

# Financial Results for the First Nine Months of the FY ending March 31, 2018

February 1, 2018

Oki Electric Industry Co., Ltd.

# Overview of Q3

## ➤ Summary of Business

Overall OKI's performance is generally going according to its plan. Although the performance of overseas ATMs in Mechatronics systems business remained weak, the performance in the other businesses were steady.

## ➤ Reformation of Printers business structure

Structural reforms will be completed by the end of this fiscal year.

## ➤ 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.

## ➤ Implementation of making Oki Electric Cable as a wholly owned subsidiary

The takeover bid has been completed. The process of making Oki Electric Cable as a wholly owned subsidiary is underway and its financial results will be consolidated from Q4.

# Summary of Financial Results

- Net sales were below year on year. Operating income was along with its plan though it worsened from the previous fiscal year.
- Ordinary loss and loss attributable to owners of parent improved due to the differences of foreign exchange profit/loss .

(Billion yen)	9 months FY end. Mar. 2018	9 months FY end. Mar. 2017	Variance
Net sales	300.0	304.9	(4.9)
Operating income (loss)	(2.8)	0.4	(3.2)
Ordinary income (loss)	(1.7)	(4.3)	2.6
Profit (loss) attributable to owners of parent	(5.6)	(12.0)	6.4
USD average exchange rate (Yen)	111.7	106.6	
EUR average exchange rate (Yen)	128.5	118.0	

## Segment Information (Net Sales)

- ICT : Sales increased mainly for some government agencies and social infrastructure related systems.
- Mechatronics systems : Sales of overseas ATMs remained weak.
- Printers : Sales were roughly as planned even though it decreased year on year.
- EMS : Sales were favorable for PCBs for semiconductor related equipment and others.
- Others : Sales decreased due to the selling shares of a consolidated subsidiary at the end of previous fiscal year.

(Billion yen)	9 months FY end. Mar.2018	9 months FY end. Mar.2017	Variance
ICT	107.2	102.9	4.3
Mechatronics systems	69.7	76.2	(6.5)
Printers	80.2	82.0	(1.8)
EMS	34.0	31.0	3.0
Others	8.9	12.9	(4.0)
Total	300.0	304.9	(4.9)

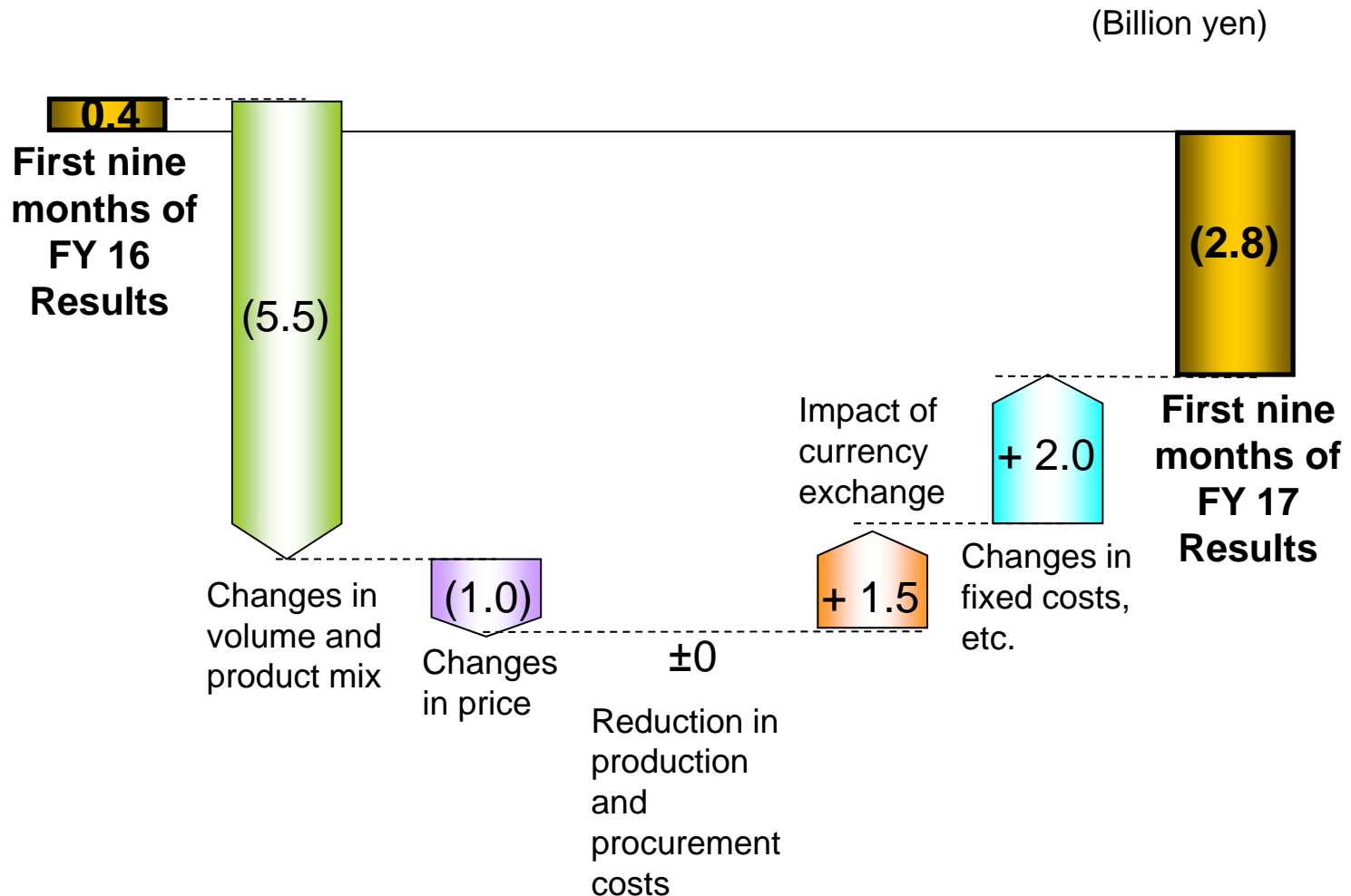
## Segment Information (Operating Income/Loss)

