

CITIZEN

Earning Presentation

for the Year ended March 31, 2019

CITIZEN WATCH CO., LTD.

May 13, 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 on Financial Results for FY2018

■ Watches segment

Demand for finished products recovered.

Growth in movement sales remained sluggish.

■ Machine tools segment

Sales and operating profit increased despite growing concerns over economic slowdown in certain areas.

■ Posting of extraordinary losses

- Related to Frederique Constant: 4.9 billion yen

- Related to the restructuring of a Chinese factory: 2.3 billion yen

- Related to the integration of overseas sales companies: 0.9 billion yen

Financial Results for FY 2018

(Unit : billion yen)	FY2017 Result	FY2018 Result	YoY Change	
			%	Amount
Net sales	320.0	321.6	+0.5%	+1.6
Operating profit	24.9	22.4	▲10.1%	▲ 2.5
Operating margin	7.8%	7.0%	-	-
Ordinary Profit	26.6	26.6	▲0.2%	▲ 0.0
Profit attributable to owners of parent	19.3	13.3	▲30.7%	▲ 5.9
Exchange rate	¥111/USD ¥129/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)	FY2017 Result	FY2018 Result	YoY change	
			%	Amount
Watches	163.7	163.5	▲0.1%	▲ 0.1
Machine Tools	64.0	72.1	+12.7%	+8.1
Devices and Components	65.5	60.8	▲7.3%	▲ 4.7
Electronic Products	20.5	19.3	▲6.1%	▲ 1.2
Other Products	6.1	5.8	▲4.5%	▲ 0.2
Consolidated Total	320.0	321.6	+0.5%	+1.6

Operating profit by Business Segments

(Unit: billion yen, %:operating margin)	FY2017	FY2018	YoY change	
	Result	Result	%	Amount
Watches	16.1 (9.9%)	12.4 (7.6%)	▲23.1%	▲ 3.7
Machine Tools	10.4 (16.3%)	13.0 (18.1%)	+25.3%	+2.6
Devices and Components	2.7 (4.2%)	2.5 (4.2%)	▲8.6%	▲ 0.2
Electronic Products	0.5 (2.5%)	0.4 (2.3%)	▲14.6%	▲ 0.0
Other Products	0.3 (5.1%)	0.1 (2.5%)	▲53.0%	▲ 0.1
Eliminations or general corporate	▲ 5.3	▲ 6.2	-	▲ 0.9
Consolidated Total	24.9 (7.8%)	22.4 (7.0%)	▲10.1%	▲ 2.5

FY 2019 Forecast

	FY2018	FY2019	YoY Change	
	Result	Forecast	%	Amount
(Unit: billion yen)				
Net sales	321.6	318.0	▲ 1.1%	▲ 3.6
Operating profit	22.4	20.0	▲ 10.8%	▲ 2.4
Operating margin	7.0%	6.3%	-	-
Ordinary Profit	26.6	22.0	▲ 17.3%	▲ 4.6
Profit attributable to owners of parent	13.3	14.5	+8.5%	+1.2
Exchange rate	¥111/USD ¥129/EUR	¥110/USD ¥120/EUR	-	-

FY 2019 Forecast

Net sales and Operating income by business segments

Net sales (Unit: billion yen)	FY2018 Result	FY2019 Forecast	YoY Change	
	Full Year	Full Year	%	Amount
Watches	163.5	167.0	+2.1%	+3.5
Machine Tools	72.1	67.0	▲7.2%	▲ 5.1
Devices and Components	60.8	59.0	▲3.0%	▲ 1.8
Electronic Products	19.3	19.0	▲1.7%	▲ 0.3
Other Products	5.8	6.0	+3.0%	+0.2
Consolidated Total	321.6	318.0	▲1.1%	▲ 3.6

Operating Profit (Unit: billion yen, %:operating margin)	FY2018 Result	FY2019 Forecast	YoY Change	
	Full Year	Full Year	%	Amount
Watches	12.4 (7.6%)	13.0 (7.8%)	+4.5%	+0.6
Machine Tools	13.0 (18.1%)	10.5 (15.7%)	▲19.7%	▲ 2.5
Devices and Components	2.5 (4.2%)	2.1 (3.6%)	▲17.4%	▲ 0.4
Electronic Products	0.4 (2.3%)	0.5 (2.6%)	+14.1%	+0.1
Other Products	0.1 (2.5%)	0.3 (5.0%)	+104.9%	+0.2
Eliminations or general corporate	▲ 6.2	▲ 6.4	-	▲ 0.2
Consolidated Total	22.4 (7.0%)	20.0 (6.3%)	▲10.8%	▲ 2.4

Watches (Operating Performance)

<Sales of finished products>

Overseas market : Revenues increased due to increases in sales in the North American/Asian markets, which offset sluggish sales in the European market.

