

FY2019 Q3
Consolidated Results
(for the 9 months ended December 31, 2019)

February 14, 2020

◆ Actual Results for Q3/FY2019

- During the nine-month period ended December 31, 2019, results in the Watches Business were sluggish, due to the impact of foreign currency fluctuations and the reaction following the consumption-tax hike, which was more serious than expected. In addition, income and earnings decreased in the Electronic Devices Business year on year, mainly due to a delayed market recovery.
- The Systems Solutions Business continued to perform strongly.
- The Company continued to strengthen investment from a long-term perspective, including advertising & sales promotion expenses, etc.
- Grand Seiko Boutiques were opened in Shinsaibashi, Osaka, and Sydney in Q3, in order to expand Global Brands.

◆ Forecast for FY2019

- In the Watches Business, the Company aims to recover demand in Japan and increase sales in overseas markets, focusing on the U.S. and China, which are performing favorably.
- In the Electronic Devices Business, high-performance metals for semiconductor manufacturing equipment and precision processing components for data centers are expected to recover.
- The impact on the financial forecast due to the spread of the novel coronavirus infection is currently being examined, and has not yet been factored in.

1. Consolidated Results

FY2019 Q3 Statements of Income (Apr. 2019 - Dec. 2019)

(Billions of yen)

		FY18 Q3(YTD)	FY19 Q3(YTD)	Variance	
				Amt.	%
Net Sales		188.1	184.7	-3.4	-1.8%
Gross Profit		74.6	74.6	-0.0	-0.0%
	%	39.7%	40.4%	+0.7pt	
Operating Profit		10.1	8.1	-2.0	-20.0%
	%	5.4%	4.4%	-1.0pt	
Ordinary Profit		12.5	9.3	-3.1	-25.3%
	%	6.7%	5.1%	-1.6pt	
Income before income taxes		12.6	9.5	-3.0	-24.5%
Profit attributable to owners of parent		9.6	6.3	-3.3	-34.2%
	%	5.1%	3.5%	-1.7pt	
Exchange Rates (JPY)	USD	111.1	108.7	-2.5	-2.2%
	EUR	129.5	121.0	-8.4	-6.5%

Net Sales :	y/y	-3.4
Exchange rate fluctuations		-2.0

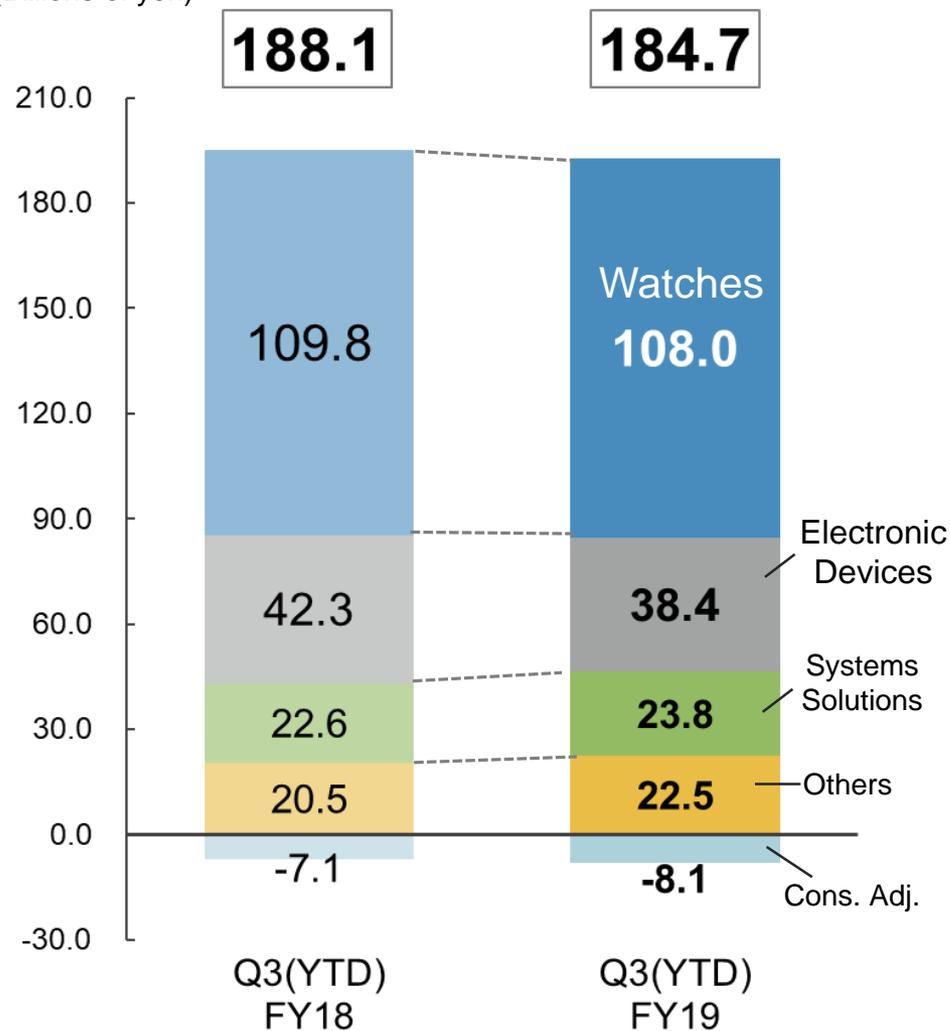
Operating Profit :	y/y	-2.0
Impact of decrease in Net sales		-1.3
Impact of improved GP%		+1.3
Increase in SG&A expenses		-1.9

Ordinary Profit :	y/y	-3.1
Decrease in Operating profit		-2.0
Decrease in Equity-method income		-0.5
Increase in Foreign exchange losses		-0.2
Others		-0.4

Extraordinary Income/Losses:	+0.1
Extraordinary Income	0.3
Gain on sales of non-current assets	0.3
Extraordinary Losses	0.1
Retirement benefit expenses	0.1

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

(Billions of yen)

