

Financial Results for the Q1 of FY ending March 31, 2017

July 29, 2016

Oki Electric Industry Co., Ltd.



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Financial results for the Q1, FY ending Mar. 2017

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Overview of Q1

➤ Summary of Business

Q1 results such as net sales and operating income were totally the same as we planned.

➤ Appreciation of the yen

Foreign exchange losses in non-operating expenses were recorded due to the sharp appreciation of the yen.

➤ Arbitration

There were no big prospects for progress in the hearing of arbitration in China.

➤ M&A

OKI decided the printed circuit board business transfer from Nippon Avionics Co., Ltd. to expand its EMS business.

Summary of Financial Results

- Operating income exceeded our plan despite decrease in sales and operating income year on year.
- Foreign exchange losses in non-operating expenses of 7.1 B yen were recorded due to rapid appreciation of the yen (foreign exchange gains of 2.1 B yen were posted in the same period of the previous fiscal year).

(Billion yen)	FY end Mar. 2017	FY end Mar. 2016	Variance
Net sales	93.2	109.8	(16.6)
Operating income	0.7	3.5	(2.8)
Ordinary income (loss)	(6.4)	5.9	(12.3)
Profit (loss) attributable to owners of parent	(6.1)	3.2	(9.3)
USD average exchange rate (Yen)	108.2	121.4	(13.2)
EUR average exchange rate (Yen)	122.0	134.2	(12.2)

* Foreign exchange losses in non-operating expenses were the loss which generated by the evaluation primarily on our receivables in foreign currency as of June 30, 2016 at the exchange rates based on the same day. These amounts will fluctuate in accordance with the situation of exchange rates in the future.

Segment Information (Net sales)

- ICT : Sales of existing network systems for telecom carriers were ended in the previous first quarter.
- Mechatronics systems: Sales of ATMs in China decreased due to the reactionary decline against favorable sales in the previous first quarter. Solid performance of cash handling equipment continued in the domestic market.
- Printers: Sales declined due to the impact of currency exchange though wide format printers business was consolidated.

(Billion yen)	FY end. Mar.2017 (Results)	FY end. Mar.2016 (Results)	Variance
ICT	30.3	36.5	(6.2)
Mechatronics systems	22.2	30.8	(8.6)
Printers	27.5	28.9	(1.4)
EMS	9.3	9.3	0.0
Others	3.9	4.3	(0.4)
Total	93.2	109.8	(16.6)

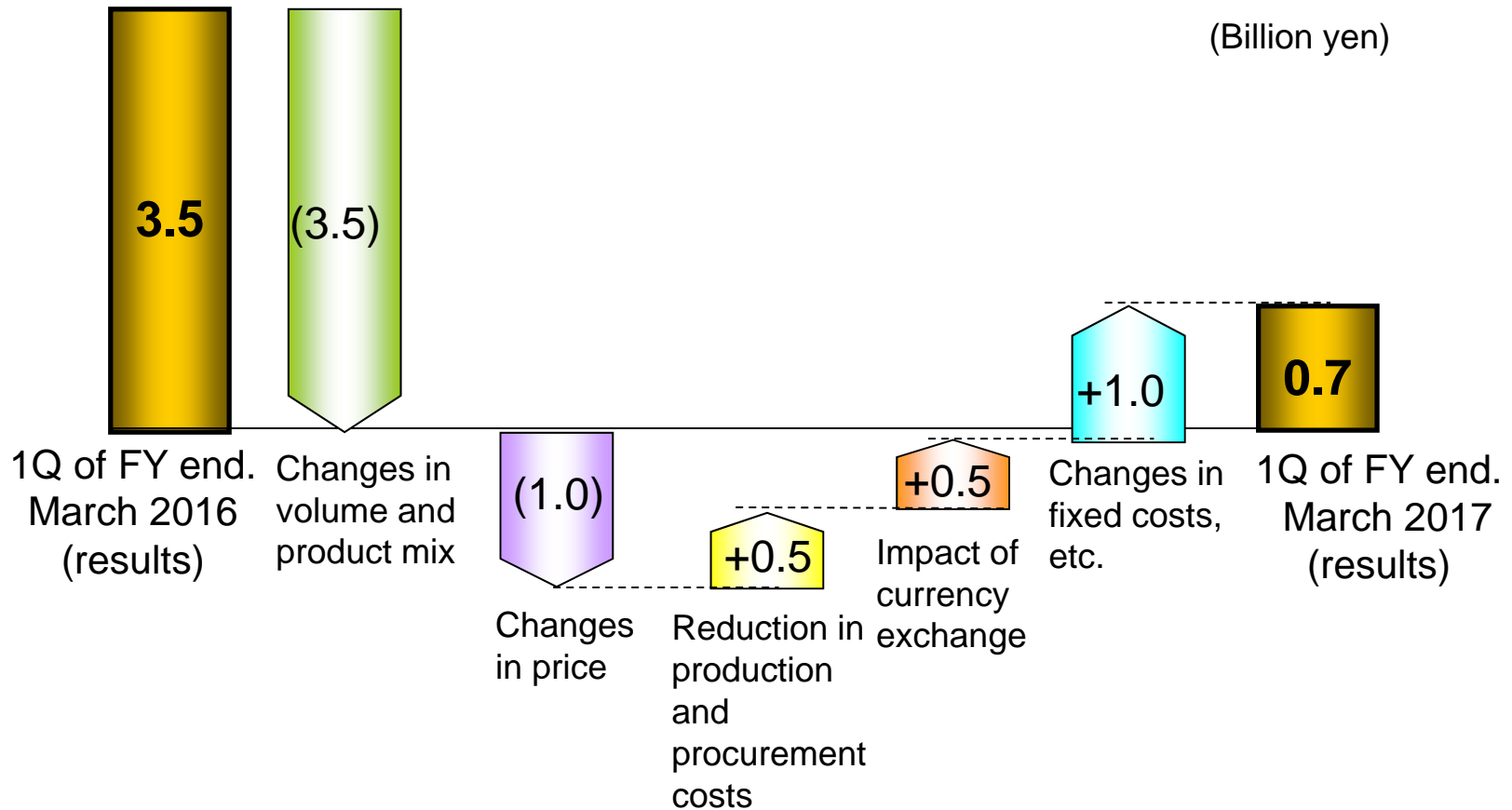
Segment Information (Operating income/loss)

