

CITIZEN

Earning Presentation

for Three months ended June 30, 2018

CITIZEN WATCH CO., LTD.

August 9, 2018

This presentation contains forward looking statements that are based on current expectations and assumptions.

Actual results could differ materially due to risks and uncertainties, which includes, but not limited to, currency fluctuation and competitive activity.

Key Notes

■ Financial Results for 1Q of FY 2018

Both sales and profits increased

- Watches segment
 - Sales from overseas market increased as China and North America watch sales is recovering significantly
 - Sluggish sales in domestic watch market
 - Movement sales decreased
- Machine tools segment
 - Both sales and profits significantly increased, as orders remained steady

■ FY2018 Forecast

- The full-year results forecast remains unchanged.

Financial Results for 1Q of FY 2018

(Unit: billion yen)	FY 2017	FY 2018	YoY change	
	1Q Result	1Q Result	%	Amount
Net sales	72.6	74.5	2.5%	+1.8
Operating profit	3.8	4.5	18.5%	+0.7
Operating margin	5.3%	6.1%	-	-
Ordinary profit	4.5	5.9	30.8%	+1.4
Profit attributable to owners of parent	2.6	3.9	47.9%	+1.2
Exchange rate	¥111/USD ¥122/EUR	¥108/USD ¥130/EUR	-	

Effect of exchange	Net sales	Operating profit
USD	+1.30	+0.30
EUR	+0.20	+0.07

(1 weaker yen, Annual)

Net Sales by Business Segments

(Unit: billion yen)	FY 2017	FY 2018	YoY change	
	1Q Result	1Q Result	%	Amount
Watches	36.3	35.8	▲1.5%	▲0.5
Machine Tools	13.2	17.1	+29.0%	+3.8
Devices and Components	16.6	15.5	▲6.2%	▲1.0
Electronic Products	4.9	4.5	▲7.6%	▲0.3
Other Products	1.4	1.3	▲3.2%	▲0.0
Consolidated Total	72.6	74.5	+2.5%	+1.8

Operating profit by Business Segments

(Unit: billion yen, %: operating margin)	FY 2017	FY 2018	YoY change	
	1Q Result	1Q Result	%	Amount
Watches	2.6 (7.3%)	2.3 (6.7%)	▲10.1%	▲0.2
Machine Tools	1.6 (12.4%)	3.1 (18.7%)	+94.1%	+1.5
Devices and Components	0.6 (3.7%)	0.7 (4.5%)	+15.3%	+0.0
Electronic Products	0.0 (1.2%)	▲0.0 (▲0.9%)	-	▲0.1
Other Products	0.0 (5.2%)	0.0 (2.8%)	▲47.7%	▲0.0
Eliminations or general corporate	▲1.2	▲1.7	-	▲0.5
Consolidated Total	3.8 (5.3%)	4.5 (6.1%)	+18.5%	+0.7

Watches (1Q18 Result)

(Watch sales)

