

First Quarter Financial Results Fiscal Year 2016 (Ending March 2017)

July 28, 2016

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.

■ Disclosure of the first-half financial outlook

Effective from the 2016 fiscal year, Epson will no longer disclose a financial outlook for the first half of the year.

■ Numerical values presented herein

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

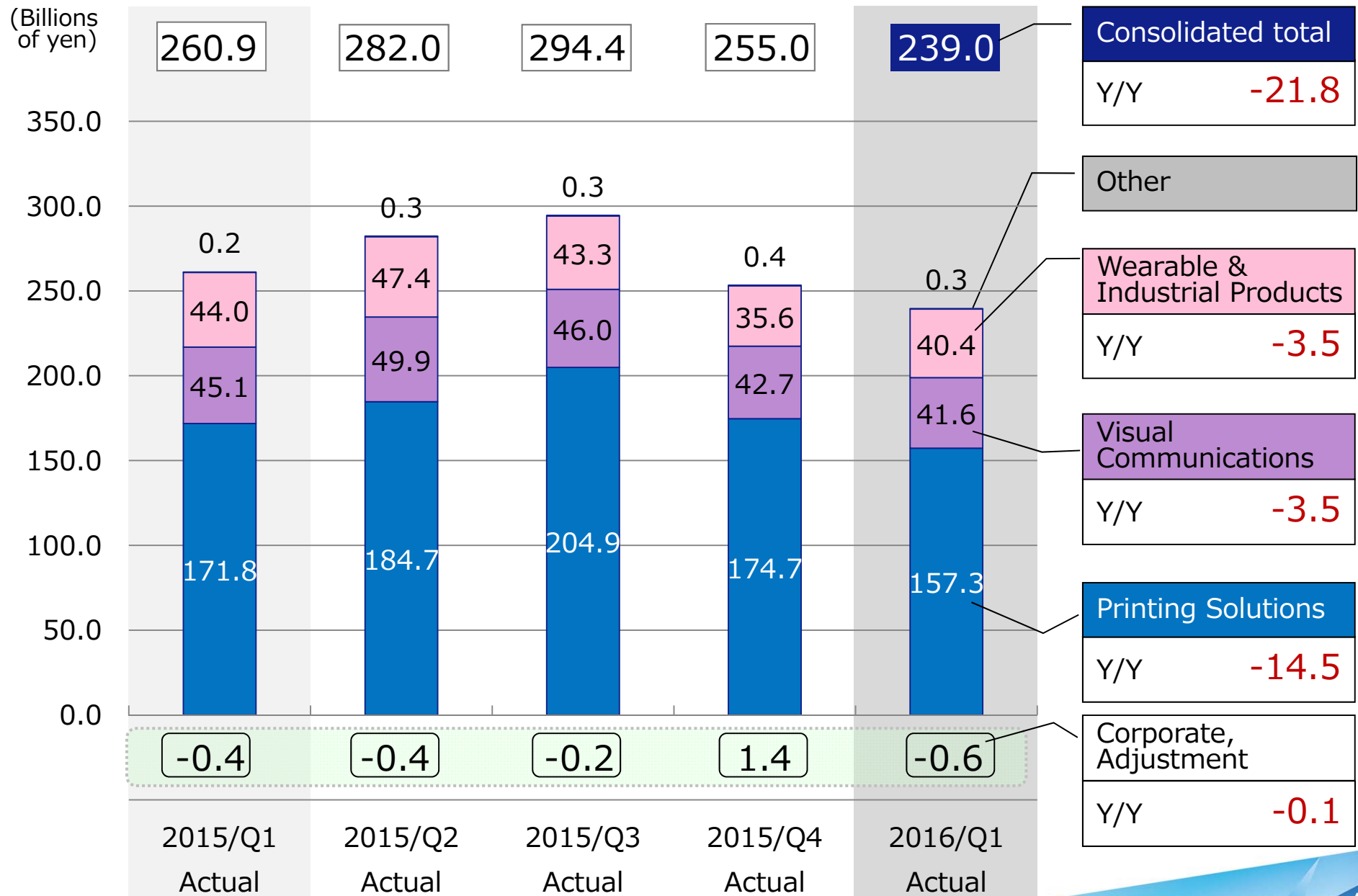


- 1) FY2016 Q1 Financial Results
- 2) FY2016 Financial Outlook

Financial Highlights (First Quarter)

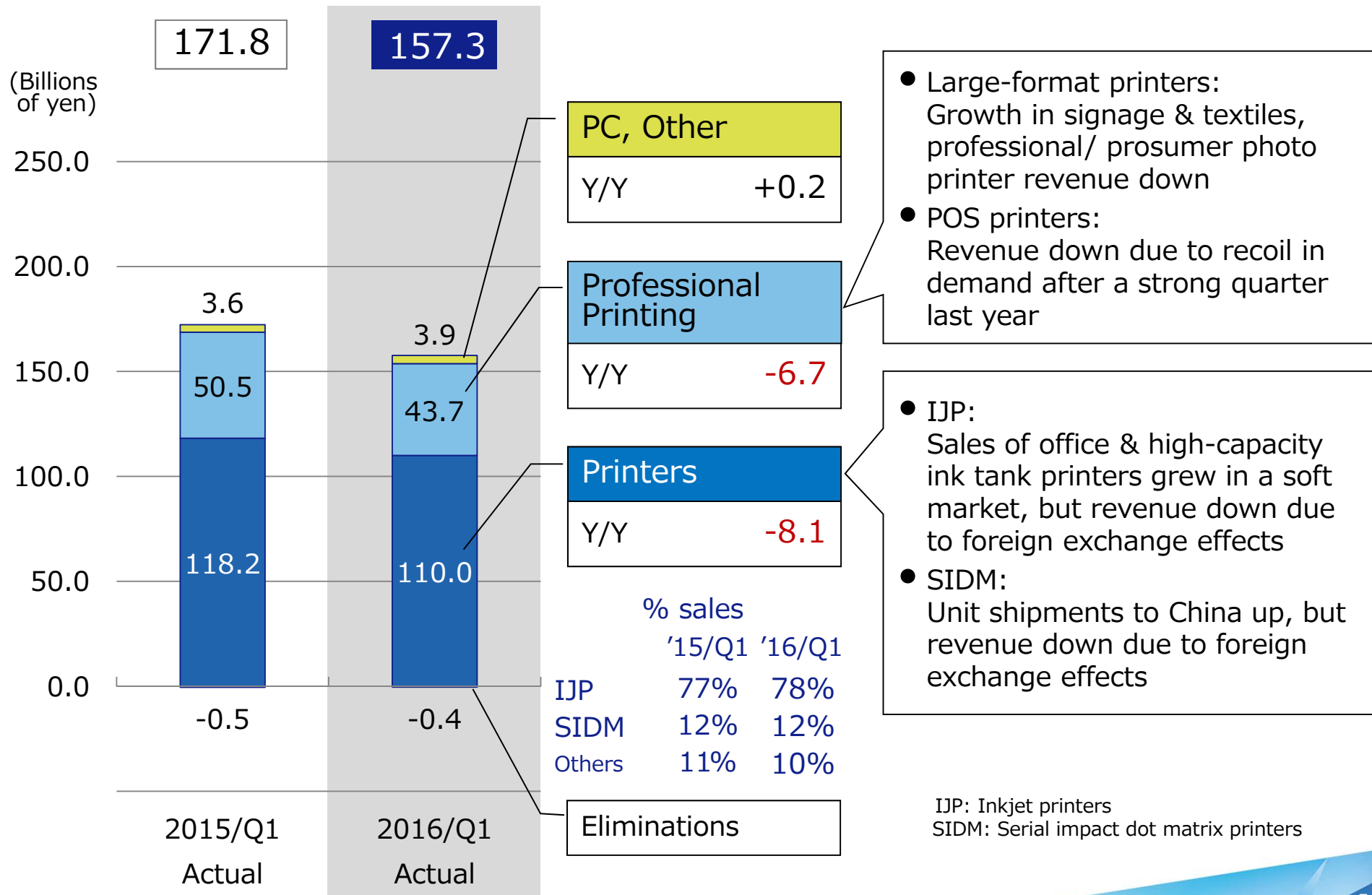
	FY2015		FY2016		Change				
	Q1 Actual	%	Q1 Actual	%	Amount	%			
(Billions of yen)									
Revenue	260.9	-	239.0	-	-21.8	-8.4%			
Business profit	16.5	6.3%	6.4	2.7%	-10.0	-60.8%			
Profit from operating activities	16.2	6.2%	6.9	2.9%	-9.3	-57.2%			
Profit before taxes	16.0	6.1%	6.3	2.7%	-9.6	-60.3%			
Profit for the period	10.5	4.0%	4.2	1.8%	-6.3	-60.2%			
EPS	¥29.43		¥11.58		Foreign exchange fluctuations (bil. yen)				
Exchange rate	USD	¥121.36	¥108.15						
	EUR	¥134.16	¥122.02						
					USD	EUR			
					Other currencies	Total			
					Revenue	-9.2	-3.9	-14.2	-27.4
					Business profit	+2.0	-2.7	-6.1	-6.8

