



TOSHIBA

**FY2018
Second Quarter
Consolidated
Business Results
(First six months cumulative)**

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Forward-looking Statements

- This presentation contains forward-looking statements concerning future plans, strategies, and the performance of Toshiba Corporation (hereinafter “Toshiba” or “the Company”) and its consolidated subsidiaries (hereinafter “Toshiba Group” or “the 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 the expectations.
- Toshiba Group’s fiscal year (FY) runs from April 1 to March 31. H1 refers to the first six months (April–September); H2 refers to the latter six months (October–March); Q1 refers to the first quarter (April–June); Q2 refers to the second quarter (July–September); Q3 refers to the third quarter (October–December); and Q4 refers to the fourth quarter (January–March).
- All figures are consolidated totals for the first six months of FY2018, unless otherwise stated.
- Results in segments have been reclassified to reflect the current organizational structure, unless otherwise stated.

Agenda

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02 Business Results by Segment

03 FY2018 Forecast

04 Others

01

Overall Business Results

Key Points of FY2018/H1 Net Sales and Income (Loss)

● Net Sales:

Overall sales decreased by 95.8 billion yen year on year as the Energy Systems & Solutions business recorded lower sales due to the impacts of deconsolidation of Landis+Gyr (deconsolidated as a result of IPO in July 2017) and declining performance in the Thermal Power Systems business, despite increased sales in the Storage & Electronic Devices Solutions and Infrastructure Systems & Solutions businesses. The impact of exchange rate changes was -6.0 billion yen.

➤ Net sales 1,778.0 billion yen (YoY*¹: -95.8 billion yen)

*¹ YoY: year-on-year comparison

● Income (Loss):

Operating income declined by 29.2 billion yen overall year on year due to the deterioration in operational results in the business segments other than the Industrial ICT Solutions business, which maintained stable performance. The impact of exchange rate changes were -1.0 billion yen, and the reduced impacts of emergency measures, such as bonus reductions were 14.3 billion yen.

Income before income taxes and noncontrolling interests declined year on year due to a decline in operating income, despite an increase in non-operating income from an increase in equity earnings from Toshiba Memory and a gain on the transfer of Toshiba General Hospital. Net income rose from the same period of the prior year due to the gain on sale of the Memory business.

➤ Operating income 7.0 billion yen (YoY: -29.2 billion yen)

➤ Income before income taxes and noncontrolling interests 70.6 billion yen (YoY: -3.0 billion yen)

➤ Net income 1,082.1 billion yen (YoY: +1,131.9 billion yen)

Key Points of FY2018/H1

Cash Flows and Equity Attributable to Shareholders of the Group

- **Cash Flows:**

Free cash flows improved by 1,476.5 billion yen to +1,564.1 billion yen year on year due to the improvement in operating cash flows in addition to 1,458.3 billion yen of cash inflows from the sale of the Memory business.

- **Equity Attributable to Shareholders of the Group:**

As a result of the sale of the Memory business, equity attributable to shareholders of the Group was 1,937.3 billion yen and the shareholders' equity ratio improved to 39.9%. Net assets including noncontrolling interests were 2,175.7 billion yen.

Overall Business Results

Income (Loss)/Cash Flow Items

(Yen in billions, except earnings (loss) per share)

	FY2017/H1	FY2018/H1	Difference
Net sales	1,873.8	1,778.0	(95.8)
Operating income (loss)	36.2	7.0	(29.2)
%	1.9%	0.4%	(1.5)%
Non-operating income (loss)	37.4	63.6	26.2
Income (loss) before income taxes and noncontrolling interests	73.6	70.6	(3.0)
%	3.9%	4.0%	0.1%
Tax expenses	(22.7)	(20.4)	2.3
Net income (loss) from continuing operation before noncontrolling interests	50.9	50.2	(0.7)
Net income (loss) from discontinued operations before noncontrolling interests	(86.6)	1,044.4	1,131.0
Net income (loss) attributable to noncontrolling interests	(14.1)	(12.5)	1.6
Net income (loss)	(49.8)	1,082.1	1,131.9
%	(2.7)%	60.9%	63.6%
Earnings (loss) per share attributable to shareholders of the Company	¥(117.60)	¥1,660.61	¥1,778.21
Free cash flows	87.6	1,564.1	1,476.5

