

FY2018 Consolidated Results

(Fiscal year ended March 31, 2019)

May 16, 2019

◆ Actual Results

- Income and earnings increased compared to the previous fiscal year in the Watches Business, Systems Solutions Business and Others.
- The Electronic Devices Business has also performed steadily from the beginning of the fiscal year. Although full-year earnings rose year on year if the impact of the exclusion of the semiconductor business from the scope of consolidation is excluded, performance slowed in the 4th quarter due to changes in the external environment, including the deceleration in China's economic growth.

◆ Forecast for the Business Results

- Increase in net sales in the Watches Business and Systems Solutions Business.
- The external environment remains severe for the time being in the Electronic Devices Business.
- Strengthen investments from a long-term perspective, including advertising and promotion and capital investment.

1. Consolidated Results

FY2018 Statements of Income (Apr. 2018 - Mar. 2019)

SEIKO

(Billions of yen)

	FY17 Full Year	FY18 Full Year	Variance	
			Amt.	%
Net Sales	268.5	247.2	-21.2	-7.9%
Gross Profit	102.2	96.3	-5.9	-5.8%
%	38.1%	39.0%	+0.9pt	
Operating Profit	10.8	9.3	-1.4	-13.3%
%	4.0%	3.8%	-0.2pt	
Ordinary Profit	10.9	11.4	+0.4	+4.6%
%	4.1%	4.6%	+0.6pt	
Income before income taxes	15.8	11.7	-4.0	Δ25.6%
Profit attributable to owners of parent	11.5	9.2	-2.2	Δ19.9%
%	4.3%	3.7%	-0.6pt	

Exchange Rates (JPY)		FY17	FY18	Variance	
				Amt.	%
USD		110.8	110.9	+0.1	+0.1%
EUR		129.7	128.4	-1.3	-1.0%

Net Sales :		y/y	-21.2
Exchange rate fluctuations			-0.6
Impact of the exclusion of the semiconductor business from the scope of consolidation			-25.0

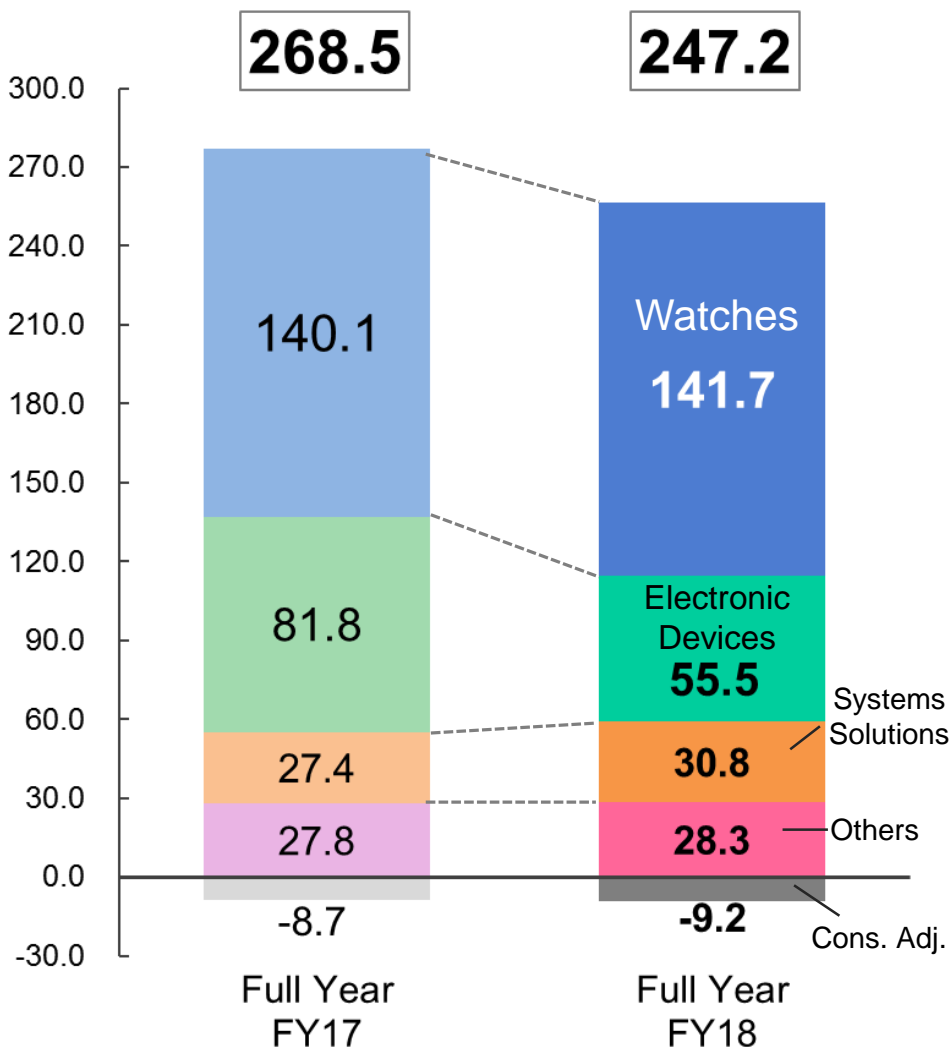
Operating Profit :		y/y	-1.4
Impact of improved GP%			+2.3
Impact of the exclusion of the semiconductor business from the scope of consolidation			-5.0
Others			+1.2

Ordinary Profit :		y/y	+0.4
Decrease in Operating profit			-1.4
Improve in Equity method income			+1.2
Decrease in Interest expenses			+0.3
Others			+0.4

Extraordinary Income/Losses:		0.3
Extraordinary Income		0.3
Gain on sales of non-current assets		0.2
Gain on sales of memberships		0.1

Sales by Reported Segments (Apr. 2018 - Mar. 2019)

(Billions of yen)

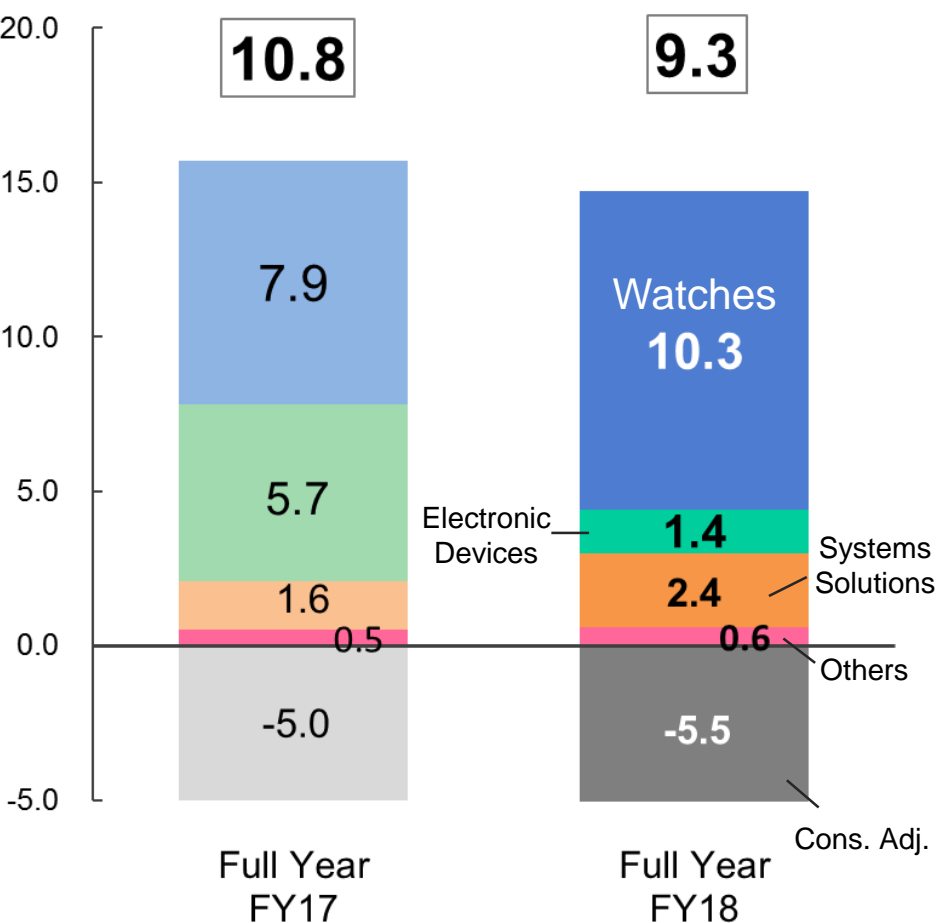


(Billions of yen)

