

Fiscal Year 2003
(fiscal year ending March 2004)

First Quarter Financial Results

August 6, 2003

SEIKO EPSON CORPORATION

Disclaimer

When reviewing this information please note that the information was created as of the date of the information, should be considered in the context of the circumstances prevailing at that time and is only correct as of that date. 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, exchange rate fluctuations and our ability to continue to timely introduce new products and services.

This report is a simple translation of the Japanese version of 1st quarter result explanatory presentation prepared in Japanese. No reclassification nor rearrangement has been made.

Numerical values: Any portion of an amount less than the unit stated is disregarded.
Percentages: Rounded off to one decimal place.

First Quarter Financial Results Highlights

▶ comparison with the same period last year

| Unit: in hundreds of millions of yen | | FY2002 | | FY2003 | | Increase/decrease | |
|--|-----|------------|---------------------|------------|--|-------------------|----------|
| | | 1Q Actual | % over net sales | 1Q Actual | % over net sales | Amount | % change |
| Net sales | | 2,923 | - | 3,151 | - | +227 | +7.8% |
| Operating Income | | 43 | 1.5% | 142 | 4.5% | +98 | +227.8% |
| Ordinary Income | | 10 | 0.4% | 128 | 4.1% | +117 | +1084.2% |
| Net income before income taxes | | 7 | 0.3% | 122 | 3.9% | +115 | +1516.8% |
| Net income | | -10 | - | 59 | 1.9% | +70 | - |
| EPS | | -7.07 | | 38.62 yen | 38.57 yen | | |
| Exchange rates | USD | 127.04 yen | | 118.50 yen | Amount after adjustment of potential stocks | | |
| | EUR | 116.57 yen | | 134.66 yen | | | |

First Quarter Financial Results Highlights

► comparison with the previous outlook

| Unit: in hundreds of millions of yen | FY2003 | | FY2003 | | Increase/decrease | |
|--|------------|---------------------|------------|--|-------------------|----------|
| | 1Q Outlook | % over net sales | 1Q Actual | % over net sales | Amount | % change |
| Net sales | 3,350 | - | 3,151 | - | -198 | -5.9% |
| Operating Income | 57 | 1.7% | 142 | 4.5% | +85 | +149.3% |
| Ordinary Income | 49 | 1.5% | 128 | 4.1% | +78 | +158.5% |
| Net income before income taxes | 43 | 1.3% | 122 | 3.9% | +79 | +180.8% |
| Net income | 23 | 0.7% | 59 | 1.9% | +36 | +158.6% |
| EPS | 11.99 yen | | 38.62 yen | 38.57 yen | | |
| Exchange rates | USD | 120 yen | 118.50 yen | Amount after adjustment of potential stocks | | |
| | EUR | 118 yen | 134.66 yen | | | |

Business Results Forecast for FY 2003

► comparison with the previous period

| Unit: in hundreds of millions of yen | | FY2002 | | FY2003 | | Increase/decrease | |
|--|-----|------------|---------------------|--------------------|---------------------|-------------------|----------|
| | | Actual | % over net sales | Current Outlook | % over net sales | Amount | % change |
| Net sales | | 13,224 | — | 14,100 | — | +875 | 6.6% |
| Operating Income | | 493 | 3.7% | 630 | 4.5% | +136 | 27.6% |
| Ordinary Income | | 417 | 3.2% | 550 | 3.9% | +133 | 32.1% |
| Net income before income taxes | | 316 | 2.4% | 432 | 3.1% | +116 | 36.9% |
| Net income | | 125 | 0.9% | 234 | 1.7% | +108 | 87.1% |
| EPS | | 80.01 yen | | 119.17 yen | | | |
| Exchange rates | USD | 121.95 yen | | 116 yen | | | |
| | EUR | 121.04 yen | | 130 yen | | | |

Business Results Forecast for FY 2003

► comparison with the previous outlook

| Unit: in hundreds of millions of yen | FY2003 | | FY2003 | | Increase/decrease | |
|--|---------------------|---------------------|--------------------|---------------------|-------------------|----------|
| | Previous outlook | % over net sales | Current Outlook | % over net sales | Amount | % change |
| Net sales | 14,693 | — | 14,100 | — | -593 | -4.0% |
| Operating Income | 630 | 4.3% | 630 | 4.5% | 0 | — |
| Ordinary Income | 550 | 3.7% | 550 | 3.9% | 0 | — |
| Net income before income taxes | 432 | 2.9% | 432 | 3.1% | 0 | — |
| Net income | 234 | 1.6% | 234 | 1.7% | 0 | — |
| EPS | 121.96 yen | | 119.17 yen | | | |
| Exchange rates | USD | 120 yen | 116 yen | | | |
| | EUR | 118 yen | 130 yen | | | |

Summary of Business Results Forecast

Summary

- Compared to the previous fiscal year: Increase in sales. Significant increase in income.
- Compared to the previous outlook :
 - ✓ Sales - 4.0% decrease due to a decline in sales prices in the information-related equipment segment
 - ✓ Income - remains unchanged for full-year outlook, with positive factors such as further promotion of cost reduction and reviews of exchange rates, and negative factors such as the uncertainty of market environment and lower price competition.
(Income will increase for half-year outlook)

Information-related equipment

- Net sales will increase compared to the previous fiscal year as a result of factors such as increased sales of multi-function printers and projectors for the home market. However, due to the fact that lower price competition is progressing faster than expected, yearly sales will fall short compared to the previous outlook.

Electronic devices

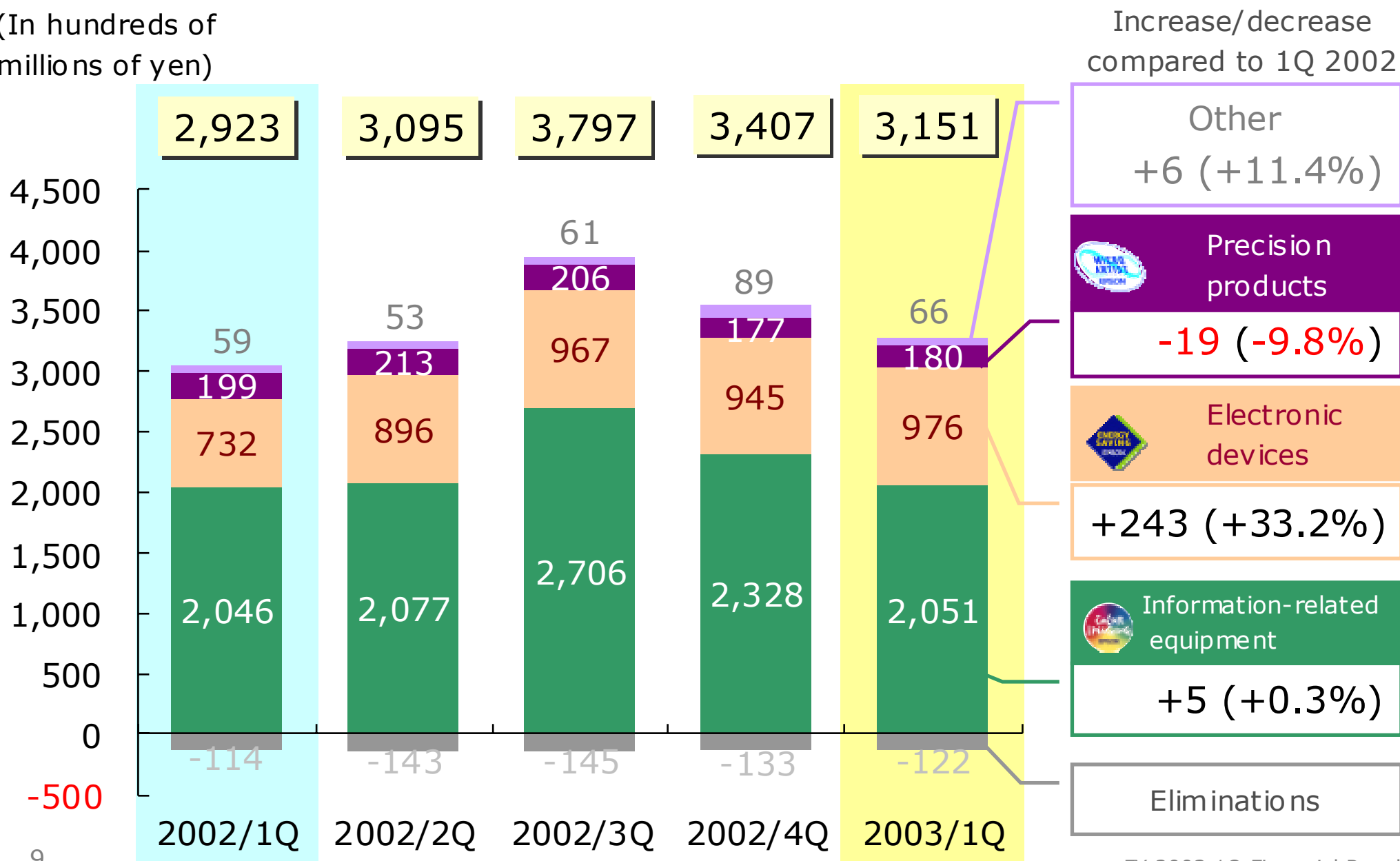
- Increased demand is expected because of the continuing spread of mobile phones with color displays outside Japan. Increased unit sales will absorb intense price competition. Net sales will increase compared to the previous fiscal year slightly surpassing the previous outlook.

