

Financial Results for the First Half of FY ending March 31, 2018

October 31, 2017

Oki Electric Industry Co., Ltd.

Overview of 1H

➤ Summary of Business

Overall 1H results reached its original plan; the weak performance of Mechatronics systems business in overseas ATM market was covered by other businesses.

➤ Improvement in foreign exchange profit/loss in non-operating income/expenses

Positive outcome of reviewing some deals in foreign currencies and stable foreign exchange rates resulted in this improvement.

➤ Change in consolidated accounting period of the subsidiary in Brazil

The financial results from this January through September of the subsidiary in Brazil were consolidated in this 1H.

➤ Reformation of Printers business structure

Business structure improvement expenses were recorded in extraordinary losses.

Summary of Financial Results

- Net sales were below the previous fiscal year as well as its original plan. Operating income surpassed the original plan though it worsened from the previous fiscal year.
- Ordinary loss and loss attributable to owners of parent drastically improved as foreign exchange losses in non-operating expenses turned in to a profit.
- Interim dividend : 20 yen per share (as planned)

	FY end. Mar. 2018 (Results)	Previous projections	Variance	FY end. Mar. 2017 (Results)	Variance
(Billion yen)					
Net sales	194.0	198.0	(4.0)	199.3	(5.3)
Operating income (loss)	(4.1)	(5.0)	0.9	(0.6)	(3.5)
Ordinary income (loss)	(3.3)	(5.5)	2.2	(8.9)	5.6
Profit (loss) attributable to owners of parent	(4.6)	(6.5)	1.9	(13.5)	8.9
USD average exchange rate (Yen)	111.1	110		105.3	
EUR average exchange rate (Yen)	126.3	115		118.2	

Segment Information (Net Sales)

- ICT : Sales increased year on year due to the increased demands of some government agencies and social infrastructure related systems despite the impact of the delay in some projects compared to the original plan.
- Mechatronics systems: Chinese market kept sluggish. Sales in other emerging countries also declined.
- Printers: Sales were roughly as planned even though it decreased year on year.
- EMS: Sales increased year on year due to strong sales in PCBs for semiconductor related equipment and others.

PCB: Printed Circuit Board

(Billion yen)	FY end. Mar.2018 (Results)	Previous projections	Variance	FY end. Mar.2017 (Results)	Variance
ICT	68.5	70.5	(2.0)	66.9	1.6
Mechatronics systems	45.4	48.5	(3.1)	49.0	(3.6)
Printers	51.8	51.0	0.8	54.3	(2.5)
EMS	22.2	22.0	0.2	20.9	1.3
Others	6.0	6.0	0.0	8.3	(2.3)
Total	194.0	198.0	(4.0)	199.3	(5.3)

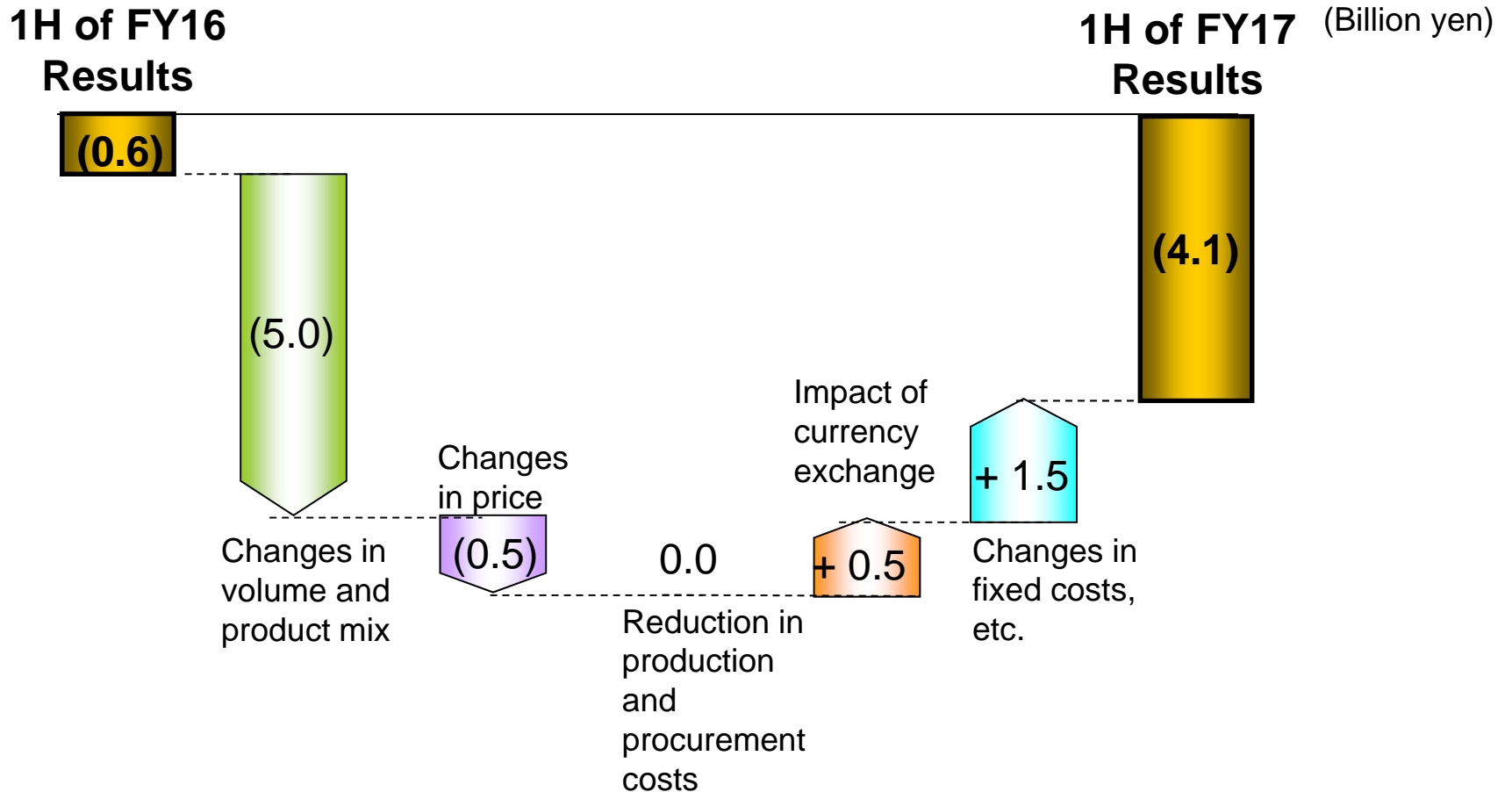
Segment Information (Operating Income/Loss)

