



Results Briefing for the Year Ended March 31, 2019

Medium-Term Management Plan

May 14, 2019
CASIO COMPUTER CO., LTD.

Agenda

- **Management Shortcomings through Previous Fiscal Year**
- **Medium-Term Management Policy**
- **Quantitative Financial Targets**
- **Growth Strategies**
 - **Timepiece Business**
 - **Educational Scientific Calculator Business**
 - **Businesses Needing Better Profitability**
 - **New Businesses**
- **Management Base Reform**
- **Capital Policy/CSR Policy**

Management Shortcomings through Previous Fiscal Year

- Setting high targets and attempting “short-term business management for each item/department,” prioritized only target achievement
- “Way of doing business” was not adaptable to changes in environment

Business

Existing business

Timepieces

- Strong business model (G-SHOCK) with stable growth in existing genres
- New metal G-SHOCK launched
- Delays in business development in new countries and new sales channels (e-commerce, G-SHOCK STORE)

Educational scientific calculators

- Lagging behind in promoting expansion of GAKUHAN in new countries
- Electronic education business needs to be further established

Businesses Needing Better Profitability

Electronic dictionaries and English conversation learning tools/ electronic musical instruments/projectors/system equipment

- Development/sales/head office functions need to adapt to the changes in business environment (Need to complete structured reform)

New businesses

- ◆ Our strengths and target market were not clarified and resource was not allocated where it should have been. We therefore failed to create new businesses.
- ◆ Limitations on in-house only value creation due to changes in business environment (technology/business model)
- ◆ Position in smartwatches not established

Management

- ◆ Business management with over-emphasis on short-term sales/profit
- ◆ Allocation of management resources is not optimized
- ◆ Lack of medium-to-long term perspectives for each business item/division

Medium-Term Management Policy

Transform management, adopting new style that will enhance corporate value over the medium-to-long term

(1) Expand growth in timepiece business

Leverage strengths of G-SHOCK brand to expand metal models and establish position in smartwatch market

(2) Expand growth in educational scientific calculator business

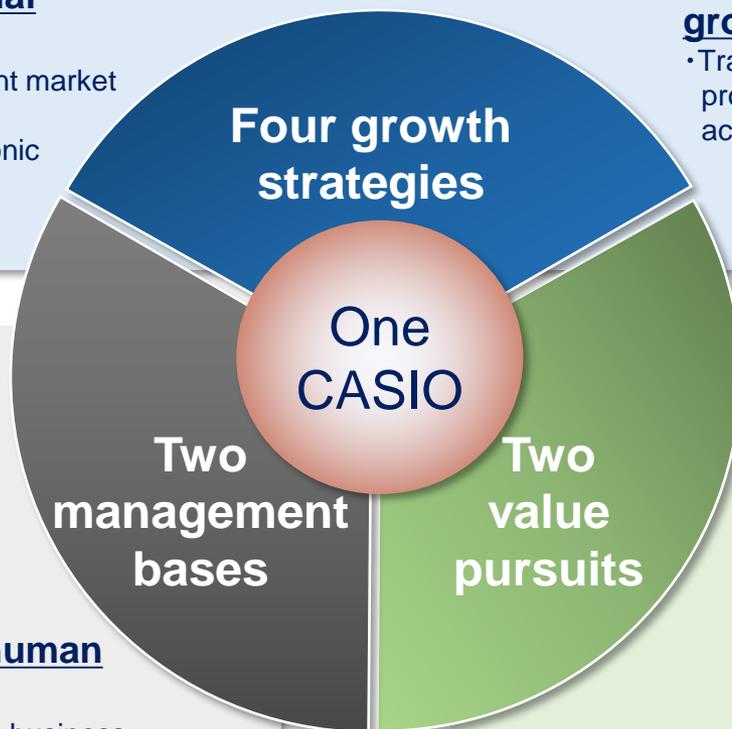
- Continue to expand sales in stable student market (GAKUHAN)
- Expand new fields by establishing electronic education business

(3) Create new businesses

- Leverage strengths to create new markets

(4) Reform structure to support growth strategy

- Transform businesses needing better profitability into growth businesses again by accomplishing structural reform



(1) New business management to enhance corporate value over the medium-to-long term

- Ensure business management based on “medium-to-long term focus,” “business focus,” and “function focus”
- Ensure supervision of Medium-Term Management Plan

(2) Activate organizations and human resources

- Build organizations adapted to changes in business environment (rejuvenate, promote young employees, acquire external human resources)
- Transform job satisfaction/build next-generation development environment

(1) Pursue value leveraging Casio's strengths

Create new markets by returning to our starting point of “Creativity and Contribution”

(2) Pursue unique value leveraging co-creation with partners

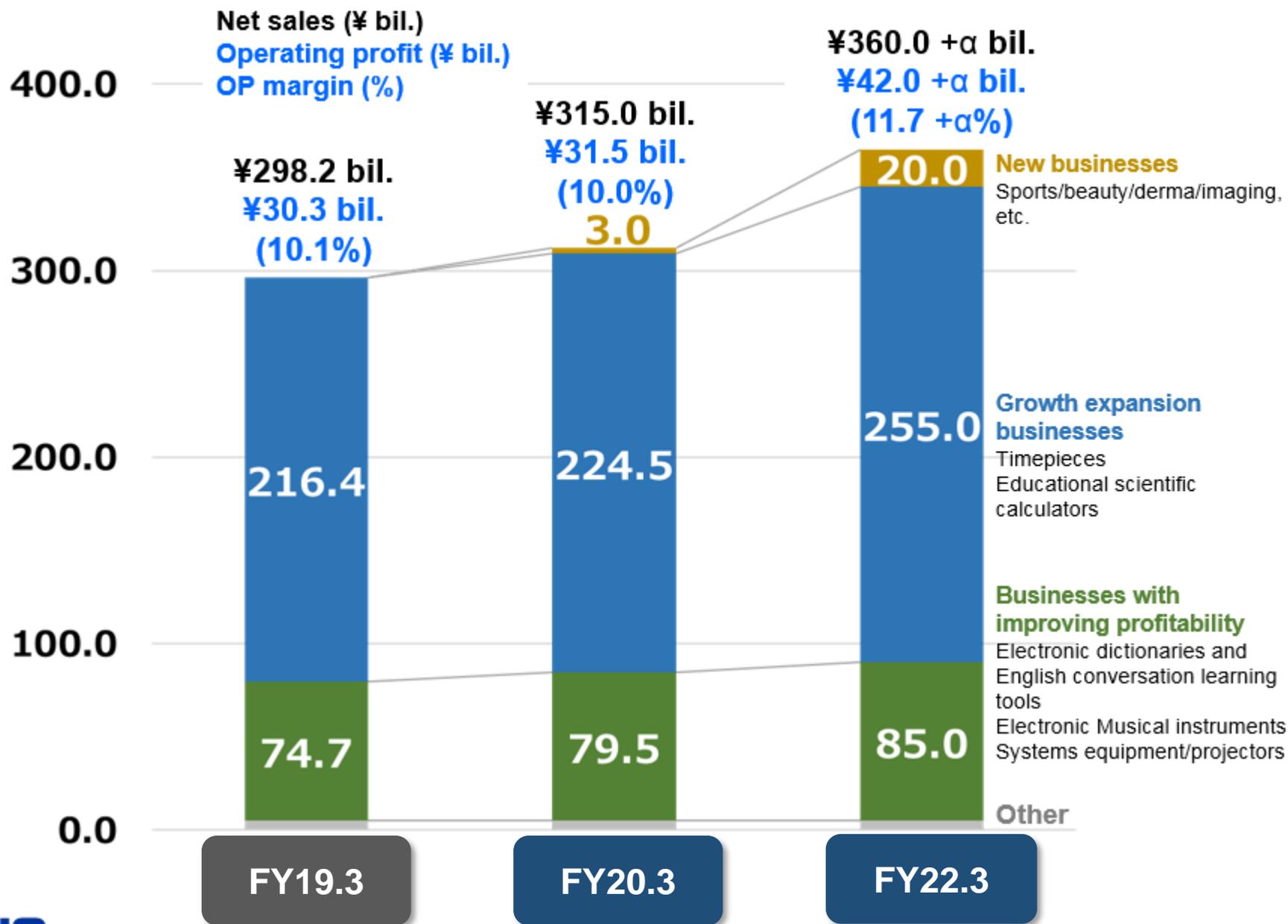
Open innovation based on strengths and value provided

