TOSHIBA

Leading Innovation >>>

FY2016 Third Quarter Consolidated Business Results

(First Nine Months Cumulative)

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TOSHIBA CORPORATION

April 11, 2017

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 nine months of fiscal year 2016, unless otherwise stated.
- Prior-period performance on consolidated segment information has been reclassified to conform with the current classification, unless otherwise stated.
- The Healthcare and the Home Appliances businesses are classified as discontinued operations, in accordance with the Accounting Standards Codification (ASC) 205-20 "Presentation of Financial Statements – Discontinued Operations". The results of the Healthcare and Home Appliances businesses have been excluded from net sales, operating income (loss), and income (loss) from continuing operations, before income taxes and noncontrolling interests. Net income of Toshiba Group is calculated by reflecting the Healthcare and Home Appliances businesses results to income (loss) from continuing operations, before income taxes and noncontrolling interests. Results for the past fiscal years have been revised to reflect this change, unless otherwise stated.
- Starting in FY2016, a part of income (loss) of "Others", previously allocated in all segments, is included in "Others", together with basic R&D expenses previously included in "Corporate and Eliminations". Results for past fiscal years have been revised to reflect this change.

1. Overall Business Results

FY2016/1-3Q Consolidated Business Results Overall

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

	FY2015/1-3Q	**FY2016/1-3Q**	Difference	vs. Provisional Outlook (as of Feb. 14)
Net Sales	4,013.5	**3,846.9**	-166.6	-26.6
Operating Income (Loss)	-231.9	**-576.3**	-344.4	-31.6
%	-5.8%	**-15.0%**	-9.2%	-0.9%
Income (Loss) before income taxes and noncontrolling interests	-161.0	**-597.0**	-436.0	-31.6
%	-4.0%	**-15.5%**	-11.5%	-0.9%
Income (Loss) from continuing operations, before noncontrolling interests	-496.3	**-729.2**	-232.9	-36.0
Income (Loss) from discontinued operations, before noncontrolling interests	-3.5	**101.3**	104.8	-0.1
Net Income (Loss)	-479.4	**-532.5**	-53.1	-32.6
%	-11.9%	**-13.8%**	-1.9%	-0.9%
Earnings (Losses) per share attributable to shareholders of the Company	-¥113.23	**-¥125.77**	-¥12.54	-¥7.70
Free cash flow	-49.7	**-54.7**	-5.0	0.0

	2016/3E	**2016/12E**	Difference	vs Provisional Outlook (as of Feb. 14)
Equity attributable to shareholders of the Company	328.9	**-225.7**	-554.6	-34.5
Shareholders' equity ratio	6.1%	**-4.4%**	-10.5%	-0.7%
Net asset	672.3	**29.9**	-642.4	-38.2
Net interest-bearing debt	481.2	**584.5**	103.3	0.0
Net debt-to-equity ratio	146%	**-**	-	-
Exchange rate (US$) as of the end date of the term	¥113	**¥116**	¥3	

- Hereinafter, “Net Income (Loss)” refers to Net Income (Loss) attributable to shareholders of the Company
- Hereinafter, “the Company” refers to Toshiba Corporation
- Net interest-bearing debt: Interest-bearing debt – cash and deposits

Important Events Subsequent to the Reporting Period
(events requiring adjustment subsequent to the reporting period – already reflected in FY2016 3Q)

- **Additional provision made for product warranty**

  An additional provision was made for product warranties for residential fuel cell systems (city gas and LP gas).

  - Impact on Operating Income (Loss): -5.5 billion yen

- **Related to Nuclear Power Systems (write off of capitalized cost, etc.)**

  In response to increasing uncertainty, additional costs were recorded, including write-offs of certain capitalized costs for long lead materials, such as forging slots for future orders for AP1000 projects.

  - Impact on Operating Income (Loss): -26.1 billion yen

Key Points of FY2016/1-3Q

- **Net Sales:**

Toshiba Group as a whole saw lower sales than in the year-earlier period. Although the Company recorded higher sales due to inclusion of WECTEC in the consolidation and an increase of sales in Memories and HDDs, yen appreciation and restructuring to shrink the scale of the PC and TV businesses had impacts.
The total impact of yen appreciation is -313.0 billion yen.

➢ Net Sales	3,846.9 billion yen	(YoY:[*1] -166.6 billion yen)

*1 YoY: Year-on-year

- **Income (Loss):**

Toshiba Group as a whole recorded a substantial consolidated operating loss due to a loss on impairment of goodwill in Nuclear Power Systems of -716.6 billion yen. Apart from that, almost all business segments other than Nuclear Power Systems secured improved results by implementing continuing emergency measures, including bonus reductions. Profitability continued to improve in the Memory business, which recorded an ROS of 16%.
The total impact of yen appreciation is -62.0 billion yen.

Net income (loss) decreased by 53.1 billion yen as the previous year recorded a reversal of deferred tax assets of some 300 billion yen.

➢ Operating Income (Loss)	-576.3 billion yen	(YoY: -344.4 billion yen)
➢ Income (Loss) before income taxes and noncontrolling interests	-597.0 billion yen	(YoY: -436.0 billion yen)
➢ Net Income (Loss)	-532.5 billion yen	(YoY: -53.1 billion yen)

Key Points of FY2016/1-3Q

- **Cash Flows:**

  Toshiba Group recorded improved cash flows from operating activities of 22.9 billion yen due to significant improvement in operating income excluding impairment of goodwill, even while recording payment of tax related to the sale of securities of KONE Corporation in the last fiscal year and costs incurred in structural reforms in the previous fiscal year.

  Cash flows from investing activities were -77.6 billion yen, as investments were promoted in the Memory business, and revenue was recorded from the sale of the Home Appliances business in FY2016/1-3Q.

- **Financial Structure:**

  Shareholders' equity was -225.7 billion yen, as net income (loss) recorded -532.5 billion yen. Net assets including noncontrolling interests was 29.9 billion yen.

FY2016/1-3Q Consolidated Business Results by Segment

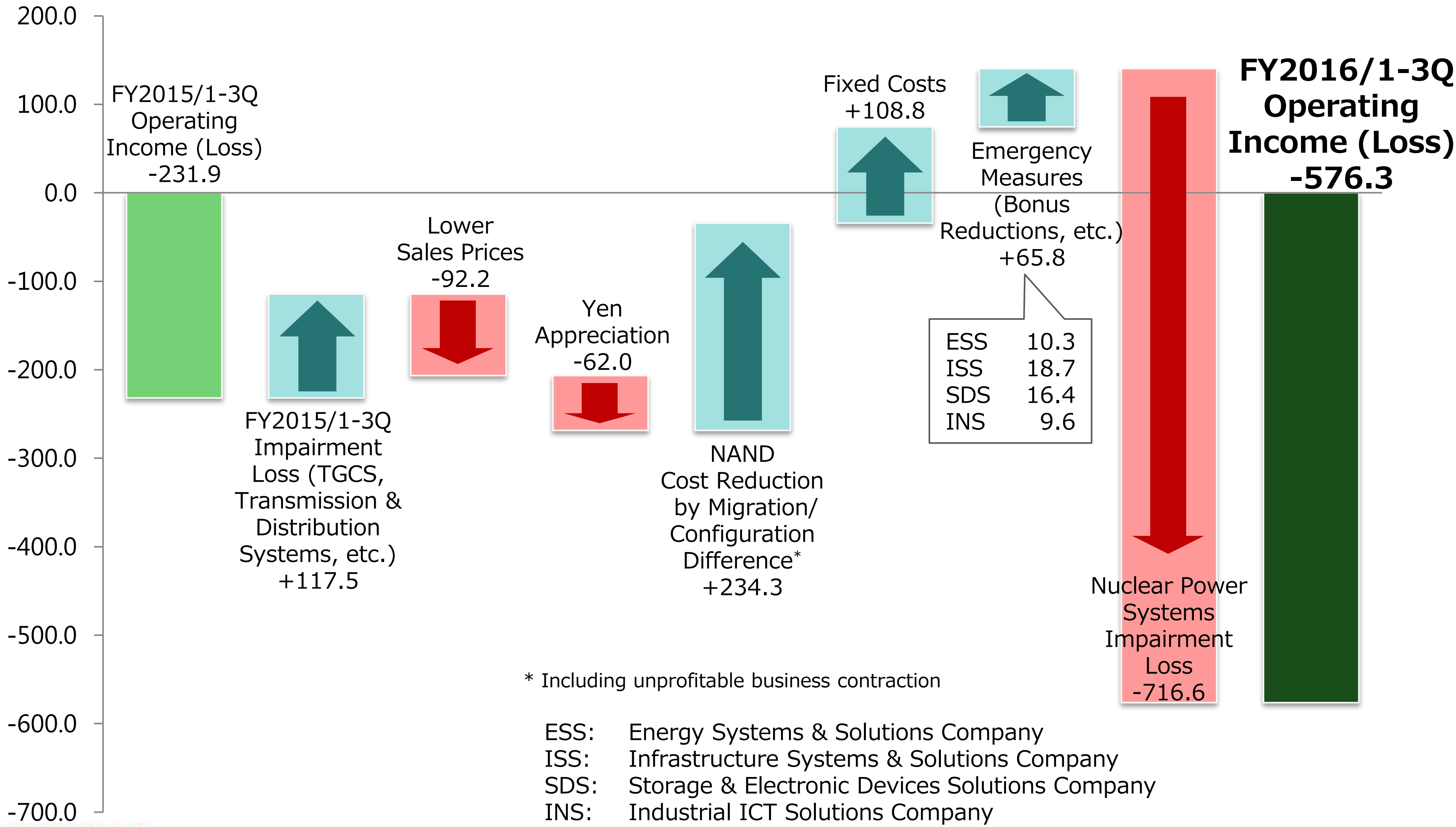
(Yen in billions)

