

**FY2017 1st Quarter
Consolidated Results
(Fiscal year ended March 31, 2018)**

August 3, 2017

◆ Actual Results

- Significant earnings and income growth year on year. Achieved earnings and income growth in all business segments.
- The Electronic Devices Business in particular posted a record operating profit in the 1st quarter, driving an increase in income for the Company as a whole.
- Acquired a Japanese domestic company for the Systems Solutions Business in April.

◆ Forecast for the Business Results

- No change from the previous forecast.

1. Consolidated Results

FY2017 Statements of Income 1st Quarter (Apr. 2017 - Jun. 2017)

(Billions of yen)	FY16 Q1	FY17 Q1	Variance		
			Amt.	%	
Net Sales	59.4	63.4	+4.0	+6.8%	
Gross Profit	22.7	24.4	+1.6	+7.4%	
%	38.3%	38.6%	+0.3pt		
Operating Profit	0.8	2.7	+1.8	+206.7%	
%	1.5%	4.3%	+2.8pt		
Ordinary Profit	0.1	3.1	+2.9	+2,136.4%	
%	0.2%	4.9%	+4.7pt		
Incoem before income taxes	0.1	2.7	+2.6	+1,873.2%	
Profit attributable to owners of parent	-1.2	1.1	+2.4	—	
%	-2.1%	1.9%	+4.0pt		
Exchange Rates (JPY)	USD	108.0	111.1	+3.0	+2.8%
	EUR	121.9	122.2	+0.3	+0.3%

Net Sales :	y/y	+4.0
Exchange rate fluctuations		+0.6

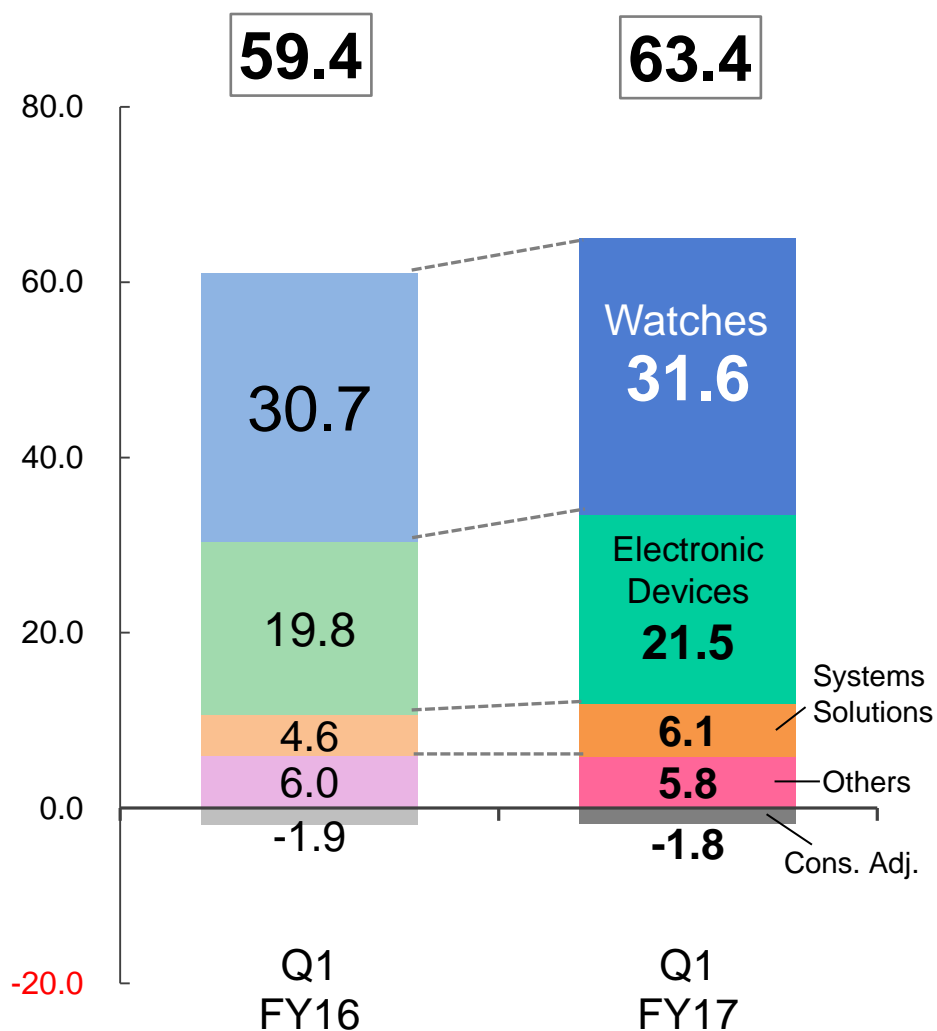
Operating Profit :	y/y	+1.8
Impact of increased net sales		+1.5
Impact of improved GP%		+0.1
Decrease in Selling, general and administrative expenses		+0.1

Ordinary Profit :	y/y	+2.9
Increase in Operating profit		+1.8
Decrease in Foreign exchange Losses		+0.9
Increase in Equity method Income		+0.3
Others		-0.1

Extraordinary Income/Losses:	-0.3
Extraordinary Losses	-0.3
Business structure improvement expenses	-0.2
Loss on liquidation of subsidiaries and associates	-0.1

Sales by Reported Segments (Apr. 2017 - Jun. 2017)

