



Mid-term Business Plan 2019

Mechatronics Systems Business

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

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Business Summary

Support the global cash distribution social infrastructure by providing products based on core mechatronics technologies

Global Market

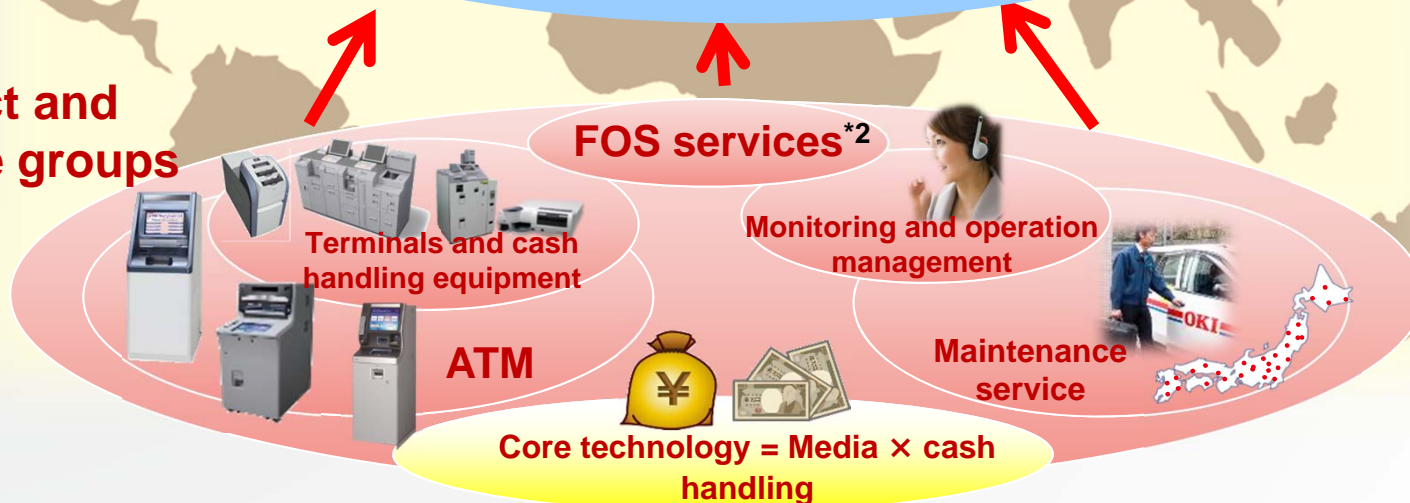
Japan, China, Brazil, India, Southeast Asia, Russia...

