



Mid-term Business Plan 2019

ICT Business

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

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Business Summary (1)

Based on an installed customer base accumulated over the past 136 years, OKI provides a wide range of solutions, products, and services that support social infrastructures, including an array of distinctive devices, sensing technologies featuring acoustic and optical sensors, Network technologies, data processing/operation technologies, and know-how

Products that support social infrastructures

Solutions

- Flight control systems/ETC/VICS/firefighting systems/disaster prevention/self-defense systems, etc.
- Government ministry operating solutions
- Bank branch systems/VTM/bankbook application services, etc.
- Railway ticketing systems/automated airport check-in systems



Platforms (products and services)

- Carrier networks/video distribution, etc.
- PBX/business phones/contact centers
- Sub-GHz-band multi-hop wireless
- Cloud services/maintenance services/construction services



Data processing/operations

Data processing/operation technologies and know-how developed in the solutions and services business and social infrastructure systems business

Networks

Cable/wireless communication network technologies developed in the telecom systems business and social infrastructure systems business

Sensing

Distinctive sensor technologies (e.g., acoustic/optical sensors) and signal processing technologies developed in the social infrastructure systems business

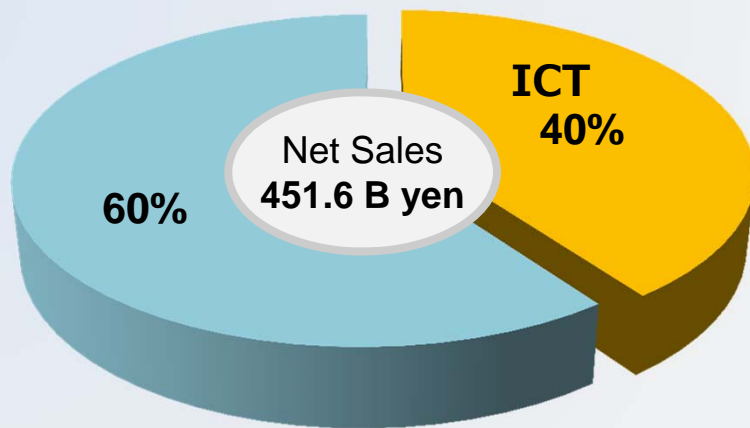
Array of distinctive devices



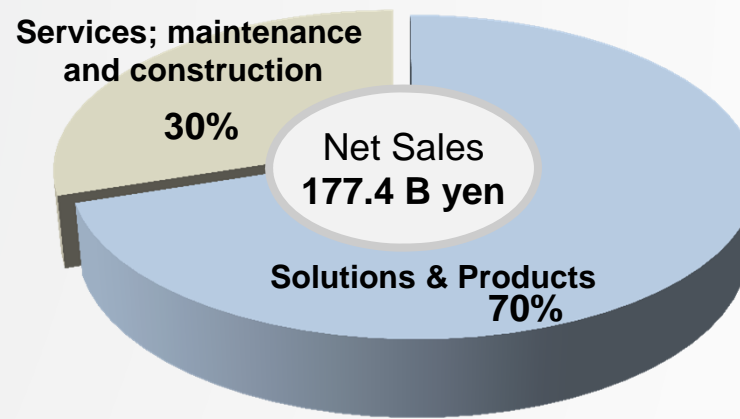
Retain an installed customer base accumulated over the past 136 years

Business Summary (2) - Position in OKI Group -

Seek to grow sustainably by securing stable profitability and creating new businesses as a primary pillar of OKI-G



OKI-G Net Sales in FY16



ICT Business Net Sales in FY16

Business Strategies by Segment

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

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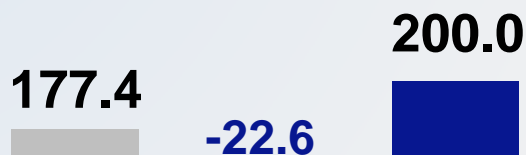
Review of Mid-term Business Plan 2016

- Maintained consistent profits, especially with favorable trends in digital firefighting systems in FY2014
- In response to the contracting scale of business due to the completed implementation of digital firefighting systems and the end of carrier legacy sales...
 - Growth strategy (service and maintenance business expansion) not yet achieved
 - Issues include growth force and insufficient investment**
 - Increased profitability through cost restructuring
 - Maintained a stable profit base**
- Achieved a market presence in the next-generation social infrastructure business, including infrastructure inspections and medical information

Business Performance Comparison

■ Net Sales

(Billion yen)

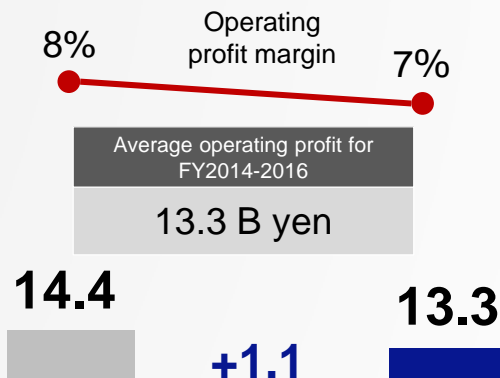


FY16 Results

FY16 Target

■ Operating Income

(Billion yen)



FY16 Results

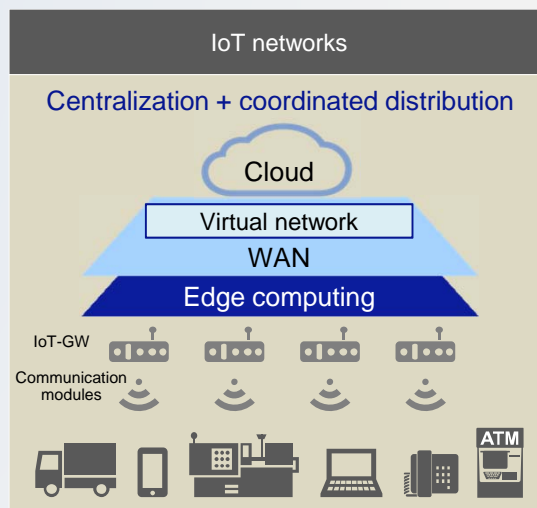
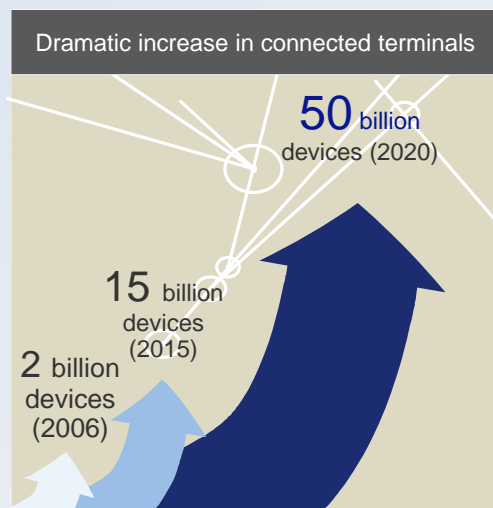
FY16 Target

