

**TOSHIBA**

Leading Innovation >>>

# FY2017 First Quarter Consolidated Business Results

**Masayoshi Hirata**

Representative Executive Officer and  
Corporate Executive Vice President

**TOSHIBA CORPORATION**

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# 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 three months of fiscal year 2017, unless otherwise stated.
- Westinghouse Group is classified as a discontinued operations in accordance with the Accounting Standards Codification (ASC) 205-20 "Presentation of Financial Statements – Discontinued Operations". The results of Westinghouse Group 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 recording the business results of Westinghouse Group in 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.



# 1. Overall Business Results

# Key Points of FY2017/1Q

## ● Net Sales:

Storage & Electronic Devices Solutions saw higher sales, as Memory business sales rose significantly and all other businesses saw increased sales. Energy Systems & Solutions also recorded higher sales. Overall sales were higher than for the same period last year. The total impact of yen appreciation was -1.0 billion yen.

➤ Net sales 1,143.6 billion yen (YoY\*<sup>1</sup>: +86.4 billion yen)

\*<sup>1</sup> YoY: year-on-year comparison

## ● Income (Loss):

Operating income was the highest ever recorded in the 1Q, significantly higher than for the same period last year, as the Memory business recorded an ROS of 35% due to stable prices. The total impact of yen appreciation was -1.0 billion yen.

Net income (loss) declined from the same period last year, when Toshiba recorded a gain from discontinued operations, including 83.9 billion yen in profit (before income tax) from the sale of the Home Appliance business.

➤ Operating income 96.7 billion yen (YoY: +80.4 billion yen)

➤ Income before income taxes and noncontrolling interests 85.1 billion yen (YoY: +81.2 billion yen)

➤ Net income 50.3 billion yen (YoY: -29.5 billion yen)

# Key Points of FY2017/1Q

- **Cash Flows:**

Free cash flows improved by 85.8 billion yen over the same period last year, to +0.9 billion yen. A major contributor was an 83.7 billion yen improvement in cash flows from operating activities against the same period last year. This improvement reflects increased operating income, and one-time negative factors in the same period last year, including taxes on the sale of shares in KONE Corporation.

- **Financial Structure:**

As a result of recording net income of 50.3 billion yen, equity attributable to shareholders of the Company was -504.3 billion yen. Net assets including noncontrolling interests was -223.4 billion yen.

# FY2017/1Q Consolidated Business Results Overall

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

	FY2016/1Q	FY2017/1Q	Difference
Net sales	1,057.2	<b>1,143.6</b>	86.4
Operating income (loss)	16.3	<b>96.7</b>	80.4
%	1.5%	<b>8.5%</b>	7.0%
Income (Loss) before income taxes and noncontrolling interests	3.9	<b>85.1</b>	81.2
%	0.4%	<b>7.4%</b>	7.0%
Income (Loss) from continuing operations, before noncontrolling interests	4.0	<b>57.3</b>	53.3
Income (Loss) from discontinued operations, before noncontrolling interests	79.0	-	-79.0
Net income (loss)	79.8	<b>50.3</b>	-29.5
%	7.5%	<b>4.4%</b>	-3.1%
Earnings (Loss) per share attributable to shareholders of the Company	¥18.85	<b>¥11.89</b>	-¥6.96
Free cash flows	-84.9	<b>0.9</b>	85.8

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

	2017/3E	2017/6E	Difference
Equity attributable to shareholders of the Company	-552.9	<b>-504.3</b>	48.6
Shareholders' equity ratio	-13.0%	<b>-12.0%</b>	1.0%
Net assets	-275.7	<b>-223.4</b>	52.3
Net interest-bearing debt	496.1	<b>586.4</b>	90.3
Net debt-to-equity ratio	-	-	-
Exchange rate (US\$) as of the end date of the term	¥112	<b>¥112</b>	¥0

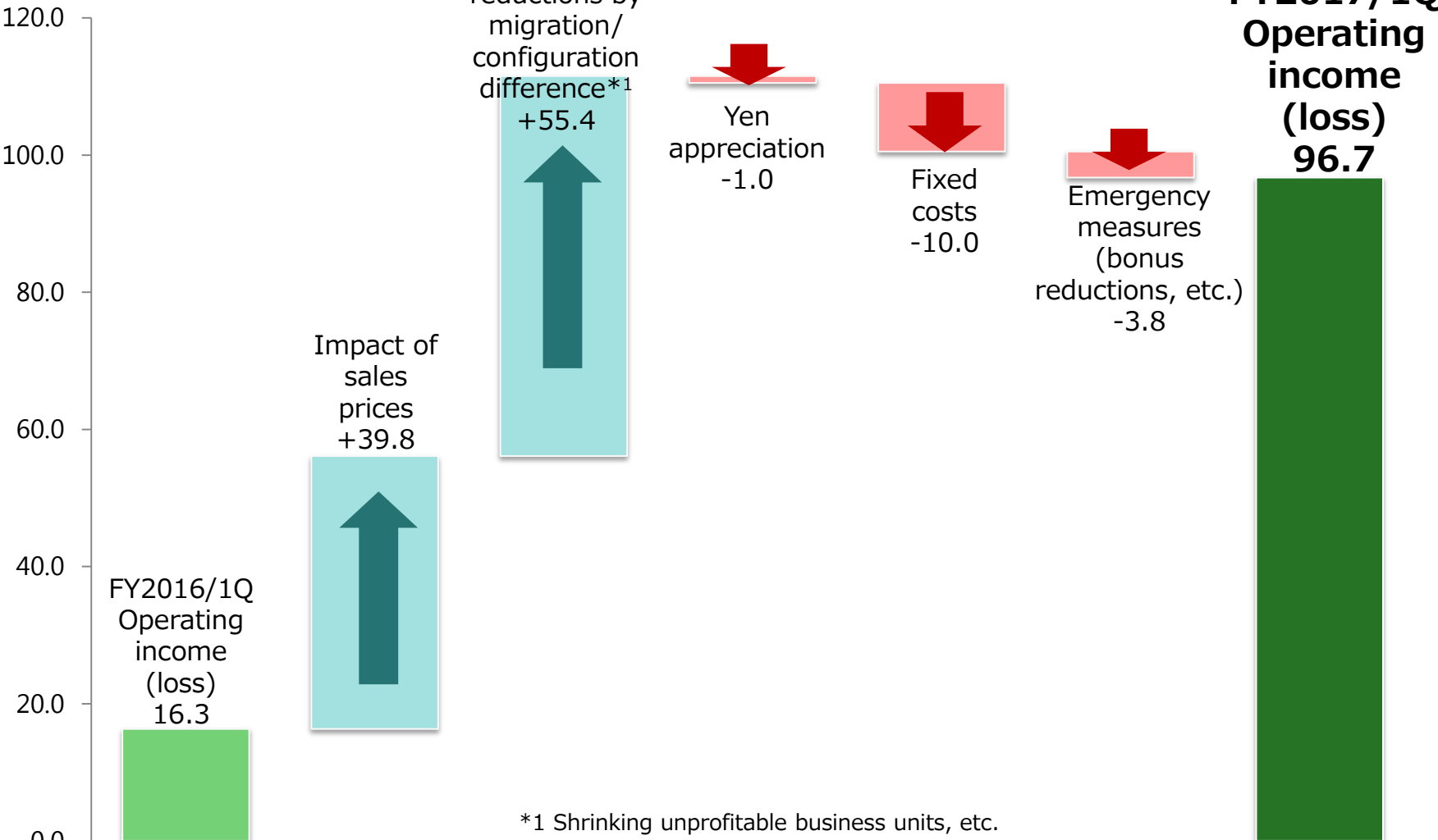
• Hereinafter, "the Company" refers to Toshiba Corporation

• Net interest-bearing debt: Interest-bearing debt – cash and deposits

# Operating Income (Loss), YoY Analysis

Higher sales prices and volumes combined with cost reductions to realize a significant increase over the same period last year

(Yen in billions)



\*1 Shrinking unprofitable business units, etc.

# Non-operating Income (Loss) and Expenses

## Slight improvement against the same period last year

(Yen in billions)

	FY2016/1Q	FY2017/1Q	Difference
Net financial income (loss)	-2.1	-1.5	0.6
Foreign exchange income (loss)	-10.0	1.3	11.3
Income (Loss) on sales or disposal of fixed assets	0.2	*1 0.2	0.0
Income (Loss) on sales of securities	2.8	*2 0.1	-2.7
Settlement costs of lawsuits	-3.0	-1.9	1.1
Others	-0.3	*3 -9.8	-9.5
<b>Total</b>	<b>-12.4</b>	<b>-11.6</b>	<b>0.8</b>

\*1 Including profit from sales of land in Karuizawa and of the Ome Complex parking lot, etc.

\*2 Including profit from sales of share in Jiangyin New Vision Electronics Co., Ltd.

