The Toshiba Next Plan
—FY2019-23 Business Plan

Nobuaki Kurumatani
Representative Executive Officer
Chairman & CEO
Toshiba Corporation

November 8, 2018
Forward-looking Statements

- This presentation contains forward-looking statements concerning future plans, strategies, and the performance of Toshiba Group.

- These statements are not historical facts; rather, they are based on assumptions and judgments formed by the management of Toshiba Group in light of currently available information. They include items that have not been finally decided at this point and future plans that are yet to be confirmed or that require further consideration.

- 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 are, without limitation, related to economic conditions, worldwide mega-competition in the electronics business, customer demand, foreign currency exchange rates, tax rules, regulations, geopolitical risk, natural disasters and other factors. Toshiba therefore wishes to caution readers that actual results might differ from expectations. Please refer to the quarterly securities report (shihanki houkokusho) for the second quarter of FY2018 (issued in Japanese only) for detailed information on Toshiba Group’s business risk.

- Toshiba’s fiscal year (FY) runs from April 1 to March 31. All figures are consolidated totals for 12 months, unless otherwise stated.

- Results in segments have been reclassified to reflect the current organizational structure, unless otherwise stated.
Today’s Agenda

01 Overview and Vision
02 Targets and Four Reforms
03 Business Portfolio and Action Plans
04 Policy on Shareholder Returns
05 Development of New Growth Fields
06 Toshiba’s Digital Transformation
07 Establishing the Structure for Execution
The Toshiba Next Plan

Overview and Vision
Introduction

Confirmed “Toshiba’s DNA” through on-site discussions with employees
Toshiba Group’s History of Achievement

Reviving the venture spirit of the company’s founders

**1875**
Hisashige Tanaka starts a telegraph factory in Tokyo

**1930**
Japan’s first electric washing machine and refrigerator

**1890**
Ichisuke Fujiocha developed Japan’s first incandescent bulb

**1939**
Shibaura Seisakusho

**1945**
Tokyo Shibaura Denki

**1967**
World’s first automated mail processing equipment

**1978**
The first Japanese language word processor

**1985**
World’s first laptop computer

**1989**
World’s first ultra-supercritical high capacity steam turbine

**1991**
World’s first 4-megabit NAND EEPROM

**2007**
World’s first 320-detector row CT scanner

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Intensifying Global Social Issues

Energy, natural resources and climate change among growing concerns

- Increasing energy demand
- Shortage of natural resources
- Climate change
- Population concentration in cities
- Increasing scale of logistics
- Shortages and aging of workforce

Information explosion
- Global data generation
  2020 forecast approx. 44 ZB
- Global increase of cyber attacks
  approx. 0.38 billion ppl a year
  approx. 12 ppl a second

Global warming
- Global CO₂ emissions
  2012 approx. 31.7 B tons
  2012 approx. 37.8 B tons
- Worldwide increasing electricity demand
  2050 approx. 3.6 X 10⁷ TWh
  2040 approx. 3.4 X 10⁷ TWh

Aging society
- Worldwide average lifespan
  2045-50 approx. 77 years old
  2010-15 approx. 71 years old
- Global population over 65 years old
  2030 approx. 1 billion ppl
- Increasing number of aged drivers (Japan)
  2009 Driver Over 65 approx. 1.245 M
  2014 approx. 1.639 M
  20% increase

Workforce shortages
- Working-age population per person in Japan
  2000 approx. 3.6 ppl
  2050 approx. 1.2 ppl
- Workforce shortages
  Lack of manpower in many industries and may lead to lower productivity
  2025 Workforce shortage of approx. 5.83 million ppl

Deterioration of public transportation
- Global traffic fatalities
  approx. 1.4 million ppl per year
- Time lost in traffic jam in Japan
  approx. 40% of total earning time

Aging social capital
- Costs for inspection and maintenance of infrastructure in Japan
  2013 approx. 3.6 trillion ppl a year
  2023 Max approx. 5.1 trillion yen
- Aging water facility infrastructure
  2031 to 2035 updating cost approx. 1.4 trillion yen/year

Climate change and natural disasters in JPN
- Landslides
  approx. 10,500 in 10 years
- Flood damage
  approx. 5 billion yen in 10 years
- Crop damage by natural disasters
  approx. 23 billion yen 2014

Workforce shortages, increasing scale of logistics
- Global mail volume
  approx. 330 billion
  2014
- Increasing delivery services in Japan
  approx. 9.1 billion in 2014
  approx. Double of 10 years ago

Increasing cost of medical care
- Global medical market
  2013 approx. 363.8 billion dollar
  2020 approx. 513.5 billion dollar

FY2013

Approx.
A Technology-Driven Paradigm Shift

The fusion of physical and cyber technologies will shape a new world

**The last 20 years**

Introduction of new cyber technologies

- Internet technology
- Semiconductors, computer technology
- High growth in internet and mobile use
- New captive business models

**The next 20 years**

A social revolution driven by cyber-physical tech

Demands from a rapidly changing society

- Energy, Natural resources, Climate change, Urbanization, Aging, Workforce shortages

The fusion of cyber and physical technologies

Further evolution of cyber tech

- AI (deep learning), Digital twin, Quantum computing, Security

Physical technology breakthroughs

- Robotics, Autonomous driving, Biotech, Sensing, Wireless, Materials

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Toshiba Group’s Vision

Become world’s leading CPS*1 technology company, ensure profitability by implementing the Toshiba Next Plan

2018

Secure core earning power, Grow with technology
Toshiba Next Plan

2023

Help solve social issues
Maximize enterprise value

Contribute to social development through the combination of cyber & physical technologies

Evolution

Infrastructure
Energy
Storage & Electronic Devices
Industrial ICT solution
R&D

2028

Incubation

2030

Urbanization, Automation,
Renewable energy,
Edge rich devices,*2
AI and digital solutions,
Batteries, Power
electronics,
Precision medicine

World’s Leading CPS Technology Company

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*1 CPS (Cyber Physical Systems): CPS collect data from the physical world to be analyzed and processed using digital technology. CPS create value through a constant feedback loop between the cyber and physical worlds.

