

**FY2017 3rd Quarter
Consolidated Results
(Fiscal year ended March 31, 2018)**

February 15, 2018

◆ Actual Results

- Achieved significant earnings and income growth year on year in all segments.
- The Electronic Devices Business and the Systems Solutions Business in particular posted record high operating profit in the 3rd quarter, both on a year-to-date and quarterly basis.

◆ Forecast for the Business Results

- Extraordinary income of 9.3 billion yen (estimated) is expected to be posted in the 4th quarter, in conjunction with the partial transfer of shares in the semiconductor business company.
The semiconductor business company will be excluded from the scope of consolidation and become an equity-method affiliate from the 4th quarter onward.
- The full-year forecast remains unchanged due to uncertainty in the current economic environment and other areas.

1. Consolidated Results

(Billions of yen)		FY16 Q3(YTD)	FY17 Q3(YTD)	Variance	
				Amt.	%
Net Sales		191.0	208.4	+17.4	+9.1%
Gross Profit		71.5	79.5	+7.9	+11.2%
%		37.4%	38.1%	+0.7pt	
Operating Profit		5.6	11.4	+5.8	+103.1%
%		2.9%	5.5%	+2.5pt	
Ordinary Profit		5.4	11.9	+6.4	+118.9%
%		2.9%	5.7%	+2.8pt	
Income before income taxes		4.8	10.5	+5.6	+115.1%
Profit attributable to owners of parent		0.6	4.4	+3.8	+606.4%
%		0.3%	2.1%	+1.8pt	
Exchange Rates (JPY)	USD	106.6	111.6	+5.0	+4.7%
	EUR	118.0	128.5	+10.5	+8.9%

Net Sales : y/y +17.4

Exchange rate fluctuations +5.5

Operating Profit : y/y +5.8

Impact of increased net sales +6.6

Impact of improved GP% +1.3

Increase in Selling, general and
administrative expenses -2.1

Ordinary Profit : y/y +6.4

Increase in Operating profit +5.8

Improve in Equity method income +0.3

Decrease in Interest expenses +0.3

Others -0.0

Extraordinary Income/Losses: -1.4

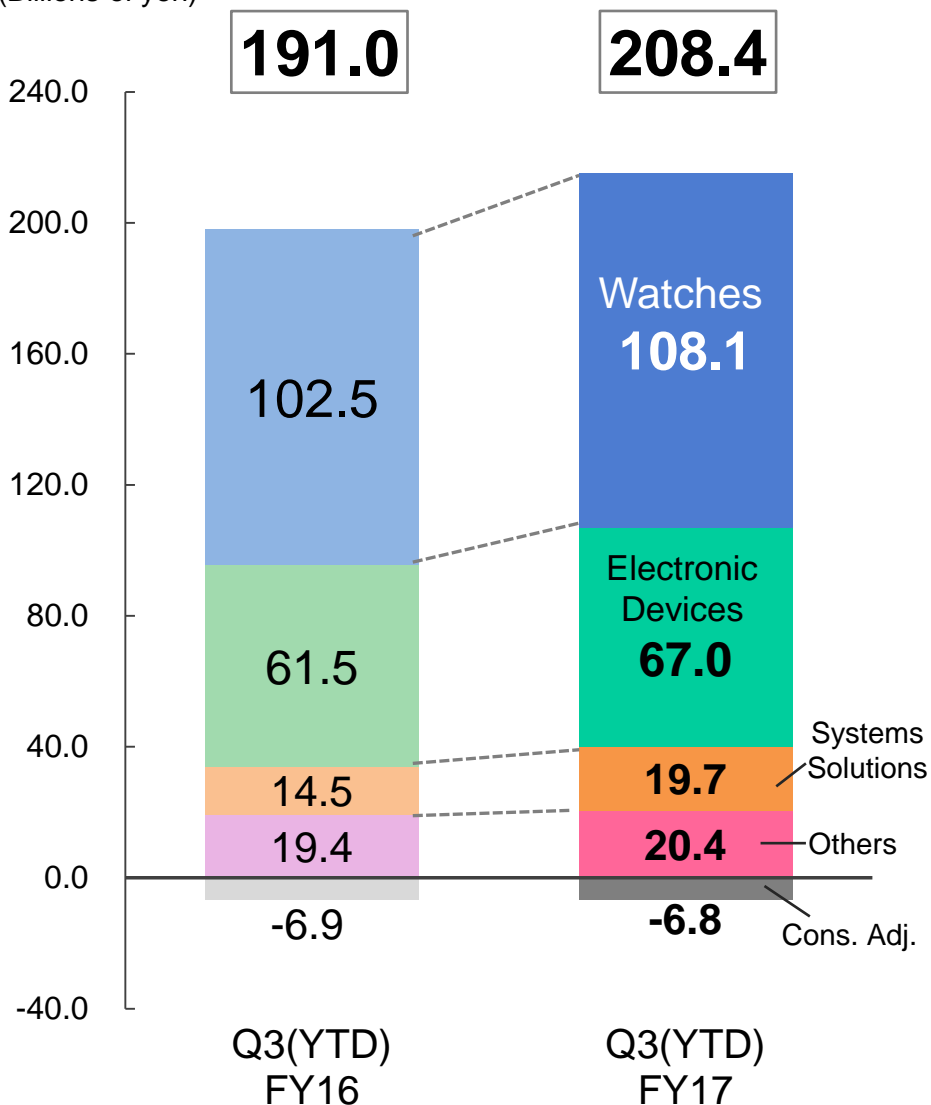
Extraordinary Losses -1.4

Business structure improvement
expenses -1.2

Loss on liquidation of subsidiaries and
associates -0.1

Sales by Reported Segments (Apr. - Dec. 2017)

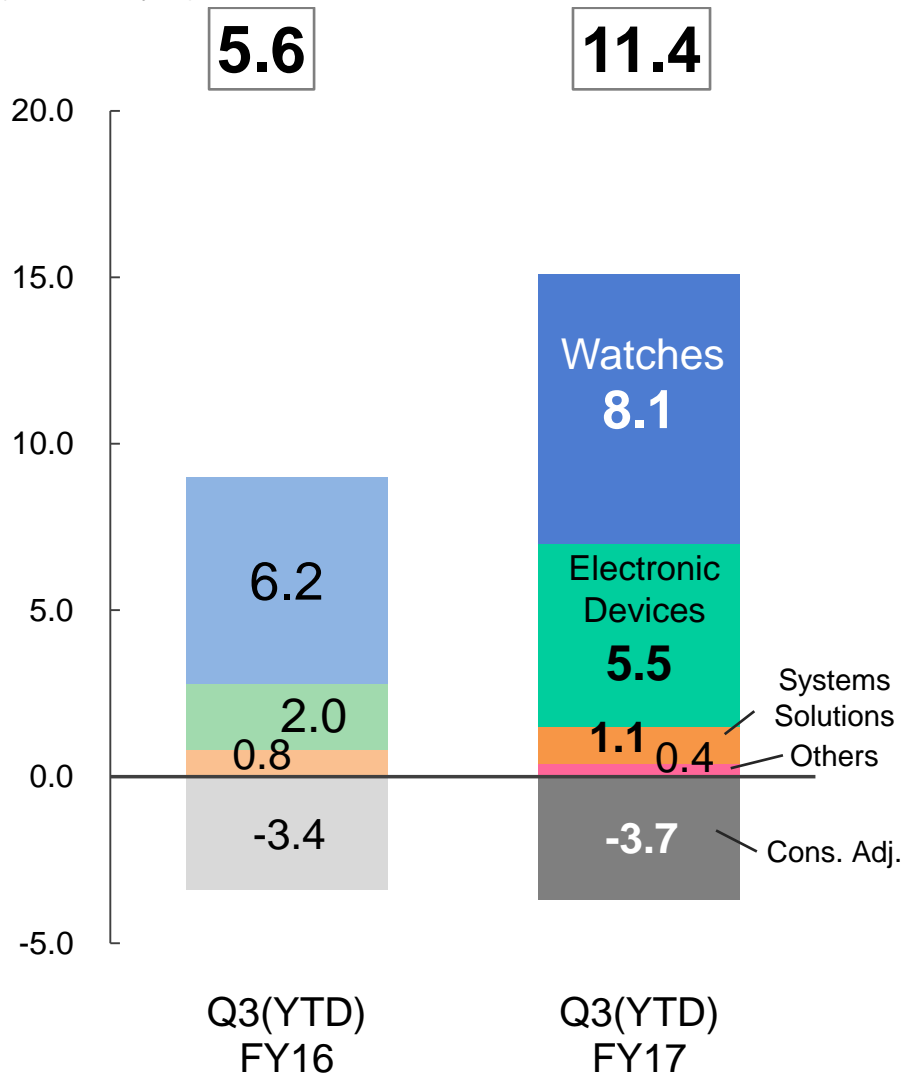
(Billions of yen)



