

FY2017 Consolidated Results

(Fiscal year ended March 31, 2018)

May 14, 2018

◆ Actual Results

- Achieved earnings and income growth compared to FY2016. On a per-segment basis, the Watches Business and Systems Solutions Business achieved earnings and income growth. (Earnings decreased in the Electronic Devices Business due to the impact of the exclusion of the semiconductor business from the scope of consolidation.)
- Extraordinary income of 9.3 billion yen was posted in the 4th quarter, in conjunction with the partial transfer of shares in the semiconductor business company.

◆ Forecast for the Business Results

- Growth in earnings and income is expected, excluding the impact of the exclusion of the semiconductor business from the scope of consolidation, assuming deterioration of the foreign exchange environment compared to FY2017.
- The Watches Business is expected to deviate significantly from the final year of the Mid-Term Management Plan, while the Electronic Devices Business aims to achieve its operating profit target (based on revised foreign exchange rate assumption), and the Systems Solutions Business will exceed the plan.

1. Consolidated Results

FY2017 Statements of Income (Apr. 2017- Mar. 2018)

(Billions of yen)	FY16 Full Year	FY17 Full Year	Variance		
			Amt.	%	
Net Sales	257.1	268.5	+11.4	+4.4%	
Gross Profit	96.2	102.2	+6.0	+6.2%	
%	37.5%	38.1%	+0.6pt		
Operating Profit	7.4	10.8	+3.3	+44.7%	
%	2.9%	4.0%	+1.1pt		
Ordinary Profit	6.6	10.9	+4.2	+63.5%	
%	2.6%	4.1%	+1.5pt		
Income before income taxes	6.1	15.8	+9.7	+158.8%	
Profit attributable to owners of parent	5.3	11.5	+6.1	+114.0%	
%	2.1%	4.3%	+2.2pt		
Exchange Rates (JPY)	USD	108.3	110.8	+2.4	+2.3%
	EUR	118.7	129.7	+10.9	+9.2%

Net Sales :	y/y	+11.4
Exchange rate fluctuations		+5.0

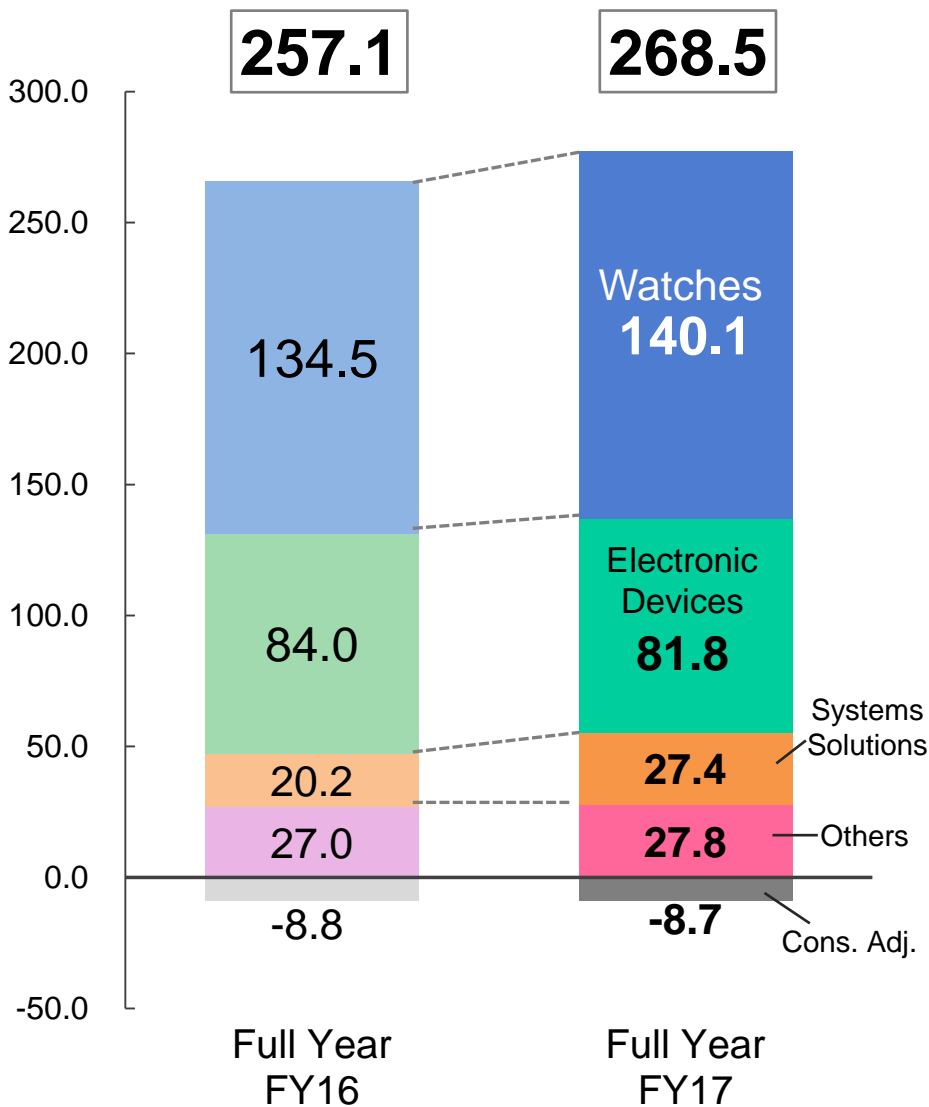
Operating Profit :	y/y	+3.3
Impact of increased net sales		+4.3
Impact of improved GP%		+1.6
Increase in Selling, general and administrative expenses		-2.6

Ordinary Profit :	y/y	+4.2
Increase in Operating profit		+3.3
Increase in Foreign exchange losses		-0.2
Improve in Equity method income		+0.7
Decrease in Interest expenses		+0.4
Others		-0.0

Extraordinary Income/Losses:	4.9
<u>Extraordinary Income</u>	<u>9.3</u>
Gain on transfer of business	9.3
<u>Extraordinary Losses</u>	<u>-4.4</u>
Provision of reserve for loss on lease contracts	-2.1
Business structure improvement expenses	-1.9
Impairment loss	-0.1
Loss on liquidation of subsidiaries and associates	-0.1

Sales by Reported Segments (Apr. 2017- Mar. 2018)

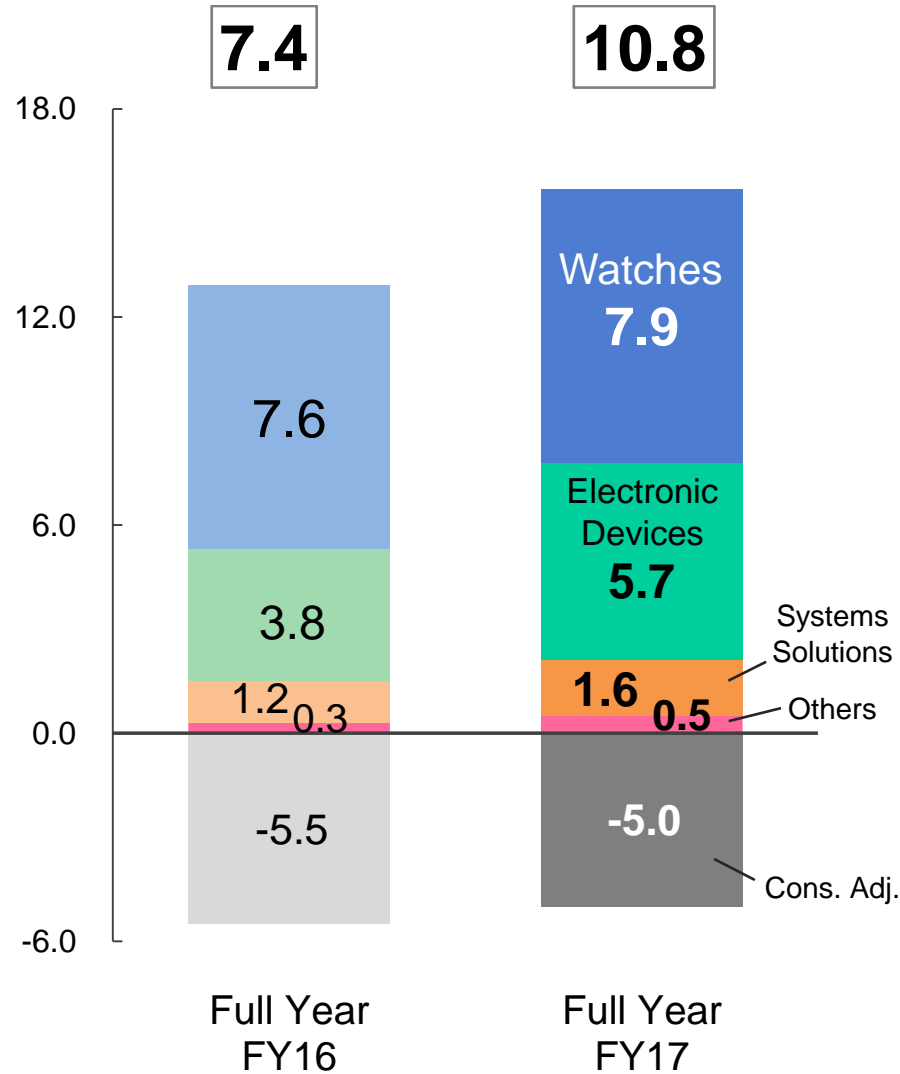
(Billions of yen)



