

**FY2016 1<sup>st</sup> Quarter  
Consolidated Results  
(Fiscal year ended March 31, 2017)**

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August 10, 2016

1. Points on the results and forecasts
2. Consolidated Results

# 1. Points on the results and forecasts

# FY2016 Statements of Income 1st Quarter

(Billions of yen)		FY2014 Q1 (a)	FY2015 Q1 (b)	FY2016 Q1 (c)	Change	
					(c-a)	(c-b)
Net Sales		64.2	70.6	59.4	-4.7	-11.2
Gross Profit		22.6	26.1	22.7	+0.1	-3.3
Selling, general and administrative expenses		19.8	21.6	21.8	+2.0	+0.2
Operating Income		2.8	4.4	0.8	-1.9	-3.5
%		4.4%	6.3%	1.5%	-2.9P	-4.8p
Ordinary Income		2.3	5.1	0.1	-2.2	-5.0
%		3.7%	7.3%	0.2%	-3.5p	-7.1p
Income before income taxes		2.3	5.1	0.1	-2.2	-5.0
Profit attributable to owners of parent		0.9	3.7	-1.2	-2.2	-4.9
%		1.5%	5.3%	-2.1%	-3.6p	-7.4p
Exchange Rates (JPY)	USD	102.1	121.4	108.0	+5.8	-13.3
	EUR	140.0	134.2	121.9	-18.1	-12.3

- ◆ Exchange rate environment
- ◆ Shifts in consumption by foreign tourists
- ◆ Stagnant stock prices on Japanese stock markets
- ◆ Declining watch movement market conditions
- ◆ Others
  - Transfer of the wide format printer business in FY2015
  - Costs incurred due to office relocation

- ◆ **Exchange rate environment :**
  - Short term approach) : Reduction of SGA expenses and cost of products manufactured / price measures
  - Long term approach) : Review of cost structures and investment planning
- ◆ **Shifts in consumption by foreign tourists :**
  - Continuous reinforcement with sales for Japanese
- ◆ **Stagnant stock prices on Japanese stock markets :**
  - Continuous reinforcement with distribution for existing high-end products
- ◆ **Declining watch movement market conditions :**
  - Reduction of costs / New product development
- ◆ **Others :**
  - Review of all expenses / Launching of new products ahead of schedule /
  - Review of unprofitable businesses