(Billions of yen)	Net Sales (Composition ratio)		
	FY16 Q3(YTD)	FY17 Q3(YTD)	Variance
Watches	102.5 (54%)	108.1 (52%)	+5.5
Electronic Devices	61.5 (32%)	67.0 (32%)	+5.5
Systems Solutions	14.5 (8%)	19.7 (9%)	+5.2
Sub Total	178.6	194.9	+16.3
Others	19.4 (10%)	20.4 (10%)	+1.0
Cons. Adj.	-6.9 (-4%)	-6.8 (-3%)	+0.0
Cons. Total	191.0	208.4	+17.4

Operating Profit by Reported Segments (Apr. - Dec. 2017)

(Billions of yen)

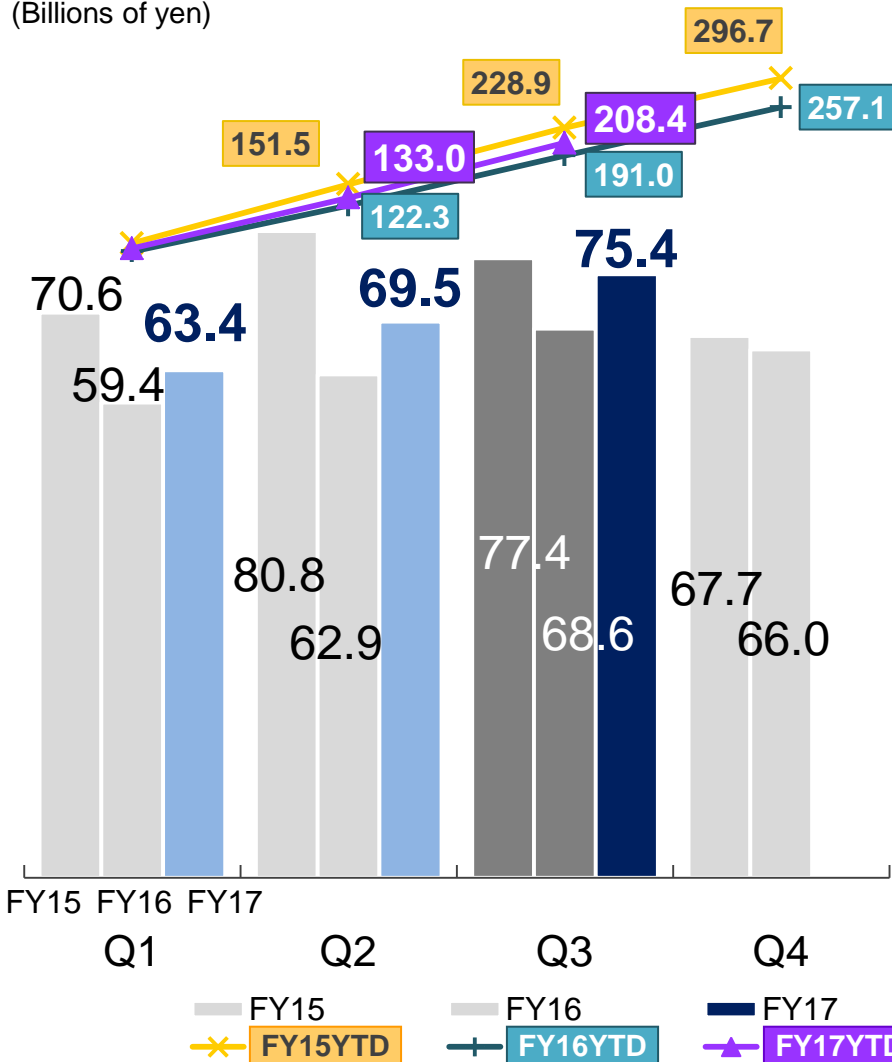


(Billions of yen)	Operating Profit		
	FY16 Q3(YTD)	FY17 Q3(YTD)	Variance
Watches	6.2	8.1	+1.8
Electronic Devices	2.0	5.5	+3.5
Systems Solutions	0.8	1.1	+0.2
Sub Total	9.1	14.7	+5.6
Others	-0.0	0.4	+0.4
Cons. Adj.	-3.4	-3.7	-0.3
Cons. Total	5.6	11.4	+5.8

