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- Toshiba Tec announced its FY2015 Business Results on May 20, 2016. However, on June 23, 2016, Toshiba Tec corrected certain parts of those results. For the reasons for the corrections, please refer to “(Corrections/Corrections of Numerical Data) Notice Regarding Partial Corrections of ‘Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (Based on Japanese GAAP)’” announced on June 23, 2016.
 - This document contains the corrected version of the FY 2015 Business Results announced on May 20, 2016. The corrected parts are underlined.

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FY2015 Consolidated Business Results

TOSHIBA TEC CORPORATION

May 20, 2016

1. FY2015 Consolidated Business Results

2. FY2016 Forecast

3. Overseas Retail Business

Key Points of FY2015 Business Results

- ✓ Although Net Sales increased over the previous year owing to the foreign exchange rate gain, the operating loss in the overseas retail business (GCS) continued for the full year and the revaluation of sales inventories were added, resulting in a lower income by 15.5 billion yen against the previous year.
- ✓ An additional impairment loss for the GCS business of 18.8 billion yen was booked in 4Q as a result of the review of GCS's business plan.

- **Net Sales: 532.8 billion yen (YoY: +8.2 billion yen)**
Increased by 2% over the previous year primarily due to the increase in the overseas printing business and foreign exchange gains.
- **Operating Income: 1.6 billion yen (YoY: \triangle 15.5 billion yen)**
The operating loss in the overseas retail business (GCS) continued and the revaluation of sales inventories were added, resulting in a lower income by 15.5 billion yen against the previous year.
- **Net Loss: \triangle 103.4 billion yen (YoY: \triangle 102.3 billion yen)**
Decreased by 102.3 billion yen due to the drop in operating income and the 84.6 billion yen impairment loss of GCS assets.
The impairment was recorded in FY2015 for the entire fixed assets and goodwill of GCS.
- **Dividend**
The annual dividend is 0 yen as previously forecasted.