(Billions of yen)	Net Sales (Composition ratio)		
	FY16 Full Year	FY17 Full Year	Variance
Watches	134.5 (52%)	140.1 (52%)	+5.5
Electronic Devices	84.0 (33%)	81.8 (30%)	-2.2
Systems Solutions	20.2 (8%)	27.4 (10%)	+7.1
Sub Total	238.9	249.4	+10.4
Others	27.0 (11%)	27.8 (10%)	+0.8
Cons. Adj.	-8.8 (-3%)	-8.7 (-3%)	+0.1
Cons. Total	257.1	268.5	+11.4

Operating Profit by Reported Segments (Apr. 2017- Mar. 2018) **SEIKO**

(Billions of yen)

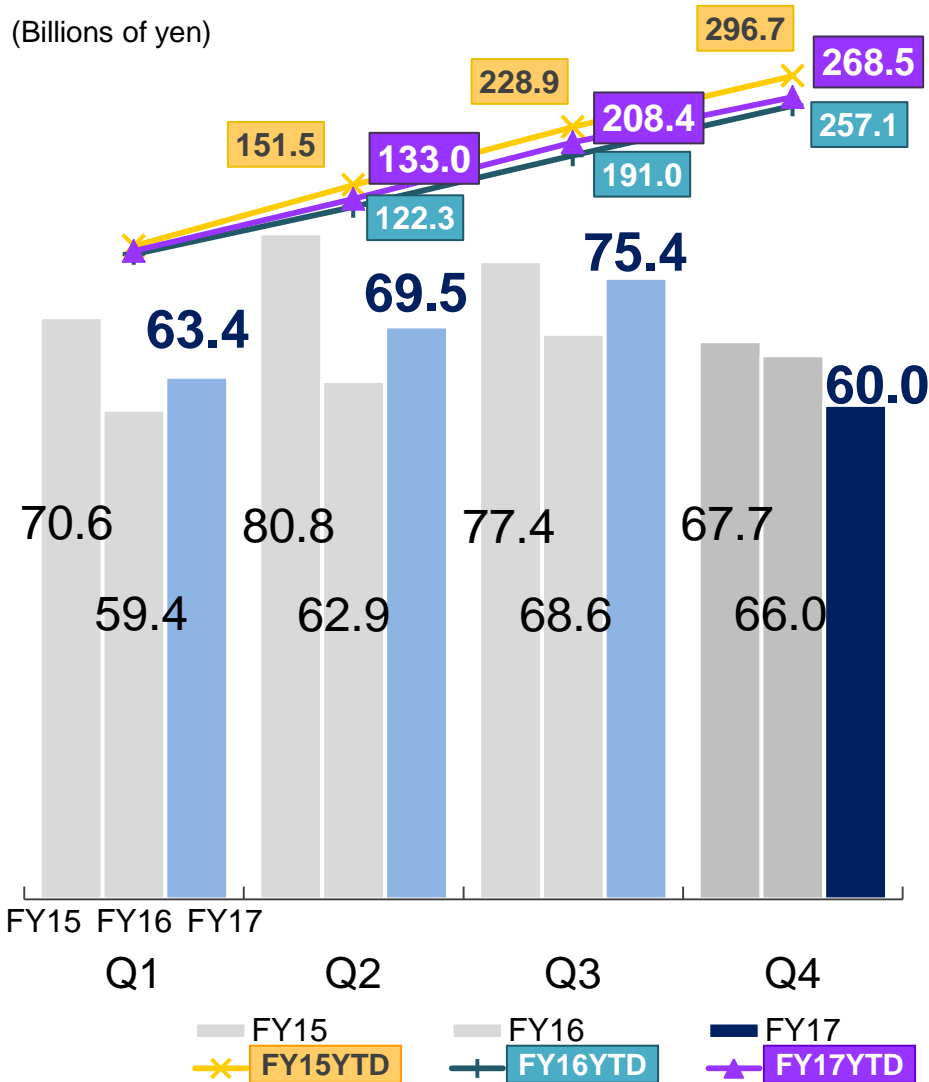


(Billions of yen)	Operating Profit		
	FY16 Full Year	FY17 Full Year	Variance
Watches	7.6	7.9	+0.2
Electronic Devices	3.8	5.7	+1.9
Systems Solutions	1.2	1.6	+0.3
Sub Total	12.7	15.3	+2.5
Others	0.3	0.5	+0.2
Cons. Adj.	-5.5	-5.0	+0.5
Cons. Total	7.4	10.8	+3.3

