

# SEIKO

Moving ahead. Touching hearts.

Corporate Report 2016-2017



SEIKO HOLDINGS CORPORATION



Seiko developed the world's smallest tourbillon\* movement by volume with its cutting-edge watch manufacturing technologies. The FUGAKU watch uses this movement and was created with the involvement of master artisans in design, engraving and lacquering. Seiko takes immense pride in its designers and master craftsmen in-house and the globally renowned lacquer artisans who combined their talents to create the FUGAKU based on the motif "Thirty-six Views of Mount Fuji" by Katsushika Hokusai. Beginning with this FUGAKU watch, Seiko is exploring the world of luxury watches by blending its leading-edge technologies with traditional handicrafts.

\*A tourbillon reduces the effect of gravity and thereby stabilizes the accuracy of the movement, thanks to the escapement and balance wheel being set in a rotating cage known as a carriage.  
(As of January, 2016. Based on Seiko's research.)

## Art Created with Refined Watch Technologies and Traditional Techniques



Metal engraver Kiyoshi Terui | Watchmaker Satoshi Hiraga | Artistic Designer Nobuhiro Kosugi | Engineering Designer Yuichi Mori | Lacquer artist Isshu Tamura

**SEIKO**  
Moving ahead. Touching hearts.

## Photo Story

### Becoming a global corporate group that can share excitement with people throughout the world

Our founding management position of "Always one step ahead of the rest" has driven Seiko's innovation and its great advances. In addition to this forward-looking spirit, in 2014 Seiko unveiled the Group slogan "SEIKO Moving ahead. Touching hearts." This slogan encapsulates our fervent desire to create, enjoy and resonate with a new hope-filled era, sharing a sense of thrill and excitement along with all our stakeholders as we stride forward together. To realize the spirit of this slogan, in 2016, which marks our 135th year, we established a long-term vision that articulates what the Group aims to be 10 years in the future. Going forward, Seiko will continue to strive to be a trend-setting and innovative global group that shares excitement with people around the world by offering products, quality and services that make a deep impression on their hearts and are in tune with the times.

**Shinji Hattori**  
Chairman & Group CEO  
Seiko Holdings Corporation

### Aiming to realize sustainable growth and increase mid- to long-term corporate value

In working to realize our long-term vision, Seiko initiated the Sixth Mid-Term Management Plan with the objective of becoming a leading company in the global market by 2020. Regarding specific strategic policies under this plan, we will promote the strengthening of profitability and investing for growth with the aim of being a highly profitable group with the Watches Business as its core. Additionally, Seiko will make all-out efforts toward reinforcing the management foundation. In particular, to further strengthen our corporate governance structure, we have pressed ahead with setting up advisory committees focused on independent directors and introducing mechanisms to evaluate the effectiveness of the Board of Directors. Also, we have worked toward enhancing equity capital and reducing interest-bearing debt while also cultivating global human resources and striving further to promote active participation by women. By implementing these initiatives, Seiko aims to achieve sustainable growth and increase mid- to long-term corporate value.

**Yoshinobu Nakamura**  
President  
Seiko Holdings Corporation



## Providing Thrills and Excitement through Sports

Sports have the power to satisfy the world through excitement and emotional engagement. Seiko believes in the power of sports, and in keeping with our slogan "SEIKO Moving ahead. Touching hearts." we provide timing and measurement services and sponsor a variety of sports competitions, including the IAAF World Championships and the Tokyo Marathon, as well as support the activities of athletes. Ryota

Yamagata, who became a Seiko employee in 2015, and obtained a silver medal in Rio de Janeiro in 2016, is also continuing to take on the challenge of breaking the barrier of 10 seconds in the men's 100-meter sprint and is providing thrills and excitement through sports.



