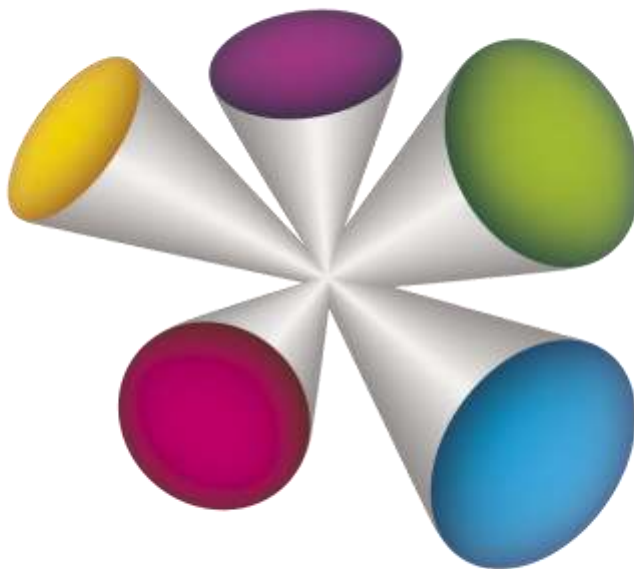


# Business Report

FY30 Apr. 2012-Jun. 2012 (FY2012)

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



# FY30 1Q Result overview

## Operating environment

- European credit crisis remained as major global risk, and started to impact on the growth of emerging markets.
- Yen rapidly appreciated against Euro and Dollar
- Smartphones and tablet devices grew rapidly. PC companies and OS vendors are expanding their tablet product lines.

## Performance overview

- Achieved a record consolidated sales for 1Q. New products in brand business contributed to grow and component sales for smartphone maintained strong growth despite seasonality.
- Operating profit quadrupled over 1Q FY29 and posted a record net profit, absorbing Yen appreciation against Euro with sales growth and with temporary incomes.
- Revised the financial forecasts for 1H and full year.

# FY30 1Q Result overview

## Summary of financial result

(JPY)	FY30 1Q	YOY
Sales	10,058mil	+37.3%
Operating Profit	830mil	+325.3%
Recurring Profit	891mil	+375.2%
NPBT	891mil	24.3 times
Net Profit aft. Tax	642mil	17.9 times
	FY30 1Q	FY29 1Q
EPS	1,615	89
BPS (Book Value per Share)	44,727	42,710
Average FX rate	¥80.40/Dollar	¥81.71/Dollar
	¥103.35/Euro	¥118.11/Euro

# Consolidated P/L

(mil JPY)

	FY29 1Q	FY30 1Q	YoY Change	
	'11/4-'11/6	'12/4-'12/6	Amount	Ratio
Sales	7,323	10,058	2,734	37.3%
Gross Profit	3,369	4,363	994	29.5%
GPM	46.0%	43.4%		
Operating Profit	195	830	635	325.3%
OPM	2.7%	8.3%		
Recurring Profit	187	891	703	375.2%
Net Profit aft. Tax	36	642	606	-

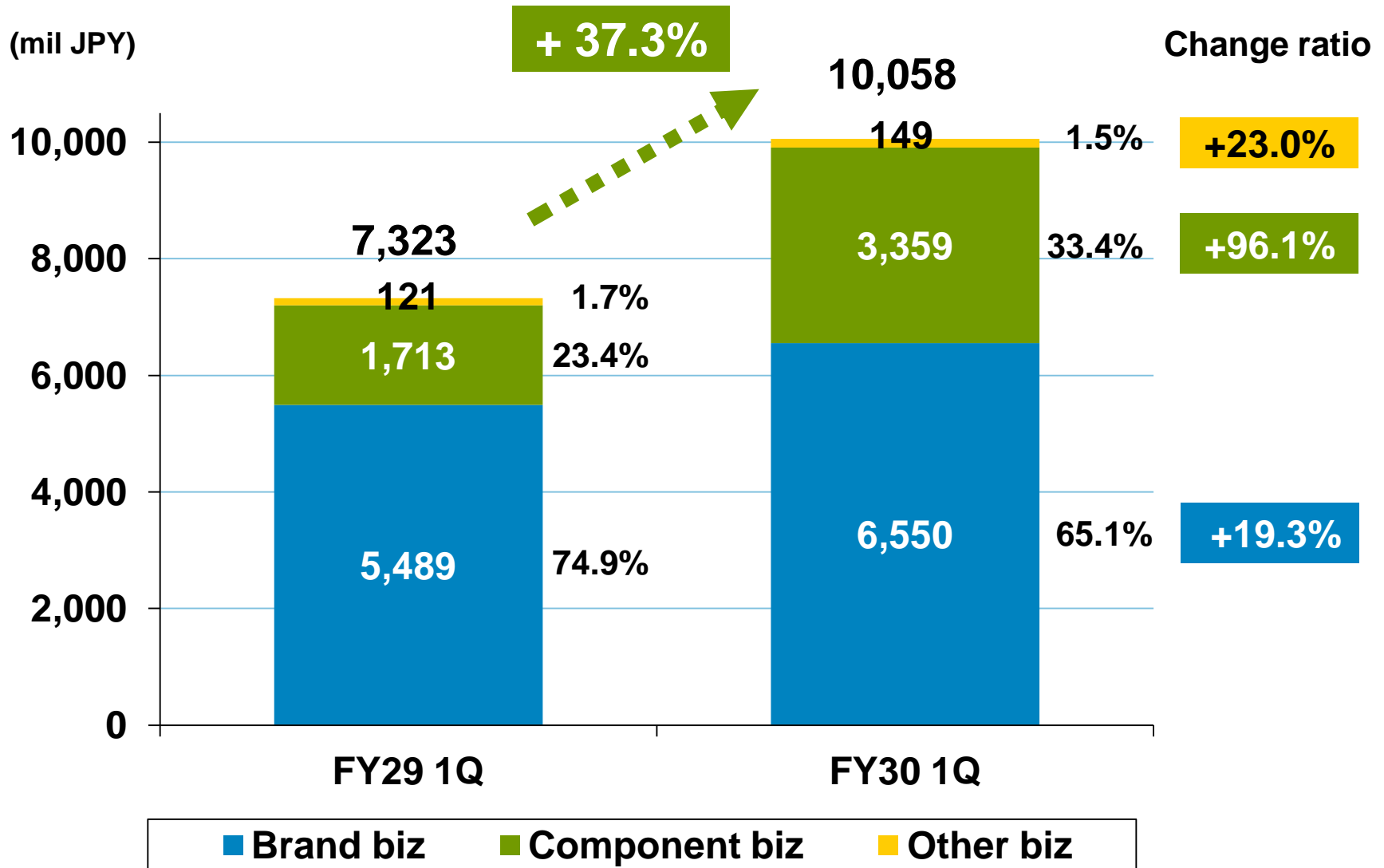
- Effect of foreign exchange (strong Yen) : Sales -360 mil, OP -170 mil
- Adoption of the straight-line method : COGS -27 mil, SG&A -9.5 mil
- Others: cost reduction of an OEM project in the previous FY

