

**TOSHIBA**

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# **FY 2014 First Six Months Consolidated Business Results**

**TOSHIBA TEC CORPORATION**

**October 29, 2014**

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Forward-looking statements concerning TOSHIBA TEC's future performance contained in this presentation represent certain reasonable assumptions based on economic, financial and competitive data and information currently available. However, actual results will be affected by the business and competitive environment and may differ materially from forecasts.

# Key Points of First Six Months of FY2014

- ✓ Net sales, operating income, ordinary income, and PBT for the first half of 2014 were highest ever record for the first half results.
- ✓ Net sales, operating income and net income resulted as forecasted.

## ● Net Sales: 256.3 billion yen (YoY\*: +14.7 billion yen, 6% growth )

- ✓ Domestic Business The impact of the consumption tax increase was not as severe as expected and resulted in 3% growth against the same period a year earlier.
- ✓ Overseas Business The printing business maintained a stable performance while sales in the retail business recovered from 1Q to 2Q and resulted in 8% growth against the same period a year earlier.

## ● Operating Income: 12.2 billion yen (YoY: +1.6 billion yen)

- ✓ Increased mainly due to the sales increase of domestic business, existing business overseas and currency exchange improvement.
- ✓ EBITA resulted in 14.5 billion yen, which is 5.7% of net sales.

## ● Free Cash Flows: 10.5 billion yen (YoY: +36.0 billion yen)

Improved significantly due to the improvement of cash flows from operating activities and the decrease of payment to acquire the business of GCS (21.8 billion yen -> 0.0 billion yen).

## ● Dividend

The interim dividend of 6 yen per share (YoY: +2 yen) has been determined.

## ● For your reference: Our record-high figures for the first half results in the past are as follows.

Net sales 251.8 billion yen(FY07/1H\*\*), Operating income 10.6 billion yen(FY13/1H), Ordinary income 9.8 billion yen(FY13/1H), PBT 8.6 billion yen(FY13/1H), Net income 6.5 billion yen(FY97/1H)

YoY\*: year-on-year comparison

1H\*\*: First Six Month

# FY2014 First Six Months Results

Billions of yen

	FY14/1H	FY13/1H	FY14 FC*	Difference	
				vs. FY13/1H	vs. FC
Net Sales	256.3	241.6	250.0	14.7	6.3
Growth rate %				106%	103%
Operating Income	12.2 4.8%	10.6 4.4%	12.0 4.8%	1.6 0.4%	0.2 0.0%
Ordinary Income	9.9 3.9%	9.7 4.0%	11.0 4.4%	0.2 -0.1%	-1.1 -0.5%
Income before income taxes and minority interests	9.3 3.6%	8.6 3.6%	10.0 4.0%	0.7 0.0%	-0.7 -0.4%
Net income	5.1 2.0%	3.9 1.6%	5.0 2.0%	1.2 0.4%	0.1 0.0%
Foreign currency exchange rate					
USD	102.52 yen	98.03 yen	100.00 yen	4.49 yen	2.52 yen
EUR	139.10 yen	128.29 yen	138.00 yen	10.81 yen	1.10 yen

