



TOSHIBA

**FY2018
Third Quarter
Consolidated Business Results
(First Nine 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 nine 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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01

Overall Business Results

Key Points of FY2018/Q1-Q3 Net Sales and Income (Loss)

● Net Sales:

Overall sales decreased by 153.1 billion yen year-on-year, as Energy Systems & Solutions recorded lower sales due to the impact of deconsolidation of Landis+Gyr (following a July 2017 IPO) and declines in Thermal Power Systems business and Transmission & Distribution Systems business, despite increased sales in Storage & Electronic Devices Solutions and Infrastructure Systems & Solutions. The impact of exchange rate changes was -8.9 billion yen.

➤ Net sales 2,647.2 billion yen (YoY*¹: -153.1 billion yen)

*¹YoY: year-on-year comparison

● Income (Loss):

Operating income declined by 47.3 billion yen year-on-year, due to deterioration in the operating results in business segments other than Industrial ICT Solutions, which saw an improved performance. The impact of exchange rate changes was -1.5 billion yen, and the reduced impact of emergency measures, such as bonus reductions was -14.2 billion yen.

Income before income taxes and noncontrolling interests declined year-on-year on lower operating income and the impact of recording gain from the sale of shares of Landis+Gyr (hereinafter “L+G”) in non-operating income (loss) and expenses in FY2017. Net income rose from the same period of the prior year due to the gain on sale of the Memory business.

➤ Operating income 8.2 billion yen (YoY: -47.3 billion yen)

➤ Income before income taxes and noncontrolling interests 10.4 billion yen (YoY: -77.5 billion yen)

➤ Net income 1,021.6 billion yen (YoY: +994.6 billion yen)

Key Points of FY2018/Q1-Q3

Free Cash Flows and Equity Attributable to Shareholders of the Group

- **Free Cash Flows:**

Free cash flows improved by 1,851.6 billion yen to 1,405.4 billion yen year on year due to improvement of investing cash flows from the sale of the Memory business (1,458.3 billion yen). In addition, operating cash flows improved from the same period of the prior year as a result of paying down WEC parent company guarantee obligations totaling 436.8 billion yen in FY2017.

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

As a result of the sale of the Memory business, equity attributable to shareholders of the Group at the end of December 2018 was 1,586.4 billion yen and shareholders' equity ratio improved to 36.7% from that of the end of March 2018. Since the end of September 2018 (1,937.3 billion yen), it decreased by 294.6 billion yen, mainly due to the repurchase of the Company's own shares implemented up to the end of December 2018.

Net assets including noncontrolling interests at the end of December 2018 were 1,821.4 billion yen.

Overall Business Results

Income (Loss)/Cash Flow Items

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

	FY2017/Q1-Q3	FY2018/Q1-Q3	Difference
Net sales	2,800.3	2,647.2	(153.1)
Operating income (loss)	55.5	8.2	(47.3)
%	2.0%	0.3%	(1.7)%
Non-operating income (loss)	32.4	2.2	(30.2)
Income (loss) before income taxes and noncontrolling interests	87.9	10.4	(77.5)
%	3.1%	0.4%	(2.7)%
Tax expenses	(1.7)	(16.4)	(14.7)
Net income (loss) from continuing operation before noncontrolling interests	86.2	(6.0)	(92.2)
Net income (loss) from discontinued operations before noncontrolling interests	(27.3)	1,044.1	1,071.4
Net income (loss) attributable to noncontrolling interests	(31.9)	(16.5)	15.4
Net income (loss)	27.0	1,021.6	994.6
%	1.0%	38.6%	37.6%
Earnings (loss) per share attributable to shareholders of the Company	¥60.61	¥1,603.62	¥1,543.01
Free cash flows	(446.2)	1,405.4	1,851.6

Overall Business Results

Balance Sheet Items

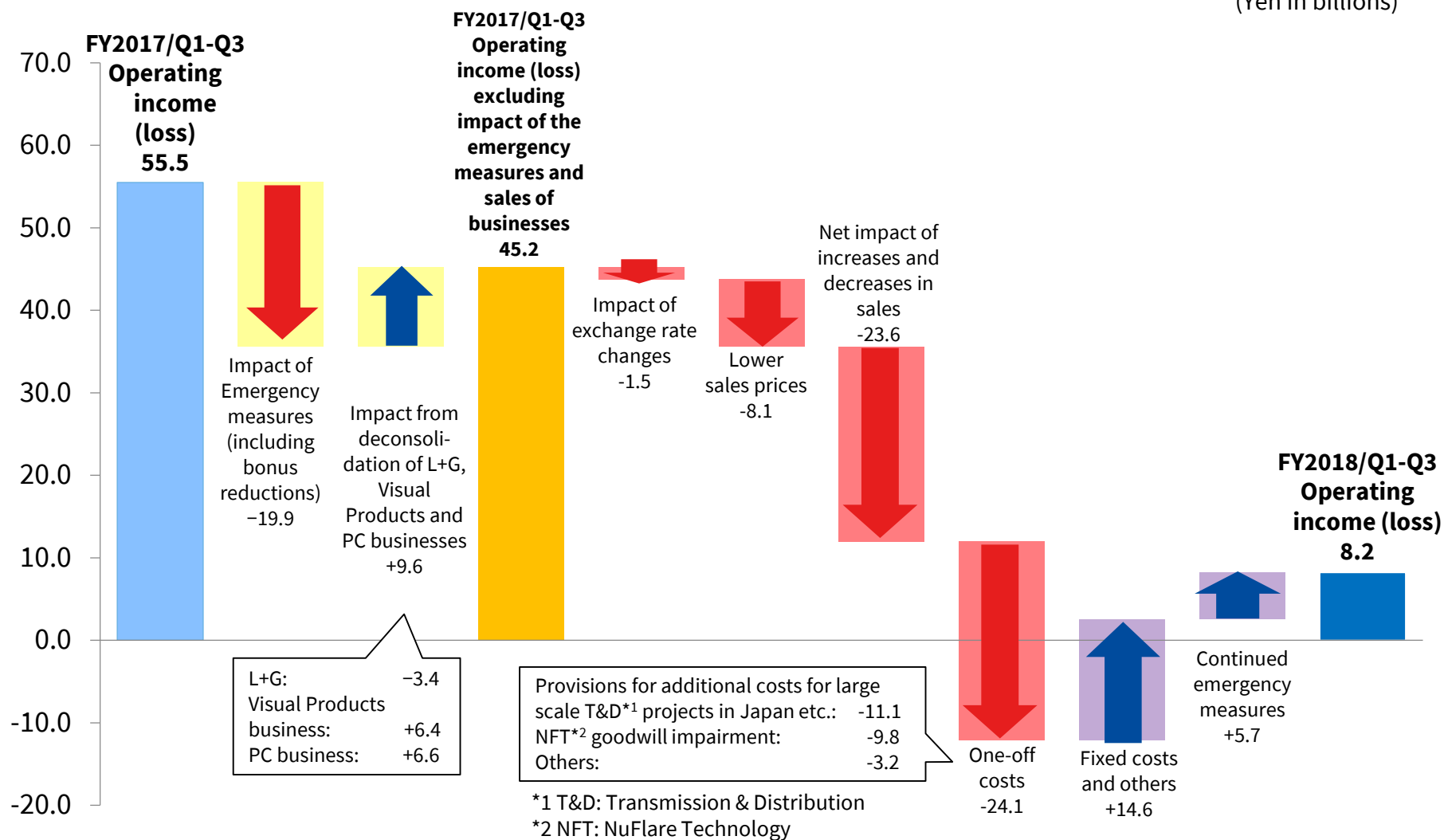
(Yen in billions)

