

**TOSHIBA**

Leading Innovation >>>

# **FY2016 Second Quarter Consolidated Business Results (First Six Months Cumulative)**

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**TOSHIBA CORPORATION**

**November 11, 2016**

# Forward-looking Statements

- This presentation contains forward-looking statements concerning future plans, strategies and the performance of Toshiba Group.
- These forward-looking statements are not historical facts, rather they are based on management's assumptions and beliefs in light of the economic, financial and other data currently available.
- Since Toshiba Group promotes business in various market environments in many countries and regions, its activities are subject to a number of risks and uncertainties that, without limitation, relate to economic conditions, worldwide mega-competition in the electronics business, customer demand, foreign currency exchange rates, tax rules, regulations and other factors. Toshiba therefore wishes to caution readers that actual results might differ materially from our expectations.
- Toshiba's fiscal year (FY) runs from April 1 to March 31. 1H refers to the first six months (April-September), 2H refers to the latter six months (October-March); 1Q refers to the first quarter (April-June); 2Q refers to the second quarter (July-September); 3Q refers to the third quarter (October-December); and 4Q refers to the fourth quarter (January-March).
- All figures are consolidated totals for the first 6 months of fiscal year 2016, unless otherwise stated.
- Prior-period performance on consolidated segment information has been reclassified to conform with the current classification, unless otherwise stated.
- The Healthcare and the Home Appliances businesses are classified as discontinued operations, in accordance with the Accounting Standards Classification (ASC) 205-20 "Presentation of Financial Statements – Discontinued Operations". The results of the Healthcare and Home Appliances businesses have been excluded from net sales, operating income (loss), and income (loss) from continuing operations, before income taxes and noncontrolling interests. Net income of Toshiba Group is calculated by reflecting the Healthcare and Home Appliances businesses results to income (loss) from continuing operations, before income taxes and noncontrolling interests. Results for the past fiscal years have been revised to reflect this change, unless otherwise stated.
- Starting in FY2016, a part of income (loss) of "Others", previously allocated in all segments, is included in "Others", together with basic R&D expenses previously included in "Corporate and Eliminations". Results of the past fiscal years have been revised to reflect this change.



# 1. Overall Business Results

# FY2016/1H Consolidated Business Results Overall

(Yen in billions, except Earnings (Losses) per share)

	FY2015/1H	FY2016/1H	Difference
Net Sales	2,693.7	<b>2,579.0</b>	-114.7
Operating Income (Loss)	-89.1	<b>96.8</b>	185.9
%	-3.3%	<b>3.8%</b>	7.1%
Income (Loss) before income taxes and noncontrolling interests	42.2	<b>67.5</b>	25.3
%	1.6%	<b>2.6%</b>	1.0%
Income (Loss) from continuing operations, before noncontrolling interests	22.5	<b>42.7</b>	20.2
Income (Loss) from discontinued operations, before noncontrolling interests	-5.1	<b>81.3</b>	86.4
Net Income (Loss)	37.3	<b>115.3</b>	78.0
%	1.4%	<b>4.5%</b>	3.1%
Earnings (Losses) per share attributable to shareholders of the Company	¥8.81	<b>¥27.23</b>	¥18.42
Free cash flow	-4.5	<b>-148.5</b>	-144.0

	2016/3E	2016/9E	Difference
Equity attributable to shareholders of the Company	328.9	<b>363.2</b>	34.3
Shareholders' equity ratio	6.1%	<b>7.5%</b>	+1.4%
Net interest-bearing debt	481.2	<b>655.6</b>	174.4
Net debt-to-equity ratio	146%	<b>180%</b>	34%
Exchange rate (US\$) as of the end date of the term	¥113	<b>¥101</b>	-¥12

\* Hereinafter, "Net Income (Loss)" refers to Net Income (Loss) attributable to shareholders of the Company

\* Hereinafter, "the Company" refers to Toshiba Corporation

\* Net interest-bearing debt: Interest-bearing debt - cash and deposits

# Key Points of FY2016/1H

## ● Net Sales:

Toshiba Group as a whole saw lower sales than in the year-earlier period. The consolidation of a new subsidiary of Westinghouse led to higher sales, also supported by an increase in sales of HDD, but structural reform of the PC and TV businesses resulted in lower business volumes. The total impact of yen appreciation is -205.0 billion yen.

➤ Net Sales 2,579.0 billion yen (YoY: <sup>\*1</sup> -114.7 billion yen)

\*1 YoY: Year-on-year

## ● Income:

Toshiba Group as a whole recorded significantly improved operating income of 185.9 billion yen against the year-earlier period. This was achieved by considerable reductions in fixed costs, the result of structural reforms implemented in the last fiscal year and emergency measures, such as cuts in bonuses, plus the fact that the year-earlier period included a -69.6 billion yen impairment loss at a subsidiary of Toshiba TEC Corporation. The Memory business achieved an operating profit margin of 12%, exceeding expectations. The total impact of yen appreciation was -38.0 billion yen.

Income before income taxes and noncontrolling interests improved 25.3 billion yen from the year-earlier period, and reflected 177.3 billion yen in profit from sales of securities, including shares in KONE Corporation (Finland) and others in the year-earlier period.

Net income improved 78.0 billion yen against the year-earlier period. This was achieved by recording income from the sale of the Home Appliances business in FY2016 1Q.

➤ Operating Income 96.8 billion yen (YoY: +185.9 billion yen)

➤ Income before income taxes and noncontrolling interests 67.5 billion yen (YoY: +25.3 billion yen)

➤ Net Income 115.3 billion yen (YoY: +78.0 billion yen)

# Key Points of FY2016/1H

## ● Cash Flows:

Toshiba Group recorded negative cash flow from operating activities of -67.0 billion yen, a YoY improvement of 16.6 billion yen, due to significant improvement in operating income. Payment of tax related to the sale of securities of KONE Corporation in the last fiscal year, and for costs incurred in structural reforms in the previous fiscal year, caused cash flow from operating activities to turn negative.

Cash flow from investing activities was -81.5 billion yen, a YoY deterioration of 160.6 billion yen, as investments were promoted in the Memory business, a core business. Revenues from sales of securities in the previous fiscal year were 204.5 billion yen, so FY2016/1H cash flow was lower than in FY2015/1H. On the other hand, revenue was recorded from the sale of the Home Appliances business in FY2016/1H .

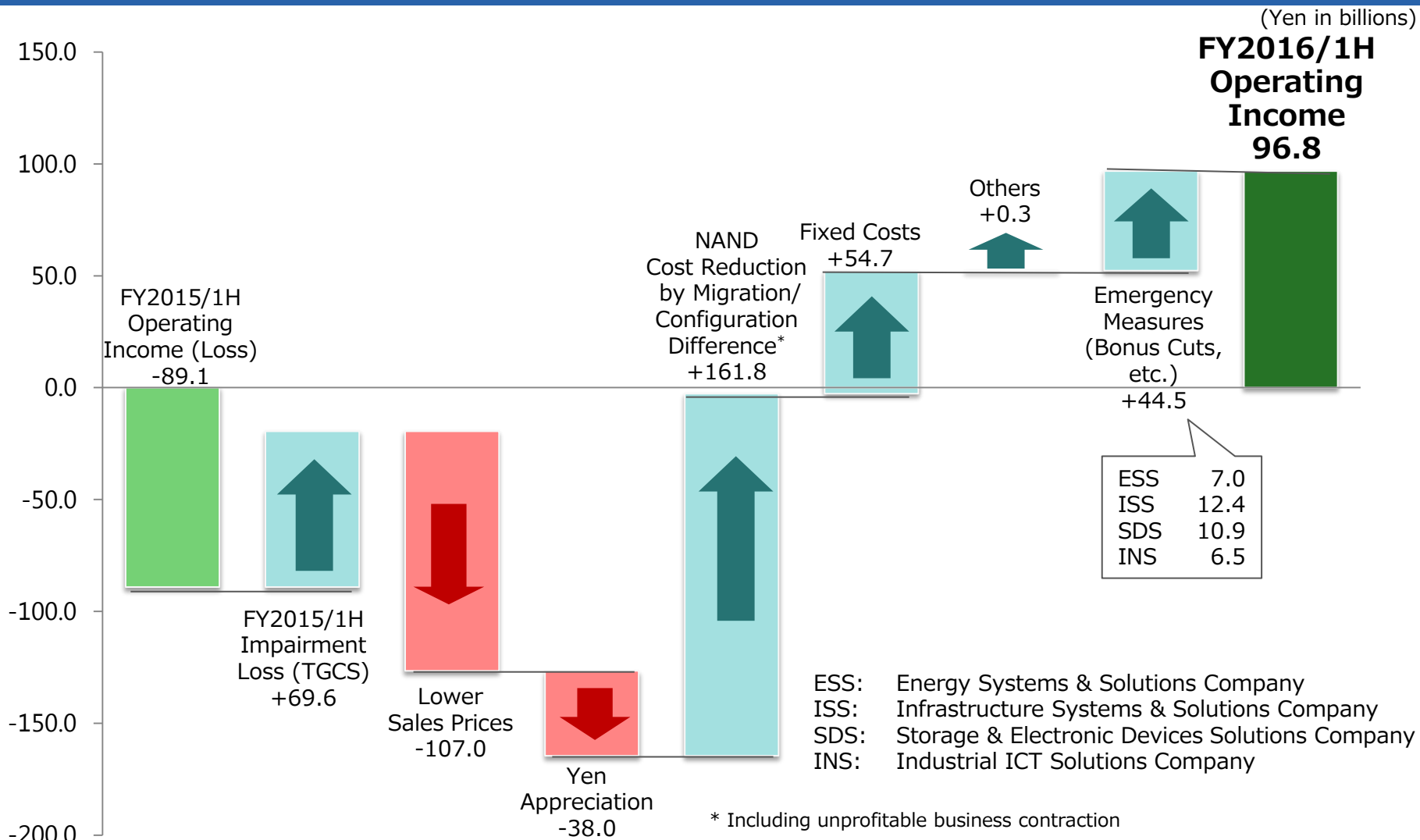
## ● Financial Structure:

The shareholders' equity ratio was 7.5%, an improvement (increase) of just 1.4 points against the end of the last fiscal year (end of March 2016), due to deteriorated foreign currency translation adjustments resulting from yen appreciation, although net income of 115.3 billion yen was recorded.

The net debt-to-equity (D/E) ratio was 180%, a deterioration (increase) of 34 points against the end of the last fiscal year (end of March 2016), due to negative free cash flow.

# Operating Income (Loss) (YoY Analysis)

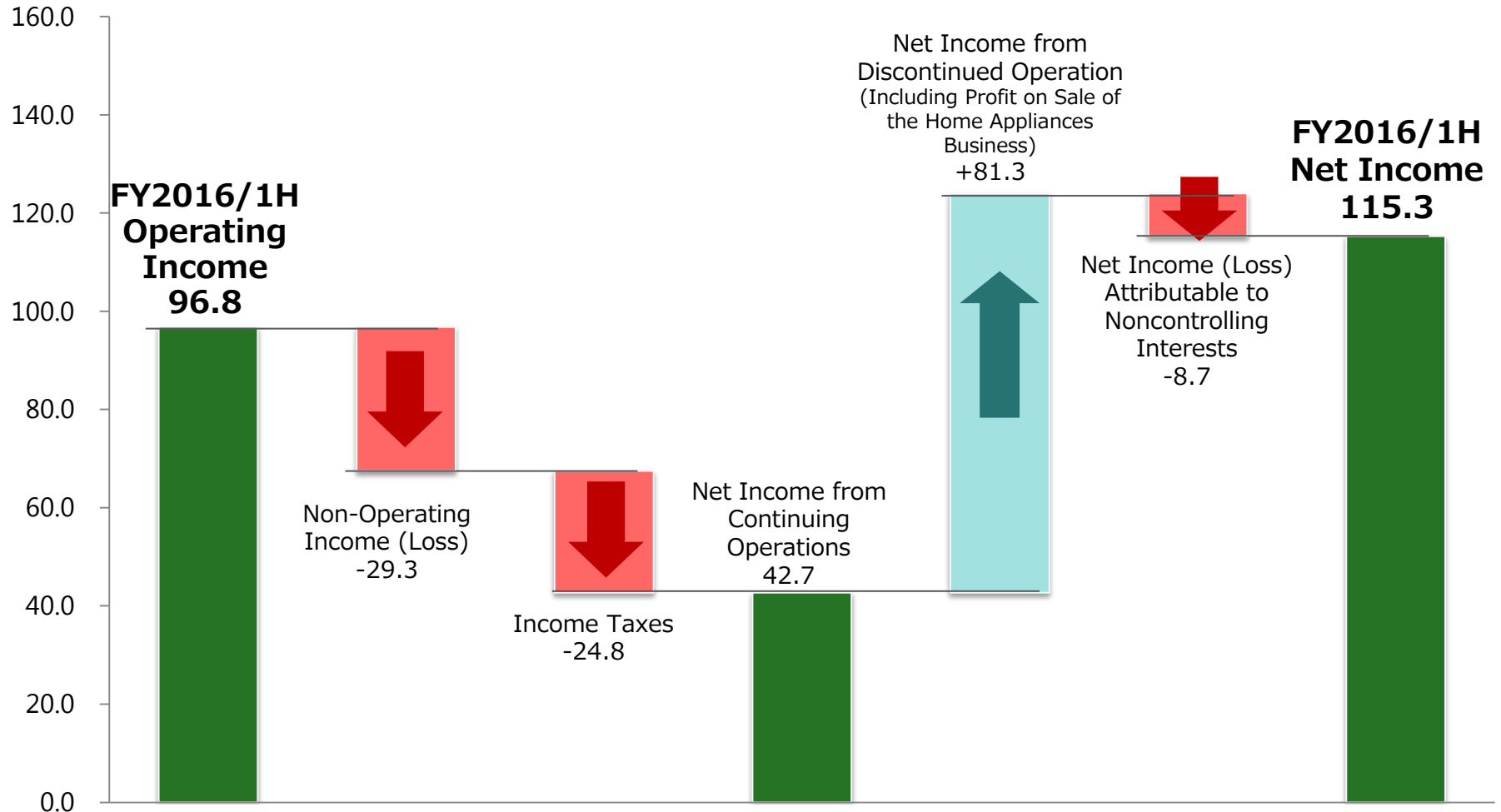
Operating income improved from the year-earlier period, with contributions from structural reform and cost reductions, and also from emergency measures



