



**FY2013 3<sup>rd</sup> Quarter  
Consolidated Results**  
(Fiscal year ending March 31, 2014)

February 13, 2014

SEIKO HOLDINGS CORPORATION

1. Business Results
2. Financial Forecast for FY2013

# 1. Business Results

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# FY2013 Statement of Income (Apr.2013 - Dec.2013)

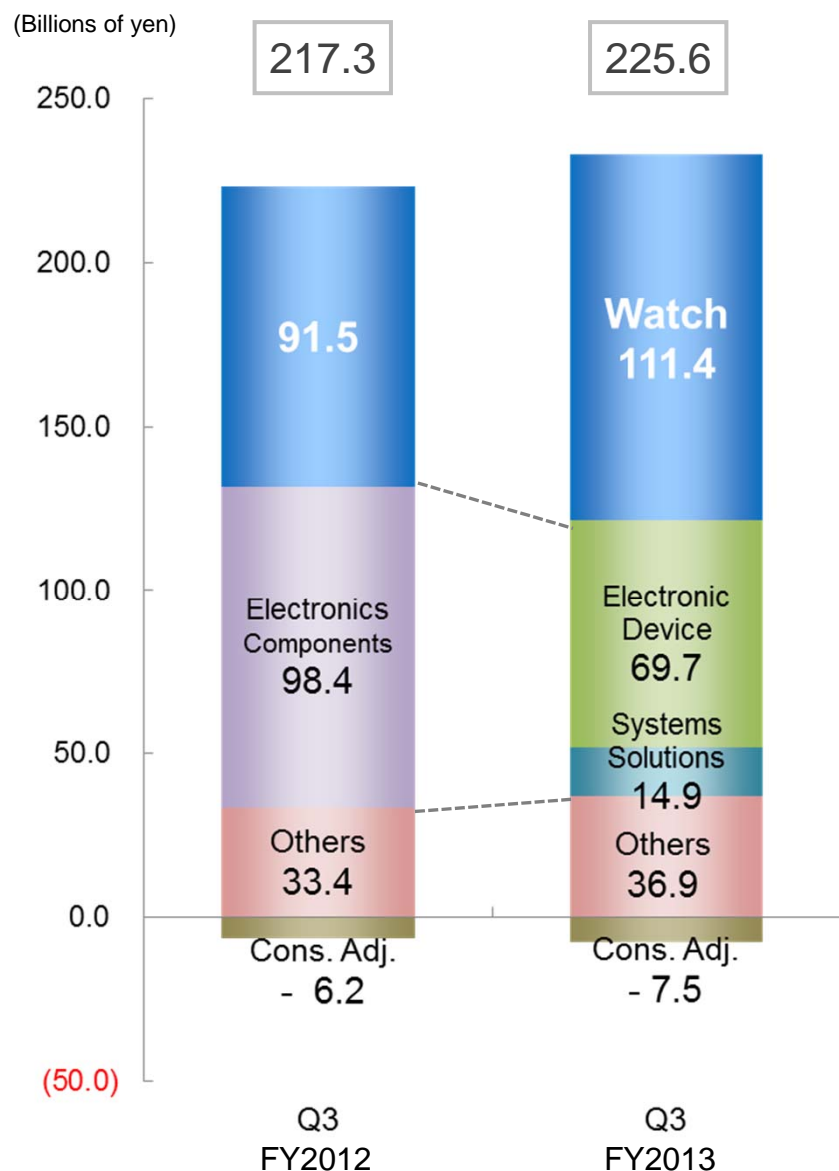
**SEIKO**

( Billions of yen )	FY2012 Q1-Q3	FY2013 Q1-Q3	Change		
			Amt.	%	
Net Sales	217.3	225.6	+8.3	+3.8%	
Gross Profit	68.6	77.7	+9.0	+13.2%	
Operating Income	8.8	13.3	+4.4	+50.3%	
%	4.0%	5.9%	+1.8%	-	
Ordinary Income	6.8	11.2	+4.3	+62.7%	
%	3.1%	4.9%	+1.8%	-	
Before Income Taxes & Minority interests	9.7	15.5	+5.8	+59.7%	
Net Income	7.3	11.9	+4.6	+63.6%	
%	3.3%	5.3%	+1.9%	-	
Exchange Rates(JPY)	USD	79.9	99.3	+19.4	+24.2%
	EUR	102.0	132.1	+30.1	+29.5%

<b>Net Sales :</b>	<b>+8.3</b>
Impact of Exchange rate fluctuations	+26.0
<b>Operating Income :</b>	<b>+4.4</b>
Increase in GP	+9.0
Increase in Advertising and sales promotion expenses etc.	-4.6
<b>Ordinary Income :</b>	<b>+4.3</b>
Increase in Operating Income	+4.4
Decrease in Interest expenses	+0.5
Increase in Foreign exchange gains	+0.9
Equity in income of affiliates	-1.7
Others	+0.1
<b>Extraordinary Income/Loss :</b>	
<u>Extraordinary Income</u>	<u>5.5</u>
Insurance Income	4.6
Gain on sales of investment securities	0.8
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	0.1
<u>Extraordinary Loss</u>	<u>-1.2</u>
Special extra retirement payments	-0.6
Provision of reserve for loss on lease contracts	-0.6

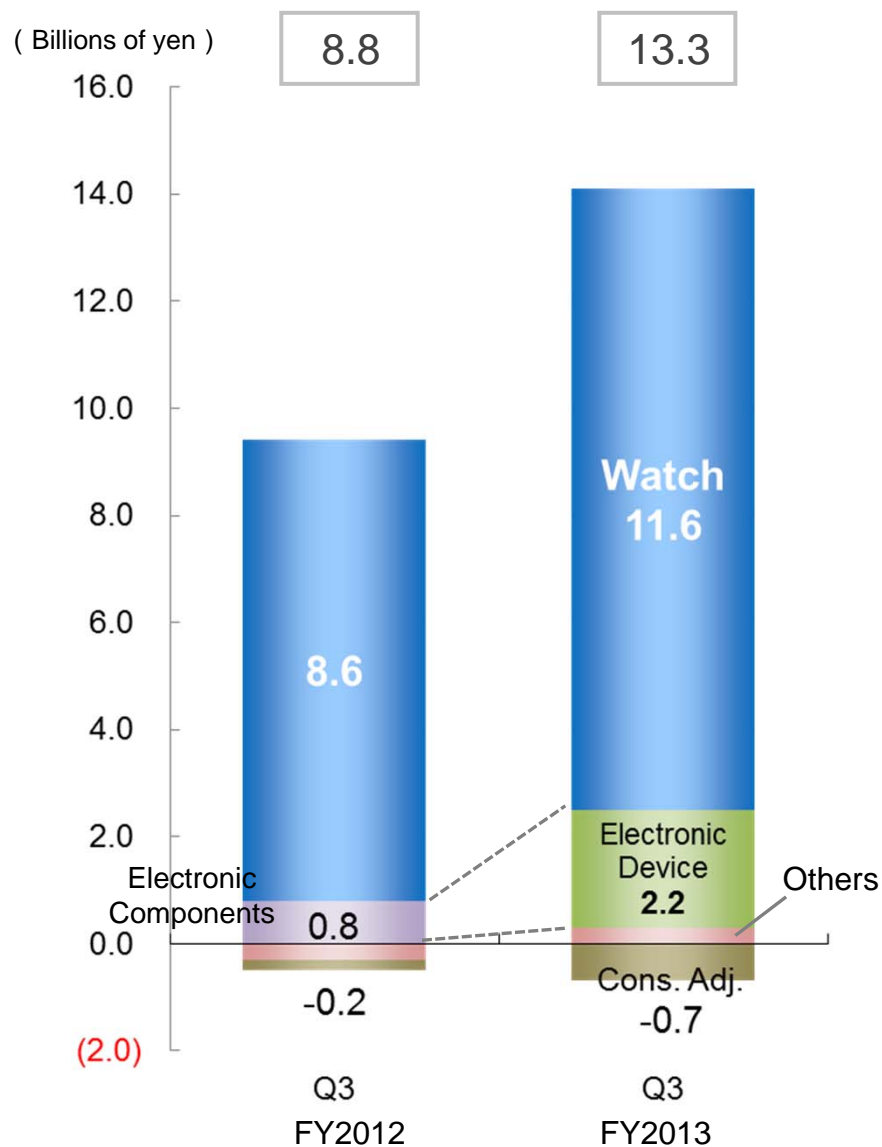
# Sales by Reported Segments (Apr.2013 – Dec.2013)