*2 Devices that use sensing technology such as LIDAR, Spin MEMS, hydrogen sensors, pressure sensors, RIG (rate integrating gyroscope), and ULP gyro
Help to Achieve SDGs* Through Business Activities

Apply CPS technologies to solve social issues

Digital Transformation

AI Digital solutions
Renewable energy
Precision medicine
Edge-rich devices
Urbanization Automation
Batteries Power electronics

Committed to People, Committed to the Future (Basic commitment of the Toshiba Group)

*SDGs: Sustainable Development Goals
The Toshiba Next Plan

Targets and Four Reforms
Objective of the Toshiba Next Plan

Enhance shareholder’s value by maximizing enterprise value

Invest in growth
- Manage business portfolio
- Develop new businesses
- Enhance investment for organic growth

Manage risk
- Maintain effective internal controls
- Avoid excessive risk
- Sustain long-term corporate activities

Improve core earnings
- Strengthen core earning power
- Change profit structure by evolving as a CPS tech company

Maximize enterprise value

Enhance Total Shareholder’s Return (TSR*)

*TSR: Total Shareholder’s Return. The overall yield and return on an investment, including capital gain and dividends, received by a shareholder.
The Toshiba Next Plan Targets

Aim to maximize enterprise value and TSR through profitable growth

<table>
<thead>
<tr>
<th></th>
<th>FY18 Forecast</th>
<th>FY19 Plan</th>
<th>FY21 Plan</th>
<th>FY23 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>3.6 T</td>
<td>3.4 T</td>
<td>3.7 T</td>
<td>Over 4.0 T</td>
</tr>
<tr>
<td><strong>Operating Income (ROS%)</strong></td>
<td>60 B (1.7%)</td>
<td>140 B (Over 4%)</td>
<td>240 B (Over 6%)</td>
<td>Over 8% Target 10%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>130 B</td>
<td>220 B</td>
<td>340 B</td>
<td>--</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>-13%</td>
<td>Over 6%</td>
<td>Over 10%</td>
<td>approx. 15%</td>
</tr>
</tbody>
</table>

*All monetary figures are JPY
*Expected exchange rate: USD 1 = JPY 105, EUR 1 = JPY 125
Selection and Concentration for Executing the Toshiba Next Plan

Implemented crisis management measures, selected and concentrated businesses, laid foundations for executing the Toshiba Next Plan

Enhanced internal controls and governance

Reinforced governance, improved management decision making processes, strengthened subsidiary management

- Split off in-house companies (July and Oct. 2017)
- Reporting of internal management system improvement (Oct. 2017)
- Revised executive officer structure (Nov. 2017)
- Resolving of “Explanatory notes regarding the going concern assumption” (Feb. 2018)

Dealt with stock exchange related issues

- Secured cancellation of designation as a securities on alert and under supervision (Oct. 2017)

Improved financial status and reviewed business portfolio

Strengthened financial status

- Share issue by third-party allotment (Dec. 2017)
- Divested non-core assets
  - Sold Shibaura Mechatronics securities (Dec. 2017)
  - Sold Toshiba Hospital (Mar. 2018*)
- Completed transfer of Memory business (June 2018)

Eliminated potential risk

- Transferred Westinghouse related claims (Jan. 2018)
- Pension buy-out of an European subsidiary (Mar. 2018)

Reviewed business portfolio

- Landis+Gyr IPO (July 2017)
- Transferred Visual Solution business (Feb. 2018)
- Transferred Brazilian subsidiary (Mar. 2018)
- Transferred PC business (Oct. 2018)

* Cash-in in March, transaction completed in April 2018
Plan to Improve Group-wide Profitability (FY18 → FY19)

Initiate measures for rapid profitability improvement by strengthening core earning power, and aim to double operating profit

(Billion yen)

<table>
<thead>
<tr>
<th></th>
<th>FY18 Forecast</th>
<th>FY18 Restructuring cost</th>
<th>FY18 Without restructuring cost</th>
<th>Procurement reform</th>
<th>Restructuring</th>
<th>Group-wide measures (IT, DX etc)</th>
<th>Increase/Decrease in sales etc.</th>
<th>Risk buffer</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>60.0</td>
<td>27.3</td>
<td>87.3</td>
<td>25.0</td>
<td>43.0</td>
<td>▲10.0</td>
<td>24.7</td>
<td>▲30.0</td>
<td>140.0</td>
</tr>
</tbody>
</table>

* FY: Fiscal Year
Plan to Improve Group-wide Core Earning Power (FY18 → FY21)

Invest in growth while strengthening core earning power

<table>
<thead>
<tr>
<th>FY18 Forecast</th>
<th>FY18 Restructuring cost</th>
<th>FY18 Without restructuring cost</th>
<th>Procurement reform</th>
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<th>Group-wide measures (IT, DX etc.)</th>
<th>Increase/Decrease in sales etc.</th>
<th>Risk buffer</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>60.0</td>
<td>27.3</td>
<td>87.3</td>
<td>65.0</td>
<td>58.0</td>
<td>82.7</td>
<td>▲ 18.0</td>
<td>▲ 35.0</td>
<td>240.0</td>
</tr>
</tbody>
</table>

* FY: Fiscal Year
The Toshiba Next Plan Overview

Four reforms to transform core earning power and focused investments in growth field

- **Group-wide CFT initiatives**
  - Reorganization CFT
  - HR optimization CFT
  - Production CFT
  - Procurement CFT
  - Sales CFT
  - IT/Process innovation CFT
  - Modularization CFT
  - Portfolio CFT
  - R&D CFT

- **Short term (FY19-20)**
  - 1. Restructuring
  - 2. Procurement transformation
  - 3. Sales transformation

- **Mid-term (FY21-3)**
  - 4. Process transformation

- **Long term (FY23~)**
  - Portfolio management
  - Development of new growth fields
  - Digital transformation
  - New business incubation

*FCT: Cross-functional teams leading transformation across the organization"
1. Improve Profitability through Restructuring

Improve profitability through optimization of business operation

Exit non-focus businesses

→ Mitigate future risk
  • Transfer the liquid natural gas business
  • Withdraw from the UK nuclear power plant business

Optimize workforce

→ Rationalize fixed costs
  • Reform and optimize IT and modularize production to increase efficiency, and reduce workloads etc.
    (Organic decrease in headcount by 7,000 over 5 years)
  • Promote early retirement in some businesses

Reorganize production bases

→ Improve productivity and production processes
  • 15% of total locations will be reorganized
  • Reorganization cost: JPY 22.0B

Reduce subsidiaries

→ Secure better governance of subsidiaries
  • Reduce domestic subsidiaries by 25%
  • Reduce overseas subsidiaries by 25%
2. Reduce Cost rate by Reforming Procurement

Cost improvement of approx. 65 billion yen

(FY21 vs FY18)

Comparative analysis of cost rate*1

<table>
<thead>
<tr>
<th>TOSHIBA</th>
<th>Japan Company A</th>
<th>Global Company B</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>77</td>
<td>74</td>
<td>70</td>
</tr>
</tbody>
</table>

vs. Sales %

<table>
<thead>
<tr>
<th>Operating profit</th>
<th>SG&amp;A rate</th>
<th>Cost rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18</td>
<td>FY21</td>
<td>FY18</td>
</tr>
<tr>
<td>Direct</td>
<td>Indirect</td>
<td>Direct</td>
</tr>
</tbody>
</table>

(SG&A rate)

*1 Based on FY16 actual

Direct cost initiatives

- Price management
- Process and demand management
- Specification optimization

Enhance procurement capabilities and bargaining power
- Review supplier portfolio
- Centralized purchasing, etc.