# Net Income (Loss)

A significant surplus due to recording 96.8 billion yen in operating income, in addition to profit (before tax) on the sale of the Home Appliances business

(Yen in billions)





# Non-Operating Income (Loss) and Expenses

Negative non-operating income on costs of settling lawsuits and a foreign exchange loss

(Yen in billions)

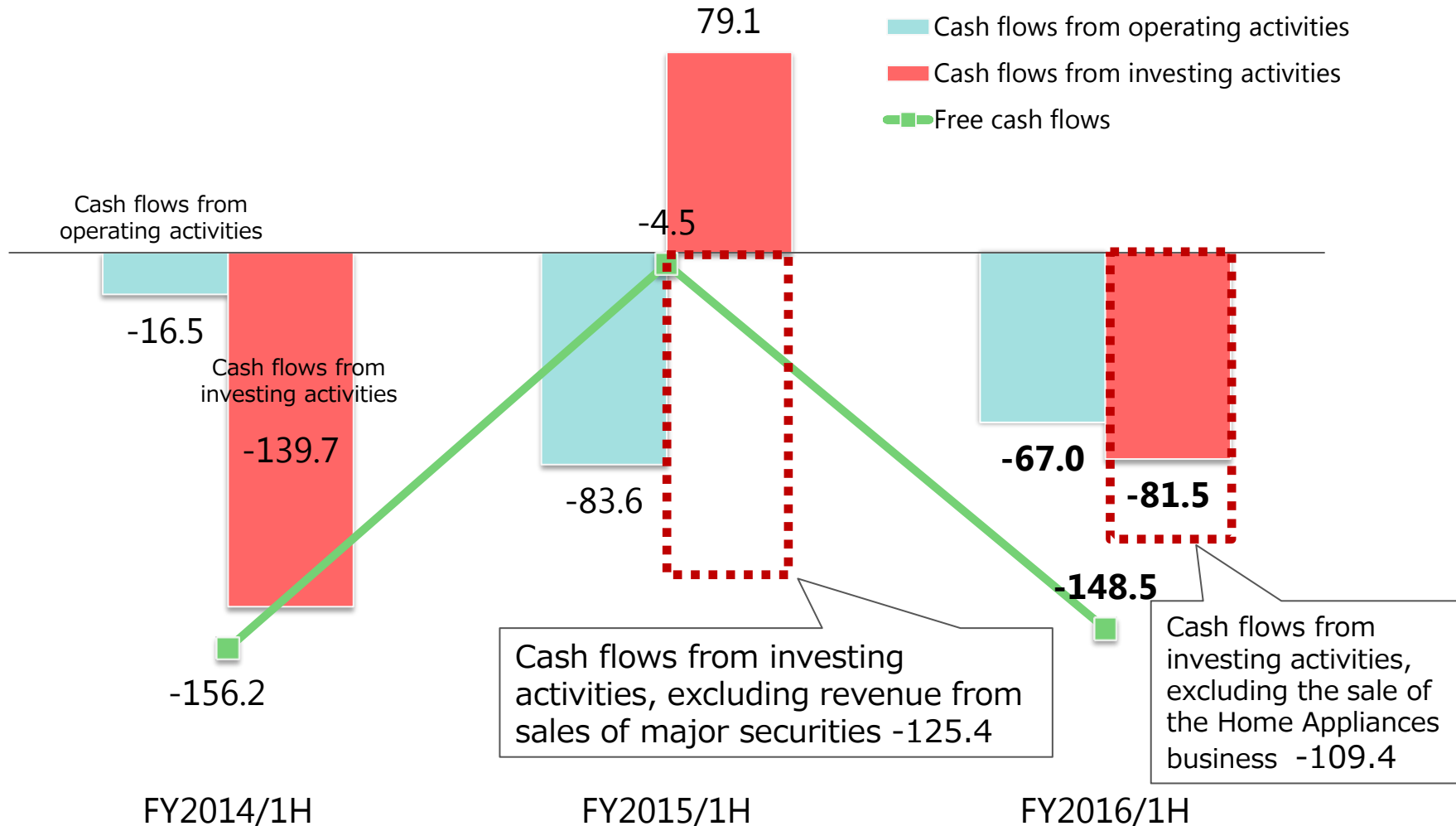
	FY2015/1H	FY2016/1H	Difference
Net financial Income (Loss)	-6.2	<b>-5.1</b>	1.1
Foreign exchange Income (Loss)	-4.8	<b>-11.3</b>	-6.5
Income (Loss) on sales or disposal of fixed assets	-5.5	<b>3.4</b>	8.9
Income (Loss) on sales of securities	* 177.3	<b>3.1</b>	-174.2
Structural reform costs	-7.6	<b>0.0</b>	7.6
Settlement costs of lawsuits	-12.4	<b>-16.8</b>	-4.4
Others	-9.5	<b>-2.6</b>	6.9
<b>Total</b>	<b>131.3</b>	<b>-29.3</b>	<b>-160.6</b>

\*KONE Corporation (Finland), Topcon Corporation (Japan), NREG Toshiba Building Co., Ltd. (Japan) and others

# Free Cash Flows

Free cash flows deteriorated 204.5 billion against the year-earlier period, due to sales of securities in the previous fiscal year

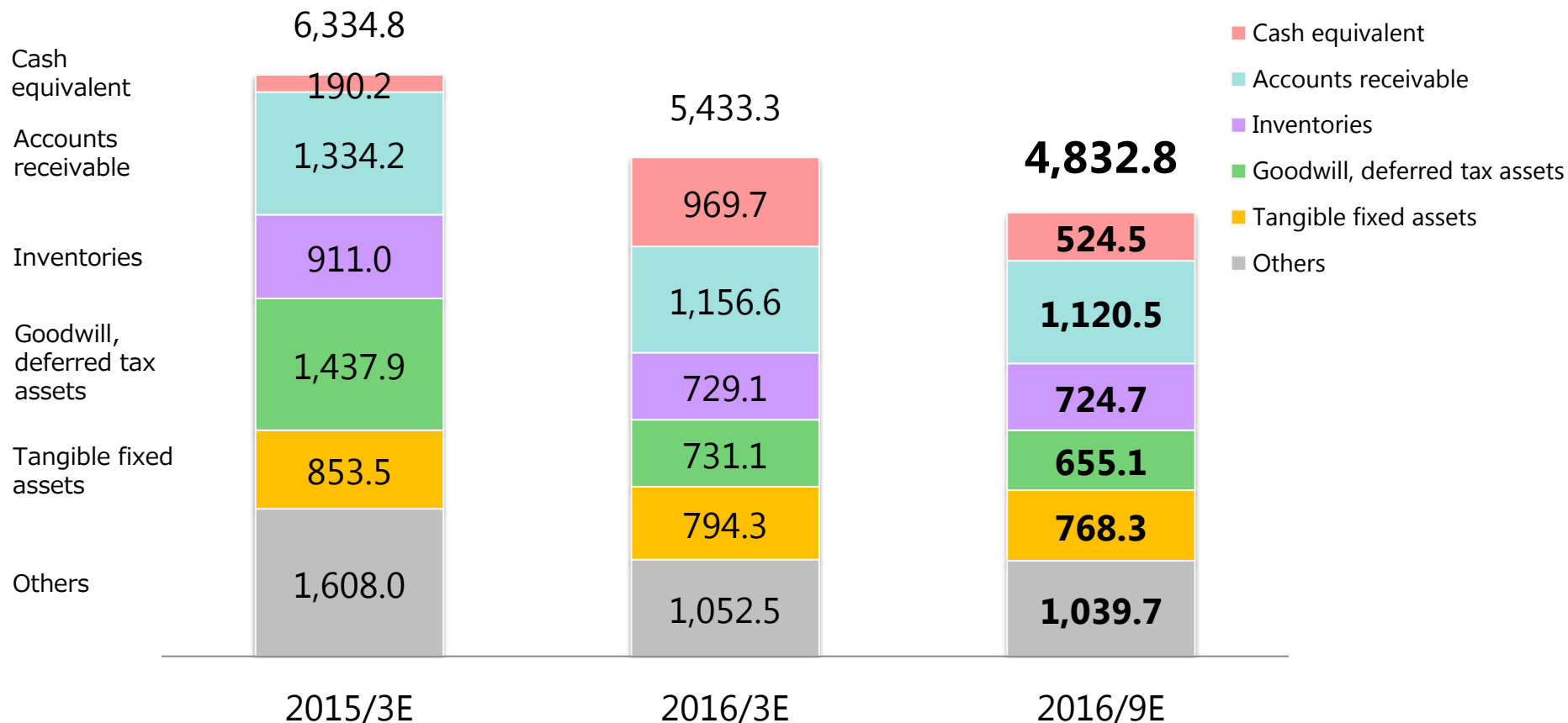
(Yen in billions)