( Billions of yen )	Net Sales		
	FY2012 Q1-Q3	FY2013 Q1-Q3	Change
Watch	91.5	111.4	+19.9
Electronic Device	98.4	69.7	-
Systems Solutions		14.9	-
Total	190.0	196.1	+6.1
Others	33.4	36.9	+3.4
Cons. Adj.	-6.2	-7.5	-1.3
Cons. Total	217.3	225.6	+8.3

\* "Others" and "Cons. Adj." of FY2012 are for reference purpose only.

# Operating Income by Reported Segments (Apr.2013 - Dec.2013) **SEIKO**

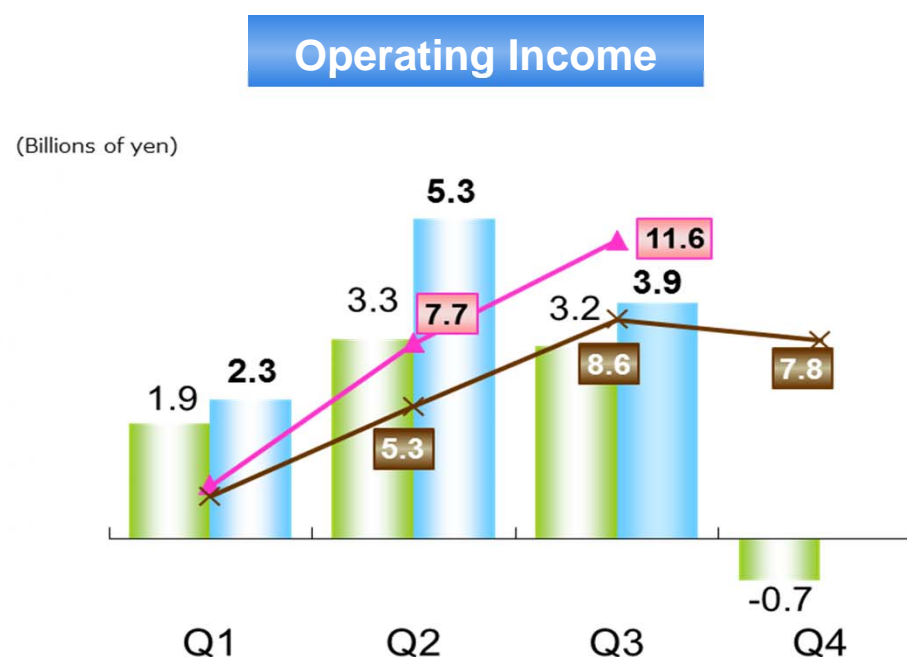
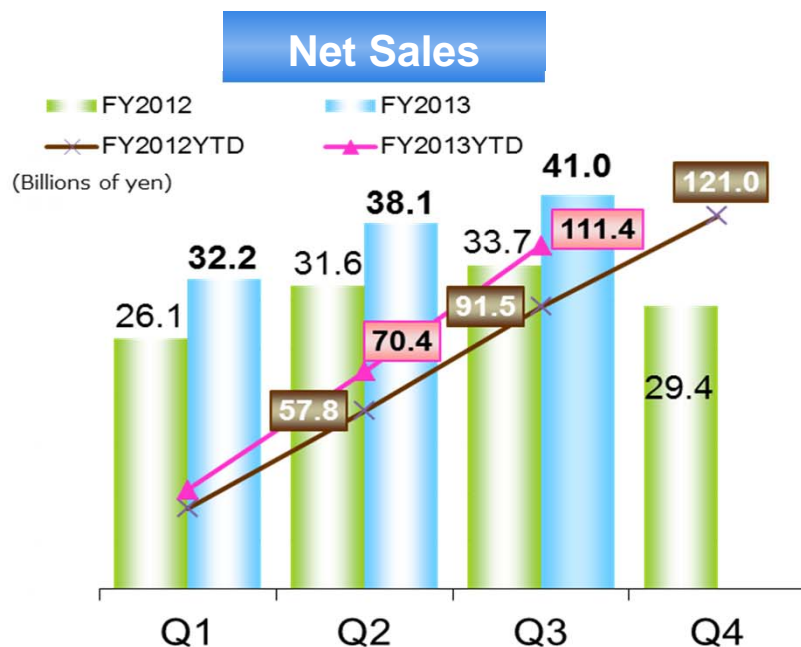


( Billions of yen )	Operating Income		
	FY2012 Q1- Q3	FY2013 Q1-Q3	Change
Watch	8.6	11.6	+3.0
Electronic Device	0.8	2.2	-
Systems Solutions	0.8	-0.0	-
Total	9.4	13.7	+4.3
Others	-0.3	0.3	+0.6
Cons. Adj.	-0.2	-0.7	-0.4
Cons. Total	8.8	13.3	+4.4

\* "Others" and "Cons. Adj." of FY2012 are for reference purpose only.