1 FY 2003 First Quarter Financial Results

2 Business Results Forecast for FY 2003

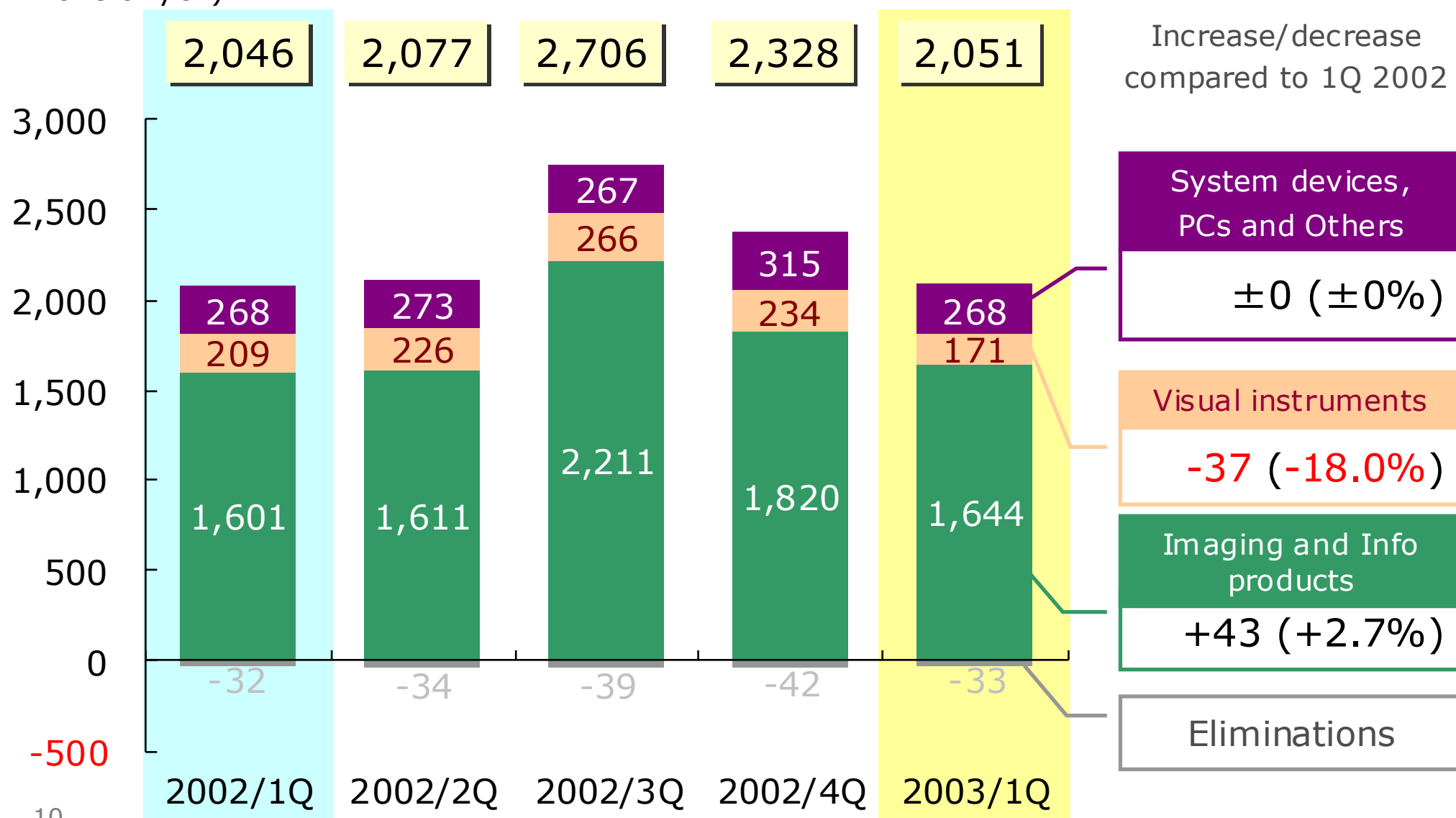
Quarterly Sales Statistics ▶ By Business Segment

(In hundreds of millions of yen)



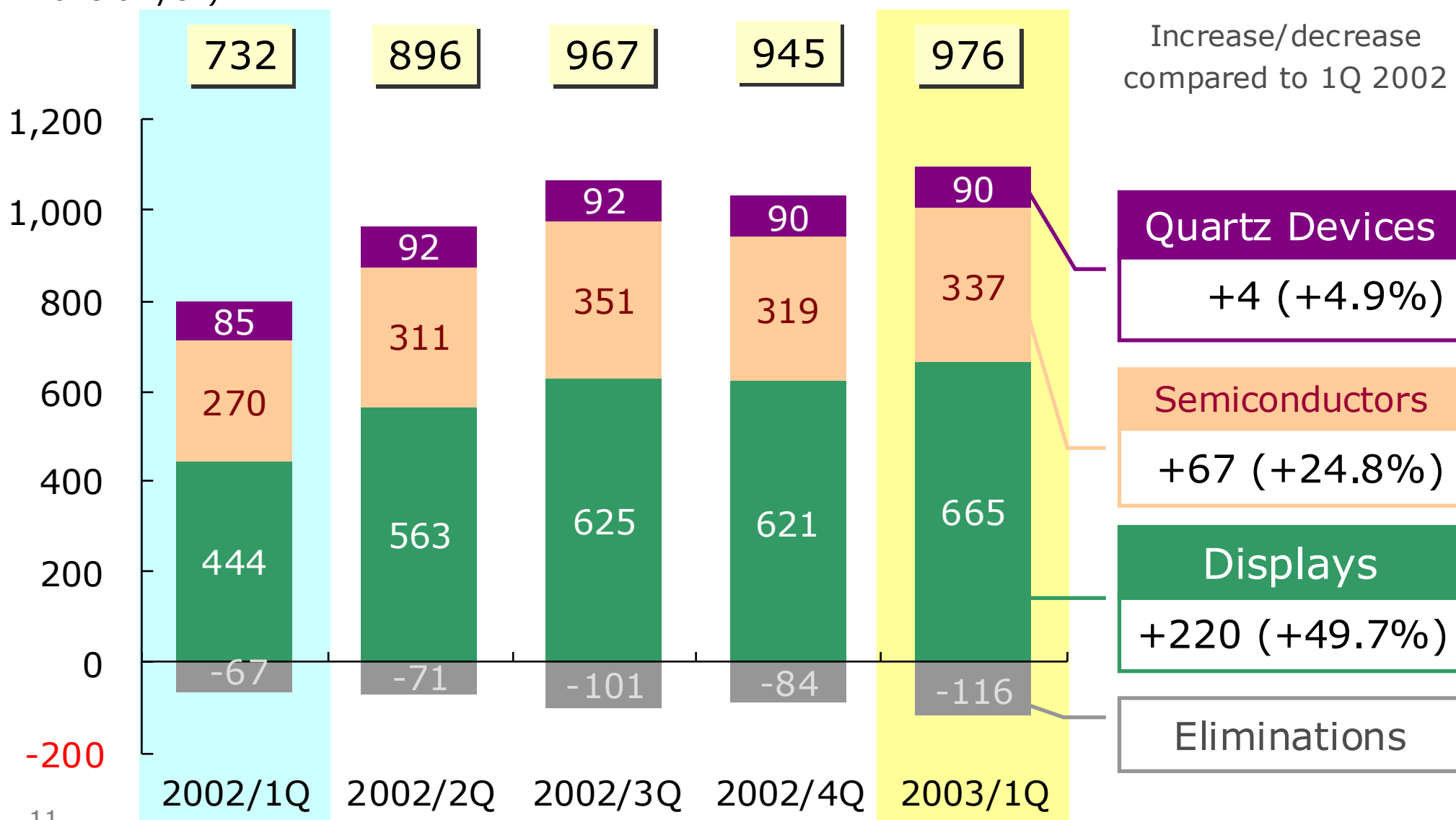
Quarterly Sales Statistics ▶ Information-related equipment

