

# First Quarter Financial Results Fiscal Year 2007 (Ending March 2008)

July 27, 2007

Seiko Epson Corporation

## Disclaimer regarding forward 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.

1) FY2007 1Q Financial Results

2) FY2007 Business Outlook

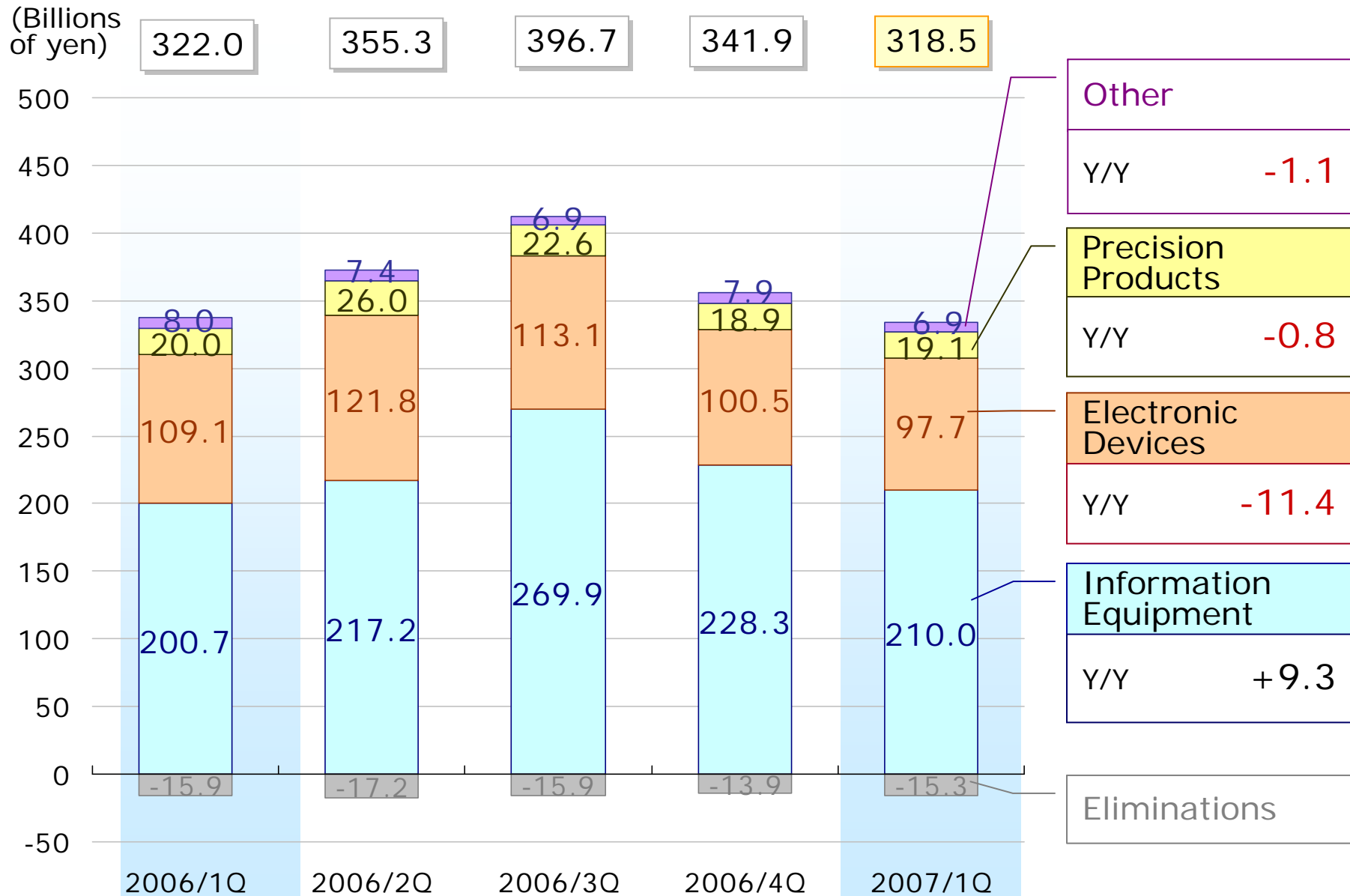
# First Quarter Financial Highlights

► Versus the year-ago period

		FY2006		FY2007		Change	
		1Q Actual	%	1Q Actual	%	Amount	% Change
(Billions of yen)							
Net sales		322.0	-	318.5	-	-3.4	-1.1%
Operating income		7.0	2.2%	11.6	3.7%	+4.6	+66.3%
Ordinary income		6.3	2.0%	12.9	4.1%	+6.6	+105.6%
Net income before income taxes		5.5	1.7%	12.3	3.9%	+6.7	+120.4%
Quarterly net income		-5.6	-1.8%	1.2	0.4%	+6.9	-
EPS		-¥28.92		¥6.56			
Exchange rate	USD	¥114.50		¥120.78			
	EUR	¥143.78		¥162.72			

