



FY2013 Consolidated Results (Fiscal year ended March 31, 2014)

May 15, 2014

SEIKO HOLDINGS CORPORATION

- 1) Progress on the Fifth Mid-Term Management Plan
- 2) Business Results
- 3) Financial Forecast for FY2014

1) Progress on the Fifth Mid-Term Management Plan

Income Statement

(Billions of yen)	FY2013 Actual	FY2013 Target	Change	FY2014 Target	FY2015 Target
Net Sales	308.2	300.0	+8.2	290.0	320.0
Operating Income	14.0	10.0	+4.0	14.0	20.0
%	4.5%	3.3%	+1.2%	4.8%	6.3%
Ordinary Income	10.1	6.0	+4.1	10.0	16.0
%	3.2%	2.0%	+1.2%	3.4%	5.0%
Net income	7.4	5.0	+2.4	8.0	12.0
%	2.4%	1.7%	+0.7%	2.8%	3.8%

Sales and Operating Income by Reported Segments



(Billions of yen)		FY2013 Actual	FY2013 Target	Change	FY2014 Target	FY2015 Target
Watch	Sales	150.7	135.0	+15.7	140.0	150.0
	Operating Income	12.2	10.0	+2.2	11.0	13.0
Electronic Device	Sales	93.0	95.0	-2.0	105.0	115.0
	Operating Income	1.3	2.0	-0.7	4.5	7.0
Systems Solutions	Sales	22.8	28.0	-5.2	30.0	35.0
	Operating Income	0.3	1.0	-0.7	1.5	2.0
Others	Sales	51.3	48.0	+3.3	25.0	27.0
	Operating Income	0.7	1.0	-0.3	0.5	1.0
Cons. Total	Sales	308.2	300.0	+8.2	290.0	320.0
	Operating Income	14.0	10.0	+4.0	14.0	20.0

Balance Sheet

(Billions of yen)	FY2013 Actual	FY2013 Target	Change	FY2014 Target	FY2015 Target
Interest Bearing Debt	200.8	202.0	-1.2	195.0	175.0
Net Assets	64.7	45.0	+19.7	52.5	63.0
Equity Capital Ratio	17.1%	12.3%	+4.8%	14.3%	17.6%
Net Debt Equity Ratio	2.4	3.6	-1.2	2.9	2.1

2) Business Results

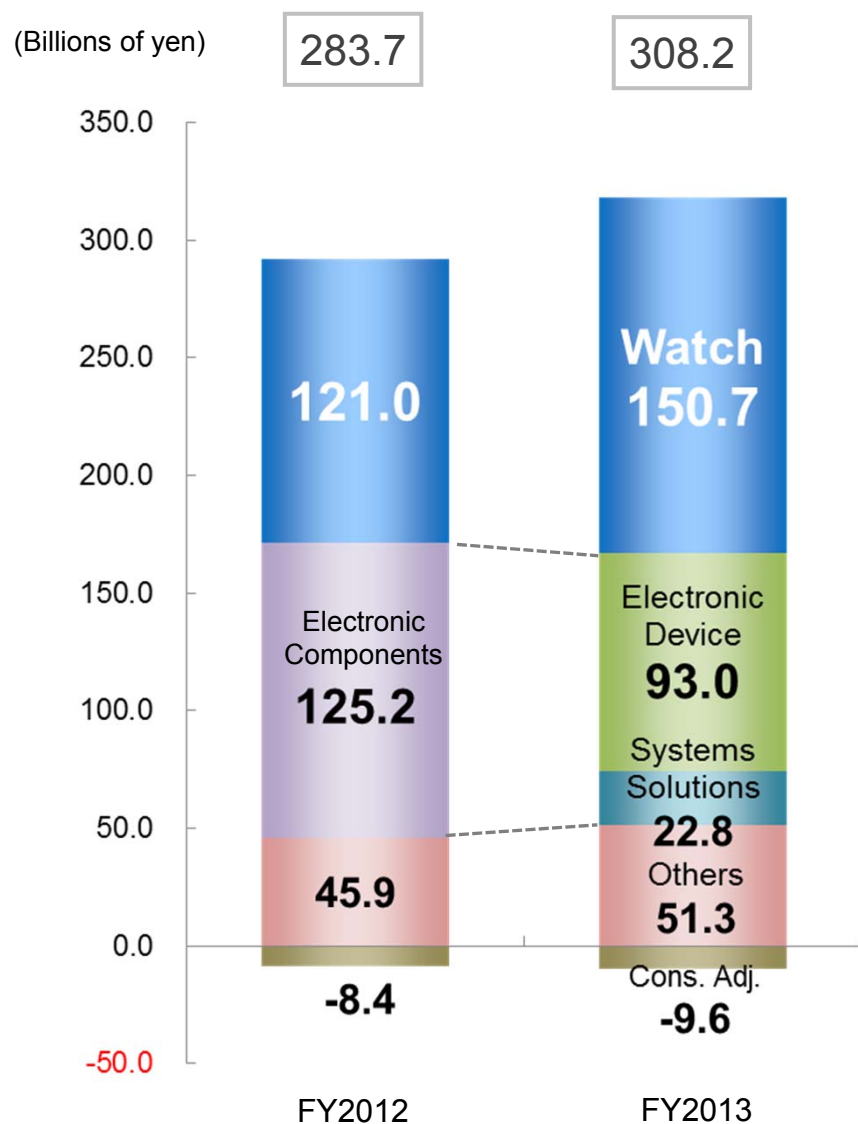
FY2013 Statement of Income (Apr.2013 - Mar.2014)

SEIKO

(Billions of yen)		FY2012 Full Year	FY2013 Full Year	Change	
				Amt.	%
Net Sales		283.7	308.2	+24.4	+8.6%
Gross Profit		87.0	103.5	+16.4	+18.9%
Operating Income		5.5	14.0	+8.4	+153.7%
%		1.9%	4.5%	+2.6%	—
Ordinary Income		3.2	10.1	+6.9	+213.4%
%		1.1%	3.2%	+2.1%	—
Before Income Taxes & Minority interests		8.0	8.7	+0.7	+8.9%
Net Income		5.5	7.4	+1.8	+34.2%
%		1.9%	2.4%	+0.4%	—
Exchange Rates(JPY)	USD	83.0	100.2	+17.1	+20.6%
	EUR	107.0	134.3	+27.2	+25.4%

Net Sales :	+24.4
Impact of Exchange rate fluctuations	+32.0
Operating Income :	+8.4
Increase in GP	+16.4
Increase in SG&A expenses	-7.9
Ordinary Income :	+6.9
Increase in Operating Income	+8.4
Decrease in Interest expenses	+0.6
Decrease in Foreign exchange gains	-0.3
Decrease in Equity method Income	-1.8
Extraordinary Income/Loss :	
<u>Extraordinary Income</u>	<u>10.5</u>
Insurance Income	8.8
Gain on sales of investment securities	1.5
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	0.1
<u>Extraordinary Loss</u>	<u>-11.9</u>
Impairment loss	-8.9
Special extra retirement payments	-1.4
Loss on restructuring of manufacturing base	-0.6
Others	-0.9

