

CITIZEN

Earning Presentation

for the Year ended March 31, 2018

CITIZEN WATCH CO., LTD.

May 11, 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 FY 2017

- Watches segment
 - Overall, a moderate recovery trend continued
 - Operating profit increased with improved profitability
- Machine tools segment
 - Both sales and profits significantly increased, as orders remained steady

■ FY2018 Forecast

- Watches segment
 - China market show growth continuously. And US market show moderate recovery.
 - Higher revenues are expected with aggressive marketing investment.
 - Machine tools segment
 - Positive demand continue
 - Operating profit remained unchanged from previous year because of increased investment.
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Financial Results for FY 2017

(Unit: billion yen)	FY 2016	FY 2017	YoY change	
	Result	Result	%	Amount
Net sales	312.5	320.0	+2.4%	+7.4
Operating profit	21.5	24.9	+15.9%	+3.4
Operating margin	6.9%	7.8%	-	-
Ordinary profit	21.9	26.6	+21.3%	+4.6
Profit attributable to owners of parent	16.5	19.3	+16.5%	+2.7
Exchange rate	¥109/USD ¥119/EUR	¥111/USD ¥129/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 2016	FY 2017	YoY change	
	Result	Result	%	Amount
Watches	163.6	163.7	+0.1%	+0.0
Machine Tools	49.6	64.0	+28.9%	+14.3
Devices and Components	69.4	65.5	▲5.6%	▲3.8
Electronic Products	21.7	20.5	▲5.5%	▲1.1
Other Products	8.0	6.1	▲23.8%	▲1.9
Consolidated Total	312.5	320.0	+2.4%	+7.4

Operating profit by Business Segments

(Unit: billion yen, %: operating margin)	FY 2016	FY 2017	YoY change	
	Result	Result	%	Amount
Watches	14.4 (8.9%)	16.1 (9.9%)	+11.7%	+1.6
Machine Tools	6.4 (12.9%)	10.4 (16.3%)	+63.0%	+4.0
Devices and Components	3.9 (5.7%)	2.7 (4.2%)	▲30.2%	▲1.2
Electronic Products	0.5 (2.3%)	0.5 (2.5%)	+1.2%	+0.0
Other Products	0.3 (4.2%)	0.3 (5.1%)	▲8.2%	▲0.0
Eliminations or general corporate	▲4.2	▲5.3	-	▲1.0
Consolidated Total	21.5 (6.9%)	24.9 (7.8%)	+15.9%	+3.4

FY 2018 Forecast

(Unit: billion yen)	FY 2017	FY 2018	YoY change	
	Result	Forecast	%	Amount
Net sales	320.0	330.0	+3.1%	+9.9
Operating income	24.9	25.0	+0.3%	+0.0
Operating margin	7.8%	7.6%	-	-
Ordinary income	26.6	26.5	▲0.6%	▲0.1
Profit attributable to owners of parent	19.3	17.0	▲11.9%	▲2.3
Exchange rate	¥111/USD ¥129/EUR	¥110/USD ¥135/EUR	-	

FY 2018 Forecast

Net sales and Operating income by business segments

Net sales (Unit: billion yen, %: operating margin)	FY 2017	FY 2018	YoY change	
	Result	Forecast	%	Amount
Watches	163.7	175.0	+6.9%	+11.2
Machine Tools	64.0	66.0	+3.0%	+1.9
Devices and Components	65.5	63.0	▲4.0%	▲2.5
Electronic Products	20.5	20.0	▲2.8%	▲0.5
Other Products	6.1	6.0	▲1.7%	▲0.1
Consolidated Total	320.0	330.0	+3.1%	+9.9

