



# Results Briefing for Year Ended March 31, 2017

May 10, 2017

**CASIO COMPUTER CO., LTD.**

## **Forward-looking Statements**

**Earnings estimates and expectations that are not historical fact included in this report are forward-looking statements.**

**Although such forward-looking statements reflect the judgment of management based on information currently available to it, various factors could cause actual results to differ materially.**

# FY2017 Consolidated Financial Summary

(Billion of Yen)

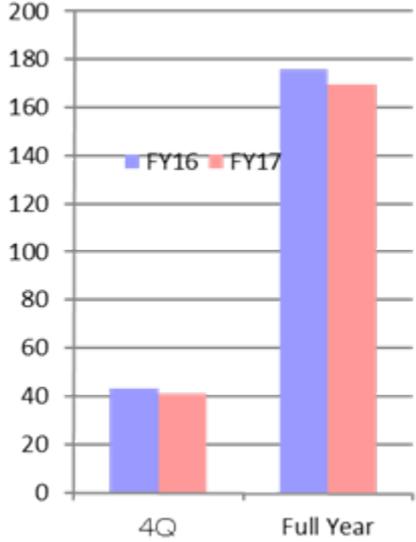
<b>Consolidated</b>	<b>FY16/4Q</b>	<b>FY17/4Q</b>	<b>YOY Change</b>	<b>FY16/Full Year</b>	<b>FY17/Full Year</b>	<b>YOY Change</b>
<b>Net Sales</b>	<b>90.4</b>	<b>88.6</b>	<b>98%</b>	<b>352.3</b>	<b>321.2</b>	<b>91%</b>
Operating income	<b>8.7</b>	<b>10.3</b>	<b>118%</b>	<b>42.2</b>	<b>30.6</b>	<b>73%</b>
<b>OPM</b>	<b>9.6%</b>	<b>11.6%</b>		<b>12.0%</b>	<b>9.5%</b>	
Ordinary income	<b>7.7</b>	<b>11.5</b>	<b>149%</b>	<b>41.1</b>	<b>26.2</b>	<b>64%</b>
<b>Net income</b>	<b>6.4</b>	<b>7.8</b>	<b>122%</b>	<b>31.2</b>	<b>18.4</b>	<b>59%</b>
<b>EPS(Yen)</b>	<b>24.66</b>	<b>31.42</b>		<b>119.72</b>	<b>72.67</b>	

# Net Sales and Operating Income by Segment

(Billion of Yen)

Net Sales	FY16/ 4Q	FY17/ 4Q	YOY change	FY16/ Full Year	FY17/ Full Year	YOY change
	Consumer	75.2	74.6	99%	301.0	272.8
System equipment	13.1	11.9	91%	42.7	39.7	93%
Others	2.2	2.2	98%	8.6	8.7	100%
<b>TOTAL</b>	<b>90.4</b>	<b>88.6</b>	<b>98%</b>	<b>352.3</b>	<b>321.2</b>	<b>91%</b>
<b>Operating income</b>						
Consumer	10.1	11.5	114%	49.0	37.2	76%
System equipment	0.3	0	-	(1.8)	(2.2)	-
Others	0	0	-	(0.1)	0.3	-
Adjustment	(1.7)	(1.2)	-	(4.9)	(4.7)	-
<b>TOTAL</b>	<b>8.7</b>	<b>10.3</b>	<b>118%</b>	<b>42.2</b>	<b>30.6</b>	<b>73%</b>

## Timepieces (Net Sales)



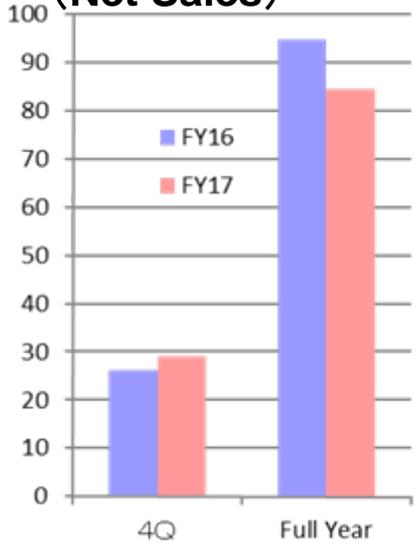
### Timepieces

- Full-year: sales declined by 4% YOY to 169.6 billion yen, while sales in local currencies increased by 5%. OPM at 20%.
- 4Q: sales temporarily slowed down ahead of the launch of powerful new products in 1Q (down 5% YOY). OPM at 20%
- G-SHOCK was strong, reaching annual sales of 8.5 million units.

