

CITIZEN

Earning Presentation

for Three months ended June 30, 2019

CITIZEN WATCH CO., LTD.

August 8, 2019

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 2019

Both sales and profits decreased

- Watches segment

Finished products: Revenues increased in Japan, but were stagnant in North America and China.

Movements: Sluggish growth continued.

- Machine tools segment

Both revenues and profits declined due to the global spread of slower economic growth.

■ FY2019 Forecast

- Revised downward, reflecting exchange rate trends and deteriorated market conditions in the Watches segment and the Machine tools segment.

Financial Results for 1Q of FY 2019

(Unit : billion yen)	1Q18 Result	1Q19 Result	YoY Change	
			%	Amount
Net sales	74.5	69.9	▲6.2%	▲ 4.5
Operating profit	4.5	1.8	▲59.9%	▲ 2.7
Operating margin	6.1%	2.6%	-	-
Ordinary Profit	5.9	2.0	▲66.1%	▲ 3.9
Profit attributable to owners of parent	3.9	0.9	▲76.8%	▲ 3.0
Exchange rate	¥108/USD ¥130/EUR	¥111/USD ¥124/EUR	-	

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

(1 weaker yen, Annual)

1Q19 Result by Business Segments

Net sales (Unit: billion yen)	FY2018	FY2019	YoY Change	
	1Q Result	1Q Result	%	Amount
Watches	35.8	33.5	▲6.5%	▲ 2.3
Machine Tools	17.1	15.7	▲7.8%	▲ 1.3
Devices and Components	15.5	14.5	▲6.6%	▲ 1.0
Electronic Products	4.5	4.5	▲0.9%	▲ 0.0
Other Products	1.3	1.5	+9.8%	+0.1
Consolidated Total	74.5	69.9	▲6.2%	▲ 4.5

Operating Profit (Unit: billion yen, %:operating margin)	FY2018	FY2019	YoY Change	
	1Q Result	1Q Result	%	Amount
Watches	2.3 (6.7%)	0.6 (2.0%)	▲71.6%	▲ 1.7
Machine Tools	3.1 (18.7%)	2.6 (16.7%)	▲17.8%	▲ 0.5
Devices and Components	0.7 (4.5%)	0.3 (2.4%)	▲51.1%	▲ 0.3
Electronic Products	▲ 0.0 (▲0.9%)	▲ 0.0 (▲1.2%)	-	▲ 0.0
Other Products	0.0 (2.8%)	0.1 (8.1%)	+218.5%	+0.0
Eliminations or general corporate	▲ 1.7	▲ 1.9	-	▲ 0.1
Consolidated Total	4.5 (6.1%)	1.8 (2.6%)	▲59.9%	▲ 2.7

FY 2019 Forecast

(Unit: billion yen)	FY2019 Forecast (5/13E)		FY2019 Forecast (8/8E)		Change	
	1H	Full Year	1H	Full Year	1H	Full Year
Net sales	152.0	318.0	146.3	305.0	▲ 5.7	▲ 13.0
Operating profit	9.0	20.0	7.2	16.0	▲ 1.8	▲ 4.0
Operating margin	5.9%	6.3%	4.9%	5.2%	-	-
Ordinary Profit	10.0	22.0	7.5	18.0	▲ 2.5	▲ 4.0
Profit attributable to owners of parent	7.0	14.5	5.0	11.5	▲ 2.0	▲ 3.0
Exchange rate	¥110/USD ¥120/EUR	¥110/USD ¥120/EUR	¥108/USD ¥122/EUR	¥106/USD ¥121/EUR	-	-

FY2019 Forecast by Business Segments

Net sales (Unit: billion yen)	FY2019 Forecast (5/13E)		FY2019 Forecast (8/8E)		Change	
	1H	Full Year	1H	Full Year	1H	Full Year
Watches	75.5	167.0	73.2	160.0	▲ 2.3	▲ 7.0
Machine Tools	35.0	67.0	32.0	62.0	▲ 3.0	▲ 5.0
Devices and Components	29.3	59.0	29.0	58.1	▲ 0.3	▲ 0.9
Electronic Products	9.3	19.0	9.2	18.9	▲ 0.1	▲ 0.1
Other Products	2.9	6.0	2.9	6.0	+0.0	+0.0
Consolidated Total	152.0	318.0	146.3	305.0	▲ 5.7	▲ 13.0