(In hundreds of millions of yen)



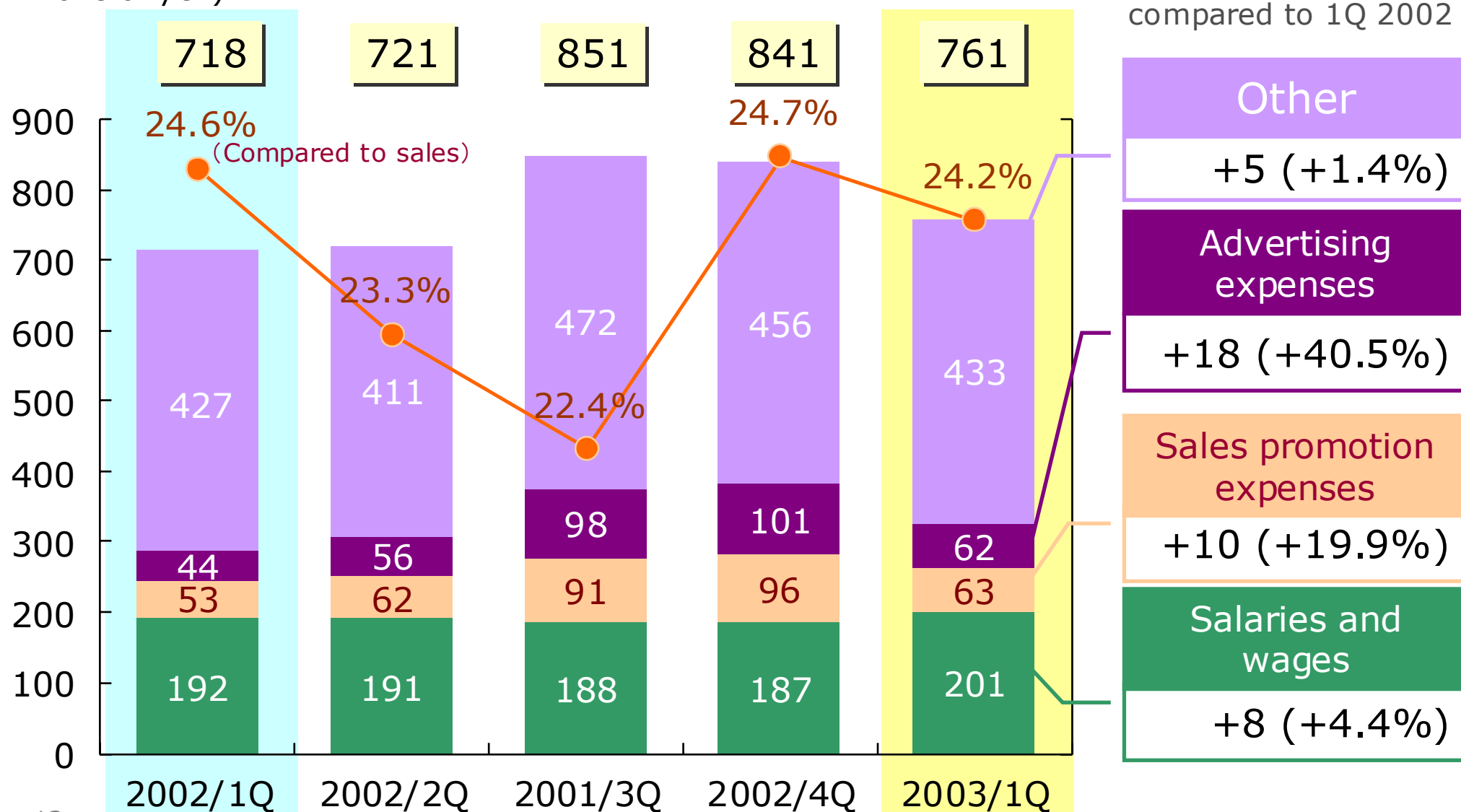
Quarterly Sales Statistics ▶ Electronic devices

(In hundreds of millions of yen)



Quarterly Statistics of Selling, General and Administrative Expenses

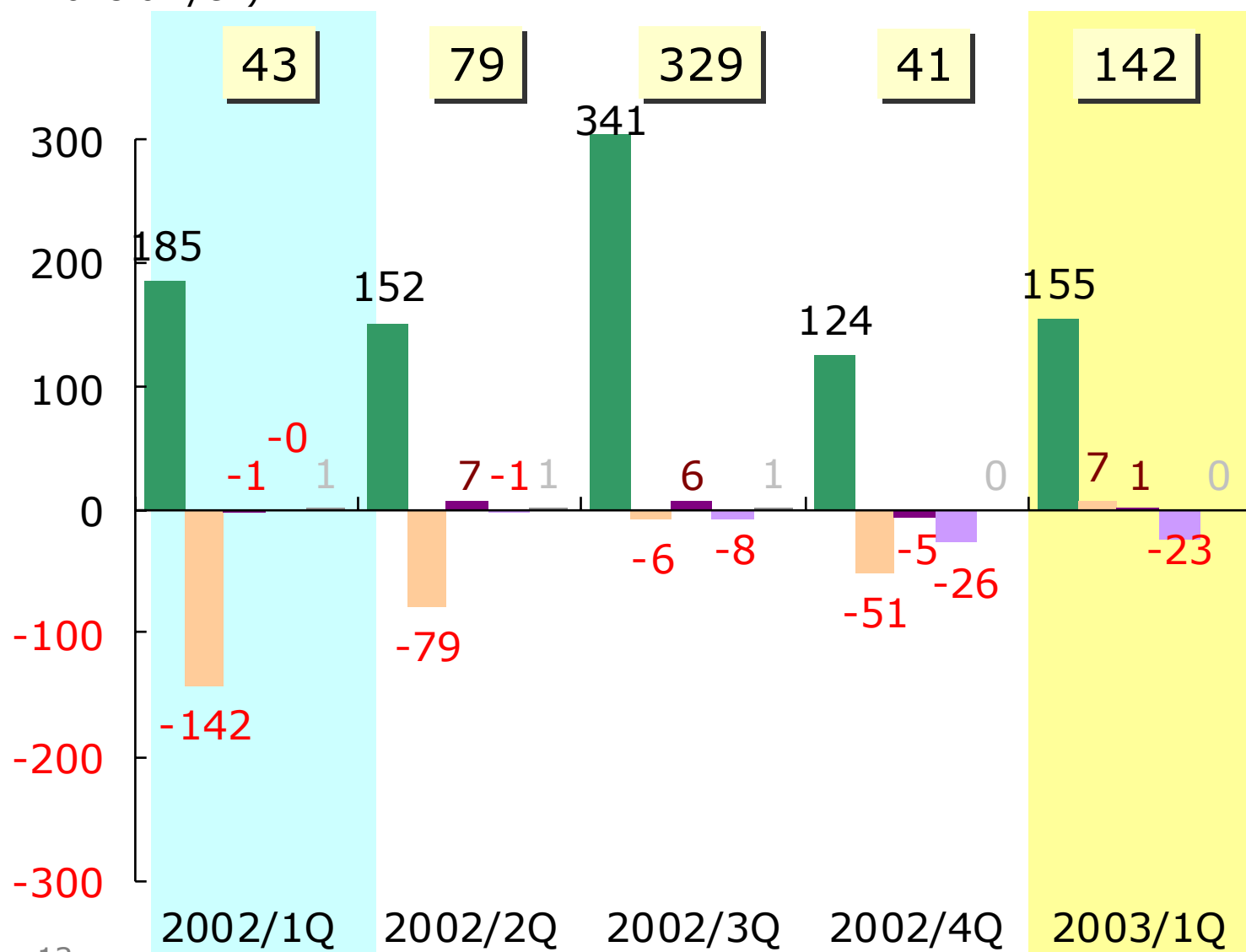
(In hundreds of millions of yen)