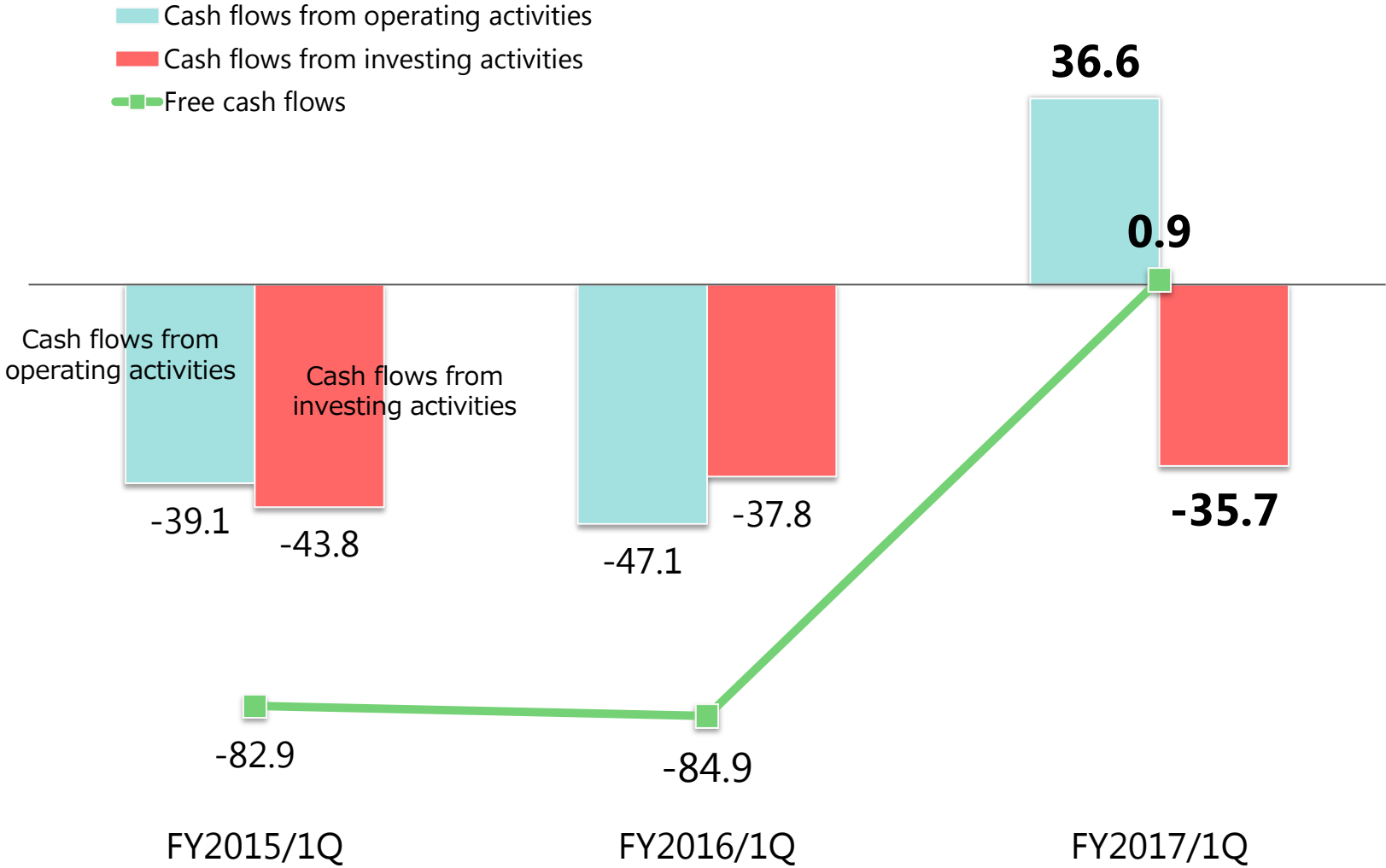
\*3 Including costs related to acquisition of ENGIE's stake in NuGeneration Ltd, and costs related to ending manufacture and sales of residential fuel cell systems.



# Cash Flows

Free cash flows moved into the black, as cash flows from operating activities improved strongly on increased operating income

(Yen in billions)

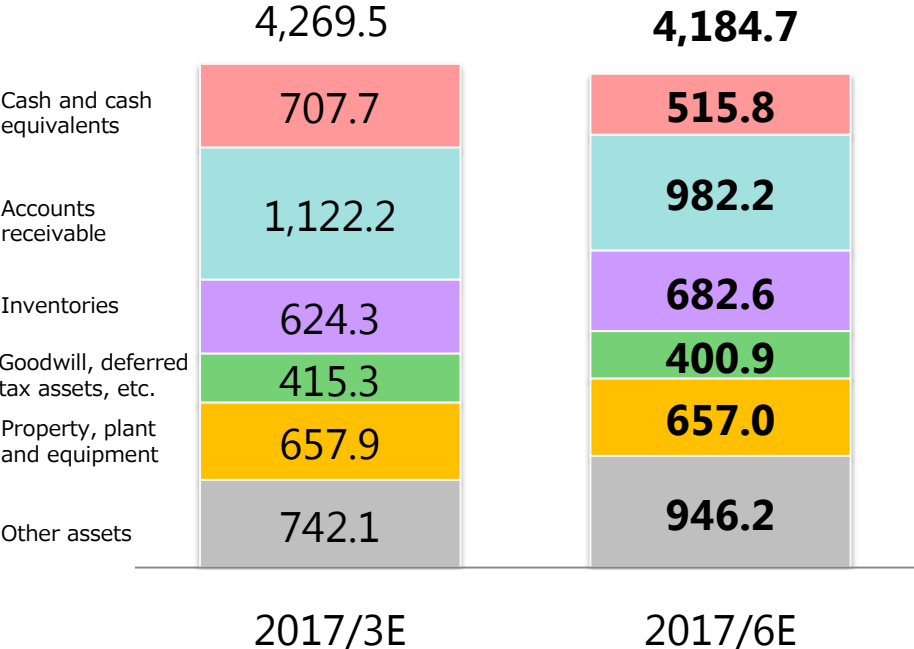


# Balance Sheets

Total assets decreased on payment of loans and lower accounts receivable

## Assets

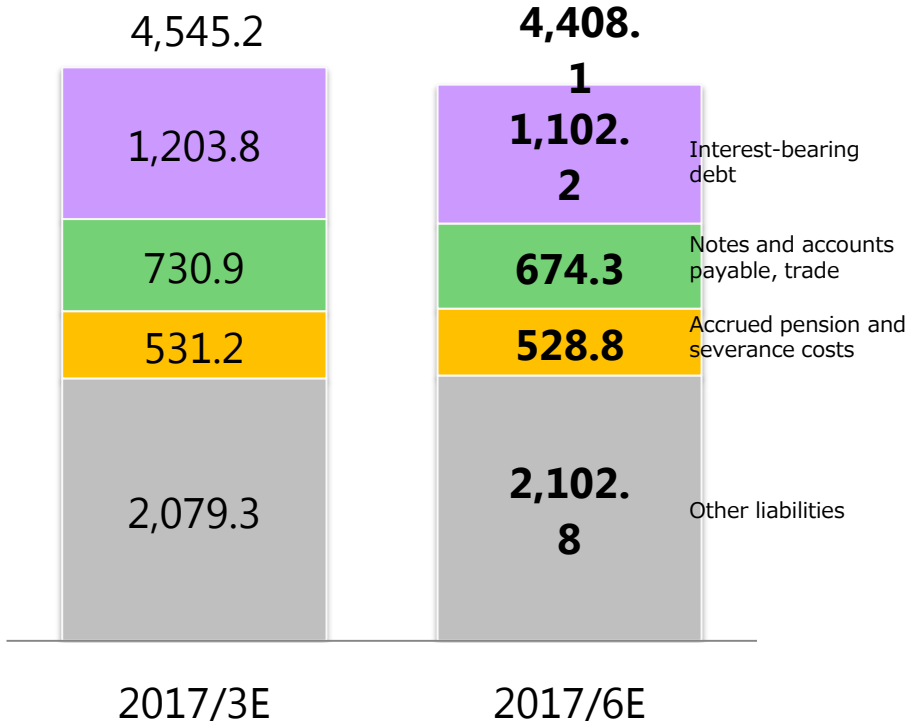
- Cash and cash equivalents
- Accounts receivable
- Inventories
- Goodwill, deferred tax assets, etc.
- Property, plant and equipment
- Other assets



## Liabilities

(Yen in billions)

- Interest-bearing debt
- Notes and accounts payable, trade
- Accrued pension and severance costs
- Other liabilities



# Goodwill and Fixed Assets

Goodwill of Landis+Gyr will be excluded in FY2017/2Q due to a planned IPO

(Yen in billions)