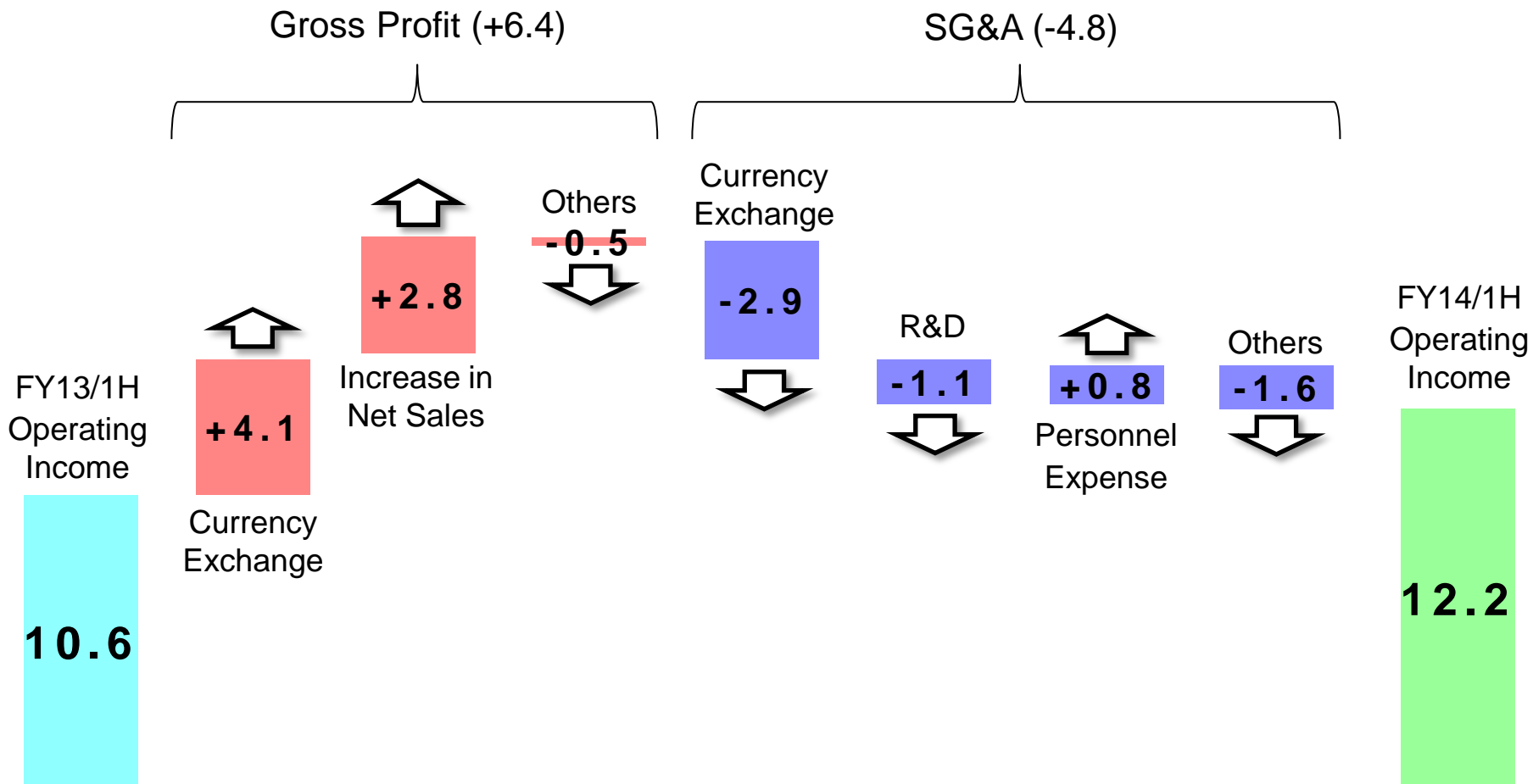
FC\* : Forecast

# Operating Income Analysis, FY2014 First Six Months

## Business Results

- ✓ Increased due to sales increase and currency exchange improvement.
- ✓ The effect of currency exchange rate change adds up to +1.2 billion yen.