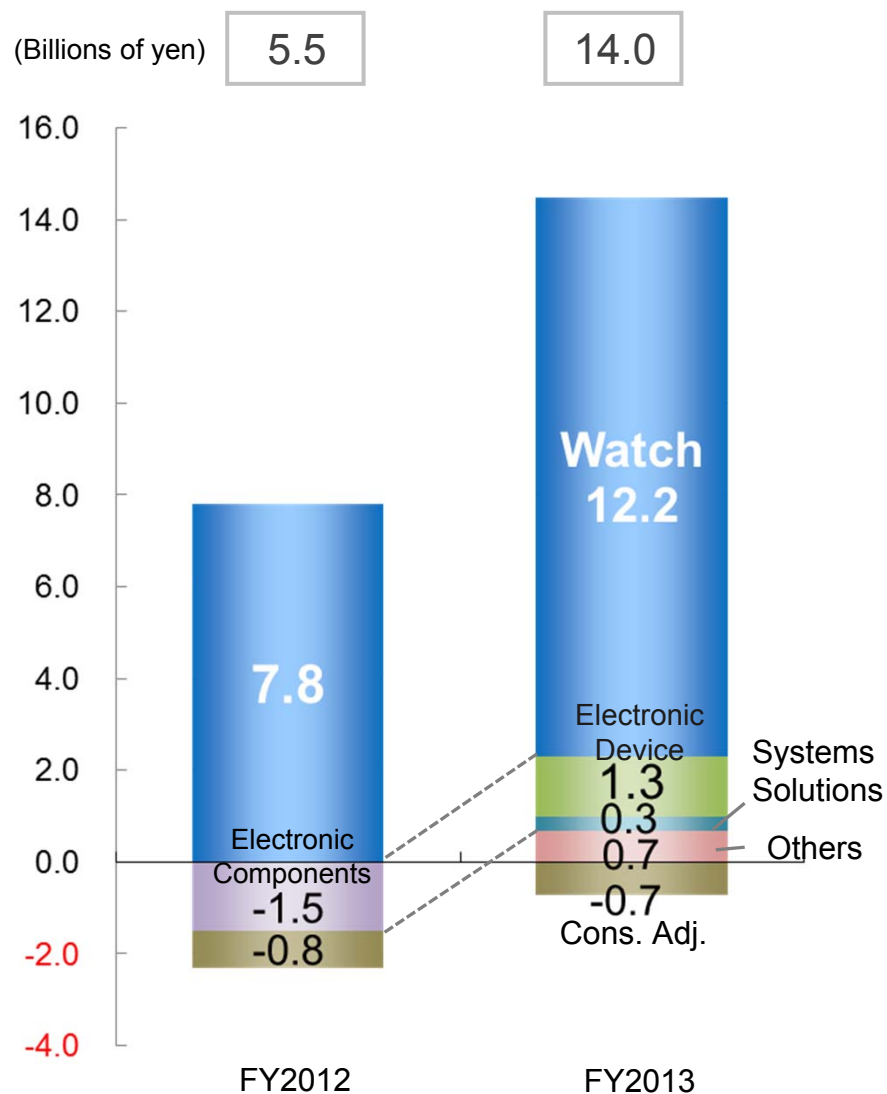
Sales by Reported Segments (Apr.2013 – Mar.2014)



(Billions of yen)	Net Sales		
	FY2012 Full Year	FY2013 Full Year	Change
Watch	121.0	150.7	+29.7
Electronic Device	125.2	93.0	—
Systems Solutions		22.8	—
Total	246.2	266.6	+20.3
Others	45.9	51.3	+5.3
Cons. Adj.	- 8.4	- 9.6	- 1.2
Cons. Total	283.7	308.2	+24.4

* "Others" and "Cons. Adj." of FY2012 are for reference purpose only.

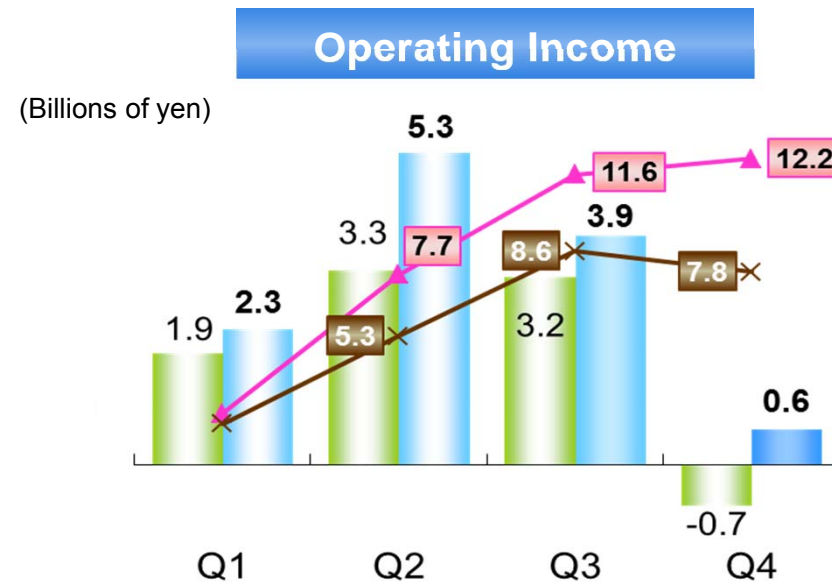
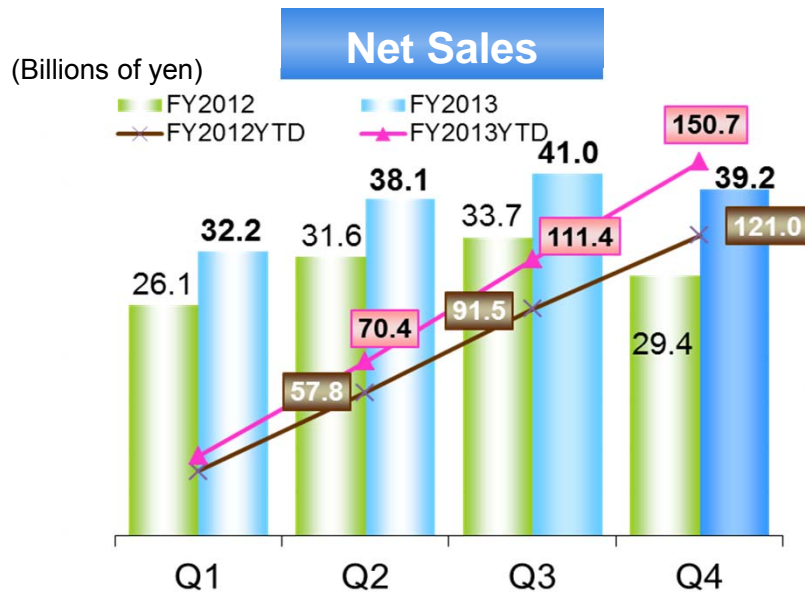
Operating Income by Reported Segments (Apr.2013 - Mar.2014) **SEIKO**



(Billions of yen)	Operating Income		
	FY2012 Full Year	FY2013 Full Year	Change
Watch	7.8	12.2	+4.3
Electronic Device	-	1.3	-
Systems Solutions	- 1.5	0.3	-
Total	6.3	13.9	+7.5
Others	- 0.0	0.7	+0.7
Cons. Adj.	- 0.8	- 0.7	+0.1
Cons. Total	5.5	14.0	+8.4

* "Others" and "Cons. Adj." of FY2012 are for reference purpose only.

