

**TOSHIBA**

# **FY2019 Consolidated Business Results**

**Toshiba Tec Corporation**

May 26, 2020

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# 01

## **FY2019 Consolidated Business Results**

# Key Messages (FY2019 Results)

## Domestic retail solutions business reported a record high operating profit

- Incorporated the increasing demand of POS systems triggered by the consumption tax increase and reduced tax rate system.

## 4Q performance deteriorated due to the COVID-19

- The COVID-19 negatively affected sales of 13 billion yen and operating profit of 5 billion yen respectively despite of our measures taken to minimize its impact.

## A year-end dividend is decreased to 10 yen due to worsening performance

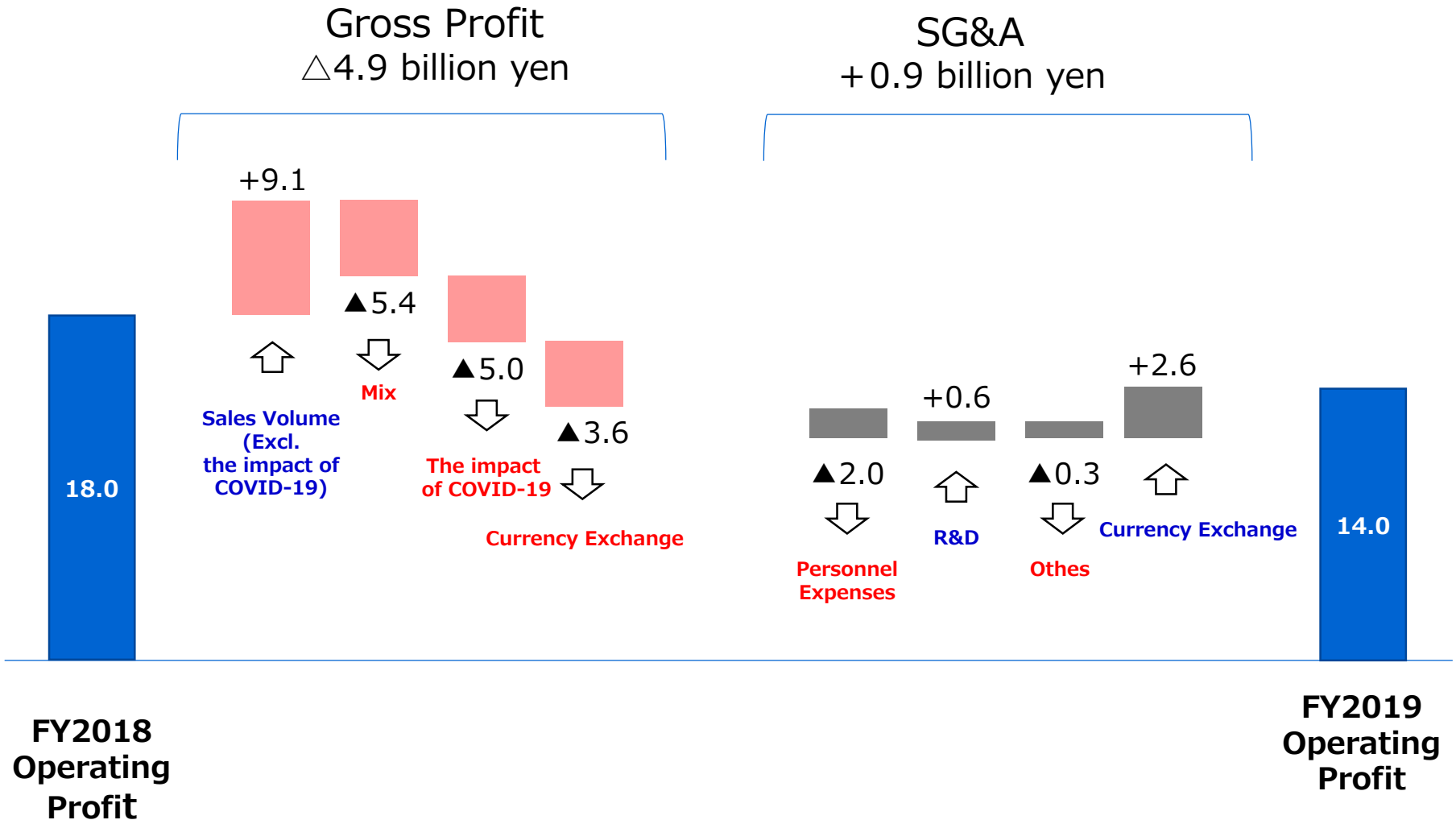
- Annual dividend is 30 yen, representing a higher payout ratio than the targeted 30%.

# FY2019 Business Results (Consolidated)

(Billions of yen)		FY2019 Actual	FY2019 Forecast (Feb 6)	FY2018 Actual	Difference	
					vs FY2019 FC (Feb 6)	vs FY2018 Actual
Net Sales		483.8	485.0	476.8	△1.2	+7.0
Operating Profit (Rate of sales)		14.0 (2.9%)	17.0 (3.5%)	18.0 (3.8%)	△3.0	△4.0
Ordinary Profit (Rate of sales)		11.6 (2.4%)	15.5 (3.2%)	16.5 (3.5%)	△3.9	△4.9
Profit Attributable to Owners of Parent (Rate of sales)		3.7 (0.8%)	11.0 (2.3%)	11.2 (2.4%)	△7.3	△7.5
Foreign currency exchange rate (Yen)	US\$	109.13	108.43	110.69	+0.70	△1.56
	EUR	121.27	121.22	128.78	+0.05	△7.51

