

# **Revision of FY2015 Consolidated Business Results and the Progress of the “Toshiba Rebuilding Initiative”**

**Masashi Muromachi**

**Representative Executive Officer  
President and Chief Executive Officer**

**TOSHIBA CORPORATION**

**February 4, 2016**

# FY2015 Forecast Overall

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

	Updated Forecast as of 2016/2/4	Previous Forecast as of 2015/12/21	Difference	FY2014 Actual	Difference
Net Sales	6,200.0	6,200.0	0.0	6,655.9	-455.9
Operating Income (Loss)	-430.0	-340.0	-90.0	170.4	-600.4
%	-6.9%	-5.5%		2.6%	
Income (Loss) before income taxes and noncontrolling interests	-400.0	-300.0	-100.0	136.6	-536.6
%	-6.5%	-4.8%		2.1%	
Net Income (Loss)	-710.0	-550.0	-160.0	-37.8	-672.2
%	-11.5%	-8.9%		-0.6%	
Earnings (Losses) per share attributable to shareholders of the Company	-¥167.69	-¥129.90	-¥37.79	-¥8.93	-¥158.76
Free cash flow	-280.0	-280.0	0.0	140.3	-420.3
Equity attributable to shareholders of the Company	150.0	430.0	-280.0	1,084.0	-934.0
Shareholders' equity ratio	2.6%	7.4%	-4.8%	17.1%	-14.5%
Net interest-bearing debt	1,450.0	1,470.0	-20.0	1,142.0	308.0
Net debt-to-equity ratio	967%	342%	625%	105%	861%

\* Net interest-bearing debt: Interest-bearing debt – Cash and deposits

# Emergency Plan

- All Executive Officers will be subject to a further 10% reduction in monthly compensation from February 2016

\*Excluding the President & CEO, who is already subject to a 90% reduction

➤ Compensation Reduction for Executive Officers  
(Reduction % against fixed compensation)

	President & Chief Executive Officer	Corporate Senior Executive Vice Presidents	Corporate Executive Vice President	Corporate Senior Vice President	Corporate Vice President
Until January 2016	90%	30%	20%	20%	20%
From February 2016	90%	40%	30%	30%	30%

- Reduce managerial salaries, for section managers and above, from February 2016

Section Managers: 10,000 yen\* reduction per month

\* For Toshiba Corporation.

The same level of reduction will be requested for managers in the group companies.

# Schedule for Development and Announcement of Growth Strategy

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- Toshiba will steadily execute “Toshiba Rebuilding Initiative\*”, and announce progress in a timely manner
- We plan to announce our overall mid-term plan, including the new business portfolio and growth strategy, in March
- In-house companies plan to hold IR conferences for investors and analysts in July or after

\*The renamed “Toshiba Revitalization Action Plan”

# Profitability Improvement Measures for HDD Business

**Proceed with profitability improvement and shift to growth areas by reducing model development and rationalizing personnel**

## ● Transformation of the business

- Accelerate a shift of development resources to enterprise HDDs and solid state drives (SSD)
- Narrow the range of models to focus on main products (from 10 to 4 models) to optimize design and development
- Minimize sales channel for B2C mobile products in the North American market, where profitability is worsening

## ● Personnel rationalization, minimization of fixed costs

- Implement an early retirement incentive program\* in Japan, including personnel relocation and support for outplacement, and reduce headcount by approximately 150 personnel
- Expect to post approximately 4 billion yen of an operating expense for structural reform in FY2015
- Reduce total fixed expenses by more than 10 billion yen in FY2016 against FY2015

\* The program will invite applications at the end of Feb and beginning of March, toward leaving the Company at the end of April.

# Reevaluation of Healthcare Business

## End operation of the in-house Healthcare Company

### ● Reevaluation of the business

- End operation of the in-house Healthcare Company at the end of March 2016, in parallel with inviting third-party majority participation in Toshiba Medical System Corporation
- Transfer key businesses, such as heavy-ion radiotherapy system business and the genotyping/genome sequencing service, to other parts of Toshiba Group and continue the business
- Consider transferring other businesses, such as wristband-type biosensors, within or outside Toshiba Group

### ● Personnel measures

- Implement an early retirement incentive program\* in Japan, including personnel relocation and support for outplacement, and reduce headcount by approximately 90 personnel
- Expect to post approximately 1 billion yen of an operating expense for reevaluation in FY2015

\* The program will invite applications at the end of Feb and beginning of March, toward leaving the Company at the end of March.

# Direction of Restructuring for Transmission and Distribution Business

**Stabilize business by concentrating on selected overseas operation and by shifting resource to the Japanese market**

- **Selection and concentration in overseas business**

- Concentrate resources on the Middle East, where Toshiba has a high market share, and the growing market of India
- Consider closing manufacturing sites or selling majority shares in unprofitable regions, including headcount reductions
- Expand the power grid solution business in North America by collaborating with Landis+Gyr AG in new business domains

- **Strengthening business in Japan**

- Focus on Japanese market as the basis of business. Launch competitive products to the market to maintain and expand high market share
- Focus on business for wide-area electricity supply networks, in line with electricity supply deregulation

- **Minimize fixed costs**

- Consider personnel reallocations to other infrastructure business units

# Strengthen Internal Controls and Reform the Corporate Culture

## ● Measures for prevention of recurrence

		Progress
✓ Review of the budget development process	<ul style="list-style-type: none"> <li>Shift to emphasize on cash flows</li> <li>Abolish CEO Monthly Meeting, and introduce Briefing Meeting on Business Performances</li> <li>Establish business plans to meet voluntary and independent management by in-house companies</li> </ul>	Done (announced on Feb.3)
✓ Review of corporate governance rules	<ul style="list-style-type: none"> <li>Develop Corporate Governance Guidelines (December 21)</li> </ul>	Done
✓ <b>Give the Nomination Committee the right to consent to CFO selection</b>	<ul style="list-style-type: none"> <li>Add a procedure for receiving the Nomination Committee's consent on CFO candidate before putting the matter on the agenda of the Board Meeting</li> </ul>	Done

## ● Measures for reforming the corporate culture

		Progress
✓ Evaluation system for President & CEO	<ul style="list-style-type: none"> <li>115 executives and senior managers participated in a secret ballot to evaluate the President's performance (January 2016)</li> </ul>	Done (announced on Feb.2)
✓ 360 degree survey on executive managers	<ul style="list-style-type: none"> <li>Conducted multilateral, objective surveys of 177 executive managers to evaluate their leadership capabilities (introduced in December 2015)</li> </ul>	Done (announced on Feb.2)
✓ Improvement in information disclosure	<ul style="list-style-type: none"> <li>Expand information in contained business results (from "by segment" to "by in-house company")</li> </ul>	Done
	<ul style="list-style-type: none"> <li>Hold IR conferences for each in-house company</li> </ul>	Planned for July

## ● Consideration of advisor system

		Progress
✓ Advisor system	<ul style="list-style-type: none"> <li>Consider changing the system, including abolition</li> </ul>	Planned for June



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# **FY2015 Third Quarter Consolidated Business Results (First Nine Months Cumulative)**

**Masayoshi Hirata**

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

**TOSHIBA CORPORATION**

**February 4, 2016**

# 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 9 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 FY2015/1-3Q

## ● Net Sales:

Toshiba Group as a whole saw lower sales than in the year-earlier period, despite 250.0 billion yen increase on yen depreciation. The Lifestyle Products & Services segment reduced the business volume through structural reforms that shifted its focus to redefined sales territories, and the Electronic Devices & Components segment saw lower sales reflecting lower sales prices and a falloff in demand for HDD.

➤ Net Sales 4,421.7 billion yen (YoY: <sup>\*1</sup> -301.6 billion yen)

\*1 YoY: Year-on-year

## ● Income (Loss):

Toshiba Group as a whole saw significantly deteriorated operating income (loss) against the year-earlier period. In addition to a -48.2 billion yen impairment loss on fixed assets and goodwill, losses on unprofitable projects, both in Japan and overseas, impacted on the results of the Transmission & Distribution Systems and Solar Photovoltaic Systems businesses. The Electronic Devices & Components segment also saw lower operating income, reflecting lower sales price.

Net income (loss) deteriorated significantly against the year-earlier period. In addition to a reversal of 240.0 billion yen of long-term deferred tax assets, as announced previously, another 60.0 billion yen of short-term deferred tax assets has been reversed.

➤ Operating Income (Loss) -229.5 billion yen (YoY: -431.3 billion yen)

➤ Income (Loss) before income taxes and noncontrolling interests -161.0 billion yen (YoY: -349.2 billion yen)

➤ Net Income (Loss) -479.4 billion yen (YoY: -586.6 billion yen)

# Key Points of FY2015/1-3Q

## ● Cash Flows:

Free cash flows were -49.7 billion yen, a YoY improvement of only 55.8 billion yen reflected the deteriorated operating income (loss), as 204.5 billion yen in revenue from sales of securities was recorded in the 1H.

## ● Financial Structure:

The net debt-to equity (D/E) ratio was 232%, a YoY deterioration (increase) of 122 points, due to a significant decrease in equity attributable to shareholders of the Company<sup>\*2</sup> as a result of deterioration in net income (loss).

The shareholders' equity ratio<sup>\*3</sup> was 8.8%, a YoY deterioration (decrease) of 9.4 points.

<sup>\*2</sup> Hereinafter, "the Company" refers to Toshiba Corporation.

<sup>\*3</sup> Hereinafter, "shareholders' equity ratio" refers to equity attributable to shareholders of the Company / total asset ratio.



# 1. Overall Business Results

# FY2015/1-3Q Consolidated Business Results

## Overall

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

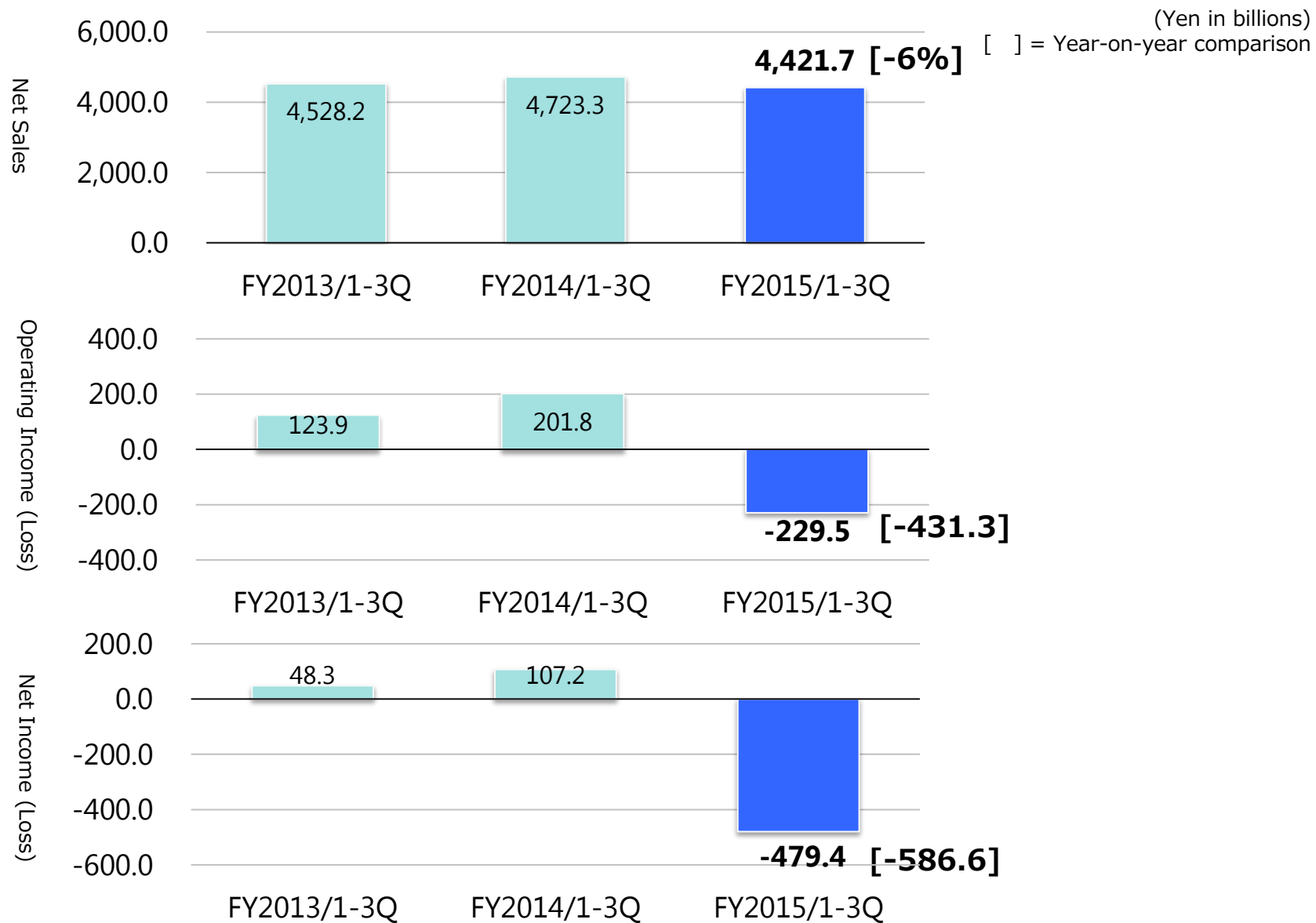
	FY2015/1-3Q	FY2014/1-3Q	Difference
Net Sales	4,421.7	4,723.3	-301.6
Operating Income (Loss)	-229.5	201.8	-431.3
%	-5.2%	4.3%	
Income (Loss) before income taxes and noncontrolling interests	-161.0	188.2	-349.2
%	-3.6%	4.0%	
Net Income (Loss)	-479.4	107.2	-586.6
%	-10.8%	2.3%	
Earnings (Losses) per share attributable to shareholders of the Company	-¥113.23	¥25.32	-¥138.55

