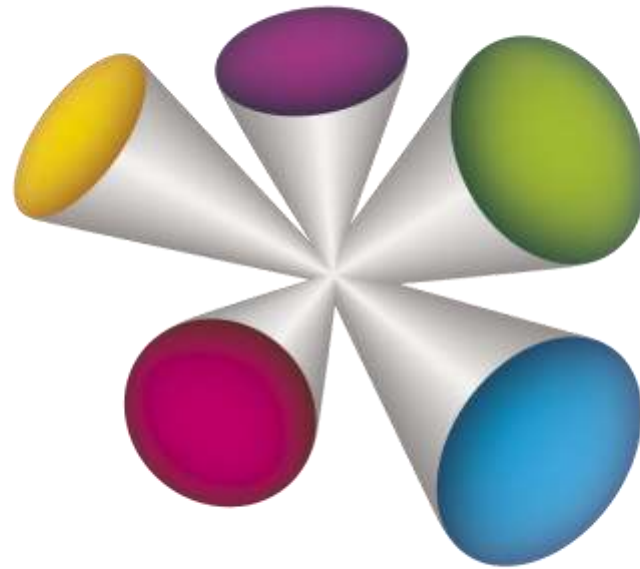


Business Report

Apr. to Jun. 2013
(1Q for FY 3/14)

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



1Q for FY 3/14 Results Overview

Operating environment

- The global economy expanded steadily, led by U.S. economic recovery and improvement in Japan, while Europe continued to fight recession amid prolonged debt problem. In forex, the yen was weaker than in the comparable period of previous fiscal year.
- In the IT industry, a new market has been created through rapid expansion of smartphones and tablets together with SNS and cloud computing. Borderless competition intensified, encompassing OS manufacturers.

Performance overview

- In Brand Business, new display products, *Cintiq 13HD* and signature pen tablets contributed significantly to growth.
- In Component Business, shipments for smartphones declined due to inventory adjustment. Shipments of tablet pens expanded rapidly.
- Achieved record sales for the 1Q period.

1Q for FY 3/14 Result overview

Summary of financial result

(JPY)	1Q FY 3/14	YOY
Sales	15.41 bn	+53.3%
Operating Profit	1.04 bn	+24.7%
Recurring Profit	0.98 bn	+10.0%
NPBT	0.97 bn	+9.1%
Net Profit aft. Tax	0.61 bn	-5.5%
	1Q FY 3/14	1Q FY 3/13*
EPS	3.61	4.04*
BPS (Book value per share)	168	173*
(Average FX rate)	1USD=97.94JPY	80.40JPY
	1EURO=127.35JPY	103.35JPY

Consolidated P/L

(Unit: Million JPY)

	1Q FY 3/13	1Q FY 3/14	YOY Change	
	4/12-6/12	4/13-6/13	Amount	Ratio
Sales	10,058	15,414	5,356	53.3%
Gross Profit	4,363	5,906	1,543	35.4%
GPM	43.4%	38.3%		
Operating Profit	830	1,035	205	24.7%
OPM	8.3%	6.7%		
Recurring Profit	891	980	89	10.0%
Net Profit aft. Tax	642	607	- 35	-5.5%

- Effect of foreign exchange for 3-month :
 - Stronger dollar (17.54 yen) Sales +2,060 mil, OP -60 mil
 - Stronger Euro (24.00 yen) Sales +410 mil, OP +230 mil
- Income tax : Effective tax rate in previous 1Q was lower than this FY due to tax refund at an overseas subsidiary and effect of forex, etc.

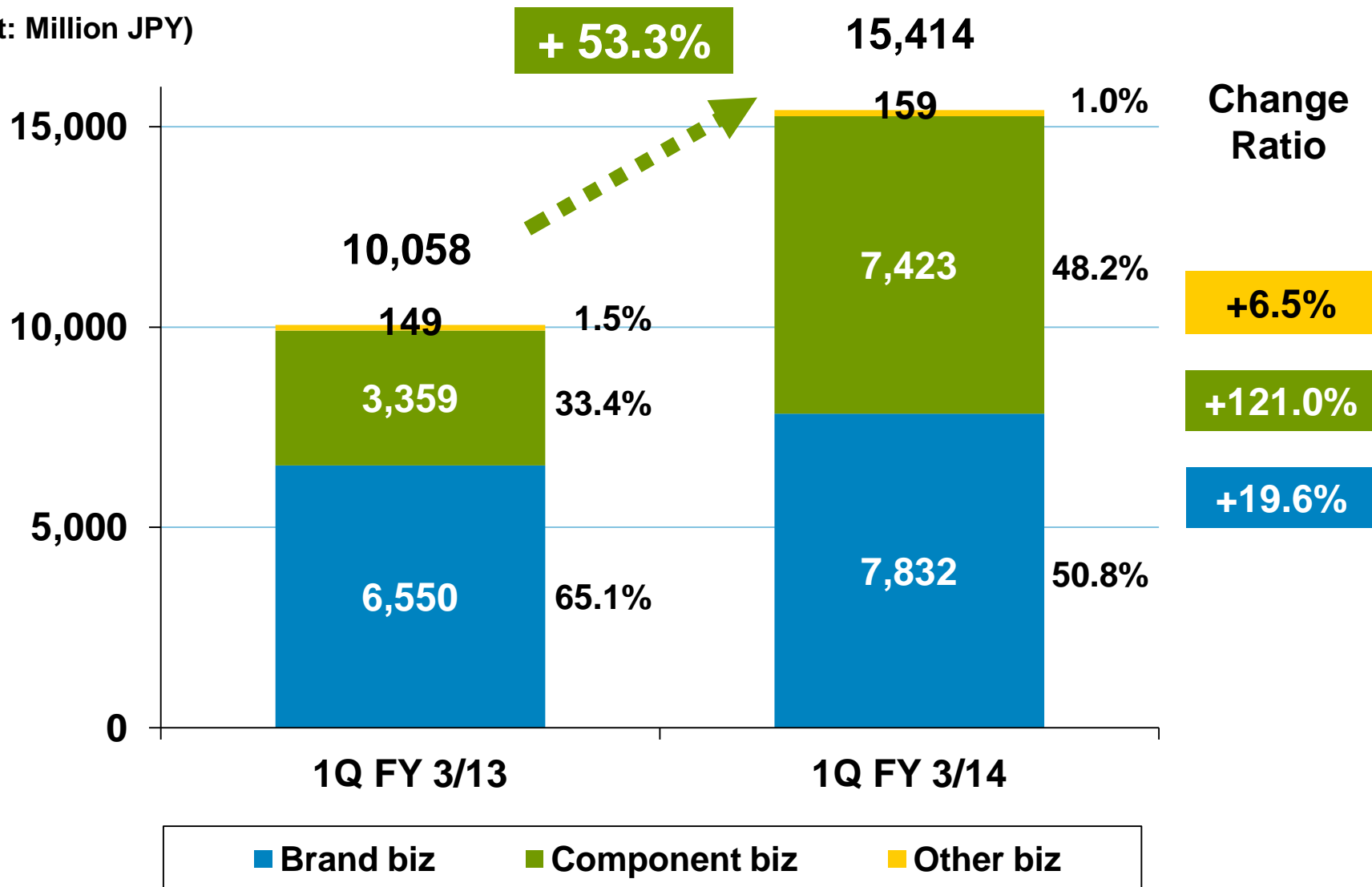
Consolidated P/L by Business Line

(Unit: Million JPY)

	1Q FY 3/13	1Q FY 3/14	YOY Change	
	4/12-6/12	4/13-6/13	Amount	Ratio
Sales	10,058	15,414	5,356	53.3%
Brand biz	6,550	7,832	1,282	19.6%
Component biz	3,359	7,423	4,064	121.0%
Other biz	149	159	10	6.5%
Operating Profit	830	1,035	205	24.7%
Brand Biz	1,038	872	-166	-16.0%
Component biz	288	905	617	214.4%
Other biz	16	14	-2	-8.6%
Corp. and others	-512	-756	-244	47.7%
OPM	8.3%	6.7%		

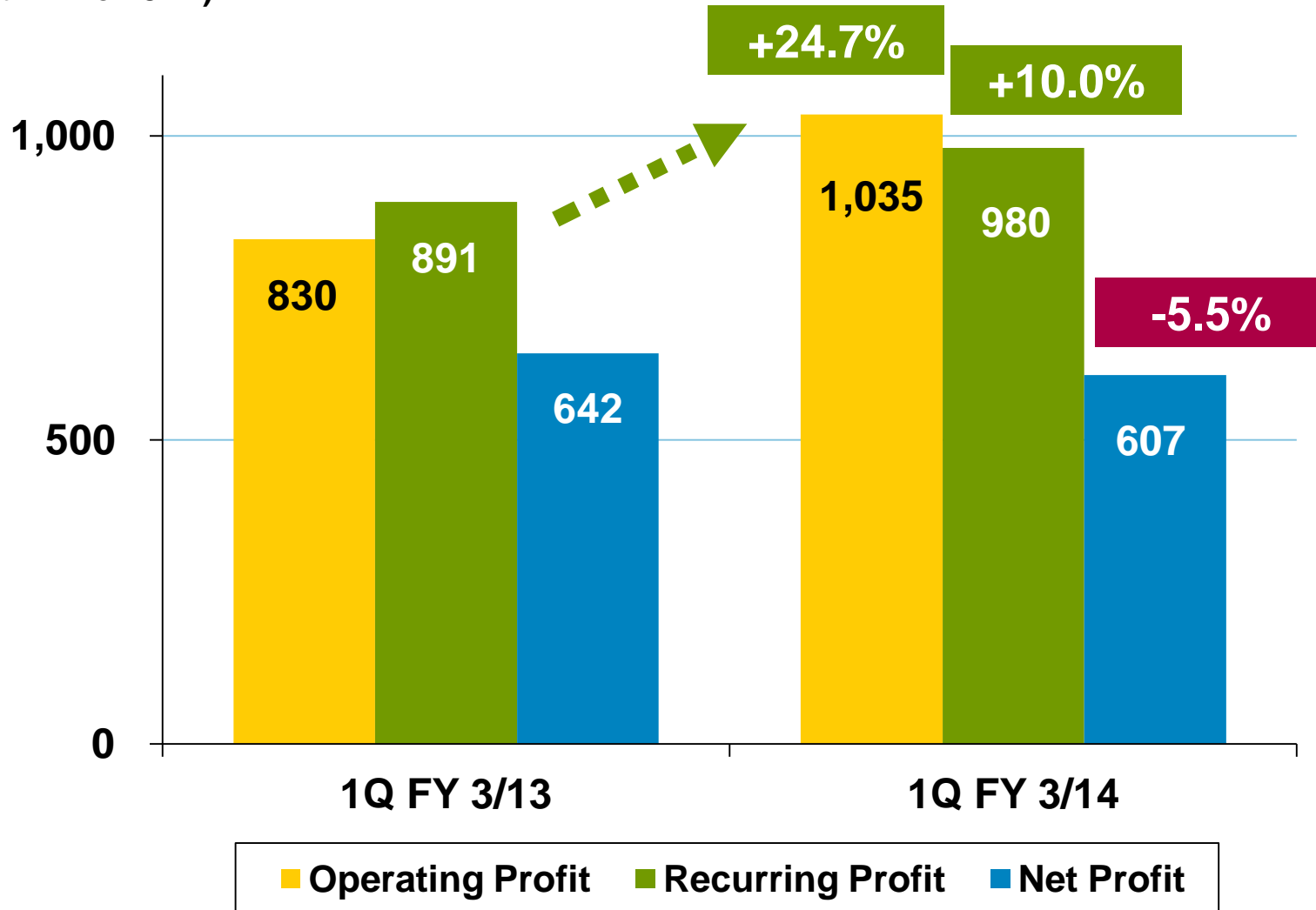
Consolidated Sales Comparison

(Unit: Million JPY)



Consolidated Profit Comparison

(Unit: Million JPY)



Operating Expenses Comparison

(Unit: Million JPY)

	1Q FY 3/13	1Q FY 3/14	YOY Change	
	4/12-6/12	4/13-6/13	Amount	Ratio
Personnel	1,461	1,725	264	18.1%
R&D	454	714	259	57.1%
Ad. & Promo.	578	740	162	28.0%
Others	1,040	1,692	652	62.7%
Total	3,533	4,870	1,337	37.8%
SG&A Ratio	35.1%	31.6%		

Key changes in increases

- SG&A increased by ¥460 million due to higher costs at subsidiaries from forex.
- Personnel cost (increase in the number of employees at the ended June:
FY 3/13 844 → FY 3/14 972)
- R&D and advertisement cost for new products.
- Others including charges for global projects and IT, etc.

