

First Quarter Financial Results Fiscal Year 2017 (Ending March 2018)

July 27, 2017

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.

■ Note regarding business profit

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.

■ Numerical values presented herein

Numbers are rounded down to the unit indicated. Percentages are rounded off to one decimal place.

- FY2017 Q1 Financial Results
- FY2017 Financial Outlook

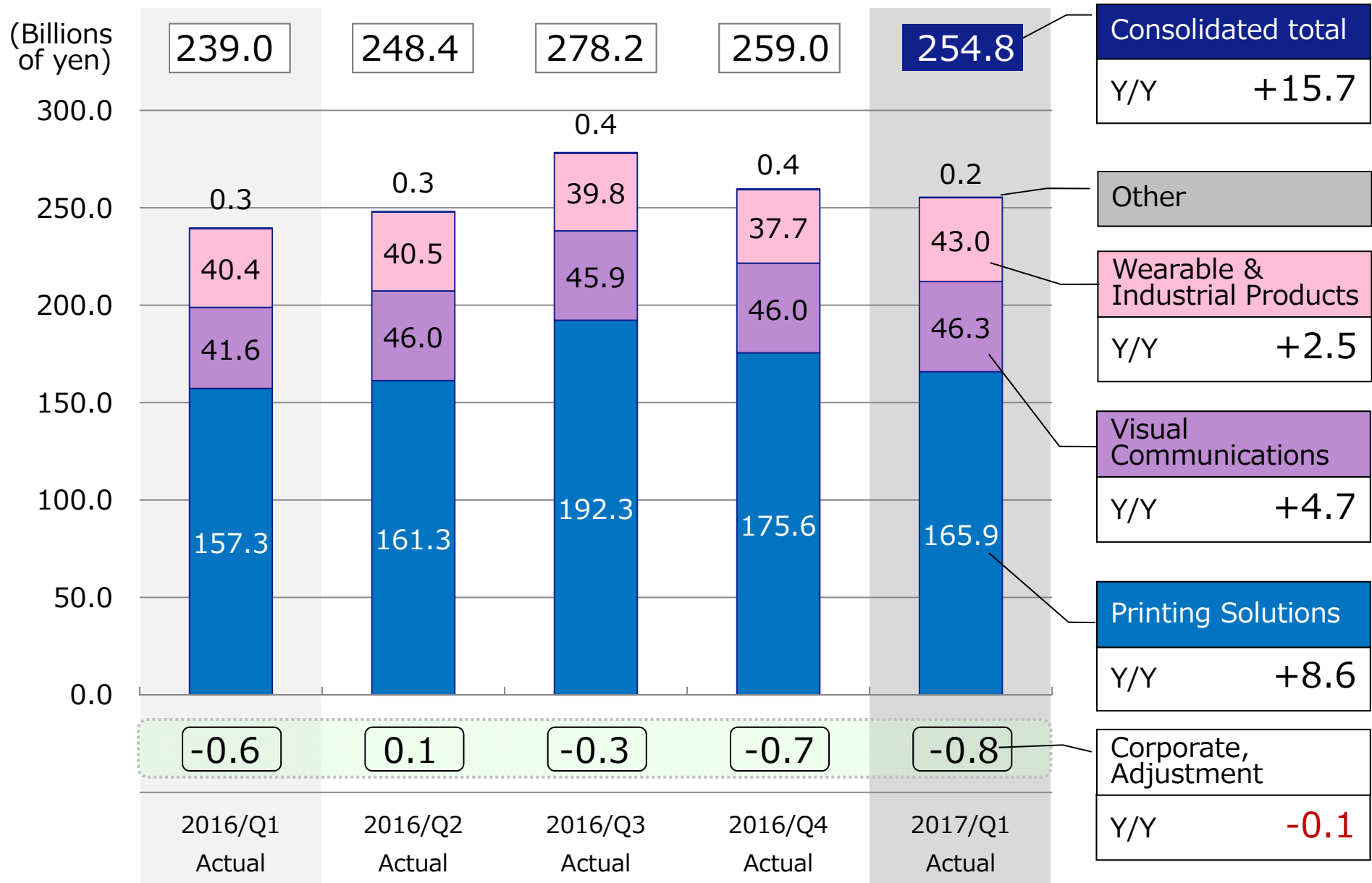
Financial Highlights (First Quarter)

		FY2016		FY2017		Change		
		Q1 Actual	%	Q1 Actual	%	Amount	%	
(Billions of yen)								
Revenue		239.0	-	254.8	-	+15.7	+6.6%	
Business profit		6.4	2.7%	16.7	6.6%	+10.2	+159.1%	
Profit from operating activities		6.9	2.9%	14.6	5.8%	+7.7	+110.5%	
Profit before taxes		6.3	2.7%	14.4	5.7%	+8.0	+126.9%	
Profit for the period		4.2	1.8%	10.3	4.0%	+6.1	+145.2%	
EPS*		¥11.58		¥28.97		Exchange difference (Billions of yen)		
Exchange rate	USD	¥108.15		¥111.08		Revenue	Business profit	
	EUR	¥122.02		¥122.12		USD	+2.1	-0.4
						EUR	+0.0	+0.0
						Other	+0.9	+0.9
						Total	+3.1	+0.5

