

- Results Briefing for Year Ended March 31, 2019**
- Business Outlook for Year Ending March 31, 2020**

May 14, 2019

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.**

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# **Financial Results FY2019**

## **Forecasts FY2020**

# FY2018 Consolidated Financial Summary

(Billions of Yen)

Consolidated	FY18 4Q	FY19 4Q	YOY Change	FY18 Full Year	FY19 Full Year	YOY Change
Net sales	83.3	79.9	96%	314.8	298.2	95%
Operating profit	7.9	7.8	99%	29.6	30.3	102%
OPM	9.4%	9.8%		9.4%	10.1%	
Ordinary profit	8.1	8.0	99%	28.7	29.9	104%
Net income	4.8	5.2	108%	19.6	22.1	113%
EPS (Yen)	19.35	20.94		79.42	89.86	

# Net Sales and Operating Profit by Segment

(Billions of Yen)

Net Sales	FY18 4Q	FY19 4Q	YOY change
Consumer	71.5	69.5	97%
System equipment	10.0	8.8	88%
Others	1.9	1.6	86%
<b>TOTAL</b>	<b>83.3</b>	<b>79.9</b>	<b>96%</b>

FY18 Full Year	FY19 Full Year	YOY change
268.9	257.4	96%
38.3	33.8	88%
7.6	7.0	92%
<b>314.8</b>	<b>298.2</b>	<b>95%</b>

Operating Profit			
Consumer	9.1	9.6	105%
System equipment	0.4	(0.1)	-
Others	0.1	0	-
Adjustment	(1.8)	(1.7)	-
<b>TOTAL</b>	<b>7.9</b>	<b>7.8</b>	<b>99%</b>

35.0	38.2	109%
0.6	(0.9)	-
0.6	0.3	59%
(6.6)	(7.4)	-
<b>29.6</b>	<b>30.3</b>	<b>102%</b>

# Business Overview of the Fourth Quarter (Jan/Mar)

## Timepiece Business

**Overall: Sales increased YoY despite severe changes in the external environment**

■ Sales : ¥42.4 billion (up 2% YoY/up 2% in local currencies); OPM 19%

1Q:+4%→2Q:0%→3Q:0%→4Q:+2% on a recovery trend

For G-SHOCK, the first full-metal models from iconic 5000 series “GMW-B5000” have been driving sales up. The events held in Japan and China also contributed. On the other hand, due to economic slowdown etc., non G-SHOCK metal analog watches struggled.

## By region: Struggle in Europe

- Japan: strong sales continued around metal G-SHOCKS.
- China: G-SHOCK sales expanded due to effective events.
- Emerging countries: strong G-SHOCK sales in ASEAN countries compensated for poor sales in Central and South America and the impact of the currency depreciation in emerging countries.
- North America: the impact of decreasing watch sales floors at mass-market retailers was compensated by developing new sales channels at jeweler chains and independent stores.
- Europe: sales recovered to stay flat YoY in local currencies term thanks to the Gorillaz collaboration etc. Yen-based sales decreased due to currency conversions.

### G-SHOCK Full metal models



# Business Overview of the Fourth Quarter (Jan/Mar)

## Education Business

**Sales declined due to calculators underperforming in emerging countries and delay in restructuring of musical instruments dealership network.**

■ **Sales : ¥27.1 billion (down 2% YoY); OPM : 8%**

<Calculators: 40%> Sales down 5% YoY due to sluggish sales in emerging countries; OPM 13%

<Dictionaries: 40%> Flat sales YoY as sales through e-commerce and school expanded but sales of English language learning tools decreased; OPM 12%

<Musical instruments: 20%> Sales down 2% YoY due to delay in restructuring of dealership network in Japan and China; loss of ¥500 mil.

## System Equipment Business

**<Sales Composition>      <Profit/Loss>**

■ **Projectors                      Approx. 25%                      -¥0.1 billion (-¥0.1 billion YoY)**

■ **Other systems                  Approx. 75%                      Break-even point (-¥0.4 billion YoY)**

• Other systems: Sales decreased due to the postponement of implementation of French regulation mandating certain features for cash registers.

