

FY2019 Q1
Consolidated Results
(for the 3 months ended June 30, 2019)

August 13, 2019

◆ Actual Results for Q1/FY2019

- The Watches Business and the Systems Solutions Business performed steadily and operating profit increased mainly due to ongoing cost reductions and improvement in product composition.
 - The severe external environment did not change significantly from the previous quarter for the Electronic Devices Business.
 - Promoted investment in a long-term perspective certainly, including advertising & sales promotion expenses, etc.
- * Seiko Watch Corporation integrated the product development, design and procurement operations of the complete watch business of Seiko Instruments Inc. on April 1, 2019, aiming at faster decision making and further expansion of the watch business.

◆ Forecast for FY2019

- The environment surrounding the business continues to require attention due to factors such as the protectionist trade policies of the U.S., the economic slowdown in China and Europe, and the increase in Japan's consumption tax.

1. Consolidated Results

FY2019 Q1 Statements of Income (Apr. 2019 - Jun. 2019)

(Billions of yen)

		FY18 Q1	FY19 Q1	Variance	
				Amt.	%
Net Sales		59.3	58.5	-0.8	-1.4%
Gross Profit		22.9	23.8	+0.8	+3.8%
	%	38.7%	40.7%	+2.0pt	
Operating Profit		2.4	2.8	+0.4	+16.5%
	%	4.1%	4.8%	+0.7pt	
Ordinary Profit		3.4	3.3	-0.1	-4.3%
	%	5.8%	5.7%	-0.2pt	
Income before income taxes		3.5	3.2	-0.3	-8.9%
Profit attributable to owners of parent		3.0	2.1	-0.9	-29.8%
	%	5.2%	3.7%	-1.5pt	
Exchange Rates (JPY)	USD	109.1	109.9	+0.8	+0.7%
	EUR	130.0	123.5	-6.5	-5.0%

Net Sales :	y/y	-0.8
Exchange rate fluctuations		-0.1

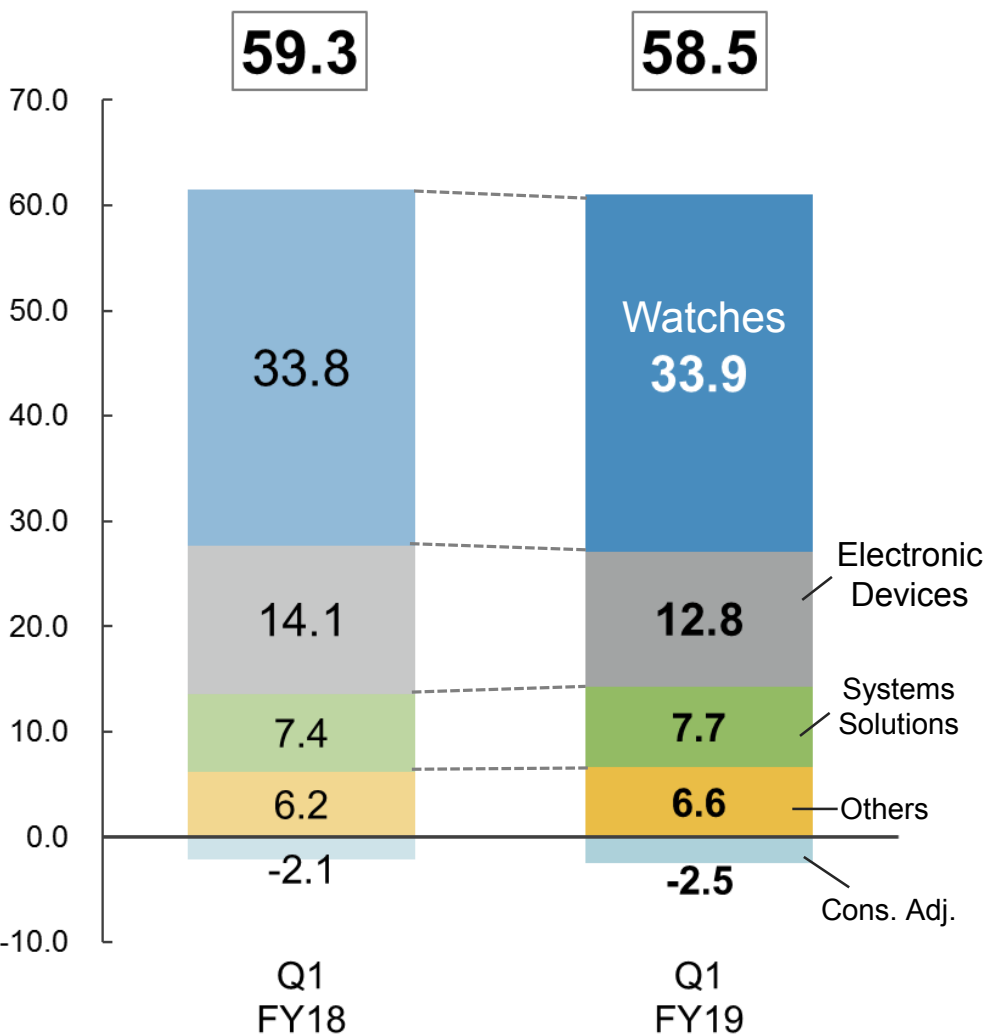
Operating Profit :	y/y	+0.4
Impact of decrease in Net sales		-0.3
Impact of improved GP%		+1.1
Increase in SG&A expenses		-0.4

Ordinary Profit :	y/y	-0.1
Increase in Operating profit		+0.4
Decrease in Equity-method income		-0.1
Increase in Foreign exchange losses		-0.1
Others		-0.2

Extraordinary Income/Losses:	-0.0
Extraordinary Losses	0.0
Retirement benefit expenses	0.0

Sales by Reported Segments (Apr. 2019 - Jun. 2019)

(Billions of yen)