Brand Business: New Categories

Reorganization based on user characteristics

Creative Business

- Serves the passion of professional and consumer creativity
- Provides high value products and solutions for creative needs
- Pen tablets (*Intuos*, *Bamboo*), Mobile (new products), Display (*Cintiq*)

Consumer Business

- Makes daily lives more creative and enjoyable
- Provides simple and intuitive UI solutions for general users
- *Bamboo Stylus*, etc.

Vertical Market Business

- Serves society by providing innovative solutions
- Provides faster, more efficient and secure ways to work
- *STU* (signature tablet), *DT* (display tablet) series, etc.

Software

Provides cross business, cross platform linkage with end-users

Bamboo Paper Sign&Save

Business Highlights: 1

Brand Business

+19.6%

Creative Business

+23.9%

Pen tablets

+6.0%

- *Intuos 5* sales were flat due to transition of users toward our display products. Forex translation gains increased sales in the U.S. and Europe.
- *Bamboo* series showed steady growth with successful introduction of emerging market models in China, along with forex effect.

Mobile

-64.4%

- Declined due to the sluggish sales of existing *Inkling* and preparation for new product launches.

intuos₅



BAMBOO®



Business Highlights: 2

Brand Business

Creative Business

Display

+106.7%

- *Cintiq 13HD* launched in March to strong response for its thin compact body and high performance; contributed to rapid growth.
- Stable sales of *Cintiq 22HD* and *Cintiq 24HD touch*, launched July 2012. Successfully expanded models to meet creative user types, growing sales with *Cintiq 22HD touch* launch in April.

Cintiq[®] 13HD



Cintiq[®] 22HD



Cintiq[®] 24HD touch



Cintiq[®] 22HD touch



Business Highlights: 3

Brand Business

Consumer Business

-48.9%

- *Bamboo Stylus* declined substantially for existing models launched two years ago.
- Launched *Bamboo Stylus mini*, a compact pen for smartphones, and electric pen products for Samsung's Galaxy Note series in April.
- Launched *Bamboo Loop*, an in-house application following *Bamboo Paper*, in May.

Vertical Market Business

+47.1%

- Signature pen tablets increasingly adopted in financial sector globally as a part of social infrastructure.
- In non-signature products business, boosted sales with *DTH-2242* large size LCD.

BAMBOO® STYLUS



Bamboo Stylus mini & Bamboo Loop



STU series



DTH-2242

Business Highlights: 4

Component Business **+121.0%**

Pen Sensor Systems for Smartphones

-11.7%

- Shipment of pen sensor systems for Samsung's Galaxy Note II declined due to inventory adjustment for model transition.

Pen Sensor Systems for Tablets

+836.8%

- Pen adoption for Windows 8 Pro and Android OS tablets expanded and shipment rapidly grew as customer projects went to mass production. Tablet market grew as a new business segment in Component Business.



Smartphone models



GALAXY Note



Tablet models

Panasonic

Motion

TOSHIBA

E人E本

lenovo

ASUS



SAMSUNG



Business Highlights: 5

Component Business

Sensor Systems for Notebook PCs

+72.2%

- Shipments of pen sensor systems increased with expanded open adoption in business notebook PCs for corporate and B2B customers segment.

Touch Sensor Systems for touch use

70 times

- Developed market for high-performance multi-touch technology such as casino machines and 17-inch notebook PC, etc.
- Focused on winning new projects for the original multi-touch controller by leveraging strong demand for multi-touch functions in PCs.



Notebook PC models

FUJITSU



Panasonic



lenovo



Business Highlights: 6

Other Business

+6.5%

CAD software and others

+6.5%

- Grew strongly in *ECAD dio* software by capturing system replacement demand.
- Received positive reviews from customers in machinery and robotics industries, and expanded new customers.

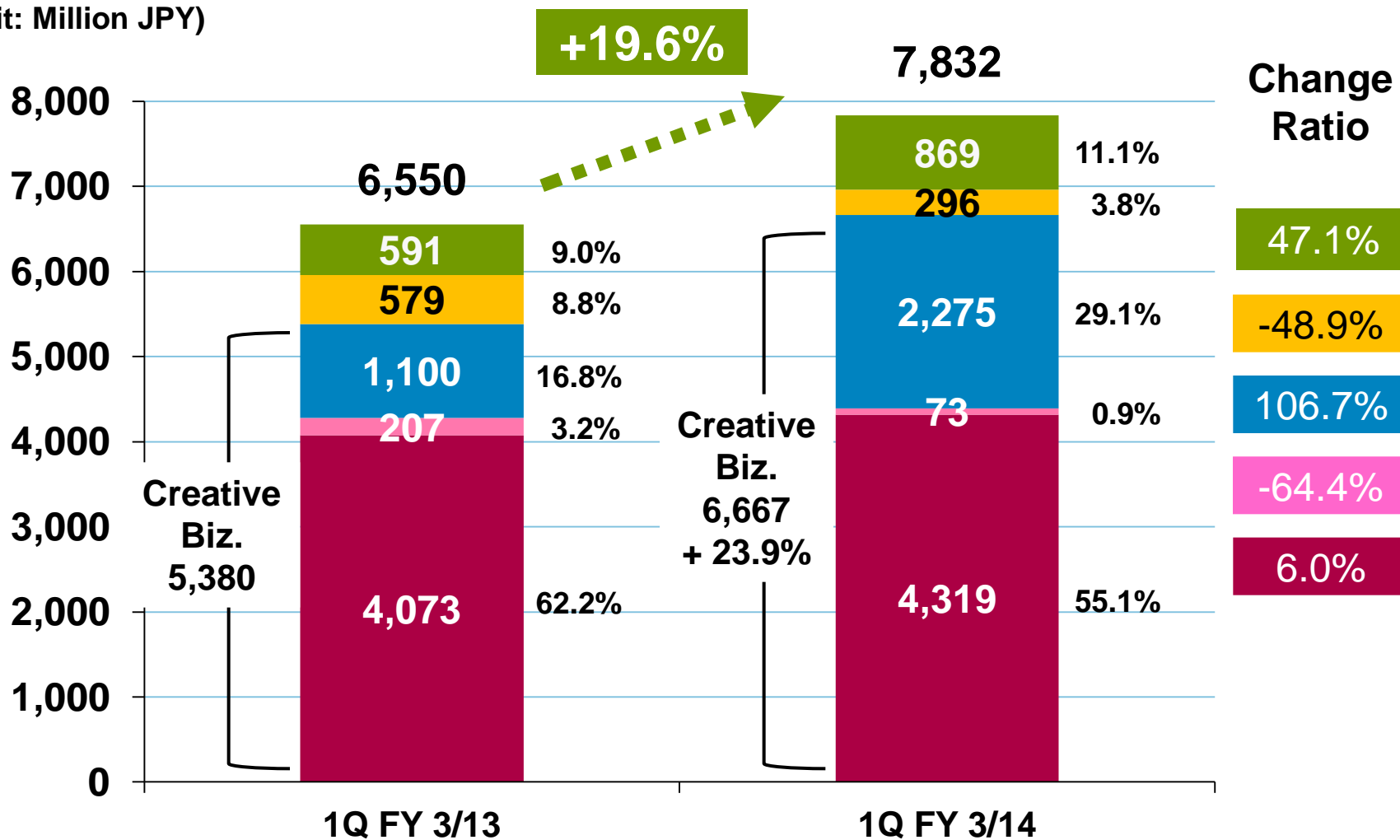


F&A (Corporate)

- Expanded coverage of global ERP system to Asia-Oceania region.
- Started global HR system development for global organization.
- Developing global SCM model centered on e-commerce.

Sales by Product Line in Brand

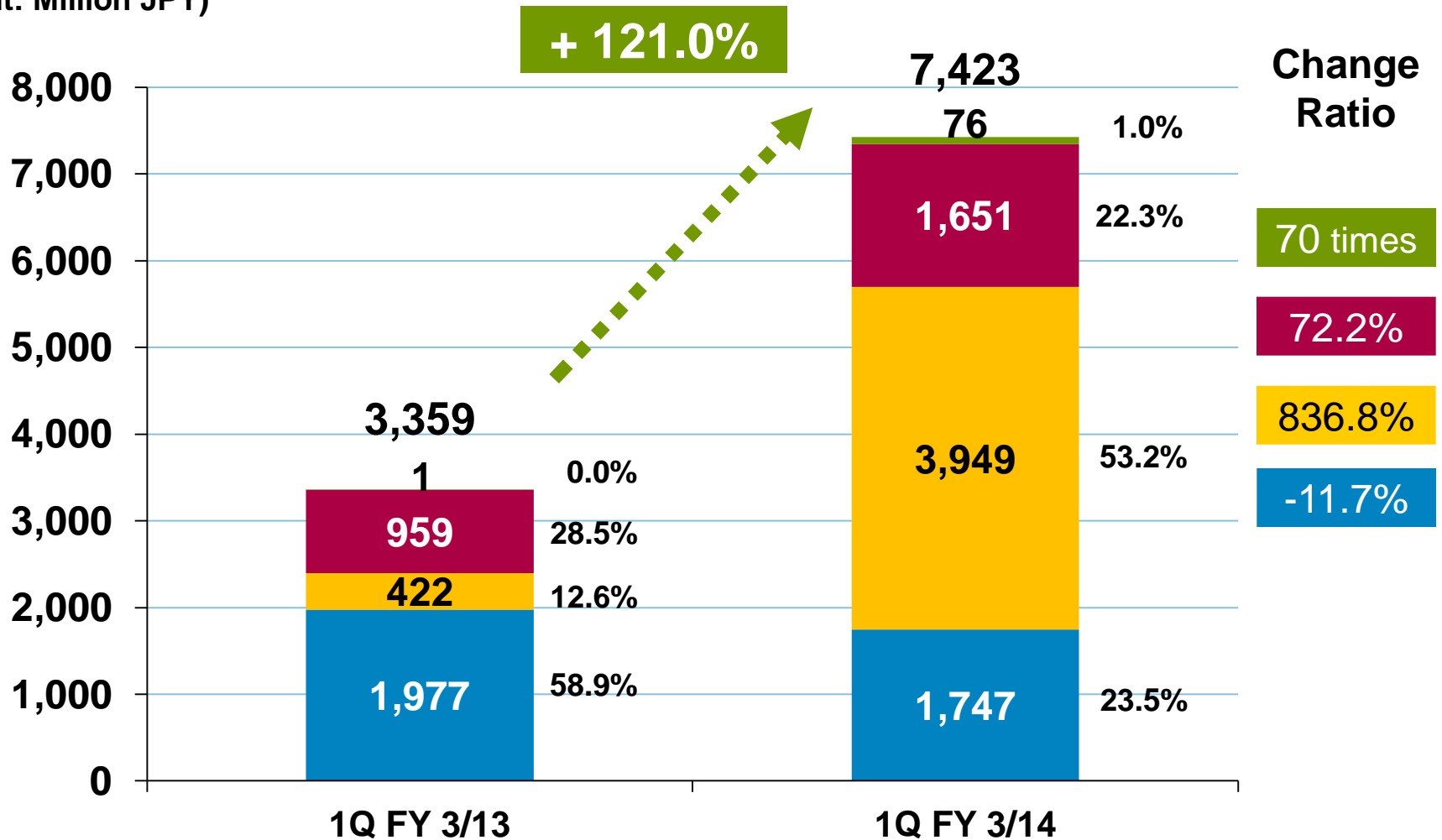
(Unit: Million JPY)