	Net Sales (Composition ratio)		
	FY17 Full Year	FY18 Full Year	Variance
Watches	140.1 (52%)	141.7 (57%)	+1.6
Electronic Devices	81.8 (30%)	55.5 (22%)	-26.3
Systems Solutions	27.4 (10%)	30.8 (12%)	+3.3
Sub Total	249.4	228.1	-21.2
Others	27.8 (10%)	28.3 (11%)	+0.5
Cons. Adj.	-8.7 (-3%)	-9.2 (-4%)	-0.4
Cons. Total	268.5	247.2	-21.2

Operating Profit by Reported Segments (Apr. 2018 - Mar. 2019)

(Billions of yen)



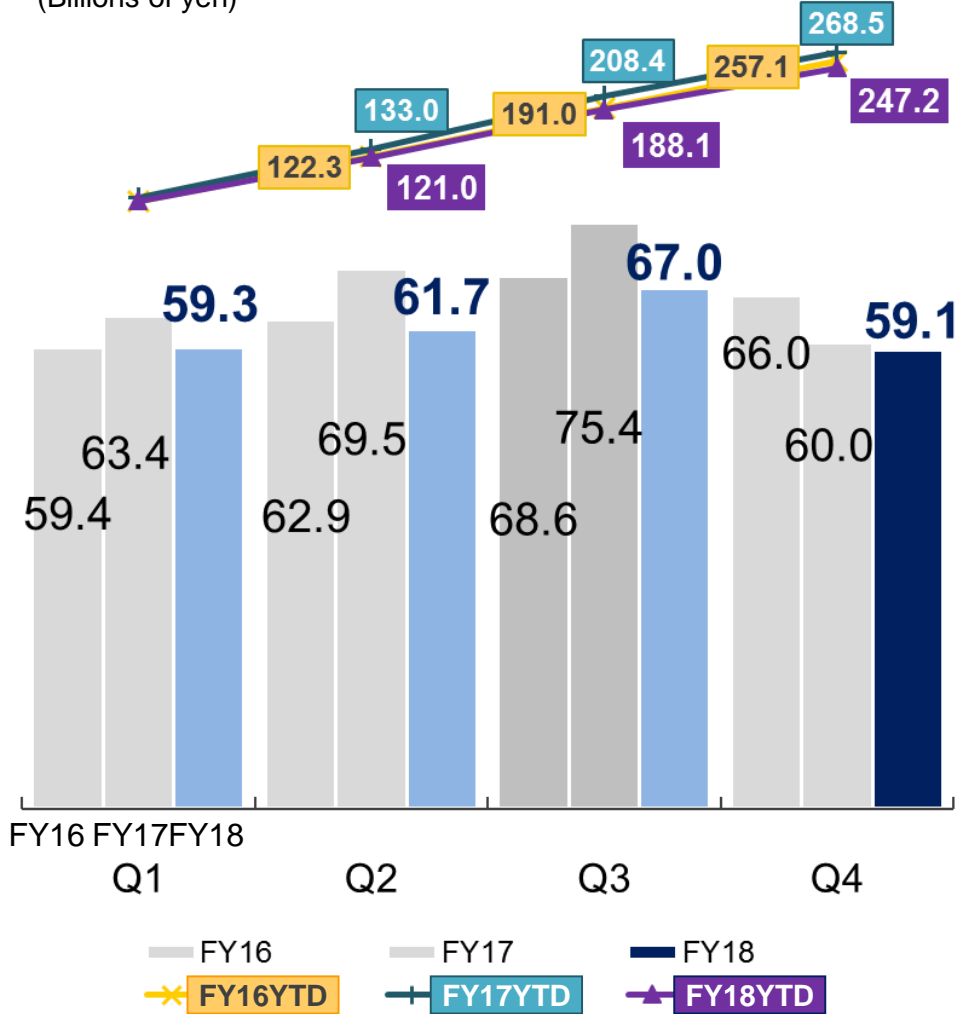
(Billions of yen)

	Operating Profit		
	FY17 Full Year	FY18 Full Year	Variance
Watches	7.9	10.3	+2.4
Electronic Devices	5.7	1.4	-4.3
Systems Solutions	1.6	2.4	+0.7
Sub Total	15.3	14.2	-1.0
Others	0.5	0.6	+0.1
Cons. Adj.	-5.0	-5.5	-0.4
Cons. Total	10.8	9.3	-1.4