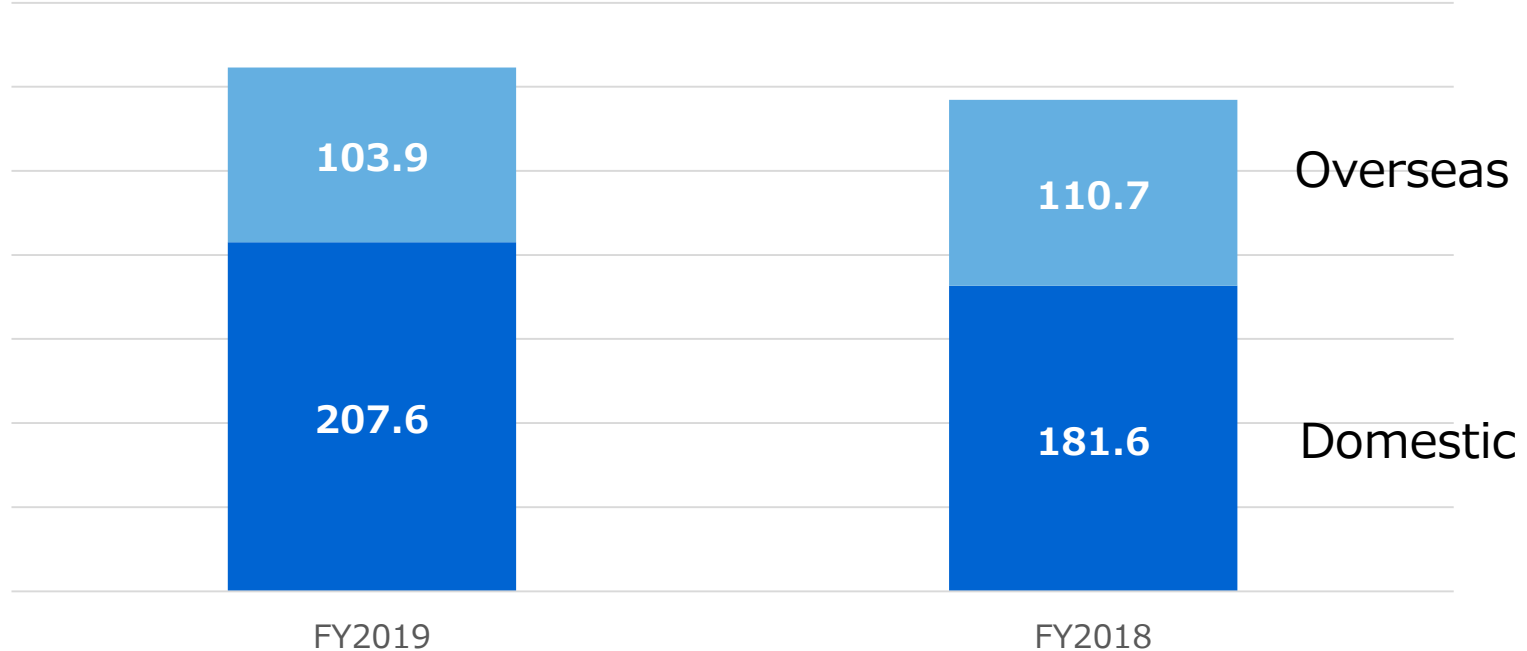
# Operating Profit Analysis of FY2019

(Billions of yen)



