

Business Report

April, 2017 to September, 2017
(H1, FY ending March 31, 2018)

for a creative world™

Wacom Co., Ltd.
(TSE 1st Sec. Code: 6727)



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H1 (Apr - Sep) FY 03/18 Results Overview

Operating environment

- The penetration of mobile products, cloud computing, and social media is leading to the emergence of a new industrial platform in the IT industry. Growth of new markets such as VR/AR, IoT, and AI is accelerating.
- The yen depreciated against the U.S. dollar and the euro reflecting differences in monetary policy among developed nations. The yen also weakened against emerging currencies.

Performance overview

- Consolidated net sales grew compared to the same period last fiscal year.
- Operating profit returned to profitability owing to sales growth and SG&A control. Net profit also marked a return to profitability.
- Sales in the Brand Business increased compared to the same period last fiscal year. Sales in the Creative Business segment grew due to contributions from new products launched in H2 of last fiscal year. Sales in the Consumer Business segment also showed rapid growth driven by new products. Sales in the Business Solution segment recovered rapidly in the Jul.-Sep. period.
- Sales in the Technology Solution Business increased over the same period of the last fiscal year, and marked a record high for H1. Sales for tablets doubled owing to demand expansion. On the other hand, sales for smartphones decreased due to the disappearance in demand for old models. Meanwhile, we started mass production for Samsung's next-generation model, Galaxy Note8.

H1 FY 03/18 Results Overview

Financial Summary

(JPY)

Business Performance	H1 FY 03/18	YOY Change
Net Sales	40.69 bn	+20.4%
Operating Profit	1.50 bn	-- (Prev. H1: -0.90 bn)
Ordinary Profit	1.64 bn	-- (Prev. H1: -1.02 bn)
Net Profit aft. Tax	1.67 bn	-- (Prev. H1: -1.23 bn)

(Note) Net Profit is equivalent to net profit attributable to shareholders of Wacom Co., Ltd.

Financial Indices	H1 FY 03/18	Previous H1 Results
EPS	10.31	-7.48
BPS (Book Value per Share)	137.61	150.42

(For reference)

Average Forex rate	H1 FY 03/18	YOY Change
1 USD	111.42	+4.7% (weak JPY)
1 EUR	126.63	+6.3% (weak JPY)

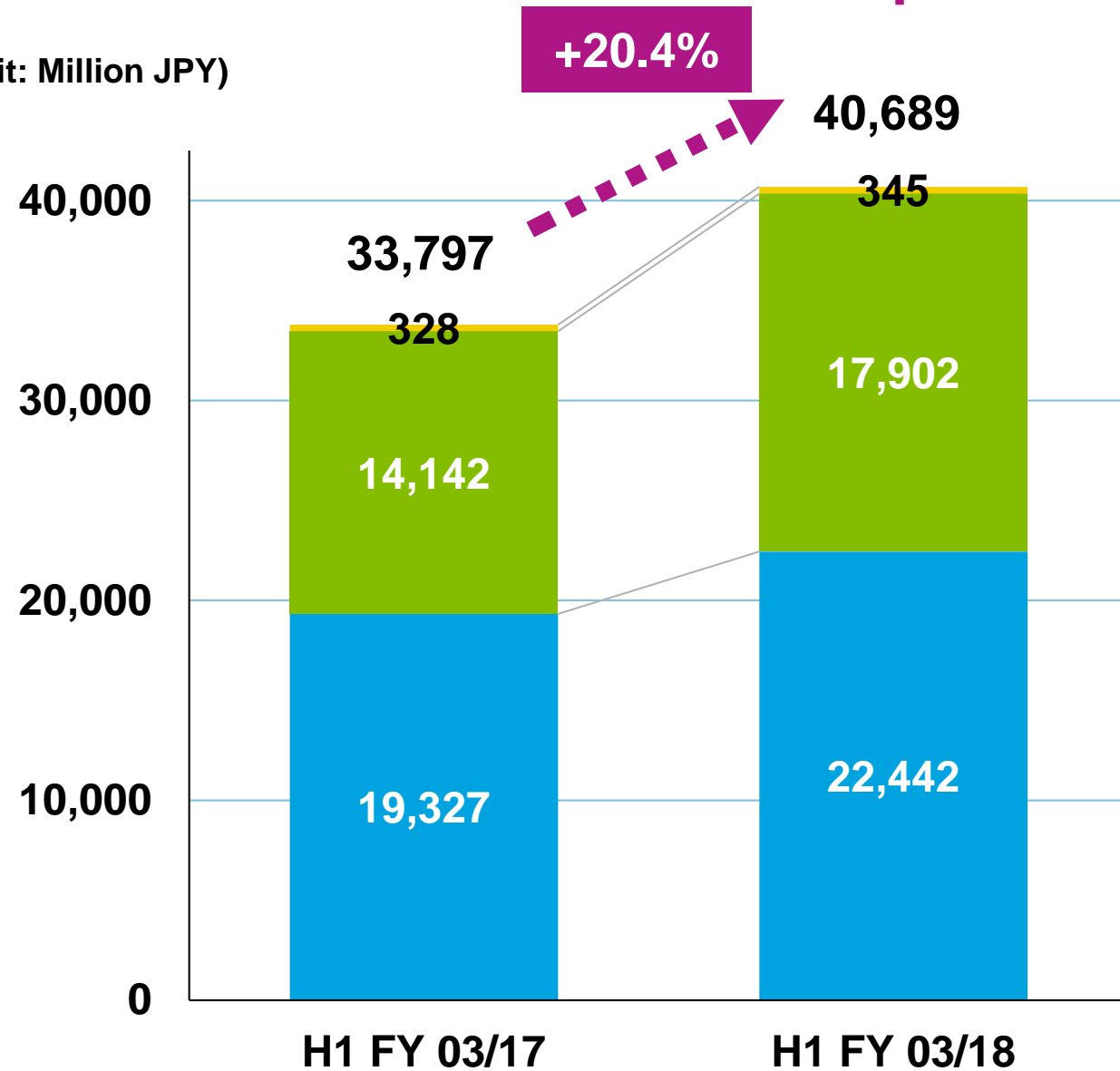
Consolidated P/L

(Unit: Million JPY)

	H1 FY 03/17	H1 FY 03/18	YOY Change	
	04/16-09/16	04/17-09/17	Amount	Ratio
Net Sales	33,797	40,689	6,892	20.4%
Gross Profit	13,241	15,703	2,462	18.6%
profit margin %	39.2%	38.6%		
SG&A	14,139	14,202	63	0.4%
Operating Profit	-898	1,501	2,399	--
profit margin %	-2.7%	3.7%		
Ordinary Profit	-1,021	1,642	2,663	--
Net Profit after Tax	-1,226	1,674	2,900	--

Consolidated Sales Comparison

(Unit: Million JPY)



Change Ratio

+5.2%

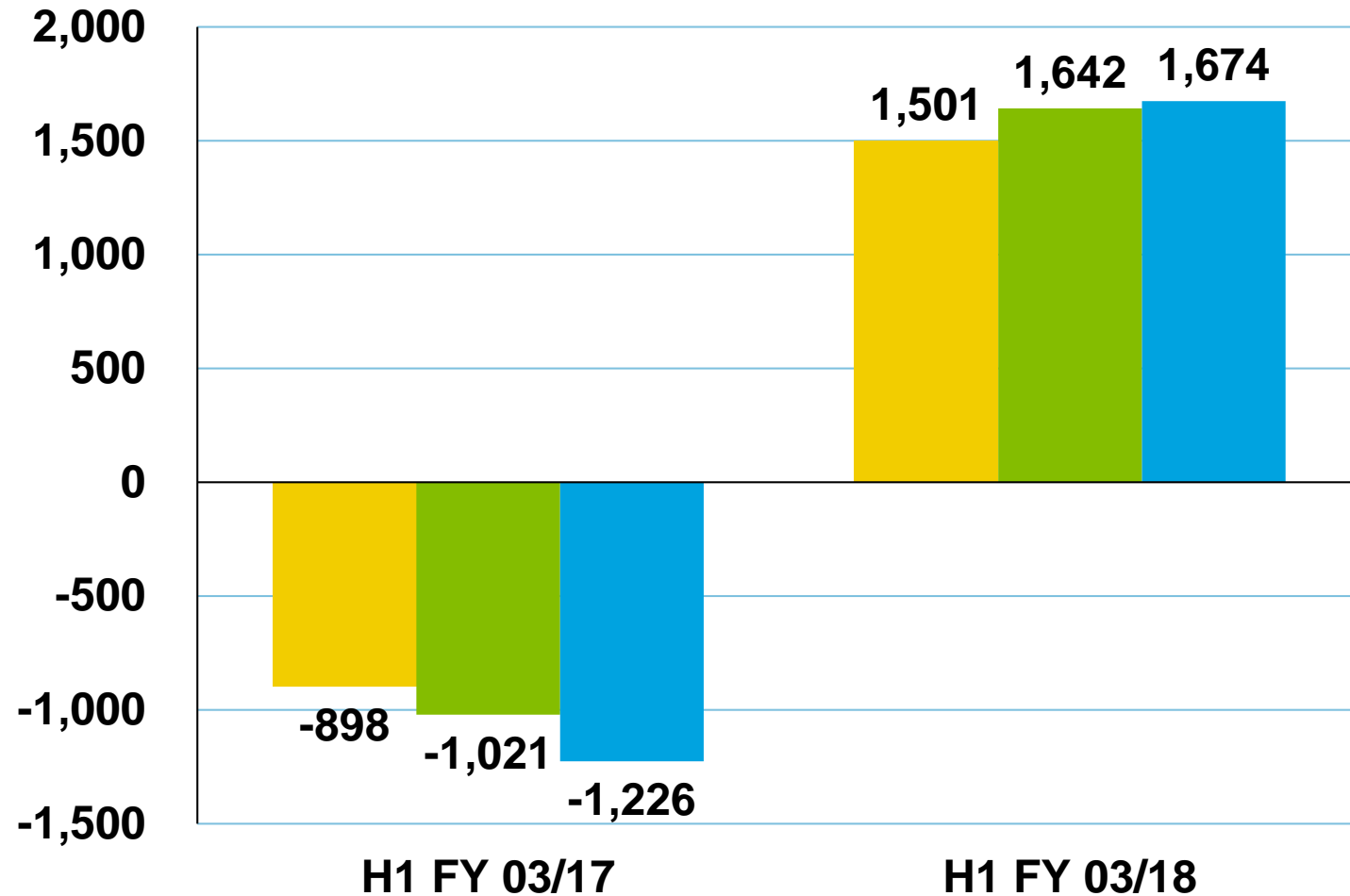
+26.6%
(+21%)

+16.1%
(+11%)

* (%) growth excluding the effect of FX fluctuations

Consolidated Profit Comparison

(Unit: Million JPY)



Change
Ratio (Amount)

Operating Profit

-- (+2.4 bn)

Ordinary Profit

-- (+2.7 bn)

Net Profit

-- (+2.9 bn)

SG&A Expenses Comparison

(Unit: Million JPY)

	H1 FY 03/17	H1 FY 03/18	YOY Change	
	04/16-09/16	04/17-09/17	Amount	Ratio
Personnel	4,829	4,833	3	0.1%
R&D	2,265	2,061	-204	-9.0%
Ad. & Promo.	1,505	1,544	39	2.6%
Subcontractor	1,220	1,227	8	0.6%
Depreciation	782	678	-104	-13.3%
Others	3,537	3,859	322	9.1% (2)
Total	14,139	14,202	63	0.4% (1)
SG&A ratio %	41.8%	34.9%		

(1) Increased by 410 million yen due to translation effects of higher overseas currencies vs the yen

(2) Impact of 230 million yen in provision of allowance for doubtful accounts due to Chapter 11 bankruptcy filed by Wynit, a sales distributor in U.S.