# Consol. P/L by business segment

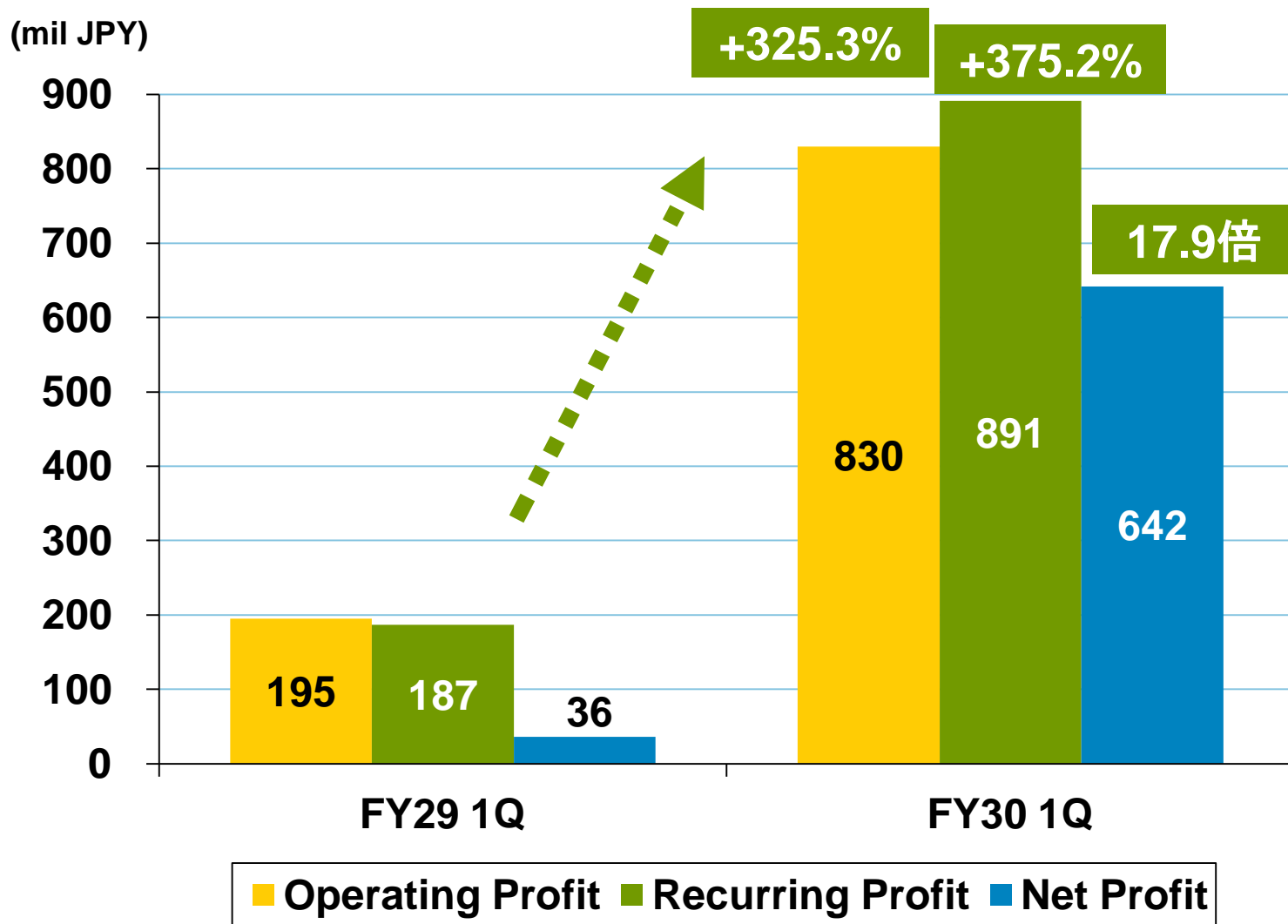
(mil JPY)

	FY29 1Q	FY30 1Q	YoY Change	
	'11/4-'11/6	'12/4-'12/6	Amount	Ratio
Sales	7,323	10,058	2,734	37.3%
Brand biz	5,489	6,550	1,061	19.3%
Component biz	1,713	3,359	1,646	96.1%
Other biz	121	149	28	23.0%
Operating Profit	195	830	635	325.3%
Brand Biz	642	1,038	397	61.8%
Component biz	71	288	217	308.1%
Other biz	30	16	-14	-46.7%
Corp. and others	-547	-512	35	-6.4%
OPM	2.7%	8.3%		

# Consolidated sales comparison



# Consolidated profit comparison



# Operating expenses comparison

(mil JPY)

	FY29 1Q	FY30 1Q	YoY Change	
	'11/4-'11/6	'12/4-'12/6	Amount	Ratio
<b>Personnel</b>	<b>1,247</b>	<b>1,461</b>	<b>214</b>	<b>17.1%</b>
<b>R&amp;D</b>	<b>408</b>	<b>454</b>	<b>47</b>	<b>11.4%</b>
<b>Ad. &amp; Promo.</b>	<b>423</b>	<b>578</b>	<b>155</b>	<b>36.6%</b>
<b>Others</b>	<b>1,096</b>	<b>1,040</b>	<b>-56</b>	<b>-5.1%</b>
<b>Total</b>	<b>3,174</b>	<b>3,533</b>	<b>359</b>	<b>11.3%</b>
<b>Opex/Sales ratio</b>	<b>43.3%</b>	<b>35.1%</b>		

## Key changes

- Increase : Increase of overseas personnel (the number of consolidated employees: 755 → 844 as of Jun.), bonus reserve, and promotion cost for new products
- Decrease : Adoption of the straight-line method in depreciation, etc. in Others



# Business highlight -1

## Brand business

**+19.3%**

**intuos.5**



## Professional Products

**+11.5%**

## Pen Tablets

**-0.6%**

- Intuos5 launched in March kept the expected momentum despite Yen appreciation. New multi-touch function well received by Professional users.
- Inking gained a high reputation as a new digital stationery device.



## LCD pen tablets

**+48.7%**

- Cintiq 24HD released last September with extensive new features created new demand in professional market.
- Cintiq 21UX continued to attract a wide range of users and kept favorable sales.

**Cintiq** 24HD  
Interactive pen display



# Business highlight -2

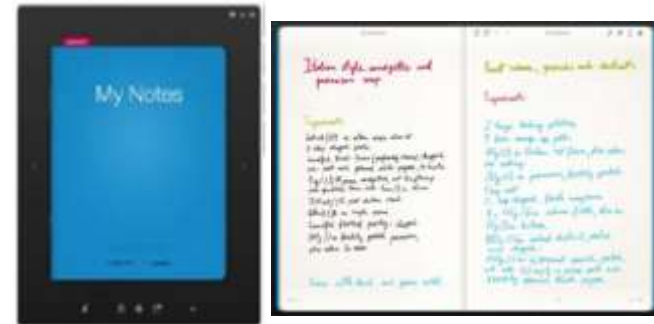
## Consumer Products +35.4%

- Bamboo Stylus expanded the product line and accelerated in growth along with the introduction of new iPad. Received favorable reviews for the balance and comfort in writing.
- Bamboo Paper application reached 3 million download since the launch with 10% rate of follow-up purchase.
- Favorable sales for the 3rd generation Bamboo-Series tablet in Japan and Europe, growing the user base consistently among graphics oriented consumers.

