

**TOSHIBA**

Leading Innovation >>>

**FY2017**

**Second Quarter Consolidated  
Business Results  
(First Six Months Cumulative)**

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**Representative Executive Officer and  
Corporate Executive Vice President**

**TOSHIBA CORPORATION**

**November 9, 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 six months of fiscal year 2017, unless otherwise stated.
- Results in segments have been reclassified to reflect the current organization, unless otherwise stated.
- Westinghouse Group is classified as a discontinued operation in accordance with the Accounting Standards Codification (ASC) 205-20 "Presentation of Financial Statements – Discontinued Operations". The results of Westinghouse Group have been excluded from net sales, operating income (loss), and income (loss) from continuing operations, before income taxes and noncontrolling interests. Net income of Toshiba Group is calculated by recording the business results of Westinghouse Group in income (loss) from continuing operations, before income taxes and noncontrolling interests. Results for the past fiscal years have been revised to reflect this change, unless otherwise stated.



# 1. Overall Business Results

# Key Points of FY2017/1H

## ● Net Sales:

Storage & Electronic Devices Solutions saw higher sales, as the Memory business continued to grow and recorded a significant increase over the previous quarter and all other businesses saw increased sales. Energy Systems & Solutions saw lower sales on the IPO and deconsolidation of Landis+Gyr. Overall sales were higher than for the same period last year. The total impact of yen depreciation was 49.0 billion yen.

- Net sales 2,386.2 billion yen (YoY\*:+115.5 billion yen)  
\*YoY: year-on-year comparison

## ● Income (Loss):

The Memory business achieved an ROS of 36% on stable prices. Overall income was higher than for the same period last year, even after reflecting a -22.7 billion yen impact from scaling back emergency measures. The total impact of yen depreciation was 17.0 billion yen.

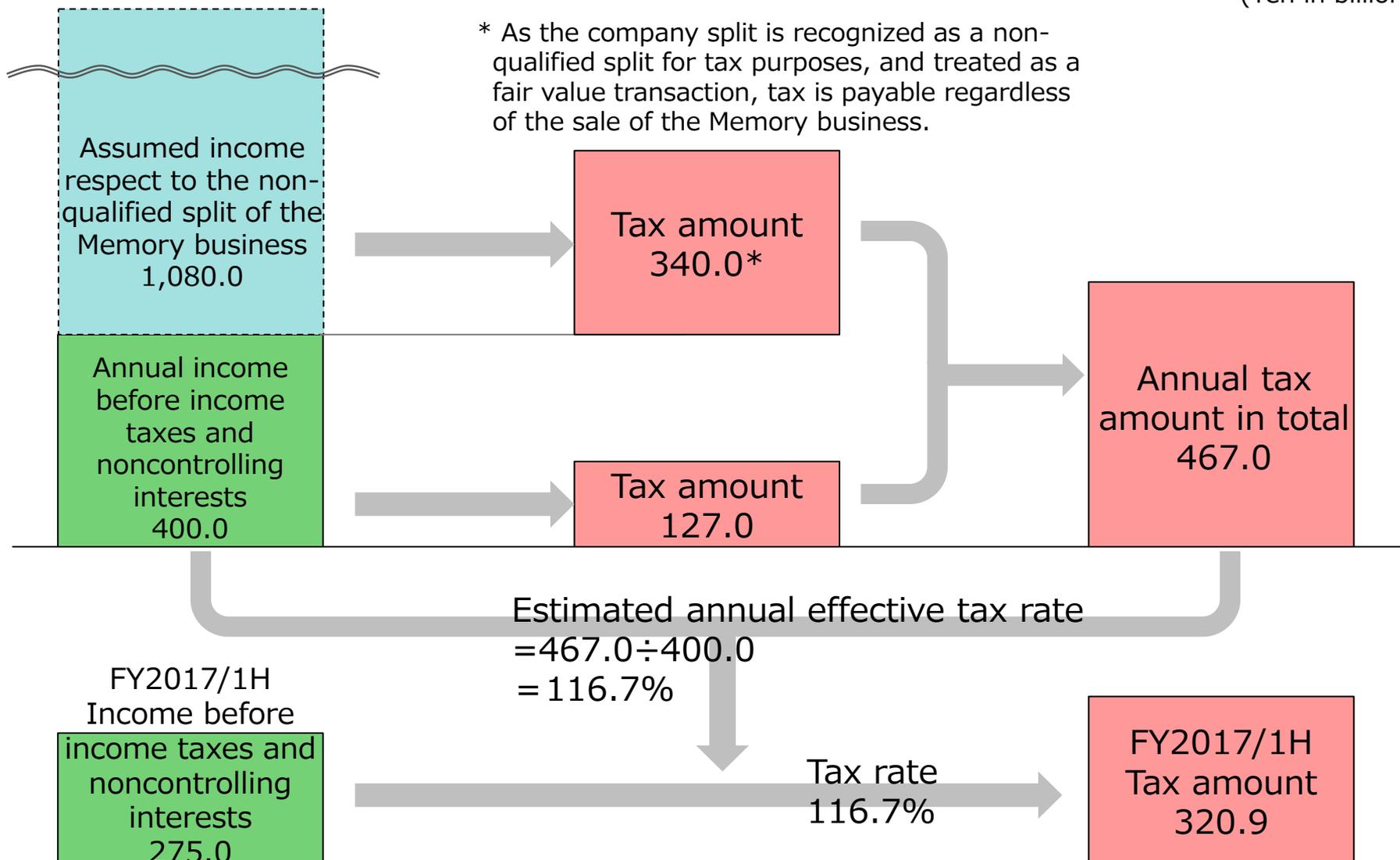
Income (Loss) before income taxes and noncontrolling interests increased significantly, including 66.8 billion yen in profit from the Landis+Gyr's IPO.

Net income (loss) turned negative due to the tax impact from the company split of the Memory business.

- Operating income 231.8 billion yen (YoY:+138.6 billion yen)
- Income before income taxes and noncontrolling interests 275.0 billion yen (YoY: +210.0 billion yen)
- Net income -49.8 billion yen (YoY: -165.1 billion yen)

# Tax Impact from Company Split of the Memory Business as a Non-qualified Split

(Yen in billions)



\*Due to factors detailed in Notes Relating to Assumptions for a Going Concern, the estimated annual effective tax rate is calculated on the premise that deferred tax assets will not be realized.

# Key Points of FY2017/1H

## ● Cash Flows

Free cash flows improved by 236.1 billion yen over the same period last year, to +87.6 billion yen.

Cash flows from operating activities improved by 101.8 billion yen over the same period last year, mainly due to an increase in operating income.

Cash flows from investing activities improved by 134.3 billion yen over the same period last year, mainly due to the sale of Landis+Gyr.

## ● Financial Structure

As a result of recording a net loss of -49.8 billion yen, equity attributable to shareholders of the Company was -619.8 billion yen. Net assets including noncontrolling interests was -416.8 billion yen.

# FY2017/1H Consolidated Business Results Overall

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

	FY2016/1H	FY2017/1H	Difference	vs. previous forecast on Oct.23
Net sales	2,270.7	<b>2,386.2</b>	115.5	6.2
Operating income (loss)	93.2	<b>231.8</b>	138.6	21.8
%	4.1%	<b>9.7%</b>	5.6%	0.9%
Income (Loss) before income taxes and noncontrolling interests	65.0	<b>275.0</b>	210.0	45.0
%	2.9%	<b>11.5%</b>	8.6%	1.8%
Income (Loss) from continuing operations, before noncontrolling interests	41.3	<b>-45.9</b>	-87.2	
Income (Loss) from discontinued operations, before noncontrolling interests	82.7	<b>10.2</b>	-72.5	
Net income (loss)	115.3	<b>-49.8</b>	-165.1	10.2
%	5.1%	<b>-2.1%</b>	-7.2%	0.4%
Earnings (Loss) per share attributable to shareholders of the Company	¥27.23	<b>-¥11.76</b>	-¥38.99	¥2.41
Free cash flows	-148.5	<b>87.6</b>	236.1	
	2017/3E	2017/9E	Difference	vs. previous forecast on Oct.23 base
Equity attributable to shareholders of the Company	-552.9	<b>-619.8</b>	-66.9	40.2
Shareholders' equity ratio	-13.0%	<b>-15.2%</b>	-2.2%	1.7%
Net assets	-275.7	<b>-416.8</b>	-141.1	43.2
Net interest-bearing debt	496.1	<b>468.2</b>	-27.9	
Net debt-to-equity ratio	-	<b>-</b>	-	
Exchange rate (US\$) as of the end date of the term	¥112	<b>¥113</b>	¥1	

