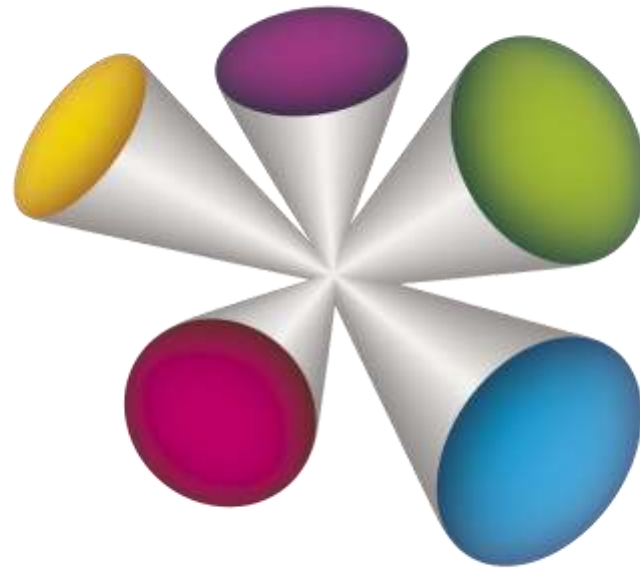


Business Report

FY29 Apr. 2011-Jun. 2011

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



Index

Slide Page

P 3 – 5	<u>FY29-1Q Result Summary</u>
P 8 -12	<u>P/L and Operating Expenses</u>
P13-17	<u>Business Highlights</u>
P18-19	<u>Sales by Product Line</u>
P20-22	<u>Sales by Region</u>
P23-24	<u>B/S and C/F</u>
P25-29	<u>FY29 Basic Policy and Business Focus</u>
P30-33	<u>Forecast of Business Results for FY29</u>
P34-35	<u>Dividend Forecast</u>
P36-37	<u>Medium-Term Business Plan</u>
P38-40	<u>Branding</u>
P41	<u>Disclaimer</u>

FY29-1Q Consolidated Result Summary

Business Environment

- While economic uncertainty in developed countries grew, emerging countries continued strong growth despite high inflation. As a result, regional disparity widened.
- In IT field, smart phones and tablet-type devices are growing rapidly as new platforms. PC manufacturers and handset makers strived to expand their product lines.
- Supply chain disruptions due to Great East Japan Earthquake have been settled since June. Impact on domestic demand remained within the assumption.
- Japanese yen continued to appreciate against the US dollar and Euro due to the resurgence of credit crunch concerns in EU and the slowdown of US economy .

FY29-1Q Consolidated Result Summary

Business Environment

- In tablet products, the demand for productivity improvements in professional users remained strong, and the expansion of consumer user base continued. Emerging markets also continued steady growth. A digital signature verification has gained the momentum in US, China and AP regions.
- In component business, smart phones, tablet-type devices and e-Books are raising new demand for pen and touch technologies.

FY29-1Q Consolidated Result Summary

Business Overviews

- 1Q sales slightly decreased from the previous year due to the end of sales of some OEM models in US, tight supply of high-end LCD panels caused by Great East Japan Earthquake, and the appreciation of Japanese yen against US dollar.
- “Bamboo Stylus” and “Bamboo Paper”, a new pen product and a note-taking application for Apple iPad, gained high reputation and created strong demand.
- Component sales remained strong with the increased demand for Tablet PCs, and component business turned positive in operating income.
- Other businesses (CAD software) also secured profitability.

FY29-1Q Consolidated Result Summary

Business Overviews

- Decided to withdraw from the pension fund, and posted an extraordinary loss associated with the withdrawal.
- For the financial forecast for FY29, the currency exchange rate was revised reflecting the recent trends.

New assumptions: 1 US dollar = ¥80.0 (revised from 82.5)
1 Euro = ¥110.0 (revised from 120.0)

- FY29 financial forecast remained the same as the previously released on 27th April.

FY29-1Q Consolidated Result Summary

Summary of Financial Result

(JPY)	FY29 1Q	YOY	Constant Currency Basis
Sales	7,323mil	-6.2%	-0.7%
Operating Profit	195mil	-47.8%	-34.5%
Recurring Profit	187mil	-58.2%	
NPBT	37mil	-90.8%	
Net Profit aft. Tax	36mil	-88.9%	
	FY29 1Q	YOY	
EPS	89.47	808.82	
Total Assets	25.68bn	27.09bn	
Net Assets	17.21bn	18.48bn	

Extraordinary Loss
allowance for the
withdrawal from
pension fund
131 mil JPY

Consolidated P/L

(mil JPY)

	FY28 1Q	FY29 1Q	YoY Change	
	'10/4-'10/6	'11/4-'11/6	Amount	Ratio
Sales	7,806	7,323	- 483	-6.2%
Gross Profit	3,598	3,338	- 260	-7.2%
GPM	46.1%	45.6%		
Operating Profit	374	195	- 178	-47.8%
OPM	4.8%	2.7%		
Recurring Profit	449	187	- 261	-58.2%
Net Profit aft. Tax	325	36	- 289	-88.9%

- Average FX rates: FY28 1Q JPY 91.73 /USD JPY 117.35 /EUR
FY29 1Q JPY 81.71 /USD JPY 118.11 /EUR

