

CITIZEN

**Earning Presentation
for Three months ended June 30, 2020**

CITIZEN WATCH CO., LTD.

August 14, 2020

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.

- Financial Results for 1Q of FY 2020

Both sales and profits decreased

Both sales and profits substantially decreased in our core businesses, Watches and Machine Tools segments due to the impact of the COVID-19 coronavirus.

- FY2020 Forecast

It has remained undecided because it is difficult to reasonably calculate the impact from the spread of the COVID-19 coronavirus at the present time.

- FY2020 Dividends Forecast

It has remained undecided, but we focus on the stability of dividend payment, not only performance-based payment.









Financial Results for 1Q of FY 2020

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(Unit : billion yen)	1Q19	1Q20	YoY Change	
	Result	Result	%	Amount
Net sales	69.9	36.8	▲47.3%	▲ 33.0
Operating profit	1.8	▲ 5.6	-	▲ 7.4
Operating margin	2.6%	▲15.3%	-	-
Ordinary Profit	2.0	▲ 4.9	-	▲ 6.9
Profit attributable to owners of parent	0.9	▲ 6.7	-	▲ 7.6
Exchange rate	¥111/USD ¥124/EUR	¥108/USD ¥118/EUR	-	

1Q20 Result by Business Segments

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		FY2019	FY2020	YoY Change	
Net sales	(Unit: billion yen, %:operating margin)	1Q Result	1Q Result	%	Amount
		 Watches	33.5	12.0	▲64.1%
 Machine Tools	15.7	10.0	▲36.0%	▲ 5.6	
 Devices and Components	14.5	10.4	▲28.1%	▲ 4.0	
 Electronic and Other Products	6.0	4.2	▲29.8%	▲ 1.8	
Consolidated Total		69.9	36.8	▲47.3%	▲ 33.0
Operating Profit					
 Watches		0.6 (2.0%)	▲ 3.8 (▲31.8%)	—	▲ 4.5
 Machine Tools		2.6 (16.7%)	0.3 (3.7%)	▲85.8%	▲ 2.2
 Devices and Components		0.3 (2.4%)	▲ 0.7 (▲7.3%)	—	▲ 1.1
 Electronic and Other Products		▲ 0.0 (1.2%)	▲ 0.3 (▲7.2%)	—	▲ 0.3
Eliminations or general corporate		▲ 1.9	▲ 1.1	—	+0.7
Consolidated Total		1.8 (2.6%)	▲ 5.6 (▲15.3%)	—	▲ 7.4

Watches (1Q20 Result)

< Finished products >

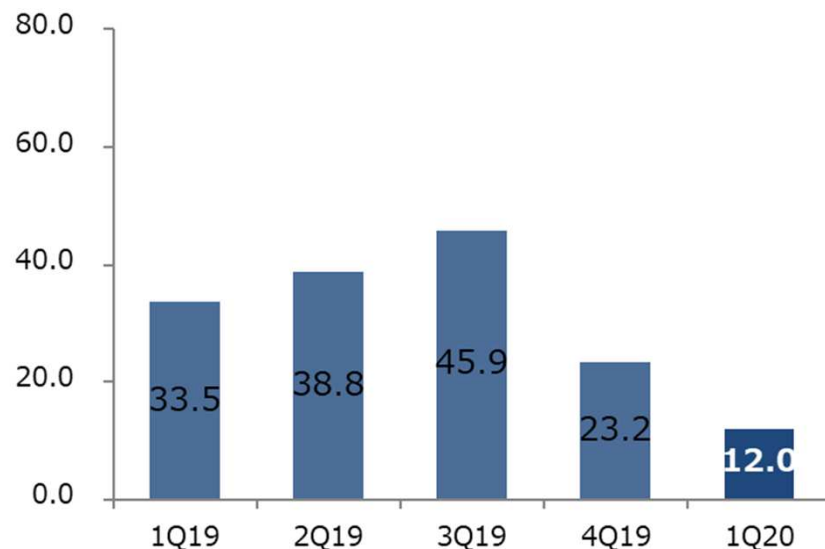
- Overseas market: Sales declined due to the impact of store closures associated with the lockdown, mainly in North America.
- Domestic market: Sales declined due to the sharp fall in inbound demand and the impact of the suspension of business at physical stores.

< Movements >

- Sales declined because of a decrease in demand due to the spread of the COVID-19 coronavirus.