(Major Balances)	2017/6E		Fixed		Goodwill	
	Balance	vs. 2017/3E	assets, etc.	vs. 2017/3E		vs. 2017/3E
Nuclear Power Systems	<b>16.8</b>	-1.0	<b>16.8</b>	-1.0	<b>0.0</b>	0.0
Landis+Gyr AG	<b>231.6</b>	-1.3	<b>72.3</b>	-1.3	<b>159.3</b>	0.0
Transmission & Distribution Systems Solar Photovoltaic Systems	<b>17.2</b>	-1.6	<b>17.2</b>	-1.6	<b>0.0</b>	0.0
Lighting	<b>6.5</b>	0.0	<b>6.5</b>	0.0	<b>0.0</b>	0.0
Memories	<b>271.5</b>	29.3	<b>271.5</b>	29.3	<b>0.0</b>	0.0
Discretets	<b>13.9</b>	2.4	<b>13.9</b>	2.4	<b>0.0</b>	0.0
System LSIs	<b>10.0</b>	0.1	<b>10.0</b>	0.1	<b>0.0</b>	0.0
Storage Products	<b>8.1</b>	1.1	<b>8.1</b>	1.1	<b>0.0</b>	0.0
Total	<b>1,052.2</b>	-6.2	<b>824.3</b>	-6.7	<b>227.9</b>	0.5



# 2. Business Results by Segment

# FY2017/1Q Consolidated Business Results by Segment

(Yen in billions)		FY2016/1Q	FY2017/1Q	Difference (growth rate)	
Energy Systems & Solutions	Net sales	199.2	<b>218.6</b>	19.4	(+10%)
	Operating income (loss)	-5.5	<b>-1.7</b>	3.8	
	ROS	-2.8%	<b>-0.8%</b>	2.0%	
Infrastructure Systems & Solutions	Net sales	258.7	<b>257.5</b>	-1.2	(-0%)
	Operating income (loss)	2.3	<b>-1.6</b>	-3.9	
	ROS	0.9%	<b>-0.6%</b>	-1.5%	
Retail & Printing Solutions	Net sales	122.5	<b>117.9</b>	-4.6	(-4%)
	Operating income (loss)	1.8	<b>3.8</b>	2.0	
	ROS	1.4%	<b>3.2%</b>	1.8%	
Storage & Electronic Devices Solutions	Net sales	371.6	<b>456.4</b>	84.8	(+23%)
	Operating income (loss)	24.1	<b>104.3</b>	80.2	
	ROS	6.5%	<b>22.9%</b>	16.4%	
Industrial ICT Solutions	Net sales	48.7	<b>56.2</b>	7.5	(+15%)
	Operating income (loss)	-0.9	<b>-2.8</b>	-1.9	
	ROS	-1.8%	<b>-5.0%</b>	-3.2%	
Others	Net sales	134.7	<b>117.9</b>	-16.8	(-12%)
	Operating income (loss)	-6.1	<b>-5.2</b>	0.9	
Eliminations	Net sales	-78.2	<b>-80.9</b>	-2.7	
	Operating income (loss)	0.6	<b>-0.1</b>	-0.7	
Total	Net sales	1,057.2	<b>1,143.6</b>	86.4	(+8%)
	Operating income (loss)	16.3	<b>96.7</b>	80.4	
	ROS	1.5%	<b>8.5%</b>	7.0%	

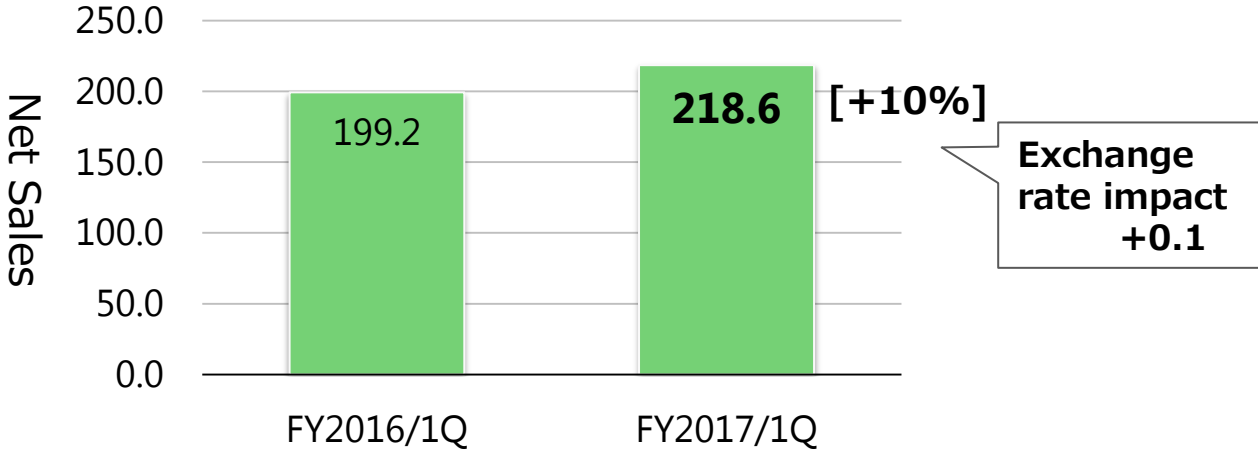
# Energy Systems & Solutions Results Breakdown

(Yen in billions)		FY2016/1Q	FY2017/1Q	Difference	(growth rate)	
Energy Systems & Solutions	Net sales	199.2	<b>218.6</b>	19.4	(+10%)	
	Operating income (loss)	-5.5	<b>-1.7</b>	3.8		
	ROS	-2.8%	<b>-0.8%</b>	2.0%		
Nuclear Power Systems	Net sales	20.3	<b>25.8</b>	5.5	(+27%)	Higher sales due to progress in projects using the percentage of completion method, such as plant restarts project. Operating income improved.
	Operating income (loss)	-6.3	<b>-5.2</b>	1.1		
	ROS	-31.0%	<b>-20.2%</b>	10.8%		
Thermal & Hydro Power Systems	Net sales	76.9	<b>90.4</b>	13.5	(+18%)	Both net sales and operating income increased due to progress in overseas plant projects using the percentage of completion method.
	Operating income (loss)	0.9	<b>1.6</b>	0.7		
	ROS	1.2%	<b>1.8%</b>	0.6%		
Transmission & Distribution Systems	Net sales	66.5	<b>58.4</b>	-8.1	(-12%)	Lower sales on deteriorated market conditions in Solar Photovoltaic Systems. Higher operating income on improved overseas sales in Transmission & Distribution business.
	Operating income (loss)	-2.3	<b>0.2</b>	2.5		
	ROS	-3.5%	<b>0.3%</b>	3.8%		
Landis+Gyr (Consolidated)	Net sales	42.2	<b>48.3</b>	6.1	(+14%)	Higher sales mainly in North America and Europe.
	Operating income (loss)	2.4	<b>2.3</b>	-0.1		
	ROS	5.7%	<b>4.8%</b>	-0.9%		

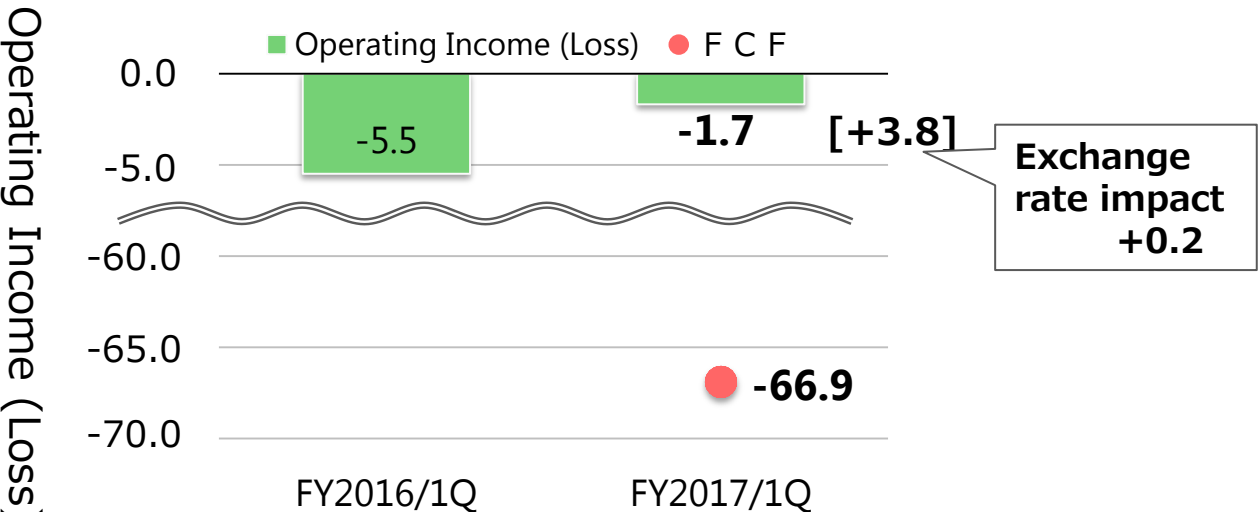
# Energy Systems & Solutions

(Yen in billions)

[ ] = year-on-year comparison



- Nuclear Power Systems, Thermal & Hydro Power Systems, and Landis+Gyr saw higher sales.
- Transmission & Distribution Systems saw lower sales.



- Nuclear Power Systems, Thermal & Hydro Power Systems and Transmission & Distribution Systems saw increases.