Consolidated P/L (For Reference)

- **Sensitivity to currency fluctuations (year on year)**

(JPY)

Currencies	Changes of forex	Sales	OP
1 USD	+4.99 JPY (weak yen)	+1.13 bn	-0.09 bn
1 EUR	+7.51 JPY (weak yen)	+0.31 bn	+0.16 bn
Asian currencies total (Renminbi)	(+0.36 JPY, weak yen)	+0.25 bn (+0.70 bn)	+0.17 bn (+0.05 bn)
Grand Total		+1.69 bn	+0.24 bn

- **Reason for changes in operating profit (year on year)**

- (1) Tech. Solution Business: increase in gross profit due to sales expansion for tablets +1.5 bn (ex. forex impact)
- (2) Brand Business: increase in gross profit due to sales expansion of new products, despite of the impact from price cuts for existing models +0.4 bn (ex. forex impact)
- (3) Corporate and other functions: limited increase in SG&A expenses +0.4 bn (ex. forex impact)

Business Segment & Business Unit

Brand Business

Creative Business

- Serves the passion of professional and consumer creativity
- Product Lines: Pen Tablet, Mobile, Display

Consumer Business

- Makes daily lives more creative and enjoyable
- Product Lines: Digital Stationery, etc.

Business Solution

- Serves society by providing innovative solutions
- Product lines: Signature Tablet, Pen Display, etc.

Technology Solution Business

- Pen sensor systems for Smartphones and Tablets
- EMR, AES pen components & modules (feel™)

Other Business Engineering Solution ▪ ECAD series

Platform & Applications

- Provides technology, apps and platforms
- Cloud Apps & Services, WILL, Inkspace (digital Ink solution)

Consolidated P/L by Business Segment

(Unit: Million JPY)

	H1 FY 03/17	H1 FY 03/18	YOY Change	
	04/16-09/16	04/17-09/17	Amount	Ratio
Net Sales	33,797	40,689	6,892	20.4%
Brand Business	19,327	22,442	3,115	16.1%
Tech. Solution Biz.	14,142	17,902	3,760	26.6%
Other Business	328	345	17	5.2%
Operating Profit	-898	1,501	2,399	--
Brand Business	2,051	2,549	498	24.3%
Tech. Solution Biz	1,788	3,531	1,743	97.5%
Other Business	-13	-39	-26	--
Corp. and others	-4,724	-4,541	183	-3.9%
profit margin %	-2.7%	3.7%		

Business Highlights:

(Unit: JPY)

<u>Brand Business</u>	22.44 bn	+16.1%
Creative Business	18.82 bn	+11.5%
Pen Tablet (subsection)	10.39 bn	+6.1%

- Sales of *Intuos Pro* for professional users were sluggish due to weak demand for new models launched in January. We are continuing to improve market recognition by promoting next-generation pen technology.
- Sales of *Intuos* series steadily increased mainly in developed countries. The model for 3D modeling launched in the previous fiscal year also contributed to the sales.
- Shipment of the emerging market model increased by 40% on a unit basis, reflecting an increase in new customers in China and India.



WACOM
Intuos Pro



INTUOS



**Emerging market model
(One by Wacom)**



Intuos 3D

Business Highlights: (Unit: JPY)

Brand Business

Creative Business

Mobile (subsection) 2.02 bn +64.6%

- New model Wacom *MobileStudio Pro 13/16* launched in October, 2016 contributed to sales. Demand for high-end models remained firm. We continued to solidify our global market leadership.
- Dramatic changes continued in the competitive environment driven by an increase in digital pen-adopted devices, which gives creative users more choices in the category.
- Demand continues to grow for Wacom's high-performance models for professional creators that support professional users' workflow.

wacom®
MobileStudio Pro



Business Highlights: (Unit: JPY)

Brand Business

Creative Business

Display (subsection) 6.41 bn +9.5%

- New models *Wacom Cintiq Pro 13/16* equipped with next-generation digital pen technology, 4K high-resolution and wide gamut display contributed to the sales.
- Sales of the existing model *Cintiq 13* steadily continued, acquiring entry user base. On the other hand, sales of existing large size models decreased due to product life cycle transitions.
- In July, we announced the launch of *Wacom Cintiq Pro 24/32* set for early 2018, as next-generation large size models. In addition to 4K display, an entirely new standard such as full flat screen ensuring a wide work space will be introduced sequentially.



WACOM[®]
Cintiq Pro 13



WACOM[®]
Cintiq Pro 16

Business Highlights: (Unit: JPY)



Brand Business

Consumer Business **1.61 bn** **+245.4%**

- We launched *Bamboo Ink*, a new stylus product developed with Microsoft and optimized for Windows OS tablets in June. Sales expanded mainly in the U.S.
- We launched smart stylus product *Bamboo Sketch* for iPad in June, which contributed to overall sales.
- *Bamboo Slate* and *Bamboo Folio* launched in September, 2016 and significantly exceeded the sales level of the previous models. We continued efforts to establish the digital stationery category.
- We provided Wacom Cloud to store and utilize digital ink through cloud services.



BAMBOO™ Ink



BAMBOO™ Sketch



BAMBOO™ Slate



BAMBOO™ Folio

WILL
Wacom Ink
Layer Language



InkSpace,
Bamboo Paper Apps

Business Highlights: (Unit: JPY)

Brand Business

Business Solution

2.02 bn

+1.4%

- Sales of the *DT* series increased owing to the adoption by a financial institution in the U.S.
- Sales of *STU* series decreased due to sales decline in the Eurozone and reaction from sales to a large scale public institution sale in India recorded last fiscal year.
- We launched new product *Wacom Clipboard* in June and started sales promotion as a B2B solution that digitizes handwritten content on paper in real-time.
- Impacts from changes in the market environment including competition with mobile devices continued.



STUシリーズ
STU-530/430



Wacom®
Clipboard **PHU-111**



DTU-1141



DTU-1031



DTK-1651

Business Highlights: (Unit: JPY)

Tech. Solution Business 17.90 bn **+26.6%**



Smartphone models

Pen Sensor System for Smartphones 6.53 bn **-22.6%**

- Started mass production for the next generation model Galaxy Note8.
- Sales decreased due to the disappearance in demand for the old model (Note7).
- Focused on automation of a new cartridge-type digital pen.
- Continued efforts for new customer development.



Galaxy Note8



Business Highlights: (Unit: JPY)

Tech. Solution Business

Pen Sensor System for Tablets and Notebook PCs 11.37 bn +99.3%

- Sales of Active-ES pen solution increased due to expanding adoption.
- Sales of EMR pen solution increased due to growing demand for educational PCs such as Google Chromebook.
- Developed a standardized digital pen for Windows10 OS tablets with Microsoft.
- Making efforts to expand digital stationery business.

STAEDTLER



MONTBLANC



 **chromebook Pixelbook**



 **Windows**

 **chrome**

 **ANDROID**

Tablet - PC models

Lenovo

SAMSUNG



 **HUAWEI**





TOSHIBA

FUJITSU

Business Highlights:

(Unit: JPY)

Other Business

0.35 bn

+5.2%

CAD software and others 0.35 bn

+5.2%

- Sales of major product *ECAD* series increased.
- In September, it was decided that the Engineering Solution Business will be spin off through a company split, and transferred to a new company to be established effective December 1, 2017. All the shares in the company will be transferred to Nitto Kogyo Corporation on the same date.