# Consolidated Balance Sheets Assets

Total assets moved below 5 trillion yen, on repayment of short-term borrowings

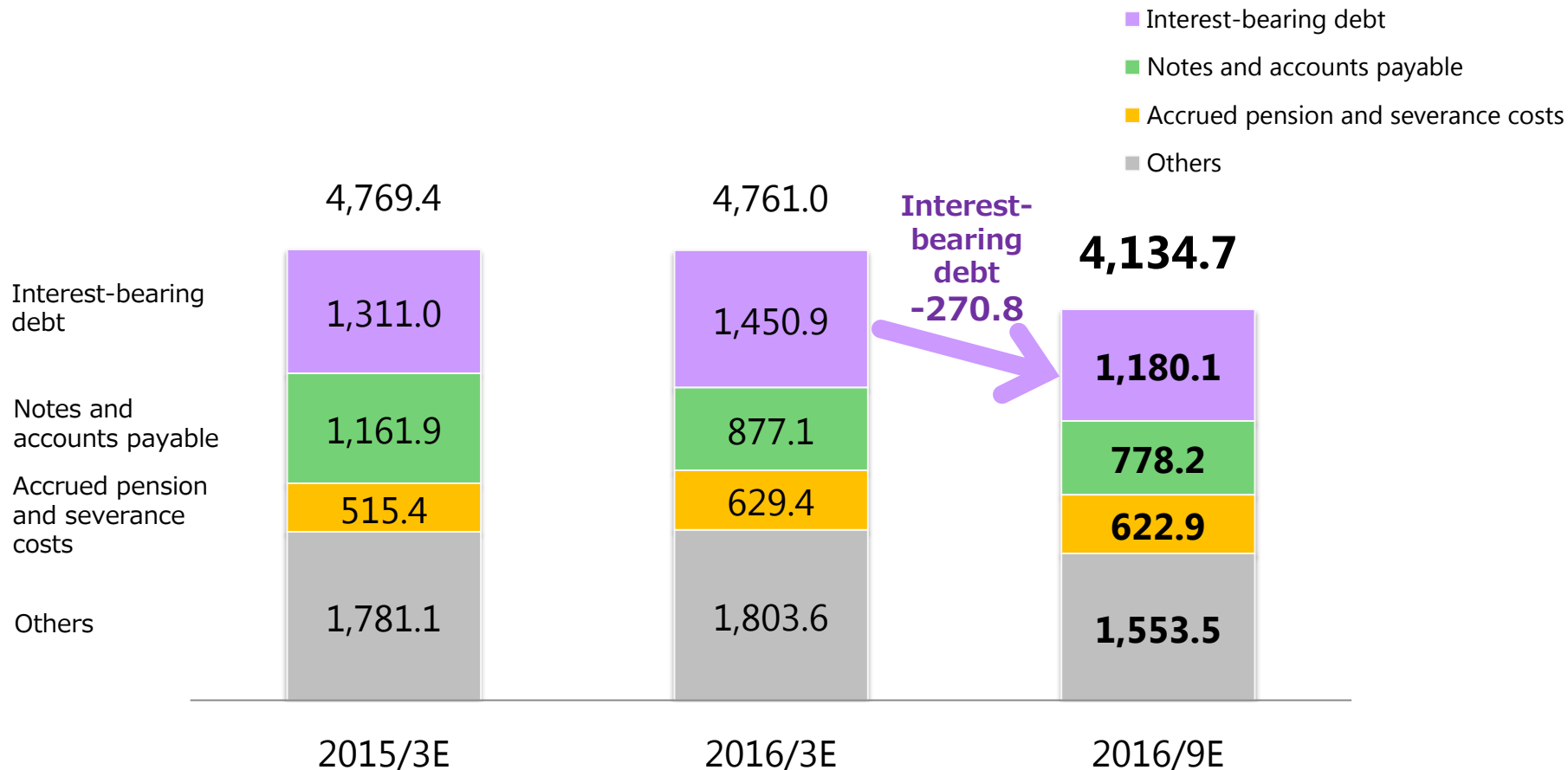
(Yen in billions)



# Consolidated Balance Sheets Liabilities

Interest-bearing debt was reduced by repayment of short-term borrowings

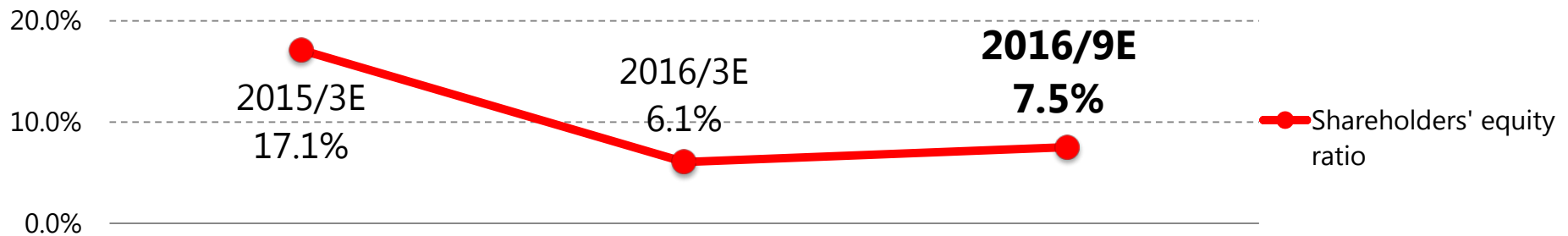
(Yen in billions)



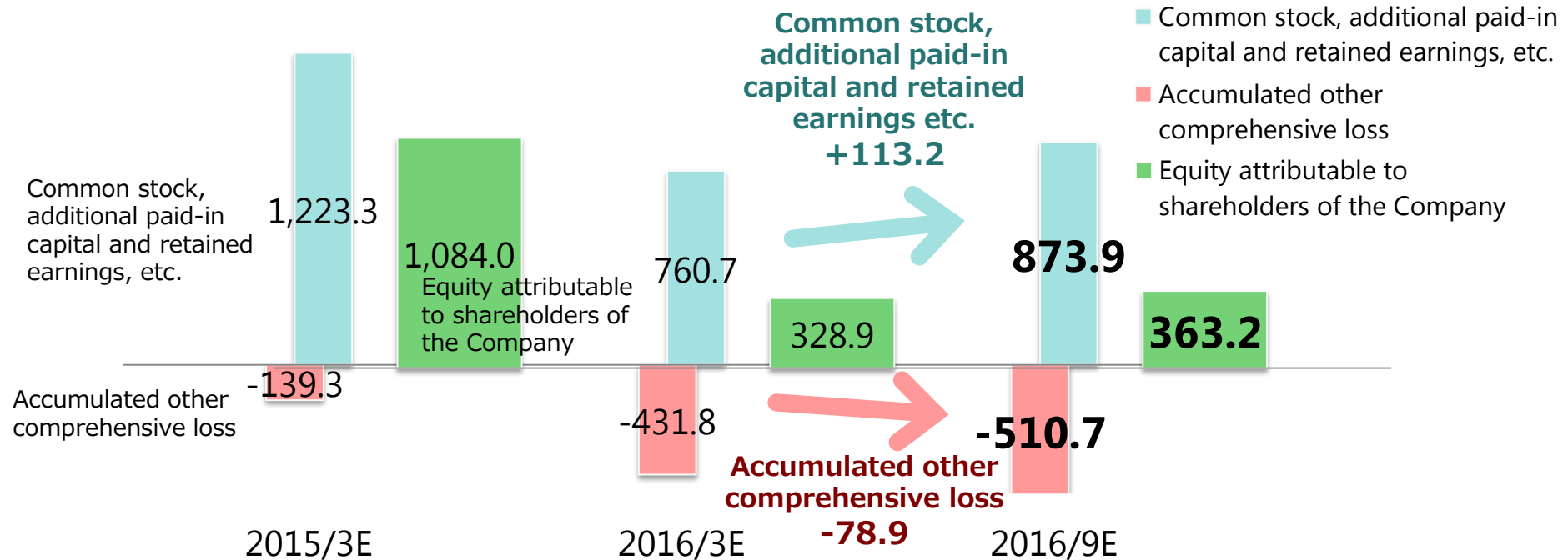
# Consolidated Balance Sheets

## Equity Attributable to Shareholders of the Company

Retained earnings increased from the end of the last fiscal year, but foreign currency translation adjustments deteriorated on yen appreciation



(Yen in billions)

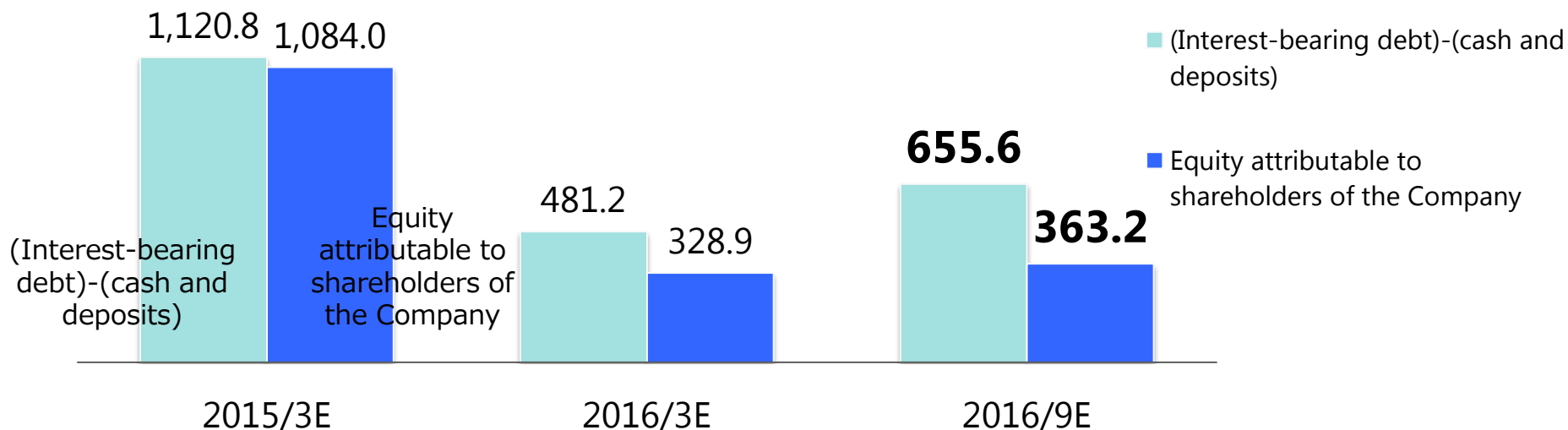
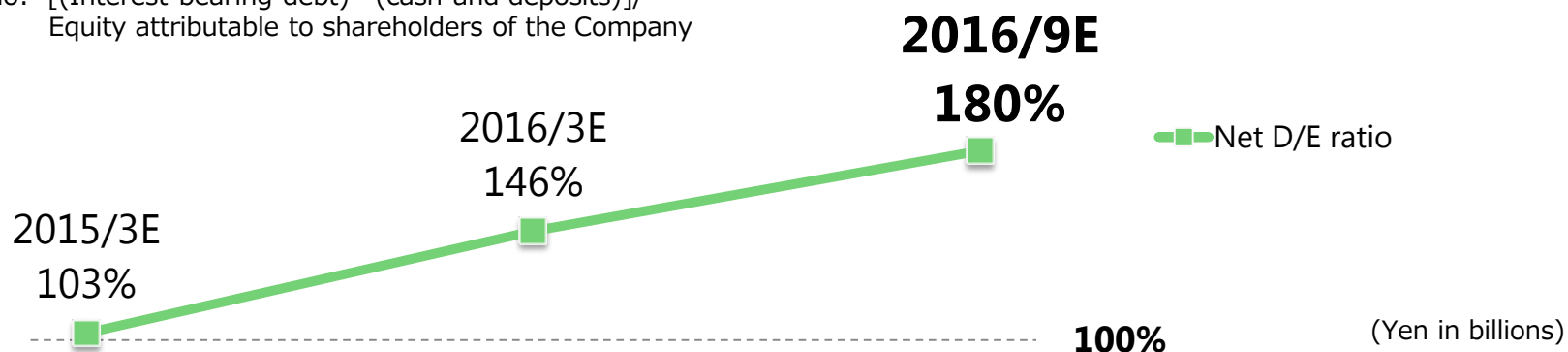


Foreign currency translation adjustments included -94.8

# Financial Structure NET D/E Ratio

The net D/E ratio deteriorated due to lower cash flow

\*Net D/E Ratio:  $\frac{[(\text{Interest-bearing debt}) - (\text{cash and deposits})]}{\text{Equity attributable to shareholders of the Company}}$



# Goodwill and Fixed Assets

No significant change since the end of the last fiscal year,  
excluding adjustment of foreign currency translation

(Yen in billions)

(Major Balances)	2016/9E Balance		Fixed Assets, etc.		Goodwill	
		vs. 2016/3E		vs. 2016/3E		vs. 2016/3E
Nuclear Power Systems (including Westinghouse)	<b>395.3</b>	-53.6	<b>318.2</b>	-42.9	<b>77.1</b>	-10.7
Landis+Gyr AG	<b>212.8</b>	-28.1	<b>69.6</b>	-11.4	<b>143.2</b>	-16.7
Transmission & Distribution Systems Solar Photovoltaic Systems	<b>16.5</b>	0.1	<b>16.5</b>	0.1	<b>0.0</b>	0.0
Lighting	<b>6.0</b>	-1.0	<b>6.0</b>	-1.0	<b>0.0</b>	0.0
Memories	<b>233.2</b>	11.5	<b>233.2</b>	11.5	<b>0.0</b>	0.0
Discretes	<b>8.1</b>	-1.3	<b>8.1</b>	-1.3	<b>0.0</b>	0.0
System LSIs	<b>9.0</b>	1.9	<b>9.0</b>	1.9	<b>0.0</b>	0.0
Storage Products	<b>6.6</b>	-4.0	<b>6.6</b>	-4.0	<b>0.0</b>	0.0
<b>Total</b>	<b>1,427.6</b>	-115.3	<b>1,127.0</b>	-78.6	<b>300.6</b>	-36.7



# 2. Business Results by Segment



# FY2016/1H Consolidated Business Results by Segment

(Yen in billions)