■ Creative-Tablet ■ Creative-Mobile ■ Creative-Display ■ Consumer ■ VM

Sales by Product Line in Component

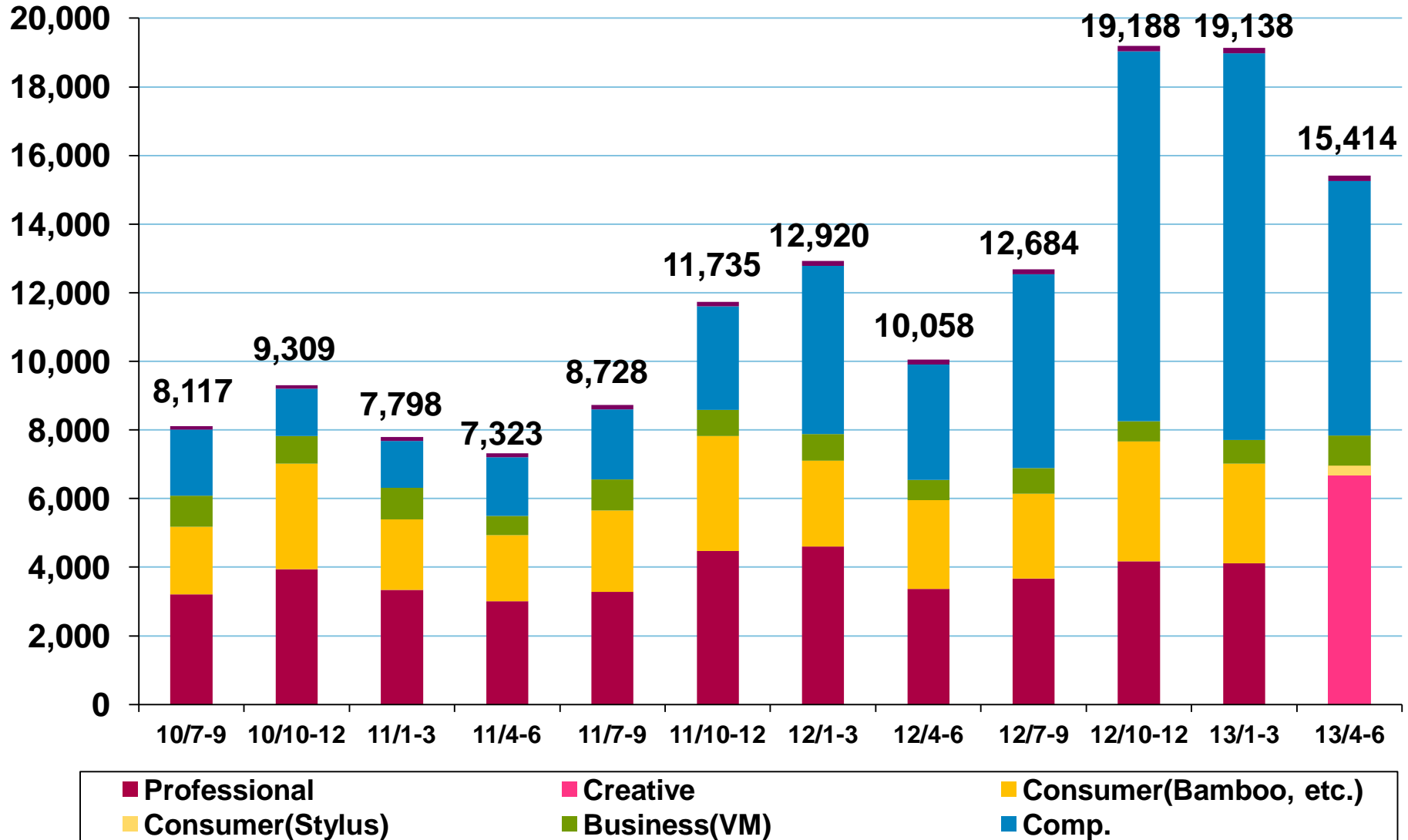
(Unit: Million JPY)



■ Pen for Smartphone ■ Pen for Tablet ■ Pen for Notebook PC ■ Touch

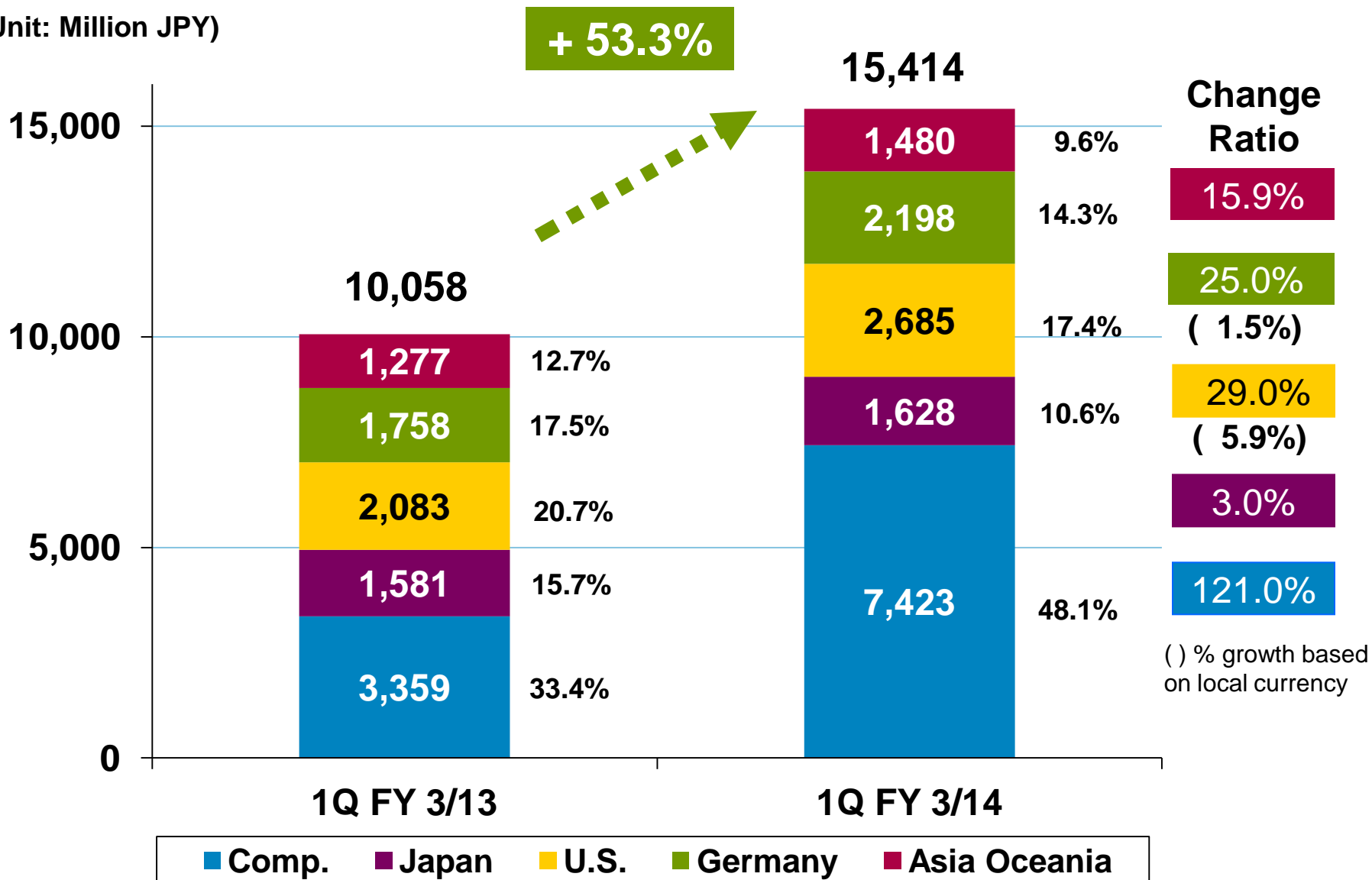
Quarterly Trend by Product Line

(Unit: Million JPY)



Sales by Region

(Unit: Million JPY)



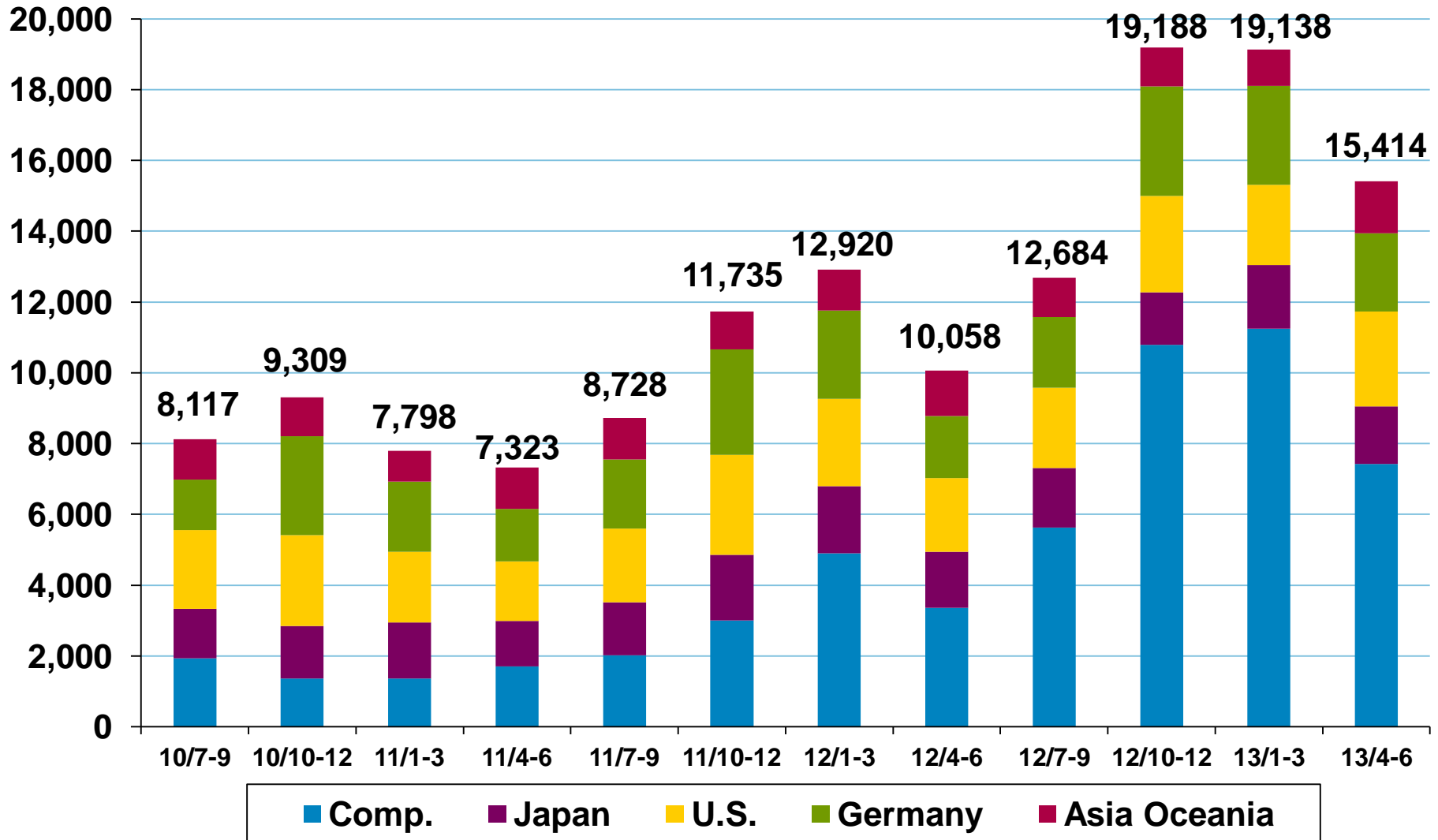
Sales Changes for Local Currencies

- Showed steady sales in U.S. and Europe.
- Decreased sales in Asian regions due to inventory adjustment for preparing launch of new products.