Billions of yen



# FY2014 First Six Months Results by Segment

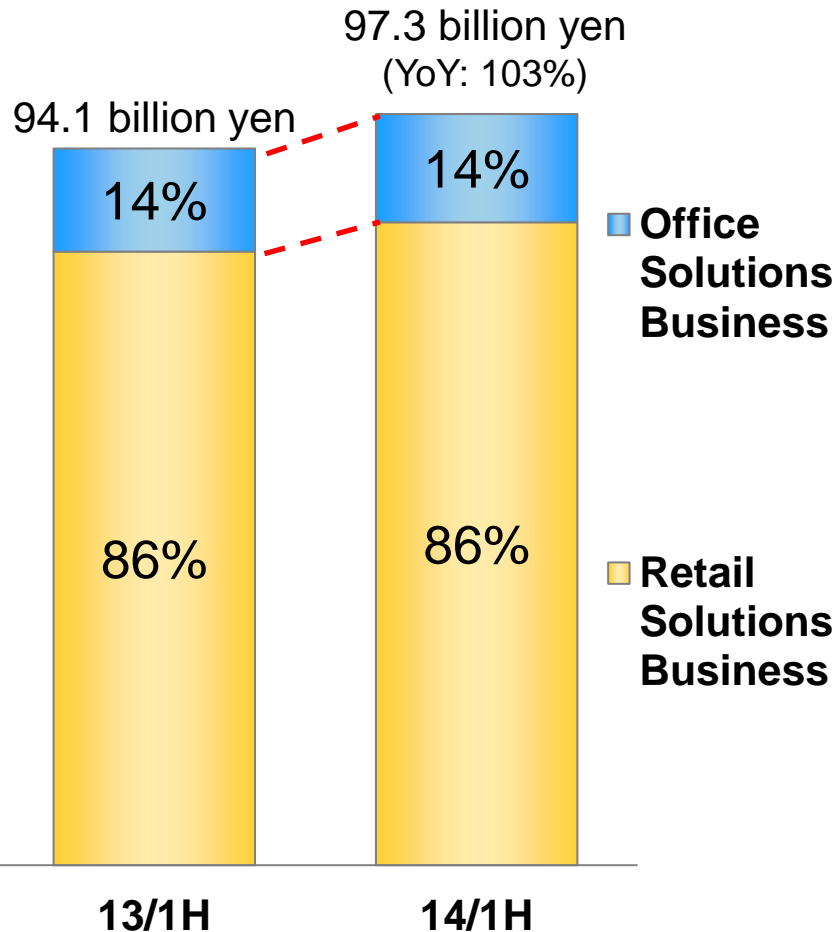
Billions of yen

Net Sales	FY14/1H	FY13/1H	FY14 FC	Difference	
				vs. FY13/1H	vs. FC
System Solutions Business Group	97.3	94.1	94.3	3.2	3.0
Global Solutions Business Group	166.0	154.2	163.2	11.8	2.8
Total	263.3	248.3	257.5	15.0	5.8
Adjustment	-7.0	-6.7	-7.5	-0.3	0.5
Consolidated Total	256.3	241.6	250.0	14.7	6.3

Operating Income	FY14/1H	FY13/1H	FY14 FC	Difference	
				vs. FY13/1H	vs. FC
System Solutions Business Group	4.8	3.8	4.4	1.0	0.4
Global Solutions Business Group	7.4	6.8	7.6	0.6	-0.2
Consolidated Total	12.2	10.6	12.0	1.6	0.2

# System Solutions Business Group

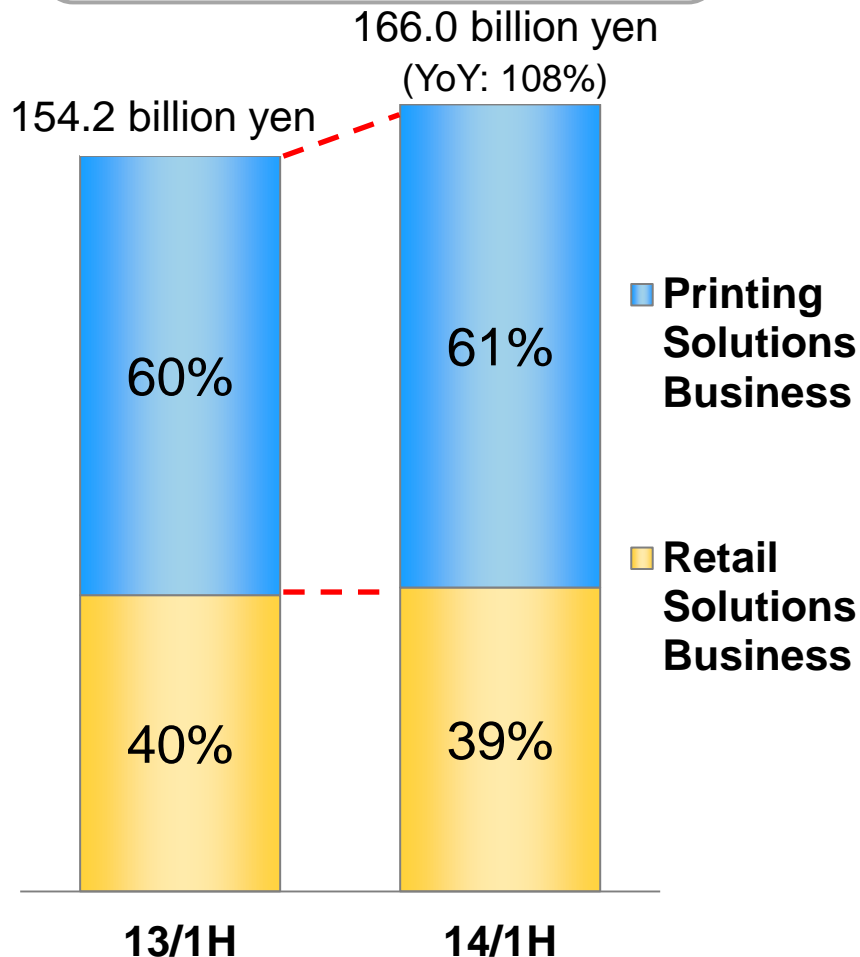
## Ratio of Products to Net Sales by Business