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Mid-term Business Plan 2019 (1) - Market Trends -

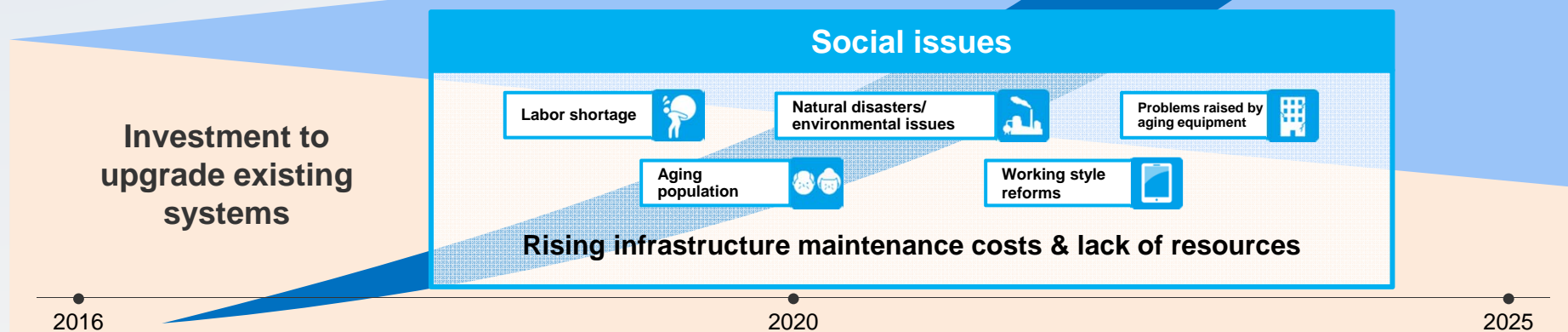
- Overall Japanese ICT market expected to show steady annual growth of 1.3% up to 2019
- Expand ICT application opportunities and investment to resolve various social issues projected to emerge
- Japanese IoT market predicted to grow to 1 trillion yen by 2020 with CAGR 19.5%



Rapid acceleration in digital transformations

Overall Japanese ICT market	1.3% annual growth ^{*1}
Japanese IoT market	CAGR 19.5% ^{*2}

Investment in digital transformations



^{*1} IDC JAPAN forecast

^{*2} Source: "2015 M2M Communication Module/Service Market Outlook," SEEDPLANNING, Inc.

Mid-term Business Plan 2019 (2) - Business Policies and Targets -

Business Policies

Achieve sustained growth by maintaining stable profits and creating new businesses

“IoT OKI”

Deploy the digital innovation (IoT) business as a growth pillar

Business Targets

■ Net Sales

(Billion yen)

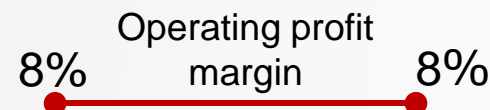


FY16 Results

FY19 Target

■ Operating Income

(Billion yen)



14.4

16.0

FY16 Results

FY19 Target

Mid-term Business Plan 2019 (3) - Business Strategy 1 -

- Maintain and expand stable profits for base businesses thanks to stable investment in social infrastructure
- Target growth through active investment using digital transformations (IoT) as drivers of change

Figures indicate sales growth (compared to 2016)

Growth businesses

- Target growth using digital transformations (IoT) as drivers of change
- Resolve customer issues through co-creation of applications with customers
- Active investment in IoT to resolve emerging social issues



Focus areas



+ 16.0 B yen

Base businesses

- Solutions
 - Flight control systems/ETC/VICS/ firefighting systems/disaster prevention/self-defense systems, etc.
 - Government ministry operating solutions
 - Bank branch systems/VTM/bankbook application services, etc.
 - Railway ticketing systems/automated airport check-in systems
- Platforms (products and services)
 - Carrier networks/video distribution, etc.
 - PBX/business phones/contact centers
 - Sub-GHz-band multi-hop wireless
 - Cloud services/maintenance services/construction services

Overall social infrastructure investment is strong and stable

- Operate strong business areas with eye on M&A
- Active investment in growth business with efficiency improvements

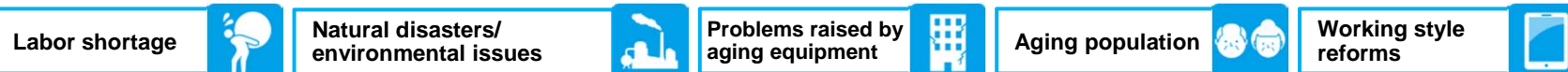


+ 12.0 B yen

Mid-term Business Plan 2019 (4) - Business Strategy 2 -

- Provide solutions to resolve emerging social issues
- Specialize in industry-specific, sensing and network businesses to take advantage of an installed customer base for 136 years, together with technical assets and “Mono-zukuri” strengths

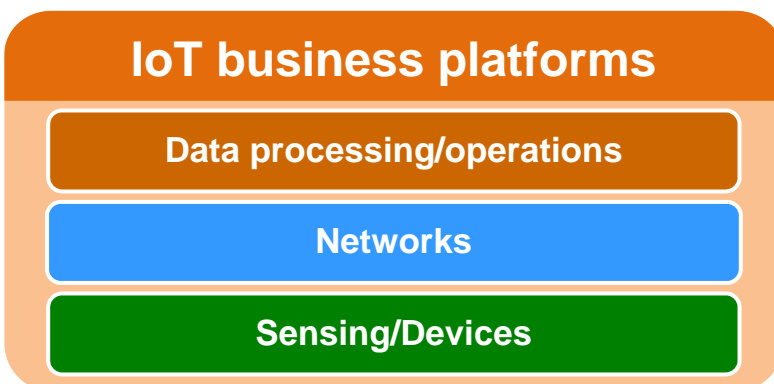
Social issues



Focus areas



Technical assets



Mid-term Business Plan 2019 (5) - IoT Business Platforms 1 -

IoT business platforms

Data processing/
operations

Networks

Sensing/Devices

**OKI's
strengths**

- High-precision real-time sensing made possible by OKI's own optical fiber sensing systems for infrastructure monitoring
- Acoustic sensing technologies with a proven track record in the defense sector

