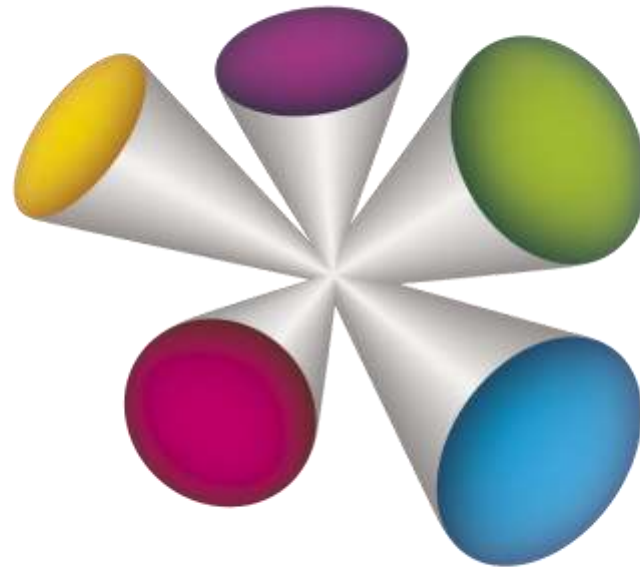


# Business Report

Apr. to Dec. 2012  
(3Q for FY 3/13)

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



# 3Q for FY 3/13 Results Overview

## Operating environment

- Recovery of global economy remained slow due to the prolonged European credit crisis and the fiscal cliff issue in US. In Forex, Japanese yen reversed the trend since November.
- In IT market, Smartphones and tablets established new growth segment with rapid growth. OS makers launched their own product lines for the market presence.

## Performance overview

- Achieved the record consolidated sales for 3Q. LCD pen tablets and *Bamboo Stylus* in brand business contributed to the growth. And, component sales for smartphones accelerated rapidly.
- 3Q operating profit and net profit doubled YOY, and reported the record results.
- Full year financial results forecasts for FY 3/13 were revised upward.

# 3Q for FY 3/13 Result overview

## Summary of financial result

(JPY)	3Q FY 3/13	YOY
<b>Sales</b>	<b>41.93 bn</b>	<b>+50.9%</b>
<b>Operating Profit</b>	<b>5.80 bn</b>	<b>+112.6%</b>
<b>Recurring Profit</b>	<b>5.64 bn</b>	<b>+113.1%</b>
<b>NPBT</b>	<b>5.64 bn</b>	<b>+126.5%</b>
<b>Net Profit aft. Tax</b>	<b>3.59 bn</b>	<b>+118.8%</b>
	3Q FY 3/13	3Q FY 3/12
<b>EPS</b>	<b>9,029</b>	<b>4,109</b>
<b>BPS</b> (Book value per share)	<b>54,873</b>	<b>44,710</b>
(Average FX rate)	1USD=80.43JPY	79.17JPY
	1EURO=103.24JPY	111.32JPY

# Consolidated P/L

(Unit: Million JPY)

	3Q FY 3/12	3Q FY 3/13	YOY Change	
	4/11-12/11	4/12-12/12	Amount	Ratio
Sales	27,786	41,930	14,144	50.9%
Gross Profit	12,826	17,286	4,460	34.8%
GPM	46.2%	41.2%		
Operating Profit	2,729	5,802	3,074	112.6%
OPM	9.8%	13.8%		
Recurring Profit	2,646	5,637	2,992	113.1%
Net Profit aft. Tax	1,643	3,594	1,951	118.8%

- Effect of foreign exchange for 9-month:
  - Stronger dollar (1.26 yen) Sales +470 mil, OP +60 mil
  - Weaker Euro (8.08 yen) Sales -530 mil, OP -360 mil
- Change of depreciation method: COGS -130 mil, SG&A -40 mil
- Others: cost reduction in 1Q for an OEM project ended in previous FY

# Consolidated P/L by Business Line

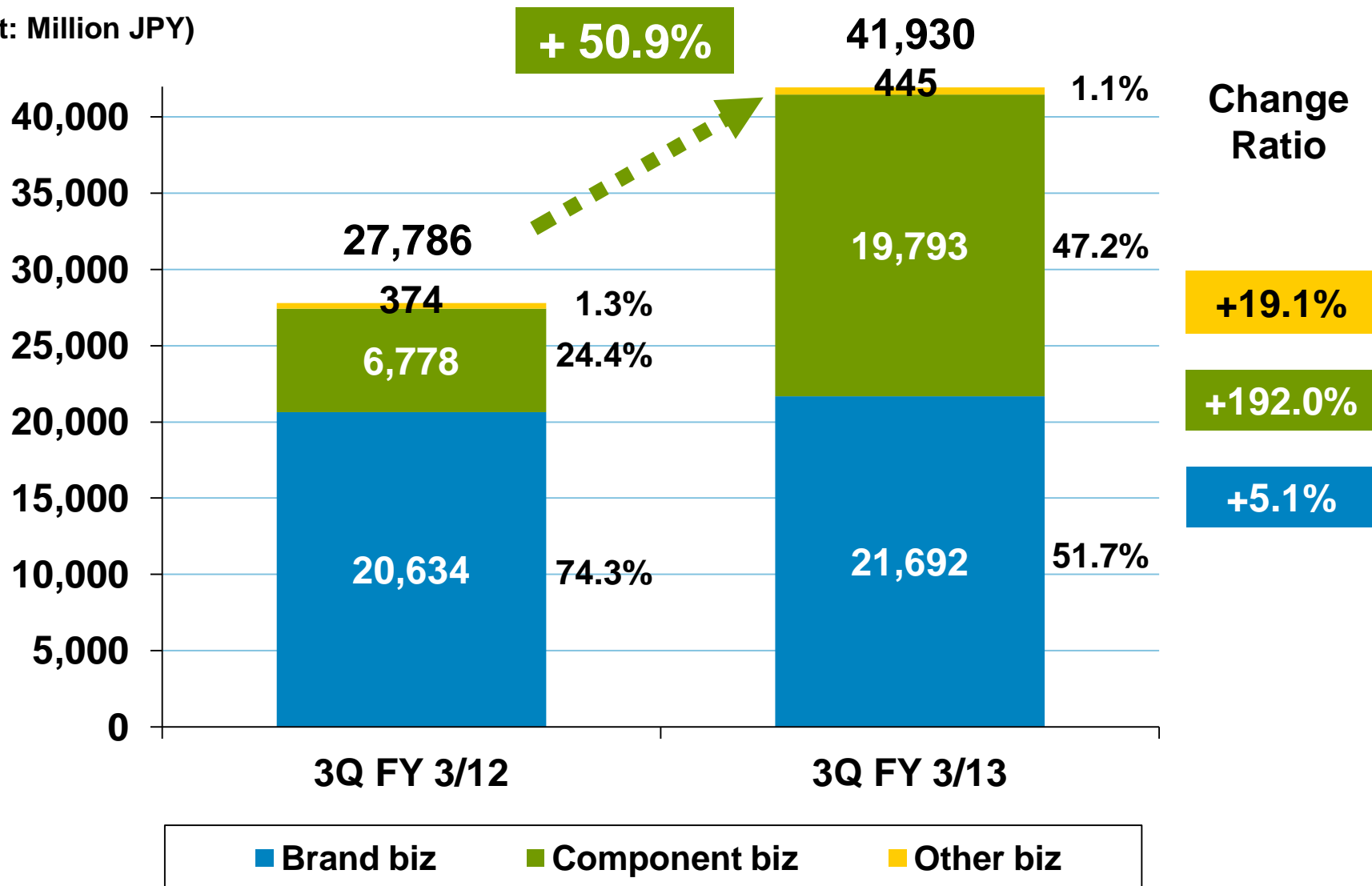
(Unit: Million JPY)

