

**FY2016 2nd Quarter
Consolidated Results
(Fiscal year ended March 31, 2017)**

November 9, 2016

1. Overview
2. Consolidated Results
3. Financial Forecast for FY2016

1. Overview

Performance Summary for Six months

(Billions of yen)	FY2015 1st Half	FY2016 1st Half Forecast Sep.13	FY2016 1st Half Actual	Change		
				Ver. Previous year	Ver. Forecast	
Net Sales	151.5	120.0	122.3	-29.1	+2.3	
Operating Income	11.3	2.8	3.1	-8.2	+0.3	
%	7.5%	2.3%	2.6%	-4.9p	+0.3p	
Ordinary Income	11.3	1.7	1.6	-9.6	-0.0	
%	7.5%	1.4%	1.4%	-6.1p	-0.1p	
Profit attributable to owners of parent	7.5	-0.8	-1.5	-9.0	-0.7	
Exchange Rates (JPY)	USD	121.8	104.0	105.2	-16.6	+1.2
	EUR	135.1	118.4	118.0	-17.0	-0.4

Forecast for the consolidated business results for FY2016

(Billions of yen)	FY2015 Actual	FY2016 Forecast		Change	
		Previous (Sep. 13)	Latest (Nov. 8)	Ver. Previous year	Ver. Previous Forecast
Net Sales	296.7	260.0	260.0	-36.7	±0
Operating Income	13.3	5.0	5.0	-8.3	±0
%	4.5%	1.9%	1.9%	-2.6p	±0.0p
Ordinary Income	11.8	4.0	4.0	-7.8	±0
%	4.0%	1.5%	1.5%	-2.5p	±0.0p
Profit attributable to owners of parent	12.1	3.0	3.0	-9.1	±0
Cash dividends per share(JPY)	12.5	15.0	15.0	+2.5	±0

Continue efforts to increase brand value

- ◆ Distribution: Expansion of Premium Watch Salons (in Japan) and Seiko Boutiques (overseas)
- ◆ Products : Reinforcement of global strategy brands and regional strategy brands
- ◆ Advertising and promotion: Promotion of strategic investment in important markets (Japan, United States, and other countries)



– Miami Seiko Boutique opened –



– Seiko Premium Boutique Osaka opened –

2. Consolidated Results

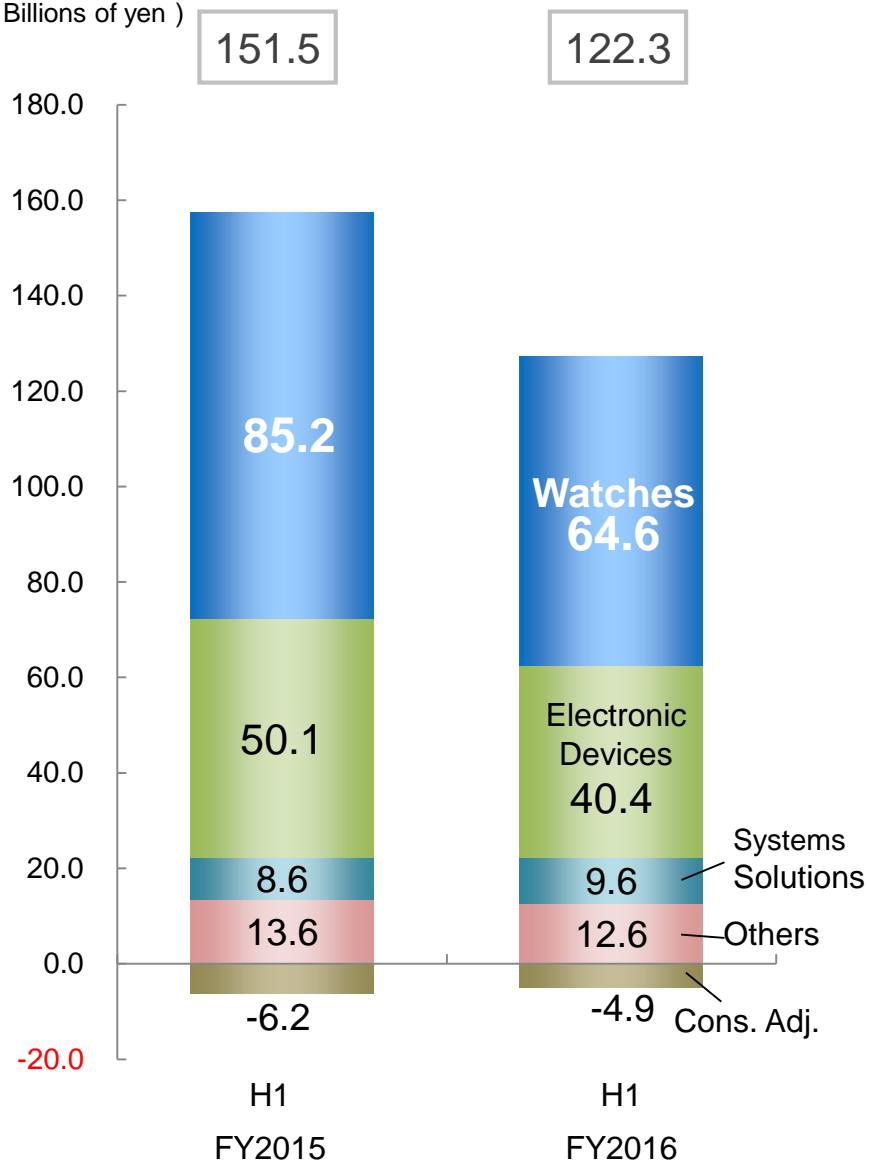
FY2016 Statement of Income (Apr.2016 - Sep.2016)

(Billions of yen)		FY2015 1st Half	FY2016 1st Half	Change	
				Amt.	%
Net Sales		151.5	122.3	-29.1	-19.2%
Gross Profit		56.0	45.7	-10.3	-18.4%
Operating Income		11.3	3.1	-8.2	-72.4%
%		7.5%	2.6%	-4.9p	—
Ordinary Income		11.3	1.6	-9.6	-85.3%
%		7.5%	1.4%	-6.1p	—
Income before income taxes		9.7	1.2	-8.5	-87.1%
Profit attributable to owners of parent		7.5	-1.5	-9.0	-120.1%
%		5.0%	-1.2%	-6.2p	—
Exchange Rates(JPY)	USD	121.8	105.2	-16.6	-13.7%
	EUR	135.1	118.0	-17.0	-12.6%