Consolidated Quarterly Performance

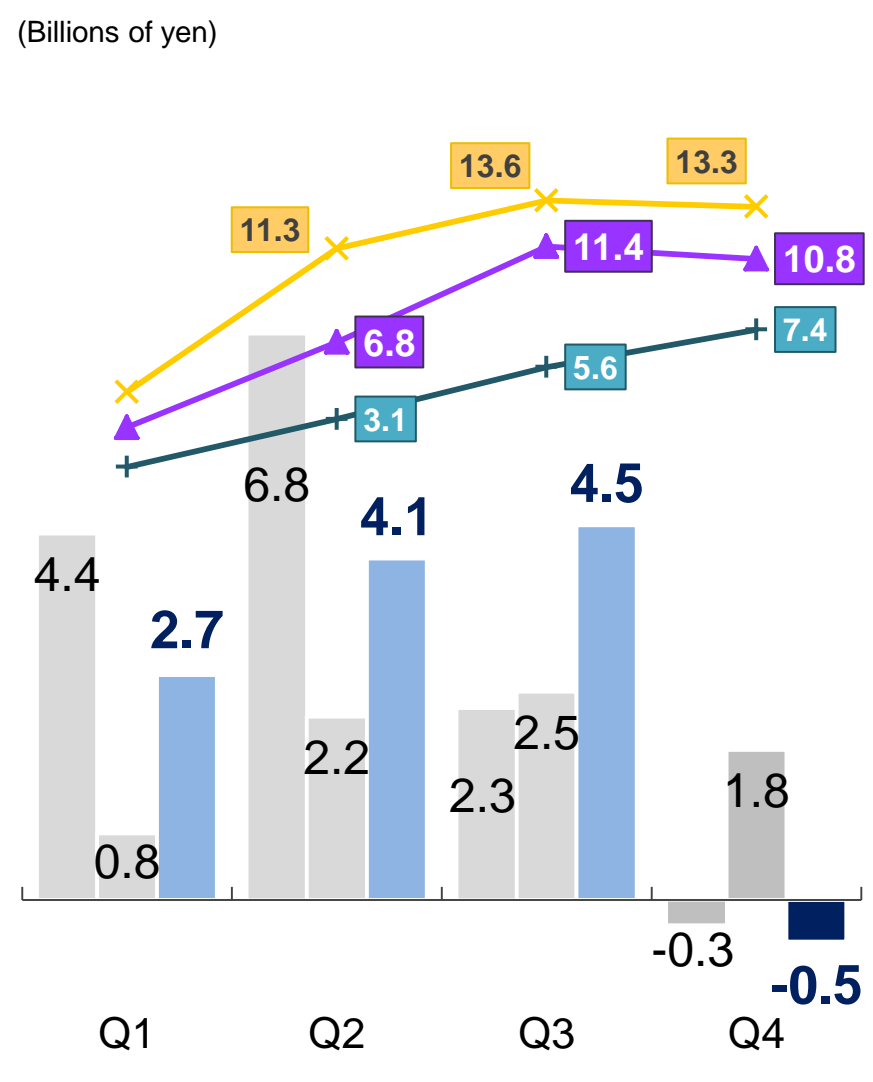
Net Sales

(Billions of yen)



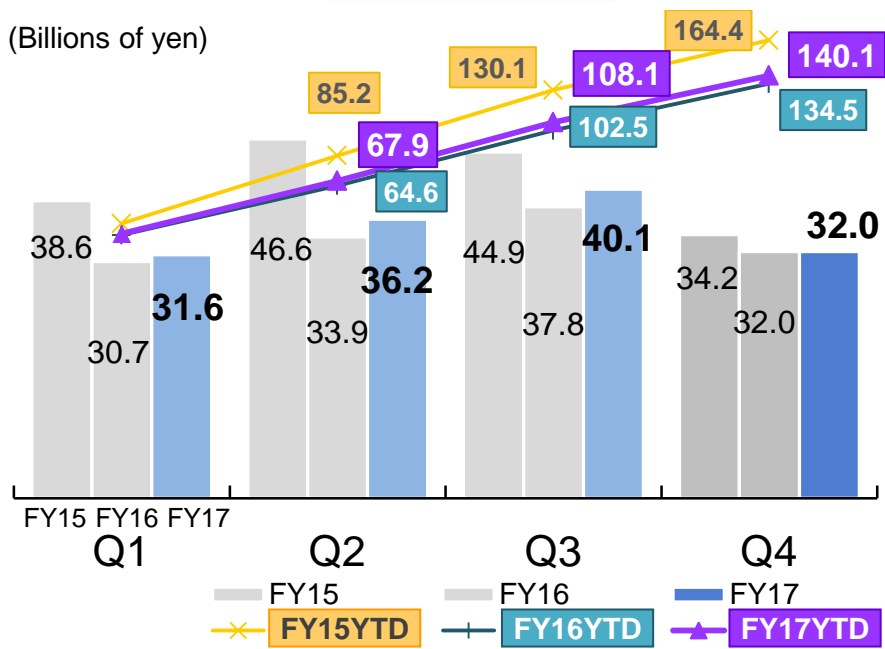
Operating Profit

(Billions of yen)



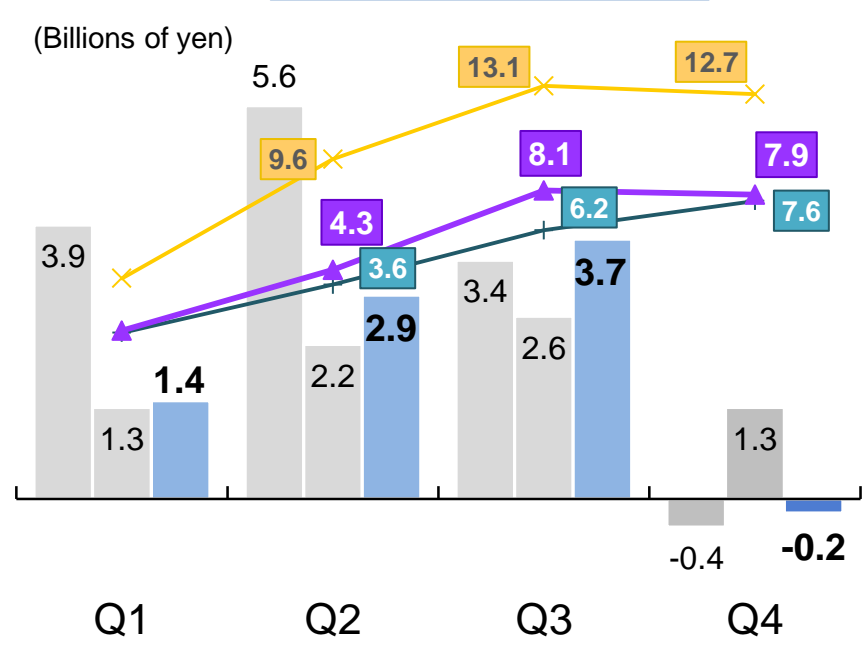
Net Sales

(Billions of yen)



Operating Profit

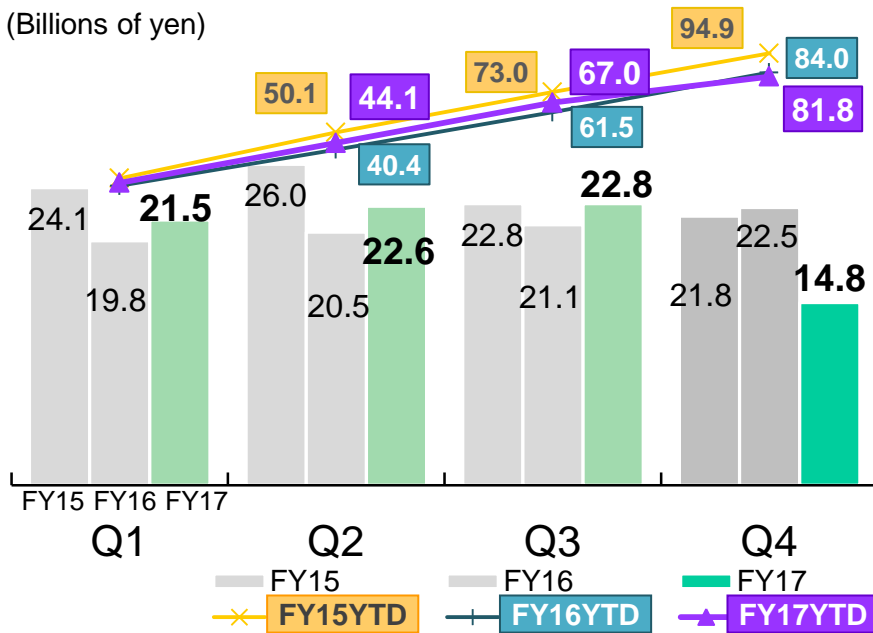
(Billions of yen)



- **Watches (In Japan)** : The independently branded Grand Seiko performed strongly, and sales of Presage and Prospex were also up year on year due to the introduction of new products. On a distribution channel basis, sales to independent stores and outlets as well as via the Internet rose compared to the previous fiscal year.
- **Watches (in Overseas)** : E-commerce sales were robust in China, and sales were strong for Asia and Europe as well, with the effects of foreign exchange rates being one of the factors.
- **Movements** : Sales were up year on year as market conditions began to recover for a part of products.