Consolidated Quarterly Performance

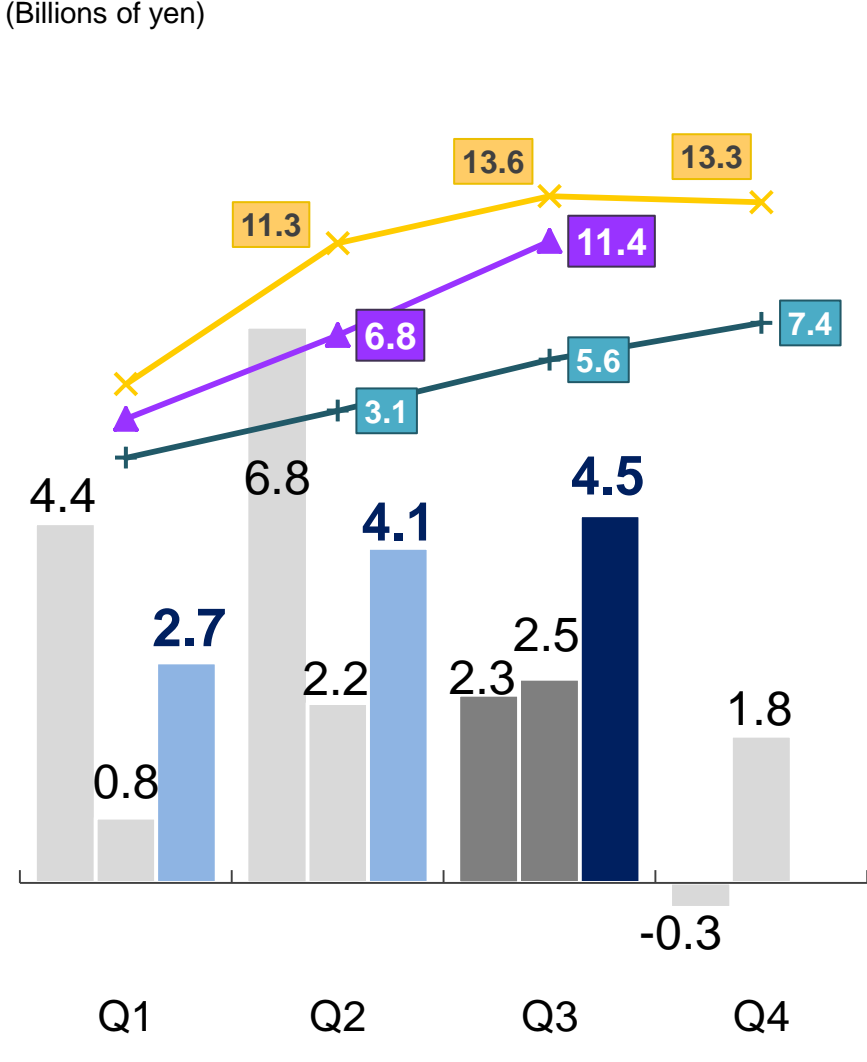
Net Sales

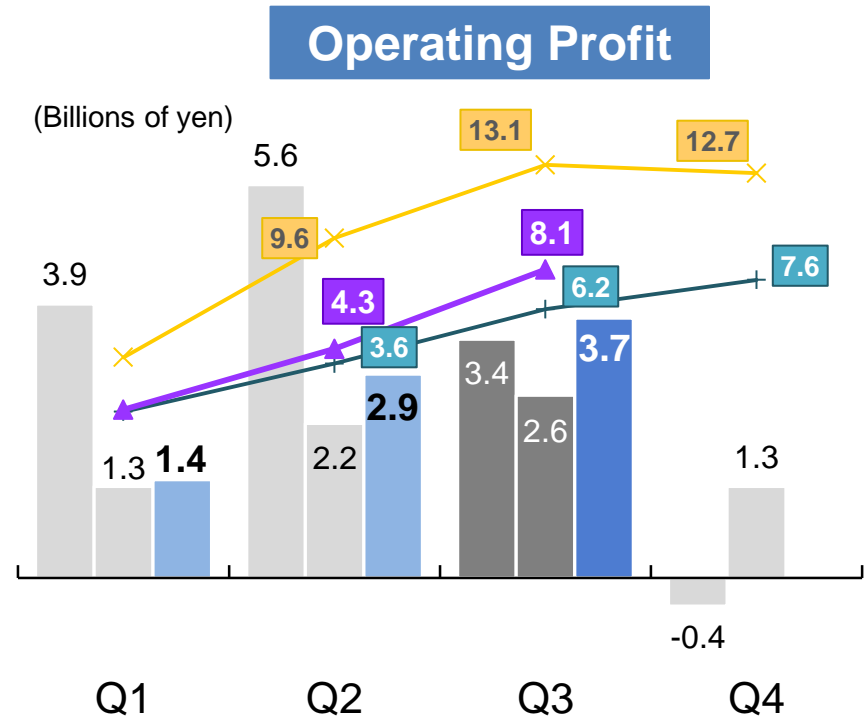
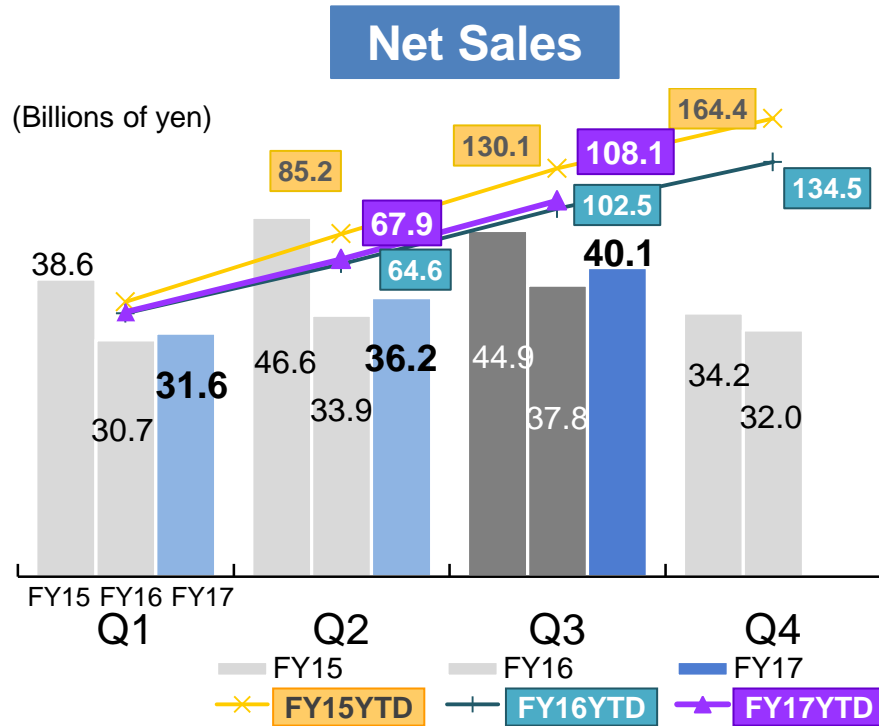
(Billions of yen)



Operating Profit

(Billions of yen)

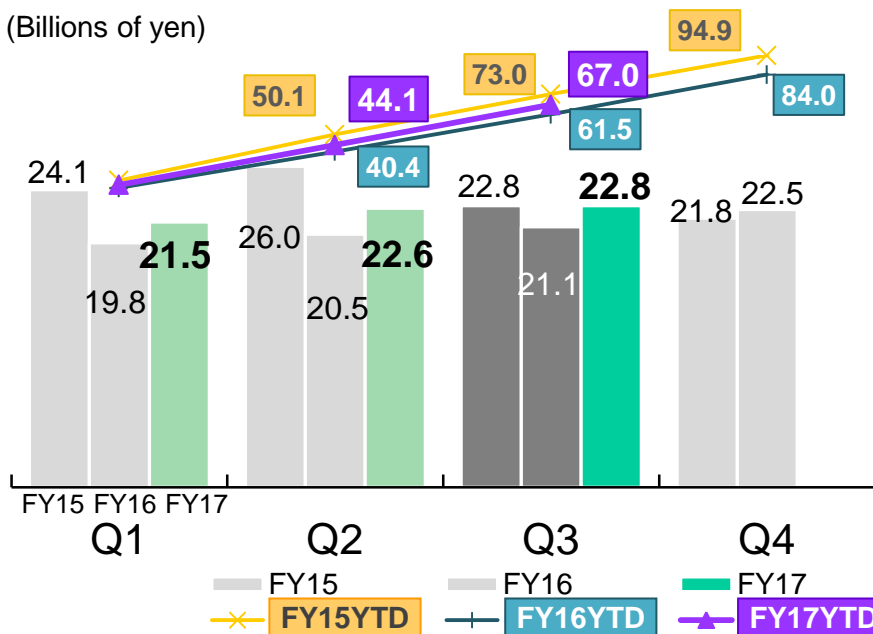




- **Watches (In Japan)** : The independently branded Grand Seiko performed strongly. Presage and Prospex were also up year on year due to the introduction of new products. On a distribution channel basis, sales to specialty stores, the Internet, and outlets rose compared to the same period of the previous fiscal year.
- **Watches (in Overseas)** : Sales were strong for Asia and Europe, 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.