# Overview of the Full Year Results

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- **Net sales decreased by ¥16.6 billion, down 5% YoY**
  - Digital camera sales accounted for ¥12.3 billion previous year.
  - Other factors include external environment changes such as economic downturn in China/Europe, and currency depreciation in emerging countries.
  
- **Operating income increased by ¥0.7 billion, up 2% YoY, improving OPM by 0.7%**
  - Production costs and expenses streamlined through structural reform.
  
- **Net income increased by ¥2.6 billion, up 13% YoY, improving net income ratio by 1.2%**
  - Extraordinary gain/loss improved over the previous year.

# Overview of the Full Year Results by Business

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## Timepiece Business

■ Sales : ¥171.8 billion (up 1% YoY / up 1% in local currencies);  
OPM 20%

Sales increased in Japan, emerging countries, China and North America, but decreased in Europe.

## Education Business

■ Sales : ¥85.5 billion (nearly flat YoY); OPM 8%

<Calculators: 50%>

Unchanged YoY; OPM 16%

<Dictionaries: 25%>

Up 2% YoY; OPM 4%

<Musical instruments: 25%>

Down 3% YoY; loss of ¥1 billion

## System Equipment Business

<Sales Composition>

<Profit/Loss>

■ Projectors      Approx. 30%

-¥1.4 billion (-¥0.4 billion YoY)

■ Other systems      Approx. 70%

¥0.5 billion (-¥1.1 billion YoY)

# Full Year Results vs. Forecasts

(Billions of Yen)

Net Sales	FY19 Full Year Forecasts	FY19 Full Year Results	Change	Factors in the results- forecasts gap
Consumer	270.0	257.4	(12.6)	<b>[Consumer Segment]</b> -Non G-SHOCK metal analog watches struggled abroad. -Deteriorating purchasing power and currency depreciation in emerging countries. -Economic slowdown in China and Europe.  <b>[System Equipment Segment]</b> -Intensifying price competition for projectors in North America. -Special demand for cash registers due to legal requirement postponed in France.
System equipment	42.0	33.8	(8.2)	
Others	8.0	7.0	(1.0)	
<b>TOTAL</b>	<b>320.0</b>	<b>298.2</b>	<b>(21.8)</b>	
Operating Profit	FY19 Full Year Forecasts	FY19 Full Year Results	Change	Factors in the results- forecasts gap
Consumer	41.5	38.2	(3.3)	Profit improvement from the structural reform partially offset the underperformance in sales.
System equipment	0.5	(0.9)	(1.4)	
Others	0	0.3	+0.3	
Adjustment	(7.0)	(7.4)	(0.4)	
<b>TOTAL</b>	<b>35.0</b>	<b>30.3</b>	<b>(4.7)</b>	

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# Financial Results FY2019 Forecasts FY2020

**Start of new management to improve the corporate value as the company implements the first year of the medium-term management plan**

- **Further expansion of growth strategies**
- **Implementation of structural reform**
- **To establish new business**

# FY2020 Financial Forecasts

単位：億円

Consolidated	FY19 Full Year Result	FY20 1H Forecast	YOY Change	FY20 2H Forecast	YOY Change	FY20 Full Year Forecast	YOY Change
Net sales	298.2	150.0	103%	165.0	108%	315.0	106%
Operating profit	30.3	15.0	101%	16.5	107%	315	104%
OPM	10.1%	10.0%		10.0%		10.0%	
Ordinary profit	29.9	14.8	103%	16.2	104%	310	104%
Net income	22.1	11.0	99%	11.5	104%	225	102%
EPS (Yen)	89.86	44.66		46.68		91.34	

# Net Sales and Operating Profit by Segment

(Billions of Yen)

