

First-Quarter Financial Results  
Fiscal Year 2004  
(ending March 2005)

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July 27, 2004

**SEIKO EPSON CORPORATION**

# Disclaimer

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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 second 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.

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**1** FY2004 First-Quarter Financial Results

**2** FY2004 Business Outlook

# First-Quarter Financial Highlights

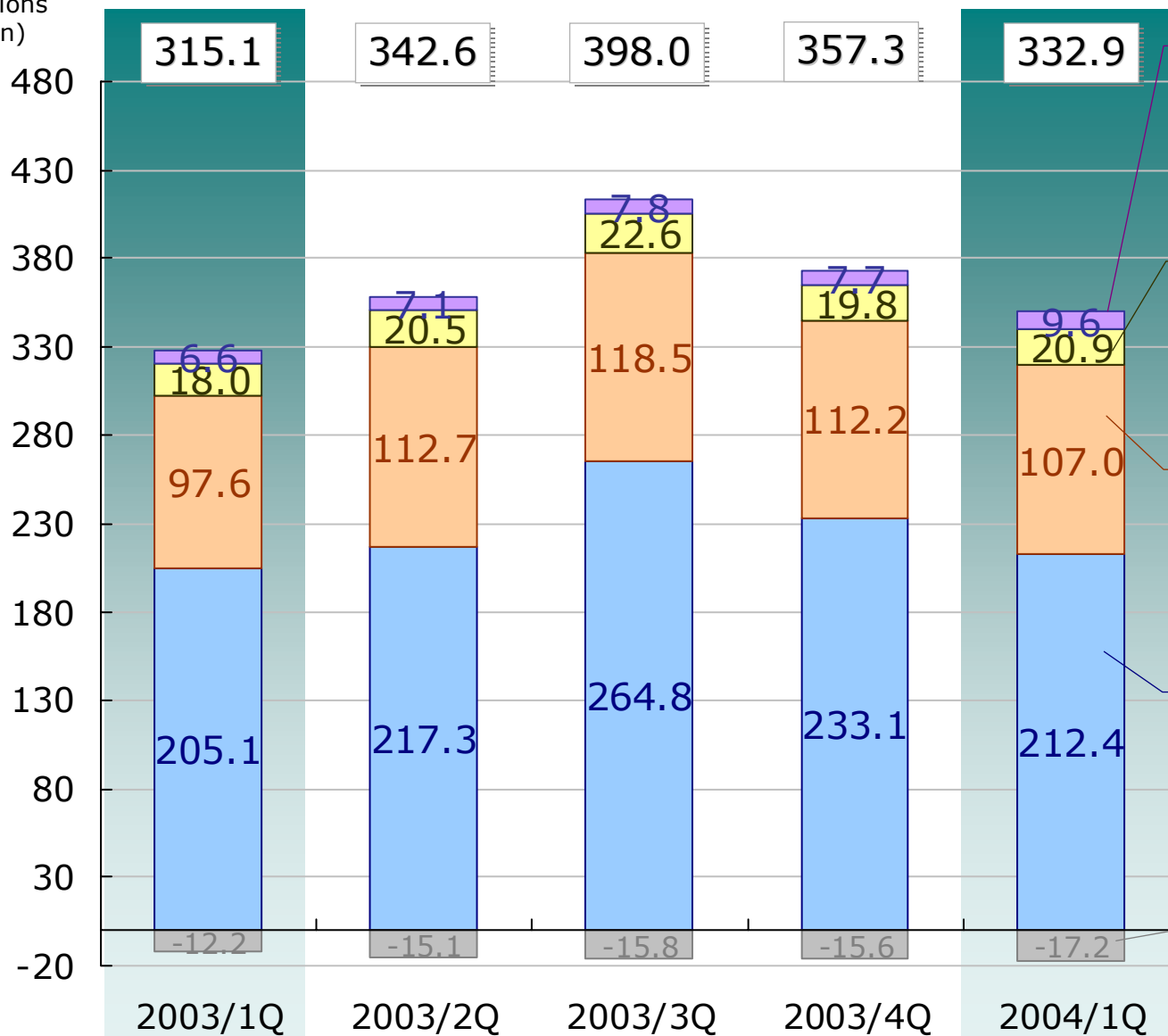
## ► Year-on-year comparison

In billions of yen		FY2003		FY2004		Increase/decrease	
		1QActual	%/sales	1QActual	%/sales	Amount	% change
Net Sales		315.1	-	332.9	-	+17.7	+5.6%
Operating Income		14.2	4.5%	32.7	9.8%	+18.5	+130.2%
Ordinary Income		12.8	4.1%	31.6	9.5%	+18.7	+145.9%
Net Income before income taxes		12.2	3.9%	29.3	8.8%	+17.0	+139.1%
Net Income		5.9	1.9%	17.6	5.3%	+11.6	+195.1%
EPS		38.62 yen	38.57 yen	89.67 yen			
Exchange rates	USD	118.50 yen	Amount after adjustment of potential stocks	109.77 yen			
	EUR	134.66 yen		132.28 yen			

# Quarterly Sales

## ► By business segment

(In billions of yen)



**Other**  
Versus the year-ago period **+3.0**

**Precision instruments**  
Versus the year-ago period **+2.8**

**Electronic devices**  
Versus the year-ago period **+9.4**

**Information-related equipment**  
Versus the year-ago period **+7.3**

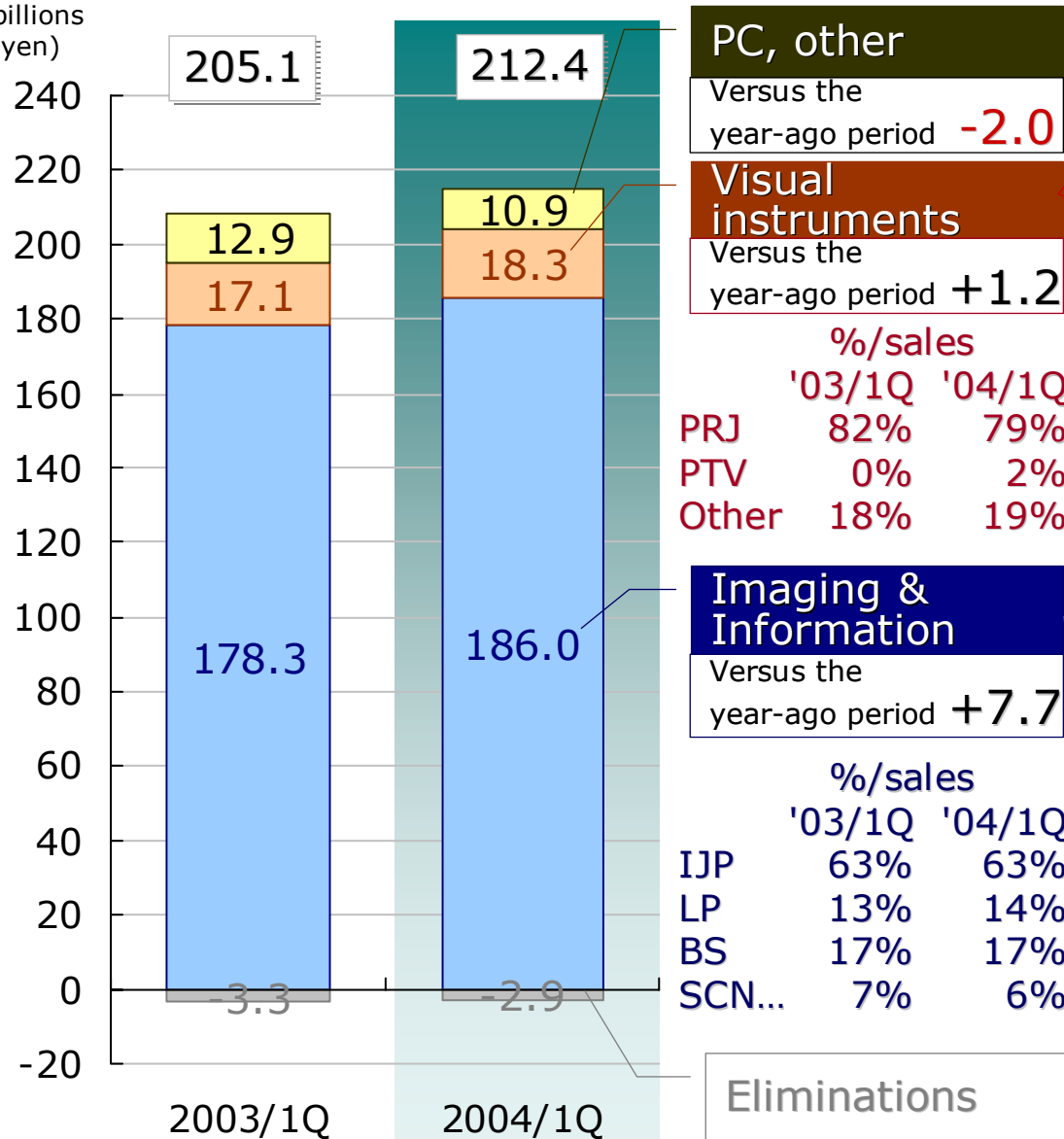
**Eliminations**

# Quarterly Sales

## Information-related equipment



(In billions of yen)



● Front-projector: Impacted by shift to low-priced units, but grew on higher home-projector volumes in Japan & Europe.