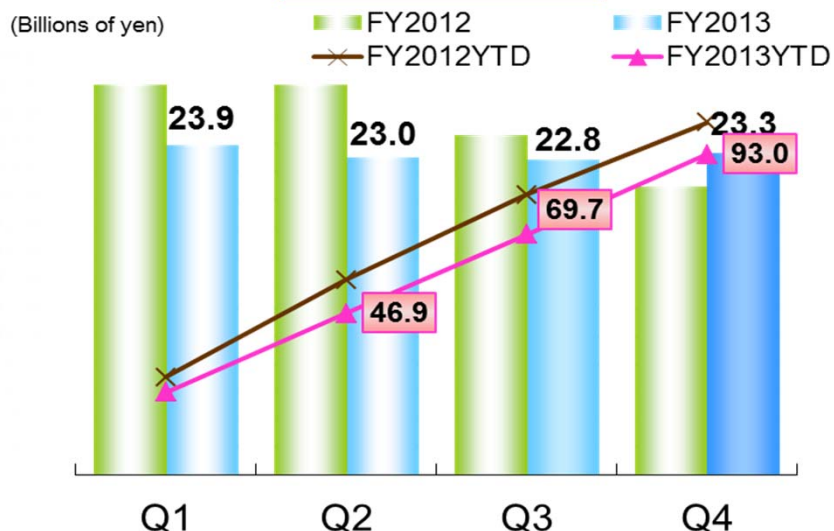
Information of Reported Segments



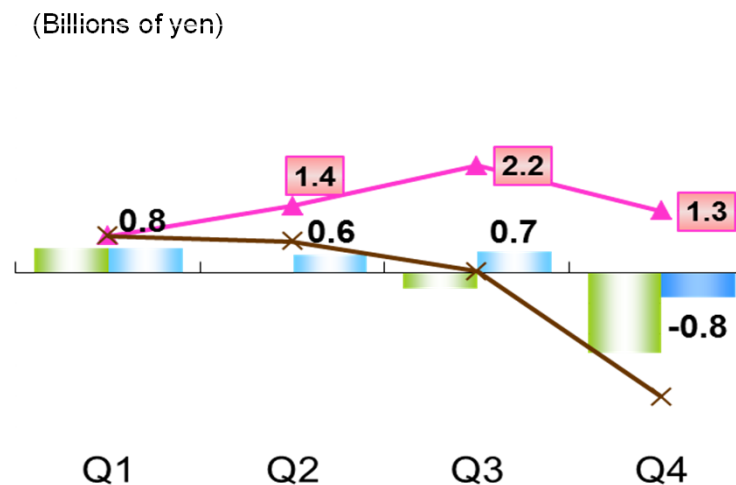
- Finished watches : In addition to strong performances by the GRAND SEIKO and ASTRON, sales in the (In Japan) fourth quarter increased substantially for the high-end product CREDOR, as well as other products such as the BRIGHTZ and LUKIA, thanks to last-minute demand in March prior to the consumption tax hike.
- Finished watches : In the United States, sales at major chain stores and department stores progressed (In Overseas) favorably. In Europe, particularly in the United Kingdom, France and Germany, sales grew steadily and exceeded levels of the previous fiscal year. In Asia, Taiwan continued to show strong growth in sales.
- Movements : Sales of standard movements were sluggish amid intensified price competition caused by the impact of the weaker yen, although movements sold to large European and American clients dealing in high value-added products performed briskly.

Electronic Device Business

Net Sales

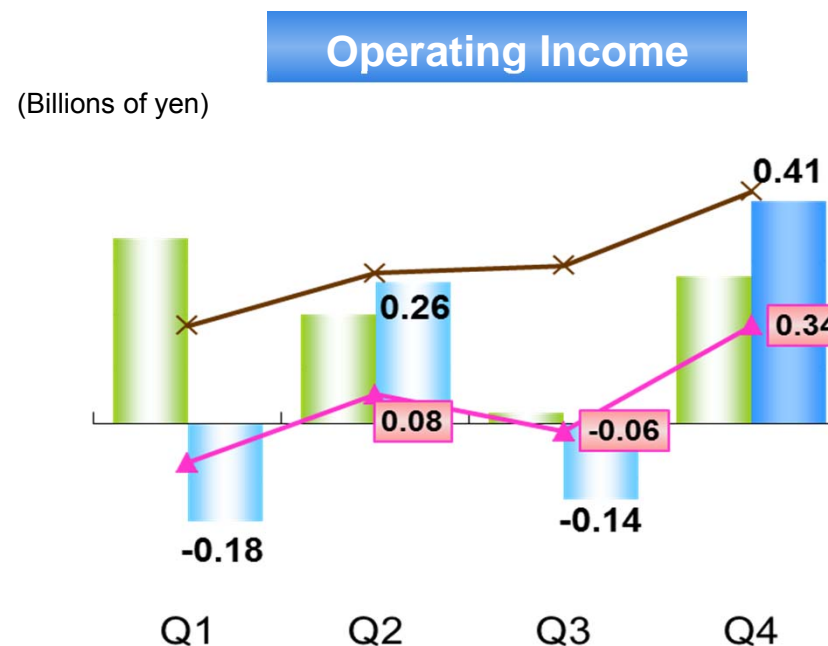
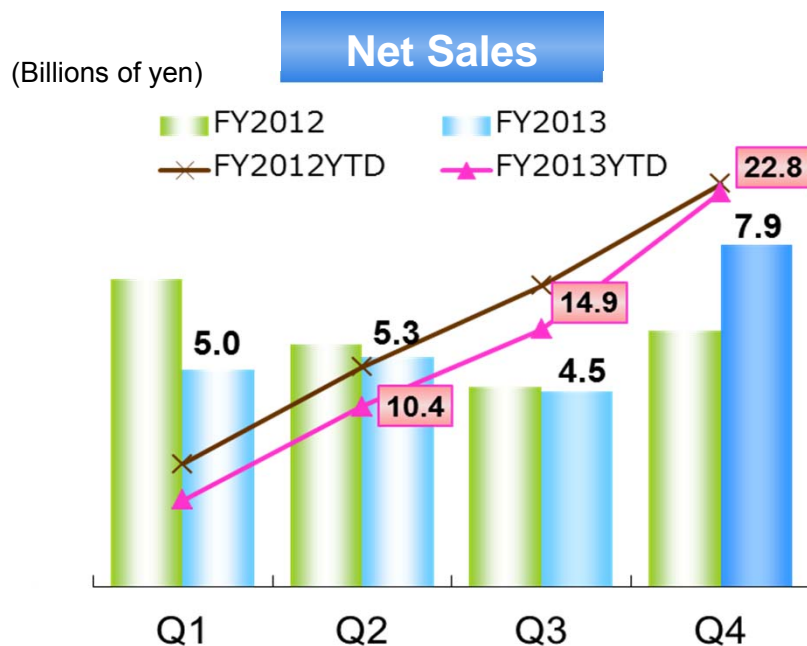