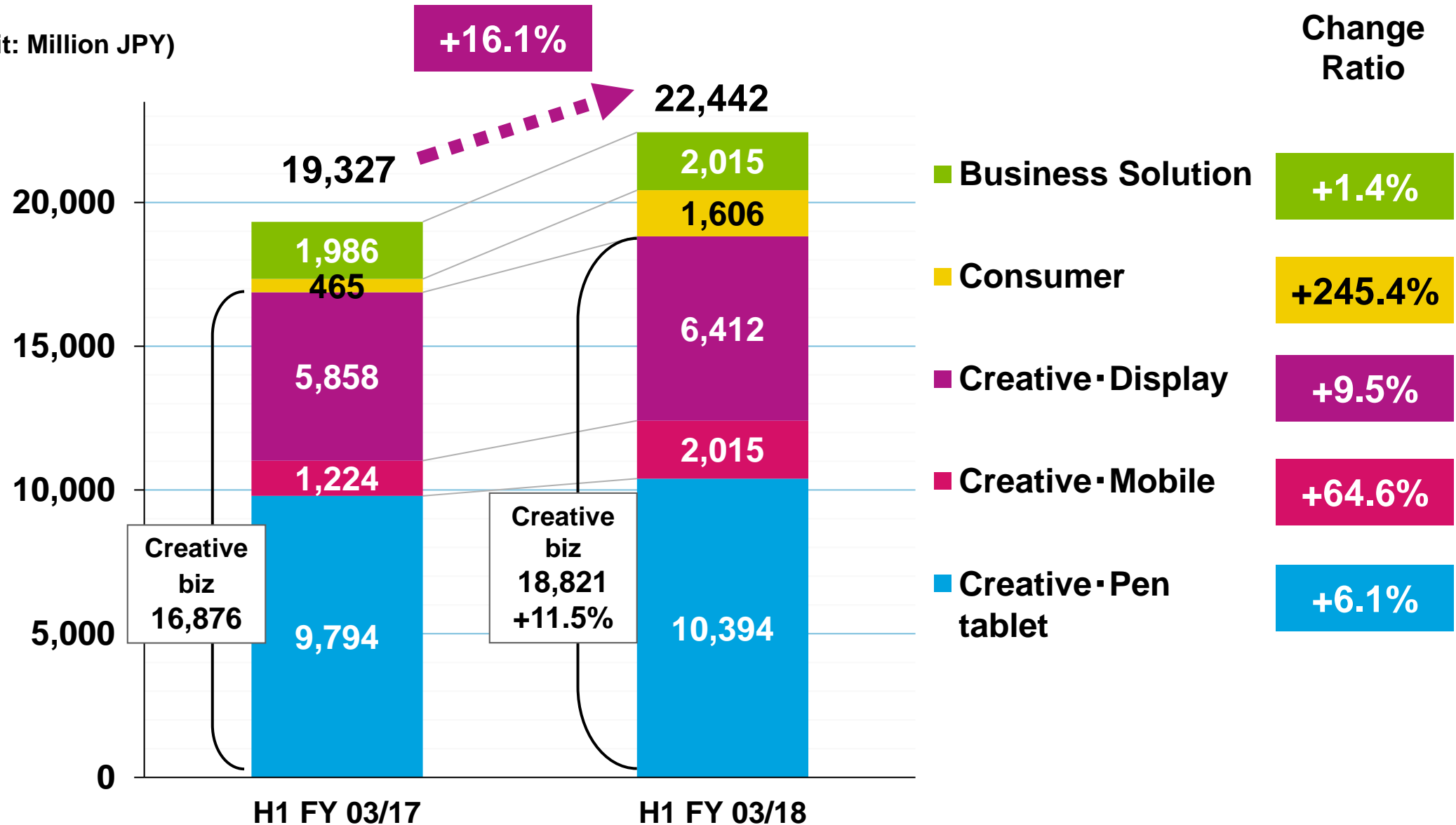


F&A (Corporate)

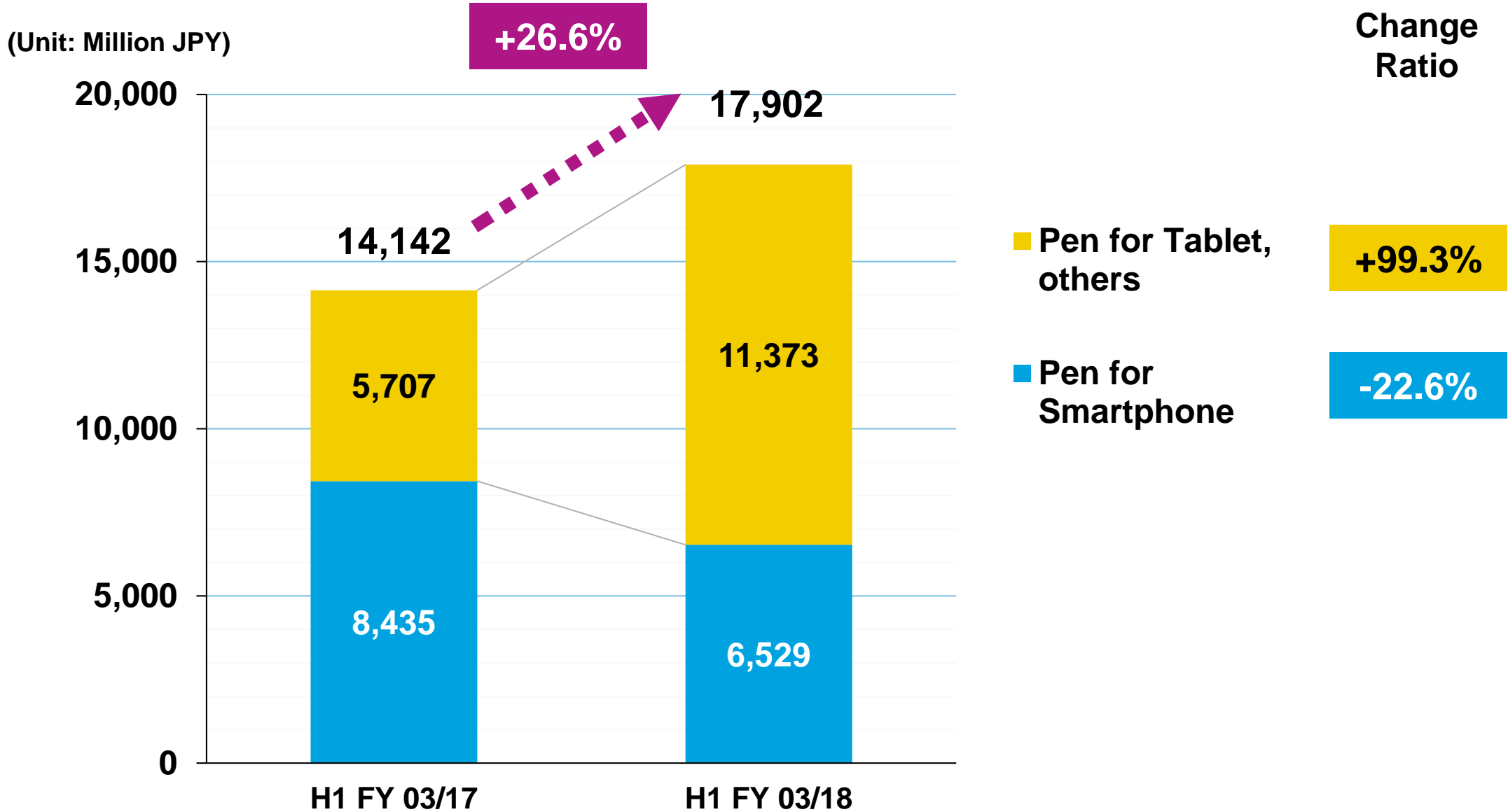
- Launched “Wacom Innovation Hub” in May as a new support program for startup companies to encourage new and innovative applications based on the WILL platform as digital ink standard.
- Held “Connected Ink” digital ink promotion event in Shanghai in June and in Berlin in August.
- Continued development of growing markets such as 3D and VR/AR.
- Proceeded with planning of new strategic initiatives to optimize cost structure and address management issues. We established a Nominating Committee in April to improve business decision-making and started criteria formulation for selecting executives of Wacom group (Representative Director, Directors, and Executive Officers). In October, we announced the appointment of the next Representative Director.

Sales by Product Line in Brand Business

(Unit: Million JPY)

