

**FY2016 3rd Quarter
Consolidated Results
(Fiscal year ended March 31, 2017)**

February 16, 2017

1. Consolidated Results
2. Financial Forecast for FY2016

1. Consolidated Results

FY2016 Statement of Income (Apr.2016 - Dec.2016)

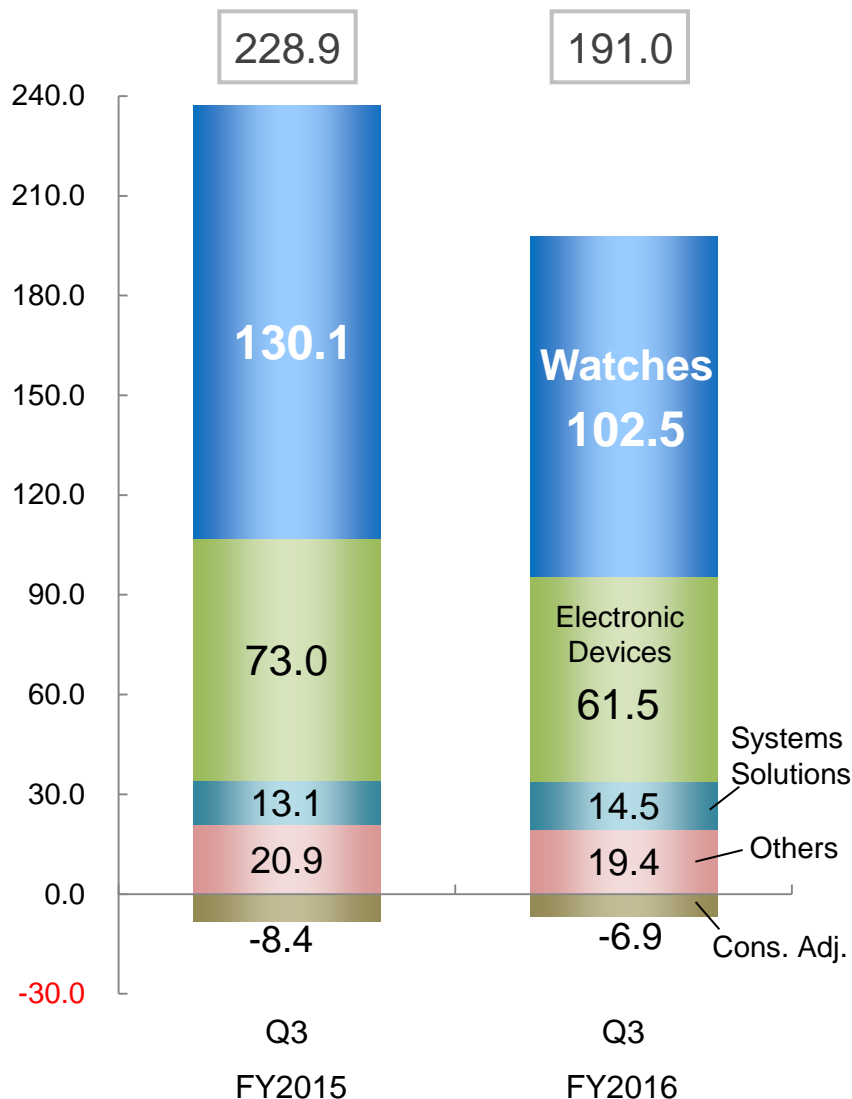
(Billions of yen)	FY2015 Q1-Q3	FY2016 Q1-Q3	Change		
			Amt.	%	
Net Sales	228.9	191.0	-37.9	-16.6%	
Gross Profit	84.0	71.5	-12.5	-14.9%	
Operating Income	13.6	5.6	-8.0	-58.7%	
%	6.0%	2.9%	-3.1p	—	
Ordinary Income	14.1	5.4	-8.6	-61.4%	
%	6.2%	2.9%	-3.3p	—	
Income before income taxes	12.7	4.8	-7.8	-61.6%	
Profit attributable to owners of parent	12.6	0.6	-12.0	-95.0%	
%	5.5%	0.3%	-5.2p	—	
Exchange Rates(JPY)	USD	121.7	106.6	-15.1	-12.4%
	EUR	134.4	118.0	-16.4	-12.2%

Net Sales :	-37.9
Exchange rate fluctuations	-13.5
Impacts of a reduction of products handled in sales of watch movements, and the transfer of the wide format printer business	-14.5
Operating Income :	-8.0
Decrease in GP	-12.5
Decrease in SGA	+ 4.5
Ordinary Income :	-8.6
Decrease in Operating income	-8.0
Decrease in Interest expenses	+0.2
Increase in Foreign exchange losses	-0.1
Decrease in Equity method Income	-0.4
Decrease in Dividend income, etc.	-0.2
Extraordinary Income/Losses:	-0.5
<u>Extraordinary Income</u>	<u>0.4</u>
Gain on sales of non-current assets	0.4
<u>Extraordinary Losses</u>	<u>-1.0</u>
Restructuring expenses	-0.4
Settlement payment related to patent contracts	-0.5
Business structure improvement expenses	-0.1

(Billions of yen)		FY2015 Q3	FY2016 Q3	Change		
				Amt.	%	
Net Sales		77.4	68.6	-8.7	-11.3%	Net Sales : -8.7 Exchange rate fluctuations -4.0 Impacts of a reduction of products handled in sales of watch movements, and the transfer of the wide format printer business -3.5
Gross Profit		28.0	25.8	-2.2	-8.0%	Operating Income : +0.2 Decrease in GP -2.2 Decrease in SGA +2.4
Operating Income		2.3	2.5	+0.2	+8.9%	
%		3.0%	3.7%	+0.7p	—	Ordinary Income +0.9 Increase in Operating income +0.2 Increase in Foreign exchange gains +0.9 Decrease in Equity method income -0.1
Ordinary Income		2.8	3.7	+0.9	+34.9%	
%		3.6%	5.5%	+1.9p	—	
Income before income taxes		2.9	3.6	+0.6	+22.0%	Extraordinary Income/Losses: -0.1 <u>Extraordinary Income</u> 0.4 Gain on sales of non-current assets 0.4 <u>Extraordinary Losses</u> -0.6 Settlement payment related to patent contracts -0.5 Business structure improvement expenses -0.1
Profit attributable to owners of parent		5.1	2.1	-3.0	-58.4%	
%		6.7%	3.1%	-3.6p	—	
Exchange Rates(JPY)	USD	121.4	109.4	-12.0	-9.9%	
	EUR	133.0	117.8	-15.1	-11.4%	