BAMBOO® STYLUS



BAMBOO® PAPER



BAMBOO®  
PEN & TOUCH



wacom®

# Business highlight -3

## Business Products

+6.1%

- Signature pen tablets sales grew more than 40%. New projects in financial segments in Europe and Japan increased such as retail bank services and credit-card transactions.
- Decreased in other categories due to the end of OEM supply in US.
- Launched an original digital annotation application software Wacom Allwrite to support paperless workflow solutions.

## Signature tablets, STU Series



## DT / PL Series



# Business highlight -4

## Customer models with Android OS

### Component business

+96.1%

- Pen components supply for Samsung Galaxy Note contributed to growth. Maintained a strong Momentum by high demand in spite of seasonality.
- Windows 8 and Android 4.0 supports pen functions as standard features.
- New IC controllers developed for pen and multi-touch solutions.
- Supports new Windows 8 based tablet projects, and preparing for mass production in 2H.



## Customer PC models on Windows OS



# Business highlight -5

## Other Business

+23.0%

### **CAD software and others**

- Strong growth of ECAD DIO application with reconstruction demand in Japan.
- Received a high reputation from customers in machinery and robotics industries, gained new customers.



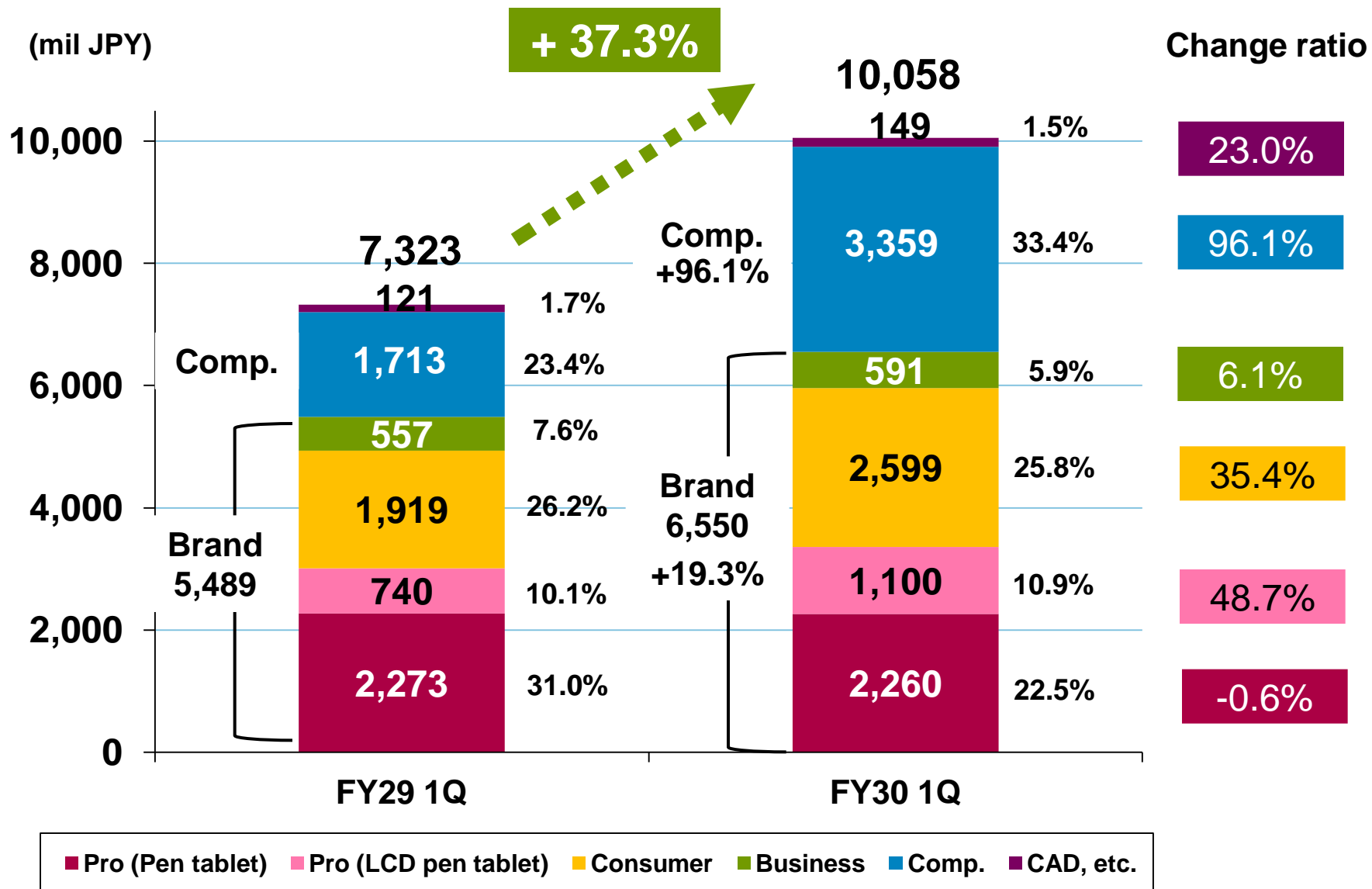
The Power  
To Innovate™



## F&A (Corporate)

- Preparing the expanding of new ERP system to Asia-Oceania region.
- Accounting rule change in depreciation of tangible fixed assets, from declining-balance method to straight-line method, according to the international accounting rule and economic rationality.  
(Influence for 1Q operating profit : ¥ -36.5 million)