Free cash flow	-49.7	-105.5	55.8
Equity attributable to shareholders of the Company	527.5	1,257.5	-730.0
Shareholders' equity ratio	8.8%	18.2%	-9.4%
Net interest-bearing debt	1,223.5	1,384.7	-161.2
Net debt-to-equity ratio	232%	110%	122%

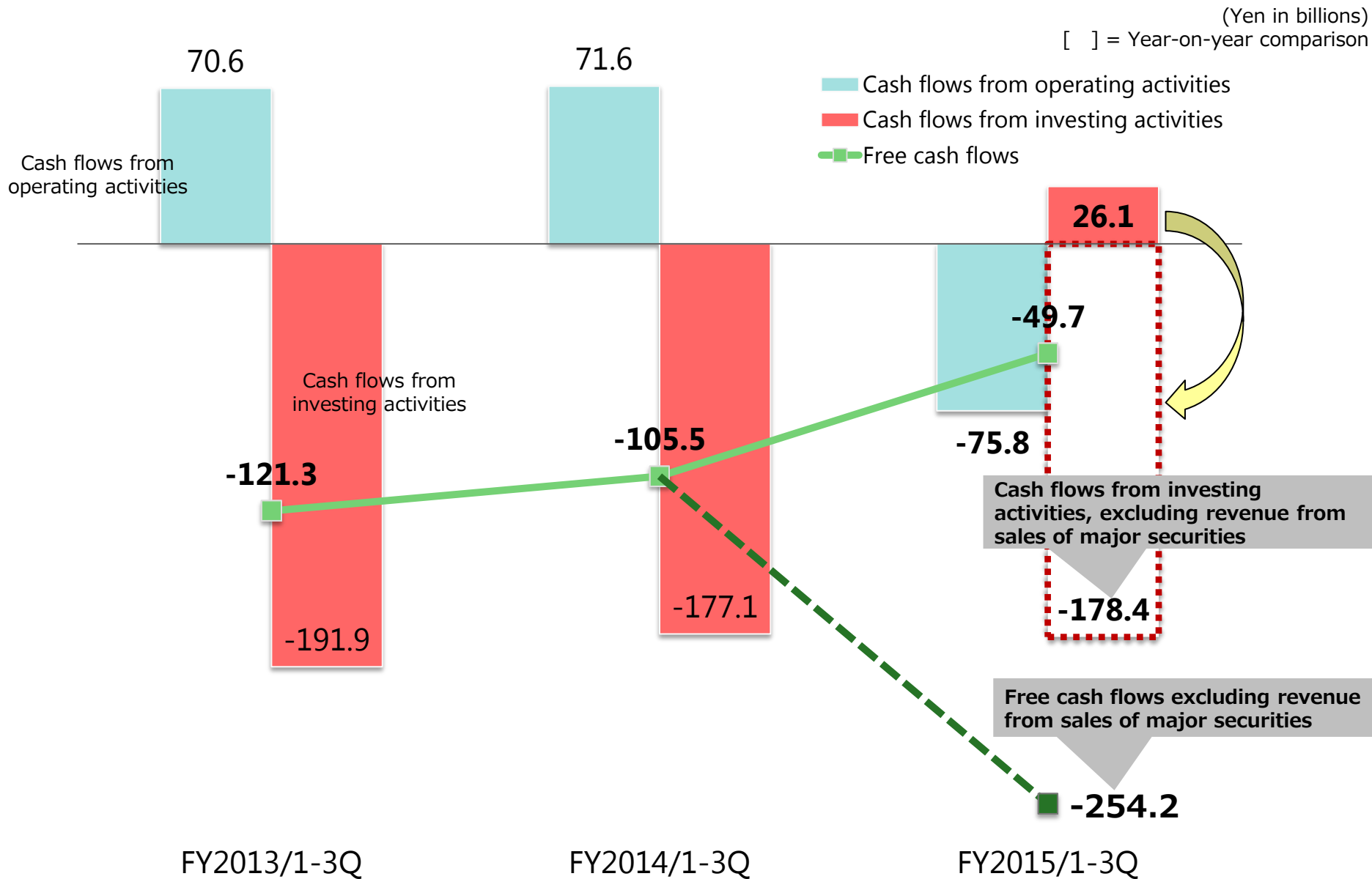
\* Hereinafter, "Net Income (Loss)" refers to Net Income (Loss) attributable to shareholders of the Company.

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

# Review of Consolidated Business Results



# Free Cash Flows

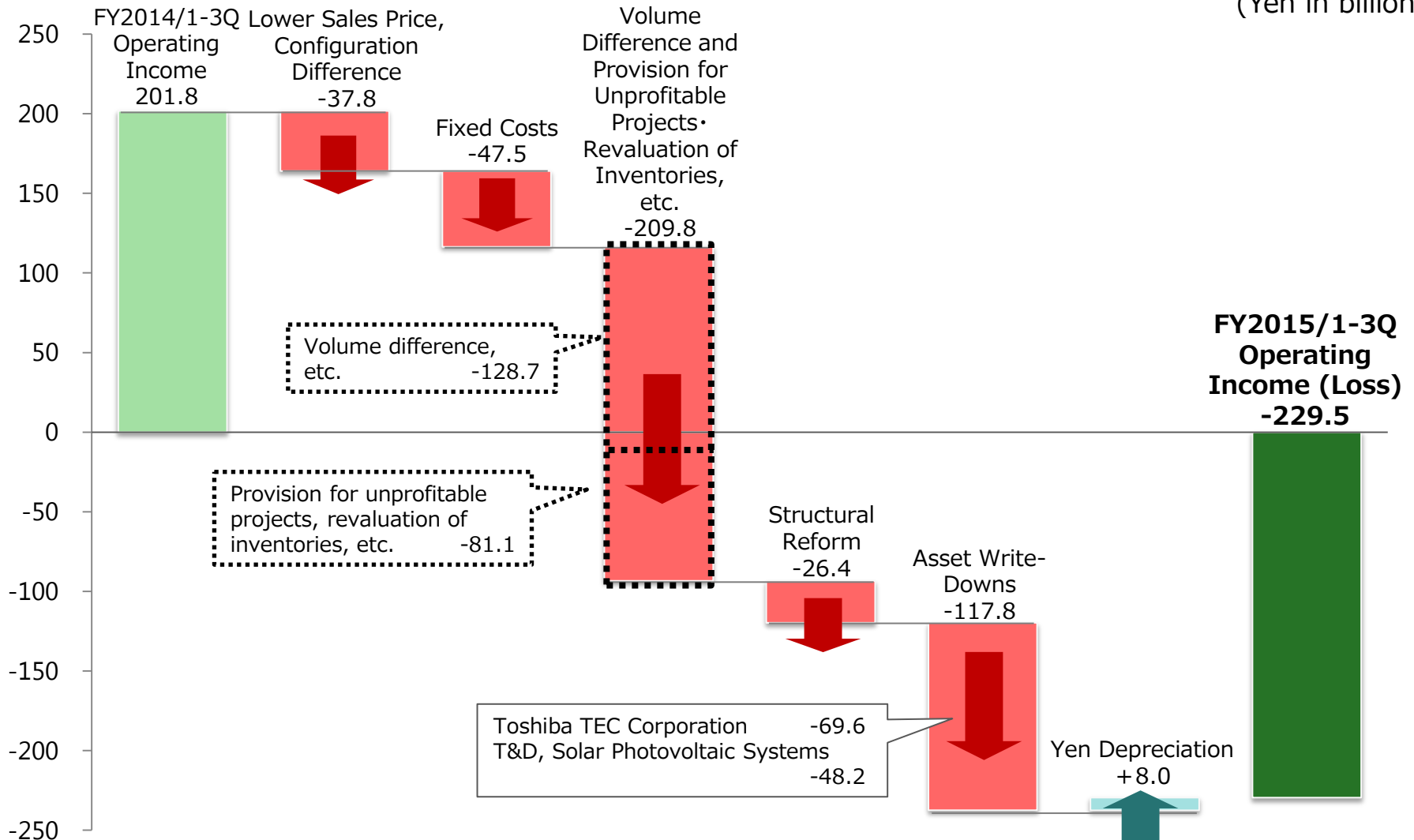




# Operating Income (Loss) (YoY Analysis)

Operating Income (Loss) significantly deteriorated on lower sales, unprofitable projects and impact of impairment losses

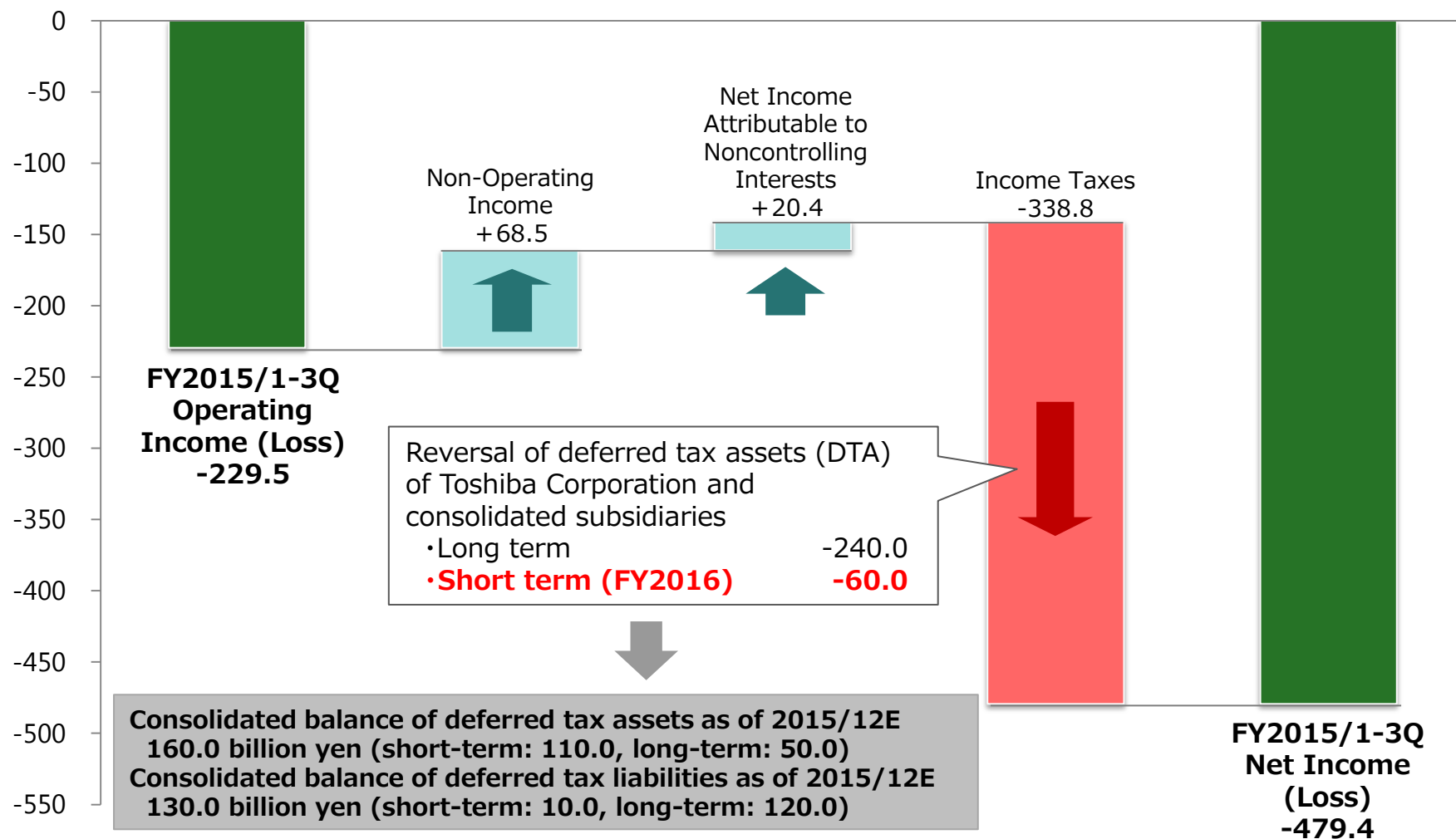
(Yen in billions)



# Net Income (Loss)

Net Income (Loss) recorded a deficit on the reversal of about 300.0 billion yen of deferred tax assets

(Yen in billions)



# Non-Operating Income (Loss) and Expenses

Significant YoY improvement due to gain from sales of securities

(Yen in billions)

	FY2015/1-3Q	FY2014/1-3Q	Difference
Net financial Income (Loss)	-11.1	-13.6	2.5
Foreign exchange Income (Loss)	-6.2	30.8	-37.0
Income (Loss) on sales or disposal of fixed assets	-5.8	-11.2	5.4
Income (Loss) on sales of securities	* <sup>1</sup> 177.9	6.6	171.3
Equity in earnings of affiliates	3.4	14.3	-10.9
Structural reform costs	-37.1	-35.5	-1.6
Settlement costs of lawsuits	* <sup>2</sup> -36.9	-15.9	-21.0
Others	-15.7	* <sup>3</sup> 10.9	-26.6
Total	68.5	-13.6	82.1

\*1 KONE Corporation (Finland), Topcon Corporation (Japan), NREG Toshiba Building Co., Ltd. (Japan) and others