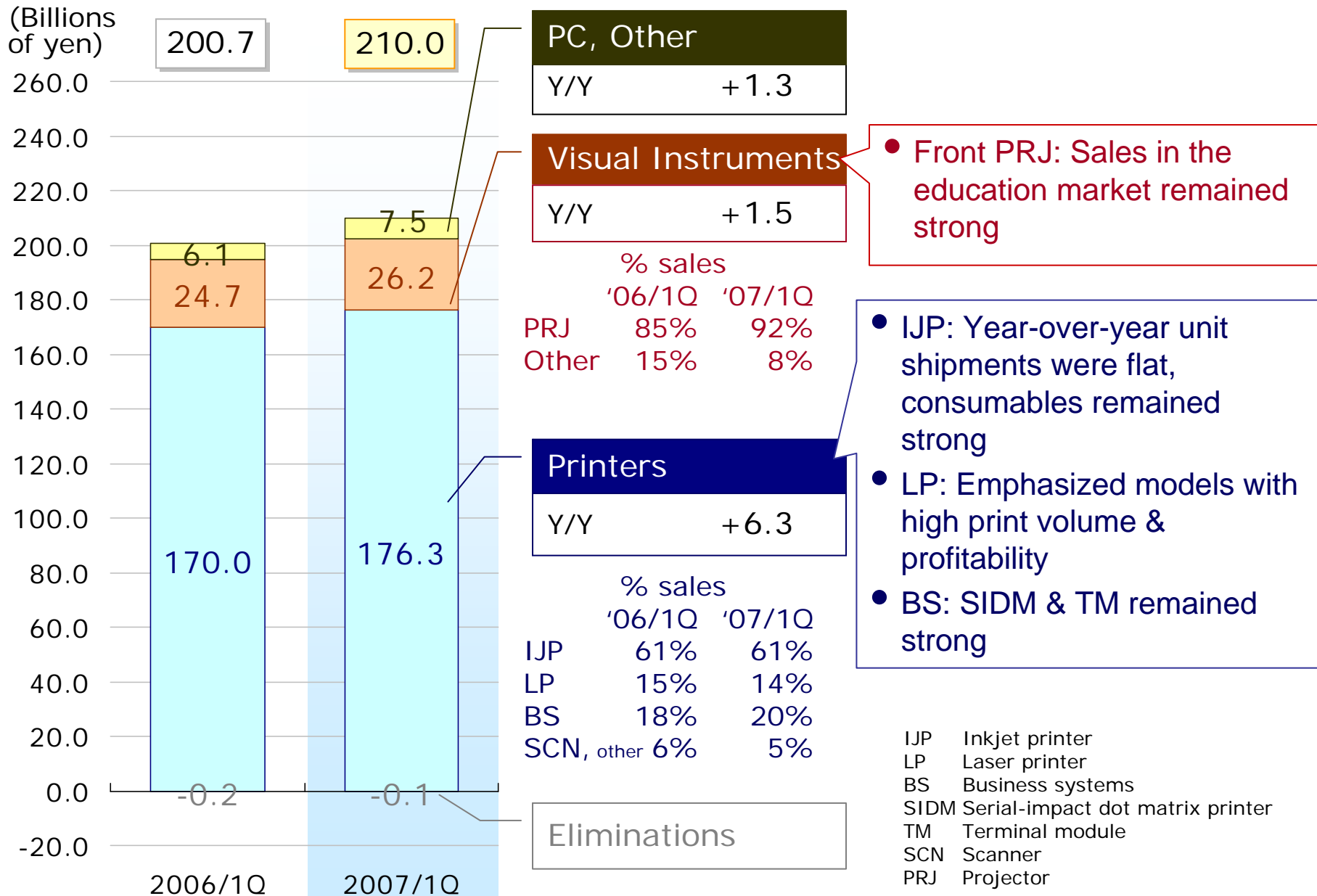
# Quarterly Net Sales

## By business segment



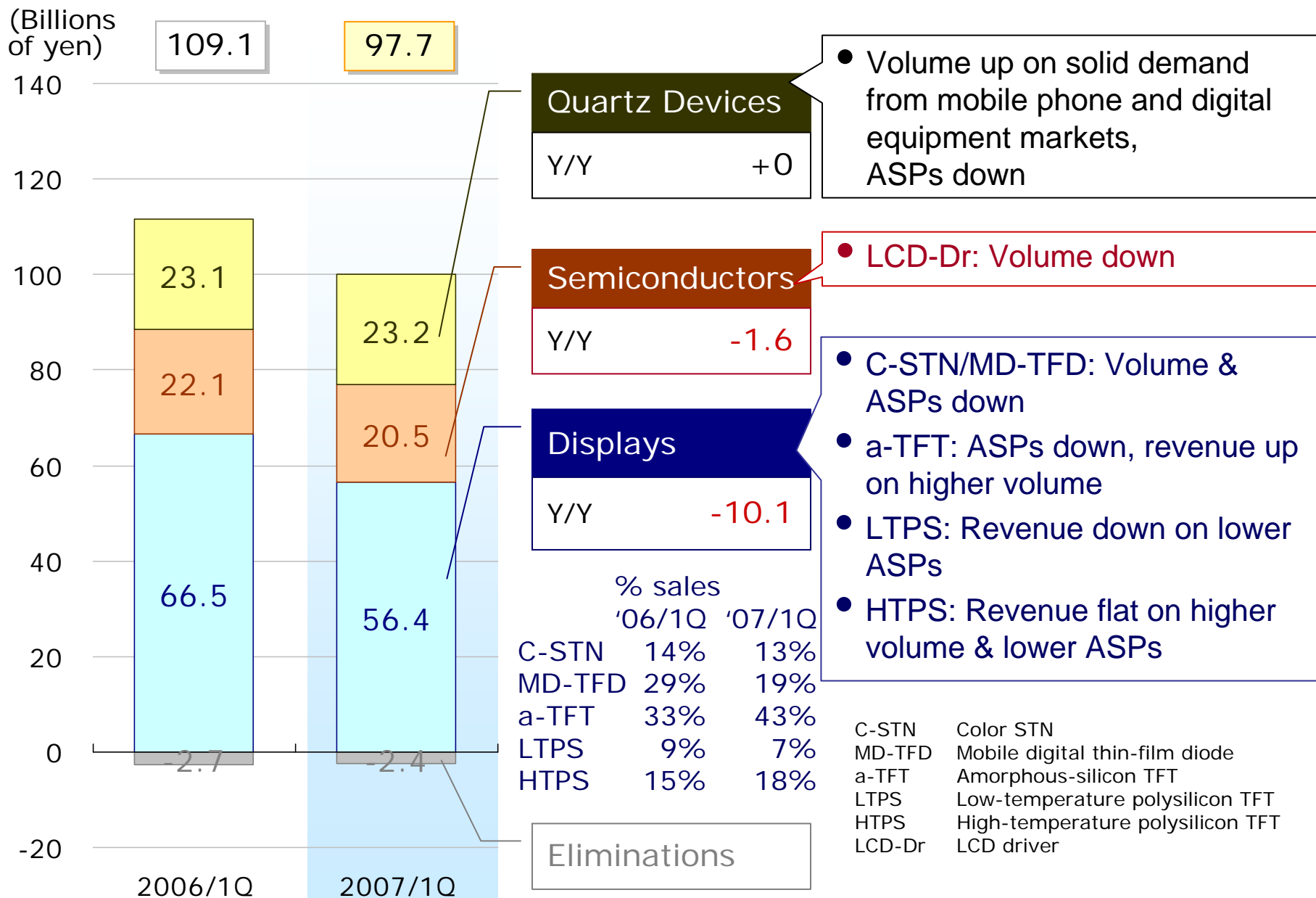
# Quarterly Net Sales Comparison

## Information-related equipment segment

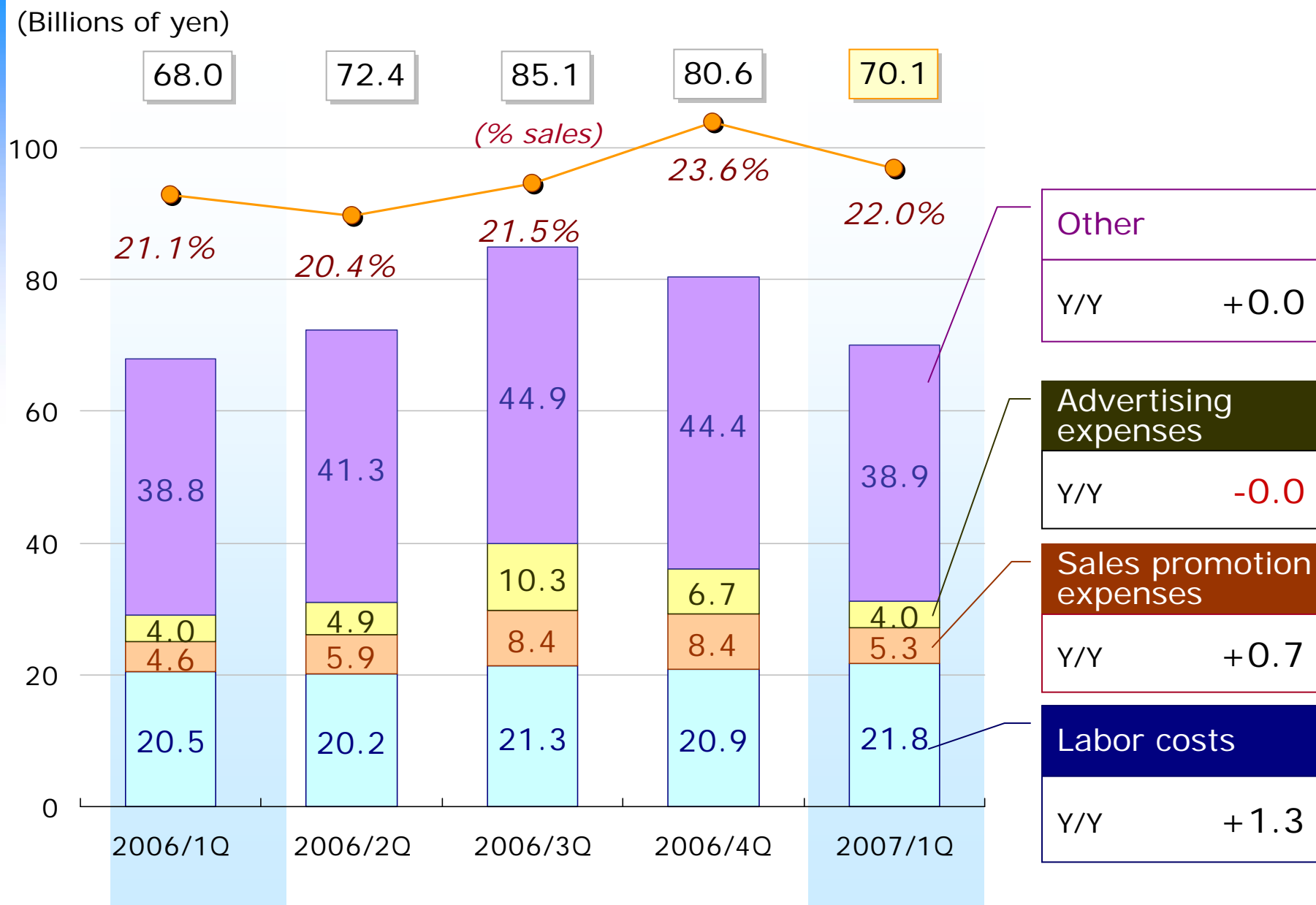


# Quarterly Net Sales Comparison

## ▶ Electronic device segment



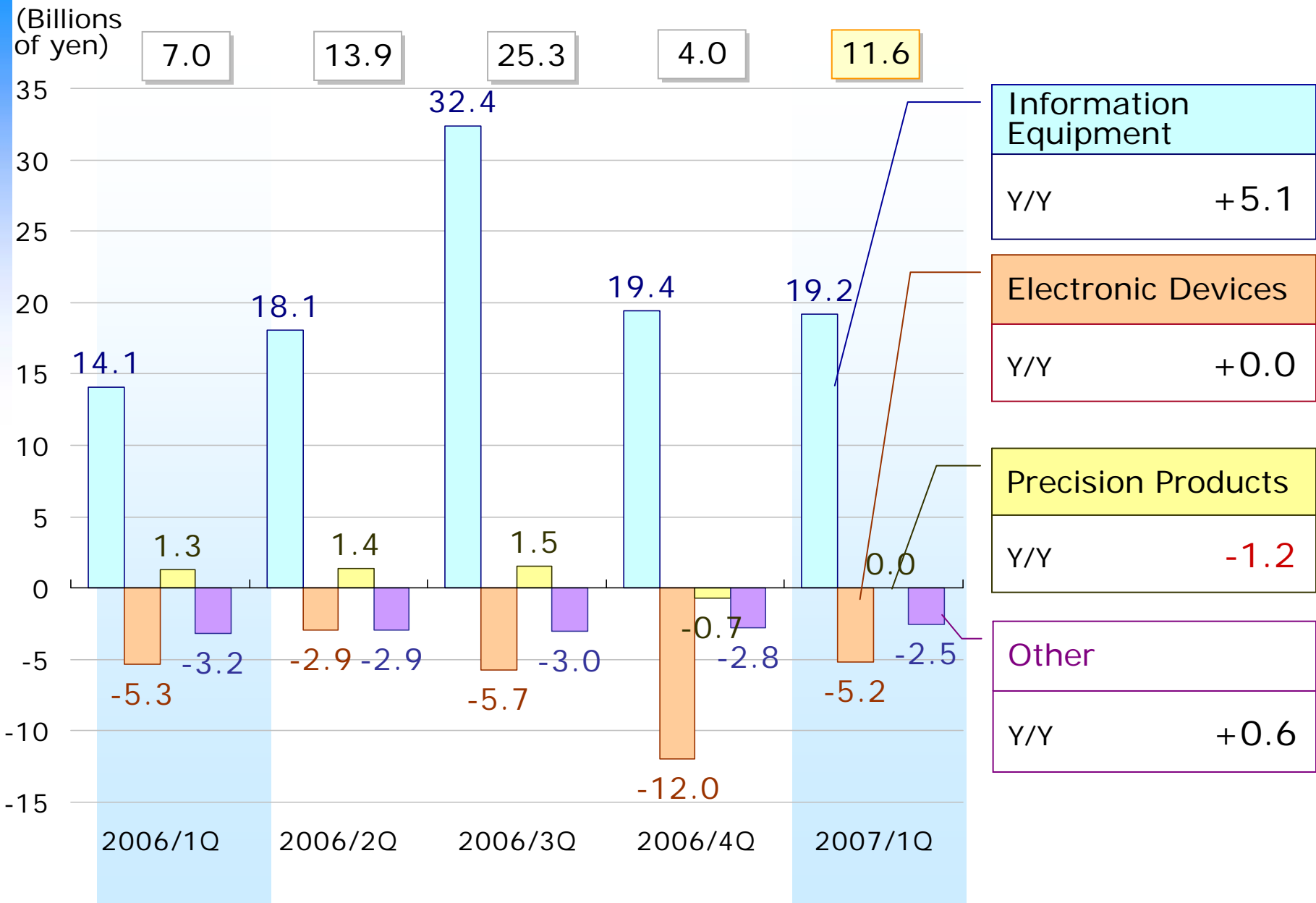