		FY2015/1H	FY2016/1H	Difference (growth rate)	
Energy Systems & Solutions	Net Sales	701.7	<b>760.6</b>	58.9	(+8%)
	Operating Income (Loss)	-0.8	<b>9.6</b>	10.4	
	ROS	-0.1%	<b>1.3%</b>	1.4%	
Infrastructure Systems & Solutions	Net Sales	592.5	<b>563.9</b>	-28.6	(-5%)
	Operating Income (Loss)	-7.7	<b>11.2</b>	18.9	
	ROS	-1.3%	<b>2.0%</b>	3.3%	
Retail & Printing Solutions	Net Sales	270.6	<b>247.7</b>	-22.9	(-8%)
	Operating Income (Loss)	-67.2	<b>6.5</b>	73.7	
	ROS	-24.8%	<b>2.6%</b>	27.4%	
Storage & Electronic Devices Solutions	Net Sales	806.5	<b>799.7</b>	-6.8	(-1%)
	Operating Income (Loss)	36.6	<b>78.3</b>	41.7	
	ROS	4.5%	<b>9.8%</b>	5.3%	
Industrial ICT Solutions	Net Sales	116.9	<b>110.4</b>	-6.5	(-6%)
	Operating Income (Loss)	-0.8	<b>5.4</b>	6.2	
	ROS	-0.7%	<b>4.9%</b>	5.6%	
Others	Net Sales	421.4	<b>260.0</b>	-161.4	(-38%)
	Operating Income (Loss)	-49.4	<b>-15.5</b>	33.9	
Eliminations	Net Sales	-215.9	<b>-163.3</b>	52.6	
	Operating Income (Loss)	0.2	<b>1.3</b>	1.1	
Total	Net Sales	2,693.7	<b>2,579.0</b>	-114.7	(-4%)
	Operating Income (Loss)	-89.1	<b>96.8</b>	185.9	
	ROS	-3.3%	<b>3.8%</b>	7.1%	

# Energy Systems & Solutions Results Breakdown

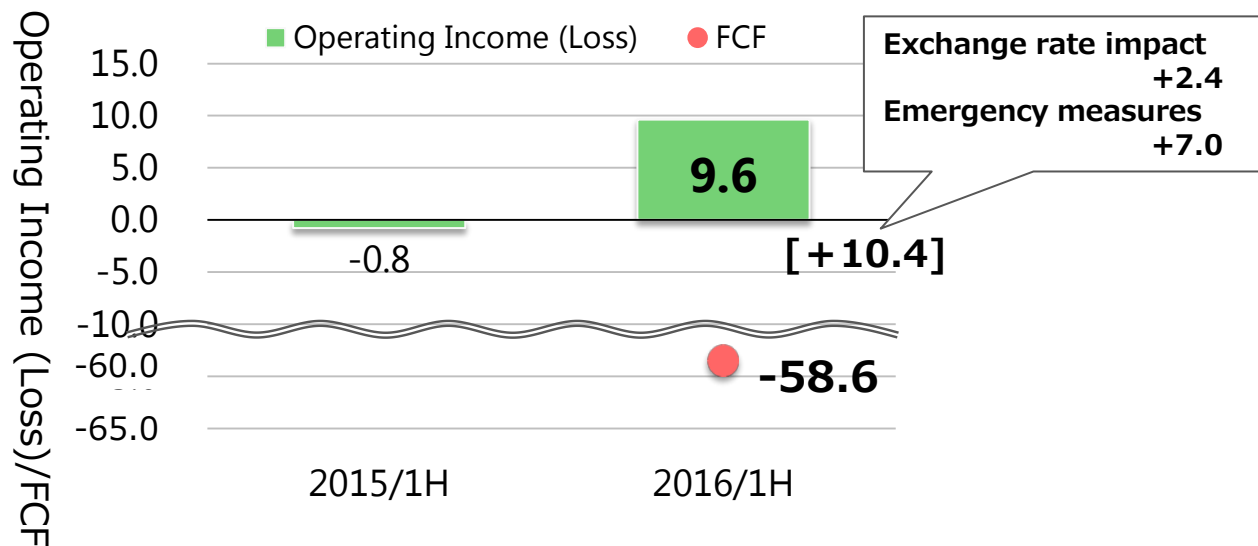
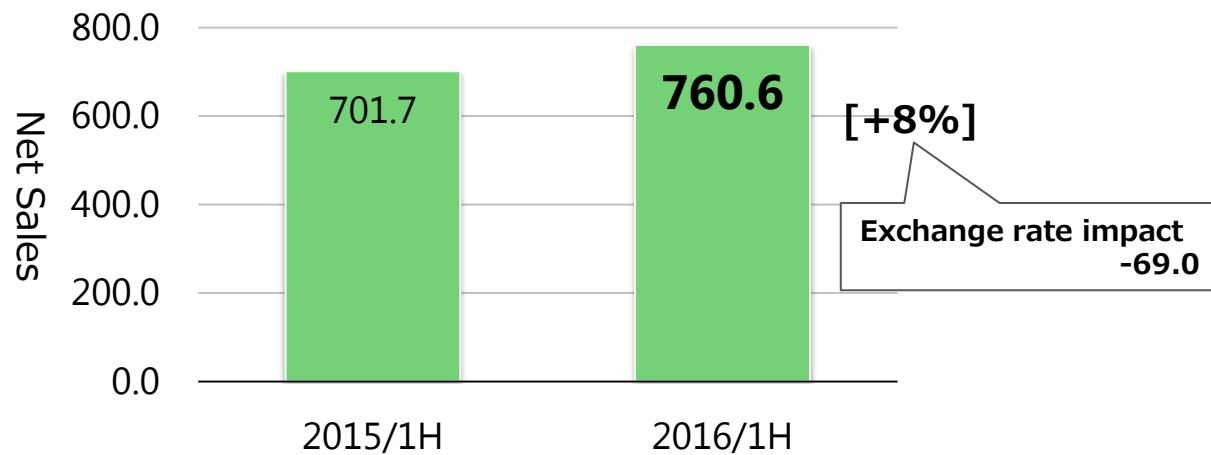
(Yen in billions)

		FY2015/1H	FY2016/1H	Difference (growth rate)		
Energy Systems & Solutions	Net Sales	701.7	<b>760.6</b>	58.9	(+8%)	
	Operating Income (Loss)	-0.8	<b>9.6</b>	10.4		
	ROS	-0.1%	<b>1.3%</b>	1.4%		
Nuclear Power Systems	Net Sales	293.5	<b>379.6</b>	86.1	(+29%)	Higher sales due to the new consolidation of WECTEC, despite the effects of yen appreciation and a decrease in the scale of operations. Improved operating income from emergency measures balanced out yen appreciation.
	Operating Income (Loss)	6.8	<b>6.8</b>	0.0		
	ROS	2.3%	<b>1.8%</b>	-0.5%		
Thermal & Hydro Power Systems	Net Sales	158.6	<b>169.3</b>	10.7	(+7%)	Higher sales due to increased scale of operations in the domestic market. Higher operating income due to improved profitability and emergency measures.
	Operating Income (Loss)	0.8	<b>6.8</b>	6.0		
	ROS	0.5%	<b>4.0%</b>	3.5%		
Transmission & Distribution Systems	Net Sales	153.5	<b>139.2</b>	-14.3	(-9%)	Lower sales in Solar Photovoltaic Systems, reflecting deteriorating market conditions. Higher operating income due to improved profitability and emergency measures.
	Operating Income (Loss)	-9.6	<b>-1.1</b>	8.5		
	ROS	-6.3%	<b>-0.8%</b>	5.5%		
Landis+Gyr (Consolidated)	Net Sales	92.6	<b>84.5</b>	-8.1	(-9%)	Lower sales due to yen appreciation. Lower operating income, because operating income in FY2015 was concentrated in 1H.
	Operating Income (Loss)	6.1	<b>3.4</b>	-2.7		
	ROS	6.6%	<b>4.0%</b>	-2.6%		

# Energy Systems & Solutions

(Yen in billions)

[ ] = Year-on-year comparison



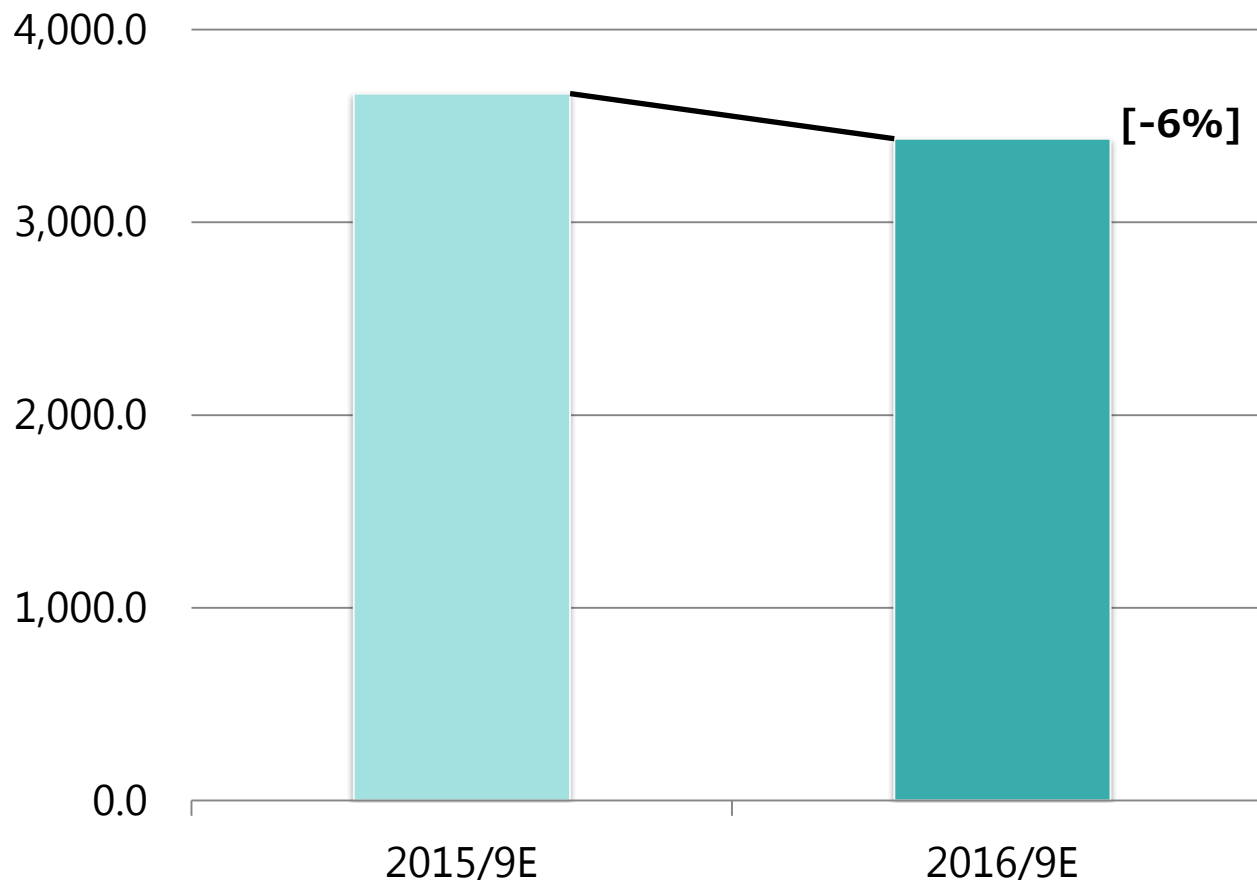
- The Nuclear Power Systems business saw significantly higher sales. The Thermal & Hydro Power Systems business also saw higher sales.
- The Transmission & Distribution Systems business saw lower sales, mainly in Solar Photovoltaic Systems. Landis+Gyr also recorded lower sales.
- The Thermal & Hydro Power Systems business and The Transmission & Distribution Systems business saw higher or improved operating income.
- Landis+Gyr recorded lower operating income.

\* FCF (free cash flow) by segment is a management index for in-house management only, and treatment of effects of exchange rate changes, etc. is different from free cash flow in the Cash Flow Statement.

# Energy Systems & Solutions Order Backlog

(Yen in billions)  
[ ] = Year-on-year comparison

\*Power Generation and Transmission & Distribution Systems businesses  
(Excluding the Solar Photovoltaic Systems business.)



- Total order backlog is 6% lower, mainly due to yen appreciation.
- The Nuclear Power Systems business backlog decreased due to yen appreciation, though there was progress in fuel order and construction projects.
- The Thermal Power Systems business backlog decreased due to unexpected delays in some overseas orders.

