



Results Briefing for Year Ended March 31, 2018

May 9, 2018

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.

What we aimed for in FY2018:

- ① Maximize the high profitability of strong businesses (Timepieces / GAKUHAN)**
- ② Wipe out chronic deficits of businesses with problems (Digital cameras / Electronic musical instruments / Projectors)**
- ③ Launch new businesses**

By implementing the above, we aimed to establish a base for stable and continuous sales growth, and therefore to establish a foundation for corporate value growth.

FY2018: What We Did

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Timepieces GAKUHAN

Accelerated business expansion with strong business model.
Accelerated business development in undeveloped markets.

Musical instruments Projectors

Challenge: Potentially growth markets but low profitability
⇒ Improve profitability through structural reform

Digital camera

Challenge: Launched new products but the market shrank sharply
⇒ Drastic structural reforms and strategy shift

System equipment (PA/SA)

Structural reforms implemented in the previous term.
Contributed to full-scale earnings and establishment of growth trajectory.

New businesses New genre development

Challenge: Development of new mainstay business
⇒ Early launch and profit contribution

Company- wide

Implemented organizational reform
⇒ Linked the entire company to the business strategy headquarters. Reform of Sales Headquarters, Development / Production / CS, Administrative Staff

Timepieces

- G-SHOCK continues to do well with lineup enhancement for high, medium and low price ranges.
- Non-brand watches and non-G-SHOCK metal analog watches struggled a bit, but development of new advanced module (based on already strong engine), and the strong performance of mid price range metal G-SHOCK spread to other brands, resulting in a recovery from the previous term.
- Redevelopment of the distribution network centered on emerging countries that can expect great growth in the future.
- It was positioned as a year of smart watch rapid acceleration, but it did not meet expectations. Meanwhile, positive signs have started to appear such as B2B business talks and strong domestic sales.

GAKUHAN

- Steady work to develop new markets for scientific calculators is going well.
- Strongly promoting counterfeit elimination.
- Establish a business model that can flexibly respond to changes in classrooms / exams.

Electronic Musical Instruments

- Profitability improved since Q4 of FY2018, thanks to business restructuring (reinforcement of in-house production / improvement of lineup efficiency / new sound source development / review of cost structure, etc.)
- Although sales failed to reach the target due to rebuilding of distributor network (distributor selection) in order to strengthen sales capabilities, this effort to increase sales in the future is expected to bring recovery in FY2019.

Projectors

- Shifted policies towards eliminating chronic deficit (profitability over share expansion)
- Concentrated resources on differentiating markets (education field / miniaturization, etc.)

Digital Cameras

Exit compact camera market to wipe out deficit

- Despite the launch of unique genre products in 2H of FY2018, no recovery achieved due to the shrinking compact camera market.
- Recorded loss due to washout of inventory, etc. (negative factor in operating profit.)
- Recorded extraordinary loss including loss on asset disposal and impairment of fixed assets as business structure improvement expenses.
- Created a new business area utilizing proprietary technology and know-how.

System Equipment (PA·SA)

- Eliminated loss

New Businesses

- Full-scale start of 2.5D printing system from this fiscal year.
- Development of new products through promotion of cross-sectional technology integration at Consumer Development Headquarters

FY2018 Consolidated Financial Summary

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(Billions of Yen)

Consolidated	FY17 4Q	FY18 4Q	YOY Change	FY17 Full Year	FY18 Full Year	YOY Change
Net sales	88.6	83.3	94%	321.2	314.8	98%
Operating profit	10.3	7.9	77%	30.6	29.6	97%
OPM	11.6%	9.4%		9.5%	9.4%	
Ordinary profit	11.5	8.1	70%	26.2	28.7	109%
Net income	7.8	4.8	61%	18.4	19.6	106%
EPS (Yen)	31.42	19.35		72.67	79.42	

Net Sales and Operating Profit by Segment

(Billions of Yen)

Net Sales	FY17 4Q	FY18 4Q	YOY change
Consumer	74.6	71.5	96%
System equipment	11.9	10.0	84%
Others	2.2	1.9	86%
TOTAL	88.6	83.3	94%

FY17 Full Year	FY18 Full Year	YOY change
272.8	268.9	99%
39.7	38.3	96%
8.7	7.6	87%
321.2	314.8	98%

