

Financial Results for the First Half of FY ending March 31, 2019

October 31, 2018

Oki Electric Industry Co., Ltd.

Overview of 1H

➤ Summary of Business

- Net sales ensured the same level of the previous first half and turned out roughly as we planned, as the effect of newly consolidation of a subsidiary in the EMS business offset the decreased sales in the Mechatronics Systems business.
- Operating income improved in all segments and exceeded our projection due to the impact of sales mix improvement and cost reduction.

➤ Reformation of the Mechatronics Systems business structure

- Measures of structural reforms are in progress as we had planned.
- The Brazilian subsidiary achieved a surplus on a single month basis.

Summary of Financial Results

- Net sales were approximately the same as the previous first half but slightly fell short of our projection, due to changes in sales mix.
- Operating income was steady, beyond our projection, and improved in all segments year on year.

(Billion yen)	1H FY2019/3 (Results)	Previous projections	Variance	1H FY2018/3 (Results)	Variance
Net sales	193.6	196.0	(2.4)	194.0	(0.4)
Operating income (loss)	0.8	(3.0)	+3.8	(4.1)	+4.9
Ordinary income (loss)	(0.8)	(3.5)	+2.7	(3.3)	+2.5
Profit (loss) attributable to owners of parent	(2.6)	(6.0)	+3.4	(4.6)	+2.0
USD average exchange rate (Yen)	110.3	110	+0.3	111.1	(0.8)
EUR average exchange rate (Yen)	129.8	130	(0.2)	126.3	+3.5

Segment Information (Net Sales)

- ICT: Sales were about the same as the previous first half as increase in social infrastructural projects we focused as well as in some governmental projects offset decline in construction projects for existing customers.
- Mechatronics Systems: Sales decreased drastically year on year due to the difference in consolidated terms in the Brazilian subsidiary as well as the impact of concentration on priority areas as part of structural reforms.
- Printers: Sales a bit exceeded our projections though slightly declined year on year.
- EMS: Sales increased year on year due to the effect of newly consolidation of a subsidiary, etc.

(Billion yen)	1H FY2019/3 (Results)	Previous projections	Variance	1H FY2018/3 (Results)	Variance
ICT	68.3	70.0	(1.7)	68.5	(0.2)
Mechatronics Systems	38.5	40.0	(1.5)	45.4	(6.9)
Printers	50.8	50.0	+0.8	51.8	(1.0)
EMS	32.4	33.0	(0.6)	24.4	+8.0
Others	3.6	3.0	+0.6	3.8	(0.2)
Total	193.6	196.0	(2.4)	194.0	(0.4)

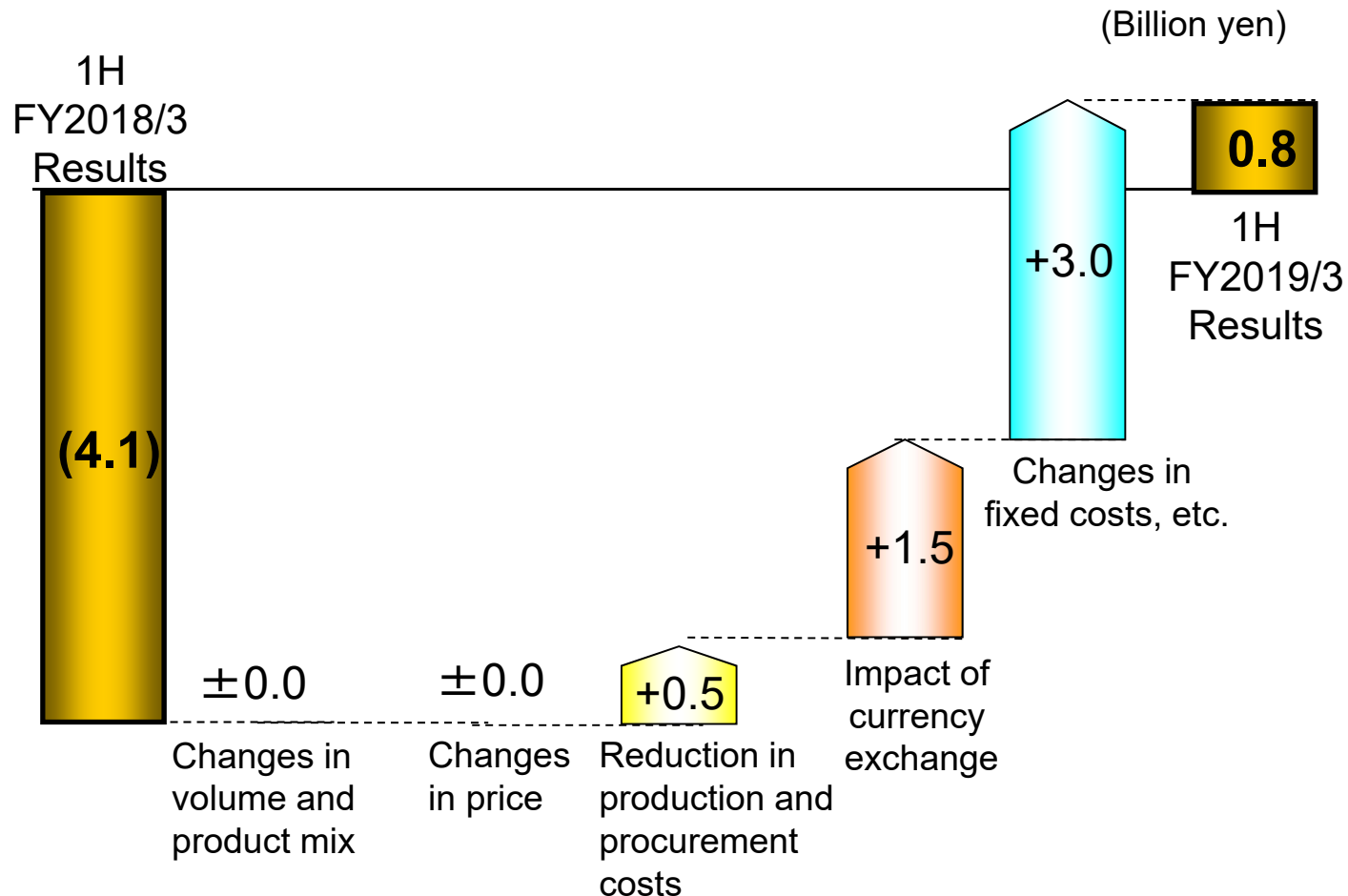
Segment Information (Operating Income/Loss)