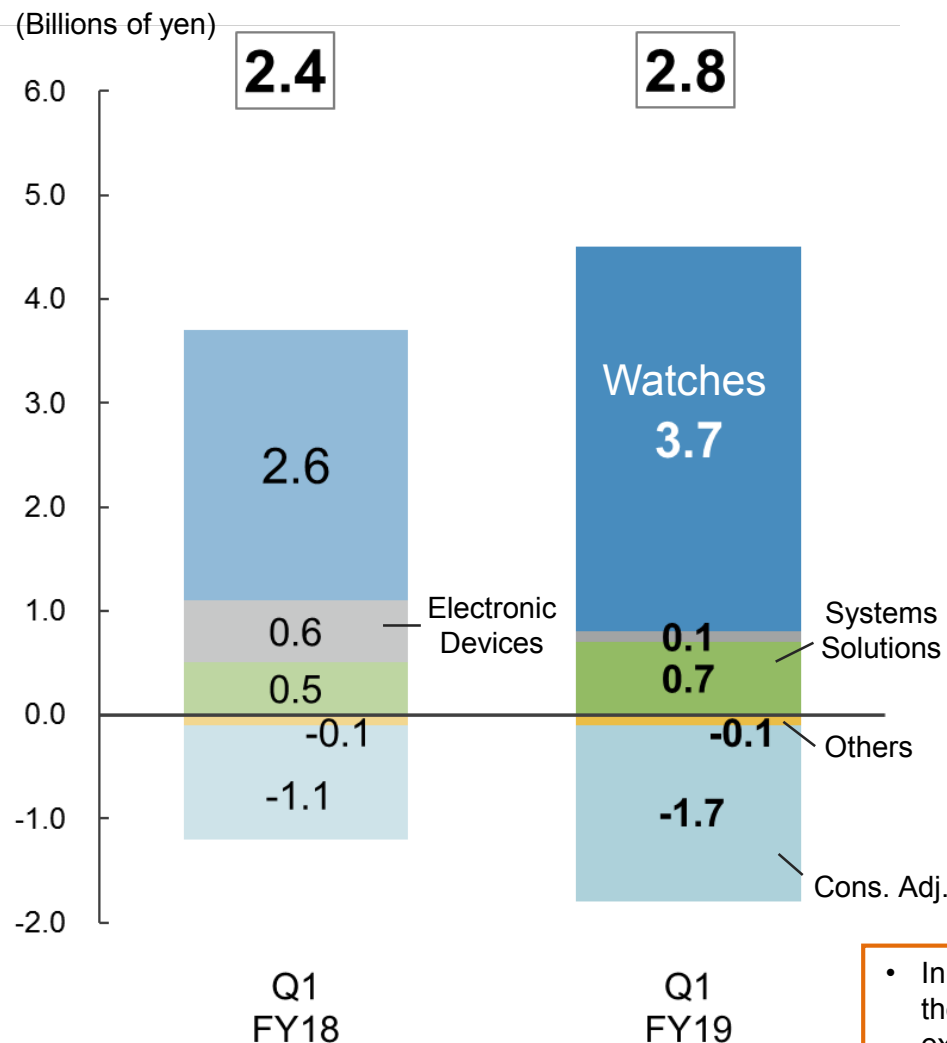


(Billions of yen)

	Net Sales (Composition ratio)		
	FY18 Q1	FY19 Q1	Variance
Watches	33.8 (57%)	33.9 (58%)	+0.1
Electronic Devices	14.1 (24%)	12.8 (22%)	-1.2
Systems Solutions	7.4 (13%)	7.7 (13%)	+0.3
Sub Total	55.3	54.4	-0.8
Others	6.2 (10%)	6.6 (11%)	+0.4
Cons. Adj.	-2.1 (-4%)	-2.5 (-4%)	-0.3
Cons. Total	59.3	58.5	-0.8

Operating Profit by Reported Segments (Apr. 2019 - Jun. 2019)

(Billions of yen)



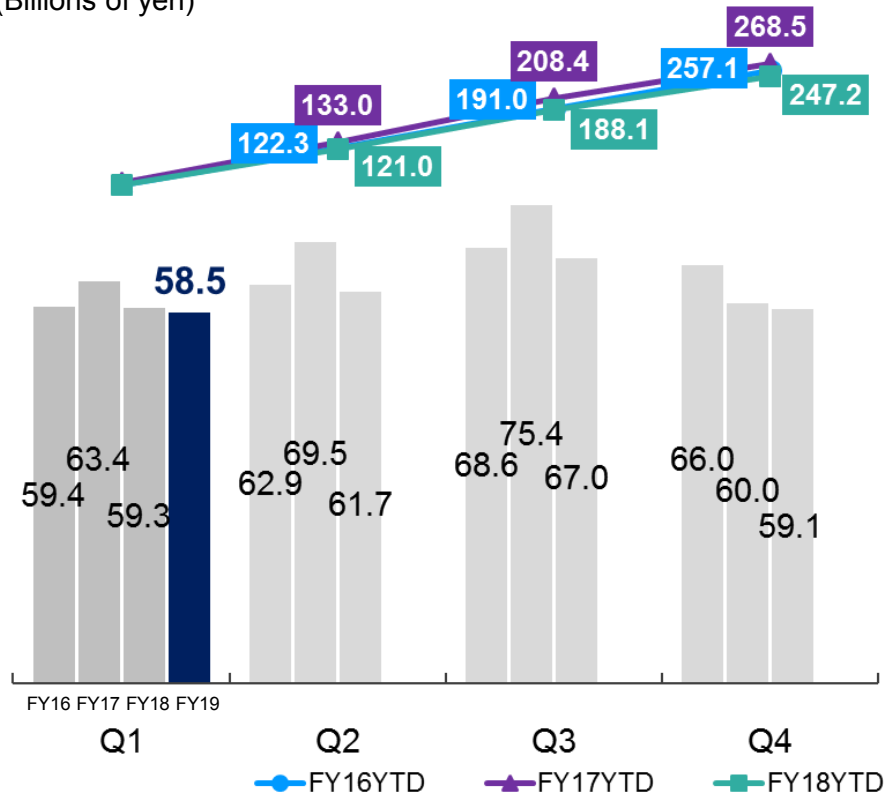
	Operating Profit		
	FY18 Q1	FY19 Q1	Variance
Watches	2.6	3.7	+1.1
Electronic Devices	0.6	0.1	-0.4
Systems Solutions	0.5	0.7	+0.2
Sub Total	3.7	4.7	+0.9
Others	-0.1	-0.1	+0.0
Cons. Adj.	-1.1	-1.7	-0.5
Cons. Total	2.4	2.8	+0.4

- In order to appropriately evaluate the results of each reported segment, the Company conducted a change in management method of the common expenses among the operating companies from FY2019.