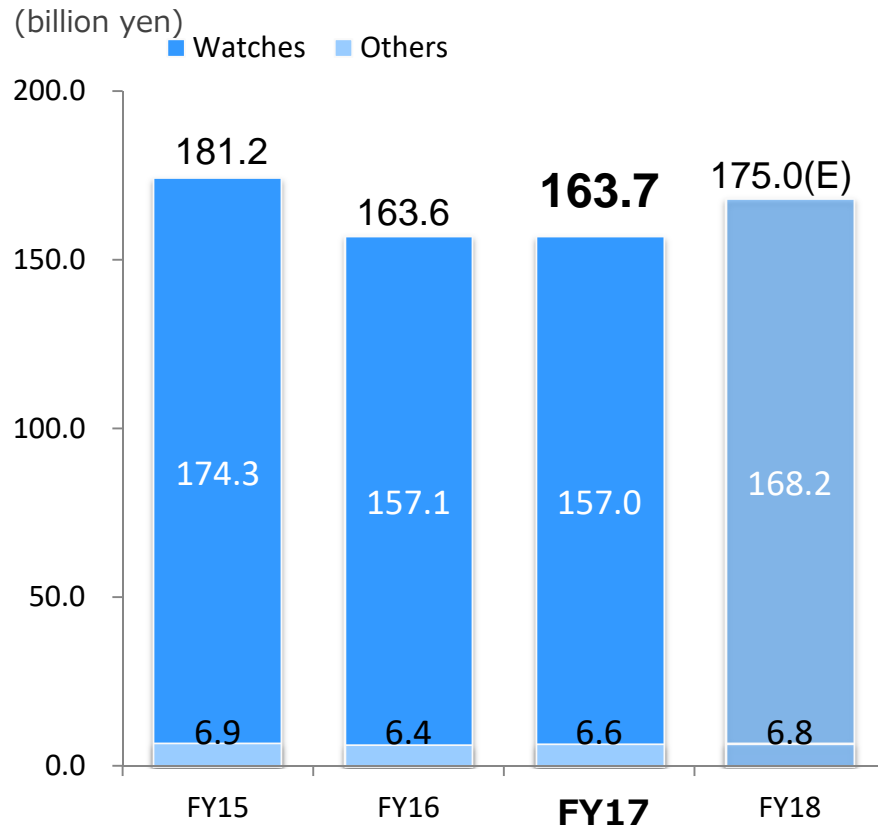
Operating income

Watches	16.1 (9.9%)	17.0 (9.7%)	+5.0%	+0.8
Machine Tools	10.4 (16.3%)	10.5 (15.9%)	+0.5%	+0.0
Devices and Components	2.7 (4.2%)	3.0 (4.8%)	+7.8%	+0.2
Electronic Products	0.5 (2.5%)	0.5 (2.5%)	▲2.6%	▲0.0