Operating Profit (Unit: billion yen, %:operating margin)	FY2019 Forecast (5/13E)		FY2019 Forecast (8/8E)		Change	
	1H	Full Year	1H	Full Year	1H	Full Year
Watches	5.0 (6.6%)	13.0 (7.8%)	4.2 (5.7%)	11.2 (7.0%)	▲ 0.8	▲ 1.8
Machine Tools	5.8 (16.6%)	10.5 (15.7%)	4.8 (15.0%)	8.8 (14.2%)	▲ 1.0	▲ 1.7
Devices and Components	1.0 (3.4%)	2.1 (3.6%)	1.0 (3.4%)	1.6 (2.8%)	▲ 0.0	▲ 0.5
Electronic Products	0.2 (2.7%)	0.5 (2.6%)	0.2 (2.7%)	0.5 (2.6%)	+0.0	+0.0
Other Products	0.1 (5.2%)	0.3 (5.0%)	0.1 (5.2%)	0.3 (5.0%)	+0.0	+0.0
Eliminations or general corporate	▲ 3.2	▲ 6.4	▲ 3.2	▲ 6.4	+0.0	+0.0
Consolidated Total	9.0 (5.9%)	20.0 (6.3%)	7.2 (4.9%)	16.0 (5.2%)	▲ 1.8	▲ 4.0

Watches (1Q19 Result)

(Watch sales)

Overseas market: Revenues declined due to the effect of contracted sales at bricks-and-mortar stores in the North American market and the deceleration of the Chinese market.

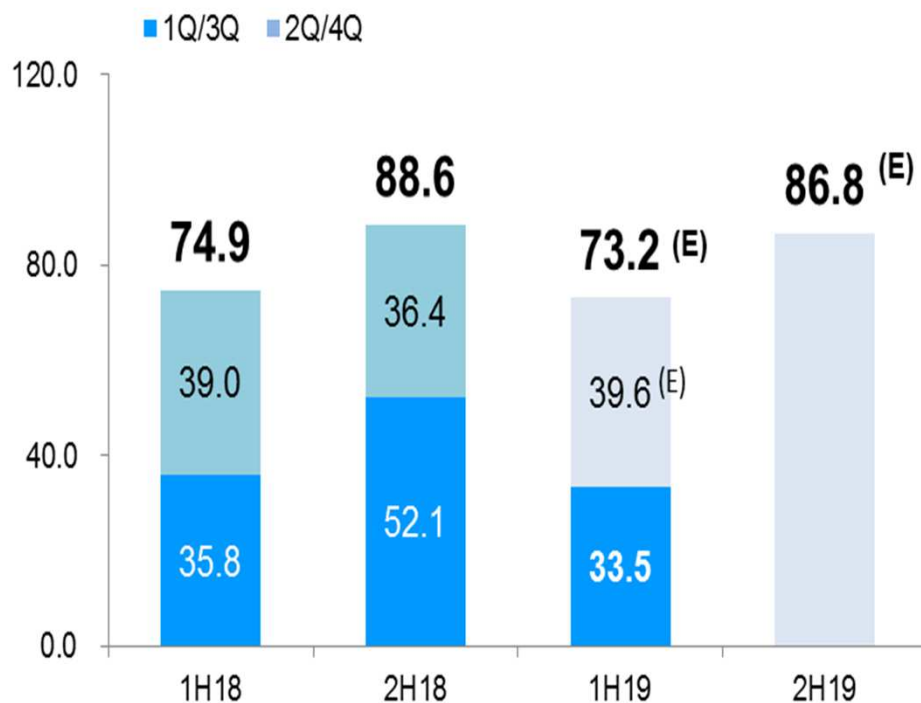
Domestic market: Revenues increased thanks to the firm performance of both luxury items and mid-range products.