- ICT : Operating income increased year on year despite the impact of the delay in some projects.
- Mechatronics systems: Operating income worsened due to the impact of reviewing inventory valuation in addition to the decrease in sales volume.
- Printers: Operating income improved due to the effect of foreign exchange rate in addition to the structural reform.
- EMS: Operating income remained the same as previous fiscal year and exceeded the original plan.

(Billion yen)	FY end. Mar.2018 (Results)	Previous projections	Variance	FY end. Mar.2017 (Results)	Variance
ICT	0.1	0.5	(0.4)	(0.3)	0.4
Mechatronics systems	(3.0)	(2.0)	(1.0)	1.3	(4.3)
Printers	0.6	(1.5)	2.1	(0.8)	1.4
EMS	0.7	0.5	0.2	0.7	0.0
Others	0.9	0.5	0.4	1.5	(0.6)
Corporate & Eliminations	(3.4)	(3.0)	(0.4)	(3.1)	(0.3)
Total	(4.1)	(5.0)	0.9	(0.6)	(3.5)

Changing Factors of Operating Income/Loss

- Operating loss increased due to mainly the dropped sales volume.



Balance Sheets

- Working capital was reduced by inventory reduction while collecting notes and accounts receivable.
- Levels of shareholders' equity ratio and D/E ratio were maintained due to the reduction of total assets.

(Billion yen)	Sep. 2017	Mar. 2017	Variance
Current assets	216.9	231.5	(14.6)
Fixed assets	131.1	129.2	1.9
Assets	348.0	360.7	(12.7)
Current liabilities	177.9	176.6	1.3
Fixed liabilities	79.3	86.9	(7.6)
Liabilities	257.2	263.5	(6.3)
Shareholders' equity	90.6	96.9	(6.3)
Others	0.2	0.3	(0.1)
Net assets	90.8	97.2	(6.4)
Total liabilities and net assets	348.0	360.7	(12.7)
Shareholders' equity ratio (%)	26.0	26.9	(0.9)%
D/E ratio (times)	0.9	0.9	0.0pt

Cash Flows

- Free cash flows saw a net inflow of 1.7 B yen.
- Cash and cash equivalents remained the same as the previous fiscal year.