Operating Profit	FY17 4Q	FY18 4Q	YOY change
Consumer	11.5	9.1	80%
System equipment	0	0.4	-
Others	0	0.1	-
Adjustment	(1.2)	(1.8)	-
TOTAL	10.3	7.9	77%

FY17 Full Year	FY18 Full Year	YOY change
37.2	35.0	94%
(2.2)	0.6	-
0.3	0.6	170%
(4.7)	(6.6)	-
30.6	29.6	97%

FY2019 Financial Forecasts

(Billions of Yen)

Consolidated	FY18 Full Year Result	FY19 1H Forecast	YOY Change	FY19 2H Forecast	YOY Change	FY19 Full Year Forecast	YOY Change
Net sales	314.8	160.0	104%	180.0	112%	340.0	108%
Operating profit	29.6	15.0	103%	20.0	134%	35.0	118%
OPM	9.4%	9.4%		11.1%		10.3%	
Ordinary profit	28.7	14.0	103%	19.0	126%	33.0	115%
Net income	19.6	10.0	100.5%	13.0	135%	23.0	118%
EPS (Yen)	79.42	40.60		52.78		93.37	

Net Sales and Operating Profit by Segment

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(Billions of Yen)

Net Sales	FY18 Full Year Result	FY19 1H Forecast	FY19 2H Forecast	FY19 Full Year Forecast	YOY change
Consumer	268.9	135.5	154.0	289.5	108%
System equipment	38.3	20.5	22.0	42.5	111%
Others	7.6	4.0	4.0	8.0	105%
TOTAL	314.8	160.0	180.0	340.0	108%
Operating Profit					
Consumer	35.0	18.0	23.0	41.0	117%
System equipment	0.6	0.5	0.5	1.0	172%
Others	0.6	0	0	0	-
Adjustment	(6.6)	(3.5)	(3.5)	(7.0)	-
TOTAL	29.6	15.0	20.0	35.0	118%

*Timepieces Net Sales (Full Year) 180.0 billion yen OPM 20%

Establish the base for revenue and earnings growth

Introduce BU system to maximize company-wide economic added value

- Establish the Business Strategy Headquarters and clear responsibilities for each BU head.
- Strengthen selective strategic investment by downsizing admin headquarters.