\*Excludes orders received by WECTEC (the former CB&I Stone & Webster).

# Infrastructure Systems & Solutions Results Breakdown

(Yen in billions)

		FY2015/1H	FY2016/1H	Difference (growth rate)	
Infrastructure Systems & Solutions	Net Sales	592.5	<b>563.9</b>	-28.6	(-5%)
	Operating Income (Loss)	-7.7	<b>11.2</b>	18.9	
	ROS	-1.3%	<b>2.0%</b>	3.3%	
Public Infrastructure	Net Sales	131.1	<b>133.6</b>	2.5	(+2%)
	Operating Income (Loss)	-7.0	<b>-2.4</b>	4.6	
	ROS	-5.3%	<b>-1.8%</b>	3.5%	
Building and Facilities	Net Sales	329.4	<b>306.0</b>	-23.4	(-7%)
	Operating Income (Loss)	5.7	<b>15.0</b>	9.3	
	ROS	1.7%	<b>4.9%</b>	3.2%	
Industrial Systems	Net Sales	155.6	<b>145.6</b>	-10.0	(-6%)
	Operating Income (Loss)	-6.4	<b>-1.4</b>	5.0	
	ROS	-4.1%	<b>-1.0%</b>	3.1%	

Higher sales on increased orders. Improved operating income through emergency measures and higher sales.

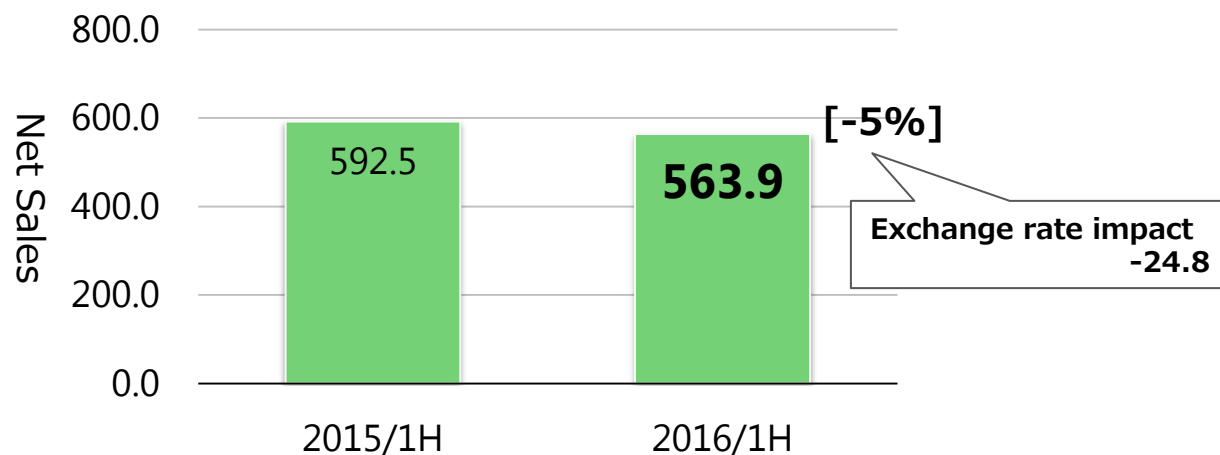
Lower sales due to yen appreciation. Higher operating income due to emergency measures and an improved gross profit margin.

Lower sales due to yen appreciation and a decrease in orders. Improved operating income due to emergency measures, etc.

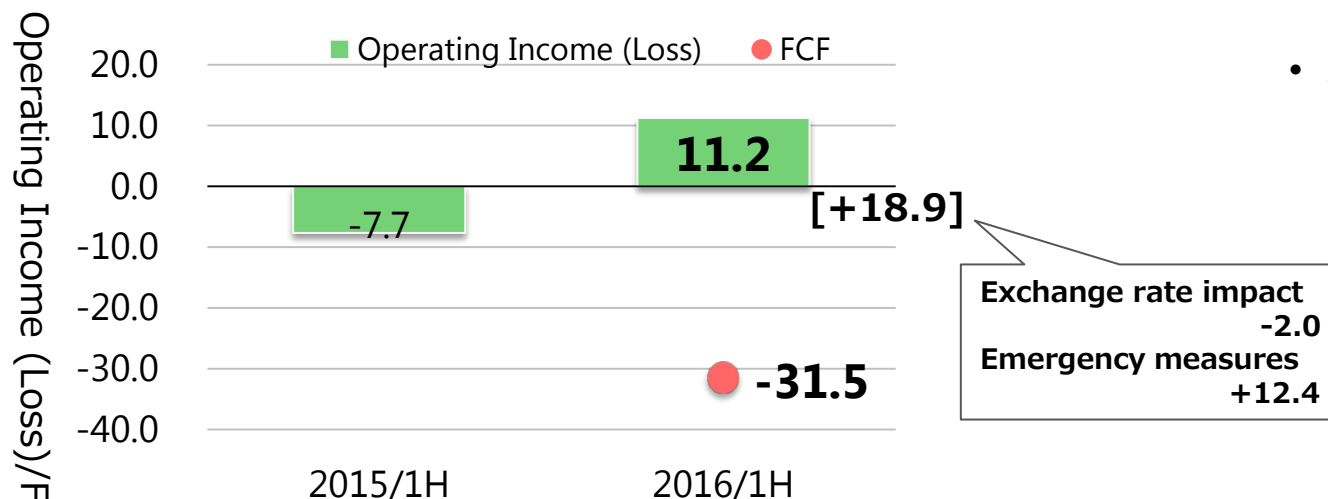
# Infrastructure Systems & Solutions

(Yen in billions)

[ ] = Year-on-year comparison



- The Public Infrastructure business saw higher sales.
- The Building and Facilities and Industrial Systems businesses saw lower sales.



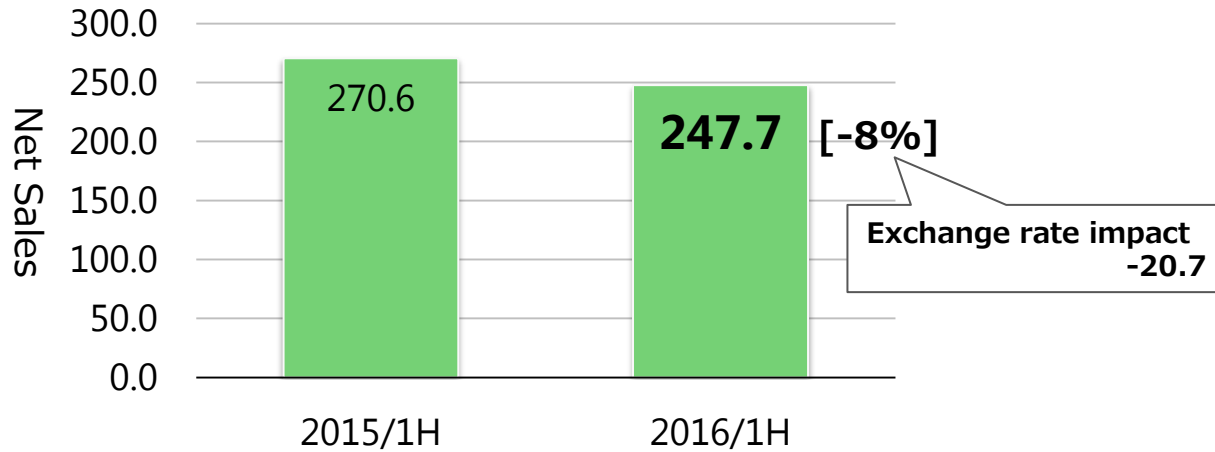
- All businesses saw higher or improved operating income.

\* FCF (free cash flow) by segment is a management index for in-house management only, and treatment of effects of exchange rate changes, etc. is different from free cash flow in the Cash Flow Statement.

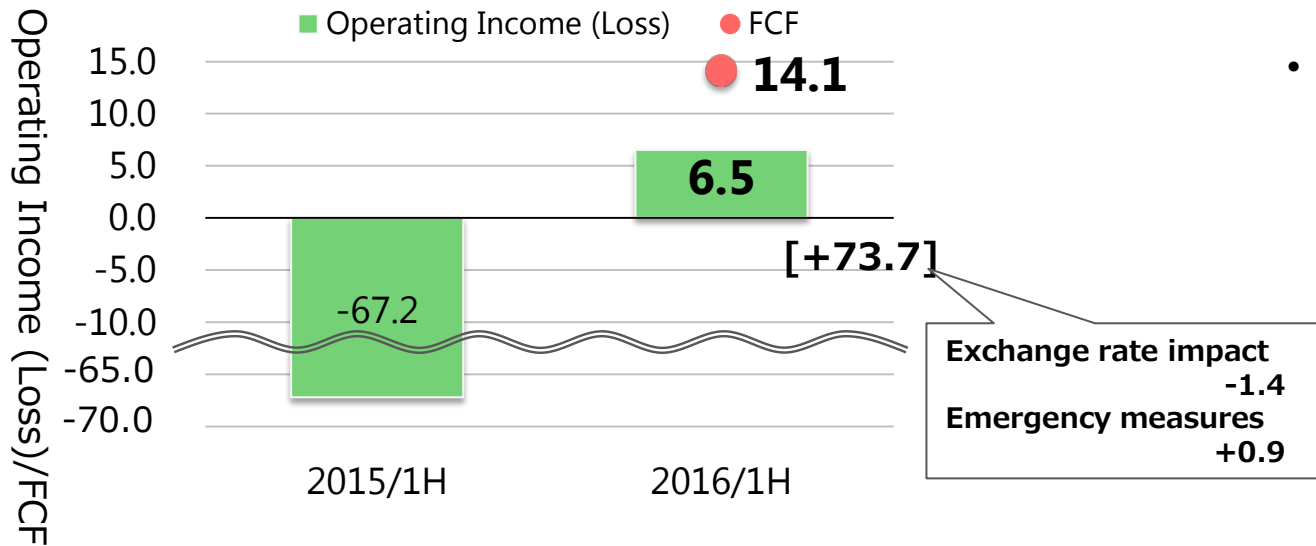
# Retail & Printing Solutions

(Yen in billions)

[ ] = Year-on-year comparison



- Lower sales on yen appreciation, though the Retail business recorded a positive performance.



- The Retail business recorded a surplus (there was an impairment loss in the overseas Retail business in the last fiscal year).

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# Storage & Electronic Devices Solutions

## Results Breakdown

(Yen in billions)

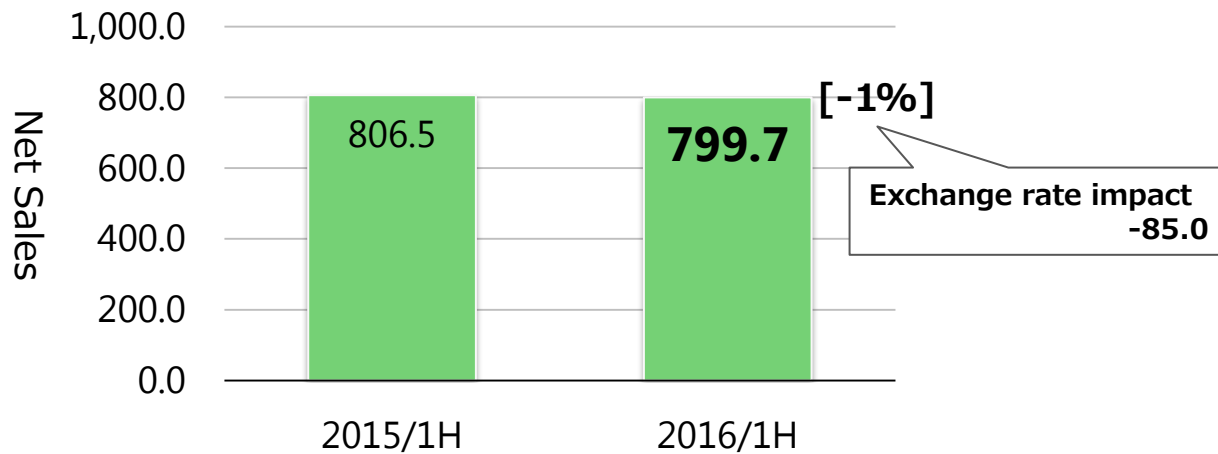
		FY2015/1H	FY2016/1H	Difference (growth rate)			
Storage & Electronic Devices Solutions		Net Sales	806.5	<b>799.7</b>	-6.8	(-1%)	
		Operating Income (Loss)	36.6	<b>78.3</b>	41.7		
		ROS	4.5%	<b>9.8%</b>	5.3%		
Storage	Memories	Net Sales	427.4	<b>404.5</b>	-22.9	(-5%)	Slightly lower sales and lower operating income due to yen appreciation, but prices were higher than expected on strong demand for SSD and for smart phones in China. Both net sales and operating income were better than originally planned.
		Operating Income (Loss)	78.1	<b>50.1</b>	-28.0		
		ROS	18.3%	<b>12.4%</b>	-5.9%		
	HDDs	Net Sales	194.1	<b>221.7</b>	27.6	(+14%)	Higher sales due to high demand for PCs and gaming machines. Operating income improved to record a surplus, due to structural reform, etc.
		Operating Income (Loss)	-7.0	<b>13.8</b>	20.8		
		ROS	-3.6%	<b>6.2%</b>	9.8%		
Devices & Others		Net Sales	185.0	<b>173.5</b>	-11.5	(-6%)	Lower sales as a result of business withdrawal and yen appreciation, but operating income improved to record a surplus, due to structural reform, etc.
		Operating Income (Loss)	-34.5	<b>14.4</b>	48.9		
		ROS	-18.6%	<b>8.3%</b>	26.9%		