Data processing/
operations

WAN (public/private networks)

Edge computing

FAN/PAN

Cost reductions for installing
sensors in wide areas

**Bridge damage/
deterioration/fire detection**

**Optical fiber
sensors**

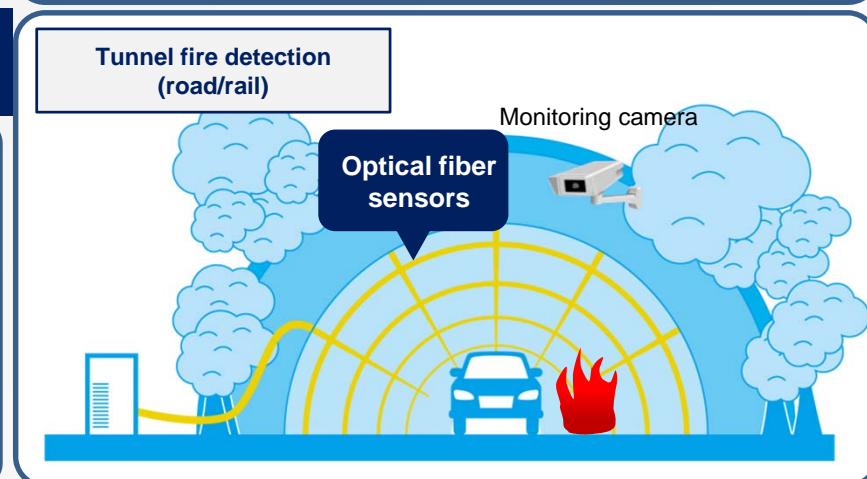
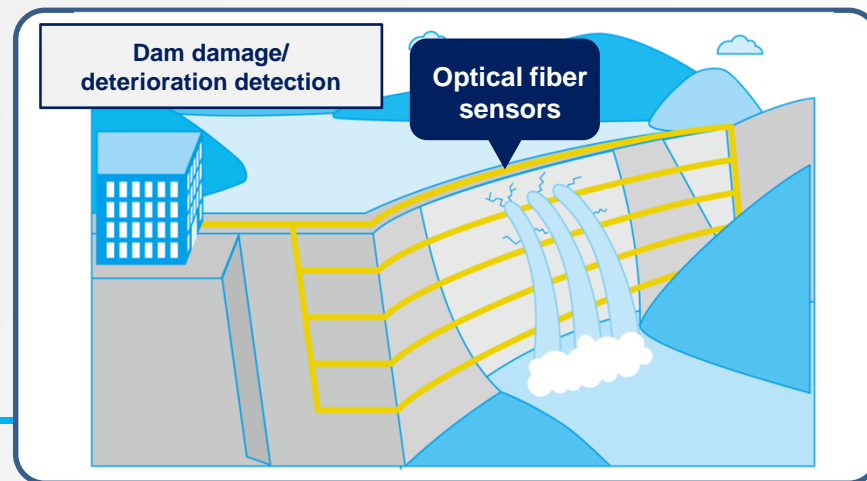
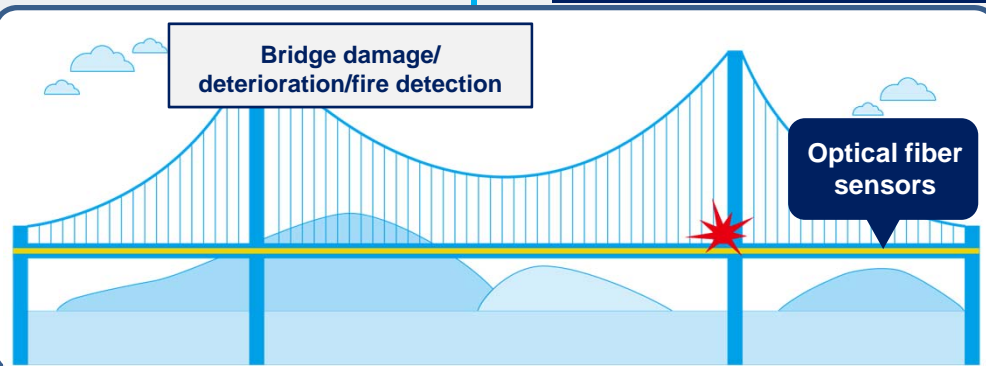
**Dam damage/
deterioration detection**

**Optical fiber
sensors**

**Tunnel fire detection
(road/rail)**

**Optical fiber
sensors**

Monitoring camera



Mid-term Business Plan 2019 (6) - IoT Business Platforms 2 -

IoT business platforms

Data processing/
operations

Networks

Sensing/Devices

OKI's
strengths

- High-quality network technologies developed in the telecom carrier market
- Sub-GHz-band multi-hop wireless networks suited to IoT
- Dedicated short-range communication (DSRC) with a proven ITS track record

Data processing/
operations

WAN (public/private networks)

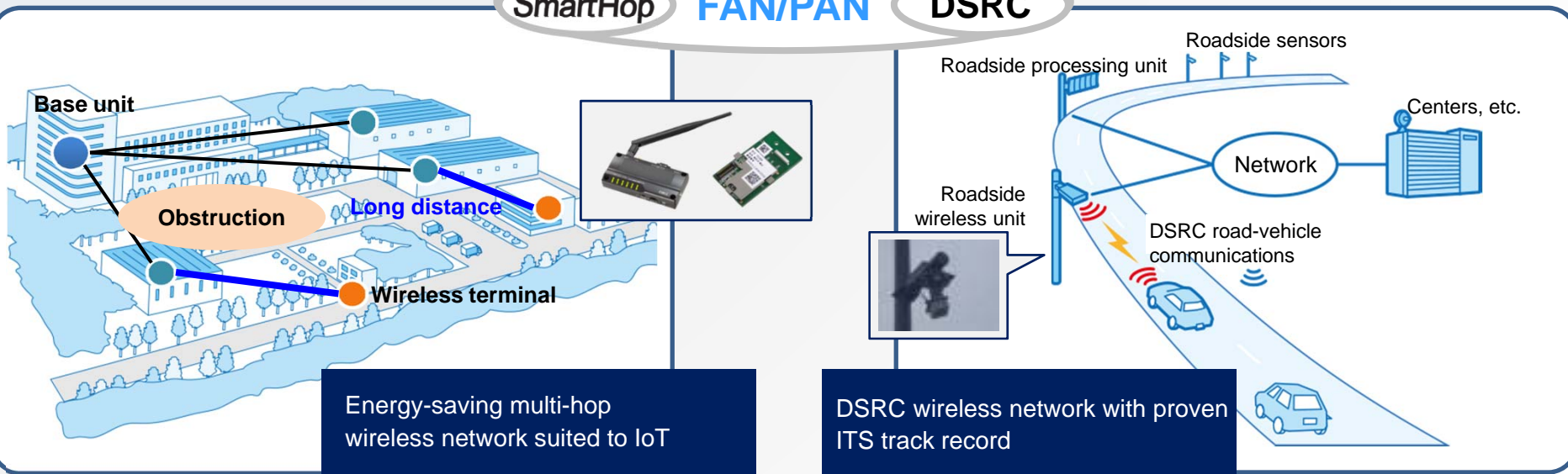
Edge computing

- QoS monitoring/control technology developed based on a proven track record from past work with telecom carriers
- Intelligent GW utilizing edge computing

