A decorative graphic consisting of several overlapping, wavy blue lines that create a sense of motion and depth. The lines are in various shades of blue, from light to dark, and are positioned on the left side of the page, partially overlapping the text area.

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

January 30, 2015
SEIKO EPSON CORP.

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■ 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.

2

- Disclosure of FY2014 financial results

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			

■ Cumulative results for the first three quarters

- Revenue was ¥814.8 billion, business profit was ¥85.4 billion, profit from operating activities was ¥110.6 billion. We had ¥90.6 billion in profit for the period.

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			

5

■ FY2014 third-quarter financial highlights

- For the third quarter, we had ¥301.9 billion in revenue, which was ¥18.1 billion more than we had in the same period last year. Business profit declined by ¥8.4 billion to end at ¥34.5 billion. Profit for the period was ¥24.9 billion, an increase of ¥2 billion compared to the same period last year.

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



- 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.



6

■ Main factors affecting Q3 results compared to the internal plan

- The second-half financial outlook that we presented on October 31 showed a forecast of ¥54.0 billion in business profit. Our internal plan, which serves as the basis for the outlook, had approximately 36 billion yen, or two-thirds of that business profit, coming in the third quarter.

Let's look at the main factors that affected our third-quarter performance versus the internal plan.

- Consolidated revenue exceeded our plan as a result of steady progress in executing our updated mid-range business plan and the effects of yen depreciation. However, business profit fell below the previous outlook chiefly because profit declined in information-related equipment.
- Revenue in this segment ended roughly in line with the internal plan even though the inkjet printer business saw revenue from ink cartridge printers fall more than expected due to the shrinking Japanese market and the effects of stepped up price competition in developed economies. In addition to the effects of yen depreciation, segment revenue was buoyed by sales of consumables, high-capacity ink tank printers, and commercial printers, all of which came in essentially as planned.
- Business profit, on the other hand, fell short of the internal plan mainly because, first, the weaker yen raised our inkjet printer manufacturing costs and, second, because we increased the number of ink cartridge printers that we manufactured and shipped. We took this latter step to prepare for expanded sales in the fourth quarter and to circumvent the bottlenecks that have clogged ports in the Philippines.

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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.

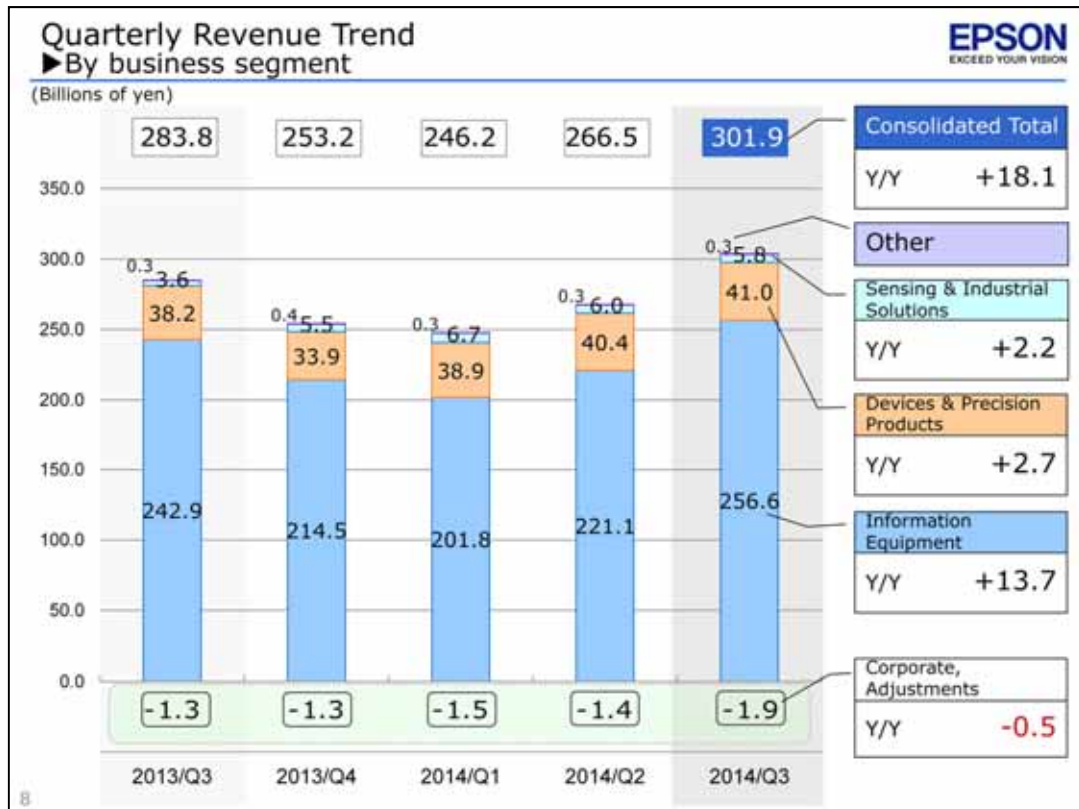
Precision Products

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



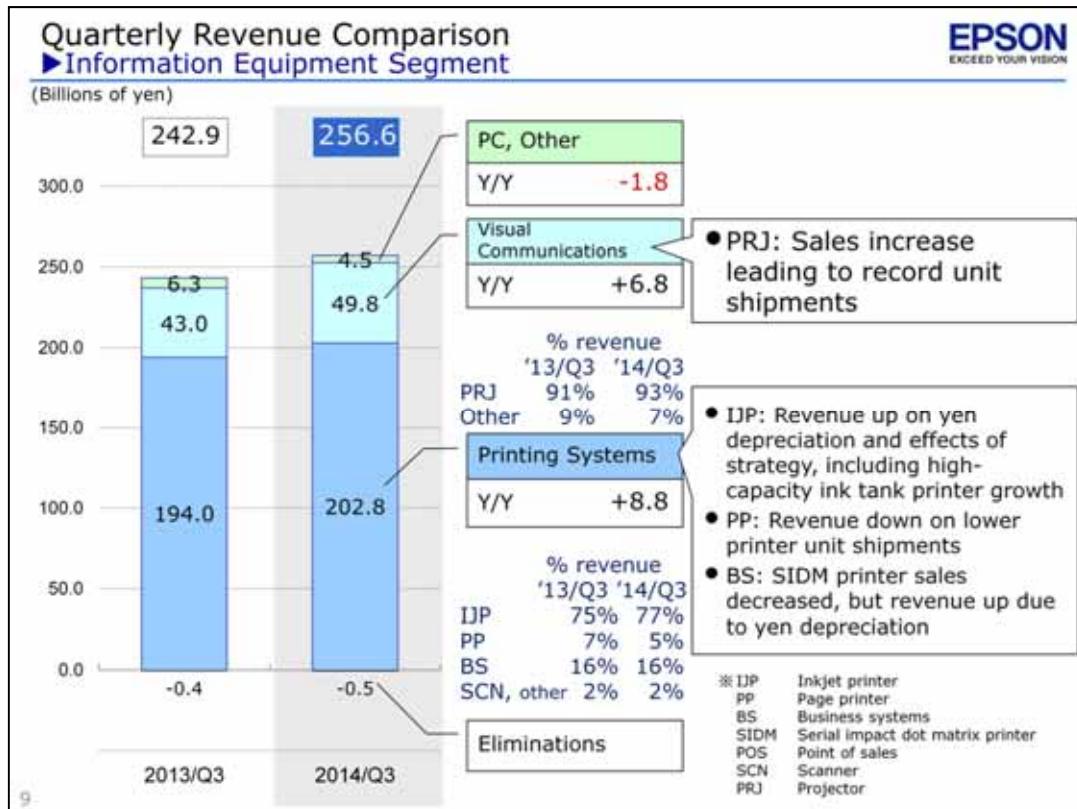
■ Main factors affecting Q3 results compared to the internal plan