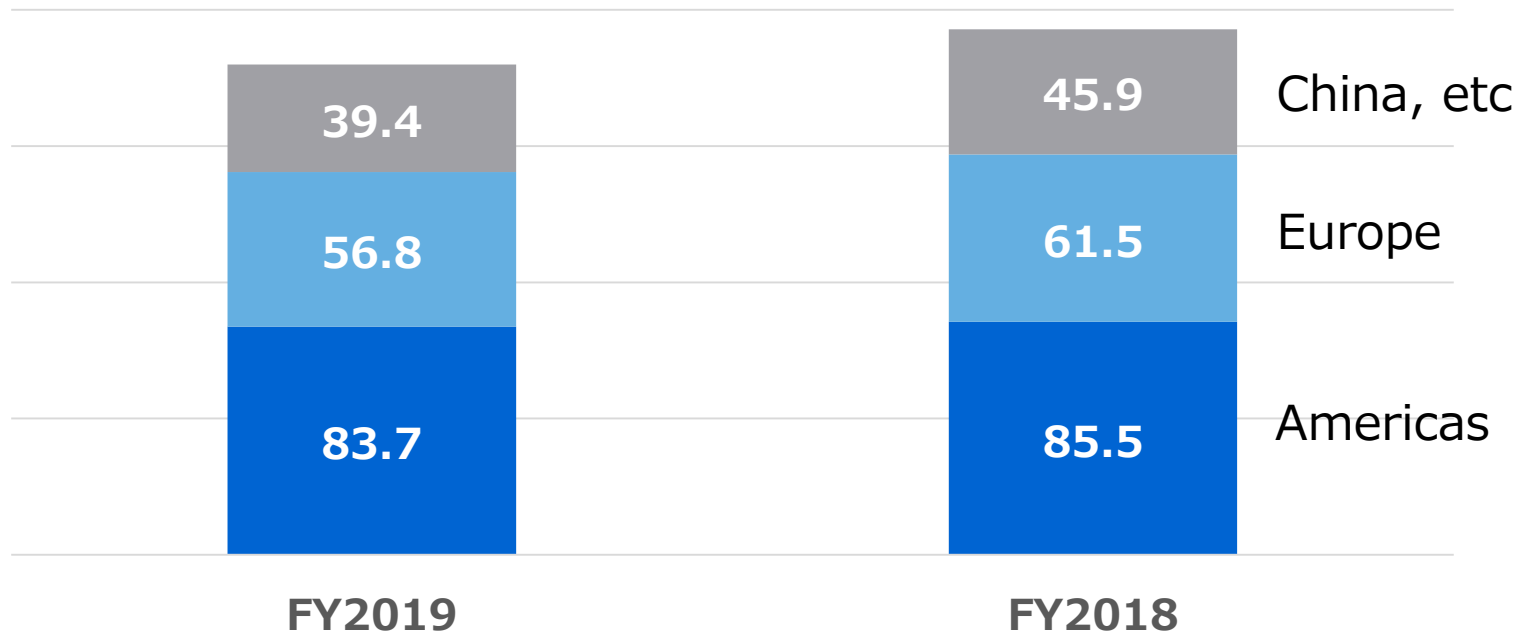
# FY2019 Business Results by Segment

	(Billions of yen)	FY2019	FY2019 Forecast	FY2018	Difference	
		Actual	(Feb.6)	Actual	vs Forecast (Feb.6)	vs FY2018 Actual
<b>Retail Solutions Business Group</b>	<b>Net Sales</b>	<b>311.5</b>	<b>306.0</b>	<b>292.3</b>	<b>+5.5</b>	<b>+19.2</b>
	<b>Operating Profit</b> (Rate of sales)	<b>14.3</b> (4.6%)	<b>15.0</b> (4.9%)	<b>12.3</b> (4.2%)	$\triangle$ <b>0.7</b>	<b>+2.0</b>



# FY2019 Business Results by Segment

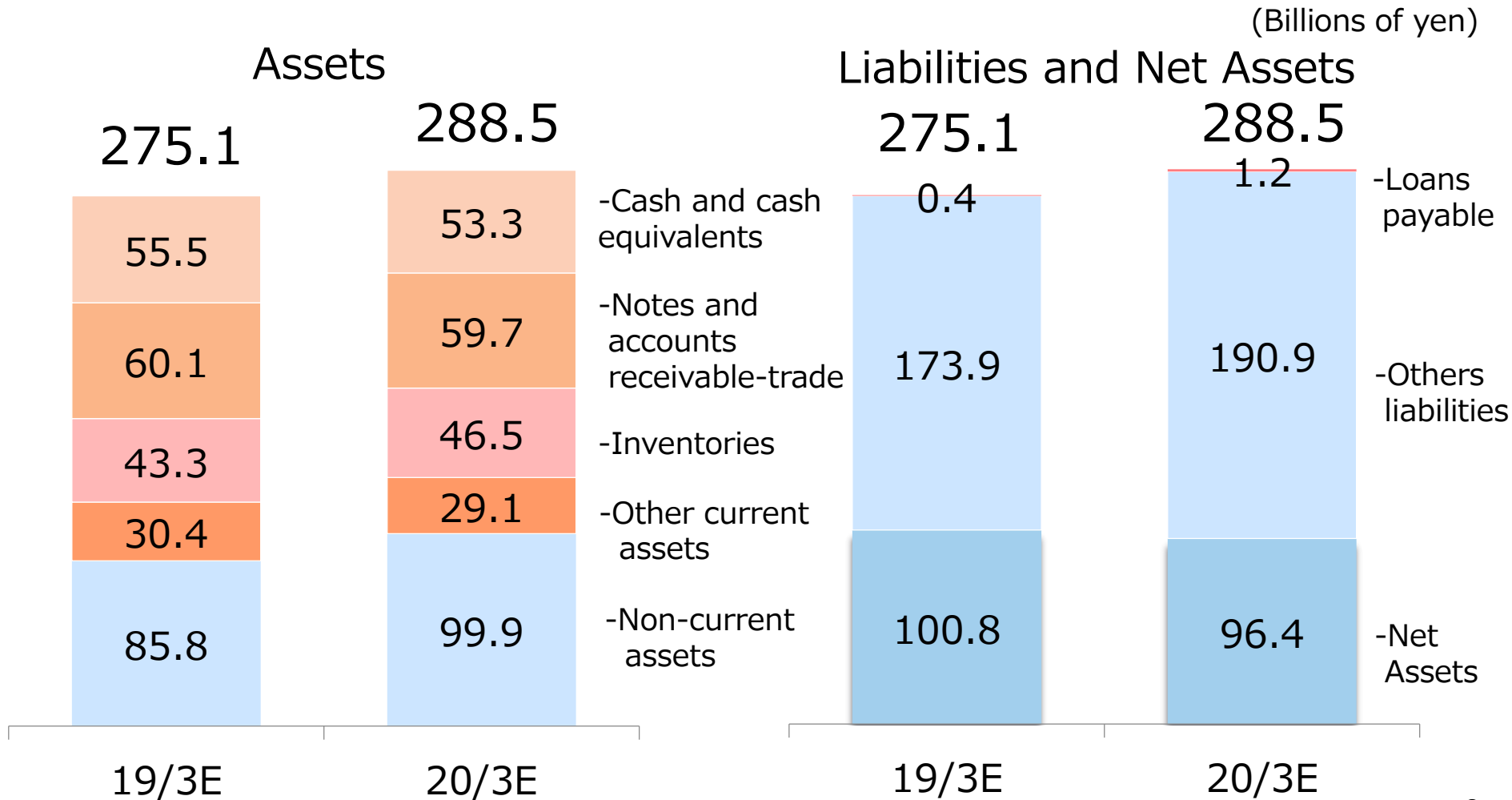
	(Billions of yen)	FY2019	FY2019	FY2018	Difference	
		Actual	Forecast (Feb.6)	Actual	Vs FY2019 FC (Feb.6)	Vs FY2018 Actual
<b>Printing Solutions Business Group</b>	<b>Net Sales</b>	<b>179.9</b>	<b>188.0</b>	<b>192.9</b>	△ <b>8.1</b>	△ <b>13.1</b>
	<b>Operating Profit</b> (Rate of sales)	△ <b>0.4</b> (-%)	<b>2.0</b> (1.1%)	<b>5.7</b> (2.9%)	△ <b>2.4</b>	△ <b>6.0</b>