Quarterly Revenue Trend ▶ By business segment



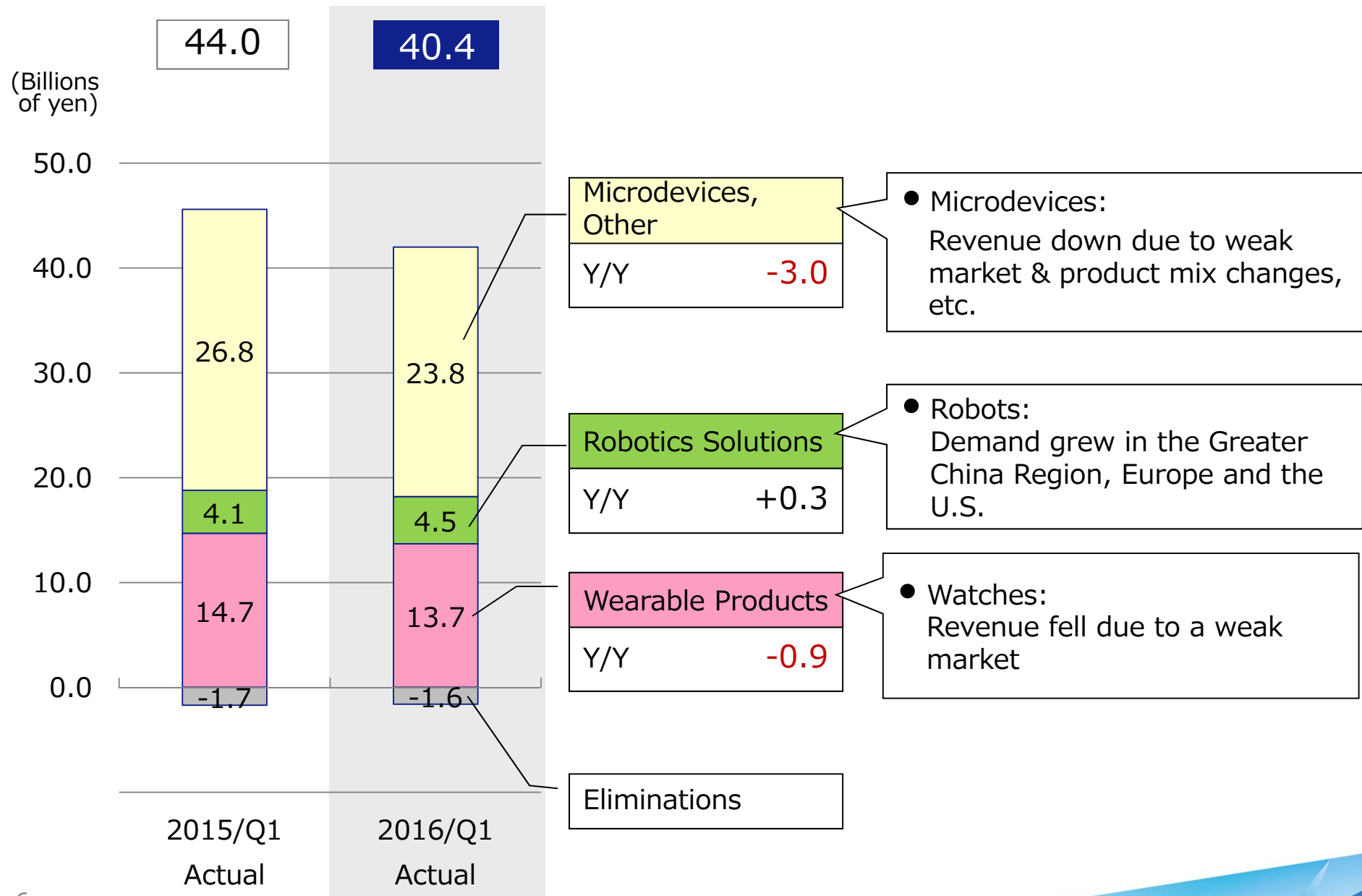
Quarterly Revenue Comparison

▶ Printing Solutions Segment

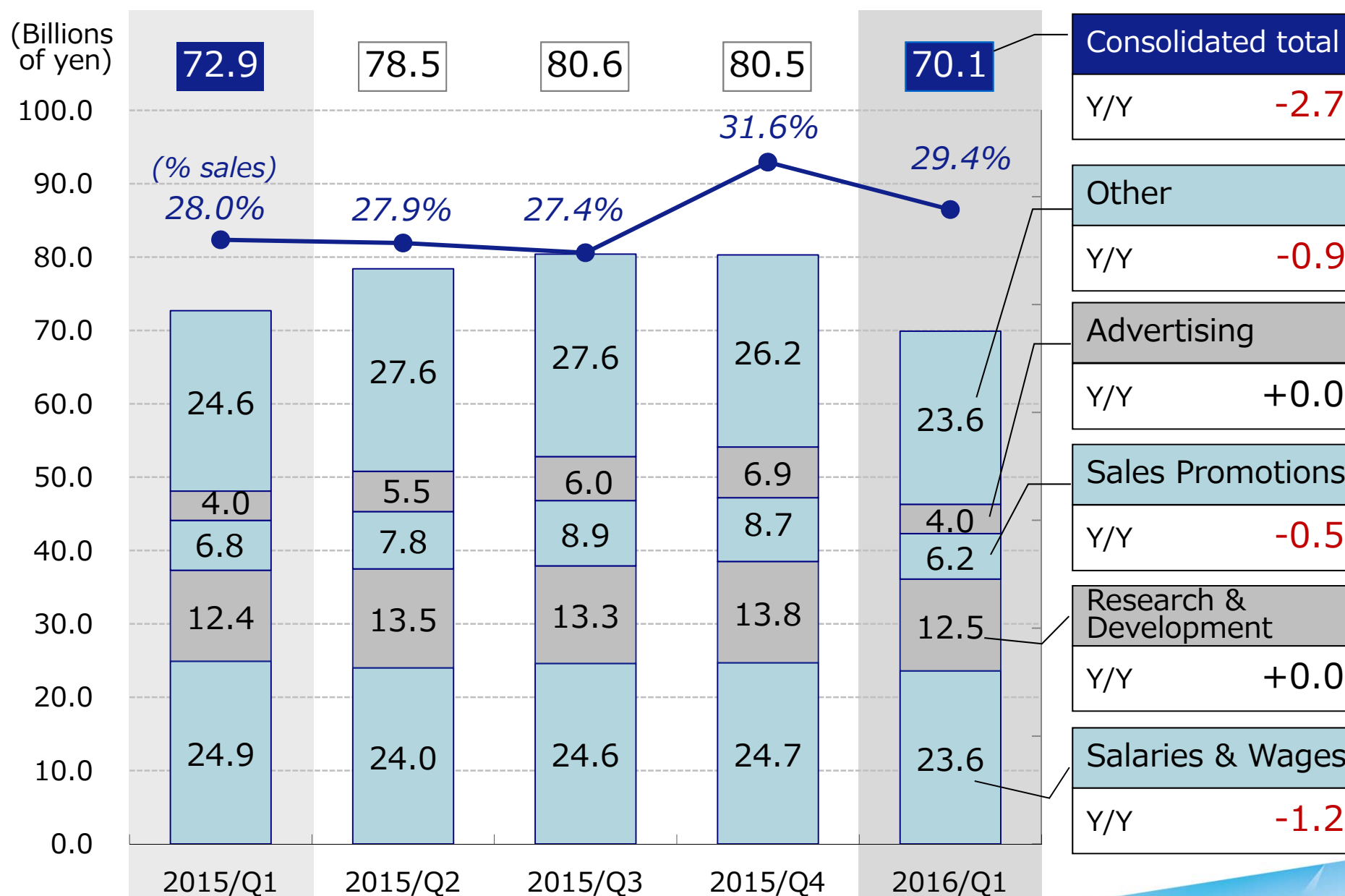


Quarterly Revenue Comparison

▶ Wearable Products & Industrial Products Segment

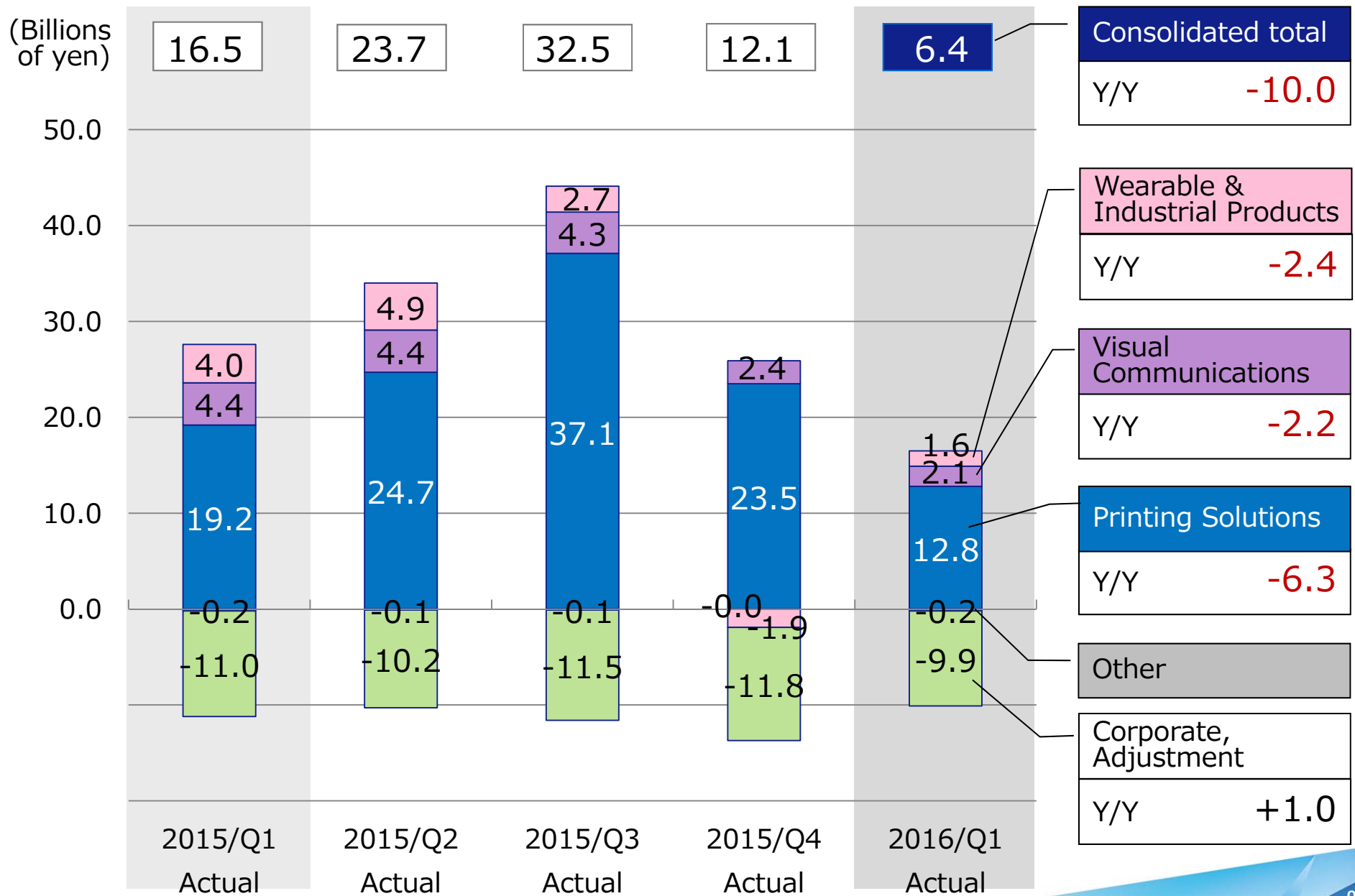


Quarterly Selling, General and Administrative Expenses

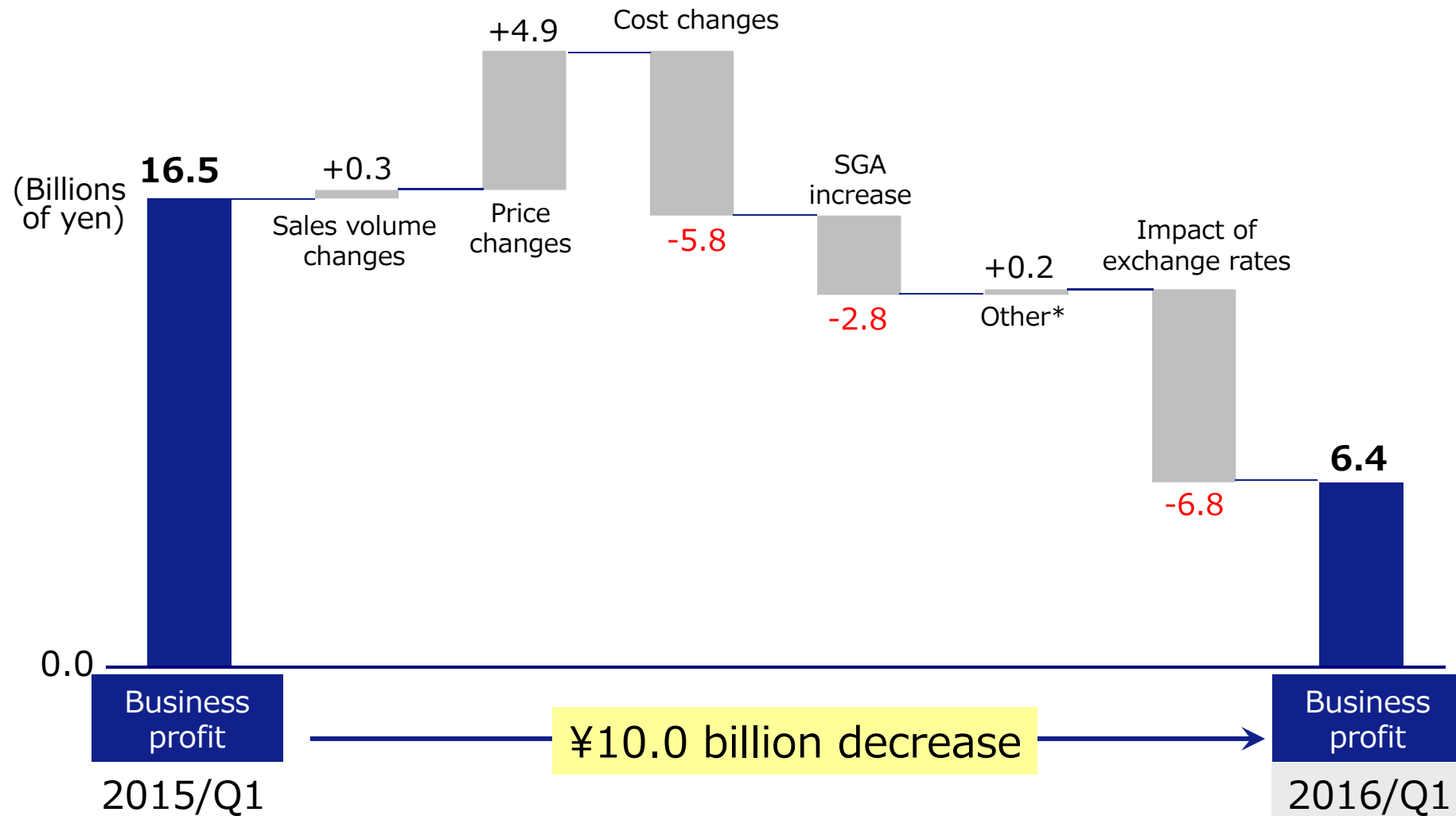


Quarterly Business Profit Trend

► By business segment



Business Profit Change Cause Analysis



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

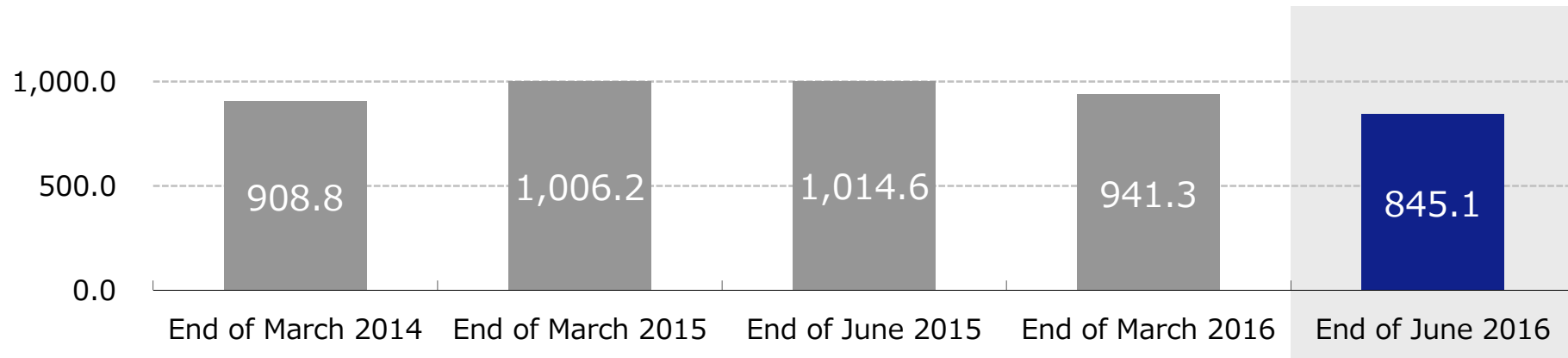
Q1 Actions and Achievements

- Smooth start on the strategic front
 - High-capacity ink tank printer sales smoothly expanding
 - Cumulative unit shipments topped 15 million
 - Sales also increasing in Western Europe and North America
 - Ink sales continue to grow
 - Linehead printer development on track
 - Strategic progress in professional printing
 - Solid sales of new signage printers
 - Strengthened the textile category by acquiring Robustelli of Italy
 - Set a new record for monthly projector shipments in June
 - Robots
 - Force sensor sales strong
 - Started accepting orders for compact new 6-axis robots
- Repurchased Epson shares