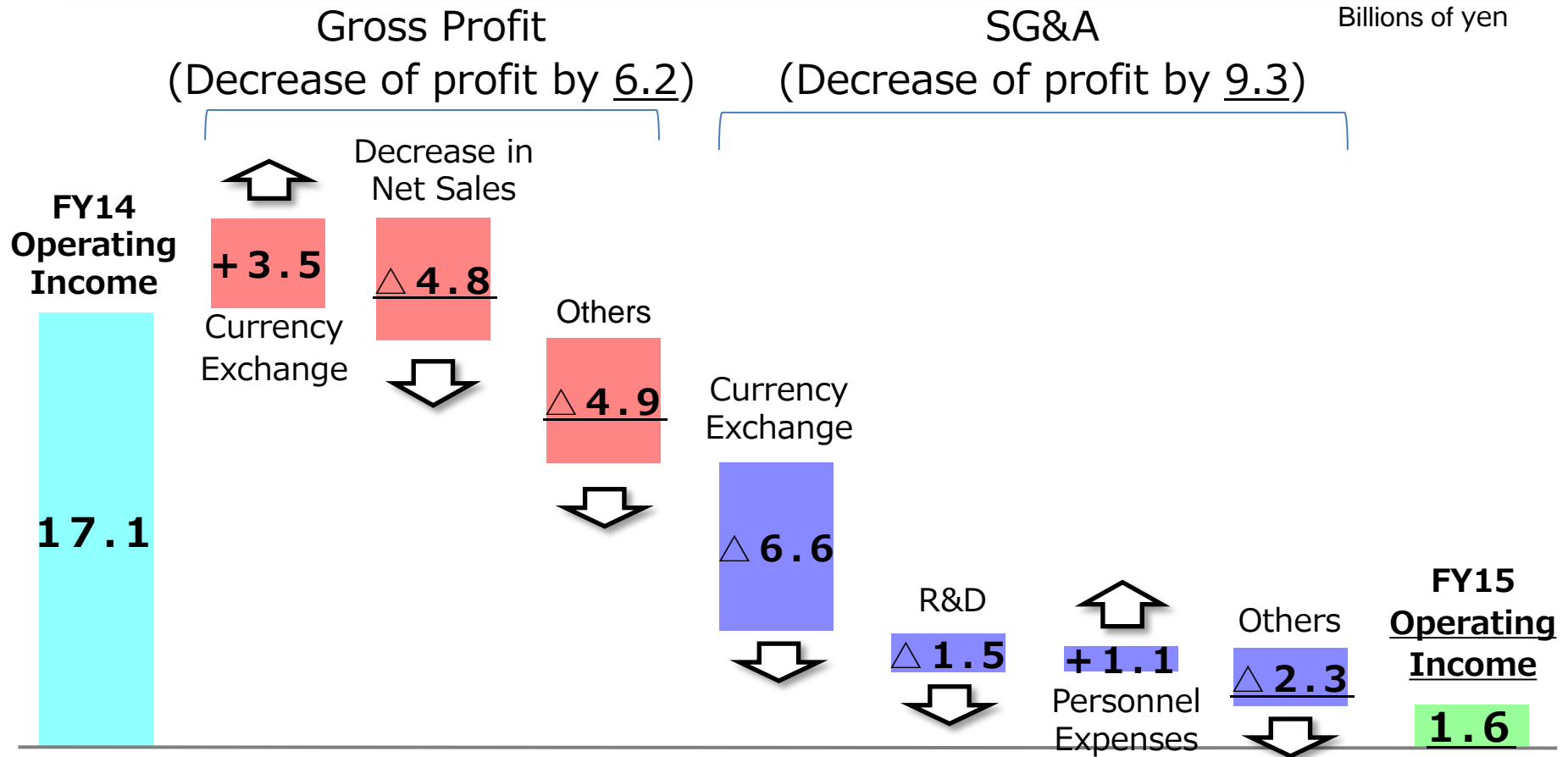
(Note) GCS: Toshiba Global Commerce Solutions

FY2015 Results

(Billions of Yen)	FY2015 Actual	FY2014 Actual	Difference vs. FY2014
Net Sales (Growth rate)	<u>532.8</u>	524.6	<u>+8.2</u> (102%)
Operating Income (Rate of sales)	<u>1.6</u> (0.3%)	17.1 (3.3%)	<u>△15.5</u> (△3.0%)
Ordinary Income (Loss) (Rate of sales)	<u>△2.3</u> (△0.4%)	10.4 (2.0%)	<u>△12.7</u> (△2.4%)
Income (Loss) before income taxes and minority interests (Rate of sales)	<u>△89.1</u> (△16.7%)	9.7 (1.9%)	<u>△98.8</u> (△18.6%)
Loss attributable to owners of parent (Rate of sales)	<u>△103.4</u> (△19.4%)	△1.1 (△0.2%)	<u>△102.3</u> (△19.2%)
Foreign currency exchange rate			
US\$	120.77	109.16	+11.61
EUR	132.74	139.43	△6.69

Operating Income Analysis of FY2015

The major factor for the decrease in operating income was the effect of the currency exchange rate change of 3.1 billion yen, the decrease in the gross profit of 9.7 billion yen (excluding the currency exchange rate), and the increase in the SG&A of 2.7 billion yen (excluding the currency exchange rate).



