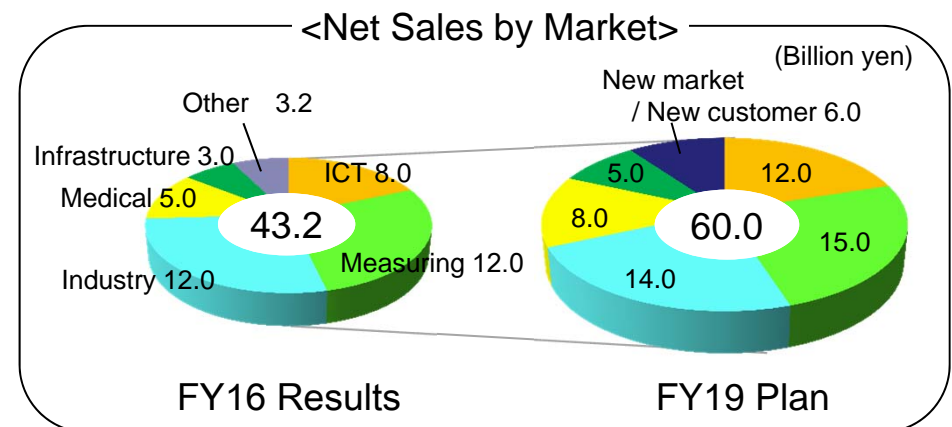
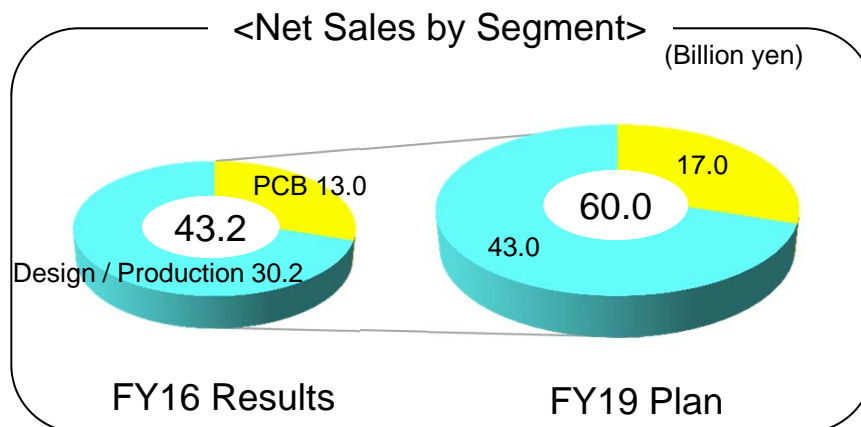
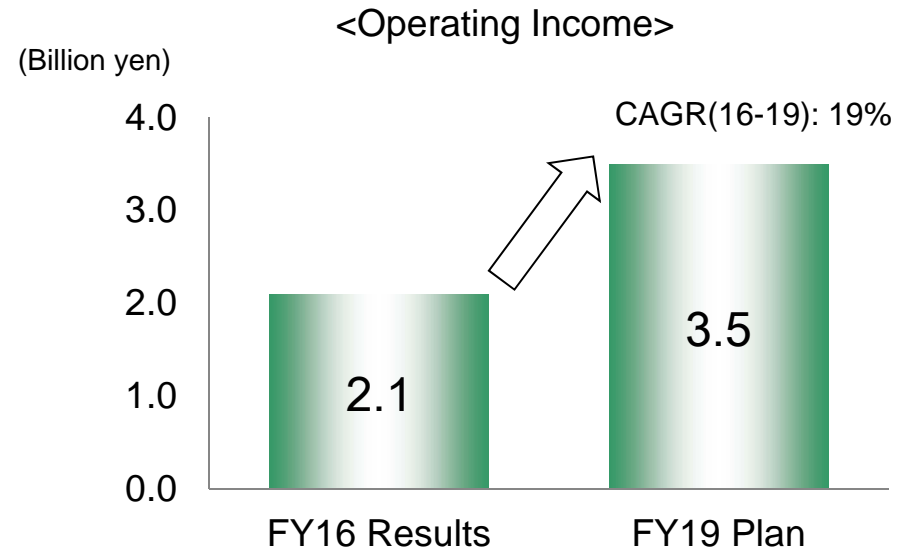
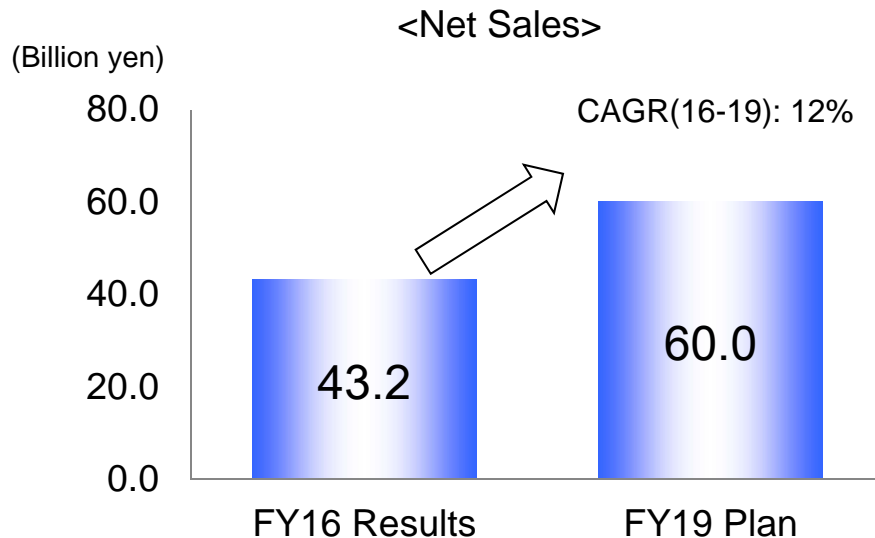
<Measurements for Growth>

Segment	Measurements
New M&A	<ul style="list-style-type: none"> Continuous discussion for synergy effects of channels, technology, product capacity
New markets New customers	<ul style="list-style-type: none"> Target aviation, aerospace, and electrical component Capital expenditure for high density mounting, AOI*, and other Differentiate by evaluation services and certification
Current customers New deals	<ul style="list-style-type: none"> Solid launch of new products Widen commission process, proceed transfer of the whole factory Capital expenditure for high-precision substrates and enhancement of productivity
Current deals	<ul style="list-style-type: none"> Maintain orders by maximizing customer satisfaction (enhance manufacturing, further improvement of QCD)

*AOI :Automated Optical Inspection

Business Plan

- FY2019 is a point along the way to 100.0B yen business.
Strengthen the manufacturing of “Made in Japan”, aim continuous business growth





Open up your dreams

< Cautionary statements >

*The forward-looking statements in this material are based on business environments as of the date of publication, therefore the actual results may differ from those forecasts due to changes in business environments.