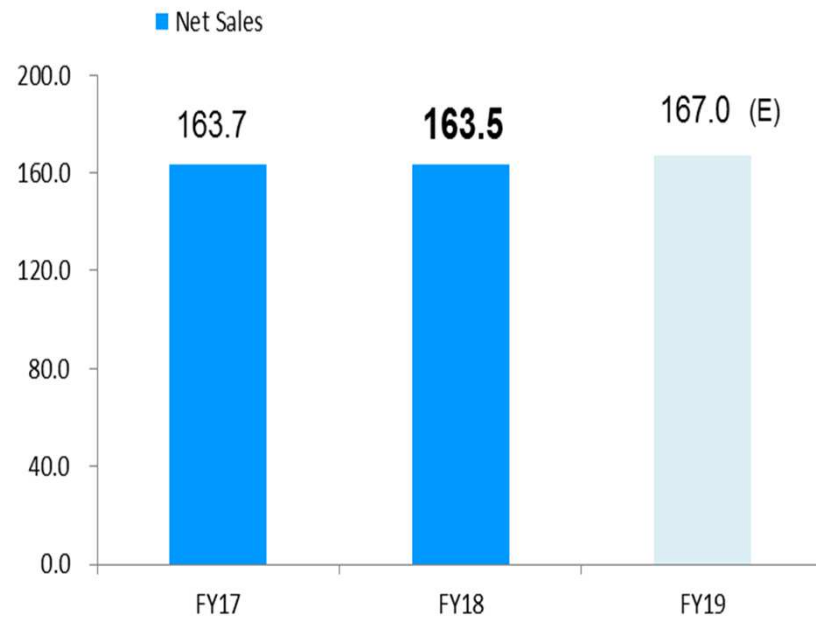
Domestic market : Revenues remained flat because weak sales at the beginning of the fiscal year were recovered by subsequent solid sales that were driven by mainstay products such as xC, ATTESTA, and PROMASTER.

<Sales of movements>

Revenues declined due to sluggish growth of analog quartz movements, mainly in the high value-added product line.

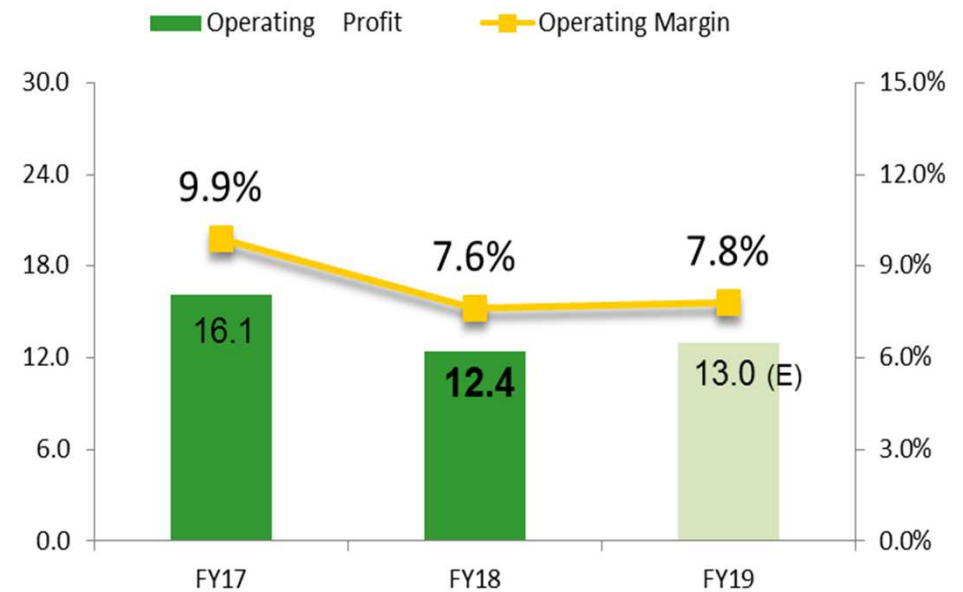
Net sales

(billion yen)