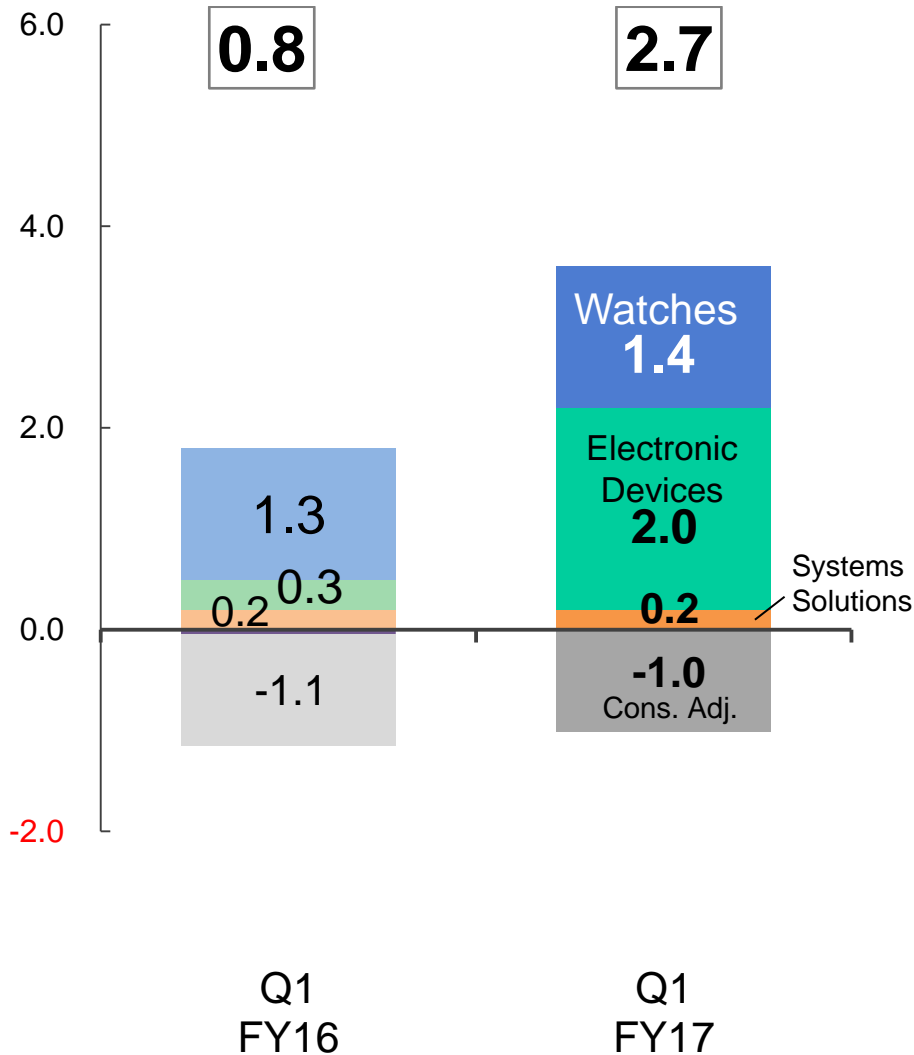
(Billions of yen)



(Billions of yen)	Net Sales (Composition ratio)		
	FY16 Q1	FY17 Q1	Variance
Watches	30.7 (52%)	31.6 (50%)	+0.9
Electronic Devices	19.8 (33%)	21.5 (34%)	+1.7
Systems Solutions	4.6 (8%)	6.1 (10%)	+1.5
Sub Total	55.2	59.4	+4.1
Others	6.0 (10%)	5.8 (9%)	-0.2
Cons. Adj.	-1.9 (-3%)	-1.8 (-3%)	+0.0
Cons. Total	59.4	63.4	+4.0

Operating Profit by Reported Segments (Apr. 2017 - Jun. 2017)

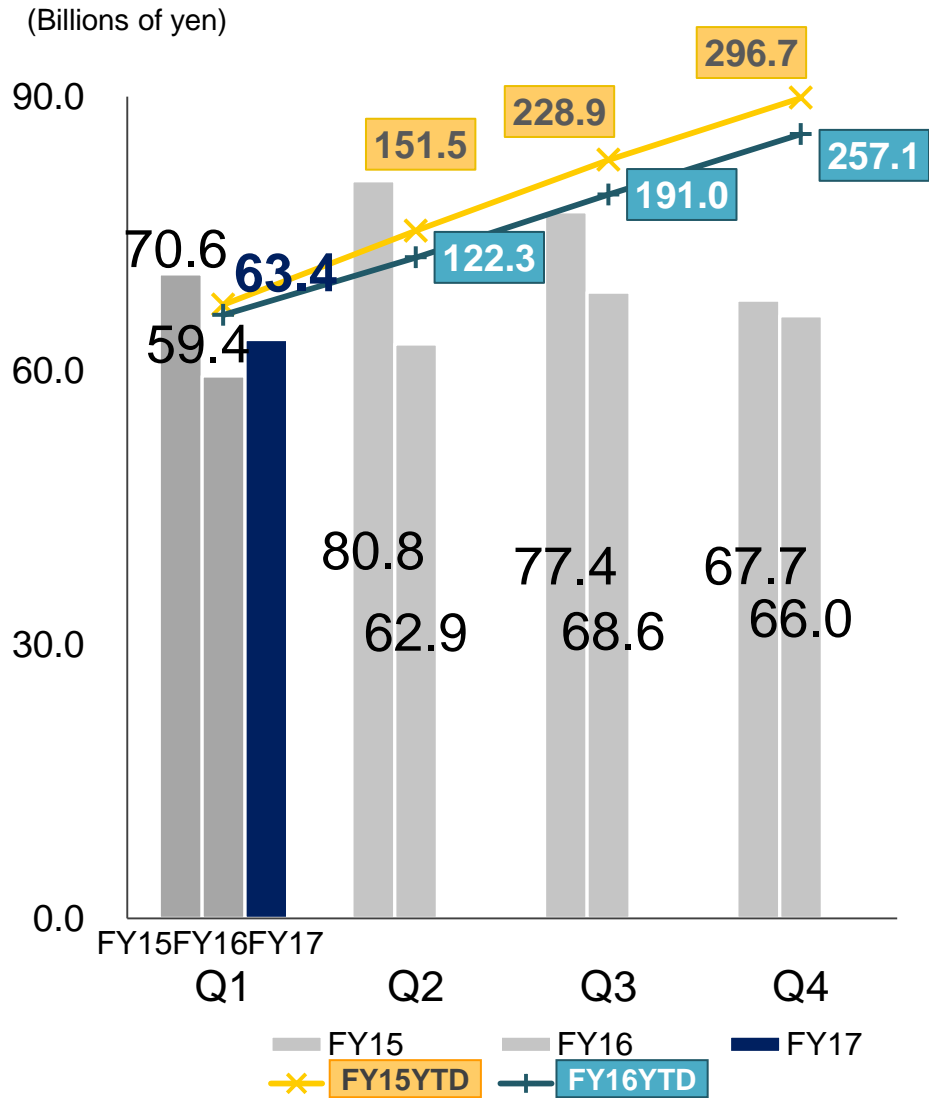
(Billions of yen)