Operating Income



- **Device** : Sales of semiconductors were strong, particularly those for automobile and smartphone products. Sales of batteries for smartphones also progressed on a favorable note.
- **Mechatronics** : The situation surrounding hard disk drive components remains harsh as a result of continuing sluggishness in the market, despite a recovery in sales compared to the previous fiscal year. Meanwhile, sales of camera shutters also remained sluggish due to a slowdown in the market for finished goods. Business in small thermal printers intended for Asia performed strongly.
- **Others** : Demand for print heads is growing, mainly in markets for building materials intended for emerging countries.

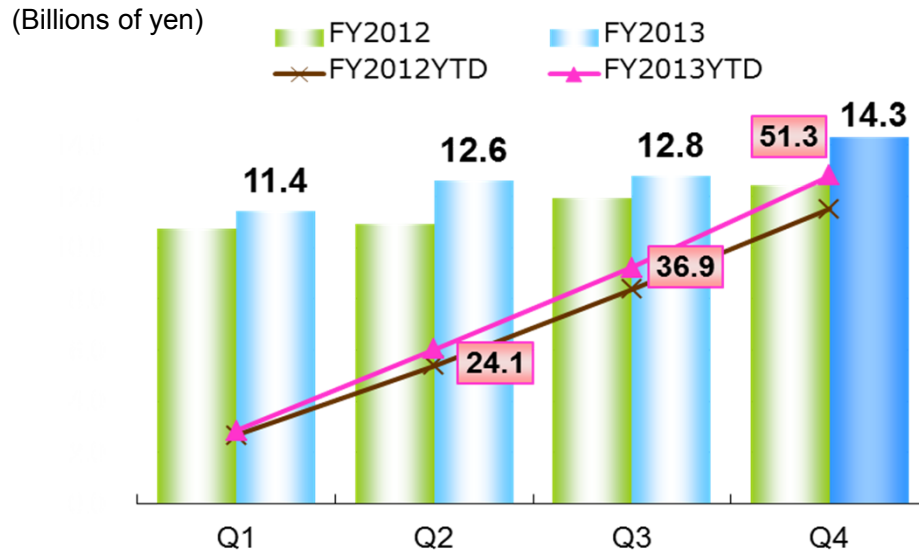
*Net sales and operating income data for FY2012 are for reference purposes.



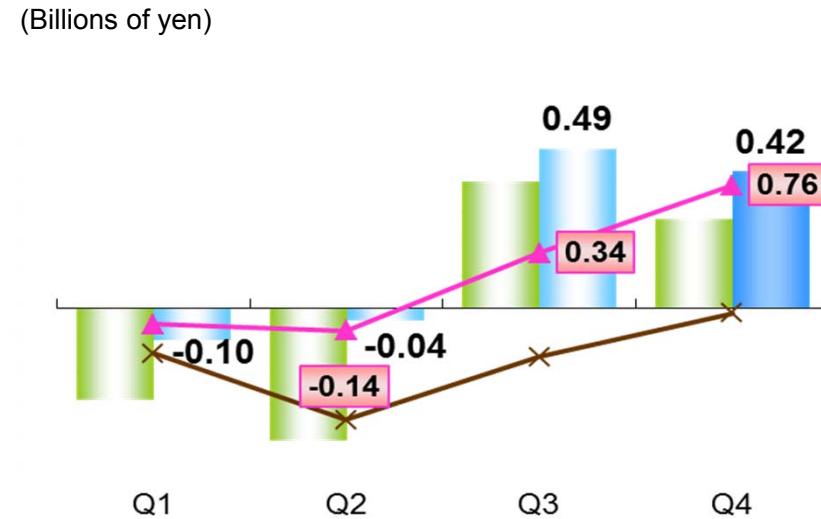
- Sales of network devices grew steadily, while payment terminal-related products demonstrated solid sales performance due to the introduction of new products.
- Despite not being able to make up for the drop in sales of mobile communications-related products in the first half of the fiscal year, efforts to cope with rising costs have been completed and sales have been steadily recovering in the second half of the fiscal year.
- Energy monitoring and control solutions continued to perform favorably.

*Net sales and operating income data for FY2012 are for reference purposes.