- ◆ Retail Solutions:  
Net sales from POS systems for shopping centers and specialty stores expanded. As a result, YoY net sales increased by 3%.
- ◆ Office Solutions:  
Sales expansion of color MFP and the successful launch of new mono-chrome MFP led the office solutions business. As a result, YoY net sales increased by 5%.

# Global Solutions Business Group

## Ratio of Products to Net Sales by Business

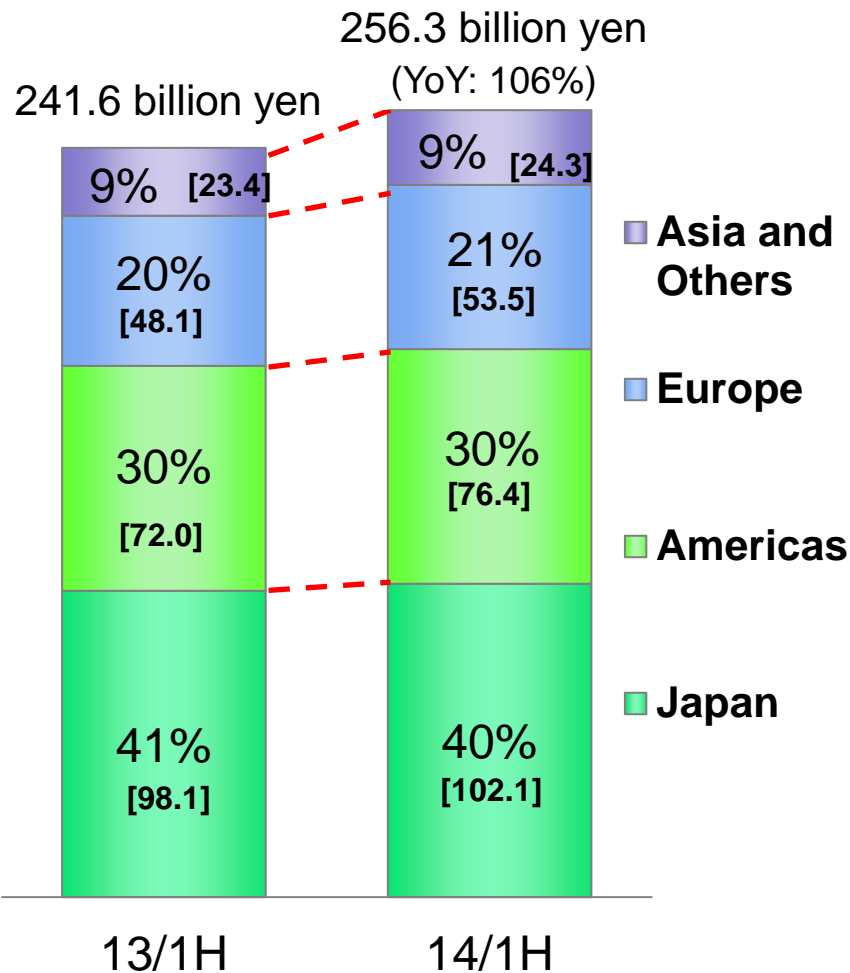


- ◆ **Printing Solutions:**  
Sales of color MFP expanded and spread to the vertical market of distribution, logistics and manufacturing making use of our retail customer base. YoY net sales increased by 8% helped also by the currency exchange improvement.
- ◆ **Retail Solutions:**  
Increased owing to sales expansion of strategic new products & solutions and the currency exchange improvement.  
YoY net sales increased by 7%.



