

**TOSHIBA**

Leading Innovation >>>



**FY2017**

# **Consolidated Business Results**

**TOSHIBA CORPORATION**

**May 15, 2018**

# 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 fiscal year 2017, unless otherwise stated.
- Results in segments have been reclassified to reflect the current organization, unless otherwise stated.
- The Memory Business is classified as discontinued operations, in accordance with Accounting Standards Codification (ASC) 205-20 "Presentation of Financial Statements – Discontinued Operations". The results of these businesses have been excluded from net sales, operating income (loss), and 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 Measures and Achievements in FY2017

Implemented various measures to recover from a critical situation and established a foundation to promote company-wide transformation from FY2018

## Strengthened Financial Base

- Memory Business
  - Signed a Share Purchase Agreement (Sep)
  - Settlement with Western Digital (Dec)
- Capital increase by third party allotment (Dec)

## Elimination of Risks

- Related to Westinghouse
  - Completed payment of parent company guarantee (Dec, Jan)
  - Sales of claims (Jan)
  - Approval of Chapter 11 rehabilitation proceedings (Mar)
- Pension buyout of European subsidiary (Mar)

## Business Portfolio Review

- Landis+Gyr IPO (Jul)
- Sales of Visual Products Business (Feb)

## Strengthened Corporate Governance

- Split-off of in-house companies to independent corporations (Jul, Oct)
- Cancellation of Designation as Securities on Alert (Oct)
- Revision of Executive Officers structure (Nov)

## Improved Profitability

- Structural Reform
  - Early retirement incentive program (Nov-)
  - Sales of a consolidated subsidiary in Brazil (Mar)

## Improved Asset Efficiency

- Sales of non-core business assets
  - Sales of Toshiba General Hospital (Mar\*)  
\*Payment completed in March and transfer completed in April
  - Sales of shares of Shibaura Mechatronics (Dec)

# Overall Business Results/PL/Cash Flow Items

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

	FY2016	FY2017	Difference	Against Forecast (Feb.14)
Net sales	4043.7	<b>3947.6</b>	-96.1	47.6
Operating income (loss) %	82.0 2.0%	<b>64.1</b> <b>1.6%</b>	-17.9 -0.4%	64.1 1.6%
Non operating income (loss)	-37.1	<b>18.3</b>	55.4	-1.7
Income (Loss) before income taxes and noncontrolling interests %	44.9 1.1%	<b>82.4</b> <b>2.1%</b>	37.5 1.0%	62.4 1.6%
Tax expenses	-57.9	<b>61.9</b>	119.8	
Net income (loss) from continuing operation before noncontrolling interests	-13.0	<b>144.3</b>	157.3	
Net income (loss) from discontinued operation before noncontrolling interests	-1147.2	<b>696.1</b>	1843.3	
Net income (loss) attributable to noncontrolling interests	194.5	<b>-36.4</b>	-230.9	
Net income (loss) %	-965.7 -23.9%	<b>804.0</b> <b>20.4%</b>	1,769.7 44.3%	284.0 7.1%
Earnings (Loss) per share attributable to shareholders of the Company	-¥228.08	<b>¥162.89</b>	¥390.97	
Free cash flow	-44.8	<b>-109.3</b>	-64.5	440.7

# Overall Business Results/Balance Sheet Items

(Yen in billions)

	2017/3E	2018/3E	Difference	Against Forecast (Feb.14)
Equity attributable to shareholders of the Company	-552.9	<b>783.1</b>	1,336.0	323.1
Shareholders' equity ratio	-13.0%	<b>17.6%</b>	30.6%	6.4%
Net Assets	-275.7	<b>1,010.7</b>	1,286.4	320.7
Net interest-bearing debt	682.9	<b>191.6</b>	-491.3	-408.4
Net debt-to-equity ratio	-	<b>24%</b>	-	
Exchange rate (US\$) as of the end date of the fiscal year	¥112	<b>¥106</b>	¥-6	¥-4

# Key Points

## -Equity Attributable to Shareholders of the Company/Net Interest-Bearing Debt

Recovered from a critical financial situation and restored a level of normality

### ● Equity attributable to shareholders of the Company

Equity attributable to shareholders of the Company increased by 1,336.0 billion yen in FY2017 ended the status of negative shareholders' equity.

Shareholders' equity ratio: 17.6%

- |  |                             |
|--|-----------------------------|
| ① Sales of assets and businesses<br>(WEC* related claims, Landis+Gyr, Visual Products Business, etc.)                        | Approx. + 340.0 billion yen |
| ② Costs for processing issues<br>(Pension buyout of European subsidiary, impairment of fixed assets, structural reform etc.) | Approx. -130.0 billion yen  |
| ③ Capital increase   | Approx. + 600.0 billion yen |
| ④ Other business improvements<br>(Memory Business income (loss) approx. +470.0 billion yen, etc.)                            | Approx. + 530.0 billion yen |

### ● Net Interest-Bearing Debt

Net interest-bearing debt decreased by 491.3 billion yen in FY2017

Net D/E ratio: 24.0%

- |  |                             |
|--|-----------------------------|
| ① Payment of WEC* parent company guarantee   | Approx. + 650.0 billion yen |
| ② Sales of assets and businesses<br>(WEC* related claims, Landis+Gyr, Toshiba General Hospital etc.) | Approx. -420.0 billion yen  |
| ③ Capital increase   | Approx. -600.0 billion yen  |
| ④ Other cash flows<br>(FY2017 FCF approx. +120.0 billion yen (refer to p.13), etc.)                  | Approx. -120.0 billion yen  |

\*WEC: Westinghouse

# Key Points

## –Net Sales, Income (Loss) and Cash Flows

### ● Net Sales:

Overall sales decreased by 2.4% as Energy Systems & Solutions recorded lower sales due to the impact of the IPO\*<sup>1</sup> and deconsolidation of Landis+Gyr, Infrastructure Systems & Solutions also saw lower sales, but Storage & Electronic Devices Solutions recorded higher sales. The total impact of yen depreciation was +53.0 billion yen. (excl. Memory business)

\*<sup>1</sup>IPO: Initial Public Offering

### ● Income (Loss):

Income (Loss) before income taxes was 82.4 billion yen, including 64.1 billion yen in operating income, and nonoperating income of 18.3 billion yen, largely due to 66.8 billion yen in profit from the Landis+Gyr IPO and -32.4 billion yen from the sales of a consolidated subsidiary in Brazil. Net income from continuing operations was 144.3 billion yen, due to a tax reduction from the sales of Visual Products Business and recognition of certain deferred tax assets. Net income (loss) from discontinued operations was 696.1 billion yen, due to the Memory business achieving a margin equivalent to an ROS of 40.0%, the profit from selling WEC\*<sup>2</sup> related claims, and a tax reduction, as WEC\*<sup>2</sup> related claims and shares were treated as a tax loss, etc.

### ● Cash Flows:

Cash flows from operating activities were 41.6 billion yen due to large improvements in net income (loss), despite of the payment of WEC\*<sup>2</sup> parent company guarantees. Cash flows from investing activities were -150.9 billion yen due to investments made in the Memory business, partially offset by the income generated from the sale of Landis+Gyr shares. Free cash flows were -109.3 billion yen.