- ICT: Operating income exceeded our plan though it decreased due to the decline in sales volume.
- Mechatronics systems: Operating income decreased due to the drop in sales volume of ATMs.
- Printers: Operating income increased due to the impact of reducing costs caused by the appreciation of the yen against the US dollar, etc.

(Billion yen)	FY end. Mar.2017 (Results)	FY end. Mar.2016 (Results)	Variance
ICT	(0.2)	0.5	(0.7)
Mechatronics systems	1.2	3.8	(2.6)
Printers	0.4	0.2	0.2
EMS	0.1	0.1	0.0
Others	0.7	0.9	(0.2)
Corporate & Eliminations	(1.6)	(2.0)	0.4
Total	0.7	3.5	(2.8)

Changing Factors of Operating Income

- OKI offset the impact of decrease in sales volume by reducing fixed costs, etc.



Balance Sheets

- Total assets declined as working capital decreased due to collecting notes and accounts receivables.
- Trend of change in each account was approximately the same as in the past.

(Billion yen)	Jun. 2016	Mar. 2016	Variance
Current assets	257.5	277.6	(20.1)
Fixed assets	129.6	134.1	(4.5)
Assets	387.1	411.8	(24.7)
Current liabilities	184.2	199.2	(15.0)
Fixed liabilities	103.6	105.2	(1.6)
Liabilities	287.8	304.4	(16.6)
Shareholders' equity	98.7	106.7	(8.0)
Others	0.5	0.7	(0.2)
Net assets	99.2	107.4	(8.2)
Total liabilities and net assets	387.1	411.8	(24.7)
Shareholders' equity ratio (%)	25.5	25.9	(0.4%)
D/E ratio (times)	1.2	1.1	+0.1pt

Cash Flows

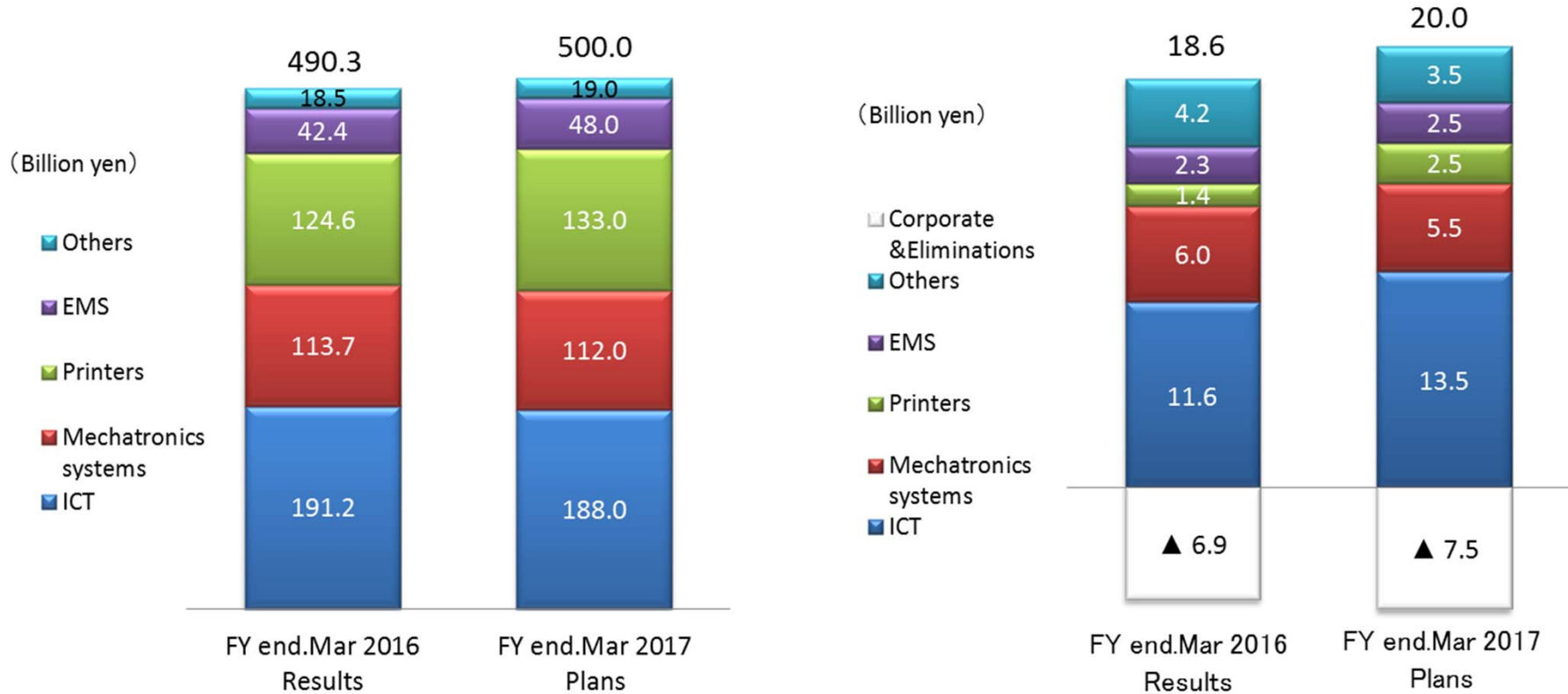
- Cash flows in this first quarter were normalized though it was influenced by transient factors such as uncollected trade receivables in the previous first quarter.