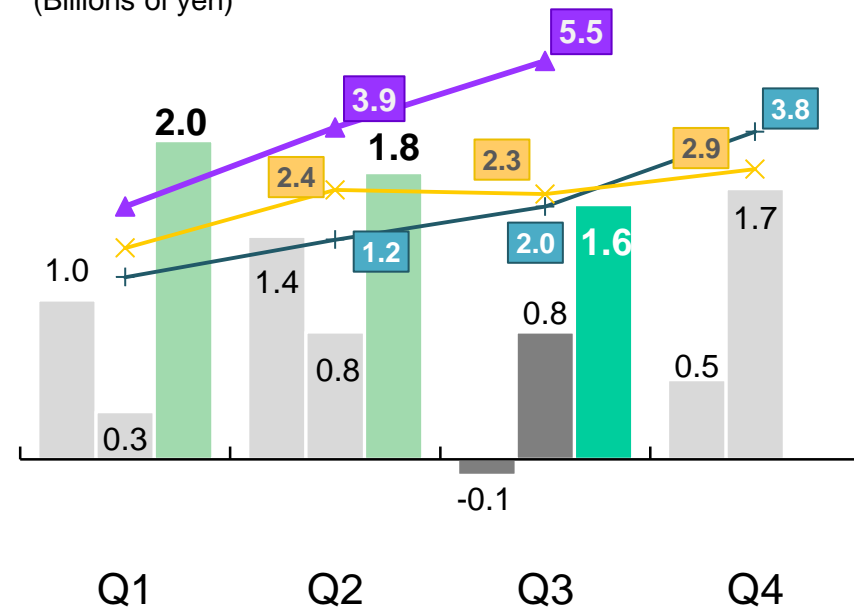
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



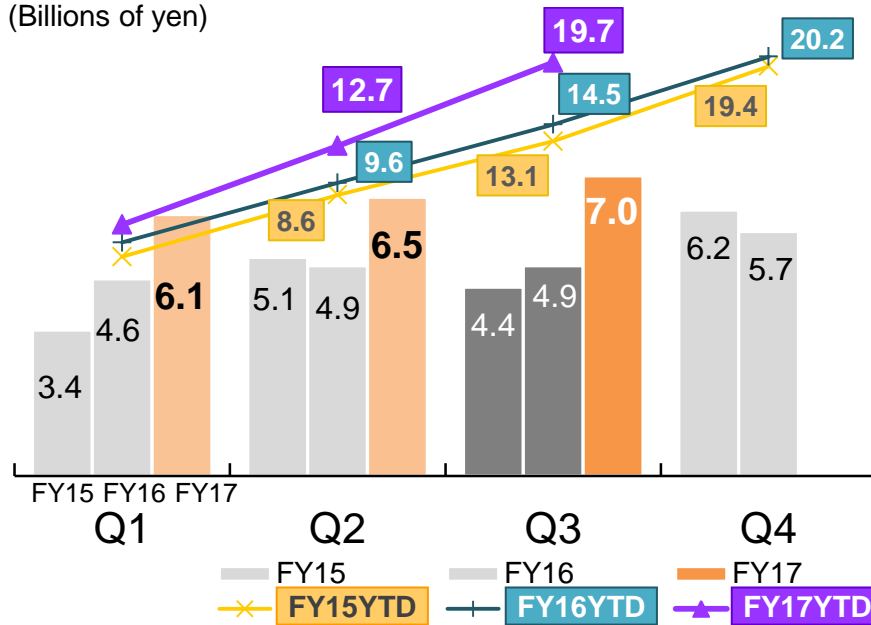
- Electronic devices : Semiconductors mainly for smartphone components performed strong and high performance metal products for semiconductor manufacturing facilities continued their strength in sales.
- Others : Sales performed steadily for the thermal printers for POS terminals and other products.

The profits and losses of the semiconductor business (Apr. - Dec. 2017) :

Net Sales 25.0 billion yen (Estimated) / Operating Profit 5.0 billion yen (Estimated)

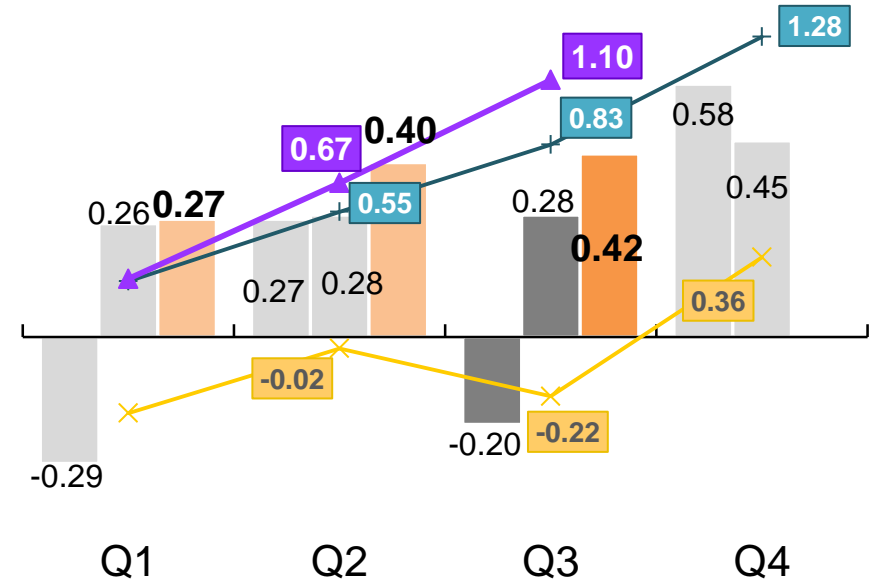
Net Sales

(Billions of yen)



Operating Profit

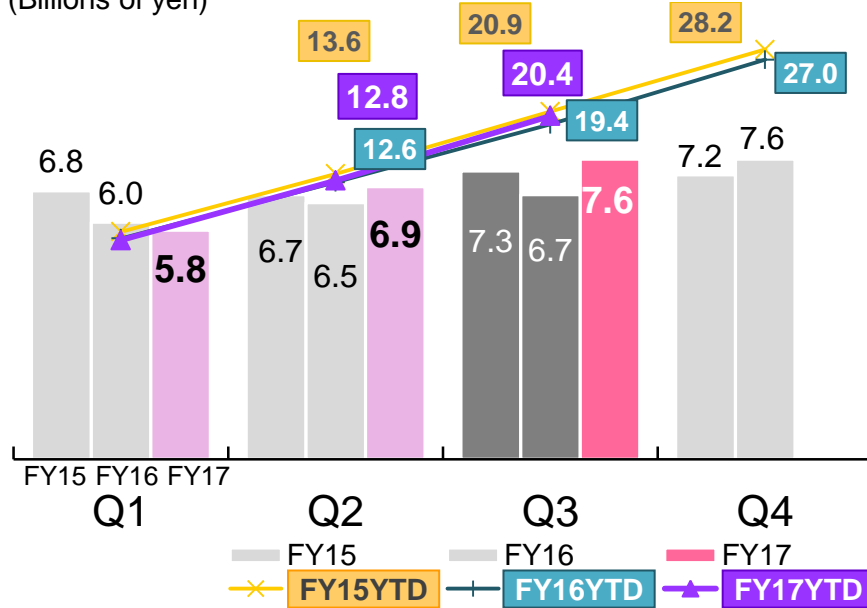
(Billions of yen)



• Sales were favorable for some businesses such as mobile solutions for home security and for automobiles and network solutions for telecommunications carriers.

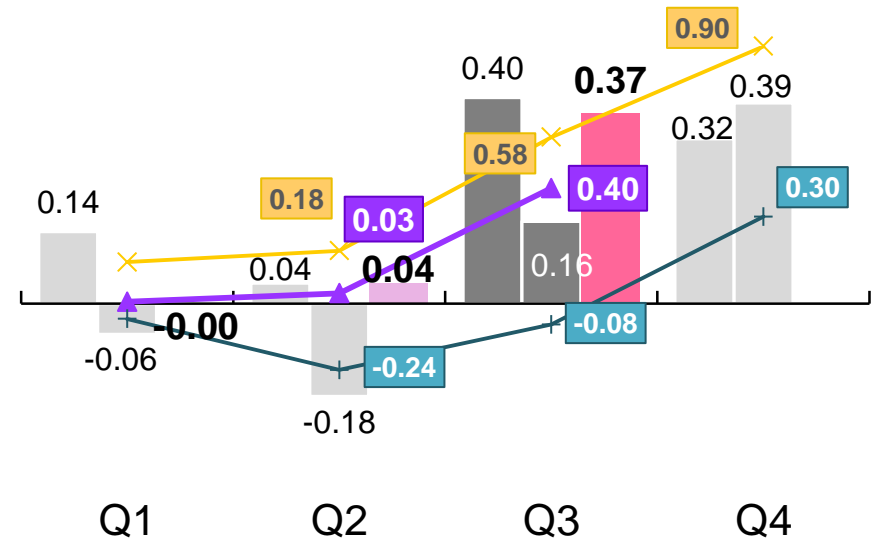
Net Sales

(Billions of yen)