Sales by Reported Segments (Apr.2016 –Dec.2016)

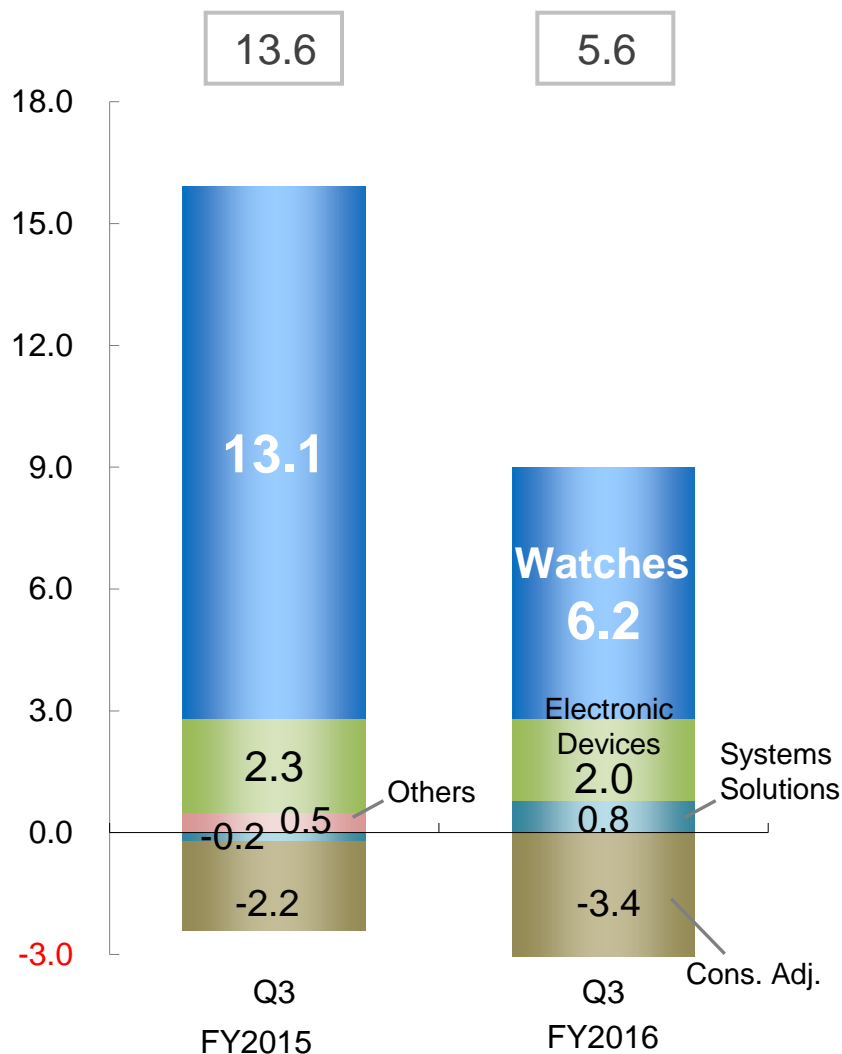
(Billions of yen)



(Billions of yen)	Net Sales		
	FY2015 Q1-Q3	FY2016 Q1-Q3	Change
Watches	130.1	102.5	-27.6
Electronic Devices	73.0	61.5	-11.5
Systems Solutions	13.1	14.5	+1.3
Sub Total	216.4	178.6	-37.8
Others	20.9	19.4	-1.4
Cons. Adj.	-8.4	-6.9	+1.4
Cons. Total	228.9	191.0	-37.9

Operating Income by Reported Segments (Apr.2016 -Dec.2016)

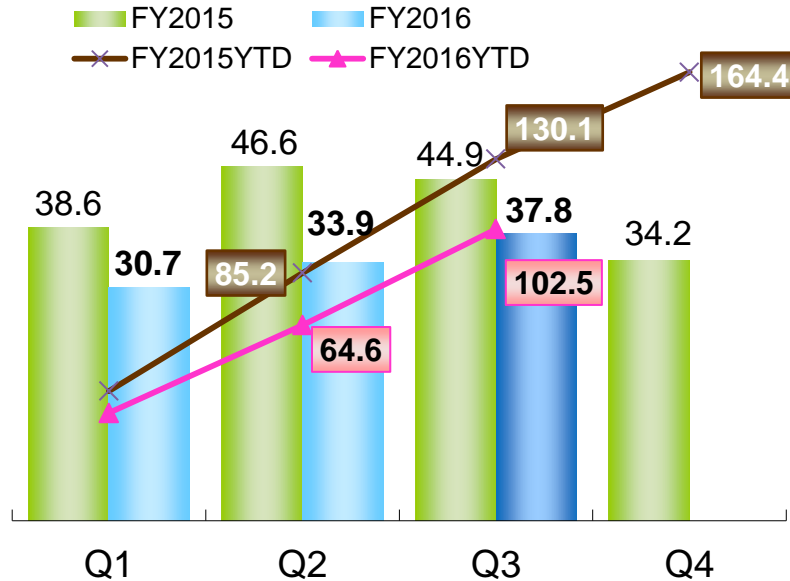
(Billions of yen)



(Billions of yen)	Operating Income		
	FY2015 Q1-Q3	FY2016 Q1-Q3	Change
Watches	13.1	6.2	-6.8
Electronic Devices	2.3	2.0	-0.3
Systems Solutions	-0.2	0.8	+1.0
Sub Total	15.2	9.1	-6.1
Others	0.5	-0.0	-0.6
Cons. Adj.	-2.2	-3.4	-1.1
Cons. Total	13.6	5.6	-8.0