Overall Business Results

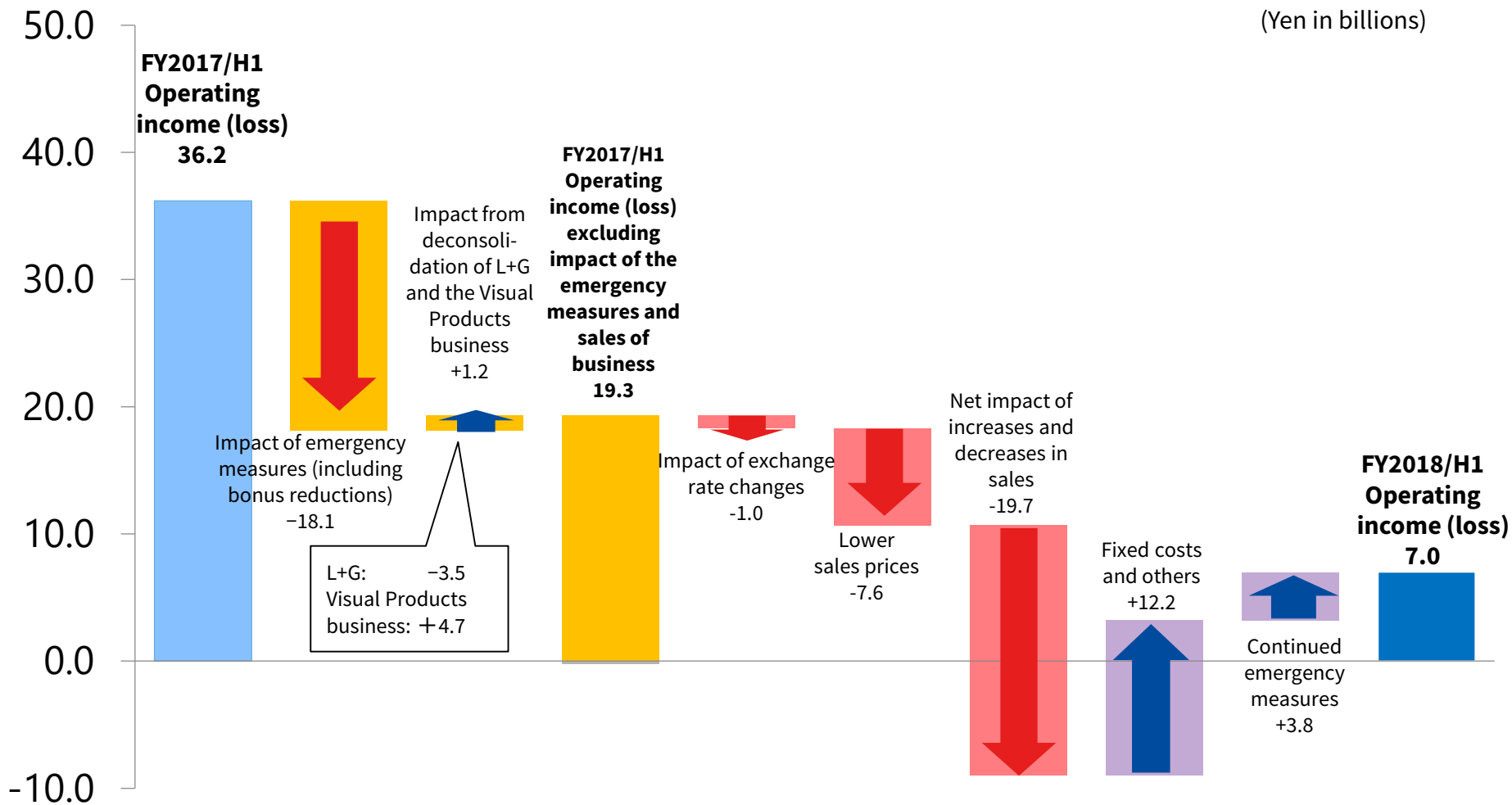
Balance Sheet Items

(Yen in billions)

	2018/3E	2018/9E	Difference
Equity attributable to shareholders of the Company	783.1	1,937.3	1,154.2
Shareholders' equity ratio	17.6%	39.9%	22.3%
Net Assets	1,010.7	2,175.7	1,165.0
Net interest-bearing debt	191.6	(1,441.0)	(1,632.6)
Net debt-to-equity ratio	24%	(74)%	(98)%
Exchange rate (US\$) as of the period-end	¥106	¥114	¥8

Operating Income (Loss), YoY Analysis

Operating income declined due to lower sales prices, lower sales and the reduced impact of emergency measures



Non-operating Income (Loss) and Expenses

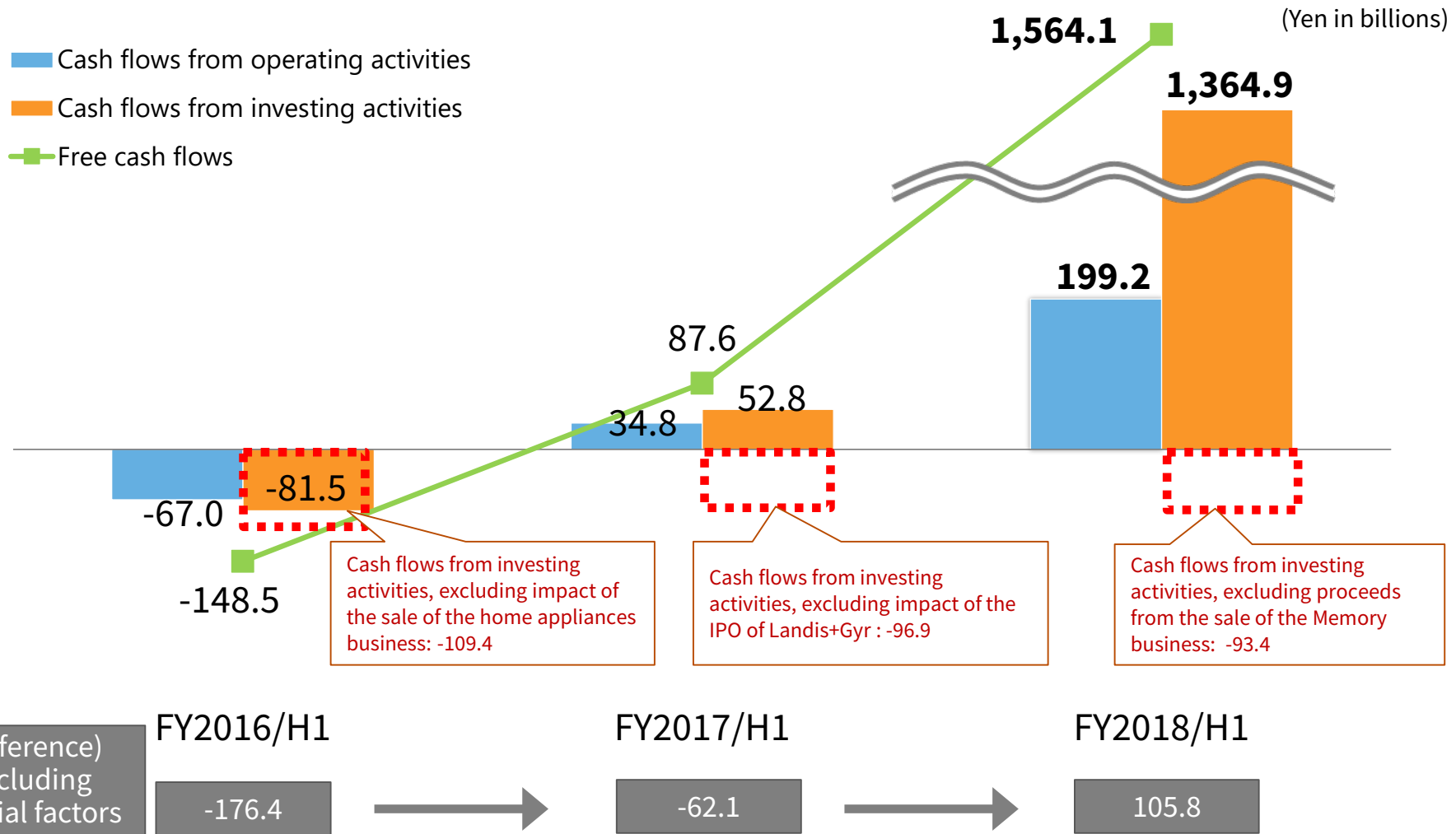
An increase in non-operating income as a result of equity in earnings of Toshiba Memory and a gain from the transfer of Toshiba General Hospital