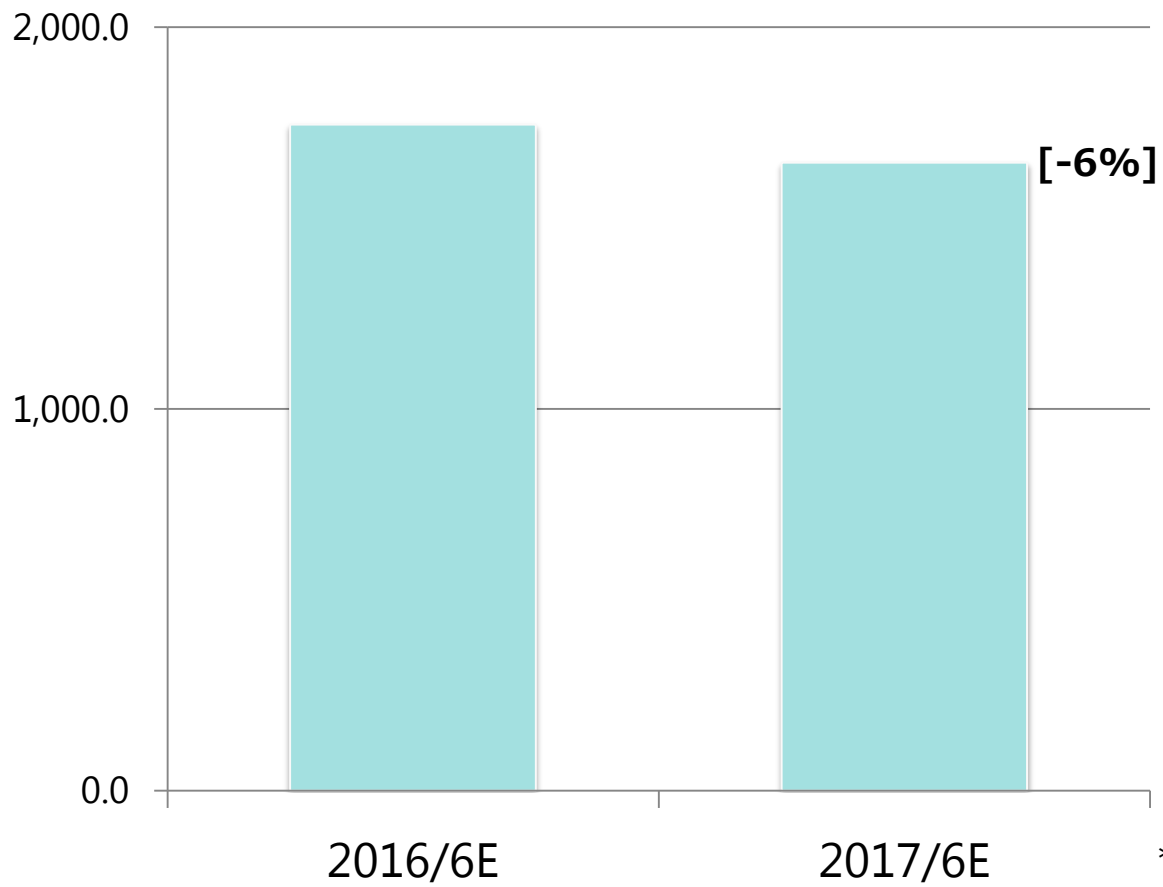
※FCF (free cash flows) by segment is an index for in-house management only, and treatment of effects of exchange rate changes, etc., is different from free cash flows in the Consolidated Statements of Cash Flows.

# Energy Systems & Solutions Order Backlog

(Yen in billions)

[ ]=year-on-year comparison

\*Power Generation and Transmission & Distribution Systems  
(excluding the Solar Photovoltaic Systems and Landis+Gyr)



- Nuclear Power Systems received orders related to plant restarts; the backlog decreased slightly.
- Thermal & Hydro Power Systems' backlog decreased, as most major orders are received in 2Q.
- Transmission & Distribution Systems' backlog increased on orders from the Middle East.

\* Figures for Westinghouse Group have been excluded



# Infrastructure Systems & Solutions Results Breakdown

(Yen in billions)		FY2016/1Q	FY2017/1Q	Difference (growth rate)	
Infrastructure Systems & Solutions	Net sales	258.7	<b>257.5</b>	-1.2	(0%)
	Operating income (loss)	2.3	<b>-1.6</b>	-3.9	
	ROS	0.9%	<b>-0.6%</b>	-1.5%	
Public Infrastructure	Net sales	66.7	<b>63.5</b>	-3.2	(-5%)
	Operating income (loss)	-1.6	<b>-4.0</b>	-2.4	
	ROS	-2.4%	<b>-6.3%</b>	-3.9%	
Building and Facilities	Net sales	134.3	<b>130.0</b>	-4.3	(-3%)
	Operating income (loss)	5.2	<b>3.9</b>	-1.3	
	ROS	3.9%	<b>3.0%</b>	-0.9%	
Industrial Systems	Net sales	68.0	<b>74.3</b>	6.3	(+9%)
	Operating income (loss)	-1.3	<b>-1.5</b>	-0.2	
	ROS	-1.9%	<b>-2.0%</b>	-0.1%	

Lower sales due to lower orders. Lower operating income also reflected a reduction in emergency measures.

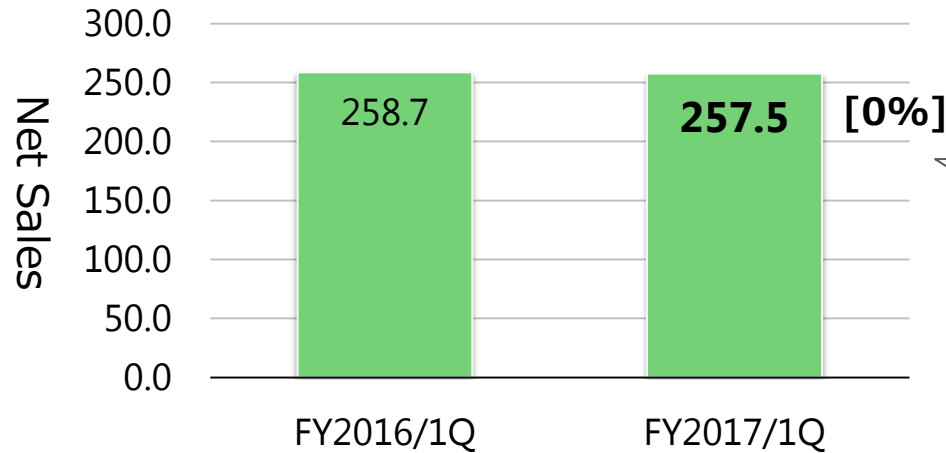
Lower sales due to lower orders. Lower operating income also reflected a reduction in emergency measures.

Higher sales on higher order in industrial components. Operating income was lower due to fewer emergency measures.

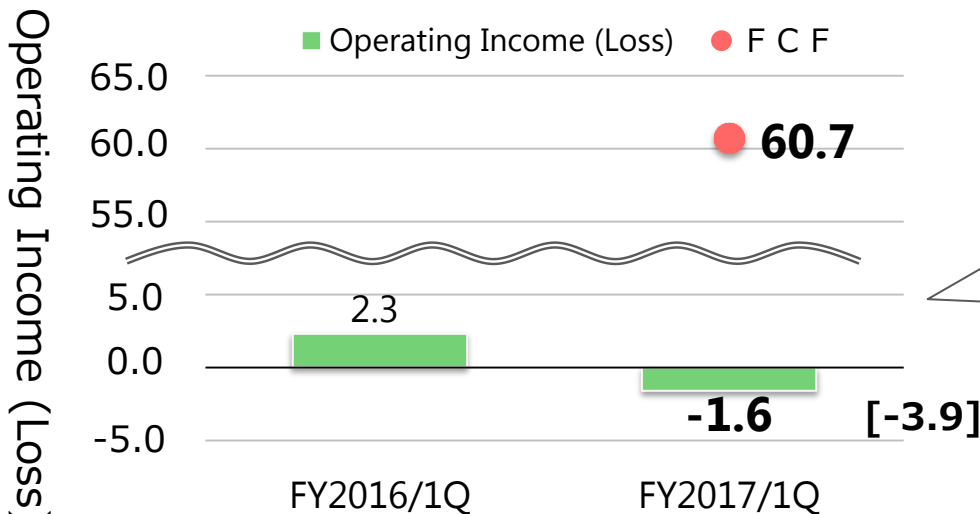
# Infrastructure Systems & Solutions

(Yen in billions)

[ ] = year-on-year comparison



- Lower sales in Public Infrastructure, and Building and Facilities.
- Higher sales in Industrial Systems.



