

**FY2018 1st Quarter
Consolidated Results**
(Fiscal year ended March 31, 2019)

August 13, 2018

◆ Actual Results

- Income and earnings declined year on year due to the impact of the exclusion of the semiconductor business from the scope of consolidation.
- Both net sales and profit increased year on year in the Watches Business and Systems Solutions Business.
- Income and earnings grew in the Electronic Devices Business as well, excluding the semiconductor business.

◆ Forecast for the Business Results

- 1st quarter results showed a steady performance, according to plan, and there is no change from the previous forecast.

1. Consolidated Results

FY2018 Statements of Income 1st Quarter (Apr. - Jun. 2018)

(Billions of yen)		FY17 Q1	FY18 Q1	Variance	
				Amt.	%
Net Sales		63.4	59.3	-4.1	-6.5%
Gross Profit		24.4	22.9	-1.5	-6.2%
%		38.6%	38.7%	+0.1pt	
Operating Profit		2.7	2.4	-0.2	-10.5%
%		4.3%	4.1%	-0.2pt	
Ordinary Profit		3.1	3.4	+0.3	+11.3%
%		4.9%	5.8%	+0.9pt	
Income before income taxes		2.7	3.5	+0.8	+30.0%
Profit attributable to owners of parent		1.1	3.0	+1.8	+155.9%
%		1.9%	5.2%	+3.3pt	
Exchange Rates (JPY)	USD	111.1	109.1	-2.0	-1.8%
	EUR	122.2	130.0	+7.7	+6.4%

Net Sales : y/y -4.1

Exchange rate fluctuations	-0.0
Impact of the exclusion of the semiconductor business from the scope of consolidation	-7.5

Operating Profit : y/y -0.2

Impact of the exclusion of the semiconductor business from the scope of consolidation	-1.5
Others	+1.2

Ordinary Profit : y/y +0.3

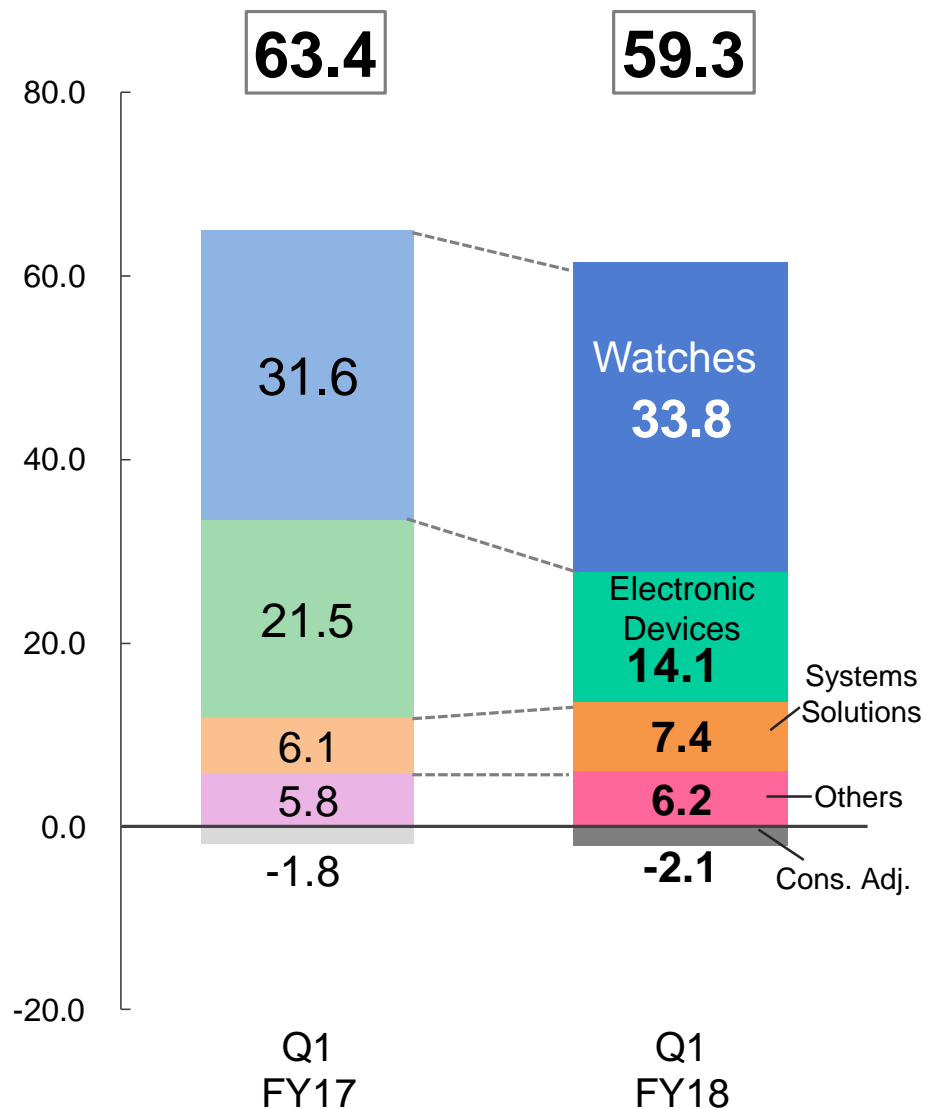
Decrease in Operating profit	-0.2
Improve in Equity method income	+0.2
Others	+0.3

Extraordinary Income/Losses: 0.1

<u>Extraordinary Income</u>	<u>0.1</u>
Gain on sales of memberships	0.1

Sales by Reported Segments (Apr. - Jun. 2018)

