



First Quarter Financial Results Fiscal Year 2012 (Ending March 2013)

July 31, 2012

SEIKO EPSON CORPORATION

■ 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.

■ Numerical values presented herein

Numbers are rounded to the unit indicated.

Percentages are rounded off to one decimal place.

1. Overview

2. Details

Financial Highlights (First Quarter)



	FY2011		FY2012		Change	
	Q1 Actual	%	Q1 Actual	%	Amount	%
(Billions of yen)						
Net Sales	217.7	-	186.3	-	-31.3	-14.4%
Operating Income	3.6	1.7%	-16.1	-8.6%	-19.7	-
Ordinary Income	2.3	1.1%	-16.4	-8.8%	-18.8	-
Net Income Before Income Taxes	0.5	0.2%	-31.9	-17.1%	-32.4	-
Quarterly Net Income	-3.2	-1.5%	-34.4	-18.5%	-31.2	-
EPS	-¥16.13		-¥192.67			
Exchange Rate	USD	¥81.74	¥80.20			
	EUR	¥117.40	¥102.91			

Summary of Q1 Financial Results (Vs. Plan)



Plan

- Operating loss expected in Q1 due to weaker euro year-over-year & costs associated with increased IJP production

Business Environment

- Recovery in Europe and America weaker than expected, slowing growth in emerging markets became more apparent

Net Sales

- Sales of IJP, PRJ & POS-related products fell short of target
→ However, IJP hardware (+15% Y/Y) & PRJ (+20% Y/Y) posted steady growth despite tough market environment

Operating Income

- Early production of IJP hardware
- IJP consumables sales shortfall
- Failure to achieve cost reductions due to soaring cost of raw materials
- Switched suppliers due to flooding in Thailand

Quarterly Net Income

- Posted extraordinary loss due to settlement of lawsuits

IJP: Inkjet printer
POS: Point of sales
PRJ: Projector

Q2 Actions in Preparation for H2



Review of Assumptions

- Downward revision of consolidated financial outlook after review of market assumptions, especially for businesses in information-related equipment
 - Make adjustments in light of market weakness
 - Recover within scope of operations

Countermeasures

- Lower sales volume targets in information-related equipment instead of following initial plan, adjust production & inventory plans, and control profit-and-loss accordingly
- Launch compelling new products in IJP, LFP & PRJ for H2
- Capture tenders for PRJ, SIDM & POS-related products
- Achieve cost reductions in line with plan
- Carefully analyze expenses to ensure maximum efficiency

IJP: Inkjet printer
LFP: Large format printer
SIDM: Serial impact dot matrix printer
POS: Point of sales
PRJ: Projector

FY2012 Financial Outlook



	FY2011		FY2012				Change (amount, %)	
	Actual	%	4/27 Outlook	%	Current Outlook	%	Y/Y	Vs. 4/27 Outlook
(Billions of yen)								
Net Sales	877.9	-	890.0	-	870.0	-	-7.9 -0.9%	-20.0 -2.2%
Operating Income	24.6	2.8%	35.0	3.9%	28.0	3.2%	+3.3 +13.7%	-7.0 -20.0%
Ordinary Income	27.0	3.1%	33.0	3.7%	28.0	3.2%	+0.9 +3.6%	-5.0 -15.2%
Net Income Before Income Taxes	15.6	1.8%	23.0	2.6%	13.0	1.5%	-2.6 -16.8%	-10.0 -43.5%
Net Income	5.0	0.6%	14.0	1.6%	5.0	0.6%	-0 -0.6%	-9.0 -64.3%
EPS	¥26.22		¥78.26		¥27.95			
Exchange Rate	USD	¥79.08	¥75.00		¥76.00		Exchange rate assumptions from Q2 onward USD: ¥75.00 EUR: ¥100.00	
	EUR	¥108.98	¥100.00		¥101.00			

1. Overview

2. Details

1) FY2012 Q1 Financial Results

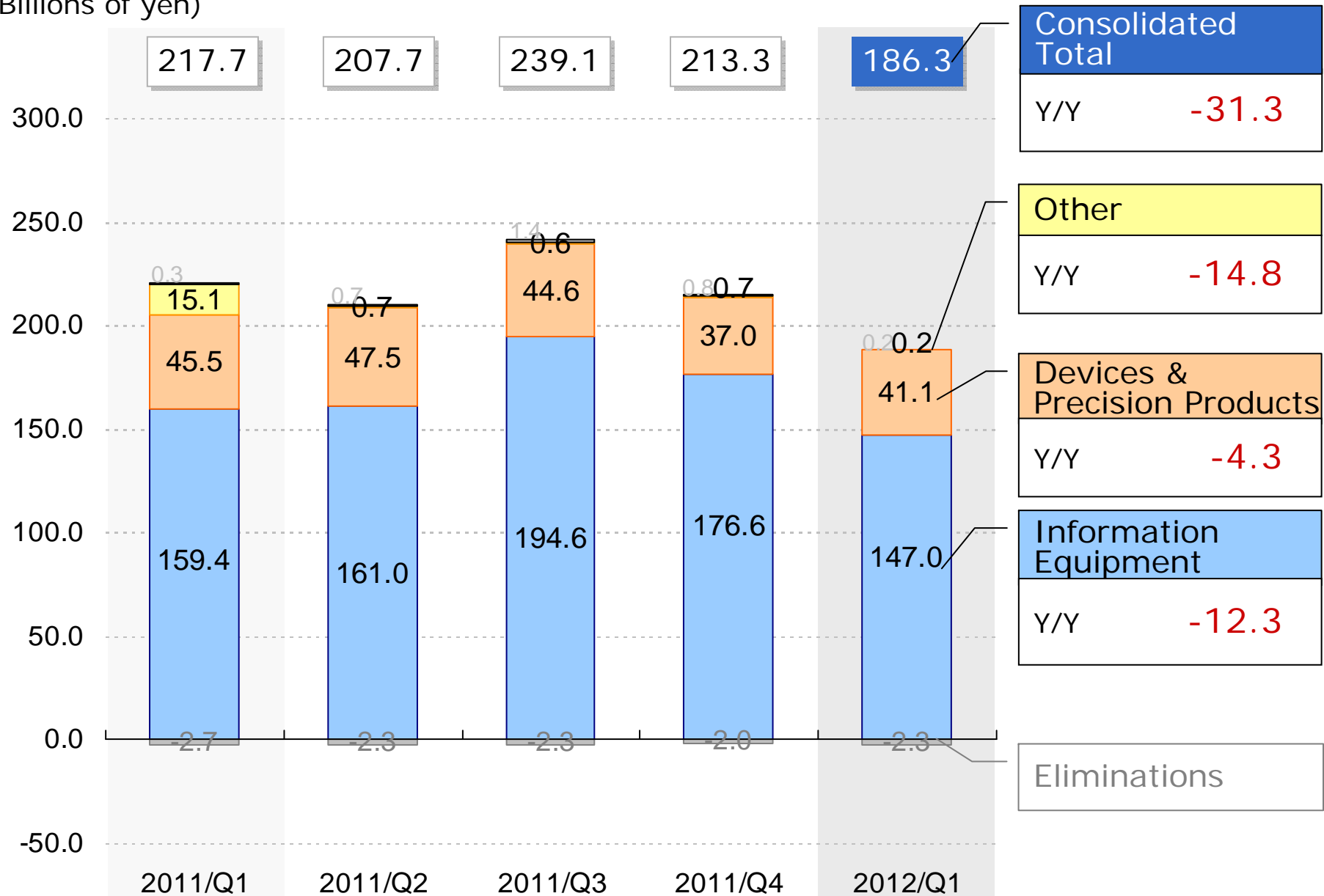
2) FY2012 Financial Outlook

Quarterly Net Sales

► By business segment



(Billions of yen)