Net Sales	FY19 Full Year Result	FY20 1H Forecast	FY20 2H Forecast	FY20 Full Year Forecast	YOY change
Consumer	257.4	128.5	143.5	272.0	106%
System equipment	33.8	17.5	17.5	35.0	103%
Others	7.0	4.0	4.0	8.0	115%
<b>TOTAL</b>	<b>298.2</b>	<b>150.0</b>	<b>165.0</b>	<b>315.0</b>	<b>106%</b>
<b>Operating Profit</b>					
Consumer	38.2	20.0	22.0	42.0	110%
System equipment	(0.9)	0	0.5	0.5	-
Others	0.3	0	0	0	-
Adjustment	(7.4)	(5.0)	(6.0)	(11.0)	-
<b>TOTAL</b>	<b>30.3</b>	<b>15.0</b>	<b>16.5</b>	<b>31.5</b>	<b>104%</b>

**\*Timepieces Net Sales (Full Year)178.0 billion yen OPM 20%**

# Timepiece Business

## Further expansion of G-SHOCK and strengthening of regional approaches

### Product Strategy

#### ■ G-SHOCK

- Expand sales with stronger and expanded lineup of metal watches

Continuing to place the GMW-B5000 at the core of the line-up, enhance and expand high potential metal watch line.

#### ■ Non G-SHOCK metal analog watches

- Differentiate by introducing ultra-thin OCEANUS and EDIFICE models

Maintain sales by launching unique ultra-thin models in the stagnant conventional watch market.



### Regional Strategy

- Japan: Further expansion centered on full-metal G-SHOCK.
- China: Promote mid-high price range G-SHOCK mainly thru e-commerce.
- Emerging countries: Strengthen the sales organization to establish best practices in ASEAN countries.
- North America: Develop jeweler dealership channel using metal G-SHOCK.
- Europe: Rebuild G-SHOCK brand targeting young people.

# Education Business

## Scientific Calculator

### ■ Accelerate expansion in established student market

- Expand sales in 13 Gakuhon priority countries (Asia and other areas).
- Strengthen collaboration between sales and school marketing by establishing a new 'development and marketing section'.

### ■ Establish new business areas

- New customer expansion in North America by web-based app business.



## Electronic Dictionary

### ■ Expand sales in stable student markets in Japan and abroad

- 2,100 Japanese high school recommending purchase ⇒ Expand the number to 2,300
- Strengthen marketing in China (for those who wish to study abroad, as well as responding to the demand from new entrants to schools)



## Electronic Musical Instruments

### ■ New competitive products

- Expand sales of new slim & smart product genre.

### ■ Bolster lineup by new product launch and improve gross profit margin by reducing cost ratio



# System Equipment Business

Expand sales by strengthening solution business, and improve profitability

## Projector

### ■ Solution strategy focused on the education market

- Propose new ES models that are best-fit for ICT classrooms.



## PA

### ■ Develop major customers, strengthen and expand partnership with sales dealers

- Strengthen development of new customers in Japan and Europe, and reinforce collaboration with Android sales partners.



## SA

### ■ Expand sales of Bluetooth® cash register with smartphone connectivity, and maximize sales from demand related to consumption tax increase in Japan

- Appeal cashless compatibility to win solution contracts.



## 2.5D Printing System

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**Launched in the previous fiscal year. Despite its high reviews, it failed to meet sales expectation due to issues relating to durability of output materials and the limitations of paper size. Currently, we plan to re-start the project aiming to monetize the system by clearing all technical issues and meeting the demand of potential customers.**



# Impact of Foreign Exchange Rate Fluctuations

## FOREX Sensitivity(FY20) (Major currencies)

	Assumed exchange rate (Full Year)	Yearly impact of one yen fluctuations	
		Net Sales	Operating profit
<b>US Dollar</b>	¥112	¥1.0 billion	— (※1)
<b>Euro</b>	¥128	¥0.35 billion	¥0.25 billion
<b>Renminbi</b>	¥16.3	¥1.8 billion	¥1.2 billion