- ICT : Operating income increased year on year due to steady sales growth.
- Mechatronics systems : Operating income worsened year on year due to decline in sales and lower sales volume.
- Printers : Operating income improved year on year due the effect of foreign exchange rate in addition to the structural reforms.
- EMS : Operating income increased year on year due to the sales increase.
- Others: Operating income decreased due to the selling shares of a consolidated subsidiary.

(Billion yen)	9 months FY end. Mar.2018	9 months FY end. Mar.2017	Variance
ICT	2.7	1.2	1.5
Mechatronics systems	(4.6)	0.8	(5.4)
Printers	2.0	(0.7)	2.7
EMS	1.2	1.1	0.1
Others	1.2	2.4	(1.2)
Corporate & Eliminations	(5.4)	(4.5)	(0.9)
Total	(2.8)	0.4	(3.2)

# Changing Factors of Operating Income/Loss

- Operating income worsened due to the significant impact of the decline in sales volume despite the effect of reducing fixed costs by the structural reforms in Printers business.



## 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 stable due to reducing total assets.

(Billion yen)	Dec. 2017	Mar. 2017	Variance
Current assets	216.9	231.5	(14.6)
Fixed assets	140.6	129.2	11.4
Assets	357.6	360.7	(3.1)
Current liabilities	183.4	176.6	6.8
Fixed liabilities	82.2	86.9	(4.7)
Liabilities	265.6	263.5	2.1
Shareholders' equity	90.5	96.9	(6.4)
Others	1.5	0.3	1.2
Net assets	92.0	97.2	(5.2)
Total liabilities and net assets	357.6	360.7	(3.1)
Shareholders' equity ratio (%)	25.3	26.9	(1.6)%
D/E ratio (times)	0.9	0.9	0.0pt

# Cash Flows

- Free cash flows saw a net inflow of 3.2 B yen.
- Cash and cash equivalents remained the same as the previous fiscal year.

	9 months FY end. Mar.2018	9 months FY end. Mar.2017	Variance
(Billion yen)			
I Cash flows from operating activities	11.6	31.9	(20.3)
II Cash flows from investing activities	(8.4)	(11.0)	2.6
Free cash flows ( I + II )	3.2	20.9	(17.7)
III Cash flows from financing activities	(11.0)	(19.6)	8.6
Cash and cash equivalents	44.8	47.0	(2.2)
Purchases of equipment	(4.9)	(7.4)	2.5
Depreciation	9.6	10.2	(0.6)