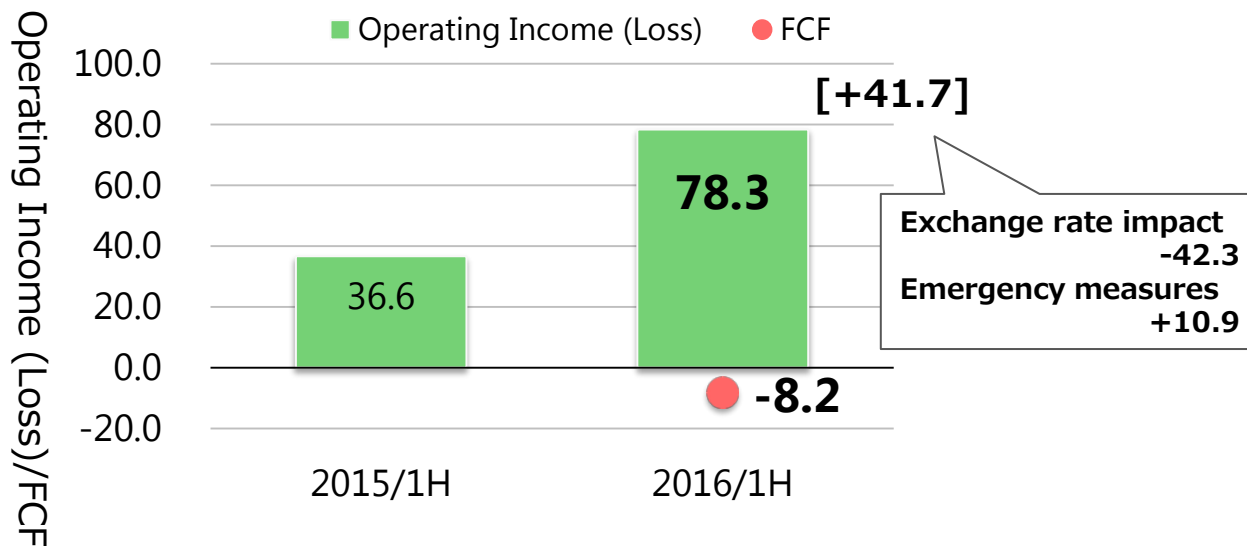
# Storage & Electronic Devices Solutions

(Yen in billions)

[ ] = Year-on-year comparison



- HDDs saw higher sales.
- Memories and Devices & Others saw lower sales.



- HDDs and Devices & Others saw improved operating income to record a surplus.
- Memories saw lower operating income.

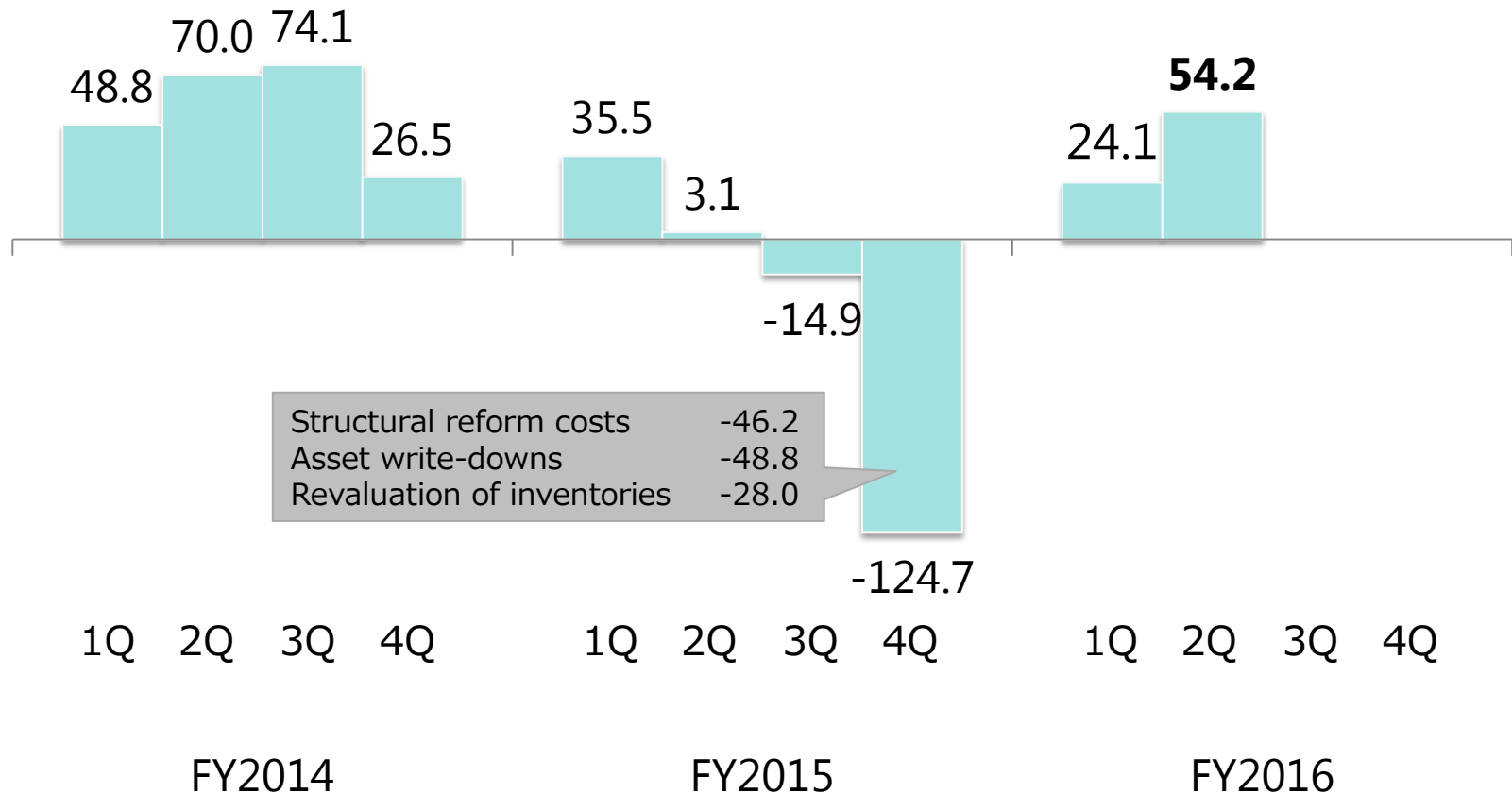
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# Storage & Electronic Devices Solutions

## Quarterly Trend in Operating Income (Loss)

Against FY2016/1Q: Higher operating income in all Storage and Electronic Devices Solutions segment, most notably in Memories and HDDs

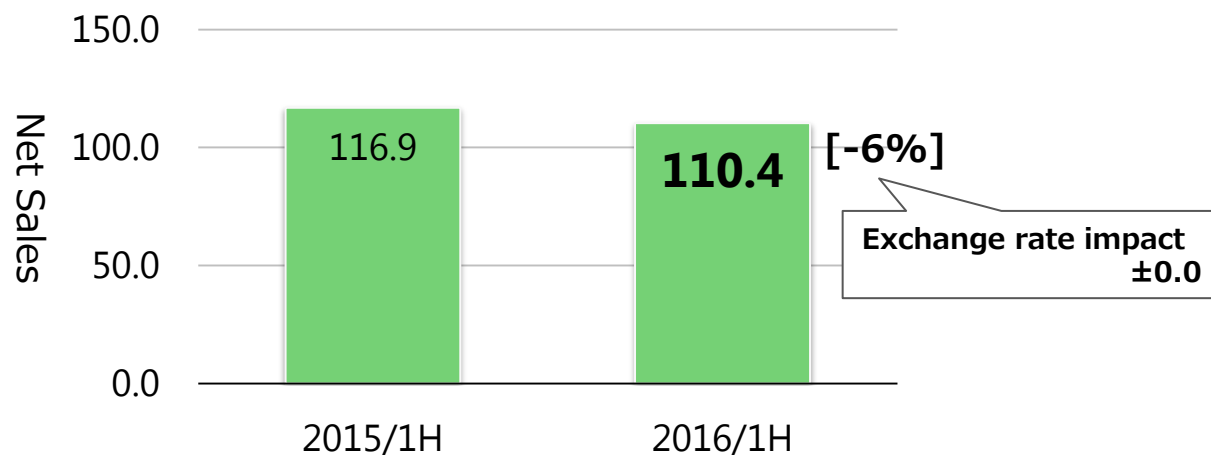
(Yen in billions)



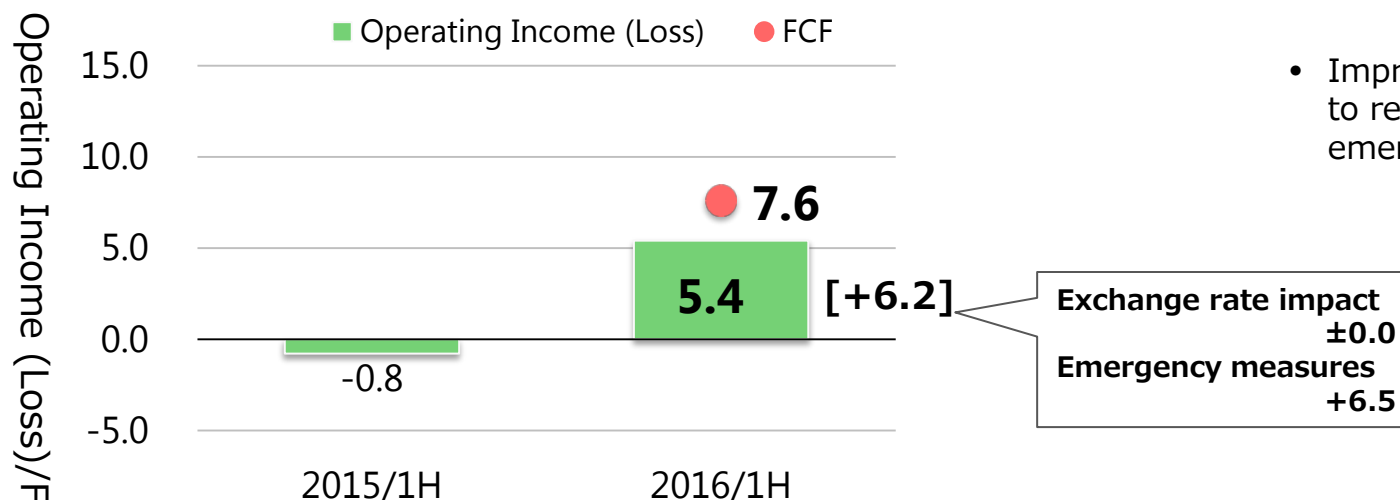
\*For FY2014 and FY2015, figures shown are for the Semiconductor & Storage Products Company, the previous organization, and numbers were calculated before changing to segment-based calculation of operating income (loss).

# Industrial ICT Solutions

(Yen in billions)  
[ ] = Year-on-year comparison



- Lower sales of manufacturing systems.



- Improved operating income to record a surplus due to emergency measures.

\* FCF (free cash flow) by segment is a management index for in-house management only, and treatment of effect of exchange rate changes, etc. is different from free cash flow in the Cash Flow Statement.

