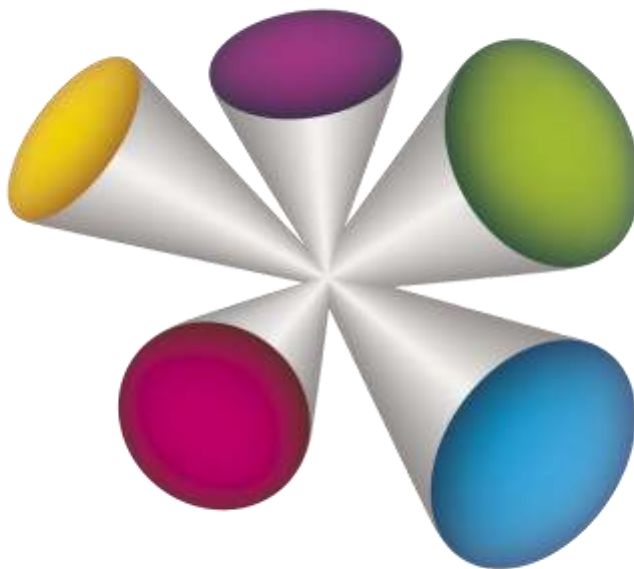


Business Report

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	-

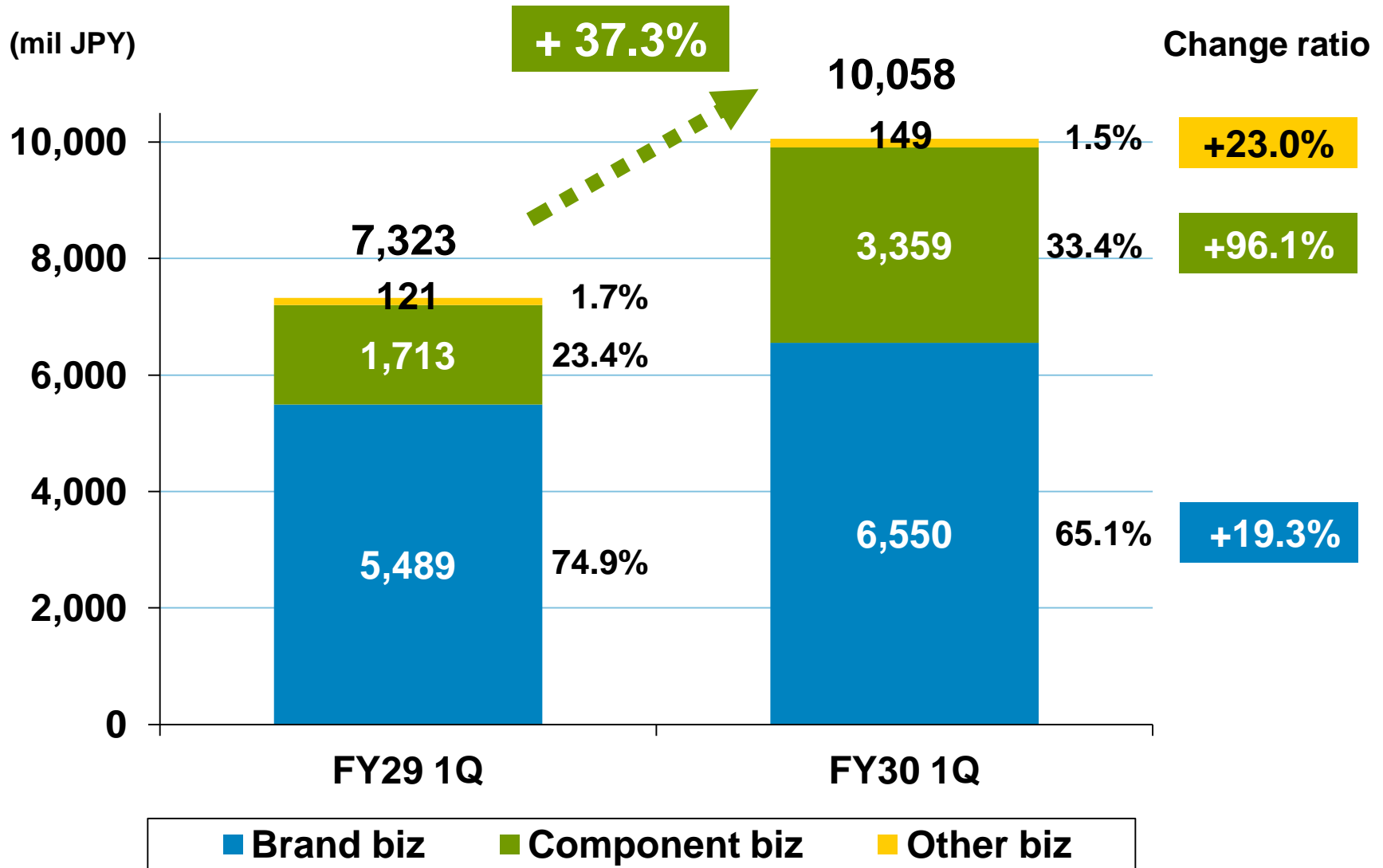
- Effect of foreign exchange (strong Yen) : Sales -360 mil, OP -170 mil
- Adoption of the straight-line method : COGS -27 mil, SG&A -9.5 mil
- Others: cost reduction of an OEM project in the previous FY