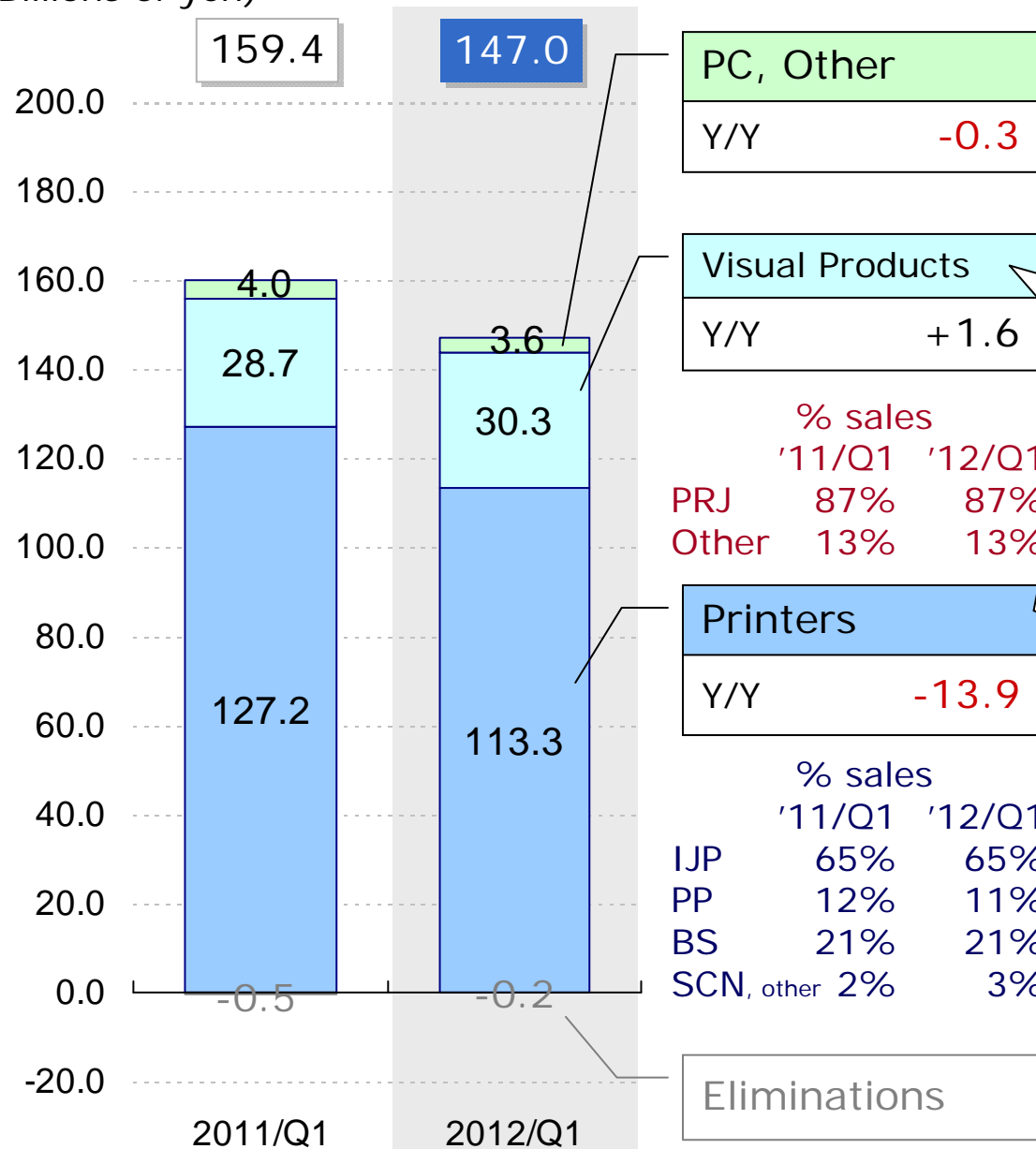


Quarterly Net Sales Comparison

Information Equipment Segment



(Billions of yen)



- PRJ: Volume up in business & education markets

- IJP: Sales down on lower consumables volume and forex impact despite higher hardware volume
- PP: Sales down on lower hardware & consumables volumes, forex impact
- BS: SIDM volume down, POS volume up but sales down on model mix and forex impact

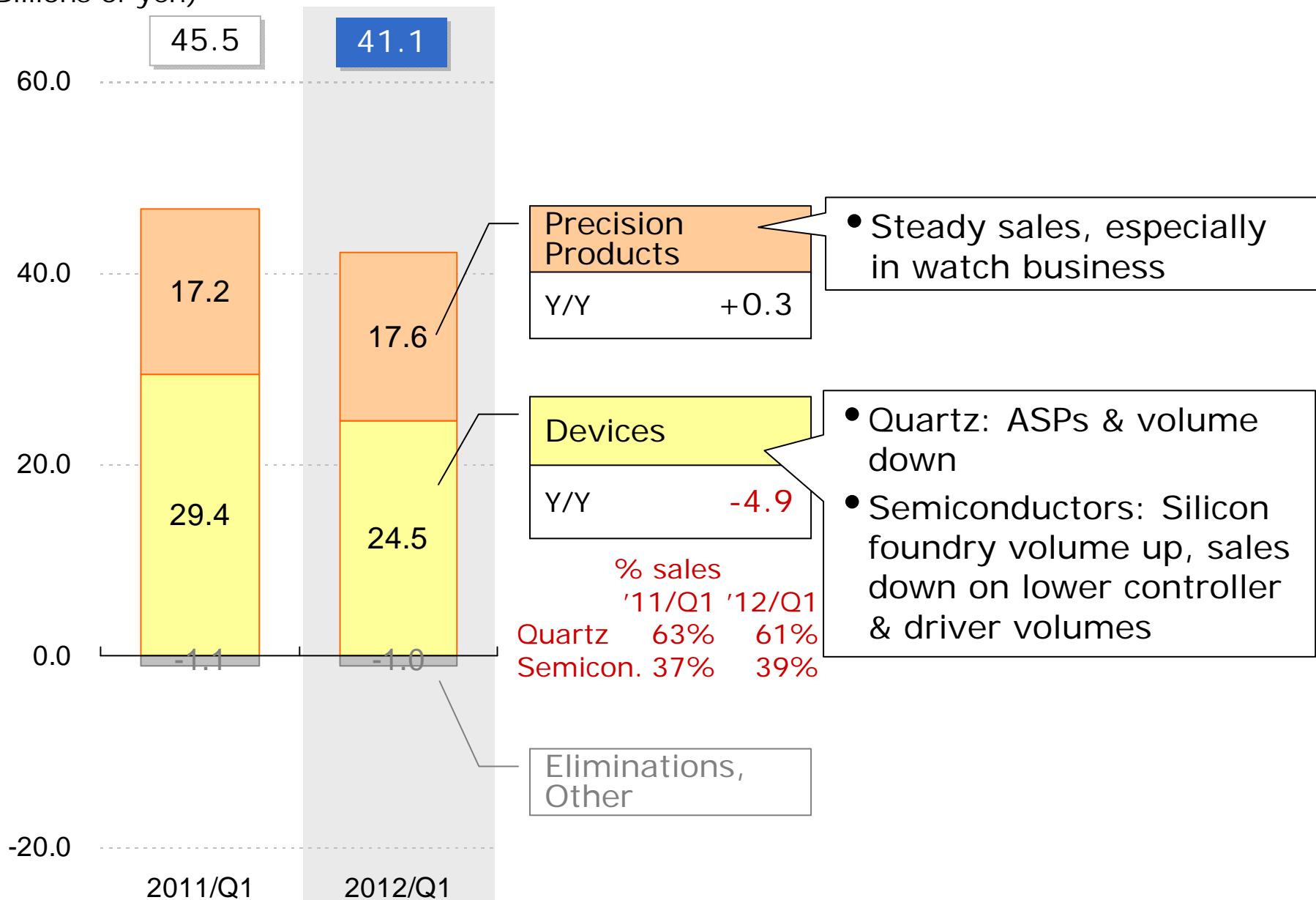
- IJP Inkjet printer
- PP Page printer
- BS Business systems
- SIDM Serial impact dot matrix printer
- POS Point of sales
- SCN Scanner
- PRJ Projector

Quarterly Net Sales Comparison

▶ Devices and Precision Products Segment



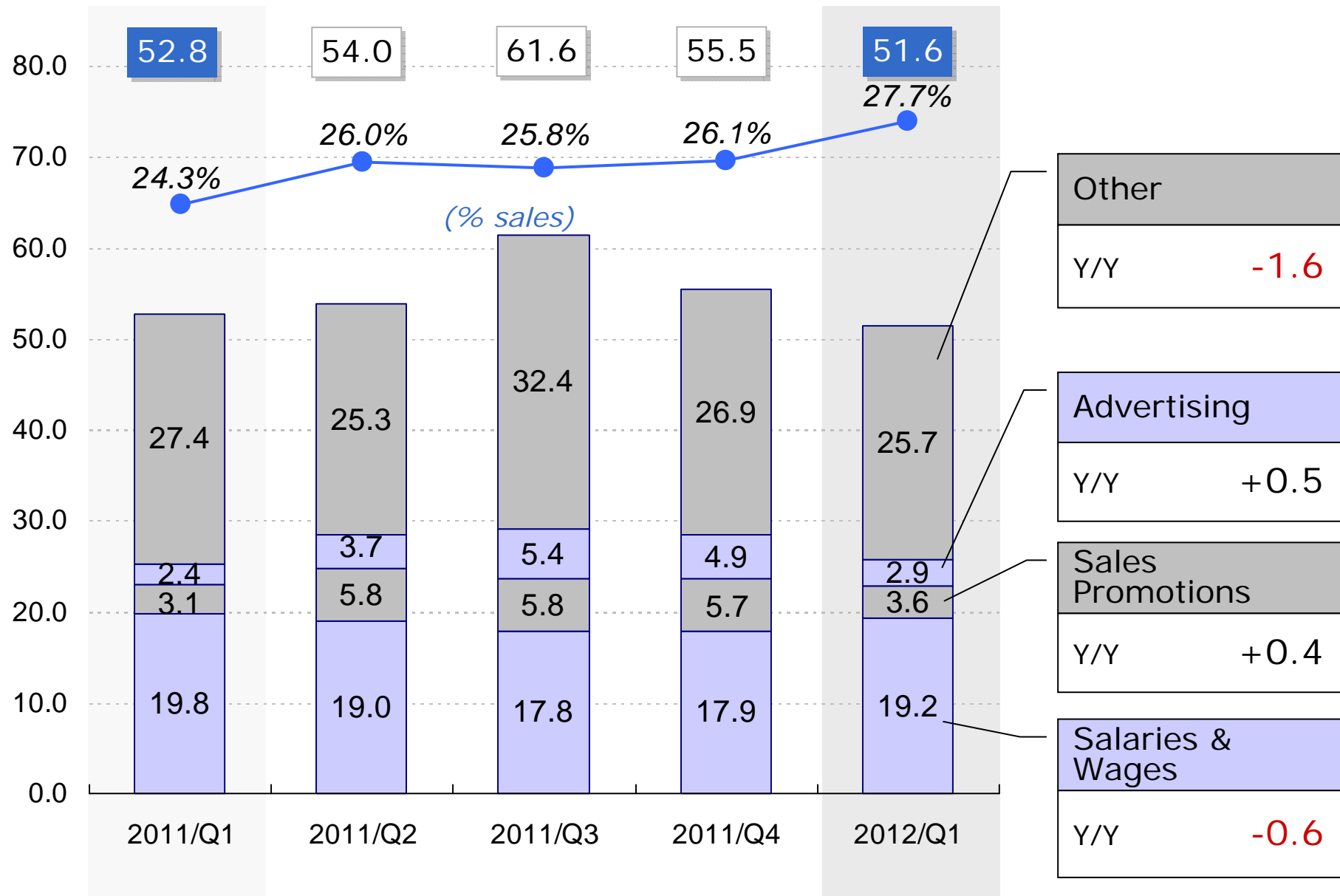
(Billions of yen)