	3Q FY 3/12	3Q FY 3/13	YOY Change	
	4/11-12/11	4/12-12/12	Amount	Ratio
Sales	27,786	41,930	14,144	50.9%
Brand biz	20,634	21,692	1,058	5.1%
Component biz	6,778	19,793	13,015	192.0%
Other biz	374	445	71	19.1%
Operating Profit	2,729	5,802	3,074	112.6%
Brand Biz	3,730	3,870	141	3.8%
Component biz	559	3,581	3,023	541.1%
Other biz	68	75	8	11.2%
Corp. and others	-1,627	-1,725	-98	6.0%
OPM	9.8%	13.8%		

Note) “Tablet business” has been restarted as to “Brand business” from FY 3/13.

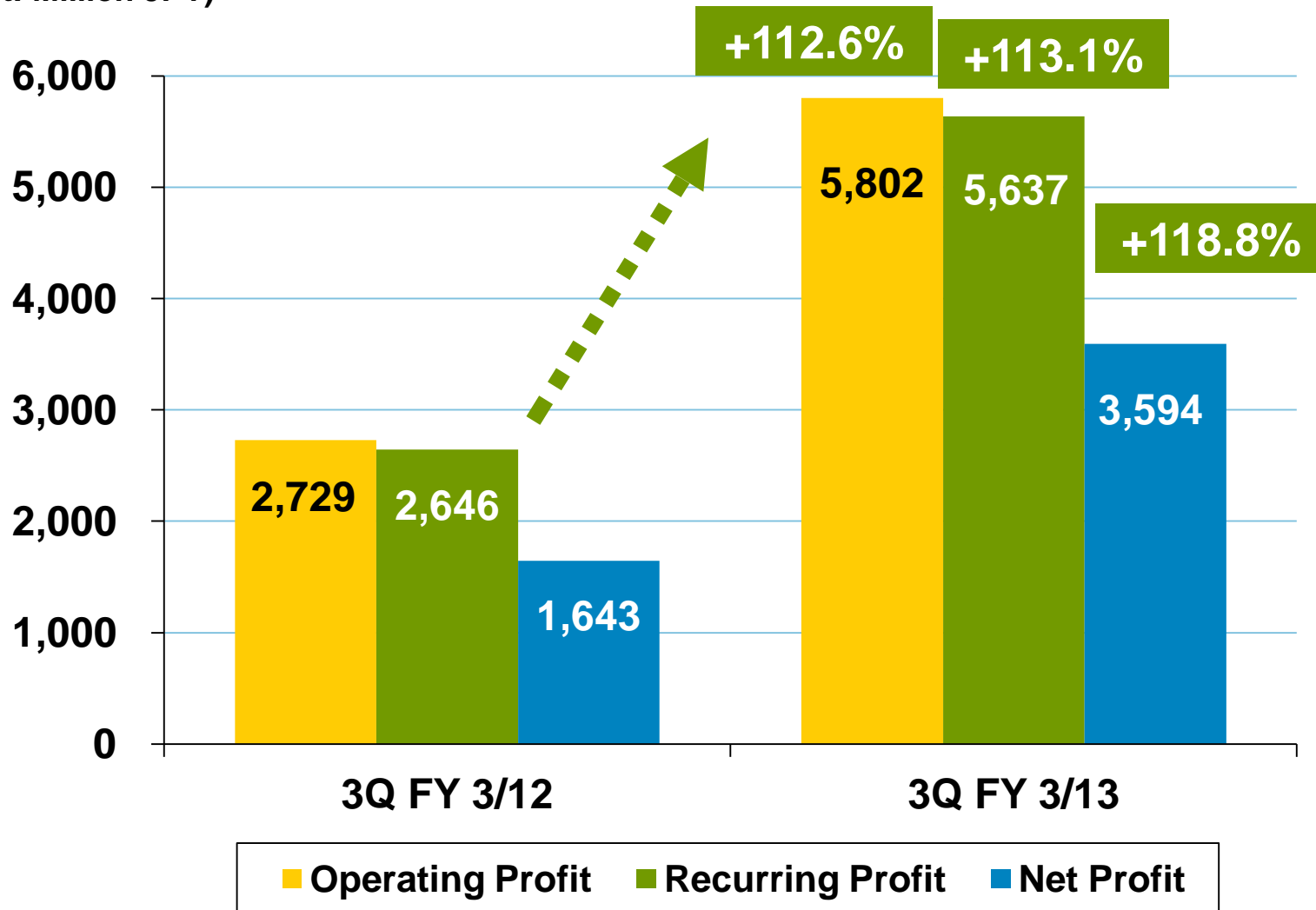
# Consolidated Sales Comparison

(Unit: Million JPY)



# Consolidated Profit Comparison

(Unit: Million JPY)



# Operating Expenses Comparison

(Unit: Million JPY)

	3Q FY 3/12	3Q FY 3/13	YOY Change	
	4/11-12/11	4/12-12/12	Amount	Ratio
<b>Personnel</b>	3,816	4,485	669	17.5%
<b>R&amp;D</b>	1,237	1,418	180	14.6%
<b>Ad. &amp; Promo.</b>	1,565	1,781	216	13.8%
<b>Others</b>	3,479	3,799	321	9.2%
<b>Total</b>	10,097	11,483	1,387	13.7%
<b>SG&amp;A Ratio</b>	36.3%	27.4%		

## Key changes

Increase: Increase of overseas personnel (No. of employees as of Dec. 31, FY 3/12 770 → FY 3/13 886) and reserve for bonus.