- Revenue in business systems exceeded the internal plan, as the effects of yen depreciation more than made up for a decline in unit shipments of SIDM printer sales in emerging economies in the Middle East and Africa, and a decline in orders from some accounts for point-of-sale products other than receipt printers. Business profit, on the other hand, was in line with the internal plan.
- Revenue in visual communications exceeded the internal plan because, in addition to the effects of yen depreciation, we set another new quarterly record for unit shipments thanks to strong demand for projectors, in particular entry-level models. Business profit was in line with the internal plan because of the change in the model mix.
- In devices & precision products, microdevices beat both the revenue and the business profit plan mainly because the effects of yen depreciation on both the quartz and semiconductor businesses more than made up for decreased sales of quartz products for consumer electronics.
- Business profit in precision products surpassed the internal plan because even though watch revenue was basically in line with the plan, sales of high-added-value brand products were strong.

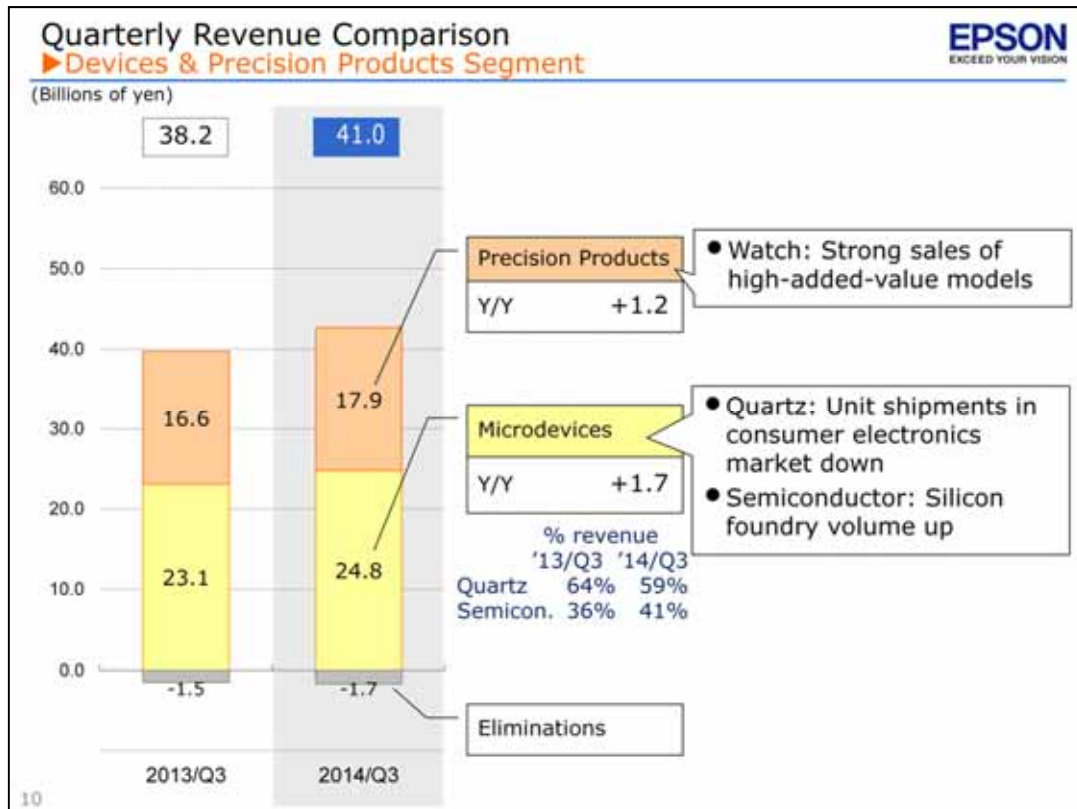


■ Revenue in each segment over the last five quarters

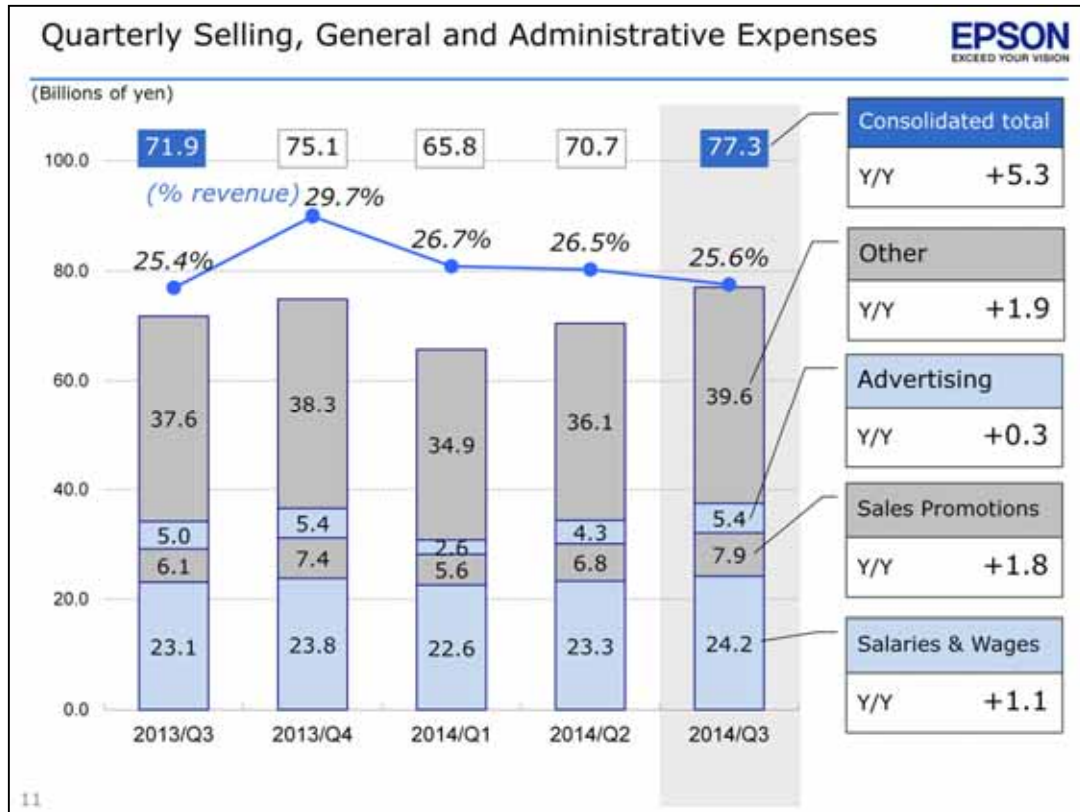
- Compared to the same period last year, information-related equipment revenue rose by ¥13.7 billion, devices & precision products revenue grew by ¥2.7 billion, and sensing and industrial solutions revenue increased by ¥2.2 billion.
- Foreign exchange had a ¥21.1 billion positive effect on revenue compared to the year ago quarter, with the largest impact coming in information-related equipment.
- The sensing & industrial solutions segment as a whole recorded third-quarter revenue growth. The industrial solutions business contributed to this growth with solid orders for robots, especially for China. Yen depreciation also aided revenue. Meanwhile, the sensing systems business increased sales with the launch of new products.



