

August 8, 2016

Wacom Co., Ltd.

Conference Call for Earnings Announcement of the First Quarter, Fiscal Year Ending March, 2017

Q&A Summary

Q1: Concerning outlook for the second quarter onwards, except for forex factor, I understand that you won't foresee revision of Brand Business in local currency base. This depends on how successfully new product lineups will be implemented into markets. What's your view after a quarter passed in this current fiscal year?

A: We will launch new models of high-end mobile products for professionals in this third quarter. Initially this was planned to launch next year, however, we decided to move up into this autumn as other companies already launched those products (tablets compliant with digital pen). I believe these models have potential to get high ratings from customers. In this winter, we will launch new display models, expanding display lineups. As for pen tablets for professionals, we will launch in this fourth quarter. We will entirely renew product lines for professionals, significantly increase capability of digital pen, and reinforce functions for three-dimensional application and color management. So far, demonstrations provided to major users have been well received, so that we've been preparing those new launches on course. We will implement campaign for Creative products, strengthen brand equity, and launch quality new products.

Q2: In the first quarter, sales in local currency base decreased in developed regions such as the U.S., Europe and Japan. Is this due to holding-off buying before new products launch? Does current weakness of growth in local currency base weigh on growth in the second half onwards?

A: I don't think it does structurally. Pen tablet models for general consumers having been sold well in terms of unit base in the first quarter resulted in a shift of sales volume to lower ASP products. I admit ASP of a certain model was too low, so that we will raise it through adjusting process. In developed regions, as specs for mobile products have deviated from market standard since launch of those products, those sales decreased to almost a half of the first quarter of prior year. We will launch quality new products into markets and raise competitiveness in spite of currency fluctuations. As we have found no fundamental changes in market trend of pen tablet and display products, we will regularly launch new products.

Q3: What do you think about degree of effect by new products (tablets compliant with digital pens) of other companies?

A: In tablet market, digital pen has been gradually penetrated, and products named “Pro” have emerged. This has definitely broaden chances for a creative user’s choice. On the hand, it has been getting popular among them as a perception that those “Pro” products are not for them and there are not many of so-called high-end products sufficiently capable for professional users to draw or work with three-dimensional applications, in other words, users for Wacom’s mobile products to satisfy with.

In addition, we observe that they may hold off buying as they expect Wacom to launch new products.

As there are so many needs that have not been satisfied for high-end users, we think it’s feasible to respond to those needs by expanding our product lineups.

Q4: Although you decreased dividend forecast, payout ratio is expected to be still relatively high. What’s your view behind?

A: We have been focusing on stable dividend per share, and will make effort to maintain it. As for payout ratio, 40% is set as our minimal target, however, we would rather keep stable dividend per share, and increase it with business recovery.

(Supplementary Comment from Wacom)

As for slide presentation material No. 46, depreciation forecast was decreased 400 million yen to 2.8 billion yen as revised forecast from 3.2 billion yen as initial forecast. This was due to a delay of launching a certain IT infrastructure investment another half of a year to avoid parallel operation with highly prioritized new products launch from risk management point of view.

Note: The above forecasts are based on currently available information and assumptions of uncertainties which can influence future results as of the announcement date. Please note that actual results could materially differ from these forecasted results due to various factors.

(\*) This is translated to English from a Japanese description solely for convenience of non-Japanese readers.