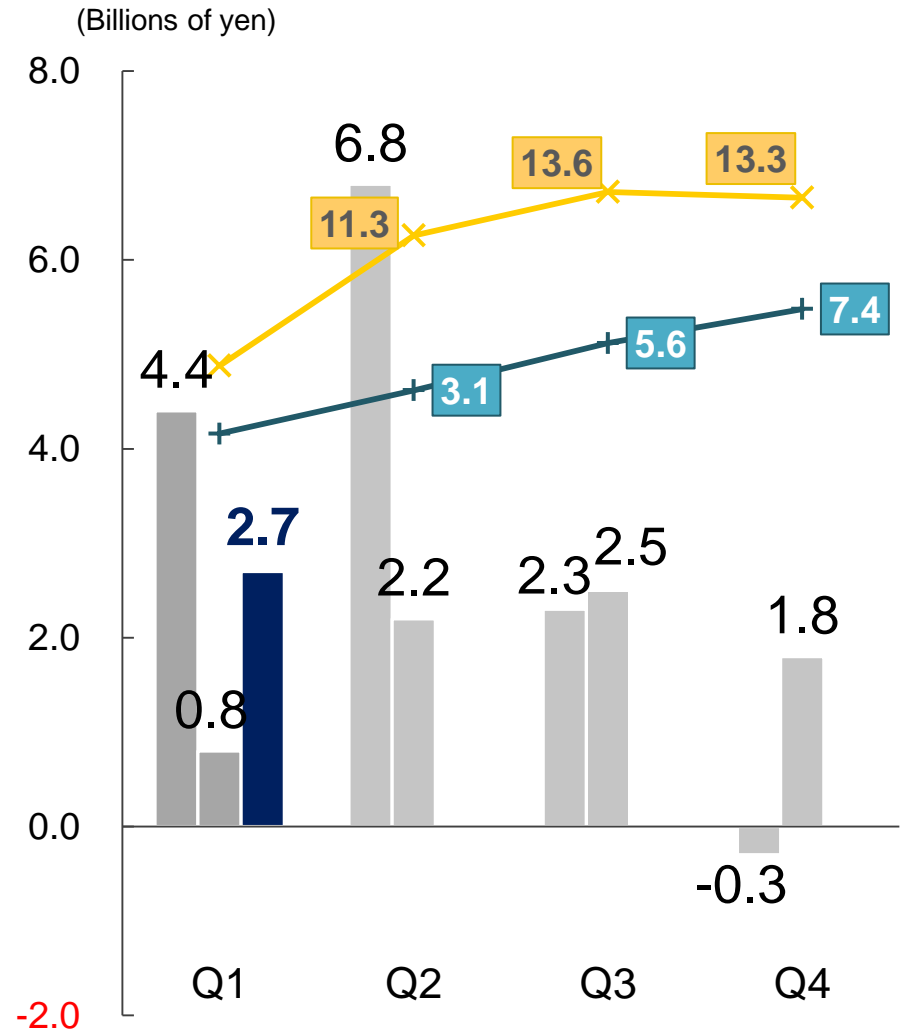
(Billions of yen)	Operating Profit		
	FY16 Q1	FY17 Q1	Variance
Watches	1.3	1.4	+0.0
Electronic Devices	0.3	2.0	+1.6
Systems Solutions	0.2	0.2	+0.0
Sub Total	2.0	3.7	+1.6
Others	-0.0	-0.0	+0.0
Cons. Adj.	-1.1	-1.0	+0.0
Cons. Total	0.8	2.7	+1.8

Consolidated Quarterly Performance

Net Sales

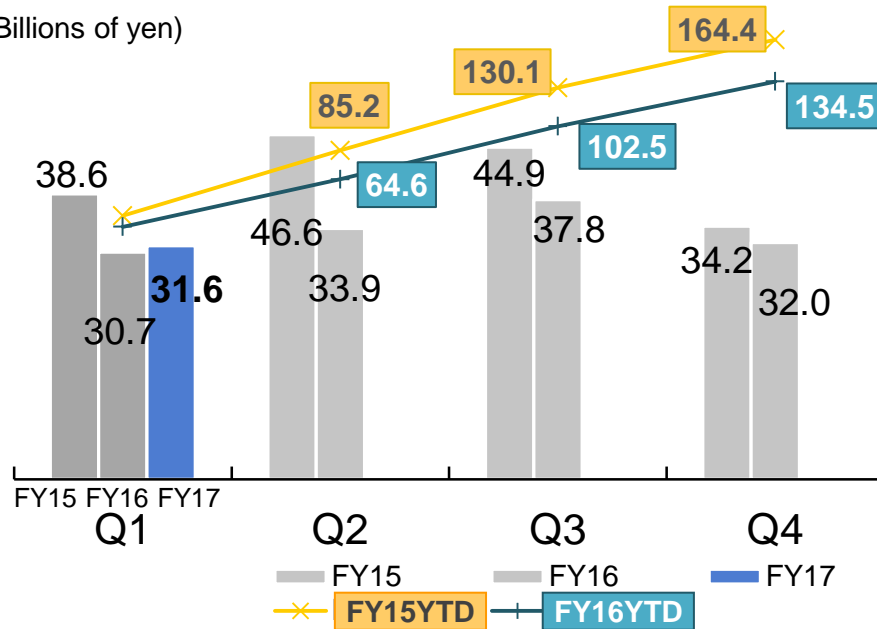


Operating Profit



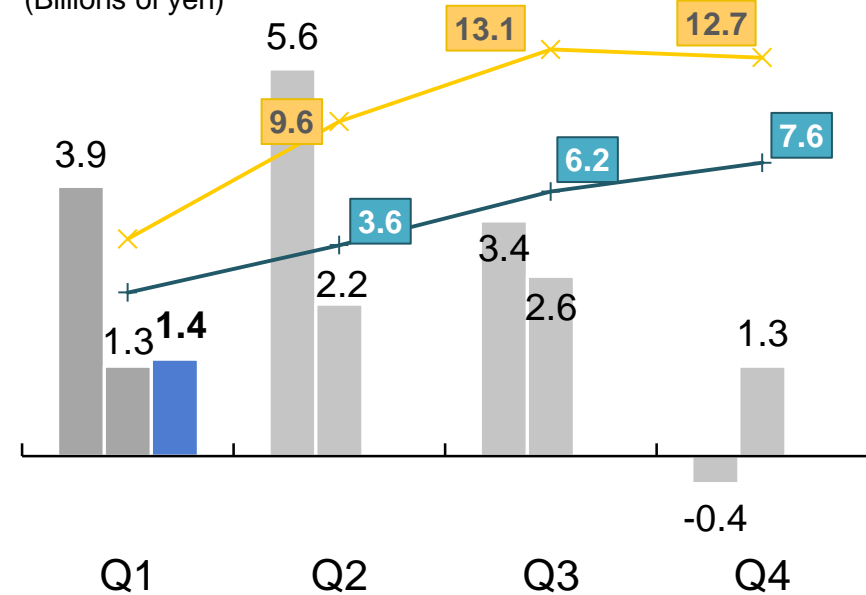
Net Sales

(Billions of yen)