(Billion yen)	FY end. March 2017	FY end. March 2016	Variance
I Cash flows from operating activities	19.8	6.9	12.9
II Cash flows from investing activities	(3.7)	(5.3)	1.6
Free cash flows (I + II)	16.1	1.6	14.5
III Cash flows from financing activities	(4.8)	(1.7)	(3.1)
Cash and cash equivalents	57.1	53.7	3.4
Purchases of equipment	(2.8)	(3.0)	0.2
Depreciation	3.4	3.4	0.0

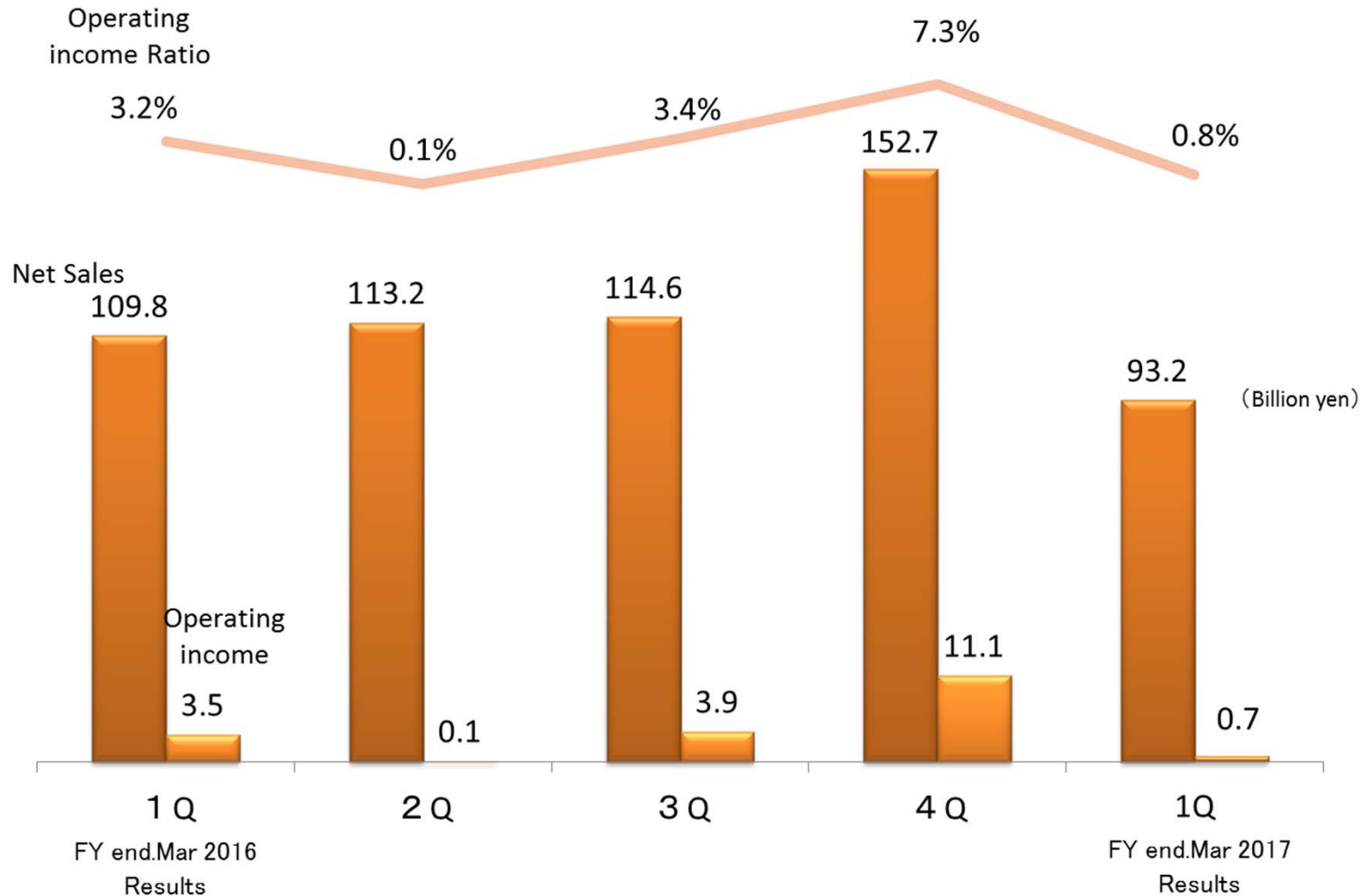
Free cash flows and net cash flows are the total of each item which are rounded to the nearest hundred million yen.