Operating Profit

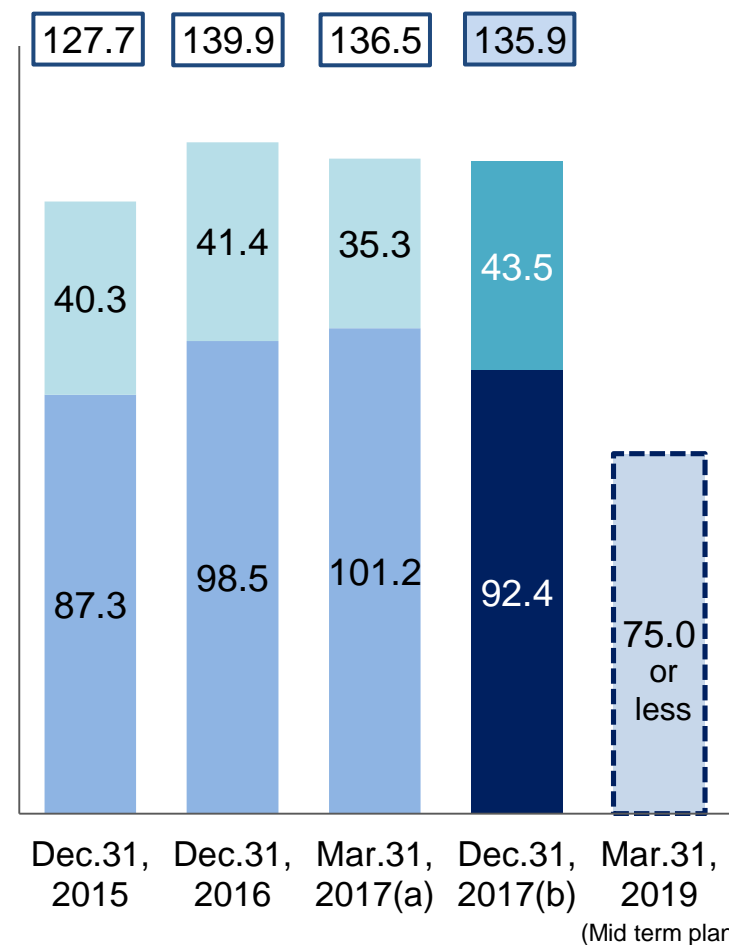
(Billions of yen)



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

Interest Bearing Debt

- Cash & Deposits Interest Bearing Debt
- Net Interest Bearing Debt
(Interest Bearing Debt - Cash & Deposits)



(Billions of yen)	Dec.31, 2015	Dec.31, 2016	Mar.31, 2017(a)	Dec.31, 2017(b)	Variance (b)-(a)
Inventories	70.5	71.1	66.1	67.4	+1.3
Interest Bearing Debt	127.7	139.9	136.5	135.9	-0.6

Net Assets	98.9	104.6	107.1	115.2	+8.0
Total Assets	336.3	342.9	328.8	348.0	+19.1

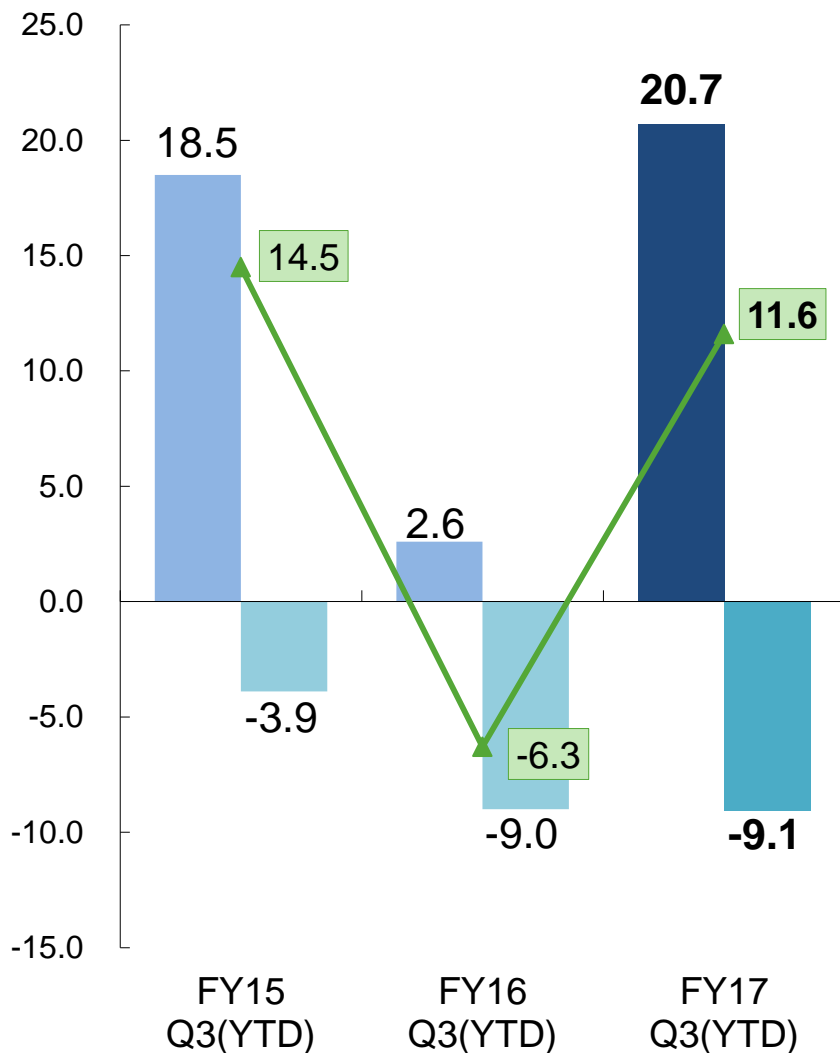
Equity Capital Ratio	29.1%	27.9%	29.8%	30.1%	+0.2pt
Net Debt Equity Ratio	0.8	0.9	0.9	0.8	-0.1
Number of Employees	13,694	13,333	13,065	13,060	-5

Statement of Cash Flows

(Billions of yen)

■ CF from operating activities
■ CF from investing activities
▲ Free CF

(Billions of yen)



	FY15 Q3(YTD)	FY16 Q3(YTD)	FY17 Q3(YTD)
Profit before income taxes	12.7	4.8	10.5
Depreciation	7.5	8.0	7.8
Others	-1.7	-10.2	2.3
Net cash provided by (used in) operating activities	18.5	2.6	20.7
Purchase of property, plant and equipment	-9.7	-9.1	-4.4
Others	5.7	0.1	-4.6
Net cash provided by (used in) investing activities	-3.9	-9.0	-9.1
Net increase (decrease) in loans payable	-9.0	11.8	-0.7
Others	-5.1	-2.9	-3.6
Net cash provided by (used in) financing activities	-14.1	8.8	-4.4
Effect of exchange rate change on cash and cash equivalents etc.	-0.3	-0.0	0.4
Cash and cash equivalents	40.3	41.4	43.0
Free cash flow	14.5	-6.3	11.6