Optimize procurement process and volumes
- Inventory control, etc.

Review designs and specifications
- Review design standards
- Standardization, modularization, etc.

Indirect cost initiatives

- Overall regulation
- Spend management
- Restrain spending
- COO approval
- Increase items requiring COO approval
- Price control
- Cut expenses by reducing material costs
- Reduce costs of individual item

Direct:
- Materials, electronic components, etc.

Indirect:
- Communications, office leases, etc.

Cost reduction
Approx. 65.0B yen

(Source: Annual reports, Bloomberg, SPEEDA)

Direct cost initiatives

<table>
<thead>
<tr>
<th>Direct</th>
<th>Indirect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials, electronic components, etc.</td>
<td>Communications, office leases, etc.</td>
</tr>
</tbody>
</table>

Approx. 1,900.0B yen

Direct cost initiatives

<table>
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<th>Indirect</th>
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</thead>
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<tr>
<td>Materials, electronic components, etc.</td>
<td>Communications, office leases, etc.</td>
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</table>

FY18

<table>
<thead>
<tr>
<th>Direct</th>
<th>Indirect</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>70</td>
</tr>
</tbody>
</table>

FY21

<table>
<thead>
<tr>
<th>Direct</th>
<th>Indirect</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>70</td>
</tr>
</tbody>
</table>
### 3. Improve Profit by Reforming Sales Activities

**Initiated activities to pursue upside potential improvement**

<table>
<thead>
<tr>
<th>Improve sales returns</th>
<th>Sales organization structure</th>
<th>Evaluate project order acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Streamline sales activities, improve efficiency</td>
<td>• Enhance sales structure, utilize total capabilities including DX, in key account management</td>
<td>• Increase corporate audits of orders (start in Oct.)</td>
</tr>
<tr>
<td>• Analyze detailed sales costs through benchmarking</td>
<td>• Monitor sales activities and accelerate decision making processes through CRM*1</td>
<td>• Target large projects, new developments, EPC*2 projects etc.</td>
</tr>
<tr>
<td>• Reevaluate contract conditions, including prices</td>
<td>• Promote digital marketing and enhanced communication</td>
<td></td>
</tr>
<tr>
<td>• Screen low profit products</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Pursue JPY 30.0B improvement by FY21**

- **Upside is not included in the plan**

**Strengthen relationships with customers and market**

- **Upside is not included in the plan**

**Prevent future project losses**

---

*1 CRM: Customer Relationship Management  *2 EPC : Engineering, Procurement, Construction
4. Improve Operations by Reforming Processes

Standardize and digitize operations across the Group

**IT system reform**

Next-generation IT investment plan: JPY 110.0B (FY19-23)

- Develop IT infrastructure that supports transition to a CPS enterprise

<table>
<thead>
<tr>
<th>Standardized operations</th>
<th>Reform obsolete and silo IT systems and web sites (over 80% of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business management</td>
<td>Secure swift visualization of thousands of financial and operational KPIs</td>
</tr>
<tr>
<td>Operating costs</td>
<td>Shift over 90% of conventional IT server to cloud</td>
</tr>
</tbody>
</table>

**Product modularization**

Engineering transformation

Investment plan: JPY 30.0B (FY19-23)

- Improve production efficiency and customer satisfaction

<table>
<thead>
<tr>
<th>Manufacturing costs</th>
<th>Increase common parts ratio by 25% to promote procurement transformation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response to customer</td>
<td>Reduce design man-hours and lead times by 15% in a pilot business</td>
</tr>
<tr>
<td>Design transformation</td>
<td>Deploy modular design in all business units</td>
</tr>
</tbody>
</table>

To increase sales per employee and the profit margin, develop foundations to improve operational efficiency
**Capital Expenditure and Investments**

Accelerate investments in medium- to long-term organic growth

### Capital Expenditure and investments*1

**Total investment plan:** JPY 810.0B (FY19-23) *Order base

- Infrastructure System
- Energy System
- Storage & Devices
- Retail & Printing
- Corporate & Others
- Industrial ICT

**+50.0B yen**

- **FY15:** 50.0
- **FY16:** 100.0
- **FY17:** 150.0
- **FY18:** 200.0
- **FY19:** 250.0
- **FY20:** 300.0
- **FY21:** 350.0
- **FY22:** 400.0
- **FY23:** 450.0

*1 Excluding Toshiba Memory  *2 Nearline HDD  Large capacity HDD for data centers

### Major investment projects

**Investments in growth**

- Renewable energy generation
- HVAC/AC development and production
- Production capacity for power devices
- Production capacity for nearline HDD*2
- Production capacity for SCiB™ batteries

**Investments in business foundations**

- Next-generation enterprise IT systems
- Engineering transformation
- New R&D center
Accelerate investments to support profit and medium- to long-term growth

R&D Investment

**Total investment plan:** JPY 930.0B (FY19-23)

<table>
<thead>
<tr>
<th>(Billion Yen)</th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure System</td>
<td>150.0</td>
<td>150.0</td>
<td>150.0</td>
<td>150.0</td>
<td>150.0</td>
<td>150.0</td>
<td>150.0</td>
</tr>
<tr>
<td>Energy System</td>
<td>200.0</td>
<td>200.0</td>
<td>200.0</td>
<td>200.0</td>
<td>200.0</td>
<td>200.0</td>
<td>200.0</td>
</tr>
<tr>
<td>Storage &amp; Devices</td>
<td>200.0</td>
<td>200.0</td>
<td>200.0</td>
<td>200.0</td>
<td>200.0</td>
<td>200.0</td>
<td>200.0</td>
</tr>
<tr>
<td>Retail &amp; Printing</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Corporate &amp; Others</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Industrial ICT</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**R&D investment**

**Major R&D projects**

**Energy system**
Focus on growth fields such as renewable energy technology (e.g., PV, Wind power, VPP\(^2\)), asset management solutions and environmentally friendly products (supercritical CO\(_2\) power cycle etc.)