IAAF World Championships Beijing 2015

# Sixth Mid-Term Management Plan

## Long-Term Vision (What we aim to be)

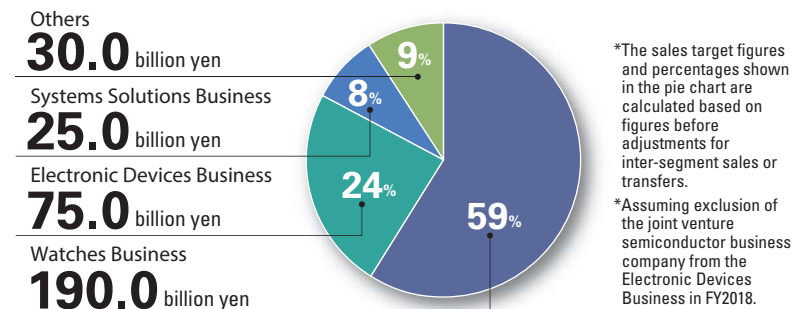
We aim to be a trend-setting and innovative global group that shares excitement with all its stakeholders around the world by providing products and services that exceed the highest expectations of our customers.

Seiko defined a long-term vision of what it aims to be 10 years into the future based on its Group slogan "SEIKO, Moving ahead. Touching hearts." and formulated the Sixth Mid-Term Management Plan as a roadmap for realizing this vision.

### Consolidated target figures for FY2018

Net sales	¥ 310.0 billion yen
Operating income	¥ 17.0 billion yen
Equity capital ratio	35 % or higher
Net interest-bearing debt	¥ 75.0 billion yen or less

### Sales target figures by segment



### 1) Strengthening profitability and investing for growth

- Toward greater growth in the Watches Business as the Group's core business (expanding profits)
- Generating profit by prioritizing allocation of management resources to core businesses in the Electronic Devices Business (increasing profitability)
- Reinforcing the business foundation of the Systems Solutions Business as a third main segment (strengthening profitability)
- Maintaining stable earnings structure in other businesses (stable profitability)

### 2) Reinforcing the management foundation

- Enhancing corporate communication
- Continuing basic policies on capital and financial strategies
- Enhancing corporate governance
- Enhancing organizational and group functions, and continuing with basic policies on human resources

### Group Slogan

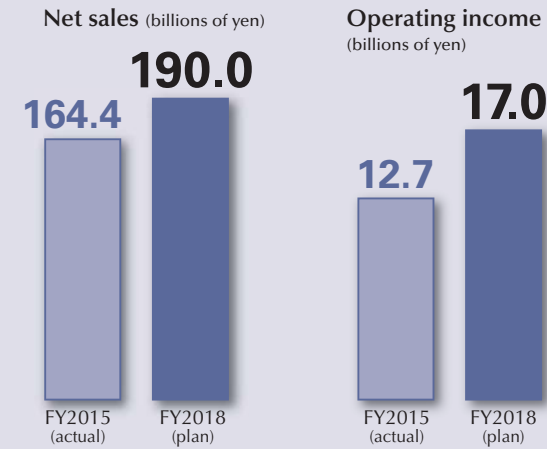
**SEIKO**  
Moving ahead. Touching hearts.

Seiko has continued to drive innovation since our founding while supporting the management position of "Always one step ahead of the rest." We formulated our corporate slogan in an easy-to-understand expression to incorporate this long-standing idea as well as the new idea of wanting to appeal to customers' sensitivities. The slogan conveys Seiko's strong will and commitment to continue creating the future based on the technological expertise and sensitivities that have driven the times.