Consolidated Quarterly Performance

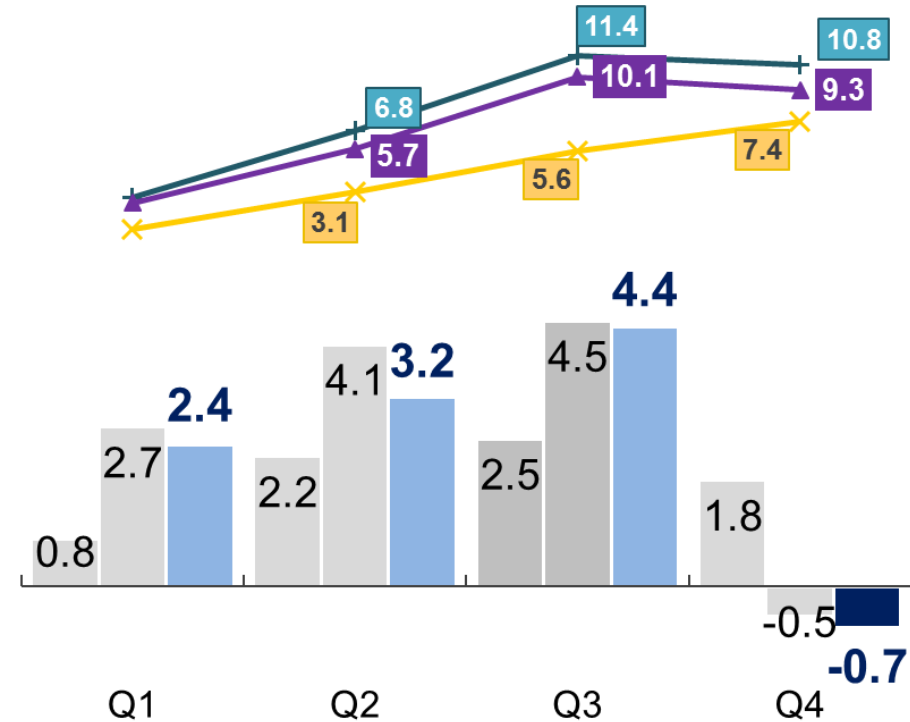
Net Sales

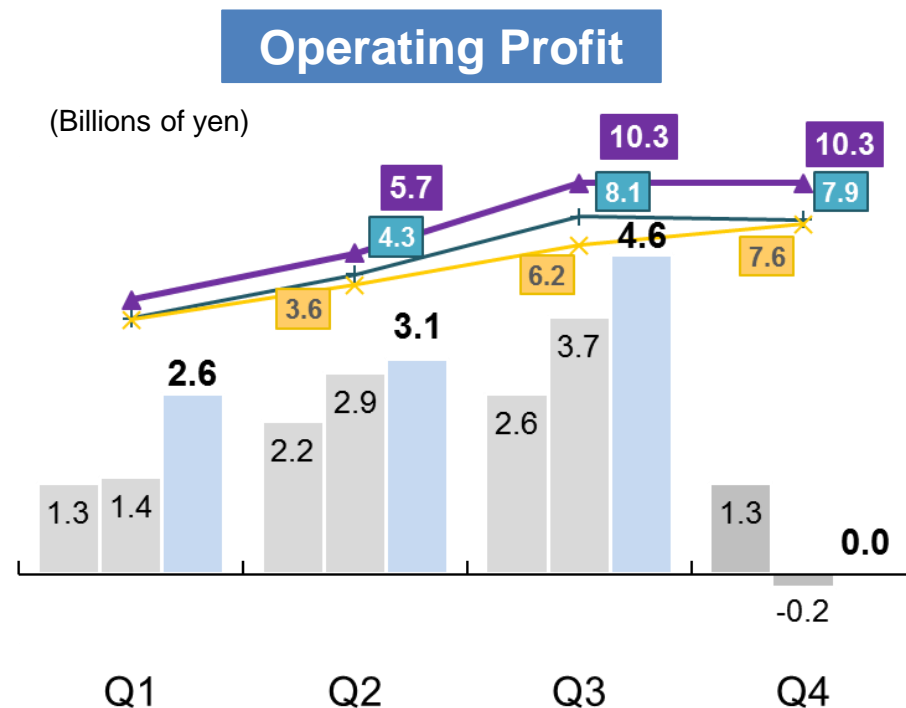
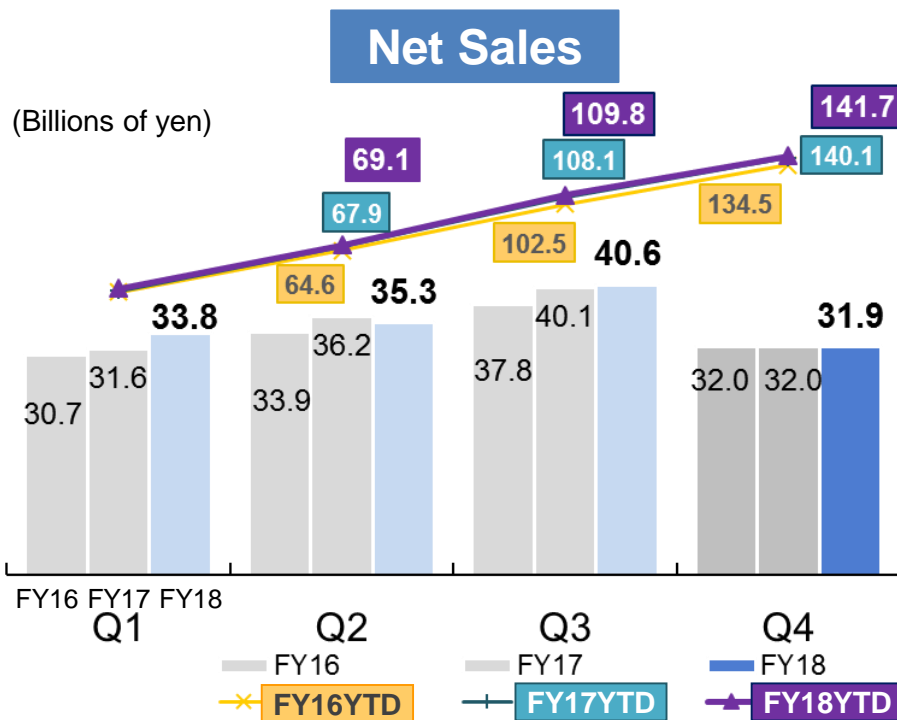
(Billions of yen)



Operating Profit

(Billions of yen)

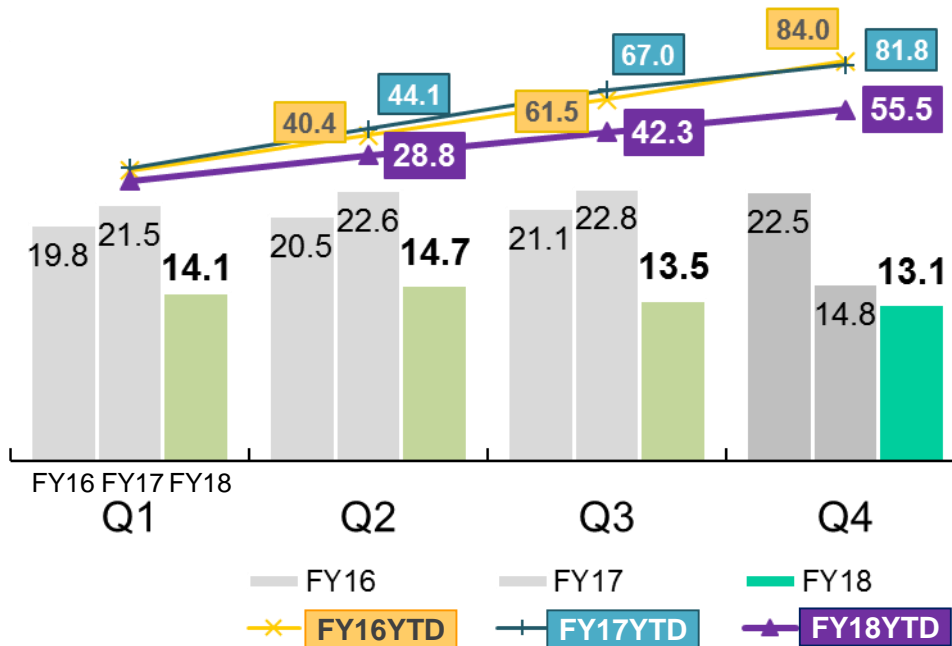




- **Watches (In Japan)** : Sales for Grand Seiko grew steadily. The Grand Seiko Boutique GINZA was opened (the first Grand Seiko Boutique in Japan.) Prospex also continued to perform favorably, mainly in diver's watches.
- **Watches (In Overseas)** : Grand Seiko grew significantly, and Prospex also performed favorably in the U.S. Sales of the Prospex expanded steadily in Europe and Asia.
- **Movements** : Sales declined year on year owing to stagnant sales of watches in the affordable price range in global markets.

