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# Business Strategy Meeting

## Mechatronic Systems Business

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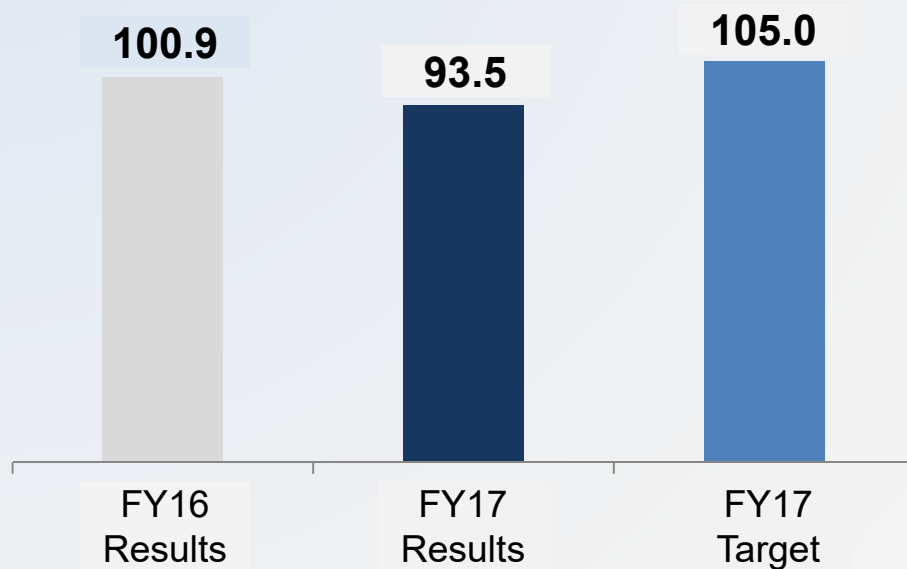
Oki Electric Industry Co., Ltd.

# Review of FY2017

Pursued profitability improvement by expanding ATM sales with newly launched products in emerging countries, however, could not follow the speed of environmental changes and make profits

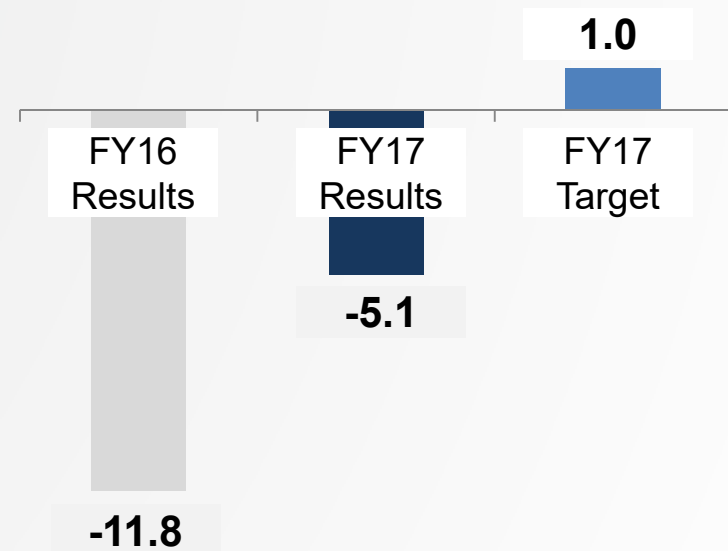
■ Net Sales

(Billion yen)



■ Operating Income

(Billion yen)



\*FY16 Results include allowance for doubtful accounts related to Chinese business.

# Review of FY2017 (Progress of Measures)

## Business Strategies by Segments

Business	Positions in Mid-Term Business Plan 2019	Keywords
ICT	Secure stable profitability Create new business	Next generation infrastructures, IoT.
Mechatronics	Get back on a growth path	Emerging countries, Retail market, Strategic products.
Printers	Secure stable profitability by strategic transformation	Niche mkt, LED, Streamlined management.
EMS	The points along the way to build EMS into 100.0 B yen business	New market domains, M&A.

## Keywords

## Measures

Emerging countries x Strategic products	Slow sales due to delay of market growth, delay in introduction of new products and fierce price competition
Retail market	Expanded sales of cash handling equipment for small and mid-sized stores as an alternative solution for shortage of manpower
<p>&lt;Environmental changes&gt;</p> <ol style="list-style-type: none"> <li>1. Cashless</li> <li>2. Increase competition in overseas ATM market</li> <li>3. Structural reforms in banking industry</li> </ol> <p>&lt;Issues&gt;</p> <ol style="list-style-type: none"> <li>1. Response to environmental changes (Strategy review/Speed up)</li> <li>2. Efforts to make profits (Short term)</li> </ol>	

# FY2018 Basic Policy

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Align the strategy which responds to environmental changes and put effort into making profits by doing away with a fixed idea and having a sense of urgency

➤ **Respond to environmental changes (Align the strategy)**

- Domestic business :  
Branch out into providing service infrastructure including recurring to beef up the revenue from providing equipment
- Global business :  
Branch out into partner sales of modules to enhance the revenue in addition to direct sales of finished products