* Basic earnings per share for the period

Quarterly Revenue Trend

► By business segment

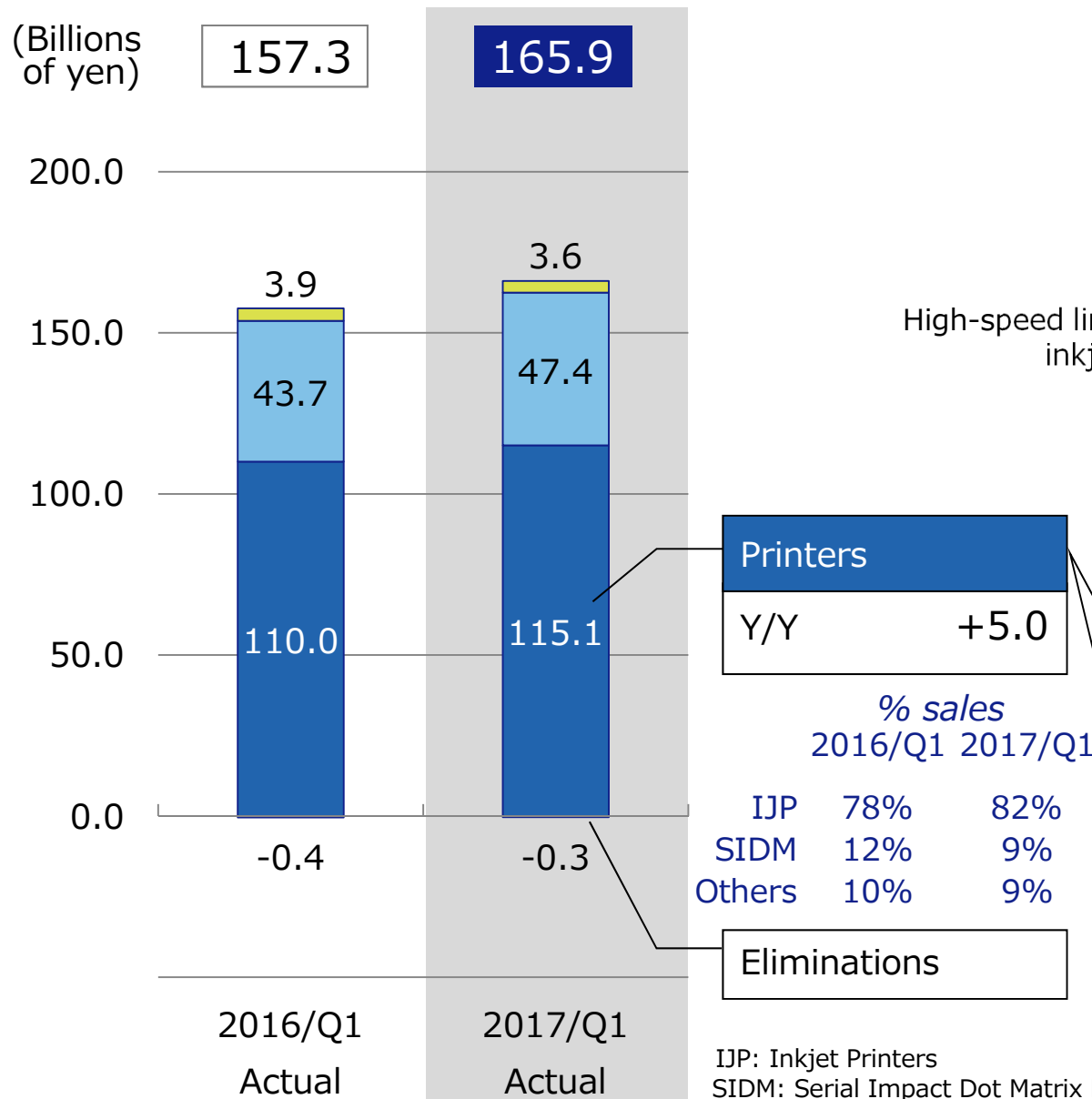


Quarterly Revenue Comparison

▶ Printing Solutions Segment



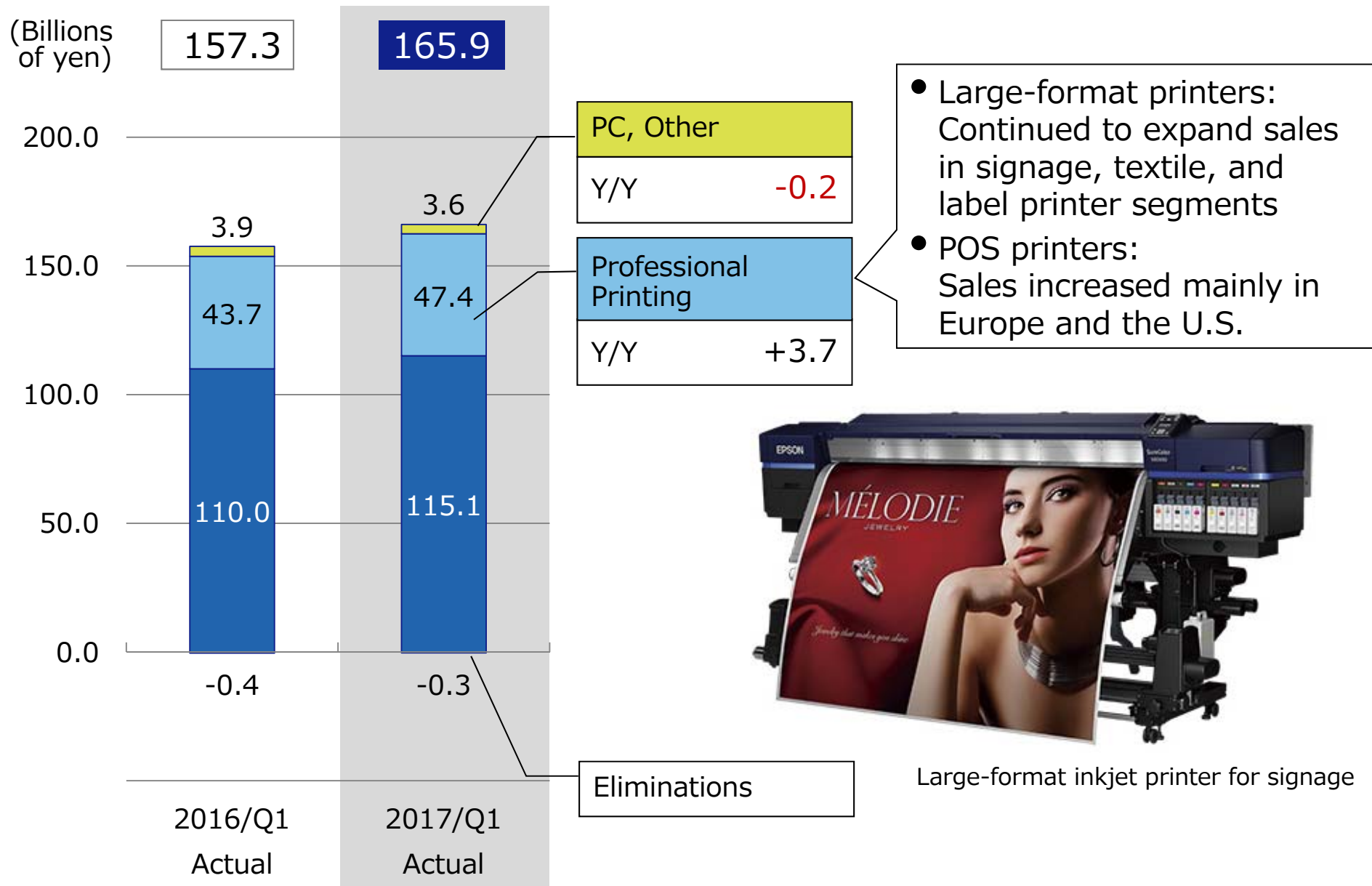
High-speed linehead inkjet MFP



- **IJP:**
Continued to expand high-capacity ink tank printer sales
Ink sales stable
- **SIDM:**
Decreased from a year ago, when there was extra demand in China