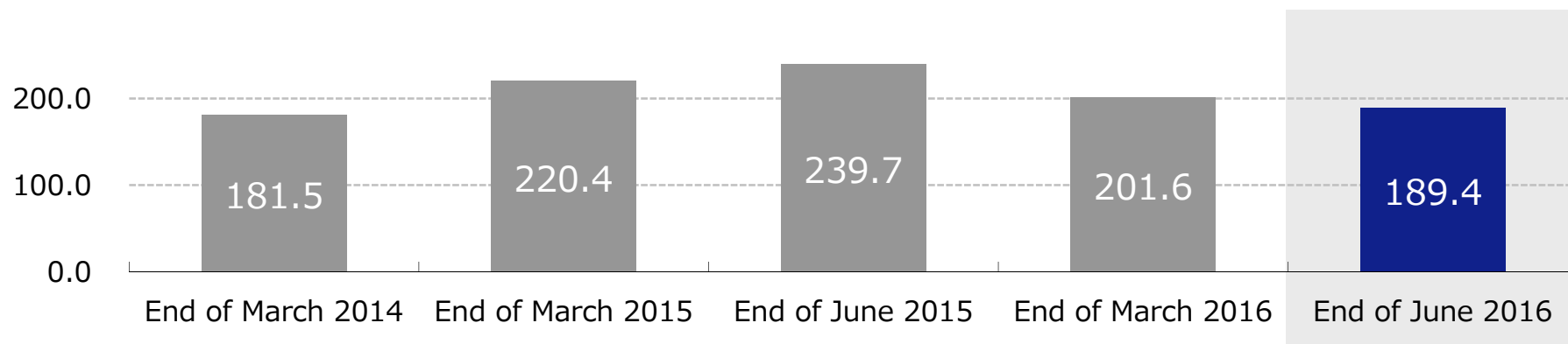
Statements of Financial Position

Total assets



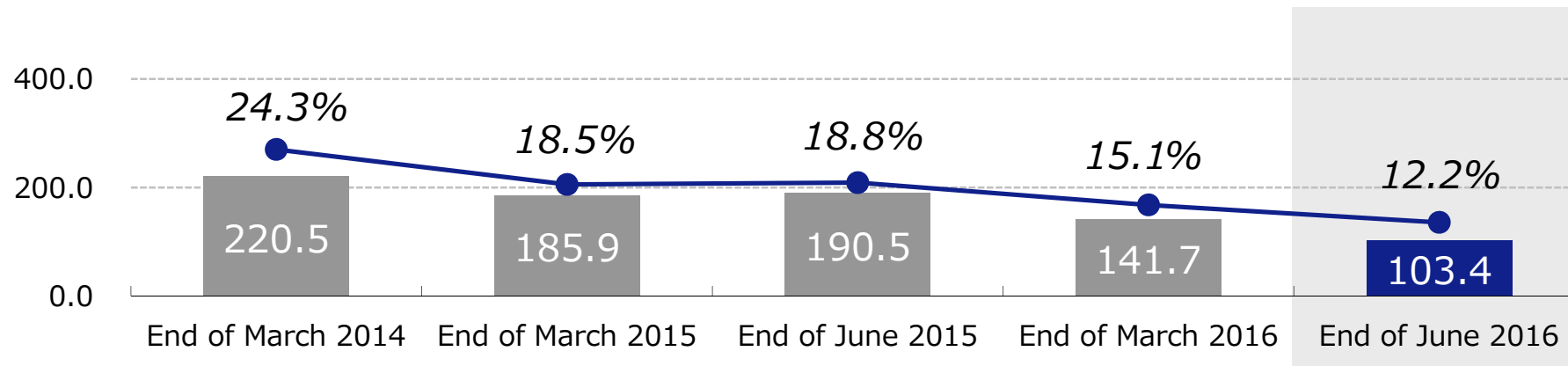
(Billions of yen)

Inventories



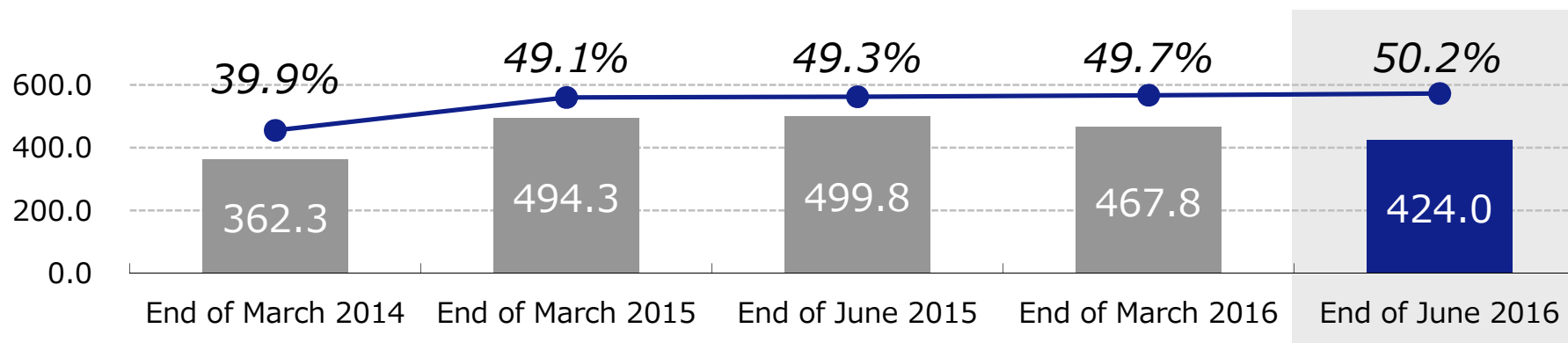
Statements of Financial Position

Interest-bearing liabilities & ratio of interest-bearing liabilities



(Billions of yen)