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

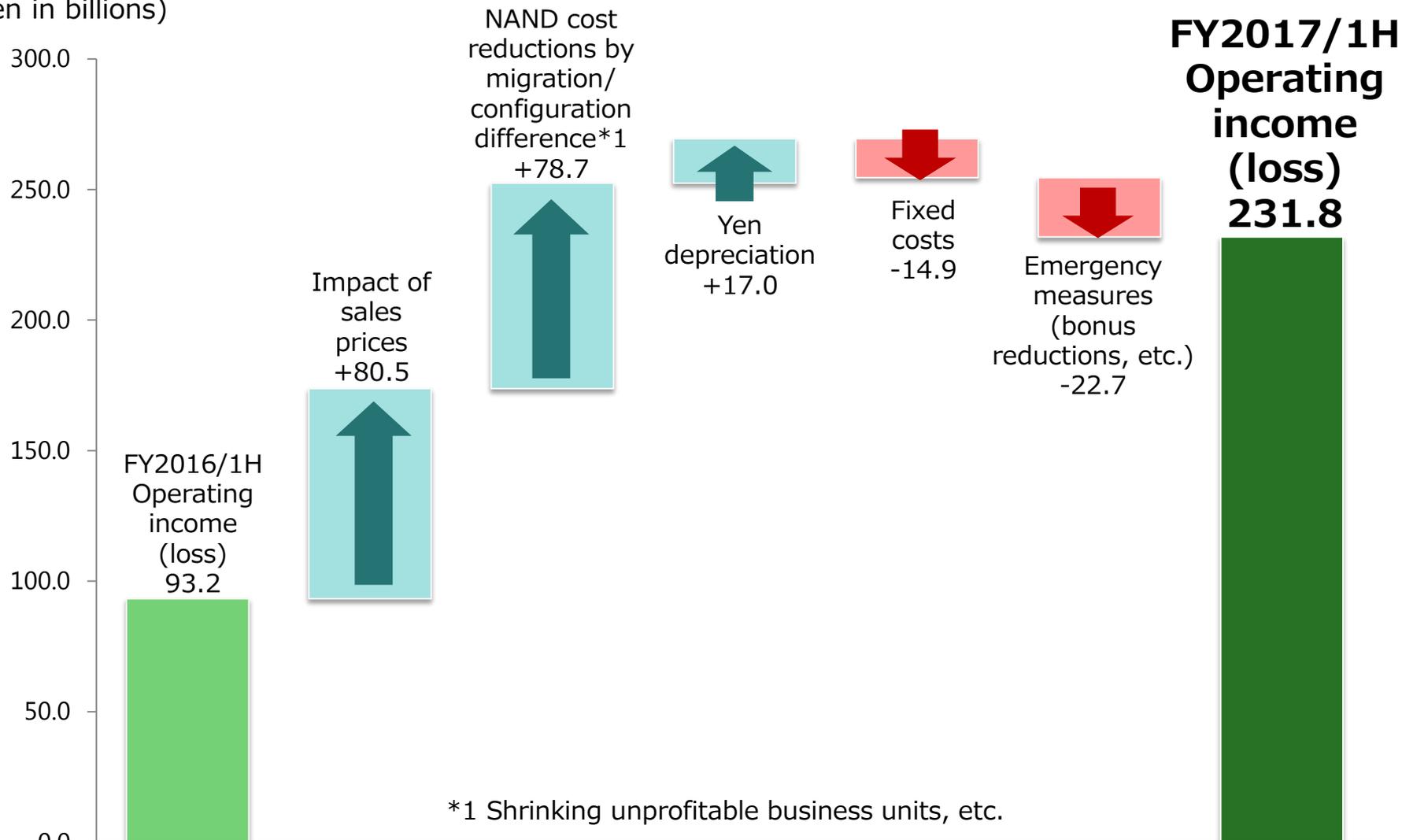
• Hereinafter, "the Company" refers to Toshiba Corporation

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

# Operating Income (Loss), YoY Analysis

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

(Yen in billions)



\*1 Shrinking unprofitable business units, etc.

# Non-operating Income (Loss) and Expenses

Improvement mainly due to profit from the sale of Landis+Gyr

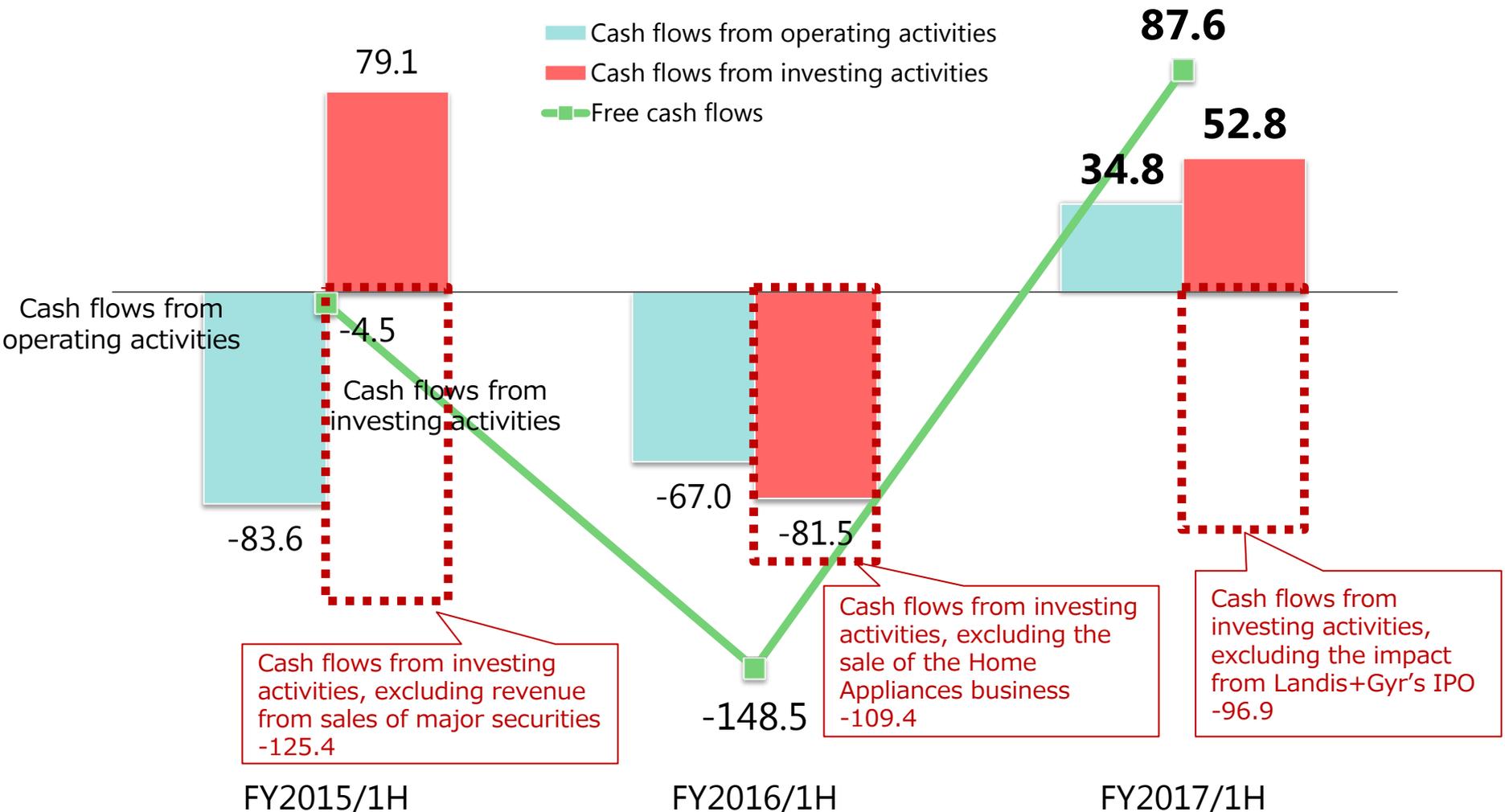
(Yen in billions)

	FY2016/1H	FY2017/1H	Difference	Main items in FY2017 2Q
Net financial income (loss)	-3.6	-4.5	-0.9	
Foreign exchange income (loss)	-11.9	-11.1	0.8	
Income (Loss) on sales or disposal of fixed assets	3.5	14.2	10.7	Profit from sales of the site of the former Osaka Operations and a property in Tokyo, etc.
Income (Loss) on sales of securities	3.1	67.2	64.1	Profit from the sale of Landis+Gyr
Settlement costs of lawsuits	-16.8	-9.5	7.3	
Others	-2.5	-13.1	-10.6	
<b>Total</b>	<b>-28.2</b>	<b>43.2</b>	<b>71.4</b>	

# Cash Flows

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

(Yen in billions)