<Effect of the change to operating profit of each segment>
 Watches: +0.2 billion yen, Electronic Devices: +0.2 billion yen,
 Cons. Adj.: -0.4 billion yen

Net Sales

(Billions of yen)

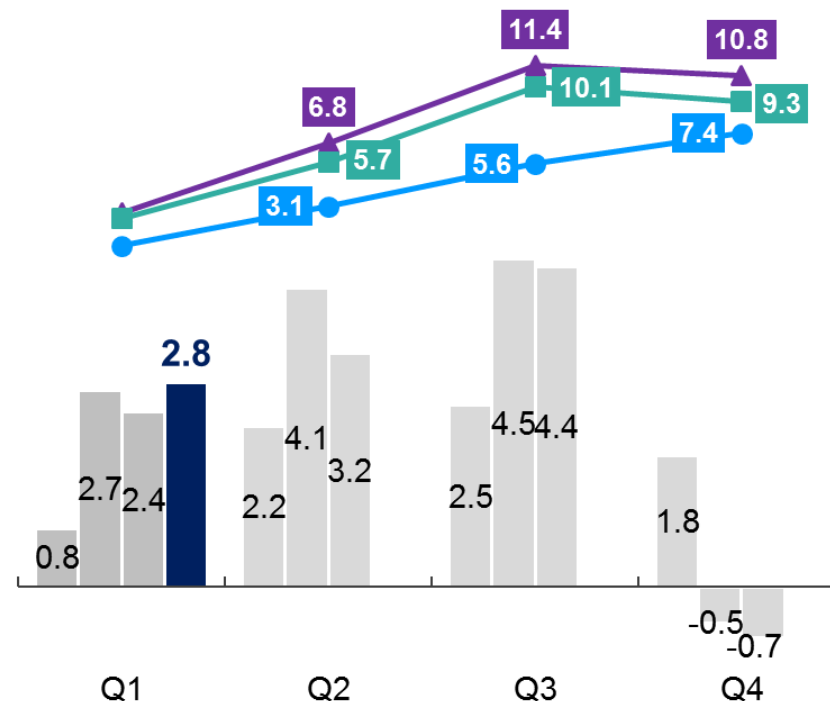


<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total
FY19	-1.4%				
FY18	-6.5%	-11.3%	-11.1%	-1.5%	-7.9%
FY17	+6.8%	+10.5%	+9.9%	-9.1%	+4.4%

Operating Profit

(Billions of yen)

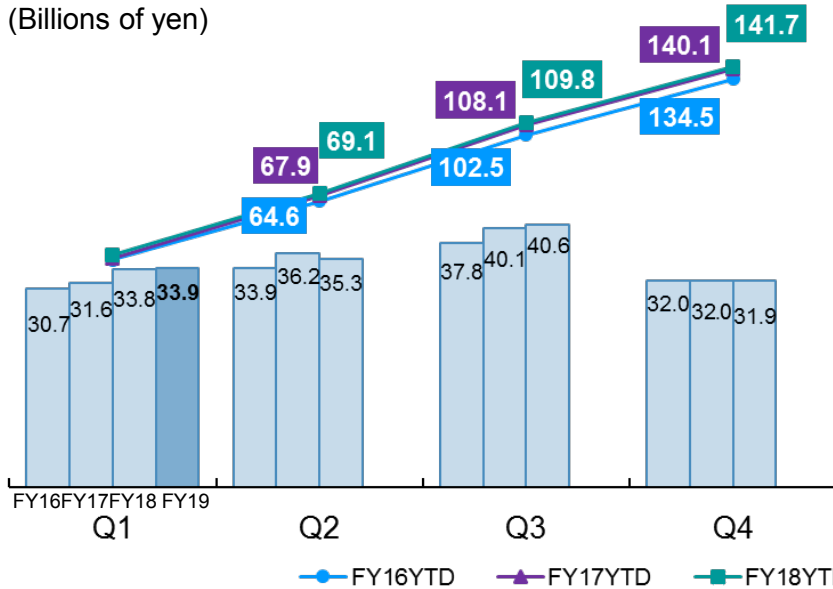


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	Q1	Q2	Q3	Q4	Total
FY19	4.8%				
FY18	4.1%	5.3%	6.6%	-1.3%	3.8%
FY17	4.3%	6.0%	6.0%	-1.0%	4.0%
FY16	1.5%	3.6%	3.7%	2.8%	2.9%

Net Sales

(Billions of yen)

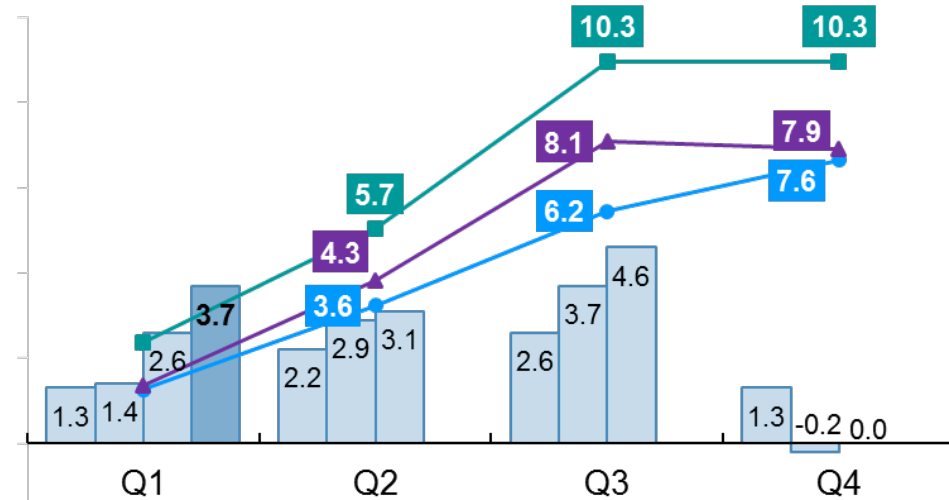


<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total
FY19	+0.3%				
FY18	+6.7%	-2.4%	+1.1%	-0.1%	+1.2%
FY17	+3.1%	+6.8%	+6.2%	-0.1%	+4.1%

Operating Profit

(Billions of yen)



