



# **First Quarter Results Briefing for Year Ending March 31, 2018**

August 2, 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.**

# FY2018 First Quarter Results Highlight

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(billions of yen)

<b>Consolidated</b>	<b>FY17/1Q</b>	<b>FY18/1Q</b>	<b>YOY Change</b>
<b>Net Sales</b>	<b>74.3</b>	<b>69.8</b>	<b>94%</b>
<b>Operating income</b>	<b>7.1</b>	<b>6.6</b>	<b>92%</b>
<b>OPM</b>	<b>9.6%</b>	<b>9.4%</b>	
<b>Ordinary income</b>	<b>2.5</b>	<b>5.8</b>	<b>230%</b>
<b>Net income</b>	<b>2.4</b>	<b>4.2</b>	<b>174%</b>
<b>EPS(Yen)</b>	<b>9.38</b>	<b>16.97</b>	

# Net Sales and Operating Income by Segment

(Billion of Yen) 2

Net Sales	FY17/1Q	FY18/1Q	YOY change
Consumer	63.8	59.8	94%
System equipment	8.6	8.2	95%
Others	1.9	1.8	96%
<b>TOTAL</b>	<b>74.3</b>	<b>69.8</b>	<b>94%</b>

Operating income			
Consumer	9.2	7.9	86%
System equipment	(0.9)	0	-
Others	0	0.1	-
Adjustment	(1.1)	(1.4)	-
<b>TOTAL</b>	<b>7.1</b>	<b>6.6</b>	<b>92%</b>

# Summary of The First Quarter

■ Although sales and OP declined yoy, the progress rate of the first half forecasts is approx. 45%.

Ordinary profit more than doubled, and net income increased 74% yoy.

■ Profit increased for the Timepieces business as the earlier model G-STEEL gained momentum; sales declined because many of the new models were launched in June.

■ GAKUHAN business is steady with scientific calculators.

■ System equipment business went out of the red due to the structural reform of the previous term.

# Overview by Business

## Timepieces

- Sales declined 9% yoy to 36 billion yen; OPM 23%.  
New models to contribute in Q2 for meeting the 1H forecasts.
- Strong sales and profit contribution of G-STEEL

## Education Products

- Sales increased 2% yoy to 19.3 billion yen; OPM 6%

<Calculators: 55%> Sales up 3% YOY, OPM 19%, driven by scientific calculators

<Electronic dictionaries: 25%> Sales up 2% yoy, break-even, robust sales of products for seniors

<Electronic musical instruments: 20%> Sales up 3% yoy thanks to strong sales in North America, Japan, China, etc. Loss of 800 million yen due to advance promotion costs

## Digital Cameras

- Sales decreased 20% yoy to 4 billion yen.  
Loss of 800 million yen due to advance development costs

## System Equipment

- Profit/loss improved significantly while sales decreased 5% yoy due to exit from the printer business

< Sales composition >      < Profit/loss >

- |               |             |                  |
|---------------|-------------|------------------|
| • Others:     | Approx. 70% | 0.3 billion yen  |
| • Projectors: | Approx. 30% | -0.3 billion yen |

# FY2018 Financial Forecasts

(Billion of Yen)<sup>6</sup>

Consolidated	FY18/2Q Forecast	YOY Change	FY18 1H Forecast	YOY Change	FY18 Full Year Forecast	YOY Change
Net Sales	90.2	109%	160.0	102%	350.0	109%
Operating income	7.9	124%	14.5	108%	34.0	111%
OPM	8.8%		9.1%		9.7%	
Ordinary income	7.7	135%	13.5	164%	32.0	122%
Net income	5.3	134%	9.5	149%	22.5	122%
EPS(Yen)	21.60		38.57		91.34	

# Net Sales and Operating Income by Segment

(Billion of Yen) 7

Net Sales	FY18/2Q Forecast	YOY change	FY18/2Q Forecast	YOY change	FY18/ Full Year	YOY change
<b>Consumer</b>	<b>79.7</b>	<b>115%</b>	<b>139.5</b>	<b>105%</b>	<b>302.0</b>	<b>111%</b>
System equipment	<b>8.3</b>	<b>78%</b>	<b>16.5</b>	<b>86%</b>	<b>39.0</b>	<b>98%</b>
<b>Others</b>	<b>2.2</b>	<b>86%</b>	<b>4.0</b>	<b>90%</b>	<b>9.0</b>	<b>104%</b>
<b>TOTAL</b>	<b>90.2</b>	<b>109%</b>	<b>160.0</b>	<b>102%</b>	<b>350.0</b>	<b>109%</b>