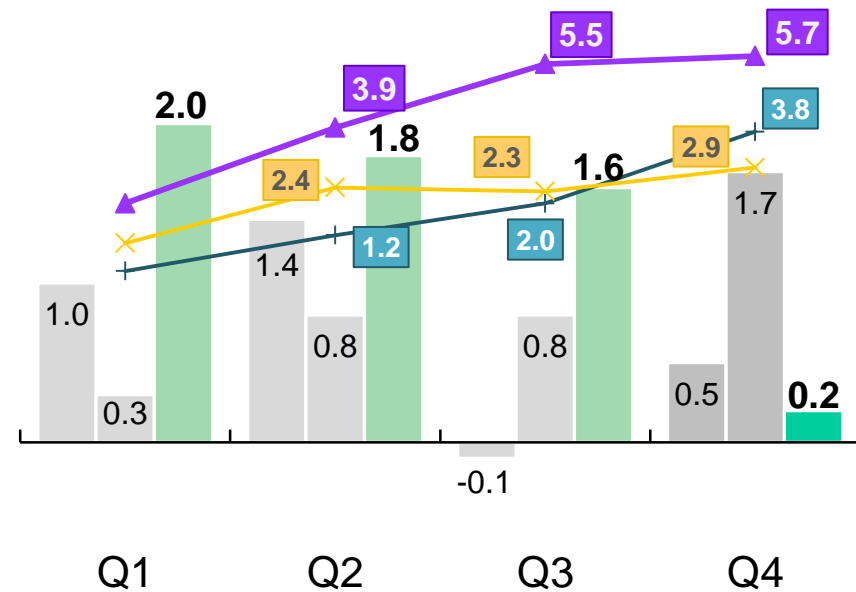
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)

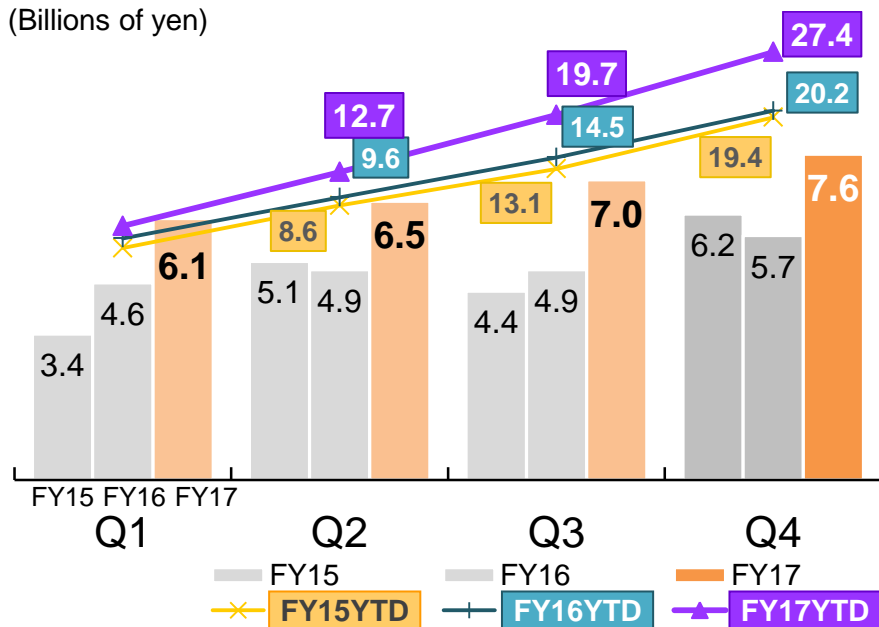


- **Electronic devices** : Although net sales declined due to the exclusion of the semiconductor business from the scope of consolidation, the high-performance metal products for semiconductor manufacturing facilities strongly performed.
- **Others** : Sales performed steadily for the thermal printers for POS terminals and other products.

The profits and losses of the semiconductor business (FY2017) :
 Net Sales approx. 25.0 billion yen / Operating Profit approx. 5.0 billion yen

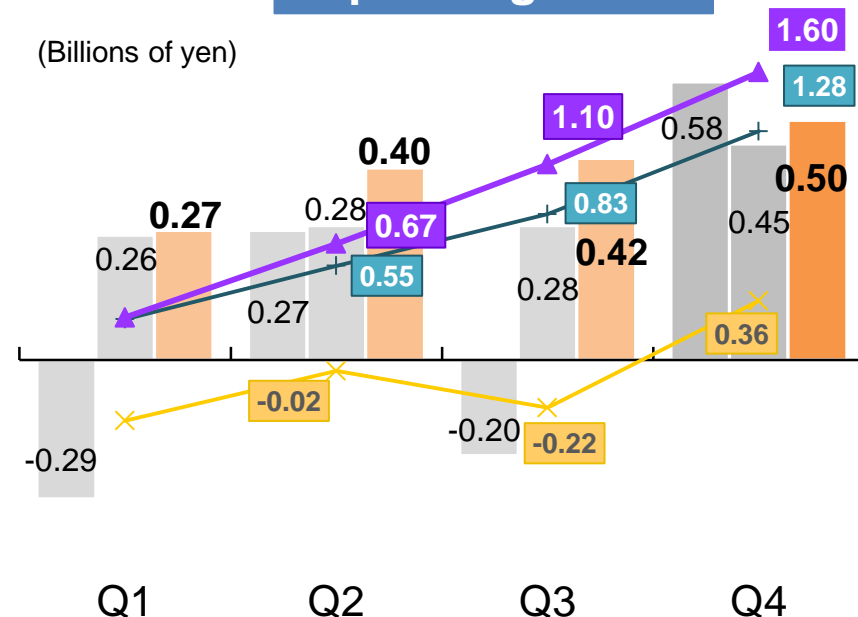
Net Sales

(Billions of yen)



Operating Profit

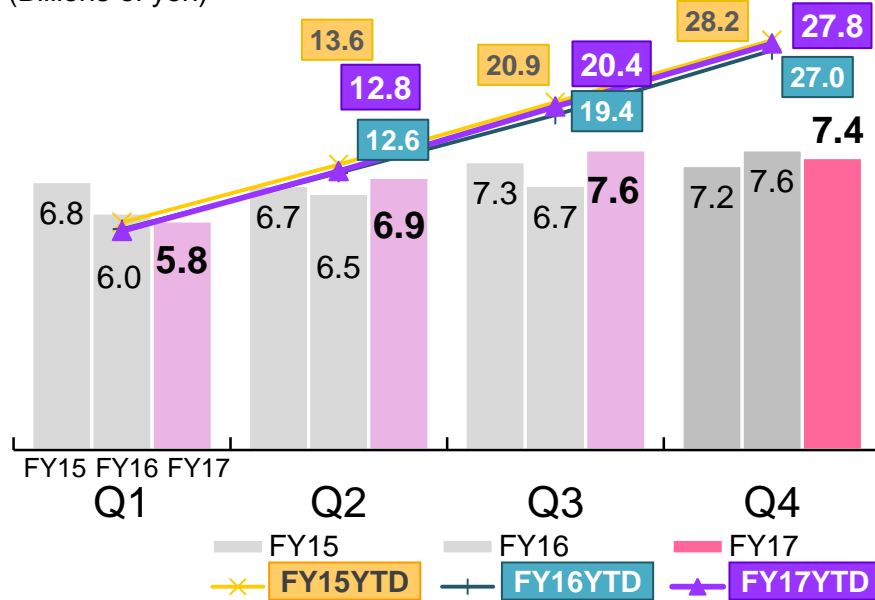
(Billions of yen)



• In addition to the acquisition of IIM Corporation, which provides computer performance management software, sales were favorable for businesses including various mobile wireless communication devices for automobiles and for home security, and network-related devices mainly for broadcasting and telecommunications.