2. Financial Forecast for FY2017

Summary of Financial Forecast for FY2017

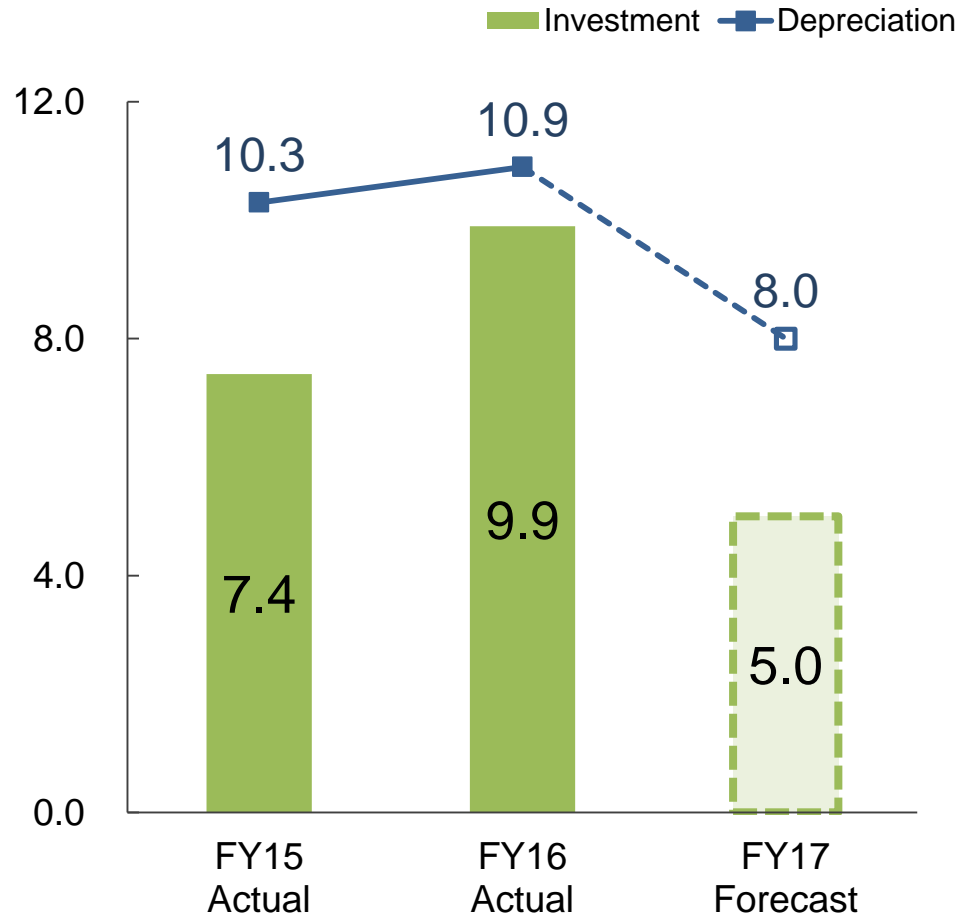
(Billions of yen)	FY16 Actual	FY17 Full Year Forecast (Nov.14)	FY17 Full Year Forecast (Feb.14)	Variance vs. FY16	Variance vs. Prev.
Net Sales	257.1	270.0	270.0	+12.8	±0.0
Operating Profit	7.4	9.0	9.0	+1.5	±0.0
%	2.9%	3.3%	3.3%	+0.4pt	±0.0pt
Ordinary Profit	6.6	10.0	10.0	+3.3	±0.0
%	2.6%	3.7%	3.7%	+1.1pt	±0.0pt
Profit attributable to owners of parent	5.3	10.0	10.0	+4.6	±0.0
%	2.1%	3.7%	3.7%	+1.6pt	±0.0pt

Financial Forecast for FY2017 by Reported Segments

(Billions of yen)	Net Sales					Operating Profit				
	FY16 Actual	FY17 Forecast		Variance		FY16 Actual	FY17 Forecast		Variance	
		Prev. (Nov.14)	Latest (Feb.14)	vs. FY16	vs. Prev.		Prev. (Nov.14)	Latest (Feb.14)	vs. FY16	vs. Prev.
Watches	134.5	140.0	140.0	+5.4	±0.0	7.6	7.0	7.0	-0.6	±0.0
Electronic Devices	84.0	82.0	82.0	-2.0	±0.0	3.8	5.5	5.5	+1.6	±0.0
Systems Solutions	20.2	26.0	26.0	+5.7	±0.0	1.2	1.5	1.5	+0.2	±0.0
Sub Total	238.9	248.0	248.0	+9.0	±0.0	12.7	14.0	14.0	+1.2	±0.0
Others	27.0	29.0	29.0	+1.9	±0.0	0.3	0.5	0.5	+0.1	±0.0
Cons. Adj.	-8.8	-7.0	-7.0	+1.8	±0.0	-5.5	-5.5	-5.5	+0.0	±0.0
Cons. Total	257.1	270.0	270.0	+12.8	±0.0	7.4	9.0	9.0	+1.5	±0.0