Consol. P/L by business segment

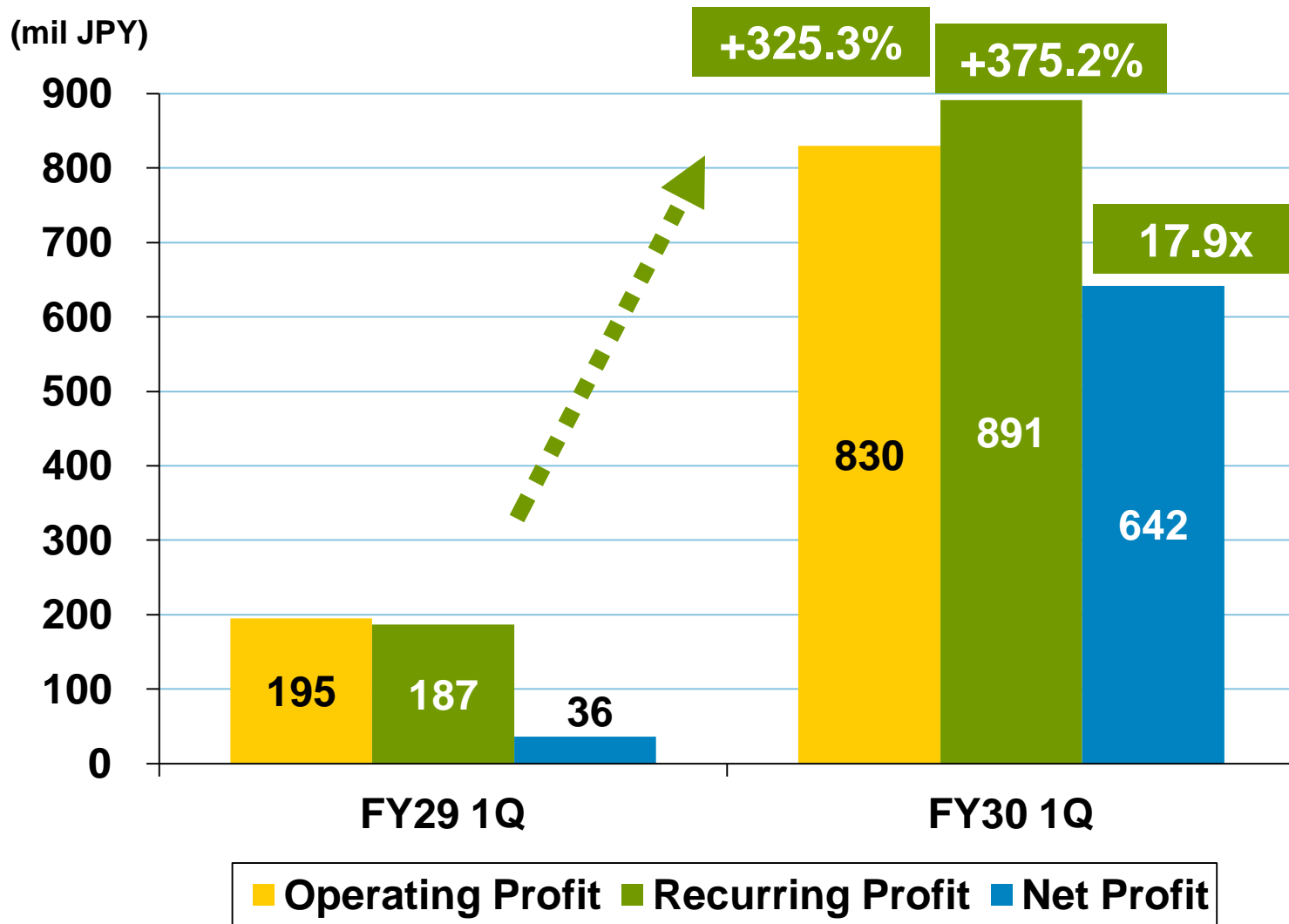
(mil JPY)

	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
Personnel	1,247	1,461	214	17.1%
R&D	408	454	47	11.4%
Ad. & Promo.	423	578	155	36.6%
Others	1,096	1,040	-56	-5.1%
Total	3,174	3,533	359	11.3%
Opex/Sales ratio	43.3%	35.1%		

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%

intuos₅



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 attracted a wide range of users and kept favorable sales.

Cintiq_{24HD}
Interactive pen display



Business highlight -2

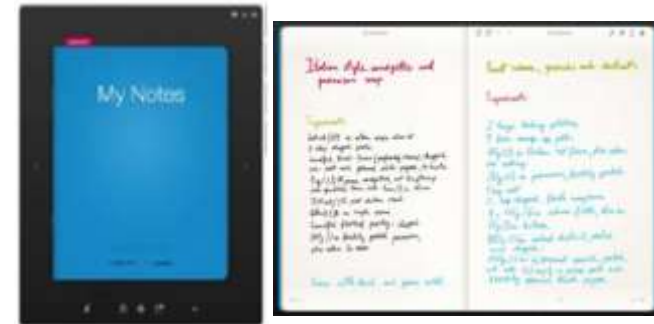
Consumer Products +35.4%

- 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

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 models with Android OS

SAMSUNG



E人E本



Customer PC models on Windows OS

hp



lenovo



FUJITSU



Panasonic
ideas for life



ASUS



SAMSUNG



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.