# FY2019 Balance Sheet

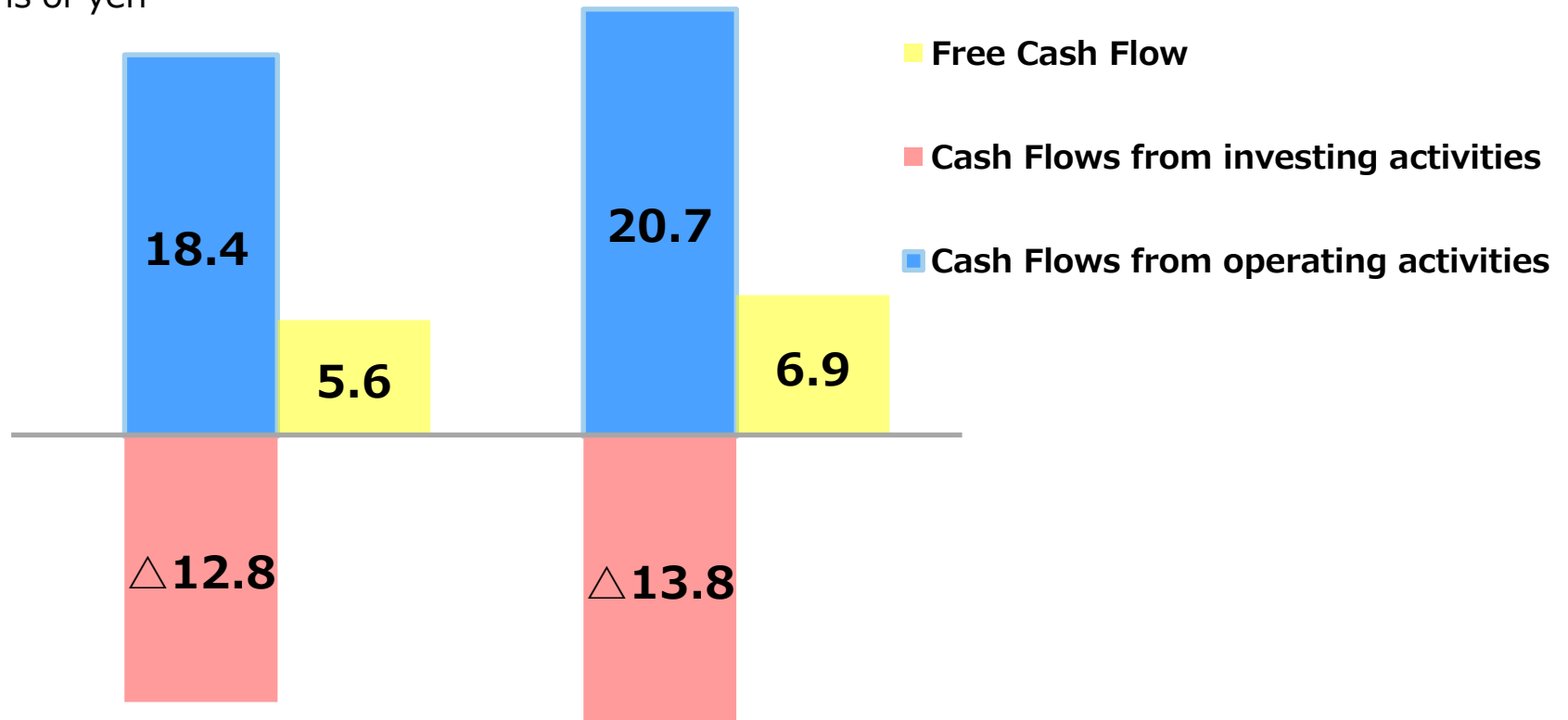
Secure liquidity on hand in preparation for drastic changes of our business environment