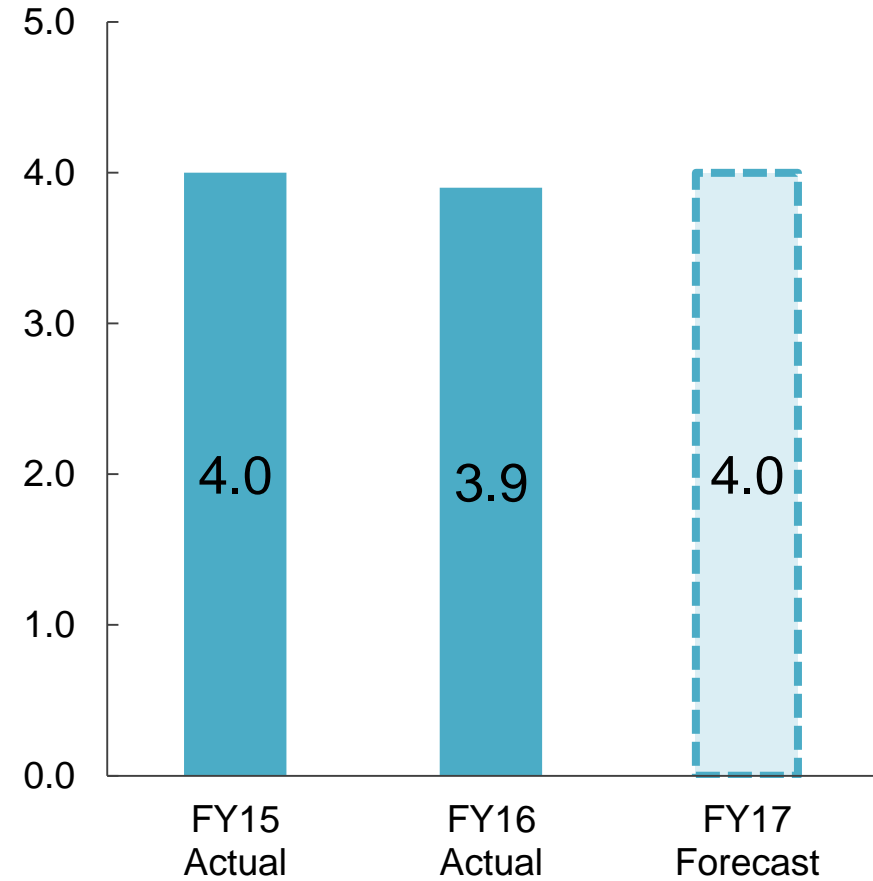
Investment / Depreciation

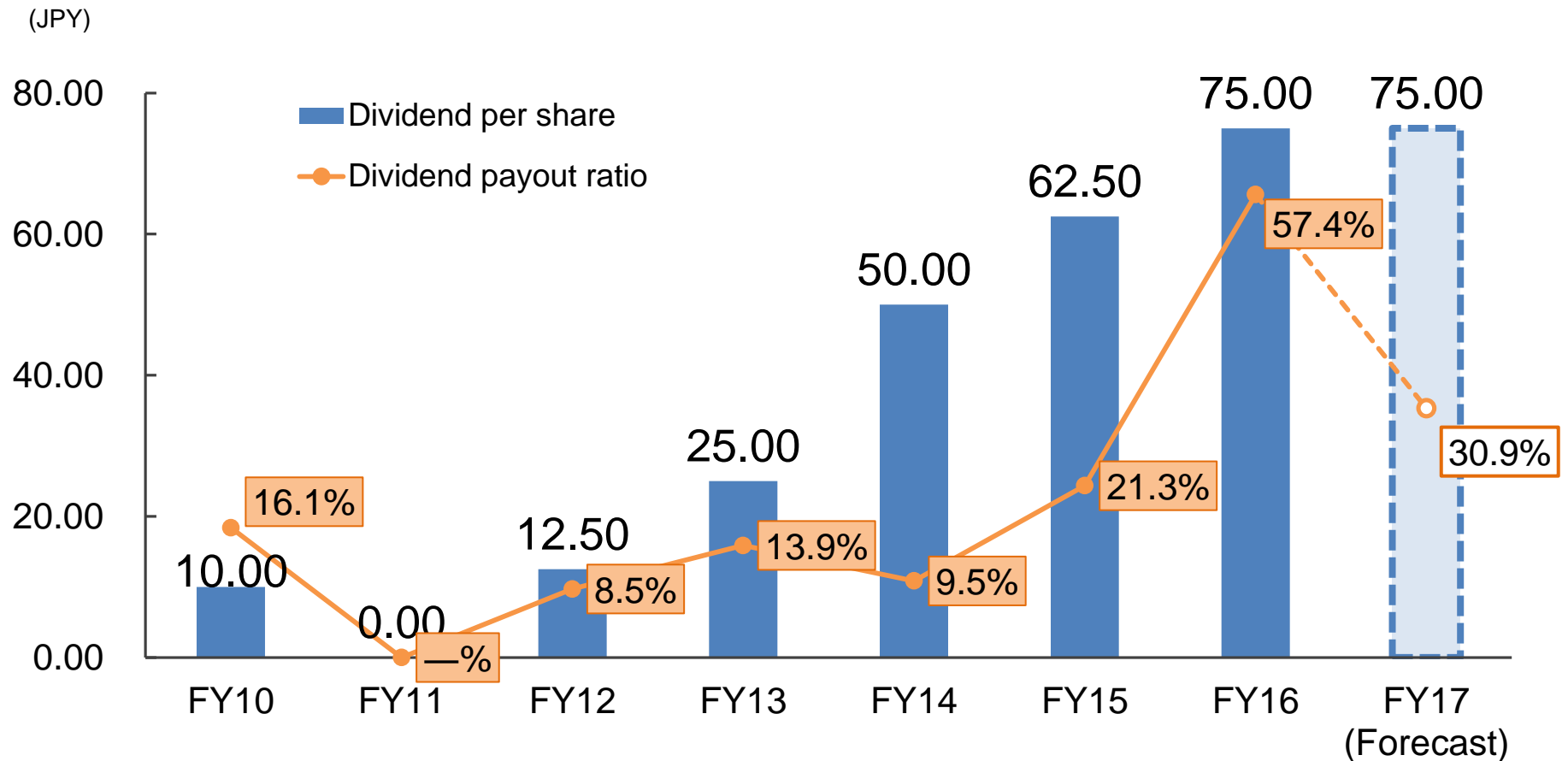
(Billions of yen)



R&D Expense

(Billions of yen)





*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, and the Company plans to pay a year-end dividend of 37.50 yen.

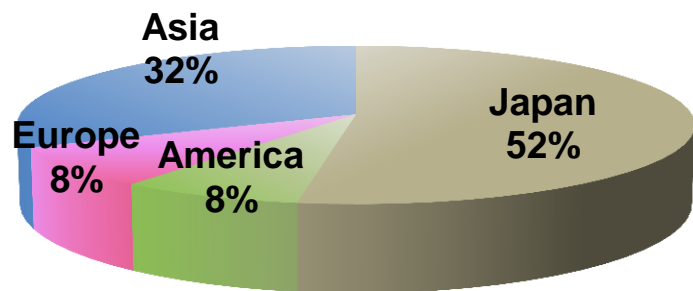
Sensitivity Exchange Rate (Jan. - Mar. 2018)

Sensitivity Exc. Rate	USD	EUR
Forecast Exc. Rate	JPY 105.0	JPY 125.0
For Sales (Millions of yen)	200	30
For Income (Millions of yen)	20	10

FY2017

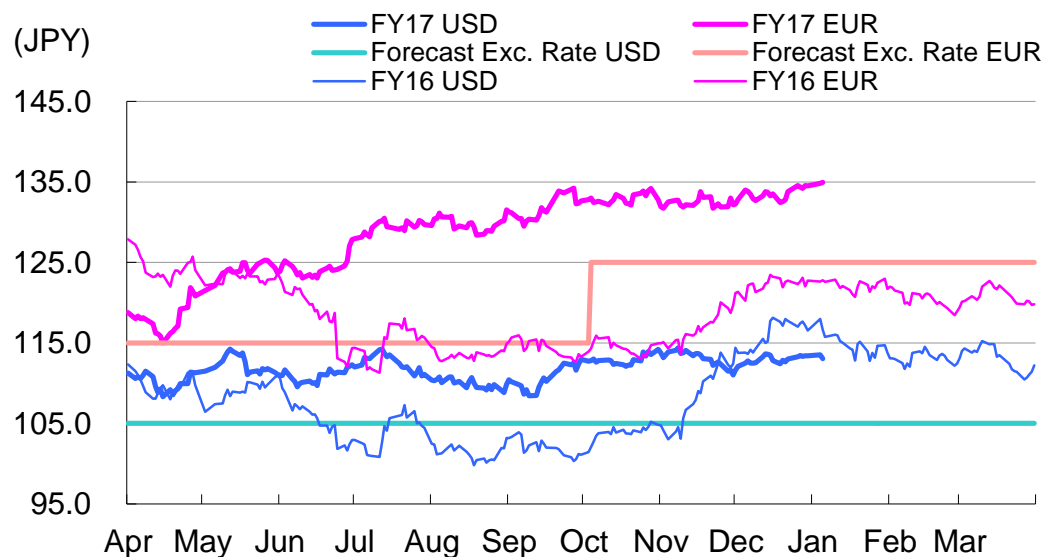
(JPY)		Q1	Q2	Q3	Forecast Exc. Rate
Average	USD	111.1	111.0	112.9	105.0
	EUR	122.2	130.3	133.0	125.0
Closing Date	USD	112.0	112.7	113.0	105.0
	EUR	127.9	132.8	134.9	125.0

Sales by Area



* FY2016 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 Q3	FY17 Q3	Variance	
				Amt.	%
Net Sales		68.6	75.4	+6.8	+9.9%
Gross Profit		25.8	29.2	+3.3	+13.1%
%		37.6%	38.7%	+1.0pt	
Operating Profit		2.5	4.5	+2.0	+81.0%
%		3.7%	6.0%	+2.3pt	
Ordinary Profit		3.7	4.9	+1.2	+32.2%
%		5.5%	6.6%	+1.1pt	
Income before income taxes		3.6	4.6	+1.0	+29.2%
Profit attributable to owners of parent		2.1	2.0	-0.1	-5.8%
%		3.1%	2.7%	-0.4pt	
Exchange Rates (JPY)	USD	109.4	112.9	+3.5	+3.2%
	EUR	117.8	133.0	+15.1	+12.9%

