

November 13, 2019
Toshiba Corporation

FOR IMMEDIATE RELEASE

**Toshiba Announces Consolidated Results for the First Six Months
and the Second Quarter for Fiscal Year 2019, Ending March 2020**

TOKYO--Toshiba Corporation (TOKYO: 6502) today announced its consolidated results for the first six months (April-September) and the second quarter (July-September) of fiscal year (FY) 2019, ending March 31, 2020.

Note:

For convenience only, all dollar figures used in reporting the second quarter of FY2019 are calculated at 108 yen to the dollar.

Comparative Consolidated Balance Sheets

(¥ in millions, US\$ in thousands)

	Sep. 30, 2019 (A)	Mar. 31, 2019 (B)	(A)-(B)	Sep. 30, 2019
Assets				
Current assets	¥2,305,601	¥3,033,858	¥(728,257)	\$21,348,157
Cash and cash equivalents	718,342	1,335,520	(617,178)	6,651,315
Notes, accounts receivable and contract assets	890,798	1,015,255	(124,457)	8,248,130
Inventories	503,867	468,878	34,989	4,665,435
Other current assets	192,594	214,205	(21,611)	1,783,277
Long-term receivables	11,577	8,603	2,974	107,194
Investments	516,723	587,017	(70,294)	4,784,472
Property, plant and equipment	414,332	385,720	28,612	3,836,407
Operating lease right-of-use assets	152,352	—	152,352	1,410,667
Other assets	265,868	282,146	(16,278)	2,461,742
Total assets	¥3,666,453	¥4,297,344	¥(630,891)	\$33,948,639
Liabilities and equity				
Current liabilities	¥1,574,017	¥1,878,419	¥(304,402)	\$14,574,231
Short-term borrowings and current portion of long-term debt	173,152	357,744	(184,592)	1,603,259
Notes and accounts payable	578,444	660,792	(82,348)	5,355,963
Current operating lease liabilities	41,784	—	41,784	386,889
Other current liabilities	780,637	859,883	(79,246)	7,228,120
Accrued pension and severance costs	414,766	434,487	(19,721)	3,840,426
Non-current operating lease liabilities	113,372	—	113,372	1,049,741
Long-term debt and other liabilities	263,773	285,393	(21,620)	2,442,343
Equity	1,300,525	1,699,045	(398,520)	12,041,898
Equity attributable to shareholders of the Company	1,057,042	1,456,659	(399,617)	9,787,426
Common stock	200,175	200,044	131	1,853,472
Retained earnings	1,163,529	1,528,463	(364,934)	10,773,417
Accumulated other comprehensive loss	(269,411)	(262,311)	(7,100)	(2,494,546)
Treasury stock	(37,251)	(9,537)	(27,714)	(344,917)
Equity attributable to noncontrolling interests	243,483	242,386	1,097	2,254,472
Total liabilities and equity	¥3,666,453	¥4,297,344	¥(630,891)	\$33,948,639

Breakdown of accumulated other comprehensive loss

Net unrealized gains and losses on securities	¥32	¥20	¥12	\$296
Foreign currency translation adjustments	(34,566)	(20,085)	(14,481)	(320,055)
Pension liability adjustments	(234,643)	(241,772)	7,129	(2,172,620)
Unrealized gains and losses on derivative instruments	(234)	(474)	240	(2,167)
Total interest-bearing debt	¥395,446	¥434,679	¥(39,233)	\$3,661,537

Comparative Consolidated Statements of Operations

1. First Six Months ended September 30

(¥ in millions, US\$ in thousands)

	Six months ended September 30				
	2019(A)	2018(B)	(A)-(B)	(A)/(B)	2019
Sales and other income					
Net sales	¥1,711,400	¥1,777,952	¥(66,552)	96%	\$15,846,296
Interest income	1,425	3,138	(1,713)	45%	13,194
Dividend income	1,063	991	72	107%	9,843
Equity in earnings of affiliates	—	50,323	(50,323)	—	—
Other income	14,069	45,816	(31,747)	31%	130,269
Costs and expenses					
Cost of sales	1,265,252	1,351,367	(86,115)	94%	11,715,296
Selling, general and administrative expenses	394,095	419,609	(25,514)	94%	3,649,028
Interest expenses	3,095	6,515	(3,420)	48%	28,657
Equity in losses of affiliates	58,737	—	58,737	—	543,861
Other expense	118,951	30,171	88,780	394%	1,101,399
Income(loss) from continuing operations, before income taxes and noncontrolling interests	(112,173)	70,558	(182,731)	—	(1,038,639)
Income taxes	16,603	20,337	(3,734)	82%	153,731
Income(loss) from continuing operations, before noncontrolling interests	(128,776)	50,221	(178,997)	—	(1,192,370)
Income from discontinued operations, before noncontrolling interests	—	1,044,352	(1,044,352)	—	—
Net income(loss) before noncontrolling interests	(128,776)	1,094,573	(1,223,349)	—	(1,192,370)
Less: Net income attributable to noncontrolling interests	16,370	12,437	3,933	132%	151,574
Net income(loss) attributable to shareholders of the Company	¥(145,146)	¥1,082,136	¥(1,227,282)	—	\$(1,343,944)