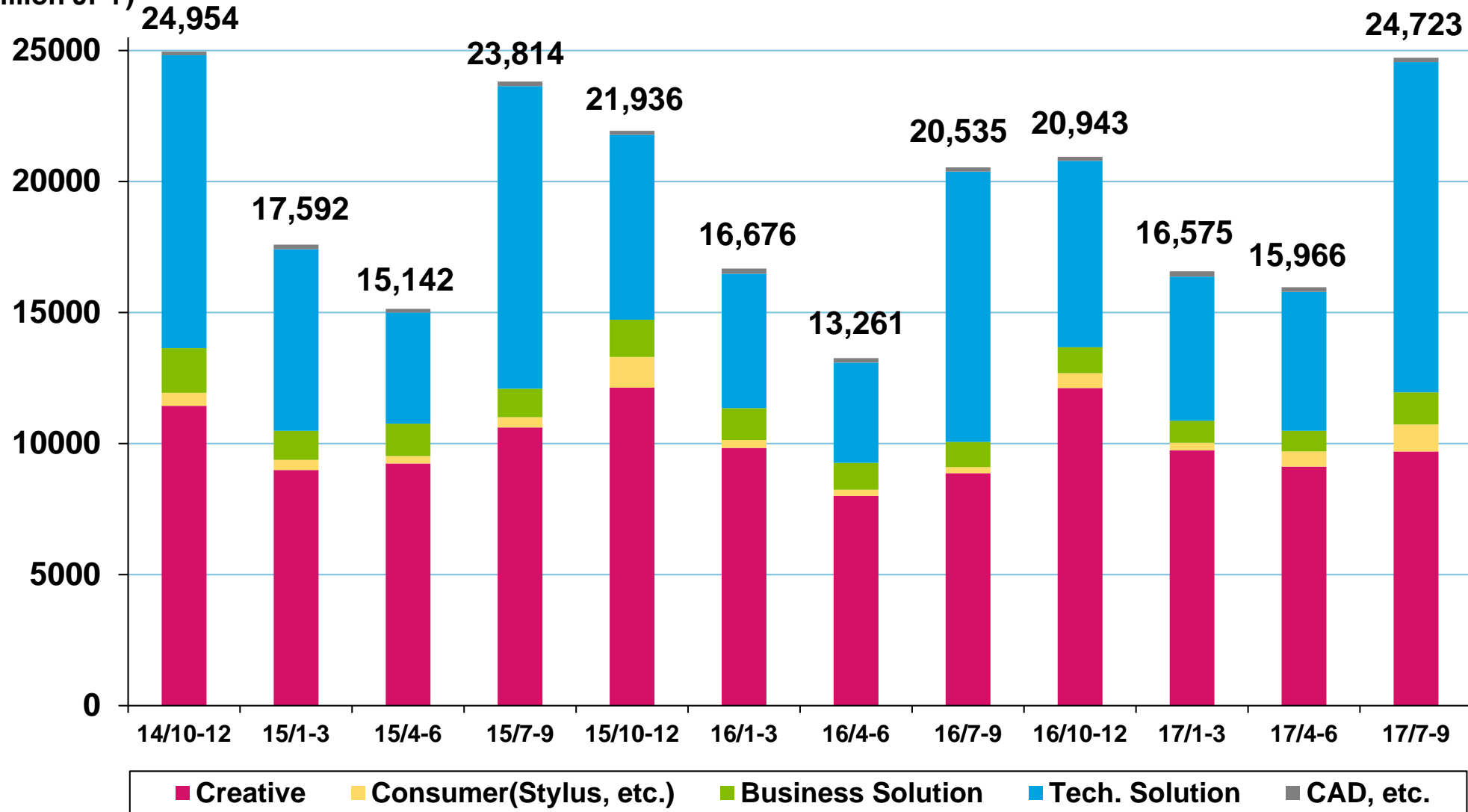


Sales by Product Line in Tech. Solution Business



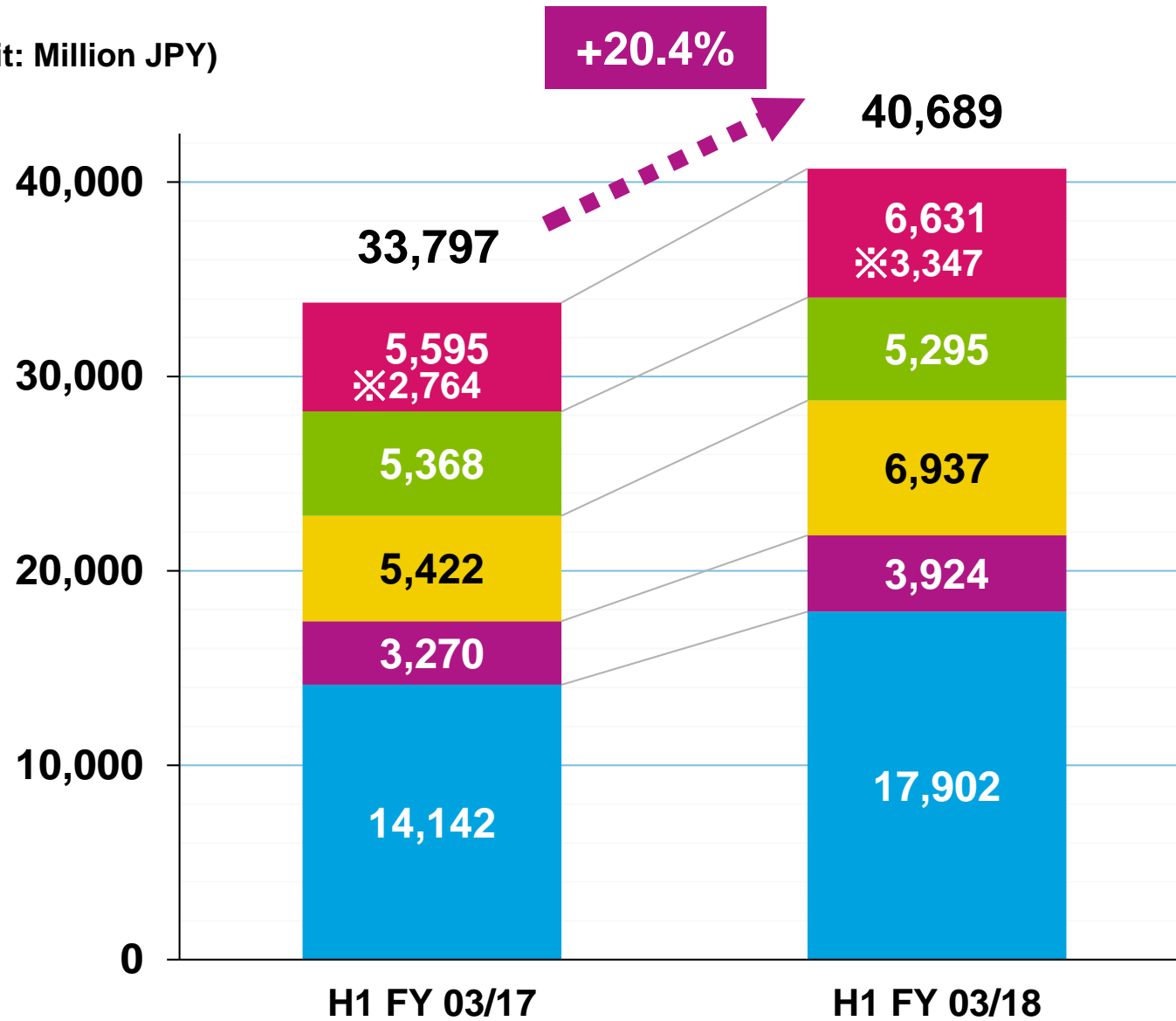
Quarterly Trend by Product Line

(Unit: Million JPY)



Sales by Regional Subsidiary

(Unit: Million JPY)



Sales in China of Asia Oceania (% growth based on CNY)

■ Asia Oceania

■ Germany

■ U.S.

■ Japan

■ Tech. Solution

Change Ratio

+18.5%
(※+18.5%)

-1.4%
(-7.2%)

+28.0%
(+22.2%)

+20.0%

+26.6%

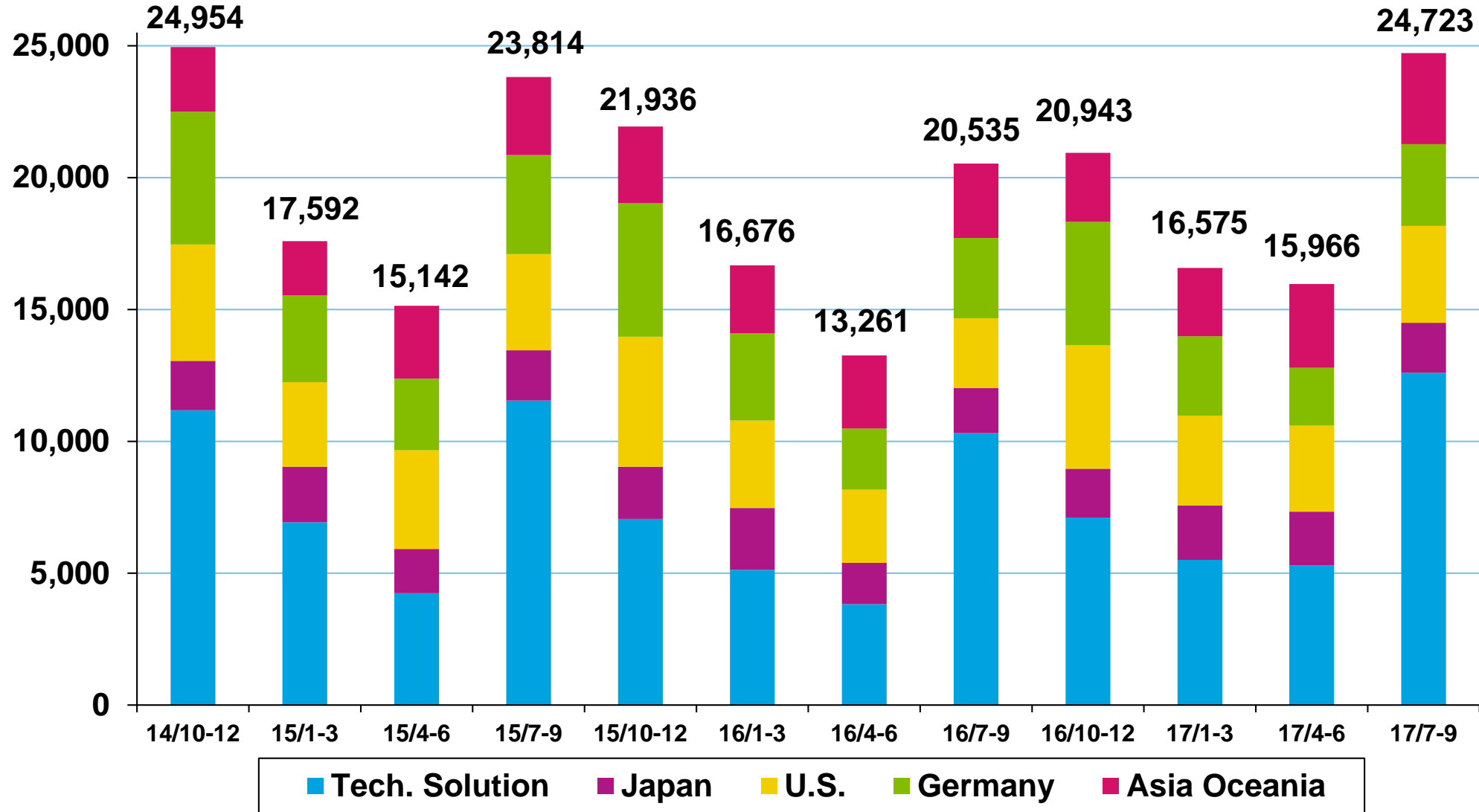
(%) growth based on local currency

(Ref.) Sales Changes in Local Currency Base

Region	Currency	YOY Change Ratio
Japan (excluding Technology Solution)	JPY	+20.0%
U.S.	USD	+22.2%
Europe	EUR	-7.2%
China	CNY	+18.5%
Korea	KRW	+20.5%
Australia	AUD	+6.1%
Singapore	USD	-1.1%
Hong Kong	USD	+23.2%
Taiwan	NTD	+6.3%
India	INR	-13.8%

Quarterly Trend by Regional Subsidiary

(Unit: Million JPY)



Consolidated B/S

(Unit: Million JPY)

	End of March 2017	End of September 2017	Change
Current Assets	39,500	48,059	8,559
Non-current Assets	10,750	10,276	-474
Total Assets	50,250	58,335	8,085
Current Liabilities	17,384	24,340	6,956
Non-current Liabilities	11,509	11,619	110
Total Liabilities	28,893	35,960	7,067
Minority Interest in Subsidiaries	0	0	0
Net Assets	21,357	22,375	1,018
Total Liabilities and Net Assets	50,250	58,335	8,085
Equity Ratio	42.2%	38.3%	-3.9%

Key Changes

Assets

- Increase in notes and accounts receivable
(sales expansion in Tech. Solution, etc.) 4,381
- Increase in cash and deposits 1,884

Liabilities

- Increase in notes and accounts payable 4,009
- Increase in short-term loans 3,000

Net Assets

- Increase in shareholders' equity 700
(Net profit posted for H1 FY 03/18, etc.)

Consolidated C/F

(Unit: Million JPY)

	H1 FY 03/17	H1 FY 03/18	YoY Change
	04/16-09/16	04/17-09/17	Amount
C/F from operating activities	-756	-244	512
C/F from investing activities	-1,339	-603	736
C/F from financing activities	3,304	2,030	-1,274
Effect of change in exchange rate	-897	702	1,599
Increase-decrease of cash & cash equivalent	313	1,884	1,571
Beginning balance of cash & cash equivalent	14,365	14,205	-160
Ending balance of cash and cash equivalent	14,678	16,089	1,411

Major Activities in H1 FY 03/18

C/F from operating activities

- Increase in notes and accounts receivable-trade -6,431
- Increase in notes and accounts payable-trade 3,795
- Net profit before tax 1,697
- Depreciation 1,277

C/F from investing activities

- Purchase of fixed assets (mold, etc.) -616

C/F from financing activities

- Increase in short-term loans payable 3,000
- Cash dividends paid -970

FY 03/2018

Basic Strategies and Business Focus

for a creative world™



wacom®

Initial Assumptions for FY 03/18 Business Environment

The Global Economy

- The global economy is expected to expand driven by favorable growth in U.S. and sustaining growth in China.
- High uncertainty will be observed reflecting political developments such as a protectionist U.S. trade policy and instability in the EU.
- Geopolitical risk is expected to increase due to changing Middle East affairs and prolonged military tension in Far East.
- Instability in currency exchange rates is expected to persist.