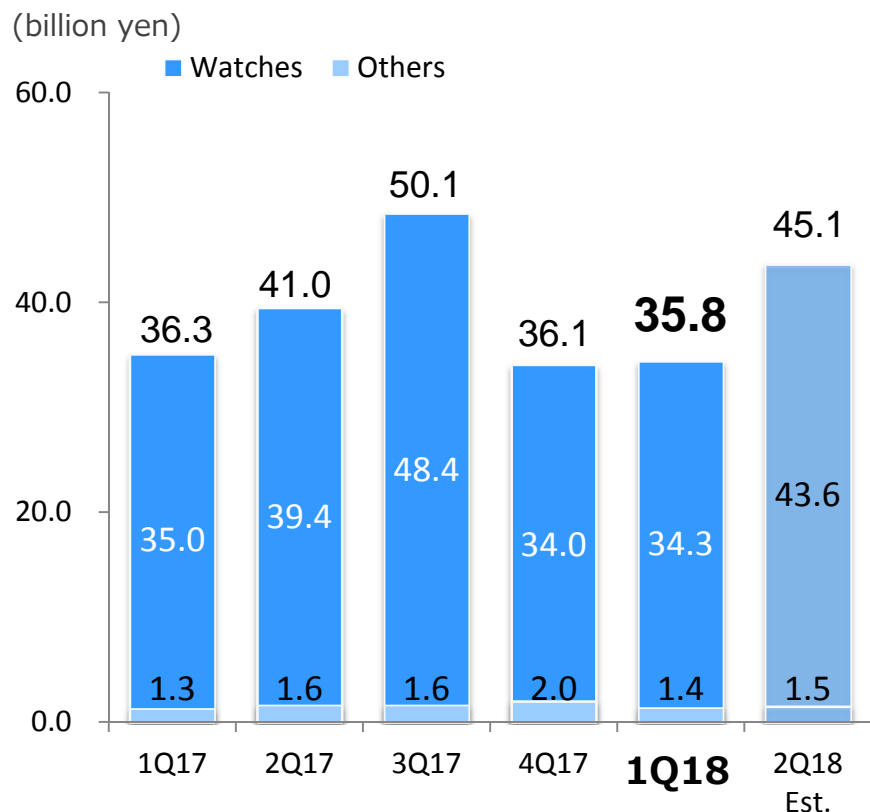
Overseas market: Revenues increased, reflecting moderate recovery in market conditions, despite some uncertainties.

Domestic market: Although the 100th anniversary limited model sales is quite well, sales is behind against LY due to slow recovery for watch market

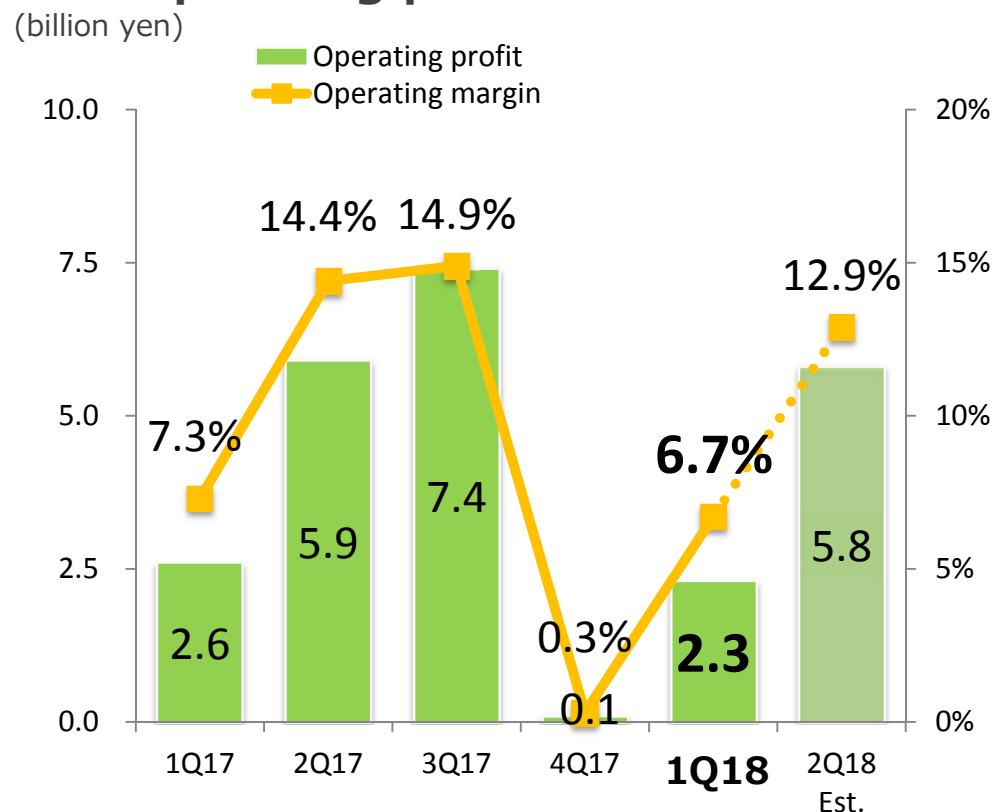
(Movement sales)

Sales declined as demand for high value-added products remained sluggish.