- ICT: Operating income increased due to the progressed management efficiency in development projects, in addition to the improvement in the sales project mix.
- Mechatronics Systems: Operating loss decreased significantly year on year due to the impact of structural reforms.
- Printers: Operating income increased due to the improvement in structure of fixed cost and the impact of currency exchange.
- EMS: Operating income increased year on year with the effect of newly consolidation of a subsidiary, etc.
- Others: Subsidiaries ensured the same level of business performance as the previous first half.

	1H FY2019/3 (Results)	Previous projections	Variance	1H FY2018/3 (Results)	Variance
(Billion yen)					
ICT	0.8	(0.5)	+1.3	0.1	+0.7
Mechatronics Systems	(1.7)	(1.5)	(0.2)	(3.0)	+1.3
Printers	2.9	0.5	+2.4	0.6	+2.3
EMS	1.5	1.5	0.0	1.0	+0.5
Others	0.6	0.0	+0.6	0.6	0.0
Corporate & Eliminations	(3.3)	(3.0)	(0.3)	(3.5)	+0.2
Total	0.8	(3.0)	+3.8	(4.1)	+4.9

Reasons for Changes in Operating Income/Loss

- Operating income improved due to the impact of product mix improvement and reducing fixed costs, etc.



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 generally maintained due to the reduction of total assets.

(Billion yen)	Sep. 2018	Mar. 2018	Variance
Current assets	210.4	224.7	(14.3)
Fixed assets	142.5	141.8	+0.7
Assets	352.9	366.5	(13.6)
Current liabilities	184.9	186.7	(1.8)
Fixed liabilities	73.0	77.7	(4.7)
Liabilities	257.9	264.4	(6.5)
Shareholders' equity	94.7	100.2	(5.5)
Others	0.3	1.9	(1.6)
Net assets	95.0	102.1	(7.1)
Total liabilities and net assets	352.9	366.5	(13.6)
Shareholders' equity ratio (%)	26.8	27.3	(0.5)%
D/E ratio (times)	0.8	0.8	0.0pt

Cash Flows

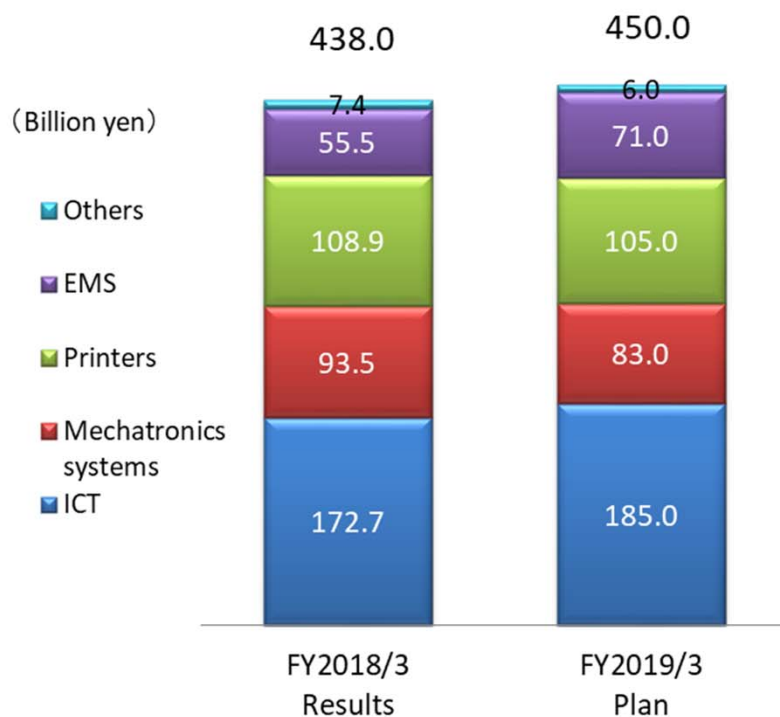
- Free cash flows saw a net inflow of 5.2 B yen.
- Cash and cash equivalents remained about the same as the previous first half.