Quarterly Statistics of Operating Income

► By Business Segment

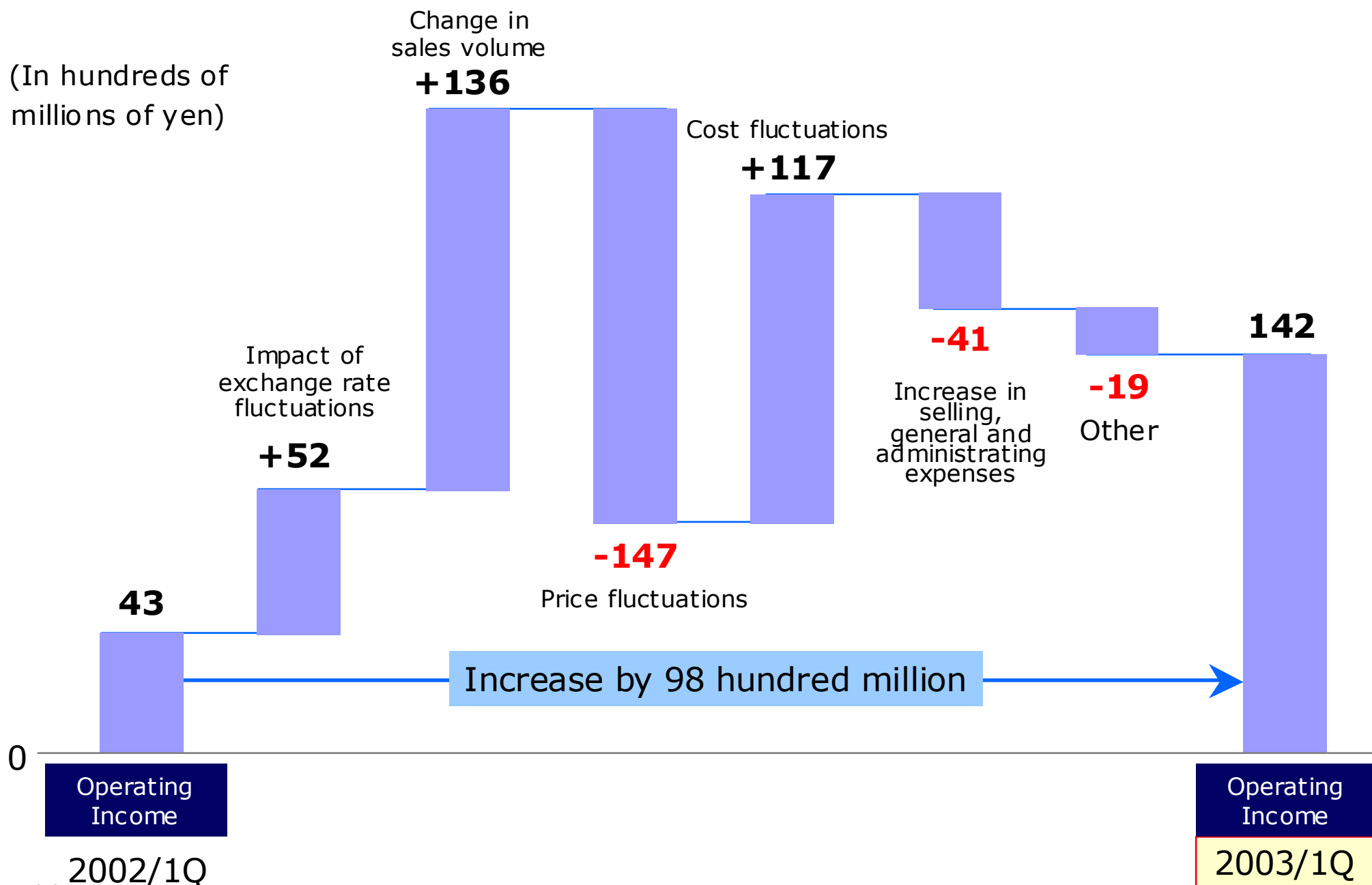
(In hundreds of millions of yen)



Increase/decrease compared to 1Q 2002

| | |
|---|--------------|
|  Information-related equipment | -30 (-16.2%) |
|  Electronic devices | +150 (-) |
|  Precision products | +2 (-) |
| Other | -23 (-) |
| Eliminations and Corporate | |

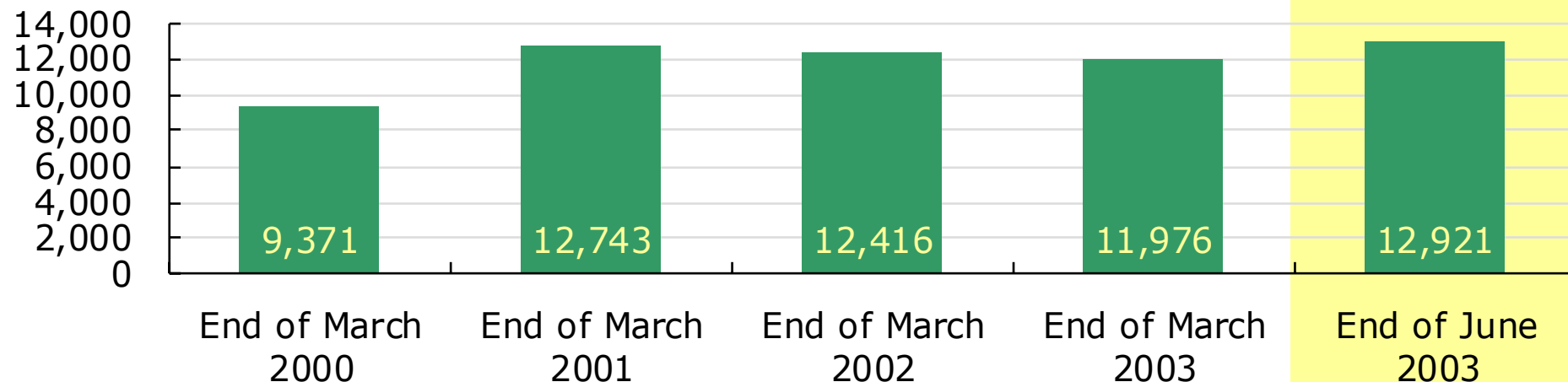
Operating Income Fluctuation Cause Analysis



Statistics of Balance Sheet Items

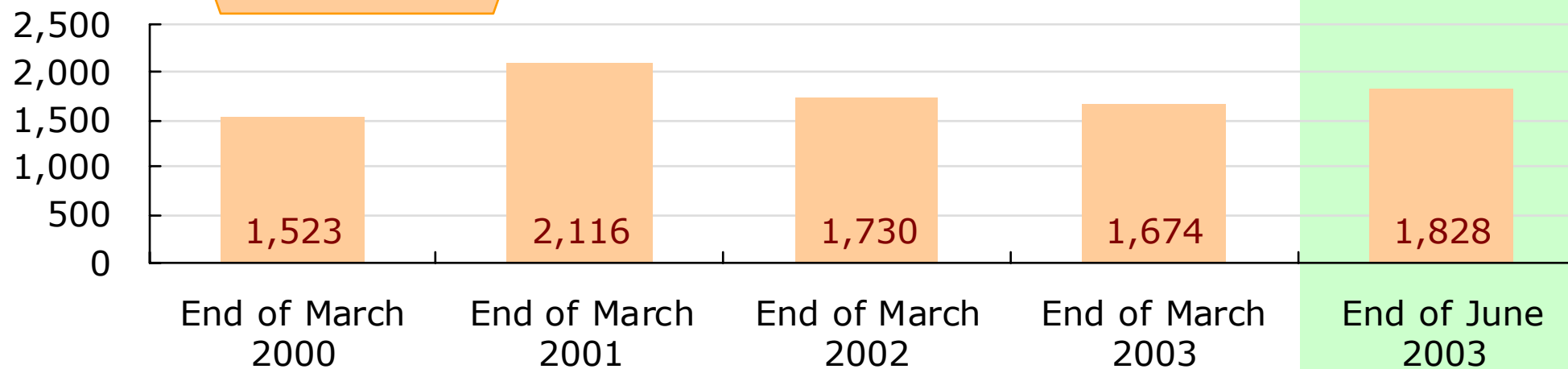
(In hundreds of millions of yen)