Quantitative Financial Targets

FY20.3 - FY22.3 Medium-Term Management Plan

	FY19.3	FY20.3	FY22.3
Net sales	¥298.2 bil.	¥315.0 bil.	¥360.0 + α bil.
Operating profit	¥30.3 bil.	¥31.5 bil.	¥42.0 + α bil.
Operating profit margin	10.1%	10.0%	11.7 + α %
ROE	10.6%	Just below 11%	Around 13%

Quantitative Financial Targets



Four Growth Strategies

(1) Expand growth in timepiece business

Leverage strengths of G-SHOCK brand to expand metal models and establish position in smartwatch market

(2) Expand growth in educational scientific calculator business

Continue to expand sales in stable student market (GAKUHAN)
Expand new fields by establishing electronic education products business

(3) Businesses Needing Better Profitability - Reform structure to support growth strategies

(Electronic dictionaries and English conversation learning tools/electronic musical instruments/projectors/systems equipment)

Transform into growth businesses again by accomplishing structural reform

(4) Create new businesses

Leverage strengths to create new markets

Casio's Strengths

Casio is differentiated by its technical capabilities, strong business model, and strong brands based on the corporate creed, "Creativity and Contribution"

Technical capabilities



- Image processing/image conversion technology (algorithm know-how)
- Robustness technology
- Exterior housing technology that enables enriched design
- Printing technology cultivated through label writers

Unique business model



GAKUHAN business model

- Implementation of support activities for teachers and students to upgrade math education in partnership with education ministries and collaborating teachers in countries around the world

G-SHOCK brand



- A genre like no other that pursues authenticity and has constantly continued to evolve in unique ways
- A fusion of functional value (tough structure) with emotional value as a lifestyle brand
- Cumulative sales in excess of 100 million watches

Timepiece Business

Further expand G-SHOCK and establish smartwatch position

	FY19.3	FY20.3	FY22.3	
Net sales	¥171.8 bil.	¥178.0 bil.	¥200.0 bil.	G-SHOCK Expanding globally as genre like no other  Traditional wristwatch market Sluggish with sense of stagnation 
OP margin	20%	20%	20%	Smartwatch market Growing dramatically 

Further expand G-SHOCK

- Expand metal models in G-SHOCK market based on robustness
- At same time, accelerate expansion into new regions for continual growth
- Expand in emerging countries, mainly ASEAN
- Expand further with G-SHOCK as growth driver (aim for 3-year average growth rate over 10%)

Establish smartwatch position

- Develop and launch G-SHOCK smart
 - Deliver the de facto standard for smartwatches based on robustness

Timepiece Business

Business mission and environment

Using G-SHOCK market based on robustness, aim for continual growth by developing smart products, expanding metal models as well as accelerating expansion into new regions

Establish 3 KPIs

- (1) Annual G-SHOCK sales volume: 12 million units (2) G metal: ¥36.0 bil.
(3) G-smart: ¥10.0 bil.

Market growth backed by growing health consciousness worldwide

Smartwatch market (Fitness/Running)
(’18) Approx. ¥1 tril. ⇒
(’21) Approx. ¥2 tril.

+¥10.0 bil.
(FY19.3→FY22.3)



10.0 bil.
G-smart

FY22.3: total sales ¥200.0 bil.

G-SHOCK sales percentage: 60%
(including BABY-G)

+¥20.0 bil.
(FY19.3→FY22.3)



Metal 36.0 bil.
108.0 bil.
G-SHOCK
(including BABY-G)

Plastic & carbon: 72.0 bil.

Market for analog quartz watches priced less than \$500 contracting in particular

Traditional wristwatch market (mainly metal analog watches)
(’18) Approx. ¥3 – ¥5 tril.

OCEANUS
EDIFICE
SHEEN

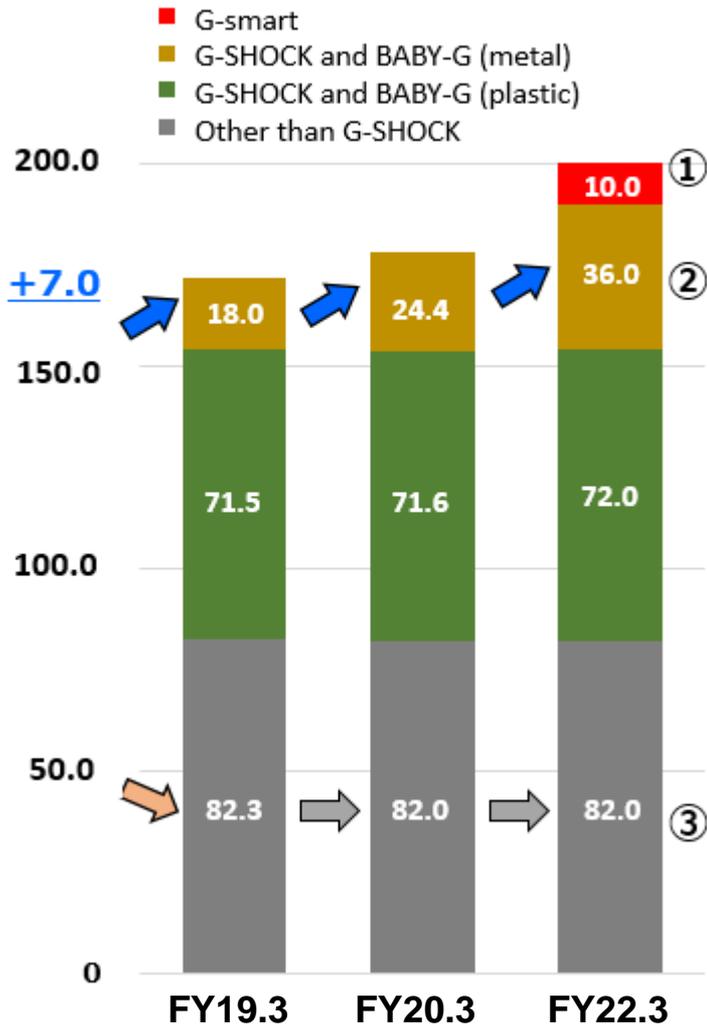


Standard watches, other



Timepiece Business

Plan by product line (¥bil.)