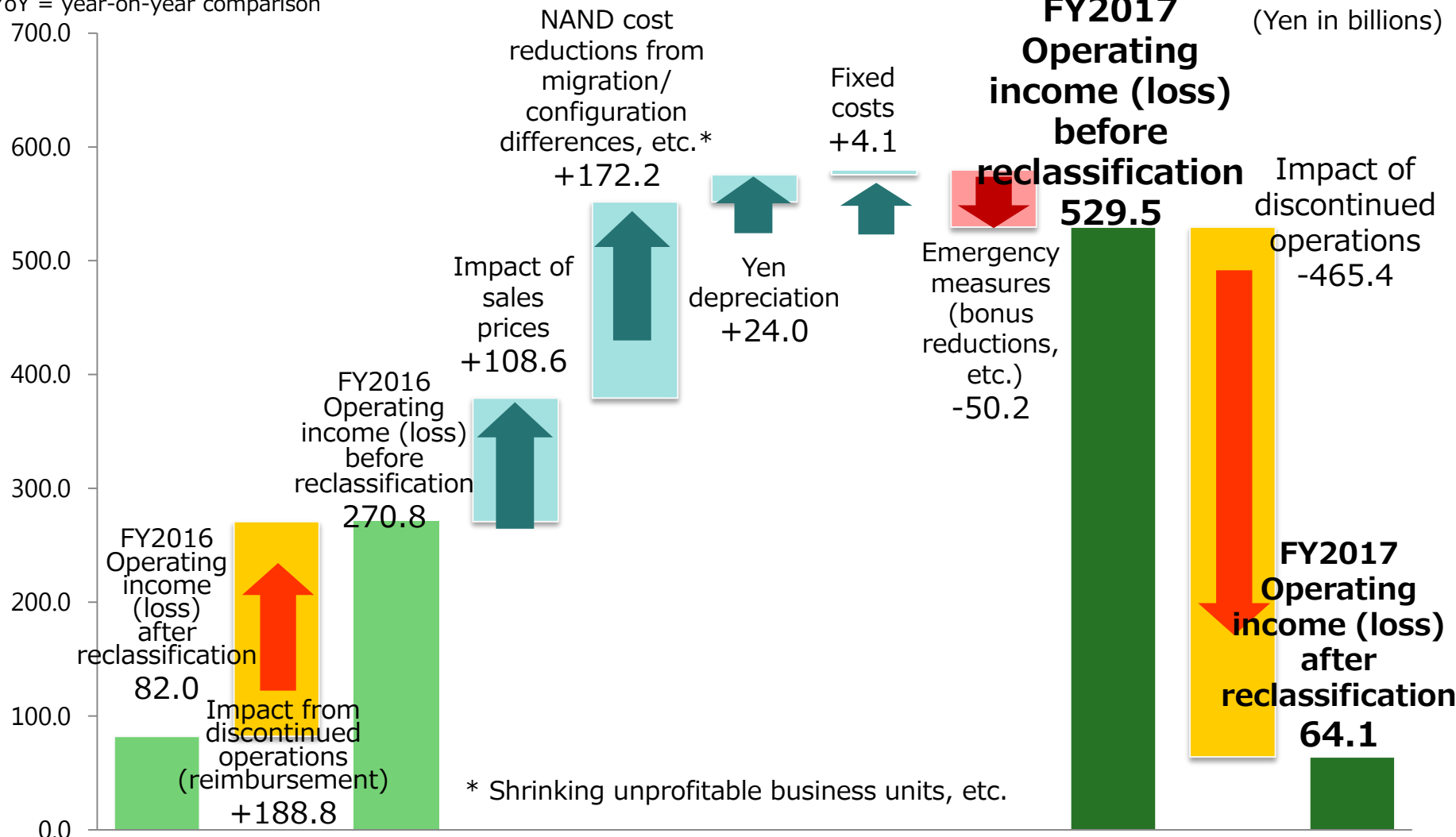
\*<sup>2</sup>WEC: Westinghouse



# Operating Income (Loss) YoY Analysis

Before its reclassification as discontinued operations, higher sales prices, volumes and cost reductions in the Memory business realized a significant increase

\*YoY = year-on-year comparison



\* Shrinking unprofitable business units, etc.

# Main Structural Reform Related Costs

## -Breakdown

Out of 60.0 billion yen (amount estimated), 52.1 billion yen was allocated to measures to improve profitability

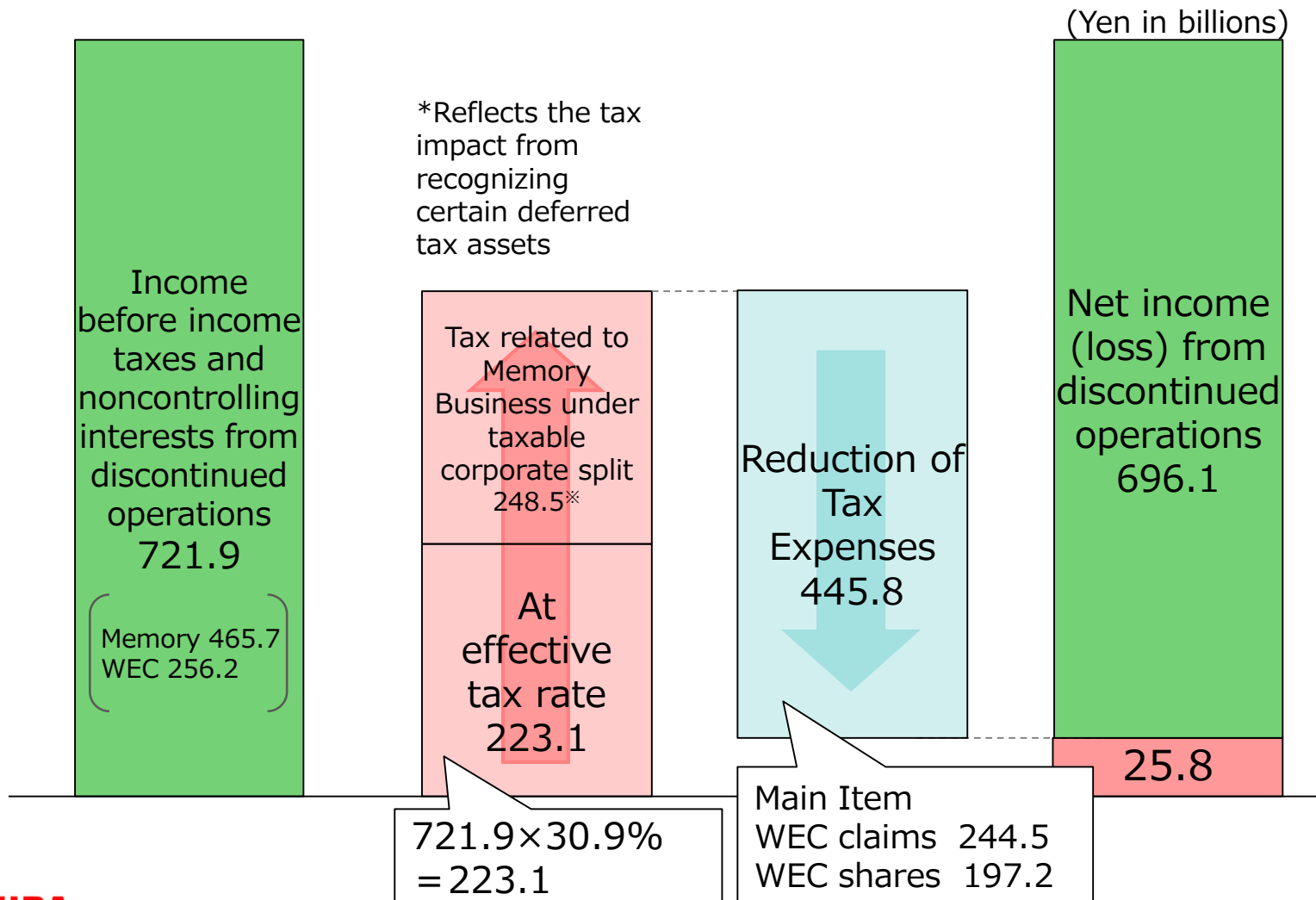
(Yen in billions)

		Operating Expense	Non-Operating Expense
Energy Systems & Solutions	Sales of a consolidated subsidiary in Brazil		-32.4
	Disposal of surplus production assets, etc.		-4.7
Infrastructure Systems & Solutions	Early retirement incentive programs related costs, etc.	-2.1	
Storage & Electronics Devices Solutions	Impairment of fixed assets	-10.3	
Industrial ICT Solutions	Early retirement incentive programs related costs, etc.	-2.6	
Total		-15.0	-37.1

# Discontinued Operations Profit and Loss

## -Memory Business and Westinghouse (WEC)

- Following the March 28 authorization of WEC's Chapter 11 reorganization plan by the US bankruptcy court and the related laws and regulation, the total cost of the acquisition for WEC shares was treated as a tax loss in FY2017.



# Non-Operating Income (Loss) and Expenses

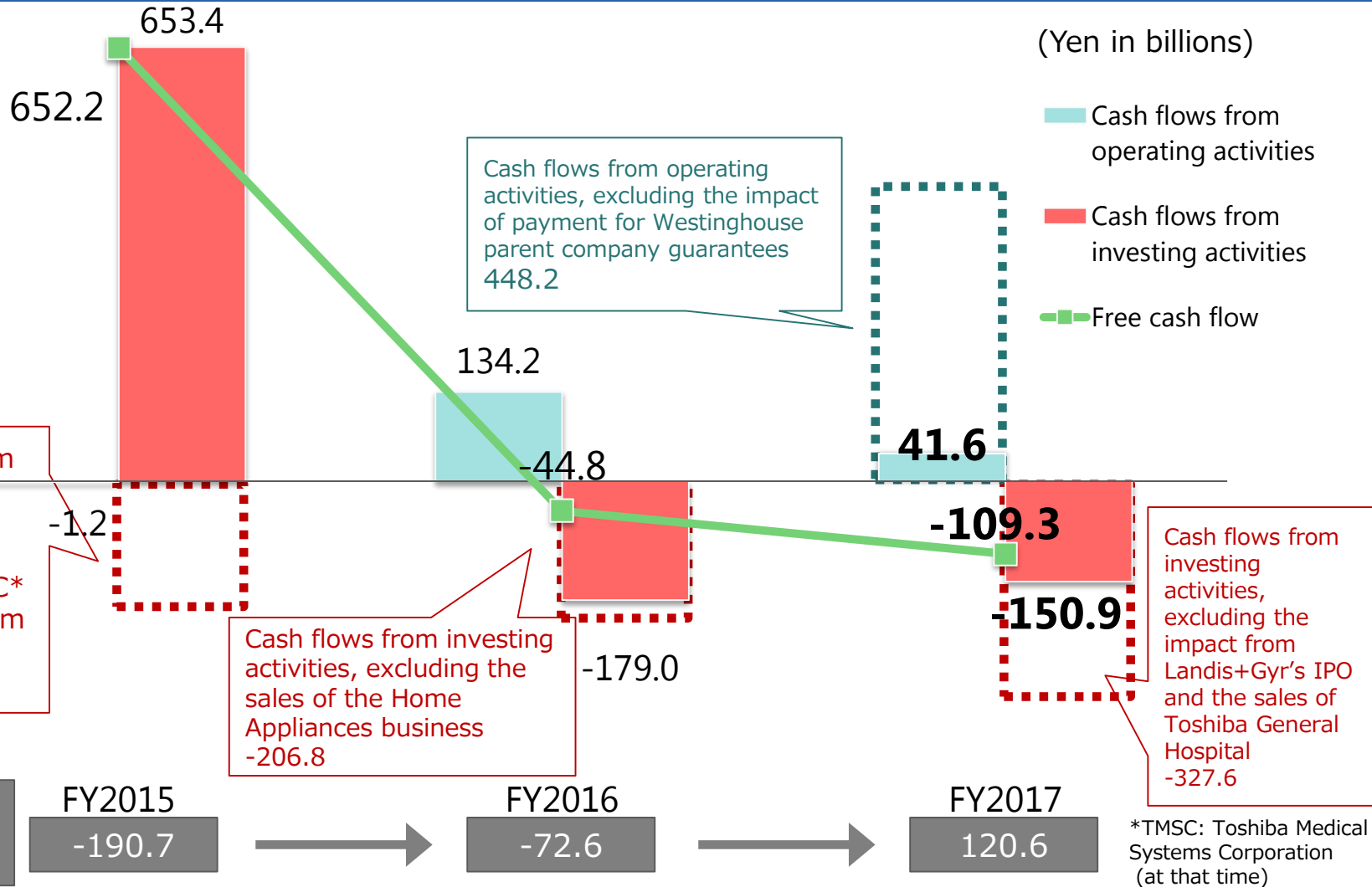
Improvements mainly due to the sale  
of Landis+Gyr and Visual Products Business