A one-off expense for Tokyo office relocation and depreciation cost of launched global ERP system in Others.



# Business Highlights: 1

## Brand Business

+5.1%

## Professional Products

+4.0%

## Pen Tablets

-1.5%

- Sales of *Intuos5* remained broadly in line with prev. 3Q due to weaker Euro and overhang of *Intuos4*. Promoted high productivity through Web campaign.
- *Inkling* garnered good reviews as a new digital stationery device.

## LCD Pen Tablets

+13.8%

- *Cintiq 24HD touch*, launched in July, was well received for unique UI integration of pen and multi-touch technologies.
- *Cintiq 22HD*, released in July to replace *Cintiq 21UX*, contributed sales growth.

intuos<sub>5</sub>



Inkling™

Cintiq<sub>24HD touch</sub>



# Business Highlights: 2

## Brand Business

### Consumer Products +12.3%

- *Bamboo Stylus* series received good reviews for writing comfort, showed favorable growth. Also added *Bamboo Stylus feel* (EMR pen) to the lineup.
- *Bamboo Paper* hit 4.7 mil. downloads since launch, its new App on Android OS joined in October.
- Strong sales of pen tablets as *Bamboo series* expanded user base among graphics oriented consumers.

BAMBOO® STYLUS



BAMBOO® PAPER



BAMBOO®  
PEN & TOUCH



# Business Highlights: 3

## Brand Business

### Business Products

**-13.7%**

- Signature pen tablets increasingly adopted in financial sector in Europe and Japan. However, sales remained at the prev. 3Q level due to effect of a large sales event in FY 3/12.
- Decrease in non-signature categories due to end of US OEM supply and slowdown in corporate investment.
- Launched original software *Wacom Sign | Pro PDF*, *Wacom Allwrite* to support paperless workflow.

### Signature tablets, STU Series



### DT / PL Series



# Business Highlights: 4

Smartphone, Tablet models on Android OS

## Component Business +192.0%

- Pen component supply for Samsung Galaxy Note series contributed to expand. Global demand for pen input started to accelerate.
- Won Windows 8 based tablet and PC projects. Started to supply pen components for DELL.
- Latest Windows 8 and Android 4 OS support pen functions as standard features. New IC controllers for multi-touch developed.



## Tablet and PC models on Windows 8 OS



# Business Highlights: 5

## Other Business

**+19.1%**

### **CAD software and others +19.1%**

- Strong growth of ECAD DIO software on reconstruction demand in Japan.
- Earned positive reviews from customers in machinery and robotics industries, gained new customers.

