

TOSHIBA

Leading Innovation >>>

FY2015 Second Quarter Consolidated Business Results (First Six Months Cumulative)

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TOSHIBA CORPORATION

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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 first 6 months of fiscal year 2015, unless otherwise stated.
- Prior-period performance on consolidated segment information has been reclassified to conform with the current classification, unless otherwise stated.

Key Points of FY2015/1H

● Net Sales:

Toshiba Group as a whole saw lower sales than in the year-earlier period; the Lifestyle Products & Services segment saw lower sales, due to a shift in focus to redefined sales territories.

➤ Net Sales 2,972.7 billion yen (YoY: ^{*1} -140.9 billion yen)

● Income (Loss):

Toshiba Group as a whole saw significantly deteriorated operating income (loss) against the year-earlier period. In addition to -69.6 billion yen of impairment loss at TGCS^{*2}, a subsidiary of Toshiba TEC Corporation, the Electronic Devices & Components segment also saw lower operating income reflecting lower sales price.

Income (loss) before income taxes and noncontrolling interests and net income (loss) secured profit by recording gain from sales of securities, including KONE Corporation (Finland), Topcon Corporation (Japan) and others.

➤ Operating Income (Loss) -90.5 billion yen (YoY: -228.4 billion yen)

➤ Income (Loss) before income taxes and noncontrolling interests: 38.3 billion yen (YoY: -64.0 billion yen)

➤ Net Income (Loss) 37.3 billion yen (YoY: -15.3 billion yen)

● Cash Flows:

Free cash flows were -4.5 billion yen, a YoY improvement of 151.7 billion yen by recording 204.5 billion yen of revenue from sales of securities^{*3}.

● Financial Structure:

The net debt-to-equity (D/E) ratio was 113%, a YoY improvement of 14 points.

*1 YoY: Year-on-year

*2 TGCS: Toshiba Global Commerce Solutions (a company in the POS business, acquired from IBM (US))

*3 Revenue from sales of securities: KONE Corporation (Finland), Topcon Corporation (Japan), NREG Toshiba Building Co., Ltd. (Japan)



1. Overall Business Results

FY2015/1H Consolidated Business Results

Overall

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

	FY2015/1H	FY2014/1H	Difference
Net Sales	2,972.7	3,113.6	-140.9
Operating Income (Loss)	-90.5	137.9	-228.4
%	-3.0%	4.4%	
Income (Loss) before income taxes and noncontrolling interests	38.3	102.3	-64.0
%	1.3%	3.3%	
Net Income (Loss)	37.3	52.6	-15.3
%	1.3%	1.7%	
Earnings (Losses) per share attributable to shareholders of the Company	¥8.81	¥12.42	¥-3.61
Free cash flow	-4.5	-156.2	151.7
Equity attributable to shareholders of the Company	1,021.8	1,114.5	-92.7
Net interest-bearing debt	1,158.1	1,416.0	-257.9
Net debt-to-equity ratio	113%	127%	-14%

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

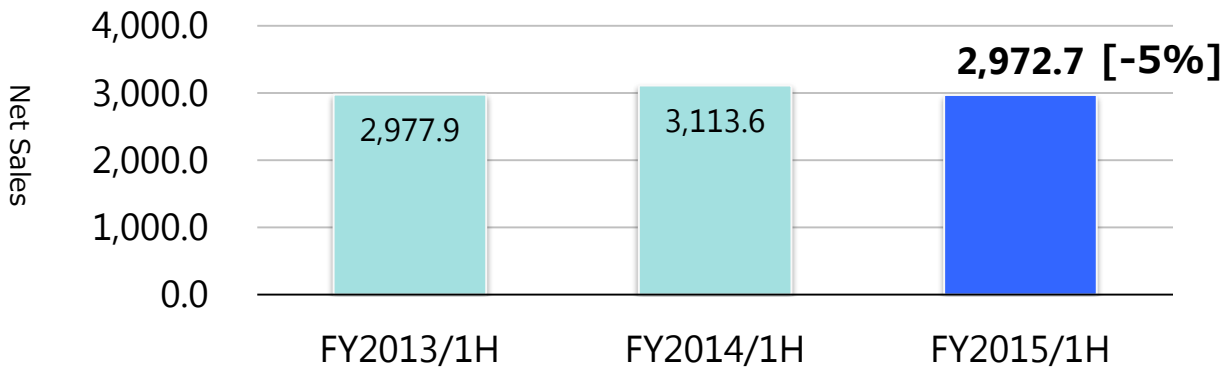
* Hereinafter, "the Company" refers to Toshiba Corporation.

* Net debt-to-equity ratio: [(interest-bearing debt)-(cash and deposits)]/Equity attributable to shareholders of the Company

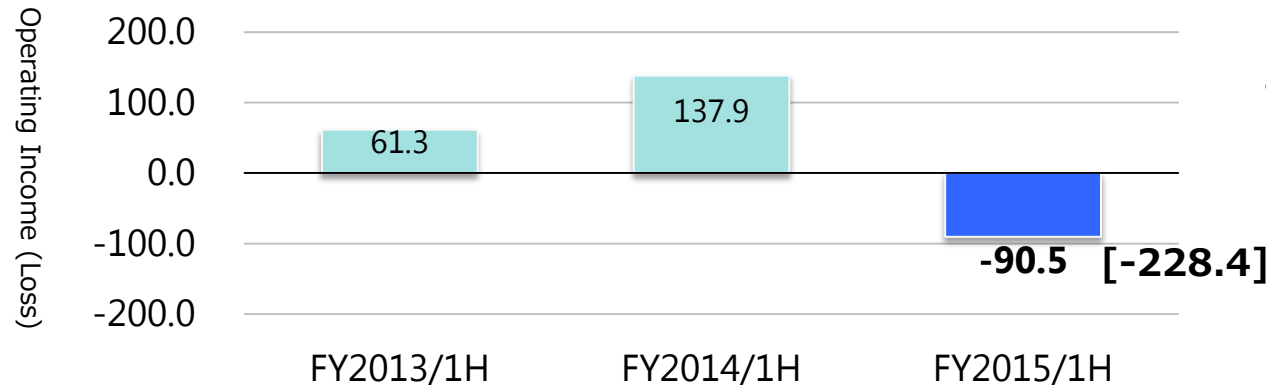
Review of Consolidated Business Results

(Yen in billions)

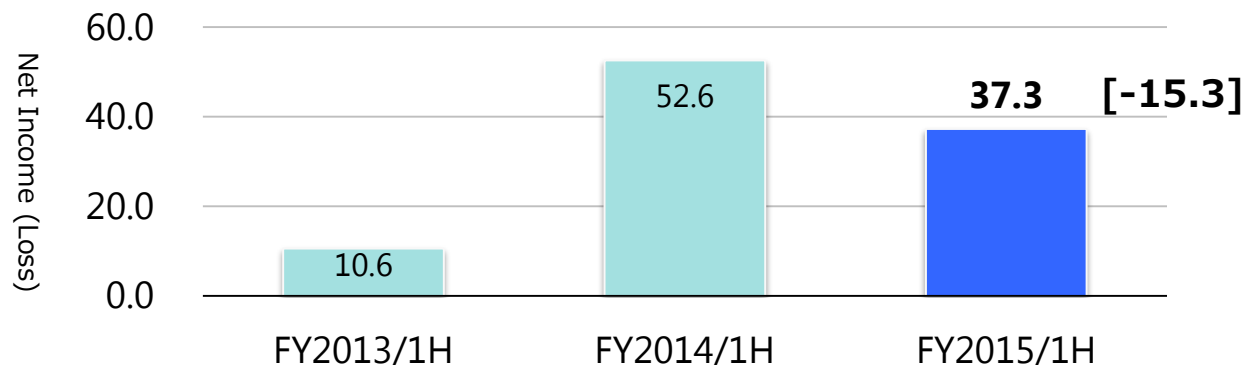
[] = Year-on-year comparison



- Toshiba Group as a whole saw lower sales, due to a shift in focus to redefined sales territories in the Lifestyle Products & Services segment.



- Toshiba Group as a whole saw deteriorated operating income (loss), primarily due to lower operating income in the Electronic Devices & Components segment and an impairment loss at TGCS

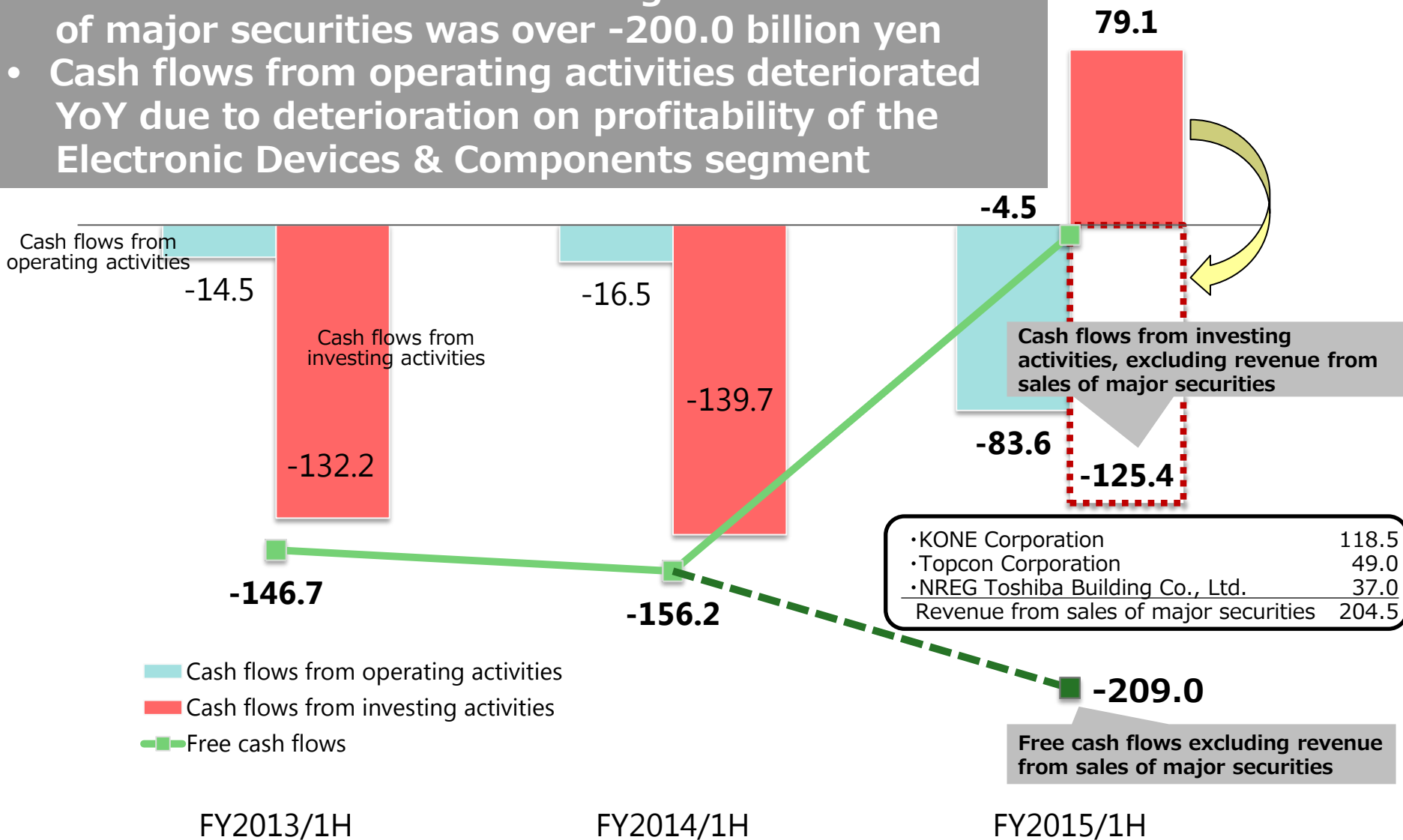


- Toshiba Group secured profit by recording gain from sales of securities, though operating income (loss) deteriorated.