	FY2017/H1	FY2018/H1	Difference	(Yen in billions)
Net financial income (loss)	(9.2)	(2.4)	6.8	
Foreign exchange income (loss)	(7.8)	2.0	9.8	
Income (loss) on sale or disposal of fixed assets	15.0	(1.2)	(16.2)	
Income (loss) on sale of securities	*1 67.2	2.9	(64.3)	*1 Sale of shares of Landis+Gyr: 66.8 billion yen
Settlement costs of lawsuits	(9.5)	(4.4)	5.1	
Equity in earnings of affiliates	4.4	*2 50.3	45.9	*2 Equity earnings from Toshiba Memory: 45.2 billion yen
Others	(22.7)	*3 16.4	39.1	*3 Gain from the transfer of Toshiba General Hospital: 23.9 billion yen
Total	37.4	63.6	26.2	

*2 Toshiba is not involved in the management of Toshiba Memory and, not in a position to explain Toshiba Memory's business performance in details on its behalf. Accordingly, those details are not discussed herein.

Free Cash Flows

Free cash flows exceeded 100.0 billion yen excluding proceeds on the sale of the Memory business



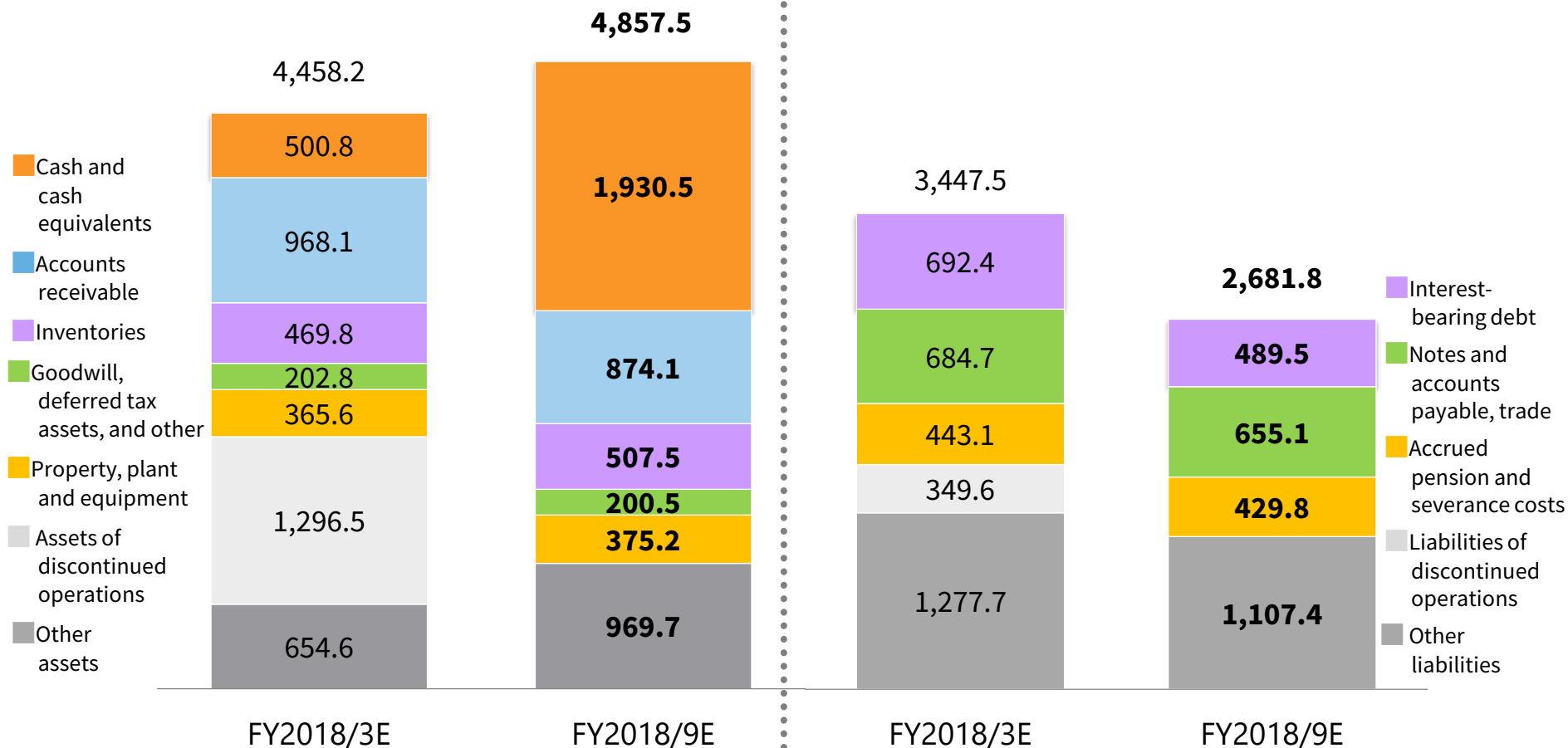
Balance Sheet

Financial condition was optimized as a result of measures taken

(Yen in billions)

Assets

Liabilities



02

Business Results by Segment

FY2018/H1 Consolidated Business Results by Segment

(Yen in billions)