Net Sales : y/y +6.8

Exchange rate fluctuations +1.8

Operating Profit : y/y +2.0

Impact of increased net sales +2.6

Impact of improved GP% +0.7

Increase in Selling, general and
administrative expenses -1.3

Ordinary Profit : y/y +1.2

Increase in Operating profit +2.0

Increase in Foreign exchange losses -1.0

Increase in Equity method income +0.1

Decrease in Interest expenses +0.1

Others -0.0

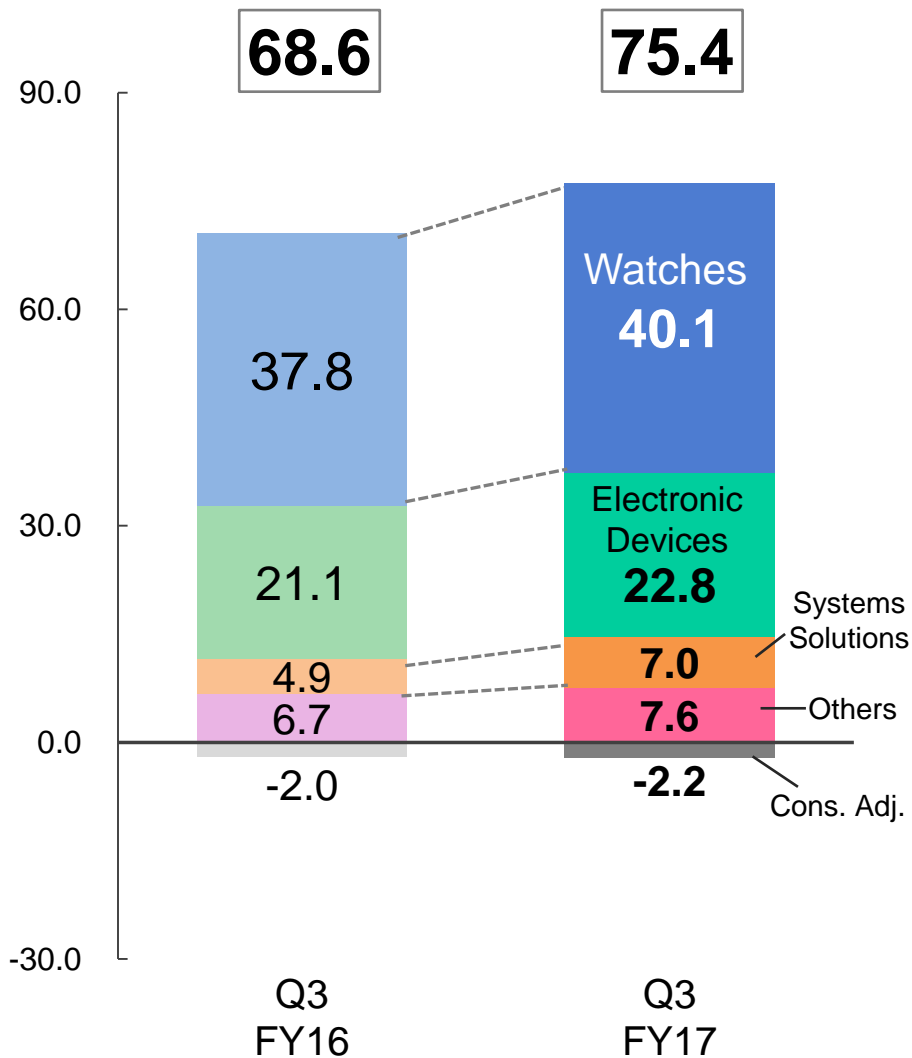
Extraordinary Income/Losses: -0.3

Extraordinary Losses -0.3

Business structure improvement
expenses -0.3

Sales by Reported Segments (Oct. - Dec. 2017)

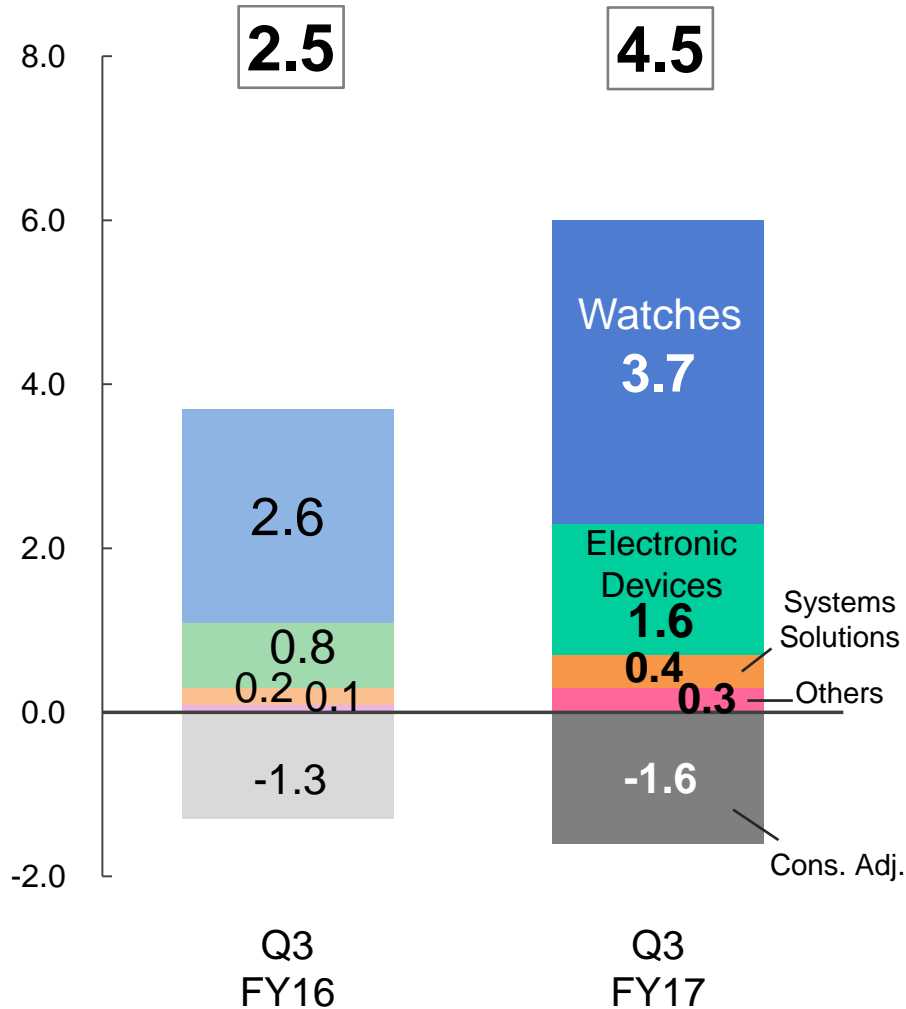
(Billions of yen)



(Billions of yen)	Net Sales (Composition ratio)		
	FY16 Q3	FY17 Q3	Variance
Watches	37.8 (55%)	40.1 (53%)	+2.3
Electronic Devices	21.1 (31%)	22.8 (30%)	+1.7
Systems Solutions	4.9 (7%)	7.0 (9%)	+2.1
Sub Total	63.8	70.0	+6.1
Others	6.7 (10%)	7.6 (10%)	+0.8
Cons. Adj.	-2.0 (-3%)	-2.2 (-3%)	-0.2
Cons. Total	68.6	75.4	+6.8

Operating Profit by Reported Segments (Oct.- Dec. 2017)

(Billions of yen)



(Billions of yen)	Operating Profit		
	FY16 Q3	FY17 Q3	Variance
Watches	2.6	3.7	+1.0
Electronic Devices	0.8	1.6	+0.8
Systems Solutions	0.2	0.4	+0.1
Sub Total	3.7	5.7	+2.0
Others	0.1	0.3	+0.2
Cons. Adj.	-1.3	-1.6	-0.2
Cons. Total	2.5	4.5	+2.0

End