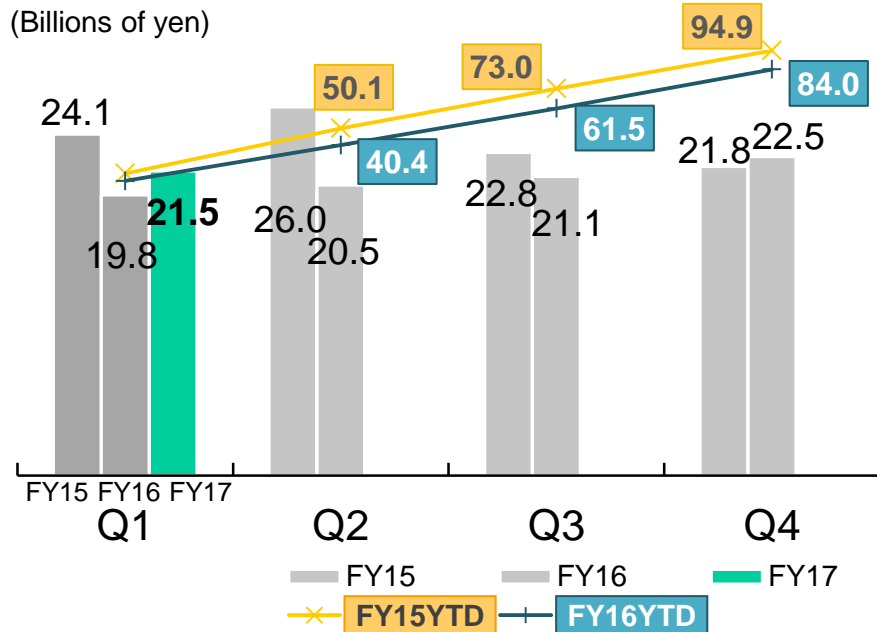
Operating Profit

(Billions of yen)

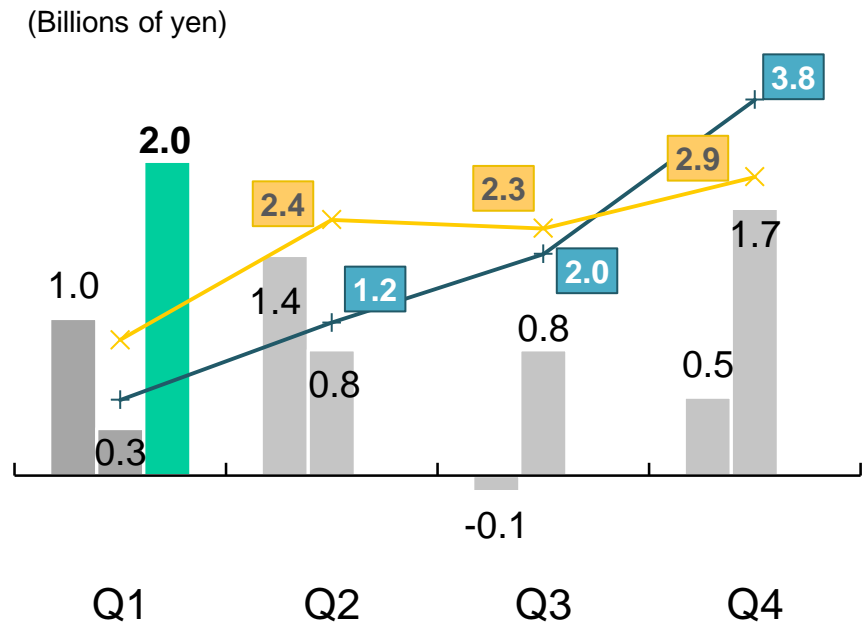


- Watches (In Japan) : Strong start for the independently branded Grand Seiko. Astron and Presage were also up year on year.
- Watches (in Overseas) : Sales were strong for Asia and Europe, with the effects of foreign exchange rates being one of the factors.
- Movements : Sales were up year on year as market conditions began to recover for a part of products.

Net Sales



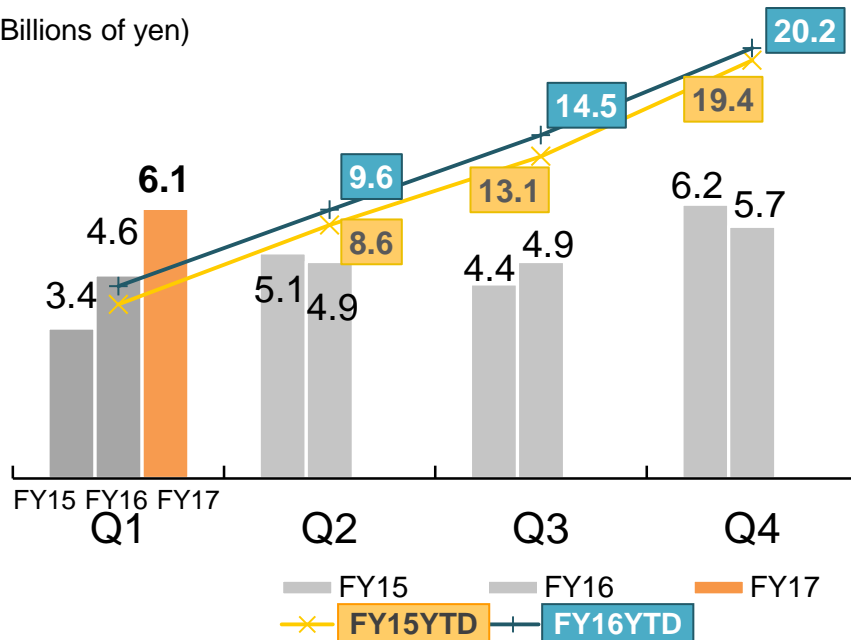
Operating Profit



- **Electronic devices** : Semiconductors mainly for smartphone components performed strong and high performance metal products for semiconductor manufacturing facilities continued their strength in sales.
- **Other** : Sales performed steadily for the thermal printers for POS terminals and other products.

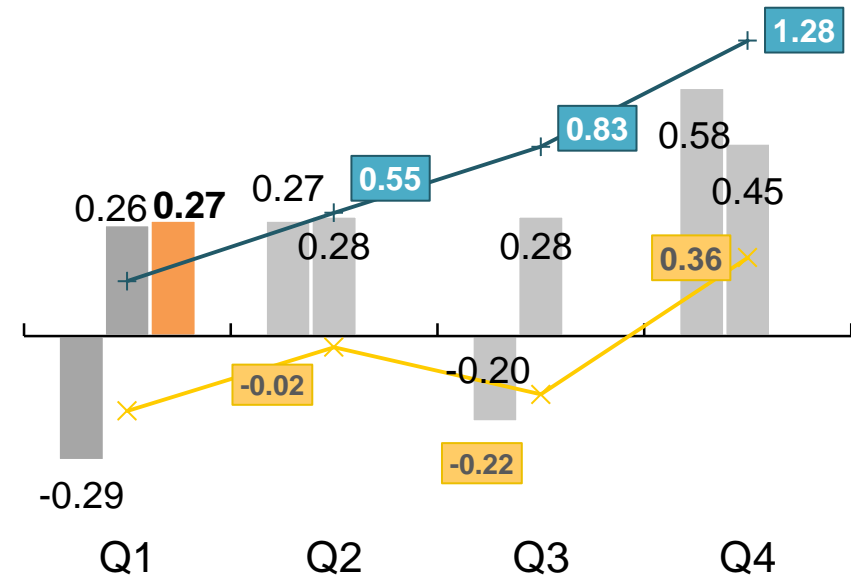
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