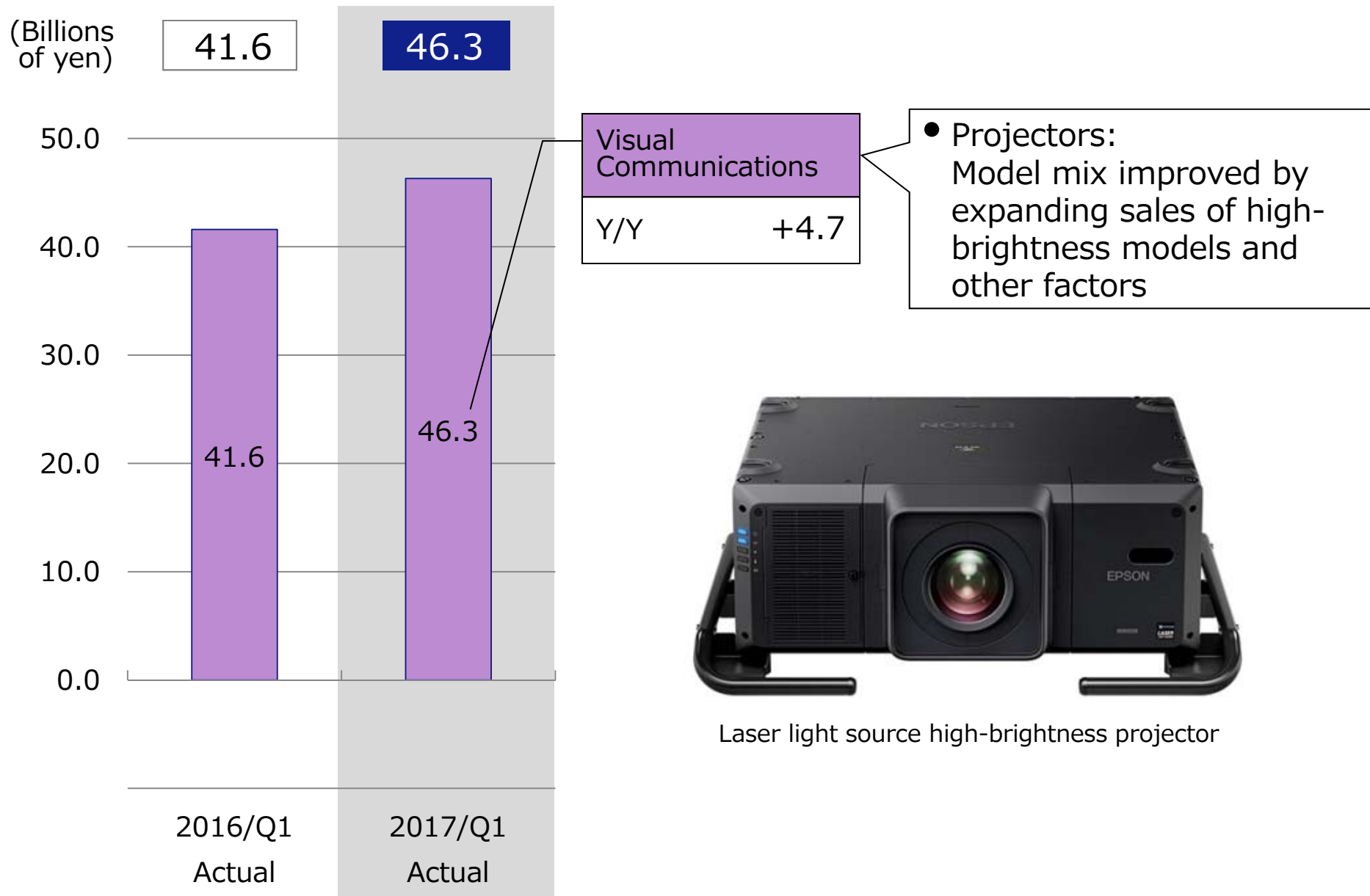
Quarterly Revenue Comparison

▶ Printing Solutions Segment



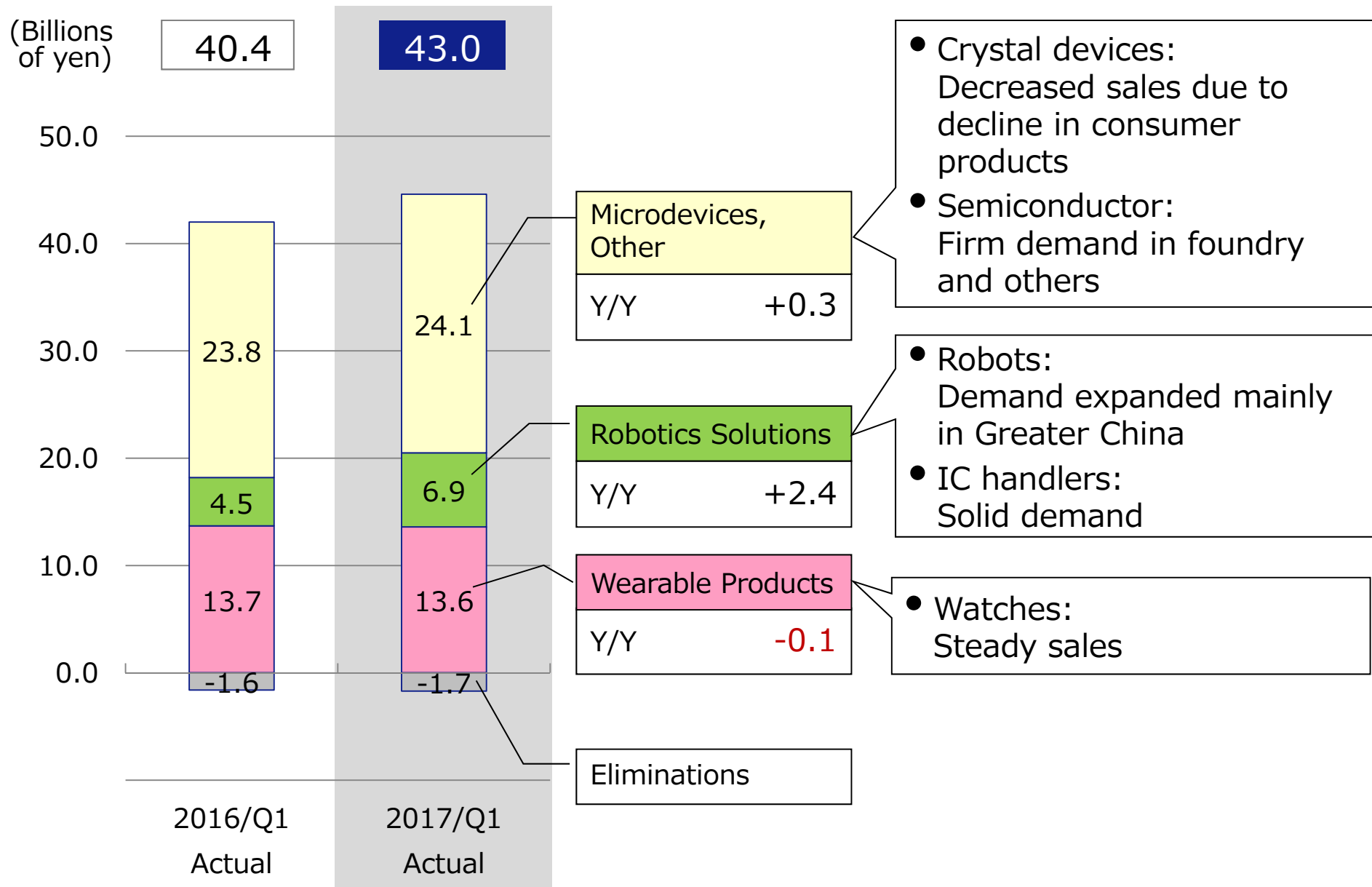
Quarterly Revenue Comparison

▶ Visual Communications Segment

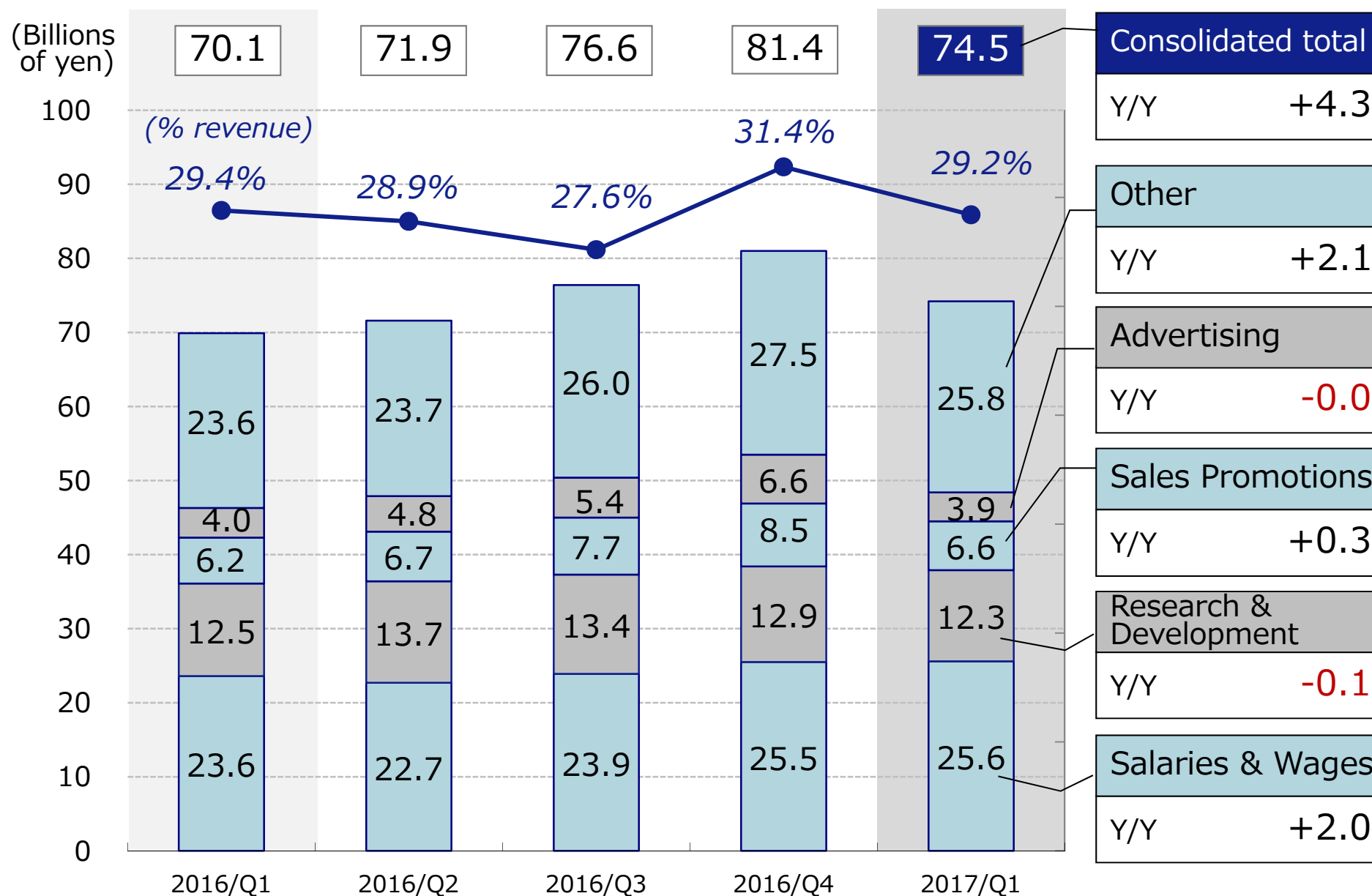


Quarterly Revenue Comparison

► Wearable Products & Industrial Products Segment