- IJP: Grew, as higher MFP volume made up for lower SFP volume.
- LP: Surged due to higher consumables volume.
- BS: Grew due to strength in TMs for POS.
- SCN: Dropped sharply on declining demand brought about by MFP growth.

※ IJP: Inkjet printer  
 SFP: Single-function printer  
 MFP: Multifunction printer  
 LP: Laser printer  
 BS: Business system  
 POS: Point of sales  
 TM: Terminal module  
 SCN: Scanner  
 PRJ: Projector  
 PTV: LCD Projection TV

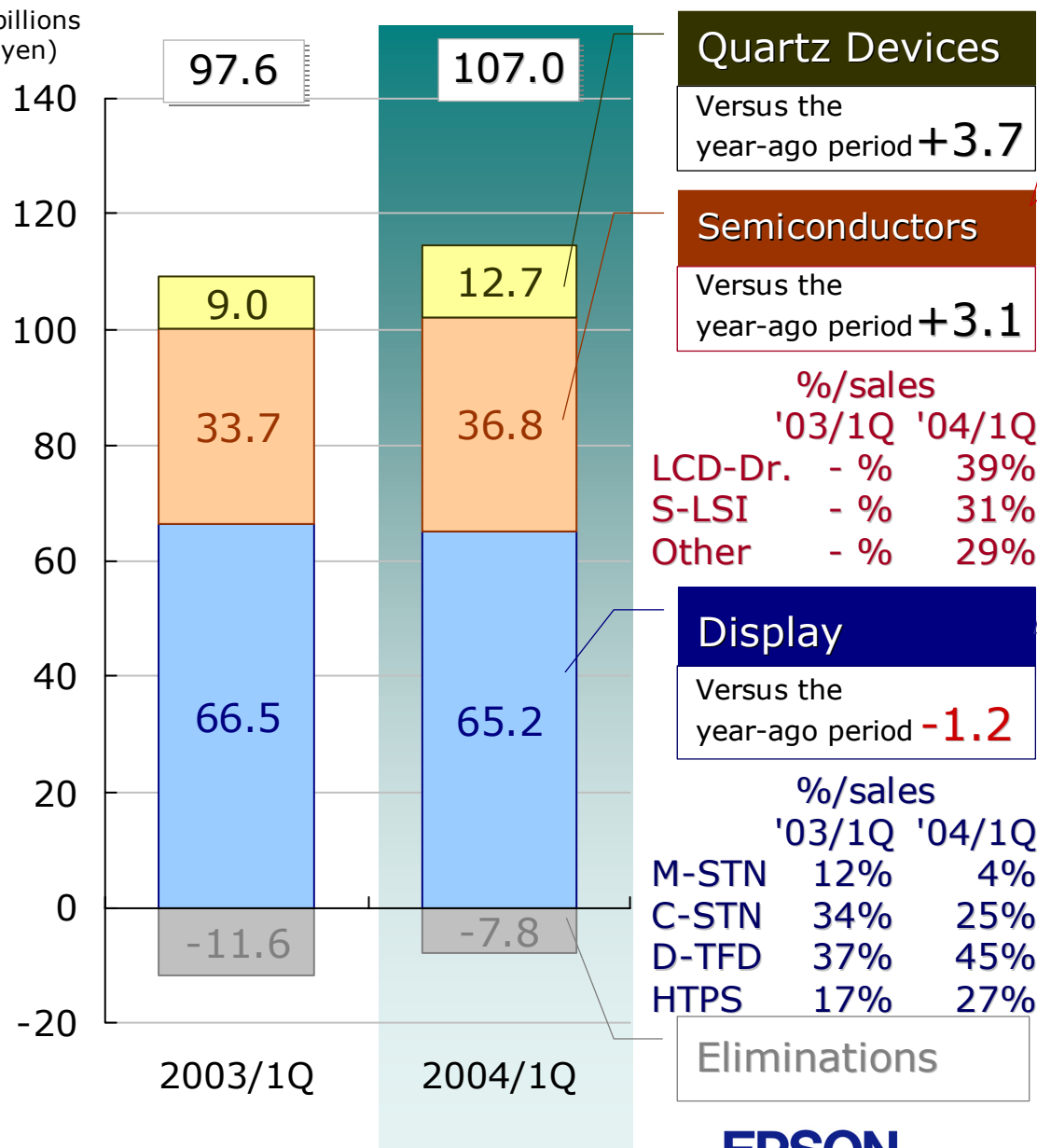


# Quarterly Sales

## ▶ Electronic devices



(In billions of yen)



- LCD-Dr: Declined due to falling unit prices, despite increased volume.
- S-LSI: Surged on high demand for MGEs for camera-phones and other feature-rich mobile phones.

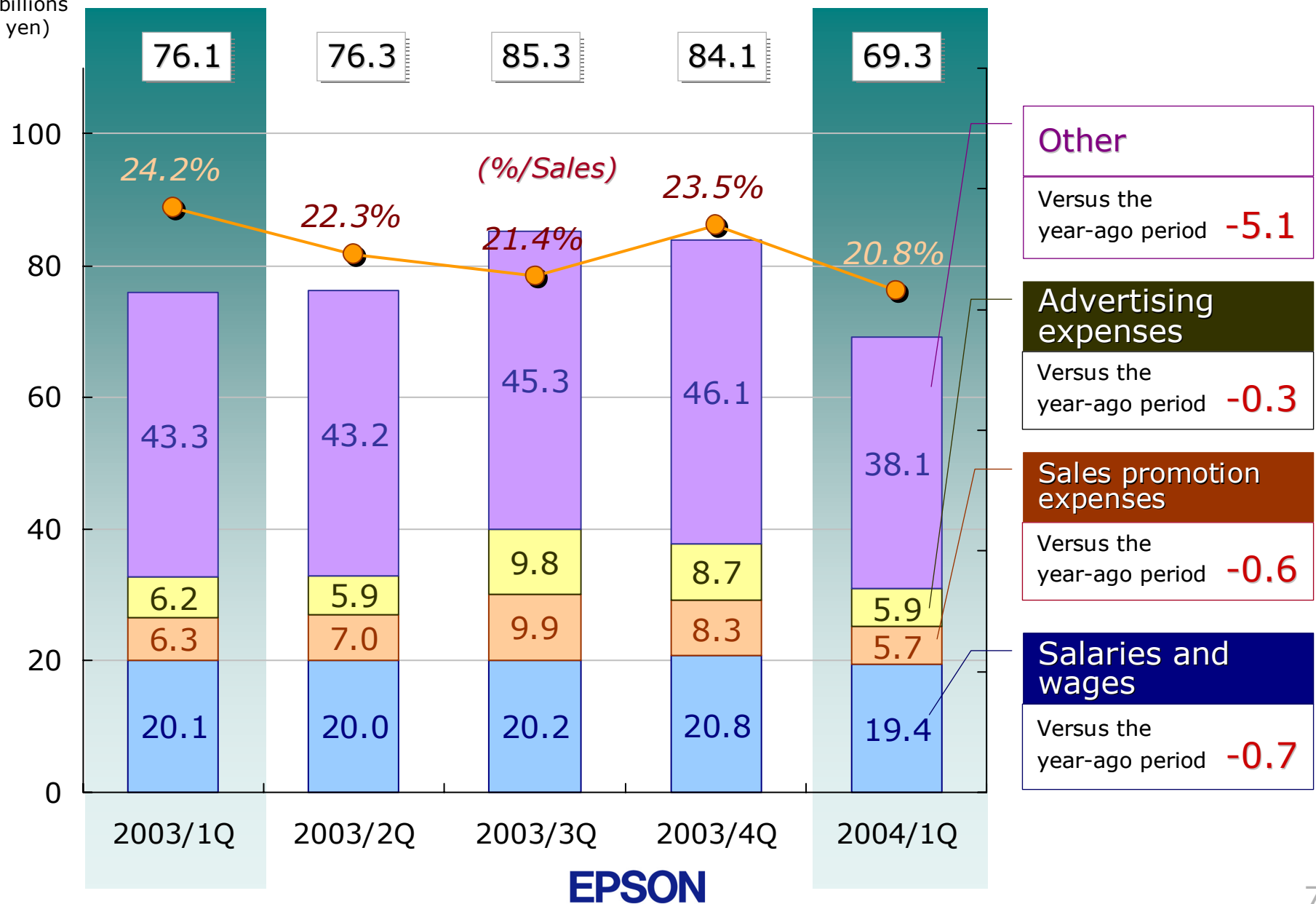
- STN: Dropped due to production cut-backs in monochrome and intensified price competition in color.
- D-TFD: Surged on demand for active color panels on mobile phones.
- HTPS: Surged due to strong projector market.