## Basic Strategies by Reported Business Segment

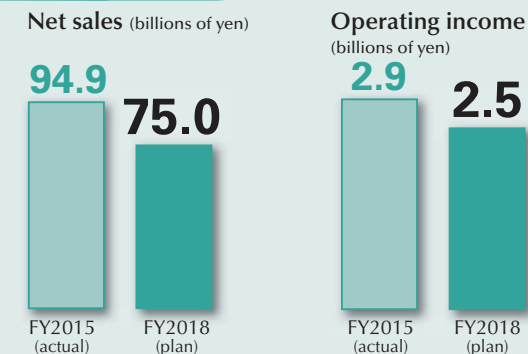
### Watches Business

Toward greater growth as the Group's core business >>> Expanding profits



### Electronic Devices Business

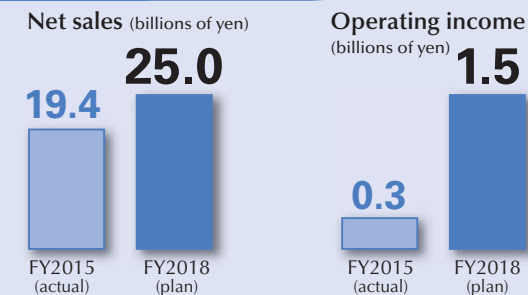
Generating profit by prioritizing allocation of management resources to core businesses >>> Increasing profitability



\*Assuming exclusion of the joint venture semiconductor business company from the Electronic Devices Business in FY2018.

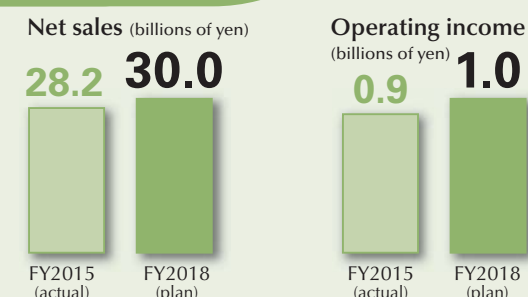
### Systems Solutions Business

Reinforcing the business foundation as a third main segment >>> Strengthening profitability



### Others

Maintaining stable earnings structure >>> Stable profitability



### Aggressive-approach

### Seventh Mid-Term Management Plan (FY2019-FY2021)

To be a leading company in the global market by 2020

### Continuing organizational reform to take on the aggressive-approach

### Sixth Mid-Term Management Plan (FY2016-FY2018)

Aiming to be a highly profitable group with the Watches Business at its core:

- 1) Strengthening profitability and investing for growth
- 2) Reinforcing the management foundation