Equity & equity ratio attributable to owners of the parent company



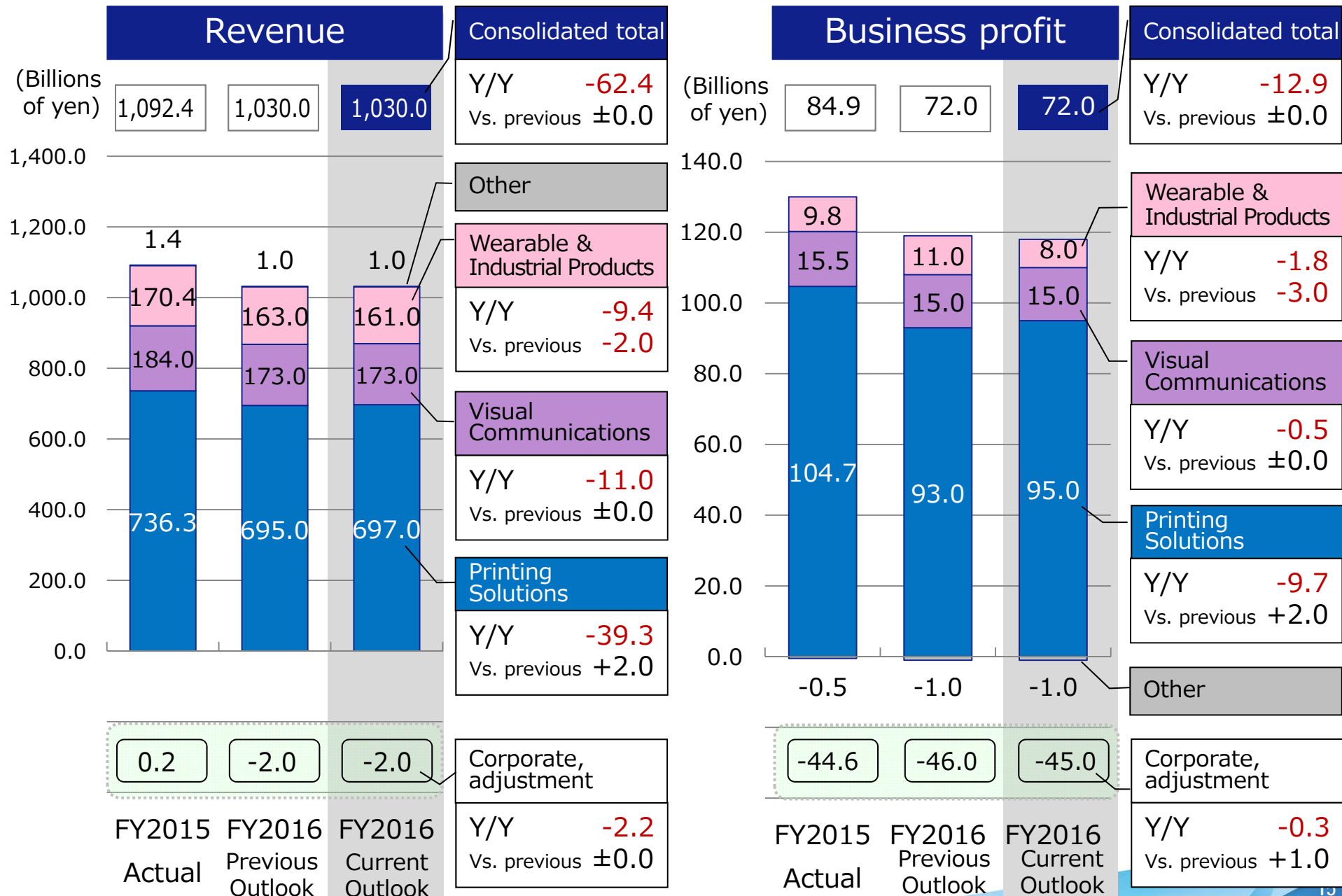


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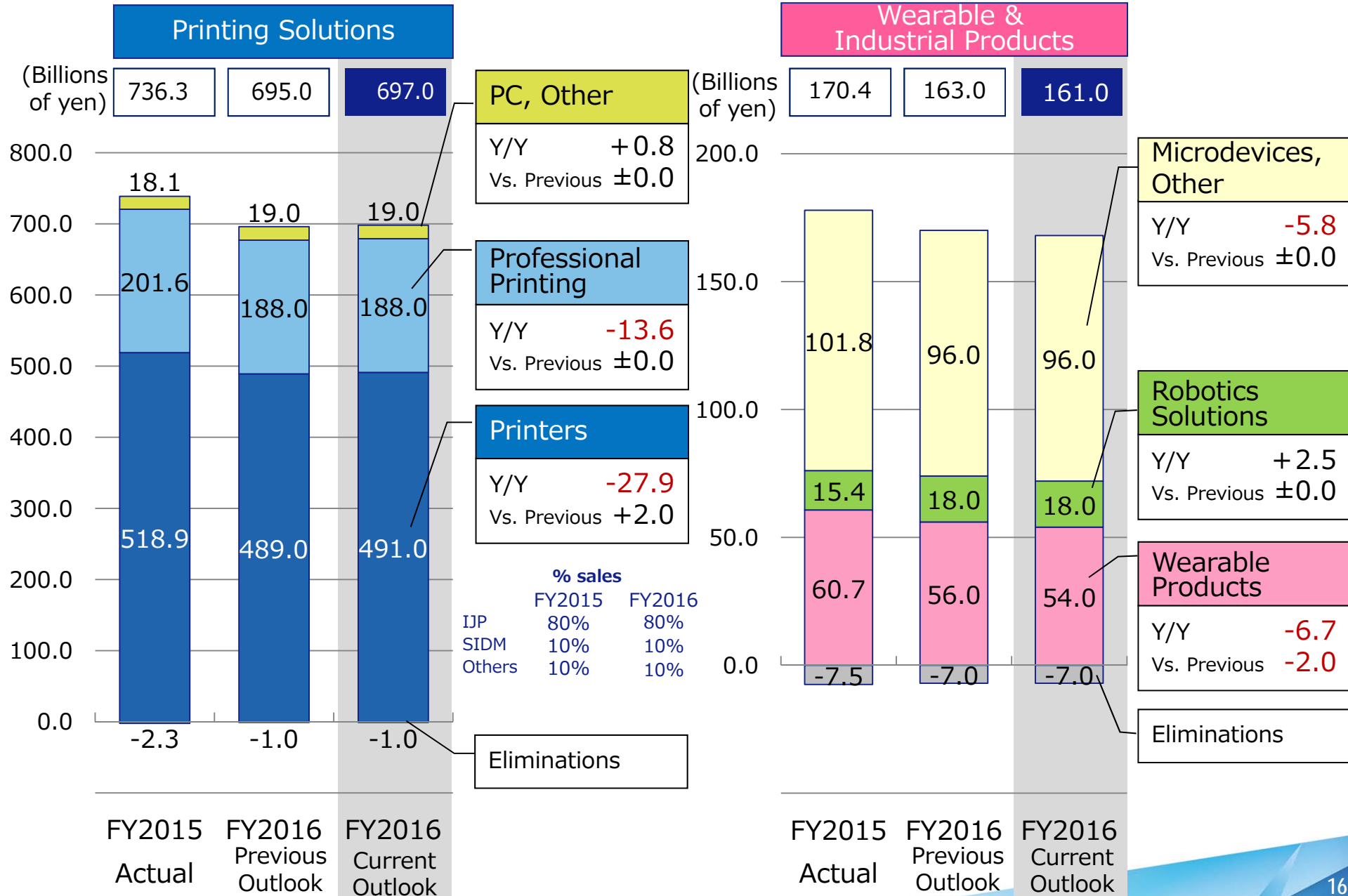
FY2016 Financial Outlook

		FY2015		FY2016				Change (amount, %)	
		Actual	%	4/28 Outlook	%	7/28 Outlook	%	Y/Y	Vs. 4/28 Outlook
(Billions of yen)									
Revenue		1,092.4	-	1,030.0	-	1,030.0	-	-62.4 -5.7%	±0.0 ±0.0%
Business profit		84.9	7.8%	72.0	7.0%	72.0	7.0%	-12.9 -15.2%	±0.0 ±0.0%
Profit from operating activities		94.0	8.6%	70.0	6.8%	70.0	6.8%	-24.0 -25.6%	±0.0 ±0.0%
Profit before taxes		91.5	8.4%	69.0	6.7%	69.0	6.7%	-22.5 -24.6%	±0.0 ±0.0%
Profit for the year		46.0	4.2%	54.0	5.2%	54.0	5.2%	+7.9 +17.2%	±0.0 ±0.0%
EPS		¥127.94		¥150.93		¥153.23		<p>● Current outlook exchange rate assumptions from Q2 onward USD: ¥105.00/ EUR: ¥120.00</p> <p>● Exchange rate sensitivity - Effect on business profit of 1-yen drop in yen value USD: -¥0.3 bil. / EUR: +¥0.9 bil. - Effect on business profit of 1% depreciation in yen value For currencies other than USD & EUR: +¥1.0 bil.</p>	
Exchange rate	USD	¥120.14		¥105.00		¥106.00			
	EUR	¥132.58		¥120.00		¥121.00			

