

Third Quarter Financial Results Fiscal Year 2014 (Ending March 2015)

January 30, 2015
SEIKO EPSON CORP.

■ Disclaimer regarding forward-looking statements

The foregoing statements regarding future results reflect the Company's expectations based on information available at the time of announcement. The information contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, the competitive environment, market trends, general economic conditions, technological changes, exchange rate fluctuations and our ability to continue to timely introduce new products and services.

■ Numerical values presented herein

Numbers are rounded to the unit indicated.

Percentages are rounded off to one decimal place.

Disclosure of FY2014 Financial Results

- Financial results are presented on an IFRS basis, effective from the 2014 fiscal year.
(Financial results and forecasts are presented on an IFRS basis.)
- FY2013 financial results have also been restated based on IFRS for comparison purposes.

* Business profit is calculated by deducting cost of sales and SGA expenses from revenue. Although not defined in the statement of consolidated comprehensive income, this indicator is very similar to the concept of operating income under J-GAAP. Epson will present this information as a reference, as the Company believes users of financial statements will find it useful when evaluating Epson's financial performance.

1) FY2014 Q3 Financial Results

2) FY2014 Financial Outlook

Financial Highlights (Through Third Quarter)



		FY2013		FY2014		Change	
		First 9 Months	%	First 9 Months	%	Amount	%
(Billions of yen)							
Revenue		755.1	-	814.8	-	+59.6	+7.9%
Business profit		76.5	10.1%	85.4	10.5%	+8.8	+11.6%
Profit from operating activities		70.5	9.3%	110.6	13.6%	+40.1	+56.9%
Profit before taxes		70.4	9.3%	112.6	13.8%	+42.1	+59.8%
Profit for the period		42.7	5.7%	90.6	11.1%	+47.8	+112.0%
EPS		¥237.93		¥505.77			
Exchange rate	USD	¥99.39		¥106.87			
	EUR	¥132.23		¥140.30			

Financial Highlights (Third Quarter)



		FY2013		FY2014		Change	
		3Q Actual	%	3Q Actual	%	Amount	%
(Billions of yen)							
Revenue		283.8	-	301.9	-	+18.1	+6.4%
Business profit		43.0	15.2%	34.5	11.4%	-8.4	-19.7%
Profit from operating activities		40.1	14.1%	32.0	10.6%	-8.0	-20.0%
Profit before taxes		40.9	14.4%	32.0	10.6%	-8.9	-21.9%
Profit for the period		22.8	8.0%	24.9	8.3%	+2.0	+9.1%
EPS		¥127.00		¥139.13			
Exchange rate	USD	¥100.46		¥114.54			
	EUR	¥136.69		¥143.07			

- Made steady progress in executing the updated mid-range business plan.
- Revenue exceeded the plan primarily due to yen depreciation, but business profit fell short due to profit decline in the information-related equipment segment.

Information-related Equipment Segment

Inkjet Printer

- Ink cartridge printer unit shipments decreased as Japanese market shrank and price competition in developed countries intensified.
- Consumables, high-capacity ink tank and commercial printer revenue basically in line with plan.
- Inkjet printer manufacturing costs rose as yen weakened.
- Temporarily increased the number of printers manufactured and shipped in preparation for Q4 sales expansion, etc.



Main Factors Affecting Q3 Results (Vs. the Internal Plan)

Information Equipment Segment

Business Systems

- SIDM printer demand sluggish in emerging countries in Europe. POS product orders down from some accounts.

Visual Communications

- Sales of entry-level projectors were solid, contributing to record quarterly unit sales.



Devices & Precision Products Segment

Microdevices

- Decreased demand for crystals used in consumer electronics. Semiconductor results in line with plan.

Precision Products

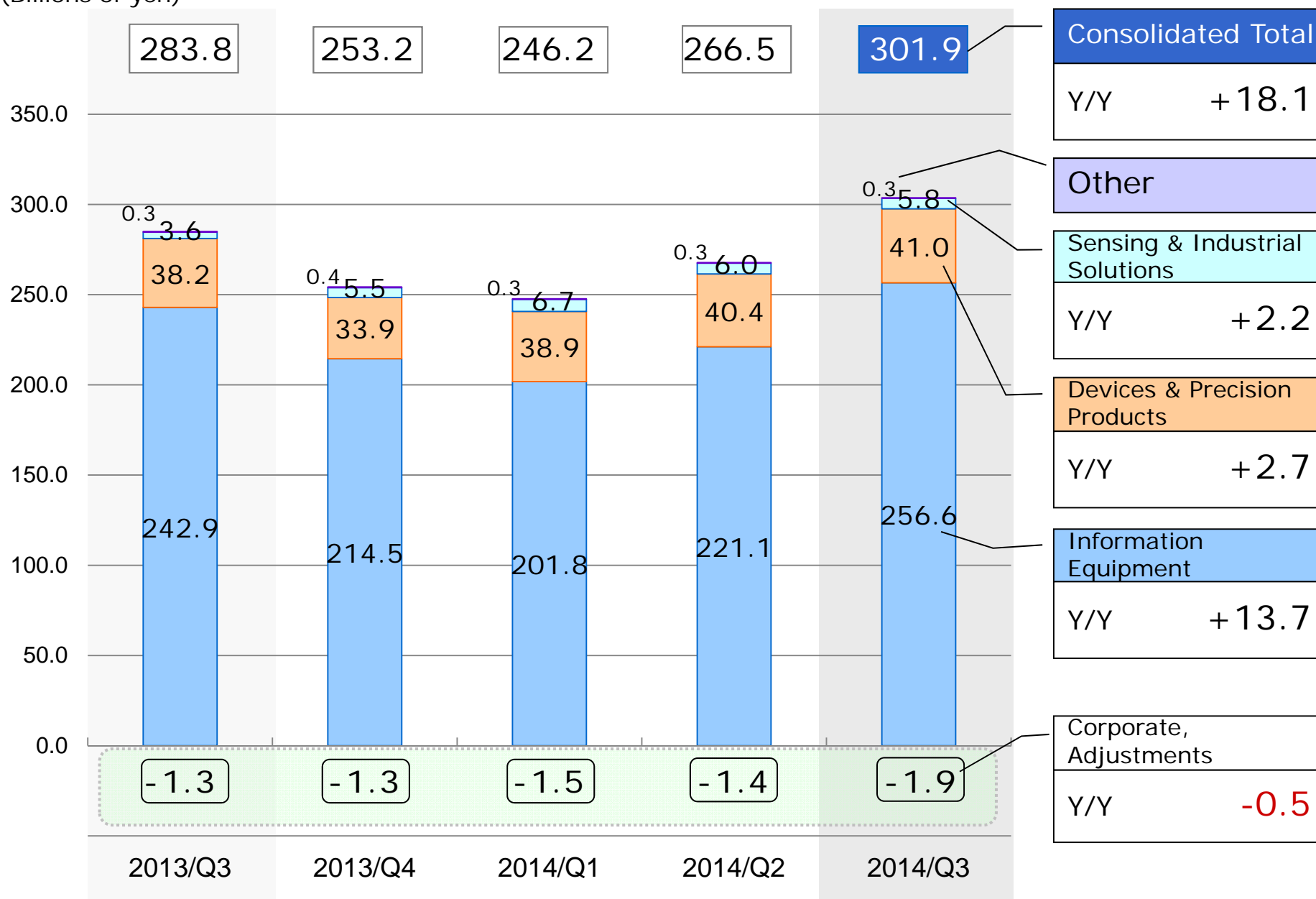
- Firm demand for high-value-added brand watches.



Quarterly Revenue Trend

► By business segment

(Billions of yen)