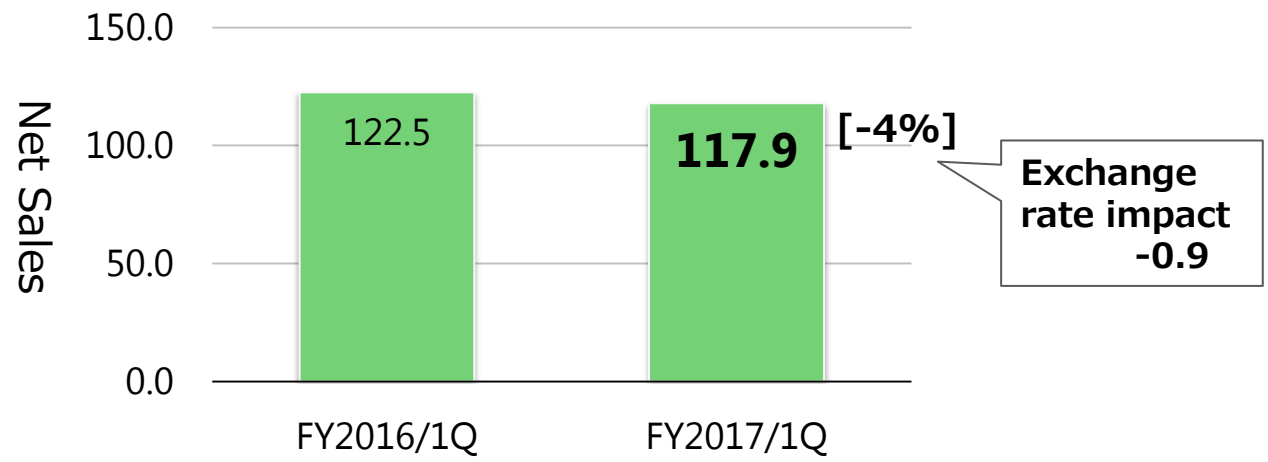
- Public Infrastructure, and Building and Facilities saw lower operating income.

※FCF (free cash flows) by segment is an index for in-house management only, and treatment of effects of exchange rate changes, etc., is different from free cash flows in the Consolidated Statements of Cash Flows.

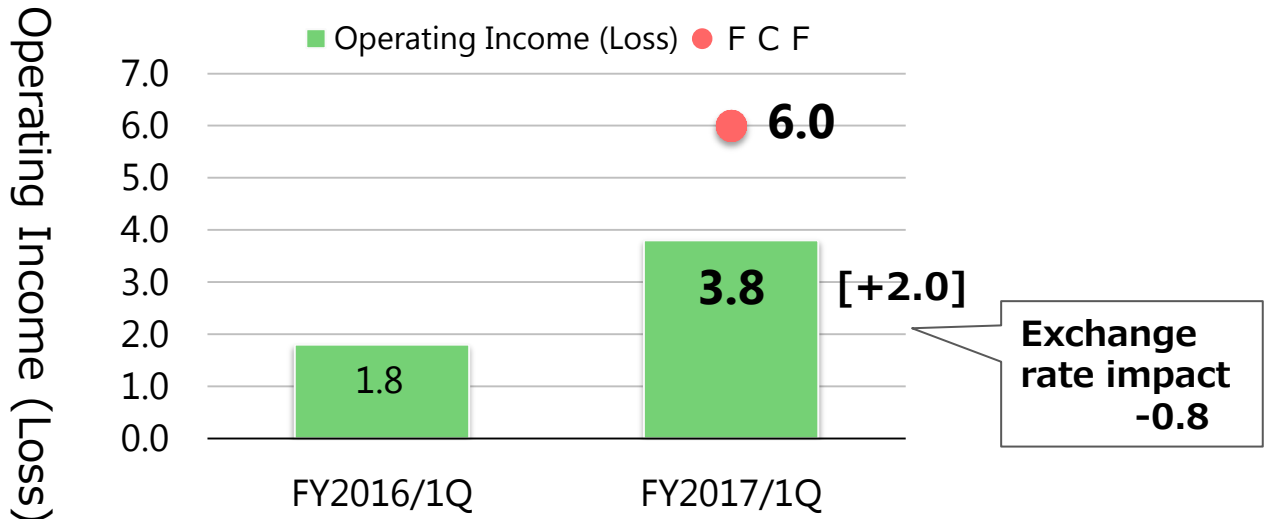
# Retail & Printing Solutions

(Yen in billions)

[ ] = year-on-year comparison



- Lower sales due the sale of a Retail business subsidiary, though both the Retail and the Printing businesses recorded steady performances.



- Both the Retail and the Printing businesses saw higher income and a notable rise in operating income.

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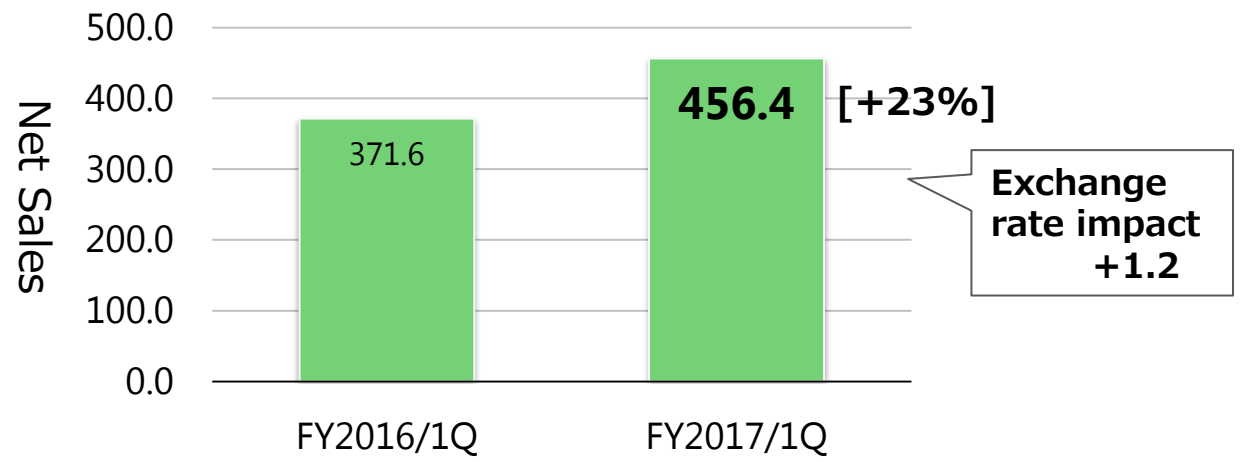
# Storage & Electronic Devices Solutions Results Breakdown

(Yen in billions)			FY2016/1Q	FY2017/1Q	Difference (growth rate)		
Storage & Electronic Devices Solutions		Net sales	371.6	<b>456.4</b>	84.8	(+23%)	
		Operating income (loss)	24.1	<b>104.3</b>	80.2		
		ROS	6.5%	<b>22.9%</b>	16.4%		
Storage	Memories	Net sales	191.1	<b>257.8</b>	66.7	(+35%)	Stable prices supported by strong demand for smart phones and SSD. Both net sales and operating income were higher than the previous last year and exceeded initial expectations.
		Operating income (loss)	17.3	<b>90.3</b>	73.0		
		ROS	9.1%	<b>35.0%</b>	25.9%		
	HDDs	Net sales	103.3	<b>106.8</b>	3.5	(+3%)	Higher sales and higher income supported by the laptop PC and enterprise markets.
		Operating income (loss)	4.7	<b>6.7</b>	2.0		
		ROS	4.5%	<b>6.3%</b>	1.8%		
Devices & Others		Net sales	77.2	<b>91.8</b>	14.6	(+19%)	Higher sales and higher income from discretes and due to expansion of the foundry business for system LSIs.
		Operating income (loss)	2.1	<b>7.3</b>	5.2		
		ROS	2.7%	<b>8.0%</b>	5.3%		

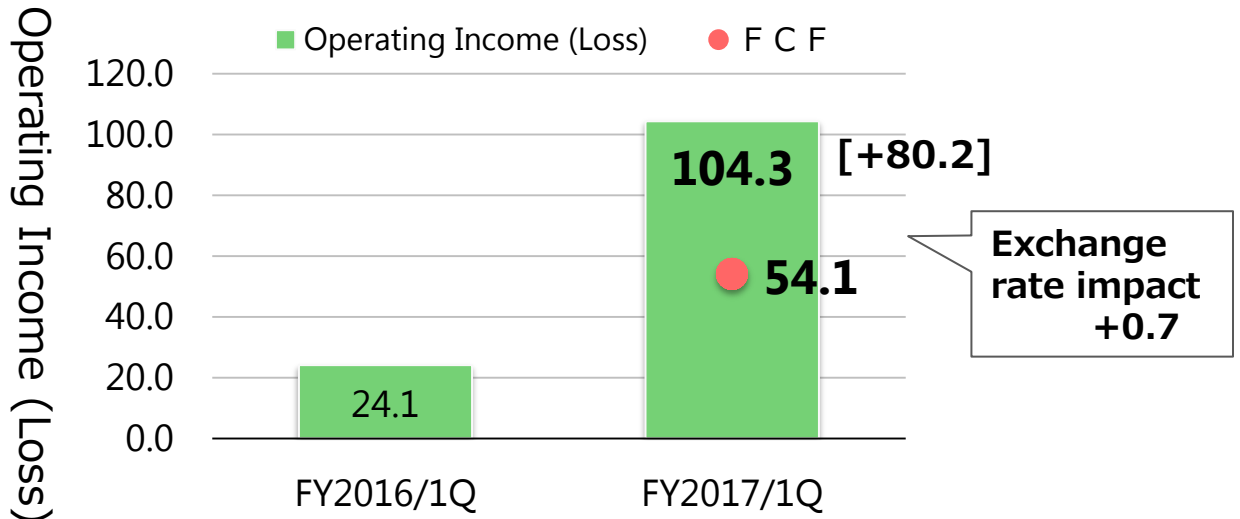
# Storage & Electronic Devices Solutions

(Yen in billions)

[ ] = year-on-year comparison



- All businesses saw higher sales.