# Others

(Yen in billions)

		FY2015/1H	FY2016/1H	Difference (growth rate)		
PC	Net Sales	245.0	<b>99.6</b>	-145.4	<b>(-59%)</b>	Reduced sales on withdrawal from the US and European markets in B2C businesses. Operating income continued to improve in the domestic market, despite structural reform costs.
	Operating Income (Loss)	-14.8	<b>-0.7</b>	14.1		
	ROS	-6.0%	<b>-0.7%</b>	5.3%		
Visual Products	Net Sales	48.3	<b>27.9</b>	-20.4	<b>(-42%)</b>	Reduced sales on migration to brand licensing in overseas markets. Improved operating income, but the business remains in the red due to an allowance for repair of old models.
	Operating Income (Loss)	-21.5	<b>-10.5</b>	11.0		
	ROS	-44.5%	<b>-37.6%</b>	6.9%		

# The Situation and Countermeasures in the Visual Products business

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## Situation in FY2016/2Q

- 8.4 billion yen cost to deal with defective LCD backlights and litigation regarding payment of licensing fees.

## Cost expected in FY2016/2H

- Anticipate a cost over 10 billion yen cost for winding-up overseas operations.

## Countermeasures

- Focus on year-end shopping season and follow up with structural reforms in addition to measures already initiated (scope is still under consideration).



# 3. FY2016 Forecast

# FY2016 Forecast Overall

	FY2015 Actual	FY2016 Revised Forecast (as of Nov.8)	Difference	FY2016 Previous Forecast (as of May12)	Difference (Revised- Previous)
Net Sales	5,668.7	<b>5,400.0</b>	-268.7	5,100.0	300.0
Operating Income (Loss)	-708.7	<b>180.0</b>	888.7	120.0	60.0
%	-12.5%	<b>3.3%</b>	15.8%	2.4%	0.9%
Non-Operating Income (Loss)	75.6	<b>-50.0</b>	-125.6	-35.0	-15.0
Income (Loss) before income taxes and noncontrolling interests	-633.1	<b>130.0</b>	763.1	85.0	45.0
%	-11.2%	<b>2.4%</b>	13.6%	1.7%	0.7%
Income (Loss) from continuing operations, before noncontrolling interests	-886.9	<b>75.0</b>	961.9	60.0	15.0
Income (Loss) from discontinued operations, before noncontrolling interests	370.9	<b>90.0</b>	-280.9	60.0	30.0
Net Income (Loss)	-460.0	<b>145.0</b>	605.0	100.0	45.0
%	-8.1%	<b>2.7%</b>	10.8%	2.0%	0.7%
Earnings (Losses) per share attributable to shareholders of the Company	-¥108.64	<b>¥34.25</b>	¥142.89	¥23.62	¥10.63
Free cash flow	652.2	<b>0.0</b>	-652.2	110.0	-110.0
Equity attributable to shareholders of the Company	328.9	<b>320.0</b>	-8.9	390.0	-70.0
Shareholders' equity ratio	6.1%	<b>6.4%</b>	0.3%	8.0%	-1.6%
Net interest-bearing debt	481.2	<b>490.0</b>	8.8	380.0	110.0
Net debt-to-equity ratio	146%	<b>153%</b>	7%	97%	56%

(Yen in billions)

# FY2016 Forecast by Segment

(Yen in billions)

		FY2015 Actual	FY2016 Revised Forecast (as of Nov.8)	Difference	FY2016 Previous Forecast (as of May12)	Difference (Revised- Previous)
Energy Systems & Solutions	Net Sales	1,584.2	<b>1,680.0</b>	95.8	1,700.0	-20.0
	Operating Income (Loss)	-346.3	<b>47.0</b>	393.3	51.0	-4.0
Infrastructure Systems & Solutions	Net Sales	1,354.6	<b>1,290.0</b>	-64.6	1,340.0	-50.0
	Operating Income (Loss)	-7.4	<b>56.0</b>	63.4	51.0	5.0
Retail & Printing Solutions	Net Sales	544.1	<b>500.0</b>	-44.1	533.0	-33.0
	Operating Income (Loss)	-80.9	<b>17.0</b>	97.9	18.0	-1.0
Storage & Electronic Devices Solutions	Net Sales	1,575.9	<b>1,550.0</b>	-25.9	1,430.0	120.0
	Operating Income (Loss)	-100.0	<b>130.0</b>	230.0	32.0	98.0
Industrial ICT Solutions	Net Sales	256.8	<b>245.0</b>	-11.8	230.0	15.0
	Operating Income (Loss)	8.7	<b>17.0</b>	8.3	17.0	0.0
Others	Net Sales	771.9	<b>540.0</b>	-231.9	520.0	20.0
	Operating Income (Loss)	-182.8	<b>-27.0</b>	155.8	2.0	-29.0
Corporate and Eliminations	Net Sales	-418.8	<b>-405.0</b>	13.8	-653.0	248.0
	Operating Income (Loss)	0.0	<b>-60.0</b>	-60.0	-51.0	-9.0
Total	Net Sales	5,668.7	<b>5,400.0</b>	-268.7	5,100.0	300.0
	Operating Income (Loss)	-708.7	<b>180.0</b>	888.7	120.0	60.0

\* FY2015 Actual reclassified to the current segments above are provisional amounts before audit, and are subject to change. Toshiba will announce the final numbers once they are determined.



# FY2016 Forecast vs. Previous Forecast

(Yen in billions)

	FY2016/1H		FY2016/2H		FY2016 Revised Forecast	vs. Previous Forecast
	Actual	vs. Previous Forecast	Revised Forecast	vs. Previous Forecast		
Net Sales	2,579.0	229.0	2,821.0	71.0	5,400.0	300.0
Operating Income (Loss)	96.8	116.8	83.2	-56.8	180.0	60.0
%	3.8%		2.9%		3.3%	
Non-Operating Income (Loss)	-29.3	-19.3	-20.7	4.3	-50.0	-15.0
Income (Loss) before income taxes and noncontrolling interests	67.5	97.5	62.5	-52.5	130.0	45.0
%	2.6%		2.2%		2.4%	
Income (Loss) from continuing operations, before noncontrolling interests	42.7	77.7	32.3	-62.7	75.0	15.0
Income (Loss) from discontinued operations, before noncontrolling interests	81.3	21.3	8.7	8.7	90.0	30.0
Net Income (Loss)	115.3	95.3	29.7	-50.3	145.0	45.0
%	4.5%		1.1%		2.7%	
Earnings (Losses) per share attributable to shareholders of the Company	¥27.23	¥22.51	¥7.02	-¥11.88	¥34.25	¥10.63
Free cash flow	-148.5	-98.5	148.5	-11.5	0.0	-110.0

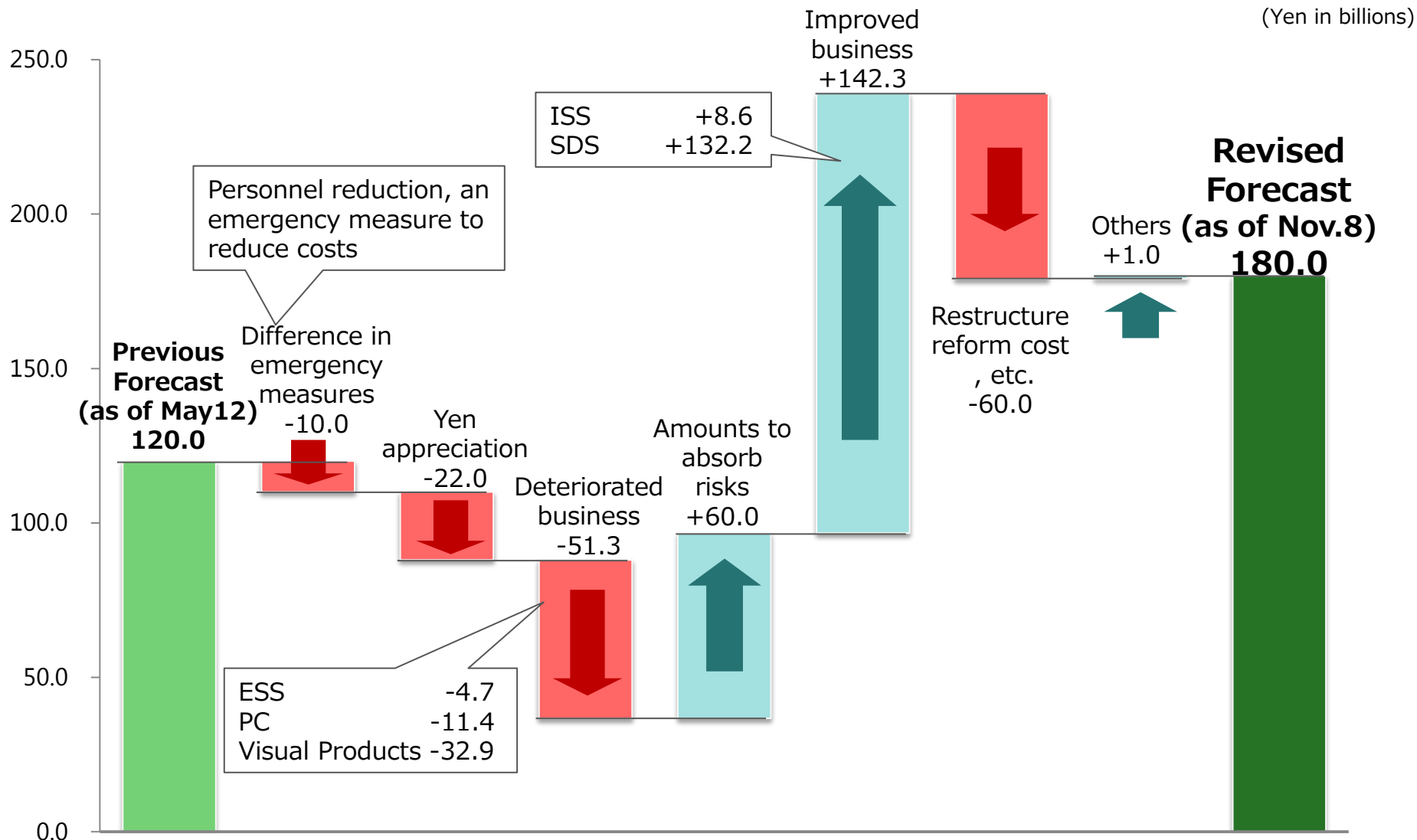
# FY2016 Forecast by Segment vs. Previous Forecast

(Yen in billions)

		FY2016/1H		FY2016/2H		FY2016 Revised Forecast	vs. Previous Forecast
		Actual	vs. Previous Forecast	Revised Forecast	vs. Previous Forecast		
Energy Systems & Solutions	Net Sales	760.6	0.6	<b>919.4</b>	-20.6	<b>1,680.0</b>	-20.0
	Operating Income(loss)	9.6	14.6	<b>37.4</b>	-18.6	<b>47.0</b>	-4.0
Infrastructure Systems & Solutions	Net Sales	563.9	-1.1	<b>726.1</b>	-48.9	<b>1,290.0</b>	-50.0
	Operating Income(loss)	11.2	14.2	<b>44.8</b>	-9.2	<b>56.0</b>	5.0
Retail & Printing Solutions	Net Sales	247.7	-11.3	<b>252.3</b>	-21.7	<b>500.0</b>	-33.0
	Operating Income(loss)	6.5	-0.1	<b>10.5</b>	-0.9	<b>17.0</b>	-1.0
Storage & Electronic Devices Solutions	Net Sales	799.7	99.7	<b>750.3</b>	20.3	<b>1,550.0</b>	120.0
	Operating Income(loss)	78.3	69.8	<b>51.7</b>	28.2	<b>130.0</b>	98.0
Industrial ICT Solutions	Net Sales	110.4	3.4	<b>134.6</b>	11.6	<b>245.0</b>	15.0
	Operating Income(loss)	5.4	-1.1	<b>11.6</b>	1.1	<b>17.0</b>	0.0
Others	Net Sales	260.0	20.0	<b>280.0</b>	0.0	<b>540.0</b>	20.0
	Operating Income(loss)	-15.5	-6.4	<b>-11.5</b>	-22.6	<b>-27.0</b>	-29.0
Corporate and Eliminations	Net Sales	-163.3	117.7	<b>-241.7</b>	130.3	<b>-405.0</b>	248.0
	Operating Income(loss)	1.3	25.8	<b>-61.3</b>	-34.8	<b>-60.0</b>	-9.0
Total	Net Sales	2,579.0	229.0	<b>2,821.0</b>	71.0	<b>5,400.0</b>	300.0
	Operating Income(loss)	96.8	116.8	<b>83.2</b>	-56.8	<b>180.0</b>	60.0