Other Products	0.3 (5.1%)	0.3 (5.0%)	▲3.8%	▲0.0
Eliminations or general corporate	▲5.3	▲6.3	-	▲0.9
Consolidated Total	24.9 (7.8%)	25.0 (7.6%)	+0.3%	+0.0

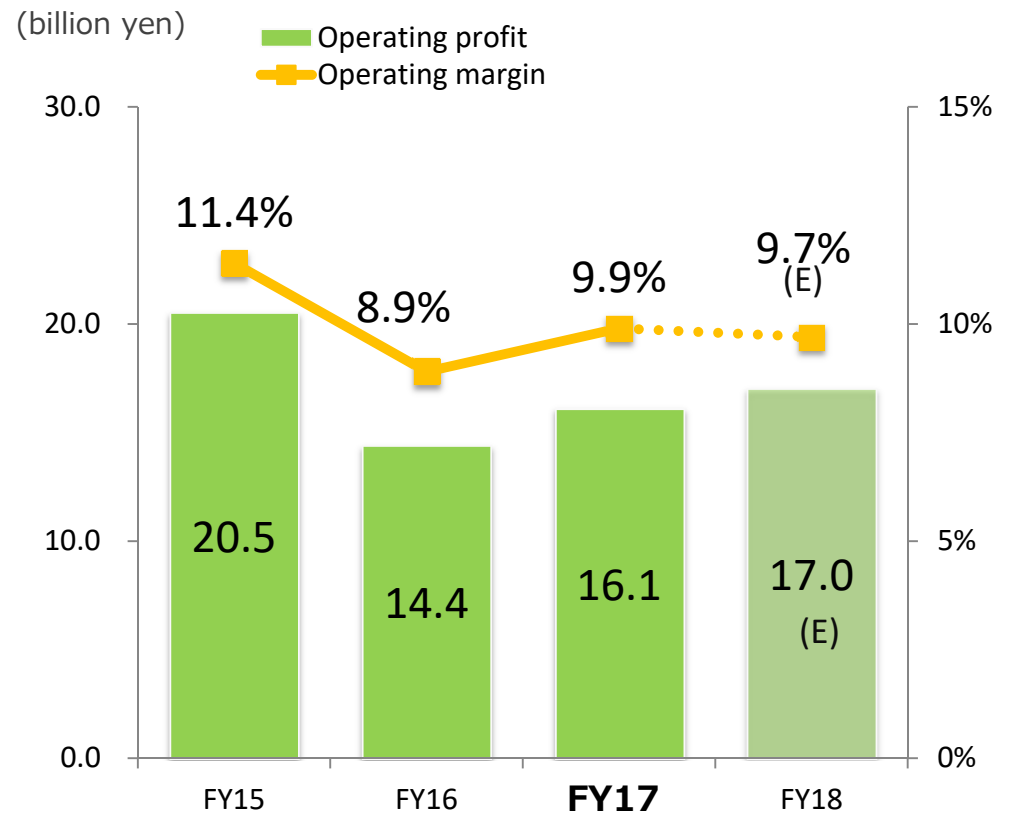
Watches (Operating Performance)