- All businesses saw higher operating income.

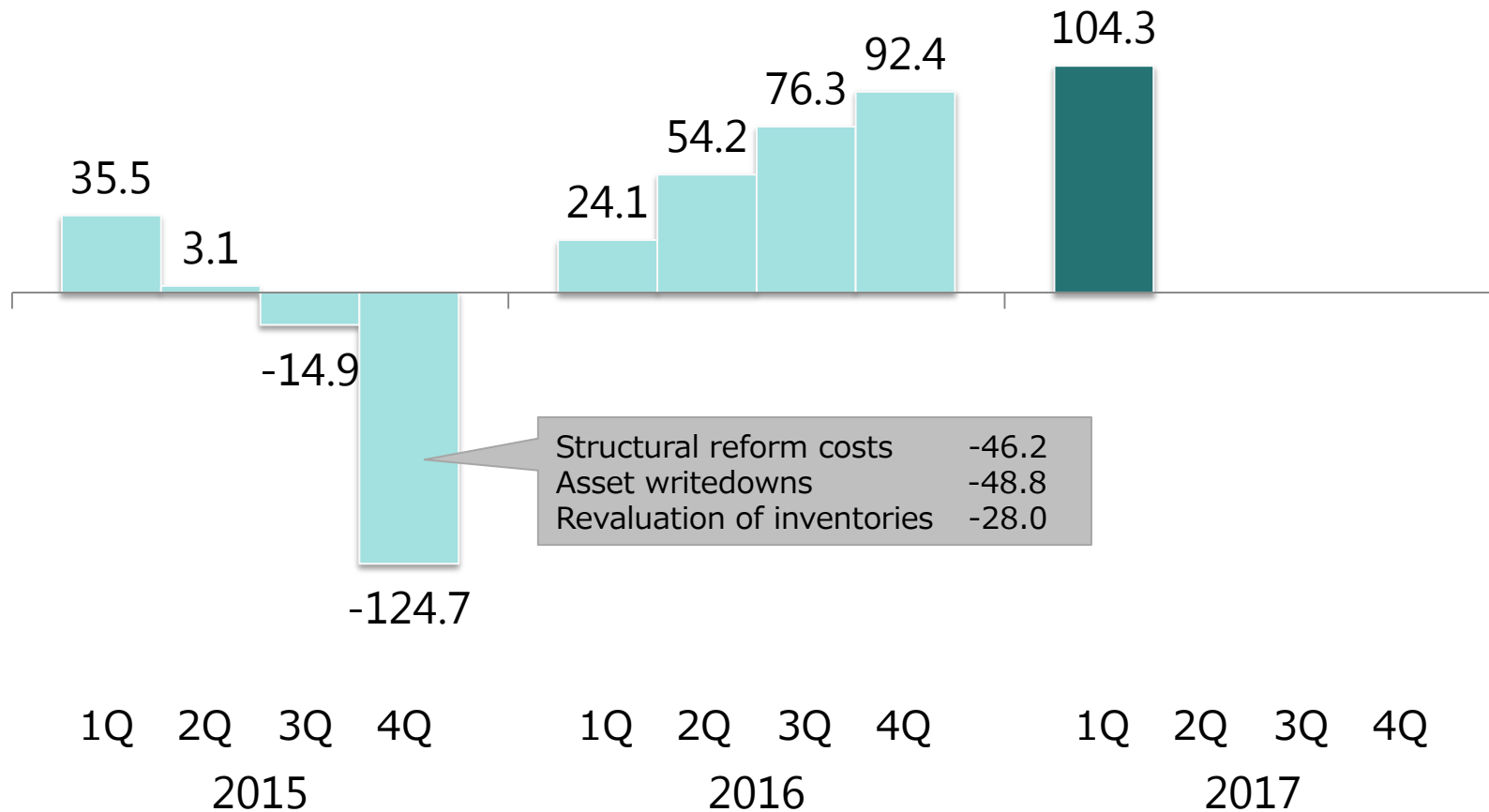
※FCF (free cash flows) by segment is an index for in-house management only, and treatment of effects of exchange rate changes, etc., is different from free cash flows in the Consolidated Statements of Cash Flows.

# Storage & Electronic Devices Solutions

## Quarterly Trend in Operating Income (Loss)

Compared to FY2016/4Q: Continued to see improved operating income by maintaining a positive performance in Memories

(Yen in billions)

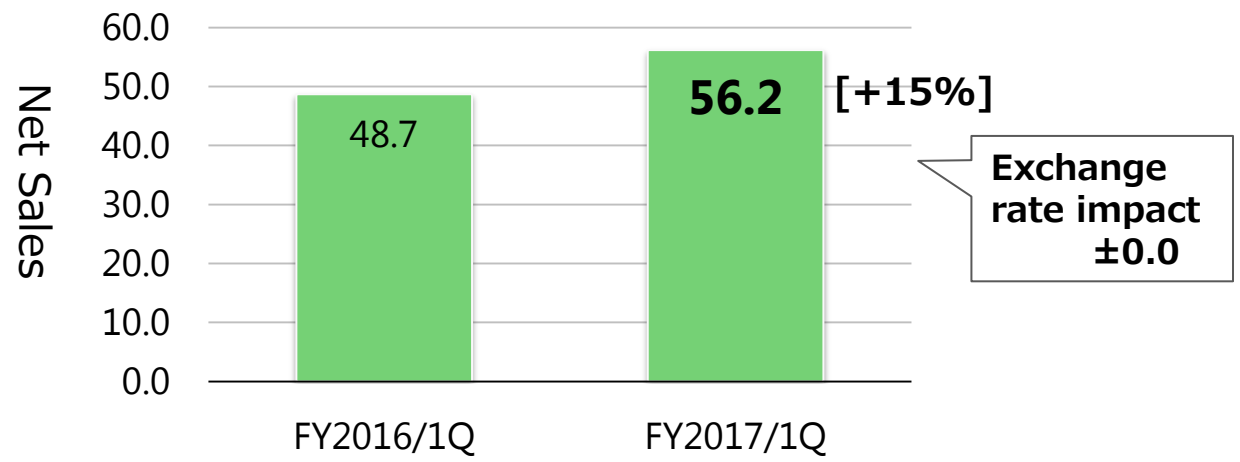


\* FY2015 figures are for the Semiconductor & Storage Products Company, the previous organization, and were calculated before the change to segment-based calculation of operating income (loss).

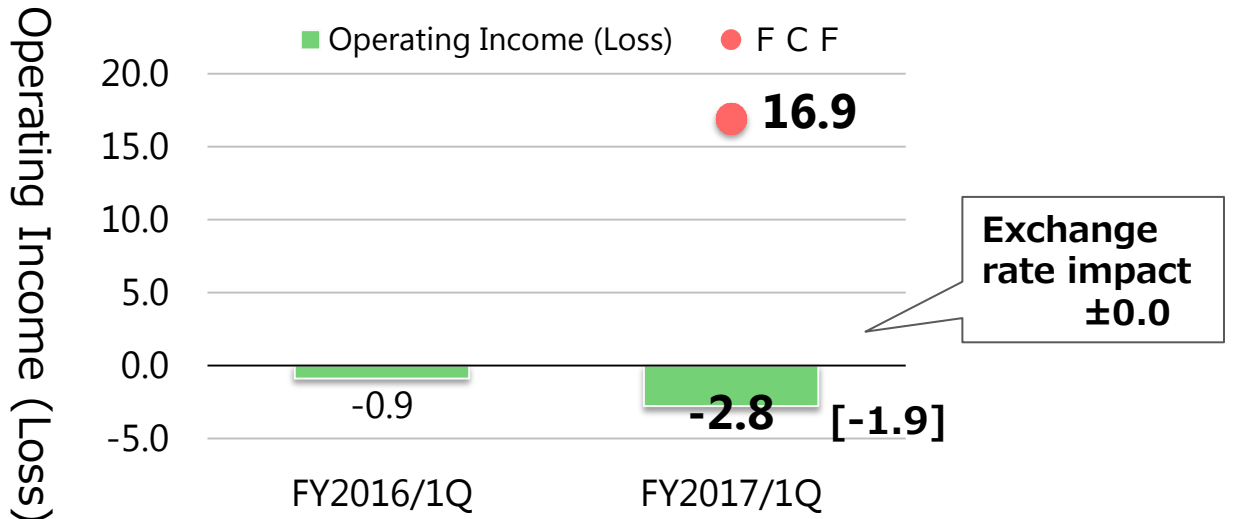
# Industrial ICT Solutions

(Yen in billions)

[ ]=year-on-year comparison



- Higher sales due to a good performance in license services and systems business for government, and systems for the private sector.



- Lower income from impacts of some domestic information system projects, and the cost of structural reform of the unified communications systems business.