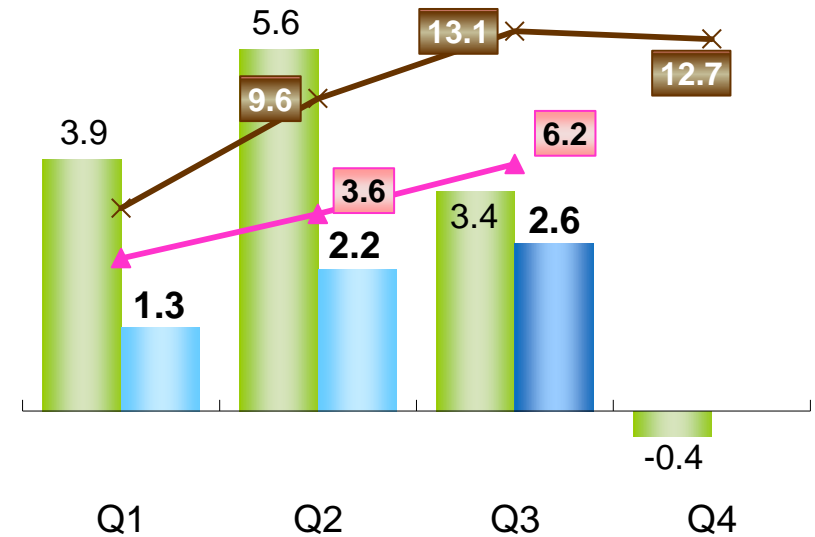
Net Sales

(Billions of yen)

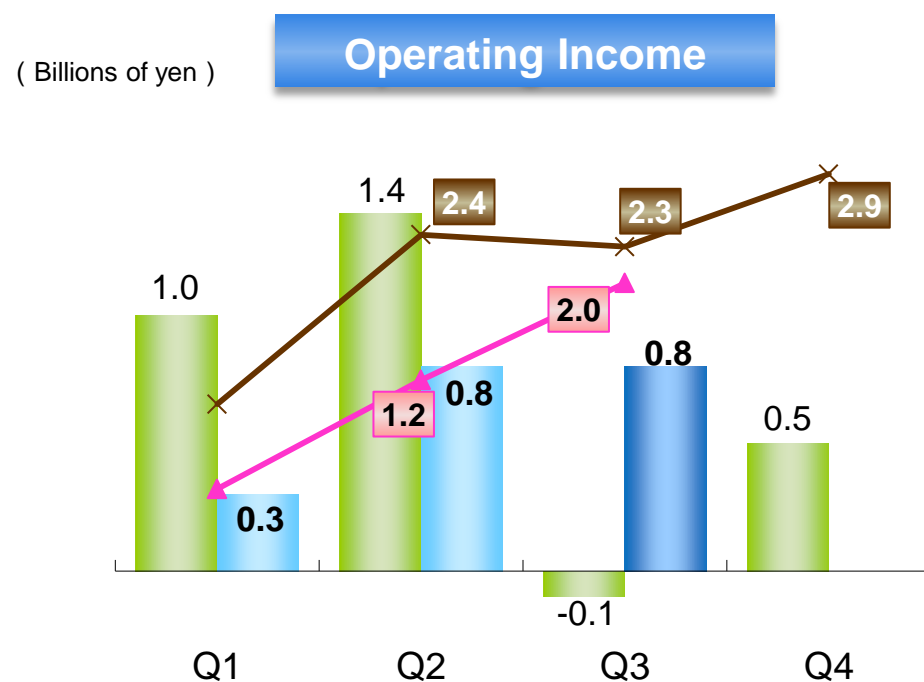
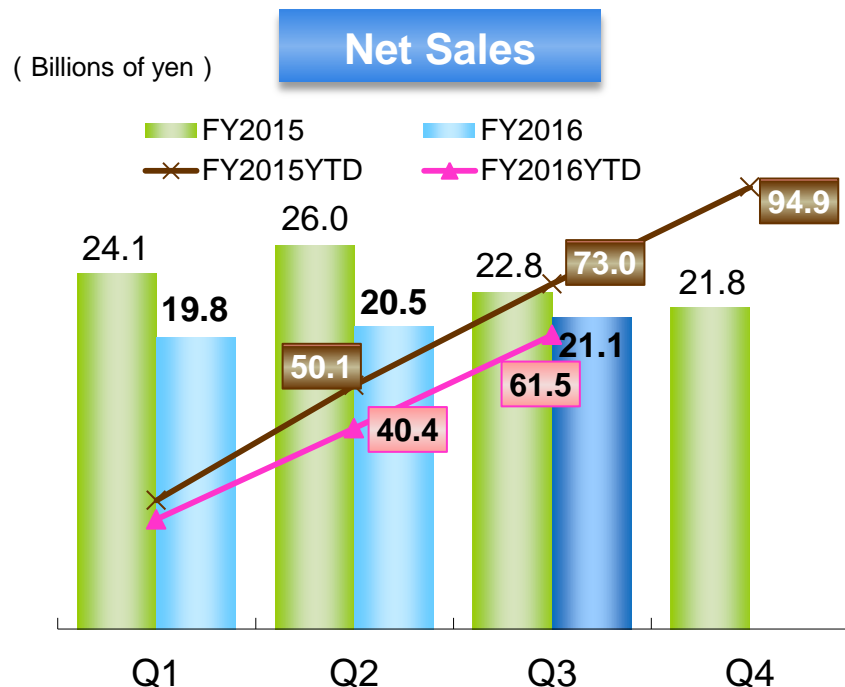