### Educational Products

- Full-year: sales down 11% YOY at 84.4 billion yen. OPM at 7%
- 4Q: sales increased by 11% YOY at OPM 12%.

## Educational Products (Net Sales)



<Calculator:  
Approx 50%>

- Scientific calculators continued strong performance; sales down 4% YOY while recording 8% increase in local currencies. OPM at 16%.
- 4Q: sales up 3% YOY (up 6% in local currencies) at OPM 19%.

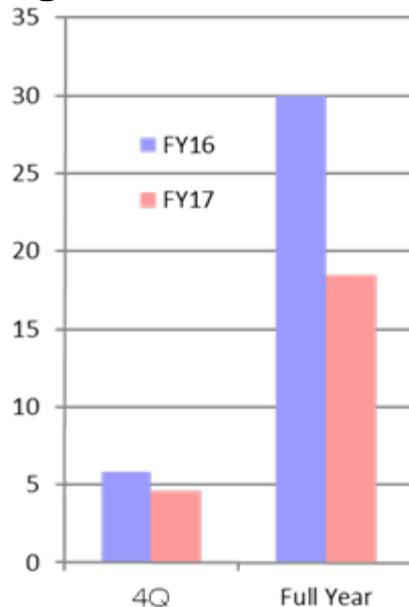
<Electronic dictionary:  
Approx 25%>

- Sales remained flat YOY thanks to keeping sales for students. OPM at 3%.
- 4Q: thanks to large orders and the contribution from English conversation learning tools, sales up 5% YOY at OPM 11%.

<Electronic musical instrument:  
Approx 25%>

- Sales down 21% YOY due to production delay associated with quality issues. Loss of 1.3 billion yen.
- 4Q: sales increased 42% YOY; OPM recovered to 7%.

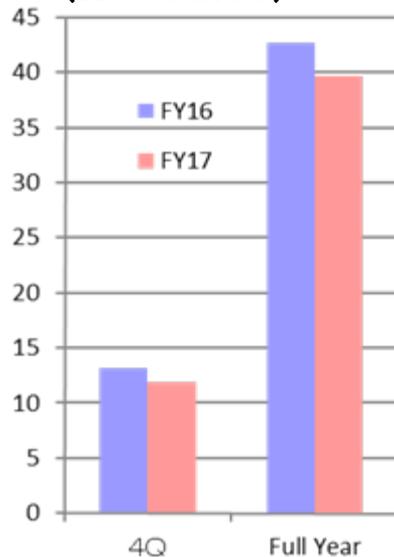
## Digital Cameras (Net Sales)



### Digital Cameras

- Full-year: sales declined by 38% YOY to 18.5 billion yen due to the impact of the Kumamoto Earthquake and the emergence of TR competitors. A loss of 500 million yen.
- 4Q: new TR models contributed to eliminate the loss while sales decreased 21% YOY.

## System Equipment (Net Sales)



### System Equipment

- Full-year: sales declined 7% YOY to 39.7 billion yen. A loss of 2,2 billion yen.
  - Data projectors: Approx 25%
  - Other products: Approx 75%
- 4Q: pulled out of the red while sales went down 9% YOY (2<sup>nd</sup> half loss of 800 million yen).