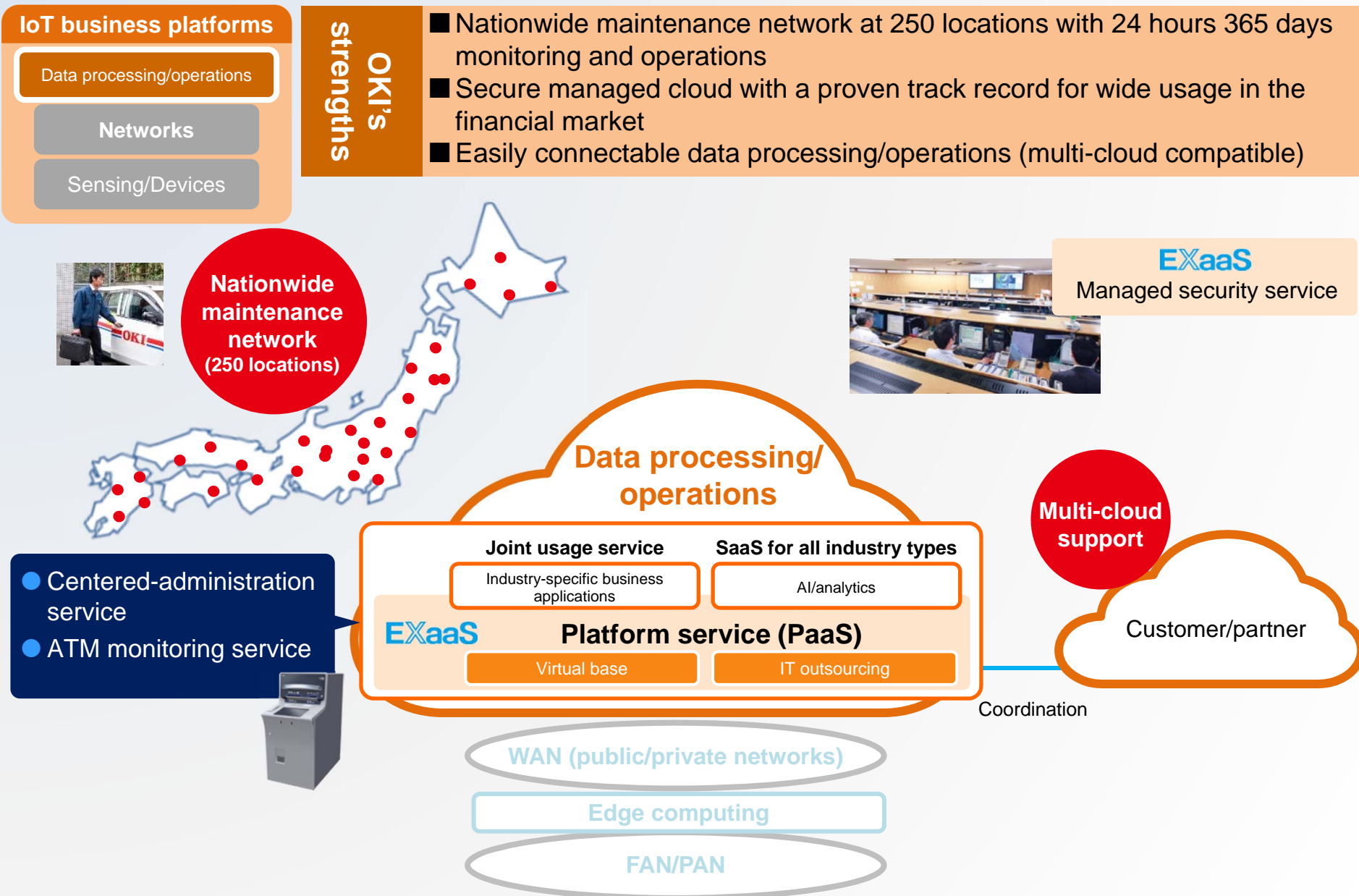
SmartHop

FAN/PAN

DSRC



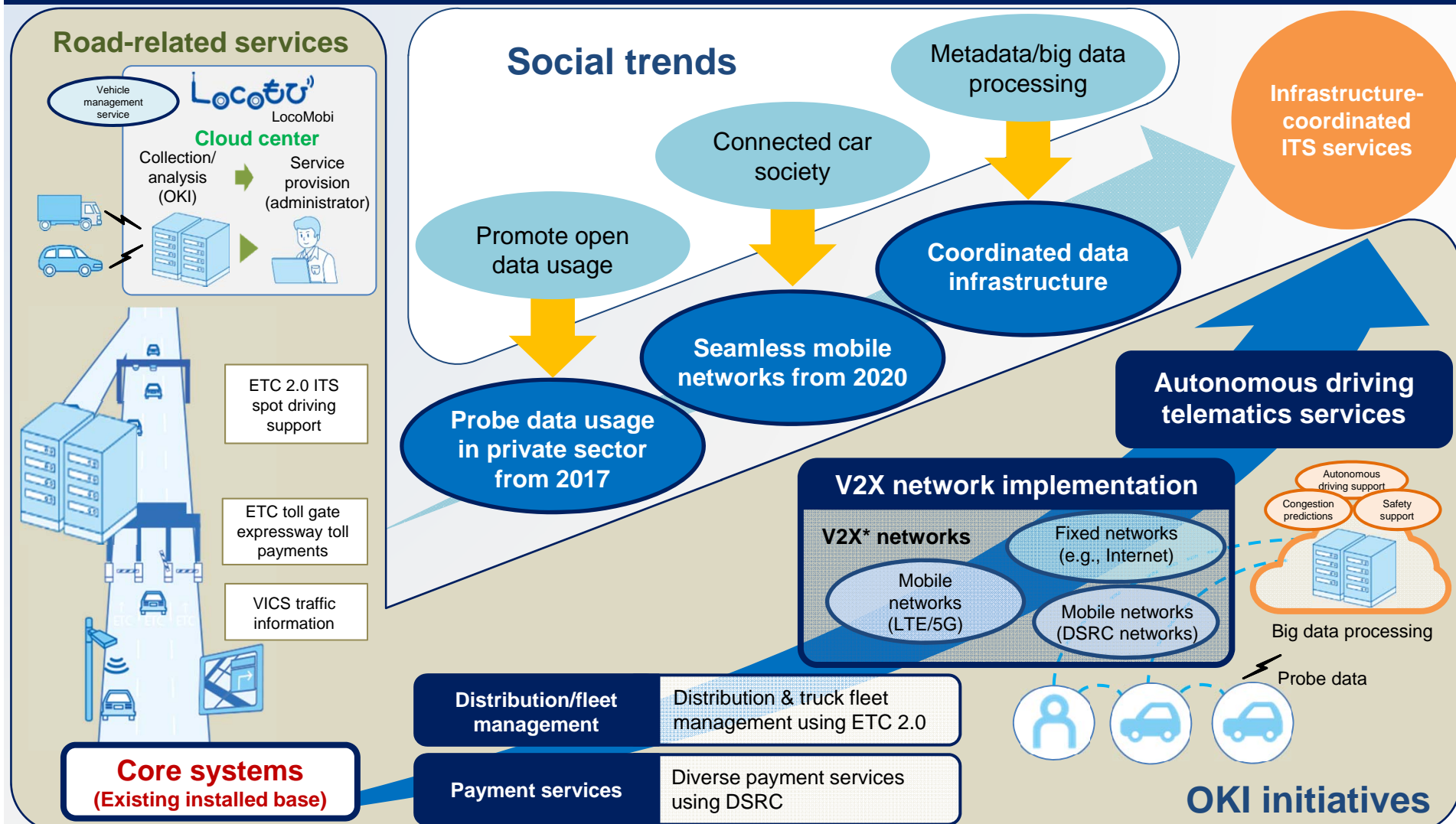
Mid-term Business Plan 2019 (7) - IoT Business Platforms 3 -



Mid-term Business Plan 2019 (8) - Focus Areas 1 -

Transport

OKI targets growth in infrastructure-coordinated ITS services based on advances in core systems (installed base) and practical implementation of V2X networks



* V2X: Vehicle to X (everything)

Mid-term Business Plan 2019 (9) - Focus Areas 2 -

Transport

- Use probe data to predict congestion and to manage fleets; provide information to autonomous vehicles