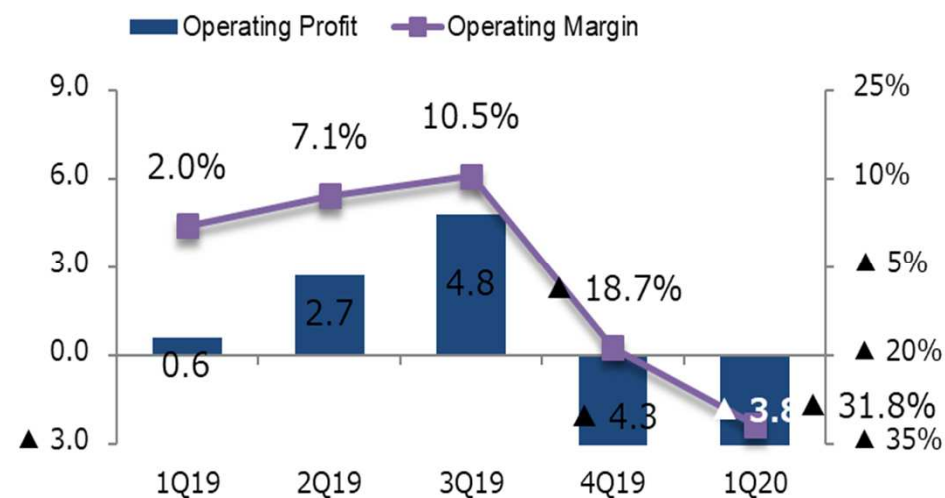
Net sales

(billion yen)



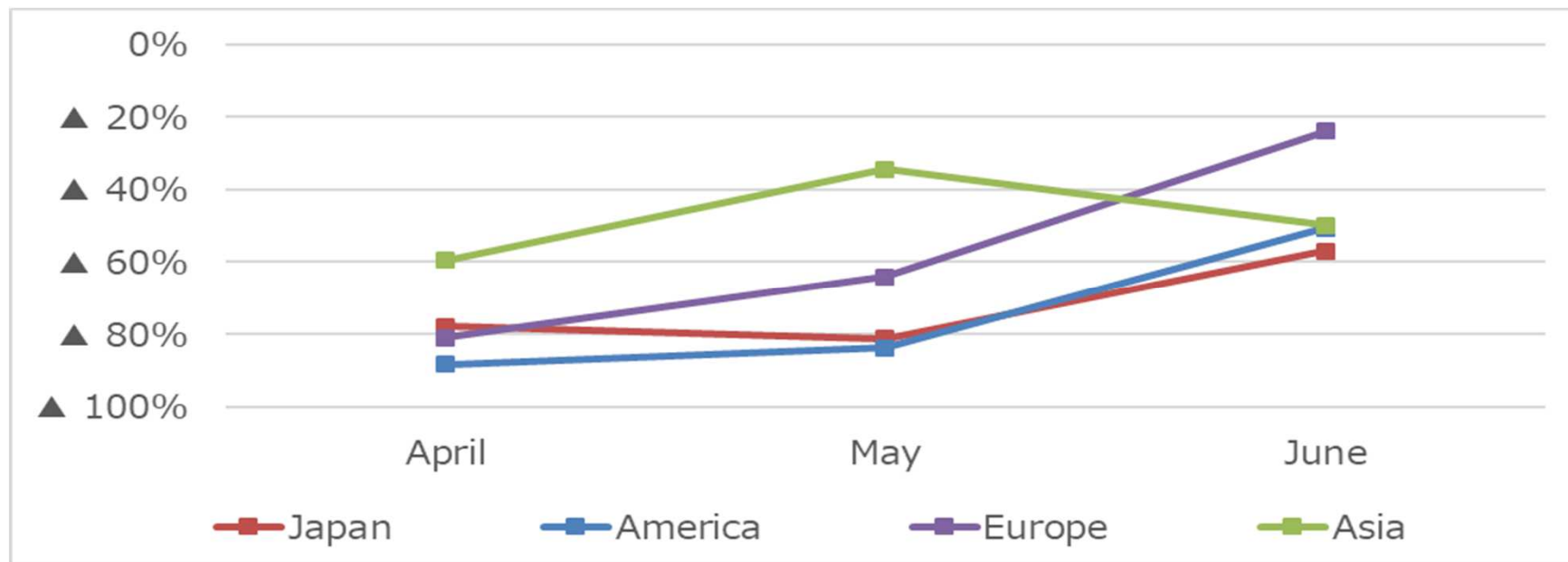
Operating profit

(billion yen)



Watches Sales Conditions by Region

- Rate of change year on year (CITIZEN/BULOVA brands, on a local-currency basis)



- Rate of change year on year (CITIZEN/BULOVA brands, on a local-currency basis)

	1Q	Note
■ Japan	▲72%	Sales were sluggish due to the sharp fall in inbound demand and the impact by the suspension of business at physical
■ America	▲73%	Online sales remained relatively strong despite the large impact of the lockdown from April to May.
■ Europe	▲57%	After the lifting of the lockdown, sales were on a recovery track (mainly in Germany and Italy).
■ Asia	▲48%	Sales improved because the sell-in for online events for June advanced in May in China.

