



Mid-term Business Plan 2019

Printers 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)

Offer the most suitable printing solutions to global customer needs

Office

Industry Vertical

Industry

Company & Government

**Medical
& Retail**

**Manufacturing
& Retail**

Design & Printing

**Design
& Construction**

Office Document

**Medical
images,
EHR***

**Packages,
POP, T-shirts**

**Signboards,
Wallpaper, Cloth**

**Design
drawing**

LED Color MFPs

LED Color Printers

**A3 LED
Characteristic Printer**

**Wide-format Inkjet
Color Printers**

**A1, A0 LED
MFPs**



LED Monochrome Printers



104-inch Wide

64-inch Wide



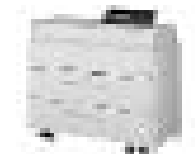
**A1, A0 LED
Printers**

Duplicate slips

Dot Impact Printers



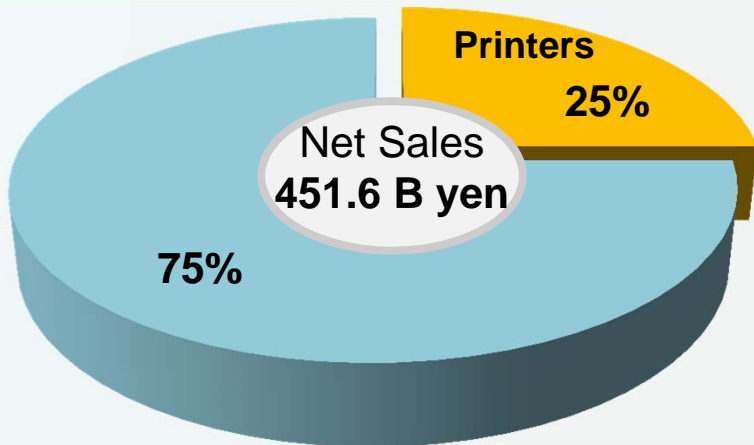
54-inch Wide



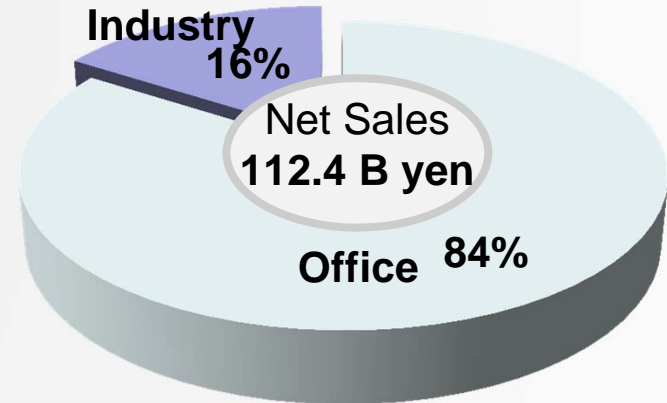
*EHR: Electronic Health Record

Business Summary (2) - Position in OKI Group -

In difficult condition of business, we will shift the business strategy to seek stable profitability