## Information on Reported Segments

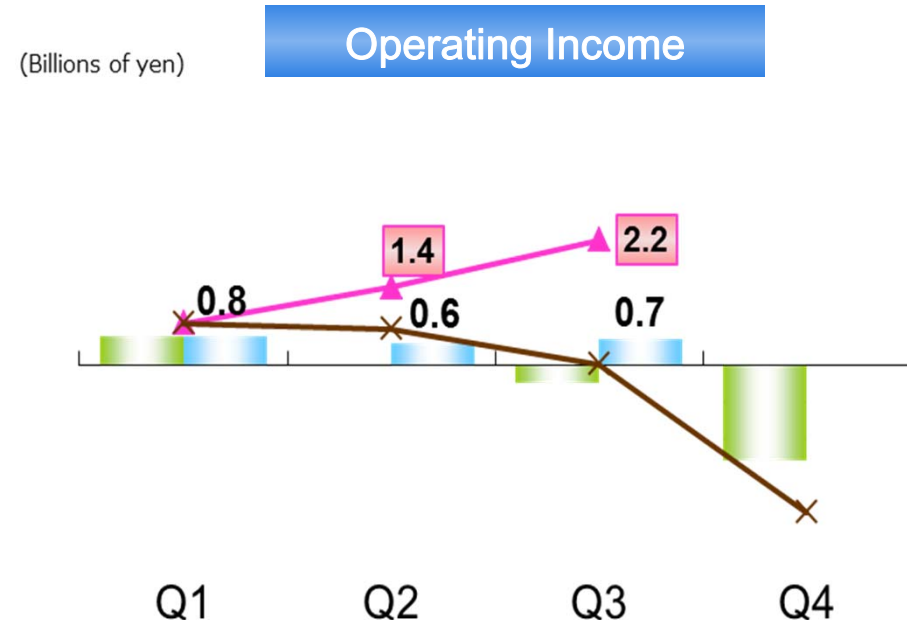
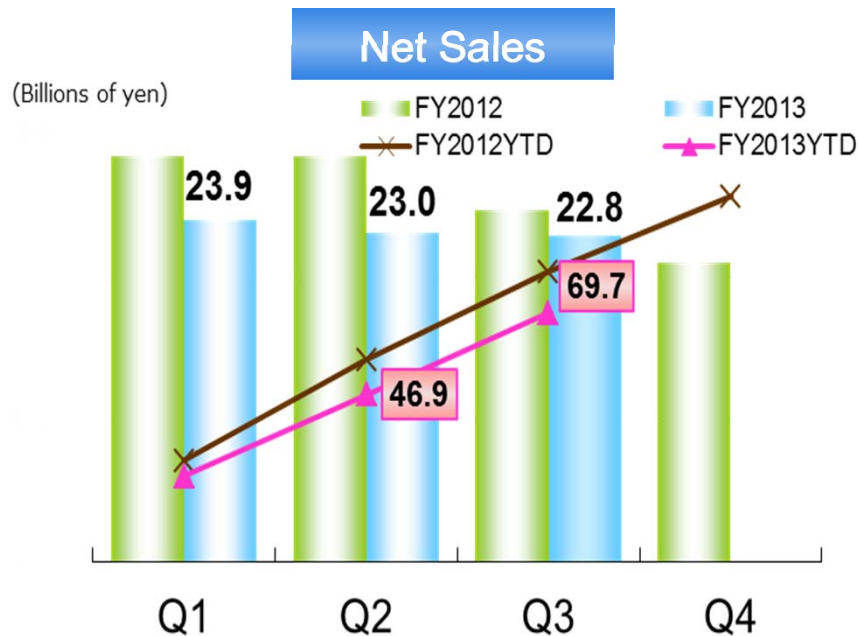
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- Finished watches : Sales grew primarily for high-value range products such as the GRAND SEIKO and CREDOR (In Japan) and for medium-value range products such as the ASTRON, LUKIA and BRIGHTZ.
- Finished watches : In the US, products intended for major department stores performed strongly. Sales to new business partners also played a significant role, bringing overseas sales of finished watch products well over figures for the previous fiscal year. In Europe, sales growth continued to be driven by the UK market. In Asia, although sales decreased in China, they grew in Taiwan and other markets. Due in part to the effects of the depreciated yen, sales in the American, European and Asian regions significantly increased over those for the same period last fiscal year.
- Movements: Amid intensified price competition caused by the impact of the weaker yen, although movements sold to large European and American clients dealing in high value-added products performed briskly, sales of standard movements were sluggish.