- Domestic market: Revenues declined because demand for mainstay products in the mid-price range was still insufficient.
- Oversea market: Revenues increased with a difference in the degree thereof according to the markets, partly due to the recovery in Asia, especially China, and the impact of the depreciation of the yen.
- Movement sales: Still cannot see the strong recovery in demand for watches.

Net Sales



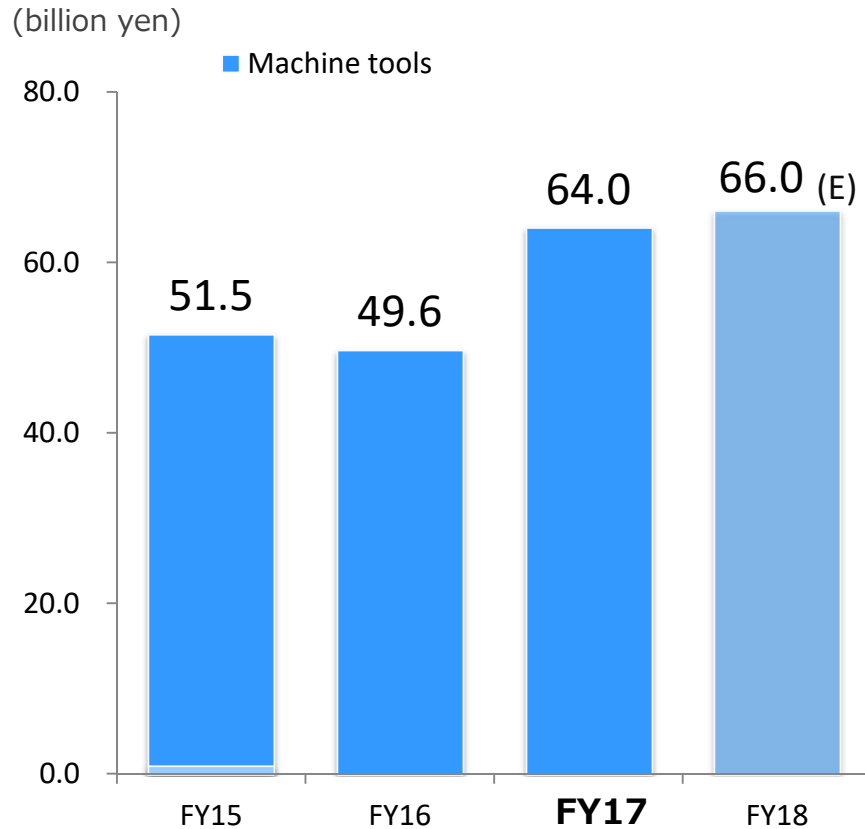
Operating profit



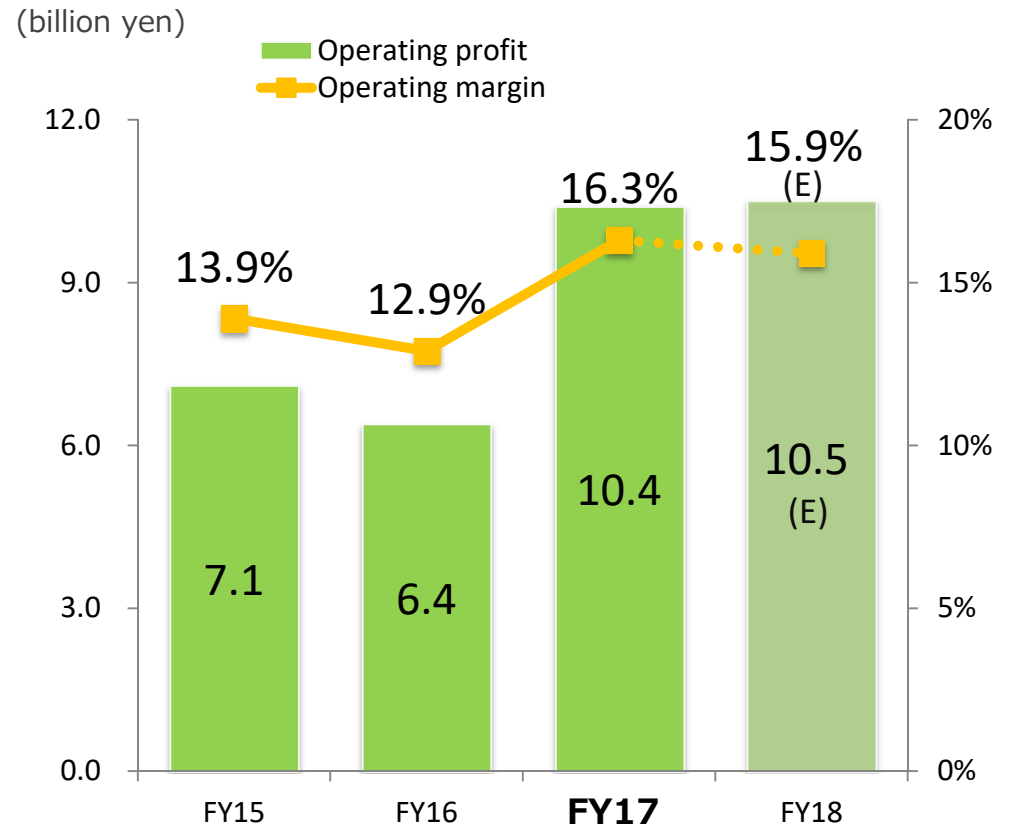
Machine Tools (Operating Performance)

- Domestic market: Revenues continued to increase as capital expenditure remained active across a broad range of industries.
- Overseas market: Revenues increased substantially in China. Revenues in Europe also rose, mainly due to automobile-related sales.