OKI-G Net Sales in FY16



Printers 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

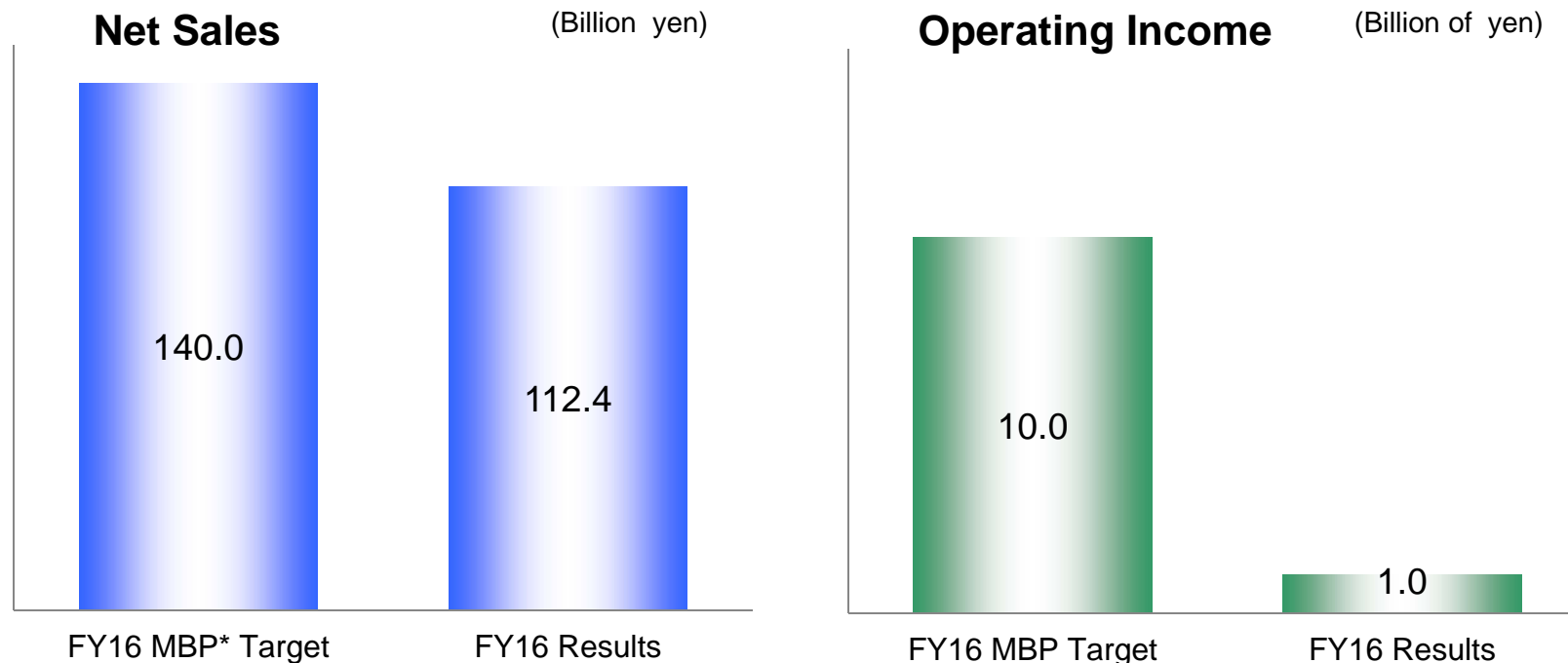
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Review of Mid-term Business Plan 2016

- ❑ Reduction in fixed costs and other costs progressed as planned as a result of manufacturing reform and streamlined development
 - ❑ Attempted to strengthen cross-functional management covering from headquarter to global offices, but not effective
 - ❑ Big shortfalls in net sales and operating income targets despite of launching new products to growing areas
- Market: Negative growth of CAGR* -4% contrary to the prediction of constant growth of CAGR +4%
- Forex: Big shift to strong U.S. dollar, weak Euro, caused profit compression

*CAGR of 2013 to 2016



Forex	FY16 MBP Assumption	FY16 Results
USD	95.00	108.39
EUR	125.00	118.79

*MBP: Mid-term Business Plan

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Business Strategy ~ Priority issues to be solved during Mid-term Business Plan 2019 ~

Product	<ul style="list-style-type: none"> ● Sustain the office printing market, the current source of revenue ● Concentrate development resources on leading product segment by leveraging the LED technology, and strengthen development resources on growing area with the foundation of current wide-format printer
Market	<ul style="list-style-type: none"> ● Japan: Cash cow ● America: Monetize over the next 3 years by conducting structural reform including transferring head office, and strengthening industry printing products and focus channels ● Europe: Level up the sales efficiency, by streamlining sales subsidiaries and enhancing the governance of areal management company ● Toward industry vertical, define the competitive market by market segmentation
Competitor	<ul style="list-style-type: none"> ● Balance competition and collaboration by manufacturing appealing products leveraging LED technology



We will aim operating profit margin of 7% after 3 years by seeking our leverage points along with 3 axes of product, market, and competitor

Business Strategy ~ Mid-term Business Plan 2019 ~

FY2019 GOAL

Complete the business transformation into capable of maintaining the stable profitability, and consolidate the business foundation for future growth

■ Main target market

Industry Printing (Investment for developing usage)

Medical, retail, design, wide-format

Office Printing (Maintain profitability efficiently)

Current essential resource of profit

■ Basic Policy

- Transform into lean management through business structural reform;
radial rebuilding of the profitability, or earning ability, of ODC-group
 - Downsize to the suitable size to own ability by reviewing the business areas
 - Enhance product value of LED technology, by conducting product development along with market needs
- Enhance management resources on industry printing market, seek leverage points in light of “product”, “market,” and “competitor”
- Improve BS of ODC: Transform into the financial structure, capable of making profit at current forex condition