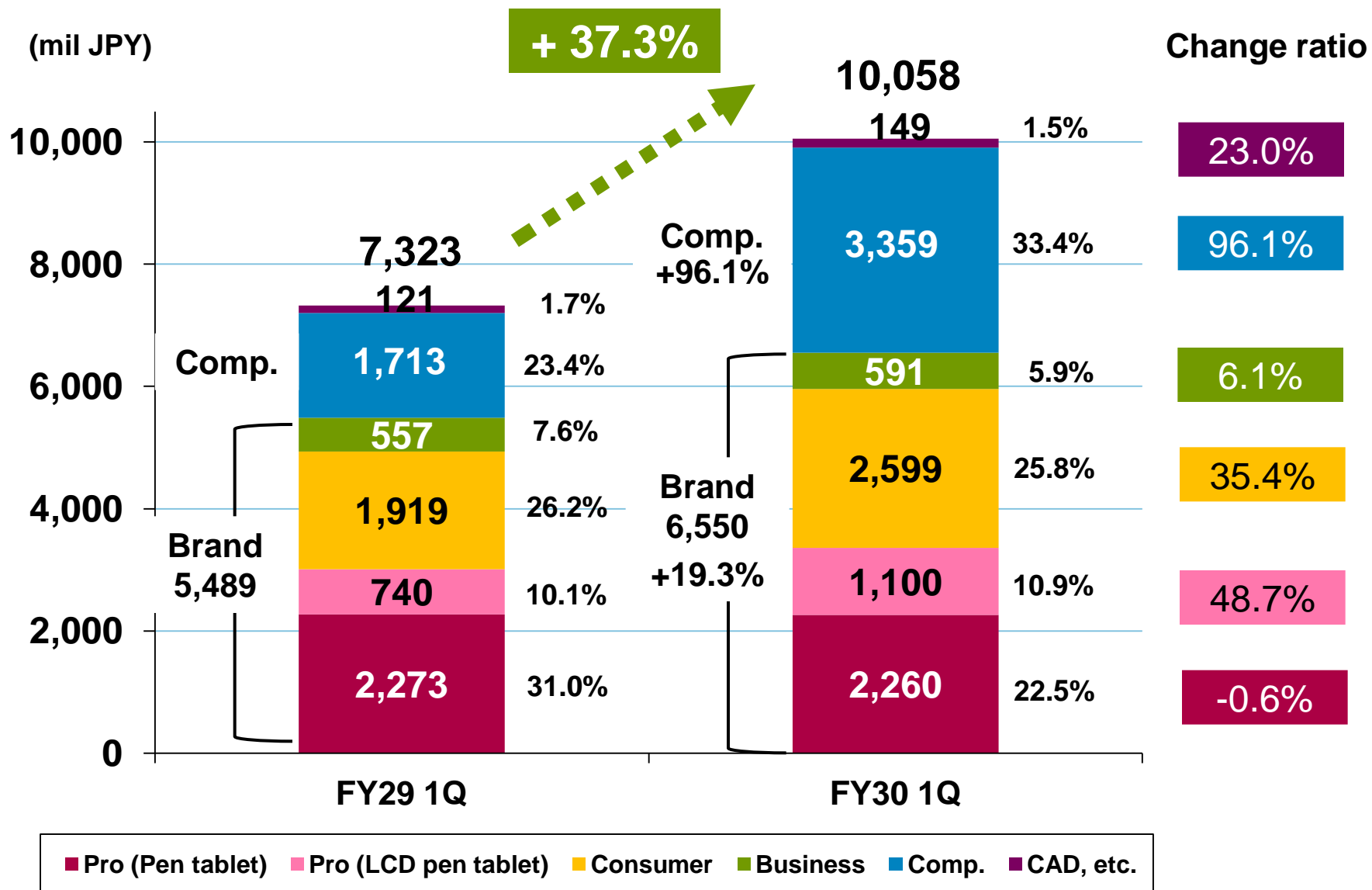
The Power
To Innovate™



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)