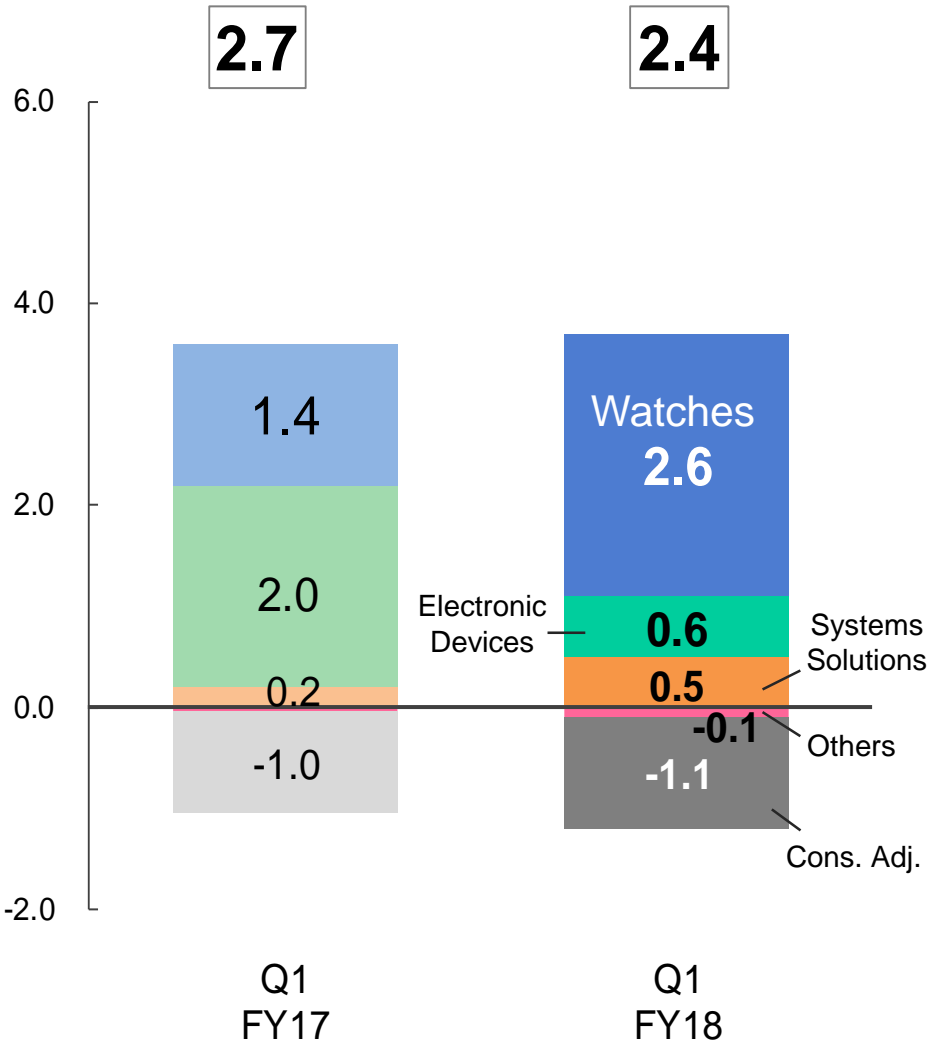
(Billions of yen)



(Billions of yen)	Net Sales (Composition ratio)		
	FY17 Q1	FY18 Q1	Variance
Watches	31.6 (50%)	33.8 (57%)	+2.1
Electronic Devices	21.5 (34%)	14.1 (24%)	-7.4
Systems Solutions	6.1 (10%)	7.4 (13%)	+1.2
Sub Total	59.4	55.3	-4.0
Others	5.8 (9%)	6.2 (10%)	+0.3
Cons. Adj.	-1.8 (-3%)	-2.1 (-4%)	-0.3
Cons. Total	63.4	59.3	-4.1

Operating Profit by Reported Segments (Apr. - Jun. 2018)

(Billions of yen)

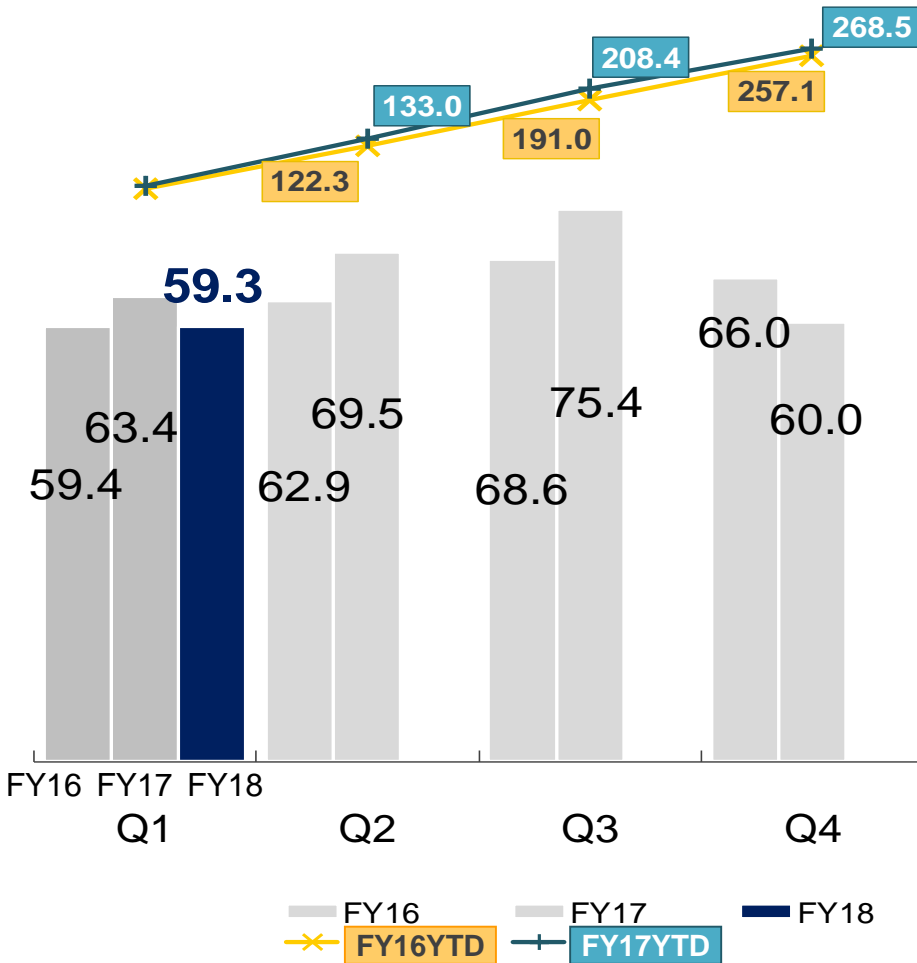


(Billions of yen)	Operating Profit		
	FY17 Q1	FY18 Q1	Variance
Watches	1.4	2.6	+1.1
Electronic Devices	2.0	0.6	-1.4
Systems Solutions	0.2	0.5	+0.2
Sub Total	3.7	3.7	+0.0
Others	-0.0	-0.1	-0.1
Cons. Adj.	-1.0	-1.1	-0.1
Cons. Total	2.7	2.4	-0.2