Operating Income

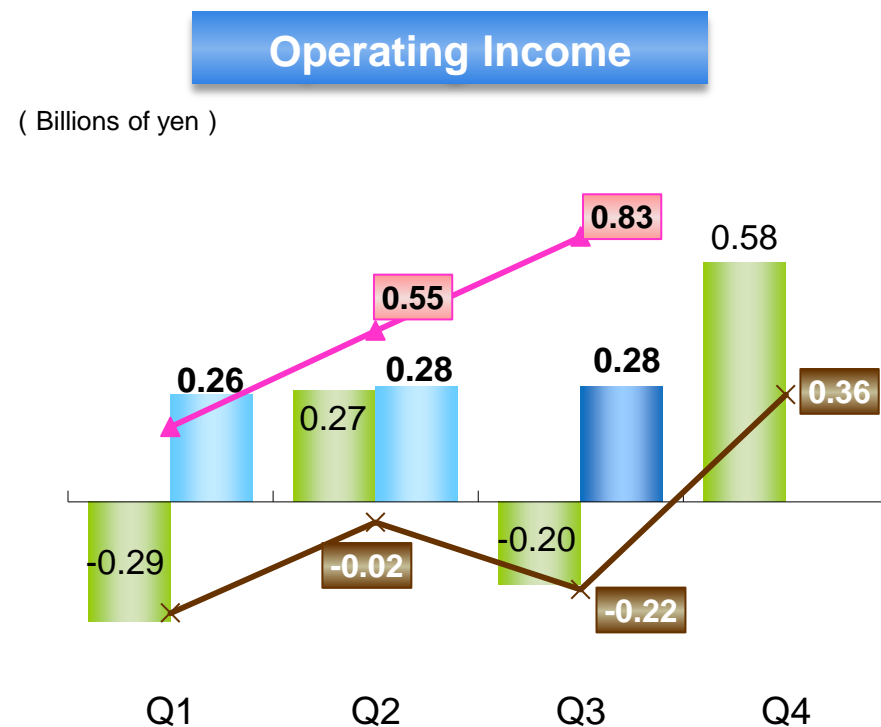
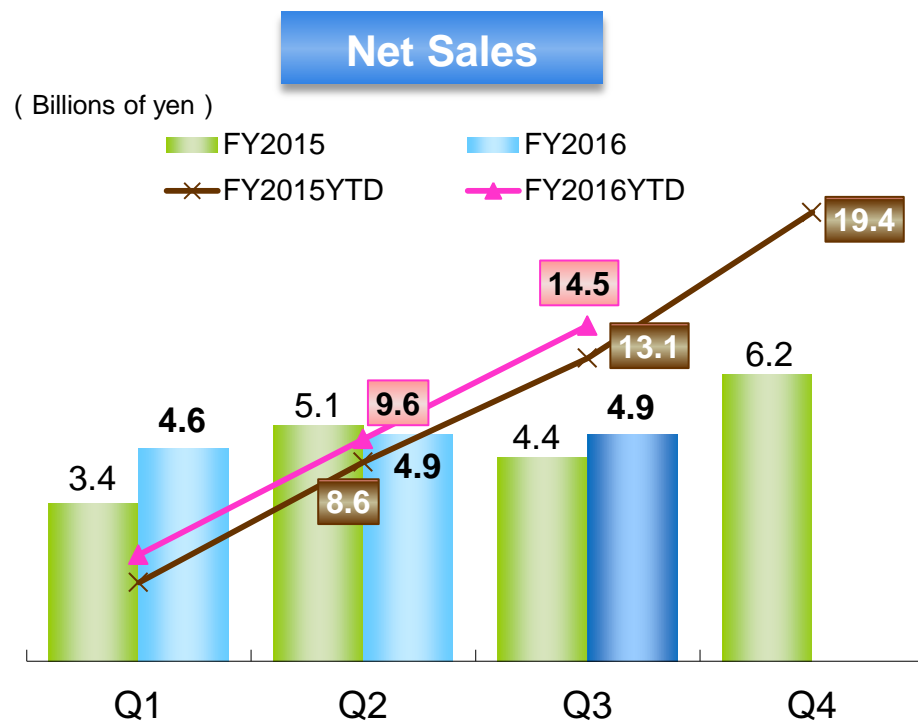
(Billions of yen)



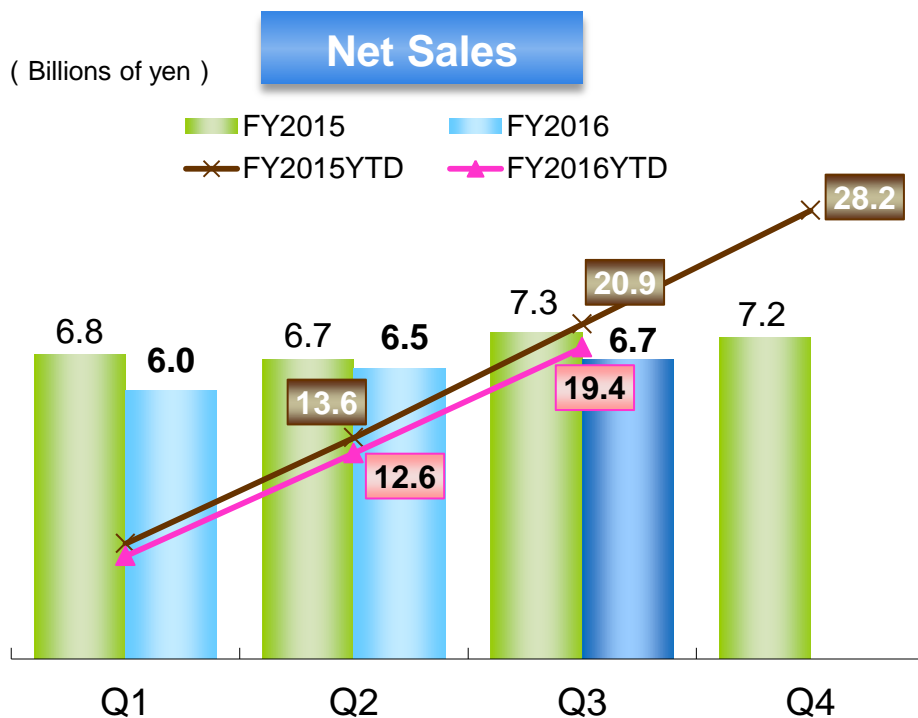
- **Watches (In Japan)** : There were shifts in consumption by foreign tourists and personal consumption was sluggish mainly for high-priced products. Presage and affordable-priced products performed strongly.
- **Watches (In overseas)** : Sales grew steadily on a local currency basis in Europe, Australia and Asia. Overall net sales decreased due to factors including the impact of yen appreciation and a falling off in department store distribution channels in the United States.
- **Movements** : Sales of watch movements worsened due to the impact of a reduction in products handled, as well as the slump in the watch markets of the United States and China.



Semiconductors mainly for automobiles and smartphones performed strongly. Sales grew for quartz crystals for smartphones. In batteries and materials, sales increased mainly for high performance metals for use in semiconductor manufacturing equipment. Overall sales fell year on year due to the impact of yen appreciation.



Sales were favorable in some businesses such as data services, which include payment terminals, and mobile solutions for home security.

