

Financial Results for Q1 of the FY Ending March 31, 2019

July 27, 2018

Oki Electric Industry Co., Ltd.

Overview of Q1

➤ Summary of Business

Net sales were virtually the same as the previous first quarter.

- Impact of the standardization of the fiscal periods of the Brazilian subsidiary in the previous first quarter
- Effect of consolidation of OKI Electric Cable

Operating income in the Printers business improved significantly.

➤ Reformation of the Mechatronics Systems business structure

Shifting domestic human resources

- Completed in April the shifting we had decided on in the previous fiscal year
- Additional shifts are being done in phases.

Advancing measures at overseas bases almost as we had planned

- Started restructuring at the beginning of July, and plan to do it in stages from then on

Summary of Financial Results

- Net sales were the same as the previous first quarter.
- Operating income in the Printers and other segments improved.

	Q1 FY2019/3 (Results)	Q1 FY2018/3 (Results)	Variance
(Billion yen)			
Net sales	88.9	90.4	(1.5)
Operating income (loss)	(0.8)	(3.9)	+3.1
Ordinary income (loss)	(1.7)	(3.5)	+1.8
Profit (loss) attributable to owners of parent	(1.8)	(4.8)	+3.0
USD average exchange rate (Yen)	109.1	111.1	(2.0)
EUR average exchange rate (Yen)	130.1	122.2	+7.9

Segment Information (Net Sales)

- ICT: Sales decreased due to the rebound from large network-related projects in the previous first quarter.
- Mechatronics Systems: Sales decreased due to the absence of the special factor of standardization of the fiscal periods in the Brazilian subsidiary recorded in the previous first quarter. Sales were virtually the same as the previous first quarter.
- Printers: Sales were almost the same as the previous first quarter including the impact of currency exchange.
- EMS: Sales increased due to the effect of consolidation of OKI Electric Cable, etc.

	Q1 FY2019/3 (Results)	Q1 FY2018/3 (Results)	Variance
(Billion yen)			
ICT	28.8	31.2	(2.4)
Mechatronics systems	17.6	21.2	(3.6)
Printers	25.2	24.9	+0.3
EMS	15.6	11.3	+4.3
Others	1.7	1.8	(0.1)
Total	88.9	90.4	(1.5)

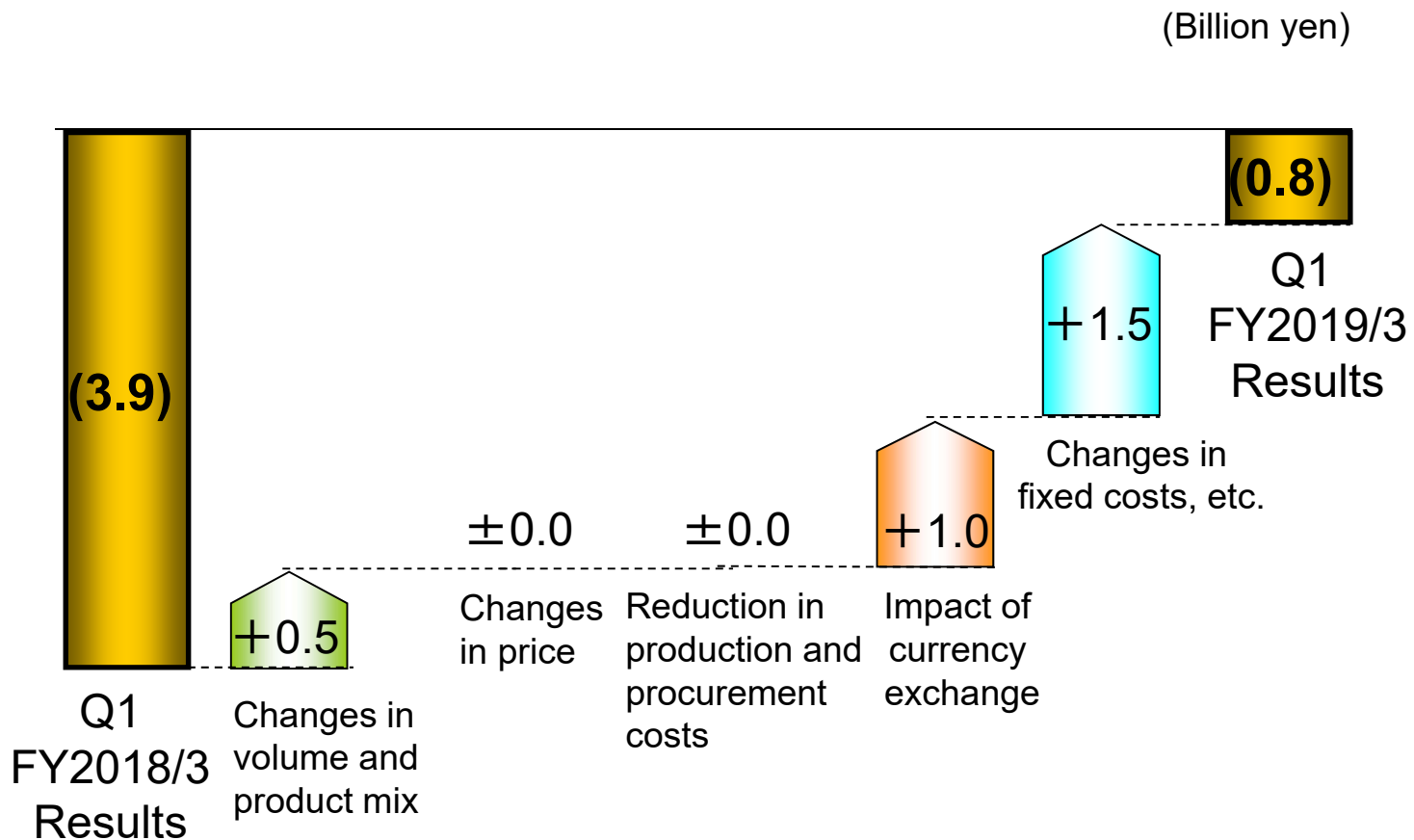
Segment Information (Operating Income/Loss)