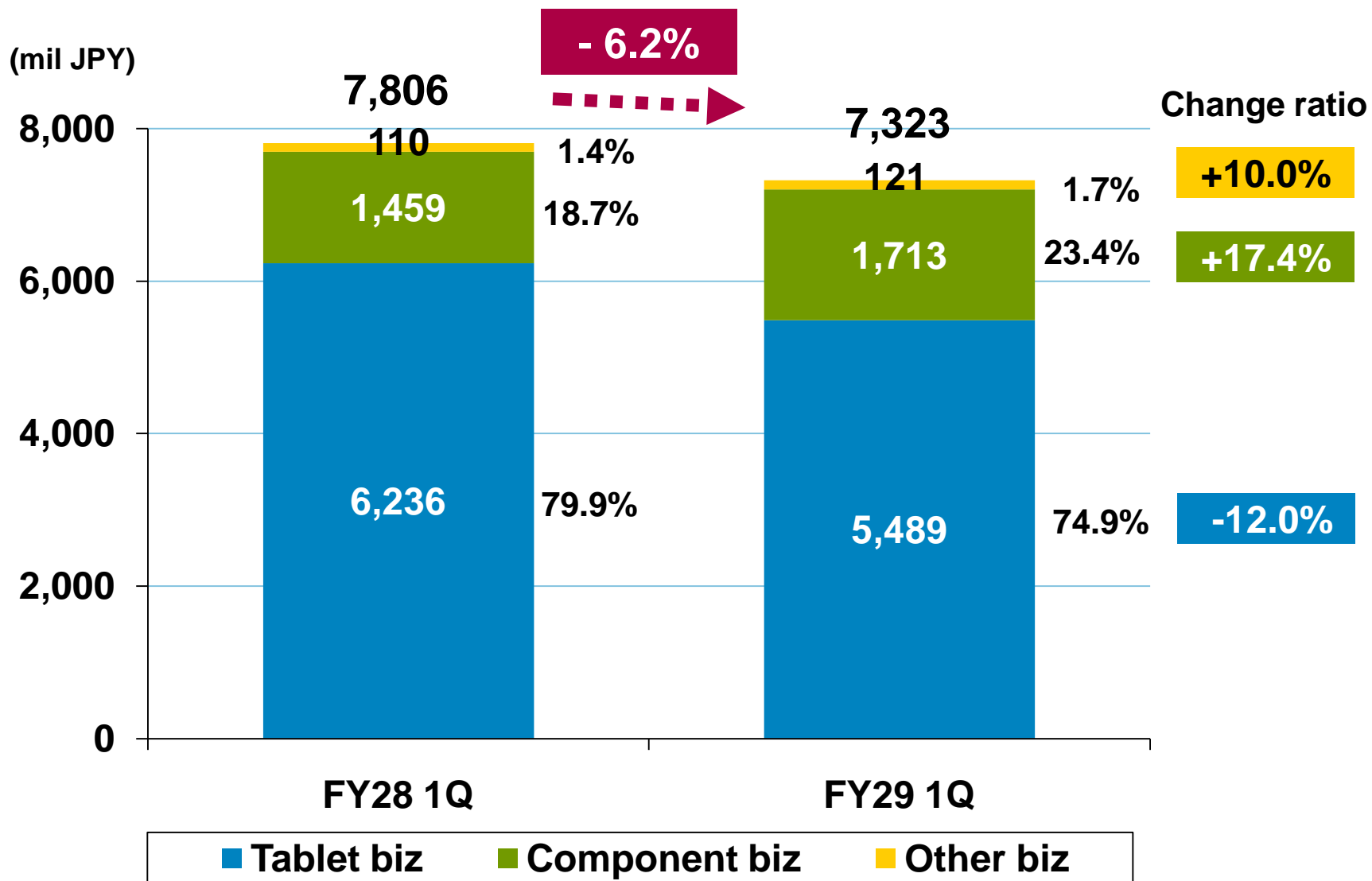
**Effects of foreign exchange : Sales - 430mil
(JPY appreciation) OP - 50mil**

Consol. P/L by Business Segment

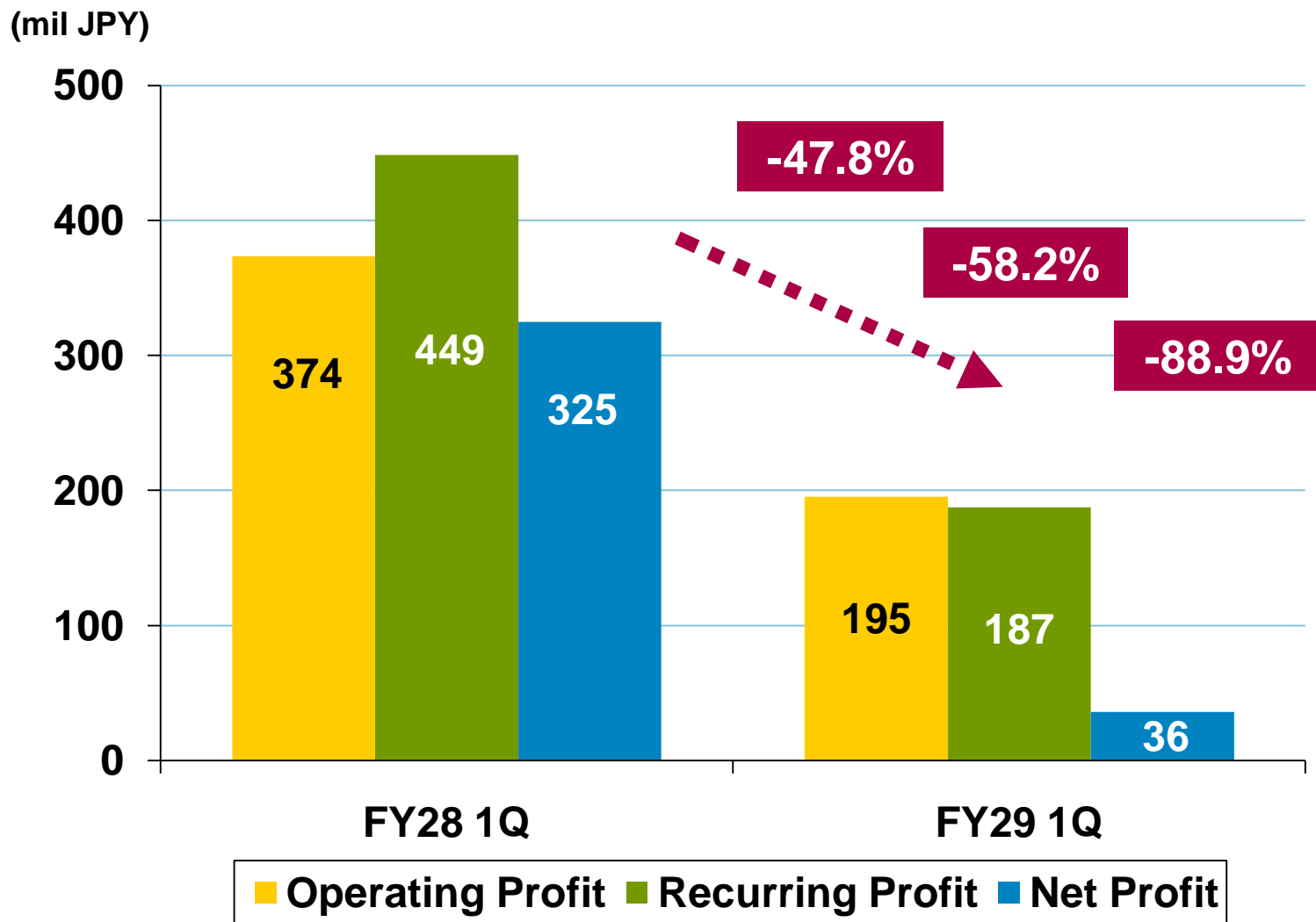
(mil JPY)