<Transformation>

- Overseas subsidiaries
- Manufacturing system
- Headquarter of ODC
- Cost reduction of manufacturing

<Product / Business>

- Strengthen industry printing
- Sustain office printing

<Technology / Manufacturing>

- Create differentiated products for specific purpose or area
- Cost reduction in LED head

<Enhancing business foundation>

- Implement IoT / AI technology to differentiate product feature
- Progress efficiency in internal operations with IT technology

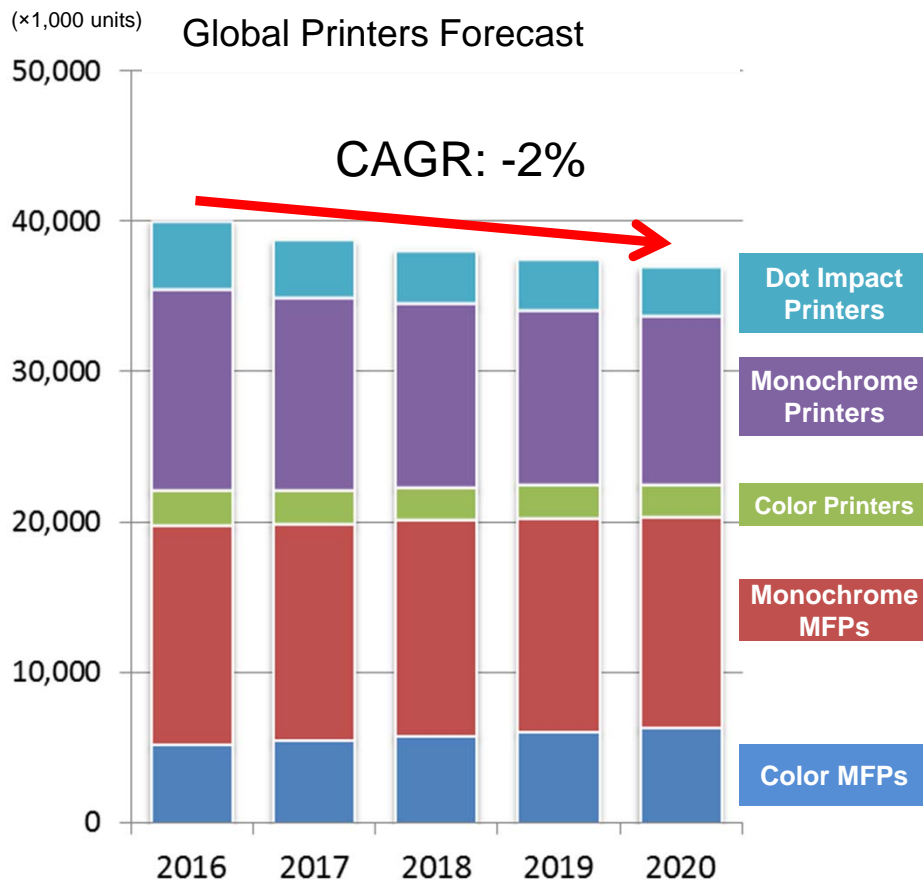
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<IT Strategy>