Continually expand business based on strong business model (G-SHOCK)

(1) Establish position in smartwatch market

Roll out product line leveraging strengths in toughness and outdoor field

Develop a G-SHOCK smartwatch (plan for launch in FY21.3)

G smart ratio: target 10% in FY22.3

(2) Expand G-SHOCK metal models

Dramatically grow business scale by strengthening and enhancing product line-up

• Metal ratio: 20% in FY19.3 → 30% in FY22.3

G metal innovation
(B5000)

FY18.3 → FY19.3

+¥7.0 bil.



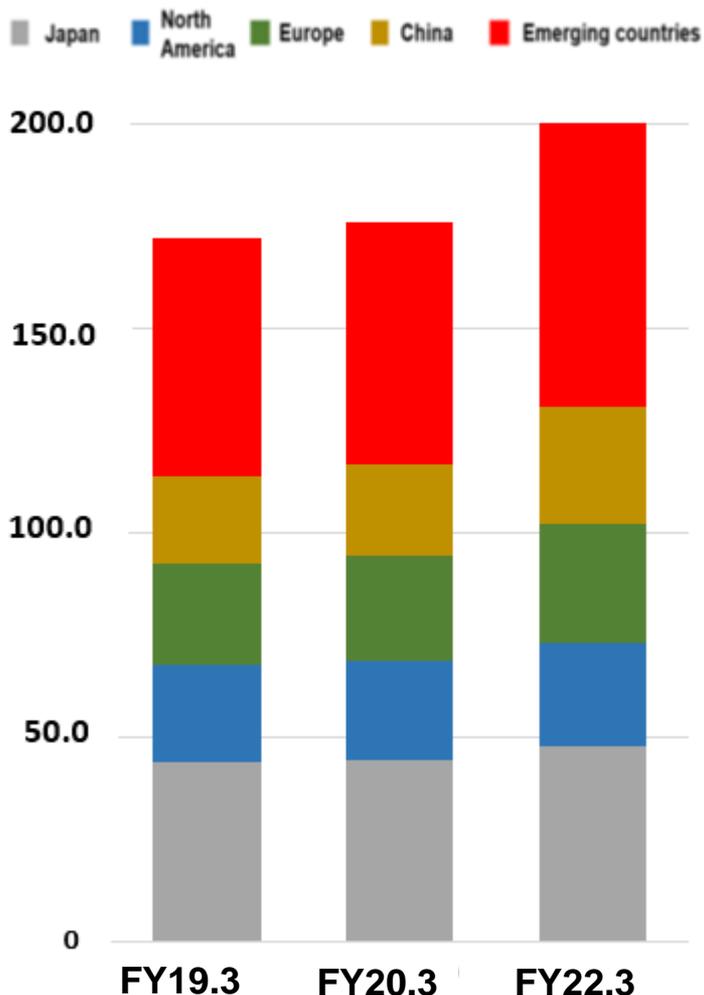
(3) Maintain sales other than G-SHOCK

Roll out differentiated products into volume zone of metal analog market

(Strategic product example) Ultra-slim EDIFICE

Timepiece Business

Plan by region (¥bil.)



Expand business by focusing on yet-to-be developed regions and strengthening sales system

■ Yet-to-be developed regions = expand with focus on emerging countries, primarily ASEAN

- Promote sales strategy in line with degree of market development (Establish focus countries and regions)
- Expand business scale by strengthening collaboration with distributors that can cooperate in promoting strategy (distributor policy)

■ Strengthen sales system to promote e-commerce and digital marketing

Establish new “Marketing Development Section” and provide powerful local backup from head office. Expand starting with Thailand, the Philippines, and Indonesia. Strengthen digital marketing