Reference

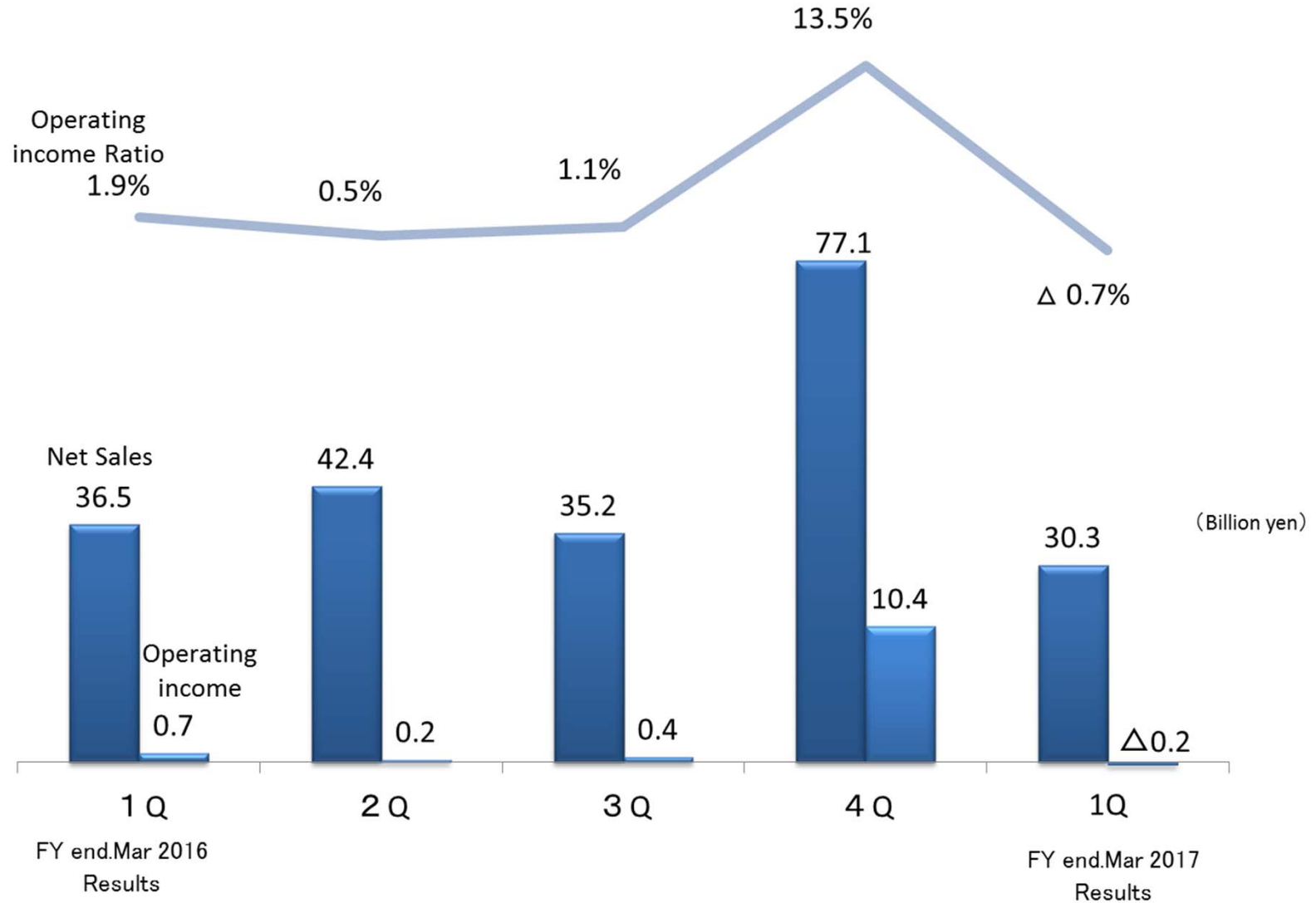
Segment Information (Full-year Net Sales and Operating income)



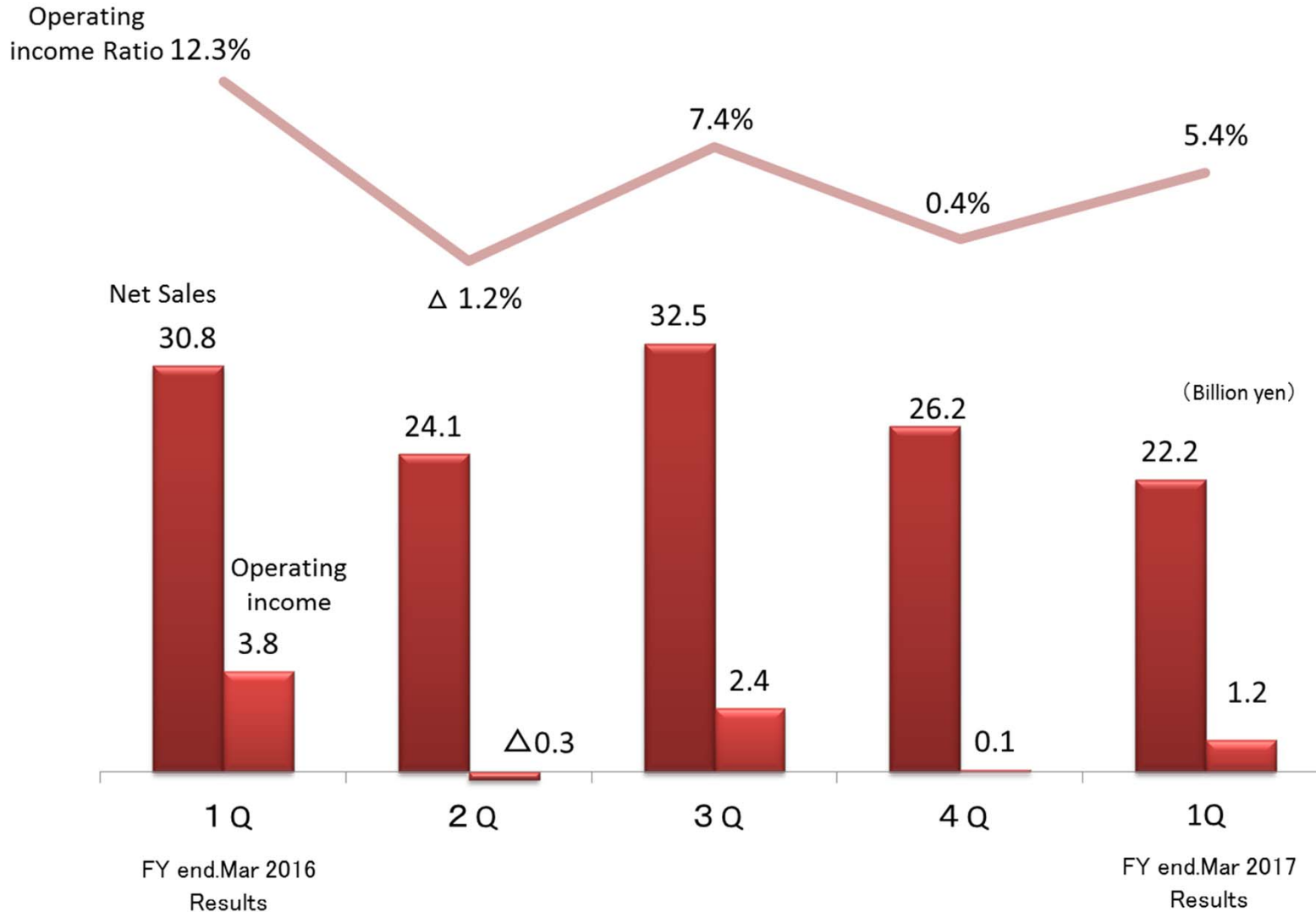
Quarterly Transition of Net Sales and Operating Income