\*2 Including lawsuits of GIS case and power transformers case in Europe

\*3 Including income from a legal settlement with Korea's SK Hynix in FY2014

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

Significant deterioration due to reversal of deferred tax assets

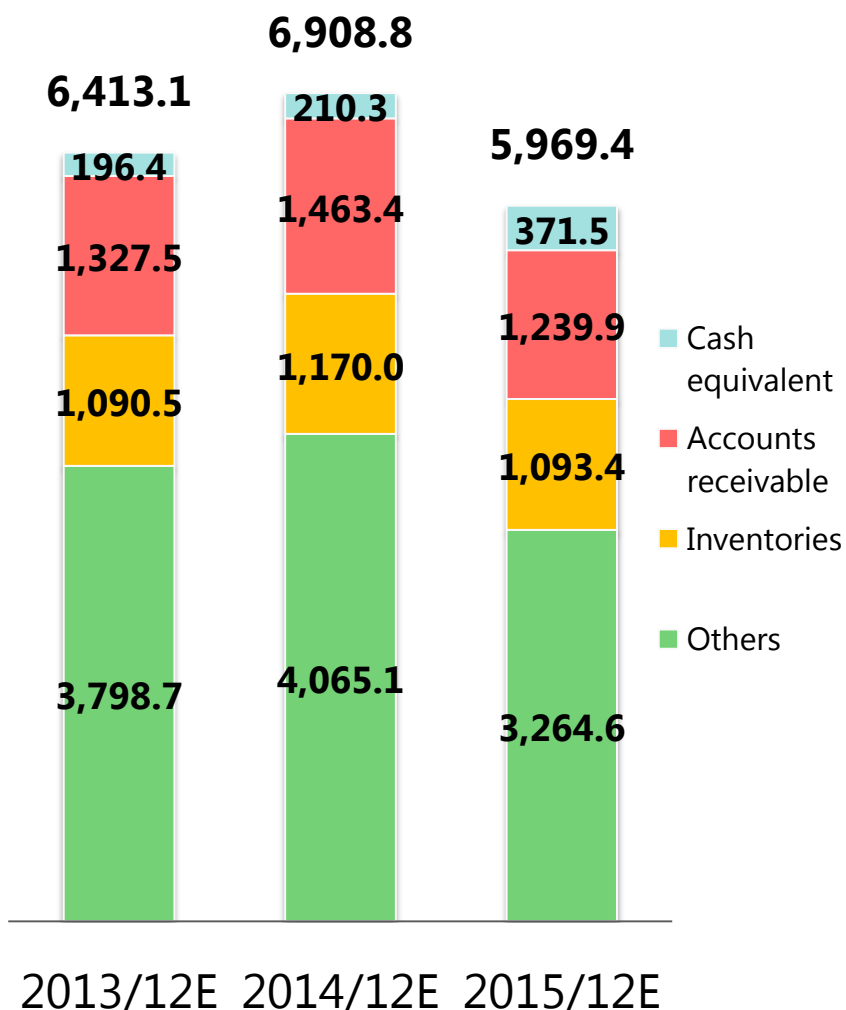
(Yen in billions)

	FY2015/1-3Q	FY2014/1-3Q	Difference
Income (Loss) before income taxes and noncontrolling interests	-161.0	188.2	-349.2
Income Taxes	-338.8	-69.3	-269.5
Net Income (Loss) attributable to noncontrolling interests	20.4	-11.7	32.1
Net Income (Loss)	-479.4	107.2	-586.6

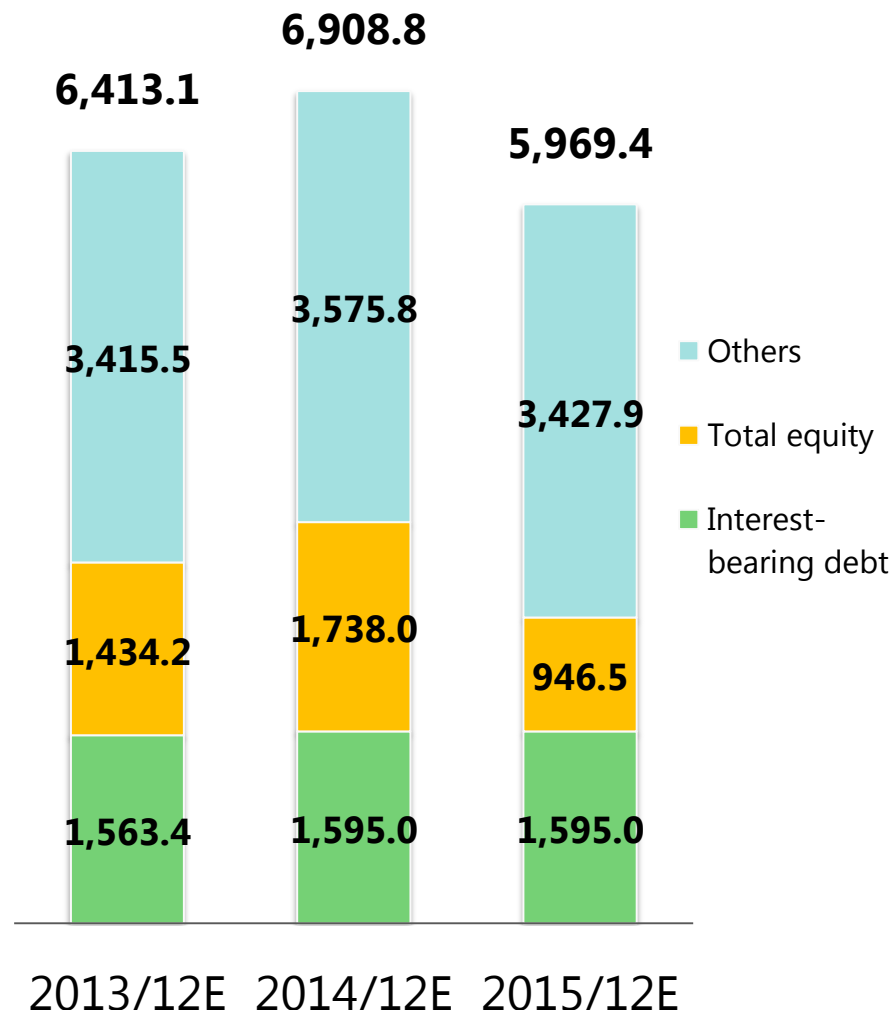
# Consolidated Balance Sheets

(Yen in billions)

## Assets

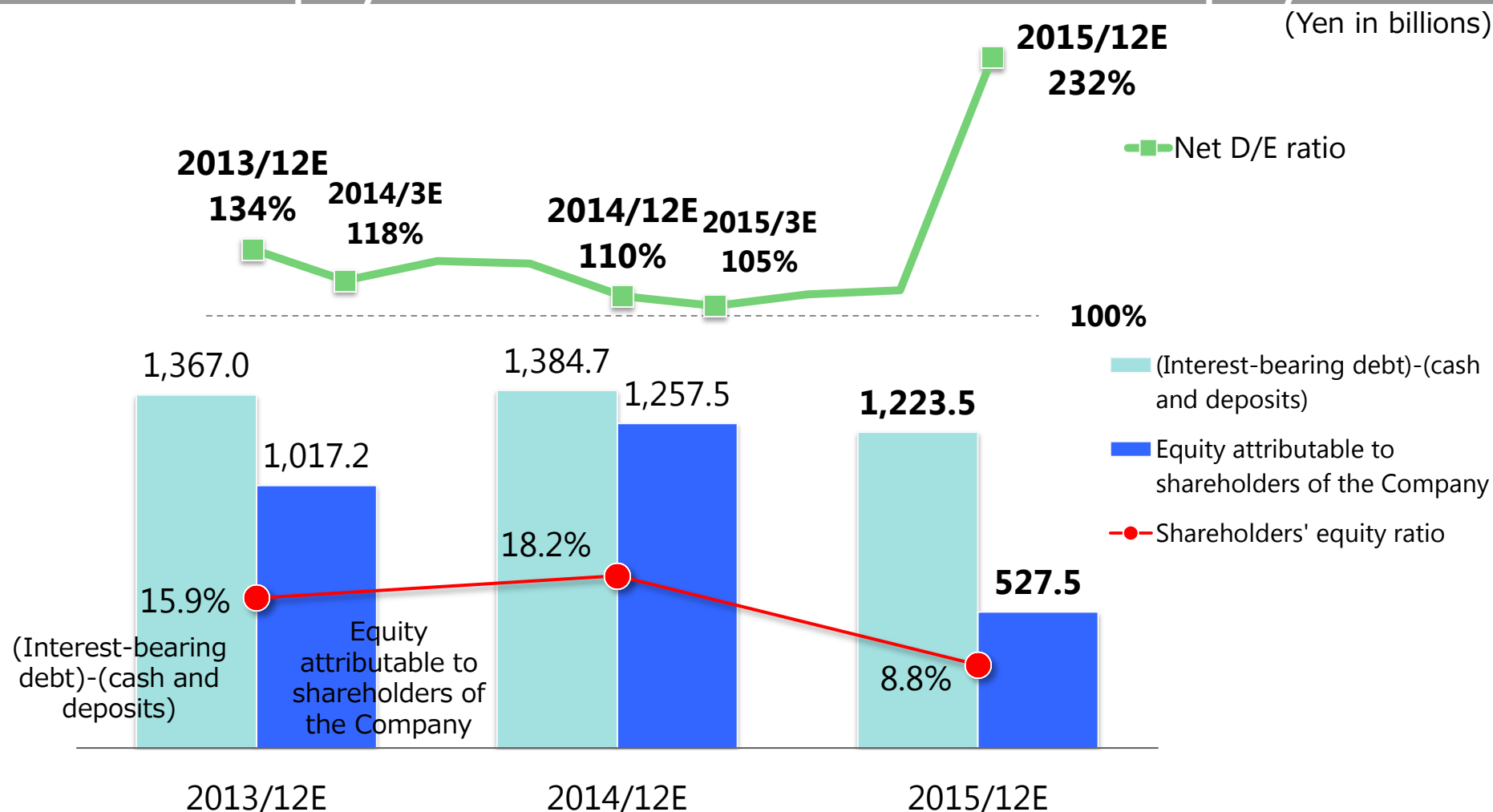


## Liabilities and Equity



# Financial Structure

The net D/E ratio deteriorated to 232%, due to a decrease in equity attributable to shareholders of the Company



\*Net D/E Ratio:  $\frac{[(\text{interest-bearing debt}) - (\text{cash and deposits})]}{\text{Equity attributable to shareholders of the Company}}$



## 2. Business Results by Segment

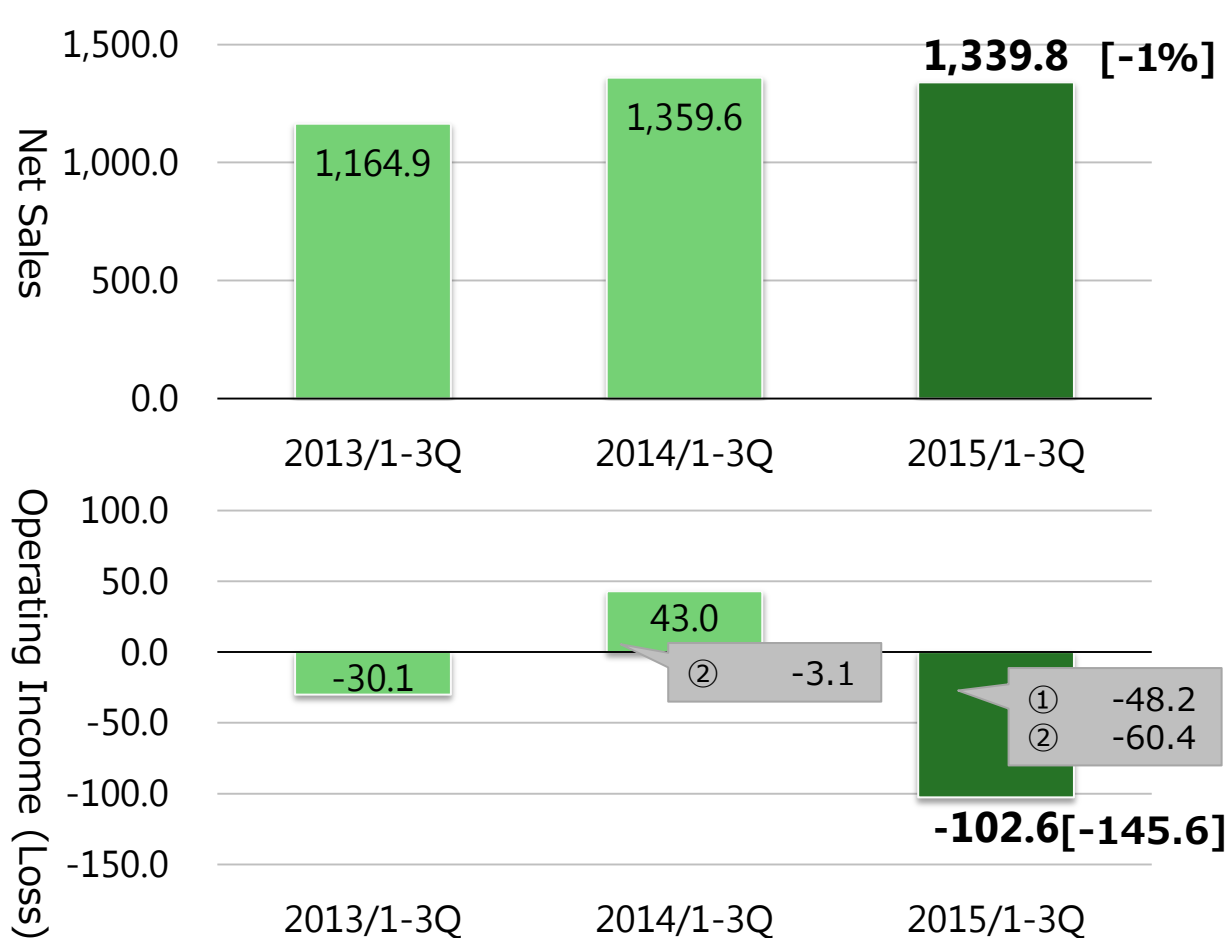
# FY2015/1-3Q Consolidated Business Results by Segment