Comparative Consolidated Statements of Operations

2.Second Quarter ended September 30

(¥ in millions, US\$ in thousands)

	Three months ended September 30				
	2019(A)	2018(B)	(A)-(B)	(A)/(B)	2019
Sales and other income					
Net sales	¥898,242	¥935,675	¥(37,433)	96%	\$8,317,056
Interest income	637	1,518	(881)	42%	5,898
Dividend income	40	13	27	308%	370
Equity in earnings of affiliates	—	36,672	(36,672)	—	—
Other income	8,420	17,043	(8,623)	49%	77,963
Costs and expenses					
Cost of sales	654,693	712,191	(57,498)	92%	6,061,972
Selling, general and administrative expenses	199,324	217,238	(17,914)	92%	1,845,593
Interest expenses	1,143	2,359	(1,216)	48%	10,583
Equity in losses of affiliates	21,080	—	21,080	—	195,185
Other expense	13,564	16,982	(3,418)	80%	125,593
Income from continuing operations, before income taxes and noncontrolling interests	17,535	42,151	(24,616)	42%	162,361
Income taxes	12,003	7,195	4,808	167%	111,139
Income from continuing operations, before noncontrolling interests	5,532	34,956	(29,424)	16%	51,222
Income from discontinued operations, before noncontrolling interests	—	36,607	(36,607)	—	—
Net income before noncontrolling interests	5,532	71,563	(66,031)	8%	51,222
Less:Net income attributable to noncontrolling interests	10,450	6,155	4,295	170%	96,759
Net income(loss) attributable to shareholders of the Company	¥(4,918)	¥65,408	¥(70,326)	—	\$(45,537)

Comparative Consolidated Statements of Comprehensive Income

1. First Six Months ended September 30

(¥ in millions, US\$ in thousands)

	Six months ended September 30				
	2019(A)	2018(B)	(A)-(B)	(A)/(B)	2019
Net income (loss) before noncontrolling interests	¥(128,776)	¥1,094,573	¥(1,223,349)	—	\$(1,192,370)
Other comprehensive income (loss), net of tax					
Unrealized gains (losses) on securities	23	(7)	30	—	213
Foreign currency translation adjustments	(18,002)	52,720	(70,722)	—	(166,685)
Pension liability adjustments	6,901	16,723	(9,822)	41%	63,898
Unrealized gains on derivative instruments	206	350	(144)	59%	1,907
Total other comprehensive income (loss)	(10,872)	69,786	(80,658)	—	(100,667)
Comprehensive income (loss)	(139,648)	1,164,359	(1,304,007)	—	(1,293,037)
Less: Comprehensive income attributable to noncontrolling interests	12,598	12,758	(160)	99%	116,648
Comprehensive income (loss) attributable to shareholders of the Company	¥(152,246)	¥1,151,601	¥(1,303,847)	—	\$(1,409,685)

2. Second Quarter ended September 30

(¥ in millions, US\$ in thousands)

	Three months ended September 30				
	2019(A)	2018(B)	(A)-(B)	(A)/(B)	2019
Net income before noncontrolling interests	¥5,532	¥71,563	¥(66,031)	8%	51,222
Other comprehensive income (loss), net of tax					
Unrealized gains (losses) on securities	1	(7)	8	—	9
Foreign currency translation adjustments	(4,977)	5,860	(10,837)	—	(46,083)
Pension liability adjustments	3,238	5,622	(2,384)	58%	29,981
Unrealized gains on derivative instruments	2	45	(43)	4%	19
Total other comprehensive income (loss)	(1,736)	11,520	(13,256)	—	(16,074)
Comprehensive income	3,796	83,083	(79,287)	5%	35,148
Less: Comprehensive income attributable to noncontrolling interests	9,279	7,782	1,497	119%	85,917
Comprehensive income (loss) attributable to shareholders of the Company	¥(5,483)	¥75,301	¥(80,784)	—	\$(50,769)