Consolidated Quarterly Performance

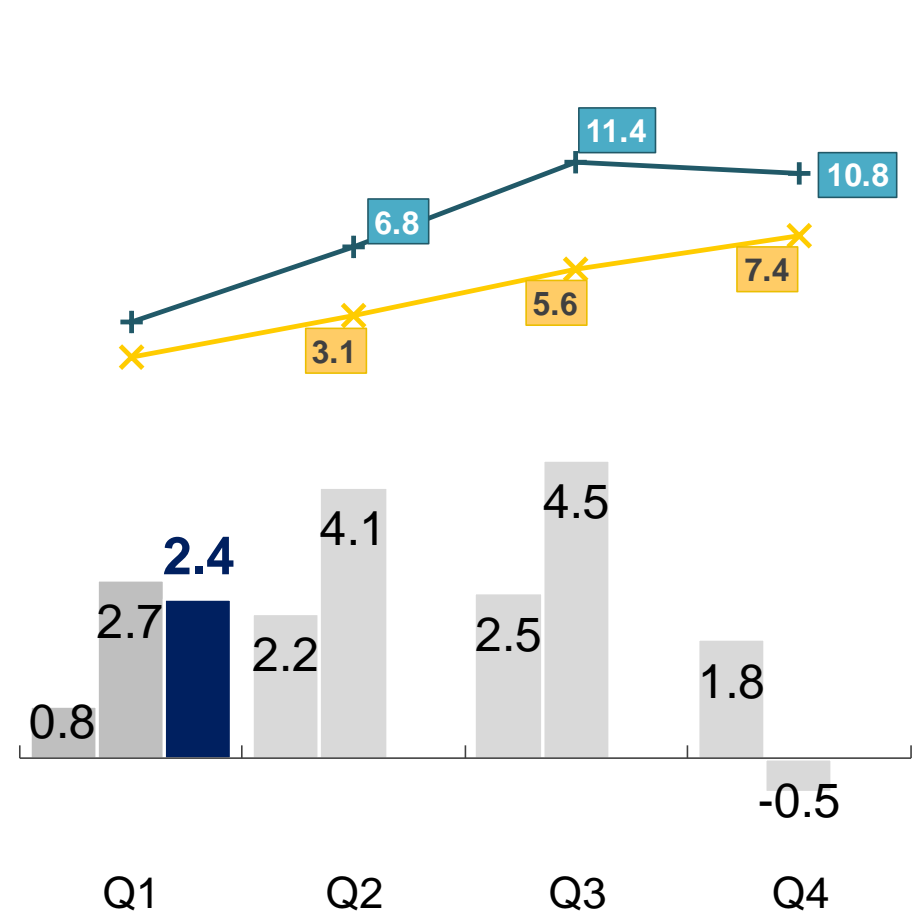
Net Sales

(Billions of yen)



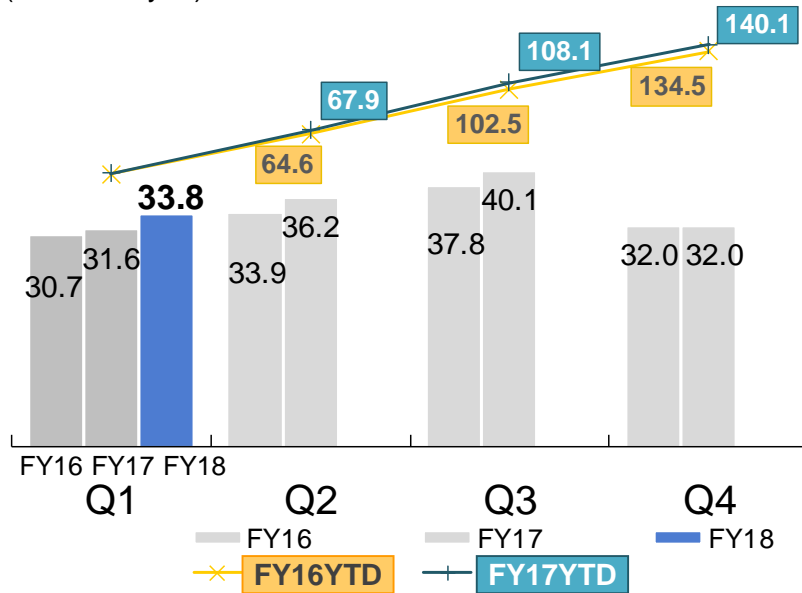
Operating Profit

(Billions of yen)



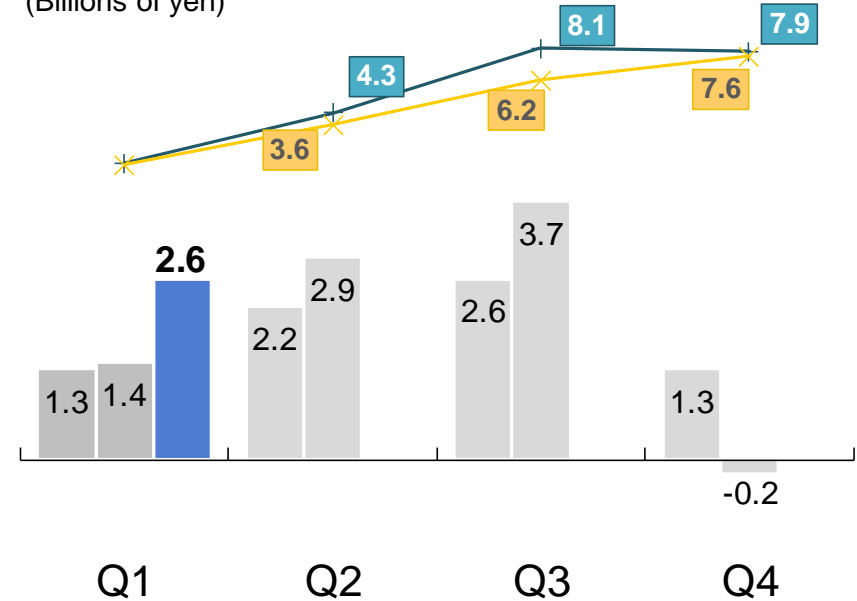
Net Sales

(Billions of yen)