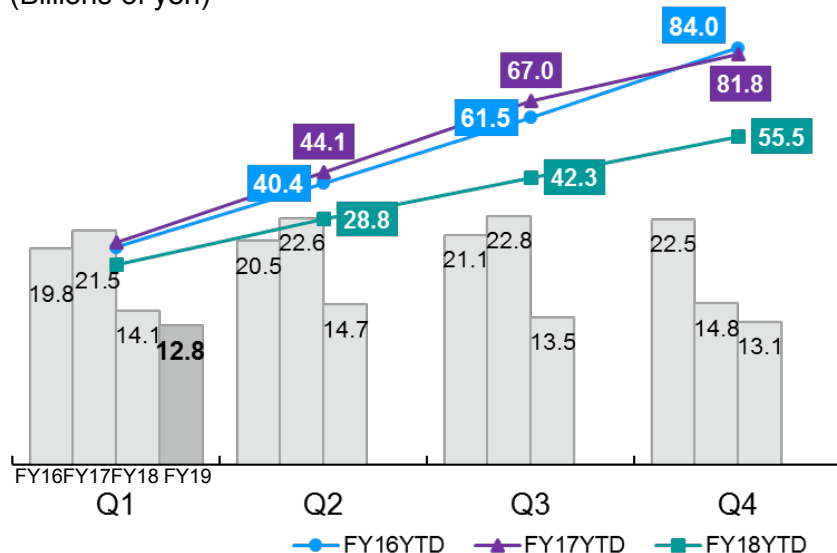
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	Q1	Q2	Q3	Q4	Total
FY19	11.1%				
FY18	7.7%	8.8%	11.3%	0.1%	7.3%
FY17	4.5%	8.1%	9.3%	-0.7%	5.6%
FY16	4.5%	6.6%	7.0%	4.2%	5.7%

- Watches (In Japan) : Driven by Grand Seiko, which saw favorable sales growth mainly for high-priced Spring Drive watches (20th anniversary) and quartz products (50th anniversary).
- Watches (In Overseas) : Net sales increased year on year due to sales expansion for Grand Seiko in global markets and sales growth for Prospex mainly in Asia and Europe.
- Movements : Overall net sales declined year on year due to continuing stagnant demand for analogue quartz movements despite stable demand for mechanical movements.

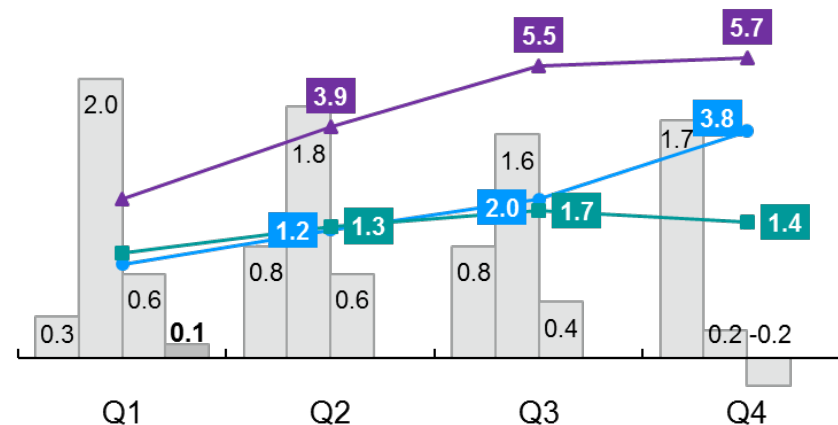
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total
FY19	-9.2%				
FY18	-34.6%	-35.0%	-40.6%	-11.2%	-32.1%
FY17	+8.8%	+9.9%	+8.3%	-34.3%	-2.6%

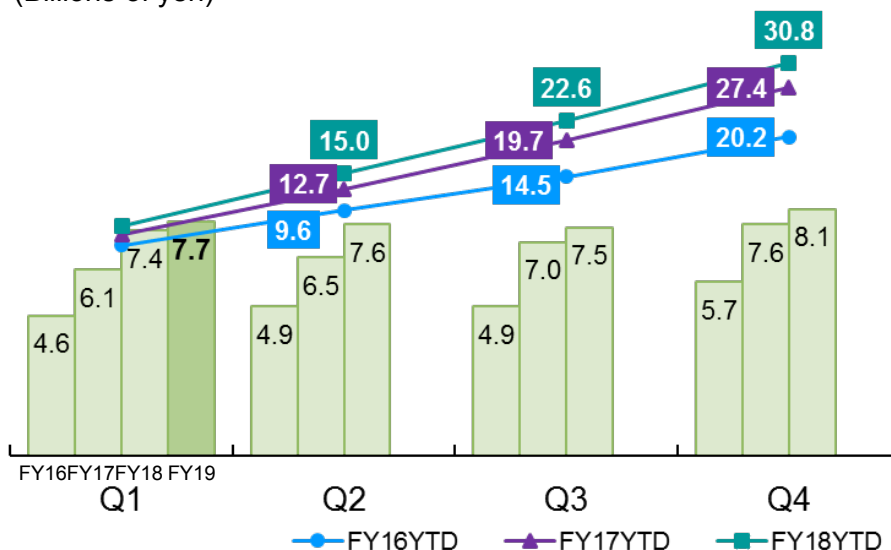
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	Q1	Q2	Q3	Q4	Total
FY19	1.5%				
FY18	4.5%	4.6%	3.0%	-2.2%	2.5%
FY17	9.5%	8.2%	7.2%	1.7%	7.1%
FY16	2.0%	4.0%	3.9%	7.9%	4.5%

- The external environment, including the slowdown in the Chinese economy and stagnant investment in semiconductor manufacturing equipment, did not change significantly from the previous quarter, and sales of precision components and high-performance metals for semiconductor manufacturing equipment were sluggish.

Net Sales

(Billions of yen)

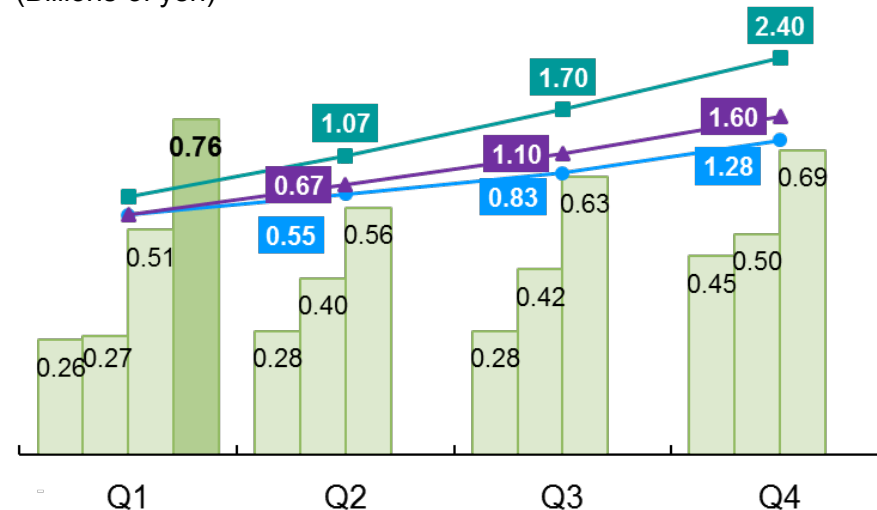


<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total
FY19	+4.3%				
FY18	+19.9%	+17.1%	+7.6%	+6.8%	+12.4%
FY17	+32.0%	+33.0%	+42.5%	+33.1%	+35.1%