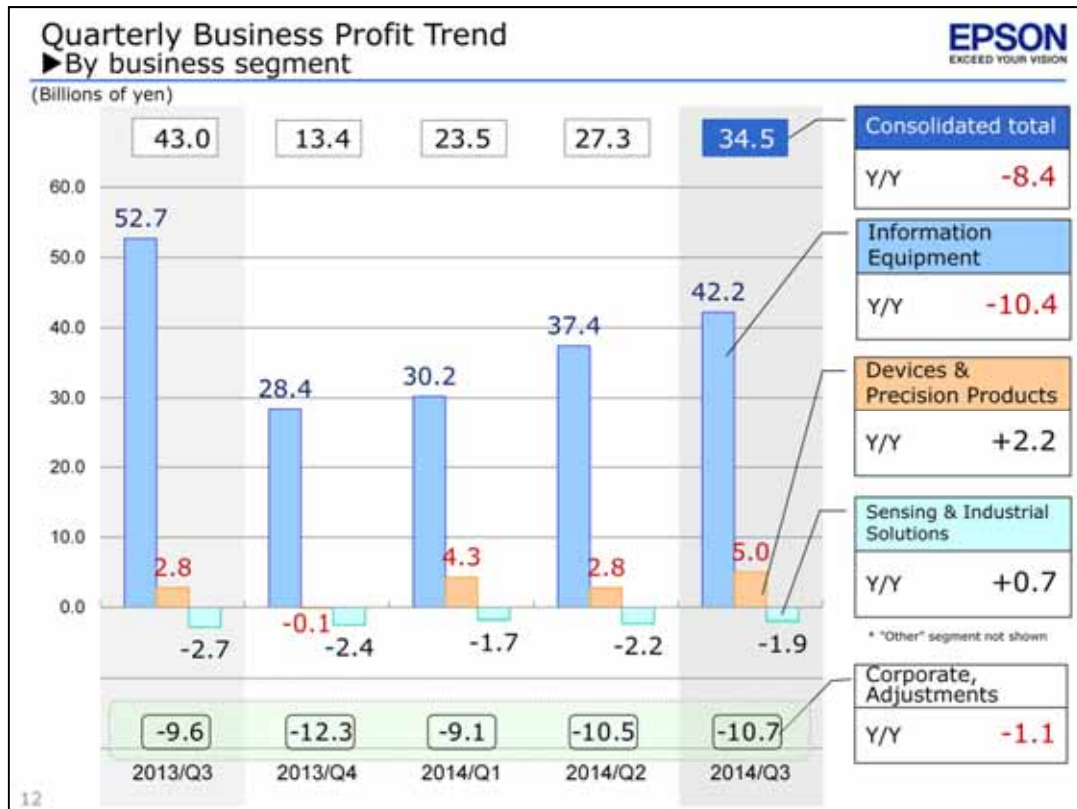
- Quarterly revenue in the businesses making up the information-related equipment segment
 - Printing systems revenue climbed by 8.8 billion yen.
 - Inkjet printers as a whole posted revenue growth despite the shrinking market for ink cartridge printers in Japan and intensified price competition in developed economies. In addition to the effects of yen depreciation, revenue was boosted by the strategic progress we have made in sharply increasing unit sales of high-capacity ink tank printers.
 - Revenue in page printers decreased mainly due to a decline in unit sales in the sluggish Japanese market.
 - Business systems experienced a lull in demand for SIDM printers used in tax collection systems in China, but revenue increased due to foreign exchange.
 - Visual communications saw revenue grow by 6.8 billion yen, as it again set a new record for unit shipments in a quarter owing to strong demand for entry-level projector models. Revenue was given an additional boost by the effects of yen depreciation.



- Quarterly revenue in the devices & precision products segment
 - Revenue in microdevices as a whole increased. The effects of yen depreciation played a part, as did increased semiconductor volume, particularly for silicon foundry. Meanwhile, revenue was adversely affected by a decline in consumer electronics unit shipments and price erosion for quartz products.
 - The precision products business recorded revenue growth owing to solid demand for GPS solar, solar radio-controlled watches, and other high-added-value brand watches.

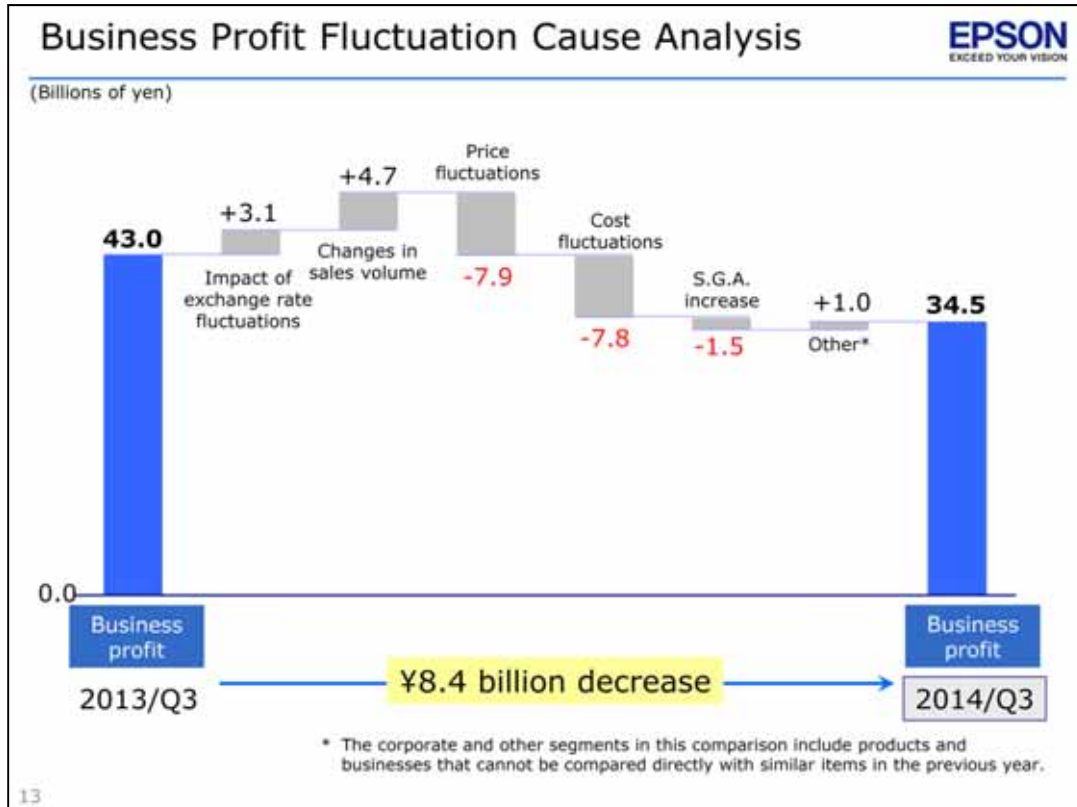


- Quarterly selling, general and administrative expenses
 - Third quarter SGA expenses increased compared to the same period last year, but changed little as a percentage of revenue. The increase was caused by a number of factors. The weaker yen played a part in increasing SGA expenses due to higher yen conversion expenses. Salaries and wages increased due to our improved financial performance. Our advertising and sales promotion expenses rose as we spent on campaigns to promote sales in new areas, such as high-capacity ink tank printers and managed print services in developed countries. We also had to spend more on air transport to circumvent the problem of bottlenecks at ports in the Philippines.