※ M-STN: Monochrome STN  
 C-STN: Color STN  
 D-TFD: Digital thin-film diode  
 HTPS: High-temperature poly-Si TFT  
 LCD-Dr: LCD driver  
 S-LSI: System LSI  
 MGE: Mobile Graphics Engine



# Quarterly Selling, General and Administrative Expenses

(In billions of yen)

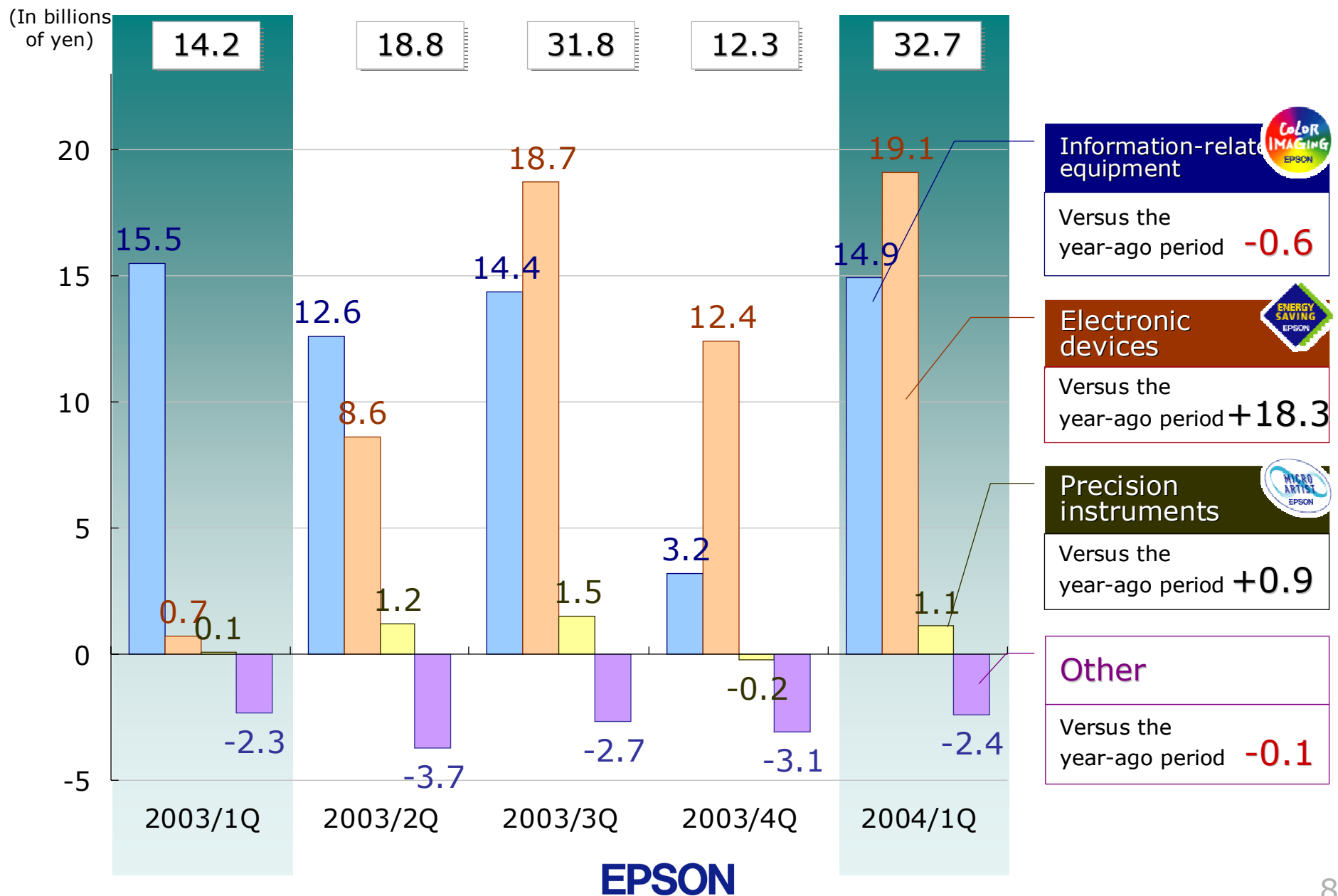


**EPSON**



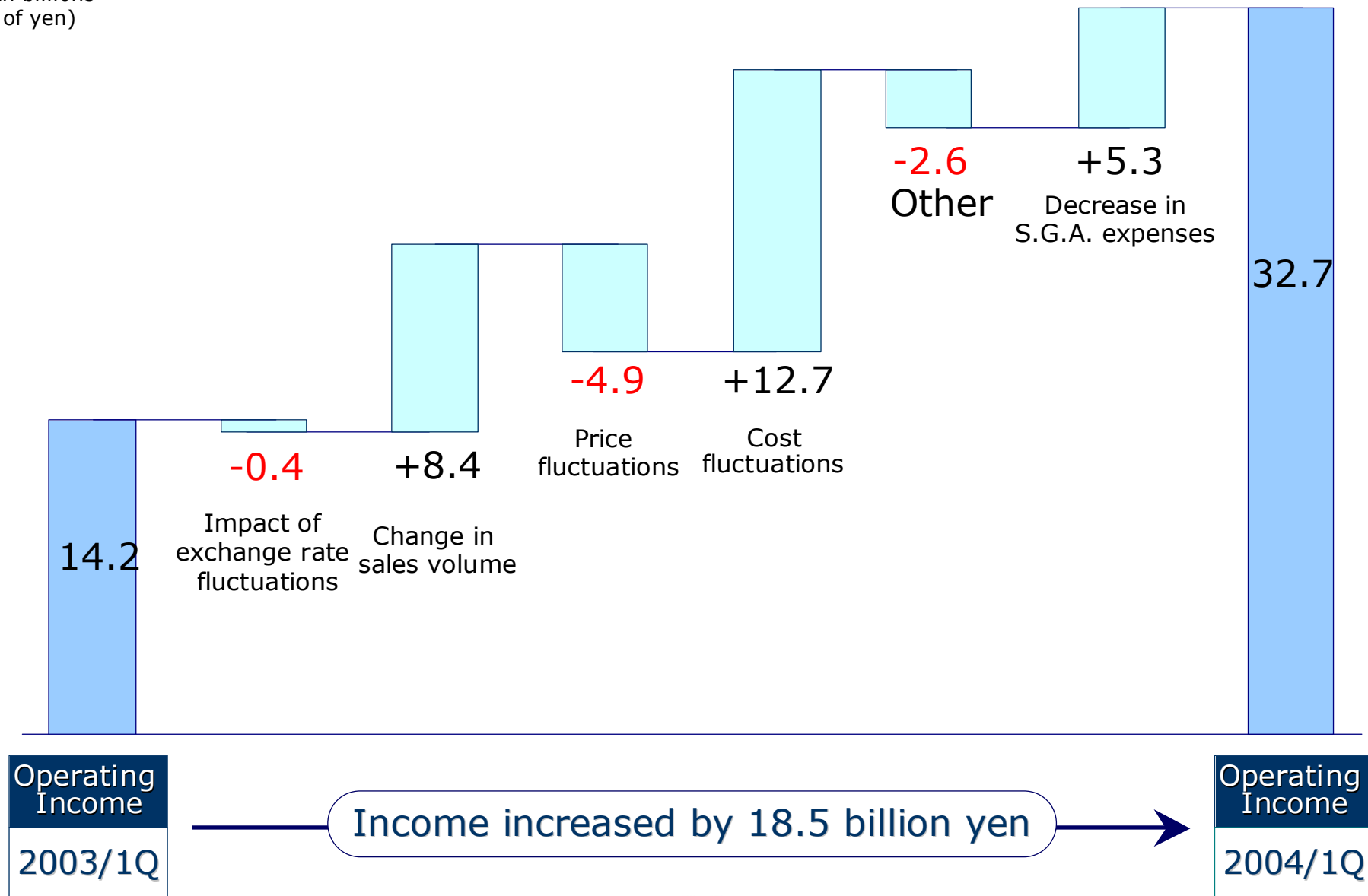
# Quarterly Operating Income

## ► By business segment



# Operating Income Fluctuation Cause Analysis

(In billions of yen)

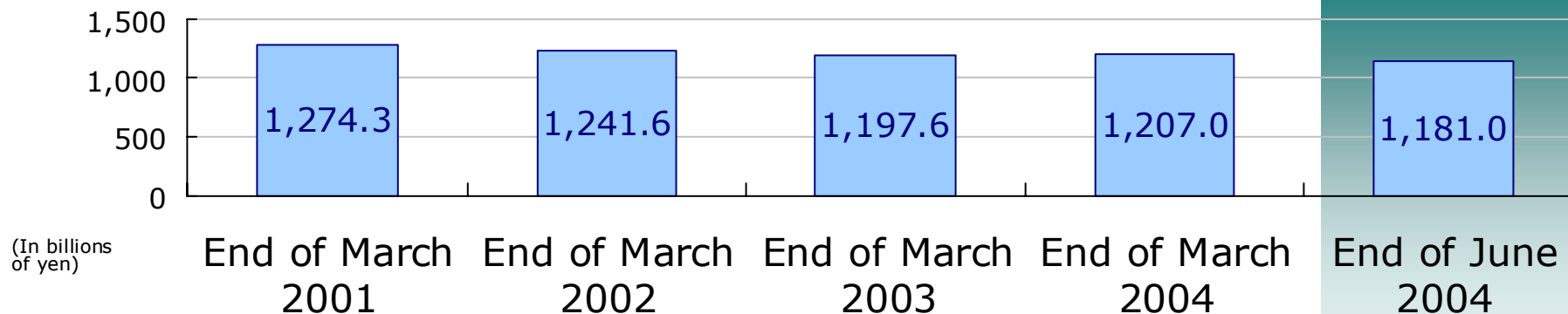


Income increased by 18.5 billion yen

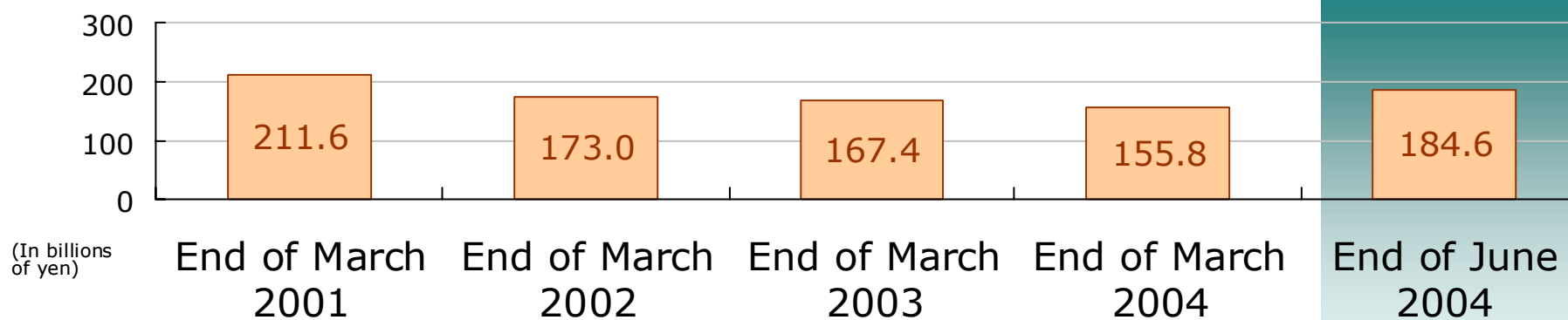
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# Statistics of Balance Sheet Items