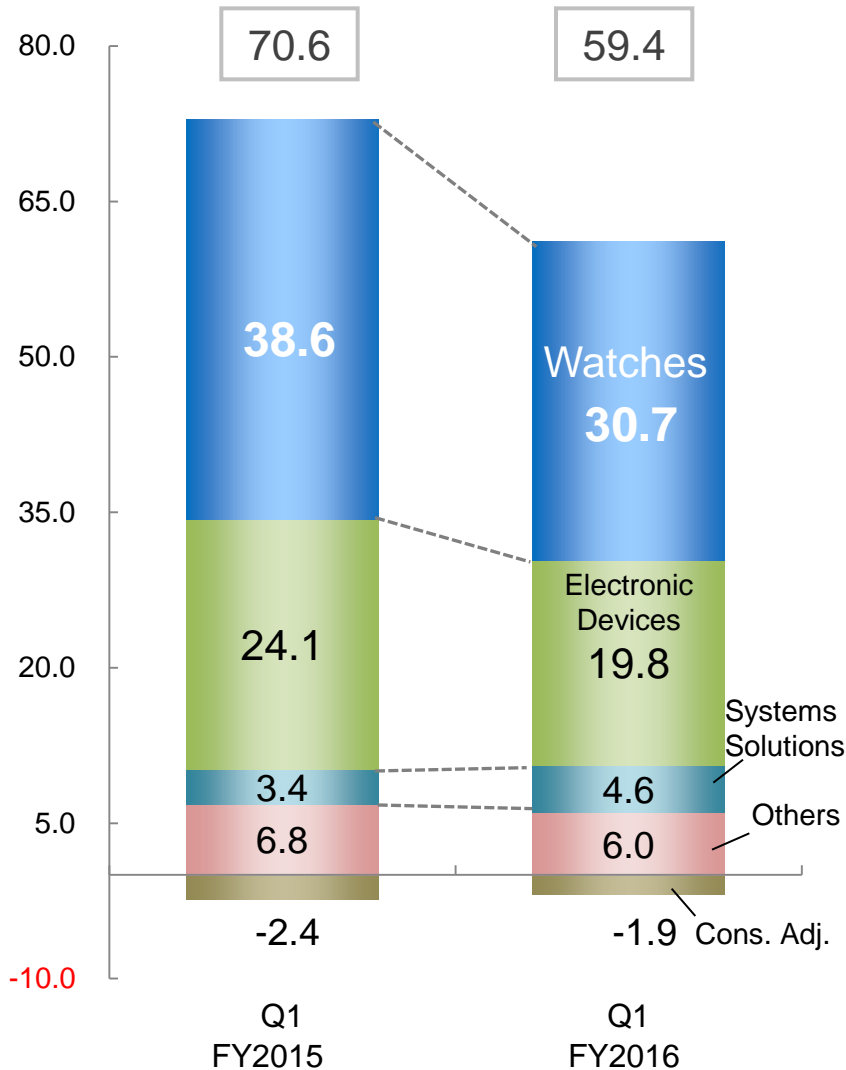
## 2. Consolidated Results

(Billions of yen)		FY2015 Q1	FY2016 Q1	Change		
				Amt.	%	
Net Sales		70.6	59.4	-11.2	-15.9%	<b>Net Sales: -11.2</b> Exchange rate fluctuations -3.8
Gross Profit		26.1	22.7	-3.3	-12.9%	
Operating Income		4.4	0.8	-3.5	-80.2%	<b>Operating Income: -3.5</b> Decrease in GP -3.3 Increase in Selling, general and administrative expenses -0.2
%		6.3%	1.5%	-4.8p	—	
Ordinary Income		5.1	0.1	-5.0	-97.3%	<b>Ordinary Income: -5.0</b> Decrease in Operating Income -3.5 Increase in Foreign exchange Losses -1.3 Decrease in Equity method Income -0.2 Decrease in Dividend income -0.1
%		7.3%	0.2%	-7.1p	—	
Income before income taxes		5.1	0.1	-5.0	-97.3%	
Profit attributable to owners of parent		3.7	-1.2	-4.9	-134.0%	
%		5.3%	-2.1%	-7.4p	—	
Exchange Rates (JPY)	USD	121.4	108.0	-13.3	-11.0%	
	EUR	134.2	121.9	-12.3	-9.2	



# Sales by Reported Segments (Apr. 2016 - Jun. 2016)

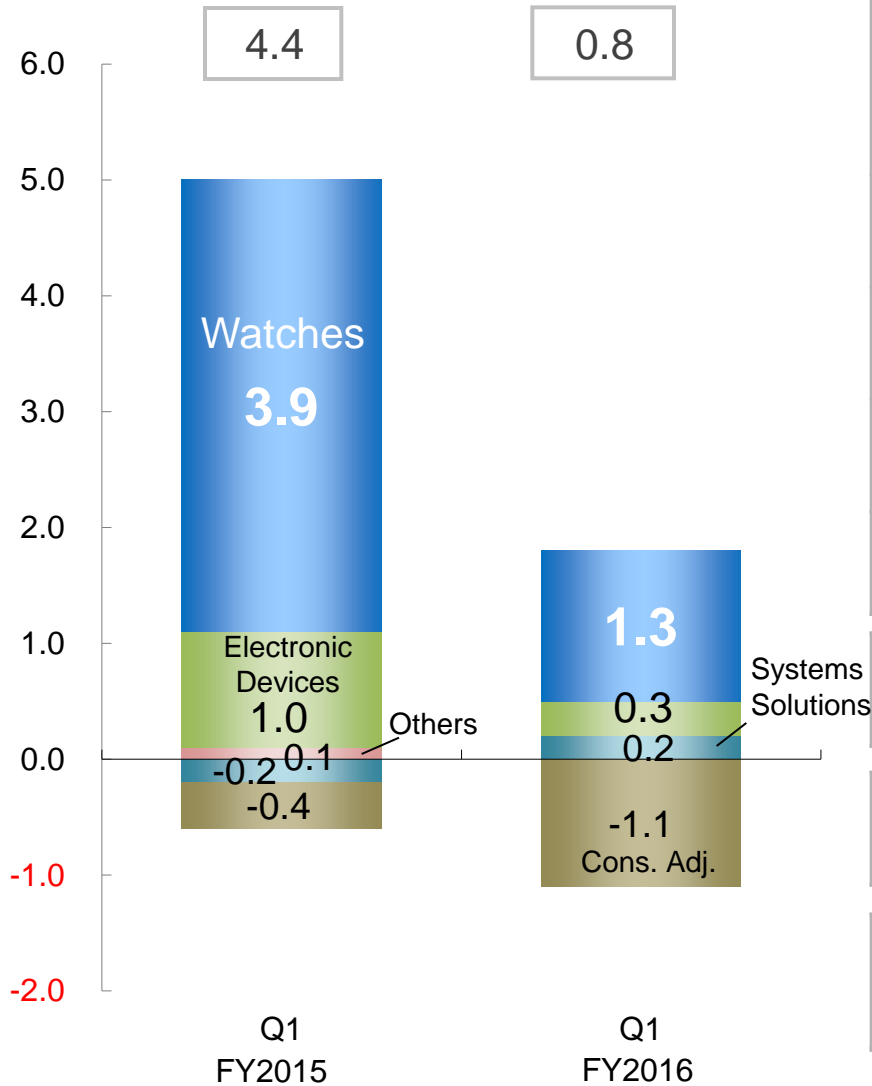
(Billions of yen)