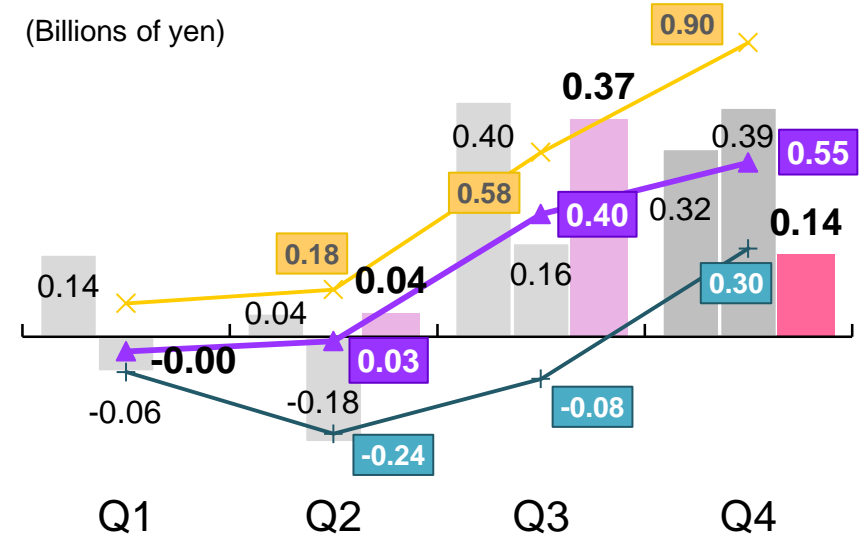
Net Sales

(Billions of yen)



Operating Profit

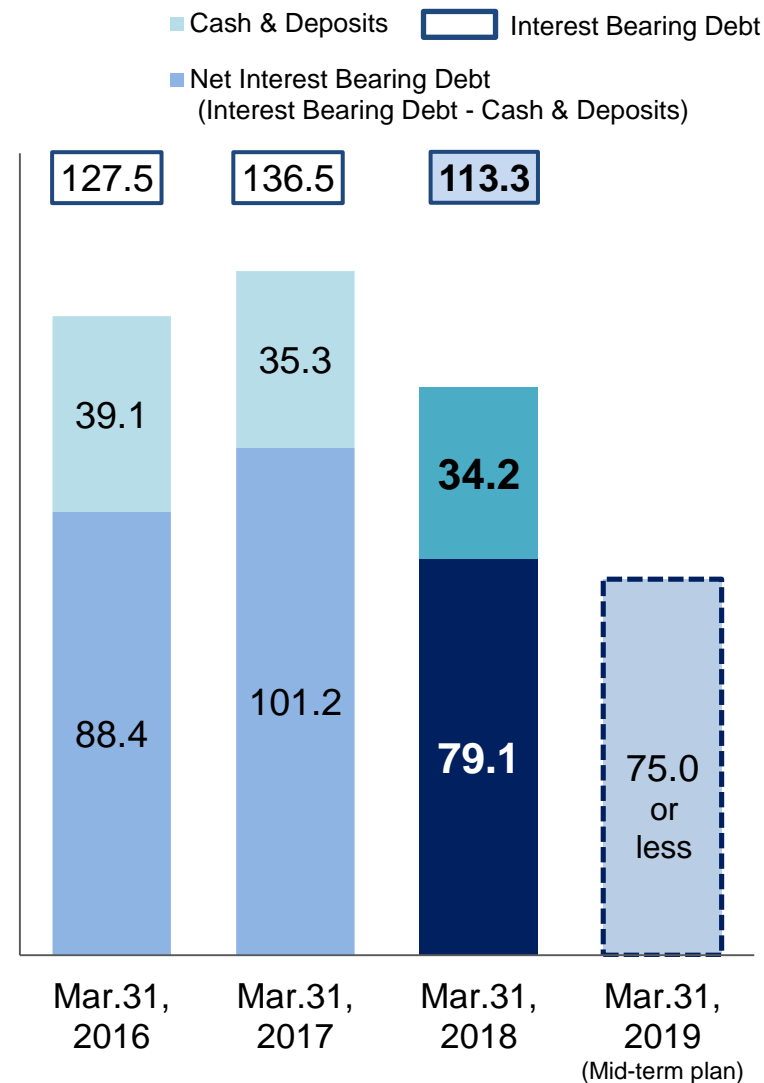
(Billions of yen)



- Clocks : Sales were down from the same period of the previous fiscal year.
- Others : Sales grew year on year for the Wako Business.

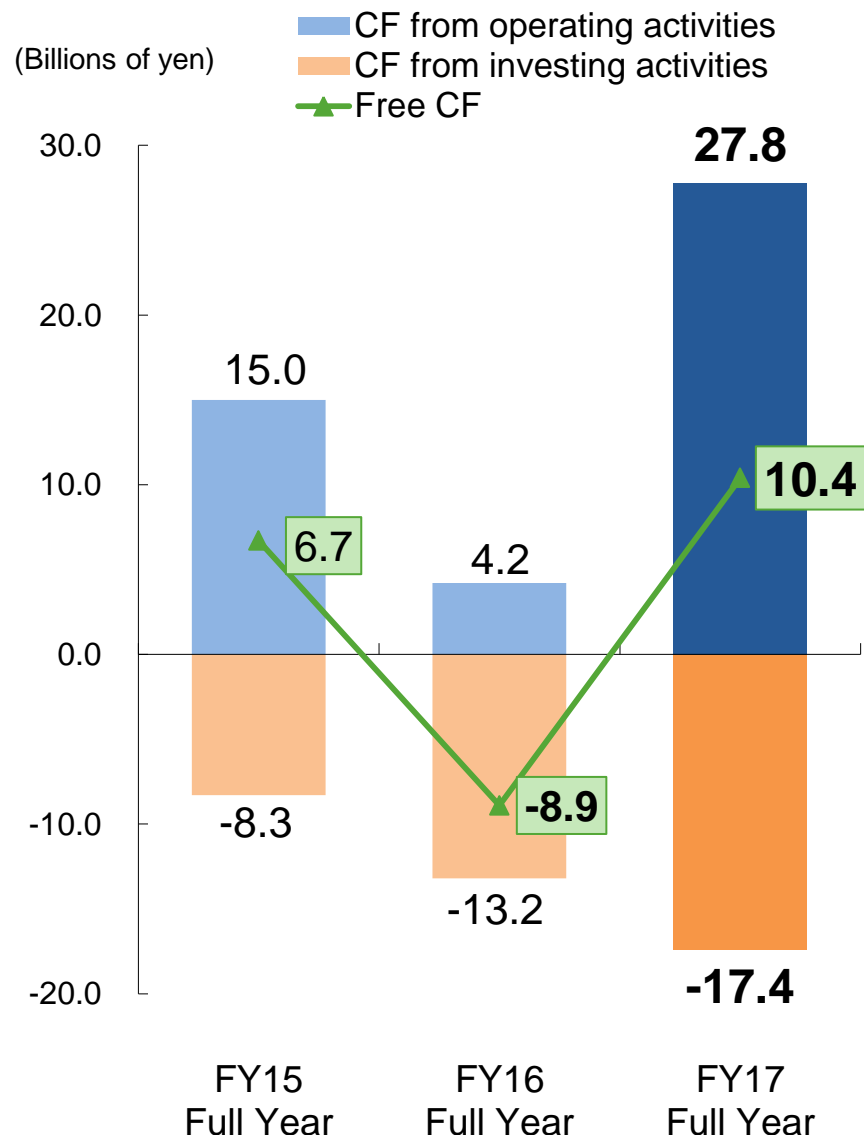
(Billions of yen)	Mar.31, 2016	Mar.31, 2017(a)	Mar.31, 2018(b)	Variance (b)-(a)
Inventories	65.1	66.1	57.0	-9.1
Interest Bearing Debt	127.5	136.5	113.3	-23.1
Net Assets	102.6	107.1	105.1	-1.9
Total Assets	329.1	328.8	307.5	-21.2
Equity Capital Ratio	28.7%	29.8%	33.8%	+4.0pt
Net Debt Equity Ratio	0.8	0.9	0.7	-0.2
Number of Employees	13,437	13,065	12,033	-1,032

Interest Bearing Debt



Statement of Cash Flows

(Billions of yen)