		FY2017/H1	FY2018/H1	Difference (growth rate)	
Energy Systems & Solutions	Net sales	430.4	303.1	(127.3)	(30)%
	Operating income (loss)	(0.8)	(3.9)	(3.1)	
	ROS*	(0.2)%	(1.3)%	(1.1)%	
Infrastructure Systems & Solutions	Net sales	552.1	568.0	15.9	+3%
	Operating income (loss)	2.7	1.5	(1.2)	
	ROS	0.5%	0.3%	(0.2)%	
Retail & Printing Solutions	Net sales	247.8	241.0	(6.8)	(3)%
	Operating income (loss)	11.3	8.0	(3.3)	
	ROS	4.6%	3.3%	(1.3)%	
Storage & Electronic Devices Solutions	Net sales	432.6	456.8	24.2	+6%
	Operating income (loss)	32.9	10.6	(22.3)	
	ROS	7.6%	2.3%	(5.3)%	
Industrial ICT Solutions	Net sales	118.7	117.6	(1.1)	(1)%
	Operating income (loss)	(1.9)	(1.3)	0.6	
	ROS	(1.6)%	(1.1)%	0.5%	
Others	Net sales	243.3	248.5	5.2	+2%
	Operating income (loss)	(8.4)	(10.9)	(2.5)	
Eliminations	Net sales	(151.1)	(157.0)	(5.9)	
	Operating income (loss)	0.4	3.0	2.6	
Total, excluding discontinued operations	Net sales	1,873.8	1,778.0	(95.8)	(5)%
	Operating income (loss)	36.2	7.0	(29.2)	
	ROS	1.9%	0.4%	(1.5)%	

*ROS: Return on sale

*Consolidated business results for FY2017/H1 represent the results after the reclassification of the Memory business as a discontinued operation in the prior year.

Energy Systems & Solutions Results Breakdown

(Yen in billions)

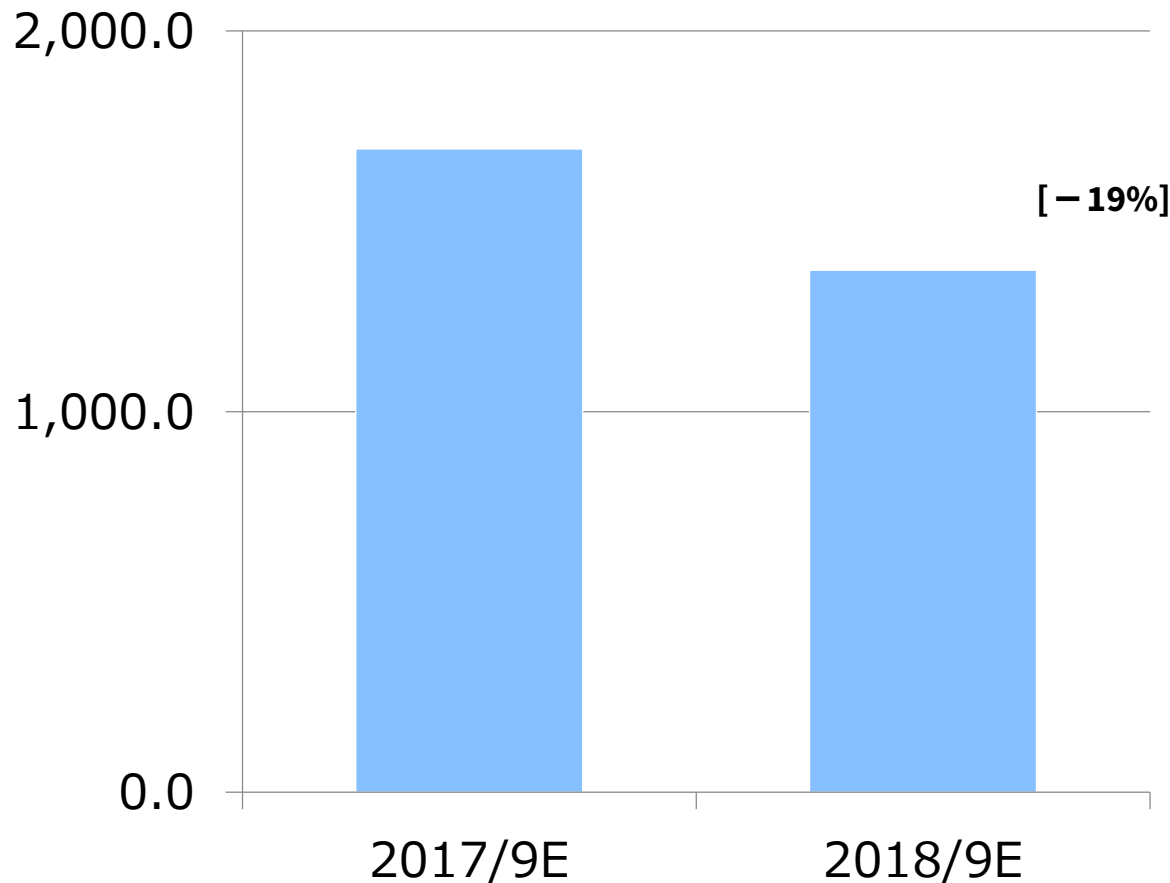
		FY2017/H1	FY2018/H1	Difference	(growth rate)	
Energy Systems & Solutions	Net sales	430.4	303.1	(127.3)	(30)%	Impact of exchange rate changes: -1.6
	Operating income (loss)	(0.8)	(3.9)	(3.1)		
	ROS	(0.2)%	(1.3)%	(1.1)%		Impact of exchange rate changes: +0.2 Emergency measures: -2.6
FCF by segment			52.6			
Nuclear Power Systems	Net sales	66.0	61.9	(4.1)	(6)%	Lower sales due to a decrease in plant restart-related constructions. Resulted in improved operating income due to an elimination of the negative factors for operational results which existed in the comparative period.
	Operating income (loss)	0.6	2.5	1.9		
	ROS	0.9%	4.0%	3.1%		
Thermal & Hydro Power Systems	Net sales	179.1	137.7	(41.4)	(23)%	Lower sales overall, due to a reduction in the number of new thermal power construction projects, and a decline in service related works due to extended intervals between inspections. Reduction in operating results mainly due to lower sales and an increase in construction costs.
	Operating income (loss)	(0.9)	(4.7)	(3.8)		
	ROS	(0.5)%	(3.4)%	(2.9)%		
Transmission & Distribution Systems	Net sales	131.4	108.3	(23.1)	(18)%	Lower sales due to the transfer of the industrial distribution systems business and structural reforms of overseas consolidated subsidiaries.
	Operating income (loss)	1.8	1.6	(0.2)		
	ROS	1.4%	1.5%	0.1%		
Landis+Gyr	Net sales	65.8	-	(65.8)		Due to the deconsolidation of the business by the completion of IPO.
	Operating income (loss)	3.5	-	(3.5)		
Other	Net sales	(11.9)	(4.8)	7.1		Decrease in the eliminations of inter-segment transactions.
	Operating income (loss)	(5.8)	(3.3)	2.5		

*Free cash flows by segment are treated as an index for in-house management only, and the impact of exchange rate changes is treated differently 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)



- Nuclear Power Systems received orders related to plant restarts; however, the backlog decreased slightly.
- Thermal & Hydro Power Systems' backlog decreased due to the progress of ongoing construction projects and the lower number of orders of Thermal Power System.
- Transmission & Distribution Systems' backlog due to the transfer of the industrial distribution systems business and deconsolidation of overseas subsidiaries.