Operating Profit

(Billions of yen)



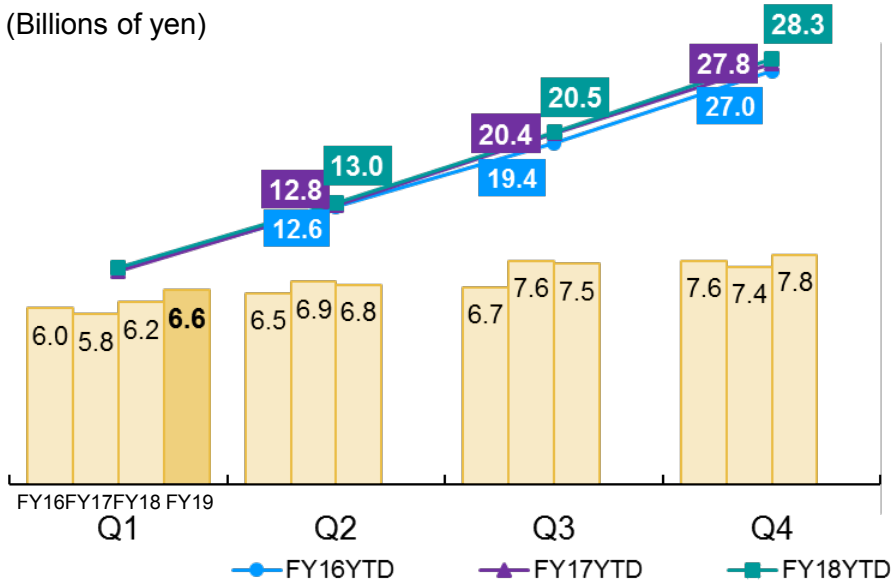
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	Q1	Q2	Q3	Q4	Total
FY19	9.8%				
FY18	6.9%	7.4%	8.3%	8.5%	7.8%
FY17	4.4%	6.2%	6.0%	6.6%	5.9%
FY16	5.6%	5.9%	5.7%	7.9%	6.3%

- Business for the financial industry and the mobile communication equipment-related business for IoT continued to perform favorably.

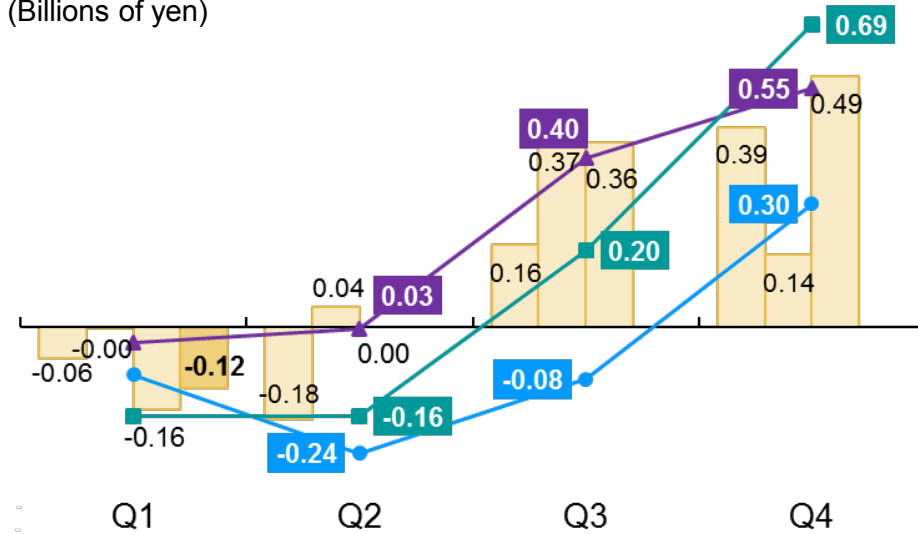
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total
FY19	+6.6%				
FY18	+5.4%	-2.1%	-1.4%	+5.9%	+1.8%
FY17	-3.4%	+5.9%	+12.2%	-2.6%	+3.0%

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	Q1	Q2	Q3	Q4	Total
FY19	-1.9%				
FY18	-2.7%	0.1%	4.9%	6.3%	2.5%
FY17	-0.1%	0.6%	4.9%	1.9%	2.0%
FY16	-1.1%	-2.8%	2.4%	5.2%	1.1%

- Although sales grew year-on-year for the Wako Business and others, expenses also increased, and operating losses improved only slightly year on year.

Balance Sheets as of June 30, 2019

(Billions of yen)

	Jun.30, 2017	Jun.30, 2018	Mar.31, 2019(a)	Jun.30, 2019(b)	Variance (b)-(a)
Inventories	70.4	60.5	58.3	60.8	+2.5
Interest Bearing Debt	138.5	110.1	106.0	110.4	+4.4

Net Assets	109.6	108.6	110.4	109.8	-0.6
Total Assets	334.3	304.9	303.0	303.4	+0.3

Equity Capital Ratio	29.9%	35.2%	36.0%	35.8%	-0.3pt
Net Debt Equity Ratio	0.9	0.7	0.6	0.7	+0.1
Number of Employees	13,195	12,090	12,020	12,124	+104

*The Company has applied IFRS 16 "Leases" at consolidated subsidiaries overseas, excluding those in the U.S., from Q1, FY2019.

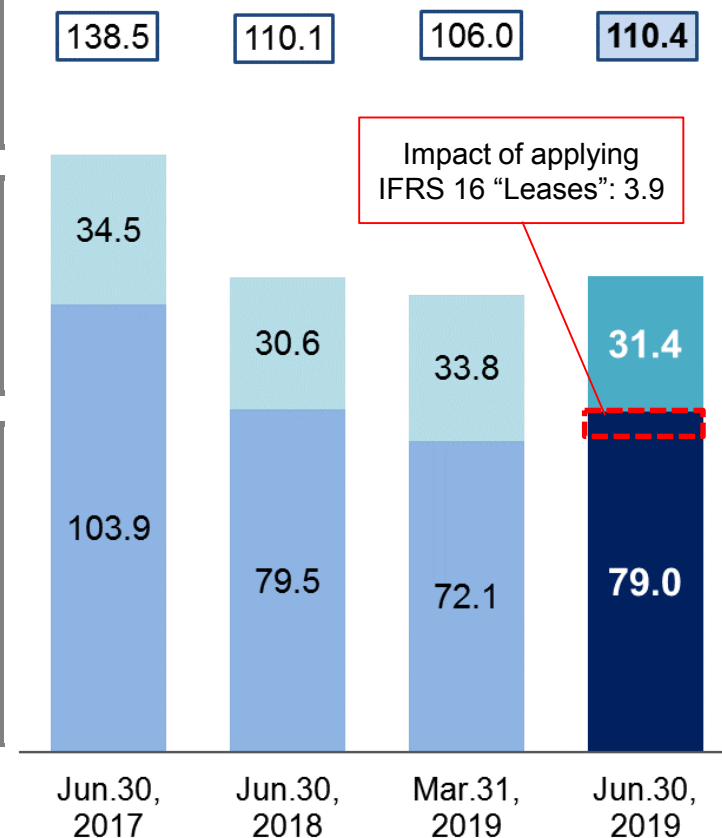
*The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. from Q1, FY2018. Accordingly, total assets and equity capital ratio as of June 30, 2017 are presented after reclassification.