### Defensive-approach

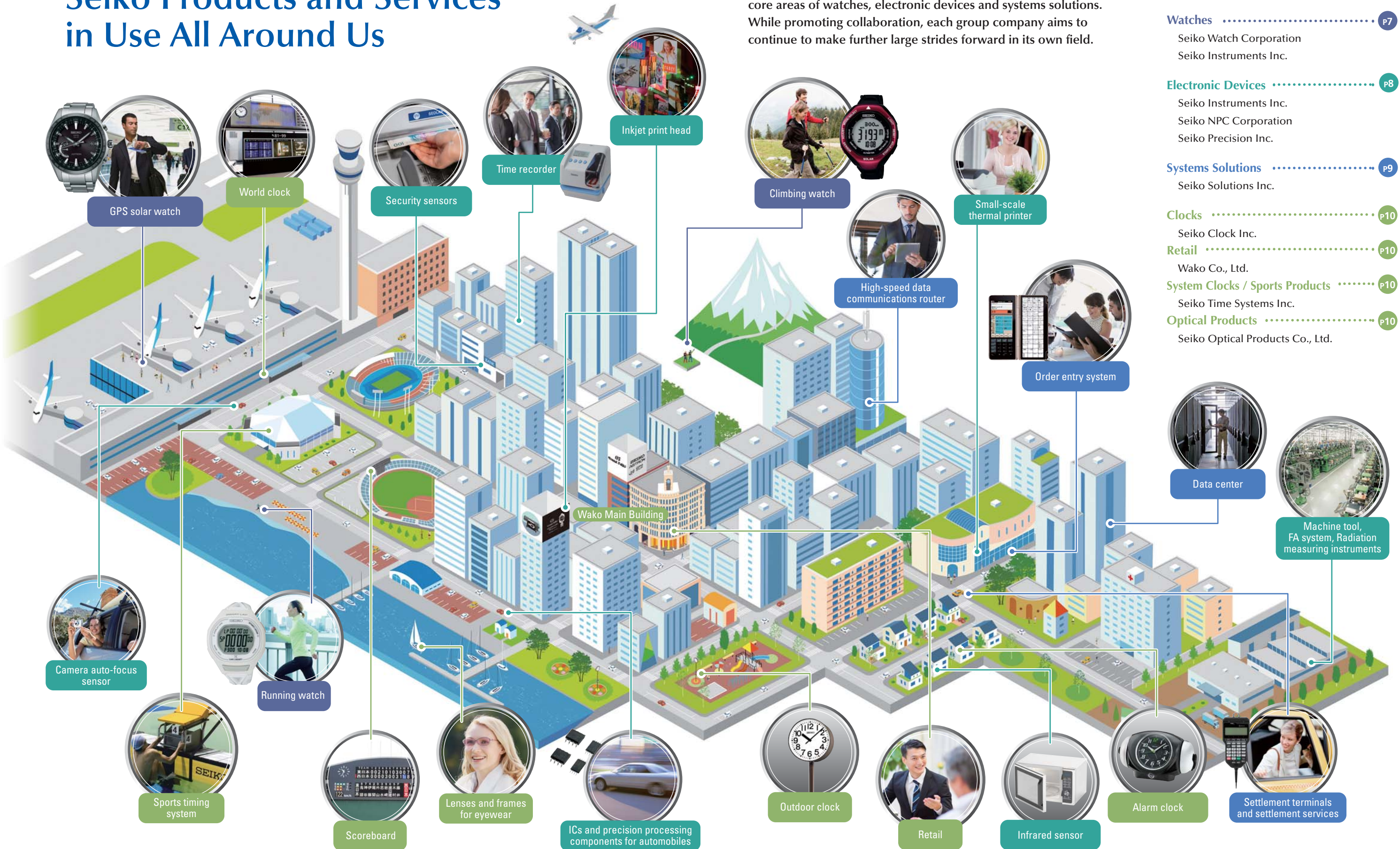
### Fifth Mid-Term Management Plan (FY2013-FY2015)

Aiming to change to a business structure with the Watches Business at its core:

- 1) Expanding, revitalizing and reorganizing businesses
- 2) Improving the financial constitution

## Seiko Products and Services in Use All Around Us

Seiko is engaged in a variety of businesses, centered on the three core areas of watches, electronic devices and systems solutions. While promoting collaboration, each group company aims to continue to make further large strides forward in its own field.



### Principal operating companies

#### Watches ..... P7

- Seiko Watch Corporation
- Seiko Instruments Inc.

#### Electronic Devices ..... P8

- Seiko Instruments Inc.
- Seiko NPC Corporation
- Seiko Precision Inc.

#### Systems Solutions ..... P9

- Seiko Solutions Inc.

#### Clocks ..... P10

- Seiko Clock Inc.

#### Retail ..... P10

- Wako Co., Ltd.

#### System Clocks / Sports Products ..... P10

- Seiko Time Systems Inc.

#### Optical Products ..... P10

- Seiko Optical Products Co., Ltd.

## A “Manufactures d’Horlogerie” That Produces All Key Components In-House

Seiko carries out wide-ranging brand marketing in Japan and overseas to respond to the needs of customers. Seiko provides an extensive lineup of uniquely distinctive wristwatches suited to various lifestyles throughout the world. These include Grand Seiko, our leading luxury brand, which since 1960 has offered watches of unrivalled beauty and precision; Seiko Astron, the world’s first GPS solar watch; Prospex, a collection of professional specification sports watches inspired by the first diver’s watch ever made in Japan; and Seiko Presage, a Japanese-made mechanical watch available throughout the world.