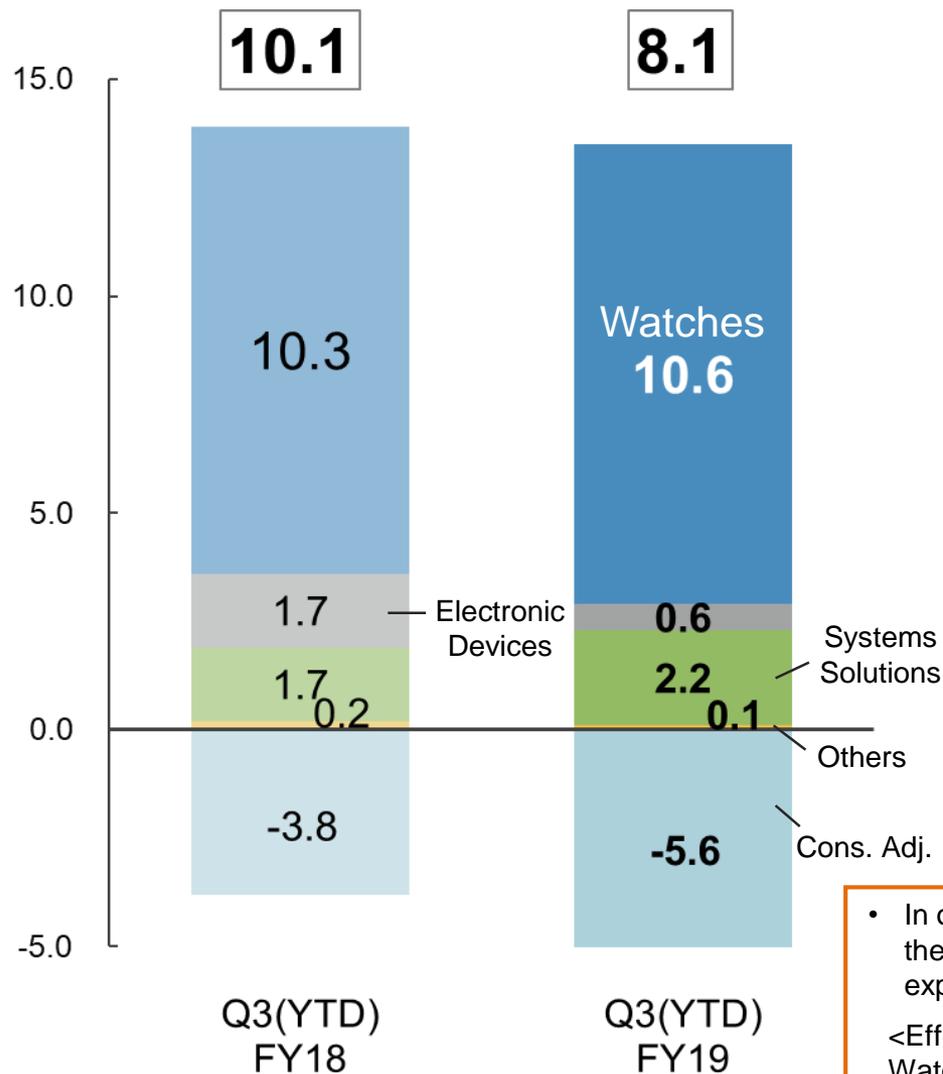


(Billions of yen)

	Net Sales (Composition ratio)		
	FY18 Q3(YTD)	FY19 Q3(YTD)	Variance
Watches	109.8 (58%)	108.0 (58%)	-1.7
Electronic Devices	42.3 (23%)	38.4 (21%)	-3.8
Systems Solutions	22.6 (12%)	23.8 (13%)	+1.2
Sub Total	174.8	170.4	-4.4
Others	20.5 (11%)	22.5 (12%)	+1.9
Cons. Adj.	-7.1 (-4%)	-8.1 (-4%)	-1.0
Cons. Total	188.1	184.7	-3.4

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

(Billions of yen)



(Billions of yen)

	Operating Profit		
	FY18 Q3(YTD)	FY19 Q3(YTD)	Variance
Watches	10.3	10.6	+0.3
Electronic Devices	1.7	0.6	-1.0
Systems Solutions	1.7	2.2	+0.5
Sub Total	13.7	13.5	-0.2
Others	0.2	0.1	-0.0
Cons. Adj.	-3.8	-5.6	-1.7
Cons. Total	10.1	8.1	-2.0

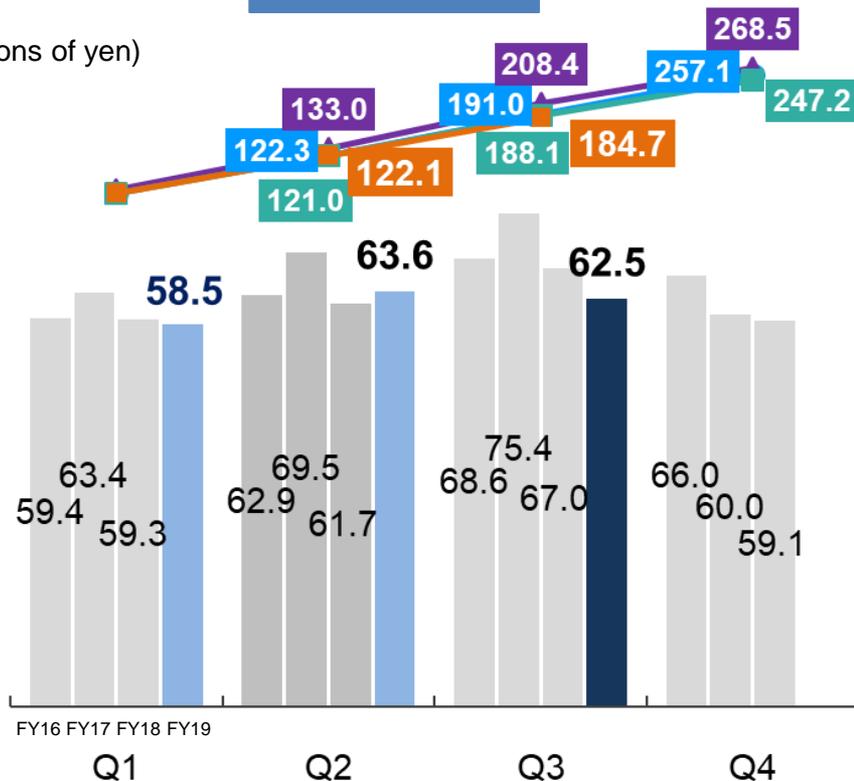
- In order to appropriately evaluate the results of each reported segment, the Company conducted a change in management method of the common expenses among the operating companies from FY2019.

<Effect of the change to operating profit of each segment>
 Watches: +0.7 billion yen, Electronic Devices: +0.7 billion yen,
 Cons. Adj.: -1.4 billion yen

Consolidated Quarterly Performance

Net Sales

(Billions of yen)



FY16 FY17 FY18 FY19

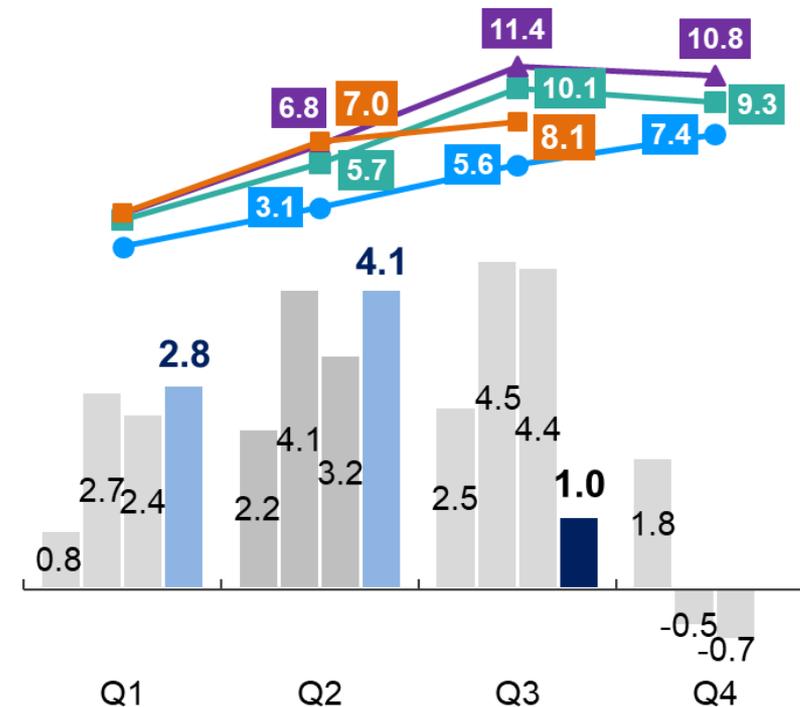
● FY16YTD ● FY17YTD ● FY18YTD ● FY19YTD

<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total	Q3YTD
FY19	-1.4%	+3.1%	-6.7%			-1.8%
FY18	-6.5%	-11.3%	-11.1%	-1.5%	-7.9%	-9.7%
FY17	+6.8%	+10.5%	+9.9%	-9.1%	+4.4%	+9.1%

Operating Profit

(Billions of yen)