- Provide safe & comfortable transport solutions, including wrong-way driving detection and diverse payment services

Social issues

Labor shortage



Natural disasters/
environmental issues



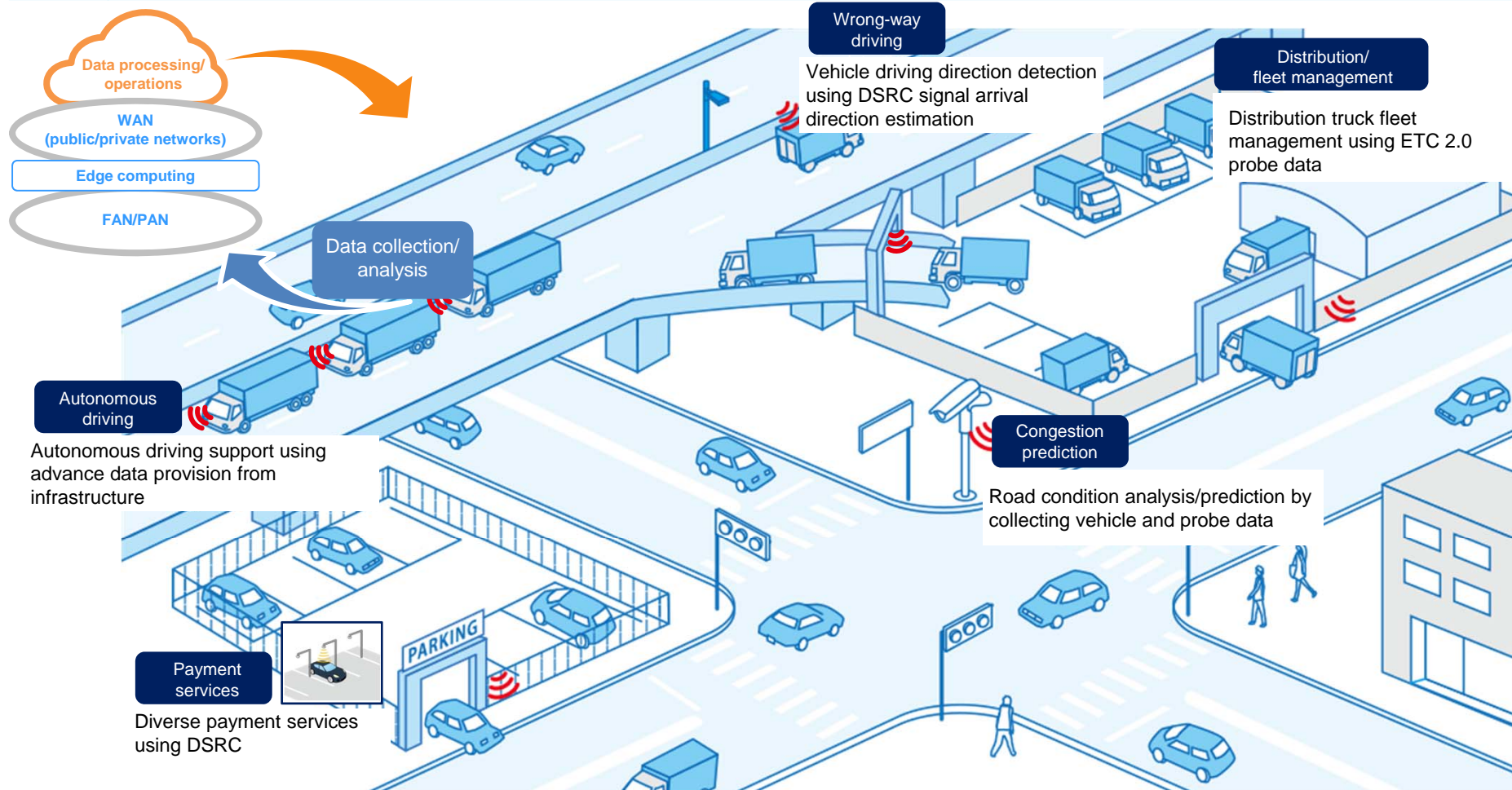
Problems raised
by aging
equipment



Aging population



Working style
reforms



Mid-term Business Plan 2019 (10) - Focus Areas 3 -

Finance, retail

- Provide financial services based on AI and improve customer satisfaction
- Improve in-store operation efficiency based on accurate judgment made by collecting and analyzing data