Operating income						
<b>Consumer</b>	<b>10.1</b>	<b>127%</b>	<b>18.0</b>	<b>105%</b>	<b>40.5</b>	<b>109%</b>
System equipment	<b>(0.5)</b>	-	<b>(0.5)</b>	-	<b>(0.5)</b>	-
<b>Others</b>	<b>(0.1)</b>	-	<b>0</b>	-	<b>0</b>	-
<b>Adjustment</b>	<b>(1.6)</b>	-	<b>(3.0)</b>	-	<b>(6.0)</b>	-
<b>TOTAL</b>	<b>7.9</b>	<b>124%</b>	<b>14.5</b>	<b>108%</b>	<b>34.0</b>	<b>111%</b>

# Timepieces

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- Full scale sales of high-end 3-way connected (GPS + radio wave + smartphone link) G-SHOCK and OCEANUS
- Expand smart phone link models to the large mid-price segment ⇒ G-SHOCK (G-STEEL)、EDIFICE、SHEEN
- Continue to aggressively introduce new products (Q2: 90 models / 2H: 250 models)
- G-SHOCK 35<sup>th</sup> anniversary
  - Spread G-SHOCK Movie worldwide via SNS



**G-SHOCK**



**G-SHOCK  
(G-STEEL)**



**OCEANUS**



**EDIFICE**



**PRO TREK  
SMART**

## 【Scientific Calculators】

- Graphing models to expand sales in the UK and Italy as bringing the calculators to exams will be permitted.
- Customize service and products in accordance with math curriculum of priority countries to expand sales
  - ⇒ New market exploitation and counterfeit expulsion
- Introduce automatic assembly line at Casio Thai factory



## 【Electronic Dictionaries】

- Launch of new English conversation learning tool in 2H.
- Strengthen sales for seniors.



# Improvement of System Equipment Business

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## 【PA】

- Strengthen sales of the differentiated hardware.  
Start shipment of Android device (IT-G400) from July.



## 【SA】

- Strengthen sales of solution useful for small businesses / individual business owners.  
Start of running business using cloud.



# New Business (2.5D Printer)

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## ■ 2.5D print technology

- Digital sheet (development of stretchable polyolefin material)
- Electromagnetic wave shaping technology



## ■ Faithfully express the surface of various materials with delicately constructed bumps

(Can express 10 million colors and multiple tactile impressions on the same surface)



## ■ Improve freedom of sample prototyping

⇒ Dramatically shorten development period and reduce development costs

## ■ Establish quality not only for sample applications but also for practical use ⇒ Expand market scale by mass production



## ■ Example of uses

- Auto manufacturing
- Building materials
- Apparel and shoes
- Printing
- Design
- Household appliances and packaging

**【Yamagata Casio】** (Construction starts July 2017;  
Operation starts May 2018; Investment approx. 2 billion yen)

## ■ Aim to strengthen the technological differentiation strategy for watches

- Strengthen development of essential technology for parts (hands, exterior materials, etc.) business.
- Improve production efficiency through start-to-finish production from parts to finished products.

## ■ Expand the role of “mother factory”

- Establish the mother factory function for all product categories.
- Develop production lines and machines for automation at overseas manufacturing bases.
- Strengthen process efficiency of production and equipment using CAD design



# Impact of Foreign Exchange Rate Fluctuations

## FOREX Sensitivity (Major currencies)

	Assumed exchange rate (2017/7~2018/3)	Yearly impact of one yen fluctuation	
		Net sales	Operating income
US Dollar	¥113.0	¥ 1.0 billion	—(※1)
Euro	¥118.0	¥ 0.35 billion	¥ 0.25 billion
Renminbi	¥16.3	¥ 1.8 billion	¥ 1.2 billion