**Infrastructure system**
Focus on growth fields such as SCiB\(\text{™}\), power electronics, robotics

**Storage and device**
Focus investment on power devices, large capacity HDD for data center development

**Industrial ICT**
Focus on development of business model transformation systems, such as SPINEX\(\text{™}\), RECAIUS\(\text{™}\) and SATLYS\(\text{™}\)

*1 Excluding Toshiba Memory, *2 VPP: Virtual Power Plant
Cash Flow Plan and Financial Structure

Aim for stable cash flow to finance investment for growth

**Cash flow plan (Billion yen)**

- **Operating CF**
- **Investment CF**
- **FCF**

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating CF (Billion yen)</th>
<th>Investment CF (Billion yen)</th>
<th>FCF (Billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18</td>
<td>-208.3</td>
<td>-200.0</td>
<td>-18.3</td>
</tr>
<tr>
<td>FY19</td>
<td>-190.0</td>
<td>-180.0</td>
<td>-10.0</td>
</tr>
<tr>
<td>FY21</td>
<td>15.0</td>
<td>160.0</td>
<td>145.0</td>
</tr>
<tr>
<td>FY23</td>
<td>185.0</td>
<td>200.0</td>
<td>185.0</td>
</tr>
</tbody>
</table>

*Excluding revenue from sale of Toshiba Memory

**Balance sheet forecast (Billion yen)**

- **Shareholder's Equity**
- **Shareholder's Equity Ratio**
- **Net Cash**

<table>
<thead>
<tr>
<th>Year</th>
<th>Shareholder's Equity (Billion yen)</th>
<th>Shareholder's Equity Ratio</th>
<th>Net Cash (Billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>783.1</td>
<td>18%</td>
<td>-191.6</td>
</tr>
<tr>
<td>FY18</td>
<td>1,030.0</td>
<td>27%</td>
<td>430.0</td>
</tr>
<tr>
<td>FY19</td>
<td>1,085.0</td>
<td>27%</td>
<td>60.0</td>
</tr>
<tr>
<td>FY21</td>
<td>1,349.0</td>
<td>31%</td>
<td>10.0</td>
</tr>
<tr>
<td>FY23</td>
<td>1,730.0</td>
<td>36%</td>
<td>180.0</td>
</tr>
</tbody>
</table>

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The Toshiba Next Plan

**Business Portfolio and Action Plans**
## Business Portfolio

### Thorough portfolio management, active investments in growth fields

<table>
<thead>
<tr>
<th>Market leader or runner up</th>
<th>Mature markets</th>
<th>Growth markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile HDD</td>
<td>Nuclear</td>
<td>Elevators (domestic)</td>
</tr>
<tr>
<td>Water systems</td>
<td>Electric transformer</td>
<td>Power semiconductor</td>
</tr>
<tr>
<td>Social systems*1</td>
<td>HVAC (domestic)</td>
<td>Batteries</td>
</tr>
<tr>
<td>Automation system</td>
<td>Rail (domestic)</td>
<td>Parts and raw materials</td>
</tr>
<tr>
<td>Electronic wave products</td>
<td>Lighting</td>
<td>Nearline HDD*2</td>
</tr>
<tr>
<td>Discrete industrial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>applications</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fourth or lower in market</th>
<th>Mature markets</th>
<th>Growth markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thermal power (construction)</td>
<td>Thermal power (service)</td>
<td>System LSI</td>
</tr>
<tr>
<td>Industrial motors</td>
<td>PV and Wind power</td>
<td>Elevators (overseas)</td>
</tr>
<tr>
<td></td>
<td>Rail (overseas)</td>
<td>HVAC (overseas)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ICT solutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hydro power</td>
</tr>
</tbody>
</table>

- **Monitor business**: 1 Social systems, power distribution, broadcasting systems, telecommunications, road systems
- **2 Nearline HDD**: Large capacity HDD for data centers
- **Retail & printing businesses are not included**
Investment Plan for Growth

80% of planned strategic investments to go to growth fields

Past investment was concentrated on the memory business

(Source: Bloomberg, SPEEDA)

Planning organic growth by investment in growth fields

Major growth investment projects
- Renewable energy generation
- Production capacity for SCiB™ batteries
- Production capacity for HVAC/AC
- Production capacity for power devices
- Production capacity for nearline HDD*

Toshiba Next Plan growth investment plan
(Main growth investments for FY19-23)

<table>
<thead>
<tr>
<th></th>
<th>Stable</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>High market share</td>
<td>10%</td>
<td>60%</td>
</tr>
<tr>
<td>Low market share</td>
<td>9%</td>
<td>21%</td>
</tr>
</tbody>
</table>

* large capacity HDD for data centers

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Structural Change of the Monitored Businesses

Set up toll gates and closely monitor low profit businesses

**Thermal power (construction)**

**Current situation**
→ Fewer new projects due to decarbonization trend

**Countermeasures**
→ Shift from construction to services
   Optimize staff allocation and production capacity

**System LSI**

**Current situation**
→ An expanding market, but R&D costs are high

**Countermeasures**
→ Expand in the automotive and industrial areas
   Optimize R&D with withdrawals from certain areas

**Industrial motors**

**Current situation**
→ Cost increases due to rising material costs
   Expanding demand for green products

**Countermeasures**
→ Shift to high-end products, increase price of lower margin products
   Optimize staff and production capacity

**Mobile HDD**

**Current situation**
→ Shrinking mobile market
   Expanding data center market

**Countermeasures**
→ Optimize production capacity for mobile device
   Accelerate shift to large capacity HDD for data centers
Objectives by Business Unit: Energy Systems

Increase earning power by shift to services and solutions, reduce fixed costs

Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>(billion yen)</td>
<td>650.0</td>
<td>610.0</td>
<td>640.0</td>
<td>660.0</td>
</tr>
</tbody>
</table>

Operating income (ROS)