Free Cash Flows (1)

- Actual free cash flows excluding revenue from sales of major securities was over -200.0 billion yen
- Cash flows from operating activities deteriorated YoY due to deterioration on profitability of the Electronic Devices & Components segment

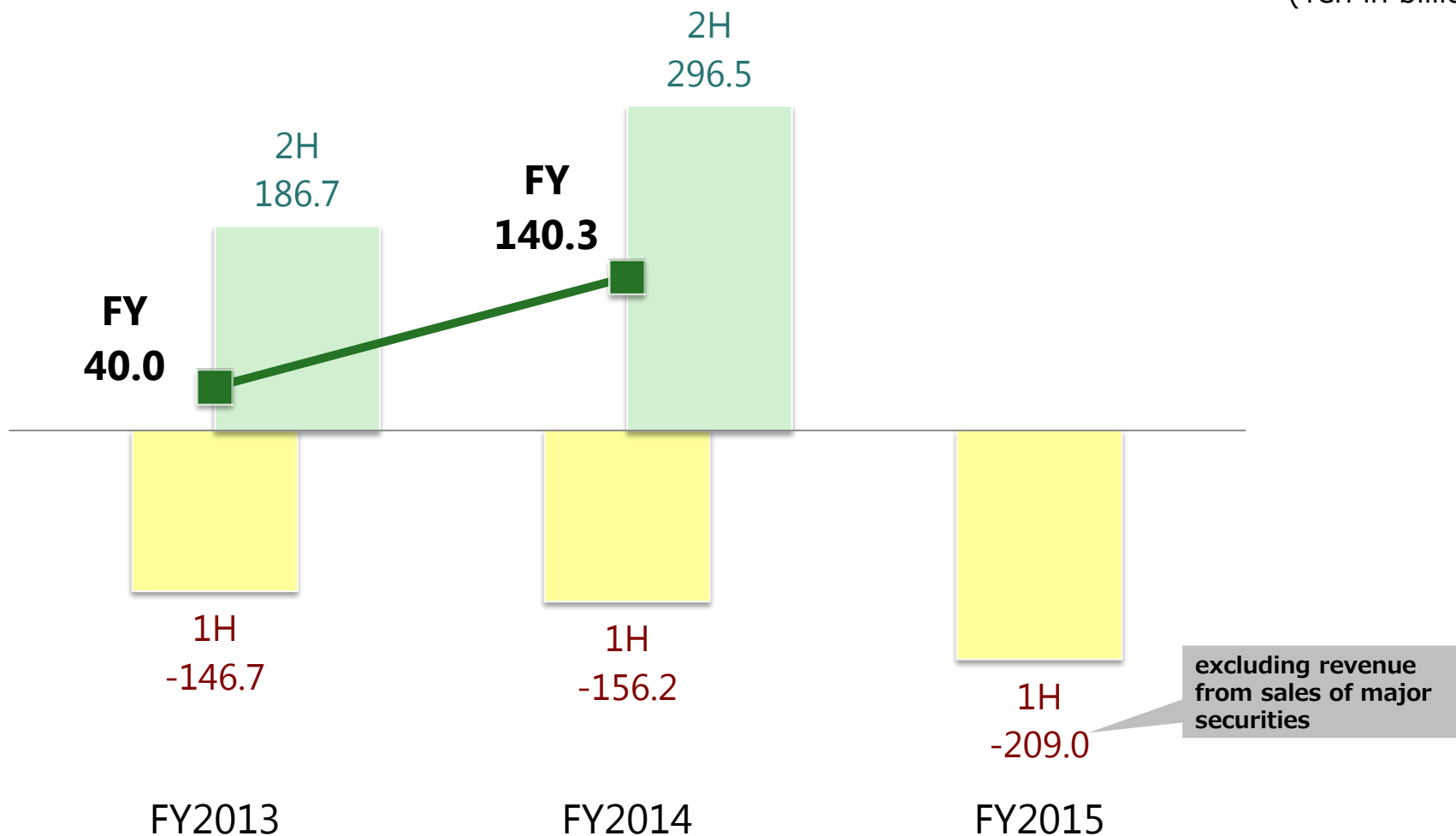
(Yen in billions)



Free Cash Flows (2)

Measures to improve 2H free cash flows by reinforcing cash flow management and promoting selective investments are under review

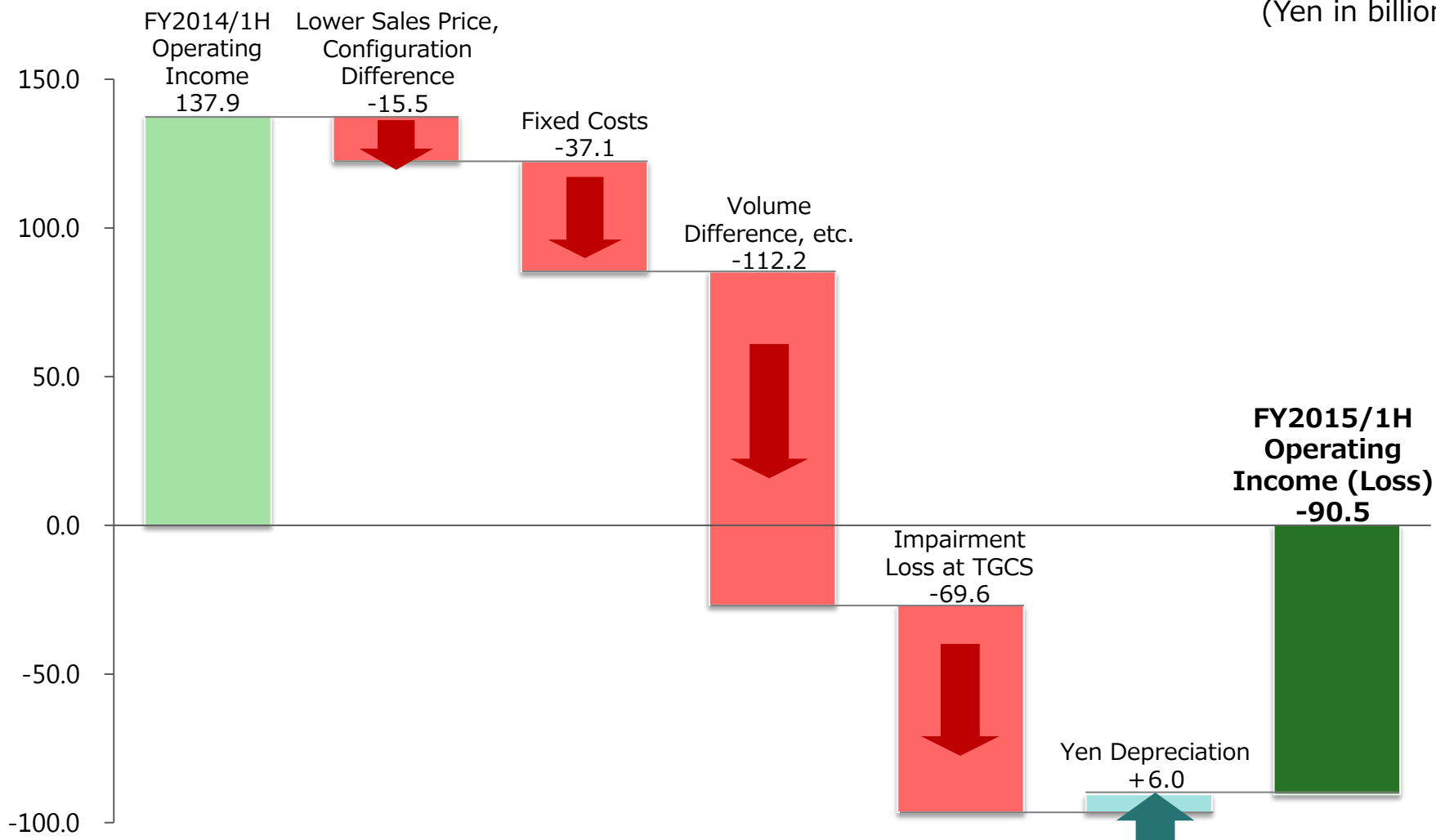
(Yen in billions)



Operating Income (Loss) (YoY Analysis)

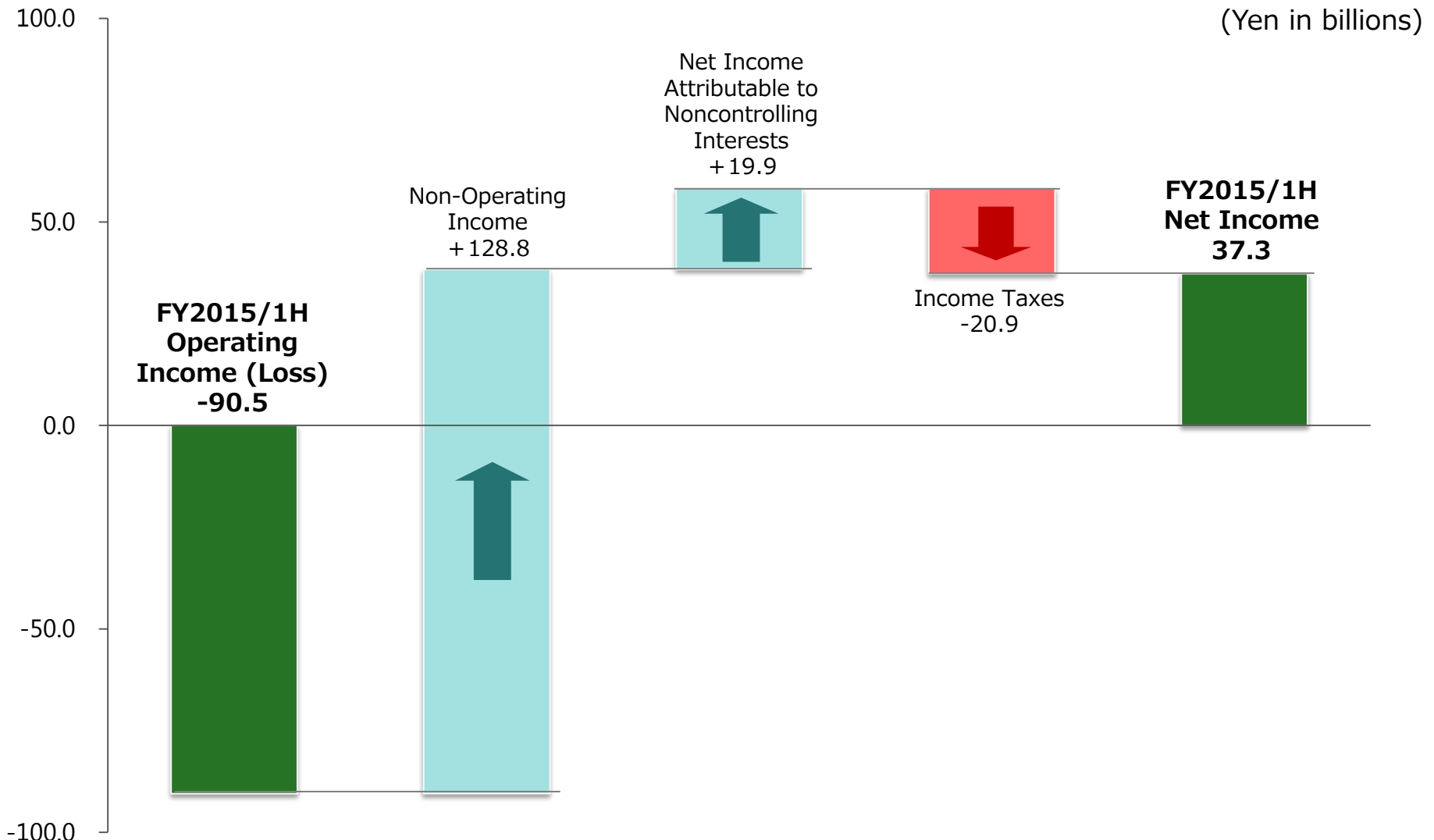
Operating Income (Loss) significantly deteriorated and recorded a deficit by lower sales and impairment loss at TGCS

(Yen in billions)



Net Income (Loss)

Net Income (Loss) was positive due to gain from sales of securities



Non-Operating Income (Loss) and Expenses

Significant YoY improvement due to gain from sales of securities

(Yen in billions)

	FY2015/1H	FY2014/1H	Difference
Net financial Income (Loss)	-7.2	-9.4	2.2
Foreign exchange Income (Loss)	-6.2	11.4	-17.6
Income (Loss) on sales or disposal of fixed assets	-5.6	-8.8	3.2
Income (Loss) on sales of securities	*177.3	6.3	171.0
Equity in earnings of affiliates	6.3	10.5	-4.2
Structural reform costs	-8.4	-21.0	12.6
Others	-27.4	-24.6	-2.8
Total	128.8	-35.6	164.4

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

Income Taxes and Net Income (Loss) Attributable to Noncontrolling Interests

Net Income (Loss) attributable to noncontrolling interests increased by apportioning of impairment loss at TGCS and other factors

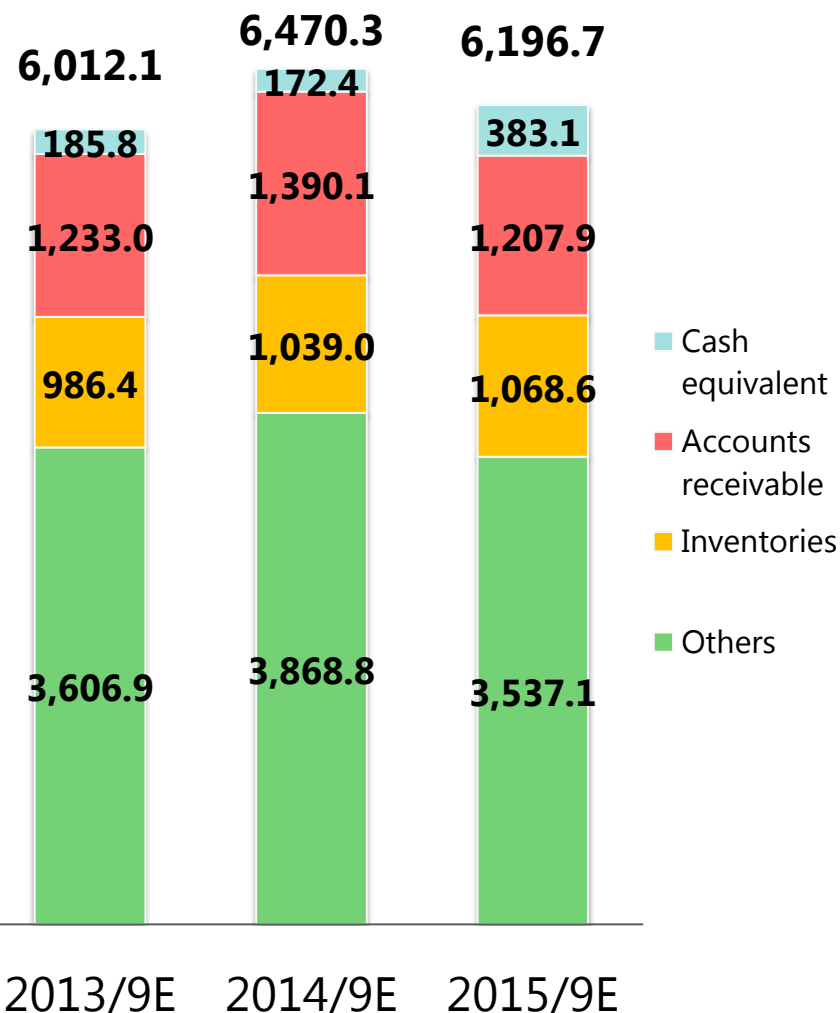
(Yen in billions)