Net Sales



Operating Income

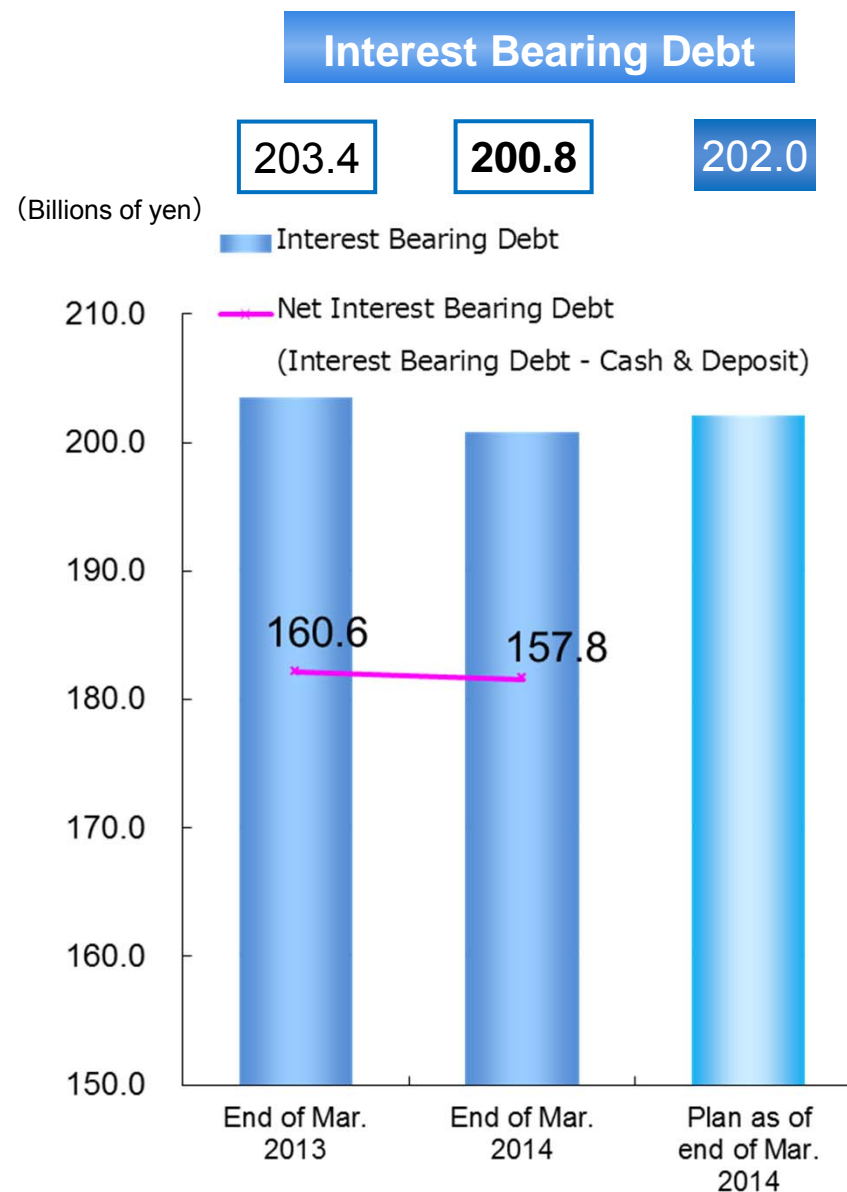


- Clock : The impact of the depreciated yen resulted in growing operating losses.
- Optical : Business targeting major chain stores in the United States and Europe continued to be firm. Both sales and income significantly exceeded figures for the previous fiscal year.
- Others : Due to last-minute demand prior to the consumption tax hike, the Wako business reported sizable year-on-year increases in both sales and income for the fourth quarter as well.

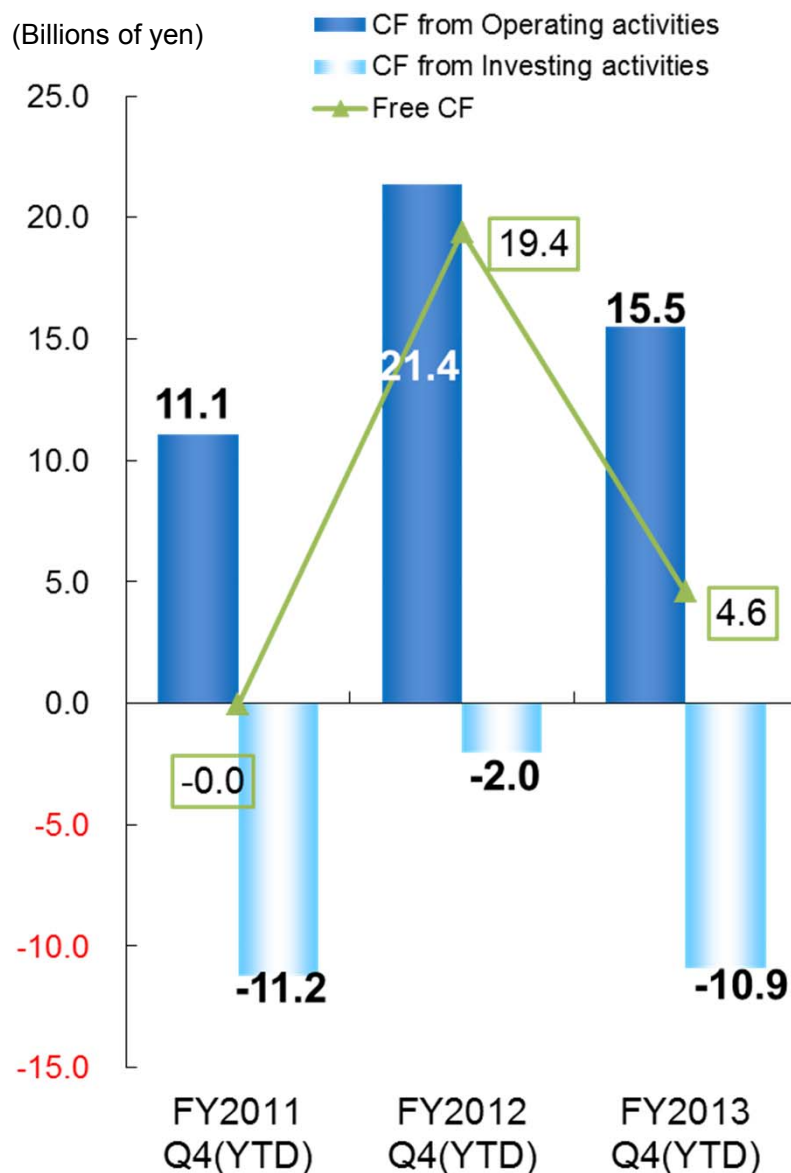
*Net sales and operating income data for FY2012 are for reference purposes.

Balance Sheet as of 31 March, 2014

(Billions of yen)	31 Mar. 2013 (a)	31 Mar. 2014 (b)	Change (b) – (a)
Inventories	60.6	57.0	- 3.6
Interest Bearing Debt	203.4	200.8	- 2.5
Net Assets	40.8	64.7	+23.9
Total Assets	355.3	366.7	+11.4
Equity Capital Ratio	11.0%	17.1%	+6.1%
Net Debt Equity Ratio	3.9	2.4	- 1.5
Number of Employees	14,712	13,439	-1,273



Cash Flow Statement



(Billions of yen)

	FY2011 Q4(YTD)	FY2012 Q4(YTD)	FY2013 Q4(YTD)
Income before income tax and minority interests	-4.7	8.0	8.7
Depreciation	15.0	12.8	12.2
Others	0.8	0.5	-5.4
Net cash provided by (used in) operating activities	11.1	21.4	15.5
Purchase of property, plant and equipment	-12.7	-19.7	-11.0
Others	1.5	17.7	0.0
Net cash provided by (used in) investing activities	-11.2	-2.0	-10.9
Net increase (decrease) in loans payable	0.0	-32.6	-2.4
Others	0.4	3.3	-1.0
Net cash provided by (used in) financing activities	0.3	-29.2	-3.5
Effect of exchange rate change on cash and cash equivalents etc.	-0.8	1.3	-1.3
Cash and cash equivalents	51.2	42.7	42.5
Free cash flow	-0.0	19.4	4.6

3) Financial Forecast for FY2014

1. Enhancing and expanding the Watch segment, the fundamental business of the Seiko Group

Maximizing earnings through executing strategy that manifests the total capability of this segment's finished goods and movement businesses.

2. Electronic Device segment to concentrate on core areas

Concentrating resources into core business sectors while actualizing "SYO"ism technology centered on timepieces to the fullest extent, and establishing a stable earnings structure.

3. Cultivating our Systems Solutions Business as a third business segment

Cultivating a solutions-suggestion business with high added value that positions Seiko Solutions Inc. as its core entity and takes advantages of the resources possessed by the Seiko Group.