(Billions of yen)	Net Sales		
	FY2015 Q1	FY2016 Q1	Change
Watches	38.6	30.7	-7.9
Electronic Devices	24.1	19.8	-4.3
Systems Solutions	3.4	4.6	+1.1
Sub Total	66.3	55.2	-11.0
Others	6.8	6.0	-0.7
Cons. Adj.	-2.4	-1.9	+0.5
<b>Cons. Total</b>	<b>70.6</b>	<b>59.4</b>	<b>-11.2</b>

# Operating Income by Reported Segments (Apr. 2016 - Jun. 2016) **SEIKO**

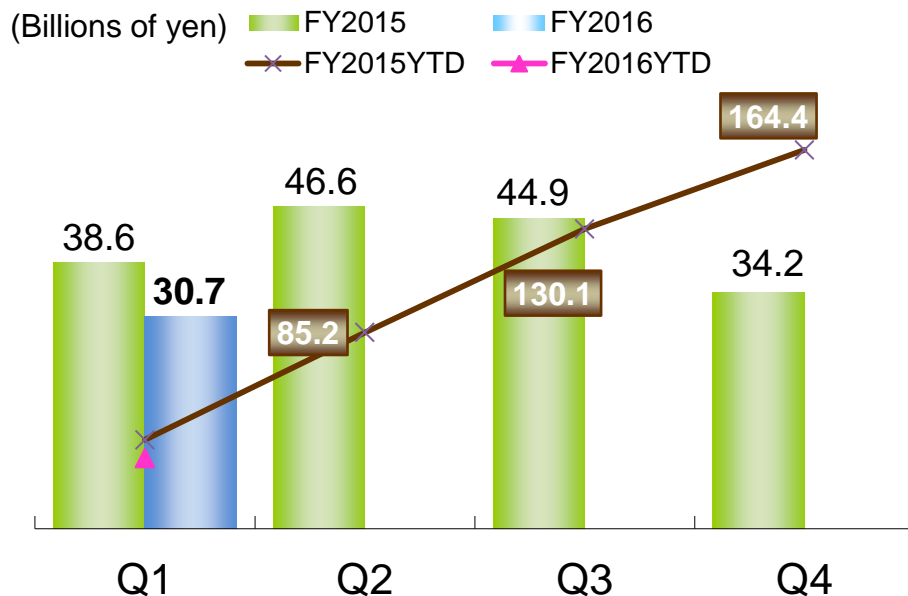
(Billions of yen)