# FY2019 Cash Flows

Generate free cash flows by strengthening cash flow management system

Billions of yen

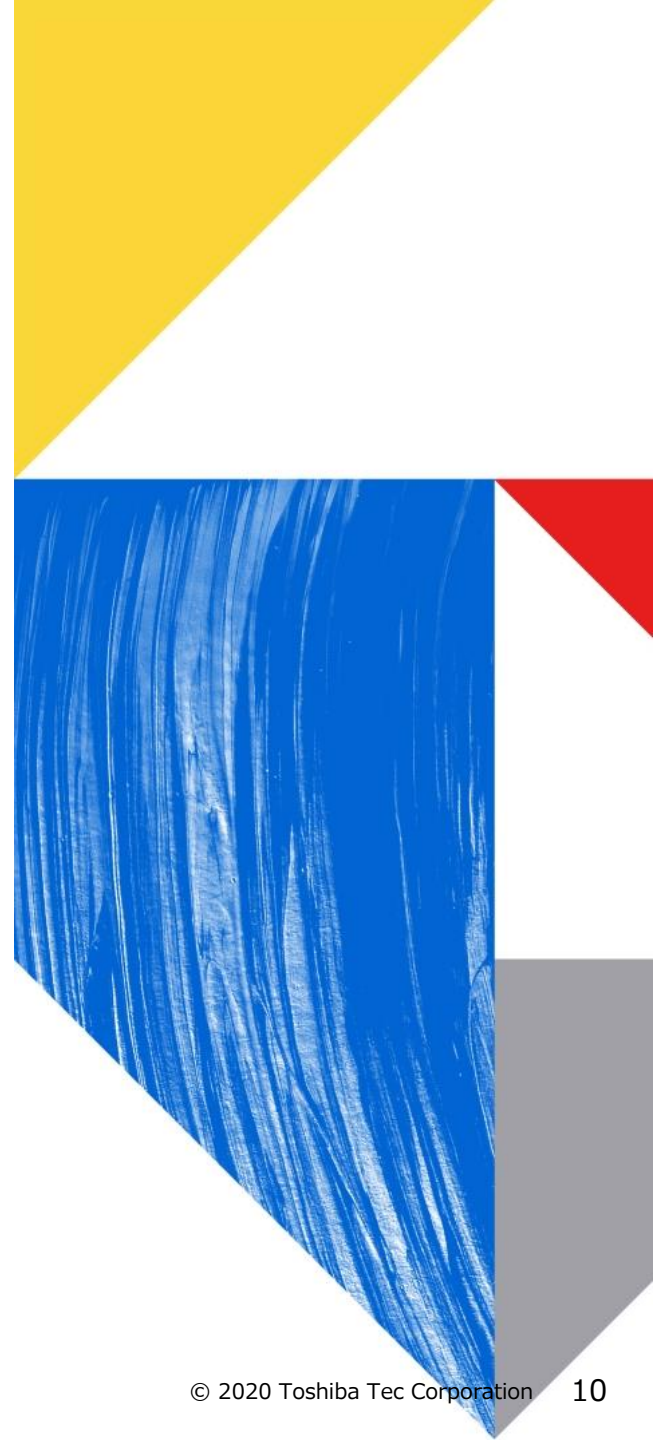


FY2018

FY2019

# 02

## FY2020 Forecast



# Key Messages (FY2020 Outlook)

## **Transform the business structure to more profit-oriented**

- Accelerate structural reform to reduce fixed expenses in FY2020 and aim to achieve a 5.0% of operating profit ratio in FY2021.  
(Extraordinary loss of 6 billion yen is forecasted in FY2020)

## **Return to a profitable operation by executing structural reform and business transformation**

- Printing Solutions Business
  - Investigate every possible strategic option including an alliance with other enterprise in response to market changes of the post-corona.
- Retail Solutions Business
  - Continue aggressive investments in stores and its connected fields.
  - Review the business structure of overseas unprofitable regions.

## **Reduction in fixed remuneration for executive officers**

- Return a part of remuneration for all executive officers from June 2020, anticipating a worsening performance under a severe business condition due to the COVID-19.

# FY2020 Forecast – The impact of the COVID-19

## The impact of the COVID-19 on FY2020 outlook

### **Estimated impact :**

**- Sales of 70 billion yen/Operating Profit of 27 billion yen**

The above amount of impact is calculated based on the data of economic crises in the past.

## **Recovery premise for economic activities**

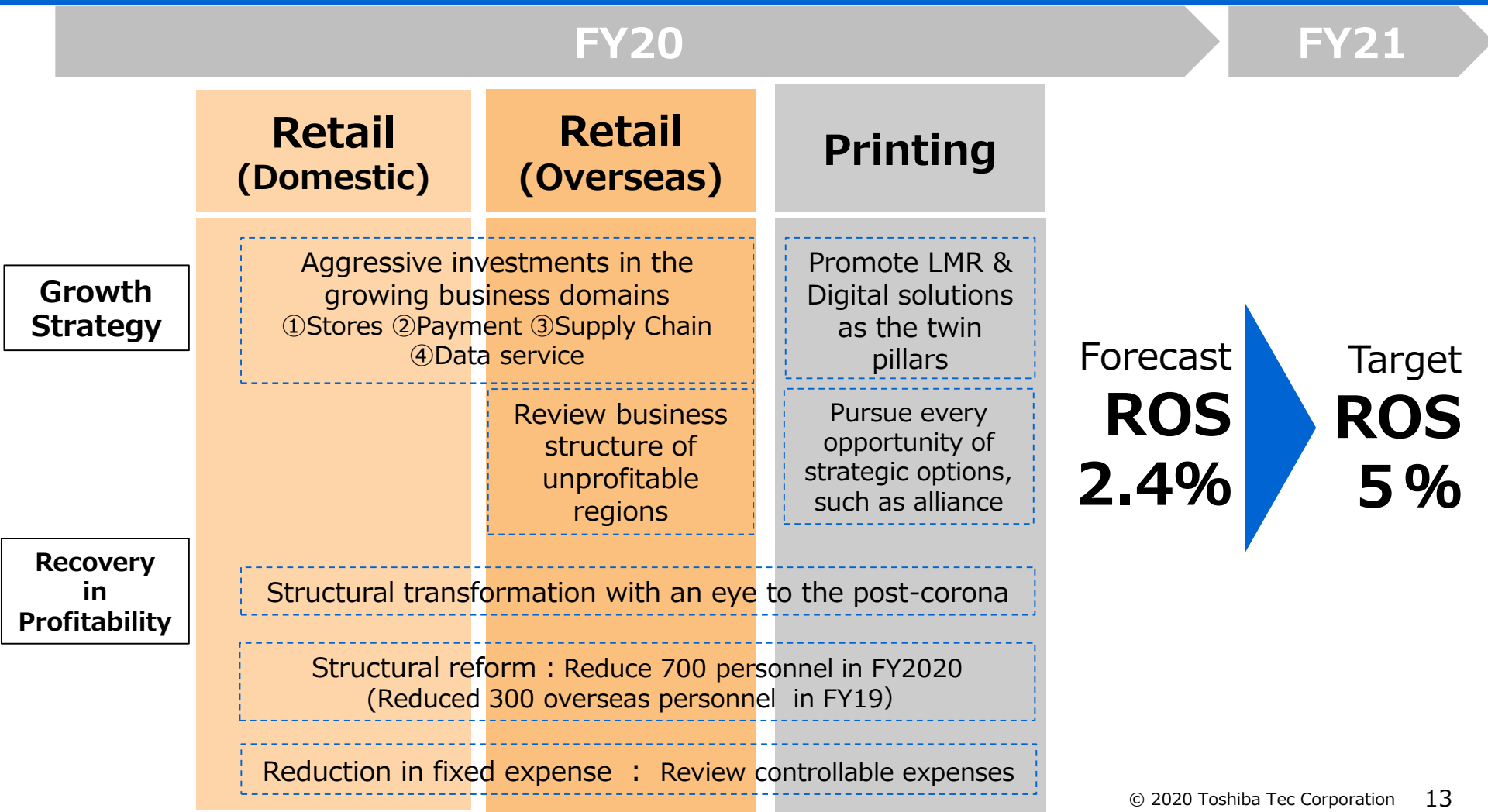
- Up to the end of first half of FY2020, economic activities in every region of the world are expected to be shrinking or in deep recession.
- In the latter half of FY2020, the global economy is expected to achieve a gradual recovery thanks to economic stimulus measures implemented by each country.