4. Expanding business development efforts that effectively leverage the Seiko brand

Perpetuating activities to improve brand image and recognition while further strengthening brand utilization in various products.

Summary of financial forecast for FY2014

(Billions of yen)	FY2013 Actual	FY2014		Change Full Year	FY2014 Target
		1 st Half	Full Year		
Net Sales	308.2	140.0	290.0	-18.2	290.0
Operating Income	14.0	6.0	16.0	+1.9	14.0
%	4.5%	4.2%	5.5%	+0.9%	4.8%
Ordinary Income	10.1	4.5	13.0	+2.9	10.0
%	3.2%	3.2%	4.4%	+1.1%	3.4%
Net Income	7.4	3.0	10.0	+2.6	8.0
%	2.4%	2.1%	3.4%	+1.0%	2.8%

Financial Forecast for FY2014 by Segment



(Billions of yen)	Net Sales			Operating Income		
	FY2013 Actual	FY2014 Forecast	Change	FY2013 Actual	FY2014 Forecast	Change
Watch	150.7	150.0	-0.7	12.2	12.0	-0.2
Electronic Device	93.0	100.0	+7.0	1.3	4.0	+2.7
Systems Solutions	22.8	25.0	+2.2	0.3	1.0	+0.7
Total	266.6	275.0	+8.4	13.9	17.0	+3.1
Others	51.3	25.0	-26.3	0.7	0.5	-0.2
Cons. Total	308.2	290.0	-18.2	14.0	16.0	+2.0

Exchange Rate

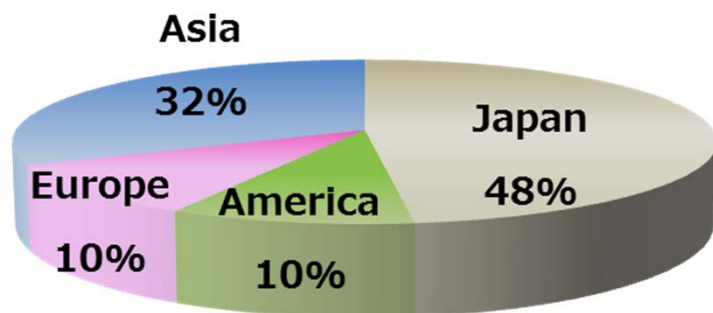
Sensitivity by Exchange Rate of FY2014

	USD	EUR
Forecast Exc. Rate	JPY100.0	JPY135.0
For Sales (Millions of yen)	1,500	100
For Income (Millions of yen)	400	50

FY2013 Actual

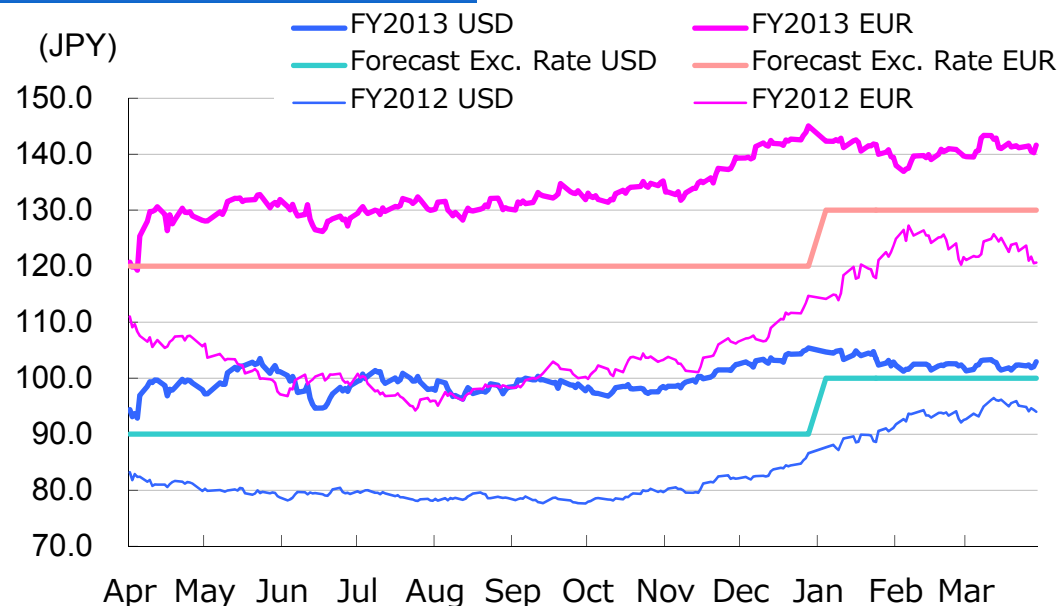
		Q1	Q2	Q3	Q4	Average (Q1-Q4)
Average	USD	98.7	98.9	100.3	102.7	100.2
	EUR	128.9	131.0	136.5	140.8	134.3
Closing Date	USD	98.6	97.7	105.4	102.9	—
	EUR	128.5	131.9	145.0	141.6	—

Sales by Area



* FY2013 Actual data

Trend of Exchange Rate



- ◆ *The forecasted results which appear in this report have been prepared based solely on the information which was available to us as of the date on which the report was released. As a result, actual results may differ from the forecasted figures due to a number of factors, such as changes in the business environment in the future.*

Numbers are cut off to the unit indicated.