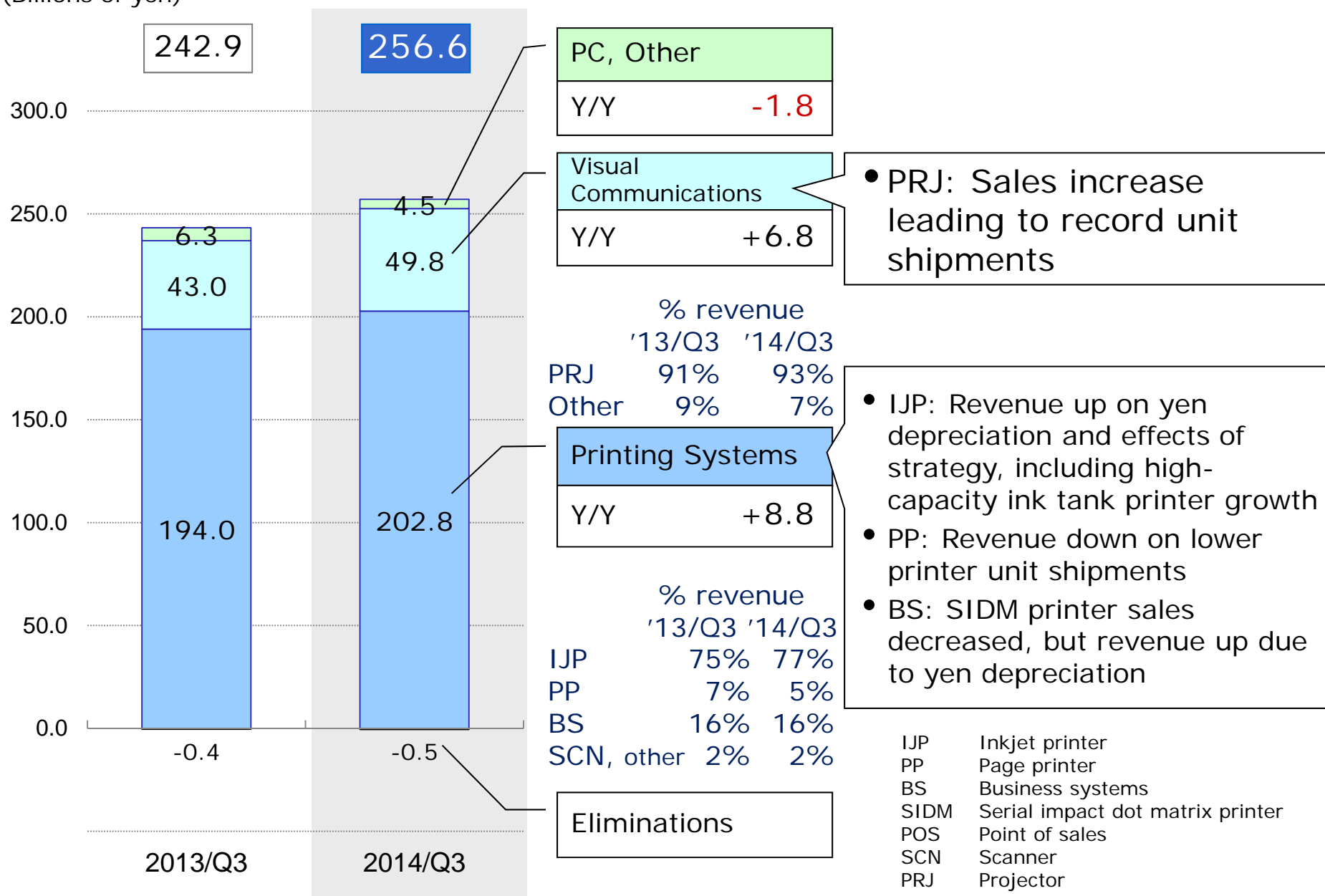


Quarterly Revenue Comparison

Information Equipment Segment



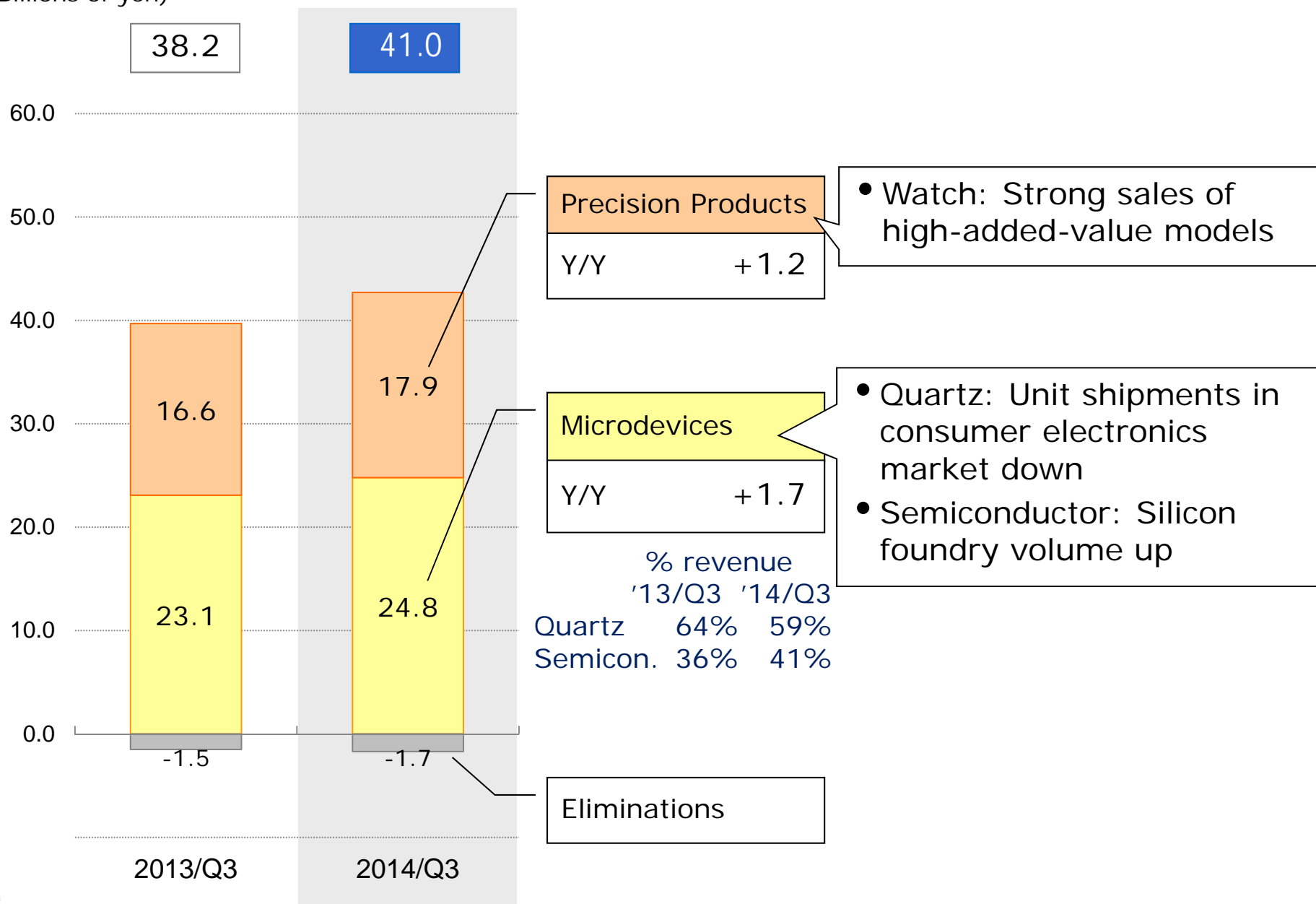
(Billions of yen)



Quarterly Revenue Comparison

▶ Devices & Precision Products Segment

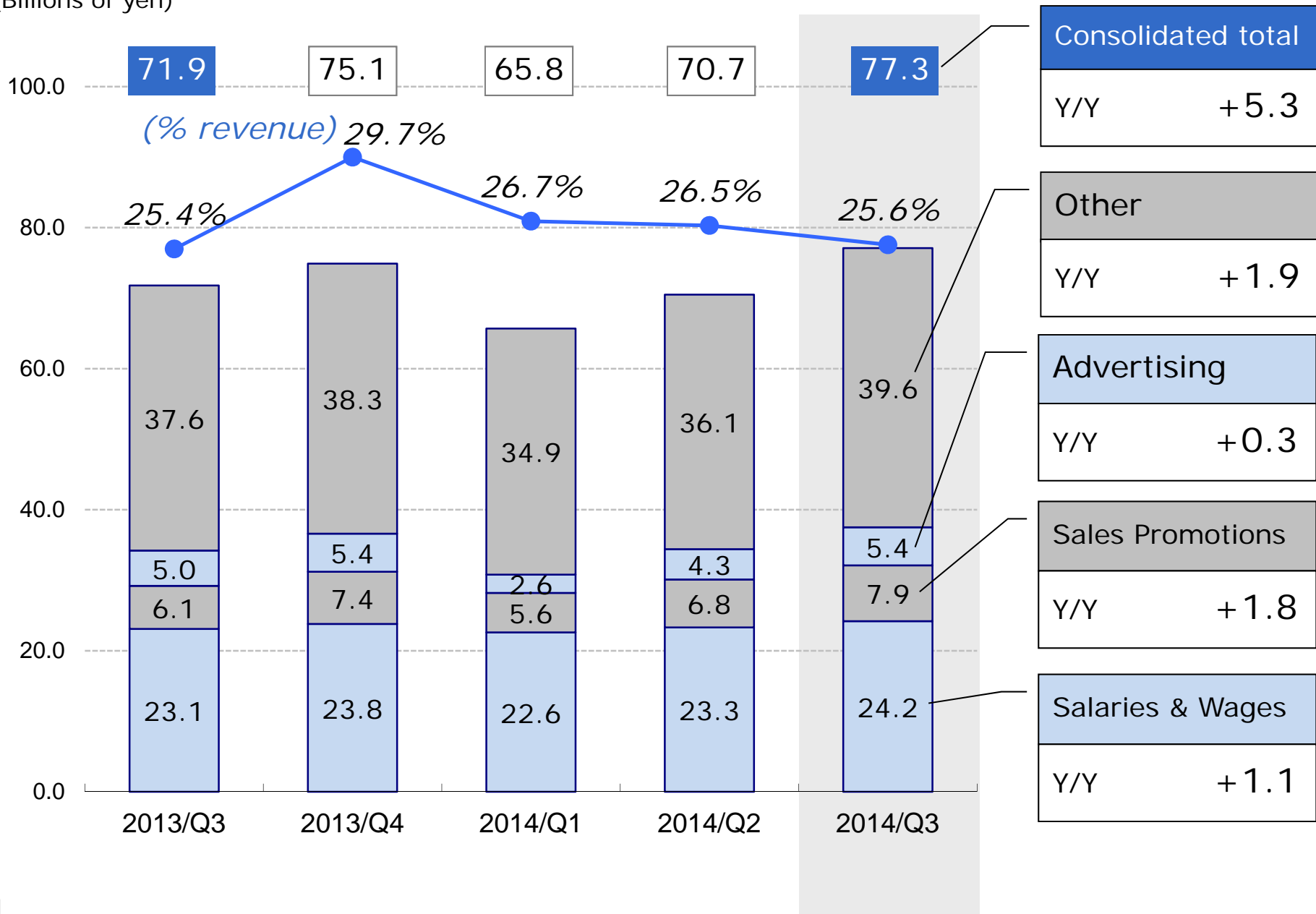
(Billions of yen)