Interest Bearing Debt

(Billions of yen)

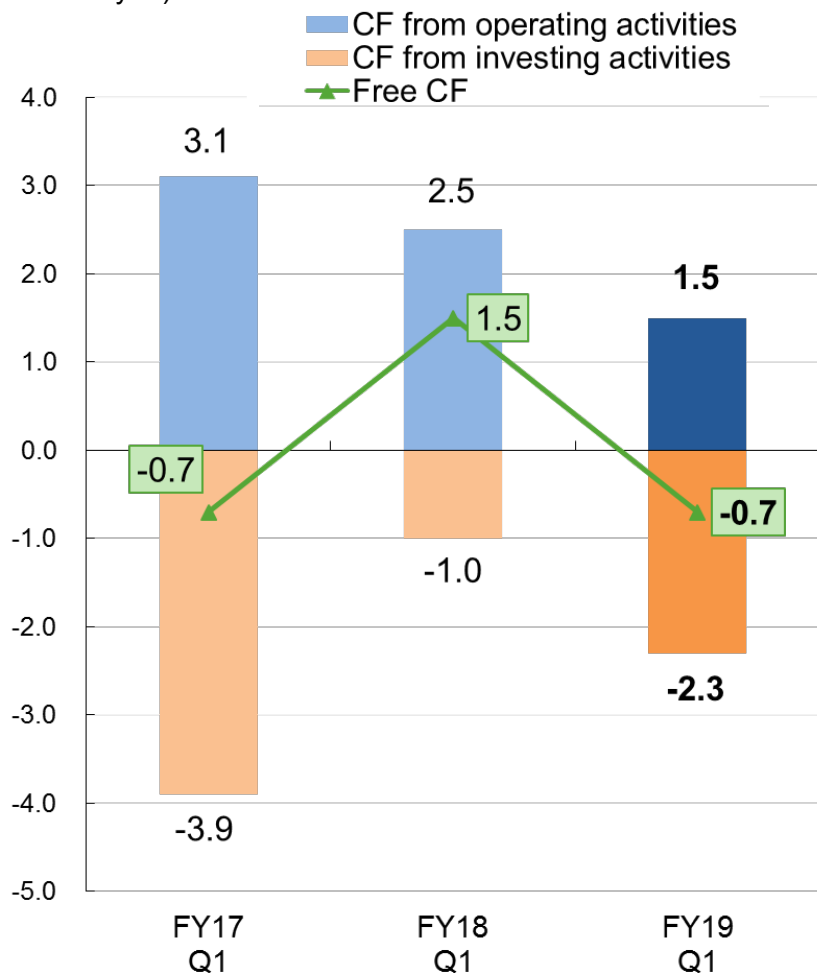
■ Cash & Deposits □ Interest Bearing Debt

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



Statement of Cash Flows

(Billions of yen)



(Billions of yen)

	FY17 Q1	FY18 Q1	FY19 Q1
Profit before income taxes	2.7	3.5	3.2
Depreciation	2.5	2.0	2.5
Others	-2.1	-3.0	-4.2
Net cash provided by (used in) operating activities	3.1	2.5	1.5
Purchase of property, plant and equipment	-1.9	-1.3	-1.6
Others	-2.0	0.3	-0.6
Net cash provided by (used in) investing activities	-3.9	-1.0	-2.3
Net increase (decrease) in loans payable	1.5	-3.3	0.7
Others	-1.7	-1.6	-1.9
Net cash provided by (used in) financing activities	-0.1	-4.9	-1.1
Effect of exchange rate change on cash and cash equivalents etc.	0.0	0.1	-0.3
Cash and cash equivalents	34.4	30.6	31.4
Free cash flow	-0.7	1.5	-0.7

2. Financial Forecast for FY2019

Summary of Financial Forecast for FY2019

(Billions of yen)

	Full Year			Q2-Q4 (9 months)		
	FY18 Actual	FY19 Forecast (8/9)	Variance vs. FY18	FY18 Actual	FY19 Forecast (8/9)	Variance vs. FY18
Net sales	247.2	255.0	+7.7	187.9	196.4	+8.5
Operating profit	9.3	9.5	+0.1	6.9	6.6	-0.2
%	3.8%	3.7%	-0.1pt	3.7%	3.4%	-0.3pt
Ordinary profit	11.4	11.5	+0.0	7.9	8.1	+0.2
%	4.6%	4.5%	-0.1pt	4.2%	4.2%	-0.1pt
Profit attributable to owners of parent	9.2	9.5	+0.2	6.1	7.3	+1.1
%	3.7%	3.7%	-0.0pt	3.3%	3.7%	+0.5pt

*No changes in forecast for FY2019 presented on May 14, 2019.

*Exchange rates for the forecast from 2Q to 4Q: 1 USD = 110 yen; 1 EUR = 125 yen.

Financial Forecast for FY2019 by Reported Segments

(Billions of yen)

	Net sales			Operating profit		
	FY18 Actual	FY19 Forecast (8/9)	Variance vs. FY18	FY18 Actual	FY19 Forecast (8/9)	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

*No changes in forecast for FY2019 presented on May 14, 2019.

*The Company conducted a change in management method of the common expenses among the operating companies from FY2019.