Quarterly Selling, General and Administrative Expenses



(Billions of yen)

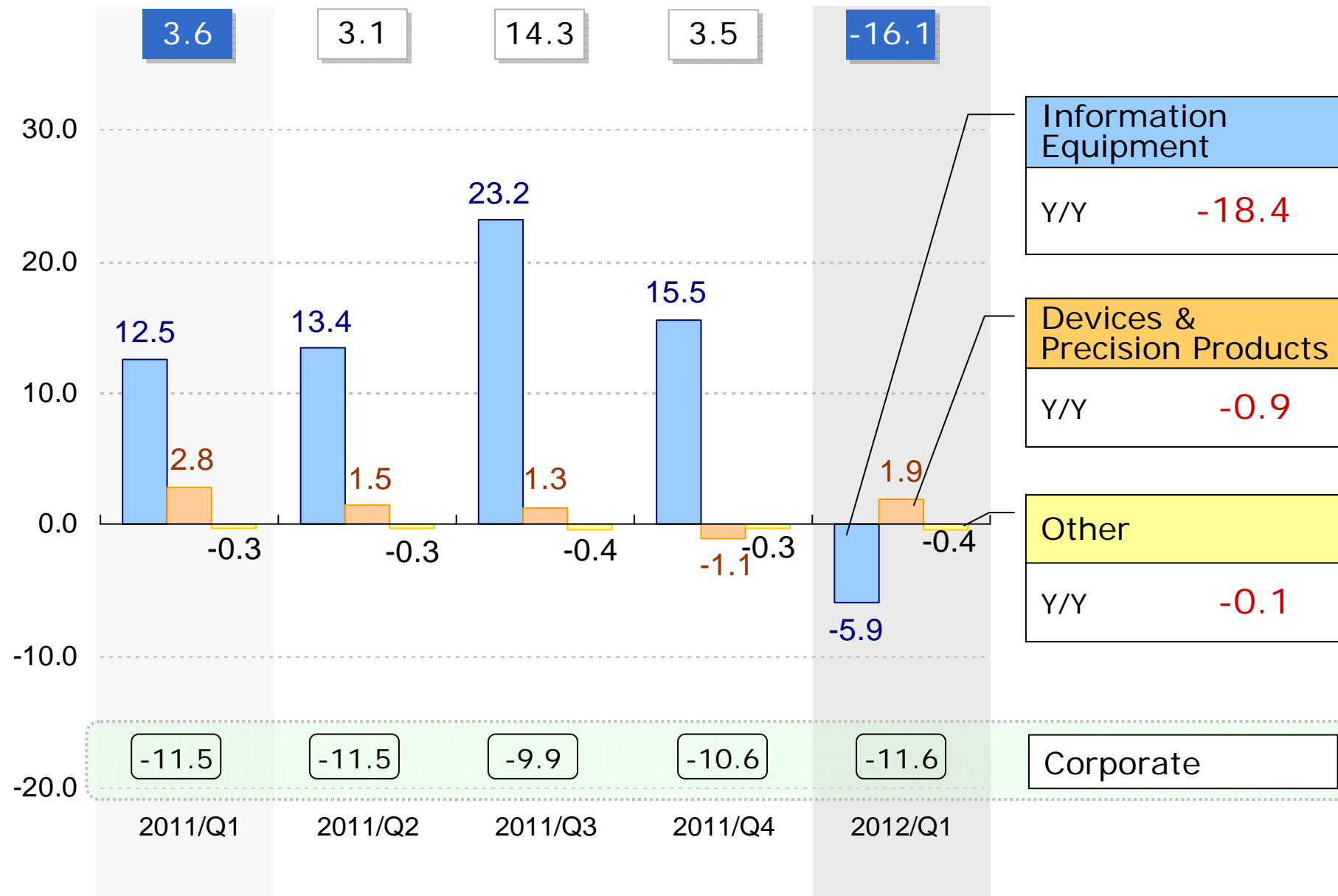


Quarterly Operating Income

► By business segment



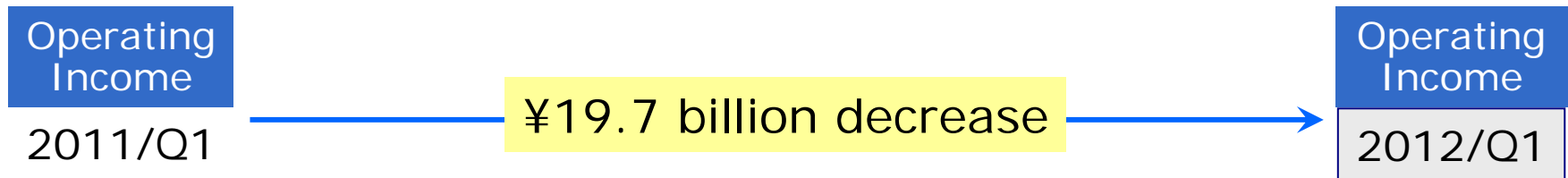
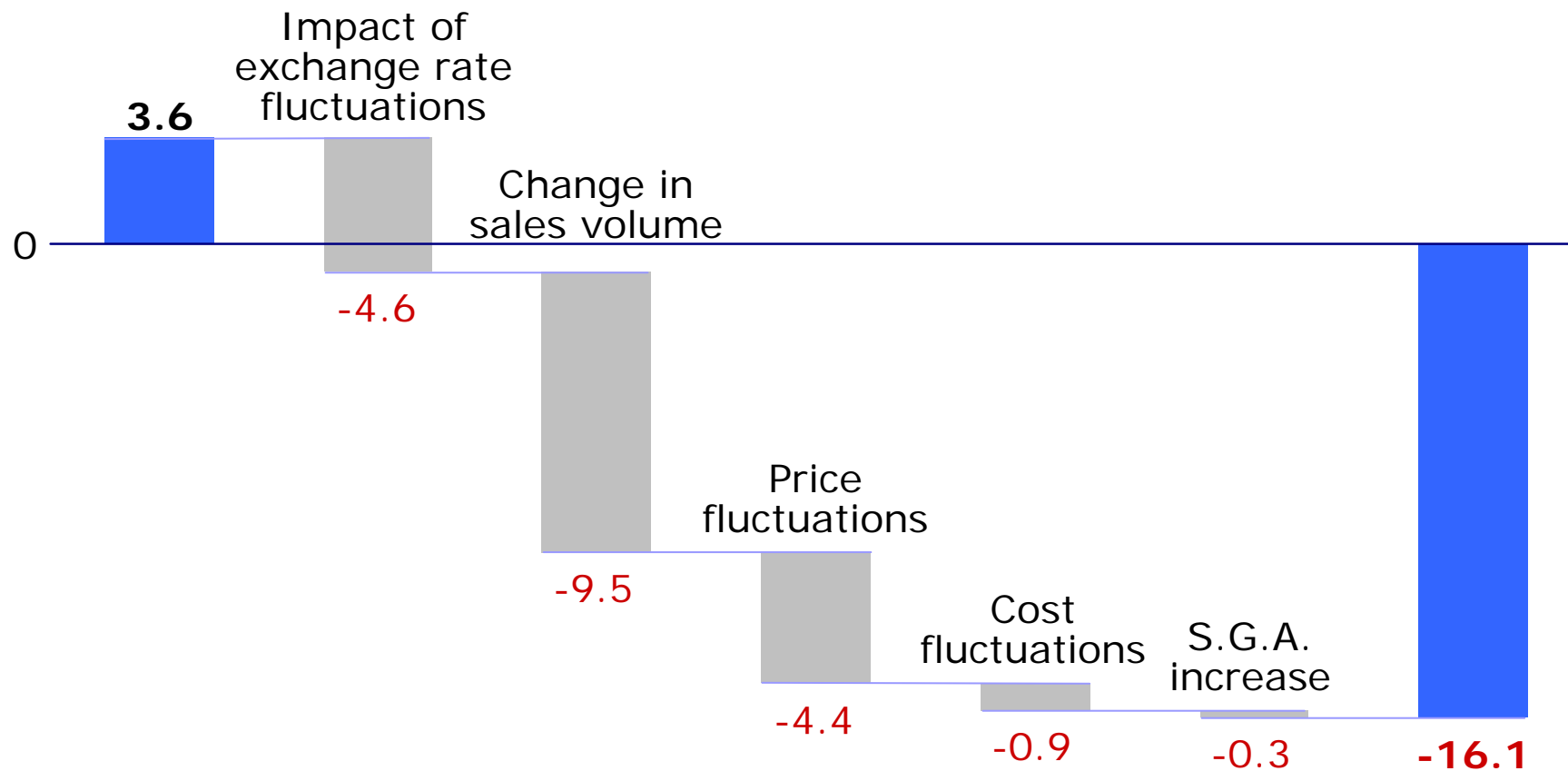
(Billions of yen)