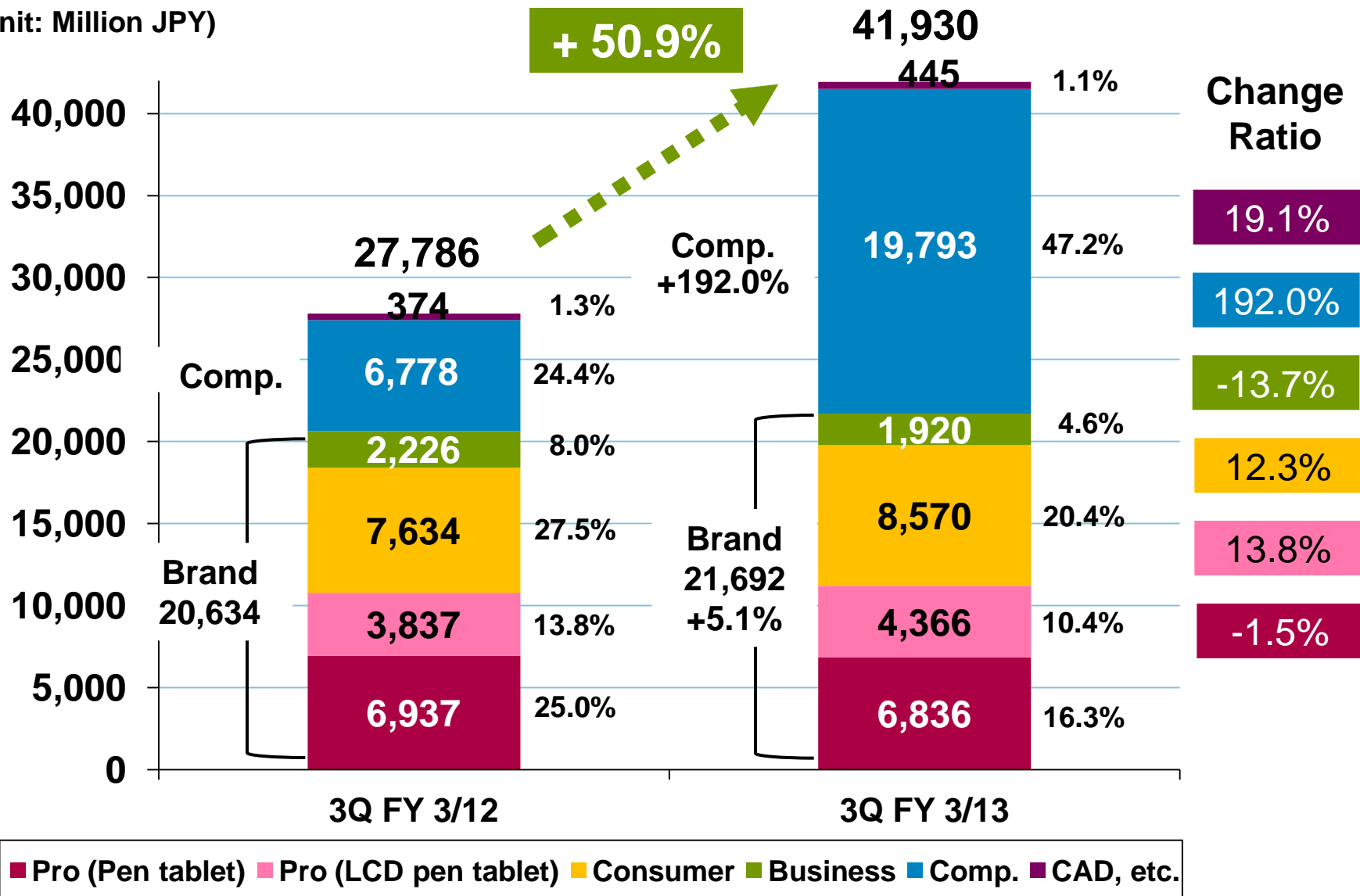


## F&A (Corporate)

- Developing global ERP system in Asia-Oceania region.
- Depreciation method of tangible fixed assets changed from declining-balance method to straight-line method in accordance with international accounting standards and as appropriate for the new economic environment.  
(Effect on 3Q operating profit: -176 million)

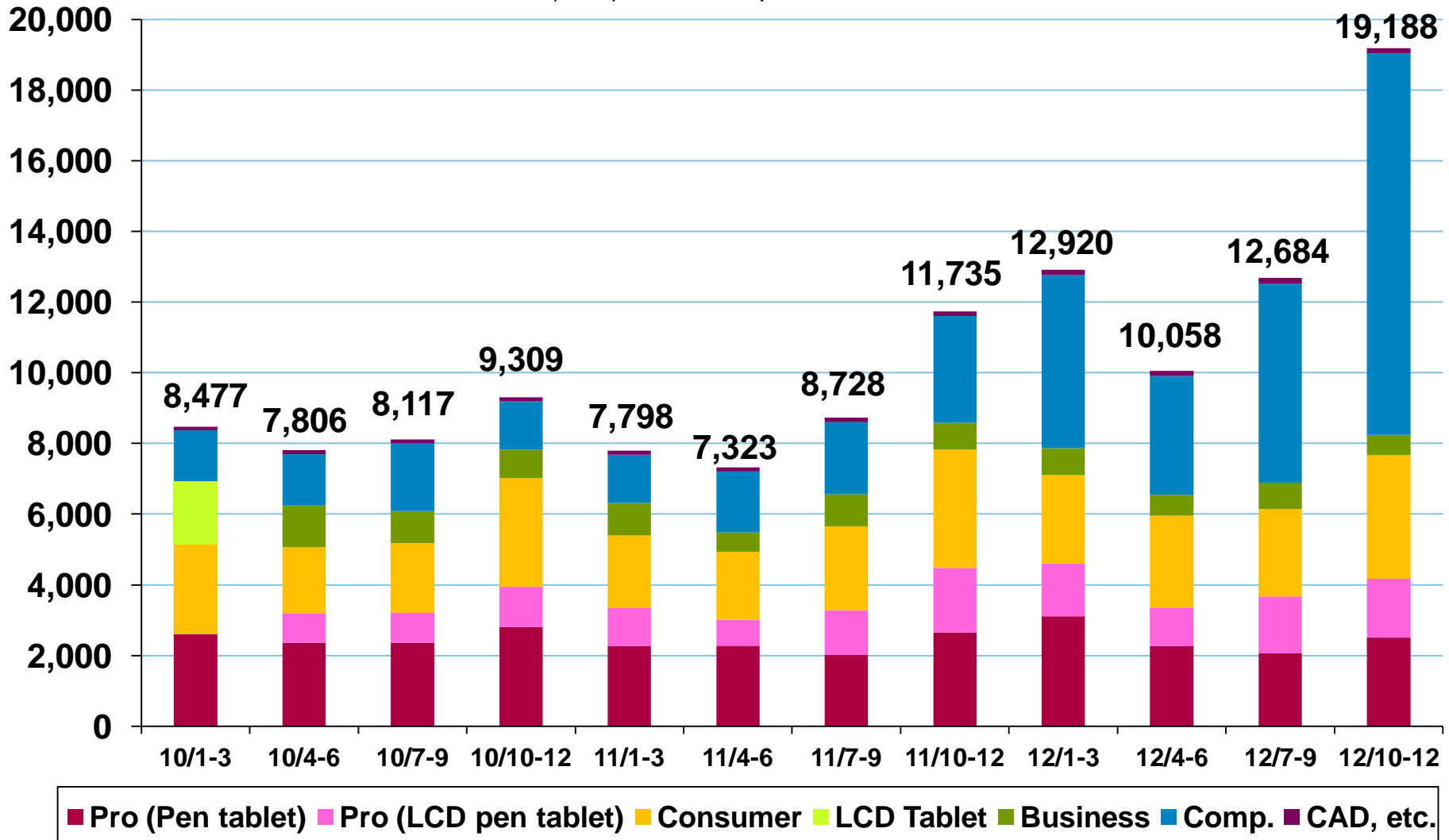
# Sales by Product Line

(Unit: Million JPY)