Region	Currency	YOY Change Ratio
U.S.	USD	5.9%
Europe	EUR	1.5%
China	CNY	-6.6%
Korea	KRW	-7.9%
Australia	AUD	4.3%
Singapore	USD	-13.9%
Hong Kong	USD	-0.1%

Quarterly Trend by Region

(Unit: Million JPY)



Consolidated B/S

(Unit: Million JPY)

	End of Mar. 2013	End of Jun. 2013	Change
Current assets	42,752	37,206	-5,546
Noncurrent assets	7,372	8,079	707
Total assets	50,124	45,285	-4,839
Current liabilities	19,596	15,488	-4,108
Noncurrent liabilities	1,316	1,382	66
Total liabilities	20,913	16,870	-4,043
Minority interest in subsidiaries	0	0	0
Net assets	29,212	28,415	-797
Total liabilities and Net assets	50,124	45,285	-4,839
Equity ratio	58.1%	62.5%	4.4%
Book value per share (JPY)	173	168	-5

Assets

- Decrease in cash and cash equivalents -4,400
(payments of income tax and year-end dividend, etc.)
- Decrease in notes and accounts receivable -2,330
(decrease in comp. sales etc.)
- Increase in inventories (increase in product lineup) 1,841

Liabilities

- Decrease in notes and accounts payable -1,533
- Decrease in income tax payable -1,626
- Decrease in provision of bonus -646

Net assets

- Decrease in retained earnings -1,285
(3/13 18,354 ⇒ 6/13 17,069)

Consolidated C/F

(Unit: Million JPY)

	1Q FY 3/13	1Q FY 3/14	YoY Change
	4/12-6/12	4/13-6/13	Amount
C/F from operating activities	109	-2,101	-2,210
C/F from investing activities	-446	-7,851	-7,405
C/F from financing activities	-1,086	-1,732	-646
Effect of change in exchange rate	-278	283	561
Increase-decrease of cash & cash equivalent	-1,701	-11,400	-9,699
Beginning balance of cash & cash equivalent	11,970	21,596	9,626
Ending balance of cash and cash equivalent	10,269	10,197	-72

C/F from operating activities

- Income tax paid -2,026
- Increase in inventories -1,613
- Decrease in notes and accounts payable -1,605
- Decrease in notes and accounts receivable 2,918
- Net profit before taxes 972

C/F from investing activities

- Payments into time deposits -7,000
- Purchase of noncurrent assets (mold and global ERP, etc.) -591
- Payments for lease deposits (office expansion) -264

C/F from financing activities

- Cash dividends paid -1,742

FY 3/14

Basic Policy and Business Focus



Business Environment for FY 3/14

- Global economy starts to regain strength driven by U.S. recovery and emerging markets growth. Europe economy stays weak while Japanese economy starts to improve
- Smartphones and tablets, cloud and community to establish IT platform. On-line and e-Commerce as primary channel for consumers
- UI technology frontier to expand beyond multi-touch toward pen and ink
- Creative segment continues to grow with mobile use extension and display integration
- Mobile stationery and accessory market to continue to grow with broader application availability
- e-Doc and secure workflow continue to gain momentum and expand to mobile platforms

No revision to the forecast for FY 3/14 as of July 30, 2013

Basic Strategies and Goals

- Expand the business model from PC to mobile and Cloud
- Achieve P&L plan as 1st year of WAP1215
- Build new Brand business categories for growth
- Enhance Component business foundation and accelerate growth
- Accelerate business in U.S. and invest in emerging markets
- Build competitive SCM/SQM foundation
- Invest in new technologies and product development
- Build global organization for competitive leadership

Brand Business Basic Policies

- Transition to cluster-based business model
 - Reorganize Creative business line and reestablish brand framework
 - Establish Consumer business model with digital stationery products
 - Expand digital signature and workflow solution business
- Accelerate growth and gain new customers by introducing new products
 - Launch new mobile product line and expand consumer product line
 - Expand software products for improved customer experience
 - Invest in new dedicated team for emerging markets
- Enhance leadership by improving brand marketing
 - Establish user communities by Global Web, SNS
 - Enhance global marketing capabilities
- Achieve FY 3/14 growth target as 1st Year of WAP1215
 - Maximize the new product potential by global Web marketing
 - Expand online marketing and e-commerce

Component Business Key Focus

- Establish global leadership in mobile device categories
 - Enhance strategic smartphone partnership and maximize growth
 - Establish leadership in Windows 8 and Android tablet categories
 - Extend pen adoption to e-Book and e-Note categories
- Build business for touch controller and touch panel module
 - Develop new customer base for G9T and build business model
 - Enhance technology competitiveness by G10T
- Invest in new technology and new generation product line
 - Develop new generation pen technology and start mass-production
 - Establish technology development foundation
- Build component organization for growth
 - Establish SCM & SQM organization for higher customer support
 - Expand pen OEM partnership for market growth
 - Enhance touch panel SCM infrastructure

Corporate Function Basic Policy

- Build stronger global business support
 - Improve group finance and management accounting process
 - Accelerate global IT platform development
 - Enhance global legal and IP team
- Establish new global HR system
 - Build new leadership model for next generation global leadership
 - Develop global performance management frameworks and systems
 - Stronger HR support across all business
- Evolve IR activities and enhance corporate communication
 - Promote understanding of WAP1215
- Provide support for global projects

Assumptions for FY 3/14 Forecast

- **Market demand based on review (mid-April. 2013)**

- **FX rate assumptions for FY 3/14**

1 USD = 90 JPY

1 EURO = 115 JPY

- **Foreign exchange sensitivity: 12-month forecast**

(Unit: Million JPY)

Currencies	USD	EURO
Unit of sensitivity	JPY 1	JPY 1
Sales	700	110
Operation profit	70	80

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

Assumptions for FY 3/14 Forecast

- **Capital expenditure**

3,200 million (+73.4% YOY)

Key items: molds, product equipment for pen component, IT system to form global organization, etc.

- **Depreciation**

2,120 million (+83.7% YOY)

- **R&D expense**

2,520 million (+5.8% YOY)

Key items: developing of new products in Brand business, new IC, basic technology research, etc.

Forecast of Results for FY 3/14

(Unit: Million JPY)

	1H FY 3/13		1H FY 3/14		YoY
	4/12-9/12		4/13-9/13		Growth rate
Sales	22,742		37,700		65.8%
OP	2,657	11.7%	3,550	9.4%	33.6%
RP	2,671	11.7%	3,530	9.4%	32.1%
NP	1,769	7.8%	2,290	6.1%	29.5%

	FY 3/14		FY 3/14		YoY
	4/12-3/13		4/13-3/14		Growth rate
Sales	61,068		88,000		44.1%
OP	7,915	13.0%	11,380	12.9%	43.8%
RP	7,559	12.4%	11,340	12.9%	50.0%
NP	4,770	7.8%	7,370	8.4%	54.5%

- R&D expense and promotion cost for new products will be incurred during 1H prior to product launch. Profit ratios for 1Q and 2Q (Apr. to Jun. and Jul. to Sep.) are expected to triple.

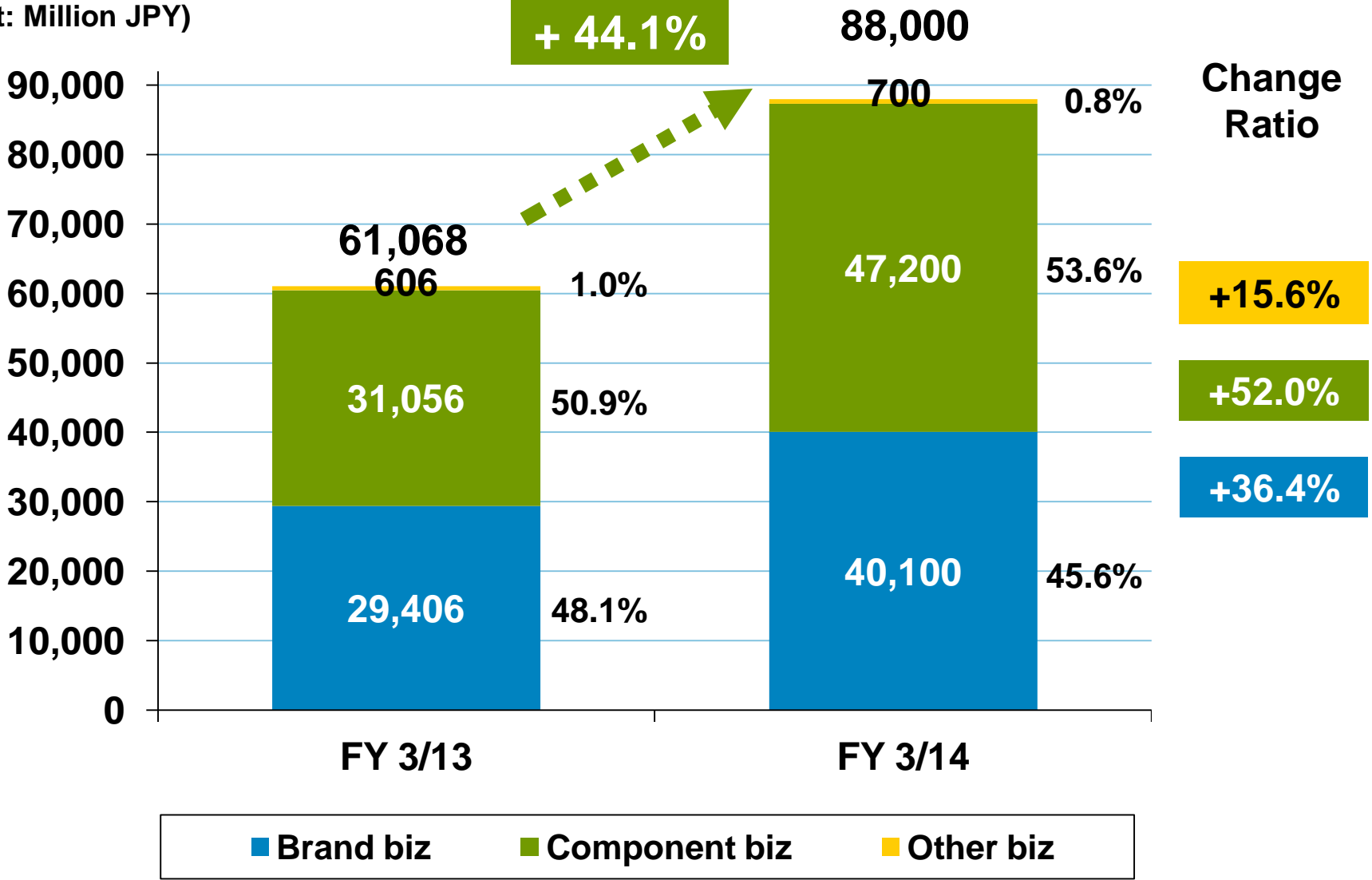
Forecast of Results by Business Line

(Unit: Million JPY)

	FY 3/13	FY 3/14	YOY Change	
	4/12-3/13	4/13-3/14	Amount	Ratio
Sales	61,068	88,000	26,932	44.1%
Brand biz	29,406	40,100	10,694	36.4%
Component biz	31,056	47,200	16,144	52.0%
Other biz	606	700	94	15.6%
Operating Profit	7,915	11,380	3,465	43.8%
Brand Biz	4,895	6,640	1,745	35.7%
Component biz	5,554	7,600	2,046	36.8%
Other biz	102	120	18	17.1%
Corp. and others	-2,637	-2,980	-343	13.0%
OPM	13.0%	12.9%		