# Quarterly Selling, General and Administrative Expenses





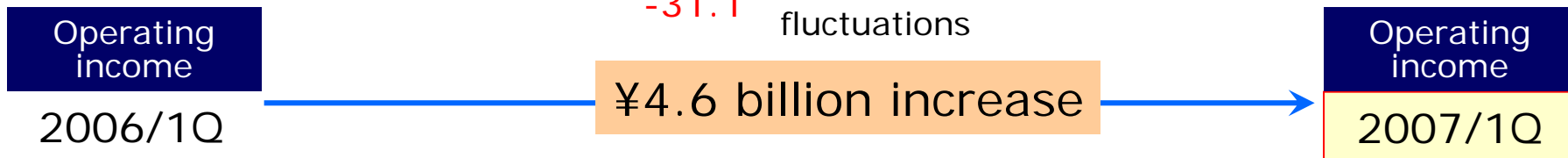
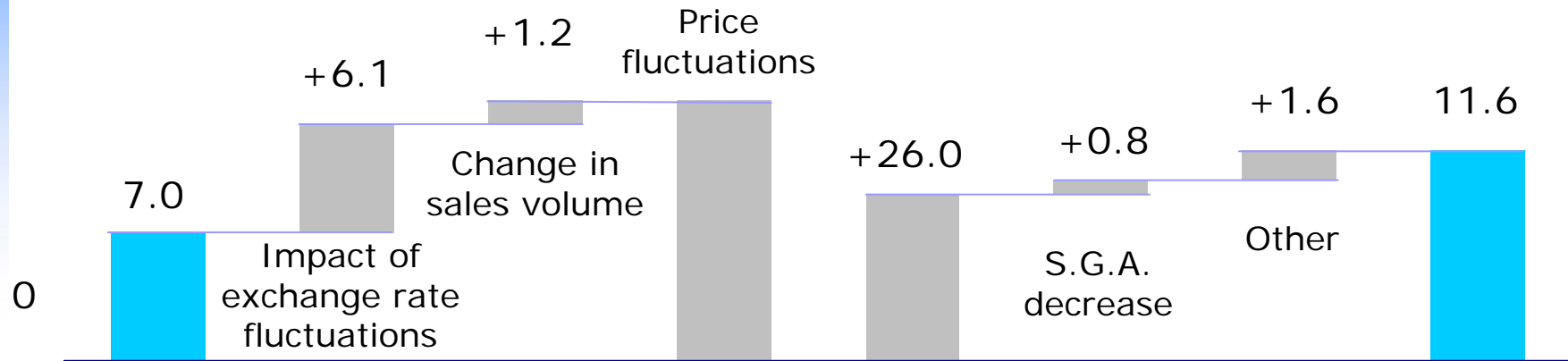
# Quarterly Operating Income

## By business segment

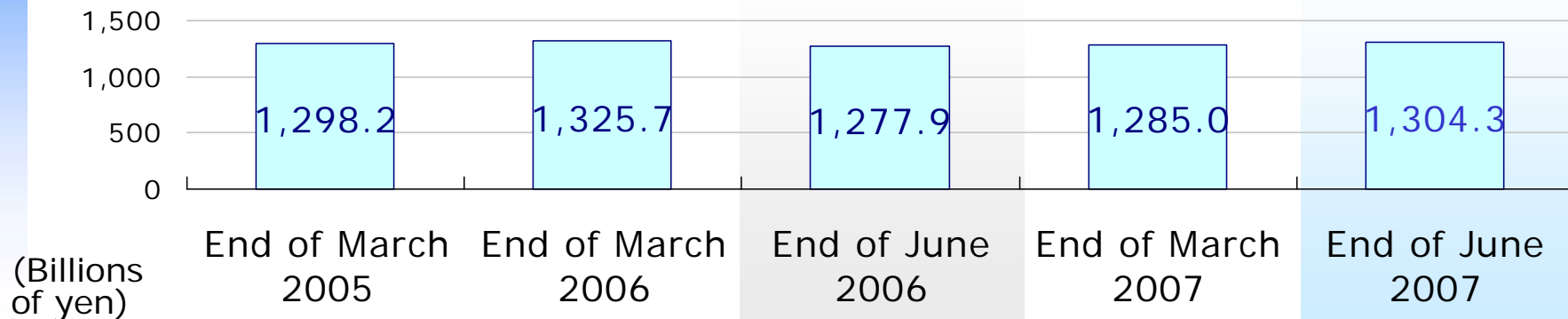


# Operating Income Fluctuation Cause Analysis

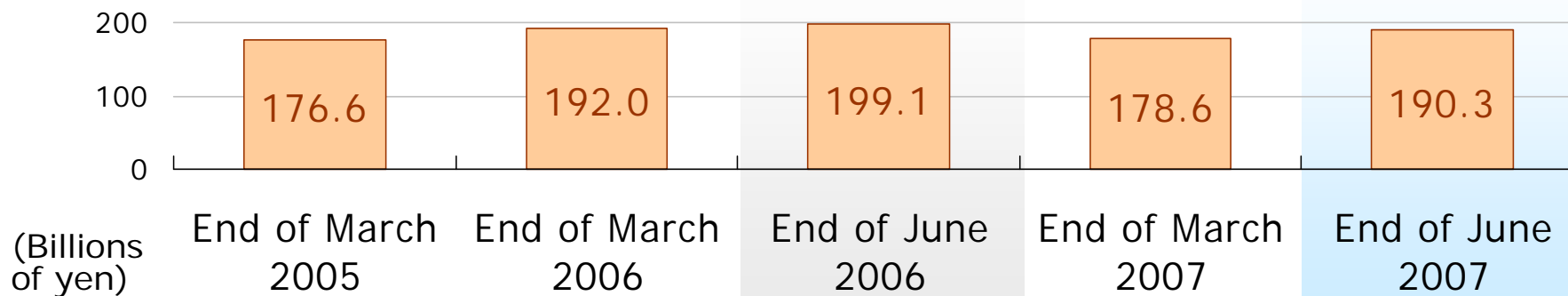
(Billions of yen)