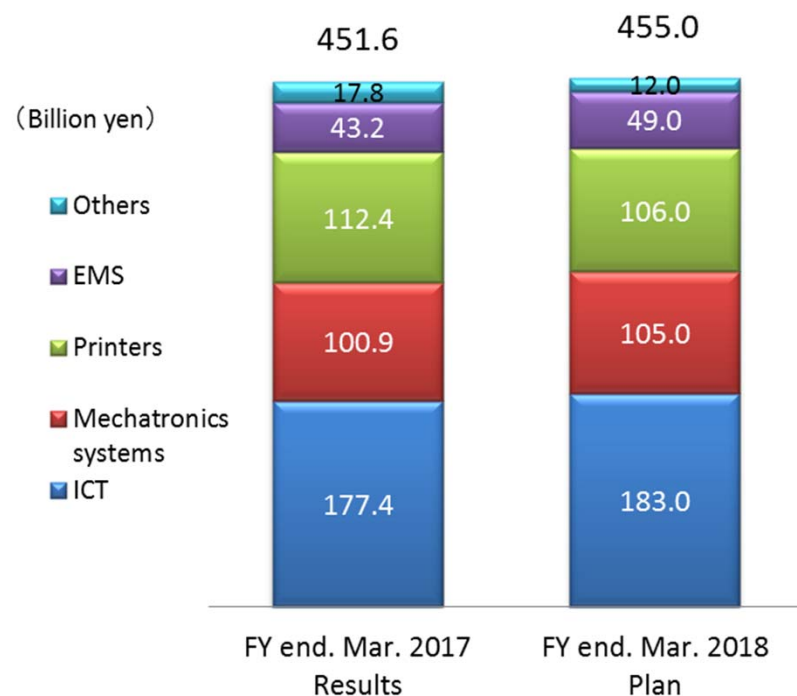
(Billion yen)	FY end. March 2018	FY end. March 2017	Variance
I Cash flows from operating activities	4.5	21.0	(16.5)
II Cash flows from investing activities	(2.8)	(8.2)	5.4
Free cash flows (I + II)	1.7	12.8	(11.1)
III Cash flows from financing activities	(9.8)	(15.9)	6.1
Cash and cash equivalents	44.1	43.0	1.1
Purchases of equipment	(3.0)	(5.9)	2.9
Depreciation	6.5	6.8	(0.3)

