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# Revised Forecasts for FY2015


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# Forward-looking Statements

- This presentation contains forward-looking statements concerning future plans, strategies and 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 12 months of fiscal year 2015, unless otherwise stated.
- Figures in this document are not final or definitive, as the Company is still finalizing its financial statements.

# Key Points of Revised Forecasts

## Differences from forecasts announced on February 4

- **Net sales**
  Following their sale, Toshiba Medical Systems Corporation (TMSC) and the home appliance business are now both classified as discontinued operations in Toshiba's consolidated statements of income, and the Company accordingly forecasts a decrease in net sales in FY2015 of 700 billion yen against the previous forecast.

- **Operating Income (loss)**
  There is no essential change in the status of the nuclear power business, including Westinghouse Electric Company L.L.C. However, the Company forecasts an increased operating loss in FY2015 of 260 billion yen against the previous forecast, resulting from goodwill impairment in the nuclear power business, primarily due to an increase in financing costs following downgrading of credit ratings.

- **Net income (loss) attributable to shareholders of the Company**
  Although the Company will record impairment for part of the goodwill in the nuclear power business, it will also book 380 billion yen in profit (after tax) from the sale of TMSC, and forecasts a 240 billion yen improvement in net income (loss) attributable to shareholders of the Company for FY2015 against the previous forecast.

# FY2015 Revised Forecasts - Overall

(Unit: billion yen)

| | Revised Forecast | Previous forecast (as of Feb.4) | Difference | |
|---|---|---|---|---|
| Net Sales | 5,500 | 6,200 | -700 | • Impact of discontinued businesses: -700 (Healthcare business: -430; Home appliance business: -270) |
| Operating Income (loss) | -690 | -430 | -260 | • Goodwill impairment loss in the nuclear power business: -260 |
| % | -12.5% | -6.9% | | |
| Income (Loss) before income taxes and noncontrolling interests | -600 | -400 | -200 | • Improvement in non-operating income (profit from sales of securities, net financial income (loss), etc.) |
| % | -10.9% | -6.5% | | |
| Income(Loss) from continuing operations, before noncontrolling interests | -880 | -720 | -160 | |
| % | -16.0% | -11.6% | | |
| Income(Loss) from discontinued operations, before noncontrolling interests | 360 | | 360 | • Healthcare business: +390 (Profit from sale: +380 (Income before income tax: +590; corporate income tax etc. -210); business profit: +10) |
| Net Income (loss) | -470 | -710 | 240 | • Home appliance business: -30 |
| % | -8.5% | -11.5% | | |

| | Revised Forecast | Previous forecast (as of Feb.4) | Difference | |
|---|---|---|---|---|
| Equity attributable to shareholders of the Company | 300 | 150 | 150 | • Net Income: +240, Accumulated other comprehensive loss: -80, etc. |
| Shareholders' Equity Ratio | 5.5% | 2.6% | 2.9% | |
| Net interest bearing debt | 490 | 1,450 | -960 | • Amount received from sale of TMSC: +665.5, etc. |
| Net debt-to-equity ratio | 163% | 967% | -803% | |