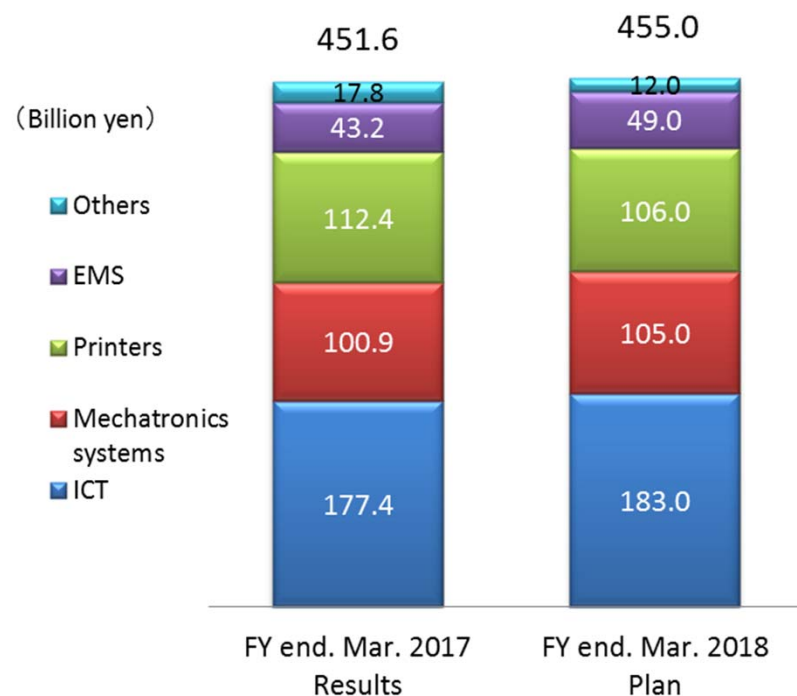
Free cash flows and net cash flows are the total of each item which are rounded to the nearest hundred million yen.