Net Sales :	-29.1
Exchange rate fluctuations	-10.0
Impacts of a reduction of products handled in sales of watch movements, and the transfer of the wide format printer business.	-11.0
Operating Income :	-8.2
Decrease in GP	-10.3
Decrease in Selling, general and administrative expenses	+2.1
Ordinary Income :	-9.6
Decrease in Operating Income	-8.2
Decrease in Interest expenses	+0.1
Increase in Foreign exchange losses	-1.0
Decrease in Equity method Income	-0.3
Decrease in Dividend income	-0.1
Extraordinary Losses:	-0.4
Restructuring expenses	-0.4

Sales by Reported Segments (Apr.2016 – Sep.2016)

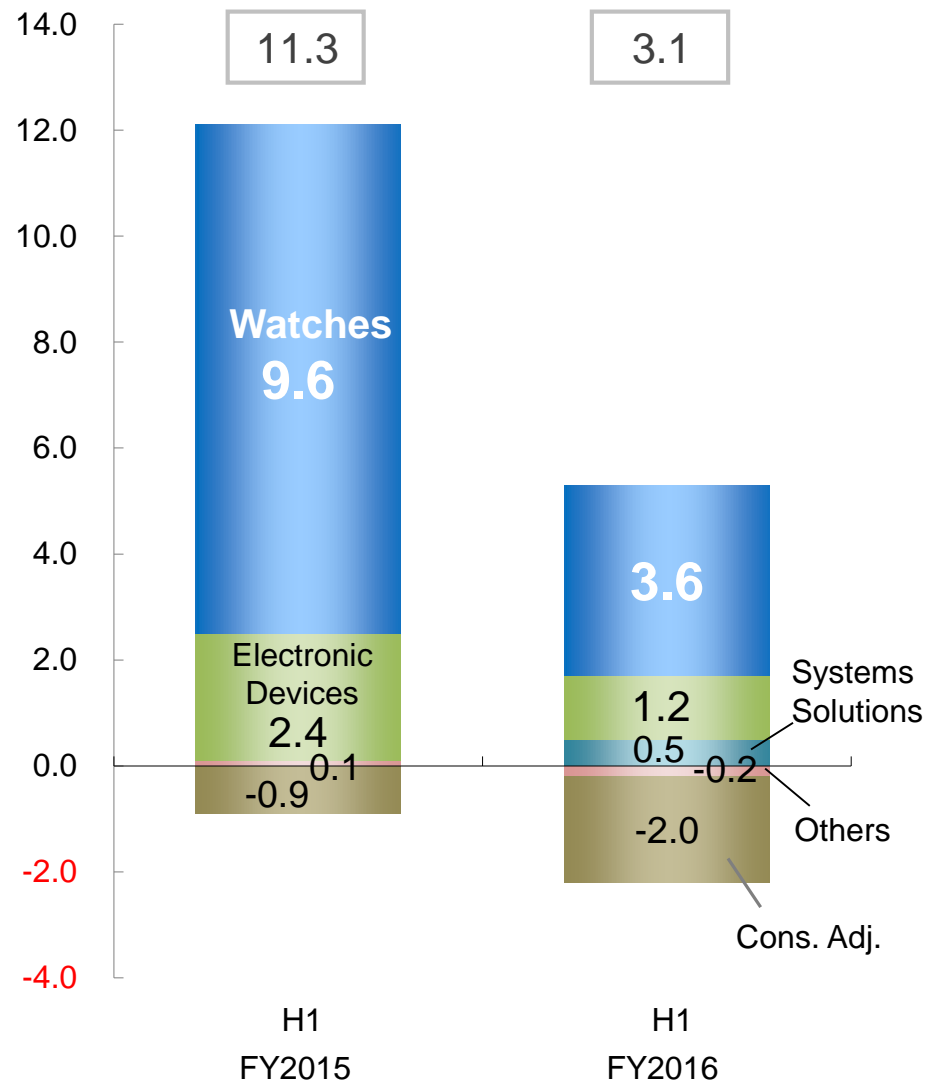
(Billions of yen)



(Billions of yen)	Net Sales		
	FY2015 1 st Half	FY2016 1 st Half	Change
Watches	85.2	64.6	-20.5
Electronic Devices	50.1	40.4	-9.7
Systems Solutions	8.6	9.6	+0.9
Sub Total	144.1	114.7	-29.4
Others	13.6	12.6	-0.9
Cons. Adj.	-6.2	-4.9	+1.2
Cons. Total	151.5	122.3	-29.1

Operating Income by Reported Segments (Apr.2016 -Sep.2016)

(Billions of yen)

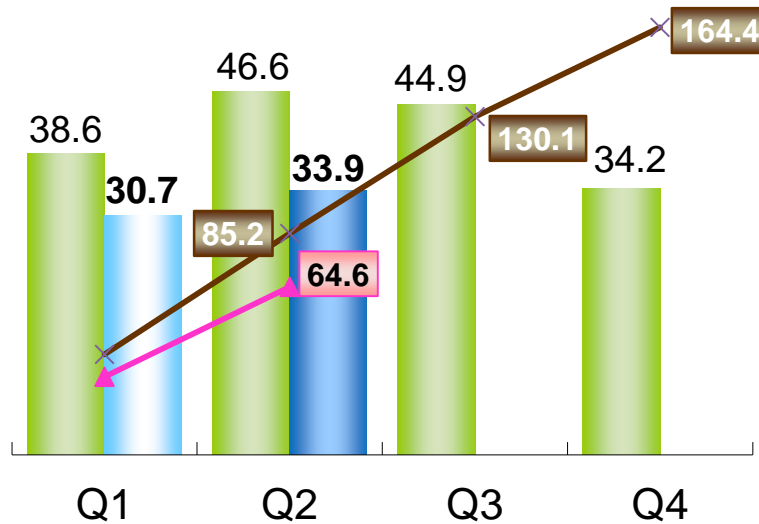


(Billions of yen)	Operating Income		
	FY2015 1st Half	FY2016 1st Half	Change
Watches	9.6	3.6	-6.0
Electronic Devices	2.4	1.2	-1.2
Systems Solutions	-0.0	0.5	+0.5
Sub Total	12.1	5.3	-6.7
Others	0.1	-0.2	-0.4
Cons. Adj.	-0.9	-2.0	-1.0
Cons. Total	11.3	3.1	-8.2

