

**TOSHIBA**

Leading Innovation >>>

# **FY2018 Toshiba Tec Management Policy**

## **(Mid-Term Business Plan for FY2018–FY2020)**

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**President & Chief Executive Officer**

**Toshiba Tec Corporation**

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- 1-2 FY2017 Achievements
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- 3-3 Printing solutions business

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- 4-2 Operating CF & Resources Injections / Returns to shareholder
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# 01

## Introduction

- 1-1 Mid-to-long term vision**
- 1-2 FY2017 Achievements**
- 1-3 FY2017 Business Performance**
- 1-4 Positioning of FY2018 MTBP**

# 1-1 Mid-to-long term vision



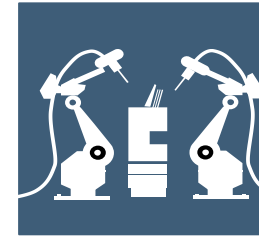
# 1-2 FY2017 Achievements



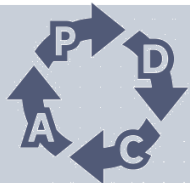
Plant the seeds of growth



Secure revenue



Productivity Improvement



## Participation in national projects initiated by METI

- Electronic receipts as social infrastructure
- Information sharing for supply chain using RFID

## Joint business with 3<sup>rd</sup> party

- Pre-order/Payment system
- Data analysis of physical stores by usage of AI technology

POS unit sales in Japan  
No.1 share 16 years in a row



A3 MFP unit sales  
Global: 107% vs FY2016  
China: No.1 share 18 years in a row



Structural reforms for overseas retail business

**Profitable operation**  
**Promote measures for the growth**

# 1-3 FY2017 Business Performance

Exceeded sales & O/I forecast by big margin thanks to record high performance by domestic retail business and steady contribution by other core businesses.

(Billions of yen)	FY2017 (Previous Fcst)	FY2017 (Actual)	Difference
Net Sales	490.0	513.3	+ 23.3
Operating Income	16.0	24.5	+ 8.5
Rate of Sales	3.3 %	4.8 %	+1.5 %
Net Income	6.0	17.5	+11.5
Exchange Rate	105Yen/USD 115Yen/EUR	111.21Yen/USD 129.34Yen/EUR	

# 1-4 Positioning of FY2018 MTBP

FY2018

FY2019

FY2020

FY2022

**“Value-creation” and “Productivity improvement” constitute the twin pillars of FY2018 MTBP strategy**

- Accelerate investments in R&D, equipment and channel

**Build the basis for future growth**

- Strengthen investments in R&D, alliances and development of new business.
- Establish a feasible organization for accelerating its successful commercialization.