	FY15 Full Year	FY16 Full Year	FY17 Full Year
Profit before income taxes	8.8	6.1	15.8
Depreciation	10.3	10.9	10.1
Others	-4.0	-12.8	1.9
Net cash provided by (used in) operating activities	15.0	4.2	27.8
Purchase of property, plant and equipment	-13.0	-12.1	-6.9
Others	4.7	-1.0	-10.4
Net cash provided by (used in) investing activities	-8.3	-13.2	-17.4
Net increase (decrease) in loans payable	-8.7	8.8	-7.9
Others	2.0	-3.1	-3.7
Net cash provided by (used in) financing activities	-6.6	5.7	-11.7
Effect of exchange rate change on cash and cash equivalents etc.	-1.4	-0.3	-0.1
Cash and cash equivalents	38.9	35.3	33.9
Free cash flow	6.7	-8.9	10.4

2. Financial Forecast for FY2018

Summary of Financial Forecast for FY2018

(Billions of yen)	FY17 Actual	FY18 Forecast (May 11)	Variance VS. FY17	6th Mid-term plan
Net Sales	268.5	250.0	-18.5	310.0
Operating Profit	10.8	8.0	-2.8	17.0
%	4.0%	3.2%	-0.8pt	5.5%
Ordinary Profit	10.9	9.0	-1.9	18.0
%	4.1%	3.6%	-0.5pt	5.8%
Profit attributable to owners of parent	11.5	6.5	-5.0	12.5
%	4.3%	2.6%	-1.7pt	4.0%

Financial Forecast for FY2018 by Reported Segments

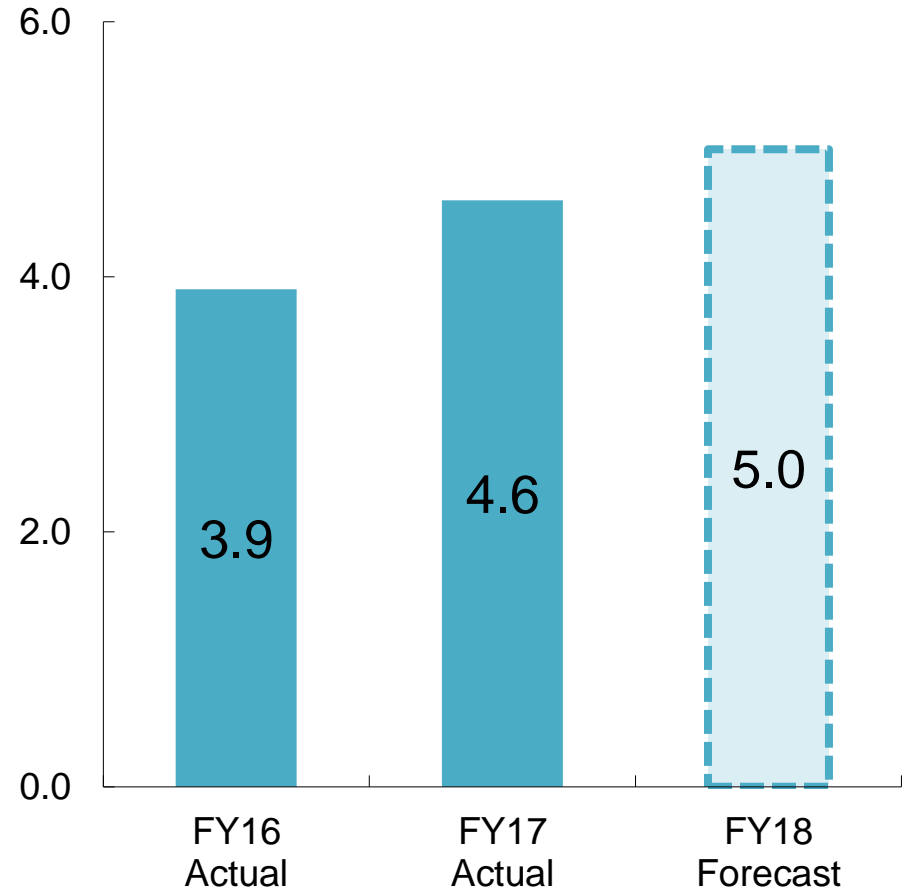
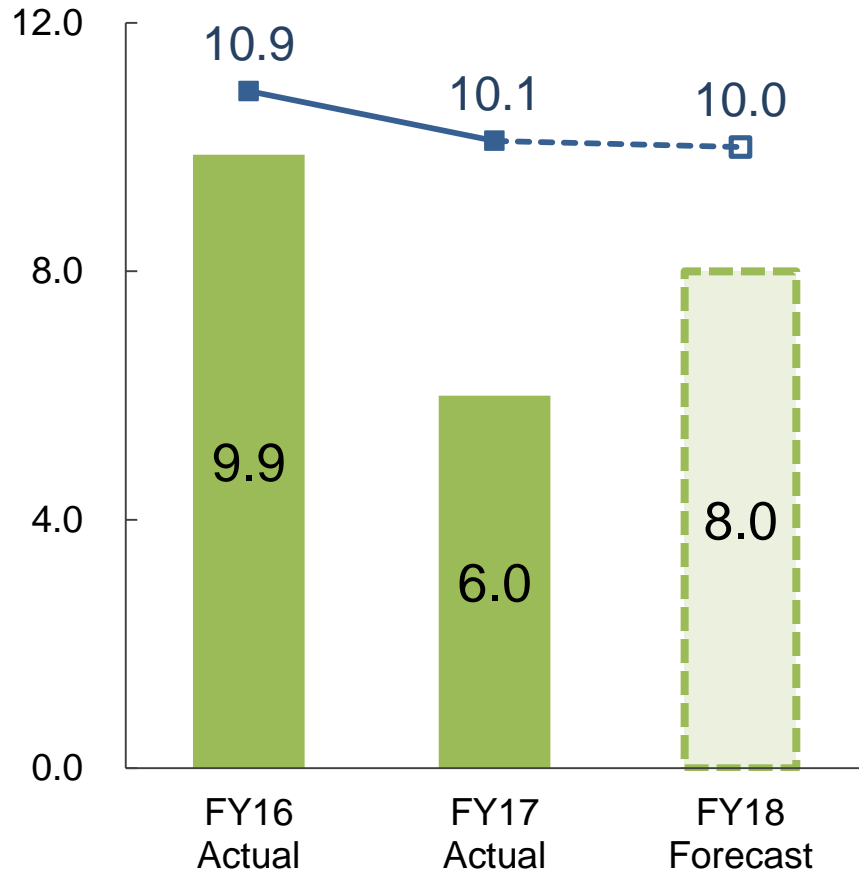
(Billions of yen)	Net Sales			Operating Profit			6th Mid-term plan	
	FY17 Actual	FY18 Forecast	Variance vs. FY17	FY17 Actual	FY18 Forecast	Variance vs. FY17	Net Sales	Operating Profit
Watches	140.1	140.0	-0.1	7.9	9.0	+1.0	190.0	17.0
Electronic Devices	81.8	60.0	-21.8	5.7	2.0	-3.7	75.0	2.5
Systems Solutions	27.4	29.0	+1.5	1.6	2.0	+0.3	25.0	1.5
Sub Total	249.4	229.0	-20.4	15.3	13.0	-2.3	290.0	21.0
Others	27.8	30.0	+2.1	0.5	0.5	-0.0	30.0	1.0
Cons. Adj.	-8.7	-9.0	-0.2	-5.0	-5.5	-0.4	-10.0	-5.0
Cons. Total	268.5	250.0	-18.5	10.8	8.0	-2.8	310.0	17.0