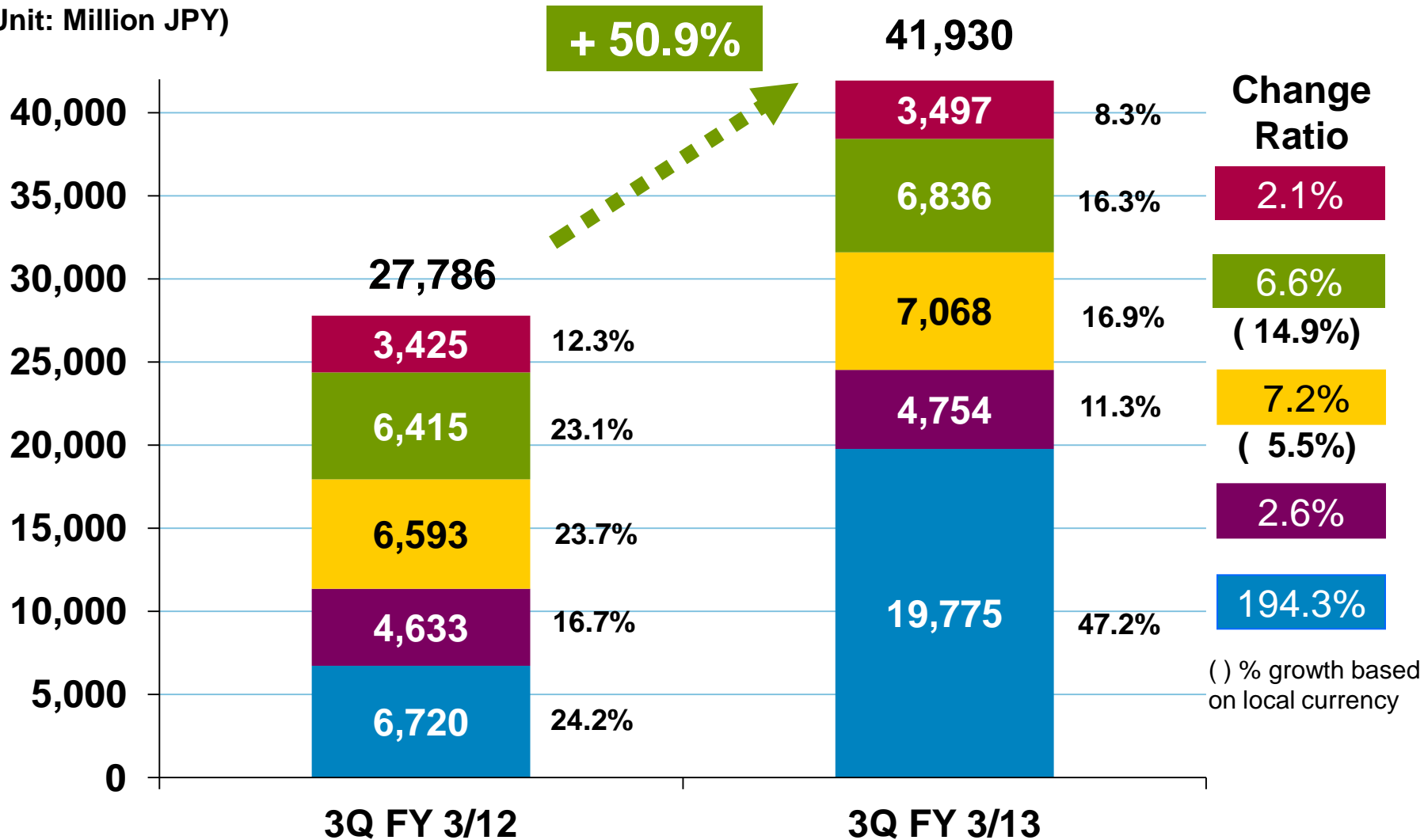
# Quarterly Trend by Product Line

(Unit: Million JPY) 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”.



# Sales by Region

(Unit: Million JPY)



■ Comp. (JPN) ■ Japan ■ U.S. ■ Germany ■ Asia Oceania



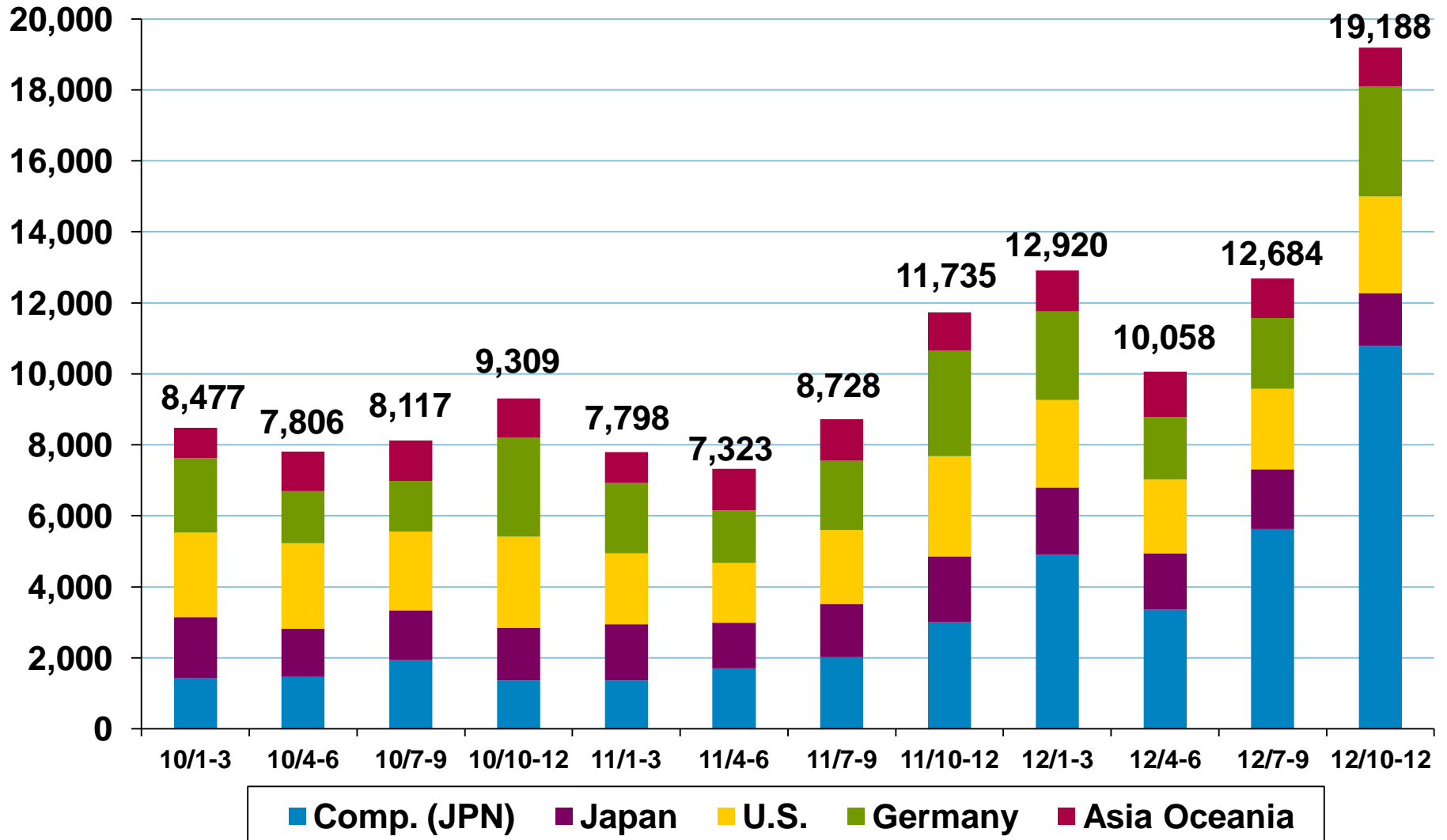
# Sales Changes for Local Currencies

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

Region	Currency	YOY Change Ratio
U.S.	USD	5.5%
Europe	EUR	14.9%
China	CNY	-15.7%
Korea	KRW	13.6%
Australia	AUD	9.2%
Singapore	USD	24.8%
Hong Kong	USD	28.8%