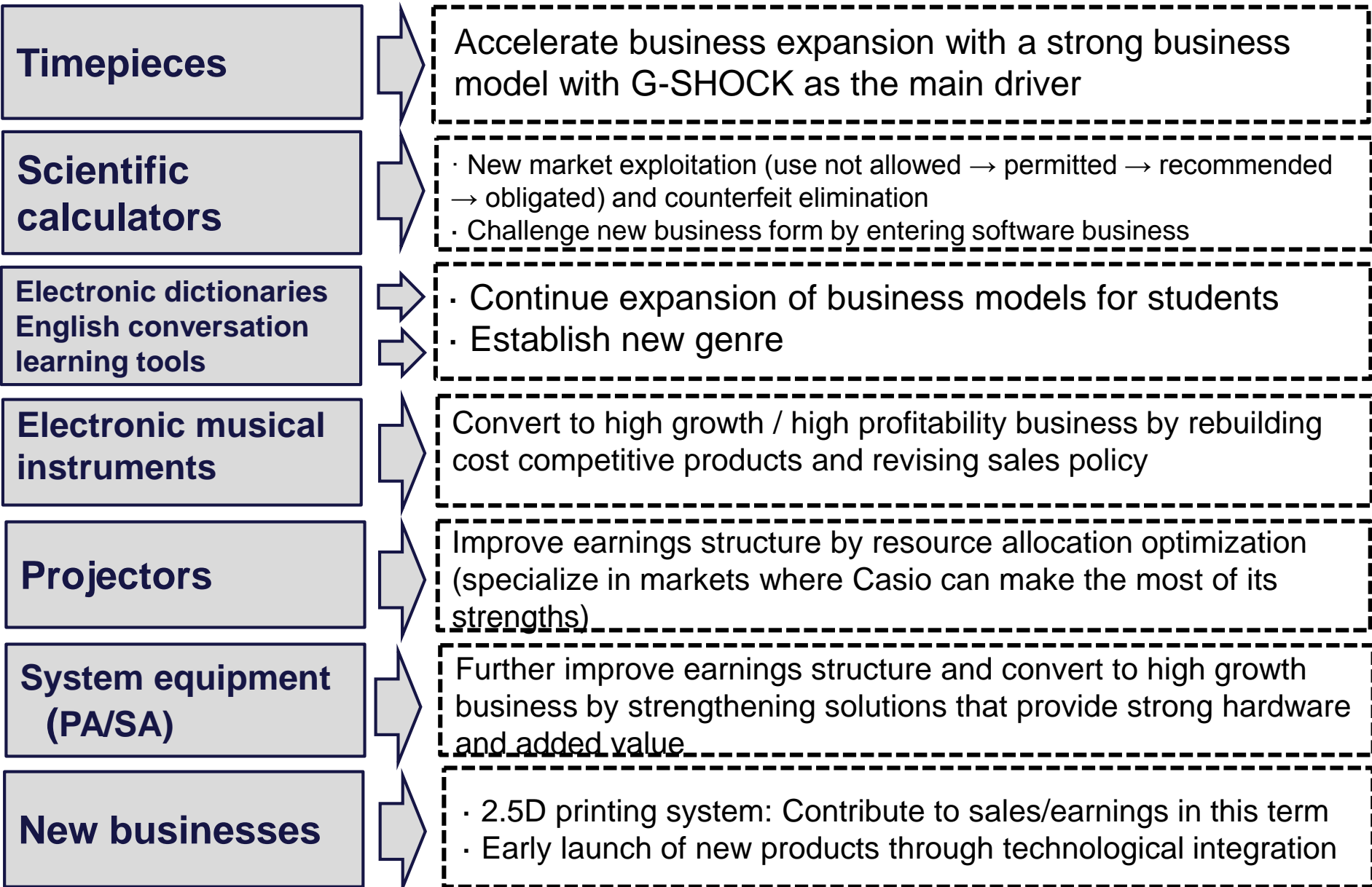
Maximize invested capital turnover

- Optimize manufacturing efficiency by merging development functions at the Development Headquarters.
- Maximize efficiency of existing products and promote new product development through integration of technologies

Increase sales and improve operating margin

- Maximize sales by strengthening marketing and unifying sales headquarters.
- Optimize business partner base by rebuilding distribution networks by domains.

Future business strategy



Timepieces

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Double the business in 3 years by development and sales policy

■ G-SHOCK

- Expand full metal model lineup for "5000" series and G-STEEL.
- Extensively expand standard models for young people

■ Metal analog watch

- Expand of Bluetooth models
- Develop new watch modules (high function, ultra-thin movement) that will be advanced evolutions of our strong engine
- Leverage G-FACTORY, synergy with Metal G

■ Non brand watch

- Introduce new diamond model
- Eliminate counterfeits by high quality appeal of originals

■ PRO TREK Smart

- Partnership agreement with nine app vendors; de facto standard of smart watch
- Promote B2B sales negotiation (adoption by Okayama prefectural police)

■ Sales strategy

- Redevelop oversea sales network including G-FACTORY
- Expand Internet sales channel

China (Tmall, Jingdong), India (Flipkart)

Southeast Asia (Lazada), Middle East (Souq)



Diamond model

Scientific Calculators

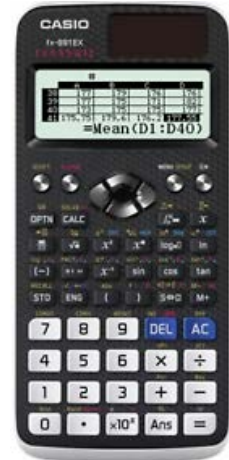
■ Continue to promote GAKUHAN activities and strengthen counterfeit expulsion

- A business model that can secure sales every year in stable student market.
- Initiatives to respond to changes in classrooms / exams.

■ Diversify business model

- From hardware to software business

Expand business in partnership with electronic textbook publishers in the United States



Electronic Dictionaries

■ Expand the Chinese market in addition to solid domestic market

- Strengthen and expand at priority schools and for students wanting to study in Europe and the United States

English Conversation Learning Tools

■ Propose learning curriculum for corporations (promote B2B sales)

■ Expand business related to Hospitable English Ability Response Test



カシオ英語学習機
EX-word RISE

Electronic Musical Instruments

Improve profitability by structural reform (completed in 2H)

- Restructure distribution, etc. (reduction of distributors)
- Improve profitability by new Aix sound source models
- Reduce number of models (promoting efficiency of keyboard lineup)
 - ⇒ 2017/03: 60 models → 2018/03: 40 models → 2019/03: 30 models (target)
- Cost reduction through efficient supply chain (cost structure reform)

Aggressive approach to potential growth market

- Promote product planning for new markets
(For emotional development of children, digital horn, EGP, etc.)