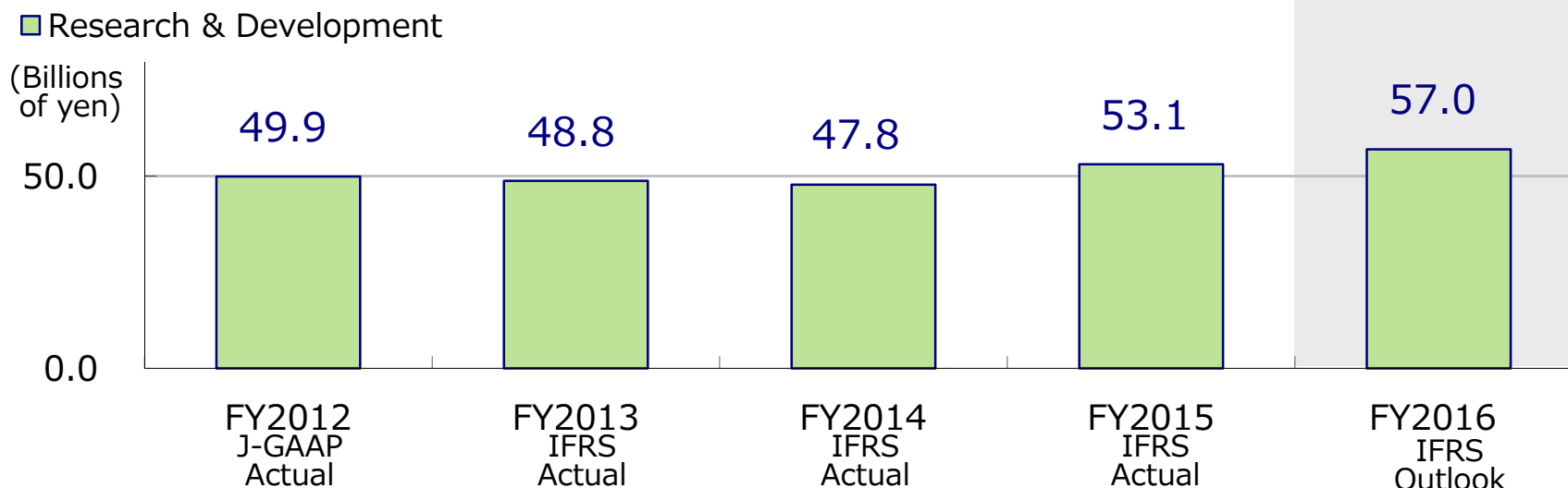
FY2016 Financial Outlook ▶ By business segment