(Yen in billions)

		FY2015/1-3Q	FY2014/1-3Q	Difference (growth ratio)	
Energy & Infrastructure	Net Sales	1,339.8	1,359.6	-19.8	(-1%)
	Operating Income (Loss)	-102.6	43.0	-145.6	
Community Solutions	Net Sales	992.9	971.2	21.7	(+2%)
	Operating Income (Loss)	-63.5	19.2	-82.7	
Healthcare Systems & Services	Net Sales	298.8	287.8	11.0	(+4%)
	Operating Income (Loss)	6.8	13.2	-6.4	
Electronic Devices & Components	Net Sales	1,212.6	1,306.5	-93.9	(-7%)
	Operating Income (Loss)	23.4	192.8	-169.4	
Lifestyle Products & Services	Net Sales	644.4	887.4	-243.0	(-27%)
	Operating Income (Loss)	-66.8	-38.6	-28.2	
Others	Net Sales	338.1	369.5	-31.4	(-8%)
	Operating Income (Loss)	2.7	0.6	2.1	
Corporate and Eliminations	Net Sales	-404.9	-458.7	53.8	
	Operating Income (Loss)	-29.5	-28.4	-1.1	
Total	Net Sales	4,421.7	4,723.3	-301.6	(-6%)
	Operating Income (Loss)	-229.5	201.8	-431.3	



# Energy & Infrastructure



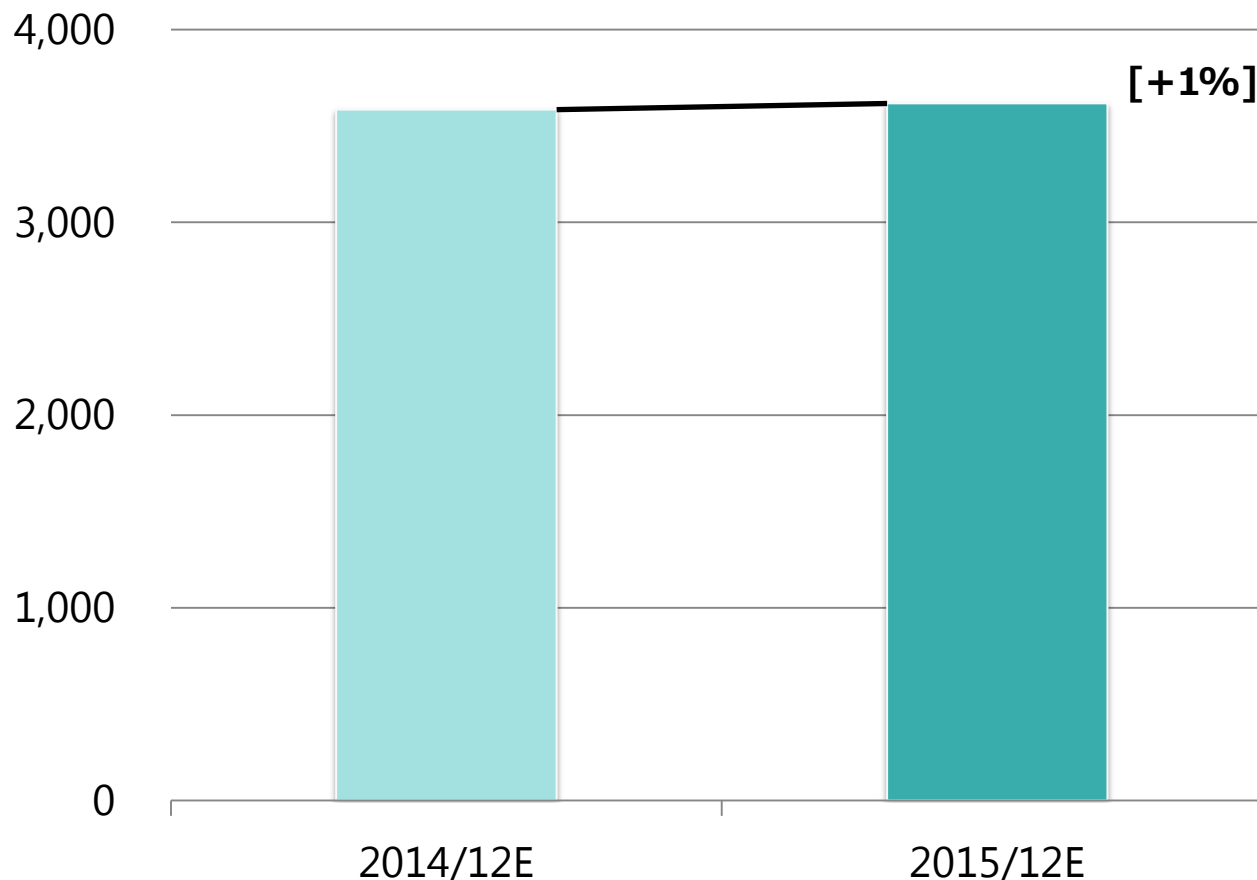
- The Nuclear Power Systems business and Landis+Gyr AG recorded higher sales.
- The Transmission & Distribution Systems, Solar Photovoltaic Systems and Railway Systems businesses saw lower sales.
- Landis+Gyr AG recorded higher operating income.
- The Transmission & Distribution Systems and Solar Photovoltaic Systems businesses deteriorated significantly on impairment (-48.2 billion yen).
- The Nuclear Power Systems, Thermal & Hydro Power Systems and Railway Systems businesses deteriorated.

- \*① : Asset write-downs  
+ structural reform costs
- \*② : Provision for unprofitable projects  
+ revaluation of inventories

# Energy & Infrastructure Order Backlog

(Yen in billions)

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



- The Power Generation business backlog saw delays in some orders, but remained flat on overseas orders for major thermal projects and fuel orders received in 1H.
- The Transmission & Distribution Systems business backlog grew on orders for transmission systems, mainly for the domestic market.

\*Orders to WECTEC (the former CB&I Stone & Webster) are not included.

# Energy & Infrastructure Results Breakdown

(Yen in billions)

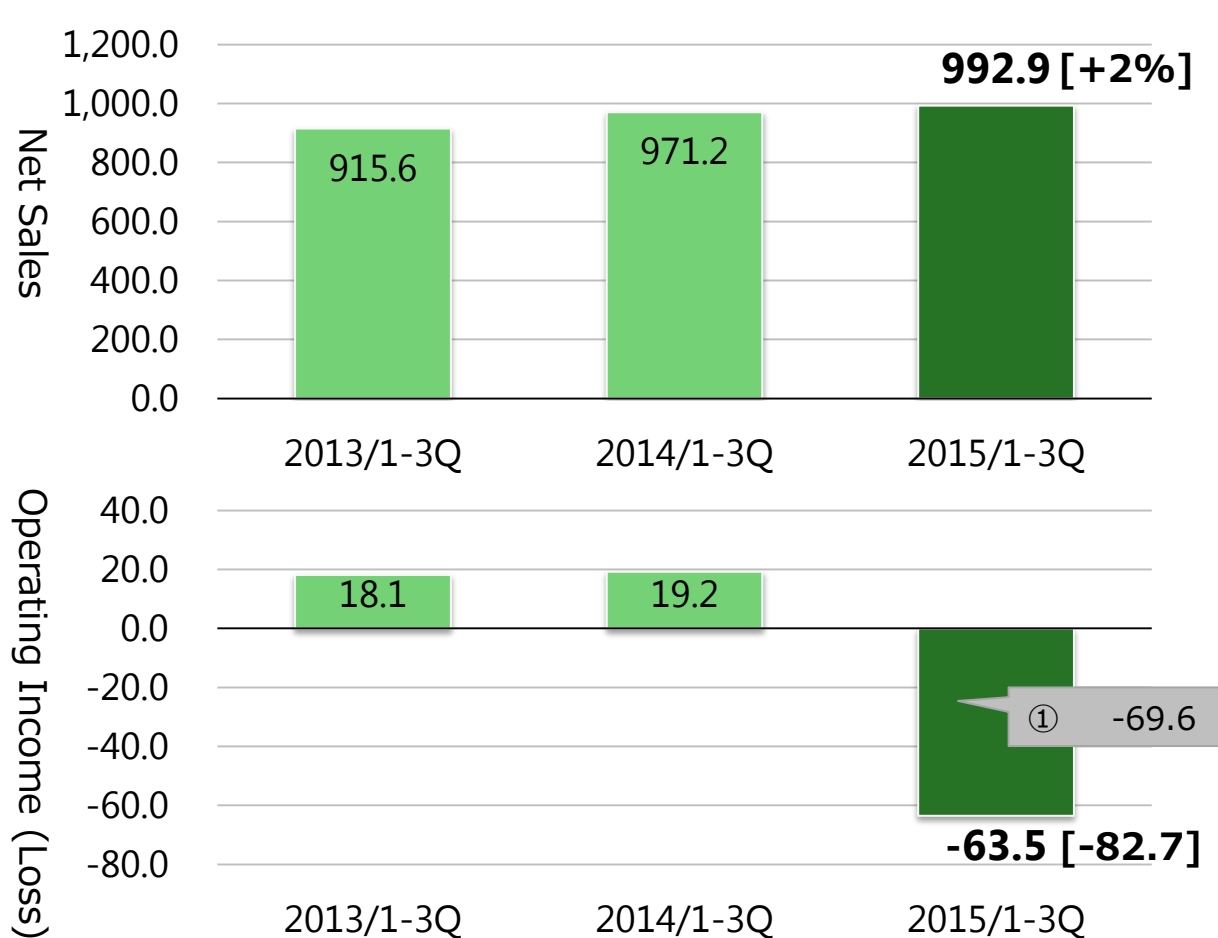
		2015/1-3Q	2014/1-3Q	Difference (growth ratio)	
Power Systems Company	Net Sales	666.3	633.6	32.7	(+5%)
	Operating Income (Loss)	-18.4	33.8	-52.2	
Nuclear Power Systems	Net Sales	424.5	392.6	31.9	(+8%)
Thermal & Hydro Power Systems	Net Sales	232.9	231.1	1.8	(+1%)

- Higher sales in both domestic and overseas markets, due to yen depreciation
- Higher sales, mainly overseas

Social Infrastructure Systems Company	Net Sales	690.9	744.8	-53.9	(-7%)
	Operating Income (Loss)	-83.4	10.1	-93.5	
Transmission & Distribution Systems, Solar Photovoltaic Systems	Net Sales	235.6	274.6	-39.0	(-14%)
Industrial and Transportation Systems	Net Sales	239.2	249.3	-10.1	(-4%)
Landis+Gyr AG	Net Sales	136.7	116.6	20.1	(+17%)

- Lower sales in Solar Photovoltaic Systems, due to deteriorating conditions in domestic market
- Lower sales on lower volume sales in China of electrical equipment for locomotives
- Higher sales, mainly in North America, on yen depreciation

# Community Solutions



- Community Infrastructure & Building Facilities, Elevators and Commercial Air-Conditioners recorded higher sales.
- The Lighting business saw lower sales.
- The Elevator and Building Systems business saw lower operating income.
- The Commercial Air-Conditioners business recorded increased operating income.

2015/1-3Q Breakdown  
① Toshiba TEC Corporation  
asset write-downs -69.6

- \*① : Asset write-downs  
+ structural reform costs  
\*② : Provision for unprofitable projects  
+ revaluation of inventories

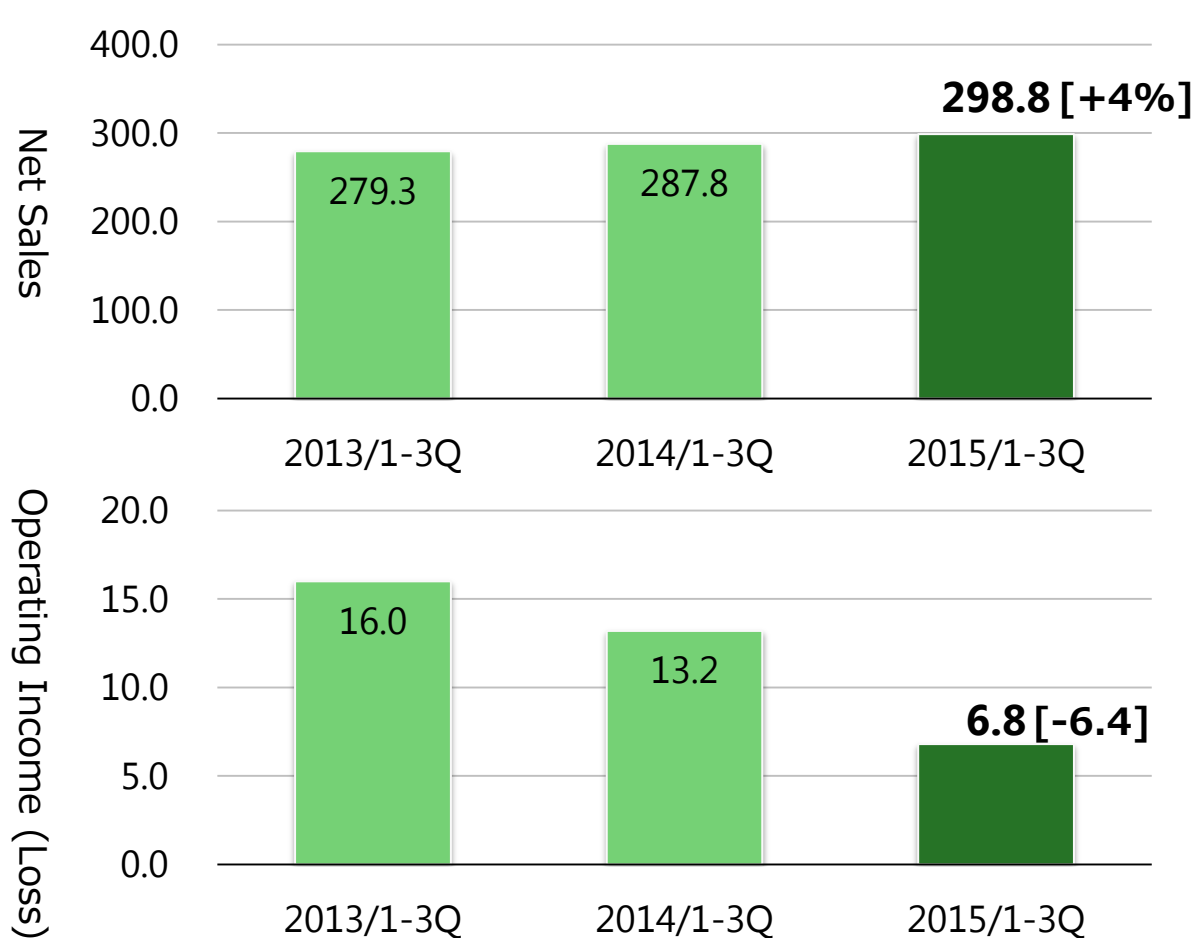
# Community Solutions Results Breakdown

(Yen in billions)