Financial Forecast for FY2019 by Reported Segments

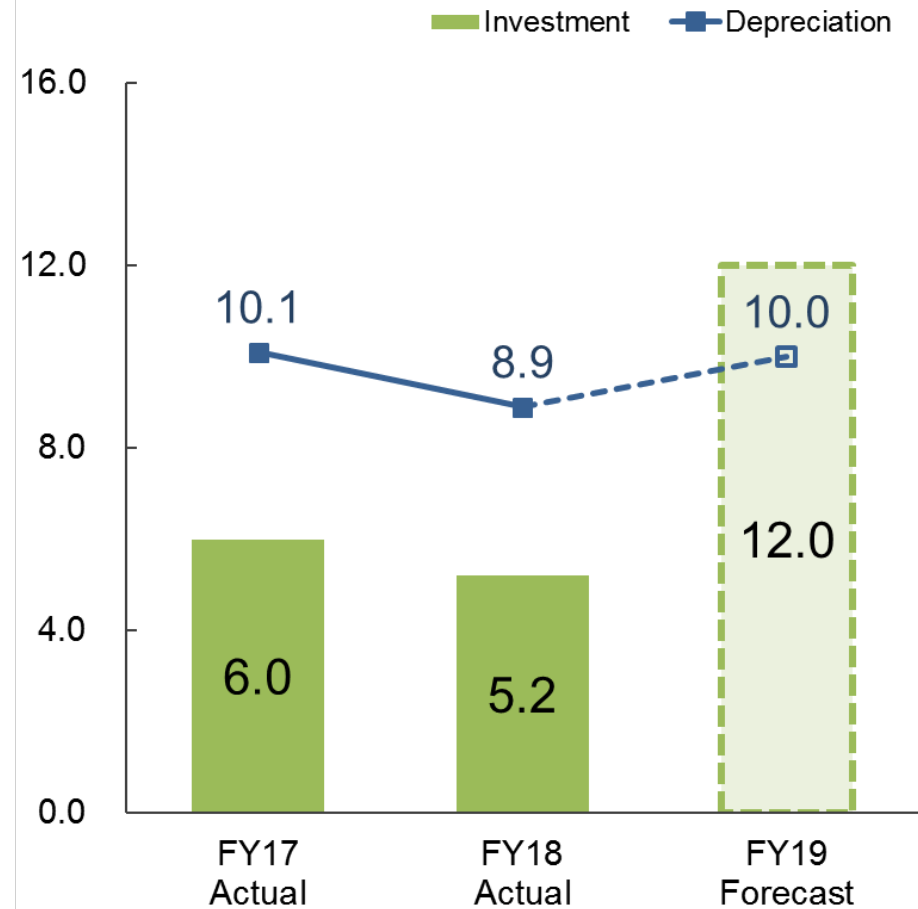
(Billions of yen)

	Net sales Q2-Q4 (9 months)			Operating profit Q2-Q4 (9 months)		
	FY18 Actual	FY19 Forecast (8/9)	Variance vs. FY18	FY18 Actual	FY19 Forecast (8/9)	Variance vs. FY18
Watches	107.9	114.0	+6.1	7.7	7.7	-0.0
Electronic Devices	41.4	42.1	+0.7	0.7	2.3	+1.5
Systems Solutions	23.3	24.2	+0.8	1.8	1.7	-0.1
Sub total	172.7	180.5	+7.7	10.4	11.7	+1.3
Others	22.1	22.3	+0.2	0.8	0.9	+0.0
Cons. adj.	-7.0	-6.4	+0.5	-4.3	-6.0	-1.7
Cons. total	187.9	196.4	+8.5	6.9	6.6	-0.2

**The Company conducted a change in management method of the common expenses among the operating companies from FY2019.*

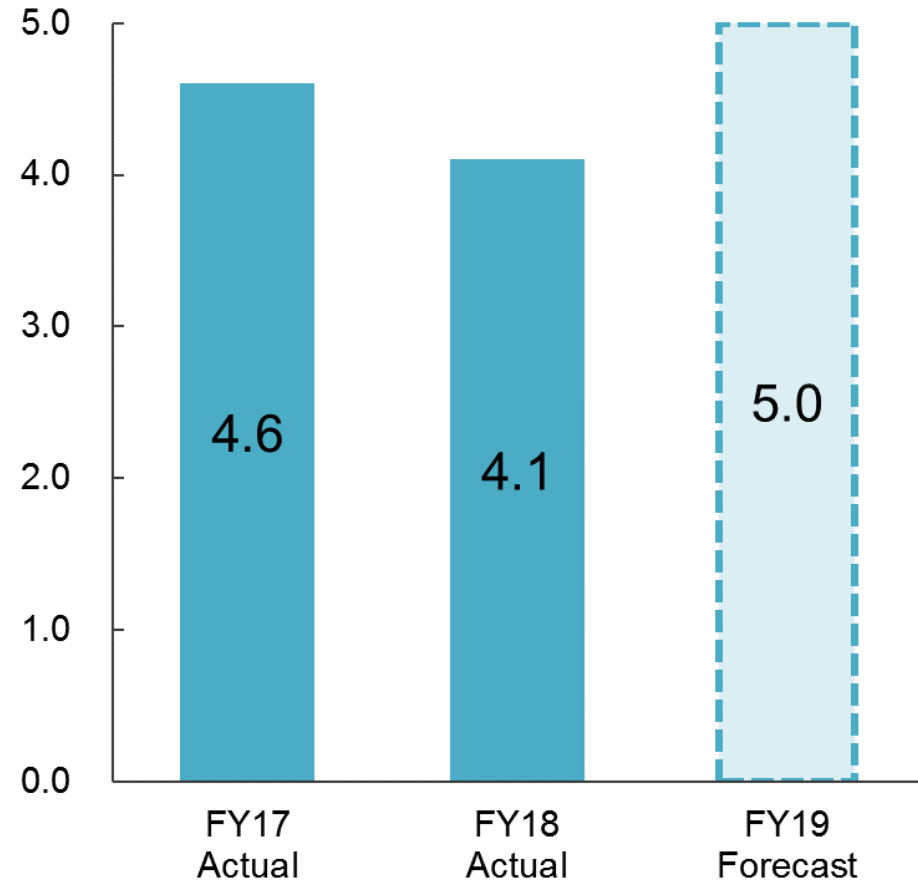
Investment / Depreciation

(Billions of yen)