The IT Industry and our Business Environment

- The IT industry is set to shift to a new industrial platform based on cloud services, big data, mobile communication services, and SNS. 5G and virtualization technology will accelerate innovation.
- IoT, VR/AR, 3D printing, and security-related business will continue to be key to our business. Creative markets will continue to expand and competition increases among major global IT players.
- Mobility, education, enterprise, and emerging countries are new business growth segments.
- Digital stationery linked with cloud services is expected to gain broader category awareness.
- Digital ink adoption is expanding to Windows, Chrome, and the other OS platforms.

Basic Strategies and Initiatives -1-

Basic Strategy

- Recover profitability through optimization of our global organization and cost structure.
- Achieve sustainable growth by enhancing Wacom's leadership in the digital pen and ink market.
- Plan new medium-term strategies to evolve our business model under a new management team.
- Improve user experience, enhance the relationship with customers

Key Initiatives

- Brand Product Business
 - Extend 3D design functions and develop enterprise markets (3D, VR/AR, CAD, Multimedia, etc.).
 - Build strong relationship with customers and communities by enhancing regional marketing functions.
 - Promote creative workflow solutions from ideas on paper to digital design and contents.
 - Develop and expand emerging market business (China, Asia/Pacific, LATAM).
 - Expand the digital stationery market, and build brand awareness through collaboration with partners.
 - Expand business solutions for enhancing efficiency in workflow and data security by digital signature technology

Basic Strategies and Initiatives -2-

- Technology Solution Business
 - Establish the de-facto-standard of digital pen technologies with EMR and AES for tablets.
 - Support the transition to Samsung's next-generation smartphone models.
 - Develop and expand business opportunities through pen adoption for the education market with partner companies.
 - Expand the digital stationery market in collaboration with various partner companies.
- Corporate
 - Enhance global organization and optimize cost structure and organization.
 - Promote WILL through DSC and establish effective business structure utilizing digital ink with partner companies.

Risks and Opportunities

- Risk
 - Brand Business: Slow sales, delay of development and launch, and quality issues of new products.
 - Technology Solution Business: Slow sales for Samsung's next model smartphone.
- Opportunities
 - Demand increase for new products and new technology (AES).
 - Further progress in cost reduction.

Assumptions for FY 03/18 Financial Forecast

- Reflected business update reviewing market trend as of mid October, 2017.
- In Technology Solution Business, actual results may materially differ from forecast in short term due to its business nature.
- Forex rate assumptions from October, 2017
 - USD 1 = JPY 111 (YOY +2.0% weaker JPY) Previous assumption: JPY 110
 - EUR 1 = JPY 128 (YOY +6.6% weaker JPY) Previous assumption: JPY 118
- Sensitivity to currency fluctuations: 12-month forecast

Unit of sensitivity	In case of stronger JPY 1.00 <small>In case of the stronger JPY, read the following signs of plus and minus the other way round.</small>					
(Unit: Million JPY)	FY 03/18 (revised forecast)		FY 03/18 (previous forecast)		(for ref.) FY 03/17 (result)	
Currency	USD	EUR	USD	EUR	USD	EUR
Sales	530(430)	110	520(410)	140	500(380)	110
Operating Profit	0(-70)	70	-30(-100)	100	30(-50)	70

Note: USD sensitivity reflects exposure of Asian currencies supposing they synchronize with USD.

Each figure in brackets above in USD shows sensitivity excluding exposure of Asian currencies, namely USD only.

Summary of Revised Forecasts for FY 03/18

(All comparisons are with the previous fiscal year unless otherwise stated)

Consolidated performance

- We revised the full-year sales forecasts for FY03/18 upward, reflecting a strong sales expansion trend in the Technology Solution Business. On the other hand, we revised the H2 sales forecasts downward from the initial forecasts, reflecting the delay of development and launch of new display products in the Brand Business.
- As for operating profit, we revised the full-year forecasts upward, reflecting the increase in gross profit owing to sales expansion in the Technology Solution Business and containment of SG&A expenses (SG&A ratio: approx. 36%). However, we revised the H2 operating profit forecasts downward, reflecting the shift of R&D and sales promotion expenses from H1 to H2.

Brand Product Business

- We revised the sales forecasts in the Creative Business downward from the initial forecasts, reflecting the delay of development and launch of display products, and reduced the sales forecasts in mobile products.
- We revised the sales forecasts to double in the Consumer Business from the initial forecasts, reflecting the strong expansion of stylus product sales.
- We revised the sales forecasts in the Business Solution slightly upward from the initial forecasts.

Summary of Revised Forecasts for FY 03/18

(All comparisons are with the previous fiscal year unless otherwise stated)

Technology Solution Business

- We revised the sales forecasts for tablets upward from the initial forecasts, reflecting the strong sales trend for customers with digital pen technology adopted models.
- We revised the sales forecasts for smartphones upward from the initial forecasts, reflecting the strong shipments trend of Galaxy Note8.

Other Business

- Sales in Other Business are expected to decrease due to the transfer of the Engineering Solution Business effective December 1, 2017.

Summary for FY 03/18 Forecast (vs. Previous Forecast as of May 10)

(Unit: Million JPY)

	H2 FY 03/18 (prev.)		H2 FY 03/18 (rev.)		Prev. vs. Rev.
	10/17-03/18		10/17-03/18		Change
Sales	41,620		40,211		-1,409
Operating Profit	2,270	5.5%	1,399	3.5%	-871
Ordinary Profit	2,240	5.4%	1,458	3.6%	-782
Net Profit aft. tax	1,230	3.0%	256	0.6%	-974
	FY 03/18 (prev.)		FY 03/18 (rev.)		Prev. vs. Rev.
	04/17-03/18		04/17-03/18		Change
Sales	76,800		80,900		4,100
Operating Profit	1,800	2.3%	2,900	3.6%	1,100
Ordinary Profit	1,740	2.3%	3,100	3.8%	1,360
Net Profit aft. tax	1,130	1.5%	1,930	2.4%	800
ROE	5.3%		9.1%		+3.8%

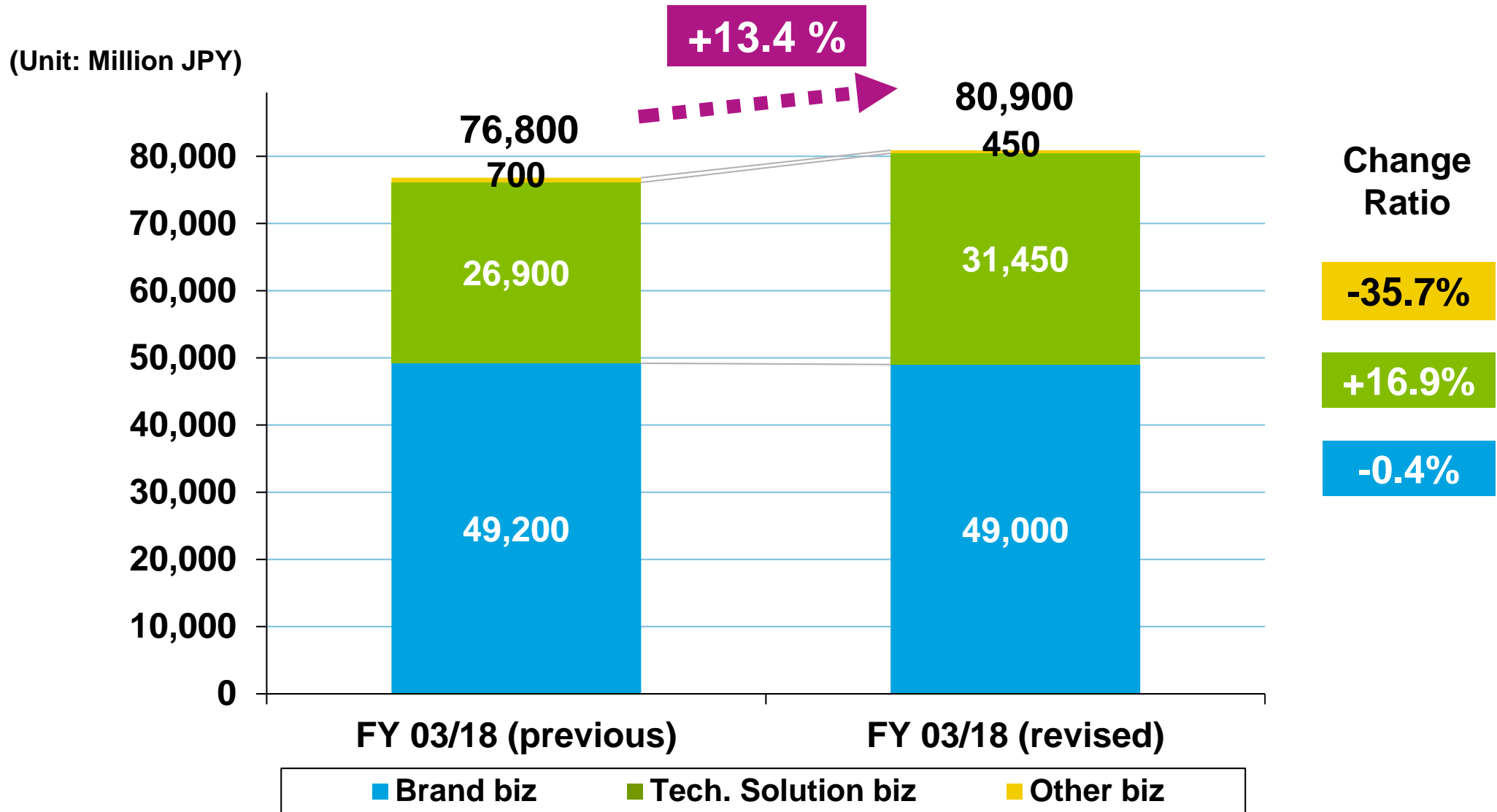
Forecast by Business Segment (vs. Previous Forecast as of May 10)

(Note) Due to risks and uncertainties involved in the forecast of market and customer trends in Technology Solution Business, actual results may materially differ from forward-looking statements in the short term.