Seiko aims to be a leading company in the global watch market as one of the world’s few “manufactures d’horlogerie” that undertakes all processes in-house, from the production of parts to assembling finished products, adjustments and quality inspections.



### Grand Seiko

Grand Seiko is our leading luxury brand. It has its own design characteristics and exclusive range of calibers and offers watches which are world-renowned for their precision, legibility and comfort. We are also strengthening our lineup of ladies’ models.



### Seiko Astron

This is the world’s first GPS solar watch introduced in 2012. With simple operation it adjusts to your time zone and always provides the correct time throughout the world.



### Seiko Presage

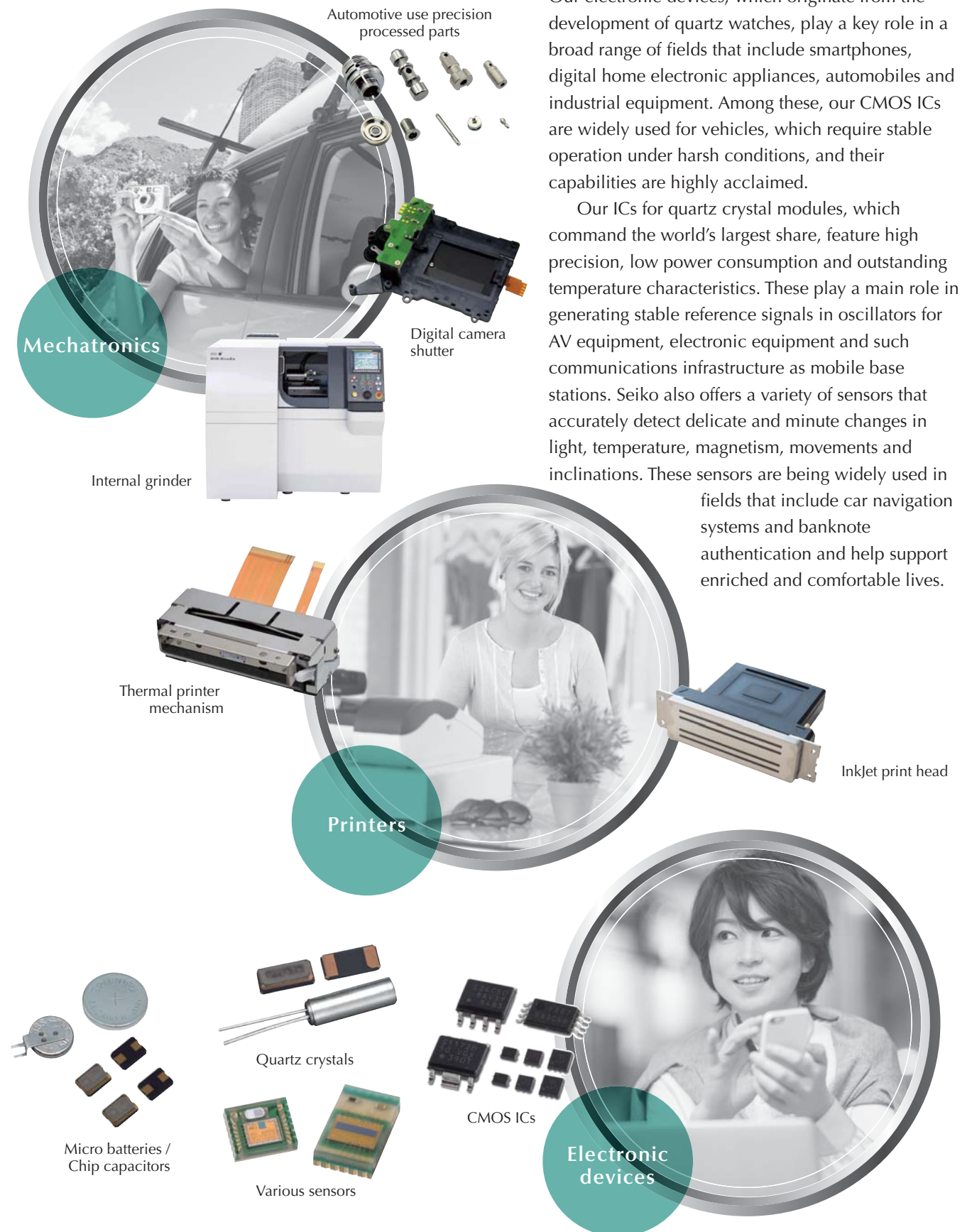
Presage embodies the heritage of our mechanical watches that dates back over 100 years. A genuine confidence in the technologies of which Japan is proud lies within this watch. This Japanese-made mechanical watch available throughout the world fuses practicality with the pleasure of a mechanical watch.