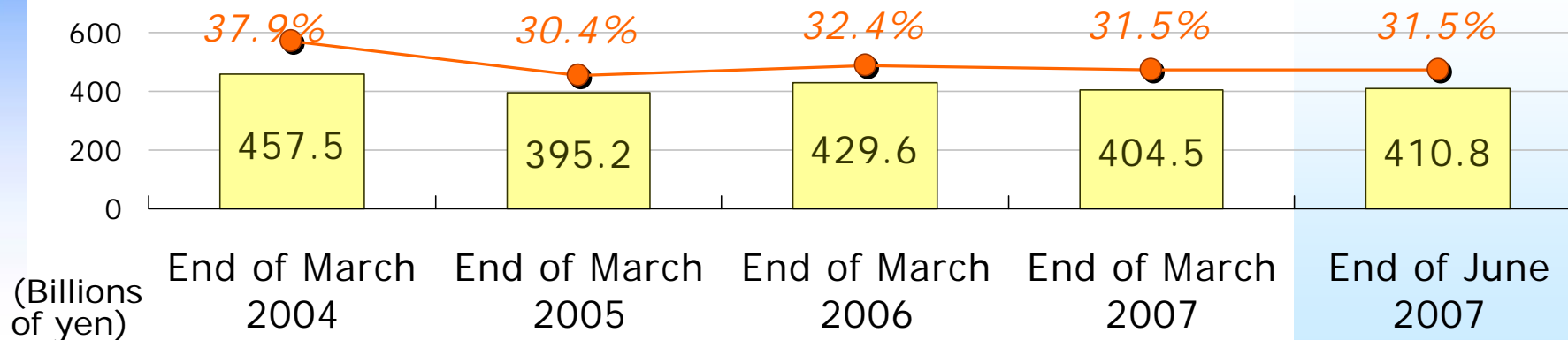
## Total assets



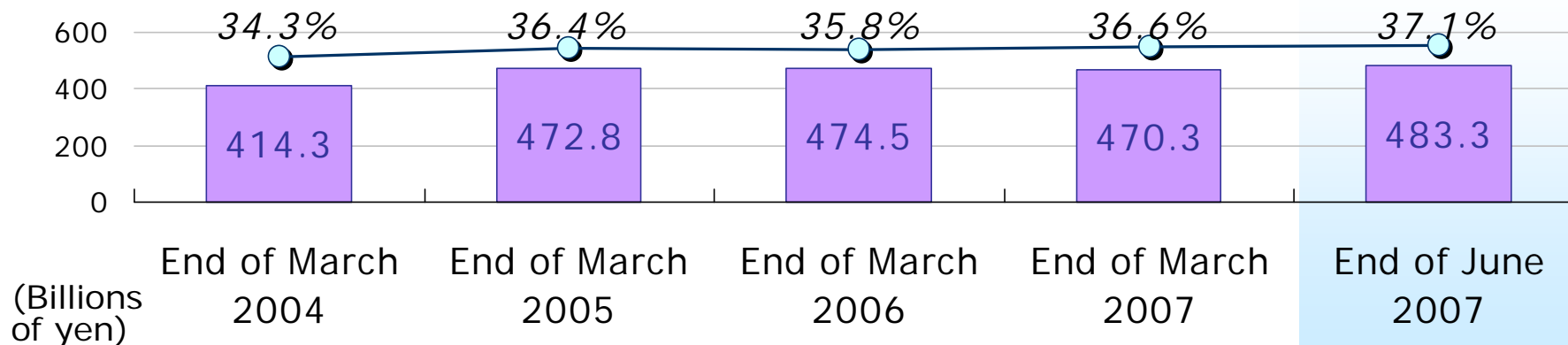
## Inventories



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



## Shareholder's equity & equity ratio



The definition of shareholder equity changed due to changes in accounting standards  
 End of June 2007: Shareholder equity = total net assets - minority interests in subsidiaries

1) FY2007 1Q Financial Results

2) FY2007 Business Outlook

## Information Equipment Segment

### Inkjet Printer Business

Optimize balance between short-term profits and mid-term growth

Expand printer unit shipments with an eye toward future consumable sales

- Fine-tune marketing strategy tailored to print volumes and specific market needs
- Flexibly adapt to market trends and competitive environment, particularly in Europe and America
- Launch competitive new products and boost lineup
- Pursue stringent cost reductions

Grow the business and industrial sectors into a core profit center in the mid-term

## Electronic Devices Segment

### Display Business

Direction of each technology according to the March 14 announcement about the reorganization of the display business, and current status

- C-STN      Move all operations offshore      → Implementing reorganization plans
- MD-TFD      Terminate within FY2007      → Implementing reorganization plans
- a-TFT/LTPS      Concentrate resources & boost sales to new applications and mobile phones
  - 1st half - Behind schedule with unit shipments for mobile phones slipping to 2nd half
  - 2nd half - Higher unit shipments for new applications, etc.
- Fixed cost reductions proceeding according to plan

# FY2007 Business Outlook

	FY2006		FY2007				Change (amount, %)	
	Actual	%	4/26 Outlook	%	Current Outlook	%	Y/Y	Vs. 4/26 outlook
(Billions of yen)								
Net sales	1,416.0	-	1,393.0	-	1,393.0	-	-23.0 -1.6%	- -
Operating income	50.3	3.6%	61.0	4.4%	61.0	4.4%	+10.6 +21.2%	- -
Ordinary income	49.0	3.5%	60.0	4.3%	60.0	4.3%	+10.9 +22.2%	- -
Net income <small>Before income taxes</small>	3.4	0.2%	55.0	3.9%	55.0	3.9%	+51.5 +1482.6%	- -
Net income	-7.0	-0.5%	30.0	2.2%	30.0	2.2%	+37.0 -	- -
EPS	-¥36.13		¥152.78		¥152.78			
Exchange rate	USD	¥117.02	¥114.00		¥116.00			
	EUR	¥150.09	¥148.00		¥158.00			

Current  
Outlook (1H)

USD	¥118.00
EUR	¥161.00

# FY2007 Business Outlook (Net Sales)

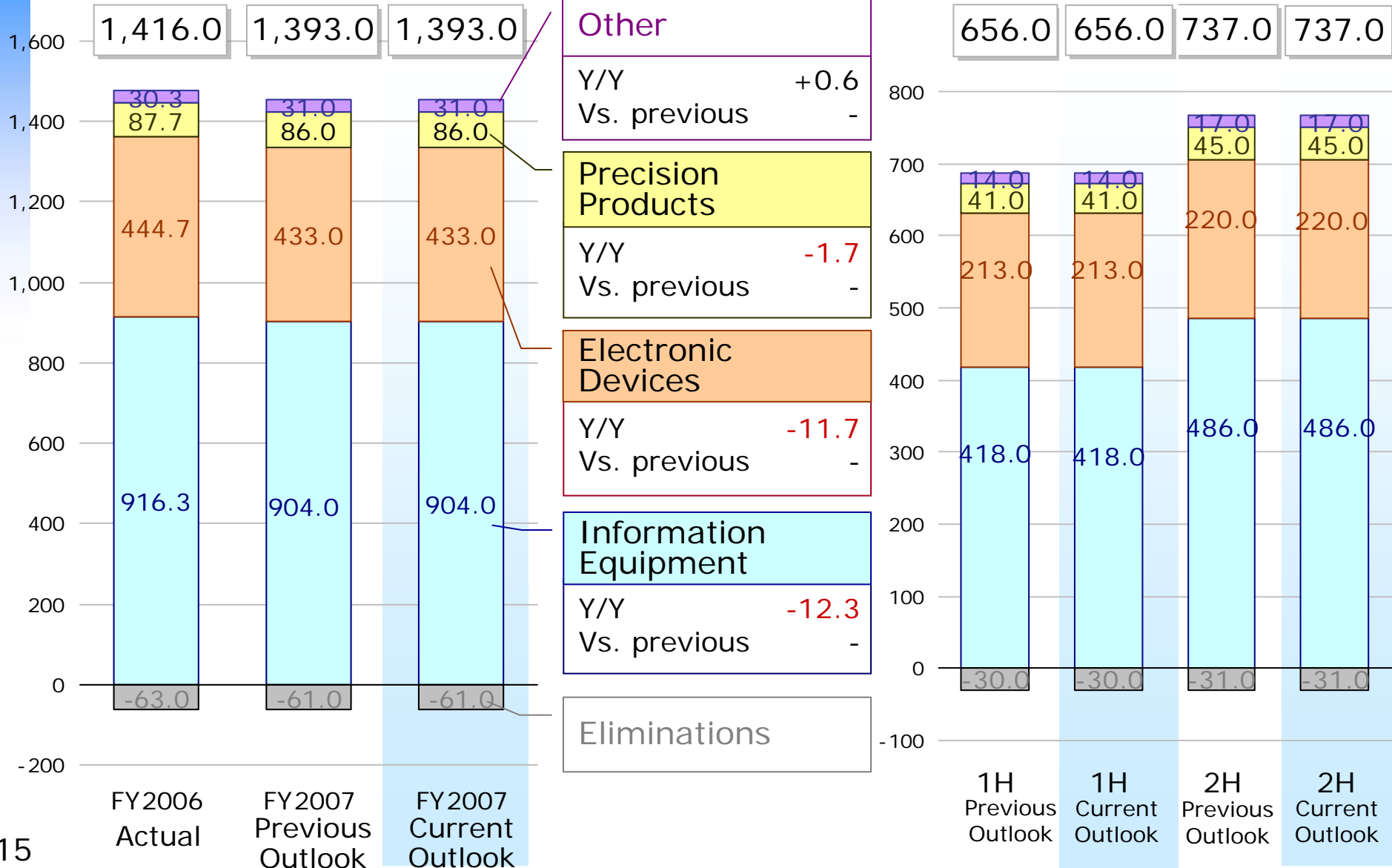


## ► By business segment

### Full-year net sales

(Billions of yen)

