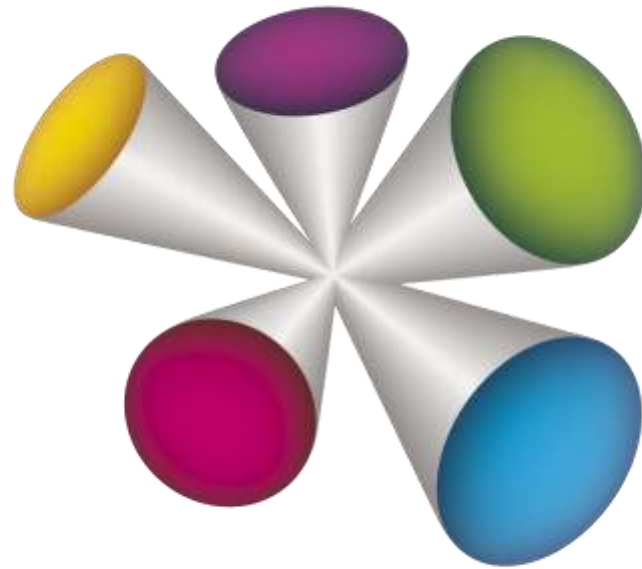


# Business Report

FY28 Apr. 2010-Jun. 2010

Wacom Co., Ltd.  
(TSE Sec.1 6727)



# FY28-1Q Consolidated Result Summary

Under a moderate global economic recovery, sales in 1Q increased by the growth of tablets in Asia and the mass-production of multi-touch sensor.

On the other side, profits declined due to significant depreciation of the USD and the Euro compared to the previous fiscal year and changes in product mix.

- Sales: + 6.6% YoY
- Operating Profit: -22.7% YoY
- Recurring Profit: -15.2% YoY
- Net Profit (aft. tax): - 8.0% YoY

# Consolidated P/L

(m¥)

	FY27 1Q	FY28 1Q	YoY Change	
	'09/4-'09/6	'10/4-'10/6	Amount	Ratio
Sales	7,325	7,807	482	6.6%
Gross Profit	3,727	3,594	-132	-3.6%
GPM	50.9%	46.0%		
Operating Profit	479	370	-109	-22.7%
OPM	6.5%	4.7%		
Recurring Profit	524	445	-80	-15.2%
Net Profit aft. Tax	351	323	-28	-8.0%

- Average FX rates: FY27 1Q JPY 97.13 /USD JPY 132.55 /EUR  
FY28 1Q JPY 91.73 /USD JPY 117.35 /EUR

**Effects of foreign exchange : Sales -420mn  
(JPY appreciation) OP -120mn**

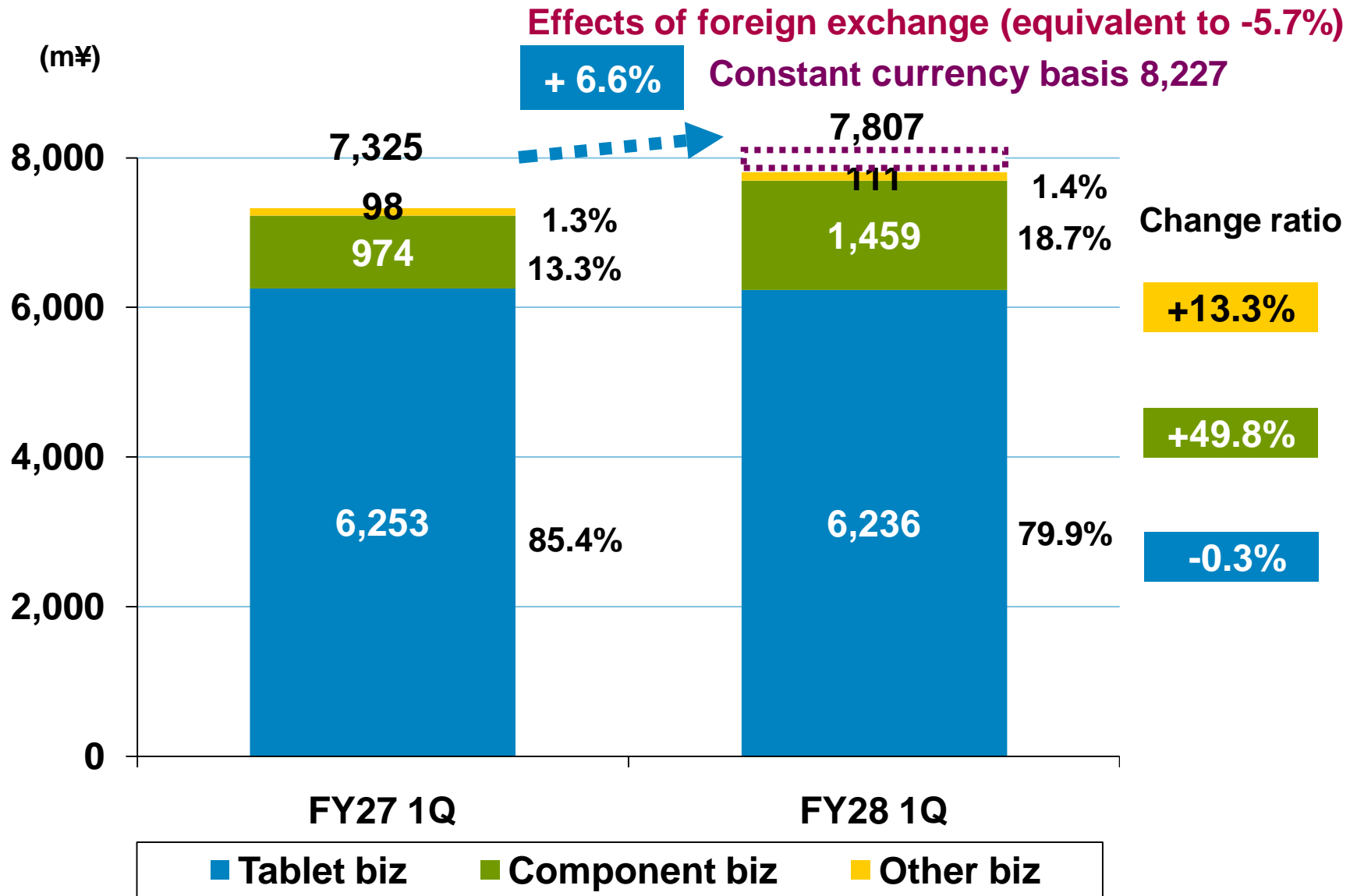
# Consol. P/L by Business Segment

(m¥)

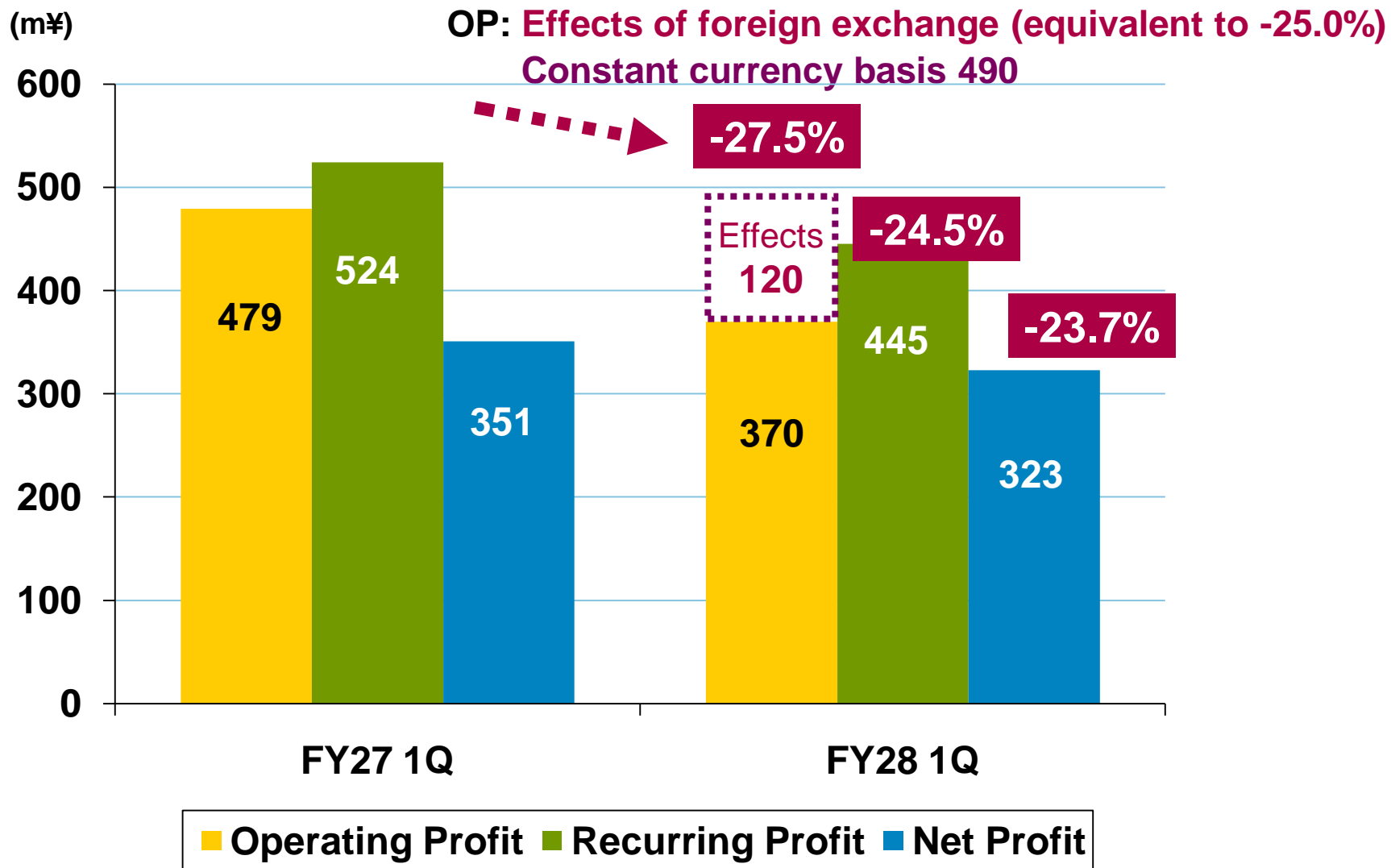
	FY27 1Q	FY28 1Q	YoY Change	
	'09/4-'09/6	'10/4-'10/6	Amount	Ratio
Sales	7,325	7,807	482	6.6%
Tablet biz	6,253	6,236	-17	-0.3%
Component biz	974	1,459	486	49.9%
Other biz	98	111	13	13.6%
Sales	479	370	-109	-22.7%
Tablet biz	-	992	-	-
Component biz	-	-71	-	-
Other biz	-	-33	-	-
Corp. and others	-	-517	-	-
OPM	6.5%	4.7%		