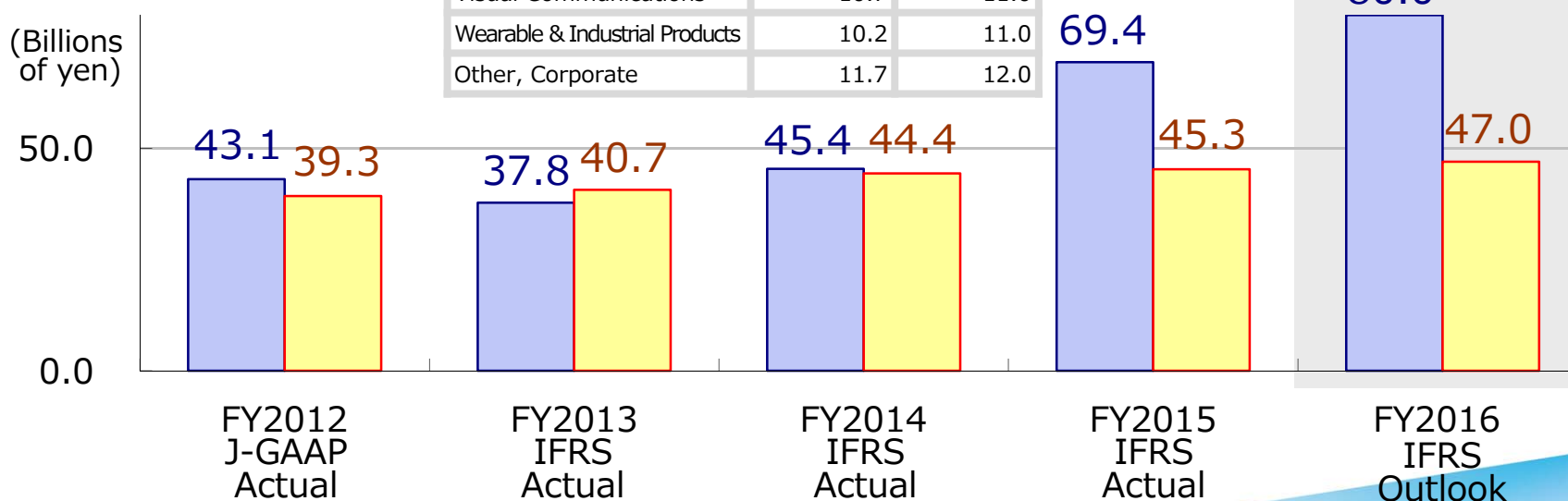
Revenue Outlook by Business



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

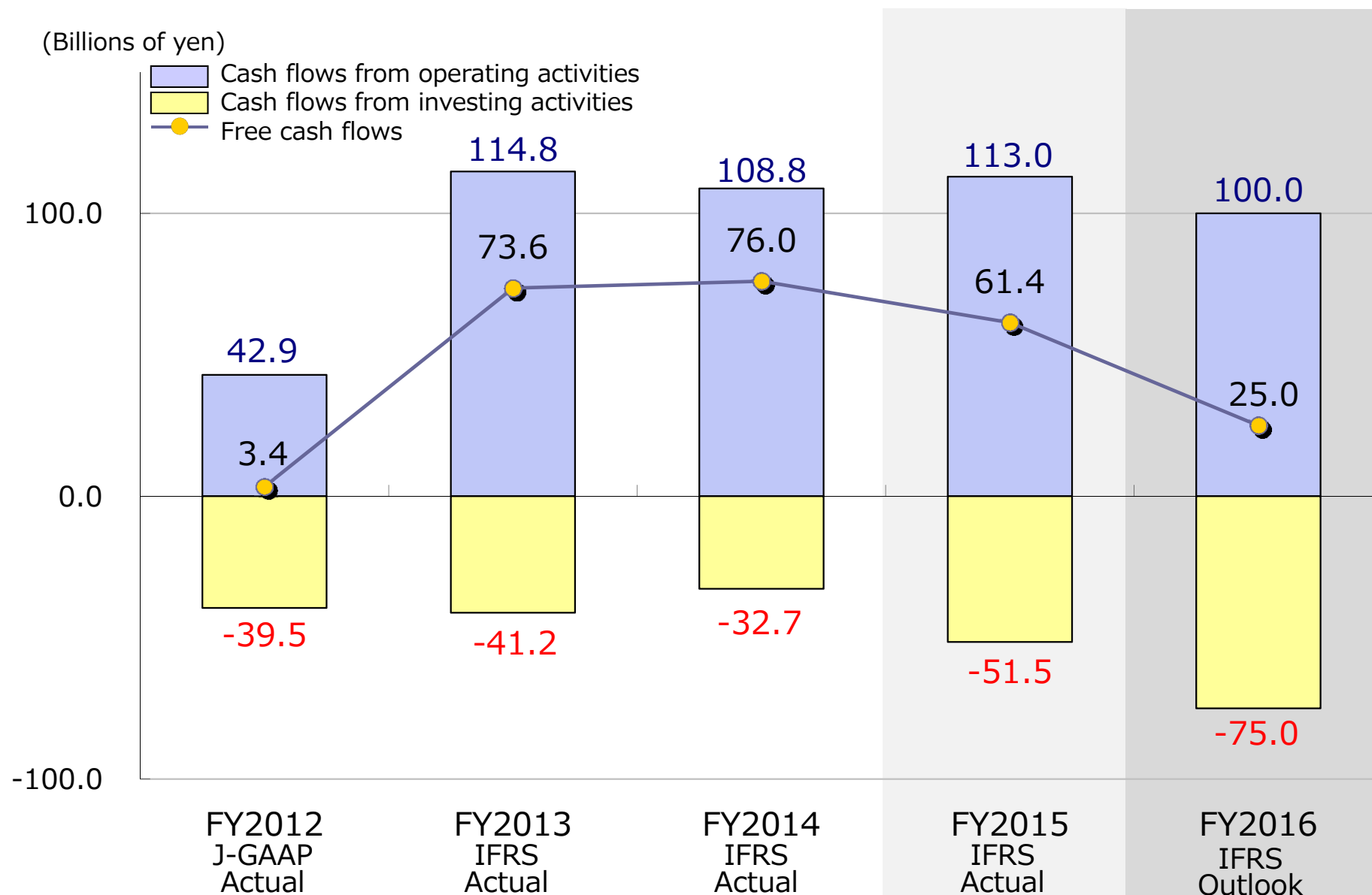


■ Capital expenditures
■ Depreciation and amortization

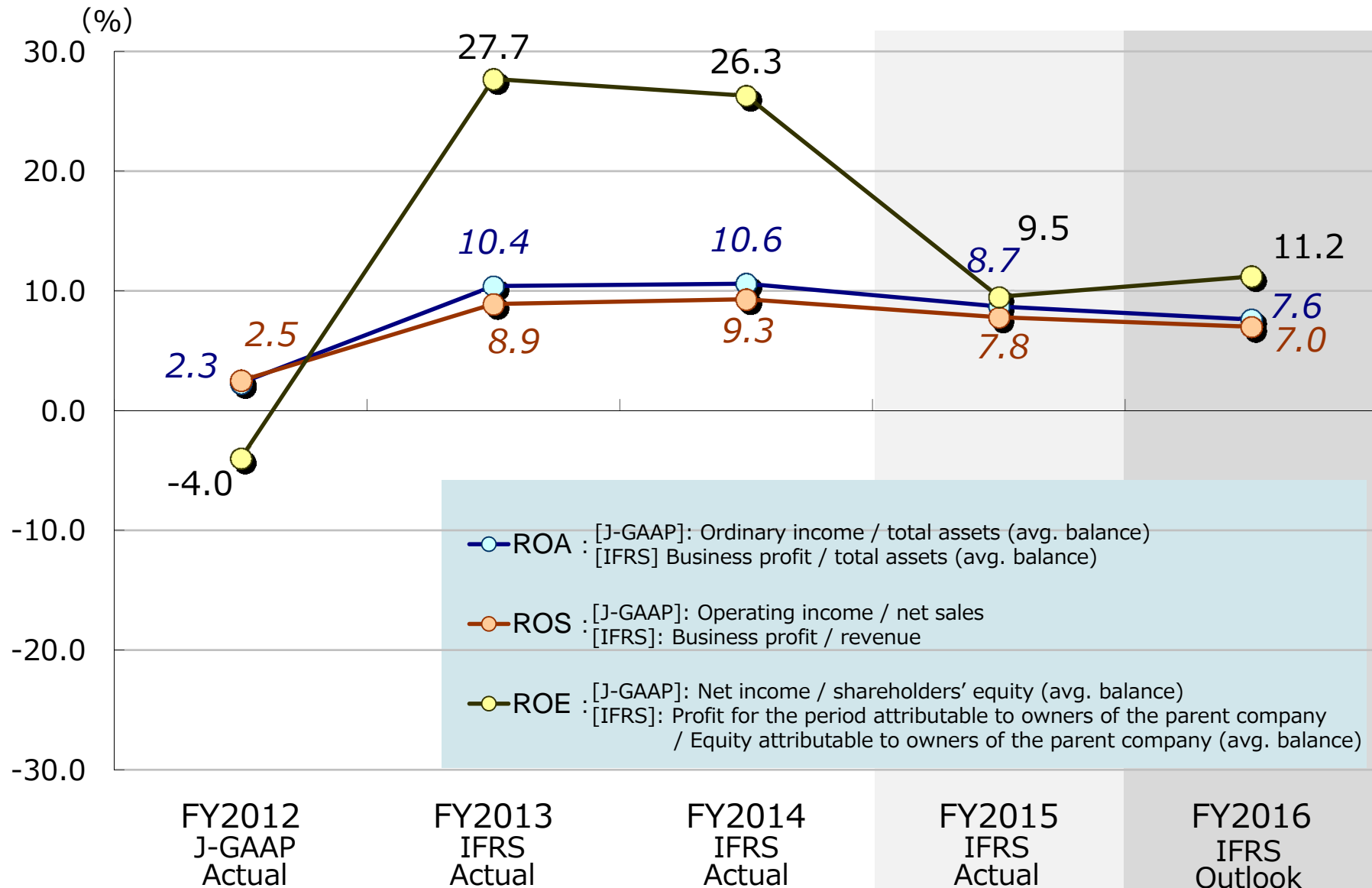


Capex breakdown by segment	FY2015 Actual	FY2016 Outlook
Printing Solutions	36.6	46.0
Visual Communications	10.7	11.0
Wearable & Industrial Products	10.2	11.0
Other, Corporate	11.7	12.0

Free Cash Flows Outlook



Main Management Indicators



Reference

Major Business Indicators

(Billions of yen)

		FY2015 Actual	FY2016 Current Outlook	FY2018 Targets	Category	FY2015 Actual	FY2016 Current Outlook	3-year cumulative (FY2016-18 business plan)
Printing Solutions	Revenue	736.3	697.0	805.0	Operating CF	113.0	100.0	330.0
	Business profit	104.7	95.0	-				
Visual Communications	Revenue	184.0	173.0	200.0	FCF	61.4	25.0	120.0
	Business profit	15.5	15.0	-				
Wearable & Industrial Products	Revenue	170.4	161.0	195.0	Capital expenditure	69.4	80.0	Approx. 210.0
	Business profit	9.8	8.0	-	R&D costs	53.1	57.0	Invest aggressively
Other	Revenue	1.4	1.0	0.0	Exchange rate			
	Business profit	-0.5	-1.0	-		FY2015 Actual	FY2016 Current Outlook	FY2016-18 business plan
Corporate, Adjustment	Revenue	0.2	-2.0	0.0	USD	¥120.14	¥106.00	¥115.00