	1H FY2019/3 (Results)	1H FY2018/3 (Results)	Variance
(Billion yen)			
I Cash flows from operating activities	10.3	4.5	+5.8
II Cash flows from investing activities	(5.1)	(2.8)	(2.3)
Free cash flows (I + II)	5.2	1.7	+3.5
III Cash flows from financing activities	(9.4)	(9.8)	+0.4
Cash and cash equivalents	41.5	44.1	(2.6)
Purchases of property, plant, equipment and intangible assets	(6.2)	(4.3)	(1.9)
Depreciation	5.8	6.5	(0.7)

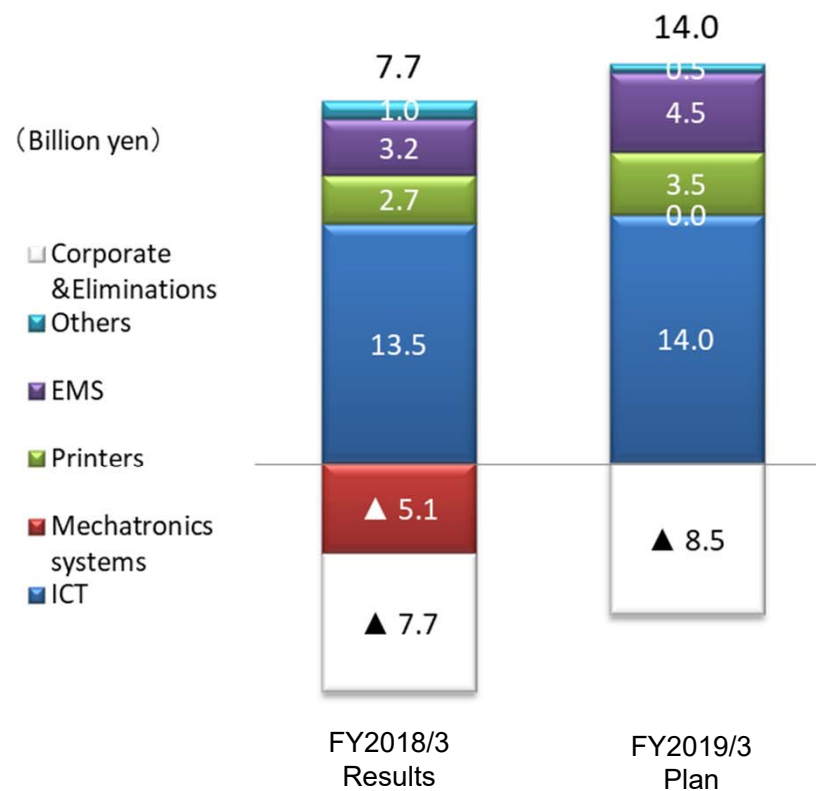
Reference