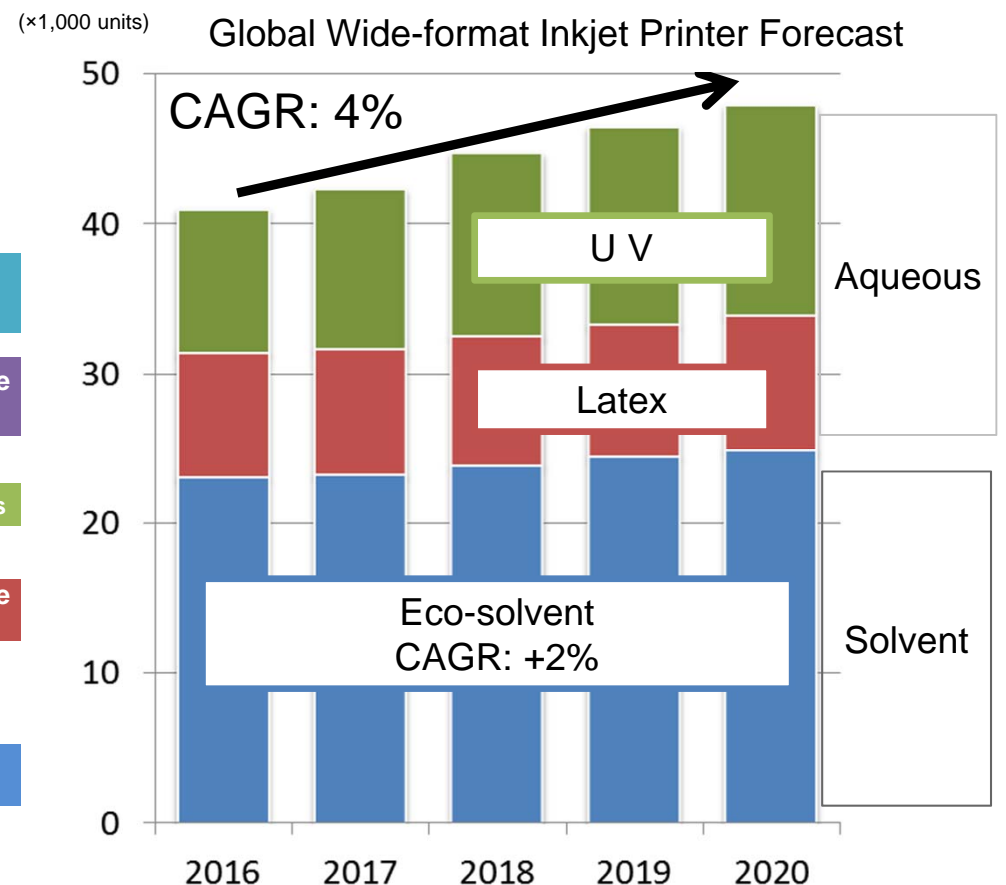
<Finance Strategy>

Market Trends

- 【Printer】 Negative growth of CAGR -2%
Especially, shrink in dot impact printer market, CAGR -8%, is outstanding
- 【Wide-format】 Constant growth of CAGR +4%
Our main product, eco-solvent category is CAGR +2%







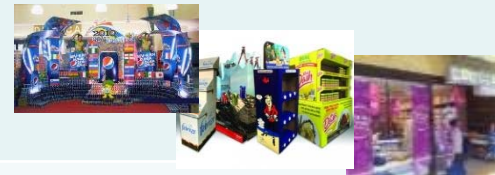




IDC WW HCP Tracker_2016Q4



IDC WW Large Format Printer Tracker_2016Q4





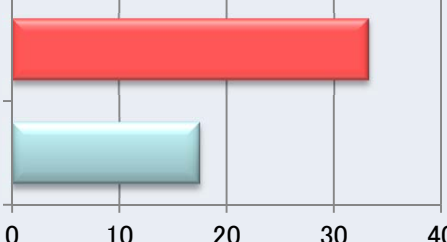


Focus Measurement (1) ~ Industry Printing ~

- ❑ Expand industry printing business
 - ❑ Capture the niche market of various kind, small lot, particular printing

Customers	Products	Superiority	Purpose
Manufacturer, Printing shop, Designer		Media compatibility, Long, Extensibility	Envelops, Cards, Package samples 
Apparel shop, Gift shop		Printing ability in white ink	T-shirts, Novelties 
Retail store		Media compatibility Long	Indoor signs, In-store ads, Posters 
Manufacturer, Retail store		Environmental durability, Media compatibility	Tickets Identification labels 
Billboard merchant, Traffic Bureau		High productivity, Great density, High weatherability	Outdoor signs, Car wrappings Traffic signs 
Hospitals		Gradation, Long (Lengthy printing for medical image is unique)	Medical images 