		FY2015/1-3Q	FY2016/1-3Q	Difference (growth rate)	
Energy Systems & Solutions	Net Sales	1,024.5	**1,085.7**	61.2	(+6%)
	Operating Income (Loss)	-97.0	**-759.8**	-662.8	
	ROS	-9.5%	**-70.0%**	-60.5%	
Infrastructure Systems & Solutions	Net Sales	900.5	**838.5**	-62.0	(-7%)
	Operating Income (Loss)	-4.8	**21.5**	26.3	
	ROS	-0.5%	**2.6%**	3.1%	
Retail & Printing Solutions	Net Sales	404.0	**371.8**	-32.2	(-8%)
	Operating Income (Loss)	-62.8	**11.1**	73.9	
	ROS	-15.5%	**3.0%**	18.5%	
Storage & Electronic Devices Solutions	Net Sales	1,190.7	**1,242.3**	51.6	(+4%)
	Operating Income (Loss)	22.8	**154.6**	131.8	
	ROS	1.9%	**12.4%**	10.5%	
Industrial ICT Solutions	Net Sales	172.4	**161.8**	-10.6	(-6%)
	Operating Income (Loss)	-2.1	**8.0**	10.1	
	ROS	-1.2%	**5.0%**	6.2%	
Others	Net Sales	629.7	**388.9**	-240.8	(-38%)
	Operating Income (Loss)	-84.2	**-12.9**	71.3	
Eliminations	Net Sales	-308.3	**-242.1**	66.2	
	Operating Income (Loss)	-3.8	**1.2**	5.0	
Total	Net Sales	4,013.5	**3,846.9**	-166.6	(-4%)
	Operating Income (Loss)	-231.9	**-576.3**	-344.4	
	ROS	-5.8%	**-15.0%**	-9.2%	

Operating Income (Loss) (YoY Analysis)

Although other businesses improved profitability, impairment of goodwill in Nuclear Power Systems generated a major deficit

(Yen in billions)



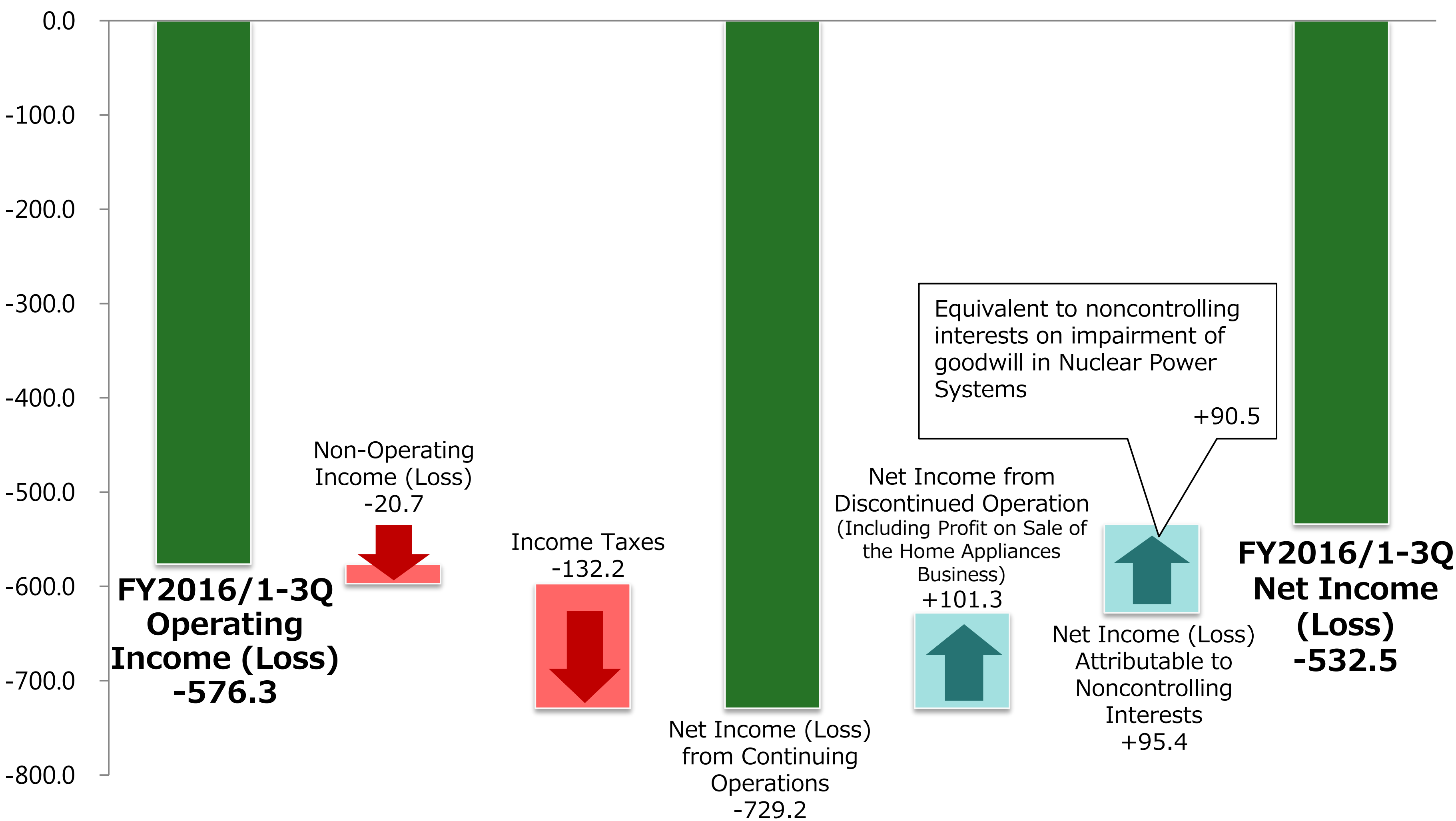
* Including unprofitable business contraction

ESS: Energy Systems & Solutions Company
ISS: Infrastructure Systems & Solutions Company
SDS: Storage & Electronic Devices Solutions Company
INS: Industrial ICT Solutions Company

Net Income (Loss)

Made provision for income taxes of over 130.0 billion yen, as impairment of goodwill is excluded from losses on tax accounting

(Yen in billions)



Non-Operating Income (Loss) and Expenses

Negative non-operating income, mainly due to costs to settle lawsuits

(Yen in billions)