Infrastructure Systems & Solutions Results Breakdown

(Yen in billions)

		FY2017/H1	FY2018/H1	Difference	(growth rate)	
Infrastructure Systems & Solutions	Net sales	552.1	568.0	15.9	+3%	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> Impact from exchange rate changes: +0.6 </div> <div style="border: 1px solid black; padding: 5px;"> Impact from exchange rate changes: -0.3 Emergency measures: -4.2 </div>
	Operating income (loss)	2.7	1.5	(1.2)		
	ROS	0.5%	0.3%	(0.2)%		
	FCF by segment			14.0		
Public Infrastructure	Net sales	144.1	148.1	4.0	+3%	Higher sales due to an expansion of the Social Systems business. Reduction in operational results due to differences in components of projects related to water treatment, and Radio and Communication Systems.
	Operating income (loss)	(4.0)	(4.5)	(0.5)		
	ROS	(2.8)%	(3.0)%	(0.2)%		
Building and Facilities	Net sales	271.0	270.8	(0.2)	(0)%	The same level of sales due to lower sales in the overseas elevator business, despite an increase in the sales of overseas air conditioning business. Higher operating income, reflecting the results of the structural reforms undertaken in the previous fiscal year.
	Operating income (loss)	7.1	8.4	1.3		
	ROS	2.6%	3.1%	0.5%		
Railways and Industrial Systems	Net sales	158.4	179.3	20.9	+13%	Higher sales supported by transfer of the Industrial Distribution Systems business from the Energy Systems & Solutions. Reduction in operating results due to an acceleration of development costs in railway systems and battery systems.
	Operating income (loss)	(0.4)	(2.4)	(2.0)		
	ROS	(0.3)%	(1.3)%	(1.0)%		

*Free cash flows by segment are treated as an index for in-house management only, and the impact of exchange rate changes is treated differently from free cash flows in the Consolidated Statements of Cash Flows.

Storage & Electronic Devices Solutions Results Breakdown

(Yen in billions)

		FY2017/H1	FY2018/H1	Difference (growth rate)		
Storage & Electronic Devices Solutions	Net sales	432.6	456.8	24.2	+6%	Impact from exchange rate changes: -4.2
	Operating income (loss)	32.9	10.6	(22.3)		
	ROS	7.6%	2.3%	(5.3)%		Impact from exchange rate changes: -1.4 Emergency measures: -2.2
	FCF by segment			(1.6)		
Semiconductor*1	Net sales	187.0	176.4	(10.6)	(6)%	Higher sales of discrete semiconductors for industrial use but resulted in the same level of operating income due to increase in upfront investment. Lower sales and operating income of system LSIs due to a decrease in sales of Logic LSIs and for communication systems along with an increase in R&D costs. Lower sales and operating income in NuFlare Technology due to delayed recognition due to timing differences.
	Operating income (loss)	20.5	5.6	(14.9)		
	ROS	11.0%	3.2%	(7.8)%		
HDDs & Others*2	Net sales	245.6	280.4	34.8	+14%	Lower sales and operating income of HDDs due to underachievement in procurement costs reduction, and a decrease in sales and market price of HDDs for PC, despite increase in sales of HDD for enterprises. As a whole, higher sales due to an increase in resale of other products.
	Operating income (loss)	12.4	5.0	(7.4)		
	ROS	5.0%	1.8%	(3.2)%		

*1 Including sales of discrete semiconductors, systems LSIs, and those by NuFlare Technology.

*2 Including sales of HDD and resale of other products.

*Free cash flows by segment are treated as an index for in-house management only, and the impact of exchange rate changes is treated differently from free cash flows in the Consolidated Statements of Cash Flows.

Retail & Printing Solutions

Industrial ICT Solutions

(Yen in billions)

		FY2017/H1	FY2018/H1	Difference	(growth rate)
Retail & Printing Solutions	Net sales	247.8	241.0	(6.8)	(3)%
	Operating income (loss)	11.3	8.0	(3.3)	
	ROS	4.6%	3.3%	(1.3)%	
FCF by segment			3.6		

Impact from exchange rate changes: **-0.6**

Impact from exchange rate changes: **+0.4**
Emergency measures: **±0.0**

- Net sales decreased mainly due to the sale of a subsidiary in the Retail business and reduction in the sales of the Printing business.
- Operating income decreased mainly due to a decrease in profit of the Printing business, despite an increase in operating income of the overseas Retail business.

		FY2017/H1	FY2018/H1	Difference	(growth rate)
Industrial ICT Solutions	Net sales	118.7	117.6	(1.1)	(1)%
	Operating income (loss)	(1.9)	(1.3)	0.6	
	ROS	(1.6)%	(1.1)%	0.5%	
FCF by segment			5.1		

Impact from exchange rate changes: **±0.0**

Impact from exchange rate changes: **±0.0**
Emergency measures: **-2.0**

- Net sales remained at about the same level as FY2017/H1 as a result of higher sales of system-related product and services to public sectors and manufacturing companies, despite the effect of the sale of the underperforming businesses and affiliates.
- Operating income (loss) remained at the same level as FY2017/H1 primarily due to higher sales of system-related products and services and the effects of the structural reform, despite the reduced impact of emergency measures.

*Free cash flows by segment are treated as an index for in-house management only, and the impact of exchange rate changes is treated differently from free cash flows in the Consolidated Statements of Cash Flows.