		2015/1-3Q	2014/1-3Q	Difference (growth ratio)	
Community Solutions Company	Net Sales	590.1	574.9	15.2	(+3%)
	Operating Income (Loss)	1.3	2.5	-1.2	
Community Infrastructure & Building Facilities	Net Sales	152.8	137.9	14.9	(+11%)
Elevators	Net Sales	178.2	169.2	9.0	(+5%)
Lighting	Net Sales	143.6	152.1	-8.5	(-6%)
Commercial Air-Conditioners	Net Sales	131.3	125.9	5.4	(+4%)

- 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 the solar business, due to FIT price reduction, and decrease in conventional lighting
- Higher sales on expanded domestic share and market expansion in China and Asia

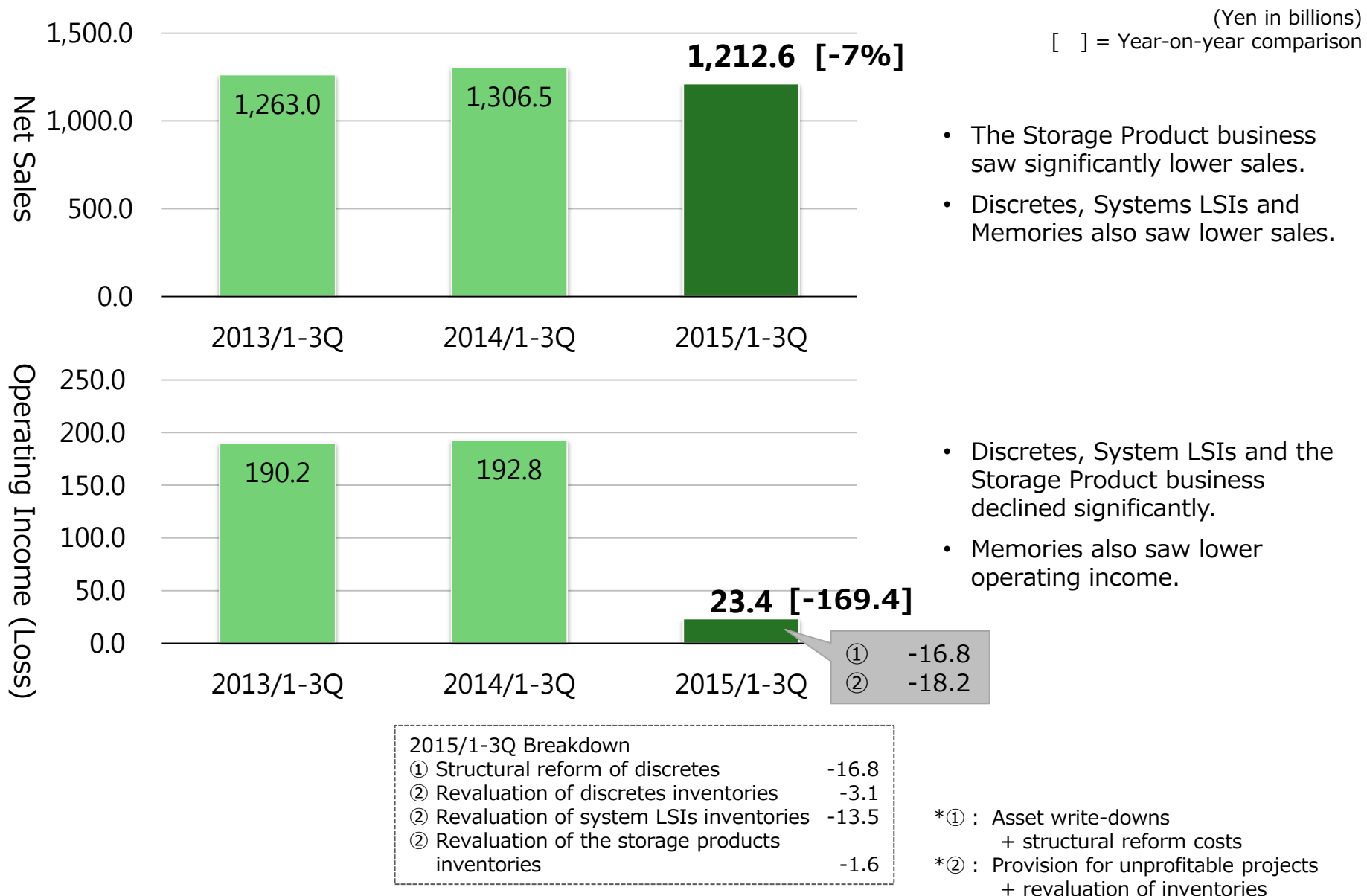
# Healthcare Systems & Services



- Firm sales were recorded in the Equipment Sales business in China and the emerging economies, and in the Service business, mainly in North America.

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

# Electronic Devices & Components



# Electronic Devices & Components Results Breakdown

(Yen in billions)

		2015/1-3Q	2014/1-3Q	Difference (growth ratio)	
Semiconductor & Storage Products Company	Net Sales	1,190.7	1,284.8	-94.1	(-7%)
	Operating Income (Loss)	23.7	192.9	-169.2	
Discretes	Net Sales	103.4	113.1	-9.7	(-9%)
System LSIs	Net Sales	121.4	129.9	-8.5	(-7%)
Memories	Net Sales	603.7	638.3	-34.6	(-5%)
Storage Products	Net Sales	315.1	378.4	-63.3	(-17%)

- Lower sales due to a falloff in sales volume for power semi-conductors for consumer products
- Lower sales on reduced sales volumes for system LSIs for consumer products
- Lower sales reflecting lower sales price
- Lower sales on a downturn in the PC market



# Semiconductor & Storage Products

## Quarterly Trend in Operating Income (Loss)

Recorded deficit on Discretes, System LSIs and the Storage Product business by deterioration in 3Q

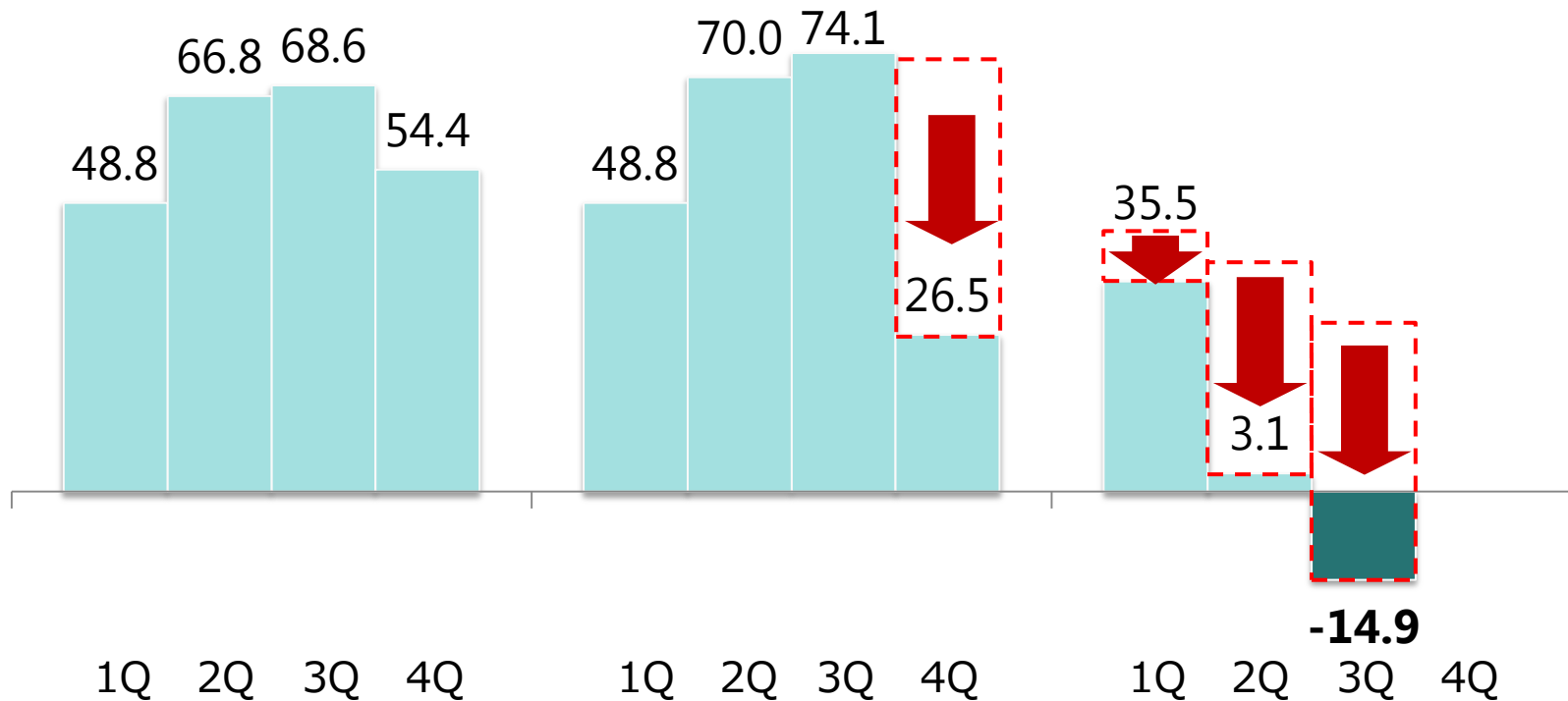
(Yen in billions)



Amount of operating loss on deficit businesses

•2014/4Q: Discretes

•2015/1-3Q: Discretes, System LSIs and the Storage Product business

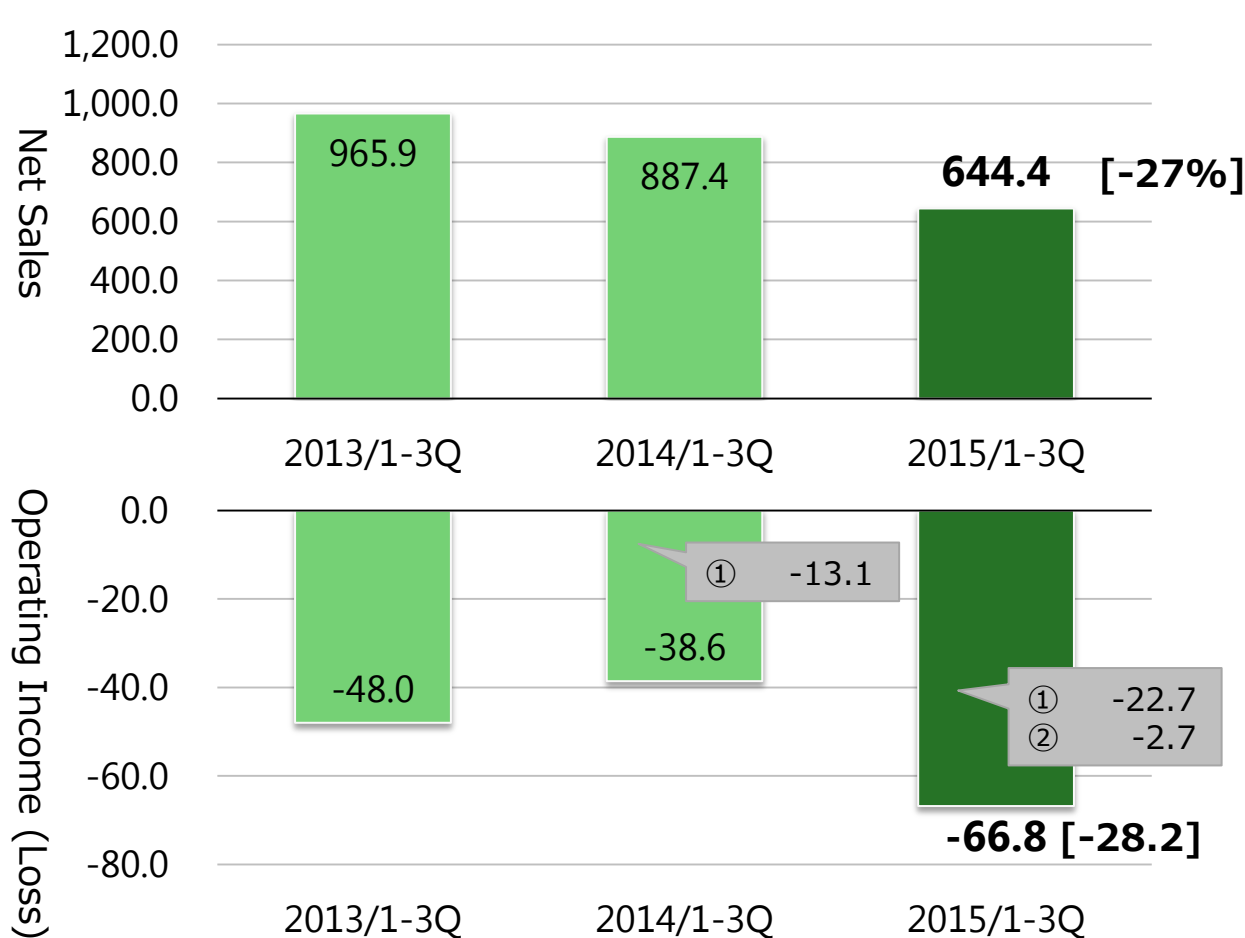


2013

2014

2015

# Lifestyle Products & Services



- The PC and TV businesses reduced business volumes through structural reform, including a shift in focus to redefined sales territories.