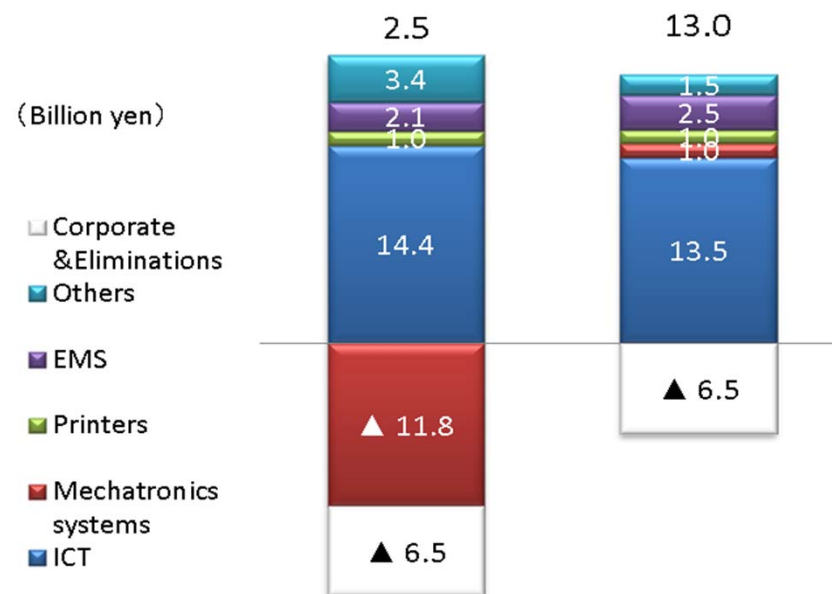
# Reference

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

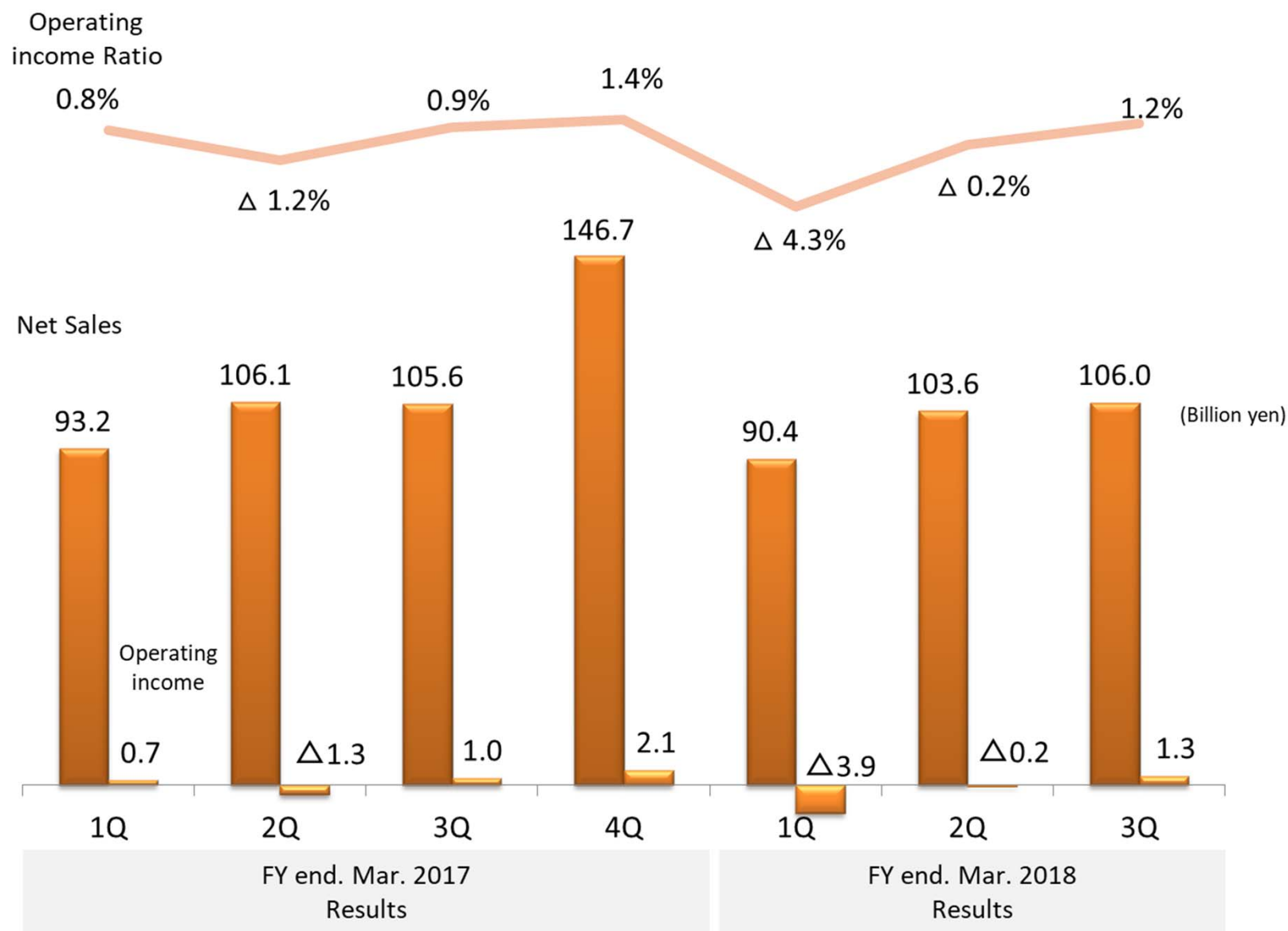