## Supporting an Increasingly Sophisticated Society and Industry with a Variety of Technologies

Our electronic devices, which originate from the development of quartz watches, play a key role in a broad range of fields that include smartphones, digital home electronic appliances, automobiles and industrial equipment. Among these, our CMOS ICs are widely used for vehicles, which require stable operation under harsh conditions, and their capabilities are highly acclaimed.

Our ICs for quartz crystal modules, which command the world’s largest share, feature high precision, low power consumption and outstanding temperature characteristics. These play a main role in generating stable reference signals in oscillators for AV equipment, electronic equipment and such communications infrastructure as mobile base stations. Seiko also offers a variety of sensors that accurately detect delicate and minute changes in light, temperature, magnetism, movements and inclinations. These sensors are being widely used in

fields that include car navigation systems and banknote authentication and help support enriched and comfortable lives.



Mechatronics

Printers

Electronic devices

## Providing Solutions as an ICT Professional Group



Financial industry

**ROS<sup>3</sup> CAPS**  
Card Automatic Payment System  
**L-CRIP**  
Various software for settlement business

**SEIKO CyberTime**  
2016/06/10 10:08:59  
**Easy Safe Always**  
Time stamp service

**Thinc-CORE**  
Thin client settlement solutions

Amid a drastically changing networked society, we provide customers with optimal connectivity solutions in keeping with the Seiko principle of “reliable quality.” Serving as the foundation of these solutions are our network, wireless, electronic settlement services, system integration and other technologies. In the future as well, we will dynamically create solutions that are one step ahead and that exceed customer expectations as their professional ICT partner.



Data center

Managing energy and maximizing efficiency  
**GreenTALK**  
Energy surveillance and control solution  
Energy monitoring and control system

**Netwiser load balancer**  
**TimeServer Pro. grand master clock**  
**SmartCS console server**

**SkyBridge**  
high-speed data communications router  
**Mr. Sho-Ene** (“Mr. Energy Saving”) heat, humidity and illumination node



Vehicle related

Settlement terminals for taxis



Stores/ Restaurants

**oishino**  
Restaurant ordering system  
**MONSTERA**

**CREPiCO**  
CREPiCO multi electronic money settlement service

# Clocks, Retail, System Clocks / Sports Products and Optical Products



Alarm clock ultra loud bell / beep

## Clocks

For over 120 years since it began the production of wall clocks, Seiko has been involved in all areas of clock making from planning and manufacture to the provision of after-sales services. Thanks to our experience, our manufacturing skills, our leading-edge technologies and our passion for quality, we are able to offer a wide variety of exceptional clocks of all types.

## Retail

Wako, an upscale specialty store that is a landmark in the Ginza district of Tokyo, offers a wide range of high-quality products and services, including watches, jewelry, men’s and women’s products, interior decoration products and foods. All our products and services have been independently developed and carefully selected in Japan or overseas.



Wako Main Building



The Wako Main Building that looks over Ginza has come to be loved by many as a symbol of the area since its completion in 1932. In the future as well, Wako will continue to develop the trust of our customers based on a commitment to top quality and the spirit of hospitality cultivated through our long history and tradition.