(Unit: Mil JPY)

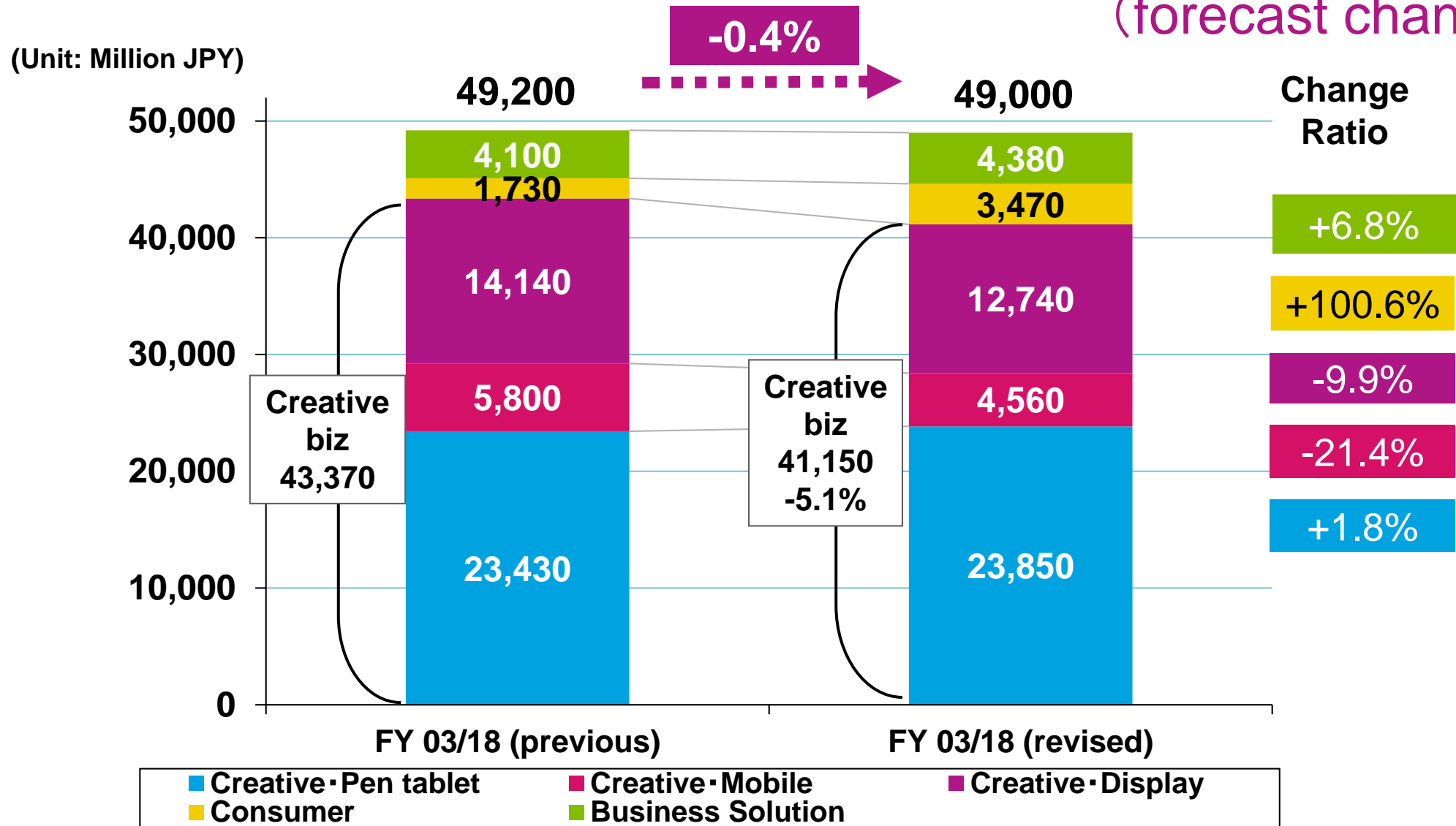
	FY 03/18 (prev.)	FY 03/18 (rev.)	Prev. vs. Rev.	
	04/17-03/18	04/17-03/18	Amount	Change
Net Sales	76,800	80,900	4,100	5.3%
Brand biz	49,200	49,000	-200	-0.4%
Tech. Solution biz	26,900	31,450	4,550	16.9%
Other biz	700	450	-250	-35.7%
Operating Profit	1,800	2,900	1,100	61.1%
Brand biz	8,100	7,660	-440	-5.4%
Tech. Solution biz	2,260	3,900	1,640	72.6%
Other biz	40	-50	-90	-225.0%
Corp. and others	-8,600	-8,610	-10	0.1%
profit margin %	2.3%	3.6%		

Sales Forecast by Business Segment (forecast change)



Sales Forecast by Product line in Brand Business

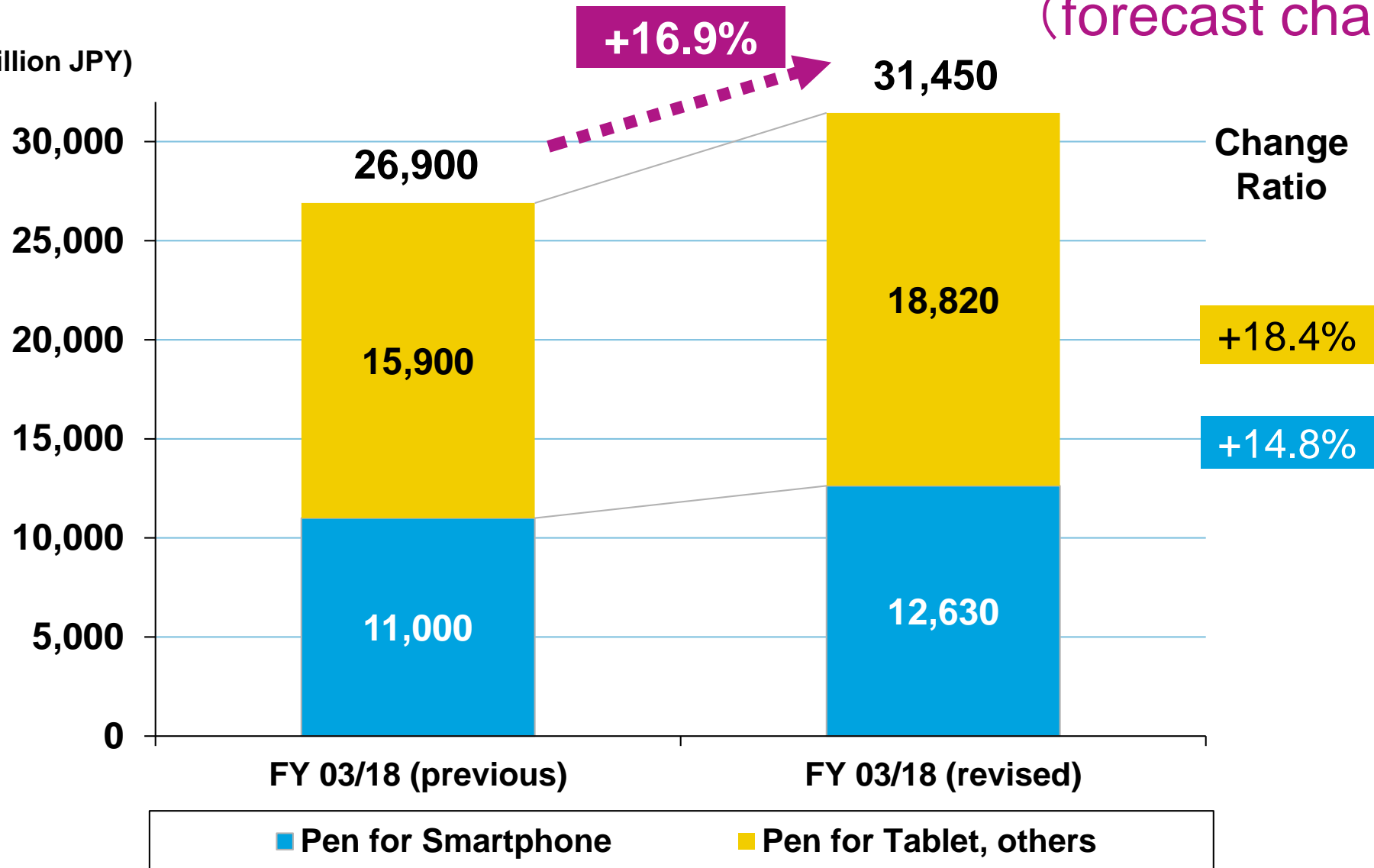
(forecast change)



Sales Forecast by Product line in Tech. Solution

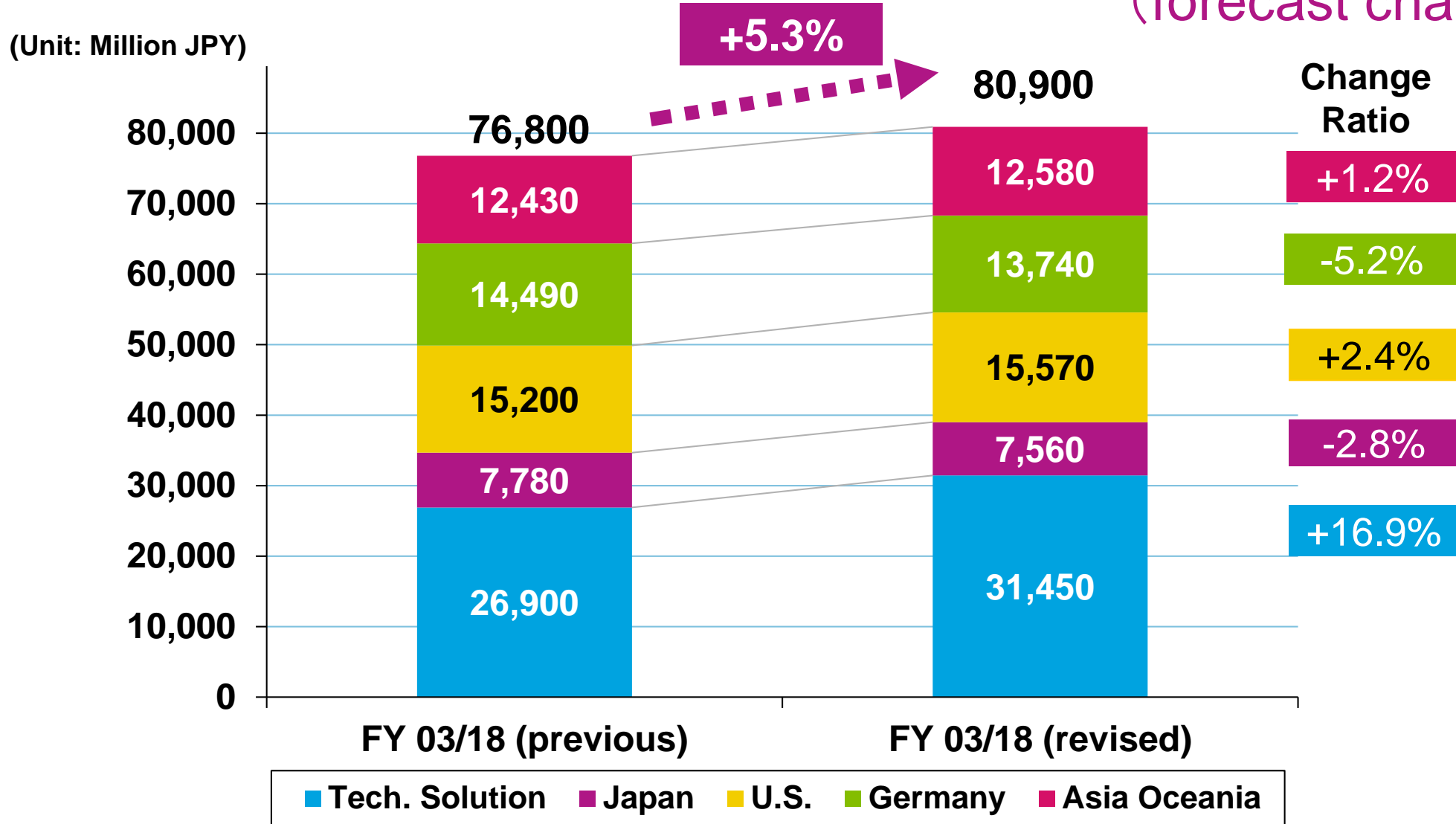
(forecast change)