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

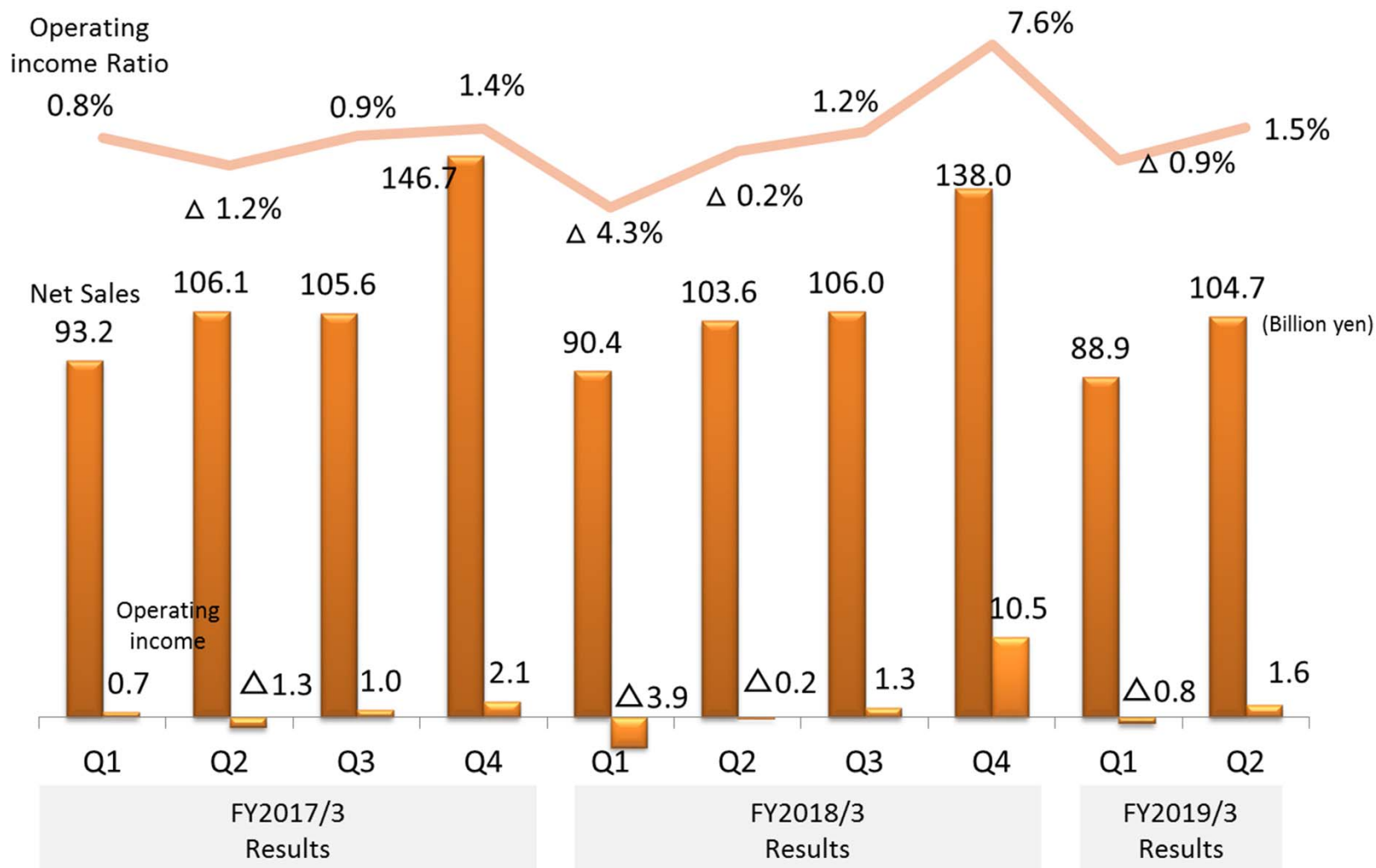
Net Sales



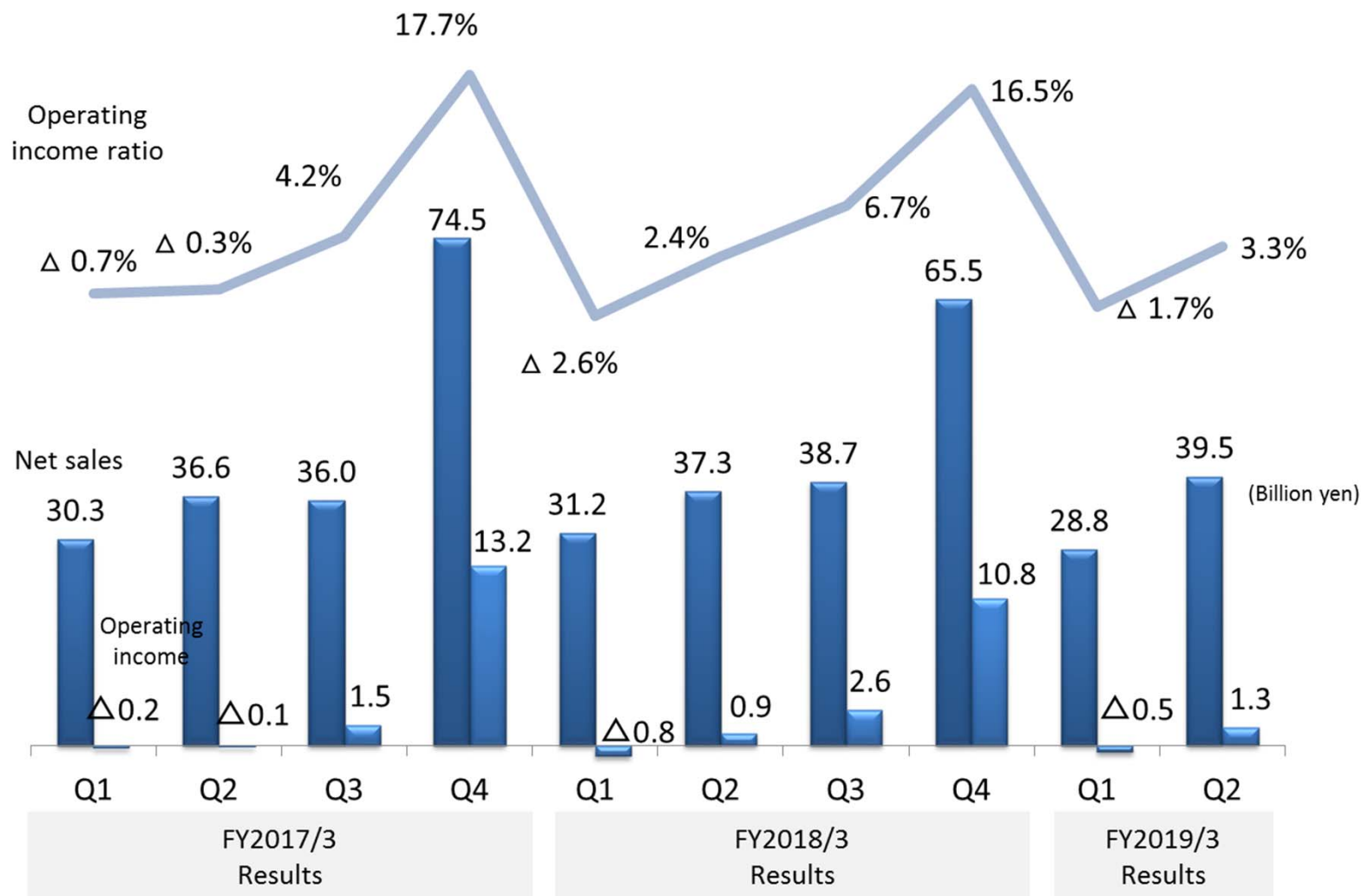
Operating Income



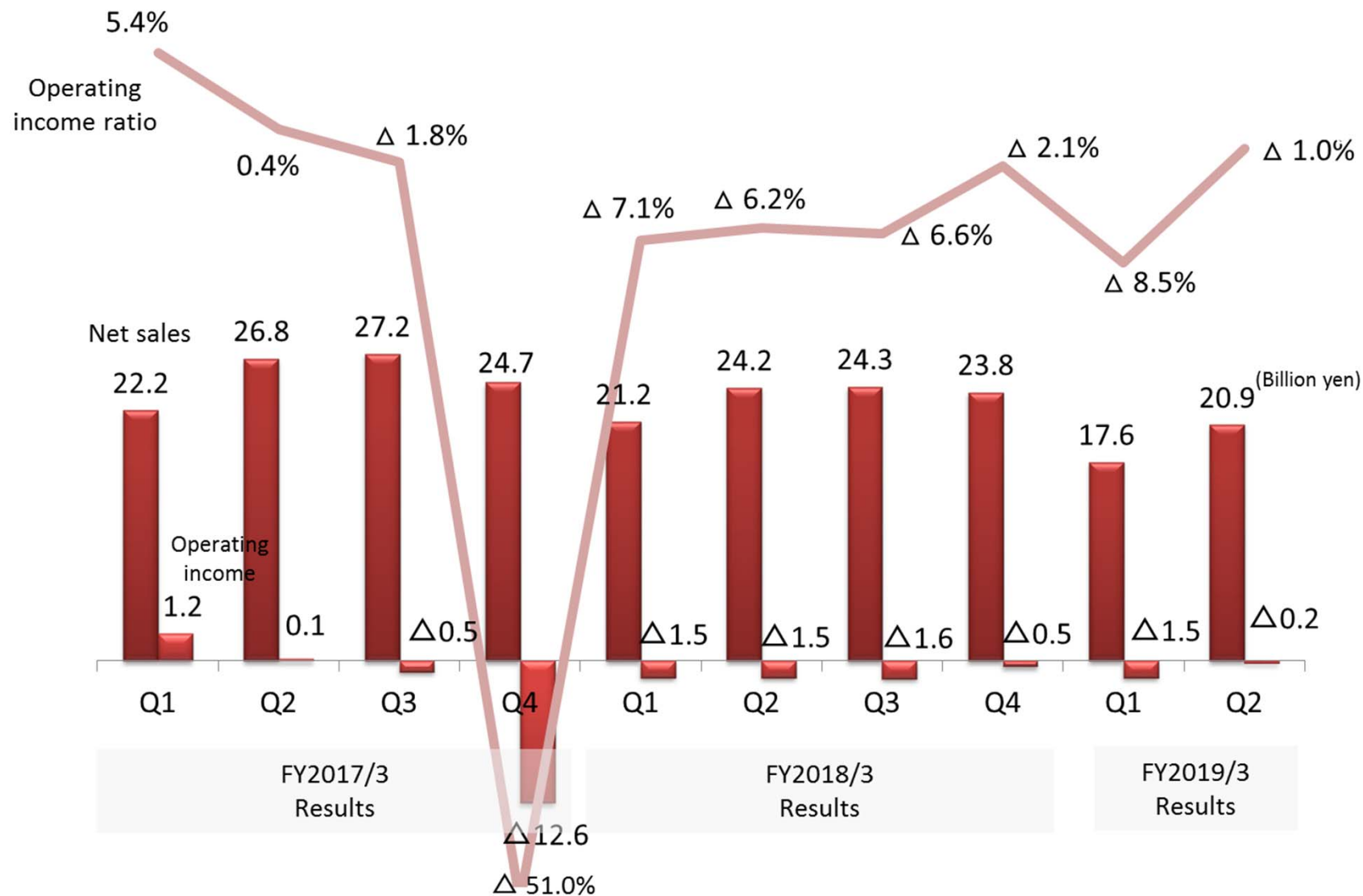
Quarterly Transition of Net Sales and Operating Income