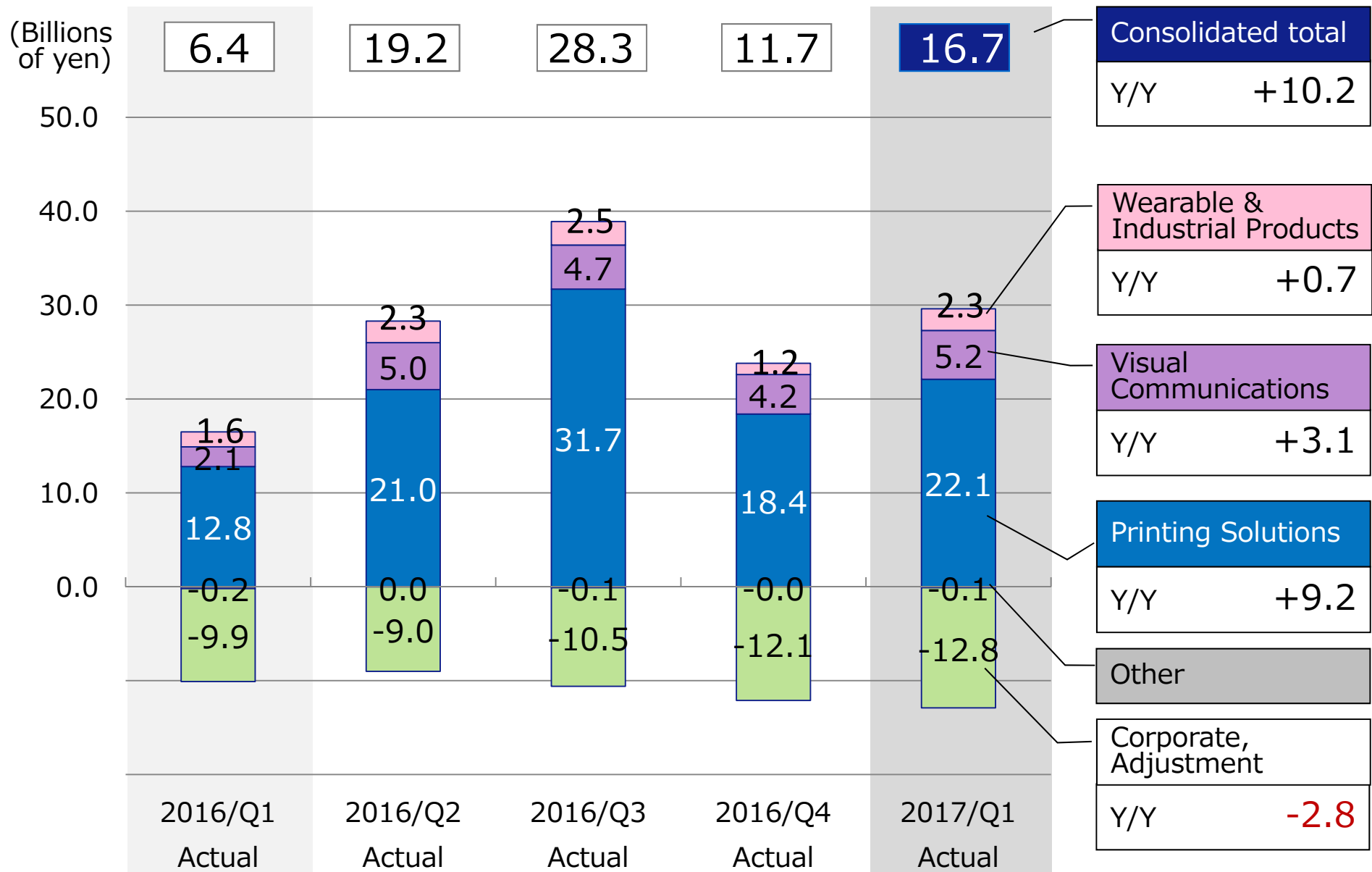


Quarterly Selling, General and Administrative Expenses

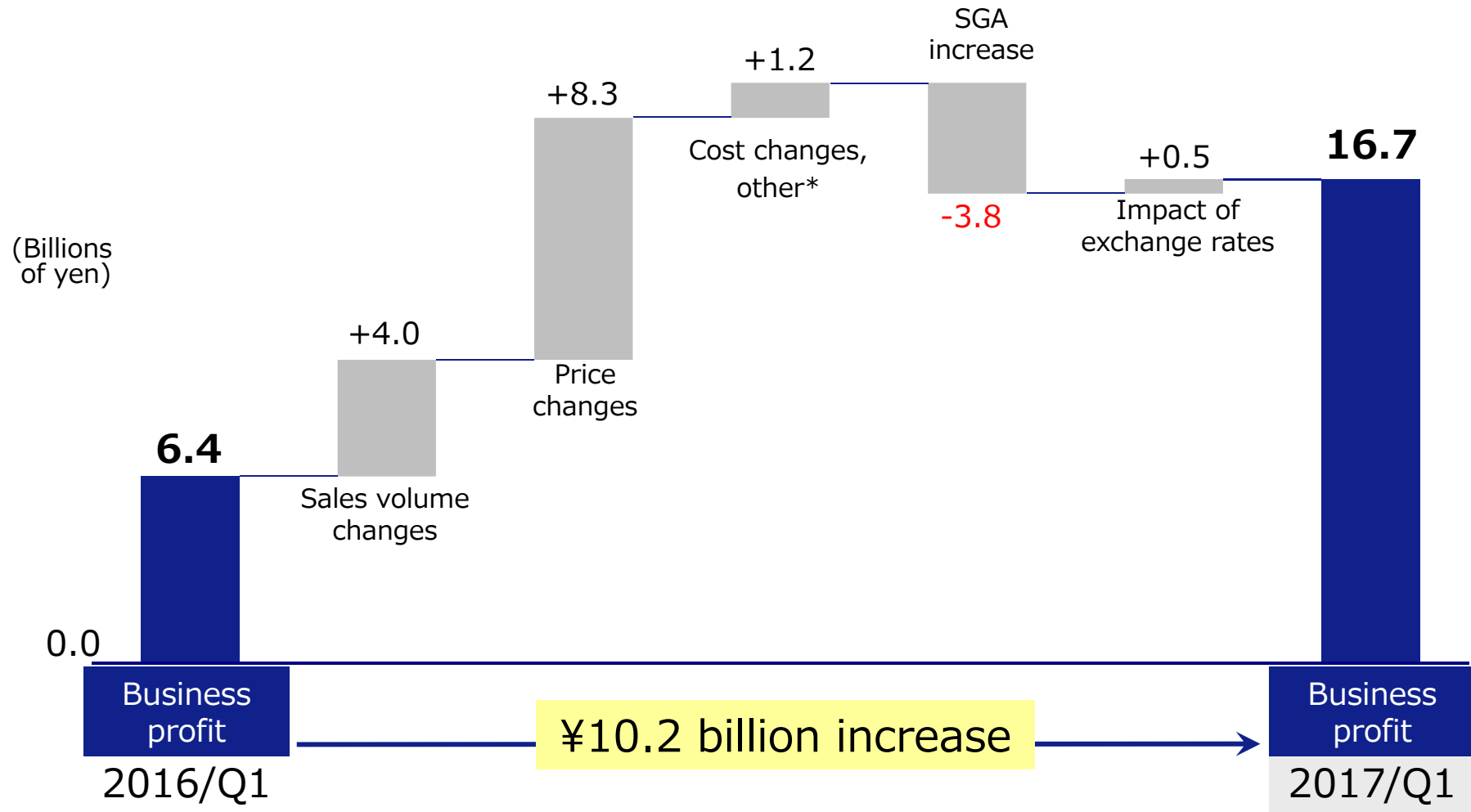


Quarterly Business Profit Trend

► By business segment



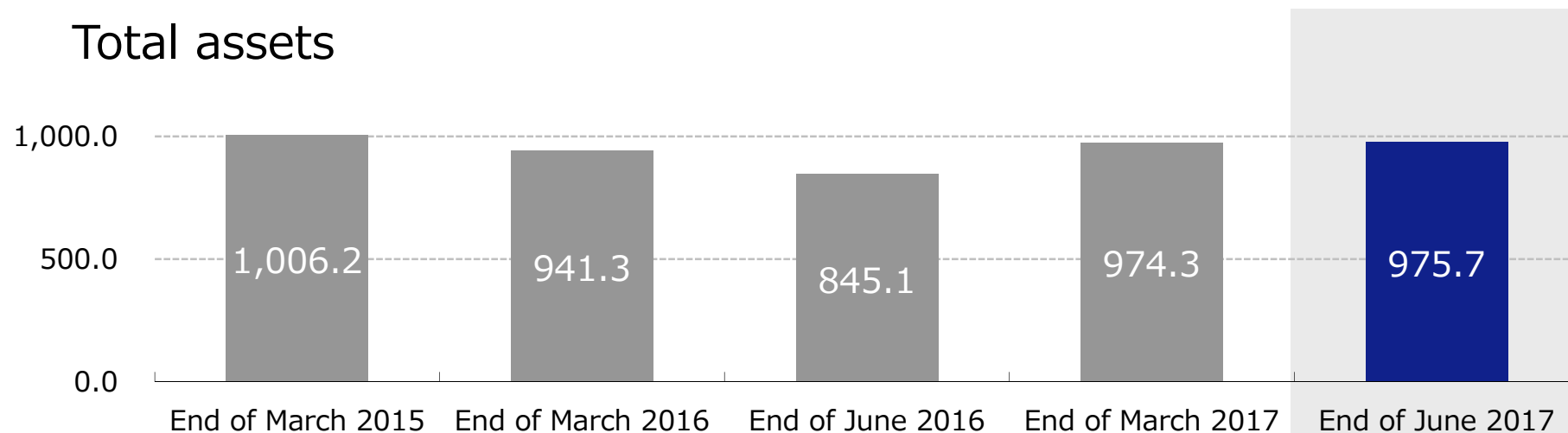
Q1 Business Profit Change Cause Analysis EPSON EXCEED YOUR VISION