# Net Sales by Geographic Area

## Net Sales by Geographic Area

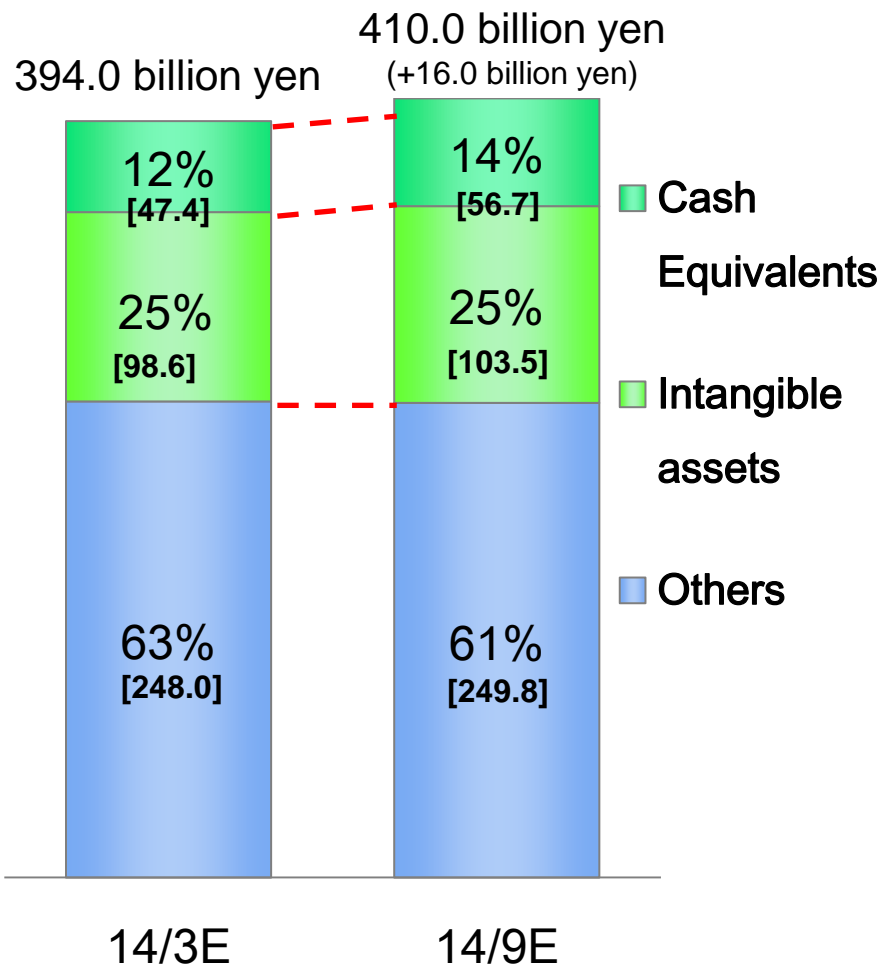


- ◆ **Japan:**  
As a result of stable performance of both retail solutions business and office solution business, net sales grew by 4% against the previous year.
- ◆ **Overseas:**  
Both retail solutions business and printing solutions business maintained a stable performance. Sales increased as well due to the currency exchange rate improvement. Sales increased 6% in the Americas, 11% in Europe, 4% in Asia and others against the previous year.

Note: Figures in parentheses represent the net sales by geographic area (billions of yen).