## Total Assets

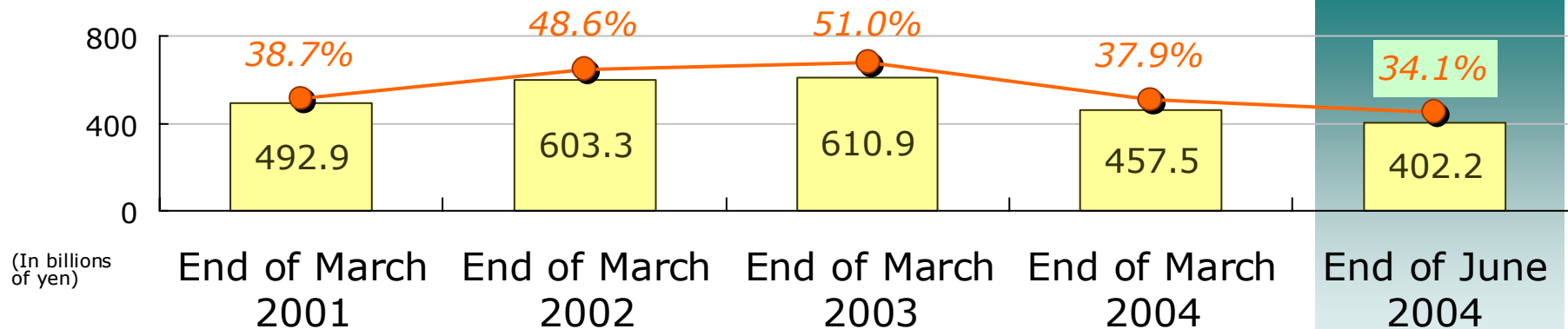


## Inventories

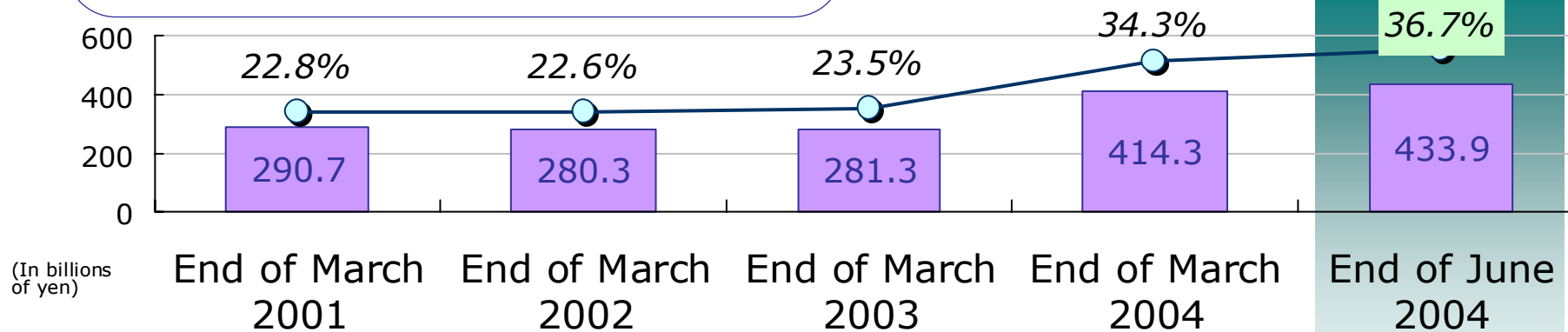


# Statistics of Balance Sheet Items

## Interest-bearing liabilities & ratio of interest-bearing liabilities



## Shareholders' equity & equity ratio



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FY2004 First-Quarter Financial Results

2

FY2004 Business Outlook

### Outlook announced on July 5

- First half: April 27 outlook revised
- Second half: April 27 unchanged

### Current Outlook

- First half: July 5 outlook revised
- Second half: July 5 (April 27) outlook revised to reflect SEID outlook and increase in capital expenditures

# FY2004 Business Outlook

## ► Year-on-year comparison

In billions of yen	FY2003		FY2004		Increase/decrease	
	Actual	%/sales	Current Outlook	%/sales	Amount	% change
Net Sales	1,413.2	-	1,557.0	-	+143.7	+10.2%
Operating Income	77.4	5.5%	117.0	7.5%	+39.5	+51.2%
Ordinary Income	73.6	5.2%	113.0	7.3%	+39.3	+53.3%
Net Income before income taxes	65.0	4.6%	108.0	6.9%	+42.9	+66.0%
Net Income	38.0	2.7%	65.0	4.2%	+26.9	+70.9%
EPS	204.70 <sub>yen</sub>		331.02 <sub>yen</sub>			
Exchange rates	USD	113.07 <sub>yen</sub>	107 <sub>yen</sub>			
	EUR	132.61 <sub>yen</sub>	131 <sub>yen</sub>			

Note: The current outlook includes estimates for Sanyo Epson Imaging Devices (SEID). Sanyo's portion of SEID's estimated nonconsolidated net income has been deducted from Epson's net income figure.