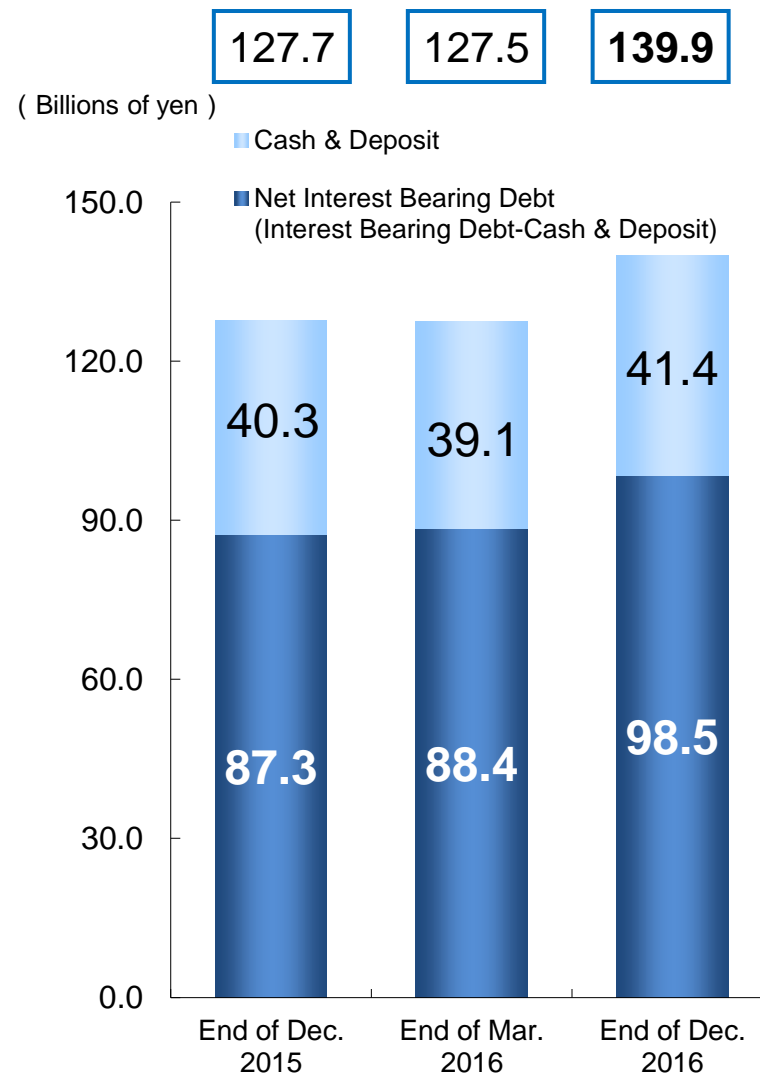


- Clocks : Clocks Business saw a steady increase in sales in Japan despite a decrease in sales to overseas due to the impact of yen appreciation.
- Others : Sales under the Wako Business fell due to the shifts in consumption by foreign tourists

Balance Sheet as of Dec. 31, 2016

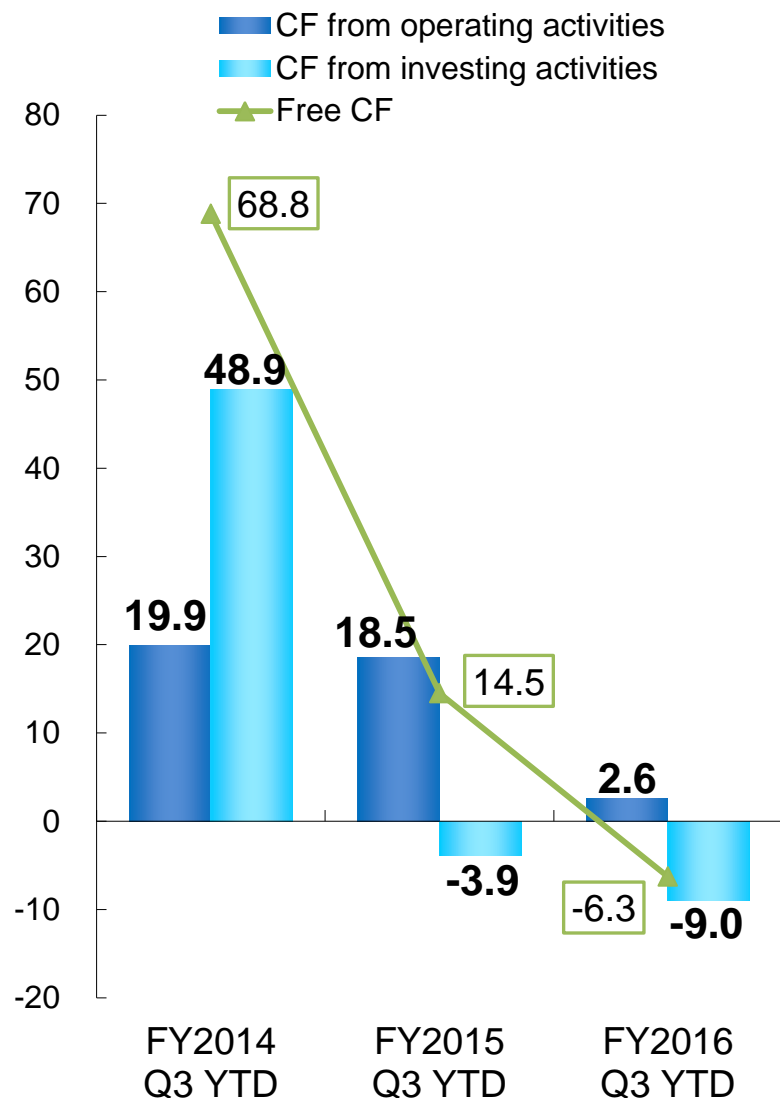
(Billions of yen)	Dec. 31, 2015	Mar. 31, 2016 (a)	Dec. 31, 2016 (b)	Change (b) - (a)
Inventories	70.5	65.1	71.1	+5.9
Interest Bearing Debt	127.7	127.5	139.9	+12.4
Net Assets	98.9	102.6	104.6	+1.9
Total Assets	336.3	329.1	342.9	+13.8
Equity Capital Ratio	29.1%	28.7%	27.9%	-0.8p
Net Debt Equity Ratio	0.8	0.8	0.9	+0.1
Number of Employees	13,694	13,437	13,333	-104