# Quarterly Trend by Region

(Unit: Million JPY)



# Consolidated B/S

(Unit: Million JPY)

	End of Mar. 2012	End of Dec. 2012	Change
Current assets	27,490	34,636	7,146
Fixed assets	6,639	7,098	458
<b>Total assets</b>	<b>34,129</b>	<b>41,734</b>	<b>7,604</b>
Current liabilities	14,196	18,487	4,291
Fixed liabilities	1,016	1,265	249
<b>Total liabilities</b>	<b>15,212</b>	<b>19,752</b>	<b>4,540</b>
Minority interest in subsidiaries	0	0	0
<b>Net assets</b>	<b>18,918</b>	<b>21,982</b>	<b>3,064</b>
<b>Total liabilities and Net assets</b>	<b>34,129</b>	<b>41,734</b>	<b>7,604</b>
<b>Equity ratio</b>	<b>55.2%</b>	<b>52.5%</b>	<b>-2.7%</b>
<b>Book value per share (JPY)</b>	<b>47,350</b>	<b>54,873</b>	<b>7,522</b>

## Assets

- Increase in notes and accounts receivable 4,185  
(Increase from increase in sales in Component business, etc.)
- Increase in inventories 974  
(Increase from expansion of Component business, etc.)
- Increase in cash and cash equivalents 957  
(Increase in net profit, etc.)

## Liabilities

- Increase in notes and accounts payable 3,695

## Net assets

- Increase of retained earnings 2,401  
(3/12 14,776 ⇒ 12/12 17,177)  
(Increase in net profit, etc.)

# Consolidated C/F

(Unit: Million JPY)

	3Q FY 3/12	3Q FY 3/13	YoY Change
	4/11-12/11	4/12-12/12	Amount
C/F from operating activities	2,206	2,774	567
C/F from investing activities	-1,083	-1,122	-38
C/F from financing activities	-1,627	-1,057	570
Effect of change in exchange rate	-346	362	708
Increase-decrease of cash & cash equivalent	-849	957	1,807
Beginning balance of cash & cash equivalent	10,455	11,970	1,515
Ending balance of cash and cash equivalent	9,605	12,927	3,322

## C/F from operating activities

- Net profit before taxes 5,638
- Increase in notes and accounts payable 3,521
- Depreciation 809
- Increase in notes and accounts receivable -4,867
- Payment of income tax -1,978
- Increase of inventories -673

## C/F from investing activities

- Purchase of fixed assets -615  
(Mold, etc.)
- Purchase of in-house software  
(Global ERP, etc.) -449

## C/F from financing activities

- Dividends payment -1,193

# FY 3/13

# Basic Policy and Business Focus

# FY 3/13 Basic Policy and Assumptions

## Business environment

- Global economy to modestly recover bearing various risks such as prolonged credit crisis in EU. In the foreign exchange market, the Japanese yen will continue to be strong due to monetary policies in U.S.



In the foreign exchange market, Japanese yen starts to correct from record high level with new Japanese monetary policies.

- As economic growth in U.S., Europe, and Japan decelerate, emerging countries such as China and India will drive the global economy and be IT market growth engines.
- Smartphones, tablets and e-Books devices will replace PC's as the main IT platform and lead growth.
- In UI category, multi-touch will become standard and use of pen input will grow.

# FY 3/13 Basic Policy

## Wacom's core strategies

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

# FY 3/13 Basic Policy

## Wacom's core strategies

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



# Assumptions for FY 3/13 Forecast

- Market demand based on review (mid-January, 2013).
- Revised FX rate assumptions since February in FY 3/13 (FX rates in January were TTM rates as of December 31.)
  - 1USD = 75 JPY (Revised) → 85 JPY
  - 1EURO = 100 JPY (Revised) → 110 JPY
- Foreign exchange sensitivity: 12-month forecast

(Unit: Million JPY)

Currencies	USD	EURO
Unit of sensitivity	JPY 1	JPY 1
Sales	400	100
Operation profit	20	70

(A stronger yen has a negative effect while a weaker yen has a positive effect.)

# Forecast of Results for FY 3/13

(Unit: Million JPY)