Operating Income Fluctuation Cause Analysis



(Billions of yen)

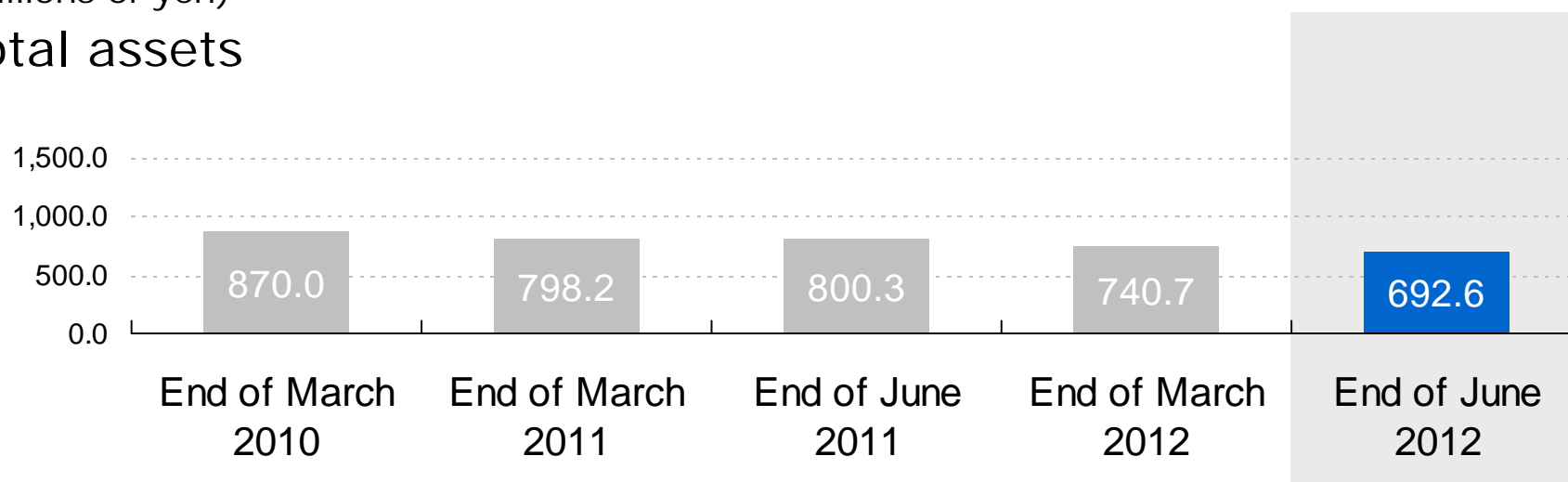


Statistics of Balance Sheet Items

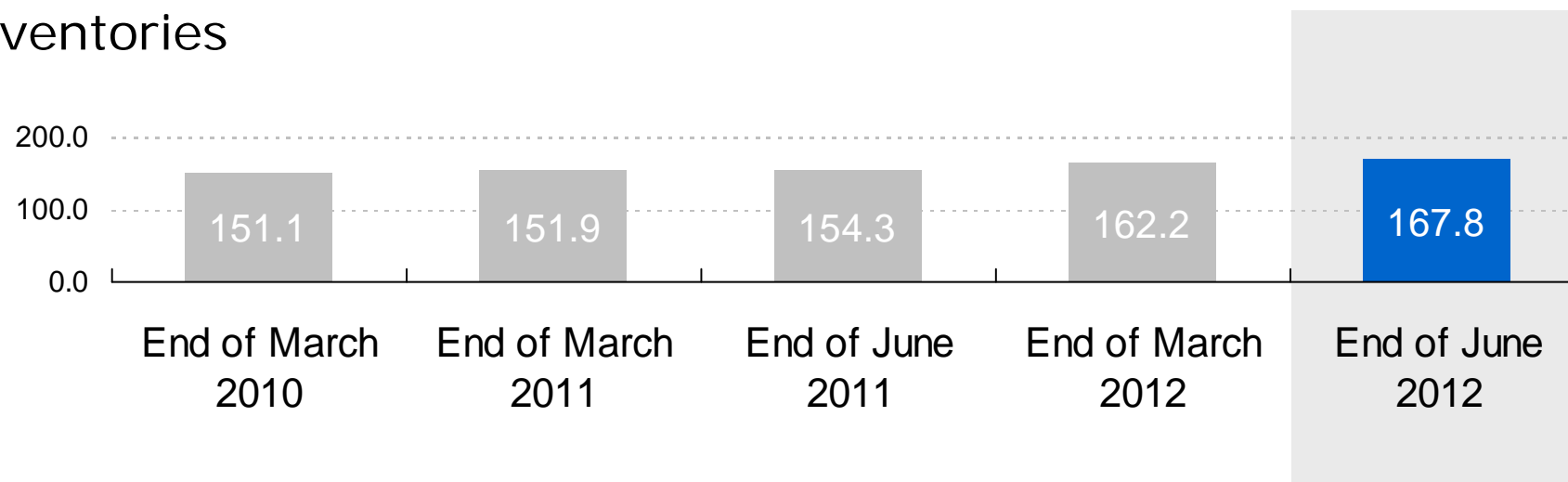


(Billions of yen)

Total assets



Inventories

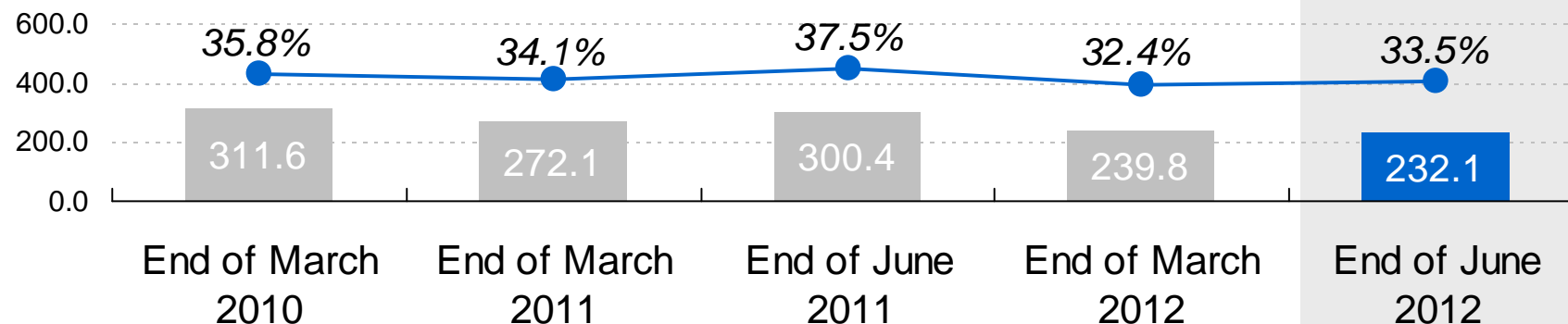


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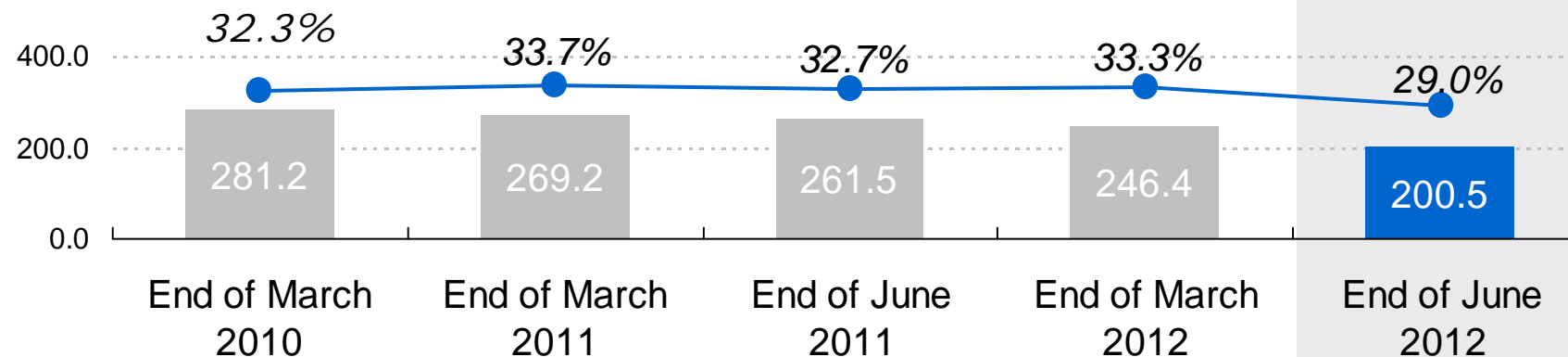