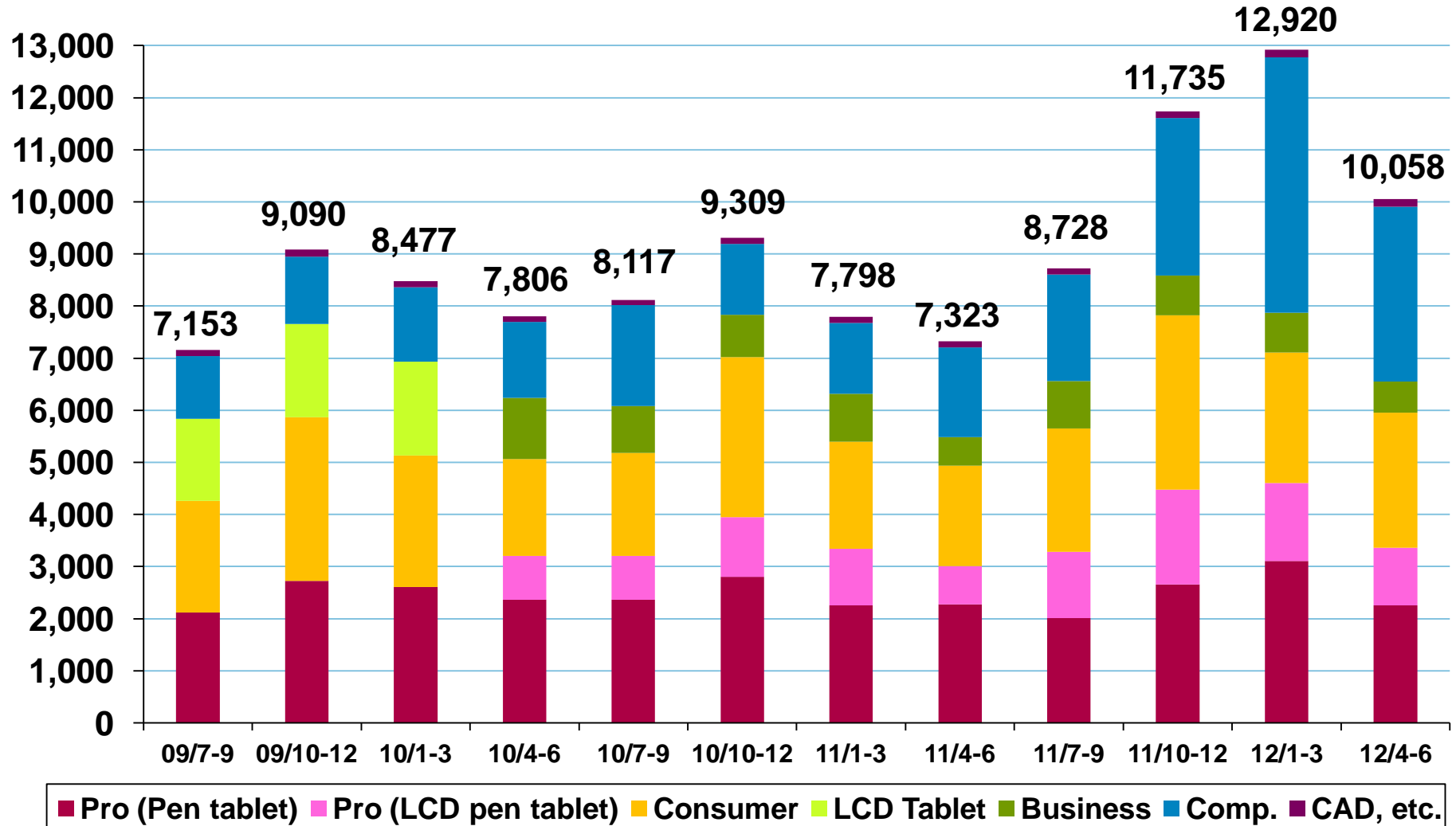
Sales by product line



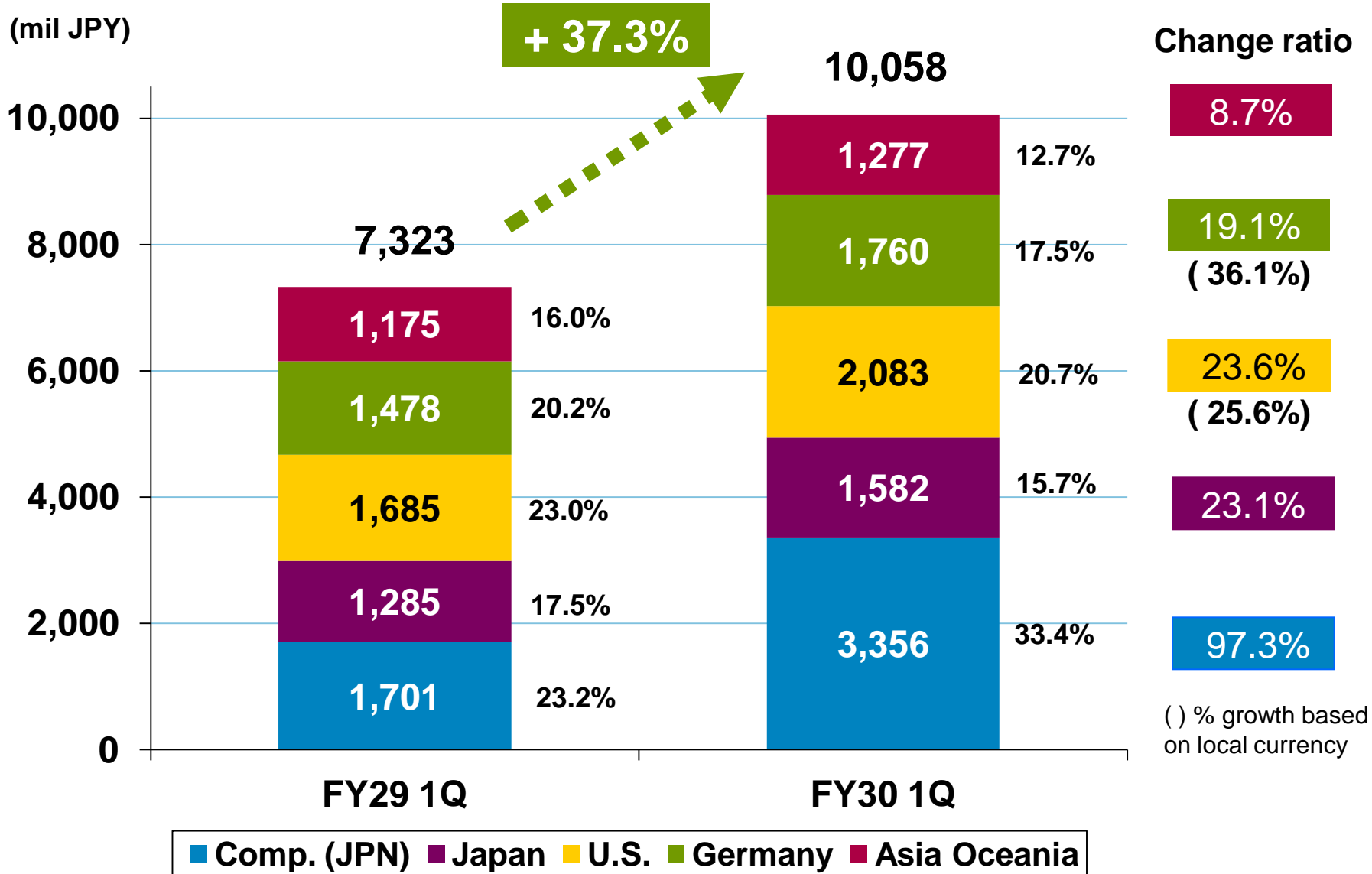
Quarterly trend by product line

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



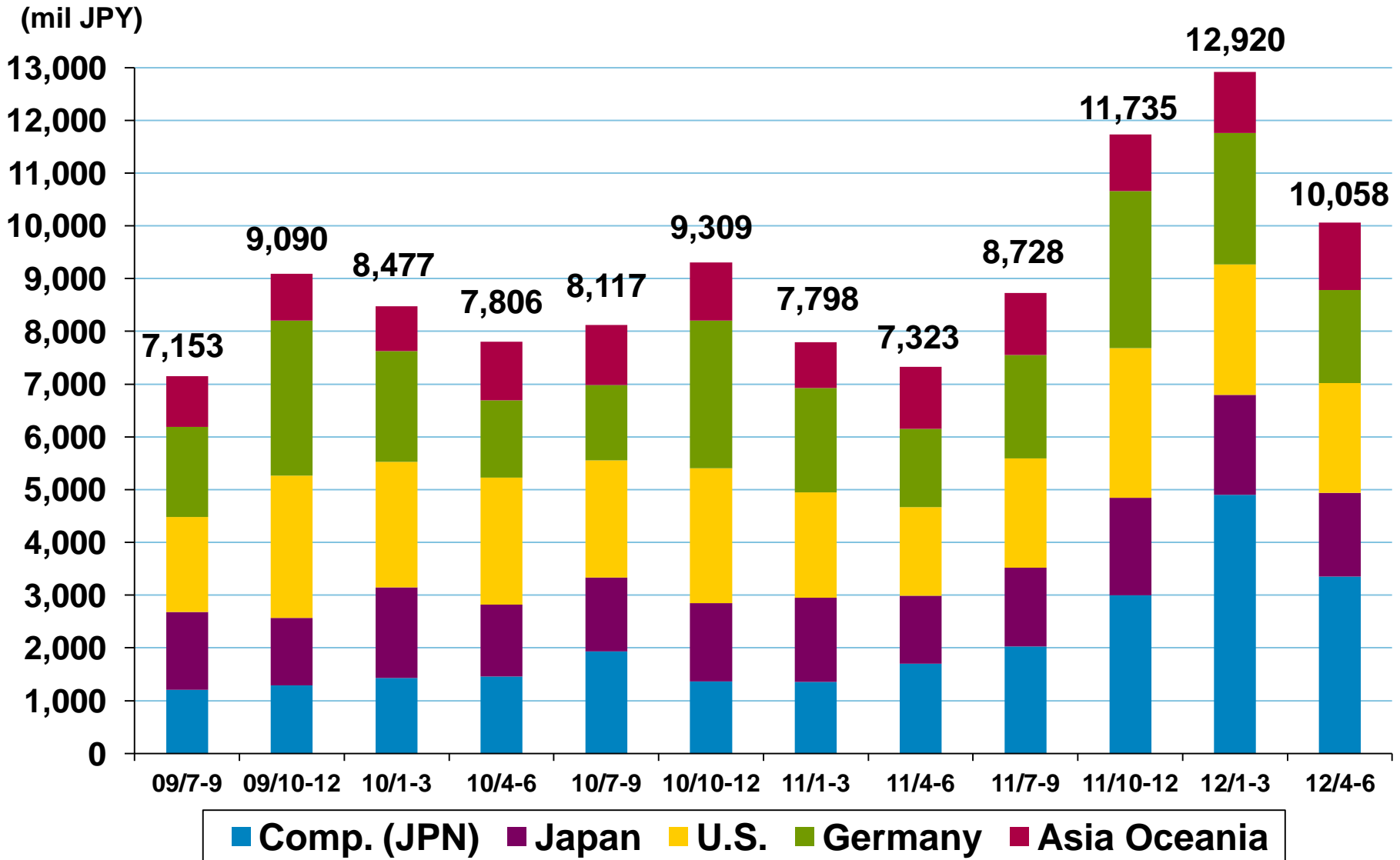
Sales changes based on local currencies