- ICT: Operating loss improved due to changes in the sales project mix.
- Mechatronics Systems: Operating loss was almost the same as the previous first quarter due to the impact of changes in the sales mix.
- Printers: Operating income improved significantly due to the effects of business structural reforms and currency exchange.
- EMS: Operating income increased with the effect of consolidation of OKI Electric Cable, etc.

	Q1 FY2019/3 (Results)	Q1 FY2018/3 (Results)	Variance
(Billion yen)			
ICT	(0.5)	(0.8)	+0.3
Mechatronics systems	(1.5)	(1.5)	0.0
Printers	1.9	(0.5)	+2.4
EMS	0.7	0.4	+0.3
Others	0.2	0.1	+0.1
Corporate & Eliminations	(1.6)	(1.6)	0.0
Total	(0.8)	(3.9)	+3.1

Reasons for Changes in Operating Income/Loss

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



Balance Sheets

- Total assets were reduced as working capital decreased due to collecting notes and accounts receivables.
- Trends of changes in each account were approximately the same as in the past.

(Billion yen)	Jun. 2018	Mar. 2018	Variance
Current assets	212.2	224.7	(12.5)
Fixed assets	141.2	141.8	(0.6)
Assets	353.4	366.5	(13.1)
Current liabilities	178.7	186.7	(8.0)
Fixed liabilities	78.7	77.7	+1.0
Liabilities	257.4	264.4	(7.0)
Shareholders' equity	95.8	100.2	(4.4)
Others	0.2	1.9	(1.7)
Net assets	96.0	102.1	(6.1)
Total liabilities and net assets	353.4	366.5	(13.1)
Shareholders' equity ratio (%)	27.1	27.3	(0.2)%
D/E ratio (times)	0.8	0.8	0.0pt

*Figures of 2018/3 are revised with amendments to accounting standard for tax effect accounting.