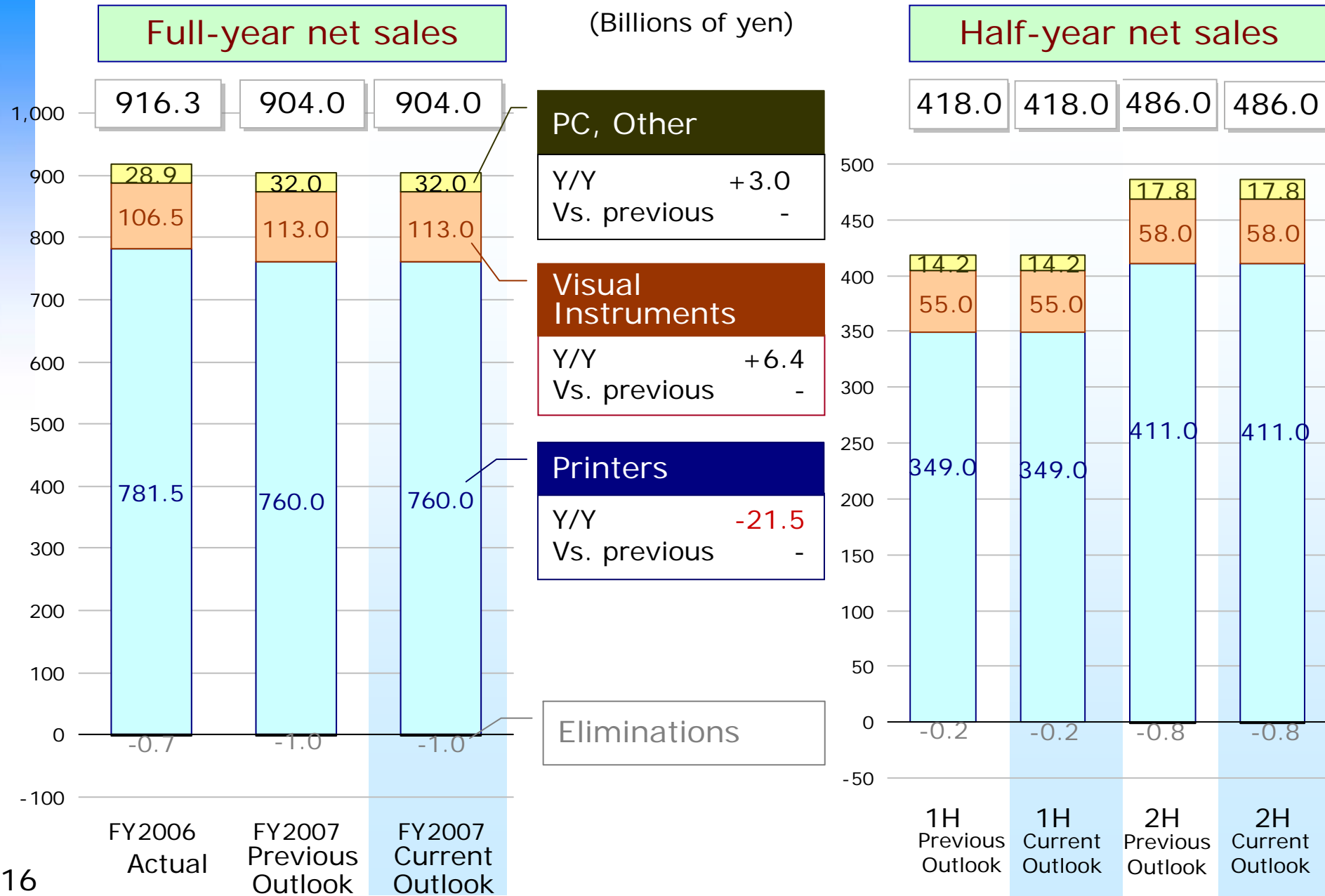
### Half-year net sales





# Net Sales Outlook by Business

## Information-related equipment segment



# Net Sales Outlook by Business

## ► Printer business

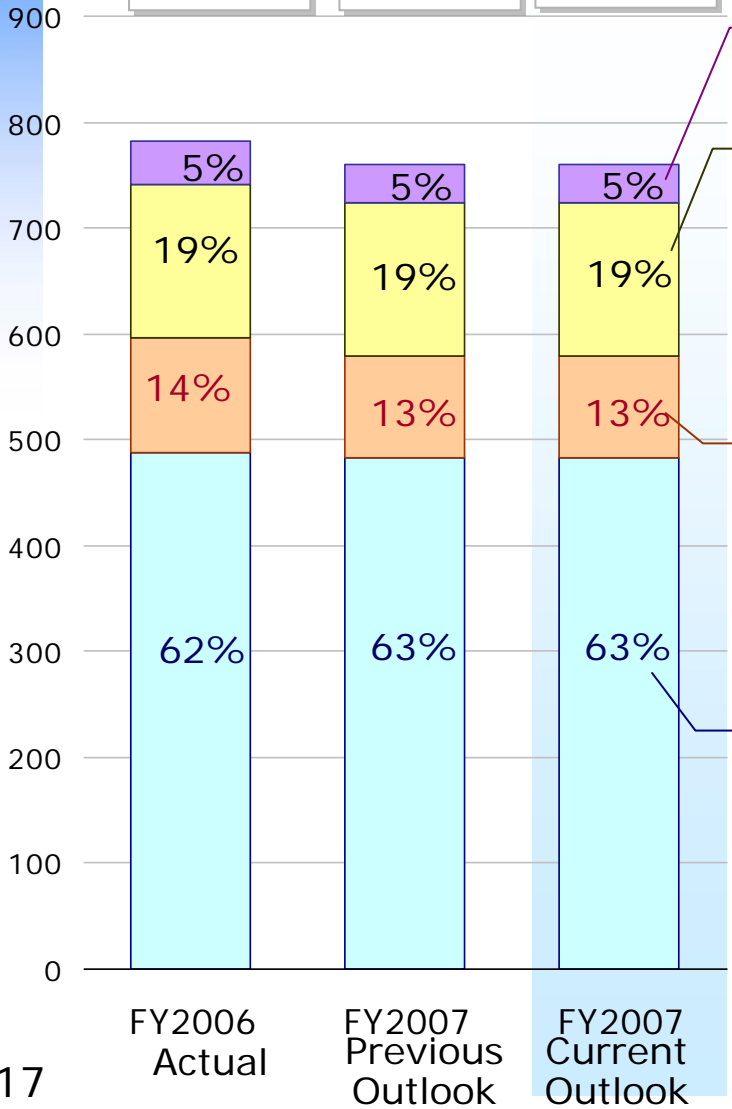
### Full-year net sales

(Billions of yen)

### Half-year net sales

781.5    760.0    760.0

349.0    349.0    411.0    411.0



Scanners, Other

**Business Systems**

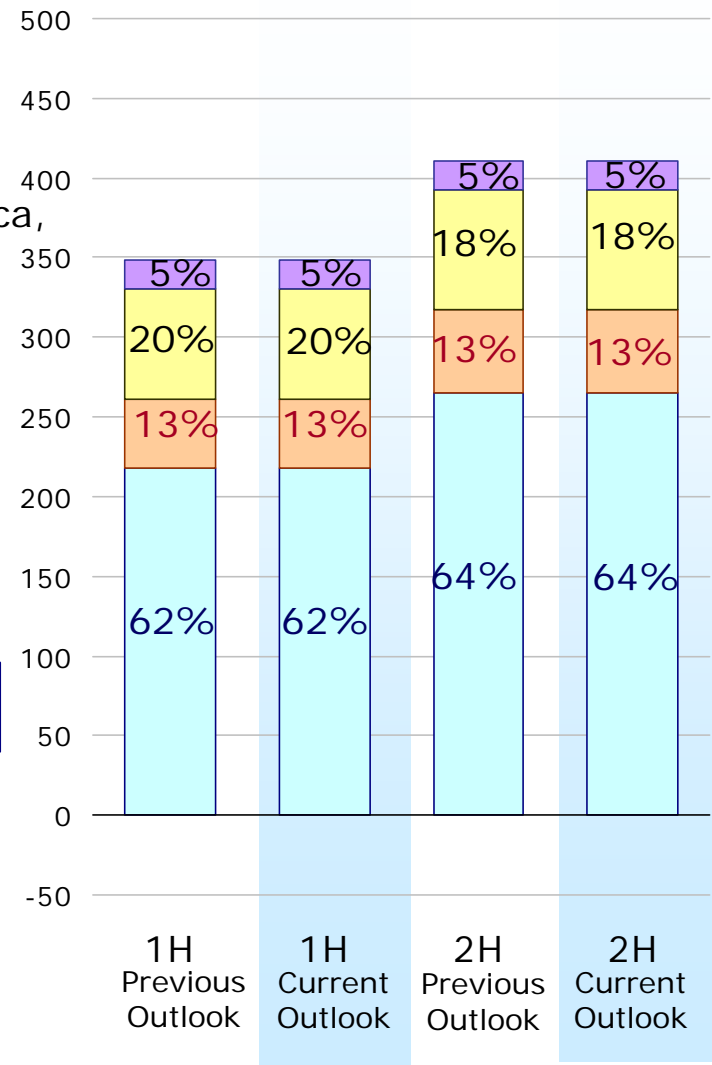
- Growth in S. America, SE Asia & China
- POS market strong