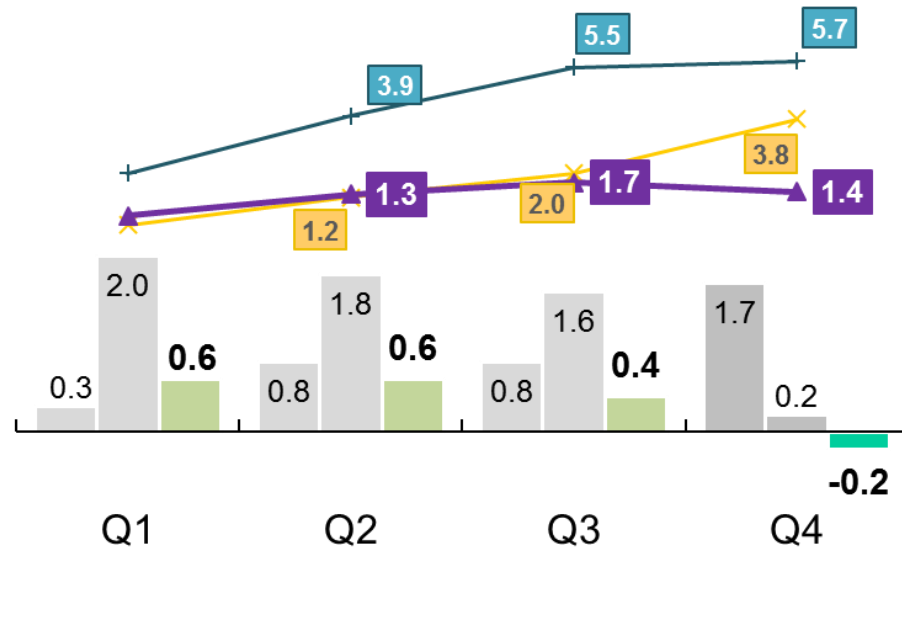
Net Sales

(Billions of yen)



Operating Profit

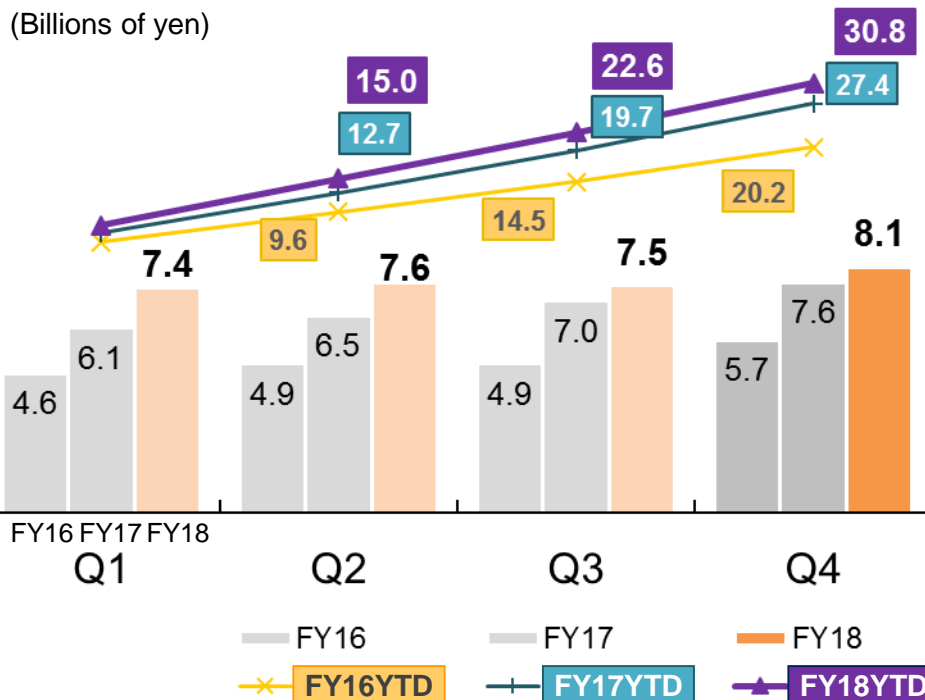
(Billions of yen)



- Net sales declined due to the exclusion of the semiconductor business from the scope of consolidation and other factors.
- Printer devices : Thermal mini printer mechanisms continued favorable performance.
- Mechatronics : Sales performed favorably for precision components and other products.

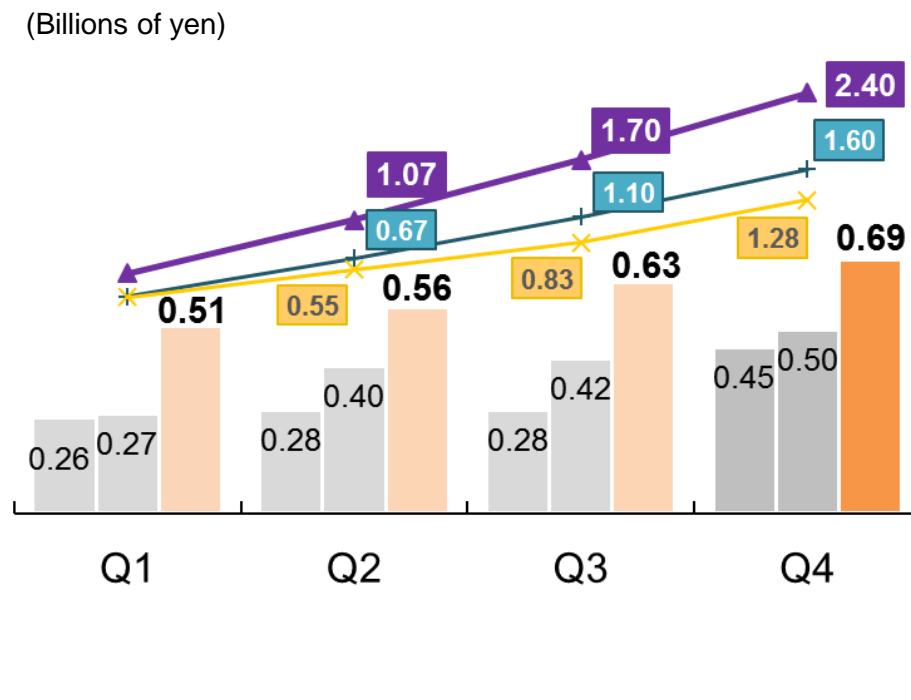
Net Sales

(Billions of yen)



Operating Profit

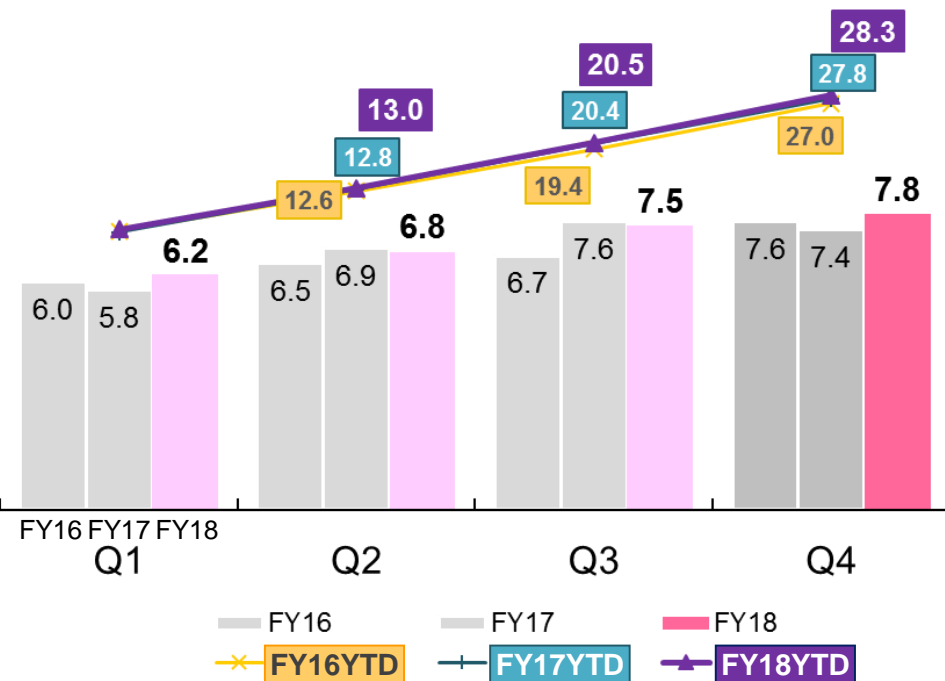
(Billions of yen)



- Sales marked significant growth.
- Results were favorable due to factors including growth in demand for development of new systems for the financial industry.