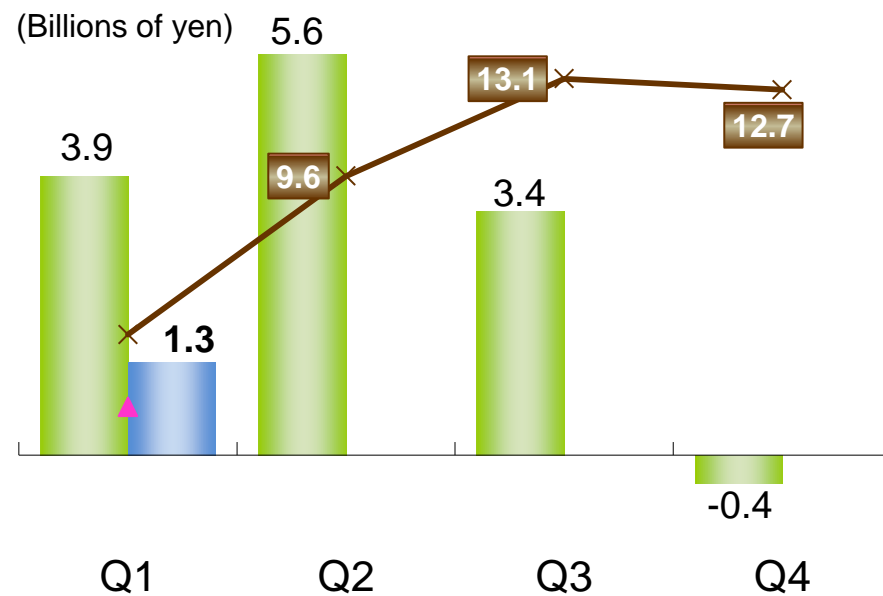
(Billions of yen)	Operating Income		
	FY2015 Q1	FY2016 Q1	Change
Watches	3.9	1.3	-2.5
Electronic Devices	1.0	0.3	-0.6
Systems Solutions	-0.2	0.2	+0.5
Sub Total	4.7	2.0	-2.6
Others	+0.1	-0.0	-0.2
Cons. Adj.	-0.4	-1.1	-0.6
<b>Cons. Total</b>	<b>4.4</b>	<b>0.8</b>	<b>-3.5</b>