PA

- Reinforce our own strong hardware
- Further promote selection and concentration (narrowing down industries)



SA

- Eliminate inefficiency by building common applications by industry
- Strengthen fee-based business by expanding cloud services



2.5D Printing System

Quickly expand sales and contribute to earnings as a new mainstay business

■ **Expand business scale for the world**

- Dramatically expand business by solution development of the printing system and digital sheets.
- Further develop digital sheets.

■ **First Year**

Sales plan: 700 units

Sales: about 5 billion yen



Overview of the Fourth Quarter (January to March)

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■ Timepiece Business increased sales (+700 million yen) and profit (+100 million yen)

Sales: ¥ 41.7 billion (2% increase YOY), OPM: 20%

■ Education Business sales at 27.6 billion yen (down 5% YOY), but profit increased at 13% OPM

Sales breakdown: Calculators: 40%, Dictionaries: 40%, Musical instruments: 20%

Calculators: YOY sales increased 5%, maintaining good OPM at 20%

Dictionaries: YOY sales increase 3%, maintaining good OPM at 12%

Musical instruments: YOY sales decreased 19%, OPM improved to 5%

■ Digital Camera Business experienced sharp market decline and poor new product sales, resulting in sales and profit decrease

Sales: 2 billion yen (down 57% YOY), loss of 2.7 billion yen

■ System Equipment Business' 'other systems' category was stable to secure profitability

Sales breakdown: Projectors: 25% Other systems: 75%

Profit: Projectors: breakeven, Other systems: 400 million yen

Overview of the Full Year

■ **Net sales and operating profit declined year on year; ordinary profit and net income increased year on year.**¹⁸

■ **Timepiece Business increased sales (+700 million yen), and profit (+ 400 million yen)**

Sales: 170.3 billion yen (slight increase YOY), OPM: 20%

■ **Education Business increased sales to 85.4 billion yen (up 1% YOY), and profit at OPM 8%**

Sales breakdown: Calculators: 50%, Dictionaries: 25%, Musical instruments: 25%

Calculator: YOY sales increased 6%, maintaining good OPM at 17%

Dictionary: YOY sales flat, OPM improved to 4%

Musical instruments: YOY sales increased 2%, loss of 1 billion yen

■ **Digital Camera sales and profit declined due to sharp market shrinkage, etc.**

Sales: 12.3 billion yen (down 34% YOY), loss of 4.9 billion yen

■ **System Equipment Business' profitability for 'other systems' category greatly improved**

Sales breakdown: Projectors: 25% Other systems: 75%

Profit: Projectors: loss of 1 billion yen, Other systems: 1.6 billion yen

FY2018 Difference from the Forecasts

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- **Net sales: breakdown of unachieved forecast (-35.2 billion yen)**

Digital cameras, musical instruments, projectors are the main factors in the sales gap (about two-thirds of the amount)

About 30% of the rest is due to dictionaries, calculators, timepieces, and other segments, which are responsible for 5-10% respectively.

Digital cameras failed to meet the forecast due to market shrinkage. For musical instruments and projectors the company has strongly promoted structural reforms to establish a base for sales and earnings growth. Thus, we temporarily experienced a sales decrease due to rebuilding of the distribution network for future revenue growth and restraining sales in unprofitable areas.