Others

(Yen in billions)

		FY2017/H1	FY2018/H1	Difference (growth rate)		
PC	Net sales	84.1	79.4	(4.7)	(6)%	Sale of shares (80.1%) to Sharp Corporation was completed on October 1, 2018, and therefore, the PC business will be excluded from the scope of consolidation effective from FY2018/Q3.
	Operating income (loss)	(3.7)	(4.7)	(1.0)		
	ROS	(4.4)%	(5.9)%	(1.5)%		

03

FY2018 Forecast

Overall

Consolidated business results for FY2018/H1 are in line with the original forecast, and projected structural reform costs are reflected in the forecast for FY2018/H2

(Yen in billions)

	FY2017 Actual	FY2018 Forecast	Difference	vs. previous forecast announced on May 15th
Net sales	3,947.6	3,600.0	(347.6)	0.0
Operating income (loss)	86.2	60.0	(26.2)	*1 (10.0)
%	2.2%	1.7%	(0.5)%	(0.2)%
Income (loss) before income taxes and noncontrolling interests	82.4	(40.0)	(122.4)	*2 (130.0)
%	2.1%	(1.1)%	(3.2)%	(3.6)%
Net income (loss)	804.0	920.0	116.0	(150.0)
%	20.4%	25.6%	5.2%	(4.1)%
Earnings (loss) per share attributable to shareholders of the Company	¥1,628.88	*3 ¥1,411.79	(¥217.09)	(¥230.21)
Free cash flows	(109.3)	1,250.0	1,359.3	(40.0)
	2018/3E Actual	2019/3E Forecast	Difference	vs. previous forecast announced on May 15th
Equity attributable to shareholders of the Company	783.1	1,030.0	246.9	*4 (840.0)
Shareholders' equity ratio	17.6%	27.1%	9.5%	(15.4)%
Net assets	1,010.7	1,280.0	269.3	(830.0)
Net interest-bearing debt	191.6	(430.0)	(621.6)	670.0
Net debt equity ratio	24%	(42)%	(66)%	17%

*1:

- Additional structural reform costs: -25.3
- Exchange rate impact: +9.0

*2:

(Non-operating income (loss))

- Withdrawal from LNG business in H2: -93.0
- Exit from the NuGen business in H2: -21.6
- Inclusion of equity earnings from Toshiba Memory (as per last forecast) (from June/2018 to March/2019): +50.0

*3

- Impact of the planned share repurchase is not included in the FY2018 Forecast in the earnings (loss) per share attributable to shareholders of the Company

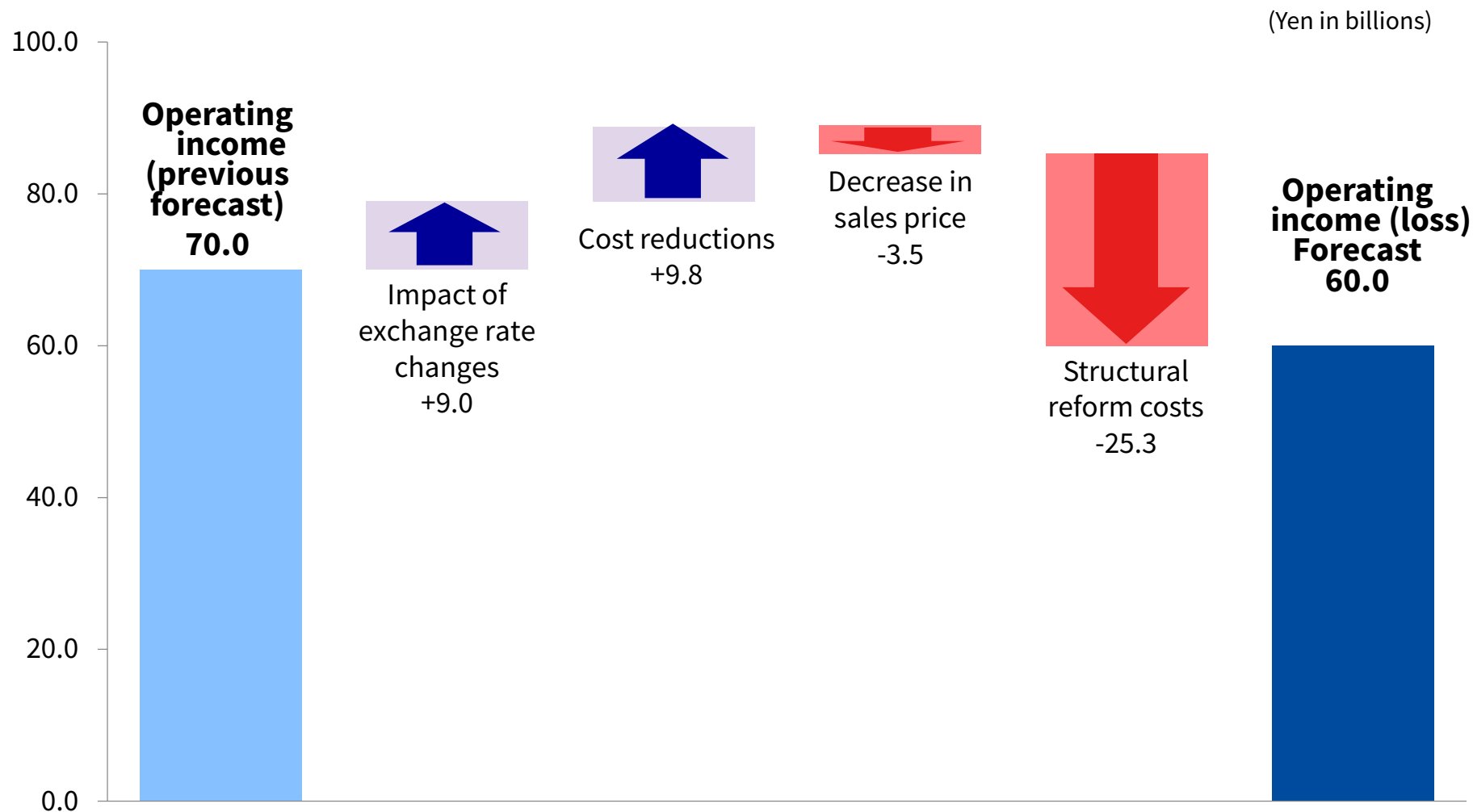
*4

- Share repurchase: -700.0
- Deterioration in net income: -150.0

Note: Some reclassifications and adjustments have been made to the FY2017 actual results to reflect the changes in the new accounting standards (i.e., components of net periodic pension costs and net periodic postretirement benefit costs other than service costs are now treated as non-operating expenses).