### Net Sales



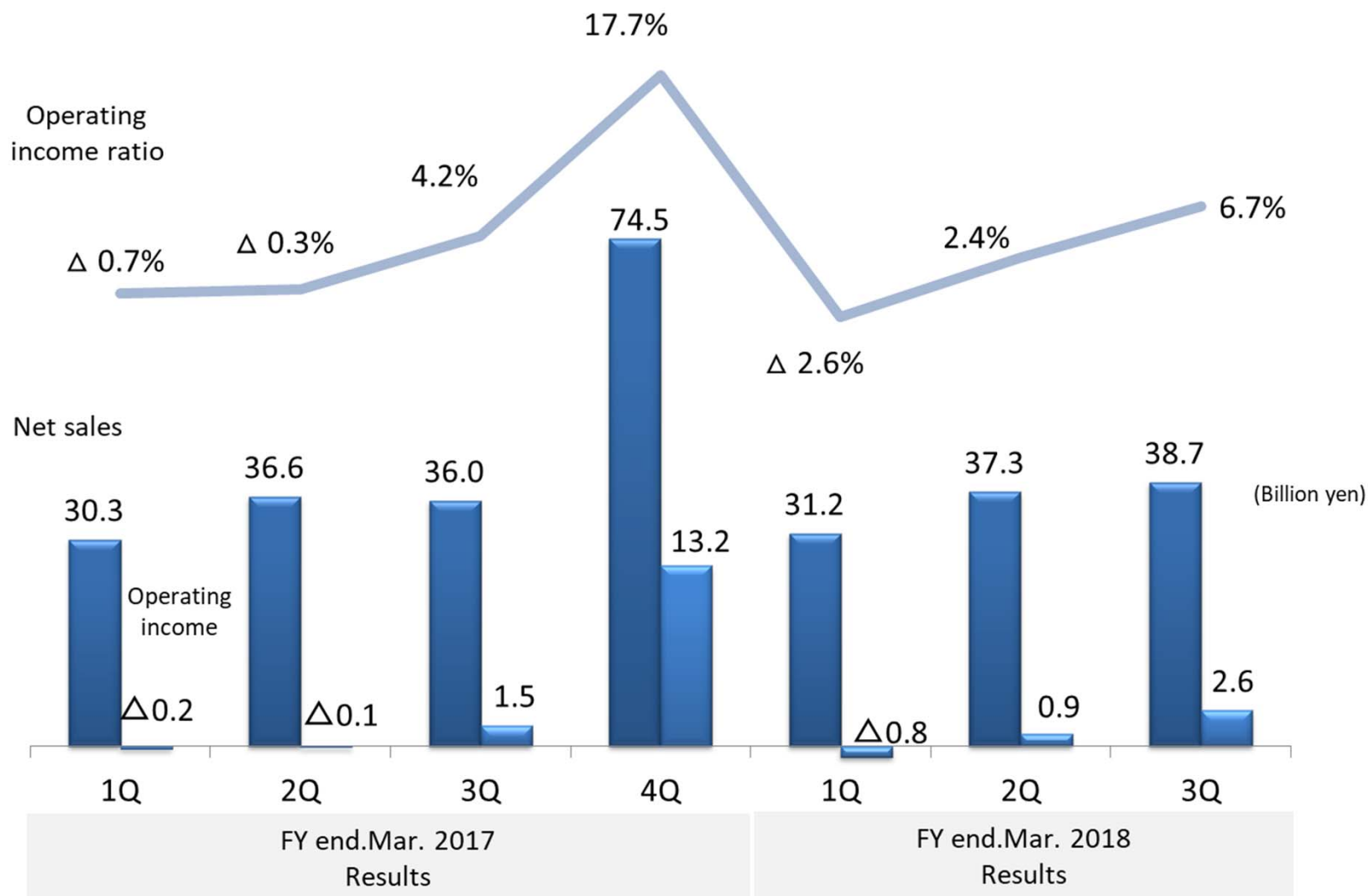
### Operating Income



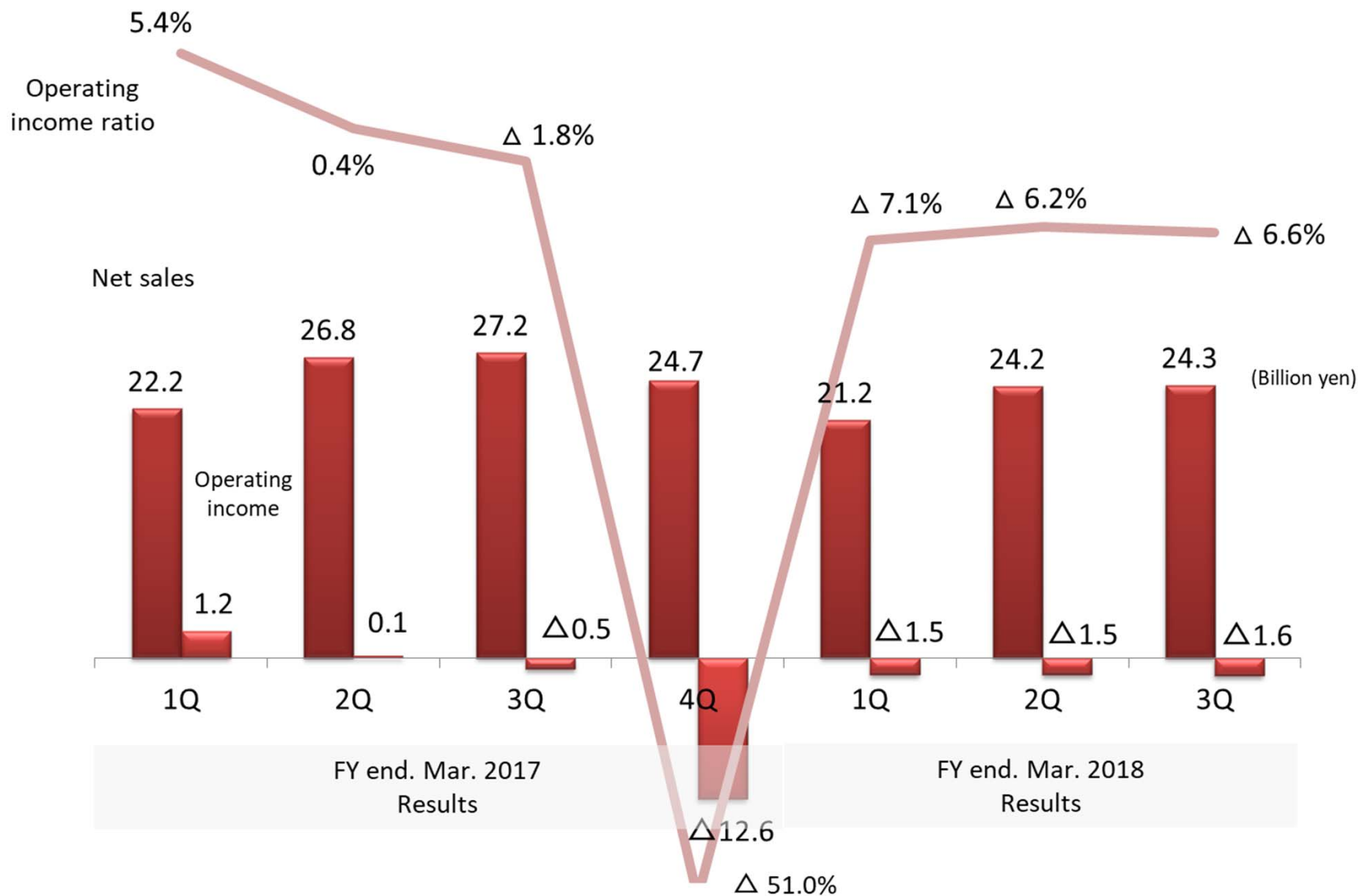
## Quarterly Transition of Net Sales and Operating Income