Operating Profit

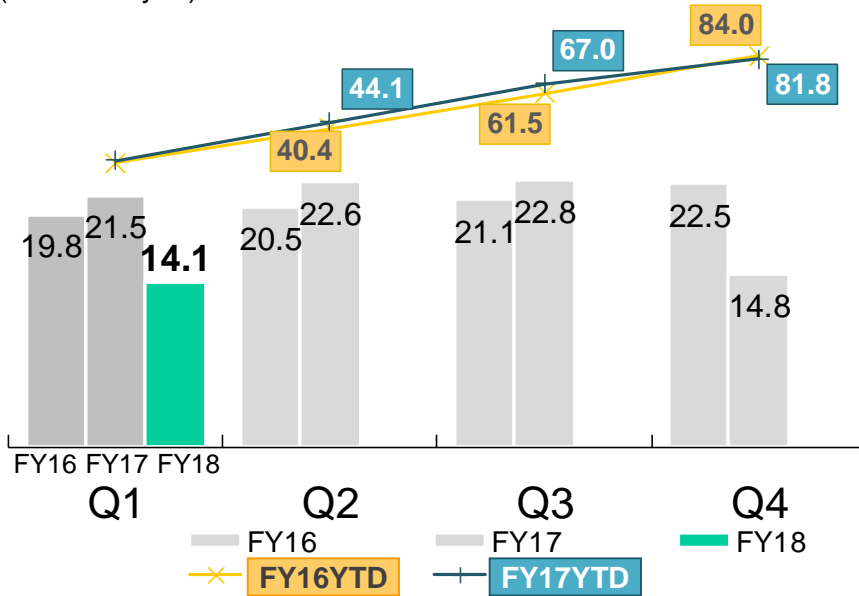
(Billions of yen)



- **Watches (In Japan)** : Sales increased year on year, driven by strong performance of the Grand Seiko and Prospex continuing on from the previous fiscal year and favorable sales of new products for the ladies' Lukia , despite sluggish sales for some products in the affordable price range. On a distribution channel basis, sales to department stores, independent stores, Internet vendors and others grew from the same period of the previous fiscal year.
- **Watches (in Overseas)** : Sales increased year on year in all regions on a local currency basis , including the U.S., Europe and Asia. Sales expanded particularly in Asia, mainly in the Chinese market.
- **Movements** : Sales were down year on year owing to sluggish sales mainly for high value-added products.

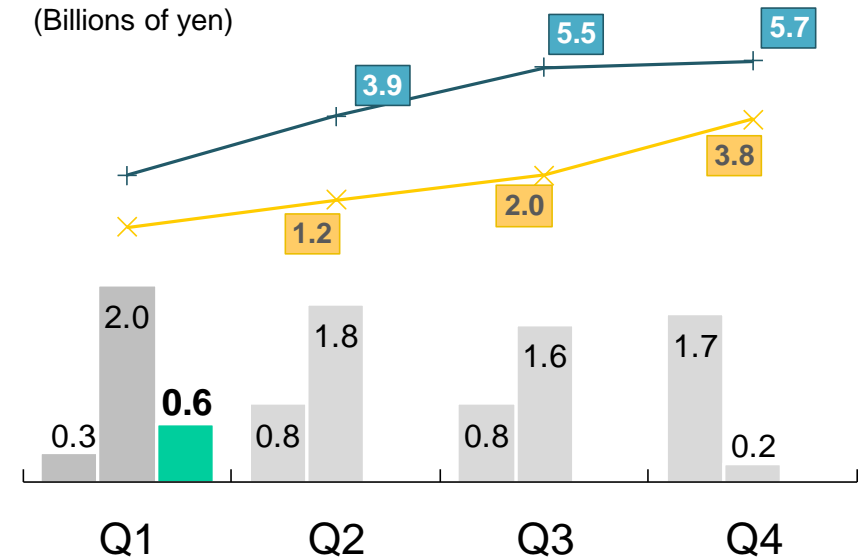
Net Sales

(Billions of yen)



Operating Profit

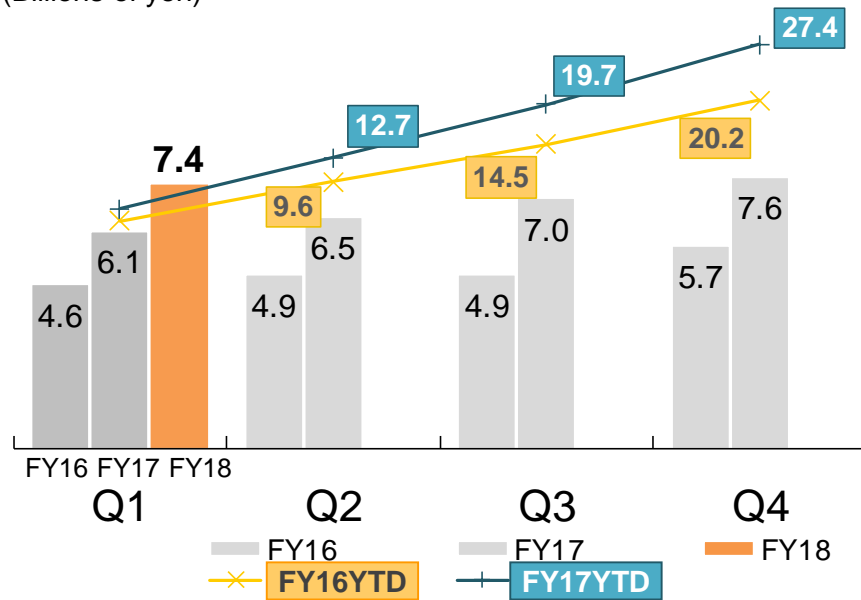
(Billions of yen)



- **Printer devices** : The favorable performance of products including thermal mini printer mechanisms.
- **Mechatronics** : Sales performed steadily for precision components and other products.

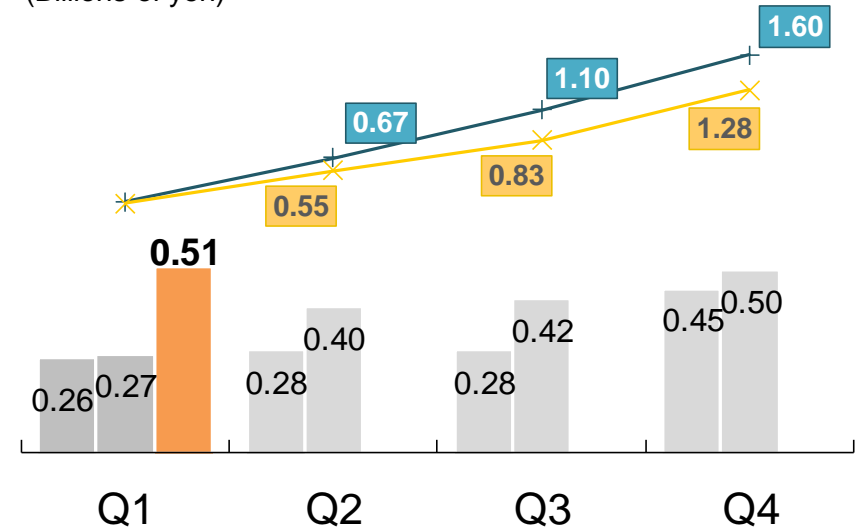
Net Sales

(Billions of yen)