* Net interest bearing debt: Interest bearing debt – cash and deposits

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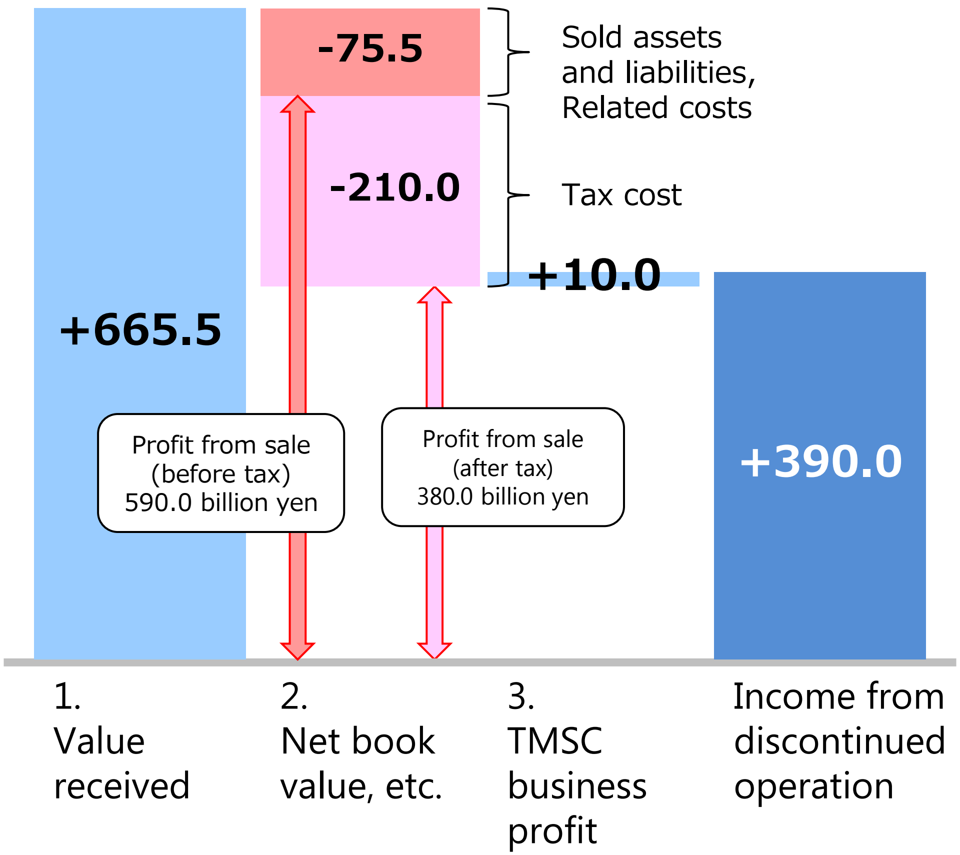
# Sale of Toshiba Medical Systems Corporation (TMSC)

**Profit on sale of 380 billion yen (after tax) and a business profit of 10 billion yen booked to income from discontinued operations.**

(Unit: billion yen)




1. Value received
2. Net book value, etc.
   (Sold assets and liabilities, related costs, tax costs)
   **Profit from sale (after tax)**
   **Total: 380 billion yen**

3. TMSC business profit (after tax)
   **Income from Discontinued Operation (after tax)**
   **Total: 390 billion yen**

**The total of 1. to 3. (net amount) is recorded to net income from discontinued operations**

# FY2015 Nuclear Power Business Goodwill Test: STEP 1

**Although no essential change in the status of the nuclear power business, Toshiba Group's financing cost is increasing, and discount rate will change**

→ **Signs of goodwill impairment were found this time**

**Consolidated impairment test on goodwill in the nuclear power business**
(Base date: February 29, 2016*1)

| | **Carrying Value** (net assets + interest-bearing debt) | | **Fair Value** (shareholders' value + interest-bearing debt) |
|---|---|---|---|
| **Latest time** | **About 690.0 billion yen. Goodwill included in the above is 330.0 billion yen** | > | **About 610.0 billion yen (Discount rate: 11%)** |
| **Previous time** (2015/10/1) | **About 740.0 billion yen. Goodwill included in the above is 340.0 billion yen** | < | **About 800.0 billion yen (Discount rate: 9.5%)** |

**Fair value** fell short to **Carrying value**

**<Reason of decrease in fair value>**
■Review of discount rate 9.5%⇒11%)
* Increase in financing costs following downgrading of company rating etc.