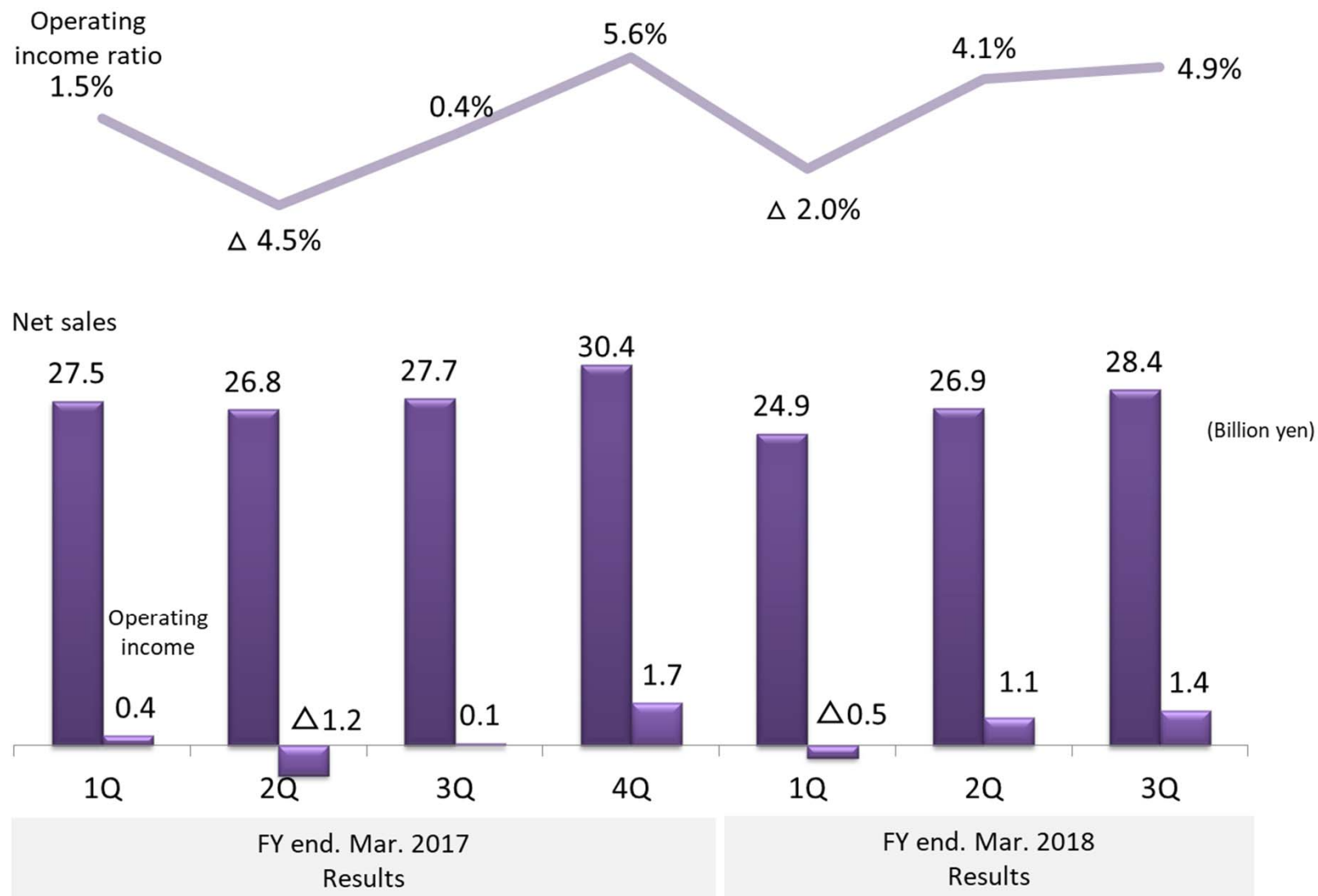
## Quarterly Transition of Net Sales and Operating Income (ICT)