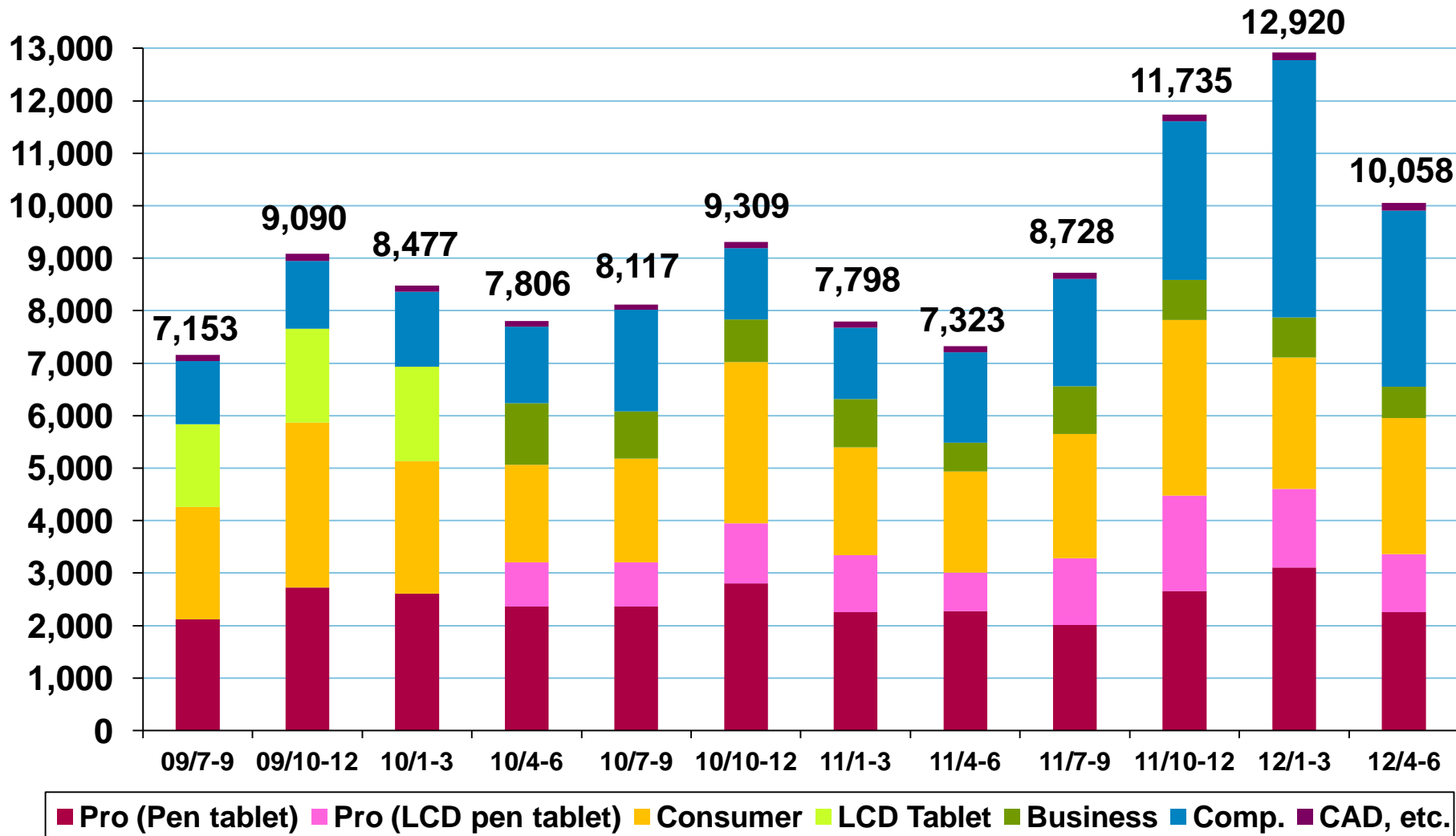
# Sales by product line



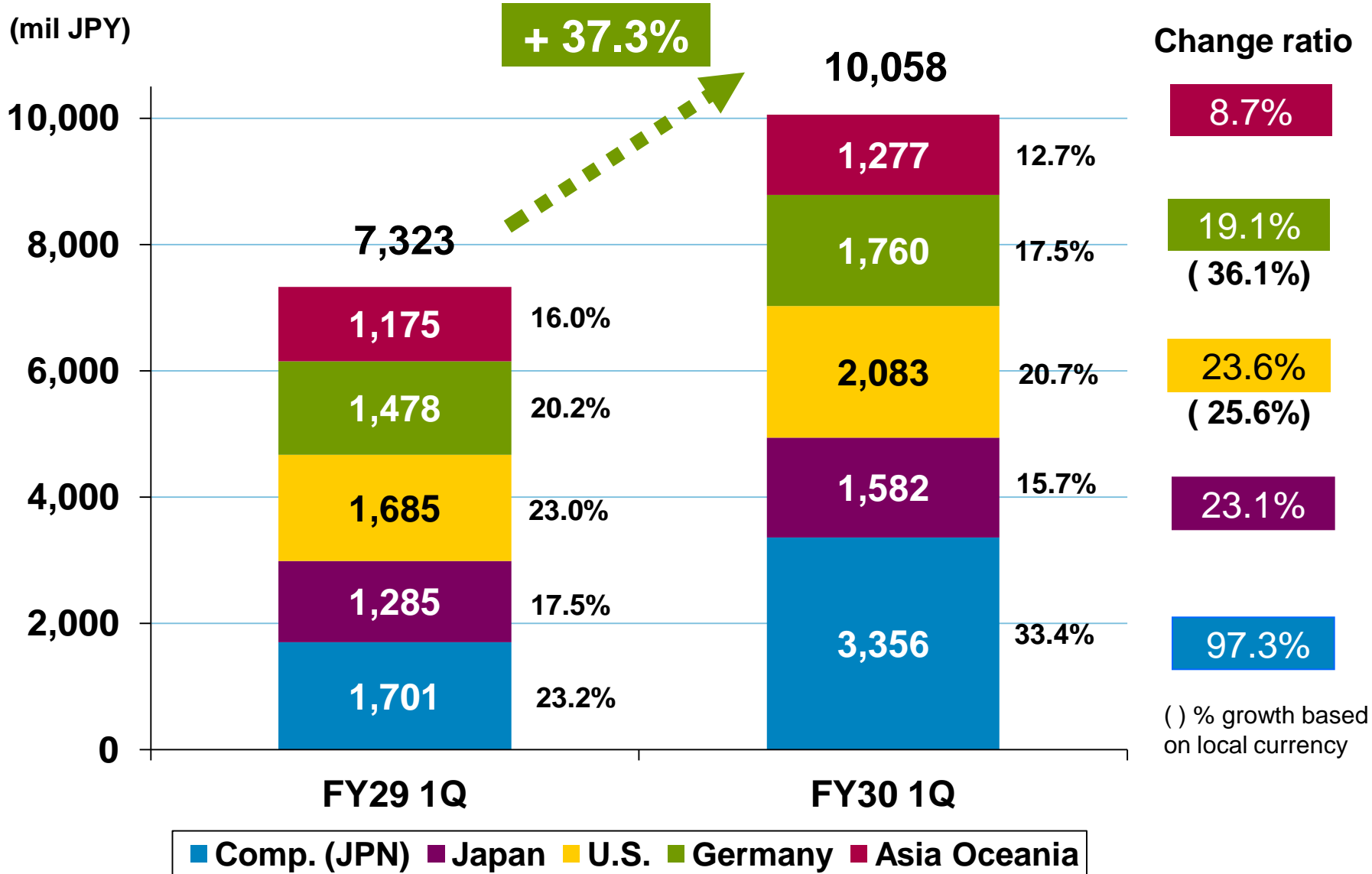
# Quarterly trend by product line

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 some products included in “Consumer” is reclassified in “Business”.