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

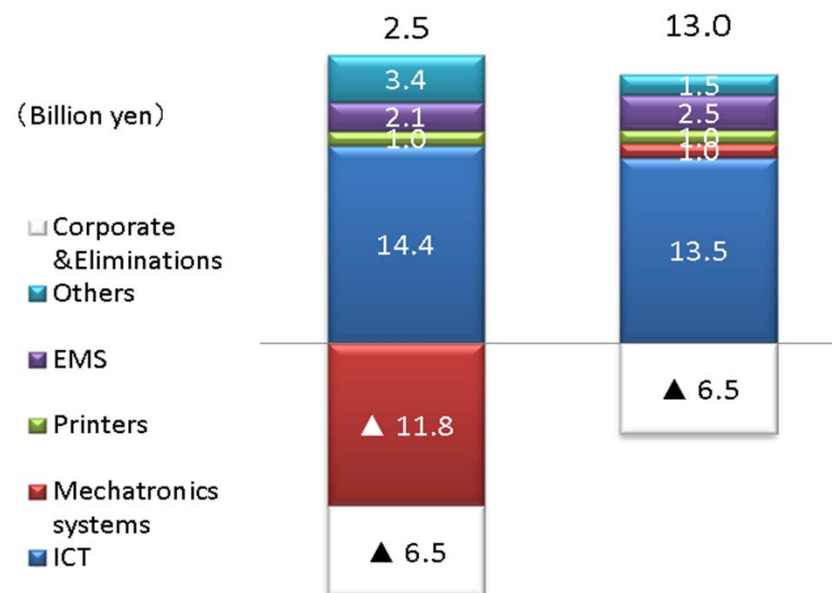
Reference

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

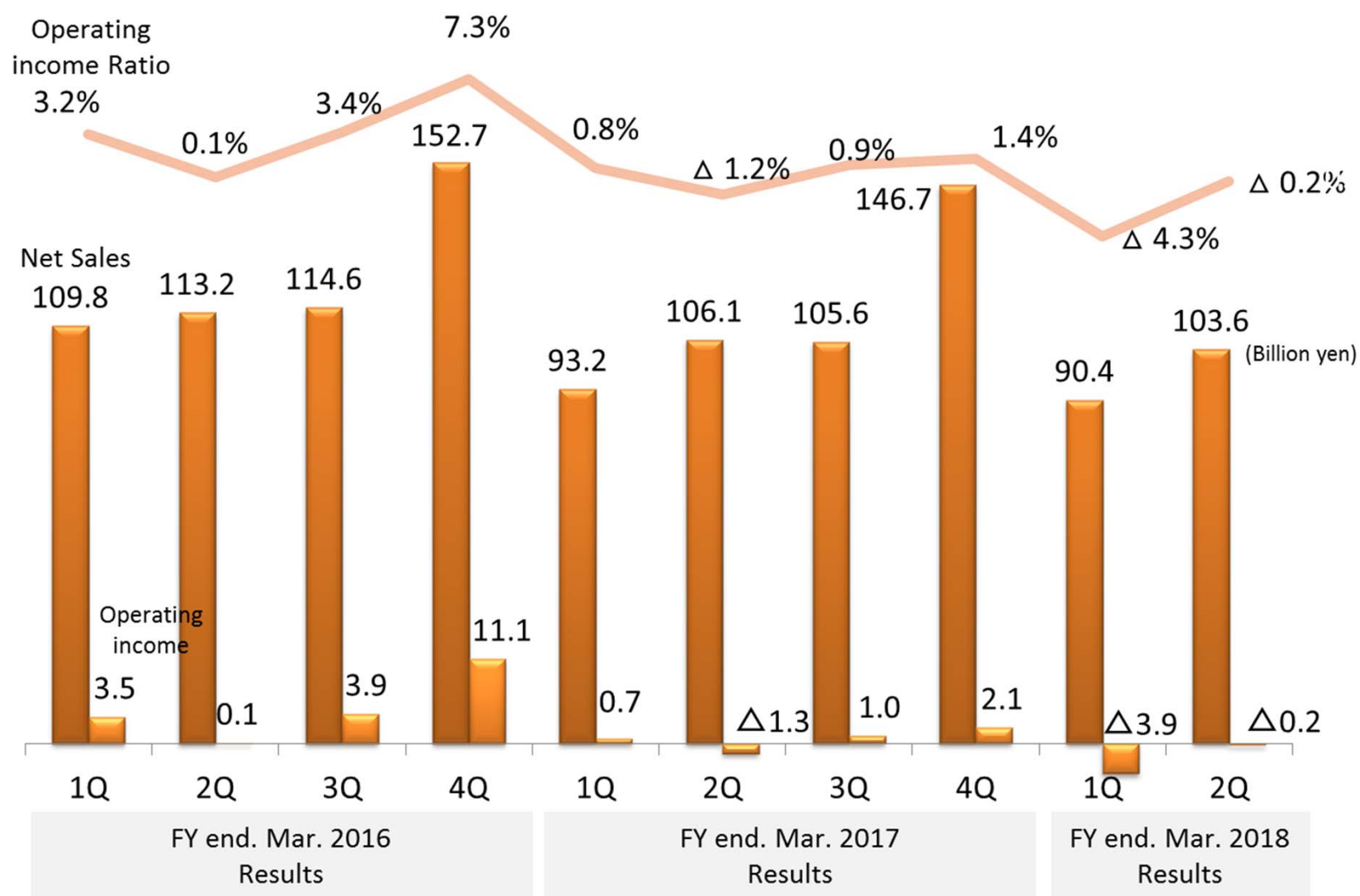