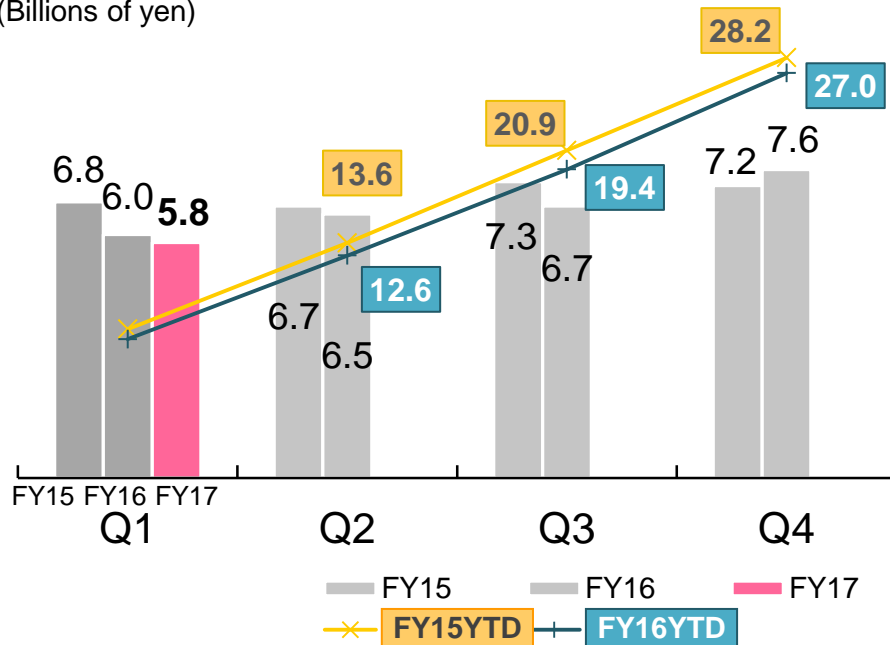
Sales were favorable for performance management software offered by IIM Corporation*, an acquired company, as well as some businesses as mobile solutions for home security.

*Business summary of IIM Corporation :

Development, sales, and support for performance management software of computer systems

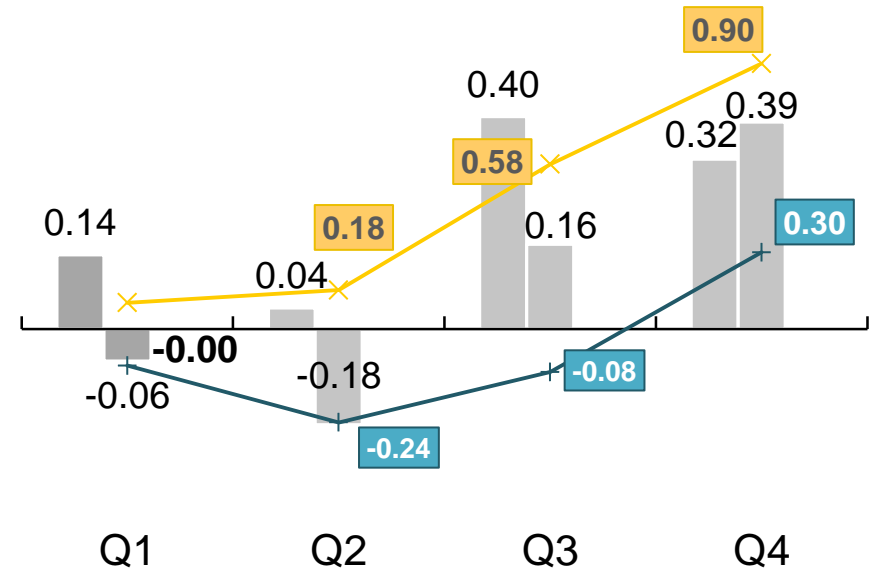
Net Sales

(Billions of yen)



Operating Profit

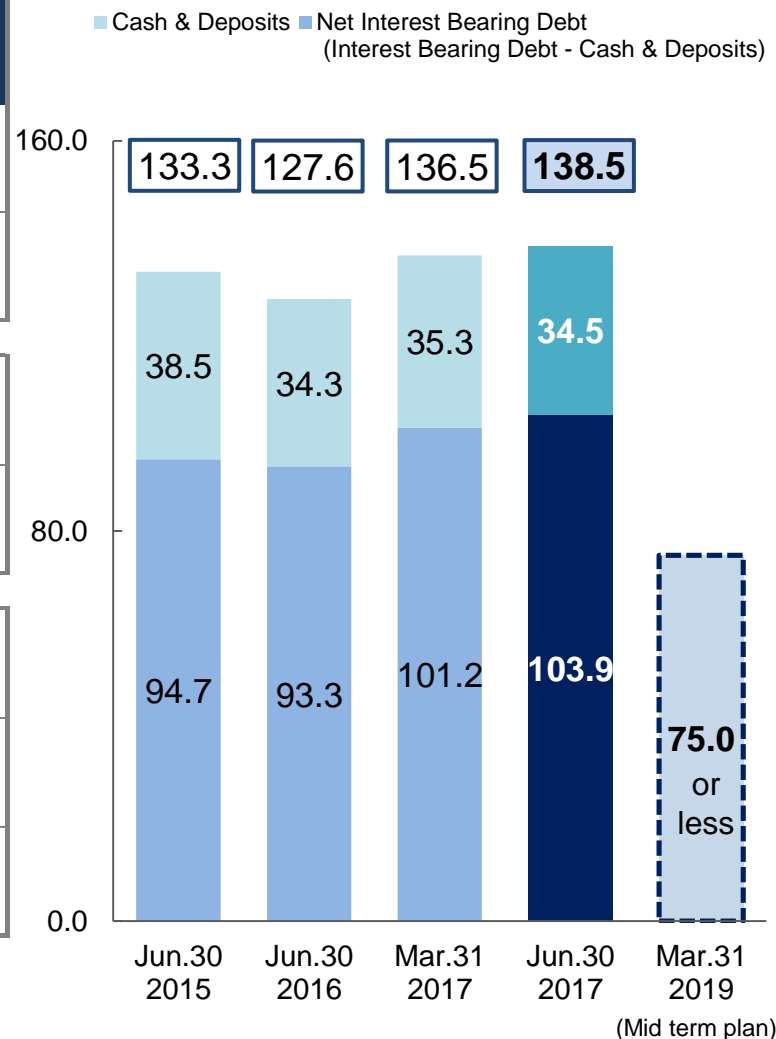
(Billions of yen)



Net sales under the Clocks Business were down, while sales grew for the Wako Business, year on year.