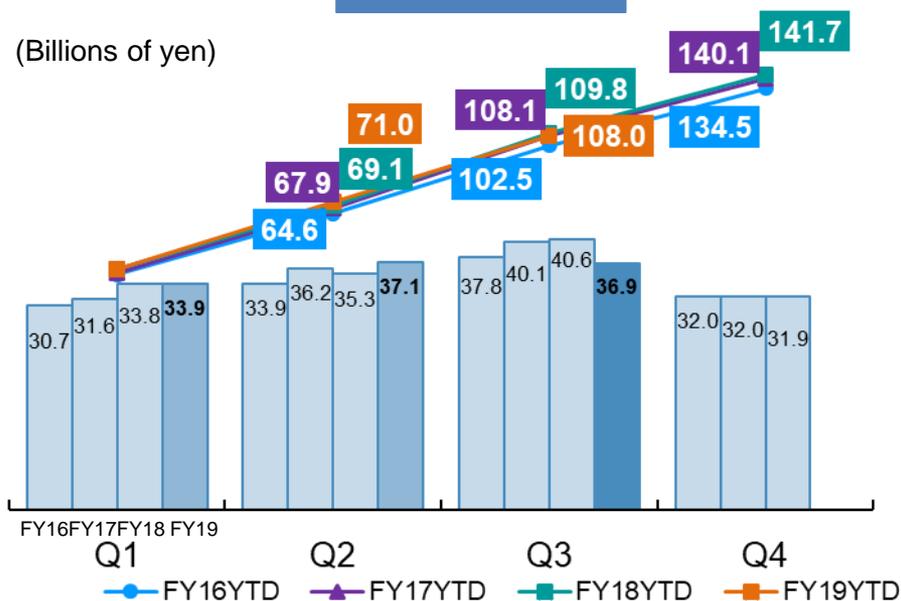
Q1 Q2 Q3 Q4

<OP margin %>

	Q1	Q2	Q3	Q4	Total	Q3YTD
FY19	4.8%	6.6%	1.8%			4.4%
FY18	4.1%	5.3%	6.6%	-1.3%	3.8%	5.4%
FY17	4.3%	6.0%	6.0%	-1.0%	4.0%	5.5%
FY16	1.5%	3.6%	3.7%	2.8%	2.9%	2.9%

Net Sales

(Billions of yen)

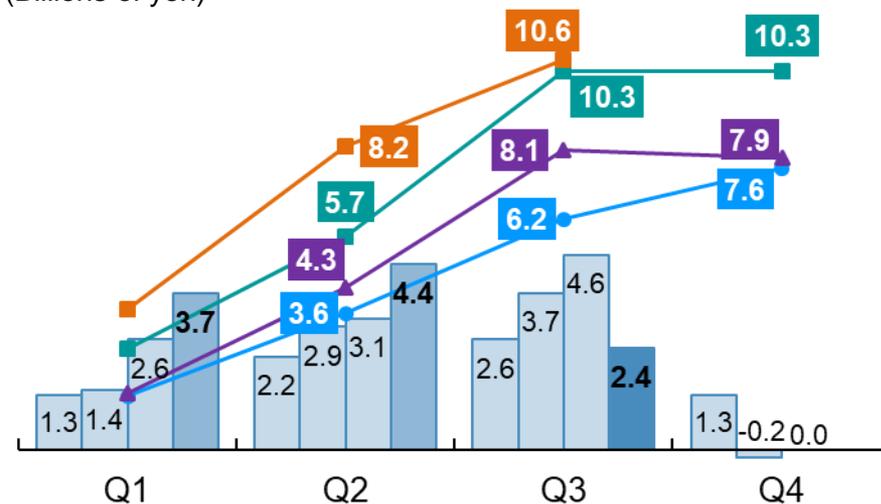


<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total	Q3YTD
FY19	+0.3%	+5.1%	-9.0%			-1.6%
FY18	+6.7%	-2.4%	+1.1%	-0.1%	+1.2%	+1.5%
FY17	+3.1%	+6.8%	+6.2%	-0.1%	+4.1%	+5.4%

Operating Profit

(Billions of yen)



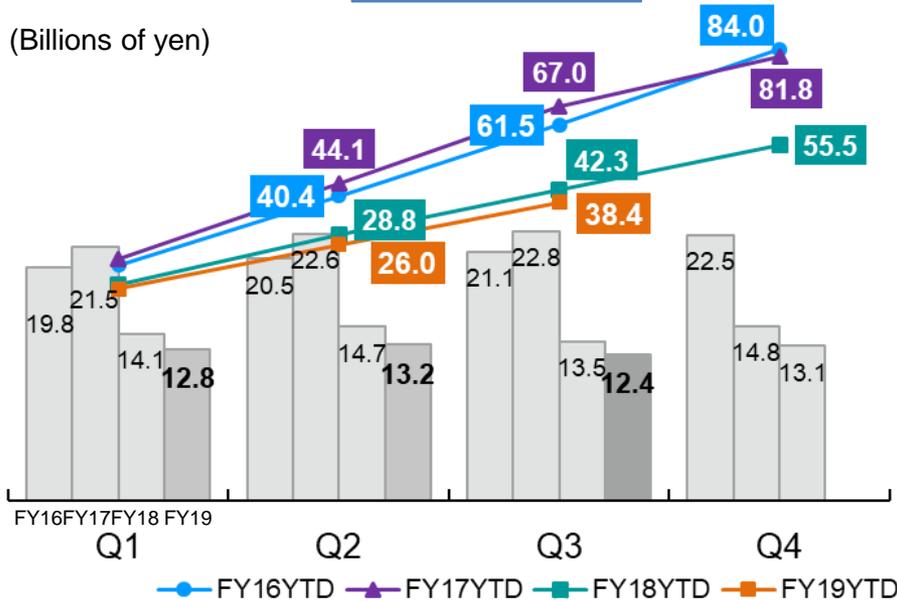
<OP margin %>

	Q1	Q2	Q3	Q4	Total	Q3YTD
FY19	11.1%	12.0%	6.7%			9.9%
FY18	7.7%	8.8%	11.3%	0.1%	7.3%	9.4%
FY17	4.5%	8.1%	9.3%	-0.7%	5.6%	7.5%
FY16	4.5%	6.6%	7.0%	4.2%	5.7%	6.1%

- **Watches (In Japan)** : Net sales remained at the same level as the previous FY, mainly due to the impact of natural disasters and stagnant personal consumption following the consumption-tax hike. While GBs including GS, had experienced a significant impact from a surge in demand, decreased due to the reaction immediately following the hike, net sales (YTD) increased YoY.
- **Watches (In Overseas)** : GB continued to grow in all regions, and overall net sales of watches overseas increased YoY, excluding the impact of changes in the distribution of some products and foreign currency fluctuations.
- **Movements** : The business enjoyed favorable sales of mechanicals, while demand for analogue quartz continued to be stagnant.