(Yen in billions)

	FY2016	FY2017	Difference	Main items in FY2017 4Q
Net financial income (loss)	-11.5	-21.6	-10.1	-
Foreign exchange income (loss)	-0.5	-11.2	-10.7	-
Income (Loss) on sales or disposal of fixed assets	14.9	21.6	6.7	-
Income (Loss) on sales of securities	28.5	69.1	40.6	Sales of Visual Products Business and a consolidated subsidiary in Brazil
Settlement costs of lawsuits	-65.6	-7.5	58.1	-
Others	-2.9	-32.1	-29.2	-
<b>Total</b>	<b>-37.1</b>	<b>18.3</b>	<b>55.4</b>	

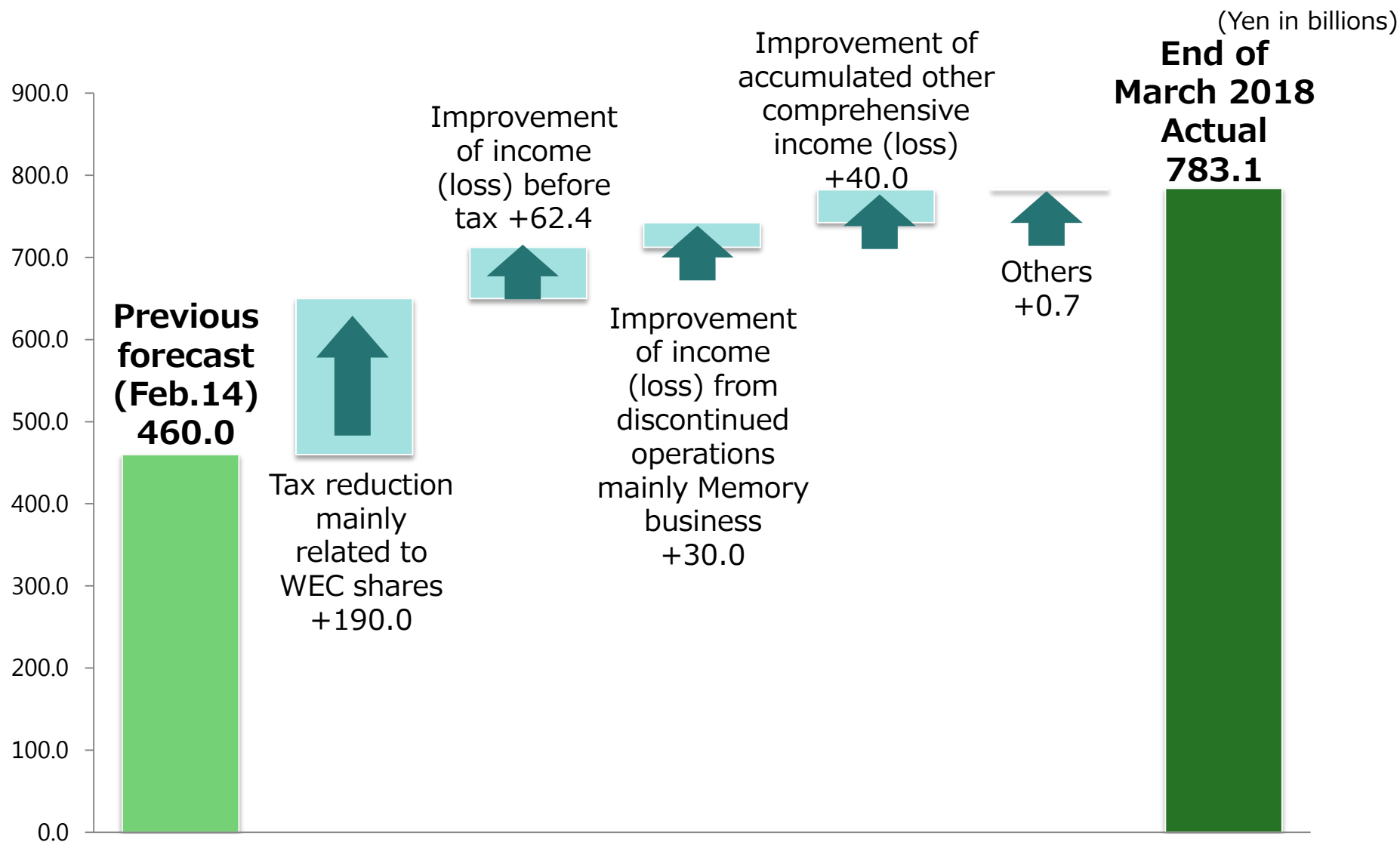
# Free Cash Flow

Finances return to profitability if Westinghouse and Landis+Gyr IPO and other special items are excluded



# Equity Attributable to Shareholders of the Company

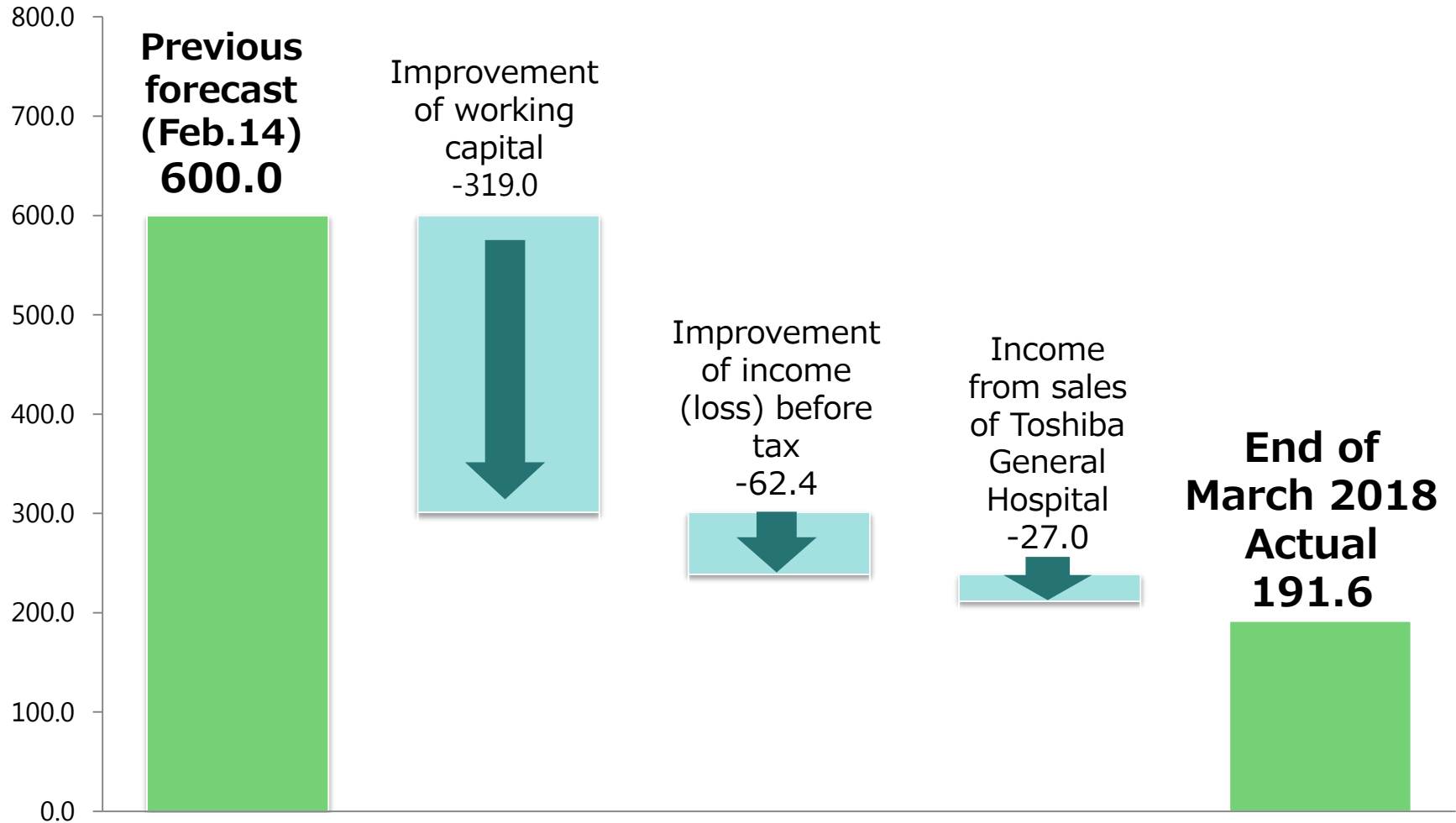
- Against Previous Forecast



# Net Interest-Bearing Debt

- Against Previous Forecast

(Yen in billions)