Operating profit

(billion yen)

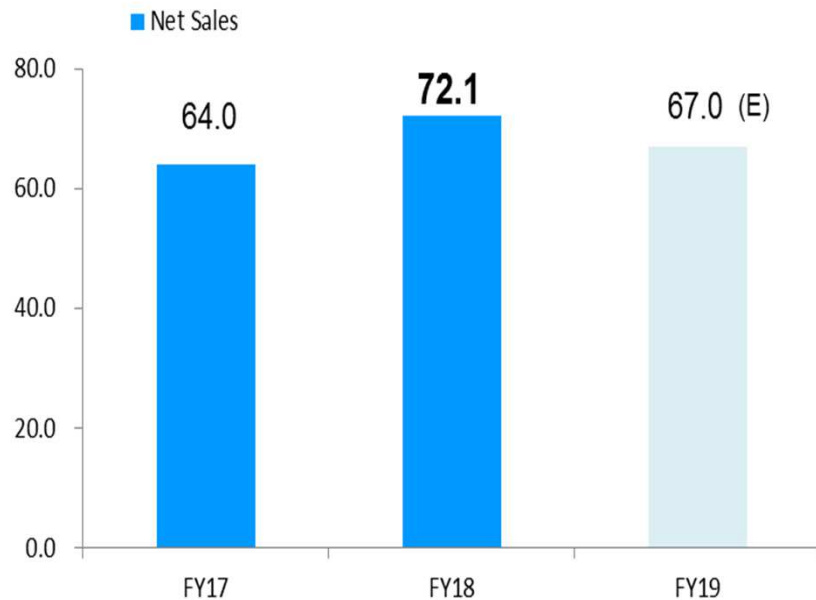


Machine Tools (Operating Performance)

- Overseas market : Revenues increased, reflecting strong market conditions mainly in Europe and the Americas.
- Domestic market : Revenues rose thanks to solid business conditions in a wide range of industries, despite some signs of a slowdown.

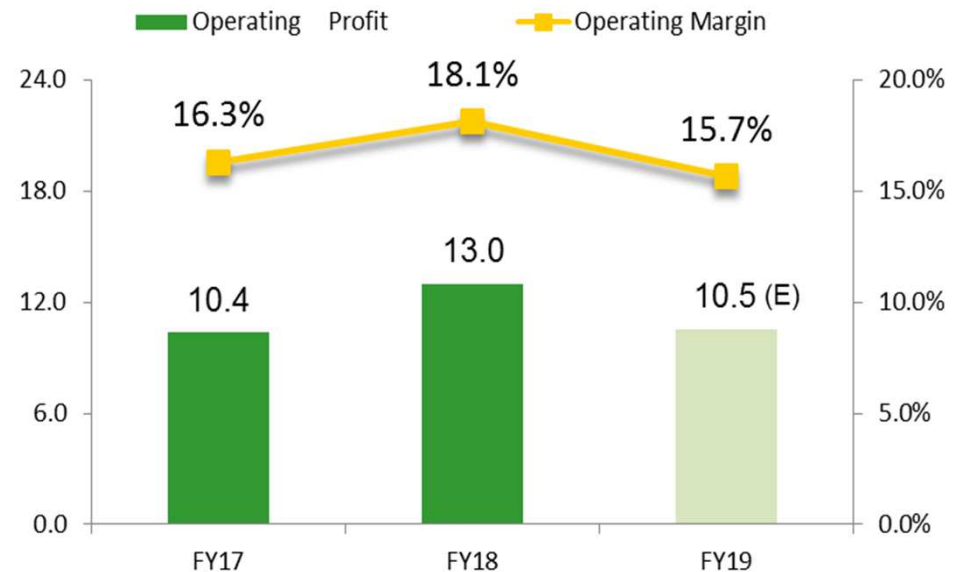
Net sales

(billion yen)



Operating profit

(billion yen)