Cash Flows

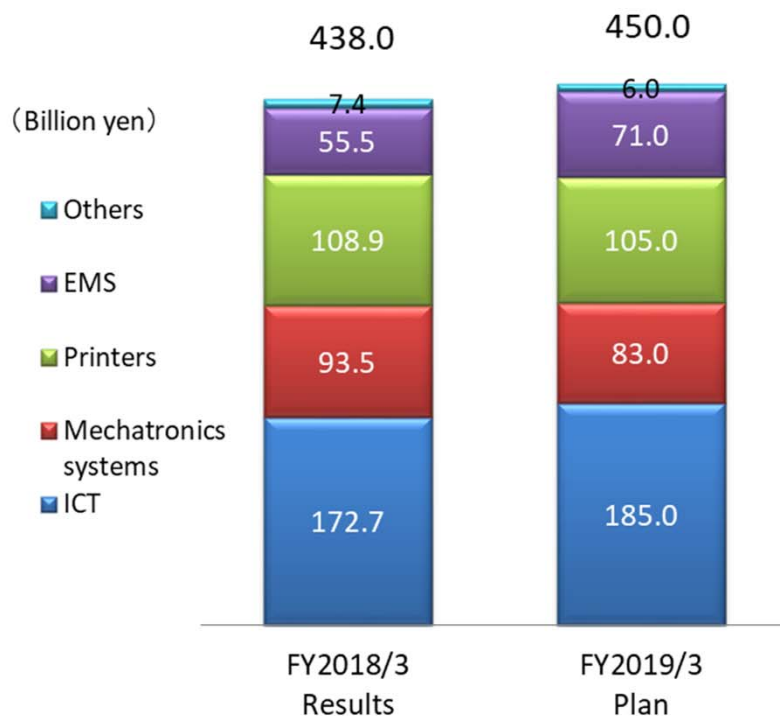
- Free cash flows improved due to profit improvement.

	Q1 FY2019/3 (Results)	Q1 FY2018/3 (Results)	Variance
(Billion yen)			
I Cash flows from operating activities	11.3	3.7	+7.6
II Cash flows from investing activities	(2.9)	(1.1)	(1.8)
Free cash flows (I + II)	8.4	2.6	+5.8
III Cash flows from financing activities	(7.3)	(5.8)	(1.5)
Cash and cash equivalents	46.6	48.9	(2.3)
Purchases of equipment	(3.0)	(2.4)	(0.6)
Depreciation	2.9	3.1	(0.2)