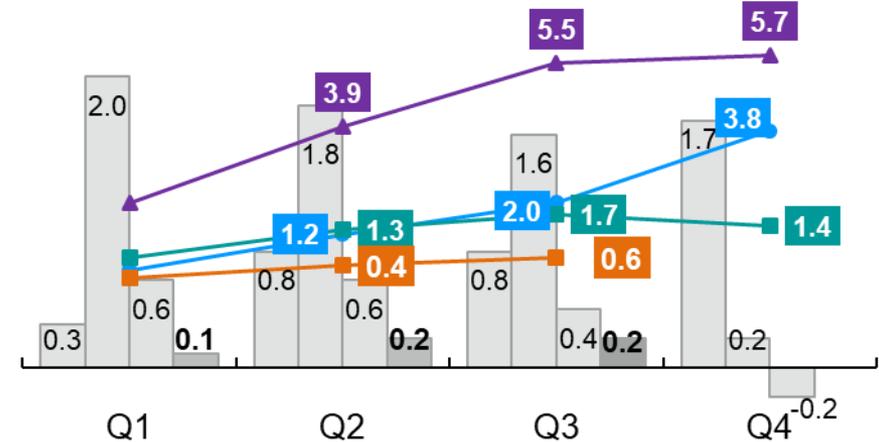
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total	Q3YTD
FY19	-9.2%	-10.1%	-8.2%			-9.2%
FY18	-34.6%	-35.0%	-40.6%	-11.2%	-32.1%	-36.8%
FY17	+8.8%	+9.9%	+8.3%	-34.3%	-2.6%	+9.0%

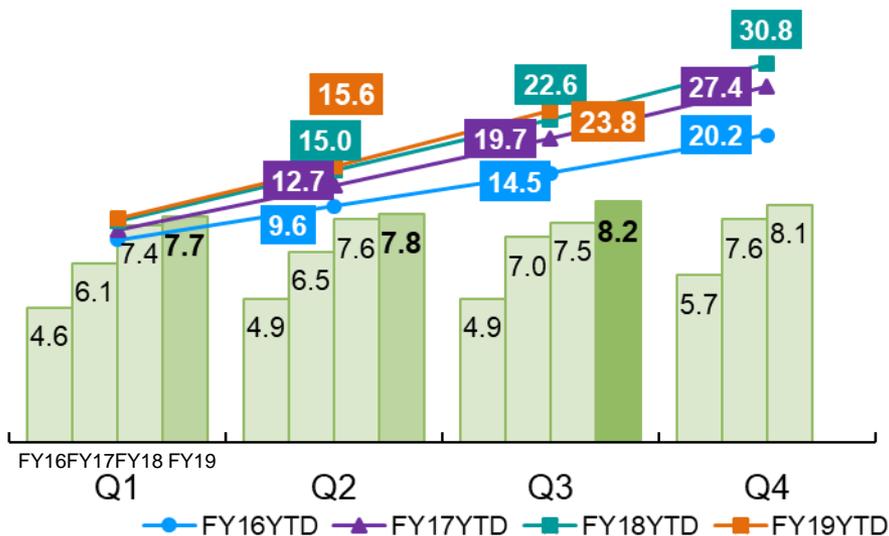
<OP margin %>

	Q1	Q2	Q3	Q4	Total	Q3YTD
FY19	1.5%	1.8%	1.7%			1.7%
FY18	4.5%	4.6%	3.0%	-2.2%	2.5%	4.0%
FY17	9.5%	8.2%	7.2%	1.7%	7.1%	8.3%
FY16	2.0%	4.0%	3.9%	7.9%	4.5%	3.3%

- Sales of micro batteries and quartz crystals grew, while a recovery in sales of precision components for automobiles and high-performance metals for semiconductor production equipment was delayed due to impacts from the external environment, such as a slowdown in the Chinese economy and stagnant investment in semiconductor production equipment.

Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total	Q3YTD
FY19	+4.3%	+3.1%	+9.0%			+5.5%
FY18	+19.9%	+17.1%	+7.6%	+6.8%	+12.4%	+14.6%
FY17	+32.0%	+33.0%	+42.5%	+33.1%	+35.1%	+35.9%

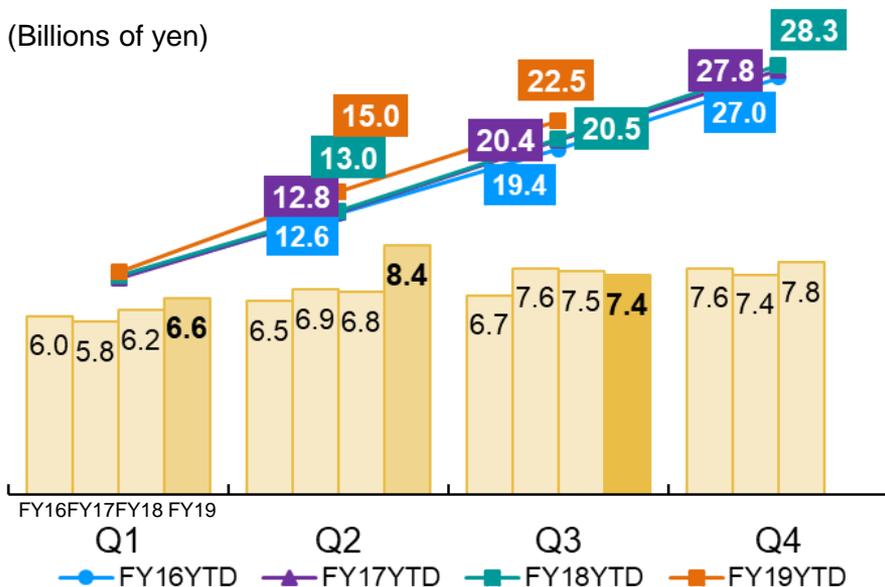
<OP margin %>

	Q1	Q2	Q3	Q4	Total	Q3YTD
FY19	9.8%	9.1%	9.0%			9.3%
FY18	6.9%	7.4%	8.3%	8.5%	7.8%	7.5%
FY17	4.4%	6.2%	6.0%	6.6%	5.9%	5.6%
FY16	5.6%	5.9%	5.7%	7.9%	6.3%	5.7%

- In addition to continued stable demand for the mobile communication equipment-related business for IoT, sales of new products for consumers, digital contracts, and application performance management software were also favorable.

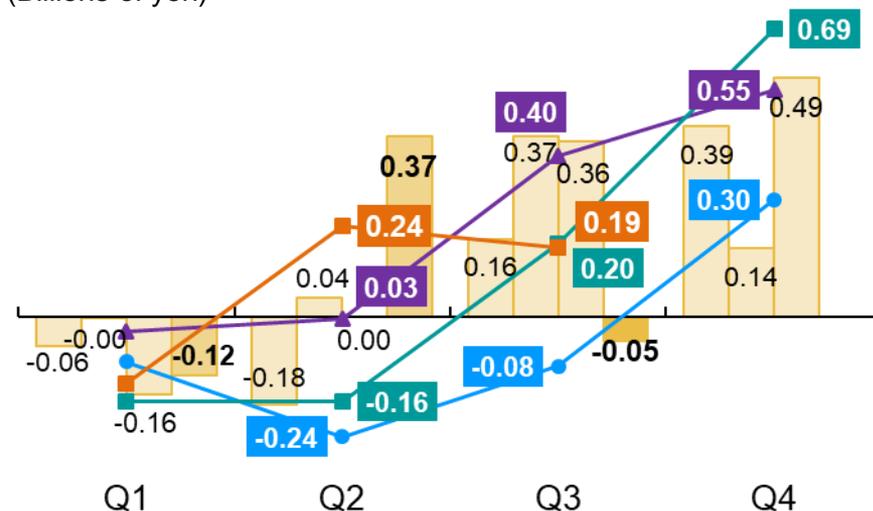
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total	Q3YTD
FY19	+6.6%	+23.6%	-0.4%			+9.7%
FY18	+5.4%	-2.1%	-1.4%	+5.9%	+1.8%	+0.3%
FY17	-3.4%	+5.9%	+12.2%	-2.6%	+3.0%	+5.2%

<OP margin %>

	Q1	Q2	Q3	Q4	Total	Q3YTD
FY19	-1.9%	4.4%	-0.7%			0.9%
FY18	-2.7%	0.1%	4.9%	6.3%	2.5%	1.0%
FY17	-0.1%	0.6%	4.9%	1.9%	2.0%	2.0%
FY16	-1.1%	-2.8%	2.4%	5.2%	1.1%	-0.5%

• Although reaction following the consumption-tax hike has been observed in businesses such as the Clocks Business and the Wako Business, net sales (YTD) increased YoY.