	FY28 1Q	FY29 1Q	YoY Change	
	'10/4-'10/6	'11/4-'11/6	Amount	Ratio
Sales	7,806	7,323	-483	-6.2%
Tablet biz	6,236	5,489	-748	-12.0%
Component biz	1,459	1,713	254	17.4%
Other biz	110	121	11	10.0%
Operating Profit	374	195	-178	-47.8%
Tablet biz	996	642	-354	-35.5%
Component biz	-71	71	142	-
Other biz	-34	30	64	-
Corp. and others	-517	-547	-30	-
OPM	4.8%	2.7%		

Consolidated Sales Comparison



Consolidated Profit Comparison



Operating Expenses Comparison

(mil JPY)

	FY28 1Q	FY29 1Q	YoY Change	
	'10/4-'10/6	'11/4-'11/6	Amount	Ratio
Personnel	1,198	1,247	50	4.1%
R&D	298	408	110	36.7%
Ad. & Promo.	514	423	-91	-17.6%
Other	1,215	1,065	-150	-12.4%
Total	3,224	3,143	-82	-2.5%
Opex/Sales ratio	41.3%	42.9%		

Key changes

- Increase : Prior R&D expense for new products before launching.
- Decrease : Control of advertising expense before introducing new products.
Decrease of high level air freight cost in the previous year, etc.

Business Highlight -1

Tablet Business

-12.0%

Professional Products

-5.9%

Pen Tablets **-3.8%**

- Sales of Intuos4 decreased due to the slow down of corporate investments in Japan.
- Other regions mostly kept steady business in local currencies, despite strong JPY.

LCD Tablets **-12.0%**

- Sales of Cintiq 21UX decreased due to the temporary supply suspension of high-end LCD panels by Great East Japan Earthquake.
- Supply resumed in June to the previous level, showed a rapid recovery and exceeded sales targets on local currencies in some regions.

intuos₄



Cintiq_{21UX}
interactive pen display



Business Highlight -2

Consumer Products

+3.0%

- Sales of Bamboo series increased due to increased market share in Japan and the expansion of demand in Asia Pacific.
- Current models kept steady sales in local currencies in US and EU even after 2 years of the initial release.
- Bamboo Stylus, a new pen product for iPad, recorded favorable sales, received high reputation from global media.
- Bamboo Paper, a note-taking app, for iPad recorded a million downloads within 11 days.



BAMBOO®



BAMBOO™ STYLUS



Business Highlight -3

Business Products

-52.5%

- Sales decreased due to the end of sales of some OEM products in US market.
- Market demand expanded in the medical segment in Japan despite the earthquake.
- Increasing demand in education, medical, and digital signature fields in Asian regions, especially in China.
- Sales of digital signature products showed 40% increase. Many new projects in US and Japan took off following the leading EU markets.

Signature tablets, STU series



DT / PL Series



Business Highlight -4

Component Business +17.4%

- Sales of pen and multi-touch sensor systems expanded due to the strong demand for Tablet PCs by major PC manufacturers.
- Increased sales for tablet-type devices on Windows OS, and e-Books on Android OS
- Continued the development of IC controllers for smart phones and tablet-type markets.

Customer models of Tablet devices and e-Books

ASUS®



e人本* AndroidOS対応



Customer PC models for Windows

hp®



lenovo



FUJITSU



Panasonic
ideas for life



wacom®

Business Highlight -5

Other Businesses

+10.0%

CAD software and others

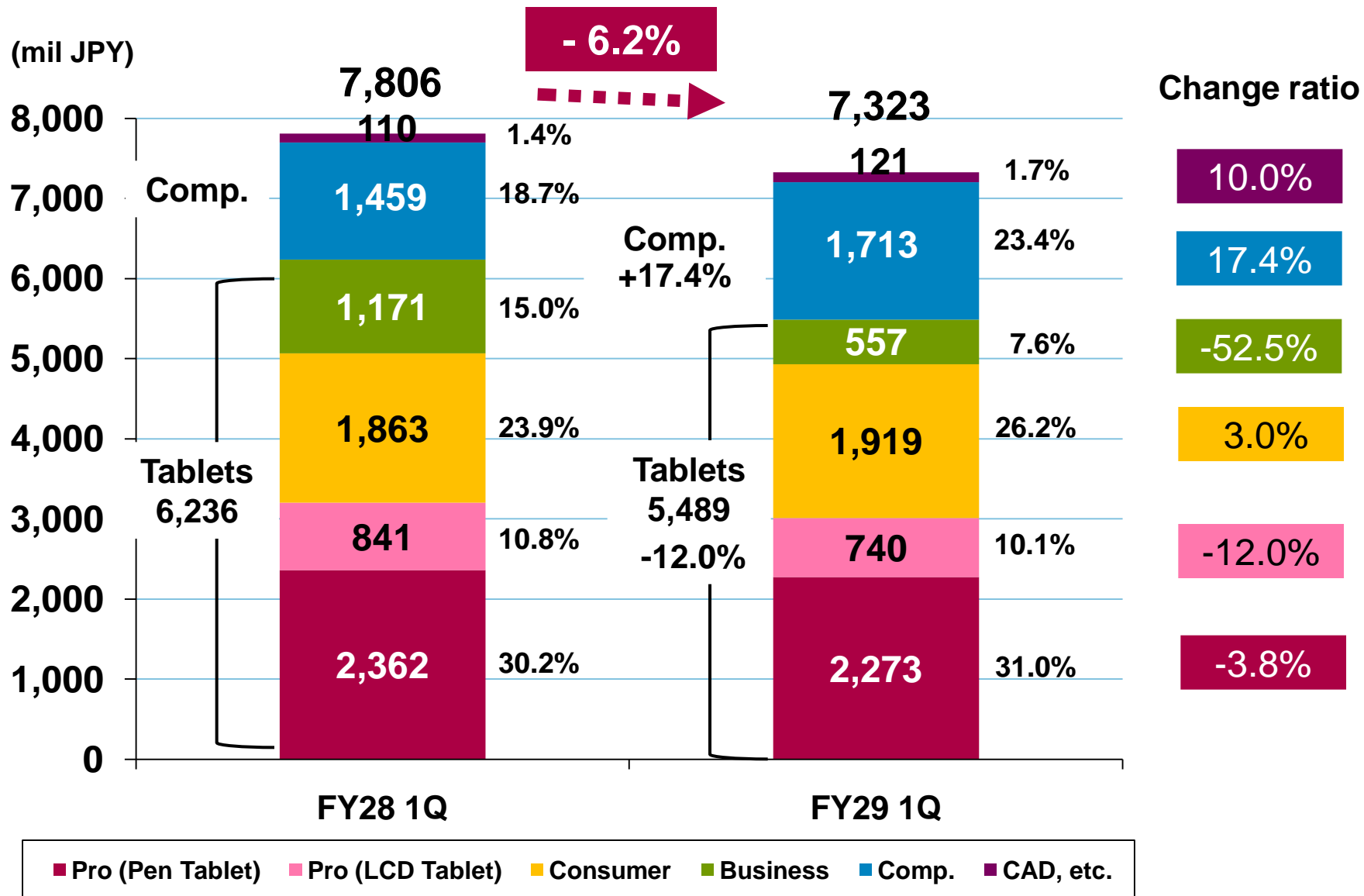
- ECAD DIO 2011 gained the market momentum and showed stable sales growth in Japan.
- Enhanced wire-harness design capability was well received by the customers in the industry machinery and robots.