Net Sales



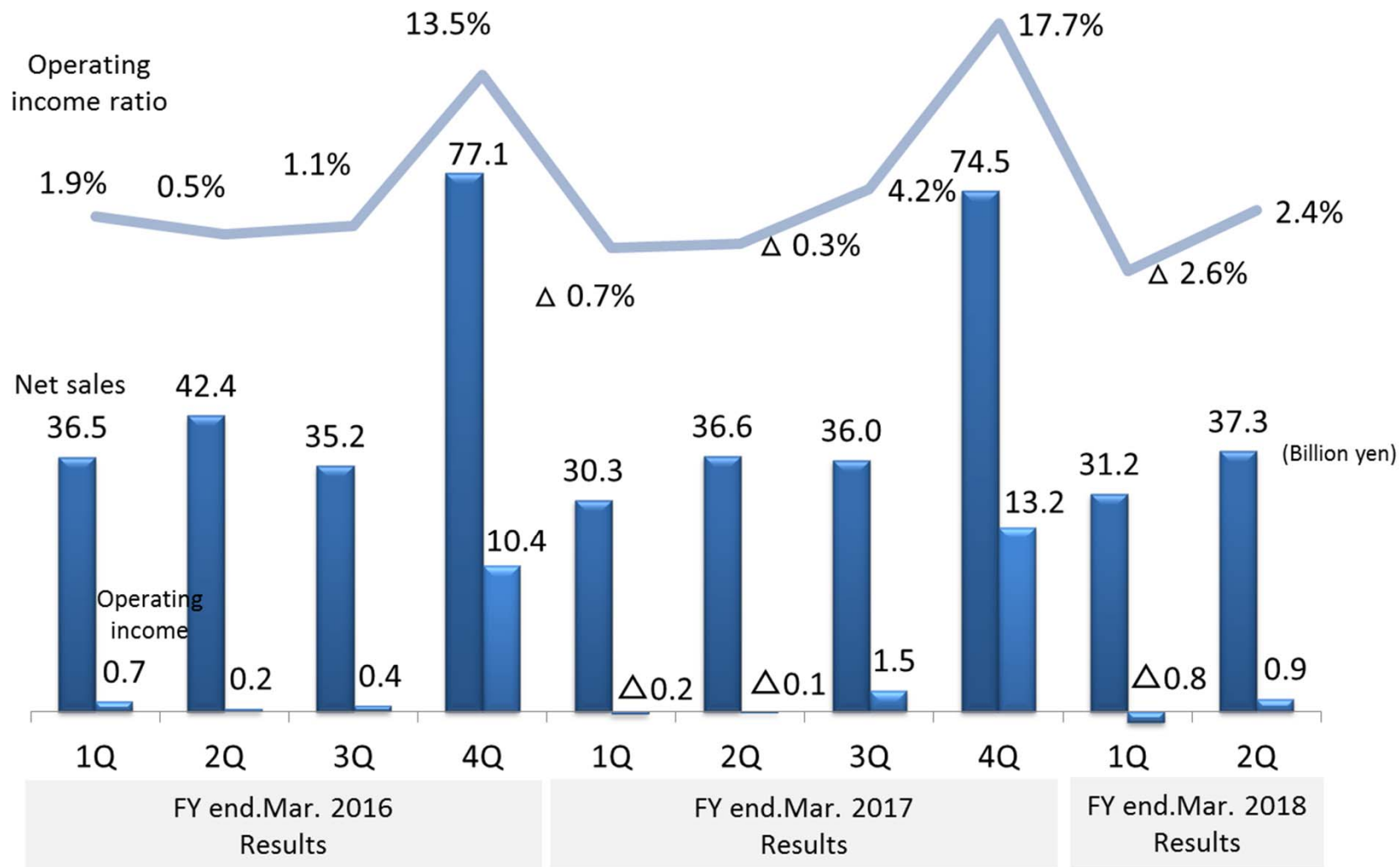
Operating Income



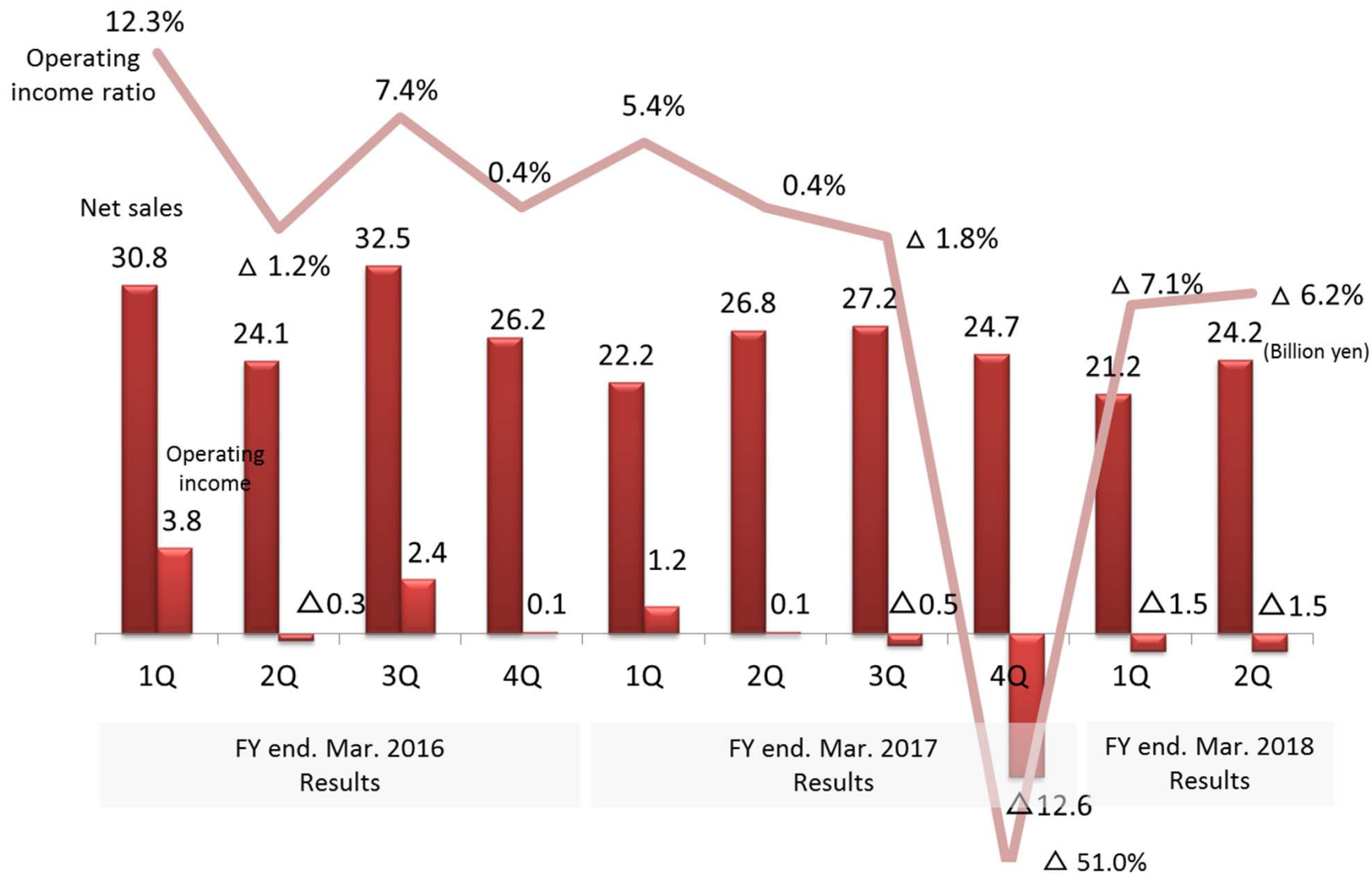
Quarterly Transition of Net Sales and Operating Income