Quarterly Selling, General and Administrative Expenses



(Billions of yen)

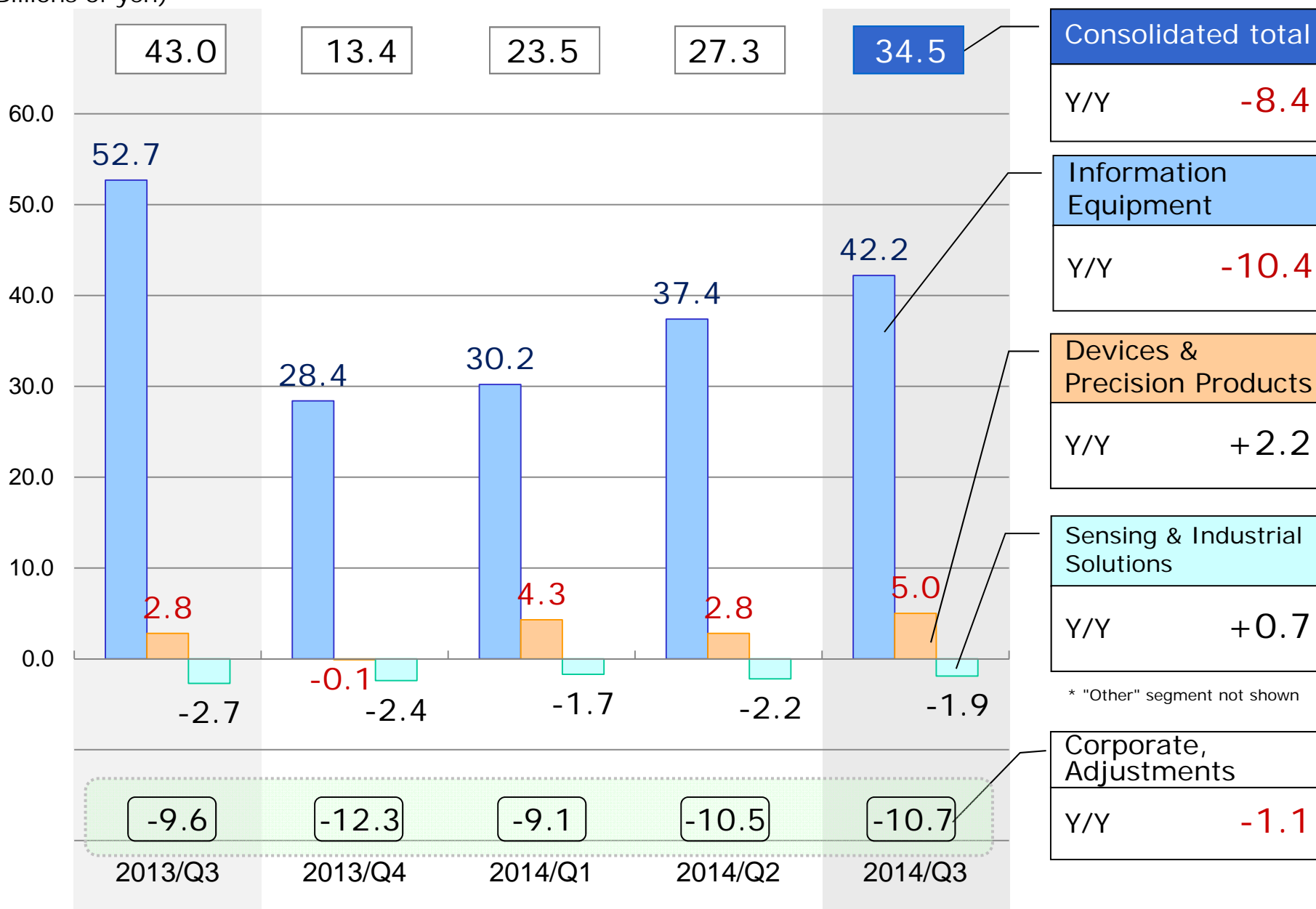


Quarterly Business Profit Trend

► By business segment

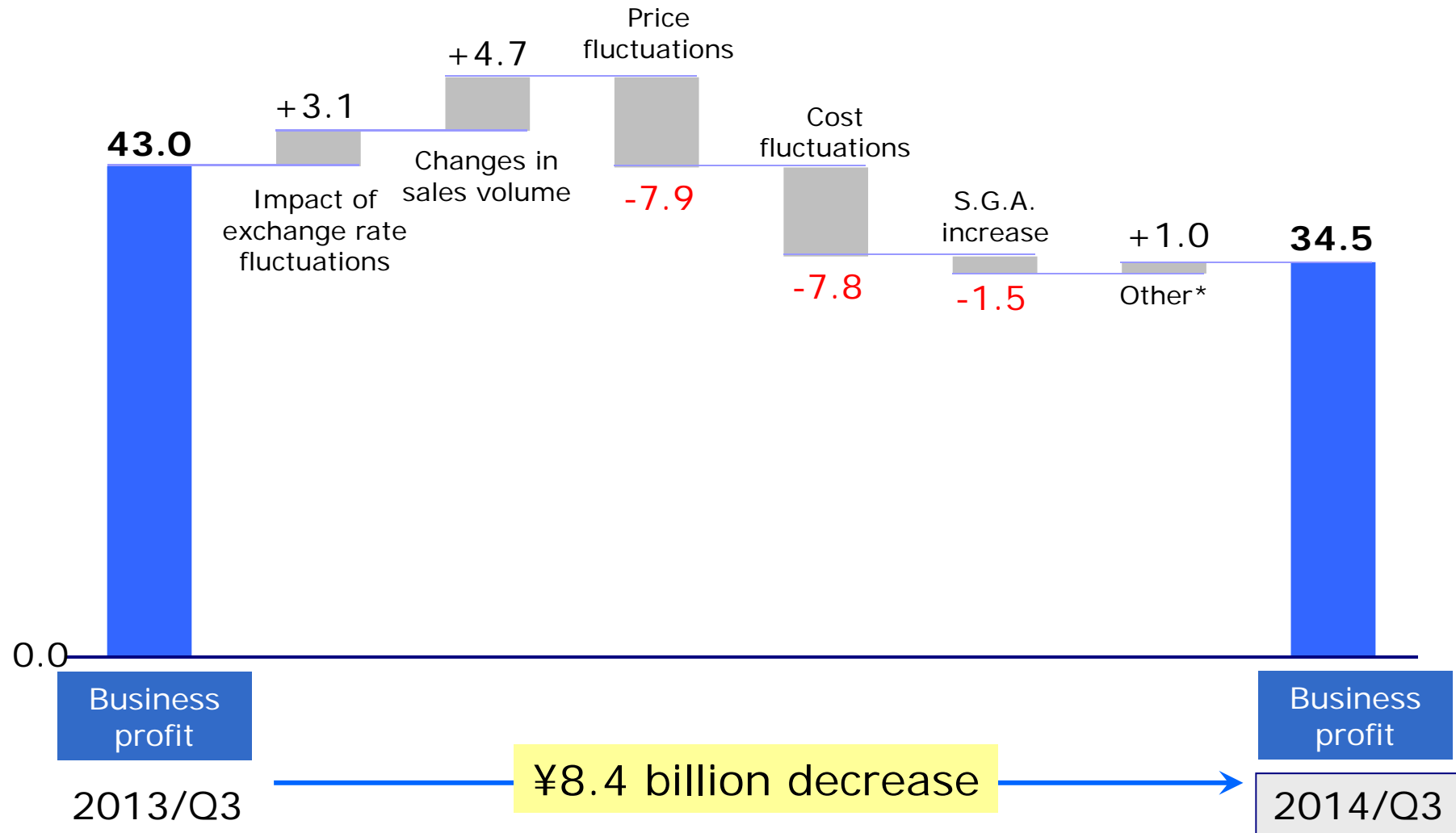


(Billions of yen)