Balance Sheets as of December 31, 2019

(Billions of yen)

	Dec.31, 2017	Dec.31, 2018	Mar.31, 2019(a)	Dec.31, 2019(b)	Variance (b)-(a)
Inventories	67.4	61.2	58.3	66.6	+8.2
Interest Bearing Debt	135.9	108.4	106.0	112.7	+6.7
Net Assets	115.2	109.7	110.4	113.7	+3.3
Total Assets	346.2	305.4	303.0	315.8	+12.7
Equity Capital Ratio	30.3%	35.6%	36.0%	35.6%	-0.4pt
Net Debt Equity Ratio	0.8	0.6	0.6	0.6	+0.0
Number of Employees	13,060	12,127	12,020	12,076	+56

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

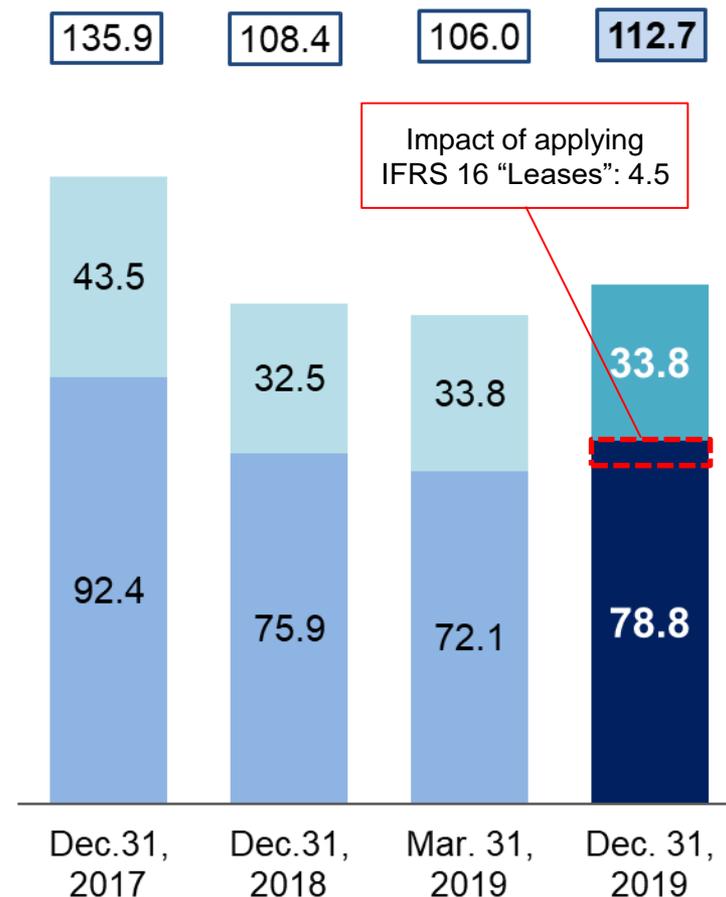
*The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. from Q1, FY2018. Accordingly, total assets and equity capital ratio as of Dec. 31, 2017 are presented after reclassification.

Interest Bearing Debt

(Billions of yen)

■ Cash & Deposits ■ Interest Bearing Debt

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

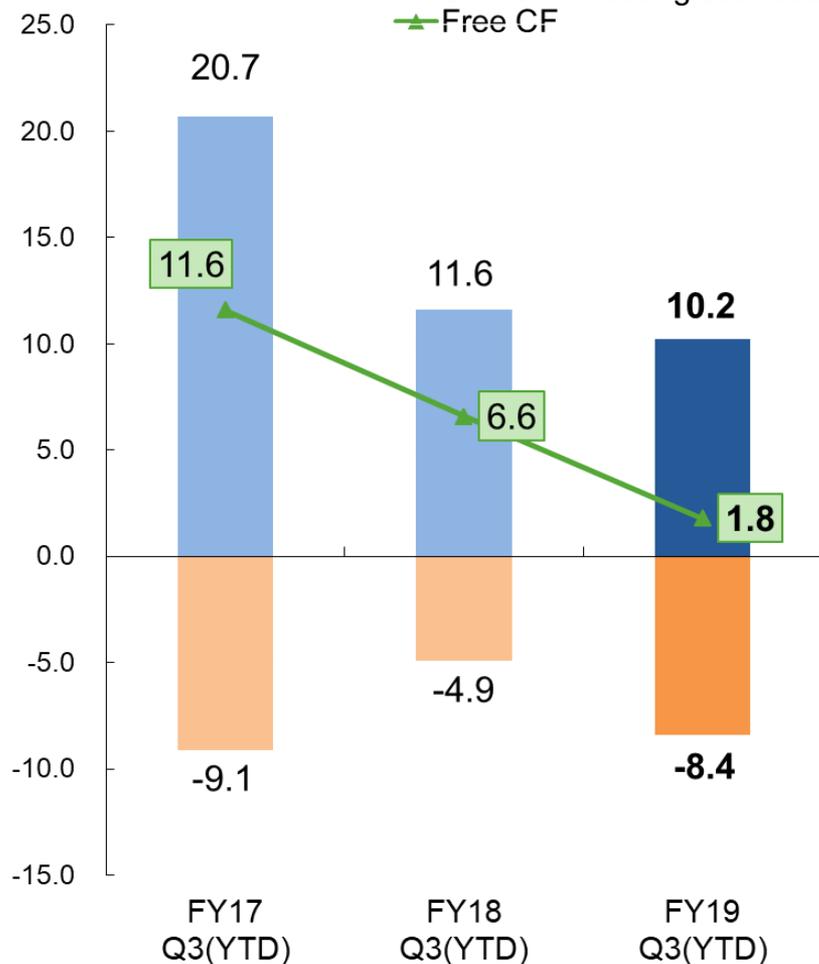


Statement of Cash Flows

(Billions of yen)

(Billions of yen)

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



	FY17 Q3(YTD)	FY18 Q3(YTD)	FY19 Q3(YTD)
Profit before income taxes	10.5	12.6	9.5
Depreciation	7.8	6.3	7.5
Others	2.3	-7.3	-6.8
Net cash provided by (used in) operating	20.7	11.6	10.2
Purchase of property, plant and equipment	-4.4	-4.1	-7.2
Others	-4.6	-0.8	-1.2
Net cash provided by (used in) investing activities	-9.1	-4.9	-8.4
Net increase (decrease) in loans payable	-0.7	-4.7	2.4
Others	-3.6	-3.3	-4.2
Net cash provided by (used in) financing	-4.4	-8.1	-1.7
Effect of exchange rate change on cash and cash equivalents etc.	0.4	0.0	-0.0
Cash and cash equivalents	43.0	32.5	33.8
Free cash flow	11.6	6.6	1.8

2. Financial Forecast for FY2019

Summary of Financial Forecast for FY2019

(Billions of yen)

	Full Year					Q4 (3 months)		
	FY18 Actual	FY19 Forecast		Variance vs. FY18	Variance vs. Previous	FY18 Actual	FY19 Forecast (Feb.13)	Variance vs. FY18
		Previous (Nov.12)	Current (Feb.13)					
Net sales	247.2	253.0	248.0	+0.7	-5.0	59.1	63.2	+4.1
Operating profit	9.3	10.0	9.0	-0.3	-1.0	-0.7	0.8	+1.6
%	3.8%	4.0%	3.6%	-0.2pt	-0.3pt	-1.3%	1.4%	+2.7pt
Ordinary profit	11.4	11.5	10.5	-0.9	-1.0	-1.1	1.1	+2.2
%	4.6%	4.5%	4.2%	-0.4pt	-0.3pt	-1.9%	1.8%	+3.7pt
Profit attributable to owners of parent	9.2	9.5	7.5	-1.7	-2.0	-0.4	1.1	+1.5
%	3.7%	3.8%	3.0%	-0.7pt	-0.7pt	-0.7%	1.8%	+2.5pt

*Exchange rates for the forecast in 4Q: 1 USD = 110 yen; 1 EUR = 120 yen.