Net Sales



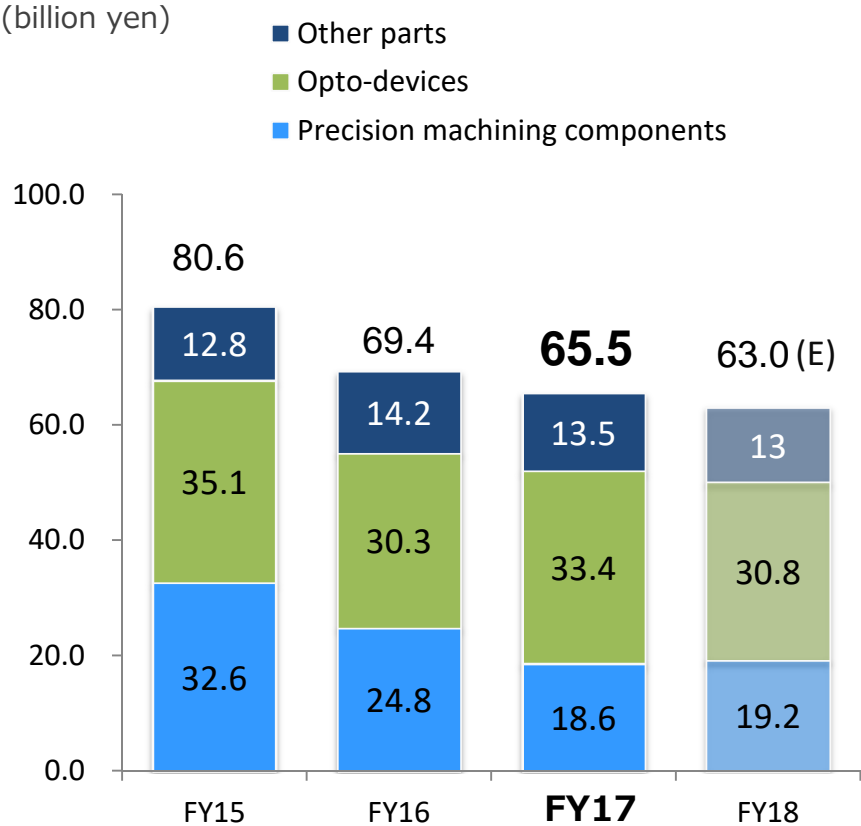
Operating profit



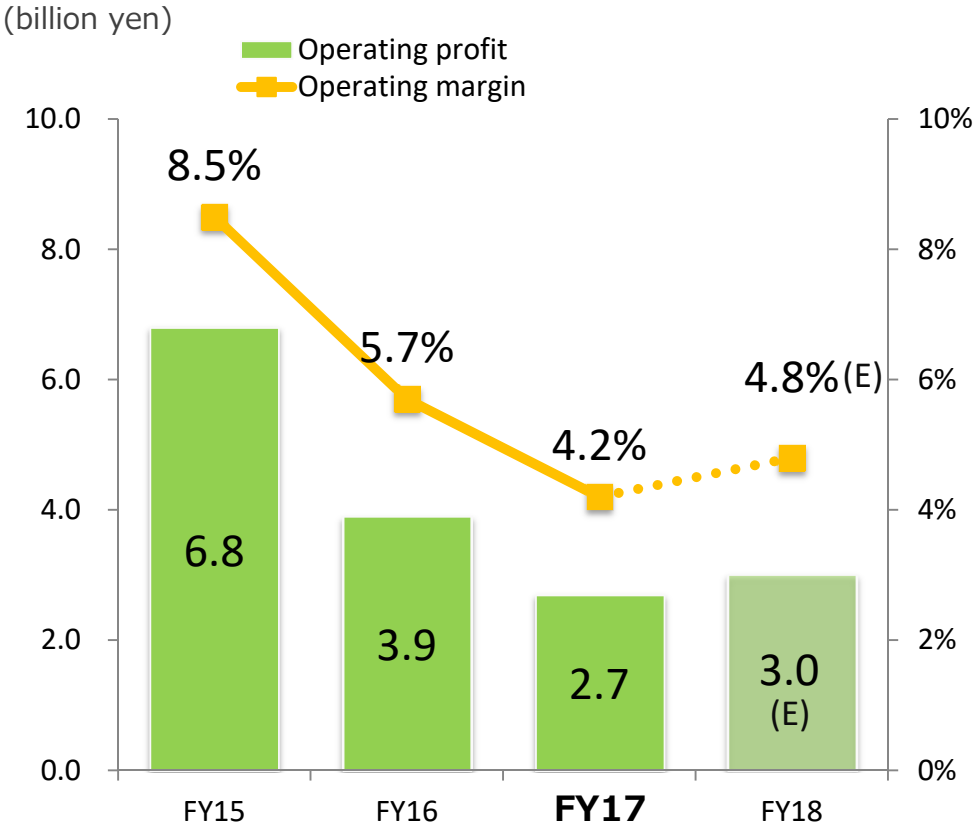
Devices and Components (Operating Performance)

- Precision machining components: Sales of automobile components remained solid, but revenues declined due to a fall in sales of switches.
- Opto-devices: Revenues increased, reflecting continuously steady growth in sales of LEDs, etc.
- Other parts: Revenues declined, mainly due to rather weak demand for ferroelectric micro LCDs.