Strong products × Partnerships

Service nodes for all business types

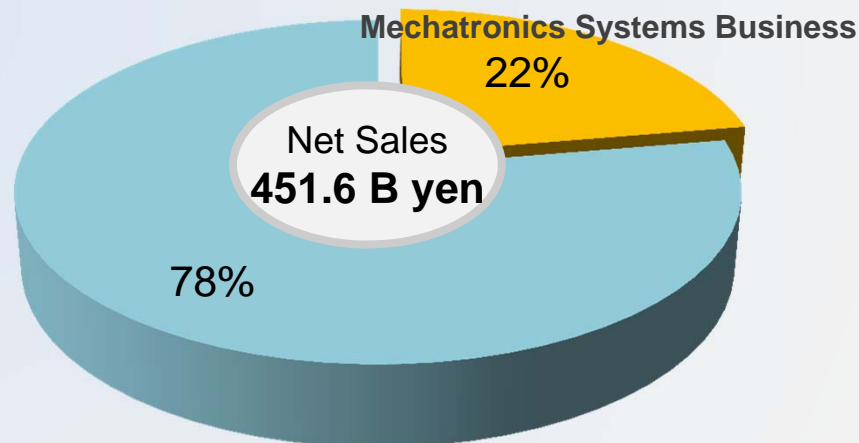


Product and service groups

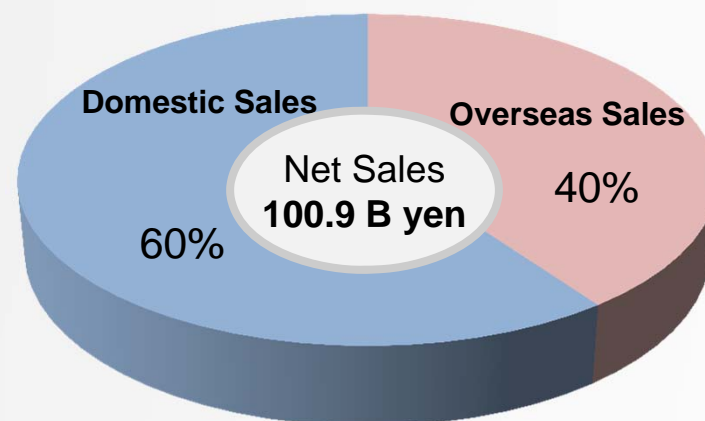


Business Summary - Position in OKI Group -

Improve profit at the earliest possible time and get back on a growth path by developing emerging markets



OKI-G Net Sales in FY16



Mechatronics Systems Business
Net Sales in FY16

Business Strategies by Segment

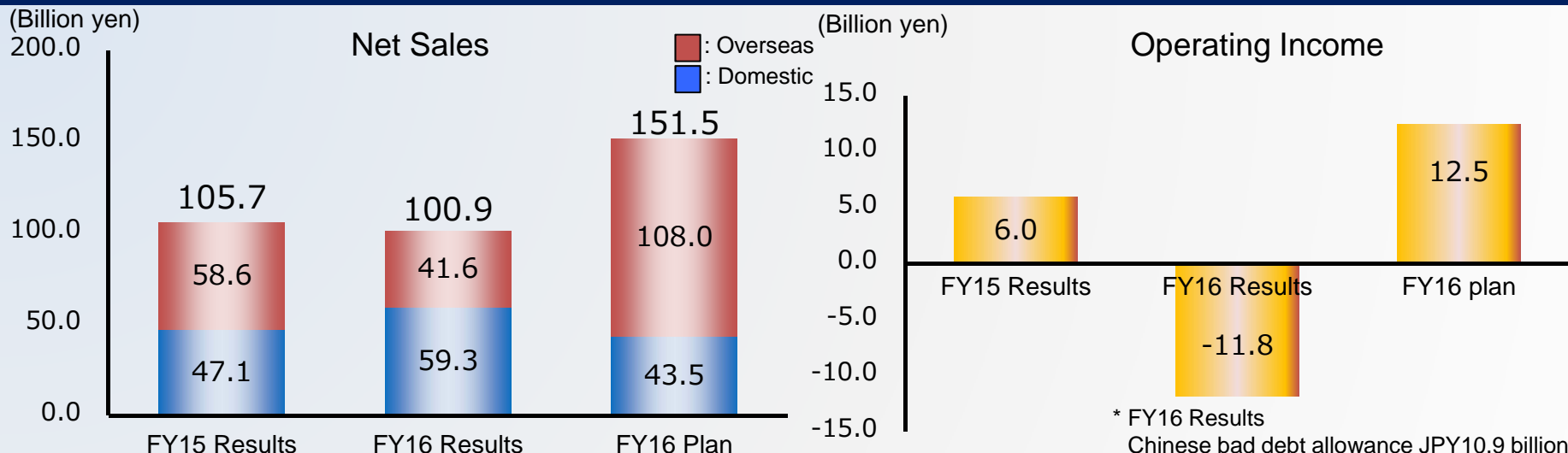
Business	Positions in Mid-term Business Plan 2019	Key Words
ICT	Secure stable profitability Create new businesses	Next generation infrastructures, IoT
Mechatronics systems	Get back on a growth path	Emerging countries, Retail market, Strategic products
Printers	Secure stable profitability by strategic 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

- Overseas business: Major underachievement with respect to plans in China offset by entry into newly developing country markets
- Domestic business: Steady progress with major contracts procured in mature markets