Social issues

Labor shortage



Natural disasters/
environmental issues



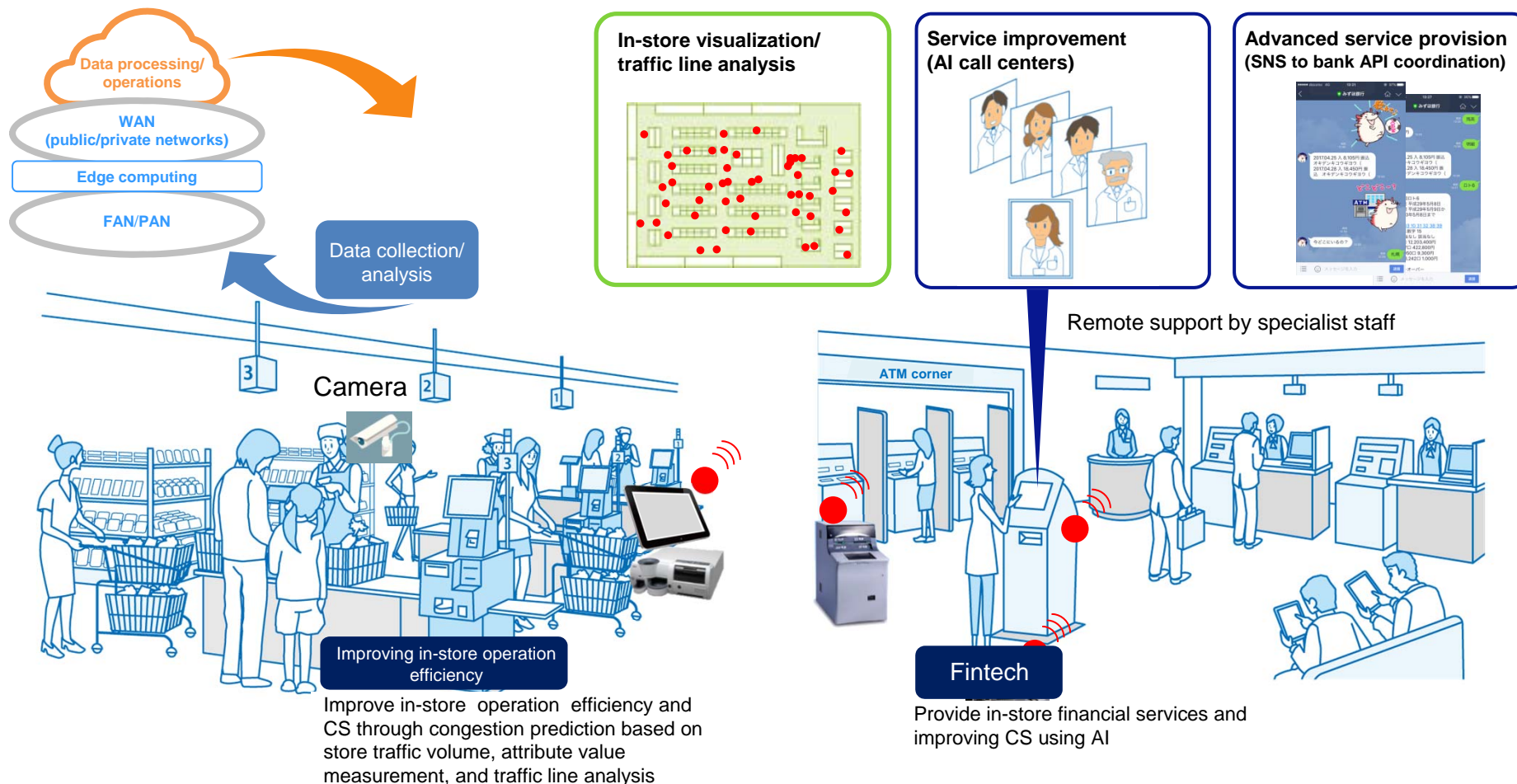
Problems raised
by aging
equipment



Aging population



Working style
reforms



Mid-term Business Plan 2019 (11) - Focus Areas 4 -

Medical

- Advanced support for hospital management through improved medical office work efficiency
- Improve medical service efficiency by collecting and analyzing diverse sensing data

Social issues

Labor shortage



Natural disasters/
environmental issues



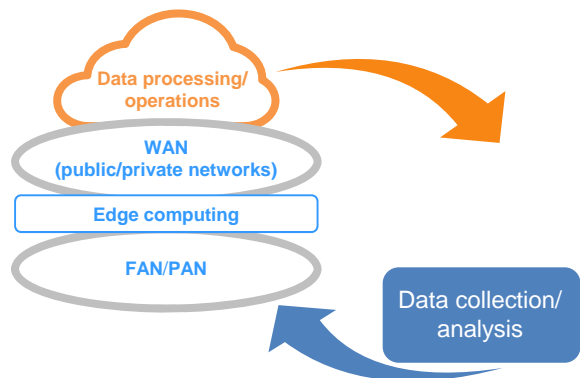
Problems raised
by aging
equipment



Aging population

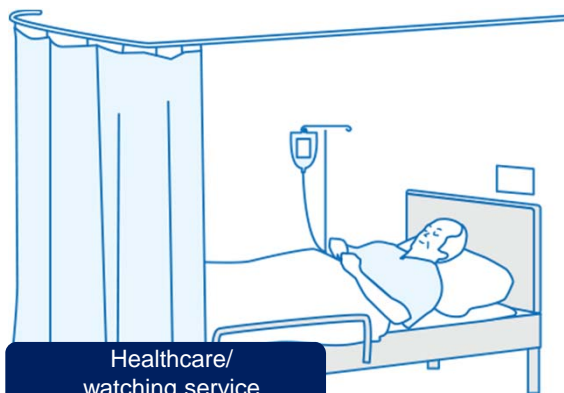


Working style
reforms



Hospital
management
analysis

Advanced support for hospital management (staff deployment and patient guiding) using data held by medical offices



Healthcare/
watching service

Monitor health conditions or elderly/senile patients using sensors



Improved operation
efficiency

Improve medical office operation efficiency using medical ICT tools and office work centralized solution