Interest Bearing Debt



Statements of Cash Flow

(Billions of yen)



(Billions of yen)

	FY2014 Q3(YTD)	FY2015 Q3(YTD)	FY2016 Q3(YTD)
Income before income taxes	28.3	12.7	4.8
Depreciation	8.0	7.5	8.0
Others	-16.4	-1.7	-10.2
Net cash provided by (used in) operating activities	19.9	18.5	2.6
Purchase of property, plant and equipment	-6.5	-9.7	-9.1
Others	55.4	5.7	0.1
Net cash provided by (used in) investing activities	48.9	-3.9	-9.0
Net increase (decrease) in loans payable	-57.2	-9.0	11.8
Others	-2.5	-5.1	-2.9
Net cash provided by (used in) financing activities	-59.7	-14.1	8.8
Effect of exchange rate change on cash and cash equivalents etc.	2.1	-0.3	-0.0
Cash and cash equivalents	53.8	40.3	41.4
Free cash flow	68.8	14.5	-6.3

2. Financial Forecast for FY2016

Summary of Financial Forecast for FY2016

(Billions of yen)	FY2015 Actual (a)	FY2016 Forecast		Change vs.	
		Previous (b) (Nov. 8)	Latest (c) (Feb. 14)	FY2015 (c)-(a)	Previous (c)-(b)
Net Sales	296.7	260.0	260.0	-36.7	±0.0
Operating Income	13.3	5.0	5.0	-8.3	±0.0
%	4.5%	1.9%	1.9%	-2.6p	±0.0p
Ordinary Income	11.8	4.0	4.0	-7.8	±0.0
%	4.0%	1.5%	1.5%	-2.5p	±0.0p
Profit attributable to owners of parent	12.1	3.0	3.0	-9.1	±0.0
%	4.1%	1.2%	1.2%	-2.9p	±0.0p

Financial Forecast for FY2016 by Reported Segments

(Billions of yen)	Net Sales				Operating Income			
	FY2015 Actual	FY2016 Forecast		Change vs. Previous	FY2015 Actual	FY2016 Forecast		Change vs. Previous
		Previous (Nov. 8)	Latest (Feb. 14)			Previous (Nov. 8)	Latest (Feb. 14)	
Watches	164.4	138.0	138.0	±0.0	12.7	6.0	6.0	±0.0
Electronic Devices	94.9	82.0	82.0	±0.0	2.9	2.0	2.0	±0.0
Systems Solutions	19.4	22.0	22.0	±0.0	0.3	1.2	1.2	±0.0
Sub Total	278.8	242.0	242.0	±0.0	16.0	9.2	9.2	±0.0
Others	28.2	27.0	27.0	±0.0	0.9	0.6	0.6	±0.0
Cons. Total	296.7	260.0	260.0	±0.0	13.3	5.0	5.0	±0.0

Investment / Research and Development Cost

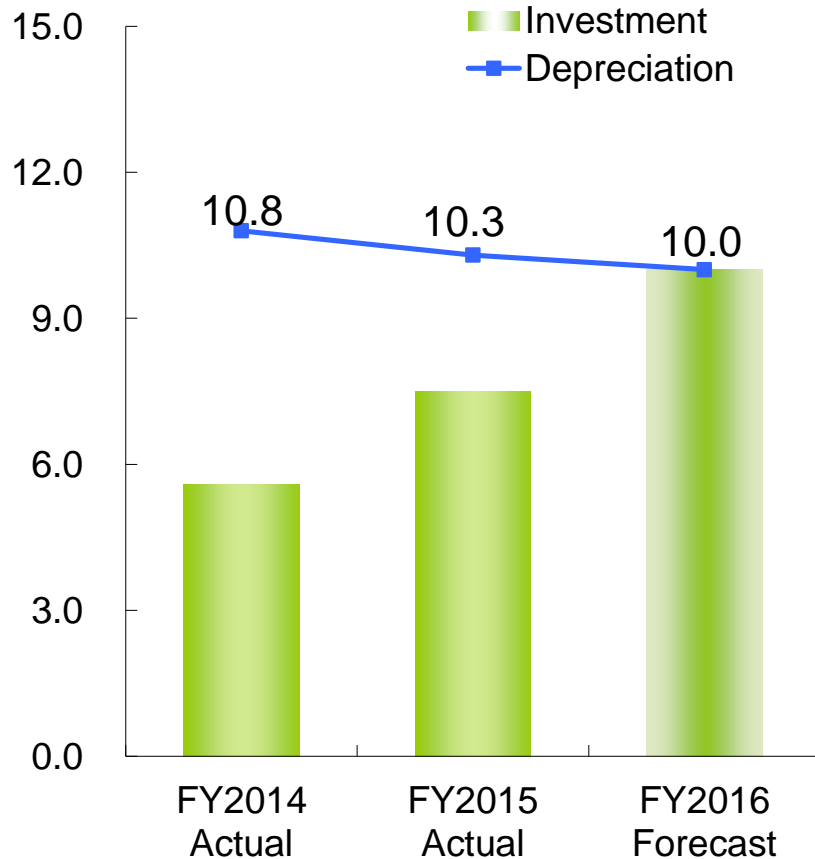
Investment / Depreciation

(Billions of yen)

