August 7, 2019
Toshiba Corporation

FOR IMMEDIATE RELEASE

Toshiba Announces Consolidated Results for the First Quarter of the Fiscal Year 2019, Ending March 2020

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

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

Comparative Consolidated Balance Sheets

(¥ in millions, US$ in thousands)

	Jun. 30, 2019 (A)	Mar. 31, 2019 (B)	(A)-(B)	Jun. 30, 2019
Assets				
Current assets	**¥2,663,947**	¥3,033,858	¥(369,911)	**$24,666,176**
Cash and cash equivalents	**1,062,667**	1,335,520	(272,853)	**9,839,509**
Notes, accounts receivable and contract assets	**868,853**	1,015,255	(146,402)	**8,044,935**
Inventories	**513,189**	468,878	44,311	**4,751,750**
Other current assets	**219,238**	214,205	5,033	**2,029,982**
Long-term receivables	**11,213**	8,603	2,610	**103,824**
Investments	**541,253**	587,017	(45,764)	**5,011,602**
Property, plant and equipment	**406,864**	385,720	21,144	**3,767,259**
Operating lease right-of-use assets	**156,476**	—	156,476	**1,448,852**
Other assets	**276,009**	282,146	(6,137)	**2,555,639**
Total assets	**¥4,055,762**	¥4,297,344	¥(241,582)	**$37,553,352**
Liabilities and equity				
Current liabilities	**¥1,792,139**	¥1,878,419	¥(86,280)	**$16,593,880**
Short-term borrowings and current portion of long-term debt	**171,988**	357,744	(185,756)	**1,592,481**
Notes and accounts payable	**623,415**	660,792	(37,377)	**5,772,361**
Current operating lease liabilities	**42,901**	—	42,901	**397,231**
Other current liabilities	**953,835**	859,883	93,952	**8,831,807**
Accrued pension and severance costs	**427,255**	434,487	(7,232)	**3,956,065**
Non-current operating lease liabilities	**116,608**	—	116,608	**1,079,704**
Long-term debt and other liabilities	**282,068**	285,393	(3,325)	**2,611,740**
Equity	**1,437,692**	1,699,045	(261,353)	**13,311,963**
Equity attributable to shareholders of the Company	**1,199,071**	1,456,659	(257,588)	**11,102,509**
Common stock	**200,044**	200,044	0	**1,852,259**
Retained earnings	**1,301,976**	1,528,463	(226,487)	**12,055,333**
Accumulated other comprehensive loss	**(268,846)**	(262,311)	(6,535)	**(2,489,315)**
Treasury stock	**(34,103)**	(9,537)	(24,566)	**(315,768)**
Equity attributable to noncontrolling interests	**238,621**	242,386	(3,765)	**2,209,454**
Total liabilities and equity	**¥4,055,762**	¥4,297,344	¥(241,582)	**$37,553,352**
Breakdown of accumulated other comprehensive loss				
Net unrealized gains and losses on securities	**¥31**	¥20	¥11	**$287**
Foreign currency translation adjustments	**(30,723)**	(20,085)	(10,638)	**(284,473)**
Pension liability adjustments	**(237,902)**	(241,772)	3,870	**(2,202,796)**
Unrealized gains and losses on derivative instruments	**(252)**	(474)	222	**(2,333)**
Total interest-bearing debt	**¥417,035**	¥434,679	¥(17,644)	**$3,861,435**

Comparative Consolidated Statements of Operations

First Quarter ended June 30

(¥ in millions, US$ in thousands)

	Three months ended June 30				
	2019(A)	2018(B)	(A)-(B)	(A)/(B)	**2019**
Sales and other income					
Net sales	**¥813,158**	¥842,277	¥(29,119)	97%	**$7,529,241**
Interest income	**788**	1,620	(832)	49%	**7,296**
Dividend income	**1,023**	978	45	105%	**9,472**
Equity in earnings of affiliates	**—**	13,651	(13,651)	—	**—**
Other income	**6,647**	29,966	(23,319)	22%	**61,546**
Costs and expenses					
Cost of sales	**610,559**	639,176	(28,617)	96%	**5,653,324**
Selling, general and administrative expenses	**194,771**	202,371	(7,600)	96%	**1,803,436**
Interest expenses	**1,952**	4,156	(2,204)	47%	**18,074**
Equity in losses of affiliates	**37,657**	—	37,657	—	**348,676**
Other expense	**106,385**	14,382	92,003	740%	**985,045**
Income from continuing operations, before income taxes and noncontrolling interests	**(129,708)**	28,407	(158,115)	—	**(1,201,000)**
Income taxes	**4,600**	13,142	(8,542)	35%	**42,593**
Income (loss) from continuing operations, before noncontrolling interests	**(134,308)**	15,265	(149,573)	—	**(1,243,593)**
Income from discontinued operations, before noncontrolling interests	**—**	1,007,745	(1,007,745)	—	**—**
Net income before noncontrolling interests	**(134,308)**	1,023,010	(1,157,318)	—	**(1,243,593)**
Less:Net income attributable to noncontrolling interests	**5,920**	6,282	(362)	94%	**54,814**
Net income attributable to shareholders of the Company	**¥(140,228)**	¥1,016,728	¥(1,156,956)	—	**$(1,298,407)**