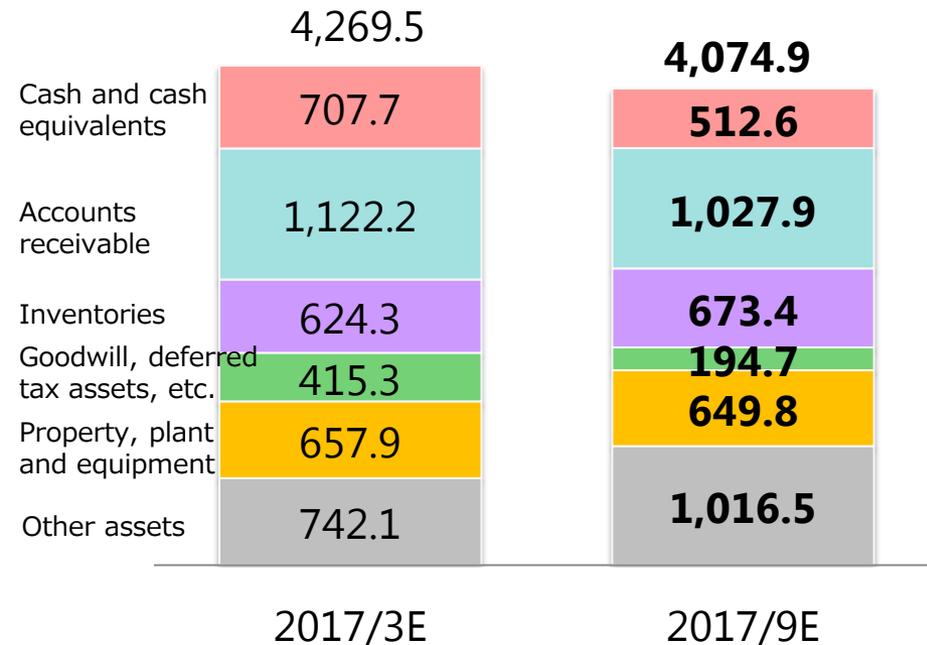


# Balance Sheets

Total assets decreased on payment of loans and lower accounts receivable

## Assets

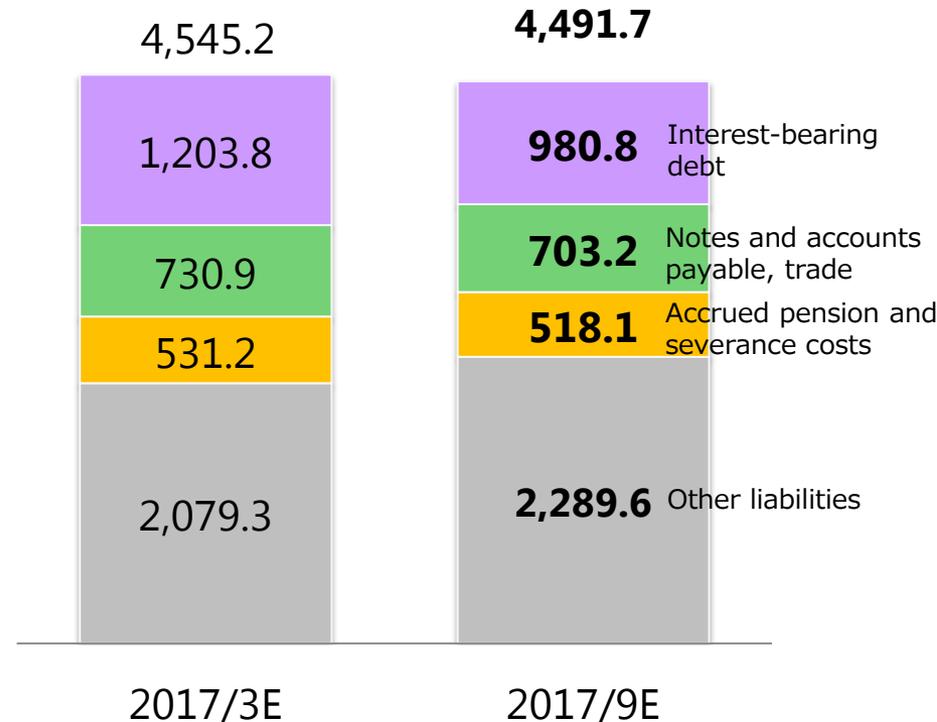
- Cash and cash equivalents
- Accounts receivable
- Inventories
- Goodwill, deferred tax assets, etc.
- Property, plant and equipment
- Other assets



## Liabilities

(Yen in billions)

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





# 2. Business Results by Segment

# FY2017/1H Consolidated Business Results by Segment

(Yen in billions)				Difference (growth rate)		vs. previous forecast on Oct.23 base
		FY2016/1H	FY2017/1H			
Energy Systems & Solutions	Net sales	452.1	<b>433.0</b>	-19.1	(-4%)	3.0
	Operating income (loss)	6.0	<b>-4.0</b>	-10.0		0.0
	ROS	1.3%	<b>-0.9%</b>	-2.2%		0.0%
Infrastructure Systems & Solutions	Net sales	563.9	<b>552.1</b>	-11.8	(-2%)	12.1
	Operating income (loss)	11.2	<b>2.7</b>	-8.5		1.7
	ROS	2.0%	<b>0.5%</b>	-1.5%		0.3%
Retail & Printing Solutions	Net sales	247.7	<b>247.8</b>	0.1	(+0%)	7.8
	Operating income (loss)	6.5	<b>11.3</b>	4.8		5.3
	ROS	2.6%	<b>4.6%</b>	2.0%		2.1%
Storage & Electronic Devices Solutions	Net sales	799.7	<b>972.0</b>	172.3	(+22%)	-8.0
	Operating income (loss)	78.3	<b>235.8</b>	157.5		5.8
	ROS	9.8%	<b>24.3%</b>	14.5%		0.8%
Industrial ICT Solutions	Net sales	110.9	<b>118.7</b>	7.8	(+7%)	-1.3
	Operating income (loss)	2.8	<b>-1.9</b>	-4.7		-1.9
	ROS	2.6%	<b>-1.6%</b>	-4.2%		-1.6%
Others	Net sales	262.7	<b>240.7</b>	-22.0	(-8%)	10.7
	Operating income (loss)	-12.9	<b>-9.1</b>	3.8		11.9
Eliminations	Net sales	-166.3	<b>-178.1</b>	-11.8		-18.1
	Operating income (loss)	1.3	<b>-3.0</b>	-4.3		-1.0
Total	Net sales	2,270.7	<b>2,386.2</b>	115.5	(+5%)	6.2
	Operating income (loss)	93.2	<b>231.8</b>	138.6		21.8
	ROS	4.1%	<b>9.7%</b>	5.6%		0.9%

# Energy Systems & Solutions Results Breakdown

(Yen in billions)

		FY2016/1H	FY2017/1H	Difference (growth rate)		
Energy Systems & Solutions	Net sales	452.1	<b>433.0</b>	-19.1	(-4%)	Exchange rate impact +11.2
	Operating income (loss)	6.0	<b>-4.0</b>	-10.0		Exchange rate impact +0.2 Emergency measures -3.9
	ROS	1.3%	<b>-0.9%</b>	-2.2%		
FCF by segment			<b>66.5</b>	*Including the impact of put options exercised by IHI and ENGIE		
Nuclear Power Systems	Net sales	70.1	<b>68.6</b>	-1.5	(-2%)	Lower income on lower sales in a shrinking domestic market.
	Operating income (loss)	-0.6	<b>-2.7</b>	-2.1		
	ROS	-0.9%	<b>-3.9%</b>	-3.0%		
Thermal & Hydro Power Systems	Net sales	169.3	<b>183.9</b>	14.6	(+9%)	Higher sales on progress in projects using the percentage of completion method, mainly plant projects in Japan. Lower income due to provision for additional costs for construction projects.
	Operating income (loss)	6.8	<b>-0.4</b>	-7.2		
	ROS	4.0%	<b>-0.2%</b>	-4.2%		
Transmission & Distribution Systems	Net sales	139.2	<b>126.6</b>	-12.6	(-9%)	Lower sales from projects using the percentage of completion method and deteriorated market conditions in Solar Photovoltaic Systems.
	Operating income (loss)	-1.1	<b>1.3</b>	2.4		
	ROS	-0.8%	<b>1.0%</b>	1.8%		
Landis+Gyr (Consolidated)	Net sales	84.5	<b>65.8</b>	-18.7	(-22%)	Deconsolidated by July 25 IPO. FY2017 results are for up to the IPO.
	Operating income (loss)	3.4	<b>3.5</b>	0.1		
	ROS	4.0%	<b>5.3%</b>	1.3%		