Reference

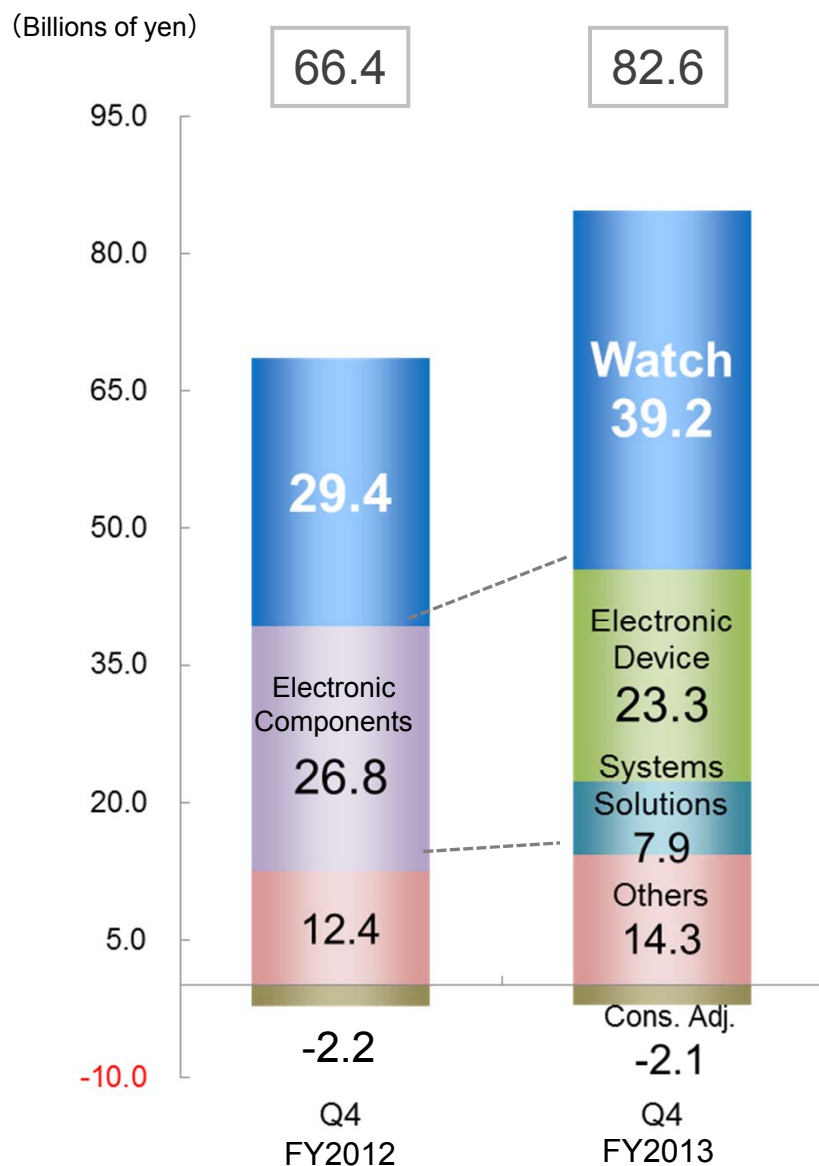
FY2013 4th Quarter Statement of Income (Jan.2014 - Mar.2014) **SEIKO**

(Billions of yen)		FY2012 Q4	FY2013 Q4	Change	
				Amt.	%
Net Sales		66.4	82.6	+16.1	+24.3%
Gross Profit		18.3	25.7	+7.4	+40.3%
Operating Income		- 3.3	0.6	+4.0	-
%		-5.0%	0.7%	+5.8%	-
Ordinary Income		- 3.6	- 1.0	+2.6	-
%		-5.4%	- 1.2%	+4.2%	-
Before Income Taxes & Minority interests		- 1.6	- 6.7	-5.0	-
Net Income		- 1.7	- 4.5	-2.7	-
%		-2.7%	-5.5%	-2.8%	-
Exchange Rates(JPY)	USD	92.4	102.7	+10.3	+11.1%
	EUR	122.0	140.8	+18.7	+15.3%

Net Sales :	+16.1
Impact of Exchange rate fluctuations	+6.0
Operating Income :	+4.0
Increase in GP	+7.4
Increase in SG&A expenses	-3.3
Ordinary Income :	+2.6
Increase in Operating Income	+4.0
Decrease in Interest expenses	+0.1
Decrease in Foreign exchange gains	-1.2
Others	-0.3

Extraordinary Income/Loss :	
<u>Extraordinary Income</u>	<u>4.9</u>
Insurance Income	4.2
Gain on sales of investment securities	0.6
<u>Extraordinary Loss</u>	<u>-10.6</u>
Special extra retirement payments	-0.7
Impairment loss	-8.9
Loss on restructuring of manufacturing base	-0.6
Losses on retirement of noncurrent assets	-0.2

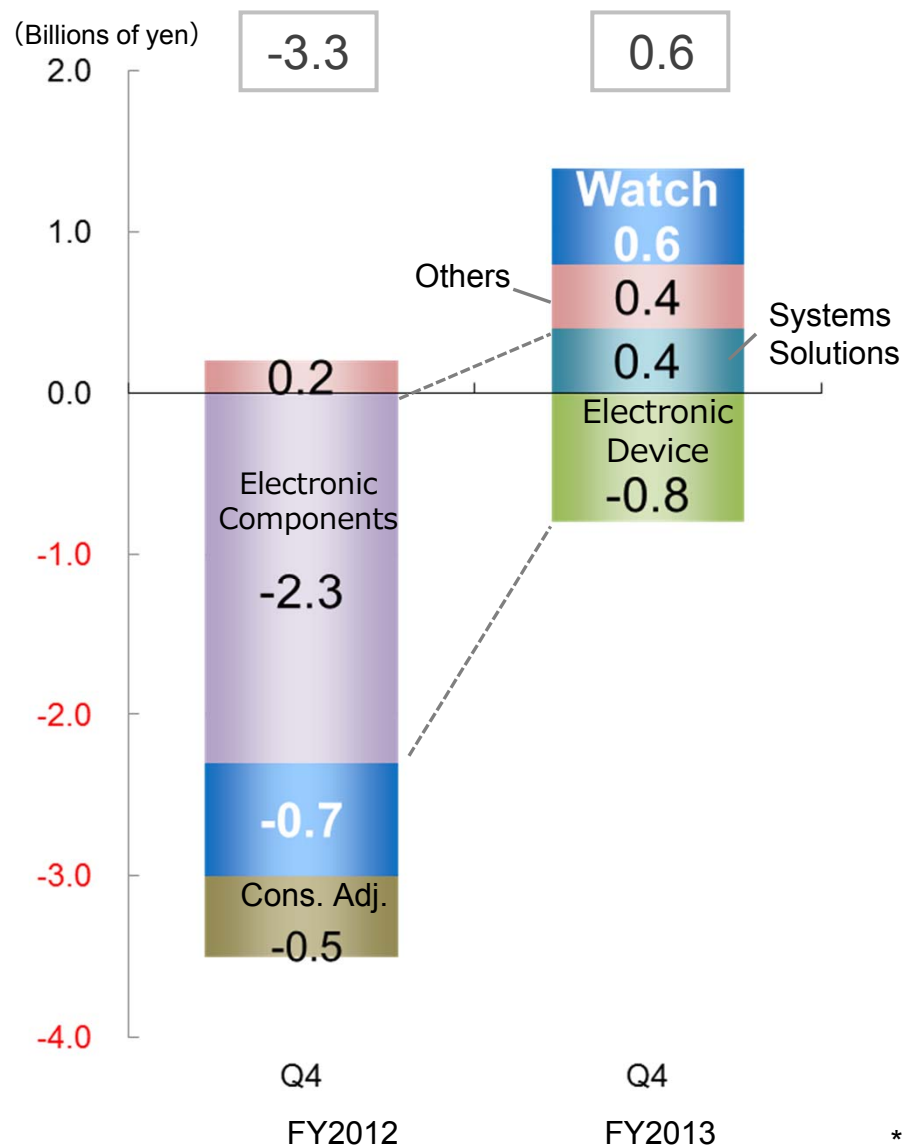
Sales by Reported Segments (Jan.2014 – Mar.2014)



(Billions of yen)	Net Sales		
	FY2012 Q4	FY2013 Q4	Changes
Watch	29.4	39.2	+9.7
Electronic Device	26.8	23.3	—
Systems Solutions		7.9	—
Total	56.2	70.4	+14.2
Others	12.4	14.3	+1.8
Cons. Adj.	-2.2	-2.1	+0.1
Cons. Total	66.4	82.6	+16.1

* "Others" and "Cons. Adj." of FY2012 are for reference purpose only.