	2018/3E	2018/12E	Difference
Equity attributable to shareholders of the Company	783.1	1,586.4	803.3
Shareholders' equity ratio	17.6%	36.7%	19.1%
Net assets	1,010.7	1,821.4	810.7
Net interest-bearing debt	191.6	(975.8)	(1,167.4)
Net debt-to-equity ratio	24%	(62)%	(86)%
Exchange rate (US\$) as of the period-end	¥106	¥111	¥5

Operating Income (Loss), YoY Analysis

Operating income declined due to lower sales and one-off costs

(Yen in billions)



Non-operating Income (Loss) and Expenses

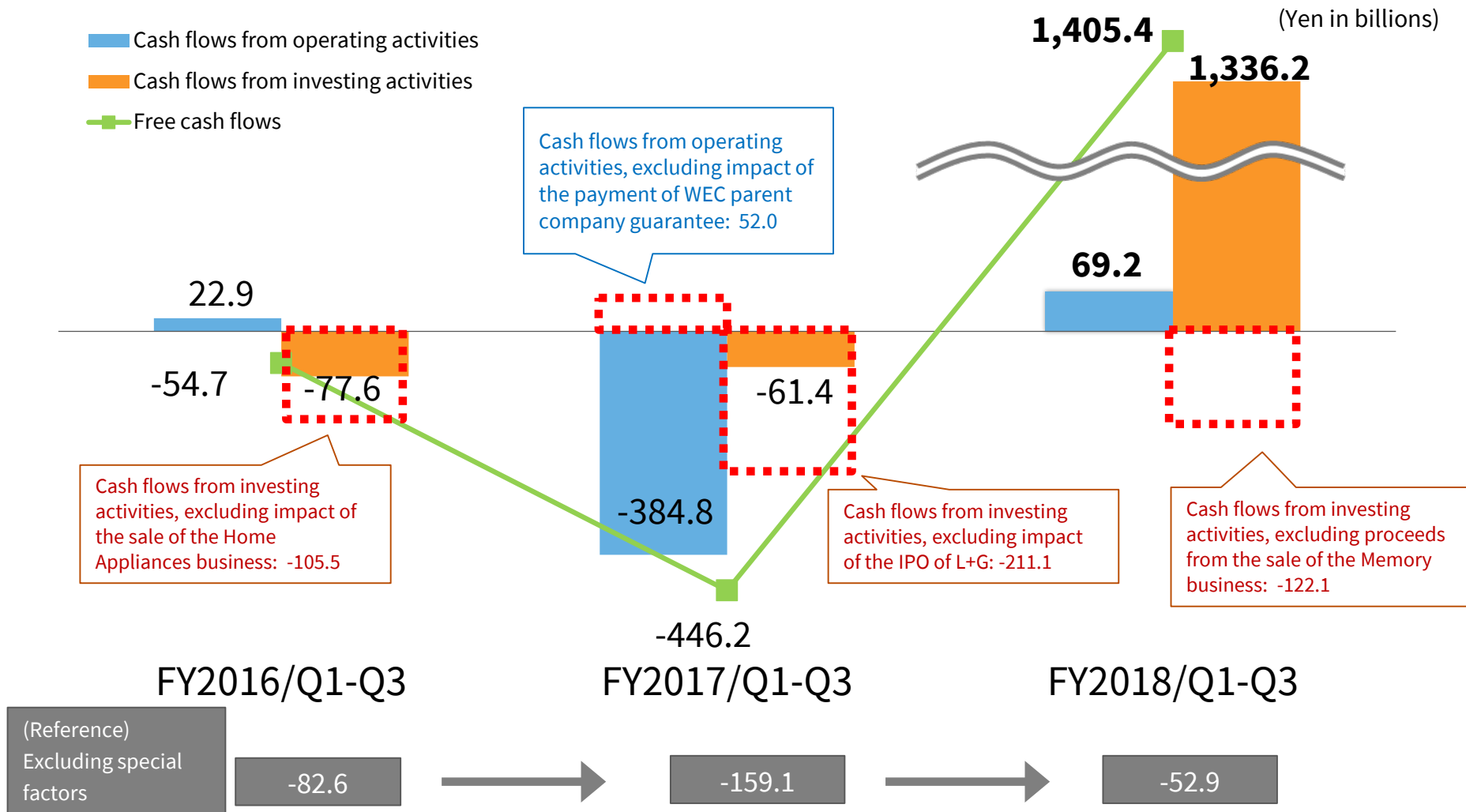
Non-operating income decreased mainly due to income from the sale of shares of L+G in FY2017