(Note) According to management approach, reporting segments are re-divided into the tablet business, the component business, and other businesses.

# Consolidated Sales Comparison



# Consolidated Profit Comparison



# Operating Expenses Comparison

(m¥)

	FY27 1Q	FY28 1Q	YoY Change	
	'09/4-'09/6	'10/4-'10/6	Amount	Ratio
<b>Personnel</b>	1,456	1,198	-259	-17.8%
<b>R&amp;D</b>	346	298	-48	-13.8%
<b>Ad. &amp; Promo.</b>	470	514	44	9.3%
<b>Other</b>	976	1,215	239	24.5%
<b>Total</b>	3,248	3,224	-24	-0.7%
<b>Opex/Sales ratio</b>	44.3%	41.3%		

## Key changes

- Increase : Freight cost due to increase in the backlog of global orders and depreciation of global SCM system, etc.
- Decrease : Bonus allowance, etc.

# Business Highlight -1

## Tablet Business

- 0.3%

- **Professional tablet** - 11.0%
  - Intuos4 upgrade demand in US was weaker after one year of the product launch
  - Rapid growth of graphics market in China led strong sales increase in Asia-Oceania
  - Wireless model received high reputations in US and EU



- **Consumer tablet** + 7.7%
  - Sales increased steadily despite the JPY appreciation
  - Showed significant sales increase in Asia-Oceania, favorable sales in US, and steady sales in EU (local currency base)
  - Received numerous product awards
    - Plus X award (Best product)
    - red dot award (Product design)





# Business Highlight -2

## • LCD Tablet

+ 7.5%

- Very high global demand for new Cintiq21UX, but the backlog increased due to the supply shortage of high-definition LCD panels
- US educational market demand continued, the end of government subsidies affected medical market in Japan



## Component Business +49.9%

- Significant sales increase with the mass production of multi-touch sensor system for Note PCs
- Panasonic newly adopted multi-touch sensor in addition to HP, Lenovo, Toshiba, Fujitsu, etc.

**The number of PC models in mass production (scheduled in FY10 1H)**

Inch size of PC display	Smaller than 10"	12"	13"	More than 14"	Total
Number of PC models	2	7	2	4	17

- New IC controller (G8) completed for unlimited multi-touch
- Increase of Slate and e-Book projects

# Wacom Feel IT Technologies



## Adopted Projects

### Customer PC models for Windows 7



**Panasonic**  
ideas for life

Let's note CF-C1



**lenovo**

ThinkPad X201



**Toshiba**  
Satellite M505  
(US model)



**FUJITSU**

FMV-MT/E50  
(Consumer model)



**hp**

TouchSmart tm2  
(Consumer model)



Mini 5102  
(Netbook)

### e-Book customers



**Onyx**

**e人本** **enTourage**

# Business Highlight -3

## Other businesses

+13.6%

- **CAD software (ECAD dio) + 12.2%**

- Introduced “ECAD dio 2011” in June, Scheduled for launched in September
- Enhanced wire harness design capability for industrial machinery and robotics market



- **Professional DJ device (Nextbeat) N/A**

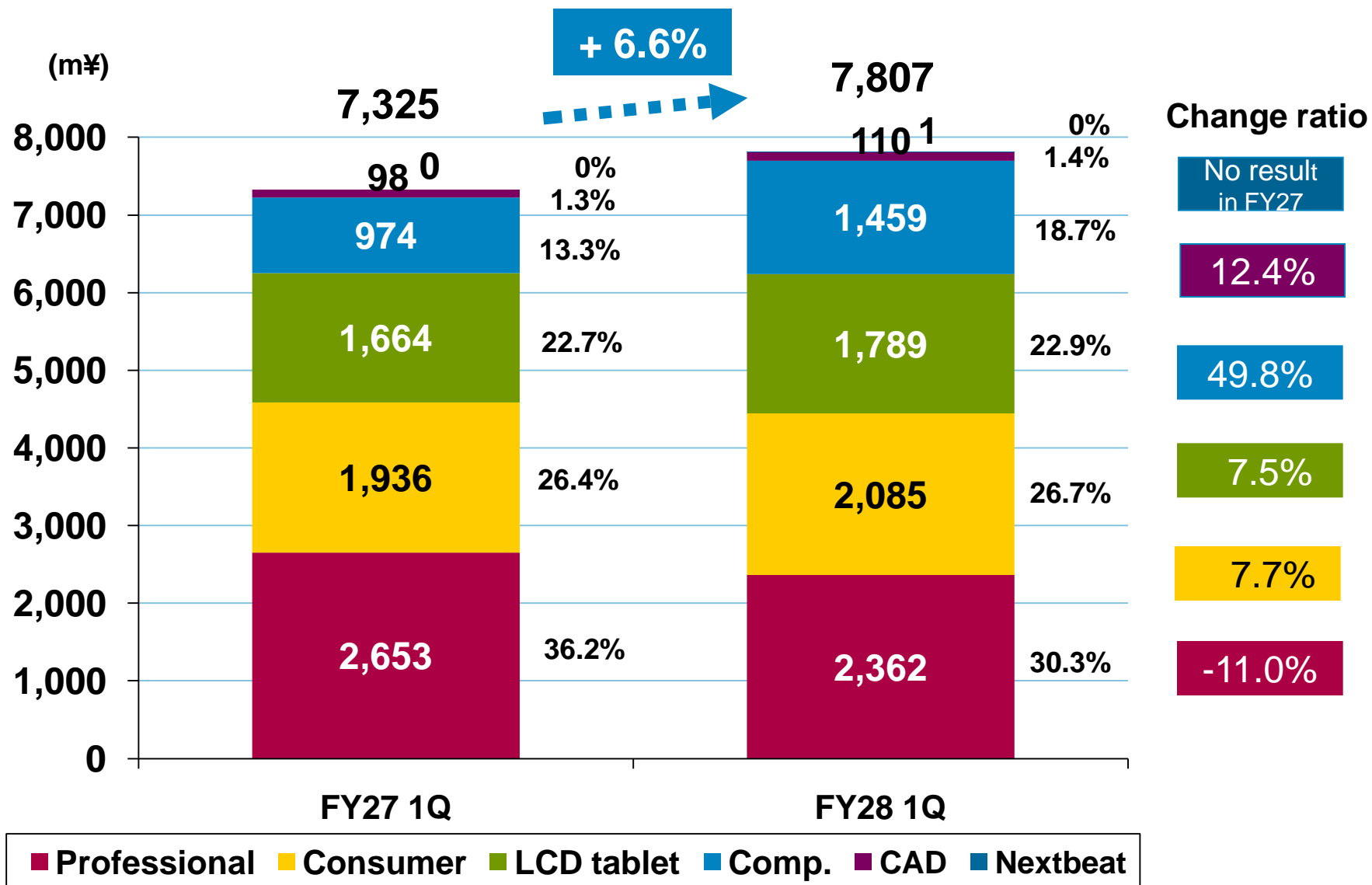
- Received high reputations from top DJ artists,
- Recognition is expanding, but sales still remains slow
- Continued to promote in Europe mainly to improve its market penetration