5.5

7.5

10.0



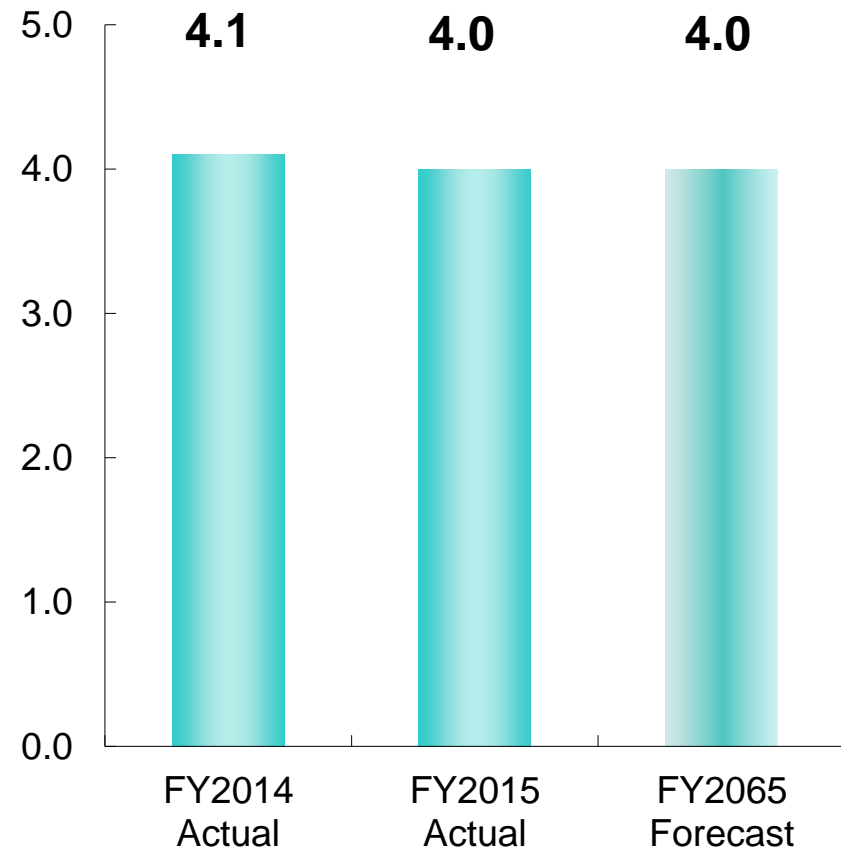
Research and Development Cost

(Billions of yen)

4.1

4.0

4.0



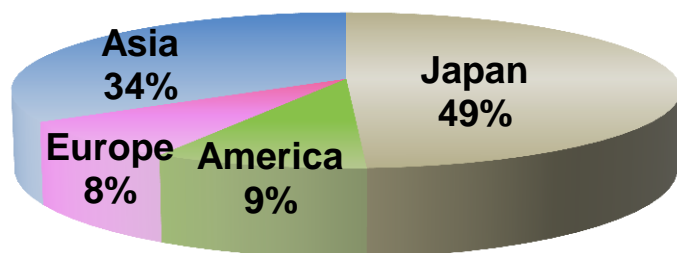
Sensitivity by Exchange Rate (Jan.2017-Mar.2017)

	USD	EUR
Forecast Exc. Rate	JPY 105.0	JPY 115.0
For Sales (Millions of yen)	250.0	30.0
For Income (Millions of yen)	50.0	20.0

FY2016

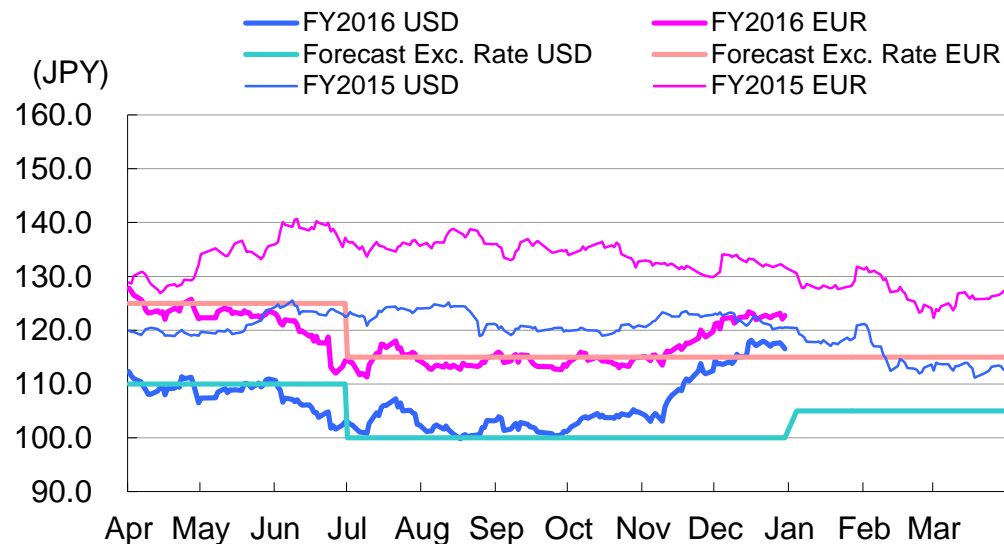
		Q1	Q2	Q3	Forecast Exc. Rate
Average	USD	108.0	102.4	109.4	105.0
	EUR	121.9	114.2	117.8	115.0
Closing Date	USD	102.9	101.1	116.5	105.0
	EUR	114.3	113.2	122.7	115.0