Improved service

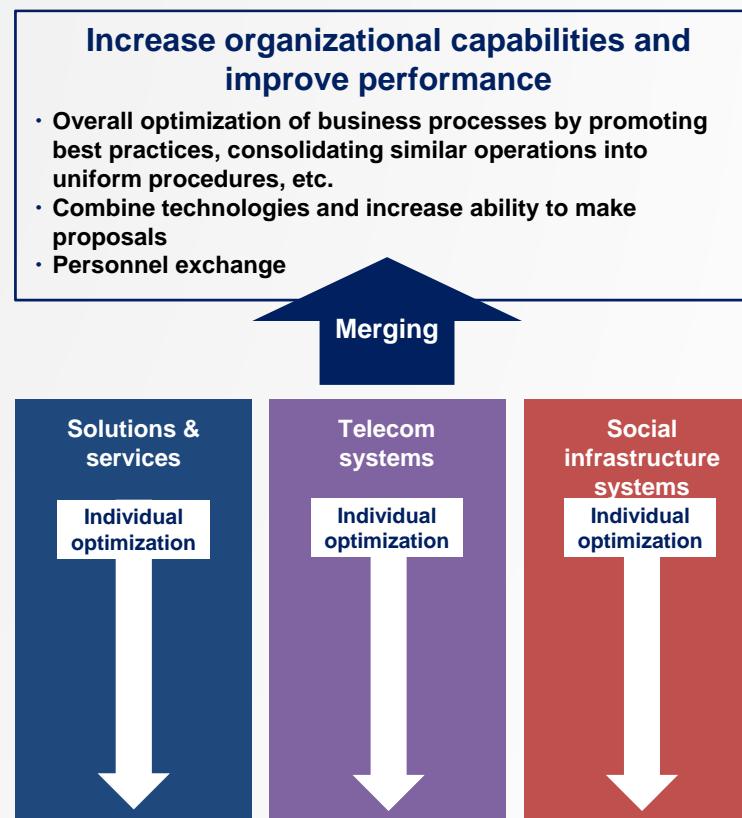
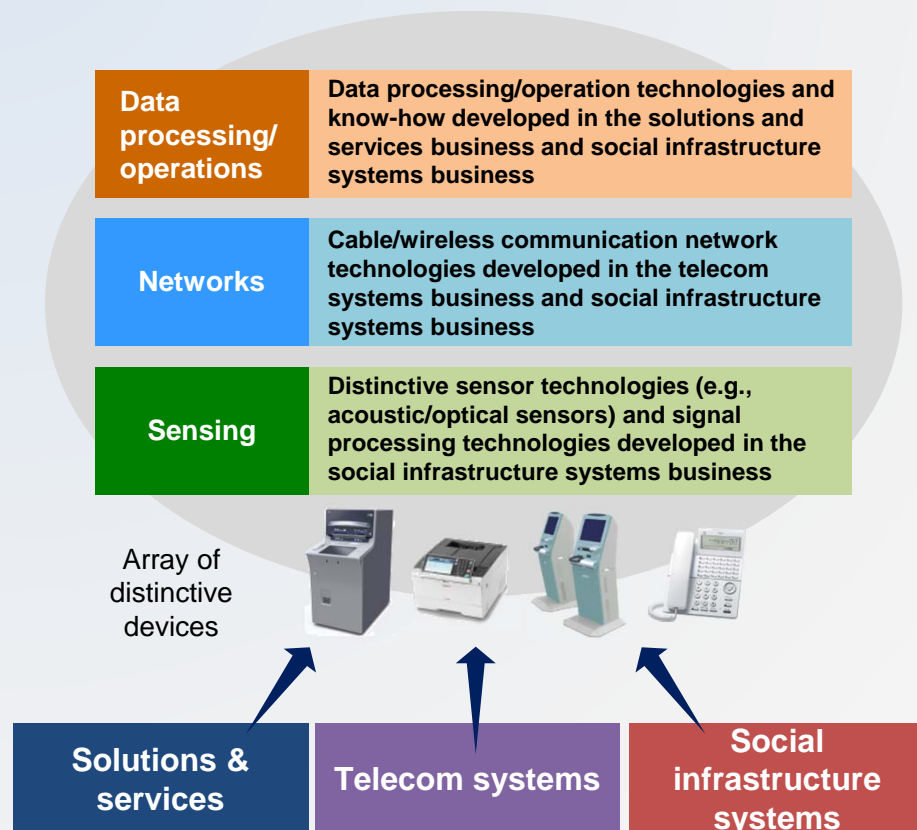
Provide new medical office work value through use of ICT for medical institutions and patients

Mid-term Business Plan 2019 (12) - Merger Benefits -

- Combined three business divisions to create an organization capable of implementing IoT at the earliest possible date
- Combining three former business divisions integrates vectors to implement growth strategy
- Increase organizational capabilities and improve performance through overall optimization of business processes by promoting best practices, consolidating similar operations into uniform procedures, etc.; combining technologies and increasing ability to make proposals; and personnel exchange