**Achieve growth**

- New solutions
- New biz domains

# 02

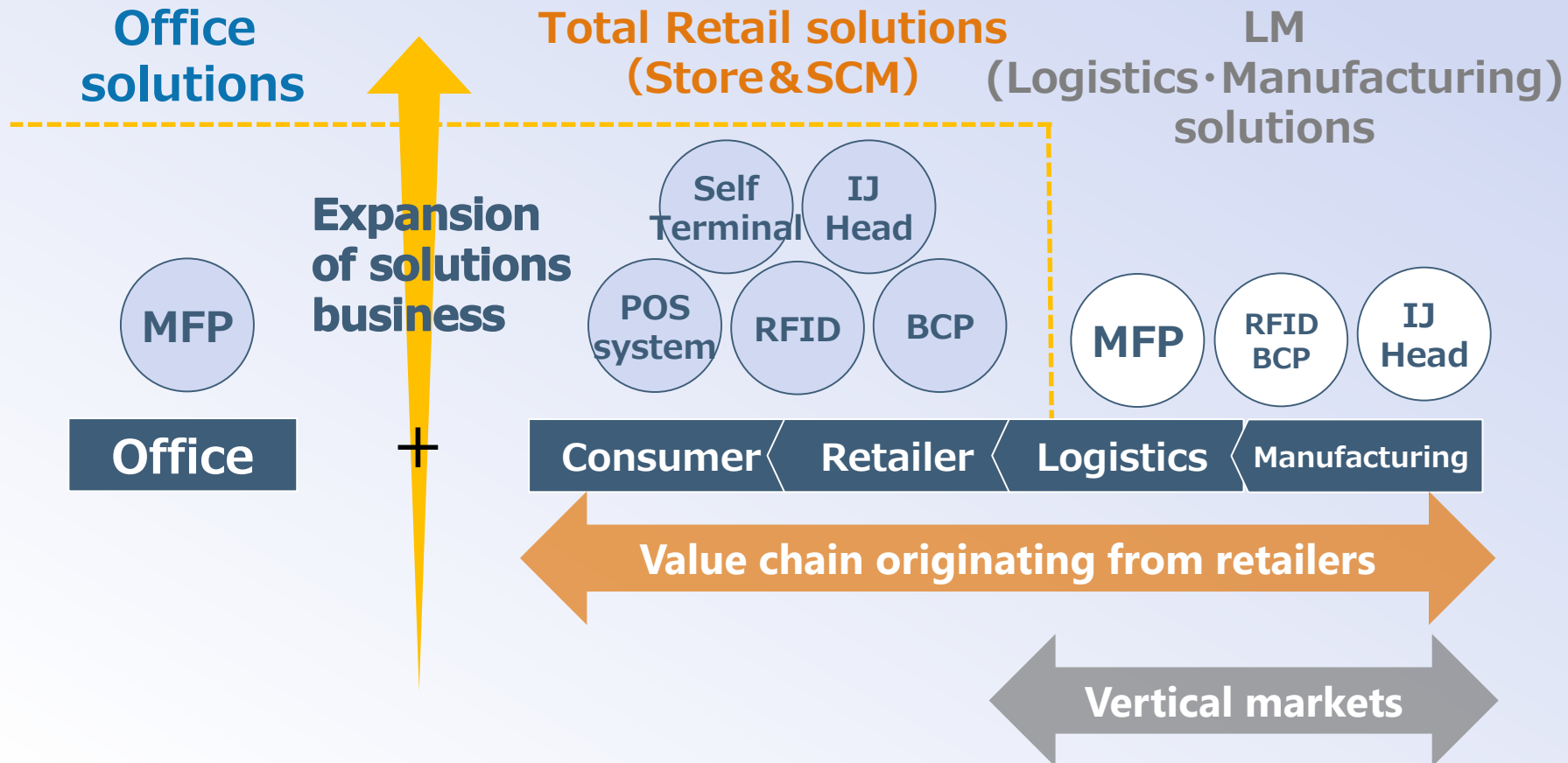
## Value-Creation

- 2-1 Focus Areas**
- 2-2 Business synergies**
- 2-3 Our Mission**
- 2-4 Total Retail Solutions**
- 2-5 Printing Solutions**
- 2-6 Development of new business**



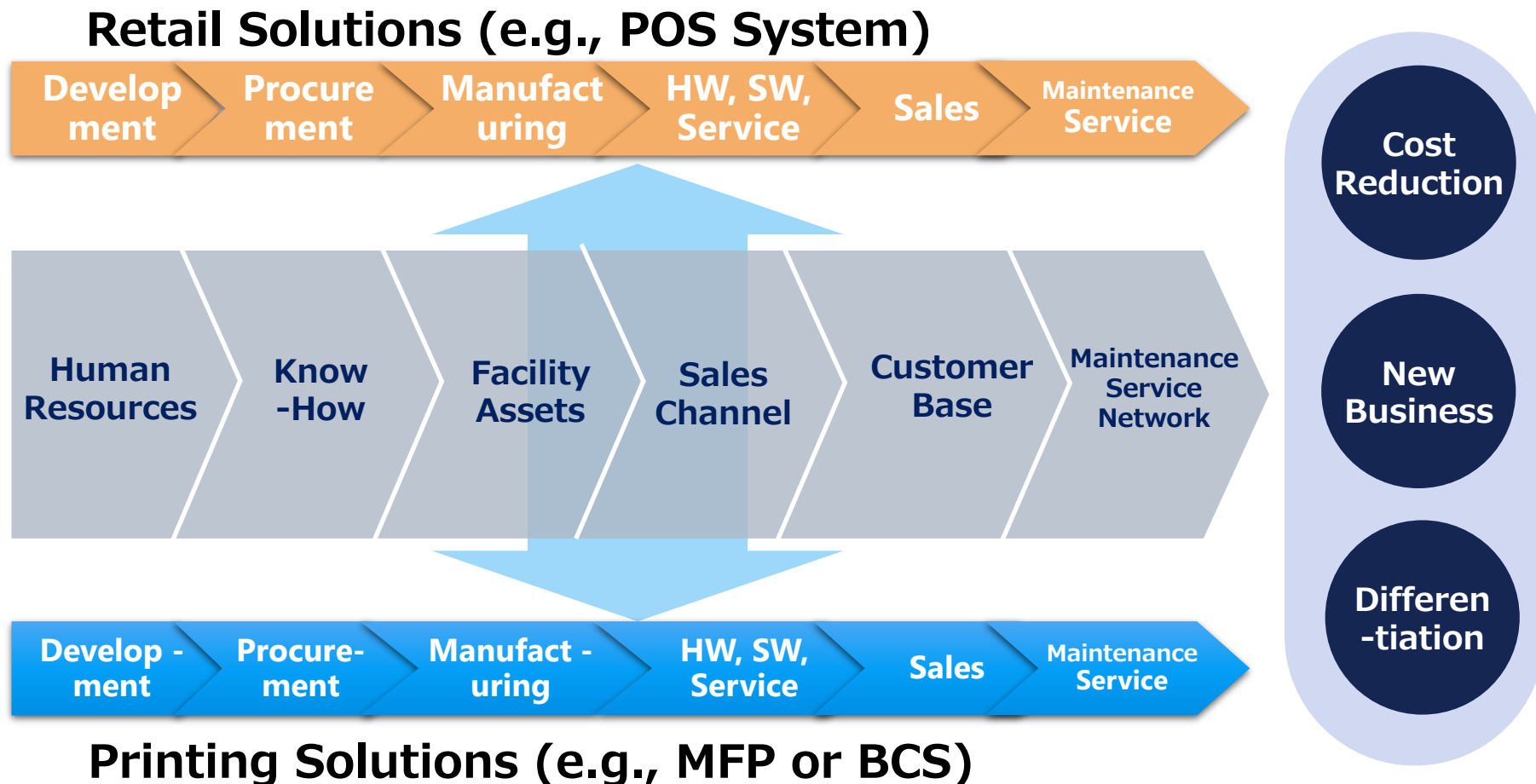
## 2-1 Focus Areas

Accelerate solutions business into vertical markets (logistics & manufacturing) as well as into our core business domains, such as retailers and offices.



