



First Quarter Results Briefing for Year Ending March 31, 2019

August 1, 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.

FY2019 First Quarter Results Highlight

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(billions of yen)

Consolidated	FY18/1Q	FY19/1Q	YOY Change
Net Sales	69.8	66.8	96%
Operating income	6.6	6.6	101%
OPM	9.4%	9.9%	
Ordinary income	5.8	6.1	105%
Net income	4.2	4.8	115%
EPS(Yen)	16.97	19.54	

Net Sales and Operating Income by Segment

(Billion of Yen) ²

Net Sales	FY18/1Q	FY19/1Q	YOY change
Consumer	59.8	57.1	96%
System equipment	8.2	8.1	98%
Others	1.8	1.6	91%
TOTAL	69.8	66.8	96%

Operating income	FY18/1Q	FY19/1Q	YOY change
Consumer	7.9	9.0	113%
System equipment	0	(0.4)	-
Others	0.1	0	-
Adjustment	(1.4)	(2.0)	-
TOTAL	6.6	6.6	101%

- **Net sales declined by 3.0 billion yen YoY**
(Digital camera sales in previous fiscal year: 4.0 billion yen)

- **Operating profit rose slightly YOY, and progress on 1H plan was 44% (in line with previous fiscal year)**
Ordinary profit rose 5%, and net income was up 15%

- **Improvement in deficits at businesses with problems**
 - Digital cameras: -200 million yen, there will be zero profit or loss in 2Q and beyond)
 - Electronic musical instruments: -500 million yen, goal is to break even for full year)

- **Adjustments: progress on 1H plan was 56%**
(Investment expenses for development of new businesses)

Overview by Business

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Timepieces

■ **Sales: 37.3 billion yen (up 4% YoY); OPM 22%**

New products launched in 1Q performed well across the board, full-scale contribution from new products to come in 2Q



- ① First full metal G-SHOCK for original model (5000 series)
- ② G-SHOCK MTG-B1000 (new shock-resistant construction)
- ③ OCEANUS Edo Kiriko (Japanese traditional cut glass technique) model



Overview by Region

■ **Japan:** Strong performance from new products. Steady real sales with positive turnaround YoY

■ **China:** Continued strong performance in online sales

■ **Emerging countries:** Recovered in non-brand product sales due to measures against counterfeits and new products (diamond model)

■ **North America:** Even with previous year, despite trend of recovery in real sales at leading department stores. 2Q will see full-scale roll out of new products that have performed well in Japan

■ **Europe:** Challenging conditions continued due to slump in real sales at jewellers
Running new promotions in 2Q and beyond to stimulate G-SHOCK demand among young people

Overview by Business

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Education Products

■ Sales: 19.8 billion yen (up 3% YoY); OPM 7%

Calculators: 60% Sales up 6% YoY; OPM 17%, driven by sales of scientific calculators for schools overseas

Electronic dictionaries: 20% Sales down 12% YoY (special demand in previous fiscal year), break even
Plan to recover by introducing products for large-scale distributors in 2Q

Electronic musical instruments: 20% Sales up 3% YoY due to strong performance in Europe and emerging countries, etc., despite 500 million yen deficit, planning full-scale expansion through enhancement of AiX sound source keyboards in 2Q and beyond

System Equipment

	Sales composition	Profit/loss
■ Others:	Approx. 70%	Break even (-300 million yen YoY)
■ Projectors:	Approx. 30%	-400 million yen (-100 million yen YoY)

• For Others, moving into profit of first half year term, due in part to seasonal factors in the B to B business

FY2019 Financial Forecasts

(Billion of Yen) ⁶

Consolidated	FY19/2Q Forecast	YOY Change	FY19 1H Forecast	YOY Change	FY19 Full Year Forecast	YOY Change
Net Sales	93.2	111%	160.0	104%	340.0	108%
Operating income	8.4	104%	15.0	103%	35.0	118%
OPM	9.0%		9.4%		10.3%	
Ordinary income	7.9	101%	14.0	103%	33.0	115%
Net income	5.2	90%	10.0	100.5%	23.0	118%
EPS(Yen)	21.06		40.60		93.37	

Net Sales and Operating Income by Segment

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(Billion of Yen)

Net Sales	FY19/2Q Forecast	YOY change	FY19 1H Forecast	YOY change	FY19/ Full Year	YOY change
Consumer	78.4	111%	135.5	104%	289.5	108%
System equipment	12.4	115%	20.5	108%	42.5	111%
Others	2.4	115%	4.0	104%	8.0	105%
TOTAL	93.2	111%	160.0	104%	340.0	108%
Operating income						
Consumer	9.0	101%	18.0	106%	41.0	117%
System equipment	0.9	167%	0.5	97%	1.0	172%
Others	0	-	0	-	0	-
Adjustment	(1.5)	-	(3.5)	-	(7.0)	-
TOTAL	84	104%	15.0	103%	35.0	118%