F&A (Corporate)

- New ERP system under development, and planned to go live in 1H
- Decided to withdraw from Saitama pref. industrial park employee's pension fund to reduce the financial risks. Reserved ¥131 mil. as the extraordinary loss associated with withdrawal planned on Sept 30, 2011.
- Changed the accounting rule in revenue recognition from delivery base to customer acceptance basis.
(Retroactive influence : FY10 1Q Sales ¥ -0.6 mil and OP ¥ +3.7 mil, etc .)

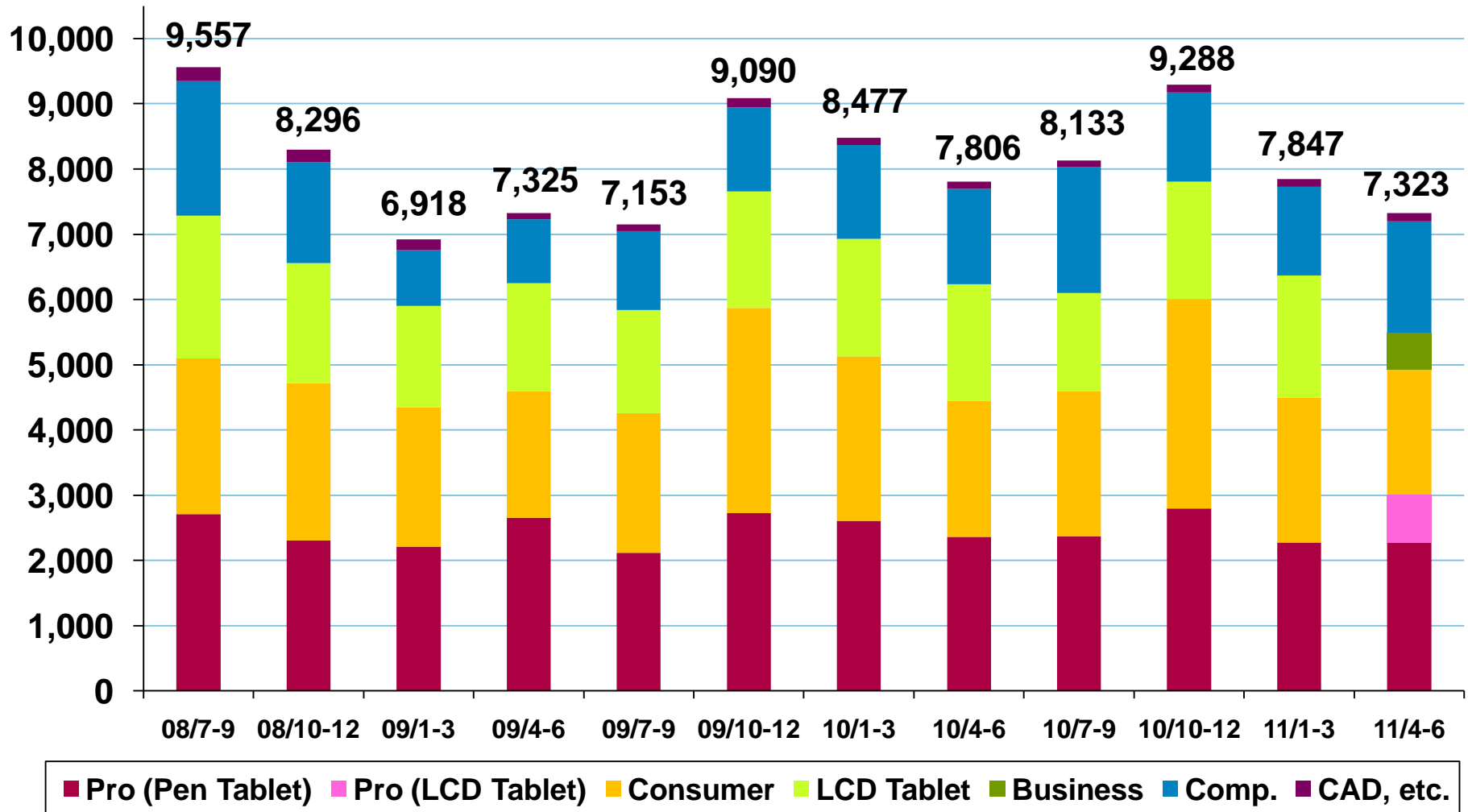
Sales by Product Line



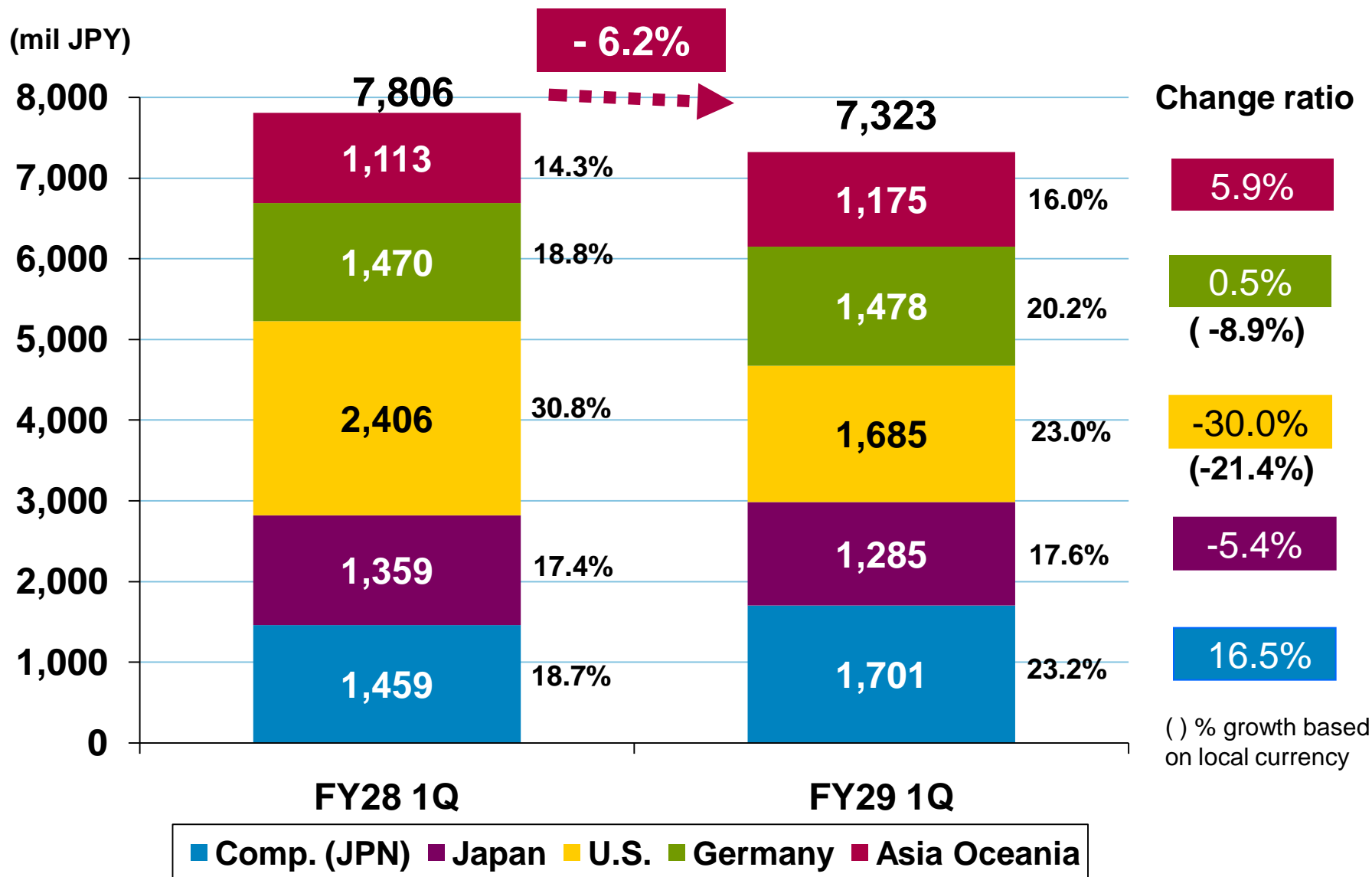
Quarterly Trend by Product Line