(Unit: Million JPY)



Sales Forecast by Regional Subsidiary

(forecast change)



(Ref.) Summary for FY 03/18 Forecast (vs. previous fiscal year)

(Unit: Million JPY)

	H2 FY 03/17 (rslt.)		H2 FY 03/18 (rev.)		YOY
	10/16-03/17		10/17-03/18		Change
Sales	37,517		40,211		2,694
Operating Profit	-273	-0.7%	1,399	3.5%	1,672
Ordinary Profit	151	0.4%	1,458	3.6%	1,307
Net Profit aft. tax	-4,308	-10.4%	256	0.6%	4,564
	FY 03/17 (rslt.)		FY 03/18 (rev.)		YOY
	04/16-03/17		04/17-03/18		Change
Sales	71,314		80,900		9,586
Operating Profit	-1,171	-1.6%	2,900	3.6%	4,071
Ordinary Profit	-870	-1.2%	3,100	3.8%	3,970
Net Profit aft. tax	-5,534	-7.8%	1,930	2.4%	7,464
ROE	--		9.1%		--

(Ref.) Forecast by Business Segment (vs. previous fiscal year)

(Note) Due to risks and uncertainties involved in the forecast of market and customer trends in Technology Solution Business, actual results may materially differ from forward-looking statements in the short term.

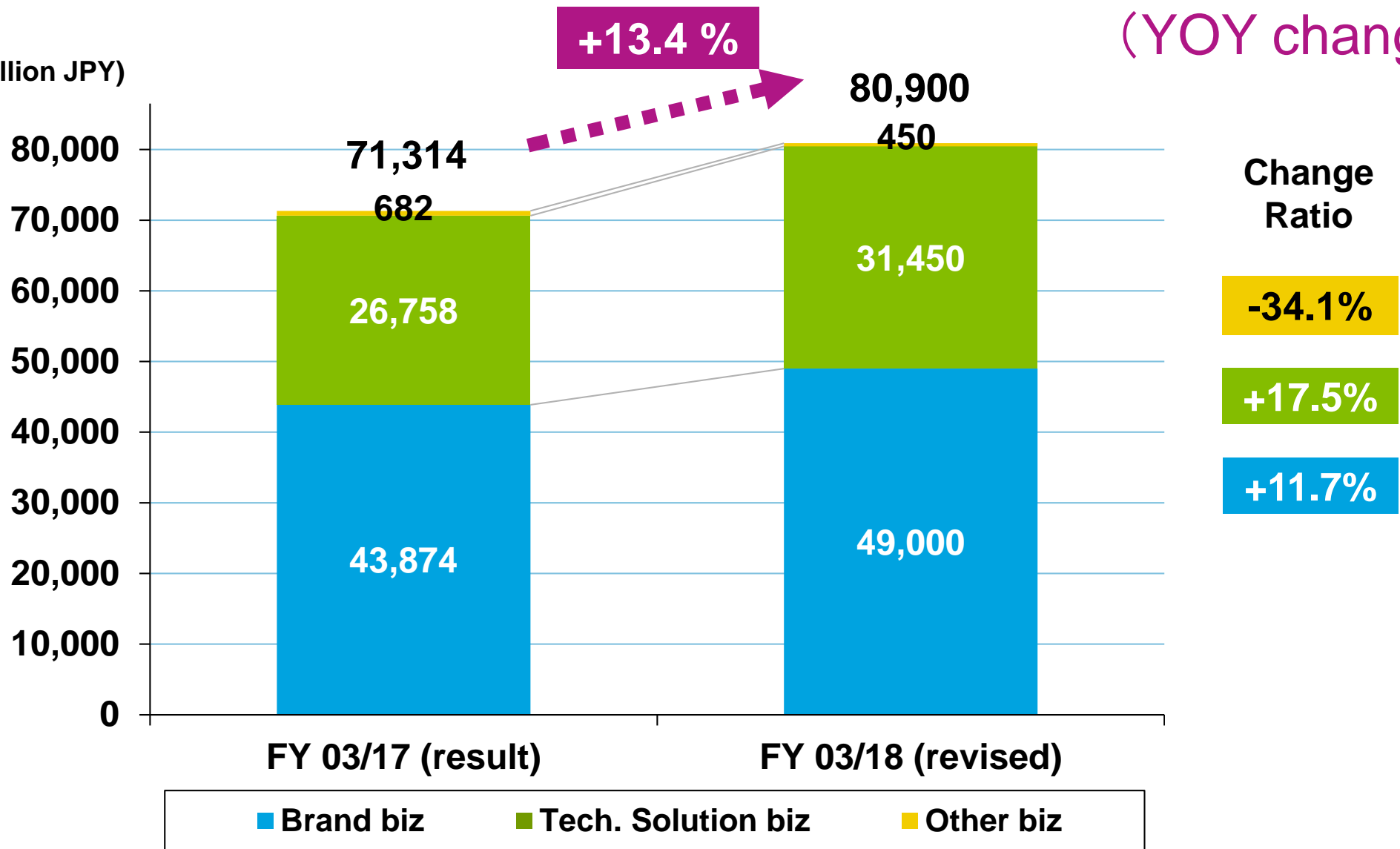
(Unit: Mil JPY)

	FY 03/17 (rslt.)	FY 03/18 (rev.)	YOY	
	04/16-03/17	04/17-03/18	Amount	Change
Net Sales	71,314	80,900	9,586	13.4%
Brand biz	43,874	49,000	5,126	11.7%
Tech. Solution biz	26,758	31,450	4,692	17.5%
Other biz	682	450	-232	-34.1%
Operating Profit	-1,171	2,900	4,071	--
Brand biz	5,685	7,660	1,975	34.8%
Tech. Solution biz	2,443	3,900	1,457	59.6%
Other biz	-32	-50	-18	--
Corp. and others	-9,267	-8,610	657	-7.1%
profit margin %	-1.6%	3.6%		

(Ref.) Sales Forecast by Business Segment

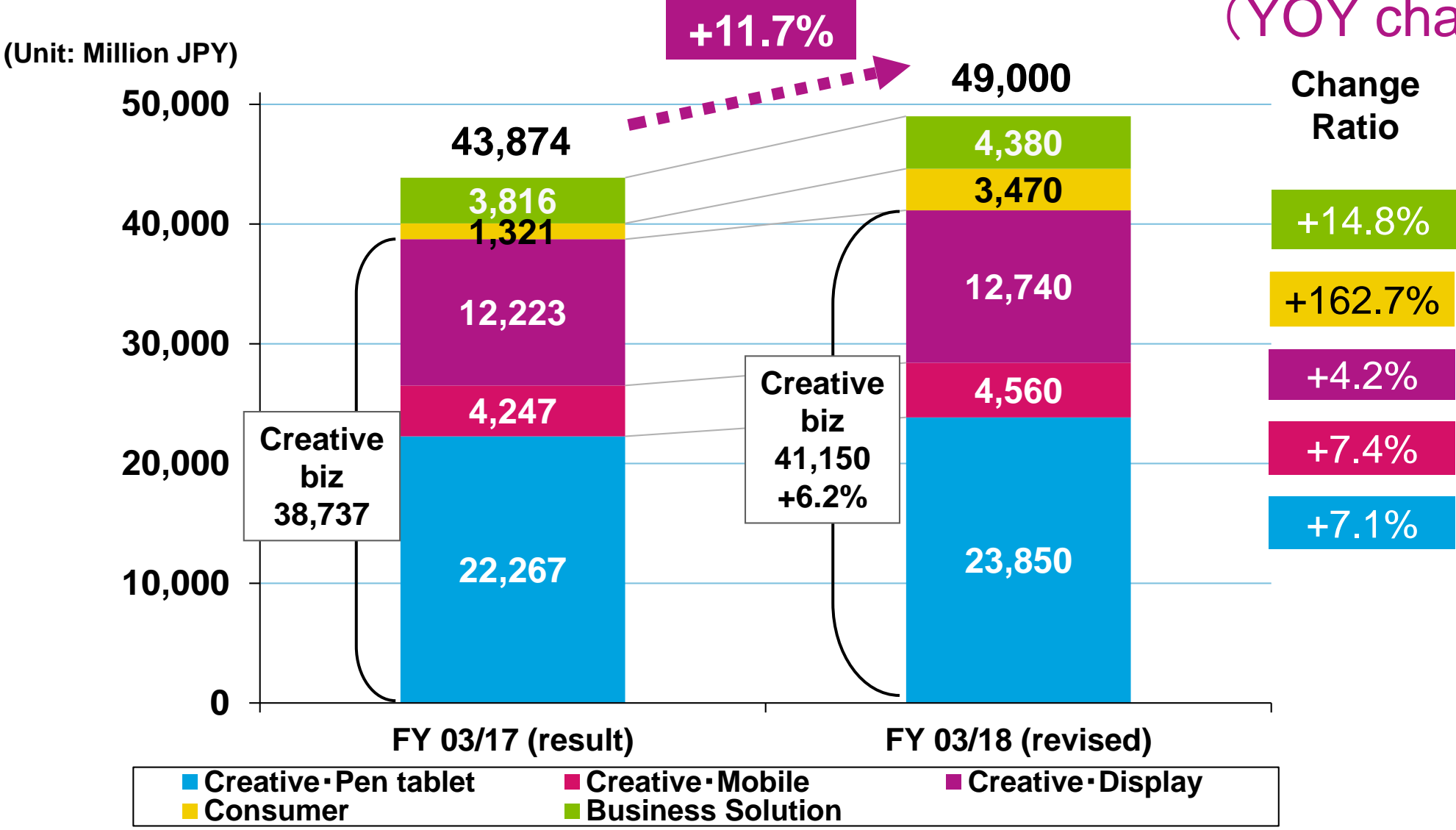
(YOY change)