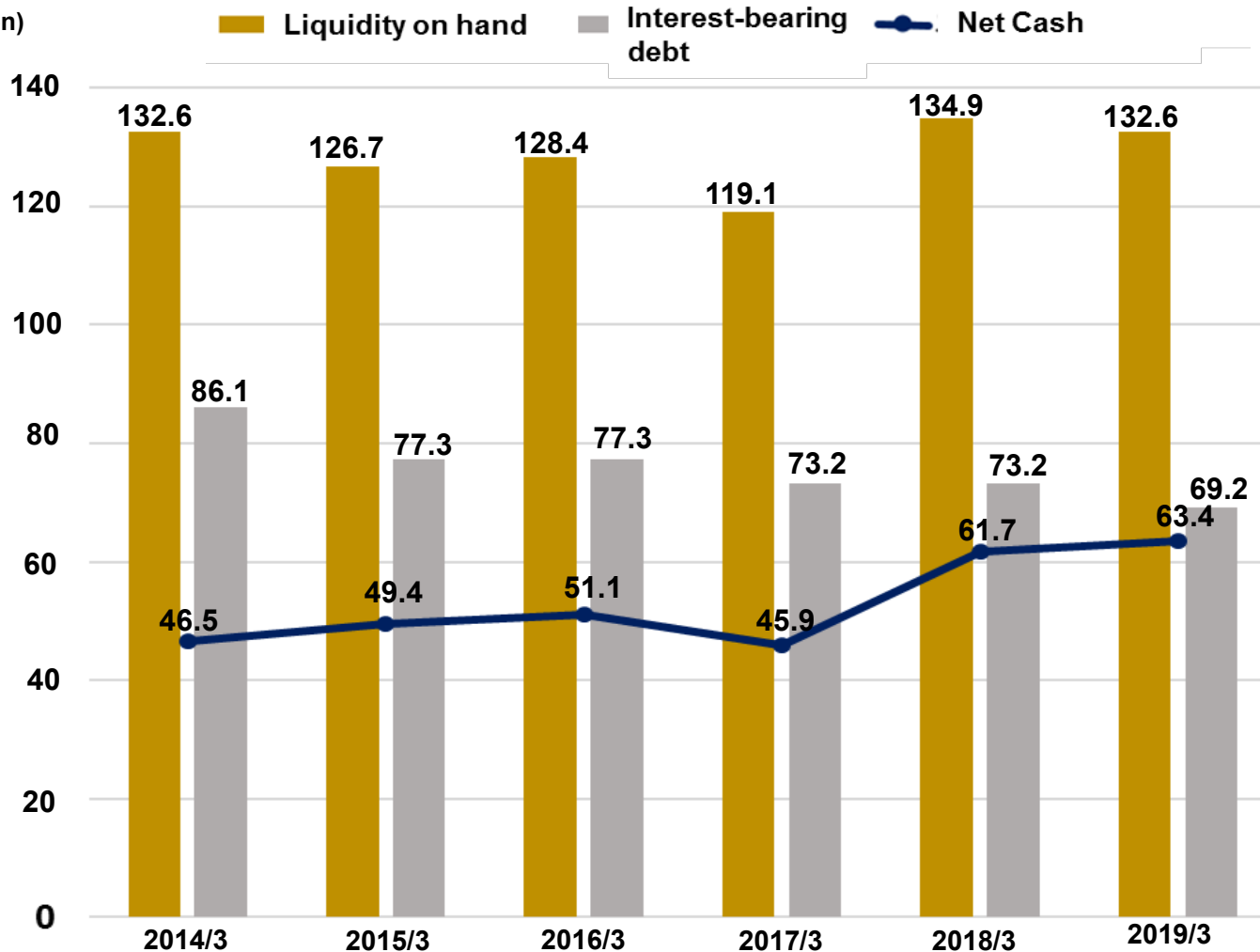
\*1 Impact of dollar-yen fluctuation is minimal as exports and imports are nearly in equilibrium