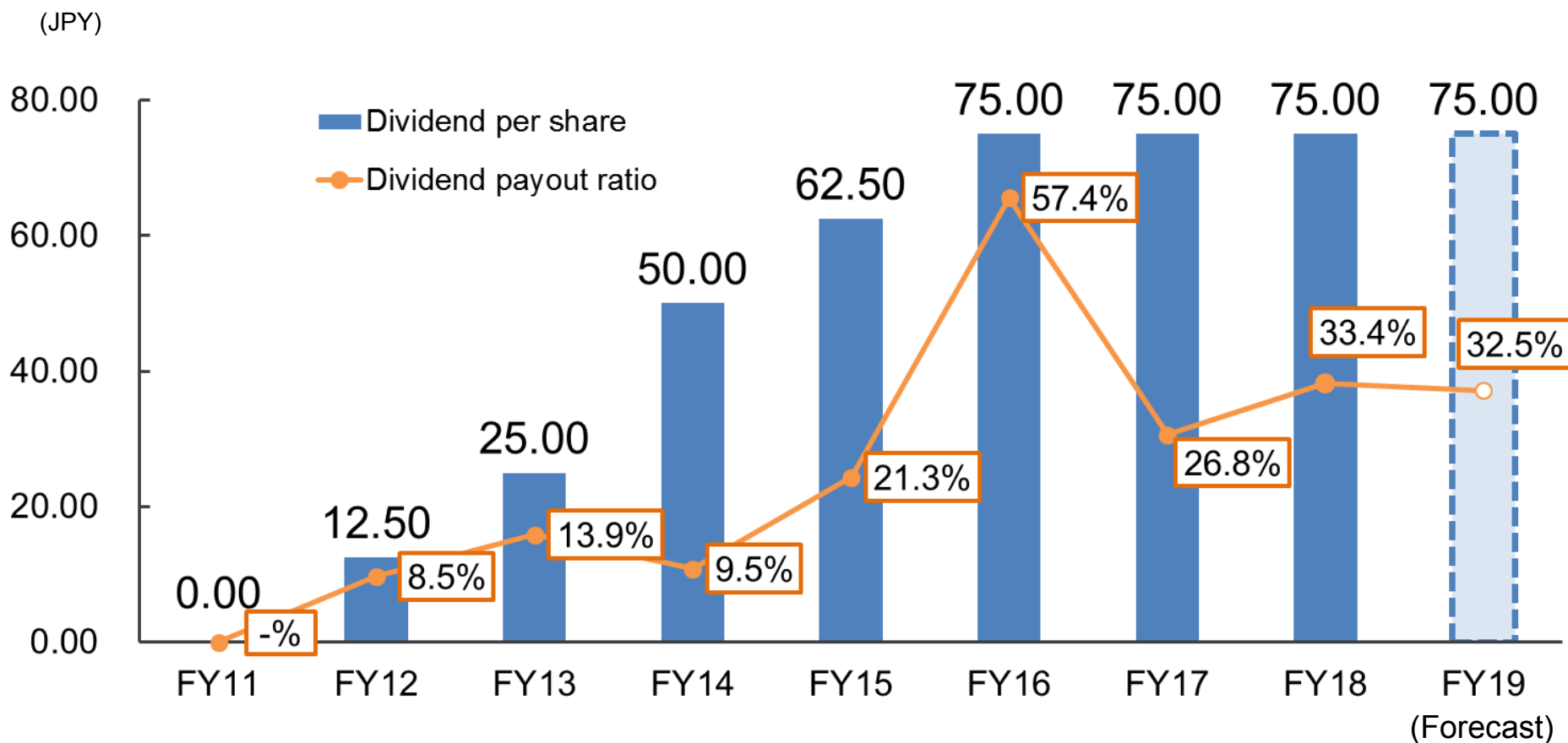


R&D Expense

(Billions of yen)



*No changes in forecast for FY2019 presented on May 14, 2019.



**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.*

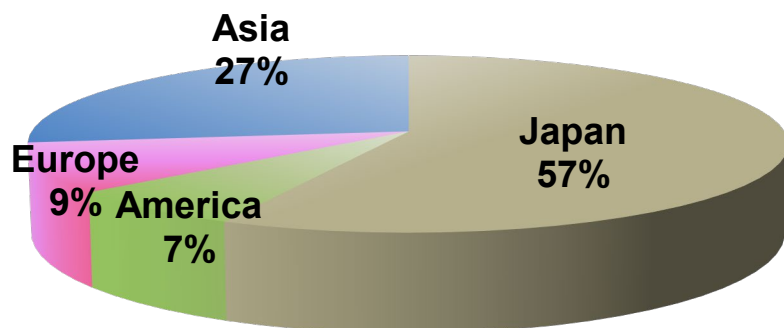
Sensitivity Exchange Rate (Jul. 2019-Mar. 2020)

Sensitivity Exc. Rate	USD	EUR
Forecast Exc. Rate	JPY 110.0	JPY 125.0
For <u>Net sales</u> (Millions of yen)	700	120
For <u>Operating profit</u> (Millions of yen)	120	40

FY2019

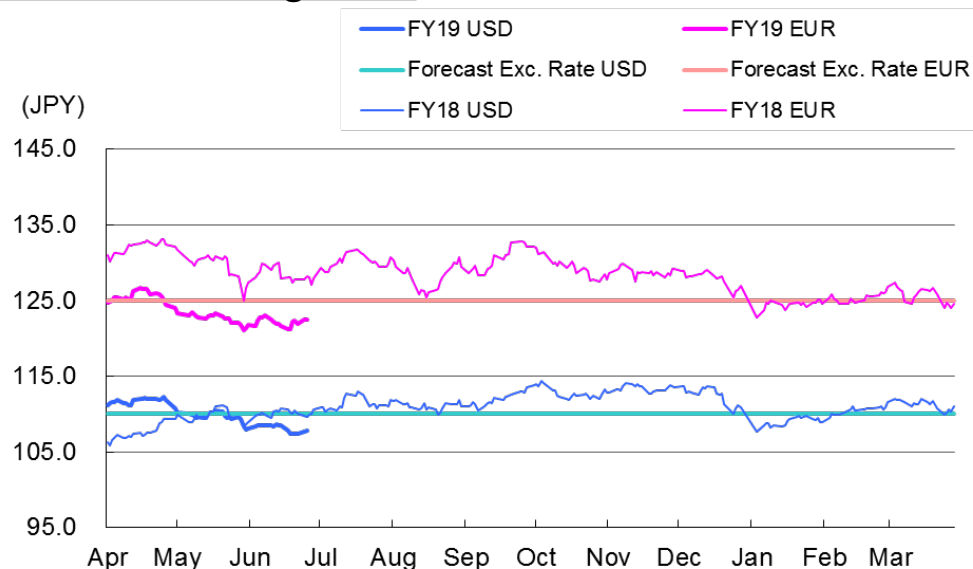
(JPY)		Q1	Forecast Exc. Rate
Average	USD	109.9	110.0
	EUR	123.5	125.0
Closing Date	USD	107.8	110.0
	EUR	122.5	125.0

Sales by Area



* FY2018 Actual data

Trend of Exchange Rate



- ◆ *The forecasted results which appear in this presentation 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.

End