Net Sales

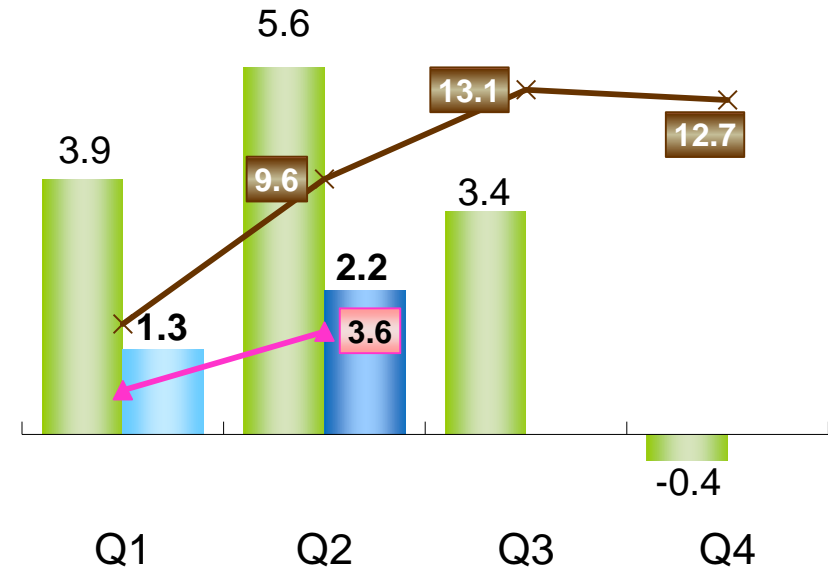
(Billions of yen)

■ FY2015 ■ FY2016
—x FY2015YTD —▲ FY2016YTD



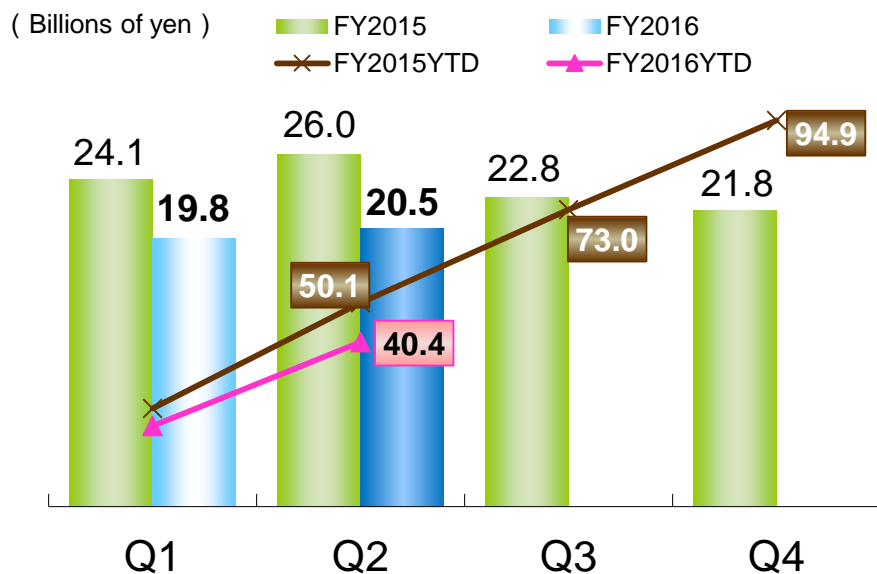
Operating Income

(Billions of yen)

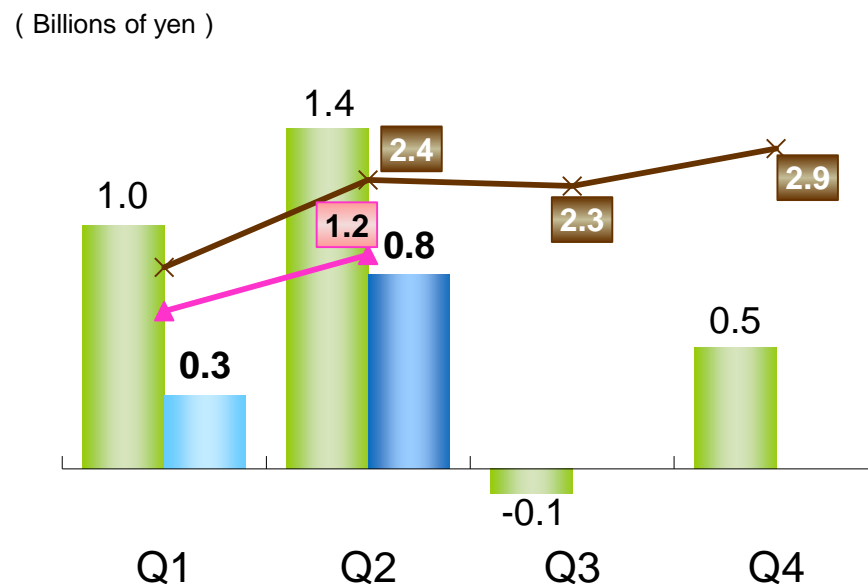


- **Watches (In Japan)** : Sales fell due to the shifts in consumption by foreign tourists, in addition to sluggish personal consumption mainly for high-end products.
- **Watches (In Overseas)** : Sales grew on a local currency basis in many markets, particularly Germany and Australia. However, net sales shrank due to factors including the impact of yen appreciation, as well as a delayed recovery in the market of the United States.
- **Movements** : Sales of watch movements worsened due to the impact of a reduction in products handled, as well as the slump in the watch markets of the United States and China.