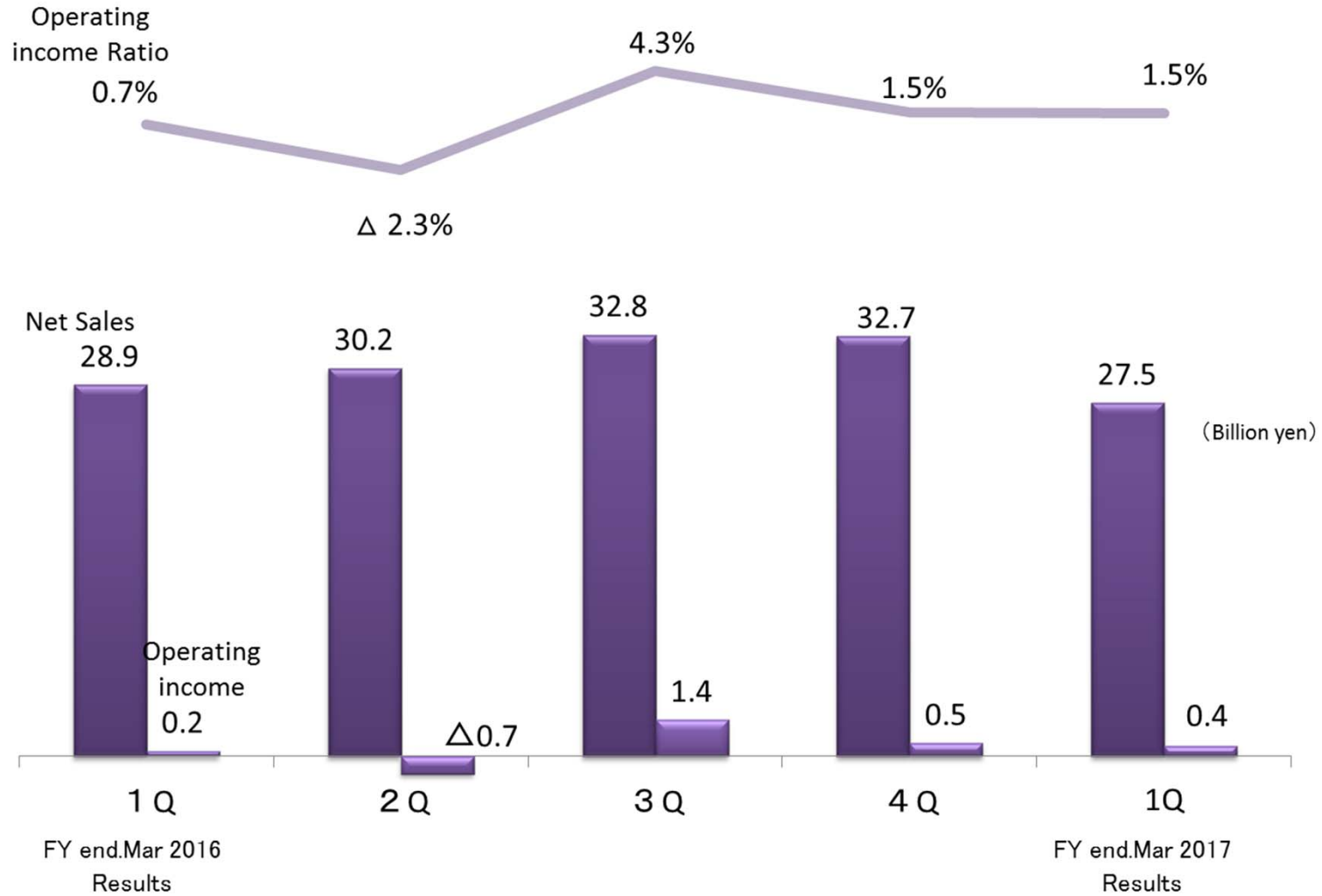
Quarterly Transition of Net Sales and Operating Income(ICT)