(Movement sales)

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

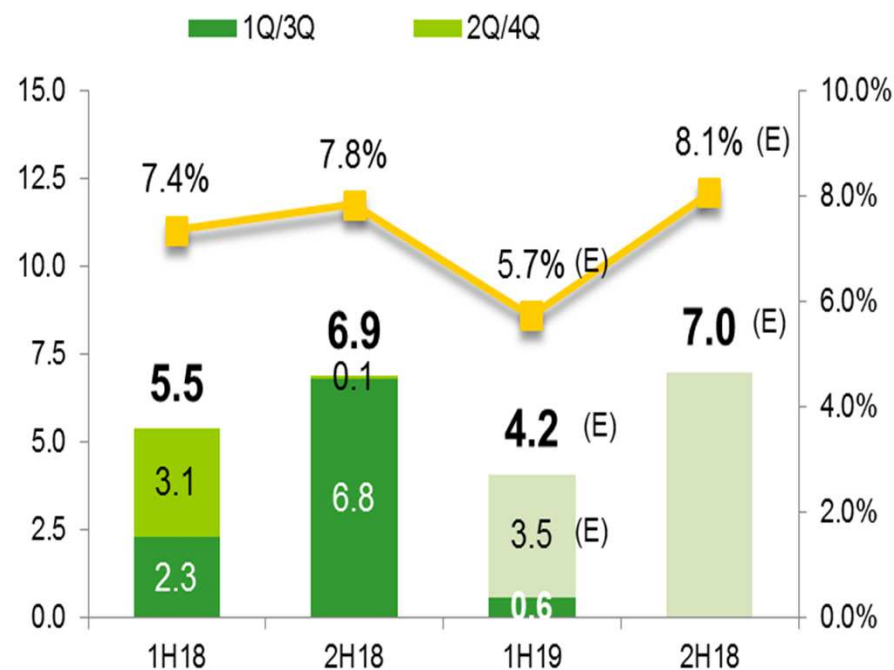
Net sales

(billion yen)



Operating profit

(billion yen)

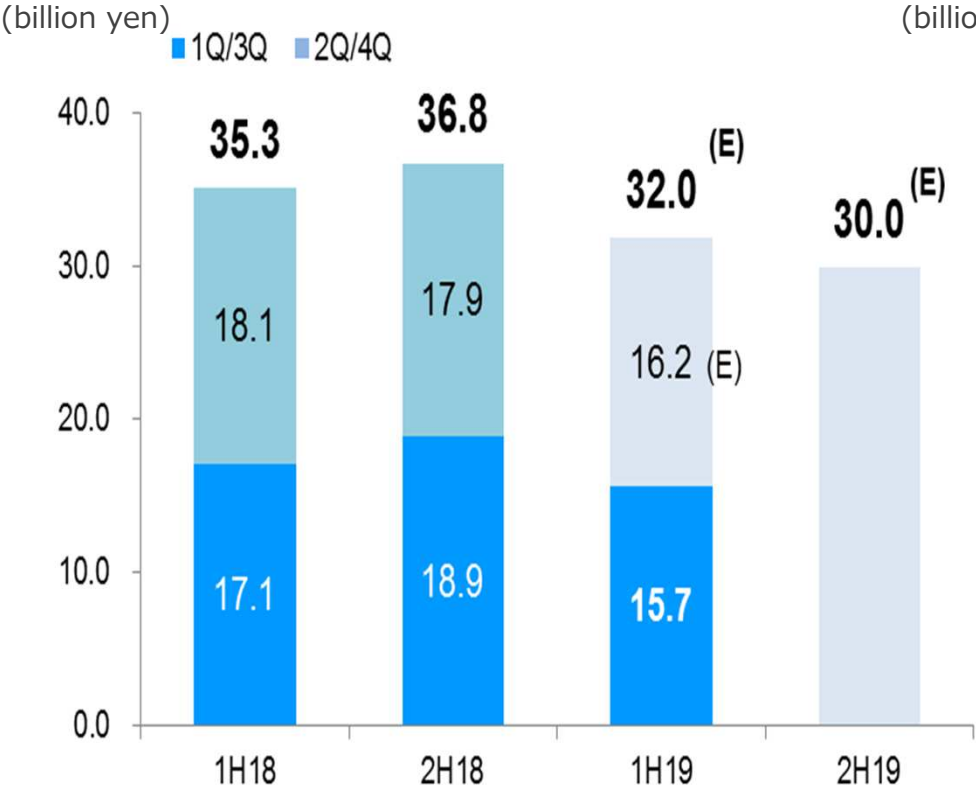


Machine Tools (1Q19 Result)