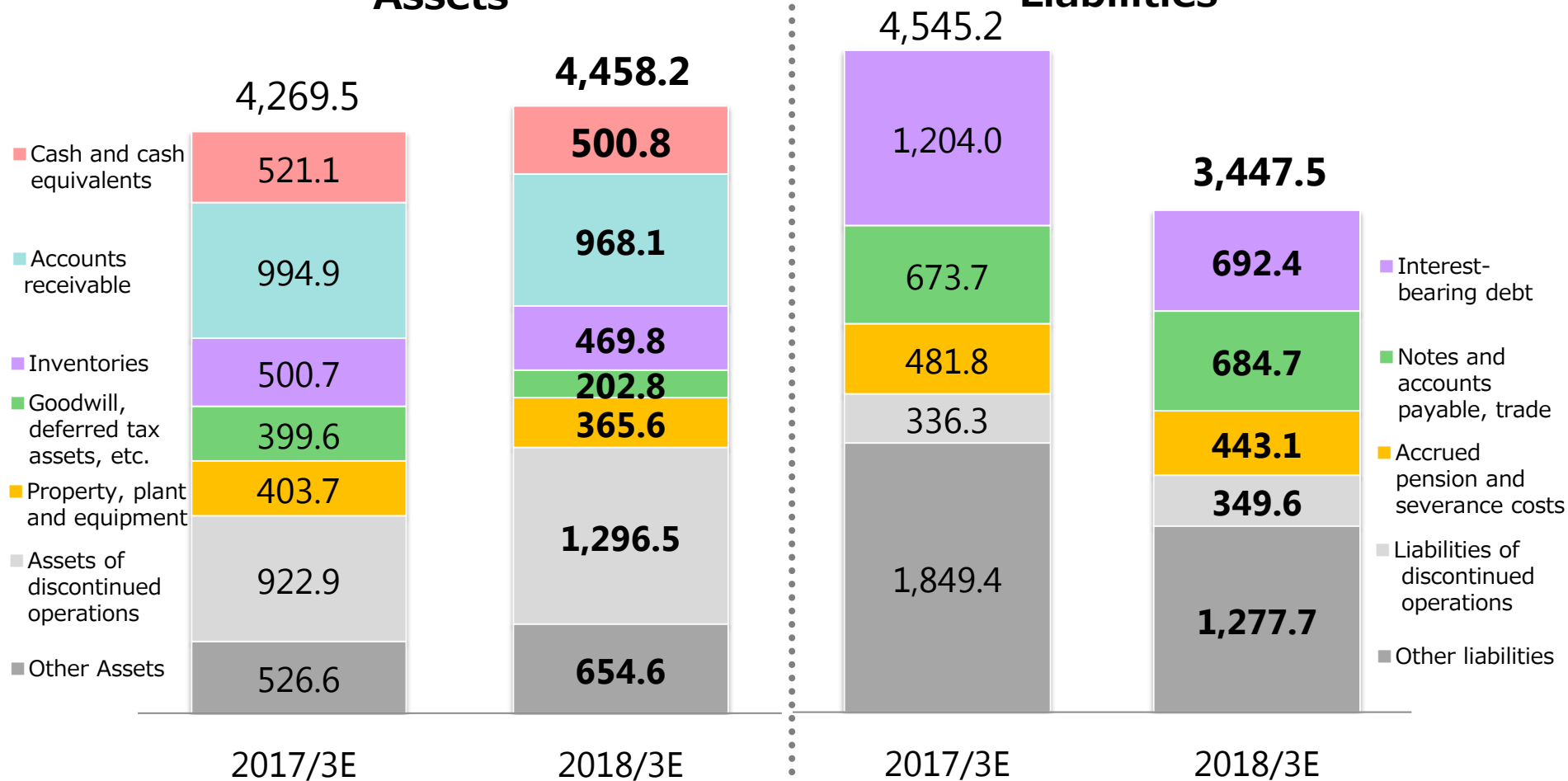
# Balance Sheets

Large decrease in liabilities due to the completion of the payment of parent company guarantees for Westinghouse (risk shut down)

## Assets

## Liabilities

(Yen in billions)







# 2. Business Results by Segment

# By Segment

## After reclassification of the Memory business as discontinued operations

(Yen in billions)

		FY2016	FY2017	Difference	(growth rate)	Against Forecast on Feb.14
Energy Systems & Solutions	Net sales	974.9	<b>844.7</b>	-130.2	(-13%)	4.7
	Operating income (loss)	-41.7	<b>-14.8</b>	26.9		-9.8
	ROS	-4.3%	<b>-1.8%</b>	2.5%		-1.2%
Infrastructure Systems & Solutions	Net sales	1,262.4	<b>1,246.8</b>	-15.6	(-1%)	-13.2
	Operating income (loss)	58.4	<b>48.0</b>	-10.4		6.0
	ROS	4.6%	<b>3.9%</b>	-0.7%		0.6%
Retail & Printing Solutions	Net sales	507.7	<b>522.8</b>	15.1	(+3%)	12.8
	Operating income (loss)	16.3	<b>27.0</b>	10.7		5.0
	ROS	3.2%	<b>5.2%</b>	2.0%		0.9%
Storage & Electronic Devices Solutions	Net sales	837.1	<b>879.6</b>	42.5	(+5%)	29.6
	Operating income (loss)	57.6	<b>47.3</b>	-10.3		2.3
	ROS	6.9%	<b>5.4%</b>	-1.5%		0.1%
Industrial ICT Solutions	Net sales	239.6	<b>258.9</b>	19.3	(+8%)	8.9
	Operating income (loss)	7.1	<b>1.3</b>	-5.8		-1.7
	ROS	2.9%	<b>0.5%</b>	-2.4%		-0.7%
Others	Net sales	535.6	<b>525.6</b>	-10.0	(-2%)	15.6
	Operating income (loss)	-17.1	<b>-48.6</b>	-31.5		-8.6
Eliminations	Net sales	-313.6	<b>-330.8</b>	-17.2		-10.8
	Operating income (loss)	1.4	<b>3.9</b>	2.5		70.9
Total After reclassification	Net sales	4,043.7	<b>3,947.6</b>	-96.1	(-2%)	47.6
	Operating income (loss)	82.0	<b>64.1</b>	-17.9		64.1
	ROS	2.0%	<b>1.6%</b>	-0.4%		1.6%

# By Segment

## Before reclassification of the Memory business as discontinued operations

(Yen in billions)

		FY2016	FY2017	Difference (growth rate)		Against forecast on Feb 14
Energy Systems & Solutions	Net sales	974.9	<b>844.7</b>	-130.2	(-13%)	4.7
	Operating income (loss)	-41.7	<b>-14.8</b>	26.9		-9.8
	ROS	-4.3%	<b>-1.8%</b>	2.5%		-1.2%
Infrastructure Systems & Solutions	Net sales	1,262.4	<b>1,246.8</b>	-15.6	(-1%)	-13.2
	Operating income (loss)	58.4	<b>48.0</b>	-10.4		6.0
	ROS	4.6%	<b>3.9%</b>	-0.7%		0.6%
Retail & Printing Solutions	Net sales	507.7	<b>522.8</b>	15.1	(+3%)	12.8
	Operating income (loss)	16.3	<b>27.0</b>	10.7		5.0
	ROS	3.2%	<b>5.2%</b>	2.0%		0.9%
Storage & Electronic Devices Solutions *	Net sales	1,700.2	<b>2,006.4</b>	306.2	(+18%)	-3.6
	Operating income (loss)	247.0	<b>519.6</b>	272.6		29.6
	ROS	14.5%	<b>25.9%</b>	11.4%		1.5%
Industrial ICT Solutions	Net sales	239.6	<b>258.9</b>	19.3	(+8%)	8.9
	Operating income (loss)	7.1	<b>1.3</b>	-5.8		-1.7
	ROS	2.9%	<b>0.5%</b>	-2.4%		-0.7%
Others	Net sales	535.6	<b>525.6</b>	-10.0	(-2%)	15.6
	Operating income (loss)	-17.1	<b>-48.6</b>	-31.5		-8.6
Eliminations	Net sales	-349.6	<b>-404.6</b>	-55.0		-14.6
	Operating income (loss)	0.8	<b>-3.0</b>	-3.8		69.0
Total Before reclassification	Net sales	4,870.8	<b>5,000.6</b>	129.8	(+3%)	10.6
	Operating income (loss)	270.8	<b>529.5</b>	258.7		89.5
	ROS	5.6%	<b>10.6%</b>	5.0%		1.8%

\*Operating results for the Memory Business are treated as discontinued operations in the consolidated income statement. For reference, net sales and operating income (loss) for each segment in the table above shows the numbers before reclassification of the Memory business as discontinued operations.

# Energy Systems & Solutions

## -Results Breakdown

		FY2016	FY2017	Difference (growth rate)		(Yen in billions)
Energy Systems & Solutions	Net sales	974.9	844.7	-130.2	(-13%)	Exchange rate impact +17.2
	Operating income (loss)	-41.7	-14.8	26.9		
	ROS	-4.3%	<b>-1.8%</b>	2.5%		Exchange rate impact -1.1 Emergency measures -9.0
FCF by segment			-423.0			
Nuclear Power Systems	Net sales	182.1	168.6	-13.5	(-7%)	Lower sales due to sales of overseas subsidiaries, and returned to profitability due to impairment of NuGen in previous fiscal year
	Operating income (loss)	-45.1	1.8	46.9		
	ROS	-24.8%	<b>1.1%</b>	25.9%		
Thermal & Hydro Power Systems	Net sales	339.1	349.5	10.4	(+3%)	Higher sales, mainly from overseas construction projects, but results deteriorated due to recording provisions for additional costs in construction projects
	Operating income (loss)	3.9	-11.7	-15.6		
	ROS	1.2%	<b>-3.3%</b>	-4.5%		
Transmission & Distribution Systems	Net sales	297.7	282.8	-14.9	(-5%)	Lower sales and income due to AMI (smart meter system), residential and overseas solar power businesses.
	Operating income (loss)	2.7	<b>0.2</b>	-2.5		
	ROS	0.9%	<b>0.1%</b>	-0.8%		
Landis+Gyr	Net sales	181.2	<b>65.8</b>	-115.4		Includes the amount before IPO and deconsolidation
	Operating income (loss)	7.4	<b>3.4</b>	-4.0		
Others	Net sales	-25.2	<b>-22.0</b>	3.2		Includes eliminations in segments, and development costs for hydrogen-related projects
	Operating income (loss)	-10.6	-8.5	2.1		