**Laser Printers**

- Emphasize regions and products with high print volume

**Inkjet Printers**

- Expand printer unit shipments with an eye on future consumable sales
- Flexibly adapt to market trends



# Net Sales Outlook by Business

## ▶ Electronic device segment

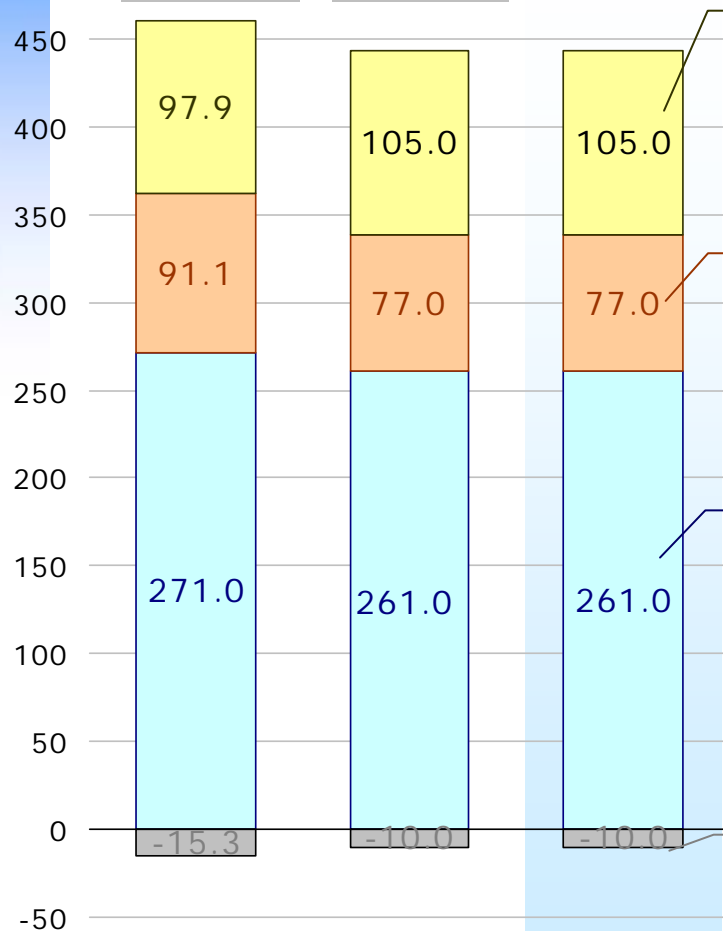
### Full-year net sales

(Billions of yen)

### Half-year net sales

444.7    433.0    433.0

213.0    213.0    220.0    220.0



#### Quartz Devices

Y/Y +7.0  
Vs. previous -

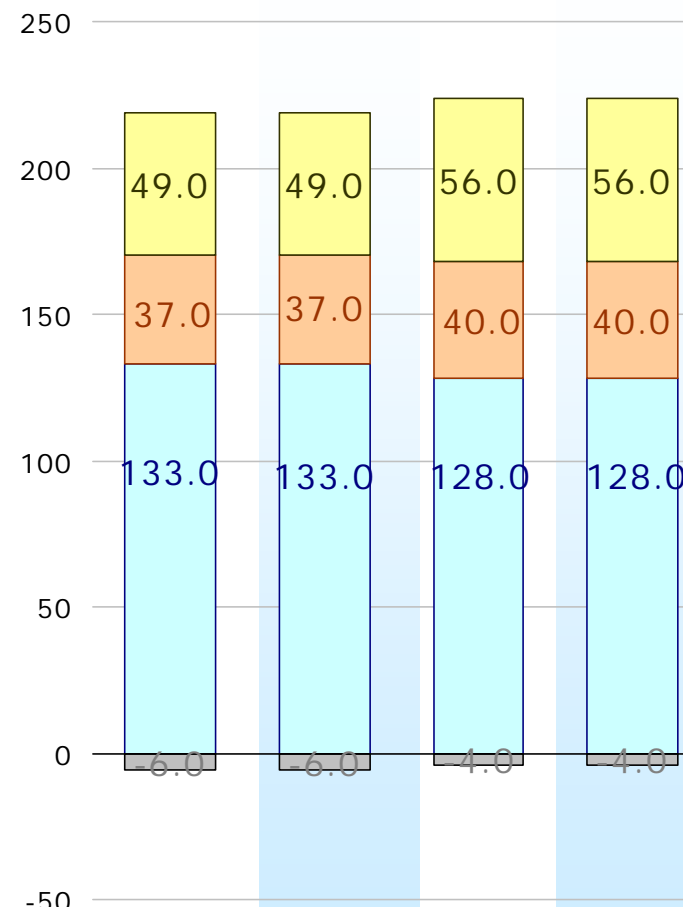
#### Semiconductors

Y/Y -14.1  
Vs. previous -

#### Displays

Y/Y -10.0  
Vs. previous -

#### Eliminations



FY2006

FY2007

FY2007

1H  
Previous  
Outlook

1H  
Current  
Outlook

2H  
Previous  
Outlook

2H  
Current  
Outlook

Actual

Previous  
Outlook

Current  
Outlook

1H  
Previous  
Outlook

1H  
Current  
Outlook

2H  
Previous  
Outlook

2H  
Current  
Outlook

# Net Sales Outlook by Business

## ► Display business

### Full-year net sales

(Billions of yen)