	Business profit	-44.6	-45.0	-	EUR	¥132.58	¥121.00	¥125.00
Consolidated total	Revenue	1,092.4	1,030.0	1,200.0				
	Business profit	84.9	72.0	96.0				
	ROS	7.8%	7.0%	8%				
	ROE	9.5%	11.2%	Sustain at at least 10%				

Main Product Sales Trends

FY2015 result (vs. FY2014) and FY2016 forecast (vs. FY2015)

ASP (average selling prices) and sales amounts after conversion to yen

Product		FY2015 Full year	FY2016 Q1	FY2016 Full year (forecast)
IJP	Volume	+1%	+8%	+7%
	Office/ high-capacity ink tank as % of total unit sales	Approx. 20%/ Approx. 35%	-	Approx. 20%/ Approx. 40%
	ASP	+ low single-digit %	Around -10%	- high single-digit %
	Revenue	+ low single-digit %	- low single-digit %	Flat YoY
IJP ink	Volume	0%	-3%	-
	ASP	+ mid-single-digit %	- low single-digit %	-
	Revenue	+ mid-single-digit %	- mid-single-digit %	- high single-digit %
SIDM printers	Volume	-6%	+19%	+18%
	ASP	+ low single-digit %	- mid 20 %	- high teen %
	Revenue	- low single-digit %	Around -10%	- mid-single-digit %
Projectors	Volume	+2%	+9%	+4%
	ASP	+ low single-digit %	- mid-teen %	- low teen %
	Revenue	+ mid-single-digit %	- high single-digit %	- high single-digit %

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

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