(Unit: Million JPY)



(Ref.) Sales Forecast by Product line in Brand Business

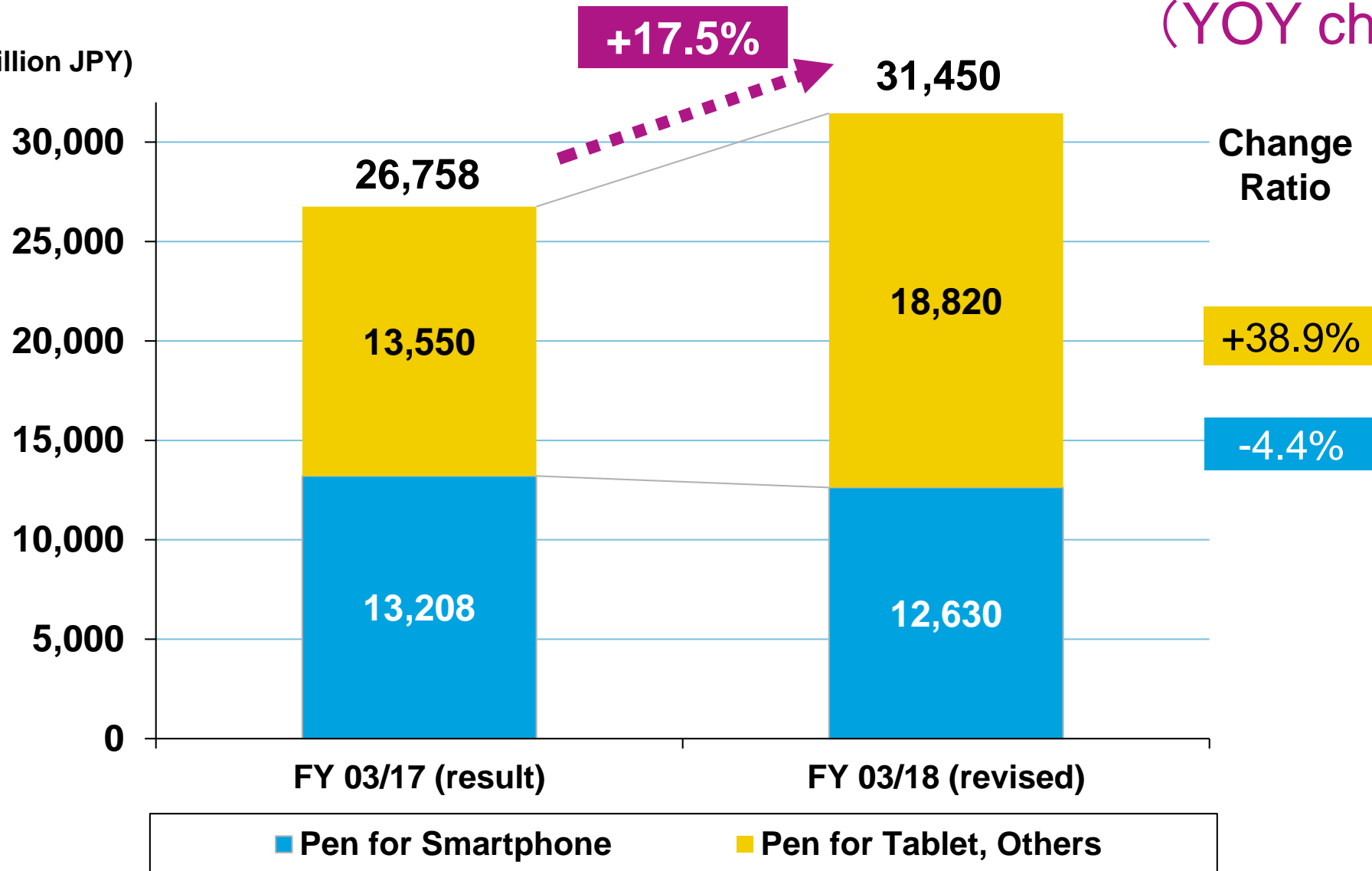
(YOY change)



(Ref.) Sales Forecast by Product line in Tech. Solution

(YOY change)

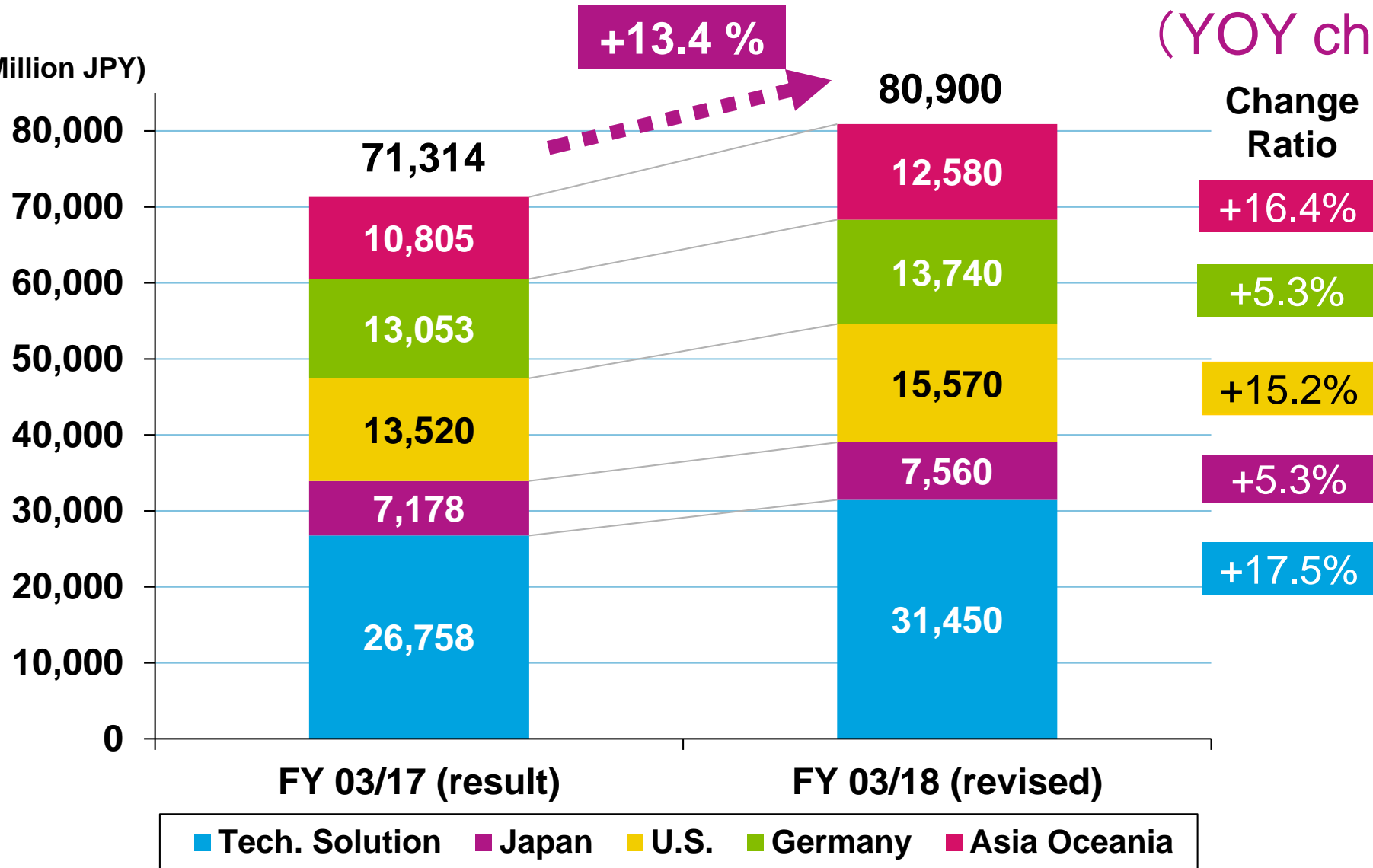
(Unit: Million JPY)



(Ref.) Sales Forecast by Regional Subsidiary

(YOY change)

(Unit: Million JPY)



Investment, depreciation and R&D

Capital expenditure

2.10 bn JPY (YOY -41.3%) Previous forecast: 2.40 bn JPY

- Key items: Metallic mold for products in Brand Product Business and Technology Solution Business, etc.

Depreciation

2.60 bn JPY (YOY +1.1%) Previous forecast: 2.80 bn JPY

- Key items: Depreciation of global IT infrastructure and metallic mold for products

R&D expense

4.90 bn JPY (YOY +11.4%) No revision

- Key items: New products development and next-generation technology research, etc.

Shareholders Return Policy for FY 03/18

Dividend policy

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

Dividend per share

- JPY 6.00 JPY per share for FY 03/18 (JPY 6.00 for FY 03/17)
- Payout ratio 50.5% (--% for FY 03/17)

Newly Appointed Representative Director

New appointed Representative Director effective April 1, 2018

Name: Nobutaka Ide

Date of Birth: May 19, 1970

Education: Master of Public Administration (Major in International Law) at the Graduate School of International Christian University

Business Career:

April 1995 Joined Sharp Corporation

August 2013 Joined Wacom Co., Ltd. Component BU

April 2017 Executive Vice President, Technology Solution BU and P&A BU (current position)

June 2017 Director (current position)



Reasons

Throughout his career, he has gained a wealth of experience in new business development, and exhibited extraordinary leadership in solidifying the Technology Solution business and establishing strategic partnerships with key industry players. His business management acumen and excellent judgement were highly evaluated.

After the appointment, he will strive to lay a solid foundation for the continuous future growth of Wacom's two pillars, the Brand business and Technology Solution business, and realize our vision for "A world alive with creativity."



for a creative world™

A WORLD ALIVE
WITH CREATIVITY.

our brand

OPEN UP.
SENSE MORE.



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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.

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