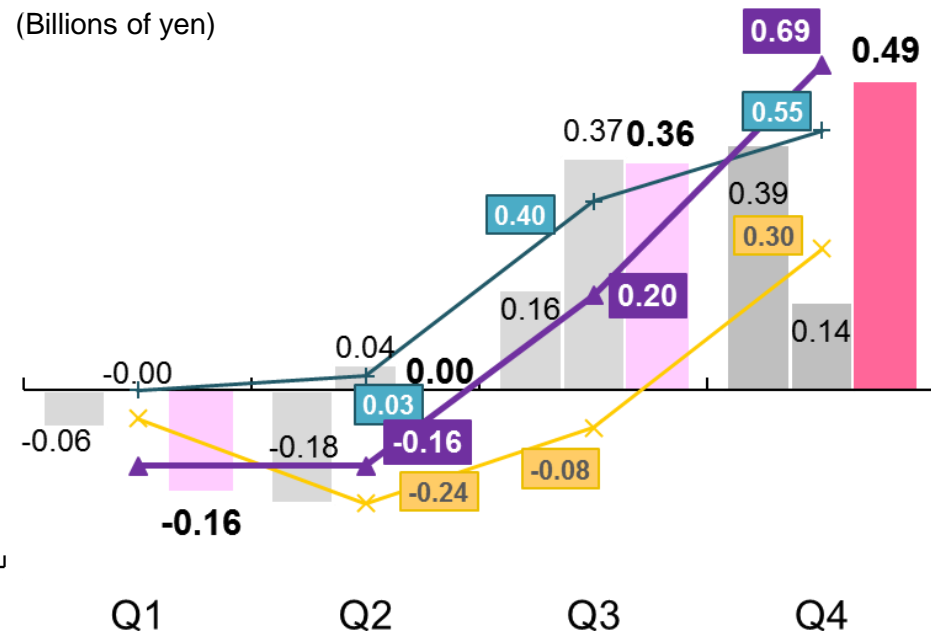
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



- Net sales grew year-on-year for the Wako Business and the Time Systems Business, while those for the Clock Business were down from the previous fiscal year.

Balance Sheets as of Mar. 31, 2019

(Billions of yen)

	Mar.31, 2017	Mar.31, 2018(a)	Mar.31, 2019(b)	Variance (b)-(a)
Inventories	66.1	57.0	58.3	+1.2
Interest Bearing Debt	136.5	113.3	106.0	-7.3

Net Assets	107.1	105.1	110.4	+5.2
Total Assets	328.8	305.2	303.0	-2.2

Equity Capital Ratio	29.8%	34.1%	36.0%	+2.0pt
Net Debt Equity Ratio	0.9	0.7	0.6	-0.1
Number of Employees	13,065	12,033	12,020	-13

* The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the first quarter of the fiscal year ending March 31, 2019. Accordingly, total assets and equity capital ratio as of March 31, 2018 are presented after reclassification.

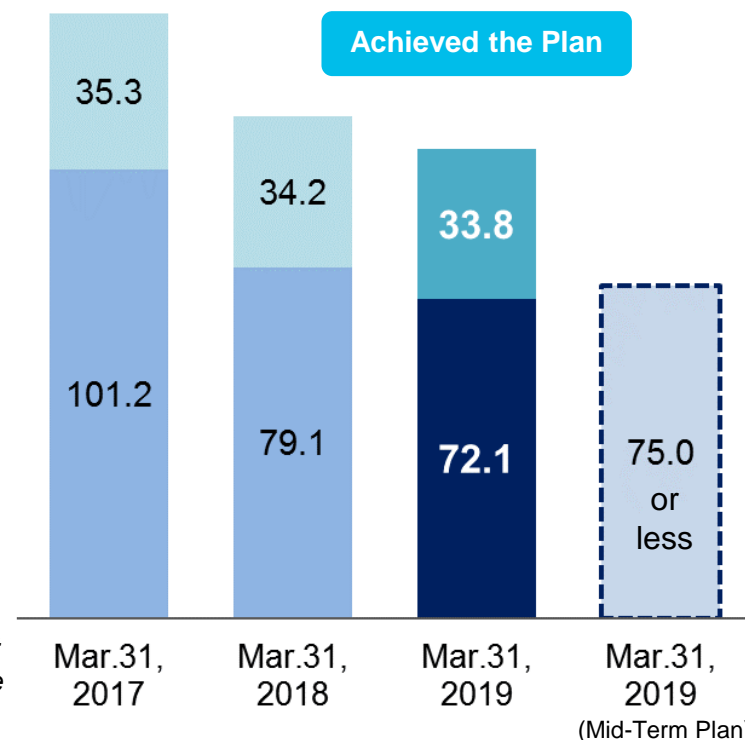
Interest Bearing Debt

(Billions of yen)

■ Cash & Deposits □ Interest Bearing Debt

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

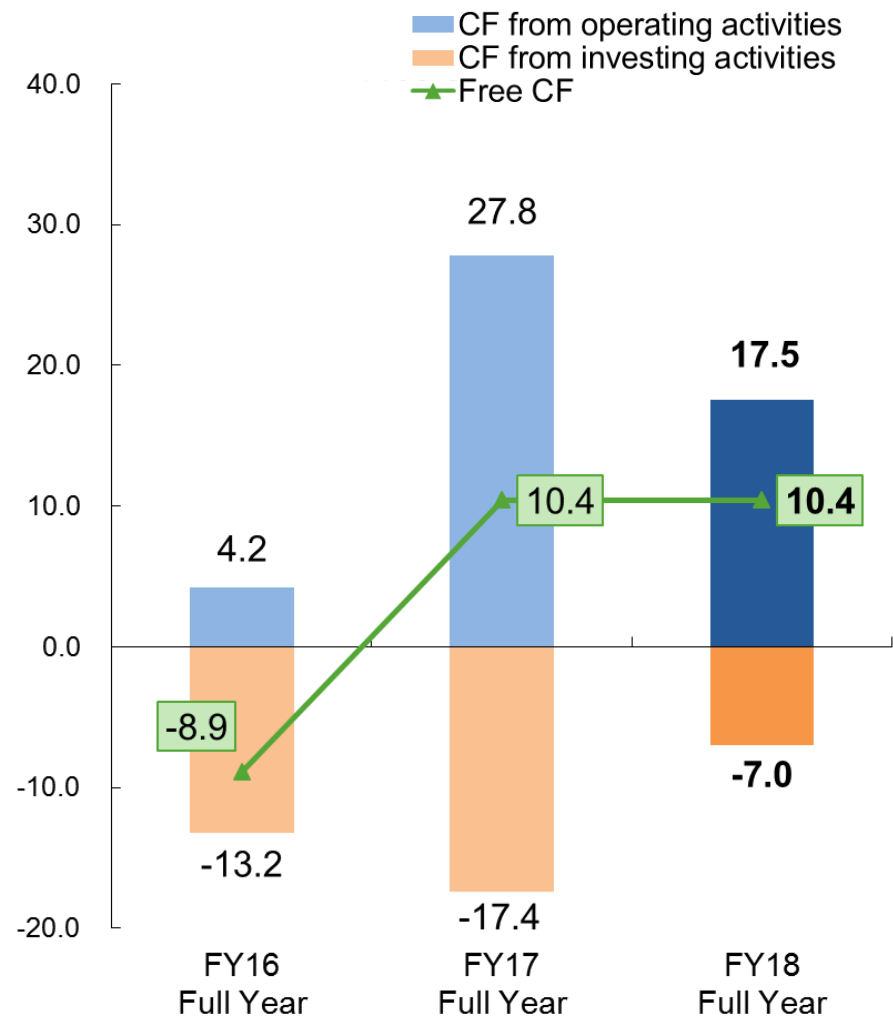
136.5 113.3 106.0



Statement of Cash Flows

(Billions of yen)