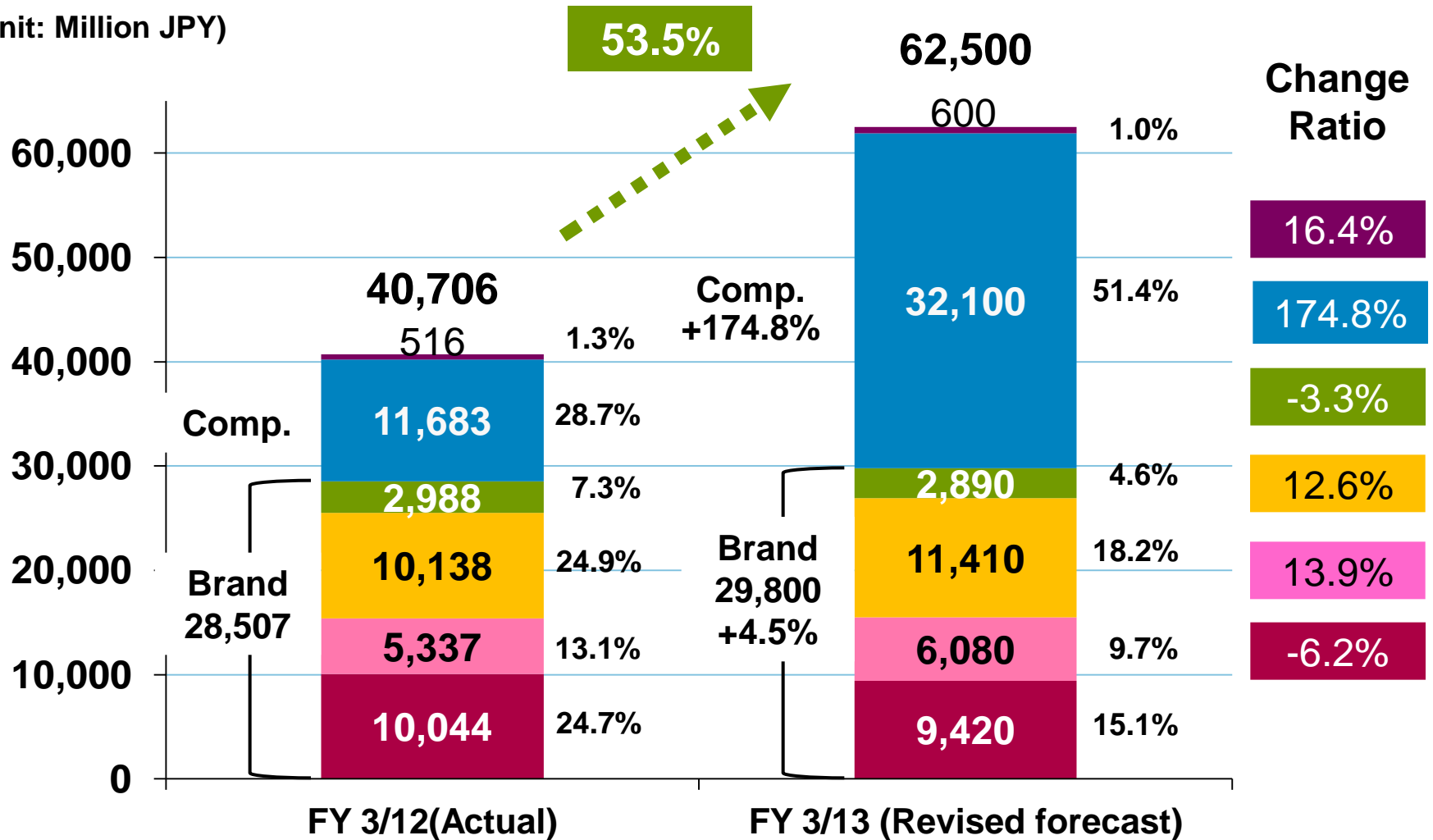
	FY 3/12 (Actual)		FY 3/13 (Revised)		YoY
	4/11-3/12		4/12-3/13		Growth rate
<b>Sales</b>	<b>40,706</b>		<b>62,500</b>		<b>53.5%</b>
<b>OP</b>	<b>4,067</b>	<b>10.0%</b>	<b>7,800</b>	<b>12.5%</b>	<b>91.8%</b>
<b>RP</b>	<b>3,892</b>	<b>9.6%</b>	<b>7,600</b>	<b>12.2%</b>	<b>95.3%</b>
<b>NP</b>	<b>2,181</b>	<b>5.4%</b>	<b>4,800</b>	<b>7.7%</b>	<b>120.0%</b>

	FY 3/13 (Prev. FCST as of Oct.)		FY 3/13 (Revised)		YoY
	4/12-3/13		4/12-3/13		Growth rate
<b>Sales</b>	<b>55,700</b>		<b>62,500</b>		<b>12.2%</b>
<b>OP</b>	<b>6,600</b>	<b>11.8%</b>	<b>7,800</b>	<b>12.5%</b>	<b>18.2%</b>
<b>RP</b>	<b>6,600</b>	<b>11.8%</b>	<b>7,600</b>	<b>12.2%</b>	<b>15.2%</b>
<b>NP</b>	<b>4,125</b>	<b>7.4%</b>	<b>4,800</b>	<b>7.7%</b>	<b>16.4%</b>

- Component business will further expand compared with the prev. forecast .

# Sales Forecast by Product Line (vs FY 3/12)

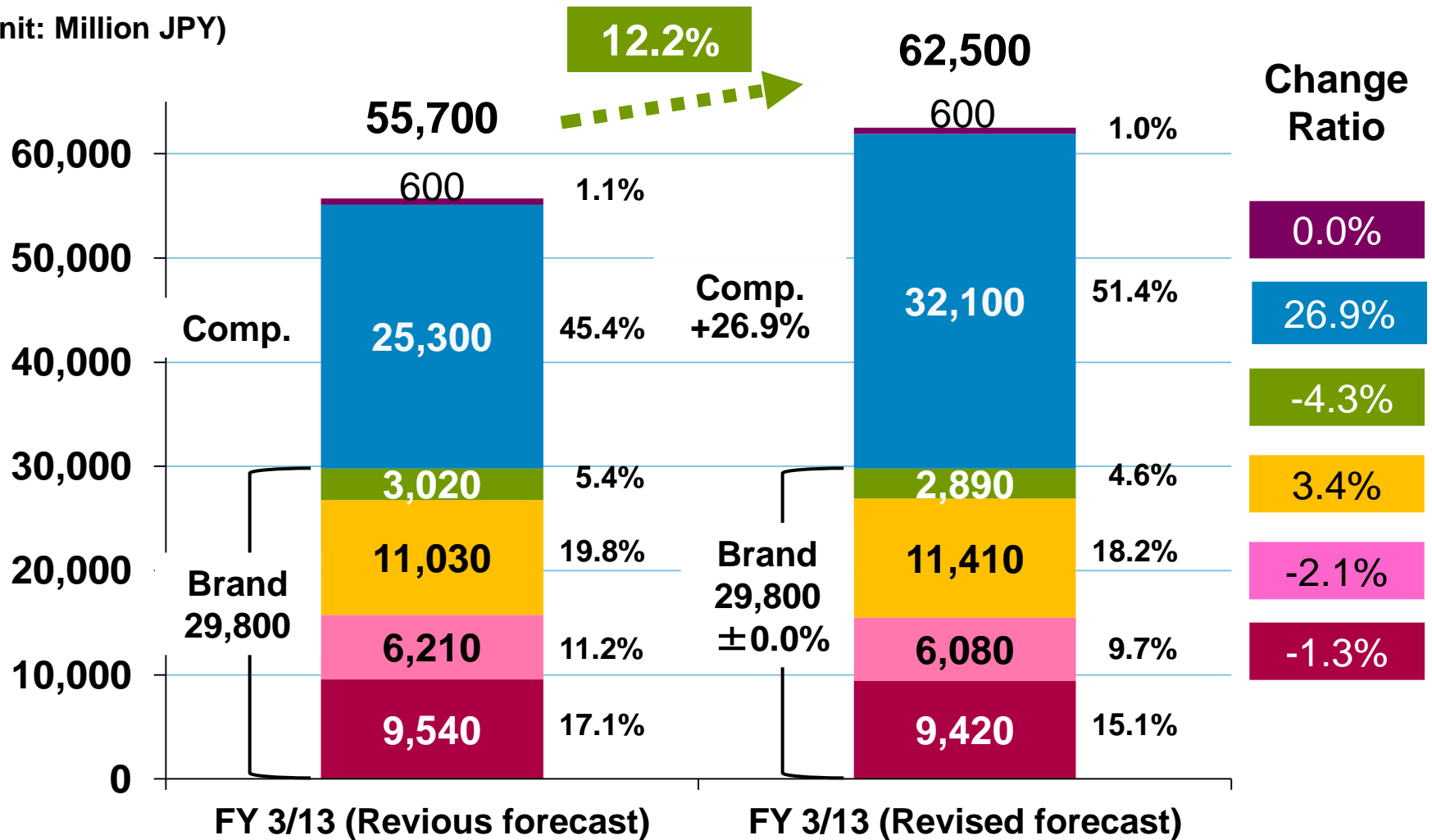
(Unit: Million JPY)