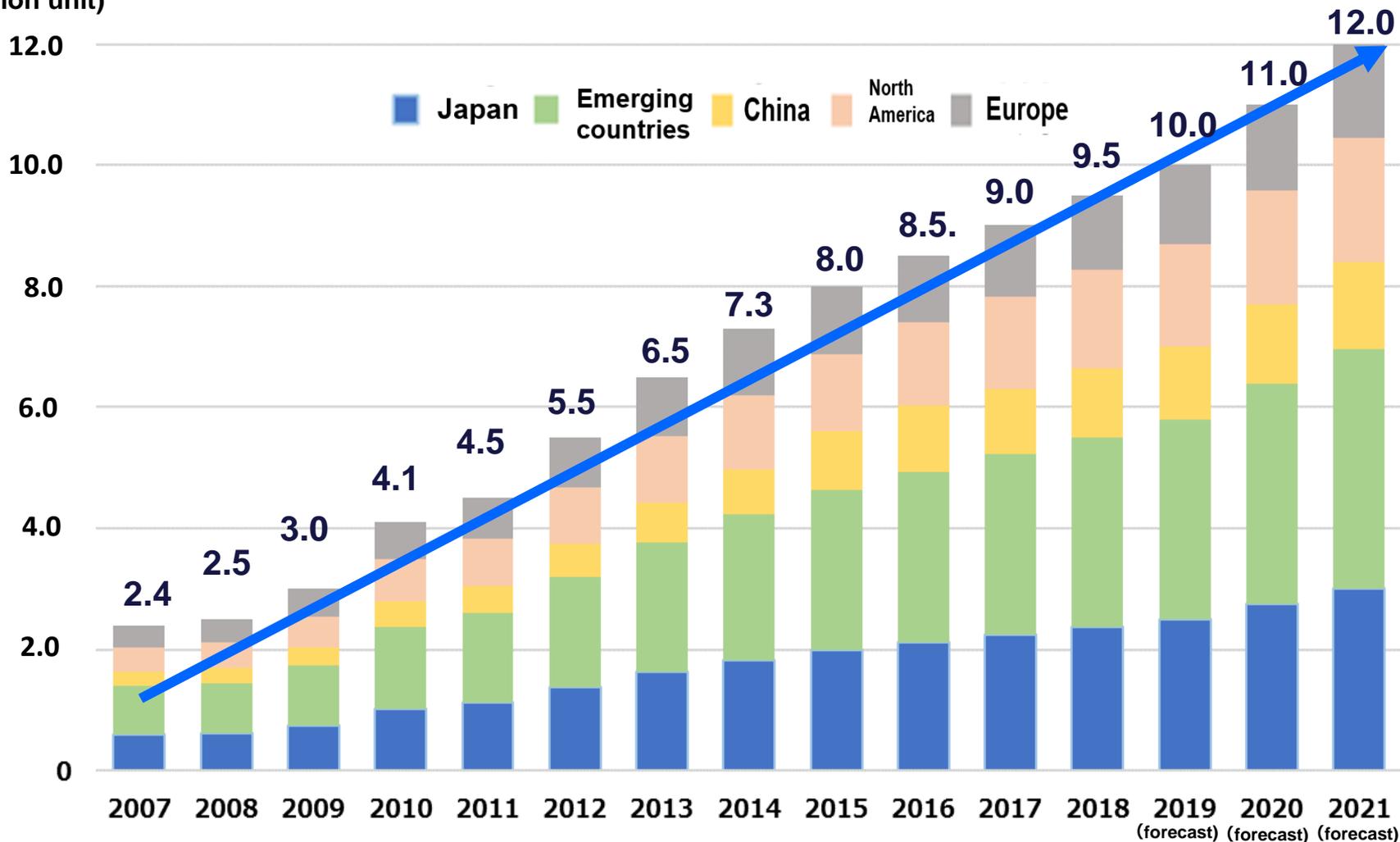
■ Other strategies by region

- China: Dramatically increase unit prices by strengthening premium G-SHOCK line up
- Europe: Expand G-SHOCK again by stimulating demand among young people
- North America: Develop jewellers with G-SHOCK metal models
- Japan: Continue to expand, based on robust performance of G-SHOCK metal models

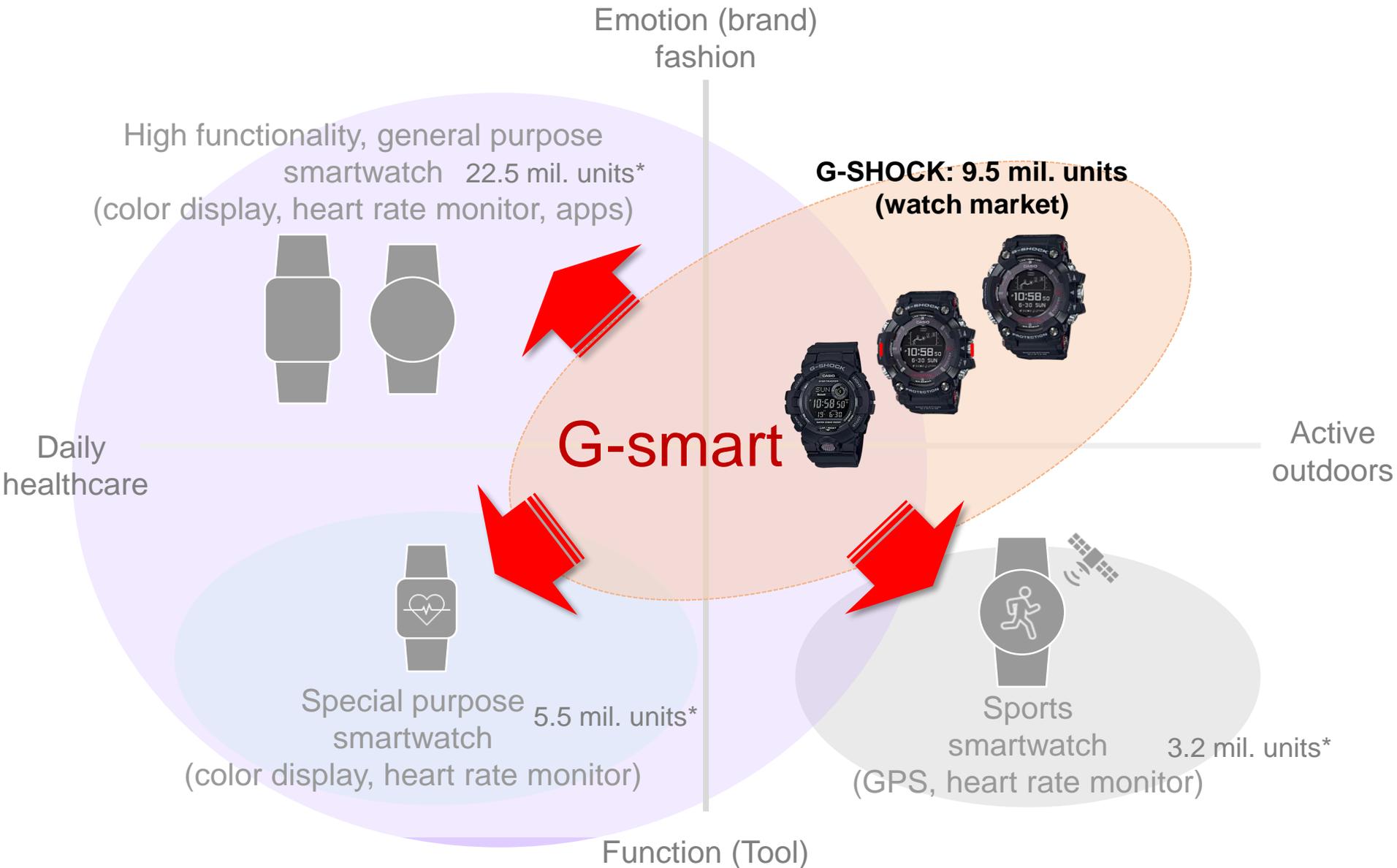
Timepiece Business

Trend in Annual Shipment Numbers for G-SHOCK

(million unit)



Smartwatch: G-SHOCK Based Expansion Strategy



Educational Scientific Calculator Business

Accelerate expansion of scientific calculators in focus countries and establish new business fields

	FY19.3	FY20.3	FY22.3		
Net sales	¥44.6 bil.	¥46.5 bil.	¥55.0 bil.	General/ scientific calculators ¥53.0 bil.	<p>Scientific calculator market (includes general calculators)</p> <p>Market expansion in yet-to-be developed countries can be expected in addition to stable scale </p>
OP margin	16%	15%	16%	Electronic education products ¥2.0 bil.	<p>Electronic education market</p> <p>Promptly meet the market need for electronic tests and electronic textbooks, primarily in Europe and the U.S. </p>

Launch products in response to market trends

Strengthen sales system

- Business model that can continually secure sales in stable student market (GAKUHAN)
- Determine focus countries for market development, among emerging countries, and improve profit ratio and market share
- Strengthen measures against counterfeits and increase market share in existing markets

Establish new business fields

- Develop online applications that leverage Casio's strengths in the electronic test/electronic textbook market, where growth is expected
- Establish businesses with collaboration partners (start with North American and European markets)

Educational Scientific Calculator Business (Scientific Calculators)

23.6 mil. units (2018 results) \Rightarrow 28.7 mil. units (2021 plan)

3.5 mil. units \Rightarrow 3.6 mil. units



North America and Mexico
(3 countries)

6.4 mil. units \Rightarrow 6.6 mil. units

Europe
(24 countries)



1.3 mil. units \Rightarrow 1.7 mil. units



China

400,000 units \Rightarrow
430,000 units



Japan



Middle and Near East and Africa
(35 countries)

Asia and Oceania
(17 countries)



Central and South America
(19 countries)

12.0 mil. units \Rightarrow 16.4 mil. units



Contribute to education in over 100 countries worldwide \rightarrow contribute further in countries to be developed

Expand into new fields that leverage Casio's computing technology in mathematics test and textbook market

Electronic tests

Business market: ¥5.3 bil.