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>4.0</td>
<td>28.0</td>
<td>52.0</td>
<td>64.0</td>
</tr>
<tr>
<td>(-0.9%)</td>
<td>(-4.6%)</td>
<td>(8.1%)</td>
<td>(9.7%)</td>
<td>(billion yen)</td>
</tr>
</tbody>
</table>

Focus initiatives

- In thermal power, shift from construction to services
- Strengthen renewable energy and solutions business
- Reevaluate production base strategy (Keihin Operations, overseas production bases)
- Reduce fixed expenses

ROIC*1

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>(billion yen)</td>
<td>-145.0</td>
<td>-51.0</td>
<td>-145.0</td>
<td>42.0</td>
</tr>
</tbody>
</table>

FCF*2

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>(billion yen)</td>
<td>3%</td>
<td>17.0</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

*1 ROIC: Return on Investment Capital, *2 FCF: Free cash flow
Improving Energy Systems’ Operating Profit: FY18→FY21

Reform structure and procurement to secure improved profit

(billion yen)

-6.0
12.7
6.7
12.0
10.0
23.3
52.0

FY18 Forecast
FY18 Restructuring cost
FY18 Without restructuring cost
Procurement reform
Restructuring
Increase/ Decrease in sales etc.
FY21

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Objectives by Business Unit: Infrastructure Systems

Aim to drive growth with proactive investment in buildings, railways and batteries

### Focus initiatives

- Leverage customer base to expand O&M and new services such as monitoring, and new solutions
- Increase profit through growth investments in the building & facilities business and expand replacement business
- Expand business in the growth markets of railways and batteries

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value (billion yen)</td>
<td>1,260.0</td>
<td>1,270.0</td>
<td>1,490.0</td>
<td>1,700.0</td>
</tr>
</tbody>
</table>

+6.2%

### Operating profit (ROS)

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>54.0 (2.7%)</td>
<td>93.0 (5.5%)</td>
<td>121.0 (8.1%)</td>
<td>164.0 (9.6%)</td>
</tr>
</tbody>
</table>

### ROIC

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value (billion yen)</td>
<td>14.0</td>
<td>15.0</td>
<td>71.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

6% 9% 14% 16%

*1 ROIC: Return on Investment Capital, *2 FCF: Free cash flow
Improving Infrastructure Systems’ Operating Profit: (FY18 → FY21)

Plan to improve profit and increase business scale by reaping results of investment

(billion yen)

<table>
<thead>
<tr>
<th>FY18 Forecast</th>
<th>FY18 Restructuring cost</th>
<th>FY18 Without restructuring cost</th>
<th>Procurement reform</th>
<th>Restructuring</th>
<th>Increase/Decrease in sales etc.</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>34.0</td>
<td>5.7</td>
<td>39.7</td>
<td>29.0</td>
<td>15.0</td>
<td>37.3</td>
<td>121.0</td>
</tr>
</tbody>
</table>
Improving Infrastructure Systems’ Operating Profit: FY18 → FY21

Plan to increase sales in growth markets, and increase production capacity of core products to boost sales by 230 billion yen from FY18 to FY21

FY18→21 sales increase, by segment (billion yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY18</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Railway</td>
<td>1260.0</td>
<td>1,490.0</td>
</tr>
<tr>
<td>Industrial</td>
<td>375.9</td>
<td>520.0</td>
</tr>
<tr>
<td>Building·Facility</td>
<td>566.7</td>
<td>690.0</td>
</tr>
<tr>
<td>Public Infrastructure</td>
<td>397.3</td>
<td>440.0</td>
</tr>
</tbody>
</table>

**Lithium-ion batteries**
- Leverage SCiB™ characteristics to expand into the automotive market
- Increase production capacity in Japan, India and the US

**Railway**
- Increase sales in focus markets, e.g. Japan and China
- Enter hybrid train market in Europe

**HVAC/AC**
- Enhance product development and production capacity in Japan, China and India
- Expand presence in international markets

**Elevators**
- Focus on replacement demand for buildings constructed in the 90s
- Meet increasing demand from urbanization
Objectives by Business Unit: Storage & Devices, FY18 → FY21

Focus on automotive and industrial, data centers and storage servers

**Revenue (billion yen)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>870.0</td>
<td>860.0</td>
<td>940.0</td>
<td>1,050.0</td>
</tr>
</tbody>
</table>

+3.8% growth

**Focus initiatives**

- Structural reform of System LSI by directing resources to focus product groups
- Invest in increased production capacity for automotive and industrial power devices
- Invest in increased production of nearline HDDs for data centers

**Operating income (ROS)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29.0</td>
<td>59.0</td>
<td>82.0</td>
<td>105.0</td>
</tr>
<tr>
<td>EBITDA</td>
<td>51.0</td>
<td>51.0</td>
<td>82.0 (8.7%)</td>
<td>105.0 (10.0%)</td>
</tr>
</tbody>
</table>

82.0 (6.7%)

**ROIC**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROIC*1</td>
<td>10%</td>
<td>10%</td>
<td>17%</td>
<td>19%</td>
</tr>
<tr>
<td>FCF*2</td>
<td>5.0</td>
<td>5.0</td>
<td>42.0</td>
<td>76.0</td>
</tr>
</tbody>
</table>

*1 ROIC: Return on Investment Capital, *2 FCF: Free cash flow
Improving Storage & Devices’ Operating Profit: FY18 → FY21

Plan to reform procurement, and to optimize development costs to improve profit

<table>
<thead>
<tr>
<th>FY18 Forecast</th>
<th>FY18 Restructuring cost</th>
<th>FY18 Without restructuring cost</th>
<th>Procurement reform</th>
<th>Restructuring</th>
<th>Increase/Decrease in sales etc.</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.0</td>
<td>29.0</td>
<td>21.0</td>
<td>16.0</td>
<td>16.0</td>
<td></td>
<td>82.0</td>
</tr>
</tbody>
</table>
Objectives by Business Unit: Industrial ICT, FY18→FY21

Secure stable profit by expanding IoT and cost structure review

**Revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value (billion yen)</td>
<td>250.0</td>
<td>240.0</td>
<td>260.0</td>
<td>280.0</td>
</tr>
</tbody>
</table>

+2.3%

**Operating income (ROS)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA (billion yen)</td>
<td>3.0</td>
<td>14.0</td>
<td>23.0</td>
<td>32.0</td>
</tr>
<tr>
<td>Value (billion yen)</td>
<td>(0.0%)</td>
<td>(4.6%)</td>
<td>(7.7%)</td>
<td>(10.7%)</td>
</tr>
</tbody>
</table>