Annual Operating Income (Loss) Changes from the Last FY2018 Forecast

Carried out structural reform despite the favorable exchange rate and reduction in fixed costs



By Segment

(Yen in billions)

		FY2017 Actual	FY2018 Forecast	Difference (growth rate)		Impact of exchange rate changes	Impact of emergency measures	Impact of structural reforms	vs. previous forecast announced on May 15th
Energy Systems & Solutions	Net sales	841.1	650.0	(191.1)	(23)%	(9.3)	-	-	10.0
	Operating income (loss)	(9.7)	(6.0)	3.7		(0.3)	(3.6)	(12.7)	(14.0)
	ROS	(1.2)%	(0.9)%	0.3%					(2.2)%
Infrastructure Systems & Solutions	Net sales	1,246.8	1,260.0	13.2	+1%	(9.4)	-	-	10.0
	Operating income (loss)	48.0	34.0	(14.0)		(1.7)	(5.8)	(3.6)	(3.0)
	ROS	3.9%	2.7%	(1.2)%					(0.3)%
Retail & Printing Solutions	Net sales	522.8	480.0	(42.8)	(8)%	(7.4)	-	-	0.0
	Operating income (loss)	27.0	19.0	(8.0)		(0.1)	0.0	0.0	0.0
	ROS	5.2%	4.0%	(1.2)%					0.0%
Storage & Electronic Devices Solutions	Net sales	879.6	870.0	(9.6)	(1)%	(16.6)	-	-	40.0
	Operating income (loss)	47.3	29.0	(18.3)		(6.3)	(2.9)	10.3	8.0
	ROS	5.4%	3.3%	(2.1)%					0.8%
Industrial ICT Solutions	Net sales	258.9	250.0	(8.9)	(3)%	0.0	-	-	0.0
	Operating income (loss)	1.3	0.0	(1.3)		0.0	(3.0)	(3.3)	(5.0)
	ROS	0.5%	0.0%	(0.5)%					(2.0)%
Others	Net sales	529.2	400.0	(129.2)	(24)%	(0.3)	-	-	(70.0)
	Operating income (loss)	(31.6)	(16.0)	15.6		0.4	(3.3)	(3.0)	4.0
Eliminations	Net sales	(330.8)	(310.0)	20.8			-	-	10.0
	Operating income (loss)	3.9	0.0	(3.9)			-	-	0.0
Total excluding discontinued operations	Net sales	3,947.6	3,600.0	(347.6)	(9)%	(43.0)	-	-	0.0
	Operating income (loss)	86.2	60.0	(26.2)		(8.0)	(18.6)	(12.3)	(10.0)
	ROS	2.2%	1.7%	(0.5)%					(0.2)%

04

Others

Repurchase of Own Shares

- **Resolution:**

- Today, the Board of Directors resolved matters concerning the repurchase of Toshiba's own shares.

- **Repurchase Amount:**

- The distributable amount calculated based on the temporary non-consolidated financial statements prepared at the end of September 2018 is 1,167.9 billion yen.
- The appropriate repurchase amount was determined to be 700.0 billion yen at the moment, considering potential risks such as ; a loss of approx. 180.0 billion yen on a non-consolidated basis estimated in the second half of FY2018 ending March 31, 2019; dividend payment of 20 yen per share to its shareholders as of December 31, 2018 which was announced today; and its indemnification obligation under the share purchase agreement for the transfer of Toshiba Memory Corporation's share and its securities litigation (total amount claimed is 178.0 billion yen as of today).

- **Means of Repurchase:**

- At the maximum repurchase amount, the number of shares to be repurchased will be more than 30% of the outstanding shares, and considering the current trading volume of Toshiba's shares on stock exchanges and compliance with relevant laws and regulations, Toshiba determined that it will use a combination of a ToSTNeT-3 Repurchase and Open Market Repurchase based on a discretionary dealing agreement, both of which have been traditionally used in Japan, as the means to stably and steadily repurchase such a large volume of shares.

- **Period for Share Repurchase:**

- From November 9, 2018 to November 8, 2019

Dividends from Surplus

- **Special Dividend (Date of record: December 31, 2018)**

- During the first half of FY2018, the financial results have improved mainly due to the sale of Toshiba Memory Corporation which was completed on June 1, 2018. As a result of such financial improvement, Toshiba provisionally settled accounts and included the periodic income into its distributable amount. Toshiba closed its accounts at the end of September, 2018 and recognized a sufficient distributable amount to implement a shareholder return.
- Toshiba decided today to pay a dividend of 20 yen per share to shareholders recorded as of December 31, 2018, considering that dividends have not been paid for a considerable time.

- **Forecast for Year-End Dividend (Date of record: March 31, 2019)**

- Toshiba has provisionally decided to pay a dividend of 10 yen per share to shareholders recorded as of March 31, 2019.

Withdrawal from the LNG Business (Freeport)

● Cause and Background

- As a result of reviewing the business portfolio in the course of developing the Toshiba Next Plan, the Group positioned the LNG business as a non-core business where the Group cannot foresee synergies with other businesses, and where there is a potential risk for future losses and uncertainties in market conditions.
- While considering the withdrawal from the LNG business, the Group received proposals from multiple potential buyers. Among those potential buyers, the Group selected a overseas buyer that contributed to maximizing the Group's corporate value by providing a clear resolution that minimizes the risk of future losses in the LNG business through a one-time payment.

● Impact on Business Results

- The Group forecasts that the one-off payment to the Buyer will result in [a pre-tax loss of US\\$821.0 million \(approx. 93.0 billion yen\) on a consolidated basis for FY2018.](#) This is reflected in the Group's consolidated business results forecasts for FY2018, which was announced today.
- The Group currently provides a parent company guarantee for its obligations under the liquefaction contract with FLIQ3, and the guarantee is expected to remain in force for the certain period of the time. However, [if the Group is required to make payment to FLIQ3 under the guarantee, the buyer will compensate for the full amount. In addition, the agreement also has a condition that buyer is required to provide the Group with a bank guarantee letter of US\\$500.0 million \(approx. 56.6 billion yen\) as a credit enhancement measure.](#)

Wind-Up of NuGen

● Cause and Background

Background

Under the Group policy to eliminate risks related to the overseas nuclear power construction business, the Group has invited new investors to participate in NuGen, and also considered the sale of the Group's shareholding in NuGen.