Business Profit Fluctuation Cause Analysis

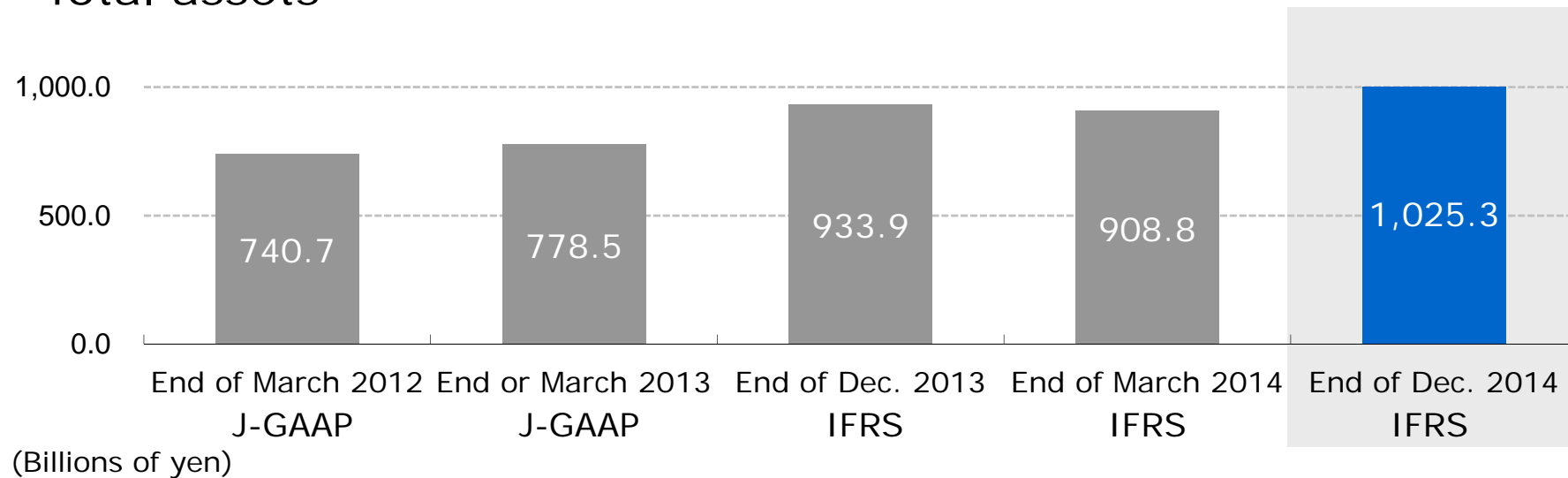
(Billions of yen)



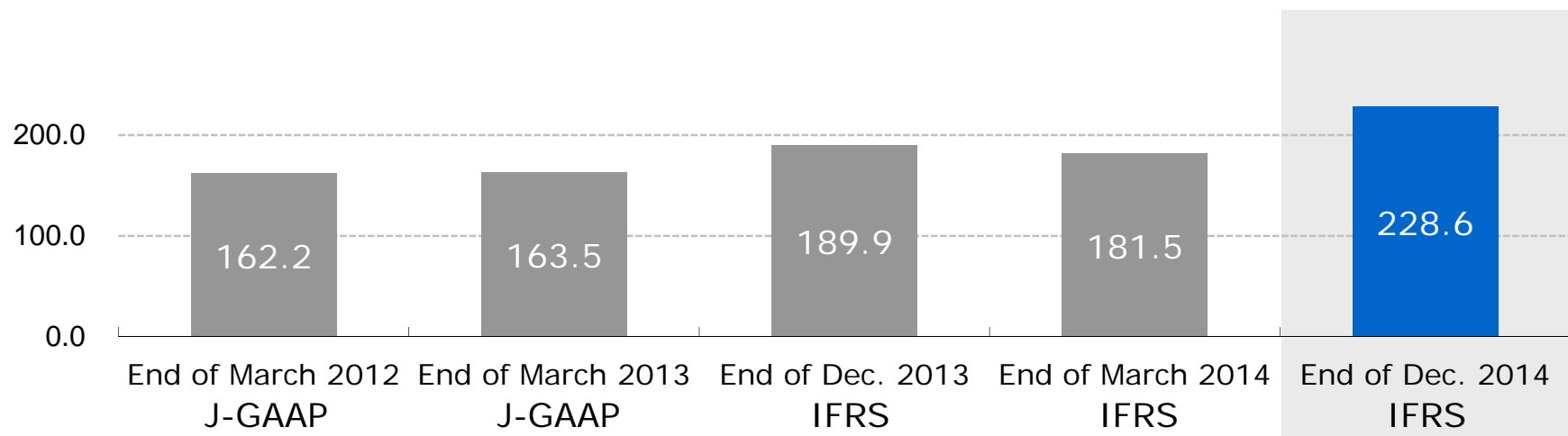
* The corporate and other segments in this comparison include products and businesses that cannot be compared directly with similar items in the previous year.

Statements of Financial Position

Total assets

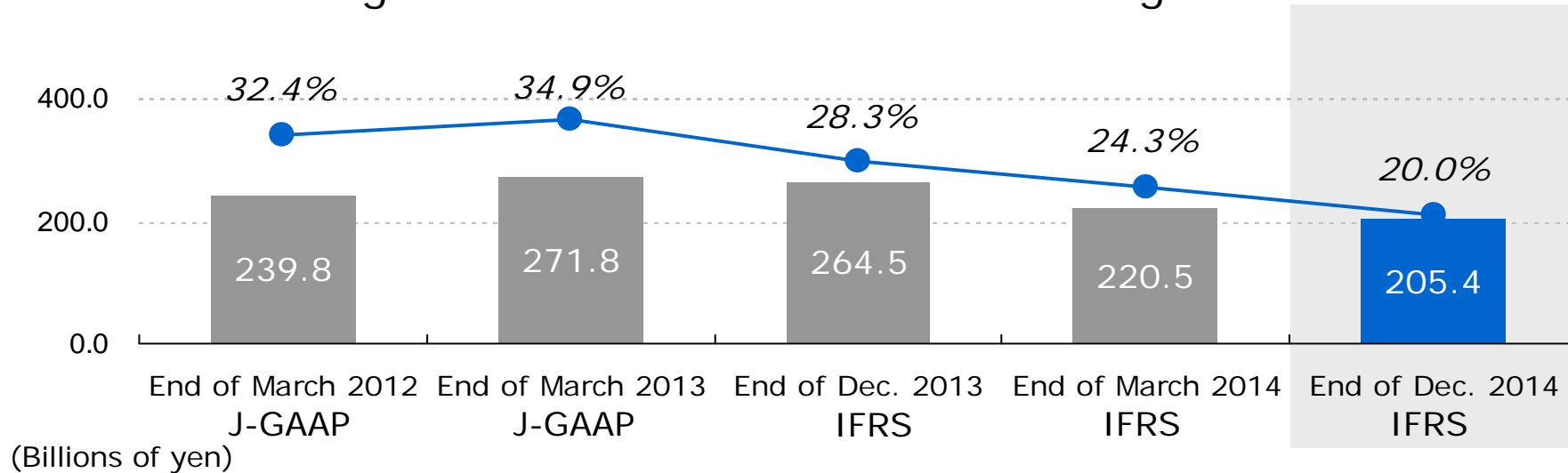


Inventories

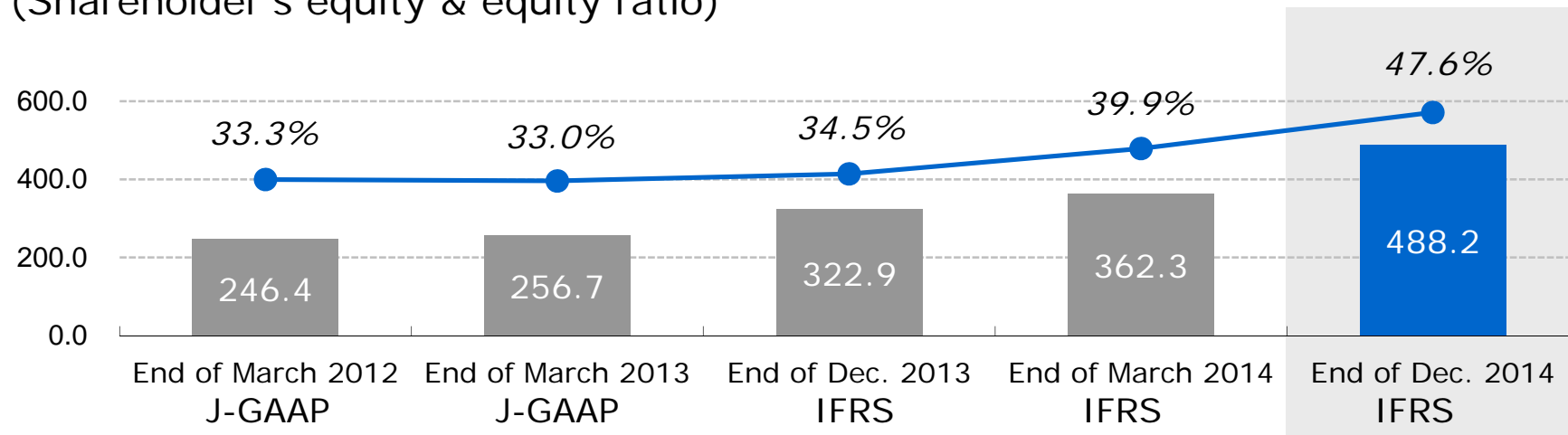


Statements of Financial Position

Interest-bearing liabilities & ratio of interest-bearing liabilities



Equity & equity ratio attributable to owners of the parent company (Shareholder's equity & equity ratio)