* Cost changes, other: Combined total of cost changes and other items

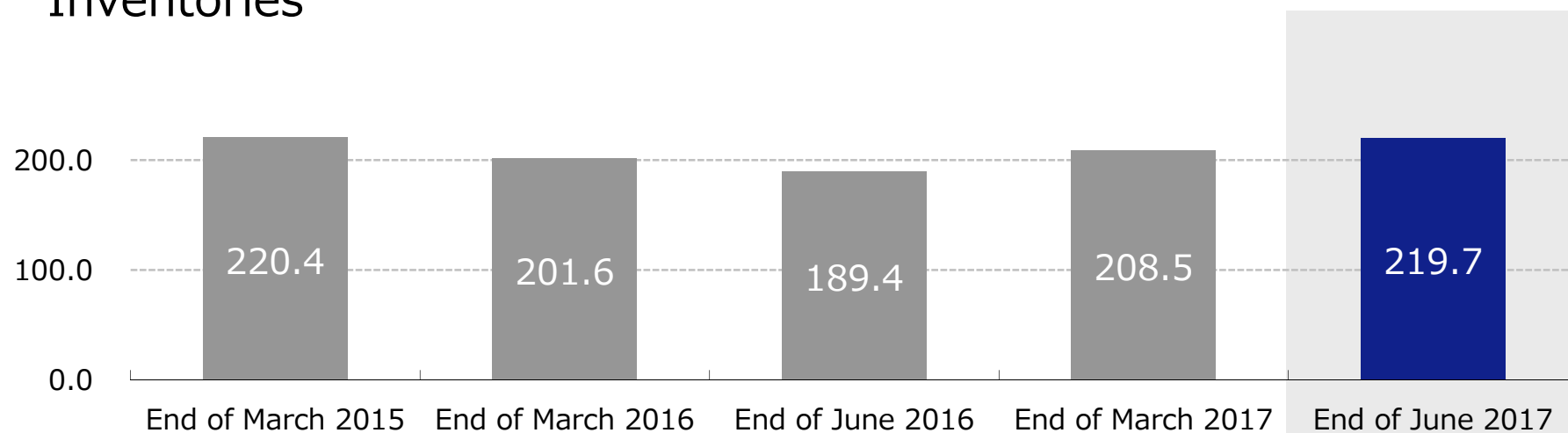
Statements of Financial Position

Total assets



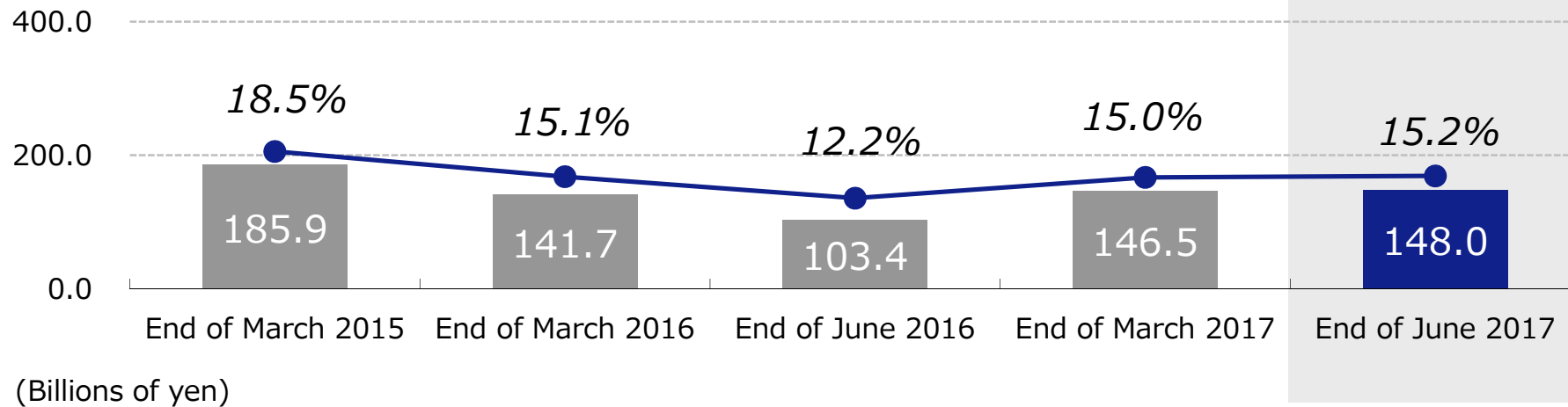
(Billions of yen)