FY2015 Results by Segment

(Billions of yen)		FY2015 Actual	FY2014 Actual	Difference vs. FY2014
Retail Solutions Business Group	Net Sales (Growth rate)	<u>324.8</u>	324.4	<u>+0.4</u> (100%)
	Operating Loss (Rate of Sales)	<u>△11.5</u> (△3.5%)	△0.4 (△0.1%)	<u>△11.1</u> (△3.4%)
Printing Solutions Business Group	Net Sales (Growth rate)	220.2	213.1	+7.1 (103%)
	Operating Income (Rate of Sales)	13.1 (5.9%)	17.5 (8.2%)	△4.4 (△2.3%)
Consolidated Total	Net Sales (Growth rate)	<u>532.8</u>	524.6	<u>+8.2</u> (102%)
	Operating Income (Rate of Sales)	<u>1.6</u> (0.3%)	17.1 (3.3%)	<u>△15.5</u> (△3.0%)

Retail Solutions Business Group

(Billions of yen)		FY2015 Actual	FY2014 Actual	Difference vs. FY2014
Retail Solutions Business Group	Net Sales (Growth rate)	<u>324.8</u>	324.4	<u>+0.4</u> (100%)
	Operating Loss (Rate of Sales)	<u>△11.5</u> (△3.5%)	△0.4 (△0.1%)	<u>△11.1</u> (△3.4%)

◆ POS system for Japanese market, etc.

The wait-and-see attitude for the new roll-out plan continued at retailers and restaurants. In spite of the sales growth in self check-out/order systems, net sales to specialty stores and shopping centers decreased from the previous year.

◆ POS system for overseas markets, etc.

Although demand in the overseas retail market was weak, net sales increased over the previous year due to the exchange rate gains.

Retail Solutions Business Group : vs. Forecast dated Mar.14

(Billions of yen)		FY2015 Actual	FY2015 Forecast (Mar.14)	Difference vs. Forecast
Retail Solutions Business Group	Net Sales	<u>324.8</u>	322.0	<u>+2.8</u>
	Operating Loss	<u>△11.5</u>	△7.0	<u>△4.5</u>
	(Rate of Sales)	<u>(△3.5%)</u>	(△2.2%)	<u>(△1.3%)</u>

<Changed points of forecast for overseas retail business>

① Major reason for revision dated May 12 (△3.8 billion yen)

- **Write-down of software products (TCxGravity)**

Cancellation from new customers ⇨ Close inspection of other customers ⇨
Review of business plan

- **Deterioration of gross margin**

Decrease in sales, delay in cost reduction, deterioration of gross margin on certain project

- **Others**

Delay in reduction of fixed expenses in the current overseas retail business

② Major reason for revision dated May 20 (△2.7 billion yen)

- **Revaluation of sales inventory for H/W products**

POS terminals and peripherals (printer, drawer, display etc.)

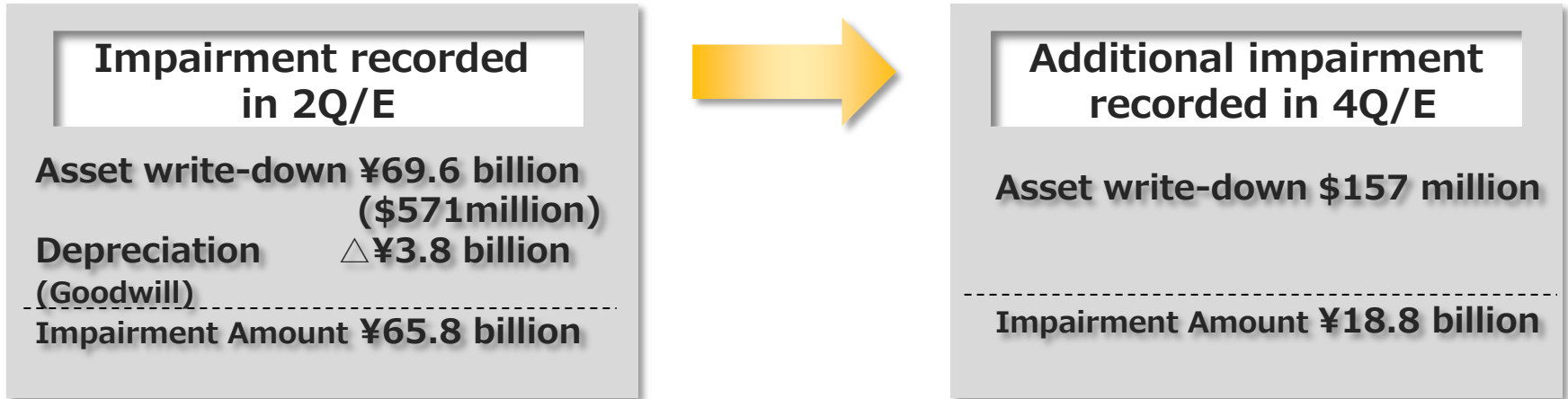
③ Major reason for revision dated June 23 (+2.1 billion yen)