# FY2004 Business Outlook

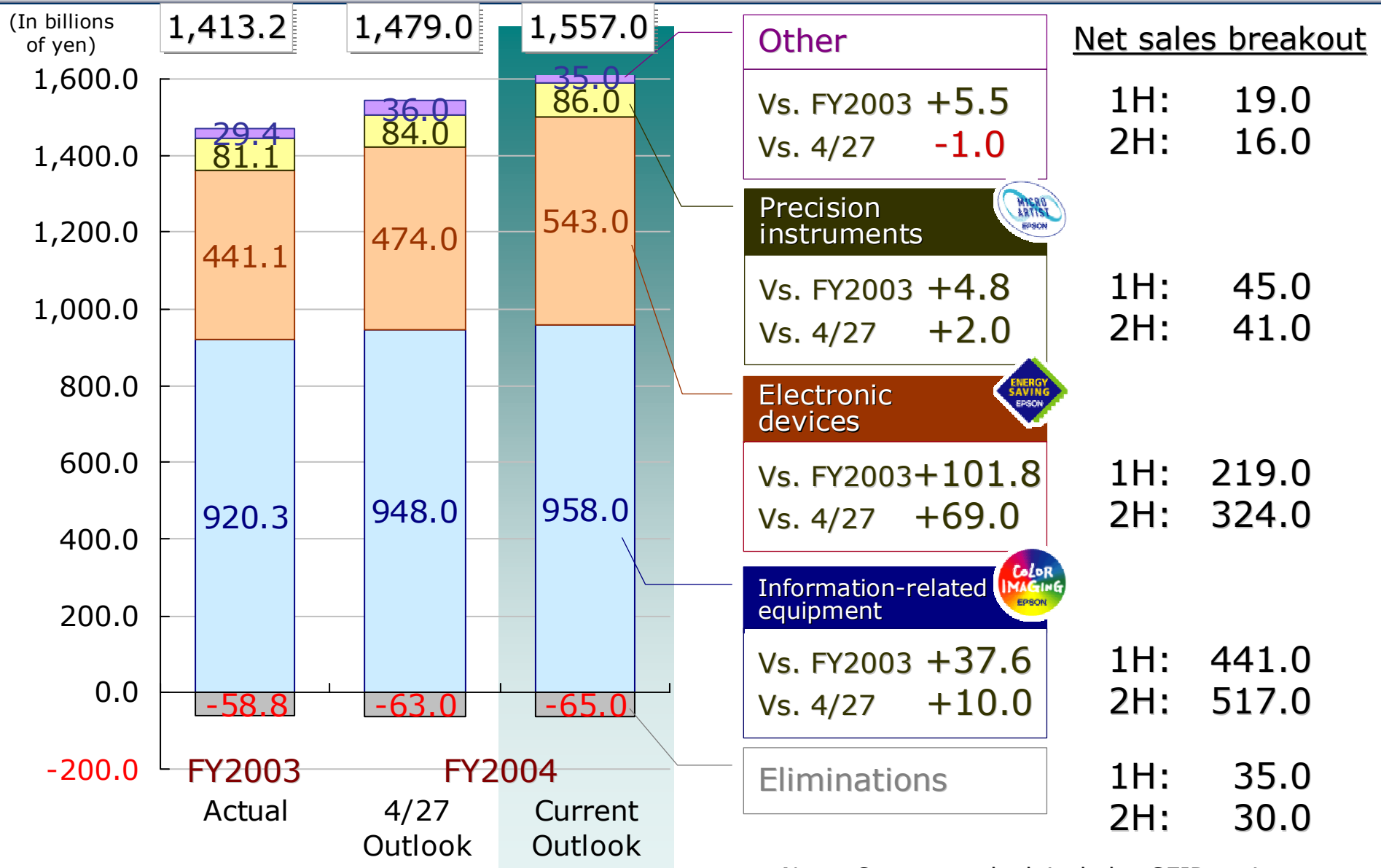
## ► Versus April 27 (initial) outlook

In billions of yen	FY2004		FY2004		Increase/decrease	
	4/27 Outlook	%/sales	Current Outlook	%/sales	Amount	% change
Net Sales	1,479.0	-	1,557.0	-	+78.0	+5.3%
Operating Income	79.0	5.3%	117.0	7.5%	+38.0	+48.1%
Ordinary Income	75.0	5.1%	113.0	7.3%	+38.0	+50.7%
Net Income before income taxes	72.0	4.9%	108.0	6.9%	+36.0	+50.0%
Net Income	43.0	2.9%	65.0	4.2%	+22.0	+51.2%
EPS	218.98 yen		331.02 yen			
Exchange rates	USD	105.00 yen	107 yen			
	EUR	130.00 yen	131 yen			

Note: The current outlook includes estimates for Sanyo Epson Imaging Devices (SEID). Sanyo's portion of SEID's estimated nonconsolidated net income has been deducted from Epson's net income figure.

# FY2004 Business Outlook

## ► Net sales by business segment



Note: Current outlook includes SEID estimates.

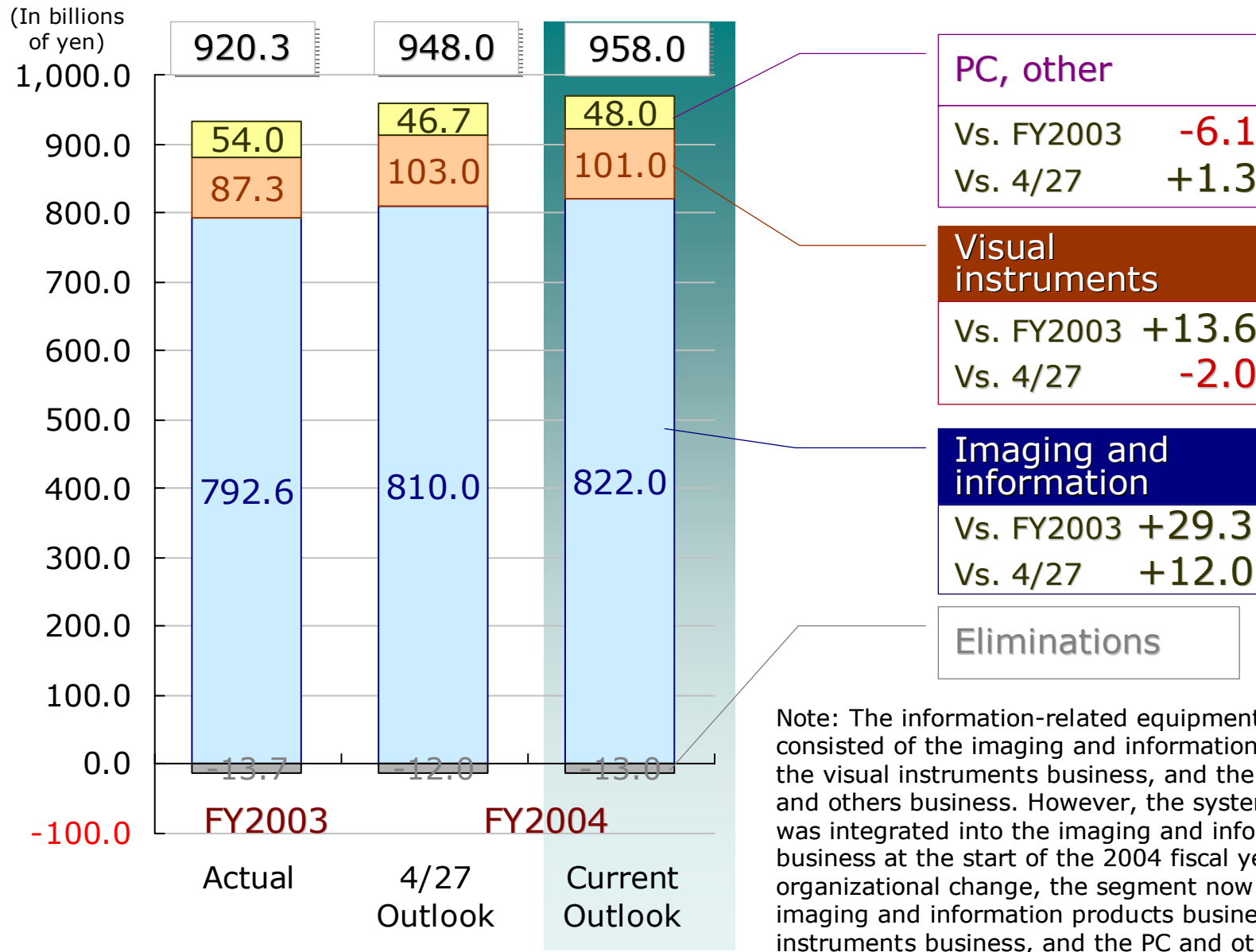




# Sales Outlook by Business



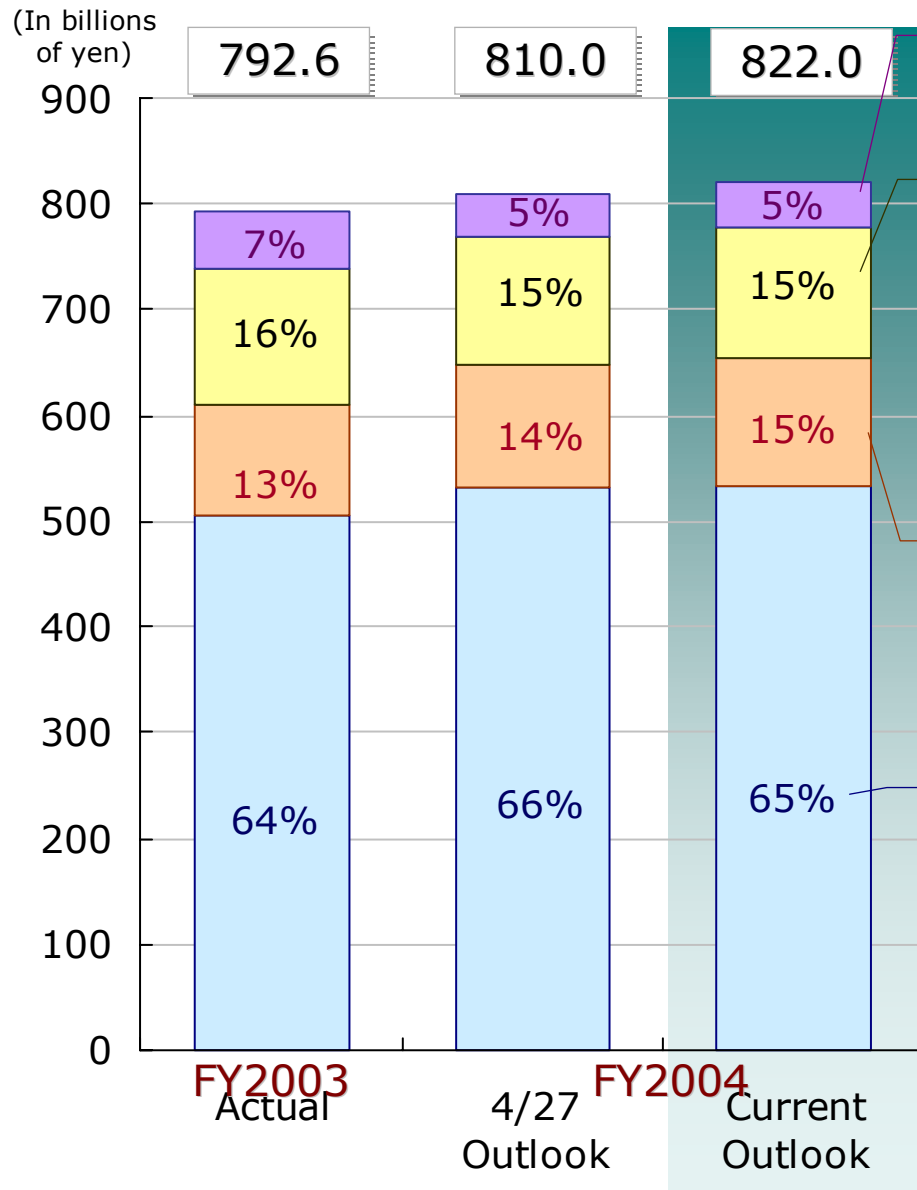
## Information-related equipment segment



Note: The information-related equipment segment formerly consisted of the imaging and information products business, the visual instruments business, and the system device, PC and others business. However, the system device business was integrated into the imaging and information products business at the start of the 2004 fiscal year. With this organizational change, the segment now consists of the imaging and information products business, the visual instruments business, and the PC and others business.