Inventories

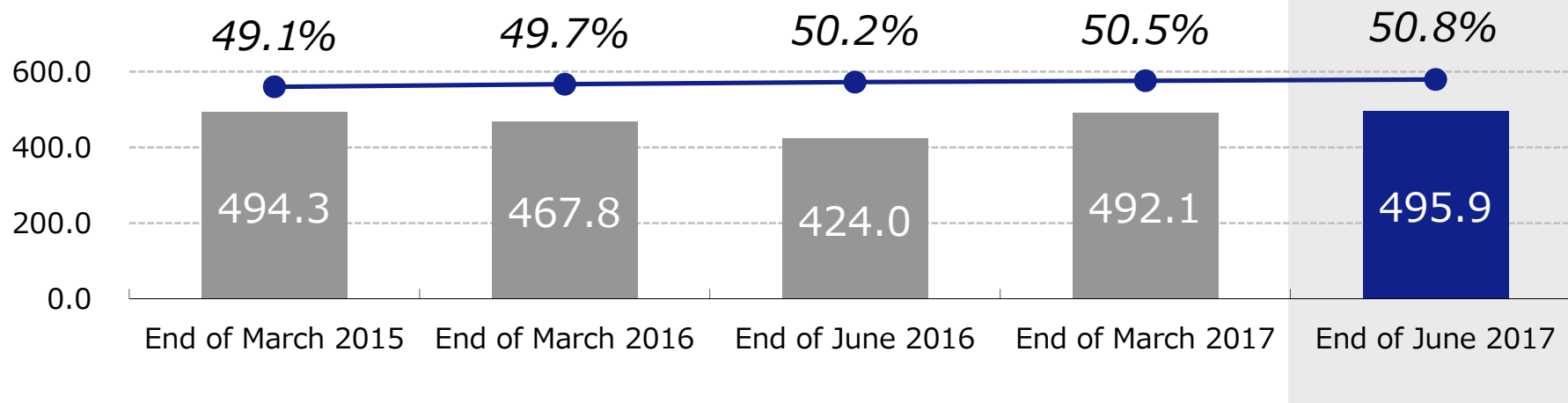


Statements of Financial Position

Interest-bearing liabilities and ratio of interest-bearing liabilities



Equity and equity ratio attributable to owners of the parent company



- FY2017 Q1 Financial Results
- **FY2017 Financial Outlook**

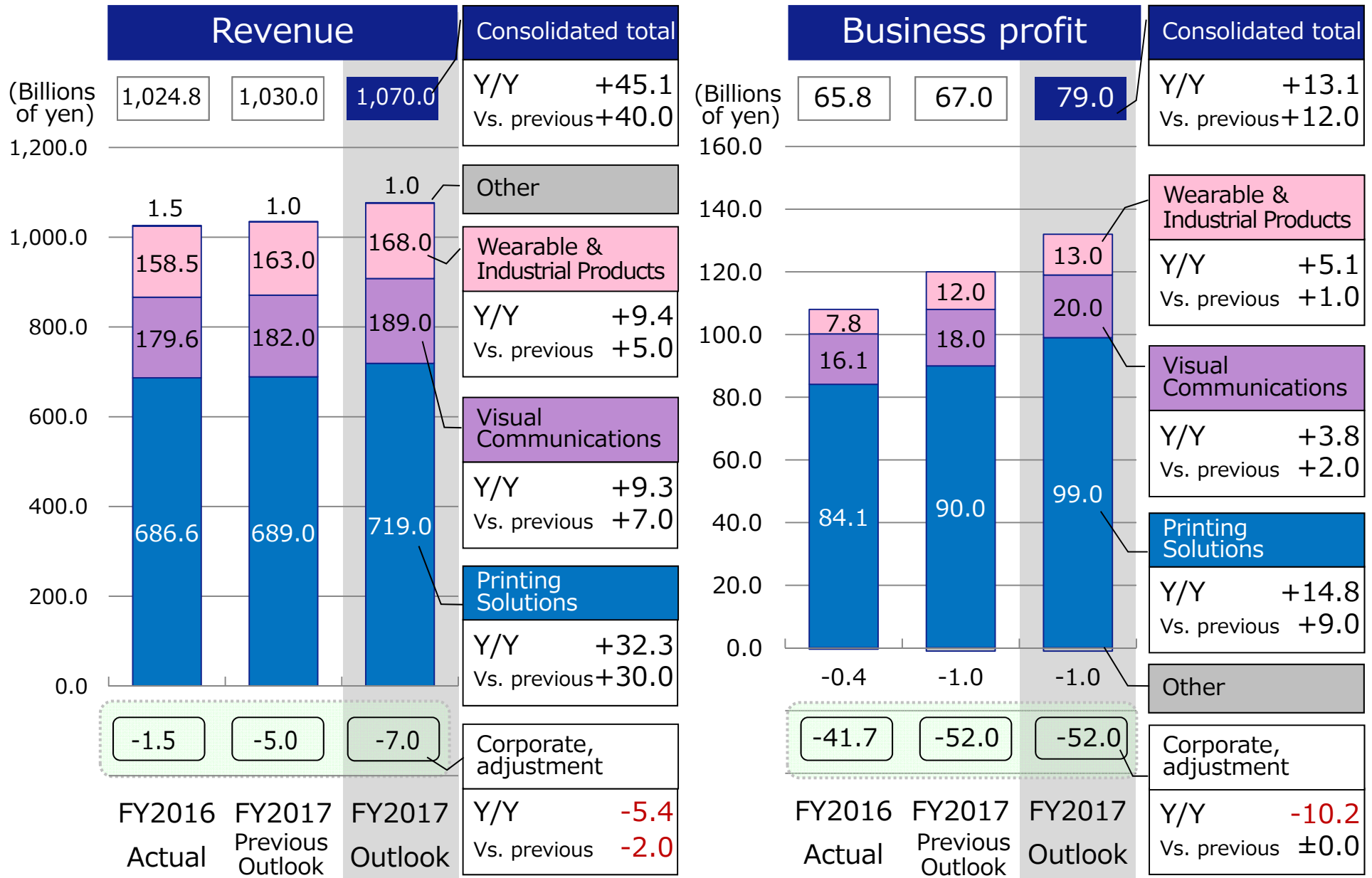
FY2017 Financial Outlook

		FY2016		FY2017				Change (amount, %)		
		Actual	%	4/28 Outlook	%	7/27 Outlook	%	Y/Y	Vs. 4/28 outlook	
Revenue		1,024.8	-	1,030.0	-	1,070.0	-	+45.1 +4.4%	+40.0 +3.9%	
Business profit		65.8	6.4%	67.0	6.5%	79.0	7.4%	+13.1 +20.0%	+12.0 +17.9%	
Profit from operating activities		67.8	6.6%	64.0	6.2%	76.0	7.1%	+8.1 +11.9%	+12.0 +18.8%	
Profit before taxes		67.4	6.6%	64.0	6.2%	76.0	7.1%	+8.5 +12.6%	+12.0 +18.8%	
Profit for the year		48.4	4.7%	49.0	4.8%	58.0	5.4%	+9.5 +19.8%	+9.0 +18.4%	
EPS* ¹		¥136.82		¥139.12		¥164.67		Exchange rate assumptions from Q2 onward		
Exchange rate		USD	¥108.38	¥105.00		¥109.00		USD	¥108	
		EUR	¥118.79	¥110.00		¥123.00		EUR	¥123	
								Exchange sensitivity* ²	Revenue	Business profit
								USD	-3.0	+0.4
								EUR	-1.5	-1.0
								Other	-2.8	-1.1

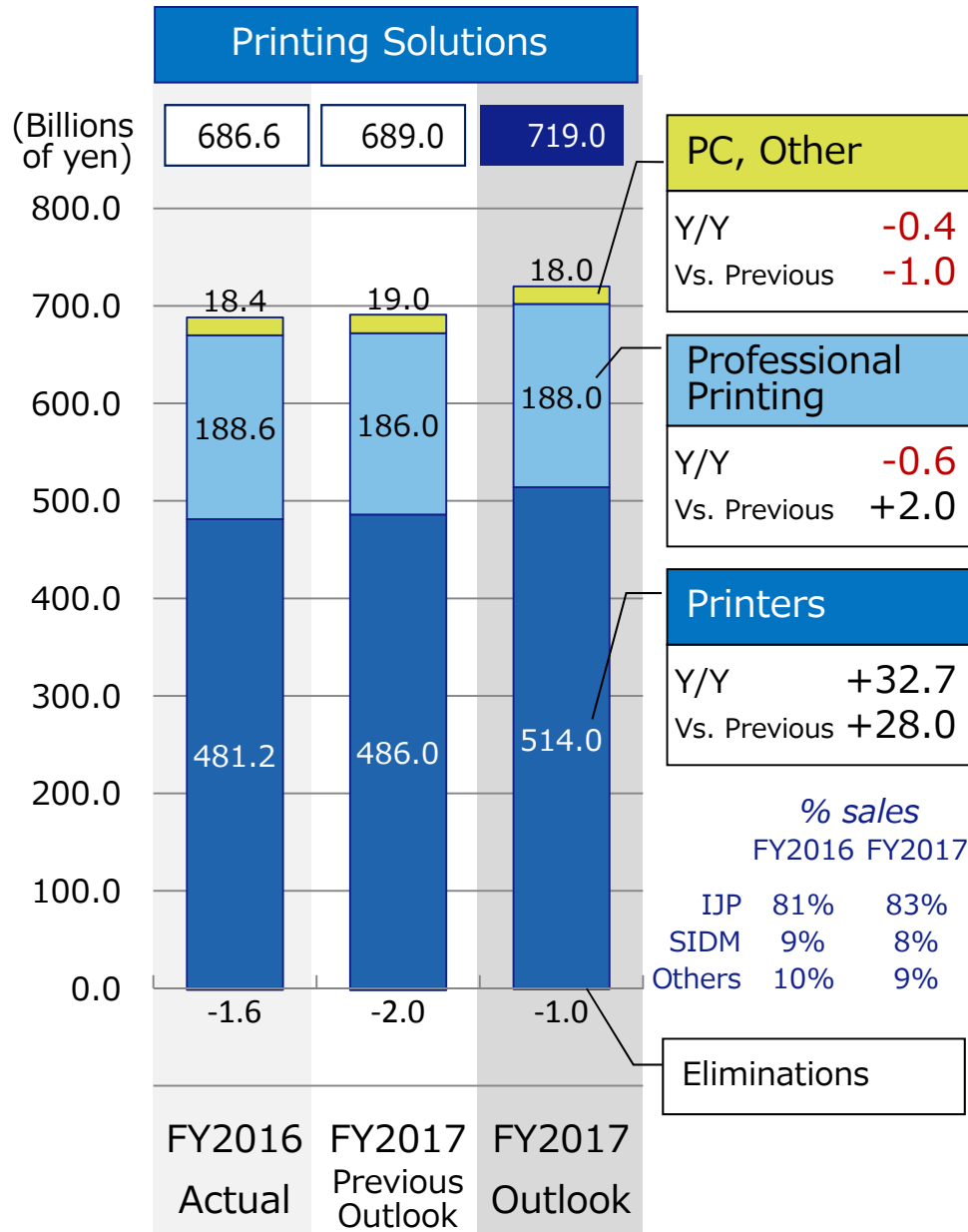
*1: Basic earnings per share for the year

*2: Annual impact of a 1-yen increase in the value of the yen versus the USD & EUR (in billions of yen)
Annual impact of a 1% increase in the value of the yen versus other currencies (in billions of yen)