- **Operating profit: breakdown of unachieved forecast (-4.4 billion yen)**

Digital cameras are the main factor (Gap to the plan of digital cameras -4.4 billion yen)

Impact of Foreign Exchange Rate Fluctuations

FOREX Sensitivity (FY19) (Major currencies)

	Assumed exchange rate (Full Year)	Yearly impact of one yen fluctuations	
		Net Sales	Operating profit
US Dollar	¥105	¥1.0 billion	— (*1)
Euro	¥128	¥0.35 billion	¥0.25 billion
Renminbi	¥16.3	¥1.8 billion	¥1.2 billion

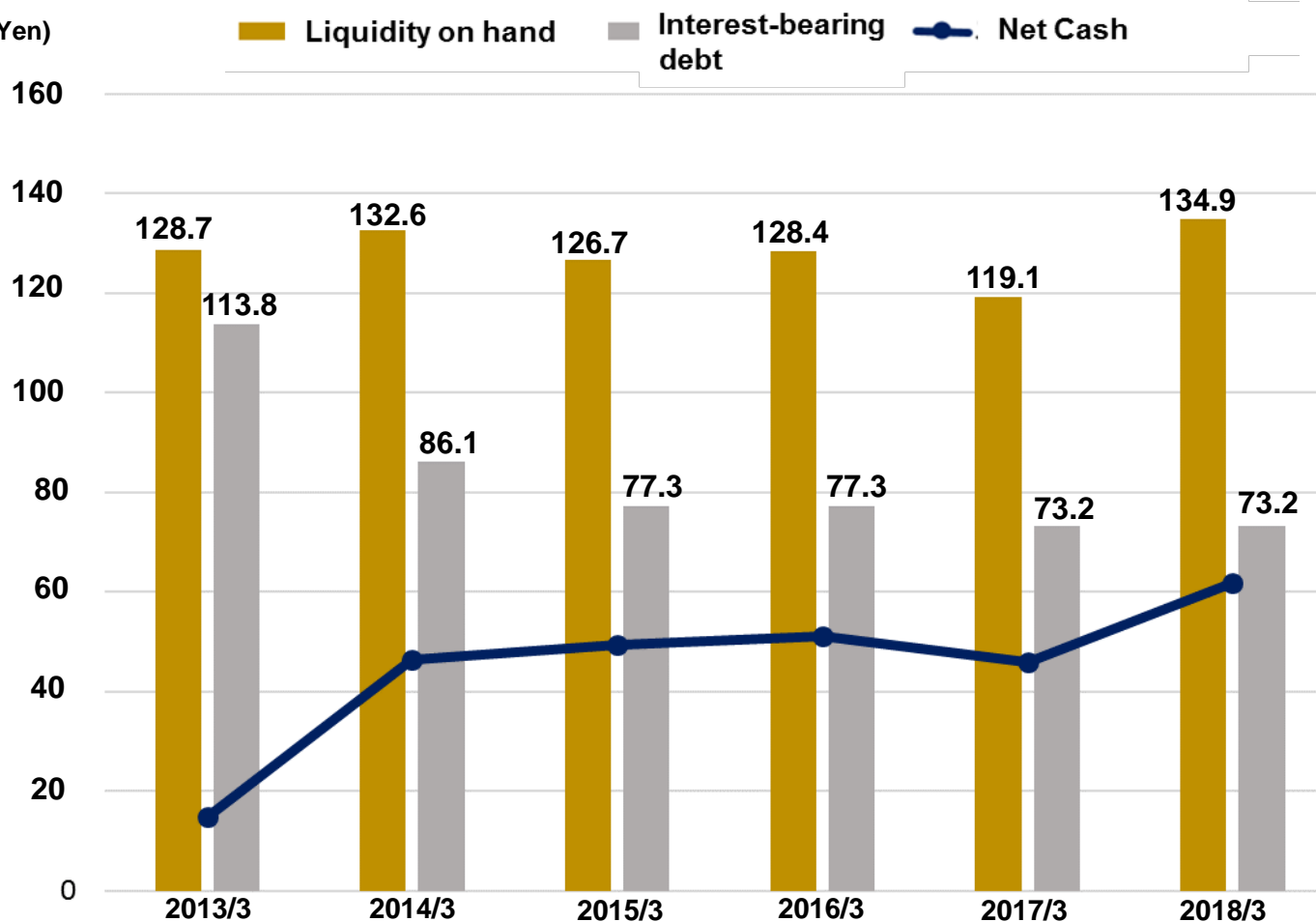
*1 Impact of dollar-yen fluctuation is minimal as exports and imports are nearly in equilibrium

Actual Exchange Rate (FY18) (YOY)