Net sales



Operating profit



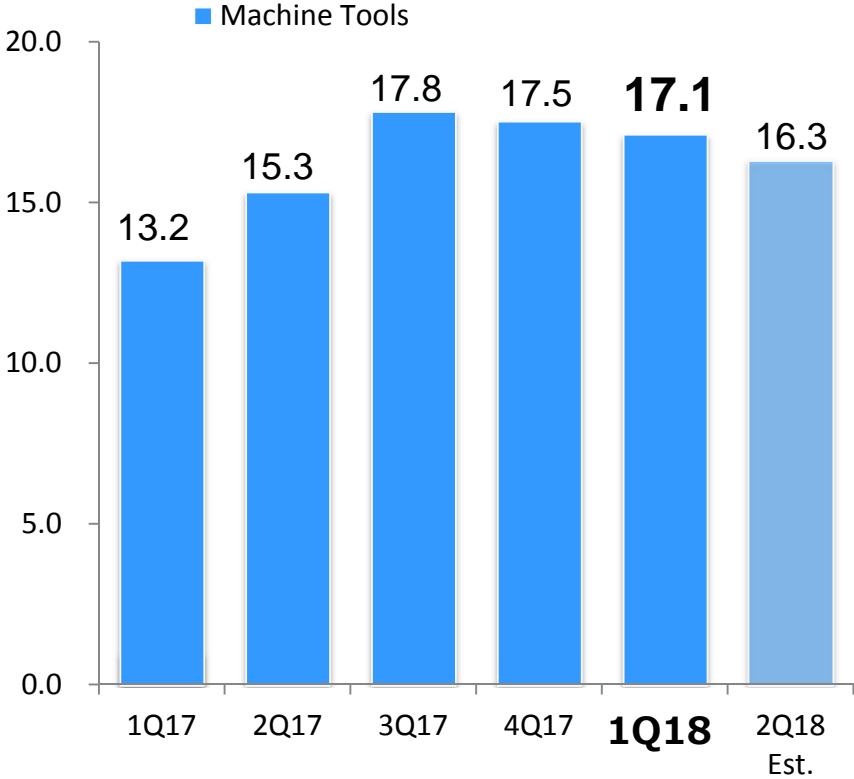
Machine Tools (1Q18 Result)

Domestic market: Revenues increased as capital expenditure remained active in a broad range of industries.

Overseas market: Revenues increased reflecting positive order conditions mainly in the Americas and Europe.