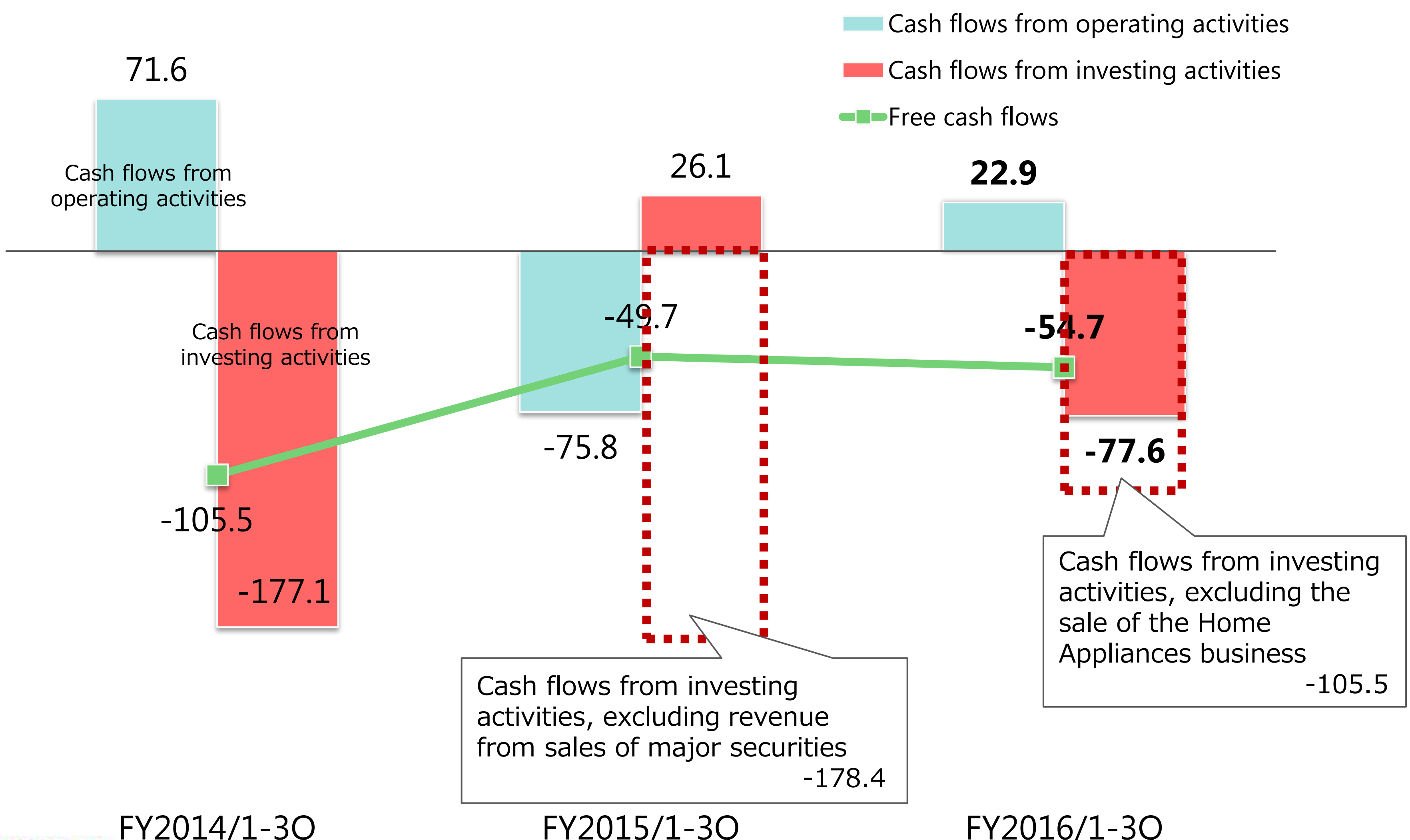
	FY2015/1-3Q	**FY2016/1-3Q**	Difference
Net Financial Income (Loss)	-9.9	**-8.3**	1.6
Foreign Exchange Income (Loss)	-5.2	**-8.2**	-3.0
Income (Loss) on Sales or Disposal of Fixed Assets	-5.7	**14.6**	20.3
Income (Loss) on Sales of Securities	*177.9	**6.0**	-171.9
Structural Reform Costs	-36.3	**0.0**	36.3
Settlement Costs of Lawsuits	-36.9	**-20.3**	16.6
Others	-13.0	**-4.5**	8.5
Total	70.9	**-20.7**	-91.6

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

Free Cash Flows

Free cash flows at the same level as the year-earlier period
Significant YOY improvement, excluding the impact of sales of securities in the last fiscal year

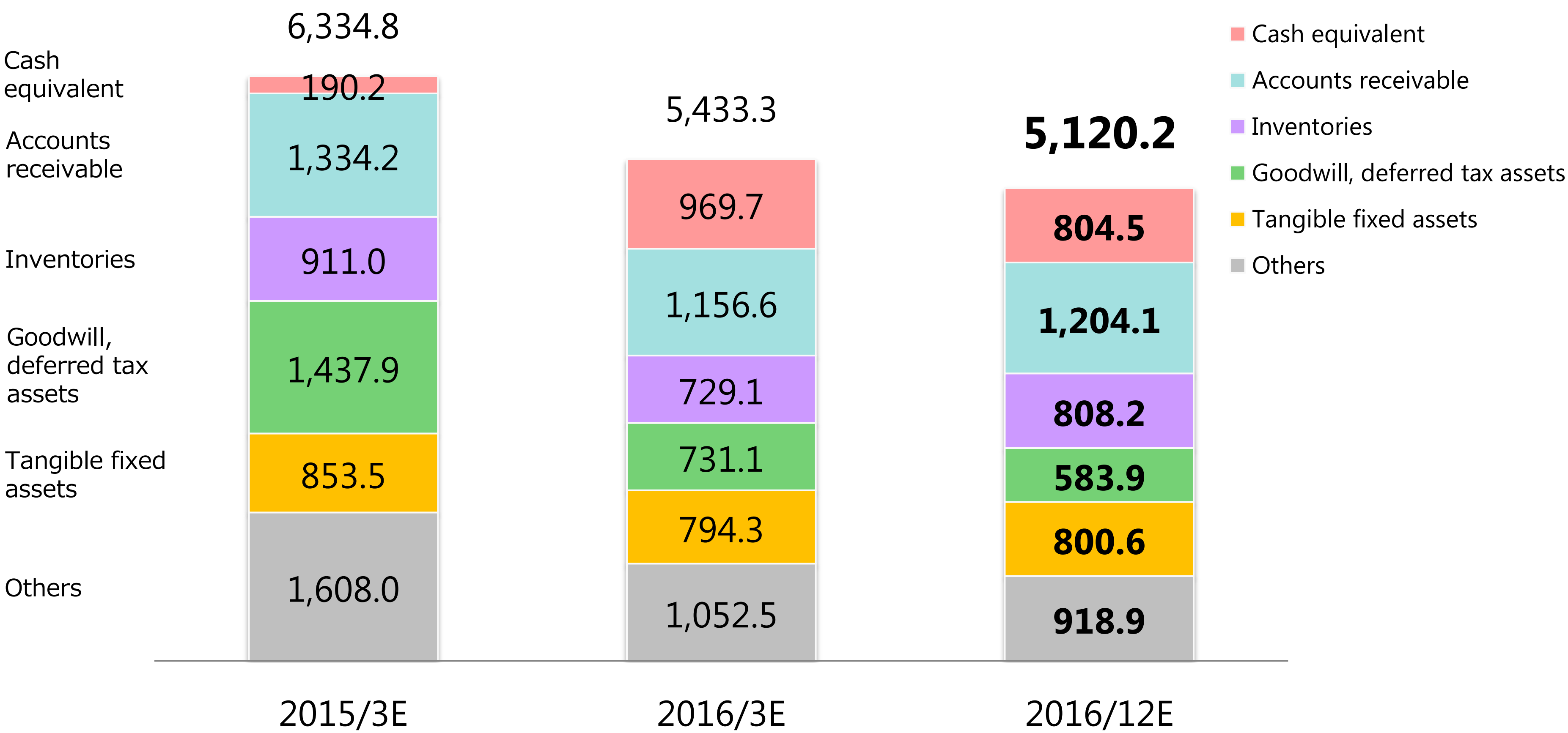
(Yen in billions)



Consolidated Balance Sheets Assets

Total assets were reduced due to repayment of loans and impairment of goodwill

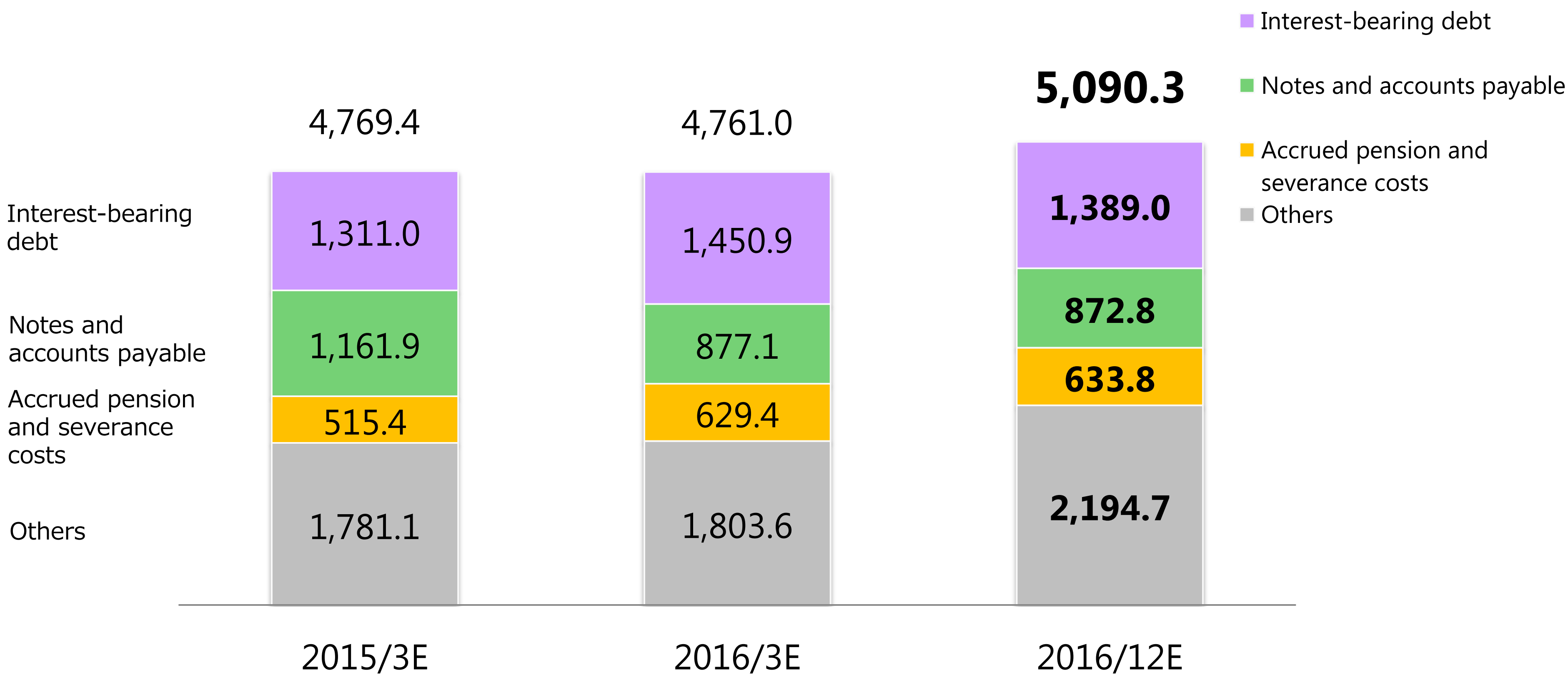
(Yen in billions)