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

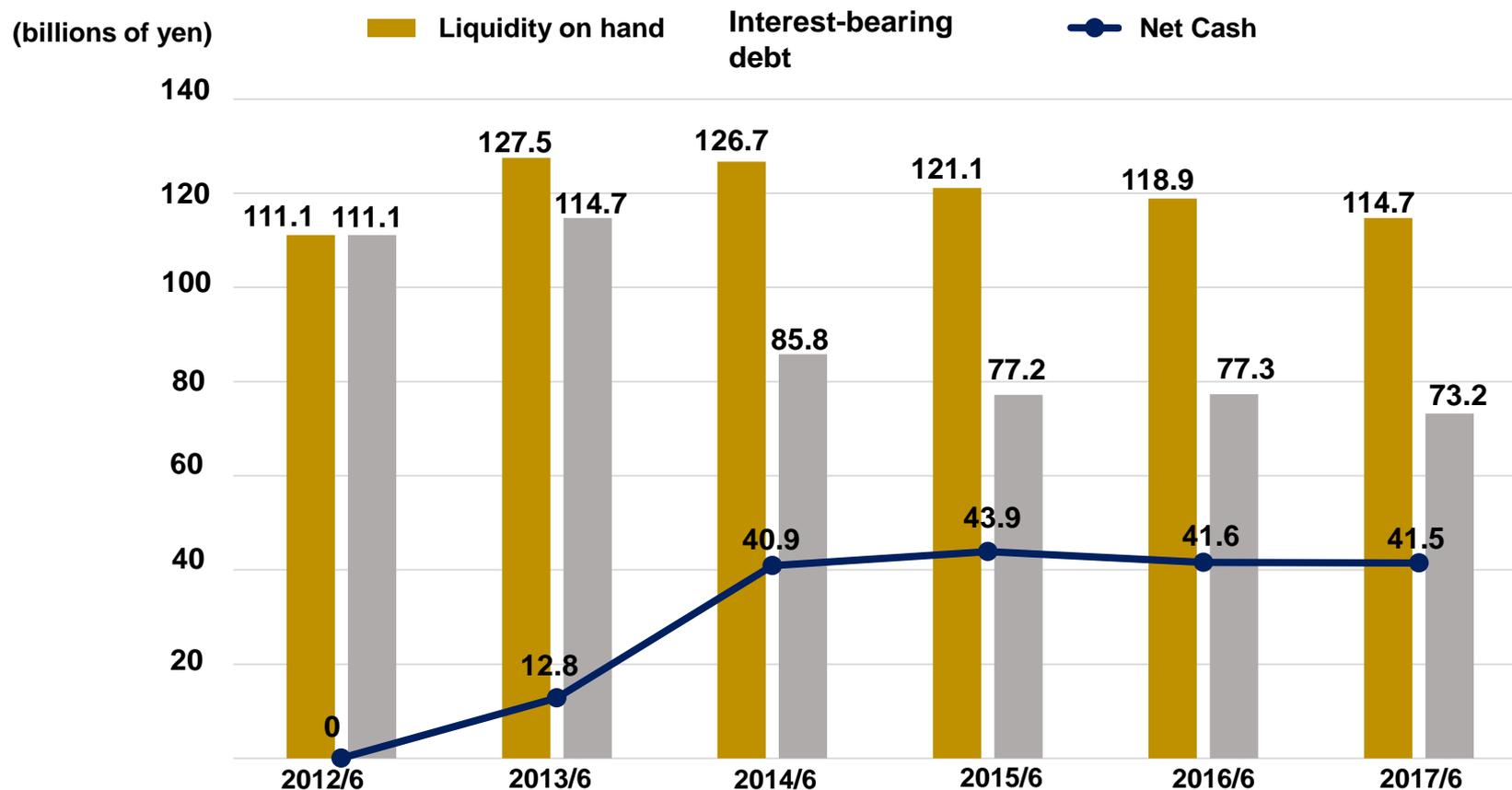
## Actual Exchange Rate (YOY)

	FY18/1Q
US Dollar	¥ 111.1 (¥+2.9)
Euro	¥ 122.2 (¥+0.1)
Renminbi	¥ 16.2 (¥-0.3)