Achievements

- India, Russia, Eastern Europe, and Southeast Asia
Entered into R-ATM* market in 11 countries
- Brazil
Initiated trial introduction of R-ATM
- Japan
Expanded sales with compact ATMs + services
Expanded product range of cash handling equipment

Issues

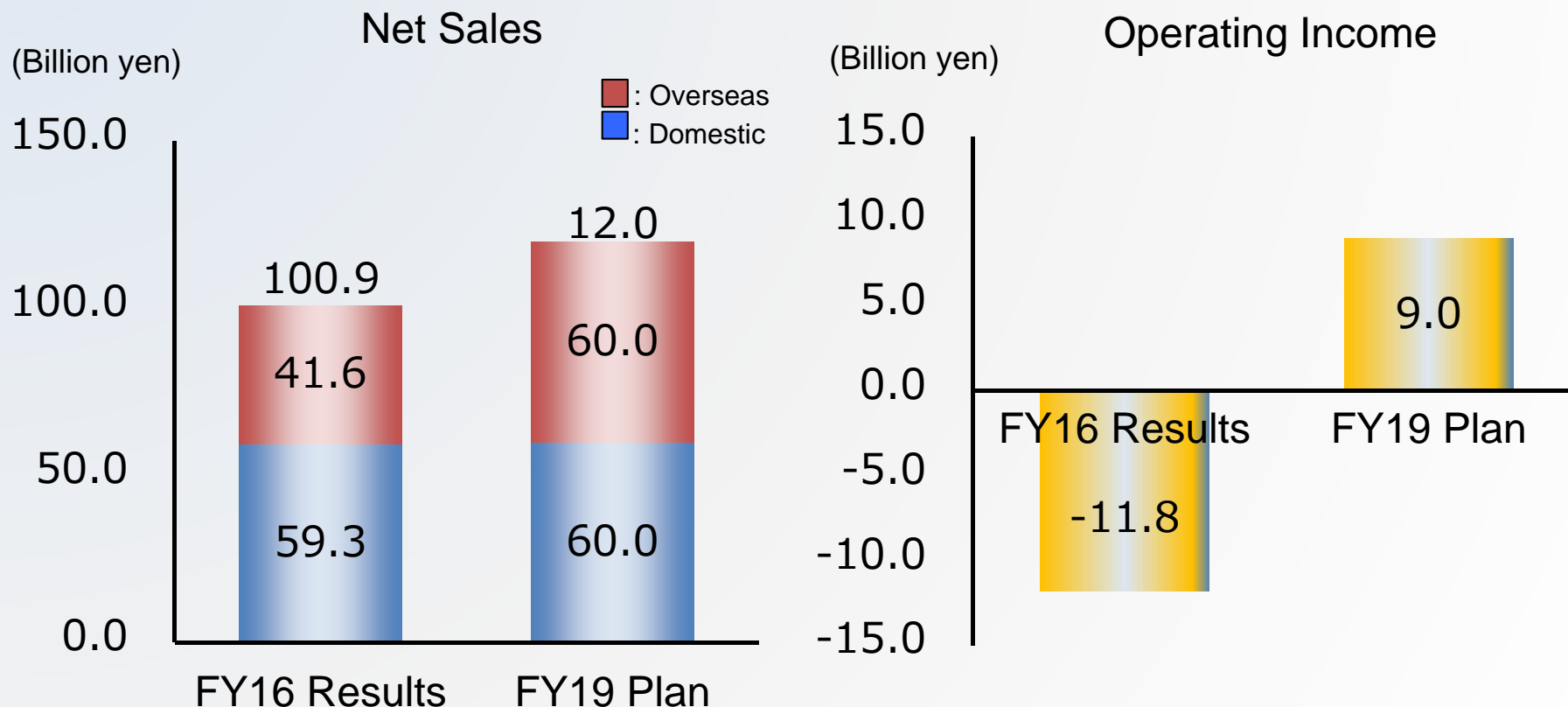
- China
Decline in profits due to inability to keep up with market climate changes
- Brazil
Delays in implementing R-ATM deployment plans; impact of declining economic conditions
- Japan
Delays in expanding the cash handling equipment business following on from ATM business

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Business Policies and Targets

- Overseas business: Expand profits by gaining leading share for R-ATMs in the emerging countries currently driving ATM market growth
- Domestic business: Differentiate our products in ATM business with “+ service” and secure stable profits in cash handling equipment business by expanding shares in the retail market



Market Trends

- The overseas R-ATM market is growing, with 260,000 units expected to be shipped worldwide in 2019.
- Emerging countries like India and Southeast Asia (Indonesia) are growth markets.
- The Japanese market is mature, but convenience stores and the retail market continue to grow.