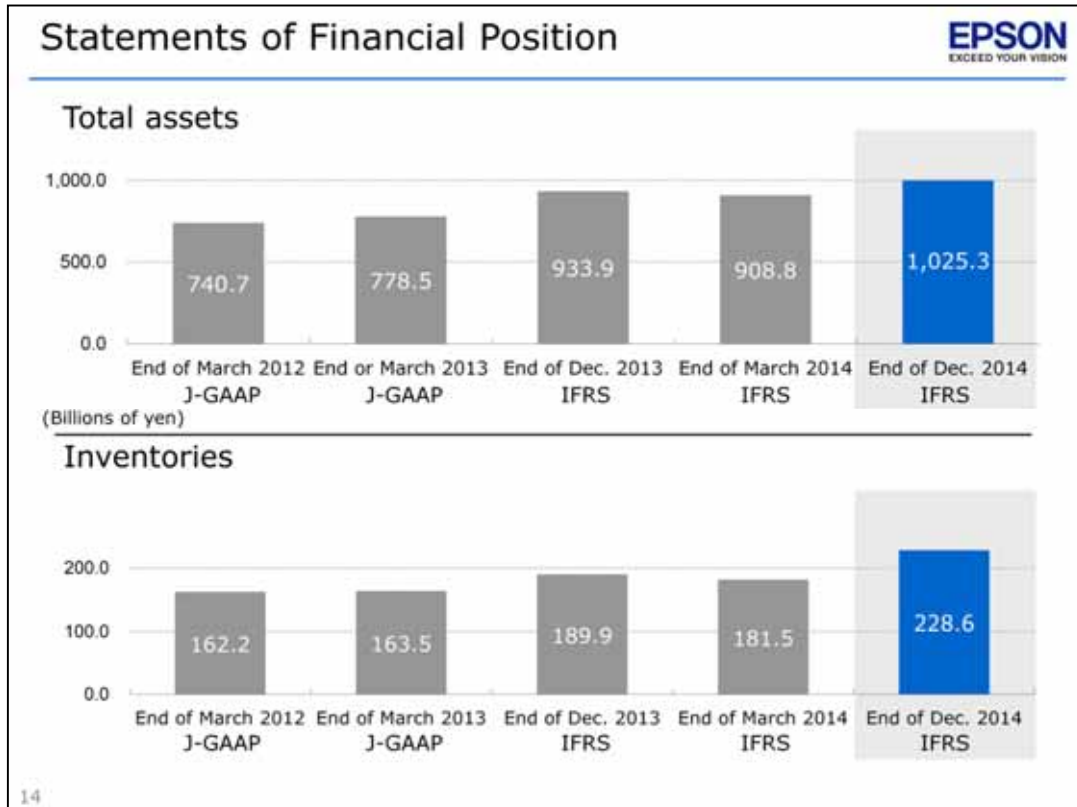


■ Breakdown of quarterly business profit by segment

- Consolidated business profit in the third quarter fell by 8.4 billion yen year-on-year. The yen depreciated more this period compared to the same period last year, and had an approximately 3.1 billion yen positive effect on consolidated business profit. However, sales promotion expenses, depreciation and amortization expenses, salary and wages, and other fixed costs rose while information-related equipment segment profit declined.
- In information-related equipment, we recorded ¥42.2 billion in business profit, which was down ¥10.4 billion compared to the same period last year.
- Inkjet printer profit fell even though revenue increased. There are three main reasons for this. First, we increased the number of ink cartridge printers that we manufactured and shipped to expand sales. Second, our printer manufacturing costs rose as the yen weakened. And third, our fixed expenses increased because we spent more on campaigns to promote sales of high-capacity ink tank printer models and managed print services in developed economies.
- Business systems profit decreased mainly because of a drop in SIDM printer unit shipments. Visual communications business profit was flat year-over-year, a result that reflects an increase of entry-level projector models in the sales mix.
- Both devices & precision products and sensing & industrial solutions saw their business profit increase on higher revenue.



- Cause analysis of the decrease in business profit compared to the same period last year
 - We recorded 34.5 billion yen in business profit for the quarter, down from the ¥43.0 billion we had in the same quarter last year. Factors such as foreign exchange effects and increased volume associated with steep growth in sales of high-capacity ink tank printers helped to boost business profit. However, weighing down business profit were lower prices resulting from accelerated price competition in printers and projectors, higher costs due to model mix changes and an increase in unit production of ink cartridge printers, and increased SGA expenses to promote sales.



■ Major items on our statements of financial position

- Total assets increased by 116.4 billion yen compared to the end of the prior fiscal year mainly because of increased inventories, an increase in cash and cash equivalents, and an increase in trade and other receivables.
- The primary cause of increased inventories was higher inventory valuations associated with yen depreciation, but there were two other main contributing factors. The first is that inkjet printer inventory increased due to a decline in unit sales in the shrinking Japanese market. And the second is that we intentionally stockpiled inventory of inkjet printers and projectors in preparation for a fourth-quarter sales expansion and as a way to avoid the bottleneck at ports in the Philippines.

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)



15

*Interest-bearing liabilities: Includes lease obligations

■ Major items on our statements of financial position

- Interest-bearing liabilities decreased by 15.1 billion yen compared to the end of the previous fiscal year primarily due to a retirement of bonds. The ratio of interest-bearing liabilities to total assets decreased to 20%.
- Net interest-bearing liabilities decreased by 33.9 billion yen since the end of the previous fiscal year, and we had 24.8 billion yen in net cash.
- Equity attributable to owners of the parent company increased by ¥125.9 billion compared to the previous fiscal year-end, largely due to our performance during the period. As a result, the ratio of equity attributable to owners of the parent company was 47.6%.