## F&A (Corporate)

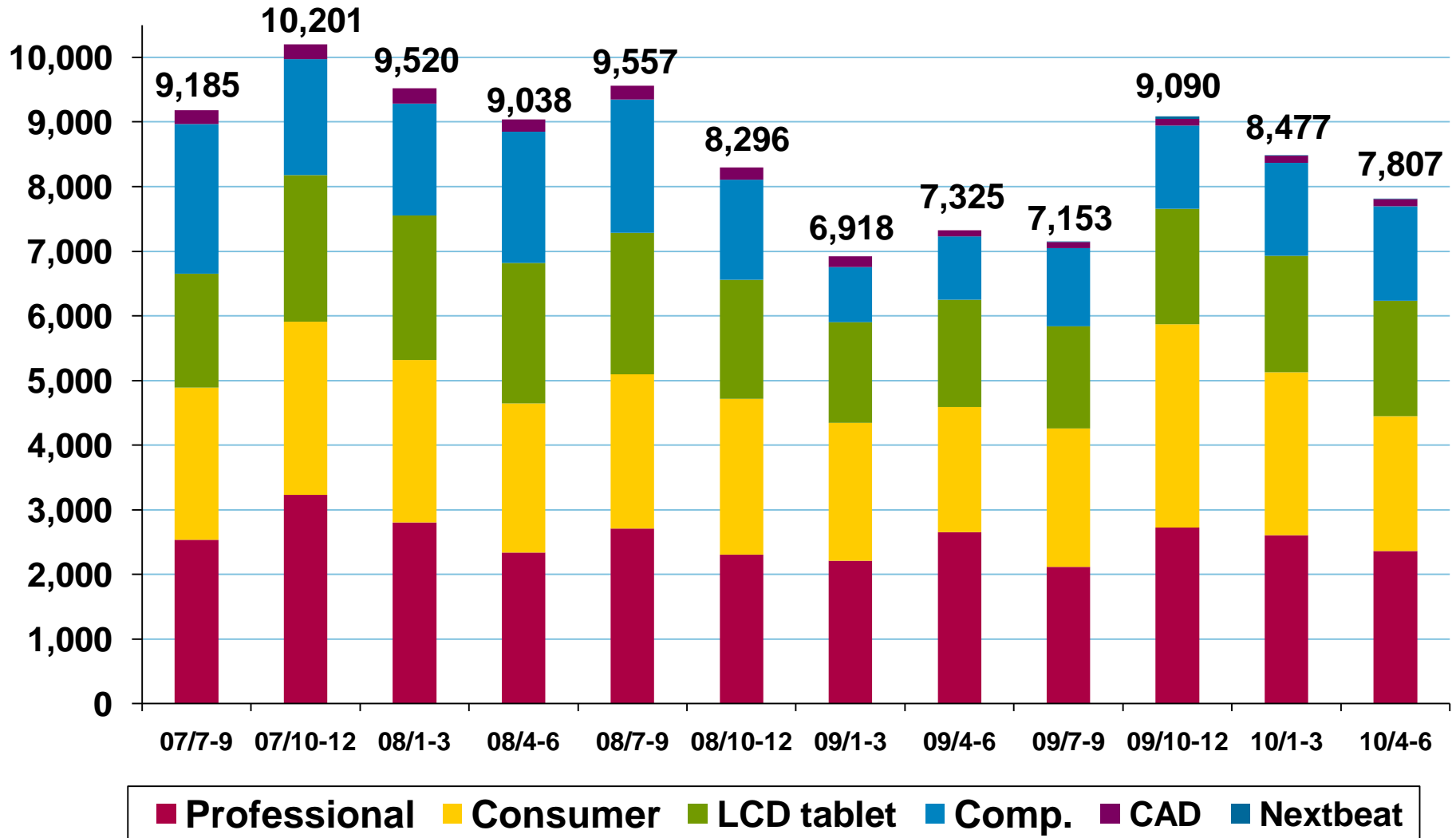
- New global SCM system cut over, New ERP under development
- Japan-Germany APA agreement reached for transfer pricing

# Sales by Product Line

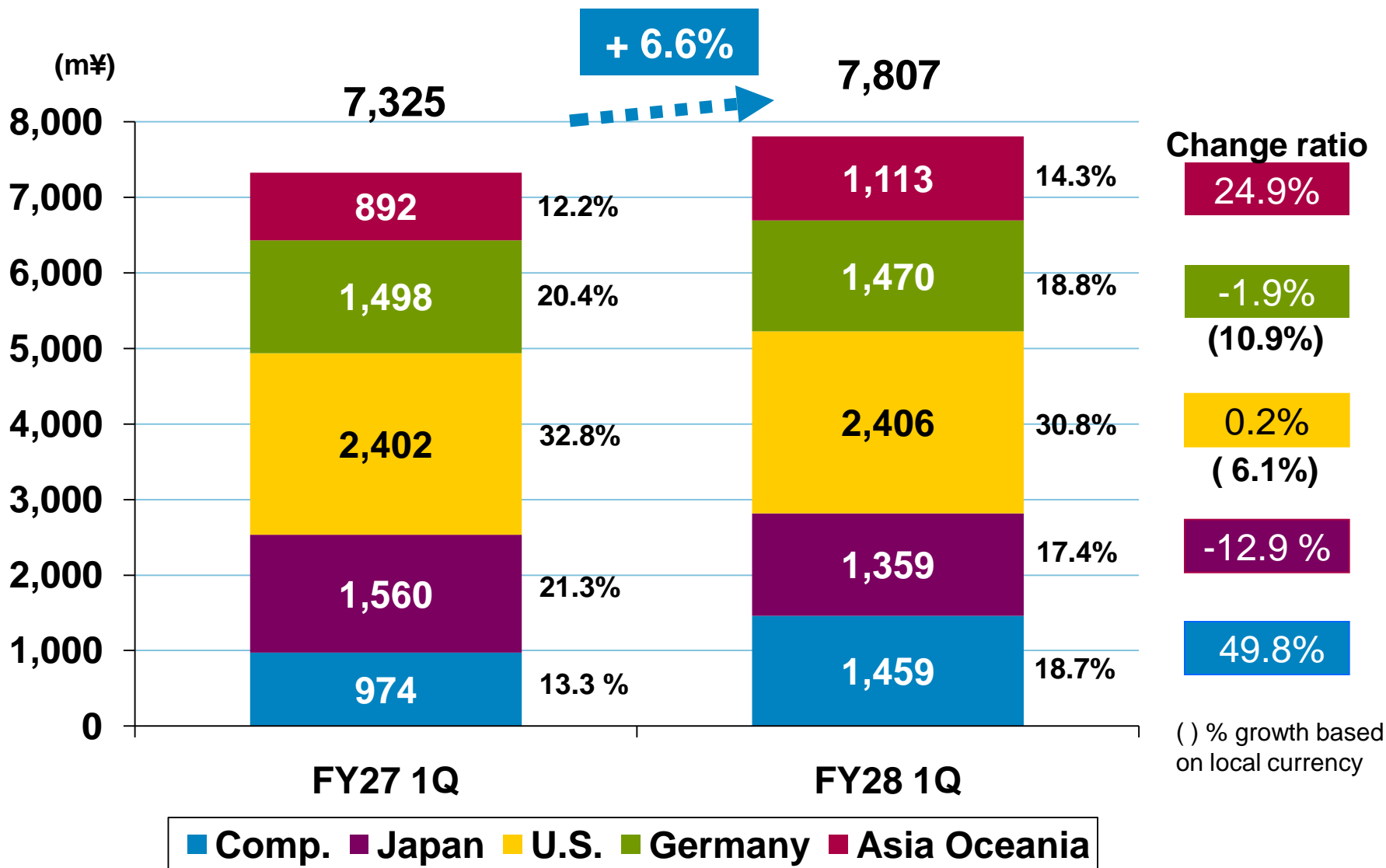


# Quarterly Trend by Product Line

(m¥)