Business market: ¥1.4 bil.

Electronic textbooks

*2018 estimated size

Implementation of electronic tests (U.S.: states)

CASIO

Launch web app business

Electronic textbooks (school district)

Test operator company (test question setting, marking)

Test modules

Math learning tools

Publishing company (creates electronic textbooks)

Tools company

Automated marking

$$\frac{(x+1)(x+2)}{\longleftrightarrow}$$

TRUE

$$\frac{(x^3+2x+1)}{\longleftrightarrow}$$

FALSE



Determine correctness of formula

Provide tools with computing technology (arithmetic operations and formula manipulation)

Tools company

Overcome low profit business structure and establish stable profit base

	FY19.3	FY22.3
Net sales	¥74.7 bil.	¥85.0 bil.
OP margin	-2%	5%

Electronic dictionary and English conversation learning tool market

Electronic dictionaries in Japan: dictionaries for students are robust but other markets contracting
Importance of English language education increasing and English conversation market expanding



Electronic musical instrument market

Globally flat



System equipment market

Handheld terminals: address by industry (e.g.: introduction of electronic settlement for distribution industry)
Personnel systems: address work-style reform and support for management decision-making



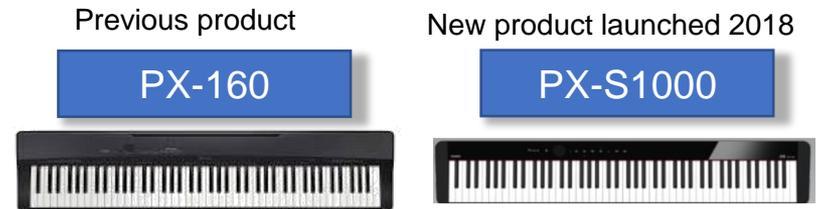
Promote structural reform for sales/head office staff

- Cost reduction effect due to implementation of early retirement plan for sales and head office staff in Japan (from 2019 onward)

- Streamline operating expenses through review of sales system in line with market environment

Promote cost improvement measures

- Electronic musical instruments: effect from reducing costs/distribution costs through size reductions

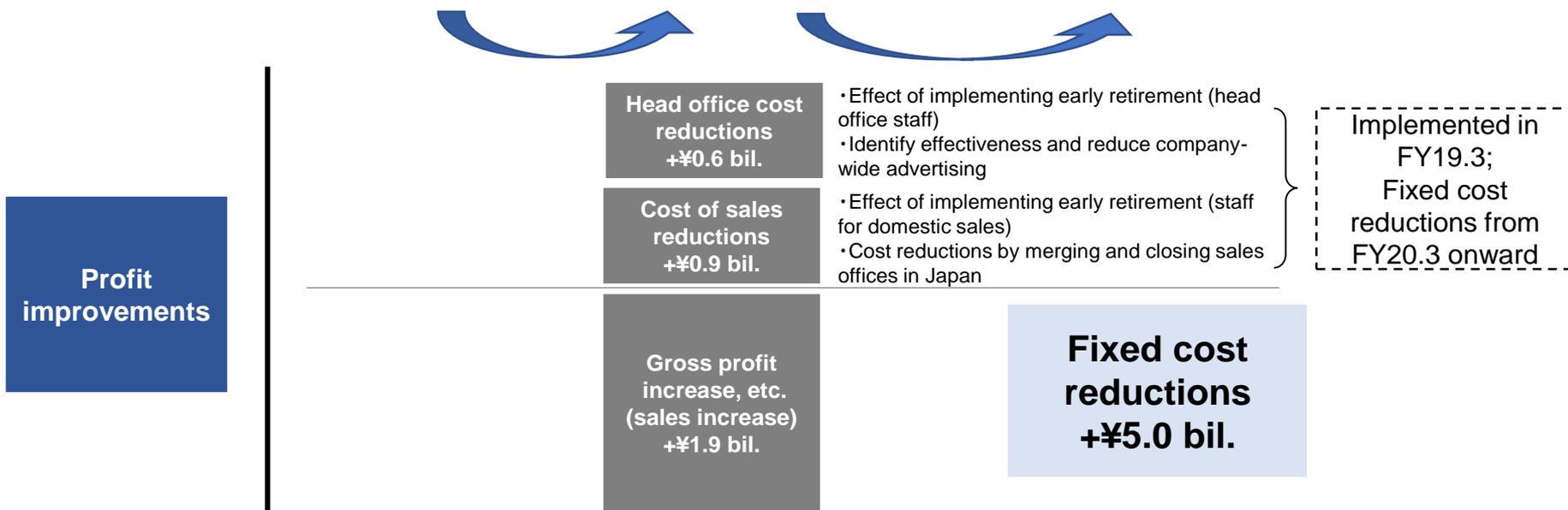


Product volume 57%

Packaging volume 75%

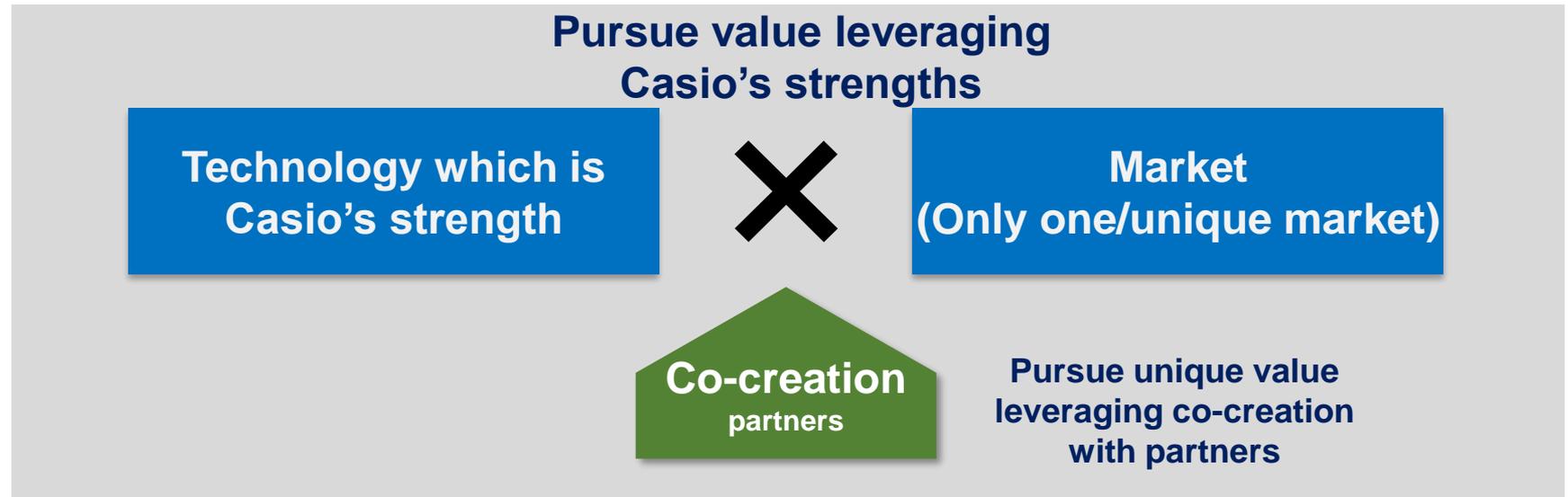
Businesses Needing Better Profitability (Accomplishment of structural reform)