The product lines are reorganized into new categories of “Pro (Pen)”, “Pro (LCD)”, “Consumer”, “Business”, “Comp.”, and “CAD, etc.” by use in FY11. As a result, “Cintiq series” included in “LCD” is reclassified in “Pro (LCD)” and a product included in “Consumer” is reclassified in “Business”.

(mil JPY)



Sales by Region



Sales by Region

YOY Sales growth based on local currencies

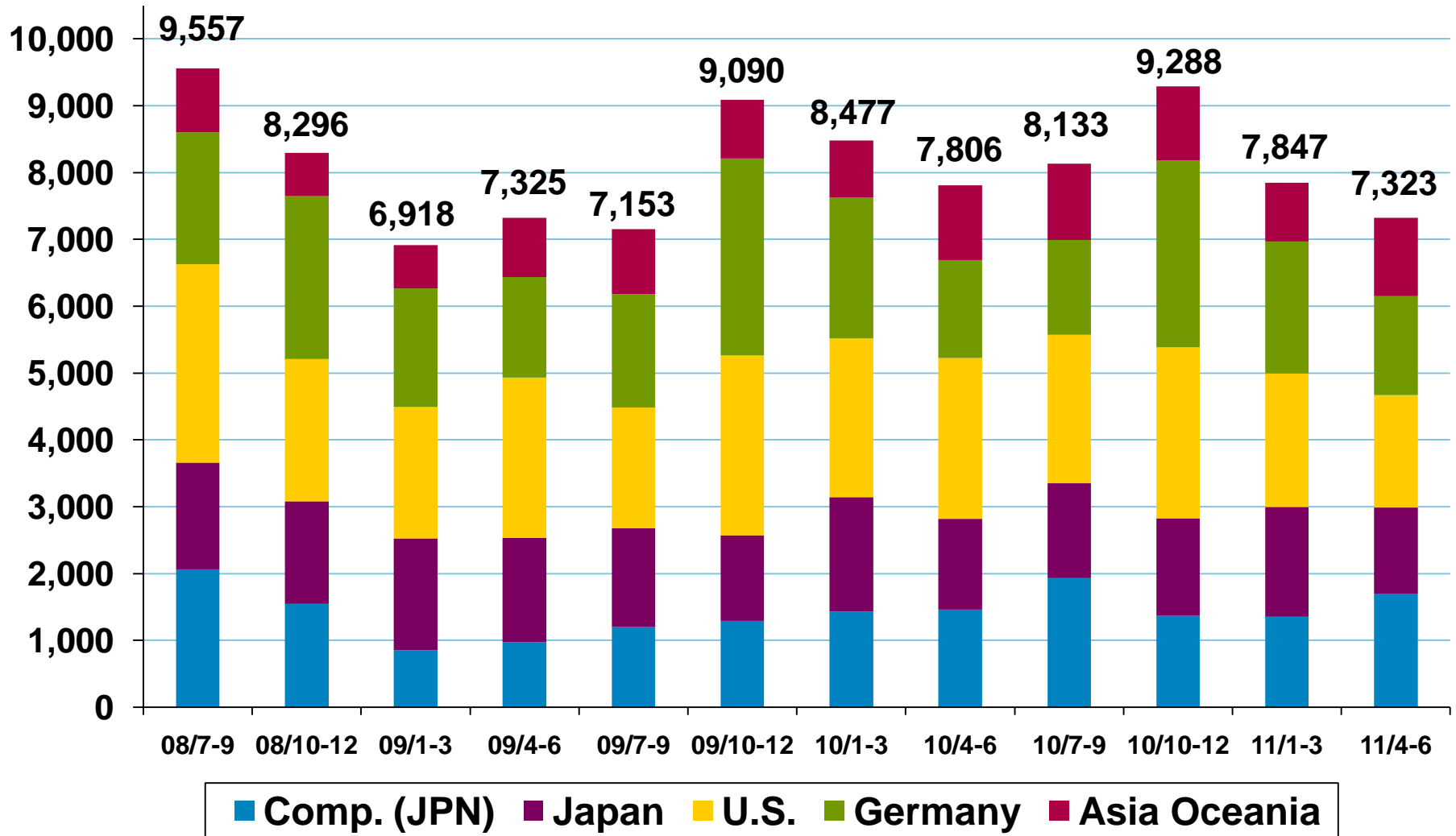
- **US (USD)** - **21.4%**
- **EU (EUR)** - **8.9%**
(excluding the DJ device product **0.0%**)
- **China (CNY)** **17.1%**
- **Korea (KRW)** **2.2%**
- **Australia (AUD)** **3.5%**
- **Hong Kong (USD)** - **8.8%**
- **Singapore (USD)**) **17.1%**