Operating Profit

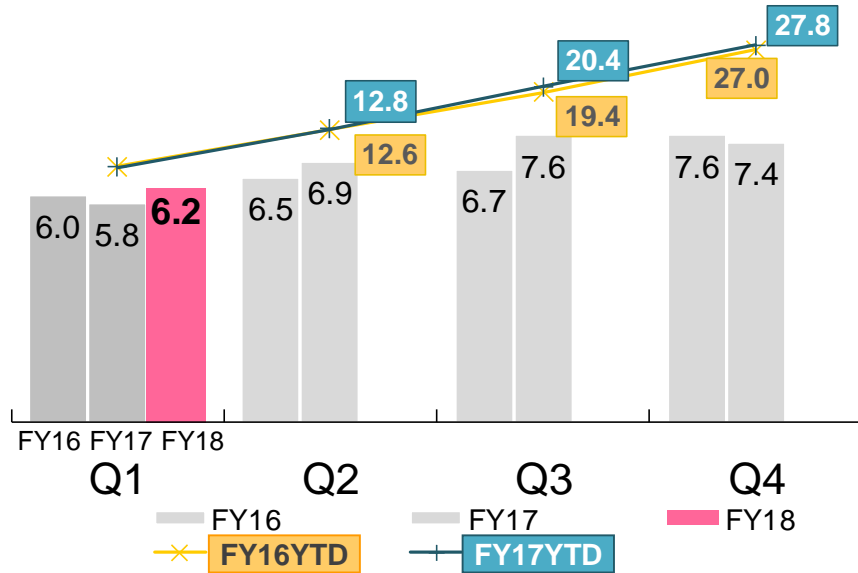
(Billions of yen)



• The rise in net sales was driven by the mobile solutions business and others.

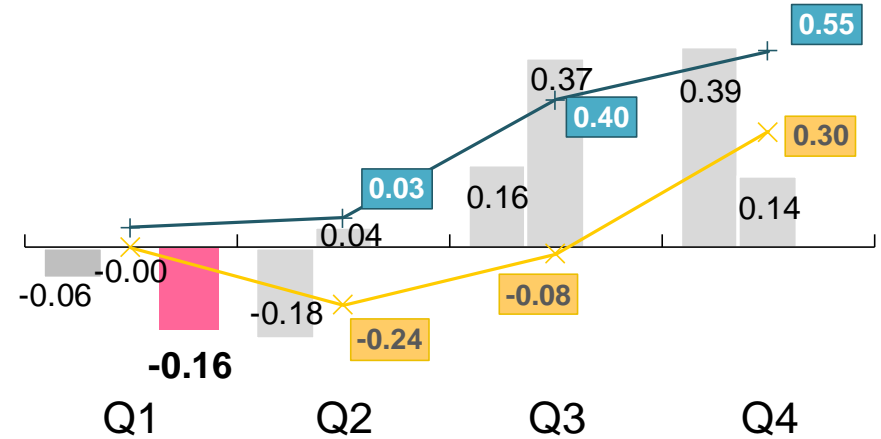
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



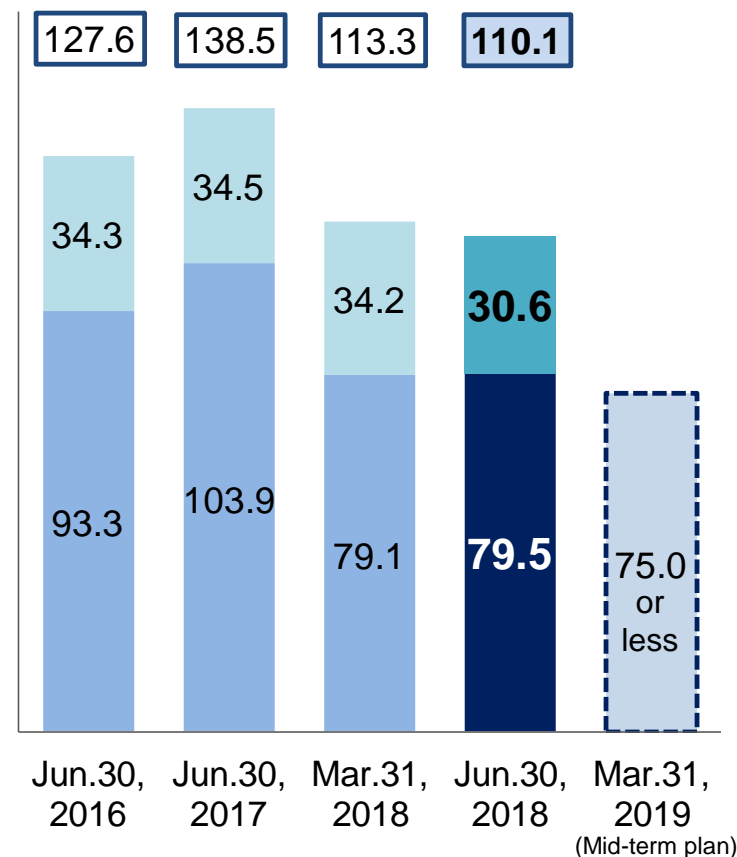
- Net sales grew steadily, mainly for the Wako Business.