Consolidated Balance Sheets Liabilities

Liabilities increased due to provision for increasing costs in Nuclear Power Systems

(Yen in billions)



Goodwill and Fixed Assets

Total impairment of goodwill in Nuclear Power Systems

(Yen in billions)

(Major Balances)	2016/12E Balance	vs. 2016/3E	Fixed Assets, etc.	vs. 2016/3E	Goodwill	vs. 2016/3E
Nuclear Power Systems (including Westinghouse)	**364.2**	-84.7	**364.2**	3.1	**0.0**	-87.8
Landis+Gyr AG	**243.1**	2.2	**77.7**	-3.3	**165.4**	5.5
Transmission & Distribution Systems Solar Photovoltaic Systems	**18.6**	2.2	**18.6**	2.2	**0.0**	0.0
Lighting	**6.3**	-0.7	**6.3**	-0.7	**0.0**	0.0
Memories	**237.5**	15.8	**237.5**	15.8	**0.0**	0.0
Discretes	**10.2**	0.8	**10.2**	0.8	**0.0**	0.0
System LSIs	**9.3**	2.2	**9.3**	2.2	**0.0**	0.0
Storage Products	**8.2**	-2.4	**8.2**	-2.4	**0.0**	0.0
Total	**1,456.3**	-86.6	**1,203.0**	-2.6	**253.3**	-84.0

- **Considering strategic alternatives, including an IPO* for Landis+Gyr**

*IPO: Initial Public Offering

2. Impacts from Events Subsequent to the Reporting Period

Impacts from Events Subsequent to the Reporting Period

- Some WEC Group*1 companies filed for Chapter 11 under the U.S. Bankruptcy Code (Chapter 11), which may cause additional deterioration in FY2016 business results. Details of the impact are not yet determined.
- Assuming the conditions indicated below*, the anticipated impact on FY2016 business is as follows:

Yen in billions

	Announced on February 14	Additional deterioration from events after the reporting period (Chapter 11)	Additional deterioration included
Net Income (Loss)	-390	-620	-1,010
Equity Attributable to Shareholders of the Company	-150	-470	-620
Net Assets	110	-450	-340

＊ If Toshiba were to make provision for the full contractual amount of the parent company guarantee (650 billion yen as of end of February 2017) and also an allowance for bad debt (175.6 billion yen as of end of February 2017)

- The Company has decided not to pay a dividend to shareholders at the date of record of March 31, 2017

*1: WEC, WEC's U.S. subsidiaries and affiliates, and Toshiba Nuclear Energy Holdings (UK) Limited, a holding company for WEC Group operating companies outside the U.S.

3. Business Results by Segment

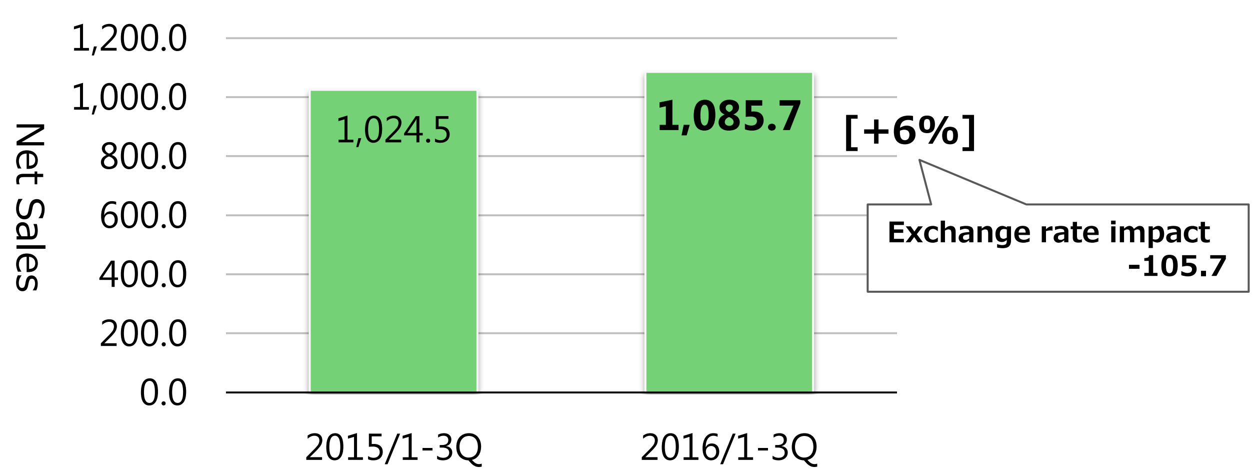
Energy Systems & Solutions Results Breakdown

(Yen in billions)

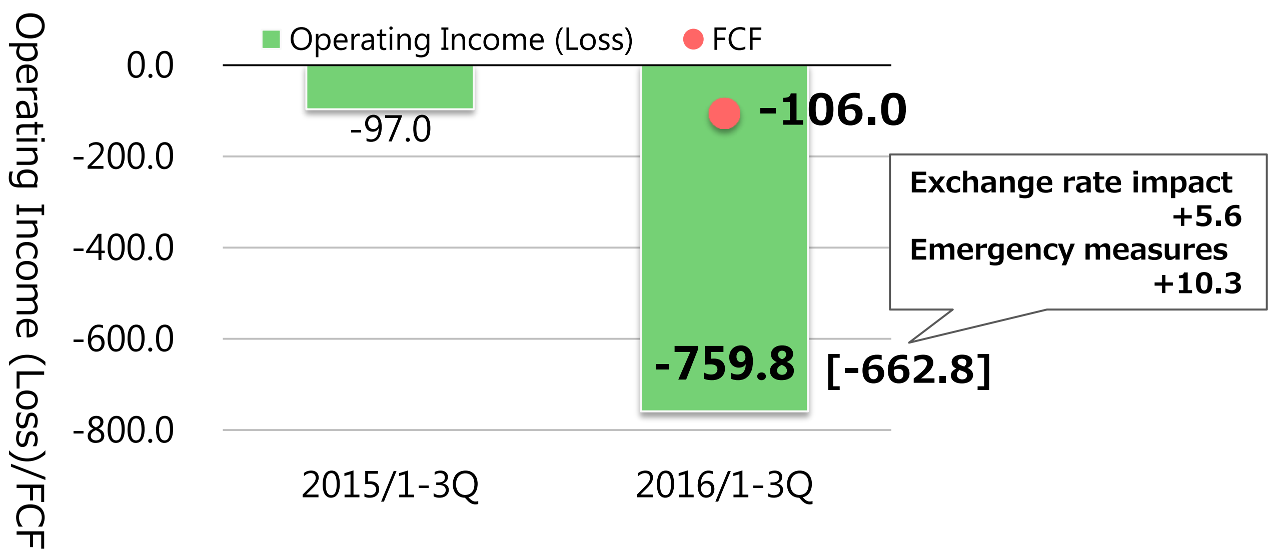
		FY2015/ 1-3Q	**FY2016/ 1-3Q**	Difference (growth rate)		
Energy Systems & Solutions	Net Sales	1,024.5	**1,085.7**	61.2	(+6%)	
	Operating Income (Loss)	-97.0	**-759.8**	-662.8		
	ROS	-9.5%	**-70.0%**	-60.5%		
Nuclear Power Systems	Net Sales	424.5	**524.2**	99.7	(+23%)	Higher sales due to new consolidation of WECTEC, but operating income undermined by impairment losses.
	Operating Income (Loss)	-1.6	**-756.2**	-754.6		
	ROS	-0.4%	**-144.3%**	-143.9%		
Thermal & Hydro Power Systems	Net Sales	232.9	**241.8**	8.9	(+4%)	Higher sales due to increased scale of domestic operations. Higher operating income due to improved profitability and emergency measures.
	Operating Income (Loss)	-12.9	**4.6**	17.5		
	ROS	-5.5%	**1.9%**	7.4%		
Transmission & Distribution Systems	Net Sales	230.1	**206.1**	-24.0	(-10%)	Lower sales in Solar Photovoltaic Systems in deteriorating market conditions. Higher operating income due to improved profitability and emergency measures.
	Operating Income (Loss)	-84.3	**-0.5**	83.8		
	ROS	-36.6%	**-0.2%**	36.4%		
Landis+Gyr (Consolidated)	Net Sales	136.7	**129.4**	-7.3	(-5%)	Lower sales due to yen appreciation. Lower operating income also due to yen appreciation.
	Operating Income (Loss)	7.8	**6.5**	-1.3		
	ROS	5.7%	**5.0%**	-0.7%		