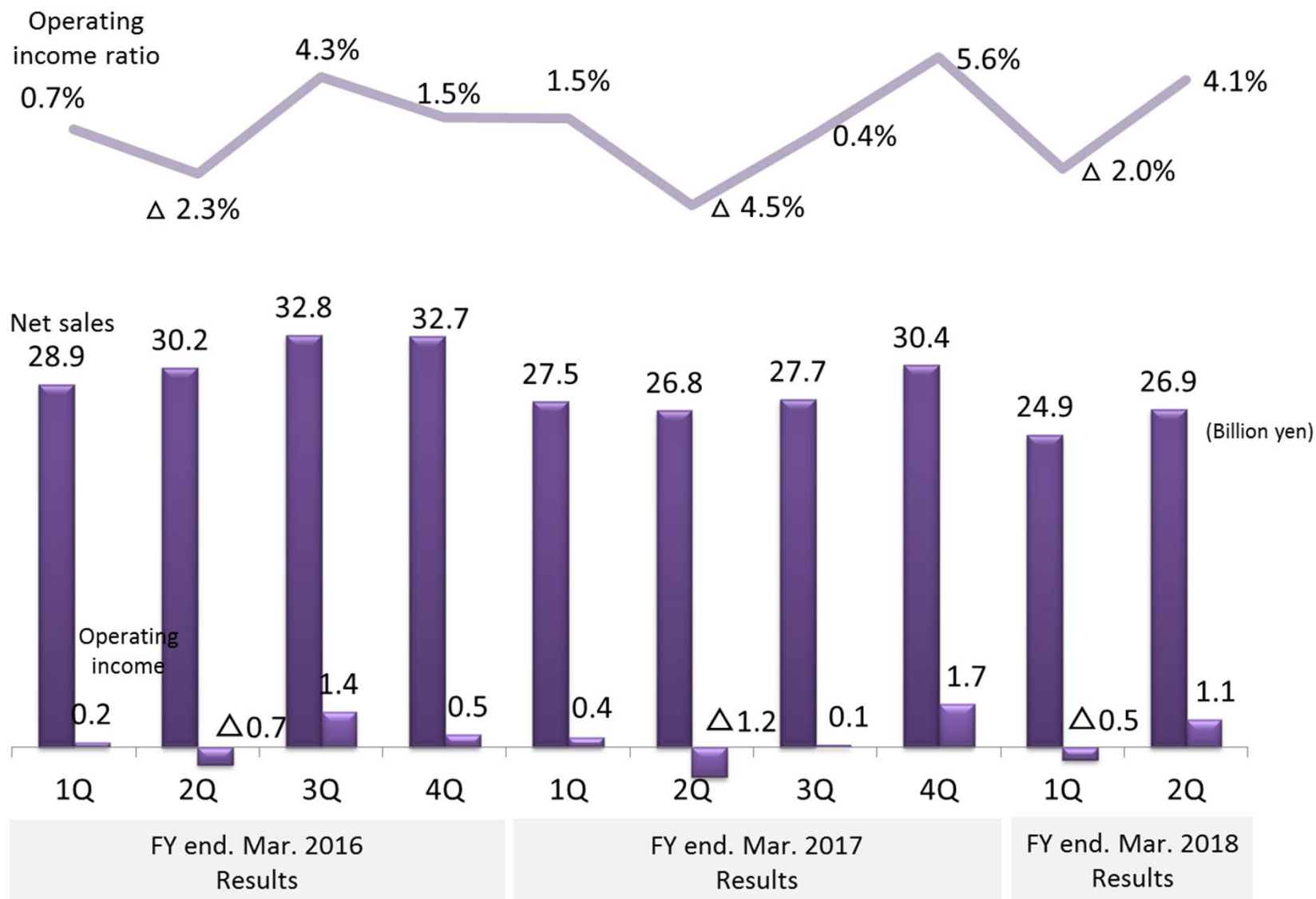
Quarterly Transition of Net Sales and Operating Income(ICT)