*Interest-bearing liabilities: Includes lease obligations

1) FY2014 Q3 Financial Results

2) FY2014 Financial Outlook

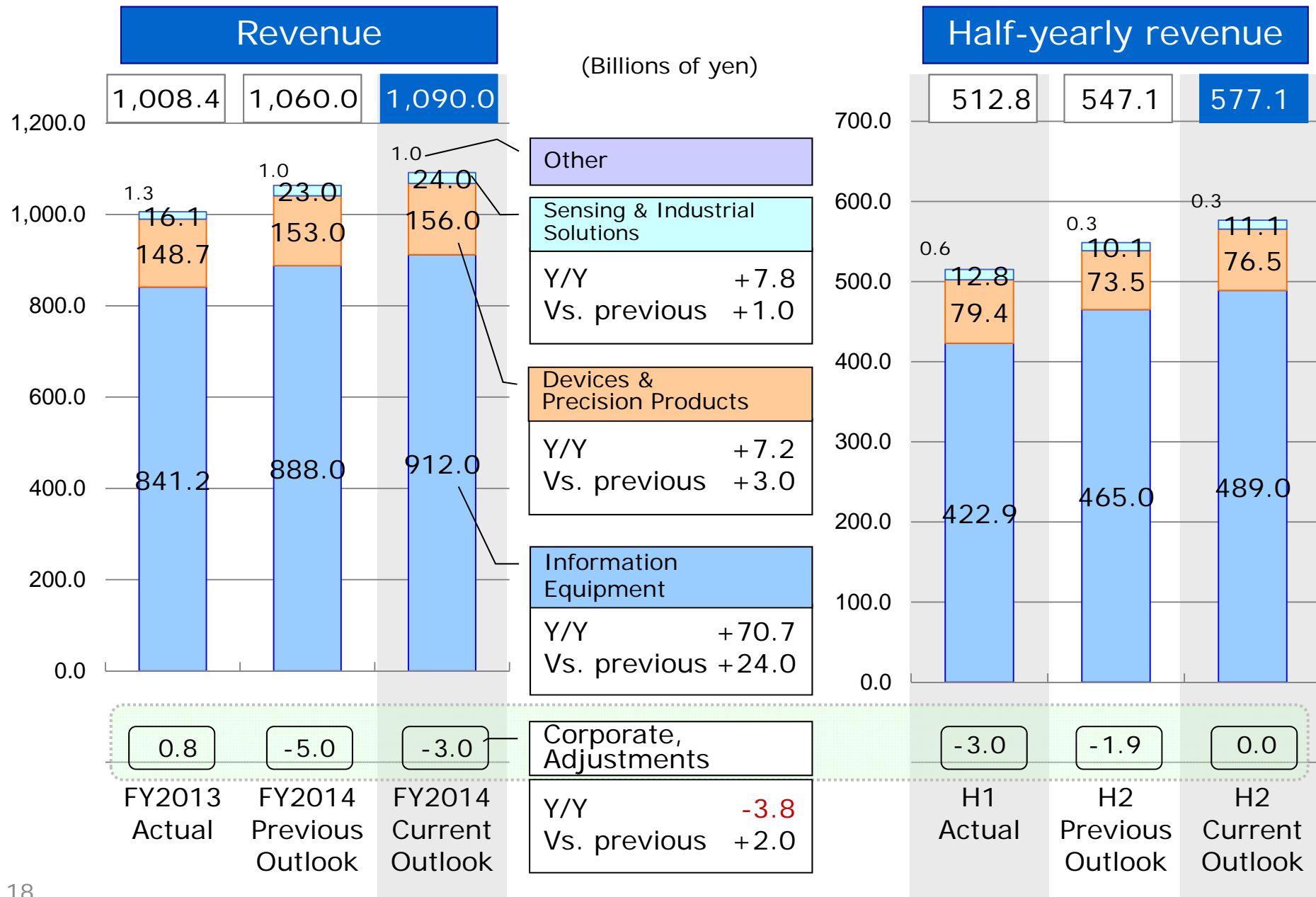
FY2014 Financial Outlook



	FY2013		FY2014				Change (amount, %)		
	Results	%	10/31 Outlook	%	Current Outlook	%	Y/Y	Vs. Previous Outlook	
(Billions of yen)									
Revenue	1,008.4	-	1,060.0	-	1,090.0	-	+81.5 +8.1%	+30.0 +2.8%	
Business profit	90.0	8.9%	105.0	9.9%	105.0	9.6%	+14.9 +16.6%	+0.0 +0.0%	
Profit from operating activities	79.5	7.9%	132.0	12.5%	132.0	12.1%	+52.4 +65.9%	+0.0 +0.0%	
Profit before taxes	77.9	7.7%	132.0	12.5%	132.0	12.1%	+54.0 +69.3%	+0.0 +0.0%	
Profit for the year	84.4	8.4%	111.0	10.5%	111.0	10.2%	+26.5 +31.5%	+0.0 +0.0%	
EPS	¥472.03		¥620.50		¥620.50		Current outlook exchange rate assumptions from Q4 onward USD: ¥115.00 EUR: ¥135.00		
Exchange rate	USD	¥100.23	¥102.00		¥109.00				
	EUR	¥134.37	¥137.00		¥139.00				
Foreign exchange sensitivity (effect of 1-yen depreciation on FY2014 results)									
							Revenue	Business profit	
	USD						Approx. +¥3.8 bil.	Approx. +¥0.3 bil.	
	EUR						Approx. +¥1.2 bil.	Approx. +¥0.8 bil.	

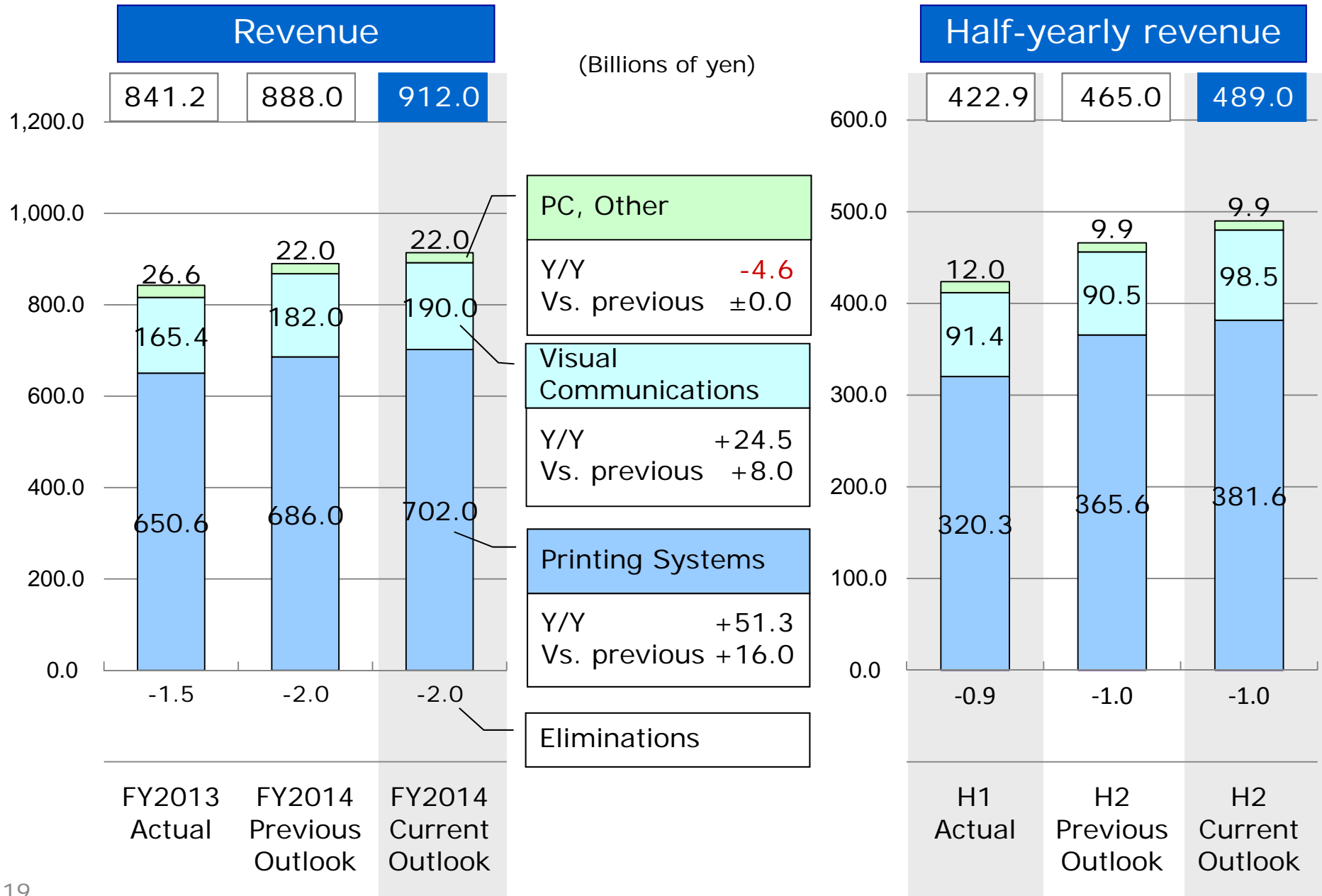
FY2014 Financial Outlook (Revenue)