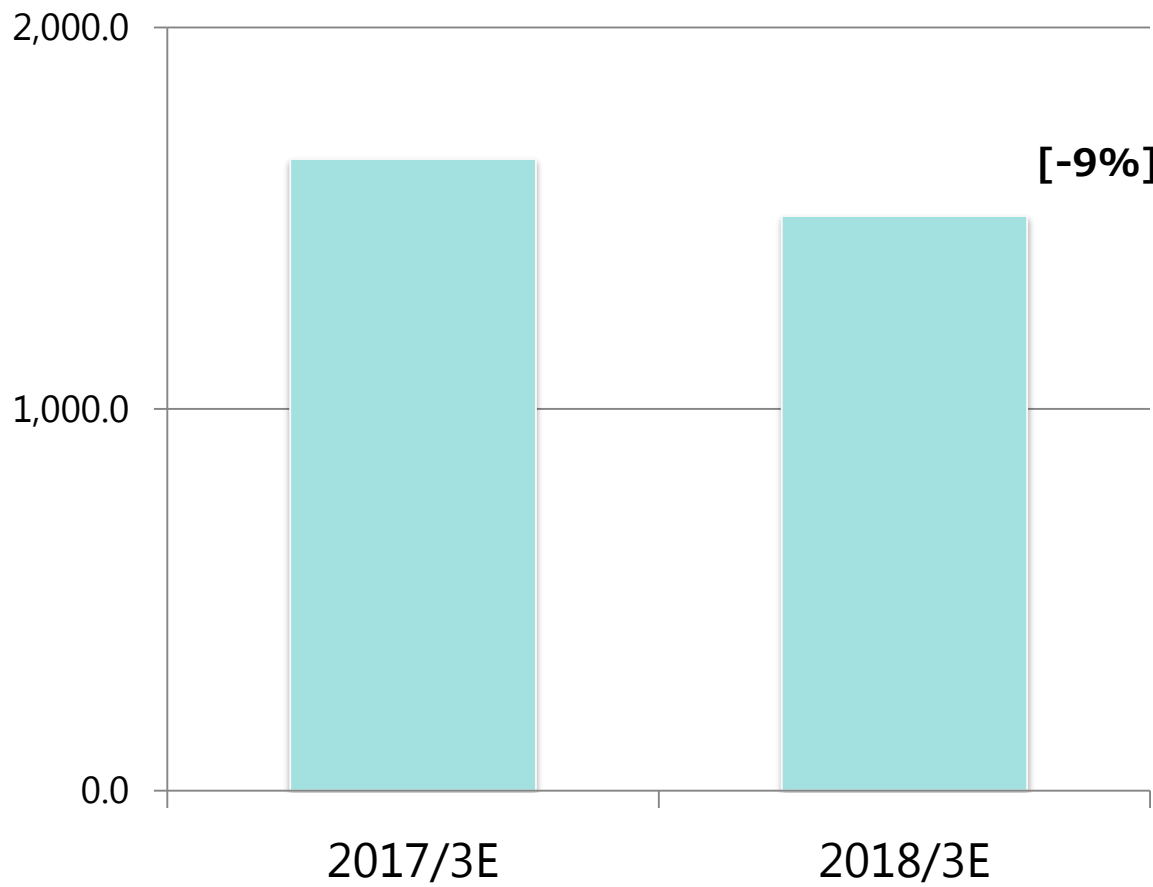
\* Free cash flow by segment is an index for in-house management only, and treatment of effects of exchange rate changes, etc., are different from free cash flow in the Consolidated Statements of Cash Flows.

# Energy Systems & Solutions

## -Order Backlog

(Yen in billions)  
Compared to end of term

\*Power Generation and Transmission & Distribution Systems  
(excluding 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 by the progress of ongoing projects despite orders for major thermal and hydro projects.
- Transmission & Distribution Systems saw delays in receiving orders in major projects, and the backlog decreased slightly.

# Infrastructure Systems & Solutions

## -Results Breakdown

(Yen in billions)

		FY2016	FY2017	Difference	(growth rate)	
Infrastructure Systems & Solutions	Net sales	1,262.4	<b>1,246.8</b>	-15.6	(-1%)	Exchange rate impact +9.7
	Operating income (loss)	58.4	<b>48.0</b>	-10.4		Exchange rate Impact -0.2 Emergency measures -15.6
	ROS	4.6%	<b>3.9%</b>	-0.7%		
	FCF by Segment			<b>51.7</b>		
Public Infrastructure	Net sales	421.9	<b>400.6</b>	-21.3	(-5%)	Lower sales due to fewer orders during the low season for public projects. Decreased income due to lower sales and easing of emergency measures.
	Operating income (loss)	28.8	<b>24.1</b>	-4.7		
	ROS	6.8%	<b>6.0%</b>	-0.8%		
Building and Facilities	Net sales	570.6	<b>550.8</b>	-19.8	(-3%)	Restructuring of the lighting business, including the fluorescent lamp business, led to fewer orders and lower sales. Lower income due to lower sales and easing of emergency measures.
	Operating income (loss)	25.3	<b>17.5</b>	-7.8		
	ROS	4.4%	<b>3.2%</b>	-1.2%		
Industrial Systems	Net sales	309.9	<b>346.6</b>	36.7	(+12%)	Higher sales and income due to increased scale of industrial components business.
	Operating income (loss)	4.3	<b>6.4</b>	2.1		
	ROS	1.4%	<b>1.8%</b>	0.4%		

\* Free cash flow by segment is an index for in-house management only, and treatment of effects of exchange rate changes, etc., are different from free cash flow in the Consolidated Statements of Cash Flows.

# Storage & Electronic Devices Solutions

## -Results Breakdown (Before reclassification of the Memory business)

(Yen in billions)

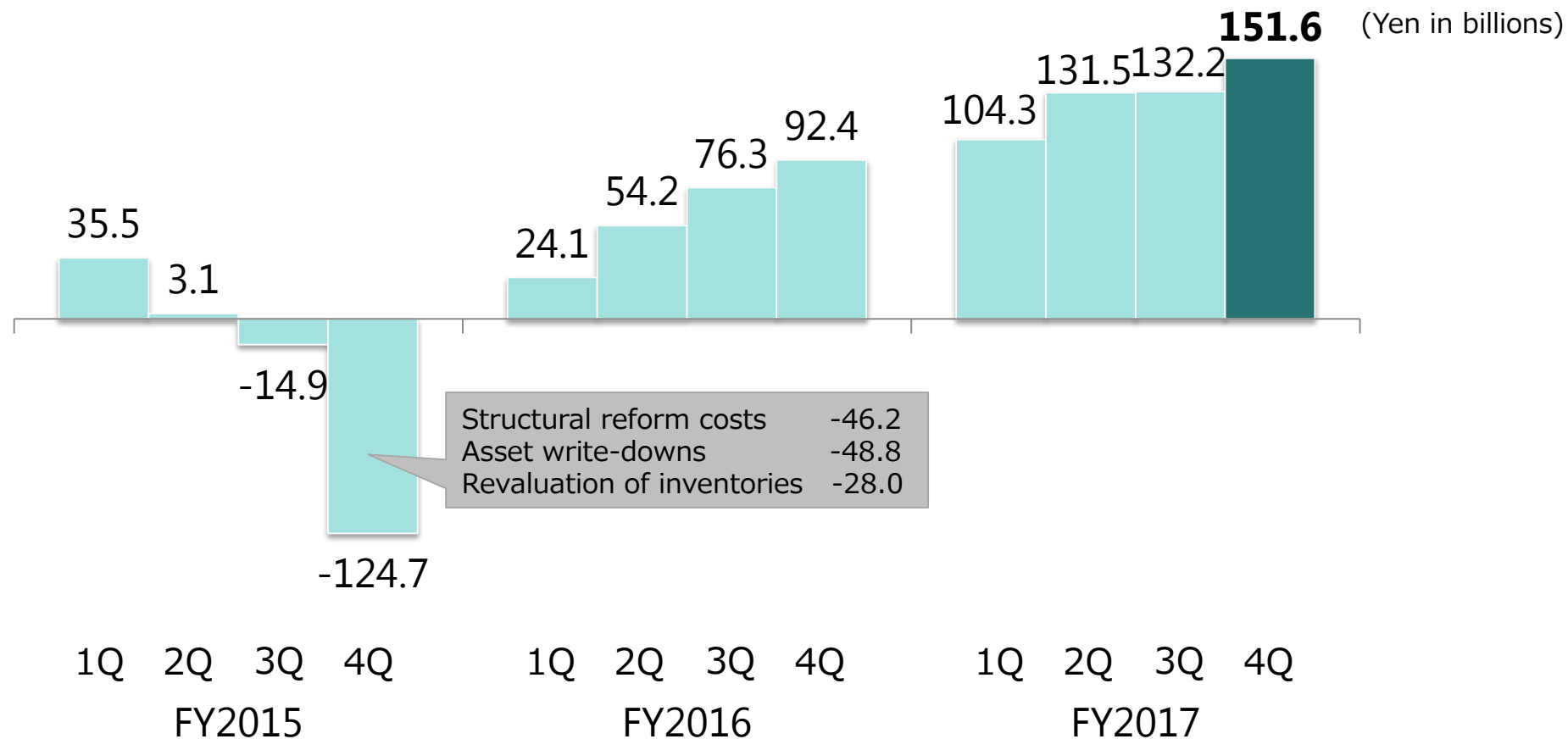
			FY2016	FY2017	Difference	(growth rate)		
Storage & Electronic Devices Solutions			Net sales	1,700.2	<b>2,006.4</b>	306.2	(+18%)	Exchange rate impact +35.7
			Operating income (loss)	247.0	<b>519.6</b>	272.6		
			ROS	14.5%	<b>25.9%</b>	11.4%		
FCF by Segment				<b>114.1</b>				
Storage	Memories	Net sales	897.2	<b>1,204.9</b>	307.7	(+34%)	Sales prices were stable on robust demand for smartphones and SSD. Both net sales and operating income were higher than the previous year.	
		Operating income (loss)	186.6	<b>479.1</b>	292.5			
		ROS	20.8%	<b>39.8%</b>	19.0%			
	HDDs	Net sales	461.3	<b>439.5</b>	-21.8	(-5%)	Overall sales and income decreased on shrinking demand for notebook PCs, despite growth for large capacity nearline enterprise drives.	
		Operating income (loss)	36.0	<b>25.4</b>	-10.6			
		ROS	7.8%	<b>5.8%</b>	-2.0%			
Devices & Others		Net sales	341.7	<b>362.0</b>	20.3	(+6%)	While Discretes recorded higher sales and income on a positive performance in the industrial market, System LSI saw lower income, which resulted in higher overall sales but lower income.	
		Operating income (loss)	24.4	<b>15.1</b>	-9.3			
		ROS	7.1%	<b>4.2%</b>	-2.9%			