**Focus initiatives**

- Selection and concentration of business
- Meet management challenges by reforming business models with IoT and digital technology (AI)
- Reinforce SI business (optimize costs by leveraging off-shore resources)
- Reduce fixed costs

**ROIC**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROIC*1</td>
<td>19%</td>
<td>19%</td>
<td>22%</td>
<td></td>
</tr>
</tbody>
</table>

*1 ROIC: Return on Investment Capital, *2 FCF: Free cash flow
Plan to improve profit through structural reforms and business transformation

Improving ICT Solutions’ Operating Profit: FY18 → FY21

(billion yen)

<table>
<thead>
<tr>
<th>FY18 Forecast</th>
<th>FY18 Restructuring cost</th>
<th>FY18 Without restructuring cost</th>
<th>Procurement reform</th>
<th>Restructuring</th>
<th>Increase/Decrease in sales etc.</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0</td>
<td>5.9</td>
<td>5.9</td>
<td>1.0</td>
<td>8.0</td>
<td>5.1</td>
<td>20.0</td>
</tr>
</tbody>
</table>
04

The Toshiba Next Plan

Policy on Shareholder Returns
Improve Shareholder Returns

Increasing shareholder return through resuming dividend payments as well as share repurchases

- Swiftly implement a share repurchase of approx. 700 billion yen
- Resume dividend payments of 20 yen per share to shareholders as of December 31
- Continue to achieve stable shareholder returns in FY2019 and onward

During the 5-year course of Toshiba Next Plan, the company aims to increase its dividend and to secure a planned average consolidated dividend payout ratio of 30%*. Toshiba will enhance profit distribution to shareholders through dividend payments and repurchase of its own shares, according to the situation.

* For the time being, equity method profit and loss for Toshiba Memory Corporation is excluded from Toshiba’s policy on shareholder returns.
The Toshiba Next Plan

Development of New Growth Fields
Focus Fields Based on Mega-Trends and Owned Technologies

Recognize social change through disruptive innovation as an opportunity; focus on high growth markets

**Mega-trends**

- Increased urban infrastructure needs
- Increased mobility of people and things
- Automation through technology advances
- Growth of advanced medical technology
- Shift to renewable energy

**Toshiba’s focus markets in each megatrend**

<table>
<thead>
<tr>
<th>Year</th>
<th>Buildings Solutions</th>
<th>Railways Logistics</th>
<th>AI</th>
<th>Regenerative cellular medicine</th>
<th>Lithium-ion batteries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>~50</td>
<td>~40</td>
<td>~20</td>
<td>~15</td>
<td>~25</td>
</tr>
<tr>
<td>2020</td>
<td>~30</td>
<td>~30</td>
<td>~15</td>
<td>~15</td>
<td>~30</td>
</tr>
<tr>
<td>2030</td>
<td>~45</td>
<td>~45</td>
<td>~20</td>
<td>~20</td>
<td>~45</td>
</tr>
</tbody>
</table>

**Toshiba Group technologies**

- Toshiba’s digital/Al technology
  - Large-scale data analysis
  - Forecasting & Optimization
  - Image recognition
  - Sensor signal processing
  - Spoken interaction
- Abundant business domain assets
  - Customer channels
  - On-the-ground experience
  - Digital talents
- High performance core components
  - SCiB™ battery
  - Power electronics
  - Superconductors
  - Quantum encryption communication
  - IoT edge devices

**Toshiba’s focus markets in each megatrend**

New Growth Business 1: SCiB™

Focus on markets where the SCiB™ characteristics are attractive
Target 400 billion yen business scale in 2030

SCiB™ strengths
- Lower risk of ignition or explosion
- 80% charge in 6 mins, rapid charging
- Cycle lifespan over 20,000
- Usable at -30℃
- High current discharge
- 80% charge in 6 mins, rapid charging

Growth Strategy
1 Increase investments for growth
   - New plant under construction in India (JV)
   - Decision made for new factory in Yokohama
   - Decided to increase capacity at Kashiwazaki Operations

2 Strategic alliances
   - Start alliance with JCI²;
     co-develop next-generation material with CBMM³

Market environment and main focus fields
Rechargeable battery market*¹
JPY Trillion: Fuji keizai

Win share in markets that value the SCiB’s strengths

Growth market
Grow by 3x

2017
2030
15.7
4.7

The automobile market will grow to 12.4 trillion yen, the stationary and industrial market to 3.3 trillion yen.

Markets where SCiB’s strengths can be used: 1.3T

Focus fields
Automotive
HEV, Commercial vehicle
Automated Guided Vehicles (AGV)
Industrial
(Railways, AGV, etc.)

*¹ Compound Average Growth Rate  *² JCI: Johnson Controls (US)
*³ CBMM: Companhia Brasileira de Metalurgia e Mineração (Brazil)  Photo by  *⁴: Suzuki  *⁵: Tokyo Metro  *⁶:NEDO
New Growth Business 2: Power Electronics

Capture evolution of power devices in a system that ensures differentiation

Product & technology strengths

Next generation mobility

Small, high efficiency inverters

Motor control LSI Failure estimate technology

Toshiba device technologies that support electrification

• Power semiconductors
• Photocouplers (insulation)
• Digital isolators
• Micro controls, analog

Low loss SiC Power devices

Expand mobility and industrial system business through strong device technology competitiveness

Market environment and main focus fields

Power device market forecast

Trillion yen , source: fuji keizai

*1 NEDO: New Energy and Industrial Technology Development Organization  
*2 SiC: Silicon carbide,  
*3 GaN: Gallium nitride  
Photo by *4 JR Tokai  
*5: Tokyo Metro

Continuing electrification; Growth in power devices, inverters and system markets. Specifically, growth is expected in SiC, GaN next generation devices.

Low loss SiC Power devices

High Speed Train*4 • Railways*5  
Automotive/ Autonomous driving

Infrastructure System

DC systems  
Building solutions  
Smart factories

Next generation device market growth by 17x

Mobility

Focus fields

2017  
2030

SiC  
GaN

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New Growth Business 3: Precision Medicine

Improve cancer cure rates by very early detection and individualized treatment

Product and technology strengths

- **Prevention**: Japonica array*1
- **Examination**: Next gen clinical sequencer
- **Diagnostics**: Living cell visualization
- **Treatment**: Liposome

Core technologies across all phases from prevention to treatment

- Micro RNA
- Heavy-ion radiotherapy

Market environment and main focus fields

**Global regenerative and cellular medicine market**

Trillion yen, Seed + planning

- Expansion of individualized medicine market through advances in regenerative and precision medicine

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth market</th>
<th>Growth by 17x</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>2030</td>
<td>12.8</td>
<td></td>
</tr>
</tbody>
</table>

**Focus fields**

- **Very early detection**: Identify cancers that take years to grow to identifiable levels at an earlier stage.
- **Individualized treatment**: Realize treatment optimized for the individual.