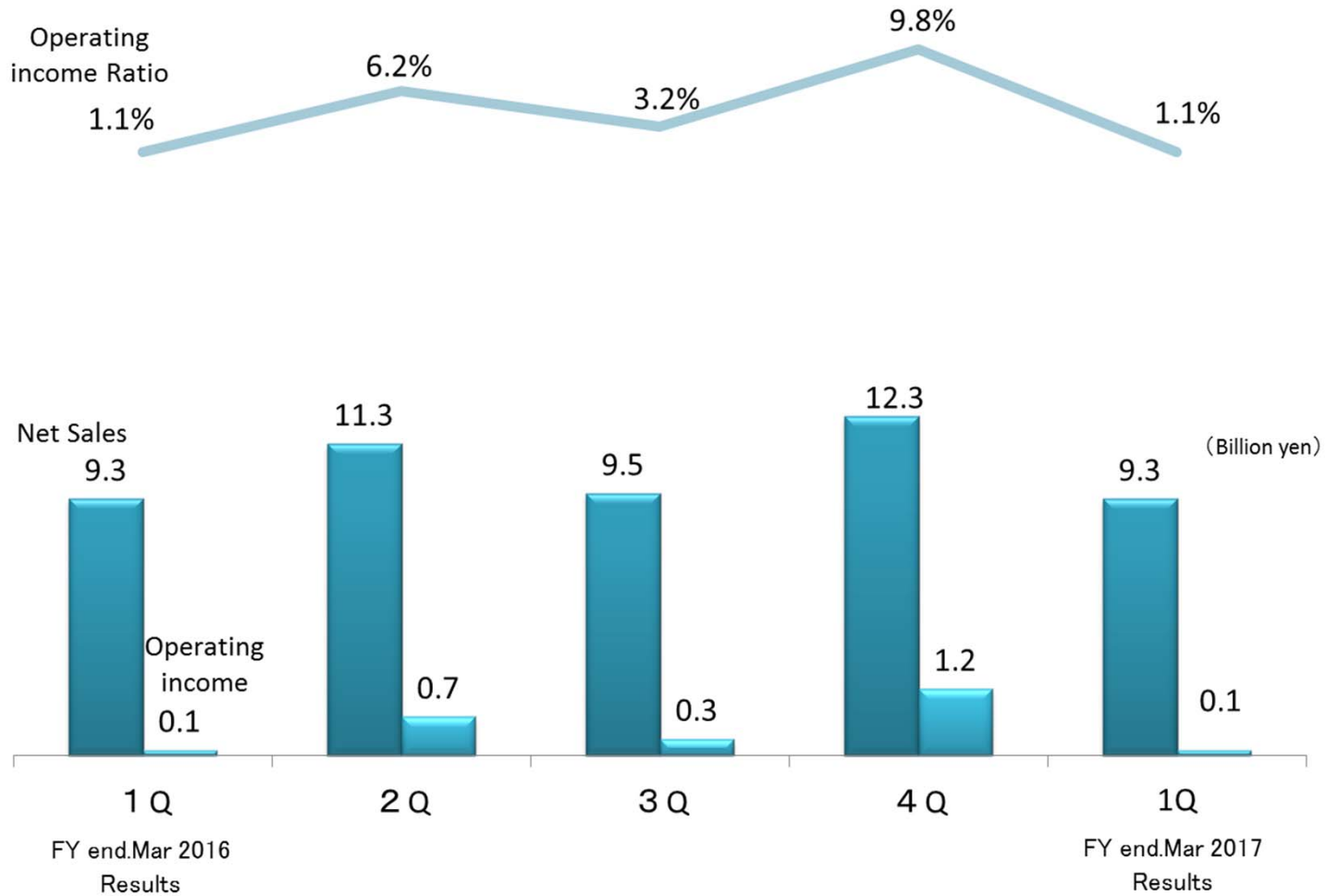
Quarterly Transition of Net Sales and Operating Income(Mechatronics Systems)