(mil JPY)



# Sales by region





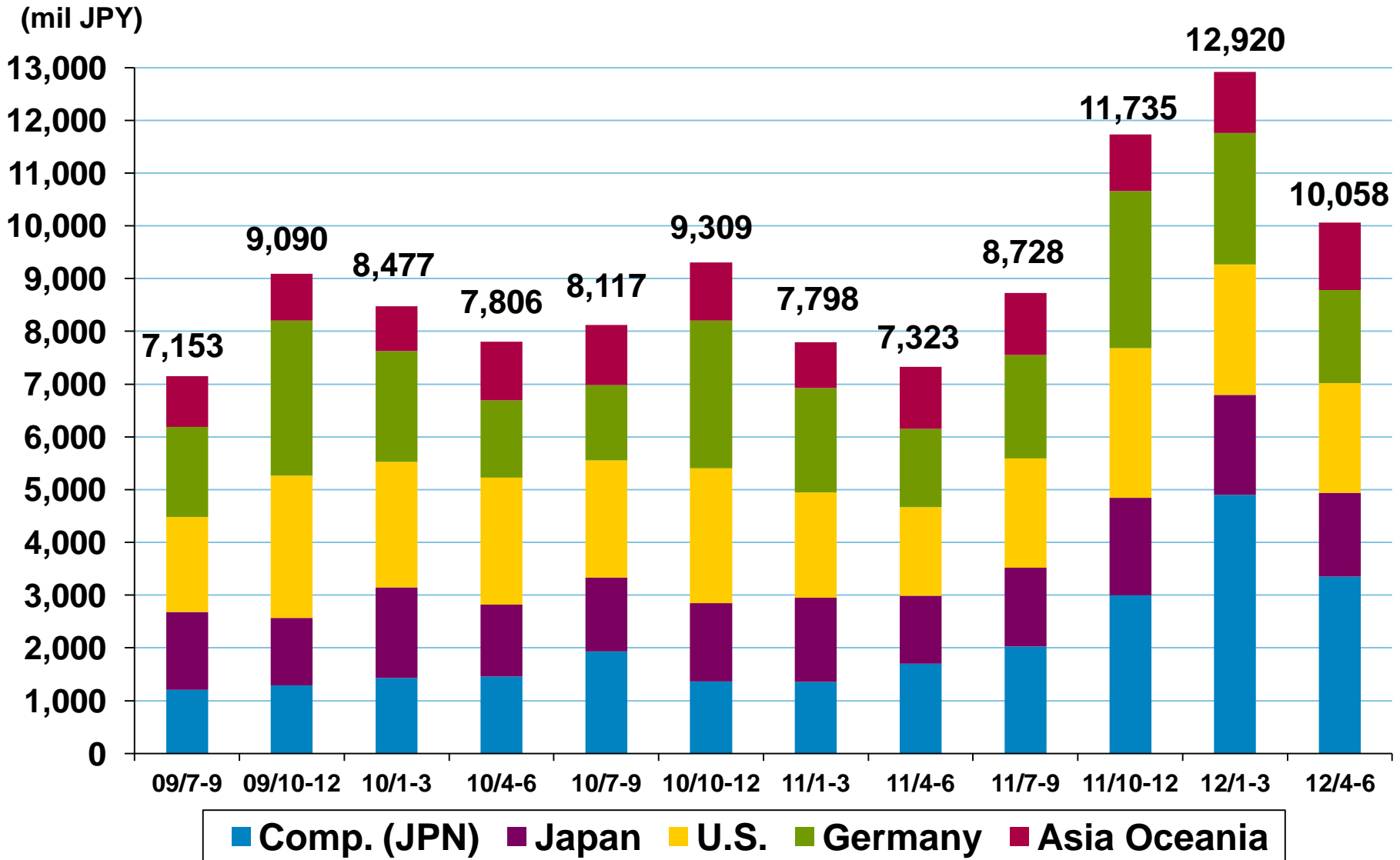
# Sales changes based on local currencies

- Sales expanded in Europe, US, and Asia- Oceania.

	(YoY)
• <b>US (USD)</b>	<b>+25.6%</b>
• <b>EU (EUR)</b>	<b>+36.1%</b>
• <b>China (CNY)</b>	<b>-6.3%</b>
• <b>Korea (KRW)</b>	<b>+29.8%</b>
• <b>Australia (AUD)</b>	<b>+21.6%</b>
• <b>Singapore (USD)</b>	<b>+47.3%</b>
• <b>Hong Kong (USD)</b>	<b>+35.5%</b>

**Main influence:**  
Stagnation in IT market  
and budget cut in  
education fields

# Quarterly trend by region



# Consolidated B/S

(mil JPY)

	Mar. 31, 2012	Jun. 30, 2012	(mil JPY) Change
<b>Current assets</b>	<b>27,490</b>	<b>22,394</b>	<b>-5,096</b>
<b>Fixed assets</b>	<b>6,639</b>	<b>6,726</b>	<b>87</b>
<b>Total assets</b>	<b>34,129</b>	<b>29,120</b>	<b>-5,009</b>
<b>Current liabilities</b>	<b>14,196</b>	<b>10,214</b>	<b>-3,982</b>
<b>Fixed liabilities</b>	<b>1,016</b>	<b>1,015</b>	<b>-1</b>
<b>Total liabilities</b>	<b>15,212</b>	<b>11,229</b>	<b>-3,982</b>
<b>Minority interest in subsidiaries</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net assets</b>	<b>18,918</b>	<b>17,891</b>	<b>-1,027</b>
<b>Total liabilities and Net assets</b>	<b>34,129</b>	<b>29,120</b>	<b>-5,009</b>
<b>Equity ratio</b>	<b>55.2%</b>	<b>61.1%</b>	<b>5.9%</b>
<b>Book value per share (JPY)</b>	<b>47,350</b>	<b>44,727</b>	<b>-2,623</b>

## Assets

- Decrease in notes and accounts receivable -2,368 (collection of balance as of end of Mar. etc.)
- Decrease in cash and cash equivalents -1,701 (Payment of deemed income tax for FY29 and dividends, etc.)
- Decrease in inventories-237 (Devaluation due to strong Yen in overseas subsidiaries)

## Liabilities

- Decrease in notes and accounts payable -2,467
- Decrease in corporate tax payable -858

## Net assets

- Decrease of retained earnings -551 (12/3 14,776 ⇒ 12/6 14,226) (Dividend payment, increase of net profit, etc.)