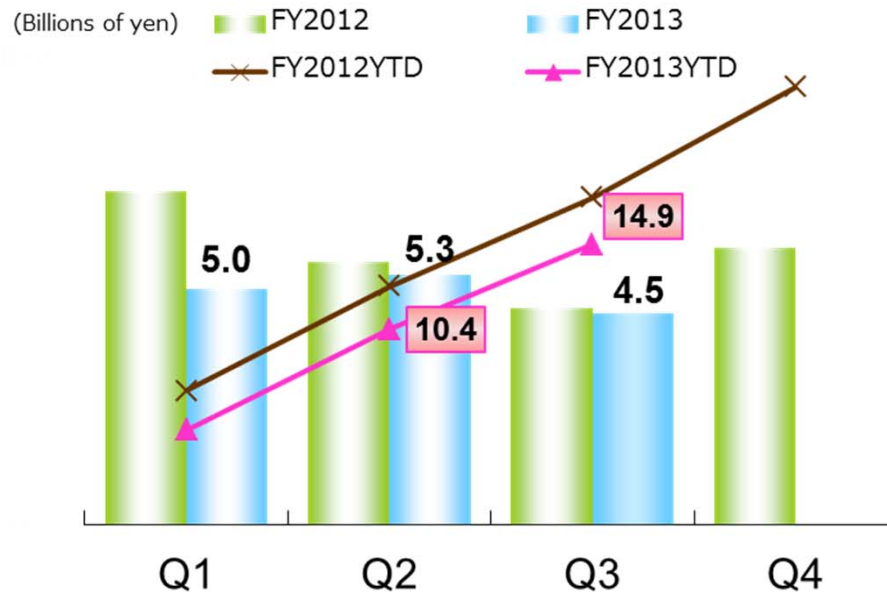
# Electronic Device Business



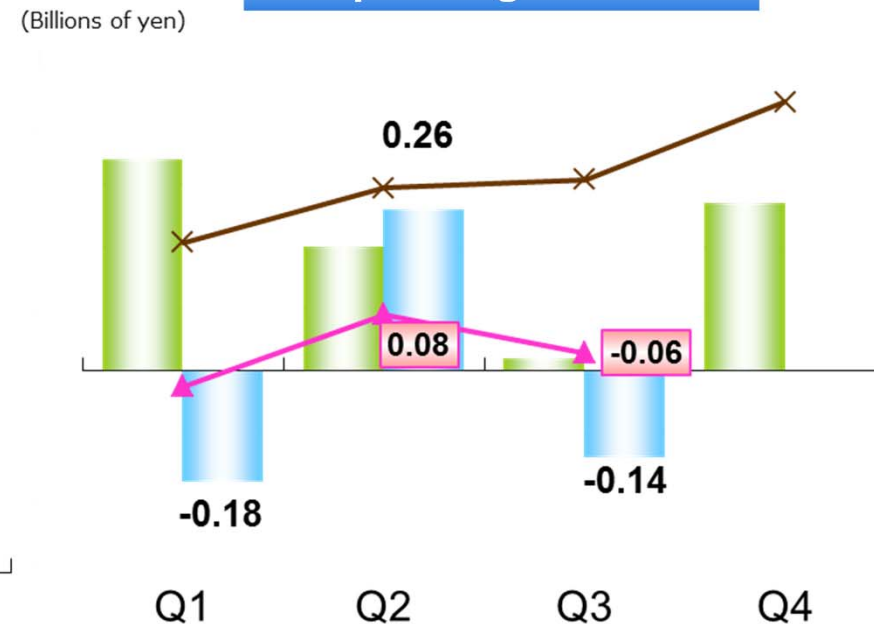
- **Device** : Orders of semiconductors, particularly those for automobile and smartphone products, grew. Sales of batteries for smartphones also progressed on a favorable note.
- **Mechatronics**: The situation surrounding hard disk drive components is severe as a result of ongoing sluggishness in the market caused by the general transition to smartphones and tablets. Meanwhile, the situation surrounding camera shutters also continued to be severe due chiefly to customer-side inventory adjustments.
- **Others** : Demand for printers continues to increase with particular growth in markets for building materials intended for emerging countries.

\*Net sales and operating income data for FY2012 are for reference purposes.

## Net Sales

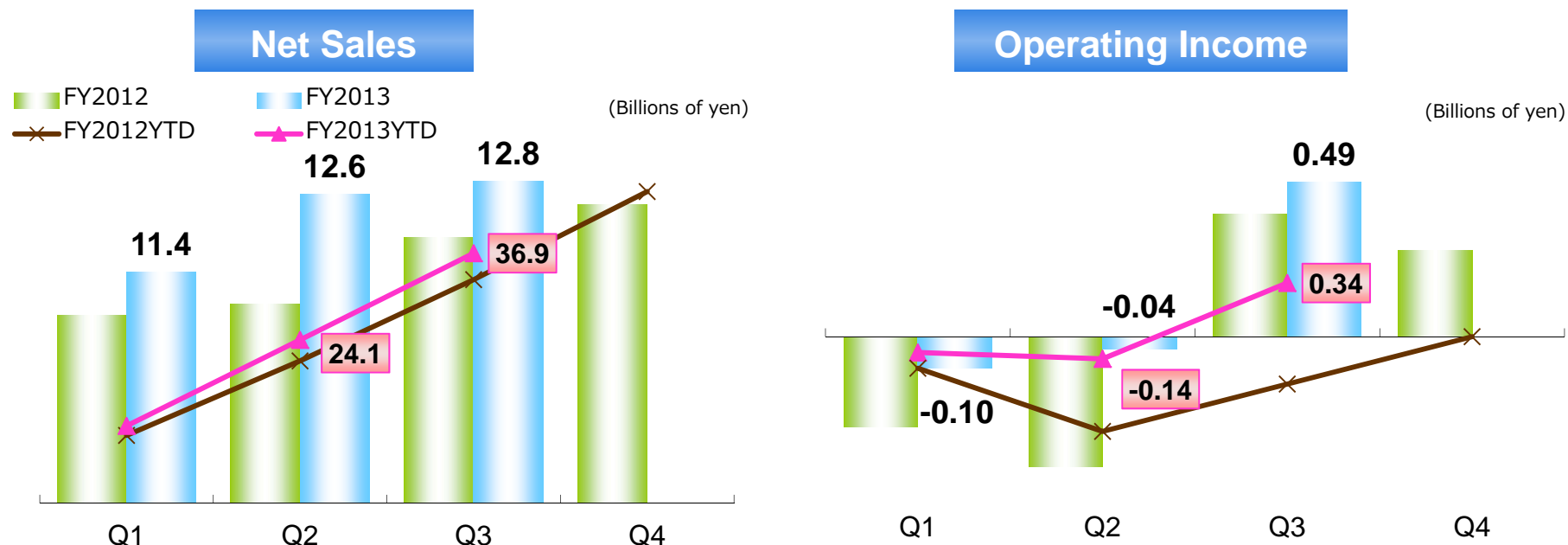


## Operating Income



- Although sales of network devices grew, they were insufficient to cover the decrease in sales of products related to mobile communications, which suffered from delays in the introduction of new products to the market in order to cope with the depreciated yen in the 1st half.
- Payment terminal-related products demonstrated solid sales performance due to the introduction of new products.
- Energy monitoring and control solutions continued to perform favorably.

\*Net sales and operating income data for FY2012 are for reference purposes.