\* Free cash flow by segment is an index for in-house management only, and treatment of effects of exchange rate changes, etc., are different from free cash flow in the Consolidated Statements of Cash Flows.

# Storage & Electronic Devices Solutions

## -Quarterly Trend in Operating Income (Loss) (Before Reclassification)

Continued to see improved operating income from FY2017 3Q by maintaining a positive performance in Memory Business



\*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).



# Retail & Printing Solutions

## Industrial ICT Solutions

(Yen in billions)

		FY2016	FY2017	Difference	(growth rate)	
Retail & Printing Solutions	Net sales	507.7	<b>522.8</b>	15.1	(+3%)	Exchange rate impact +11.2
	Operating income (loss)	16.3	<b>27.0</b>	10.7		Exchange rate impact +2.0 Emergency measures - 0.9
	ROS	3.2%	<b>5.2%</b>	2.0%		
FCF by segment			<b>14.8</b>			

- Both the Retail and Printing businesses maintained stable performances.
- Significantly increased income in the Retail and Printing businesses.

		FY2016	FY2017	Difference	(growth rate)	
Industrial ICT Solutions	Net sales	239.6	<b>258.9</b>	19.3	(+8%)	Exchange rate impact ±0.0
	Operating income (loss)	7.1	<b>1.3</b>	-5.8		Exchange rate impact ±0.0 Emergency measures -6.1
	ROS	2.9%	<b>0.5%</b>	-2.4%		
FCF by segment			<b>7.2</b>			

- Higher sales due to good performances in systems business for government, systems business for manufacturing companies, IoT/AI business and other orders.
- Lower income from impacts from some of domestic information system projects, structural reform and easing of emergency measures.

\* Free cash flow by segment is an index for in-house management only, and treatment of effects of exchange rate changes, etc., are different from free cash flow in the Consolidated Statements of Cash Flows.

# Others

(Yen in billions)

		FY2016	FY2017	Difference (growth rate)		
PC	Net sales	191.8	<b>167.3</b>	-24.5	<b>(-13%)</b>	Complete withdrawal from overseas B2C business, and inactive sales in Japanese B2C market and U.S. and European markets, resulted in lower sales. Income decreased on reduced scale and increased costs for materials, such as SSD and DRAM.
	Operating income (loss)	-0.5	<b>-9.6</b>	-9.1		
	ROS	-0.3%	<b>-5.7%</b>	-5.4%		
Visual Products	Net sales	61.6	<b>46.9</b>	-14.7	<b>(-24%)</b>	Deconsolidated due to completion of share transfer on Feb 28. FY2017 figures cover the period prior to the share transfer.
	Operating income (loss)	-12.9	<b>-8.6</b>	4.3		
	ROS	-20.9%	<b>-18.3%</b>	2.6%		



# 3. FY2018 Forecast

# Overall

(Yen in billions)

	FY2017 Actual	FY2018 Forecast	Difference
Net sales	3,947.6	<b>3,600.0</b>	*1 -347.6
Operating income (loss) %	64.1 1.6%	<b>70.0</b> <b>1.9%</b>	5.9 0.3%
Income (Loss) before income taxes and noncontrolling interests %	82.4 2.1%	*2 <b>90.0</b> <b>2.5%</b>	7.6 0.4%
Net income (Loss) %	804.0 20.4%	*3 <b>1,070.0</b> <b>29.7%</b>	266.0 9.3%
Earnings (Loss) per share attributable to shareholders of the Company	¥162.89	*4 <b>¥164.20</b>	¥1.31
Free Cash Flow	-109.3	*5 <b>1,290.0</b>	1,399.3
	2018/3E Actual	2019/3E Forecast	Difference
Equity attributable to shareholders of the Company	783.1	<b>1,870.0</b>	1,086.9
Shareholders' equity ratio	17.6%	<b>42.5%</b>	24.9%
Net Assets	1,010.7	<b>2,110.0</b>	1,099.3
Net interest-bearing debt	191.6	<b>-1,100.0</b>	-1,291.6
Net debt-to-equity ratio	24%	<b>-59%</b>	-83%
Exchange rate (US\$) as of the end date of the fiscal year	¥106	<b>¥100</b>	-¥6

\*1: Impact from excluding Landis+Gyr and Visual Products Business -112.7  
Exchange rate impact -150.0

\*2: Memory business: Equity in earnings of affiliates 50.0  
(Assuming as equity in earnings of affiliates in and after 2Q)

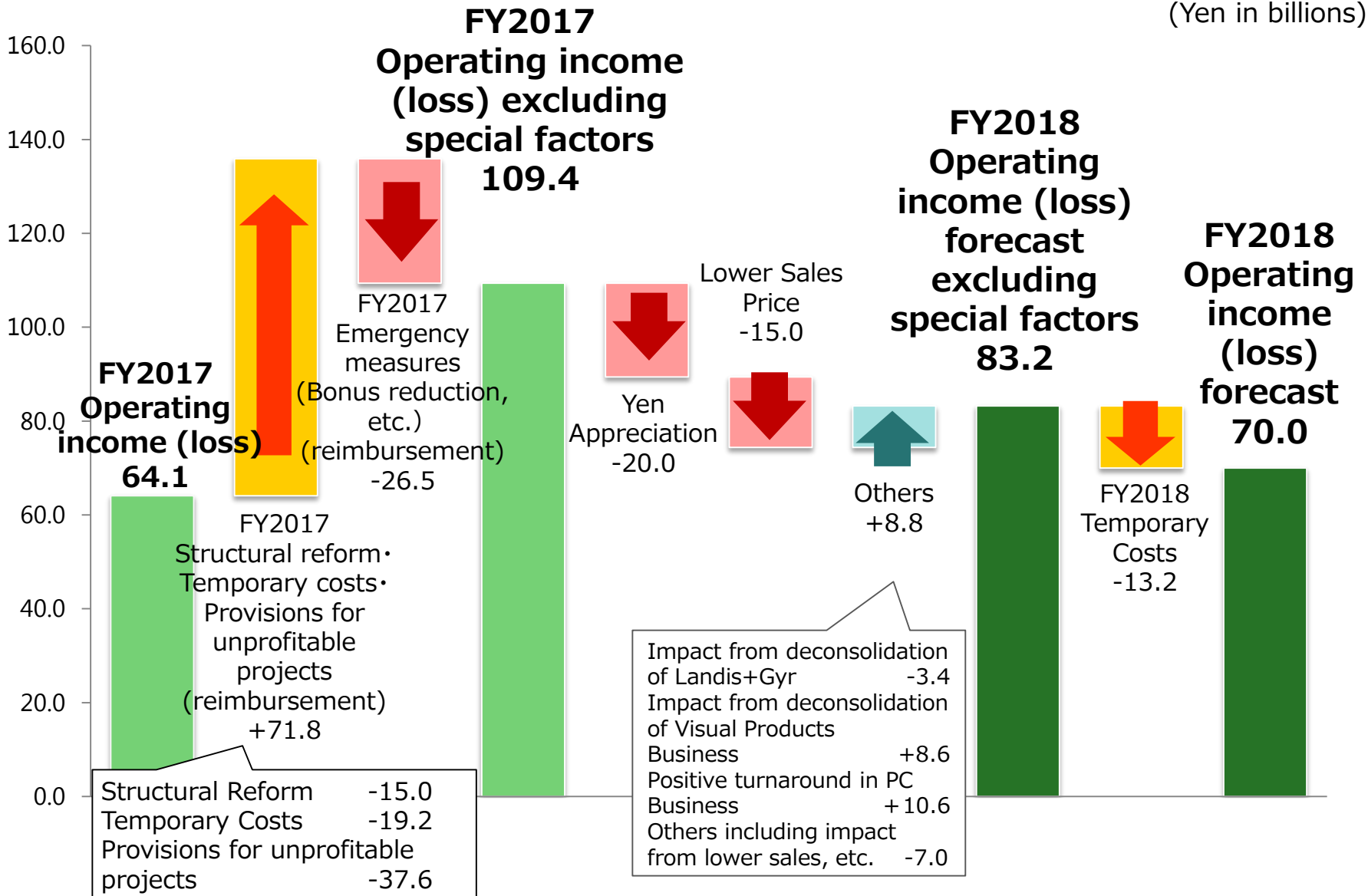
\*3: Memory Business: Profit from the sales of the Memory business 970.0  
Memory Business: Income from discontinued operations 80.0  
(Assuming as discontinued operations in 1Q)