## **Supply chain (Toshiba Tec Group)**

- Solved most of supply problems by resuming operation of manufacturing sites in China and ASEAN.
- There are still some concerns in respect of parts procurement from some Asian suppliers, but the impact on manufacturing is limited.

# FY2020 Outlook: Aim at a recovery of corporate value

Improve the company-wide ROS by active investments in retail business and a quick recovery of printing business



# FY2020 basic direction for the future (Retail)

Make full use of our POS business strengths and help our customers solve their issues by offering data service and solution service

## Customer issues further accelerated by the impact of COVID-19

Shrink of brick-and-mortar stores due to the growth of e-commerce / Diversified payment • Cashless / Operational efficiency / Automation • Labor saving / Optimization of supply chain

### Toshiba Tec's Basic strategy

Automation/Labor saving  
New purchase experience



#### <Self-Checkout solutions>

Self-order terminals, Cart OS, Smartphone POS

Multiple payment solutions



#### <TD Payment business • Smart Receipt>

Smart payment (Code payment by smart receipt relating to credit card)



Data service



#### <Smart Receipt>

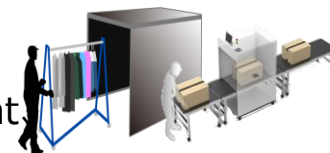
Analysis of purchase data, promotion, coupon service

Optimal solutions across supply chain



#### <RFID service>

Inventory management, Fixtures management,  
Reduction in food waste, traceability



# FY2020 basic direction for the future (Printing)

Looking ahead to the post-corona, we focus on maximizing profit by further penetration into LMR<sup>\*1</sup> markets and by offering operation support to customers through optimal digital solutions.

## The impacts to the printing business caused by the COVID-19

- Changes of workflow(digitalization) by a wide spread of remote working
- Acceleration of document volume (DV) decrease (Assumption)

## Direction of printing business based upon the above premise

### (1)Business expansion by penetration into LMR markets (not depending on office market)

The growing demand for logistic under the influence of COVID-19 is expected to continue and the needs to support operational efficiency by printing solutions is supposed to increase in the logistic market same as in stores and manufacturing connected through the supply chain.

### (2)Further promotion of DMS<sup>\*2</sup>, MIS<sup>\*3</sup> (not depending on DV) and other digital solutions, such as on site solutions and back office solutions as Toshiba Tec's unique LMR solutions

### (3) Investigation of alliance and collaboration with other companies

Establish the business structure to generate a higher profit ratio in the future by utilizing the strengths of Toshiba Tec's printing business, such as an accessibility to LMR markets, a variety of printer line-up, global sales and service network.

\* 1 LMR...L(Logistics)、M(Manufacturing)、R(Retail)