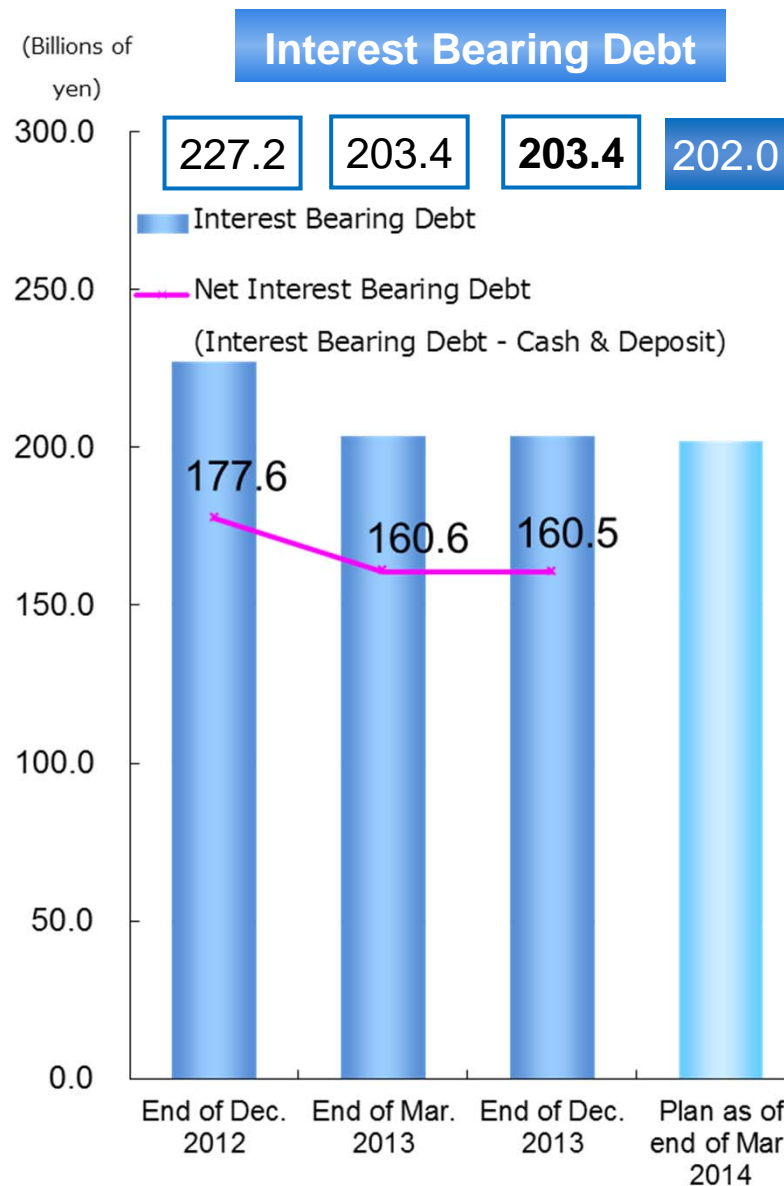


- Clock : The impact of the depreciated yen yielded operating losses.
- Optical Products : On the overseas front, business targeting chain stores in Europe and the United States was solid. Due in part to the impact of currency rates, both sales and income exceeded figures for the last fiscal year.
- Others : Driven mainly by the performance of watches and jewelry at the main building, sales under the Wako business continued to be robust. Additionally, the corporate sales department under that business also demonstrated satisfactory sales growth, resulting in sizable year-on-year increases in both sales and profit.

\*Net sales and operating income data for FY2012 are for reference purposes.

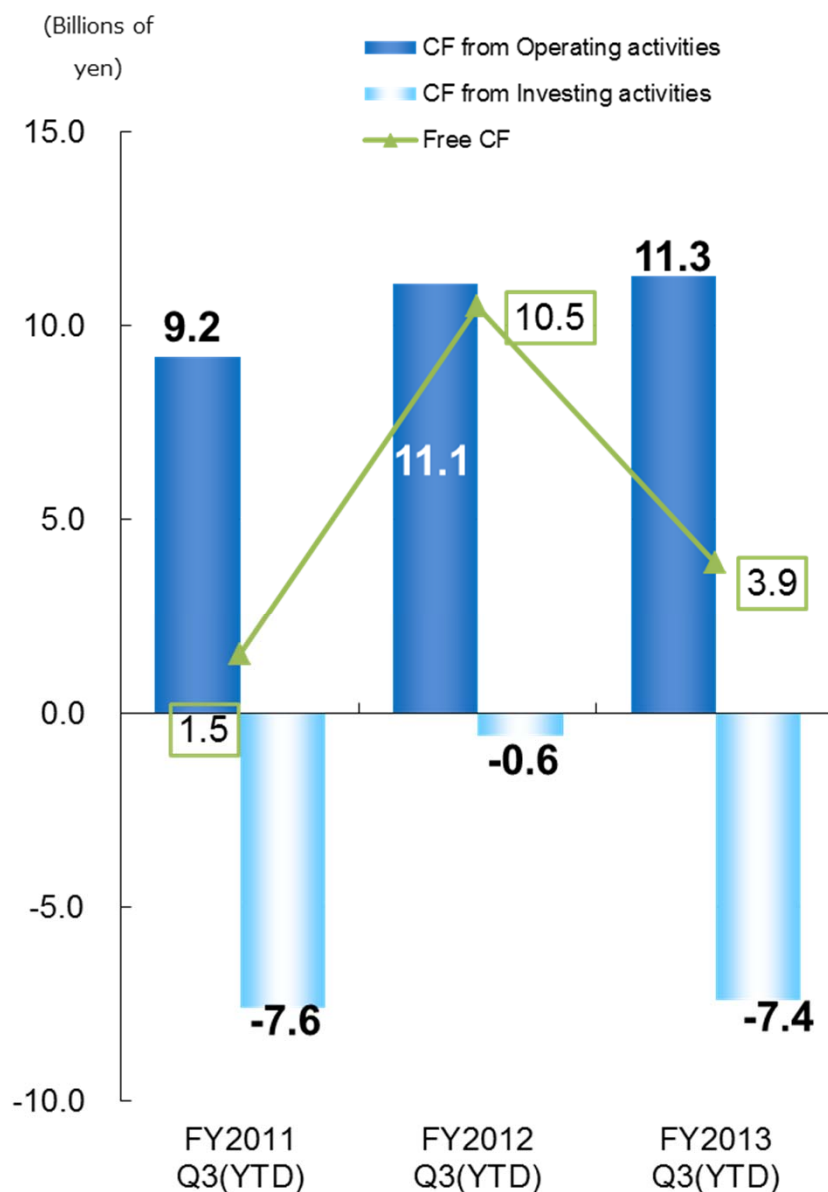
# Balance Sheet as of 31 December, 2013

( Billions of yen )	31 Dec. 2012	31 Mar. 2013 (a)	31 Dec. 2013 (b)	Change (b) - (a)
Inventories	66.5	60.6	69.1	+8.5
Interest Bearing Debt	227.2	203.4	203.4	-0.0
Net Assets	37.8	40.8	69.5	+28.7
Total Assets	373.8	355.3	382.8	+27.5
Equity Capital Ratio	7.9%	11.0%	17.5%	+6.5%
Net Debt Equity Ratio	4.7	3.9	2.3	-1.6
Number of Employees	15,498	14,712	14,256	-456



# Cash Flow Statement

SEIKO



( Billions of yen )

	FY2011 Q3(YTD)	FY2012 Q3(YTD)	FY2013 Q3(YTD)
Income before income tax and minority interests	-1.5	9.7	<b>15.5</b>
Depreciation and amortization	11.1	9.5	<b>8.9</b>
Others	-0.3	-8.1	<b>-13.1</b>
<b>Net cash provided by (used in) operating activities</b>	<b>9.2</b>	<b>11.1</b>	<b>11.3</b>
Purchase of property, plant and equipment	-9.9	-12.7	<b>-9.0</b>
Others	2.3	12.1	<b>1.6</b>
<b>Net cash provided by (used in) investing activities</b>	<b>-7.6</b>	<b>-0.6</b>	<b>-7.4</b>
Net increase (decrease) in loans payable	1.4	-14.8	<b>-1.6</b>
Others	0.6	2.1	<b>-1.2</b>
<b>Net cash provided by (used in) financing activities</b>	<b>2.1</b>	<b>-12.7</b>	<b>-2.9</b>
Effect of exchange rate change on cash and cash equivalents etc.	-1.5	0.4	<b>-1.0</b>
Cash and cash equivalents	<b>54.0</b>	<b>49.5</b>	<b>42.7</b>
<b>Free cash flow</b>	<b>1.5</b>	<b>10.5</b>	<b>3.9</b>

## 2. Financial Forecast for FY2013

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# Summary of financial forecast for FY2013

**SEIKO**

( Billions of yen )	FY2012 Actual	FY2013 Forecast		Change (vs. prev. forecast)
		Previous (12 Nov.)	Latest (12 Feb.)	
		Full Year (A)	Full Year (B)	Full Year (B) – (A)
Net Sales	283.7	300.0	300.0	±0.0
Operating Income	5.5	13.0	14.0	+1.0
%	1.9%	4.3%	4.6%	+0.3%
Ordinary Income	3.2	9.0	10.0	+1.0
%	1.1%	3.0%	3.3%	+0.3%
Net income	5.5	11.0	9.0	-2.0
%	1.9%	3.6%	3.0%	-0.6%