## 2-2 Business synergies

Enhance company-wide value-creation and productivity improvement by capitalizing on the strengths of both the retail and printing solutions businesses



## 2-3 Our Mission

Act with the spirit of customer value-creation first



## 2-4 Total Retail Solutions

Provide consumers with new shopping experiences as well as retailers with seamless retail operation between internet and physical store



Home

Store

Shopping /dining

Payment

Returning home

- Advanced order
- On-line supermarket



- Face recognition
- AI promotion



- Shopping guide by AR

- Auto product registration
- Cashless
- Various payments



- Voice recognition order
- Recommendation by AI



- Product information



- Selectable collection sites



Advanced order



Physical store

## 2-4 Total Retail Solutions

# Streamline operations and save labor by adopting Robot



Applicable to retail data solution and logistics/manufacturing associated with stores



Supermarket/  
Specialty

### Moving/transporting robot

**“Backyard to storefront”**

Delivery→Stocktaking→Price tag check



Restaurant

### Service/responding robot

**“Stress-free dining”**

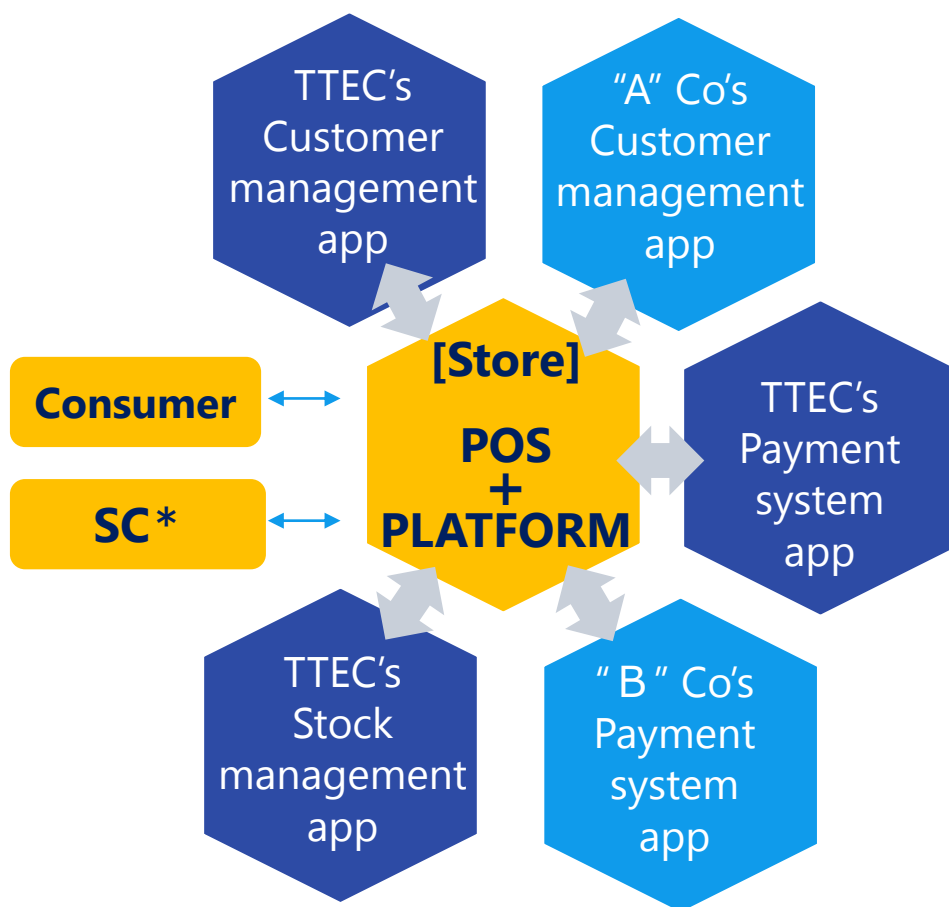
Reception/guide→Recommendation/Order-taking→Serving/Clearing

Hello!  
Take a counter seat, please.



## 2-4 Total Retail Solutions

Prepare solutions in the field of stores, consumers, and SC\* under Integrated Platform concept



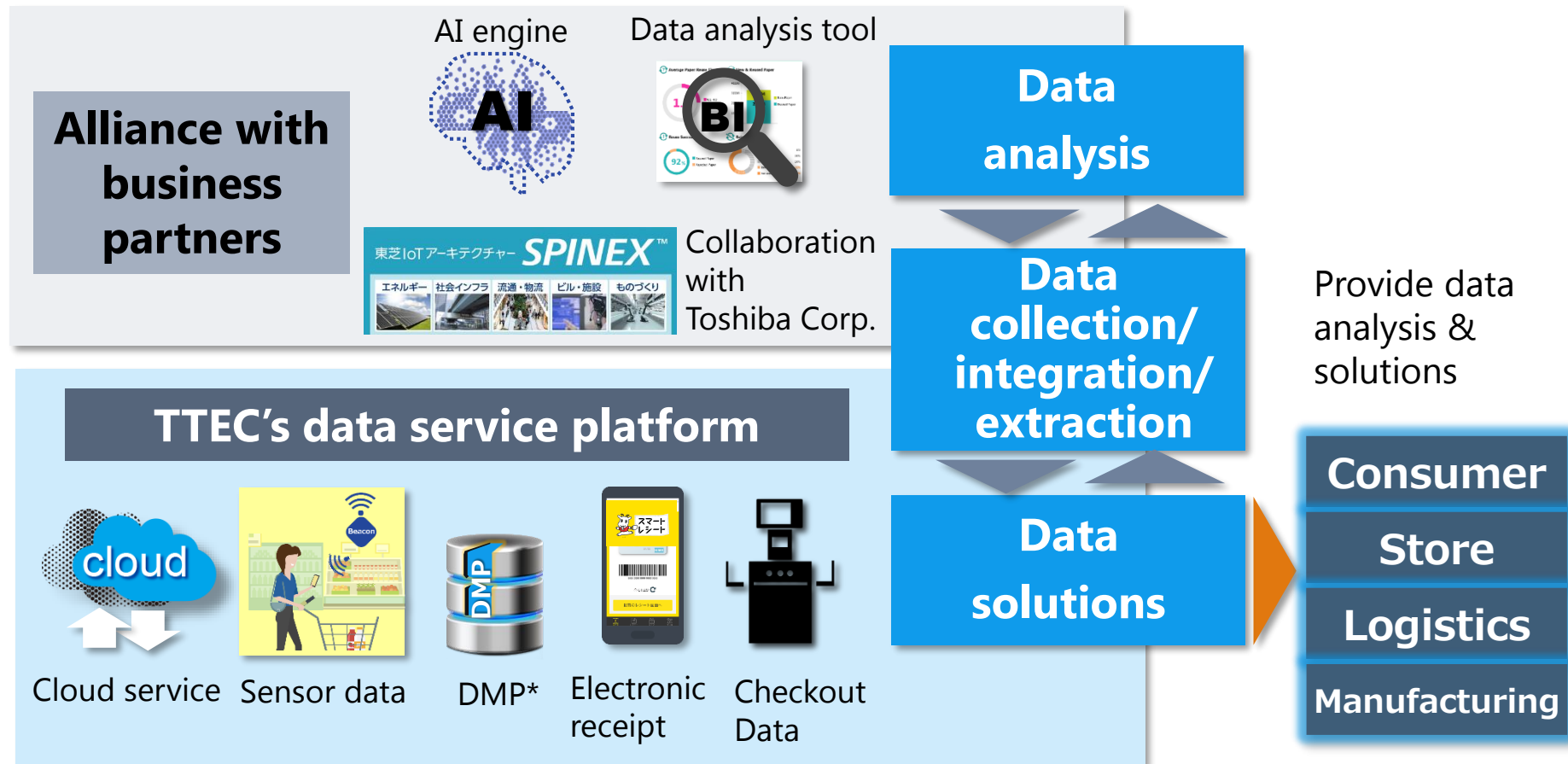
**Integrated Platform capable of meeting various needs of customers (Globalization, Reformation, Cross-industrial collaboration, etc.)**