- **Correction of errors relating to accounts payable-trade and accounts payable-other**

- **Correction of errors relating to sales**

- **Correction of errors relating to inventory valuation amounts**

Retail Solutions Business Group : Additional impairment on TGCS



<Detail of additional impairment>

- The sales plan of software product (TCxGravity) was revised as a result of the review of the project.
- The review of the GCS business plan was conducted taking into account the business results of the 2nd half of FY2015 and the latest business environment.

Printing Solutions Business Group

(Billions of yen)		FY2015 Actual	FY2014 Actual	Difference vs. FY2014
Printing Solutions Business Group	Net Sales (Growth rate)	220.2	213.1	+7.1 (103%)
	Operating Income (Rate of Sales)	13.1 (5.9%)	17.5 (8.2%)	△4.4 (△2.3%)

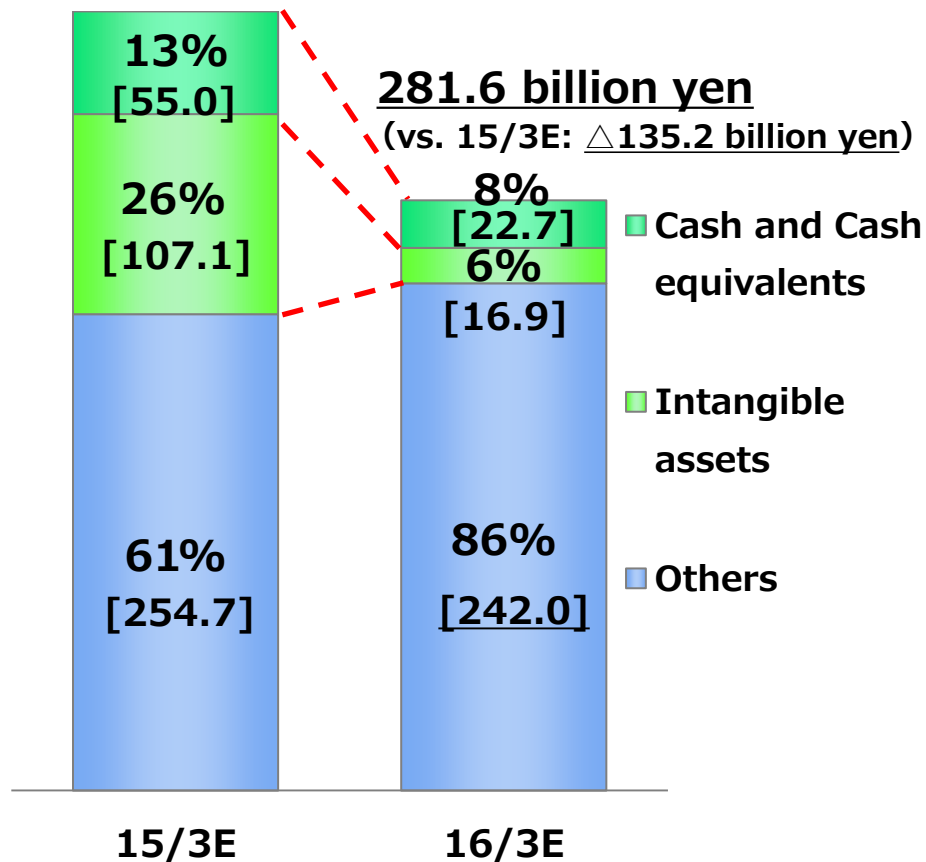
◆ MFP for overseas market, etc.