# Financial Forecast for FY2013 by Segment

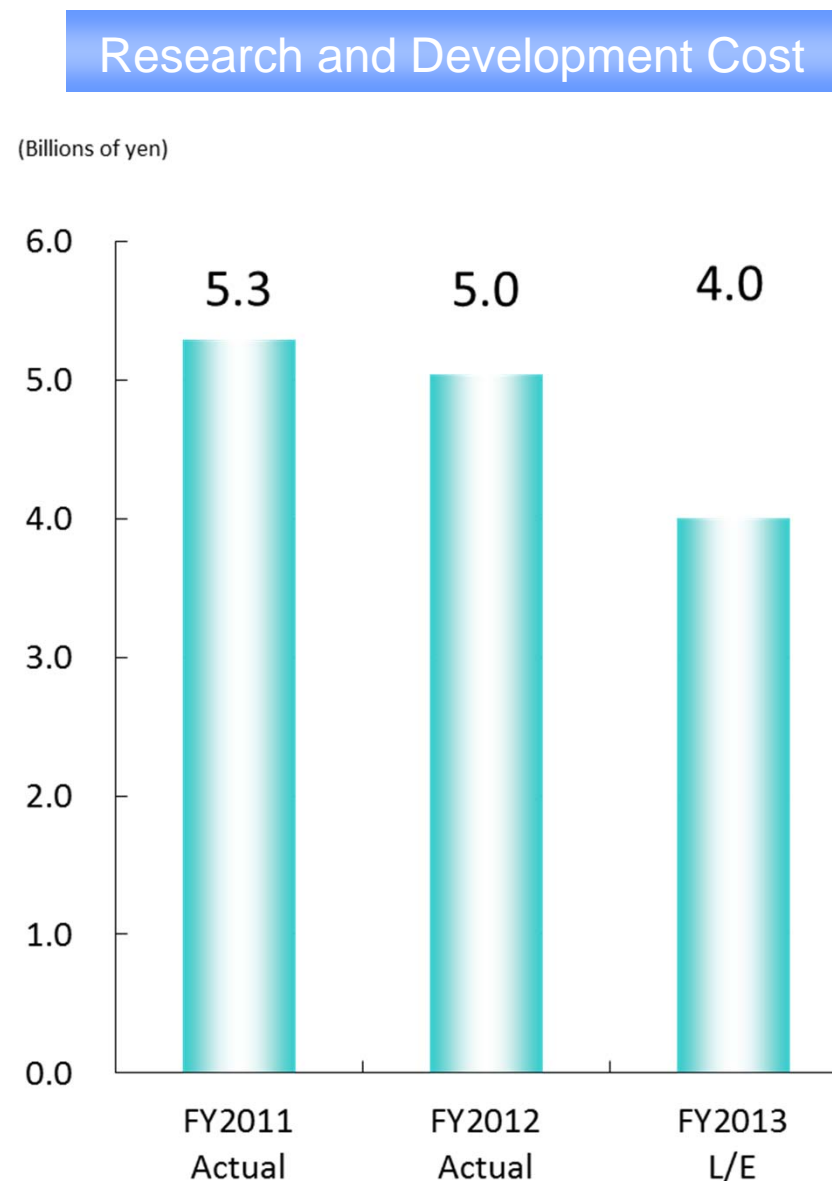
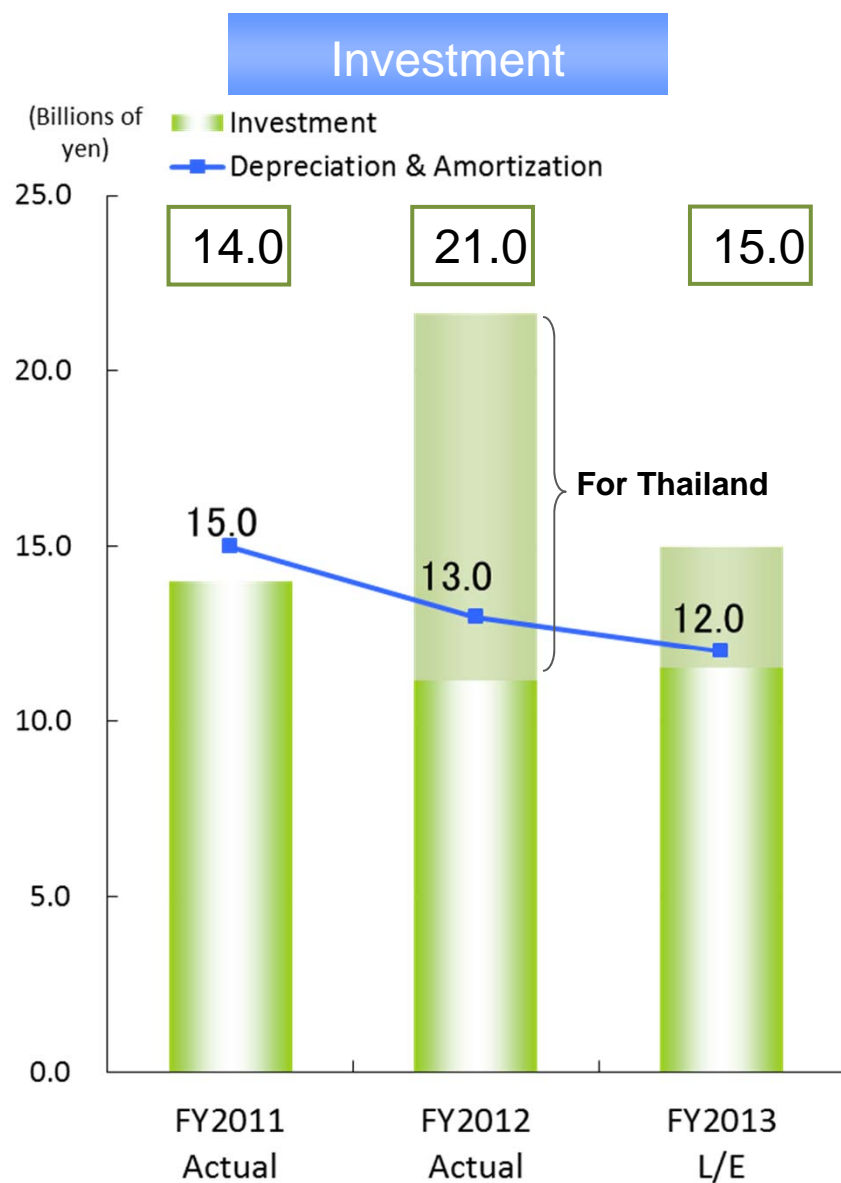


( Billions of yen )	Net Sales				Operating Income			
	FY2012 Actual	FY2013 Forecast		Change (vs. prev. forecast)	FY2012 Actual	FY2013 Forecast		Change (vs. prev. forecast)
		Previous (12 Nov.)	Latest (12 Feb.)			Previous (12 Nov.)	Latest (12 Feb.)	
Watch	121.0	145.0	145.0	±0.0	7.8	11.0	12.0	+1.0
Electronic Device	125.2	90.0	90.0	±0.0	-1.5	2.5	2.5	±0.0
Systems Solutions		25.0	25.0	±0.0		0.5	0.5	±0.0
Total	246.2	260.0	260.0	±0.0	6.3	14.0	15.0	+1.0
Others	46.0	50.0	50.0	±0.0	-0.0	0.5	0.5	±0.0
Cons. Total	283.7	300.0	300.0	±0.0	5.5	13.0	14.0	+1.0

\* "Others" of FY2012 is reference figures.