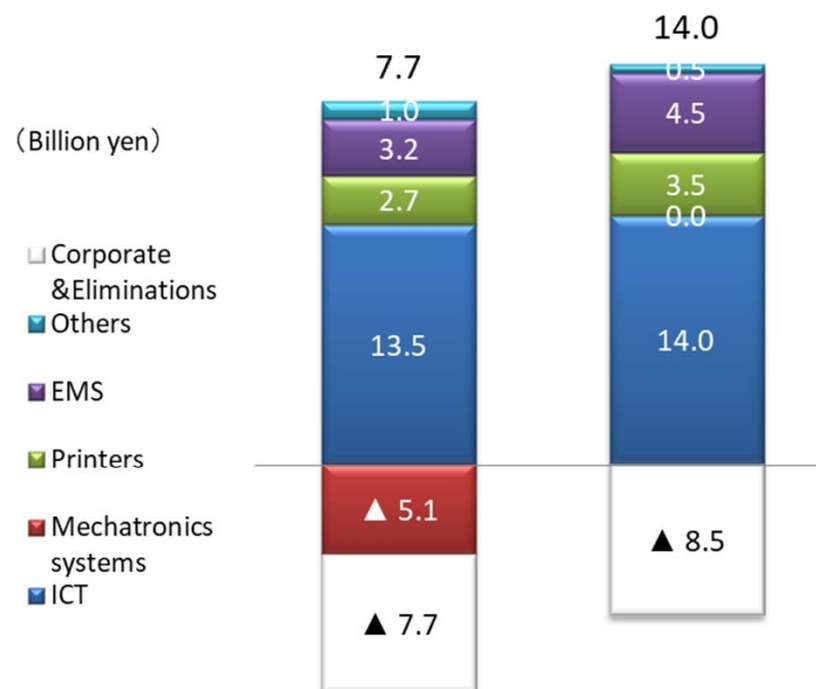
Reference

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

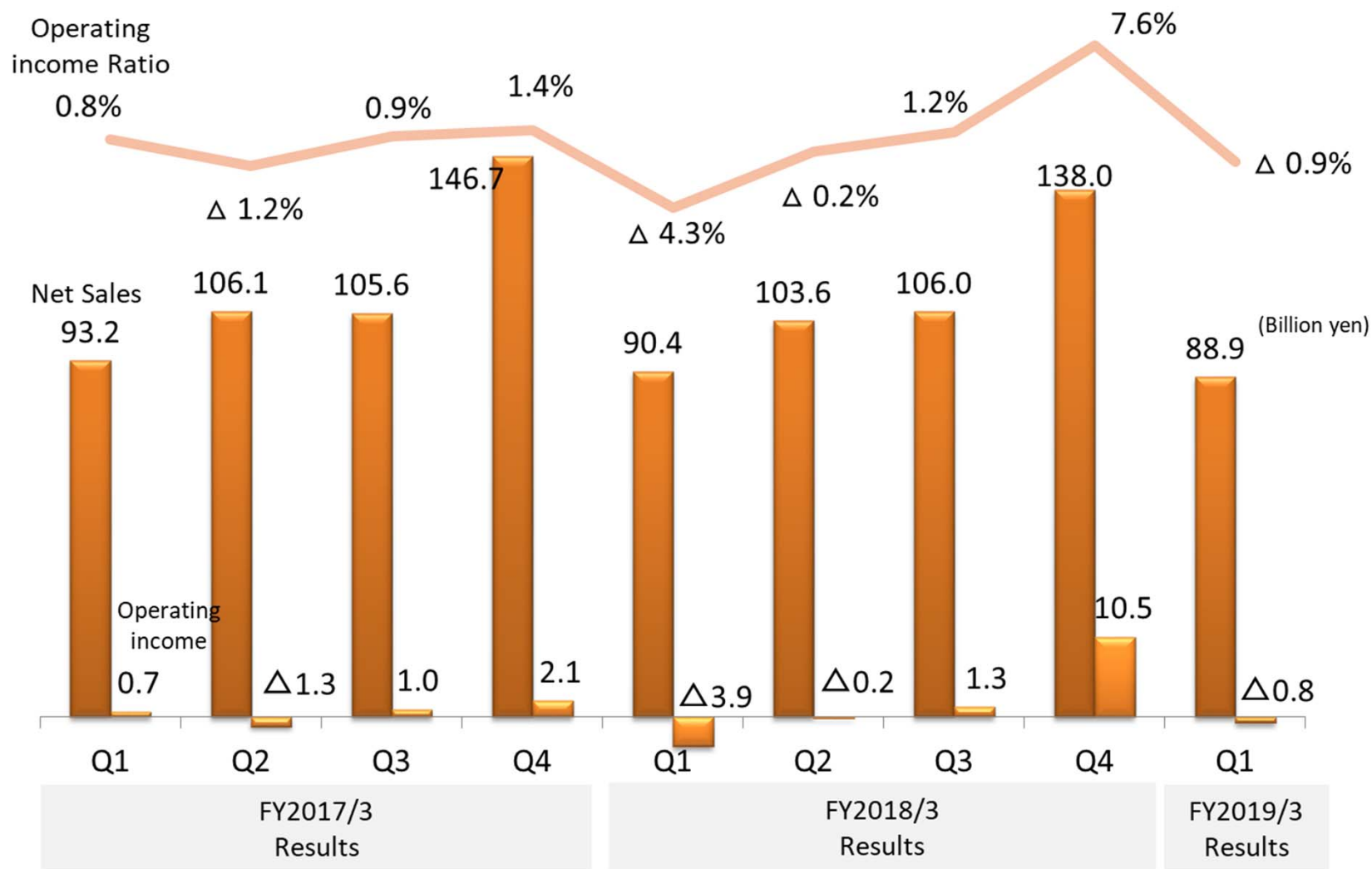