**<Reason of decrease in carrying value>**
■Change of exchange rate
(USD: 120 yen → 114 yen; GBP: 182 yen → 158 yen)
* Decrease in amount evaluated in yen of overseas net asset

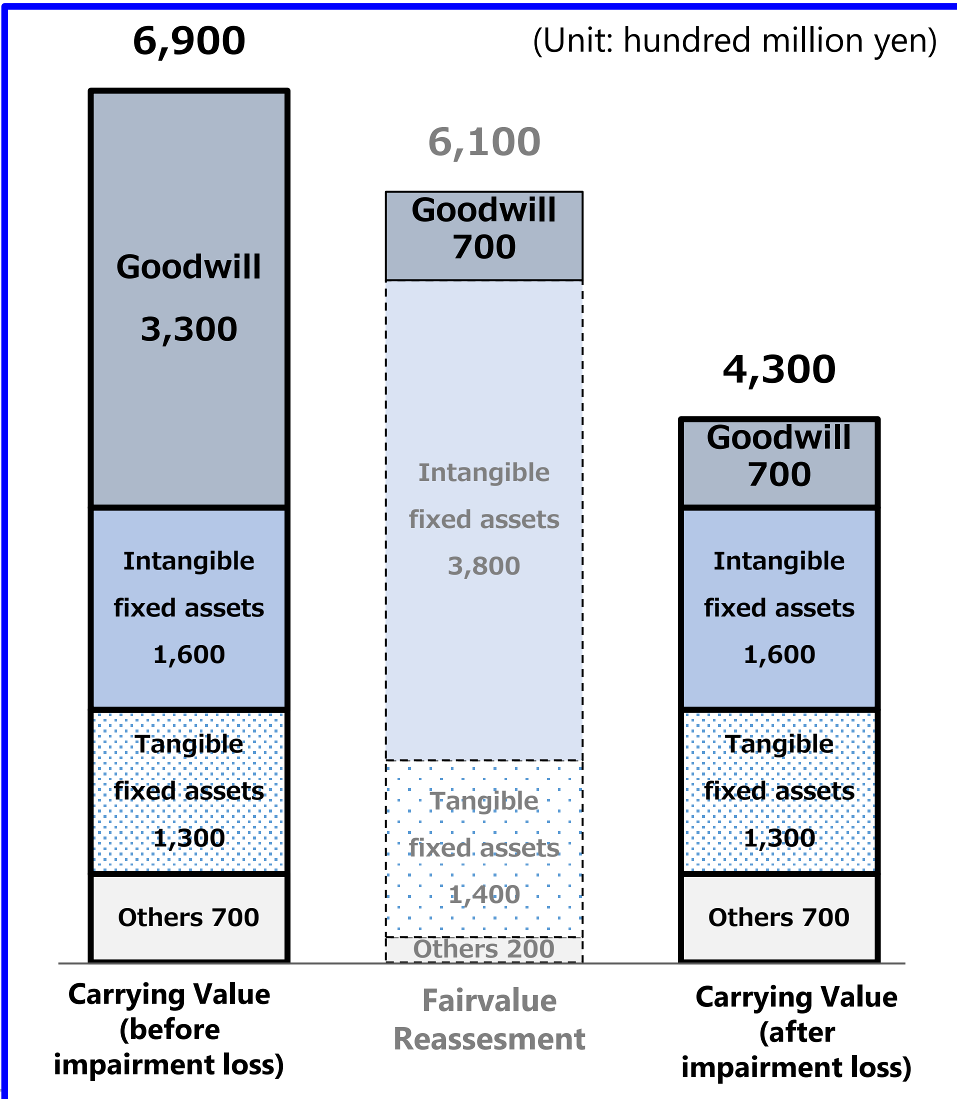
**Signs of goodwill impairment were found → To STEP2**

*1. Base date Feb 29. The monthly closing date nearest to the end of March (close of fiscal year)

・Figures in this presentation are indicated in units of 10 billion yen for convenience.

# Reevaluation of Goodwill: STEP 2

**260 billion yen goodwill impairment:**
**Carrying value (330billion yen) → Fair value (70 billion yen)**




## Process for confirming goodwill impairment loss amount

**Reassess the fair value of the business' assets and liabilities* on the base date**
**→ Reevaluate the value of goodwill**