### Half-year net sales

271.0

261.0

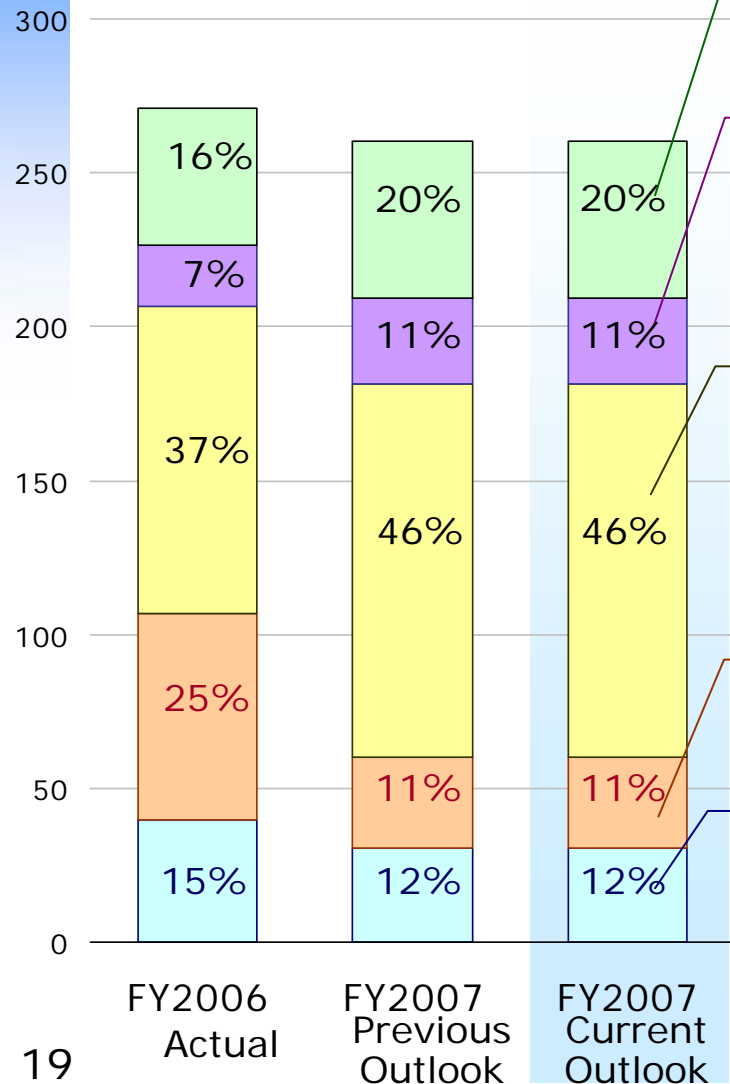
261.0

133.0

133.0

128.0

128.0



#### HTPS-TFT

- Projection market expansion

#### LTPS-TFT

- Concentrate resources
- Develop high-resolution LCD applications

#### a-TFT

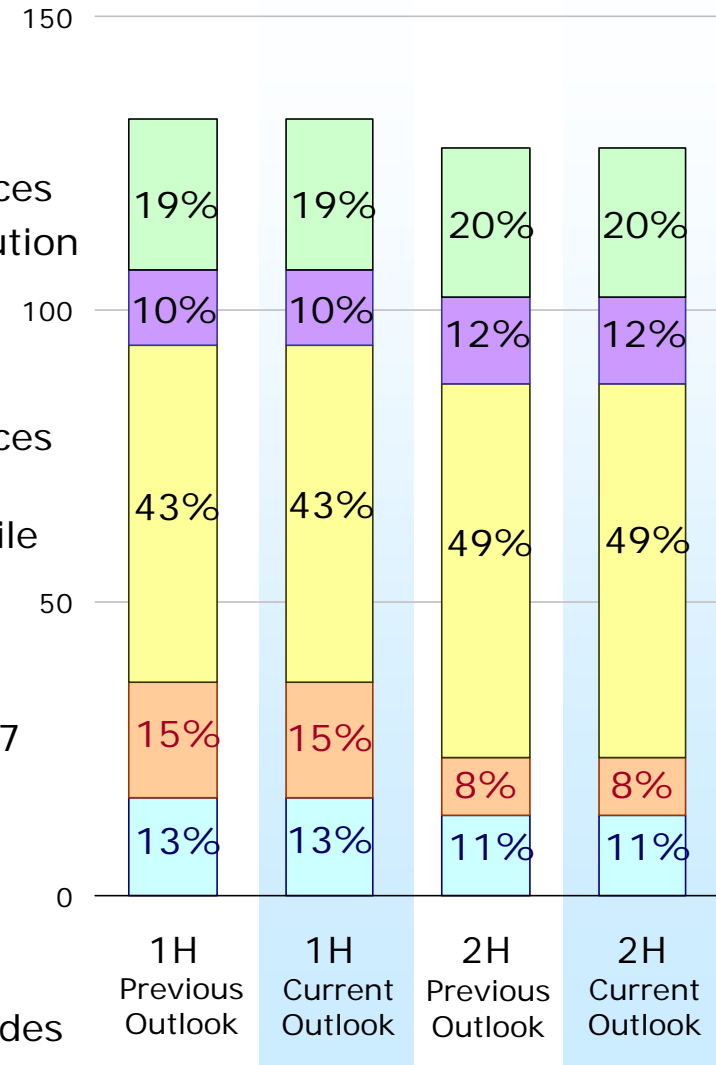
- Concentrate resources
- Develop new applications in mobile phones and others

#### MD-TFD

- Terminate in FY2007

#### C-STN

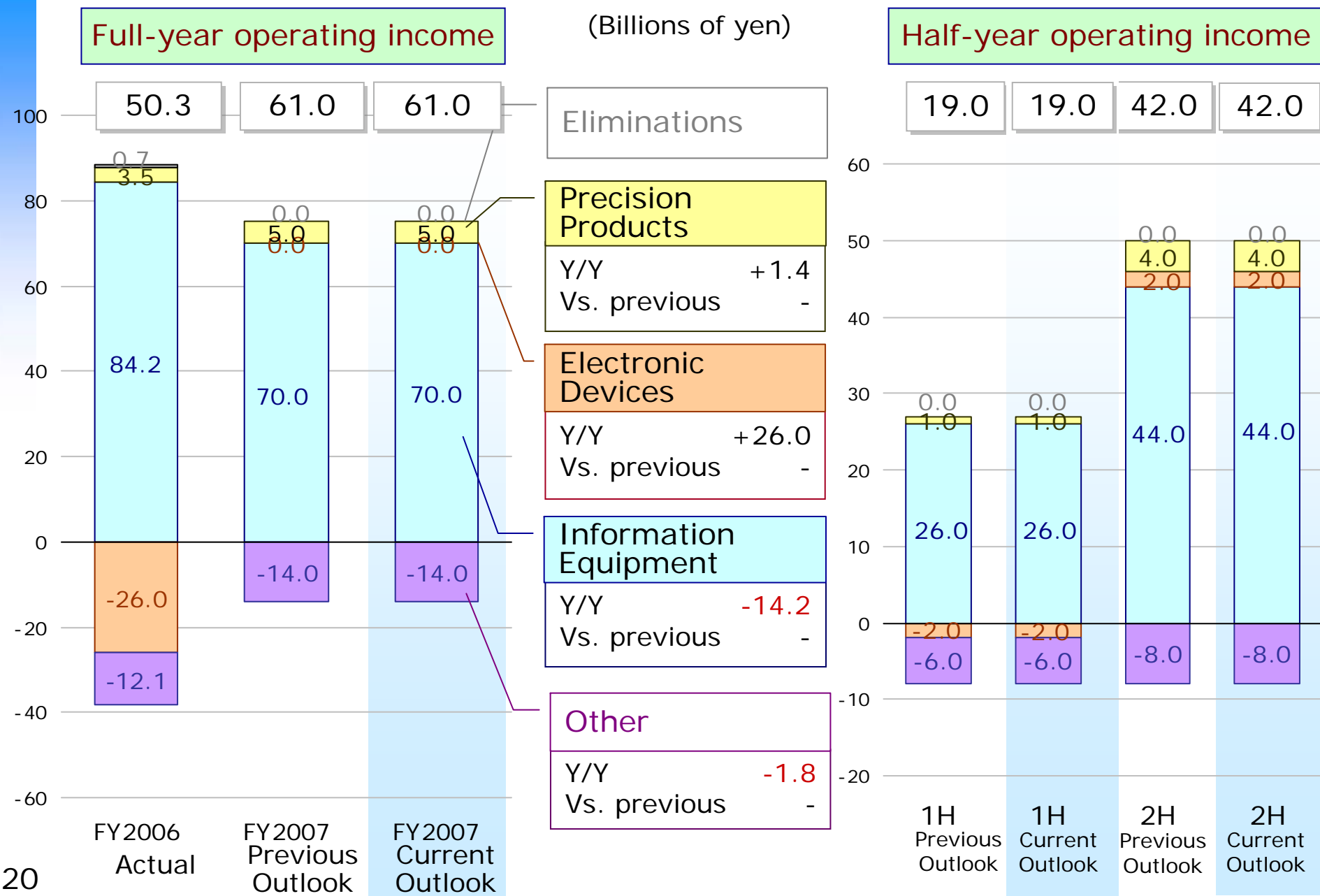
- Transfer operations offshore
- Demand from monochrome upgrades



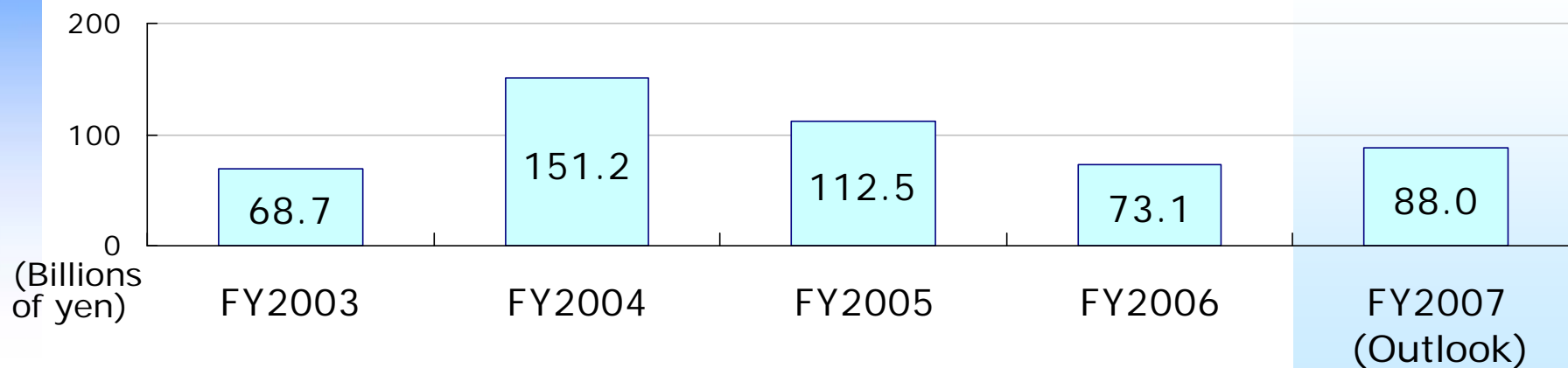
1H Previous Outlook    1H Current Outlook    2H Previous Outlook    2H Current Outlook