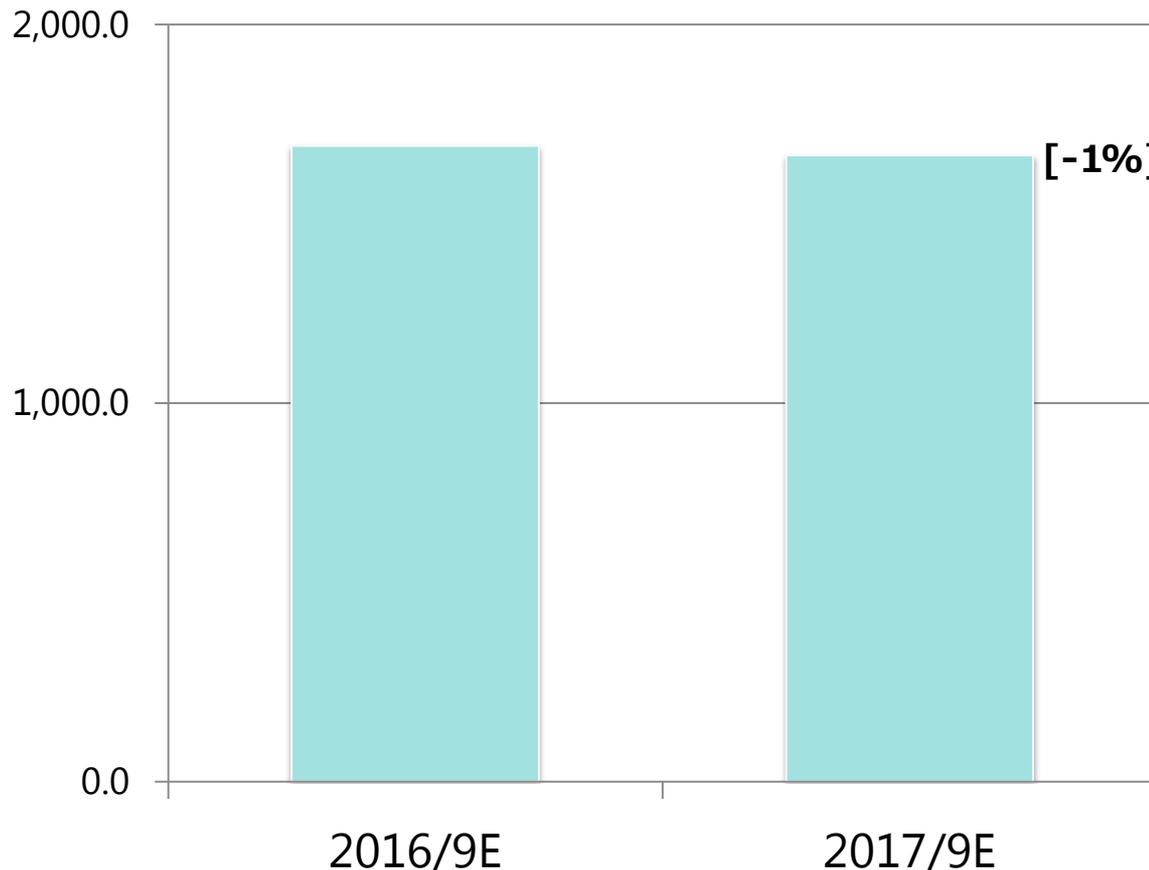
※FCF (free cash flows) by segment is an index for in-house management only, and treatment of effects of exchange rate changes, etc., is different from free cash flows in the Consolidated Statements of Cash Flows.

# Energy Systems & Solutions Order Backlog

(Yen in billions)

[ ]=year-on-year comparison

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



- Nuclear Power Systems received orders related to plant restarts; the backlog increased slightly.
- Thermal & Hydro Power Systems' backlog decreased, despite orders for major thermal plant projects received in FY2017/2Q.
- Transmission & Distribution Systems received orders, mainly in Japan, but also for major projects in the Middle East. The backlog decreased slightly.

\* Figures for Westinghouse group have been excluded

# Infrastructure Systems & Solutions Results Breakdown

(Yen in billions)		FY2016/1H	FY2017/1H	Difference (growth rate)		
Infrastructure Systems & Solutions	Net sales	563.9	<b>552.1</b>	-11.8	(-2%)	Exchange rate impact +4.0
	Operating income (loss)	11.2	<b>2.7</b>	-8.5		Exchange rate impact -0.2 Emergency measures -7.0
	ROS	2.0%	<b>0.5%</b>	-1.5%		
	FCF by segment			<b>37.0</b>		
Public Infrastructure	Net sales	158.9	<b>144.1</b>	-14.8	(-9%)	Lower sales due to lower orders. Lower operating income also reflected a scaling back of emergency measures.
	Operating income (loss)	-1.1	<b>-4.0</b>	-2.9		
	ROS	-0.7%	<b>-2.8%</b>	-2.1%		
Building and Facilities	Net sales	278.8	<b>271.0</b>	-7.8	(-3%)	Lower sales due to lower orders. Lower operating income also reflected a scaling back of emergency measures.
	Operating income (loss)	13.4	<b>7.2</b>	-6.2		
	ROS	4.8%	<b>2.7%</b>	-2.1%		
Industrial Systems	Net sales	145.6	<b>156.7</b>	11.1	(+8%)	Higher sales on higher order in industrial components. Operating income improved.
	Operating income (loss)	-1.1	<b>-0.5</b>	0.6		
	ROS	-0.8%	<b>-0.3%</b>	0.5%		

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# Storage & Electronic Devices Solutions Results Breakdown

(Yen in billions)			FY2016/1H	FY2017/1H	Difference	(growth rate)	
Storage & Electronic Devices Solutions		Net sales	799.7	<b>972.0</b>	172.3	(+22%)	Exchange rate impact +28.1
		Operating income (loss)	78.3	<b>235.8</b>	157.5		Exchange rate impact +17.2 Emergency measures -4.6
		ROS	9.8%	<b>24.3%</b>	14.5%		
FCF by segment				<b>152.9</b>			
Storage	Memories	Net sales	404.5	<b>561.8</b>	157.3	(+39%)	Stable prices supported by strong demand for smart phones and SSD. Both net sales and operating income were higher than for the same period last year.
		Operating income (loss)	50.1	<b>205.0</b>	154.9		
		ROS	12.4%	<b>36.5%</b>	24.1%		
	HDDs	Net sales	221.7	<b>226.3</b>	4.6	(+2%)	Higher sales supported by growth in enterprise market. Operating income was at the same level as for the same period last year.
		Operating income (loss)	13.8	<b>13.6</b>	-0.2		
		ROS	6.2%	<b>6.0%</b>	-0.2%		
Devices & Others		Net sales	173.5	<b>183.9</b>	10.4	(+6%)	Higher income on higher sales in Discretes supported by positive performance in industrial market. Higher overall sales and income.
		Operating income (loss)	14.4	<b>17.2</b>	2.8		
		ROS	8.3%	<b>9.4%</b>	1.1%		

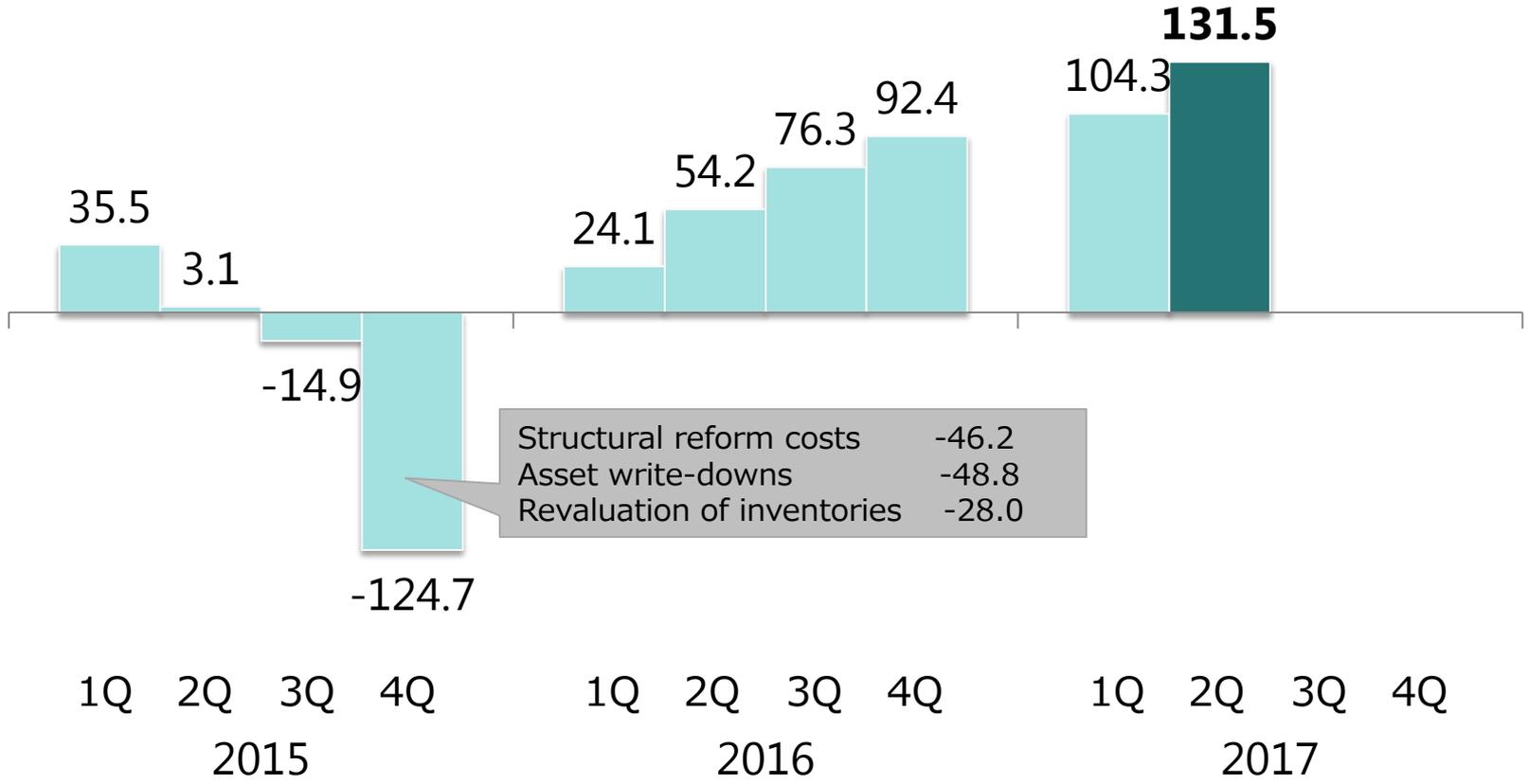
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# Storage & Electronic Devices Solutions