# Sales Outlook by Business

## ► Imaging and information products



**Scanners, other**

Note: "Business systems" includes the former SIDM and system device businesses. FY2003 results were adjusted to reflect this change.

**Business systems**

- Rise in retail chain orders (POS TM)
- Rise in gov't & public agency orders (SIDM)



POS Terminal Module TM-J2100

**Laser printers**

- Color laser trending strong



Color Laser Printer LP-9000C

**Inkjet printers**

- Photo SFPs strong in Americas & Europe
- New product launches on schedule



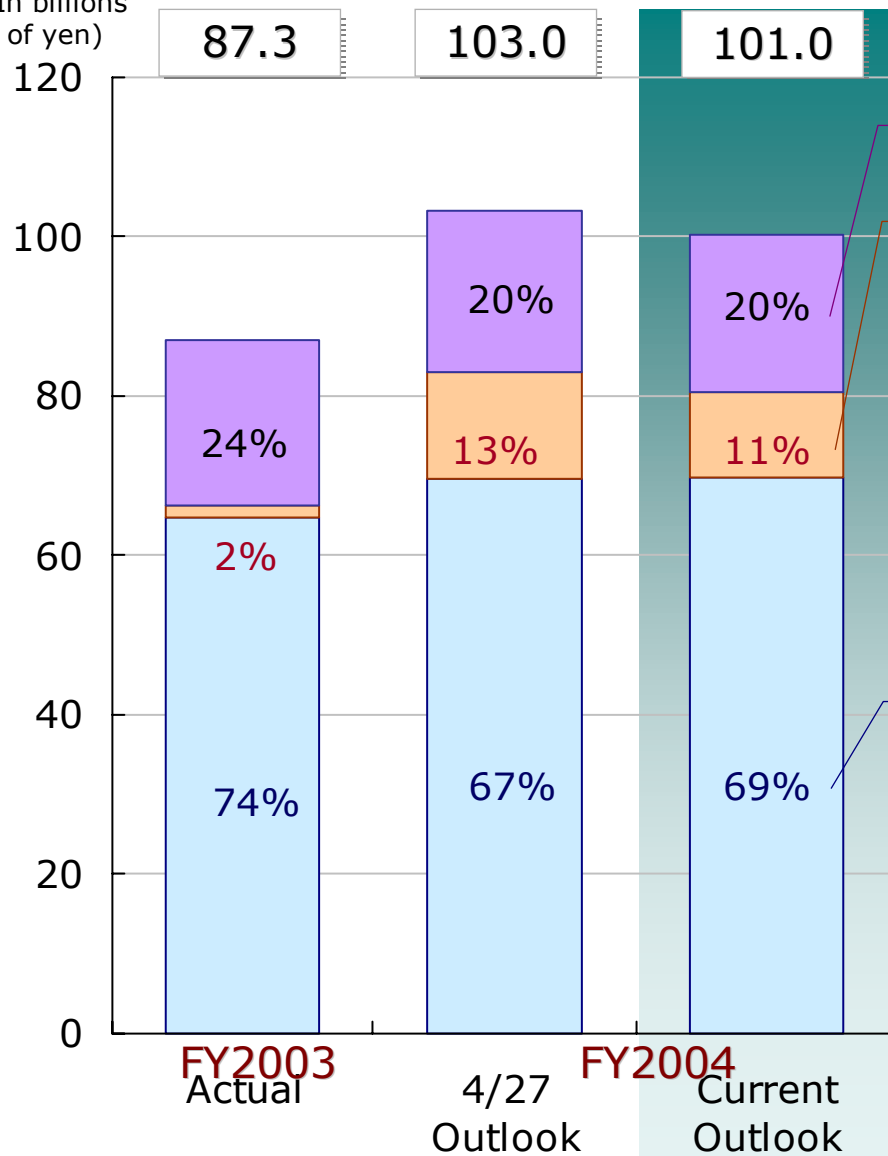
4-color pigment (DURABrite) MFP Stylus CX4600



# Sales Outlook by Business

## ▶ Visual instruments

(In billions of yen)