*1: In collaboration with Tohoku University
The Toshiba Next Plan

Toshiba’s Digital Transformation
Gains from Digital Innovation

Use digital transformation to add value to all business fields

- **High value added**
- Increased importance of key devices and core components
- Optimize products and systems through data feedback
- Use data to expand operations and services using AI/IoT

**Digital Revolution**

- **Key devices, components**
- **Products, systems**
- **Operations, services**
Implementation of Digital Culture

Transform Toshiba by implementing digital culture throughout the organization.

- Constant reconciliation
- Closed hierarchy
- Closed innovation
- Continuous customization
- Low profitability

- Modular architecture
- Flat
- Co-creation
- Scalable, standardized
- High profitability
Implementing Toshiba’s IoT in Society

Applied extensive practical knowledge to create standardized IoT architecture and technology as an open source, available to all

Toshiba’s IoT

**SPINEX™**

Toshiba IoT Reference Architecture

- **Control**
- **Data**
- **Service**
- **Analytics**
- **Operations**
- **System of systems**

**Common**

**Other Domain**

- **Operations optimized Analysis and prediction technology**
- **System of Systems, that allows services to be connected**
- **Interactions with people**

* NIST : National Institute of Standards and Technology

Industrie4.0

NIST*

Differentiated Fields

Industrial Internet Consortium
Combine Cyber and Physical technologies

New services backed by extensive experience and digitization

Optimized operation of power plants

Formulate cost effective generation plan for multiple generation units, considering constraints and operational conditions.

Factory IoT

Visualize 5M1E², and upgrade manufacturing by advanced analysis on causal

Digitization of elevator business through BIM*¹

Provide added-value services from proposals on new and replacement installation to high end maintenance and operation, by sharing BIM information with customers

Retail consolidated platform

Provide data services backed on consolidated platform

*¹:BIM (Building Information Modeling): Building database, which add customer information on 3 dimension digital model of buildings
AI Technology as a Source of Competitiveness

Develop competitive technologies awarded by third parties

Product failure analysis through data mining

- **Semiconductor Wafer**
  - Inspection data
  - Defect
  - Automatic classification of failure tendency without learning

Power demand forecast

- **Weather forecast**
  - AI
  - Demand forecast
  - Actual Demand
  - Electricity demand forecast contest 1st rank out of 100 teams
  - Highly accurate electricity demand forecast based on weather conditions

Image segmentation

- **Original image**
  - Estimation of individual
  - Estimation of kind
  - Achieved world No.1 estimation accuracy

Identifying individuals across multiple cameras

- **Monitor Camera 1**
  - Monitor Camera 2
  - Achieved world No.1 identification accuracy

Estimation of subjects in images through deep learning

- Achieved world No.1 estimation accuracy

Identify same person through robust person feature value

*1: [https://www.toshiba.co.jp/rdc/detail/1706_04.htm](https://www.toshiba.co.jp/rdc/detail/1706_04.htm) (FY2016)

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Toshiba’s Vision for the new IoT as a leading CPS Technology Company

**Toshiba’s IoT**

**Digital: Cyber**
To predict and reproduce complicated matters by overcoming time and space

**Real: Physical**
The knowledge and experience Toshiba has gained from the real world

**SPINEX**

- SPINEX for Energy
- SPINEX for Infrastructure
- SPINEX for Logistics
- SPINEX for Buildings
- SPINEX for Manufacturing

**Total capability of Toshiba Group**

**Original AI and digital technologies**

**Extensive business domain assets**

**Action**
The Toshiba Next Plan

Establishing the Structure for Execution
Concept: Open Incubation Initiative

Harnessing venture spirit, incubating new businesses

- **Business development, strategy and promotion**
  - Internal technology assets
  - Quick examination of customer value

- **R&D**
  - Business seeds

- **Idea generation**
  - External resources, intelligence, expert views

- **Market-in approach**
  - Accelerated by synergy
  - Verify technology seeds

- **New business**

- **CVC* fund of approx. 10 billion yen**
  - Explore external technology assets
  - Venture capital and start-up network

* CVC: Corporate Venture Capital
Cultivation of Co-creation and Digital Talent

Cultivate boundary-breaking talent to accelerate digital transformation

Promote co-creation, digital talent, culture
Leverage external talents

Networking and collaboration
Customers
Co-creation partners
In-house and external specialists

Co-creation themes

Future value co-creation programs and cross functional collaboration

DX boot camp
Develop shared understanding of “Digital”

Strategy session
Share strategy from future perspective and build scenario for execution

Project session
Action planning for customer value and business development

Output image
Shared understanding & collaborative action

Attractive vision & hypothesis of digital strategy

Digital talents and teams +
Services & prototypes +
Partner eco system

Team building & Engagement

Execution

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The Next Generation Project

24 talented young employees share ideas on how to grow Toshiba

Team N
Urban problem-solving business
Food x Mobility x Future creation

Team E
Creating seeds of next-generation businesses
Proposals for “Mechanisms to identify new business seeds” and “co-creation space”

Team X
Next business creation plan
Plans to create next businesses

Team T
The world of next-generation big data healthcare
Next generation big-data business in medicine

Realizing the way to the next step forward
Group-wide Reorganization

Reevaluate organizations for execution of the Toshiba Next Plan

Consolidation of business units × Simplification of the hierarchy

- Reorganize and consolidate business units
- Slim-down the corporate staff
- Consolidate staff functions

Strengthen business operating structure

Accelerate decision making
Executive Officer Compensation System

Change to compensation system aligned with maximizing mid-to-long term enterprise value. Over 50% of performance-linked compensation to be paid in restricted stocks.