Financial Forecast for FY2019 by Reported Segments

	Net sales					Operating profit				
	FY18 Actual	FY19 Forecast		Variance vs. FY18	Variance vs. Previous	FY18 Actual	FY19 Forecast		Variance vs. FY18	Variance vs. Previous
		Previous (Nov.12)	Current (Feb.13)				Previous (Nov.12)	Current (Feb.13)		
Watches	141.7	146.0	143.0	+1.2	-3.0	10.3	12.8	12.0	+1.6	-0.8
Electronic Devices	55.5	54.0	53.0	-2.5	-1.0	1.4	1.2	1.0	-0.4	-0.2
Systems Solutions	30.8	32.0	32.0	+1.1	±0.0	2.4	3.0	3.0	+0.5	±0.0
Sub total	228.1	232.0	228.0	-0.1	-4.0	14.2	17.0	16.0	+1.7	-1.0
Others	28.3	30.0	30.0	+1.6	±0.0	0.6	0.8	0.8	+0.1	±0.0
Cons. adj.	-9.2	-9.0	-10.0	-0.7	-1.0	-5.5	-7.8	-7.8	-2.2	±0.0
Cons. total	247.2	253.0	248.0	+0.7	-5.0	9.3	10.0	9.0	-0.3	-1.0

*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)

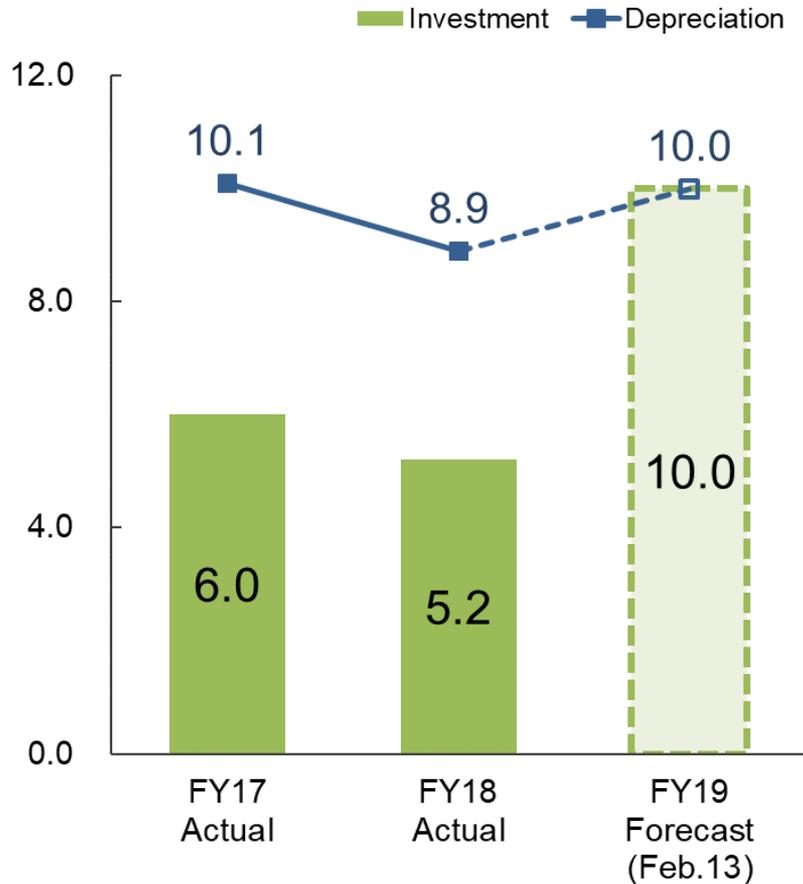
	Net sales Q4 (3 months)			Operating profit Q4 (3 months)		
	FY18 Actual	FY19 Forecast (Feb.13)	Variance vs. FY18	FY18 Actual	FY19 Forecast (Feb.13)	Variance vs. FY18
Watches	31.9	34.9	+2.9	0.0	1.3	+1.2
Electronic Devices	13.1	14.5	+1.3	-0.2	0.3	+0.6
Systems Solutions	8.1	8.1	-0.0	0.6	0.7	+0.0
Sub total	53.2	57.5	+4.2	0.4	2.4	+2.0
Others	7.8	7.4	-0.3	0.4	0.6	+0.1
Cons. adj.	-2.0	-1.8	+0.2	-1.6	-2.1	-0.4
Cons. total	59.1	63.2	+4.1	-0.7	0.8	+1.6

