

The CITIZEN Group's Medium-Term Management Plan and Business Activities

Final chapter of the CITIZEN Global Plan 2018 the last step to becoming a "solid global company"

Aiming to become a successful global company, in 2013 The CITIZEN Group started its medium term management plan, "CITIZEN Global Plan 2018." The plan has advanced manufacturing innovation and boosting of earning power as well as promoting a new growth strategy that made the machine tools business the second core segment of the company after watches business. This powered the plan for the

first three years, but the changes in the external environment in the last three years would make it difficult for us to see if we can achieve our objectives.

CITIZEN has made 2018, the final year of the plan, a year for exploring new growth areas in the lead-up to the next medium-term management plan and will cross-divisionally demonstrate the synergies as CITIZEN Group to boost the unity of the Group.

Medium-term Management Plan: Business Portfolio

- Watches**
 Re-positioned as **the core of the CITIZEN Group's growth**
- Machine Tools**
 Has grown to be **the second core segment after watches**
- Small Precision Components**
To be the next growth business
- Devices, Electronics, and Other Products**
Stable business achieved through profit growth
 1. Strengthen financial position
 2. Concentrate on products that can win
 3. Improve alliances with other companies

FY2018 Key Actions

Position FY2018 as the preparation phase for the new medium-term management plan and accelerate the next initiatives.

Raise the top line

Increase market share and amount in the premium market segment

Improve capacity for distribution, which is the contact point with consumers

Segmentation Strategy

Elaboration of Multi-brand Strategy

Accelerate investment in growth

Signed an official watch contract with Walt Disney Resort in the US

To increase brand recognition among a wide range of generations around the world
In negotiations for expanding the alliance to Disney resorts outside the US

Manufacturing innovation to meet diversifying needs

Capital expenditure for manufacturing innovation, rationalization, etc.

Further increase manufacturing capacity

- Movements**
 - Comprehensive cost reductions of parts and products
 - Automation and rationalization of component processing
- Increased productivity of finished products**
- Development of optimal production method**
- Implementation of automation**
- Increased efficiency of production process**
- Rationalization of examinations**

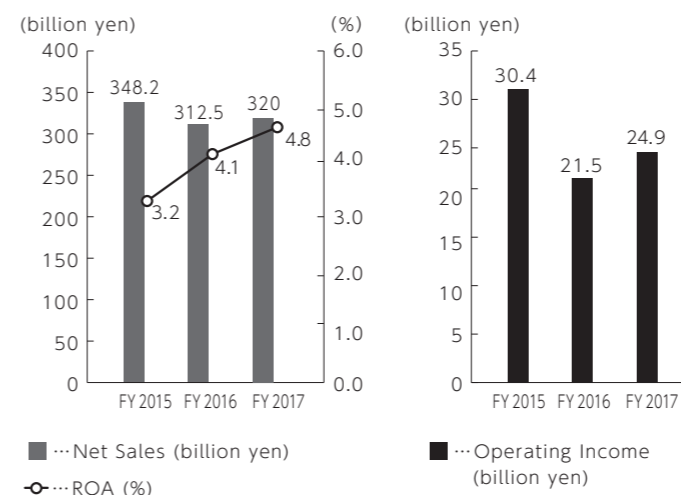
The CITIZEN Group's financial performance

In 2017, amid a variety of global economic situations such as the Japanese economy entering into gradual recovery, the United States showing continuing signs of improvement due to an improving employment picture, Europe with uncertain prospects due to Brexit, and China and other Asian countries showing signs of recovery, CITIZEN sought to enhance its profitability through manufacturing innovations based on our medium-term management

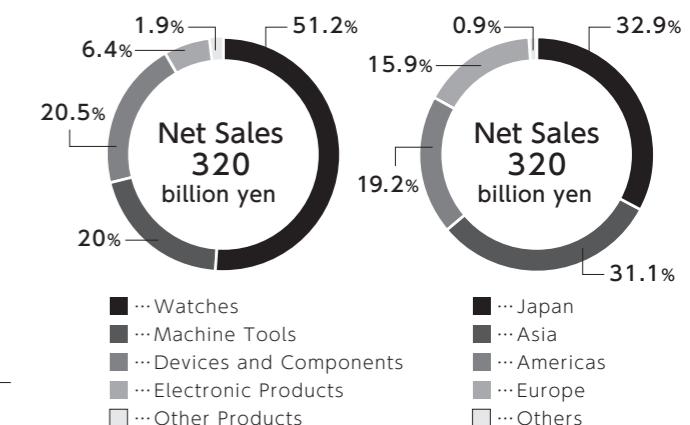
plan as well as advancing a new growth strategy focusing on the watch business to become a solid global company.

As a result, sales and profits both rose, with sales of 320 billion yen and operating profits of 24.9 billion yen. Moreover, CITIZEN made ordinary profits of 26.6 billion yen, returning a net 19.3 billion yen to shareholders in the parent company and resulting in an ROA of 4.8%.

Information on Profitability



Net Sales by Business Category and Net Sales by Region



As of March 31, 2018

The CITIZEN Group's Value-Producing Business Foundation

Since our foundation, the CITIZEN Group has utilized its unique and advanced technologies that have been cultivated through the watch business. These include the technology to make products even smaller and more precise, and the creation of products that consume little electricity. We also offer new value in other core businesses.

Other Products

High-quality jewelry crafted by leveraging precision technologies exclusive to the CITIZEN Group is loved by many who wear them for a lifetime to add joy to their everyday lives. The technologies also contribute to the creation of places for people to relax, such as in the operation of ice skating rinks.

Electronic Products

The POS bar code printers and the high-resolution digital photo printers are created using the precision processing and assembly technology passed down from our watch business, they are playing a role in different scenes, such as in the stores and at factories. In addition, healthcare products centered on electronic blood pressure monitors and electronic thermometers help people manage their health and support healthy lifestyle.

Devices and Components

The precision technologies exclusive to CITIZEN that have been developed through the watch business are utilized in manufacturing of devices, components built into familiar electronic equipment, such as LED lights, smartphone switches, and liquid crystal. We have made low-power consumption and long life possible for products, and in addition to making people's lives more convenient and pleasant, we reduce the burden placed on the environment.



Watches

The CITIZEN Group has striven to manufacture watches that are loved throughout the world. Watches are where our story began. Even today, we continue to produce models featuring new functions, including innovative products that are the global firsts, such as Eco-Drive light-powered watches that have gained great popularity among many watch owners.

Machine Tools

Machine tools create components essential to a wide array of industries, including the medical, automotive, and IT industries, and underpin modern technical advancement and the development of societies. Sophisticated technologies that meet diversifying needs in this dynamic age support manufacturing in a variety of settings in society.