- **Performance-linked (restricted stocks)**
- **Performance-linked (cash)**
- **Restricted stocks**

- Add ROS and capital efficiency etc. as performance measurement to current evaluation of cash flow vs. budget
- Reflect TSR* in performance-linked compensation
- 55-80% (depending on position) of performance-linked compensation to be paid in restricted stocks
- Increase the ratio of fixed compensation made up of restricted stocks

Change to a compensation system that helps to realize the Toshiba Next Plan and incentivizes sustainable growth

※TSR  Total Shareholders Returns

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Enhance Internal Control

Strengthen internal control functions with the “2nd and 3rd lines*” of defense

Continue effective risk management, process controls, group governance, compliance (3rd line)

Expand use of cross-functional activities (2nd line) to strengthen checks, balances and monitoring

Internal auditing (3rd line)

Enhance auditing corporate staff activities

Cross-functional (2nd line)

Sales reform

Procurement reform

R&D streamlining

Productivity improvement

Continue effective risk management, process controls, group governance, compliance

Expand sales network, sales price, entertainment expense management

Expand procurement cost and process management

Expand R&D cost portfolio management

Expand Base optimization, productivity improvement

* The three defense lines include the department that monitors risk (2nd line) and the department that gives reasonable assurances to the board of directors (3rd line)
Establish a Structure to Effectively Execute the Toshiba Next Plan

Develop a structure and system for realizing the Toshiba Next Plan

Toshiba Group’s philosophy
Beliefs and values shared by all Group employees
- Basic Commitment of The Toshiba Group
- Our Purpose
- Our values

Toshiba’s “Ten Guides to Action”
Guiding principles for execution of the Toshiba Next Plan
- Our goals
- Our people
- Our monozukuri
- Our organization

Deployment of “My Next Plan”
Propagation of transformation to entire the Toshiba Group
- From top management to executives and then to all employees
- Make targets cascade down to realize a sense of ownership

Reevaluation of the personnel system
A system that rewards behavior working toward achieving targets, and results
- Actively assign people who can take on challenges
- A varied personnel system that is linked to performance/ and results

A mindset that encourages every employee to have a sense of ownership for the Toshiba Next Plan

Share a determination and commitment throughout the organization to definitely achieve goals

An open minded culture that supports a healthy and sustainable growth model
Appendix
Improvement Plans for Energy Systems’ Operating Profit (FY18 → FY19)

(billion yen)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY18 Forecast</th>
<th>FY18 Restructuring cost</th>
<th>FY18 amount without restructuring cost</th>
<th>Procurement reform</th>
<th>Restructure / Optimize Staff &amp; production</th>
<th>Difference in sales price / sales mix etc.</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-6.0</td>
<td>12.7</td>
<td>6.7</td>
<td>5.0</td>
<td>10.3</td>
<td>28.0</td>
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</tr>
</tbody>
</table>

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Improvement Plans for Infrastructure Systems’ Operating Profit (FY18 → FY19)

- FY18 Forecast: 34.0 billion yen
- FY18 Restructuring cost: 5.7 billion yen
- FY18 amount without restructuring cost: 39.7 billion yen
- Procurement reform: 12.0 billion yen
- Restructure / Optimize Staff & production: 8.0 billion yen
- Difference in sales price / sales mix etc.: 10.3 billion yen
- FY19: 70.0 billion yen
Improvement Plans for Storage & Devices’ Operating Profit (FY18 → FY19)

- FY18 Forecast: 29.0 million yen
- Restructuring cost: 29.0 million yen
- Procurement reform: 6.0 million yen
- Restructure / Optimize Staff & production: 16.0 million yen
- Difference in sales price / sales mix etc.: 7.0 million yen
- FY19: 58.0 million yen
Improvement Plans for Industrial ICT’s Operating Profit (FY18 → FY19)

- FY18 Forecast
- FY18 Restructuring cost: 5.9 billion yen
- FY18 amount without restructuring cost: 5.9 billion yen
- Procurement reform: 1.0 billion yen
- Restructure / Optimize Staff & production: 5.0 billion yen
- Difference in sales price / sales mix etc.: 0.9 billion yen (increase)
- FY19: 11.0 billion yen
### Plan by Segments (Energy Systems)

<table>
<thead>
<tr>
<th>Energy Systems</th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>650.0</td>
<td>610.0</td>
<td>640.0</td>
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<tr>
<td>Operating income</td>
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<td>EBITDA</td>
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<tr>
<th>Nuclear Power</th>
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<th>FY19</th>
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<tbody>
<tr>
<td>Revenue</td>
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<td>8.0</td>
<td>15.0</td>
<td>19.0</td>
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<table>
<thead>
<tr>
<th>Thermal &amp; Hydro</th>
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<th>FY19</th>
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<tr>
<td>Revenue</td>
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## Plan by Segments (Infrastructure Systems)

<table>
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<th>Infrastructure Systems</th>
<th>FY18</th>
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<tbody>
<tr>
<td>Revenue</td>
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<tr>
<th>Public Infrastructure</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>397.3</td>
<td>410.0</td>
<td>440.0</td>
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<table>
<thead>
<tr>
<th>Rail &amp; Industrial Systems</th>
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<thead>
<tr>
<th>Building &amp; Facilities</th>
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(billion yen)
## Plan by Segments (Storage & Devices)

<table>
<thead>
<tr>
<th>Storage &amp; Devices</th>
<th>FY18</th>
<th>FY19</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>870.0</td>
<td>860.0</td>
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<td>EBITDA</td>
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<td>Revenue</td>
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<table>
<thead>
<tr>
<th>HDD and others</th>
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<th>FY19</th>
<th>FY21</th>
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<tbody>
<tr>
<td>Revenue</td>
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<td>480.0</td>
<td>520.0</td>
</tr>
<tr>
<td>Operating income</td>
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<tr>
<td>EBITDA</td>
<td>16.6</td>
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(billion yen)
## Plan by Segments (Industrial ICT)

<table>
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<th>Segment</th>
<th>FY18</th>
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<tbody>
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<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
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<td>240.0</td>
<td>260.0</td>
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<tr>
<td>Operating income</td>
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<td>11.0</td>
<td>20.0</td>
</tr>
<tr>
<td>EBITDA</td>
<td>3.0</td>
<td>14.0</td>
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(billion yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY18</th>
<th>FY19</th>
<th>FY21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail &amp; Printing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>480.0</td>
<td>510.0</td>
<td>540.0</td>
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<tr>
<td>Operating income</td>
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<td>29.0</td>
</tr>
<tr>
<td>EBITDA</td>
<td>27.0</td>
<td>31.0</td>
<td>38.0</td>
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