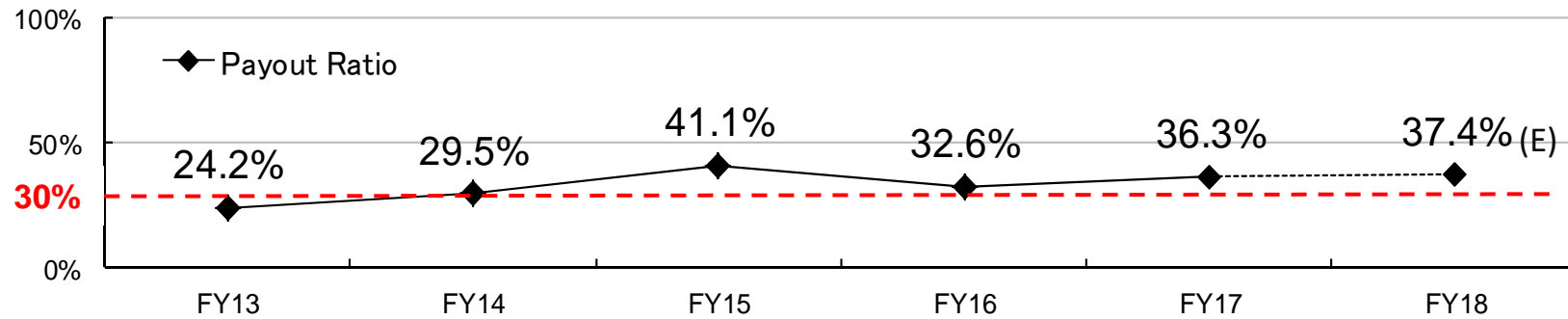
Net Sales



Operating income

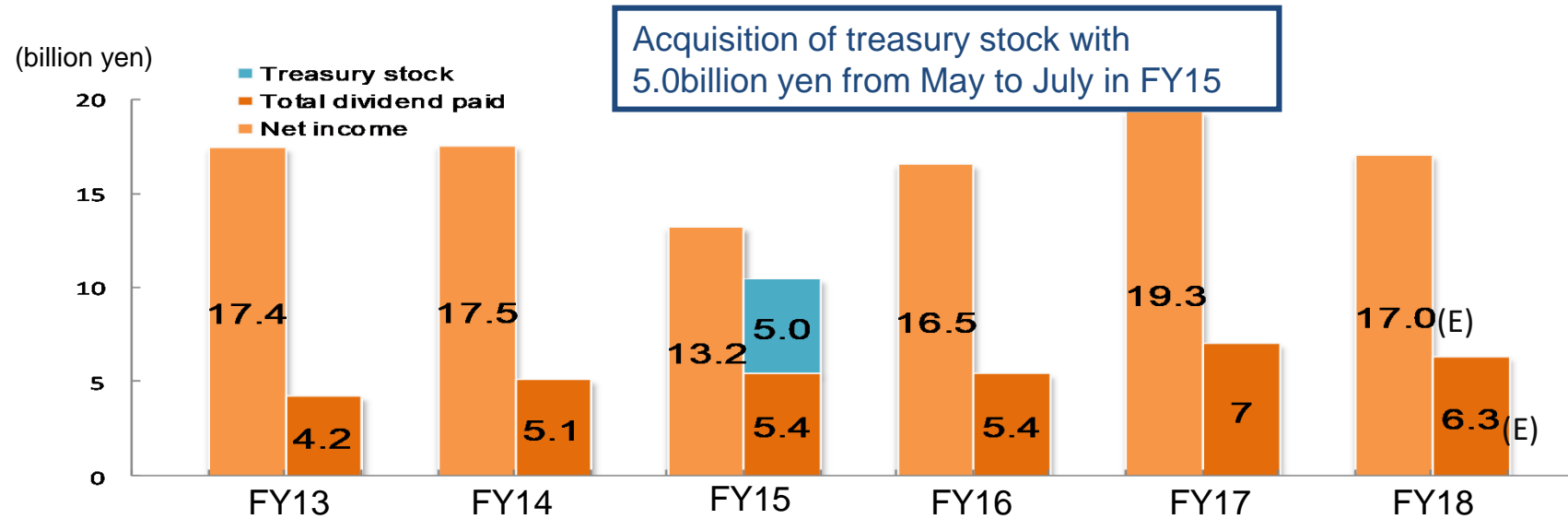


Return to Shareholders



Dividends per share (Full Year)