Net Sales



Operating Income

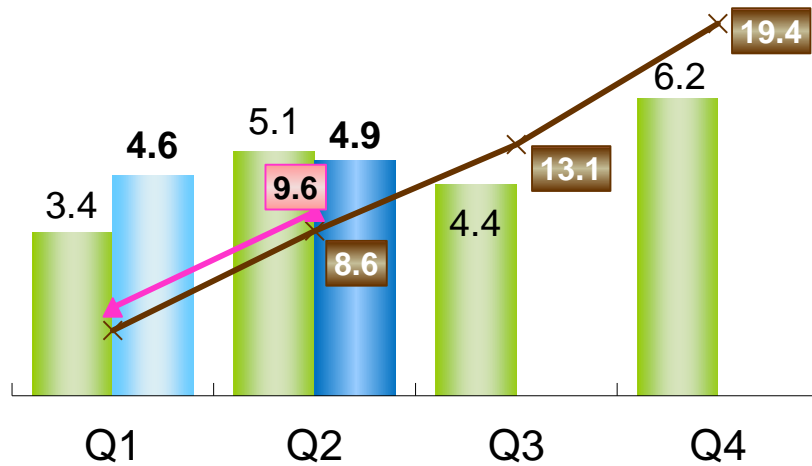


- Sales decreased year on year in the Electronic Devices Business overall, but were mostly flat after the impacts of yen appreciation and transfer of the wide format printer business were excluded.
- The semiconductor business performed strongly on a volume basis, mainly in products for automobiles and smartphones. However, net sales declined due to the impact of yen appreciation.
- In other domains, some products performed favorably. However, sales of some printers fell short of their initial targets for the period under review.

Net Sales

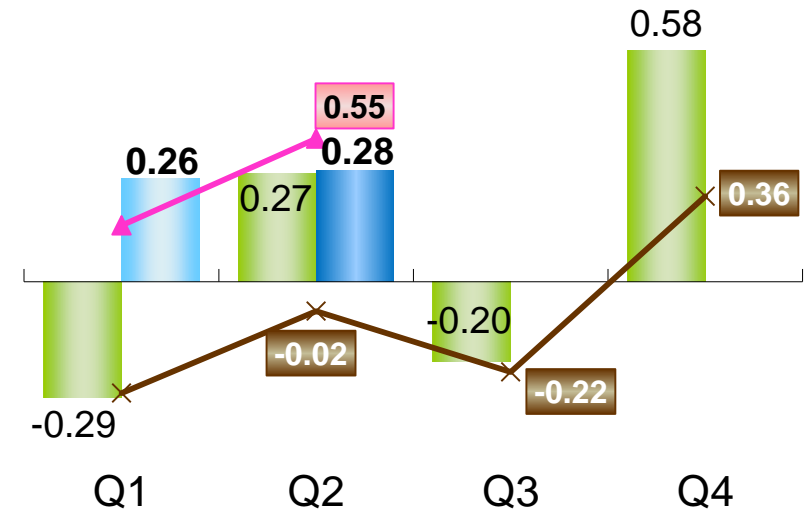
(Billions of yen)

■ FY2015 ■ FY2016
✕ FY2015YTD ▲ FY2016YTD



Operating Income

(Billions of yen)

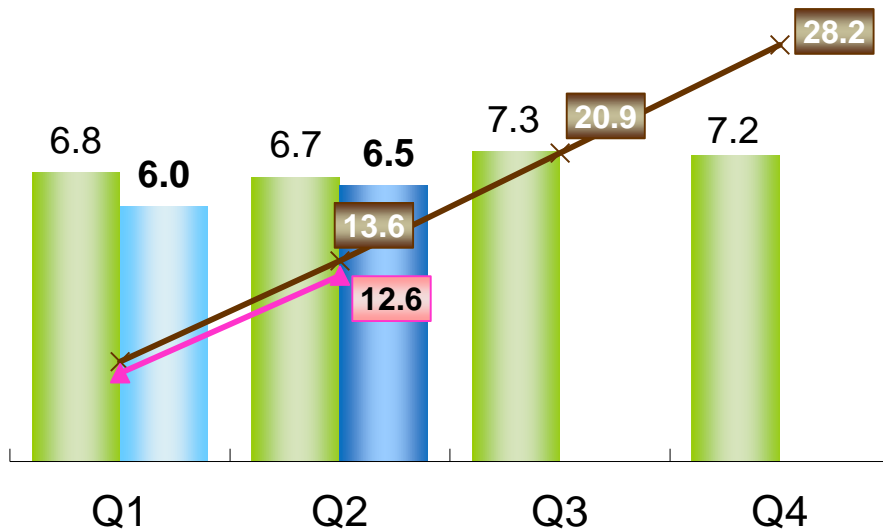


- Sales were favorable in some businesses such as data services, which includes payment terminals.

Net Sales

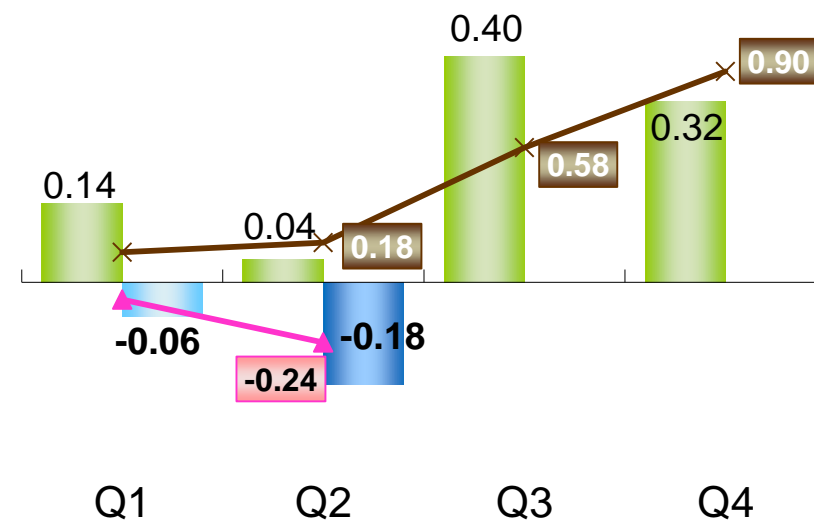
(Billions of yen)

■ FY2015 ■ FY2016
✕ FY2015YTD ▲ FY2016YTD



Operating Income

(Billions of yen)



- Clocks : Clocks Business saw a steady increase in sales in Japan despite a decrease in sales to overseas due to the impact of yen appreciation.
- Others : Sales under the Wako Business fell due to the shifts in consumption by foreign tourists