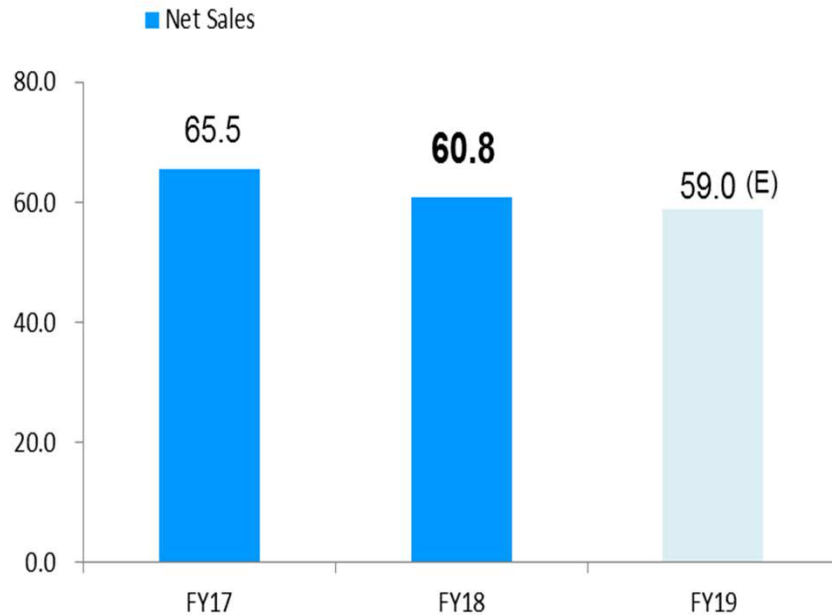


Devices and Components (Operating Performance)

- Precision machining components: Revenues increased because auto parts remained solid, offsetting slow growth in switches.
- Opto-devices: Revenues declined as a result of profitability-focused initiatives undertaken mainly for LEDs for lighting products, although sales of chip LED remained steady.
- Other parts: Revenues declined due to poor sales of quartz devices, among other products.

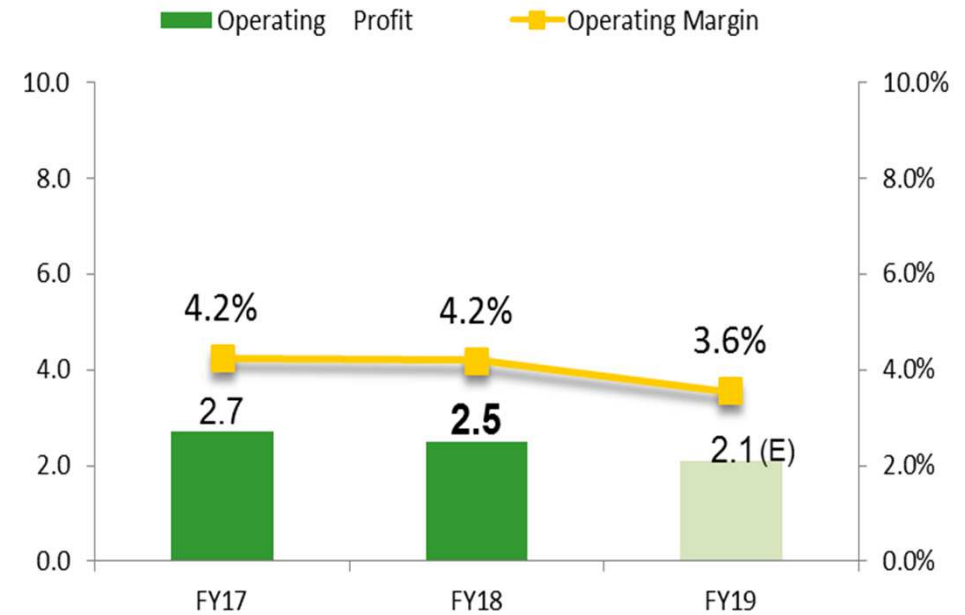
Net sales

(billion yen)