# Consolidated C/F

(mil JPY)

(mil JPY)

	FY29 1Q	FY30 1Q	YoY Change
	'11/4-'11/6	'12/4-'12/6	Amount
C/F from operating activities	27,490	22,394	-5,096
C/F from investing activities	6,639	6,726	87
C/F from financing activities	34,129	29,120	-5,009
Effect of change in exchange rate	14,196	10,214	-3,982
Increase-decrease of cash & cash equivalent	1,016	1,015	-1
Beginning balance of cash & cash equivalent	15,212	11,229	-3,982
Ending balance of cash and cash equivalent	0	0	0

## C/F from operating activities

- Decrease in notes and accounts receivable 2,707
- Net profit before taxes 891
- Depreciation 249
- Decrease in notes and accounts payable -2,302
- Payment of income tax -1,186

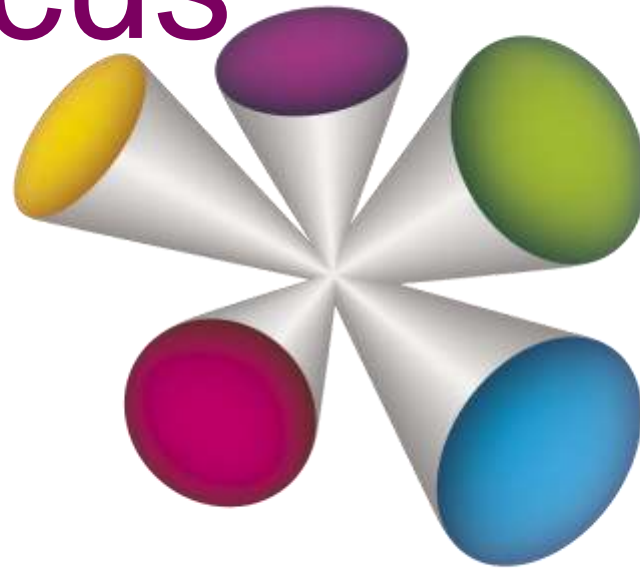
## C/F from investing activities

- Purchase of in-house software -191 (Global ERP, etc.)
- Purchase of fixed asset -154 (Mold, etc.)
- Payment of lease deposit for relocation of Tokyo office -122 (Refund of deposit from a prior owner will be occurred in 2Q)

## C/F from financing activities

- Dividends payment -1,086

# FY30 Basic Policy and Business Focus



# FY30 Basic policy

## Business environment

- Global economy will show a modest recovery bearing various risks such as prolonged credit crisis in EU. In the foreign exchange market, JPY will continue to be strong due to weak Euro zone economy and monetary policies in US.
- As economic growth in US, EU, and Japan decelerate, emerging countries such as China and India will drive global economy and become growth engines in IT markets.
- Smart phones, tablet-devices, and e-Books will establish the position as a main IT platform after PCs.
- Multi-touch will become the standard and pen input will gain higher recognition and interests in UI category.

# FY30 Basic policy

## Wacom's business strategies

- Strengthen global leadership of Pen Tablet business.
  - Accelerate growth by launching new products and maximizing the impact.
  - Expand pen products for tablet devices and establish a business model
  - Expand product lines and growth in business solutions fields.
  - Enhance SCM function in China and expand local production systems.
  - Change “Tablet business” to “Brand Product business” and expand the investment in branding.
- Innovate Component business and accelerate growth.
  - Strengthen the leadership in Android smart phones market.
  - Establish the leadership in tablet devices on Windows OS.
  - Establish highly responsive SCM system for smartphone business.

# FY30 Basic policy

## Wacom's business strategies

- Build foundation and accelerate growth in Japan and Asia Pacific market.
  - Create new demand in domestic market and enhance marketing in Asia.
  - Re-engineer business processes and establish “Shared Service Center”.
- Strengthen the development of new technologies and new products.
  - Accelerate the development of next generation UI technologies.
  - Build software business strategies and strengthen application development capabilities.
- Enhance the competitiveness by global integration
  - Enhance global marketing collaboration and brand promotion.
  - Promote globalization of corporate functions.



# Assumptions for FY30 forecast

- **Market demand for the latest forecast is based on a review in the middle of July, 2012.**
- **Revised assumption of FX rate since Aug. in FY30**  
(FX rate in July was adopted TTM rates as of Jun.)
  - US dollar: (Initial) ¥ 75/Dollar (No revision)
  - Euro : (Initial) ¥100/Euro (Revised) → ¥95/Euro
- **Forecast of foreign exchange sensitivity (12 months)**

(mil JPY)

Currencies	US dollar	Euro
Unit of sensitivity	JPY 1	JPY 1
Sales	400	100
Operation profit	20	70

(the JPY appreciation is negative impact, the JPY depreciation is positive impact)

# Forecast of business results for FY30

(mil JPY)

	FY29 1H (Actual)		FY30 1H (Revised)		YoY
	2011/4-2011/9		2012/4-2012/9		Growth rate
<b>Sales</b>	<b>16,051</b>		<b>22,150</b>		<b>38.0%</b>
<b>OP</b>	<b>892</b>	<b>5.6%</b>	<b>1,800</b>	<b>8.1%</b>	<b>101.8%</b>
<b>RP</b>	<b>890</b>	<b>5.5%</b>	<b>1,790</b>	<b>8.1%</b>	<b>101.0%</b>
<b>NP</b>	<b>542</b>	<b>3.4%</b>	<b>1,205</b>	<b>5.4%</b>	<b>122.4%</b>

	FY30 1H (Initial)		FY30 1H (Revised)		YoY
	2012/4-2012/9		2012/4-2012/9		Growth rate
<b>Sales</b>	<b>20,370</b>		<b>22,150</b>		<b>8.7%</b>
<b>OP</b>	<b>950</b>	<b>4.7%</b>	<b>1,800</b>	<b>8.1%</b>	<b>89.5%</b>
<b>RP</b>	<b>940</b>	<b>4.6%</b>	<b>1,790</b>	<b>8.1%</b>	<b>90.4%</b>
<b>NP</b>	<b>592</b>	<b>2.9%</b>	<b>1,205</b>	<b>5.4%</b>	<b>103.5%</b>

Sales will increase by the expansion of Components compared with its initial forecast. Profits will increase by sales growth, change of depreciation method, and cost reduction of an OEM project in the previous FY, etc.

# Forecast of business results for FY30

(mil JPY)