* Major reevaluation items: tangible and intangible fixed assets, inventory

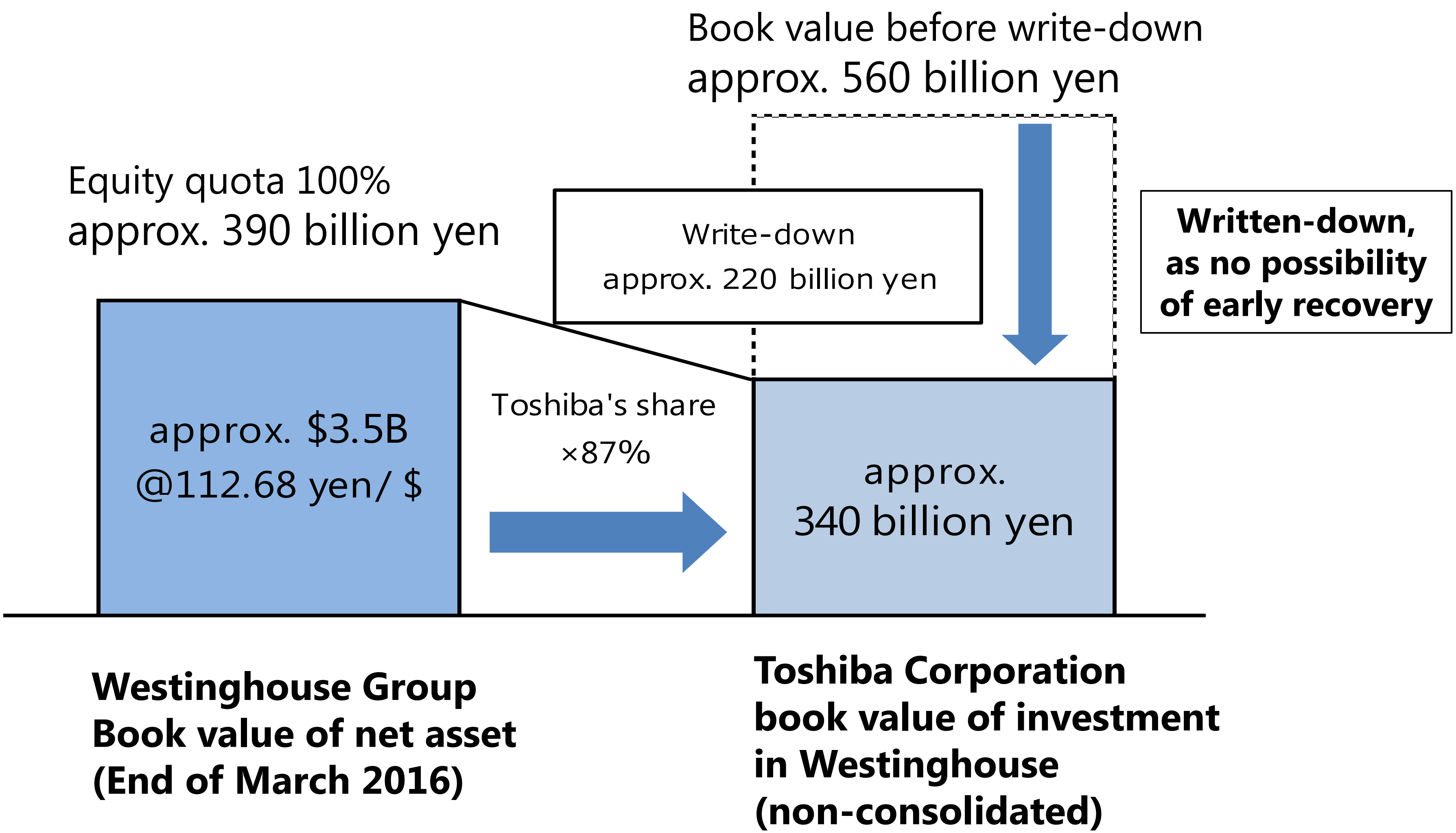
**1. Due to business progress and growth after the acquisition, value of intangible fixed asset increased, mainly for technical assets**

⇨ According to accounting standards, reassessment of intangible fixed assets is not reflected in financial statements

**2. As a consequence of reevaluation, the value of goodwill showed a relative decrease**

⇨ Only fluctuations in value of goodwill are reflected to financial statements

# Impact of Write-down of Investment in Westinghouse on Toshiba Corporation's Financial Statements (non-consolidated)



# Toshiba Corporation (non-consolidated) Net Assets Status

(Unit: billion yen)