Balance Sheet as of Sep. 30, 2016

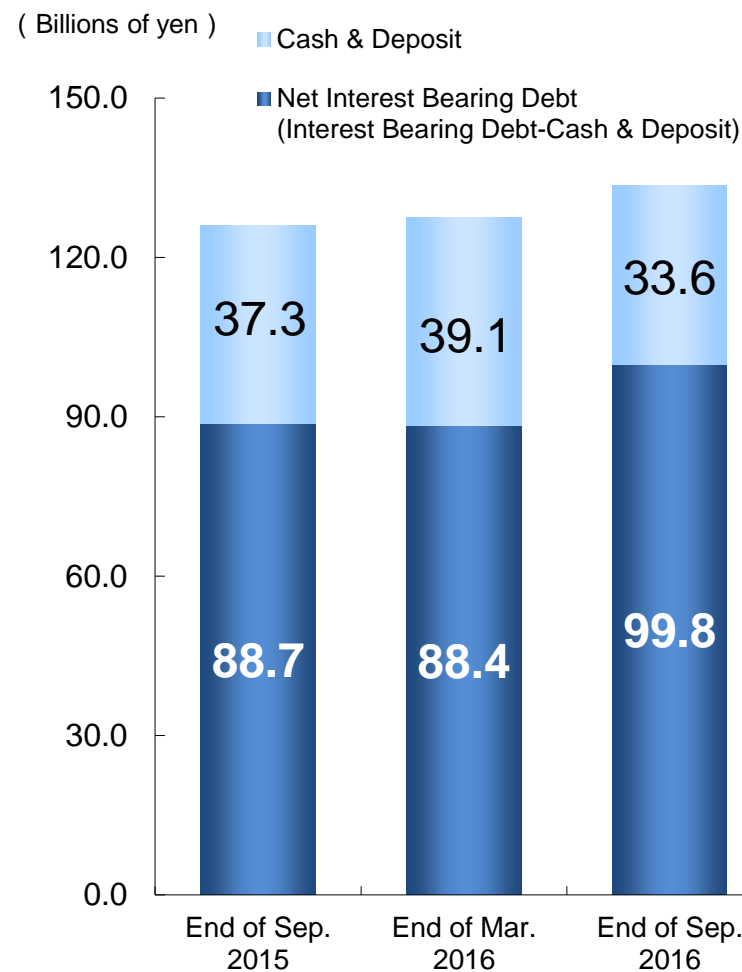
(Billions of yen)	Sep. 30, 2015	Mar. 31, 2016 (a)	Sep. 30, 2016 (b)	Change (b) – (a)
Inventories	70.1	65.1	70.1	+4.9
Interest Bearing Debt	126.0	127.5	133.4	+5.9
Net Assets	94.4	102.6	95.6	-7.0
Total Assets	325.0	329.1	318.7	-10.3
Equity Capital Ratio	28.5%	28.7%	27.3%	-1.4p
Net Debt Equity Ratio	0.9	0.8	1.0	+0.1
Number of Employees	13,872	13,437	13,412	-25

Interest Bearing Debt

126.0

127.5

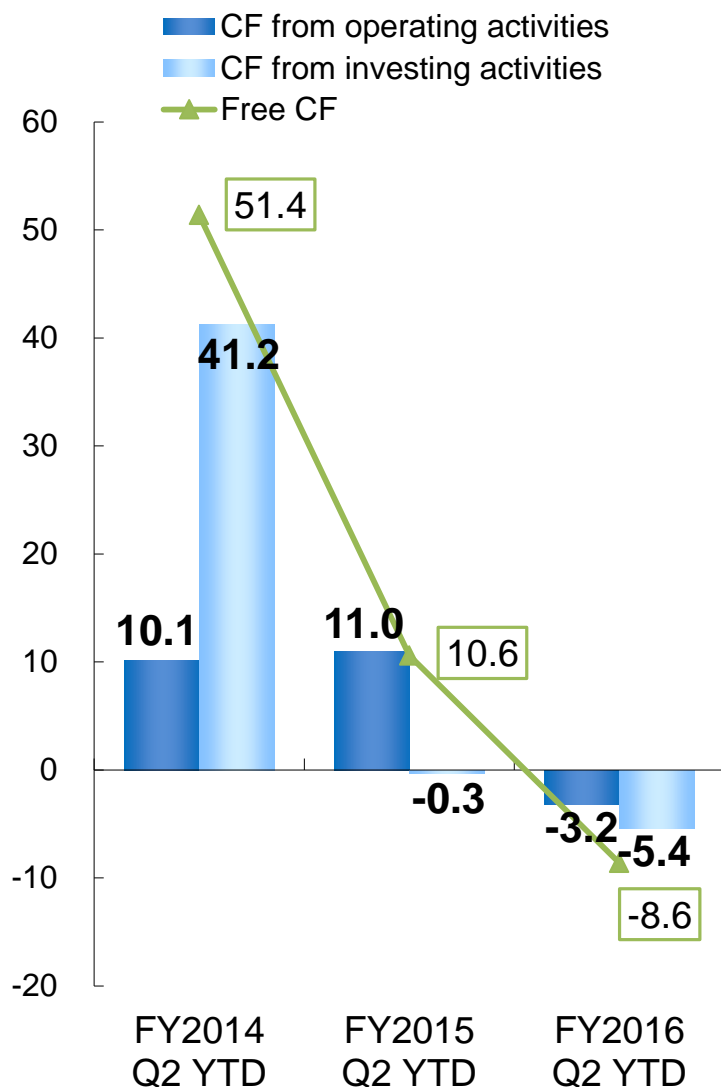
133.4



Statements of Cash Flow

(Billions of yen)

(Billions of yen)



	FY2014 Q2(YTD)	FY2015 Q2(YTD)	FY2016 Q2(YTD)
Income before income tax and minority interests	15.5	9.7	1.2
Depreciation	5.3	4.8	5.2
Others	-10.7	-3.6	-9.7
Net cash provided by (used in) operating activities	10.1	11.0	-3.2
Purchase of property, plant and equipment	-4.0	-6.4	-6.0
Others	45.3	6.1	0.6
Net cash provided by (used in) investing activities	41.2	-0.3	-5.4
Net increase (decrease) in loans payable	-40.0	-10.8	6.8
Others	-1.6	-2.6	-2.0
Net cash provided by (used in) financing activities	-41.7	-13.5	4.8
Effect of exchange rate change on cash and cash equivalents etc.	0.8	-0.2	-1.6
Cash and cash equivalents	53.1	37.1	33.4
Free cash flow	51.4	10.6	-8.6