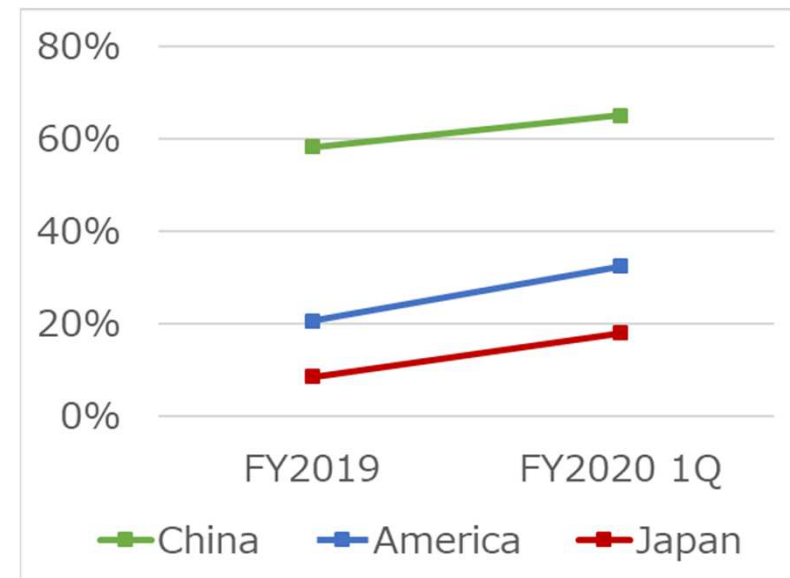
Optimized the production scale of analog quartz movements

- Voluntary retirement program at a watch manufacturing subsidiary
- Revenue enhancement of mechanical movements



Reinforced online sales

- China (Online sales ratio: slightly over 60%)
Online sales recovered to the previous year's level.
- North America (Online sales ratio: slightly over 30%)
Sales for a direct sales site remains strong.
Facilitate the development of a new online distribution.
- Japan (Online sales ratio: slightly below 20%)
Facilitated omni-channel marketing.

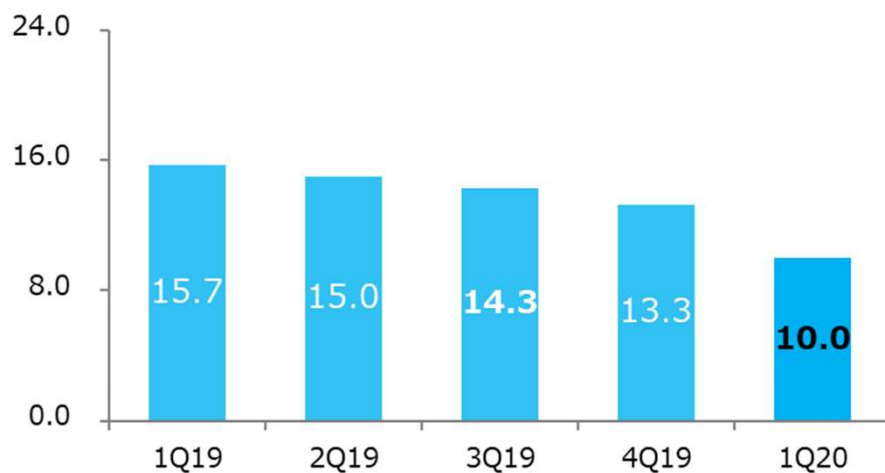


Machine Tools (1Q20 Result)

- Domestic market: Sales declined due to sluggish demand for capital investment such as automobile related products.
- Overseas market: Sales declined due to declining demand for investments worldwide, however, China is on a recovery track.