Net Sales



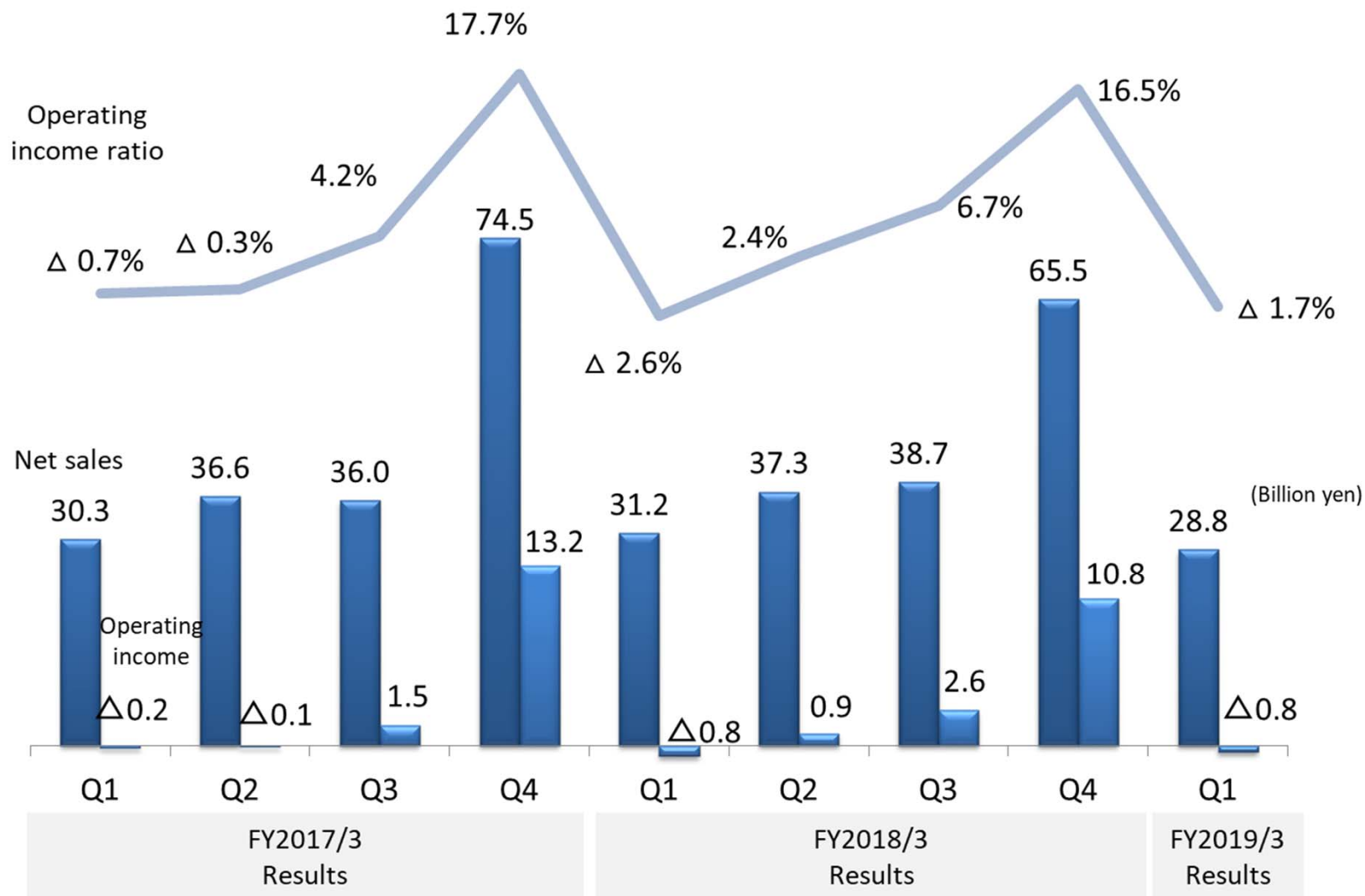
Operating Income



Quarterly Transition of Net Sales