# Information by Reported Segments

## Net Sales

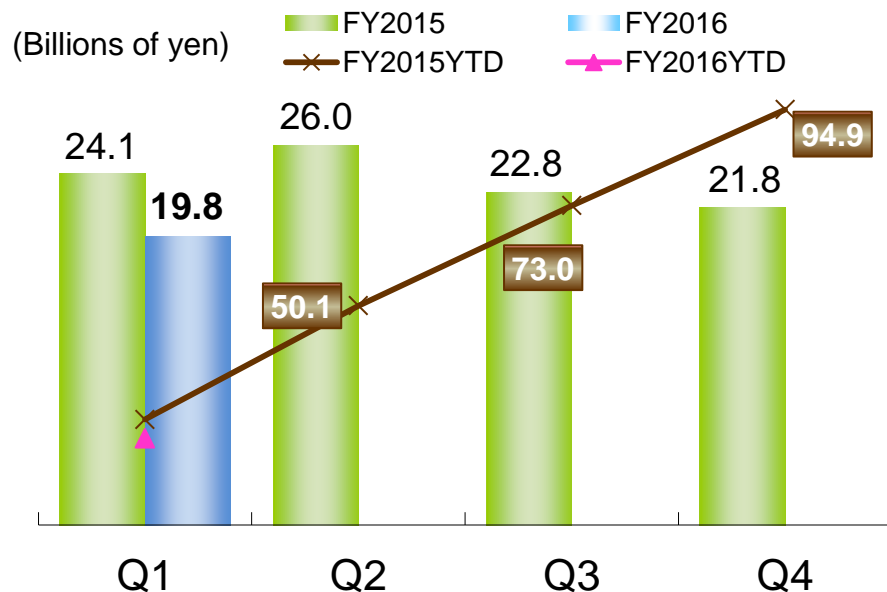


## Operating Income

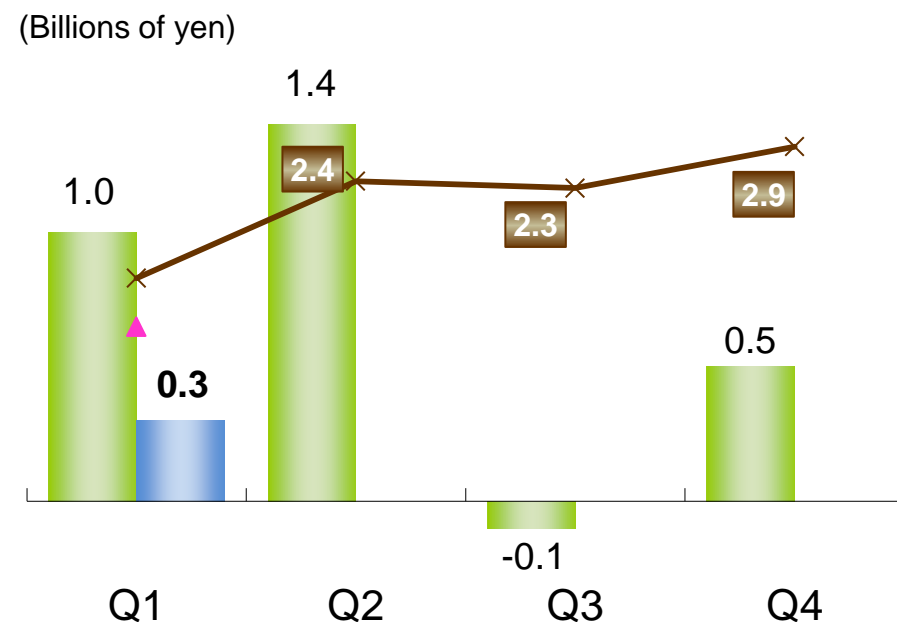


- **Watches (In Japan)** : The Lukia, Astron, and Presage performed steadily, but sales of high-priced products such as the Grand Seiko were sluggish, reflecting the impact of stagnant stock prices and other factors. On a distribution channel basis, sales to mass retailers declined substantially year on year, due to shifts in consumption by foreign tourists.
- **Watches (In Overseas)** : Sales were mostly flat year on year on a local currency basis. However, net sales decreased on a yen basis from the impact of yen appreciation.
- **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.