## Quarterly Trend in Operating Income (Loss)

Compared to FY2017/1Q: Continued to see improved operating income by maintaining a positive performance in Memories

(Yen in billions)



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

# Retail & Printing Solutions

## Industrial ICT Solutions

(Yen in billions)

		FY2016/1H	FY2017/1H	Difference	(growth rate)	
Retail & Printing Solutions	Net sales	247.7	<b>247.8</b>	0.1	(+0%)	Exchange rate impact +5.0
	Operating income (loss)	6.5	<b>11.3</b>	4.8		Exchange rate impact -0.3 Emergency measures -0.9
	ROS	2.6%	<b>4.6%</b>	2.0%		
	FCF by segment			<b>4.4</b>		

- Both the Retail and Printing businesses maintained stable performances. Sales were at the same level as a year ago, in part due to the sale of a Retail business subsidiary.
- Significantly increased income in the Retail and Printing businesses.

		FY2016/1H	FY2017/1H	Difference	(growth rate)	
Industrial ICT Solutions	Net sales	110.9	<b>118.7</b>	7.8	(+7%)	Exchange rate impact ±0.0
	Operating income (loss)	2.8	<b>-1.9</b>	-4.7		Exchange rate impact ±0.0 Emergency measures -3.8
	ROS	2.6%	<b>-1.6%</b>	-4.2%		
	FCF by segment			<b>5.6</b>		

- Higher sales due to good performances in license services and systems business for government, and IoT/AI business.
- Lower income from impacts of a number of domestic information system projects, and the cost of structural reform of the unified communications systems business.

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

# Others

(Yen in billions)		FY2016/1H	FY2017/1H	Difference (growth rate)		
PC	Net sales	99.6	<b>84.1</b>	-15.5	(-16%)	Lower sales due to complete withdrawal from overseas B2C business and sluggish sales in B2B markets in Europe and North America. In addition to lower sales, increases in component costs, such as SSD, resulted in deteriorated operating income.
	Operating income (loss)	-0.7	<b>-3.7</b>	-3.0		
	ROS	-0.7%	<b>-4.4%</b>	-3.7%		
Visual Products	Net sales	27.9	<b>22.2</b>	-5.7	(-20%)	Lower sales due to scaling back of domestic B2C business and impacts from the deconsolidation of subsidiaries. Operating income was better than the same period last year, when provision was made for the cost of quality issue.
	Operating income (loss)	-10.5	<b>-4.7</b>	5.8		
	ROS	-37.6%	<b>-21.2%</b>	16.4%		



# 3. FY2017 Forecast

# Overall

- Projected restructuring costs were revised, and increased to 60.0 billion yen. The assumed exchange rate for FY2017/2H is ¥110/\$.
- An impact of 11.5 billion yen due to the decision to scale back emergency measures was reflected in FY2017/1H.
- **A tax impact of -340.0 billion yen was incorporated in respect of the company split of the Memory business.**

(Yen in billions)	FY2016 Actual	FY2017 Forecast on Nov.9	Difference	vs. previous forecast on Oct.23
Net sales	4,870.8	<b>4,970.0</b>	99.2	0.0
Operating income (loss)	270.8	<b>430.0</b>	159.2	0.0
Income (Loss) before income taxes and noncontrolling interests	225.5	<b>400.0</b>	174.5	0.0
Net income (loss)	-965.7	<b>-110.0</b>	855.7	0.0
Free cash flows	-44.8	<b>-380.0</b>	-335.2	0.0

	2017/3E Actual	2018/3E Outlook	Difference	vs. previous forecast on Oct.23 base
Equity attributable to shareholders of the Company	-552.9	<b>-750.0</b>	-197.1	0.0
Shareholders' equity ratio	-13.0%	<b>-19.2%</b>	-6.2%	0.0%
Net assets	-275.7	<b>-530.0</b>	-254.3	0.0
Net interest-bearing debt	496.1	<b>940.0</b>	443.9	0.0
Exchange rate (US\$) as of the end date of the term	¥112	<b>¥110</b>	-¥2	

(Reference)  
After closing the sale of the Memory business  
\*before reclassification as a discontinued operation

**Profit from the sale of the Memory business +1,080.0**

FY2017 Forecast
4,970.0
430.0
1,480.0
970.0
2018/3E Outlook
330.0
8.5%
550.0

- The Company aims to recover its financial base by closing the sale of Toshiba Memory by the end of March 2018, and, in parallel, is also considering capital strategy options to respond to changing circumstances.

# By Segment

(Yen in billions)		FY2016 Actual	FY2017 Forecast on Nov. 9	Difference (growth rate)		vs. previous forecast on Oct. 23 base
Energy Systems & Solutions	Net sales	974.9	<b>840.0</b>	-134.9	(-14%)	-80.0
	Operating income (loss)	-41.7	<b>5.0</b>	46.7		-13.0
	ROS	-4.3%	<b>0.6%</b>	4.9%		-1.4%
Infrastructure Systems & Solutions	Net sales	1,262.4	<b>1,260.0</b>	-2.4	(-0%)	10.0
	Operating income (loss)	58.4	<b>42.0</b>	-16.4		0.0
	ROS	4.6%	<b>3.3%</b>	-1.3%		-0.1%
Retail & Printing Solutions	Net sales	507.7	<b>510.0</b>	2.3	(+0%)	10.0
	Operating income (loss)	16.3	<b>22.0</b>	5.7		5.0
	ROS	3.2%	<b>4.3%</b>	1.1%		0.9%
Storage & Electronic Devices Solutions	Net sales	1,700.2	<b>1,980.0</b>	279.8	(+16%)	60.0
	Operating income (loss)	247.0	<b>460.0</b>	213.0		45.0
	ROS	14.5%	<b>23.2%</b>	8.7%		1.6%
Industrial ICT Solutions	Net sales	239.6	<b>250.0</b>	10.4	(+4%)	0.0
	Operating income (loss)	7.1	<b>3.0</b>	-4.1		-2.0
	ROS	2.9%	<b>1.2%</b>	-1.7%		-0.8%
Others	Net sales	535.6	<b>520.0</b>	-15.6	(-3%)	0.0
	Operating income (loss)	-17.1	<b>-30.0</b>	-12.9		-8.0
Eliminations	Net sales	-349.6	<b>-390.0</b>	-40.4		0.0
	Operating income (loss)	0.8	<b>* -72.0</b>	-72.8		-27.0
Total	Net sales	4,870.8	<b>4,970.0</b>	99.2	(+2%)	0.0
	Operating income (loss)	270.8	<b>430.0</b>	159.2		0.0
	ROS	5.6%	<b>8.7%</b>	3.1%		0.0%