## Actual Exchange Rate(FY19) (YOY)

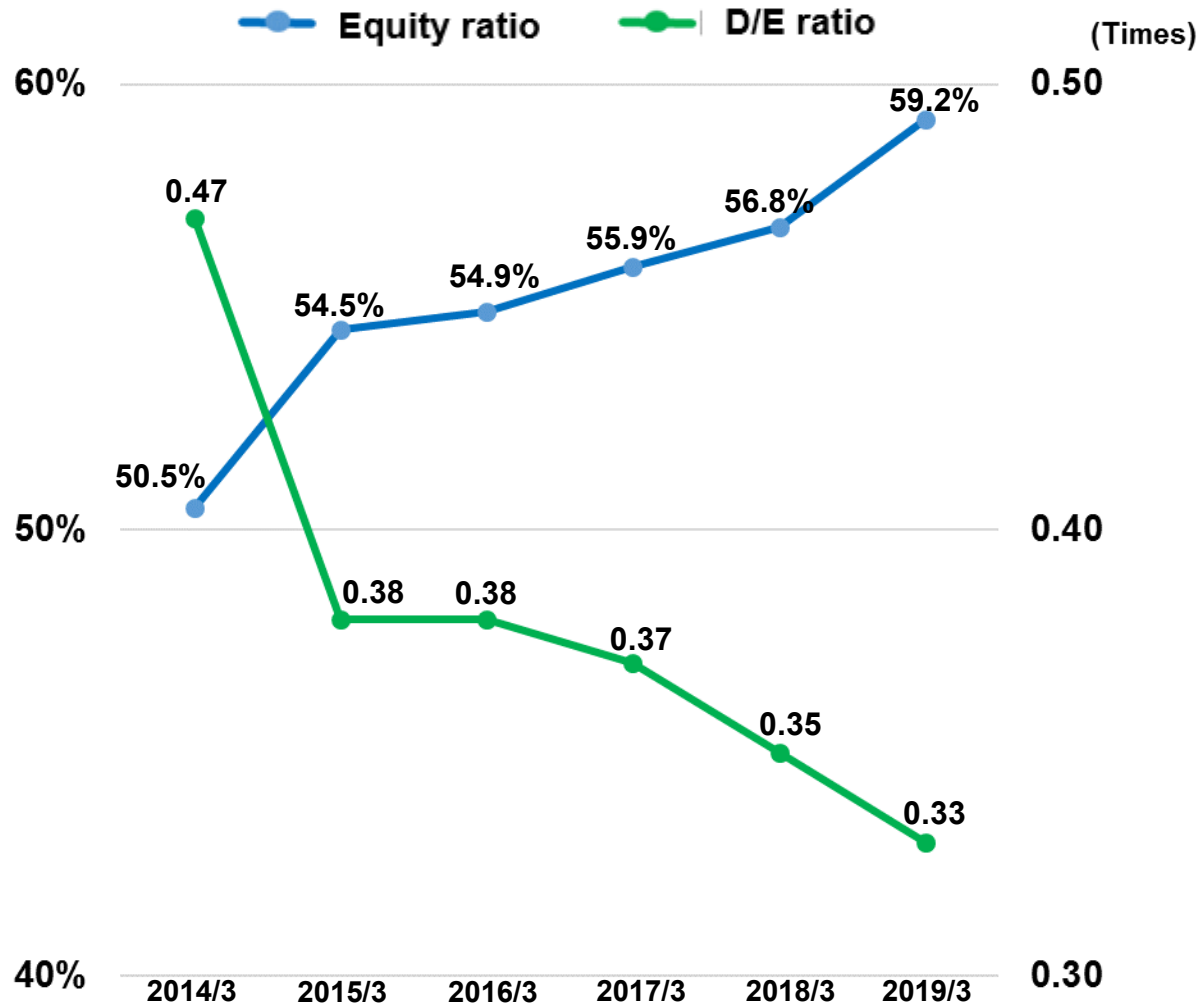
	FY19/4Q	FY19/Full Year
<b>US Dollar</b>	¥110.2 (¥+1.9)	¥110.9円 (¥+0.1)
<b>Euro</b>	¥125.2 (¥-8.1)	¥128.4円 (¥-1.3)
<b>Renminbi</b>	¥16.3 (¥-0.7)	¥16.5円 (¥-0.2)

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

(Billions of Yen)