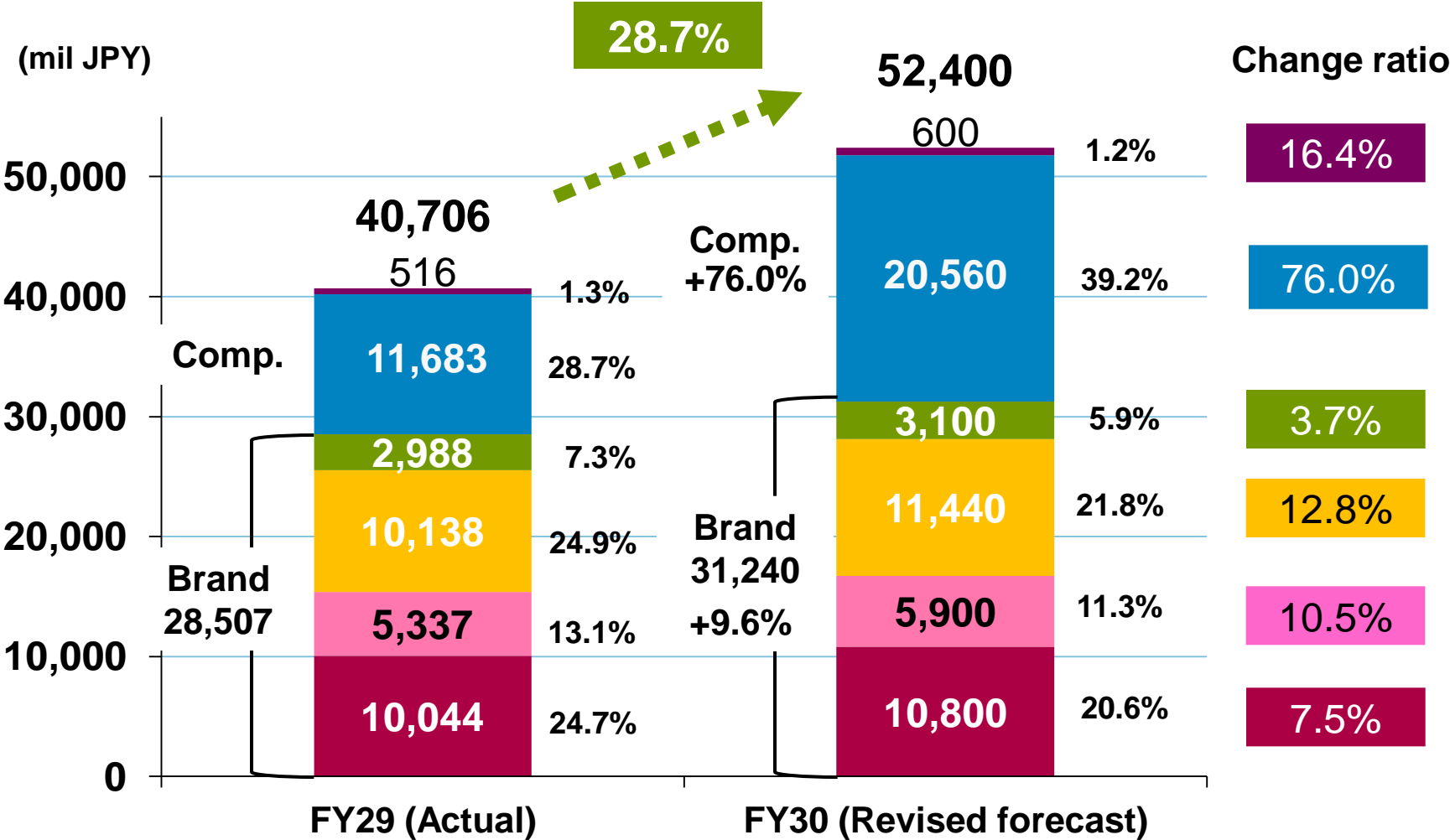
	FY29 (Actual)		FY30 (Revised)		YoY
	2011/4-2012/3		2012/4-2013/3		Growth rate
<b>Sales</b>	<b>40,706</b>		<b>52,400</b>		<b>28.7%</b>
<b>OP</b>	<b>4,067</b>	<b>10.0%</b>	<b>6,000</b>	<b>11.5%</b>	<b>47.5%</b>
<b>RP</b>	<b>3,892</b>	<b>9.6%</b>	<b>5,870</b>	<b>11.2%</b>	<b>50.8%</b>
<b>NP</b>	<b>2,181</b>	<b>5.4%</b>	<b>3,820</b>	<b>7.3%</b>	<b>75.1%</b>

	FY30 (Initial)		FY30 (Revised)		YoY
	2012/4-2013/3		2012/4-2013/3		Growth rate
<b>Sales</b>	<b>50,400</b>		<b>52,400</b>		<b>4.0%</b>
<b>OP</b>	<b>5,600</b>	<b>11.1%</b>	<b>6,000</b>	<b>11.5%</b>	<b>7.1%</b>
<b>RP</b>	<b>5,570</b>	<b>11.1%</b>	<b>5,870</b>	<b>11.2%</b>	<b>5.4%</b>
<b>NP</b>	<b>3,600</b>	<b>7.1%</b>	<b>3,820</b>	<b>7.3%</b>	<b>6.1%</b>

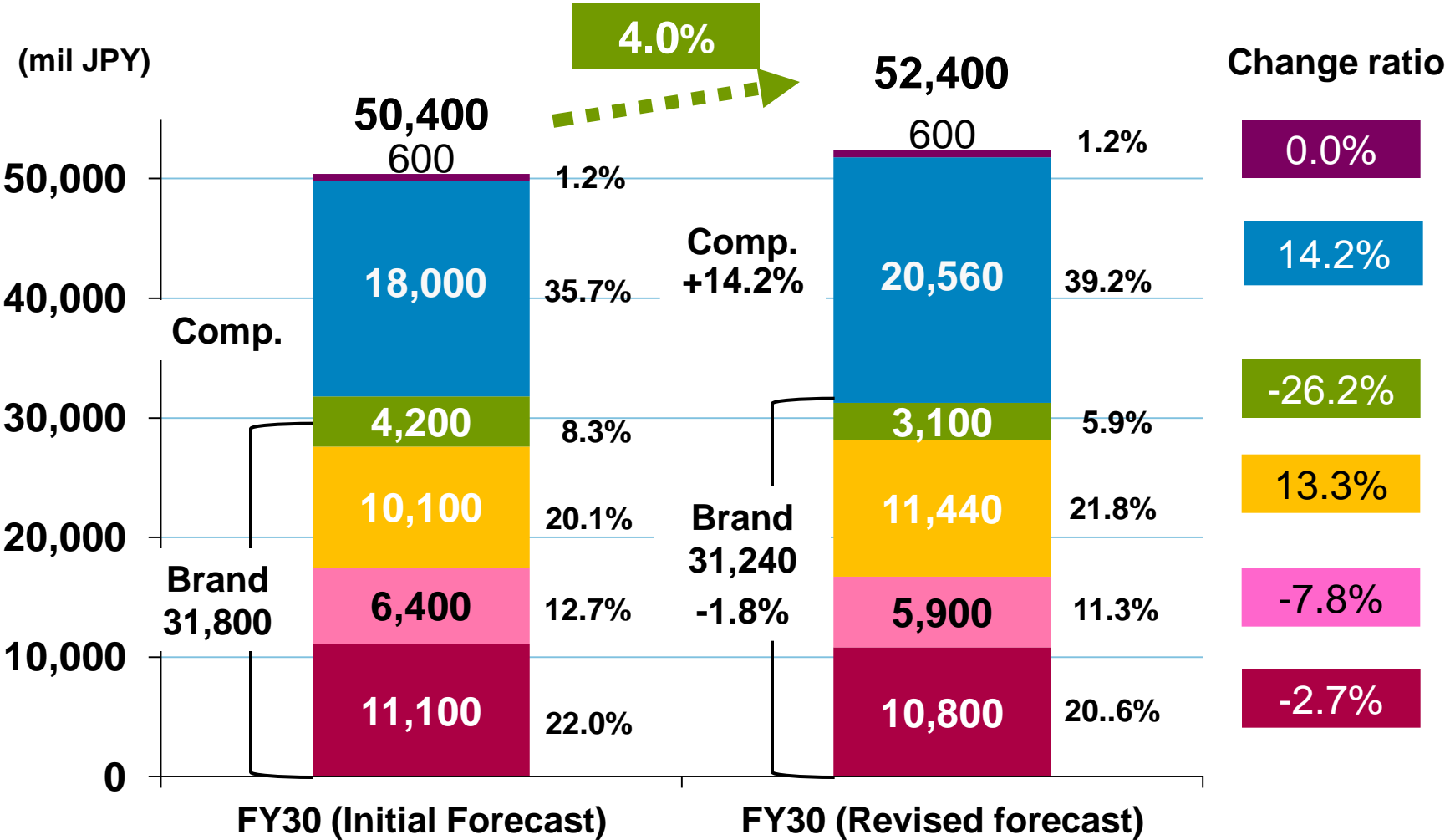
Sales will increase by the expansion of Components compared with its initial forecast. Profits will increase by sales growth and cost reduction despite depression of product mix and Yen appreciation, etc.