and Operating Income



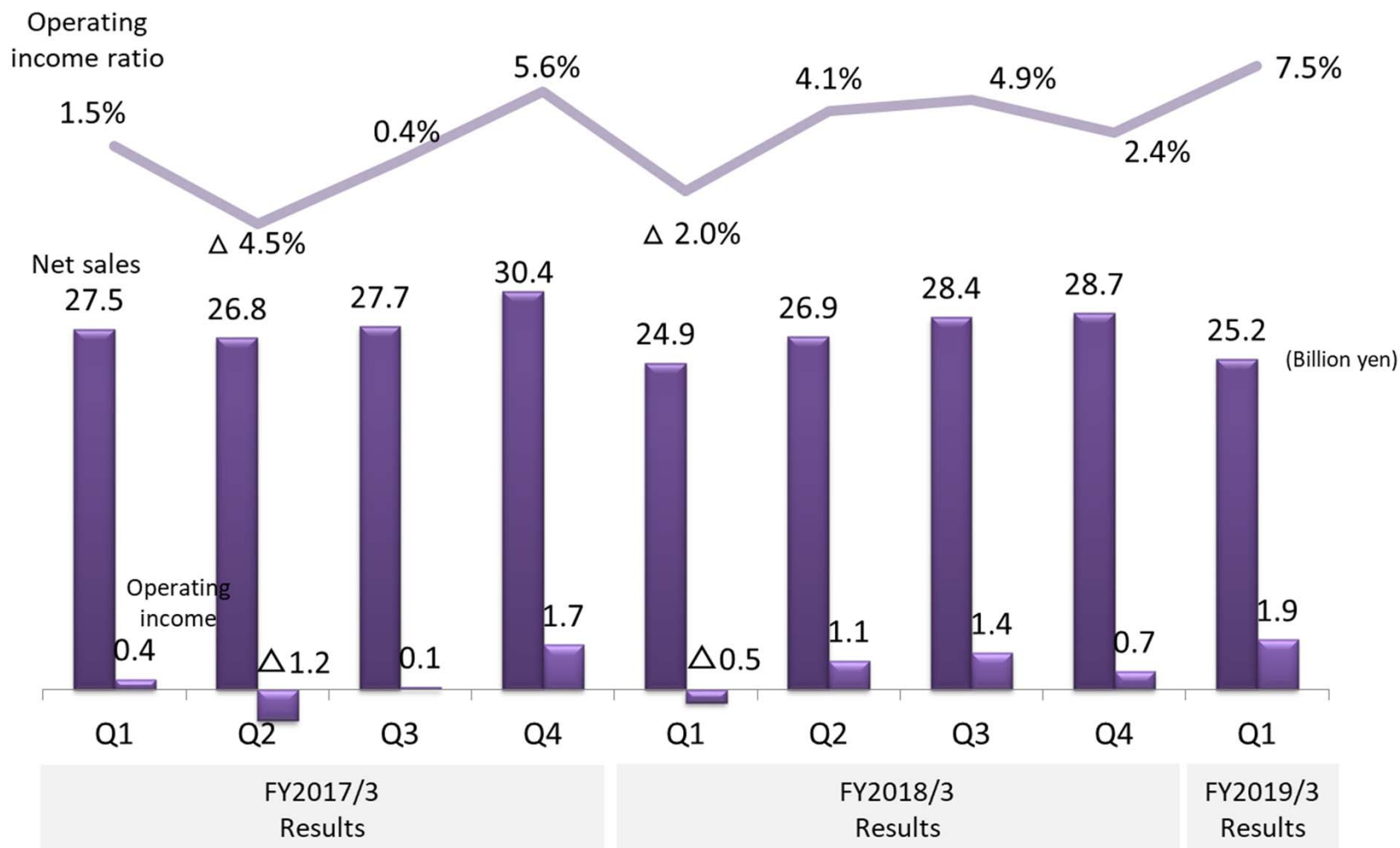
Quarterly Transition of Net Sales and Operating Income (ICT)