# Sales by Region

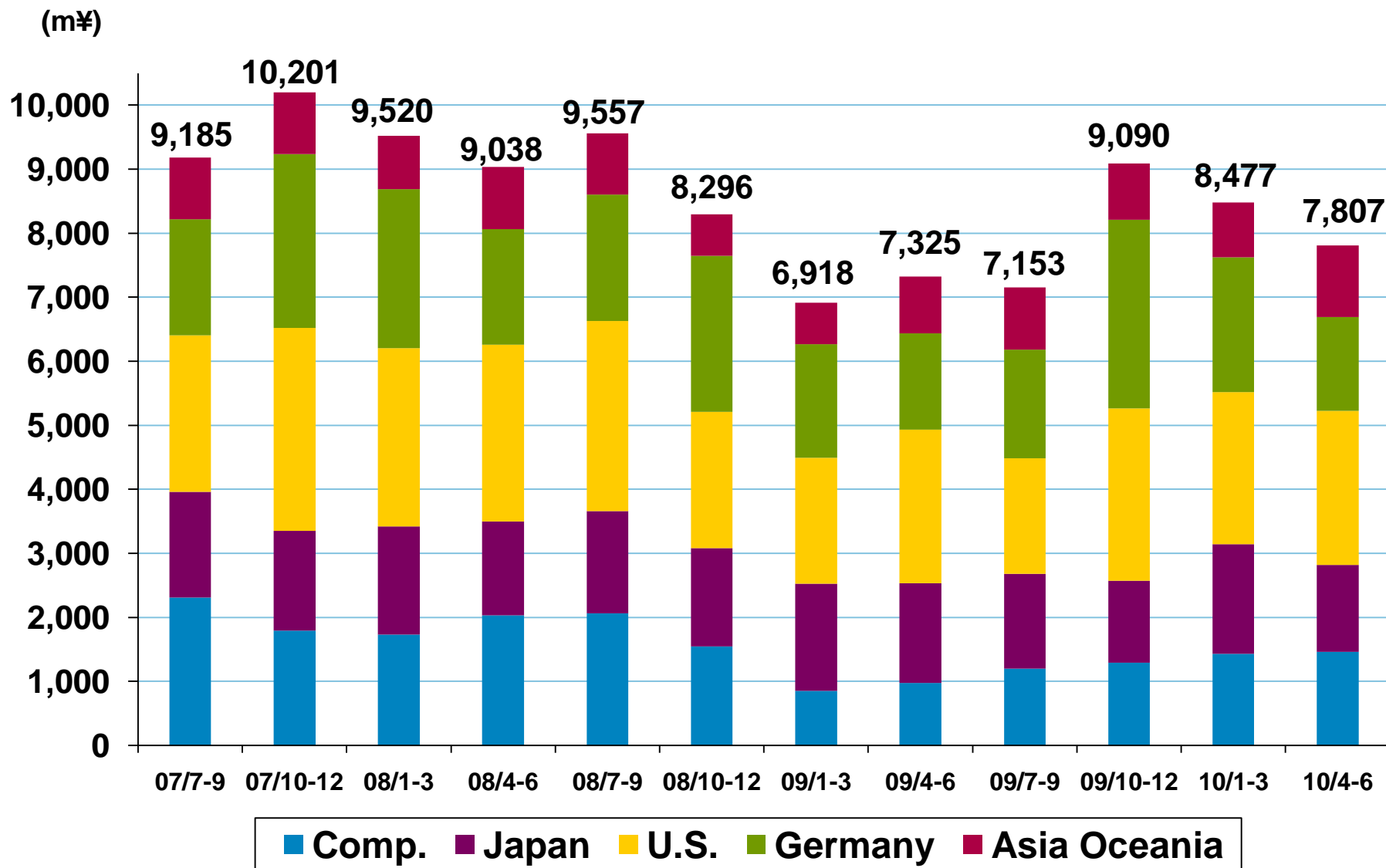


# Sales by Region

## YOY Sales growth based on local currencies

- **US (USD)** **+6.1%**
- **EU (Euro)** **+10.9%**
- **China (CNY)** **+49.5%**
- **Korea (KRW)** **+15.0%**
- **Australia (AUD)** **-23.1%**
- **HK (USD)** **+10.3%**
- **Singapore and AP (USD)** **+48.8%**

# Quarterly Trend by Region





# Consolidated B/S

(m¥)

	Mar. 31, 2010	Jun. 30, 2010	Change
Current assets	22,824	21,047	-1,777
Fixed assets	5,375	5,369	-7
Total assets	28,199	26,416	-1,784
Current liabilities	8,882	8,622	-260
Fixed liabilities	1,048	1,036	-12
Total liabilities	9,930	9,658	-272
Minority interest in subsidiaries	0	0	0
Net assets	18,270	16,758	-1,512
Total liabilities and Net assets	28,199	26,416	-1,784
Equity ratio	64.8%	63.4%	-1.3%
Book value per share (¥)	45,468	41,705	-3,763

## Assets

(m¥)

- Decrease in cash and cash equivalents -1,682  
(Dividends payment -1,054)  
(Corporate tax payment -780)
- Increase in notes and accounts receivable -646
- Increase in inventories 428

## Liabilities

- Decrease in accrued corporate tax -645
- Increase in notes and accounts payable 563

## Net assets

- Retained earnings -883  
(10/3 13,061 ⇒ 10/6 12,178)

# Consolidated C/F

(m¥)

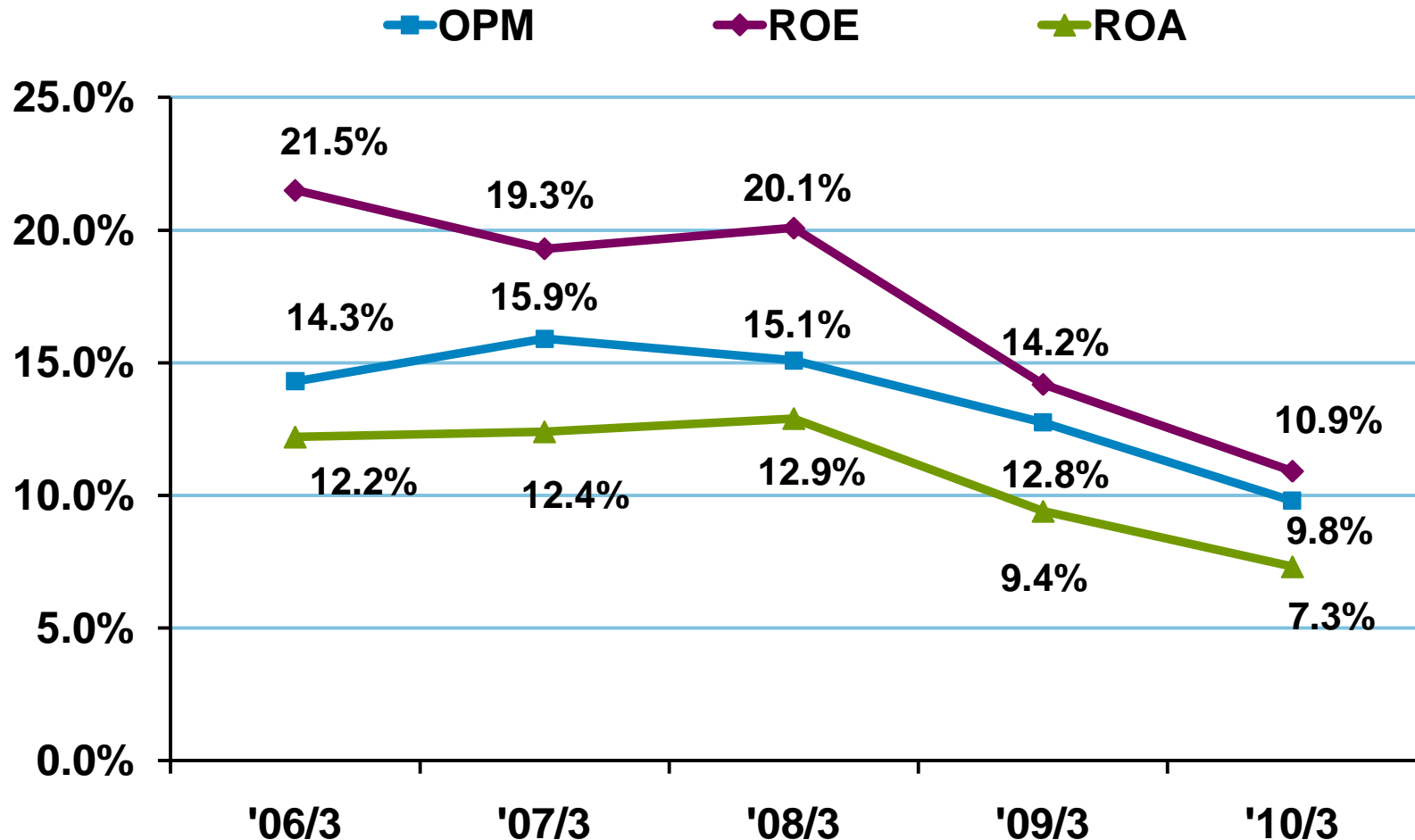
	FY27	FY28	YoY Change
	'09/4- '09/6	'10/4- '10/6	Amount
C/F from operating activities	543	-97	-640
C/F from investing activities	-188	-243	-54
C/F from financing activities	-1,041	-1,054	-13
Effect of change in exchange rate	17	-289	-306
Increase-decrease of cash & cash equivalent	-669	-1,682	-1,013
Beginning balance of cash & cash equivalent	11,014	12,350	1,336
Ending balance of cash and cash equivalent	10,345	10,668	323