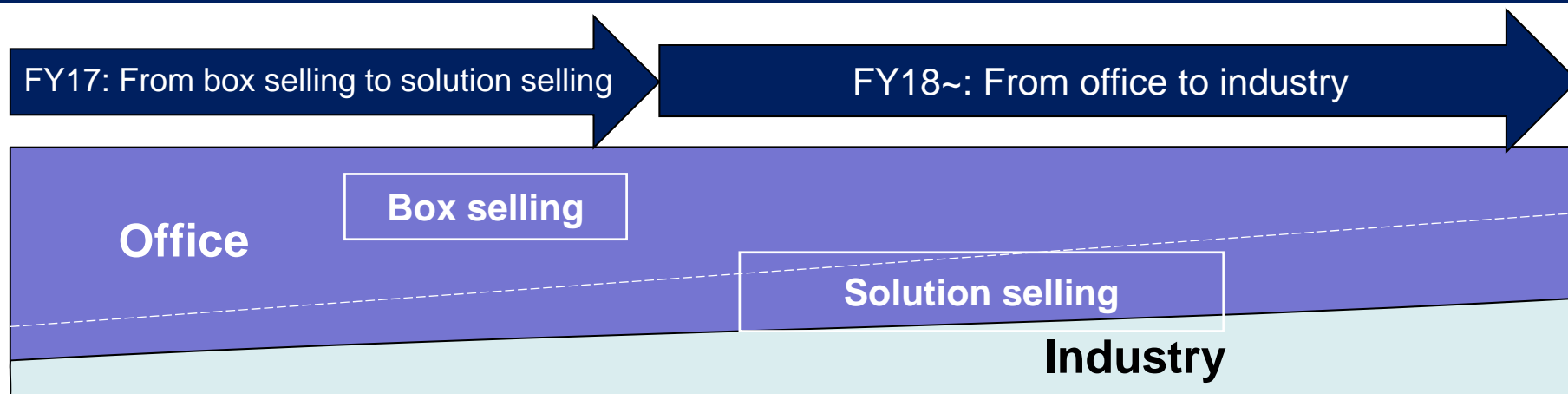
Focus Measurement (2) ~ Industry Printing ~

- ❑ Expand industry printing business
 - ❑ Strengthen in differentiation

Differentiation	Purpose		
Weatherability	Outdoor signs, requiring high weatherability		
			
			
	Outdoor ads	Car wrappings	Traffic signs
Speed	High speed printings (high productivity)		
		OKI printer	
	Competitor's printer		
	Comparison of OKI "M-64s" with others		
Media compatibility	Cardboard, long, transfer paper, waterproof paper, labels, tickets, luggage tags, wallpaper		
			

Focus Measurement (3) ~ Shift from Office to Industry ~

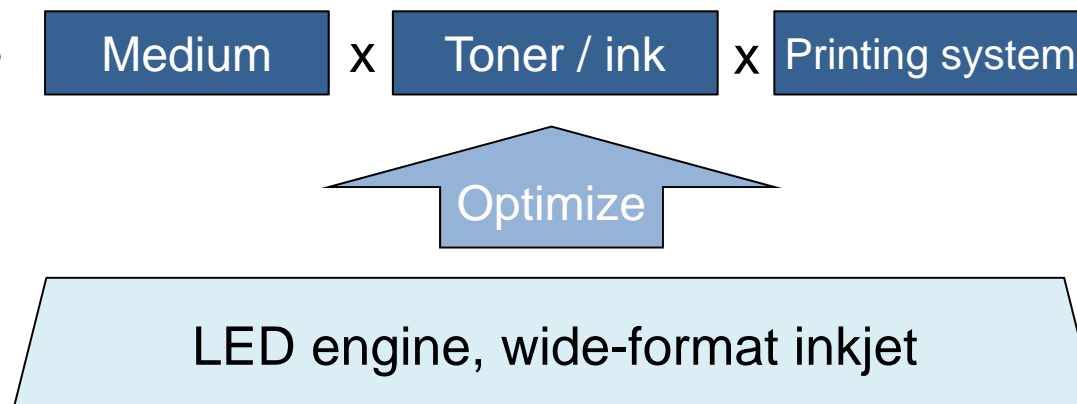
- ❑ Revise business model in office printing area (shifting to solution selling)
- ❑ Expand industry printing business



Key factors in solution selling:

- Solution to customer's challenges
- Solid technology support
- Partnering
- Easily customizable
- Risk reduction ability

Key points to expand industry printing:



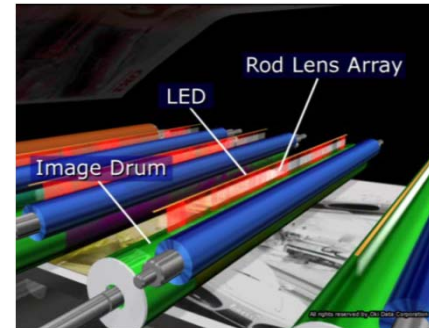
Focus Measurement (4) ~ Differentiation in LED Printer ~

□ Differentiation strategy as follows:

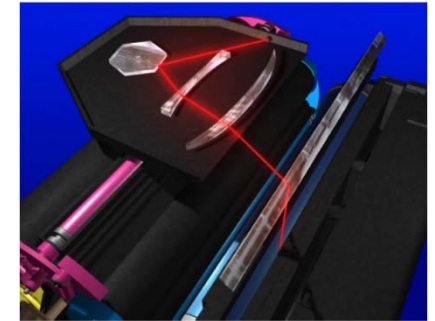
Toward laser printer

- Compact size, lightweight
- Easy setup & easy maintenance
- Long lasting

LED



Laser



Toward business inkjet printer

- Maintainability
- Weatherability, water resistance
- Print quality

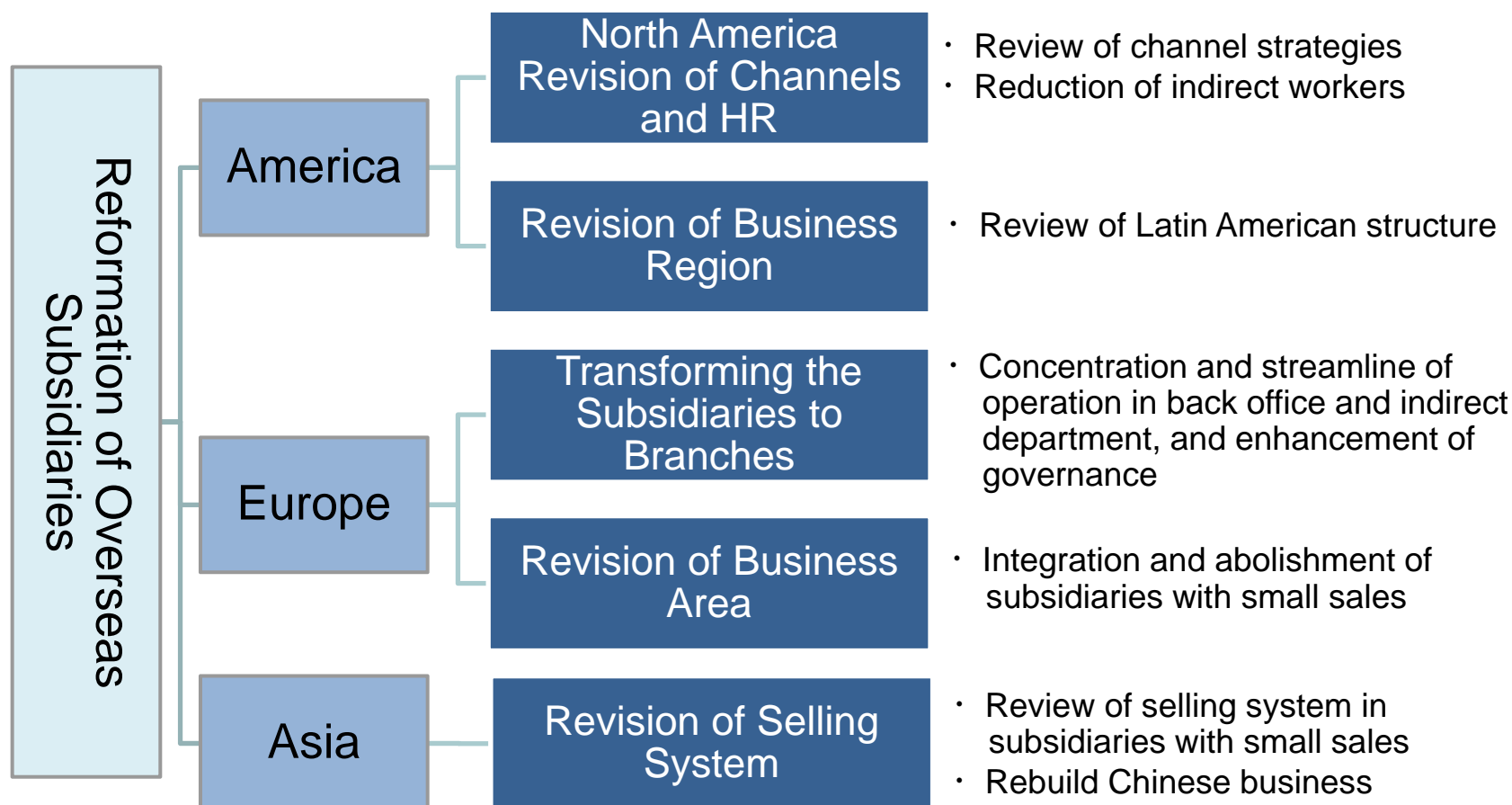
Comparison of print quality (Font size: 6 point)

	OKI printer	Inkjet printer
Standard paper		
Exclusive paper	—	

Based on our comparison

Focus Measurement (5) ~ Reformation of Overseas Subsidiaries ~

- ❑ Seek the lean management and enhance the governance by downsizing to the suitable size to own ability