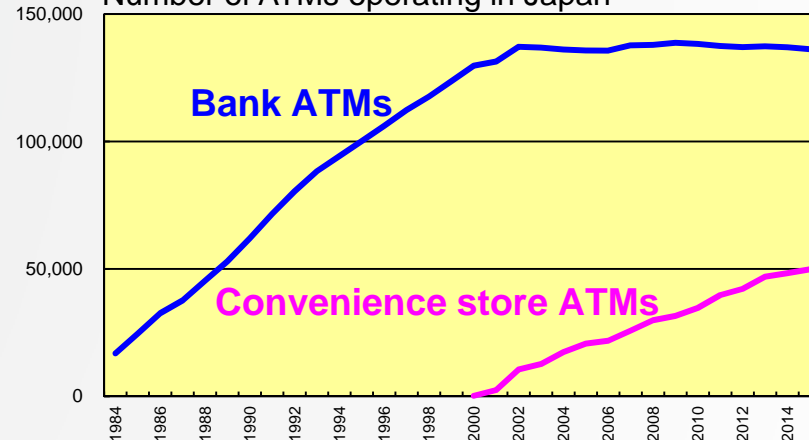
ATM shipments (Top 10 worldwide)

Country	ATM shipments (×1,000 units)	
	2015	2020 Prediction
1 China	112	→ 120
2 India	47	↗ 74
3 USA	59	↘ 45
4 Japan	25	→ 23
5 Indonesia	16	↗ 20

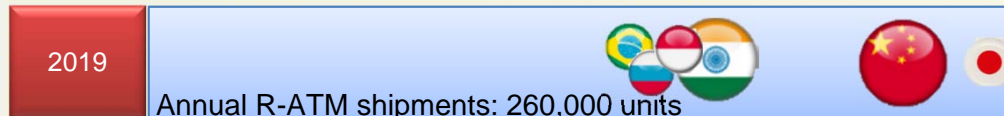
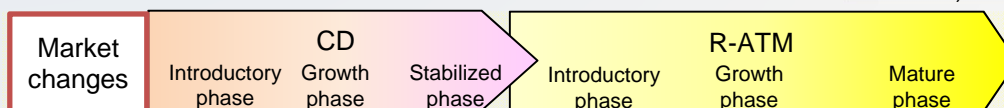
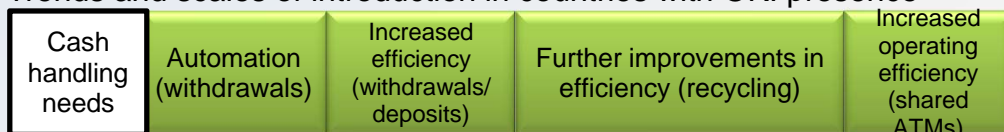
■ Countries with OKI presence

Country	ATM shipments (×1,000 units)	
	2015	2020 Prediction
6 Russia	13	↗ 16
7 Brazil	12	↗ 15
8 S Korea	13	→ 13
9 Thailand	12	→ 11
10 Iran	6	↗ 9