Comparative Consolidated Statements of Cash Flows

First Six Months ended September 30

(¥ in millions, US\$ in thousands)

	Six months ended September 30			
	2019(A)	2018(B)	(A)-(B)	2019
Cash flows from operating activities				
Net income (loss) before noncontrolling interests	¥(128,776)	¥1,094,573	¥(1,223,349)	\$(1,192,370)
Depreciation and amortization	40,454	37,938	2,516	374,574
Equity in (earnings) losses of affiliates, net of dividends	61,728	(45,181)	106,909	571,556
(Gain) loss from sales and impairment of securities, net	456	(943,892)	944,348	4,222
Decrease in notes and accounts receivable, trade	117,357	121,634	(4,277)	1,086,639
Increase in inventories	(40,723)	(86,339)	45,616	(377,065)
Decrease in notes and accounts payable, trade	(77,234)	(38,856)	(38,378)	(715,130)
Others	(54,175)	59,310	(113,485)	(501,620)
Adjustments to reconcile net income (loss) before noncontrolling interests to net cash provided by (used in) operating activities	47,863	(895,386)	943,249	443,176
Net cash provided by (used in) operating activities	(80,913)	199,187	(280,100)	(749,194)
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment, intangible assets and securities	1,471	2,807	(1,336)	13,620
Acquisition of property, plant and equipment	(57,828)	(82,496)	24,668	(535,444)
Acquisition of intangible assets	(6,561)	(8,200)	1,639	(60,750)
Purchase of securities	(1,676)	(826)	(850)	(15,519)
(Increase) decrease in investments in affiliates	430	(31,257)	31,687	3,981
Proceeds from sale of Toshiba Memory Corporation stock	-	1,458,289	(1,458,289)	-
Others	3,017	26,574	(23,557)	27,936
Net cash provided by (used in) investing activities	(61,147)	1,364,891	(1,426,038)	(566,176)
Cash flows from financing activities				
Proceeds from long-term debt	10,086	2,000	8,086	93,389
Repayment of long-term debt	(205,170)	(130,192)	(74,978)	(1,899,722)
Decrease in short-term borrowings, net	(16,656)	(72,474)	55,818	(154,222)
Dividends paid	(12,070)	(6,438)	(5,632)	(111,759)
Purchase of treasury stock, net	(241,354)	(23)	(241,331)	(2,234,759)
Others	(3,778)	18,642	(22,420)	(34,983)
Net cash used in financing activities	(468,942)	(188,485)	(280,457)	(4,342,056)
Effect of exchange rate changes on cash and cash equivalents	(6,176)	6,239	(12,415)	(57,185)
Net increase (decrease) in cash and cash equivalents	(617,178)	1,381,832	(1,999,010)	(5,714,611)
Cash and cash equivalents at beginning of the period	1,335,520	548,657	786,863	12,365,926
Cash and cash equivalents at end of the period	718,342	1,930,489	(1,212,147)	6,651,315

Industry Segment Information**1.First Six Months ended September 30**

(¥ in millions, US\$ in thousands)

		Six months ended September 30				
		2019(A)	2018(B)	(A)-(B)	(A)/(B)	2019
Net sales (Share of total sales)	Energy Systems & Solutions	¥288,700 (16%)	¥303,105 (16%)	¥(14,405) (-)	95%	\$2,673,148
	Infrastructure Systems & Solutions	320,269 (17%)	298,297 (15%)	21,972 (2%)	107%	2,965,454
	Building Solutions	288,727 (16%)	268,981 (14%)	19,746 (2%)	107%	2,673,398
	Retail & Printing Solutions	252,653 (14%)	240,989 (12%)	11,664 (2%)	105%	2,339,380
	Electronic Devices & Storage Solutions	401,958 (22%)	472,309 (24%)	(70,351) (-2%)	85%	3,721,833
	Digital Solutions	140,756 (7%)	117,626 (6%)	23,130 (1%)	120%	1,303,296
	Others	164,174 (8%)	244,454 (13%)	(80,280) (-5%)	67%	1,520,130
	Total	1,857,237 (100%)	1,945,761 (100%)	(88,524)	95%	17,196,639
	Eliminations	(145,837)	(167,809)	21,972	—	(1,350,343)
	Consolidated	¥1,711,400	¥1,777,952	¥(66,552)	96%	\$15,846,296
Segment operating income (loss)	Energy Systems & Solutions	¥10,637	¥(3,861)	¥14,498	—	\$98,491
	Infrastructure Systems & Solutions	10,814	(5,039)	15,853	—	100,130
	Building Solutions	15,716	9,767	5,949	161%	145,519
	Retail & Printing Solutions	10,419	7,960	2,459	131%	96,472
	Electronic Devices & Storage Solutions	11,674	11,135	539	105%	108,093
	Digital Solutions	6,053	(1,310)	7,363	—	56,046
	Others	(16,353)	(14,927)	(1,426)	—	(151,418)
	Total	48,960	3,725	45,235	—	453,333
	Eliminations	3,093	3,251	(158)	—	28,639
	Consolidated	¥52,053	¥6,976	¥45,077	746%	\$481,972