Reason for Wind-up

- While the Group has been negotiating the sale of NuGen shares with multiple companies, it concluded that the completion of the sale during FY2018 is not probable. Based on the low likelihood of a sale closing in FY 2018, combined with concerns of additional costs to continue to operate NuGen, the Group determined that the economically rational decision is **to withdraw from the UK nuclear power plant construction project, and has resolved to take steps to wind-up NuGen.**
- The Group will start the winding-up process by January 31, 2019 (planned) and will fulfill all UK legal procedures required to bring it to completion.

● Impact on Business Results

- The Group estimates **a pre-tax loss of approximately 15.0 billion yen on a consolidated basis, which is reflected in Toshiba's consolidated business results forecasts for FY2018,** announced today. The expected **impact on equity attributable to shareholders of the Company is -5.0 billion yen.**

Appendix

Capital Expenditure (Commitment Basis)

(Yen in billions)

Capital Expenditure (Commitment basis)	FY2017 Actual	FY2018 Forecast	vs. previous forecast announced on May 15th	FY2017/H1 Actual	FY2018/H1 Actual	FY2018/Q2 Actual	Major Items in FY2018/Q2
Energy Systems & Solutions	10.7	17.0	0.0	2.9	7.0	6.2	
Infrastructure Systems & Solutions	32.1	71.0	9.0	15.8	22.8	9.3	
Retail & Printing Solutions	8.3	10.0	0.0	4.8	3.1	1.3	
Storage & Electronic Devices Solutions	20.5	28.0	5.0	11.7	23.4	10.7	Expenditures on the discrete semiconductor business to expand production volume, in particular, power devices, at Kaga Toshiba Electronics and on the expansions of production of large capacity HDDs with a large memory capacity at Toshiba Information Equipment Philippines.
Industrial ICT Solutions	2.3	4.0	0.0	0.7	0.8	0.5	
Others	11.6	20.0	1.0	4.6	7.5	3.7	
Total	85.5	150.0	15.0	40.5	64.6	31.7	

Investments and loans	96.5	10.0	(5.0)
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Energy Systems & Solutions Results Breakdown

(Yen in billions)

		FY2017 Actual	FY2018 Forecast	Difference	(growth rate)	vs. previous forecast announced on May 15th
Energy Systems & Solutions	Net sales	841.1	650.0	(191.1)	(23)%	10.0
	Operating income (loss)	(9.7)	(6.0)	3.7		(14.0)
	ROS	(1.2)%	(0.9)%	0.3%		(2.2)%
Nuclear Power Systems	Net sales	165.0	171.3	6.3	+4%	16.4
	Operating income (loss)	8.3	6.5	(1.8)		(1.4)
	ROS	5.0%	3.8%	(1.2)%		(1.3)%
Thermal & Hydro Power Systems	Net sales	340.1	277.3	(62.8)	(18)%	(1.2)
	Operating income (loss)	(13.4)	(8.7)	4.7		(14.2)
	ROS	(3.9)%	(3.1)%	0.8%		(5.1)%
Transmission & Distribution Systems	Net sales	292.2	218.7	(73.5)	(25)%	(8.1)
	Operating income (loss)	1.1	3.8	2.7		0.2
	ROS	0.4%	1.7%	1.3%		0.1%
Landis+Gyr	Net sales	65.8	-	(65.8)		0.0
	Operating income (loss)	3.4	-	(3.4)		0.0
Other	Net sale	(22.0)	(17.3)	4.7		2.9
	Operating income (loss)	(9.1)	(7.6)	1.5		1.4

Infrastructure Systems & Solutions

Results Breakdown

(Yen in billions)

		FY2017 Actual	FY2018 Forecast	Difference (growth rate)		vs. previous forecast announced on May 15th
Infrastructure Systems & Solutions	Net sales	1,246.8	1,260.0	13.2	+1%	10.0
	Operating income (loss)	48.0	34.0	(14.0)		(3.0)
	ROS	3.9%	2.7%	(1.2)%		(0.3%)
Public Infrastructure	Net sales	400.6	397.3	(3.3)	(1)%	12.4
	Operating income (loss)	24.1	18.3	(5.8)		1.3
	ROS	6.0%	4.6%	(1.4)%		0.2%
Building and Facilities	Net sales	550.8	566.7	15.9	+3%	(11.3)
	Operating income (loss)	17.5	14.1	(3.4)		(3.7)
	ROS	3.2%	2.5%	(0.7)%		(0.6%)
Railway and Industrial Systems	Net sales	346.6	375.9	29.3	+8%	16.6
	Operating income (loss)	6.4	2.3	(4.1)		(0.5)
	ROS	1.8%	0.6%	(1.2)%		(0.2%)
Building and Facilities Net Sales Breakdown	Elevator	214.5	214.5	0.0	+0%	(2.5)
	Lighting	148.9	152.2	3.3	+2%	(3.8)
	Air Conditioning	187.4	200.0	12.6	+7%	(5.0)

Storage & Electronic Devices Solutions

Results Breakdown

(Yen in billions)

		FY2017 Actual	FY2018 Forecast	Difference (growth rate)		vs. previous forecast announced on May 15th
Storage & Electronic Devices Solutions	Net sales	879.6	870.0	(9.6)	(1)%	40.0
	Operating income (loss)	47.3	29.0	(18.3)		8.0
	ROS	5.4%	3.3%	(2.1)%		0.8%
Semiconductor*1	Net sales	359.8	365.5	5.7	+2%	2.5
	Operating income (loss)	16.4	16.4	0.0		7.5
	ROS	4.6%	4.5%	(0.1)%		2.0%
HDDs & Others*2	Net sales	519.8	504.5	(15.3)	(3)%	37.5
	Operating income (loss)	30.9	12.6	(18.3)		0.5
	ROS	5.9%	2.5%	(3.4)%		(0.1)%

*1 Including sales of discrete semiconductors, system LSIs, and those by NuFlare Technology

*2 Including sales of HDD and intersegment eliminations