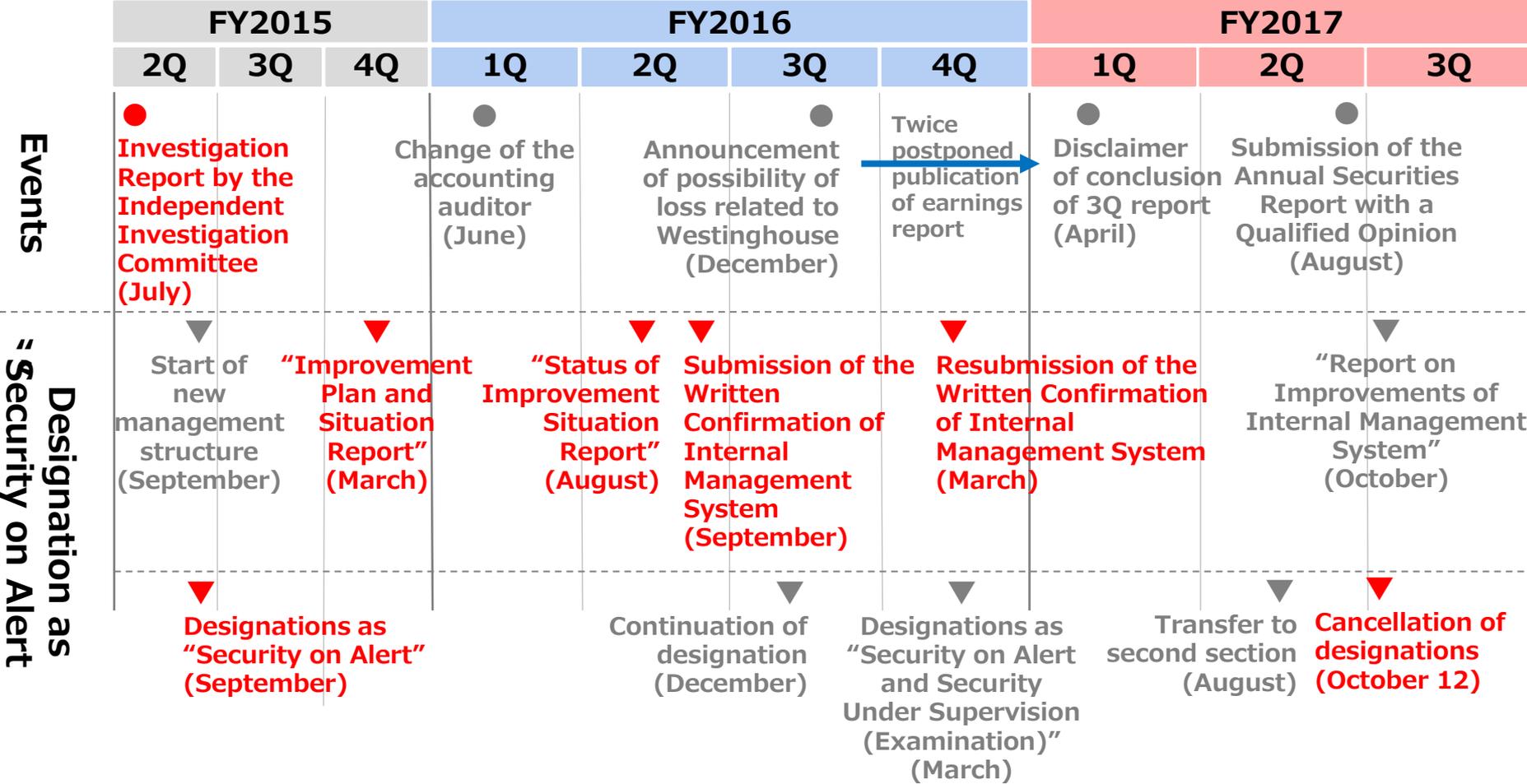
\*Including restructuring costs of 60.0 billion yen



# 4. Measures to Rebuild Toshiba

# History of Internal Management System Reinforcement

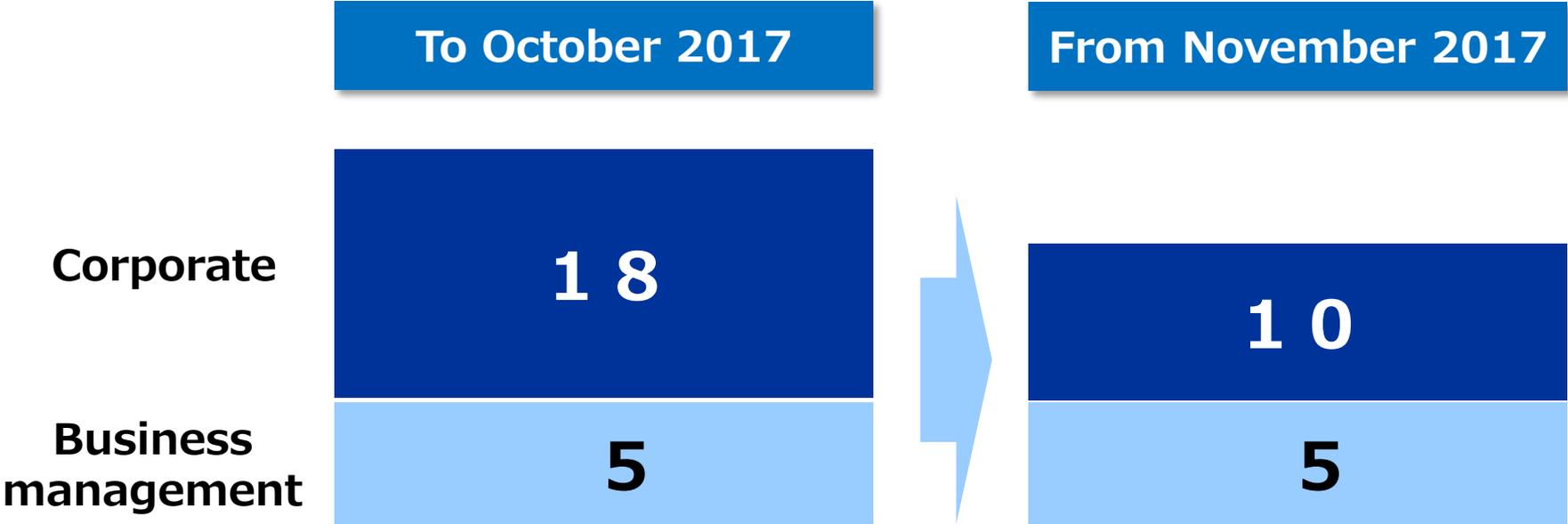
Continual implementation of measures to reinforce the internal management system resulted in the October 12, 2017 cancellation of the designation of Toshiba's stock as a "Security on Alert"



# Revision of Executive Officers Structure

As part of headquarters reformation, the number of executive officers was revised