Future business strategy

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Timepieces

Accelerate business expansion with a strong business model with G-SHOCK as the main driver

Scientific calculators

- Develop new GAKUHAN market and eliminate counterfeits
- Strengthen development of software business (e-education business)

Electronic dictionaries English conversation learning tools

- Continue expansion of business models for students and strengthen overseas expansion
- Establish new genres optimized for learning goals

Electronic musical instruments

Improve profitability through structural reform (strengthen in-house production systems, streamline product line-up, develop new sound sources, review cost structure, rebuild distribution)

Projectors

Improve earnings structure through concentration of management resources on markets where Casio can make the most of its strengths (education, etc.)

System equipment (PA/SA)

- Develop original strong hardware and develop new applications (PA)
- Strengthen solutions that assist management for small- and medium-sized businesses and sole proprietors (SA)

New businesses

- 2.5D printing system: Contribute to sales/earnings in this term
- Continue to create a series of new products and new businesses

Timepieces

■ Maintain and reinforce strengths of G-SHOCK, which has established a distinct market

- Expand full metal model lineup for "5000" series, MT-G and G-STEEL
- Significantly expand standard models for youth segment.
- Launch new products with Bluetooth models in the popular price range



■ Pursue metal analog models unique to Casio with powerful original engine

- 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



■ Launch new, non-brand products and expand using high-quality appeal

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



■ PRO TREK Smart: Aim to become No.1 Android Wear Wrist

- Partnership agreement with nine app vendors; de facto standard of smart watch
- Promote B2B sales negotiation



Scientific Calculators

■ Develop new GAKUHAN market and strengthen elimination of counterfeits

- A business model that can secure sales every year in stable student market.
- Expand in emerging countries, including expansion of country-specific models
- Plan to launch new models aimed at eliminating counterfeits



■ Strengthen development of software business (e-education business)

- From hardware to software business
- Launch online functional calculus/graph drawing service
Develop “ClassPad.net Engine” for digital textbook publishers and CBT providers

↓

ClassPad.net Engine offers calculation and graphing tools that can be incorporated into equations and graphs in textbooks and CBT as well as an automatic scoring tool for question responses

→ Adopt ClassPad.net Engine at U.S. textbook publisher Kendall Hunt Publishing



Electronic Dictionaries

■ Further strengthening in overseas markets in addition to Japan market

- Expand for Seniors (launch new products)
- Develop and expand Chinese market for GAKUHAN electronic dictionaries
- Strengthen and expand at priority schools and for students wanting to study in Europe and the United States



English Conversation Learning Tools

■ Pursue dedicated models optimized for learning objectives + create new demand

- Propose learning curriculum for corporations (promote B to B sales)
- Expand business related to Hospitable English Ability Response Test



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.)



DPJ

■ Market: Shift to business strategy focused on education market

- Strengthen development of “product + solution” for education market
- Strengthen marketing collaborating with GAKUHAN marketing and networks

■ Technology: Pursue strengths of original technologies (miniaturization, modularization)

- Strengthen expansion into new domains through pursuit of miniaturization and energy-saving technologies



System Equipment ②

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PA

■ Reinforce our own strong hardware

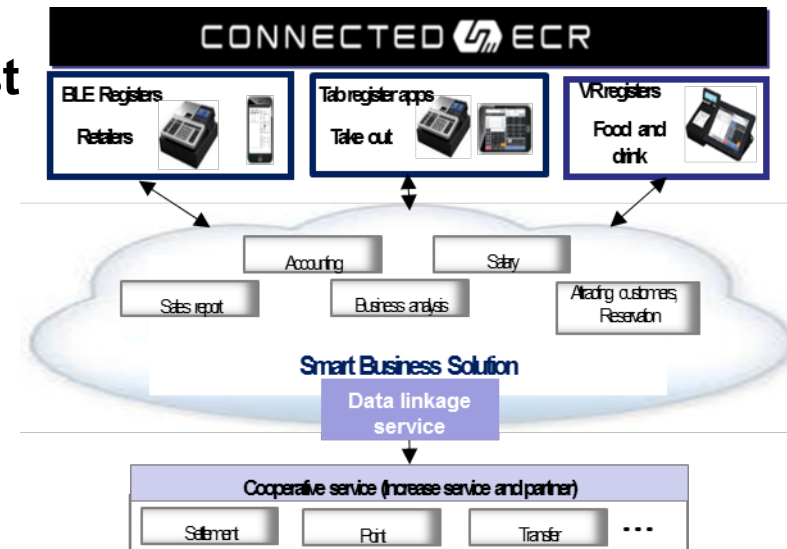
- Develop original strong hardware and new applications
- Further promote selection and concentration (narrowing down industries)