➤ **Put effort into making profits**

- Reform its cost structure at home and overseas

# Response to Environmental Changes 1. Domestic Business

Equipment ⇒ Service infrastructure including recurring

Progress of digitization

Automation  
Personalization

Diversification  
of payment

Cross-industrial

Users

Location

Retail market



Financial market

Service infrastructure

BPO



Call  
Operation

Big data



New services  
Personalization

SI

New technology  
Network (Mobile)  
App. development

Core Technology

Automated equipment  
Recognition/Transit  
Components

OKI

Contents provider

Payment provider

Retail service provider

Finance service provider

Public service provider

Co-creation

**OKI's strength : Location/IT/Operation know-how/Mechatronics technology**

## Response to Environmental Changes 2. Global Business

Branch out into module partner business in addition to finished products direct sales

➤ **Focus products**

From ATM unit only to ATM unit in addition to core modules (components)/OEM

➤ **Sales operation**

From regional operation only to regional and module partner operation

➤ **Manufacturing operation**

Reorganize manufacturing locations corresponding to decline of ATM production

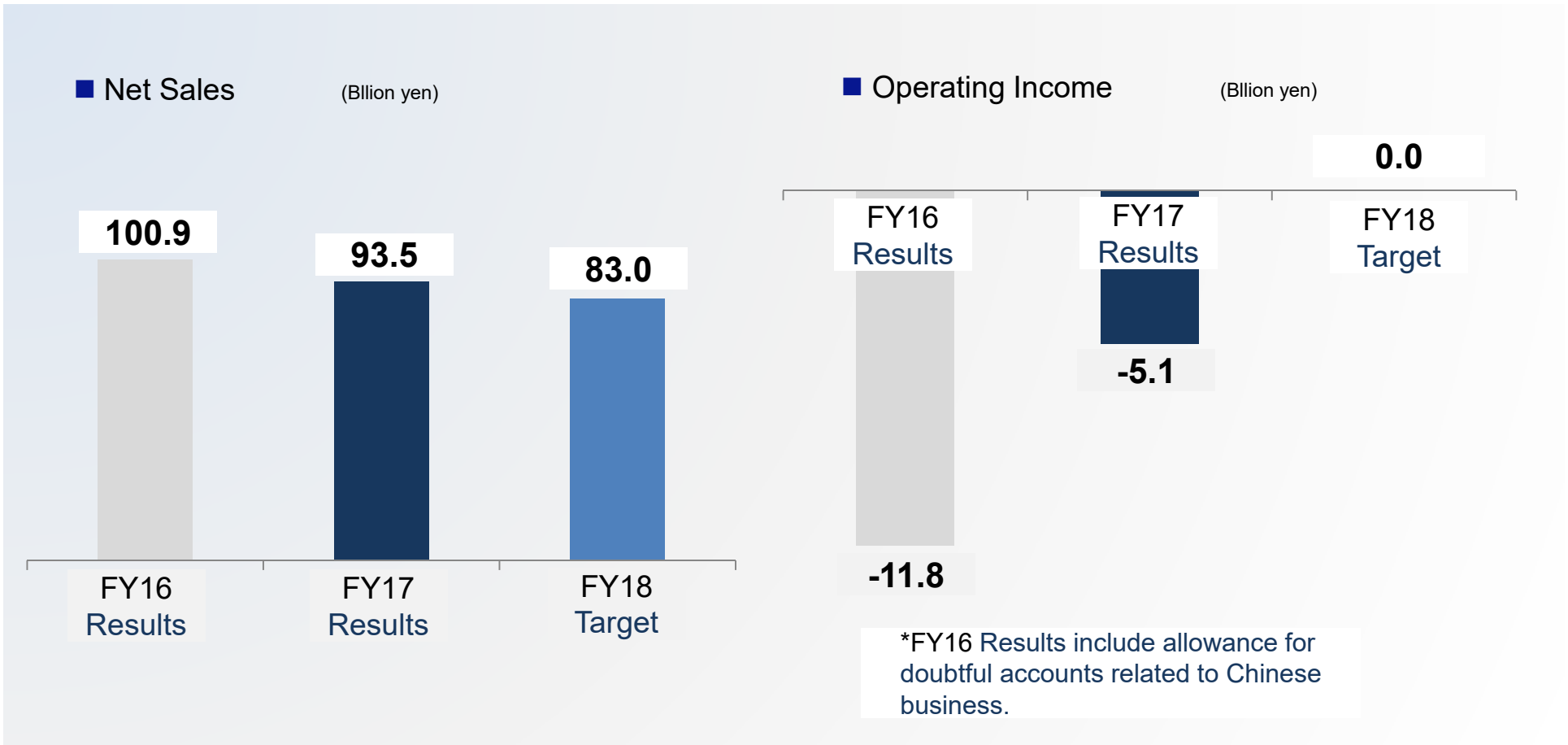
# Efforts to Make Profits

## Make profits by reviewing business cost structure

- **Shifting resources (1.0)** ( ) : Quantitative effects by Billion yen  
Relocate 180 domestic staff members to new area and growth areas in other segments
- **Structural reforms of overseas sites (3.0)**  
(China) Minimize operation by structural reforms  
(Brazil) Concentrate on core competence and optimize human resources
- **Countermeasures for variable cost (1.0)**  
Conduct cost reduction by VE and by carrying out cross-procurement
- **Partial review of investment timing and contents (0.5)**

# FY2018 Plans

While implementing a new business strategy which responds to environmental changes, realize to make profits in FY2018 by reforming cost structure







*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.