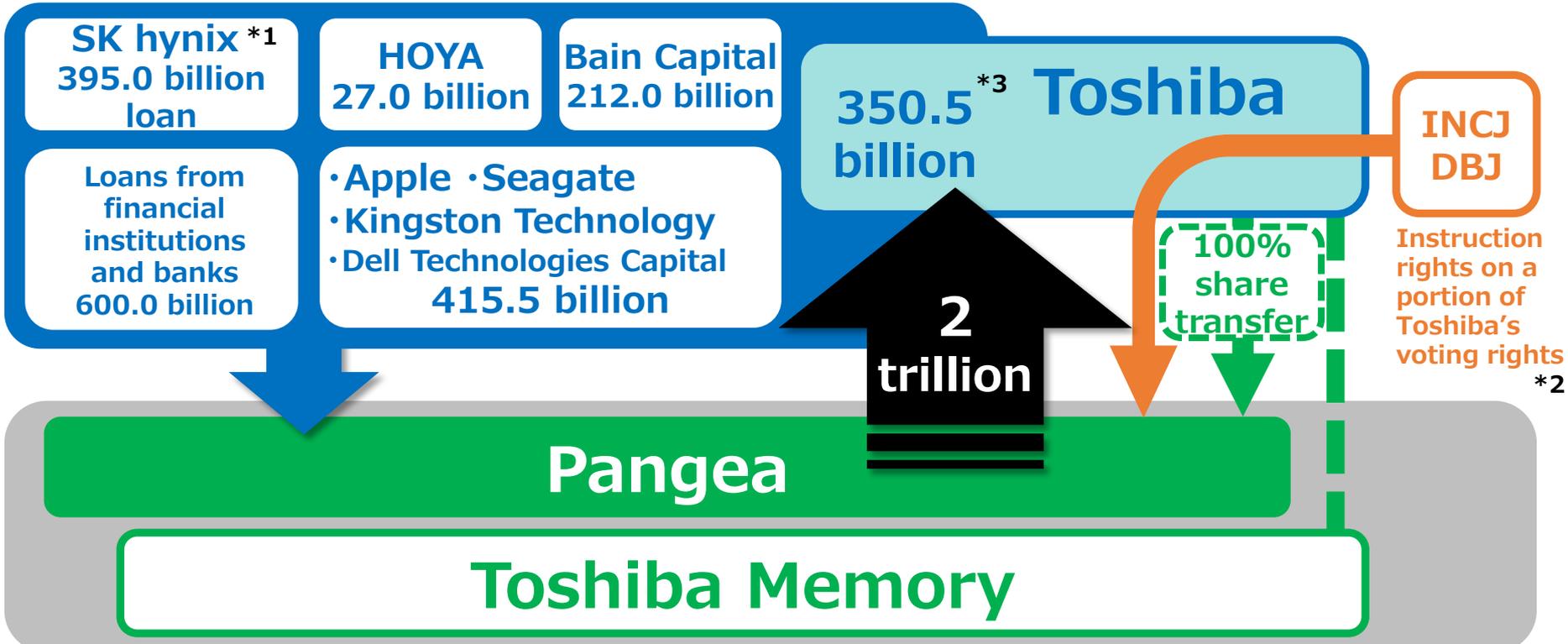
## Number of executive officers



# Status of the Sale of Toshiba Memory Corporation

Procedures are in progress towards closing by the end of March, 2018

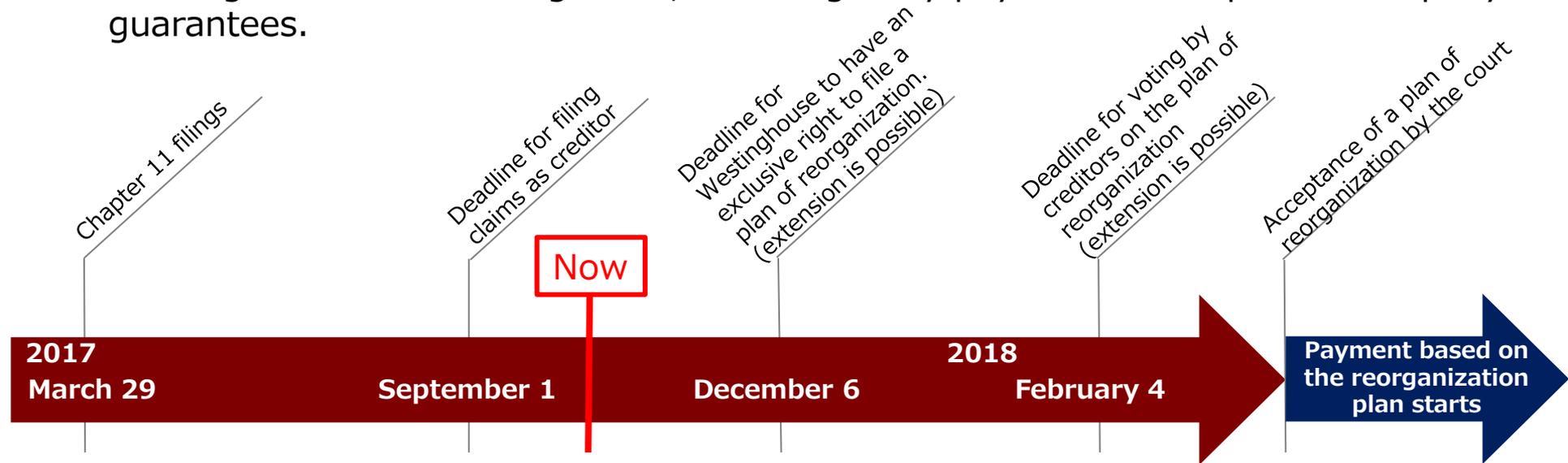
- **Completed filings under anti-trust law in 8 jurisdictions\***  
\*Brazil, China, EU, Japan, South Korea, Philippines, Taiwan, U.S.
- **Overview of the sale of Toshiba Memory Corporation**



\*1 SK Hynix will have the right to convert the loan to shares. However, it will not be permitted to own more than 15% of the voting rights in Pangea or Toshiba Memory for a period of 10 years.  
 \*2 Toshiba will own approximately 40% of the voting rights in Pangea. Toshiba will leave decision-making in respect of the exercise of a portion of its voting rights to INCJ and DBJ.  
 \*3 Toshiba's investment will be in the form of common stocks and convertible preferred stocks.

# Timeline of Westinghouse's Chapter 11 Filing

- Optimize allocation of management resource by seeking early settlement of Westinghouse related obligations, including early payment of the parent company guarantees.



## Note on Chapter 11 process

- The plan of reorganization states how Westinghouse will make payment to its creditors, using capital or rights (payment resources) acquired in the reorganization process. The payment resources and the amount of each claim are now being confirmed.
- After the voting confirms the plan of reorganization, the court will confirm it, and payment to creditors will start.

# Mangiarotti and Nuclear Fuel Industries

## Mangiarotti S.p.A, in Italy

- Toshiba owned 70% and Westinghouse group owned 30% of Mangiarotti.
- Reorganization of the overseas nuclear business decreased the significance to Toshiba of its holdings in Mangiarotti, but it remains an important company for Westinghouse group in its European business.
- The sale of all Toshiba's shares to Westinghouse group will contribute to maintaining Westinghouse group's corporate value. Toshiba expects the transfer to ultimately help to reduce its parent company guarantee obligation payments.

## Nuclear Fuel Industries, Ltd (NFI), in Japan

- NFI's business base is in Japan. Westinghouse group owns 52% of NFI's shares, and third party minority shareholders own 48%.
- Toshiba and Westinghouse group agreed to Toshiba Group's acquisition of Westinghouse group's 52% shares in NFI, with the understanding that all necessary conditions are fulfilled. Details of the acquisition is now being discussed.
- By acquiring NFI, Toshiba Group will contribute to stable supply of nuclear fuel in Japan.



# Appendix

# Against Previous Business Results Forecast Overall

(Yen in billions)	FY2017			vs. previous forecast on Oct.23		
	FY2017/1H Actual	FY2017/2H Forecast on Nov.9	Forecast on Nov.9	FY2017/1H	FY2017/2H	FY2017
Net sales	<b>2,386.2</b>	<b>2,583.8</b>	<b>4,970.0</b>	6.2	-6.2	0.0
Operating income (loss)	<b>231.8</b>	<b>198.2</b>	<b>430.0</b>	21.8	-21.8	0.0
%	<b>9.7%</b>	<b>7.7%</b>	<b>8.7%</b>	0.9%	-0.8%	0.0%
Income (Loss) before income taxes and noncontrolling interests	<b>275.0</b>	<b>125.0</b>	<b>400.0</b>	45.0	-45.0	0.0
%	<b>11.5%</b>	<b>4.8%</b>	<b>8.0%</b>	1.8%	-1.8%	0.0%
Net income (loss)	<b>-49.8</b>	<b>-60.2</b>	<b>-110.0</b>	10.2	-10.2	0.0
%	<b>-2.1%</b>	<b>-2.3%</b>	<b>-2.2%</b>	0.4%	-0.4%	0.0%

# Against Previous Business Results Forecast By Segment

(Yen in billions)					vs. previous forecast on Oct.23 base		
		FY2017/1H Actual	FY2017/2H Forecast on Nov.9	FY2017 Forecast on Nov.9	FY2017/1H	FY2017/2H	FY2017
Energy Systems & Solutions	Net sales	433.0	407.0	840.0	3.0	-83.0	-80.0
	Operating income (loss)	-4.0	9.0	5.0	0.0	-13.0	-13.0
	ROS	-0.9%	2.2%	0.6%	0.0%	-2.3%	-1.4%
Infrastructure Systems & Solutions	Net sales	552.1	707.9	1,260.0	12.1	-2.1	10.0
	Operating income (loss)	2.7	39.3	42.0	1.7	-1.7	0.0
	ROS	0.5%	5.6%	3.3%	0.3%	-0.2%	-0.1%
Retail & Printing Solutions	Net sales	247.8	262.2	510.0	7.8	2.2	10.0
	Operating income (loss)	11.3	10.7	22.0	5.3	-0.3	5.0
	ROS	4.6%	4.1%	4.3%	2.1%	-0.1%	0.9%
Storage & Electronic Devices Solutions	Net sales	972.0	1,008.0	1,980.0	-8.0	68.0	60.0
	Operating income (loss)	235.8	224.2	460.0	5.8	39.2	45.0
	ROS	24.3%	22.2%	23.2%	0.8%	2.5%	1.6%
Industrial ICT Solutions	Net sales	118.7	131.3	250.0	-1.3	1.3	0.0
	Operating income (loss)	-1.9	4.9	3.0	-1.9	-0.1	-2.0
	ROS	-1.6%	3.7%	1.2%	-1.6%	-0.1%	-0.8%
Others	Net sales	240.7	279.3	520.0	10.7	-10.7	0.0
	Operating income (loss)	-9.1	-20.9	-30.0	11.9	-19.9	-8.0
Eliminations	Net sales	-178.1	-211.9	-390.0	-18.1	18.1	0.0
	Operating income (loss)	-3.0	-69.0	-72.0	-1.0	-26.0	-27.0
Total	Net sales	2,386.2	2,583.8	4,970.0	6.2	-6.2	0.0
	Operating income (loss)	231.8	198.2	430.0	21.8	-21.8	0.0
	ROS	9.7%	7.7%	8.7%	0.9%	-0.8%	0.0%