**Main influence:
the end of selling
some OEM products**

**Main influence:
the business liquidation
of a DJ device product**

Quarterly Trend by Region

(mil JPY)



Consolidated B/S

(mil JPY)

	Mar. 31, 2011	Jun. 30, 2011	Change
Current assets	20,950	19,514	-1,436
Fixed assets	6,144	6,165	21
Total assets	27,094	25,678	-1,415
Current liabilities	7,556	7,431	-125
Fixed liabilities	1,056	1,034	-22
Total liabilities	8,612	8,465	-147
Minority interest in subsidiaries	0	0	0
Net assets	18,482	17,213	-1,268
Total liabilities and Net assets	27,094	25,678	-1,415
Equity ratio	68.1%	66.9%	-1.2%
Book value per share (JPY)	45,996	42,820	- 3,176

Assets (mil JPY)

- Decrease in cash and cash equivalents. -963
(Dividends payment, etc.)
- Decrease in inventories -351
- Decrease in other current assets -262
(Refund of consumption taxes receivable, etc.)
- Increase in notes and accounts receivable 162
- Increase in intangible fixed assets 60

Liabilities

- Decrease in accrued corporate tax -179
- Decrease in allowance bonus payable -101

Net assets

- Decrease of retained earnings -1,169
(11/3 13,800 ⇒ 11/6 12,631)

Consolidated C/F

(mil JPY)

	FY28	FY29	YoY Change
	'10/4- '10/6	'11/4- '11/6	Amount
C/F from operating activities	-97	528	625
C/F from investing activities	-243	-373	-130
C/F from financing activities	-1,054	-1,058	-5
Effect of change in exchange rate	-289	-60	229
Increase-decrease of cash & cash equivalent	-1,682	-963	719
Beginning balance of cash & cash equivalent	12,350	10,455	-1,895
Ending balance of cash and cash equivalent	10,668	9,492	-1,176

(mil JPY)

C/F from operating activities

- Decrease in inventories 312
- Increase in consumption tax payable 231
- Depreciation 199
- Increase in other current liabilities (allowance for secession from pension fund) 172
- Payment of corporate tax -233
- Increase in notes and accounts receivable -120

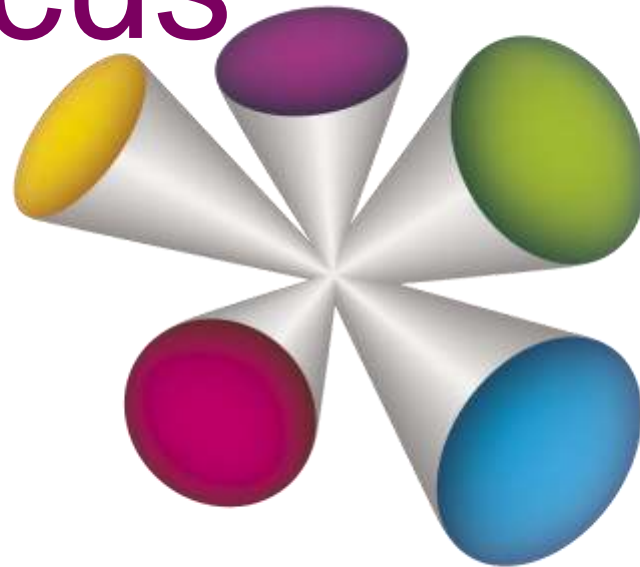
C/F from investing activities

- Acquisition of internal software (Global ERP, etc.) -260
- Acquisition of fixed asset (Mold, etc.) -113

C/F from financing activities

- Dividends payment -1,061

FY29 Basic Policy and Business Focus



FY29 Basic Policy

Business Environment -1

- Global economy recovering with growing uncertainty
Emerging regions continue to lead economic growth, continuous US economic recovery.
Unstable Middle East affairs raise crude oil price and financial uneasiness in EU.
Earthquake disaster slows down domestic economy and hits manufacturing industry.
- Growth engine in global economy shifts from advanced countries to emerging countries
Slow growth in US and Europe market, Japanese economy slowdown by the Great East Japan Earthquake.
High economic growth in China and India, higher weight in influence in the global market.

FY29 Basic Policy

Business Environment -2

- Smartphone, tablet and e-Books drive new IT market growth
iPad and Android-based tablet drive IT market growth, And, Windows based tablet will start gaining market share.
Windows PC market growth will slowdown
Quality of web applications improves, and tablet devices will start gaining user base in corporate and business applications market
Multi-touch becomes the standard user interface.