	FY2015/1H	FY2014/1H	Difference
Income (Loss) before income taxes and noncontrolling interests	38.3	102.3	-64.0
Income Taxes	-20.9	-37.7	16.8
Net Income (Loss) attributable to noncontrolling interests	19.9	-12.0	31.9
Net Income (Loss)	37.3	52.6	-15.3

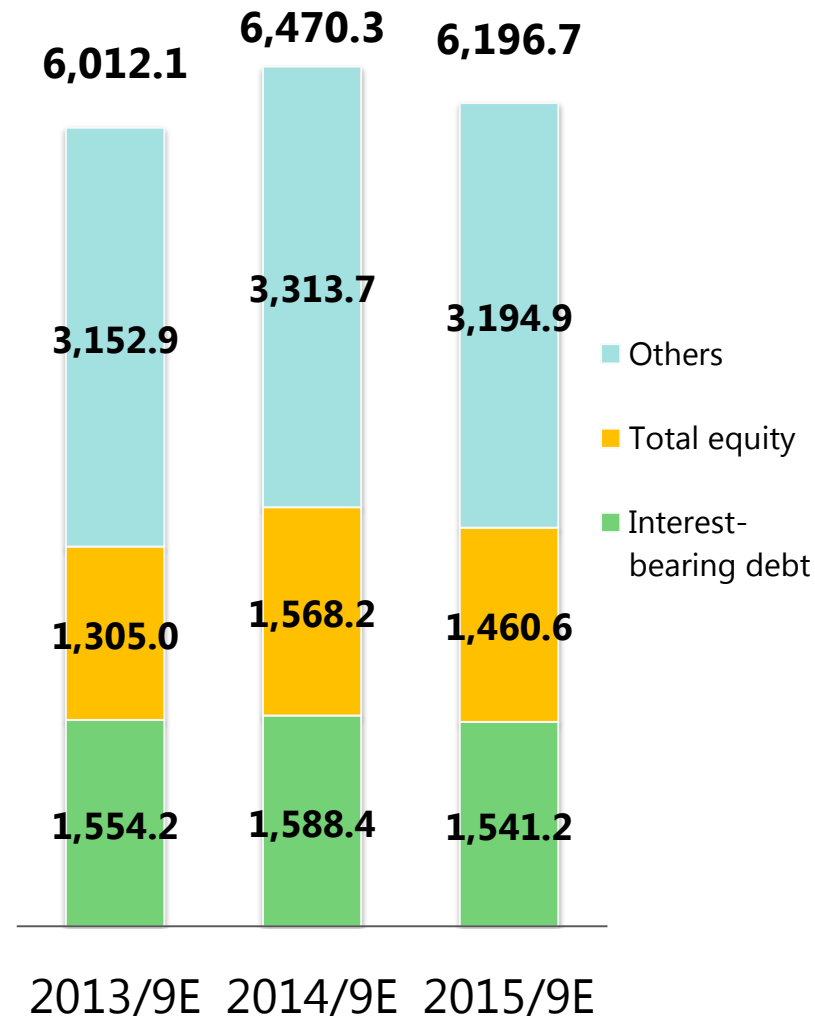
Consolidated Balance Sheets

(Yen in billions)

Assets



Liabilities and Equity



Total Equity

Accumulated other comprehensive Income (Loss): Decrease as a result of realizing unrealized gains and losses from sale of KONE securities
 Equity attributable to noncontrolling interests: Decrease from apportioning impairment at TGCS, etc.

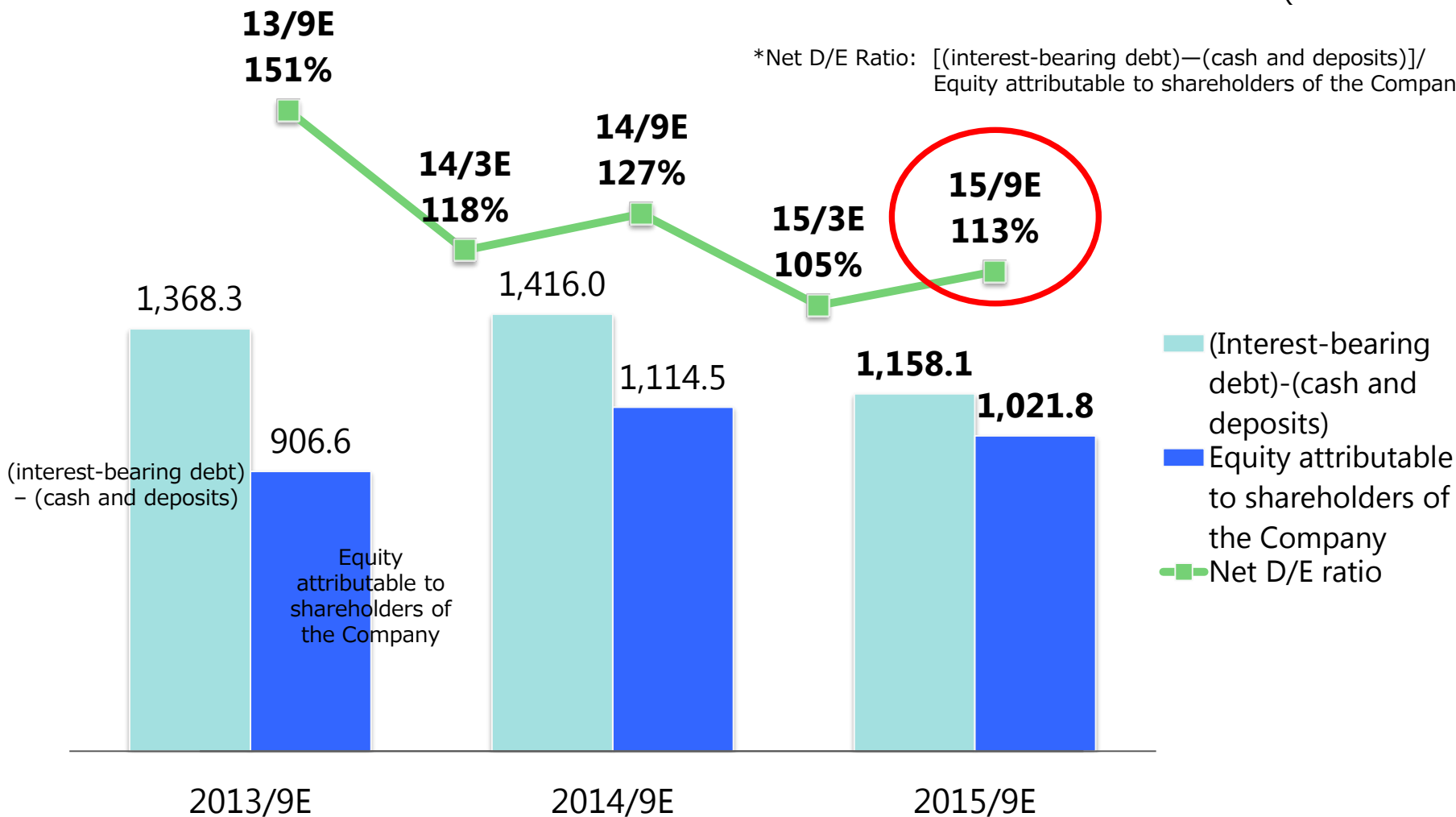
(Yen in billions)

	2015/9E	2015/3E	2014/9E	Difference	
				vs 2015/3E	vs 2014/9E
Common stock	439.9	439.9	439.9	0.0	0.0
Additional paid-in capital	399.9	402.0	401.4	-2.1	-1.5
Retained earnings	420.5	383.2	490.6	37.3	-70.1
Accumulated other comprehensive Income (Loss)	-236.7	-139.3	-215.7	-97.4	-21.0
Treasury stock	-1.8	-1.8	-1.7	0.0	-0.1
Equity attributable to shareholders of the Company	1,021.8	1,084.0	1,114.5	-62.2	-92.7
Equity attributable to noncontrolling interests	438.8	481.4	453.7	-42.6	-14.9
Total equity	1,460.6	1,565.4	1,568.2	-104.8	-107.6
Equity attributable to shareholders of the Company/ Total asset ratio	16.5%	17.1%	17.2%	-0.6%	-0.7%

Financial Structure

The net D/E ratio is 113% (steady reduction of net interest-bearing debt)

(Yen in billions)





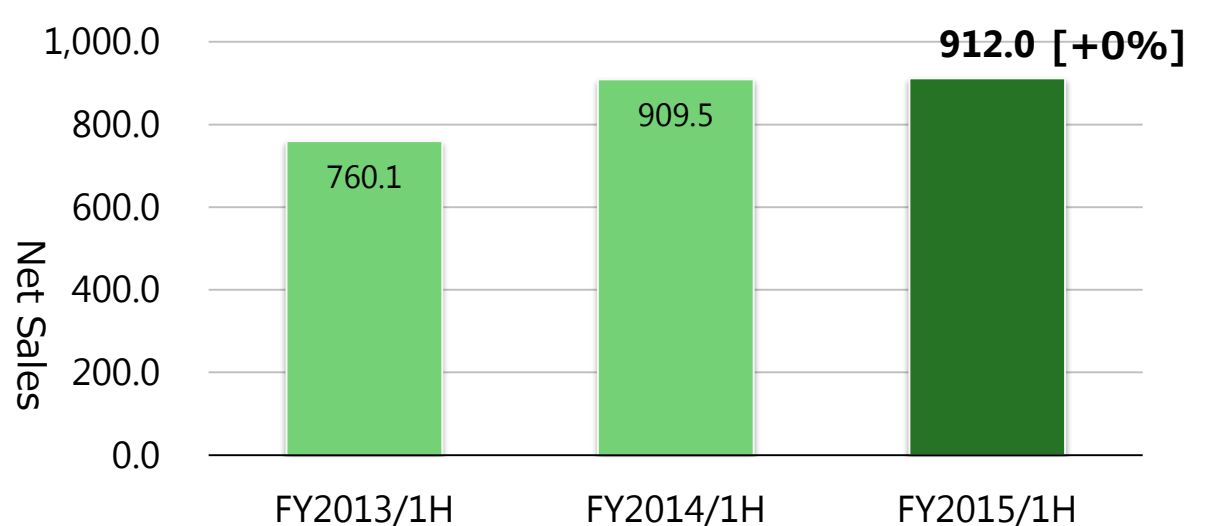
2. Business Results by Segment

FY2015/1H Consolidated Business Results by Segment

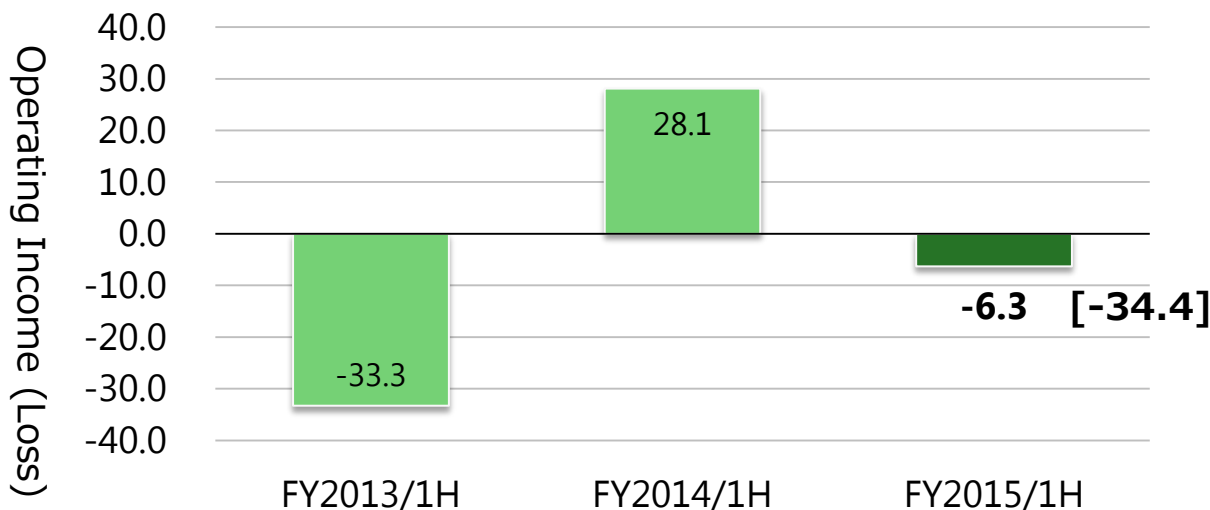
(Yen in billions)

		FY2015/1H	FY2014/1H	Difference (growth ratio)	
Energy & Infrastructure	Net Sales	912.0	909.5	2.5	(+0%)
	Operating Income (Loss)	-6.3	28.1	-34.4	
Community Solutions	Net Sales	655.2	644.8	10.4	(+2%)
	Operating Income (Loss)	-68.5	13.7	-82.2	
Healthcare Systems & Services	Net Sales	194.0	185.9	8.1	(+4%)
	Operating Income (Loss)	3.0	6.5	-3.5	
Electronic Devices & Components	Net Sales	821.5	845.3	-23.8	(-3%)
	Operating Income (Loss)	38.8	119.2	-80.4	
Lifestyle Products & Services	Net Sales	435.0	582.1	-147.1	(-25%)
	Operating Income (Loss)	-42.5	-14.6	-27.9	
Others	Net Sales	231.2	254.4	-23.2	(-9%)
	Operating Income (Loss)	3.6	2.0	1.6	
Corporate and Eliminations	Net Sales	-276.2	-308.4	32.2	
	Operating Income (Loss)	-18.6	-17.0	-1.6	
Total	Net Sales	2,972.7	3,113.6	-140.9	(-5%)
	Operating Income (Loss)	-90.5	137.9	-228.4	

Energy & Infrastructure



- The Nuclear Power Systems and Thermal & Hydro Power Systems businesses and Landis+Gyr AG recorded higher sales.
- The Solar Photovoltaic Systems and Railway Systems businesses saw lower sales.