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# Others

(Yen in billions)		FY2016/1Q	FY2017/1Q	Difference (growth rate)		
PC	Net sales	55.7	<b>43.3</b>	-12.4	(-22%)	Lower sales due to complete withdrawal from overseas B2C markets and sluggish sales in B2B markets in Europe and North America. In addition to lower sales, increase in material costs, such as SSD, resulted in deteriorated operating income.
	Operating income (loss)	0.2	<b>-1.6</b>	-1.8		
	ROS	0.4%	<b>-3.7%</b>	-4.1%		
Visual Products	Net sales	15.5	<b>10.9</b>	-4.6	(-30%)	Lower sales due to scaling back of domestic B2C business and impacts from the deconsolidation of subsidiaries. Lower operating income on lower sales from domestic B2C business.
	Operating income (loss)	-1.1	<b>-2.9</b>	-1.8		
	ROS	-7.1%	<b>-26.6%</b>	-19.5%		





# 3. FY2017 Forecast

# Overall

Before reflecting the impact of third party investment in the Memory business;  
after reflecting the impact of the Landis+Gyr IPO

- An upward revision to the May 15 announcement, as the Memory business is expected to continue its positive performance and to maintain a stable ROS, and no major risks are anticipated in other businesses.

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

	FY2016 Actual	Forecast		vs. previous year (FY2017)	vs. May 15 outlook	
		FY2017/1H	FY2017		FY2017/1H	FY2017
Net sales	4,870.8	2,380.0	<b>4,970.0</b>	99.2	260.0	270.0
Operating income (loss)	270.8	210.0	<b>430.0</b>	159.2	150.0	230.0
%	5.6%	8.8%	<b>8.7%</b>	3.1%	6.0%	4.4%
Income (Loss) before income taxes and noncontrolling interests	225.5	230.0	<b>400.0</b>	174.5	210.0	290.0
%	4.6%	9.7%	<b>8.0%</b>	3.4%	8.8%	5.7%
Income (Loss) from continuing operations, before noncontrolling interests	119.9					
Income (Loss) from discontinued operations, before noncontrolling interests	-1,280.1					
Net income (loss)	-965.7	140.0	<b>230.0</b>	1,195.7	130.0	180.0
%	-19.8%	5.9%	<b>4.6%</b>	24.4%	5.4%	3.5%
Earnings (Loss) per share attributable to shareholders of the Company	-¥228.08	¥33.07	<b>¥54.33</b>	¥282.41	¥30.71	¥42.52
Free cash flows	-44.8	-30.0	<b>-380.0</b>	-335.2	290.0	290.0

	2017/3E Actual	2017/9E Outlook	2018/3E Outlook	vs. previous year (2018/3E)	vs. May 15 outlook	
					2017/9E	2018/3E
Equity attributable to shareholders of the Company	-552.9	-460.0	<b>-410.0</b>	142.9	90.0	130.0
Shareholders' equity ratio	-13.0%	-11.8%	<b>-10.5%</b>	2.5%	1.3%	2.4%
Net assets	-275.7	-260.0	<b>-190.0</b>	85.7	10.0	50.0
Net interest-bearing debt	496.1	590.0	<b>940.0</b>	443.9	-240.0	-240.0
Exchange rate (US\$) as of the end date of the term	¥112	¥110	<b>¥100</b>	-¥12		

Before reflecting the impact of third party investment in the Memory business;  
after reflecting the impact of the Landis+Gyr IPO

# By Segment

(Yen in billions)		FY2016 Actual	Forecast		vs. Previous year (FY2017) (growth rate)		vs. May 15 Outlook	
			FY2017/1H	FY2017			FY2017/1H	FY2017
Energy Systems & Solutions	Net sales	974.9	430.0	<b>920.0</b>	-54.9	(-6%)	-30.0	-60.0
	Operating income (loss)	-41.7	-4.0	<b>18.0</b>	59.7		0.0	-7.0
	ROS	-4.3%	-0.9%	<b>2.0%</b>	6.3%		0.1%	-0.6%
Infrastructure Systems & Solutions	Net sales	1,262.4	540.0	<b>1,250.0</b>	-12.4	(-1%)	30.0	30.0
	Operating income (loss)	58.4	1.0	<b>42.0</b>	-16.4		5.0	5.0
	ROS	4.6%	0.2%	<b>3.4%</b>	-1.2%		1.0%	0.4%
Retail & Printing Solutions	Net sales	507.7	240.0	<b>500.0</b>	-7.7	(-2%)	0.0	0.0
	Operating income (loss)	16.3	6.0	<b>17.0</b>	0.7		0.0	0.0
	ROS	3.2%	2.5%	<b>3.4%</b>	0.2%		0.0%	0.0%
Storage & Electronic Devices Solutions	Net sales	1,700.2	980.0	<b>1,920.0</b>	219.8	(+13%)	170.0	270.0
	Operating income (loss)	247.0	230.0	<b>415.0</b>	168.0		152.0	242.0
	ROS	14.5%	23.5%	<b>21.6%</b>	7.1%		13.9%	11.1%
Industrial ICT Solutions	Net sales	238.4	120.0	<b>250.0</b>	11.6	(+5%)	20.0	20.0
	Operating income (loss)	11.6	0.0	<b>5.0</b>	-6.6		-2.0	-2.0
	ROS	4.9%	0.0%	<b>2.0%</b>	-2.9%		-2.0%	-1.0%
Others	Net sales	530.1	230.0	<b>520.0</b>	-10.1	(-2%)	-10.0	-10.0
	Operating income (loss)	-21.7	-21.0	<b>-22.0</b>	-0.3		-3.0	-3.0
Eliminations	Net sales	-342.9	-160.0	<b>-390.0</b>	-47.1		20.0	20.0
	Operating income (loss)	0.9	-2.0	<b>-45.0</b>	-45.9		-2.0	-5.0
Total	Net sales	4,870.8	2,380.0	<b>4,970.0</b>	99.2	(+2%)	260.0	270.0
	Operating income (loss)	270.8	210.0	<b>430.0</b>	159.2		150.0	230.0
	ROS	5.6%	8.8%	<b>8.7%</b>	3.1%		6.0%	4.4%



# Appendix

# FY2017/1H Forecast Overall

(Yen in billions)		FY2017/1H Forecast		
		FY2017/1Q Actual	FY2017/2Q Outlook	FY2017/1H Forecast
Net sales		1,143.6	1,236.4	<b>2,380.0</b>
Operating income (loss)		96.7	113.3	<b>210.0</b>
	%	8.5%	9.2%	<b>8.8%</b>
Income (Loss) before income taxes and noncontrolling interests		85.1	144.9	<b>230.0</b>
	%	7.4%	11.7%	<b>9.7%</b>
Net income (loss)		50.3	89.7	<b>140.0</b>
	%	4.4%	7.3%	<b>5.9%</b>

# FY2017/1H Forecast By Segment

(Yen in billions)		FY2017/1H Forecast		
		FY2017/1Q Actual	FY2017/2Q Outlook	FY2017/1H Forecast
Energy Systems & Solutions	Net sales	218.6	211.4	<b>430.0</b>
	Operating income (loss)	-1.7	-2.3	<b>-4.0</b>
	ROS	-0.8%	-1.1%	<b>-0.9%</b>
Infrastructure Systems & Solutions	Net sales	257.5	282.5	<b>540.0</b>
	Operating income (loss)	-1.6	2.6	<b>1.0</b>
	ROS	-0.6%	0.9%	<b>0.2%</b>
Retail & Printing Solutions	Net sales	117.9	122.1	<b>240.0</b>
	Operating income (loss)	3.8	2.2	<b>6.0</b>
	ROS	3.2%	1.8%	<b>2.5%</b>
Storage & Electronic Devices Solutions	Net sales	456.4	523.6	<b>980.0</b>
	Operating income (loss)	104.3	125.7	<b>230.0</b>
	ROS	22.9%	24.0%	<b>23.5%</b>
Industrial ICT Solutions	Net sales	56.2	63.8	<b>120.0</b>
	Operating income (loss)	-2.8	2.8	<b>0.0</b>
	ROS	-5.0%	4.4%	<b>0.0%</b>
Others	Net sales	117.9	112.1	<b>230.0</b>
	Operating income (loss)	-5.2	-15.8	<b>-21.0</b>
Eliminations	Net sales	-80.9	-79.1	<b>-160.0</b>
	Operating income (loss)	-0.1	-1.9	<b>-2.0</b>
Total	Net sales	1,143.6	1,236.4	<b>2,380.0</b>
	Operating income (loss)	96.7	113.3	<b>210.0</b>
	ROS	8.5%	9.2%	<b>8.8%</b>