## Net Sales

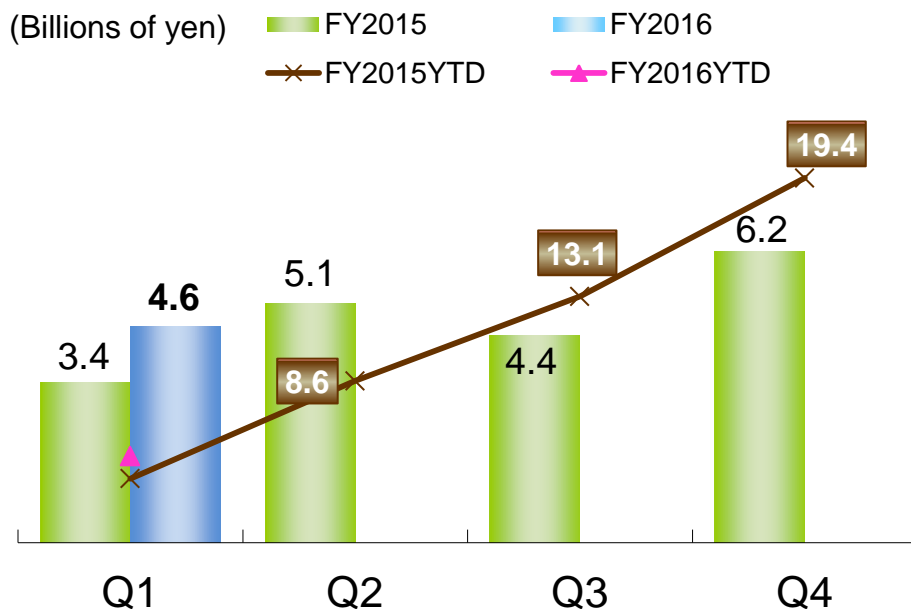


## Operating Income

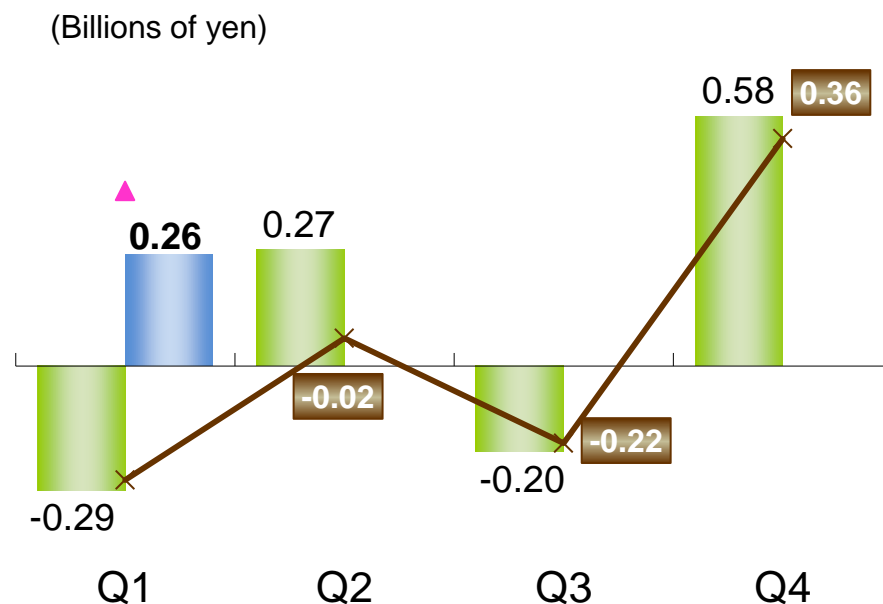


- **Electronic devices** : Although semiconductors, mainly those for automobiles and for smartphones, performed strongly on a volume basis, sales declined sharply year on year due to the impact of yen appreciation.
- **Mechatronics** : Hard disc drive component business remained steady, but the slump in the completed camera market caused camera-related business results to fall year-on-year.
- **Other** : Sales fell due to the transfer of the wide format printer business.