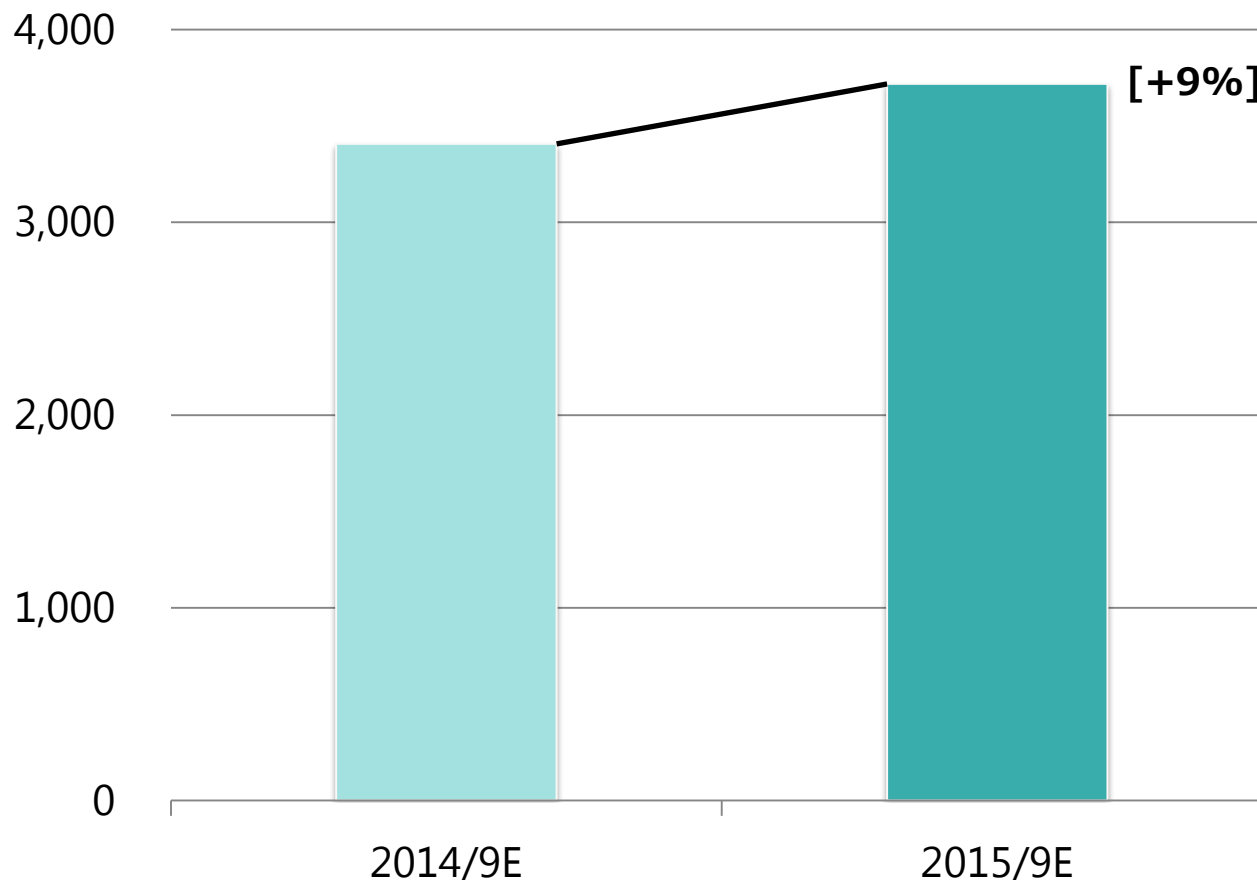


- Landis+Gyr recorded higher operating income.
- The segment as a whole saw deteriorated operating income (loss) as the Nuclear Power Systems, Thermal & Hydro Power Systems and Solar Photovoltaic Systems businesses saw lower operating income and the Transmission & Distribution Systems and Railway Systems businesses recorded deficits.

Energy & Infrastructure Order Backlog

(Yen in billions)

*The Power Generation and the Transmission & Distribution Systems businesses
(The Solar Photovoltaic Systems business is excluded.)



- The Power Generation business backlog increased on orders for major overseas thermal projects and equipment orders associated with restarting operations at nuclear facilities in Japan
- The Transmission & Distribution Systems business backlog grew on orders for transmission systems, mainly for the domestic market.

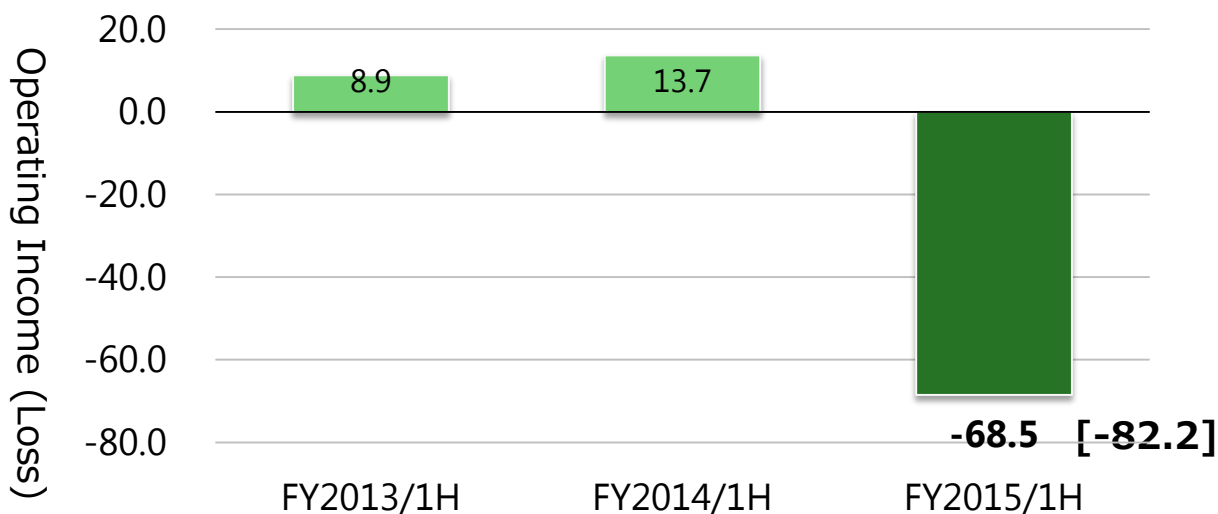
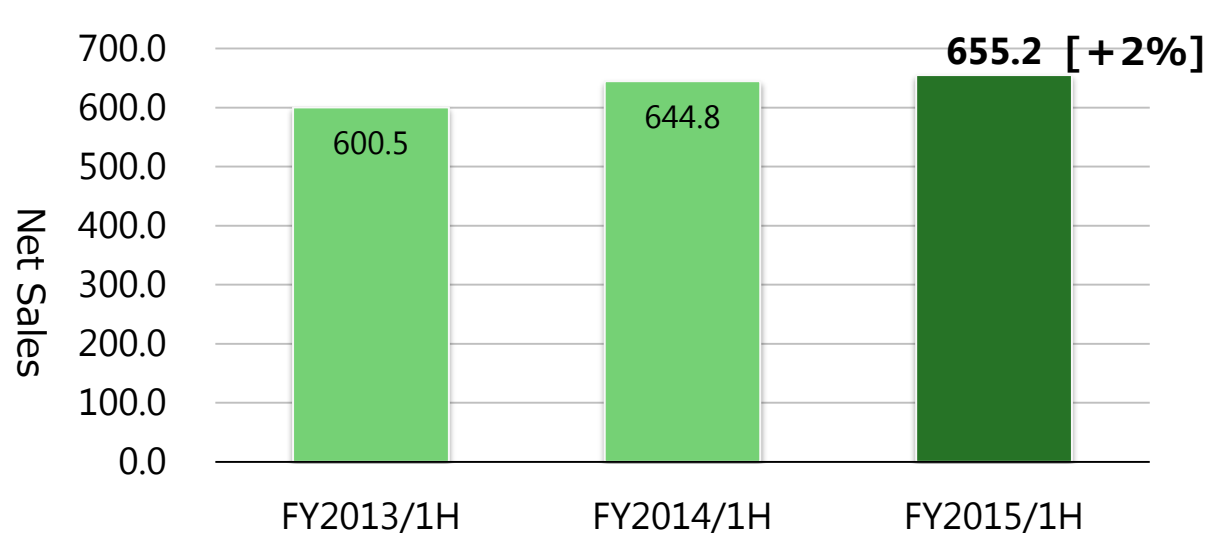
Energy & Infrastructure Results Breakdown

(Yen in billions)

Net Sales	FY2015/1H	FY2014/1H	Difference (growth ratio)
Nuclear Power Systems	293.5	269.6	23.9 (+9%)
Thermal & Hydro Power Systems	158.6	150.5	8.1 (+5%)
Transmission & Distribution Systems, Solar Photovoltaic Systems	156.7	182.5	-25.8 (-14%)
Industrial and Transportation Systems	162.2	170.7	-8.5 (-5%)
Landis+Gyr AG	92.6	74.9	17.7 (+24%)

- Higher sales in both domestic and overseas markets due to yen depreciation
- Higher sales, mainly in overseas business
- Lower sales on Solar Photovoltaic Systems, due to deteriorating conditions in domestic market
- Lower sales on lower volumes of electrical equipment for Chinese locomotives
- Higher sales, mainly in North America, on yen depreciation

Community Solutions



- The Elevator and Building Systems business and Toshiba TEC Corporation recorded higher sales.
- The Lighting business saw lower sales.

- Toshiba TEC Corporation saw significant deterioration due to impairment loss at TGCS (-69.6).
- The Elevator and Building Systems business saw lower operating income.
- The Commercial Air-Conditioners business recorded increased operating income.

Community Solutions Results Breakdown

(Yen in billions)

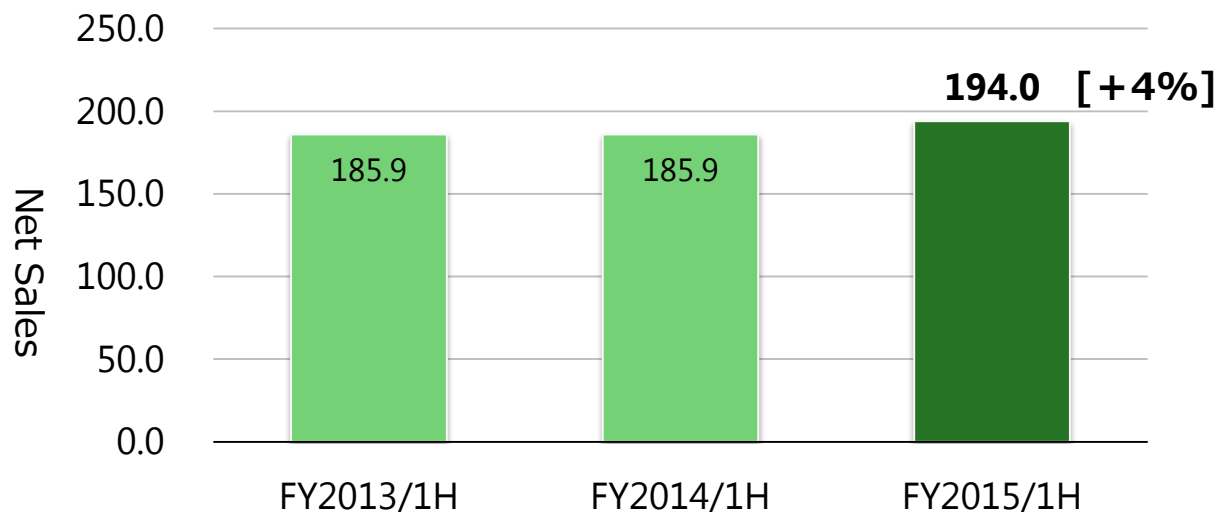
Net Sales	FY2015/1H	FY2014/1H	Difference (growth ratio)	
Community Infrastructure & Building Facilities	92.4	89.7	2.7	(+3%)
Elevators	121.9	112.6	9.3	(+8%)
Lighting	92.4	96.0	-3.6	(-4%)
Commercial Air-Conditioners	89.2	90.3	-1.1	(-1%)
Toshiba TEC Corporation	270.4	263.5	6.9	(+3%)