Focus Measurement (6) ~ Innovation of Headquarter ~

- ❑ Innovation of headquarter
 - ❑ Enhance product development capability and streamline the operations
 - ❑ Reduce the headquarter operation by 20%

Enhancement of Product Development Capability

- Precise identification of end-users' needs
(Completion of PoC, and UX)
- Module design based on LED engine
- Development investment in elemental technology
(e.g., fusing process)

Improvement in Operation Efficiency and Added Value

- Focus resources on core business functions
- Shared service of managerial / indirect operations within OKI group
- Integration and abolishment of operations, and labor-saving / systemization



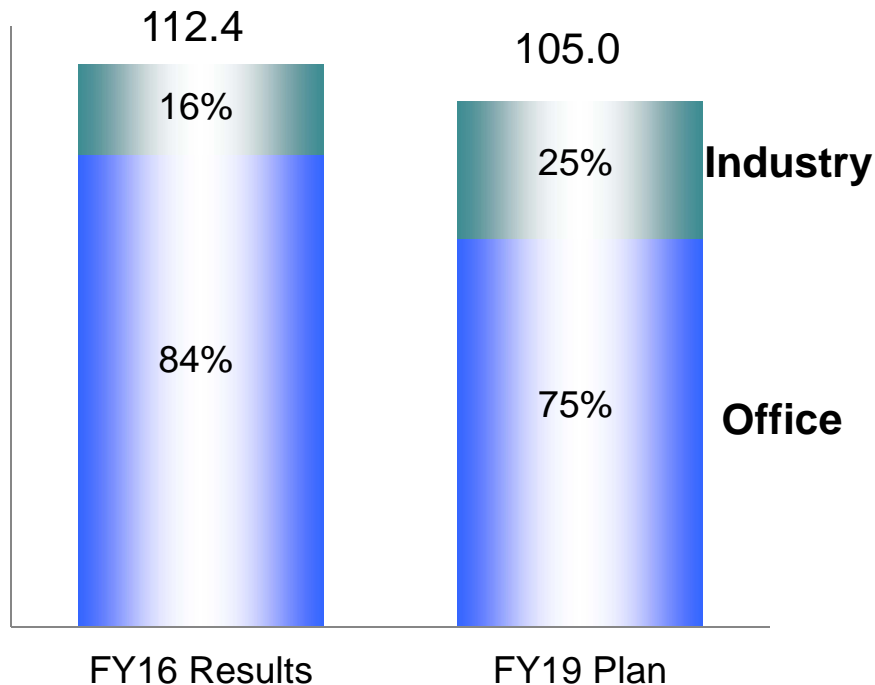
**Standardization of Operation Processes
/ Reformation of Mindset**

Business Plan

- ❑ Gradual decrease in office printing sales
- ❑ Strengthen the profitability by reinforcing industry printing business and, simultaneously, transforming to the suitable size to own ability

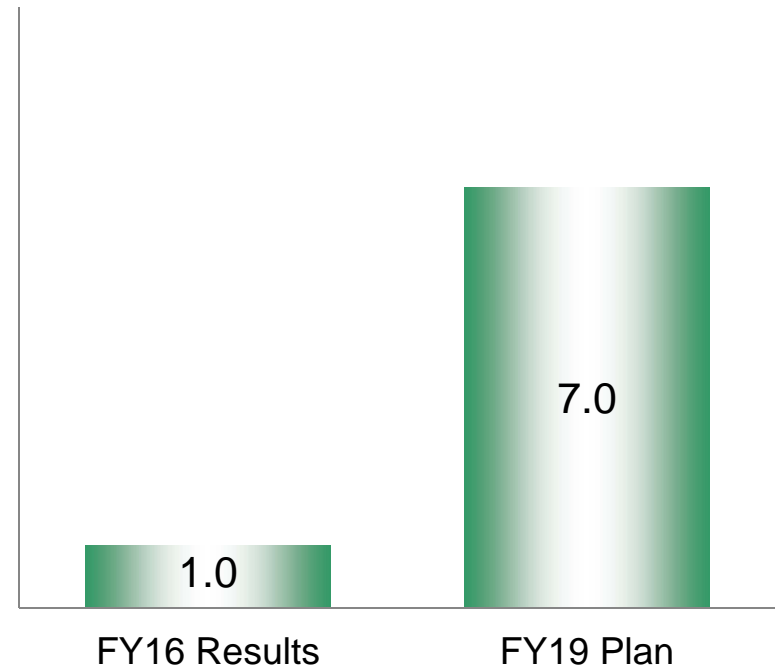
Net Sales

(Billion yen)