## Net Sales

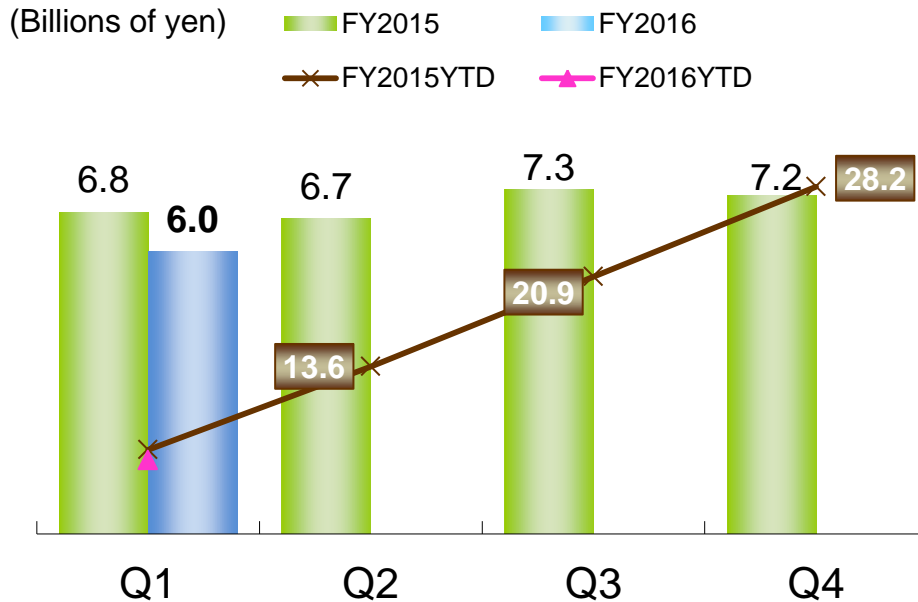


## Operating Income

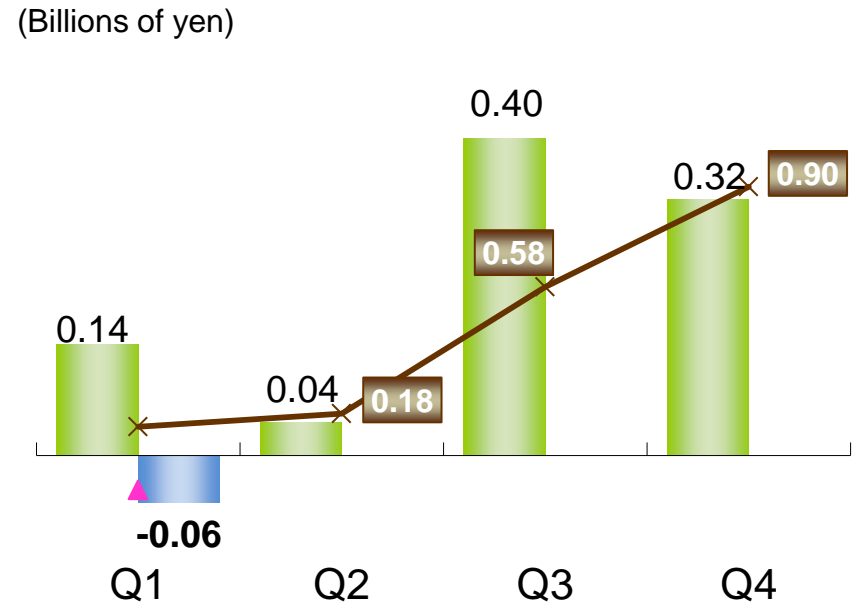


Sales were favorable in the data services business, including payment terminals, and in the mobile solutions business for home security. Both sales and income improved significantly year on year.

## Net Sales



## Operating Income

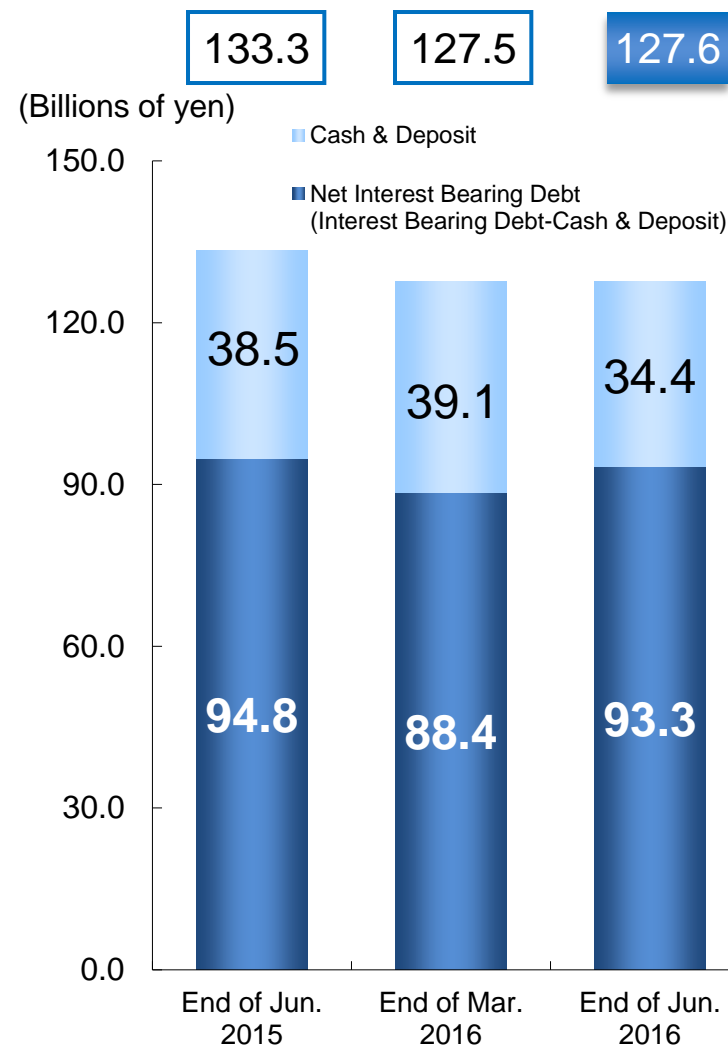


- Clocks : Overall sales were also down year on year owing to month-long delays of sales for overseas.
- Others : Sales under the Wako Business fell due to shifts in consumption by foreign tourists.