# Capital Expenditure (Commitment Basis)

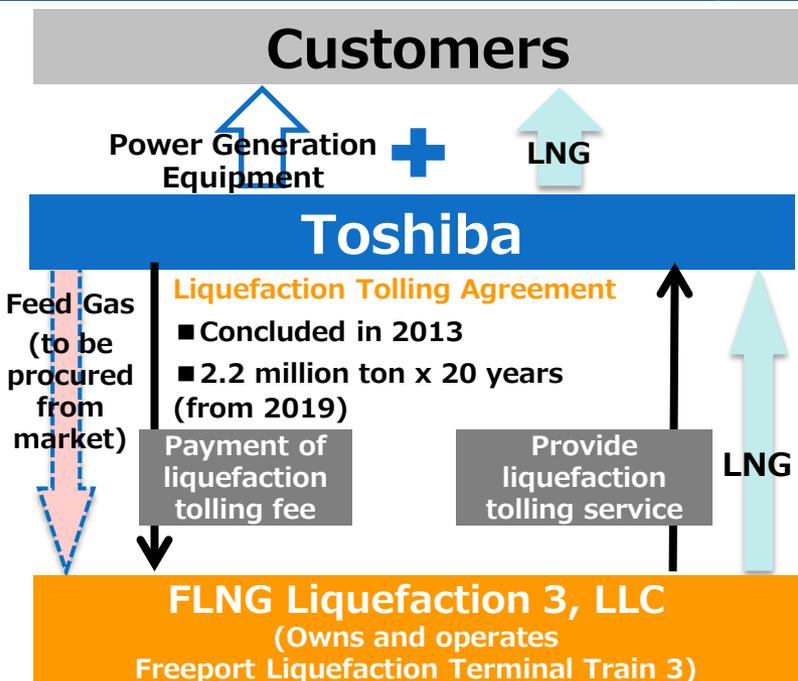
(Yen in billions)

<b>Capital Expenditure (Commitment Basis)</b>	<b>FY2016 Actual</b>	<b>FY2017 Outlook</b>	<b>vs. previous outlook on Aug. 10</b>	<b>FY2016/1H Actual</b>	<b>FY2017/1H Actual</b>	<b>FY2017/2Q Actual</b>	<b>Major Items in FY2017/2Q</b>
Energy Systems & Solutions	14.4	13.0	-7.0	13.2	3.8	2.4	–
Infrastructure Systems & Solutions	26.6	40.0	-5.0	10.4	15.8	7.9	–
Retail & Printing Solutions	7.0	10.0	-4.0	3.6	4.8	2.8	–
Storage & Electronics Devices Solutions	363.2	600.0	270.0	89.6	284.4	24.9	Memory manufacturing equipment
Industrial ICT Solutions	2.2	2.0	-1.0	1.2	0.7	0.5	–
Others	11.1	15.0	2.0	6.7	5.0	3.1	–
<b>Total</b>	<b>424.5</b>	<b>680.0</b>	<b>255.0</b>	<b>124.7</b>	<b>314.5</b>	<b>41.6</b>	
<b>Investments and Loans</b>	<b>5.6</b>	<b>100.0</b>	<b>20.0</b>				

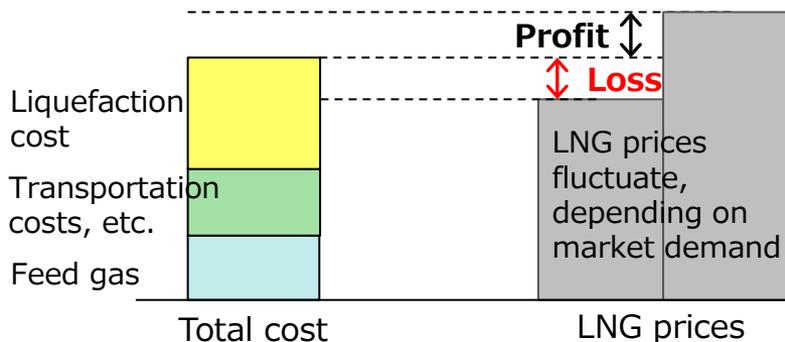
\* Amounts above includes capital investments by Toshiba in affiliated companies accounted for by the equity-method, such as Flash Forward, Ltd.

# LNG Business (Freeport)

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



## Income or loss at Toshiba



## 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 the capacity of the above basic agreements).

## Concrete Progress of Activities

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

## Treatment in Accounting

- In 2017/1H, 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.
- The 932.5 billion yen maximum exposure to losses related to the variable interest entities mentioned in the Annual Securities Report includes all liquefaction costs. The loss will be incurred if Toshiba orders no liquefaction services during the 20 years of contract. The amount of loss will decrease by securing customers.

(Yen in billions)		FY2016 Actual	FY2017 Outlook	Difference	(growth rate)
Energy Systems & Solutions	Net sales	974.9	<b>840.0</b>	-134.9	(-14%)
	Operating income (loss)	-41.7	<b>5.0</b>	46.7	
	ROS	-4.3%	<b>0.6%</b>	4.9%	
Nuclear Power Systems	Net sales	182.1	<b>169.2</b>	-12.9	(-7%)
	Operating income (loss)	-45.1	<b>2.5</b>	47.6	
	ROS	-24.8%	<b>1.5%</b>	26.3%	
Thermal & Hydro Power Systems	Net sales	339.1	<b>340.0</b>	0.9	(+0%)
	Operating income (loss)	3.9	<b>7.2</b>	3.3	
	ROS	1.2%	<b>2.1%</b>	0.9%	
Transmission & Distribution Systems	Net sales	297.7	<b>287.3</b>	-10.4	(-3%)
	Operating income (loss)	2.7	<b>1.9</b>	-0.8	
	ROS	0.9%	<b>0.7%</b>	-0.2%	
Landis+Gyr (Consolidated)	Net sales	181.2	<b>65.8</b>	-115.4	(-64%)
	Operating income (loss)	7.4	<b>3.5</b>	-3.9	
	ROS	4.1%	<b>5.3%</b>	1.2%	

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

# Infrastructure Systems & Solutions Results Breakdown

(Yen in billions)		FY2016 Actual	FY2017 Outlook	Difference (growth rate)	
Infrastructure Systems & Solutions	Net sales	1,262.4	<b>1,260.0</b>	-2.4	(-0%)
	Operating income (loss)	58.4	<b>42.0</b>	-16.4	
	ROS	4.6%	<b>3.3%</b>	-1.3%	
Public Infrastructure	Net sales	421.9	<b>394.5</b>	-27.4	(-6%)
	Operating income (loss)	28.8	<b>15.9</b>	-12.9	
	ROS	6.8%	<b>4.0%</b>	-2.8%	
Building and Facilities	Net sales	570.6	<b>571.3</b>	0.7	(+0%)
	Operating income (loss)	25.3	<b>18.7</b>	-6.6	
	ROS	4.4%	<b>3.3%</b>	-1.1%	
Industrial Systems	Net sales	309.9	<b>338.8</b>	28.9	(+9%)
	Operating income (loss)	4.3	<b>7.4</b>	3.1	
	ROS	1.4%	<b>2.2%</b>	0.8%	

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

# Storage & Electronic Devices Solutions Results Breakdown

(Yen in billions)

		FY2016 Actual	FY2017 Outlook	Difference	(growth rate)
Storage & Electronic Devices Solutions		Net sales	1,700.2	<b>1,980.0</b>	279.8 (+16%)
		Operating income (loss)	247.0	<b>460.0</b>	213.0
		ROS	14.5%	<b>23.2%</b>	8.7%
Storage	Memories	Net sales	897.2	<b>1,208.3</b>	311.1 (+35%)
		Operating income (loss)	186.6	<b>419.4</b>	232.8
		ROS	20.8%	<b>34.7%</b>	13.9%
	HDDs	Net sales	461.3	<b>437.5</b>	-23.8 (-5%)
		Operating income (loss)	36.0	<b>22.2</b>	-13.8
		ROS	7.8%	<b>5.1%</b>	-2.7%
Devices & Others		Net sales	341.7	<b>334.2</b>	-7.5 (-2%)
		Operating income (loss)	24.4	<b>18.4</b>	-6.0
		ROS	7.1%	<b>5.5%</b>	-1.6%

# Others

(Yen in billions)		FY2016 Actual	FY2017 Outlook	Difference (growth rate)	
PC	Net sales	191.8	<b>172.0</b>	-19.8	(-10%)
	Operating income (loss)	-0.5	<b>-5.0</b>	-4.5	
	ROS	-0.3%	<b>-2.9%</b>	-2.6%	
Visual Products	Net sales	61.6	<b>54.0</b>	-7.6	(-12%)
	Operating income (loss)	-12.9	<b>-5.0</b>	7.9	
	ROS	-20.9%	<b>-9.3%</b>	11.6%	

**TOSHIBA**

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