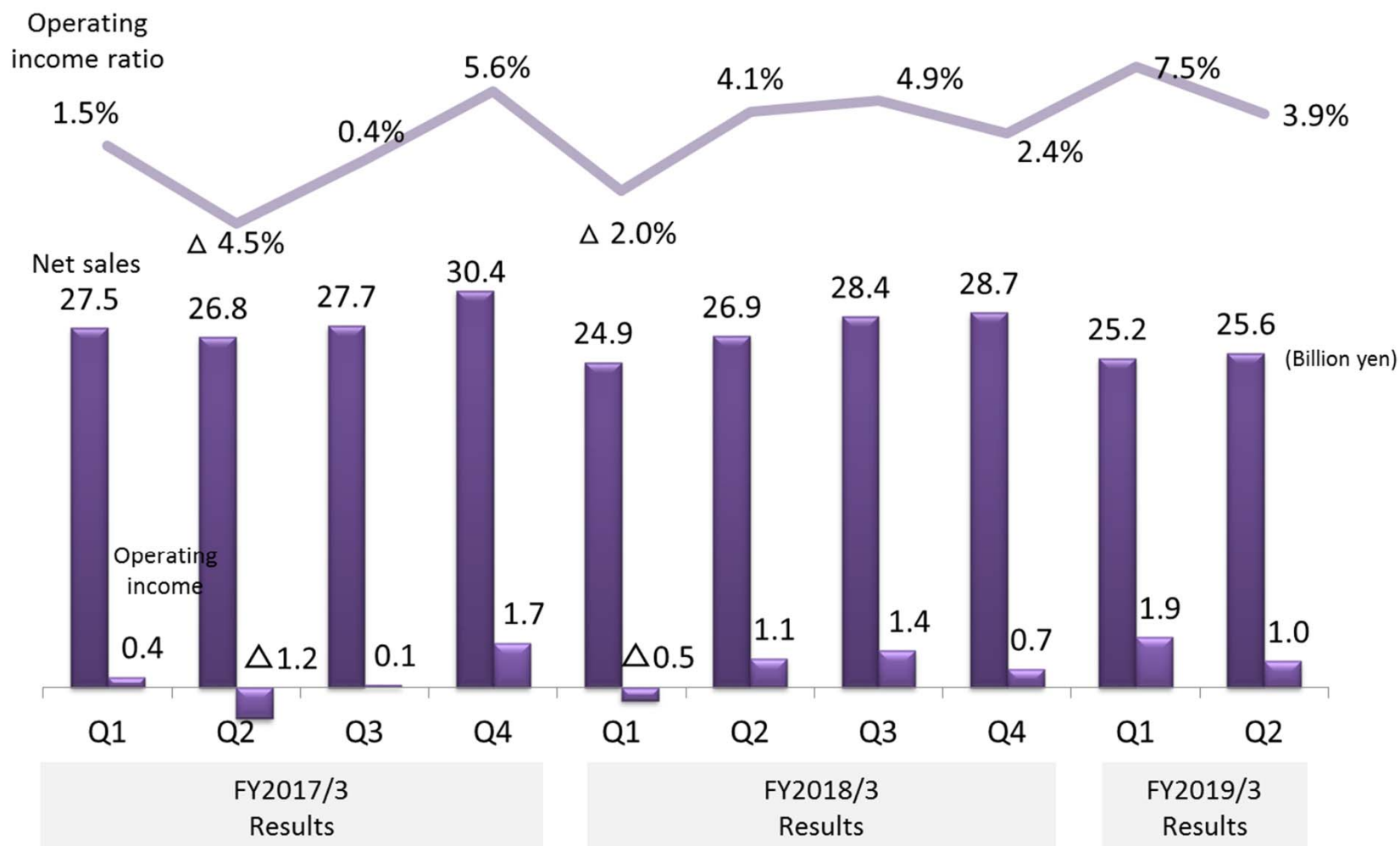
Quarterly Transition of Net Sales and Operating Income (ICT)