SA

■ Strengthen solutions business to assist management of small- and medium sized businesses and sole proprietors

- Strengthen fee-based business by expanding hardware and cloud services
- Streamline by building common applications for each industry



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.
- Dramatically expand sales network using distributors

■ Propose applications adapted for business model by industry

■ Examples of introduction by companies

- Denso Corporation (car interiors)
- SINCOL Co., Ltd. (furniture textiles and leather)
- Panasonic Corporation (interior and exterior home construction materials, etc.)



Dermoscopy Imaging Diagnostic System

Enter medical digital camera business

■ Develop imaging diagnostic system (imaging diagnosis of skin cancer, etc.)

- Utilize technology cultivated with digital cameras and imaging auto-detection technology
- Employ knowledge and know-how of university hospital physicians
- Increase diagnostic accuracy with deep learning using AI

■ Took top global position in auto-detection contest for skin diseases

- Took top position in ISBI Challenge 2017, an international contest for auto-detection of skin diseases

■ Plan to provide dedicated cameras, software, and cloud services

- Target is 14,000 dermatologists and 30,000 plastic surgeons in Japan

■ Aim to launch business at end of March 2019



Prototype

Impact of Foreign Exchange Rate Fluctuations

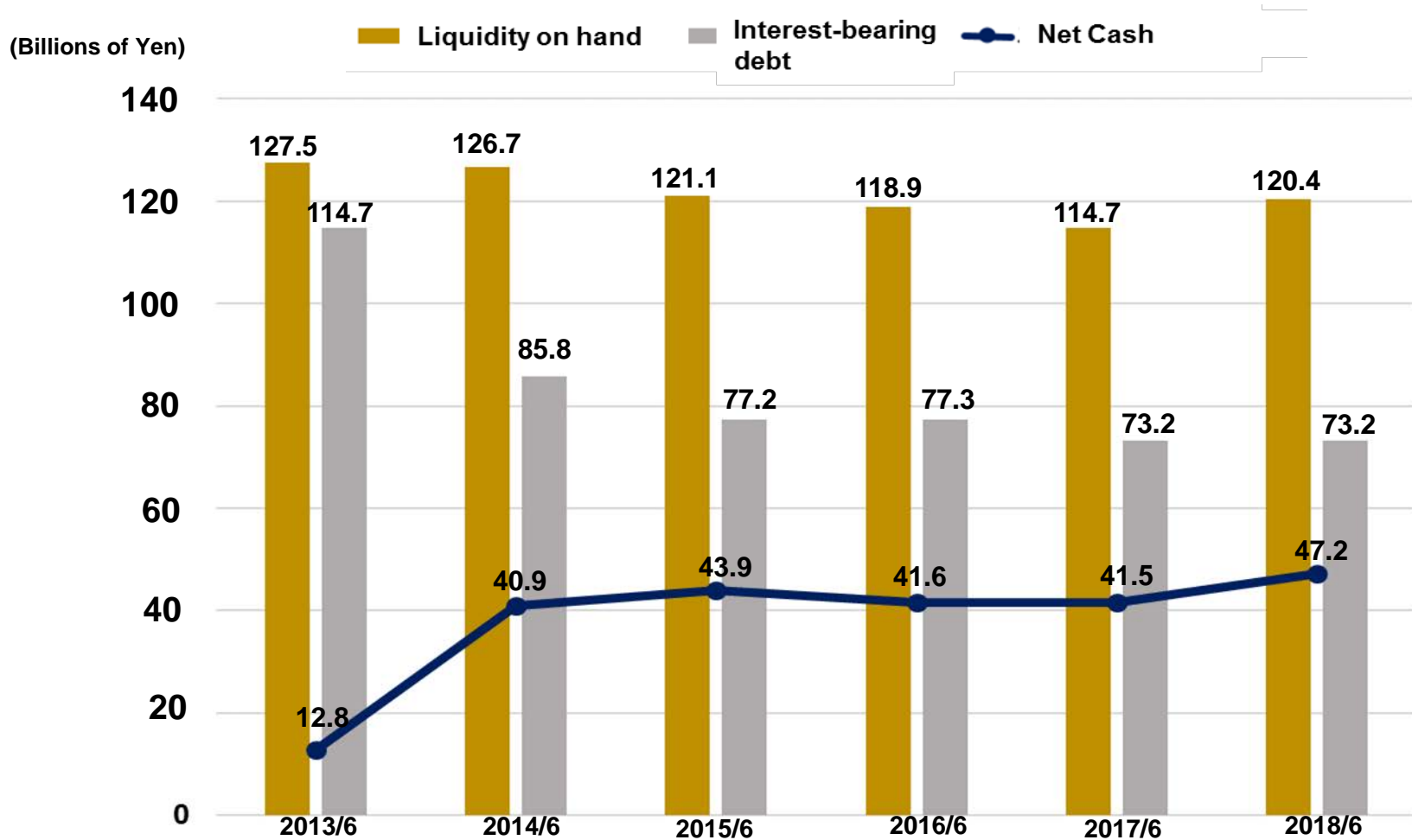
FYI ①

FOREX Sensitivity (Major currencies)	Assumed exchange rate (2018/7~2019/3)	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

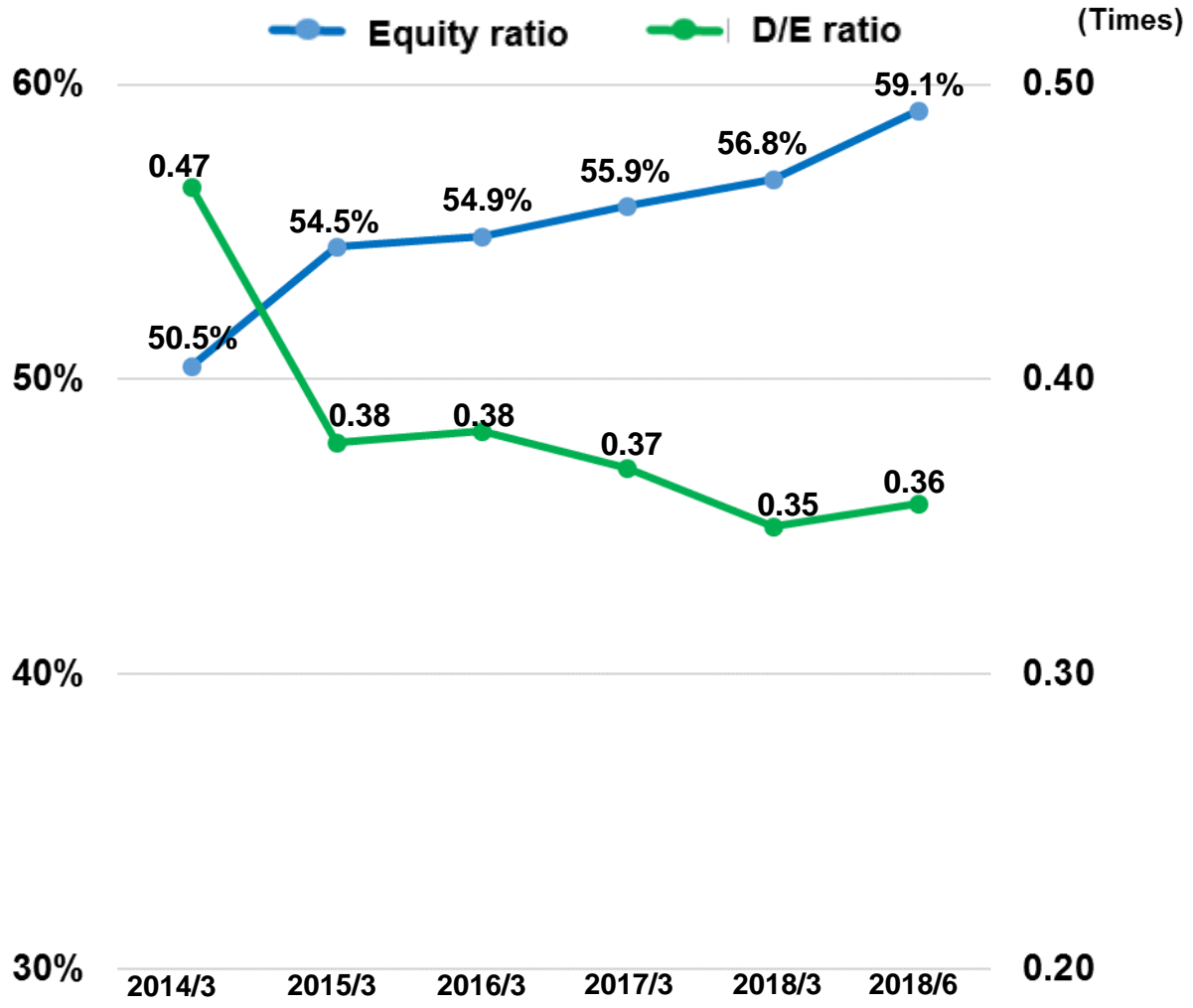
*1 Impact of dollar-yen fluctuation is minimal as exports and imports are nearly in equilibrium