Energy Systems & Solutions

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



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



- The Nuclear Power Systems saw a major decline in operating income due to impairment losses. Landis+Gyr recorded lower operating income.
- The Thermal & Hydro Power Systems and the Transmission & Distribution Systems saw higher operating income.

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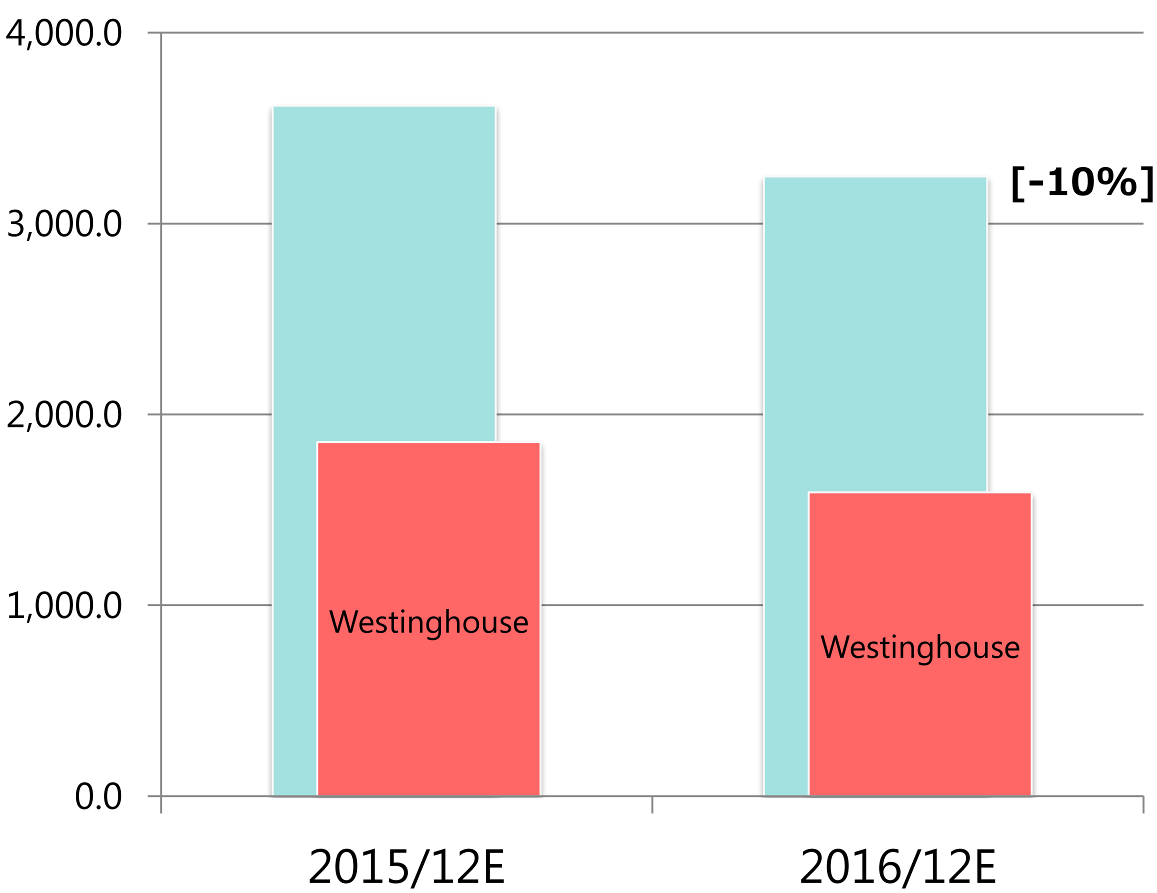
Energy Systems & Solutions Order Backlog

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

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



- Total order backlog is 10% lower, mainly due to yen appreciation.
- The overseas backlog in the Nuclear Power Systems decreased due to yen appreciation, though there was progress in orders for fuel and service.
- Nuclear Power Systems in Japan saw increased orders due to plant restart operations, etc.
- The Thermal Power Systems backlog decreased due to yen appreciation and unexpected delays in some overseas orders, etc.

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

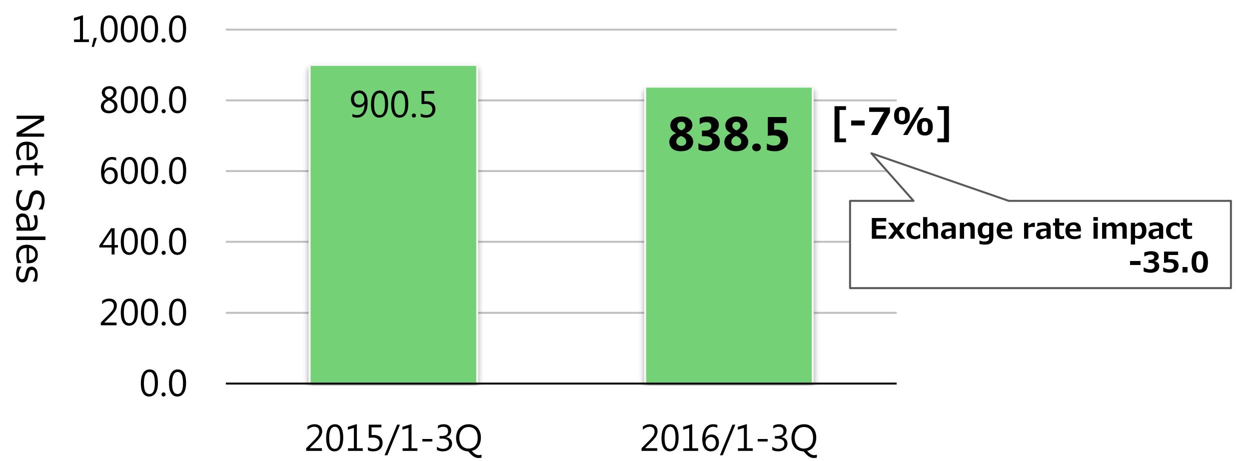
Infrastructure Systems & Solutions Results Breakdown

(Yen in billions)