(Billions of yen)	Jun. 30, 2015	Jun. 30, 2016	Mar. 31, 2017(a)	Jun. 30, 2017(b)	Variance (b)-(a)
Inventories	69.4	69.2	66.1	70.4	+4.2
Interest Bearing Debt	133.3	127.6	136.5	138.5	+1.9
Net Assets	96.0	93.9	107.1	109.6	+2.4
Total Assets	331.4	316.4	328.8	336.5	+7.6
Equity Capital Ratio	28.4%	27.1%	29.8%	29.7%	-0.1pt
Net Debt Equity Ratio	0.9	0.9	0.9	0.9	+0.0
Number of Employees	13,789	13,555	13,065	13,195	+130

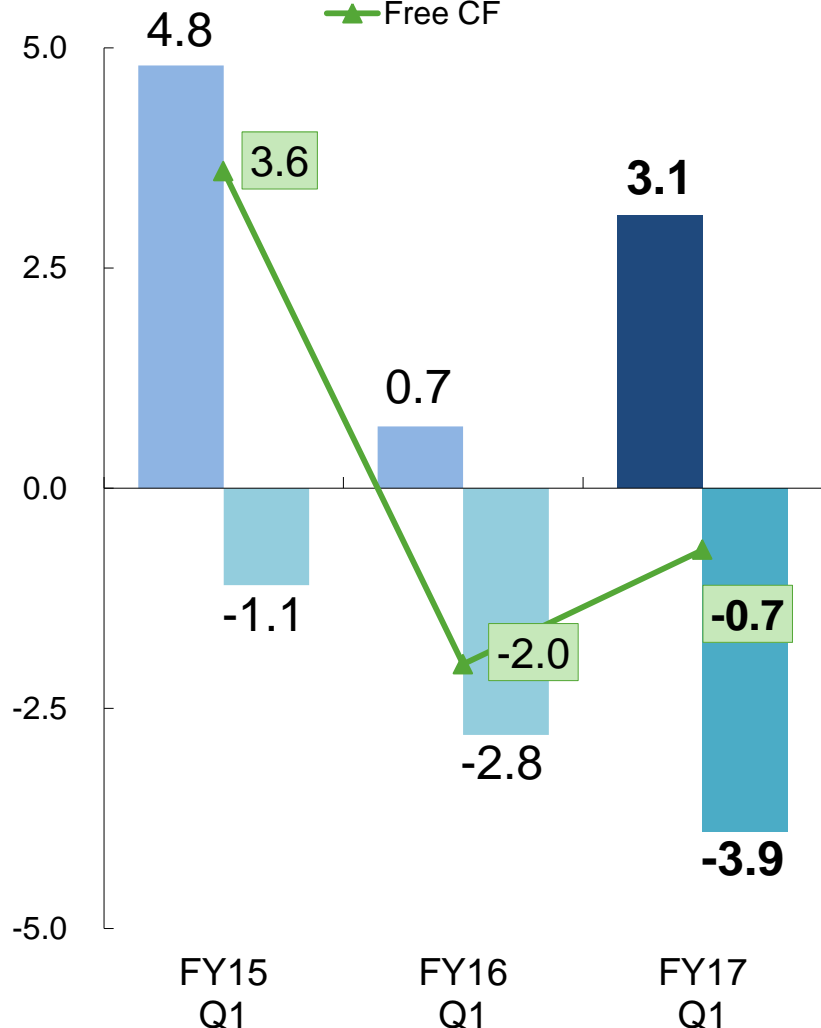
Interest Bearing Debt



Statements of Cash Flow

(Billions of yen)

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



(Billions of yen)

	FY15 Q1	FY16 Q1	FY17 Q1
Profit before income taxes	5.1	0.1	2.7
Depreciation	2.3	2.5	2.5
Others	-2.6	-1.9	-2.1
Net cash provided by (used in) operating activities	4.8	0.7	3.1
Purchase of property, plant and equipment	-1.7	-3.1	-1.9
Others	0.5	0.3	-2.0
Net cash provided by (used in) investing activities	-1.1	-2.8	-3.9
Net increase (decrease) in loans payable	-3.9	0.8	1.5
Others	-2.3	-1.7	-1.7
Net cash provided by (used in) financing activities	-6.2	-0.8	-0.1
Effect of exchange rate change on cash and cash equivalents etc.	0.4	-1.7	0.0
Cash and cash equivalents	38.1	34.1	34.4
Free cash flow	3.6	-2.0	-0.7

2. Financial Forecast for FY2017

Summary of Financial Forecast for FY2017

(Billions of yen)	FY16 Actual	FY17 Full Year Forecast (Aug.2)	Variance
Net Sales	257.1	260.0	+2.8
Operating Profit	7.4	6.5	-0.9
%	2.9%	2.5%	-0.4pt
Ordinary Profit	6.6	7.0	+0.3
%	2.6%	2.7%	+0.1pt
Profit attributable to owners of parent	5.3	5.0	-0.3
%	2.1%	1.9%	-0.2pt

FY16 2Q-4Q Actual	FY17 2Q-4Q Forecast (Aug.2)	9months Variance
197.6	196.5	-1.1
6.6	3.7	-2.8
3.3%	1.9%	-1.4pt
6.5	3.8	-2.6
3.3%	2.0%	-1.3pt
6.6	3.8	-2.8
3.4%	1.9%	-1.4pt