Total Assets



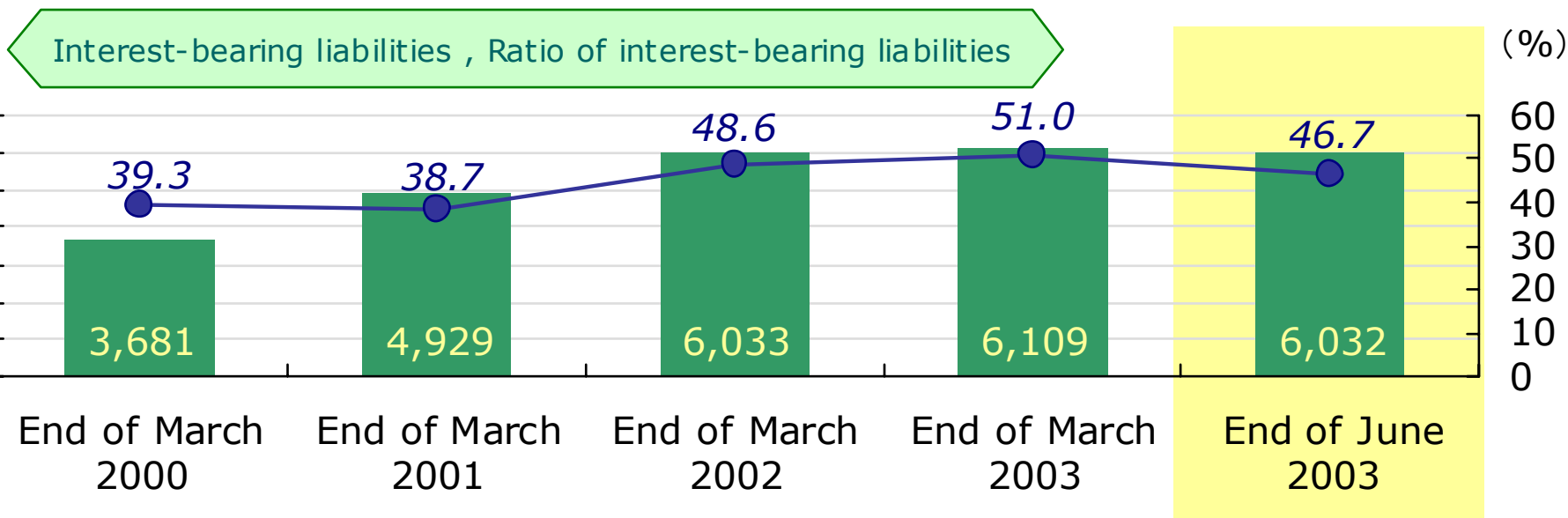
(In hundreds of millions of yen)

Inventories

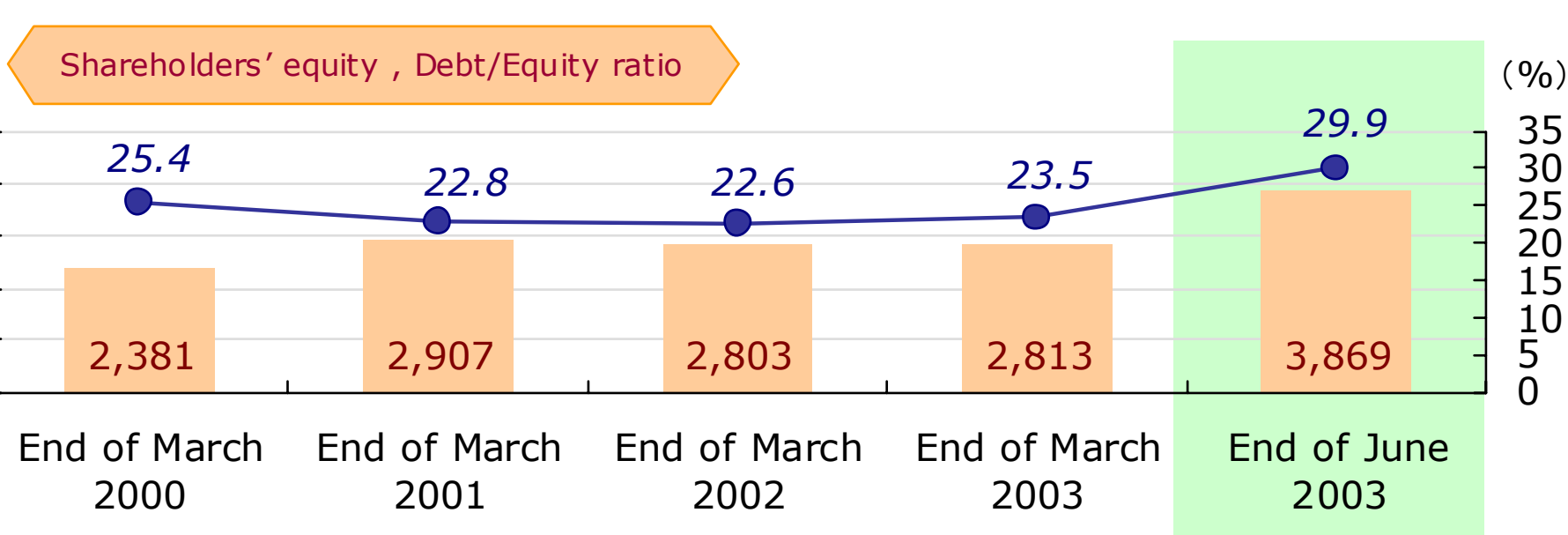


Statistics of Balance Sheet Items

(In hundreds of millions of yen)



(In hundreds of millions of yen)

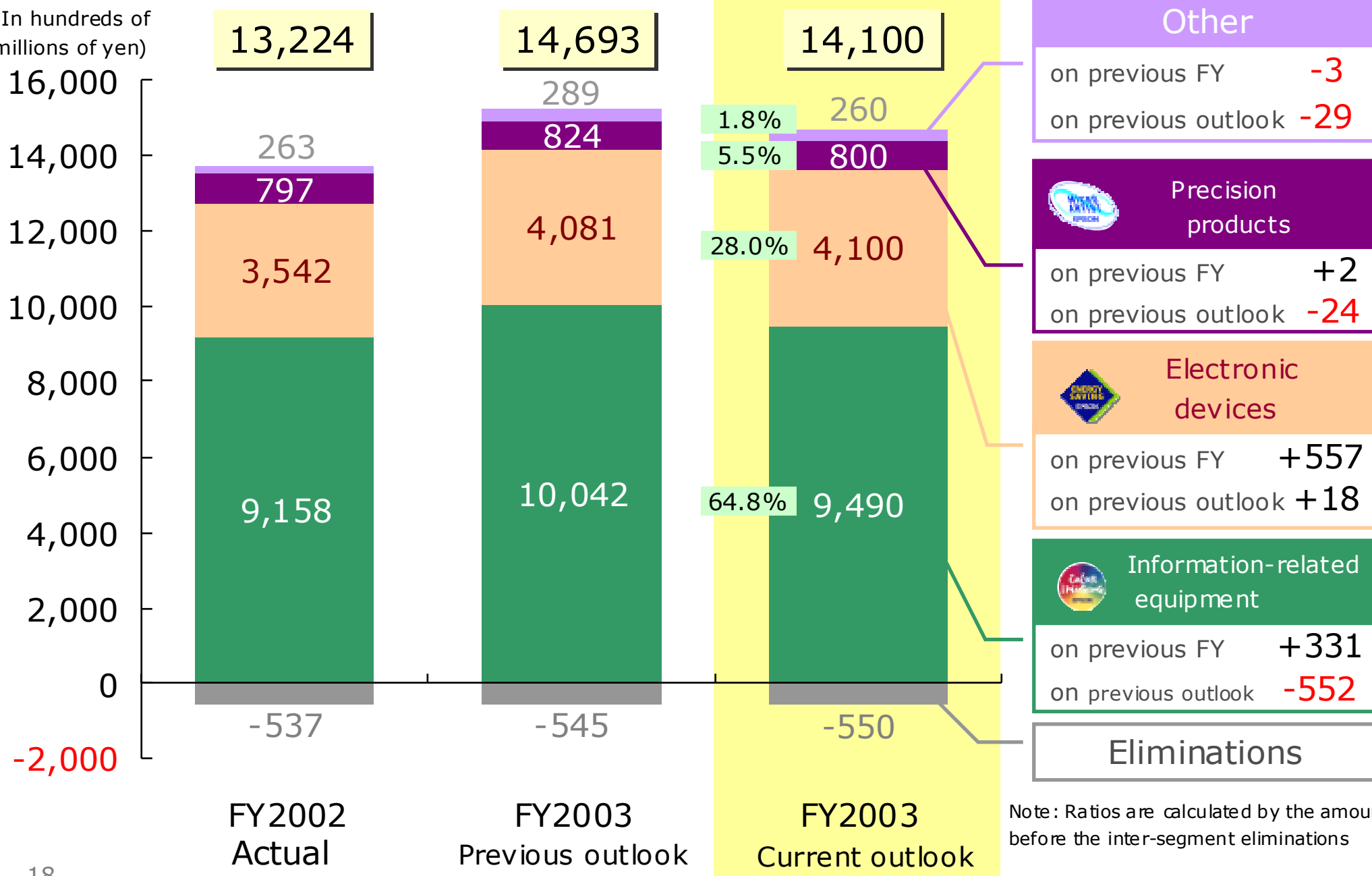


1 FY 2003 First Quarter Financial Results

2 **Business Results Forecast for FY 2003**

Sales Forecast for FY 2003 ▶ By Business Segment

(In hundreds of millions of yen)