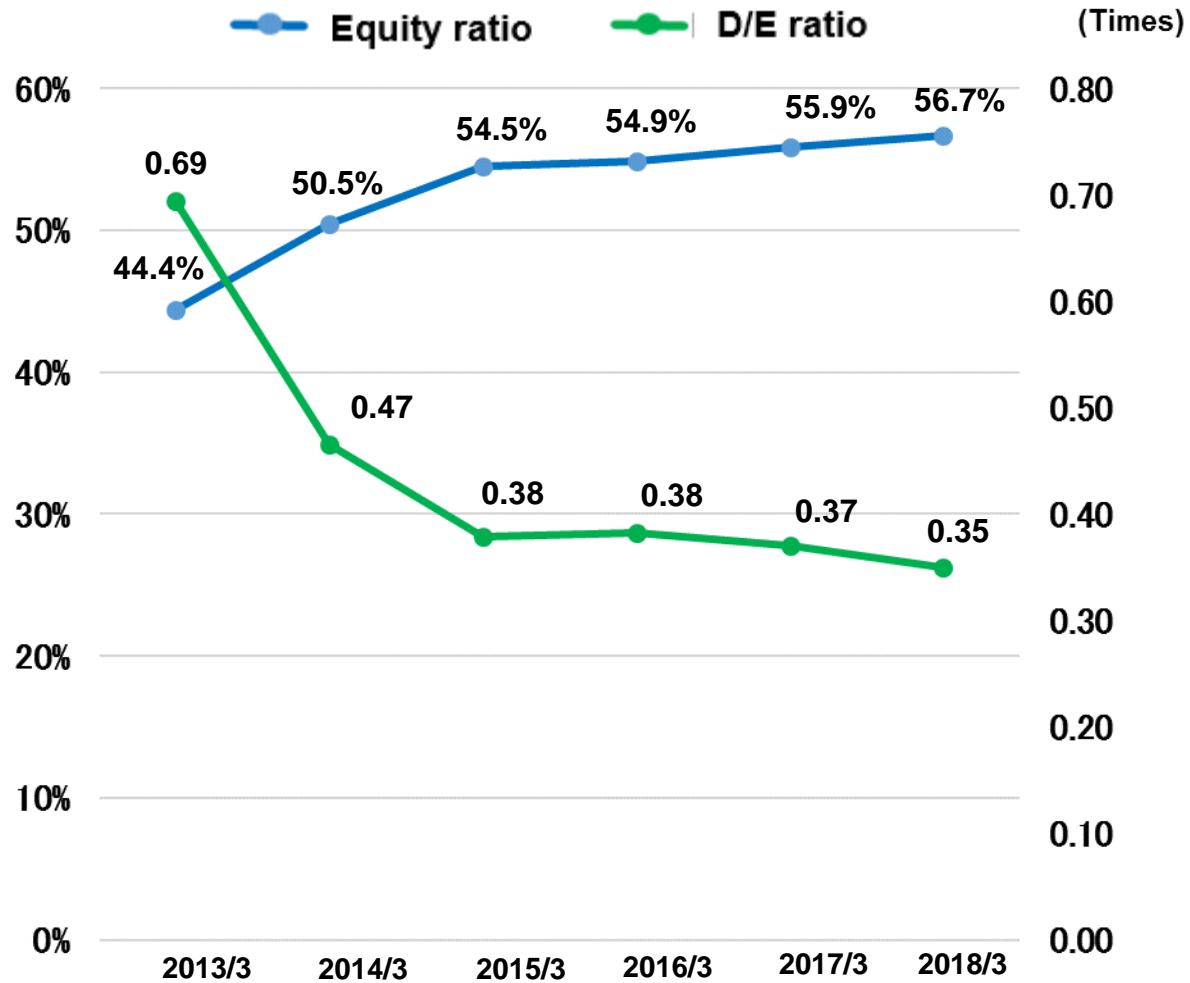
	FY18/4Q	FY18/Full Year
US Dollar	¥108.3 (-¥5.3)	¥110.9 (+¥2.5)
Euro	¥133.2 (+¥12.1)	¥129.7 (+¥10.9)
Renminbi	¥17.1 (+¥0.5)	¥16.8 (+¥0.6)

■ Liquidity on hand / Interest-bearing debt / Net cash

(Billions of Yen)