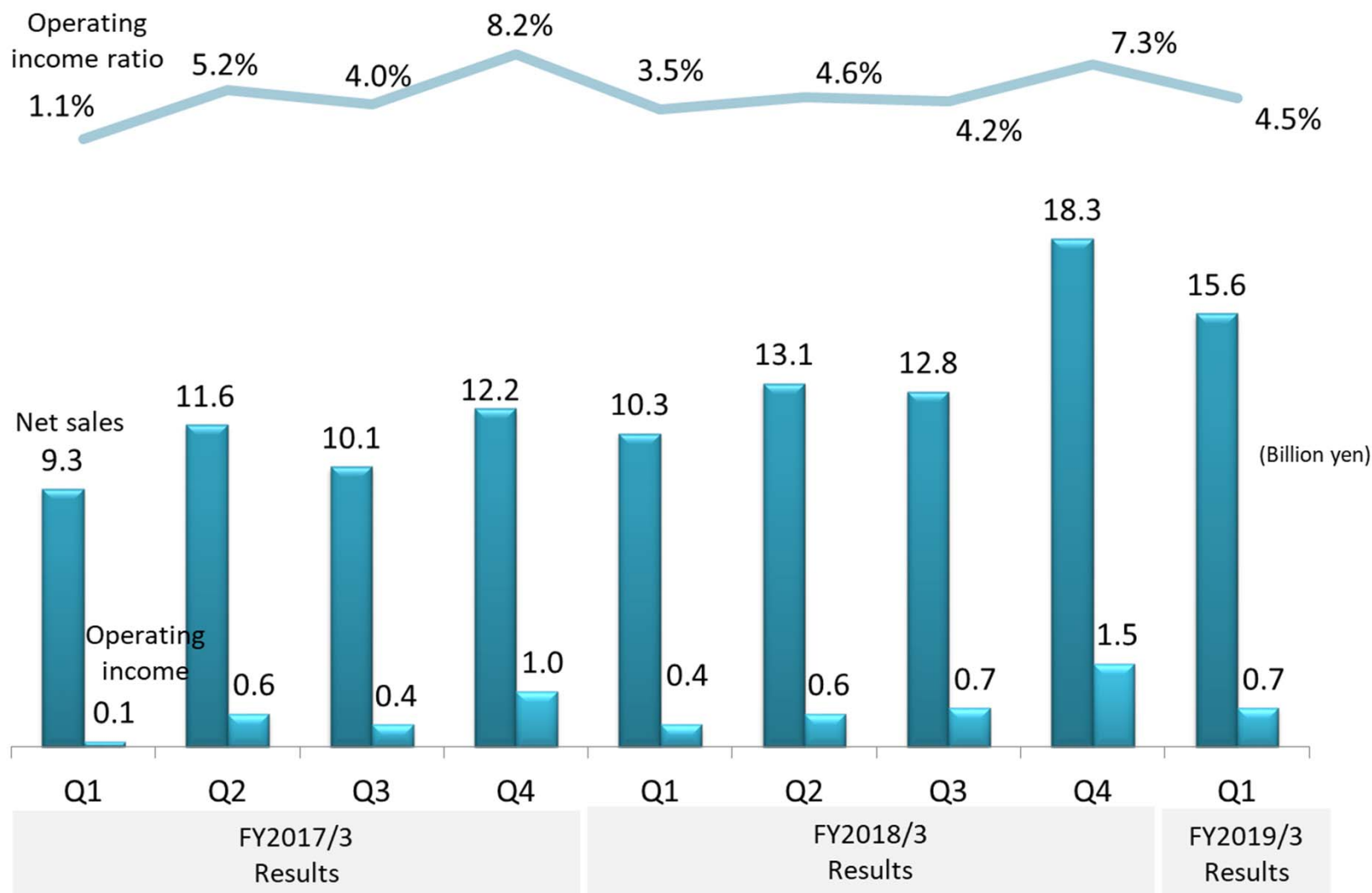
Quarterly Transition of Net Sales and Operating Income (Mechatronics Systems)