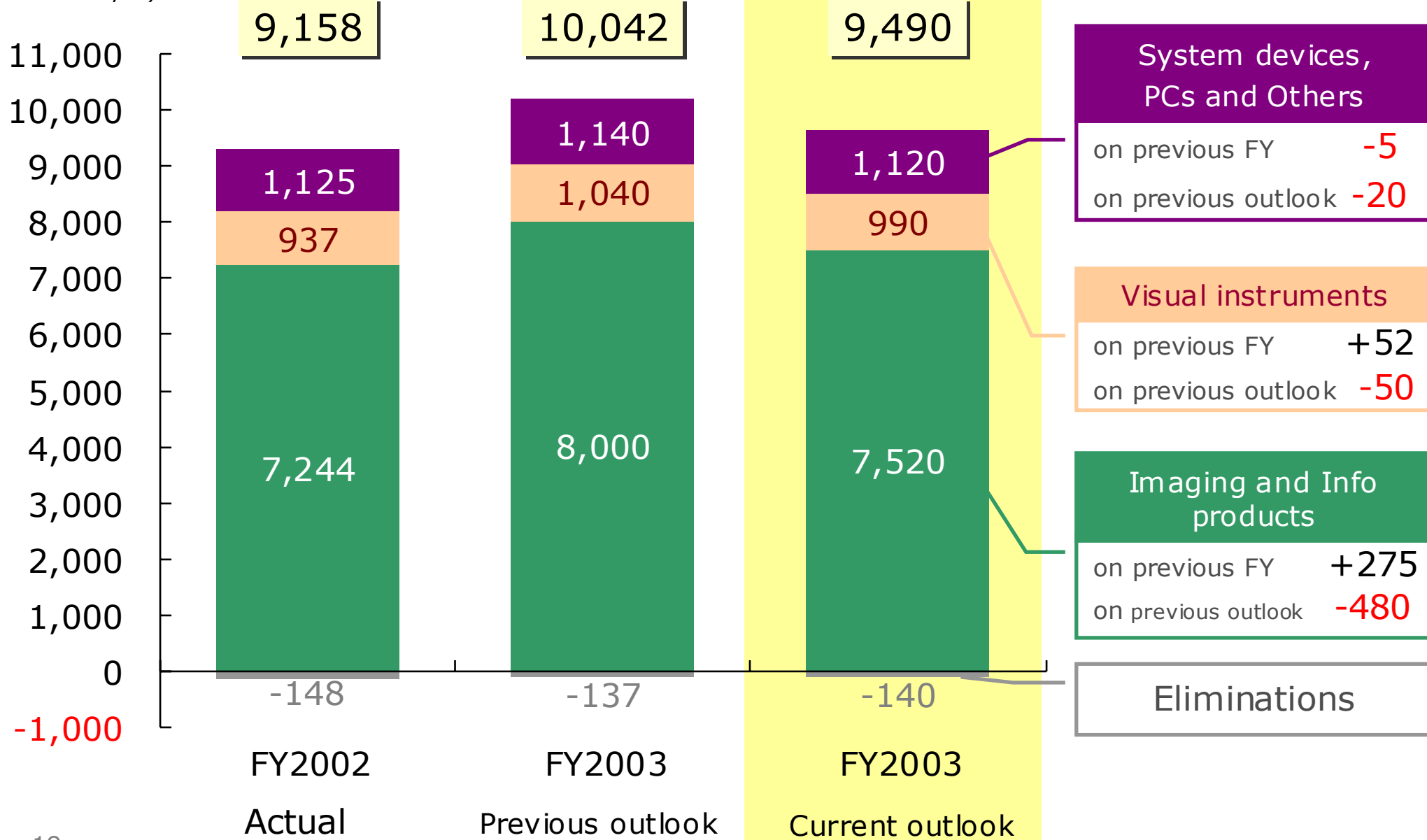
Note: Ratios are calculated by the amount before the inter-segment eliminations

Sales Forecast by Segment



Information-related equipment

(In hundreds of millions of yen)