C/F from operating activities	(m¥)
▪ Payment of corporate tax	-780
▪ Increase in inventories	-646
▪ Increase in notes and accounts payable	708
▪ Net profit before taxes	395
▪ decrease in notes and accounts receivable	304

C/F from investing activities	
▪ Acquisition of fixed asset (Mold, etc.)	-143
▪ Acquisition of internal software (Global SCM, Global ERP, etc.)	-101

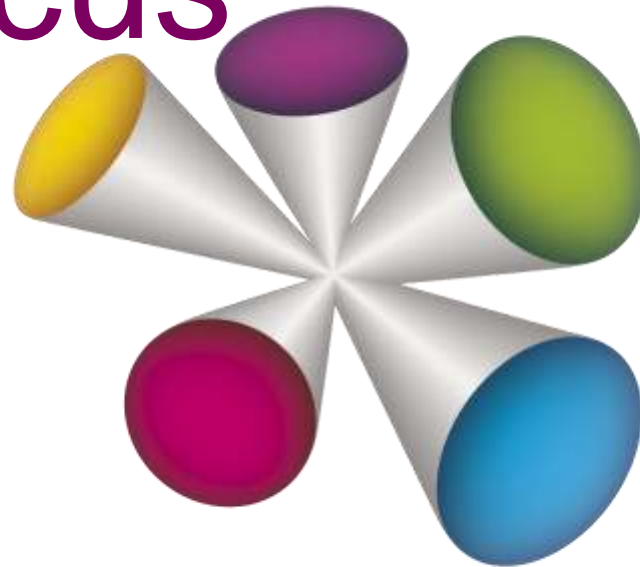
C/F from financing activities	
▪ Dividends payment	-1,054

# OPM, ROE & ROA (consolidated)



4.2B JPY was financed by public and private allotment in FY06  
1.85B JPY was repurchased as own shares in FY08

# FY28 Basic Policy and Business Focus



# FY28 Basic Policy

- **Business Environment**

- The global economy improves its stability of recovery, and will accelerate the growth in 2H.
- On the other hand, the driving engine of economic growth and IT market expansion will be shifting from developed regions to emerging regions.
- Structural change in IT market will accelerate by the emergence of new platforms such as iPad, Slate-type devices and e-Books. The change will create new business opportunities.
- In such transition, MFT technologies will impact broad range of IT market, and will be become key factor for competitive advantage.

# FY28 Basic Policy

- **Wacom's business strategy**
  - Continue to extend the leadership based on original user interface technologies in tablet market and build new product categories.
  - Enhance brand communication and expand the consumer market.
  - Invest in emerging regions such as China, India, and Latin America
  - Provide UI technology solutions in broad segments of IT industry
  - Build global business infrastructure and global integration to enhance competitiveness.

# FY28 Business Focus -1

- Establish the global leadership based on original user interface technologies and products
  - MFT leadership with the next generation multi-touch IC controller (G8)
  - Development of next generation product lines and new products
- Enhance global SCM capability and Improve the cost structure
  - Build the flexible and responsive global SCM operation
  - Expand of manufacturing partnerships and enhance SCM / SQM in China and Taiwan
- Invest in emerging markets and build infrastructure for growth
  - Investment in China and Asia Pacific market
  - Build the foundation in India and Latin America
  - Strengthening business bases in Latin America and India

# FY28 Business Focus -2

- Establish a new management model and global organization framework
  - Enhance the strategic focus, speed and coordination with a global matrix organization
  - Improve the business development and management capability by establishing the new JP-AP region division
- Enhance corporate functions and promote global integration
  - Invest in global IT infrastructure such as global ERP and global WAN



# Forecast of business results for FY28

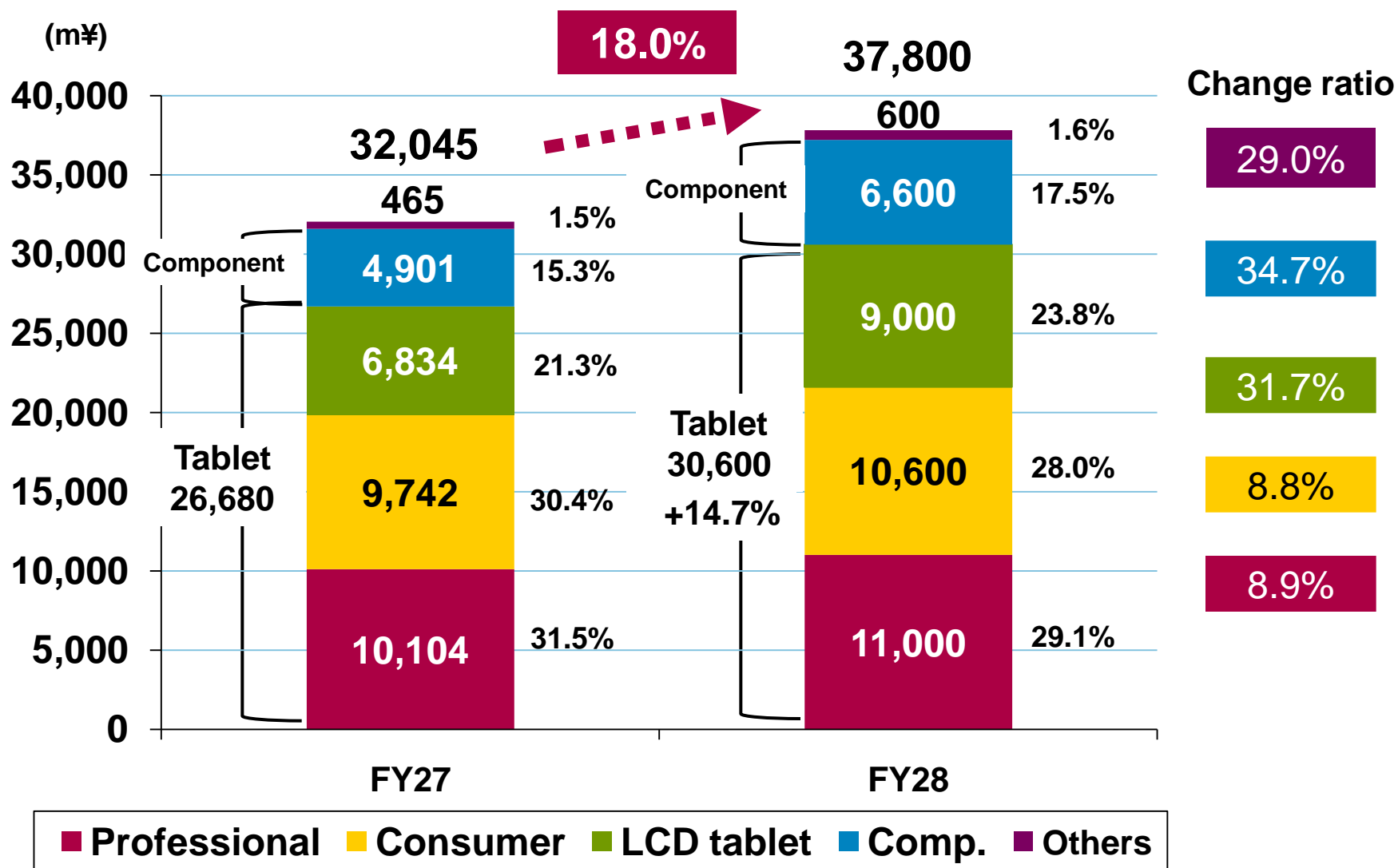
(m¥)

	FY27		FY28		YoY
	2009/4-9		2010/4-9		Growth rate
<b>Sales</b>	<b>14,478</b>		<b>17,500</b>		<b>20.9%</b>
<b>OP</b>	<b>1,149</b>	<b>7.9%</b>	<b>1,160</b>	<b>6.6%</b>	<b>1.0%</b>
<b>RP</b>	<b>1,238</b>	<b>8.6%</b>	<b>1,140</b>	<b>6.5%</b>	<b>-7.9%</b>
<b>NP</b>	<b>809</b>	<b>5.6%</b>	<b>700</b>	<b>4.0%</b>	<b>-13.5%</b>

	FY27		FY28		YoY
	2009/4-2010/3		2010/4-2011/3		Growth rate
<b>Sales</b>	<b>32,045</b>		<b>37,800</b>		<b>18.0%</b>
<b>OP</b>	<b>3,128</b>	<b>9.8%</b>	<b>3,820</b>	<b>10.1%</b>	<b>22.1%</b>
<b>RP</b>	<b>3,156</b>	<b>9.8%</b>	<b>3,780</b>	<b>10.0%</b>	<b>19.8%</b>
<b>NP</b>	<b>1,968</b>	<b>6.1%</b>	<b>2,370</b>	<b>6.3%</b>	<b>20.4%</b>