Comparative Consolidated Statements of Comprehensive Income

First Quarter ended June 30

(¥ in millions, US$ in thousands)

	Three months ended June 30				
	2019(A)	2018(B)	(A)-(B)	(A)/(B)	**2019**
Net income (loss) before noncontrolling interests	**¥(134,308)**	¥1,023,010	¥(1,157,318)	—	**$(1,243,593)**
Other comprehensive income (loss), net of tax					
Unrealized gains on securities	**22**	—	22	—	**204**
Foreign currency translation adjustments	**(13,025)**	46,860	(59,885)	—	**(120,602)**
Pension liability adjustments	**3,663**	11,101	(7,438)	33%	**33,916**
Unrealized gains on derivative instruments	**204**	305	(101)	67%	**1,889**
Total other comprehensive income (loss)	**(9,136)**	58,266	(67,402)	—	**(84,593)**
Comprehensive income (loss)	**(143,444)**	1,081,276	(1,224,720)	—	**(1,328,186)**
Less:Comprehensive income attributable to noncontrolling interests	**3,319**	4,976	(1,657)	67%	**30,731**
Comprehensive income (loss) attributable to shareholders of the Company	**¥(146,763)**	¥1,076,300	¥(1,223,063)	—	**$(1,358,917)**

Comparative Consolidated Statements of Cash Flows

First Quarter ended June 30

(¥ in millions, US$ in thousands)

	Three months ended June 30			
	2019(A)	2018(B)	(A)-(B)	**2019**
Cash flows from operating activities				
Net income (loss) before noncontrolling interests	**¥(134,308)**	¥1,023,010	¥(1,157,318)	**$(1,243,593)**
Depreciation and amortization	**19,976**	18,495	1,481	**184,963**
Equity in (earnings) losses of affiliates, net of dividends	**39,669**	(13,319)	52,988	**367,306**
Gain from sales and impairment of securities, net	**(11)**	(936,526)	936,515	**(102)**
Decrease in notes and accounts receivable, trade	**142,801**	202,678	(59,877)	**1,322,231**
Increase in inventories	**(48,624)**	(89,283)	40,659	**(450,222)**
Decrease in notes and accounts payable, trade	**(33,440)**	(38,122)	4,682	**(309,630)**
Others	**82,313**	29,802	52,511	**762,158**
Adjustments to reconcile net income (loss) before noncontrolling interests to net cash provided by operating activities	**202,684**	(826,275)	1,028,959	**1,876,704**
Net cash provided by operating activities	**68,376**	196,735	(128,359)	**633,111**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment, intangible assets and securities	**503**	2,213	(1,710)	**4,657**
Acquisition of property, plant and equipment	**(26,868)**	(60,148)	33,280	**(248,778)**
Acquisition of intangible assets	**(2,618)**	(3,160)	542	**(24,241)**
Purchase of securities	**(953)**	(8)	(945)	**(8,824)**
Decrease (Increase) in investments in affiliates	**271**	(31,243)	31,514	**2,509**
Proceeds from sale of Toshiba Memory Corporation stock	**-**	1,453,601	(1,453,601)	**-**
Others	**1,166**	15,562	(14,396)	**10,797**
Net cash provided by (used in) investing activities	**(28,499)**	1,376,817	(1,405,316)	**(263,880)**
Cash flows from financing activities				
Proceeds from long-term debt	**6,787**	400	6,387	**62,843**
Repayment of long-term debt	**(182,513)**	(62,887)	(119,626)	**(1,689,935)**
Decrease in short-term borrowings, net	**(17,572)**	(43,539)	25,967	**(162,704)**
Dividends paid	**(8,977)**	(3,863)	(5,114)	**(83,120)**
Purchase of treasury stock, net	**(104,831)**	(7)	(104,824)	**(970,657)**
Others	**(1,376)**	4,005	(5,381)	**(12,742)**
Net cash used in financing activities	**(308,482)**	(105,891)	(202,591)	**(2,856,315)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**(4,248)**	748	(4,996)	**(39,333)**
Net increase (decrease) in cash, cash equivalents and restricted cash	**(272,853)**	1,468,409	(1,741,262)	**(2,526,417)**
Cash, cash equivalents and restricted cash at beginning of the period	**1,335,520**	548,657	786,863	**12,365,926**
Cash, cash equivalents and restricted cash at end of the period	**1,062,667**	2,017,066	(954,399)	**9,839,509**