¥13.00	¥16.00	¥17.00	¥17.00	¥22.00E	¥20.00E
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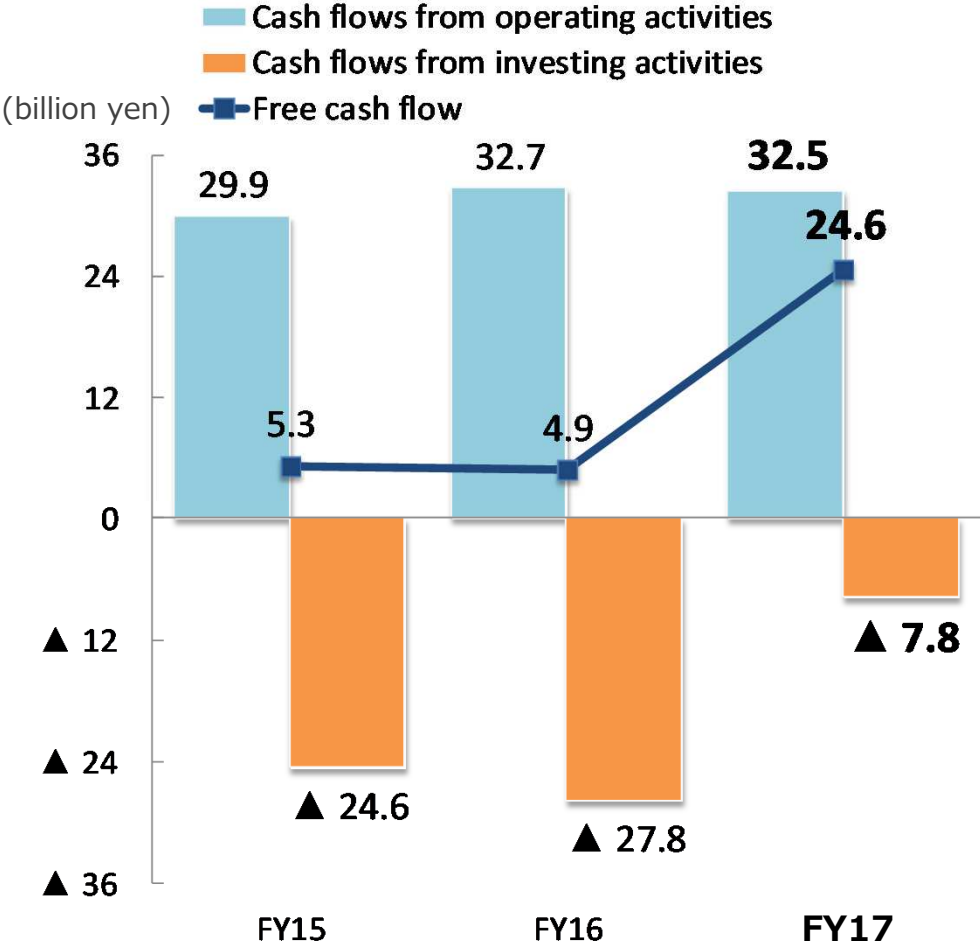
Balance Sheet

Reference

(Unit: billion yen)		March 31, 2017	March 31, 2018	Change from end of previous fiscal year	(Unit: billion yen)		March 31, 2017	March 31, 2018	Change from end of previous fiscal year
Current assets		241.8	259.6	+17.8	Liabilities		146.6	148.4	+1.7
	Cash and deposits	80.7	92.0	+11.3		Interest-bearing debt	53.0	49.0	▲4.0
	Inventories	84.3	90.5	+6.2					
Non-current assets		154.0	152.4	▲1.5	Net assets		249.2	263.7	+14.4
	Intangible assets	13.5	12.0	▲1.5		Shareholders' equity	227.1	240.9	+13.8
Total assets		395.8	412.1	+16.2	Total liabilities and net assets		395.8	412.1	+16.2