# Investment / Research and Development Cost



# Exchange Rate

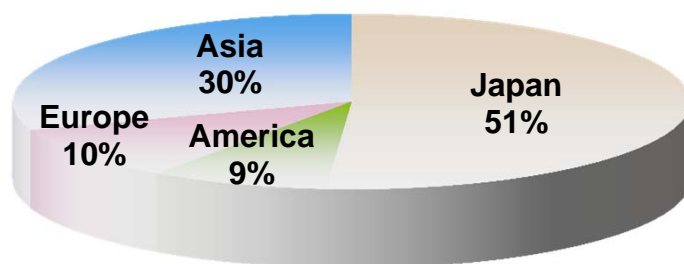
## Sensitivity by Exchange Rate (Jan.2014-Mar.2014)

FY2013	USD	EUR
Forecast Exc. Rate	<b>JPY 100.0</b>	<b>JPY 130.0</b>
For Sales (Millions of yen)	<b>400</b>	<b>50</b>
For Income (Millions of yen)	<b>50</b>	<b>10</b>

## FY2013

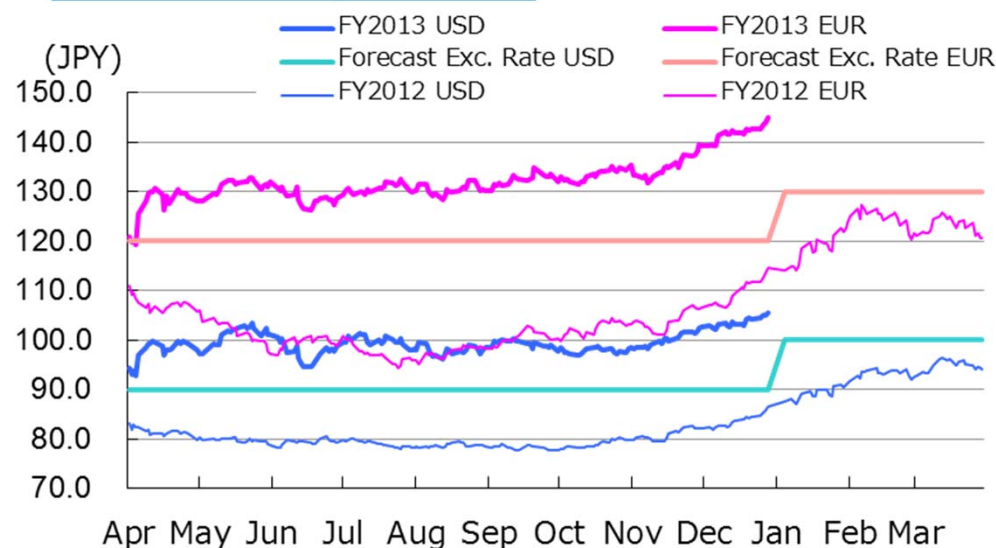
		Q1	Q2	Q3	Forecast Exc. Rate
Average	USD	98.7	98.9	100.3	100.0
	EUR	128.9	131.0	136.5	130.0
Closing Date	USD	98.6	97.7	105.4	100.0
	EUR	128.5	131.9	145.0	130.0

## Sales by Area



\* FY2012 Actual data

## Trend of Exchange Rate



- ◆ *The forecasted results which appear in this report have been prepared based solely on the information which was available to us as of the date on which the report was released. As a result, actual results may differ from the forecasted figures due to a number of factors, such as changes in the business environment in the future.*

*Numbers are rounded to the unit indicated.  
Percentages are cut off to one decimal place.*

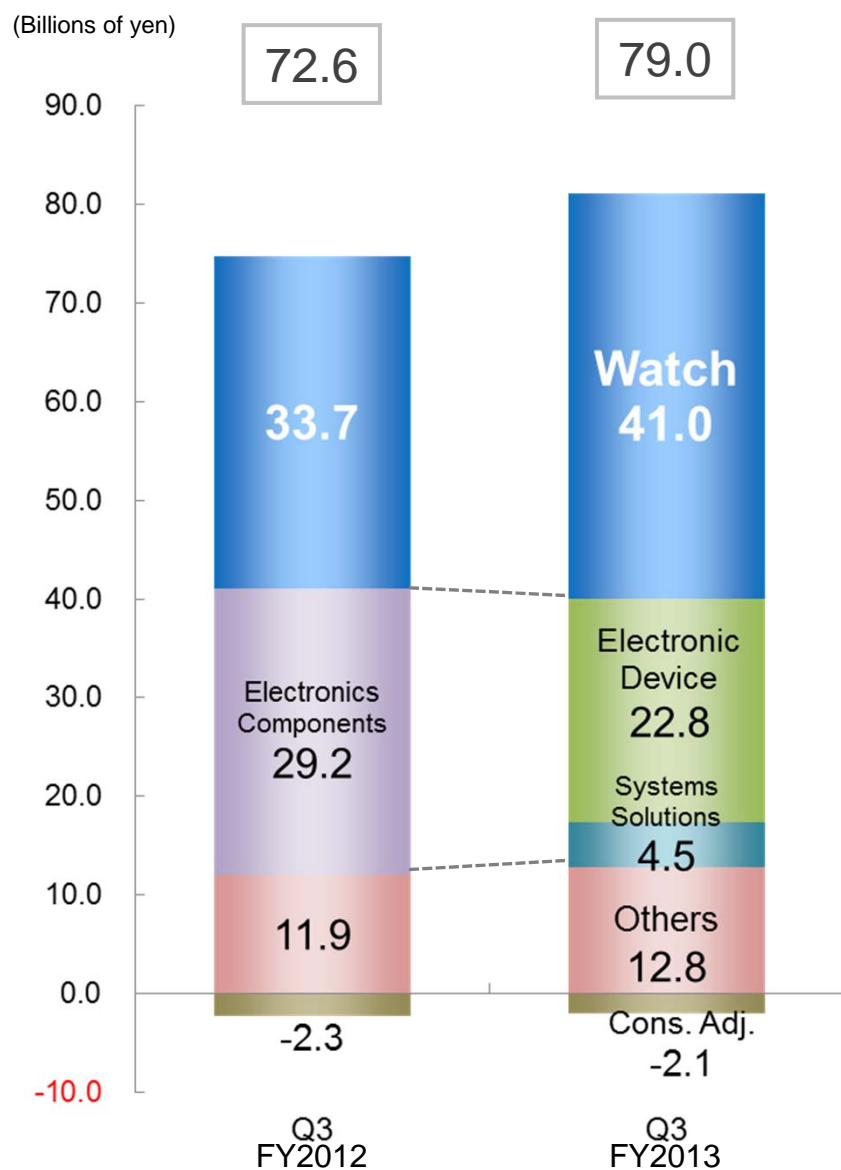
# Reference

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# FY2013 3<sup>rd</sup> Quarter Statement of Income (Oct.2013 - Dec.2013) **SEIKO**