# Consolidated Balance Sheets (1)

## Assets

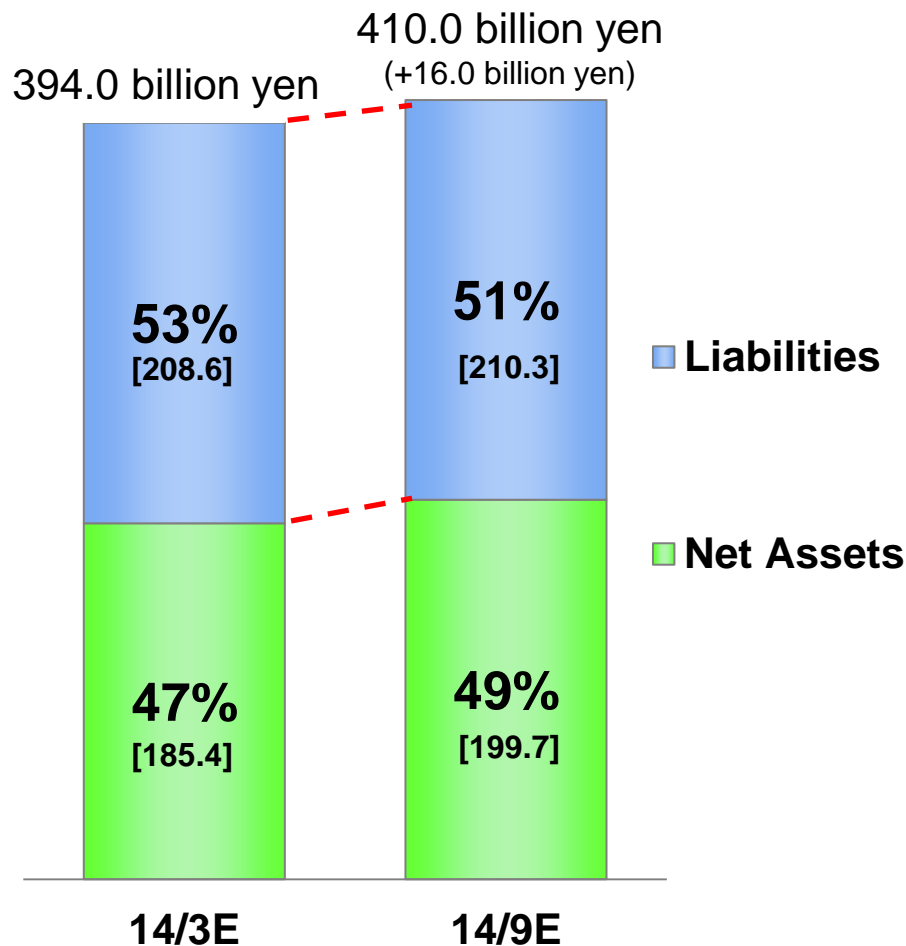


- ◆ **Cash Equivalents:**  
Increased by 9.3 billion yen due to the improvement of free cash flow.
- ◆ **Intangible Assets:**  
Increased by 4.9 billion yen, mainly through the investment of assets related to GCS's IT systems.

Note: Figures in parentheses represent the itemized balance (billions of yen).