3. Financial Forecast for FY2016

Summary of Financial Forecast for FY2016

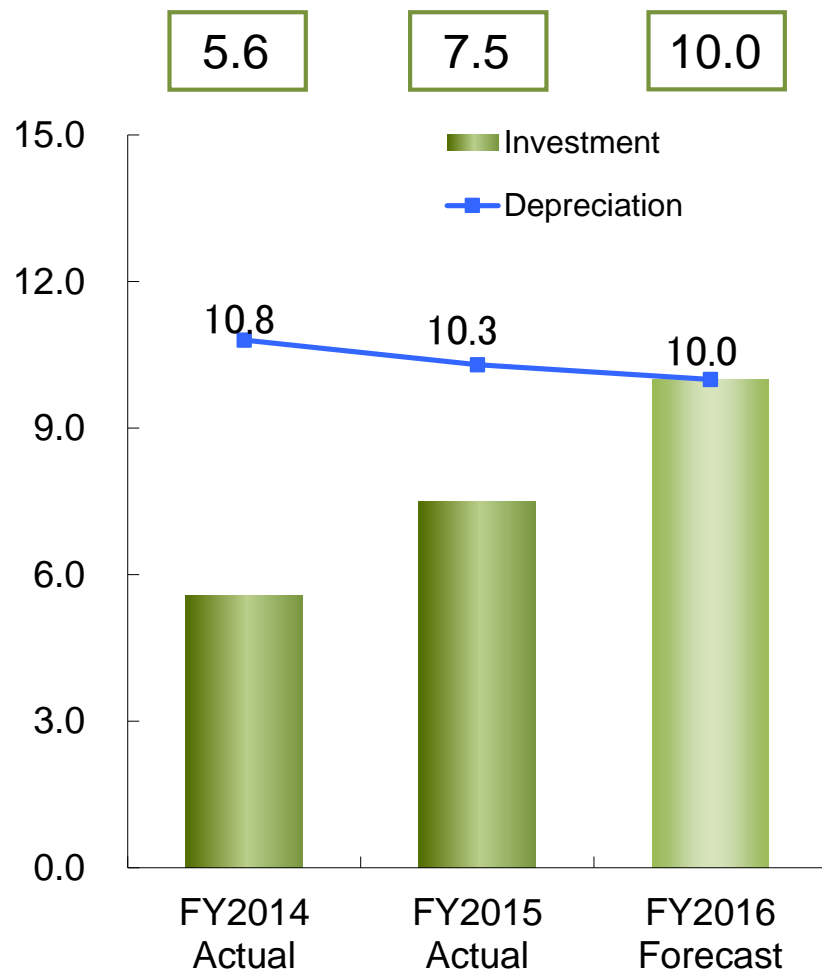
(Billions of yen)	FY2015 Actual	FY2016 Forecast				Change vs. Previous	
		Previous (Sep. 13)		Latest (Nov. 8)		1 st Half (C) – (A)	Full Year (D) – (B)
		1 st Half (A)	Full Year (B)	1 st Half (Actual) (C)	Full Year (D)		
Net Sales	296.7	120.0	260.0	122.3	260.0	+2.3	±0
Operating Income	13.3	2.8	5.0	3.1	5.0	+0.3	±0
%	4.5%	2.3%	1.9%	2.6%	1.9%	+0.3p	±0p
Ordinary Income	11.8	1.7	4.0	1.6	4.0	-0.0	±0
%	4.0%	1.4%	1.5%	1.4%	1.5%	-0.1p	±0p
Profit attributable to owners of parent	12.1	-0.8	3.0	-1.5	3.0	-0.7	±0
%	4.1%	-0.7%	1.2%	-1.2%	1.2%	-0.6p	±0p

Financial Forecast for FY2016 by Reported Segments

(Billions of yen)	Net Sales				Operating Income			
	FY2015 Actual	FY2016 Forecast		Change vs. Previous	FY2015 Actual	FY2016 Forecast		Change vs. Previous
		Previous (Sep. 13)	Latest (Nov. 8)			Previous (Sep. 13)	Latest (Nov. 8)	
Watches	164.4	138.0	138.0	±0	12.7	6.0	6.0	±0
Electronic Devices	94.9	82.0	82.0	±0	2.9	2.0	2.0	±0
Systems Solutions	19.4	22.0	22.0	±0	0.3	1.2	1.2	±0
Sub Total	278.8	242.0	242.0	±0	16.0	9.2	9.2	±0
Others	28.2	27.0	27.0	±0	0.9	0.6	0.6	±0
Cons. Total	296.7	260.0	260.0	±0	13.3	5.0	5.0	±0

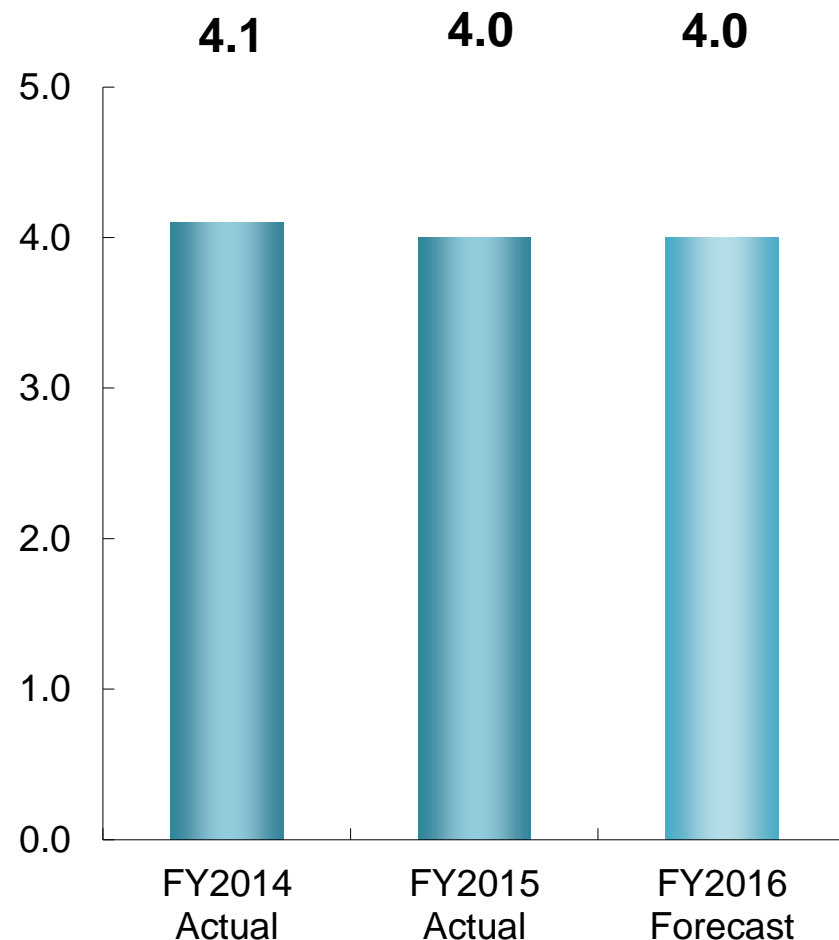
Investment / Depreciation

(Billions of yen)