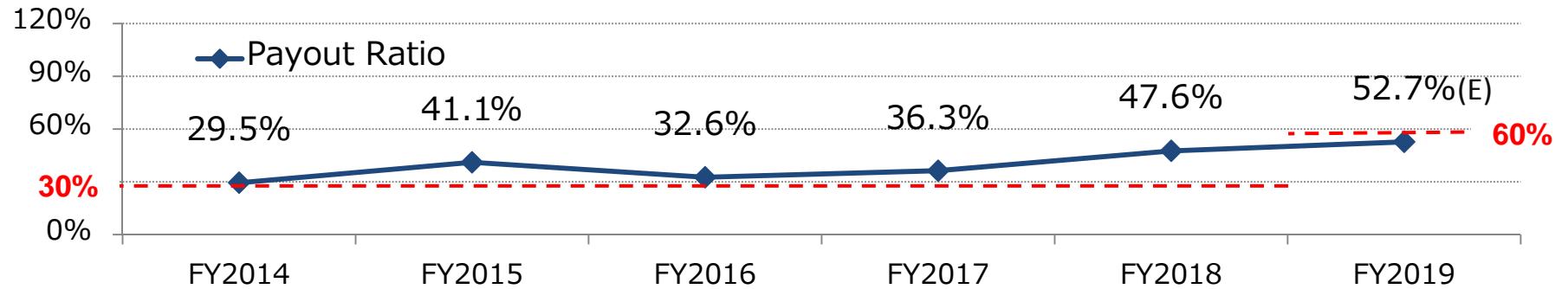


Operating profit

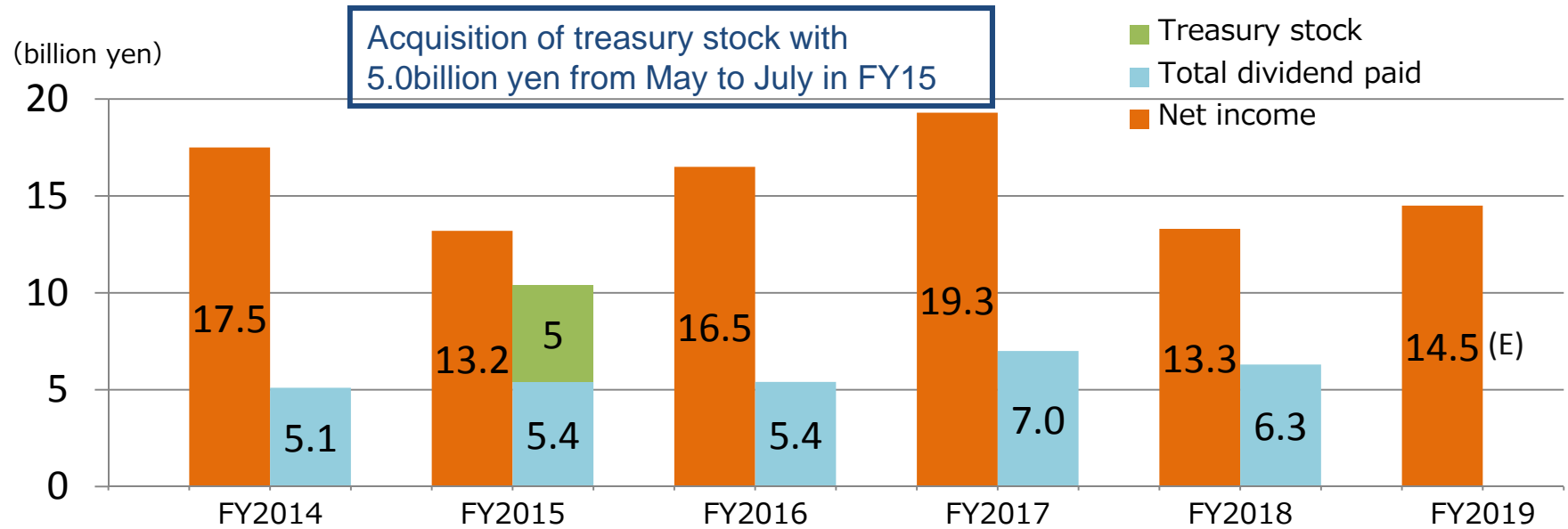
(billion yen)



Return to Shareholders



Dividends per share (Full Year)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
	¥16.00	¥17.00	¥17.00	¥22.00	¥20.00E	¥24.00E