# Sales forecast by BU segment (vs. FY29 actual)



■ Pro (Pen tablet) ■ Pro (LCD pen tablet) ■ Consumer ■ Business ■ Comp. ■ Others

# Sales forecast by BU segment (vs. Initial forecast)



■ Pro (Pen tablet) 
 ■ Pro (LCD pen tablet) 
 ■ Consumer 
 ■ Business 
 ■ Comp. 
 ■ Others

# Dividend forecast for FY30

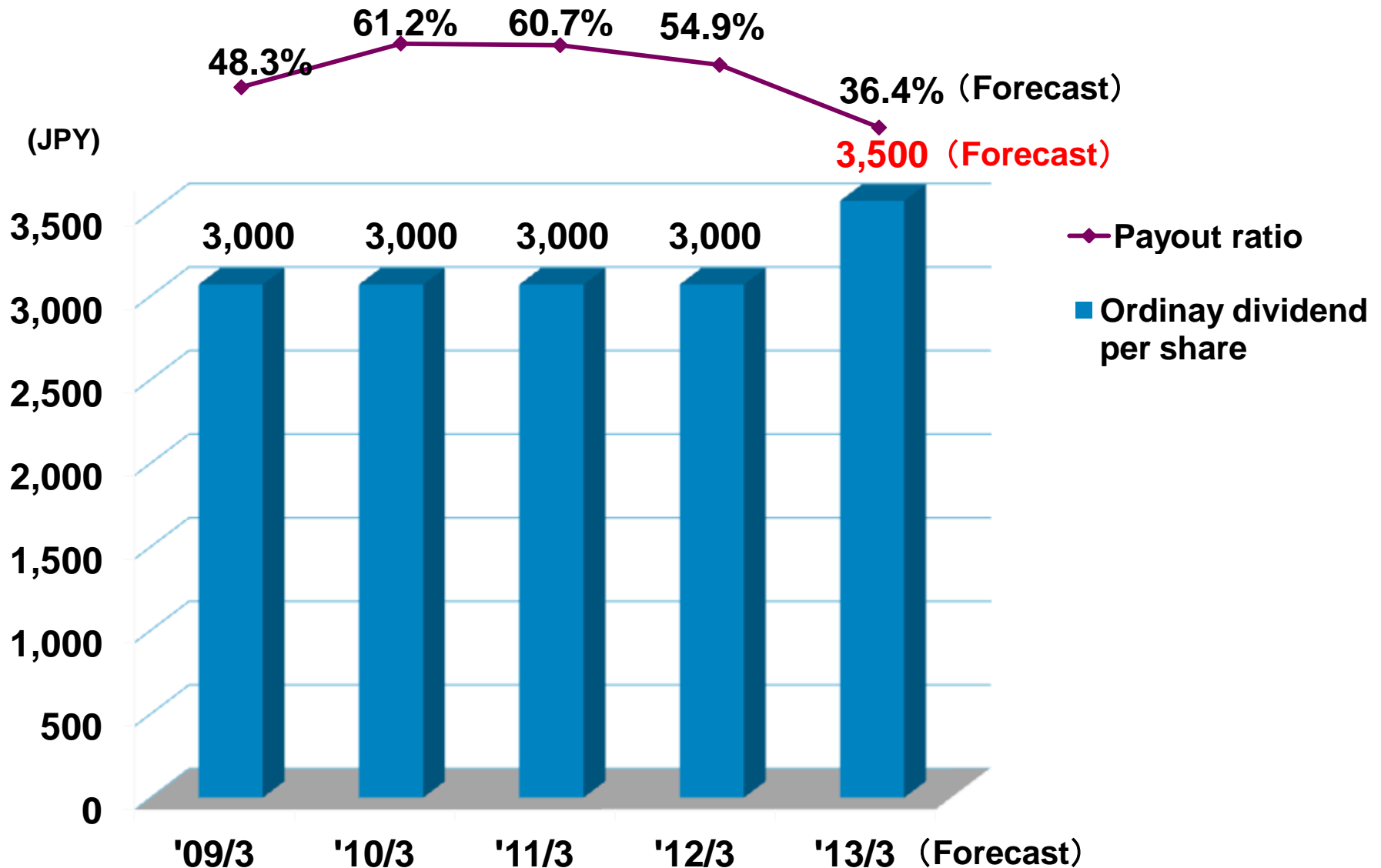
- **Dividend policy**

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

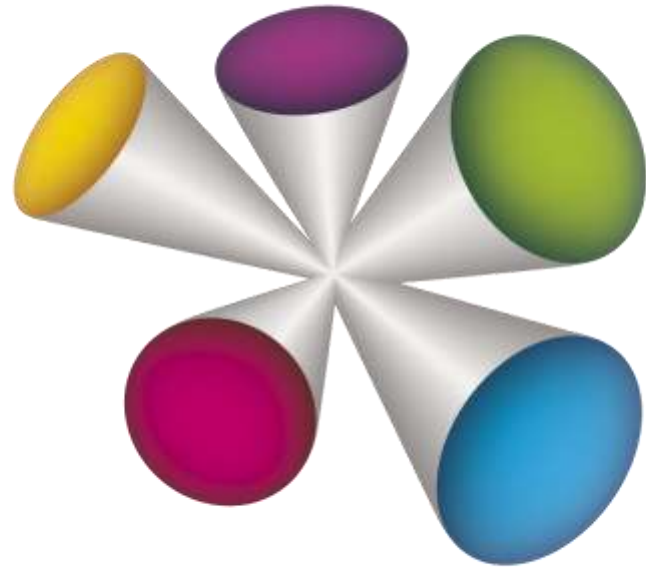
- **Dividend per share**

- JPY 3,500 per share (FY29 JPY 3,000)
- Payout ratio 36.4% (based on FY30 forecast)  
( After deducting treasury stocks of 25,000 shares)

# 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 forecast in FY30 and the rapid and structural changes in IT market, the original plan requires reconsideration. Our the financial goals are unchanged except for the timing of attainment.

In the meantime, we aim for sales growth and improvement of operating margins and ROE, plus securing achievement of the annual plan.

The plan will be announced at the same timing of FY30 1H results.

# 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 : 03-5337-6502 FAX : 03-5337-6513

Sumitomo Fudosan Shinjuku Grand Tower 31F,  
8-17-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

160-6131, Japan