\*4: Before consideration of impact from consolidation of shares

\*5: Revenue from the sales of Memory Business 1,450.0

# Operating Income (Loss) Forecast, YoY Analysis

(Yen in billions)



# By Segment

## After reclassification of the Memory business as discontinued operations

(Yen in billions)

		FY2017 Actual	FY2018 Forecast	Difference (growth rate)		Impact from exchange rate	Impact from emergency measures
Energy Systems & Solutions	Net sales	844.7	<b>640.0</b>	-204.7	(-24%)	-24.8	-
	Operating income (loss)	-14.8	<b>8.0</b>	22.8		-1.1	-4.3
	ROS	-1.8%	<b>1.3%</b>	3.1%			
Infrastructure Systems & Solutions	Net sales	1,246.8	<b>1,250.0</b>	3.2	(+0%)	-34.4	-
	Operating income (loss)	48.0	<b>37.0</b>	-11.0		-2.9	-7.3
	ROS	3.9%	<b>3.0%</b>	-0.9%			
Retail & Printing Solutions	Net sales	522.8	<b>480.0</b>	-42.8	(-8%)	-28.4	-
	Operating income (loss)	27.0	<b>19.0</b>	-8.0		-1.1	0.0
	ROS	5.2%	<b>4.0%</b>	-1.2%			
Storage & Electronic Devices Solutions	Net sales	879.6	<b>830.0</b>	-49.6	(-6%)	-61.4	-
	Operating income (loss)	47.3	<b>21.0</b>	-26.3		-16.1	-4.0
	ROS	5.4%	<b>2.5%</b>	-2.9%			
Industrial ICT Solutions	Net sales	258.9	<b>250.0</b>	-8.9	(-3%)	0.0	-
	Operating income (loss)	1.3	<b>5.0</b>	3.7		0.0	-3.9
	ROS	0.5%	<b>2.0%</b>	1.5%			
Others	Net sales	525.6	<b>470.0</b>	-55.6	(-11%)	-0.5	-
	Operating income (loss)	-48.6	<b>-20.0</b>	28.6		0.8	-7.0
Eliminations	Net sales	-330.8	<b>-320.0</b>	10.8		-0.5	-
	Operating income (loss)	3.9	<b>0.0</b>	-3.9		0.4	-
Total After reclassification	Net sales	3,947.6	<b>3,600.0</b>	-347.6	(-9%)	-150.0	-
	Operating income (loss)	64.1	<b>70.0</b>	5.9		-20.0	-26.5
	ROS	1.6%	<b>1.9%</b>	0.3%			



# Appendix

# Capital Expenditure (Commitment Basis)

(Yen in billions)

Capital Expenditure (Commitment Basis)	FY2016 Actual	FY2017 Actual	FY2018 Forecast	FY2017/ 4Q Actual	Major Items in FY2017/4Q
Energy Systems & Solutions	14.4	10.7	17.0	5.9	–
Infrastructure Systems & Solutions	26.6	32.1	62.0	13.1	–
Retail & Printing Solutions	7.0	8.3	10.0	2.1	–
Storage & Electronic Devices Solutions	9.2	20.5	23.0	2.2	–
Industrial ICT Solutions	2.2	2.3	4.0	1.4	–
Others	11.1	11.6	19.0	3.5	–
<b>Total</b>	<b>70.5</b>	<b>85.5</b>	<b>135.0</b>	<b>28.2</b>	

(For reference)

<b>Memory *</b>	354.0	576.8	
-----------------	-------	-------	--

<b>Investments and Loans</b>	5.6	96.5	15.0
------------------------------	-----	------	------

\* Capital expenditures in the Memory business include capital investments by Toshiba in affiliated companies such as Flash Forward, Ltd.



# Main Items and Amount of Impact

(Yen in billions)		Income (loss) before tax	Expenses of tax	Cash
Memory Business Non-qualified Split		0.0	-304.4	0.0
	WEC payment of parent company guarantee	0.0	0.0	-650.7
	WEC related claims (income on sales)	241.6	-74.6	244.1
	WEC related claims (tax reduction)	0.0	244.5	0.0
	WEC related shares	0.0	197.2	0.0
Sub-total for Westinghouse (WEC)		241.6	367.1	-406.6
Recognition of certain deferred tax assets		0.0	110.4	0.0
Landis+Gyr IPO		66.8	-22.7	149.7
Sales of Visual Products Business		30.3	36.9	
Pension buyout of European subsidiary		-13.9	0.0	
	Sales of consolidated subsidiary in Brazil	-32.4	19.3	
	Early retirement incentive programs, etc.	-4.7	1.4	
	Disposal of surplus production assets, etc.	-4.7	1.4	
	Impairment of fixed assets	-10.3	0.0	0.0
Sub-total for structural reform		-52.1	22.1	
Total of main items		272.7	209.4	-256.9

\*Total of continued and discontinued business

# The Amount Available for Distribution

- The stated capital and capital reserve will be decreased (reduction of capital, etc.) as of July 31.

\*Subject to a positive vote on a resolution put to the General Meetings of the Shareholders, as specified in the Companies Act and the Company's articles of incorporation

- Even after the reduction of capital, the distributable amount will be negative; the Companies Act bars companies in this situation from paying dividends and buying back shares.

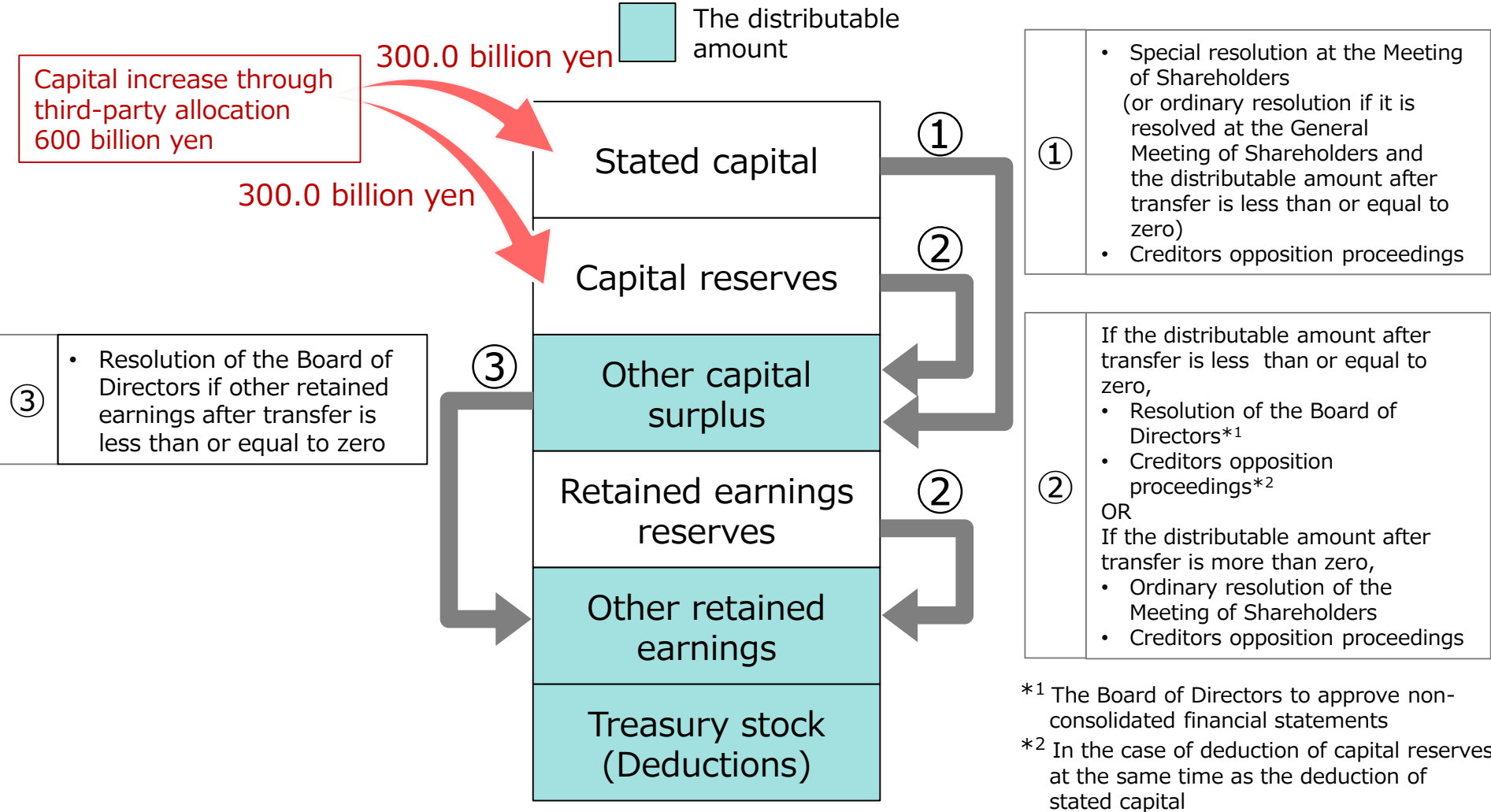
(Yen in billions)

	FY2018/3E	After reduction of capital (Before Memory sales)
<b>Non-consolidated net assets</b>		
<b>(Breakdown)</b>		
Stated capital	500.0	200.0
Capital reserve	300.0	0.0
<b>Other capital surplus</b>	<b>158.7</b>	<b>0.0</b>
<b>Other retained earnings</b>	<b>-914.4</b>	<b>-155.7</b>
<b>Treasury stock</b>	<b>-2.1</b>	<b>-2.1</b>
Valuation, translation adjustments and others	6.2	6.2
<hr/>		
Total of net assets	48.4	48.4
<b>Distributable Amount</b>	<b>-757.8</b>	<b>-157.8</b>