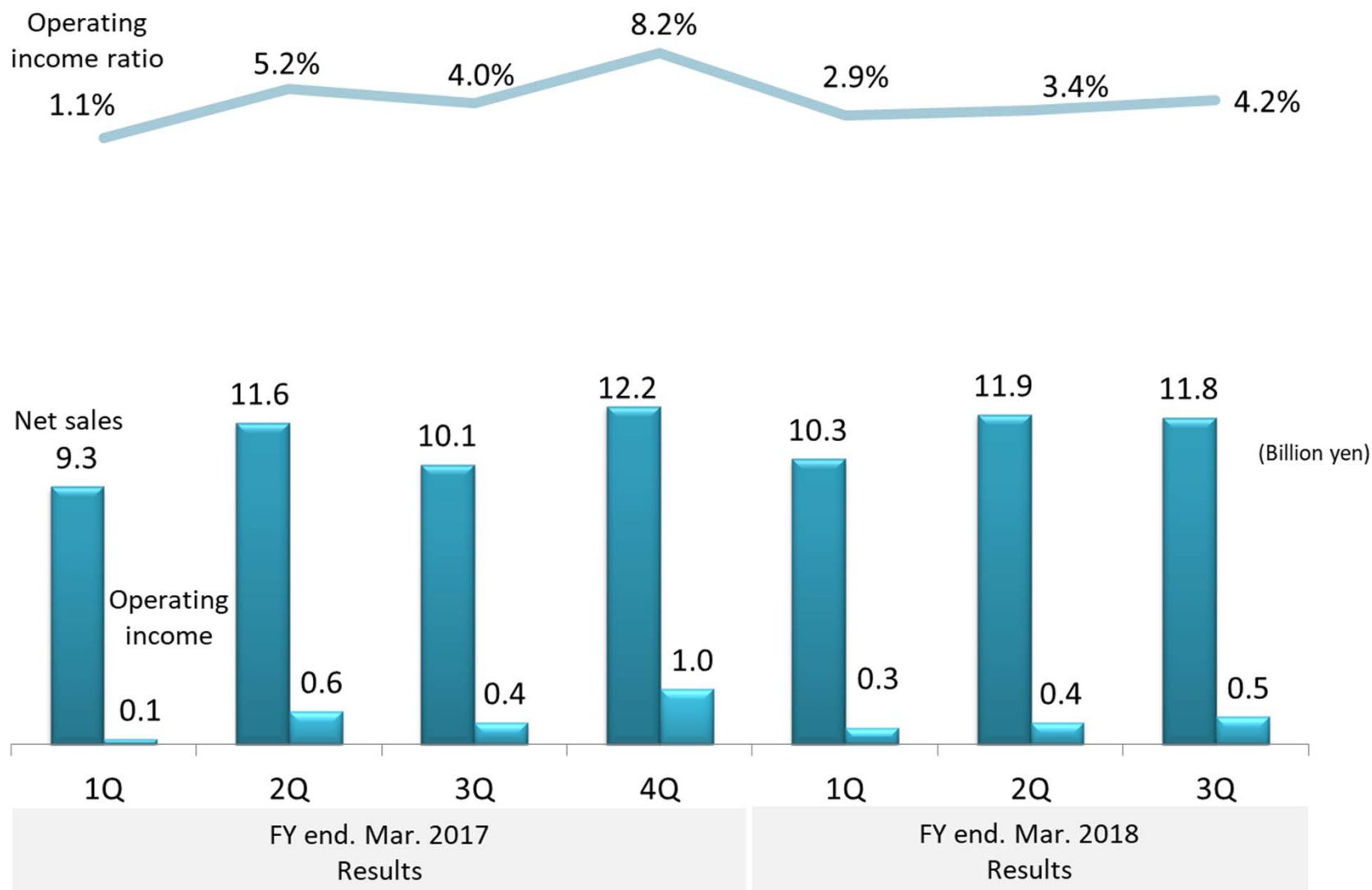
## Quarterly Transition of Net Sales and Operating Income (Mechatronics Systems)