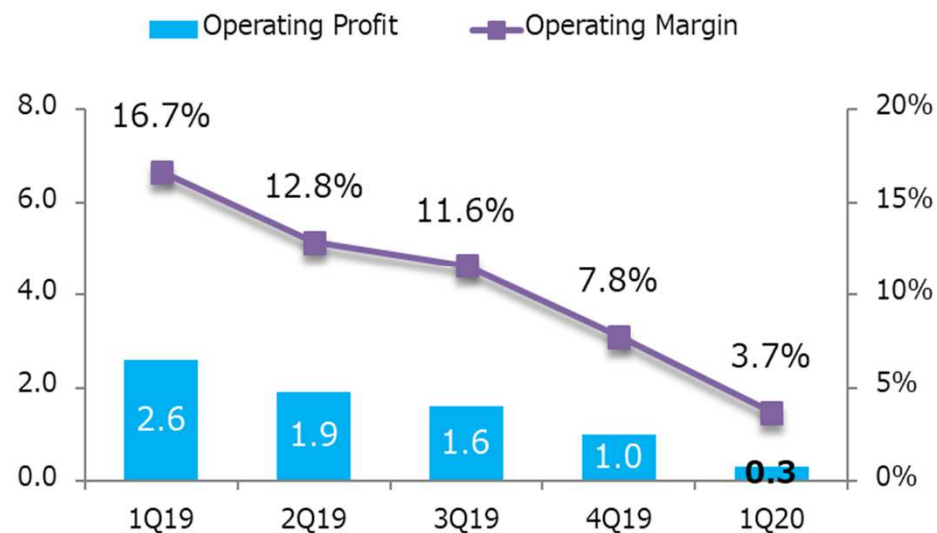
Net sales

(billion yen)



Operating profit

(billion yen)

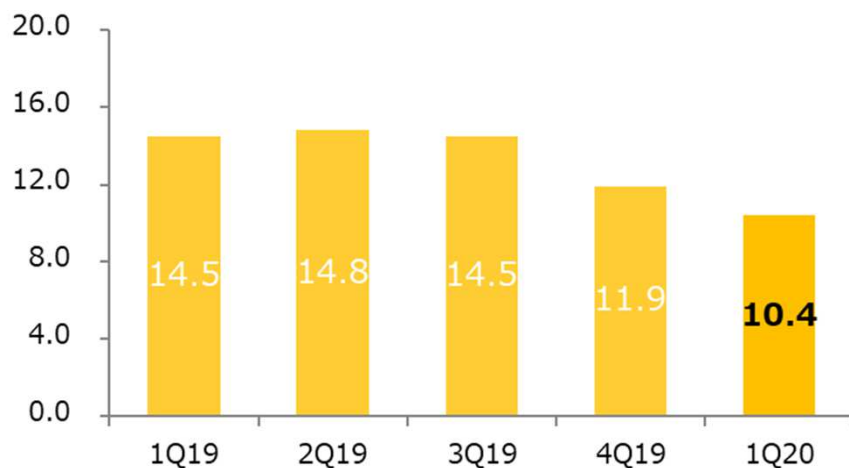


Devices and Components (1Q20 Result)

- Precision machining components: Sales declined because sales of auto parts were weak due to a fall in new cars sales.
- Opto-devices: Sales declined due to sluggish sales of LED for general use, mainly automotive LED.

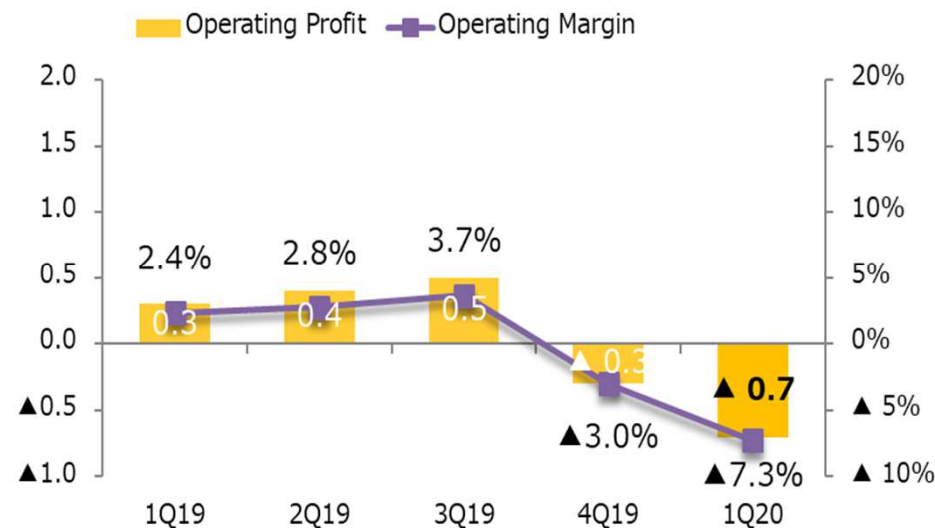
Net sales

(billion yen)



Operating profit

(billion yen)



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