- Higher sales due to steady demand for public works in Japan
- Higher sales on new and renewal demand in the domestic market and yen depreciation
- Lower sales on shrinkage in solar business due to FIT price reduction, and decrease in conventional lighting
- Lower sales by deteriorating domestic market condition though overseas increased
- Higher sales by MFP* model mix and by yen depreciation

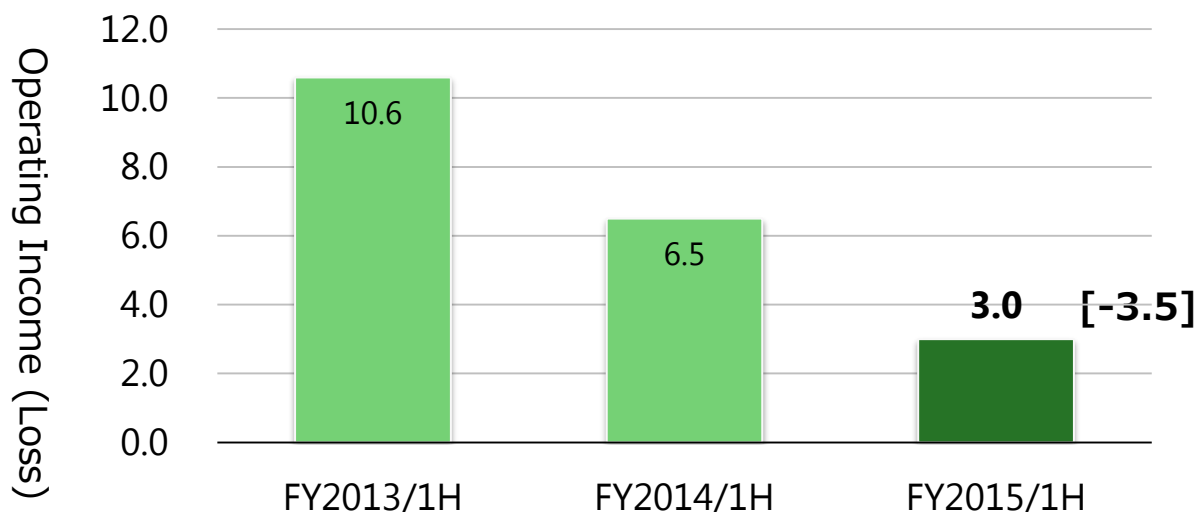
*MFP: Multi Functional Printer

Healthcare Systems & Services

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



- The Equipment Sales business in emerging economies and the Service business, mainly in North America, saw firm sales.

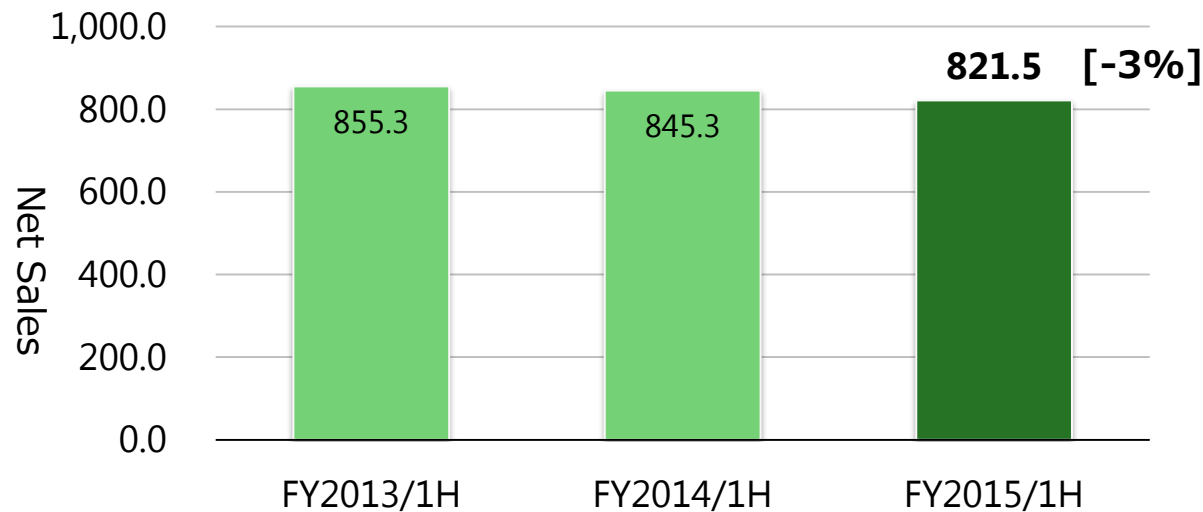


- Lower operating income due to increased R&D costs to develop next-generation systems and services.

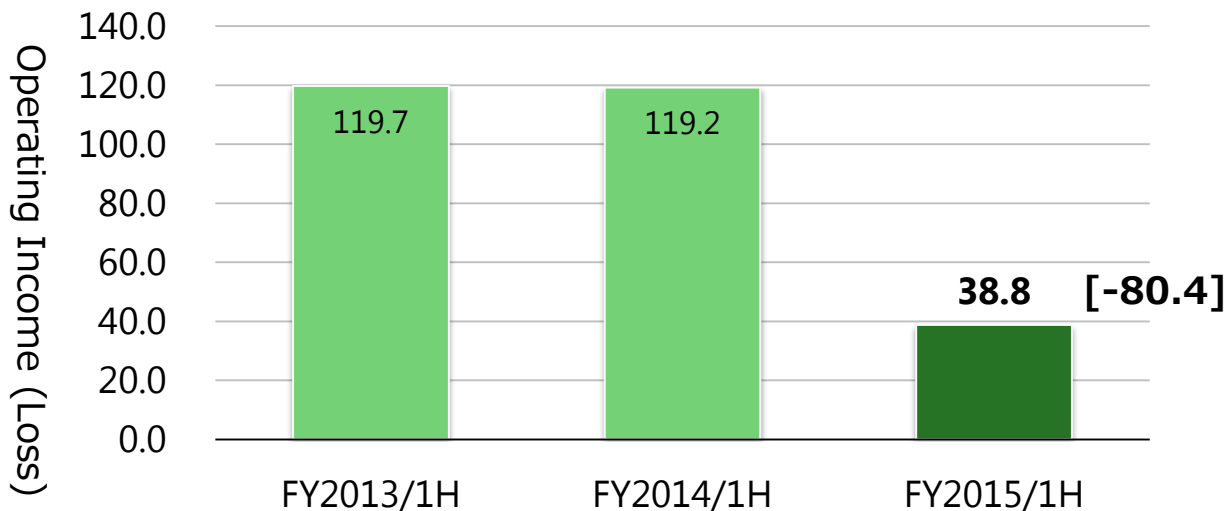
Electronic Devices & Components

(Yen in billions)

[] = Year-on-year comparison



- Memories saw higher sales.
- Discretes saw lower sales.
- The Storage Products business also saw lower sales on downturn in the PC market.



- Discretes, System LSIs and the Storage Product business declined significantly.
- Memories also saw lower operating income.

Electronic Devices & Components Results Breakdown

(Yen in billions)

Net Sales	FY2015/1H	FY2014/1H	Difference (growth ratio)	
Discretes	72.0	78.4	-6.4	(-8%)
System LSIs	86.1	87.3	-1.2	(-1%)
Memories	414.6	401.3	13.3	(+3%)
Semiconductor Total	572.7	567.0	5.7	(+1%)
Storage Products	206.9	242.6	-35.7	(-15%)

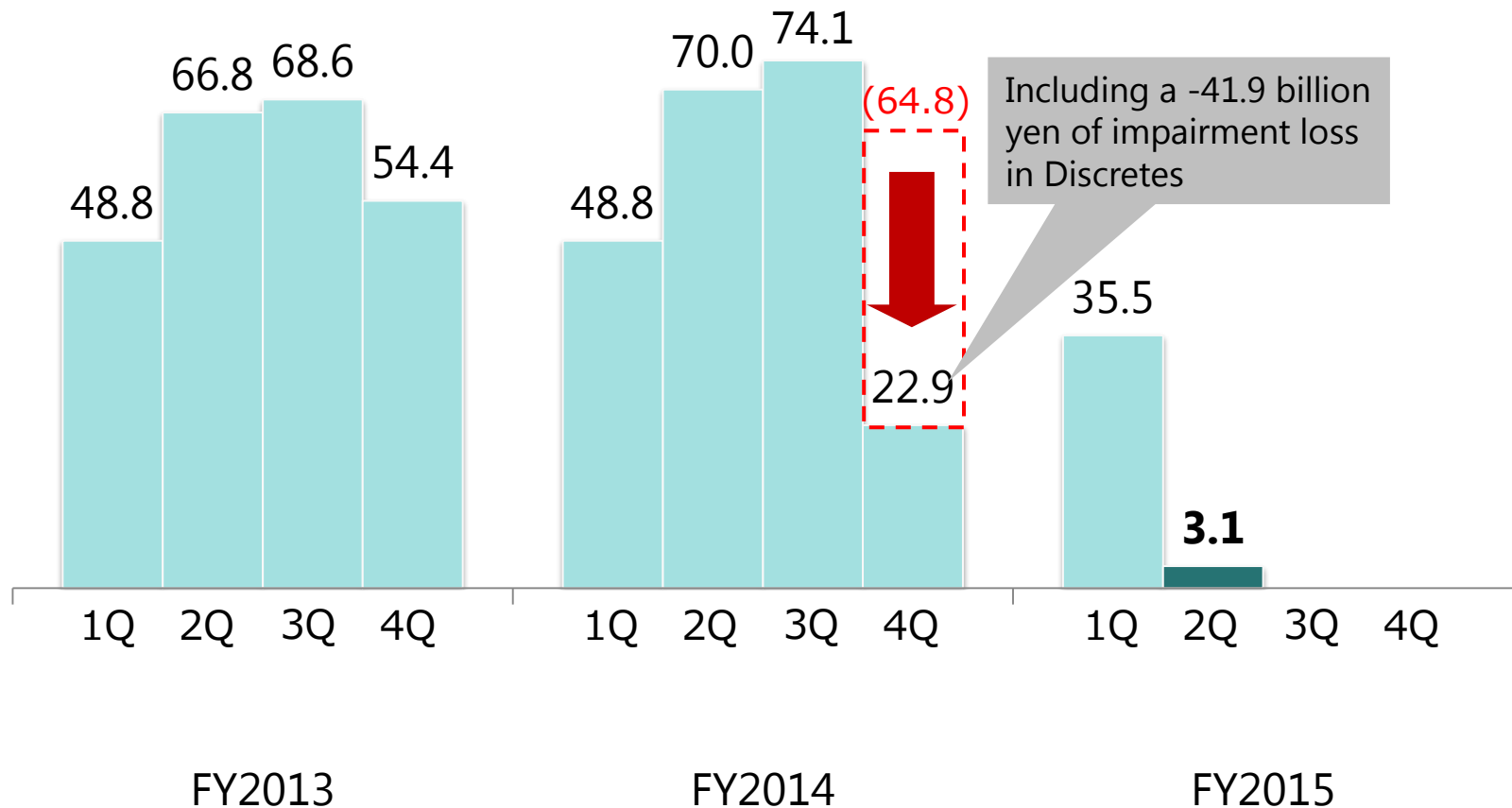
- Lower sales due to a fall off in sales volume for power semi-conductors for consumer products
- Lower sales on reduced sales volumes for system LSIs for consumer products
- Higher sales on a healthy performance for high capacity smartphones and yen depreciation, despite lower sales prices
- Lower sales on a downturn in the PC market

Semiconductor & Storage Products

Quarterly Trend in Operating Income (Loss)

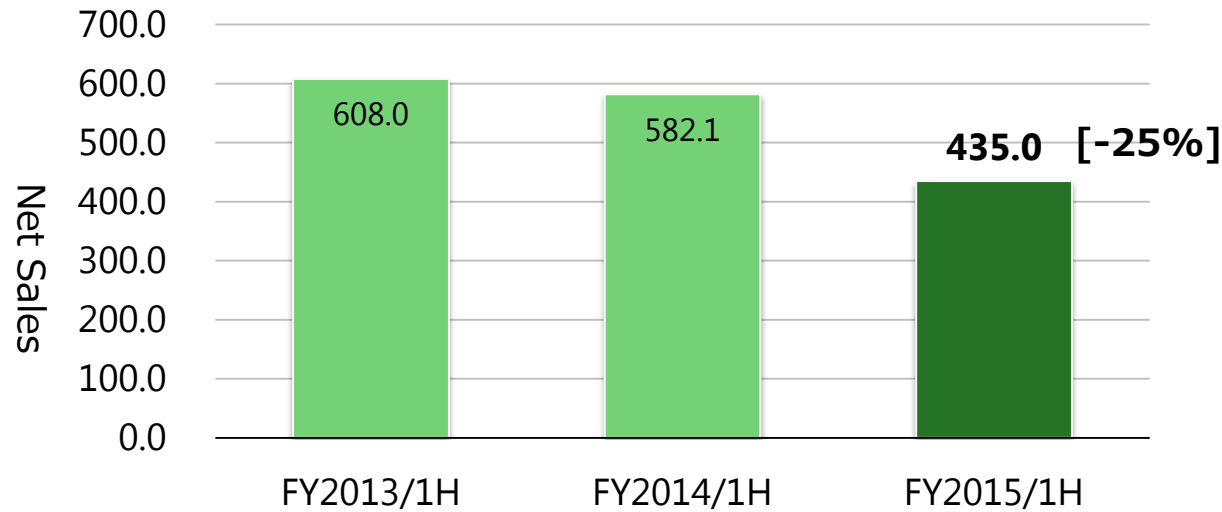
FY2015/2Q (on 1Q): Discretes and System LSIs deteriorated