+600.0

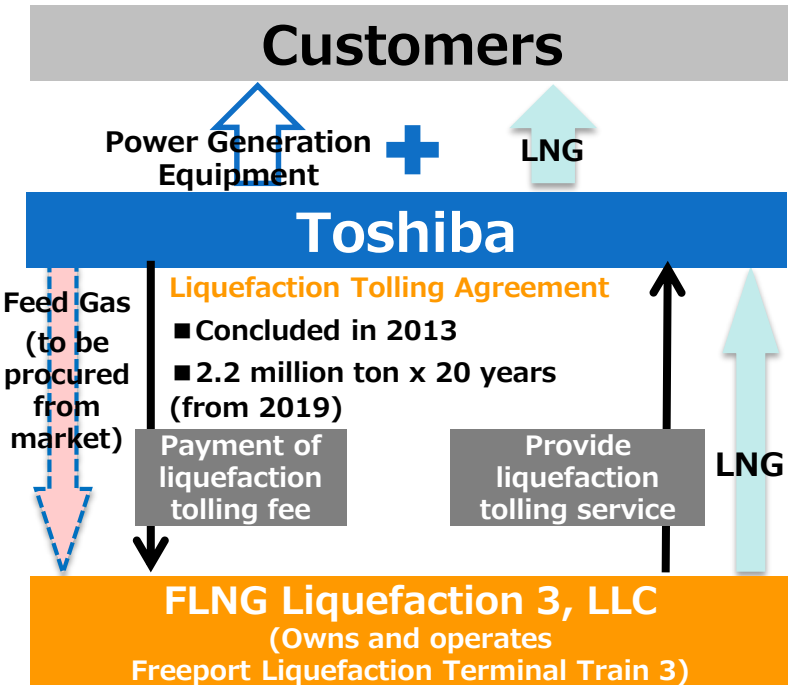
# Outline of Procedures Regarding the Distributable Amount

- Various procedures specified by the Japanese Companies Act and the articles of incorporation are required to increase the distributable amount by transferring stated capital and/or capital reserves

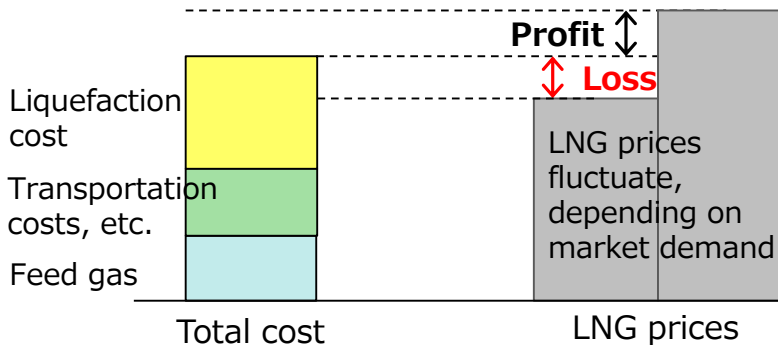


# LNG Business (Freeport)

Continuing sales activities and measures to establish a structure to sell and supply LNG



## Income or loss at Toshiba



## Status of Orders Received

- Basic agreements for a part of the Toshiba's liquefaction service (total of 2.2 million tons per year) have already been concluded (volume, price and contract terms) 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 the capacity of the above basic agreements).

## Concrete Progress of Activities

- In preparation for starting to supply customers with LNG from September 2019 (a possible delay of a few months is expected), 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

- Up to the previous announcement, we have referred to accounting for loss-making construction contracts for reference, and understood that any loss on sales would be recognized at the time of the official LNG sales contract, if the contract price was lower than the estimated cost.
- However, since LNG is a product, we have concluded that it is not appropriate to apply accounting for construction contracts.
- As a result, we now recognize that any loss should be recognized as inventory valuation. Therefore, upon completion of a LNG raw material supply contract, if the contract price is lower than the estimated cost, we will recognize the losses as an inventory write-down.
- As no raw material supply contract have been entered into, no special accounting treatment was applied in 2017/4Q.

# Balance Sheet

## - Memory business

- The following details the balance of assets and liabilities held by the Memory business in respect of consolidated group companies, including Toshiba Corporation and Toshiba Memory Corporation. This does not match assets and liabilities of discontinued operations of consolidated balance sheet, as some of these numbers are eliminated through consolidation.

Assets	2017/3E	2018/3E	(Yen in billions)
Cash and cash equivalents	186.6	32.3	
Notes and accounts receivable, trade	150.4	237.7	
Inventories	124.3	160.7	
Short-term loans receivable	1.7	* 146.4	* Includes Group deposits
Property, plant and equipment	254.8	491.9	
Equity method investments in affiliates	149.4	268.5	
Other assets	86.6	244.3	
<b>Total assets</b>	<b>953.8</b>	<b>1,581.8</b>	

Liabilities	2017/3E	2018/3E	
Short-term borrowings	1.2	-	
Notes and accounts payable, trade	73.0	79.7	
Accounts payable, other and accrued expenses	160.4	340.0	
Accrued income and other taxes payables	49.6	* 90.3	* Includes a taxable corporate split
Accrued pension and severance costs	49.3	43.6	
Other liabilities	32.5	83.8	
<b>Total liabilities</b>	<b>366.0</b>	<b>637.4</b>	

# Energy Systems & Solutions

## -Breakdown

(Yen in billions)

		FY2017 Actual	FY2018 Forecast	Difference	(growth rate)
Energy Systems & Solutions	Net sales	844.7	<b>640.0</b>	-204.7	(-24%)
	Operating income (loss)	-14.8	<b>8.0</b>	22.8	
	ROS	-1.8%	<b>1.3%</b>	3.1%	
Nuclear Power Systems	Net sales	168.6	<b>154.9</b>	-13.7	(-8%)
	Operating income (loss)	1.8	<b>7.9</b>	6.1	
	ROS	1.1%	<b>5.1%</b>	4.0%	
Thermal & Hydro Power Systems	Net sales	349.5	<b>278.5</b>	-71.0	(-20%)
	Operating income (loss)	-11.7	<b>5.5</b>	17.2	
	ROS	-3.3%	<b>2.0%</b>	5.3%	
Transmission & Distribution Systems	Net sales	282.8	<b>226.8</b>	-56.0	(-20%)
	Operating income (loss)	0.2	<b>3.6</b>	3.4	
	ROS	0.1%	<b>1.6%</b>	1.5%	
Landis+Gyr	Net sales	* 65.8	-	-65.8	
	Operating income (loss)	3.4	-	-3.4	
Others	Net sales	-22.0	<b>-20.2</b>	1.8	
	Operating income (loss)	-8.5	<b>-9.0</b>	-0.5	

\*FY2017 figures for Landis+Gyr are for the period up to the July 25 IPO

# Infrastructure Systems & Solutions

## -Breakdown

(Yen in billions)

		FY2017 Actual	FY2018 Forecast	Difference (growth rate)		
Infrastructure Systems & Solutions	Net sales	1,246.8	<b>1,250.0</b>	3.2	(+0%)	
	Operating income (loss)	48.0	<b>37.0</b>	-11.0		
	ROS	3.9%	<b>3.0%</b>	-0.9%		
Public Infrastructure	Net sales	400.6	<b>384.9</b>	-15.7	(-4%)	
	Operating income (loss)	24.1	<b>17.0</b>	-7.1		
	ROS	6.0%	<b>4.4%</b>	-1.6%		
Building and Facilities	Net sales	550.8	<b>578.0</b>	27.2	(+5%)	
	Operating income (loss)	17.5	<b>17.8</b>	0.3		
	ROS	3.2%	<b>3.1%</b>	-0.1%		
Industrial Systems	Net sales	346.6	<b>359.3</b>	12.7	(+4%)	
	Operating income (loss)	6.4	<b>2.8</b>	-3.6		
	ROS	1.8%	<b>0.8%</b>	-1.0%		
Breakdown of net sales	Building and Facilities	Elevator & Escalator	214.5	217.0	2.5	(+1%)
	Lighting		148.9	156.0	7.1	(+5%)
		Air Conditioner	187.4	205.0	17.6	(+9%)

\*Building and Facilities: Regarding breakdown of net sales, annual results and forecast will be announced hereafter

# Storage & Electronic Devices Solutions

## -Breakdown

(Yen in billions)

		FY2017 Actual	FY2018 Forecast	Difference	(growth rate)
Storage & Electronic Devices Solutions	Net sales	879.6	<b>830.0</b>	-49.6	(-6%)
	Operating income (loss)	47.3	<b>21.0</b>	-26.3	
	ROS	5.4%	<b>2.5%</b>	-2.9%	
Semiconductors *1	Net sales	359.8	<b>363.0</b>	3.2	(+1%)
	Operating income (loss)	16.4	<b>8.9</b>	-7.5	
	ROS	4.6%	<b>2.5%</b>	-2.1%	
HDDs and others *2	Net sales	519.8	<b>467.0</b>	-52.8	(-10%)
	Operating income (loss)	30.9	<b>12.1</b>	-18.8	
	ROS	5.9%	<b>2.6%</b>	-3.3%	

\*1 Discrete, System LSI, NuFlare Technology, Inc.

\*2 HDDs, intersegment eliminations, etc.



# Others

(Yen in billions)

		FY2017 Actual	FY2018 Forecast	Difference	(growth rate)
PC	Net sales	167.3	<b>190.0</b>	22.7	(+14%)
	Operating income (loss)	-9.6	<b>1.0</b>	10.6	
	ROS	-5.7%	<b>0.5%</b>	6.2%	

**TOSHIBA**

**Leading Innovation >>>**