# FY2007 Business Outlook (Operating Income)

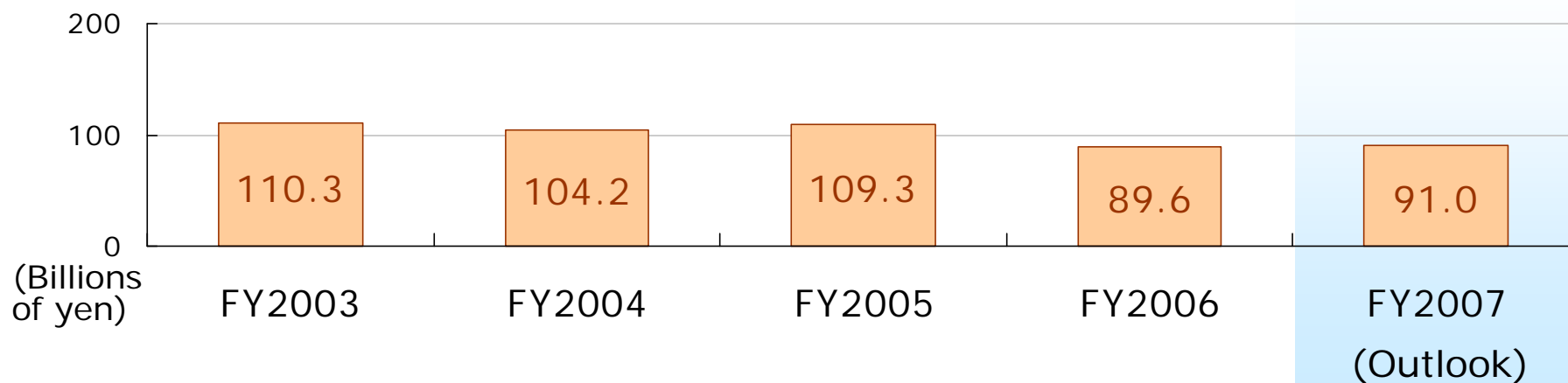
## ► By business segment



## Capital Expenditures

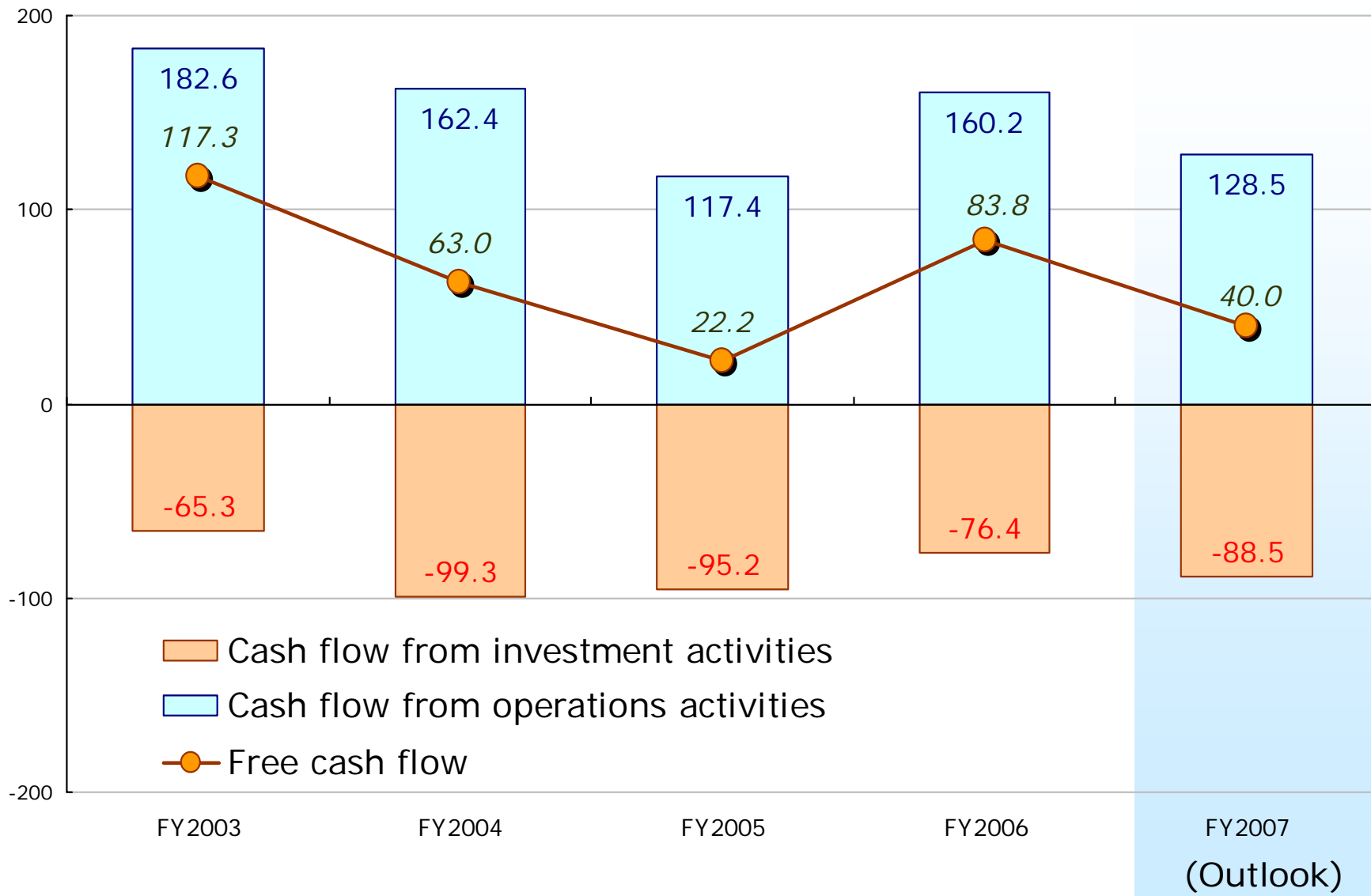


## Depreciation and Amortization Expenses

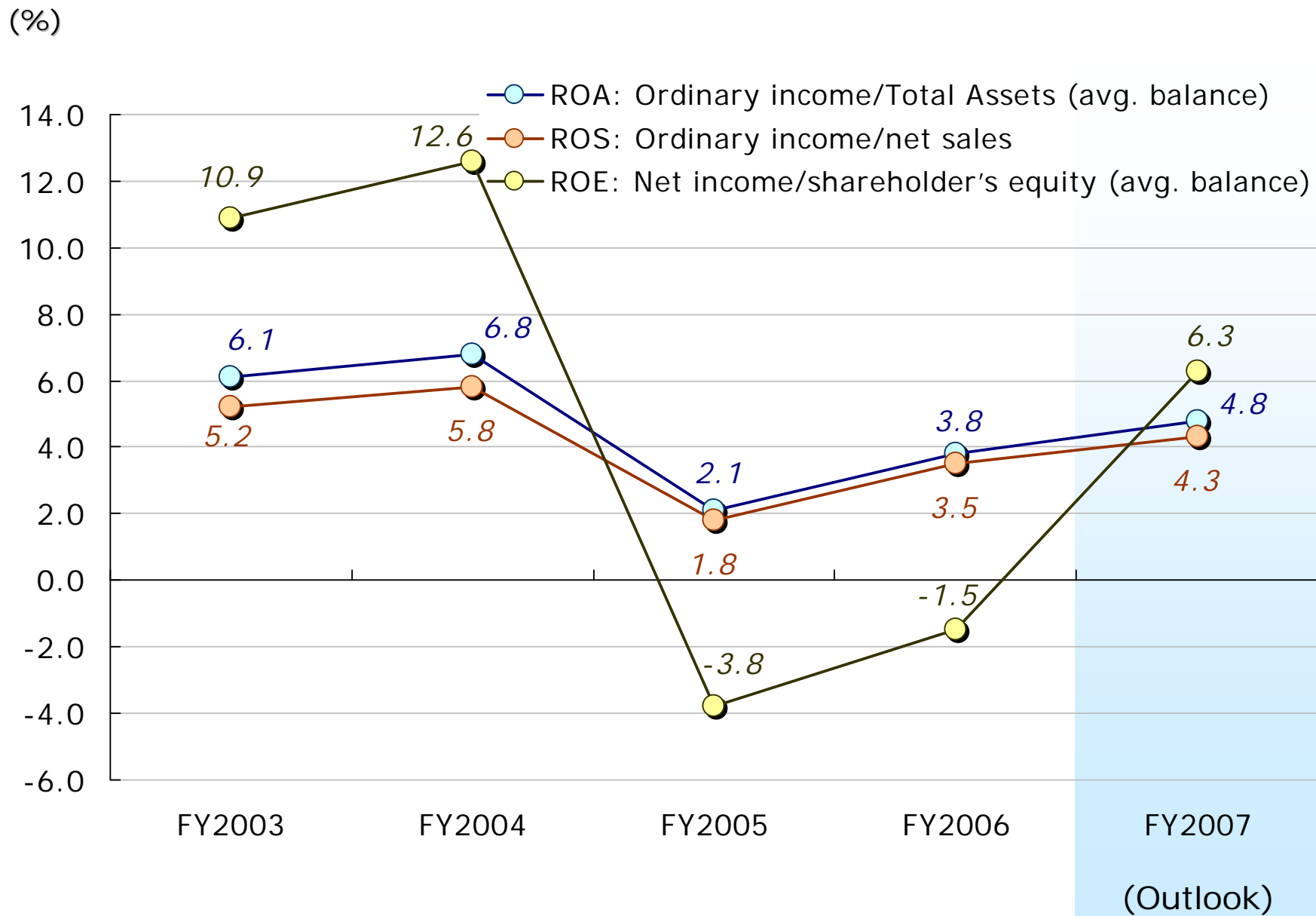


# Free Cash Flow Outlook

(Billions of yen)



# Main Management Indicators





**EPSON**  
EXCEED YOUR VISION