- No revisions for the forecast as of April 29, 2010

# Sales forecast by BU segment



# Assumptions for FY28 forecast

- **Average FX rate**

USD:JPY 90 / USD, EUR:JPY 125 / EUR

- **Forecast of foreign exchange sensitivity**

(assumption : CNY, KRW, and AUD link to US dollar)

Currencies	US dollar	Euro
Unit of sensitivity	JPY 1	JPY 1
Sales	240	70
Operation profit	50	50

(m¥)

- **Simulation of FY28 forecast with exchange fluctuations**

In case of JPY 90/ USD and JPY 110/ EUR since August

(1H) Sales -0.23bn Operating profit -0.19bn

(Full year) Sales -1.0bn Operating profit -0.77bn

# Dividend Forecast for FY28

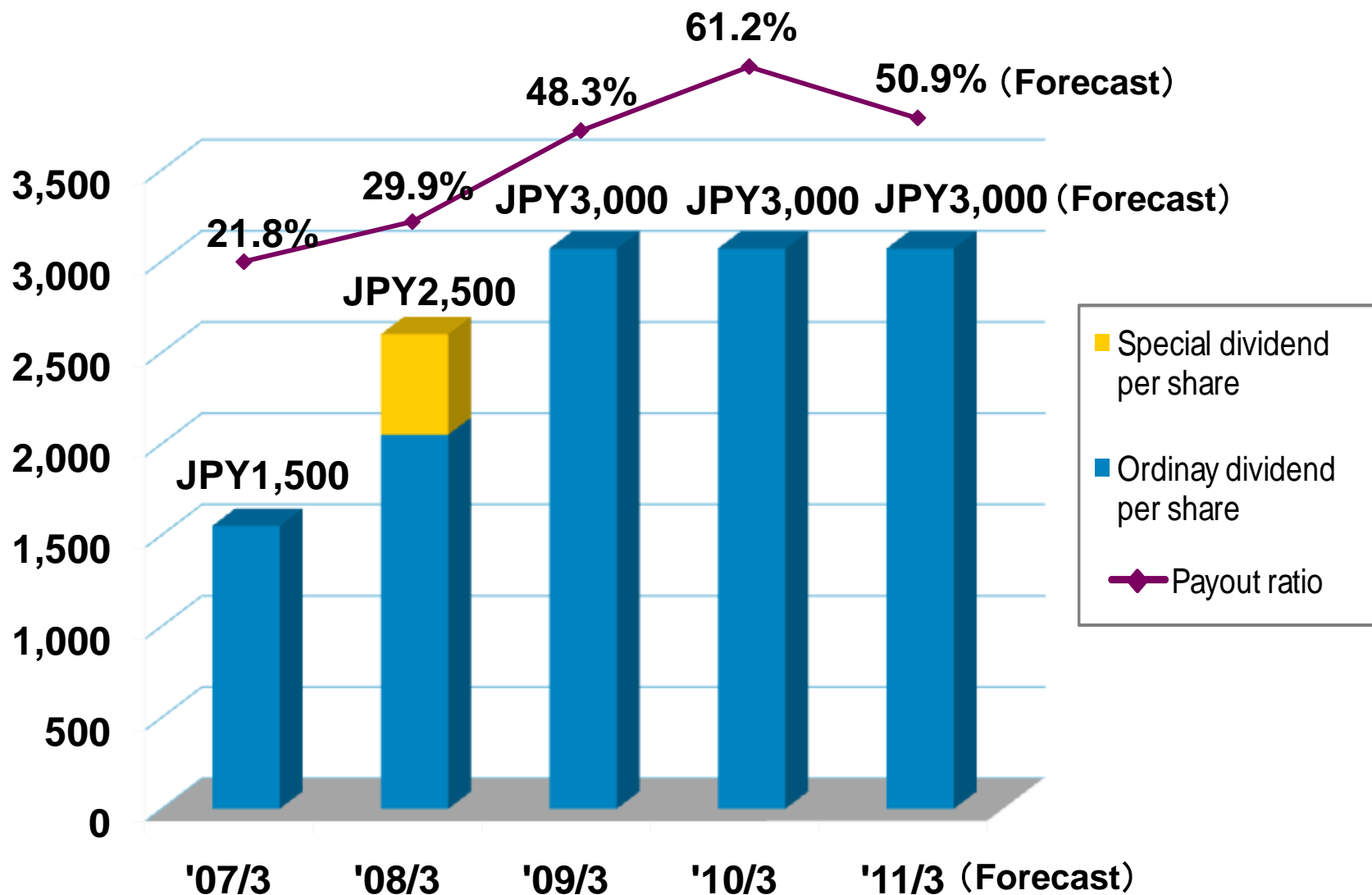
- **Dividend policy**

- Continue to payout stable dividend while maintaining internal reserves necessary for future business development
- Payout ratio over 30% and to be increased over time

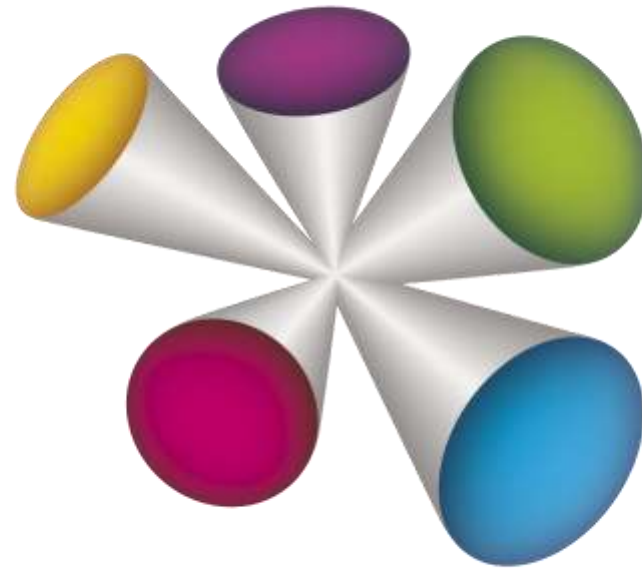
- **Dividend per share**

- JPY 3,000 per share
- Payout ratio 50.9% (based on FY28 forecast)  
(After deducting repurchased stocks of 20,000 in FY26)

# Dividends per Share



# New Mid-Term Business Plan



# Background

- “Mid-Term Plan WP1018 (Wacom Plan 1018)” in March, 2008
  - Financial Goals are consolidated sales of 100 billion JPY and operating income ratio of 18% or higher by the fiscal year ending at March 2012.
- It became difficult to achieve WP1018 due to the global economic crisis and rapid appreciation of the Japanese yen, etc. Wacom has shifted its focus to the stability of business and continued to develop the foundation for future growth.
- Now, as the global economy shows the recovery, Wacom developed the new mid-term plan
  - Review of economic trend, market environment, and basic strategy
  - Development of product roadmap and business plan

# New Mid-Term Plan - WP1015

## Basic Strategy

Focus on “Natural and Intuitive User Interface Solutions”

Establish “Global De-facto Standard”

in “New Digital Paper Era”