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

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

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

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

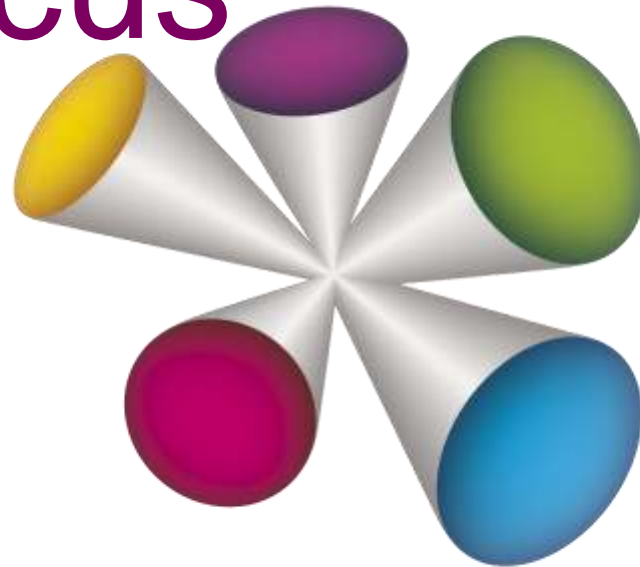
C/F from investing activities

- 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
Sales	16,051		22,150		38.0%
OP	892	5.6%	1,800	8.1%	101.8%
RP	890	5.5%	1,790	8.1%	101.0%
NP	542	3.4%	1,205	5.4%	122.4%

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

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

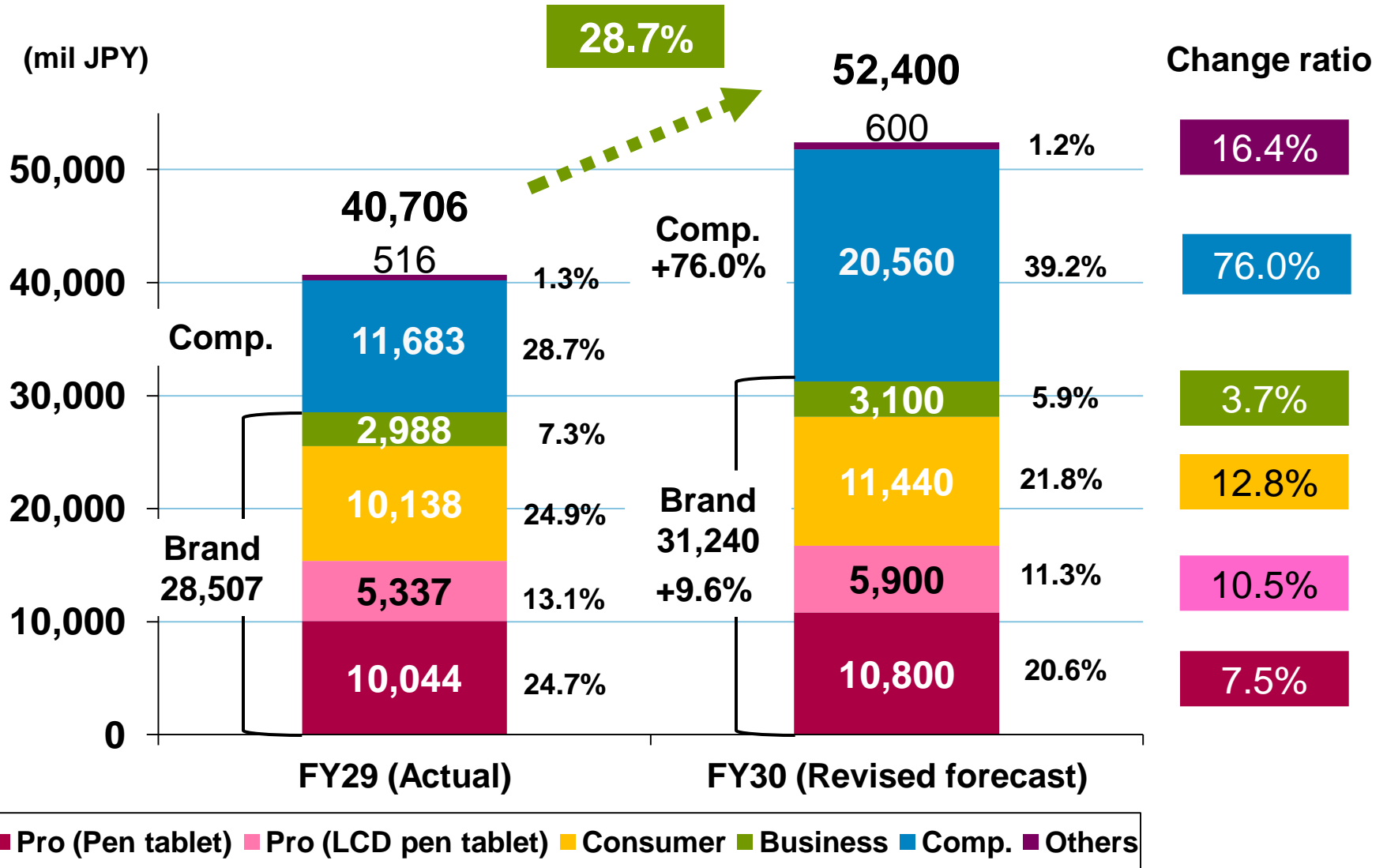
(mil JPY)