- The PC, TV and Home Appliance businesses all deteriorated.
- The TV and Home Appliance businesses reduced their 3Q deficit against the year-earlier period.

## 2014/1-3Q Breakdown

- ① Structural reform on visual products business -13.1

## 2015/1-3Q Breakdown

- ① Structural reform on PC business -13.1
- ② Structural reform on visual products business -9.6
- ③ Revaluation of PC inventories -2.7

- \*① : Asset write-downs + structural reform costs
- \*② : Provision for unprofitable projects + revaluation of inventories

# Lifestyle Products & Services Results Breakdown

(Yen in billions)

		2015/1-3Q	2014/1-3Q	Difference (growth ratio)	
Personal & Client Solutions Company	Net Sales	367.6	506.1	-138.5	(-27%)
	Operating Income (Loss)	-31.5	-13.5	-18.0	
PC	Net Sales	365.5	503.3	-137.8	(-27%)

- Lower sales on withdrawal from unprofitable regions in the B2C business

Toshiba Lifestyle Products & Services Corp.	Net Sales	281.2	385.9	-104.7	(-27%)
	Operating Income (Loss)	-35.6	-24.8	-10.8	
TV	Net Sales	61.1	153.0	-91.9	(-60%)
Home Appliances	Net Sales	165.8	169.4	-3.6	(-2%)

- Lower sales from cessation of development and sales operations, and migrating to brand licensing in overseas
- Lower sales on a decrease in domestic sales, though overseas sales increased



## 3. FY2015 Forecast

# FY2015 Forecast Overall

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Shareholders' equity ratio	2.6%	7.4%	-4.8%	17.1%	-14.5%
Net interest-bearing debt	1,450.0	1,470.0	-20.0	1,142.0	308.0
Net debt-to-equity ratio	967%	342%	625%	105%	861%

\* Net interest-bearing debt: Interest-bearing debt – Cash and deposits

# FY2015 Forecast by Segment

(Yen in billions)

		Updated Forecast as of 2016/2/4	Previous Forecast as of 2015/12/21	Difference	FY2014 Actual	Difference (growth ratio)
Energy & Infrastructure	Net Sales	2,060.0	2,000.0	60.0	1,993.9	66.1 (+3%)
	Operating Income (Loss)	-85.0	-30.0	-55.0	19.2	-104.2
Community Solutions	Net Sales	1,410.0	1,410.0	0.0	1,410.7	-0.7 (-0%)
	Operating Income (Loss)	-35.0	-30.0	-5.0	53.9	-88.9
Healthcare Systems & Services	Net Sales	440.0	440.0	0.0	428.0	12.0 (+3%)
	Operating Income (Loss)	15.0	15.0	0.0	25.7	-10.7
Electronic Devices & Components	Net Sales	1,590.0	1,610.0	-20.0	1,768.8	-178.8 (-10%)
	Operating Income (Loss)	-55.0	-25.0	-30.0	216.6	-271.6
Lifestyle Products & Services	Net Sales	820.0	850.0	-30.0	1,163.7	-343.7 (-30%)
	Operating Income (Loss)	-160.0	-140.0	-20.0	-109.7	-50.3
Others	Net Sales	490.0	500.0	-10.0	523.4	-33.4 (-6%)
	Operating Income (Loss)	10.0	10.0	0.0	6.0	4.0
Corporate and Eliminations	Net Sales	-610.0	-610.0	0.0	-632.6	22.6
	Operating Income (Loss)	-120.0	-140.0	20.0	-41.3	-78.7
Total	Net Sales	6,200.0	6,200.0	0.0	6,655.9	-455.9 (-7%)
	Operating Income (Loss)	-430.0	-340.0	-90.0	170.4	-600.4

# Operating Income (Loss) Forecast (Comparison Against Previous Forecast)

Operating income (loss) is lower than in the previous forecast, due to reviews of costs of unprofitable project and revaluation and disposal of inventories

(Yen in billions)

## Previous Forecast announced on 2015/12/21

<b>FY2014 Operating Income (Loss)</b>	<b>170.4</b>
FY2014 Asset Write-Downs, etc.	+175.0
FY2015 Deterioration	-345.4
Electronic Devices & Components	-220.0
Energy & Infrastructure	-70.0
Lifestyle Products & Services	-25.0
Community Solutions	-15.0
FY2015 Asset Write-Downs	-110.0
Toshiba TEC Corporation	-70.0
T&D, Solar Photovoltaic Systems	-40.0
FY2015 Structural Reform	-230.0
Lifestyle Products & Services	-80.0
Electronic Devices & Components	-60.0
Others	-90.0
<b>FY2015 Operating Income (Loss)</b>	<b>-340.0</b>



## Updated Forecast as of 2016/2/4

<b>FY2014 Operating Income (Loss)</b>	<b>170.4</b>	<b>Difference</b>
FY2014 Asset Write-Downs, etc.	+175.0	<b>+0.0</b>
FY2015 Deterioration	-409.4	<b>-64.0</b>
Electronic Devices & Components	-250.0	-30.0
Energy & Infrastructure	-107.0	-37.0
Lifestyle Products & Services	-22.0	+3.0
Community Solutions	-16.0	-1.0
FY2015 Asset Write-Downs	-118.0	<b>-8.0</b>
Toshiba TEC Corporation	-69.6	+0.4
T&D, Solar Photovoltaic Systems	-48.2	-8.2
FY2015 Structural Reform	-248.0	<b>-18.0</b>
Lifestyle Products & Services	-102.0	-22.0
Electronic Devices & Components	-64.0	-4.0
Others	-82.0	+8.0
<b>FY2015 Operating Income (Loss)</b>	<b>-430.0</b>	<b>-90.0</b>

# Net Income (Loss) Forecast (Comparison Against Previous Forecast)

Net income (loss) is lower than in the previous forecast, due to deteriorated operating income (loss) and increase of reversal of deferred tax assets

(Yen in billions)

## Previous Forecast announced on 2015/12/21

<b>FY2015 Operating Income (Loss)</b>	<b>-340.0</b>
Gain on sale of securities	+180.0
Structural reform costs	-30.0
Other non-operating income	-110.0
Net income attributable to noncontrolling interests	+10.0
Income taxes	-260.0
Reversal of long-term differed tax assets (DTA)	
DTA as of 2015/9E	-180.0
DTA increased in 2015/2H	-60.0
<b>FY2015 Net Income (Loss)</b>	<b>-550.0</b>



## Updated Forecast as of 2016/2/4

<b>FY2015 Operating Income (Loss)</b>	<b>-430.0</b>	<b>-90.0</b>
Gain on sale of securities	+180.0	+0.0
Structural reform costs	-30.0	+0.0
Other non-operating income	-120.0	-10.0
Net income attributable to noncontrolling interests	+10.0	+0.0
Income taxes	-320.0	-60.0
Reversal of long-term differed tax assets (DTA)		
DTA as of 2015/9E	-180.0	+0.0
DTA increased in 2015/2H	-60.0	+0.0
Reversal of shor-term DTA	-60.0	-60.0
<b>FY2015 Net Income (Loss)</b>	<b>-710.0</b>	<b>-160.0</b>



# Financial Structure Forecast

Equity attributable to shareholders' of the Company decreased on deteriorated net income (loss) and pension liability adjustments

(Yen in billions)

## Previous Forecast announced on 2015/12/21

<b>FY2014 Equity attributable to shareholders of the Company</b>	<b>1,084.0</b>
Common stock gains/losses	+0.0
Additional paid-in capital gains/losses	-2.1
Retained earnings gains/losses	-553.2
Accumulated other comprehensive loss gains/losses	-97.7
Unrealized securities gains and losses	-85.6
Currency translation adjustments	-13.2
Pension liability adjustments	+5.2
Unrealized derivative gains and losses	-4.0
<b>FY2015 Equity attributable to shareholders of the Company</b>	<b>430.0</b>



## Updated Forecast as of 2016/2/4

<b>FY2014 Equity attributable to shareholders of the Company</b>	<b>1,084.0</b>	<b>Difference</b>
Common stock gains/losses	+0.0	<b>+0.0</b>
Additional paid-in capital gains/losses	-2.1	<b>+0.0</b>
Retained earnings gains/losses *1	-713.2	<b>-160.0</b>
Accumulated other comprehensive loss gains/losses	-217.7	<b>-120.0</b>
Unrealized securities gains and losses	-75.6	+10.0
Currency translation adjustments	-13.2	+0.0
Pension liability adjustments *2	-124.8	-130.0
Unrealized derivative gains and losses	-4.0	+0.0
<b>FY2015 Equity attributable to shareholders of the Company</b>	<b>150.0</b>	<b>-280.0</b>

(Condition)

\*1 Sale of Toshiba Medical Systems Corporation stock is not considered.

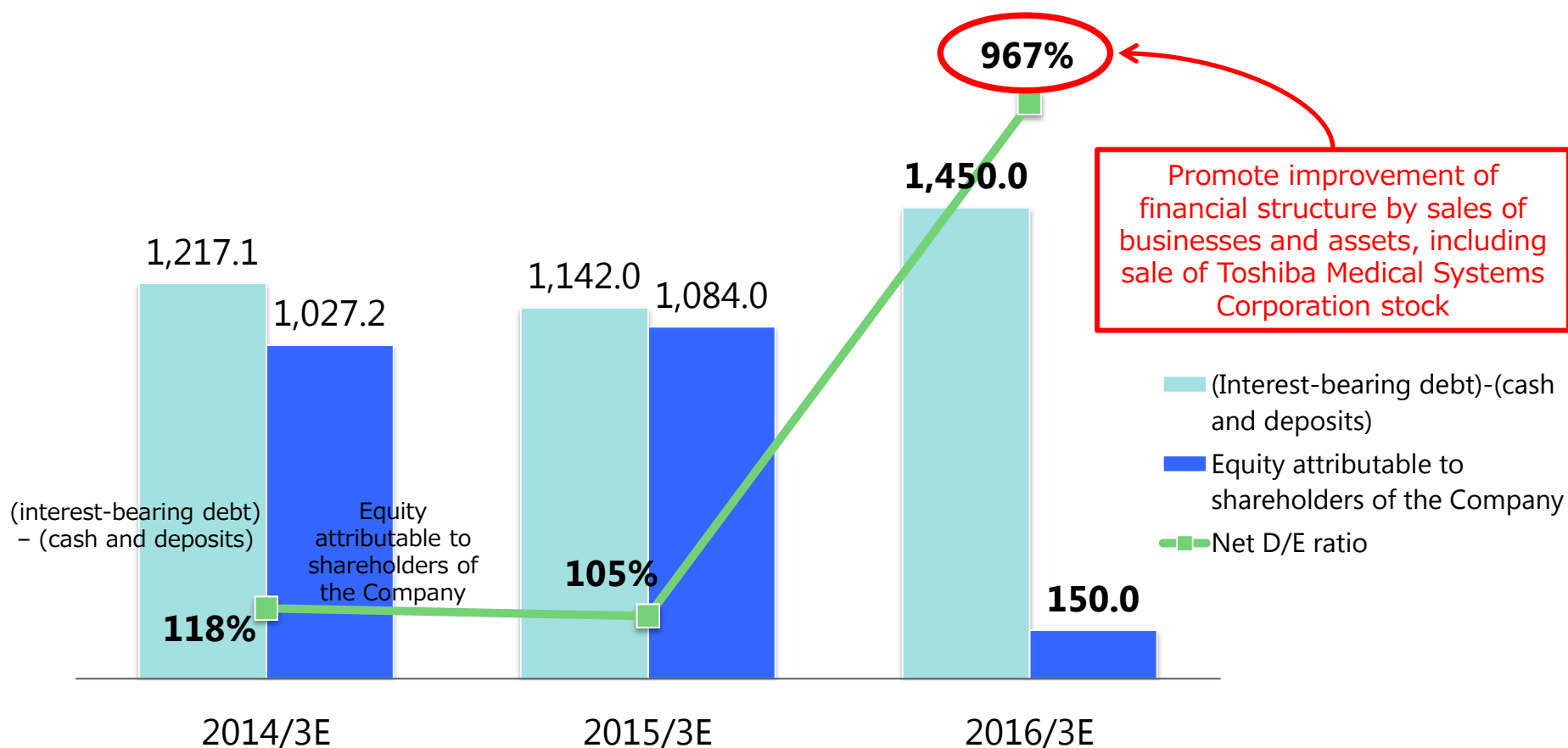
\*2 Considered that investment environment (stock price, etc.) of pension as of January 2016 will continue through to the end of March 2016

# Financial Structure Forecast

Equity attributable to shareholders' of the Company decreased on deteriorated net income (loss) and pension liability adjustments

(Yen in billions)

\*Net D/E Ratio:  $\frac{[(\text{interest-bearing debt}) - (\text{cash and deposits})]}{\text{Equity attributable to shareholders of the Company}}$



# Goodwill and Fixed Assets

- Impairment of -48.2 billion yen was recorded for the Transmission & Distribution Systems and Solar Photovoltaic Systems businesses in the FY2015/3Q consolidated business results.
- Impairment of -69.6 billion yen was recorded for TGCS in the FY2015/2Q consolidated business results.