	FY2017/Q1-Q3	FY2018/Q1-Q3	Difference	(Yen in billions)
Net financial income (loss)	(15.8)	(3.3)	12.5	
Foreign exchange income (loss)	(1.5)	(0.7)	0.8	
Income (loss) on sale or disposal of fixed assets	14.8	(1.9)	(16.7)	
Income (loss) on sale of securities	*1 69.3	(3.6)	(72.9)	*1 Sale of shares of L+G: 66.8 billion yen
Settlement costs of lawsuits	(7.3)	(9.7)	(2.4)	
Equity in earnings of affiliates	5.6	*2 11.8	6.2	*2 Equity earnings from Toshiba Memory: 7.5 billion yen
Others	(32.7)	*3 9.6	42.3	*3 Gain from the transfer of Toshiba General Hospital: 23.9 billion yen
Total	32.4	2.2	(30.2)	

- Toshiba is not involved in the management of Toshiba Memory and cannot comment on its business performance on its behalf. Accordingly, those details are not discussed herein.

Free Cash Flows

Cash flows from operating activities were 69.2 billion yen in FY2018/Q1-Q3

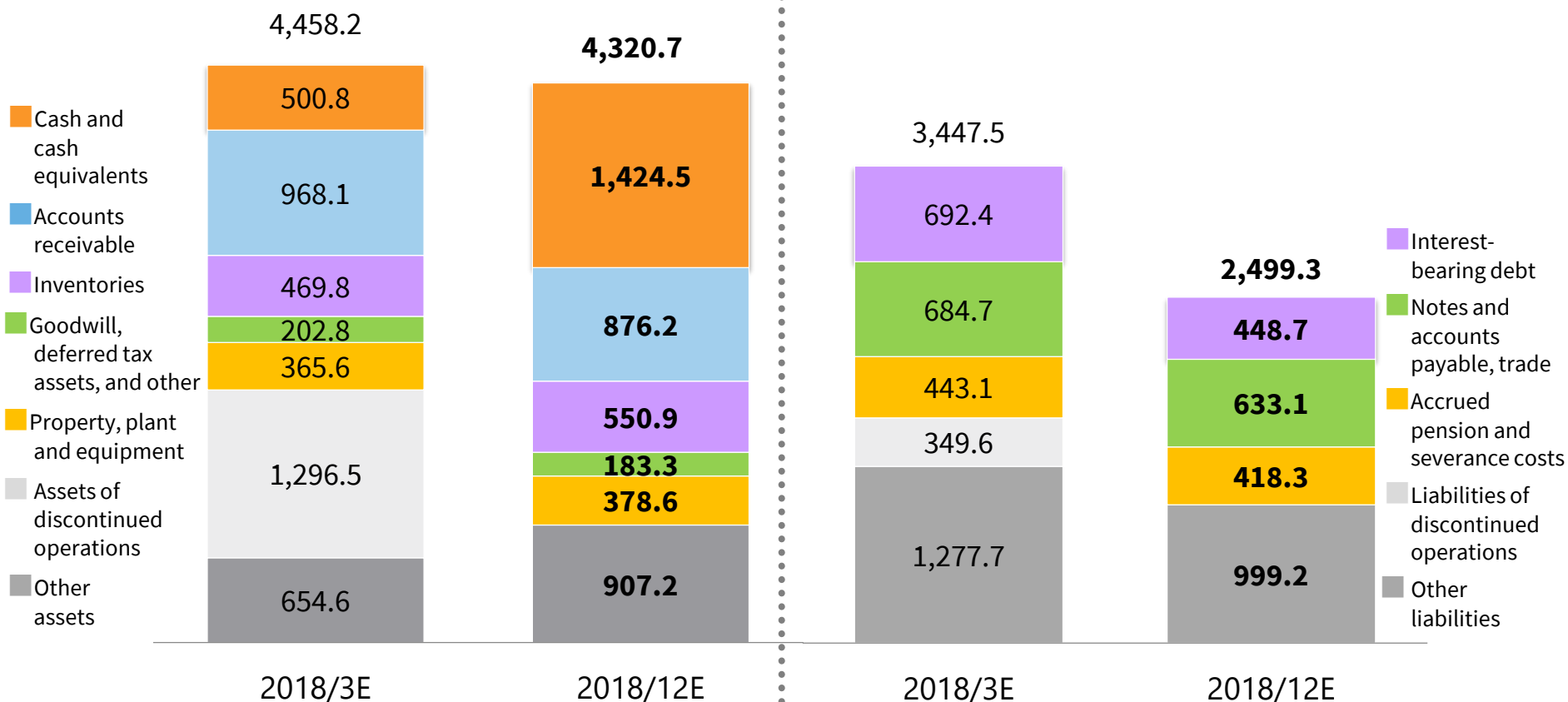


Balance Sheet

(Yen in billions)

Assets

Liabilities



02

Business Results by Segment

FY2018/Q1-Q3 Consolidated Business Results by Segment

(Yen in billions)

		FY2017/Q1-Q3	FY2018/Q1-Q3	Difference (growth rate)	
Energy Systems & Solutions	Net sales	607.9	451.1	(156.8)	(26)%
	Operating income (loss)	(7.5)	(21.7)	(14.2)	
	ROS *	(1.2)%	(4.8)%	(3.6)%	
Infrastructure Systems & Solutions	Net sales	830.6	863.7	33.1	+4%
	Operating income (loss)	11.3	10.3	(1.0)	
	ROS	1.4%	1.2%	(0.2)%	
Retail & Printing Solutions	Net sales	379.3	361.6	(17.7)	(5)%
	Operating income (loss)	18.8	15.6	(3.2)	
	ROS	4.9%	4.3%	(0.6)%	
Storage & Electronic Devices Solutions	Net sales	661.0	690.9	29.9	+5%
	Operating income (loss)	48.9	12.6	(36.3)	
	ROS	7.4%	1.8%	(5.6)%	
Industrial ICT Solutions	Net sales	176.9	176.2	(0.7)	(0)%
	Operating income (loss)	(2.6)	1.6	4.2	
	ROS	(1.5)%	0.9%	2.4%	
Others	Net sales	383.0	331.9	(51.1)	(13)%
	Operating income (loss)	(17.3)	(14.4)	2.9	
Eliminations	Net sales	(238.4)	(228.2)	10.2	
	Operating income (loss)	3.9	4.2	0.3	
Total, excluding discontinued operations	Net sales	2,800.3	2,647.2	(153.1)	(5)%
	Operating income (loss)	55.5	8.2	(47.3)	
	ROS	2.0%	0.3%	(1.7)%	