Balance Sheets as of Jun. 30, 2018

(Billions of yen)	Jun.30, 2016	Jun.30, 2017	Mar.31, 2018(a)	Jun.30, 2018(b)	Variance (b)-(a)
Inventories	69.2	70.4	57.0	60.5	+3.4
Interest Bearing Debt	127.6	138.5	113.3	110.1	-3.1
Net Assets	93.9	109.6	105.1	108.6	+3.4
Total Assets	316.4	336.5	305.2	304.9	-0.3
Equity Capital Ratio	27.1%	29.7%	34.1%	35.2%	+1.2pt
Net Debt Equity Ratio	0.9	0.9	0.7	0.7	-0.0
Number of Employees	13,555	13,195	12,033	12,090	+57

Interest Bearing Debt

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



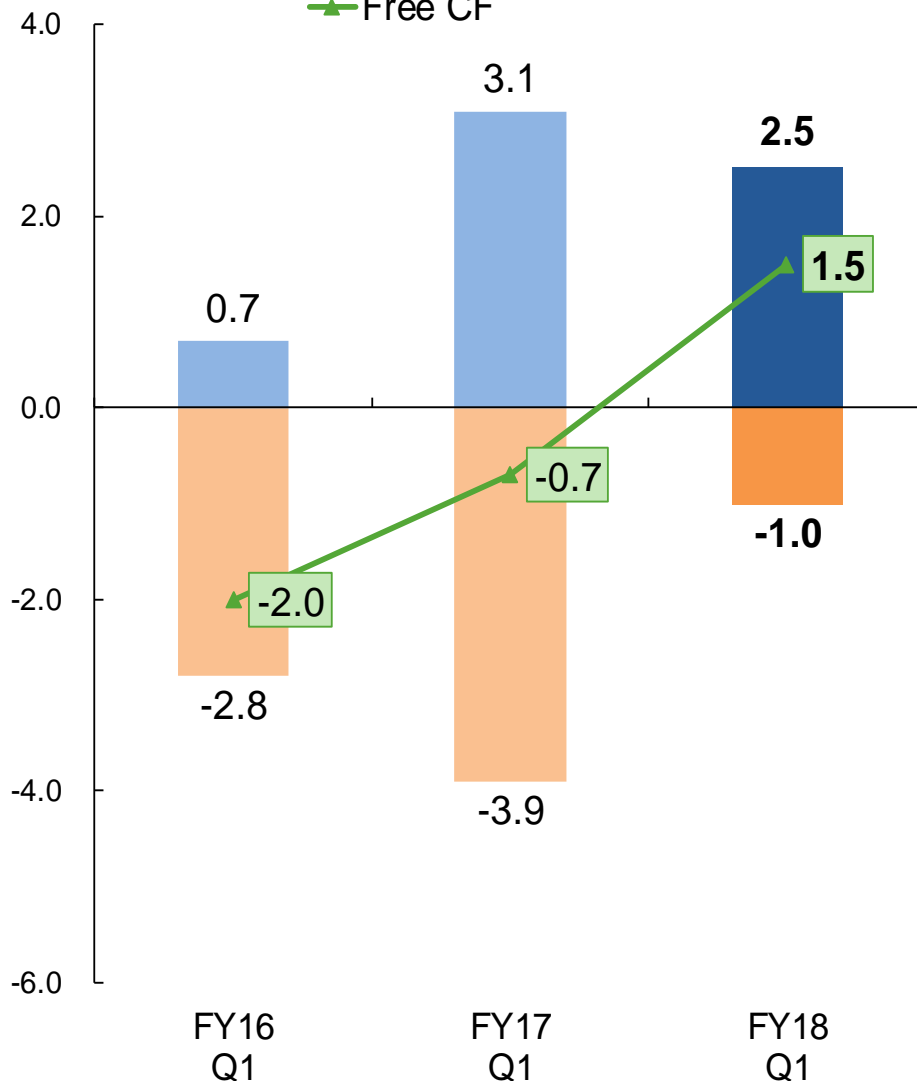
* The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the first quarter of the fiscal year ending March 31, 2019. Accordingly, total assets and equity capital ratio as of March 31, 2018 are presented after reclassification.

Statement of Cash Flows

(Billions of yen)

- CF from operating activities
- CF from investing activities
- ▲ Free CF

(Billions of yen)



	FY16 Q1	FY17 Q1	FY18 Q1
Profit before income taxes	0.1	2.7	3.5
Depreciation	2.5	2.5	2.0
Others	-1.9	-2.1	-3.0
Net cash provided by (used in) operating activities	0.7	3.1	2.5
Purchase of property, plant and equipment	-3.1	-1.9	-1.3
Others	0.3	-2.0	0.3
Net cash provided by (used in) investing activities	-2.8	-3.9	-1.0
Net increase (decrease) in loans payable	0.8	1.5	-3.3
Others	-1.7	-1.7	-1.6
Net cash provided by (used in) financing activities	-0.8	-0.1	-4.9
Effect of exchange rate change on cash and cash equivalents etc.	-1.7	0.0	0.1
Cash and cash equivalents	34.1	34.4	30.6
Free cash flow	-2.0	-0.7	1.5

2. Financial Forecast for FY2018

Summary of Financial Forecast for FY2018

(Billions of yen)	FY17 Actual	FY18 Forecast (Aug. 10)	Variance VS. FY17	FY17 2Q-4Q Actual	FY18 2Q-4Q Forecast	Variance VS. FY17
Net Sales	268.5	250.0	-18.5	205.0	190.6	-14.4
Operating Profit	10.8	8.0	-2.8	8.1	5.5	-2.5
%	4.0%	3.2%	-0.8pt	4.0%	2.9%	-1.0pt
Ordinary Profit	10.9	9.0	-1.9	7.7	5.5	-2.2
%	4.1%	3.6%	-0.5pt	3.8%	2.9%	-0.9pt
Profit attributable to owners of parent	11.5	6.5	-5.0	10.3	3.4	-6.9
%	4.3%	2.6%	-1.7pt	5.0%	1.8%	-3.2pt

* No change from the previous forecast (May 11).

Financial Forecast for FY2018 by Reported Segments

(Billions of yen)	Net Sales			Operating Profit		
	FY17 Actual	FY18 Forecast	Variance vs. FY17	FY17 Actual	FY18 Forecast	Variance vs. FY17
Watches	140.1	140.0	-0.1	7.9	9.0	+1.0
Electronic Devices	81.8	60.0	-21.8	5.7	2.0	-3.7
Systems Solutions	27.4	29.0	+1.5	1.6	2.0	+0.3
Sub Total	249.4	229.0	-20.4	15.3	13.0	-2.3
Others	27.8	30.0	+2.1	0.5	0.5	-0.0
Cons. Adj.	-8.7	-9.0	-0.2	-5.0	-5.5	-0.4
Cons. Total	268.5	250.0	-18.5	10.8	8.0	-2.8

* No change from the previous forecast (May 11).