(Billions of yen)



	FY16 Full Year	FY17 Full Year	FY18 Full Year
Profit before income taxes	6.1	15.8	11.7
Depreciation	10.9	10.1	8.9
Others	-12.8	1.9	-3.2
Net cash provided by (used in) operating activities	4.2	27.8	17.5
Purchase of property, plant and equipment	-12.1	-6.9	-6.3
Others	-1.0	-10.4	-0.7
Net cash provided by (used in) investing activities	-13.2	-17.4	-7.0
Net increase (decrease) in loans payable	8.8	-7.9	-7.1
Others	-3.1	-3.7	-3.4
Net cash provided by (used in) financing activities	5.7	-11.7	-10.6
Effect of exchange rate change on cash and cash equivalents etc.	-0.3	-0.1	0.1
Cash and cash equivalents	35.3	33.9	33.8
Free cash flow	-8.9	10.4	10.4

2. Financial Forecast for FY2019

Summary of Financial Forecast for FY2019

(Billions of yen)

	FY18 Actual	FY19 Forecast	Variance VS. FY18
Net Sales	247.2	255.0	+7.7
Operating Profit	9.3	9.5	+0.1
%	3.8%	3.7%	-0.1pt
Ordinary Profit	11.4	11.5	+0.0
%	4.6%	4.5%	-0.1pt
Profit attributable to owners of parent	9.2	9.5	+0.2
%	3.7%	3.7%	-0.0pt

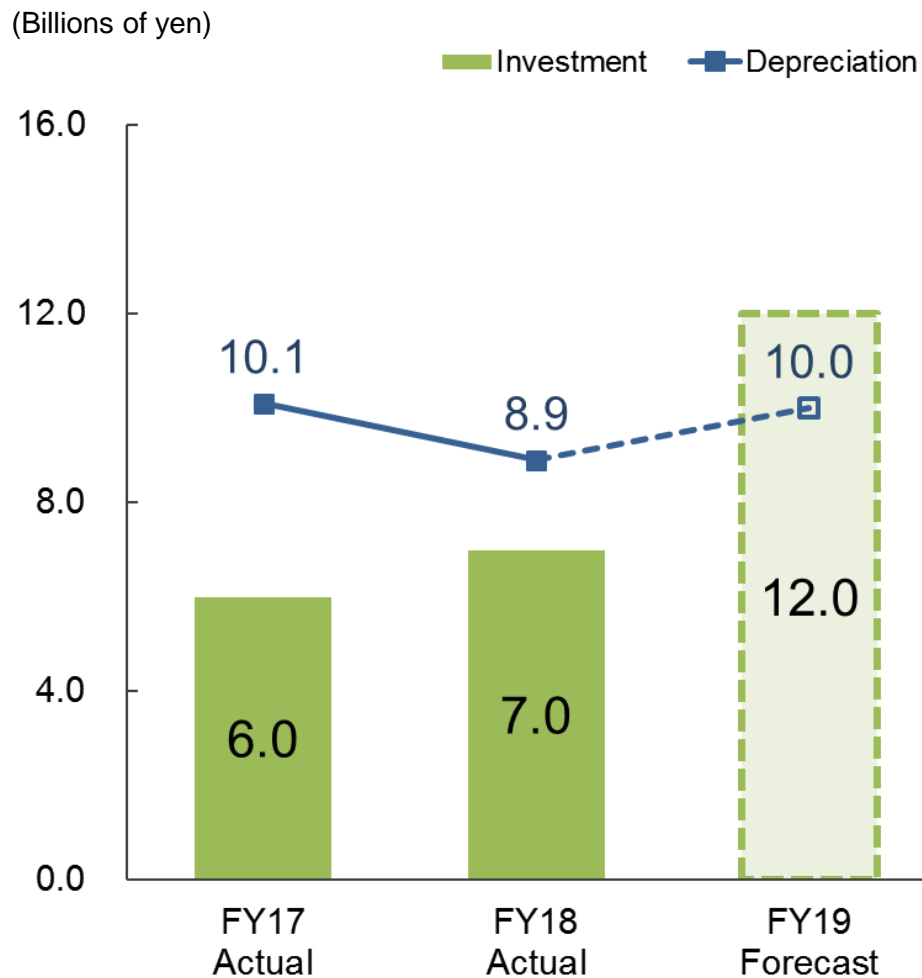
Financial Forecast for FY2019 by Reported Segments

(Billions of yen)

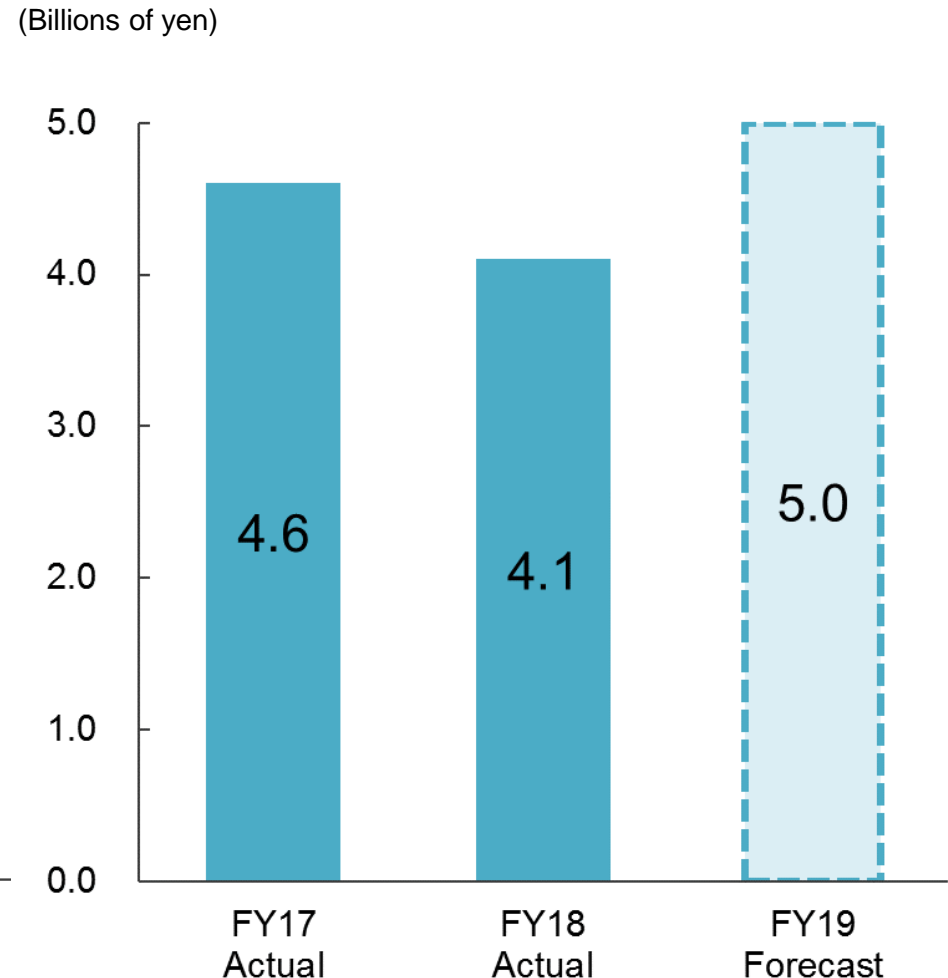
	Net Sales			Operating Profit		
	FY18 Actual	FY19 Forecast (May 14)	Variance VS. FY18	FY18 Actual	FY19 Forecast (May 14)	Variance VS. FY18
Watches	141.7	148.0	+6.2	10.3	11.5	+1.1
Electronic Devices	55.5	55.0	-0.5	1.4	2.5	+1.0
Systems Solutions	30.8	32.0	+1.1	2.4	2.5	+0.0
Sub Total	228.1	235.0	+6.8	14.2	16.5	+2.2
Others	28.3	29.0	+0.6	0.6	0.8	+0.1
Cons. Adj.	-9.2	-9.0	+0.2	-5.5	-7.8	-2.2
Cons. Total	247.2	255.0	+7.7	9.3	9.5	+0.1