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

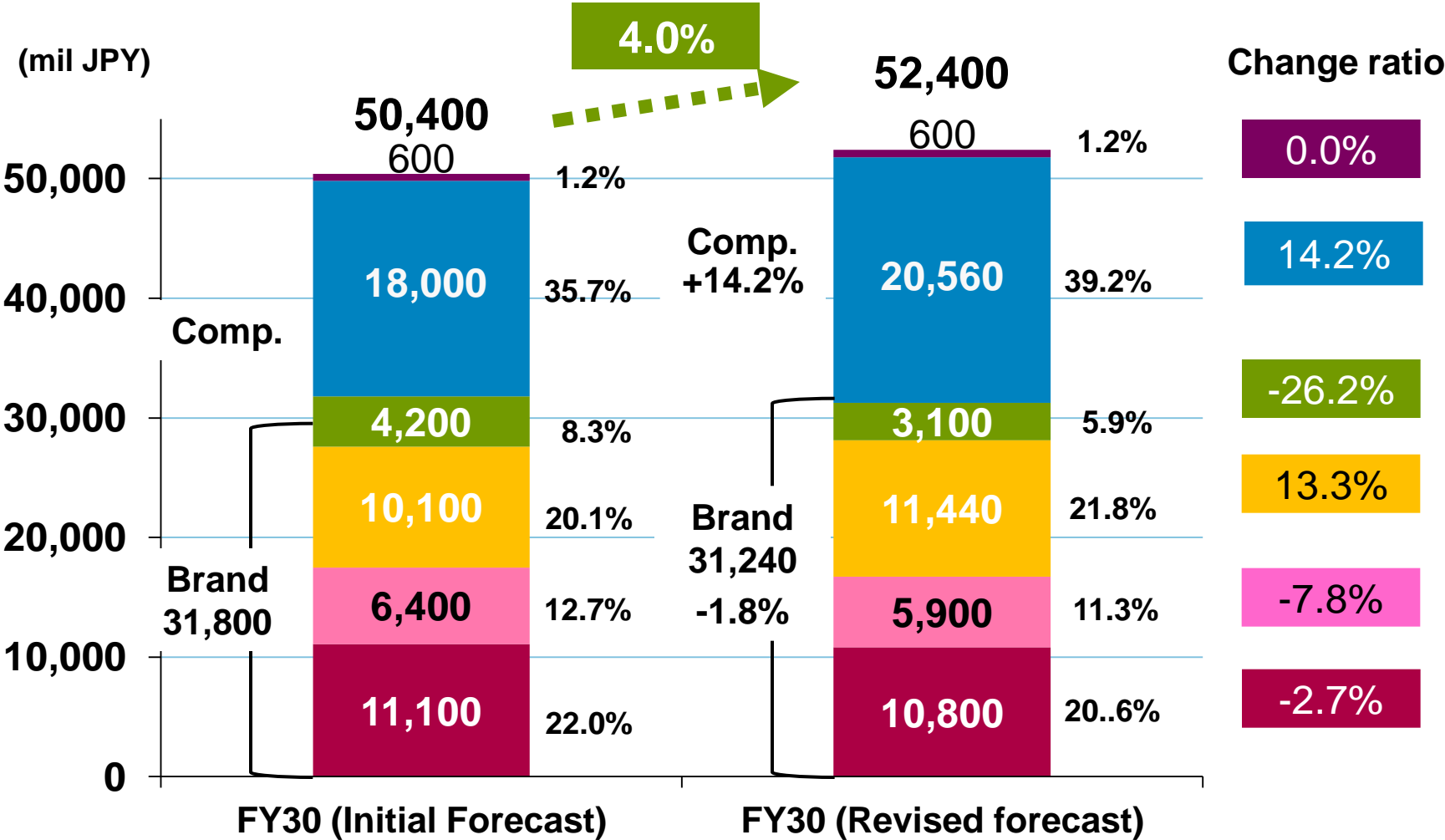
	FY30 (Initial)		FY30 (Revised)		YoY
	2012/4-2013/3		2012/4-2013/3		Growth rate
Sales	50,400		52,400		4.0%
OP	5,600	11.1%	6,000	11.5%	7.1%
RP	5,570	11.1%	5,870	11.2%	5.4%
NP	3,600	7.1%	3,820	7.3%	6.1%

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)



Sales forecast by BU segment (vs. Initial forecast)