- Increase number of customers by coordination between real store and EC
- Enhance productivity through easy installment of applications
- Visualization of business management by collecting various kinds of data

# 2-4 Total Retail Solutions

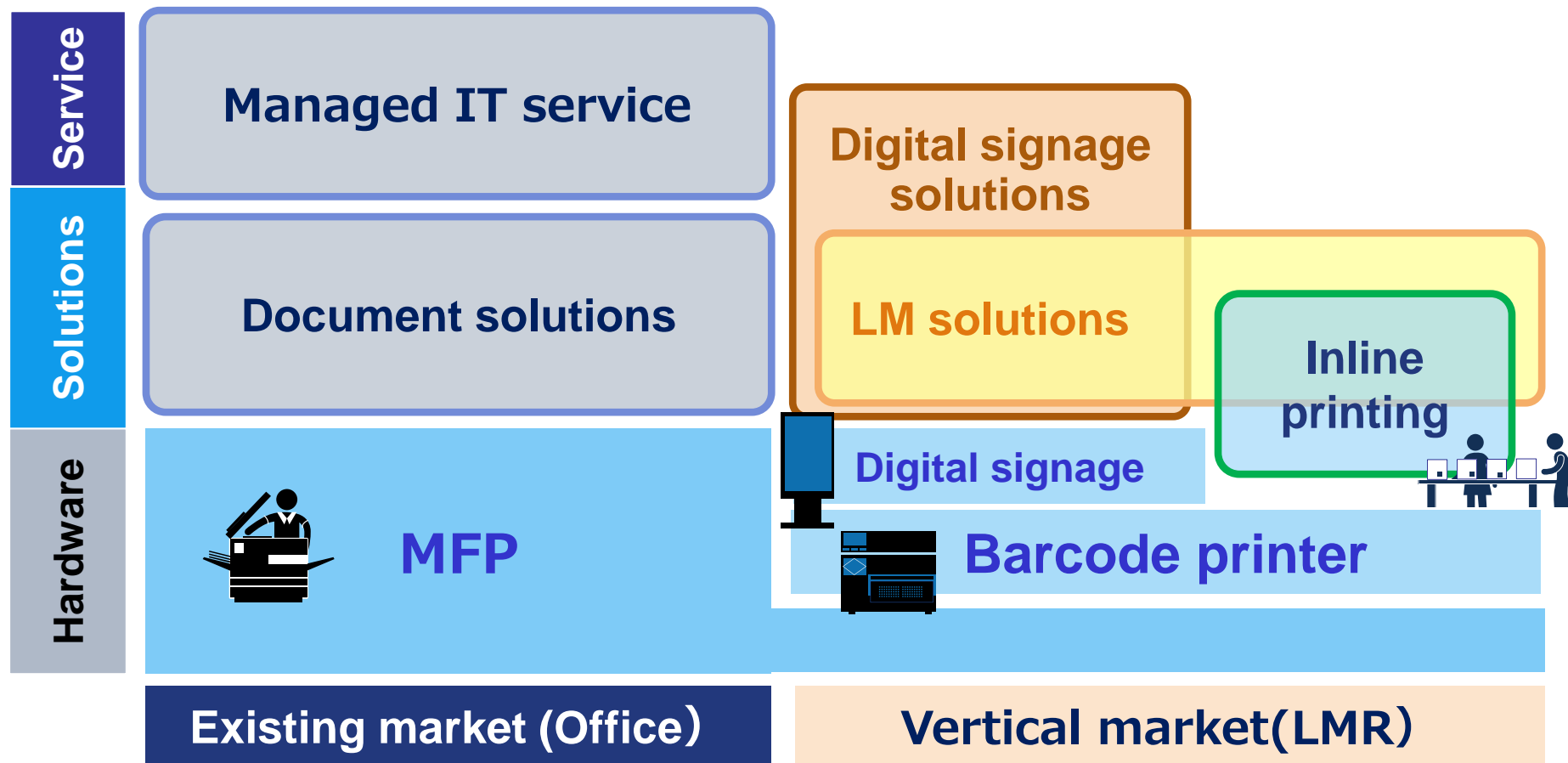
## Develop Data Service Business

Provide solutions service for value chain originating from store by utilizing TTEC's data service platform