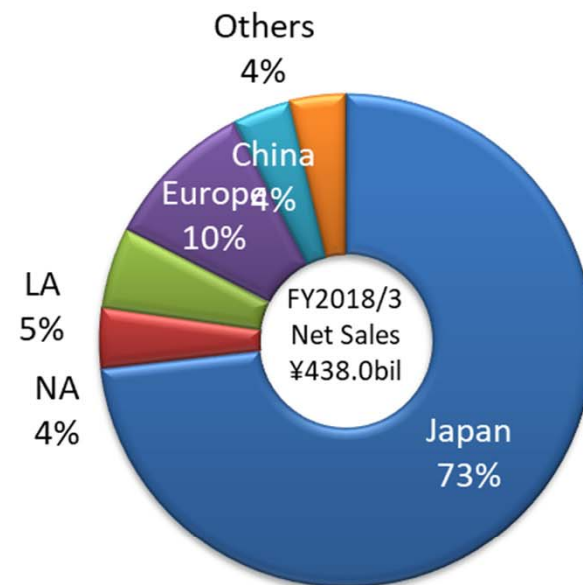
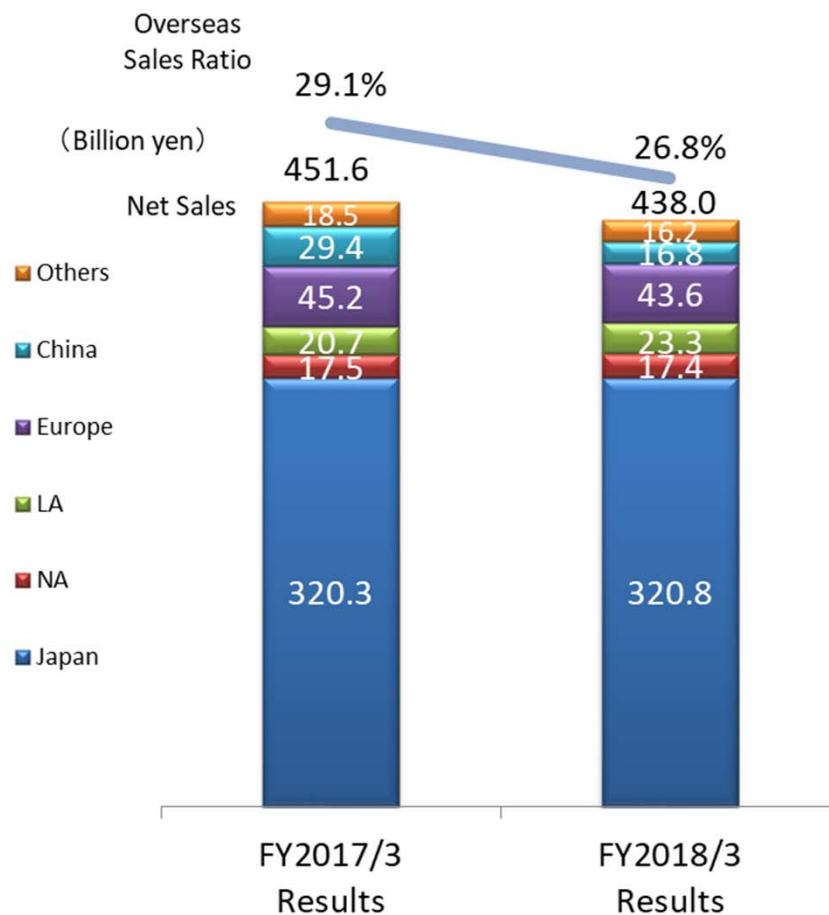
Quarterly Transition of Net Sales and Operating Income (Printers)



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	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Full year (Plan)
Net sales	93.2	106.1	105.6	146.7	90.4	103.6	106.0	138.0	88.9	450.0
Operating income/loss	0.7	(1.3)	1.0	2.1	(3.9)	(0.2)	1.3	10.5	(0.8)	14.0
Non-operating income & expenses	(7.1)	(1.2)	3.6	(0.2)	0.4	0.4	0.3	(0.3)	(0.9)	-
Ordinary income/loss	(6.4)	(2.5)	4.6	1.9	(3.5)	0.2	1.6	10.2	(1.7)	13.0
Extraordinary income/loss	0.0	(2.6)	(0.3)	18.9	(0.7)	(0.2)	0.8	(0.3)	0.0	-
Income/loss before income taxes	(6.4)	(5.1)	4.3	20.9	(4.2)	(0.1)	2.5	9.9	(1.7)	-
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)	5.0

Financial Highlights

Results (Billion yen)	FY2017/3				FY2018/3				FY2019/3
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Total assets	387.1	371.9	379.6	360.7	344.2	348.0	357.6	371.8	353.4
Net assets	99.2	93.1	92.5	97.2	90.9	90.8	92.0	102.1	96.0
Interest-bearing debt	118.7	107.8	109.7	87.0	84.4	81.1	82.7	81.9	80.7
Shareholders' equity	98.7	92.6	92.1	96.9	90.7	90.6	90.5	100.2	95.8
Shareholders' equity ratio (%)	25.5	24.9	24.3	26.9	26.4	26.0	25.3	26.9	27.1
D/E ratio (times)	1.2	1.2	1.2	0.9	0.9	0.9	0.9	0.8	0.8
Free cash flows	16.1	(3.3)	8.1	28.7	2.6	(0.9)	1.5	2.6	88.5
Cash and cash equivalents	57.1	43.0	47.0	52.0	48.9	44.1	44.8	45.5	46.6
USD average exchange rate (Yen)	108.2	102.4	109.3	113.6	111.1	111.0	113.0	108.3	109.1
EUR average exchange rate (Yen)	122.0	114.3	117.8	121.1	122.2	130.4	133.0	133.2	130.1

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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