FY29 Basic Policy

Wacom's business strategy

- Continue to respond to the earthquake impact, and business risk management
 - Restore and improve headquarters and manufacturing buildings.
 - Secure manufacturing and SCM base, power saving measures,
 - Secure product supply and SCM risk management with partnerships.
- Strengthen global leadership of Tablet business
 - Launch new products in the professional and consumer markets.
 - Expand emerging markets and reinforce brand
 - Expand pen products for tablet devices
 - Expand security solutions market
- Grow component business
 - Supply to smart phone and tablet device markets.
 - Consistent business expansion in Windows PC market.
 - Further innovation in pen and multi-touch technology and strengthen cost competitiveness.

FY29 Basic Policy

Wacom's business strategy

- Accelerate growth in emerging countries
Expand emerging markets including China and India.
Reinforce organization, bring up human resources, and develop business foundation
- Reform business structure and strengthen competitiveness
Global headquarters for business administration.
Enhance and promote global branding.
Localization of SCM and QA functions and enforce ODM utilization.
Reinforce basic technology development and improve application development capability.
Global ERP in operation. (scheduled in the first half)

Assumptions for FY29 forecast

- No major afterquake or disruption of manufacturing partners
- No shortage in key component supply by the earthquake except for the high-end LCD panel for professional LCD tablet
- No major obstacles in manufacturing operation at partners
- The supply normalizes, and demand recovers in 2H, though supply difficulty of the ultra-high-density LCD tablet and domestic demand deceleration are expected in the 1H.
- **Market demand for the latest forecast is based on the review in the middle of July.**

Assumptions for FY29 forecast

- **Revised Average FX rate in FY29 2Q as of July 1.**
USD: (Initial) JPY 82.5/USD → (Revised) JPY 80/USD
EUR: (Initial) JPY120/EUR → (Revised) JPY110/EUR
- **Forecast of foreign exchange sensitivity (12 months)**
(assumption : CNY, KRW, and AUD link to US dollar)

(mil JPY)

Currencies	US dollar	Euro
Unit of sensitivity	JPY 1	JPY 1
Sales	240	80
Operation profit	30	60

Forecast of business results for FY29

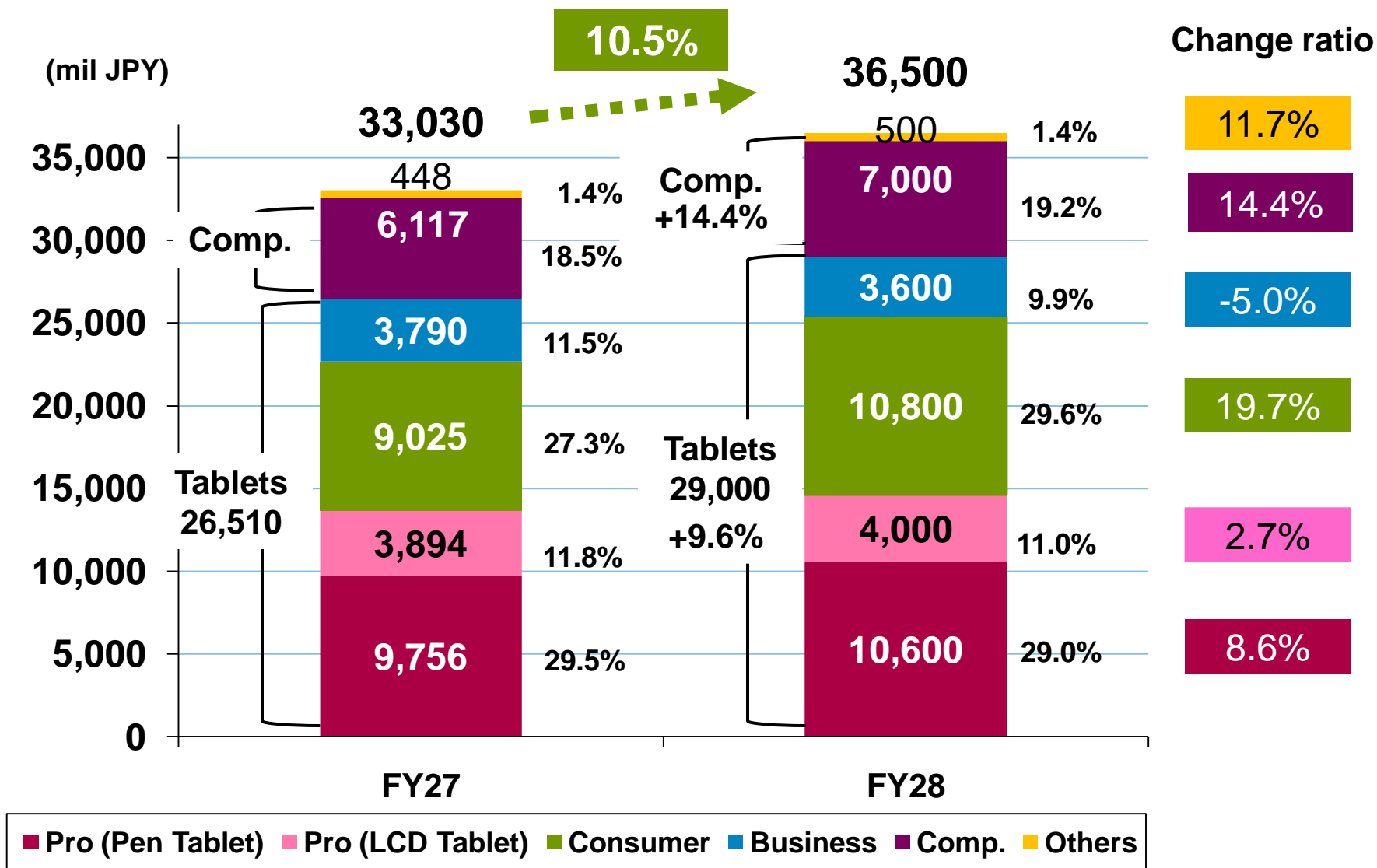
(m¥)

	FY28 1H		FY29 1H		YoY
	2010/4-2010/9		2011/4-2011/9		Growth rate
Sales	15,923		15,200		-4.5%
OP	1,174	7.4%	400	2.6%	-65.9%
RP	1,339	8.4%	375	2.5%	-72.0%
NP	869	5.5%	240	1.6%	-72.4%

	FY28		FY29		YoY
	2010/4-2011/3		2011/4-2012/3		Growth rate
Sales	33,030		36,500		10.5%
OP	3,252	9.8%	3,700	10.1%	13.8%
RP	3,363	10.2%	3,650	10.0%	8.5%
NP	1,967	6.0%	2,340	6.4%	19.0%

No change of the forecast from 27th April despite the revised assumption of FX rates.