# Consolidated Balance Sheets (2)

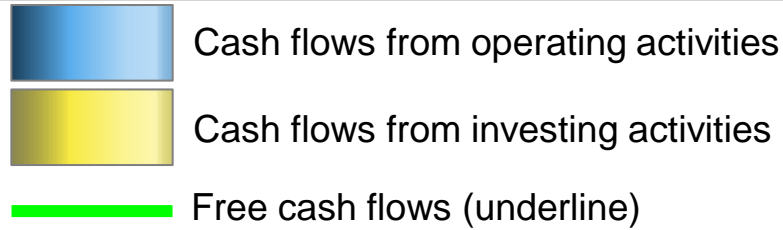
## Liabilities and Net Assets



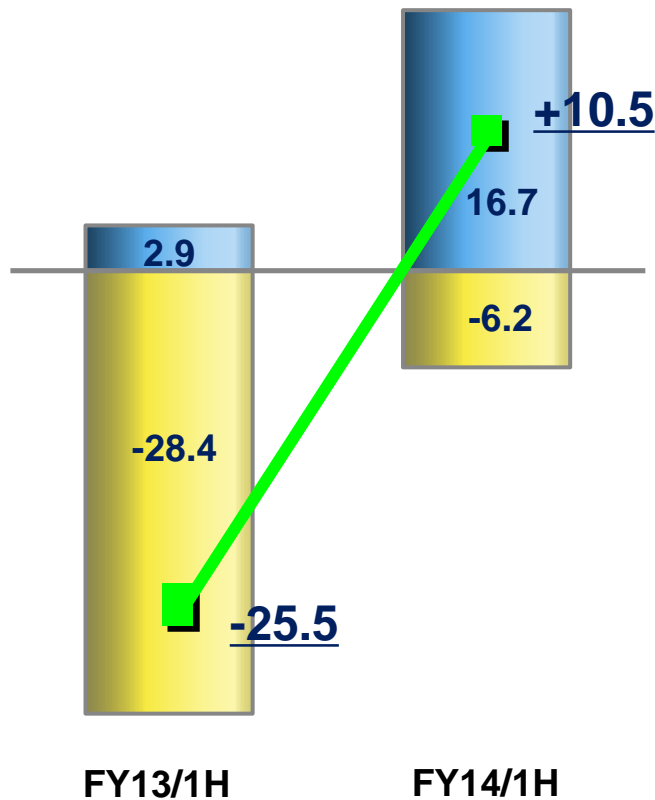
- ◆ **Liabilities:**  
Although accounts payable increased by 6.2 billion yen, noncurrent liabilities decreased by 6.5 billion yen due to the change in retirement benefit plan that the company adopted. Total liabilities increased by 1.7 billion yen.
- ◆ **Net Assets:**  
Increased by 14.3 billion yen, due to the increase in retained earnings associated with the change of retirement benefit plan, and increase in the net income and also the increase in foreign currency translation adjustments associated with the yen depreciation.

Note: Figures in parentheses represent the itemized balance (billions of yen).

# Cash Flows



Billions of yen



- ◆ Cash Flows from operating activities: Increased by 13.8 billion yen against the previous year due to the improvement in working capital.
- ◆ Cash Flows from investing activities: Decreased by 22.2 billion yen against the previous year due to the decrease of payment to acquire GCS business (21.8 billion yen -> 0.0 billion yen).

# FY2014 Forecast, Overall

Billions of yen

	FY14FC as of Oct.29	FY13 Result	FY14FC as of Apr.28	Difference	
				vs. FY13	vs. FC as of Apr.28
Net Sales Growth rate %	520.0	498.9	520.0	21.1 104%	0.0 100%
Operating Income	28.0 5.4%	23.1 4.6%	28.0 5.4%	4.9 0.8%	0.0 0.0%
Ordinary Income	26.0 5.0%	20.1 4.0%	26.0 5.0%	5.9 1.0%	0.0 0.0%
Net income	12.0 2.3%	7.1 1.4%	12.0 2.3%	4.9 0.9%	0.0 0.0%
Foreign currency exchange rate USD EUR	105.00 yen 138.00yen	99.75 yen 133.37 yen	100.00 yen 138.00 yen	5.25 yen 4.63 yen	5.00 yen 0.00 yen

# FY2014 Forecast by Segment

Billions of yen

Net Sales	FY14 as of Oct.29	FY13 Result	FY14 FC as of Apr.28	Difference	
				vs. FY13	vs. FC as of Apr.28
System Solutions Business Group	195.0	195.3	195.0	-0.3	0.0
Global Solutions Business Group	340.0	317.5	340.0	22.5	0.0
Total	535.0	512.8	535.0	22.2	0.0
Adjustment	-15.0	-13.9	-15.0	-1.1	0.0
Consolidated Total	520.0	498.9	520.0	21.1	0.0

Operating Income	FY14 as of Oct.29	FY13 Result	FY14FC as of Apr.28	Difference	
				vs. FY13	vs. FC as of Apr.28
System Solutions Business Group	11.0	9.7	11.0	1.3	0.0
Global Solutions Business Group	17.0	13.4	17.0	3.6	0.0
Consolidated Total	28.0	23.1	28.0	4.9	0.0

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