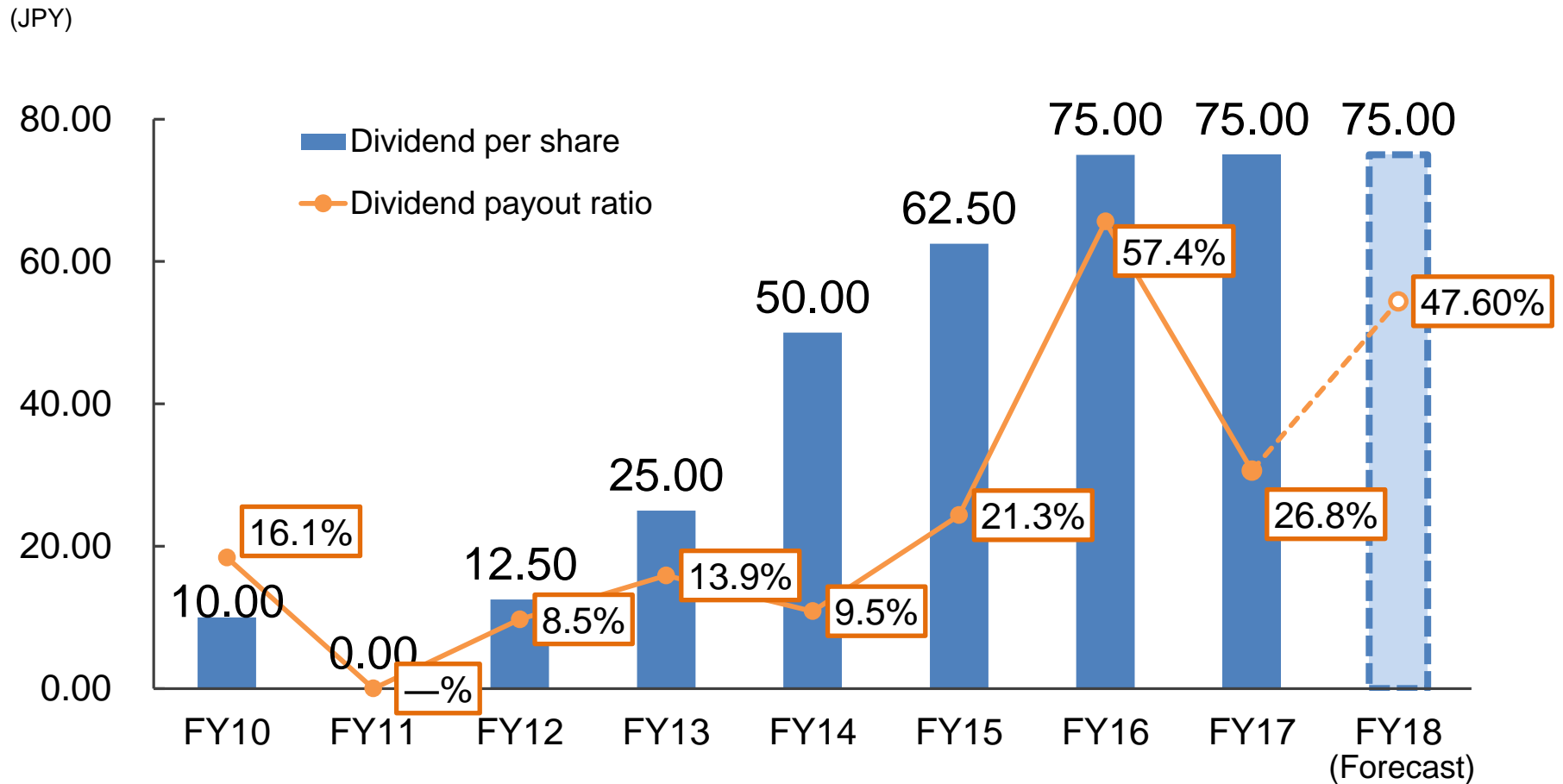
Investment / Depreciation

R&D Expense

(Billions of yen)

Investment Depreciation





*The Company conducted a share consolidation of every five shares of its common stock into one share as of October 1, 2017. The annual dividends above reflect the share consolidation.

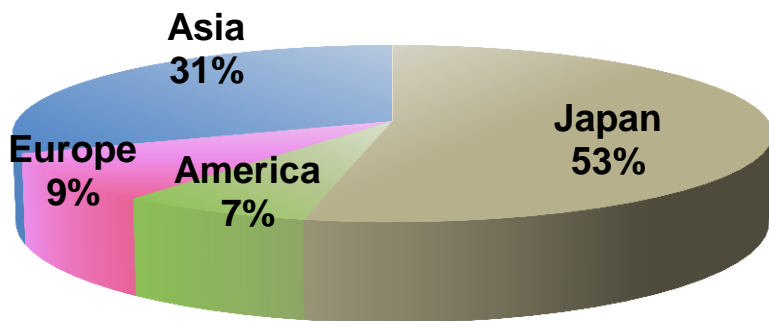
Sensitivity Exchange Rate of FY2018 (Full Year)

Sensitivity Exc. Rate	USD	EUR
Forecast Exc. Rate	JPY 105.0	JPY 125.0
For Sales (Millions of yen)	900	150
For Income (Millions of yen)	150	50

FY2017

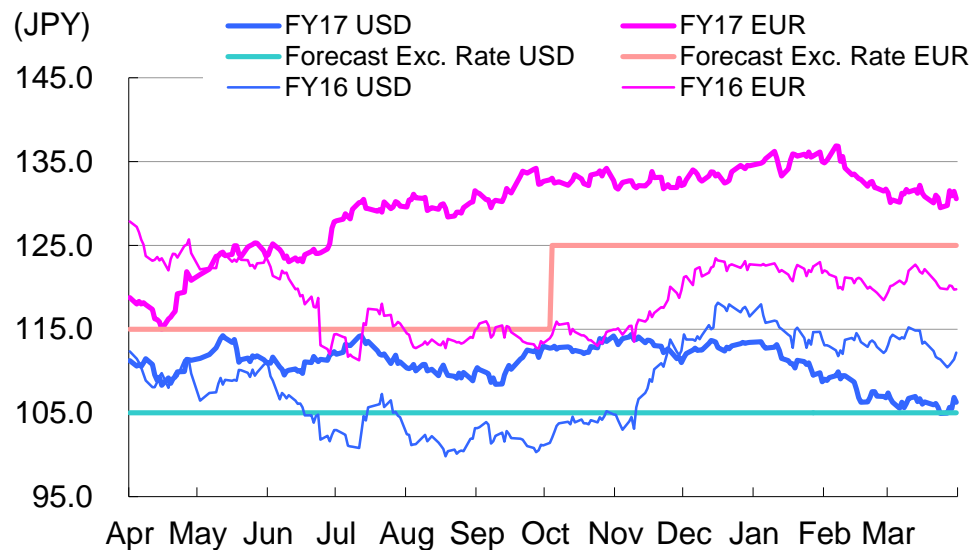
	(JPY)	Q1	Q2	Q3	Q4	Average Full Year
Average	USD	111.1	111.0	112.9	108.2	110.8
	EUR	122.2	130.3	133.0	133.1	129.7
Closing Date	USD	112.0	112.7	113.0	106.2	—
	EUR	127.9	132.8	134.9	130.5	—

Sales by Area



* FY2017 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)	FY16 Q4	FY17 Q4	Variance		
			Amt.	%	
Net Sales	66.0	60.0	-6.0	-9.1%	
Gross Profit	24.7	22.7	-1.9	-8.0%	
%	37.5%	37.9%	+0.4pt		
Operating Profit	1.8	-0.5	-2.4	-132.2%	
%	2.8%	-1.0%	-3.8pt		
Ordinary Profit	1.2	-1.0	-2.2	-182.6%	
%	1.9%	-1.7%	-3.5pt		
Income before income taxes	1.2	5.3	+4.0	+333.4%	
Profit attributable to owners of parent	4.7	7.0	+2.3	+48.5%	
%	7.2%	11.8%	+4.6pt		
Exchange Rates (JPY)	USD	113.6	108.2	-5.3	-4.7%
	EUR	121.0	133.1	+12.1	+10.0%