Cash, cash equivalents and restricted cash at end of the period are included in the following accounts in the quarterly consolidated balance sheets.

Cash and cash equivalents	**1,062,667**	2,001,528	(938,861)	**9,839,509**
Restricted cash included in other assets	**-**	15,538	(15,538)	**-**
Cash, cash equivalents and restricted cash at end of the period	**¥1,062,667**	¥2,017,066	¥(954,399)	**$9,839,509**

Industry Segment Information

First Quarter ended June 30

(¥ in millions, US$ in thousands)

		Three months ended June 30				
		2019(A)	2018(B)	(A)-(B)	(A)/(B)	**2019**
Net sales (Share of total sales)	Energy Systems & Solutions	**¥129,211 (15%)**	¥132,480 (14%)	¥(3,269) (1%)	98%	**$1,196,398**
	Infrastructure Systems & Solutions	**148,664 (17%)**	139,889 (15%)	8,775 (2%)	106%	**1,376,519**
	Building Solutions	141,246 **(16%)**	129,088 (14%)	12,158 (2%)	109%	**1,307,833**
	Retail & Printing Solutions	**118,297 (13%)**	116,973 (13%)	1,324 (-)	101%	**1,095,343**
	Electronic Devices & Storage Solutions	**197,037 (22%)**	225,449 (24%)	(28,412) (-2%)	87%	**1,824,417**
	Digital Solutions	**69,243 (8%)**	56,391 (6%)	12,852 (2%)	123%	**641,139**
	Others	**77,161 (9%)**	123,671 (14%)	(46,510) (-5%)	62%	**714,453**
	Total	880,859 (100%)	923,941 (100%)	(43,082)	95%	**8,156,102**
	Eliminations	**(67,701)**	(81,664)	13,963	—	**(626,861)**
	Consolidated	**¥813,158**	¥842,277	¥(29,119)	97%	**$7,529,241**
Segment operating income (loss)	Energy Systems & Solutions	**¥(3,352)**	¥(4,296)	¥944	—	**$(31,037)**
	Infrastructure Systems & Solutions	**2,314**	(2,132)	4,446	—	**21,426**
	Building Solutions	**8,069**	3,240	4,829	249%	**74,713**
	Retail & Printing Solutions	**4,208**	4,535	(327)	93%	**38,963**
	Electronic Devices & Storage Solutions	**1,206**	4,399	(3,193)	27%	**11,167**
	Digital Solutions	**2,206**	(1,468)	3,674	—	**20,426**
	Others	**(9,255)**	(5,333)	(3,922)	—	**(85,694)**
	Total	5,396	(1,055)	6,451	—	**49,964**
	Eliminations	**2,432**	1,785	647	—	**22,517**
	Consolidated	**¥7,828**	¥730	¥7,098	—	**$72,481**

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

First Quarter ended June 30

(¥ in millions, US$ in thousands)

		Three months ended June 30				
		2019(A)	2018(B)	(A)-(B)	(A)/(B)	**2019**
Japan		**¥446,399 (55%)**	¥447,040 (53%)	¥(641) (2%)	100%	**$4,133,324**
Overseas		**366,759 (45%)**	395,237 (47%)	(28,478) (-2%)	93%	**3,395,917**
	Asia	**208,118 (26%)**	235,344 (28%)	(27,226) (-2%)	88%	**1,927,019**
	North America	**79,514 (10%)**	76,990 (9%)	2,524 (1%)	103%	**736,241**
	Europe	**53,174 (7%)**	56,556 (7%)	(3,382) (-)	94%	**492,352**
	Others	**25,953 (2%)**	26,347 (3%)	(394) (-1%)	99%	**240,306**
Net Sales		**¥813,158 (100%)**	¥842,277 (100%)	¥(29,119)	97%	**$7,529,241**

Notes:

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

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 three-months period ending June 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.