

Q&A of the Financial Results Briefing for FY2020 Q3

Q: I would like to hear about the progress of Printers structural reform.

A: About 1,000 employees in Japan are expected to be halved as planned in this April through resource shifts within the Group.

As for approximately 800 overseas employees, (Europe: nearly 500, America: about 200, Asia: about 100), restructuring is progressing as planned. After 3 years, the plan calls for a reduction of 60% overall, 70% in Europe, 80% in the United States and 30% in Asia. By the end of FY2020, the reduction of about 150 employees in Europe is expected.

Q: What are the effects of overseas staff reductions?

A: In FY2020, the effect is expected to range from ¥1.0 billion to ¥2.0 billion. In terms of the speed of personnel reduction, FY2021 is expected to be about the same as FY2020. The effect is expected to continue as the number of employees is reduced.

Q: The company is cutting the number of salespeople through a restructuring of its Printers operations. Are there any plans to review the production side?

A: We are considering it, but there is no fact that has been decided at this time. It is certain that the current number of factories is large in the current quantity. We will take measures.

OKI is currently working to strengthen its manufacturing base with the aim of becoming a Virtual One Factory. The aim is to build a system that enables manufacturing at the most suitable factory within the Group by matching the superior production at each factory based on the characteristics and characteristics of the products, beyond the conventional framework in which production departments and factories are linked one-on-one by business. The establishment of a new plant announced today is one such initiative.

Q: I would like to confirm the background and thinking behind the unchanged full-year forecast.

A: We expect the Solution Systems business to be slightly above our plan. The Components & Platforms business has positive effects such as the effects of Printers structural reforms and the forex impact, but negative effects such as the COVID-19 effect and overall volume decrease are significant. EMS has also been affected. Although there are some strength and weakness in each segment, we are working on recovery to achieve operating profits as originally planned.

Q: I would like to know the business conditions of EMS.

A: As for the semiconductor and China-related, there is some brighter and stronger demand. On the other hand, due to the Olympics, some customers of broadcasting equipment and transportation infrastructure such as railway and airline companies are reconsidering their investment.

Q: I want to confirm the performance of the Printers.

A: Net sales of Printers at FY2018 were about ¥100.0 billion. Since then, the Company has downsize our office printer business, and as a result, through FY2019, the net sales has decreased by about ¥10.0 billion. For FY2020, we expected a decline of about ¥10.0 billion, but due to the COVID-19 effect and other factors, sales are expected to fall a little more. Q3 sales were down 15% to 20% year on year. Profits have improved, partly due to a temporary increase in consumables. In the Q3, we were profitable.

Q: As for capital investment, the cumulative Q3 results seem to be large. What is the content? I would like to confirm whether the ¥6.0 billion investment for the new plant will be made next fiscal year.

A: There was no major acquisition of real estate during the period under review. The nature of the trading scheme makes it appear numerically large. The new plant will be completed in FY2022 and investments will be made in stages.

Q: A payment ruling has been issued in the ATM dispute in China. I want to confirm the feasibility of this.

A: It is true that our claim was almost fully accepted and an order to pay was issued, but at the present time, the Company has not reviewed its accounting provisions. We will continue to take all possible measures to achieve 100% recovery.

Q: Do you plan to sell any assets in Q4?

A: We are considering selling non-business assets, but we have not decided yet.

Note: The forward-looking statements in this document are made based on information currently available to OKI and certain assumptions considered reasonable as of the date of this material. Therefore, actual results may differ from its projections upon the changes of business environments and other conditions.

In addition, for convenience only, some additions and revisions were made.