Net sales in the Americas and Europe were flat but grew in Asian countries owing to the acquisition of new subsidiaries in Malaysia and Thailand. Including the currency exchange gains, sales in the Americas and Asian countries increased but decreased in Europe. Total sales increased by 103% over the previous year.

Consolidated Balance Sheets (1)

Total Assets

416.8 billion yen



◆ Cash and Cash Equivalents:

Decreased by 32.3 billion yen as a result of the purchase of remaining TGCH's* share from IBM and the decrease in operating cash flow.

*Toshiba Global Commerce Solutions Holdings Corporation

◆ Intangible Assets:

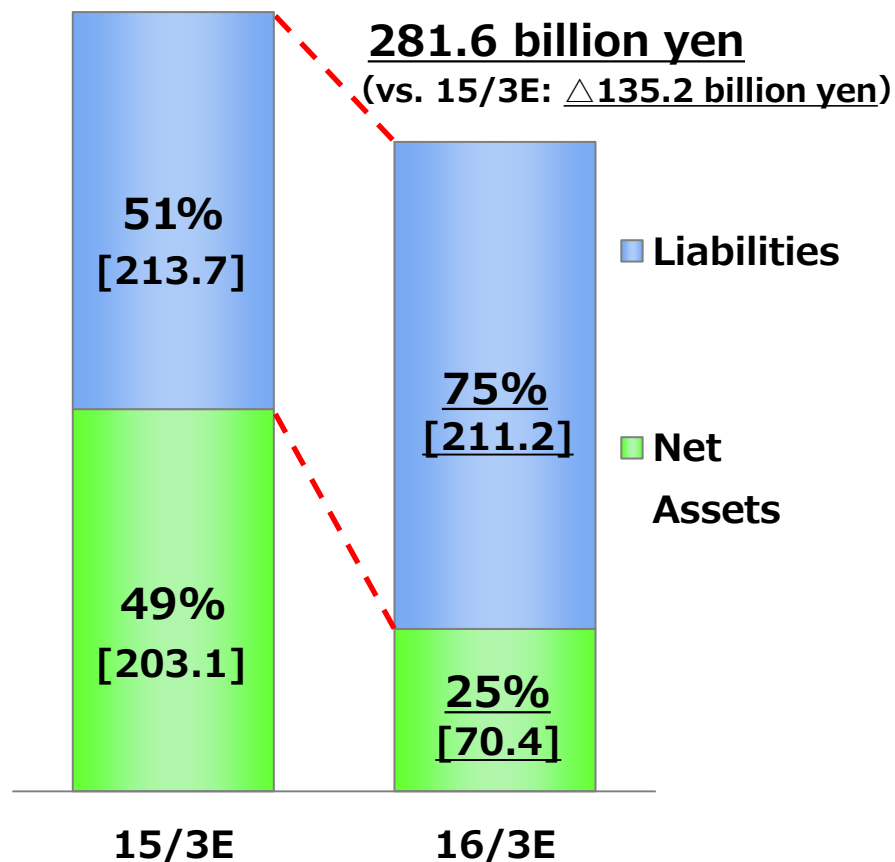
Decreased by 90.2 billion yen due to the impairment loss of GCS's assets etc.

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

Consolidated Balance Sheets (2)

Liabilities and Net Assets

416.8 billion yen



◆ Liabilities

Decreased by 2.5 billion yen as a result of the decrease of notes and accounts payable etc.