(Billions of yen)

Interest-bearing liabilities & ratio of interest-bearing liabilities



Shareholders' equity & equity ratio



*Lease obligations are included in interest-bearing liabilities

*Shareholder equity = total net assets - minority interests in subsidiaries

1) FY2012 Q1 Financial Results

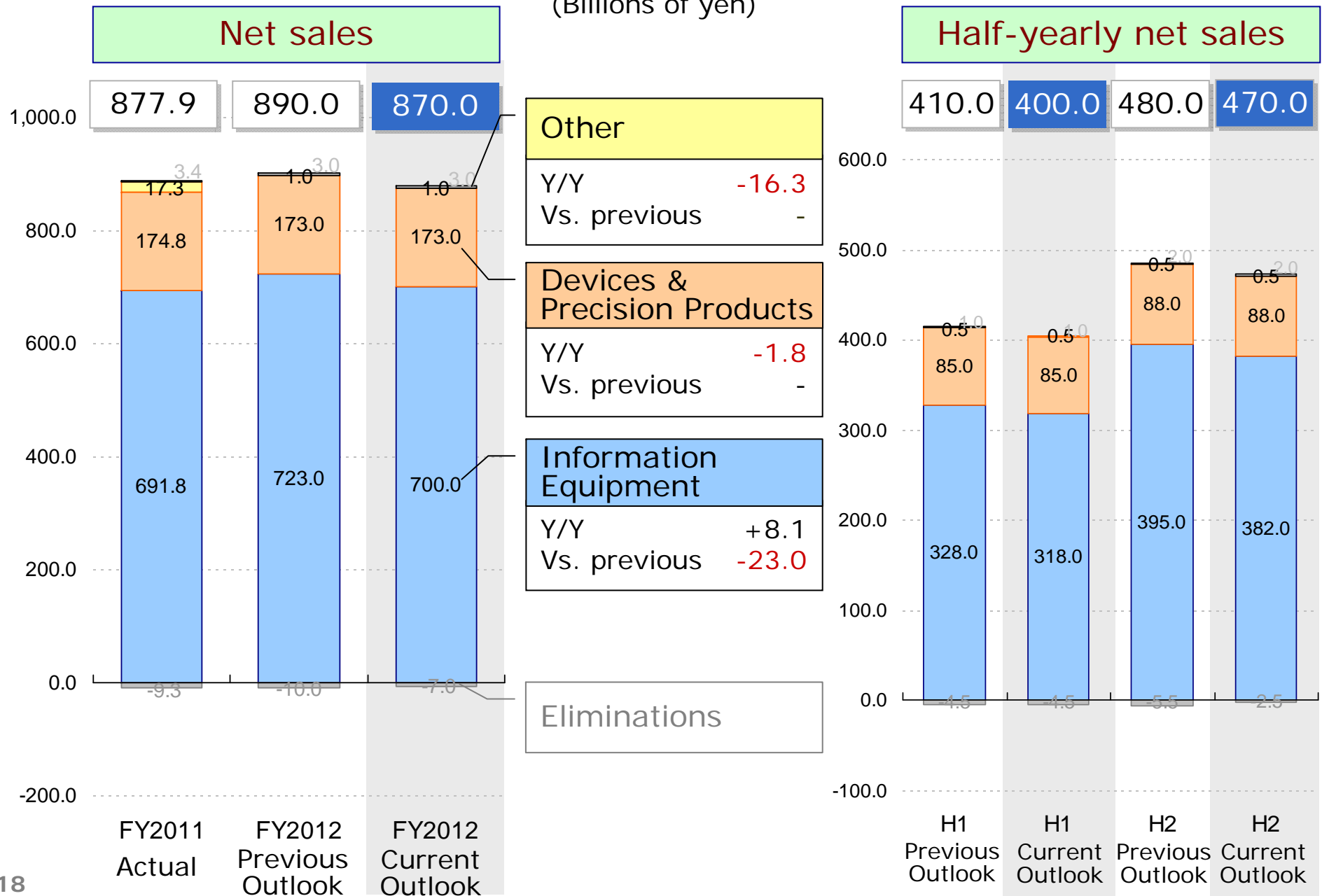
2) FY2012 Financial Outlook

FY2012 Financial Outlook (Net Sales)

► By business segment



(Billions of yen)

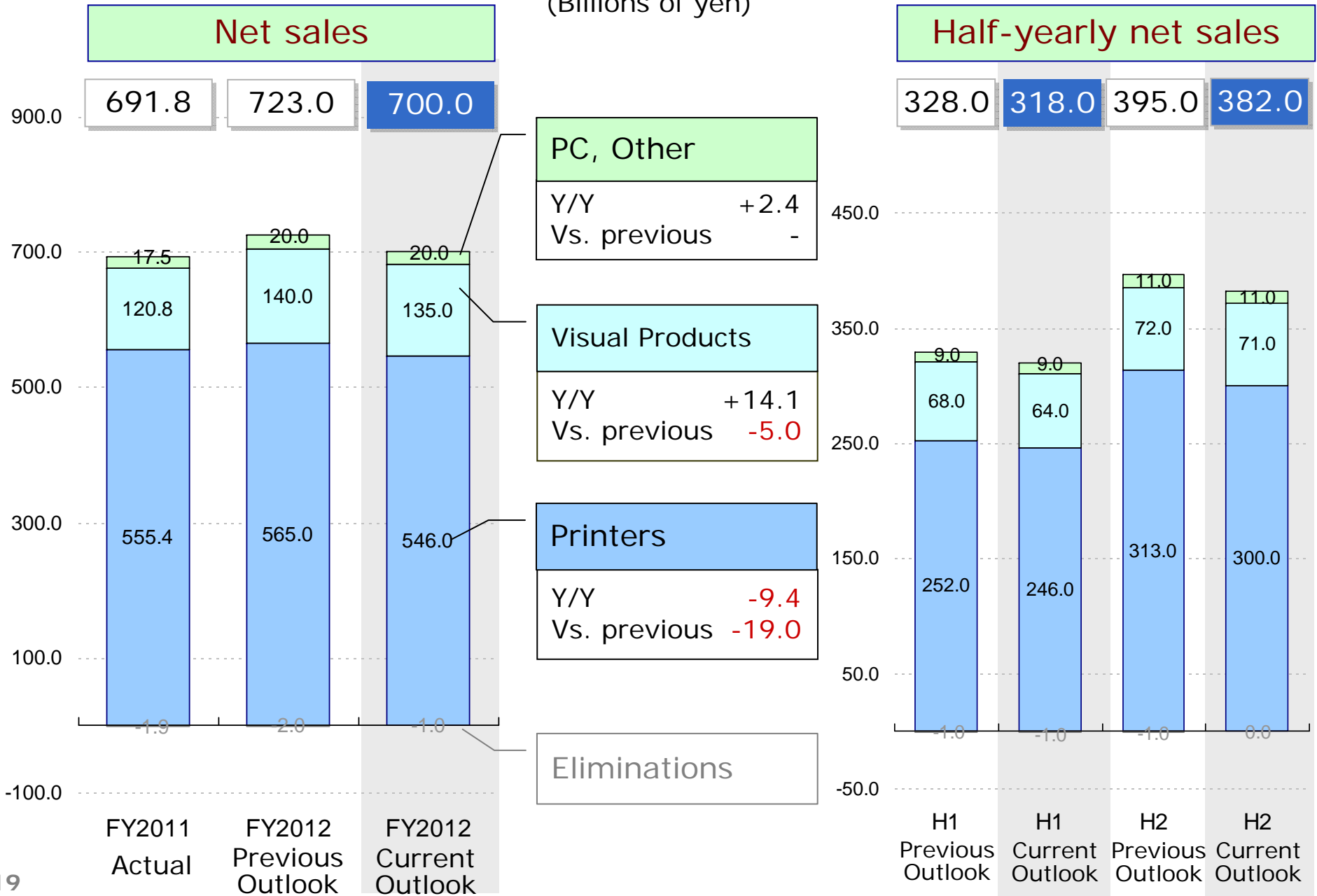


Net Sales Outlook by Business

Information Equipment Segment



(Billions of yen)