# FY2018 Financial Forecasts

(Billion of Yen)

Consolidated	FY17 Full Year Result	FY18 1H Forecast	YOY Change	FY18 2H Forecast	YOY Change	FY18 Full Year Forecast	YOY Change
<b>Net Sales</b>	<b>321.2</b>	<b>160.0</b>	<b>102%</b>	<b>190.0</b>	<b>115%</b>	<b>350.0</b>	<b>109%</b>
<b>Operating income</b>	<b>30.6</b>	<b>14.5</b>	<b>108%</b>	<b>19.5</b>	<b>114%</b>	<b>34.0</b>	<b>111%</b>
<b>OPM</b>	<b>9.5%</b>	<b>9.1%</b>		<b>10.3%</b>		<b>9.7%</b>	
<b>Ordinary income</b>	<b>26.2</b>	<b>13.5</b>	<b>164%</b>	<b>18.5</b>	<b>103%</b>	<b>32.0</b>	<b>122%</b>
<b>Net income</b>	<b>18.4</b>	<b>9.5</b>	<b>149%</b>	<b>13.0</b>	<b>108%</b>	<b>22.5</b>	<b>122%</b>
<b>EPS(Yen)</b>	<b>72.67</b>	<b>38.57</b>		<b>52.77</b>		<b>91.34</b>	

# Net Sales and Operating Income by Segment

(Billion of Yen)

Net Sales	FY17 Full Year Result	FY18 1H Forecast	FY18 2H Forecast	FY18 Full Year Forecast	YOY Change
<b>Consumer</b>	<b>272.8</b>	<b>139.5</b>	<b>162.5</b>	<b>302.0</b>	<b>111%</b>
System equipment	<b>39.7</b>	<b>16.5</b>	<b>22.5</b>	<b>39.0</b>	<b>98%</b>
<b>Others</b>	<b>8.7</b>	<b>4.0</b>	<b>5.0</b>	<b>9.0</b>	<b>104%</b>
<b>TOTAL</b>	<b>3,21.2</b>	<b>160.0</b>	<b>190.0</b>	<b>350.0</b>	<b>109%</b>
<b>Operating income</b>					
<b>Consumer</b>	<b>37.2</b>	<b>18.0</b>	<b>22.5</b>	<b>40.5</b>	<b>109%</b>
System equipment	<b>(2.2)</b>	<b>(0.5)</b>	<b>0</b>	<b>(0.5)</b>	<b>-</b>
<b>Others</b>	<b>0.3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Adjustment</b>	<b>(4.7)</b>	<b>(3.0)</b>	<b>(3.0)</b>	<b>(6.0)</b>	<b>-</b>
<b>TOTAL</b>	<b>306</b>	<b>14.5</b>	<b>19.5</b>	<b>34.0</b>	<b>111%</b>

## **Timepieces**

## **GAKUHAN**

(Scientific calculators & electronic dictionaries)

Continuous improvement as an extension of existing business.

(The business has an established business model)

⇒ Evolve / expand while keeping promised value

⇒ Create "Only 1" "No.1" Market to sustain expansion

## **New genre consumer products**

(Electronic musical instruments, calculators, digital cameras, etc.)

The Business needs to formulate a new strategy. Create and develop new markets according to ongoing market transformation (maturity / decline)

⇒ Back to basics & Casio-style genres

⇒ Create unique new genres

## **System Equipment**

(PA·SA·OA·PPR  
·Projectors)

Contribute to profit improvement by implementing structural reform.

Establish revenue base by strengthening solution development of remaining businesses.

## ■ Priority Products and Strategy

Further activate youth market for G-SHOCK; expand sales among young adults with affordable price zone metal analog G-STEEL watches as the main products.

Install the new generation of world time function that connects to the Internet in all 6 brands of watches, and expand the metal analog watch genre (Apply success case of EDIFICE to other brands)

Propose new applications and new added values to new target users with smartwatches etc. (synergy between the watch and wrist device)



## ■ Priority Area and Strategy

### China

Aim for explosive expansion of G-SHOCK; significantly enhance e-commerce channels.

Drastically enhance advertisement on social media (gorilla part 2 etc.)