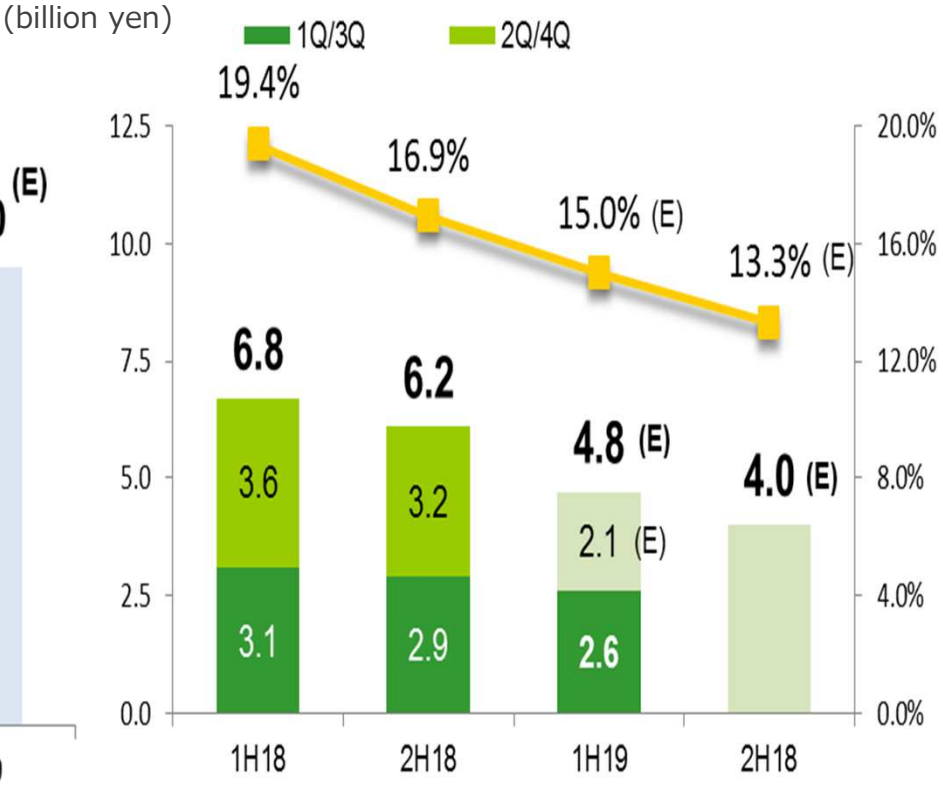
Domestic market: Revenues decreased due to falling demand for semiconductors and automobile-related products.

Overseas market: Revenues declined, reflecting the global dip in investment demand, although revenues from medical-related products remained firm in China.

Net sales



Operating profit



Devices and Components (1Q19 Result)

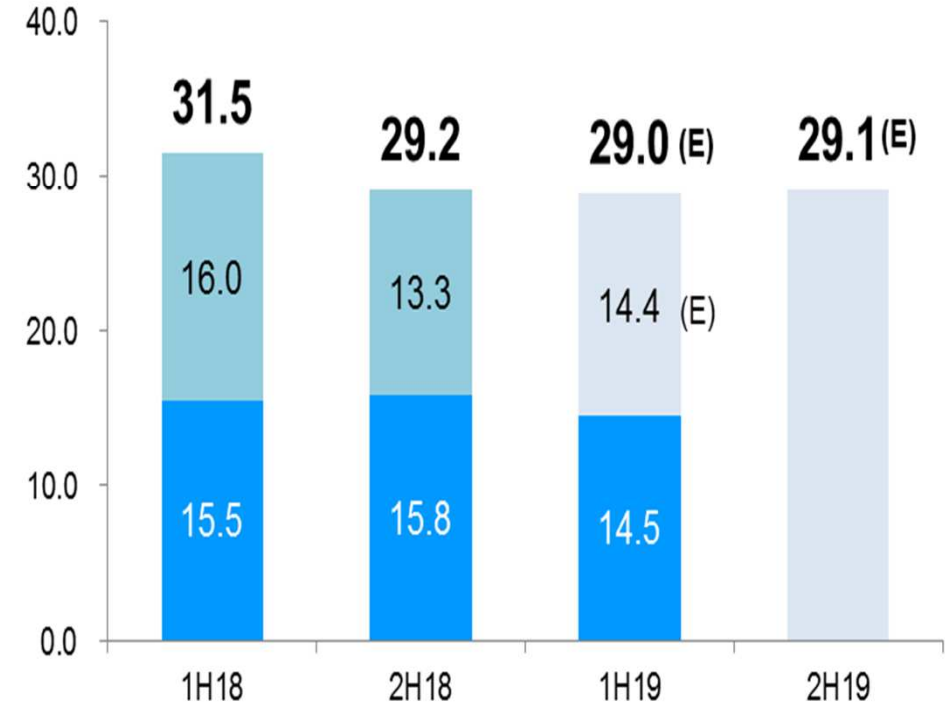
Precision machining components: Revenues decreased due to low sales of auto parts following the decline in new vehicle sales.

