

Fist Half Results Briefing for Year Ending March 31, 2017

CASIO COMPUTER CO., LTD.

November 2, 2016

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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 First Half Results Highlight

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(billions of yen)

Consolidated	FY2016	FY2017	
	1st Half	1st Half	YOY change
Net sales	174.0	156.7	-17.3
Operating income	21.6	13.5	-8.2
OPM	12.4%	8.6%	-
Ordinary income	21.7	8.2	-13.5
Net income	15.4	6.4	-9.0

FY2017 Financial Forecasts

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(billions of yen)

Consolidated	FY2017			
	1 H results	2H forecasts	Full year forecasts	YOY change
Net sales	156.7	173.3	330.0	-22.3
Operating income	13.5	17.0	30.5	-11.7
OPM	8.6%	9.8%	9.2%	-
Ordinary income	8.2	17.3	25.5	-15.6
Net income	6.4	11.6	18.0	-13.2

Net Sales and Operating Income by Segment

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(billions of yen)

Consolidated	FY2017			
	1H results	2H forecasts	Full year forecasts	YOY change
Net sales				
Consumer	133.1	150.4	283.5	-17.5
System equipment	19.2	20.4	39.6	-3.1
Others	4.4	2.5	6.9	-1.7
TOTAL	156.7	173.3	330.0	-22.3
Operating income				
Consumer	17.1	21.0	38.1	-10.9
System equipment	(1.4)	(1.7)	(3.1)	-1.3
Others	0.2	(0.2)	0	+0.1
Adjustment	(2.4)	(2.1)	(4.5)	+0.4
TOTAL	13.5	17.0	30.5	-11.7

■ Net sales -¥17.3B, Operating profit -¥8.2B

· FOREX impact

⇒ Net sales: approx 85%, OP: approx 85%

· Kumamoto earthquake impact

⇒ Net sales: approx 5%, OP: approx 5%

· Impact of curbing production/sales due to System Equipment Business consolidation

⇒ Net sales: approx 10%, OP: approx 10%

■ Net sales -¥40B, Operating profit -¥17.5B

- Prolonged economic downturn in China and emerging markets

 - Net sales: approx 60%, OP: approx 55%

- Difficulty in parts procurement due to Kumamoto Earthquake

 - Net sales: approx 5%, OP: approx 5%

- Curb on production/sales due to System Equipment Business consolidation

 - Net sales: approx 20%, OP: approx 20%

- Delay in New Business launch

 - Net sales: approx 15%, OP: approx 20%

- **Watches and scientific calculators remain strong
(Revenue grew 10% for timepiece, 8% for scientific calculator on local currency basis)**
- **Strengthen System Equipment Business thru structural reform**
- **Launch of New Businesses within this fiscal year**
- **Create new user value by product planning of new genre which utilize Casio's own technology
(Example of unique genre: TR selfie camera)**

Growth strategy for Timepiece Business well in line with the company plan for achieving ¥200B sales and ¥50B OP for two years later

Business expansion through branding of G-SHOCK and advancing high-functional analog watches

■ Quartz(Analog) $\xrightarrow{\text{Pursuit of accurate time}}$ Smart (Analog)
(Radio-controlled / GPS) + Connected (WWW)

■ Expand lineup of higher-end G-SHOCK

- Fusion of Craftmanship – MR-G Hammer-tone model
- Exhibit on the main floor at Basel World 2017

■ Growth potential

- Big China market
- Women's watch

■ Casio with its digital technology to create the real smartwatch market

- Entry into the market with Smart Outdoor Watch
 - ⇒① New market development
 - ⇒② Expansion of PRO TREK genre

Growth strategy for Education Products Business well in line with the company plan for achieving ¥150B sales and ¥15B OP for two years later

Expand the student market

■ Scientific calculator

- Expand localized lineup for mainly ASEAN markets
- School sale channel development in untapped countries

■ Electronic dictionary

- Apply sales scheme/knowhow gained in the high school market to other segments (e.g. elementary school) to expand sales

Establish new educational market for working adults

■ English conversation learning tool

- Expand lineup (EX-word RISE, joy study...)
- Develop hospitality English model, launch of “Hospitality English Proficiency Test”



Expand Electronic Musical Instruments Business

- Revamp EMI lineup for educational market
- New proposal for entertainment market

Structural Reform

- **Withdrawal from unprofitable businesses**

Printer business

Money-losing division of OA business

Lay foundation for profitable System Equipment Business

Growth Strategy

- **Leveraging OA (Rakuichi) and SA businesses, develop solutions for small-scale private business owners**
- **For PA and Projector businesses, strengthen unique genres by focusing on advanced hardware technology**

2.5D Printer

Sales of the printer made by Casio's original technology that is highly demanded by and useful for corporate users

Management Net Business

Launch of know-how content business within this fiscal year

Wrist Device

Expand sales by developing a new product with hands-free capability for optimal use in active scenes

- **Share buyback**

 - 10 million shares (¥15B)**

 - Repurchase period: November 4, 2016 – January 31, 2017

Cancel 10 million shares

- **Dividend policy**

 - Interim dividend ¥20**

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