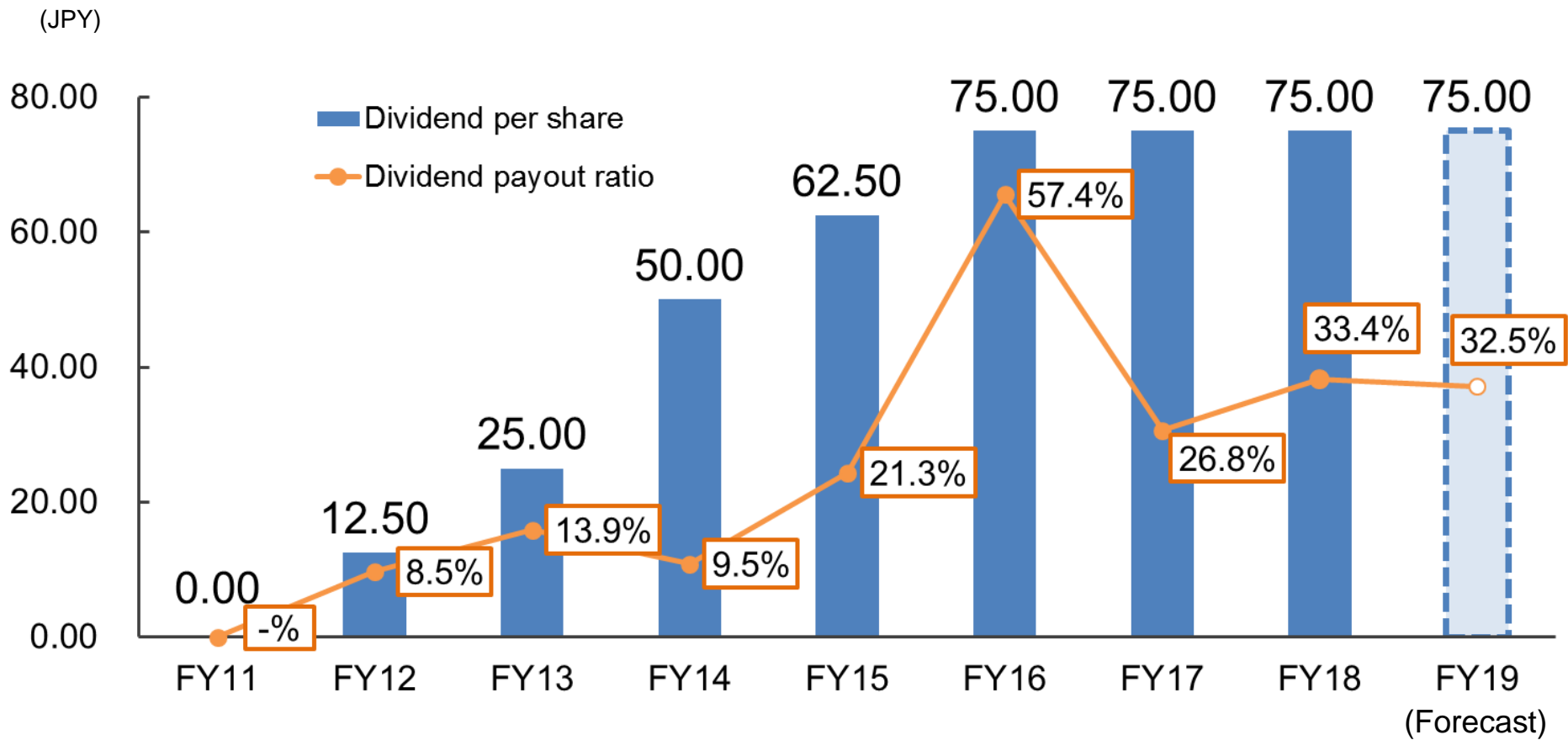
* The Company conducts a change in management method of the common expenses among the operating companies from FY19.

Investment / Depreciation



R&D Expense





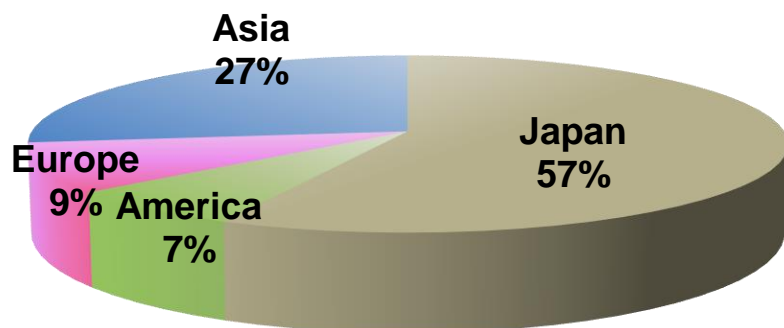
*The Company conducted a share consolidation of every five shares of its common stock into one share as of October 1, 2017. The annual dividends above reflect the share consolidation.