1) FY2014 Q3 Financial Results

2) FY2014 Financial Outlook

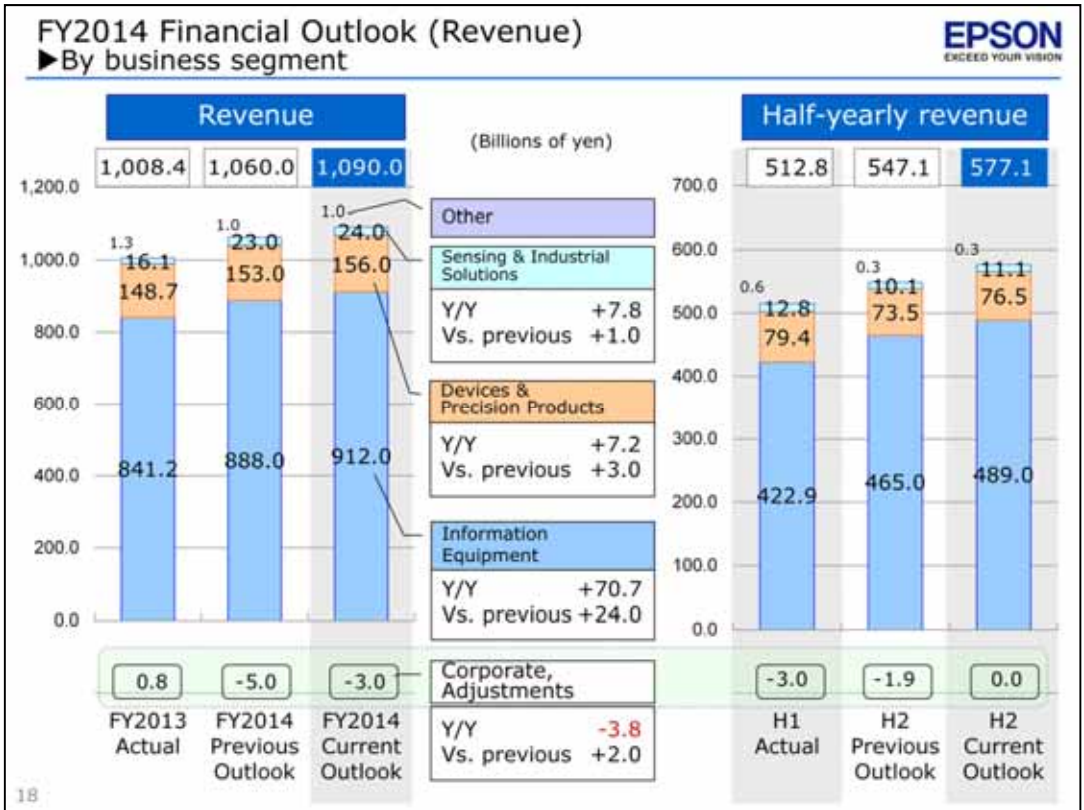
FY2014 Financial Outlook



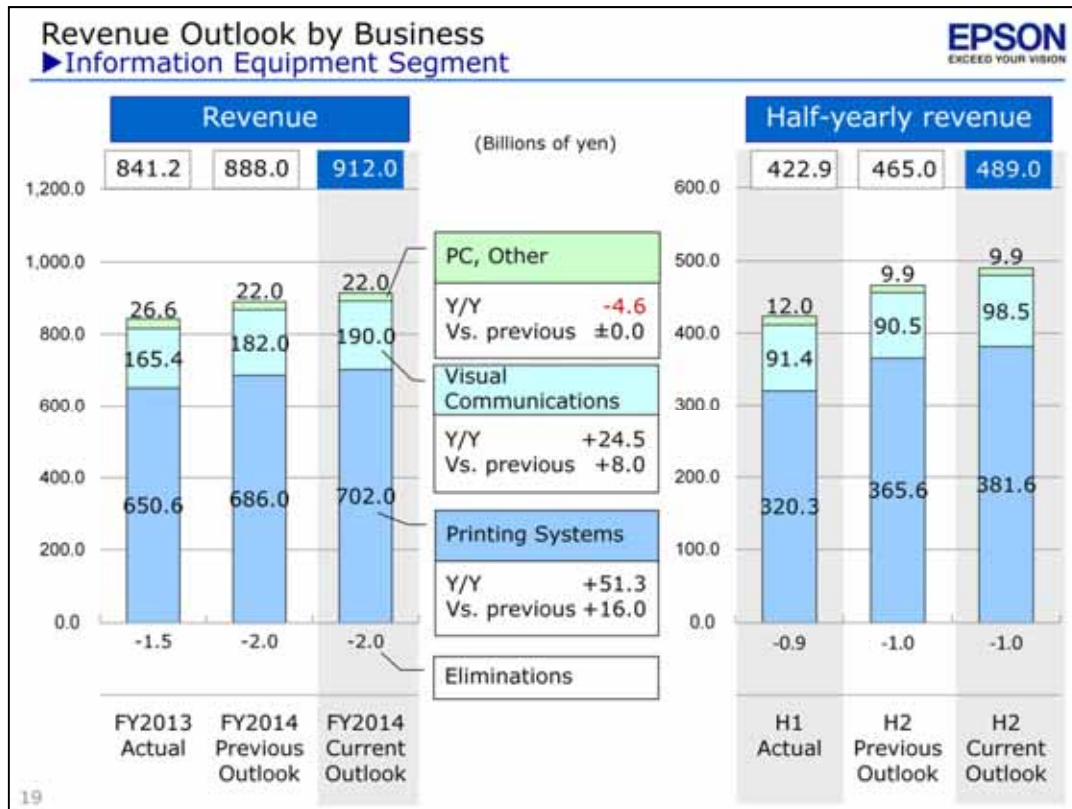
	FY2013		FY2014				Change (amount, %)		
	Results	%	10/31 Outlook	%	Current Outlook	%	Y/Y	Vs. Previous Outlook	
Revenue	1,008.4	-	1,060.0	-	1,090.0	-	+81.5 +8.1%	+30.0 +2.8%	
Business profit	90.0	8.9%	105.0	9.9%	105.0	9.6%	+14.9 +16.6%	+0.0 +0.0%	
Profit from operating activities	79.5	7.9%	132.0	12.5%	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 full-year outlook

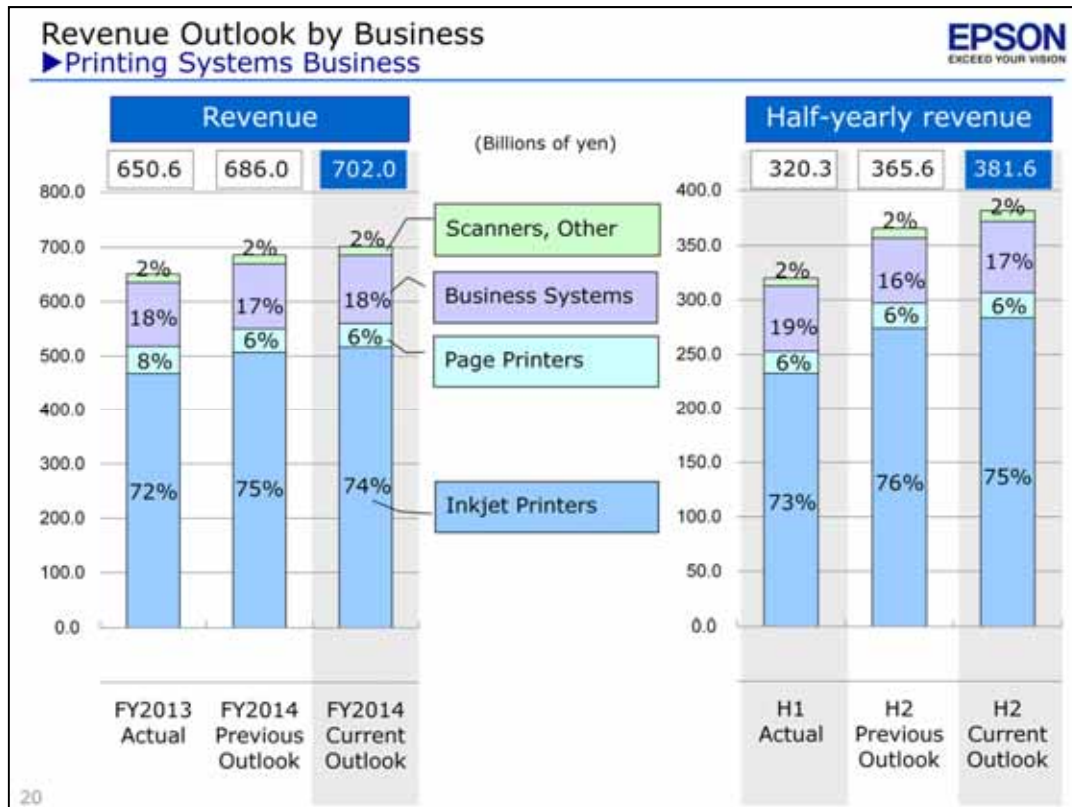
- We are forecasting 1,090 billion yen in revenue, up 30 billion yen from the previous outlook. The outlook for business profit and for the other categories of profit has not changed since the previous outlook. We still see business profit at 105 billion yen, profit from operating activities at 132 billion yen, and profit for the year at 111 billion yen.
- The figures in the outlook are based on assumed fourth-quarter exchange rates of 115 yen to the US dollar and 135 yen to the euro. We revised the yen-dollar exchange rate by 15 yen, changing it from 100 yen to 115 yen to the dollar given the recent situation. We kept the yen-euro exchange rate at 135 yen even though the rate is fluctuating wildly, because it is not clear where it will settle.
- We are making the same assumptions as the previous outlook about the foreign exchange sensitivity of our full-year business profit to a one-yen depreciation. A one-yen depreciation of the yen versus the dollar and euro would have a 300 million and 800 million yen impact, respectively.