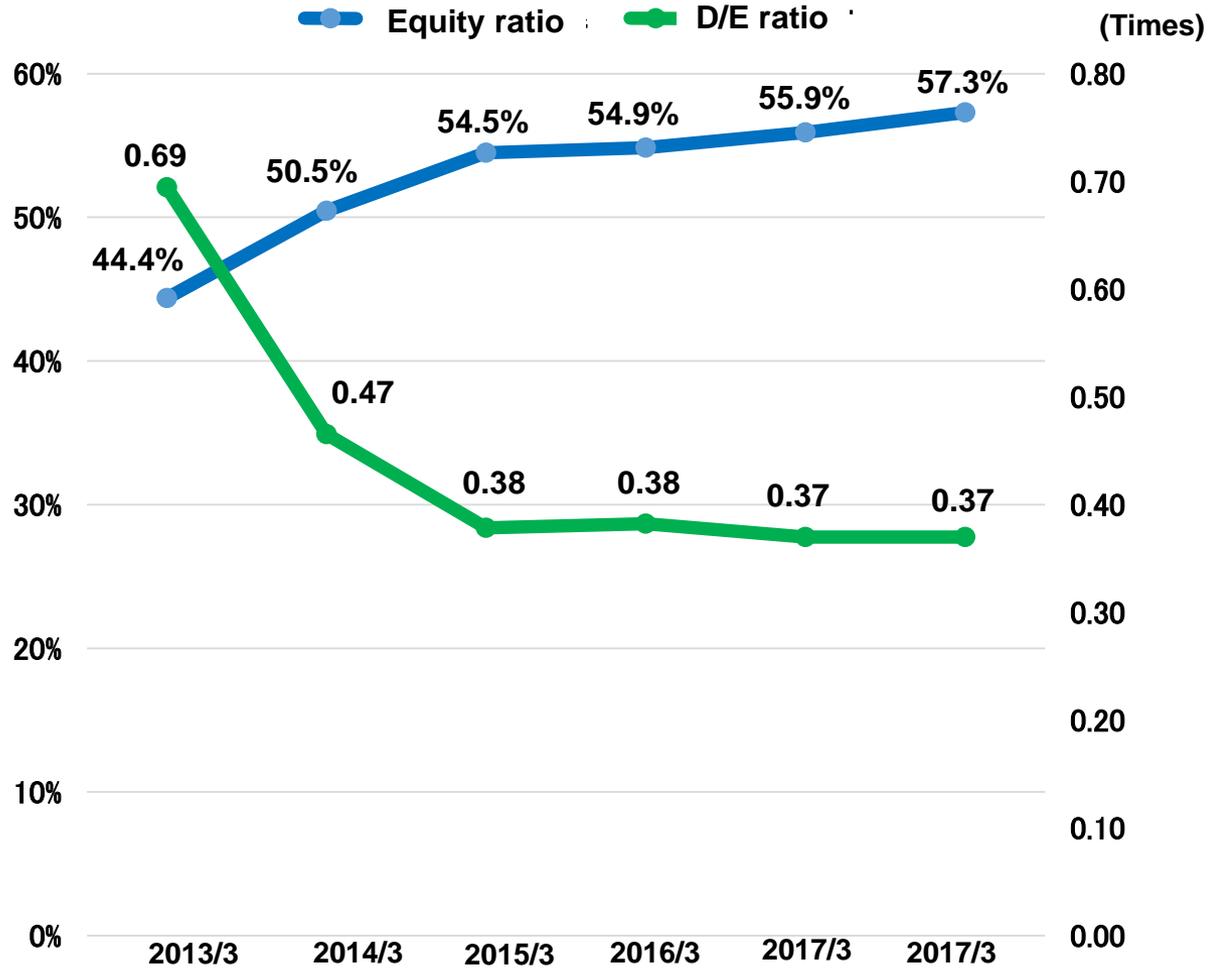
## FOREX Impact (Y on Y) (including other currencies)