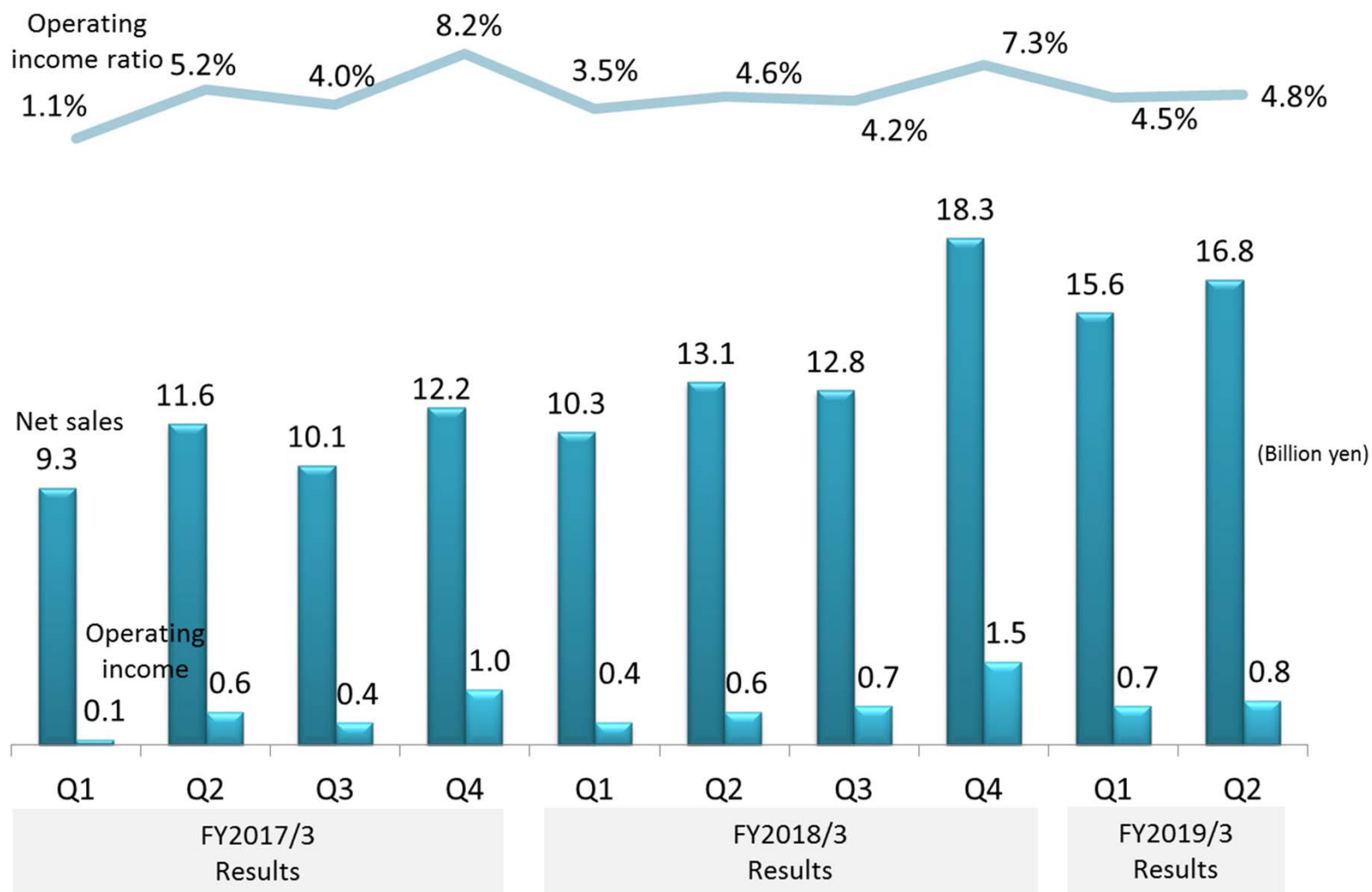
Quarterly Transition of Net Sales and Operating Income (Mechatronics Systems)