	FY19.3 Results	FY20.3 Plan	FY22.3 Target	Change from FY19.3
Net sales	¥74.7 bil.	¥79.5 bil.	¥85.0 bil.	+¥10.3 bil.
OP margin	-2%	1%	5%	+7%



Create New Businesses

Create new markets with original technology that is unique to Casio, going back to our starting point of “Creativity and Contribution”



Casio's value proposition

Continuously creating the most familiar and important things for people's lifestyles

Create New Businesses

Casio technology strengths

Wearable technology

Printing technology

Camera technology

Light source technology

Sound source technology

Function algorithms

IoT

AI

Digitization

Market

Healthy Living (healthy lifestyles)

Maintain healthy mind and body without disease and help bring about an era of 100-year human life

Personalization (diversification of individuals)

Provide customized value for consumers' individual tastes and values

Digital Health (medical advancement)

Provide highly specialized clinical decision-making using AI

Safer Cities & Public (safe and secure urban infrastructure)

Build societies that prevent crimes, e.g., terrorism in divided societies

Business themes

Provide optimum “running experience” matched to each individual (health and sports tech)

Provide optimum “beauty experience” matched to each individual (beauty tech)

Support image diagnosis by physicians (derma-toscopy camera) (image diagnosis support)

Imaging module business that realizes endpoint AI at ultra-high speed and low electrical current consumption (imaging module)

Co-creation

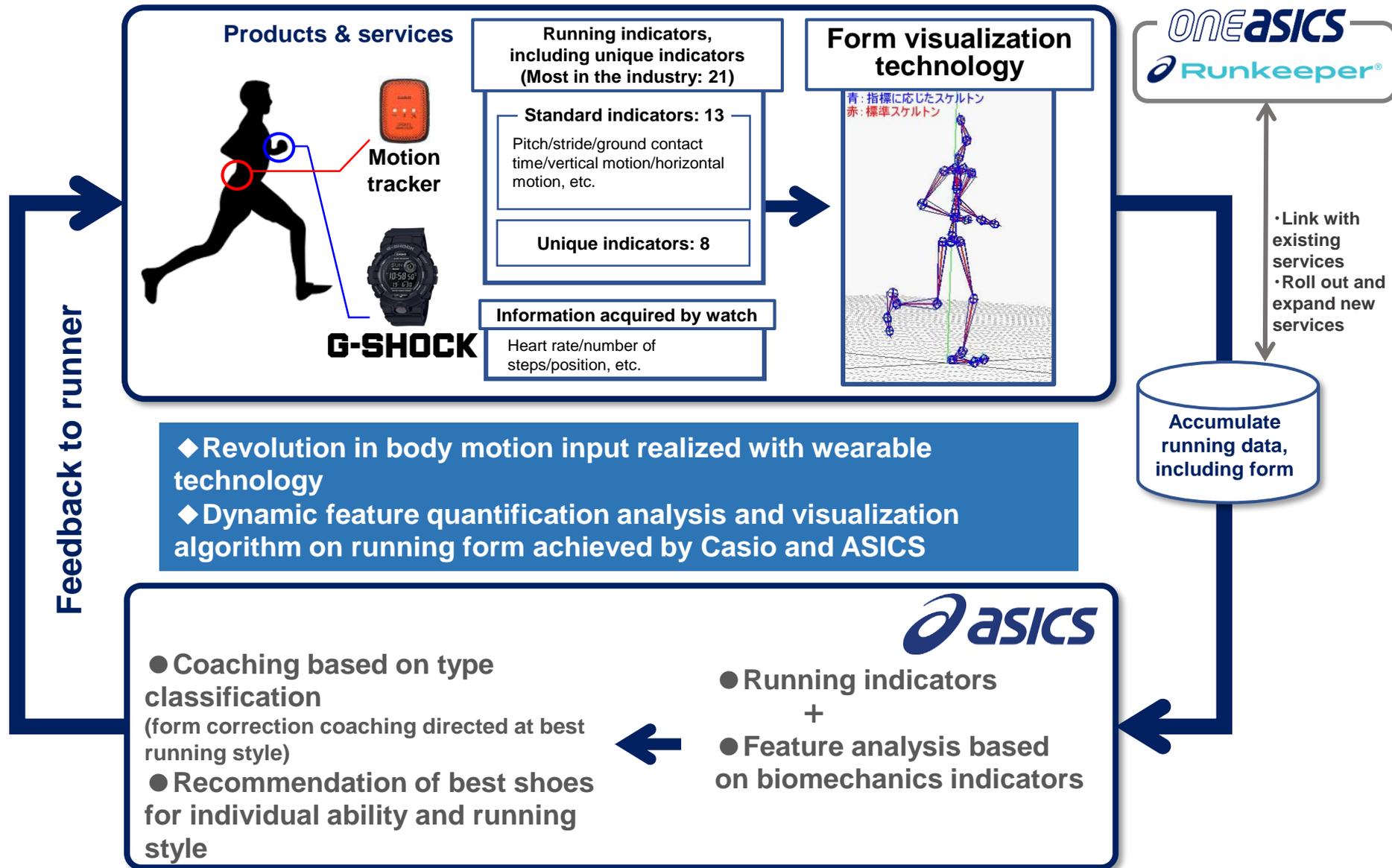
asics

Major cosmetics manufacturers

Shinshu University
CHIBA UNIVERSITY

RENESAS
+
Co-creation partners

New Businesses Running x digital: detailed explanation



Guidance on form leveraging ASICS' knowledge and proposal for shoes to suit individual ability

New Businesses (create new markets through open innovation)

To keep running fun, long and highly motivated

Core technology

Partner company

Initiatives

User field

Value Needs

Service that fulfils personalized need to be healthy mentally and physically through the power of digital technology