Actual Exchange Rate (YOY)	FY19/1Q
US Dollar	¥109.1 (-2.0)
Euro	¥130.1 (+7.9)
Renminbi	¥17.1 (+0.9)

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



Equity ratio / D/E ratio



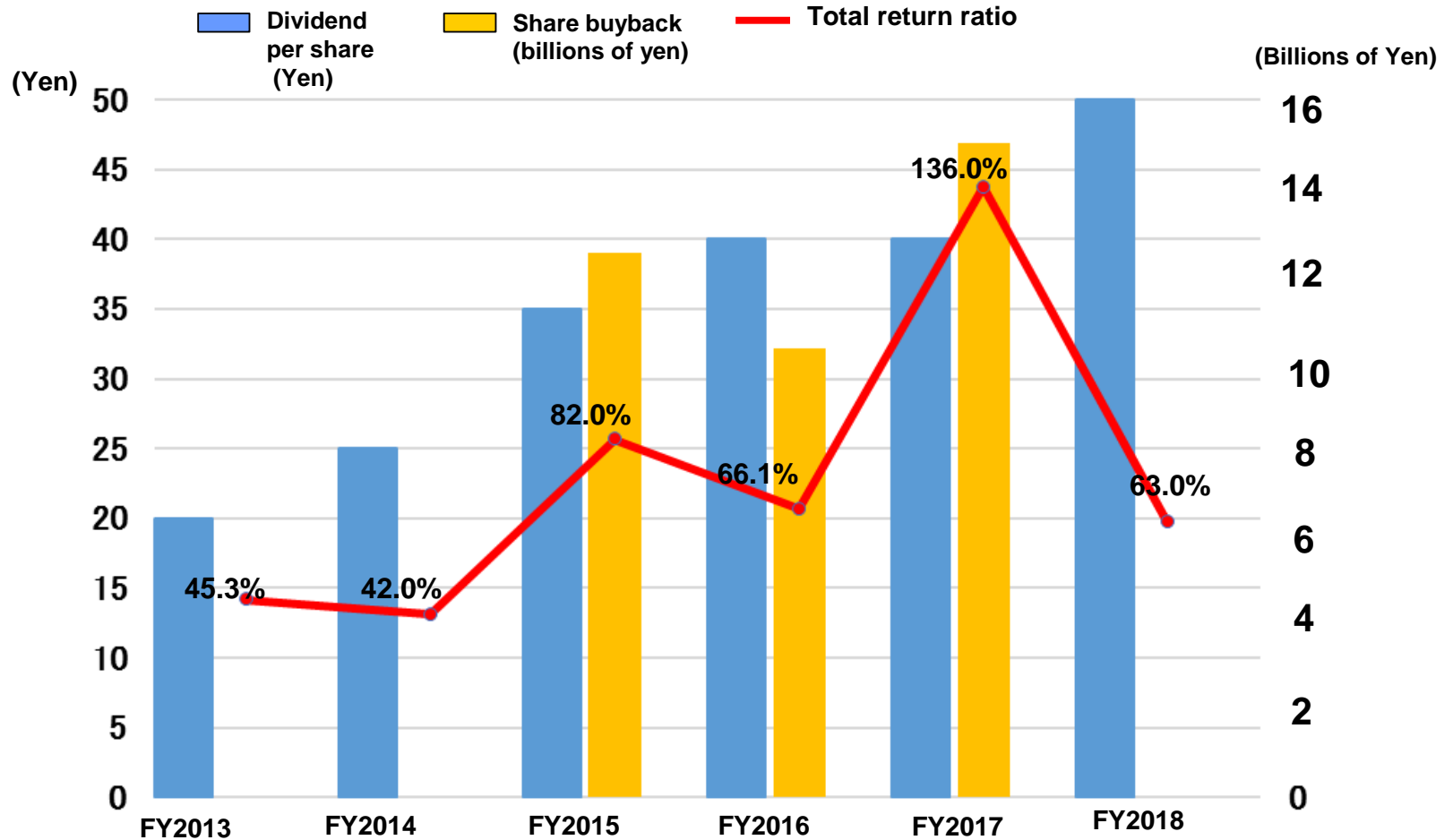
■ Pension finance

- 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%	-26%

Shareholder Returns

■ Dividend per share / Share buyback / Total return ratio



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