Other

LCD Projection TV

➤ Focus on raising consumer awareness



Projection TV LIVINGSTATION

Projectors

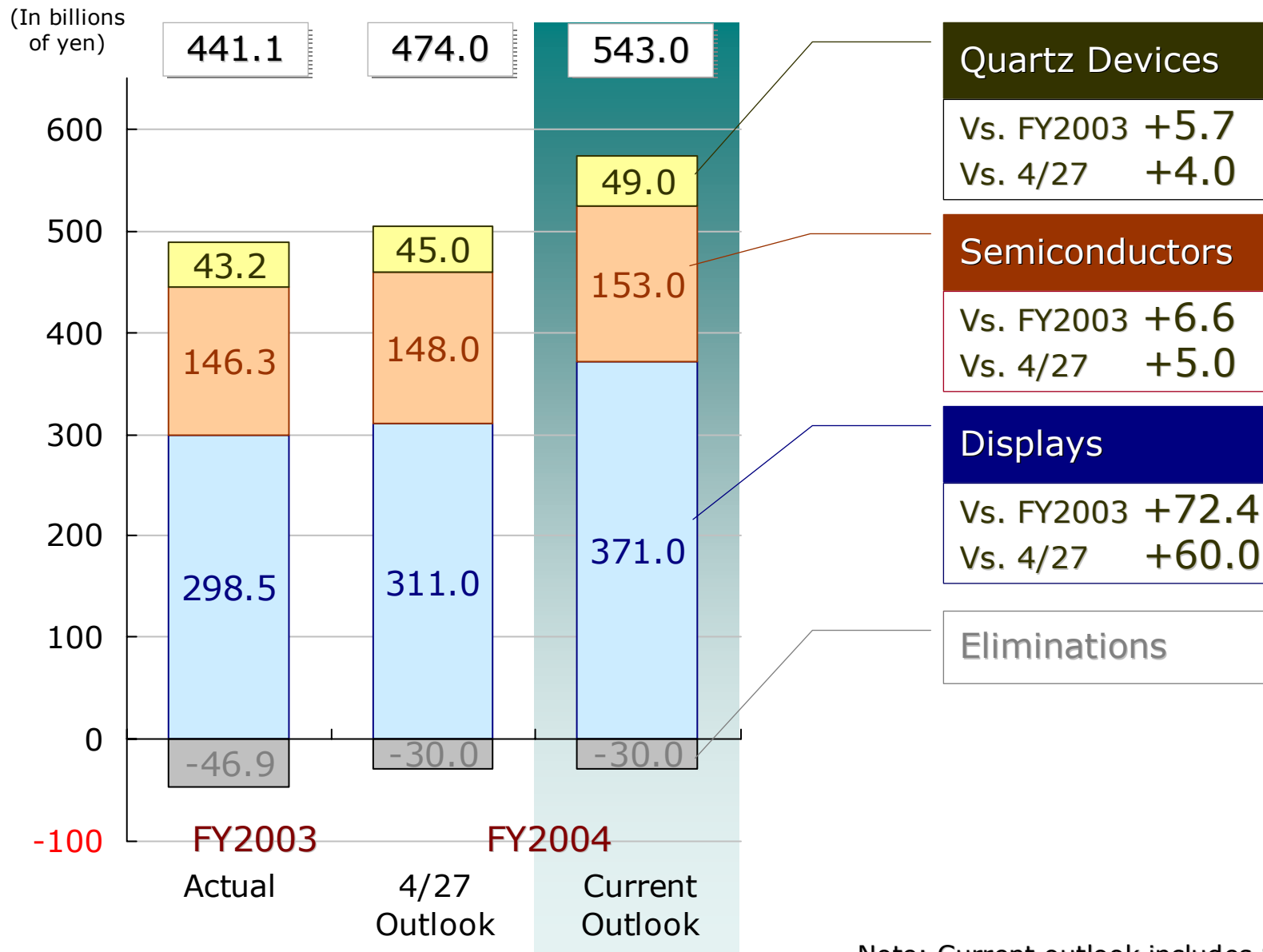
➤ Remain strong as initially forecast



Business Projector EMP-830

# Sales Outlook by Business

## ▶ Electronic device segment

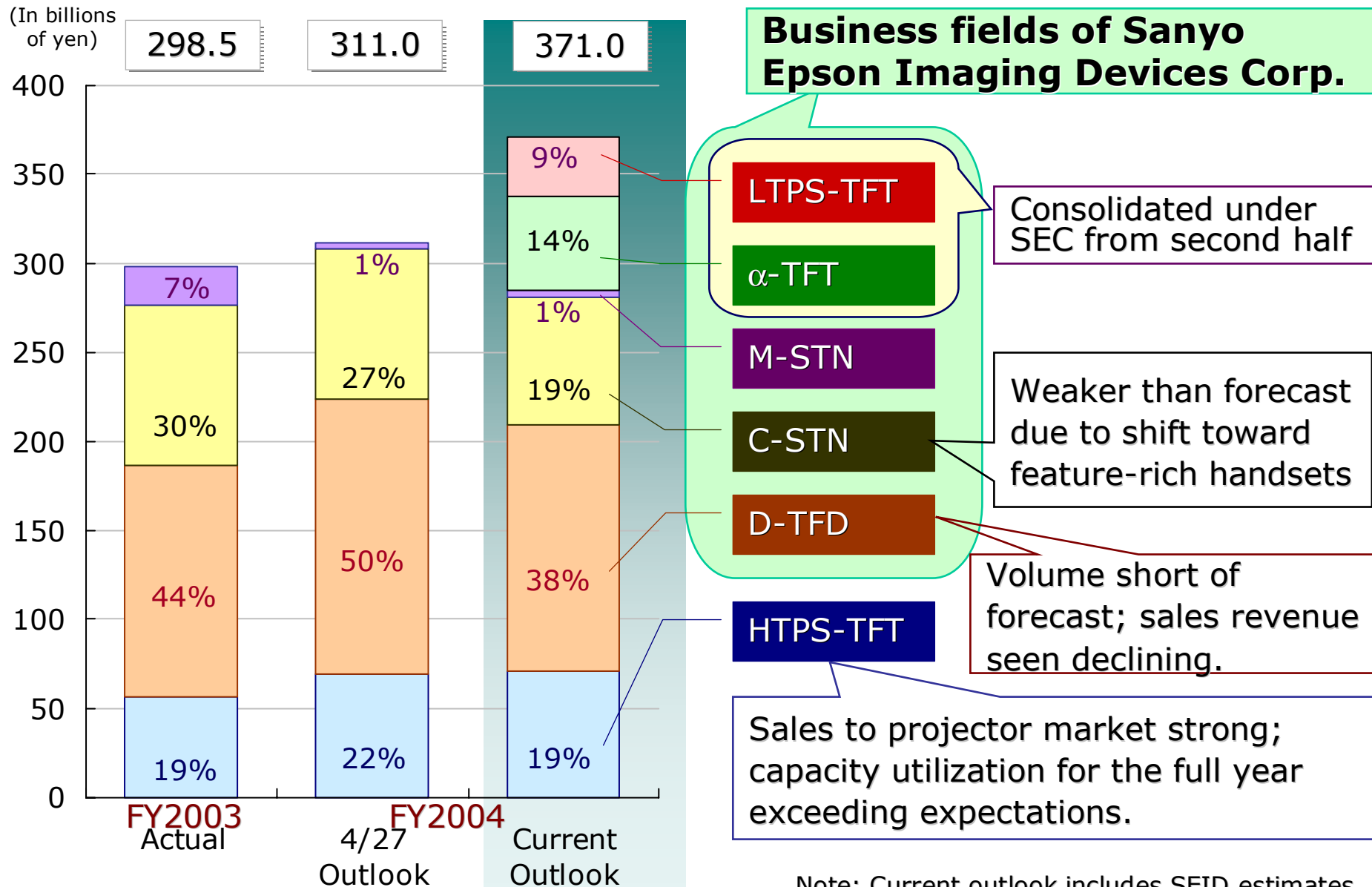


Note: Current outlook includes SEID estimates.



# Sales Outlook by Business

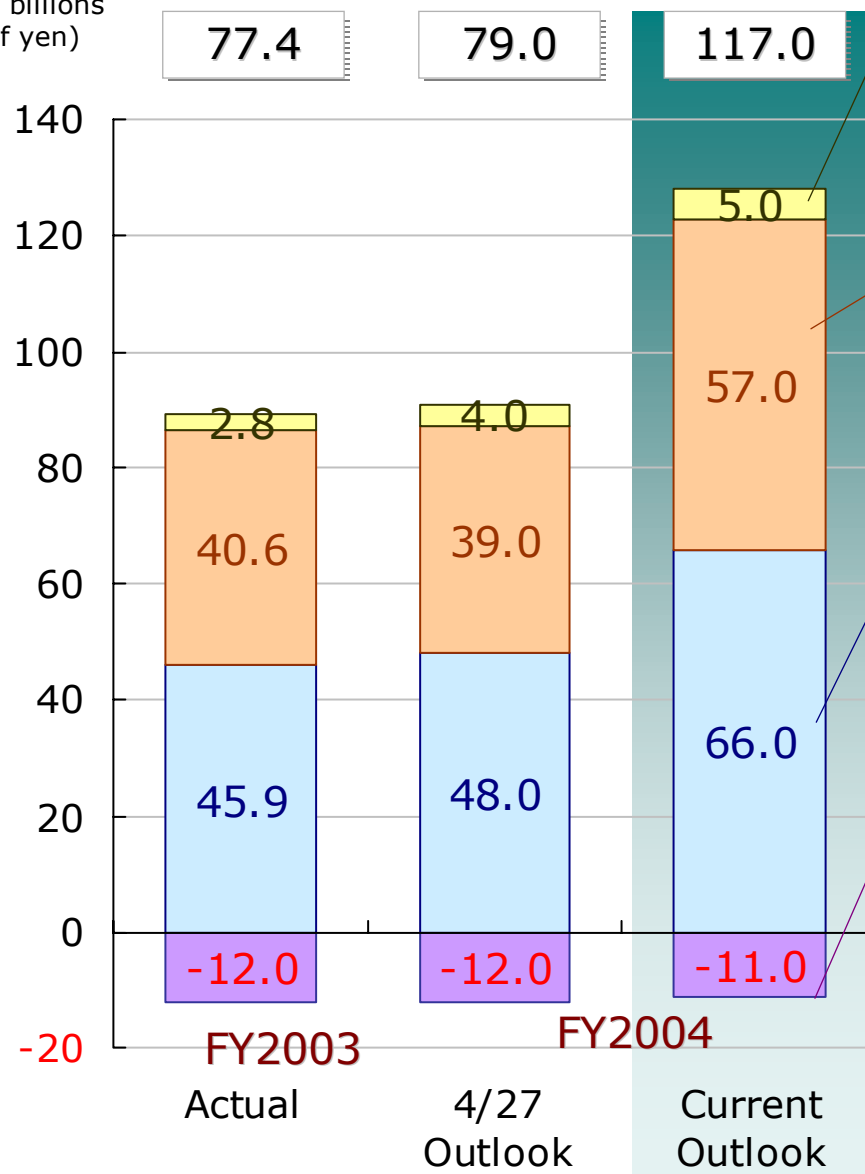
## ▶ Displays




# FY2004 Business Outlook

## ▶ Operating income by segment

(In billions of yen)



**Precision instruments** 

Vs. FY2003 +2.1  
Vs. 4/27 +1.0


**Operating income breakout**

1H:	3.0
2H:	2.0

**Electronic devices** 

Vs. FY2003 +16.3  
Vs. 4/27 +18.0

1H:	37.0
2H:	20.0

**Information-related equipment** 

Vs. FY2003 +20.0  
Vs. 4/27 +18.0

1H:	25.0
2H:	41.0

**Other**

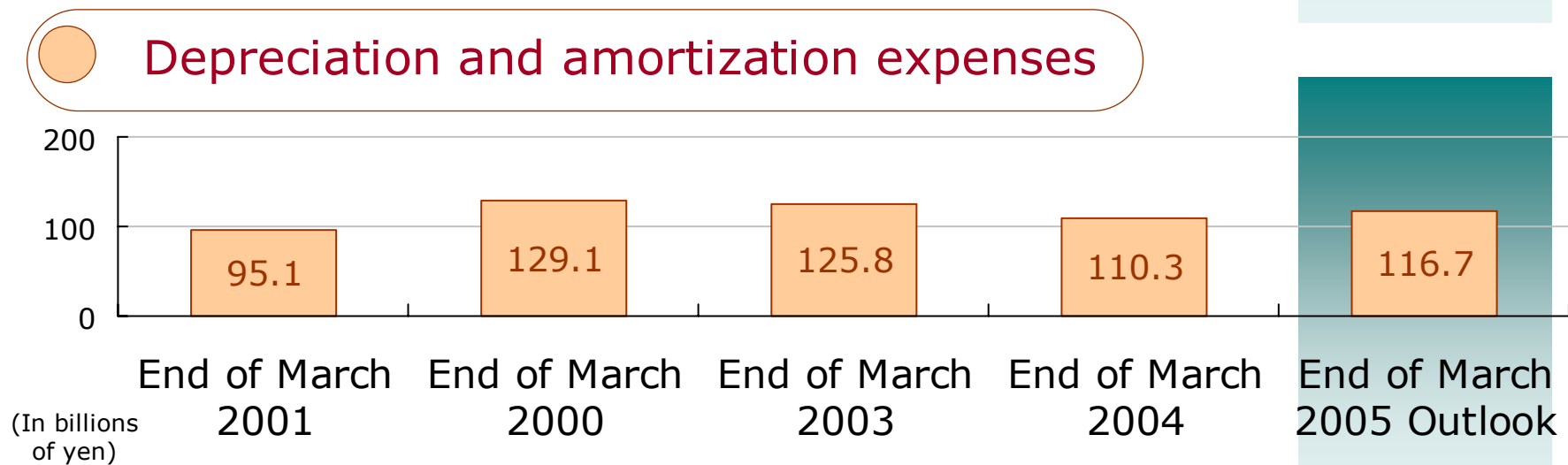
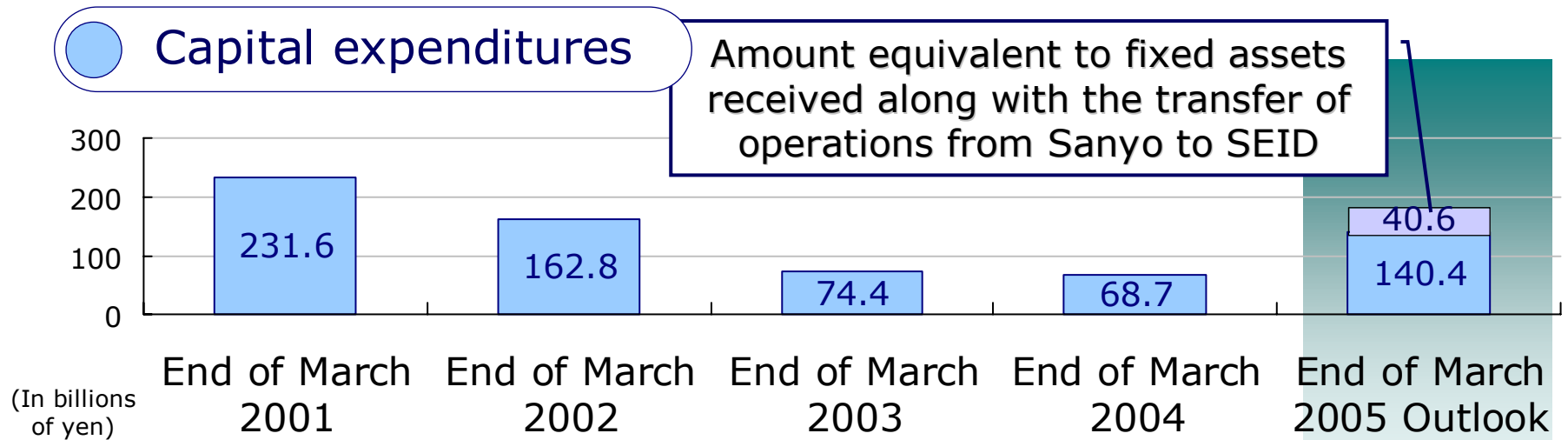
Vs. FY2003 +1.0  
Vs. 4/27 +1.0