► By business segment



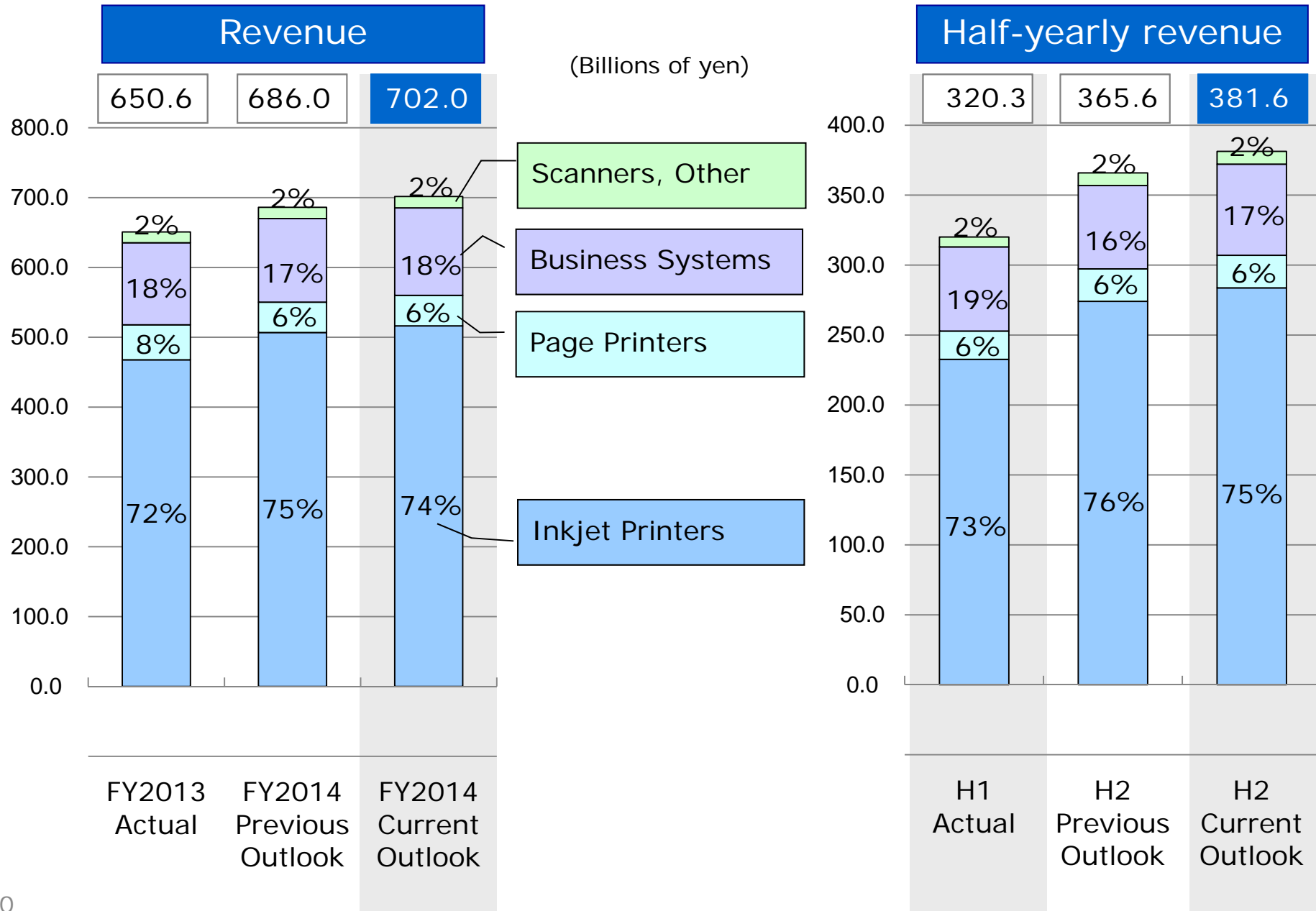
Revenue Outlook by Business

Information Equipment Segment



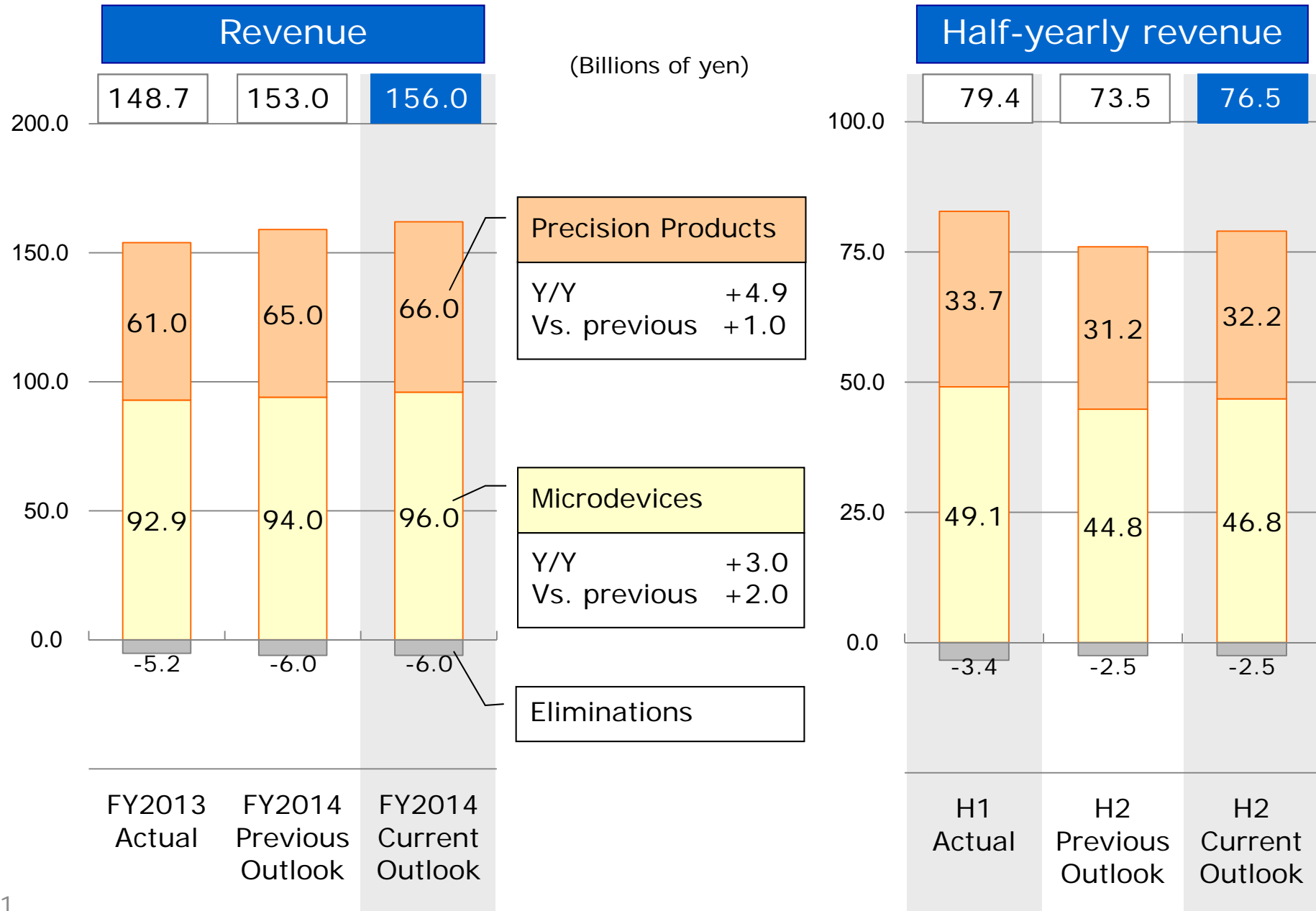
Revenue Outlook by Business

▶ Printing Systems Business



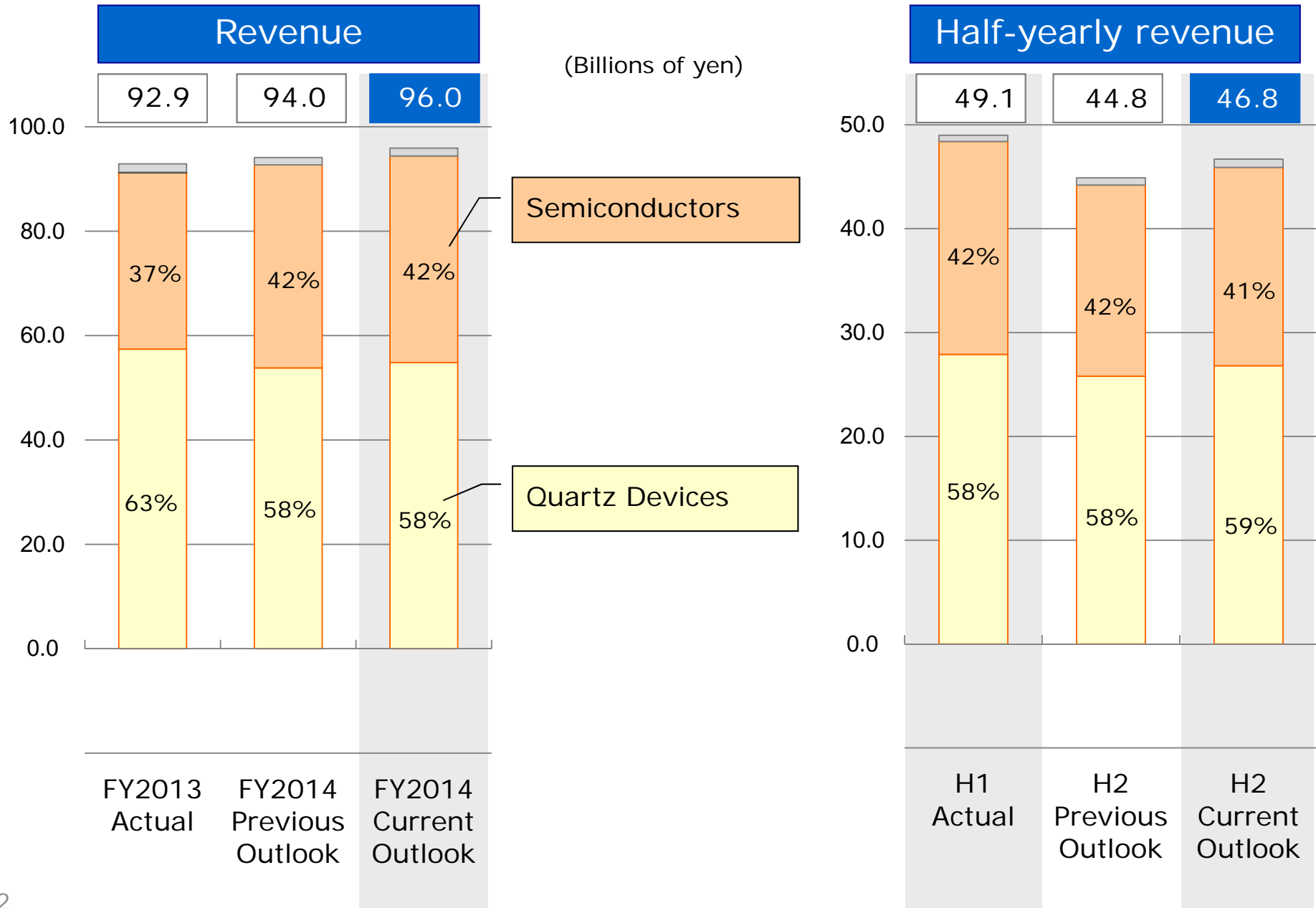