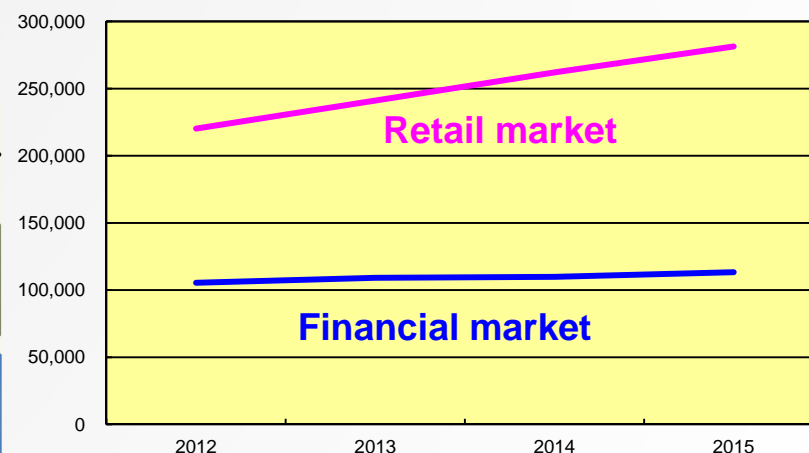
Number of ATMs operating in Japan



Trends and scales of introduction in countries with OKI presence



Number of cash handling equipment operating in Japan



Focus Measurement - Overseas Business -

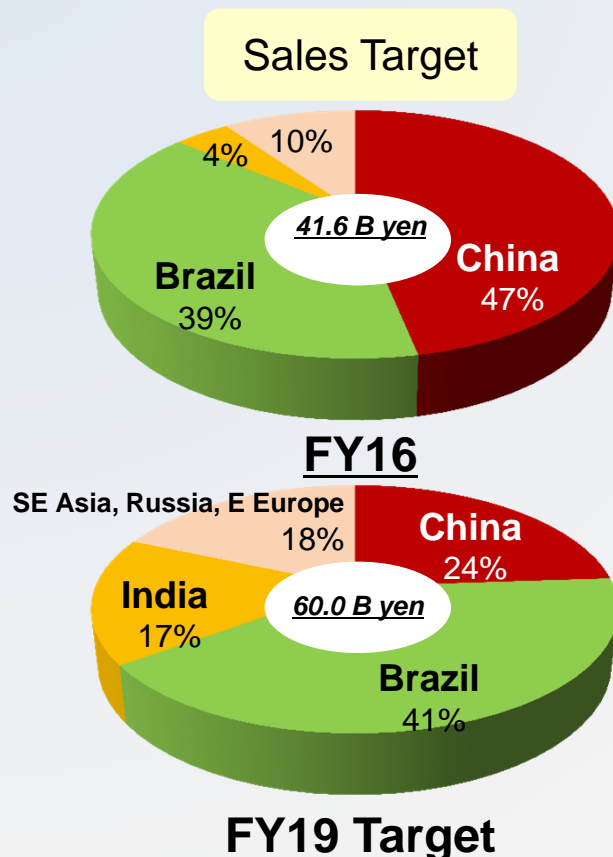
■ Expand shares based on strong products × partnerships in the growing markets of emerging countries

Regional strategy: Diverge from reliance on a specific region; develop strategies tailored to regional characteristics

Product strategy: Introduce new strategic products “RG8” for emerging countries

Sales strategy: Increase sales and reduce risks through multi-channels/alliances

Business creation: Deploy cash recycling solutions into the retail market



◇ China: Secure stable profits

- Procure ATM replacement contracts in urban areas
- Secure maintenance profits for operating ATMs
- Expand sales of R-ATMs/cash handling equipment to rural areas

◇ Brazil: Full-scale deployment of R-ATMs

- Accelerate full-scale deployment of R-ATMs to expand profits
- Expand cash-recycling solutions for retail/financial markets

◇ India: Expand shares

- Introduce new RG8 products (strengthen product competitiveness)
- Multi-channel sales structure
- Hybrid maintenance structure (OKI + partner)

◇ Southeast Asia, Russia, Eastern Europe

- Expand sales to existing countries and customers

Focus Measurement - Chinese Market Strategy -

■ Market overview

- ◇ The ATM market in urban areas is approaching the maturity found in developed countries. Rural areas show gradual growth corresponding to population/investment scale
- ◇ Downward trend in ATM transactions due to increase in electronic transactions
- ◇ Policy of priority on Chinese-manufactured products is being somewhat relaxed, but competition remains challenging for foreign vendors due to the rise of Chinese vendors (increased competition)