(Yen in billions)

(Major Balances)	2015/12E Balance	Fixed Assets, etc.	Goodwill	*FY2015	
				Impairment Expectation	Goodwill (part of left number)
Nuclear Power Business (including Westinghouse)	751.4	366.2	385.2	0.0	0.0
Landis+Gyr AG	259.3	88.0	171.3	0.0	0.0
Memories	212.6	212.6	0.0	0.0	0.0
Storage Products	33.8	33.8	0.0	0.0	0.0
Lighting	30.4	28.3	2.1	0.0	0.0
TGCS	22.3	22.3	0.0	-69.6	-28.1
Transmission & Distribution Systems and Solar Photovoltaic Systems	16.7	16.7	0.0	-48.2	-16.9
Total	2,076.3	1,397.2	679.1		

\*Actual impairment amount for TGCS, T&D and solar photovoltaic systems

# Nuclear Power Business Plan (FY2015 Consolidated Impairment Test on Goodwill)

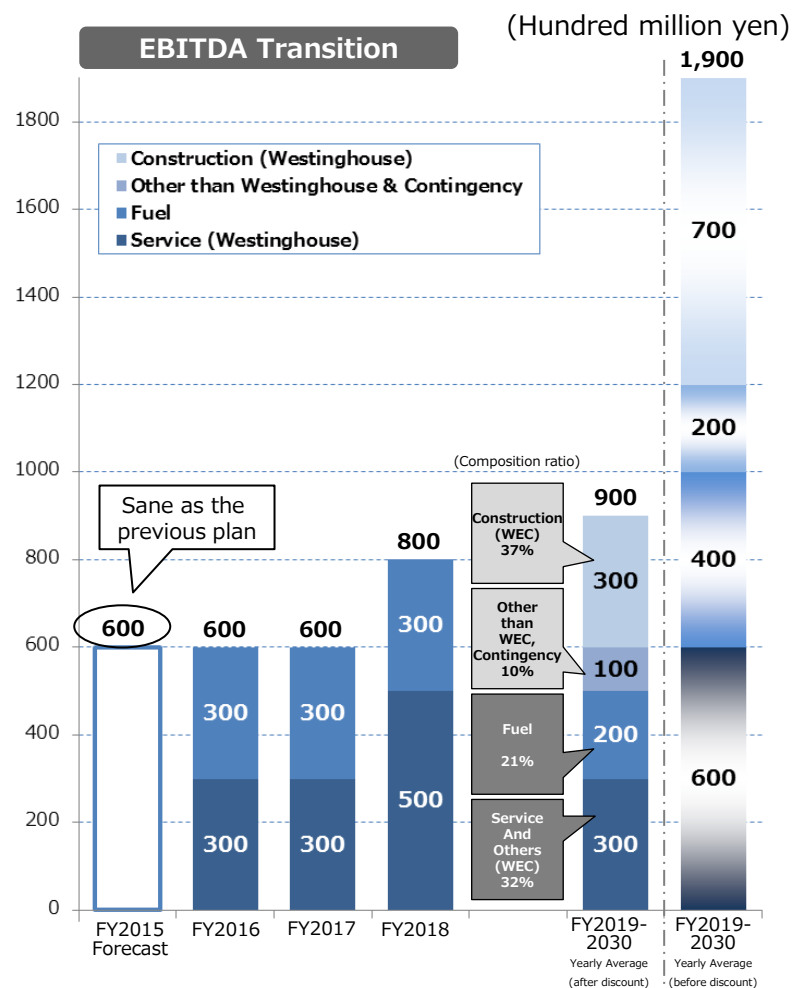
- The business plan was updated based on the most recent outlook for the business
- Downward revision of FY2016 and FY2017 forecasts, reflecting current market conditions

	FY2016	vs previous plan	FY2017	vs previous plan	FY2018	FY2019- FY2030 Yearly Average
Fuel	1,600	100	1,800	300	1,900	2,300
Service	2,100	-500	2,200	-300	2,400	3,400
Others	0	0	0	200	0	0
Westinghouse	3,700	-400	4,000	200	4,300	5,700
Other than Westinghouse	1,900	-200	2,000	-100	2,100	2,600
Consolidated Adjustment	0	100	0	100	-100	-500
Fuel, Service	5,600	-500	6,000	200	6,300	7,800
Construction (Westinghouse)	900	500	800	200	600	5,900
<b>Net Sales</b>	<b>6,500</b>	<b>0</b>	<b>6,800</b>	<b>400</b>	<b>6,900</b>	<b>13,700</b>
Fuel	200	0	200	0	200	300
Service	200	-100	300	0	300	500
Others	-100	0	-100	0	0	-100
Westinghouse	300	-100	400	0	500	700
Other than Westinghouse	100	-100	100	-100	100	200
Contingency and others	-100	0	-100	0	-100	0
Fuel, Service	300	-200	400	-100	500	900
Construction (Westinghouse)	0	100	0	0	0	700
<b>Operating Income (Loss)</b>	<b>300</b>	<b>-100</b>	<b>400</b>	<b>-100</b>	<b>500</b>	<b>1,600</b>
<b>(ROS)</b>	<b>5%</b>	<b>-2%</b>	<b>6%</b>	<b>-2%</b>	<b>7%</b>	<b>12%</b>
Fuel	300	100	300	100	300	400
Service	300	-100	300	-100	400	600
Others	0	0	0	0	100	0
Westinghouse	600	0	600	0	800	1,000
Other than Westinghouse	100	-100	100	-100	100	200
Contingency and others	-100	0	-100	0	-100	0
Fuel, service	600	-100	600	-100	800	1,200
Construction (Westinghouse)	0	0	0	0	0	700
<b>EBITDA</b>	<b>600</b>	<b>-100</b>	<b>600</b>	<b>-100</b>	<b>800</b>	<b>1,900</b>

\* EBITDA = Operating Income + Depreciation Cost

After discount  
by 9.5%

200
300
0
500
100
0
600
300
900

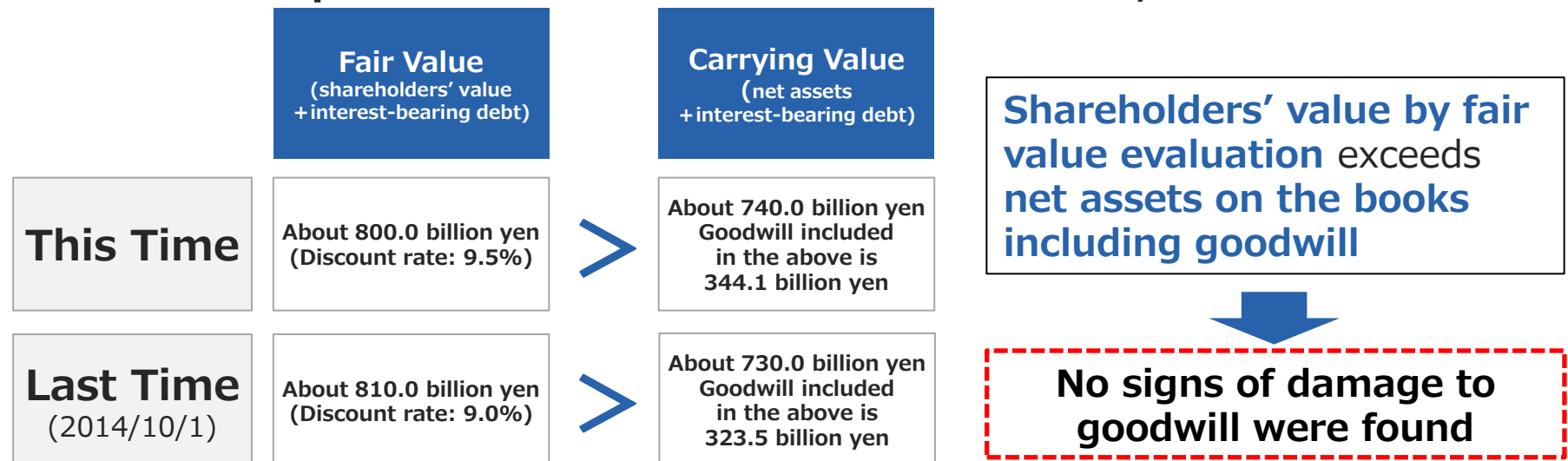


\*Number of orders over 15 years (base condition for FY2016 mid-term plan): 45 units (46 units in the last plan)

# FY2015 Consolidated Impairment Test on Goodwill (STEP 1) Passed

No sign of impairment were found in annual impairment testing, with October 1 as the base date

## ■ Consolidated impairment testing on the goodwill of the nuclear power business (Base date: October 1, 2015)



- The above consolidated fair value and carrying value are expressed in invested capital base, which is the sum of "shareholders' value/net asset" and "interest-bearing debt (the same amount)".