Revenue Outlook by Business

► Devices & Precision Products Segment



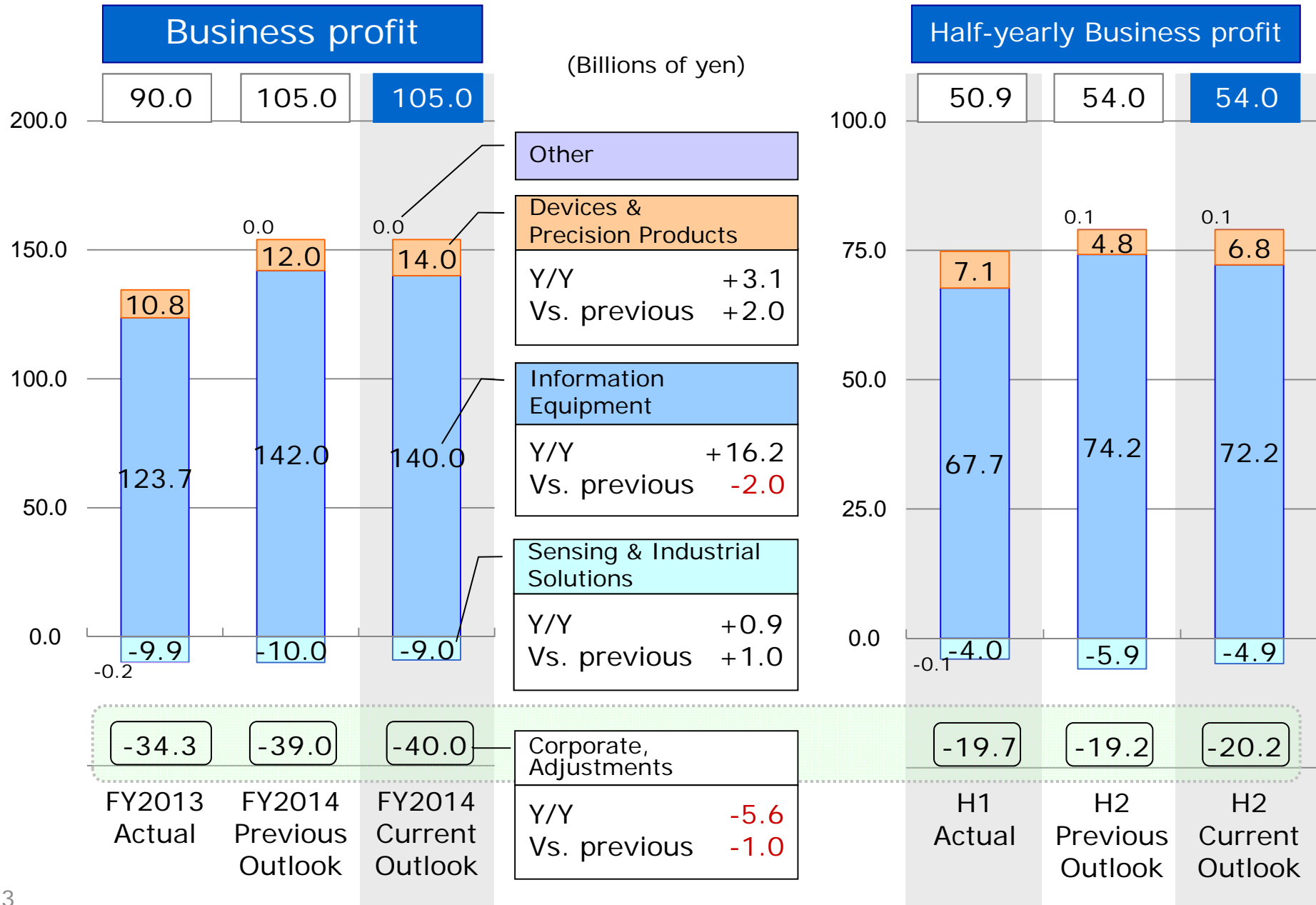
Revenue Outlook by Business

▶ Microdevices Business

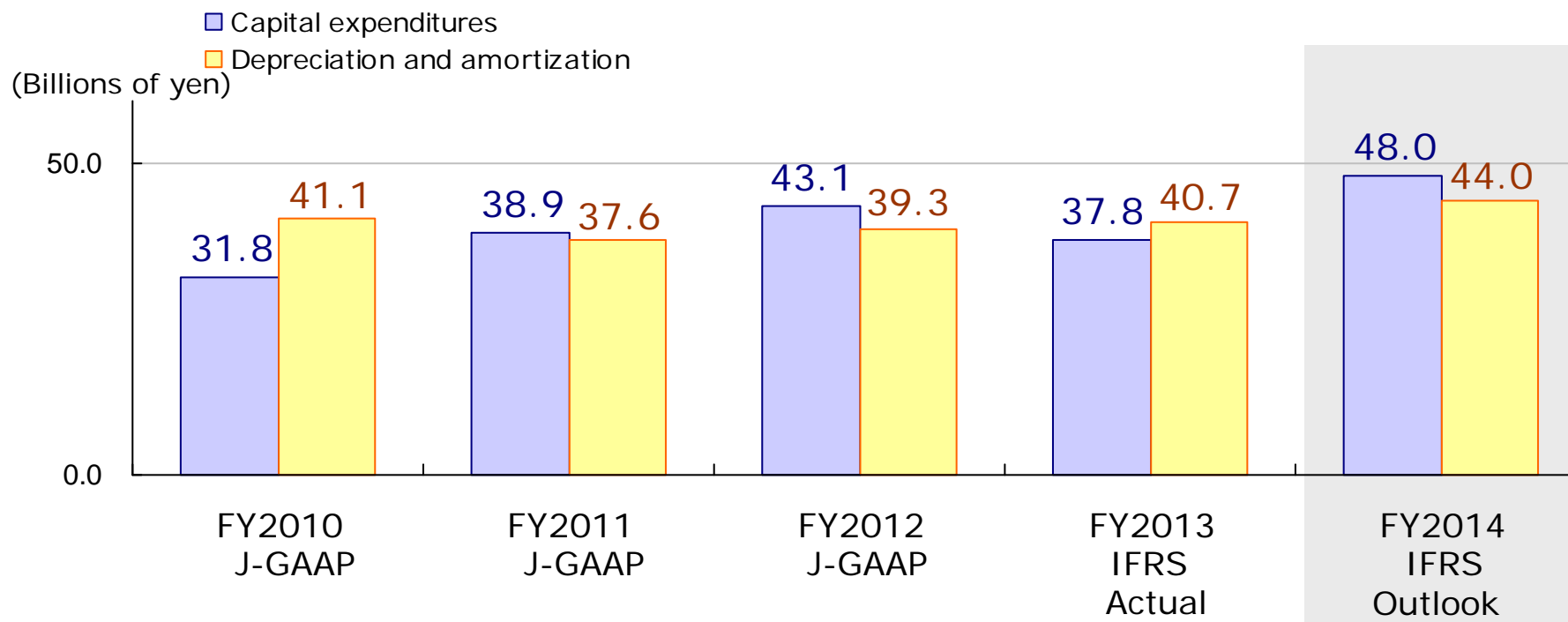


FY2014 Financial Outlook (Business Profit)