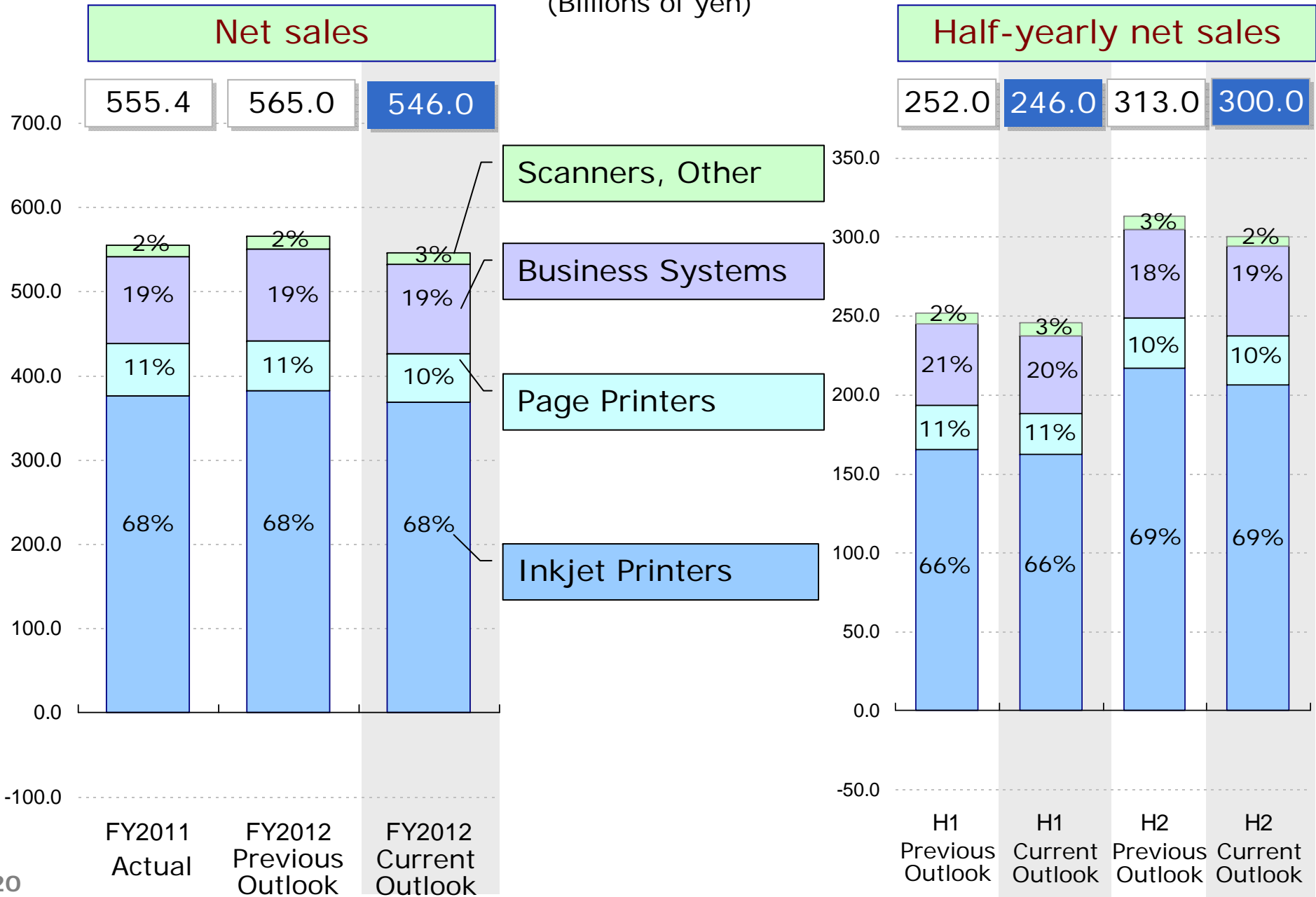


Net Sales Outlook by Business

▶ Printer Business



(Billions of yen)

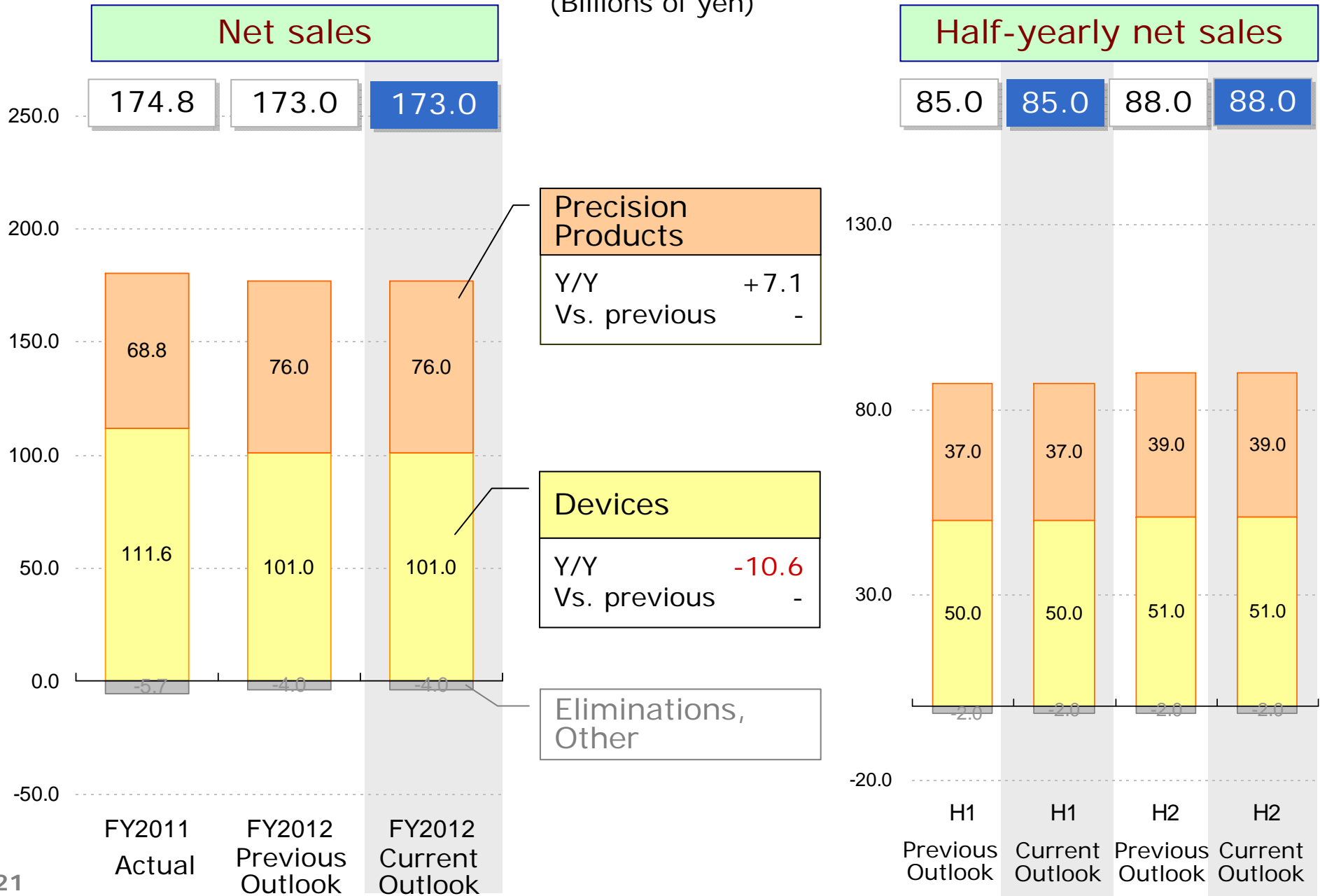


Net Sales Outlook by Business

▶ Devices & Precision Products Segment



(Billions of yen)