Wearable

Wrist device

Multi-tracker

AI/algorithm

Sensing technology

Movement visualization technology

Sleep identification technology

Running x digital

- Wearable revolution that is cool and does not spoil lifestyle
- Personal coaching that encourages efficient and fast running
- Easily personalized platform
- AI coaching that achieves injury prevention

Walking x digital

- Coaching that maximizes the effects of walking, encourages correct walking style, and supports health age
- AI coaching that encourages appropriate amount of walking

Fatigue (sleep) recovery x digital

- Coaching that encourages appropriate behavior aimed at "improving quality of sleep"
- System construction that supports conditioning through fatigue recovery

Sports tech

Exercise tech

Healthcare tech

Health

Easy and cool

New Businesses (create new markets through open innovation)

Provide optimum beauty experience to suit every individual

Core technology

Partner company

Initiatives

User field

Value Needs

Camera

Skin photography

Modules

NEW

Printing

Skin

Nails

NEW

AI/
algorithm

Skin diagnosis

Skin and moles

Skin synthesis

Major cosmetics manufacturers

Services that support beauty with new digital beauty experience personalized through the power of digital

Beauty x digital

- Provide skincare experience based on personal skin diagnosis to stay always young
- Cosmetic advice to become who you want to be and experience current make up trends through virtual reality
- New nail experience to empower and motivate women

Skincare tech

Make up tech

Nail tech

Beauty

Only digital

New Businesses (dermatology camera and image diagnosis support system)

Start with image diagnosis and expand to diagnostic support using AI as next step

CASIO ↔ Joint research ↔ **CHIBA UNIVERSITY**

Dermatology camera (hardware)

Strength

Camera development technology

Photography



Image examination

Photographed image

- Auto-capture
- Auto-classification
- Auto-forwarding



D'z IMAGE Viewer (software)

CASIO ↔ Joint research ↔ **Shinshu University**

- Expand field through base camera
- Strengthen functions as dedicated equipment (close ups/lighting)



◆ Market expansion in Japan

(number of physicians/dentists: approx. 400,000)

*released by Ministry of Health, Labour and Welfare, 2018

◆ Market expansion outside Japan

NEW-G

MEDICAL

SKIN CARE

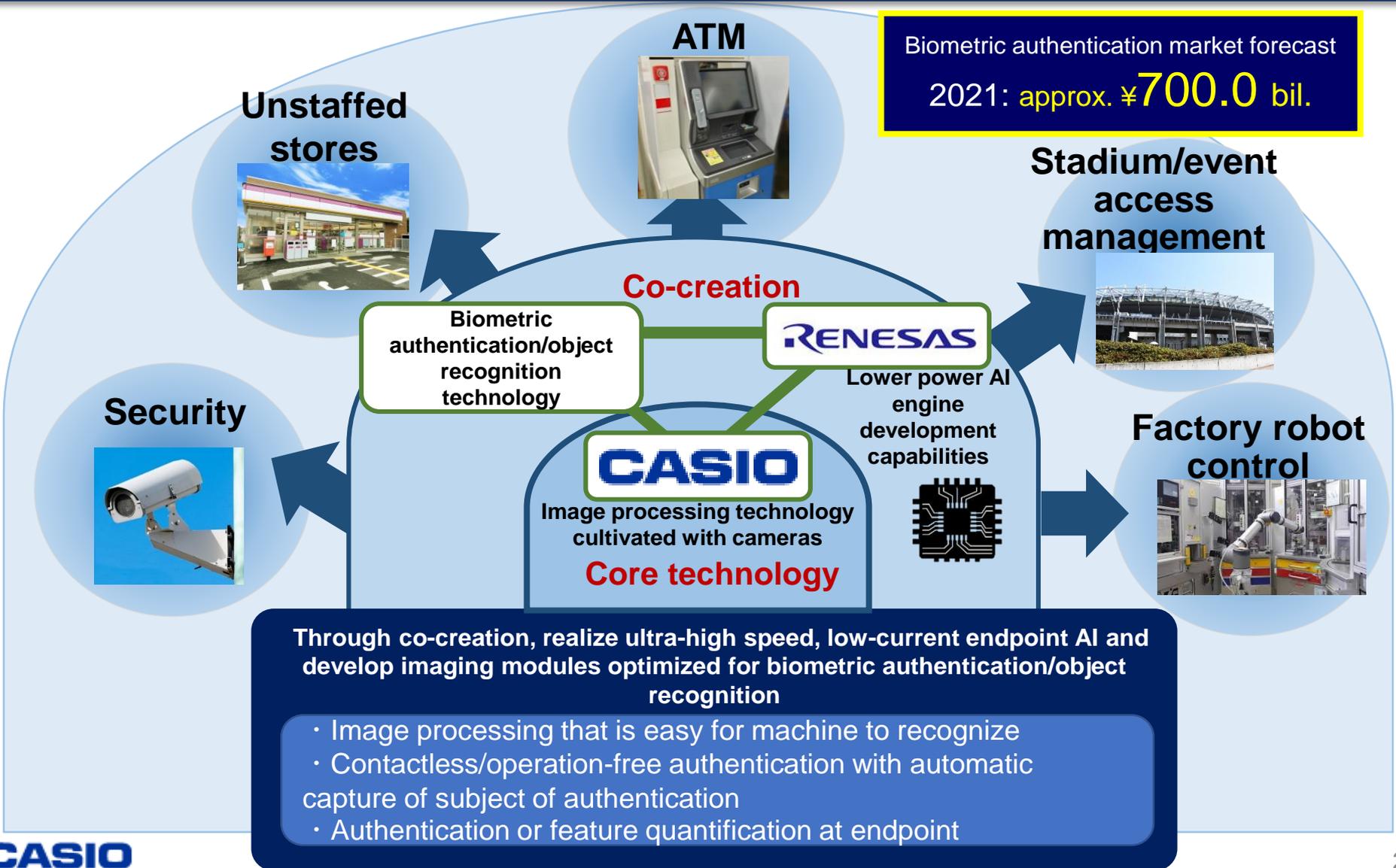


Function unit

Core unit

New Businesses (imaging module business)