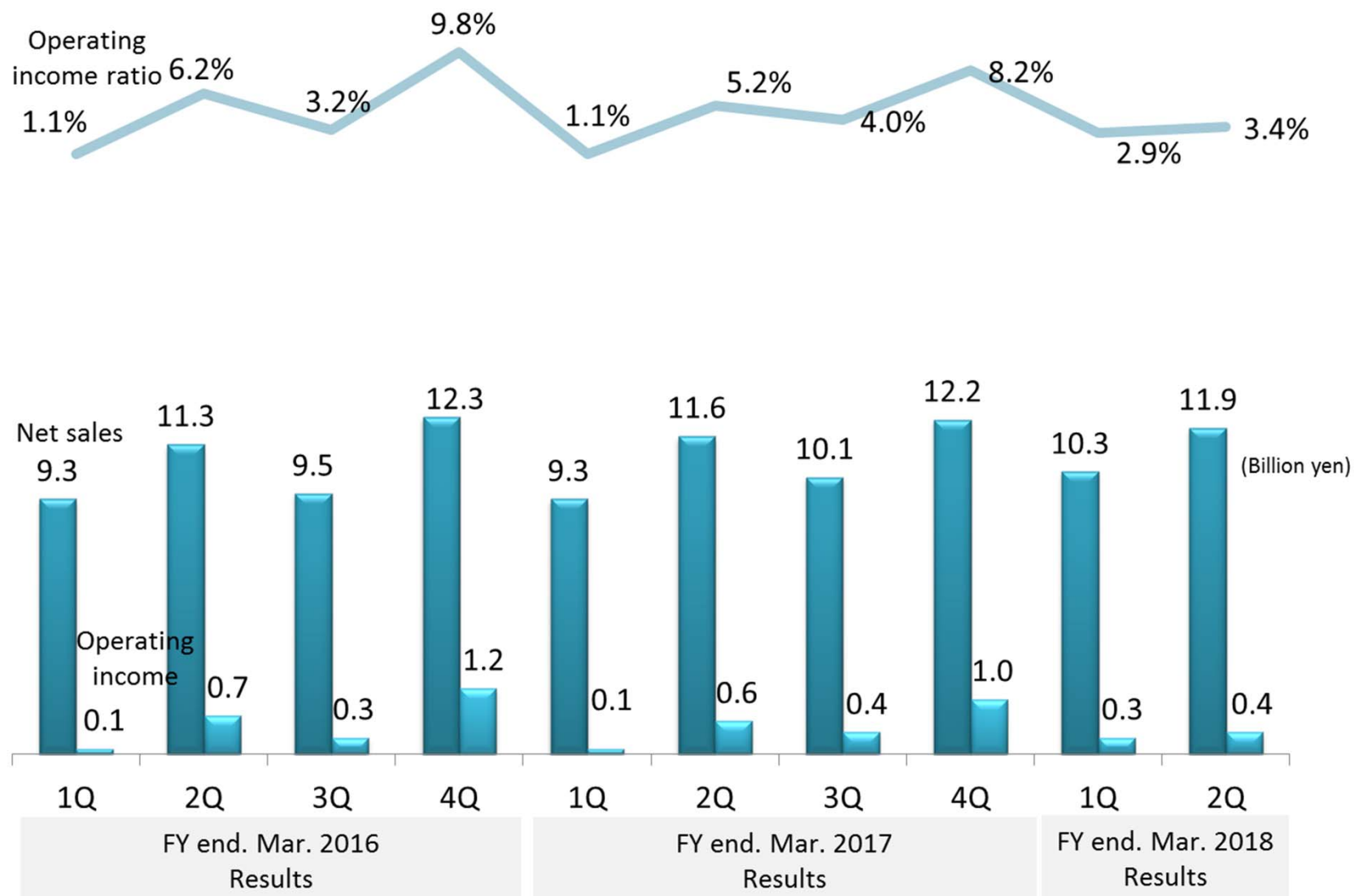
Quarterly Transition of Net Sales and Operating Income(Mechatronics Systems)