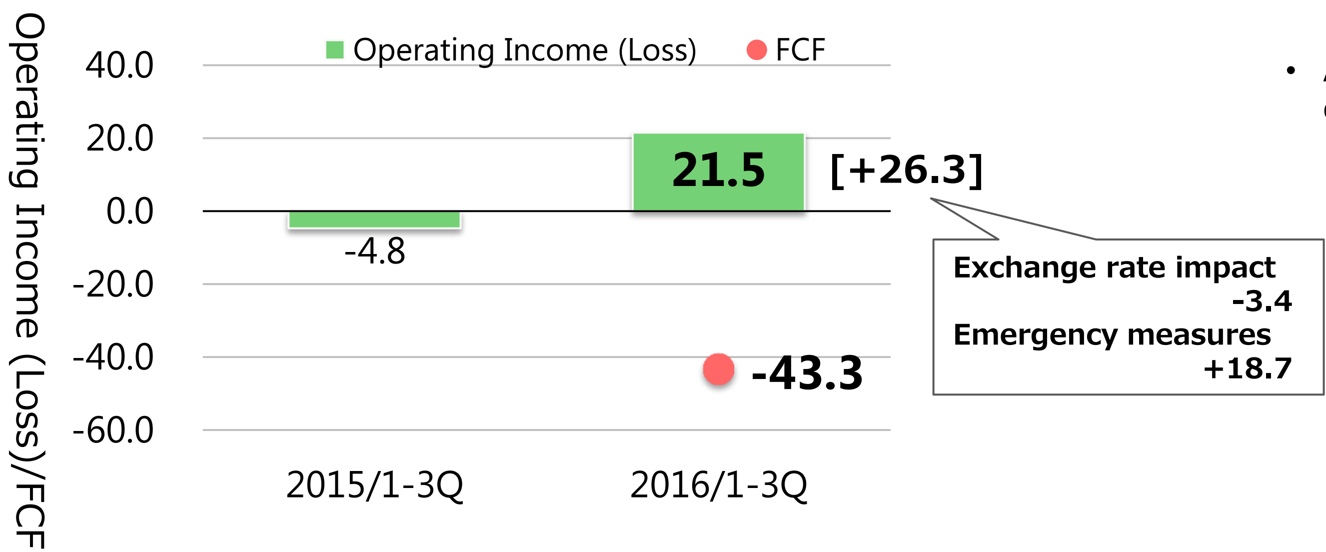
		FY2015/ 1-3Q	**FY2016/ 1-3Q**	Difference (growth rate)		
Infrastructure Systems & Solutions	Net Sales	900.5	**838.5**	-62.0	(-7%)	
	Operating Income (Loss)	-4.8	**21.5**	26.3		
	ROS	-0.5%	**2.6%**	3.1%		
Public Infrastructure	Net Sales	208.0	**202.0**	-6.0	(-3%)	Lower sales due to lower orders. Higher operating income due to emergency measures and an improved gross profit margin.
	Operating Income (Loss)	-8.2	**0.2**	8.4		
	ROS	-3.9%	**0.1%**	4.0%		
Building and Facilities	Net Sales	496.4	**452.4**	-44.0	(-9%)	Lower sales due to yen appreciation and lower orders. Higher operating income due to emergency measures and an improved gross profit margin.
	Operating Income (Loss)	11.5	**21.8**	10.3		
	ROS	2.3%	**4.8%**	2.5%		
Industrial Systems	Net Sales	236.5	**217.4**	-19.1	(-8%)	Lower sales due to yen appreciation and lower orders. Improved operating income due to emergency measures, etc.
	Operating Income (Loss)	-8.1	**-0.5**	7.6		
	ROS	-3.4%	**-0.2%**	3.2%		

Infrastructure Systems & Solutions

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



- All businesses saw lower sales.

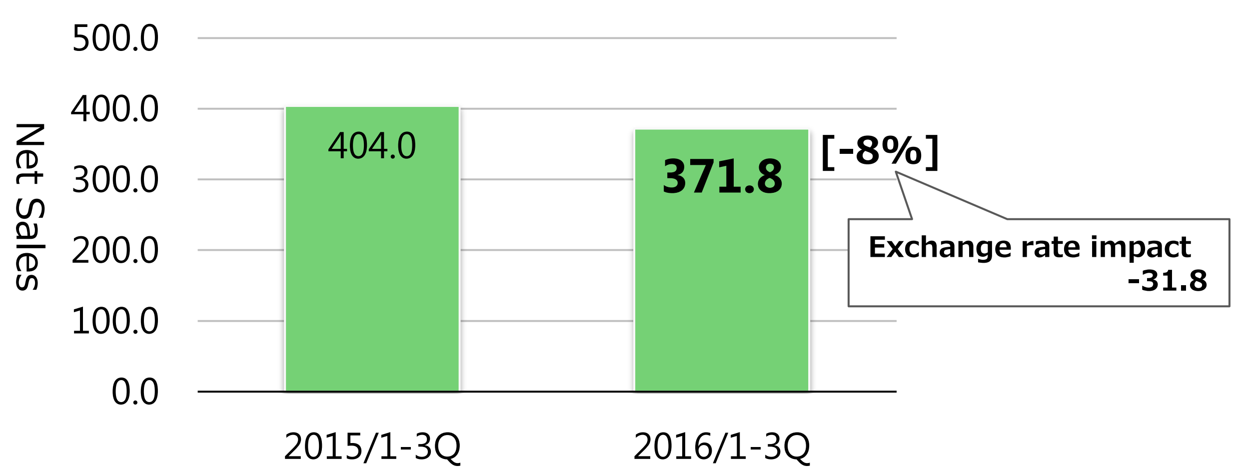


- All businesses saw higher operating income.

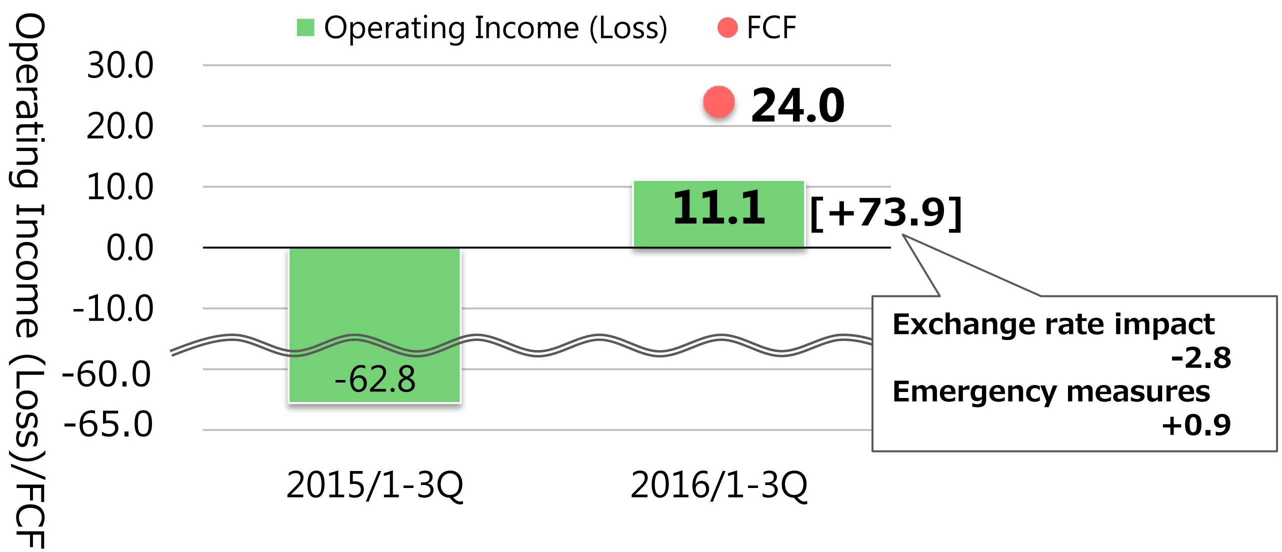
* FCF (free cash flows) by segment is a management index for in-house management only, and treatment of effects of exchange rate changes, etc., is different from free cash flows in the Cash Flows Statement.

Retail & Printing Solutions

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



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



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

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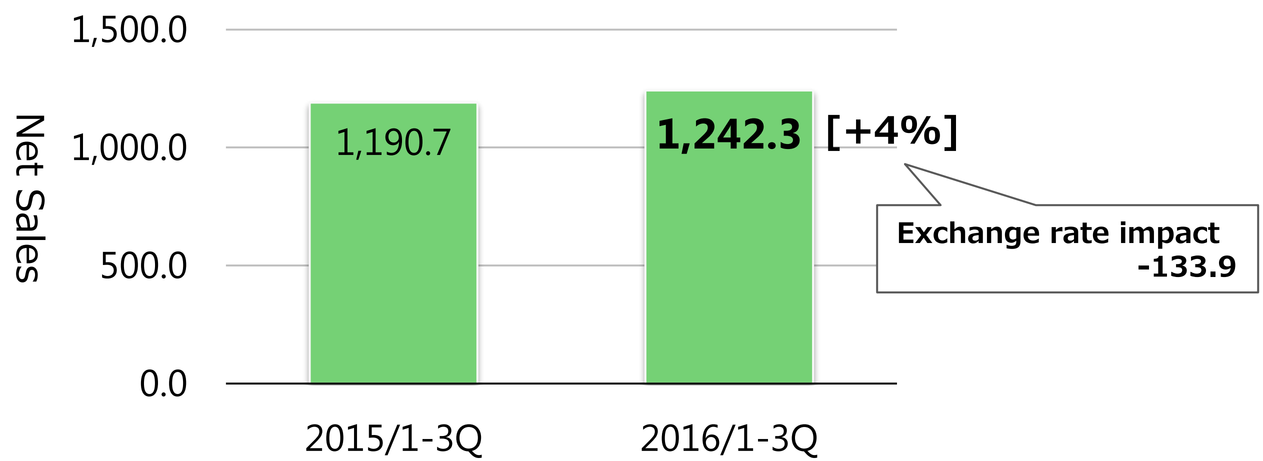
Storage & Electronic Devices Solutions
Results Breakdown

(Yen in billions)