Toshiba Corporation (non-consolidated)

| | This forecast (March end 2016) (A) | FY15 term beginning (March end 2015) (B) | Change (A) – (B) |
|---|---|---|---|
| Common stock | 439.9 | 439.9 | 0.0 |
| Additional paid-in capital | 380.8 | 380.8 | 0.0 |
| Legal retained earnings | 13.9 | 13.9 | 0.0 |
| Other capital surpluses | -470.0 | -145.7 | -324.3 |
| Others | 9.2 | 28.4 | -19.2 |
| Total of net asset | 373.8 | 717.3 | -343.5 |
| (Capital Deficit) | -80.0 | 263.5 | -343.5 |

- Income (loss) before tax: -74 billion yen (Although profit from TMSC sale was booked, restructuring cost, write-down of stock (including Westinghouse), allowance for doubtful accounts etc. led to overall deficit)
- Corporate tax etc.: -250 billion yen (Major decline as a result of negative reversal of deferred tax asset)
- Decrease of evaluation income (loss) due to sales of securities

Capital Deficit: Net Assets – Common stock – legal reserves
= 373.8 – 439.9 – 13.9
= -80.0

Capital deficit expected for non-consolidated closing, due to net income (loss) deteriorating in non-consolidated FY2015 performance

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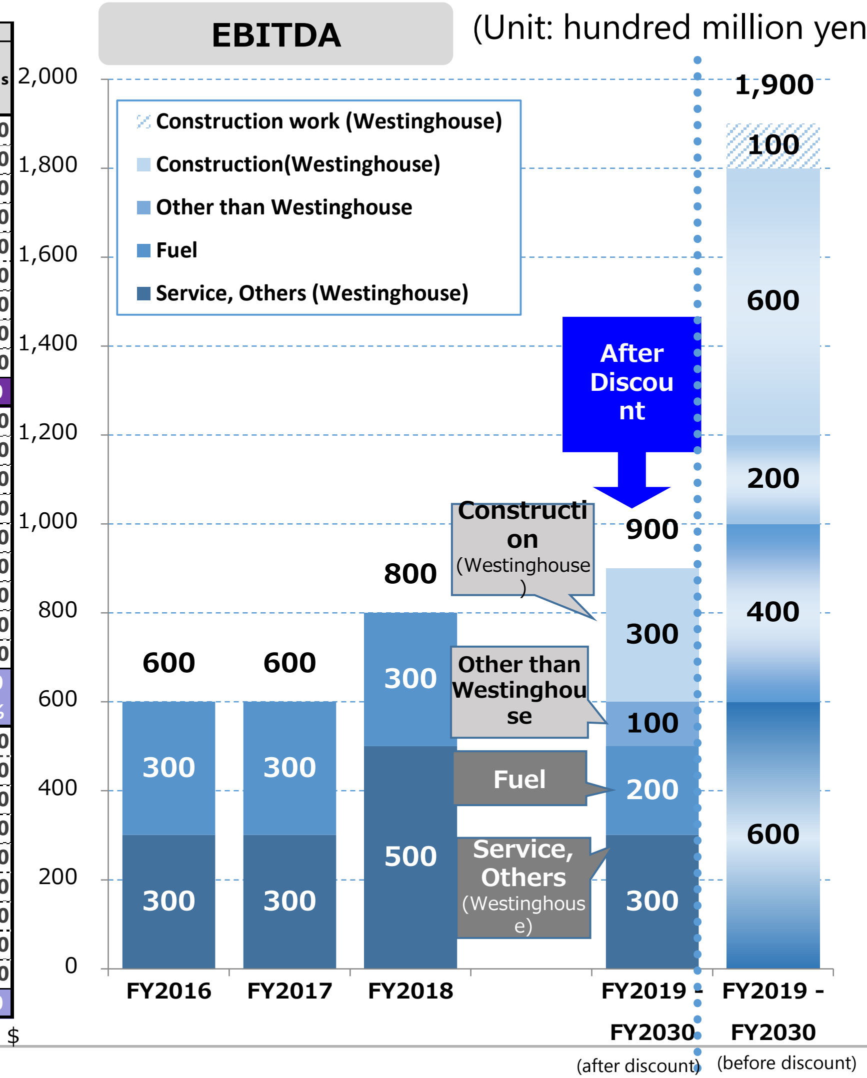
# Appendix