Financial Forecast for FY2018 by Reported Segments

(Billions of yen)	Net Sales			Operating Profit		
	FY17 2Q-4Q	FY18 2Q-4Q Forecast	Variance vs. FY17	FY17 2Q-4Q	FY18 2Q-4Q Forecast	Variance vs. FY17
Watches	108.4	106.1	-2.2	6.4	6.3	-0.0
Electronic Devices	60.3	45.8	-14.4	3.7	1.3	-2.3
Systems Solutions	21.2	21.5	+0.3	1.3	1.4	+0.1
Sub Total	189.9	173.6	-16.3	11.5	9.2	-2.3
Others	21.9	23.7	+1.8	0.5	0.6	+0.1
Cons. Adj.	-6.8	-6.8	+0.0	-3.9	-4.3	-0.3
Cons. Total	205.0	190.6	-14.4	8.1	5.5	-2.5

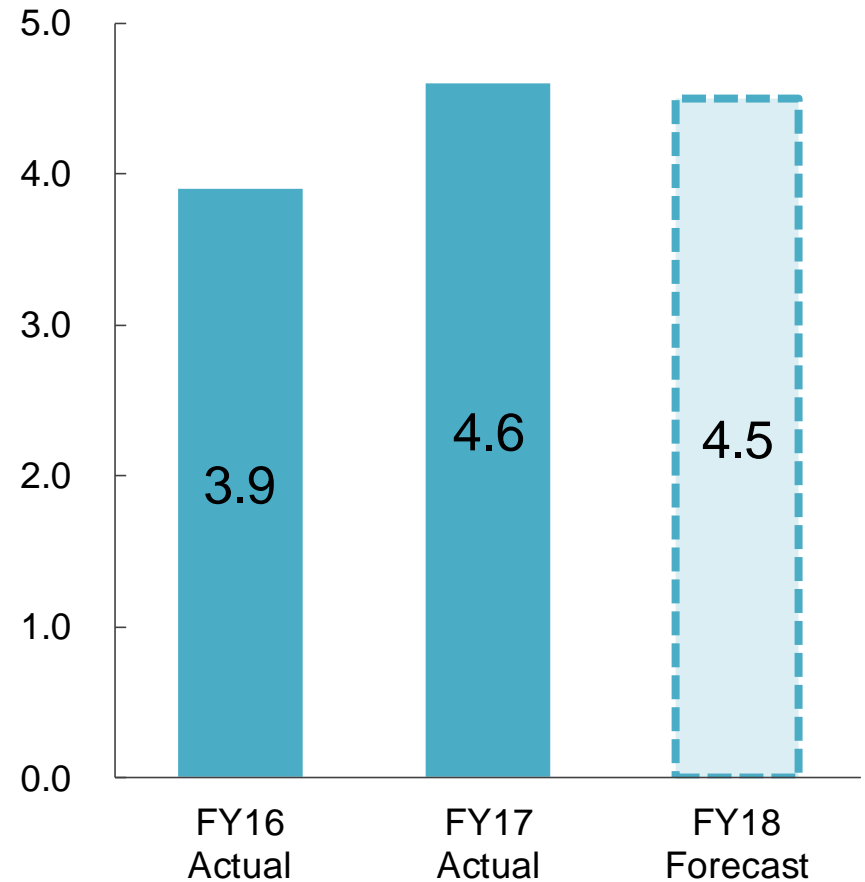
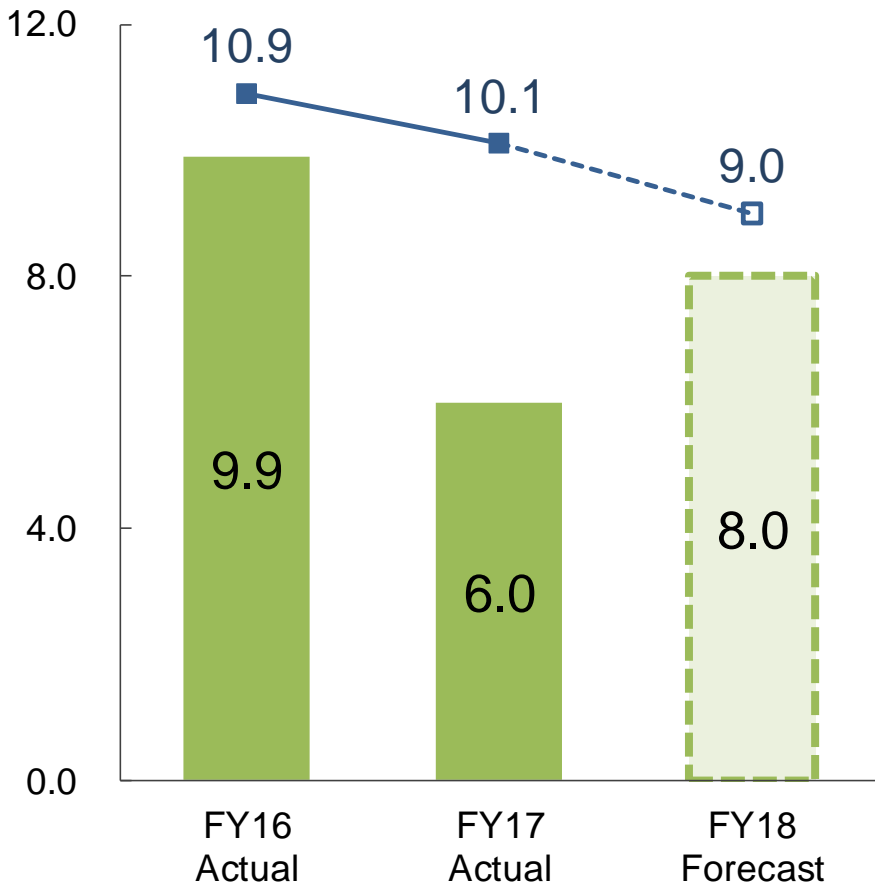
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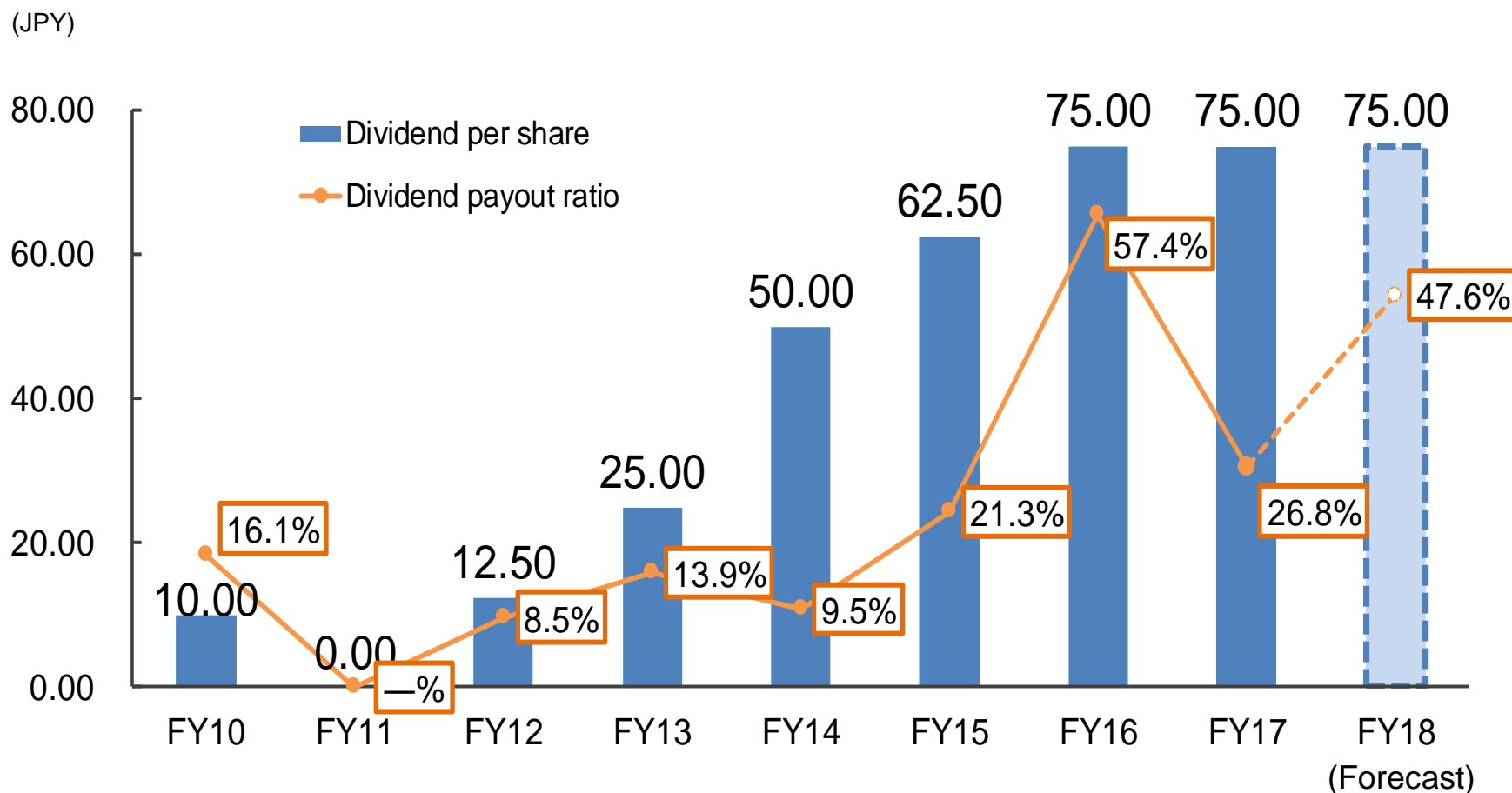
Investment / Depreciation