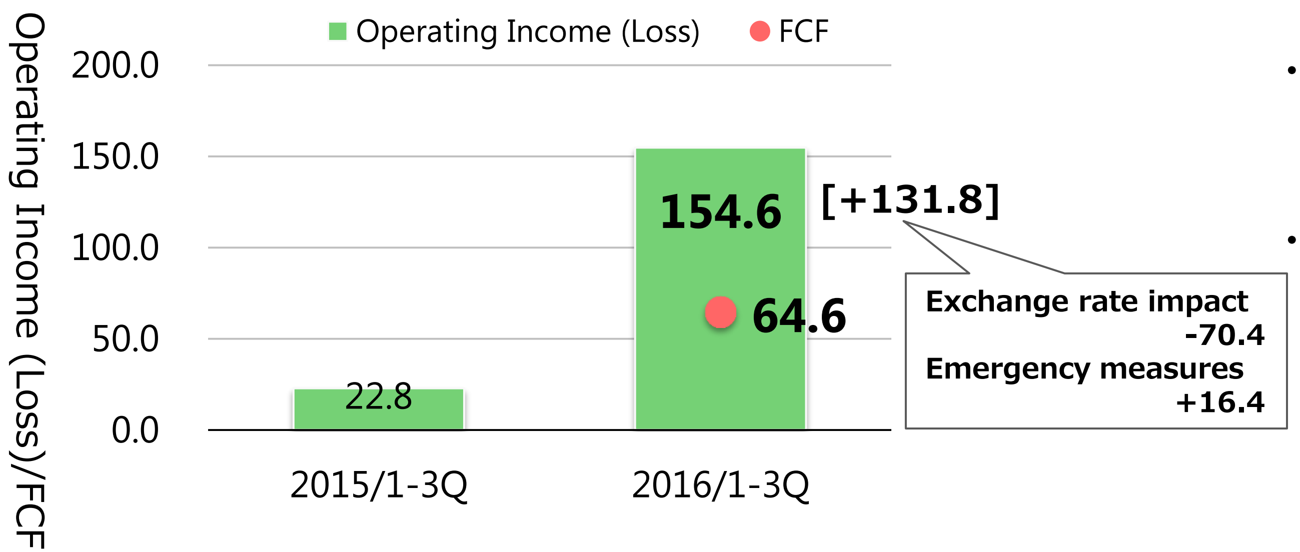
			FY2015/ 1-3Q	**FY2016/ 1-3Q**	Difference (growth rate)		
Storage & Electronic Devices Solutions		Net Sales	1,190.7	**1,242.3**	51.6	(+4%)	
		Operating Income (Loss)	22.8	**154.6**	131.8		
		ROS	1.9%	**12.4%**	10.5%		
Storage	Memories	Net Sales	623.7	**635.1**	11.4	(+2%)	Higher sales and higher operating income due to higher than expected prices from strong demand for SSD and for smart phones in China. Both net sales and operating income were better than originally expected.
		Operating Income (Loss)	93.4	**102.2**	8.8		
		ROS	15.0%	**16.1%**	1.1%		
	HDDs	Net Sales	290.2	**345.8**	55.6	(+19%)	Notably higher sales from steady demand for PCs and gaming machines and a notable jump in demand for Enterprise HDDs. Operating income climbed to record a surplus due to increased sales, etc.
		Operating Income (Loss)	-14.9	**27.2**	42.1		
		ROS	-5.1%	**7.9%**	13.0%		
Devices & Others		Net Sales	276.8	**261.4**	-15.4	(-6%)	Lower sales as a result of business withdrawal and yen appreciation, but operating income improved to record a surplus, due to strengthening of the focus business field and structural reform.
		Operating Income (Loss)	-55.7	**25.2**	80.9		
		ROS	-20.1%	**9.6%**	29.7%		

Storage & Electronic Devices Solutions

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



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



- HDDs and Devices & Others saw improved operating income and recorded a surplus.
- Memories also saw higher operating income.

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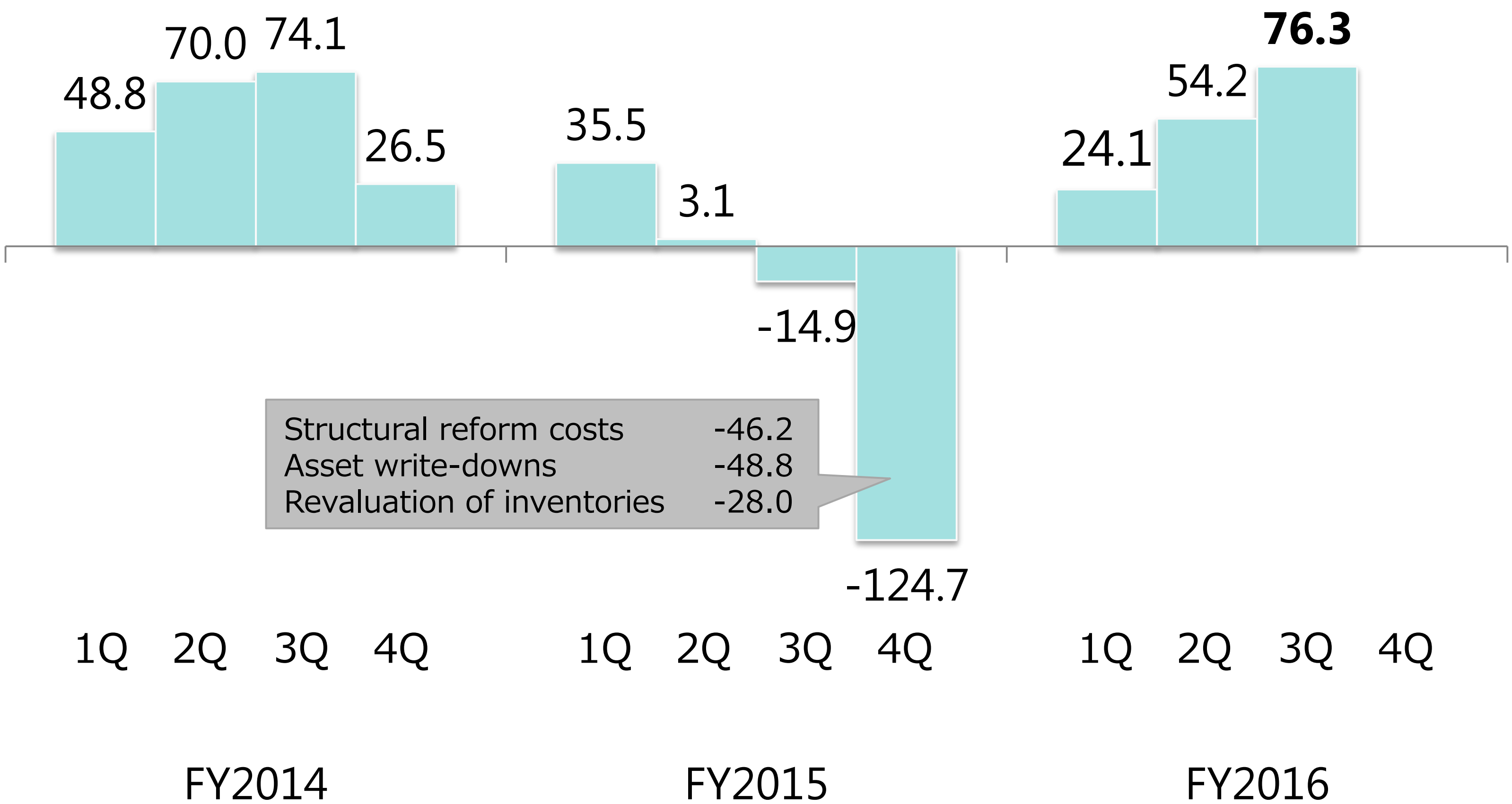
Storage & Electronic Devices Solutions
Quarterly Trend in Operating Income (Loss)

Against FY2016/2Q: Continued to see improved operating income by maintaining a positive performance, most notably in Memories and HDDs

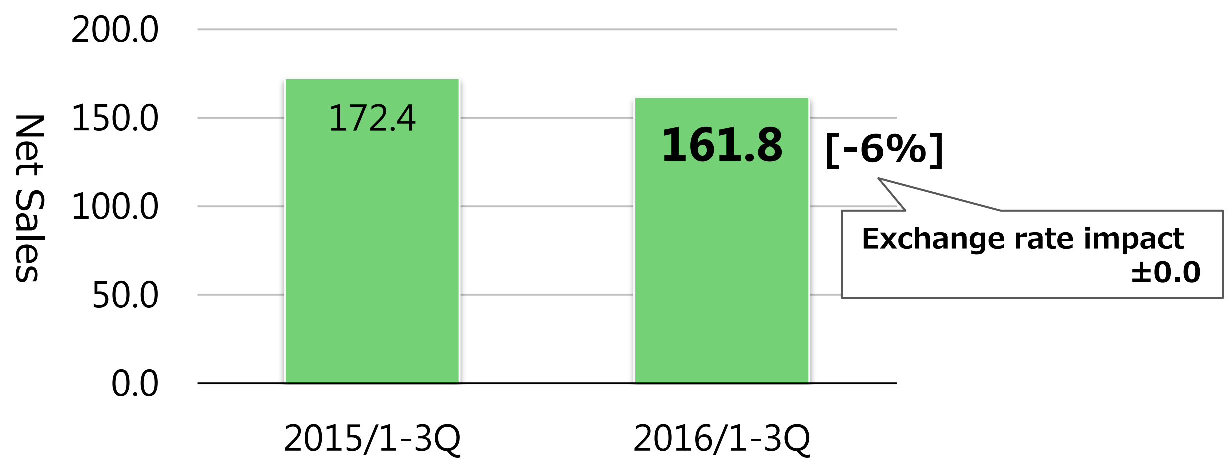
(Yen in billions)