\* 2 DMS...Document Management System

\* 3 MIS...Managed IT services

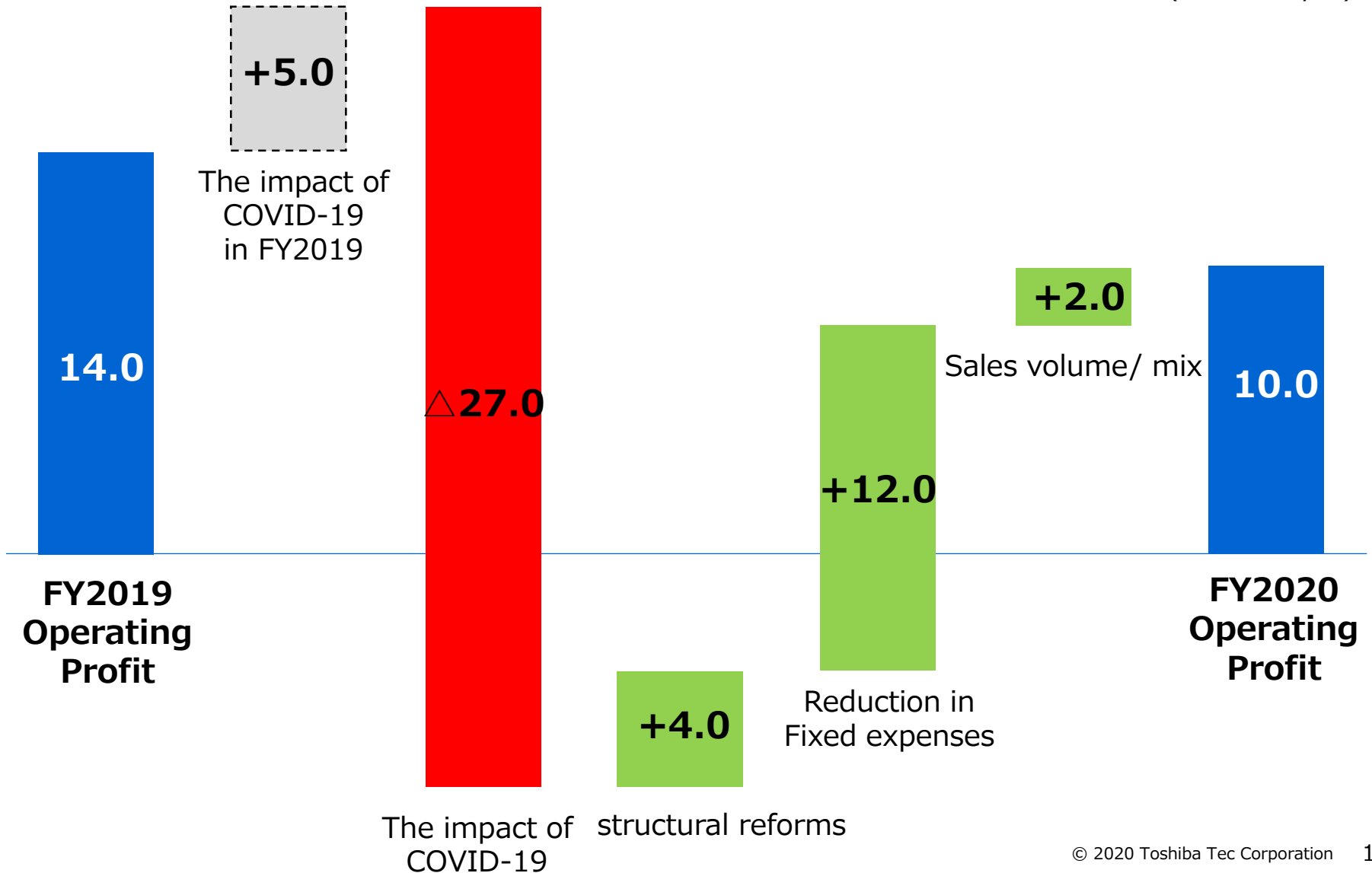


# FY2020 Forecast (Consolidated)

(Billion of yen)		FY2020 Forecast	FY2019 Actual	Difference vs FY2019
<b>Net Sales</b>		<b>410.0</b>	<b>483.8</b>	<b>△73.8</b>
<b>Operating Profit</b>		<b>10.0</b>	<b>14.0</b>	<b>△4.0</b>
	(Rate of sales)	(2.4%)	(2.9%)	
<b>Ordinary Profit</b>		<b>7.0</b>	<b>11.6</b>	<b>△4.6</b>
	(Rate of sales)	(1.7%)	(2.4%)	
<b>Profit Attributable to Owners of Parent</b>		<b>0.5</b>	<b>3.7</b>	<b>△3.2</b>
	(Rate of sales)	(0.1%)	(0.8%)	
Foreign currency Exchange rate (Yen)	US\$	<b>105.00</b>	<b>109.13</b>	<b>△4.13</b>
	EUR	<b>120.00</b>	<b>121.27</b>	<b>△1.27</b>

# Operating Profit Analysis of FY2020

(Billions of yen)



# FY2020 Forecast by Segment

	(Billions of yen)	FY2020 Forecast	FY2019 Actual	Difference vs FY2019
Retail Solutions Business Group	<b>Net Sales</b>	<b>266.0</b>	<b>311.5</b>	<b>△45.5</b>
	<b>Operating Profit</b> (Rate of sales)	<b>10.0</b> (3.8%)	<b>14.3</b> (4.6%)	<b>△4.3</b>
Printing Solutions Business Group	<b>Net Sales</b>	<b>153.0</b>	<b>179.9</b>	<b>△26.9</b>
	<b>Operating Profit</b> (Rate of sales)	<b>0.0</b> (0.0%)	<b>△0.4</b> (-%)	<b>+0.4</b>
<b>Consolidated Total</b>	<b>Net Sales</b>	<b>410.0</b>	<b>483.8</b>	<b>△73.8</b>
	<b>Operating Profit</b> (Rate of sales)	<b>10.0</b> (2.4%)	<b>14.0</b> (2.9%)	<b>△4.0</b>