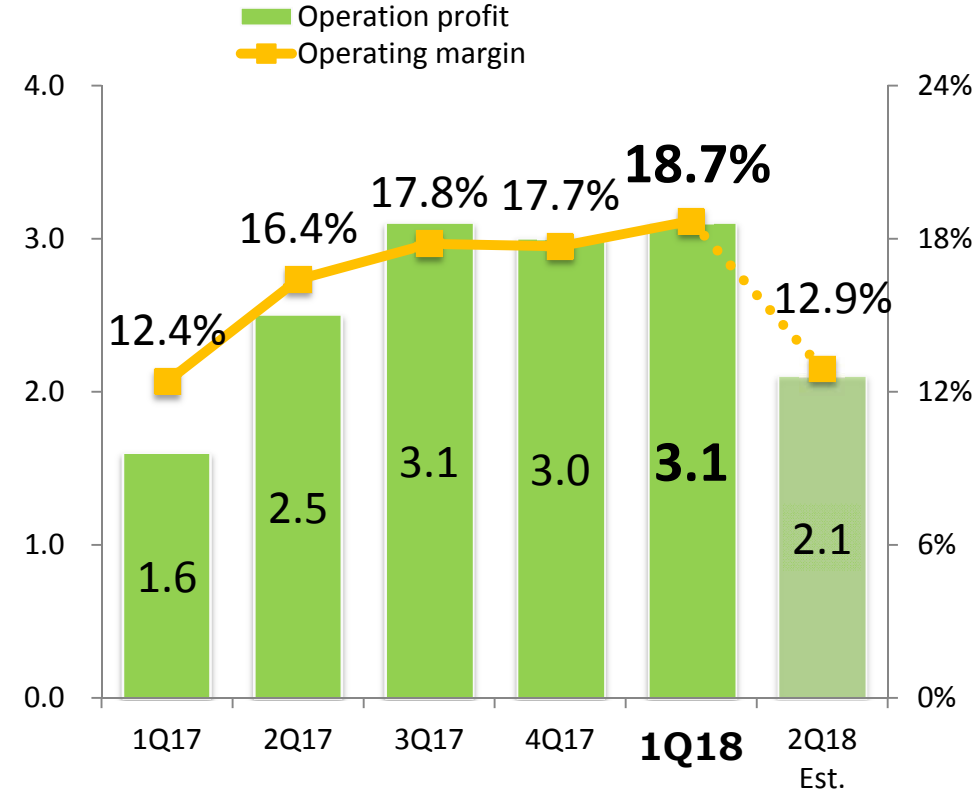
Net sales

(billion yen)



Operating profit

(billion yen)



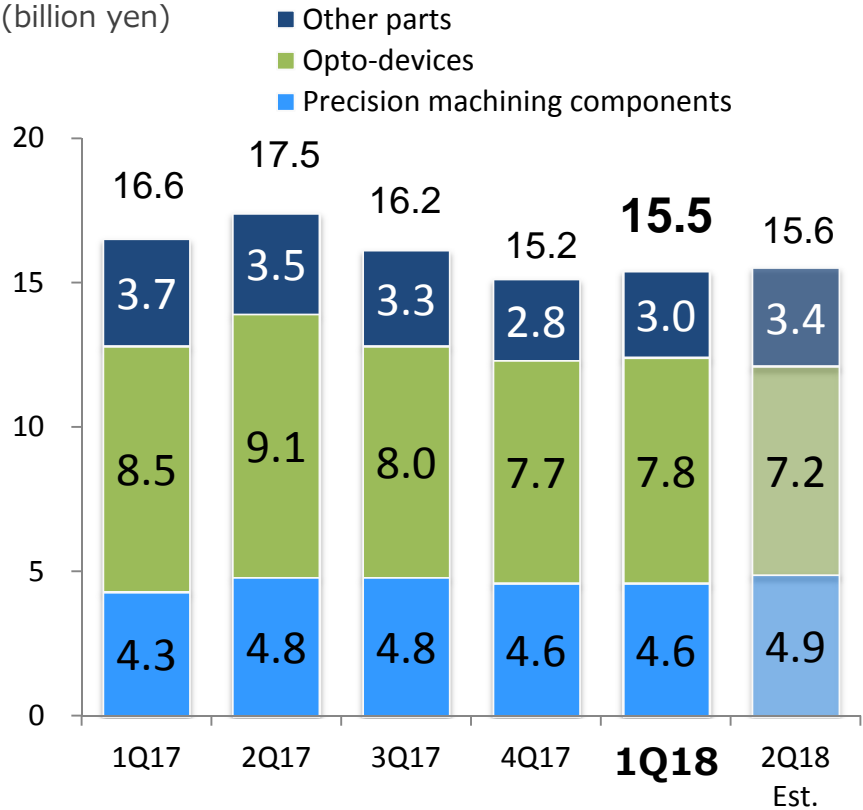
Devices and Components (1Q18 Result)

Precision machining components: Revenue increased due to a recovery in sales of switches as well as solid sales of automobile components.