2.Second Quarter ended September 30

(¥ in millions, US\$ in thousands)

		Three months ended September 30				
		2019(A)	2018(B)	(A)-(B)	(A)/(B)	2019
Net sales (Share of total sales)	Energy Systems & Solutions	¥159,489 (16%)	¥170,625 (17%)	¥(11,136) (-1%)	93%	\$1,476,750
	Infrastructure Systems & Solutions	171,605 (18%)	158,408 (16%)	13,197 (2%)	108%	1,588,935
	Building Solutions	147,481 (15%)	139,893 (14%)	7,588 (1%)	105%	1,365,565
	Retail & Printing Solutions	134,356 (14%)	124,016 (12%)	10,340 (2%)	108%	1,244,037
	Electronic Devices & Storage Solutions	204,921 (21%)	246,860 (24%)	(41,939) (-3%)	83%	1,897,417
	Digital Solutions	71,513 (7%)	61,235 (6%)	10,278 (1%)	117%	662,157
	Others	87,013 (9%)	120,783 (11%)	(33,770) (-2%)	72%	805,676
	Total	976,378 (100%)	1,021,820 (100%)	(45,442)	96%	9,040,537
	Eliminations	(78,136)	(86,145)	8,009	—	(723,481)
Consolidated		¥898,242	¥935,675	¥(37,433)	96%	\$8,317,056
Segment operating income (loss)	Energy Systems & Solutions	¥13,989	¥435	¥13,554	—	\$129,528
	Infrastructure Systems & Solutions	8,500	(2,907)	11,407	—	78,704
	Building Solutions	7,647	6,527	1,120	117%	70,806
	Retail & Printing Solutions	6,211	3,425	2,786	181%	57,509
	Electronic Devices & Storage Solutions	10,468	6,736	3,732	155%	96,926
	Digital Solutions	3,847	158	3,689	—	35,620
	Others	(7,098)	(9,594)	2,496	—	(65,722)
	Total	43,564	4,780	38,784	911%	403,371
	Eliminations	661	1,466	(805)	—	6,120
Consolidated		¥44,225	¥6,246	¥37,979	708%	\$409,491

Notes:

- 1) Segment sales total includes intersegment transactions.
- 2) Segment operating income (loss) is derived by deducting the segment's cost of sales and selling, general and administrative expenses from net sales. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Certain operating expenses such as legal settlement costs have been excluded from segment operating income (loss) presentation herein.
- 3) Prior-period data relating to the consolidated segment information has been reclassified to conform with the current classification.

Net Sales by Region

1. First Six months ended September 30

(¥ in millions, US\$ in thousands)

	Six months ended September 30				
	2019(A)	2018(B)	(A)-(B)	(A)/(B)	2019
Japan	¥965,961 (56%)	¥971,018 (55%)	¥(5,057) (1%)	99%	\$8,944,083
Overseas	745,439 (44%)	806,934 (45%)	(61,495) (-1%)	92%	6,902,213
Asia	420,405 (25%)	480,778 (27%)	(60,373) (-2%)	87%	3,892,639
North America	159,925 (9%)	160,241 (9%)	(316) (-)	100%	1,480,787
Europe	107,379 (6%)	115,276 (6%)	(7,897) (-)	93%	994,250
Others	57,730 (4%)	50,639 (3%)	7,091 (1%)	114%	534,537
Net Sales	¥1,711,400 (100%)	¥1,777,952 (100%)	¥(66,552)	96%	\$15,846,296

2. Second Quarter ended September 30

(¥ in millions, US\$ in thousands)