# Nuclear Power Business Plan
# (4Q Consolidated Goodwill Impairment Test)

## No essential change
(Includes impact of acquisition of CB&I's subsidiary and exchange rate)

| | FY2015 | vs. previous plan | FY2017 | vs. previous plan | FY2018 | vs. previous plan | FY2019-FY2030 Yearly Average | vs. previous plan |
|---|---|---|---|---|---|---|---|---|
| Fuel | 1,500 | -100 | 1,700 | -100 | 1,800 | -100 | 2,200 | -100 |
| Service | 2,000 | -100 | 2,100 | -100 | 2,300 | -100 | 3,200 | -200 |
| Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Westinghouse | 3,500 | -200 | 3,800 | -200 | 4,100 | -200 | 5,400 | -300 |
| Other than Westinghouse | 1,900 | 0 | 2,000 | 0 | 2,100 | 0 | 2,600 | 0 |
| Consolidated Adjustment | 0 | 0 | 0 | 0 | -100 | 0 | -500 | 0 |
| Fuel, Service | 5,400 | -200 | 5,800 | -200 | 6,100 | -200 | 7,500 | -300 |
| Construction (Westinghouse) | 900 | 0 | 800 | 0 | 600 | 0 | 5,600 | -300 |
| Construction work(Westinghouse) | 2,400 | 2,400 | 2,300 | 2,300 | 2,200 | 2,200 | 3,400 | 3,400 |
| Sales | 8,700 | 2,200 | 8,900 | 2,100 | 8,900 | 2,000 | 16,500 | 2,800 |
| Fuel | 200 | 0 | 200 | 0 | 200 | 0 | 300 | 0 |
| Service | 200 | 0 | 300 | 0 | 300 | 0 | 500 | 0 |
| Others | -100 | 0 | -100 | 0 | 0 | 0 | -100 | 0 |
| Westinghouse | 300 | 0 | 400 | 0 | 500 | 0 | 700 | 0 |
| Other than westinghouse | 100 | 0 | 100 | 0 | 100 | 0 | 200 | 0 |
| Contingency etc. | -100 | 0 | -100 | 0 | -100 | 0 | 0 | 0 |
| Fuel, Service | 300 | 0 | 400 | 0 | 500 | 0 | 900 | 0 |
| Construction (Westinghouse) | 0 | 0 | 0 | 0 | 0 | 0 | 600 | -100 |
| Construction work(Westinghouse) | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 |
| Operating Income (loss) | 300 | 0 | 400 | 0 | 500 | 0 | 1,600 | 0 |
| *(ROS)* | *3%* | *-1%* | *4%* | *-1%* | *6%* | *-2%* | *10%* | *-2%* |
| Fuel | 300 | 0 | 300 | 0 | 300 | 0 | 400 | 0 |
| Service | 300 | 0 | 300 | 0 | 400 | 0 | 600 | 0 |
| Others | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 |
| Westinghouse | 600 | 0 | 600 | 0 | 800 | 0 | 1,000 | 0 |
| Other than Westinghouse | 100 | 0 | 100 | 0 | 100 | 0 | 200 | 0 |
| Contingency etc. | -100 | 0 | -100 | 0 | -100 | 0 | 0 | 0 |
| Fuel, Service | 600 | 0 | 600 | 0 | 800 | 0 | 1,200 | 0 |
| Construction (Westinghouse) | 0 | 0 | 0 | 0 | 0 | 0 | 600 | -100 |
| Construction work(Westinghouse | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 |
| EBITDA | 600 | 0 | 600 | 0 | 800 | 0 | 1,900 | 0 |




* EBITDA = Operating Income + Depreciation Cost, Exchange Rate 115 yen/ $ → 110 yen/ $

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