FY2017 Financial Outlook ▶ By business segment



Revenue Comparison by Business



Large-format inkjet printer for photos and graphics

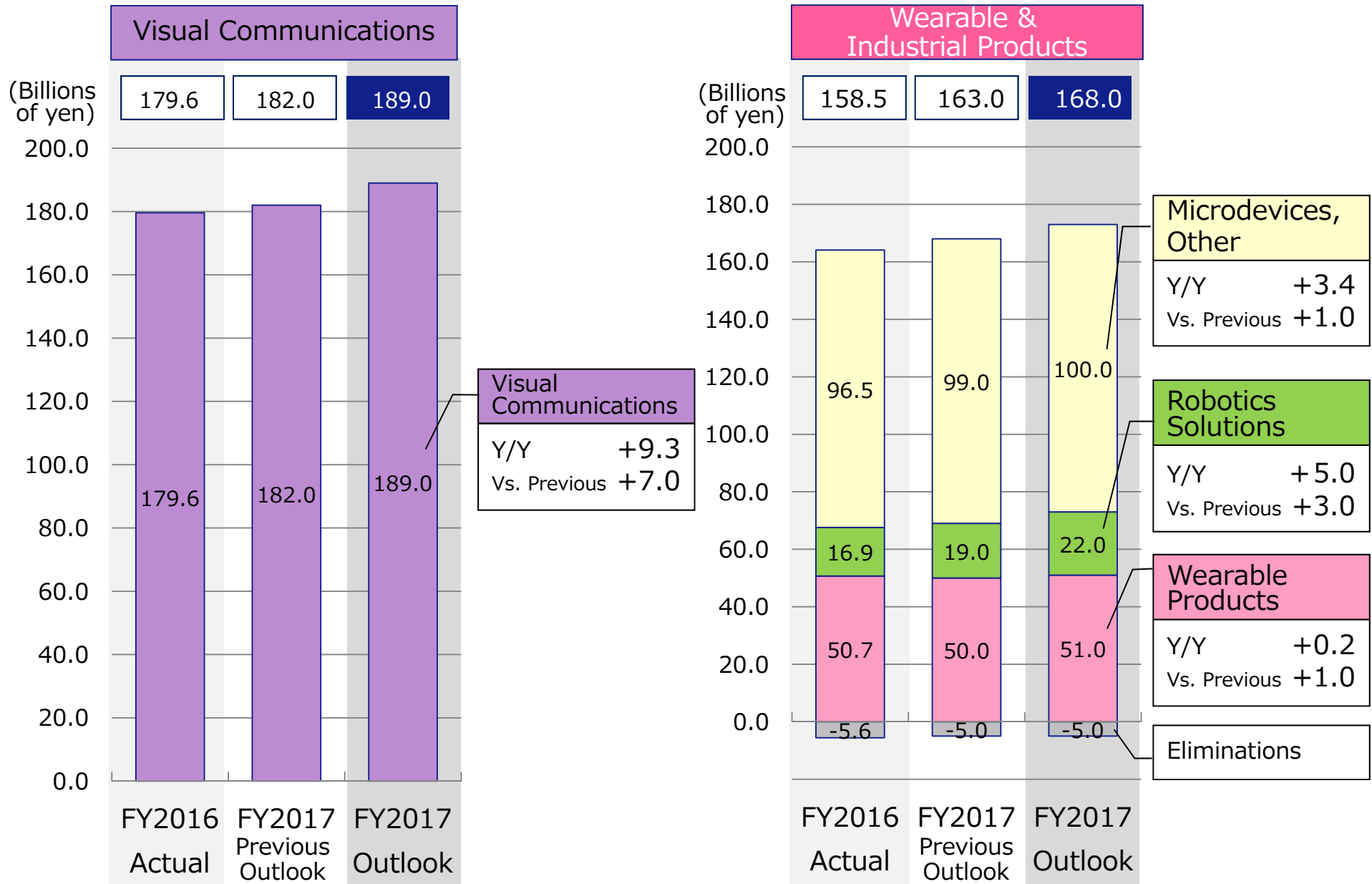


Printer for use in POS systems

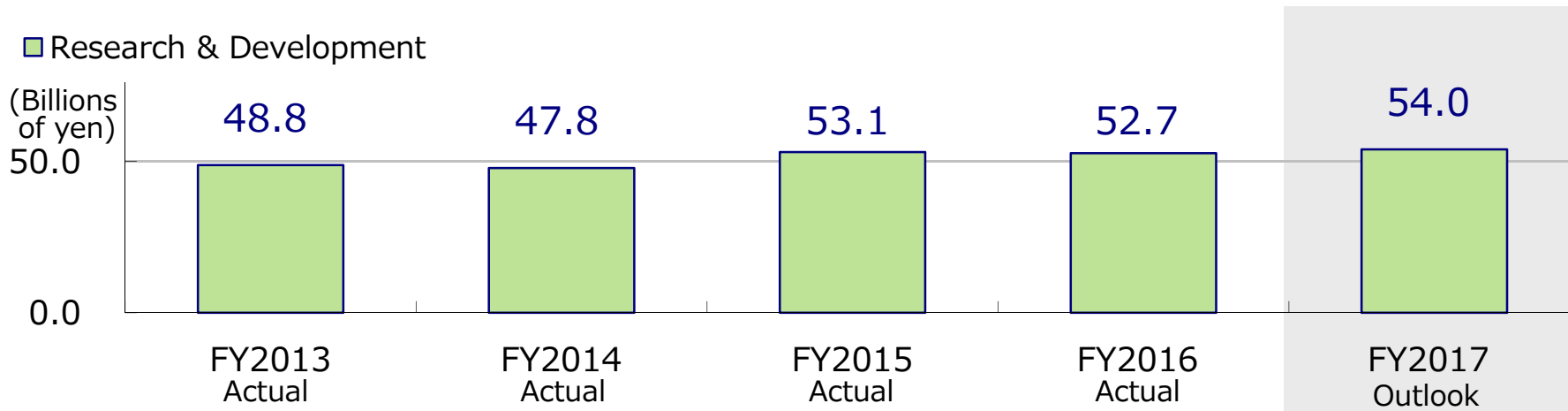


High-capacity ink tank printer

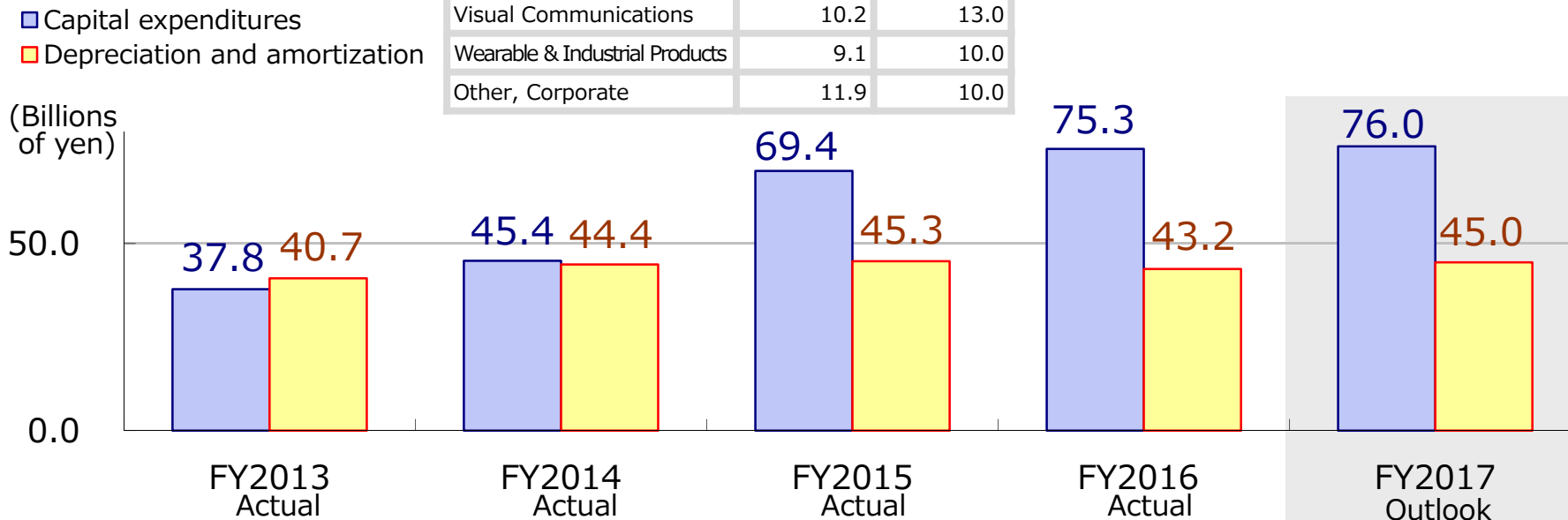
Revenue Comparison by Business



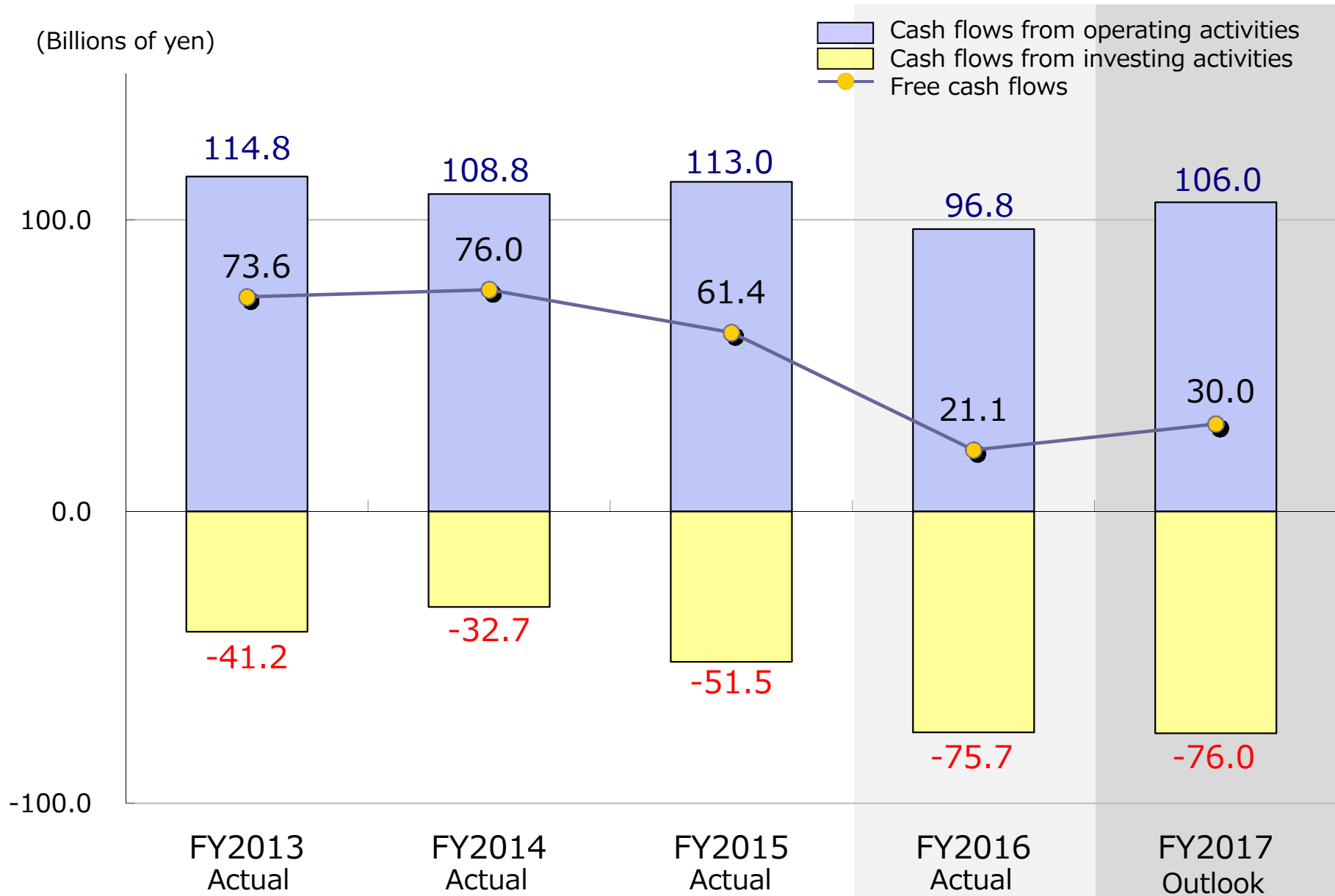
Outlook for R&D Costs, Capital Expenditure and Depreciation and Amortization Expenses