*ROS: Return on sales

Energy Systems & Solutions Results Breakdown

		FY2017/Q1-Q3	FY2018/Q1-Q3	Difference	(growth rate)	(Yen in billions)
Energy Systems & Solutions	Net sales	607.9	451.1	(156.8)	(26)%	Impact of exchange rate changes: -3.3
	Operating income (loss)	(7.5)	(21.7)	(14.2)		
	ROS	(1.2)%	(4.8)%	(3.6)%		Impact of exchange rate changes: +0.2 Emergency measures: 2.8
	FCF by segment			(21.4)		
Nuclear Power Systems	Net sales	88.1	96.3	8.2	+9%	Higher sales mainly due to the consolidation of Nuclear Fuel Industries, and improved operating results due to an elimination of the negative factors which existed in the comparative period.
	Operating income (loss)	(4.3)	(1.3)	3.0		
	ROS	(4.9)%	(1.3)%	3.6%		
Thermal & Hydro Power Systems	Net sales	256.9	203.9	(53.0)	(21)%	Lower sales overall, due to a reduction in thermal power construction projects, and a decline in service-related work due to extended intervals between inspections. Lower operating results mainly reflect lower sales and an increase in construction costs.
	Operating income (loss)	(1.0)	(6.8)	(5.8)		
	ROS	(0.4)%	(3.3)%	(2.9)%		
Transmission & Distribution Systems	Net sales	214.1	158.0	(56.1)	(26)%	Lower sales due to the transfer of Industrial Distribution Systems business and structural reforms of overseas consolidated subsidiaries. Lower operating results due to provision of additional costs for large-scale projects in Japan. Higher sales and operating income in the Solar Power business.
	Operating income (loss)	1.7	(9.8)	(11.5)		
	ROS	0.8%	(6.2)%	(7.0)%		
Landis+Gyr	Net sales	65.8	-	(65.8)		Due to the deconsolidation of the business through the completion of IPO.
	Operating income (loss)	3.4	-	(3.4)		
Other	Net sales	(17.0)	(7.1)	9.9		Decrease in eliminations in inter-segment transactions.
	Operating income (loss)	(7.3)	(3.8)	3.5		

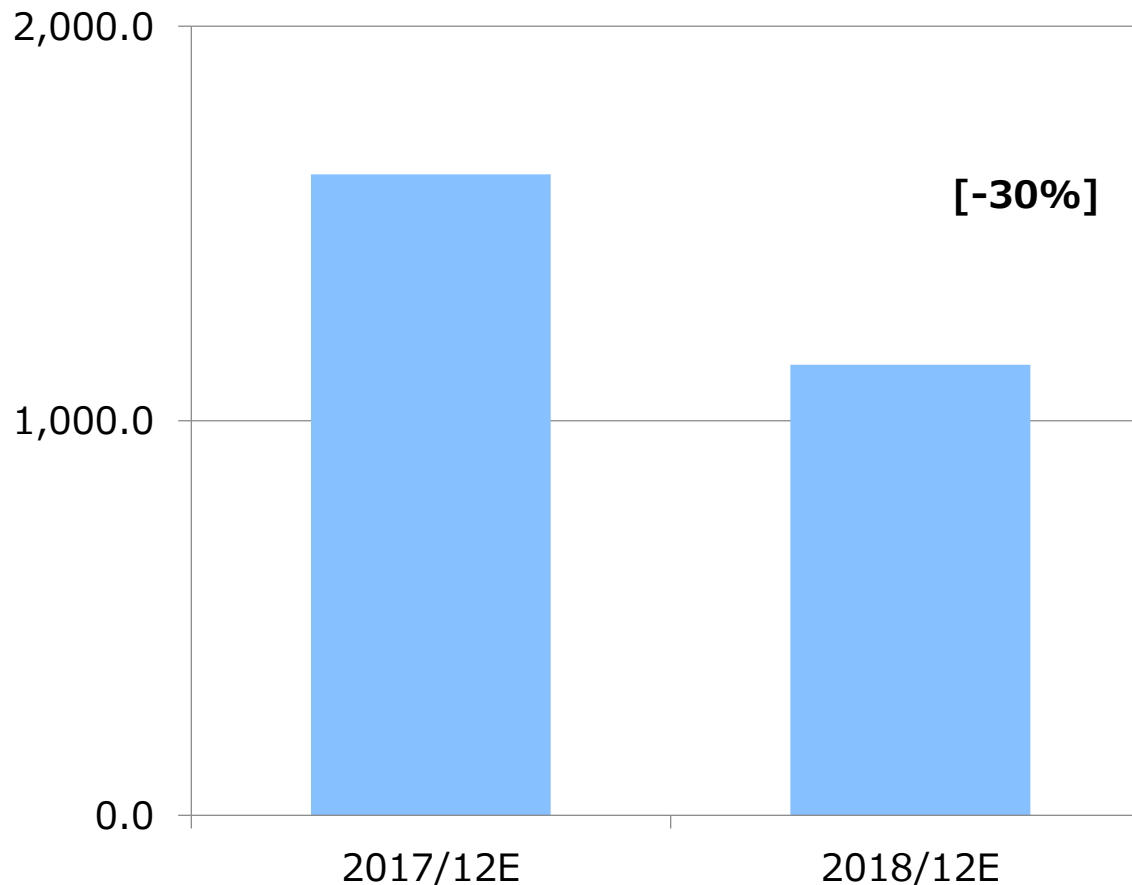
*Free cash flows by segment are treated as an index for in-house management only, and the impact of exchange rate changes is treated differently from free cash flows in the Consolidated Statements of Cash Flows.