(Yen in billions)

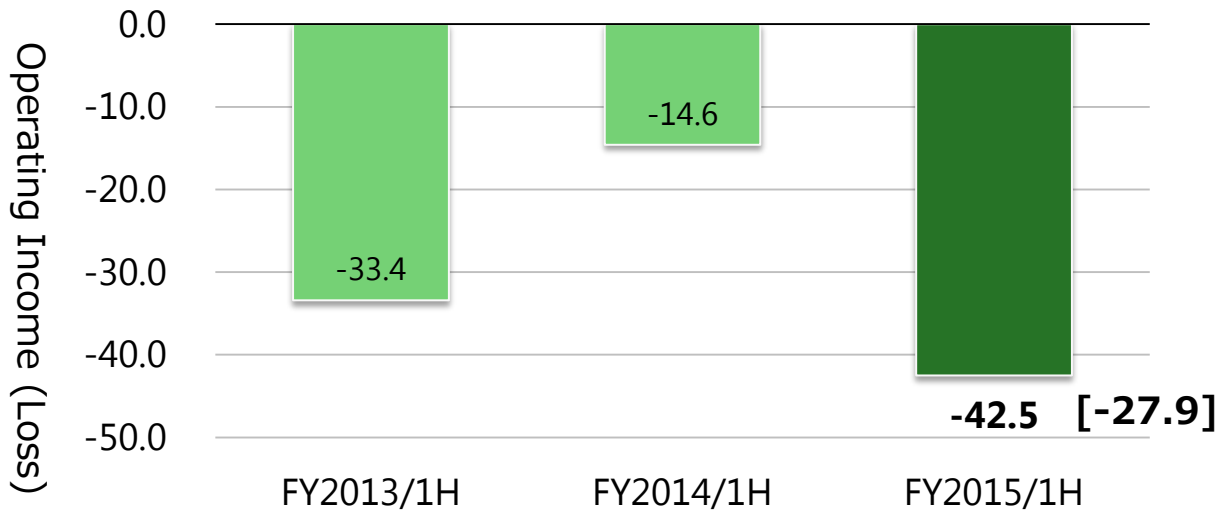


Lifestyle Products & Services

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



- The PC and TV businesses saw lower sales due to a shift in focus to redefined sales territories.



- Deficit has expanded in the PC, TV and Home Appliance businesses.

Lifestyle Products & Services Results Breakdown

(Yen in billions)

Net Sales	FY2015/1H	FY2014/1H	Difference (growth ratio)	
PC	245.0	333.6	-88.6	(-27%)
TV	39.1	91.4	-52.3	(-57%)
Home Appliances	115.6	117.9	-2.3	(-2%)

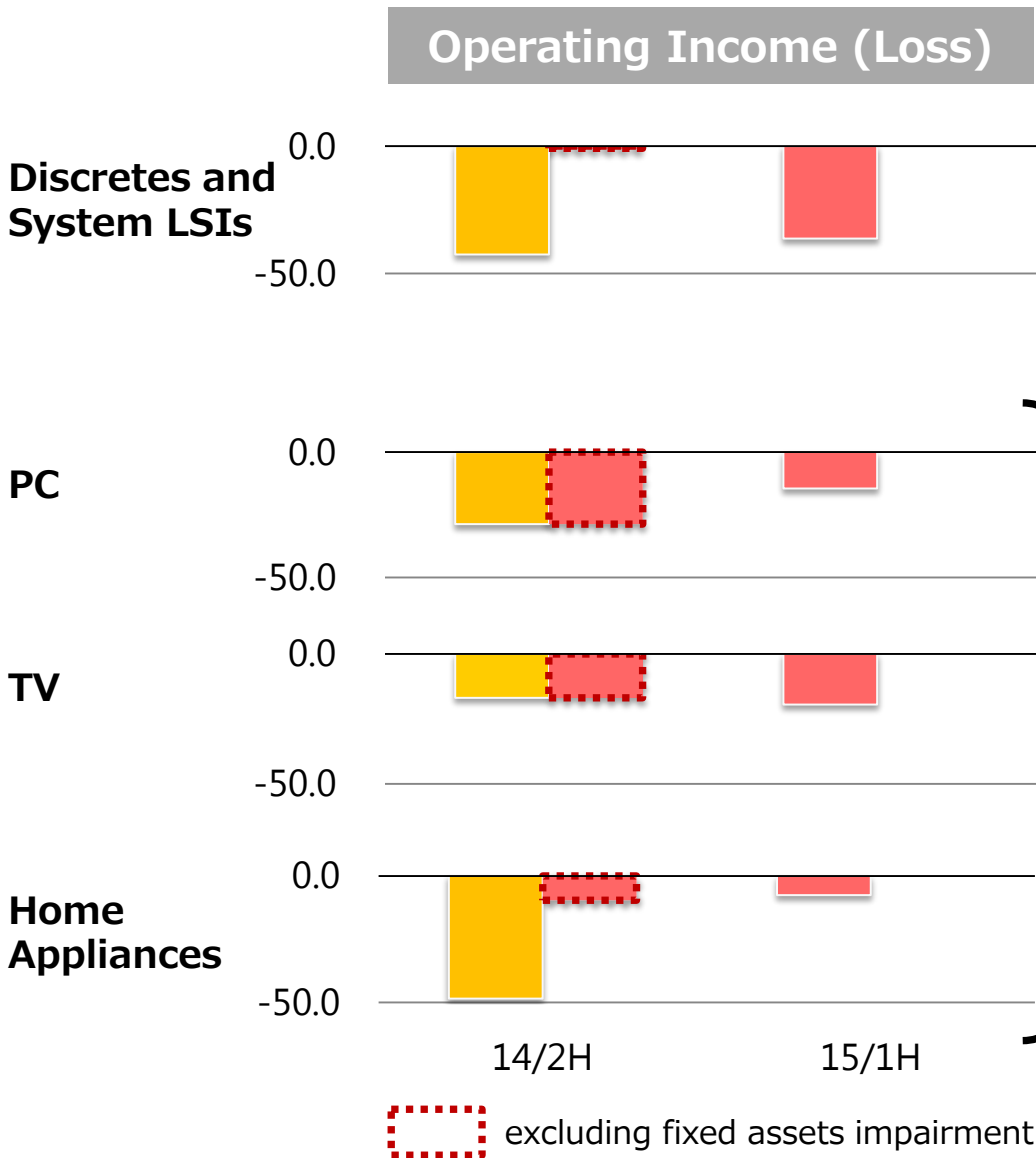
- Lower sales on withdrawal from unprofitable regions in the B2C business
- Lower sales from ceasing development and sales operations, and migrating to brand licensing in overseas
- Lower sales on a decrease in domestic sales, though overseas sales increased



3. Responses to Business Challenges

Progress in Structural Reform of Challenge Businesses

(Yen in billions)



- Terminate the White LED business by end of FY2015
- Withdraw from the CMOS Image Sensor business, and transfer 300mm wafer production line at Oita Operations to Sony
- Launch new company consolidating Oita Operations and Iwate Toshiba Electronics Co., Ltd.

All possible measures for structural reform are under review without limitation

Structural Reform in System LSIs and Discretes

Turn both System LSIs and Discretes positive within FY2016 by cutting fixed costs by approx. 16.0 billion yen for System LSIs and approx. 10.0 billion yen for Discretes (against FY2014)

- Withdrawal from the CMOS Image Sensor business
 - Transfer 300mm wafer production line at Oita Operations to Sony* (targeting completion of transfer within FY2015)
 - Transfer approx.1,100 employees to Sony Group*
*Signed Letter of Intent with Sony
- Launch of new company for the System LSI business
 - Launch new company by integrating the 200mm and 150mm wafer production lines at Oita Operations to Iwate Toshiba Electronics Co., Ltd.
 - Concentrate management resources on businesses where the Company anticipates market growth and enjoys a technological advantages, such as analog integrated circuits and motor control drivers for automotive applications.
 - Improve up-rate of manufacturing lines by centralizing foundry demand
- Termination of the White LED business
 - Terminate all operations related to the White LED business by the end of FY2015
 - Concentrate on the power semiconductor, optical devices and small-signal devices businesses, where the Company anticipates market expansion.

Westinghouse Acquires Construction Subsidiary from CB&I

Agreed to acquire S&W*, which conducts nuclear construction and integrated services, from CB&I (Targeting completion of acquisition by the end of 2015)

*CB&I Stone & Webster Inc.

- Westinghouse integrates end-to-end management and execution of all aspects of US nuclear plant projects.
- Westinghouse has reached agreements with Southern Co. and SCANA Corporation to resolve all outstanding claims and disputes. The agreements also include price and schedule adjustments.
- Westinghouse is in negotiations with Fluor Corporation, a US engineering company, which will support Westinghouse in construction of the US projects.

Goodwill and Intangible Assets, Deferred Tax Assets

● Goodwill and Intangible Assets

(Yen in billions)

- Recorded impairment losses on goodwill and intangible assets at TGCS
- Determined that there is no need to record impairment losses in the Nuclear Power Systems business and for Landis+Gyr AG

(Major Balance)	2015/9E Balance	Goodwill (part of left number)	Amount of Impairment	Goodwill (part of left number)
Nuclear Power Business (Westinghouse)	515.6	344.1	-	-
Landis+Gyr AG	231.6	170.4	-	-
TGCS	15.6	0.0	-68.4	-28.1
Total	1,060.2	649.9	-68.4	-28.1

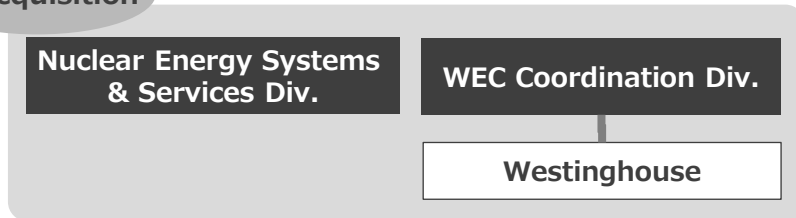
● Deferred Tax Assets

	2015/9E Balance
Long-term Deferred Tax Assets (approximation) of Toshiba Corporation and wholly owned subsidiaries in Japan	180.0

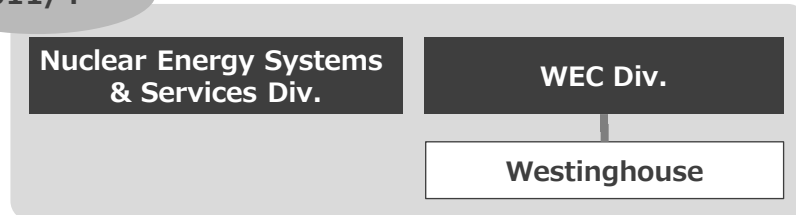
Timeline in Integration of Nuclear Energy Systems & Services Div. and Westinghouse

- Become world-leading company by promoting both BWR and PWR
- Expect synergy from global sales network and wide product range

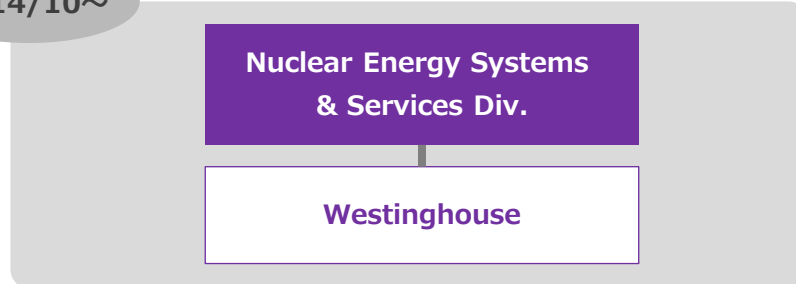
At acquisition



2011/4~



2014/10~



- Respect management system and policy as an independent company
- Established WEC Coordination Div.
- Changed to WEC Div. to reflect actual condition of business operation as one of two wheels of Toshiba' nuclear energy systems business
- Integrate Nuclear Energy Systems & Services Div. and WEC Div.
- Became single business entity both in name and reality

Nuclear Power Systems Business's Global Business System

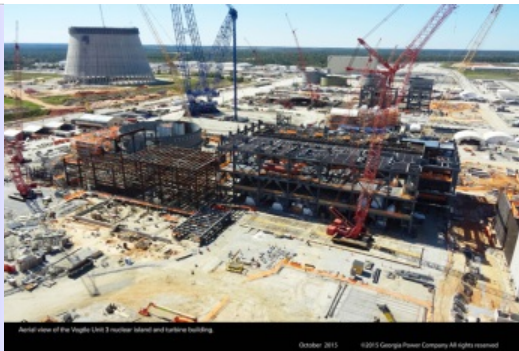
Integrate Nuclear Energy Systems & Services Div. and WEC Div.
on October 1, 2014

- Respond quickly to changes in business environment and incorporate customer needs
- Integrate products and services to maximize synergies

Two purposes of restructuring divisions

- Integrate global business strategies (increase order wins)
- Pursue efficient business operation (mutual utilization and integration of resources and know-how)

Share
Construction
Knowledge



Cooperation in
Manufacturing



Accounting Method of Goodwill of the Nuclear Power business (Westinghouse)

○ : No Impairment
× : Impairment

Westinghouse Evaluation on each product line

Toshiba Corporation Evaluation on each business div.