### ASEAN

Gain foothold in jeweler channels with EDIFICE smartphone-link watches as the main models

### North America

G-SHOCK 35<sup>th</sup> anniversary; new SHOCK THE WORLD project



- Powerful development of the GAKUHAN structure (unique mechanism of annual students purchase)
- Strengthen sustainable and stable business by GAKUHAN throughout the world and cultivate new markets
- Every year, new students sustainably & stably purchase these products as essential items of their study



## Scientific Calculators

### ◆ Annual shipment: Aim for 30 million units

- Powerful development of the pyramid-type academic sales system (approaching Ministry of Education and teachers, developing teaching materials etc.)
- Focus on countries with hidden demand for sci cal and counterfeit rampant markets
  - Prohibited ⇒ Allowed ⇒ Recommended ⇒ Mandatory
- Enhance sales in advanced math countries by introducing a new color graphing calculators, etc.



## Electronic Dictionaries

### ◆ Annual shipment for junior and high school students: 600,000 units

- Certified and recommended by schools
- Support “mechanism” + GAKUHAN structure

# New Genre Consumer Products

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(Electronic musical instrument • Calculators • Digital Cameras, etc. )

- Create and develop new markets corresponding to ongoing market transformation
- Combine competencies of each business and create the third pillar business



## 【Electronic Musical Instrument】

- Streamline keyboard lineup (60→30 models)
- Develop new genre keyboard for beginners and emotional development purpose

## 【Digital Cameras】

- Strengthen TR brand
- Launch new products for sports and outdoor market

## 【Electronic Dictionaries】

- Expand senior market, enhance sales overseas

## 【English Conversation Learning Tools】

- Realize advanced user interface for better learning, thanks to original technology
- Expand B2B sales with the start of Hospitality English Proficiency Test

■ Combine competencies of Digital Camera, Electronic Musical Instrument, and Projector businesses to create the third pillar business

▪ Merging competencies

- Camera module
- Image processing module
- Sensor module
- Laser and LED hybrid light source module
- Sound module

## ■ Structural reform (OA·PPR)

- Withdraw from the loss-making printer and OA businesses
- Posted extraordinary loss of 4.5 billion yen (HR related and asset appraisal loss, etc.) in the ended fiscal year; will contribute to reduction of fixed costs from the current FY

## ■ Strategy for Remaining Businesses

- Differentiated strong hardware (PA)
- Strengthen solution development for Small and medium-sized sole proprietorships (SA)



# Impact of Foreign Exchange Rate Fluctuations

## FOREX Sensitivity(FY18) (Major currencies)

US Dollar
Euro
Renminbi

Assumed exchange rate (for current FY)
¥113.0
¥118.0
¥16.3

Yearly impact of one yen fluctuation	
Net sales	Operating income
¥ 1.0 billion	—(※1)
¥ 0.35 billion	¥ 0.25 billion
¥ 1.8 billion	¥ 1.2 billion

※1 Impact of dollar-yen fluctuation is minimal as exports and imports are nearly in equilibrium

## Actual Exchange Rate(FY17) (YOY)

US Dollar
Euro
Renminbi

FY17/4Q
¥ 113.6 (¥ -1.9)
¥ 121.1 (¥ -6.1)
¥ 16.6 (¥ -1.0)

FY17/Full Year
¥ 108.4 (¥ -11.7)
¥ 118.8 (¥ -13.8)
¥ 16.1 (¥ -2.8)