Energy Systems & Solutions Order Backlog

(Yen in billions)

[]=year-on-year comparison

*Power Generation and Transmission & Distribution Systems
(excluding Solar Photovoltaic Systems)



- Nuclear Power Systems saw a significant decline in the order backlog due to withdrawal from overseas nuclear projects, and the remaining order backlog mainly relates to plant restarts.
- Thermal & Hydro Power Systems' backlog decreased due to the progress made of current construction projects and fewer orders for thermal power plants.
- Transmission & Distribution Systems' backlog decreased due to progress made of current large-scale projects and the deconsolidation of overseas subsidiaries.

Infrastructure Systems & Solutions Results Breakdown

(Yen in billions)

		FY2017/ Q1-Q3	FY2018/ Q1-Q3	Difference (growth rate)		
Infrastructure Systems & Solutions	Net sales	830.6	863.7	33.1	+4%	Impact of exchange rate changes: -0.7
	Operating income (loss)	11.3	10.3	(1.0)		
	ROS	1.4%	1.2%	(0.2)%		Impact of exchange rate changes: -0.6 Emergency measures: -3.9
FCF by segment			(35.8)			
Public Infrastructure	Net sales	223.2	230.9	7.7	+3%	Higher sales on expansion of the social systems business. Reduction in operating results due to differences in the sales mix of water treatment and radio and communication systems projects.
	Operating income (loss)	(1.1)	(1.7)	(0.6)		
	ROS	(0.5)%	(0.7)%	(0.2)%		
Building and Facilities	Net sales	400.2	405.3	5.1	+1%	Higher sales due to the expansion in the overseas air-conditioning business. Increased operating income reflects the results of structural reforms in the previous fiscal year.
	Operating income (loss)	11.2	12.7	1.5		
	ROS	2.8%	3.1%	0.3%		
Railways and Industrial Systems	Net sales	238.9	272.6	33.7	+14%	Higher sales supported by transfer of the Industrial Distribution Systems business from Energy Systems & Solutions. Lower operating results due to an acceleration of development costs in railway systems and battery systems.
	Operating income (loss)	1.2	(0.7)	(1.9)		
	ROS	0.5%	(0.3)%	(0.8)%		

*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/ Q1-Q3	FY2018/ Q1-Q3	Difference (growth rate)		
Storage & Electronic Devices Solutions	Net sales	661.0	690.9	29.9	+5%	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> Impact of exchange rate changes: -3.3 </div> <div style="border: 1px solid black; padding: 5px;"> Impact of exchange rate changes: -1.2 Emergency measures: -1.9 </div>
	Operating income (loss)	48.9	12.6	(36.3)		
	ROS	7.4%	1.8%	(5.6)%		
FCF by segment			(25.3)			
Semiconductor*1	Net sales	274.0	266.7	(7.3)	(3)%	<p>In discrete semiconductors, higher sales reflected a good performance in automotive use power devices, which outweighed lower sales for small signal devices for smart phones, but operating income decreased due to an increase in upfront investments. In System LSIs, despite reducing sales of unprofitable products, the slowdown in the Chinese and data center markets resulted in lower sales and operating income. A goodwill impairment of 9.8 billion yen was recognized in FY2018/Q3 for NFT, triggered by a decline in its stock price.</p>
	Operating income (loss)	26.4	3.8	(22.6)		
	ROS	9.6%	1.4%	(8.2)%		
HDDs & Others*2	Net sales	387.0	424.2	37.2	+10%	<p>Lower sales and operating income of HDDs due to underachievement in procurement costs reduction, and a decrease in sales of HDDs for PC, despite increase in sales of HDDs for enterprises. Higher sales due to an increase in resale of memory products.</p>
	Operating income (loss)	22.5	8.8	(13.7)		
	ROS	5.8%	2.1%	(3.7)%		

*1 Including sales of discrete semiconductors, systems LSIs, and those by NFT (including NFT goodwill impairment)

*2 Including sales of HDD and resale of memory 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/ Q1-Q3	FY2018/ Q1-Q3	Difference	(growth rate)
Retail & Printing Solutions	Net sales	379.3	361.6	(17.7)	(5)%
	Operating income (loss)	18.8	15.6	(3.2)	
	ROS	4.9%	4.3%	(0.6)%	
FCF by segment			3.7		

Impact of exchange rate changes: -1.1

Impact of exchange rate changes: +0.4
Emergency measures: ±0.0

- Net sales decreased in the Retail business as the sales of large-scale projects in Japan were recorded in FY2017. Net sales also decreased in the Printing business.
- Overall operating income decreased in the Retail business despite an increase in operating income of overseas Retail business. Operating income also decreased in the Printing business.

		FY2017/ Q1-Q3	FY2018/ Q1-Q3	Difference	(growth rate)
Industrial ICT Solutions	Net sales	176.9	176.2	(0.7)	(0)%
	Operating income (loss)	(2.6)	1.6	4.2	
	ROS	(1.5)%	0.9%	2.4%	
FCF by segment			0.9		

Impact of exchange rate changes: ±0.0

Impact of exchange rate changes: ±0.0
Emergency measures: -2.0

- Despite the reduction in sales due to the sale of subsidiaries, net sales remained flat compared to the prior period, due to higher sales of system related products and services to the public sector and the manufacturing sector, and improved sales performance of remaining subsidiaries.
- Operating results increased compared to the prior period, primarily due to higher operating income in system-related projects and the positive impact of fixed cost reductions through structural reform, despite the easing 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/ Q1-Q3	FY2018/ Q1-Q3	Difference (growth rate)	
PC	Net sales	119.6	79.4	(40.2)	(34)%
	Operating income (loss)	(6.6)	(4.7)	1.9	
	ROS	(5.5)%	(5.9)%	(0.4)%	

Sales of shares(80.1%) to Sharp Corporation was completed on October 1, 2018, and therefore the PC business was excluded from the scope of consolidation from FY2018/Q3.