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Balance Sheet

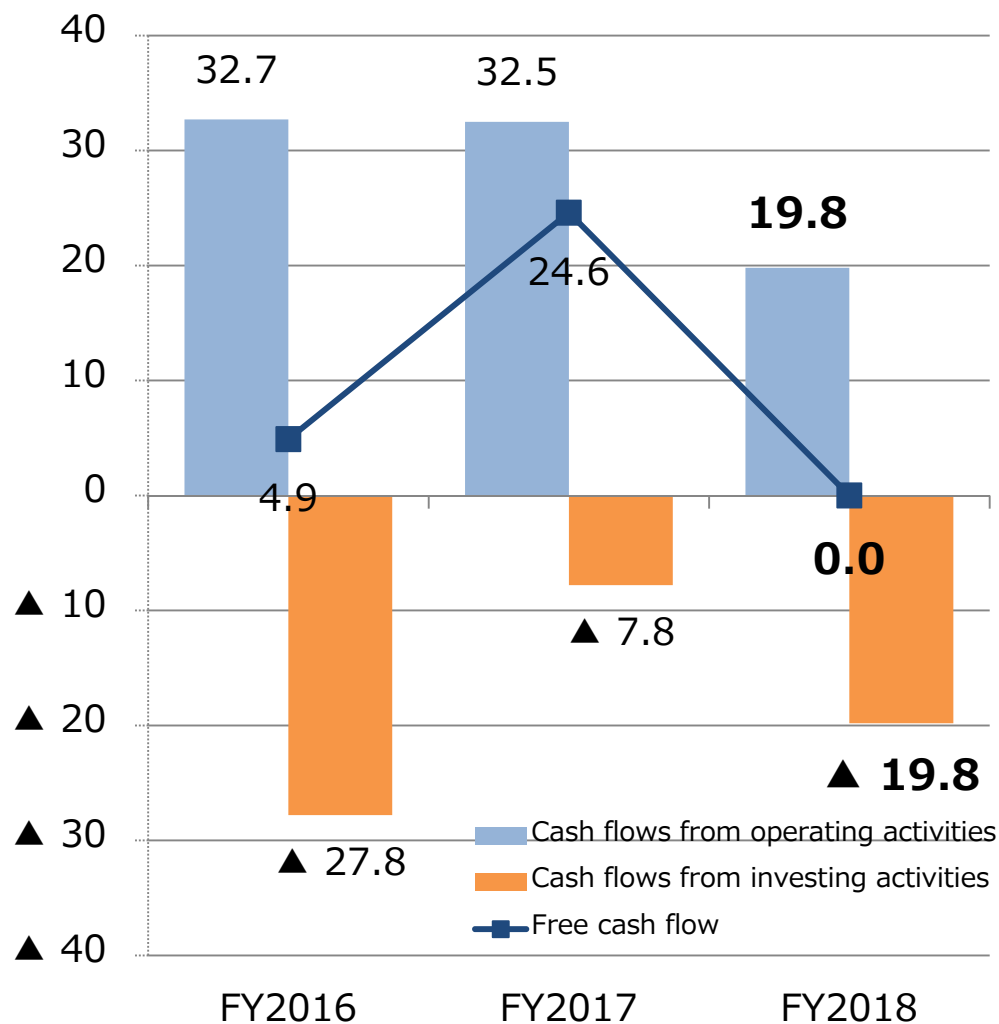
Reference

(Unit: billion yen)		March 31, 2018	March 31, 2019	Change from end of previous fiscal year	(Unit: billion yen)		March 31, 2018	March 31, 2018	Change from end of previous fiscal year
Current assets		252.9	258.9	+5.9	Liabilities		146.1	146.3	+0.1
	Cash and deposits	92.0	86.8	▲5.2		Interest-bearing debt	49.0	51.0	+2.0
	Inventories	90.5	98.2	+7.6					
Non-current assets		156.9	154.9	▲1.9	Net assets		263.7	267.5	+3.8
	Property, plant and equipment	84.9	89.6	+4.6		Shareholders' equity	240.9	246.8	+5.9
	Investment securities	46.0	39.9	▲6.0		Foreign currency translation adjustment	2.0	3.3	+1.2
Total assets		409.9	413.9	+4.0	Total liabilities and net assets		409.9	413.9	+4.0