## 2-5 Printing Solutions (Office&LMR\*)

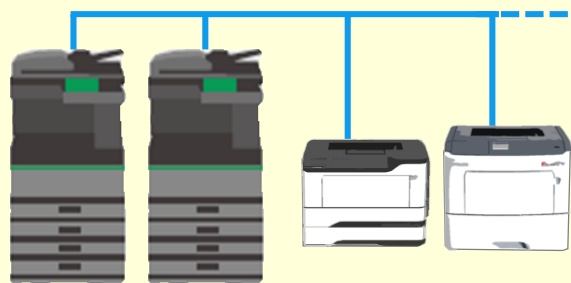
Expand growth in both existing market (Office) and vertical market(LMR)





# 2-5 Printing Solutions (Office)

Total management of office equipment by  
Managed IT Service evolving from Managed Print  
Service of MFP and printers

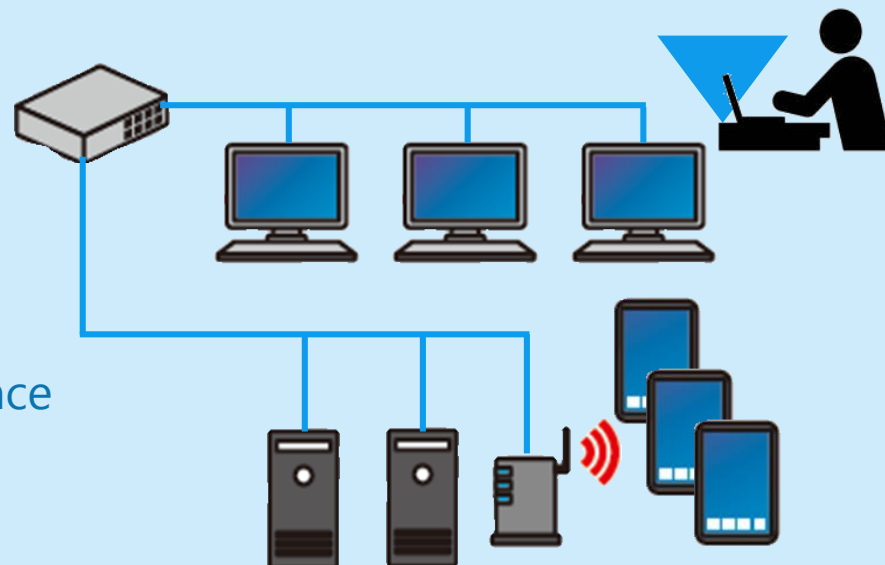


**Managed Print Service**

**Issue for SMB\* offices**  
“Lack of IT administrators”  
Security reinforcement/Labor saving/Streamlining/Automation

**Managed IT Service**

- Backup
- Security
- Hosting
- Remote maintenance
- Help desk



## 2-5 Printing Solutions (LMR)

Help customers with labor saving and operation efficiency by extending solution lineup across LMR markets in addition to individual ones



Manufacturing 

Logistics + Store 



Media

Document digitalization



Data aggregation

Shipping slip-Label Integration



HQ-Store workflow



RFID system



Inline printing



Digital signage



Hybrid POP  
(Paper output/Signage)

## 2-6 Development of new business

### Develop new business through open innovation

Hold Corporate Accelerator Program with 01Booster Inc.



- ▶ Develop and accelerate new solutions and service business
  - ▶ Create innovations
- through collaboration with Startups

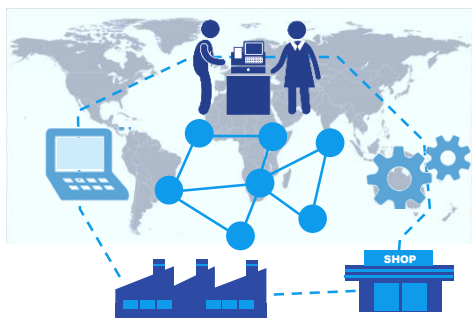
# 03

## Productivity Improvement

- 3-1 Company-wide activities  
for productivity improvement**
- 3-2 Retail solutions business**
- 3-3 Printing solutions business**

# 3-1 Company-wide Productivity Improvement

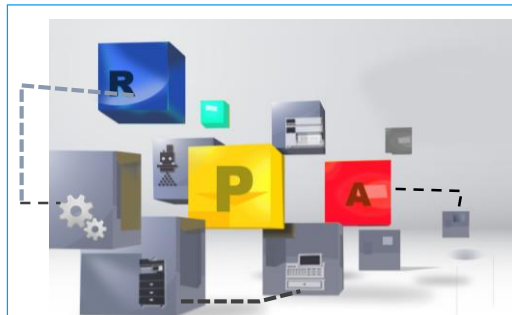
Promote core strengths in manufacturing  
Raise the funds to expand growth areas



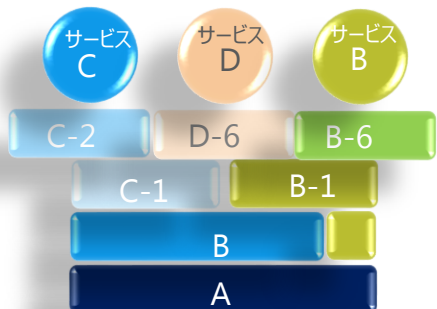
**Streamlining of value chain**



**Optimization of R&D structure**



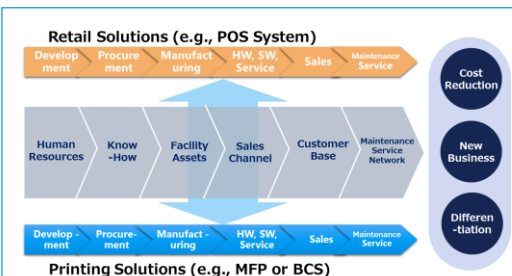
**Standardization and modularization of HW/SW across BUs**