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

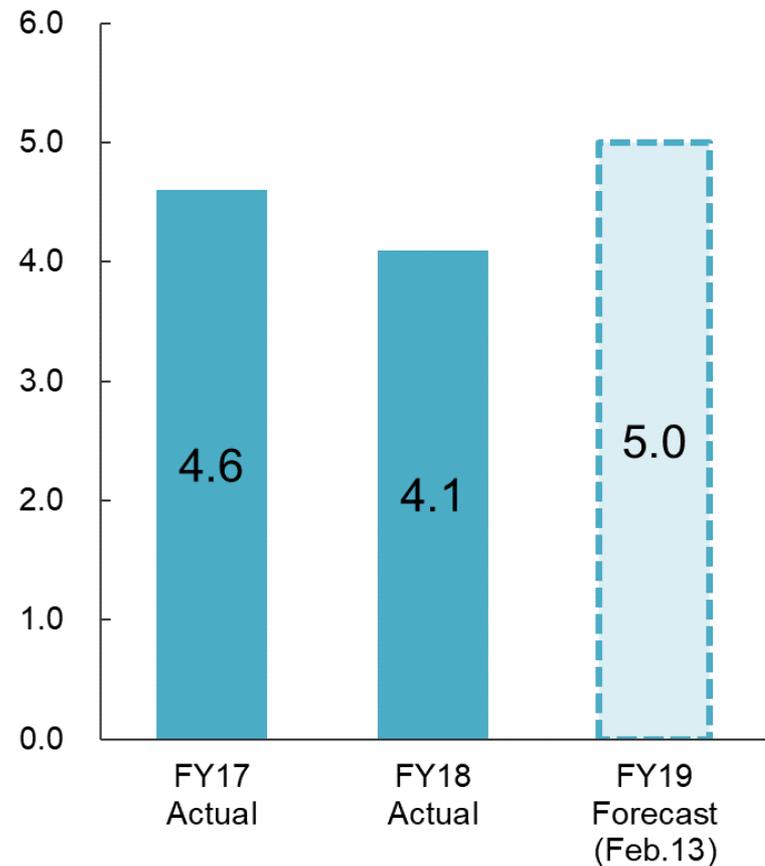
Investment / Depreciation

R&D Expense

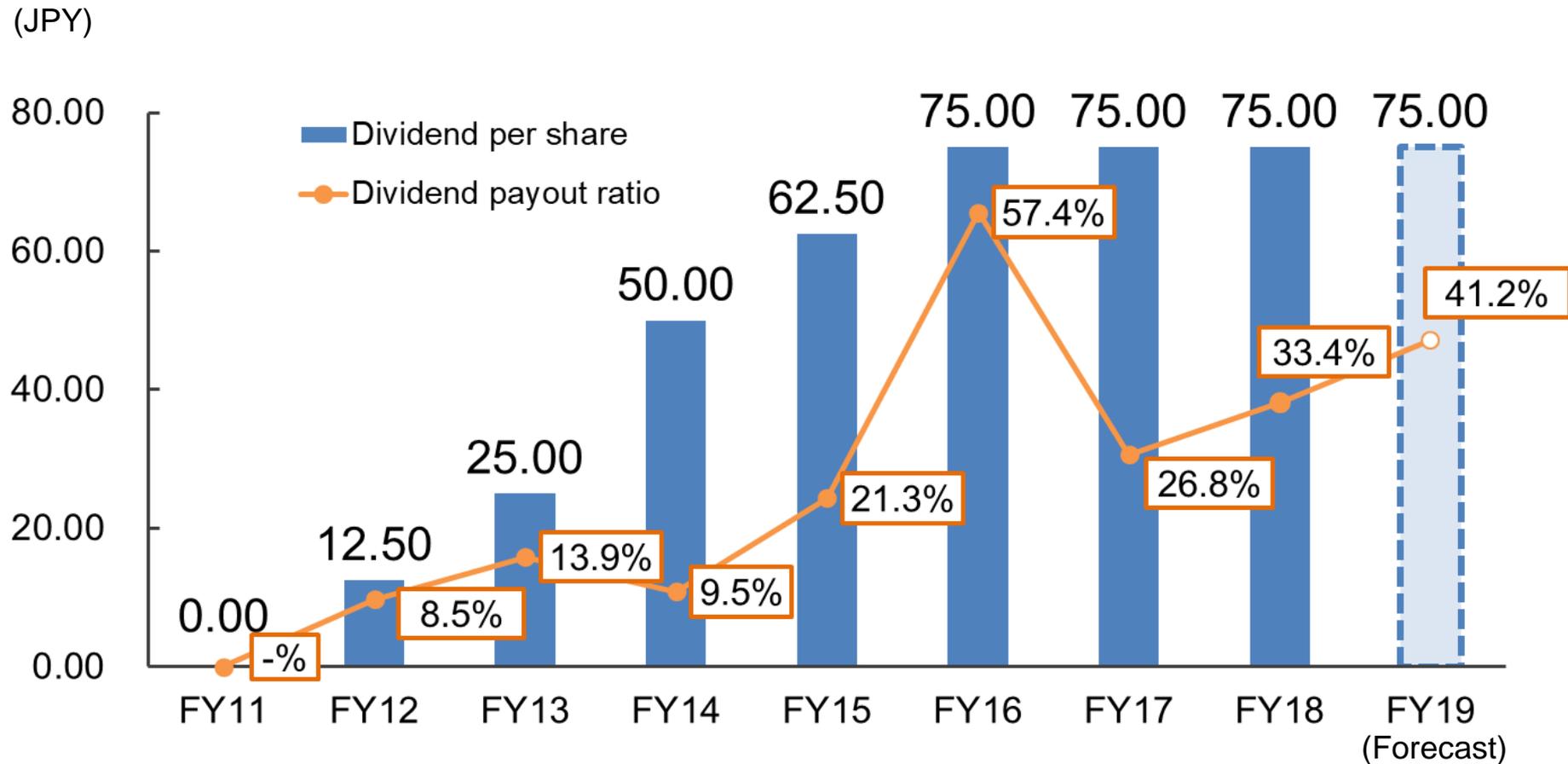
(Billions of yen)



(Billions of yen)



*No changes in forecast for FY2019 presented on Nov. 12, 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.*

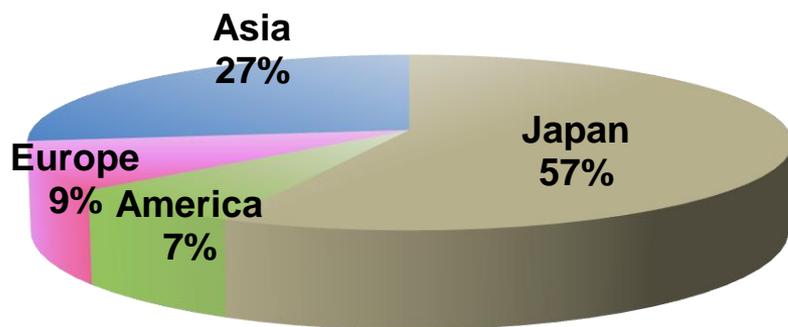
Sensitivity Exchange Rate (Jan.2020-Mar.2020)

Sensitivity Exc. Rate	USD	EUR
Forecast Exc. Rate	JPY 110.0	JPY 120.0
For <u>Net sales</u> (Millions of yen)	200	30
For <u>Operating profit</u> (Millions of yen)	20	10

FY2019

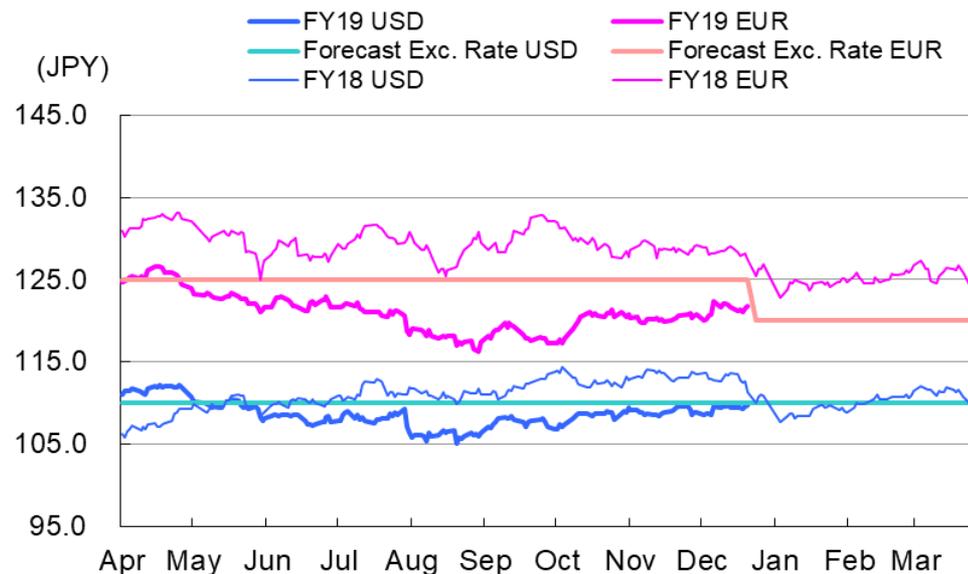
(JPY)		Q1	Q2	Q3	Q3 YTD	Forecast Exc. Rate
Average	USD	109.9	107.4	108.8	108.7	110.0
	EUR	123.5	119.4	120.3	121.0	120.0
Closing Date	USD	107.8	108.0	109.6	-	110.0
	EUR	122.5	118.0	122.5	-	120.0

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.

Reference

(Billions of yen)

		FY18 Q3	FY19 Q3	Variance	
				Amt.	%
Net Sales		67.0	62.5	-4.5	-6.7%
Gross Profit		27.6	24.8	-2.8	-10.1%
	%	41.2%	39.8%	-1.5pt	
Operating Profit		4.4	1.0	-3.3	-75.2%
	%	6.6%	1.8%	-4.8pt	
Ordinary Profit		4.9	1.5	-3.4	-69.8%
	%	7.4%	2.4%	-5.0pt	
Income before income taxes		4.9	1.7	-3.2	-65.6%
Profit attributable to owners of parent		3.5	0.9	-2.5	-72.5%
	%	5.3%	1.5%	-3.7pt	
Exchange Rates (JPY)	USD	112.9	108.8	-4.2	-3.7%
	EUR	128.8	120.3	-8.5	-6.6%