## System Clocks / Sports Products

We plan, develop, manufacture, sell and service system clocks and sports products. Our product range includes facilities clocks for communities such as at schools, hospitals and train stations; marionette clocks that decorate communities; specialty clocks for broadcasters; sports timing devices; and large-sized displays and scoreboards for baseball stadiums.

We also actively provide timing support activities at various national and international sports competitions using our extensive experience and sophisticated technological capabilities.



Outdoor clock for children

## Optical Products

Seiko’s Optical Products business boasts a long history dating back over 90 years. As one of only a few companies around the world that handles both lenses and frames, we provide “EYEWEAR THAT PERFORMS” products that realize the highest and optimal level of performance.



Seiko offers an extensive lineup of optical products

\*In April 2016, Seiko Optical Products Co., Ltd. separated its domestic business, carried out a business integration with subsidiary Best Vision Co., Ltd. and established a new sales company, Seiko Eyewear Co., Ltd. Additionally, Seiko Optical Products is overseeing the worldwide optical products business.

# Corporate Social Responsibility

We believe the Seiko Holdings Group's corporate social responsibility (CSR) is to contribute to the realization of a sustainable society by basing all our policies and actions on the idea that Seiko should be "A Company that is Trusted by Society." To realize this goal, we are implementing the following initiatives.

1

We will contribute to the creation of an even better society by providing innovative technologies and high-quality products and services.

2

We will always conduct our business in a way that has a positive impact on society, and does not damage the environment, in line with the expectations of our stakeholders.

3

We will comply with all laws, regulations and international norms that are relevant to our business and manage the company in a transparent and fair way, holding an open, honest dialogue with all our stakeholders.

## Contributing to the vitalization of local communities

### Support of charitable enterprises for persons with special needs

In the United Kingdom, Seiko made a monetary contribution as well as donated a Melody in Motion clock to Thames Valley Adventure Playground, a charitable program for children and adults with special needs. The funds donated were used for play equipment at the facility. (Reported by Seiko U.K. Limited)



Presenting donation



Play equipment for the facility that was purchased with the donations

### Sports event supporting social rehabilitation of ex-offenders

Seiko has supported the Yellow Ribbon Prison Run held every year inside Changi Prison in Singapore as official sponsor since 2011. The sports event aims to support a social rehabilitation program for ex-offenders and approximately 4,000 regular runners who endorse the cause took part. (Reported by Thong Sia Co. (S) Pte. Ltd.)



Yellow Ribbon Prison Run 2015



## Initiatives through music

### Concerts to support eastern Japan in a spirit of "harmony"

Seiko has continuously held concerts every year since just after the disaster in 2011 to support recovery. Based on a desire to provide a place to join hearts and strengthen bonds between people in disaster-affected areas and supporters, Seiko has held concerts to support eastern Japan in a spirit of "harmony" in the three prefectures of Tohoku and in Tokyo since 2013. The concert in September 2016 marked the 23rd occasion, with a number of artists performing as a way to send their best wishes to people in disaster-affected areas, including renowned composer Norio Maeda.



A concert to support eastern Japan in a spirit of "harmony" 2016 in Kuji



## Efforts toward resolving environmental issues

### Products that are kind to the environment

At Seiko Watch Corporation, the combined percentage of Spring Drive watches, mechanical watches, Kinetic watches and solar-powered watches that have less environmental impact with no battery replacement required, is over 70% in terms of net sales. Additionally, the world's first GPS Solar watch, Seiko Astron, is also an extremely eco-friendly watch that does not require any external power source. Seiko's energy efficient proprietary technology has made possible GPS signal reception using just the power of light. The user is also not required to periodically replace the battery.

