

## To Our Stakeholders



Kazuo Kashio,  
President & CEO

### Business Report for Fiscal 2014

The Japanese economy was on a recovery path in fiscal 2014. This was despite concerns about economic slowdowns in emerging nations and reflected improved corporate performances and lower employment as a result of the Japanese government's economic policies.

Against this backdrop, consolidated net sales for fiscal 2014 increased 8.1% to ¥321.7 billion. Sales were ¥264.4 billion in the Consumer segment, ¥45.2 billion in the System Equipment segment, and ¥12.0 billion in the Others segment.

In the timepiece business, sales increased significantly overall with brands such as G-SHOCK and EDIFICE continuing to perform well, primarily in overseas markets such as North America and China, under a stronger global brand strategy. The line-up of watches for women in brands such as BABY-G and SHEEN continued to show steady growth. In the electronic dictionary business, sales of the EX-word series remained strong, mainly for the student model, and Casio continued to hold the overwhelming top share of the Japanese market. In the electronic musical instrument business, sales of electronic pianos increased steadily.

In income for fiscal 2014, the Consumer segment posted ¥35.5 billion in operating income. This was because profitability remained high in the timepiece and electronic dictionary businesses, while expansion in high-value-added electronic pianos contributed to improved profitability. The digital camera business performed profitably owing to a specialization in high-end offerings. The Company incurred operating losses of ¥1.7 billion and ¥500 million, respectively, in the System Equipment and Others segments.

As a result, and after allowing for adjustment, Casio registered ¥26.5 billion in consolidated operating income, up 32.5%. Casio recorded net income of ¥15.9 billion, up 34.6%, for the fiscal year.

### Fiscal 2015

In fiscal 2015, we expect the domestic economy to remain firm. The Company aims to actively develop global markets for products that make the most of its original technology in seeking to improve business performance. The main strategies for achieving this are as follows.

- (a) In the timepiece business, Casio will launch new watches with the latest technology. They will include hybrid models featuring GPS and radio-control, as well as models capable of connecting to smartphones with Bluetooth®. The Company will further strengthen its six main watch brands, including G-SHOCK, to keep growing the business and maintain high profitability.
- (b) In the electronic dictionary business, Casio will expand the business and maintain a high level of profitability by strengthening models for elementary school students in the domestic market while expanding its line-up in digital vocabulary books. In overseas markets, it will tap into ASEAN markets in addition to China as it seeks to expand its business.
- (c) In the systems equipment business, Casio will improve profitability for projectors through cost reduction and the introduction of new technology.
- (d) In new business, the Company will work on expanding large orders for its CASIO Signage business. It will also introduce Art Clocks and expand painting contents in the digital painting business.
- (e) In all businesses, Casio aims to boost sales outside Japan.

### Achieving V15

In line with the V15 Plan to achieve a company-wide operating profit margin of 15% in the fiscal year ending March 31, 2016, Casio is steadily pushing ahead with its business reforms to achieve this goal.

In timepieces, we aim to expand sales by deploying products that leverage advanced technologies. These products include hybrid watches featuring GPS and radio control, and watches capable of connecting to smartphones with Bluetooth®.

In existing businesses in which we have already built high market shares, we aim to further expand sales and enhance profitability.

We will cultivate markets by creating new-genre products that did not exist hitherto, notably digital vocabulary books in electronic dictionaries and new entertainment operations in electronic musical instruments.

I believe that to reach our V15 targets the most important action is to create businesses that deliver high profit margins.

CASIO Signage has proven attention-grabbing for people visiting stores, and is a highly effective sales promotion device for companies that have introduced such signage. Sumitomo Mitsui Banking Corporation has decided to install 200 of these products, and we are currently in major talks with several other companies about such a possibility.

In the digital painting business, which uses 3D technology, we will introduce new offerings integrated with clocks to expand sales through existing channels.

### Rewarding Shareholders

We aim to generate high growth and establish a stable earnings base to reach our V15 targets and generate performance-related shareholder returns. In light of higher profits this fiscal year, plans call for an increase of the annual dividend applicable to fiscal 2015 by ¥5, to ¥25 per share.

Casio is determined to use its innovative plans and advanced technological capabilities to continue delivering new value to the world at large and grow further. Your support, as always, inspires us.

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Kazuo Kashio, President & CEO