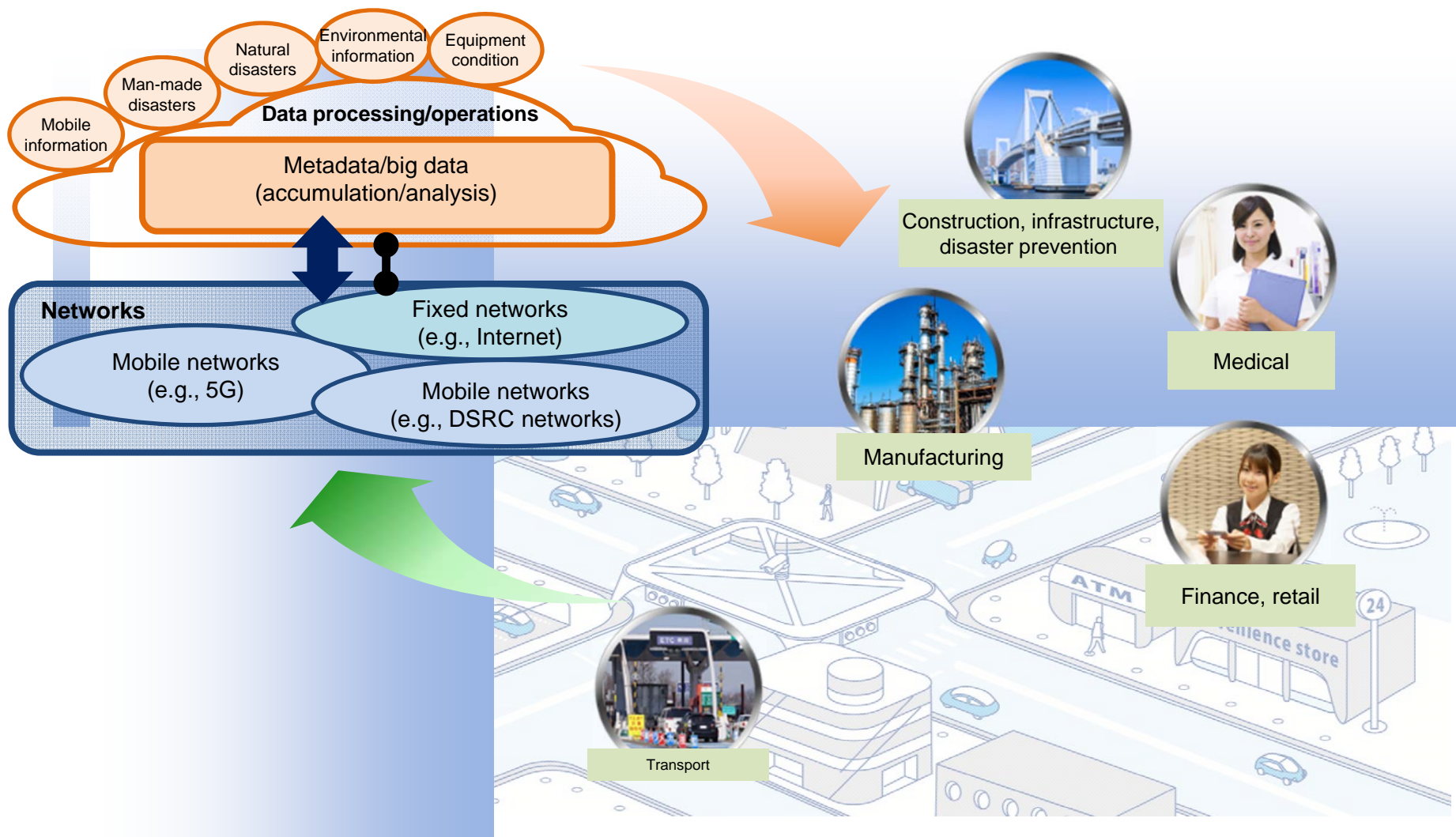
Integrate organizational vectors to implement growth strategy

Pursue merger benefits through overall optimization



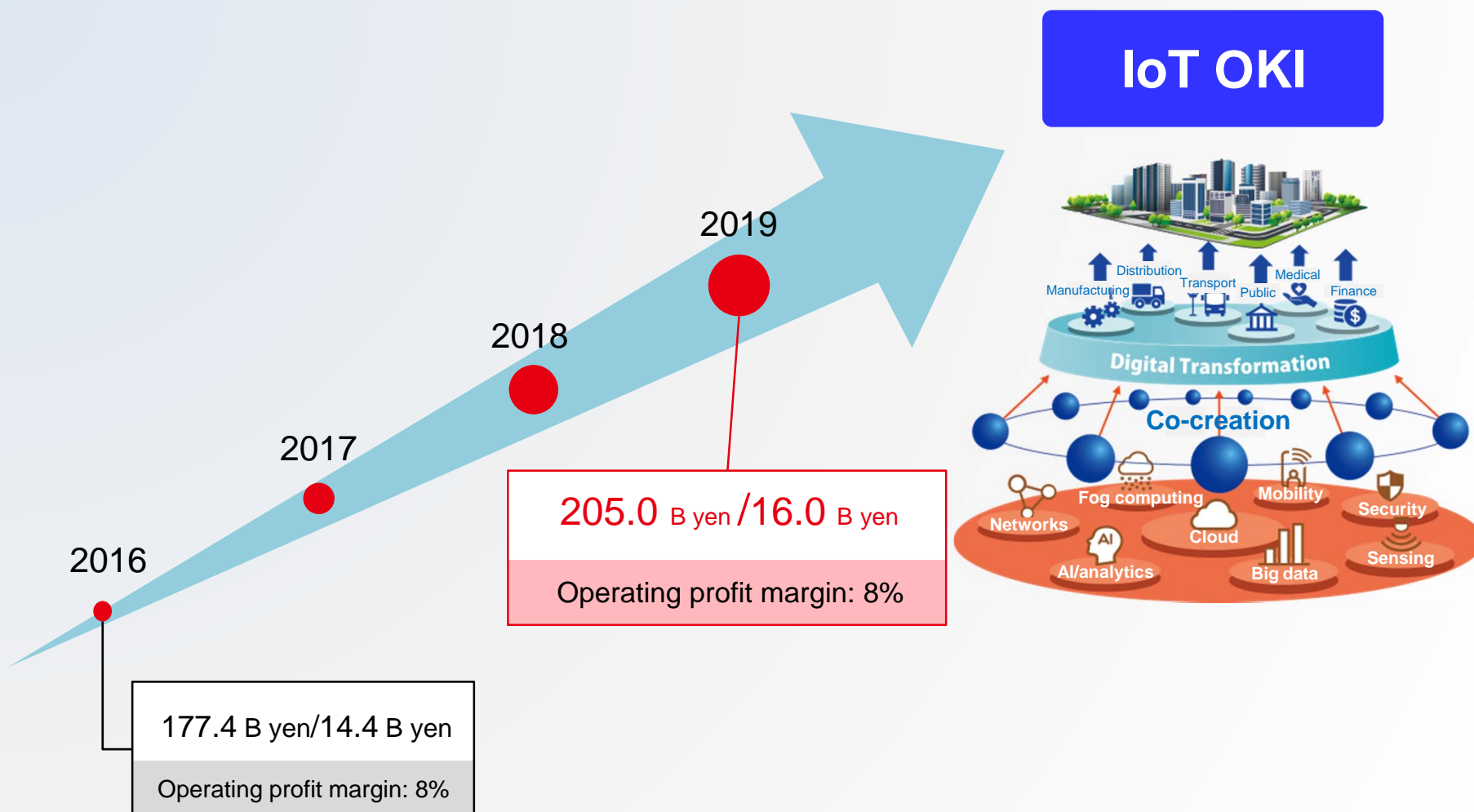
Mid-term Business Plan 2019 (13) - Into the Future -

Target sustainable growth by creating solutions that support safer and more convenient social infrastructures, focusing on our strengths, i.e., diverse metadata/big data processing and seamless network technologies



Mid-term Business Plan 2019 (14)

Target sustainable growth through support for social infrastructures under
“IoT OKI” heading





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.