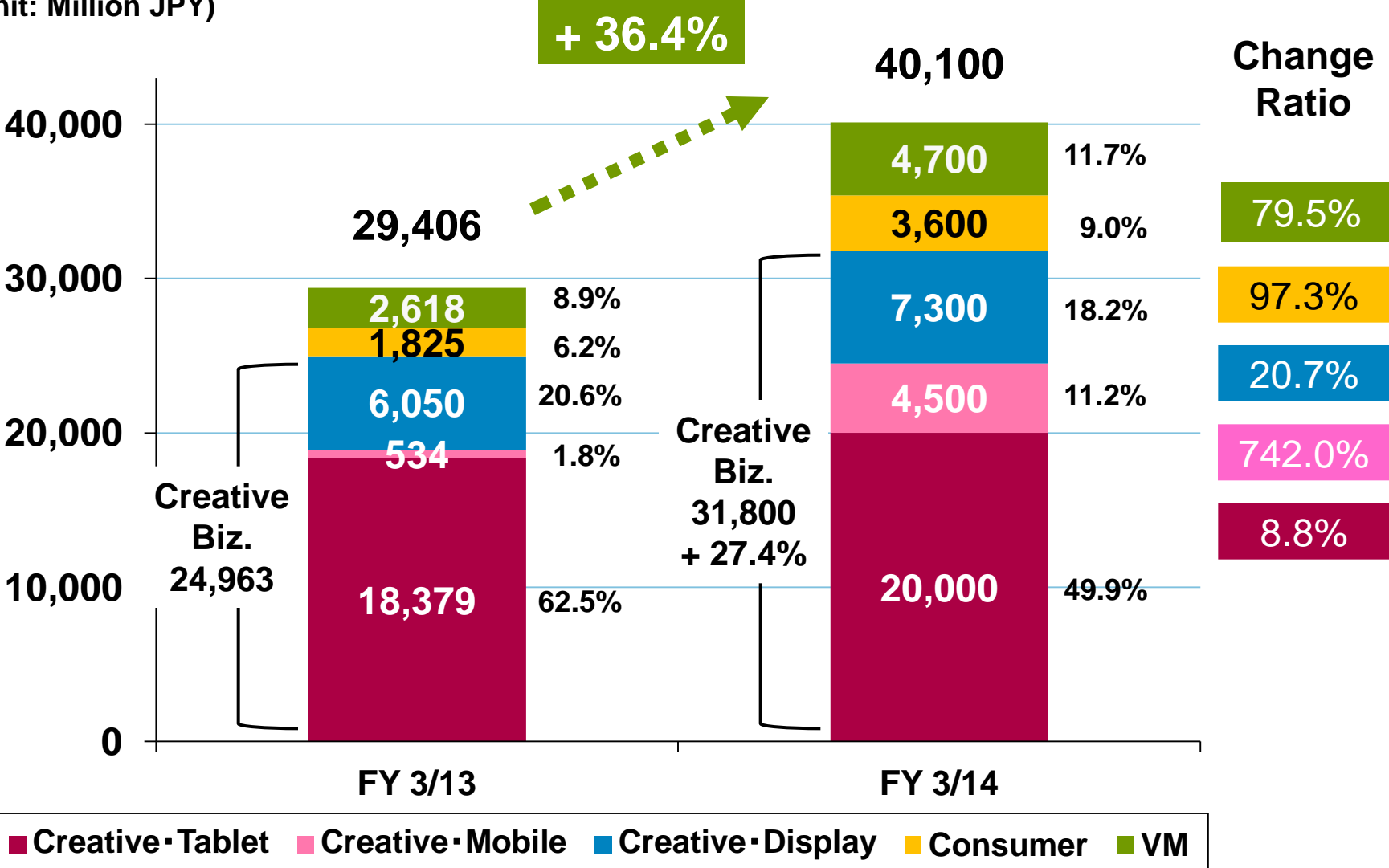
Sales Forecast by Segment

(Unit: Million JPY)



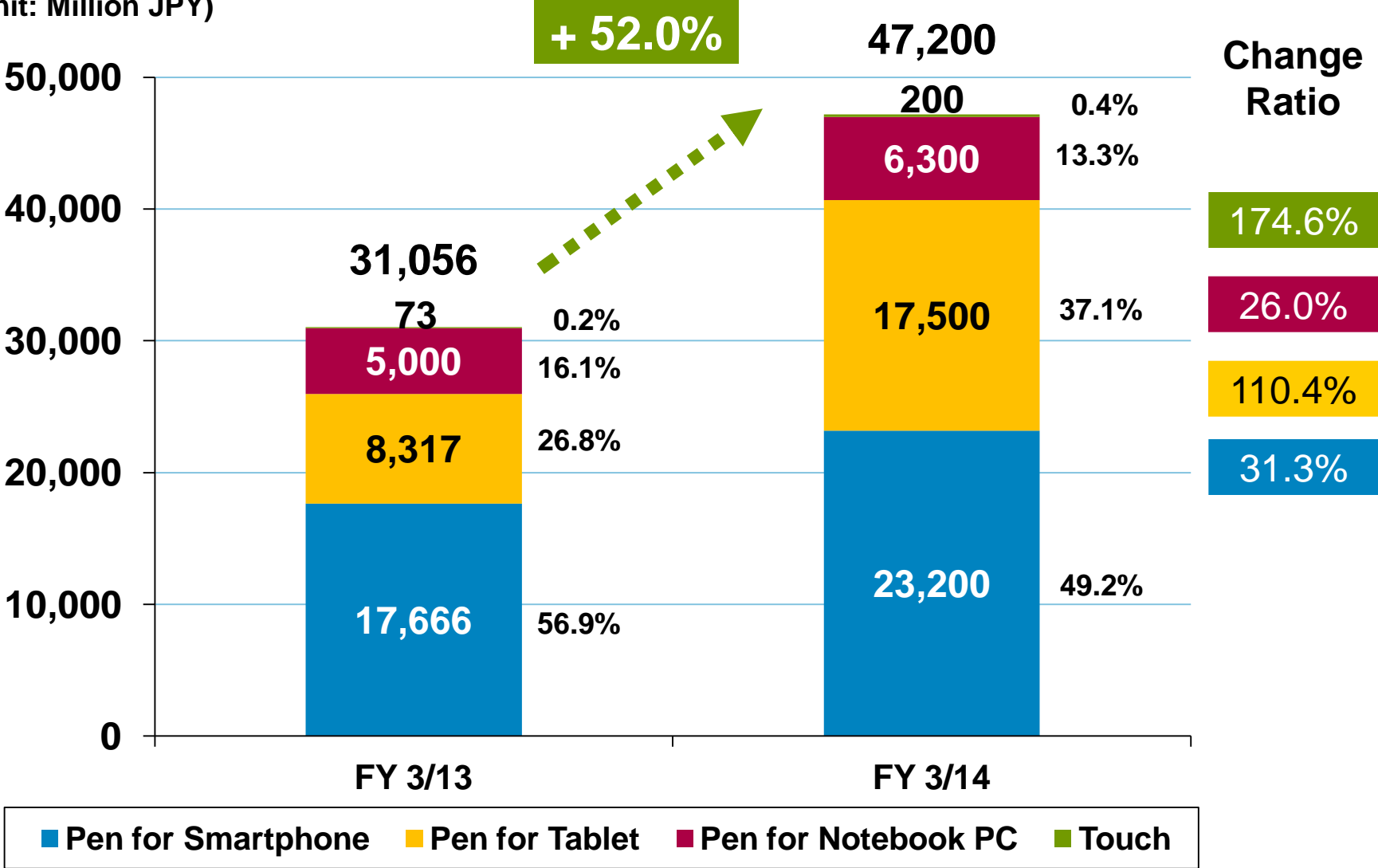
Sales Forecast by Product line in Brand

(Unit: Million JPY)



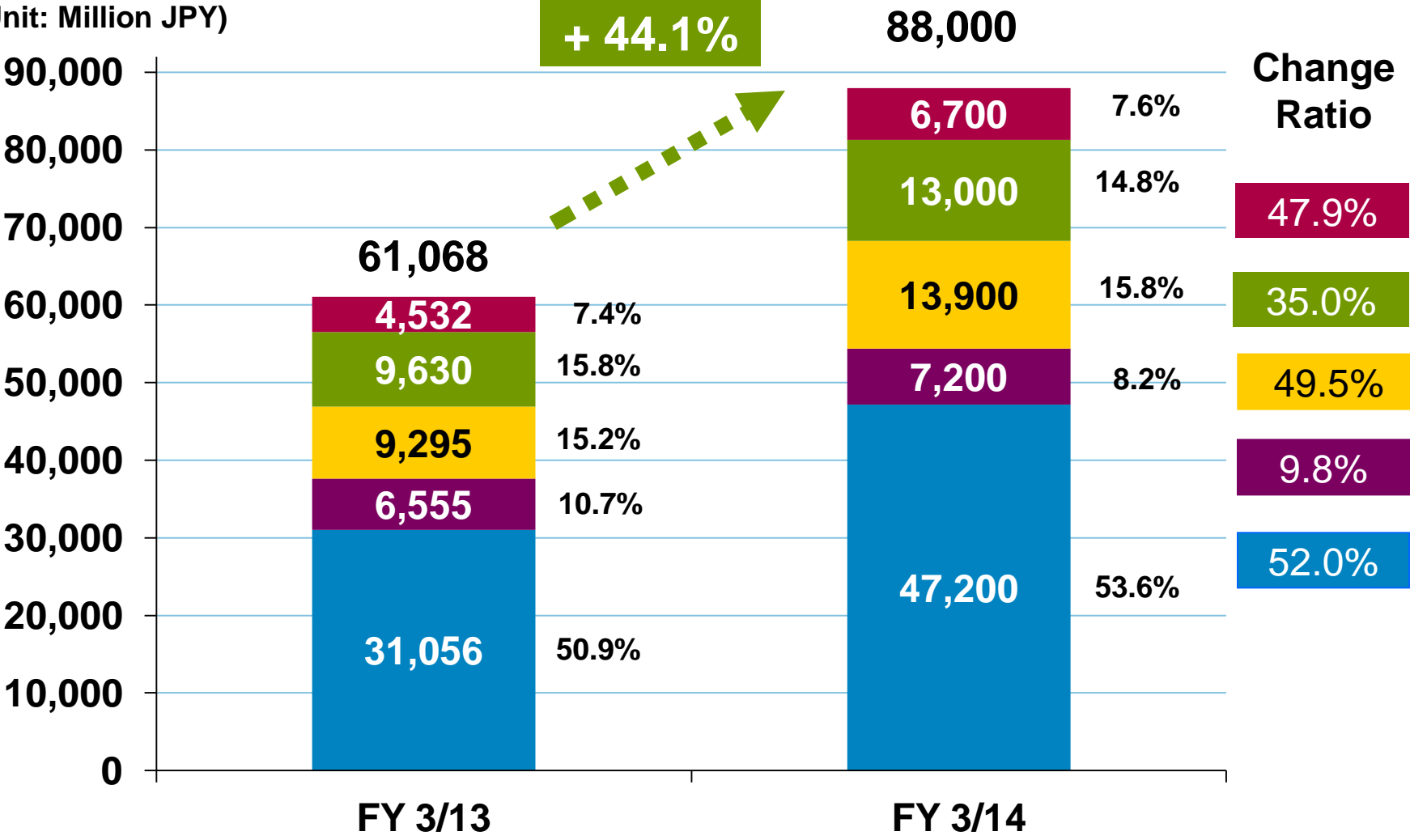
Sales Forecast by Product line in Comp.

(Unit: Million JPY)



Sales Forecast by Region

(Unit: Million JPY)



■ Comp. ■ Japan ■ U.S. ■ Germany ■ Asia Oceania

(Note) There are no regional segments in Component business



Dividend forecast for FY 3/14

- **Dividend policy**

- Continue steady dividend payout to shareholders while maintaining a stable financial base necessary for future business development
- Target payout ratio approximately 40% or more by FY 3/16 to attract global investment