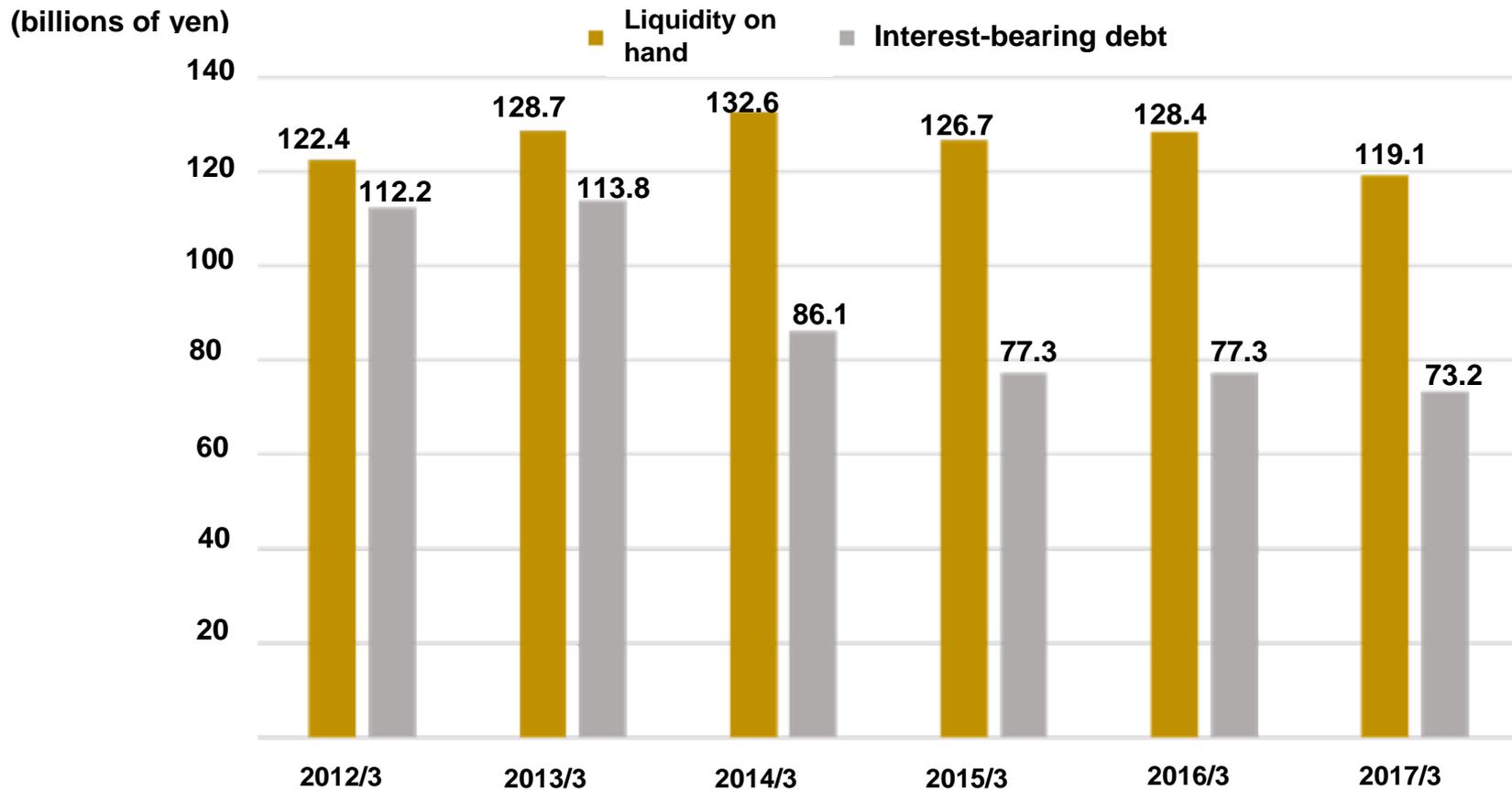
## FOREX Impact (Y on Y)(FY17) (including other currencies)