	FY18/1Q
Net sales	⊕ 0.4billion
Operating income	—

## ■ Liquidity on hand · Interest-bearing debt · Net Cash (Compared to 1<sup>st</sup> first quarter)



# Equity ratio - D/E ratio



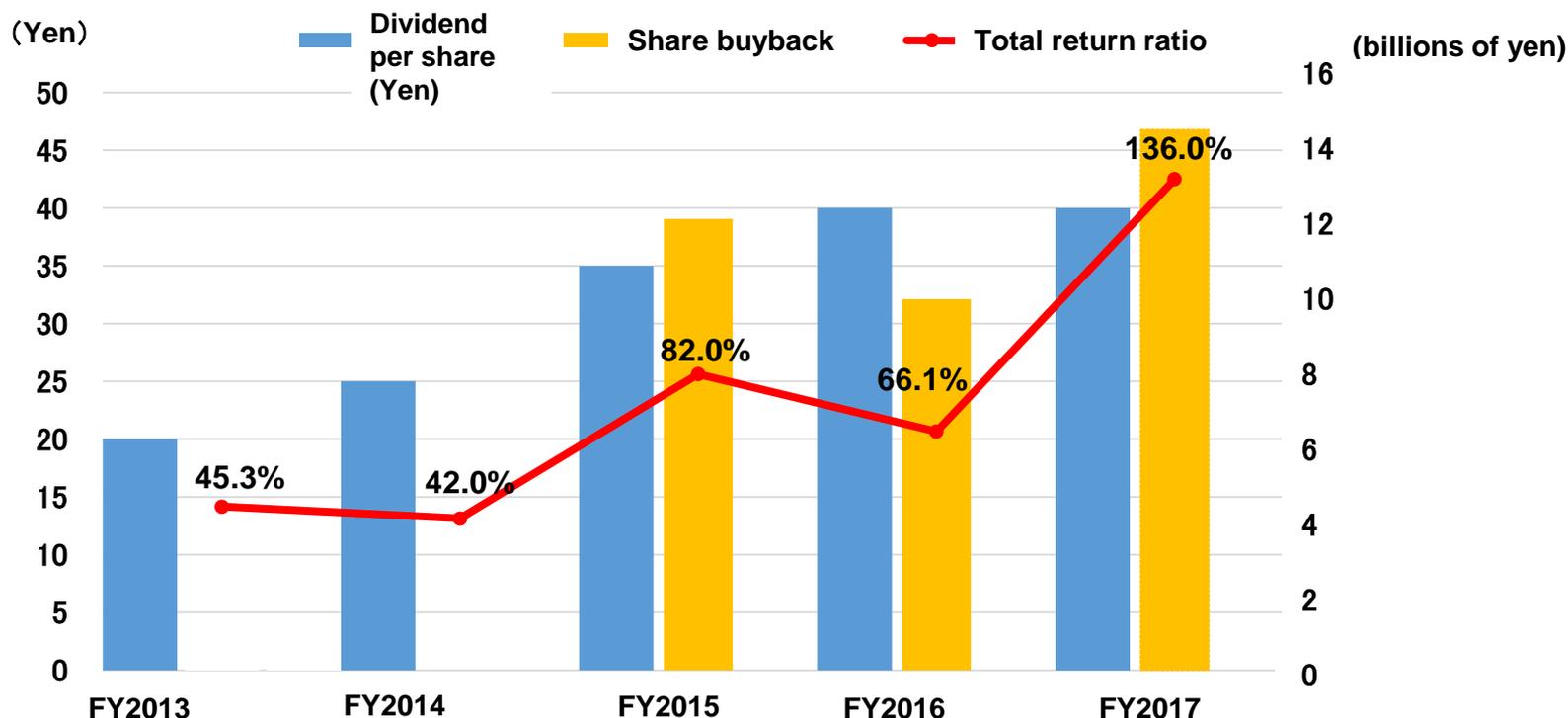
## ■ Pension Finance

- 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
Amount of excess reserves (B)	+12.9	+7.8	+12.6
Excess rate (B ÷ A)	+22%	+14%	+22%
Average of 29 electronics and machinery companies	▲24%	▲30%	(▲27%)

(One company has not recorded)

## ■ Dividend per share · Share buyback · Total return ratio



- Building on our policy of stable payment of dividends, we positively consider paying higher dividends when performance allows.
- We flexibly and swiftly consider executing share buybacks, based on market conditions and other factors.

**END**