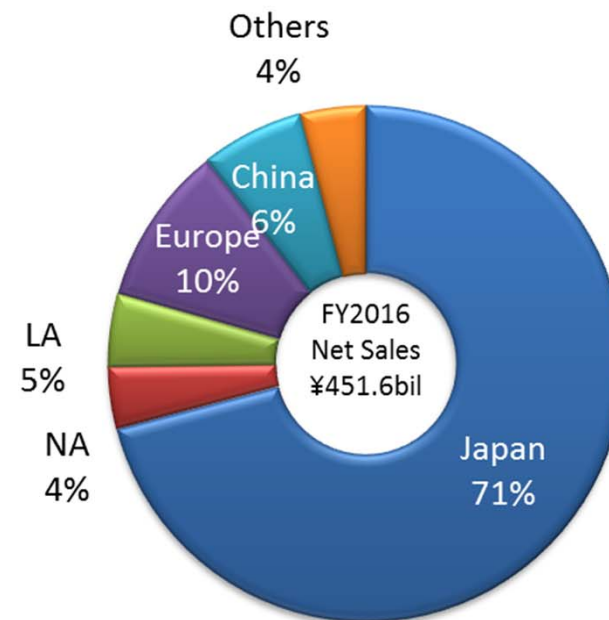
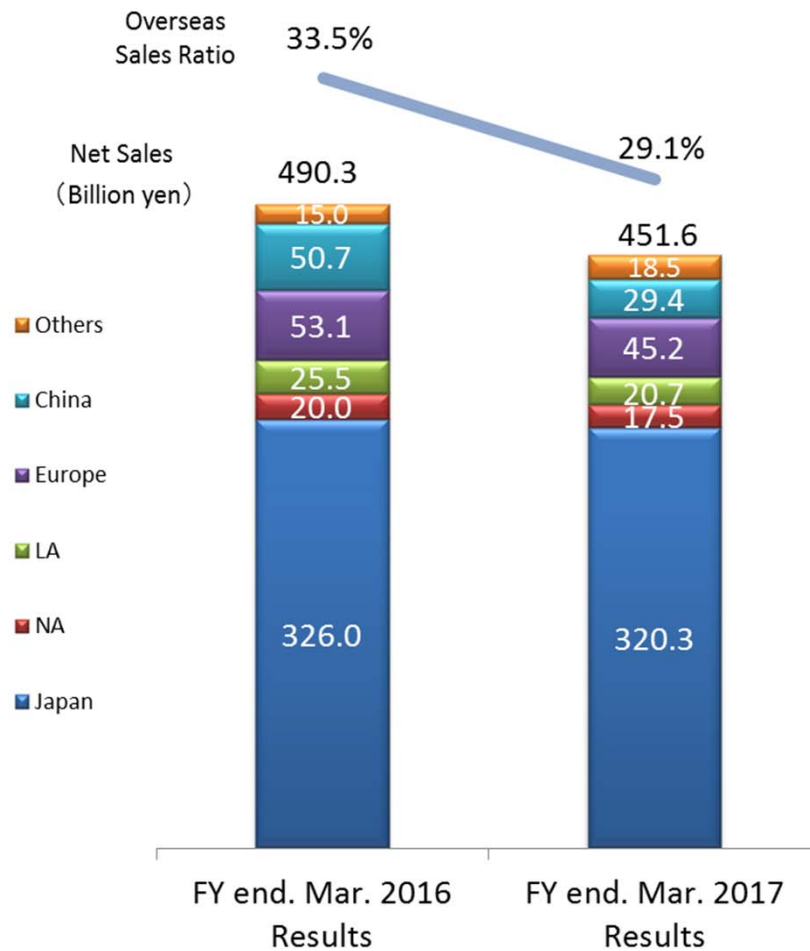
## Quarterly Transition of Net Sales and Operating Income (Printers)



## 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, 2017				FY end. Mar. 31, 2018				Full year (Plan)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Net sales	93.2	106.1	105.6	146.7	90.4	103.6	106.0		455.0
Operating income/loss	0.7	(1.3)	1.0	2.1	(3.9)	(0.2)	1.3		13.0
Non-operating income & expenses	(7.1)	(1.2)	3.6	(0.2)	0.4	0.4	0.3		-
Ordinary income/loss	(6.4)	(2.5)	4.6	1.9	(3.5)	0.2	1.6		12.0
Extraordinary income/loss	0.0	(2.6)	(0.3)	18.9	(0.7)	(0.2)	0.8		-
Income/loss before income taxes	(6.4)	(5.1)	4.3	20.9	(4.2)	(0.1)	2.5		-
Profit/loss attributable to owners of parent	(6.1)	(7.4)	1.5	16.7	(4.8)	0.2	(1.0)		8.0

# Financial Highlights

Results (Billion yen)	FY end. Mar. 31, 2017				FY end. Mar. 31, 2018		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Total assets	387.1	371.9	379.6	360.7	344.2	348.0	357.6
Net assets	99.2	93.1	92.5	97.2	90.9	90.8	92.0
Interest-bearing debt	118.7	107.8	109.7	87.0	84.4	81.1	82.7
Shareholders' equity	98.7	92.6	92.1	96.9	90.7	90.6	90.5
Shareholders' equity ratio (%)	25.5	24.9	24.3	26.9	26.4	26.0	25.3
D/E ratio (times)	1.2	1.2	1.2	0.9	0.9	0.9	0.9
Free cash flows	16.1	(3.3)	8.1	28.7	2.6	(0.9)	1.5
Cash and cash equivalents	57.1	43.0	47.0	52.0	48.9	44.1	44.8
USD average exchange rate (Yen)	108.2	102.4	109.3	113.6	111.1	111.0	113.0
EUR average exchange rate (Yen)	122.0	114.3	117.8	121.1	122.2	130.4	133.0

## Notice

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- 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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