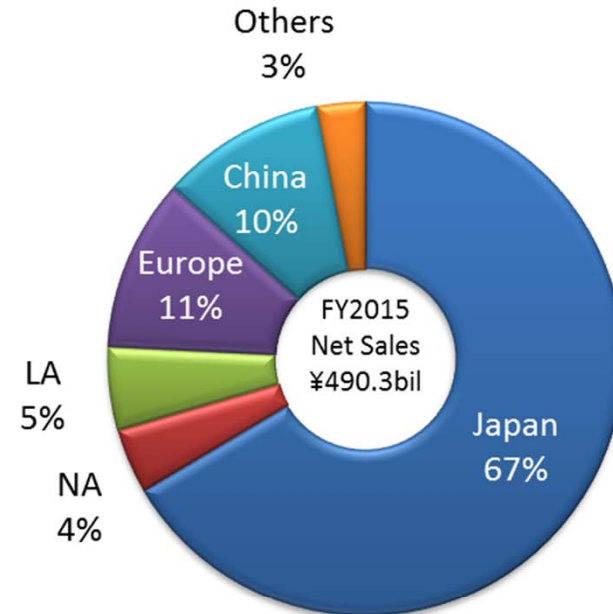
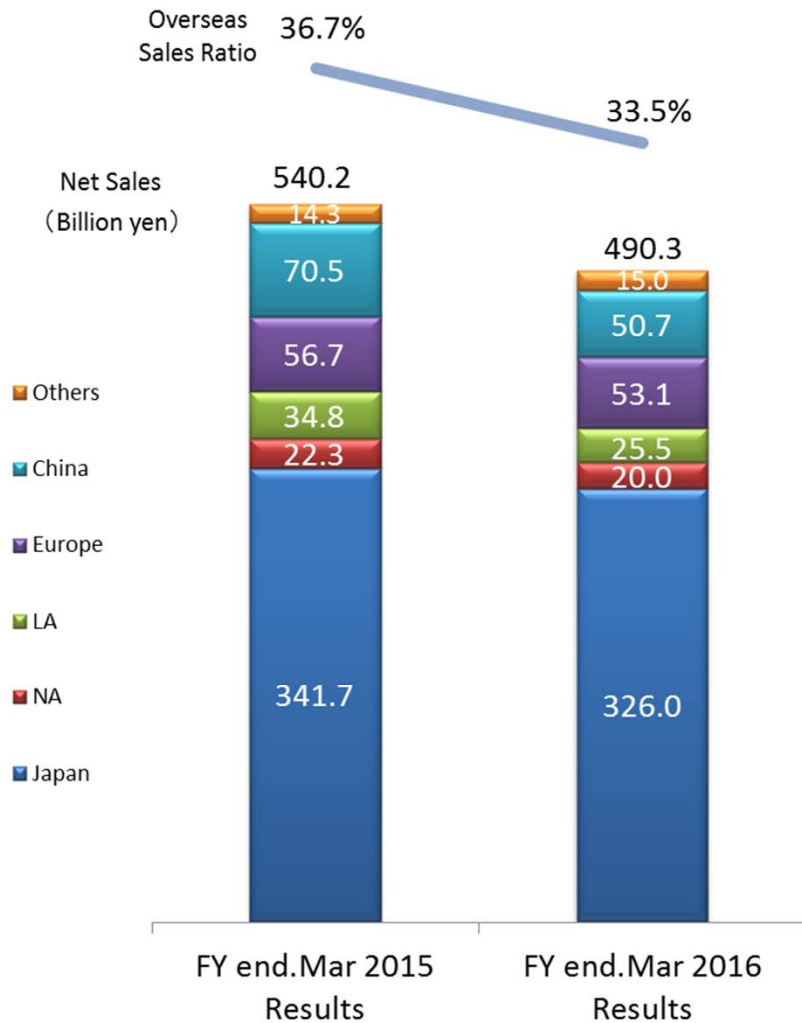
Quarterly Transition of Net Sales and Operating Income(Printers)



Quarterly Transition of Net Sales and Operating Income(EMS)



Sales by Region



Quarterly Transition of Profit and Loss

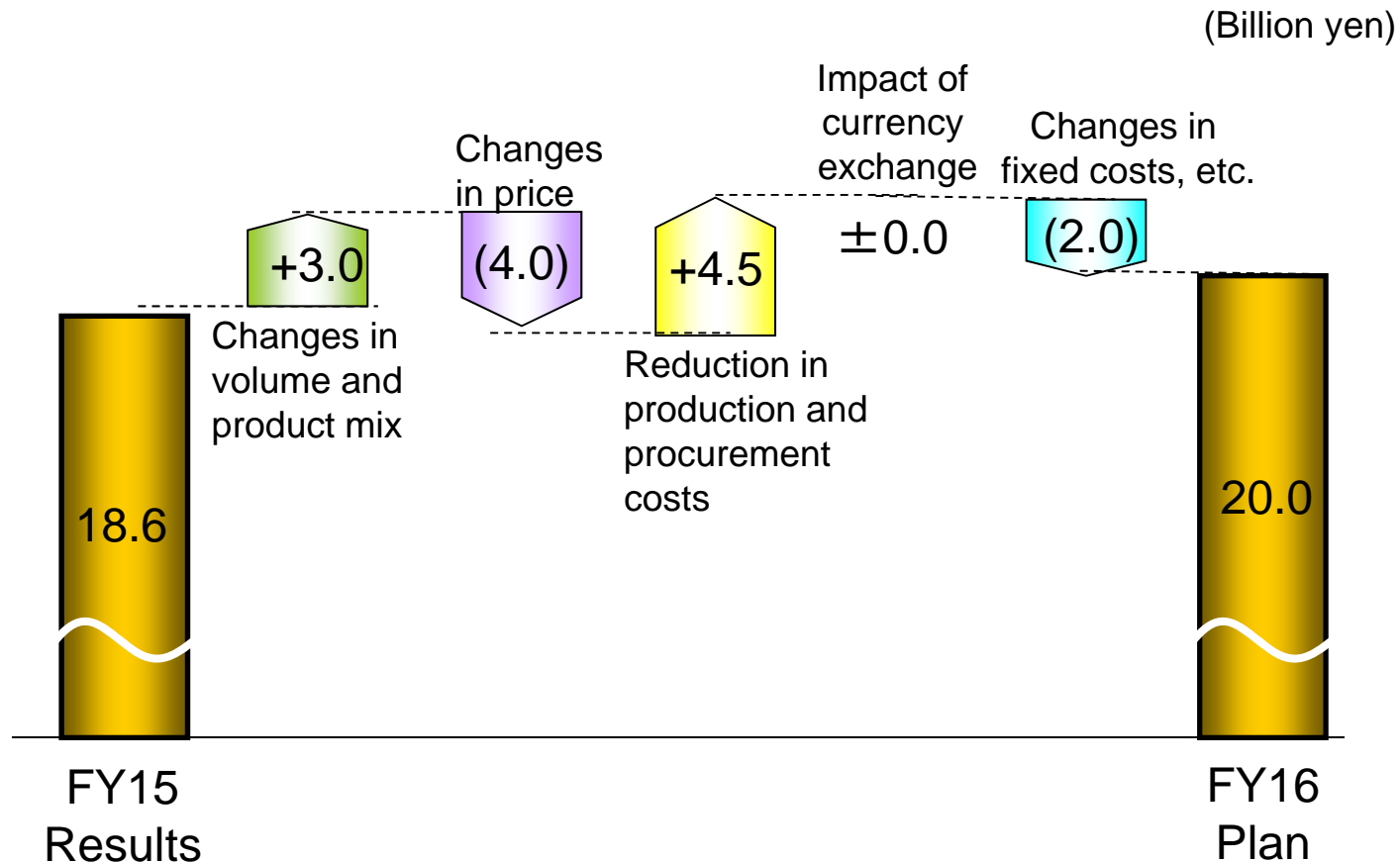
Results (Billion yen)	FY end. Mar. 31, 2016				FY end. Mar. 31, 2017	FY end. Mar. 31, 2017
	1Q	2Q	3Q	4Q	1Q	Full year (Plan)
Net sales	109.8	113.2	114.6	152.7	93.2	500.0
Operating income	3.5	0.1	3.9	11.1	0.7	20.0
Non-operating income & expenses	2.4	(3.6)	(2.5)	(3.5)	(7.1)	-
Ordinary income/loss	5.9	(3.5)	1.4	7.6	(6.4)	18.0
Extraordinary income/loss	0.1	0.2	(0.3)	0.3	0.0	-
Income/loss before income taxes	6.0	(3.3)	1.1	7.9	(6.4)	-
Profit/loss attributable to owners of parent	3.2	(2.3)	(2.7)	8.4	(6.1)	12.0