Imaging module business that realizes ultra-high speed, low-current endpoint AI



Build Management Base to Enhance Medium-to-Long Term Corporate Value

Management

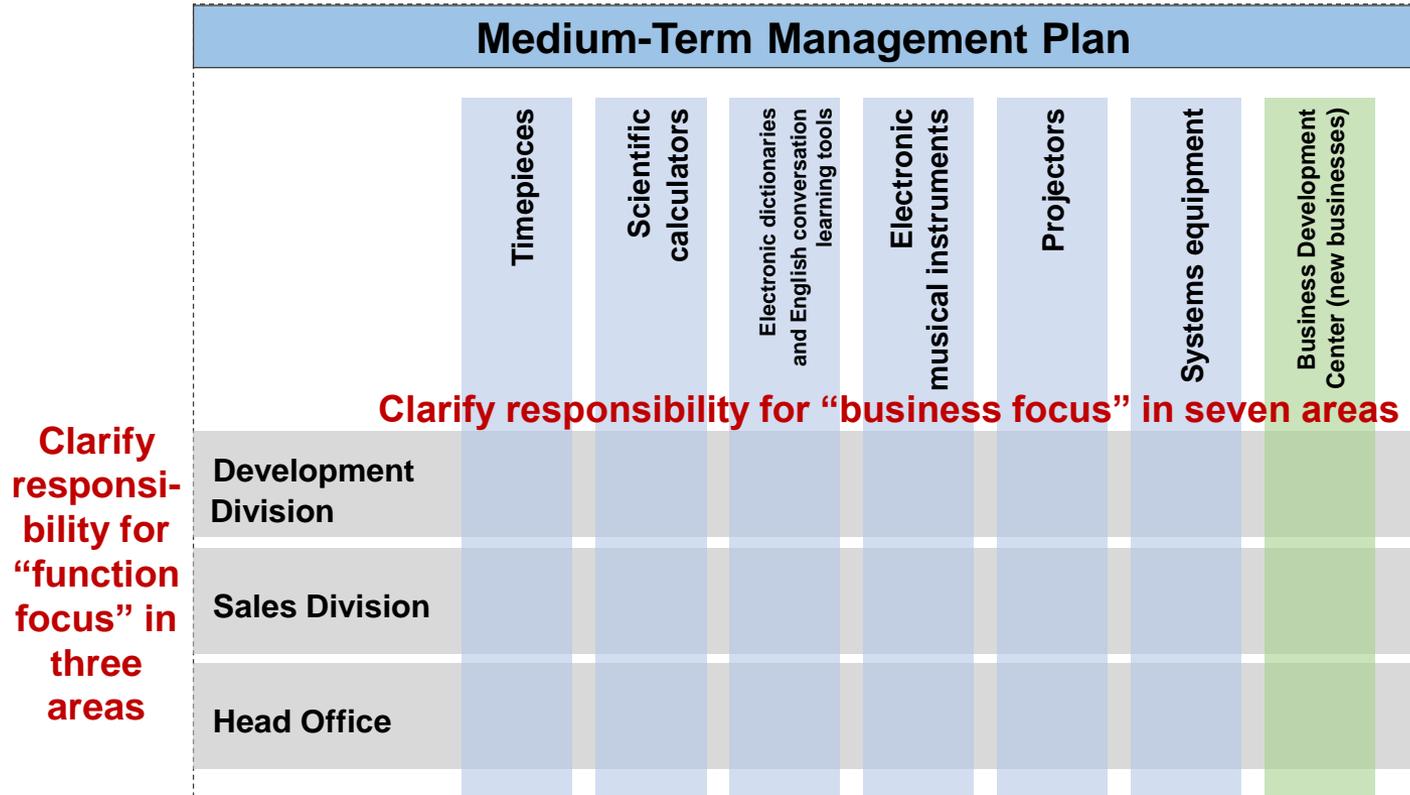
Ensure supervision of Medium-Term Management Plan to maximize corporate value



- Strengthen governance
- Percentage of Outside Directors: FY19.3 29% → FY20.3 38%

Execution

Ensure business management based on “medium-to-long term focus,” “business focus,” and “function focus”



Activate Organizations and Human Resources

Build organization in line with changes in business environment

Build next generation development environment

Reform job satisfaction

■ Optimize performance by streamlining organization and promoting young people

	FY19.3 → FY20.3
Streamline number of departments	11% reduction
Recruit young managers (Average age of division general managers and dept. general managers)	Division general managers – 2 years/ Department general managers – 3 years

■ Acquire career human resources with advanced expertise

Digital marketing

Global

AI, IoT

E-commerce

■ Build next-generation development environment

- Establish an ideal *monozukuri* environment by rebuilding Hamura R&D Center
- Reform “work-style” to promote innovation and create “sites for co-creation”
 - Work-style: place, space, and hours
 - Sites for co-creation: stimulate internal and external communication

■ Create innovative and dynamic workplaces

- Work-style reform/activate workplaces
- Develop dynamic human resources with strong challenging spirit

Achieve Medium-Term Management Plan by integrating top-down and bottom-up approaches

Cash Allocation Policy

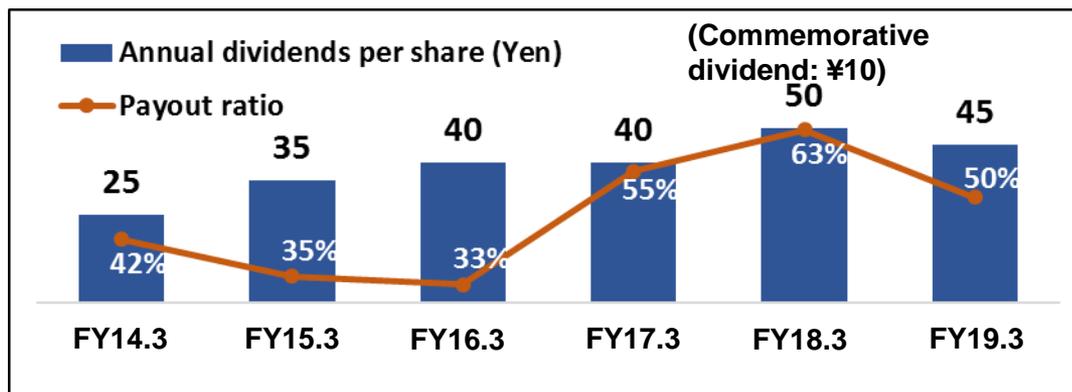
While making growth investment the top priority for cash generated, Casio's dividend policy is to maintain stable dividends, taking into account the balance with financial results

	64 th term - 66 th term (FY20.3 - FY22.3)
Growth investment	Allocate strategic funding with sustainable growth of corporate value as the top priority
Dividend policy	<ul style="list-style-type: none"> ■ Payout ratio: 40% level ■ Dividend on equity ratio (DOE): 5% level
Share buybacks	Treat long-term reserve funds with flexibility and agility in accordance with market environment

Order of priority



Dividend performance



Optimum Capital Structure

While ensuring financial stability, Casio aims to lower capital costs and continually enhance ROE

	FY19.3 results	FY22.3 plan
ROE	10.6%	Around 13%
Equity ratio	59.2%	Around 60%
D/E ratio	0.33 times	0.4 times or lower

CSR Management Policy

Casio's contributions to building sustainable societies

Contribute to SDGs through business

■ Aim for 90% sales ratio of environmentally-friendly products by FY26.3 (Casio Green Star products)

• FY19.3 (results) Green Star product ratio: 72%



*All Casio projectors are mercury-free since 2010



END

Earnings estimates and forward-looking statements in this document are forecasts determined based on currently available information and do not include potential risks and uncertainties.

Consequently, various factors could cause actual earnings to differ.