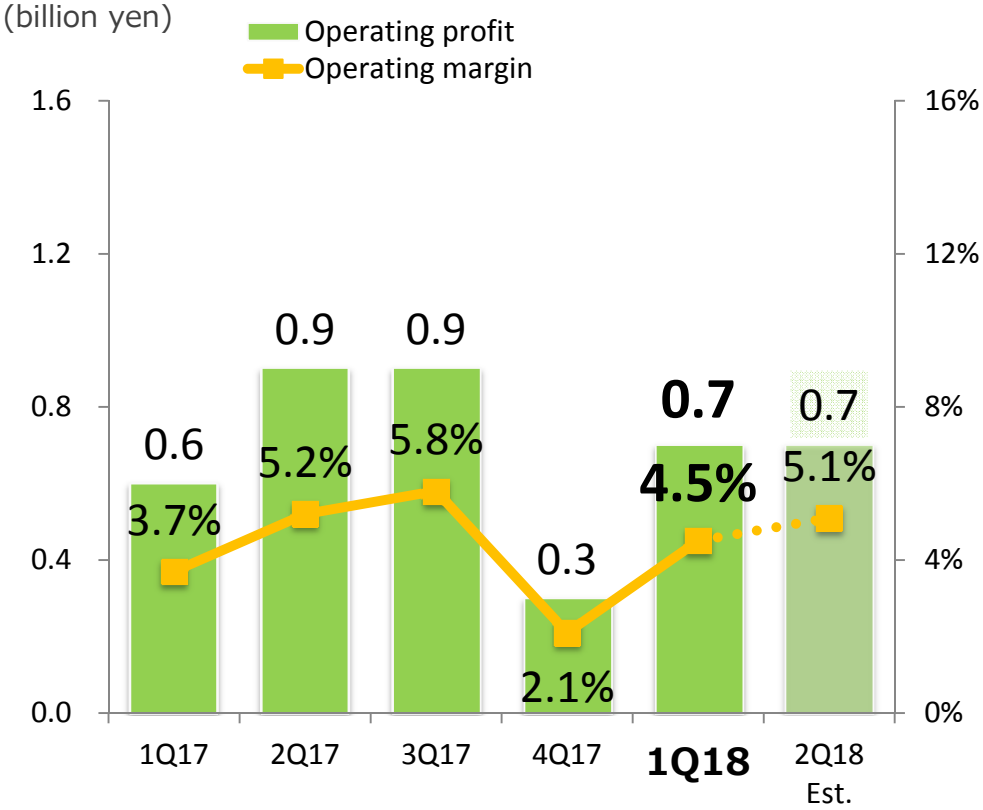
Opto-devices: Even chip-LED sales for automobile is steady good, revenues decreased as a result of efforts focused on profitability.

Other parts: Revenues decreased due to a slower-than-expected increase in sales of quartz devices.

Net sales



Operating profit



FY 2018 Forecast

(Unit: billion yen)	FY 2017		FY 2018		YoY Change	
	1H Result	Full Year Result	1H Forecast	Full Year Forecast	1H	Full Year
Net sales	153.3	320.0	158.7	330.0	+3.5%	+3.1%
Operating profit	11.7	24.9	12.0	25.0	+2.0%	+0.3%
Operating margin	7.7%	7.8%	7.6%	7.6%	-	-
Ordinary profit	12.6	26.6	12.5	26.5	▲1.0%	▲0.6%
Profit attributable to owners of parent	8.2	19.3	7.9	17.0	▲3.9%	▲11.9%
Exchange rate	¥111/USD ¥125/EUR	¥111/USD ¥129/EUR	¥109/USD ¥133/EUR	¥109/USD ¥134/EUR	-	-

FY2018 Forecast by Business Segments

Net sales (Unit: billion yen)	FY 2017		FY 2018		YoY Change	
	1H Result	Full Year Result	1H Forecast	Full Year Forecast	1H	Full Year
Watches	77.4	163.7	81.0	175.0	+4.5%	+6.9%
Machine Tools	28.6	64.0	33.5	66.0	+17.0%	+3.0%
Devices and Components	34.1	65.5	31.2	63.0	▲8.6%	▲4.0%
Electronic Products	10.2	20.5	10.0	20.0	▲2.5%	▲2.8%
Other Products	2.8	6.1	3.0	6.0	+3.9%	▲1.7%
Operating profit						
Watches	8.5 (11.1%)	16.1 (9.9%)	8.2 (10.1%)	17.0 (9.7%)	▲4.4%	+5.0%
Machine Tools	4.1 (14.5%)	10.4 (16.3%)	5.3 (15.8%)	10.5 (15.9%)	+27.5%	+0.5%
Devices and Components	1.5 (4.5%)	2.7 (4.2%)	1.5 (4.8%)	3.0 (4.8%)	▲1.5%	+7.8%
Electronic Products	0.1 (1.6%)	0.5 (2.5%)	0.2 (2.0%)	0.5 (2.5%)	+19.5%	▲2.6%
Other Products	0.1 (5.3%)	0.3 (5.1%)	0.1 (3.3%)	0.3 (5.0%)	▲34.8%	▲3.8%
Eliminations or general corporate	▲2.8	▲5.3	▲3.3	▲6.3	-	-

