For reference (*)

October 12, 2018

Revision of Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2019 (FY2018)

Tokyo, October 12, 2018 ----- Today Wacom Co., Ltd. (the “Company”) announced that the Company revised its consolidated financial forecasts for both the first half (6 months) ended September 30, 2018 and the full year ending March 31, 2019, as indicated below. The previous forecasts of the above figures were announced and posted in Wacom’s website on May 11, 2018.

Revised consolidated financial forecasts

For the first half (H1) of FY2018 (period between April 1 and September 30, 2018)

	Net sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Profit attributable to owners of parent (million yen)	Net profit per share (yen)
Previously announced forecast (A)	41,330	830	670	660	4.06
Actual results (B)	46,200	2,700	2,900	1,900	11.70
Amount of changes (B-A)	4,870	1,870	2,230	1,240	
Percentage change (%: B to A)	11.8	225.3	332.8	187.9	
(Reference) Results for the previous fiscal year	40,689	1,501	1,642	1,674	10.31

For full year of FY2018 (period between April 1, 2018 and March 31, 2019)

	Net sales (million yen)	Operating profit (million yen)	Ordinary income (million yen)	Profit attributable to owners of parent (million yen)	Net profit per share (yen)
Previously announced forecast (A)	85,000	4,000	3,920	2,980	18.35
Updated forecast (B)	89,000	4,000	3,920	2,980	18.35
Amount of changes (B-A)	4,000	--	--	--	
Percentage change (%: B to A)	4.7	--	--	--	
(Reference) Results for the previous fiscal year	82,263	3,527	3,585	2,362	14.55

Revised assumptions of foreign exchange rate:

1 US Dollar = 111 Japanese yen （previous assumption: JPY105）

1 Euro = 130 Japanese yen （no revision）

Principal reasons for the revisions

H1 of FY2018:

The previous consolidated financial forecasts were revised upward for sales, operating profit, ordinary profit and net profit attributable to owners of parent, reflecting the strong performance of the Technology Solution Business. In addition, revised sales forecast also reflected impact from exchange rate fluctuation on higher US dollar against yen than the initial assumptions.

In the Technology Solution Business, sales and segment profit are expected to exceed the previous forecasts, owing to front-loaded demand on pen sensor systems for smartphones, tablets and note PCs. Meanwhile, in the Brand Business, sales and segment profit are expected to fall below the previous forecast, due to slower market penetration of mid- and low- priced pen tablet models among changing competitive environment.

Full year of FY2018:

Sales forecast was revised upward reflecting the trend of exchange rate fluctuation on higher US dollar against yen than the initial assumptions. Forecasts of operating profit, ordinary profit and net profit attributable to owners of parent are unchanged from the previous forecasts.

In the Technology Solution Business, sales and segment profit are expected to exceed the previous forecasts, owing to expected expansion as a result of demand for pen sensor systems.

Meanwhile, in the Brand Business, sales and segment profit are expected to fall below the previous forecast. In the first half, sales of pen tablet products fell short of the initial estimate. For the second half, we are approaching the resolution of supply issues of new display models for the year-end sales season. In addition, although we implement additional measures to restore sales in the Creative Business, it seems difficult to fully recover lower profitability attributable to changes in product mix for the period. We also incorporate negative risk in profitability attributable to additional tariff activation imposed on China by the United States.

Furthermore, we will propel reorganization of our sales and marketing structure to focus more on customers, and modification of our product strategy, in line with the corporate strategy set in the medium-term business plan announced on May 11, 2018.

Others

No revision was made to the dividend forecast for the full year ending March 2019, which was announced on May 11, 2018.

Note: The above forecasts are based on currently available information and assumptions of uncertainties which can influence future results as of the announcement date. Please note that actual results could materially differ from these forecasted results due to various factors.

(*) This is translated to English from a Japanese announcement solely for convenience of non-Japanese readers.