R&D Expense

(Billions of yen)

Investment Depreciation





*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.

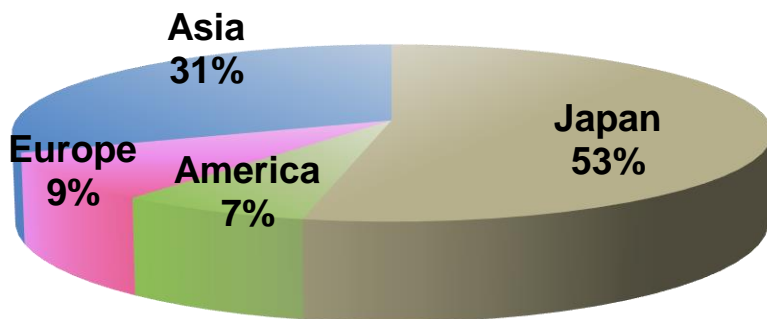
Sensitivity Exchange Rate (Jul. 2018 – Mar. 2019)

Sensitivity Exc. Rate	USD	EUR
Forecast Exc. Rate	JPY 105.0	JPY 125.0
For Sales (Millions of yen)	700	120
For Income (Millions of yen)	120	40

FY2018

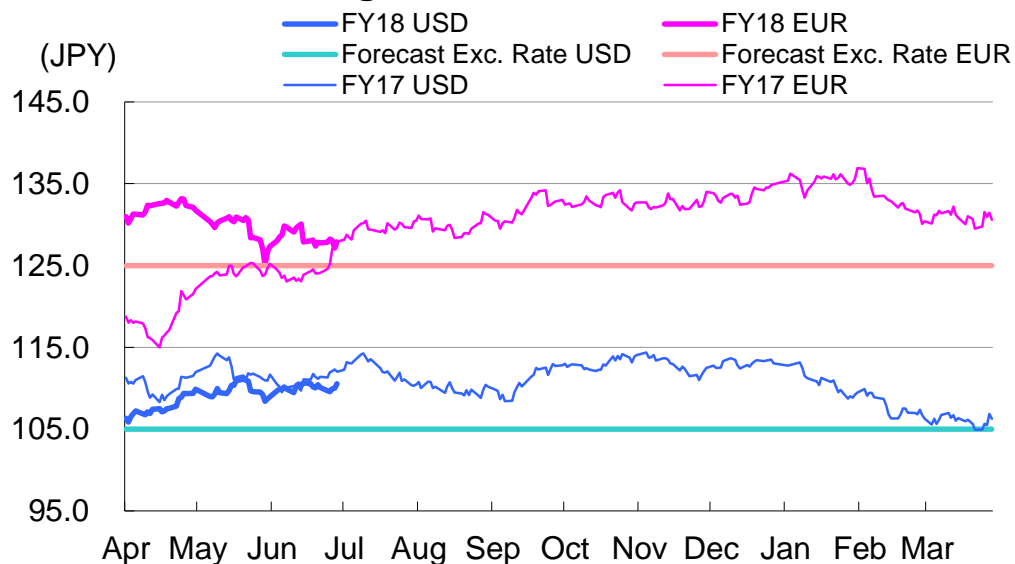
(JPY)		Q1	Forecast Exc. Rate
Average	USD	109.1	105.0
	EUR	130.0	125.0
Closing Date	USD	110.5	105.0
	EUR	127.9	125.0

Sales by Area



* FY2017 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