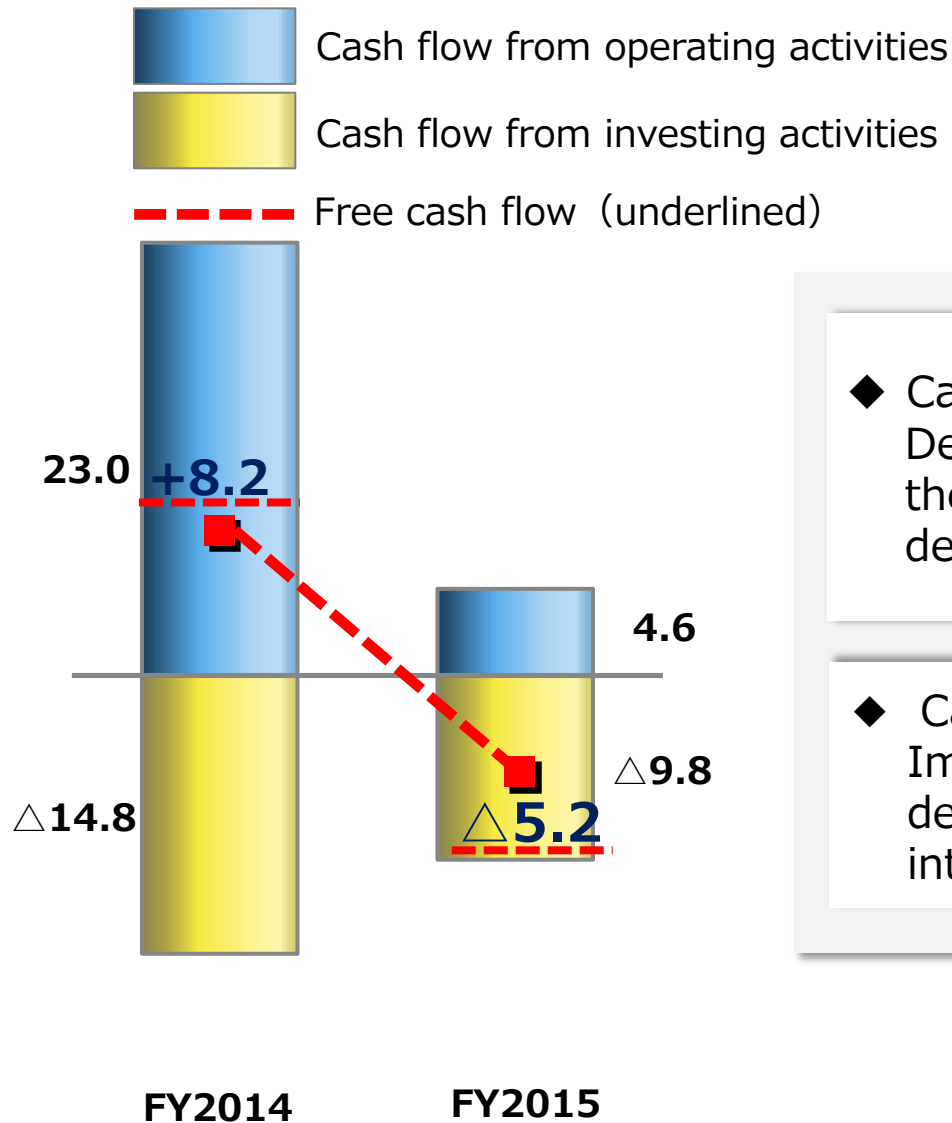
◆ Net Assets

Decreased by 132.7 billion yen due to the decrease of retained earnings by 105.4 billion yen associated with the impairment loss of GCS's asset.

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

Cash Flow

Billions of yen



◆ Cash flow from operating activities:
Decreased by 18.4 billion yen due to the drop in profit and the deterioration of working capital.

◆ Cash flow from investing activities:
Improved by 5.0 billion yen due to decrease of payment to acquire intangible assets.