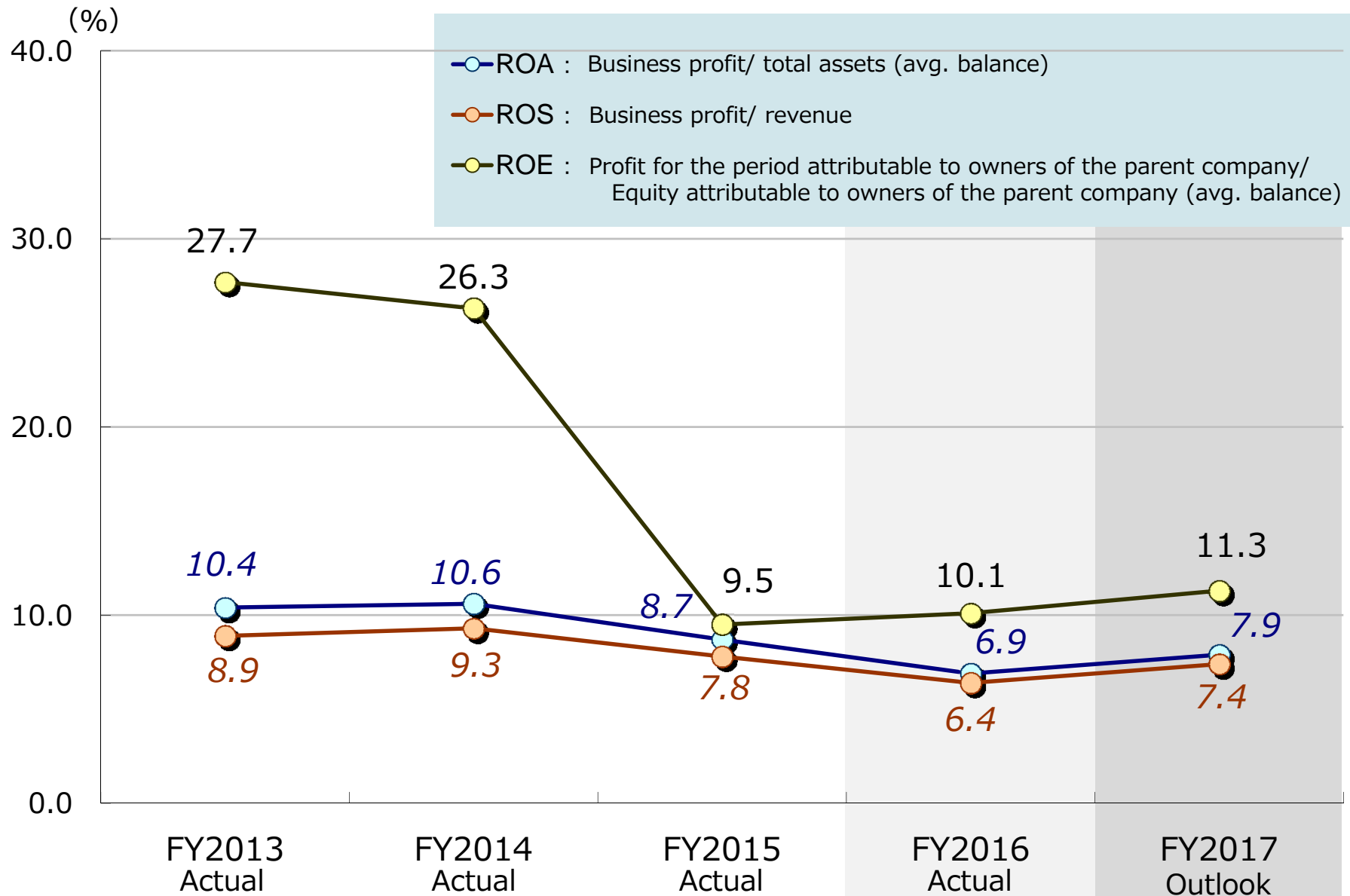
Capex breakdown by segment	FY2016 Actual	FY2017 Outlook
Printing Solutions	43.9	43.0
Visual Communications	10.2	13.0
Wearable & Industrial Products	9.1	10.0
Other, Corporate	11.9	10.0



Free Cash Flows



Main Management Indicators



Reference

Major Business Indicators

(Billions of yen)

		FY2016 Actual	FY2017 Outlook	FY2018 Target
Exchange rate	USD	¥108.38	¥109.00	¥115.00
	EUR	¥118.79	¥123.00	¥125.00
Printing Solutions	Revenue	686.6	719.0	805.0
	Business profit	84.1	99.0	-
Visual Communications	Revenue	179.6	189.0	200.0
	Business profit	16.1	20.0	-
Wearable & Industrial Products	Revenue	158.5	168.0	195.0
	Business profit	7.8	13.0	-
Other	Revenue	1.5	1.0	0.0
	Business profit	-0.4	-1.0	-
Corporate, Adjustment	Revenue	-1.5	-7.0	0.0
	Business profit	-41.7	-52.0	-
Consolidated total	Revenue	1,024.8	1,070.0	1,200.0
	Business profit	65.8	79.0	96.0
	ROS	6.4%	7.4%	8%
	ROE	10.1%	11.3%	Sustain at at least 10%

(Billions of yen)

Category	FY2016 Actual	FY2017 Outlook	3-year cumulative (FY2016-18 business plan)
USD	¥108.38	¥109.00	¥115.00
EUR	¥118.79	¥123.00	¥125.00
Operating CF	96.8	106.0	Approx. 330.0
FCF	21.1	30.0	Approx. 120.0
Capital expenditure	75.3	76.0	Approx. 210.0
R&D costs	52.7	54.0	Invest aggressively

Main Product Sales Trends

■ Results & outlook vs. previous fiscal year ASP (average selling prices) and sales amounts after conversion to yen

Product		FY2016 Full year (Actual)	FY2017/Q1 (Actual)	FY2017 Full year (Outlook)
Exchange rate	USD / EUR	¥108.38 / ¥118.79	¥111.08 / ¥122.12	¥109.00 / ¥123.00
IJP	Volume	+5%	+7%	+9%
	Office/ high-capacity ink tank as % of total unit sales	Approx. 20%/ Approx. 40%	-	Approx. 20%/ Approx. 45%
	ASP	- high single-digit %	+ low teen %	+ high single-digit %
	Revenue	- low single-digit %	+ high teen %	+ high teen %
IJP ink	Volume (packs)	-4%	-2%	-
	ASP	- low single-digit %	+ mid-single-digit %	-
	Revenue	- mid-single-digit %	+ low single-digit %	Flat YoY
SIDM printers	Volume	+4%	-25%	-10%
	ASP	- high teen %	+ low single-digit %	Flat YoY
	Revenue	- mid-teen %	- low 20%	- low teen %
Projectors	Volume	+6%	-2%	+2%
	ASP	- high single-digit %	+ mid-teen %	+ mid-single-digit %
	Revenue	- low single-digit %	+ low teen %	+ mid-single-digit %

The indicators in this document are based on values tracked internally by Epson.

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