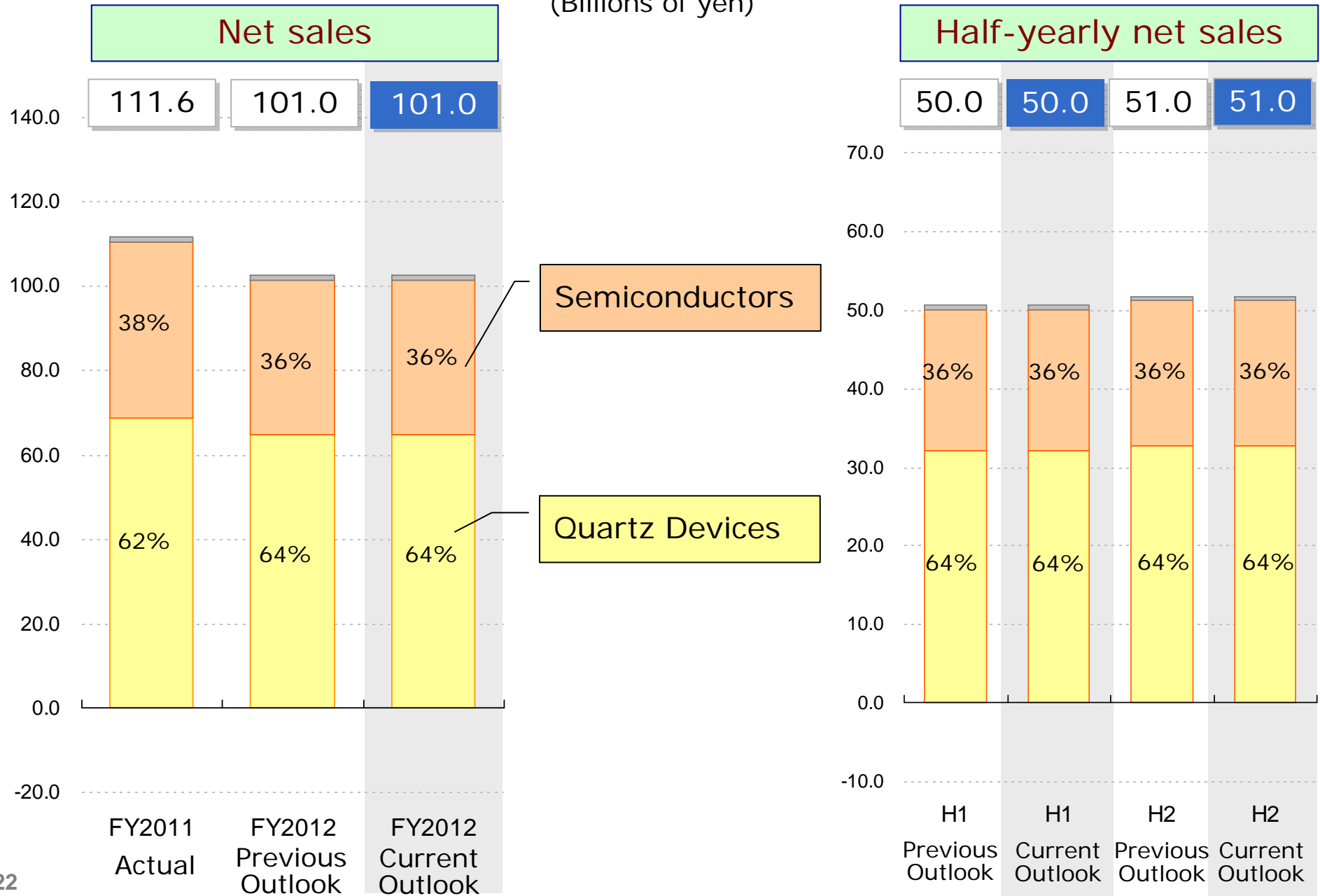


Net Sales Outlook by Business

▶ Devices Business



(Billions of yen)

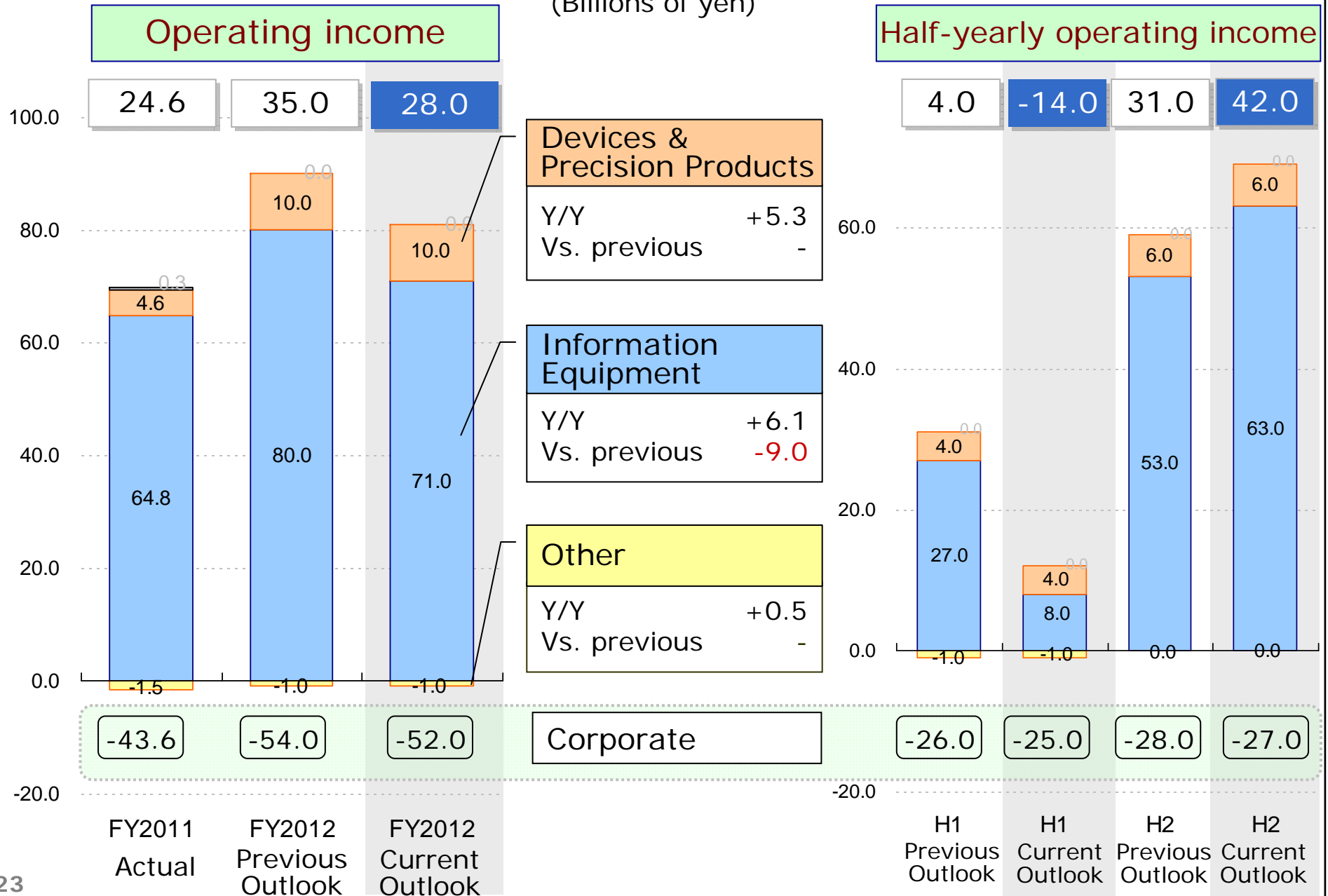


FY2012 Financial Outlook (Operating Income)

► By business segment



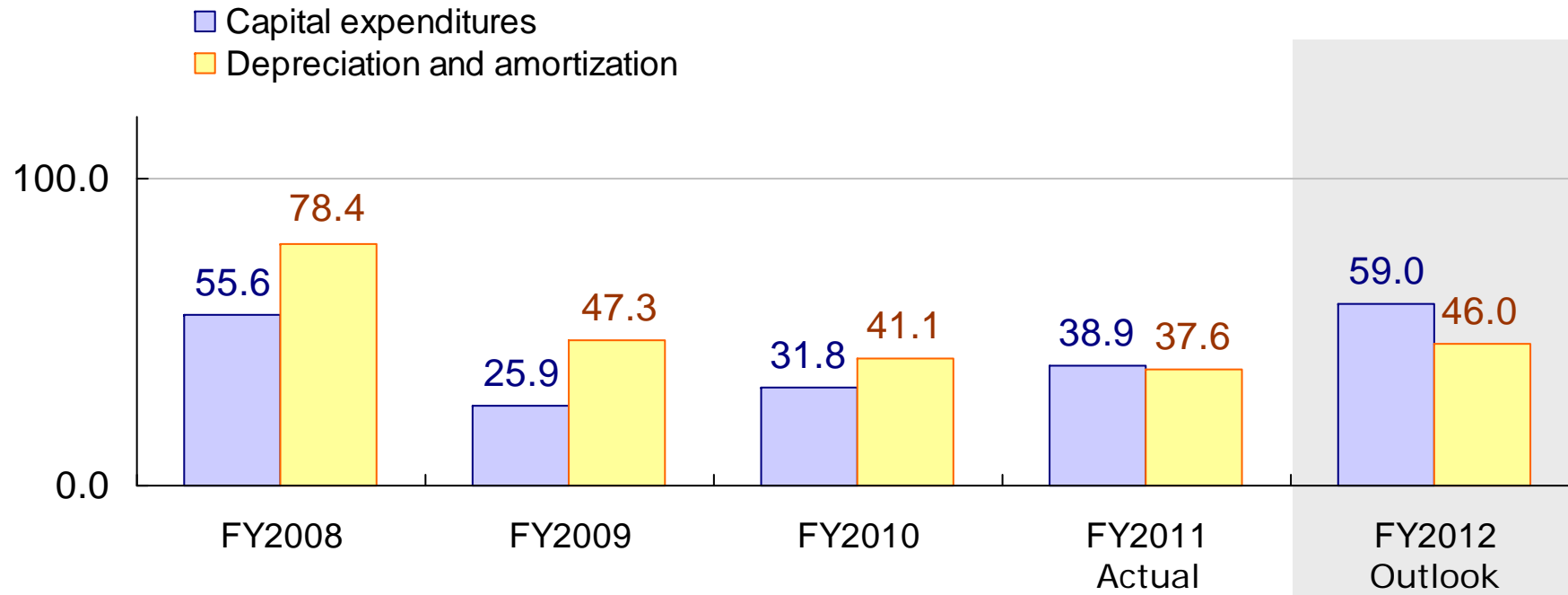
(Billions of yen)