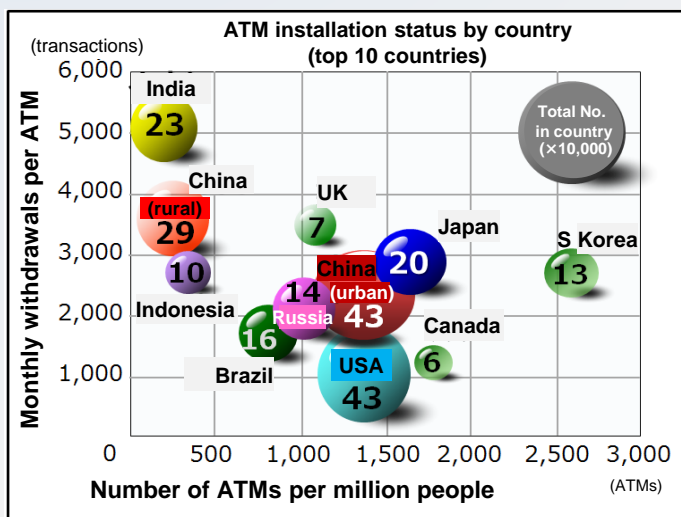
■ China business policy

- ◇ Procure ATM replacement contracts for urban areas
- ◇ Secure maintenance profits for operating ATMs
- ◇ Implement strategy to expand R-ATM/cash handling equipment sales in rural areas

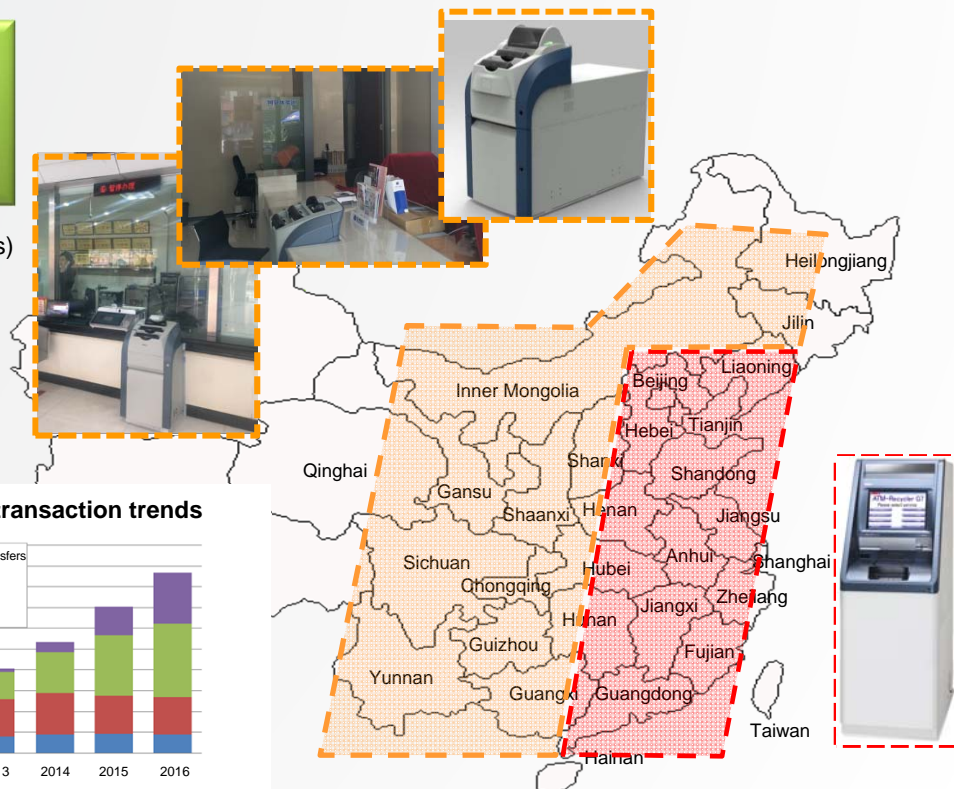
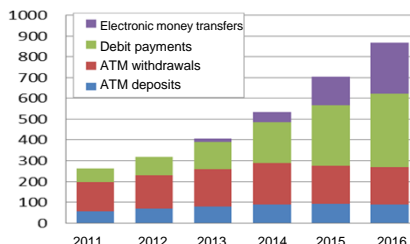
Urban areas: Population 300 million with 430,000 operating ATMs
1,430 ATMs per million people