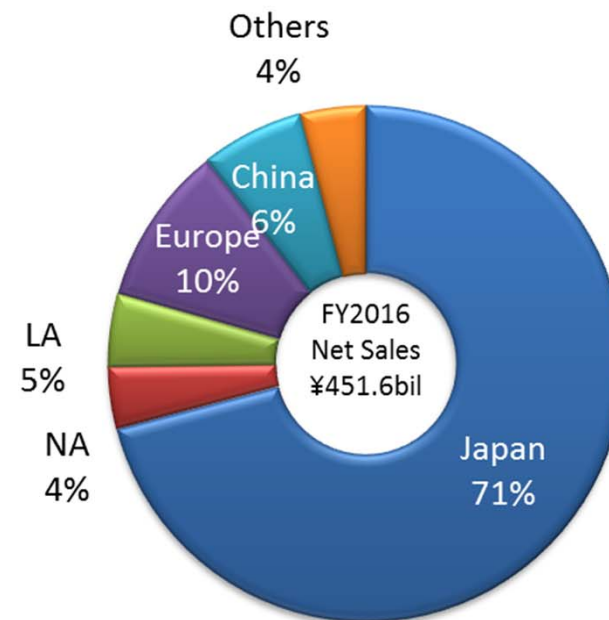
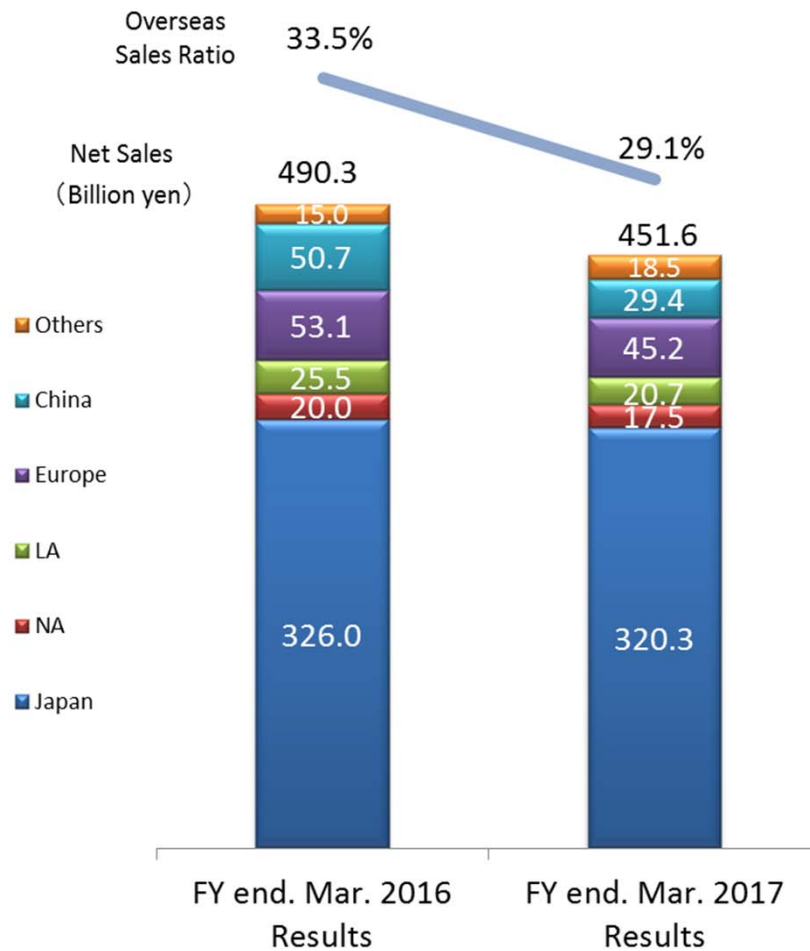
Quarterly Transition of Net Sales and Operating Income(Printers)



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, 2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	Full year (Plan)
Net sales	109.8	113.2	114.6	152.7	93.2	106.1	105.6	146.7	90.4	103.6	455.0
Operating income/loss	3.5	0.1	3.9	11.1	0.7	(1.3)	1.0	2.1	(3.9)	(0.2)	13.0
Non-operating income & expenses	2.4	(3.6)	(2.5)	(3.5)	(7.1)	(1.2)	3.6	(0.2)	0.4	0.4	-
Ordinary income/loss	5.9	(3.5)	1.4	7.6	(6.4)	(2.5)	4.6	1.9	(3.5)	0.2	12.0
Extraordinary income/loss	0.1	0.2	(0.3)	0.3	0.0	(2.6)	(0.3)	18.9	(0.7)	(0.2)	-
Income/loss before income taxes	6.0	(3.3)	1.1	7.9	(6.4)	(5.1)	4.3	20.9	(4.2)	(0.1)	-
Profit/loss attributable to owners of parent	3.2	(2.3)	(2.7)	8.4	(6.1)	(7.4)	1.5	16.7	(4.8)	0.2	8.0

Financial Highlights

Results (Billion yen)	FY end. Mar. 31, 2016				FY end. Mar. 31, 2017				FY end. Mar. 31, 2018	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Total assets	421.9	412.5	414.8	411.8	387.1	371.9	379.6	360.7	344.2	348.0
Net assets	119.8	113.6	110.6	107.4	99.2	93.1	92.5	97.2	90.9	90.8
Interest-bearing debt	109.5	114.8	118.3	122.1	118.7	107.8	109.7	87.0	84.4	81.1
Shareholders' equity	118.8	112.8	110.3	106.7	98.7	92.6	92.1	96.9	90.7	90.6
Shareholders' equity ratio (%)	28.1	27.3	26.6	25.9	25.5	24.9	24.3	26.9	26.4	26.0
D/E ratio (times)	0.9	1.0	1.1	1.1	1.2	1.2	1.2	0.9	0.9	0.9
Free cash flows	1.6	(14.3)	(0.3)	(3.4)	16.1	(3.3)	8.1	28.7	2.6	(0.9)
Cash and cash equivalents	53.7	44.5	45.5	46.3	57.1	43.0	47.0	52.0	48.9	44.1
USD average exchange rate (Yen)	121.4	122.2	121.5	115.5	108.2	102.4	109.3	113.6	111.1	111.0
EUR average exchange rate (Yen)	134.2	135.9	133.0	127.2	122.0	114.3	117.8	121.1	122.2	130.4

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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