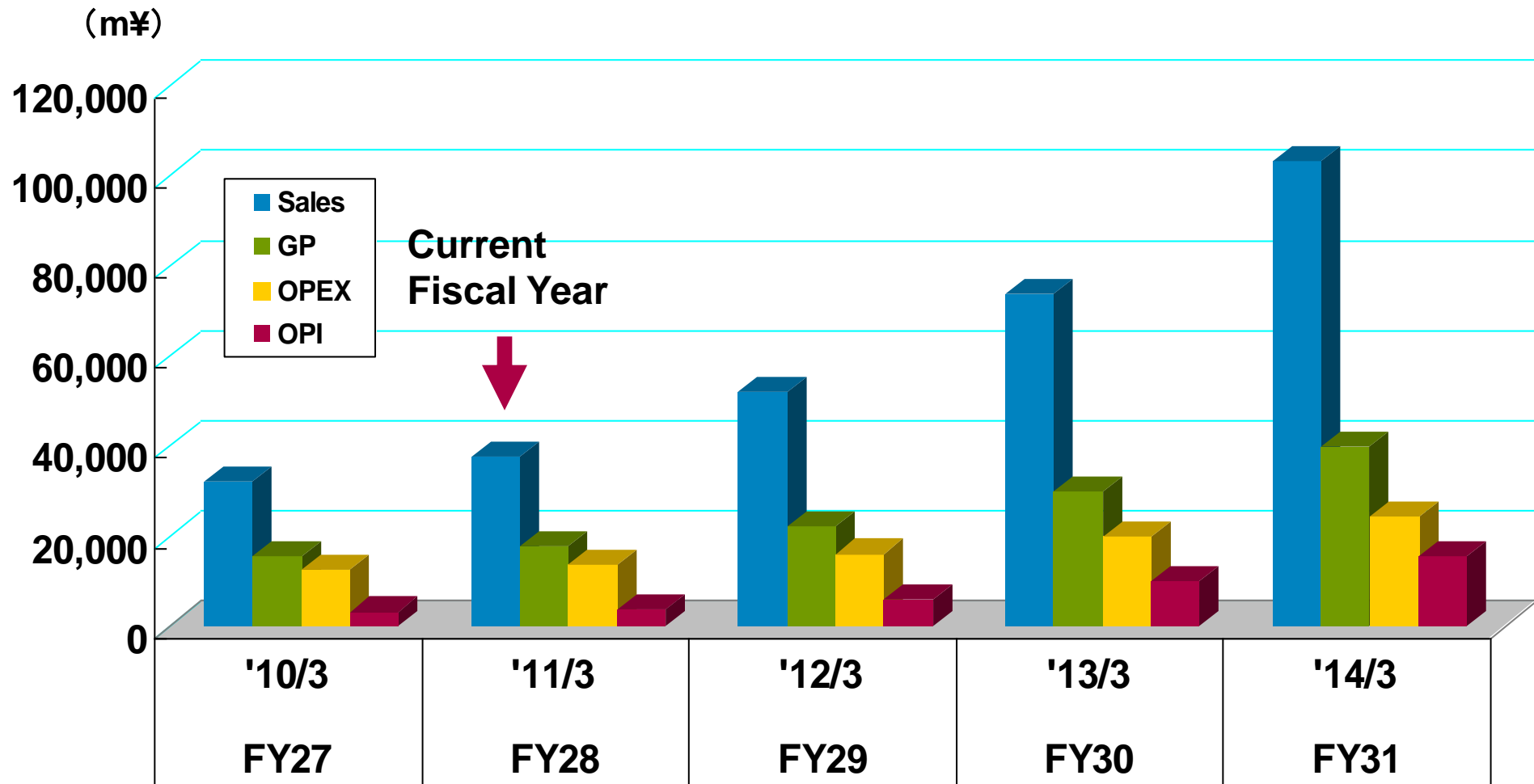
## WP1015:Financial Goals



- By FY31 (ends March 2014)
  - Consolidated sales: 100 billion JPY or more
  - Consolidated operating income ratio: 15% or higher



# Consolidated P&L Forecast



# General Assumptions

- The global economy will transition from recovery to growth, driven by high growth in emerging regions.
- Digital design process continue to expand globally
- Digital contents demand will continue to grow with high pace
- IT industry will go under structural changes centered on new user interface technologies and the cloud computing.
- New platforms such smart phone, e-Book, and slate-type device will emerge and expand.
- MFT technologies will spread across wide range of product categories.
- Average FX rate: JPY 90 / USD, JPY 125 / EUR

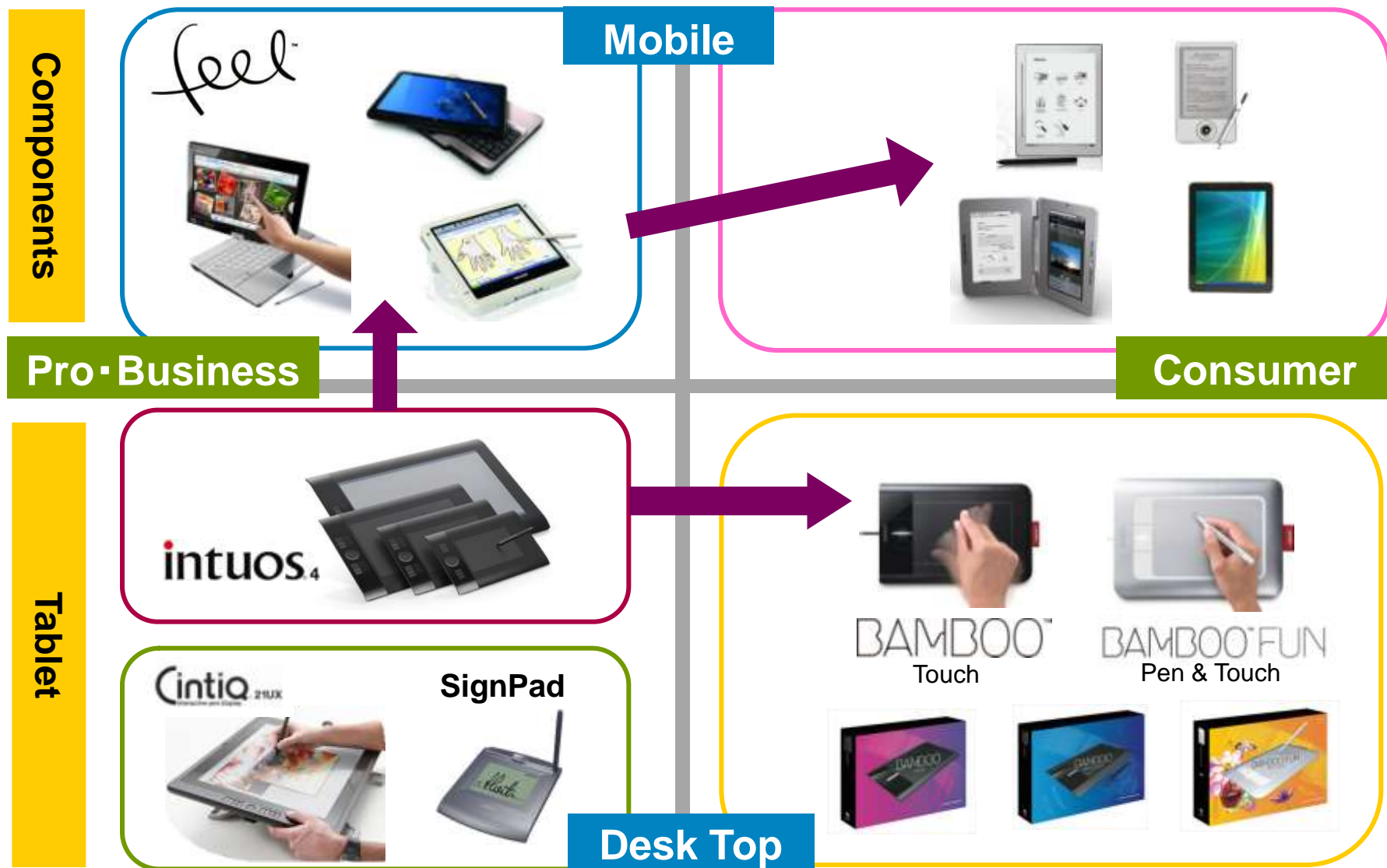
# Growth Strategies -1

- **Establish global leadership in UI technologies**
  - Establish the leadership in MFT technologies and enhance IP portfolio
  - Expand UI technology foundations thorough R&D, partnership, M&A, etc.
- **Strengthen global leadership in tablet business**
  - Expand tablet product lines and promotion of global strategy
  - Grow the business in Asia and Latin America market
  - Globalize product planning and development functions
  - Reinforce user communication with Web
  - Expand global partnerships in key industry segments
- **Expansion and growth of Component Business in new segments**
  - Promote UI technology solutions and extend PC customers
  - Expand to new segments including e-Book and Slate-type devices
  - Expand manufacturing partnership and improve cost competitiveness

# Growth Strategies -2

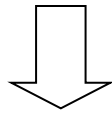
- **Enhance global SCM capability and improve cost structure**
  - Establish highly responsive SCM operation with global IT support
  - Enhance coordination with manufacturing partners, and improve cost structure
  - Enhance SCM capabilities in China and Taiwan
- **Establish a new management model and global organization framework**
  - Matrix (BU x Region) organization to improved strategic focus, speed and coordination
  - Enhance corporate functions and support global integration
  - Invest in global IT infrastructure to support global collaboration
- **Promote global branding activities**
  - Develop a corporate culture that re-create itself and leads the change
  - Enhance brand communication and promote consumer branding activities

# Product Portfolio

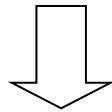


# Product line strategies

- Advanced design tools for higher productivity for professionals
- Natural and intuitive UI products for general consumers
- Promotion of IT and paperless solution with LCD tablets
- High-performance technology solutions for mobile devices