# Balance Sheets as of Jun. 30, 2016

(Billions of yen)	Jun. 30, 2015	Mar. 31, 2016 (a)	Jun. 30, 2016 (b)	Change (b) – (a)
Inventories	69.4	65.1	69.2	+4.0
Interest Bearing Debt	133.3	127.5	127.6	+0.1
Net Assets	96.0	102.6	93.9	-8.7
Total Assets	331.4	329.1	316.4	-12.6
Equity Capital Ratio	28.4%	28.7%	27.0%	-1.7p
Net Debt Equity Ratio	0.9	0.8	0.9	+0.1
Number of Employees	13,789	13,437	13,555	+118

## Interest Bearing Debt



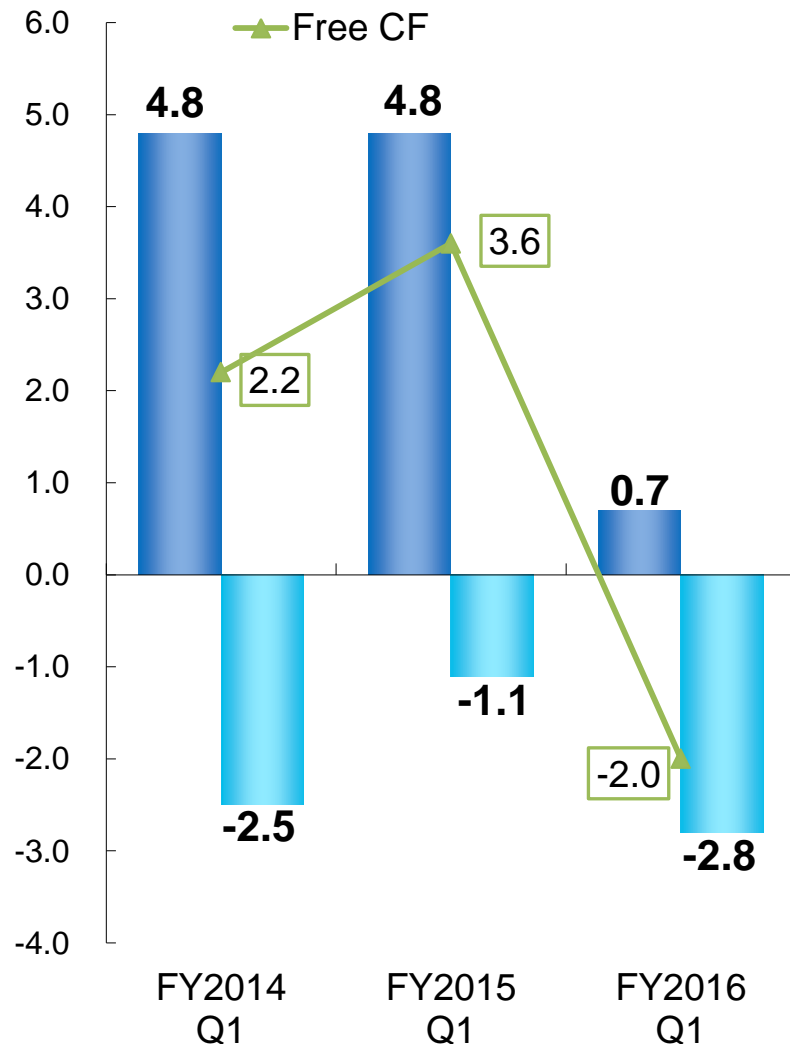


# Statements of Cash Flow

(Billions of yen) ■ CF from operating activities

■ CF from investing activities

▲ Free CF



(Billions of yen)

	FY2014 Q1	FY2015 Q1	FY2016 Q1
Income before income taxes	2.3	5.1	0.1
Depreciation	2.6	2.3	2.5
Others	-0.1	-2.6	-1.9
<b>Net cash provided by (used in) operating activities</b>	<b>4.8</b>	<b>4.8</b>	<b>0.7</b>
Purchase of property, plant and equipment	-1.6	-1.7	-3.1
Others	-0.9	0.5	0.3
<b>Net cash provided by (used in) investing activities</b>	<b>-2.5</b>	<b>-1.1</b>	<b>-2.8</b>
Net increase (decrease) in loans payable	-2.3	-3.9	0.8
Others	-1.2	-2.3	-1.7
<b>Net cash provided by (used in) financing activities</b>	<b>-3.6</b>	<b>-6.2</b>	<b>-0.8</b>
Effect of exchange rate change on cash and cash equivalents etc.	-0.0	0.4	-1.7
Cash and cash equivalents	41.1	38.1	34.1
<b>Free cash flow</b>	<b>2.2</b>	<b>3.6</b>	<b>-2.0</b>

- ◆ *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

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