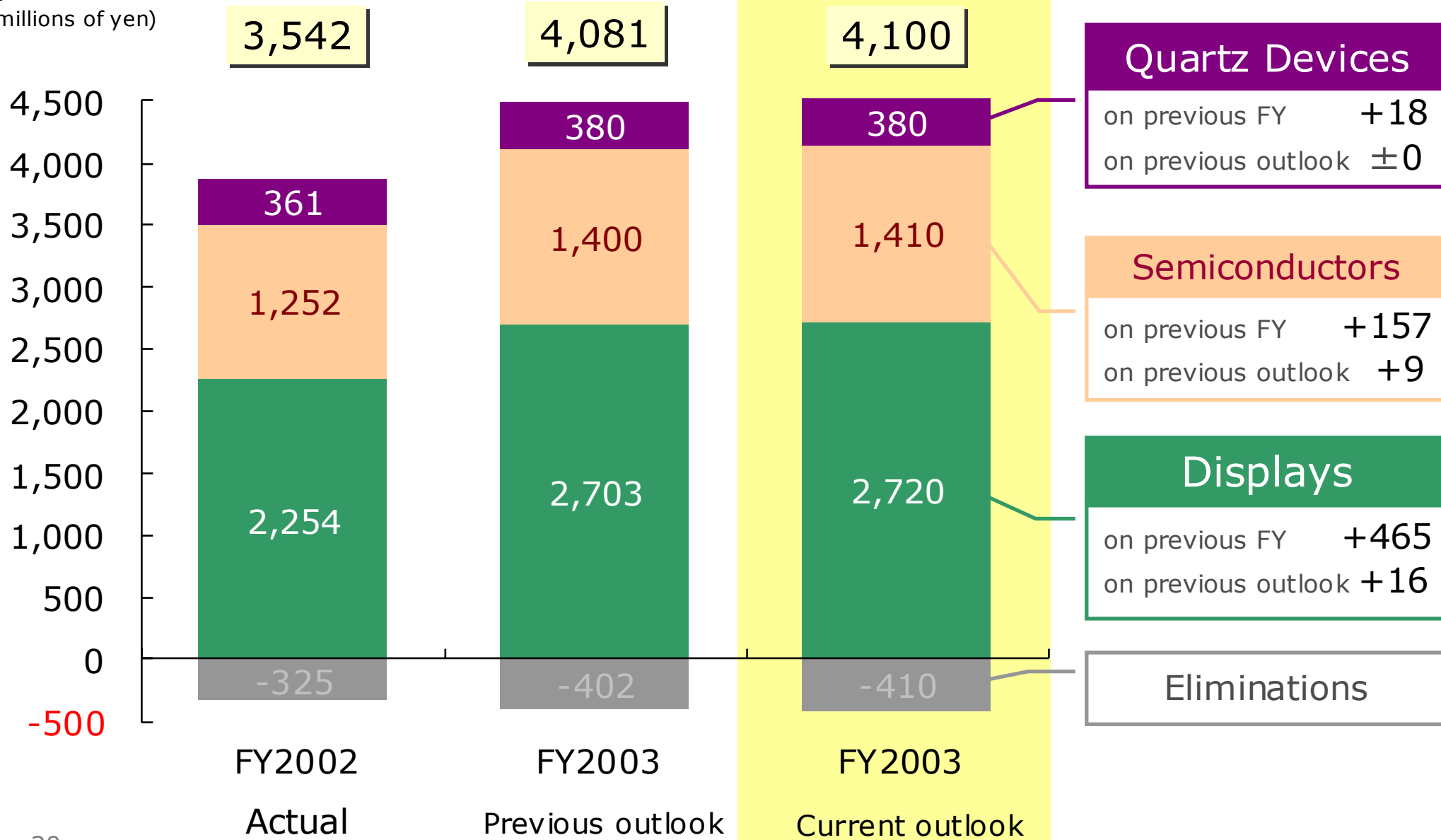


Sales Forecast by Segment



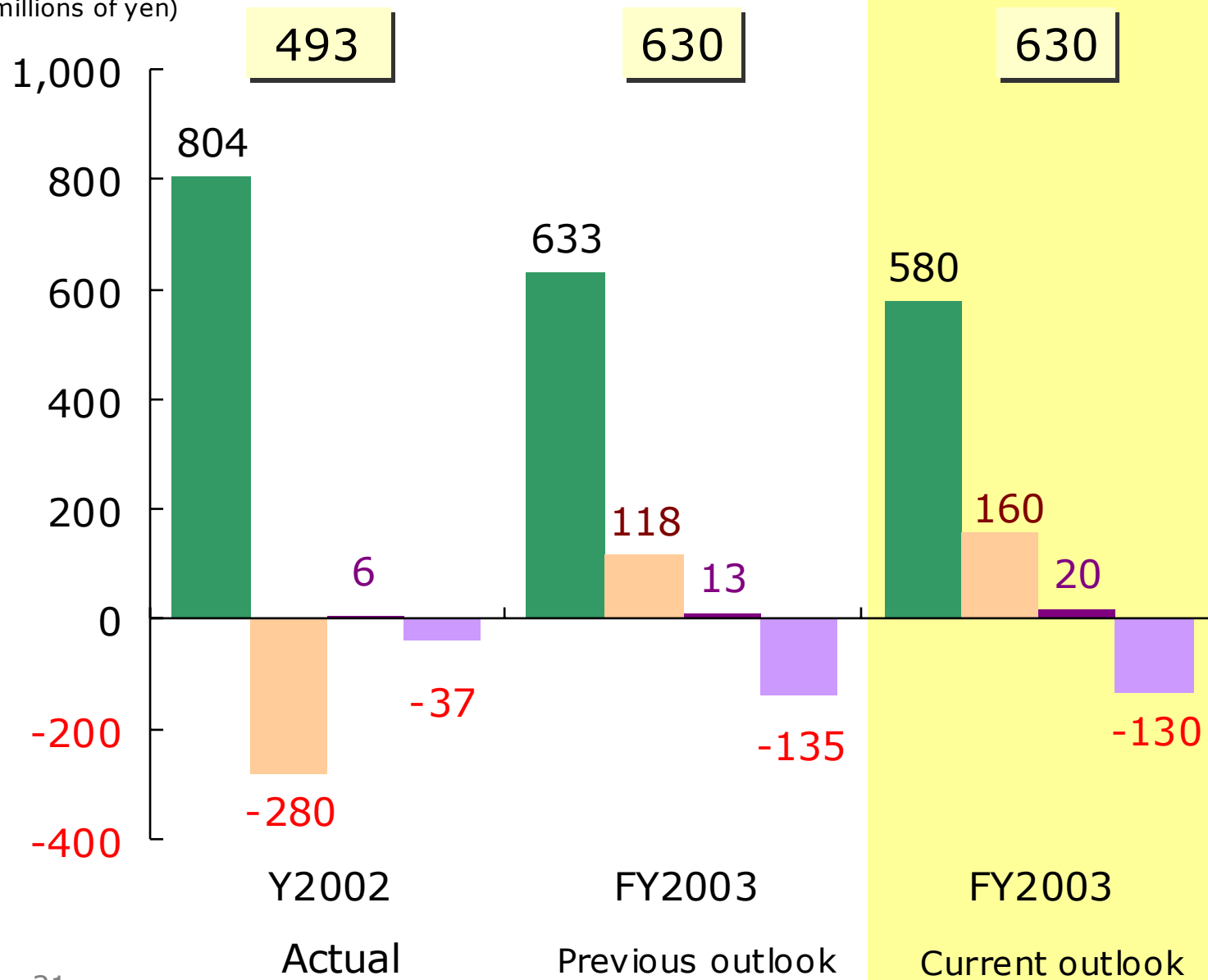
Electronic devices


(In hundreds of millions of yen)




Operating Income Forecast for FY 2003 ▶ By Business Segment

(In hundreds of millions of yen)

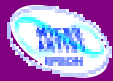


 **Information-related equipment**

on previous FY **-224**
on previous outlook **-53**

 **Electronic devices**

on previous FY **+440**
on previous outlook **+41**

 **Precision products**

on previous FY **+13**
on previous outlook **+6**

Other

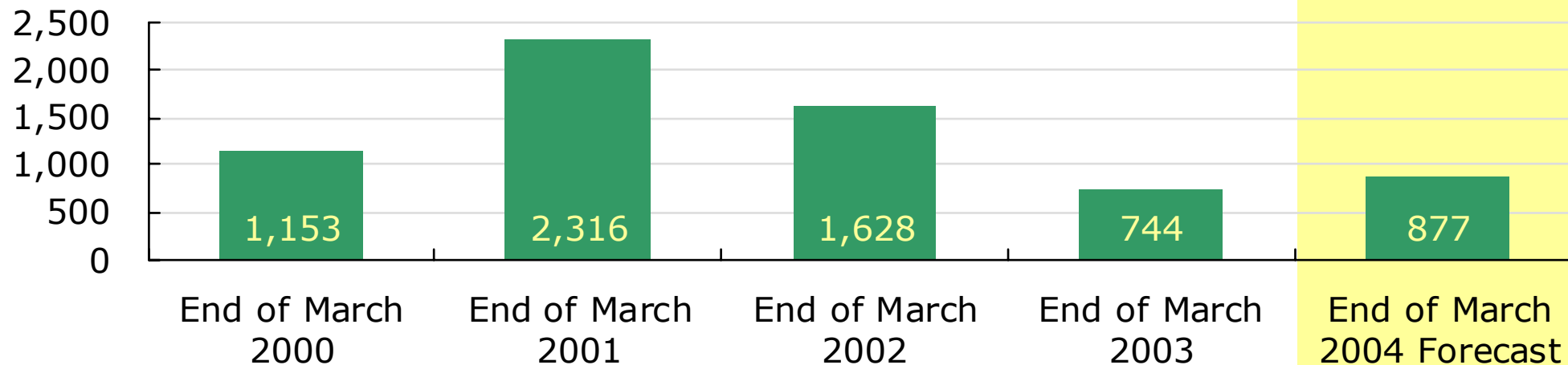
on previous FY **-92**
on previous outlook **+5**

Capital Expenditures , Depreciation and Amortization Expenses Forecast for FY 2003

(In hundreds of millions of yen)

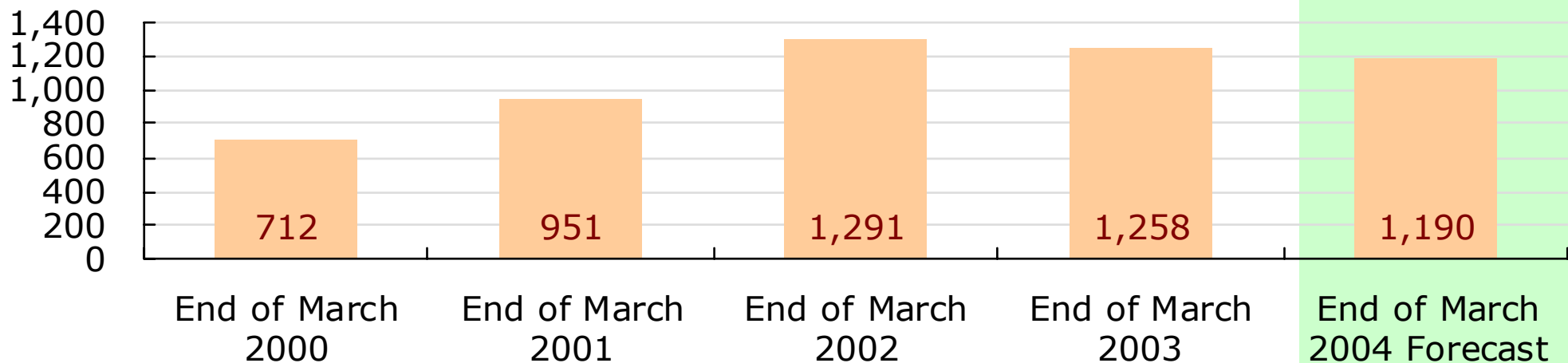
Capital expenditures

Note: Capital expenditures includes tangible fixed assets, software and land lease rights.