**Consolidation of platform**



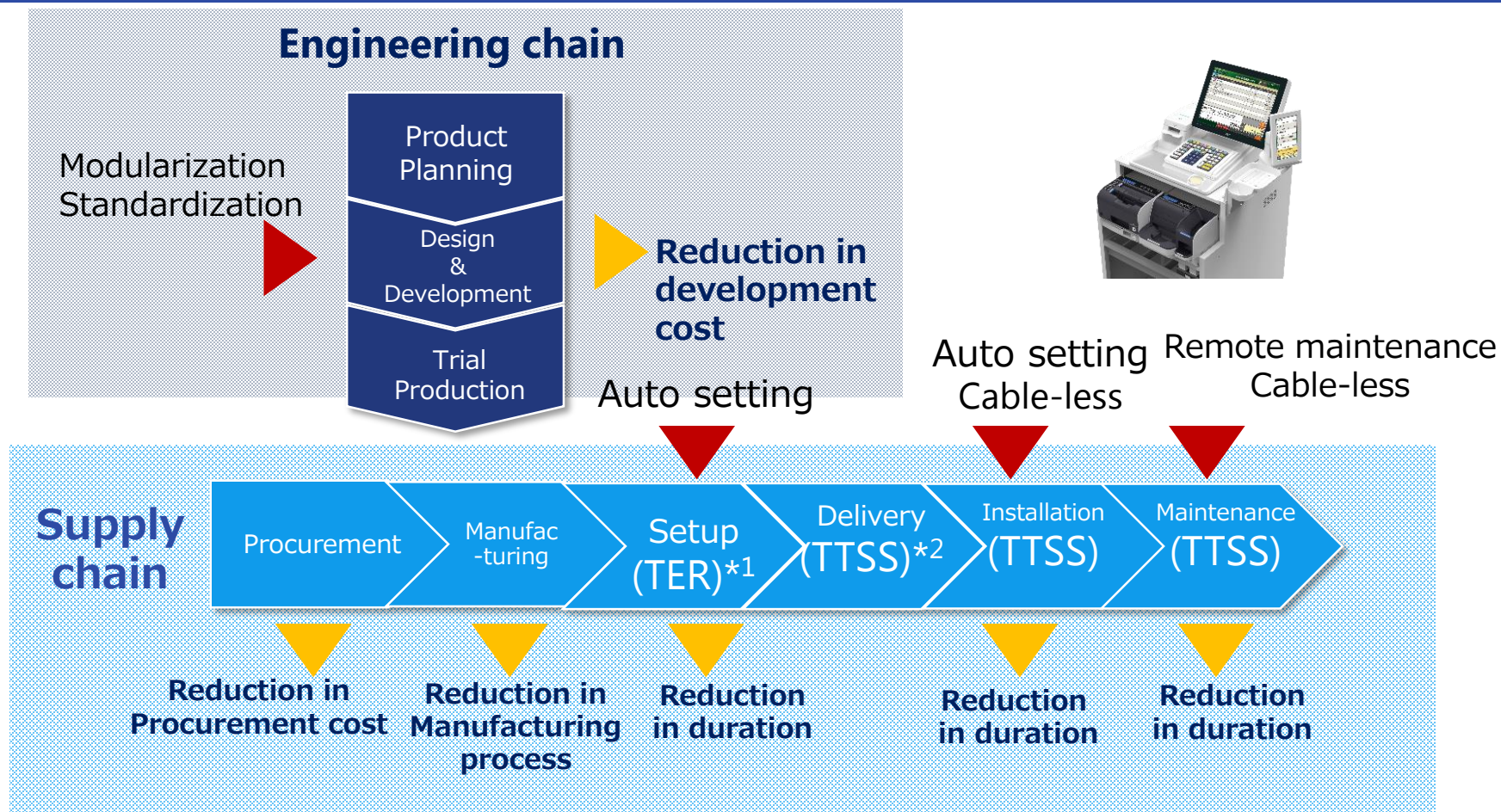
**Digitalization of service**



**Sharing of service resources**

## 3-2 Retail solutions business

Stronger collaboration within the group enabled us to reduce the total cost incurred from the design, R&D, set-up, installation to maintenance and shorten the installation lead time.



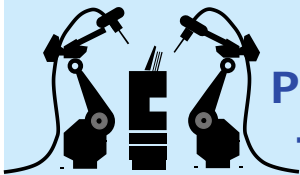
# 3-3 Printing solutions business

Improve contribution margin (ratio) by increasing productivity in every phase of R&D, production, sales and maintenance service



**R&D**

Promote and enhance platform development



**Production**

Enhance cost competitiveness by collaborating with the Monozukuri team  
Realize productivity improvement by utilizing IoT technology and automation



**Sales**

Revitalize a new customer acquisition program  
Enhance of SFA (Sales Force Automation)



**Maintenance Service**

Remote monitoring (Cloud cooperation)  
Improve service skills

# 04

## Mid-Term Business Plan

- 4-1 Financial Plan**
- 4-2 Operating CF & Resources Injections  
/Returns to shareholder**
- 4-3 Enhancing our ESG involvement**