Sensitivity Exchange Rate of FY2019 (Full Year) **FY2018**

Sensitivity Exc. Rate	USD	EUR
Forecast Exc. Rate	JPY 110.0	JPY 125.0
For Sales (Millions of yen)	900	150
For Income (Millions of yen)	150	50

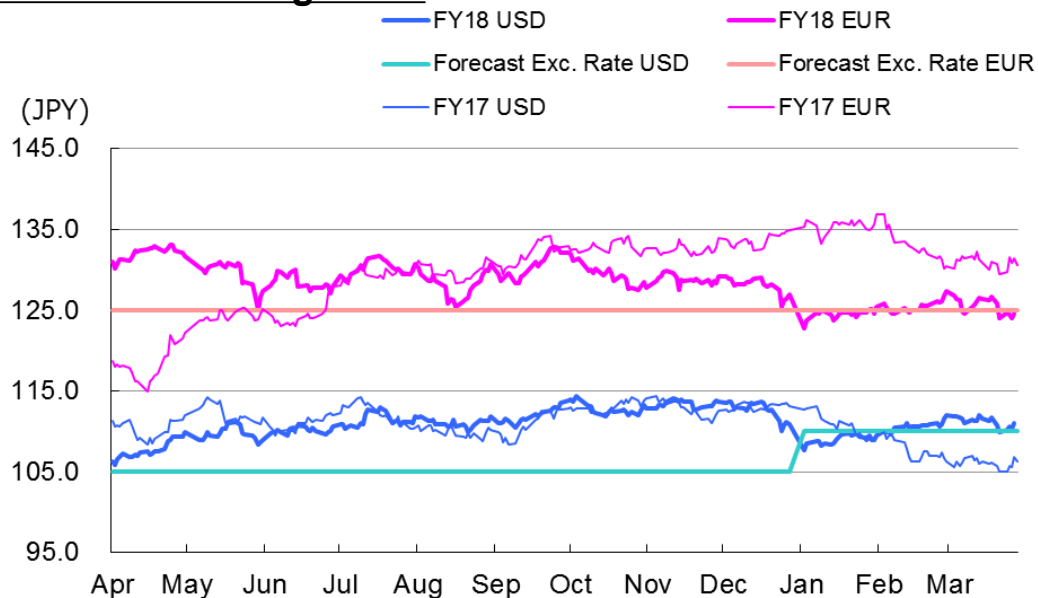
		(JPY)	Q1	Q2	Q3	Q4	Average Full Year
Average	USD		109.1	111.4	112.9	110.2	110.9
	EUR		130.0	129.5	128.8	125.2	128.4
Closing Date	USD		110.5	113.6	110.9	111.0	-
	EUR		127.9	132.2	126.9	124.6	-

Sales by Area



* FY2018 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

FY2018 Statements of Income 4th Quarter (Jan. - Mar. 2019)

(Billions of yen)

	FY17 Q4	FY18 Q4	Variance	
			Amt.	%
Net Sales	60.0	59.1	-0.9	-1.5%
Gross Profit	22.7	21.6	-1.0	-4.8%
%	37.9%	36.6%	-1.3pt	
Operating Profit	-0.5	-0.7	-0.1	-
%	-1.0%	-1.3%	-0.3pt	
Ordinary Profit	-1.0	-1.1	-0.1	-
%	-1.7%	-1.9%	-0.2pt	
Income before income taxes	5.3	-0.8	-6.1	-116.2%
Profit attributable to owners of parent	7.0	-0.4	-7.5	-106.2%
%	11.8%	-0.7%	-12.5pt	

Net Sales :	y/y	-0.9
Exchange rate fluctuations		-0.2

Operating Profit :	y/y	-0.1
Impact of a decline in sales		-0.3
Impact of deteriorated GP%		-0.7
Decline in SG&A expenses		+0.9

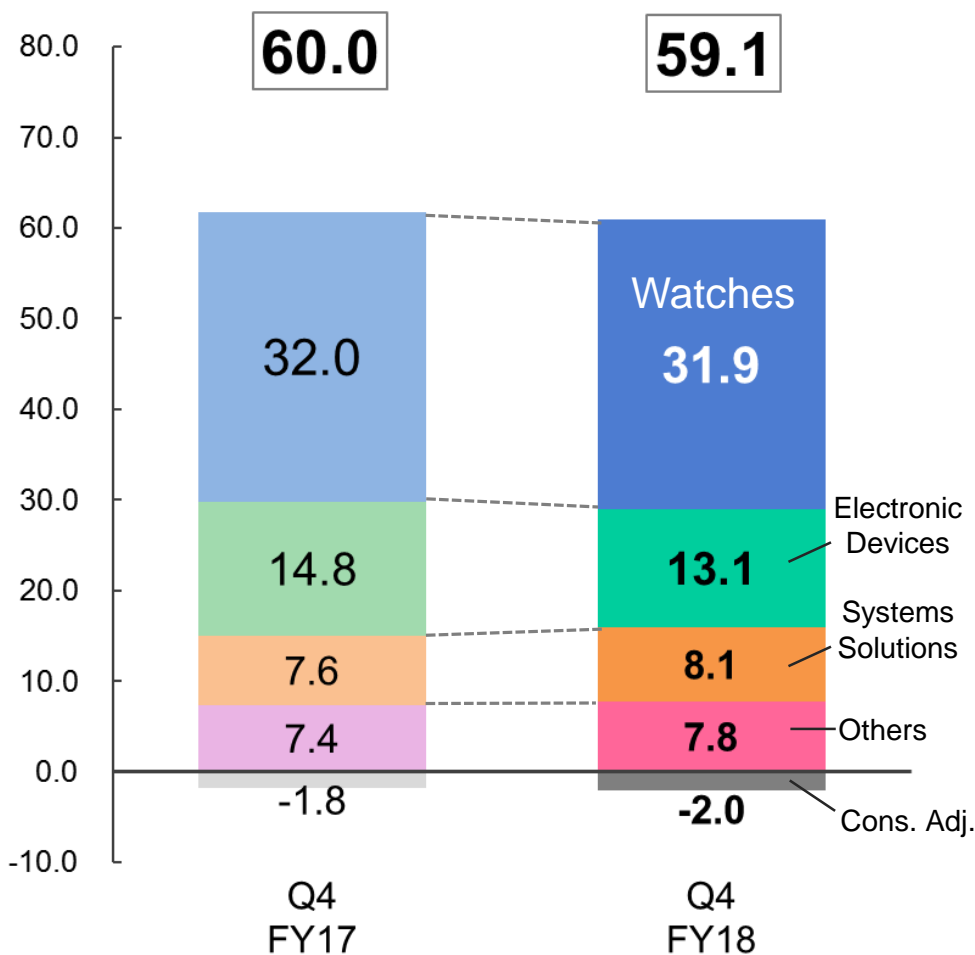
Ordinary Profit :	y/y	-0.1
Decrease in Operating profit		-0.1
Decrease in Equity method income		-0.2
Others		+0.2

Extraordinary Income/Losses:	0.2
Extraordinary Income	<u>0.2</u>
Gain on sales of non-current assets	0.2

Exchange Rates (JPY)		FY17	FY18	Variance	
		Q4	Q4	Amt.	%
USD		108.2	110.2	+2.0	+1.8%
EUR		133.2	125.2	-8.0	-6.0%

Sales by Reported Segments (Jan. - Mar. 2019)

(Billions of yen)



(Billions of yen)

	Net Sales (Composition ratio)		
	FY17 Q4	FY18 Q4	Variance
Watches	32.0 (53%)	31.9 (54%)	-0.0
Electronic Devices	14.8 (25%)	13.1 (22%)	-1.6
Systems Solutions	7.6 (13%)	8.1 (14%)	+0.5
Sub Total	54.4	53.2	-1.1
Others	7.4 (12%)	7.8 (13%)	+0.4
Cons. Adj.	-1.8 (-3%)	-2.0 (-3%)	-0.1
Cons. Total	60.0	59.1	-0.9

Operating Profit by Reported Segments (Jan. - Mar. 2019)

(Billions of yen)

(Billions of yen)



	Operating Profit		
	FY17 Q4	FY18 Q4	Variance
Watches	-0.2	0.0	+0.2
Electronic Devices	0.2	-0.2	-0.5
Systems Solutions	0.5	0.6	+0.1
Sub Total	0.5	0.4	-0.0
Others	0.1	0.4	+0.3
Cons. Adj.	-1.2	-1.6	-0.4
Cons. Total	-0.5	-0.7	-0.1

End