Seiko Instruments Inc. (SII) is implementing a program of green product standards based on the concepts of "improving the environmental performance of our clients' products in which our SII devices or components are incorporated" and "contributing to the conservation of the environment." SII introduced the SII Green Product Label System in 2001 and the SII High



## Providing opportunities and venues for learning

### International Speech Contest in Japanese

Seiko sponsored the International Speech Contest in Japanese held in Moscow, in which students learning Japanese in Russia and the Commonwealth of Independent States (CIS) took part. The contest is a valuable opportunity to enhance Japanese speaking ability and increase one's motivation for learning by listening to some exceptional speeches as well as to interact with language students from other areas. (Reported by Seiko RUS LLC)



28th International Speech Contest in Japanese held in Moscow

Grade Green Product Label System in 2006 and has created a large number of eco-friendly products and products that contribute to the environment. The ratio of green product sales reached 97.8% in fiscal 2015.

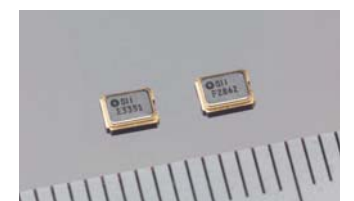


GPS Solar watch Seiko Astron



HIGH GRADE

SII High Grade Green Product mark



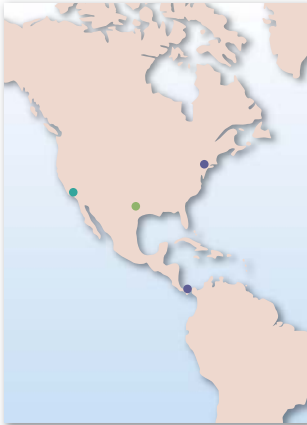
Chip capacitors

# Seiko Holdings Group Overview

Through a network of subsidiaries, Seiko produces and markets its products on a global scale.

- Holding company
- Watches
- Electronic Devices
- Systems Solutions
- Others

## AMERICA



## EUROPE



## ASIA & OCEANIA



## JAPAN



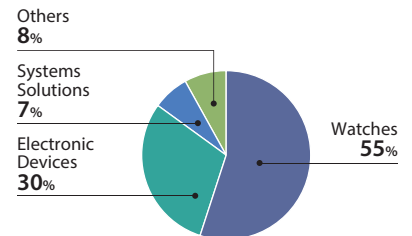
## Seiko Holdings Corporation Corporate Information



<b>Year of establishment</b>	1881
<b>Capital</b>	10 billion yen
<b>Number of employees</b>	128 (as of March 31, 2016)
	13,437 (as of March 31, 2016, consolidated)
<b>Net sales</b>	11.9 billion yen (fiscal 2015)
	296.7 billion yen (fiscal 2015, consolidated)
<b>Overview of business</b>	Management and control of its consolidated subsidiary companies which are engaged in the following business domains: watches, electronic devices, systems solutions, clocks, high end apparel, fashion accessories and system clocks etc.

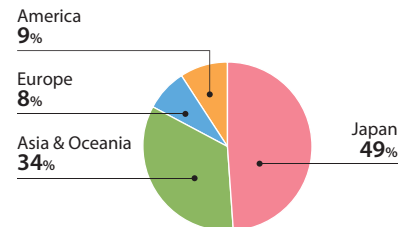
### Net Sales by Business

(FY2015, consolidated)



### Net Sales by Region

(FY2015, consolidated)



# SEIKO

- Seiko Watch Corporation
- Seiko Instruments Inc.
- Seiko Precision Inc.
- Seiko NPC Corporation
- Seiko Solutions Inc.
- Seiko Clock Inc.
- Wako Co., Ltd.
- Seiko Time Systems Inc.
- Seiko Optical Products Co., Ltd.

## Seiko Holdings Corporation

26-1, Ginza 1-chome, Chuo-ku, Tokyo 104-8110, JAPAN  
 TEL +81-3-3563-2111  
<http://www.seiko.co.jp/en>  
 E-mail: [prdept@seiko.co.jp](mailto:prdept@seiko.co.jp)