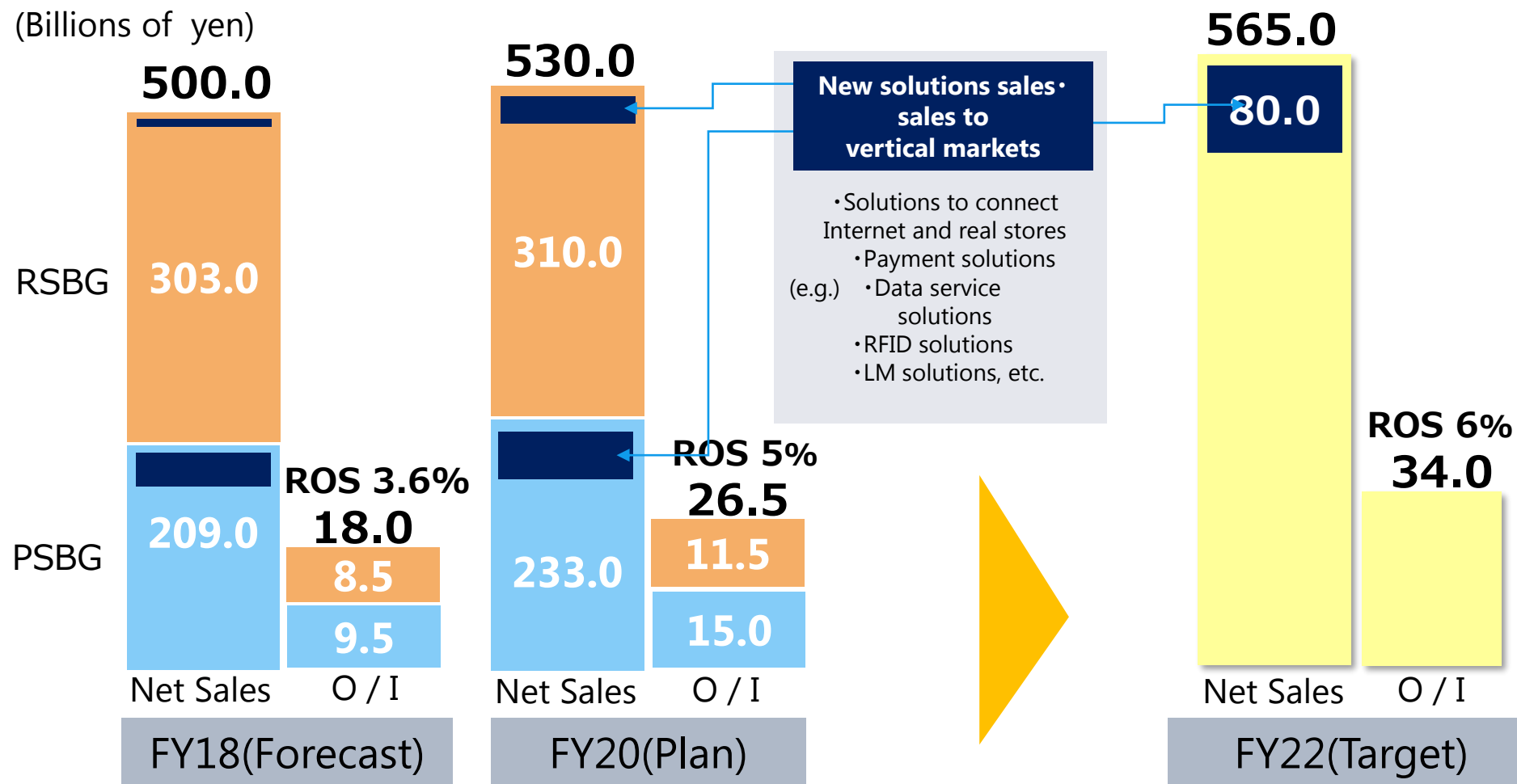
## 4-1 Financial Plan (Total)

**Aim at a 6% operating income in FY2022 through greater “Value-creation” and “Productivity improvement” with aggressive investment**

(Billions of yen)	FY2018 (Forecast)	FY2020 (Plan)	Growth Rate (vs FY2018)
Net Sales	500.0	530.0	CAGR 3 %
Operating Income	18.0	26.5	+8.5
Rate of Sales	3.6 %	5.0 %	+1.4 %
Net Income	8.0	13.0	+5.0
Exchange Rate	110Yen/USD 130Yen/EUR	110Yen/USD 130Yen/EUR	

# 4-1 Financial Plan (Sales & O/I by Segment)

Achieve sustainable growth by enhancing new solutions business and increasing sales to vertical markets



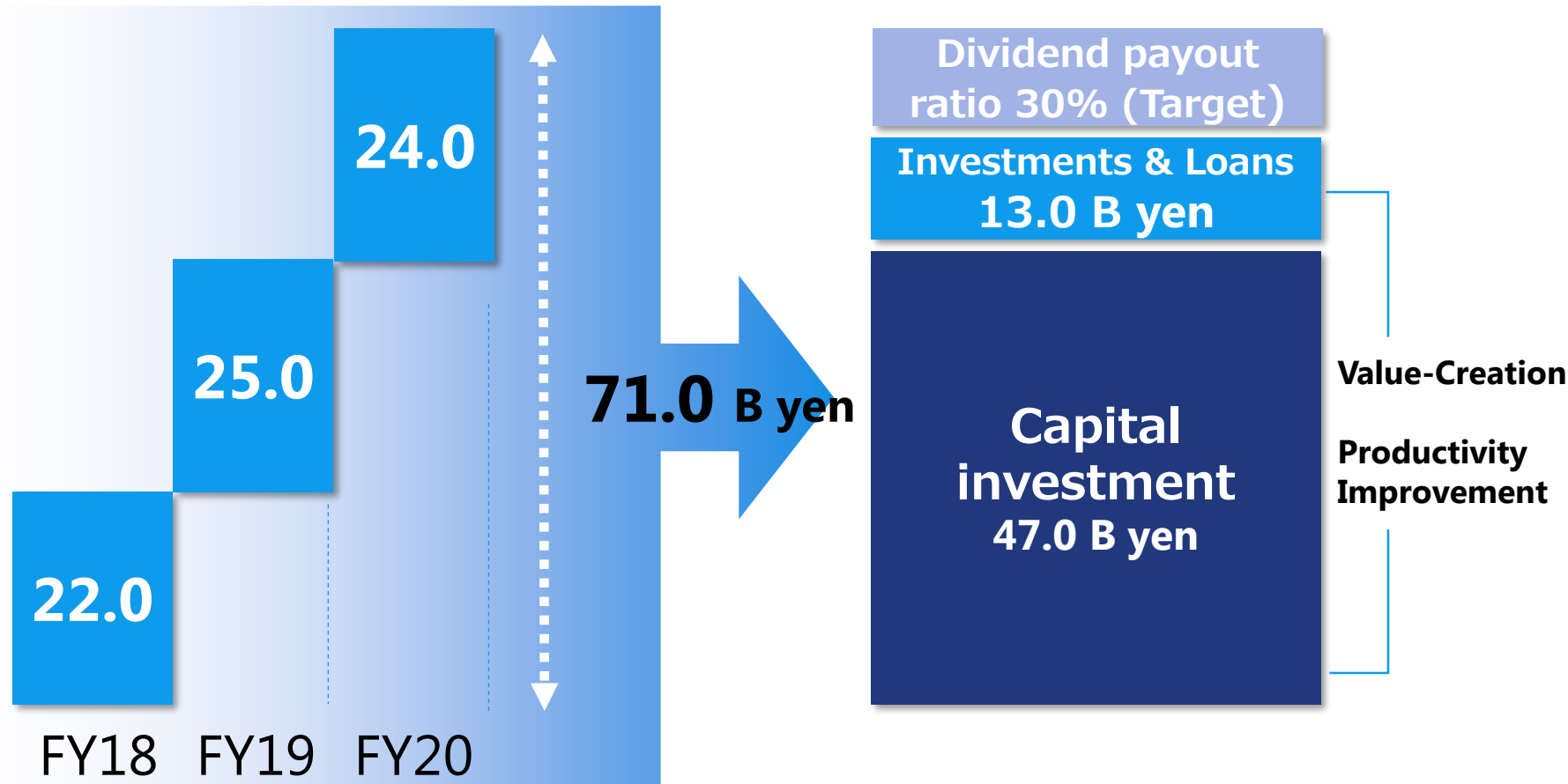
## 4-2 Operating CF & Resources Injections/ Return to shareholders