Financial Forecast for FY2017 by Reported Segments

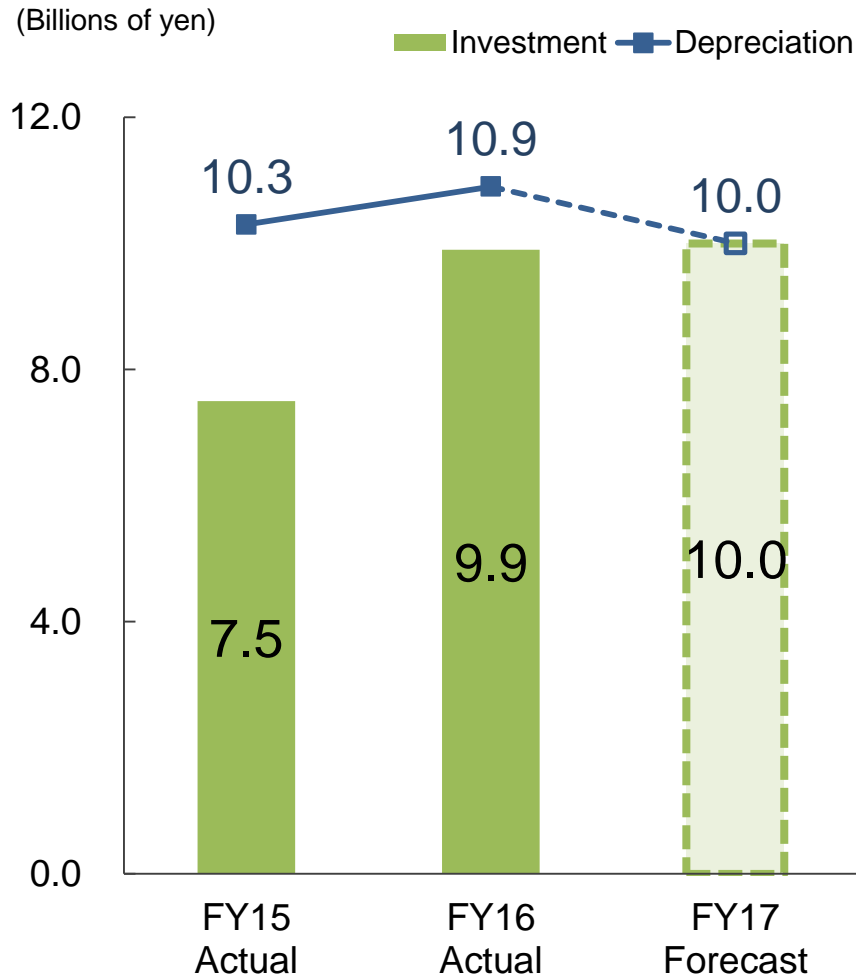
(Billions of yen)	Net Sales				Operating Profit			
	FY16 Actual	FY17 Forecast		Variance vs. FY16	FY16 Actual	FY17 Forecast		Variance vs. FY16
		Previous (May10)	Latest (Aug.2)			Previous (May10)	Latest (Aug.2)	
Watches	134.5	135.0	135.0	+0.4	7.6	7.0	7.0	-0.6
Electronic Devices	84.0	82.0	82.0	-2.0	3.8	3.5	3.5	-0.3
Systems Solutions	20.2	24.0	24.0	+3.7	1.2	1.5	1.5	+0.2
Sub Total	238.9	241.0	241.0	+2.0	12.7	12.0	12.0	-0.7
Others	27.0	27.0	27.0	-0.0	0.3	0.5	0.5	+0.1
Cons. Adj.	-8.8	-8.0	-8.0	+0.8	-5.5	-6.0	-6.0	-0.4
Cons. Total	257.1	260.0	260.0	+2.8	7.4	6.5	6.5	-0.9

Financial Forecast for FY2017 by Reported Segments

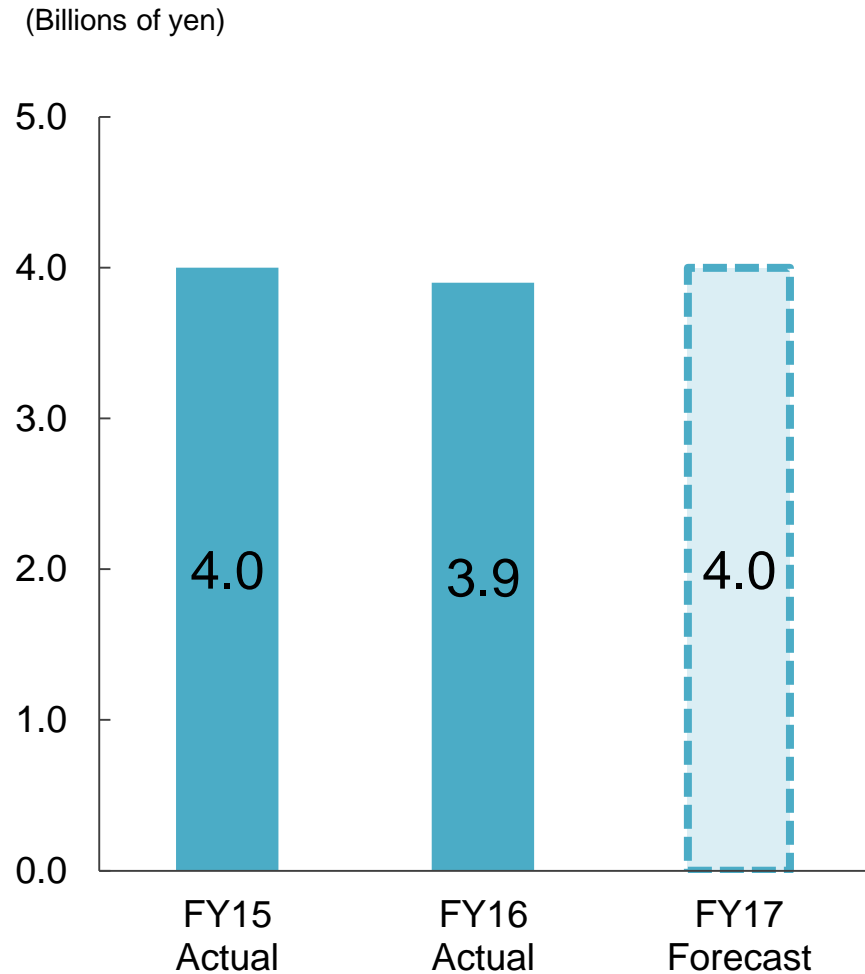
(Billions of yen)	Net Sales		
	FY16 2Q-4Q Actual	FY17 2Q-4Q Forecast	Variance
Watches	103.8	103.3	-0.5
Electronic Devices	64.2	60.4	-3.8
Systems Solutions	15.5	17.8	+2.2
Sub Total	183.7	181.5	-2.1
Others	20.9	21.1	+0.1
Cons. Adj.	-6.9	-6.1	+0.8
Cons. Total	197.6	196.5	-1.1

Operating Profit		
FY16 2Q-4Q Actual	FY17 2Q-4Q Forecast	Variance
6.2	5.5	-0.6
3.4	1.4	-1.9
1.0	1.2	+0.2
10.6	8.2	-2.3
0.3	0.5	+0.1
-4.4	-4.9	-0.5
6.6	3.7	-2.8