Opto-devices: Revenues declined following decreased sales of back light units and efforts to focus on profitability in LEDs for lighting products.

Other parts: Sales of quartz devices, among other products, remained sluggish.

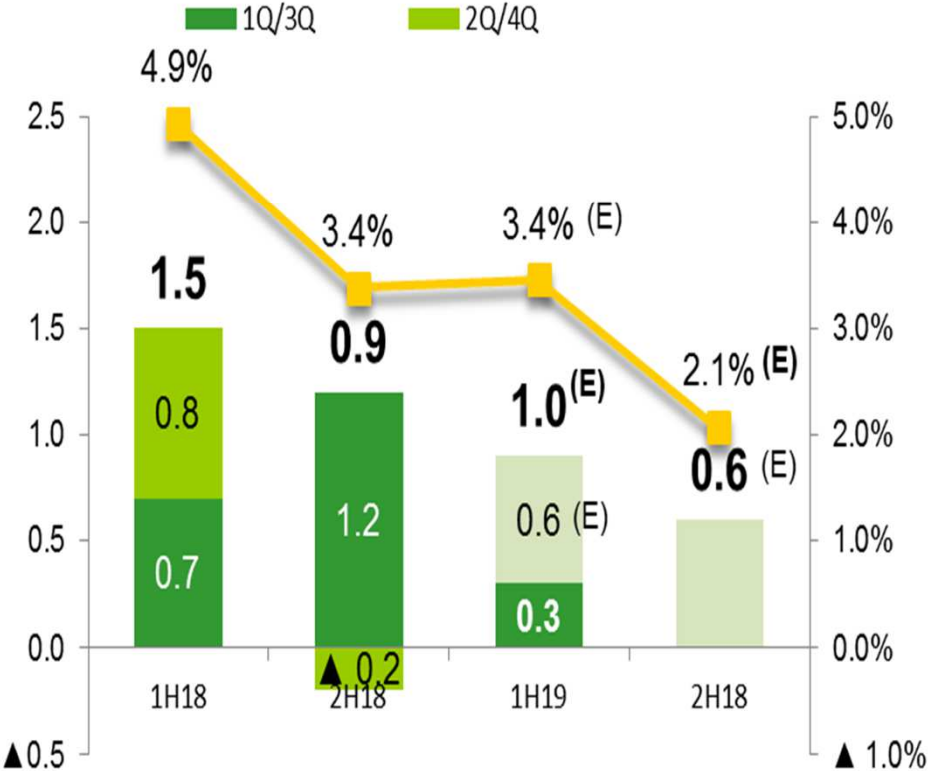
Net sales

(billion yen) ■ 1Q/3Q ■ 2Q/4Q



Operating profit

(billion yen)



Topics

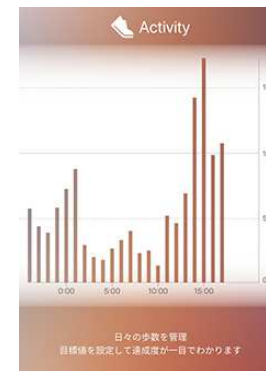
Eco-Drive Riiiver was listed on GREEN FUNDING and launched initial sales.

It was listed on GREEN FUNDING, a cloud funding site operated by CCC (TSUTAYA) Group, and simultaneously launched initial sales. The total amount of support exceeded 80 million yen.



Riiiver

Imagine. Inspire. Innovate.



CITIZEN