*FY2018 Q1-Q3 above shows the figures for FY2018/H1, prior to completing the sale of shares to Sharp Corporation.

03

FY2018 Forecast

Overall

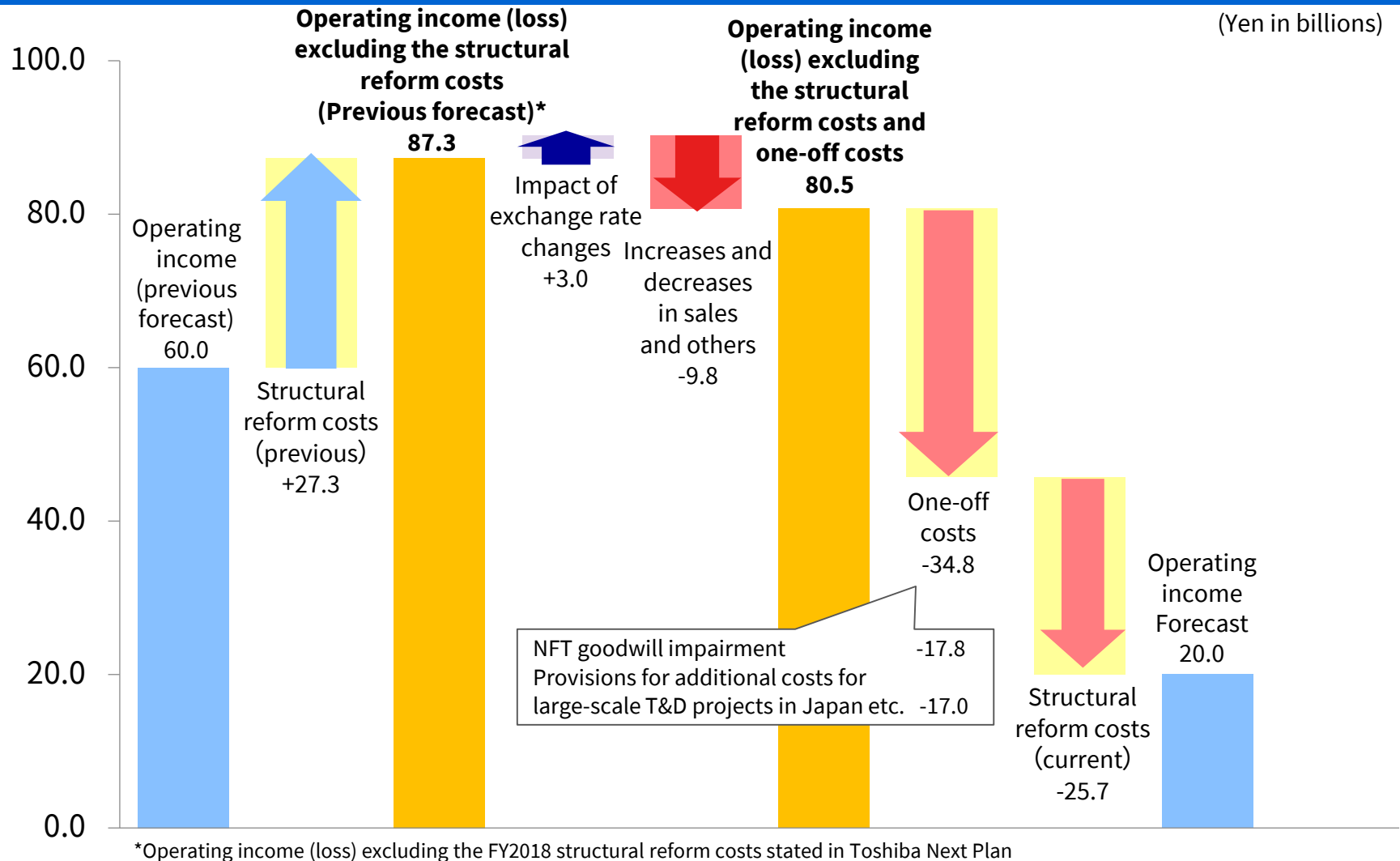
(Yen in billions)

	FY2017 Actual	FY2018 Forecast	Difference	vs. previous forecast announced on Nov 8th	
Net sales	3,947.6	3,620.0	(327.6)	20.0	
Operating income (loss)	86.2	20.0	(66.2)	*1 (40.0)	*1: (Operating income (loss))
%	2.2%	0.6%	(1.6)%	(1.1)%	• NFT goodwill impairment: -17.8
Income (loss) before income taxes and noncontrolling interests	82.4	(110.0)	(192.4)	*2 (70.0)	• Provisions for additional costs for large-scale T&D projects in Japan etc. -17.0
%	2.1%	(3.0)%	(5.1)%	(1.9)%	• Others: -5.2
Net income (loss)	804.0	870.0	66.0	*3 (50.0)	*2: (Non-operating income (loss))
%	20.4%	24.0%	3.6%	(1.6)%	• Equity earnings (loss) from Toshiba Memory: -55.0
Earnings (loss) per share attributable to shareholders of the Company	¥1,628.88	*4 ¥1,404.31	(¥224.57)	(¥7.48)	• Release of unmaterialized risks: +20.0
Free cash flows	(109.3)	1,250.0	1,359.3	0.0	• Others: +5.0
	2018/3E Actual	2019/3E Forecast	Difference	vs. previous forecast announced on Nov 8th	*3 (Income Taxes)
Equity attributable to shareholders of the Company	783.1	980.0	196.9	(50.0)	• Impact of deterioration in equity earnings (loss) from Toshiba Memory: +15.0
Shareholders' equity ratio	17.6%	25.8%	8.2%	(1.3)%	
Net assets	1,010.7	1,230.0	219.3	(50.0)	*4 Earnings (loss) per share attributable to shareholders of the Company is calculated with consideration for the acquisition of the Company's own shares up to the end of January 2019
Net interest-bearing debt	191.6	(430.0)	(621.6)	0.0	
Net debt equity ratio	24%	(44)%	(68)%	(2)%	

Note: As a result of adopting 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), some reclassifications and adjustments have been made to the FY2017 actual results.