Rural areas: Population 1 billion with 290,000 operating ATMs
270 ATMs per million people

* Urban areas are defined as direct-controlled municipalities and Class 1 cities (24 cities)



ATM/electronic transaction trends



Focus Measurement - Domestic Business -

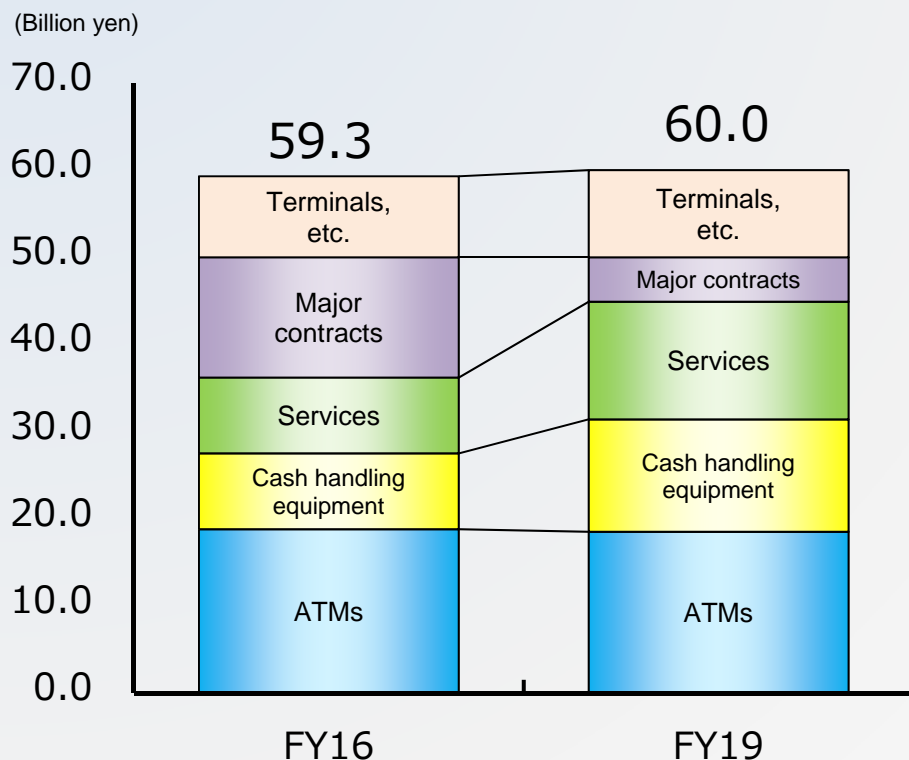
■ Expand share of cash-recycling solution products for the convenience store/retail market

Product strategy: Introduce new BRM*¹ (for compact ATMs) and new change dispensing machines (for convenience stores)

Sales strategy: ATMs: Sharpen product discrimination through market-leading FOS services

Cash handling equipment: Create “work efficiency improvement solutions” in collaboration with POS/cash-in-transit companies

Sales Target



◇ ATMs (compact models)

- Expand each share of off premise ATMs for convenience stores and bank-branded
- Introduce new BRM products (reduce customer TCO*²)
- FOS provision (reduce customer TCO = added value)

◇ ATMs (full-function models)

- Support for various settlement methods using smartphones (Fintech)
- Refine services using AI and data analysis

◇ Cash handling equipment (change dispensing machines)

- Create solutions to increase cashier work efficiency
- Strengthen alliances with POS business operators
- Introduce new change dispensing machines to convenience store market

◇ Cash handling equipment (deposit machines)

- Enter new segments that have yet to adopt the terminals
- Strengthen alliances with cash-in-transit companies



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.