Research and Development Cost

(Billions of yen)



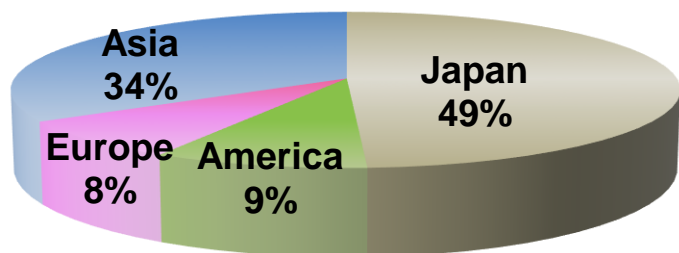
Sensitivity by Exchange Rate (Oct.2016-Mar.2017)

	USD	EUR
Forecast Exc. Rate	JPY 100.0	JPY 115.0
For Sales (Millions of yen)	600	80
For Income (Millions of yen)	150	40

FY2016

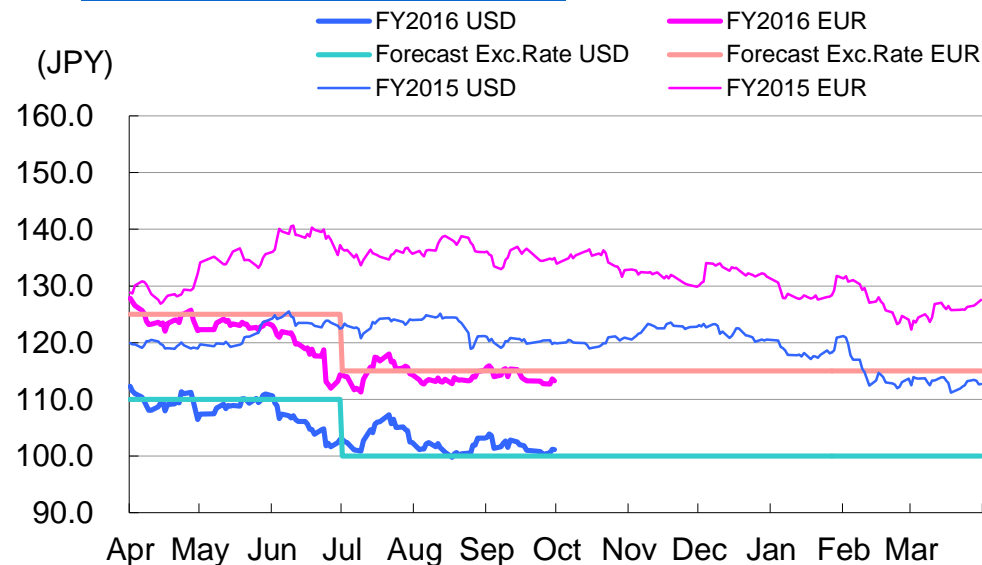
		Q1	Q2	Forecast Exc. Rate
Average	USD	108.0	102.4	100.0
	EUR	121.9	114.2	115.0
Closing Date	USD	102.9	101.1	100.0
	EUR	114.3	113.2	115.0

Sales by Area



* FY2015 Actual data

Trend of Exchange Rate



- ◆ *The forecasted results which appear in this report are based on the information which we have obtained as of now, and on certain assumptions deemed reasonable. As a result, actual results, etc. may differ significantly from the forecasted figures due to a wide range of factors.*

Numbers are cut off to the unit indicated, unless otherwise specified.