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

No major changes to the premises of the Toshiba Next Plan



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 Nov.8th
Energy Systems & Solutions	Net sales	841.1	650.0	(191.1)	(23)%	(6.8)	-	-	0.0
	Operating income (loss)	(9.7)	(27.0)	(17.3)		0.0	(3.2)	(11.7)	(21.0)
	ROS	(1.2)%	(4.2)%	(3.0)%					(3.3)%
Infrastructure Systems & Solutions	Net sales	1,246.8	1,270.0	23.2	+2%	(5.8)	-	-	10.0
	Operating income (loss)	48.0	35.0	(13.0)		(1.3)	(4.9)	(3.9)	1.0
	ROS	3.9%	2.8%	(1.1)%					0.1%
Retail & Printing Solutions	Net sales	522.8	480.0	(42.8)	(8)%	(4.2)	-	-	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	880.0	0.4	+0%	(7.3)	-	-	10.0
	Operating income (loss)	47.3	8.0	(39.3)		(1.3)	(2.5)	10.3	(21.0)
	ROS	5.4%	0.9%	(4.5)%					(2.4)%
Industrial ICT Solutions	Net sales	258.9	250.0	(8.9)	(3)%	0.0	-	-	0.0
	Operating income (loss)	1.3	3.0	1.7		0.0	(2.5)	(2.4)	3.0
	ROS	0.5%	1.2%	0.7%					1.2%
Others	Net sales	529.2	400.0	(129.2)	(24)%	0.1	-	-	0.0
	Operating income (loss)	(31.6)	(18.0)	13.6		(0.3)	(5.4)	(3.0)	(2.0)
Eliminations	Net sales	(330.8)	(310.0)	20.8			-	-	0.0
	Operating income (loss)	3.9	0.0	(3.9)			-	-	0.0
Total excluding discontinued operations	Net sales	3,947.6	3,620.0	(327.6)	(8)%	(24.0)	-	-	20.0
	Operating income (loss)	86.2	20.0	(66.2)		(3.0)	(18.5)	(10.7)	(40.0)
	ROS	2.2%	0.6%	(1.6)%					(1.1)%

NuFlare Technology Goodwill Impairment

The FY2018 Forecast includes the recognized and forecasted amount of goodwill impairment for NFT

[Q3 Actual]

The price of NFT's stock dropped, part of a steep decline in stock prices across the market. In response, as required by the accounting standards, which specify that the stock price trend is one of the factors to consider in respect of asset impairment, the Group carried out an impairment assessment that found evidence of impairment. Further impairment tests confirmed this, and the Group recognized a goodwill impairment for NFT in the amount of 9.8 billion yen. After this process, the balance of goodwill in NFT at the end of December 2018 stood at 8.0 billion yen.

[Q4 Forecast]

NFT's FY2018 forecast remains unchanged from the initial May 11, 2018 announcement, and NFT is performing well. Notwithstanding this, if the market environment continues to deteriorate, or if its stock price declines further, impairment assessment will be carried out again, as in Q3 and as required by the accounting standards. Given that the Group can foresee the possibility of additional impairment, the above-mentioned impairment risk to the 8.0 billion yen is incorporated into the Q4 forecast.

For Reference: Balance of Goodwill (end of December)

Only NFT uses the stock price of listed shares to evaluate indicators of impairment

	2018 12/E
NFT	8.0
Toshiba TEC Group	35.9
Toshiba Elevator Group	10.8
Others	4.0
Total	58.7

(Yen in billions)

NFT's goodwill was recognized when the Company acquired the publically listed shares of NFT in steps. Evidence that indicates impairment for the listed company like NFT, an impairment assessment must be conducted which should take into account the fair value of the reporting unit, which includes the stock price, the market environment, and the forecast of the unit's performance.

On the other hand, other companies' goodwill unrelated to NFT such as Toshiba TEC Group, were recognized when acquiring an unlisted company. For companies that are not listed, stock prices are not used as factors to indicate impairment, but other factors such as the market environment, and the forecast of the unit's performance are taken into account.

Equity Earnings (Loss) from Toshiba Memory

	Equity earnings (loss)
Q1 Actual (only in 2018/6)	12.2
Q2 Actual	33.0
Q3 Actual	(37.7)
Q4 Forecast	(12.5)
FY2018 Forecast	(5.0)

(Reference) Bit growth and change in ASP

	Bit growth (vs. the previous quarter)	ASP* ² (vs. the previous quarter)
Q1 Actual	Increased lower-teens % range	Decreased upper-single digit %
Q2 Actual	Increased lower-20% range	Decreased mid-10% range
Q3 Actual	Increased lower-teens % range	Decreased mid-20% range

Data provided by Toshiba Memory

*² ASP: Average Sales Price

- The above data is provided by Toshiba Memory upon revision of Toshiba's annual forecast. Toshiba hasn't conducted its own verification of the data.
- Toshiba is not involved in the management of Toshiba Memory and cannot comment on its business performance on its behalf. Accordingly, those details are not discussed herein.

(Yen in billions)

[Breakdown of Equity Earnings in Q3]

- **Ordinary income and loss** **+18.6**
- **Impact from PPA*¹** **-56.3**

*¹ Following the completion of PPA, the cumulative impact after the acquisition date (June 1, 2018) of Toshiba Memory was recognized in the Q3 consolidated accounting period.