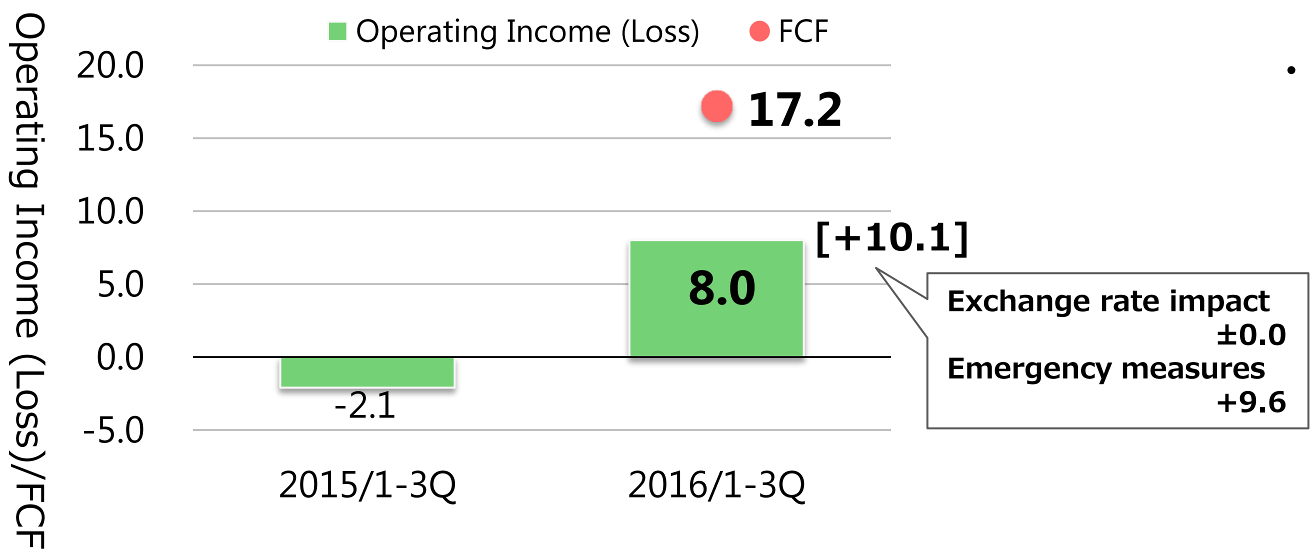
*For FY2014 and FY2015, figures shown are for the Semiconductor & Storage Products Company, the previous organization, and numbers were calculated before changing to a segment-based calculation of operating income (loss).

Industrial ICT Solutions

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



- Lower sales of systems for manufacturing industry.



- Improved operating income to record a surplus, through emergency measures and profitability improvement measures.

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Others

(Yen in billions)

		FY2015/ 1-3Q	**FY2016/ 1-3Q**	Difference (growth rate)		
PC	Net Sales	365.3	**140.5**	-224.8	(-62%)	Reduced sales due to withdrawals from B2C business in the U.S. and European markets. Improved operating income from the domestic market balanced out structural reform costs.
	Operating Income (Loss)	-32.8	**0.0**	32.8		
	ROS	-9.0%	**0.0%**	9.0%		
Visual Products	Net Sales	75.7	**46.3**	-29.4	(-39%)	Reduced sales due to transition to brand licensing in overseas markets. Improved operating income to record a surplus in FY2016 3Q business result.
	Operating Income (Loss)	-26.0	**-8.9**	17.1		
	ROS	-34.3%	**-19.2%**	15.1%		

Appendix

Events Subsequent to the Reporting Period

(Scheduled to be reflected in FY2016 4Q onwards, the impact amount was included in figures announced on March 14)

Company split of the Memory Business

The Memory business was separated by a company split on April 1, 2017

Acquisition of IHI's stake in WEC

On February 16, 2017, IHI informed Toshiba that it had exercised a put option for all the shares (3% ownership) that it held in WEC's holding companies.
Toshiba's purchase price: approx. 18.9 billion yen

- No impact on consolidated profit and loss
- Impact on consolidated balance sheet
  - Shareholders' equity: approx. -34.9 billion yen
  - Net assets: approx. -18.9 billion yen

Sales of assets

- Concluded a share transfer agreement for a coal-fired power generation business operated by a subsidiary of Sigma Power Holdings LLC, a wholly-owned subsidiary of Toshiba, on March 31, 2017
  Transfer price: approx. 22.0 billion yen
- Sold shares of Toshiba Machine Co., Ltd. (a Toshiba affiliated company) on March 3, 2017
  Sales price: approx. 15.3 billion yen

Events Subsequent to the Reporting Period

(Scheduled to be reflected in FY2016 4Q onwards, the impact amount was included in figures announced on April 11)

Chapter 11 filings by WEC and its group entities

WEC and its group entities filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code on March 29, 2017 (local time) with the U.S. Bankruptcy Court of New York

- Please refer to page 17 for the impact on Toshiba's consolidated profit and loss, and balance sheet
- As a result of the filings, WEC Group is excluded from Toshiba Group's consolidation

Acquisition of ENGIE's stake in NuGeneration Limited

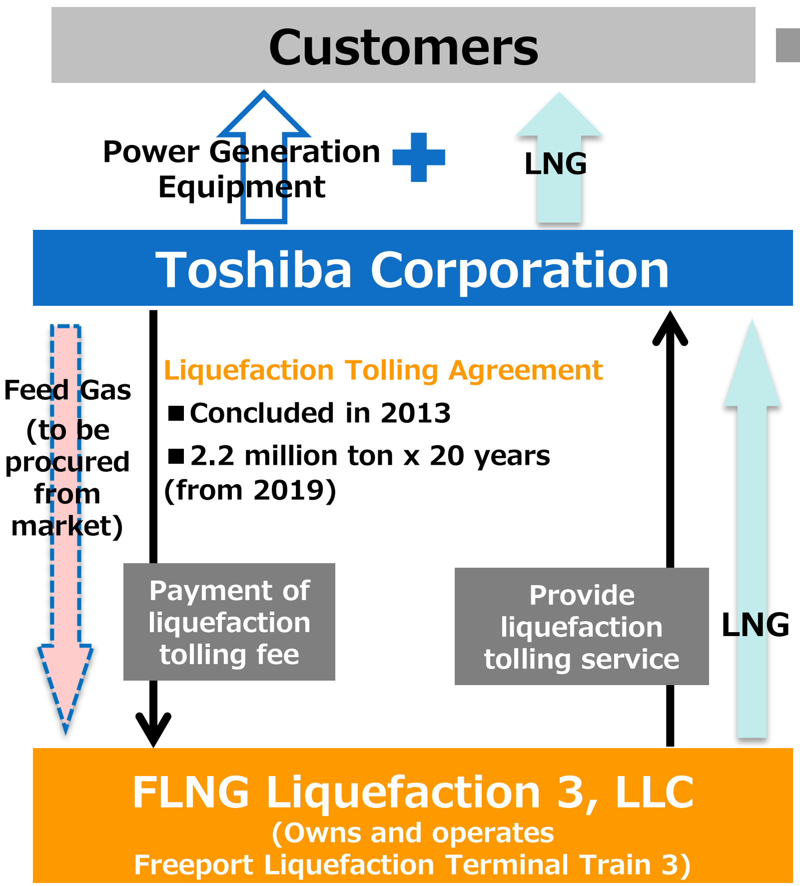
Toshiba received a notice from ENGIE exercising its right to require Toshiba to purchase all shares in NuGeneration Limited (NuGen) that it held (40% ownership), on April 3, 2017 (local time)

Toshiba's purchase price: approx. 15.3 billion yen

- No impact on Toshiba's consolidated profit and loss
- Some reduction in Toshiba's consolidated shareholders' equity and net assets is anticipated (timing of recognition is yet to be determined)
- Conducted impairment testing for the goodwill and fixed assets of NuGen in FY2016 4Q and included an estimated impairment loss exposure of approximately 49.7 billion yen in the impact amount for WEC group's Chapter 11 filings.

LNG Business (Freeport)

Continuing activities toward establishing a system to sell and supply LNG



- Toshiba receives a liquefaction tolling service that converts natural gas to LNG.
- Toshiba does not invest in the liquefaction facilities.

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).

Treatment in Accounting

- In 2016/3Q, 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.

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