# Capital Expenditure (Commitment basis)

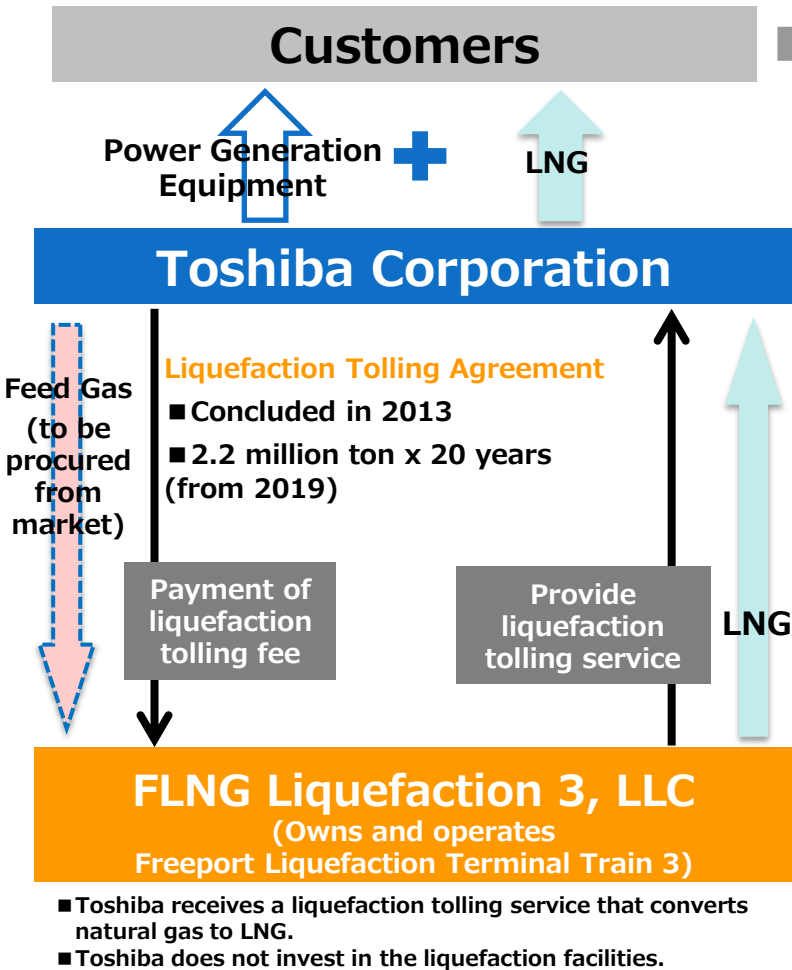
(Yen in billions)

Capital Expenditure (Commitment basis)	FY2016 Actual	FY2017 Outlook	FY2017/1Q Actual	Major Items
Energy Systems & Solutions	14.4	20.0	1.4	–
Infrastructure Systems & Solutions	26.6	45.0	7.9	Equipment related to automotive motors for North America
Retail & Printing Solutions	7.0	14.0	2.0	–
Storage & Electronic Devices Solutions	363.2	330.0	259.5	Manufacturing facility for memories, facility interiors and power supply, manufacturing equipment
Industrial ICT Solutions	2.2	3.0	0.2	–
Others	11.1	13.0	1.9	–
<b>Total</b>	<b>424.5</b>	<b>425.0</b>	<b>272.9</b>	

Investments and Loans	6.0	80.0	
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# LNG Business (Freeport)

Started operation of a U.S. subsidiary toward establishing a system to sell and supply LNG



## Status of Orders Received

- Basic agreements for long term supply (on volume, price and delivery term) that cover more than 80% of Toshiba's liquefaction service capacity of 2.2 million tons per year have already been concluded with multiple customers for certain periods of the 20-year liquefaction contract, 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).

## Concrete Progress of Activities

- In preparation for starting to supply customers with LNG from September 2019, Toshiba registered a U.S. subsidiary, Toshiba America LNG Inc., which will procure gas and supply LNG (February 2017). The company started operation in July 2017.

## Treatment in Accounting

- In 2017/1Q, no special accounting treatment was applied to LNG, based on the status of current progress on basic agreements and negotiations with customers.
- Toshiba continues to evaluate an appropriate method on making provision for a loss from the point one year prior to starting operation, and for each subsequent delivery year, on the premise that, given the time necessary for arranging vessels and determining destinations, the uncommitted sales quantity of LNG in any given year is sold in the spot market at a price lower than the cost of production.
- Toshiba's liquefaction tolling service is not subject to impairment, as it is not an investment in resource interests.



# Energy Systems & Solutions Results Breakdown

(Yen in billions)

		FY2016 Actual	Forecast		vs. previous year (FY2017) (growth rate)	
			FY2017/1H	FY2017		
Energy Systems & Solutions	Net sales	974.9	430.0	<b>920.0</b>	-54.9	(-6%)
	Operating income (loss)	-41.7	-4.0	<b>18.0</b>	59.7	
	ROS	-4.3%	-0.9%	<b>2.0%</b>	6.3%	
Nuclear Power Systems	Net sales	182.1	68.8	<b>200.8</b>	18.7	(+10%)
	Operating income (loss)	-45.1	-4.6	<b>6.2</b>	51.3	
	ROS	-24.8%	-6.7%	<b>3.1%</b>	27.9%	
Thermal & Hydro Power Systems	Net sales	339.1	179.2	<b>356.8</b>	17.7	(+5%)
	Operating income (loss)	3.9	4.5	<b>11.5</b>	7.6	
	ROS	1.2%	2.5%	<b>3.2%</b>	2.0%	
Transmission & Distribution Systems	Net sales	297.7	131.6	<b>307.6</b>	9.9	(+3%)
	Operating income (loss)	2.7	-1.1	<b>4.7</b>	2.0	
	ROS	0.9%	-0.8%	<b>1.5%</b>	0.6%	
Landis+Gyr (Consolidated)	Net sales	181.2	* 66.9	* <b>66.9</b>	-114.3	(-63%)
	Operating income (loss)	7.4	* 3.5	* <b>3.5</b>	-3.9	
	ROS	4.1%	5.2%	<b>5.2%</b>	1.1%	

\* Estimate before IPO

# Infrastructure Systems & Solutions Results Breakdown

(Yen in billions)		FY2016 Actual	Forecast		vs. previous year (FY2017) (growth rate)	
			FY2017/1H	FY2017		
Infrastructure Systems & Solutions	Net sales	1,262.4	540.0	<b>1,250.0</b>	-12.4	(-1%)
	Operating income (loss)	58.4	1.0	<b>42.0</b>	-16.4	
	ROS	4.6%	0.2%	<b>3.4%</b>	-1.2%	
Public Infrastructure	Net sales	421.9	133.7	<b>385.6</b>	-36.3	(-9%)
	Operating income (loss)	28.8	-6.6	<b>14.5</b>	-14.3	
	ROS	6.8%	-4.9%	<b>3.8%</b>	-3.0%	
Building and Facilities	Net sales	570.6	277.1	<b>587.3</b>	16.7	(+3%)
	Operating income (loss)	25.3	8.3	<b>21.3</b>	-4.0	
	ROS	4.4%	3.0%	<b>3.6%</b>	-0.8%	
Industrial Systems	Net sales	309.9	158.9	<b>325.9</b>	16.0	(+5%)
	Operating income (loss)	4.3	-0.6	<b>6.2</b>	1.9	
	ROS	1.4%	-0.4%	<b>1.9%</b>	0.5%	

\* As of April 1, 2017, the Building & Facility Solutions Division was integrated into the Social Systems Division. The FY2016 results of the Building & Facility Solutions Division have been reclassified from Building and Facilities to Public Infrastructure.

# Storage & Electronic Devices Solutions Results Breakdown

(Yen in billions)

		FY2016 Actual	Forecast		vs. previous year (FY2017) (growth rate)		
			FY2017/1H	FY2017			
Storage & Electronic Devices Solutions		Net sales	1,700.2	980.0	<b>1,920.0</b>	219.8	(+13%)
		Operating income (loss)	247.0	230.0	<b>415.0</b>	168.0	
		ROS	14.5%	23.5%	<b>21.6%</b>	7.1%	
Storage	Memories	Net sales	897.2	563.7	<b>1,163.9</b>	266.7	(+30%)
		Operating income (loss)	186.6	209.4	<b>371.2</b>	184.6	
		ROS	20.8%	37.1%	<b>31.9%</b>	11.1%	
	HDDs	Net sales	461.3	229.9	<b>423.0</b>	-38.3	(-8%)
		Operating income (loss)	36.0	12.8	<b>21.5</b>	-14.5	
		ROS	7.8%	5.6%	<b>5.1%</b>	-2.7%	
Devices & Others		Net sales	341.7	186.4	<b>333.1</b>	-8.6	(-3%)
		Operating income (loss)	24.4	7.8	<b>22.3</b>	-2.1	
		ROS	7.1%	4.2%	<b>6.7%</b>	-0.4%	

# Others

(Yen in billions)		FY2016 Actual	Forecast		vs. previous year (FY2017) (growth rate)	
			FY2017/1H	<b>FY2017</b>		
PC	Net sales	191.8	86.0	<b>184.1</b>	-7.7	(-4%)
	Operating income (loss)	-0.5	-2.5	<b>0.5</b>	1.0	
	ROS	-0.3%	-2.9%	<b>0.3%</b>	0.6%	
Visual Products	Net sales	61.6	24.4	<b>58.8</b>	-2.8	(-5%)
	Operating income (loss)	-12.9	-3.9	<b>-3.8</b>	9.1	
	ROS	-20.9%	-16.0%	<b>-6.5%</b>	14.4%	

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