# FY2016 Forecast Operating Income (Loss)

Risks foreseen at the beginning of the term have been absorbed by each business segment, and we now anticipate an additional 60 billion yen cost for restructuring

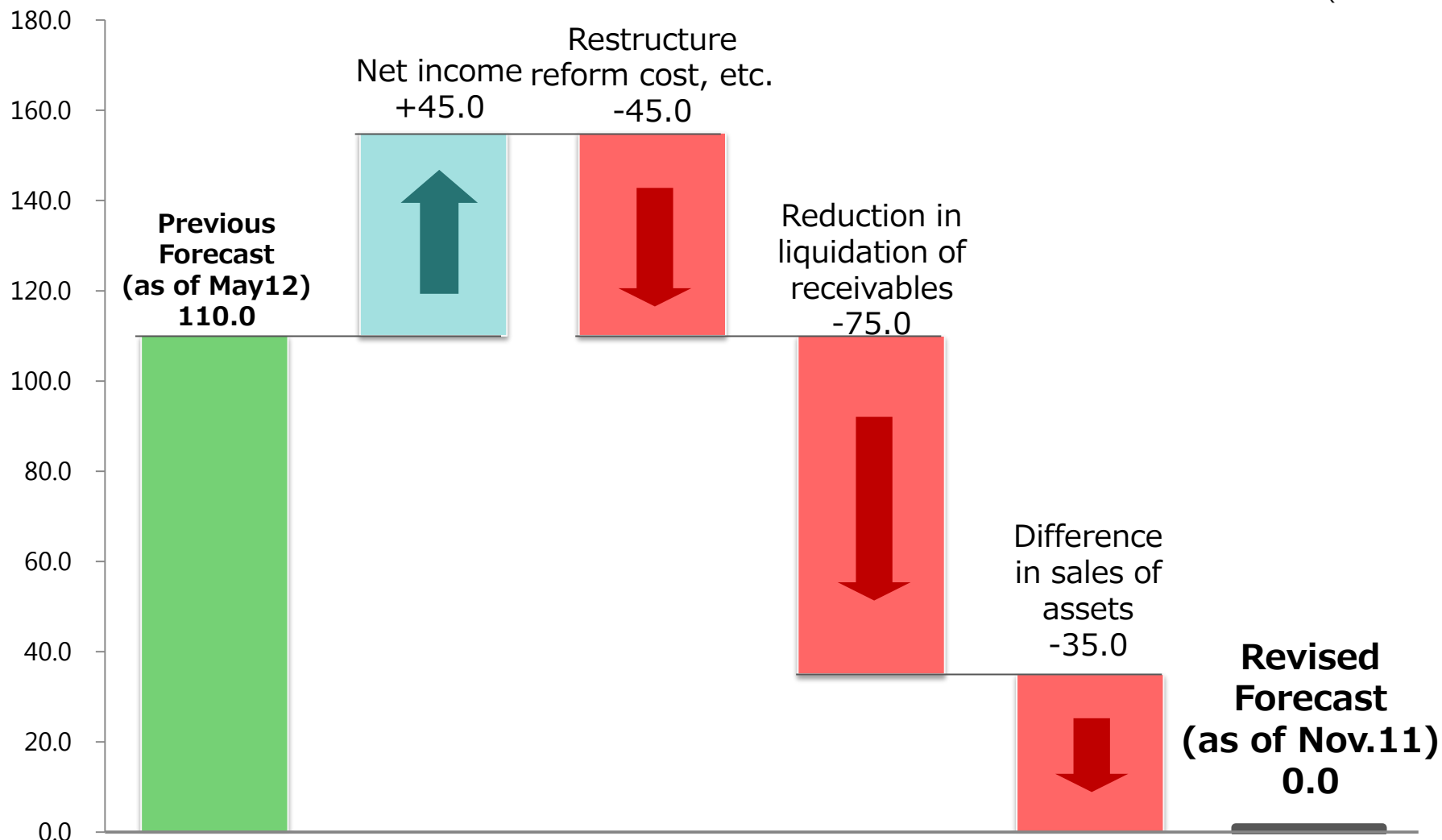


# FY2016 Forecast

# Free Cash Flow

Reviewing and reducing liquidation of receivables  
carefully determining timing of sales of assets

(Yen in billions)



# Progress toward Profit in All Business

Planning to implement restructuring measures to enhance profitability,  
excluding impact of costs reduction by emergency measures

(Yen in billions)

	FY 2016 Operating income(loss) forecast (a)	FY 2016 Costs reduction by emergency measures (b)	FY2016/1H Restructure reform cost (c)	Adjusted operating income(loss) (a)-(b)-(c)	Adjusted ROS
Energy Systems & Solutions	47.0	14.0	-0.3	33.3	2.0%
Transmission & Distribution Systems	2.1	3.5		<b>-1.4</b>	-0.5%
Infrastructure Systems & Solutions	56.0	24.9	-0.1	31.2	2.4%
Industrial Systems	3.1	5.0		<b>-1.9</b>	-0.6%
Retail & Printing Solutions	17.0	0.9	-0.8	16.9	3.4%
Storage & Electronic Devices Solutions	130.0	21.8	-0.4	108.6	7.0%
Devices & Others	13.5	11.0	-0.4	<b>2.9</b>	0.9%
Industrial ICT Solutions	17.0	12.8		4.2	1.7%
Others	-27.0	13.1	-3.8	-36.3	-6.7%
PC	1.0	1.1	-3.7	3.6	1.9%
Visual Products	-24.0	0.7	-0.1	<b>-24.6</b>	-41.0%

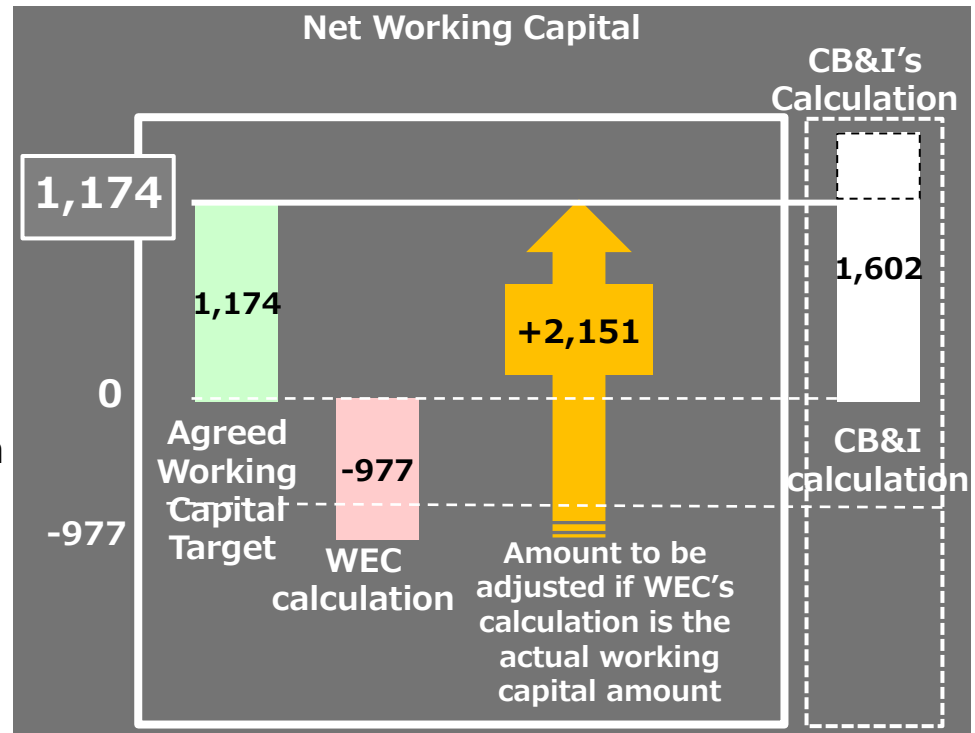
※Emergency measures for employees in corporate divisions are included in the "Others" segment.

# Recent Topics in Toshiba

# Status of Litigation Filed by CB&I against WEC

## Background

- The Purchase Agreement contains a post-closing price determination process based upon CB&I delivering a company with a net working capital amount of \$1,174M determined in accordance with US GAAP. Both Westinghouse and CB&I continued to discuss along the contract.
- In July 2016, CB&I commenced suit against WEC in the Delaware Court of Chancery, seeking to prevent WEC from submitting certain components of its calculation to the Independent Auditor.
- Argument on WEC's motion for judgment was held on November 7. The parties are awaiting a ruling from the Court.



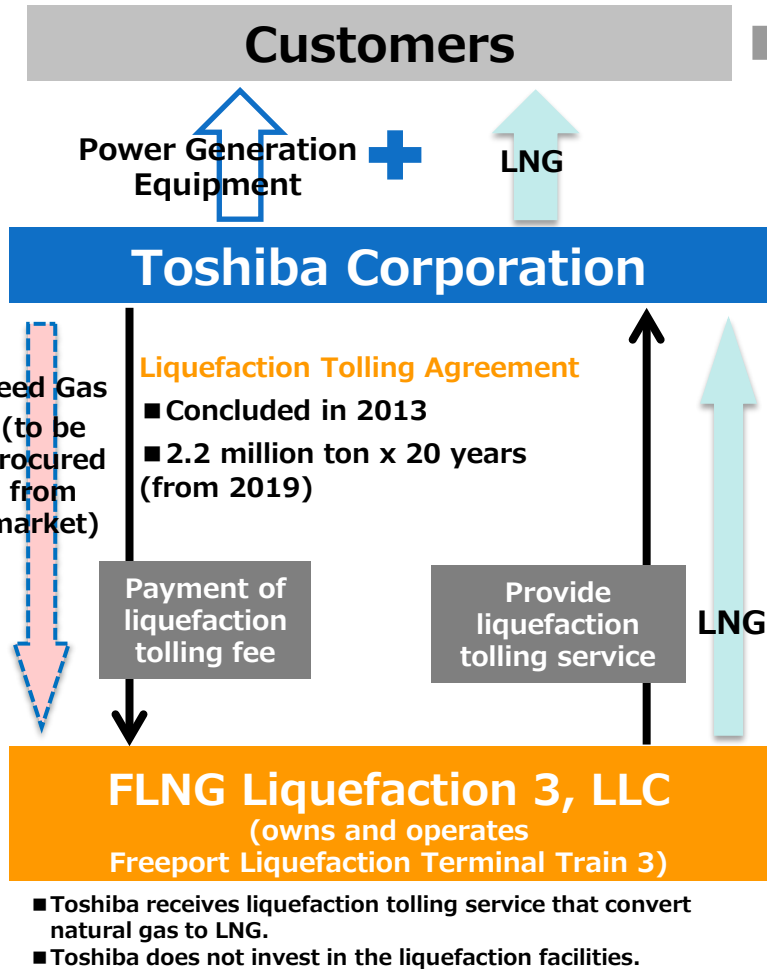
## Treatment in Accounting

- No adverse impact to Toshiba's business result is expected as a result of the dispute, provided the difference between the target net working capital amount in the agreement and the one determined by the Independent Auditor is properly adjusted. If the final purchase price is less than the estimated closing date purchase price, CB&I shall pay Westinghouse the difference. If CB&I delivered a company with a net working capital amount that exceeds \$1,174M, any benefit to CB&I is determined in accordance with provisions relating to deferred purchase price and/or net proceeds earn out amounts and completion of the US AP1000 projects. (\*)

(\*) Two units for Georgia Power at the Vogtle site and two units for South Carolina Electric and Gas Company at the V.C. Summer site.

# LNG Business (Freeport)

Continuing activities toward establishing a system to sell and supply LNG



## Concentrating on Receiving Orders

- Basic agreements (on volume, price and delivery term) to cover more than half of Toshiba's liquefaction service capacity of 2.2 million ton per year is already concluded with multiple customers, though certain conditions must be met before they become effective.
- Currently in negotiations with multiple customers (total over 2.2 million tons, including capacity of the above basic agreements).

## Treatment in Accounting

- In 2016/2Q, no special accounting treatment (on LNG) was applied, based on current progress status of basic agreements and negotiations with customers.
- Toshiba continues to evaluate appropriate method on making provision for a loss from the point one year prior to starting operation and each delivery years, on the premise that, given the time necessary for arranging vessels and determining destinations, if uncommitted sales quantity of LNG in the following one year is sold at lower prices (than cost of production) in the spot market.
- Toshiba's liquefaction tolling service is not subject to impairment, as it is not an investment in resource interests.



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