- **Dividend per share***

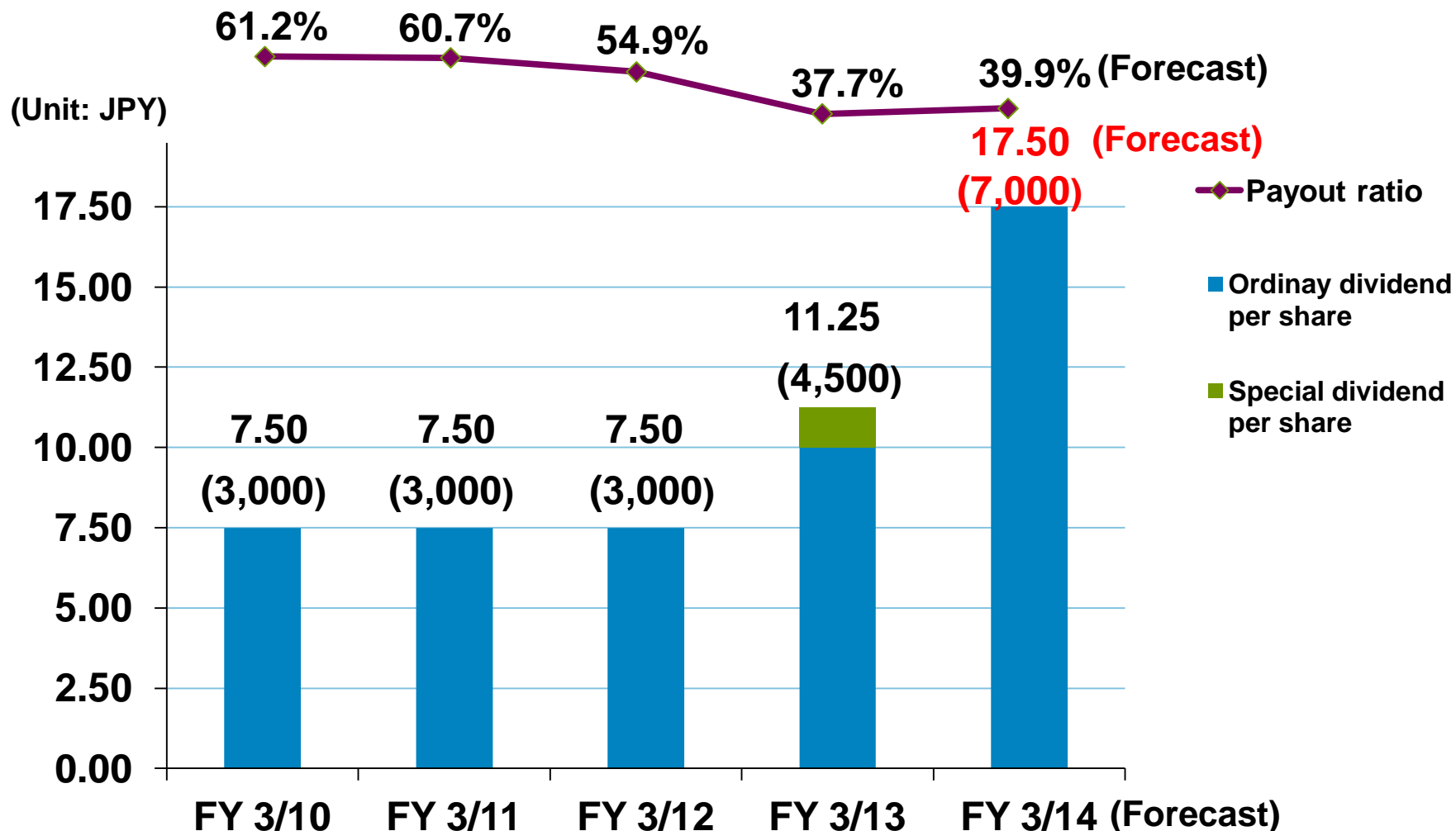
***after effective date of a 400-for-1 share split and a trading unit of 100 shares on June 1, 2013**

- JPY 17.50 per share for FY 3/14
(equal to JPY 7,000 per share before the share split)
- Payout ratio 39.9%
(Ref.) Actual dividend for FY 3/13
JPY 11.25 including a special dividend of JPY 1.25 per share

Dividends per Share

After effective date of share split on June 1, 2013

() figures show dividends per share before share split

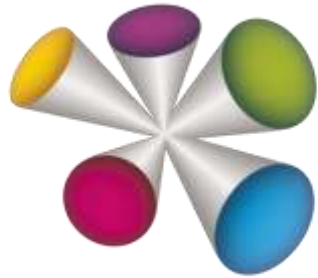


New Medium-Term Business Plan

FY31-FY33

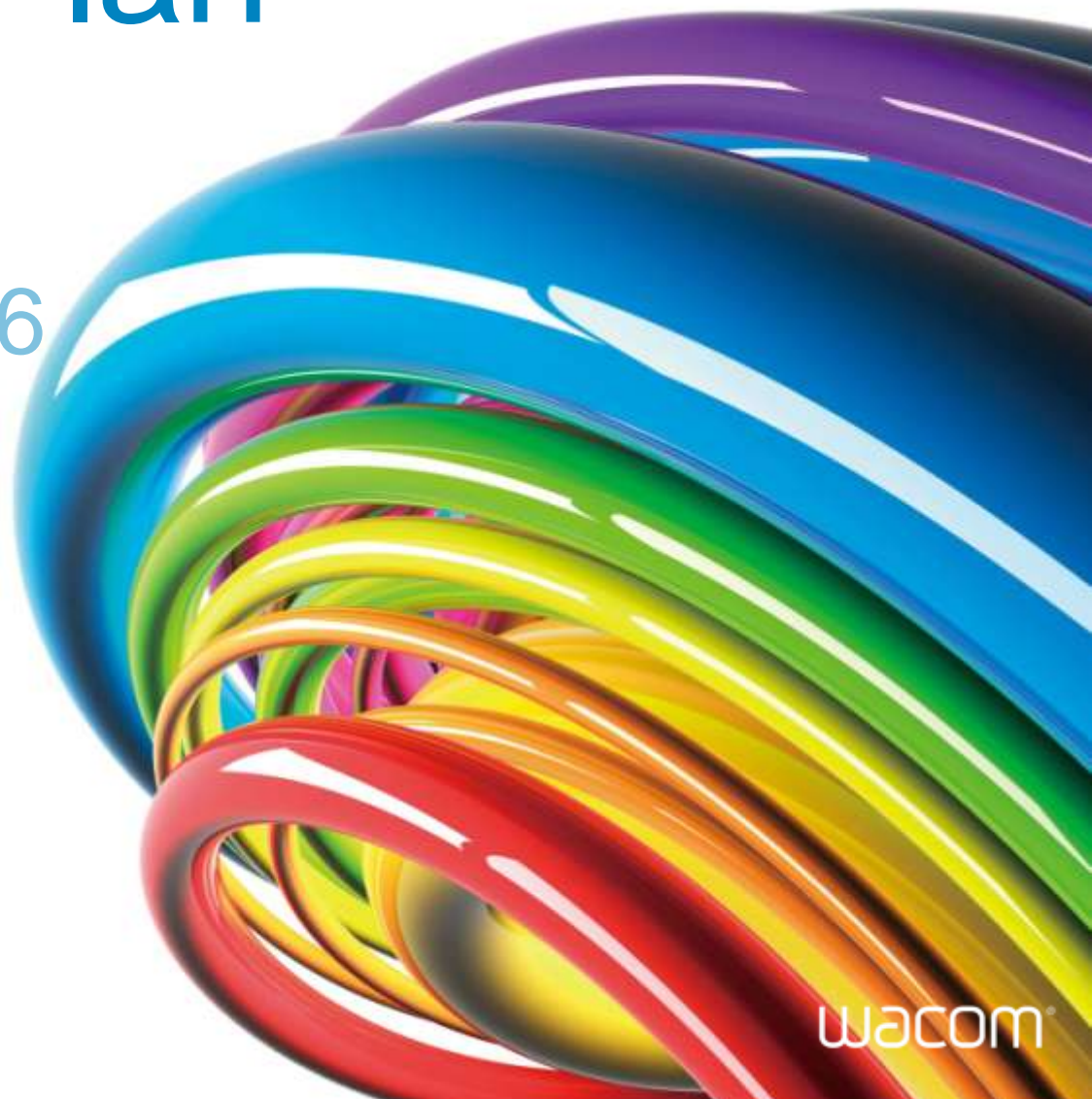
FY March, 2014

– FY March, 2016



Wacom Co., Ltd.

wacom®



New Medium-Term Business Plan: Key Assumptions

- Continued slow growth in the global economy with economic uncertainty in developed markets and decelerated growth in emerging markets.
- Smartphone, tablet and Cloud to be a new IT platform
 - Rapid growth and new opportunities drive global IT investment.
 - On-line brand communication to be a primary means for customer relationship development.
 - On-line sales to be a primary channel for distribution.
- Multi-touch becomes standard user interface technology.
- Importance of electronic pen technology for contents creation and communication grows.
- User experience and Cloud-based community become critical for business success.
- Exchange rate: 1USD=75JPY, 1EURO=100JPY

→ 1USD=90JPY, 1EURO=115JPY as of Apr. 30, 2013

Growth Strategy

- Expand business platform from PC to mobile and Cloud
- Accelerate the Branded product business
- Accelerate the Component business
- Strengthen global SCM (supply chain management) structure
- Promote global organizational development
- Enhance global IT infrastructure
- Accelerate development of new user interface technology
- Enhance emerging market investment

New Medium-Term Business Plan

WAP 1215

Wacom Action Plan for Changing Platform



Basic Strategy

Expand business platform from PC to mobile and Cloud, create new business and grow existing business

Financial goals: By FY ending March, 2016

- Consolidated sales: 120 billion JPY or more
- Consolidated operating profit margin: 15% or higher
- Consolidated ROE: 30% or higher

Consolidated Sales

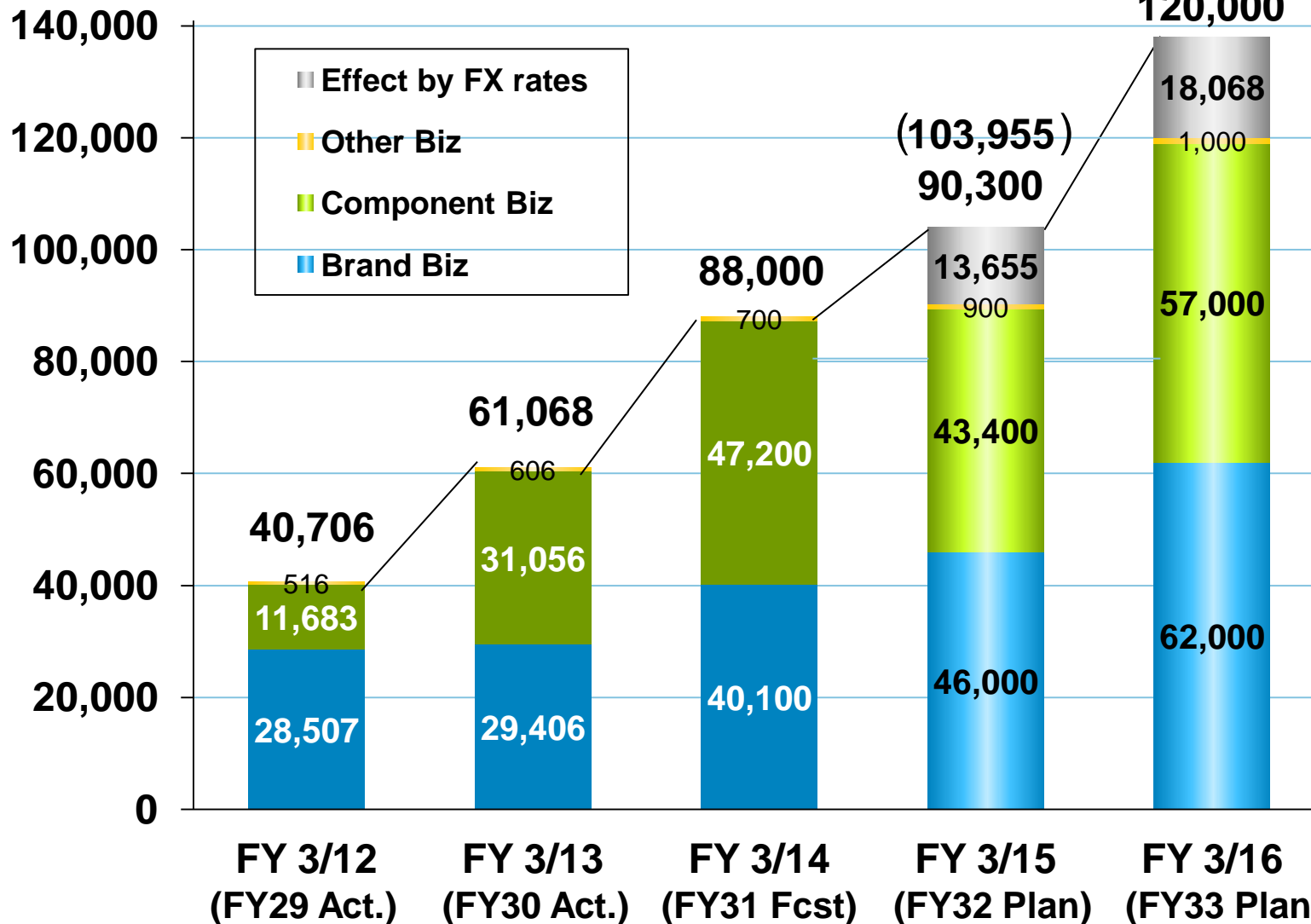
(Unit: Million JPY)