(Breakdown of the impact from PPA)

Charges related to the completion of PPA in Q3	-201.1
Tax effect	+60.9
Impact from PPA of Toshiba Memory	-140.2
Shareholding ratio of Toshiba	40.2%
Impact from PPA	-56.3

(Balance of goodwill recognized in Toshiba Memory)

Preliminary balance of goodwill before the completion of PPA	784.1
(Result of PPA)	
–) Inventories	138.8
–) Fixed assets	429.5
+) Deferred tax liabilities	172.0
Balance of goodwill after PPA	387.8

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Others



Progress of Toshiba Next Plan

Measures to improve core earning power are progressing as planned

Restructuring

FY2018→FY2019: +43.0 billion yen

- FY2018 measures for workforce optimization are being implemented on schedule
- Formulated recruitment plan based on optimized workforce plan
- Reorganizing production bases and subsidiaries under individual plans
- Making progress in exiting the LNG business

Reforming Procurement

FY2018→FY2019: +25.0 billion yen

- Creating cost reduction initiatives for direct cost in all businesses
- Seven business units have advanced from idea creation to execution phase
- Accelerating indirect cost initiatives by restricting overall expenditure and reducing individual cost item

Reforming Sales Activities

Upside not included

- Creating data-driven improvement ideas in six mass and medium-lot production business units
- Two business units advanced from idea creation to execution phase
- Corporate evaluation of project order acceptance is currently underway

Reforming Business Process

- Developing a company-wide promotion structure for IT system reform and engineering transformation
- Hired Keiichi Yumita as CIO
- The Business Process Re-engineering Division will be established on Feb. 16, and will design and deploy re-engineering of business process standardization, and the Group's next core IT system, from the perspective of group-wide optimization.

Appendix

Capital Expenditure (Commitment Basis)

(Yen in billions)

Capital Expenditure (Commitment basis)	FY2017 Actual	FY2018 Forecast	FY2018/ Q1-Q3 Actual	FY2018/Q3 Actual	Major Items in FY2018/Q3
Energy Systems & Solutions	10.7	36.0	27.4	20.4	Construction of new biomass power plant
Infrastructure Systems & Solutions	32.1	71.0	47.5	24.7	Reinforced production of SCiB™ lithium-ion battery with the construction of a new production facility
Retail & Printing Solutions	8.3	10.0	5.0	1.9	
Storage & Electronic Devices Solutions	20.5	28.0	25.2	1.8	
Industrial ICT Solutions	2.3	4.0	1.4	0.6	
Others	11.6	16.0	10.9	3.4	
Total	85.5	165.0	117.4	52.8	
Investments and loans	96.5	5.0			

Energy Systems & Solutions Results Breakdown

(Yen in billions)

		FY2017 Actual	FY2018 Forecast	Difference (growth rate)		vs. previous forecast announced on Nov. 8th
Energy Systems & Solutions	Net sales	841.1	650.0	(191.1)	(23)%	0.0
	Operating income (loss)	(9.7)	(27.0)	(17.3)		(21.0)
	ROS	(1.2)%	(4.2)%	(3.0)%		(3.3)%
Nuclear Power Systems	Net sales	165.0	164.4	(0.6)	(0)%	(6.9)
	Operating income (loss)	8.3	7.3	(1.0)		0.8
	ROS	5.0%	4.4%	(0.6)%		0.6%
Thermal & Hydro Power Systems	Net sales	340.1	283.0	(57.1)	(17)%	5.7
	Operating income (loss)	(13.4)	(10.2)	3.2		(1.5)
	ROS	(3.9)%	(3.6)%	0.3%		(0.5)%
Transmission & Distribution Systems	Net sales	292.2	213.4	(78.8)	(27)%	(5.3)
	Operating income (loss)	1.1	(12.1)	(13.2)		(15.9)
	ROS	0.4%	(5.7)%	(6.1)%		(7.4)%
Landis+Gyr	Net sales	65.8	-	(65.8)		0.0
	Operating income (loss)	3.4	-	(3.4)		0.0
Other	Net sale	(22.0)	(10.8)	11.2		6.5
	Operating income (loss)	(9.1)	(12.0)	(2.9)		(4.4)

Infrastructure Systems & Solutions

Results Breakdown

(Yen in billions)

		FY2017 Actual	FY2018 Forecast	Difference	(growth rate)	vs. previous forecast announced on Nov.8th
Infrastructure Systems & Solutions	Net sales	1,246.8	1,270.0	23.2	+2%	10.0
	Operating income (loss)	48.0	35.0	(13.0)		1.0
	ROS	3.9%	2.8%	(1.1)%		0.1%
Public Infrastructure	Net sales	400.6	407.3	6.7	+2%	10.0
	Operating income (loss)	24.1	21.0	(3.1)		2.7
	ROS	6.0%	5.2%	(0.8)%		0.6%
Building and Facilities	Net sales	550.8	560.0	9.2	+2%	(6.7)
	Operating income (loss)	17.5	12.9	(4.6)		(1.2)
	ROS	3.2%	2.3%	(0.9)%		(0.2%)
Railway and Industrial Systems	Net sales	346.6	382.9	36.3	+10%	7.0
	Operating income (loss)	6.4	1.3	(5.1)		(1.0)
	ROS	1.8%	0.3%	(1.5)%		(0.3%)
Building and Facilities Net Sales Breakdown	Elevator	214.5	214.0	(0.5)	(0%)	(0.5)
	Lighting	148.9	147.7	(1.2)	(1%)	(4.5)
	Air Conditioning	187.4	198.3	10.9	+6%	(1.7)

Storage & Electronic Devices Solutions

Results Breakdown

(Yen in billions)

		FY2017 Actual	FY2018 Forecast	Difference (growth rate)		vs. previous forecast announced on Nov. 8th
Storage & Electronic Devices Solutions	Net sales	879.6	880.0	0.4	+0%	10.0
	Operating income (loss)	47.3	8.0	(39.3)		(21.0)
	ROS	5.4%	0.9%	(4.5)%		(2.4)%
Semiconductor*1	Net sales	359.8	352.7	(7.1)	(2)%	(12.8)
	Operating income (loss)	16.4	(2.8)	(19.2)		(19.2)
	ROS	4.6%	(0.8)%	(5.4)%		(5.3)%
HDDs & Others*2	Net sales	519.8	527.3	7.5	+1%	22.8
	Operating income (loss)	30.9	10.8	(20.1)		(1.8)
	ROS	5.9%	2.0%	(3.9)%		(0.5)%

*1 Including sales of discrete semiconductors, system LSIs, and those by NFT (including NFT goodwill impairment)

*2 Including sales of HDD and resale of memory products

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