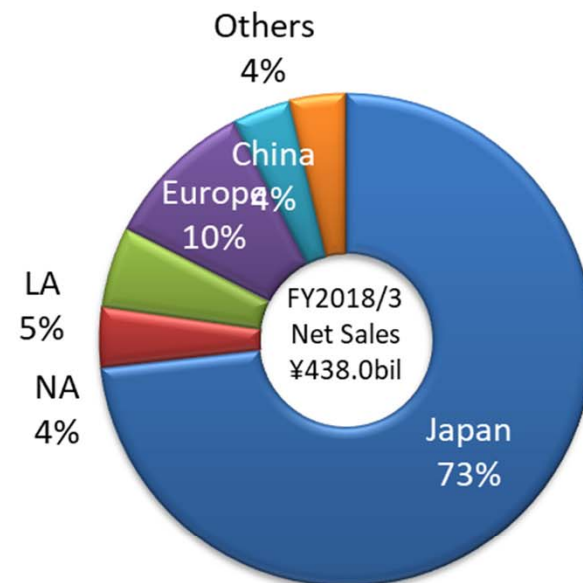
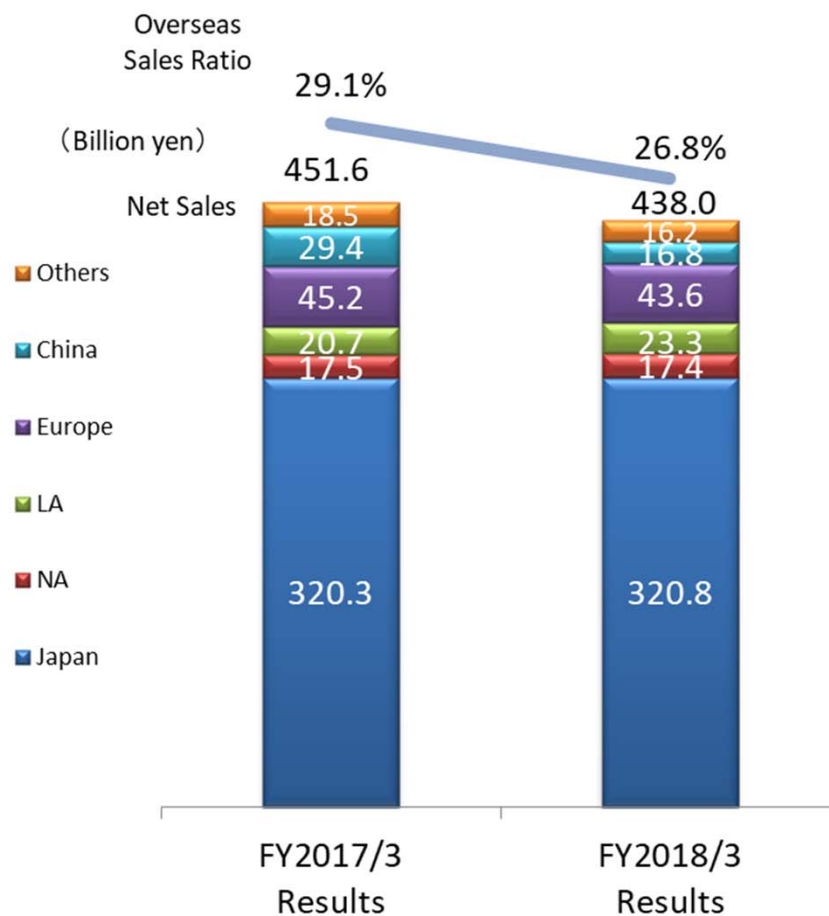
Quarterly Transition of Net Sales and Operating Income (Printers)



Quarterly Transition of Net Sales and Operating Income (EMS)



Sales by Region



Quarterly Transition of Profit and Loss

Results (Billion yen)	FY2017/3				FY2018/3				FY2019/3			Full year (Plan)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Net sales	93.2	106.1	105.6	146.7	90.4	103.6	106.0	138.0	88.9	104.7		450.0
Operating income/loss	0.7	(1.3)	1.0	2.1	(3.9)	(0.2)	1.3	10.5	(0.8)	1.6		14.0
Non-operating income & expenses	(7.1)	(1.2)	3.6	(0.2)	0.4	0.4	0.3	(0.3)	(0.9)	(0.8)		-
Ordinary income/loss	(6.4)	(2.5)	4.6	1.9	(3.5)	0.2	1.6	10.2	(1.7)	0.9		13.0
Extraordinary income/loss	0.0	(2.6)	(0.3)	18.9	(0.7)	(0.2)	0.8	(0.3)	0.0	(0.7)		-
Income/loss before income taxes	(6.4)	(5.1)	4.3	20.9	(4.2)	(0.1)	2.5	9.9	(1.7)	0.1		-
Profit/loss attributable to owners of parent	(6.1)	(7.4)	1.5	16.7	(4.8)	0.2	(1.0)	11.5	(1.8)	(0.8)		5.0

Financial Highlights

Results (Billion yen)	FY2017/3				FY2018/3				FY2019/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total assets	387.1	371.9	379.6	360.7	344.2	348.0	357.6	371.8	353.4	352.9
Net assets	99.2	93.1	92.5	97.2	90.9	90.8	92.0	102.1	96.0	95.0
Interest-bearing debt	118.7	107.8	109.7	87.0	84.4	81.1	82.7	81.9	80.7	79.8
Shareholders' equity	98.7	92.6	92.1	96.9	90.7	90.6	90.5	100.2	95.8	94.7
Shareholders' equity ratio (%)	25.5	24.9	24.3	26.9	26.4	26.0	25.3	26.9	27.1	26.8
D/E ratio (times)	1.2	1.2	1.2	0.9	0.9	0.9	0.9	0.8	0.8	0.8
Free cash flows	16.1	(3.3)	8.1	28.7	2.6	(0.9)	1.5	2.6	8.5	(3.4)
Cash and cash equivalents	57.1	43.0	47.0	52.0	48.9	44.1	44.8	45.5	46.6	41.5
USD average exchange rate (Yen)	108.2	102.4	109.3	113.6	111.1	111.0	113.0	108.3	109.1	111.5
EUR average exchange rate (Yen)	122.0	114.3	117.8	121.1	122.2	130.4	133.0	133.2	130.1	129.6

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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