	Three months ended September 30				
	2019(A)	2018(B)	(A)-(B)	(A)/(B)	2019
Japan	¥519,562 (58%)	¥523,978 (56%)	¥(4,416) (2%)	99%	\$4,810,760
Overseas	378,680 (42%)	411,697 (44%)	(33,017) (-2%)	92%	3,506,296
Asia	212,287 (24%)	245,434 (26%)	(33,147) (-2%)	86%	1,965,620
North America	80,411 (9%)	83,251 (9%)	(2,840) (-)	97%	744,546
Europe	54,205 (6%)	58,720 (6%)	(4,515) (-)	92%	501,898
Others	31,777 (3%)	24,292 (3%)	7,485 (-)	131%	294,232
Net Sales	¥898,242 (100%)	¥935,675 (100%)	¥(37,433)	96%	\$8,317,056

Notes:

Net sales by region is determined based upon the locations of the customers.

Subsequent events

- (1) Notice Regarding Commencement of Tender Offer for Shares of Toshiba Plant Systems & Services Corporation(TOKYO:1983)
- (2) Notice Regarding Commencement of Tender Offer for Shares of NISHISHIBA ELECTRIC CO.,LTD.(TOKYO:6591)by Subsidiary of Toshiba Corporation (Toshiba Infrastructure Systems & Solutions Corporation)
- (3) Notice Regarding Commencement of Tender Offer for Shares of NuFlare Technology, Inc.(TOKYO:6256) by Subsidiary of Toshiba Corporation (Toshiba Electronic Devices & Storage Corporation)
- (4) Notice Regarding Toshiba's Cancellation of Treasury Shares

For further details, please refer to a press release.

Others

- (1) Changes in significant subsidiaries during the period (changes in Specified Subsidiaries (“Tokutei Kogaisha”) involving changes in the scope of consolidation):
None.
- (2) Use of simplified accounting procedures, and particular accounting procedures in preparation of quarterly consolidated financial statements:

Income taxes

Interim income tax expense (benefit) is computed by multiplying income (loss) before income taxes and noncontrolling interests for the six-months period ending September 30, 2019 by a reasonably estimated annual effective tax rate after applying the effect of deferred taxes for FY2019, ending March 31, 2020.

If a reliable estimate cannot be made as in the circumstances that the annual estimated ordinary pretax income(loss) approximates break-even or is forecasted negative, the Company utilizes the actual year-to-date effective tax rate.

- (3) Change in accounting policies:

In February 2016, the FASB issued ASU No. 2016-02 “Leases”. ASU No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities in the consolidated balance sheets, with some exceptions, related to their lease agreements that are classified as operating leases. The Group adopted ASU No. 2016-02 effective from the first quarter, beginning April 1, 2019, and recognized the cumulative effect of initial application as an adjustment to the opening balance of retained earnings. In applying ASU No. 2016-02, for contracts that have expired or still effective as of the initial application date, the Group adopted the series of practical expedients that allows an entity to not reassess whether a lease contract contains a lease, the existing lease classification and the capitalization of any initial direct costs. The Group also elected to apply the short-term lease exemption.

As a result, right-of-use assets and lease liabilities recognized at April 1, 2019 were ¥174,005 million and ¥176,825 million, respectively. Right-of-use assets are included in non-current assets in the quarterly consolidated balance sheets, while lease liabilities are included in current and non-current liabilities. The Group assessed the impact on the opening balance of retained earnings, other items within profit or loss, and the consolidated statement of cash flows as immaterial.

Disclaimer:

This report of business results contains forward-looking statements concerning future plans, strategies and forecasts of Toshiba Group business results. These statements are based on management's assumptions and beliefs in light of the economic, financial and other data currently available. Since Toshiba Group is promoting business under various market environments in many countries and regions, they are subject to a number of their risks and uncertainties. Toshiba therefore wishes to caution readers that actual results might differ materially from our expectations. Major risk factors that may have a material influence on results are indicated below, although this list is not necessarily exhaustive.

- Major disasters, including earthquakes and typhoons;
- Disputes, including lawsuits, in Japan and other countries;
- Success or failure of alliances or joint ventures promoted in collaboration with other companies;
- Success or failure of new businesses or R&D investment;
- Changes in political and economic conditions in Japan and abroad; unexpected regulatory changes;
- Rapid changes in the supply and demand situation in major markets and intensified price competition;
- Significant capital expenditure for production facilities and rapid changes in the market;
- Changes in financial markets, including fluctuations in interest rates and exchange rates.