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

Dividend forecast for FY30

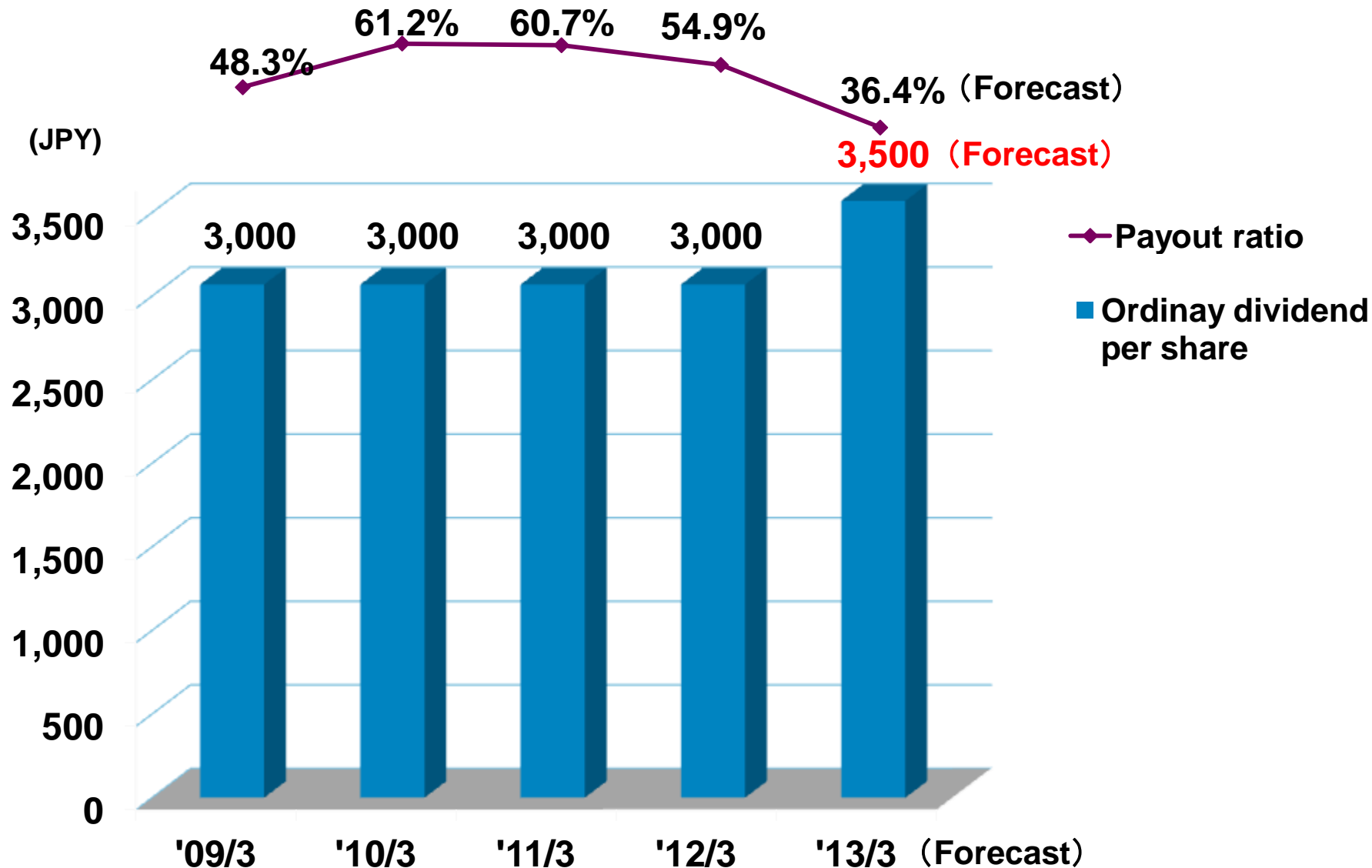
- **Dividend policy**

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

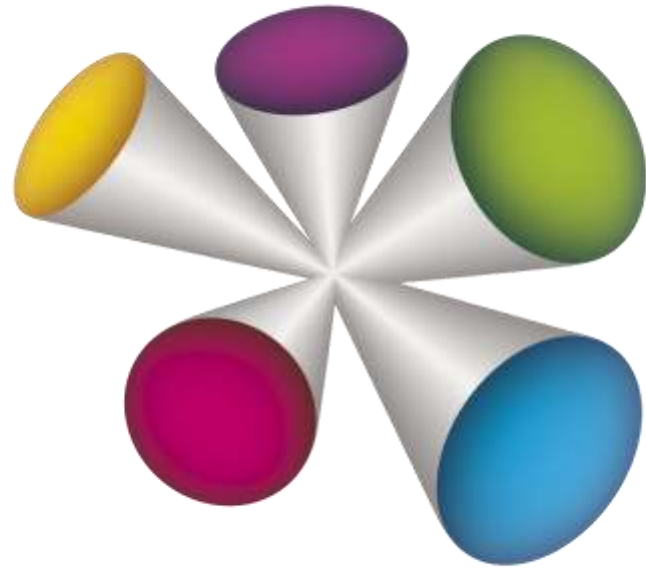
- **Dividend per share**

- 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/>

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