1. FY2015 Consolidated Business Results

2. FY2016 Forecast

3. Overseas Retail Business

Key points of FY2016 Forecast

- ✓ Net sales : 2 % decrease equivalent to a 3% increase in local currency basis
- ✓ Operating income : 12.4 billion yen increase reflecting the improvement of GCS 's profitability
- ✓ Net income : Expected to turn positive at 0.5 billion yen

- **Net Sales: 520.0 billion yen (YoY △12.8 billion yen)**

Net Sales in all the segments of domestic retail, overseas retail, and printing are expected to grow in local currency. However, net sales in yen are expected to decrease by 29.0 billion yen due to the yen appreciation.

- **Operating Income: 14.0 billion yen (YoY +12.4 billion yen)**

The profitability of the retail solutions business is expected to improve through SG&A reduction and higher gross margin. For the printing solutions business, the currency exchange rate will effect negatively on profit by 3.0 billion yen.

- **Net Income: 0.5 billion yen (YoY +103.9 billion yen)**

A net income of 0.5 billion yen is forecasted due to the structural reform cost and a mixture of different tax rates applied to the GCS subsidiaries, globally operated in various countries, resulting in an irregularly high rate to the unprofitable GCS operation as a whole.

Overall FY2016 Forecast

(Billions of Yen)	FY2016 Forecast	FY2015 Actual	Difference vs. FY2015
Net Sales (Achievement rate /Growth rate)	520.0	<u>532.8</u>	<u>△12.8</u> (98%)
<u>Operating Income</u> (Rate of sales)	14.0 (2.7%)	<u>1.6</u> (0.3%)	<u>+12.4</u> (+2.4%)
Ordinary Income (Loss) (Rate of sales)	10.0 (1.9%)	<u>△2.3</u> (△0.4%)	<u>+12.3</u> (+2.3%)
Income (Loss) attributable to owners of parent (Rate of sales)	0.5 (0.1%)	<u>△103.4</u> (△19.4%)	<u>+103.9</u> (+19.5%)
Foreign currency exchange rate			
US\$	110.00	120.77	△10.77
EUR	125.00	132.74	△7.74

FY2016 Forecast by Segment

(Billions of yen)		FY2016 Forecast	FY2015 Actual	Difference vs. FY2015
Retail Solutions Business Group	Net Sales (Achievement rate /Growth rate)	322.0	<u>324.8</u>	<u>△2.8</u> (99%)
	Operating Income (Loss) (Rate of Sales)	4.0 (1.2%)	<u>△11.5</u> (△3.5%)	<u>+15.5</u> (+4.7%)
	Net Sales (Achievement rate /Growth rate)	212.0	220.2	△8.2 (96%)
Printing Solutions Business Group	Operating Income (Rate of Sales)	10.0 (4.7%)	13.1 (5.9%)	△3.1 (△1.2%)
	Net Sales (Achievement rate /Growth rate)	520.0	<u>532.8</u>	<u>△12.8</u> (98%)
Consolidated Total	Operating Income (Rate of Sales)	14.0 (2.7%)	<u>1.6</u> (0.3%)	<u>+12.4</u> (+2.4%)

1. FY2015 Consolidated Business Results

2. FY2016 Forecasts

3. Overseas Retail Business

Overseas Retail Business (1) Issues

● Net Sales

- Net sales slightly decreased year on year on a local currency basis due to more severe competition in the maintenance business and investment control by major retail customers.
- A slowdown in growth outlook of omni-channel solutions.

● Reduction in Gross Margin

- Lower gross margin due to longer closing cycle with the increasing solutions requirements to be met.

● Progress of Structural Reforms

- H/C optimization will not be completed until 16/A while certain progresses have been observed in FY2015.
- 8 of 9 offices were closed as planned .