Outlook for Capital Expenditure and Depreciation & Amortization Expenses



(Billions of yen)

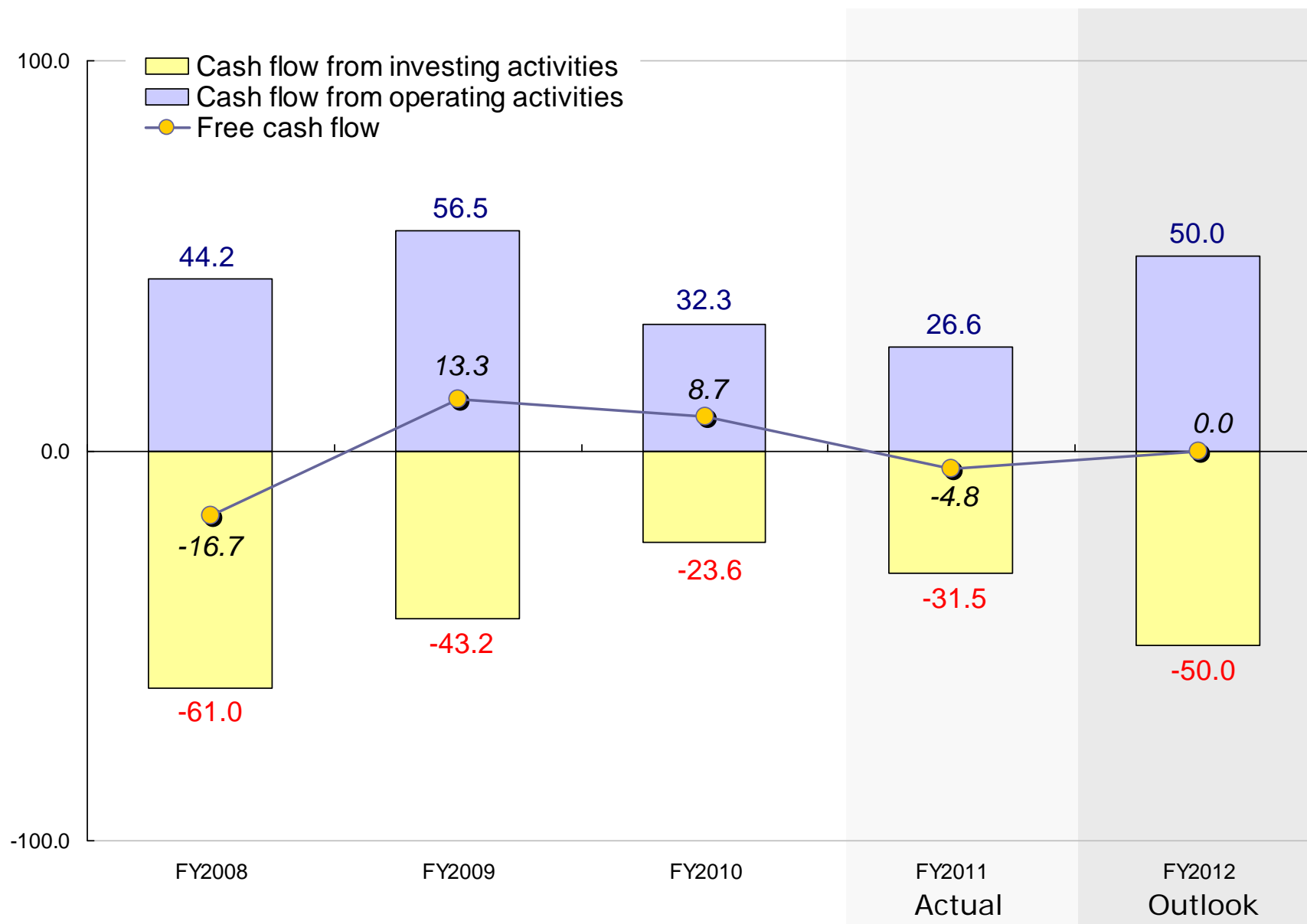


Breakdown by segment	FY2011 Actual		FY2012 Outlook	
	Cap. Ex.	D&A	Cap. Ex.	D&A
Information Equipment	29.5	22.7	43.0	31.0
Devices & Precision Products	6.8	10.1	12.0	10.0
Other/Adjustments	2.5	4.6	4.0	5.0

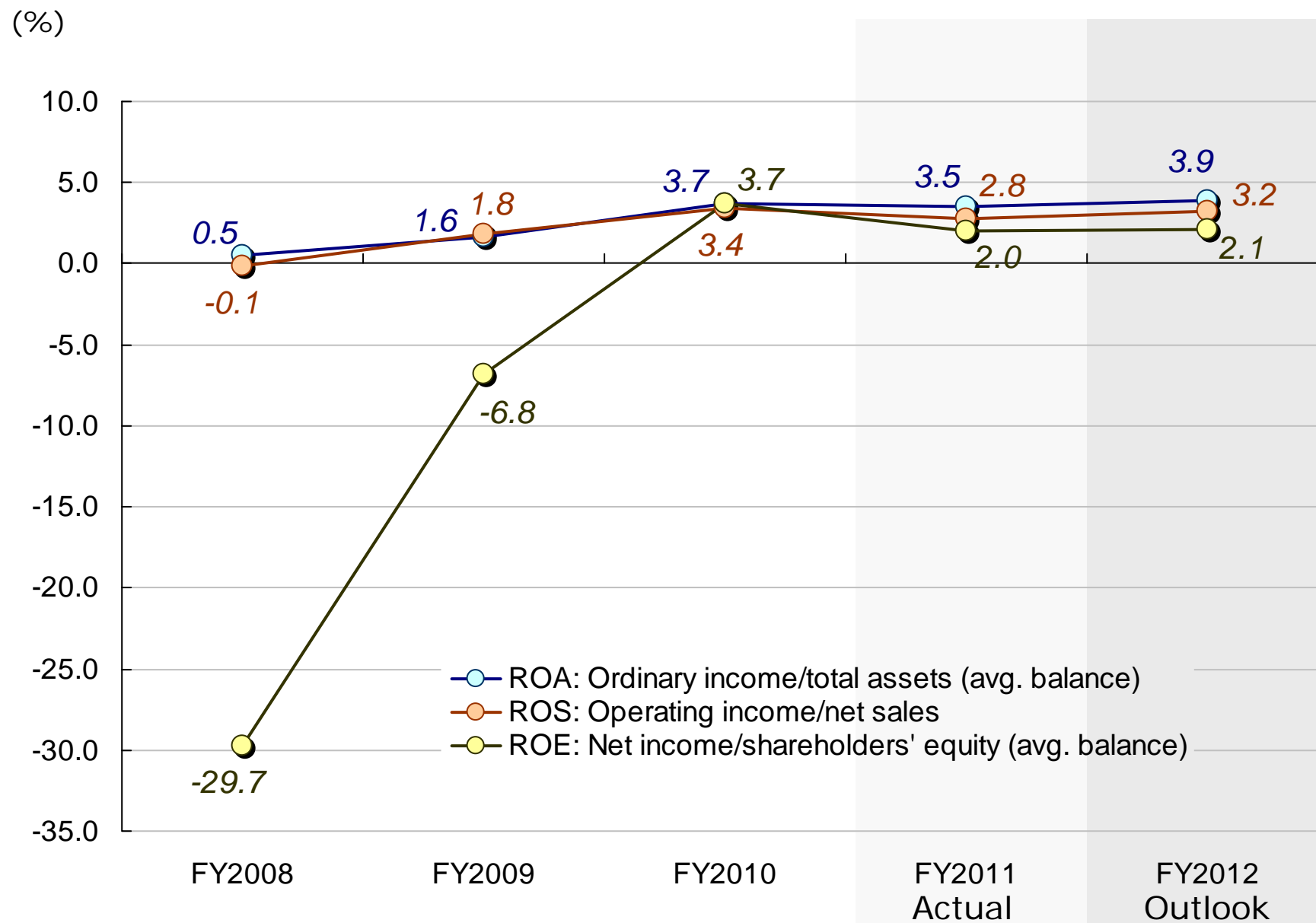
Free Cash Flow Outlook



(Billions of yen)



Main Management Indicators



EPSON
EXCEED YOUR VISION