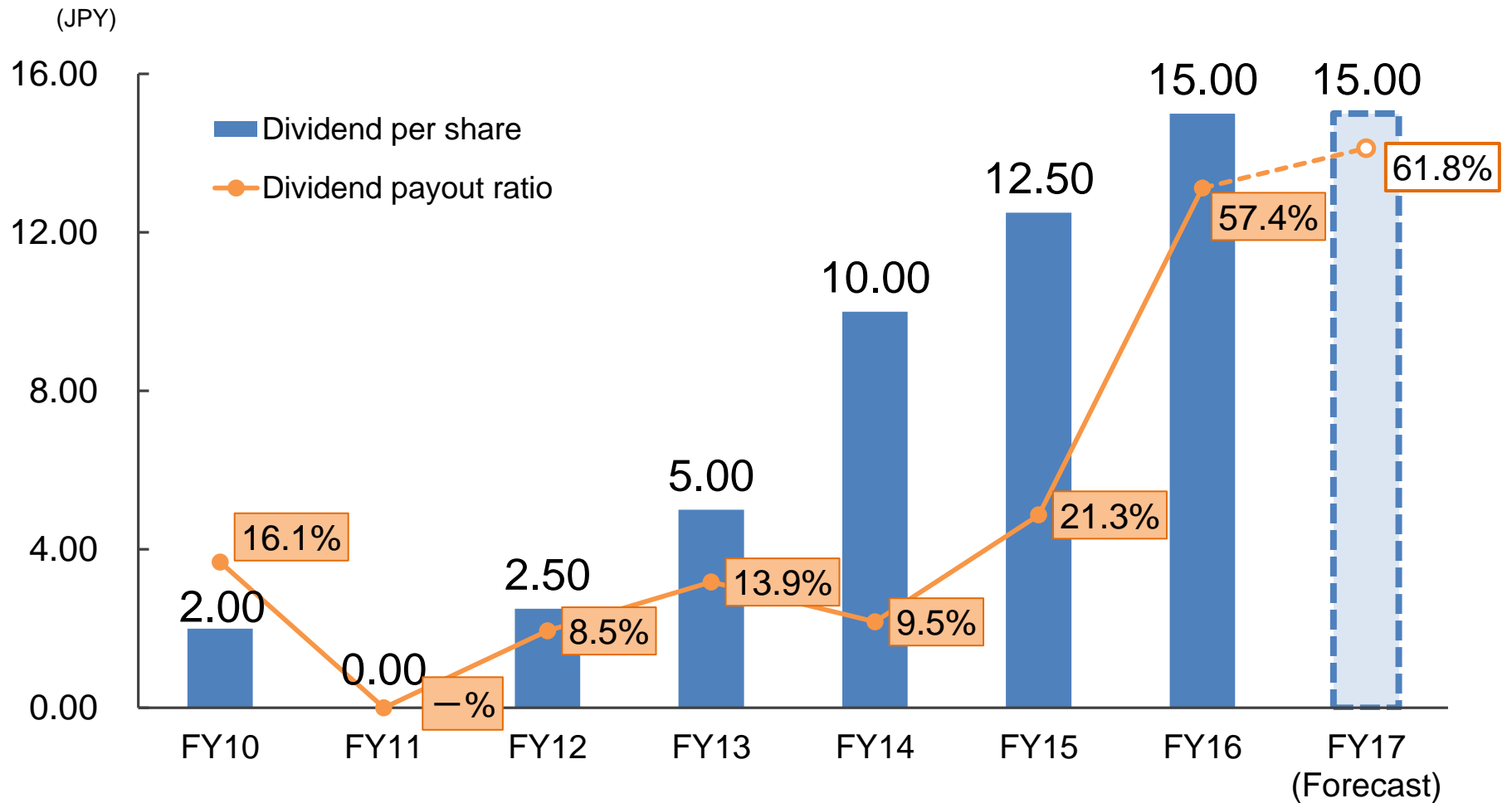
Investment / Depreciation



Research and Development Cost



Shareholder Returns



* Without consideration of the impact of share consolidation

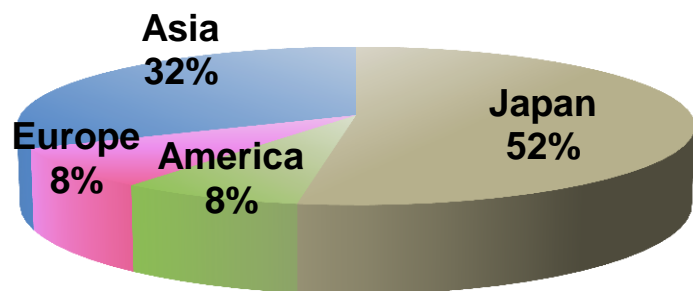
Sensitivity Exchange Rate (Jul. 2017- Mar. 2018)

Sensitivity Exc. Rate	USD	EUR
Forecast Exc. Rate	JPY 105.0	JPY 115.0
For Sales (Millions of yen)	800	100
For Income (Millions of yen)	170	40

FY2017

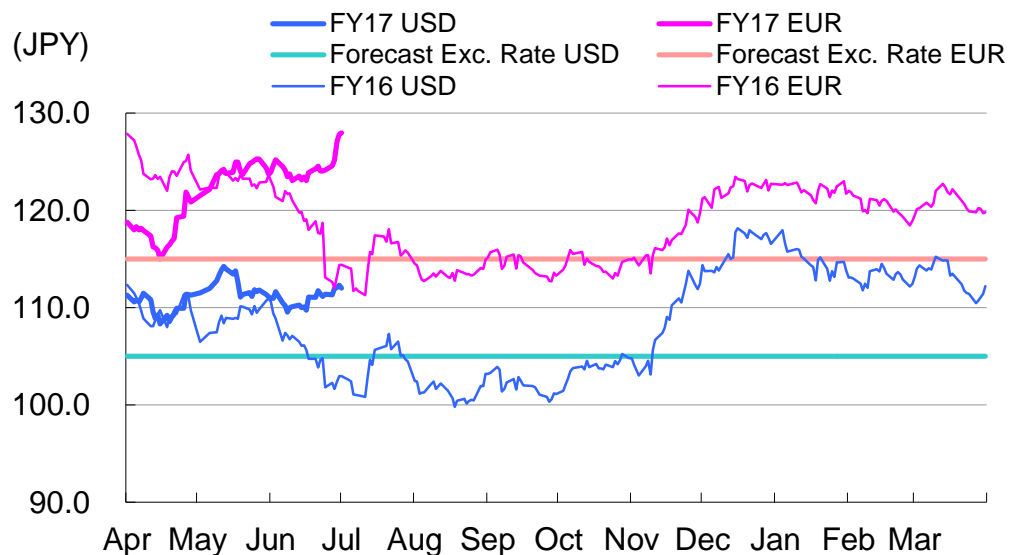
		Q1	Forecast Exc. Rate
Average	USD	111.1	105.0
	EUR	122.2	115.0
Closing Date	USD	112.0	105.0
	EUR	127.9	115.0

Sales by Area



* FY2016 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.

End