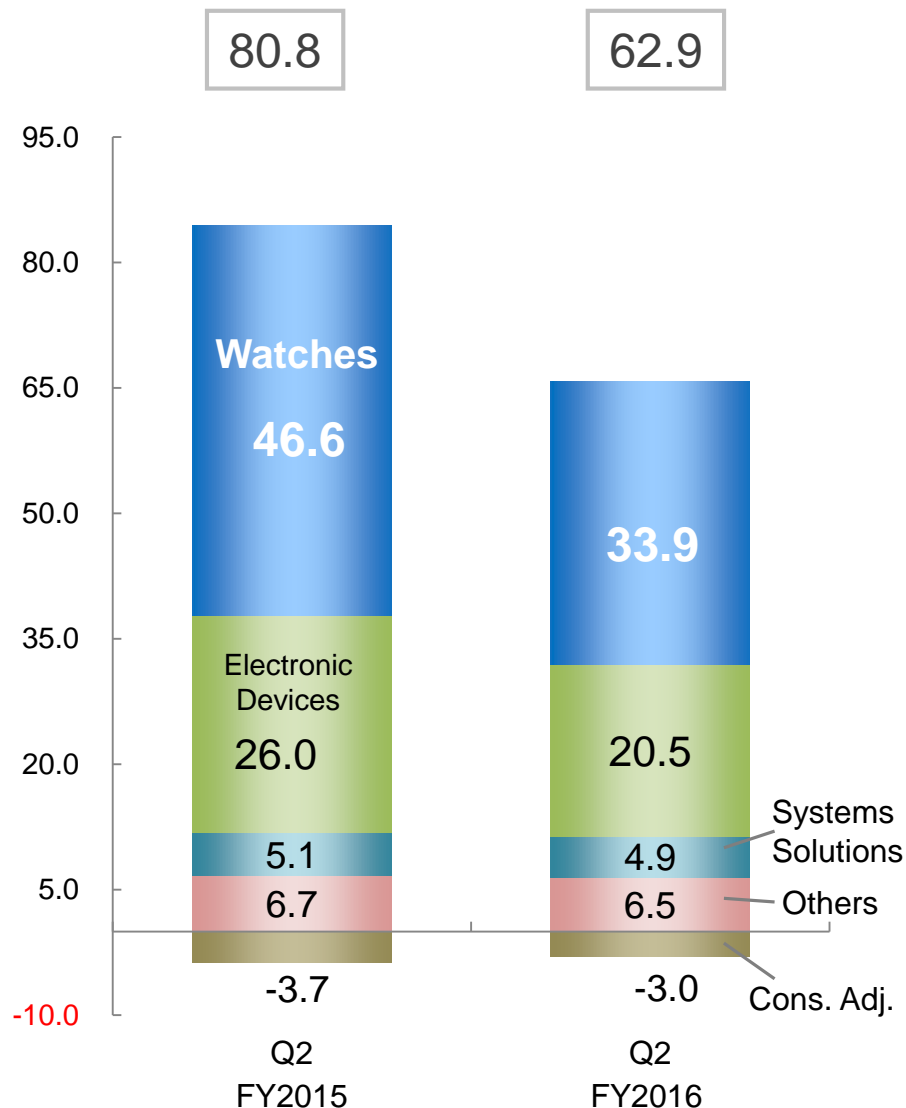
Reference

(Billions of yen)		FY2015 Q2	FY2016 Q2	Change	
				Amt.	%
Net Sales		80.8	62.9	-17.9	-22.1%
Gross Profit		29.8	22.9	-6.9	-23.2%
Operating Income		6.8	2.2	-4.6	-67.4%
%		8.5%	3.6%	-4.9p	—
Ordinary Income		6.1	1.5	-4.6	-75.2%
%		7.6%	2.4%	-5.2p	—
Income before income taxes		4.6	1.1	-3.4	-75.7%
Profit attributable to owners of parent		3.7	-0.2	-4.0	-106.5%
%		4.7%	-0.4%	-5.1p	—
Exchange Rates(JPY)	USD	122.3	102.4	-19.9	-16.3%
	EUR	136.0	114.2	-21.7	-16.0%

Net Sales :	-17.9
Exchange rate fluctuations	-6.2
Impacts of a reduction of products handled in sales of watch movements, and the transfer of the wide format printer business.	-6.0
Operating Income :	-4.6
Decrease in GP	-6.9
Decrease in Selling, general and administrative expenses	+2.3
Ordinary Income :	-4.6
Decrease in Operating Income	-4.6
Decrease in Foreign exchange losses	+0.2
Decrease in Equity method Income	-0.1
Extraordinary Losses :	-0.4
Restructuring expenses	-0.4

Sales by Reported Segments (Jul.2016 –Sep.2016)

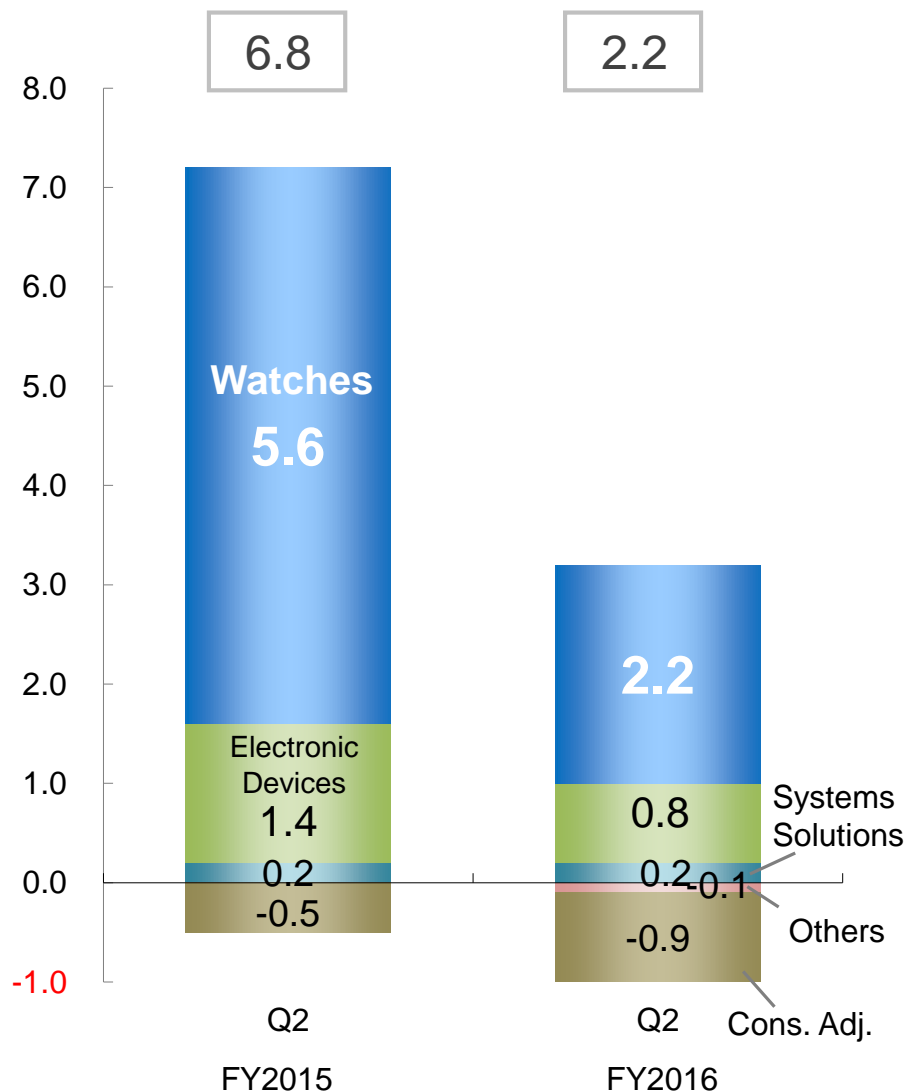
(Billions of yen)



(Billions of yen)	Net Sales		
	FY2015 Q2	FY2016 Q2	Change
Watches	46.6	33.9	-12.6
Electronic Devices	26.0	20.5	-5.4
Systems Solutions	5.1	4.9	-0.2
Sub Total	77.8	59.4	-18.3
Others	6.7	6.5	-0.2
Cons. Adj.	-3.7	-3.0	+0.6
Cons. Total	80.8	62.9	-17.9

Operating Income by Reported Segments (Jul.2016 -Sep.2016)

(Billions of yen)



(Billions of yen)	Operating Income		
	FY2015 Q2	FY2016 Q2	Change
Watches	5.6	2.2	-3.4
Electronic Devices	1.4	0.8	-0.6
Systems Solutions	0.2	0.2	+0.0
Sub Total	7.3	3.3	-4.0
Others	0.0	-0.1	-0.2
Cons. Adj.	-0.5	-0.9	-0.3
Cons. Total	6.8	2.2	-4.6

End