Before FY2011	All product lines "○"		WEC Div. "○" *Single report unit is adopted since acquisition of Westinghouse
	Fuel ○	Automation ×	WEC Div. "○"
FY2012	Service ○	New Construction ×	
	FY2013	Fuel ○	Automation Field Service ○
Engineering Equipment Large Construction ○		New Construction ×	
FY2014	All product lines "○"		Nuclear Energy Systems & Services Div. "○"

FY2015 Forecast

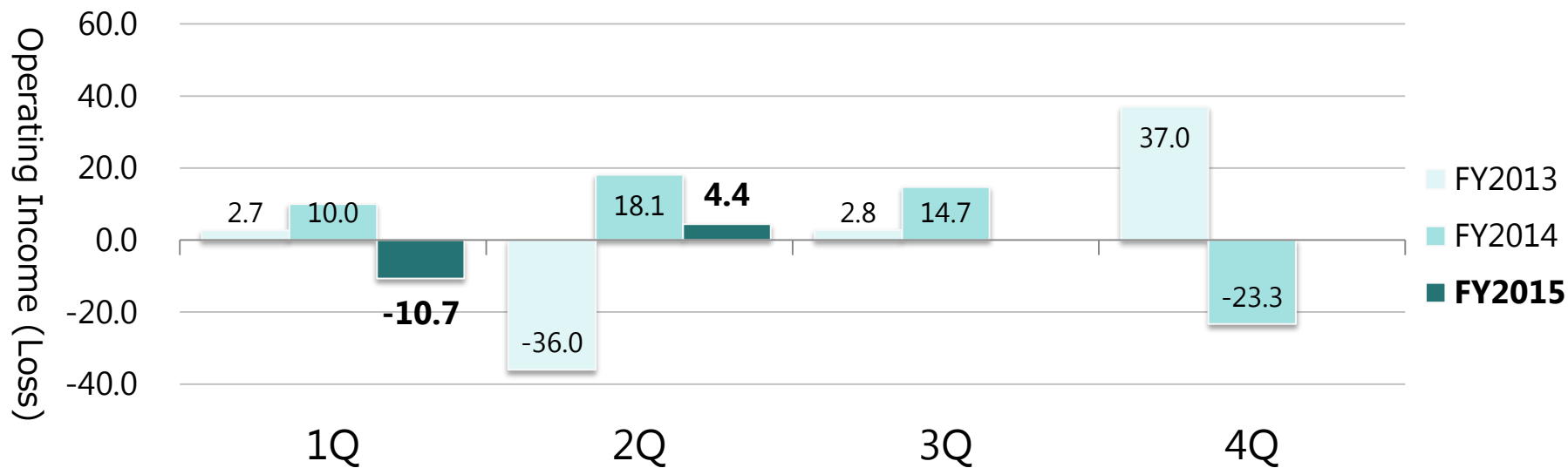
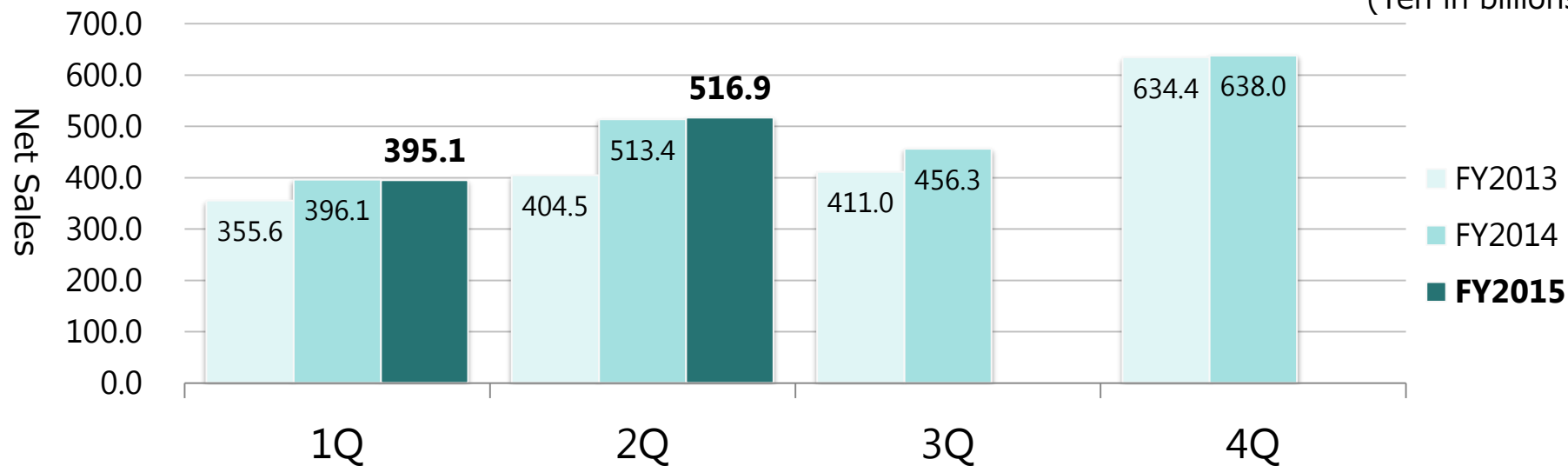
Toshiba will not announce its FY2015 forecast at this point. The Company continues to carefully evaluate operational impacts of structural reforms to challenge businesses that are still under review.



Appendix

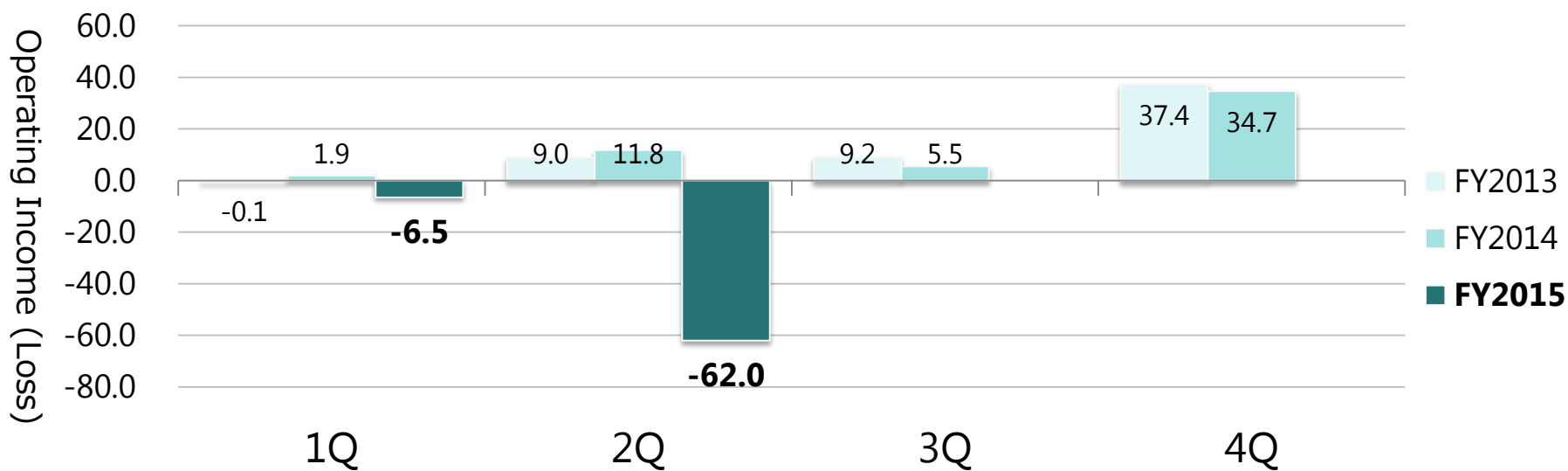
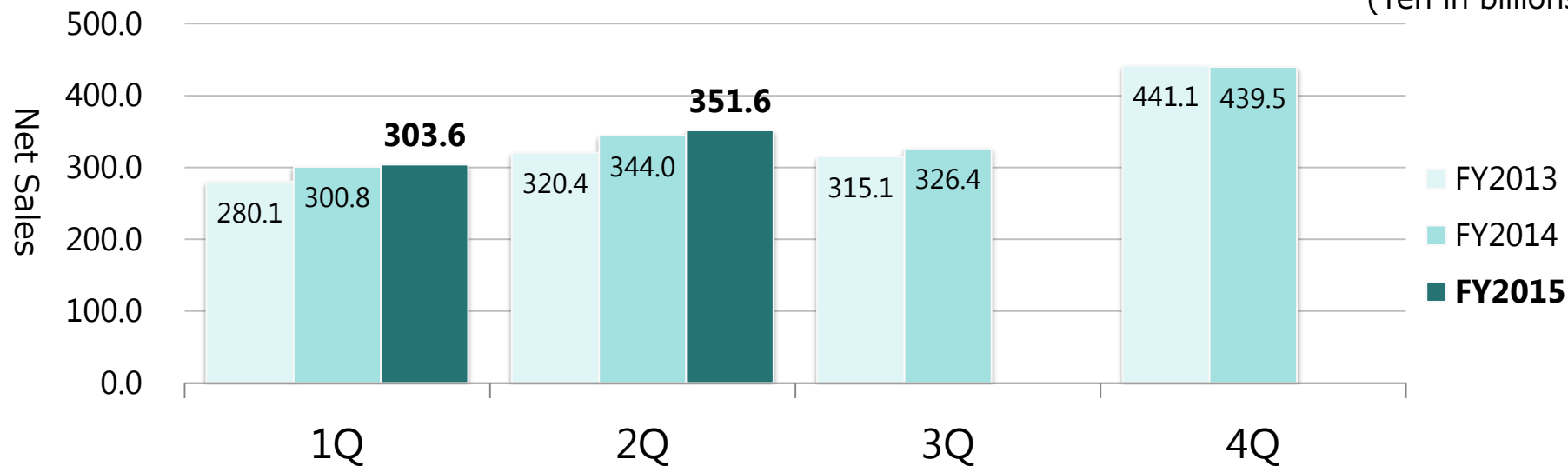
Energy & Infrastructure

(Yen in billions)



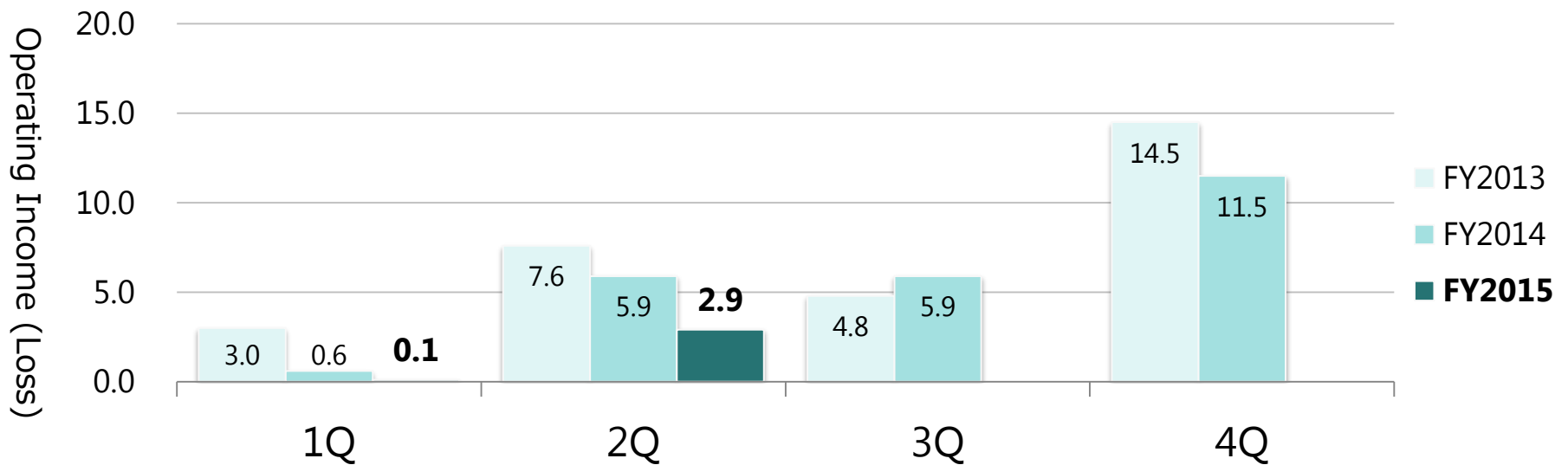
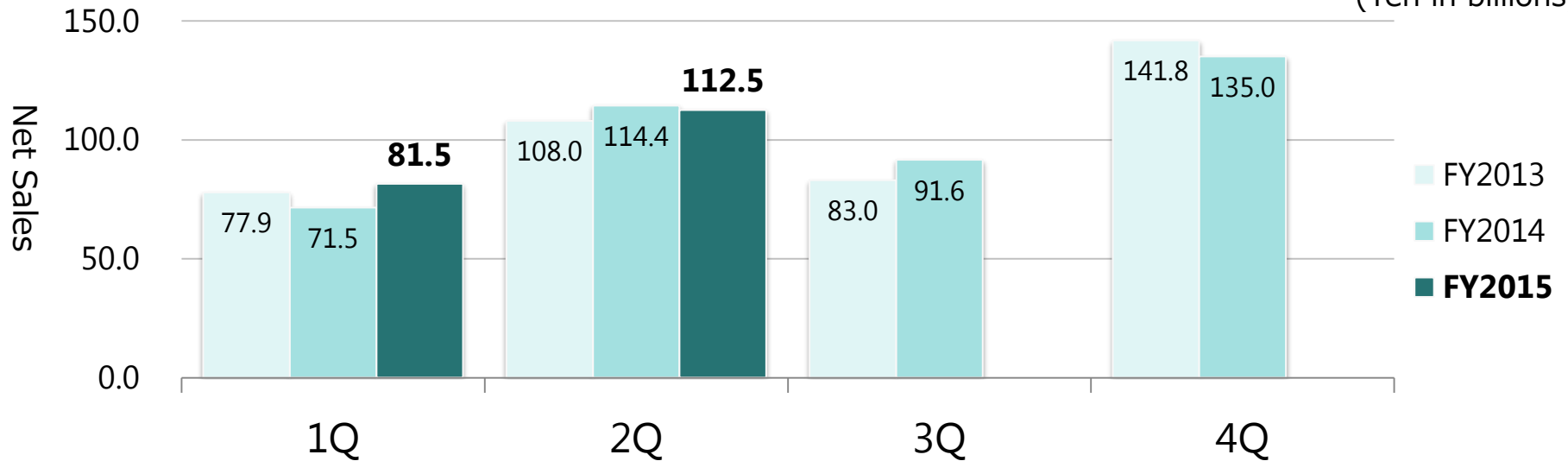
Community Solutions