Net sales
Operating income

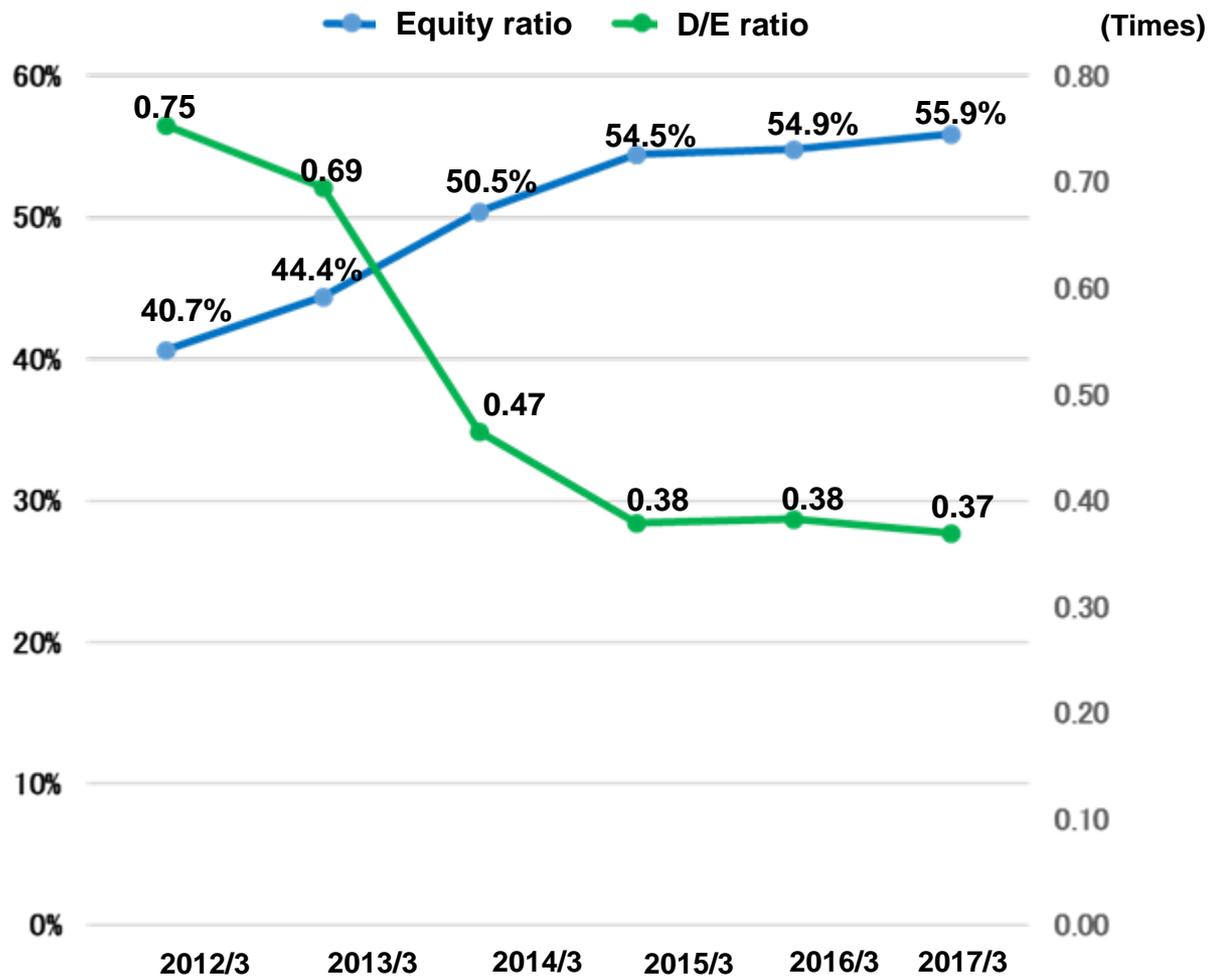
FY17/4Q
⊖ 1.8billion
⊖ 0.9billion

FY17/Full Year
⊖ 22.8billion
⊖ 10.4billion

## ■ Liquidity on hand · Interest-bearing debt



# Equity ratio · D/E ratio



## ■ Pension Finance

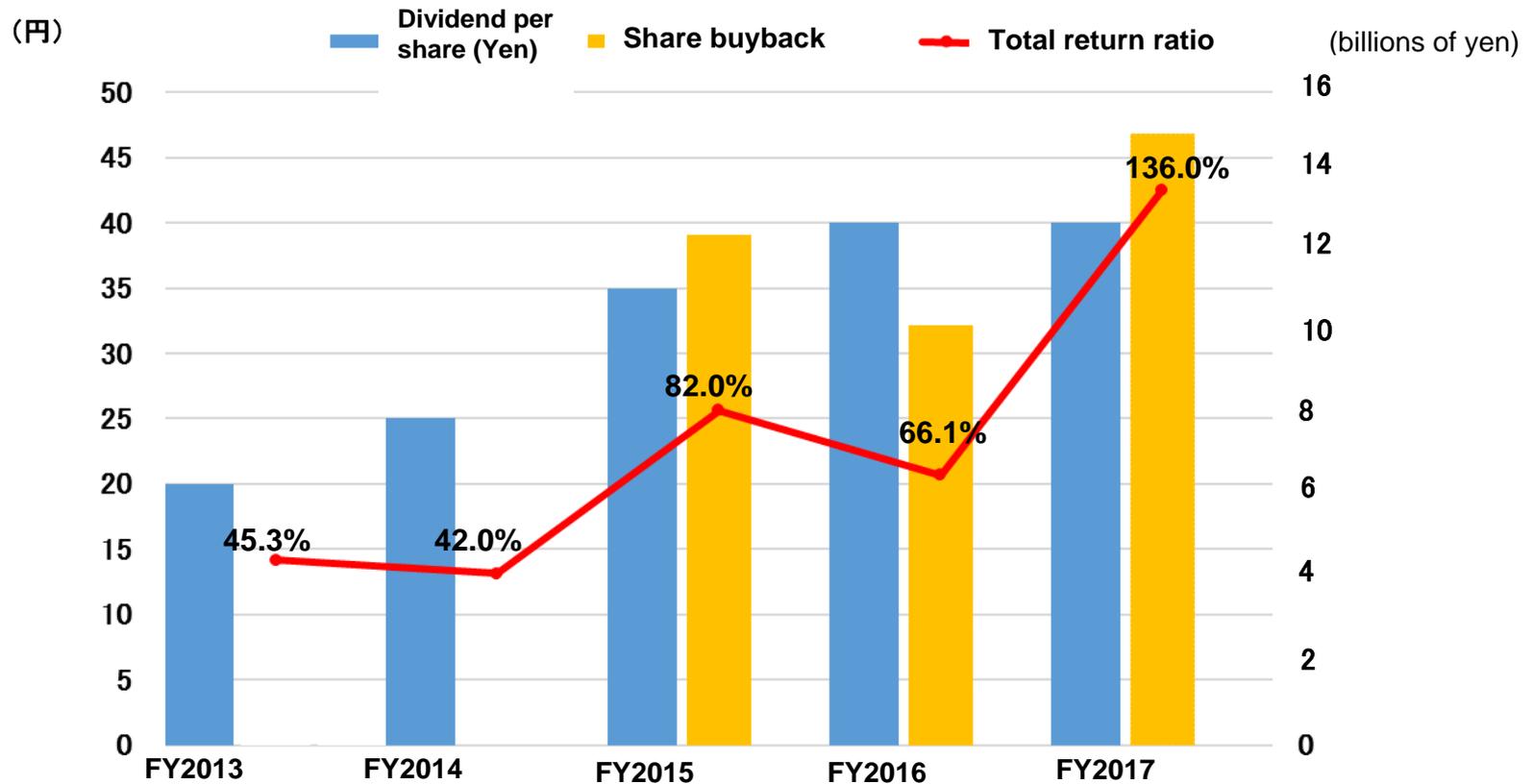
- Pension finance maintains excess reserves (fiscal consolidation)

	2015/3	2016/3	2017/3
<b>Pension assets</b>	71.4	65.3	69.3
Retirement benefit obligation (A)	58.5	57.6	56.7
<b>Amount of excess reserves (B)</b>	<b>+12.9</b>	<b>+7.8</b>	<b>+12.6</b>
<b>Excess rate (B ÷ A)</b>	<b>+22%</b>	<b>+14%</b>	<b>+22%</b>

Average of 30 electronics and machinery companies is ⊖ 23%	Average of 30 electronics and machinery companies is ⊖ 30%
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## ■ Dividend per share · Share buyback · Total return ratio



**END**