- Revenue outlook for FY2014 broken down by segment and by first and second half
- Partly because of the change in the assumed exchange rate, we are raising the revenue outlook versus the previous outlook in every segment and, along with that, the total consolidated revenue outlook.

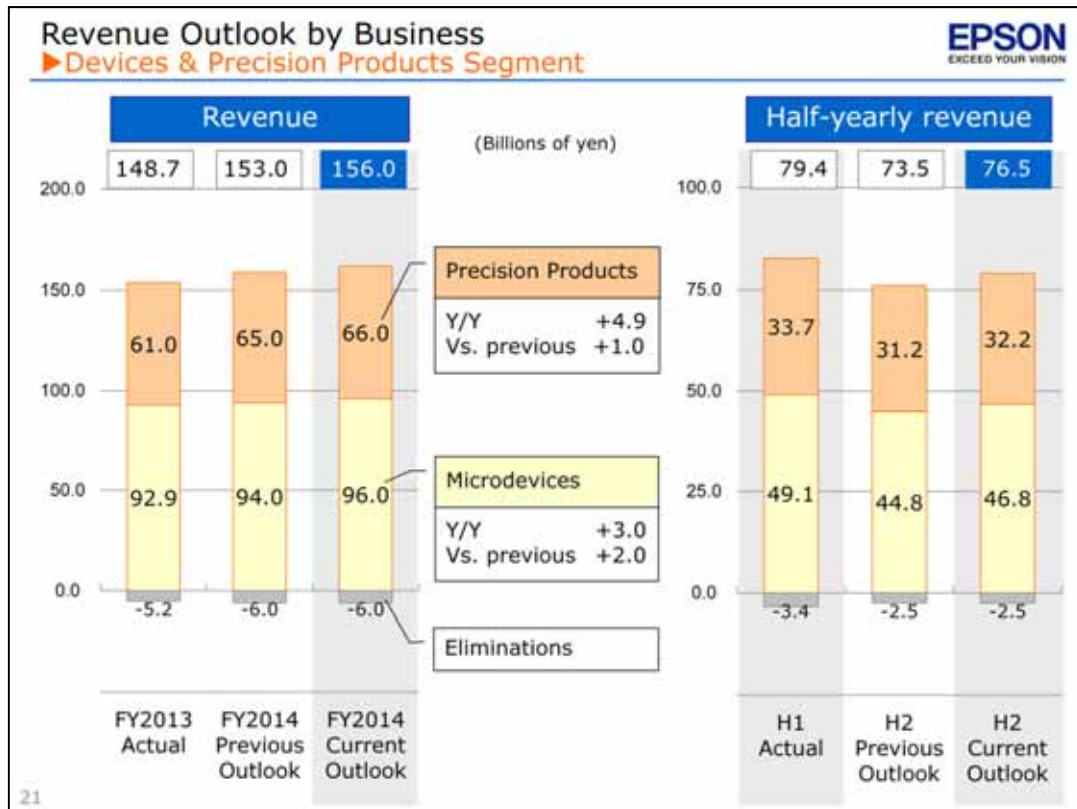


- Breakdown of projected revenue by business in the information-related equipment segment
 - Visual communications revenue is expected to come in at 190 billion yen, which is 8 billion yen more than in the previous outlook.
 - While the projector market itself has turned around and is growing at an annual rate of about 3%, price competition is intensifying, particularly in Europe and the U.S. Our projector lineup is broad, competitive, and covers a lot of ground, from entry-level models to high-added-value units such as ultra-short throw and interactive projectors. In the fourth quarter we will leverage this lineup to sustain 11% annual unit shipment growth, a rate that far outstrips the overall market growth rate.