# Appendix

# FY2020 Forecast: Impact of Currency Exchange Rate

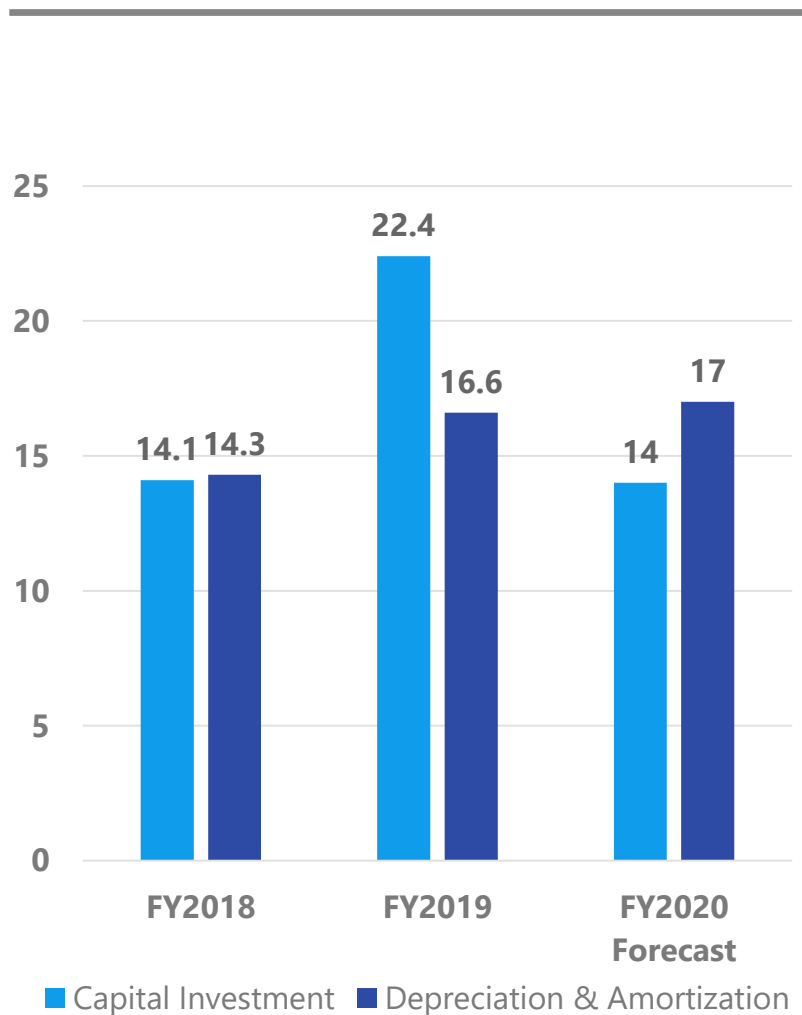
	Premise Rate	Effect of Depreciation by 1 yen (Annual)	
	FY2020	Net Sales	Operating Profit
US\$	105 yen	+ 1.6 billion yen	△ 0.2 billion yen
EUR	120 yen	+0.4 billion yen	+0.1 billion yen

# FY2020 Forecast:

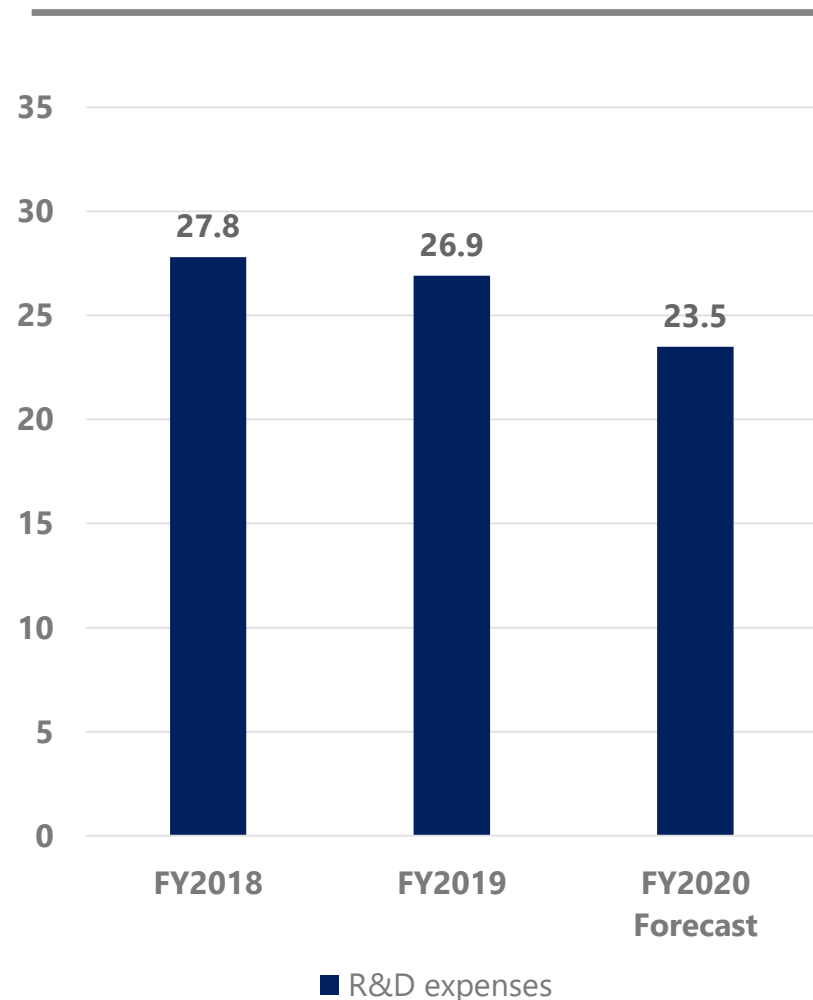
## Capital investment, Depreciation and Amortization, R&D expenses

(Billions of Yen)

### Capital investment , Depreciation and Amortization



### R&D expenses



\*The increased amount of tangible fixed asset and intangible fixed asset includes the impact of adopting a new lease accounting to overseas subsidiaries from FY2019

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.

# TOSHIBA