Keep a good balance between strategic investment  
and enhanced shareholders' value

(Billions of yen)

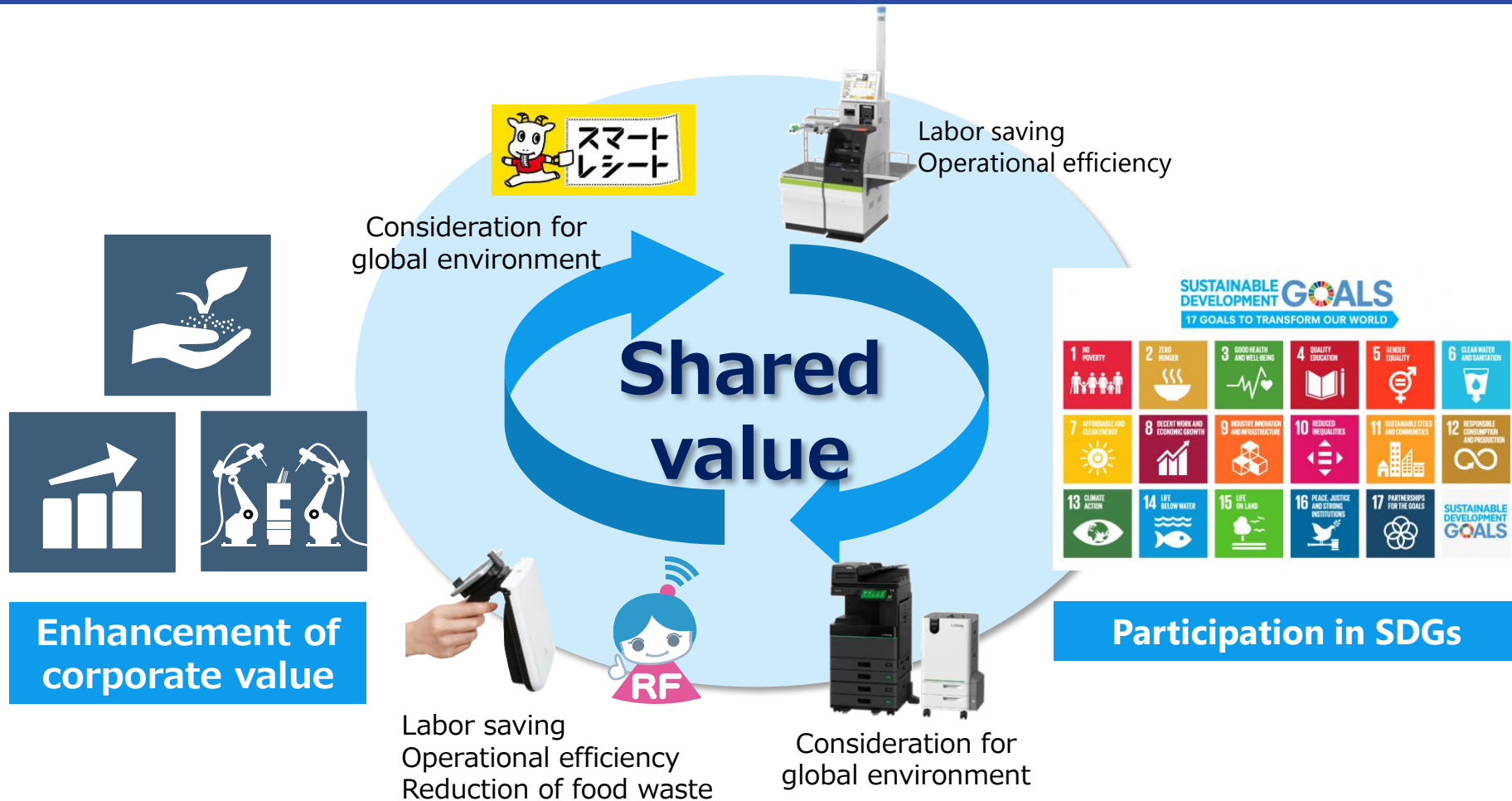
Operating Cash Flow

Resources Injections/  
Return to shareholders



# 4-3 Enhancing our ESG involvement

Leverage our business strengths to contribute toward an affluent and sustainable society



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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