**Toshiba will properly monitor assets every time, with consideration for various risks**

➡ **Toshiba will disclose the results in a timely manner.**

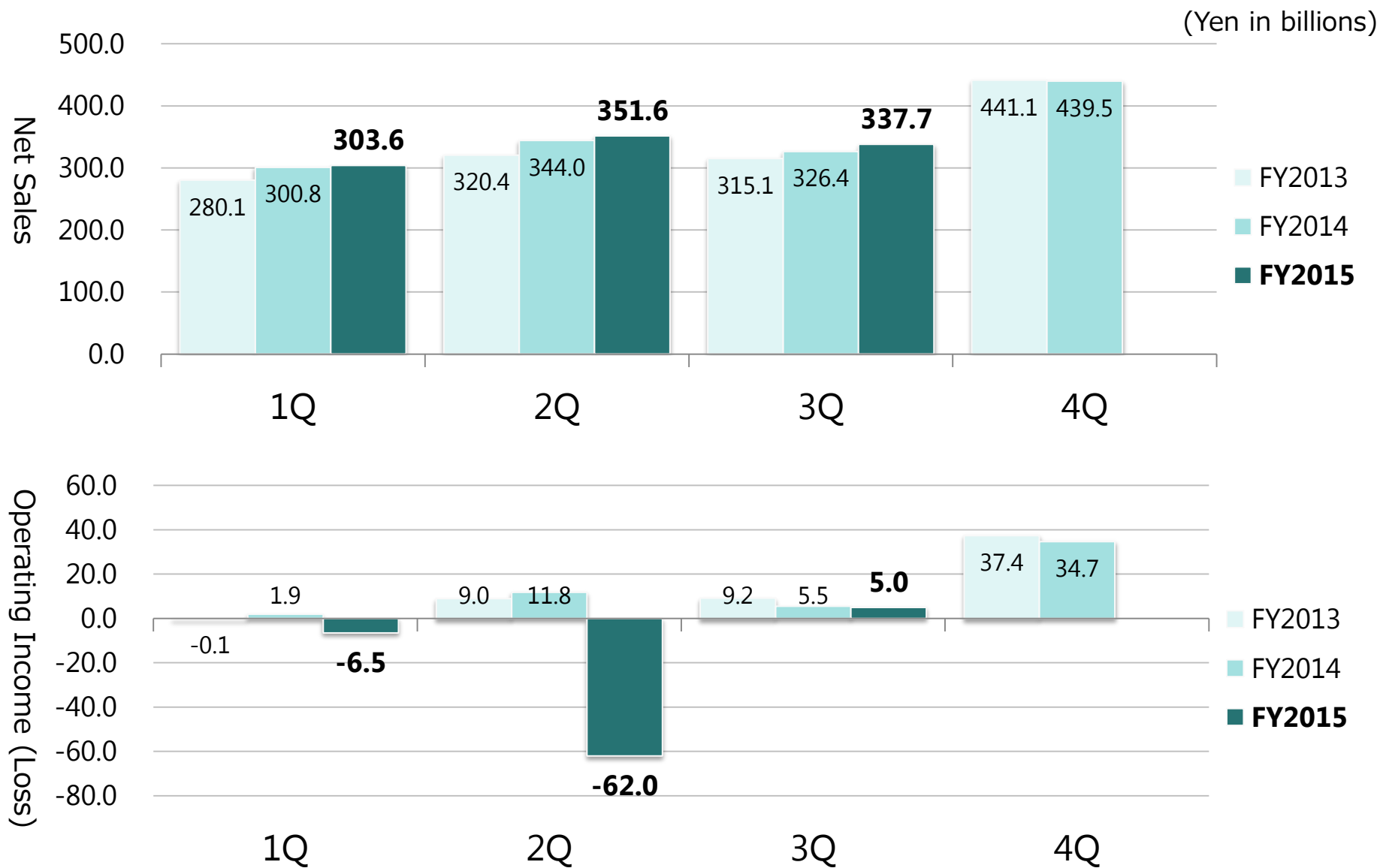


# Appendix

# Energy & Infrastructure

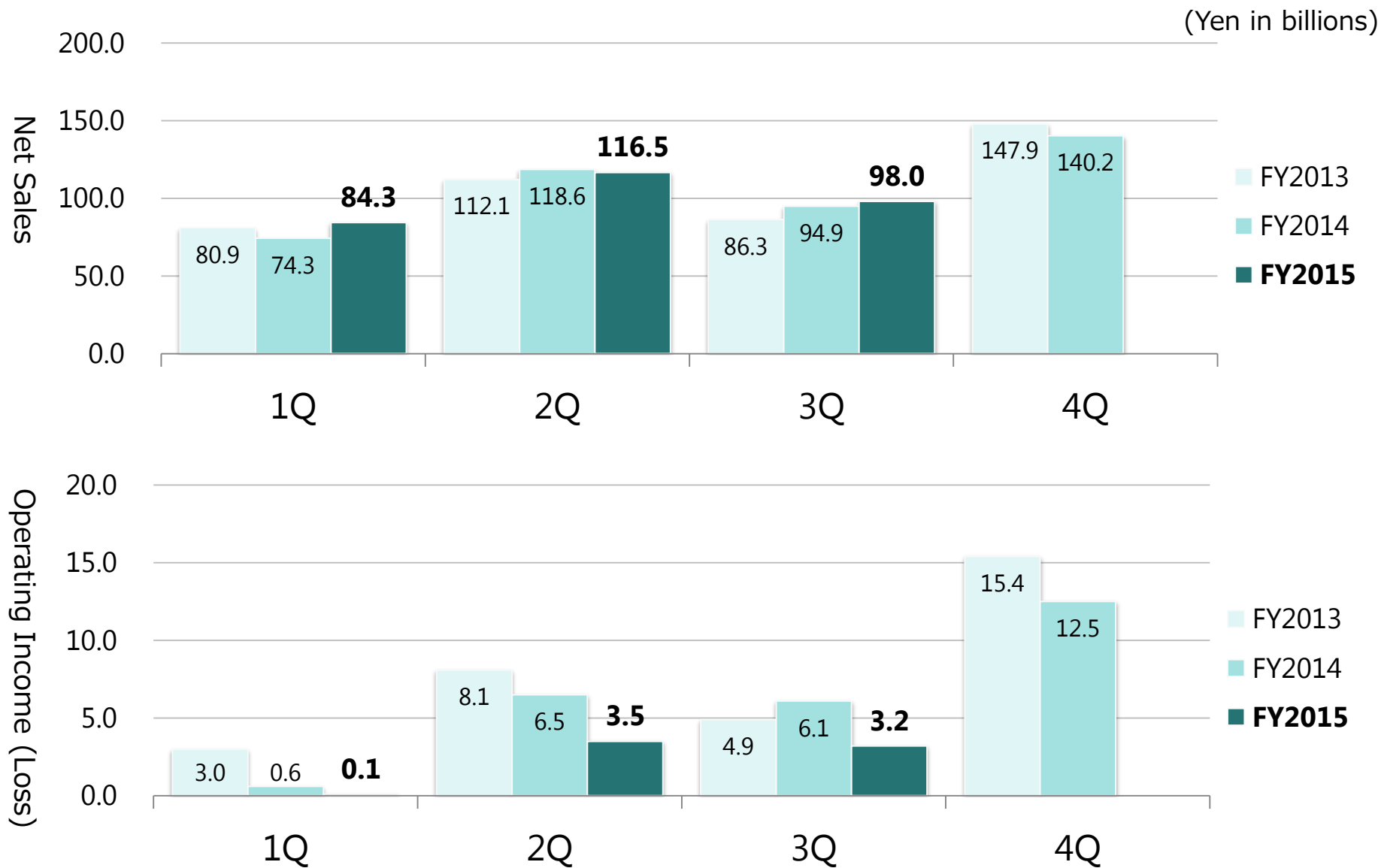


# Community Solutions

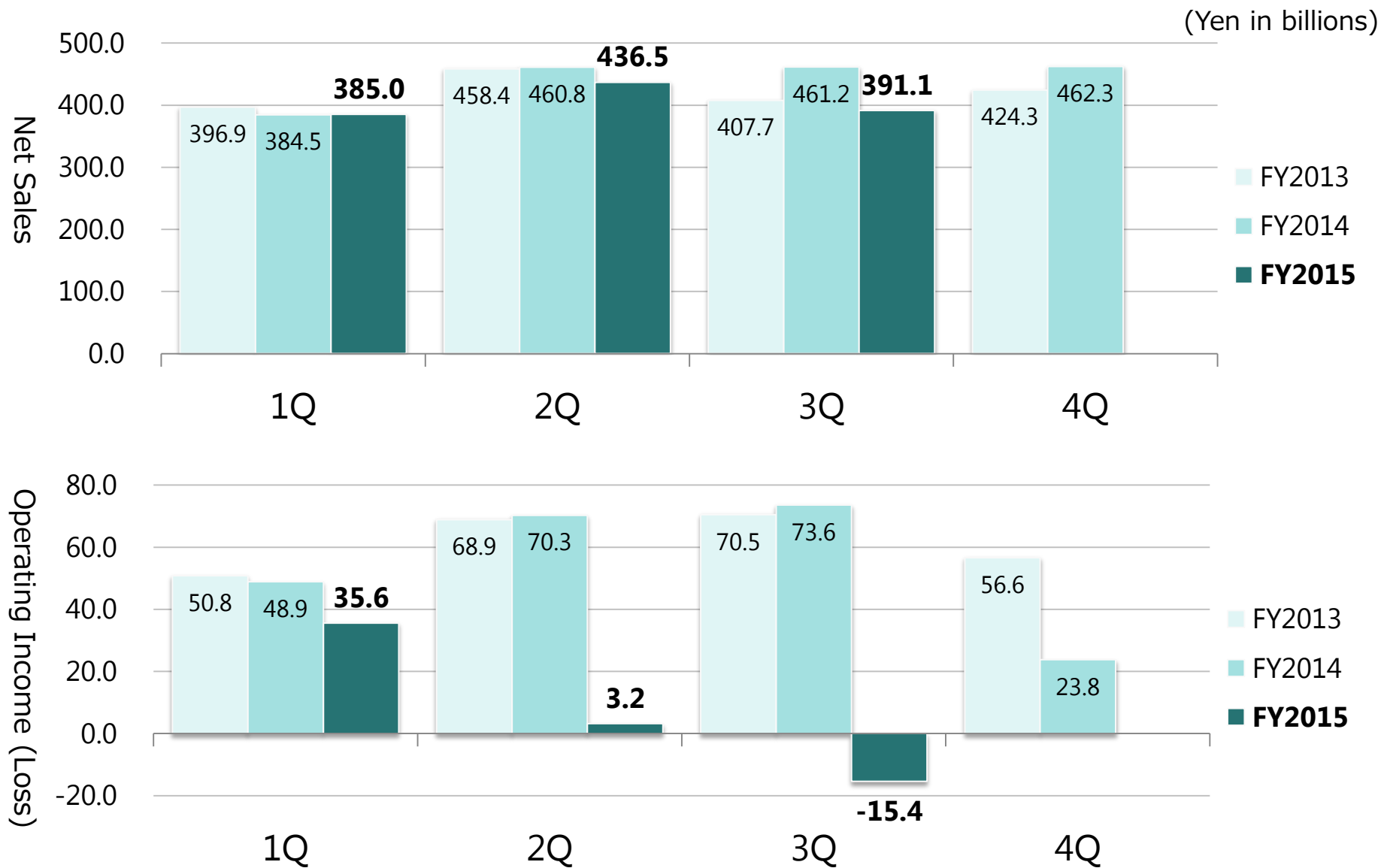




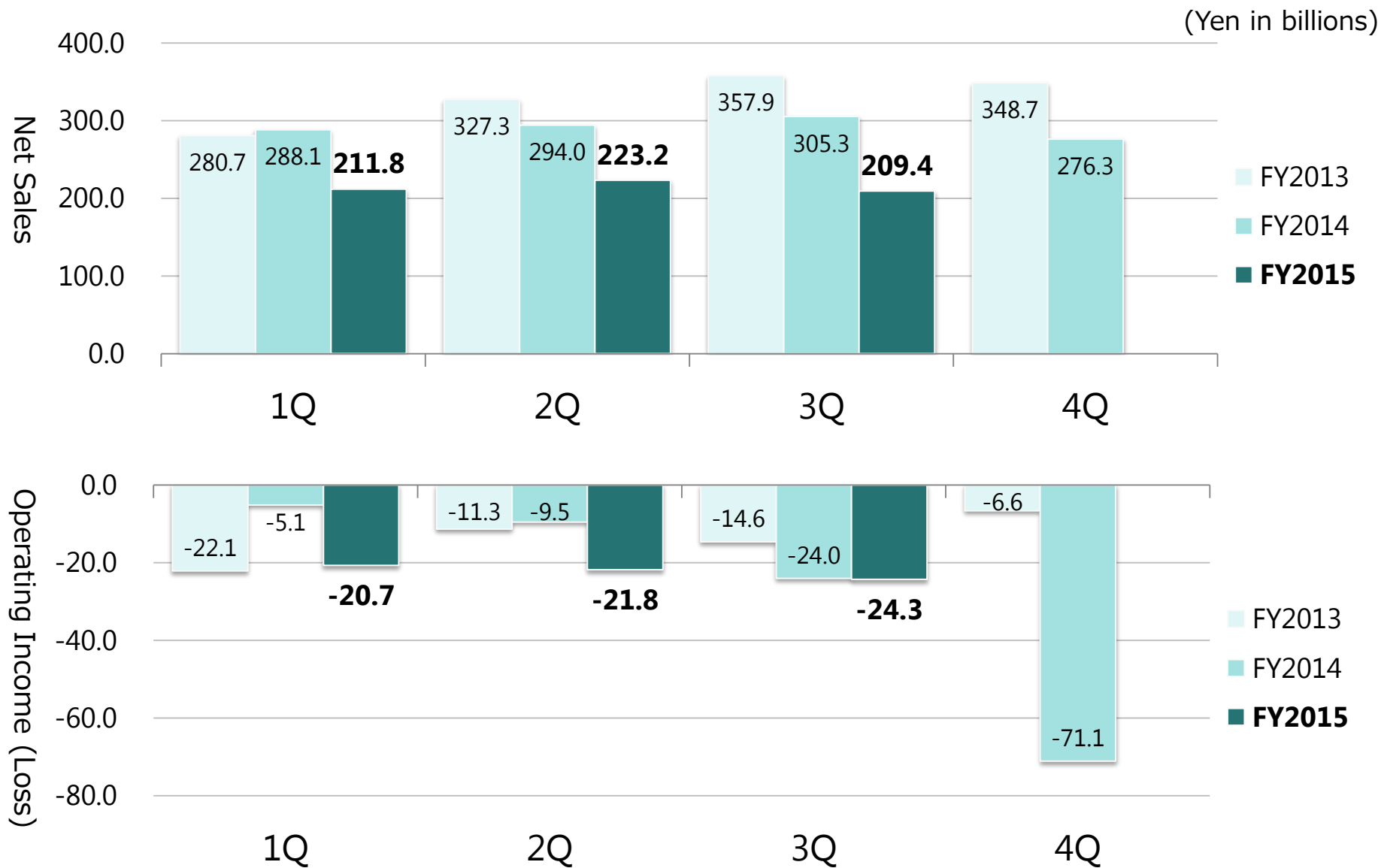
# Healthcare Systems & Services



# Electronic Devices & Components



# Lifestyle Products & Services



# Business Results by Company

(Yen in billions)

		2014/1Q	2014/2Q	2014/3Q	2014/4Q	2015/1Q	2015/2Q	2015/3Q
Power Systems Company	Net Sales	185.6	242.3	205.7	322.1	185.1	273.5	207.7
	Operating Income (Loss)	9.5	13.0	11.3	-15.3	-4.9	9.4	-22.9
Social Infrastructure Systems Company	Net Sales	214.6	276.0	254.2	323.0	214.5	245.5	230.9
	Operating Income (Loss)	1.1	5.1	3.9	-8.6	-5.0	-4.8	-73.6
Community Solutions Company	Net Sales	176.6	205.2	193.1	297.3	173.5	212.0	204.6
	Operating Income (Loss)	-2.7	2.7	2.5	26.5	-6.2	5.3	2.2
Healthcare Company	Net Sales	74.3	118.6	94.9	140.2	84.3	116.5	98.0
	Operating Income (Loss)	0.6	6.5	6.1	12.5	0.1	3.5	3.2
Semiconductor & Storage Products Company	Net Sales	377.7	453.7	453.4	454.1	377.4	429.1	384.2
	Operating Income (Loss)	48.8	70.0	74.1	26.5	35.5	3.1	-14.9
Personal & Client Solutions Company	Net Sales	169.9	166.1	170.1	164.8	117.2	129.5	120.9
	Operating Income (Loss)	3.2	-2.0	-14.7	-14.1	-6.9	-6.6	-18.0
Toshiba Lifestyle Products & Services Corporation	Net Sales	119.9	129.1	136.9	113.0	95.8	95.5	89.9
	Operating Income (Loss)	-8.4	-7.2	-9.2	-57.3	-13.8	-15.5	-6.3
Industrial ICT Solutions Company	Net Sales	46.6	62.6	49.3	80.7	49.2	65.4	54.5
	Operating Income (Loss)	-0.3	1.3	0.8	5.9	-1.3	1.3	-1.2

# Consolidated Balance Sheets

(Yen in billions)

	2015/12E	2015/3E	2014/12E	Difference	
				vs 2015/3E	vs 2014/12E
Cash and cash equivalent	371.5	199.4	210.3	172.1	161.2
Accounts receivable	1,239.9	1,428.6	1,463.4	-188.7	-223.5
Inventories	1,093.4	1,004.7	1,170.0	88.7	-76.6
Investments	428.6	639.9	705.7	-211.3	-277.1
Others	2,836.0	3,062.2	3,359.4	-226.2	-523.4
Total assets	5,969.4	6,334.8	6,908.8	-365.4	-939.4
Interest-bearing debt	1,595.0	1,341.4	1,595.0	253.6	0.0
Accounts payable	1,028.0	1,226.3	1,338.7	-198.3	-310.7
Others	2,399.9	2,201.7	2,237.1	198.2	162.8
Total liabilities	5,022.9	4,769.4	5,170.8	253.5	-147.9

# **TOSHIBA**

**Leading Innovation >>>**