Statement of Cash Flow

Reference



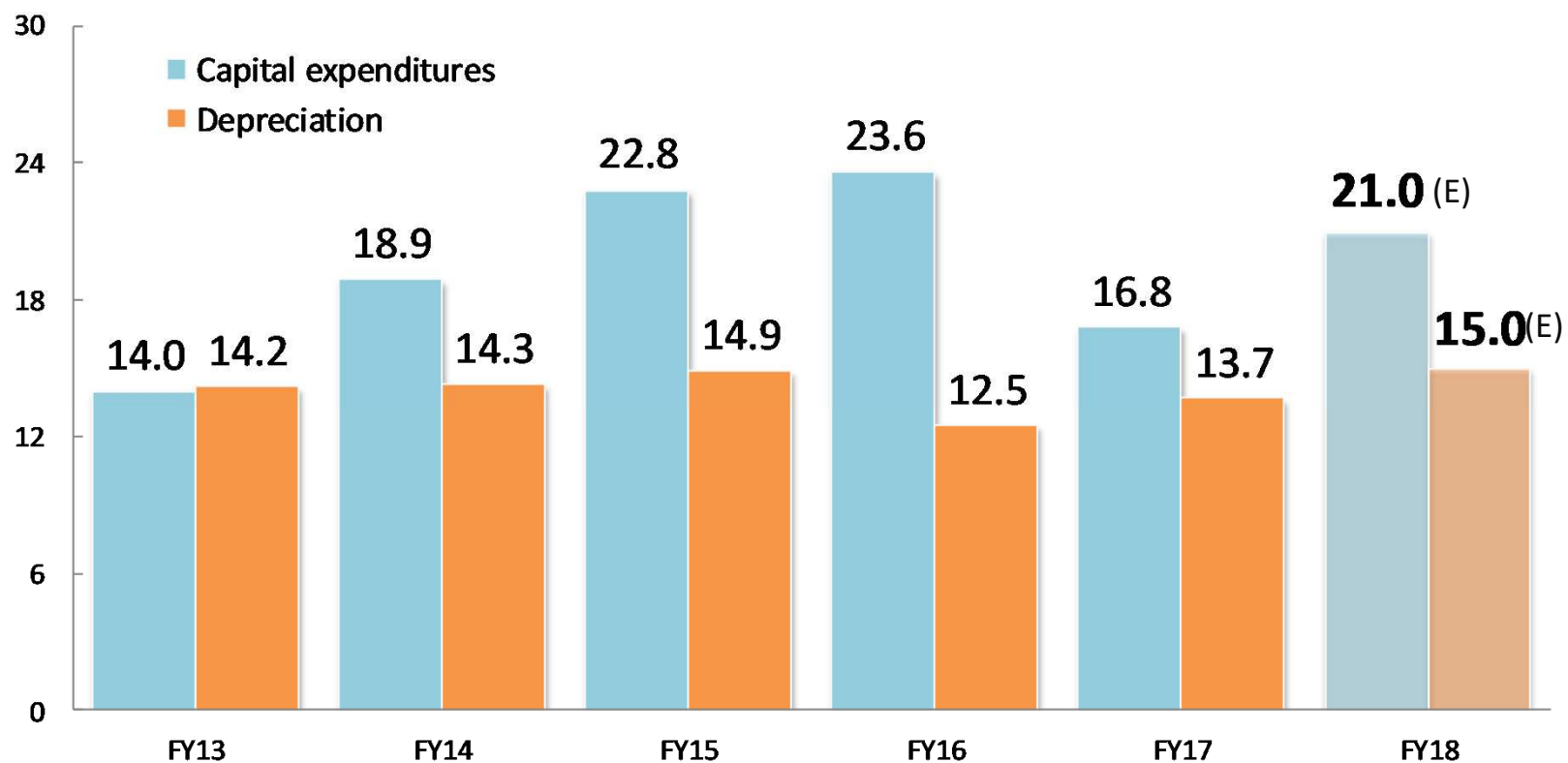
(Unit: billion yen)

	FY 2016	FY 2017	YoY change
Cash flow from operating activities	32.7	32.5	▲0.2
Cash flow from investing activities	▲27.8	▲7.8	+19.9
Free cash flow	4.9	24.6	+19.7
Cash flow from financial activities	▲20.6	▲11.7	+8.9
Balance of cash and cash equivalents	77.8	90.6	+12.7

Capital Investment/Depreciation

Reference

(billion yen)



ROE/ROA

Reference