() figures show plans after FX rate changes

(138,068)
120,000

CAGR

FY 3/14 – FY 3/16



Consolidated Sales
31.2%

Revised assumption of FX rates

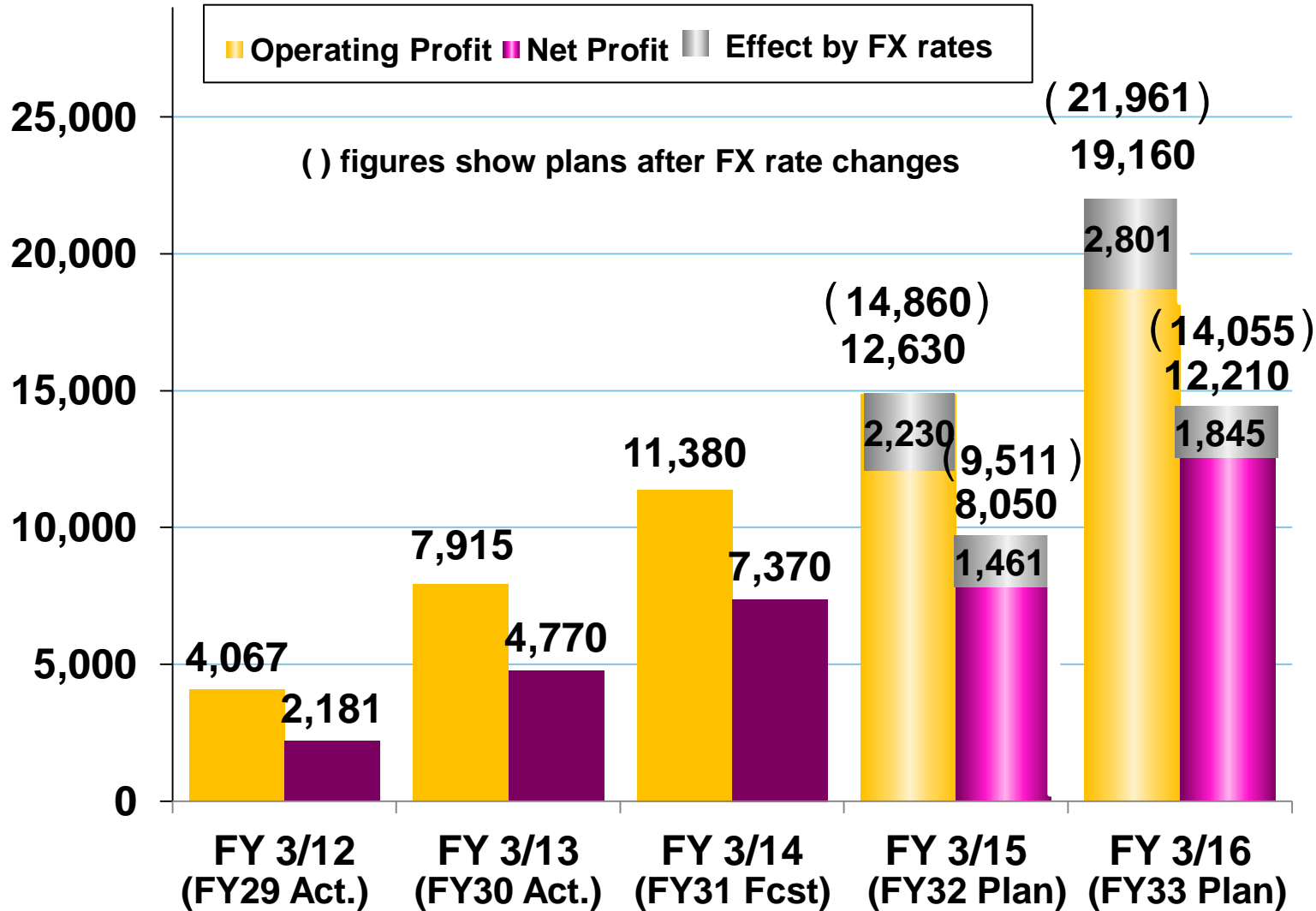
1 USD
75JPY → 90JPY
1 EUR
100JPY → 115JPY

Consolidated Profits

(Unit: Million JPY)

CAGR

FY 3/14 – FY 3/16



40.5%

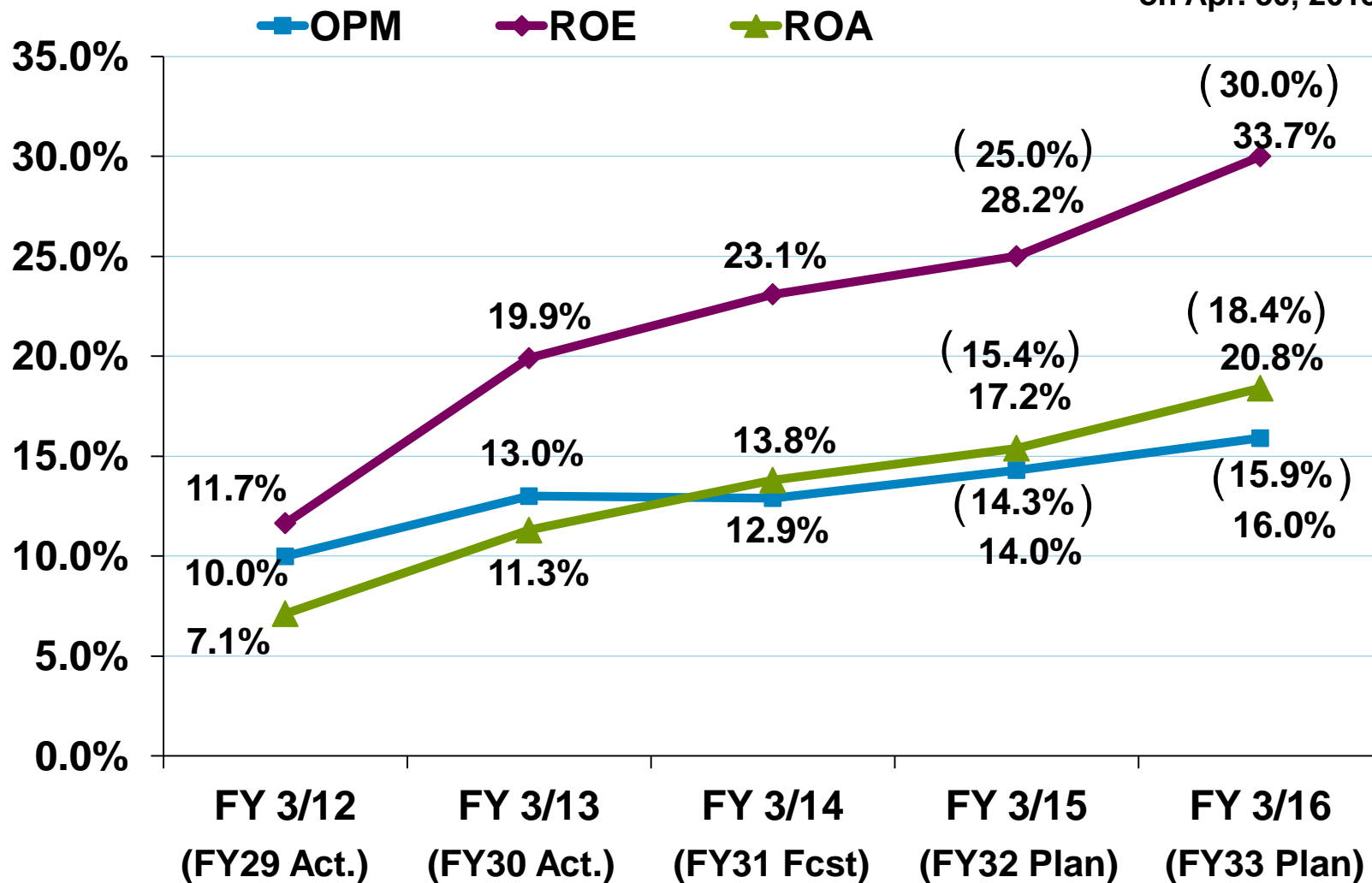
43.4%

Revised assumption of FX rates

1 USD
75JPY → 90JPY
1 EUR
100JPY → 115JPY

Key Financial Indicators

() figures show indicators released on Apr. 30, 2013



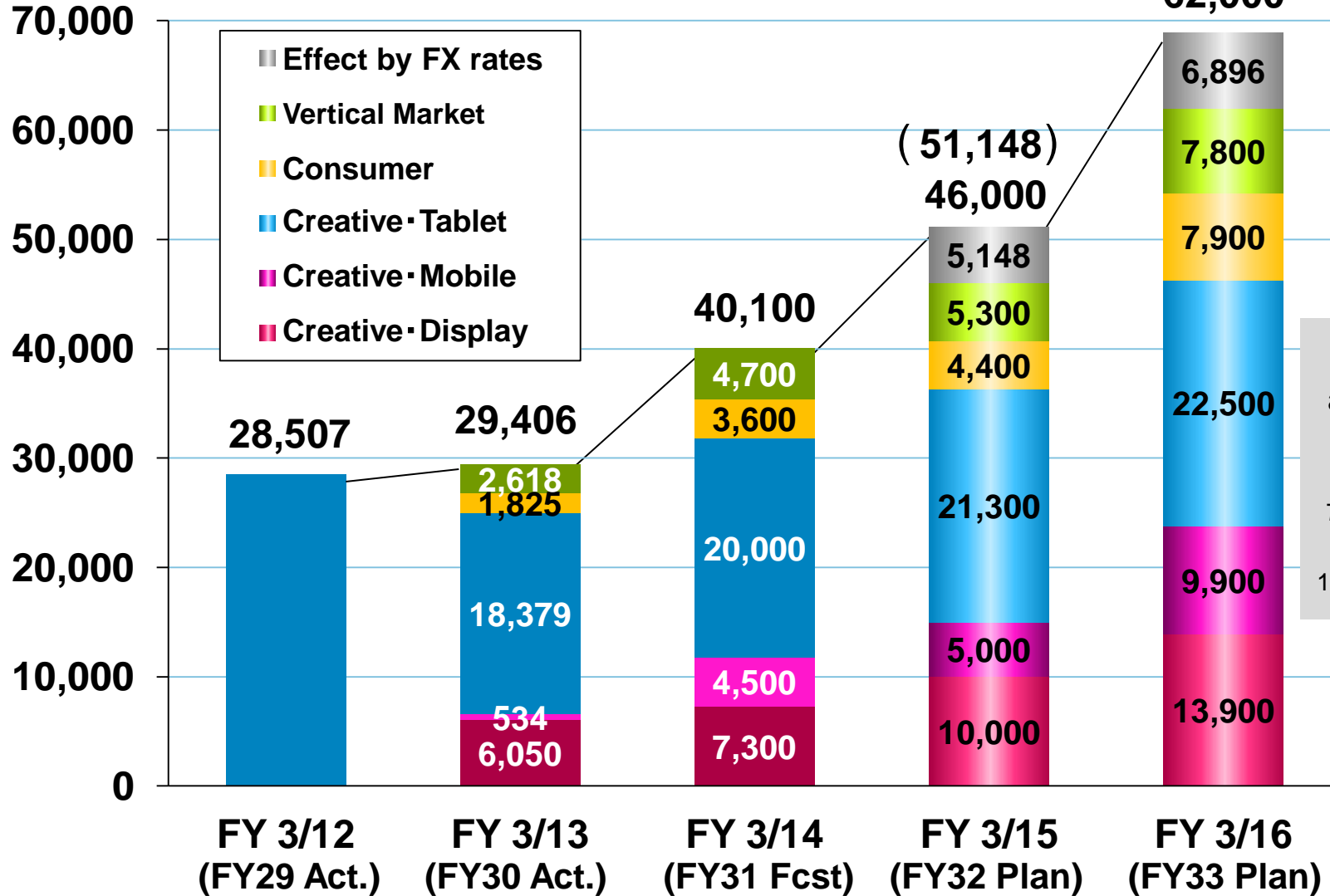
Brand Business: Sales Plan

(Unit: Million JPY)