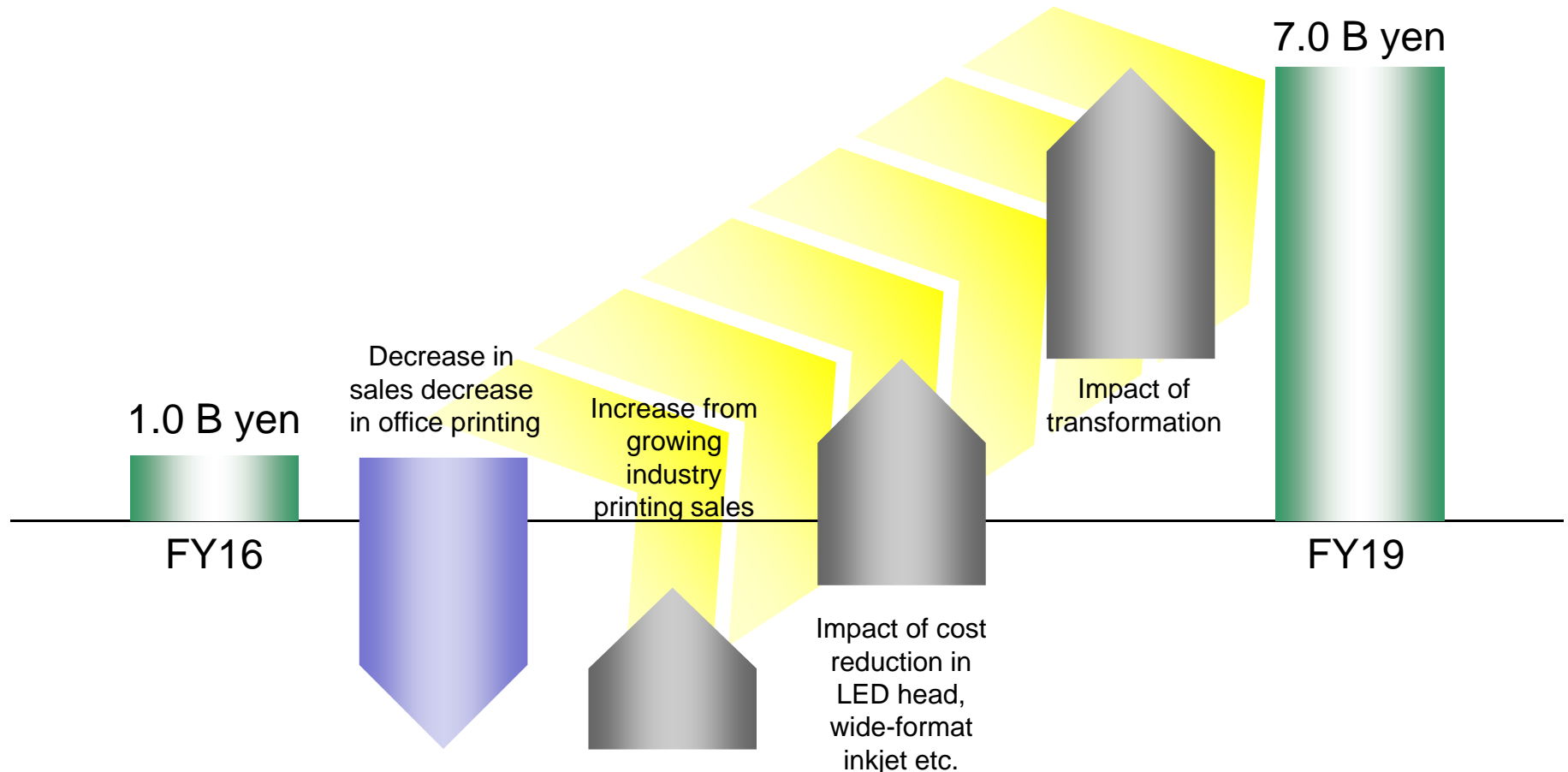
Operating Income

(Billion yen)



Road to the Profit Improvement

- ❑ Toward profit fall in sales decrease in office printing,
- ❑ Raise profit by increasing sales volume of industry printing, and drive cost reduction
- ❑ Further, improve profitability by streamlining and seeking lean management as transforming to the suitable size to own ability





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.