Net Sales : y/y -6.0

Exchange rate fluctuations -0.2

Operating Profit : y/y -2.4

Impact of decreased net sales -2.2

Impact of improved GP% +0.2

Increase in Selling, general and
administrative expenses -0.4

Ordinary Profit : y/y -2.2

Decrease in Operating profit -2.4

Increase in Foreign exchange losses -0.3

Increase in Equity method income +0.4

Decrease in Interest expenses +0.1

Others +0.0

Extraordinary Income/Losses: 6.3

Extraordinary Income 9.3

Gain on transfer of business 9.3

Extraordinary Losses -3.0

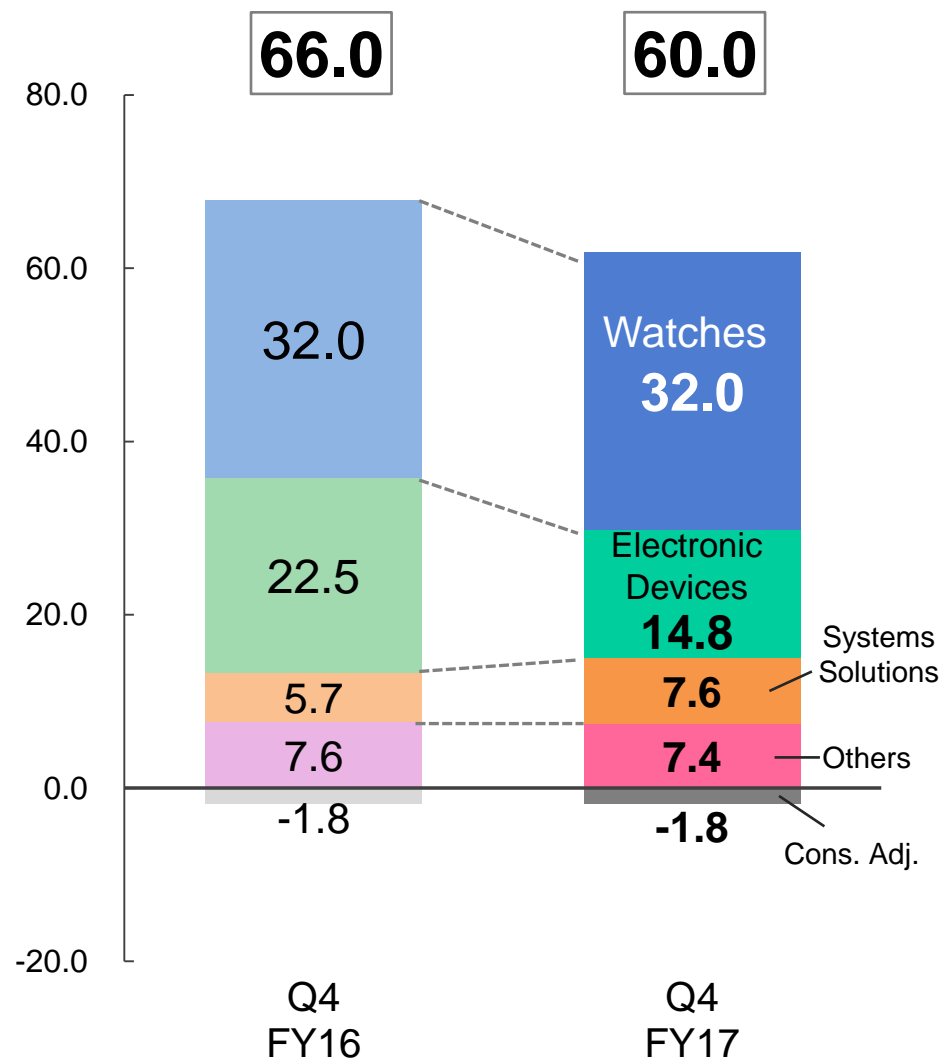
Provision of reserve for loss on lease contracts -2.1

Business structure improvement expenses -0.6

Impairment loss -0.1

Sales by Reported Segments (Jan. - Mar. 2018)

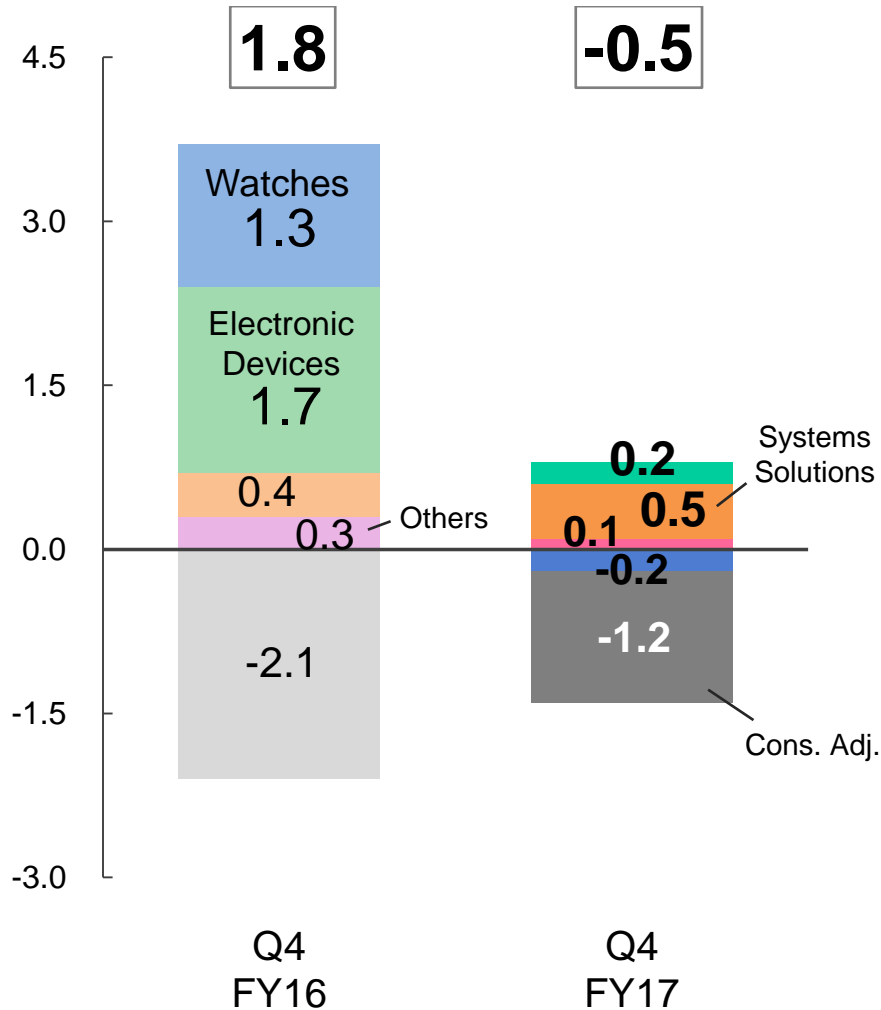
(Billions of yen)



(Billions of yen)	Net Sales (Composition ratio)		
	FY16 Q4	FY17 Q4	Variance
Watches	32.0 (49%)	32.0 (53%)	-0.0
Electronic Devices	22.5 (34%)	14.8 (25%)	-7.7
Systems Solutions	5.7 (9%)	7.6 (13%)	+1.8
Sub Total	60.3	54.4	-5.8
Others	7.6 (12%)	7.4 (12%)	-0.1
Cons. Adj.	-1.8 (-3%)	-1.8 (-3%)	+0.0
Cons. Total	66.0	60.0	-6.0

Operating Profit by Reported Segments (Jan.- Mar. 2018)

(Billions of yen)



(Billions of yen)	Operating Profit		
	FY16 Q4	FY17 Q4	Variance
Watches	1.3	-0.2	-1.5
Electronic Devices	1.7	0.2	-1.5
Systems Solutions	0.4	0.5	+0.0
Sub Total	3.5	0.5	-3.0
Others	0.3	0.1	-0.2
Cons. Adj.	-2.1	-1.2	+0.8
Cons. Total	1.8	-0.5	-2.4

End