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

# Sales Forecast by Product Line (vs Prev.)

(Unit: Million JPY)



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

# Dividend forecast for FY 3/13

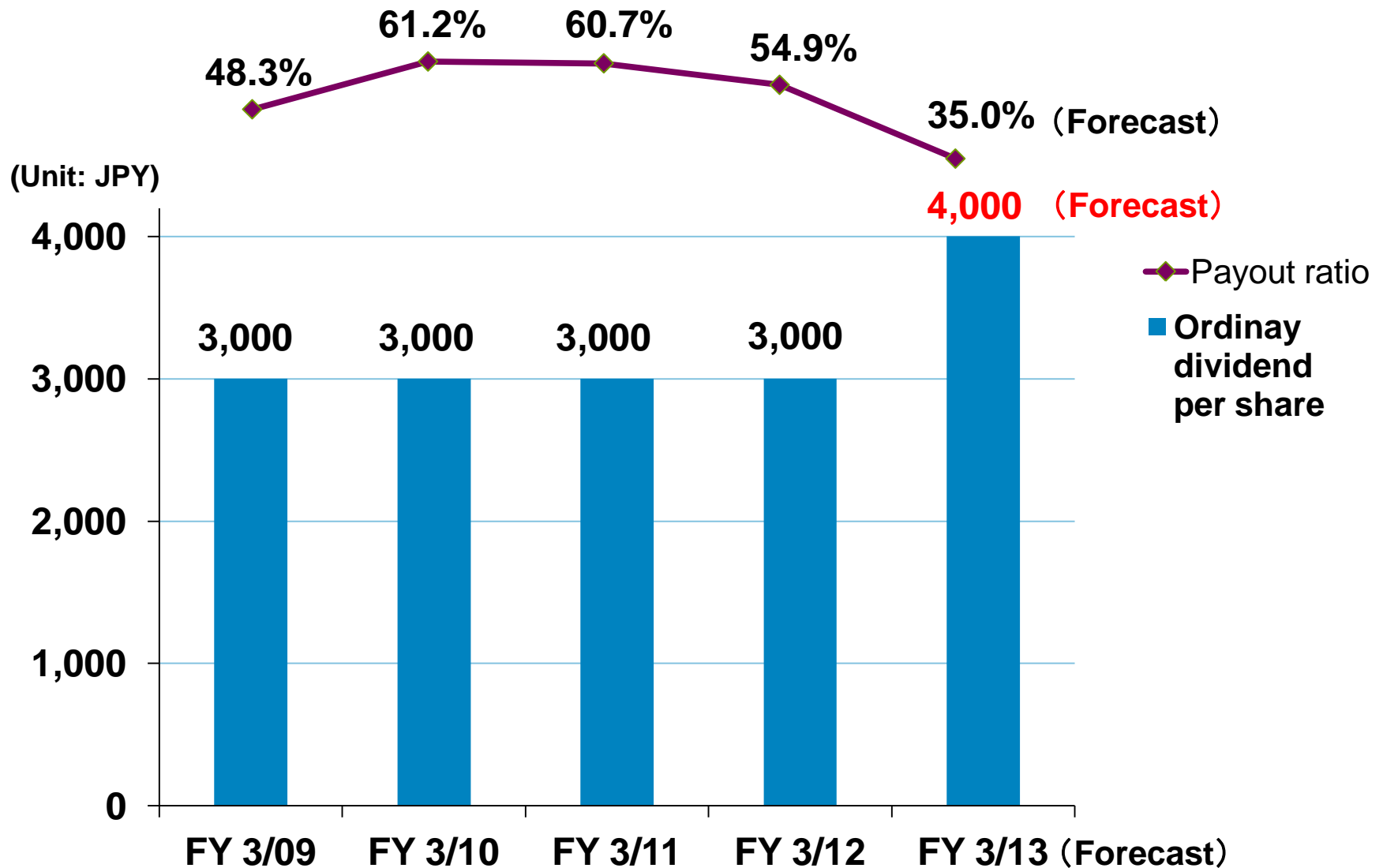
- **Dividend policy**

- Continue steady dividend payout to shareholders while maintaining a stable financial base necessary for future business development.
- Payout ratio 30% or more, to be increased over time.

- **Dividend per share**

- JPY 4,000 per share (JPY 3,000 for FY 3/12)  
**Dividend forecast revised from JPY 3,500 on Jan. 23, 2013.**
- Payout ratio 35.0% (After deducting 2,657 treasury shares)

# Dividends per Share



# 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/>

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