(Yen in billions)



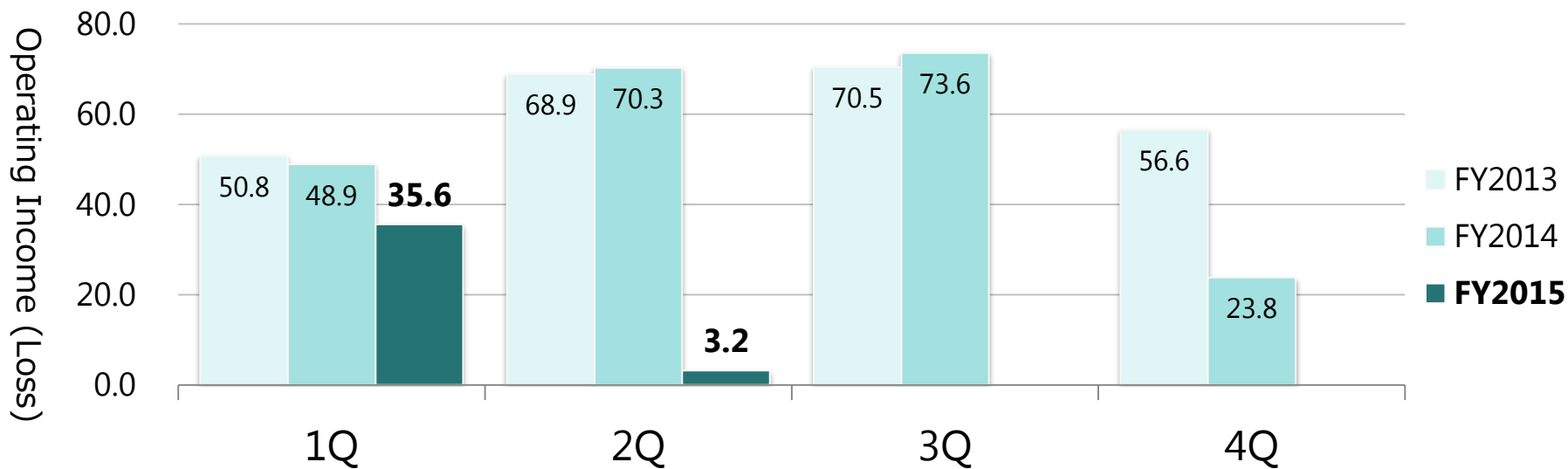
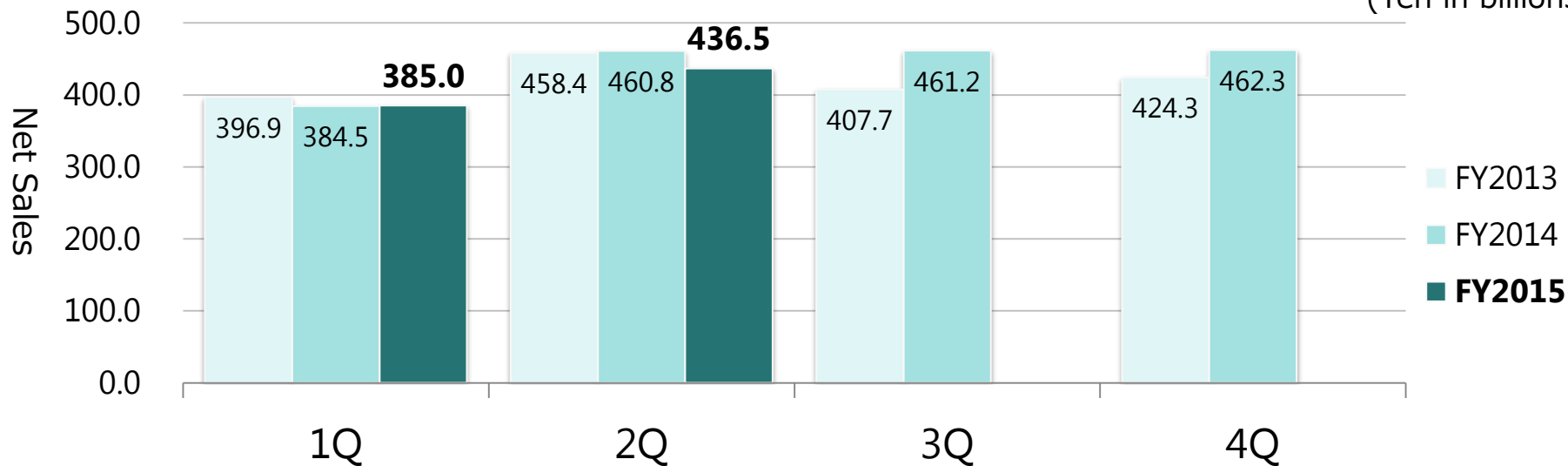
Healthcare Systems & Services

(Yen in billions)



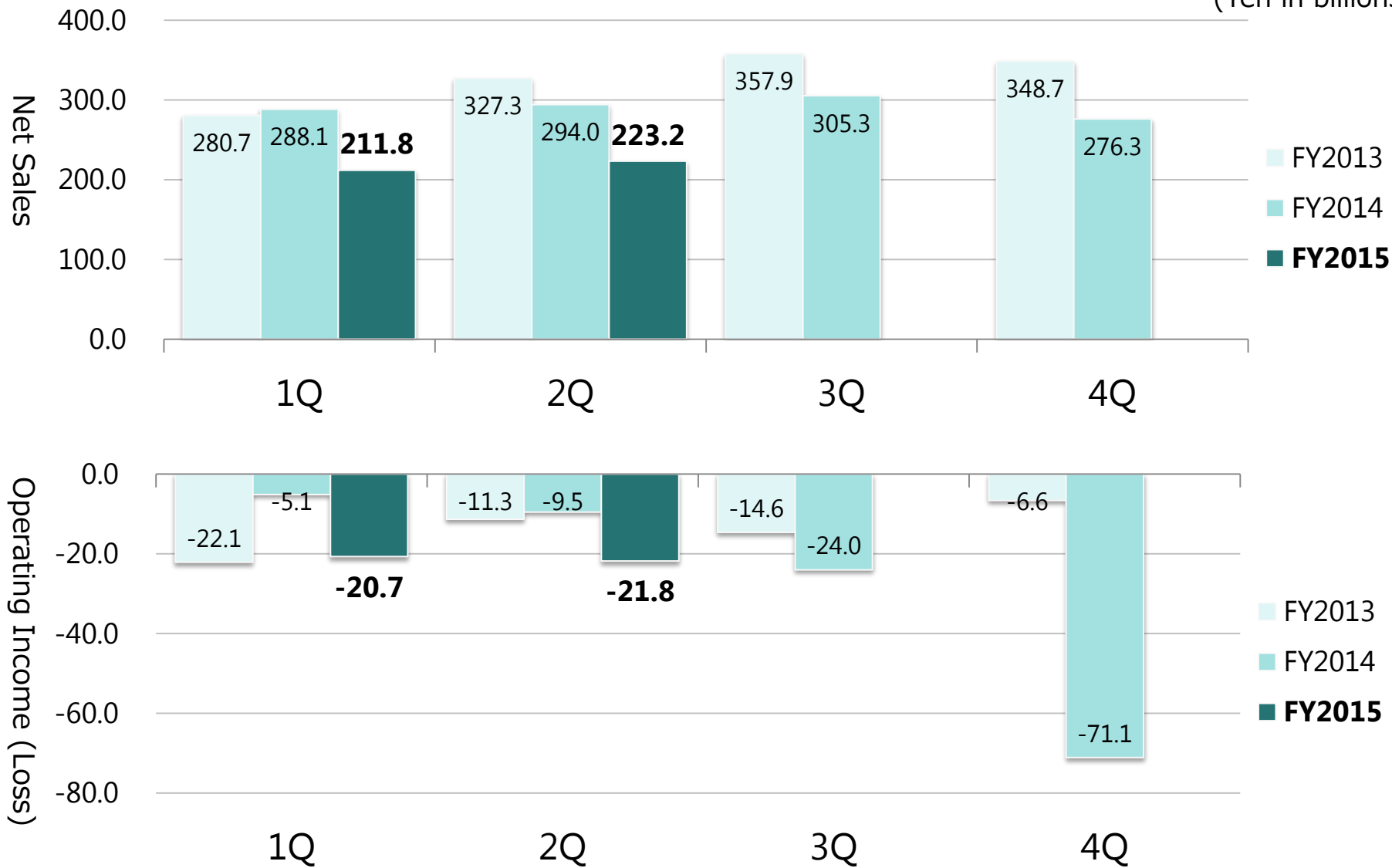
Electronic Devices & Components

(Yen in billions)



Lifestyle Products & Services

(Yen in billions)



FY2014/1H

Before and After Restatement of Past Financial Results

(Yen in billions)

Net Sales

	FY2014/1H (After)	FY2014/1H (Before)	Difference
Energy & Infrastructure	909.5	915.8	-6.3
Community Solutions	644.8	645.7	-0.9
Healthcare Systems & Services	185.9	185.6	0.3
Electronic Devices & Components	845.3	832.9	12.4
Lifestyle Products & Services	582.1	582.2	-0.1

Operating Income (Loss)

	FY2014/1H (After)	FY2014/1H (Before)	Difference
Energy & Infrastructure	28.1	30.1	-2.0
Community Solutions	13.7	15.8	-2.1
Healthcare Systems & Services	6.5	6.5	0.0
Electronic Devices & Components	119.2	106.7	12.5
Lifestyle Products & Services	-14.6	-29.3	14.7

*After: Announced on September 7, 2015, by restatement of past financial results

*Before: Announced before restatement of past financial results on September 7, 2015

FY2013/1H

Before and After Restatement of Past Financial Results

(Yen in billions)

Net Sales

	FY2013/1H (After)	FY2013/1H (Before)	Difference
Energy & Infrastructure	760.1	783.1	-23.0
Community Solutions	600.5	599.8	0.7
Healthcare Systems & Services	185.9	185.8	0.1
Electronic Devices & Components	855.3	852.6	2.7
Lifestyle Products & Services	608.0	611.4	-3.4

Operating Income (Loss)

	FY2013/1H (After)	FY2013/1H (Before)	Difference
Energy & Infrastructure	-33.3	15.6	-48.9
Community Solutions	8.9	9.3	-0.4
Healthcare Systems & Services	10.6	10.6	0.0
Electronic Devices & Components	119.7	117.4	2.3
Lifestyle Products & Services	-33.4	-35.2	1.8

*After: Announced on September 7, 2015, by restatement of past financial results

*Before: Announced before restatement of past financial results on September 7, 2015

Consolidated Balance Sheets

(Yen in billions)

	2015/9E	2015/3E	2014/9E	Difference	
				vs 2015/3E	vs 2014/9E
Cash and cash equivalent	383.1	199.4	172.4	183.7	210.7
Accounts receivable	1,207.9	1,428.6	1,390.1	-220.7	-182.2
Inventories	1,068.6	1,004.7	1,039.0	63.9	29.6
Investments	437.2	639.9	667.2	-202.7	-230.0
Other assets	3,099.9	3,062.2	3,201.6	37.7	-101.7
Total Assets	6,196.7	6,334.8	6,470.3	-138.1	-273.6
Interest-bearing debt	1,541.2	1,341.4	1,588.4	199.8	-47.2
Accounts payable	1,034.4	1,226.3	1,183.3	-191.9	-148.9
Other liabilities	2,160.5	2,201.7	2,130.4	-41.2	30.1
Total Liability	4,736.1	4,769.4	4,902.1	-33.3	-166.0

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