( Billions of yen )	FY2012 Q3	FY2013 Q3	Change			
			Amt.	%		
Net Sales	72.6	79.0	+6.3	+8.7%	<b>Net Sales :</b> +6.3	
Gross Profit	23.8	27.8	+3.9	+16.7%	Impact of Exchange rate fluctuations +8.0	
Operating Income	2.8	4.7	+1.8	+67.1%	<b>Operating Income :</b> +1.8	
%	3.8%	5.9%	+2.0%	-	Increase in GP +3.9 Increase in Advertising and sales promotion expenses etc. -2.1	
Ordinary Income	3.1	4.4	+1.3	+42.0%	<b>Ordinary Income :</b> +1.3	
%	4.3%	5.6%	+1.3%	-	Increase in Operating Income +1.8 Decrease in Interest expenses +0.1 Equity in income of affiliates -0.8 Others +0.1	
Before Income Taxes & Minority interests	8.5	3.7	-4.7	-55.8%		
Net Income	8.3	2.3	-6.0	-71.8%		
%	11.5 %	3.0%	-8.5%	-		
Exchange Rates(JPY)	USD	81.0	100.3	+19.3	+23.8%	<b>Extraordinary Income/Loss :</b>
	EUR	105.0	136.5	+31.5	+30.0%	
						<u>Extraordinary Income</u> -0.0
						Gain on sales of investment securities -0.0
						Reversal of allowance for doubtful accounts for subsidiaries and affiliates -0.0
						<u>Extraordinary Loss</u> -0.6
						Special extra retirement payments -0.6
						Provision of reserve for loss on lease contracts -0.0

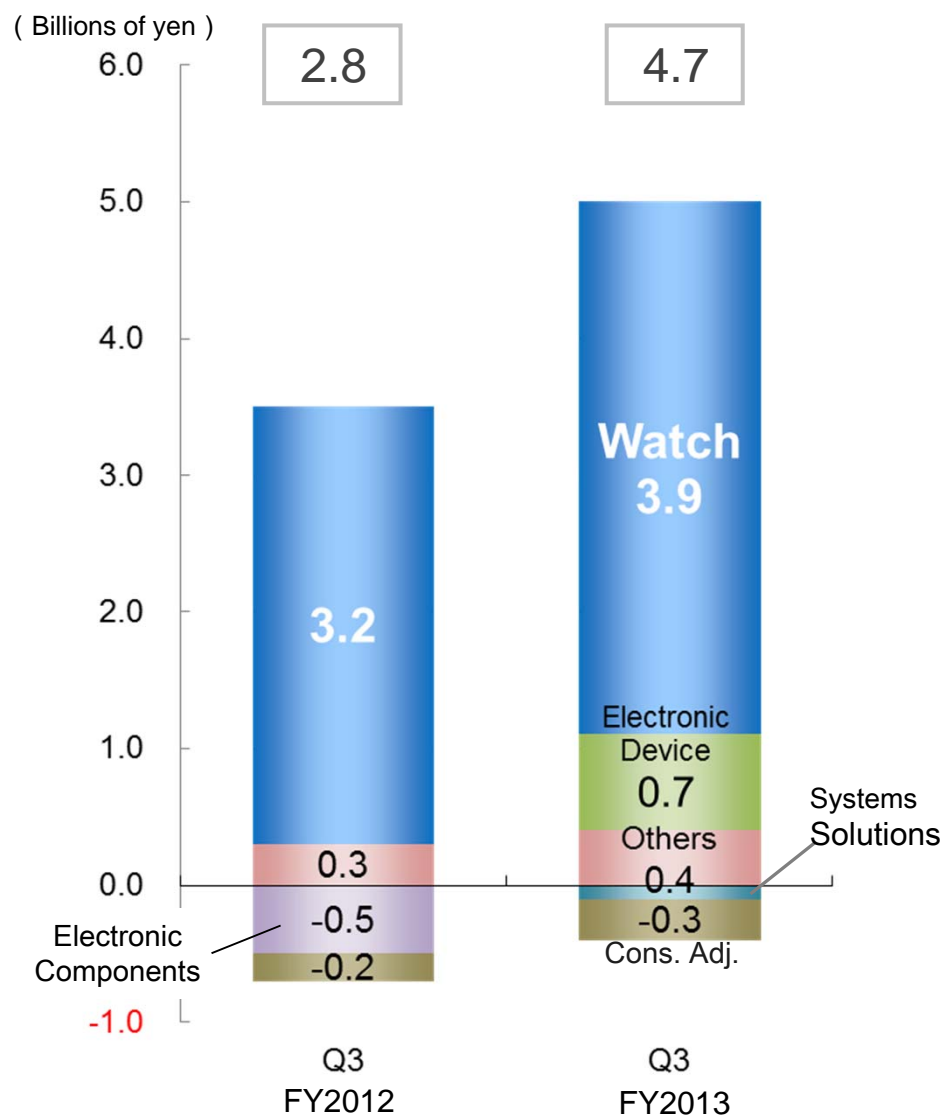
# Sales by Reported Segments (Oct.2013 – Dec.2013)



( Billions of yen )	Sales		
	FY2012 Q3	FY2013 Q3	Changes
Watch	33.7	41.0	+7.3
Electronic Device	29.2	22.8	-
Systems Solutions		4.5	-
Total	63.0	68.3	+5.3
Others	11.9	12.8	+0.9
Cons. Adj.	-2.3	-2.1	+0.1
Cons. Total	72.6	79.0	+6.3

\* "Others" and "Cons. Adj." of FY2012 are for reference purpose only.

# Operating Income by Reported Segments (Oct.2013 - Dec.2013) **SEIKO**



( Billions of yen )	Operating Income		
	FY2012 Q3	FY2013 Q3	Changes
Watch	3.2	3.9	+0.6
Electronic Device	-	0.7	-
Systems Solutions	-0.5	-0.1	-
Total	2.6	4.5	+1.8
Others	0.3	0.4	+0.1
Cons. Adj.	-0.2	-0.3	-0.0
Cons. Total	2.8	4.7	+1.8

\* "Others" and "Cons. Adj." of FY2012 are for reference purpose only.

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