■ Equity ratio / D/E ratio



■ Pension finance

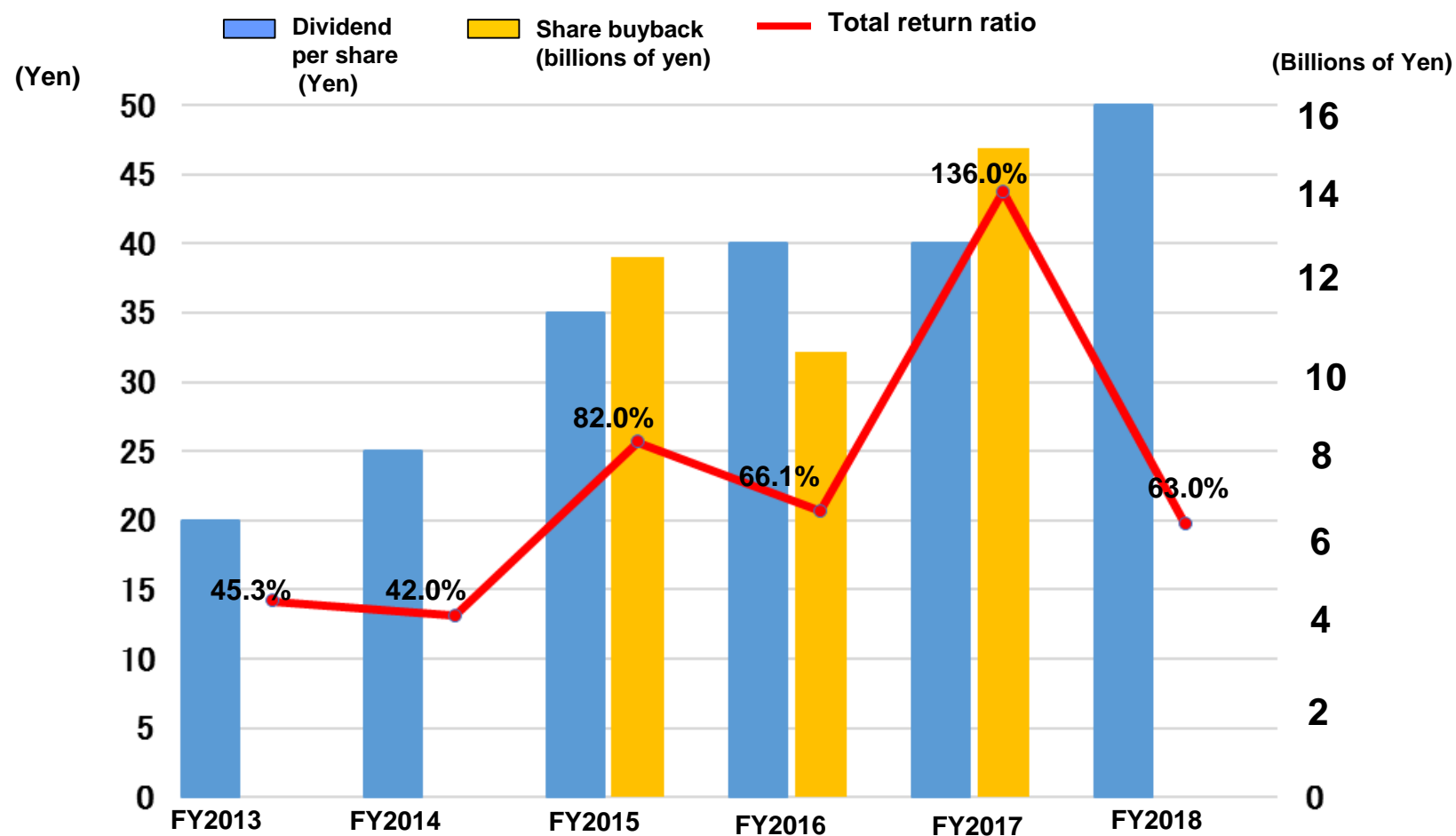
- Pension finance maintains excess reserves (fiscal consolidation)

(Billions of Yen)

	2015/3	2016/3	2017/3	2018/3
Pension assets	71.4	65.3	69.3	68.4
Retirement benefit obligation (A)	58.5	57.6	56.7	55.7
Amount of excess reserves (B)	+12.9	+7.8	+12.6	+12.7
Excess rate (B ÷ A)	+22%	+14%	+22%	+23%
Average of 29 electronics and machinery companies	-24%	-30%	-27%	

Shareholder Returns

■ Dividend per share / Share buyback / Total return ratio



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