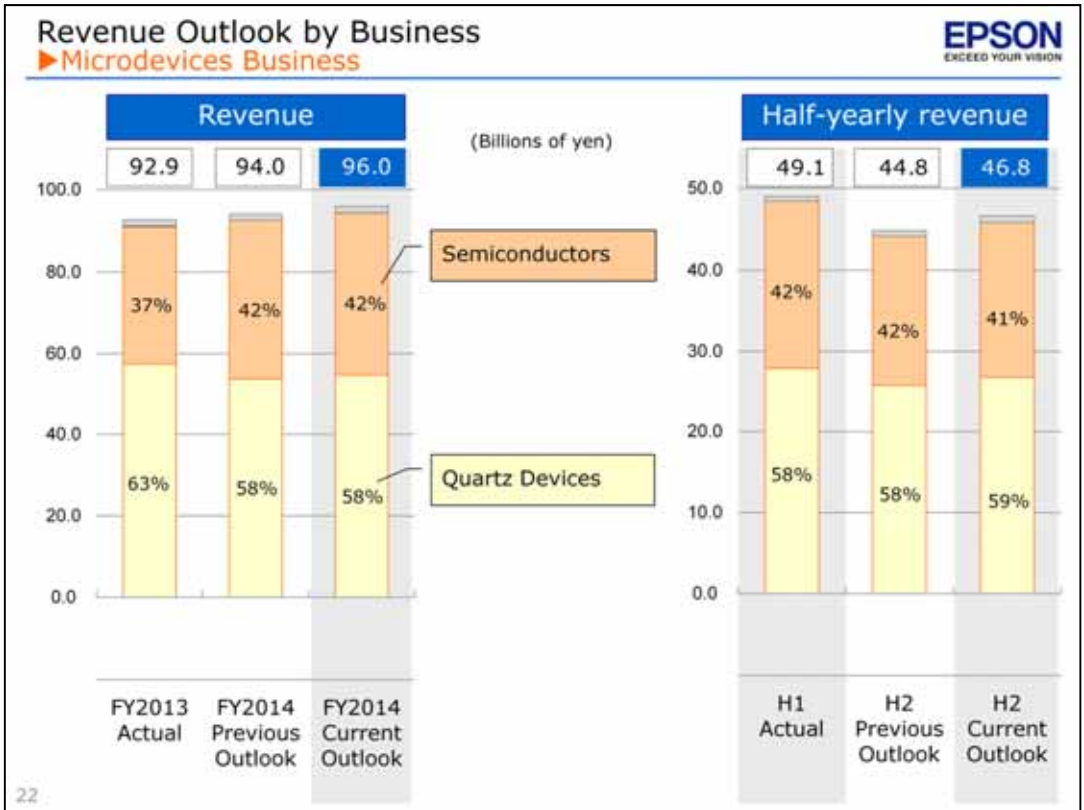
■ Printing systems revenue outlook

- We anticipate revenue reaching 702 billion yen, up 16 billion yen from our previous outlook.
- In inkjet printers, we continue to increase unit shipments of high-capacity ink tank printers and expand the office printer install base. However, competitors are likely to continue aggressively pricing their products in developed economies. To counter this in the fourth quarter, we will use the company's foreign exchange gains to fund campaigns to expand printer sales with an eye toward capturing future consumables sales and to strengthen promotions to expand sales of high-capacity ink tank printers in Western Europe and managed printing services.
- We upwardly revised the outlook for full-year inkjet printer unit shipment growth by an additional 4% compared to last year in light of the third quarter results.
- There are no signs of immediate change in the business systems market.
 We expect continued weakness in orders from some of our accounts in North America for point-of-sales products other than receipt printers. However, we also expect to win new contracts in North America and Asia.

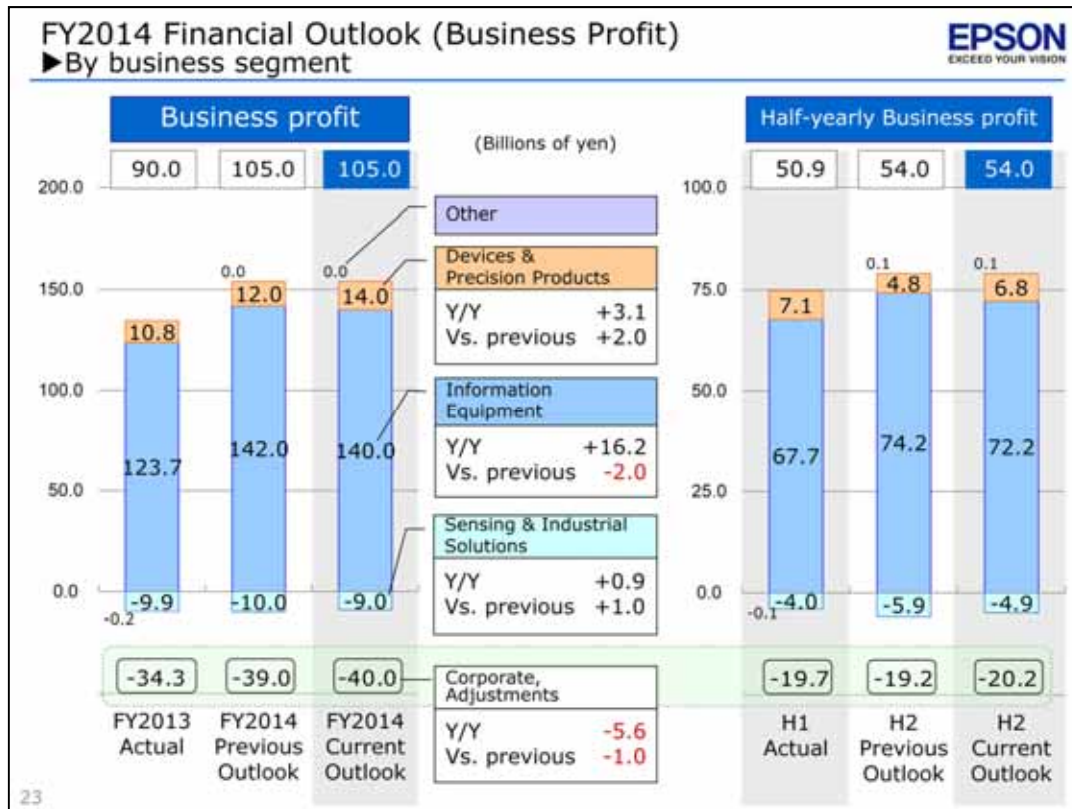


■ Breakdown of revenue by business in devices & precision products

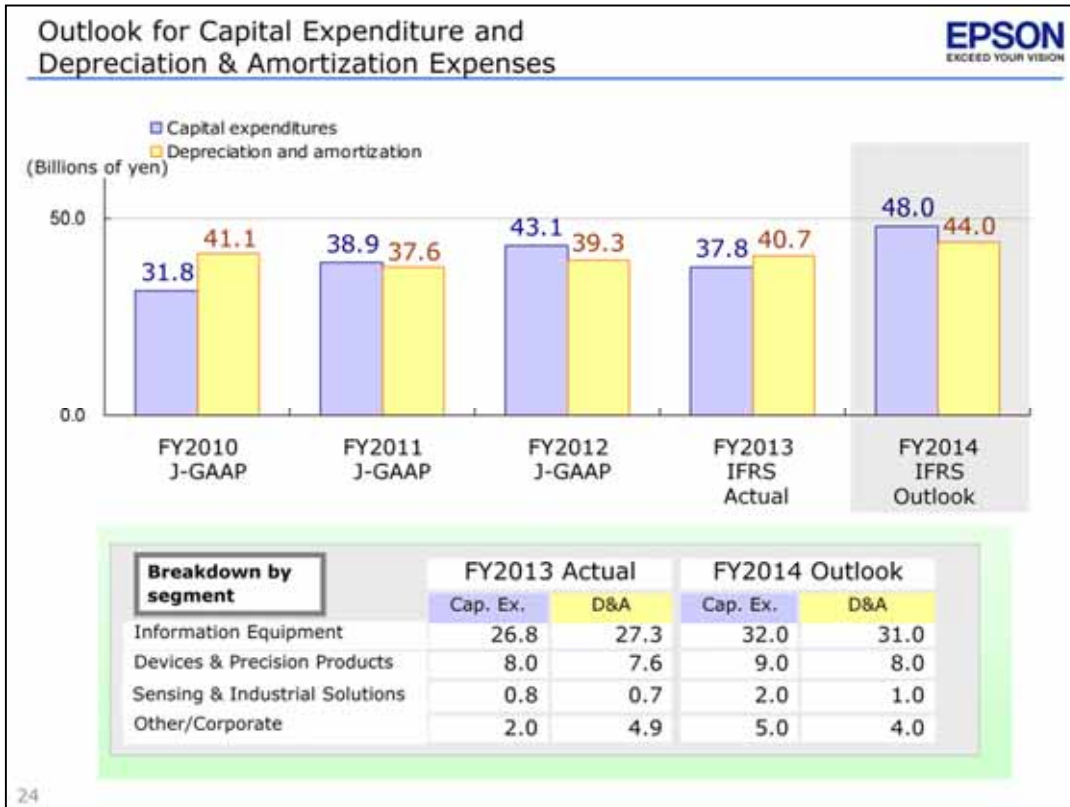
- We are forecasting 156 billion yen in full-year revenue, up ¥3 billion over our previous outlook.
- Full-year revenue in microdevices as a whole is seen exceeding the previous outlook even though unit shipments of quartz products in the consumer electronics market will decrease. We expect revenue to grow due to a combination of increased quartz product unit shipments to the industrial market, semiconductor sales that stay on track with the plan, and foreign exchange effects.
- Full-year revenue in the precision products business will exceed the previous outlook, even though we expect the weak yen to fuel price competition in the watch movements business. We expect continued strong demand for high-added-value brand watches to contribute to the increase in revenue along with foreign exchange effects.