● Improvement in the accounting and operational process

Overseas Retail Business (2) Measures

- **Improve Contribution Margin ratio by improving product mix**

- Acquire new deals by utilizing the competitive lineup, such as self-service POS and local fit products.
- Expand solutions business.
- Enhance the menu of service maintenance

- **Improve Contribution Margin ratio by enhancing cost reduction**

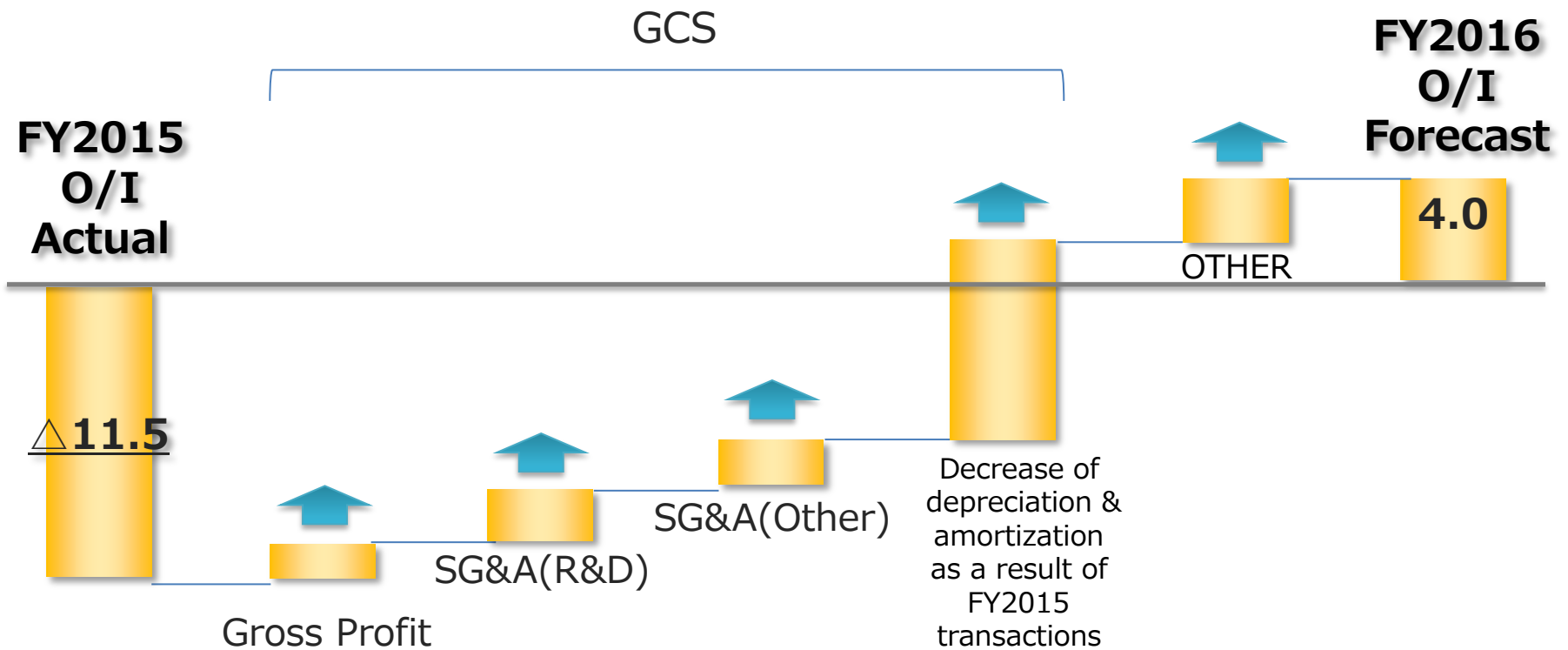
- Increase CR and service efficiency
- Reduction in SCM (variable expenses) and outsourcing fees

- **Reduce Fixed Expense by promoting structural reforms**

- Speed up the implementation of H/C optimization
- Implement additional office closures
- Utilize the back-office functions of the existing offices

Overseas Retail Business (3) Outlook

* Figures of O/I represents the total amount for Retail Solutions Business Group
(Billions of yen)



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.

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