Sales forecast by BU segment



Dividend Forecast for FY29

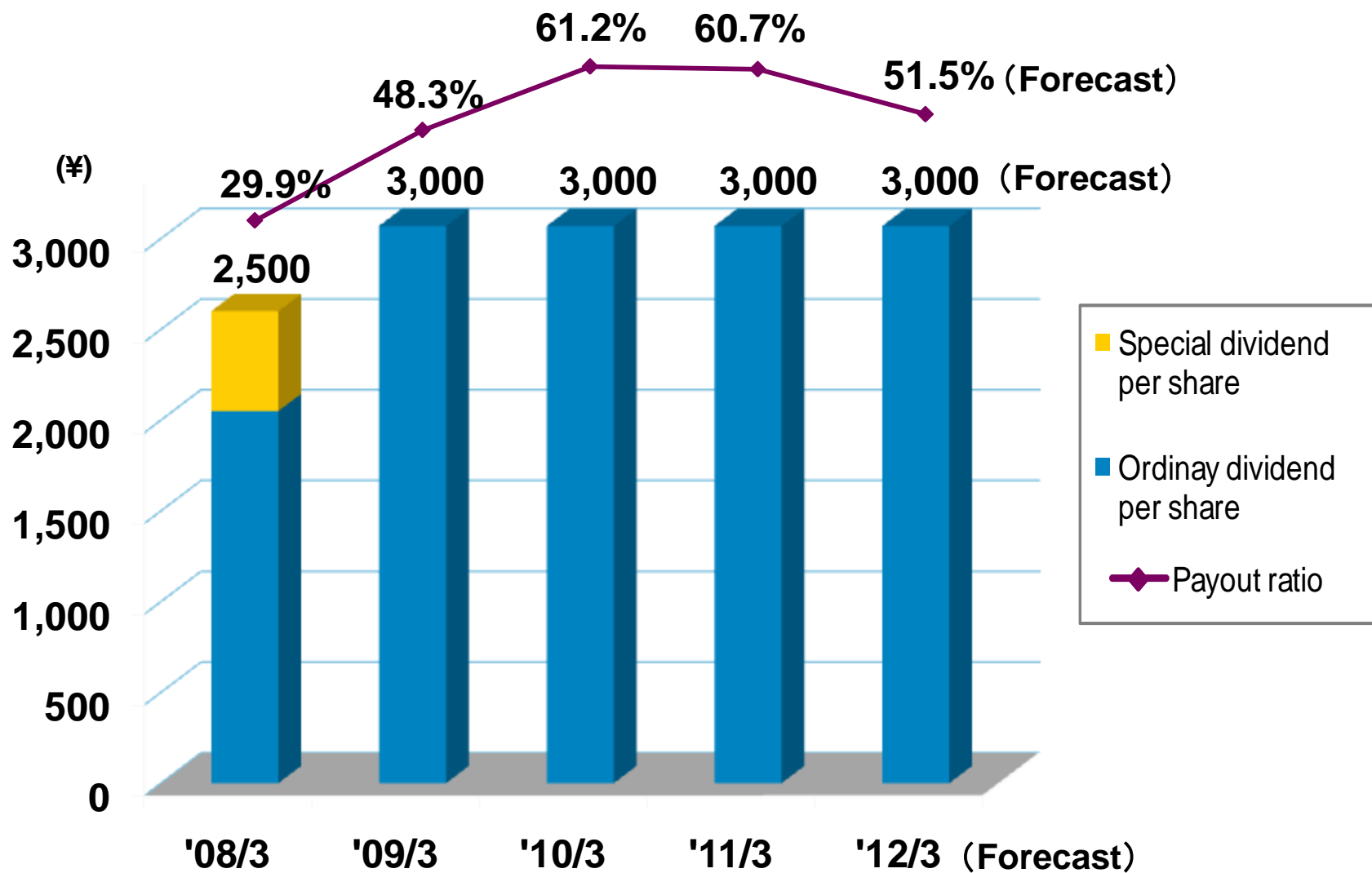
- **Dividend policy**

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

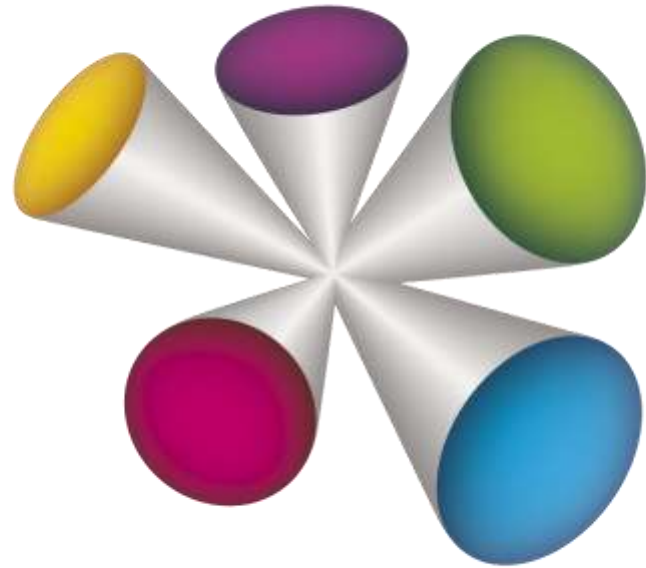
- **Dividend per share**

- JPY 3,000 per share.
- Payout ratio 51.5% (based on FY29 forecast)
(After deducting repurchased stocks of 20,000 in FY26)

Dividends per Share



Medium-Term Business Plan



Medium-Term Plan - WP1015

WP1015:Financial Goals

- Consolidated sales : 100 billion JPY or more.
- Consolidated operating income ratio : 15% or higher



Taking into account the rapidly changing business environment and results in FY28, plus the impact of the Great East Japan Earthquake, the original plan will not be achieved by FY31 and requires reconsideration.

In the meantime, while maintaining priority for business risk management, we aim for sales growth and improvement of operating margin, plus securing the achievement of annual plan.

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://wacom.jp/en/company/outline/>

Investor Relations Inquiries

IR Office Management 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