Topics



100th Anniversary

美しさ、だけじゃ足りない。

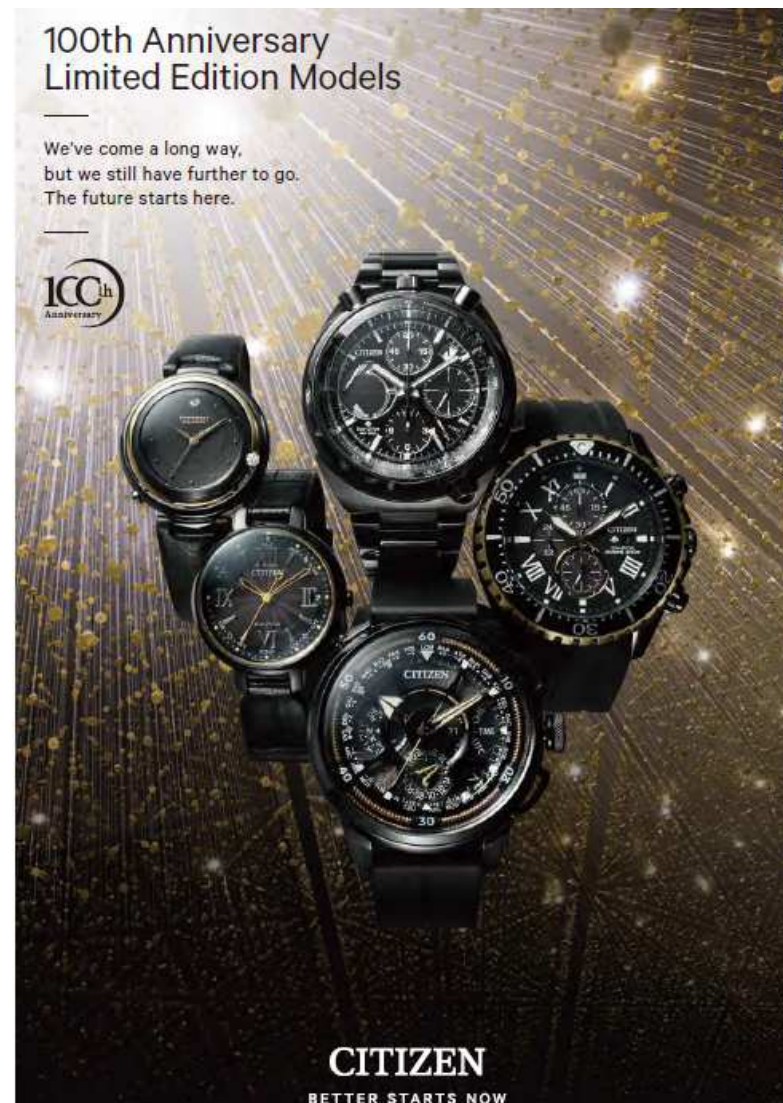
Eco-Drive One

羽になることを夢みたメタル。スーパーチタニウム™

このうえもなく軽く、高に心酔まじく、キズつきにくく。
ラグジュアリーは進化する。

CITIZEN
BETTER STARTS NOW

AT0020-GDL Y00L000-0



100th Anniversary Limited Edition Models

We've come a long way,
but we still have further to go.
The future starts here.

100th Anniversary

CITIZEN
BETTER STARTS NOW

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