Financial Highlights

Results (Billion yen)	FY end. Mar. 31, 2016				FY end. Mar. 31, 2017
	1Q	2Q	3Q	4Q	1Q
Total assets	421.9	412.5	414.8	411.8	387.1
Net assets	119.8	113.6	110.6	107.4	99.2
Interest-bearing debt	109.5	114.8	118.3	122.1	118.7
Shareholders' equity	118.8	112.8	110.3	106.7	98.7
Shareholders' equity ratio (%)	28.1	27.3	26.6	25.9	25.5
D/E ratio (times)	0.9	1.0	1.1	1.1	1.2
Free cash flows	1.6	(14.3)	(0.3)	(3.4)	16.1
Cash and cash equivalents	53.7	44.5	45.5	46.3	57.1
USD average exchange rate (Yen)	121.4	121.8	121.5	115.5	108.2
EUR average exchange rate (Yen)	134.2	135.1	133.0	127.2	122.0

Changing Factors of Operating Income

- Operating income is expected to increase due to rise in sales volume and decrease in production and procurement costs.



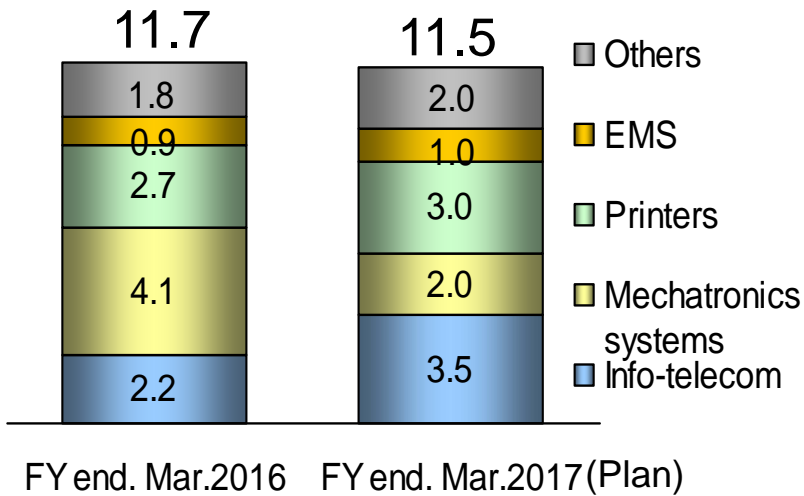
Capital Expenditure and R&D Expenses Projections

Property, Plant & Equip.

(Billion yen)

R&D Expenses

[Capital Expenditure]

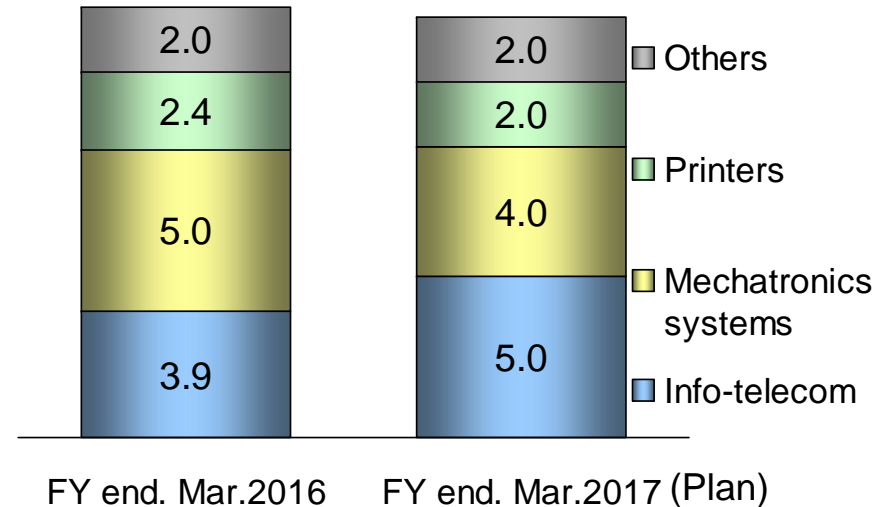


[Depreciation]

11.2 12.0

13.3

13.0



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.