Sales by Area



* FY2015 Actual data

Trend of Exchange Rate



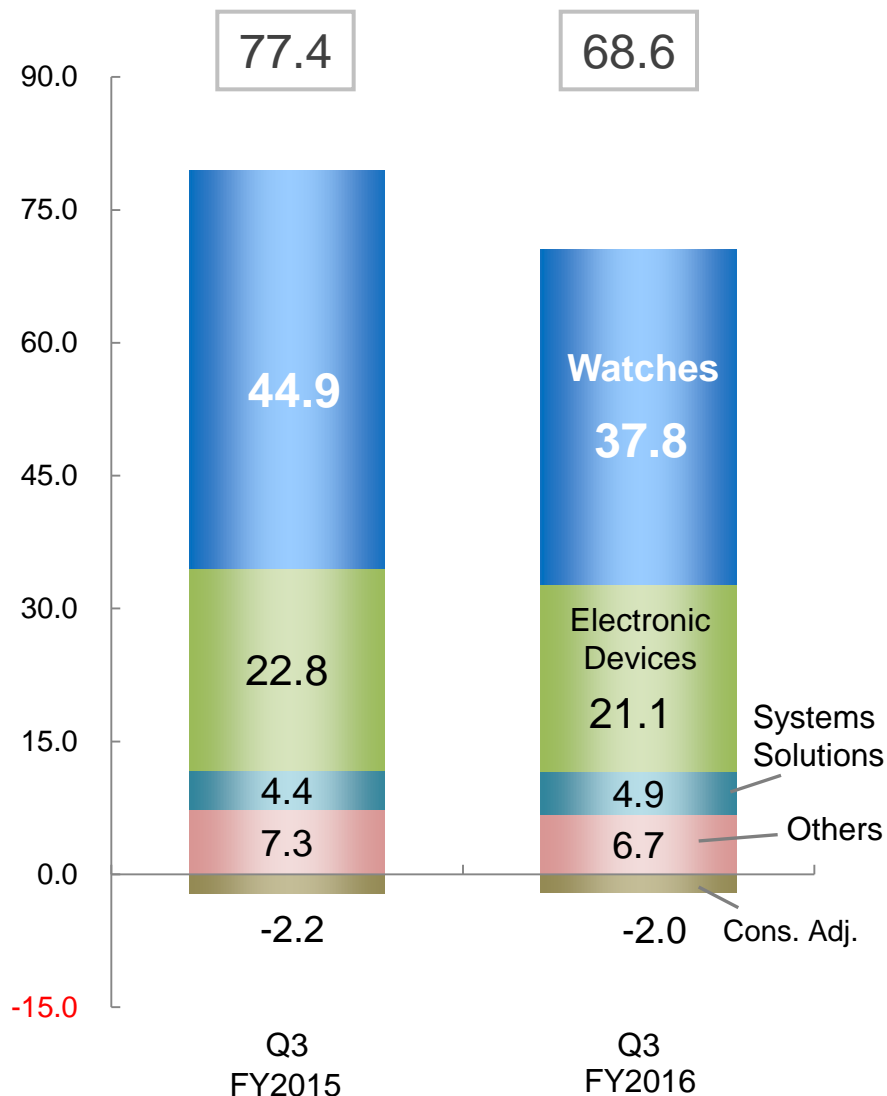
- ◆ *The forecasted results which appear in this report are based on the information which we have obtained as of now, and on certain assumptions deemed reasonable. As a result, actual results, etc. may differ significantly from the forecasted figures due to a wide range of factors.*

Numbers are cut off to the unit indicated, unless otherwise specified.

Reference

Sales by Reported Segments (Oct.2016 –Dec.2016)

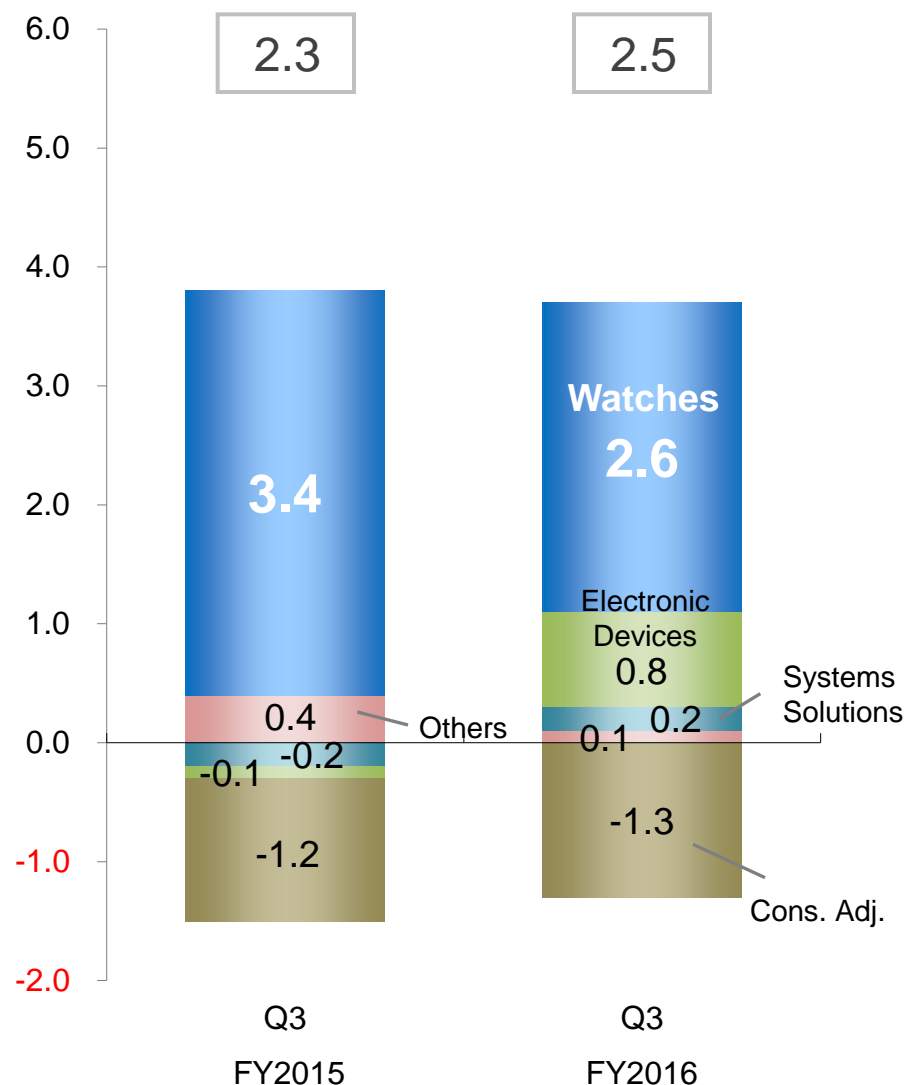
(Billions of yen)



(Billions of yen)	Net Sales		
	FY2015 Q3	FY2016 Q3	Change
Watches	44.9	37.8	-7.0
Electronic Devices	22.8	21.1	-1.7
Systems Solutions	4.4	4.9	+0.4
Sub Total	72.3	63.8	-8.4
Others	7.3	6.7	-0.5
Cons. Adj.	-2.2	-2.0	+0.1
Cons. Total	77.4	68.6	-8.7

Operating Income by Reported Segments (Oct.2016 -Dec.2016)

(Billions of yen)



(Billions of yen)	Operating Income		
	FY2015 Q3	FY2016 Q3	Change
Watches	3.4	2.6	-0.8
Electronic Devices	-0.1	0.8	+0.9
Systems Solutions	-0.2	0.2	+0.4
Sub Total	3.1	3.7	+0.5
Others	0.4	0.1	-0.2
Cons. Adj.	-1.2	-1.3	-0.1
Cons. Total	2.3	2.5	+0.2

End