() figures show plans after FX rate changes

(68,896)
62,000

CAGR
FY 3/14
– FY 3/16



Sales
32.8%

Revised assumption of FX rates
1 USD
75JPY → 90JPY
1 EUR
100JPY → 115JPY

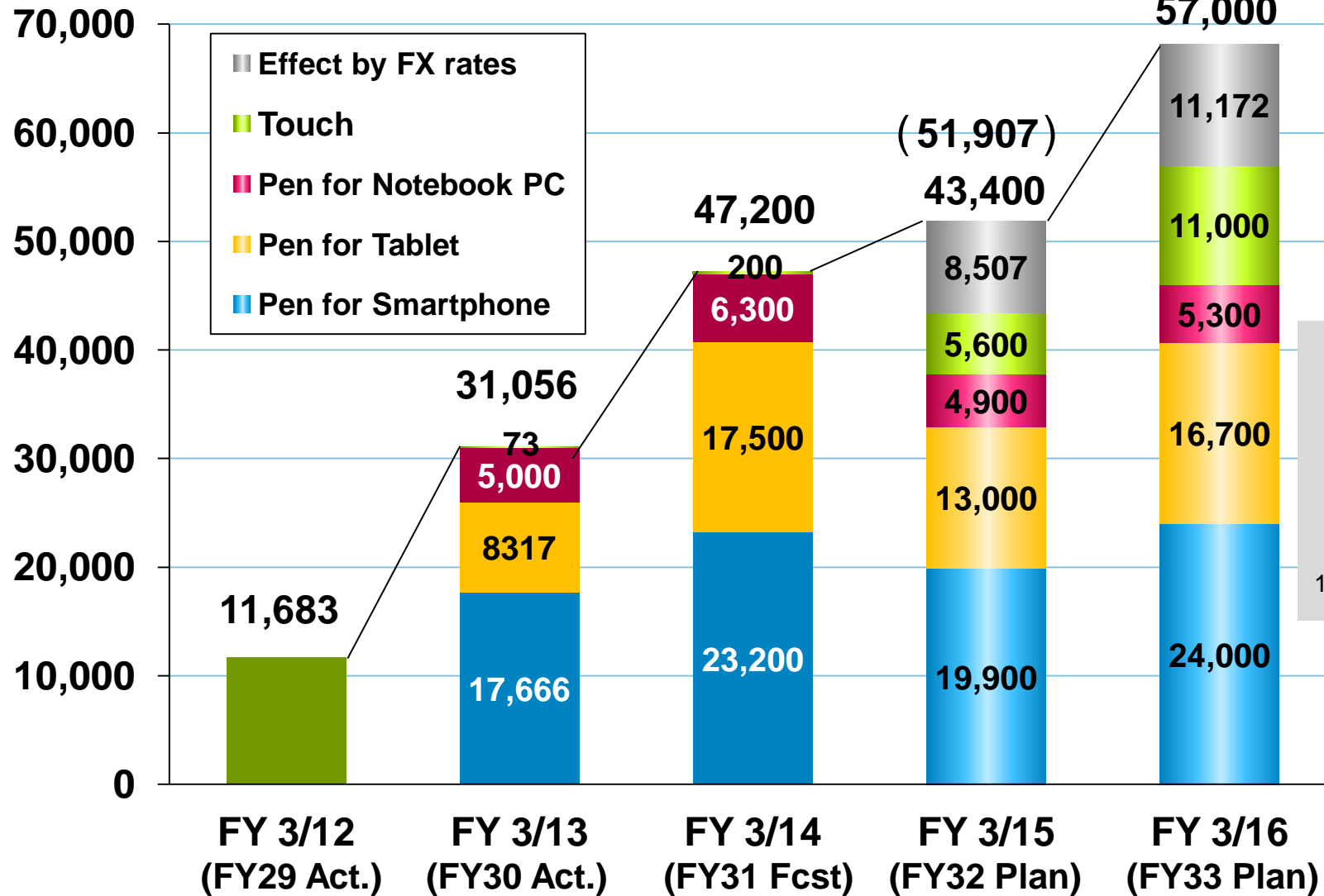
Component Business: Sales Plan

(Unit: Million JPY)

() figures show plans after FX rate changes

(68,172)
57,000

CAGR
FY 3/14
– FY 3/16



Sales
30.0%

Revised assumption of FX rates
1 USD
75JPY → 90JPY
1 EUR
100JPY → 115JPY

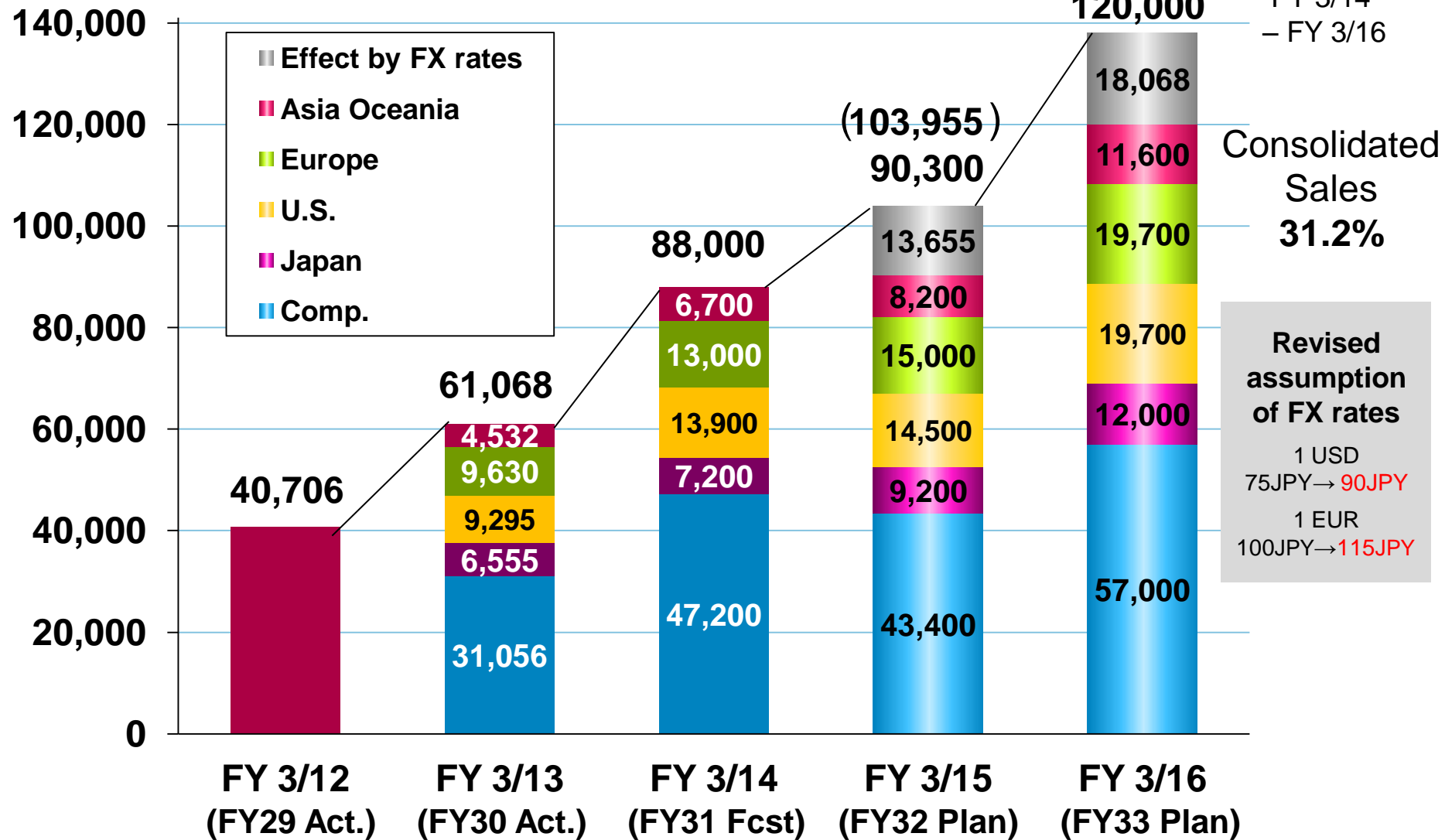
Sales Plan By Region

(Unit: Million JPY)

() figures show plans after FX rate changes

(138,068)
120,000

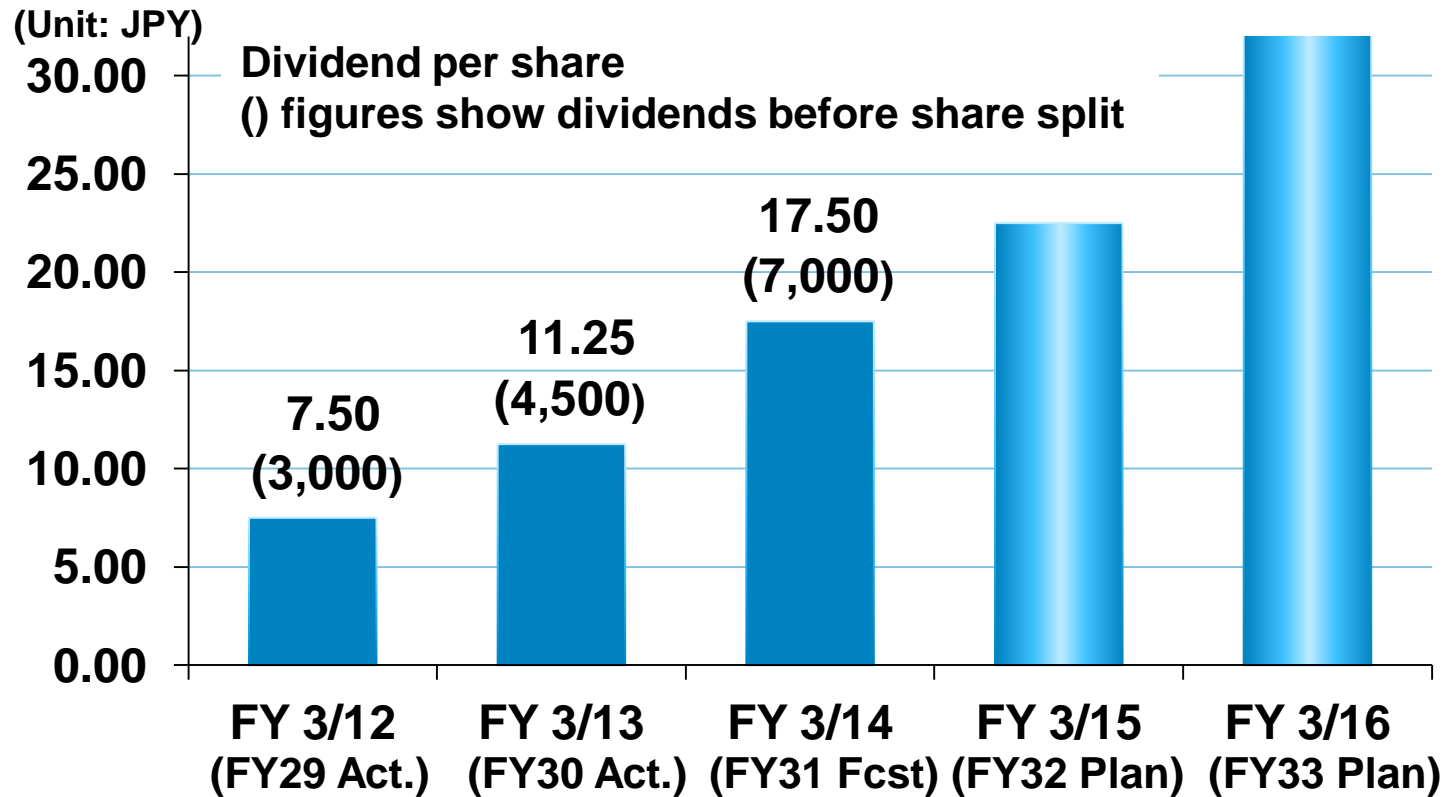
CAGR
FY 3/14
– FY 3/16



Shareholder Returns: Medium-Term Plan

Dividend Payout Policies

- Continue stable payouts to shareholders while maintaining stable financial base necessary for future business development
- Payout ratio to be 40% or more by FY ending March, 2016



A WORLD ALIVE
WITH CREATIVITY.



our vision

wacom®

WE INSPIRE AND EQUIP PEOPLE
TO MAKE THE WORLD
A MORE CREATIVE PLACE.



our mission

wacom®

our brand

OPEN UP.
SENSE MORE.

for a creative world™



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