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Statement of Cash Flow

Reference

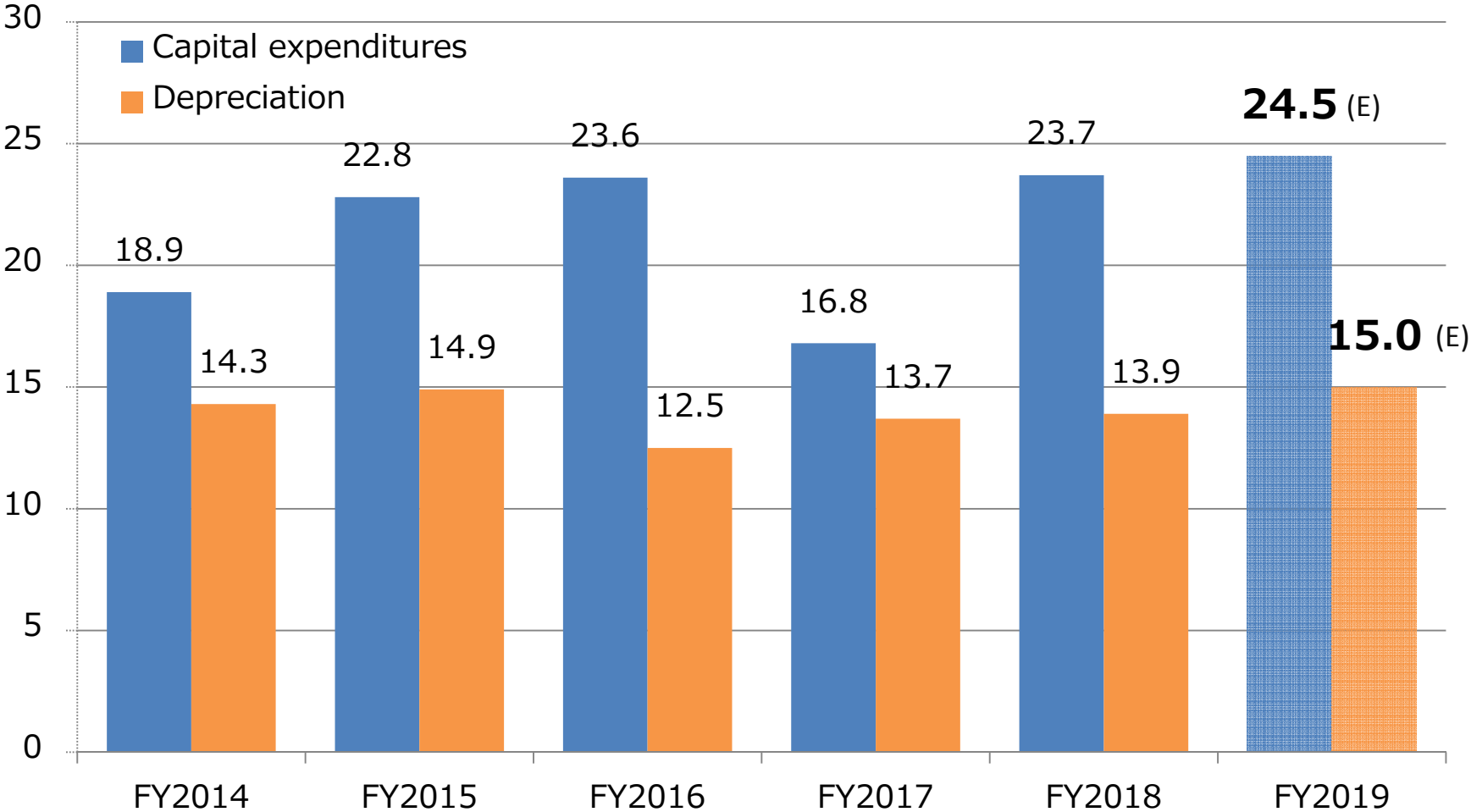


(Unit: billion yen)

	FY 2017	FY 2018	YoY change
Cash flow from operating activities	32.5	19.8	▲ 12.6
Cash flow from investing activities	▲ 7.8	▲ 19.8	▲ 11.9
Free cash flow	24.6	0.0	▲ 24.6
Cash flow from financial activities	▲ 11.7	▲ 5.8	+5.8
Balance of cash and cash equivalents	90.6	84.5	▲ 6.1

Capital Investment/Depreciation

Reference



ROE

Reference