**Technology Standard**

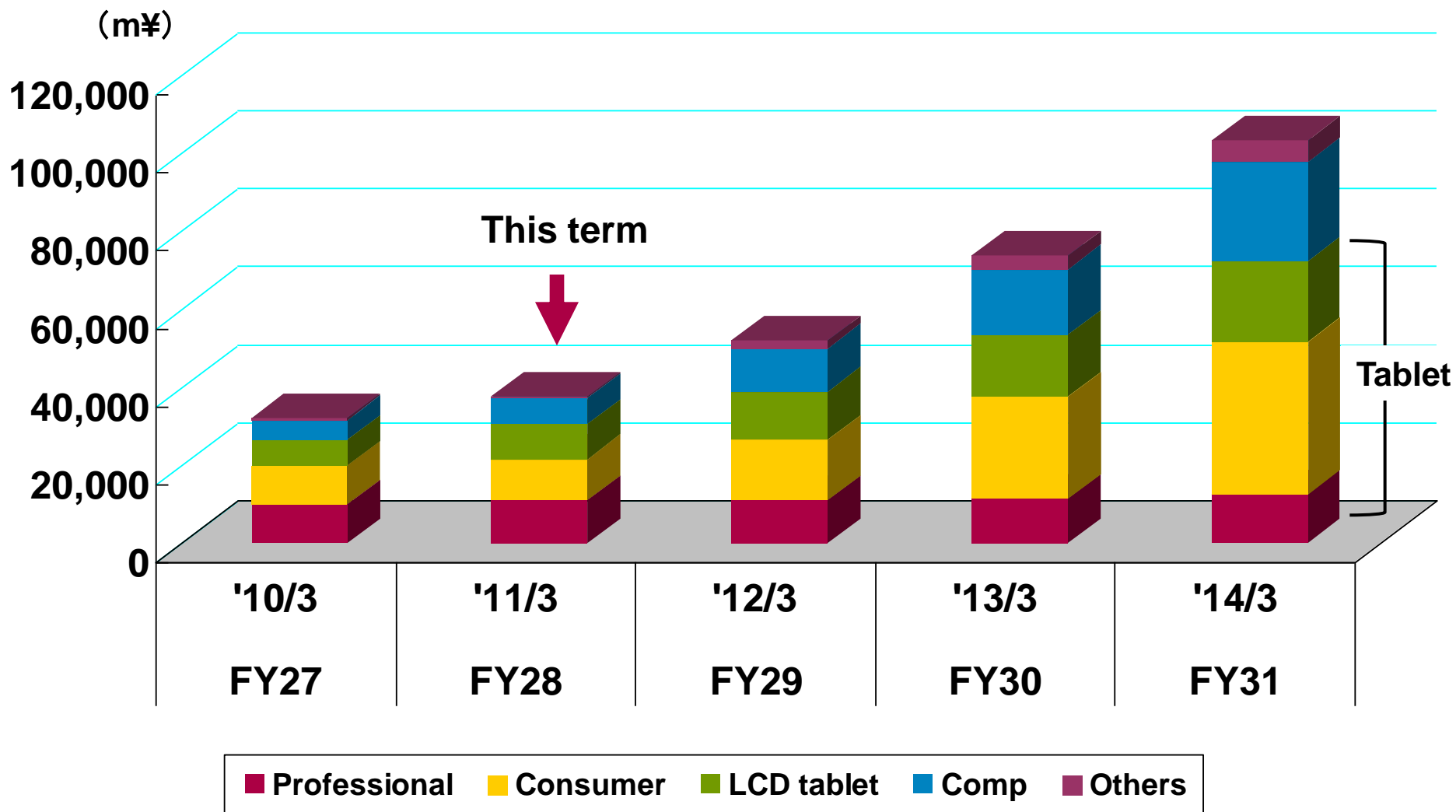


**Global De-facto Standard  
in New Digital Paper Era**

- **Pen**
- **Multi-touch**
- **Display**
- **New UI technologies**
  
- **Integrated UI Solutions**

*feel*

# Revenue by Product Line

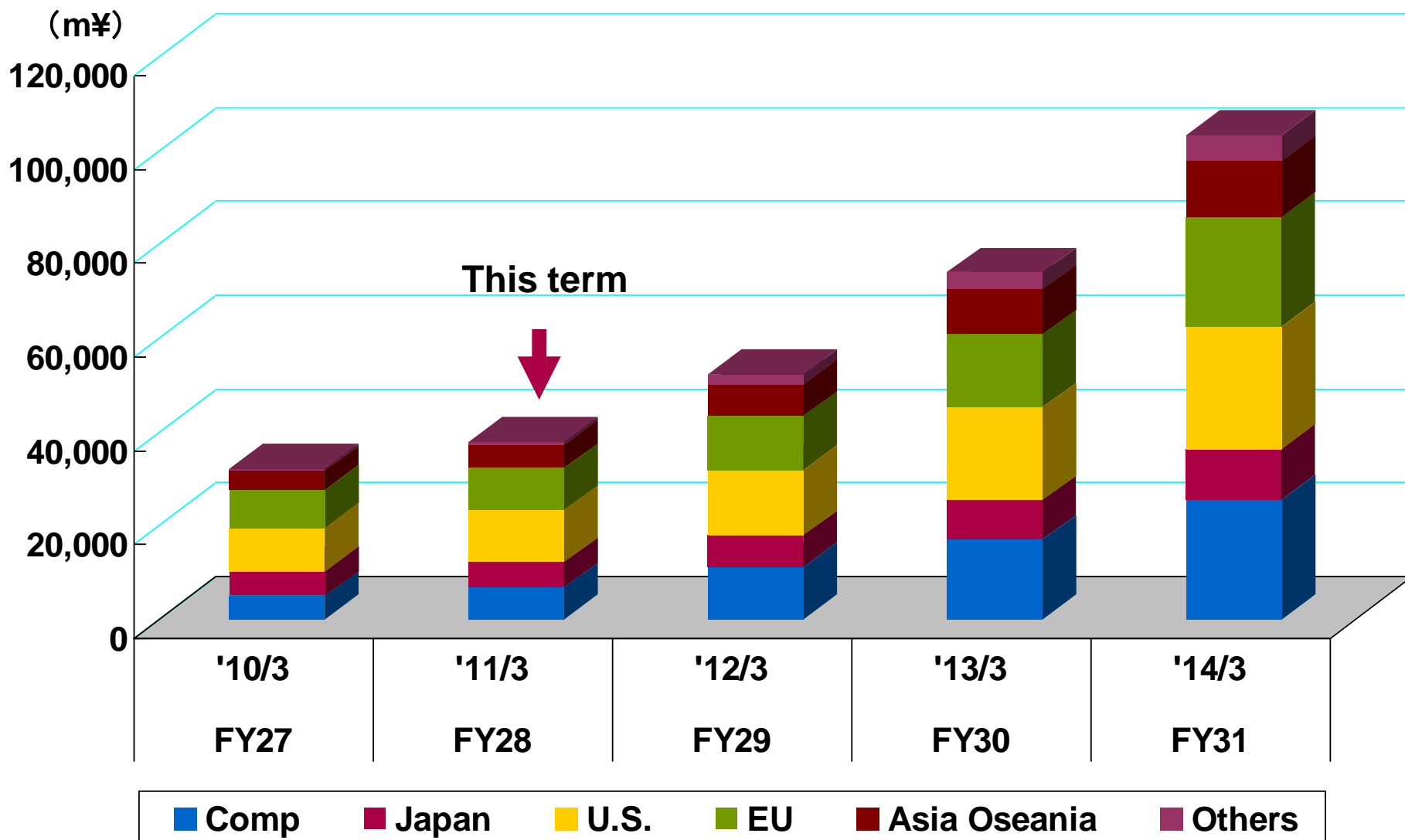


# Global Strategies

- **Enhancement of the leadership in key advanced regions**
  - Expansion of partnerships in professional market
  - Enhanced brand communication and expansion of consumer market
  - Expansion of business solution segments such as medical, education, and paperless office
- **Growth and brand establishment in emerging regions**
  - Acceleration of the growth in China and Asia Pacific
  - Development of business infrastructure in India and South
  - Establishment of brand awareness in emerging regions
- **Build globally optimized manufacturing operation**
  - Enhancement of SCM operations in China and Taiwan
  - Enhanced collaborating with manufacturing partnerships
  - Global SCM operation supported by global IT system
- **Build global R&D organization**
  - Enhancement of R&D organizations and personnel



# Revenue by Region



# UI Paradigm Shift



for everyone in the world  
anywhere in the world  
simple, natural, and easy  
for interaction and sharing  
fun and always connected

# Simple, Natural, Intuitive.

## Fun & Connected



Open up.  
Sense more.



# Disclaimer

Forward-looking statements regarding future events and performance contained in this presentation are based on currently available information and involve risks and uncertainties, including macroeconomic conditions, trends of the industry in which the company is engaged, and progress in new technologies. Please note that actual results could materially differ from those expressed or implied by the forward-looking statements in this presentation due to these risks and uncertainties.

Wacom Co., Ltd.  
<http://www.wacom.com/index.html>

## Investor Relations Inquiries

IR Gr. Corporate Planning Dept. Wacom Co., Ltd.  
TEL : 03-5309-1525 FAX : 03-5309-1503  
Wacom Co., Ltd. Tokyo Office, Harmony Tower 21F,  
1-32-2 Hon-Cho, Nakano-Ku, Tokyo 164-0012, Japan