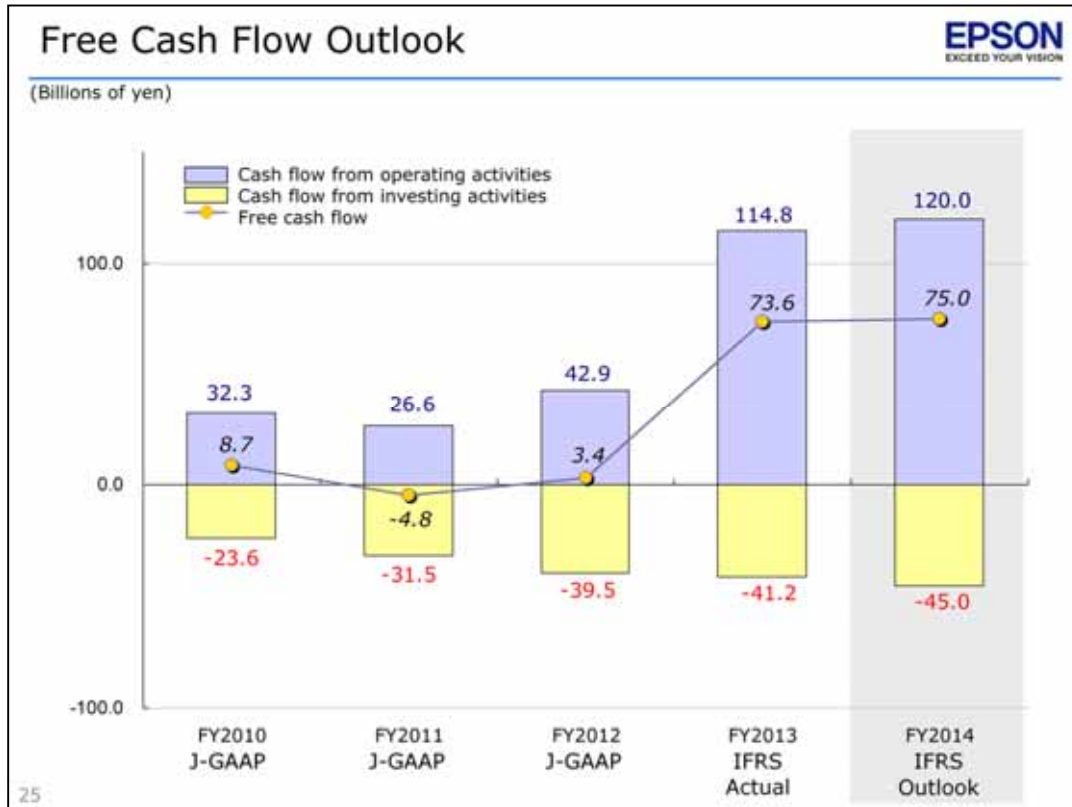
- Breakdown of revenue in the microdevices business



- FY2014 full-year business profit outlook with figures broken down by segment and by half
- Fourth quarter revenue will exceed the previous outlook primarily because we recalibrated foreign exchange rate assumptions. However, we are standing by our previous business profit outlook. We see no change in the profit outlook because, first, we will use foreign exchange gains to fund sales and marketing strategies for the immediate future and, second, we will strengthen investment to expand sales in the business sector and to increase brand value in new sectors in line with the mid-range business plan.



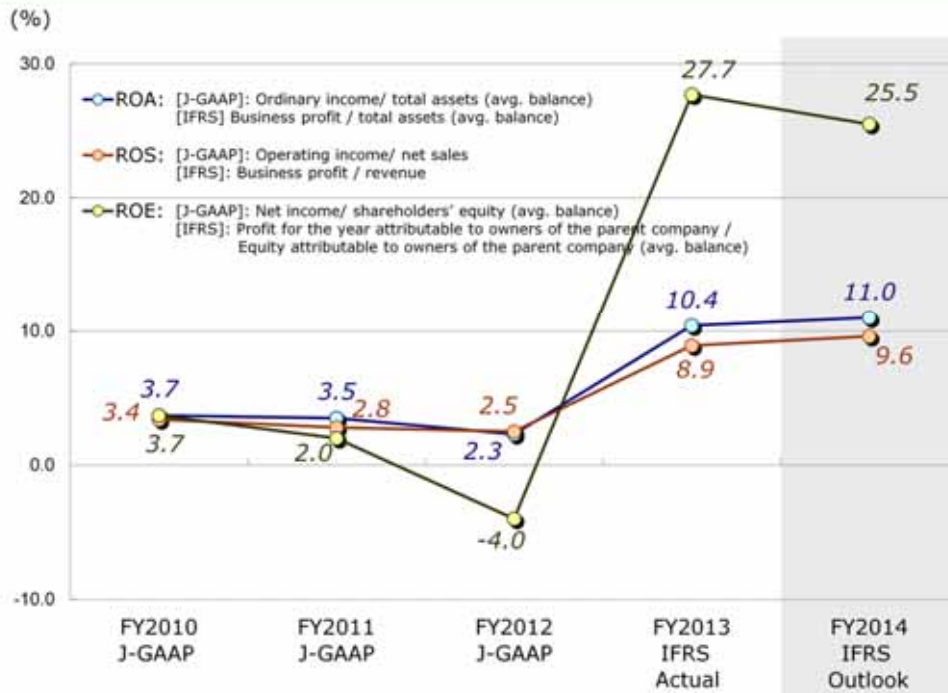
- Outlook for capital expenditures and depreciation/ amortization expenses
 - We lowered the capital expenditure outlook from 50 billion to 48 billion yen because we reexamined the timing of expenditures and found that some investment projects could slide out into the next fiscal year.
 - The depreciation and amortization budget remains unchanged at 44 billion yen.



■ Cash flows

- We changed our cash flow projections due to the revised financial and capital expenditure outlooks.
- Cash flow from operating activities will reach 120 billion yen, cash flow from investing activities 45 billion yen and free cash flow 75 billion.

Main Management Indicators



■ Major management performance indicators

➤ ROS of 9.6%, ROA of 11.0 %, and ROE of 25.5%

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

27

■ Dividend outlook and share splits

- Our financial performance in the critical third-quarter and the outlook for the full year clearly suggest that we have made significant progress in improving our financing and strengthening our financial structure. So, after a comprehensive review, we raised the total full-year dividend outlook from 70 to 115 yen per share to achieve our long-held goal of a 30% dividend payout ratio, as calculated based on profit excluding special factors such as income from amendments to the defined benefit plan.
- We therefore raised the outlook for the year-end dividend to 80 yen per share.
- In addition, we will implement a 2-for-1 share split. Our shares currently hover around the relatively high price of 5,000 yen. By reducing our share price, we hope to entice more individual investors and to expand our investor base.

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