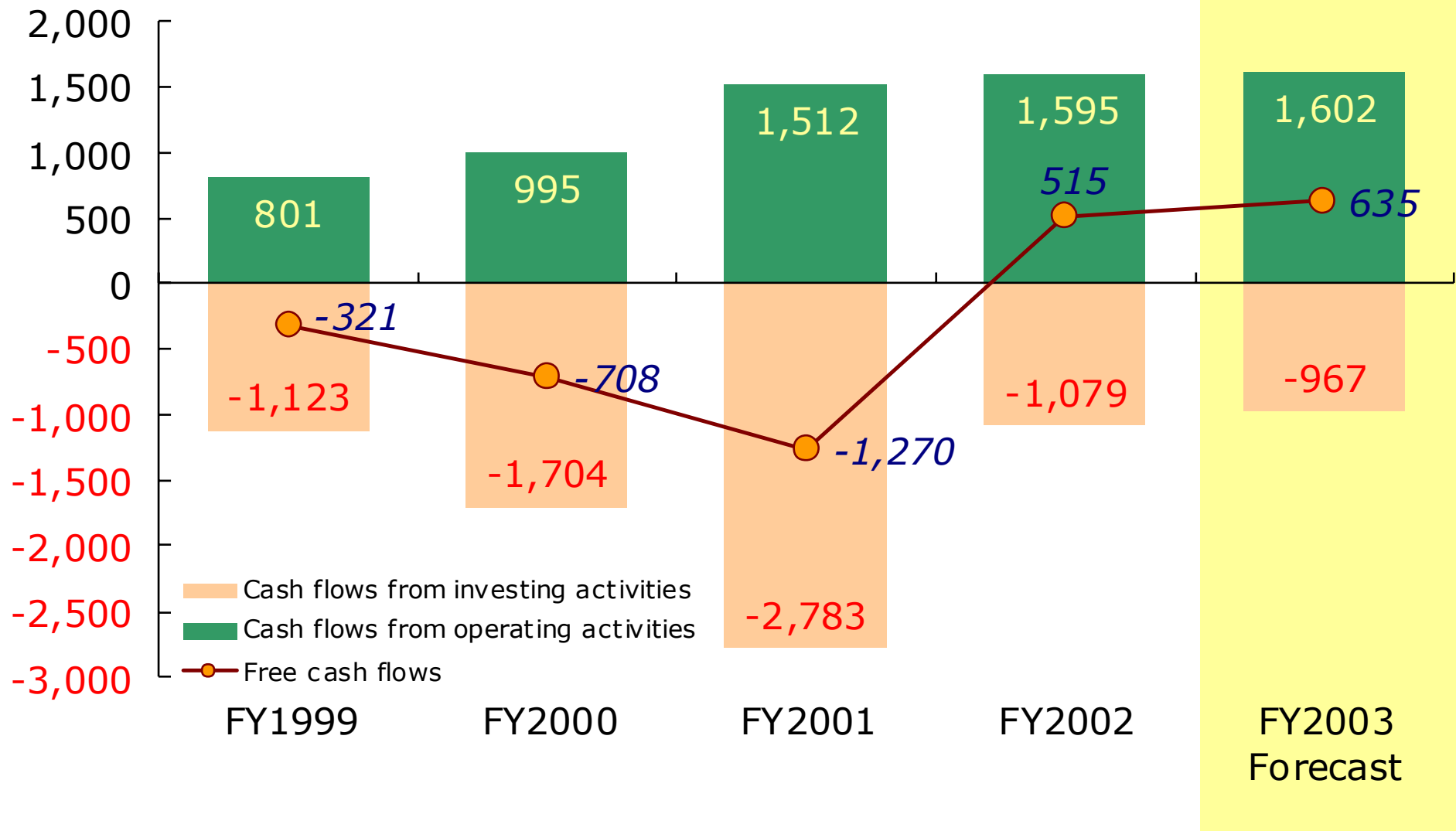
(In hundreds of millions of yen)

Depreciation and Amortization Expenses

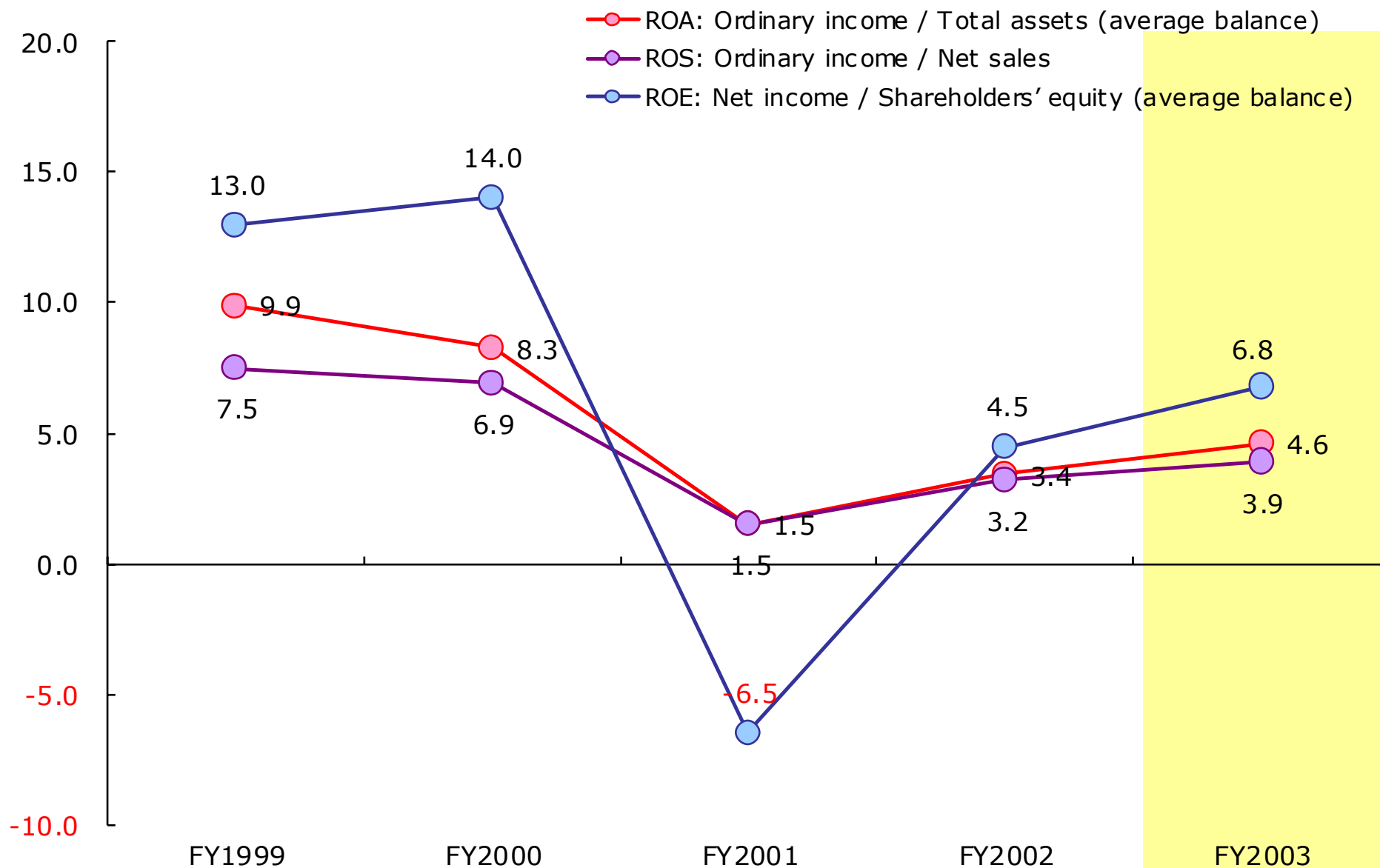


Free Cash Flows Forecast for FY 2003

(In hundreds of millions of yen)



Statistics of Main Management Indices



EPSON