► By business segment



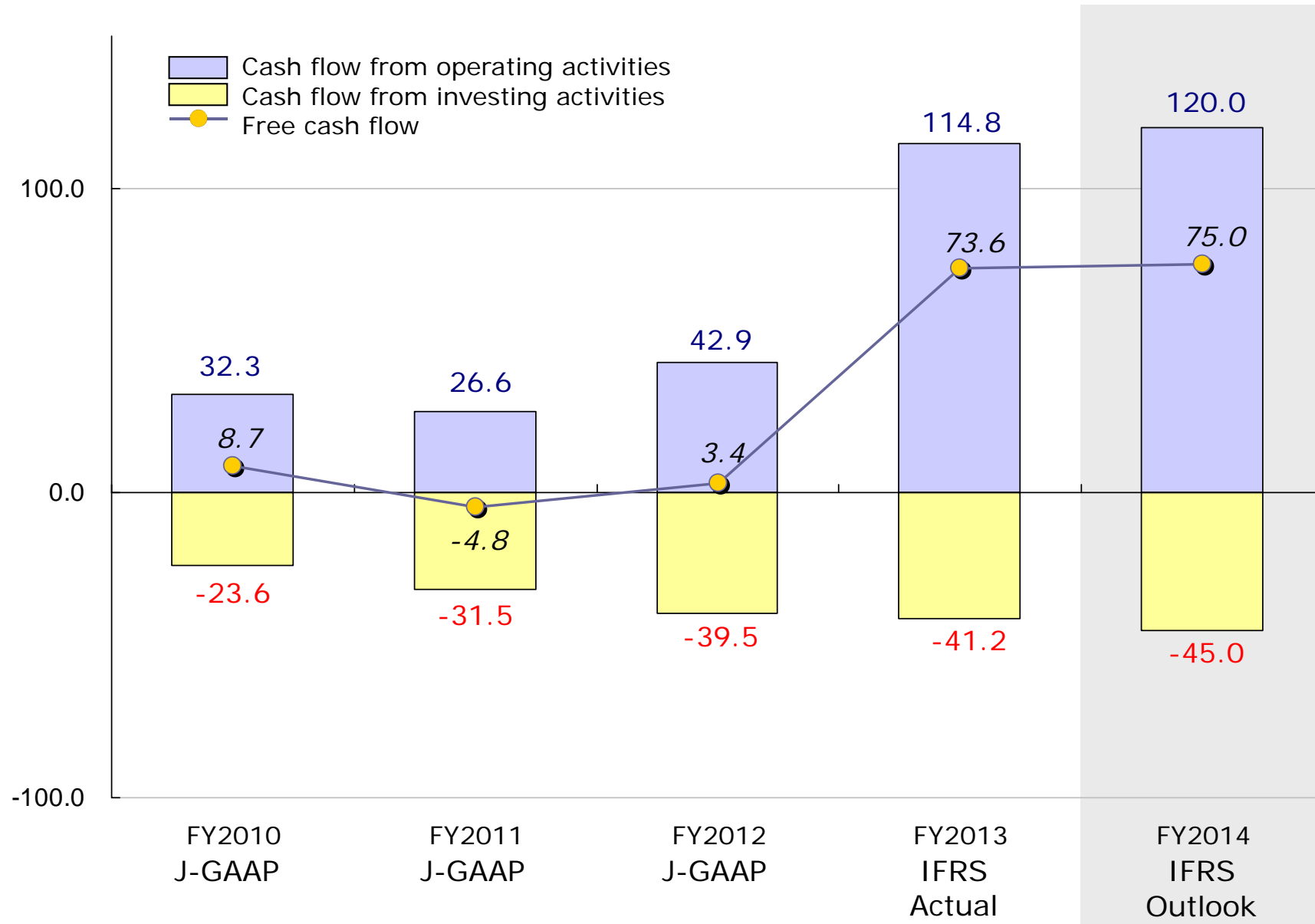
Outlook for Capital Expenditure and Depreciation & Amortization Expenses



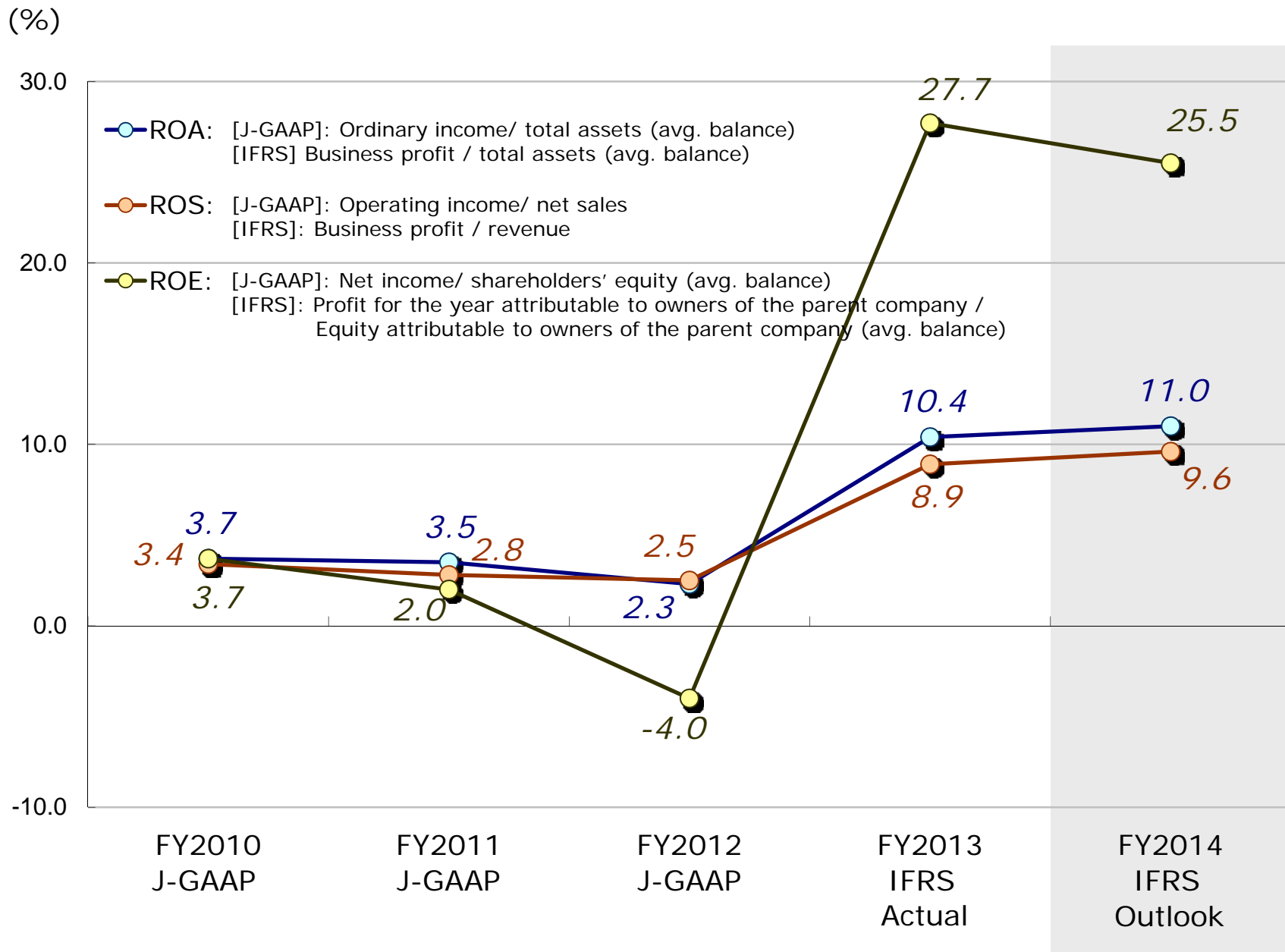
Breakdown by segment	FY2013 Actual		FY2014 Outlook	
	Cap. Ex.	D&A	Cap. Ex.	D&A
Information Equipment	26.8	27.3	32.0	31.0
Devices & Precision Products	8.0	7.6	9.0	8.0
Sensing & Industrial Solutions	0.8	0.7	2.0	1.0
Other/Corporate	2.0	4.9	5.0	4.0

Free Cash Flow Outlook

(Billions of yen)



Main Management Indicators



Revised Dividend Outlook

- Epson aims to achieve a 30% dividend payout ratio based on profit after excluding certain special factors.

Full-year dividend outlook: ¥115

(¥35 interim dividend + ¥80 year-end dividend)

Reference

Previous outlook: ¥70 full-year dividend (¥35 interim dividend + ¥35 year-end dividend)

FY2013 dividend: ¥50 full-year dividend (¥13 interim dividend + ¥37 year-end dividend)

* Profit after excluding certain special factors is calculated by deducting tax and other expenses equivalent to the statutory income tax rate from business profit.

Share Splits

Aim: Increase liquidity of the stock to facilitate investment.

Common share split ratio: 2-for-1

Basis date: March 31, 2015 Effective date: April 1, 2015

EPSON
EXCEED YOUR VISION