## ■ Equity ratio / D/E ratio



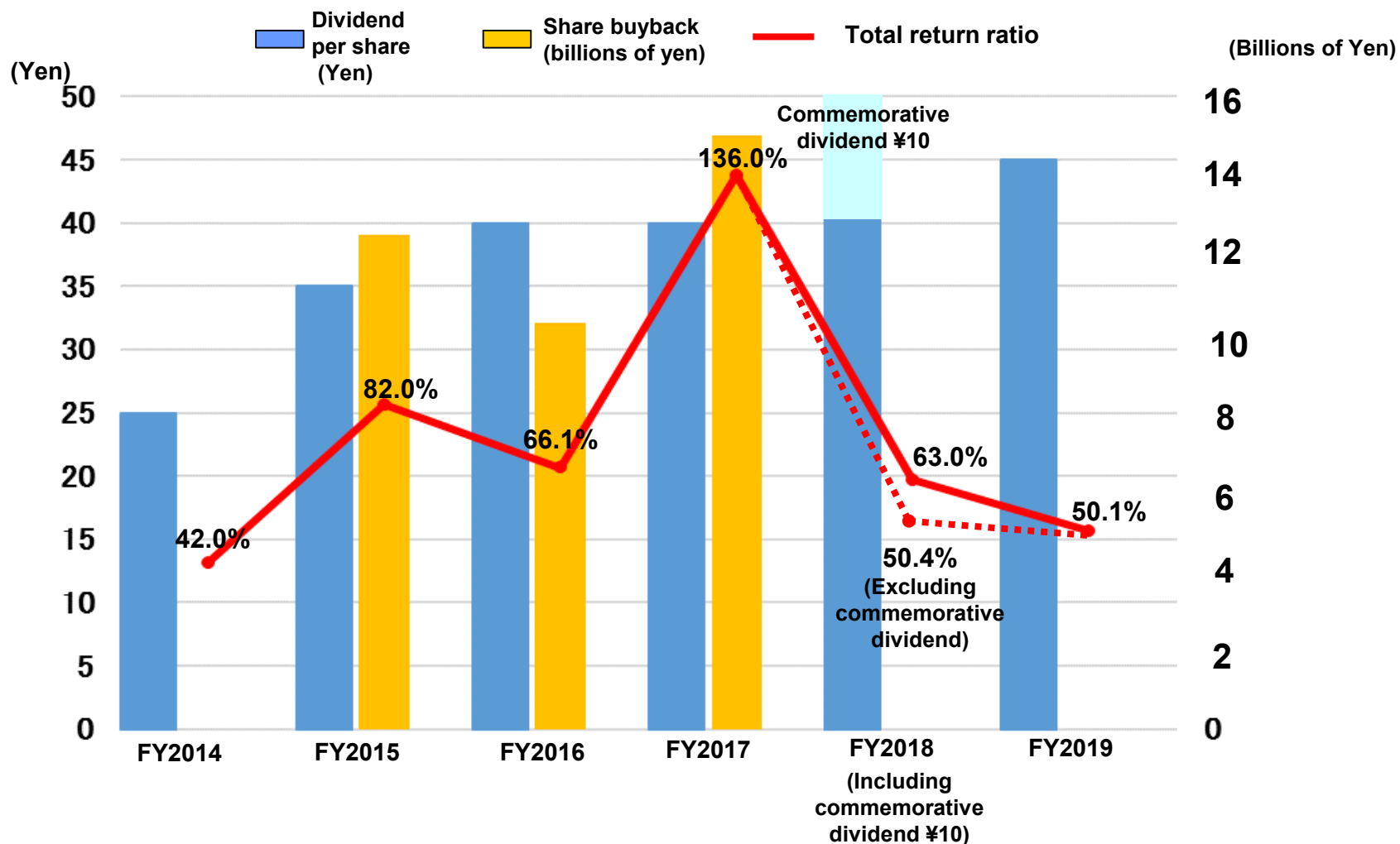
## ■ Pension finance

- Pension finance maintains excess reserves (fiscal consolidation)

	(Billions of Yen)				
	2015/3	2016/3	2017/3	2018/3	2019/3
<b>Pension assets</b>	71.4	65.3	69.3	68.4	65.2
Retirement benefit obligation (A)	58.5	57.6	56.7	55.7	54.3
Amount of excess reserves (B)	+12.9	+7.8	+12.6	+12.7	+10.8
Excess rate (B ÷ A)	+22%	+14%	+22%	+23%	+20%
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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**END**