1H:	-5.0
2H:	-6.0

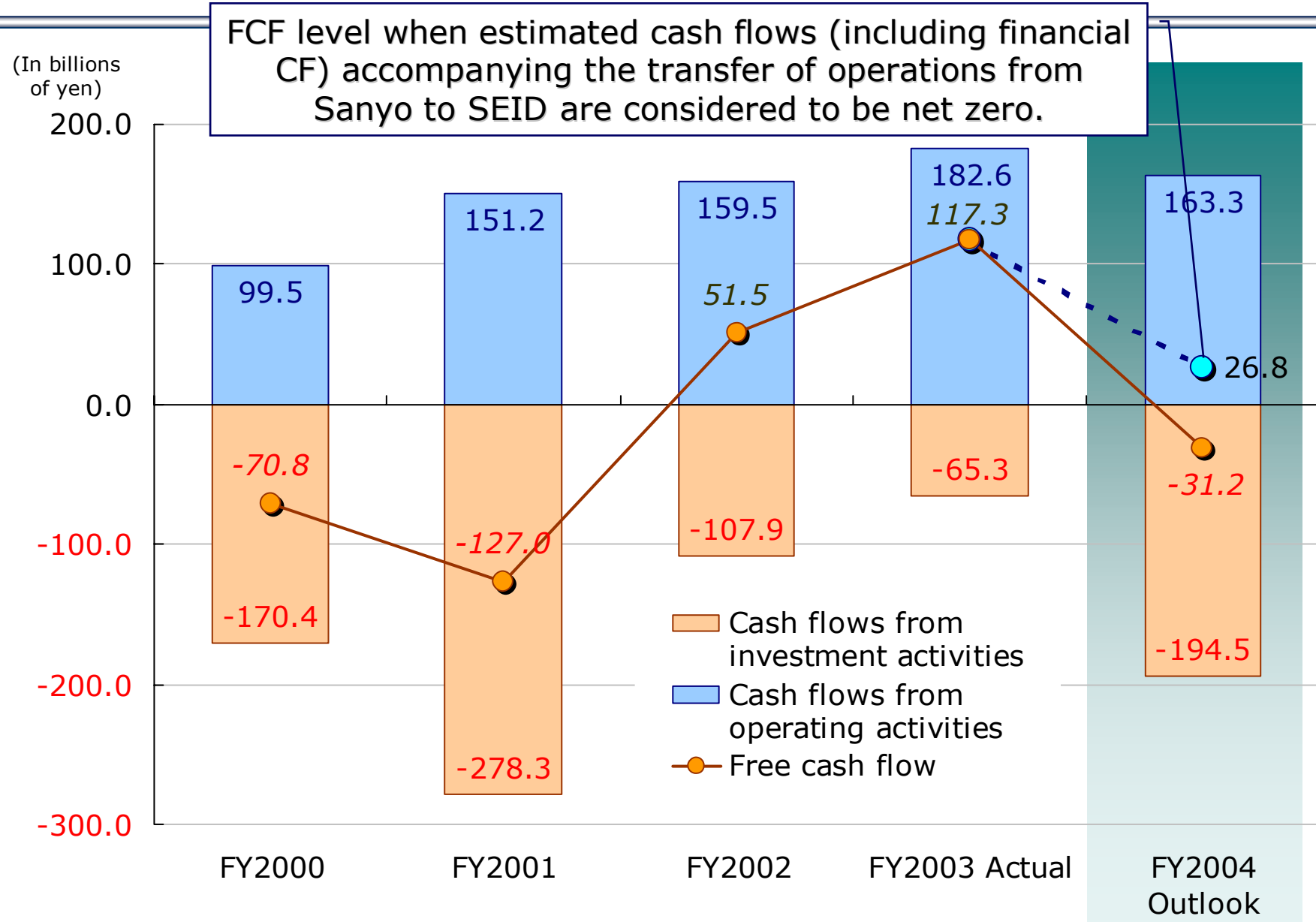
Note: Current outlook includes SEID estimates.



# Outlook for Capital Expenditures and Depreciation & Amortization Expenses

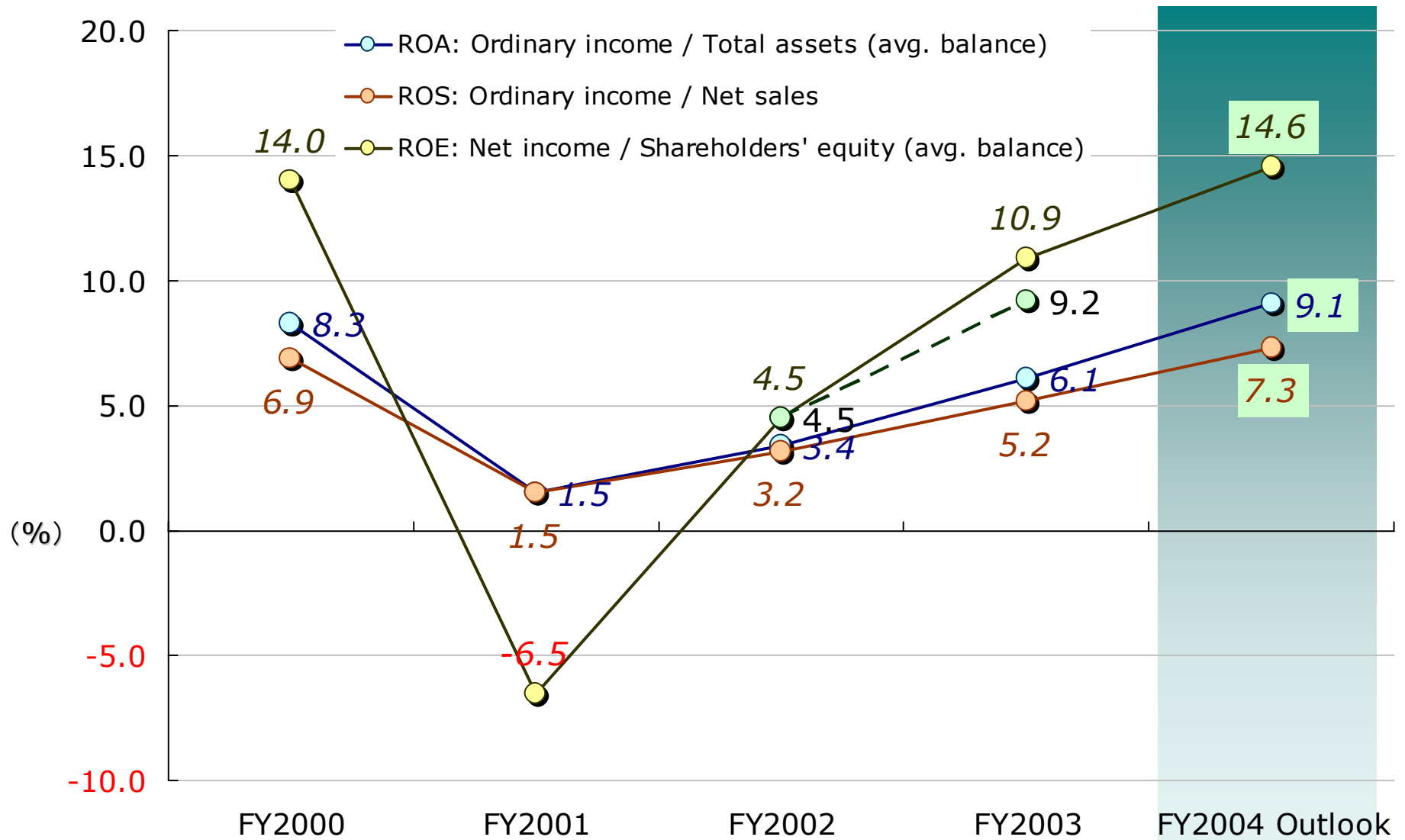


# Free Cash Flows Outlook





# Main Management Metrics



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