Net Sales : y/y -4.5

Exchange rate fluctuations -0.9

Operating Profit : y/y -3.3

Impact of a decrease in sales -1.7

Impact of deteriorated GP% -1.0

Increase in SG&A expenses -0.5

Ordinary Profit : y/y -3.4

Decrease in Operating profit -3.3

Decrease in Equity method income -0.2

Decrease in Foreign exchange losses+0.2

Others -0.1

Extraordinary Income/Losses: +0.2

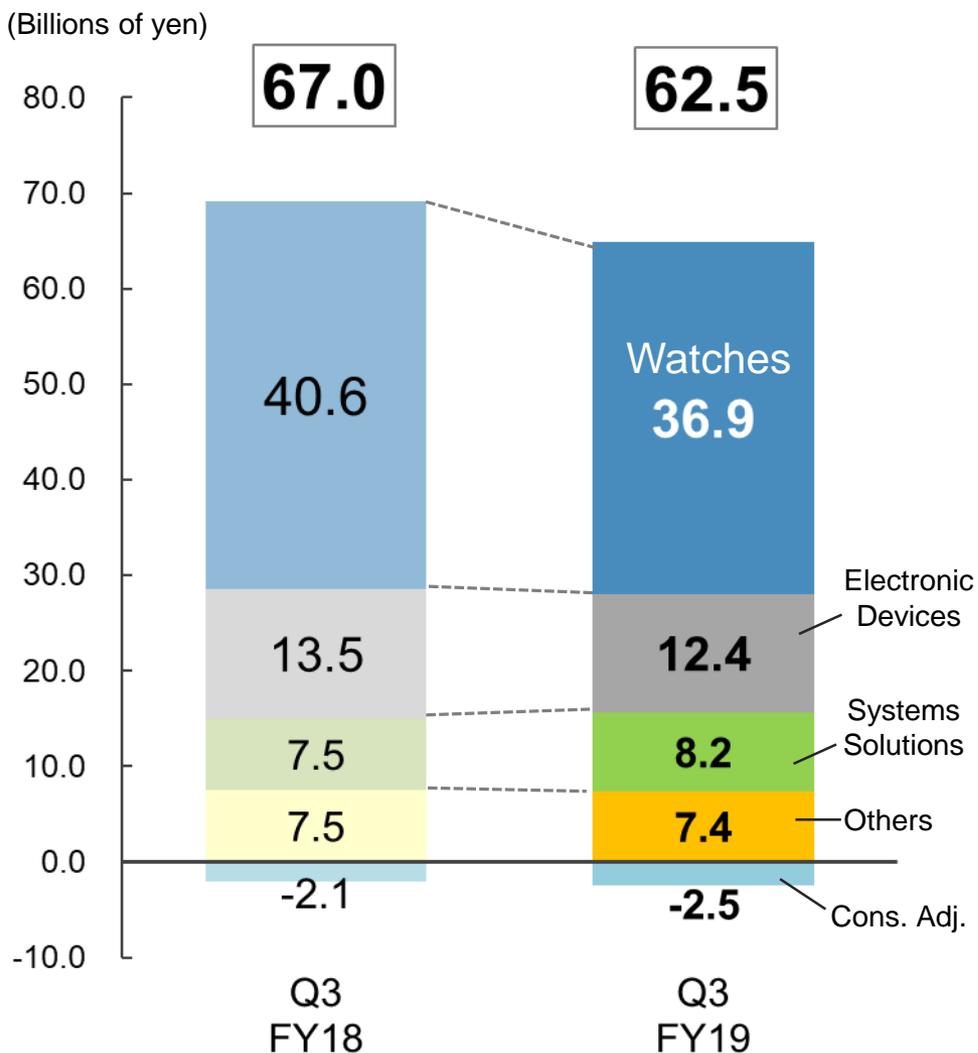
Extraordinary Income 0.2

Gain on sales of non-current assets 0.2

Extraordinary Losses -

Sales by Reported Segments (Oct. 2019 - Dec. 2019)

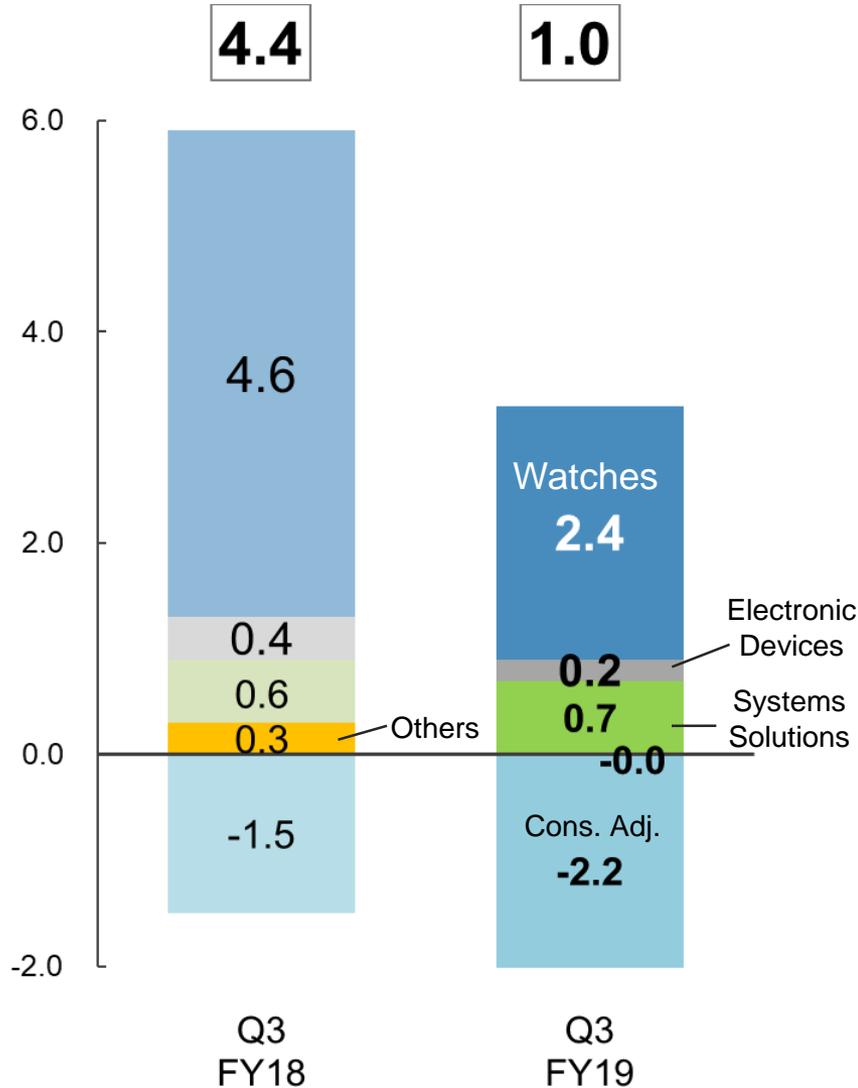
(Billions of yen)



	Net Sales (Composition ratio)		
	FY18 Q3	FY19 Q3	Variance
Watches	40.6 (61%)	36.9 (59%)	-3.6
Electronic Devices	13.5 (20%)	12.4 (20%)	-1.1
Systems Solutions	7.5 (11%)	8.2 (13%)	+0.6
Sub Total	61.7	57.6	-4.1
Others	7.5 (11%)	7.4 (12%)	-0.0
Cons. Adj.	-2.1 (-3%)	-2.5 (-4%)	-0.3
Cons. Total	67.0	62.5	-4.5

Operating Profit by Reported Segments (Oct. 2019 - Dec. 2019) **SEIKO**

(Billions of yen)



(Billions of yen)

	Operating Profit		
	FY18 Q3	FY19 Q3	Variance
Watches	4.6	2.4	-2.1
Electronic Devices	0.4	0.2	-0.1
Systems Solutions	0.6	0.7	+0.1
Sub Total	5.6	3.4	-2.2
Others	0.3	-0.0	-0.4
Cons. Adj.	-1.5	-2.2	-0.6
Cons. Total	4.4	1.0	-3.3

End