Operating Income by Reported Segments (Jan.2014 - Mar.2014)

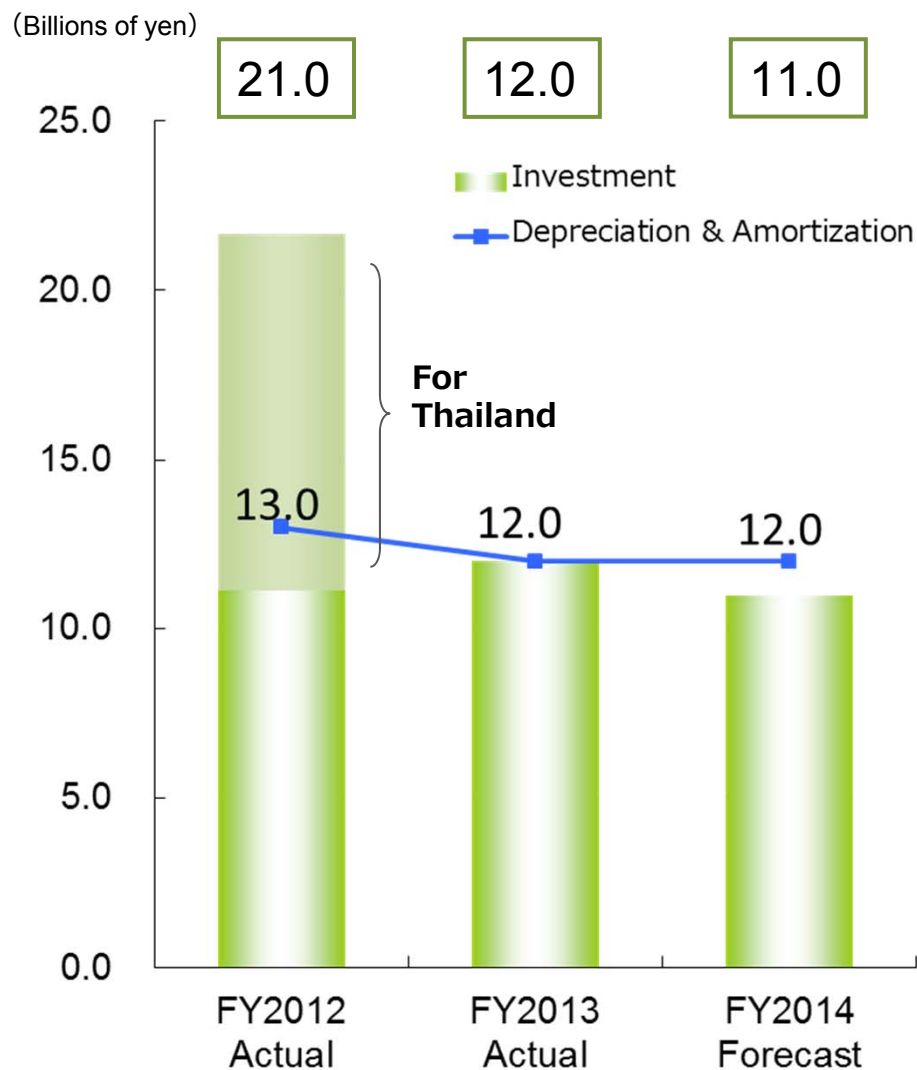


(Billions of yen)	Operating Income		
	FY2012 Q4	FY2013 Q4	Changes
Watch	-0.7	0.6	+1.3
Electronic Device	-2.3	-0.8	—
Systems Solutions		0.4	—
Total	-3.1	0.1	+3.3
Others	0.2	0.4	+0.1
Cons. Adj.	-0.5	0.0	+0.5
Cons. Total	-3.3	0.6	+4.0

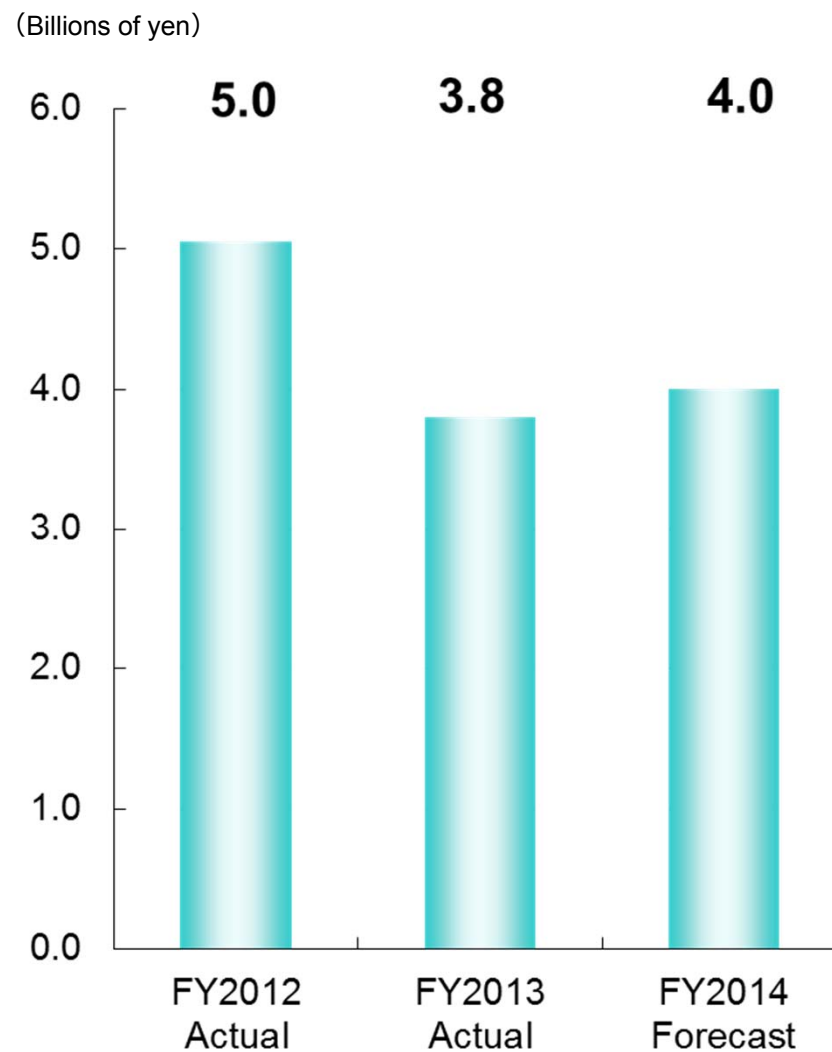
* "Others" and "Cons. Adj." of FY2012 are for reference purpose only.

Investment / Research and Development Cost

Investment / Depreciation



Research and Development Cost



End
